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PAST PRESIDENTS:

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2018-2020
Paul Bushee
2014-2018

**WORKERS' COMPENSATION PROGRAM
COMMITTEE AGENDA**
Meeting Via Teleconference at the Following Locations:

2500 Pittsburg-Antioch Hwy, Antioch, CA 94509
1 East Road, Sausalito, CA 94965
300 Smith Ranch Road, San Rafael, CA 94902
6200 Avenida Encinas, Carlsbad, CA 92011
7051 Dublin Blvd, Dublin, CA 94580

170 Dogwood Lane, Vallejo, CA 94591
4142 Garatti Court, Pleasanton CA 94566
2552 Stanwell Drive, Concord, CA 94520

Date/Time: Thursday, May 16, 2024
1:00 PM Meeting

LOCATION: Alliant Offices
560 Mission Street, 6th Floor
San Francisco, CA 94105

Phone One-Tap: [+16694449171](tel:+16694449171), [91004870826](tel:+191004870826)#, ..., *370983#
Meeting URL: <https://alliantinsurance.zoom.us/j/91004870826?pwd=DTZwNHJGTG1uUDFLelDnTTIhc3d6UT09>

A. CALL TO ORDER	A = Action	
	I = Information	
B. PUBLIC & COMMITTEE MEMBER COMMENTS	V = Verbal	
	H = Handout <td style="border-bottom: 3px double black;"></td>	
C. CONSENT CALENDAR	S = Separate	
1. Meeting Minutes: February 15, 2024 <i>Recommendation: Approve minutes from the last meeting.</i>	A	p. 6
D. CLOSED SESSION TO DISCUSS PENDING CLAIMS		
Action may be taken per Government Code Section 54956.95. See Reverse for Full Listing of Claims to be Discussed	A	
E. CLAIMS ADMINISTRATION		
1. Reporting and Ratification of Claims Settlements <i>Recommendation: Report and ratify any claims settlements approved in closed session.</i>	A/V	
2. Satisfaction Survey <i>Recommendation: Discuss surveying the members to measure satisfaction with claims administration and provide direction.</i>	I	p. 12
3. Quarterly Claims Report as of March 31, 2024 <i>Recommendation: Review the quarterly claims report as of 3/31/24.</i>	I	p. 13
F. UNDERWRITING ISSUES		
1. Actuarial Study Presentation - Time Certain 1:15 pm <i>Recommendation: Receive the actuarial study results from Willis Towers Watson.</i>	I/H	p. 14
2. CSRMA Captive and LPT Update <i>Recommendation: Receive an update on CWIC and discuss the transfer of upcoming program year</i>	I	p. 15
3. Draft Retrospective Rating Calculation at December 31, 2023 <i>Recommendation: Review and approve the retrospective rating calculation results.</i>	A/H	p. 67
4. PY 35 (2024-25) Renewal Costs <i>Recommendation: Review and approve the upcoming renewal costs.</i>	A	p. 68

5.	Dividend Calculation at December 31, 2023	I	p. 70
	<i>Recommendation: Discuss the dividend calculation.</i>		

G. LOSS CONTROL

1.	Risk Control Workplan for 2024/26	I	p. 71
	<i>Recommendation: Review the adopted FY 24/26 Risk Control Work Plan.</i>		
2.	Safety / Loss Control and Wellness Reimbursements	I	p. 85
	<i>Recommendation: Review the Safety / Loss Control and Wellness Reimbursements</i>		
3.	Spring/Summer/Fall 2024 Area Training Update	I	p. 87
	<i>Recommendation: Receive an update on upcoming area trainings.</i>		

H. INFORMATION ITEMS

1.	Poem of the Day	I	p. 89
2.	Article - Godfather gets 45 years in 150m So Cal WC scheme	I	p. 92
3.	Article - Increase in earbud use creates safety hurdles	I	p. 94
4.	Article - The winding road for mental injury claims	I	p. 95
5.	CSRMA 2024 Meeting Calendar	I	p. 97
6.	CSRMA Organizational Chart	I	p. 98
7.	CSRMA Service Team Chart	I	p. 99
	<i>Recommendation: Review the presented Information Items.</i>		

I. ADJOURNMENT

The next meeting is scheduled for October 16, 2024 via teleconference.

Per Government Code section 54954.2, persons requesting disability-related modifications or accommodations, including auxiliary aids or services in order to participate in the meeting, are requested to contact Alliant at (415) 403-1400 twenty-four hours in advance of the meeting. Entrance to the meeting location requires routine provision of identification to building security. However, CSRMA does not require any member of the public to register his or her name, or to provide other information, as a condition to attendance at any public meeting and will not inquire of building security concerning information so provided. See Government Code section 54953.3.

CSRMA WORKERS' COMPENSATION PROGRAM
CLAIMS INCURRED AS OF 04.30.24

Claimant Name	Account Name	Loss Date
INDEMNITY		
Acosta, Gilbert	Lake Arrowhead Community Services District	05/12/2022
Alejos, Sylvia	Silicon Valley Clean Water	08/17/2021
Anderson, Frederick	Silicon Valley Clean Water	11/21/2021
Baggerly, Russ	Ojai Valley Sanitary District	12/17/2018
Bailey, David	Dublin San Ramon Services District	08/25/2023
Banuelos, Martin	Oro Loma Sanitary District	09/12/2017
Baxter, Kenneth	Dublin San Ramon Services District	03/01/2021
Book, Kevin	Vallejo Flood and Wastewater District	06/12/2023
Carrera, Benjamin	Victor Valley Wastewater Reclamation Authority	11/04/2019
Chavarela, Jesse	Santa Margarita Water District	02/21/2023
Cordova, Joana	Santa Margarita Water District	05/04/2021
Corral, Cesar	Santa Margarita Water District	07/13/2020
Derrick, DeWayne	Central Contra Costa Sanitary District	06/01/2021
Egan, Mark	Napa Sanitation District	04/10/2021
Espinoza, Julio	Victor Valley Wastewater Reclamation Authority	10/21/2019
Ford, Thomas	Central Contra Costa Sanitary District	08/13/2019
GALLAHER, RAYMOND	Ventura Regional Sanitation District	02/24/2019
Gamble Holley, Robin	Napa Sanitation District	12/30/2021
Gamble Holley, Robin	Napa Sanitation District	09/22/2021
Gray, Mark	South Tahoe Public Utility District	02/06/2015
Griewe, Adam	Santa Margarita Water District	10/05/2020
Herrera, Jason	Silicon Valley Clean Water	04/21/2021
Hunsaker, James	Victor Valley Wastewater Reclamation Authority	07/13/2022
Kupel, Nora	West Valley Sanitation District	10/21/2013
Lawhon, Lance	Carpinteria Sanitary District	09/09/2022
Mayor, Joseph	Ross Valley Sanitary District	12/08/2013
McDuffie, Jacqueline	Delta Diablo	07/22/2022
Morales, Hugo	Monterey Water One	11/16/2022
Mosing, James	Fairfield/Suisun Sewer District	07/20/2021
Pearson, Derrick	Dublin San Ramon Services District	05/16/2022
Pettit, Bob	Ventura Regional Sanitation District	12/30/2014
Pimm, Michael	Central Marin Sanitation Agency	03/16/2022
Plascencia, Jose	Central Contra Costa Sanitary District	04/19/2022
Prentice, Robert	Santa Margarita Water District	10/14/2022
Pretzinger, Richard	Lake Arrowhead Community Services District	05/08/2022
Rojo, Jamie	Union Sanitary District	09/24/2020
Solari, Tom	Union Sanitary District	08/24/2020
Steinhauer, Karen	Selma Kingsbury Fowler County Sanitation District	11/29/2017
Tarnowski, Allen	Union Sanitary District	11/07/2016
Tarnowski, Allen	Union Sanitary District	10/03/2018
Valdez, Ivan	Santa Margarita Water District	02/06/2023
Valdez, Michael	Ventura Regional Sanitation District	12/18/2018
Walker, Michael	Silicon Valley Clean Water	08/06/2022
Wilkinson, Edward	South Tahoe Public Utility District	01/24/2014
Wright, Robert	Delta Diablo	09/01/2018

CSRMA WORKERS' COMPENSATION PROGRAM

CLAIMS INCURRED AS OF 04.30.24

Claimant Name	Account Name	Loss Date
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FUTURE MEDICAL

Acosta, Victor	Ventura Regional Sanitation District	03/11/2014
Alsbury, Jay	South Tahoe Public Utility District	04/23/1999
Armstrong, Albert	West Valley Sanitation District	11/10/1998
Ayers, James	Vallejo Flood and Wastewater District	09/11/2002
Bailey, David	Dublin San Ramon Services District	06/08/2004
Baker, Jacob	Lake Arrowhead Community Services District	01/06/2005
Bally, Robert	Central Marin Sanitation Agency	08/20/2020
Becker, Louis	Carpinteria Sanitary District	06/20/1994
Benitez, Victor	Ironhouse Sanitary District	03/31/2016
Bish, Mark	West County Wastewater District	05/12/2015
Brough, Robert	Dublin San Ramon Services District	07/28/2016
Comito, Anthony	Montecito Sanitary District	11/16/1995
Culbertson, Robert	Union Sanitary District	09/24/2017
Dincau, Dustin	Ventura Regional Sanitation District	01/10/2018
Dugan, Jodey	Santa Margarita Water District	03/28/2007
Eastland, Jerry	Delta Diablo	05/15/2015
Fiore, Alan	Central Marin Sanitation Agency	05/24/2016
Flanders, Dolores	Central Contra Costa Sanitary District	04/16/2009
Ford Sr, Thomas	Central Contra Costa Sanitary District	06/22/2009
Godinez, Ignacio	Ventura Regional Sanitation District	09/06/2010
Gonzales, Frank	Carpinteria Sanitary District	06/19/2001
Grabowski, Mathew	Union Sanitary District	11/09/2015
Gregory, Leonard	Union Sanitary District	09/10/1993
Hernandez, Ralph	Delta Diablo	04/17/1997
Hofteig, Thomas	Ojai Valley Sanitary District	11/27/2019
Inman, Erin	Ventura Regional Sanitation District	05/06/2014
James, Gregory	South Tahoe Public Utility District	08/18/2015
Jones, Lorine	Silicon Valley Clean Water	10/05/2005
Keeton, Bonnie	Central Contra Costa Sanitary District	05/17/2014
Kurz, Charles	Dublin San Ramon Services District	01/17/2001
Lofgren, Russell	Delta Diablo	11/25/1997
Lucia, Jesse	Central Contra Costa Sanitary District	06/10/2020
Lynskey, Andrew	Vallejo Flood and Wastewater District	11/30/2016
Marin, James	Union Sanitary District	11/01/1990
Martinez, David	Central Contra Costa Sanitary District	10/10/2015
McCleese, Georgiana	Central Contra Costa Sanitary District	04/12/2006
McCoy, Mike	Ironhouse Sanitary District	01/02/2000
Moore, James	Ironhouse Sanitary District	11/25/2015
Moore, Paul	Vallejo Flood and Wastewater District	04/23/2007
Mueller Piombo, Gretchen	Central Marin Sanitation Agency	02/07/2017
Myers, Charles	West County Wastewater District	06/14/2016
Pagliarulo, Daniel	Santa Margarita Water District	02/04/2022
Papp, Steven	Lake Arrowhead Community Services District	02/01/2006
Pelupessy, Louis	Ventura Regional Sanitation District	05/11/2016
Pelupessy, Louis	Ventura Regional Sanitation District	07/19/2019
Petagara, Dulce	Central Contra Costa Sanitary District	11/14/2016
Potter, Timothy	Central Contra Costa Sanitary District	02/27/2007
Potter, Timothy	Central Contra Costa Sanitary District	04/11/2018

CSRMA WORKERS' COMPENSATION PROGRAM
CLAIMS INCURRED AS OF 04.30.24

Claimant Name	Account Name	Loss Date
Prieto, Tony	South Tahoe Public Utility District	10/12/2004
Rabago, Francine	Ventura Regional Sanitation District	03/01/2010
Raphael, Zandra	Delta Diablo	02/11/2010
Rutherfordale, Jeremy	South Tahoe Public Utility District	08/05/2008
Smith, David	Ironhouse Sanitary District	04/09/2012
Stanovich, Danilo	Vallejo Flood and Wastewater District	06/09/2021
Synsteby, Eric	Monterey Water One	09/21/2000
Tyler, Alan	Santa Margarita Water District	04/24/2019
Tyler, Alan	Santa Margarita Water District	04/24/2019
Van Horn, James	Carmel Area Wastewater District	08/04/2011
Vasut, Victor	Union Sanitary District	11/26/2011
Wesson, Lawrence	Ventura Regional Sanitation District	10/13/2017
Wright, Robert	Delta Diablo	04/09/2013

**MINUTES OF THE
WORKERS' COMPENSATION COMMITTEE MEETING
SAN FRANCISCO, CA
FEBRUARY 15, 2024**

MEMBERS PRESENT

Mr. Tyson Zimmerman, Ironhouse Sanitary District
Mr. Curtis Paxton, Las Gallinas Valley Sanitary District, left at 1:00 p.m.
Ms. Jennifer Sabine, Encina Wastewater Authority

MEMBERS ABSENT

Mr. Vince De Lange, Chair, Delta Diablo
Mr. Jeffrey Kingston, Sausalito-Marin City Sanitary District

GUESTS AND CONSULTANTS PRESENT

Mr. Dennis Mulqueeny, Alliant Insurance Services, Inc.
Mr. Seth Cole, Alliant Insurance Services, Inc.
Mr. P.J. Skarlanic, Alliant Insurance Services, Inc.
Mr. Myron Leavell, Alliant Insurance Services, Inc.
Mr. Steve Davidson, Alliant Insurance Services, Inc.
Ms. Heather Truro, HT Consulting, via teleconference
Mr. David Patzer, Patzer Risk Control Services
Ms. Stella Sebastiani, Athens Administrators
Ms. Kimberly Moreno, Athens Administrators
Mr. Manuel Berumen, Athens Administrators
Ms. Erika Alvarado, Athens Administrators
Ms. Sunny White, Athens Administrators

A. CALL TO ORDER

The meeting was called to order by Tyson Zimmerman at 12:11 pm.

B. PUBLIC & COMMITTEE MEMBER COMMENTS

None.

C. CONSENT CALENDAR

C.1. Meeting Minutes – October 18, 2023

The meeting minutes of October 18, 2023 were reviewed.

A motion was made to accept the meeting minutes of October 18, 2023 with the correction of a minor spelling error.

MOTION: Curtis Paxton

SECOND: Jennifer Sabine

MOTION CARRIED

AYES: Paxton, Sabine, Zimmerman

NAYS: None

ABSTAIN: None

ABSENT: De Lange, Kingston

D. CLOSED SESSION TO DISCUSS PENDING CLAIMS

The Committee entered Closed Session at 12:43 p.m. pursuant to Government Code Section 54956.95. The Committee left Closed Session at 1:01 p.m., at which time it was announced that the claims administrator was provided with direction concerning the disposition of certain claims; with final settlements approved as above.

E. CLAIMS ADMINISTRATION

E.1. Reporting and Ratification of Claims Settlements

None.

E.2. Quarterly Claims Report as of December 31, 2023

P. J. Skarlanic reviewed the Quarterly Claims Report with the Committee. He reported that the Workers' Compensation Program's loss ratio is approximately 8% through the first six months of the current program year, which is significantly lower than the 5-year average of 28%, and 60% over the entire program history. There was discussion regarding how the favorable trends in claims activity might impact future workers' compensation costs for members. The Program Administrators expect that this will have a positive impact on the program overall.

E.5. Workers Compensation Program Statistical Analysis

Seth Cole explained that annually the TPA provides an analysis of claims activity to the Committee and introduced representatives from Athens Administrators to review their stewardship report with the Committee. Highlights from Athens' report are summarized below:

- The number of total reported claims has trended slightly upward in the last 5 years from 119 in 2018-19 to 140 in 2022-23. 72 claims have been reported in the first 6 months of the 2023-24 Program Year (PY).
- There was an increase in Settlements (Compromise & Release) in PY 2023-2024. Athens reviewed the open inventory of claims with a fresh set of eyes and was able to bring closure to files that were left open by the Workers' Compensation Program's previous third-party administrator.

- Athens reviewed the list of Member agencies who experienced the greatest claims frequency, severity, and average severity in PY 2023-24.
- A total of 77 claims have been closed between 7/1/2024 and 12/31/2023.
- Athens reviewed a chart showing that Settlements made up 35% of total Medical Payout throughout the program in the first 6 months of PY 2023-24.
- The report included analysis of frequency by age, occupation, cause and body part. Additional analysis of the total incurred cost and average cost per claim was reviewed with the Committee.

David Patzer reported that he calculates the CSRMA Incident Rates by body part and occupation when he presents a similar claims analysis to the Committee in the Fall. David's analysis is more focused on identifying trends that can be addressed by risk control.

F. UNDERWRITING ISSUES

F.1. Program Year 33 Renewal Preliminary Expectations

Seth Cole discussed the July 1, 2024 renewal expectations with the Committee. The actuarial work is underway to project funding and the CWIC gross premium. Overall claims are trending favorably, but we are seeing increases in medical/prescription costs. We are early in the process but expecting a favorable renewal based on what we're seeing as of today. At this time, for budgeting purposes, the Program Administrators are anticipating a rate increase of approximately 5%. Individual member costs will vary depending on changes in payroll and their experience modification factor.

F.2. Loss Portfolio Transfer

P.J. Skarlanic reminded the Committee that the Clean Water Insurance Captive (CWIC) began reinsuring the go-forward liability of the pooled layer (\$0 - \$250K) in CSRMA's Workers' Compensation Program effective 7/1/23. CWIC's actuary is expected to complete an update to its prior feasibility study before the Committee's May 2024 meeting. Additionally, the Program Administrators will work to obtain options to cover the Program's past liabilities through a Loss Portfolio Transfer (LPT) ahead of the Committee's May 2024 meeting.

CSRMA had evaluated an LPT as part of the July 2023 renewal, which coincided with the initial funding and launch of CWIC, but the math did not pencil out at the time. The Program Administrators will continue to evaluate whether an LPT makes financial sense for CSRMA and CWIC for future renewals.

G. LOSS CONTROL

G.1. Safety/Loss Control and Wellness Reimbursements

David Patzer reviewed this item with the Committee, reporting that both are popular programs utilizing more than 90% of the allocated funds each year. As of the February meeting, one reimbursement request has been submitted and approved: \$1,480 for UUL Training.

David reported that the majority of reimbursement requests are submitted May through July of each year.

G.2. FY 22/24 Risk Control Work Plan - Draft

David Patzer reviewed the item with the Committee. The Chairs of the Workers' Compensation and Pooled Liability Committees form the Risk Control Work Plan Sub-Committee and develop proposed risk control work plan items for the upcoming program year. David walked through the draft Risk Control Work Plan outlining the Core Services, Continuing Services, and Proposed New Initiatives.

Core Items

- No changes

Continuing Risk Control Programs

- Item 22 Continue to update 15 online training modules.
- Item 25 Increase in Vector Solutions subscription from \$120,100 to \$156,000 for 24/25. This contemplates a 10% increase in the seat license fee and increased member usage.
- Item 29 The Committee recommended this item be funded up to 10 new courses at the discretion of the Risk Control Advisor and Program Administrators
- Item 30 Reduction in SMART SOP subscription from \$25,000 to \$20,000 annually
- Item 31 The Committee recommended eliminating the physical demand software from the Work Plan.

New Initiatives

- Item 32 Cyber Security Services, up to \$85,000, that may include the following:
 - Cyber Health Checks,
 - Training,
 - Security audits/penetration testing
 - Development of Cyber Breach incident response plans
 - KYND Cyber Risk Services
- Item 33 Wildfire risk assessment at 3 member locations, up to \$9,000 for services provided by Fireline. The Committee recommended that this line item not be funded at this time, but rather have Fireline provide a seminar/webinar training to make members aware of this service.

In the past, there were items that remained on the New Initiatives list but those have since been moved to the appropriate categories.

The final version of the draft Risk Control Work Plan incorporating both the Pooled Liability and Workers' Compensation Committees input will be presented to the Executive Board for discussion and adoption at the annual Long Range Planning meeting in March 2024.

A motion was made to recommend the draft 24/26 Risk Control Work Plan to the Executive Board for adoption with the noted changes above.

MOTION: Curtis Paxton

SECOND: Jennifer Sabine

MOTION CARRIED

AYES: Paxton, Sabine, Zimmerman

NAYS: None

ABSTAIN: None

ABSENT: De Lange, Kingston

G.3. Workers' Compensation Excellence Award Criteria

David Patzer reviewed the item with the Committee. The award criteria have not changed for two program years. Typically CSRMA uses the same award criteria for two consecutive years to allow more members the time needed to the criteria. Each of the last two years, 4 members have met the requirements of the award program.

David reviewed the draft award application with the Committee. The Program Administrators are recommending continuing items 1 – 12 and make the following changes:

- New Item 13. Develop and submit your written accident/near miss investigation program that includes a root cause analysis and senior management review/sign off.
- New Item 14. Submit documentation that the individual(s) responsible for managing your agency's workers' compensation and making return to work decisions have received online training from Don Freeman on the Sentinel Return to Work online portal.
- New Item 15. Submit documentation that your agency's staff received training in 2024 on interpersonal skills/conflict resolution skills.
- New Item 16. Submit your Workplace Violence Policy that meets the requirements of SB533 Workplace Violence and submit evidence that staff training was provided by 7/1/24.

A motion was made to adopt the proposed changes to the Workers' Compensation Program Excellence Award Criteria for 2023-2024 as presented.

