

**STATE OF TENNESSEE
TREASURY DEPARTMENT
RFP # 30901-18311**

**PROPOSAL OF
ACTUARIAL SERVICES FOR THE
TENNESSEE ADVISORY COUNCIL
ON WORKERS' COMPENSATION**

Opening Date: July 21, 2011

Prepared by:

By the Numbers Actuarial Consulting, Inc.

5213 Country Club Drive, Suite 100

Brentwood, TN 37027

(615) 369-0753

(615) 369-0754 (facsimile)

ldennison@bynac.com

www.bynac.com

TECHNICAL PROPOSAL & EVALUATION GUIDE

SECTION A: MANDATORY REQUIREMENTS. The Proposer must address all items detailed below and provide, in sequence, the information and documentation as required (referenced with the associated item references). The Proposer must also detail the proposal page number for each item in the appropriate space below.

The RFP Coordinator will review the proposal to determine if the Mandatory Requirement Items are addressed as required and mark each with pass or fail. For each item that is not addressed as required, the Proposal Evaluation Team must review the proposal and attach a written determination. In addition to the Mandatory Requirement Items, the RFP Coordinator will review each proposal for compliance with all RFP requirements.

PROPOSER LEGAL ENTITY NAME:		By the Numbers Actuarial Consulting, Inc.	
Proposal Page # (Proposer completes)	Item Ref.	Section A— Mandatory Requirement Items	Pass/Fail
		The Proposal must be delivered to the State no later than the Proposal Deadline specified in the RFP Section 2, Schedule of Events.	
		The Technical Proposal and the Cost Proposal documentation must be packaged separately as required (refer to RFP Section 3.2., <i>et. seq.</i>).	
		The Technical Proposal must NOT contain cost or pricing information of any type.	
		The Technical Proposal must NOT contain any restrictions of the rights of the State or other qualification of the proposal.	
		A Proposer must NOT submit alternate proposals.	
		A Proposer must NOT submit multiple proposals in different forms (as a prime and a sub-contractor).	
1, 2	A.1.	Provide the Proposal Statement of Certifications and Assurances (RFP Attachment 6.1.) completed and signed by an individual empowered to bind the Proposer to the provisions of this RFP and any resulting contract. The document must be signed without exception or qualification.	
1	A.2.	Provide a statement, based upon reasonable inquiry, of whether the Proposer or any individual who shall perform work under the contract has a possible conflict of interest (<i>e.g.</i> , employment by the State of Tennessee) and, if so, the nature of that conflict. NOTE: Any questions of conflict of interest shall be solely within the discretion of the State, and the State reserves the right to cancel any award.	
1, 3	A.3.	Provide a current bank reference indicating that the Proposer's business relationship with the financial institution is in positive standing. Such reference must be written in the form of a standard business letter, signed, and dated within the past three (3) months.	
1, 4, 5	A.4.	Provide two current positive credit references from vendors with which the Proposer has done business written in the form of standard business letters, signed, and dated within the past three (3) months.	
1, 6	A.5.	Provide an official document or letter from an accredited credit bureau, verified and dated within the last three (3) months and indicating a positive credit rating for the Proposer (NOTE: A credit bureau report number without the full report is insufficient and will <u>not</u> be considered responsive.)	

PROPOSER LEGAL ENTITY NAME:		By the Numbers Actuarial Consulting, Inc.	
Proposal Page # (Proposer completes)	Item Ref.	Section A— Mandatory Requirement Items	Pass/Fail
<i>State Use – RFP Coordinator Signature, Printed Name & Date:</i>			

TECHNICAL PROPOSAL & EVALUATION GUIDE

SECTION B: GENERAL QUALIFICATIONS & EXPERIENCE. The Proposer must address all items detailed below and provide, in sequence, the information and documentation as required (referenced with the associated item references). The Proposer must also detail the proposal page number for each item in the appropriate space below. Proposal Evaluation Team members will independently evaluate and assign one score for all responses to Section B— General Qualifications & Experience Items.

PROPOSER LEGAL ENTITY NAME:		By the Numbers Actuarial Consulting, Inc.
Proposal Page # (Proposer completes)	Item Ref.	Section B— General Qualifications & Experience Items
7	B.1.	Detail the name, e-mail address, mailing address, telephone number, and facsimile number of the person the State should contact regarding the proposal.
7	B.2.	Describe the Proposer's form of business (<i>i.e.</i> , individual, sole proprietor, corporation, non-profit corporation, partnership, limited liability company) and business location (physical location or domicile).
7	B.3.	Detail the number of years the Proposer has been in business.
7	B.4.	Briefly describe how long the Proposer has been performing the services required by this RFP.
7	B.5.	Describe the Proposer's number of employees, client base, and location of offices.
7	B.6.	Provide a statement of whether there have been any mergers, acquisitions, or sales of the Proposer within the last ten years. If so, include an explanation providing relevant details.
7	B.7.	Provide a statement of whether the Proposer or, to the Proposer's knowledge, any of the Proposer's employees, agents, independent contractors, or subcontractors, proposed to provide work on a contract pursuant to this RFP, have been convicted of, pled guilty to, or pled <i>nolo contendere</i> to any felony. If so, include an explanation providing relevant details.
8	B.8.	Provide a statement of whether, in the last ten years, the Proposer has filed (or had filed against it) any bankruptcy or insolvency proceeding, whether voluntary or involuntary, or undergone the appointment of a receiver, trustee, or assignee for the benefit of creditors. If so, include an explanation providing relevant details.
8	B.9.	Provide a statement of whether there is any material, pending litigation against the Proposer that the Proposer should reasonably believe could adversely affect its ability to meet contract requirements pursuant to this RFP or is likely to have a material adverse effect on the Proposer's financial condition. If such exists, list each separately, explain the relevant details, and attach the opinion of counsel addressing whether and to what extent it would impair the Proposer's performance in a contract pursuant to this RFP. NOTE: All persons, agencies, firms, or other entities that provide legal opinions regarding the Proposer must be properly licensed to render such opinions. The State may require the Proposer to submit proof of such licensure detailing the state of licensure and licensure number for each person or entity that renders such opinions.
8	B.10.	Provide a statement of whether there are any pending or in progress Securities Exchange Commission investigations involving the Proposer. If such exists, list each separately, explain the relevant details, and attach the opinion of counsel addressing whether and to what extent it will impair the Proposer's performance in a contract pursuant to this RFP. NOTE: All persons, agencies, firms, or other entities that provide legal opinions regarding the Proposer must be properly licensed to render such opinions. The State may require the Proposer to submit proof of such licensure detailing the state of licensure and licensure number for each person or entity that renders such opinions.

PROPOSER LEGAL ENTITY NAME:		By the Numbers Actuarial Consulting, Inc.
Proposal Page # (Proposer completes)	Item Ref.	Section B— General Qualifications & Experience Items
8	B.11.	Provide a brief, descriptive statement detailing evidence of the Proposer's ability to deliver the services sought under this RFP (e.g., prior experience, training, certifications, resources, program and quality management systems, etc.).
8	B.12.	Provide a narrative description of the proposed project team, its members, and organizational structure along with an organizational chart identifying the key people who will be assigned to accomplish the work required by this RFP, illustrating the lines of authority, and designating the individual responsible for the completion of each service component and deliverable of the RFP.
8-11	B.13.	Provide a personnel roster listing the names of key people who the Proposer will assign to perform duties or services required by this RFP along with the estimated number of hours that each individual will devote to that performance. Follow the personnel roster with a resume for each of the people listed. The resumes must detail the individual's title, education, current position with the Proposer, and employment history.
12	B.14.	Provide a statement of whether the Proposer intends to use subcontractors to accomplish the work required by this RFP, and if so, detail: (a) the names of the subcontractors along with the contact person, mailing address, telephone number, and e-mail address for each; (b) a description of the scope and portions of the work each subcontractor will perform; <u>and</u> (c) a statement specifying that each proposed subcontractor has expressly assented to being proposed as a subcontractor in the Proposer's response to this RFP.
12, 14	B.15.	Provide documentation of the Proposer's commitment to diversity as represented by its business strategy, business relationships, and workforce— this documentation should detail <u>all</u> of the following: (a) a description of the Proposer's existing programs and procedures designed to encourage and foster commerce with business enterprises owned by minorities, women, persons with a handicap or disability and small business enterprises; (b) a listing of the Proposer's current contracts with business enterprises owned by minorities, women, persons with a handicap or disability and small business enterprises, including the following information: (i) contract description and total value (ii) contractor name and ownership characteristics (i.e., ethnicity, sex, disability) (iii) contractor contact and telephone number; I an estimate of the level of participation by business enterprises owned by minorities, women, persons with a handicap or disability and small business enterprises in a contract awarded to the Proposer pursuant to this RFP, including the following information: (i) participation estimate (expressed as a percent of the total contract value that will be dedicated to business with subcontractors and supply contractors having such ownership characteristics — PERCENTAGES ONLY — DO NOT INCLUDE DOLLAR AMOUNTS) (ii) descriptions of anticipated contracts (iii) names and ownership characteristics (i.e., ethnicity, sex, disability) of anticipated subcontractors and supply contractors anticipated; and (d) the percent of the Proposer's total current employees by ethnicity, sex, and handicap or disability. NOTE: Proposers that demonstrate a commitment to diversity will advance State efforts to expand opportunity to do business with the State as contractors and sub-contractors. Proposal evaluations will recognize the positive qualifications and experience of a Proposer that does business with enterprises owned by minorities, women, persons with a handicap or disability and small business enterprises and that offers a diverse workforce to meet service needs.
12	B.16.	Provide a statement of whether or not the Proposer has any current contracts with the State of Tennessee or has completed any contracts with the State of Tennessee within the previous 5-year period. If so, provide the following information for all of the current and completed contracts: (a) the name, title, telephone number and e-mail address of the State contact knowledgeable about

PROPOSER LEGAL ENTITY NAME:		By the Numbers Actuarial Consulting, Inc.
Proposal Page # (Proposer completes)	Item Ref.	Section B— General Qualifications & Experience Items
		<p>the contract;</p> <p>(b) the procuring State agency name;</p> <p> I a brief description of the contract's scope of services;</p> <p>(d) the contract term; and</p> <p>(e) the contract number.</p> <p>NOTES:</p> <ul style="list-style-type: none"> ▪ Current or prior contracts with the State are <u>not</u> a prerequisite and are <u>not</u> required for the maximum evaluation score, and the existence of such contracts with the State will <u>not</u> automatically result in the addition or deduction of evaluation points. ▪ Each evaluator will generally consider the results of inquiries by the State regarding all contracts noted.
12, 14	B.17.	<p>Provide customer references from individuals (who are <u>not</u> current or former officials or staff of the State of Tennessee) for projects similar to the services sought under this RFP and which represent:</p> <ul style="list-style-type: none"> ▪ two (2) of the larger accounts currently serviced by the Proposer, <u>and</u> ▪ three (3) completed projects. <p>All references must be provided in the form of standard reference questionnaires that have been fully completed by the individual providing the reference as required. The standard reference questionnaire, which <u>must</u> be used and completed as required, is detailed at RFP Attachment 6.4. References that are not completed as required will be considered non-responsive and will not be considered.</p> <p>The Proposer will be <u>solely</u> responsible for obtaining the fully completed reference questionnaires, and for including them within the Proposer's sealed Technical Proposal. In order to obtain and submit the completed reference questionnaires, as required, follow the process detailed below.</p> <p>(a) "Customize" the standard reference questionnaire at RFP Attachment 6.4. by adding the subject Proposer's name, and make exact duplicates for completion by references.</p> <p>(b) Send the customized reference questionnaires to each individual chosen to provide a reference along with a new standard #10 envelope.</p> <p> I Instruct the person that will provide a reference for the Proposer to:</p> <p> (i) complete the reference questionnaire (on the form provided or prepared, completed, and printed using an exact duplicate of the document);</p> <p> (ii) sign <u>and</u> date the completed, reference questionnaire;</p> <p> (iii) seal the completed, signed, and dated, reference questionnaire within the envelope provided;</p> <p> (iv) sign his or her name in ink across the sealed portion of the envelope; and</p> <p> (v) return the sealed envelope containing the completed reference questionnaire directly to the Proposer (the Proposer may wish to give each reference a deadline, such that the Proposer will be able to collect all required references in time to include them within the sealed Technical Proposal).</p> <p>(d) <u>Do NOT open the sealed references upon receipt.</u></p> <p>(e) Enclose all <u>sealed</u> reference envelopes within a larger, labeled envelope for inclusion in the Technical Proposal as required.</p> <p>NOTES:</p> <ul style="list-style-type: none"> ▪ The State will not accept late references or references submitted by any means other than that which is described above, and each reference questionnaire submitted must be completed as required. ▪ The State will not review more than the number of required references indicated above. ▪ While the State will base its reference check on the contents of the sealed reference envelopes included in the Technical Proposal package, the State reserves the right to confirm and clarify information detailed in the completed reference questionnaires, and may consider clarification responses in the evaluation of references. ▪ The State is under <u>no</u> obligation to clarify any reference information.
		SCORE (for all Section B—Qualifications & Experience Items above):

PROPOSER LEGAL ENTITY NAME:		By the Numbers Actuarial Consulting, Inc.	
Proposal Page # (Proposer completes)	Item Ref.	Section B— General Qualifications & Experience Items	
			<i>(maximum possible score = 30)</i>
<i>State Use – Evaluator Identification:</i>			

TECHNICAL PROPOSAL & EVALUATION GUIDE

SECTION C: TECHNICAL QUALIFICATIONS, EXPERIENCE & APPROACH. The Proposer must address all items (below) and provide, in sequence, the information and documentation as required (referenced with the associated item references). The Proposer must also detail the proposal page number for each item in the appropriate space below.

A Proposal Evaluation Team, made up of three or more State employees, will independently evaluate and score the proposal's response to each item. Each evaluator will use the following whole number, raw point scale for scoring each item:

0 = little value 1 = poor 2 = fair 3 = satisfactory 4 = good 5 = excellent

The RFP Coordinator will multiply the Item Score by the associated Evaluation Factor (indicating the relative emphasis of the item in the overall evaluation). The resulting product will be the item's raw, weighted score for purposes of calculating the section score as indicated.

PROPOSER LEGAL ENTITY NAME:		By the Numbers Actuarial Consulting, Inc.			
Proposal Page # (Proposer completes)	Item Ref.	Section C— Technical Qualifications, Experience & Approach Items	Item Score	Evaluation Factor	Raw Weighted Score
15	C.1.	Provide a narrative that illustrates the Proposer's understanding of the State's requirements and project schedule.		30	
15-16	C.2.	Provide a narrative that illustrates how the Proposer will complete the scope of services, accomplish required objectives, and meet the State's project schedule.		25	
16-17	C.3.	Provide a narrative that illustrates how the Proposer will manage the project, ensure completion of the scope of services, and accomplish required objectives within the State's project schedule.		25	
17	C.4.	Provide a sample analysis from a similar project.		20	
<i>The RFP Coordinator will use this sum and the formula below to calculate the section score. All calculations will use and result in numbers rounded to two (2) places to the right of the decimal point.</i>					Total Raw Weighted Score: <i>(sum of Raw Weighted Scores above)</i>
Total Raw Weighted Score <hr/> Maximum Possible Raw Weighted Score <i>(i.e., 5 x the sum of item weights above)</i>			X 40 <i>(maximum possible score)</i>	= SCORE:	
<i>State Use – Evaluator Identification:</i>					
<i>State Use – RFP Coordinator Signature, Printed Name & Date:</i>					

**STATE OF TENNESSEE
TREASURY DEPARTMENT**

**PROPOSAL
RFP # 30901-18311**

**TECHNICAL PROPOSAL & EVALUATION GUIDE
SECTION A**

A.1 – CERTIFICATIONS AND ASSURANCES

Attached on page 2 is the Proposal Statement of Certifications and Assurances (RFP Attachment 6.1).

A.2 – CONFLICT OF INTEREST

BYNAC is not aware of any potential conflict of interest with the State.

A.3 – BANK REFERENCE

Attached on page 3 is a current bank reference indicating BYNAC's business relationship with First Tennessee is in positive standing.

A.4 – CREDIT REFERENCES

Attached are two vendor credit references on pages 4 and 5.

A.5 – CREDIT RATING

Documentation of a positive credit rating with Dun and Bradstreet is shown on page 6.

RFP # 30901-18311 PROPOSAL STATEMENT OF CERTIFICATIONS AND ASSURANCES

The Proposer must sign and complete the Proposal Statement of Certifications and Assurances below as required, and it must be included in the Technical Proposal (as required by RFP Attachment 6.2., Technical Proposal & Evaluation Guide, Section A, Item A.1.).

The Proposer does, hereby, expressly affirm, declare, confirm, certify, and assure ALL of the following:

1. The Proposer will comply with all of the provisions and requirements of the RFP.
2. The Proposer will provide all services as defined in the Scope of Services of the RFP Attachment 6.6., *Pro Forma Contract* for the total contract period.
3. The Proposer accepts and agrees to all terms and conditions set out in the RFP Attachment 6.6., *Pro Forma Contract*.
4. The Proposer acknowledges and agrees that a contract resulting from the RFP shall incorporate, by reference, all proposal responses as a part of the contract.
5. The Proposer will comply with:
 - (a) the laws of the State of Tennessee;
 - (b) Title VI of the federal Civil Rights Act of 1964;
 - (c) Title IX of the federal Education Amendments Act of 1972;
 - (d) the Equal Employment Opportunity Act and the regulations issued there under by the federal government; and,
 - (e) the Americans with Disabilities Act of 1990 and the regulations issued there under by the federal government.
6. To the knowledge of the undersigned, the information detailed within the proposal submitted in response to the RFP is accurate.
7. The proposal submitted in response to the RFP was independently prepared, without collusion, under penalty of perjury.
8. No amount shall be paid directly or indirectly to an employee or official of the State of Tennessee as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Proposer in connection with the RFP or any resulting contract.
9. Both the Technical Proposal and the Cost Proposal submitted in response to the RFP shall remain valid for at least 120 days subsequent to the date of the Cost Proposal opening and thereafter in accordance with any contract pursuant to the RFP.

By signing this Proposal Statement of Certifications and Assurances, below, the signatory also certifies legal authority to bind the proposing entity to the provisions of this RFP and any contract awarded pursuant to it. If the signatory is not the Proposer (if an individual) or the Proposer's company *President* or *Chief Executive Officer*, this document must attach evidence showing the individual's authority to bind the proposing entity.

DO NOT SIGN THIS DOCUMENT IF YOU ARE NOT LEGALLY AUTHORIZED TO BIND THE PROPOSING ENTITY

SIGNATURE:

PRINTED NAME & TITLE: Lisa Dennison, President and Consulting Actuary

DATE: 7/20/2011

PROPOSER LEGAL ENTITY NAME: By the Numbers Actuarial Consulting, Inc.

PROPOSER FEDERAL EMPLOYER IDENTIFICATION NUMBER (or SSN): 62-1785227



powering your dreams™

July 6, 2011

To whom it may concern,

This letter is to confirm that "By the Numbers Actuarial Consulting Inc" maintains its' business banking relationship with First Tennessee.

Their account relationships have been in place since November of 2009 and have always been in excellent status with our financial institution.

If you have any further questions, please feel free to contact me directly at 615-661-4353.

Sincerely,

A handwritten signature in cursive script, appearing to read "Nancy Tidwell".

Nancy Tidwell
Vice President
202 Franklin Rd
Brentwood, TN 37027
615-790-5155 Office
615-661-4535 Direct
615-370-4940 Fax



July 7, 2011

To Whom It May Concern:

Re: By the Numbers Actuarial Consulting, Inc.
5213 Country Club Drive
Suite 100
Brentwood, TN 37027

By The Numbers Actuarial Consulting, Inc. has been a client of Allegra's for approximately 5 years getting printed stationery and marketing materials from us. Over that time they have been a pleasure to work with for their professionalism as well as prompt payment within our terms for our services.

We have had no problems with receiving payments or checks clearing.

I feel I can confidently recommend them.

Thomas E Boder

A handwritten signature in black ink that reads 'Thomas E Boder'. The signature is written in a cursive, flowing style.

President, Allegra – Columbus, OH



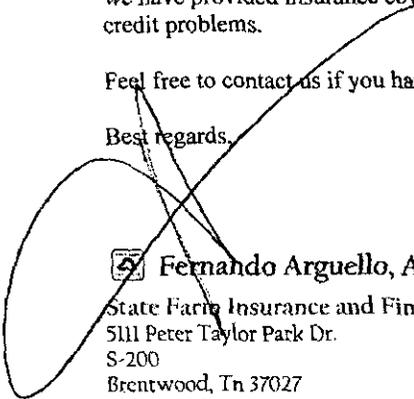
July 6th, 2011

To whom it may concern:

By The Numbers Actuarial, Inc. has been a customer of ours since 2003. During this time, we have provided insurance coverage and through all these years we have not had any credit problems.

Feel free to contact us if you have any questions or concerns.

Best regards,

A large, stylized signature in black ink that loops around the contact information.
 **Fernando Arguello, Agent**

State Farm Insurance and Financial Services
5111 Peter Taylor Park Dr.
S-200
Brentwood, Tn 37027
Phone 615-377-3200
Fax 615-377-3288
www.fernandoarguello.com
Email: fernando@fernandoarguello.com

YOUR PROTECTION IS OUR PASSION!!



[VIEW MY PRODUCTS / SERVICES](#)

[CART SIGN-UP FOR OUR MAILING LIST](#)

[My Account](#) | [View My Products & Services](#)

BY THE NUMBERS 9055 LAND GRANT PL BRENTWOOD, TN 37027 D-U-N-S Number: 17-810-2914	Company Details - Last Updated on:				
	7/18/2011	7/18/2011	7/18/2011	7/18/2011	7/18/2011
	87	79	2	DS	Lower Risk / Higher Risk
	Credit Score Percentile	PAYDEX Score	Financial Stress Score	D&B Rating	Risk of Late Payment

These scores are based on your original report purchase. Please refer to the Alerts Summary section for changes to scores.

Purchased Reports		
Available Until	Report Type	Delete Report
Expired	Credit eValuator Report Renew D&B's most up-to-date Credit eValuator Report on BY THE NUMBERS.	Delete

Alerts Summary | **Alerts Detail**

Upgrade to DNBI SelfMonitor - See the complete credit information that your customers, suppliers, banks, and other vendors see when they access your business's credit report and make decisions about creditworthiness. [See Product Demo](#) [Add to Cart](#)

This summary shows all alerts issued on this company in the last 60 days. You have received 3 alerts since 05/19/2011.

Date Issued	<input checked="" type="checkbox"/> Days Until Expiration	<input checked="" type="checkbox"/> Display:	
07/11/2011	53	History	History Section: 07/08/11 HISTORY See alerts details



[Home](#) • [Products](#) • [Partner Programs](#) • [D&B International](#) • [About Us](#) • [Contact Us](#) • [Privacy Policy](#) • [Terms and Conditions](#) • [History](#) • [Glossary](#)

© Dun & Bradstreet Creditability Corp., 2011. All rights reserved.

**STATE OF TENNESSEE
TREASURY DEPARTMENT**

**PROPOSAL
RFP # 30901-18311**

**TECHNICAL PROPOSAL & EVALUATION GUIDE
SECTION B**

B.1 – CONTACT INFORMATION

Please contact the following individual regarding this proposal:

Lisa Dennison, FCAS, FCA, MAAA
President and Consulting Actuary
ldennison@bynac.com
By the Numbers Actuarial Consulting, Inc.
5213 Country Club Drive
Suite 100
Brentwood, TN 37027
615 369-0753
615 369-0754 fax

B.2 – FORM OF BUSINESS

By the Numbers Actuarial Consulting, Inc. (legal name) is a corporation domiciled in Tennessee.

B.3 – YEARS IN BUSINESS

Incorporated in 1999, BYNAC has been in business 11 years.

B.4 – YEARS PERFORMING SERVICES

BYNAC has provided the types of services required by this RFP since its inception or 11 years. BYNAC's employees who will perform the services under the RFP have been performing these types of services for over twenty years.

