



1750 Creekside Oaks Drive, Suite 200, Sacramento, CA 95833  
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<https://www.sharpjpa.org/>

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**SPECIAL BOARD OF DIRECTORS MEETING  
AGENDA**

**Monday, June 27, 2022  
2:00 p.m.**

**Zoom**

**Please Contact Katie Sullivan for Videoconference Information**

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All or portions of this meeting will be conducted by teleconferencing in accordance with Government Code Section 54953(b). Teleconference locations are as follows: Sedgwick, 1750 Creekside Oak Drive, Suite 200, Sacramento, CA 95833; City of American Canyon, 4381 Broadway St, Ste 201, American Canyon, CA 94503; Town of Los Altos Hills, 26379 Fremont Rd, Los Altos Hills, CA 94022; Town of Ross, 31 Sir Frances Drake Blvd, Ross, CA 94957; and City of Saratoga, 13777 Fruitvale Ave, Saratoga, CA 95070

Each location is accessible to the public, and members of the public may address the Board of Directors from any teleconference location.

In compliance with the Americans with Disabilities Act, if you need a disability-related modification or accommodation to participate in this meeting, please contact Katie Sullivan at [katie.sullivan@sedgwick.com](mailto:katie.sullivan@sedgwick.com) (916) 244-1164 or (916) 244-1199 (fax). Requests must be made as early as possible, and at least one full business day before the start of the meeting.

Documents and materials relating to an open session agenda item that are provided to the Shared Agency Risk Pool Joint Powers Authority (SHARP JPA) Board of Directors less than 72 hours prior to a regular meeting will be available for public inspection at 1750 Creekside Oaks Dr., Suite 200, Sacramento, CA 95833.

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**Page 1. CALL TO ORDER**

**2. INTRODUCTIONS**

**3. APPROVAL OF AGENDA AS POSTED (OR AMENDED)**

- 4. PUBLIC COMMENTS** - The Public may submit any questions in advance of the meeting by contacting Katie Sullivan at: [katie.sullivan@sedgwick.com](mailto:katie.sullivan@sedgwick.com). This time is reserved for members of the public to address the Board relative to matters of the Shared Agency Risk Pool (SHARP) not on the agenda. No action may be taken on non-agenda items unless authorized by law. Comments will be limited to five minutes per person and twenty minutes in total.

**Page 5. CONSENT CALENDAR**

If a Board member would like to discuss any item listed, it may be pulled from the Consent Calendar.

- 5        \*A. Minutes of the December 7, 2021, Board of Directors Meeting
- 11       \*B. Warrant List November 1, 2021, through May 31, 2022
- 12       \*C. Interim Financial Statements as of December 31, 2021
- 16       \*D. Interim Financial Statements as of March 31, 2022
- 20       \*E. SHARP 2022/23 Calendar of Meeting Dates
- 21       \*F. Treasurer's Report as of December 31, 2021
- 32       \*G. Treasurer's Report as of March 31, 2022
- 43       \*H. Investment Policy Review Memo from PFM Asset Management
- 44       \*I. Investment Policy Review by PFM Asset Management - Redline
- 55       \*J. SHARP Conflict of Interest Code
- 60       \*K. Engagement Letter with James Marta & Company, LLP for Financial Auditing Services for 2022, 2023, and 2024
- 67       \*L. SHARP Loss Prevention Grant Balances as of May 31, 2022
- 68       \*M. SHARP Memorandum of Coverage for 2022/23

*Recommendation: Staff recommends the Board of Directors approve the Consent Calendar.*

**6. GENERAL MANAGER'S REPORT**

- 82       A. Report from SHARP's General Manager

*Recommendation: Staff recommends the Board of Directors appoint Min Su as SHARP Finance Manager.*

**7. ADMINISTRATIVE MATTERS**

- 84       \*A. Consideration of Proposed Updates to SHARP's Bylaws

*Recommendation: Staff recommends the Board of Directors approve the SHARP Bylaws, as presented, and Resolution No. 2022-03: Appointing Directors to the Local Agency Workers' Compensation Excess JPA.*

- 110      B. Consideration of New Membership – Town of Woodside

*Recommendation: Staff recommends the Board of Directors approve the Town of Woodside for membership in SHARP, effective July 1, 2022, pending approval by LAWCX and PRISM.*

**8. FINANCIAL MATTERS**

- 111      \*A. Presentation of Actuarial Study Prepared by Bickmore Actuarial

*Recommendation: Staff recommends the Board of Directors receive and file the actuarial studies, as presented.*

- 293      \*B. Consideration of the Draft Operating Budget for Program Year 2022/23.

*Recommendation: Staff recommends the Board of Directors approve the SHARP Draft Operating Budget for the 2022/23 Program Year; inclusive of the Town of Woodside effective July 1, 2022, pending approval by LAWCX and PRISM, exclusive of the Town of Woodside if either of those approvals are not met.*

\* Reference materials attached with staff report.

**Page 9. WORKERS' COMPENSATION PROGRAM MATTERS**

**301** \*A. Update on SHARP's Workers' Compensation Program

*Recommendation: None*

**303** \*B. Legislative Updates

*Recommendation: None*

**10. ELECTIONS**

**306** A. Elections of Officers for 2022/23 Program Year

*Recommendation: Staff recommends the Board of Directors elect members to fill the Officer positions of Chair, Vice-Chair, and Secretary for SHARP's 2022/23 Program Year.*

**11. CLOSING COMMENTS**

This time is reserved for comments by SHARP Board members and/or staff and to identify matters for future SHARP Board business.

A. SHARP Board of Directors

B. Staff

**12. ADJOURNMENT**

**June 27, 2022**

**Agenda Items 5.A.- 5.M.**

**CONSENT CALENDAR**

**SUBJECT: Consent Calendar**

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**BACKGROUND AND HISTORY:**

The Consent Calendar consists of items that require approval or acceptance but are self-explanatory and require no discussion. If a Board member would like to discuss any item listed, it may be pulled from the Consent Calendar.

**RECOMMENDATION:**

*Staff recommends the Board of Directors approve the Consent Calendar.*

**REFERENCE MATERIALS ATTACHED:**

- A. Minutes of the December 7, 2021, Board of Directors Meeting
- B. Warrant List November 1, 2021, through May 31, 2022
- C. Interim Financial Statements as of December 31, 2021
- D. Interim Financial Statements as of March 31, 2022
- E. SHARP 2022/23 Calendar of Meeting Dates
- F. Treasurer's Report as of December 31, 2021
- G. Treasurer's Report as of March 31, 2022
- H. Investment Policy Review Memo from PFM Asset Management
- I. Investment Policy Review by PFM Asset Management – Redline
- J. SHARP Conflict of Interest Code
- K. Engagement Letter with James Marta & Company, LLP for Financial Auditing Services for 2022, 2023, and 2024
- L. SHARP Loss Prevention Grant Balances as of May 31, 2022
- M. SHARP Memorandum of Coverage for 2022/23

## SHARED AGENCY RISK POOL (SHARP)

### MINUTES OF THE BOARD OF DIRECTORS MEETING OF DECEMBER 7, 2021

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A regular meeting of the Board of Directors was held on December 7, 2021, via videoconference.

**MEMBERS PRESENT:** Maria Ojeda, President, City of American Canyon  
Sarina Revillar, Town of Los Altos Hills  
Christa Johnson, Town of Ross

**MEMBERS ABSENT:** Monica Labossiere, City of Saratoga

**OTHERS PRESENT:** Jon Paulsen, General Manager  
Katie Sullivan, Assistant General Manager  
Ritesh Sharma, Finance Manager  
Jackie Miller, Workers' Compensation Program Manager  
Miguel Baes, Sedgwick (*Left after Agenda Item 10.A*)  
Greg Rubens, Board Counsel  
Jesse Deol, James Marta & Company, LLP (*Left after Agenda Item 7.A*)

#### 1. **CALL TO ORDER**

The December 7, 2021, Board of Directors meeting was called to order at 10:10 a.m. by President, Maria Ojeda.

#### 2. **INTRODUCTIONS**

Roll call introductions were made and it was determined there was a quorum present.

#### 3. **APPROVAL OF THE AGENDA AS POSTED (OR AMENDED)**

*The agenda was approved as posted.*

#### 4. **PUBLIC COMMENTS**

None.