MOTION: Tyson Zimmerman **SECOND:** Curtis Paxton **MOTION CARRIED**

AYES: Paxton, Sabine, Zimmerman

NAYS: None

ABSTAIN: None

ABSENT: De Lange, Kingston

H. INFORMATION ITEMS

H.1. *Poem of the Day*

H.2. *Article – Comp only payer experience inpatient discharge decline in California: CWCI*

H.3. *Article – Workplace violence concerns broaden – Business Insurance*

H.4. *Article – OSHA fines transportation company \$437K*

H.5. *CSRMA 2024 Meeting Calendar*

H.6. *CSRMA Organizational Chart*

H.7. CSRMA Service Team

The Committee reviewed the information items.

I. ADJOURNMENT

The meeting was adjourned at 2:06 p.m. The next meeting is scheduled for May 16, 2024.

Member Survey

ISSUE: CSRMA transitioned from Sedgwick to Athens Administrators to provide third party claims administration services for the Workers' Compensation Program effective July 1, 2023. The Program Administrators and Heather Truro thought it would be a good time to make sure the member agencies perceive the change to Athens in a positive light and are recommending the Committee consider surveying the members.

1. To measure member agency satisfaction with Athens' Claims administration services (communication, responsiveness, effectiveness, responsiveness, level of expertise, how does this compare to the level of service with the prior TPA).
2. To measure injured Workers' perception of the customer service of the claims examiners (communication, care, courtesy, responsiveness, did they use Jarvis, etc.). This would only be with injured workers with non-litigated claims with the agency's approval.

Member feedback will help us identify areas for improvement and to ensure Athens and CSRMA are meeting their expectations.

RECOMMENDATION: The Program Administrators recommend that the Committee discuss and provide direction.

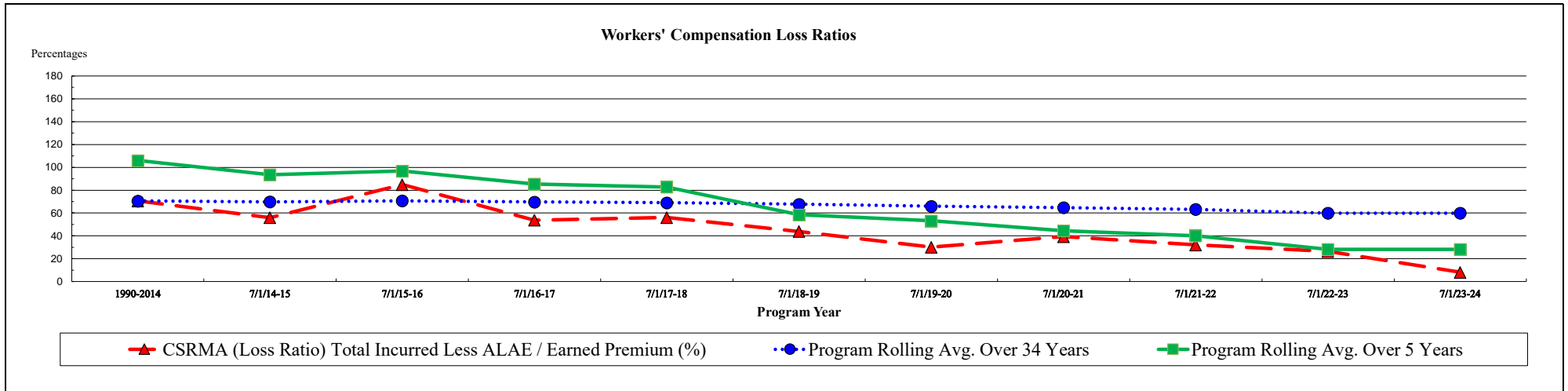
FISCAL IMPACT: Unknown.

BACKGROUND: None.

ATTACHMENTS: None.

WORKERS' COMPENSATION PROGRAM													
Quarterly Claims Report													
as of March 31, 2024													
	PY 1-24	PY 25	PY 26	PY 27	PY 28	PY 29	PY 30	PY 31	PY 32	PY 33	PY 34 *	Program	Program
	Years	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	Average	Average
Program Year	1990-2014	7/1/14-15	7/1/15-16	7/1/16-17	7/1/17-18	7/1/18-19	7/1/19-20	7/1/20-21	7/1/21-22	7/1/22-23	7/1/23-24	Over 5 yrs	Over 34 yrs
Number of Members	N/A	43	43	43	44	43	43	43	43	43	43	N/A	N/A
Total Number of Claims	4,038	131	139	155	131	124	112	114	140	135	95	119	166
Earned Premiums	60,579,395	3,300,557	3,585,857	3,819,319	3,799,075	4,060,508	3,849,105	4,109,108	4,187,792	4,343,504	3,061,382	3,910,178	3,084,238
Paid Indemnity, Medical, & Rehab	37,507,486	1,743,490	2,257,643	1,897,509	1,837,676	1,453,225	954,430	1,217,261	827,958	647,938	128,769	755,271	1,577,293
Paid Expenses	6,405,552	413,983	781,123	618,161	683,213	451,368	364,454	315,384	225,091	87,166	35,746	205,568	324,414
Reserved Indemnity, Medical, & Rehab	5,279,158	105,121	785,169	156,589	291,646	331,020	204,940	399,733	518,830	499,980	119,233	348,543	271,607
Reserved Expenses	296,866	47,264	59,744	23,896	50,874	57,188	59,000	91,742	82,581	82,089	20,083	67,099	27,229
Total Incurred	49,489,062	2,309,857	3,883,679	2,696,155	2,863,410	2,292,801	1,582,824	2,024,119	1,654,459	1,317,172	303,832	1,376,481	2,200,543
Total Incurred Less ALAE	42,786,644	1,848,611	3,042,813	2,054,098	2,129,322	1,784,245	1,159,370	1,616,994	1,346,788	1,147,918	248,002	1,103,814	1,848,900
CSRMA (Loss Ratio) Total Incurred Less ALAE / Earned Premium (%)	71	56	85	54	56	44	30	39	32	26	8	28	60

* - The pooled layer has been transferred to CWIC for the 7/1/23-24 program year.



Agenda Item No. F.1
Workers' Compensation Committee Meeting
Meeting Date: May 16, 2024

Actuarial Study Presentation – Time Certain 1:15PM

ISSUE: Every year, CSRMA has an Actuarial Study performed with the results presented to the Workers' Compensation Committee. The actuaries, Maureen Stazinski and Trevor Herzig of Willis Towers Watson will attend the meeting to discuss the results of the Actuarial Study.

RECOMMENDATION: Information only.

FISCAL IMPACT: The cost of the actuarial study was \$41,750.

BACKGROUND: The actuarial report is used to re-evaluate past projections with current loss data and to project future payment patterns to determine rates for the upcoming renewal.

Included in the presentation the actuary will provide an overview of California's workers' compensation environment and examine CSRMA's experience in relation to the industry's experience with additional commentary on sanitation-specific industry insured experience and loss costs.

Willis Towers Watson conducted the last actuarial study in 2023.

ATTACHMENTS: Willis Towers Watson Presentation (Handout)

Clean Water Insurance Captive & Loss Portfolio Transfer Update

ISSUE: Alliant's actuarial team performed an analysis of CSRMA's retained risk in the Workers' Compensation Program to develop the premium CWIC will charge for this layer in the 2024-25 Program Year. The analysis includes an evaluation on the feasibility of adding a Loss Portfolio Transfer (LPT) into the captive. At this time, the Program Administrators are not recommending an LPT, which is discussed in more detail in the Background section of this item. The actuarial report is attached to this item for the Committee's review.

RECOMMENDATION: None. Information only.

FISCAL IMPACT: The CWIC "Gross Premium" is \$3,823,534 and is represented in Agenda Item F.4. FY 35 Renewal Costs. This includes the cost to fund losses in the \$0 - \$250K layer and CWIC's administrative expenses. This represents a year-over-year decrease in funding as a result of favorable loss development.

BACKGROUND: Effective July 1, 2023 CWIC begin insuring the retained layer of CSRMA's Pooled Workers' Compensation Program.

The actuarial analysis includes an evaluation on the feasibility of adding a LPT for Program Years effective prior to 7/1/2022 into the captive. The premium charge to CSRMA for an LPT would be \$5.9M, in addition to a capital surplus amount of \$1.25M required by the State of Utah. This level of premium would require CSRMA to liquidate assets, which the CSRMA Program Administrators strongly discourage. In 2023 the same rationale was considered by the CSRMA Board in their decision not to move forward with the LPT at that time.

ATTACHMENTS: CWIC Actuarial Analysis Report, Year Ending 12/31/2023

Clean Water Insurance Captive

Actuarial Analysis

Workers Compensation
Year Ending December 31, 2023

Table of Contents

Overview of Program Analysis	3
Executive Summary	4
Discussion of Methodology	8
Conditions and Limitations	9
Use and Distribution	9



Overview of Program Analysis

Alliant Insurance Services, Inc. (Alliant) is performing an Actuarial Analysis of California Sanitation Risk Management Authority's (CSRMA's) retained risk on Workers Compensation (WC) under CSRMA's Clean Water Insurance Company (CWIC).

The three objectives of this analysis are:

- 1) to estimate the captive premium for renewal effective date 7/1/2024,
- 2) to evaluate feasibility of adding WC Loss Portfolio Transfer (LPT) into the captive, for policy years effective before 7/1/2022, and
- 3) to estimate the ultimate outstanding loss and allocated loss adjustment expense (ALAE) including incurred but not reported losses (IBNR) as of 12/31/2023.

The primary underlying data relied upon in this analysis was provided by CSRMA. The underlying data included individual loss runs evaluated as of 12/31/2023 and Payroll / Exposures by policy year. Loss development factors from industry sources were used in the analysis. CSRMA-specific triangle data was reviewed and deemed to be too unstable to be solely relied on.

CSRMA currently maintains a deductible of \$250,000. This same deductible has been in effect since 7/1/2019, prior to the commencement of CWIC since 7/1/2022. Prior to 7/1/2019, CSRMA had maintained a deductible of \$750,000.

Within the scope of this analysis, the information provided by CSRMA was evaluated for reasonability and consistency with prior analyses; however, the data was not audited for accuracy. Any additional discrepancies in the underlying data or assumptions should be reported immediately as they could have a material impact on the results and findings of this analysis.



Executive Summary

For Objective #1, the exhibit below summarizes the estimated captive premium for renewal effective date 7/1/2024.

Workers Compensation	
Line Item	
Expected Limited Incurred Losses	3,246,657
Variable Expenses (%)	3.6%
Specific Reinsurance (% of Loss)	0.0%
Specific Reinsurance (\$)	0
Risk Margin (%)	9.3%
Risk Margin (\$)	355,589
Fixed Expenses	96,029
Premium Before Claims Administration	3,823,534
Claims Administration	0
Premium + Claims Administration	3,823,534

The premium is a decrease compared to the estimate at inception of CWIC, driven by favorable loss experience and development observed in more recent policy year's data as of 12/31/2023. This analysis was developed with a variety of actuarial methodologies coupled with expense assumptions that are reasonable for captives that are domiciled in Utah.

Due to the inherent financial uncertainty associated with any captive programs, it is prudent to build a risk margin on top of the average projected loss amounts. For CWIC, a risk margin percentage was determined as the amount needed to fund at the 75th percentile of potential loss scenarios, consistent with CSRMA's level of risk tolerance.

Variable/fixed expenses and investments are included in the analysis based on ones that are reasonably expected for a captive.

CSRMA as a public entity pool is not a tax paying entity. None of the considered coverages are direct placements that would require a premium tax or excess and surplus lines tax. An annual fixed fee tax of \$7,250 is included as a fixed expense item, the minimum required by the state of Utah.



For Objective #2, the expected and adverse projected annual yields for a hypothetical WC LPT into the captive are shown below. The yields are based on the projected 5 year balance sheet, income statement and cash flow statement.

Expected Scenario						
	Program Year					
	0	1	2	3	4	5
Assets	1,250,000	6,275,768	5,926,245	5,737,024	5,642,359	5,609,338
Liabilities	0	4,786,881	4,129,846	3,650,239	3,274,460	2,964,964
Beginning Surplus	1,250,000	1,250,000	1,488,886	1,796,399	2,086,785	2,367,899
Retained Earnings		238,886	307,513	290,386	281,114	276,476
Capital and Surplus		1,488,886	1,796,399	2,086,785	2,367,899	2,644,375
Annual Yield		19.1%	20.7%	16.2%	13.5%	11.7%
5 Year Growth in Capital & Surplus						111.5%

Adverse Scenario						
	Program Year					
	0	1	2	3	4	5
Assets	1,250,000	8,443,397	8,128,834	6,744,029	6,240,305	6,203,645
Liabilities	0	6,963,095	6,234,805	5,703,528	5,287,477	4,945,041
Beginning Surplus	1,250,000	1,250,000	1,480,302	1,894,029	1,040,501	952,829
Retained Earnings		-2,041,897	413,726	-853,528	-87,672	305,775
Paid in Capital		2,272,199	0	0	0	0
Capital and Surplus		1,480,302	1,894,029	1,040,501	952,829	1,258,604
Annual Yield		-163.4%	27.9%	-45.1%	-8.4%	32.1%
5 Year Growth in Capital & Surplus						-64.3%

Based on this analysis, an initial program funding of \$650,000 is recommended. This initial capitalization is selected to maximize the chances of satisfying Utah's premium-to-surplus ratio of 4.0 for all 5 years under the expected scenario, which roughly equates to the 55th percentile of the program's 5-year aggregate results. The adverse scenario roughly equates to the 95th percentile of potential developments on the LPT claims.



For Objective #3, the exhibit below summarizes the IBNR estimates by year as of 12/31/2023.

Summary of Estimated Ultimate Loss and ALAE - Flexcap
As of 12/31/2023

Policy Year (1)	Paid Loss and ALAE (2)	Case Reserves (3)	Incurred Loss and ALAE (4)	Incurred But Not Reported (6) - (4) (5)	Estimated Ultimate Losses and ALAE (6)	Unpaid (6) - (2) (7)
7/1/2014	2,152,268	173,386	2,325,654	69,770	2,395,424	243,155
7/1/2015	3,040,344	759,111	3,799,454	244,815	4,044,270	1,003,926
7/1/2016	2,518,835	196,701	2,715,535	442,758	3,158,293	639,459
7/1/2017	2,501,559	435,172	2,936,731	310,867	3,247,597	746,039
7/1/2018	1,890,144	445,107	2,335,251	265,177	2,600,428	710,283
7/1/2019	1,330,368	305,565	1,635,934	198,660	1,834,593	504,225
7/1/2020	1,488,364	395,924	1,884,288	319,802	2,204,090	715,726
7/1/2021	943,534	539,037	1,482,570	641,722	2,124,292	1,180,759
LPT Total	15,865,415	3,250,002	19,115,417	2,493,571	21,608,987	5,743,572
7/1/2022	654,255	558,403	1,212,658	1,088,275	2,300,933	1,646,678
7/1/2023 (Pro-Rated)	74,240	121,474	195,714	1,427,615	1,623,329	1,549,089
Captive Total	728,495	679,877	1,408,371	2,515,891	3,924,262	3,195,767
All Years Total	16,593,910	3,929,878	20,523,788	5,009,461	25,533,249	8,939,339

Please note that for policy year 7/1/2023, the estimates are pro-rated for 6 months.

The table below also provides the 40th and 75th percentiles around the selected ultimate outstanding losses. This range is presented as a range of reasonable estimates of outstanding loss and IBNR. Since all methodologies are actuarially sound, any of the methodologies could be viewed as a reasonable estimate (adjusting for any estimates that fall below case incurred losses). Therefore, the minimum and maximum estimates could be viewed as a broad range of reasonable outcomes. However, the percentiles presented here represent a tighter range of reasonable outcomes. The percentiles were determined by calculating the standard deviation of the estimates and normalizing around the selected ultimate losses. This has the effect of including actuarial judgement within the range while still including the variability in the estimates which derive from uncertainty in the results.



Range of Estimates Compared to Selected Ultimate Losses

As of 12/31/2023

Policy Year (1)	Minimum Estimate (2)	40th Percentile (3)	Selected (4)	75th Percentile (5)	Maximum Estimate (6)
7/1/2014	2,325,654	2,353,777	2,395,424	2,506,300	2,579,395
7/1/2015	3,926,475	3,958,124	4,044,270	4,273,615	3,958,212
7/1/2016	2,715,535	3,104,156	3,158,293	3,302,423	3,158,293
7/1/2017	2,936,731	3,206,763	3,247,597	3,356,312	3,247,597
7/1/2018	2,393,836	2,583,670	2,600,428	2,645,041	2,579,856
7/1/2019	1,758,367	1,807,987	1,834,593	1,905,429	1,997,103
7/1/2020	2,082,497	2,158,349	2,204,090	2,325,869	2,531,500
7/1/2021	1,853,819	2,084,866	2,124,292	2,229,257	2,238,059
7/1/2022	1,927,746	2,203,454	2,300,933	2,560,455	2,911,371
7/1/2023	490,967	1,551,615	1,623,329	1,814,255	1,163,814
Total	22,411,626	25,012,760	25,533,249	26,918,956	26,365,200

For policy years incepting 7/1/2023 and 7/1/2024, we determined a projected loss rate per every \$100 of payroll and multiplied them by the projected payrolls to estimate losses for the entirety of those policy years.

Section II: Projected Loss and ALAE for Full Policy Year 2023

Policy Year (1)	Estimate of Captive Losses (3) x (4) (2)	Projected Payroll (00s) (3)	Limited Loss Rate S:I (5) (4)
7/1/2023	3,246,657	2,672,861	1.21
7/1/2024	3,325,692	2,737,928	1.21

Discussion of Methodology

This analysis employed the following six actuarial methodologies to project losses and ALAE to ultimate value.

1. **Paid Loss Development**

This methodology uses historical paid loss & ALAE development to predict future development of paid losses. This methodology is based on actual paid claims without the impact of claim adjuster judgment in setting loss reserves. It can be volatile in early stages of policy year maturity.

2. **Incurred Loss Development**

This methodology uses historical case incurred loss & ALAE development to predict future development of incurred losses. This methodology assumes consistency in claims handling practices will continue in the future and will therefore be predictive of future loss development. In early stages of a policy year, it is less volatile than paid loss development.

3. **Case Reserve Development**

This methodology is a combination of both paid and incurred methods applied to outstanding case reserves to determine ultimate losses.

4. **Bornhuetter-Ferguson (BF) Paid Method**

This methodology starts with the amount of loss & ALAE paid to date and adds IBNR based on the loss & ALAE expected to be outstanding at that point in time. The losses expected to be outstanding is based on the expected loss rate times the exposures times the percentage of outstanding losses at that point in time. The expected loss rate is determined by adjusting the estimated ultimate loss rate on prior years to current rate, benefit and trend levels. This methodology is particularly useful in immature policy periods or volatile lines of business with long tail reporting patterns.

5. **Bornhuetter-Ferguson Incurred Method**

This methodology is the same as the BF Paid Method but is based on incurred loss & ALAE.

6. **Frequency and Severity Development**

This method develops reported claim counts and average severity (average claim size) separately and then multiplies them together to determine the ultimate loss & ALAE. Loss development triangles are created for Reported Counts and Average Severities to predict future development in each. This method works well when claim counts can be easily predicted, eliminating that portion of the uncertainty. Average severities can be developed using the triangles or selected based on the expected severity level adjusting for current benefit levels and trends.

The loss and claim count development triangles used to employ the above methods are based on countrywide industry data. Several years of historical losses at consistent evaluation periods are needed to develop credible loss development triangles. The information provided was insufficient to produce complete and credible loss development triangles; therefore, the loss development triangles used to employ the above methods are based on countrywide industry data such as NCCI and WCIRB.

Ultimate losses were chosen from the variety of estimates above with consideration for changing frequencies, severities, and the current case incurred losses by year and line of business. Typically, selected ultimate losses in this analysis are based on an average of the above methods. Depending on the maturity level of the lines of business and years, some methods may be excluded from the averages.

Conditions and Limitations

Actuarial calculations by their nature are inherently volatile as they are estimates of uncertain future events and occurrences. Standard actuarial methodologies have been employed to reasonably estimate probable outcomes for the ultimate value of losses and ALAE based on information provided at the time the analysis was made. These estimates assume that development on this program will be consistent with historical development patterns, general industry trends, and benefit levels. If future development does not follow these assumed trends and development, the ultimate value of losses may differ, possibly substantially, from these estimates. These projections make no provision for the extraordinary future emergence of losses that are not represented in the historical data, assumed development patterns, or are not yet quantifiable.

Use and Distribution

This Actuarial Analysis has been prepared for use by Alliant and Flexcap for the expressed purpose described in the Program Overview above. Because the Appendix and each section of this Report is an integral part of the whole Analysis, the study should be reviewed in its entirety prior to use or being relied upon.

It is expected that Alliant and Flexcap may distribute this report to auditors and insurance regulators. Any further distribution is restricted without the express written permission of Alliant. When distributed, this Actuarial Analysis should be distributed only in its entirety including this Report, the Appendix, and all supporting exhibits.

* * * * *

Tim (Chi-Fan) Wei, FCAS, MAAA is a member of the Casualty Actuarial Society and the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the Actuarial Opinion contained in this Report.

This analysis was performed using generally accepted actuarial principles and in accordance with all relevant Actuarial Standards of Practice.

Please contact me with any questions in regards to this report.