B.5 – ORGANIZATIONAL STRUCTURE

BYNAC currently has five employees operating from four offices. Lisa Dennison and Katie Wilson work from the main office in Brentwood, Tennessee. The proximity of BYNAC's location to the State is ideal since BYNAC can meet with the State on a moment's notice. Elizabeth Long, ACAS, FCA, MAAA; Mary Jean King, FCAS, FCA, MAAA; and Jeff McSweeney operate from satellite offices in Titusville, New Jersey; Cherry Hill, New Jersey; and Hershey, Pennsylvania; respectively. BYNAC's client base is 140 individual and group self-insured programs in 33 states, Bermuda, and the Cayman Islands. Eighty of our revenue is derived from actuarial consulting for workers compensation.

B.6 – MERGERS, ACQUISITIONS, OR SALES

No mergers, acquisitions, or sales of BYNAC have occurred since the company's inception.

B.7 – FELONY CONVICTIONS

Neither BYNAC nor any of its employees, agents, independent contractors, or subcontractors have been convicted of, pled guilty to, or pled nolo contendere to any felony.

B.8 – BANKRUPTCY

BYNAC has never filed or had filed against it any bankruptcy or insolvency proceeding, whether voluntary or involuntary, or undergone the appointment of a receiver, trustee, or assignee for the benefit of creditors.

B.9 – PENDING LITIGATION

There is no pending litigation against BYNAC.

B.10 – SEC INVESTIGATIONS

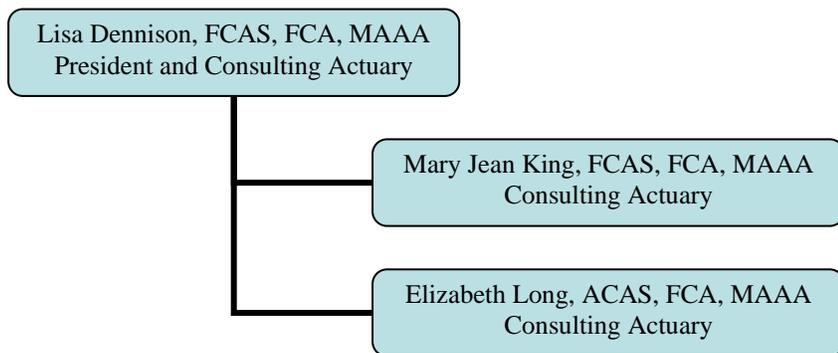
There have never been any Securities Exchange Commission investigations involving BYNAC.

B.11 – ABILITY TO DELIVER SERVICES

BYNAC’s team has three credentialed actuaries: two Fellows of the Casualty Actuarial Society (CAS) and one Associate of the CAS. Each of these credentialed actuaries has over 20 years experience with workers compensation rate-making and will provide unique insight into the NCCI loss cost filing.

B.12 – PROJECT TEAM

BYNAC’s proposed project team consists of Lisa Dennison, FCAS, FCA, MAAA, Mary Jean King, FCAS, FCA, MAAA, and Elizabeth Long, ACAS, FCA, MAAA. Only credentialed actuaries will be assigned to the project providing the State the highest caliber of actuaries available. BYNAC’s organizational chart is shown below.



B.13 – PERSONNEL ROSTER

Shown below is the personnel roster of the people who will be assigned to perform the duties or services under the contract. Resumes are attached in pages 9 through 11.

Lisa Dennison, FCAS, FCA, MAAA or Mary Jean King, FCAS, FCA, MAAA	Review and Analysis of Loss Cost Filing and Preparation of Actuarial Report	30 hours
Mary Jean King, FCAS, FCA, MAAA or Lisa Dennison, FCAS, FCA, MAAA	Peer Review of Report	10 hours
Elizabeth Long, ACAS, FCA, MAAA	Peer Review and Proofing of Report	10 hours
Lisa Dennison, FCAS, FCA, MAAA	Presentation to Advisory Council and Attending NCCI meetings	5 hours

LISA NAN DENNISON, FCAS, FCA, MAAA

President of By the Numbers Actuarial Consulting, Inc. (BYNAC), Ms. Dennison was awarded a Bachelor of Science degree in Applied Math and Statistics from the State University of New York at Stony Brook in May of 1985. While a senior at Stony Brook, she taught Calculus as an Undergraduate Teaching Assistant. Ms. Dennison is a Fellow of the Casualty Actuarial Society, a Fellow of the Conference of Consulting Actuaries, and a Member of the American Academy of Actuaries.

Upon graduation, Ms. Dennison began her actuarial career at the CIGNA Corporation as an Actuarial Analyst. Her first assignment at CIGNA was in the broker-pricing unit of the Actuarial Department. There she assisted Special Risk Underwriters in pricing large deductible, paid loss retrospectively rated, and captive insurance programs. In her next assignment, the commercial package ratemaking section of the Actuarial Department, her duties included rate reviews, filing support, quarterly reserve reviews, and market comparisons of rates and deductible programs.

Ms. Dennison joined the Research and Development (RAD) division of Corroon & Black's Advanced Risk Management Services (ARMS) in February of 1988. As Senior Analyst in the actuarial group, she was responsible for preparing loss reserve determinations, rate analyses, loss projections, and alternative loss funding studies for hospitals, major industrial clients, and governmental entities.

In March of 1990, Ms. Dennison joined Casualty Actuarial Consultants, Inc. As Senior Vice President, she performed reserve analyses, actuarial opinions, loss forecasts, rate determinations, self-insurance feasibility studies, dividend plan analyses, retrospective rating reports, and managed care analyses for over 250 self-insured entities.

Ms. Dennison has spoken at the Group Funds Association of Georgia's seminar on "Beware of the Tell-Tale Signs; The Fund You Save Could Be Your Own." Ms. Dennison's paper titled "Understanding Actuarial Techniques" was published in the May/June 1999 edition of *Public Risk* and presented at the 1999 PRIMA Annual Conference in San Diego. She spoke at the National State Trucking Association (an association of group self-insured workers compensation trucking programs) Winter Conference on "How to Effectively Manage a Workers Compensation Self-Insured Group through the Soft Market". She recently presented to the Oklahoma Self-Insurers Association the "Role of the Actuary in Workers Compensation".

Ms. Dennison formed By the Numbers Actuarial Consulting Inc. in June of 1999. She brings twenty-six years of actuarial experience to the firm, twenty-three of which have been spent in consulting.

MARY JEAN KING, FCAS, FCA, MAAA

Ms. King graduated from Lafayette College in May, 1982 with an A.B. in Mathematics. She was awarded the Mitman Prize in Mathematics. Ms King is a Fellow of the Casualty Actuarial Society, a Fellow of the Conference of Consulting Actuaries, and a Member of the American Academy of Actuaries.

In June of 1982, Ms King started her career at CIGNA Corporation in the Special Risk Unit doing large account pricing. She was responsible for the actuarial work provided to three branch offices and updated the loss development and trend factors used in pricing. She joined General Accident Insurance in May, 1987. Starting in Private Passenger Auto ratemaking, she soon was promoted to supervisor of Commercial Auto pricing. Eventually, she became responsible for all of Commercial Lines pricing including Workers Compensation, Commercial Package, and General Liability, in addition to Commercial Auto.

After the birth of her second child in 1991, she quit work to raise her family. During this period she stayed active in actuarial work by teaching weekly actuarial exam review courses at General Accident. In September 1998 she rejoined General Accident just after their merger with Commercial Union in a part time position. Ms. King helped to launch a new large account pricing unit by calculating rating factors and creating an aggregate pricing model based on the Heckman-Meyers technique. She created an Access database to track individual account profitability. Later she joined the reserve area and worked on quantifying the variability of reserve estimates as well as quarterly reserve reviews.

After CGU was acquired by OneBeacon Insurance the decision was made to close down the Philadelphia actuarial operations. Ms. King took this opportunity to try something new, becoming a Pre-Calculus teacher at Bishop Eustace Preparatory School for the 2002-2003 school year. Although she enjoyed teaching she found the time commitment too demanding in addition to her responsibilities raising four children. She returned to OneBeacon in the fall of 2003 as a part time consultant and worked on many special projects for the claims department over the next three years. She was responsible for estimating the pure IBNR for their Asbestos and Environmental reserve review.

Ms. King joined By the Numbers Actuarial Consulting, Inc. in June, 2006 as a Consulting Actuary.

ELIZABETH LONG, ACAS, FCA, MAAA

Ms. Long joined By the Numbers Actuarial Consulting, Inc (BYNAC) in July 2001. Prior to that, she peer reviewed BYNAC's actuarial reports on a consulting basis. Ms. Long was awarded a Bachelor of Science degree in Mathematics from Drexel University in June 1986. Ms. Long is an Associate of the Casualty Actuarial Society, a Fellow of the Conference of Consulting Actuaries, and a Member of the American Academy of Actuaries. She has passed two of the three remaining exams required for Fellowship in the Casualty Actuarial Society.

Ms. Long worked at CIGNA Corporation for six quarters as a cooperative student and on a part-time basis the quarters she attended Drexel University full-time. Her assignment at CIGNA was in the broker-pricing unit of the Actuarial Department assisting Special Risk Underwriters in pricing large deductible, paid loss retrospectively-rated, and captive insurance programs.

Upon graduation, Ms. Long joined PMA Reinsurance. As Actuarial Analyst, she was responsible for treaty pricing and reserving. In February 1989, Ms. Long worked for Crum & Forster in the corporate reserving department. As Senior Actuarial Analyst, she estimated reserves for the following lines of coverages: ocean marine, commercial umbrella, commercial automobile, and commercial multi-peril.

Ms. Long joined Reliance National in September 1991. Her responsibilities included pricing and reserving for large deductibles, retrospectively-rated, captives, and guaranteed cost programs of business written by the Risk Management Services Division. Between January 1996 and December 1999, Ms. Long was in charge of the ceded reinsurance actuarial unit at Reliance. Her responsibilities included pricing ceded reinsurance treaties for the various lines of business written by Reliance. Ms. Long was the key actuarial contact person for brokers and reinsurers involved in the treaty renewal process. Ms. Long was also responsible for analyzing the catastrophe exposure written at Reliance. She left Reliance in June 2000 as Assistant Vice President.

Ms. Long brings twenty-five years of actuarial experience to BYNAC. Her extensive pricing and reserving knowledge is extremely beneficial and ensures the accuracy and integrity of the actuarial consulting provided by BYNAC.

B.14 – SUBCONTRACTORS

BYNAC does not use subcontractors.

B.15 – COMMITMENT TO DIVERSITY

BYNAC is committed to diversity as represented by its business strategy, business relationships, and workforce.

- a) Due to the nature of consulting, BYNAC has few vendors. Our vendors consist of overnight carriers, printers, and communication companies. Due to the size of these vendors (FedEx Kinko’s, AT&T, etc.) and the small amount of business we provide them, it is not practical to have programs and procedures to foster diversity in our relationship with them.
- b) BYNAC has no contracts with any of our vendors other than a multi-year contract for phone service.
- c) By the Numbers Actuarial Consulting, Inc. is certified by the State of Tennessee Department of General Services Governor’s Office of Diversity Business Enterprise as a Women Business Enterprise (WBE). Attached on page 14 is a copy of our certificate (#051011-02).
 - i. As a WBE, 100% is the estimated level of participation by minorities, women, and persons with a handicap or disability and small business enterprises in a contract awarded to BYNAC.
 - ii. There are no anticipated contracts to describe.
 - iii. BYNAC will not use subcontractors.
- d) Below is a graph illustrating BYNAC’s employees by gender, ethnicity, and disability.

	<u>Caucasion</u>	<u>Other</u>	<u>Disabled</u>
Female	80%	0%	0%
Male	20%	0%	0%

B.16 – CURRENT STATE CONTRACTS

BYNAC does not have any current contracts or has not completed any contract with the State of Tennessee in the last five years.

B.17 – REFERENCES

Enclosed are five customer references: two large accounts and three completed projects. Standard reference questionnaires (RFP Attachment 6.4) are included in the envelope labeled “Sealed Envelopes”. The first two are large accounts currently serviced by BYNAC and the last three are completed projects.

- 1. David Paulk – Association County Commissioners of Georgia (workers compensation and property and liability programs) – BYNAC’s client since 1999, client of Lisa Dennison since 1991.
- 2. Jon Hochkammer– Wisconsin Counties Mutual Insurance Corporation and Community Insurance Corporation (workers compensation and property and liability programs) – client since 2008.

3. John Wilburn – Tennessee Risk Management Trust (both workers compensation and property and liability programs) – client since 2000.
4. Craig Nelson - Nebraska Association of County Commissioners (workers compensation and property and liability programs) – BYNAC’s client since 1999, client of Lisa Dennison since 1993.
5. Sally Alston – Associated Builders and Contractors of Tennessee WC Self-Insurance Fund - BYNAC’s client since 2010.



Certification Number: 051011-02

Industry: Finance, Insurance & Real Estate

*The Governor's Office of Diversity Business Enterprise
for the State of Tennessee, having determined that*

BY THE NUMBERS ACTUARIAL CONSULTING, INC.

company name

*has successfully met the certification requirements as outlined in Tennessee Code Annotated Title 12,
Chapter 5, Part 8, and the policies adopted thereunder, hereby grants the designation of*

Woman Business Enterprise

and is recognized as such until the expiration of registration and certification on

May 10, 2013

date

*In Witness Whereof, the Governor of the State of Tennessee and the Commissioner of
General Services hereto affix our hand and the Great Seal of the State.*



Shelia J. Simpson

Program Director, Governor's Office of Diversity Business Enterprise

14

TO RPT

**STATE OF TENNESSEE
TREASURY DEPARTMENT**

**PROPOSAL
RFP # 30901-18311**

**TECHNICAL PROPOSAL & EVALUATION GUIDE
SECTION C**

C.1 – UNDERSTANDING OF REQUIREMENTS AND SCHEDULE

The Advisory Council on Workers' Compensation (ACWC) requires actuarial consulting services featuring an evaluation of the annual National Council on Compensation Insurance, Inc. (NCCI) Loss Cost Rate Filing for the voluntary workers compensation insurance market.

When the filing is available, the State will forward a copy to BYNAC. We anticipate that this will be in mid-August. BYNAC will review the filing and data used by the NCCI in arriving at the proposed loss costs. The appropriateness of the NCCI's methodology and selections will be evaluated including: company data included and excluded, possible sources of bias, breadth of coverage of the data, years of experience, loss development factors, trend factors, benefit level changes, expense ratios, and loss adjustment expense.

BYNAC will highlight areas of agreement and disagreement with the NCCI approaches. We will insure that any current issues and their impact on the loss cost filing are appropriately addressed especially the impact of the economy, health care reform, and Medicare set asides (MSAs). Also, we will provide a retrospective review of the past filings to see if those indications have changed materially as the data in those filings has matured.

BYNAC will issue a draft report to the ACWC by the first week of October. The report will be presented to the ACWC. We will issue 24 copies of the written report no later than 10 days preceding the date of the oral presentation or as otherwise directed by the ACWC. We will attend ACWC meetings at which the NCCI makes any presentation concerning the annual loss costs filing. We will make an oral presentation on a date selected by the ACWC. This presentation will review our findings. We will be available to respond to questions from members of the ACWC regarding the written or oral reports, the NCCI filing, or other related matter. The oral presentation will include handouts with tables and graphics to illustrate the key findings of our analysis.

C.2 – PROJECT SCOPE

The first step in the project will be meeting with the State and/or ACWC representatives to ensure that BYNAC's team has a thorough understanding of the project and timeline. Upon receipt of the filing, we will proceed with a thorough analysis of the data. We will look at the selection of the policy year or years the NCCI selected as the basis of their analysis, the inclusion or exclusion of specific companies, basis of the trend factors, selection of the loss development factors, and calculation of the benefit level changes. Benefit level changes factors quantify the impact of changes in the Tennessee workers compensation statutes on future claims. Also evaluated will be the expense ratios and loss adjustment expense.

BYNAC will review the changes requested by the NCCI in the past five years and see if these indications have changed based on more recent data and trends. This information will allow BYNAC to identify potential biases in the NCCI methodology and selections.

There are several emerging issues that could potentially impact workers compensation loss costs including health care reform, the economy, high unemployment, and Medicare set asides (MSAs). MSAs are the requirement by Medicare to set aside money for future medical costs incurred by an injured worker. Medicare is trying to avoid assuming these costs when the injured worker becomes eligible for Medicare. Medicare is requiring approval of the amount set aside to cover these costs so Medicare does not become an unintended workers compensation insurer. MSAs have the potential to delay the closure of workers compensation claims and increase claim costs. The impact of MSAs on workers compensation loss costs is a relatively new and important factor in determining future workers compensation claim costs including those in the NCCI's filing.

Once all the data, selections, and methodologies have been reviewed, BYNAC will prepare a report summarizing our findings. The report will include each of the issues described above in addition to other issues uncovered and whether we agree or disagree with the NCCI's approach. If we disagree, we will explain our difference of opinion and quantify the impact on the overall indication.

We will attend all meetings at which the NCCI makes a presentation concerning the loss cost filing in addition to our oral presentation to the ACWC. We will be available to answer questions from members of the ACWC regarding the filing, report, presentation, or any other related matter.

C.3 – PROJECT MANAGEMENT

Communication and experience are the keys to providing the services required under this contract. Following is how BYNAC will ensure communication:

- Weekly e-mails to the State on our progress.
- Weekly conversations with BYNAC staff to assess progress and update staff on issues that may arise and insight they may have.
- Requesting feedback from client regarding issues that may arise and status of project.
- Lisa Dennison will make the oral presentation to the ACWC. Through tables and graphics, we clearly communicate the results of the analysis. Lisa has made over 250 presentations to clients. She is often told that she is the first actuary that they have understood as her presentations provide a clear understanding of the overall findings of the report, are concise, and the graphics help illustrate key points.

BYNAC will have two Fellows of the Casualty Actuarial Society (CAS) and an Associate of the CAS working on the project each with over 20 years of workers compensation ratemaking experience. This will benefit the State since:

- High level actuaries have the expertise and experience to step back and review the filing in a broader context.
- A seasoned credentialed actuary gains the respect of the NCCI's team of actuaries who prepared and presented the filing.

- The three actuaries with different experience and backgrounds have a diverse basis to provide insight into the filing and ensure the reasonableness of the findings.

C.4 – SAMPLE ANALYSIS

Attached is a sample analysis of a rate study prepared for a client. Preparing over 70 workers compensation rate analyses a year, BYNAC has the technical capability necessary to provide the services sought under this RFP.

XYZ WORKERS' COMPENSATION SELF-INSURANCE FUND

ACTUARIAL REPORT

*Estimated Required Reserves
as of 11/4/10
Indicated Premium for 4/1/11-12*

By The Numbers
Actuarial Consulting, Inc.

November 18, 2010

Ms. Jane Smith
Administrator
XYZ WC Self-Insurance Fund
123 Main Street
Anytown, PA 38119

Dear Ms. Smith:

Enclosed is the actuarial report prepared for the XYZ Workers' Compensation Self-Insurance Fund (XYZSIF) at your request. This report estimates the required reserves as of 11/4/10 for reported and incurred but not reported claims retained by XYZSIF during the 1/1/95-11/4/10 period. Also included is the indicated premium for the upcoming 4/1/11-12 period.

The estimates contained in this report are based on data provided by the Third Party Administrator (TPA) and XYZSIF. These data and the associated assumptions should be reviewed for their consistency with the internal records of XYZSIF. Any discrepancy in the completeness, interpretation, or accuracy of the information used may require a revision to this report.

If you have any questions, please call or write. It is a pleasure to be of service to XYZSIF.

Sincerely,

Lisa Dennison, FCAS, FCA, MAAA
President and Consulting Actuary

Elizabeth Long, ACAS, FCA, MAAA
Consulting Actuary

enclosure

**XYZ WORKERS' COMPENSATION
SELF-INSURANCE FUND**

ACTUARIAL REPORT

TABLE OF CONTENTS

PURPOSE.....	1
FINDINGS.....	3
ESTIMATED REQUIRED RESERVES.....	3
COMPARISON TO PRIOR REPORT.....	5
PREMIUM INDICATION.....	6
ASSUMPTIONS.....	9
DEFINITIONS.....	9
HISTORICAL INFORMATION.....	9
RETENTIONS.....	9
RESERVE ANALYSIS.....	11
OVERVIEW.....	11
INCURRED LOSS DEVELOPMENT.....	12
PAID LOSS DEVELOPMENT.....	16
INCURRED BORNHUETTER-FERGUSON.....	16
PAID BORNHUETTER-FERGUSON.....	22
SELECTED ESTIMATED ULTIMATE INCURRED LOSSES.....	22
ESTIMATED REQUIRED RESERVES.....	22
DISCOUNTED ESTIMATED REQUIRED RESERVES.....	27
HISTORICAL PROFITABILITY ANALYSIS.....	30
PREMIUM INDICATION.....	36
OVERVIEW.....	36
COST LEVEL ADJUSTMENT.....	36
LOSS PROJECTION.....	39
PREMIUM INDICATION.....	39
INDICATED LOSS COST MULTIPLIER.....	43
QUALIFICATIONS AND LIMITATIONS.....	45
CONSULTATION.....	47
APPENDICES	
INCURRED LOSSES \$250,000 AND GREATER.....	48
RESERVE SUPPORT EXHIBITS.....	50
PREMIUM SUPPORT EXHIBITS.....	55

***XYZ WORKERS' COMPENSATION
SELF-INSURANCE FUND***

ACTUARIAL REPORT

PURPOSE

By the Numbers Actuarial Consulting, Inc. (BYNAC) prepared this actuarial report to present a professional analysis of the required reserves retained by the XYZ Workers' Compensation Self-Insurance Fund (XYZSIF) as of 11/4/10 for claims incurred from 1/1/95 through 11/4/10.

XYZSIF is organized as a trust under the Pennsylvania Workers' Compensation Laws and provides coverage to members of the XYZ trade association.

The required reserves are estimated excluding and including the effects of anticipated investment income earned on the reserves until they are paid. The required reserves estimated in this report represent the unpaid claim estimate. The unpaid claim estimate is an estimate of the obligation for future payment from claims due to past events. The estimated required reserves are based on estimates of ultimate incurred losses. Ultimate incurred losses are defined to be the amounts that will be paid to settle all claims occurring during a policy period. These estimates include a provision for the subsequent development of known claims and for claims incurred but not yet reported. Incurred but not reported (IBNR) losses are defined throughout this report to include the additional development on known claims in addition to claims incurred but not yet reported.

The estimated required reserves at the expected level represent the actuarial central estimate.

The actuarial central estimate is an expected value over the range of reasonably possible

outcomes. The range around the actuarial central estimate which reflects the low and high expected values is noted in the report.

The adequacy of the current premium structure is also evaluated for the upcoming 4/1/11-12 policy period based on the current retention of \$750,000 including allocated loss adjustment expense (ALAE). This projection is based on XYZSIF's unique experience.

FINDINGS

The findings are the product of loss experience, actuarial assumptions, quantitative analysis, and professional judgment. The estimates are expressed in terms of ranges that indicate the reliance on assumptions believed to be reasonable and are subject to all the limitations expressed herein.

ESTIMATED REQUIRED RESERVES

The required reserves shown in the following table should be used for financial statement reporting as of that date. However, until all the claims that occurred on or before 11/4/10 are closed, the actual reserve need remains an estimate. While the experience of XYZSIF indicates that the required reserves will fall within the range established in this report, the possibility exists that extraordinary or unexpected circumstances could cause the actual reserve need to be less than or greater than the range. Therefore, the findings cannot be warranted or guaranteed.