## **5. AB361 UPDATE**

### **A. Update on AB361 and Virtual Committee Meetings**

SHARP staff consulted with Board Counsel regarding recently passed legislation, AB361, pertaining to teleconference and virtual meetings. Under AB361, local agency boards may conduct meetings by teleconference subject to modified rules during a State-proclaimed state of emergency when either (1) social distancing measures are required or recommended by state or local officials, or (2) the governing board determines meeting in person would present imminent risks to the health or safety of attendees.

Jon Paulsen, General Manager, advised to continue to meet virtually, it is recommended the Board of Directors adopt a resolution to continue remote meetings based on the findings made in the resolution attached to the agenda. He advised to continue remote meetings, the resolution would need to be reaffirmed at future meetings.

*Christa Johnson moved to adopt Resolution No. 2021-01: AB361, that as a result of the COVID-19 emergency, meeting in person would present imminent risks to the health or safety of attendees, and the meeting should be held by teleconference as authorized by subdivision (e)(1)(C) of Section 54943 of the Government Code. Sarina Revillar seconded the motion. A roll call vote was taken and the motion passed unanimously by Maria Ojeda, Sarina Revillar, and Christa Johnson.*

## **6. CONSENT CALENDAR**

*Sarina Revillar moved to approve the following items: A) Minutes from the June 16, 2021, Board of Directors meeting; B) Warrant List June 1, 2021, through October 31, 2021; C) SHARP Loss Prevention Grant Balances as of October 31, 2021; D) Treasurer's Report as of June 30, 2021; E) Treasurer's Report as of September 30, 2021; F) Annual Self-Insurers Report; G) SHARP Claims Manual; and H) 2021 State of the Workers' Compensation Industry. Christa Johnson seconded the motion. A roll call vote was taken and the motion passed unanimously by Maria Ojeda, Sarina Revillar, and Christa Johnson.*

## **7. FINANCIAL MATTERS**

### **A. Presentation of the Financial Audit Report by James Marta & Company**

The financial audit for the year ending June 30, 2021, was prepared by James Marta & Company, LLP.

Jesse Deol, James Marta & Company, was present to discuss the audit report with the Board of Directors. Mr. Deol indicated the auditor's opinion on the audit report is "unqualified," which means the financial statements are presented fairly.

*Christa Johnson moved to approve the 2020/21 Financial Audit Report. Sarina Revillar seconded the motion A roll call vote was taken and the motion passed unanimously by Maria Ojeda, Sarina Revillar, and Christa Johnson.*

#### **B. Update from SHARP's Finance Manager**

Ritesh Sharma, Finance Manager, provided an update on the following financial matters:

- June 30, 2021, Financial Statements: Mr. Sharma reviewed the Statement of Net Position (Balance Sheet), Statement of Revenues, Expenses, and Changes in Net Position (Income Statement) as of June 30, 2021, and June 2020, and Budget vs. Actual as of June 30, 2021.
- September 30, 2021, Financial Statements: Mr. Sharma reviewed the Statement of Net Position (Balance Sheet), Statement of Revenues, Expenses, and Changes in Net Position (Income Statement) as of September 30, 2021, and June 30, 2021, and Budget vs. Actual as of September 30, 2021.
- Target Equity Policy: Mr. Sharma informed the Board of Directors staff will work on bringing forward a Target Equity Policy for review and approval. He explained a Target Equity Policy provides guidance to the Board of Directors in making annual funding, dividends, and assessment decisions. It is also a good tool for measuring SHARP against other pools. Mr. Sharma advised staff will look at the standard industry practices as well working with the actuary in developing the policy.

### **8. ADMINISTRATIVE MATTERS**

#### **A. Consideration of Assignment of Agreement for Legal Services**

Katie Sullivan, Assistant General Manager, informed the Board of Directors SHARP's Board Counsel, Greg Rubens, left the law firm of Aaronson, Dickerson, Cohn and Lanzone as of September 30, 2021, to join the law offices of Burke, Williams and Sorensen, LLP, effective October 1, 2021. Mr. Rubens informed staff of this change and requested coordination of conditional approval of the assignment of agreement for legal services to the new firm, pending ratification by the Board of Directors at their next meeting.

A brief discussion ensued around any potential conflict of interest with the new law firm as the Town of Ross's Town Attorney is with the same law firm. Mr. Rubens and

Mr. Paulsen confirmed there is a potential, but not actual, conflict with both attorneys being with the same firm as Mr. Rubens is not involved with the Town's claims. Mr. Paulsen advised there are no "unconflicted" law firms as all potential law firms all service the same general area.

Maria Ojeda, President, agreed to ratify the assignment of agreement pending confirmation from the Town of Ross to ensure there is no conflict of interest.

*Sarina Revillar moved to approve the Assignment of Professional Services Agreement to the Law Offices of Burke, Williams and Sorensen, LLP, effective October 1, 2021, pending confirmation with the Town of Ross. Maria Ojeda seconded the motion. A roll call vote was taken and the motion passed unanimously by Maria Ojeda, Sarina Revillar, and Christa Johnson.*

## **9. WORKERS' COMPENSATION MATTERS**

### **A. Update on SHARP's Workers' Compensation Program**

The SHARP Workers' Compensation Program has been in place since 1986, with the claims administered by Sedgwick, formerly York Risk Services Group, Inc. since 2006, and with Workers' Compensation Oversight services provided by Jackie Miller, Workers' Compensation Program Manager.

Ms. Miller provided an overview of the Workers' Compensation Program highlighting that SHARP has had zero COVID-19 workers' compensation claims.

### **B. Legislative Updates**

Ms. Miller discussed some of the proposed legislative changes within the workers' compensation industry. A few items included:

#### **1. AB 55 Telecommuting (Horvath)**

This is a SPOT Bill (placeholder) which may be amended to address either a specific Telecommuting issue or another subject. The Bill did not have any activity in 2021 and moves to the two-year session.

**Status: 2-Year Bill**

#### **2. AB 399 MPN/IMR/IBR (Salas) – While this began as a Bill primarily requiring further restrictions and requirements on Medical Provider Networks (MPN), imposing significant financial penalties for various delays or failure to include specific language on the MPN websites, the Bill also included penalties for the overturn of Utilization**



Review (UR) decisions and bill review adjustments through the Independent Medical Review (IMR) and Independent Bill Review (IBR) processes. Discussions continued with legislative staff and the Bill has been designated as a two-year Bill and will continue to the next session.

**Status: 2-Year Bill**

3. SB 335 Compensability Timeline/Claims Acceptance (Cortese)

Workers' Compensation benefits are provided to injured workers based upon information provided indicating the injuries/illnesses arise from employment and occurred as the result of employment. To determine if benefits are payable requires time and cooperation from injured workers as well as the availability of medical evaluations. Currently, an employer is allowed up to 90 days to gather this valuable information for most claims, except for those related to COVID-19 presumptive injuries. SB 335 will reduce the current 90-day period to gather information to 30-45 days. During the current 90-day delay period, the employer provides up to \$10,000 in medical benefits regardless of the final determination of compensability. SB 335 proposes to increase the amount payable during the delay period to \$17,000. In addition, SB 335 also imposes significant penalties for the delay of any benefits relating to the COVID-19 presumptive claims of Awards increased by 10% for unreasonable delay of any benefits (not just the award) in addition to any other penalties.

**Status: This is now a 2-Year Bill and may proceed in the next session.**

Ms. Miller provided additional updates on other legislation expected for 2022. She advised the Board of Directors to contact her with any questions or concerns.

## **10. GENERAL MANAGER'S REPORT**

### **A. Report from SHARP's General Manager**

Mr. Paulsen discussed with the Board of Directors efforts made to gauge interest in new membership for SHARP. A few of the obstacles encountered are finding potential members who are not substantially larger than current SHARP members or do not have emergency services. He advised there are few potential members that would fit within the limitations set forth. Efforts will continue to be made to expand SHARP's membership, with discussions occurring with the Town of Woodside and Town of Portola Valley.

Mr. Paulsen also reviewed the need for a SHARP Representative on the Local Agency Workers' Compensation Excess JPA (LAWCX), SHARP's excess provider. After a brief discussion, the Board of Directors agreed to designate the LAWCX Representative from

SHARP as the General Manager. Mr. Paulsen advised he would review the governing documents to potentially update to reflect this change.