Respectfully submitted,



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CSRMA

Captive Feasibility Analysis

Annual Premium - Forecasted Total

Domicile: Utah

Captive Structure: Reinsurance is Outside Captive

Premiums

Workers Compensation	
Line Item	
Expected Limited Incurred Losses	3,246,657
Variable Expenses (%)	3.6%
Specific Reinsurance (% of Loss)	0.0%
Specific Reinsurance (\$)	0
Risk Margin (%)	9.3%
Risk Margin (\$)	355,589
Fixed Expenses	96,029
Premium Before Claims Administration	3,823,534
Claims Administration	0
<i>Premium + Claims Administration</i>	3,823,534

Expenses

Fixed Expenses	
License and Fees	3,750
Actuarial Fees	7,500
Investment Advisory Fee	10,000
Insurance Expense	5,909
Bank Service Charges	5,370
Captive Management Fee	25,000
Financial Audit	6,000
Legal Fees	2,500
Alliant Program Fee	30,000

Variable Expenses	
Procurement Tax	3.6%
State Premium Tax	0.0%
Fronting Fee	0.0%
Aggregate Insurance Charge	0.0%
Broker Commission	0.0%
Claims Administration (% of Retained Losses)	0.00%

Clear Water Insurance Captive



Captive Feasibility Analysis

Profitability Projections

Domicile: Utah

Captive Structure: Reinsurance is Outside Captive

Expected Scenario						
	Program Year					
	0	1	2	3	4	5
Assets	1,250,000	6,275,768	5,926,245	5,737,024	5,642,359	5,609,338
Liabilities	0	4,786,881	4,129,846	3,650,239	3,274,460	2,964,964
Beginning Surplus	1,250,000	1,250,000	1,488,886	1,796,399	2,086,785	2,367,899
Retained Earnings		238,886	307,513	290,386	281,114	276,476
Capital and Surplus		1,488,886	1,796,399	2,086,785	2,367,899	2,644,375
Annual Yield		19.1%	20.7%	16.2%	13.5%	11.7%
5 Year Growth in Capital & Surplus						111.5%

Adverse Scenario						
	Program Year					
	0	1	2	3	4	5
Assets	1,250,000	8,443,397	8,128,834	6,744,029	6,240,305	6,203,645
Liabilities	0	6,963,095	6,234,805	5,703,528	5,287,477	4,945,041
Beginning Surplus	1,250,000	1,250,000	1,480,302	1,894,029	1,040,501	952,829
Retained Earnings		-2,041,897	413,726	-853,528	-87,672	305,775
Paid in Capital		2,272,199	0	0	0	0
Capital and Surplus		1,480,302	1,894,029	1,040,501	952,829	1,258,604
Annual Yield		-163.4%	27.9%	-45.1%	-8.4%	32.1%
5 Year Growth in Capital & Surplus						-64.3%

Clear Water Insurance Captive

Captive Feasibility Analysis

Balance Sheet - Forecasted

Domicile: Utah

Captive Structure: Reinsurance is Outside Captive



Expected Scenario

Item	Program Year					
	0	1	2	3	4	5
Assets						
Cash & Cash Equivalents	1,250,000	6,275,768	5,926,245	5,737,024	5,642,359	5,609,338
Premiums Receivable		0	0	0	0	0
Investment Income Balance		0	0	0	0	0
Total Assets	1,250,000	6,275,768	5,926,245	5,737,024	5,642,359	5,609,338
Liabilities						
Total Limited Loss & ALAE Reserves		4,786,881	4,129,846	3,650,239	3,274,460	2,964,964
<i>WC LPT</i>		4,786,881	4,129,846	3,650,239	3,274,460	2,964,964
Expenses Payable	0	0	0	0	0	0
Total Liabilities	0	4,786,881	4,129,846	3,650,239	3,274,460	2,964,964
Capital & Surplus						
Beginning Surplus/ Initial Paid in Capital	1,250,000	1,250,000	1,488,886	1,796,399	2,086,785	2,367,899
Retained Earnings (after Tax)		238,886	307,513	290,386	281,114	276,476
Paid in Capital	0	0	0	0	0	0
Total Capital & Surplus	1,250,000	1,488,886	1,796,399	2,086,785	2,367,899	2,644,375
Capital & Surplus prior to Paid in Capital	1,250,000	1,488,886	1,796,399	2,086,785	2,367,899	2,644,375
Premium to Surplus Minimum Requirement		1,480,302	0	0	0	0
Premium: Surplus Ratio		3.98	0.00	0.00	0.00	0.00

Clear Water Insurance Captive
 Captive Feasibility Analysis
 Income Statement - Forecasted
 Domicile: Utah
 Captive Structure: Reinsurance is Outside Captive



Expected Scenario

Item	Program Year				
	1	2	3	4	5
Income Statement					
Gross Premiums Earned	5,921,209	0	0	0	0
<i>Ceded Premims</i>	0	0	0	0	0
Net Premiums	5,921,209	0	0	0	0
Total Limited Incurred Loss & ALAE (incl IBNR)	5,743,572	0	0	0	0
<i>WC LPT</i>	5,743,572	0	0	0	0
Underwriting Expenses	0	0	0	0	0
Underwriting Income	177,636	0	0	0	0
Investment Income	61,250	307,513	290,386	281,114	276,476
Net income	238,886	307,513	290,386	281,114	276,476
Federal Income Tax	0	0	0	0	0
Net Income after Tax	238,886	307,513	290,386	281,114	276,476
Change in Capital & Surplus Account					
Beginning Surplus	1,250,000	1,488,886	1,796,399	2,086,785	2,367,899
Change in Capital & Surplus	238,886	307,513	290,386	281,114	276,476
Ending Surplus	1,488,886	1,796,399	2,086,785	2,367,899	2,644,375

* Federal Income Taxes estimated at 21%. All tax implications should be reviewed thoroughly with a tax attorney.

Clear Water Insurance Captive

Captive Feasibility Analysis

Cash Flow Statement - Forecasted

Domicile: Utah

Captive Structure: Reinsurance is Outside Captive



Expected Scenario

Item	Program Year				
	1	2	3	4	5
Cash Flow					
Net Premiums Collected	5,921,209	0	0	0	0
Total Limited Paid Loss & ALAE	956,691	657,035	479,607	375,779	309,496
<i>WC LPT</i>	956,691	657,035	479,607	375,779	309,496
Expenses Paid	0	0	0	0	0
Net Cash from Operations	4,964,518	-657,035	-479,607	-375,779	-309,496
Investment Income Received	61,250	307,513	290,386	281,114	276,476
Federal Income Taxes Paid	0	0	0	0	0
Net Cash Flow	5,025,768	-349,522	-189,221	-94,665	-33,020
Reconciliation of Cash & Cash Equivalents					
Beginning Cash & Cash Equivalents	1,250,000	6,275,768	5,926,245	5,737,024	5,642,359
Net Increase to Cash & Cash Equivalents	5,025,768	-349,522	-189,221	-94,665	-33,020
Paid in Capital	0	0	0	0	0
Ending Cash & Cash Equivalents	6,275,768	5,926,245	5,737,024	5,642,359	5,609,338

Clear Water Insurance Captive

Captive Feasibility Analysis

Balance Sheet - Forecasted

Domicile: Utah

Captive Structure: Reinsurance is Outside Captive



Adverse Scenario

Item	Program Year					
	0	1	2	3	4	5
Assets						
Cash & Cash Equivalents	1,250,000	8,443,397	8,128,834	6,744,029	6,240,305	6,203,645
Premiums Receivable		0	0	0	0	0
Investment Income Balance		0	0	0	0	0
Total Assets	1,250,000	8,443,397	8,128,834	6,744,029	6,240,305	6,203,645
Liabilities						
Total Limited Loss & ALAE Reserves		6,963,095	6,234,805	5,703,528	5,287,477	4,945,041
	<i>WC LPT</i>	6,963,095	6,234,805	5,703,528	5,287,477	4,945,041
Expenses Payable	0	0	0	0	0	0
Total Liabilities	0	6,963,095	6,234,805	5,703,528	5,287,477	4,945,041
Capital & Surplus						
Beginning Surplus/ Initial Paid in Capital	1,250,000	1,250,000	1,480,302	1,894,029	1,040,501	952,829
Retained Earnings		-2,041,897	413,726	-853,528	-87,672	305,775
Paid in Capital	0	2,272,199	0	0	0	0
Total Capital & Surplus	1,250,000	1,480,302	1,894,029	1,040,501	952,829	1,258,604
Capital & Surplus prior to Paid in Capital	1,250,000	-791,897	1,894,029	1,040,501	952,829	1,258,604
Premium to Surplus Minimum Requirement		1,480,302	0	0	0	0
Premium: Surplus Ratio		4.00	0.00	0.00	0.00	0.00
Premium to Surplus Ratio Requirement	4.00					

Clear Water Insurance Captive

Captive Feasibility Analysis

Income Statement - Forecasted

Domicile: Utah

Captive Structure: Reinsurance is Outside Captive



Adverse Scenario

Item	Program Year				
	1	2	3	4	5
Income Statement					
Gross Premiums Earned	5,921,209	0	0	0	0
<i>Ceded Premims</i>	0	0	0	0	0
Net Premiums	5,921,209	0	0	0	0
Total Limited Incurred Loss & ALAE (incl IBNR)	8,024,355	0	0	0	0
<i>WC LPT</i>	8,024,355	0	0	0	0
Underwriting Expenses	0	0	0	0	0
Underwriting Income	-2,103,147	0	0	0	0
Investment Income	61,250	413,726	-853,528	-87,672	305,775
Net income	-2,041,897	413,726	-853,528	-87,672	305,775
Federal Income Tax *	0	0	0	0	0
Net Income after Tax *	-2,041,897	413,726	-853,528	-87,672	305,775
Change in Capital & Surplus Account					
Beginning Surplus	1,250,000	1,480,302	1,894,029	1,040,501	952,829
Change in Capital & Surplus	-2,041,897	413,726	-853,528	-87,672	305,775
Capital Paid-In	2,272,199	0	0	0	0
Ending Surplus	1,480,302	1,894,029	1,040,501	952,829	1,258,604

* Federal Income Taxes estimated at 21%. All tax implications should be reviewed thoroughly with a tax attorney.

Clear Water Insurance Captive

Captive Feasibility Analysis

Cash Flow Statement - Forecasted

Domicile: Utah

Captive Structure: Reinsurance is Outside Captive



Adverse Scenario

Item	Program Year				
	1	2	3	4	5
Cash Flow					
Net Premiums Collected	5,921,209	0	0	0	0
Total Limited Paid Loss & ALAE	1,061,260	728,290	531,278	416,051	342,436
<i>WC LPT</i>	1,061,260	728,290	531,278	416,051	342,436
Expenses Paid	0	0	0	0	0
Net Cash from Operations	4,859,948	-728,290	-531,278	-416,051	-342,436
Investment Income Received	61,250	413,726	-853,528	-87,672	305,775
Federal Income Taxes Paid	0	0	0	0	0
Net Cash Flow	4,921,198	-314,563	-1,384,805	-503,723	-36,661
Reconciliation of Cash & Cash Equivalents					
Beginning Cash & Cash Equivalents	1,250,000	8,443,397	8,128,834	6,744,029	6,240,305
Net Increase to Cash & Cash Equivalents	4,921,198	-314,563	-1,384,805	-503,723	-36,661
Paid in Capital	2,272,199	0	0	0	0
Ending Cash & Cash Equivalents	8,443,397	8,128,834	6,744,029	6,240,305	6,203,645

Clear Water Insurance Captive



Captive Feasibility Analysis

Annual Premium - Forecasted Total

Domicile: Utah

Captive Structure: Reinsurance is Outside Captive

Premiums

Total	Captive Year				
	1	2	3	4	5
Projected Gross Premium	5,921,209	0	0	0	0
Specific Reinsurance	0	0	0	0	0
Net Premium	5,921,209	0	0	0	0
Risk Margin	0	0	0	0	0

WCLPT Line Item	Captive Year				
	1	2	3	4	5
Expected Limited Incurred Losses	5,743,572	0	0	0	0
Variable Expenses (%)	3.0%	3.0%	3.0%	3.0%	3.0%
Specific Reinsurance (% of Loss)	0.0%	0.0%	0.0%	0.0%	0.0%
Specific Reinsurance (\$)	0	0	0	0	0
Risk Margin (%)	0.0%	10.0%	10.0%	10.0%	10.0%
Risk Margin (\$)	0	0	0	0	0
Fixed Expenses	0	0	0	0	0
Premium Before Claims Administration	5,921,209	0	0	0	0
Claims Administration	0	0	0	0	0
<i>Premium + Claims Administration</i>	5,921,209	0	0	0	0

Expenses

Variable Expenses	3.0%	3.0%	3.0%	3.0%	3.0%
Procurement Tax	3.0%	3.0%	3.0%	3.0%	3.0%
State Premium Tax	0.0%	0.0%	0.0%	0.0%	0.0%
Fronting Fee	0.0%	0.0%	0.0%	0.0%	0.0%
Aggregate Insurance Charge	0.0%	0.0%	0.0%	0.0%	0.0%
Broker Commission	0.0%	0.0%	0.0%	0.0%	0.0%
Claims Administration (% of Retained Losses)	0.00%	0.00%	0.00%	0.00%	0.00%

Clear Water Insurance Captive



Feasibility Analysis

Investments- Forecasted

Domicile: Utah

Expected Scenario

Investments	Time in program (yrs)				
	1	2	3	4	5
Total Investable Assets	1,250,000	6,275,768	5,926,245	5,737,024	5,642,359
Assumed Return on Investment	4.9%	4.9%	4.9%	4.9%	4.9%
Total Investment Income	61,250	307,513	290,386	281,114	276,476

Investment Type	Program Year				
	1	2	3	4	5
Cash & Cash Equivalents	1,250,000	6,275,768	5,926,245	5,737,024	5,642,359
Stocks					
Bonds					
Other Investments					
Total Investable Assets	1,250,000	6,275,768	5,926,245	5,737,024	5,642,359

Adverse Scenario

Investments	Time in program (yrs)				
	1	2	3	4	5
Total Investable Assets	1,250,000	8,443,397	8,128,834	6,744,029	6,240,305
Assumed Return on Investment	4.9%	4.9%	-10.5%	-1.3%	4.9%
Total Investment Income	61,250	413,726	-853,528	-87,672	305,775

Investment Type	Program Year				
	1	2	3	4	5
Cash & Cash Equivalents	1,250,000	8,443,397	8,128,834	6,744,029	6,240,305
Stocks					
Bonds					
Other Investments					
Total Investable Assets	1,250,000	8,443,397	8,128,834	6,744,029	6,240,305

Clear Water Insurance Captive

Workers Compensation

Summary of Underlying Data

Section I: Deductible Losses

As of 12/31/2023

Policy Year (1)	Evaluation Date (2)	Age of Development (in Months) (3)	Payroll (00s) (4)	Reported Claims (5)	Open Claims (6)	Paid Loss and ALAE (7)	Case Reserves (8)	Incurred Loss and ALAE (9)	Deductible (10)	Aggregate Limit (11)	(12)
7/1/2014	12/31/2023	114	2,016,231	126	4	2,152,268	173,386	2,325,654	750,000	No Aggregate Limit	LPT
7/1/2015	12/31/2023	102	2,143,620	132	8	3,040,344	759,111	3,799,454	750,000	No Aggregate Limit	LPT
7/1/2016	12/31/2023	90	2,223,843	154	5	2,518,835	196,701	2,715,535	750,000	No Aggregate Limit	LPT
7/1/2017	12/31/2023	78	2,345,945	125	9	2,501,559	435,172	2,936,731	750,000	No Aggregate Limit	LPT
7/1/2018	12/31/2023	66	2,348,932	123	17	1,890,144	445,107	2,335,251	750,000	No Aggregate Limit	LPT
7/1/2019	12/31/2023	54	2,503,286	110	13	1,330,368	305,565	1,635,934	250,000	No Aggregate Limit	LPT
7/1/2020	12/31/2023	42	2,566,073	106	17	1,488,364	395,924	1,884,288	250,000	No Aggregate Limit	LPT
7/1/2021	12/31/2023	30	2,684,881	103	20	943,534	539,037	1,482,570	250,000	No Aggregate Limit	LPT
7/1/2022	12/31/2023	18	2,842,695	102	31	654,255	558,403	1,212,658	250,000	No Aggregate Limit	Captive
7/1/2023	12/31/2023	6	1,336,431	44	27	74,240	121,474	195,714	250,000	No Aggregate Limit	Captive
Total			23,011,936	1,125	151	16,593,910	3,929,878	20,523,788			

Section II: Capped At \$250K

As of 12/31/2023

Policy Year (1)	Evaluation Date (2)	Age of Development (in Months) (3)	Payroll (00s) (4)	Reported Claims (5)	Open Claims (6)	Paid Loss and ALAE (7)	Case Reserves (8)	Incurred Loss and ALAE (9)
7/1/2014	12/31/2023	114	2,016,231	126	4	1,976,361	102,117	2,078,479
7/1/2015	12/31/2023	102	2,143,620	132	8	2,895,474	316,503	3,211,977
7/1/2016	12/31/2023	90	2,223,843	154	5	2,358,446	126,170	2,484,616
7/1/2017	12/31/2023	78	2,345,945	125	9	2,398,118	324,512	2,722,630
7/1/2018	12/31/2023	66	2,348,932	123	17	1,884,357	360,242	2,244,599
7/1/2019	12/31/2023	54	2,503,286	110	13	1,330,368	305,565	1,635,934
7/1/2020	12/31/2023	42	2,566,073	106	17	1,488,364	395,924	1,884,288
7/1/2021	12/31/2023	30	2,684,881	103	20	943,534	539,037	1,482,570
7/1/2022	12/31/2023	18	2,842,695	102	31	654,255	558,403	1,212,658
7/1/2023	12/31/2023	6	1,336,431	44	27	74,240	121,474	195,714
Total			23,011,936	1,125	151	16,003,517	3,149,947	19,153,464

Section III: Capped At \$750K

As of 12/31/2023

Policy Year (1)	Evaluation Date (2)	Age of Development (in Months) (3)	Payroll (00s) (4)	Reported Claims (5)	Open Claims (6)	Paid Loss and ALAE (7)	Case Reserves (8)	Incurred Loss and ALAE (9)
7/1/2014	12/31/2023	114	2,016,231	126	4	2,152,268	173,386	2,325,654
7/1/2015	12/31/2023	102	2,143,620	132	8	3,040,344	759,111	3,799,454
7/1/2016	12/31/2023	90	2,223,843	154	5	2,518,835	196,701	2,715,535
7/1/2017	12/31/2023	78	2,345,945	125	9	2,501,559	435,172	2,936,731
7/1/2018	12/31/2023	66	2,348,932	123	17	1,890,144	445,107	2,335,251
7/1/2019	12/31/2023	54	2,503,286	110	13	1,330,368	305,565	1,635,934
7/1/2020	12/31/2023	42	2,566,073	106	17	1,489,578	432,061	1,921,639
7/1/2021	12/31/2023	30	2,684,881	103	20	943,534	539,037	1,482,570
7/1/2022	12/31/2023	18	2,842,695	102	31	654,255	558,403	1,212,658
7/1/2023	12/31/2023	6	1,336,431	44	27	74,240	121,474	195,714
Total			23,011,936	1,125	151	16,595,124	3,966,015	20,561,139

Section IV: All Historical Unlimited Losses

As of 12/31/2023

Policy Year (1)	Evaluation Date (2)	Age of Development (in Months) (3)	Payroll (00s) (4)	Reported Claims (5)	Open Claims (6)	Paid Loss and ALAE (7)	Case Reserves (8)	Incurred Loss and ALAE (9)
7/1/2014	12/31/2023	114	2,016,231	126	4	2,152,268	173,386	2,325,654
7/1/2015	12/31/2023	102	2,143,620	132	8	3,040,344	886,132	3,926,475
7/1/2016	12/31/2023	90	2,223,843	154	5	2,518,835	196,701	2,715,535
7/1/2017	12/31/2023	78	2,345,945	125	9	2,501,559	435,172	2,936,731
7/1/2018	12/31/2023	66	2,348,932	123	17	1,890,144	445,107	2,335,251
7/1/2019	12/31/2023	54	2,503,286	110	13	1,330,368	305,565	1,635,934
7/1/2020	12/31/2023	42	2,566,073	106	17	1,489,578	432,061	1,921,639
7/1/2021	12/31/2023	30	2,684,881	103	20	943,534	539,037	1,482,570
7/1/2022	12/31/2023	18	2,842,695	102	31	654,255	558,403	1,212,658
7/1/2023	12/31/2023	6	1,336,431	44	27	74,240	121,474	195,714
Total			23,011,936	1,125	151	16,595,124	4,093,036	20,688,160

SI: (1) - (12),

SII: (1) - (9),

SIII: (1) - (9),

SIV: (1) - (9)

All underlying data provided by CSRMA.

Clear Water Insurance Captive

Workers Compensation

Summary of Estimated Ultimate Loss and ALAE - Flexcap

 As of 12/31/2023

Policy Year (1)	Paid Loss and ALAE (2)	Case Reserves (3)	Incurred Loss and ALAE (4)	Incurred But Not Reported (6) - (4) (5)	Estimated Ultimate Losses and ALAE (6)	Unpaid (6) - (2) (7)
7/1/2014	2,152,268	173,386	2,325,654	69,770	2,395,424	243,155
7/1/2015	3,040,344	759,111	3,799,454	244,815	4,044,270	1,003,926
7/1/2016	2,518,835	196,701	2,715,535	442,758	3,158,293	639,459
7/1/2017	2,501,559	435,172	2,936,731	310,867	3,247,597	746,039
7/1/2018	1,890,144	445,107	2,335,251	265,177	2,600,428	710,283
7/1/2019	1,330,368	305,565	1,635,934	198,660	1,834,593	504,225
7/1/2020	1,488,364	395,924	1,884,288	319,802	2,204,090	715,726
7/1/2021	943,534	539,037	1,482,570	641,722	2,124,292	1,180,759
LPT Total	15,865,415	3,250,002	19,115,417	2,493,571	21,608,987	5,743,572
7/1/2022	654,255	558,403	1,212,658	1,088,275	2,300,933	1,646,678
7/1/2023 (Pro-Rated)	74,240	121,474	195,714	1,427,615	1,623,329	1,549,089
Captive Total	728,495	679,877	1,408,371	2,515,891	3,924,262	3,195,767
All Years Total	16,593,910	3,929,878	20,523,788	5,009,461	25,533,249	8,939,339

(2) Exhibit WC-1, S:I (7)

(3) Exhibit WC-1, S:I (8)

(4) Exhibit WC-1, S:I (9)

(6) Exhibit WC-4, S:I (10) for policy years before 2023.