ESTIMATED LOSS AND ALAE RESERVES
INCLUDING IBNR FOR 1/1/95-11/4/10 AS OF 11/4/10
(Losses Including ALAE Limited to Specific and Aggregate Retentions)

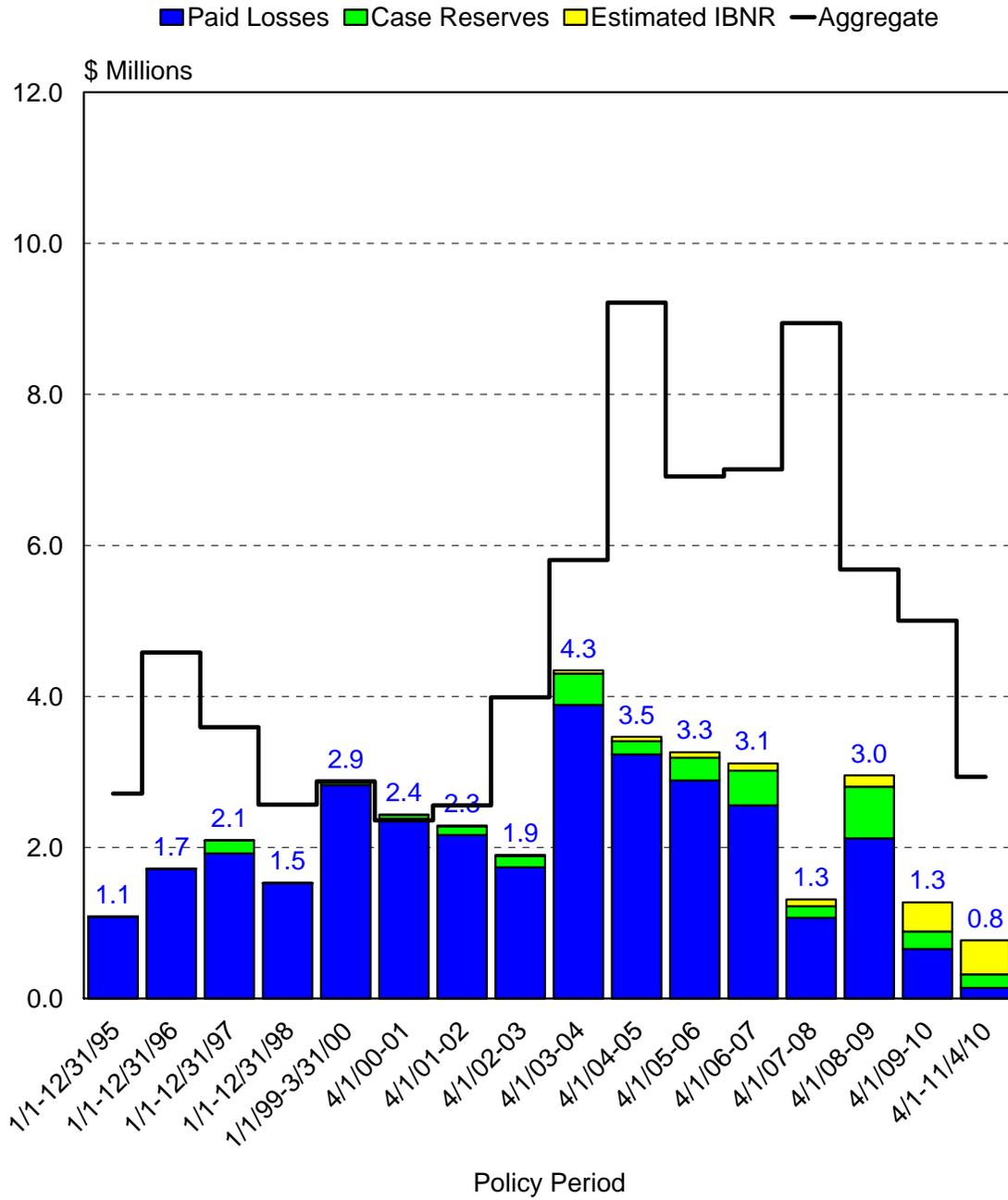
	<u>Low</u>	<u>Expected</u>	<u>High</u>
Undiscounted for Investment Income	\$3,890,000	\$4,490,000	\$5,540,000
Discounted at 4.5% per Annum	3,630,000	4,180,000	5,160,000

The low and high figures are judgmental and not intended to establish absolute minimums or maximums on the estimates, but rather to depict a reasonable range for the establishment of loss reserves in this particular situation. Figure 1 contains a graphical representation of XYZSIF's estimated retained loss experience as of 11/4/10 including the undiscounted expected loss reserves.

Figure 1

**XYZ WORKERS' COMPENSATION
SELF-INSURANCE FUND**

ESTIMATED RETAINED LOSSES



As noted, the reserves are estimated on both undiscounted and discounted for investment income bases. XYZSIF provided the discount rate of 4.5% per year. Establishing loss reserves on a discounted basis requires that future investment income earned on the loss reserves be added to the reserves to strengthen them rather than recognized as net income. It also assumes that assets equal to the present value of the reserves are available for investment as of the 11/4/10 evaluation date. The accuracy of discounted reserves depends upon the accuracy of the undiscounted estimates, the estimated payout schedule, and the interest rate assumption used to discount the loss payout schedule. If the discounted estimate is used, the management of XYZSIF should carefully review each of these assumptions to assure that they are in agreement with them.

COMPARISON TO PRIOR REPORT

The ultimate incurred losses estimated in this report are compared to the 7/14/10 actuarial report in the following table and Figure 2. As shown, the estimates decreased \$1,551,386 or 4.2% from the prior report. The increase in the 1/1-12/31/97 period is due to a mesothelioma claim reported 6/25/10 valued at \$177,296 as of 11/4/10. According to the Third Party Administrator (TPA), this claimant is deceased and there is a valid expectation of subrogation. The decrease in the 4/1/04-05, 4/1/06-07, 4/1/08-09, and 4/1/09-10 periods is due to a decrease in incurred losses from 3/31/10 to 11/4/10.

**COMPARISON OF ESTIMATED ULTIMATE INCURRED
LOSSES TO PRIOR REPORT**
(Losses Including ALAE Limited to Specific and Aggregate Retentions)

Policy Period	Current Report (Section B of Table 8)	Willis 7/14/10 Report (Summary)	Change	Percent Change
1/1-12/31/95	\$ 1,085,691	\$ 1,085,691	\$ 0	0.0%
1/1-12/31/96	1,717,012	1,691,795	25,217	1.5%
1/1-12/31/97	2,093,245	1,909,585	183,660	9.6%
1/1-12/31/98	1,530,063	1,531,402	(1,339)	(0.1%)
1/1/99-3/31/00	2,873,650	2,873,650	0	0.0%
4/1/00-01	2,357,775	2,357,775	0	0.0%
4/1/01-02	2,290,621	2,292,000	(1,379)	(0.1%)
4/1/02-03	1,902,652	1,874,000	28,652	1.5%
4/1/03-04	4,346,638	4,354,000	(7,362)	(0.2%)
4/1/04-05	3,468,906	3,545,000	(76,094)	(2.1%)
4/1/05-06	3,263,985	3,391,000	(127,015)	(3.7%)
4/1/06-07	3,117,953	3,367,000	(249,047)	(7.4%)
4/1/07-08	1,316,340	1,223,000	93,340	7.6%
4/1/08-09	2,957,889	3,356,000	(398,111)	(11.9%)
4/1/09-10	1,283,092	2,305,000	(1,021,908)	(44.3%)
Total	\$35,605,512	\$37,156,898	(\$1,551,386)	(4.2%)

PREMIUM INDICATION

The indicated premium for 4/1/11-12 on a discounted for investment income basis is shown below.

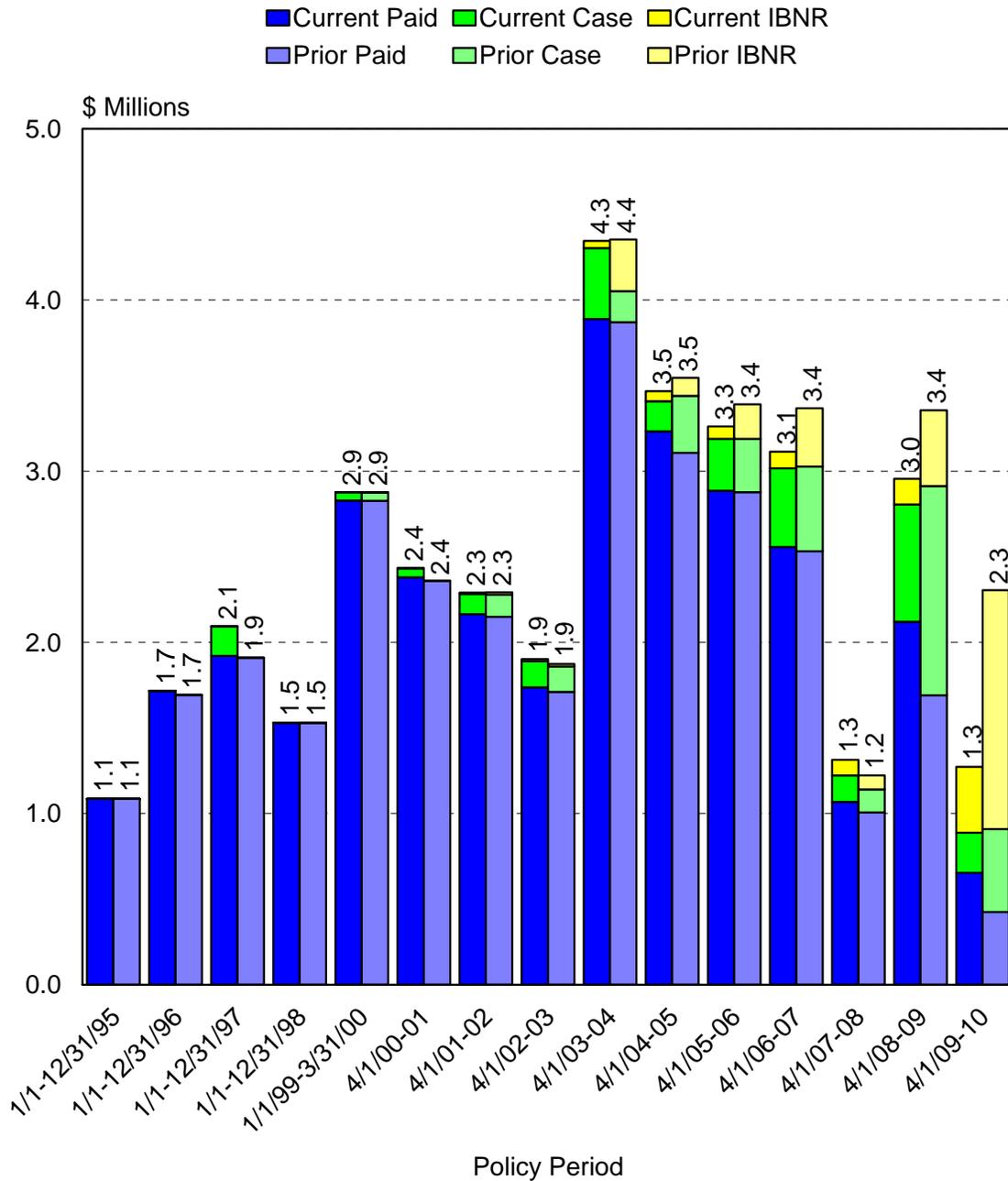
PREMIUM INDICATION FOR 4/1/11-12
(Discounted for Investment Income at 4.5% per Year)

	Low	Expected	High
Indicated Premium	\$1,990,000	\$2,310,000	\$2,610,000
Estimated Premium		\$1,985,215	
Indicated Change	+ 0.2%	+16.4%	+31.5%
Indicated Loss Cost Multiplier	1.502	1.744	1.970

Figure 2

**XYZ WORKERS' COMPENSATION
SELF-INSURANCE FUND**

COMPARISON OF ESTIMATED ULTIMATE INCURRED LOSSES TO PRIOR REPORT
(Losses Including ALAE Limited to Specific and Aggregate Retentions)



The indicated change is the comparison of the indicated premium and the estimated premium for 4/1/11-12 of \$1,985,215 based on the current rate structure. As shown, it is expected that XYZSIF's losses and expenses will be 16.4% more than the estimated premium based on the current rate structure. The estimated premium is based on the 3/1/10 advisory loss costs, XYZSIF's current loss cost multiplier of 1.370, current experience modification factors, current schedule credits, drug-free credits, and premium discounts.

The indicated loss cost multiplier is based on 3/1/11 National Council on Compensation Insurance, Inc. (NCCI) advisory loss costs, current experience modification factors, current schedule credits, drug-free credits, and premium discounts. If the 4/1/11-12 experience modification factors are significantly different than the current factors, the results of this report will need to be re-evaluated.

The loss costs decreased 8.5% from 3/1/10 to 3/1/11 for XYZSIF's mix of class codes as shown in Appendix C, Exhibit VII.

ASSUMPTIONS

DEFINITIONS

Losses in this report include ALAE. ALAE are those expenses that can be directly attributed to a specific claim, such as litigation costs. Loss adjustment expenses that cannot be directly associated with an individual claim are known as unallocated loss adjustment expense (ULAE). Reserves for unearned premiums, unpaid administrative expenses, contingencies, catastrophes, or future premium deficiencies are not included in the estimates.

HISTORICAL INFORMATION

For the periods under review, XYZSIF has assumed its members' losses according to the Pennsylvania workers compensation statutes. The historical loss development patterns of XYZSIF are utilized to determine the ultimate losses expected to be incurred for the periods analyzed. This methodology assumes that the historical development patterns are indicative of the future development expected for the periods considered.

All data are based on information provided by TPA and XYZSIF. The unpaid claim estimate as of 11/4/10 is based on data evaluated as of 11/4/10 and additional information provided through 11/17/10. These data are reviewed for reasonableness and used without audit.

RETENTIONS

The following table summarizes the specific and aggregate retentions. To date, 12 claims have exceeded the specific retention. The aggregate retention is expected to be exceeded in the

1/1/99-3/31/00 and 4/1/00-01 periods. According to XYZSIF, ALAE is included in the retention for all periods.

The excess retentions are a critical part of this analysis. It is assumed that the excess insurance will be collectible on all claims that ultimately develop beyond the applicable retentions. An analysis of the collectibility of the excess insurance is beyond the scope of this report.

EXCESS INSURANCE SUMMARY

<u>Policy Period</u>	<u>Specific Retention</u>	<u>Corridor Deductible</u>	<u>Aggregate Retention</u>	<u>Carrier</u>
1/1-12/31/95	\$ 250,000		110% of Standard Premium	Zurich
1/1-12/31/96	250,000		105% of Standard Premium	Zurich
1/1-12/31/97	250,000		90% of Standard Premium	Zurich
1/1-12/31/98	250,000		77.5% of Standard Premium	Zurich
1/1/99-3/31/00	250,000		77.5% of Standard Premium	Zurich
4/1/00-01	250,000		\$3.066 per \$100 Payroll	MECC
4/1/01-02	300,000		\$3.480 per \$100 Payroll	MECC
4/1/02-03	500,000		\$4.433 per \$100 Payroll	MECC
4/1/03-04	500,000	\$ 250,000	\$4.832 per \$100 Payroll	MECC
4/1/04-05	750,000	150,000	\$6.2789 per \$100 Payroll	MECC
4/1/05-06	750,000	250,000	\$5.4076 per \$100 Payroll	MECC
4/1/06-07	750,000	250,000	\$5.73099 per \$100 Payroll	MECC
4/1/07-08	750,000		\$9.3355 per \$100 Payroll	Ace
4/1/08-09	750,000		\$6.2346 per \$100 Payroll	MECC
4/1/09-10	750,000		\$6.2350 per \$100 Payroll	MECC
4/1/10-11	750,000		\$6.23499 per \$100 Payroll	MECC

RESERVE ANALYSIS

OVERVIEW

To estimate the required reserves, it is first necessary to estimate the ultimate value of the prior periods based on the current evaluation of loss after limiting losses to the appropriate retention. Required reserves are estimated as the difference between the ultimate incurred and paid losses. The historical payment pattern is analyzed and quantified to determine a unique payout schedule for XYZSIF. This schedule is used to predict when the required reserves will be paid so that the losses may be discounted to their present value.

Four procedures are used to estimate the ultimate incurred losses to provide a check for reasonableness and consistency. Following is a brief description of each method and the circumstances under which each works best.

Incurred loss development is the most widely used method of estimating ultimate incurred losses. By using the reserves on a claim-by-claim basis, the most recent claims adjusters' estimates are included in the analysis in addition to the cumulative paid losses. Inherent in the incurred loss development technique is the assumption that there are no changes in reserving practices.

A paid loss approach attempts to eliminate distortions that can occur in incurred methods when there is a suspected change in reserving procedures. Inherent in paid loss development techniques is the assumption that there are no changes in claims settlement practices.

The incurred Bornhuetter-Ferguson technique estimates ultimate incurred losses based on the expected losses and reporting pattern of incurred losses. This method is dependent on the accuracy of these two parameters in addition to the considerations discussed for the incurred method.

The last method, the paid Bornhuetter-Ferguson approach, estimates ultimate incurred losses based on the expected losses and payment pattern. Similar to the incurred Bornhuetter-Ferguson method, this approach is dependent on the accuracy of these two parameters in addition to the considerations for the paid method.

INCURRED LOSS DEVELOPMENT

The ultimate cost of claims incurred for a specific time period is usually not known until several years after the close of that period. Loss development factors project the additional cost expected on claims. These factors quantify the late developing aspects of certain losses, such as claims involving medical complications not recognized in the early stages of treatment or verdict values for litigated claims that are different than the amount previously reserved to pay the claims. They also account for losses that occurred during the policy period but are not reported until a later date.

The calculation and selection of development factors to be applied to incurred losses are shown in Table 1, beginning with XYZSIF's losses including ALAE limited to \$250,000 as of different evaluation dates. For example, in Section A the table shows losses incurred during the 4/1/07-08 period evaluated as of 12, 24, and 36 months after the inception of that period. In general, the value of incurred losses increases from one evaluation to the next as a result of IBNR.

Table 1

**XYZ WORKERS' COMPENSATION
SELF-INSURANCE FUND**

INCURRED LOSS DEVELOPMENT FACTORS
(Losses Including ALAE Limited to \$250,000)

A. INCURRED LOSSES

Policy Period	Months After Effective Date									
	12 Months	24 Months	36 Months	48 Months	60 Months	72 Months	84 Months	96 Months	108 Months	120 Months
1/1-12/31/95	1,190,802	994,966	1,017,986	1,026,714	1,037,358	1,085,248	1,083,245	1,083,245	1,083,245	1,082,732
1/1-12/31/96	1,192,929	1,699,502	1,810,243	1,836,769	1,672,723	1,714,527	1,726,633	1,715,738	1,715,738	1,715,735
1/1-12/31/97	1,366,236	1,532,662	1,649,311	1,803,339	1,878,570	1,874,742	1,869,851	1,913,442	1,909,515	1,909,515
1/1-12/31/98	1,317,174	1,445,396	1,566,035	1,548,010	1,529,644	1,528,283	1,523,674	1,526,294	1,528,708	1,527,951
1/1/99-3/31/00	1,962,132	2,798,477	2,817,049	2,817,825	2,859,335	2,860,698	2,926,846	2,874,728	2,874,728	2,874,728
4/1/00-01	1,753,502	1,895,599	2,076,163	2,207,963	2,313,434	2,357,775	2,362,374	2,428,085	2,430,585	2,430,585
4/1/01-02	1,605,164	2,016,418	2,065,380	2,017,381	2,024,904	2,117,602	2,072,867	2,057,236	2,131,268	
4/1/02-03	982,902	1,194,531	1,392,817	1,454,323	1,424,414	1,421,305	1,500,411	1,503,142		
4/1/03-04	2,623,238	2,961,559	3,276,790	3,417,134	3,336,869	3,317,693	3,319,123			
4/1/04-05	3,198,811	3,123,830	3,068,811	2,968,640	3,081,697	3,099,131				
4/1/05-06	2,562,349	2,669,304	2,850,471	2,841,865	2,837,907					
4/1/06-07	1,719,425	2,245,914	2,514,019	2,725,214						
4/1/07-08	952,787	1,081,459	1,140,930							
4/1/08-09	2,412,676	2,502,568								
4/1/09-10	909,181									

B. AGE-TO-AGE FACTORS

Policy Period	12 - 24 Months	24 - 36 Months	36 - 48 Months	48 - 60 Months	60 - 72 Months	72 - 84 Months	84 - 96 Months	96 - 108 Months	108 - 120 Months	120 - Ultimate
1/1-12/31/95	0.836	1.023	1.009	1.010	1.046	0.998	1.000	1.000	1.000	
1/1-12/31/96	1.425	1.065	1.015	0.911	1.025	1.007	0.994	1.000	1.000	
1/1-12/31/97	1.122	1.076	1.093	1.042	0.998	0.997	1.023	0.998	1.000	
1/1-12/31/98	1.097	1.083	0.988	0.988	0.999	0.997	1.002	1.002	1.000	
1/1/99-3/31/00	1.426	1.007	1.000	1.015	1.000	1.023	0.982	1.000	1.000	
4/1/00-01	1.081	1.095	1.063	1.048	1.019	1.002	1.028	1.001	1.000	
4/1/01-02	1.256	1.024	0.977	1.004	1.046	0.979	0.992	1.036		
4/1/02-03	1.215	1.166	1.044	0.979	0.998	1.056	1.002			
4/1/03-04	1.129	1.106	1.043	0.977	0.994	1.000				
4/1/04-05	0.977	0.982	0.967	1.038	1.006					
4/1/05-06	1.042	1.068	0.997	0.999						
4/1/06-07	1.306	1.119	1.084							
4/1/07-08	1.135	1.055								
4/1/08-09	1.037									
Average	1.149	1.067	1.023	1.001	1.013	1.007	1.003	1.005	1.000	
Wtd Avg	1.134	1.062	1.021	1.002	1.010	1.006	1.002	1.006	1.000	
3 Yr Avg	1.159	1.081	1.016	1.005	0.999	1.012	1.007	1.012	1.000	
5 Yr Mid Avg	1.071	1.076	1.028	0.994	1.008	1.008	0.999	1.001	1.000	
Prior	1.195	1.075	1.025	1.017	1.010	1.006	1.005	1.002	1.001	1.005
Selected	1.120	1.075	1.020	1.010	1.010	1.005	1.005	1.005	1.000	1.005

C. INCURRED LOSS DEVELOPMENT FACTORS

	12 to Ultimate	24 to Ultimate	36 to Ultimate	48 to Ultimate	60 to Ultimate	72 to Ultimate	84 to Ultimate	96 to Ultimate	108 to Ultimate	120 to Ultimate
	1.278	1.141	1.061	1.040	1.030	1.020	1.015	1.010	1.005	1.005

Section B displays age-to-age factors, the rates by which losses develop from year to year. For example, the 12 to 24 age-to-age factor for the 4/1/07-08 period is 1.135. This is the 24 month incurred amount of \$1,081,459 divided by the 12 month incurred amount of \$952,787. The age-to-age factor of 1.135 means that losses incurred during the 4/1/07-08 period increased by 13.5% during the 12 to 24 month interval. A loss development factor less than 1.000 indicates that the value of incurred losses declined, possibly due to claims settling for amounts less than previously reserved.