#### **11. CLOSED SESSION**

A. Pursuant to Government Code Section 54956.95(a), the Board went into a closed session at 11:08 am to discuss the following claims:

- Watch Report

B. Pursuant to Government Code Section 54957.1, the Board came out of closed session at 11:11 am will report in open session any reportable action taken in closed session.

*No reportable action was taken during closed session.*

#### **12. CLOSING COMMENTS**

##### **A. Board of Directors**

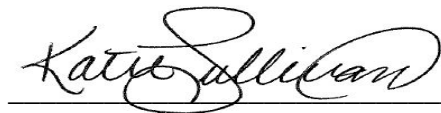
None.

##### **B. Staff**

None

#### **13. ADJOURNMENT**

The SHARP Board of Directors Meeting was adjourned at 11:15 a.m.



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Katie Sullivan, Assistant Board Secretary

System: 6/2/2022 3:53:38 PM  
User Date: 6/2/2022

Shared Agency Risk Pool  
VENDOR CHECK REGISTER REPORT  
Payables Management

Page: 1  
User ID: mbeas

Ranges:	From:	To:	From:	To:
Check Number	First	Last	Check Date	11/1/2021
Vendor ID	First	Last	Checkbook ID	First
Vendor Name	First	Last		Last

Sorted By: Check Number

\* Voided Checks

Check Number	Vendor ID	Vendor Check Name	Check Date	Checkbook ID	Audit Trail Code	Amount
EFT00160	SAR100	City of Saratoga	11/16/2021	CBT	PMCHK00000063	\$1,327.00
EFT00161	SED100	Sedgwick	11/16/2021	CBT	PMCHK00000063	\$1,340.00
EFT00163	BUR100	Burke, Williams & Sorensen, LL	12/17/2021	CBT	PMCHK00000064	\$57.20
EFT00164	DEP100	Department of Industrial Relat	12/17/2021	CBT	PMCHK00000064	\$21,881.48
EFT00165	JAM100	James Marta & Company LLP	12/17/2021	CBT	PMCHK00000064	\$1,000.00
EFT00166	ROSS100	Town of Ross	12/17/2021	CBT	PMCHK00000064	\$3,553.01
EFT00167	SED100	Sedgwick	12/17/2021	CBT	PMCHK00000064	\$1,340.00
EFT00168	YOR200	York Risk Services	12/17/2021	CBT	PMCHK00000064	\$14,334.00
EFT00170	BUR100	Burke, Williams & Sorensen, LL	1/28/2022	CBT	PMCHK00000065	\$1,029.60
EFT00171	JAM100	James Marta & Company LLP	1/28/2022	CBT	PMCHK00000065	\$1,000.00
EFT00172	SAR100	City of Saratoga	1/28/2022	CBT	PMCHK00000065	\$2,048.36
EFT00173	SED100	Sedgwick	1/28/2022	CBT	PMCHK00000065	\$1,340.00
EFT00175	SED100	Sedgwick	2/28/2022	CBT	PMCHK00000066	\$1,340.00
EFT00177	SED100	Sedgwick	4/7/2022	CBT	PMCHK00000067	\$2,680.00
EFT00178	YOR200	York Risk Services	4/7/2022	CBT	PMCHK00000067	\$13,273.00
EFT00180	BIC200	Bickmore Actuarial	5/24/2022	CBT	PMCHK00000068	\$7,310.00
EFT00181	SAR100	City of Saratoga	5/24/2022	CBT	PMCHK00000068	\$2,206.71
EFT00182	SED100	Sedgwick	5/24/2022	CBT	PMCHK00000068	\$1,340.00

Total Checks: 18

Total Amount of Checks: \$78,400.36

**SHARP JPA**  
**Statement of Net Position**  
**As of December 31, 2021 and 2020**  
(Unaudited)

	12/31/2021	12/31/2020	Change	
			\$	%
<b>Assets</b>				
Cash - Operating Accounts	\$ 173,154	\$ 509,564	\$ (336,410)	-66.0%
Cash - LAIF (FMV)	5,043,795	4,747,427	296,368	6.2%
Cash - Sedgwick	12,143	750	11,393	1519.1%
Cash - CAMP	43,782	43,754	28	0.1%
Accounts Receivable - Reinsurance/Excess	14,773		14,773	0%
Prepaid Expenses	166,571	136,002	30,569	22.5%
Interest Receivable	2,911	7,489	(4,578)	-61.1%
<b>Total Assets</b>	<b>5,457,129</b>	<b>5,449,738</b>	<b>7,392</b>	<b>0.1%</b>
<b>Liabilities</b>				
Accounts Payable	-	3,532	(3,532)	0.0%
Accrued Liabilities - Risk Management Grant	74,288	75,445	(1,158)	-1.5%
Reserve for Known Claims, IBNR & ULAE	1,143,518	928,797	214,720	23.1%
<b>Total Liabilities</b>	<b>1,217,805</b>	<b>1,007,774</b>	<b>210,031</b>	<b>20.8%</b>
<b>Net Position</b>	<b>\$ 4,239,324</b>	<b>\$ 4,441,964</b>	<b>\$ (202,640)</b>	<b>-4.6%</b>

*"Reserves for IBNR & ULAE" is stated at discounted, expected confidence level.*

**SHARP JPA**  
**Statement of Revenues, Expenses & Changes in Net Position**  
**For The Six Months Ended December 31, 2021 and 2020**  
(Unaudited)

	<u>12/31/2021</u>	<u>12/31/2020</u>	<u>Change</u>	
			<u>\$</u>	<u>%</u>
<b>Revenues</b>				
Member Contributions-WC	\$ 382,359	\$ 354,353	\$ 28,006	7.9%
Interest Income	(7,369)	4,971	(12,340)	-248.3%
<b>Total Income</b>	<b>374,989</b>	<b>359,323</b>	<b>15,666</b>	<b>4.4%</b>
<b>Expenses</b>				
Claims Expense:				
Claims Paid - Net	143,959	245,604	(101,645)	-41.4%
Claims Management Fees	8,040	7,808	233	3.0%
Incr/(Decr) in Reserves, IBNR & ULAE	68,318	(84,874)	153,192	180.5%
Sub-total Claims Expense	220,317	168,538	51,779	30.7%
Other Direct Expenses:				
Excess Insurance-WC	141,296	119,882	21,414	17.9%
DIR Assessment	10,941	2,461	8,480	344.6%
Loss Prevention Programs	40,000	40,000	-	0.0%
Sub-total Other Direct Expenses	192,237	162,343	29,894	18.4%
<b>Total Direct Expenses</b>	<b>412,554</b>	<b>330,881</b>	<b>81,673</b>	<b>24.7%</b>
<b>Administrative Expenses</b>				
Program Administration	28,668	27,318	1,350	4.9%
Legal Services	343	1,287	(944)	-73.3%
Actuarial Studies	2,360	2,360	-	0.0%
Audit Fees	7,000	8,750	(1,750)	-20.0%
Bank Fees	1,470	1,321	149	11.3%
<b>Total Administrative Expenses</b>	<b>39,841</b>	<b>41,036</b>	<b>(1,195)</b>	<b>-2.9%</b>
<b>Change in Net Position</b>	<b>(77,406)</b>	<b>(12,594)</b>	<b>(64,812)</b>	<b>-514.6%</b>
<b>Beginning Net Position</b>	<b>4,316,730</b>	<b>4,454,558</b>	<b>(137,828)</b>	<b>-3.1%</b>
<b>Ending Net Position</b>	<b>\$ 4,239,324</b>	<b>\$ 4,441,964</b>	<b>\$ (202,639)</b>	<b>-4.6%</b>