Policy year 2023 from Exhibit WC-3, S:II (2), pro-rated through end of 2023.

Clear Water Insurance Captive

Workers Compensation

Section I: Determination of Projected 2023 Loss Rate

As of 12/31/2023

Policy Year (1)	Selected Ultimates at \$250K (2)	Payroll (00s) (3)	SIR xs Deductible Loss Rate (2) / (3) (4)	Trend Factor (5)	Benefit Level Factor (6)	Trended Limited Loss Rate (4) x (5) x (6) (7)
7/1/2014	2,395,424	2,016,231	1.19	1.134	1.020	1.37
7/1/2015	4,044,270	2,143,620	1.89	1.120	1.019	2.15
7/1/2016	2,957,186	2,223,843	1.33	1.106	1.022	1.50
7/1/2017	3,113,308	2,345,945	1.33	1.092	1.027	1.49
7/1/2018	2,571,957	2,348,932	1.09	1.079	1.028	1.21
7/1/2019	1,834,593	2,503,286	0.73	1.065	1.027	0.80
7/1/2020	2,204,090	2,566,073	0.86	1.052	1.019	0.92
7/1/2021	2,124,292	2,684,881	0.79	1.039	1.003	0.82
7/1/2022	2,300,933	2,842,695	0.81	1.026	1.000	0.83
					All Years Weighted Avg	1.20
					Prior Selection	1.28
					(8) Selected	1.21

Section II: Projected Loss and ALAE for Full Policy Year 2023

Policy Year (1)	Estimate of Captive Losses (3) x (4) (2)	Projected Payroll (00s) (3)	Limited Loss Rate S:I (5) (4)
7/1/2023	3,246,657	2,672,861	1.21
7/1/2024	3,325,692	2,737,928	1.21

S:I		S:II	
(2)	Exhibit WC-5, (10)	(3)	Provided by CSRMA.
(3)	Exhibit WC-1, S:I (4)		
(5)	Exhibit WC-28, S:I (1)		
(6)	Exhibit WC-28, S:II		
(7)	Selected based on actuarial judgement		

Clear Water Insurance Captive

Workers Compensation

Summary of Estimates - SIR

Selected Ultimate Loss and ALAE
As of 12/31/2023

Policy Year (1)	Paid Method (2)	Incurred Method (3)	Reserve Method (4)	Bornhuetter - Ferguson Paid Method (5)	Bornhuetter - Ferguson Incurred Method (6)	Frequency Severity Method (7)	ILF Allocation Method (8)	Individual Claims Allocation Method (9)	Selected (10)
7/1/2014	2,579,395	2,387,277	2,357,673	2,285,398	2,126,652	2,387,277	2,192,485	2,579,395	2,395,424
7/1/2015	3,716,593	3,922,914	3,958,212	3,261,629	3,275,309	3,922,914	3,671,254	4,014,812	4,044,270
7/1/2016	3,158,293	2,826,840	2,763,022	2,785,195	2,567,605	2,829,103	2,684,549	3,158,293	3,158,293
7/1/2017	3,247,597	3,090,850	3,057,376	2,912,453	2,834,272	3,094,033	2,760,458	3,247,597	3,247,597
7/1/2018	2,579,856	2,499,742	2,480,577	2,490,677	2,393,836	2,499,742	2,210,363	2,600,428	2,600,428
7/1/2019	1,965,216	1,802,502	1,758,367	1,997,103	1,826,660	1,802,502	1,401,312	1,852,314	1,834,593
7/1/2020	2,531,500	2,184,601	2,082,497	2,378,003	2,181,080	2,196,566	1,744,152	2,201,796	2,204,090
7/1/2021	2,128,052	1,917,971	1,853,819	2,238,059	2,010,526	1,942,690	1,868,361	2,267,048	2,124,292
7/1/2022	2,911,371	2,147,557	1,927,746	2,592,350	2,300,933	2,147,557	2,054,296	2,526,257	2,300,933
7/1/2023	878,376	556,990	490,967	1,163,814	967,683	556,990	1,267,907	1,690,543	1,623,329
Total	25,696,250	23,337,242	22,730,256	24,104,680	22,484,556	23,379,373	21,855,139	26,138,484	25,533,249

Range of Estimates Compared to Selected Ultimate Losses
As of 12/31/2023

Policy Year (1)	Minimum Estimate (2)	40th Percentile (3)	Selected (4)	75th Percentile (5)	Maximum Estimate (6)
7/1/2014	2,325,654	2,353,777	2,395,424	2,506,300	2,579,395
7/1/2015	3,926,475	3,958,124	4,044,270	4,273,615	3,958,212
7/1/2016	2,715,535	3,104,156	3,158,293	3,302,423	3,158,293
7/1/2017	2,936,731	3,206,763	3,247,597	3,356,312	3,247,597
7/1/2018	2,393,836	2,583,670	2,600,428	2,645,041	2,579,856
7/1/2019	1,758,367	1,807,987	1,834,593	1,905,429	1,997,103
7/1/2020	2,082,497	2,158,349	2,204,090	2,325,869	2,531,500
7/1/2021	1,853,819	2,084,866	2,124,292	2,229,257	2,238,059
7/1/2022	1,927,746	2,203,454	2,300,933	2,560,455	2,911,371
7/1/2023	490,967	1,551,615	1,623,329	1,814,255	1,163,814
Total	22,411,626	25,012,760	25,533,249	26,918,956	26,365,200

S:I

(2)	(3)	(4)	(5)	(6)
Exhibit WC-10, (5) for 7/1/2014 - 7/1/2018, Exhibit WC-9, (5) otherwise.				
Exhibit WC-13, (5) for 7/1/2014 - 7/1/2018, Exhibit WC-12, (5) otherwise.				
Exhibit WC-16, (8) for 7/1/2014 - 7/1/2018, Exhibit WC-15, (8) otherwise.				
Exhibit WC-22, S:II (7) for 7/1/2014 - 7/1/2018, Exhibit WC-21, S:II (7) otherwise.				
Exhibit WC-22, S:III (7) for 7/1/2014 - 7/1/2018, Exhibit WC-21, S:III (7) otherwise.				
Exhibit WC-25, S:II (7) for 7/1/2014 - 7/1/2018, Exhibit WC-24, S:II (7) otherwise.				
Exhibit WC-7, (3)				
Exhibit WC-6, (3)				
Selected based on Actuarial Judgement				

S:II

(2)	(3)	(4)	(5)	(6)
Minimum of S:I (2) thru (9)				
40th Percentile of Normalized Distribution of Methods in S:I				
S:I (10)				
75th Percentile of Normalized Distribution of Methods in S:I				
Maximum of S:I (2) thru (9)				

Clear Water Insurance Captive
Workers Compensation

Summary of Estimates - Limited At \$250K

Selected Ultimate Loss and ALAE
As of 12/31/2023

Policy Year (1)	Paid Method (2)	Incurred Method (3)	Reserve Method (4)	Bornhuetter - Ferguson Paid Method (5)	Bornhuetter - Ferguson Incurred - Method (6)	Frequency Severity Method (7)	ILF Allocation Method (8)	Individual Claims Allocation Method (9)	Selected (10)
7/1/2014	2,368,578	2,133,552	2,097,337	2,236,577	2,119,042	2,133,552	1,934,546	2,169,506	2,395,424
7/1/2015	3,539,501	3,316,347	3,278,169	3,203,784	3,265,304	3,316,347	3,239,342	3,359,115	4,044,270
7/1/2016	2,957,186	2,586,455	2,515,075	2,717,777	2,554,495	2,588,526	2,368,720	2,683,483	2,957,186
7/1/2017	3,113,308	2,865,514	2,812,597	2,831,199	2,816,635	2,868,465	2,435,698	2,895,732	3,113,308
7/1/2018	2,571,957	2,402,705	2,362,218	2,394,891	2,370,260	2,402,705	1,950,321	2,347,393	2,571,957
7/1/2019	1,965,216	1,802,502	1,758,367	1,997,103	1,826,660	1,802,502	1,401,312	1,852,314	1,834,593
7/1/2020	2,531,500	2,184,601	2,082,497	2,378,003	2,181,080	2,196,566	1,744,152	2,201,796	2,204,090
7/1/2021	2,128,052	1,917,971	1,853,819	2,238,059	2,010,526	1,942,690	1,868,361	2,267,048	2,124,292
7/1/2022	2,911,371	2,147,557	1,927,746	2,592,350	2,300,933	2,147,557	2,054,296	2,526,257	2,300,933
Total	24,086,670	21,357,203	20,687,824	22,589,743	21,444,934	21,398,910	18,996,748	22,302,644	23,546,054

S:I

- (2) Exhibit WC-9, (5)
- (3) Exhibit WC-12, (5)
- (4) Exhibit WC-15, (8)
- (5) Exhibit WC-21, S:II (7)
- (6) Exhibit WC-21, S:III (7)
- (7) Exhibit WC-24, S:II (7)
- (8) Exhibit WC-8, (8) multiplied by ELF in the layer.
- (9) Exhibit WC-8, (8) allocated to individual claims and capped at \$250K.
- (10) Selected based on Actuarial Judgement

S:II

- (2) Minimum of S:I (2) thru (9)
- (3) 40th Percentile of Normalized Distribution of Methods in S:I
- (4) S:I (10)
- (5) 75th Percentile of Normalized Distribution of Methods in S:I
- (6) Maximum of S:I (2) thru (9)

Clear Water Insurance Captive

Workers Compensation

Summary of Estimates - SIR (Individual Claims Method)

Selected Ultimate Loss and ALAE

As of	12/31/2023	
Policy Year (1)	Ground Up Unlimited Ultimate Losses (2)	Estimated Captive Deductible Losses (3)
7/1/2014	2,579,395	2,579,395
7/1/2015	4,319,123	4,014,812
7/1/2016	3,158,293	3,158,293
7/1/2017	3,247,597	3,247,597
7/1/2018	2,600,428	2,600,428
7/1/2019	1,868,416	1,852,314
7/1/2020	2,325,536	2,201,796
7/1/2021	2,491,149	2,267,048
7/1/2022	2,739,062	2,526,257
7/1/2023	1,690,543	1,690,543
Total	27,019,540	26,138,484
(2)	Developed to ultimate	
(3)	Developed to ultimate	

Clear Water Insurance Captive

Workers Compensation

Summary of Estimates - SIR (ILF Method)

Selected Ultimate Loss and ALAE

As of	12/31/2023	
Policy Year (1)	Ground Up Unlimited Ultimate Losses (2)	Estimated Captive Deductible Losses (3)
7/1/2014	2,579,395	2,192,485
7/1/2015	4,319,123	3,671,254
7/1/2016	3,158,293	2,684,549
7/1/2017	3,247,597	2,760,458
7/1/2018	2,600,428	2,210,363
7/1/2019	1,868,416	1,401,312
7/1/2020	2,325,536	1,744,152
7/1/2021	2,491,149	1,868,361
7/1/2022	2,739,062	2,054,296
7/1/2023	1,690,543	1,267,907
Total	27,019,540	21,855,139

(2) Developed to ultimate
 (3) (2) limited at SIR

Clear Water Insurance Captive

Workers Compensation

Summary of Estimates - Unlimited

Selected Ultimate Loss and ALAE

As of 12/31/2023

Policy Year (1)	Paid Method (2)	Incurred Method (3)	Reserve Method (4)	Bornhuetter - Ferguson Paid Method (5)	Bornhuetter - Ferguson Incurred Method (6)	Frequency Severity Method (7)	Selected (8)
7/1/2014	2,579,395	2,387,277	2,357,673	2,341,337	2,135,372	2,387,277	2,579,395
7/1/2015	3,716,593	4,054,062	4,111,798	3,327,906	3,286,772	4,054,062	4,319,123
7/1/2016	3,158,293	2,826,840	2,763,022	2,862,441	2,582,627	2,829,103	3,158,293
7/1/2017	3,247,597	3,090,850	3,057,376	3,005,553	2,854,480	3,094,033	3,247,597
7/1/2018	2,579,856	2,499,742	2,480,577	2,600,428	2,420,850	2,499,742	2,600,428
7/1/2019	1,965,216	1,802,502	1,758,367	2,265,523	1,903,444	1,802,502	1,868,416
7/1/2020	2,533,565	2,227,905	2,137,939	2,736,162	2,300,566	2,240,106	2,325,536
7/1/2021	2,128,052	1,917,971	1,853,819	2,759,221	2,223,076	1,942,690	2,491,149
7/1/2022	2,911,371	2,147,557	1,927,746	3,372,608	2,739,062	2,147,557	2,739,062
7/1/2023	878,376	556,990	490,967	1,602,466	1,278,469	556,990	1,690,543
Total	25,698,315	23,511,694	22,939,284	26,873,645	23,724,718	23,554,062	27,019,540

Range of Estimates Compared to Selected Ultimate Losses

As of 12/31/2023

Report Year (1)	Minimum Estimate (2)	40th Percentile (3)	Selected (4)	75th Percentile (5)	Maximum Estimate (6)
41821	2,325,654	2,539,399	2,579,395	2,685,875	2,579,395
42186	3,926,475	4,220,641	4,319,123	4,581,312	4,111,798
42552	2,715,535	3,105,432	3,158,293	3,299,028	3,158,293
42917	2,936,731	3,211,553	3,247,597	3,343,558	3,247,597
43282	2,420,850	2,581,734	2,600,428	2,650,196	2,600,428
43647	1,758,367	1,817,774	1,868,416	2,003,242	2,265,523
44013	2,137,939	2,263,710	2,325,536	2,490,133	2,736,162
44378	1,853,819	2,400,239	2,491,149	2,733,177	2,759,221
44743	1,927,746	2,590,908	2,739,062	3,133,496	3,372,608
2023	490,967	1,570,153	1,690,543	2,011,058	1,602,466
Total	22,494,082	26,301,543	27,019,540	28,931,074	28,433,490

S:I

- (2) Exhibit WC-11, (5)
- (3) Exhibit WC-14, (5)
- (4) Exhibit WC-17, (8)
- (5) Exhibit WC-23, S:II (7)
- (6) Exhibit WC-23, S:III (7)
- (7) Exhibit WC-26, S:II (7)
- (8) Selected based on Actuarial Judgement

S:II

- (2) Minimum of S:I (2) thru (7)
- (3) 40th Percentile of Normalized Distribution of Methods in S:I
- (4) S:I (8)
- (5) 75th Percentile of Normalized Distribution of Methods in S:I
- (6) Maximum of S:I (2) thru (7)

Clear Water Insurance Captive

Workers Compensation

Paid Loss Development - Limited At \$250K

As of 12/31/2023

Policy Year (1)	Age of Development (in Months) (2)	Paid Losses Limited At \$250K (3)	Percent Losses Paid (4)	Estimated Ultimate (3) / (4) (5)
7/1/2014	114	1,976,361	83%	2,368,578
7/1/2015	102	2,895,474	82%	3,539,501
7/1/2016	90	2,358,446	80%	2,957,186
7/1/2017	78	2,398,118	77%	3,113,308
7/1/2018	66	1,884,357	73%	2,571,957
7/1/2019	54	1,330,368	68%	1,965,216
7/1/2020	42	1,488,364	59%	2,531,500
7/1/2021	30	943,534	44%	2,128,052
7/1/2022	18	654,255	22%	2,911,371
7/1/2023	6	74,240	8%	878,376

(2) Number of months since inception of the report year.

(3) Exhibit WC-1, S:II (7)

(4) Exhibit WC-27

Clear Water Insurance Captive

Workers Compensation

Paid Loss Development - Limited At \$750K

As of 12/31/2023

Policy Year (1)	Age of Development (in Months) (2)	Paid Losses Limited At \$750K (3)	Percent Losses Paid (4)	Estimated Ultimate (3) / (4) (5)
7/1/2014	114	2,152,268	83%	2,579,395
7/1/2015	102	3,040,344	82%	3,716,593
7/1/2016	90	2,518,835	80%	3,158,293
7/1/2017	78	2,501,559	77%	3,247,597
7/1/2018	66	1,890,144	73%	2,579,856
7/1/2019	54	1,330,368	68%	1,965,216
7/1/2020	42	1,489,578	59%	2,533,565
7/1/2021	30	943,534	44%	2,128,052
7/1/2022	18	654,255	22%	2,911,371
7/1/2023	6	74,240	8%	878,376

(2) Number of months since inception of the report year.

(3) Exhibit WC-1, S:III (7)

(4) Exhibit WC-27

Clear Water Insurance Captive

Workers Compensation

Paid Loss Development - Unlimited

As of 12/31/2023

Policy Year (1)	Age of Development (in Months) (2)	Paid Losses Unlimited (3)	Percent Losses Paid (4)	Estimated Ultimate Unlimited Paid (3) / (4) (5)
7/1/2014	114	2,152,268	83%	2,579,395
7/1/2015	102	3,040,344	82%	3,716,593
7/1/2016	90	2,518,835	80%	3,158,293
7/1/2017	78	2,501,559	77%	3,247,597
7/1/2018	66	1,890,144	73%	2,579,856
7/1/2019	54	1,330,368	68%	1,965,216
7/1/2020	42	1,489,578	59%	2,533,565
7/1/2021	30	943,534	44%	2,128,052
7/1/2022	18	654,255	22%	2,911,371
7/1/2023	6	74,240	8%	878,376

(2) Number of months since inception of the report year.

(3) Exhibit WC-1, S:IV (7)

(4) Exhibit WC-27

Clear Water Insurance Captive

Workers Compensation

Incurred Loss Development - Limited At \$250K

As of	12/31/2023			
Policy Year (1)	Age of Development (in Months) (2)	Incurred Losses Limited At \$250K (3)	Percent Losses Incurred (4)	Estimated Ultimate (3) / (4) (5)
7/1/2014	114	2,078,479	97%	2,133,552
7/1/2015	102	3,211,977	97%	3,316,347
7/1/2016	90	2,484,616	96%	2,586,455
7/1/2017	78	2,722,630	95%	2,865,514
7/1/2018	66	2,244,599	93%	2,402,705
7/1/2019	54	1,635,934	91%	1,802,502
7/1/2020	42	1,884,288	86%	2,184,601
7/1/2021	30	1,482,570	77%	1,917,971
7/1/2022	18	1,212,658	56%	2,147,557
7/1/2023	6	195,714	35%	556,990

(2) Number of months since inception of the report year.

(3) Exhibit WC-1, S:II (9)

(4) Exhibit WC-27

Clear Water Insurance Captive

Workers Compensation

Incurred Loss Development - Limited At \$750K

As of 12/31/2023

Policy Year (1)	Age of Development (in Months) (2)	Incurred Losses Limited At \$750K (3)	Percent Losses Incurred (4)	Estimated Ultimate (3) / (4) (5)
7/1/2014	114	2,325,654	97%	2,387,277
7/1/2015	102	3,799,454	97%	3,922,914
7/1/2016	90	2,715,535	96%	2,826,840
7/1/2017	78	2,936,731	95%	3,090,850
7/1/2018	66	2,335,251	93%	2,499,742
7/1/2019	54	1,635,934	91%	1,802,502
7/1/2020	42	1,921,639	86%	2,227,905
7/1/2021	30	1,482,570	77%	1,917,971
7/1/2022	18	1,212,658	56%	2,147,557
7/1/2023	6	195,714	35%	556,990

- (2) Number of months since inception of the report year.
- (3) Exhibit WC-1, S:III (9)
- (4) Exhibit WC-27

Clear Water Insurance Captive

Workers Compensation

Incurred Loss Development - Unlimited

As of 12/31/2023

Policy Year (1)	Age of Development (in Months) (2)	Incurred Losses Unlimited (3)	Percent Losses Incurred (4)	Estimated Ultimate (3) / (4) (5)
7/1/2014	114	2,325,654	97%	2,387,277
7/1/2015	102	3,926,475	97%	4,054,062
7/1/2016	90	2,715,535	96%	2,826,840
7/1/2017	78	2,936,731	95%	3,090,850
7/1/2018	66	2,335,251	93%	2,499,742
7/1/2019	54	1,635,934	91%	1,802,502
7/1/2020	42	1,921,639	86%	2,227,905
7/1/2021	30	1,482,570	77%	1,917,971
7/1/2022	18	1,212,658	56%	2,147,557
7/1/2023	6	195,714	35%	556,990

(2) Number of months since inception of the report year.

(3) Exhibit WC-1, S:IV (9)

(4) Exhibit WC-27

Clear Water Insurance Captive

Workers Compensation

Case Reserve Loss Development - Limited At \$250K

As of 12/31/2023

Policy Year (1)	Age of Development (in Months) (2)	Percent Losses Paid (3)	Percent Losses Reported (4)	Percent Losses Reserved [(4) - (3)] / [100% - (3)] (5)	Paid Losses Limited At \$250K (6)	Case Reserves Limited At \$250K (7)	Estimated Ultimate Losses (6) + (7) / (5) (8)
7/1/2014	114	83%	97%	84%	1,976,361	102,117	2,097,337
7/1/2015	102	82%	97%	83%	2,895,474	316,503	3,278,169
7/1/2016	90	80%	96%	81%	2,358,446	126,170	2,515,075
7/1/2017	78	77%	95%	78%	2,398,118	324,512	2,812,597
7/1/2018	66	73%	93%	75%	1,884,357	360,242	2,362,218
7/1/2019	54	68%	91%	71%	1,330,368	305,565	1,758,367
7/1/2020	42	59%	86%	67%	1,488,364	395,924	2,082,497
7/1/2021	30	44%	77%	59%	943,534	539,037	1,853,819
7/1/2022	18	22%	56%	44%	654,255	558,403	1,927,746
7/1/2023	6	8%	35%	29%	74,240	121,474	490,967

(2) Number of months since inception of the report year.