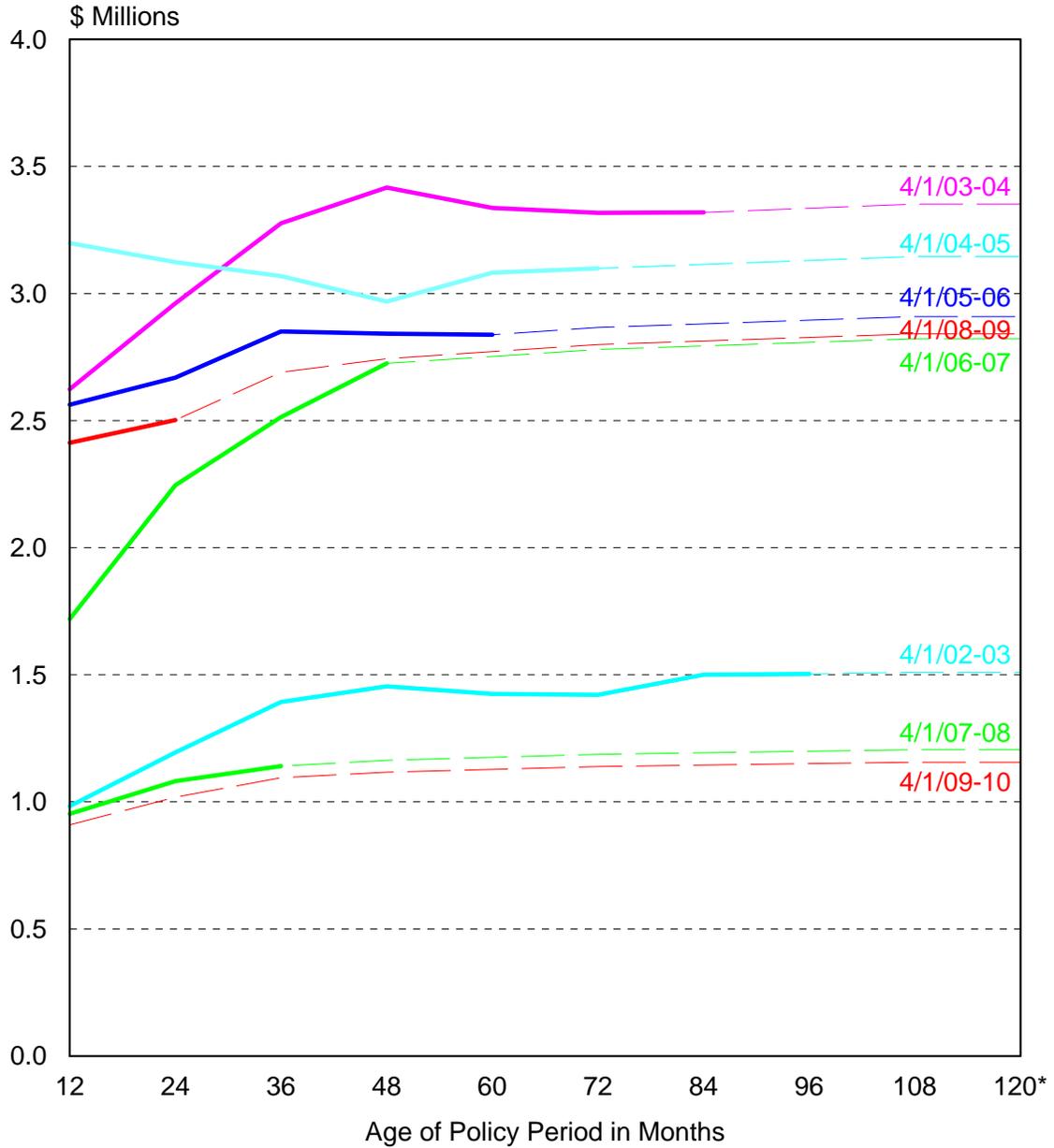
Averages of the age-to-age factors are shown at the bottom of Section B. The average is the mean of all the age-to-age factors. The weighted average weights the factors for individual years by the magnitude of losses for that given year, giving more weight to periods with higher losses. The weighted average is the sum of the losses from one age divided by the sum of the losses from the previous age for corresponding periods. The three-year average is the average of the three most recent age-to-age factors. The five-year mid average is the average of the five most recent age-to-age factors excluding the low and high. The prior factor is the factor selected in the 7/14/10 actuarial report. The averages are evaluated, and the factors selected as most representative of XYZSIF's expected loss development are shown. The historical and expected loss development patterns are graphically illustrated in Figure 3 by solid and dashed lines, respectively.

Computation of the loss development factors is based on the selected age-to-age factors. For instance, the 12 to ultimate factor is calculated in Section C by multiplying the 12 to 24 month age-to-age factor by the 24 to ultimate loss development factor ($1.278 = 1.120 \times 1.141$).

Figure 3

**XYZ WORKERS' COMPENSATION
SELF-INSURANCE FUND**

HISTORICAL AND EXPECTED DEVELOPMENT OF INCURRED LOSSES
(Losses Including ALAE Limited to \$250,000)



* Additional development of 0.5% expected after 120 months.

Incurred losses are limited to the specific retention in Section A of Table 2. As shown, 12 claims are reported in excess of the retention. In Section B, ultimate incurred losses are estimated by multiplying the incurred losses by the incurred loss development factors. For example, limited incurred losses for the 4/1/09-10 period evaluated at \$888,014 on 11/4/10 are estimated to ultimately cost \$1,045,192 ($\$888,014 \times 1.177$). The loss development factor of 1.177 means that the losses are expected to ultimately cost 17.7% more than incurred losses evaluated on 11/4/10.

PAID LOSS DEVELOPMENT

The paid loss procedure employs an analysis similar to the previous method, but based on paid loss data. This estimation technique is not influenced by changes in the loss reserve estimates of the adjusters. However, larger development factors are required at a given age than the incurred method. This analysis is shown in Table 3, Figure 4, and Table 4.

INCURRED BORNHUETTER-FERGUSON

The incurred Bornhuetter-Ferguson method for developing an estimate of ultimate incurred losses requires two parameters, the expected losses and reporting pattern. The accuracy of this method depends on these parameters.

The incurred Bornhuetter-Ferguson method involves two calculation steps. In Section A of Table 5, IBNR is estimated by multiplying the expected losses by the expected percent of unreported losses implied by the incurred loss development factor. Ultimate incurred losses are estimated in Section B by adding the estimated IBNR to the incurred losses as of 11/4/10.

Table 2

**XYZ WORKERS' COMPENSATION
SELF-INSURANCE FUND**

**ESTIMATED ULTIMATE INCURRED LOSSES
INCURRED LOSS DEVELOPMENT**

A. LOSSES LIMITED TO SPECIFIC RETENTION

Policy Period	Specific Retention	Unlimited Incurred Losses as of 11/4/10	Number of Claims in Excess of Retention	Incurred in Excess of Retention	Limited Incurred Losses as of 11/4/10
1/1-12/31/95	\$ 250,000	\$ 1,085,691	0	\$ 0	\$ 1,085,691
1/1-12/31/96	250,000	1,717,012	0	0	1,717,012
1/1-12/31/97	250,000	2,093,245	0	0	2,093,245
1/1-12/31/98	250,000	1,676,429	1	146,366	1,530,063
1/1/99-3/31/00	250,000	3,341,976	2	465,063	2,876,913
4/1/00-01	250,000	2,835,891	3	405,304	2,430,587
4/1/01-02	300,000	2,632,642	3	351,374	2,281,268
4/1/02-03	500,000	2,118,504	1	229,708	1,888,796
4/1/03-04	500,000 ^	4,835,221	2	532,400	4,302,821
4/1/04-05	750,000 ^	3,408,484	0	0	3,408,484
4/1/05-06	750,000 ^	3,189,145	0	0	3,189,145
4/1/06-07	750,000 ^	3,016,188	0	0	3,016,188
4/1/07-08	750,000	1,223,147	0	0	1,223,147
4/1/08-09	750,000	2,805,481	0	0	2,805,481
4/1/09-10	750,000	888,014	0	0	888,014
Total		\$36,867,070	12	\$ 2,130,215	\$34,736,855

B. ESTIMATED ULTIMATE INCURRED LOSSES

Policy Period	Limited Incurred Losses as of 11/4/10	Age of Policy Period in Months	Incurred Loss Development Factor	Estimated Ultimate Incurred Losses
1/1-12/31/95	\$ 1,085,691	190.0	1.000	\$ 1,085,691
1/1-12/31/96	1,717,012	178.0	1.000	1,717,012
1/1-12/31/97	2,093,245	166.0	1.000	2,093,245
1/1-12/31/98	1,530,063	154.0	1.000	1,530,063
1/1/99-3/31/00	2,876,913	140.5	1.000	2,876,913
4/1/00-01	2,430,587	127.0	1.002	2,435,448
4/1/01-02	2,281,268	115.0	1.005	2,292,674
4/1/02-03	1,888,796	103.0	1.007	1,902,018
4/1/03-04	4,302,821	91.0	1.012	4,354,455
4/1/04-05	3,408,484	79.0	1.017	3,466,428
4/1/05-06	3,189,145	67.0	1.024	3,265,684
4/1/06-07	3,016,188	55.0	1.034	3,118,738
4/1/07-08	1,223,147	43.0	1.047	1,280,635
4/1/08-09	2,805,481	31.0	1.087	3,049,558
4/1/09-10	888,014	19.0	1.177	1,045,192
Total	\$34,736,855			\$35,513,754

^ Corridor deductible of \$250,000 for 4/1/03-04, 4/1/05-06, and 4/1/06-07 and \$150,000 for 4/1/04-05.

Table 3

**XYZ WORKERS' COMPENSATION
SELF-INSURANCE FUND**

PAID LOSS DEVELOPMENT FACTORS
(Losses Including ALAE Limited to \$250,000)

A. PAID LOSSES

Policy Period	Months After Effective Date									
	12 Months	24 Months	36 Months	48 Months	60 Months	72 Months	84 Months	96 Months	108 Months	120 Months
1/1-12/31/95	336,926	744,063	929,639	1,008,071	1,017,061	1,081,745	1,083,245	1,083,245	1,083,245	1,082,732
1/1-12/31/96	621,516	1,328,904	1,694,352	1,760,123	1,652,489	1,667,634	1,698,054	1,715,738	1,715,738	1,715,738
1/1-12/31/97	558,855	1,207,205	1,431,418	1,657,492	1,804,227	1,822,663	1,830,756	1,898,310	1,899,201	1,899,201
1/1-12/31/98	663,806	1,085,382	1,342,582	1,447,835	1,518,848	1,522,067	1,523,674	1,526,294	1,528,085	1,527,951
1/1/99-3/31/00	994,863	2,086,989	2,419,082	2,554,000	2,852,374	2,858,574	2,864,412	2,818,864	2,822,506	2,824,575
4/1/00-01	722,057	1,557,992	1,858,925	2,035,190	2,215,677	2,280,716	2,341,052	2,352,896	2,364,292	2,373,103
4/1/01-02	565,318	1,226,646	1,914,756	1,953,802	1,982,895	2,019,256	2,008,998	2,036,112	2,051,563	
4/1/02-03	424,724	775,755	1,105,854	1,328,139	1,401,543	1,413,994	1,420,869	1,486,549		
4/1/03-04	986,856	2,203,285	2,927,621	3,207,720	3,288,795	3,300,077	3,306,086			
4/1/04-05	1,079,995	2,101,365	2,592,947	2,727,362	2,870,412	2,884,621				
4/1/05-06	732,916	2,067,898	2,446,349	2,661,365	2,678,629					
4/1/06-07	565,002	1,302,580	1,715,128	2,369,941						
4/1/07-08	364,183	860,244	1,006,226							
4/1/08-09	837,877	1,691,176								
4/1/09-10	424,736									

B. AGE-TO-AGE FACTORS

Policy Period	12 - 24 Months	24 - 36 Months	36 - 48 Months	48 - 60 Months	60 - 72 Months	72 - 84 Months	84 - 96 Months	96 - 108 Months	108 - 120 Months	120 - Ultimate
1/1-12/31/95	2.208	1.249	1.084	1.009	1.064	1.001	1.000	1.000	1.000	
1/1-12/31/96	2.138	1.275	1.039	0.939	1.009	1.018	1.010	1.000	1.000	
1/1-12/31/97	2.160	1.186	1.158	1.089	1.010	1.004	1.037	1.000	1.000	
1/1-12/31/98	1.635	1.237	1.078	1.049	1.002	1.001	1.002	1.001	1.000	
1/1/99-3/31/00	2.098	1.159	1.056	1.117	1.002	1.002	0.984	1.001	1.001	
4/1/00-01	2.158	1.193	1.095	1.089	1.029	1.026	1.005	1.005	1.004	
4/1/01-02	2.170	1.561	1.020	1.015	1.018	0.995	1.013	1.008		
4/1/02-03	1.826	1.426	1.201	1.055	1.009	1.005	1.046			
4/1/03-04	2.233	1.329	1.096	1.025	1.003	1.002				
4/1/04-05	1.946	1.234	1.052	1.052	1.005					
4/1/05-06	2.821	1.183	1.088	1.006						
4/1/06-07	2.305	1.317	1.382							
4/1/07-08	2.362	1.170								
4/1/08-09	2.018									
Average	2.148	1.271	1.112	1.040	1.015	1.006	1.012	1.002	1.001	
Wtd Avg	2.141	1.261	1.104	1.042	1.012	1.006	1.010	1.002	1.001	
3 Yr Avg	2.228	1.223	1.174	1.028	1.006	1.001	1.021	1.005	1.002	
5 Yr Mid Avg	2.228	1.245	1.128	1.031	1.011	1.003	1.007	1.002	1.000	
Prior	2.155	1.275	1.085	1.060	1.017	1.010	1.005	1.003	1.002	1.010
Selected	2.200	1.240	1.140	1.035	1.010	1.010	1.010	1.005	1.005	1.010

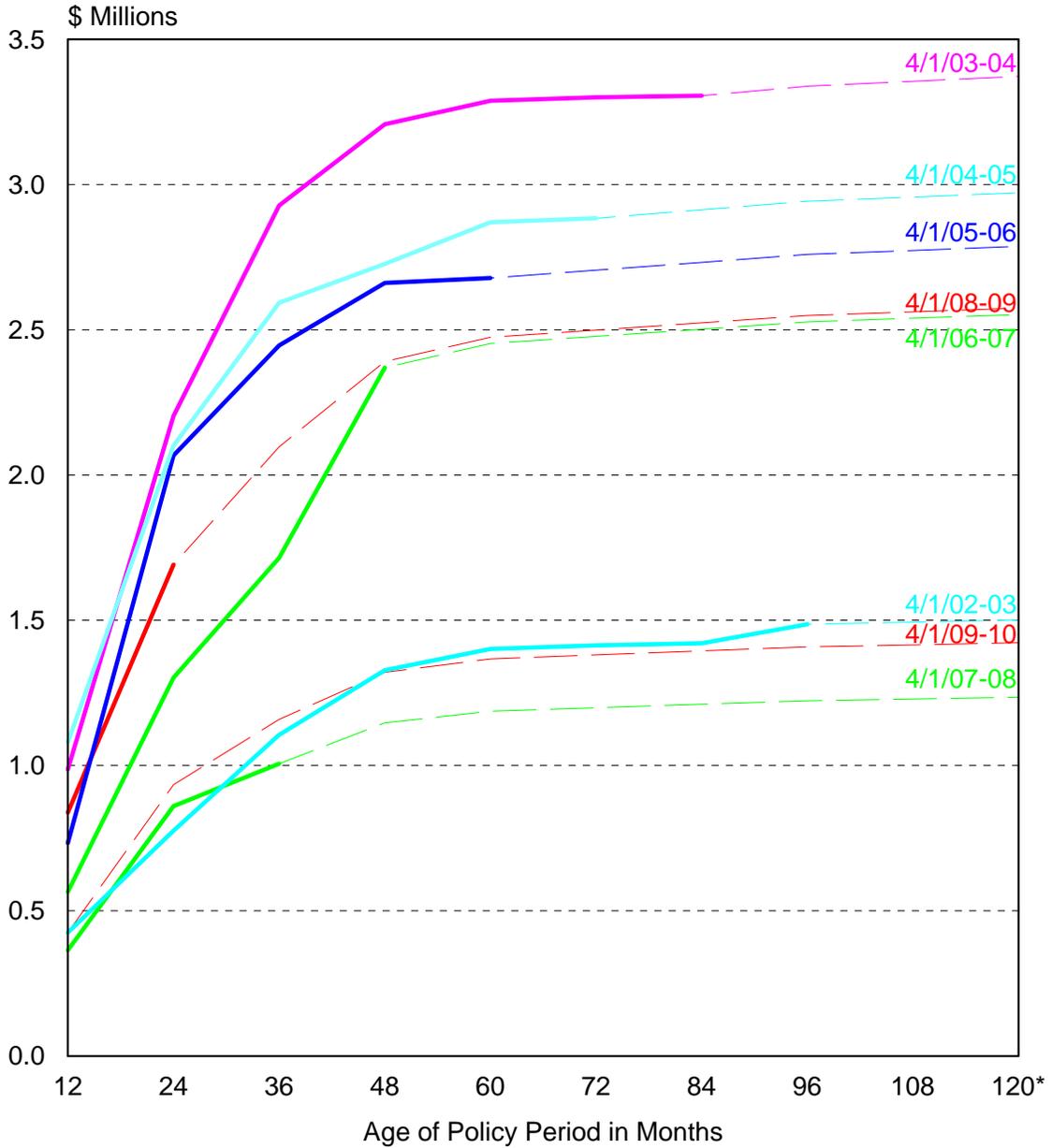
C. PAID LOSS DEVELOPMENT FACTORS

	12 to Ultimate	24 to Ultimate	36 to Ultimate	48 to Ultimate	60 to Ultimate	72 to Ultimate	84 to Ultimate	96 to Ultimate	108 to Ultimate	120 to Ultimate
	3.379	1.536	1.239	1.087	1.050	1.040	1.030	1.020	1.015	1.010

Figure 4

**XYZ WORKERS' COMPENSATION
SELF-INSURANCE FUND**

HISTORICAL AND EXPECTED DEVELOPMENT OF PAID LOSSES
(Losses Including ALAE Limited to \$250,000)



* Additional development of 1.0% expected after 120 months.

Table 4

**XYZ WORKERS' COMPENSATION
SELF-INSURANCE FUND**

**ESTIMATED ULTIMATE INCURRED LOSSES
PAID LOSS DEVELOPMENT**

A. LOSSES LIMITED TO SPECIFIC RETENTION

Policy Period	Specific Retention	Unlimited Paid Losses as of 11/4/10	Number of Claims in Excess of Retention	Paid in Excess of Retention	Limited Paid Losses as of 11/4/10
1/1-12/31/95	\$ 250,000	\$ 1,085,691	0	\$ 0	\$ 1,085,691
1/1-12/31/96	250,000	1,717,012	0	0	1,717,012
1/1-12/31/97	250,000	1,921,184	0	0	1,921,184
1/1-12/31/98	250,000	1,676,429	1	146,366	1,530,063
1/1/99-3/31/00	250,000	3,138,032	2	309,175	2,828,857
4/1/00-01	250,000	2,565,235	2	185,084	2,380,151
4/1/01-02	300,000	2,306,710	2	142,435	2,164,275
4/1/02-03	500,000	1,737,029	0	0	1,737,029
4/1/03-04	500,000 ^	4,022,635	1	134,597	3,888,038
4/1/04-05	750,000 ^	3,232,230	0	0	3,232,230
4/1/05-06	750,000 ^	2,886,237	0	0	2,886,237
4/1/06-07	750,000 ^	2,556,678	0	0	2,556,678
4/1/07-08	750,000	1,067,664	0	0	1,067,664
4/1/08-09	750,000	2,120,026	0	0	2,120,026
4/1/09-10	750,000	653,529	0	0	653,529
Total		\$32,686,321	8	\$ 917,657	\$31,768,664

B. ESTIMATED ULTIMATE INCURRED LOSSES

Policy Period	Limited Paid Losses as of 11/4/10	Age of Policy Period in Months	Paid Loss Development Factor	Estimated Ultimate Incurred Losses
1/1-12/31/95	\$ 1,085,691	190.0	1.000	\$ 1,085,691
1/1-12/31/96	1,717,012	178.0	1.000	1,717,012
1/1-12/31/97	1,921,184	166.0	1.000	1,921,184
1/1-12/31/98	1,530,063	154.0	1.000	1,530,063
1/1/99-3/31/00	2,828,857	140.5	1.001	2,831,686
4/1/00-01	2,380,151	127.0	1.007	2,396,812
4/1/01-02	2,164,275	115.0	1.012	2,190,246
4/1/02-03	1,737,029	103.0	1.017	1,766,558
4/1/03-04	3,888,038	91.0	1.024	3,981,351
4/1/04-05	3,232,230	79.0	1.034	3,342,126
4/1/05-06	2,886,237	67.0	1.044	3,013,231
4/1/06-07	2,556,678	55.0	1.063	2,717,749
4/1/07-08	1,067,664	43.0	1.140	1,217,137
4/1/08-09	2,120,026	31.0	1.335	2,830,235
4/1/09-10	653,529	19.0	2.021	1,320,782
Total	\$31,768,664			\$33,861,863

^ Corridor deductible of \$250,000 for 4/1/03-04, 4/1/05-06, and 4/1/06-07 and \$150,000 for 4/1/04-05.

Table 5

**XYZ WORKERS' COMPENSATION
SELF-INSURANCE FUND**

**ESTIMATED ULTIMATE INCURRED LOSSES
INCURRED BORNHUETTER-FERGUSON**
(Losses Including ALAE Limited to Specific Retention)

A. ESTIMATED IBNR

Policy Period	Expected Losses*	Incurred Loss Development Factor	Estimated Ratio Unreported	Estimated IBNR
1/1-12/31/95	\$ 560,000	1.000	0.000	\$ 0
1/1-12/31/96	1,020,000	1.000	0.000	0
1/1-12/31/97	1,090,000	1.000	0.000	0
1/1-12/31/98	1,190,000	1.000	0.000	0
1/1/99-3/31/00	1,610,000	1.000	0.000	0
4/1/00-01	1,360,000	1.002	0.002	2,720
4/1/01-02	1,460,000	1.005	0.005	7,300
4/1/02-03	2,070,000	1.007	0.007	14,490
4/1/03-04	3,000,000	1.012	0.012	36,000
4/1/04-05	3,700,000	1.017	0.017	62,900
4/1/05-06	3,180,000	1.024	0.023	73,140
4/1/06-07	3,060,000	1.034	0.033	100,980
4/1/07-08	2,460,000	1.047	0.045	110,700
4/1/08-09	2,130,000	1.087	0.080	170,400
4/1/09-10	1,870,000	1.177	0.150	280,500
Total	\$29,760,000			\$ 859,130

B. ESTIMATED ULTIMATE INCURRED LOSSES

Policy Period	Incurred Losses as of 11/4/10	Estimated IBNR	Estimated Ultimate Incurred Losses
1/1-12/31/95	\$ 1,085,691	\$ 0	\$ 1,085,691
1/1-12/31/96	1,717,012	0	1,717,012
1/1-12/31/97	2,093,245	0	2,093,245
1/1-12/31/98	1,530,063	0	1,530,063
1/1/99-3/31/00	2,876,913	0	2,876,913
4/1/00-01	2,430,587	2,720	2,433,307
4/1/01-02	2,281,268	7,300	2,288,568
4/1/02-03	1,888,796	14,490	1,903,286
4/1/03-04	4,302,821	36,000	4,338,821
4/1/04-05	3,408,484	62,900	3,471,384
4/1/05-06	3,189,145	73,140	3,262,285
4/1/06-07	3,016,188	100,980	3,117,168
4/1/07-08	1,223,147	110,700	1,333,847
4/1/08-09	2,805,481	170,400	2,975,881
4/1/09-10	888,014	280,500	1,168,514
Total	\$34,736,855	\$ 859,130	\$35,595,985

* From Appendix B, Exhibit I.

PAID BORNHUETTER-FERGUSON

The paid Bornhuetter-Ferguson method also uses two parameters to estimate ultimate incurred losses. These parameters are the expected losses and payment pattern. In Section A of Table 6, outstanding losses are estimated by multiplying the expected losses by the expected ratio of outstanding losses implied by the paid loss development factor. Ultimate incurred losses are estimated in Section B by adding paid losses and the estimate of outstanding losses.

SELECTED ESTIMATED ULTIMATE INCURRED LOSSES

The results of the methods are compared in Section A of Table 7, and the ultimate incurred losses are selected for each period. An average of the methods is selected for all periods unless otherwise noted. If a paid estimate is less than incurred losses, the corresponding incurred method is substituted in the average. The implied assumption is that it is unlikely that ultimate losses will be less than incurred losses. The selection procedure is depicted in Figure 5.

The estimated ultimate incurred losses are compared to the aggregate retention in Section B. As shown, the aggregate retention is expected to be exceeded in the 1/1/99-3/31/00 and 4/1/00-01 periods.