**SHARP JPA**  
**Budget vs Actual**  
**As of December 31, 2021**  
(Unaudited)

	<b>2021/22 Budget</b>	<b>2nd Quarter Budget</b>	<b>Actual</b>	<b>Change \$</b>	<b>%</b>
<b>Revenues</b>					
Member Contributions-Workers' Comp	\$ 764,717	\$ 382,359	\$ 382,359	\$ -	100% <b>a</b>
Funding from Equity for Risk Management	40,000	\$ 20,000	-	(20,000)	0%
Interest Income	10,000	5,000	(7,369)	(12,369)	-147%
<b>Total Revenues</b>	<b>814,717</b>	<b>407,359</b>	<b>374,989</b>	<b>(32,369)</b>	<b>92%</b>
<b>Expenses</b>					
Claims Expense:					
Claims Paid	315,000	157,500	143,959	(13,541)	91% <b>b</b>
Claims Management Fees	16,080	8,040	8,040	-	100%
Incr/(Decr) in Reserves, IBNR & ULAE	-	-	68,318	68,318	0%
Sub-total Claims Expense	331,080	165,540	220,317	54,777	133%
Other Direct Expenses:					
Excess Insurance-Workers' Comp	280,000	140,000	141,296	1,296	101% <b>c</b>
DIR Assessment	15,000	7,500	10,941	3,441	146%
Loss Prevention Programs	40,000	40,000	40,000	-	100%
<b>Total Direct Expenses</b>	<b>666,080</b>	<b>353,040</b>	<b>412,554</b>	<b>59,514</b>	<b>117%</b>
Administrative Expenses					
Program Administration	57,336	28,668	28,668	-	100%
Legal Services	5,000	2,500	343	(2,157)	14%
Actuarial Studies	11,000	5,500	2,360	(3,140)	43%
Audit Fees	8,500	4,250	7,000	2,750	165%
Claims Audit Fees	2,500	1,250	-	(1,250)	0%
Other Consultants	700	350	-	(350)	0%
Board & Committee Meetings	600	300	-	(300)	0%
Conference & Seminars	500	250	-	(250)	0%
Bank Fees	2,500	1,250	1,470	220	118%
Miscellaneous Expense	5,000	2,500	-	(2,500)	0%
<b>Total Administrative Expenses</b>	<b>93,636</b>	<b>46,818</b>	<b>39,841</b>	<b>(6,977)</b>	<b>85% <b>d</b></b>
<b>Total Expenses</b>	<b>759,716</b>	<b>379,858</b>	<b>452,395</b>	<b>72,537</b>	<b>119%</b>
<b>Change in Net Position</b>	<b>55,001</b>	<b>27,501</b>	<b>(77,406)</b>	<b>(104,906)</b>	<b>-281%</b>
<b>Beginning Net Position</b>	<b>4,316,730</b>	<b>2,158,365</b>	<b>4,316,730</b>	<b>2,158,365</b>	<b>200%</b>
<b>Ending Net Position</b>	<b>\$ 4,371,731</b>	<b>\$ 2,185,866</b>	<b>\$ 4,239,324</b>	<b>\$ 2,053,459</b>	<b>194%</b>

**Notes:**

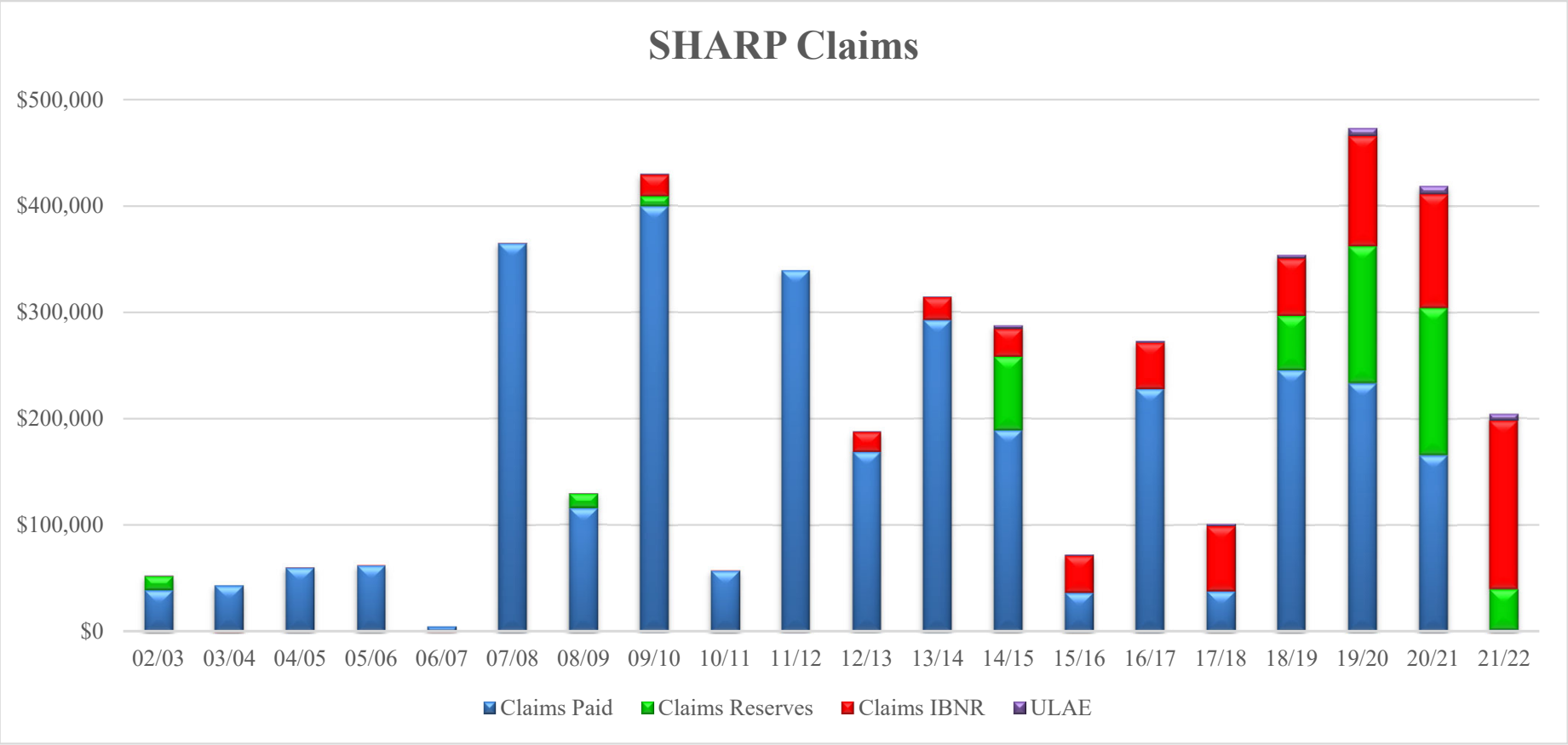
The budget is 50% completed through December 31, 2021.

**a** As expected at 12/31/21, member contribution revenues recognized for program year 2021-22 are right on target.

**b** Claims paid expense is \$143 thousand, or 9% below budget for the quarter, at 12/31/21.

**c** Excess workers' compensation insurance is within the budgeted expectation.

**d** Total Administrative expenditures are below budgeted costs as COVID pandemic halted in-person meetings, conferences.



**SHARP JPA**  
**Statement of Net Position**  
**As of March 31, 2022 and 2021**  
(Unaudited)

	3/31/2022	3/31/2021	Change	
			\$	%
<b>Assets</b>				
Cash - Operating Accounts	\$ 289,920	\$ 261,134	\$ 28,786	11%
Cash - LAIF (FMV)	5,002,753	5,050,563	(47,810)	-1%
Cash - Sedgwick	17,902	10,130	7,772	77%
Cash - CAMP	43,795	43,765	30	0%
Accounts Receivable - Reinsurance/Excess	18,634	13,371	5,263	39%
Prepaid Expenses	76,118	74,830	1,288	2%
Interest Receivable	3,987	5,387	(1,400)	-26%
<b>Total Assets</b>	<b>5,453,109</b>	<b>5,459,180</b>	<b>(6,071)</b>	<b>0%</b>
<b>Liabilities</b>				
Accounts Payable	1,340	-	1,340	0%
Accrued Liabilities - Risk Management Grant	72,239	71,542	697	1%
Reserve for Known Claims, IBNR & ULAE	956,516	926,351	30,165	3%
<b>Total Liabilities</b>	<b>1,030,095</b>	<b>997,893</b>	<b>32,202</b>	<b>3%</b>
<b>Net Position</b>	<b>\$ 4,423,013</b>	<b>\$ 4,461,288</b>	<b>\$ (38,275)</b>	<b>-1%</b>