(3) Exhibit WC-27

(4) Exhibit WC-27

(6) Exhibit WC-1, S:II (7)

(7) Exhibit WC-1, S:II (8)

Clear Water Insurance Captive

Workers Compensation

Case Reserve Loss Development - Limited At \$750K

As of 12/31/2023

Policy Year (1)	Age of Development (in Months) (2)	Percent Losses Paid (3)	Percent Losses Reported (4)	Percent Losses Reserved [(4) - (3)] / [100% - (3)] (5)	Paid Losses Limited At \$750K (6)	Case Reserves Limited At \$750K (7)	Estimated Ultimate Losses (6) + (7) / (5) (8)
7/1/2014	114	83%	97%	84%	2,152,268	173,386	2,357,673
7/1/2015	102	82%	97%	83%	3,040,344	759,111	3,958,212
7/1/2016	90	80%	96%	81%	2,518,835	196,701	2,763,022
7/1/2017	78	77%	95%	78%	2,501,559	435,172	3,057,376
7/1/2018	66	73%	93%	75%	1,890,144	445,107	2,480,577
7/1/2019	54	68%	91%	71%	1,330,368	305,565	1,758,367
7/1/2020	42	59%	86%	67%	1,489,578	432,061	2,137,939
7/1/2021	30	44%	77%	59%	943,534	539,037	1,853,819
7/1/2022	18	22%	56%	44%	654,255	558,403	1,927,746
7/1/2023	6	8%	35%	29%	74,240	121,474	490,967

(2) Number of months since inception of the report year.

(3) Exhibit WC-27

(4) Exhibit WC-27

(6) Exhibit WC-1, S:III (7)

(7) Exhibit WC-1, S:III (8)

Clear Water Insurance Captive

Workers Compensation

Case Reserve Loss Development - Unlimited

As of 12/31/2023

Policy Year (1)	Age of Development (in Months) (2)	Percent Losses Paid (3)	Percent Losses Reported (4)	Percent Losses Reserved [(4) - (3)] / [100% - (3)] (5)	Paid Losses Unlimited (6)	Case Reserves Unlimited (7)	Estimated Ultimate Losses (6) + (7) / (5) (8)
7/1/2014	114	83%	97%	84%	2,152,268	173,386	2,357,673
7/1/2015	102	82%	97%	83%	3,040,344	886,132	4,111,798
7/1/2016	90	80%	96%	81%	2,518,835	196,701	2,763,022
7/1/2017	78	77%	95%	78%	2,501,559	435,172	3,057,376
7/1/2018	66	73%	93%	75%	1,890,144	445,107	2,480,577
7/1/2019	54	68%	91%	71%	1,330,368	305,565	1,758,367
7/1/2020	42	59%	86%	67%	1,489,578	432,061	2,137,939
7/1/2021	30	44%	77%	59%	943,534	539,037	1,853,819
7/1/2022	18	22%	56%	44%	654,255	558,403	1,927,746
7/1/2023	6	8%	35%	29%	74,240	121,474	490,967

(2) Number of months since inception of the report year.

(3) Exhibit WC-27

(4) Exhibit WC-27

(6) Exhibit WC-1, S:IV (7)

(7) Exhibit WC-1, S:IV (8)

Clear Water Insurance Captive

Workers Compensation

Preliminary Projection of Ultimate Loss and ALAE (Limited At \$250K)

As of 12/31/2023

Policy Year (1)	Paid Method (2)	Incurred Method (3)	Reserve Method (4)	Preliminary Estimate of Ultimate Losses (5)
7/1/2014	2,368,578	2,133,552	2,097,337	2,199,822
7/1/2015	3,539,501	3,316,347	3,278,169	3,378,006
7/1/2016	2,957,186	2,586,455	2,515,075	2,686,239
7/1/2017	3,113,308	2,865,514	2,812,597	2,930,473
7/1/2018	2,571,957	2,402,705	2,362,218	2,445,627
7/1/2019	1,965,216	1,802,502	1,758,367	1,842,028
7/1/2020	2,531,500	2,184,601	2,082,497	2,266,199
7/1/2021	2,128,052	1,917,971	1,853,819	1,966,614
7/1/2022	2,911,371	2,147,557	1,927,746	2,328,891
7/1/2023	878,376	556,990	490,967	642,111
	24,965,046	21,914,193	21,178,791	22,686,010

(2) Exhibit WC-9, (5)

(3) Exhibit WC-10, (5)

(4) Exhibit WC-11, (8)

(5) Straight average of the 3 Triangle Methods

Clear Water Insurance Captive

Workers Compensation

Preliminary Projection of Ultimate Loss and ALAE (Limited At \$750K)

As of 12/31/2023

Policy Year (1)	Paid Method (2)	Incurred Method (3)	Reserve Method (4)	Preliminary Estimate of Ultimate Losses (5)
7/1/2014	2,579,395	2,387,277	2,357,673	2,441,448
7/1/2015	3,716,593	3,922,914	3,958,212	3,865,906
7/1/2016	3,158,293	2,826,840	2,763,022	2,916,052
7/1/2017	3,247,597	3,090,850	3,057,376	3,131,941
7/1/2018	2,579,856	2,499,742	2,480,577	2,520,058
7/1/2019	1,965,216	1,802,502	1,758,367	1,842,028
7/1/2020	2,533,565	2,227,905	2,137,939	2,299,803
7/1/2021	2,128,052	1,917,971	1,853,819	1,966,614
7/1/2022	2,911,371	2,147,557	1,927,746	2,328,891
7/1/2023	878,376	556,990	490,967	642,111
	25,698,315	23,380,546	22,785,698	23,954,853

(2) Exhibit WC-12, (5)

(3) Exhibit WC-13, (5)

(4) Exhibit WC-14, (8)

(5) Straight average of the 3 Triangle Methods

Clear Water Insurance Captive

Workers Compensation

Preliminary Projection of Ultimate Loss and ALAE (Unlimited)

As of 12/31/2023

Policy Year (1)	Paid Method (2)	Incurred Method (3)	Reserve Method (4)	Preliminary Estimate of Ultimate Losses (5)
7/1/2014	2,579,395	2,325,654	2,357,673	2,420,907
7/1/2015	3,716,593	3,926,475	4,111,798	3,918,289
7/1/2016	3,158,293	2,715,535	2,763,022	2,878,950
7/1/2017	3,247,597	2,936,731	3,057,376	3,080,568
7/1/2018	2,579,856	2,335,251	2,480,577	2,465,228
7/1/2019	1,965,216	1,635,934	1,758,367	1,786,506
7/1/2020	2,533,565	1,921,639	2,137,939	2,197,714
7/1/2021	2,128,052	1,482,570	1,853,819	1,821,480
7/1/2022	2,911,371	1,212,658	1,927,746	2,017,258
7/1/2023	878,376	195,714	490,967	521,685
	25,698,315	20,688,160	22,939,284	23,108,586

(2) Exhibit WC-15, (5)

(3) Exhibit WC-16, (5)

(4) Exhibit WC-17, (8)

(5) Straight average of the 3 Triangle Methods

Clear Water Insurance Captive

Workers Compensation

Section I: Determination of a-Priori Loss Rate (Limited At \$250K)

As of 12/31/2023

Policy Year (1)	Preliminary Estimate of Ultimate Losses (2)	Payroll (00s) (3)	Loss Rate (2) / (3) (4)	Trend Factor (5)	Benefit Level Factor (6)	Trended Loss Rate (4) x (5) x (6) (7)	Detrended Selected Loss Rate (12) / [(5) x (6)] (13)
7/1/2014	2,199,822	2,016,231	1.09	1.134	1.020	1.263	0.779
7/1/2015	3,378,006	2,143,620	1.58	1.120	1.019	1.798	0.790
7/1/2016	2,686,239	2,223,843	1.21	1.106	1.022	1.365	0.798
7/1/2017	2,930,473	2,345,945	1.25	1.092	1.027	1.402	0.804
7/1/2018	2,445,627	2,348,932	1.04	1.079	1.028	1.155	0.813
7/1/2019	1,842,028	2,503,286	0.74	1.065	1.027	0.805	0.824
7/1/2020	2,266,199	2,566,073	0.88	1.052	1.019	0.947	0.841
7/1/2021	1,966,614	2,684,881	0.73	1.039	1.003	0.763	0.866
7/1/2022	2,328,891	2,842,695	0.82	1.026	1.000	0.840	0.879
7/1/2023	642,111	1,336,431	0.48	1.013	1.000	0.487	0.891
(8) All Years Weighted Average (x2022-2023)						1.164	
(9) Weighted Average (2019-2021)						0.837	
(10) Industry Loss Cost At \$250K						1.064	
(11) Prior Pick						1.280	
(12) Selected						0.902	

Section II: Bornhuetter-Ferguson Method Based on Paid Losses (Limited At \$250K)

As of 12/31/2023

Policy Year (1)	Age of Development (in Months) (2)	Paid Losses (3)	Percent Losses Paid (4)	Projected a- Priori Loss Rate S:I (7) (5)	Payroll (00s) (6)	Estimated Ultimate Losses (3) + [100% - (4)] x (5) x (6) (7)
7/1/2014	114	1,976,361	83%	0.779	2,016,231	2,236,577
7/1/2015	102	2,895,474	82%	0.790	2,143,620	3,203,784
7/1/2016	90	2,358,446	80%	0.798	2,223,843	2,717,777
7/1/2017	78	2,398,118	77%	0.804	2,345,945	2,831,199
7/1/2018	66	1,884,357	73%	0.813	2,348,932	2,394,891
7/1/2019	54	1,330,368	68%	0.824	2,503,286	1,997,103
7/1/2020	42	1,488,364	59%	0.841	2,566,073	2,378,003
7/1/2021	30	943,534	44%	0.866	2,684,881	2,238,059
7/1/2022	18	654,255	22%	0.879	2,842,695	2,592,350
7/1/2023	6	74,240	8%	0.891	1,336,431	1,163,814

Section III: Bornhuetter-Ferguson Method Based on Incurred Losses (Limited At \$250K)

As of 12/31/2023

Policy Year (1)	Age of Development (in Months) (2)	Incurred Losses (3)	Percent Losses Incurred (4)	Projected a- Priori Loss Rate S:I (7) (5)	Payroll (00s) (6)	Estimated Ultimate Losses (3) + [100% - (4)] x (5) x (6) (7)
7/1/2014	114	2,078,479	97%	0.779	2,016,231	2,119,042
7/1/2015	102	3,211,977	97%	0.790	2,143,620	3,265,304
7/1/2016	90	2,484,616	96%	0.798	2,223,843	2,554,495
7/1/2017	78	2,722,630	95%	0.804	2,345,945	2,816,635
7/1/2018	66	2,244,599	93%	0.813	2,348,932	2,370,260
7/1/2019	54	1,635,934	91%	0.824	2,503,286	1,826,660
7/1/2020	42	1,884,288	86%	0.841	2,566,073	2,181,080
7/1/2021	30	1,482,570	77%	0.866	2,684,881	2,010,526
7/1/2022	18	1,212,658	56%	0.879	2,842,695	2,300,933
7/1/2023	6	195,714	35%	0.891	1,336,431	967,683

S:I (2)	S:II (3)	S:III (3)
Exhibit WC-18, (5)	Exhibit WC-1, S:II (7)	Exhibit WC-1, S:II (9)
Exhibit WC-1, S:I (4)	Exhibit WC-27	Exhibit WC-27
Exhibit WC-28, S:I (1)	Exhibit WC-1, S:I (4)	Exhibit WC-1, S:I (4)
Exhibit WC-28, S:II		
(12) Based on actuarial judgement		

Clear Water Insurance Captive

Workers Compensation

Section I: Determination of a-Priori Loss Rate (Limited At \$750K)

As of 12/31/2023

Policy Year (1)	Preliminary Estimate of Ultimate Losses (2)	Payroll (00s) (3)	Loss Rate (2) / (3) (4)	Trend Factor (5)	Benefit Level Factor (6)	Trended Loss Rate (4) x (5) x (6) (7)	Detrended Selected Loss Rate (12) / [(5) x (6)] (13)
7/1/2014	2,441,448	2,016,231	1.21	1.134	1.020	1.401	0.926
7/1/2015	3,865,906	2,143,620	1.80	1.120	1.019	2.058	0.939
7/1/2016	2,916,052	2,223,843	1.31	1.106	1.022	1.482	0.948
7/1/2017	3,131,941	2,345,945	1.34	1.092	1.027	1.498	0.954
7/1/2018	2,520,058	2,348,932	1.07	1.079	1.028	1.190	0.966
7/1/2019	1,842,028	2,503,286	0.74	1.065	1.027	0.805	0.979
7/1/2020	2,299,803	2,566,073	0.90	1.052	1.019	0.961	0.999
7/1/2021	1,966,614	2,684,881	0.73	1.039	1.003	0.763	1.029
7/1/2022	2,328,891	2,842,695	0.82	1.026	1.000	0.840	1.044
7/1/2023	642,111	1,336,431	0.48	1.013	1.000	0.487	1.058
(8) All Years Weighted Average (x2022-2023)						1.241	
(9) Weighted Average (2019-2021)						0.842	
(10) Industry Loss Cost At \$750K						1.240	
(11) Prior Pick						1.460	
(12) Selected						1.071	

Section II: Bornhuetter-Ferguson Method Based on Paid Losses (Limited At \$750K)

As of 12/31/2023

Policy Year (1)	Age of Development (in Months) (2)	Paid Losses (3)	Percent Losses Paid (4)	Projected a-Priori Loss Rate S:1 (7) (5)	Payroll (00s) (6)	Estimated Ultimate Losses (3) + [100% - (4)] x (5) x (6) (7)
7/1/2014	114	1,976,361	83%	0.926	2,016,231	2,285,398
7/1/2015	102	2,895,474	82%	0.939	2,143,620	3,261,629
7/1/2016	90	2,358,446	80%	0.948	2,223,843	2,785,195
7/1/2017	78	2,398,118	77%	0.954	2,345,945	2,912,453
7/1/2018	66	1,884,357	73%	0.966	2,348,932	2,490,677
7/1/2019	54	1,330,368	68%	0.979	2,503,286	2,122,194
7/1/2020	42	1,488,364	59%	0.999	2,566,073	2,544,915
7/1/2021	30	943,534	44%	1.029	2,684,881	2,480,935
7/1/2022	18	654,255	22%	1.044	2,842,695	2,955,973
7/1/2023	6	74,240	8%	1.058	1,336,431	1,368,238

Section III: Bornhuetter-Ferguson Method Based on Incurred Losses (Limited At \$750K)

As of 12/31/2023

Policy Year (1)	Age of Development (in Months) (2)	Incurred Losses (3)	Percent Losses Incurred (4)	Projected a-Priori Loss Rate S:I (7) (5)	Payroll (00s) (6)	Estimated Ultimate Losses (3) + [100% - (4)] x (5) x (6) (7)
7/1/2014	114	2,078,479	97%	0.926	2,016,231	2,126,652
7/1/2015	102	3,211,977	97%	0.939	2,143,620	3,275,309
7/1/2016	90	2,484,616	96%	0.948	2,223,843	2,567,605
7/1/2017	78	2,722,630	95%	0.954	2,345,945	2,834,272
7/1/2018	66	2,244,599	93%	0.966	2,348,932	2,393,836
7/1/2019	54	1,635,934	91%	0.979	2,503,286	1,862,443
7/1/2020	42	1,884,288	86%	0.999	2,566,073	2,236,764
7/1/2021	30	1,482,570	77%	1.029	2,684,881	2,109,580
7/1/2022	18	1,212,658	56%	1.044	2,842,695	2,505,114
7/1/2023	6	195,714	35%	1.058	1,336,431	1,112,518

S:I (2)	S:II (3)	S:III (7)
Exhibit WC-19, (5)	Exhibit WC-1, S:III (7)	(3)
Exhibit WC-1, S:I (4)	Exhibit WC-27	(4)
Exhibit WC-28, S:I (1)	Exhibit WC-1, S:I (4)	(6)
Exhibit WC-28, S:II		
(12) Based on actuarial judgement		

Clear Water Insurance Captive

Workers Compensation

Section I: Determination of a-Priori Loss Rate (Unlimited)

As of 12/31/2023

Policy Year (1)	Preliminary Estimate of Ultimate Losses (2)	Payroll (00s) (3)	Loss Rate (2) / (3) (4)	Trend Factor (5)	Benefit Level Factor (6)	Trended Loss Rate (4) x (5) x (6) (7)	Detrended Selected Loss Rate (12) / [(5) x (6)] (13)
7/1/2014	2,420,907	2,016,231	1.20	1.134	1.020	1.389	1.093
7/1/2015	3,918,289	2,143,620	1.83	1.120	1.019	2.086	1.109
7/1/2016	2,878,950	2,223,843	1.29	1.106	1.022	1.463	1.119
7/1/2017	3,080,568	2,345,945	1.31	1.092	1.027	1.474	1.127
7/1/2018	2,465,228	2,348,932	1.05	1.079	1.028	1.164	1.140
7/1/2019	1,786,506	2,503,286	0.71	1.065	1.027	0.781	1.156
7/1/2020	2,197,714	2,566,073	0.86	1.052	1.019	0.918	1.180
7/1/2021	1,821,480	2,684,881	0.68	1.039	1.003	0.706	1.215
7/1/2022	2,017,258	2,842,695	0.71	1.026	1.000	0.728	1.233
7/1/2023	521,685	1,336,431	0.39	1.013	1.000	0.395	1.249
(8) All Years Weighted Average (x2022-2023)						1.217	
(9) Weighted Average (2019-2021)						0.800	
(10) Industry Loss Cost Unlimited						1.520	
(11) Prior Pick						1.660	
(12) Selected						1.265	

Section II: Bornhuetter-Ferguson Method Based on Paid Losses (Unlimited)

As of 12/31/2023

Policy Year (1)	Age of Development (in Months) (2)	Paid Losses (3)	Percent Losses Paid (4)	Projected a-Priori Loss Rate S:I (7) (5)	Payroll (00s) (6)	Estimated Ultimate Losses (3) + [100% - (4)] x (5) x (6) (7)
7/1/2014	114	1,976,361	83%	1.093	2,016,231	2,341,337
7/1/2015	102	2,895,474	82%	1.109	2,143,620	3,327,906
7/1/2016	90	2,358,446	80%	1.119	2,223,843	2,862,441
7/1/2017	78	2,398,118	77%	1.127	2,345,945	3,005,553
7/1/2018	66	1,884,357	73%	1.140	2,348,932	2,600,428
7/1/2019	54	1,330,368	68%	1.156	2,503,286	2,265,523
7/1/2020	42	1,488,364	59%	1.180	2,566,073	2,736,162
7/1/2021	30	943,534	44%	1.215	2,684,881	2,759,221
7/1/2022	18	654,255	22%	1.233	2,842,695	3,372,608
7/1/2023	6	74,240	8%	1.249	1,336,431	1,602,466

Section III: Bornhuetter-Ferguson Method Based on Incurred Losses (Unlimited)

As of 12/31/2023

Policy Year (1)	Age of Development (in Months) (2)	Incurred Losses (3)	Percent Losses Incurred (4)	Projected a-Priori Loss Rate S:I (7) (5)	Payroll (00s) (6)	Estimated Ultimate Losses (3) + [100% - (4)] x (5) x (6) (7)
7/1/2014	114	2,078,479	97%	1.093	2,016,231	2,135,372
7/1/2015	102	3,211,977	97%	1.109	2,143,620	3,286,772
7/1/2016	90	2,484,616	96%	1.119	2,223,843	2,582,627
7/1/2017	78	2,722,630	95%	1.127	2,345,945	2,854,480
7/1/2018	66	2,244,599	93%	1.140	2,348,932	2,420,850
7/1/2019	54	1,635,934	91%	1.156	2,503,286	1,903,444
7/1/2020	42	1,884,288	86%	1.180	2,566,073	2,300,566
7/1/2021	30	1,482,570	77%	1.215	2,684,881	2,223,076
7/1/2022	18	1,212,658	56%	1.233	2,842,695	2,739,062
7/1/2023	6	195,714	35%	1.249	1,336,431	1,278,469

S:I

(2) Exhibit WC-20, (5)
 (3) Exhibit WC-1, S:I (4)
 (5) Exhibit WC-28, S:I (1)
 (6) Exhibit WC-28, S:II
 (12) Based on actuarial judgement

S:II

(3) Exhibit WC-1, S:IV (7)
 (4) Exhibit WC-27
 (6) Exhibit WC-1, S:I (4)

S:III

(3) Exhibit WC-1, S:IV (9)
 (4) Exhibit WC-27
 (6) Exhibit WC-1, S:I (4)

Clear Water Insurance Captive

Workers Compensation

Section I: Reported Count Development

As of 12/31/2023

Policy Year (1)	Age of Development (in Months) (2)	Reported Counts (3)	Percent Reported (4)	Estimated Ultimate Counts (3) / (4) (5)	Exposure (6)	Ultimate Frequency (5) x 10K / (6) (7)
7/1/2014	114	126	100%	126	2,016,231	0.63
7/1/2015	102	132	100%	132	2,143,620	0.62
7/1/2016	90	154	100%	155	2,223,843	0.69
7/1/2017	78	125	100%	126	2,345,945	0.54
7/1/2018	66	123	99%	124	2,348,932	0.53
7/1/2019	54	110	99%	111	2,503,286	0.44
7/1/2020	42	106	99%	108	2,566,073	0.42
7/1/2021	30	103	97%	106	2,684,881	0.40
7/1/2022	18	102	87%	118	2,842,695	0.41
7/1/2023	6	44	71%	62	1,336,431	0.46
(8) x2023 Weighted Average						0.51
(9) Industry						0.37
(10) Prior Pick						0.54
(11) Selected						0.51

Section II: Severity Development (Limited At \$250K)