ESTIMATED REQUIRED RESERVES

The required reserves are estimated in Table 8. The estimated ultimate incurred, incurred, and paid losses retained by XYZSIF are summarized in Section A. In Section B, the case reserves are shown as the difference between the incurred and paid losses. IBNR is estimated as the difference between the estimated ultimate incurred losses and incurred losses. The total required

Table 6

**XYZ WORKERS' COMPENSATION
SELF-INSURANCE FUND**

**ESTIMATED ULTIMATE INCURRED LOSSES
PAID BORNHUETTER-FERGUSON**
(Losses Including ALAE Limited to Specific Retention)

A. ESTIMATED OUTSTANDING LOSSES

<u>Policy Period</u>	<u>Expected Losses</u>	<u>Paid Loss Development Factor</u>	<u>Estimated Ratio Outstanding</u>	<u>Estimated Outstanding Losses</u>
1/1-12/31/95	\$ 560,000	1.000	0.000	\$ 0
1/1-12/31/96	1,020,000	1.000	0.000	0
1/1-12/31/97	1,090,000	1.000	0.000	0
1/1-12/31/98	1,190,000	1.000	0.000	0
1/1/99-3/31/00	1,610,000	1.001	0.001	1,610
4/1/00-01	1,360,000	1.007	0.007	9,520
4/1/01-02	1,460,000	1.012	0.012	17,520
4/1/02-03	2,070,000	1.017	0.017	35,190
4/1/03-04	3,000,000	1.024	0.023	69,000
4/1/04-05	3,700,000	1.034	0.033	122,100
4/1/05-06	3,180,000	1.044	0.042	133,560
4/1/06-07	3,060,000	1.063	0.059	180,540
4/1/07-08	2,460,000	1.140	0.123	302,580
4/1/08-09	2,130,000	1.335	0.251	534,630
4/1/09-10	1,870,000	2.021	0.505	944,350
Total	\$29,760,000			\$ 2,350,600

B. ESTIMATED ULTIMATE INCURRED LOSSES

<u>Policy Period</u>	<u>Limited Paid Losses as of 11/4/10</u>	<u>Estimated Outstanding Losses</u>	<u>Estimated Ultimate Incurred Losses</u>
1/1-12/31/95	\$ 1,085,691	\$ 0	\$ 1,085,691
1/1-12/31/96	1,717,012	0	1,717,012
1/1-12/31/97	1,921,184	0	1,921,184
1/1-12/31/98	1,530,063	0	1,530,063
1/1/99-3/31/00	2,828,857	1,610	2,830,467
4/1/00-01	2,380,151	9,520	2,389,671
4/1/01-02	2,164,275	17,520	2,181,795
4/1/02-03	1,737,029	35,190	1,772,219
4/1/03-04	3,888,038	69,000	3,957,038
4/1/04-05	3,232,230	122,100	3,354,330
4/1/05-06	2,886,237	133,560	3,019,797
4/1/06-07	2,556,678	180,540	2,737,218
4/1/07-08	1,067,664	302,580	1,370,244
4/1/08-09	2,120,026	534,630	2,654,656
4/1/09-10	653,529	944,350	1,597,879
Total	\$31,768,664	\$ 2,350,600	\$34,119,264

Table 7

**XYZ WORKERS' COMPENSATION
SELF-INSURANCE FUND**

SELECTED ESTIMATED ULTIMATE INCURRED LOSSES
(Losses Including ALAE Limited to Specific Retention)

A. SELECTED ESTIMATED ULTIMATE INCURRED LOSSES PRIOR TO AGGREGATE

Policy Period	Incurred Loss Development	Paid Loss Development	Incurred Bornhuetter-Ferguson	Paid Bornhuetter-Ferguson	Selected Estimated Ultimate Incurred Losses*
1/1-12/31/95	\$ 1,085,691	\$ 1,085,691	\$ 1,085,691	\$ 1,085,691	\$ 1,085,691
1/1-12/31/96	1,717,012	1,717,012	1,717,012	1,717,012	1,717,012
1/1-12/31/97	2,093,245	1,921,184 #	2,093,245	1,921,184 #	2,093,245
1/1-12/31/98	1,530,063	1,530,063	1,530,063	1,530,063	1,530,063
1/1/99-3/31/00	2,876,913	2,831,686 #	2,876,913	2,830,467 #	2,876,913
4/1/00-01	2,435,448	2,396,812 #	2,433,307	2,389,671 #	2,434,378
4/1/01-02	2,292,674	2,190,246 #	2,288,568	2,181,795 #	2,290,621
4/1/02-03	1,902,018	1,766,558 #	1,903,286	1,772,219 #	1,902,652
4/1/03-04	4,354,455	3,981,351 #	4,338,821	3,957,038 #	4,346,638
4/1/04-05	3,466,428	3,342,126 #	3,471,384	3,354,330 #	3,468,906
4/1/05-06	3,265,684	3,013,231 #	3,262,285	3,019,797 #	3,263,985
4/1/06-07	3,118,738	2,717,749 #	3,117,168	2,737,218 #	3,117,953
4/1/07-08	1,280,635	1,217,137 #	1,333,847	1,370,244	1,316,340
4/1/08-09	3,049,558	2,830,235	2,975,881	2,654,656 #	2,957,889
4/1/09-10	1,045,192	1,320,782	1,168,514	1,597,879	1,283,092
Total	\$35,513,754	\$33,861,863	\$35,595,985	\$34,119,264	\$35,685,378

B. SELECTED ESTIMATED ULTIMATE INCURRED LOSSES LIMITED TO AGGREGATE

Policy Period	Ultimate Losses Gross of Aggregate	Aggregate Retention	Estimated Ultimate Limited to Aggregate
1/1-12/31/95	\$ 1,085,691	\$ 2,713,406	\$ 1,085,691
1/1-12/31/96	1,717,012	4,580,954	1,717,012
1/1-12/31/97	2,093,245	3,594,038	2,093,245
1/1-12/31/98	1,530,063	2,566,790	1,530,063
1/1/99-3/31/00	2,876,913	2,873,650	2,873,650 @
4/1/00-01	2,434,378	2,357,775	2,357,775 @
4/1/01-02	2,290,621	2,556,617	2,290,621
4/1/02-03	1,902,652	3,988,476	1,902,652
4/1/03-04	4,346,638	5,807,030	4,346,638
4/1/04-05	3,468,906	9,215,303	3,468,906
4/1/05-06	3,263,985	6,911,405	3,263,985
4/1/06-07	3,117,953	7,006,175	3,117,953
4/1/07-08	1,316,340	8,943,731 ^	1,316,340
4/1/08-09	2,957,889	5,681,690 ^	2,957,889
4/1/09-10	1,283,092	5,003,305 ^	1,283,092
Total	\$35,685,378	\$73,800,345	\$35,605,512

* Selected the average unless otherwise noted.

Since this estimate is less than incurred losses, the corresponding incurred method is substituted in the average.

@ The aggregate retention is expected to be exceeded.

^ Minimum.

Figure 5

**XYZ WORKERS' COMPENSATION
SELF-INSURANCE FUND**

SELECTED ESTIMATED ULTIMATE INCURRED LOSSES
(Losses Including ALAE Limited to Specific Retention)

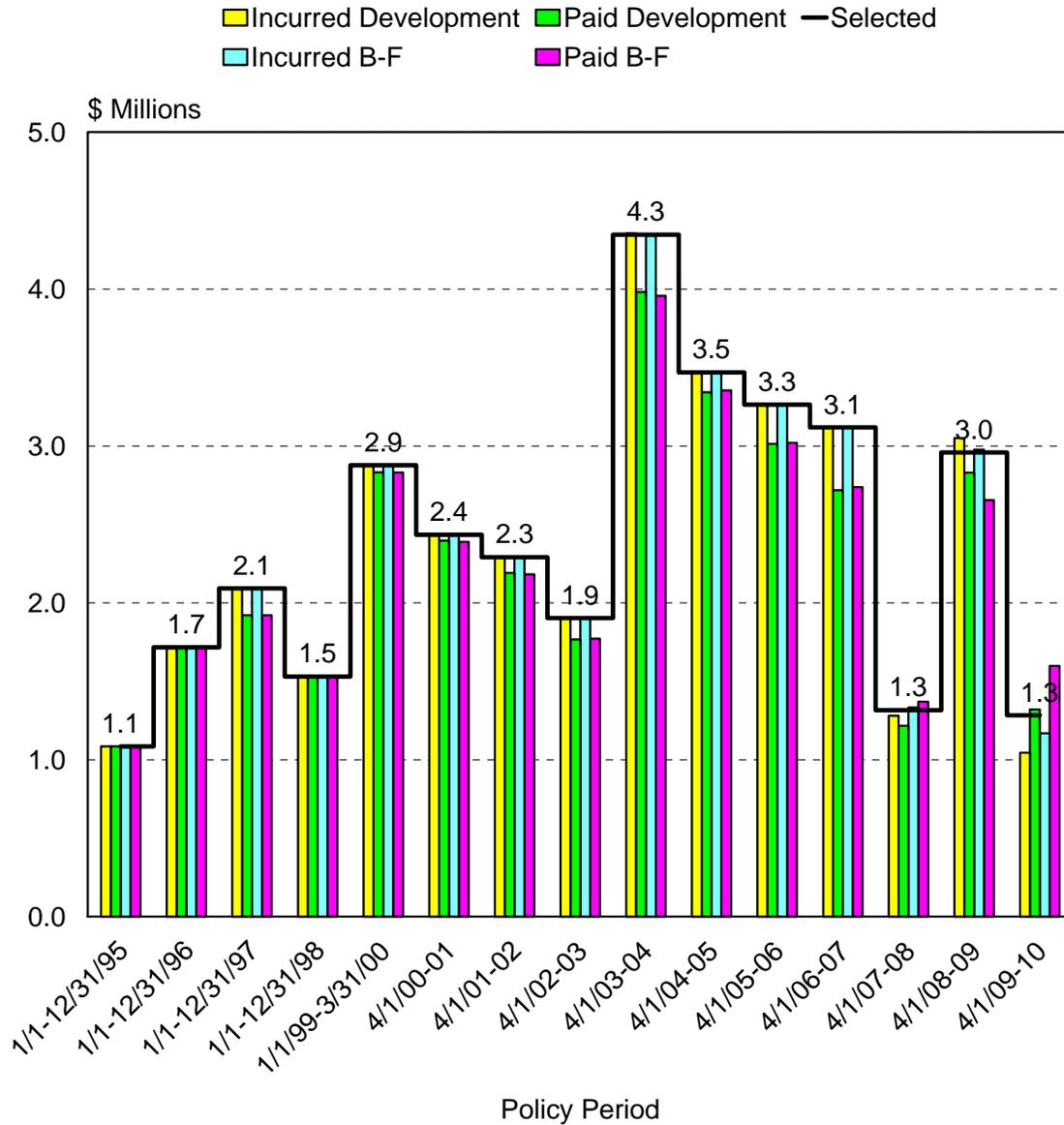


Table 8

**XYZ WORKERS' COMPENSATION
SELF-INSURANCE FUND**

ESTIMATED REQUIRED RESERVES AS OF 11/4/10
(Losses Including ALAE Limited to Specific and Aggregate Retentions)

A. LOSS SUMMARY

Policy Period	Estimated Ultimate Incurred Losses	Incurred Losses as of 11/4/10	Paid Losses as of 11/4/10
1/1-12/31/95	\$ 1,085,691	\$ 1,085,691	\$ 1,085,691
1/1-12/31/96	1,717,012	1,717,012	1,717,012
1/1-12/31/97	2,093,245	2,093,245	1,921,184
1/1-12/31/98	1,530,063	1,530,063	1,530,063
1/1/99-3/31/00	2,873,650 @	2,873,650 @	2,828,857
4/1/00-01	2,357,775 @	2,357,775 @	2,357,775 @
4/1/01-02	2,290,621	2,281,268	2,164,275
4/1/02-03	1,902,652	1,888,796	1,737,029
4/1/03-04	4,346,638	4,302,821	3,888,038
4/1/04-05	3,468,906	3,408,484	3,232,230
4/1/05-06	3,263,985	3,189,145	2,886,237
4/1/06-07	3,117,953	3,016,188	2,556,678
4/1/07-08	1,316,340	1,223,147	1,067,664
4/1/08-09	2,957,889	2,805,481	2,120,026
4/1/09-10	1,283,092	888,014	653,529
4/1-11/4/10	770,000 #	319,742	139,656
Total	\$36,375,512	\$34,980,522	\$31,885,944

B. ESTIMATED REQUIRED RESERVES AS OF 11/4/10

Policy Period	Case Reserves as of 11/4/10	Estimated IBNR as of 11/4/10	Estimated Ultimate Incurred Losses
1/1-12/31/95	\$ 0	\$ 0	\$ 0
1/1-12/31/96	0	0	0
1/1-12/31/97	172,061	0	172,061
1/1-12/31/98	0	0	0
1/1/99-3/31/00	44,793	0	44,793
4/1/00-01	0	0	0
4/1/01-02	116,993	9,353	126,346
4/1/02-03	151,767	13,856	165,623
4/1/03-04	414,783	43,817	458,600
4/1/04-05	176,254	60,422	236,676
4/1/05-06	302,908	74,840	377,748
4/1/06-07	459,510	101,765	561,275
4/1/07-08	155,483	93,193	248,676
4/1/08-09	685,455	152,408	837,863
4/1/09-10	234,485	395,078	629,563
4/1-11/4/10	180,086	450,258	630,344
Total	\$ 3,094,578	\$ 1,394,990	\$ 4,489,568

@ Limited to the aggregate retention.

Prorated the projected 4/1/10-11 losses from Section B of Table 14.

reserves as of 11/4/10 are then estimated by adding the case reserves and IBNR or by subtracting paid losses from the estimated ultimate incurred losses.

DISCOUNTED ESTIMATED REQUIRED RESERVES

Two types of paid to incurred ratios that check the reasonableness of the estimates are calculated in Table 9. Section A shows paid losses divided by incurred losses as of different ages. This analysis assists in detecting changes in reserving and settlement practices. If payment and reserving procedures are consistent between periods, the numbers within each column should be relatively consistent.

Section B compares paid losses with the estimates of ultimate incurred losses. These ratios serve two purposes. First, they test the reasonableness of the selected estimated ultimate incurred losses. If losses are paid at a consistent rate, there is a sufficient volume of losses, and there are no distorting effects from large claims, the ratios of paid losses to estimated ultimate incurred losses are expected to be relatively consistent within each column. The second purpose of Section B is to provide an estimate of the payout schedule to allocate the reserves to the period in which they are expected to be paid. The selected payout schedule is shown at the bottom of Section B.

In Section A of Table 10, the undiscounted reserves are assigned to the period in which they are expected to be paid based on the selected schedule. In Section B, the payments expected during the future periods are discounted at 4.5% per annum. The payments are assumed to be in the middle of each period. The investment income expected to be earned on the loss reserves is estimated in Section C.

Table 9

**XYZ WORKERS' COMPENSATION
SELF-INSURANCE FUND**

PAID TO INCURRED RATIOS
(Losses Including ALAE Limited to \$250,000)

A. PAID/INCURRED LOSSES

Policy Period	Months After Effective Date									
	12 Months	24 Months	36 Months	48 Months	60 Months	72 Months	84 Months	96 Months	108 Months	120 Months
1/1-12/31/95	0.283	0.748	0.913	0.982	0.980	0.997	1.000	1.000	1.000	1.000
1/1-12/31/96	0.521	0.782	0.936	0.958	0.988	0.973	0.983	1.000	1.000	1.000
1/1-12/31/97	0.409	0.788	0.868	0.919	0.960	0.972	0.979	0.992	0.995	0.995
1/1-12/31/98	0.504	0.751	0.857	0.935	0.993	0.996	1.000	1.000	1.000	1.000
1/1/99-3/31/00	0.507	0.746	0.859	0.906	0.998	0.999	0.979	0.981	0.982	0.983
4/1/00-01	0.412	0.822	0.895	0.922	0.958	0.967	0.991	0.969	0.973	0.976
4/1/01-02	0.352	0.608	0.927	0.968	0.979	0.954	0.969	0.990	0.963	
4/1/02-03	0.432	0.649	0.794	0.913	0.984	0.995	0.947	0.989		
4/1/03-04	0.376	0.744	0.893	0.939	0.986	0.995	0.996			
4/1/04-05	0.338	0.673	0.845	0.919	0.931	0.931				
4/1/05-06	0.286	0.775	0.858	0.936	0.944					
4/1/06-07	0.329	0.580	0.682	0.870						
4/1/07-08	0.382	0.795	0.882							
4/1/08-09	0.347	0.676								
4/1/09-10	0.467									
Average	0.396	0.724	0.862	0.931	0.973	0.978	0.983	0.990	0.988	0.992
3 Yr Avg	0.399	0.684	0.807	0.908	0.954	0.974	0.971	0.983	0.973	

B. PAID/ESTIMATED ULTIMATE INCURRED LOSSES

Policy Period	12 Months	24 Months	36 Months	48 Months	60 Months	72 Months	84 Months	96 Months	108 Months	Estimated Ultimate Losses*
1/1-12/31/95	0.310	0.685	0.856	0.929	0.937	0.996	0.998	0.998	0.998	\$ 1,085,691
1/1-12/31/96	0.362	0.774	0.987	1.025	0.962	0.971	0.989	0.999	0.999	1,717,012
1/1-12/31/97	0.267	0.577	0.684	0.792	0.862	0.871	0.875	0.907	0.907	2,093,245
1/1-12/31/98	0.434	0.709	0.877	0.946	0.993	0.995	0.996	0.998	0.999	1,530,063
1/1/99-3/31/00	0.346	0.725	0.841	0.888	0.991	0.994	0.996	0.980	0.981	2,876,913
4/1/00-01	0.297	0.640	0.764	0.836	0.910	0.937	0.962	0.967	0.971	2,434,378
4/1/01-02	0.264	0.573	0.895	0.913	0.927	0.944	0.939	0.951	0.959	2,140,006
4/1/02-03	0.275	0.503	0.716	0.860	0.908	0.916	0.920	0.963		1,543,785
4/1/03-04	0.294	0.657	0.873	0.956	0.980	0.984	0.986			3,354,695
4/1/04-05	0.336	0.654	0.807	0.849	0.893	0.898				3,213,633
4/1/05-06	0.252	0.712	0.842	0.916	0.922					2,904,801
4/1/06-07	0.202	0.465	0.613	0.847						2,798,675
4/1/07-08	0.277	0.654	0.764							1,316,340
4/1/08-09	0.329	0.664								2,546,103
4/1/09-10	0.331									1,283,092
Average	0.305	0.642	0.809	0.896	0.935	0.951	0.962	0.970	0.973	\$32,838,432
Wtd Avg	0.301	0.641	0.806	0.892	0.935	0.948	0.963	0.967	0.970	120
3 Yr Avg	0.312	0.594	0.740	0.871	0.932	0.933	0.948	0.960	0.970	Months
5 Yr Mid Avg	0.286	0.657	0.804	0.875	0.919	0.932	0.962	0.970	0.970	
Selected	0.300	0.630	0.780	0.880	0.930	0.950	0.970	0.980	0.990	1.000

* Estimated in a manner similar to Section A of Table 7.

Table 10

**XYZ WORKERS' COMPENSATION
SELF-INSURANCE FUND**

DISCOUNTED ESTIMATED REQUIRED RESERVES AS OF 11/4/10
(Losses Including ALAE Limited to Specific and Aggregate Retentions)

A. ESTIMATED PAYOUT SCHEDULE*

Policy Period	11/5/10-11/4/11	11/5/11-11/4/12	11/5/12-11/4/13	11/5/13-11/4/14	11/5/14-11/4/15	11/5/15-11/4/16	11/5/16-11/4/17	11/5/17-11/4/18	11/5/18-11/4/19	11/5/19-11/4/20	Total
1/1-12/31/95	\$ 0										\$ 0
1/1-12/31/96	0										0
1/1-12/31/97	172,061										172,061
1/1-12/31/98	0										0
1/1/99-3/31/00	44,793										44,793
4/1/00-01	0										0
4/1/01-02	126,346										126,346
4/1/02-03	118,302	\$ 47,321									165,623
4/1/03-04	191,083	191,083	\$ 76,433								458,600
4/1/04-05	87,196	62,283	62,283	\$ 24,913							236,676
4/1/05-06	130,258	91,181	65,129	65,129	\$ 26,052						377,748
4/1/06-07	203,539	123,357	86,350	61,679	61,679	\$ 24,671					561,275
4/1/07-08	108,988	50,656	30,701	21,491	15,350	15,350	\$ 6,140				248,676
4/1/08-09	356,537	210,951	98,048	59,423	41,596	29,711	29,711	\$ 11,885			837,863
4/1/09-10	279,392	149,009	88,164	40,977	24,835	17,384	12,417	12,417	\$ 4,967		629,563
4/1-11/4/10	267,193	155,518	90,995	50,461	21,508	16,544	9,927	8,272	8,272	\$ 1,654	630,344
Total	\$2,085,689	\$1,081,360	\$598,102	\$324,072	\$191,019	\$103,662	\$ 58,196	\$ 32,574	\$ 13,239	\$ 1,654	\$4,489,568

B. DISCOUNTED ESTIMATED REQUIRED RESERVES AS OF 11/4/10

Discount Rate	11/5/10-11/4/11	11/5/11-11/4/12	11/5/12-11/4/13	11/5/13-11/4/14	11/5/14-11/4/15	11/5/15-11/4/16	11/5/16-11/4/17	11/5/17-11/4/18	11/5/18-11/4/19	11/5/19-11/4/20	Total
4.5%	\$2,040,288	\$1,012,268	\$535,778	\$277,802	\$156,694	\$ 81,373	\$ 43,715	\$ 23,415	\$ 9,107	\$ 1,089	\$4,181,529

C. ESTIMATED INVESTMENT INCOME EARNED ON THE LOSS RESERVES

Discount Rate	11/5/10-11/4/11	11/5/11-11/4/12	11/5/12-11/4/13	11/5/13-11/4/14	11/5/14-11/4/15	11/5/15-11/4/16	11/5/16-11/4/17	11/5/17-11/4/18	11/5/18-11/4/19	11/5/19-11/4/20	Total
4.5%	\$ 45,401	\$ 69,092	\$ 62,324	\$ 46,270	\$ 34,325	\$ 22,289	\$ 14,481	\$ 9,159	\$ 4,132	\$ 565	\$ 308,039

* Reflects the aggregate retention.

HISTORICAL PROFITABILITY ANALYSIS

When evaluating the estimates contained in this report, it is important to review the underwriting results of each period to evaluate the program's direction. Section A of Table 11 and Figure 6 present a comparison of the funds available to pay claims to the estimated ultimate incurred losses. In the 4/1/09-10 period, it is estimated that XYZSIF will show underwriting income of (\$61,332).

In Section B, investment income is combined with the underwriting results to estimate net income by policy period. As shown, the estimated net income for the 4/1/09-10 period is \$211,244. The estimated surplus for 1/1/99-3/31/10, or cumulative net income after dividends, is \$1,926,418. This estimate does not include investment income expected to be earned on the loss reserves from Section C of Table 10.

The underwriting results per \$100 payroll are shown in Section C and Figure 7. The estimated underwriting income increased \$0.99 ((\$0.08) - (\$1.07)) from 4/1/08-09 to 4/1/09-10 due to a decrease in estimated ultimate incurred losses of \$1.69 (\$1.71 - \$3.40) and a decrease in expenses of \$0.02 (\$1.64 - \$1.66) offset by a decrease in premium of \$0.72 (\$3.27 - \$3.99).

Paid, incurred, estimated ultimate incurred, and permissible loss ratios are shown in Table 12 to further illustrate XYZSIF's underwriting results. Also shown are combined ratios.