*"Reserves for IBNR & ULAE" is stated at discounted, expected confidence level.*



**SHARP JPA**  
**Statement of Revenues, Expenses & Changes in Net Position**  
**For The Nine Months Ended March 31, 2022 and 2021**  
(Unaudited)

	<u>3/31/2022</u>	<u>3/31/2021</u>	<u>Change</u>	
			<u>\$</u>	<u>%</u>
<b>Revenues</b>				
Member Contributions-WC	\$ 573,538	\$ 531,529	\$ 42,009	8%
Interest Income	(47,322)	6,015	(53,337)	-887%
<b>Total Income</b>	<b><u>526,216</u></b>	<b><u>537,544</u></b>	<b><u>(11,328)</u></b>	<b><u>-2%</u></b>
<b>Expenses</b>				
Claims Expense:				
Claims Paid - Net	201,241	320,204	(118,963)	-37%
Claims Management Fees	12,060	11,711	349	3%
Incr/(Decr) in Reserves, IBNR & ULAE	(118,683)	(87,320)	(31,363)	-36%
Sub-total Claims Expense	<u>94,618</u>	<u>244,596</u>	<u>(149,978)</u>	<u>-61%</u>
Other Direct Expenses:				
Excess Insurance-WC	211,944	179,823	32,121	18%
DIR Assessment	16,411	3,691	12,720	345%
Loss Prevention Programs	<u>40,000</u>	<u>40,000</u>	<u>-</u>	<u>0%</u>
Sub-total Other Direct Expenses	<u>268,355</u>	<u>223,514</u>	<u>44,841</u>	<u>20%</u>
<b>Total Direct Expenses</b>	<b><u>362,973</u></b>	<b><u>468,110</u></b>	<b><u>(105,137)</u></b>	<b><u>-22%</u></b>
<b>Administrative Expenses</b>				
Program Administration	43,002	40,977	2,025	5%
Legal Services	1,373	1,359	14	1%
Actuarial Studies	2,360	9,670	(7,310)	-76%
Audit Fees	8,000	8,750	(750)	-9%
Bank Fees	<u>2,225</u>	<u>1,948</u>	<u>276</u>	<u>14%</u>
<b>Total Administrative Expenses</b>	<b><u>56,959</u></b>	<b><u>62,704</u></b>	<b><u>(5,745)</u></b>	<b><u>-9%</u></b>
<b>Change in Net Position</b>	<b>106,283</b>	<b>6,730</b>	<b>99,554</b>	<b>1479%</b>
<b>Beginning Net Position</b>	<b><u>4,316,730</u></b>	<b><u>4,454,558</u></b>	<b><u>(137,828)</u></b>	<b><u>-3%</u></b>
<b>Ending Net Position</b>	<b><u>\$ 4,423,013</u></b>	<b><u>\$ 4,461,287</u></b>	<b><u>\$ (38,274)</u></b>	<b><u>-1%</u></b>

**SHARP JPA**  
**Budget vs Actual**  
**As of March 31, 2022**  
(Unaudited)

	<b>2021/22 Budget</b>	<b>3rd Quarter Budget</b>	<b>Actual</b>	<b>Change \$</b>	<b>%</b>
<b>Revenues</b>					
Member Contributions-Workers' Comp	\$ 764,717	\$ 573,538	\$ 573,538	\$ -	100% <b>a</b>
Funding from Equity for Risk Management	40,000	30,000		(30,000)	0%
Interest Income	10,000	7,500	(47,322)	(54,822)	-631% <b>b</b>
<b>Total Revenues</b>	<b>814,717</b>	<b>611,038</b>	<b>526,216</b>	<b>(84,822)</b>	<b>86%</b>
<b>Expenses</b>					
Claims Expense:					
Claims Paid	315,000	236,250	201,241	(35,009)	85% <b>c</b>
Claims Management Fees	16,080	12,060	12,060	-	100%
Incr/(Decr) in Reserves, IBNR & ULAE	-	-	(118,683)	(118,683)	0% <b>d</b>
Sub-total Claims Expense	331,080	165,540	94,618	(70,922)	57%
Other Direct Expenses:					
Excess Insurance-Workers' Comp	280,000	210,000	211,944	1,944	101%
DIR Assessment	15,000	11,250	16,411	5,161	146% <b>e</b>
Loss Prevention Programs	40,000	30,000	40,000	10,000	133% <b>f</b>
<b>Total Direct Expenses</b>	<b>666,080</b>	<b>416,790</b>	<b>362,973</b>	<b>(53,817)</b>	<b>87%</b>
<b>Administrative Expenses</b>					
Program Administration	57,336	43,002	43,002	-	100%
Legal Services	5,000	3,750	1,373	(2,377)	37%
Actuarial Studies	11,000	8,250	2,360	(5,890)	29%
Audit Fees	8,500	6,375	8,000	1,625	125% <b>g</b>
Claims Audit Fees	2,500	1,875	-	(1,875)	0%
Other Consultants	700	525	-	(525)	0%
Board & Committee Meetings	600	450	-	(450)	0%
Conference & Seminars	500	375	-	(375)	0%
Bank Fees	2,500	1,875	2,225	350	119%
Miscellaneous Expense	5,000	3,750	-	(3,750)	0%
<b>Total Administrative Expenses</b>	<b>93,636</b>	<b>46,818</b>	<b>56,959</b>	<b>10,141</b>	<b>122%</b>
<b>Total Expenses</b>	<b>759,716</b>	<b>569,787</b>	<b>419,932</b>	<b>(149,855)</b>	<b>74%</b>
<b>Change in Net Position</b>	<b>55,001</b>	<b>41,251</b>	<b>106,283</b>	<b>65,033</b>	<b>258%</b>
<b>Beginning Net Position</b>	<b>4,316,730</b>	<b>3,237,548</b>	<b>4,316,730</b>	<b>1,079,183</b>	<b>133%</b>
<b>Ending Net Position</b>	<b>\$ 4,371,731</b>	<b>\$ 3,278,798</b>	<b>\$ 4,423,013</b>	<b>\$ 1,144,215</b>	<b>135%</b>

**Notes:**

The budget is 75% completed through March 31, 2022.