As of 12/31/2023

Policy Year (1)	Age of Development (in Months) (2)	Average Severity (3)	Ave Percent Incurred (4)	Estimated Ultimate Severity (3) / (4) (5)	Claim Count x Ultimate Severity (7)
7/1/2014	114	16,496	97%	16,933	2,133,552
7/1/2015	102	24,333	97%	25,124	3,316,347
7/1/2016	90	16,134	96%	16,809	2,588,526
7/1/2017	78	21,781	95%	22,948	2,868,465
7/1/2018	66	18,249	93%	19,534	2,402,705
7/1/2019	54	14,872	91%	16,386	1,802,502
7/1/2020	42	17,776	86%	20,722	2,196,566
7/1/2021	30	14,394	76%	18,861	1,942,690
7/1/2022	18	11,889	56%	21,054	2,147,557
7/1/2023	6	4,448	35%	12,659	556,990

Clear Water Insurance Captive

Workers Compensation

Section I: Reported Count Development

As of 12/31/2023

Policy Year (1)	Age of Development (in Months) (2)	Reported Counts (3)	Percent Reported (4)	Estimated Ultimate Counts (3) / (4) (5)	Exposure (6)	Ultimate Frequency (5) x 10K / (6) (7)
7/1/2014	114	126	100%	126	2,016,231	0.63
7/1/2015	102	132	100%	132	2,143,620	0.62
7/1/2016	90	154	100%	155	2,223,843	0.69
7/1/2017	78	125	100%	126	2,345,945	0.54
7/1/2018	66	123	99%	124	2,348,932	0.53
7/1/2019	54	110	99%	111	2,503,286	0.44
7/1/2020	42	106	99%	108	2,566,073	0.42
7/1/2021	30	103	97%	106	2,684,881	0.40
7/1/2022	18	102	87%	118	2,842,695	0.41
7/1/2023	6	44	71%	62	1,336,431	0.46
(8) x2023 Weighted Average						0.51
(9) Industry						0.37
(10) Prior Pick						0.54
(11) Selected						0.51

Section II: Severity Development (Limited At \$750K)

As of 12/31/2023

Policy Year (1)	Age of Development (in Months) (2)	Average Severity (3)	Ave Percent Incurred (4)	Estimated Ultimate Severity (3) / (4) (5)	Claim Count x Ultimate Severity (7)
7/1/2014	114	18,458	97%	18,947	2,387,277
7/1/2015	102	28,784	97%	29,719	3,922,914
7/1/2016	90	17,633	96%	18,371	2,829,103
7/1/2017	78	23,494	95%	24,752	3,094,033
7/1/2018	66	18,986	93%	20,323	2,499,742
7/1/2019	54	14,872	91%	16,386	1,802,502
7/1/2020	42	18,129	86%	21,133	2,240,106
7/1/2021	30	14,394	76%	18,861	1,942,690
7/1/2022	18	11,889	56%	21,054	2,147,557
7/1/2023	6	4,448	35%	12,659	556,990

Clear Water Insurance Captive

Workers Compensation

Section I: Reported Count Development

As of 12/31/2023

Policy Year (1)	Age of Development (in Months) (2)	Reported Counts (3)	Percent Reported (4)	Estimated Ultimate Counts (3) / (4) (5)	Exposure (6)	Ultimate Frequency (5) x 10K / (6) (7)
7/1/2014	114	126	100%	126	2,016,231	0.63
7/1/2015	102	132	100%	132	2,143,620	0.62
7/1/2016	90	154	100%	155	2,223,843	0.69
7/1/2017	78	125	100%	126	2,345,945	0.54
7/1/2018	66	123	99%	124	2,348,932	0.53
7/1/2019	54	110	99%	111	2,503,286	0.44
7/1/2020	42	106	99%	108	2,566,073	0.42
7/1/2021	30	103	97%	106	2,684,881	0.40
7/1/2022	18	102	87%	118	2,842,695	0.41
7/1/2023	6	44	71%	62	1,336,431	0.46
(8) x2023 Weighted Average						0.51
(9) Industry						0.37
(10) Prior Pick						0.54
(11) Selected						0.51

Section II: Severity Development (Unlimited)

As of 12/31/2023

Policy Year (1)	Age of Development (in Months) (2)	Average Severity (3)	Ave Percent Incurred (4)	Estimated Ultimate Severity (3) / (4) (5)	Claim Count x Ultimate Severity (7)
7/1/2014	114	18,458	97%	18,947	2,387,277
7/1/2015	102	29,746	97%	30,713	4,054,062
7/1/2016	90	17,633	96%	18,371	2,829,103
7/1/2017	78	23,494	95%	24,752	3,094,033
7/1/2018	66	18,986	93%	20,323	2,499,742
7/1/2019	54	14,872	91%	16,386	1,802,502
7/1/2020	42	18,129	86%	21,133	2,240,106
7/1/2021	30	14,394	76%	18,861	1,942,690
7/1/2022	18	11,889	56%	21,054	2,147,557
7/1/2023	6	4,448	35%	12,659	556,990



Clear Water Insurance Captive
Workers Compensation
Loss Development Factors

Exhibit WC-27

Source: NCCI Annual Statistical Bulletin 2023 - CA

Month	Paid	Incurred	Reported (WCIRB)	Average Severity
1	17.783	3.468	1.529	2.269
2	16.391	3.333	1.504	2.217
3	15.108	3.204	1.479	2.166
4	13.926	3.080	1.455	2.117
5	12.836	2.961	1.431	2.069
6	11.832	2.846	1.408	2.022
7	10.906	2.736	1.385	1.976
8	10.052	2.630	1.362	1.931
9	9.266	2.528	1.340	1.887
10	8.540	2.430	1.318	1.844
11	7.872	2.336	1.296	1.802
12	7.256	2.245	1.275	1.761
13	6.688	2.158	1.254	1.721
14	6.165	2.074	1.234	1.682
15	5.682	1.994	1.213	1.643
16	5.238	1.917	1.194	1.606
17	4.828	1.842	1.174	1.569
18	4.450	1.771	1.155	1.534
19	4.102	1.702	1.136	1.499
20	3.781	1.636	1.117	1.464
21	3.485	1.573	1.099	1.431
22	3.212	1.512	1.081	1.399
23	2.961	1.453	1.063	1.367
24	2.729	1.397	1.046	1.336
25	2.644	1.379	1.044	1.322
26	2.561	1.362	1.041	1.308
27	2.481	1.344	1.039	1.294
28	2.403	1.327	1.036	1.281
29	2.328	1.310	1.034	1.267
30	2.255	1.294	1.031	1.254
31	2.185	1.277	1.029	1.241
32	2.117	1.261	1.027	1.228
33	2.050	1.245	1.024	1.216
34	1.986	1.229	1.022	1.203
35	1.924	1.213	1.019	1.190
36	1.864	1.198	1.017	1.178
37	1.836	1.191	1.016	1.172
38	1.808	1.185	1.016	1.166
39	1.781	1.179	1.015	1.161
40	1.754	1.172	1.015	1.155
41	1.727	1.166	1.014	1.149
42	1.701	1.159	1.014	1.143
43	1.675	1.153	1.013	1.138
44	1.650	1.147	1.013	1.132
45	1.625	1.141	1.012	1.126
46	1.600	1.134	1.012	1.121
47	1.576	1.128	1.011	1.115
48	1.552	1.122	1.011	1.110
49	1.539	1.119	1.011	1.107
50	1.527	1.115	1.010	1.104
51	1.514	1.112	1.010	1.101
52	1.502	1.109	1.010	1.098
53	1.489	1.105	1.009	1.095
54	1.477	1.102	1.009	1.092
55	1.465	1.098	1.009	1.089
56	1.453	1.095	1.008	1.086
57	1.441	1.092	1.008	1.083
58	1.429	1.089	1.008	1.080
59	1.418	1.085	1.007	1.077
60	1.406	1.082	1.007	1.074
61	1.399	1.080	1.007	1.073
62	1.392	1.078	1.007	1.071
63	1.385	1.076	1.006	1.069
64	1.378	1.074	1.006	1.068
65	1.372	1.072	1.006	1.066
66	1.365	1.070	1.006	1.064
67	1.358	1.069	1.006	1.062
68	1.351	1.067	1.006	1.061
69	1.345	1.065	1.005	1.059
70	1.338	1.063	1.005	1.057
71	1.332	1.061	1.005	1.055
72	1.325	1.059	1.005	1.054
73	1.321	1.058	1.005	1.053
74	1.316	1.057	1.005	1.052
75	1.312	1.056	1.005	1.051
76	1.307	1.055	1.005	1.050
77	1.303	1.054	1.005	1.049
78	1.298	1.052	1.004	1.048
79	1.294	1.051	1.004	1.047
80	1.289	1.050	1.004	1.046
81	1.285	1.048	1.004	1.045
82	1.281	1.048	1.004	1.044



Clear Water Insurance Captive
Workers Compensation
Loss Development Factors

Exhibit WC-27

Source: NCCI Annual Statistical Bulletin 2023 - CA

Month	Paid	Incurred	Reported (WCIRB)	Average Severity
83	1.276	1.047	1.004	1.043
84	1.272	1.046	1.004	1.042
85	1.269	1.045	1.004	1.041
86	1.266	1.044	1.004	1.040
87	1.263	1.043	1.004	1.040
88	1.260	1.043	1.004	1.039
89	1.257	1.042	1.004	1.038
90	1.254	1.041	1.003	1.037
91	1.251	1.040	1.003	1.037
92	1.248	1.039	1.003	1.036
93	1.245	1.038	1.003	1.035
94	1.242	1.038	1.003	1.034
95	1.239	1.037	1.003	1.034
96	1.236	1.036	1.003	1.033
97	1.234	1.035	1.003	1.032
98	1.231	1.035	1.003	1.032
99	1.229	1.034	1.003	1.031
100	1.227	1.034	1.003	1.031
101	1.225	1.033	1.003	1.030
102	1.222	1.032	1.003	1.029
103	1.220	1.032	1.003	1.029
104	1.218	1.031	1.003	1.028
105	1.216	1.031	1.003	1.028
106	1.213	1.030	1.003	1.027
107	1.211	1.030	1.003	1.027
108	1.209	1.029	1.003	1.026
109	1.207	1.029	1.003	1.026
110	1.205	1.028	1.003	1.025
111	1.204	1.028	1.003	1.025
112	1.202	1.027	1.003	1.024
113	1.200	1.027	1.003	1.024
114	1.198	1.026	1.003	1.023
115	1.197	1.026	1.003	1.023
116	1.195	1.026	1.003	1.023
117	1.193	1.025	1.003	1.022
118	1.191	1.025	1.003	1.022
119	1.190	1.024	1.003	1.021
120	1.188	1.024	1.003	1.021
121	1.186	1.024	1.003	1.021
122	1.185	1.023	1.003	1.020
123	1.183	1.023	1.003	1.020
124	1.182	1.022	1.003	1.020
125	1.180	1.022	1.003	1.019
126	1.178	1.021	1.002	1.019
127	1.177	1.021	1.002	1.019
128	1.175	1.021	1.002	1.018
129	1.174	1.020	1.002	1.018
130	1.172	1.020	1.002	1.018
131	1.171	1.019	1.002	1.017
132	1.169	1.019	1.002	1.017
133	1.168	1.019	1.002	1.017
134	1.166	1.019	1.002	1.017
135	1.165	1.018	1.002	1.016
136	1.164	1.018	1.002	1.016
137	1.163	1.018	1.002	1.016
138	1.161	1.018	1.002	1.016
139	1.160	1.018	1.002	1.016
140	1.159	1.018	1.002	1.016
141	1.158	1.017	1.002	1.015
142	1.156	1.017	1.002	1.015
143	1.155	1.017	1.002	1.015
144	1.154	1.017	1.002	1.015
145	1.153	1.017	1.002	1.015
146	1.151	1.016	1.002	1.014
147	1.150	1.016	1.002	1.014
148	1.149	1.016	1.002	1.014
149	1.148	1.016	1.002	1.014
150	1.146	1.015	1.002	1.013
151	1.145	1.015	1.002	1.013
152	1.144	1.015	1.002	1.013
153	1.143	1.015	1.002	1.013
154	1.141	1.014	1.002	1.012
155	1.140	1.014	1.002	1.012
156	1.139	1.014	1.002	1.012
157	1.138	1.014	1.002	1.012
158	1.137	1.014	1.002	1.012
159	1.136	1.014	1.002	1.012
160	1.135	1.014	1.002	1.012
161	1.134	1.014	1.002	1.012
162	1.133	1.014	1.002	1.012
163	1.132	1.014	1.002	1.012
164	1.131	1.014	1.002	1.012



Clear Water Insurance Captive
Workers Compensation
Loss Development Factors

Exhibit WC-27

Source: NCCI Annual Statistical Bulletin 2023 - CA

Month	Paid	Incurred	Reported (WCIRB)	Average Severity
165	1.130	1.014	1.002	1.012
166	1.129	1.014	1.002	1.012
167	1.128	1.014	1.002	1.012
168	1.127	1.014	1.002	1.012
169	1.126	1.014	1.002	1.012
170	1.125	1.013	1.002	1.011
171	1.124	1.013	1.002	1.011
172	1.123	1.013	1.002	1.011
173	1.122	1.013	1.002	1.011
174	1.121	1.012	1.002	1.010
175	1.121	1.012	1.002	1.010
176	1.120	1.012	1.002	1.010
177	1.119	1.012	1.002	1.010
178	1.118	1.011	1.002	1.009
179	1.117	1.011	1.002	1.009
180	1.116	1.011	1.002	1.009
181	1.115	1.011	1.002	1.009
182	1.114	1.011	1.002	1.009
183	1.113	1.010	1.002	1.008
184	1.112	1.010	1.002	1.008
185	1.111	1.010	1.002	1.008
186	1.110	1.010	1.002	1.008
187	1.110	1.010	1.002	1.008
188	1.109	1.010	1.002	1.008
189	1.108	1.009	1.002	1.007
190	1.107	1.009	1.002	1.007
191	1.106	1.009	1.002	1.007
192	1.105	1.009	1.002	1.007
193	1.104	1.009	1.002	1.007
194	1.103	1.009	1.002	1.007
195	1.103	1.009	1.002	1.007
196	1.102	1.009	1.002	1.007
197	1.101	1.009	1.002	1.007
198	1.100	1.008	1.002	1.006
199	1.100	1.008	1.002	1.006
200	1.099	1.008	1.002	1.006
201	1.098	1.008	1.002	1.006
202	1.097	1.008	1.002	1.006
203	1.097	1.008	1.002	1.006
204	1.096	1.008	1.002	1.006
205	1.095	1.008	1.002	1.006
206	1.094	1.008	1.002	1.006
207	1.094	1.008	1.002	1.006
208	1.093	1.008	1.002	1.006
209	1.092	1.008	1.002	1.006
210	1.091	1.007	1.002	1.005
211	1.091	1.007	1.002	1.005
212	1.090	1.007	1.002	1.005
213	1.089	1.007	1.002	1.005
214	1.088	1.007	1.002	1.005
215	1.088	1.007	1.002	1.005
216	1.087	1.007	1.002	1.005
217	1.086	1.007	1.002	1.005
218	1.086	1.007	1.002	1.005
219	1.085	1.007	1.002	1.005
220	1.084	1.007	1.002	1.005
221	1.084	1.007	1.002	1.005
222	1.083	1.006	1.002	1.004
223	1.082	1.006	1.002	1.004
224	1.082	1.006	1.002	1.004
225	1.081	1.006	1.002	1.004
226	1.080	1.006	1.002	1.004
227	1.080	1.006	1.002	1.004
228	1.079	1.006	1.002	1.004

Clear Water Insurance Captive

Workers Compensation

Section I: Loss Trends

	Combined Severity Trend (1)
7/1/2014	1.134
7/1/2015	1.120
7/1/2016	1.106
7/1/2017	1.092
7/1/2018	1.079
7/1/2019	1.065
7/1/2020	1.052
7/1/2021	1.039
7/1/2022	1.026
7/1/2023	1.013
Selected	1.27%
Trend to	7/1/2024

(1) from NCCI.

Section II: Benefit Level Adjustments

Policy Year	Benefit Level Factor
7/1/2014	1.020
7/1/2015	1.019
7/1/2016	1.022
7/1/2017	1.027
7/1/2018	1.028
7/1/2019	1.027
7/1/2020	1.019
7/1/2021	1.003
7/1/2022	1.000
7/1/2023	1.000

Clear Water Insurance Captive

Workers Compensation

Unlimited IBNR Allocation to Individual Claims

Policy Year (1)	Selected Unlimited Ultimate Losses (2)	Open Claim Count (3)	Open Claim with \$0 Case Incurred Count (4)	Reported Claim Count Excluding Open No Case (5)	Ultimate Unlimited Severity (2) / (5) (6)	Case Incurred On Closed Claims (7)	Total IBNER On \$0 Claims MIN[20%*(4)*(6), (2)-(7)] (8)	Ultimate on Open Non-Zero Claims (2) - (7) - (8) (9)	Case Incurred on Open Claims (10)	LDF for Open Non-Zero Claims (9) / (10) (9)
7/1/2014	2,579,395	4	0	126	20,471	1,694,166	0	885,228	631,488	1.402
7/1/2015	4,319,123	8	0	132	32,721	1,984,113	0	2,335,010	1,942,363	1.202
7/1/2016	3,158,293	5	0	154	20,508	2,133,645	0	1,024,648	581,890	1.761
7/1/2017	3,247,597	9	0	125	25,981	1,734,157	0	1,513,440	1,202,573	1.259
7/1/2018	2,600,428	17	0	123	21,142	558,165	0	2,042,262	1,777,085	1.149
7/1/2019	1,868,416	13	0	110	16,986	603,847	0	1,264,569	1,032,086	1.225
7/1/2020	2,325,536	17	0	106	21,939	578,171	0	1,747,364	1,343,468	1.301
7/1/2021	2,491,149	20	0	103	24,186	270,899	0	2,220,250	1,211,671	1.832
7/1/2022	2,739,062	31	0	102	26,854	115,490	0	2,623,572	1,097,168	2.391
7/1/2023	1,690,543	27	0	44	38,421	22,770	0	1,667,773	172,944	9.643
Total	27,019,540	151	0	1,125	23,903	9,695,424	0	17,324,116	10,992,736	

S:I
(2) Exhibit WC-8, (8)
(3) - (5), (7), (10) Provided by Alliant

Draft Retrospective Rating Calculation at December 31, 2023

ISSUE: The Retrospective Rating Calculation based on updated loss information and financial data as of December 31, 2023 is in process and is expected to be completed prior to the meeting.

RECOMMENDATION: A recommendation will be made at the meeting.

FISCAL IMPACT: The calculation results will be distributed at the meeting.

Willis Towers Watson's May 2, 2024 draft Actuarial Report indicates that the Program will have estimated surplus in the amount of \$4,684,450 as of June 30, 2024, before consideration of the retro adjustments.

BACKGROUND: The Retro plan was adopted to spread losses amongst members. Each program year is evaluated 36 months following the expiration and annually thereafter. The retro calculation is performed based on financial data at June 30 of each year.

Major components of the retrospective rating plan include:

- Losses
- Administrative Costs
- Investment Income
- Incurred but not reported (IBNR) loss levels
- Claims Reserves

The retro adjustments appear as a debit or credit on member's renewal invoices. The calculation is performed by a computer program, which applies a formula adopted by the Board of Directors.

ATTACHMENTS: Draft Retrospective Rating Results as of December 31, 2023 for Program Years Eleven through Thirty. (HANDOUT)

Agenda Item No. F.4
Workers' Compensation Committee Meeting
Meeting Date: May 16, 2024

PY 35 (2024-25) Renewal Costs

ISSUE: The Workers' Compensation Program will be renewing July 1, 2024. The Committee should consider a recommendation for the upcoming renewal.

RECOMMENDATION: The Program Administrators recommend that the Committee recommend to the Executive Board approval of the renewal at the expiring program structure transferring the Pooled Layer risk (\$0 - \$250,000) to the Clean Water Insurance Captive (CWIC).

FISCAL IMPACT: The following table outlines the fiscal impact for Program Year 35 at the expiring program structure.

Expense Item	PY	PY	Change	
	2023/24	2024/25		
Ult. Net Loss / CWIC Gross Premium	4,081,842	3,823,534	-258,308	-6.33%
Est. XS Insurance Exp. (Net)	724,462	782,326	57,864	7.99%
Buy Down Insurance Exp.	908,176	950,000	41,824	4.61%
Estimated Program Expense	<u>959,535</u>	<u>988,308</u>	<u>28,773</u>	<u>3.00%</u>
Total Expected Costs	6,674,015	6,544,168	-129,847	-1.95%

BACKGROUND: The cost of the renewal can be summarized in three major categories: CWIC Gross Premium / Ultimate Net Loss, Estimated Excess/Reinsurance Insurance Expense and Estimated Program Expense.

Alliant's actuarial team performed the actuarial analysis to develop the "CWIC gross premium". The analysis includes the costs to fund losses in the \$0 - \$250K layer and CWIC's administrative expenses. The actuary is projecting a year-over-year decrease in funding as a result of favorable loss development. The Willis Towers Watson (WTW) actuarial study also projected funding for the \$0 - \$250K layer (ultimate net loss) should CSRMA wish to retain the risk in lieu of transferring it to CWIC. WTW's projected funding to retain the risk is approximately 5% more than the cost to transfer the risk to CWIC (gross premium) at the 70% confidence level.

The premium for the "estimated excess insurance expense" increased approximately 8%, mainly due to an increase in member exposure (payroll). Safety National provides Statutory Limits excess of \$1,000,000.

The premium for the "buy down insurance expense" (reinsurance) is expected to increase less than 5%. The renewal quote has not been received and therefore the premium has been estimated conservatively as shown in the table above. State National Insurance

Company provides coverage for a buffer layer (\$750,000 x \$250,000) between CWIC and Safety National.

The “Estimated Program Expense” comes from the Board approved budget. The 3% increase is mainly due to an increase in the Outside Safety line item.