Table 11

**XYZ WORKERS' COMPENSATION
SELF-INSURANCE FUND**

HISTORICAL PROFITABILITY ANALYSIS

A. ESTIMATED UNDERWRITING INCOME

Policy Period	Audited Premium*	Operating Expenses*	Funds Available for Claims	Estimated Ultimate Incurred Losses	Estimated Underwriting Income
1/1/99-3/31/00	\$ 3,665,271	\$ 1,148,310	\$ 2,516,961	\$ 2,873,650	(\$ 356,689)
4/1/00-01	2,997,369	955,871	2,041,498	2,357,775	(316,277)
4/1/01-02	3,139,914	1,032,743	2,107,171	2,290,621	(183,450)
4/1/02-03	4,330,430	1,570,135	2,760,295	1,902,652	857,643
4/1/03-04	5,620,330	2,081,961	3,538,369	4,346,638	(808,269)
4/1/04-05	7,224,806	2,700,896	4,523,910	3,468,906	1,055,004
4/1/05-06	6,957,940	2,649,549	4,308,391	3,263,985	1,044,406
4/1/06-07	5,758,572	2,221,317	3,537,255	3,117,953	419,302
4/1/07-08	4,423,316	1,732,960	2,690,356	1,316,340	1,374,016
4/1/08-09	3,475,623	1,442,905	2,032,718	2,957,889	(925,171)
4/1/09-10	2,447,447	1,225,687	1,221,760	1,283,092	(61,332)
Total	\$50,041,018	\$18,762,334	\$31,278,684	\$29,179,501	\$2,099,183

B. ESTIMATED NET INCOME

Policy Period	Estimated Underwriting Income	Investment and Other Income*	Estimated Net Income Before Return	Return of Premiums*	Estimated Net Income After Return
1/1/99-3/31/00	(\$ 356,689)	\$ 206,033	(\$ 150,656)	\$ 300,000	(\$ 450,656)
4/1/00-01	(316,277)	170,253	(146,024)	200,000	(346,024)
4/1/01-02	(183,450)	182,637	(813)	200,000	(200,813)
4/1/02-03	857,643	201,763	1,059,406	250,000	809,406
4/1/03-04	(808,269)	149,568	(658,701)	300,000	(958,701)
4/1/04-05	1,055,004	201,247	1,256,251	250,000	1,006,251
4/1/05-06	1,044,406	248,106	1,292,512	0	1,292,512
4/1/06-07	419,302	322,097	741,399	750,000	(8,601)
4/1/07-08	1,374,016	328,293	1,702,309	500,000	1,202,309
4/1/08-09	(925,171)	294,662	(630,509)	0	(630,509)
4/1/09-10	(61,332)	272,576	211,244	0	211,244
Total	\$2,099,183	\$2,577,235	\$4,676,418	\$2,750,000	\$1,926,418

* From the audited financial statements.

Table 11 (Continued)

**XYZ WORKERS' COMPENSATION
SELF-INSURANCE FUND**

HISTORICAL PROFITABILITY ANALYSIS

C. ESTIMATED UNDERWRITING INCOME PER \$100 PAYROLL

Policy Period	Audited Premium	Operating Expenses	Funds Available for Claims	Estimated Ultimate Incurred Losses	Estimated Underwriting Income
1/1/99-3/31/00	\$3.79	\$1.19	\$2.60	\$2.97	(\$0.37)
4/1/00-01	3.91	1.25	2.66	3.08	(0.42)
4/1/01-02	4.27	1.41	2.86	3.12	(0.26)
4/1/02-03	4.81	1.75	3.06	2.11	0.95
4/1/03-04	4.68	1.73	2.95	3.62	(0.67)
4/1/04-05	4.92	1.84	3.08	2.36	0.72
4/1/05-06	5.44	2.07	3.37	2.55	0.82
4/1/06-07	4.71	1.82	2.89	2.55	0.34
4/1/07-08	4.44	1.74	2.70	1.32	1.38
4/1/08-09	3.99	1.66	2.33	3.40	(1.07)
4/1/09-10	3.27	1.64	1.63	1.71	(0.08)

D. PAYROLL

Policy Period	Audited Payroll (100)
1/1/99-3/31/00	\$ 966,062
4/1/00-01	765,710
4/1/01-02	734,660
4/1/02-03	899,724
4/1/03-04	1,201,786
4/1/04-05	1,467,662
4/1/05-06	1,278,091
4/1/06-07	1,222,507
4/1/07-08	997,348
4/1/08-09	870,068
4/1/09-10	749,578

Figure 6

**XYZ WORKERS' COMPENSATION
SELF-INSURANCE FUND**

HISTORICAL PROFITABILITY ANALYSIS
(Excluding Investment Income)

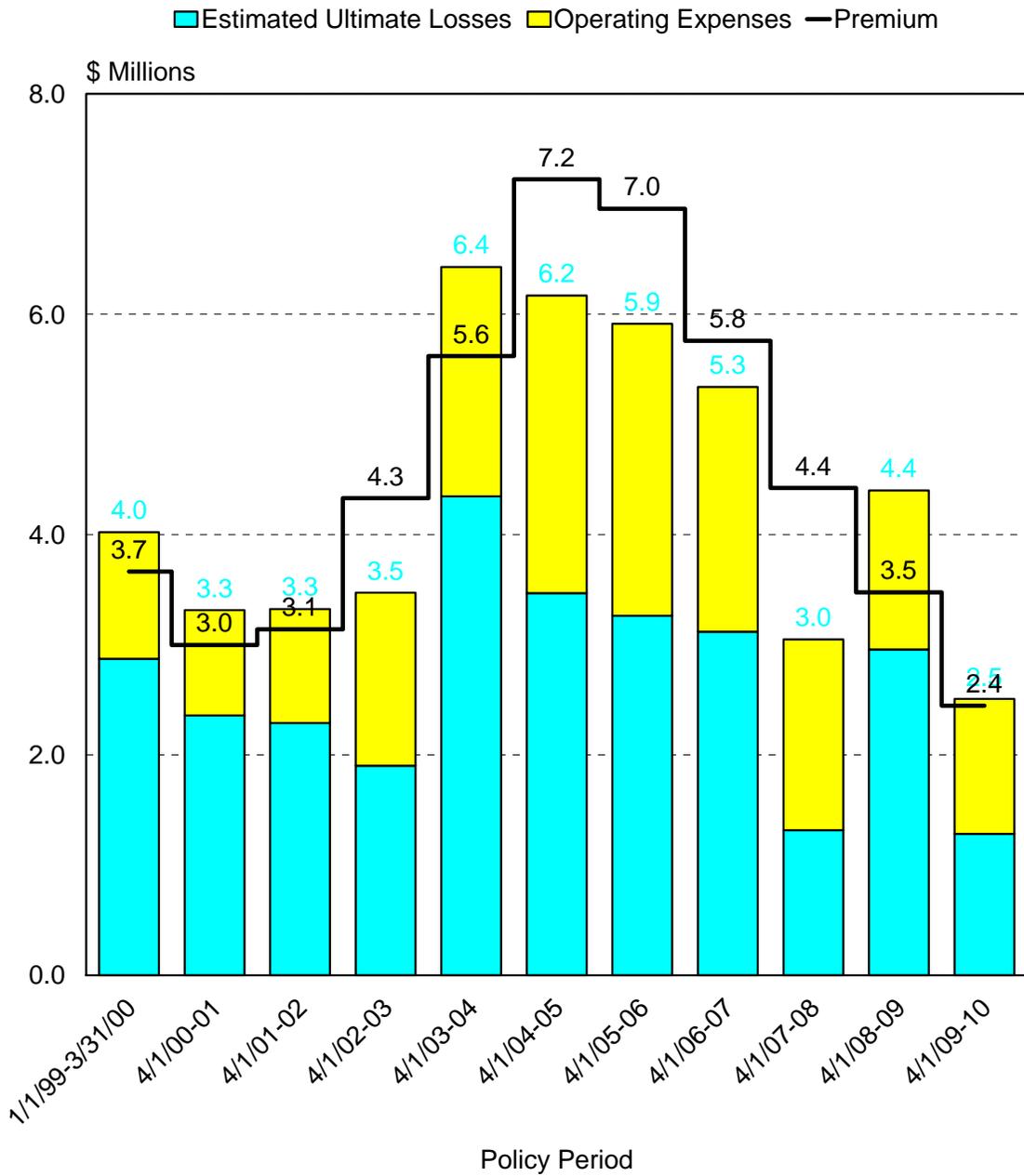


Figure 7

**XYZ WORKERS' COMPENSATION
SELF-INSURANCE FUND**

HISTORICAL PROFITABILITY ANALYSIS
(Excluding Investment Income)

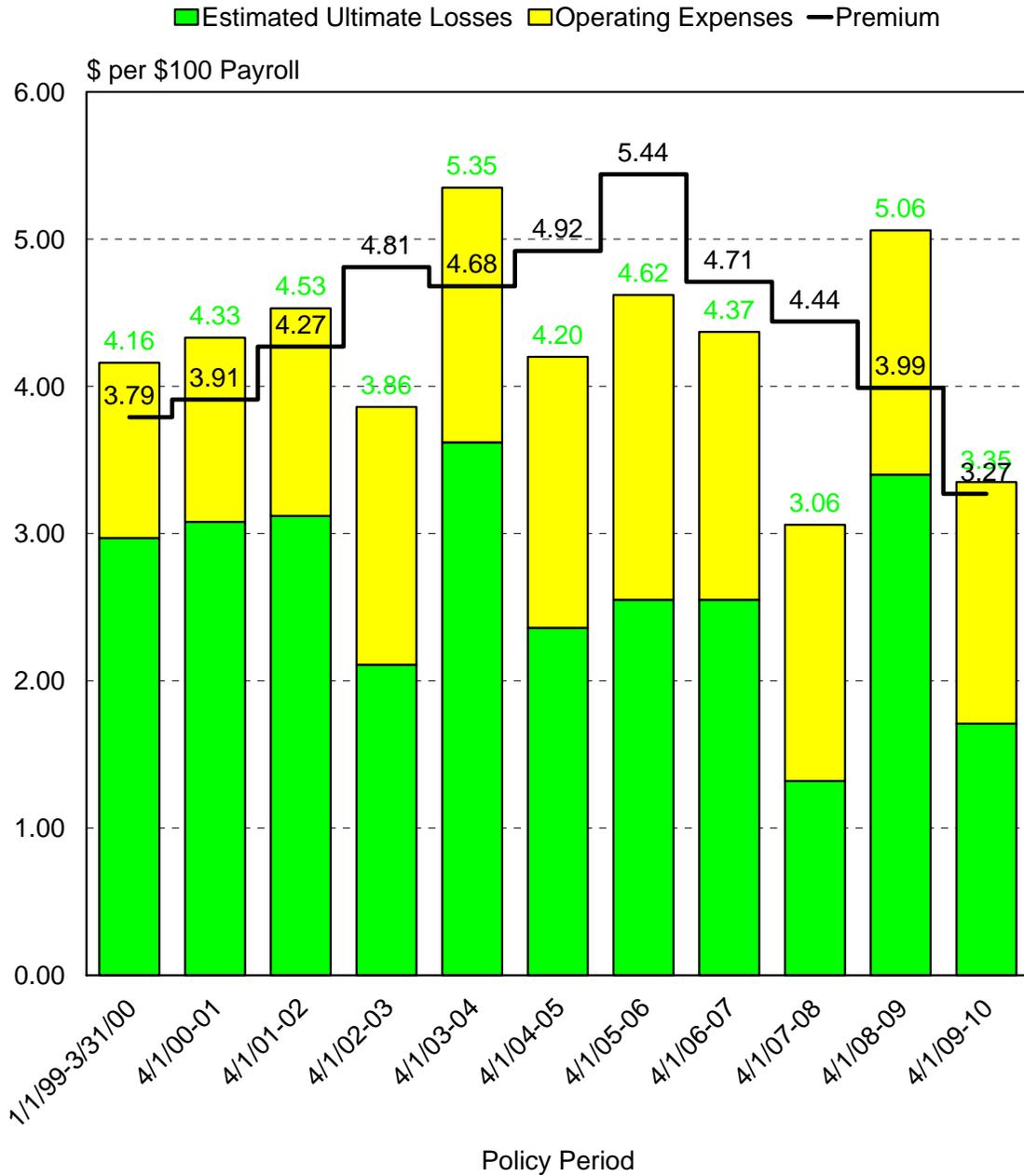


Table 12

**XYZ WORKERS' COMPENSATION
SELF-INSURANCE FUND**

LOSS RATIOS

(Losses Including ALAE Limited to Specific and Aggregate Retentions)

Policy Period	Paid Loss Ratio as 11/4/10	Incurred Loss Ratio as of 11/4/10	Estimated Ultimate Incurred Loss Ratio	Permissible Loss Ratio (Funds Available/ Premium)	Combined Ratio [(Losses+ Expenses)/ Premium]
1/1/99-3/31/00	0.772	0.784	0.784	0.687	1.097
4/1/00-01	0.787	0.787	0.787	0.681	1.106
4/1/01-02	0.689	0.727	0.730	0.671	1.058
4/1/02-03	0.401	0.436	0.439	0.637	0.802
4/1/03-04	0.692	0.766	0.773	0.630	1.144
4/1/04-05	0.447	0.472	0.480	0.626	0.854
4/1/05-06	0.415	0.458	0.469	0.619	0.850
4/1/06-07	0.444	0.524	0.541	0.614	0.927
4/1/07-08	0.241	0.277	0.298	0.608	0.689
4/1/08-09	0.610	0.807	0.851	0.585	1.266
4/1/09-10	0.267	0.363	0.524	0.499	1.025
Total			0.583	0.625	0.958

PREMIUM INDICATION

OVERVIEW

XYZSIF's indicated premium for 4/1/11-12 is calculated by adding estimated expenses to projected losses. The basic methodology used to project losses is to develop a pure loss rate for each of the last five complete policy periods. The pure loss rate is the expected dollar of loss per unit of exposure. To project the pure loss rate, the losses of the five most recent complete policy periods are developed to their estimated ultimate value and adjusted to a 4/1/11-12 cost level. These adjusted losses are divided by payroll trended to a 4/1/11-12 level to calculate pure loss rates for each period. These pure loss rates are evaluated, and an estimate for the 4/1/11-12 period is selected. Ultimate incurred losses are estimated by multiplying the selected pure loss rate by the projected exposure for 4/1/11-12.

COST LEVEL ADJUSTMENT

Since the retention for the last five years is equal to the current retention, the ultimate incurred losses estimated earlier are appropriate for the loss projection and are shown in Section A of Table 13.

Cost level adjustment factors adjust the estimated ultimate incurred losses and exposure to the cost level appropriate for the projected period. This adjustment has three parts for workers compensation losses: a benefit level change, a loss trend factor, and a class code adjustment factor.

Table 13

**XYZ WORKERS' COMPENSATION
SELF-INSURANCE FUND**

COST LEVEL ADJUSTMENT

(Losses Including ALAE Limited to \$750,000)

A. LOSSES ADJUSTED TO 4/1/11-12

Policy Period	Estimated Ultimate Incurred Losses	Benefit Level Change Factor*	Loss Trend Factor**	Class Code Adjustment Factor***	Losses Adjusted to 4/1/11-12#
4/1/05-06	\$ 3,263,985	0.997	1.365	0.923	\$ 4,099,942
4/1/06-07	3,117,953	1.012	1.297	0.921	3,769,204
4/1/07-08	1,316,340	0.985	1.230	0.938	1,495,933
4/1/08-09	2,957,889	1.011	1.162	0.951	3,302,202
4/1/09-10	<u>1,283,092</u>	1.001	1.108	1.051	<u>1,495,665</u>
Total	\$ 11,939,259				\$ 14,162,946

B. PAYROLL ADJUSTED TO 4/1/11-12

Policy Period	Audited Payroll (100)	Payroll Trend Factor**	Payroll Adjusted to 4/1/11-12
4/1/05-06	\$ 1,278,091	1.245	\$ 1,591,223
4/1/06-07	1,222,507	1.205	1,473,121
4/1/07-08	997,348	1.152	1,148,945
4/1/08-09	870,068	1.105	961,425
4/1/09-10	<u>749,578</u>	1.067	<u>799,800</u>
Total	\$ 5,117,592		\$ 5,974,514

* Calculated based on information for Pennsylvania published by the NCCI.

** From Appendix C, Exhibit I.

*** From Appendix C, Exhibit III.

Losses are not adjusted above the retention.

Benefit level change factors quantify increases and decreases in the benefit level attributable to changes in the Pennsylvania workers compensation law. These factors, shown in Section A of Table 13, are developed from data compiled by the NCCI. In this set of factors, the factor of 0.997 for the 4/1/05-06 period indicates that there has been a 0.3% decrease in benefits since that period.

The loss trend factor quantifies changes in average workers compensation claims costs as measured by the NCCI. For example, the factor of 1.365 for the 4/1/05-06 period indicates that an average loss incurred during that period would cost 36.5% more during the projected period. These factors are calculated in Appendix C, Exhibit I.

Class code adjustment factors, calculated in Appendix C, Exhibit III, adjust the losses for changes in the mix of business from the historical period to the projected period. For example, the factor of 0.923 for 4/1/05-06 indicates that changes in the class codes expected to be written in 4/1/11-12 are 7.7% less risky than those written in 4/1/05-06. The benefit level change, loss trend, and class code adjustment factors are applied to the estimated ultimate incurred losses to adjust losses as shown in Section A of Table 13.

Having developed XYZSIF's historical losses to ultimate and adjusted them to the projected cost level, the next step is to trend the historical exposure to the level appropriate for the projected period. The exposure base selected for XYZSIF's workers compensation losses is payroll. In Section B of Table 13, the payroll is adjusted to the anticipated wage level of the projected period.

LOSS PROJECTION

As discussed earlier, the pure loss rate is the expected dollar loss cost per unit of exposure. The adjusted losses are divided by the trended payroll for each prior period to yield pure loss rates in Section A of Table 14. Each of these pure loss rates is an estimate of the pure loss rate for the projected 4/1/11-12 period.

A pure loss rate of \$2.35 per \$100 payroll is selected for the projected policy period. In other words, it is estimated that XYZSIF will expend on average \$2.35 per \$100 payroll for loss and ALAE. Figure 8 graphically illustrates the selection of the pure loss rate. In Section C, the pure loss rate of \$2.35 is multiplied by the projected payroll in hundreds to forecast \$1,340,000 of workers compensation losses. The breakeven pure loss rates are shown on both discounted and undiscounted for investment income bases. The pure loss rate at the aggregate retention is also shown.

PREMIUM INDICATION

In Table 15, the indicated premium for 4/1/11-12 is estimated by combining the projected losses and estimated expenses. Sections B and C show estimated fixed and variable expenses, respectively, for the upcoming period. The indicated premium is calculated in Section D and compared in Section F to the estimated premium based on the current rate structure shown in Section E. The estimated premium is based on the 3/1/10 loss costs, the current loss cost multiplier of 1.370, current experience modification factors, current schedule credits, drug-free credits, and premium discounts. As shown in Section F, the indicated premium at the expected level is 21.9% more than the premium based on the current rate structure.

Table 14

**XYZ WORKERS' COMPENSATION
SELF-INSURANCE FUND**

LOSS PROJECTION

(Losses Including ALAE Limited to \$750,000)

A. PURE LOSS RATES

<u>Policy Period</u>	<u>Adjusted Losses</u>	<u>Adjusted Payroll (100)</u>	<u>Pure Loss Rate per \$100 Payroll</u>
4/1/05-06	\$ 4,099,942	\$ 1,591,223	\$2.58
4/1/06-07	3,769,204	1,473,121	2.56
4/1/07-08	1,495,933	1,148,945	1.30
4/1/08-09	3,302,202	961,425	3.43
4/1/09-10	<u>1,495,665</u>	<u>799,800</u>	1.87
Total	\$ 14,162,946	\$ 5,974,514	
		Selected Pure Loss Rate~	\$2.35

B. PROJECTED LOSSES FOR 4/1/10-11

<u>Policy Period</u>	<u>Pure Loss Rate</u>	<u>Projected Payroll (100)</u>	<u>Projected Losses</u>
4/1/10-11	\$2.31^	\$ 572,330	\$ 1,320,000

C. PROJECTED LOSSES FOR 4/1/11-12

<u>Level</u>	<u>Pure Loss Rate</u>	<u>Projected Payroll (100)</u>	<u>Projected Losses</u>
Breakeven (Undisc)	\$1.75	\$ 572,330 *	\$ 1,000,000
Low (30th Percentile)	1.87		1,070,000
Breakeven (Discounted)	1.87		1,070,000
Expected	2.35		1,340,000
High (75th Percentile)	2.78		1,590,000
Aggregate@	8.79		5,031,152

~ Selected the weighted average.

^ Adjusted to a 4/1/10-11 level.

* See Appendix C, Exhibit V.

@ Based on the attachment point of \$6.23499 per \$100 payroll subject to a minimum of \$5,031,152.

Figure 8

**XYZ WORKERS' COMPENSATION
SELF-INSURANCE FUND**

PURE LOSS RATES ADJUSTED TO A 4/1/11-12 COST LEVEL
(Losses Including ALAE Limited to \$750,000)

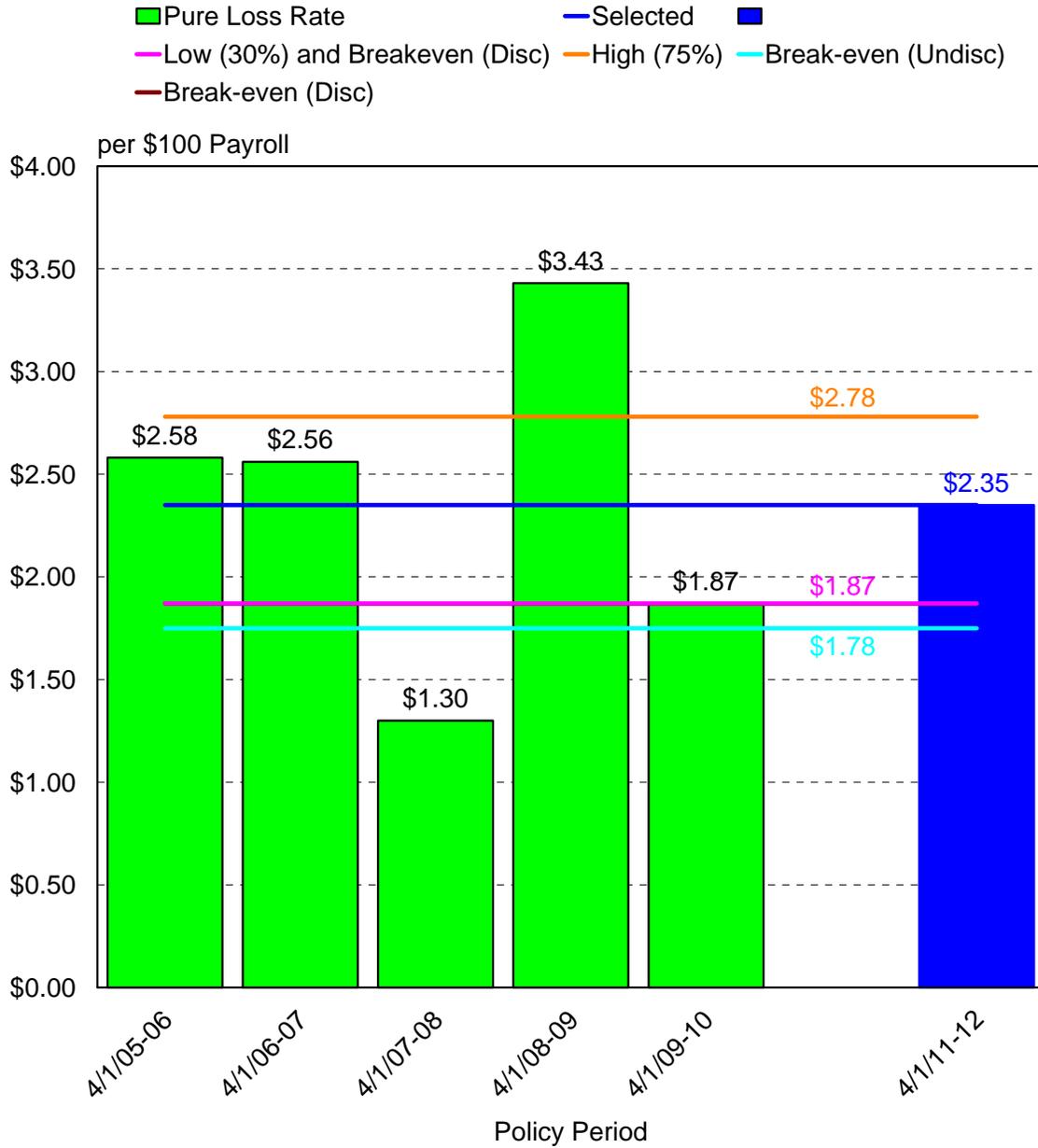


Table 15

**XYZ WORKERS' COMPENSATION
SELF-INSURANCE FUND**

PREMIUM INDICATION FOR 4/1/11-12

		<u>Low</u>	<u>Expected</u>	<u>High</u>
A.	PROJECTED LOSSES	\$ 1,070,000	\$ 1,340,000	\$ 1,590,000
B.	ESTIMATED FIXED EXPENSES*			\$ 540,000
C.	ESTIMATED VARIABLE EXPENSES*			0.223
D.	INDICATED PREMIUM UNDISCOUNTED FOR INVESTMENT INCOME (A + B)/(1 - C)	\$ 2,070,000	\$ 2,420,000	\$ 2,740,000
E.	ESTIMATED PREMIUM**			\$ 1,985,215
F.	INDICATED UNDISCOUNTED INDICATION D/E - 1	+ 4.3%	+21.9%	+38.0%
G.	LOSS PRESENT VALUE FACTOR##			0.915
H.	PREMIUM PRESENT VALUE FACTOR##			0.988
I.	INDICATED PREMIUM DISCOUNTED AT 4.5% (A x G + B)/(H - C)	\$ 1,990,000	\$ 2,310,000	\$ 2,610,000
J.	DISCOUNTED PREMIUM INDICATION I/E - 1	+ 0.2%	+16.4%	+31.5%

* See Appendix C, Exhibit IV.