**a** As expected at 3/31/22, member contribution revenues recognized for program year 2021-22 are right on target.

**b** Investment income offset by unrealized LAIF fair market value, due to current market conditions.

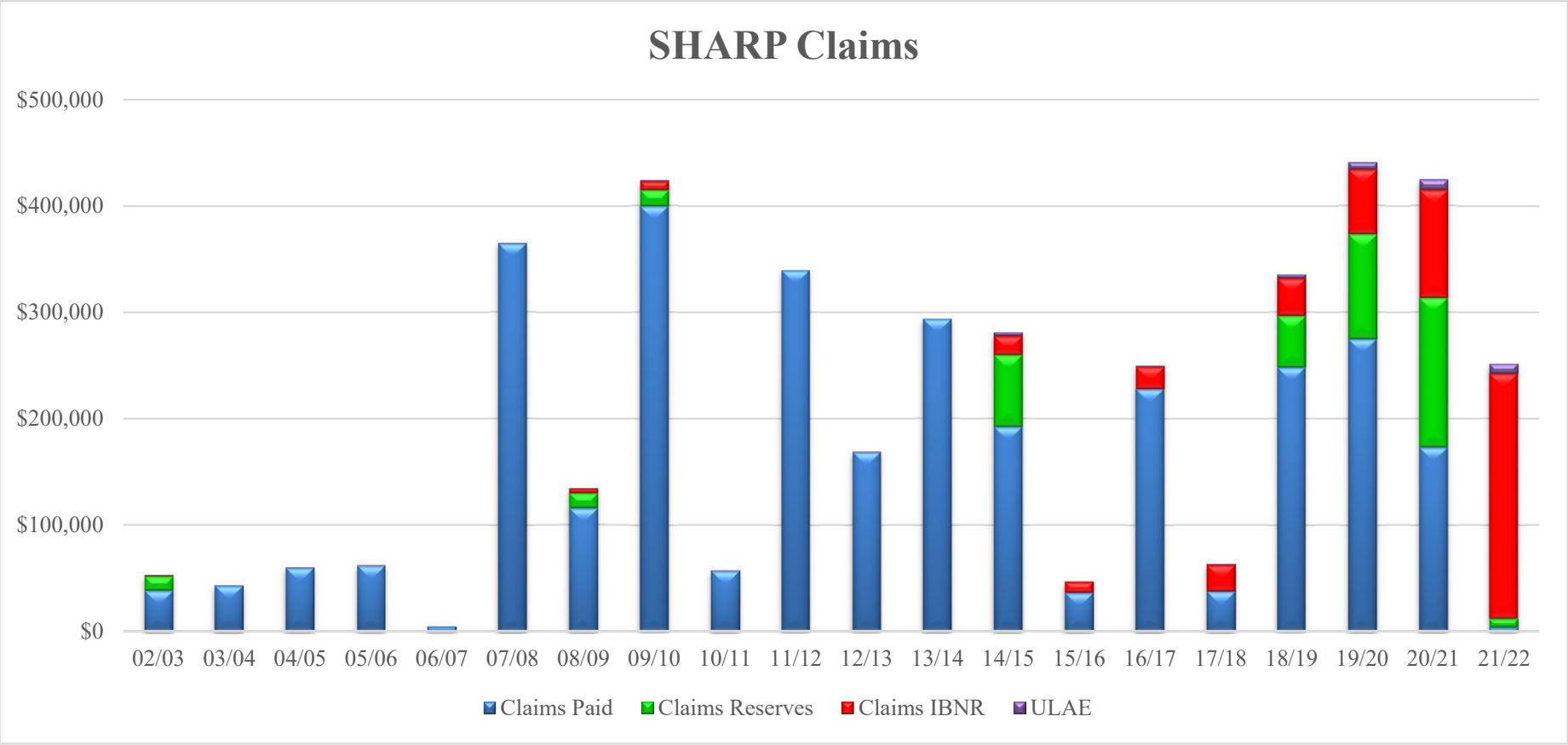
**c** Claims paid expense is \$201 thousand, or 15% below budget for the quarter at 3/31/2022.

**d** Decrease of Reserves, IBNR, ULAE is reflected with current Ultimate Losses from the 2021-22 WC Actuarial study draft, dated 4/28/22

**e** DIR Assessment is higher than expected for this years budget.

**f** Loss prevention is in line with budget since it was expensed for the whole year.

**g** Audit fees within have been paid out for the 21/22 year and is within budget.



# SHARED AGENCY RISK POOL

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Resolution No. 2022-01

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## ESTABLISHING THE BOARD OF DIRECTORS MEETING DATES FOR THE 2022/23 FISCAL YEAR

### **BE IT RESOLVED THAT:**

The following Board of Directors meeting dates are hereby established for the 2022/23 fiscal year:

### **BOARD OF DIRECTORS MEETING SCHEDULE Fiscal Year 2022/23**

Board of Directors Meetings:

- December 6, 2022, 10:00 a.m. – via videoconference
- June 15, 2023, 10:00 a.m. – via videoconference

**PASSED AND ADOPTED** by the Board of Directors of the SHARED AGENCY RISK POOL, County of Sacramento, State of California, on June 15, 2022, by the following vote:

AYES \_\_\_\_\_  
NOES \_\_\_\_\_  
ABSENT \_\_\_\_\_  
ABSTAIN \_\_\_\_\_

APPROVED:

\_\_\_\_\_  
President

ATTEST:

\_\_\_\_\_  
Secretary

**Shared Agency Risk Pool**  
**Treasurer's Report**  
As of December 31, 2021

	Book Value	Market Value	% of Total	Effective Yield
California Bank & Trust - General Operating	\$ 173,154	\$ 173,154	3.29%	0.00%
State of California - Local Agency Investment Fund	\$ 5,056,745	\$ 5,043,795	95.88%	0.21%
CA Asset Mgmt. Program - Liquidity Account	\$ 43,782	\$ 43,782	0.83%	0.05%
<b>Total Cash and Investments</b>	<b>\$ 5,273,681</b>	<b>\$ 5,260,731</b>	<b>100.00%</b>	<b>0.21%</b>

Attached are the Local Agency Investment Fund (LAIF), and statements detailing all investment holdings and transactions for the quarter ended. Market prices are derived from closing bid prices as of the last business day of the month from either Interactive Data Corporation, Bloomberg, TRACE, and other widely-used third-party pricing vendors.

We certify that this report reflects all cash and investments and is in conformance with the Pool's Investment Policy. The investment program herein shown provides sufficient cash flow liquidity to meet the Pool's expenditures for the next six months.



Ritesh Sharma  
Finance Manager



Monica Labossiere  
Treasurer



P.O. Box 489, Lawndale, CA 90260-0489

## Statement of Accounts

Page 1 of 4

This Statement: December 31, 2021

Last Statement: November 30, 2021

Account 5795358620

### DIRECT INQUIRIES TO:

Customer Service 1 (800) 400-6080

0041044

4257-06-0200-CBT-PG0023-00000

SHARED AGENCY RISK POOL  
BICKMORE, ADMINISTRATOR  
1750 CREEKSIDE OAKS DR STE 200  
SACRAMENTO CA 95833-3648

Sacramento Main  
520 Capitol Mall Suite 100  
Sacramento, CA 95814-4714  
(916) 341-4800

Please see enclosed insert or [calbanktrust.com/business-changes](http://calbanktrust.com/business-changes) for important information regarding upcoming fee changes effective March 1, 2022.

## SUMMARY OF ACCOUNT BALANCE

<i>Account Type</i>	<i>Account Number</i>	<i>Checking/Savings Ending Balance</i>	<i>Outstanding Balances Owed</i>
Public Funds Analyzed Checking	5795358620	\$173,153.95	

## PUBLIC FUNDS ANALYZED CHECKING 5795358620

127 0

<i>Previous Balance</i>	<i>Deposits/Credits</i>	<i>Charges/Debits</i>	<i>Checks Processed</i>	<i>Ending Balance</i>
233,416.53	0.00	60,262.58	0.00	173,153.95

### 0 DEPOSITS/CREDITS

There were no transactions this period.

### 4 CHARGES/DEBITS

<i>Date</i>	<i>Amount</i>	<i>Description</i>
12/01	17,933.27	ACH OFFSET SHARP Escrow R 211201 REF # 021335011260641 1110469148
12/21	163.62	ANALYSIS SERVICE FEE
12/21	20,284.21	ACH OFFSET SHARP PAYABLES 211221 REF # 021355006770712 1110345461
12/22	21,881.48	CALIFORNIA DIR DIR PAYM 69329 REF # 021356007224077 1110200357

### 0 CHECKS PROCESSED

There were no transactions this period.

## AGGREGATE OVERDRAFT AND RETURNED ITEM FEES

	<i>Total for This Period</i>	<i>Total Year-to-Date</i>
Total Overdraft Fees	\$0.00	\$0.00
Total Returned Item Fees	\$0.00	\$0.00

To learn more about our other products and services that may lower the cost of managing account overdrafts or to discuss removing overdraft coverage from your account, please contact Customer Service or visit your local branch.