ATTACHMENTS: None.

Dividend Calculation at December 31, 2023

ISSUE: Each year, the Board of Directors evaluates declaring a dividend from retained funds held in the Workers' Compensation Program. Declaration of dividends is governed by Policy & Procedure No. 4-WC, which allows for dividends to be declared from completed program years if the following requirements are met:

- The Program, on an aggregate basis, is funded to a 70% confidence level with retained funds in excess of the pooled layer per occurrence limit currently in force.
- Dividends cannot be declared sooner than five years after expiration of a program year.
- No more than 25% of any years' retained earnings will be declared as dividends.
- The retained funds amount is in excess of seven (7) times the pooled layer per occurrence limit currently in force prior to the dividend calculation, subject to a minimum retained fund balance in the program after the dividend is calculated in the amount of \$5,000,000.

As of June 30, 2023, the Workers' Compensation Program audited net equity figure was \$4,569,513 and therefore dividends are not eligible for declaration.

RECOMMENDATION: None. Information only.

FISCAL IMPACT: None.

BACKGROUND: The Retrospective Rating Plan (RRP) limits retrospective returns to 25% of the members' original deposits. This means that additional funds are left in the pool; which are not necessary to pay claims. The Board of Directors adopted Policy & Procedure No. 4-WC to govern calculation and declaration of dividends. The Dividend Policy & Procedure allows that up to 25% of the retained funds of an eligible program year may be returned to members in the form of a dividend. Unlike the RRP, which assesses members with poor loss performance, dividends are shared among all members, although the share of members with poor loss performance is reduced.

ATTACHMENTS: None.

CSRMA Risk Control Work Plan for 2024/25-2025/26

ISSUE: Attached is the Executive Board-approved Risk Control Work Plan for FYs 24/25-25/26.

RECOMMENDATION: None – information only.

FISCAL IMPACT: As depicted on the work plan.

BACKGROUND: Each March, CSRMA Risk Control prepares an outline of the initiatives to be undertaken in the coming two years to address ongoing and new exposures.

At the 2011 Long Range Planning Session, the Executive Board thought it would be helpful and more efficient to form a Sub-Committee to review the Work Plan ahead of time. The Chairs of the Workers' Compensation and Liability Committees form the Risk Control Work Plan Sub-Committee and develop proposed risk control work plan items for the upcoming program year. The recommendations of the Risk Control Work Plan Sub-Committee are then presented to each Committee and their comments incorporated into the draft Risk Control Work Plan which is then presented to the Executive Board for discussion at the annual Long Range Planning meeting in March.

ATTACHMENTS: FY's 24/25-25/26 CSRMA Risk Control Work Plan.

Budget Version		Continuing Risk Control Tasks	New Risk Control Initiatives	Total Proposed Risk Control Budget 24/25	% Change from 23/25 Budget	Budget 1 Impacts
Budget 0		\$ 407,000	\$ 92,559	\$ 499,559	23%	This is the budget version recommended by both Committees and adopted by the Executive Board for inclusion in the FY24/25-25/26 budget at their March 2024 Long Range Planning retreat
Budget 1 (<i>reduced</i>)		\$ 377,500	\$ 92,559	\$ 470,059	16%	
Budget Detail for Proposed FY 24/25						
Task	FY23/24 Budget	Budget 0 - Committee and EB Selected	Budget 1	Notes		
Continuing Risk Control Items:						
•Update 15 online courses	\$ 36,000	\$ 36,000	\$ 24,000	Costs have remained flat at \$36k 5+ years		Update 10/123 courses rather than 15/123 courses: Possible reduced Vector usage due to content becoming stale faster
•Safety Reimbursement	\$ 75,000	\$ 75,000	\$ 75,000	Budget increased by EB FY23/24		
•Wellness Reimbursement	\$ 42,000	\$ 42,000	\$ 42,000	Budget increased by EB FY23/24		
•Vector annual subscription	\$ 120,100	\$ 156,000	\$ 156,000	Due to increased utilization and 10% fee increase after 3 yr contract term ended		
•Rco/Vector Utilization and General Support	\$ 24,000	\$ 24,000	\$ 24,000	Costs have remained flat 5+ years		
•RCO Tech Support	\$ 5,000	\$ 5,000	\$ 5,000	Costs have remained flat 5+ years		
•RCO Programming/Server Space	\$ 13,200	\$ 14,000	\$ 14,000	Increase due to increased server space needs and ADA compliance tools		
• Develop up 10 new online courses	\$ 35,000	\$ 35,000	\$ 17,500	Costs have remained flat at \$35k 5+ years		Develop 5 new courses rather than 10; Possible reduced Vector usage and inability to develop training mtls on new regs/risks throughout FY; Both Committees recommended this item be funded up to 10 courses at the discretion of the Risk Control Advisor and Program Administrators
•Smart SOP	\$ 25,000	\$ 20,000	\$ 20,000	Reduction due to reprogramming as a web vs mobile app; app will remain mobile friendly; conversion also included many feature upgrades and user experience enhancements		

Budget Version		Continuing Risk Control Tasks	New Risk Control Initiatives	Total Proposed Risk Control Budget 24/25	% Change from 23/25 Budget	Budget 1 Impacts
•Physical Demand Software	\$ 10,000	\$ -	\$ -	Costs have remained flat for 4+ years		Elimination of the Physical Demand Calculator software; Members will lose access to a tool that evaluates lifting tasks for risk against NIOSH and Liberty Mutual Tables; Members submitting Workers' Compensation Excellence applications will lose access to the calculator to complete certain tasks on the existing award application; Both Committees recommended this line item not be funded (\$12k) going forward as it has served its intended purpose
New Risk Control Initiatives						
•Cyber Security	\$ 20,000	\$ 92,559	\$ 92,559	2023 LRP Action Item to expand cyber risk control services		Cost increase from \$85k to add two webinars and a new CSRMA member.
•Wildfire Risk Assessments at 3 members	NA	\$ -	\$ -			Elimination of the wildfire risk assessments for 3 members; Alternative is for Fireline to provide seminar at CASA/CSRMA training; Both Committees recommended this line not be funded (\$9k) but to invite them to speak at a CSRMA/CASA event to make members aware of the service and its value
TOTAL	\$ 405,300	\$ 499,559	\$ 470,059			

California Sanitation Risk Management Authority
 ~ Risk Control Work Plan 24/25-25/26 Budget ~

#	Existing Task	New Task	Core, Continuing, or New	Projected Cost	Services Provided By	Notes	Value to Members
1	<p>Update the CSRMA Risk Control Survey Engine every 3 years to reflect regulatory changes, new and emerging exposures and best practices as directed by the Executive Board and the Workers' Compensation and Pooled Liability Committees.</p> <p>Administer the CSRMA Risk Control Survey every 3 years to the pooled program members.</p> <p>Following the deadline to complete the Risk Control Survey, conduct a follow up visit to review deficiencies and recommendations in each member's risk control survey report. All follow up visits will be completed prior to the administration of the next Risk Control Survey.</p> <p>Member site visits will be scheduled as member's complete the Risk Control Survey with priority given to those members scoring the lowest and with the highest x-mod.</p>	No change	Core	Included in Alliant contract for JPA Admin	Alliant		High
2	Write and distribute 12 monthly editions of the Did You Know e-newsletter.	No change	Core	Included in Alliant contract for JPA Admin	Alliant	These are used to convey risk control and compliance information and to highlight different features/updates available on Risk Control Online	High
3	Update & distribute the CSRMA Member Contact Directory	No change	Core	Included in Alliant contract for JPA Admin	Alliant	<p>This is used internally for targeted member communications and is also provided to other members for networking and problem-solving purposes.</p> <p>This is housed on the new Risk Control Online and is only accessible after logging into RCO with username and password.</p>	Low

#	Existing Task	New Task	Core, Continuing, or New	Projected Cost	Services Provided By	Notes	Value to Members
4	Provide member hotline service via phone & email	No change	Core	Included in Alliant contract for JPA Admin	Alliant	Approximately 3hours/day is spent responding to member emails/phone calls and researching issues assistance is requested.	High
5	Advertise and implement the CSRMA Risk Control and Wellness Reimbursement Programs	No change	Core	Included in Alliant contract for JPA Admin	Alliant		High
6	Provide annual workers' compensation and pooled liability loss analysis reports to each Committee and Executive Board	No change	Core	Included in Alliant contract for JPA Admin	Alliant	This reflects actual practice	High
7	Recommend expenditures from the CSRMA Safety Other budget to the Program Administrators that will benefit CSRMA's risk control efforts	No change	Core	Included in Alliant contract for JPA Admin	Alliant		High
8	Administer the CSRMA Workers' Compensation Excellence award program	No change	Core	Included in Alliant contract for JPA Admin	Alliant		High
9	Schedule, arrange & provide the following training seminars: a. CASA /CSRMA Risk Management Seminars 1. Summer 2. Winter b. A minimum of 18 webinars		Core	Included in Alliant contract for JPA Admin	Alliant		High
10	Training: <ul style="list-style-type: none"> • Provide up to 6 training workshops at member locations on risk control topics, excluding CalOSHA & CalEPA regulatory compliance, affecting CSRMA • Oversee the administration of 10 annual vendor-provided physical demand assessments or industrial ergonomics trainings at member locations • Schedule and oversee 10 annual EPL online seminars on topics suggested by CSRMA legal counsel and/or LCW • Oversee implementation and utilization of Vector Solutions (<i>formerly Target</i>) 	No change	Core	Included in Alliant contract for JPA Admin	Alliant	These workshops are provided to individual members, regionally and by request at CWEA training events. Typically, more than 6 requests are made per year and are provided, based on availability. Added 12/16/20: ergonomics and EPL training and Vector Solutions	Medium
11	Oversee the periodic update of the various CSRMA Risk Control manuals & training programs	No change	Core	Included in Alliant contract for JPA Admin	Alliant		High
12	Prepare agenda items for the various CSRMA meetings, as needed	No change	Core	Included in Alliant contract for JPA Admin	Alliant		High
13	Oversee the distribution of the CSRMA Well Workplace monthly newsletter	No change	Core	Included in Alliant contract for JPA Admin	Alliant	This is a popular monthly mailing encouraging workplace and personal	Medium (inc in monthly)

#	Existing Task	New Task	Core, Continuing, or New	Projected Cost	Services Provided By	Notes	Value to Members
						wellness issues. This supports CSRMA's risk control efforts targeting soft tissue injuries and health risk factors that can contribute to workplace injuries. CSRMA currently distributes ~800 copies per month.	Did You Know)
14	Assist CSRMA with the development of risk control programs, initiatives & trainings to address ongoing and new loss exposures as needed or directed. Past topics addressed include: -Cyber security issues for employees and IT staff	No change	Core	Included in Alliant contract for JPA Admin	Alliant		High
15	Oversee the implementation of the CSRMA Workers' Compensation Claims Management Program	No change	Core	Included in Alliant contract for JPA Admin	Alliant		High
16	Coordinate with the efforts of the CSRMA Return to Work Consultant	No change	Core	Included in Alliant contract for JPA Admin	Alliant		High
17	Provide CSRMA with research/analysis of various risk control topics affecting CSRMA as needed/directed	No change	Core	Included in Alliant contract for JPA Admin	Alliant		High
18	Maintain a library of sample risk control materials for distribution to CSRMA as requested	No change	Core	Included in Alliant contract for JPA Admin	Alliant	Members routinely request sample CalOSHA, SWRCB and employment policies to use as the basis for developing their own.	High
19	Communicate with the CSRMA Program Administrator's to facilitate the delivery of risk control services	No change	Core	Included in Alliant contract for JPA Admin	Alliant		High
20	Prepare an annual 2-year Risk Control Work Plan for presentation to the CSRMA Executive Board at their annual Long Range Planning meeting	No change	Core	Included in Alliant contract for JPA Admin	Alliant		High

Continuing Risk Control Programs for FY 24/25 & 25/26									
#	Task	Justification	Core, Continuing or New	Budget FY 23/24	Projected FY24/25 Costs	Projected FY25/26 Costs	Services Provided By	Notes	Value to Members
22	<p>Update and refresh 15 online training modules.</p> <p>Modules targeted for FY 24/25 will be the oldest modules and any requiring an update due to regulatory changes.</p> <ul style="list-style-type: none"> • IIPP • Sewer Cleaning Nozzle Selection • Temporary Traffic Control • Vacuuming: Comb Units • Backhoe Operation • Skid Steer Safety and Operation • Mechanical Rodding • Lateral Maintenance • Fall Harness Inspection and Adjustment • New Employee Safety Orientation for Office Workers • Hearing Conservation • Hazardous Waste Storage Inspection Requirements • Welding Safety • Workplace Bullying • Workplace Violence 	<p>History: CSRMA's goal was to update and refresh the look and feel of 10 out ~110 CSRMA online training modules each year in order to keep them current and maintain interest of the members and subscribers.</p> <p>CSRMA has consistently updated/refreshed 10CBTs/year. At the 2018 LRP, the EB discussed updating 20 each year so that CBTs are updated every 5-7years rather than the current rate of once every 10-12years.</p> <p>2020 LRP: Recommended to update 15CBTs/year</p>	Continuing	\$36,000	\$36,000	\$36,000	Proposed : DKF Solutions Group	<p>Updated FY23/24:</p> <ul style="list-style-type: none"> • Supervisor: Drug and Alcohol Awareness • Employees: Drug and Alcohol Awareness • Bypass Pumping • CCTV • Collections Systems 101 • Jet Rodding • Lateral Maintenance • Mechanical Rodding • Plugging Sewers • Roadway Resortation and Repairs • Respiratory Protection • Spot Repairs • Defensive Driving • Hotwork • SSO Emergency Response Preparedness 	High
23	Risk Control and Safety Reimbursement	Continuation of the incentive program created by the Workers' Compensation Committee in 2009.	Continuing	\$75,000 (increased to reflect reimb amount of \$2500); budget funds 30 members to participate annually	\$75,000	\$75,000	NA	<p>This budget item is fully utilized each year; the WCC has recommended this program be available to members of either pooled program.</p> <p>FY 23/24: EB increased reimbursement amount to \$2,500/member</p>	High

Continuing Risk Control Programs for FY 24/25 & 25/26									
#	Task	Justification	Core, Continuing or New	Budget FY 23/24	Projected FY24/25 Costs	Projected FY25/26 Costs	Services Provided By	Notes	Value to Members
								The combined budget actual for Safety + Wellness = <ul style="list-style-type: none"> • FY16/17 \$79,479 • FY17/18 \$78,181 • FY18/19 \$81,582 • FY19/20 \$89,493 • FY20/21 \$91,716 	
24	Employee Health Promotion Reimbursement	Continuation of the incentive program created by the Workers' Compensation Committee in 2009.	Continuing	\$42,000 (increased to reflect reimb amount of \$1400) budget funds 30 members to participate annually	\$42,000	\$42,000	NA	This budget item is fully utilized each year; the WCC has recommended this program be available to members of either pooled program. FY 23/24: EB increased reimbursement amount to \$1,400/member	High
25	CSRMA's subscription to Vector Solutions and annual maintenance fee		Continuing	\$120,100	\$156,000	\$156,000	Vector Solutions		High
26	Update, manage, provide support and drive utilization for the CSRMA Target Solutions, including instructional webinars and other video tutorials.	This service requires update, member training and oversight to remain useful to the membership.	Continuing	\$24,000	\$24,000	\$24,000	DKF Solutions	Vector indicates CSRMA is among the highest user subscribers they have for poll clients	High
27	Technical support for RCO and CSRMA-developed content.	The past year has been marked by a substantial increase for the need to have technical support available to RCO and CSRMA-developed tools/resources. SIPE is unable to provide this. KBF Services has provided this service largely at no cost in the past as the need was limited. Due to the increased volume of support requests, KBF Services is charging for their	Continuing	\$5,000	\$5,000	\$5,000	KBF Services		High

Continuing Risk Control Programs for FY 24/25 & 25/26									
#	Task	Justification	Core, Continuing or New	Budget FY 23/24	Projected FY24/25 Costs	Projected FY25/26 Costs	Services Provided By	Notes	Value to Members
		time this FY and going forward.							
28	Annual support for Builders (usage and programming)		Continuing	\$13,200	\$14,000	\$14,000	DKF Solutions	FY22/23: Add \$4,800 RCO maintenance and \$490 Accessibee	High

Continuing Risk Control Programs for FY 24/25 & 25/26

#	Task	Justification	Core, Continuing or New	Budget FY 23/24	Projected FY24/25 Costs	Projected FY25/26 Costs	Services Provided By	Notes	Value to Members
29	<p>Develop 5 new web based training modules. Topics envisioned target areas of CSRMA's highest loss frequency, greatest risk or new regulatory requirements.</p> <p>Topics envisioned for FY24/25 include:</p> <ul style="list-style-type: none"> • Water Sampling Following a Sewer Spill (2018) • How to Complete a JHA • Wastewater Treatment Plant Safety Inspections • Slips, Trips and Falls and the ASTM new Coefficient of Friction Std for Safety Footwear • CalOSHA Incident Reporting and Recordkeeping Requirements • How to Evaluate and Classify WWTP Confined Spaces • How to Complete the SWRCB Annual Collection System Reports • Soft Tissue Injury Risks and Solutions for Collection Workers • Ditto for Operations and Maintenance • FOG Program Best Practices 	<p>The goal of this annual work plan item is to help ensure members have access to training materials related to CSRMA's exposures and new regulatory requirements that may impact CSRMA member risks.</p>	Continuing	\$35,000	\$35,000	\$35,000	DKF Solutions Group	<p>FY22/23 budget = \$35,000</p> <p>Topics completed in FY23/24:</p> <ul style="list-style-type: none"> • New SSWDR Spill Emergency Response Plans and CSRMA p/p for Residential Sewer Backup Response • Spill Prevention Control and Countermeasure Plan • Hazwoper Awareness • Boiler and Pressure Vessel Safety Inspections • Lab Safety • Lab Basics for a WWTP Operator • Forklift Safety • Construction Site Safety For Engineers/Construction Inspectors • CalOSHA's Multi-Employer Safety Regulation • TBD 	High
30	SMART SOP improvements	<p>The following are items that we've either recv'd feedback members would like to see or we believe ought to be pursued. Please note this list would take ~\$75-\$125k to complete. The recommendation is that the</p>	New	\$25,000	\$20,000	\$20,000	DKF Solutions Group and AndPlus	<p>FY22/23 budget = \$25,000</p>	Medium

		<p>list be prioritized and tackled in \$15-\$25k chunks each year.</p> <ol style="list-style-type: none"> 1. Duplicate SOPs (create new from existing) 2. In-app image editing 3. Multi-step draft/edit process (i.e., procedures can be passed back and forth between creators and reviewers before publishing final—currently the workflow is Develop Draft >> Submit for Approval >> Approve) 4. Search/Filter SOP/LOTO lists 5. Download a certain number of SOPs for offline viewing 6. Template library (global) 7. Expand help/FAQs on website and/or in-app 8. Backend administrator management 9. add/delete users, etc.) 10. Bug fixes and backend maintenance (performance, security, compatibility, etc.) 11. Add a CSRMA Pool folder so CSRMA can push documents= SOPs, JITT tools, etc to the employees of members 							
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34	Physical Demand Calculator: Identify the physical demands for various tasks and identify those tasks placing employees at risk.	<p>This tool provides data that helps match worker and task, identifies tasks that need to re-designed due the soft tissue hazards involved and will help address CSRMA's #1 type of injury (soft tissue) and the cause (strain/overexertion).</p> <p>Members currently pay Don Freeman \$6k to have him evaluate 10 positions. For \$10k/year all members would have access to his web application that will provide the same output. For members wanting additional help, members would pay \$100/job classification to have Don remotely work the application for them and provide/explain the results.</p>	New	\$10,000/year for 3 years	\$12,000 year for 3 years	\$12,000 year for 3 years	Occu-Metric	<p>FY22/23 budget = \$10,000</p> <p>The contract expires FY22/23. Recommend renewing for 3years.</p>	Medium Develop 5 new courses
Total Projected Cost for Continuing Items:				\$385,300	407,000	407,000			

New Initiatives for FY24/25 & 25/26

#	Task	Justification	Core, Continuing or New	Budget FY 23/24	Projected FY24/25 Costs	Projected FY25/26 Costs	Services Provided By	Notes
32	Cyber security services that may include: <ul style="list-style-type: none"> Kynd Cyber Risk Services 	Cyber security is a real threat to member agencies, especially smaller ones with limited cyber security resources	New	\$20k	\$92,559	\$92,559	Kynd	This is an action item from the 2023 Long Range Planning session: The Executive Board directed the Program Administrators and the CSRMA Risk Control Advisor to enhance and expand the cyber security services and resources CSRMA offers to its members. Objective: To prevent and mitigate cyber related losses impacting the CSRMA membership.
33	Wildfire risk assessments at 3 member locations	The intent on performing these at 3 member locations is to demonstrate the value of the service to members in areas with assets subject to wildfire risk. The results of the 4 assessments would be presented by Fireline at an upcoming CSRMA/CASA training session.	New	NA	\$9k	NA	Fireline	
TOTAL				\$20k	\$92,559	\$92,559		

	Adopted in FY22/23 for FY 23/24	Preliminary Projections for FY 24/25 in FY 23/24	Projected FY 24/25	Preliminary Projected FY 25/26	% Change FY23/24 (adopted budget) to FY 24/25 (proposed budget)
Proposed Continuing Risk Control Programs	\$385,300	\$397,060	\$407,000	\$407,000	+23%
Proposed New Initiatives	\$20,000	\$20,000	\$92,559	\$92,559	
Total	\$405,300	\$417,060	\$ 499,559	\$ 499,559	
Fiscal history: -FY 17/18 Outside Safety Consultant Budget: \$297,550 (actual 283,701) -FY 18/19 Outside Safety Consultant Budget: \$260,800 (actual \$260,800) -FY 19/20 Outside Safety Consultant Budget: \$284,600 (actual \$319,087) Covid – additional expenses due to training and additional support -FY 20/21 Outside Safety Consultant Budget: \$321,400 (actual \$345,919) Covid – additional expenses due to training and additional support					

<p>-FY 21/20 Outside Safety Consultant Budget: \$353,900 (<i>actual \$303,756</i>) -FY 22/23 Outside Safety Consultant Budget: \$348,500 (<i>actual to date \$300,675</i>)<i>The majority of the work plan budget is used in the 1st/2nd quarter each year</i></p>	
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Safety/Loss Control and Wellness Reimbursements

ISSUE: In order to help expedite processing of reimbursement requests, the CSRMA Executive Board gave staff direction to review and appropriately process reimbursement requests and then present a summary of the reimbursement requests and action taken to the Workers' Compensation Committee at each meeting.