** See Appendix C, Exhibit V.

See Appendix C, Exhibit VI.

The indicated premium discounted at 4.5% per annum is calculated in Sections G through J. The indicated premium on a discounted for investment income basis is 16.4% more than the premium based on the current rate structure.

INDICATED LOSS COST MULTIPLIER

The indicated loss cost multiplier based on the 3/1/11 NCCI advisory loss costs is calculated in Table 16. First, the indicated manual premium is calculated by dividing the indicated premium discounted for investment income by the ratio of earned to manual premium from Appendix C, Exhibit V. The indicated manual premium is then divided by loss cost premium to calculate the indicated loss cost multiplier to be applied to the 3/1/11 NCCI advisory loss costs. As shown, the indicated loss cost multiplier at the expected level is 1.744.

Table 16

**XYZ WORKERS' COMPENSATION
SELF-INSURANCE FUND**

INDICATED LOSS COST MULTIPLIER BASED ON 3/1/11 NCCI LOSS COSTS

		<u>Low</u>	<u>Expected</u>	<u>High</u>
Indicated Premium Discounted for Investment Income*		\$1,990,000	\$2,310,000	\$2,610,000
Ratio of Earned Premium to Manual Premium#	0.665			
Indicated Manual Premium		2,992,481	3,473,684	3,924,812
Loss Cost Premium Based on 3/1/11 NCCI Loss Costs**	\$1,992,023			
Indicated Loss Cost Multiplier		1.502	1.744	1.970

* From Section I of Table 15.

See Appendix C, Exhibit V.

** See Appendix C, Exhibit VII.

QUALIFICATIONS AND LIMITATIONS

The estimates contained in this report depend upon the following:

- The actuarial assumptions, quantitative analysis, and professional judgment expressed in this report.
- The completeness and accuracy of the discussion of XYZSIF's excess insurance expressed in this report.
- The reliability of loss experience to serve as an indicator of future losses.
- The completeness and accuracy of data provided by TPA and XYZSIF.
- The appropriateness of the discount rate.
- The assumption that there are no significant benefit level changes in Pennsylvania other than those reflected in the factors in Section A of Table 13.
- The trend indices obtained from industry sources.

While estimates are shown for each year, the actual losses incurred for a particular year may be lower or higher than the amounts shown. However, the amount shown for the total of all years is expected to be reasonable.

The information used in this report should be reviewed for its consistency and accuracy with the internal records of XYZSIF. Material changes in any of the assumptions or information upon which the findings are based will require a re-evaluation of the results of this report and a possible revision of those findings.

The quantitative methodologies and actuarial factors used in this report are specifically developed for the losses and time periods described above and may not be appropriate for any other losses or periods. As XYZSIF's loss experience matures and new business is written, it is important to update this analysis at least annually. Such a report should review changes in the prior periods' losses as well as any new information that might become available.

This report is intended for the use of XYZSIF and its auditors, service providers, and regulators. If the report is released to any third party, it should be released in its entirety. Please advise BYNAC if this report is distributed to any other third party.

CONSULTATION

The professional opinion given in this report is based on the judgment and experience of BYNAC. An analysis by another actuary may not arrive at the same conclusion. In the event that another actuary is consulted regarding the findings of this report, both actuaries should make themselves available for supplemental advice and consultation.

***XYZ WORKERS' COMPENSATION
SELF-INSURANCE FUND***

APPENDIX A

INCURRED LOSSES \$250,000 AND GREATER

Appendix A

**XYZ WORKERS' COMPENSATION
SELF-INSURANCE FUND**

LOSSES \$250,000 AND GREATER

<u>Policy Period</u>	<u>Claimant</u>	<u>Claim Number</u>	<u>Accident Date</u>	<u>Status</u>	<u>Incurred Loss and ALAE as of 11/4/10</u>	<u>Paid Loss and ALAE as of 11/4/10</u>
1/1-12/31/96	N/A	C113-96-00216	8/21/96	Closed	\$ 151,613	\$ 151,613
1/1-12/31/98	N/A	C113-98-00112	6/3/98	Closed	\$ 396,366	\$ 396,366
1/1/99-3/31/00	N/A	C113-99-00173	9/1/99	Closed	\$ 291,255	\$ 291,255
	N/A	C113-99-00239	12/7/99	Open	673,808	517,920
					<u>\$ 965,063</u>	<u>\$ 809,175</u>
4/1/00-01	N/A	C113-00-00132	9/13/00	Open	\$ 427,846	\$ 306,353
	N/A	C113-00-00140	9/19/00	Closed	378,731	378,731
	N/A	C113-00-00229	2/9/01	Open	348,727	203,419
					<u>\$1,155,304</u>	<u>\$ 888,503</u>
4/1/01-02	N/A	C113-01-00020	4/30/01	Open	\$ 610,743	\$ 431,875
	N/A	C113-01-00056	6/30/01	Closed	310,560	310,560
	N/A	C113-01-00165	1/15/02	Open	330,071	183,006
					<u>\$1,251,374</u>	<u>\$ 925,441</u>
4/1/02-03	N/A	C113-02-00012	4/30/02	Open	\$ 729,708	\$ 473,252
	N/A	C113-02-00150	11/19/02	Closed	260,959	260,959
	N/A	C113-02-00171	1/7/03	Open	345,295	242,746
					<u>\$1,335,962</u>	<u>\$ 976,957</u>
4/1/03-04	N/A	C113-03-00120	8/18/03	Open	\$1,256,119	\$ 884,597
	N/A	C113-03-00187	10/27/03	Open	258,816	251,420
	N/A	C113-03-00195	1/6/04	Open	253,372	238,821
	N/A	C113-03-00210	2/10/04	Open	526,281	281,070
	N/A	C113-03-00231	3/3/04	Open	469,756	295,852
					<u>\$2,764,344</u>	<u>\$1,951,760</u>
4/1/04-05	N/A	C113-04-00056	6/14/04	Open	\$ 448,372	\$ 337,648
	N/A	C113-04-00151	9/20/04	Closed	302,455	302,455
					<u>\$ 750,827</u>	<u>\$ 640,103</u>
4/1/05-06	N/A	C113-05-00008	4/27/05	Open	\$ 476,857	\$ 421,666
	N/A	C113-05-00085	8/23/05	Closed	257,113	257,113
	N/A	C113-05-00188	1/26/06	Open	366,978	275,734
					<u>\$1,100,948</u>	<u>\$ 954,513</u>
4/1/06-07	N/A	C113-06-00005	4/6/06	Open	\$ 270,814	\$ 266,682
	N/A	C113-06-00025	5/22/06	Open	477,416	402,635
	N/A	C113-06-00831	12/23/06	Open	310,627	12,587
					<u>\$1,058,857</u>	<u>\$ 681,904</u>
4/1/08-09	N/A	C113-08-00684	4/3/08	Open	\$ 640,568	\$ 249,310

***XYZ WORKERS' COMPENSATION
SELF-INSURANCE FUND***

APPENDIX B

RESERVE SUPPORT EXHIBITS

**XYZ WORKERS' COMPENSATION
SELF-INSURANCE FUND**

EXPECTED LOSSES FOR BORNHUETTER-FERGUSON METHODS
(Losses Including ALAE Limited to Specific Retention)

A. LOSSES ADJUSTED TO 4/1/11-12

Policy Period	Estimated Ultimate Incurred Losses@	Benefit Level Change Factor*	Loss Trend Factor**	Factor to Adjust to a \$750,000 Retention	Adjusted Losses
1/1-12/31/95	\$ 1,085,691	0.943	2.866	1.217	\$ 3,570,958
1/1-12/31/96	1,717,012	0.933	2.685	1.217	5,234,676
1/1-12/31/97	2,093,245	0.926	2.462	1.217	5,807,774
1/1-12/31/98	1,530,063	0.919	2.267	1.217	3,879,421
1/1/99-3/31/00	2,876,913	0.912	2.019	1.217	6,446,863
4/1/00-01	2,435,448	0.906	1.840	1.217	4,941,007
4/1/01-02	2,292,674	0.903	1.671	1.164	4,026,795
4/1/02-03	1,902,018	0.895	1.575	1.049	2,812,508
4/1/03-04	4,354,455	0.891	1.497	1.000	5,808,090
4/1/04-05	3,466,428	0.933	1.437	0.973	4,522,030
4/1/05-06	3,265,684	0.997	1.365	0.955	4,244,293
4/1/06-07	3,118,738	1.012	1.297	0.955	3,909,334
4/1/07-08	1,280,635	0.985	1.230	1.000	1,551,553
4/1/08-09	2,939,897	1.011	1.162	1.000	3,453,738
4/1/09-10	1,182,987	1.001	1.108	1.000	1,312,060
Total	\$35,541,888				\$61,521,100

B. EXPECTED LOSSES

Policy Period	Payroll (100)	Payroll Trend Factor**	Adjusted Payroll (100)	Pure Loss Rate per \$100 Payroll	Selected Pure Loss Rate at Historic Level	Expected Losses
1/1-12/31/95	\$ 425,125	1.657	\$ 704,432	\$5.07	\$1.31	\$ 560,000
1/1-12/31/96	737,076	1.615	1,190,378	4.40	1.38	1,020,000
1/1-12/31/97	744,441	1.557	1,159,095	5.01	1.46	1,090,000
1/1-12/31/98	773,688	1.504	1,163,627	3.33	1.54	1,190,000
1/1/99-3/31/00	966,062	1.442	1,393,061	4.63	1.67	1,610,000
4/1/00-01	765,710	1.385	1,060,508	4.66	1.77	1,360,000
4/1/01-02	734,660	1.345	988,118	4.08	1.99	1,460,000
4/1/02-03	899,724	1.309	1,177,739	2.39	2.30	2,070,000
4/1/03-04	1,201,786	1.282	1,540,690	3.77	2.50	3,000,000
4/1/04-05	1,467,662	1.265	1,856,592	2.44	2.52	3,700,000
4/1/05-06	1,278,091	1.245	1,591,223	2.67	2.49	3,180,000
4/1/06-07	1,222,507	1.205	1,473,121	2.65	2.50	3,060,000
4/1/07-08	997,348	1.152	1,148,945	1.35	2.47	2,460,000
4/1/08-09	870,068	1.105	961,425	3.59	2.45	2,130,000
4/1/09-10	749,578	1.067	799,800	1.64	2.50	1,870,000
Total	\$13,833,526		\$18,208,754			\$29,760,000

Selected Pure Loss Rate^ \$2.60

@ Based on an average of the incurred and paid loss development methods. If the paid estimate is less than incurred losses, the incurred estimate is selected.

* Calculated based on information for Pennsylvania published by the NCCI.

** From Appendix C, Exhibit I.

^ Selected the weighted average of 4/1/02-03 through 4/1/09-10.

**XYZ WORKERS' COMPENSATION
SELF-INSURANCE FUND**

ESTIMATED ULTIMATE CLAIM COUNT AND AVERAGE SEVERITY

(Losses Including ALAE Limited to \$250,000)

(Excluding Claims Closed without Cost)

A. ESTIMATED ULTIMATE CLAIMS WITH COST

<u>Policy Period</u>	<u>Reported Claims as of 11/4/10</u>	<u>Age of Policy Period in Months</u>	<u>Industry Claim Count Development Factor</u>	<u>Estimated Ultimate Claims</u>
1/1-12/31/95	155	190.0	1.000	155
1/1-12/31/96	289	178.0	1.000	289
1/1-12/31/97	242	166.0	1.000	242
1/1-12/31/98	235	154.0	1.000	235
1/1/99-3/31/00	248	140.5	1.000	248
4/1/00-01	235	127.0	1.000	235
4/1/01-02	173	115.0	1.000	173
4/1/02-03	192	103.0	1.000	192
4/1/03-04	249	91.0	1.000	249
4/1/04-05	298	79.0	1.000	298
4/1/05-06	217	67.0	1.000	217
4/1/06-07	200	55.0	1.000	200
4/1/07-08	164	43.0	1.000	164
4/1/08-09	110	31.0	1.003	110
4/1/09-10	77	19.0	1.037	80
Total	3,084			3,087

B. ESTIMATED ULTIMATE AVERAGE SEVERITY

<u>Policy Period</u>	<u>Estimated Ultimate Incurred Losses</u>	<u>Estimated Ultimate Claims</u>	<u>Estimated Ultimate Average Severity</u>
1/1-12/31/95	\$ 1,085,691	155	\$ 7,004
1/1-12/31/96	1,717,012	289	5,941
1/1-12/31/97	2,093,245	242	8,650
1/1-12/31/98	1,530,063	235	6,511
1/1/99-3/31/00	2,876,913	248	11,600
4/1/00-01	2,434,378	235	10,359
4/1/01-02	2,140,006	173	12,370
4/1/02-03	1,543,785	192	8,041
4/1/03-04	3,354,695	249	13,473
4/1/04-05	3,213,633	298	10,784
4/1/05-06	2,904,801	217	13,386
4/1/06-07	2,798,675	200	13,993
4/1/07-08	1,316,340	164	8,026
4/1/08-09	2,546,103	110	23,146
4/1/09-10	1,283,092	80	16,039
Total	\$32,838,432	3,087	

**XYZ WORKERS' COMPENSATION
SELF-INSURANCE FUND**

CLAIM COUNT PROJECTION
(Excluding Claims Closed without Cost)

A. FREQUENCY

<u>Policy Period</u>	<u>Estimated Ultimate Claims</u>	<u>Adjusted Payroll (100)</u>	<u>Frequency per \$1 MM Payroll</u>
4/1/05-06	217	\$ 1,591,223	1.364
4/1/06-07	200	1,473,121	1.358
4/1/07-08	164	1,148,945	1.427
4/1/08-09	110	961,425	1.144
4/1/09-10	80	799,800	1.000
Total	771	\$ 5,974,514	
		Selected Frequency~	1.300

B. PROJECTED CLAIMS

<u>Policy Period</u>	<u>Selected Frequency</u>	<u>Projected Payroll (100)</u>	<u>Projected Claims</u>
4/1/10-11	1.346^	\$ 572,330	80
4/1/11-12	1.300	572,330	70

~ Selected the weighted average.

^ Adjusted to a 4/1/10-11 level.

Appendix B, Exhibit IV

**XYZ WORKERS' COMPENSATION
SELF-INSURANCE FUND**

AVERAGE SEVERITIES

(Losses Including ALAE Limited to \$750,000)
(Excluding Claims Closed without Cost)

A. LOSS AND CLAIM SUMMARY

<u>Policy Period</u>	<u>Incurred Losses as of 11/4/10</u>	<u>Estimated Ultimate Incurred Losses</u>	<u>Losses Adjusted to 4/1/11-12</u>	<u>Reported Claims as of 11/4/10</u>	<u>Estimated Ultimate Claim Count</u>
4/1/05-06	\$3,189,145	\$3,263,985	\$4,099,942	217	217
4/1/06-07	3,016,188	3,117,953	3,769,204	200	200
4/1/07-08	1,223,147	1,316,340	1,495,933	164	164
4/1/08-09	2,805,481	2,957,889	3,302,202	110	110
4/1/09-10	888,014	1,283,092	1,495,665	77	80
4/1/10-11	319,742	1,320,000	1,390,000	40	80
4/1/11-12		1,340,000	1,340,000		70

B. AVERAGE SEVERITIES

<u>Policy Period</u>	<u>Incurred as of 11/4/10</u>	<u>Estimated Ultimate Incurred</u>	<u>Adjusted to 4/1/11-12</u>
4/1/05-06	\$14,697	\$15,041	\$18,894
4/1/06-07	15,081	15,590	18,846
4/1/07-08	7,458	8,026	9,122
4/1/08-09	25,504	26,890	30,020
4/1/09-10	11,533	16,039	18,696
4/1/10-11		16,500	17,375
4/1/11-12		19,143	19,143

***XYZ WORKERS' COMPENSATION
SELF-INSURANCE FUND***

APPENDIX C

PREMIUM SUPPORT EXHIBITS

**XYZ WORKERS' COMPENSATION
SELF-INSURANCE FUND**

TREND FACTORS

A. LOSS TREND FACTOR

<u>Policy Period</u>	<u>Indemnity Claim Cost Index*</u>	<u>Indemnity Trend Factor</u>	<u>Medical Claim Claim Cost</u>	<u>Medical Trend Factor</u>	<u>Loss Trend Factor (50% Ind/50% Med)</u>
1/1-12/31/95	101.6	2.523	121.3	3.209	2.866
1/1-12/31/96	107.6	2.382	130.3	2.987	2.685
1/1-12/31/97	115.9	2.211	143.5	2.712	2.462
1/1-12/31/98	126.3	2.029	155.4	2.505	2.267
1/1/99-3/31/00	141.9	1.806	174.4	2.232	2.019
4/1/00-01	156.6	1.637	190.6	2.042	1.840
4/1/01-02	168.5	1.521	213.9	1.820	1.671
4/1/02-03	174.2	1.471	231.9	1.678	1.575
4/1/03-04	180.3	1.422	247.7	1.571	1.497
4/1/04-05	184.0	1.393	262.8	1.481	1.437
4/1/05-06	190.7	1.344	280.9	1.386	1.365
4/1/06-07	200.2	1.280	296.1	1.314	1.297
4/1/07-08	210.6	1.217	313.1	1.243	1.230
4/1/08-09	222.1	1.154	332.6	1.170	1.162
4/1/09-10	232.4~	1.103	349.7~	1.113	1.108
4/1/10-11	244.0~	1.050	368.9~	1.055	1.053
4/1/11-12	256.3~	1.000	389.2~	1.000	1.000

B. PAYROLL TREND FACTOR

<u>Policy Period</u>	<u>Average Hourly Wages for Construction#</u>	<u>Payroll Trend Factor</u>
1/1-12/31/95	14.71	1.657
1/1-12/31/96	15.10	1.615
1/1-12/31/97	15.66	1.557
1/1-12/31/98	16.21	1.504
1/1/99-3/31/00	16.91	1.442
4/1/00-01	17.60	1.385
4/1/01-02	18.12	1.345
4/1/02-03	18.62	1.309
4/1/03-04	19.01	1.282
4/1/04-05	19.28	1.265
4/1/05-06	19.59	1.245
4/1/06-07	20.23	1.205
4/1/07-08	21.17	1.152
4/1/08-09	22.07	1.105
4/1/09-10	22.84~	1.067
4/1/10-11	23.56~	1.035
4/1/11-12	24.38~	1.000

* Source: NCCI State of the Workers Compensation Line Presentation, May 6, 2010.

~ Estimated by BYNAC.

Employment and Earnings. U.S. Department of Labor, Bureau of Labor Statistics.

Appendix C, Exhibit II

**XYZ WORKERS' COMPENSATION
SELF-INSURANCE FUND**

PAYROLL BY CLASS CODE

Class Code	3/1/11 Advisory Loss Cost	4/1/05-06	4/1/06-07	4/1/07-08	4/1/08-09	4/1/09-10	4/1/10-11
0042	\$ 4.28	\$ 340,247	\$ 26,977	\$ 174,700	\$ 281,265	\$ 376,939	\$ 395,512
1803	7.40	583,637	670,733	655,832	614,469	412,866	396,725
2802	4.53	31,920	0	0	0	0	0
3030	5.58	3,453,340	4,285,247	2,049,744	1,895,725	1,093,892	975,000
3040	7.99	606,805	687,238	665,322	551,036	639,191	536,403
3066	3.48	289,749	269,262	0	0	0	0
3365	6.56	293,415	0	55,902	50,100	212	90,000
3400	4.51	1,085,386	1,064,187	912,771	762,243	565,610	618,162
3632	4.44	1,489,457	1,701,656	1,578,565	1,710,293	1,473,435	1,500,000
3724	5.58	2,758,133	3,233,778	989,650	125,704	353,695	150,000
4034	5.98	549,838	621,568	713,190	0	0	0
4130	2.90	0	0	0	28	0	0
5020	5.27	1,047,023	577,185	620,706	502,237	558,051	300,000
5022	7.91	4,176,376	3,887,734	1,661,365	1,060,395	597,632	699,000
5040	14.67	1,854,918	1,454,355	0	0	0	0
5057	14.94	4,987	27,789	1,561	222	0	0
5059	27.45	238,325	198,885	456,533	895,733	411,021	270,000
5102	5.64	123,380	225,242	155,906	113,882	343,312	261,741
5146	5.22	21,946	11,028	70,307	12,206	76,768	80,000
5183	3.68	2,469,277	2,129,413	1,624,537	732,183	619,977	504,475
5188	3.90	4,017,208	3,743,141	3,635,450	3,278,120	2,438,147	2,350,695
5190	3.68	11,386,672	12,225,395	6,348,051	6,539,658	6,455,206	5,480,000
5213	7.73	2,044,890	1,103,845	1,771,238	1,513,892	1,342,524	1,213,292
5215	3.69	0	39,300	0	0	0	0
5221	3.77	9,624,045	9,795,739	8,922,533	7,672,447	5,854,658	3,962,765
5222	9.10	692,260	563,093	652,970	0	0	0
5223	3.41	380,195	524,364	448,308	370,978	342,997	167,706
5348	4.77	56	37	57	514	0	0
5403	6.96	6,852,862	5,810,124	6,369,138	5,758,019	4,487,543	3,349,662
5437	6.46	1,693,244	1,423,150	1,608,499	1,235,656	1,158,069	722,946
5445	6.24	5,357,494	5,421,397	7,362,266	6,736,072	4,882,746	2,939,699
5462	7.48	110	0	0	0	0	0
5474	5.88	3,957,567	4,899,549	4,335,366	4,363,234	1,975,314	2,402,792
5478	4.27	0	12,395	77,644	73,990	0	0
5479	5.69	0	208	0	0	0	0
5480	7.00	23,463	53,294	16,505	14,130	9,501	23,000

Appendix C, Exhibit II (Continued)

**XYZ WORKERS' COMPENSATION
SELF-INSURANCE FUND**

PAYROLL BY CLASS CODE

Class Code	3/1/11 Advisory Loss Cost	4/1/05-06	4/1/06-07	4/1/07-08	4/1/08-09	4/1/09-10	4/1/10-11
5506	\$ 6.01	\$ 0	\$ 2,901	\$ 225	\$ 0	\$ 0	\$ 0
5535	5.94	0	0	0	332,956	241,253	215,000
5536	3.48 *	90,129	0	0	0	0	0
5537	4.90	0	0	3,799	116,641	63,846	0
5538	3.48 *	1,707,125	1,485,710	1,490,123	30,230	0	0
5551	19.49	531,525	330,793	91,591	43,186	32,883	72,500
5604	3.53	0	0	0	0	0	590,895
5606	1.40	9,532,072	11,656,675	9,259,589	8,560,964	7,667,620	4,741,369
5610	3.93	99,164	76,167	30,384	33,379	65,787	60,000
5645	15.11	369,541	319,476	189,951	150,481	259,225	318,491
6217	7.29	2,505,554	2,160,370	1,602,352	1,147,928	862,382	467,033
6229	5.13	154,041	226,569	308,035	118,750	71,370	0
6306	7.49	836,357	681,478	606,750	121,169	42,723	12,339
6319	5.63	1,336,674	1,414,673	1,118,708	424,862	570,666	578,487
6400	6.88	19,819	161	0	0	0	0
7219	3.48 *	25,184	0	6,660	0	0	0
7380	3.95	299,472	271,484	56,975	33,933	38,787	31,248
7421	1.64	0	0	114,531	120,339	121,302	100,000
8017	1.34	77,408	98,816	327,574	338,568	243,775	206,684
8044	3.55	30,821	51,179	59,191	47,222	30,041	47,222
8058	2.40	112,474	115,385	111,280	115,936	118,625	120,000
8106	4.08	86,778	61,684	0	0	0	0
8107	3.52	1,411,077	1,328,515	1,223,065	902,339	793,811	465,789
8111	3.21	244,727	183,722	191,181	108,128	167,915	200,000
8227	4.27	1,361,346	1,279,059	446,121	274,793	269,034	1,000
8232	5.22	371,580	670,447	980,014	866,747	983,221	980,000
8292	2.62	56,242	0	0	0	0	40,000
8380	2.63	3,742	0	0	0	0	0
8720	1.59	0	0	101,466	103,190	104,966	0
8742	0.40	5,075,323	5,908,098	4,252,757	4,473,104	3,790,178	2,692,588
8810	0.21	31,175,958	24,861,797	22,289,913	20,480,073	20,364,657	14,457,506
9012	1.33	0	114,254	0	0	0	0
9014	2.65	1,214,356	655,368	246,558	180,979	238,713	317,540
9015	2.70	84,257	136,291	47,840	53,231	48,643	53,231
9102	2.15	1,725	1,101	0	328,456	759,380	674,500
9403	6.42	189,541	819,318	604,629	584,722	532,678	400,000
9501	3.02	0	44,645	0	0	0	0
9521	3.50	89,999	84,804	38,874	50,096	4,989	0
9534	4.74	1,266,854	522,432	0	0	0	0
Total		\$127,809,090	\$122,250,680	\$ 99,734,752	\$ 87,006,833	\$ 74,957,776	\$ 57,232,997

* Since no loss cost is available, the average loss cost of \$3.48 is shown.