**SHARP**  
**LAIF Market Value and Interest**  
**December 31, 2021**  
**Account# 35-01-002**

LAIF Statement Balance 5,056,744.88

FAIR VALUE FACTOR 0.99743912  
12/31/2021

Market Value \$5,043,795.16

Laif Mkt Value 12/31/2021 (\$12,949.72)

Laif Mkt Value 9/30/2021 (\$638.48)

LAIF Adjustment (\$12,311.24)

**POST QUARTERLY**

LAIF QUARTERLY Interest 2,911.14

**JE #**

LAIF Market Valuation

12/31/2021 300-1092-50

300-4320-50

LAIF Market Valuation

Interest Earned in LAIF

- (12,311.24)

12,311.24 -

**JE #**

Accrued Interest

12/31/2021 300-1320-50

300-4320-50

Interest Receivable-LAIF

Interest Earned in LAIF

2,911.14

(2,911.14)



# PMIA/LAIF Performance Report as of 01/13/22



## PMIA Average Monthly Effective Yields<sup>(1)</sup>

Dec	0.212
Nov	0.203
Oct	0.203

## Quarterly Performance Quarter Ended 12/31/21

LAIF Apportionment Rate <sup>(2)</sup> :	0.23
LAIF Earnings Ratio <sup>(2)</sup> :	0.00000625812849570
LAIF Fair Value Factor <sup>(1)</sup> :	0.997439120
PMIA Daily <sup>(1)</sup> :	0.22%
PMIA Quarter to Date <sup>(1)</sup> :	0.21%
PMIA Average Life <sup>(1)</sup> :	340

## Pooled Money Investment Account Monthly Portfolio Composition <sup>(1)</sup> 12/31/21 \$181.4 billion

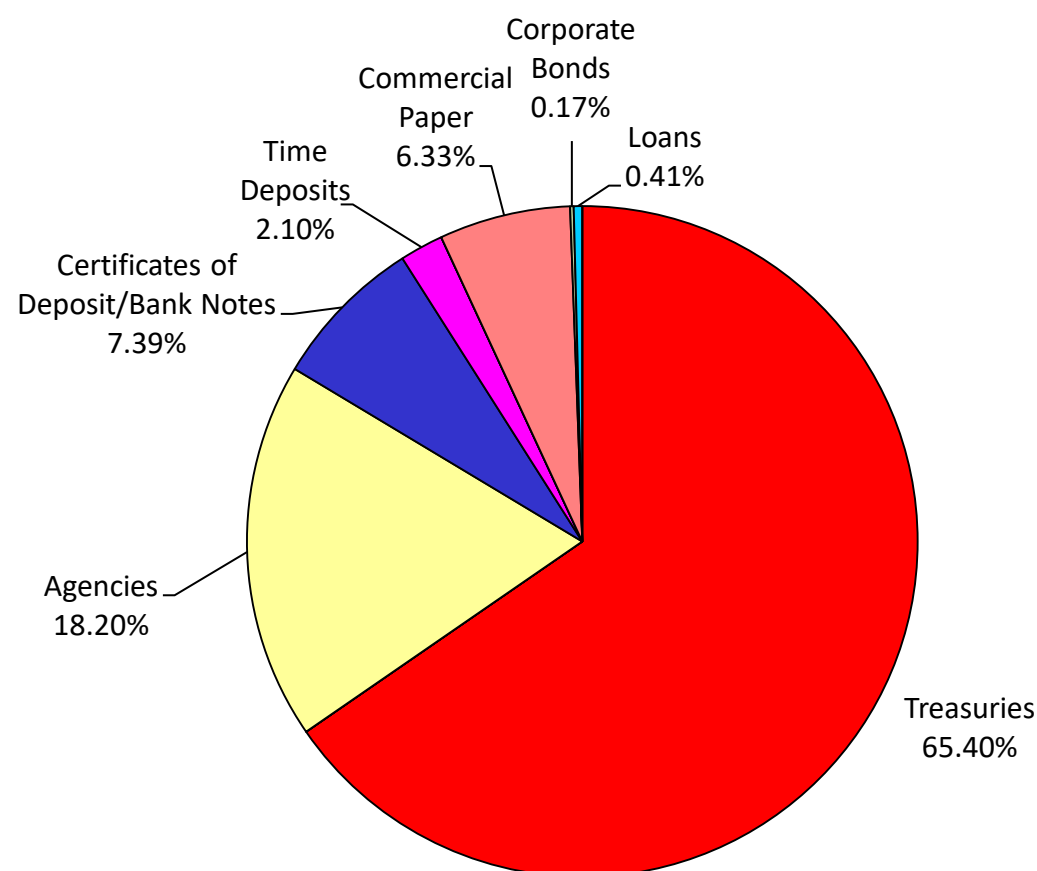


Chart does not include \$6,716,000.00 in mortgages, which equates to 0.001%. Percentages may not total 100% due to rounding.

Daily rates are now available here. [View PMIA Daily Rates](#)

Notes: The apportionment rate includes interest earned on the CalPERS Supplemental Pension Payment pursuant to Government Code 20825 (c)(1) and interest earned on the Wildfire Fund loan pursuant to Public Utility Code 3288 (a).

Source:

<sup>(1)</sup> State of California, Office of the Treasurer

<sup>(2)</sup> State of California, Office of the Controller



California State Treasurer  
**Fiona Ma, CPA**



Local Agency Investment Fund  
P.O. Box 942809  
Sacramento, CA 94209-0001  
(916) 653-3001

January 04, 2022

[LAIF Home](#)  
[PMIA Average Monthly Yields](#)

SHARED AGENCY RISK POOL (SHARP)

FINANCE MANAGER  
1750 CREEKSIDE OAKS DRIVE, SUITE 200  
SACRAMENTO, CA 95833

[Tran Type Definitions](#)

**Account Number:** 35-01-002

December 2021 Statement

**Account Summary**

Total Deposit:	0.00	Beginning Balance:	5,056,744.88
Total Withdrawal:	0.00	Ending Balance:	5,056,744.88

California State Treasurer  
**Fiona Ma, CPA**



Local Agency Investment Fund  
P.O. Box 942809  
Sacramento, CA 94209-0001  
(916) 653-3001

December 06, 2021

[LAIF Home](#)  
[PMIA Average Monthly Yields](#)

SHARED AGENCY RISK POOL (SHARP)

FINANCE MANAGER  
1750 CREEKSIDE OAKS DRIVE, SUITE 200  
SACRAMENTO, CA 95833

[Tran Type Definitions](#)

**Account Number:** 35-01-002

November 2021 Statement

**Account Summary**

Total Deposit:	0.00	Beginning Balance:	5,056,744.88
Total Withdrawal:	0.00	Ending Balance:	5,056,744.88

California State Treasurer  
**Fiona Ma, CPA**



Local Agency Investment Fund  
P.O. Box 942809  
Sacramento, CA 94209-0001  
(916) 653-3001

November 05, 2021

[LAIF Home](#)  
[PMIA Average Monthly Yields](#)

SHARED AGENCY RISK POOL (SHARP)

FINANCE MANAGER  
1750 CREEKSIDE OAKS DRIVE, SUITE 200  
SACRAMENTO, CA 95833

[Tran Type Definitions](#)

Account Number: 35-01-002

October 2021 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Web Confirm Number	Authorized Caller	Amount
10/15/2021	10/14/2021	QRD	1687069	N/A	SYSTEM	3,077.31

Account Summary

Total Deposit:	3,077.31	Beginning Balance:	5,053,667.57
Total Withdrawal:	0.00	Ending Balance:	5,056,744.88



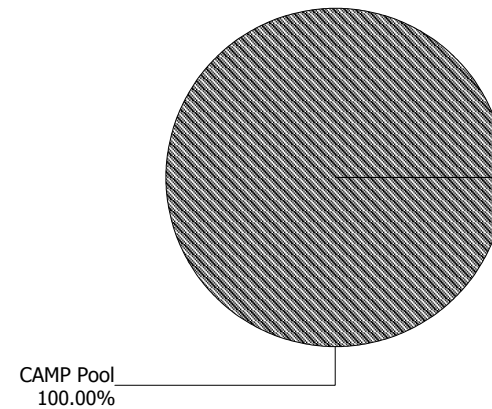
## Account Statement - Transaction Summary

For the Month Ending **December 31, 2021**

### Shared Agency Risk Pool - SHARP - 4010-001

CAMP Pool	
Opening Market Value	43,779.91
Purchases	1.87
Redemptions	0.00
Unsettled Trades	0.00
Change in Value	0.00
<b>Closing Market Value</b>	<b>\$43,781.78</b>
Cash Dividends and Income	1.87

Asset Summary		
	December 31, 2021	November 30, 2021
CAMP Pool	43,781.78	43,779.91
<b>Total</b>	<b>\$43,781.78</b>	<b>\$43,779.91</b>
Asset Allocation		





## Account Statement

For the Month Ending **December 31, 2021**

Shared Agency Risk Pool - SHARP - 4010-001

Trade Date	Settlement Date	Transaction Description	Share or Unit Price	Dollar Amount of Transaction	Total Shares Owned
<b>CAMP Pool</b>					
<b>Opening Balance</b>					<b>43,779.91</b>
12/31/21	01/03/22	Accrual Income Div Reinvestment - Distributions	1.00	1.87	43,781.78
<b>Closing Balance</b>					<b>43,781.78</b>