RECOMMENDATION: Review the attached reimbursement request summary and discuss.

FISCAL IMPACT: Both reimbursement programs have been included in the current fiscal years' risk control budget.

BACKGROUND: CSRMA has a history of wishing to reward those members who invest in controlling their risk. In the Workers' Compensation Pool, CSRMA rewards top performers with the Workers' Compensation Excellence Award.

The 2023/24 Risk Control Budget was approved with funding for these two risk control incentive programs similar to what other pools offer their membership.

Only those requests that have been submitted and approved since the last Workers' Compensation Committee meeting are included on the attachments.

ATTACHMENTS: Reimbursements Since Last Committee Meeting

Wellness Reimbursement Program: Reimbursements Since Last Committee Meeting					
Member	Contact	PT/Qtr	Approved Amount	Category	Description
Ojai Valley SD	Alison Young	2024Q3	\$1,400	Program Management	Fitbit Watches: help staff monitor their movement levels and encourages exercise
Monterey One Water	James Coleman	2024Q3	\$1,400	Equipment	Monitors/webcams/supplies/gifts for Wellness Challenge - gifts and awards for wellness program; monitors/webcam so more staff can attend meetings/trainings; supplies to print/create wellness information posters, all of which promote wellness and safety

Safety and Risk Control Reimbursement Program: Reimbursements Since Last Committee Meeting					
Member	Contact	PY/Qtr	Approved Amount	Category	Description
Ojai Valley SD	Alison Young	2024Q3	\$2,500	Consulting	Safety consultant to ensure OSHA/DOT compliance, IIPP update and annual trainings.
Central Marin SA	Rebecca Brewer	2024Q3	\$1,428.51	Equipment	Anti-fatigue mats: to improve comfort and reduce ergonomic hazard/fatigue associated with extended periods of standing work required of analysts; Improved LOTO devices: replaced previous LOTO devices that were not an ideal fit.
Monterey One Water	James Coleman	2024Q3	\$2,500	Equipment	Respirator Quantitative Fit Testing Unit - unit is able to complete respirator quantitative fit testing in-house wo contracting an outside company.

Agenda Item No.G.3
Workers' Compensation Committee Meeting
Meeting Date: May 16, 2024

Spring/Summer/Fall 2024 Area Training Update

ISSUE: As part of CSRMA’s ongoing risk control efforts, training is provided on topics of interest to the CSRMA membership at multiple locations throughout the year.

Topic	Tentative Dates	Tentative Locations
Sentinel Training Program for WC members	FY23/24	Zoom
August CSRMA/CASA Risk Mgt Seminar <ul style="list-style-type: none"> • Janice Litvin (Banish Burnout) • Bonnie Kolesar (Managing Risk) • Fred Deschamps (FitMe) • Tamarin Austin (Austin Clean Water) 	July 31	Monterey
Sewer Summit	October 12	Virtual conference
Webinars:	May-July	Webinars
4/23/24	Effective Tailgate Safety Meetings/Trainings	
4/24/24	Wrong Chemical into the Wrong Tank - Could an incident like this occur at your Water or Wastewater Treatment Plant?	
4/25/24	Insurance Requirements in Contracts	
4/30/24	Accident Investigation Reporting Roles and Responsibilities - Who, What, When, Where, Why and How	
5/7/24	Navigating FEMA Assistance: An Insider’s Guide To Effectively Obtaining FEMA Assistance Following a Declared Disaster	
5/7/24	Navigating FEMA Assistance: An Insider’s Guide To Effectively Obtaining FEMA Assistance Following a Declared Disaster	
5/9/24	SERP Services – Professional Support for Sewer Spill Response, Training and Compliance	
5/14/24	Water Distribution & Treatment Operator Math Workshop - Webinar	
5/15/24	Developing a Stormwater Emergency Response Plan	
5/16/24	Underground Service Alert	
5/21/24	Managing Sidewalk Liability- Sidewalk Best Practices	
5/22/24	What Supervisors Need to Know About Workers' Compensation to Avoid Legal Pitfalls	
5/22/24	Mastering FOG Management: Best Practices for an Effective Fats, Oils, and Grease Program	
5/23/24	Finding Solutions to Drinking Water Treatment Scenarios	

5/28/24	Understanding The ASTM F3445 Slip Resistant Footwear Standard
5/30/24	Change Management Leading Your Team Through Transformation
6/4/24	Developing Your Leadership Skills Webinar
6/5/24	Smooth Operations, Solid Safety: Harnessing Smart SOP for SOPs and LOTO
6/11/24	NFPA 70E Electrical Safety for Water and Wastewater Workers
6/13/24	CalOSHA Inspection and Serious Injury Reporting - Understanding and Knowing Your Responsibilities, Rights and Requirements
6/19/24	Soft Tissue Injury Risks and Solutions for Collection, Ops and Maintenance Workers
6/20/24	How To ID and Classify Confined Spaces for Wastewater Workers
6/25/24	Wildfire Property Risk Mitigation for Agencies that Own and/or Operate Exposed Facilities
6/27/24	Forklift Safety Awareness
7/11/24	Developing Condition Assessment Programs

RECOMMENDATION: None – information only.

FISCAL IMPACT: Approximately \$60,000. These training programs are part of the 23/24 and 24/25 risk control training budget.

BACKGROUND: As part of CSRMA’s ongoing risk control efforts, training is provided on topics of interest to the CSRMA membership at multiple locations throughout the year. Each training topic is selected based on timeliness and member need. Further, each training event has two goals:

- To provide information and training that is timely, useful, understandable and practical for the purposes of loss control and regulatory compliance;
- To reach the largest number of people for which the training was designed in the most cost-effective manner possible.

ATTACHMENTS: None



Compost

BY DAN CHELOTTI

There is magic in decay.
A dance to be done
For the rotting, the maggot strewn
Piles of flesh which pile
Upon the dung-ridden earth
And the damp that gathers
And rusts and defiles.
There is a bit of this
In even the most zoetic soul —
The dancing child's arms
Flailing to an old ska song
Conduct the day-old flies
Away to whatever rank
Native is closest. Just today
I was walking along the river
With my daughter in my backpack
And I opened my email
On my phone and Duffie
Had sent me a poem
Called "Compost." I read it
To my little girl and started
To explain before I was three
Words in Selma started
Yelling, Daddy, Daddy, snake!
In the path was a snake,
Belly up and still nerve-twitching
The ghost of some passing
Bicycle or horse. Pretty, Selma said.
Yes, I said. And underneath my yes
Another yes, the yes to my body,
Just beginning to show signs
Of slack, and another, my grasping

In the dark for affirming flesh
That in turn says yes, yes
Let's rot together but not until
We've drained what sap
Is left in these trees.
And I wake in the morning
And think of the coroner
Calling to ask what color
My father's eyes were,
And I asked, Why? Why can't
You just look — and the coroner,
Matter-of-factly says, Decay.
Do you want some eggs, my love?
I have a new way of preparing them.
And look, look outside, I think this weather
Has the chance of holding.

Source: *Poetry* (June 2014)

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Zywave Professional Front Page News - Wednesday, April 17, 2024

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'Godfather' gets 54 years in \$150 million Southern California workers' comp scheme

Publication Date: **04/15/2024**
Source: **Pasadena Star-News (CA)**

A man, who Riverside County Superior Court records say called himself "The Godfather," was ordered to serve 54 years in state prison and pay \$23 million in fines for masterminding a criminal organization that attempted to bilk the state out of \$150 million in a workers' compensation fraud, the District Attorney's Office said on Monday, April 15.

Judge Charles J. Koosed sentenced Peyman Heidary, 53, on Friday, April 12, after his January conviction on 68 counts of insurance fraud, money laundering, conspiracy and other crimes, including falsely advertising himself as a lawyer.

Koosed said Heidary had a deep knowledge of workers' compensation.

Heidary, a chiropractor, operated sham law firms and medical clinics in Riverside, Orange and Los Angeles counties.

From 2009 to 2014 Heidary used his law firm to recruit legitimately injured people and exaggerated their injuries. He ordered his employees to provide unnecessary treatments that resulted in inflated billings to insurance companies, the DA's Office said.

"The California workers' compensation system is designed to help injured workers get back on their feet without ruining them financially," District Attorney Mike Hestrin said in a statement. "Sophisticated criminals like Mr. Heidary don't just steal money, they take advantage of innocent patients. The sentence handed down ...

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Cyber Risk Awards

sends a strong message that these types of offenses will not be tolerated in Riverside County.”

Heidary was charged in 2014. The criminal complaint listed his aliases as Brian Heidary, The Godfather and Number One. His attorney at the time said Heidary referred to himself as the latter two as a joke. A message left with his current attorney on Monday seeking comment was not immediately returned.

Heidary was listed in public records as president of California Health Care Management in Corona, Anaheim and La Habra; The Best of California Promotions and Management in Corona, Fullerton and Orange; Heidary Chiropractic in Corona, Fullerton and Anaheim; Doctor’s Reports Inc. in Fullerton and La Habra; California Injury Lawyers in Corona; and California Lawyers Network in Industry. Other records showed Heidary was a past managing member of the Riverside Health Clinic, the Corona Health Clinic and the Santa Ana Health Clinic.

At the time of his arrest, the DA’s Office said insurance companies had paid him less than \$50 million.

Two others were convicted in the case.

Cary David Abramowitz was convicted of three counts of insurance fraud and one count of conspiracy in 2021. He was sentenced to about one year in the Sheriff’s Department’s work-release program.

Erica Torres was convicted of seven counts of insurance fraud. She is scheduled to be sentenced on June 20.

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Increase in earbud use creates safety hurdles

BY JON CAMPISI

jcampisi@businessinsurance.com

The death of a woman who was fatally injured while trying to retrieve a lost earbud from a conveyor belt while working at a golf cart manufacturing plant has raised concerns about increased workplace distractions.

The woman died March 9 after she was trapped in machinery at the Club Car LLC facility in Evans, Georgia. The incident is being investigated by the U.S. Occupational Safety and Health Administration.

Safety experts say the incident highlights the need for employers to introduce additional rules and training to address the increased use of earbuds and other technology that can impair hearing at work.

Industries affected include construction, food production, manufacturing, transportation, delivery, utility work or any other job where awareness of surroundings or the ability to quickly communicate, is important, experts say.

"You're not going to have situational awareness when you've got music playing into your ears or if you're talking on the phone with somebody," said Don Enke, St. Louis-based vice president of risk services for Safety National Casualty Corp.

OSHA offers advice on earbud use in construction (see box) but does not have a specific earbuds regulation. Most citations for safety violations related to the use of distracting technologies would be under its general duty clause, Mr. Enke said.

CONSTRUCTION SAFETY ADVICE

The U.S. Occupational Safety and Health Administration says headphones can be permitted on construction sites unless they:

- ❌ Lead to struck-by incidents.
- ❌ Mask important environmental sounds.
- ❌ Drown out the approach of moving equipment and heavy machinery.

Edwin Palmer, an attorney with Pittsburgh-based Burns White LLC, who represents employers in OSHA matters, said he is aware of more cases in which workers were injured due to their use of earbuds or other personal items that distracted them from job tasks requiring focus.

Companies should ensure workers are not placed in a "potentially dangerous or hazardous situation" by engaging in dis-



tractions at work sites that "have a lot of activity," Mr. Palmer said.

While employees may be at fault for engaging in distracting activity including earbud use, injuries arising out of such situations will likely be compensable (see related story).

The Georgia incident also highlights the issue of lockout/tagout procedures in industries such as manufacturing.

"You shouldn't be interfacing with moving equipment, conveyors, without shutting it down and isolating energy sources," Mr. Palmer said.

A Risk & Insurance Management Society Inc. spokesman said that in food production and manufacturing it's "common practice for organizations to have policies in place that prohibit workers ... from using earphones and cellphones."

Prevention is key when trying to cut down on incidents involving distractions, such as workers using earbuds, because enforcement of safety policies can be more difficult, said John Geaney, co-chair of the workers compensation practice at Mt. Laurel, New Jersey-based law firm Capehart Scatchard PA.

"You've got to have a safety program. You have to pursue it aggressively," he said.

John Lastella, Hauppauge, New York-based vice president of claims for third-party administrator Broadspire, a subsidiary of Crawford & Co., said many of his clients are updating employee manuals to prohibit distractions such as earbud use and offering training on the inherent dangers of these types of distractions.

For example, the U.S. Postal Service has a policy permitting workers to use earbuds, but only in certain situations, a spokesman said.

Letter carriers, who cross streets and may deal with pets, aren't permitted to

use headphones while driving or on foot, and their use is prohibited near moving machinery, during oral business communications or while in contact with the public, he said.

"You're not going to have situational awareness when you've got music playing into your ears or if you're talking on the phone with somebody."

Don Enke, Safety National

Earbuds are permitted for USPS employees whose duties are performed while seated or stationary but only when it doesn't interfere with work or create a safety hazard, the spokesman said.

Managers tasked with enforcement are required to perform "work practice observations on every employee," he said, and USPS provides ongoing safety talks highlighting the importance of employee compliance.

Enforcement of certain employer policies can be difficult, and in some cases distracted employees who violate policies would likely be compensated in the event of an injury claim, experts say.

Organizations should emphasize that workplace safety policies are for the benefit of workers and should not be viewed as a means of control, said Jeff Adelson, a partner with Irvine, California-based Bober, Peterson & Koby LLP, who represents employers in workers compensation cases.

"It's the right thing to do," Mr. Adelson said. "You have a duty to keep your employees safe in the workplace."

CLAIM VALIDITY DEPENDS ON MISCONDUCT

A workplace death arising from an employee's contributory negligence is still likely to be considered a compensable injury in workers compensation, experts say.

In a Georgia case involving the death of a worker who became caught in a conveyor while trying to locate a dropped earbud, the employee broke company policy prohibiting personal earbuds at work, according to several media reports, but this type of violation is unlikely to prevent a workers comp claim, said John Geaney, co-chair of the workers compensation practice at Mt. Laurel, New Jersey-based law firm Capehart Scatchard PA.

The employer — Club Car LLC — did not respond to requests for comment.

"There's no deliberate misconduct there, and it's not reckless disregard either," he said. "That was a freak accident."

One way a claim may be found noncompensable in some states is if an employee engages in "deliberate misconduct" that leads to an injury, Mr. Geaney said.

An example of deliberate misconduct would be if a worker who is angry with his or her boss punched a wall and broke a hand. In such a case, the claim could be denied because the employee's own deliberate action led to the injury.

In California, employers could challenge a comp claim if an employee engages in "serious and willful misconduct," said Jeff Adelson, a partner with Irvine-based Bober, Peterson & Koby LLP.

In such cases, claims can be reduced by one-half of the total workers comp benefits, Mr. Adelson said. This wouldn't apply, however, in cases where the injury creates disability of 70% or more, he said.

"The employer has to have a clearly stated prohibition," Mr. Adelson said of these cases. "The employer has to take some action to stop it if they see it."

Jon Campisi



The winding road for mental injury claims

Court rulings and legislation, coupled with greater awareness of mental illness, are expected to lead to more mental injury claims in workers compensation. The claims are more subjective compared with physical claims, where an X-ray can often determine whether an injury is present.

Such claims require a different approach, experts say.



Nearly two dozen states have post-traumatic stress disorder presumptions for first responders, and two states over the past year added other workers facing PTSD diagnoses: nurses in Washington and any worker in Connecticut who experiences a traumatic event.

Given the push for mental injury acceptance, experts say claims organizations are making the issue a focus to ensure good outcomes.

Louise Esola



First step: Is it compensable?

The compensability question, as with physical claims, is front and center.

“When something like that comes across the desk, first of all it’s going to vary based on jurisdiction and whether there is a specific event that could have a mental health component. Or is it an allegation of mental health impact due to sexual harassment or management abuse or a long-term stress? And that is going to vary quite a bit based on jurisdiction,” said Jennifer Cogbill, Frisco, Texas-based senior vice president of GB Care with Gallagher Bassett Services Inc.

For PTSD claims, for example, most laws require that the sufferer experiences a qualifying incident, such as witnessing death or being a victim of crime. Some states require that a physical injury occur for a mental one to be deemed compensable. And nearly all states require

documentation and proof.

The Diagnostic and Statistical Manual of Mental Disorders, Fifth Edition, is the go-to resource for tracking symptoms and making a diagnosis. While PTSD tends to get the most attention due to the wave of legislation passed by states in recent years, diagnoses for ailments such as depression and anxiety can also enter the comp system in states that permit such claims.

Connecting the condition to work is almost always a sticking point, experts say.

The claims can be “very challenging from an investigative perspective. Ultimately, we’re looking at what’s the proximate cause of the symptoms that this person is experiencing? And are they directly correlated to their workplace?” said Jeff Gurtcheff, Atlanta-based chief claims officer at CorVel Corp.



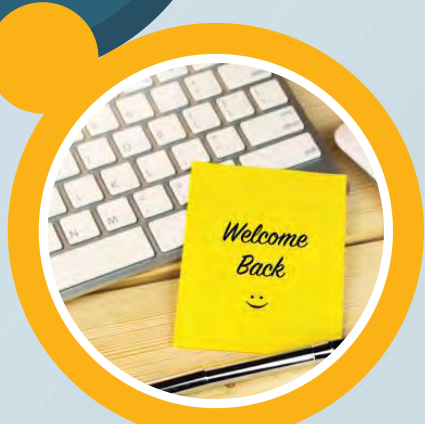
Green light to getting help

Once a mental injury claim is accepted as compensable, claims handlers adhere to guidelines for care as they do with physical claims. While some states have treatment guidelines, the evidence-based guidelines created by the Official Disability Guidelines, known as “ODG,” comprise the industry standard, said Tammy Bradly, Birmingham, Alabama-based senior director of clinical product marketing for Enlyte Group LLC.

The guidelines for PTSD, for example, highlight that a worker may need antidepressant medication immediately, individual cognitive and group therapies, and hypnosis or brain stimulation. The guidelines say that on average a person with PTSD may be out of work for 110 days and a maximum of 147 days — under “best practice,” the condition can be managed in 27 days, which does not always translate into returning to work.

Most third-party administrators and claims management organizations, especially in recent years, have well-versed staff who can manage the mental components of a claim.

“We strongly recommend, in addition to the resolution manager administratively handling the claim, that we have a clinical resource assigned,” Ms. Cogbill said. “Our nurses are behavioral health certified, which means that they have background information on how to identify and support people who have various mental health issues.”



A bumpy road

Gaining access to effective mental health care can be a challenge.

“There’s a lack of mental health professionals for workers compensation and elsewhere,” Ms. Cogbill said. “And oftentimes, finding providers that are willing to accept a fee schedule is an obstacle. If we’re advocating for an injured worker, we need to get creative with our approach on identifying providers, whether that be making direct negotiation arrangements with them or connecting with a virtual physician who may not be in that particular region.”

Return to work is also a challenge. A worker would need careful evaluation and possibly an alternative assignment, experts say.

“We have various return-to-work programs, so we can step that individual into some alternative employment to begin to have some structure around their day, and partner that with the clinical support as well,” said Karen Thomas, Culpeper, Virginia-based vice president of clinical solutions for CorVel.

Reaching maximum medical improvement with a mental claim can be a roadblock that often requires a second opinion. Some states, such as California, have an independent medical review process for such claims.

“There might be a question on the treatment that was rendered or even on whether or not the person could return to work,” Ms. Bradly said. “When you get to when the (claimant is) exhausted with treatment and you’ve not been successful, perhaps on working with the provider ... that’s when you may want to bring in something like an independent medical exam.”

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JANUARY	FEBRUARY	MARCH	APRIL
CSRMA EB - WED - 24	CSRMA LIAB (TC) - MON - 12	CSRMA LRP - SUN - TUE - 3, 4, 5	CSRMA FIN - MON - 15 (SFO)
CSRMA BD - WED - 24	CSRMA WC - THUR - 15		
<i>CASA January 24 - 26</i>	<i>PARMA February 20 - 23</i>		
<i>Palm Springs</i>	<i>Indian Wells</i>		
MAY	JUNE	JULY	AUGUST
CSRMA LIAB - MON - 6 (WC OFFICE)	CSRMA EB (TC) - MON - 10	CSRMA EB - TUE - 30	
CSRMA OC (TC) - TUES - 7	CSRMA BOD (TC) - THUR - 20	CSRMA BD - WED - 31	
CSRMA WC (TC) - THUR - 16	CSRMA OC (TC) - WED - 26		
		<i>CASA July 31 - August 2</i>	
		<i>Monterey</i>	
SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
CSRMA LIAB - MON - 9 (WC OFFICE)	CSRMA EB - MON - 7 (SFO)	CSRMA OC (TC) - FRI - 1	CSRMA EB (TC) - MON - 2
CSRMA OC (TC) - FRI - 13	CSRMA WC (TC) - WED - 16	CSRMA FIN (TC) - MON - 4	CSRMA OC (TC) - THUR - 12
		CSRMA LIAB - MON - 18 (WC OFFICE)	
<i>CAJPA September 10 - 13</i>			
<i>South Lake Tahoe</i>			

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