Appendix C, Exhibit III

**XYZ WORKERS' COMPENSATION
SELF-INSURANCE FUND**

CLASS CODE ADJUSTMENT FACTORS

Class Code	Loss Cost Premium					
	4/1/05-06	4/1/06-07	4/1/07-08	4/1/08-09	4/1/09-10	4/1/10-11
0042	\$ 14,563	\$ 1,155	\$ 7,477	\$ 12,038	\$ 16,133	\$ 16,928
1803	43,189	49,634	48,532	45,471	30,552	29,358
2802	1,446	0	0	0	0	0
3030	192,696	239,117	114,376	105,781	61,039	54,405
3040	48,484	54,910	53,159	44,028	51,071	42,859
3066	10,083	9,370	0	0	0	0
3365	19,248	0	3,667	3,287	14	5,904
3400	48,951	47,995	41,166	34,377	25,509	27,879
3632	66,132	75,554	70,088	75,937	65,421	66,600
3724	153,904	180,445	55,222	7,014	19,736	8,370
4034	32,880	37,170	42,649	0	0	0
4130	0	0	0	1	0	0
5020	55,178	30,418	32,711	26,468	29,409	15,810
5022	330,351	307,520	131,414	83,877	47,273	55,291
5040	272,116	213,354	0	0	0	0
5057	745	4,152	233	33	0	0
5059	65,420	54,594	125,318	245,879	112,825	74,115
5102	6,959	12,704	8,793	6,423	19,363	14,762
5146	1,146	576	3,670	637	4,007	4,176
5183	90,869	78,362	59,783	26,944	22,815	18,565
5188	156,671	145,982	141,783	127,847	95,088	91,677
5190	419,030	449,895	233,608	240,659	237,552	201,664
5213	158,070	85,327	136,917	117,024	103,777	93,787
5215	0	1,450	0	0	0	0
5221	362,826	369,299	336,379	289,251	220,721	149,396
5222	62,996	51,241	59,420	0	0	0
5223	12,965	17,881	15,287	12,650	11,696	5,719
5348	3	2	3	25	0	0
5403	476,959	404,385	443,292	400,758	312,333	233,136
5437	109,384	91,935	103,909	79,823	74,811	46,702
5445	334,308	338,295	459,405	420,331	304,683	183,437
5462	8	0	0	0	0	0
5474	232,705	288,093	254,920	256,558	116,148	141,284
5478	0	529	3,315	3,159	0	0
5479	0	12	0	0	0	0
5480	1,642	3,731	1,155	989	665	1,610

Appendix C, Exhibit III (Continued)

**XYZ WORKERS' COMPENSATION
SELF-INSURANCE FUND**

CLASS CODE ADJUSTMENT FACTORS

Class Code	Loss Cost Premium					
	4/1/05-06	4/1/06-07	4/1/07-08	4/1/08-09	4/1/09-10	4/1/10-11
5506	\$ 0	\$ 174	\$ 14	\$ 0	\$ 0	\$ 0
5535	0	0	0	19,778	14,330	12,771
5536	3,136	0	0	0	0	0
5537	0	0	186	5,715	3,128	0
5538	59,408	51,703	51,856	1,052	0	0
5551	103,594	64,472	17,851	8,417	6,409	14,130
5604	0	0	0	0	0	20,859
5606	133,449	163,193	129,634	119,853	107,347	66,379
5610	3,897	2,993	1,194	1,312	2,585	2,358
5645	55,838	48,273	28,702	22,738	39,169	48,124
6217	182,655	157,491	116,811	83,684	62,868	34,047
6229	7,902	11,623	15,802	6,092	3,661	0
6306	62,643	51,043	45,446	9,076	3,200	924
6319	75,255	79,646	62,983	23,920	32,128	32,569
6400	1,364	11	0	0	0	0
7219	876	0	232	0	0	0
7380	11,829	10,724	2,251	1,340	1,532	1,234
7421	0	0	1,878	1,974	1,989	1,640
8017	1,037	1,324	4,389	4,537	3,267	2,770
8044	1,094	1,817	2,101	1,676	1,066	1,676
8058	2,699	2,769	2,671	2,782	2,847	2,880
8106	3,541	2,517	0	0	0	0
8107	49,670	46,764	43,052	31,762	27,942	16,396
8111	7,856	5,897	6,137	3,471	5,390	6,420
8227	58,129	54,616	19,049	11,734	11,488	43
8232	19,396	34,997	51,157	45,244	51,324	51,156
8292	1,474	0	0	0	0	1,048
8380	98	0	0	0	0	0
8720	0	0	1,613	1,641	1,669	0
8742	20,301	23,632	17,011	17,892	15,161	10,770
8810	65,470	52,210	46,809	43,008	42,766	30,361
9012	0	1,520	0	0	0	0
9014	32,180	17,367	6,534	4,796	6,326	8,415
9015	2,275	3,680	1,292	1,437	1,313	1,437
9102	37	24	0	7,062	16,327	14,502
9403	12,169	52,600	38,817	37,539	34,198	25,680
9501	0	1,348	0	0	0	0
9521	3,150	2,968	1,361	1,753	175	0
9534	60,049	24,763	0	0	0	0
Total	\$ 4,824,398	\$ 4,617,246	\$ 3,704,484	\$ 3,188,554	\$ 2,482,246	\$ 1,992,023
Average Loss Cost	\$ 3.77	\$ 3.78	\$ 3.71	\$ 3.66	\$ 3.31	\$ 3.48
Class Code Adjustment Factor	0.923	0.921	0.938	0.951	1.051	1.000

**XYZ WORKERS' COMPENSATION
SELF-INSURANCE FUND**

ESTIMATED EXPENSES FOR 4/1/11-12

A. FIXED EXPENSES

<u>Expense</u>	<u>Estimated Amount*</u>	<u>Percent of Premium</u>
Excess Insurance	\$ 232,880	11.7%
Claims Administration	50,000	2.5%
Miscellaneous	<u>260,637</u>	<u>13.1%</u>
Total	\$ 543,517	27.3%

B. VARIABLE EXPENSES

<u>Expense</u>	<u>Estimated Amount</u>	<u>Percent of Premium*</u>
Commissions	\$ 142,935	7.2%
Management Fees - Willis Pooling	99,261	5.0%
Claims Administration	106,606	5.4%
Taxes	47,645	2.4%
Loss Control	<u>46,851</u>	<u>2.4%</u>
Total	\$ 443,298	22.3%

C. TOTAL EXPENSES

<u>Expense</u>	<u>Estimated Amount</u>	<u>Percent of Premium*</u>
Fixed Expenses	\$ 543,517	27.3%
Variable Expenses	<u>443,298</u>	<u>22.3%</u>
Total	\$ 986,815	49.6%

* Provided by Willis Pooling.

Appendix C, Exhibit V

**XYZ WORKERS' COMPENSATION
SELF-INSURANCE FUND**

ESTIMATED PREMIUM FOR 4/1/11-12

Premium	Estimated Amount	Rate per \$100 Payroll	Change to Next Level*
Loss Cost	\$2,177,641 #	\$3.80	3/1/10 Loss Costs
Manual	2,983,368	5.21	1.370 Current Loss Cost Multiplier
Modified	2,813,316	4.92	0.943 Current Avg Mod
Schedule Credited	2,309,732	4.04	17.9% Avg Schedule Credit
Drug-Free Credited	2,205,794	3.85	4.5% Avg Drug-Free Credit
Earned	1,985,215	3.47	10.0% Avg Premium Discount
Payroll (100)	\$ 572,330 #		

From Appendix C, Exhibit VII.

* Provided by Willis Pooling.

**XYZ WORKERS' COMPENSATION
SELF-INSURANCE FUND**

PRESENT VALUE FACTORS

A. LOSS PRESENT VALUE FACTOR

Age of Policy Period in Months	Cumulative Ratio of Losses Paid*	Losses Paid in Prior Interval Discounted at 4.5% per Annum
12	0.300	0.293
24	0.630	0.309
36	0.780	0.134
48	0.880	0.086
60	0.930	0.041
72	0.950	0.016
84	0.970	0.015
96	0.980	0.007
108	0.990	0.007
120	1.000	0.007
		<u>0.915</u>

B. PREMIUM PRESENT VALUE FACTOR

Age of Policy Period in Months	Cumulative Ratio of Premium Received#	Premium Received in Prior Interval Discounted at 4.5% per Annum
0	0.250	0.250
1	0.333	0.083
2	0.417	0.084
3	0.500	0.082
4	0.583	0.082
5	0.667	0.083
6	0.750	0.081
7	0.833	0.081
8	0.917	0.082
9	1.000	0.080
		<u>0.988</u>

* From Section B of Table 9.

Provided by Willis Pooling.

**XYZ WORKERS' COMPENSATION
SELF-INSURANCE FUND**

CHANGE IN LOSS COSTS FROM 3/1/10 TO 3/1/11

Class Code	Estimated 4/1/11-12 Payroll#	3/1/10 Advisory Loss Cost	3/1/11 Advisory Loss Cost	Percent Change	Estimated 3/1/10 Loss Cost Premium	Estimated 3/1/11 Loss Cost Premium
0042	\$ 395,512	\$ 4.42	\$ 4.28	(3.2%)	\$ 17,482	\$ 16,928
1803	396,725	6.62	7.40	11.8%	26,263	29,358
2802	0	4.85	4.53	(6.6%)	0	0
3030	975,000	5.41	5.58	3.1%	52,748	54,405
3040	536,403	7.17	7.99	11.4%	38,460	42,859
3066	0	3.80	3.48	(8.4%)	0	0
3365	90,000	7.52	6.56	(12.8%)	6,768	5,904
3400	618,162	4.49	4.51	0.4%	27,755	27,879
3632	1,500,000	4.55	4.44	(2.4%)	68,250	66,600
3724	150,000	6.10	5.58	(8.5%)	9,150	8,370
4034	0	6.10	5.98	(2.0%)	0	0
4130	0	3.07	2.90	(5.5%)	0	0
5020	300,000	6.28	5.27	(16.1%)	18,840	15,810
5022	699,000	8.01	7.91	(1.2%)	55,990	55,291
5040	0	16.79	14.67	(12.6%)	0	0
5057	0	15.33	14.94	(2.5%)	0	0
5059	270,000	40.96	27.45	(33.0%)	110,592	74,115
5102	261,741	5.68	5.64	(0.7%)	14,867	14,762
5146	80,000	5.57	5.22	(6.3%)	4,456	4,176
5183	504,475	4.01	3.68	(8.2%)	20,229	18,565
5188	2,350,695	4.54	3.90	(14.1%)	106,722	91,677
5190	5,480,000	4.03	3.68	(8.7%)	220,844	201,664
5213	1,213,292	8.28	7.73	(6.6%)	100,461	93,787
5215	0	3.91	3.69	(5.6%)	0	0
5221	3,962,765	4.09	3.77	(7.8%)	162,077	149,396
5222	0	9.37	9.10	(2.9%)	0	0
5223	167,706	4.36	3.41	(21.8%)	7,312	5,719
5348	0	5.37	4.77	(11.2%)	0	0
5403	3,349,662	7.72	6.96	(9.8%)	258,594	233,136
5437	722,946	7.06	6.46	(8.5%)	51,040	46,702
5445	2,939,699	6.50	6.24	(4.0%)	191,080	183,437
5462	0	8.29	7.48	(9.8%)	0	0
5474	2,402,792	6.58	5.88	(10.6%)	158,104	141,284
5478	0	4.80	4.27	(11.0%)	0	0
5479	0	6.14	5.69	(7.3%)	0	0
5480	23,000	7.15	7.00	(2.1%)	1,645	1,610

Appendix C, Exhibit VII (Continued)

**XYZ WORKERS' COMPENSATION
SELF-INSURANCE FUND**

CHANGE IN LOSS COSTS FROM 3/1/10 TO 3/1/11

Class Code	Estimated 4/1/11-12 Payroll	3/1/10 Advisory Loss Cost	3/1/11 Advisory Loss Cost	Percent Change	Estimated 3/1/10 Loss Cost Premium	Estimated 3/1/11 Loss Cost Premium
5506	\$ 0	\$ 5.96	\$ 6.01	0.8%	\$ 0	\$ 0
5535	215,000	6.40	5.94	(7.2%)	13,760	12,771
5536	0	3.80 *	3.48 *	(8.4%)	0	0
5537	0	5.83	4.90	(16.0%)	0	0
5538	0	3.80 *	3.48 *	(8.4%)	0	0
5551	72,500	16.99	19.49	14.7%	12,318	14,130
5604	590,895	3.87	3.53	(8.8%)	22,868	20,859
5606	4,741,369	1.64	1.40	(14.6%)	77,758	66,379
5610	60,000	4.23	3.93	(7.1%)	2,538	2,358
5645	318,491	17.15	15.11	(11.9%)	54,621	48,124
6217	467,033	8.04	7.29	(9.3%)	37,549	34,047
6229	0	5.67	5.13	(9.5%)	0	0
6306	12,339	11.17	7.49	(32.9%)	1,378	924
6319	578,487	6.89	5.63	(18.3%)	39,858	32,569
6400	0	7.95	6.88	(13.5%)	0	0
7219	0	6.82	3.48 *	(49.0%)	0	0
7380	31,248	4.08	3.95	(3.2%)	1,275	1,234
7421	100,000	2.27	1.64	(27.8%)	2,270	1,640
8017	206,684	1.35	1.34	(0.7%)	2,790	2,770
8044	47,222	3.65	3.55	(2.7%)	1,724	1,676
8058	120,000	1.99	2.40	20.6%	2,388	2,880
8106	0	4.14	4.08	(1.4%)	0	0
8107	465,789	3.34	3.52	5.4%	15,557	16,396
8111	200,000	3.44	3.21	(6.7%)	6,880	6,420
8227	1,000	4.36	4.27	(2.1%)	44	43
8232	980,000	5.01	5.22	4.2%	49,098	51,156
8292	40,000	3.05	2.62	(14.1%)	1,220	1,048
8380	0	2.63	2.63	0.0%	0	0
8720	0	1.84	1.59	(13.6%)	0	0
8742	2,692,588	0.46	0.40	(13.0%)	12,386	10,770
8810	14,457,506	0.25	0.21	(16.0%)	36,144	30,361
9012	0	1.31	1.33	1.5%	0	0
9014	317,540	2.70	2.65	(1.9%)	8,574	8,415
9015	53,231	2.95	2.70	(8.5%)	1,570	1,437
9102	674,500	2.18	2.15	(1.4%)	14,704	14,502
9403	400,000	7.16	6.42	(10.3%)	28,640	25,680
9501	0	2.86	3.02	5.6%	0	0
9521	0	3.02	3.50	15.9%	0	0
9534	0	5.07	4.74	(6.5%)	0	0
Total	\$ 57,232,997	\$ 3.80	\$ 3.48	(8.5%)	\$2,177,641	\$1,992,023

Estimated to equal 4/1/10-11.

* Since no loss cost is available, the average loss cost of \$3.80 and \$3.48 are shown.

Appendix C, Exhibit VIII

**XYZ WORKERS' COMPENSATION
SELF-INSURANCE FUND**

INDICATED MANUAL RATES

Class Code	Estimated 4/1/11-12 Payroll	3/1/11 Advisory Loss Cost	Indicated Loss Cost Multiplier	Indicated Manual Rate	Current Manual Rate	Percent Change
0042	\$ 395,512	\$ 4.28	1.744	\$ 7.46	\$ 6.06	23.1%
1803	396,725	7.40	1.744	12.91	9.07	42.3%
2802	0	4.53	1.744	7.90	6.64	19.0%
3030	975,000	5.58	1.744	9.73	7.41	31.3%
3040	536,403	7.99	1.744	13.93	9.82	41.9%
3066	0	3.48	1.744	6.07	5.21	16.5%
3365	90,000	6.56	1.744	11.44	10.30	11.1%
3400	618,162	4.51	1.744	7.87	6.15	28.0%
3632	1,500,000	4.44	1.744	7.74	6.23	24.2%
3724	150,000	5.58	1.744	9.73	8.36	16.4%
4034	0	5.98	1.744	10.43	8.36	24.8%
4130	0	2.90	1.744	5.06	4.21	20.2%
5020	300,000	5.27	1.744	9.19	8.60	6.9%
5022	699,000	7.91	1.744	13.80	10.97	25.8%
5040	0	14.67	1.744	25.58	23.00	11.2%
5057	0	14.94	1.744	26.06	21.00	24.1%
5059	270,000	27.45	1.744	47.87	56.12	(14.7%)
5102	261,741	5.64	1.744	9.84	7.78	26.5%
5146	80,000	5.22	1.744	9.10	7.63	19.3%
5183	504,475	3.68	1.744	6.42	5.49	16.9%
5188	2,350,695	3.90	1.744	6.80	6.22	9.3%
5190	5,480,000	3.68	1.744	6.42	5.52	16.3%
5213	1,213,292	7.73	1.744	13.48	11.34	18.9%
5215	0	3.69	1.744	6.44	5.36	20.1%
5221	3,962,765	3.77	1.744	6.57	5.60	17.3%
5222	0	9.10	1.744	15.87	12.84	23.6%
5223	167,706	3.41	1.744	5.95	5.97	(0.3%)
5348	0	4.77	1.744	8.32	7.36	13.0%
5403	3,349,662	6.96	1.744	12.14	10.58	14.7%
5437	722,946	6.46	1.744	11.27	9.67	16.5%
5445	2,939,699	6.24	1.744	10.88	8.91	22.1%
5462	0	7.48	1.744	13.05	11.36	14.9%
5474	2,402,792	5.88	1.744	10.25	9.01	13.8%
5478	0	4.27	1.744	7.45	6.58	13.2%
5479	0	5.69	1.744	9.92	8.41	18.0%
5480	23,000	7.00	1.744	12.21	9.80	24.6%

Appendix C, Exhibit VIII (Continued)

**XYZ WORKERS' COMPENSATION
SELF-INSURANCE FUND**

INDICATED MANUAL RATES

Class Code	Estimated 4/1/11-12 Payroll	3/1/11 Advisory Loss Cost	Indicated Loss Cost Multiplier	Indicated Manual Rate	Current Manual Rate	Percent Change
5506	\$ 0	\$ 6.01	1.744	\$10.48	\$ 8.17	28.3%
5535	215,000	5.94	1.744	10.36	8.77	18.1%
5536	0	3.48	1.744	6.07	5.21	16.5%
5537	0	4.90	1.744	8.55	7.99	7.0%
5538	0	3.48	1.744	6.07	5.21	16.5%
5551	72,500	19.49	1.744	33.99	23.28	46.0%
5604	590,895	3.53	1.744	6.16	5.30	16.2%
5606	4,741,369	1.40	1.744	2.44	2.25	8.4%
5610	60,000	3.93	1.744	6.85	5.80	18.1%
5645	318,491	15.11	1.744	26.35	23.50	12.1%
6217	467,033	7.29	1.744	12.71	11.01	15.4%
6229	0	5.13	1.744	8.95	7.77	15.2%
6306	12,339	7.49	1.744	13.06	15.30	(14.6%)
6319	578,487	5.63	1.744	9.82	9.44	4.0%
6400	0	6.88	1.744	12.00	10.89	10.2%
7219	0	3.48	1.744	6.07	9.34	(35.0%)
7380	31,248	3.95	1.744	6.89	5.59	23.3%
7421	100,000	1.64	1.744	2.86	3.11	(8.0%)
8017	206,684	1.34	1.744	2.34	1.85	26.5%
8044	47,222	3.55	1.744	6.19	5.00	23.8%
8058	120,000	2.40	1.744	4.19	2.73	53.5%
8106	0	4.08	1.744	7.12	5.67	25.6%
8107	465,789	3.52	1.744	6.14	4.58	34.1%
8111	200,000	3.21	1.744	5.60	4.71	18.9%
8227	1,000	4.27	1.744	7.45	5.97	24.8%
8232	980,000	5.22	1.744	9.10	6.86	32.7%
8292	40,000	2.62	1.744	4.57	4.18	9.3%
8380	0	2.63	1.744	4.59	3.60	27.5%
8720	0	1.59	1.744	2.77	2.52	9.9%
8742	2,692,588	0.40	1.744	0.70	0.63	11.1%
8810	14,457,506	0.21	1.744	0.37	0.34	8.8%
9012	0	1.33	1.744	2.32	1.79	29.6%
9014	317,540	2.65	1.744	4.62	3.70	24.9%
9015	53,231	2.70	1.744	4.71	4.04	16.6%
9102	674,500	2.15	1.744	3.75	2.99	25.4%
9403	400,000	6.42	1.744	11.20	9.81	14.2%
9501	0	3.02	1.744	5.27	3.92	34.4%
9521	0	3.50	1.744	6.10	4.14	47.3%
9534	0	4.74	1.744	8.27	6.95	19.0%
Total	\$ 57,232,997	\$ 3.48	1.744	\$ 6.07	\$ 5.21	16.5%