	Month of December	Fiscal YTD July-December		
<b>Opening Balance</b>	43,779.91	43,770.56	<b>Closing Balance</b>	43,781.78
<b>Purchases</b>	1.87	11.22	<b>Average Monthly Balance</b>	43,779.97
<b>Redemptions (Excl. Checks)</b>	0.00	0.00	<b>Monthly Distribution Yield</b>	0.05%
<b>Check Disbursements</b>	0.00	0.00		
<b>Closing Balance</b>	<b>43,781.78</b>	<b>43,781.78</b>		
<b>Cash Dividends and Income</b>	1.87	11.22		



## Account Statement

For the Month Ending **November 30, 2021**

Shared Agency Risk Pool - SHARP - 4010-001

Trade Date	Settlement Date	Transaction Description	Share or Unit Price	Dollar Amount of Transaction	Total Shares Owned
<b>CAMP Pool</b>					
<b>Opening Balance</b>					<b>43,778.09</b>
11/30/21	12/01/21	Accrual Income Div Reinvestment - Distributions	1.00	1.82	43,779.91
<b>Closing Balance</b>					<b>43,779.91</b>

	Month of November	Fiscal YTD July-November		
<b>Opening Balance</b>	43,778.09	43,770.56	<b>Closing Balance</b>	43,779.91
<b>Purchases</b>	1.82	9.35	<b>Average Monthly Balance</b>	43,778.15
<b>Redemptions (Excl. Checks)</b>	0.00	0.00	<b>Monthly Distribution Yield</b>	0.05%
<b>Check Disbursements</b>	0.00	0.00		
<b>Closing Balance</b>	<b>43,779.91</b>	<b>43,779.91</b>		
<b>Cash Dividends and Income</b>	1.82	9.35		



## Account Statement

For the Month Ending **October 31, 2021**

Shared Agency Risk Pool - SHARP - 4010-001

Trade Date	Settlement Date	Transaction Description	Share or Unit Price	Dollar Amount of Transaction	Total Shares Owned
<b>CAMP Pool</b>					
<b>Opening Balance</b>					<b>43,776.19</b>
10/29/21	11/01/21	Accrual Income Div Reinvestment - Distributions	1.00	1.90	43,778.09
<b>Closing Balance</b>					<b>43,778.09</b>

	Month of October	Fiscal YTD July-October		
<b>Opening Balance</b>	43,776.19	43,770.56	<b>Closing Balance</b>	43,778.09
<b>Purchases</b>	1.90	7.53	<b>Average Monthly Balance</b>	43,776.37
<b>Redemptions (Excl. Checks)</b>	0.00	0.00	<b>Monthly Distribution Yield</b>	0.05%
<b>Check Disbursements</b>	0.00	0.00		
<b>Closing Balance</b>	<b>43,778.09</b>	<b>43,778.09</b>		
<b>Cash Dividends and Income</b>	1.90	7.53		

**Shared Agency Risk Pool**  
**Treasurer's Report**  
As of March 31, 2022

	Book Value	Market Value	% of Total	Effective Yield
California Bank & Trust - General Operating	\$ 289,920	\$ 289,920	5.43%	0.00%
State of California - Local Agency Investment Fund	\$ 5,059,656	\$ 5,002,753	93.75%	0.37%
CA Asset Mgmt. Program - Liquidity Account	\$ 43,795	\$ 43,795	0.82%	0.25%
<b>Total Cash and Investments</b>	<b>\$ 5,393,371</b>	<b>\$ 5,336,468</b>	<b>100.00%</b>	<b>0.36%</b>

Attached are the Local Agency Investment Fund (LAIF), and statements detailing all investment holdings and transactions for the quarter ended. Market prices are derived from closing bid prices as of the last business day of the month from either Interactive Data Corporation, Bloomberg, TRACE, and other widely-used third-party pricing vendors.

We certify that this report reflects all cash and investments and is in conformance with the Pool's Investment Policy. The investment program herein shown provides sufficient cash flow liquidity to meet the Pool's expenditures for the next six months.

*Min Su*

---

Min Su  
Finance Manager

*Monica Labossiere*

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Monica Labossiere  
Treasurer





P.O. Box 489, Lawndale, CA 90260-0489

## Statement of Accounts

Page 1 of 2

This Statement: March 31, 2022  
Last Statement: February 28, 2022

Account 5795358620

### DIRECT INQUIRIES TO:

Customer Service 1 (800) 400-6080

0040209

4070-06-0000-CBT-PG0023-00000

SHARED AGENCY RISK POOL  
BICKMORE, ADMINISTRATOR  
1750 CREEKSIDE OAKS DR STE 200  
SACRAMENTO CA 95833-3648

Sacramento Main  
520 Capitol Mall Suite 100  
Sacramento, CA 95814-4714  
(916) 341-4800

## SUMMARY OF ACCOUNT BALANCE

<i>Account Type</i>	<i>Account Number</i>	<i>Checking/Savings Ending Balance</i>	<i>Outstanding Balances Owed</i>
Public Funds Analyzed Checking	5795358620	\$289,919.57	

## PUBLIC FUNDS ANALYZED CHECKING 5795358620

127 0

<i>Previous Balance</i>	<i>Deposits/Credits</i>	<i>Charges/Debits</i>	<i>Checks Processed</i>	<i>Ending Balance</i>
301,907.90	0.00	11,988.33	0.00	289,919.57

### 0 DEPOSITS/CREDITS

There were no transactions this period.

### 3 CHARGES/DEBITS

<i>Date</i>	<i>Amount</i>	<i>Description</i>
03/01	1,340.00	ACH OFFSET SHARP PAYABLES 220301 REF # 022060002038488 1109676679
03/01	10,476.10	ACH OFFSET SHARP Escrow R 220301 REF # 022060002038487 1109676678
03/21	172.23	ANALYSIS SERVICE FEE

### 0 CHECKS PROCESSED

There were no transactions this period.

### AGGREGATE OVERDRAFT AND RETURNED ITEM FEES

	<i>Total for This Period</i>	<i>Total Year-to-Date</i>
Total Overdraft Fees	\$0.00	\$0.00
Total Returned Item Fees	\$0.00	\$0.00

To learn more about our other products and services that may lower the cost of managing account overdrafts or to discuss removing overdraft coverage from your account, please contact Customer Service or visit your local branch.

### DAILY BALANCES

<i>Date</i>	<i>Balance</i>	<i>Date</i>	<i>Balance</i>
03/01	290,091.80	03/21	289,919.57



**SHARP**  
**LAIF Market Value and Interest**  
**March 31, 2022**  
**Account# 35-01-002**

LAIF Statement Balance 5,059,656.02

FAIR VALUE FACTOR 0.988753538  
3/31/2022

Market Value \$5,002,752.79

Laif Mkt Value 3/31/2022 (\$56,903.23)

Laif Mkt Value 12/31/2021 (\$12,949.72)

LAIF Adjustment (\$43,953.51)

**POST QUARTERLY**

LAIF QUARTERLY Interest 3,987.14

**JE #**

LAIF Market Valuation				
3/31/2022	300-1092-50	LAIF Market Valuation	-	(43,953.51)
	300-4320-50	Interest Earned in LAIF	43,953.51	-

**JE #**

Accrued Interest				
3/31/2022	300-1320-50	Interest Receivable-LAIF	3,987.14	
	300-4320-50	Interest Earned in LAIF		(3,987.14)



# PMIA/LAIF Performance Report as of 04/15/22



## PMIA Average Monthly Effective Yields<sup>(1)</sup>

Mar	0.365
Feb	0.278
Jan	0.234

## Quarterly Performance Quarter Ended 03/31/21

LAIF Apportionment Rate <sup>(2)</sup> :	0.32
LAIF Earnings Ratio <sup>(2)</sup> :	0.00000875657176851
LAIF Fair Value Factor <sup>(1)</sup> :	0.988753538
PMIA Daily <sup>(1)</sup> :	0.42%
PMIA Quarter to Date <sup>(1)</sup> :	0.29%
PMIA Average Life <sup>(1)</sup> :	310

## Pooled Money Investment Account Monthly Portfolio Composition <sup>(1)</sup> 03/31/22 \$207.9 billion

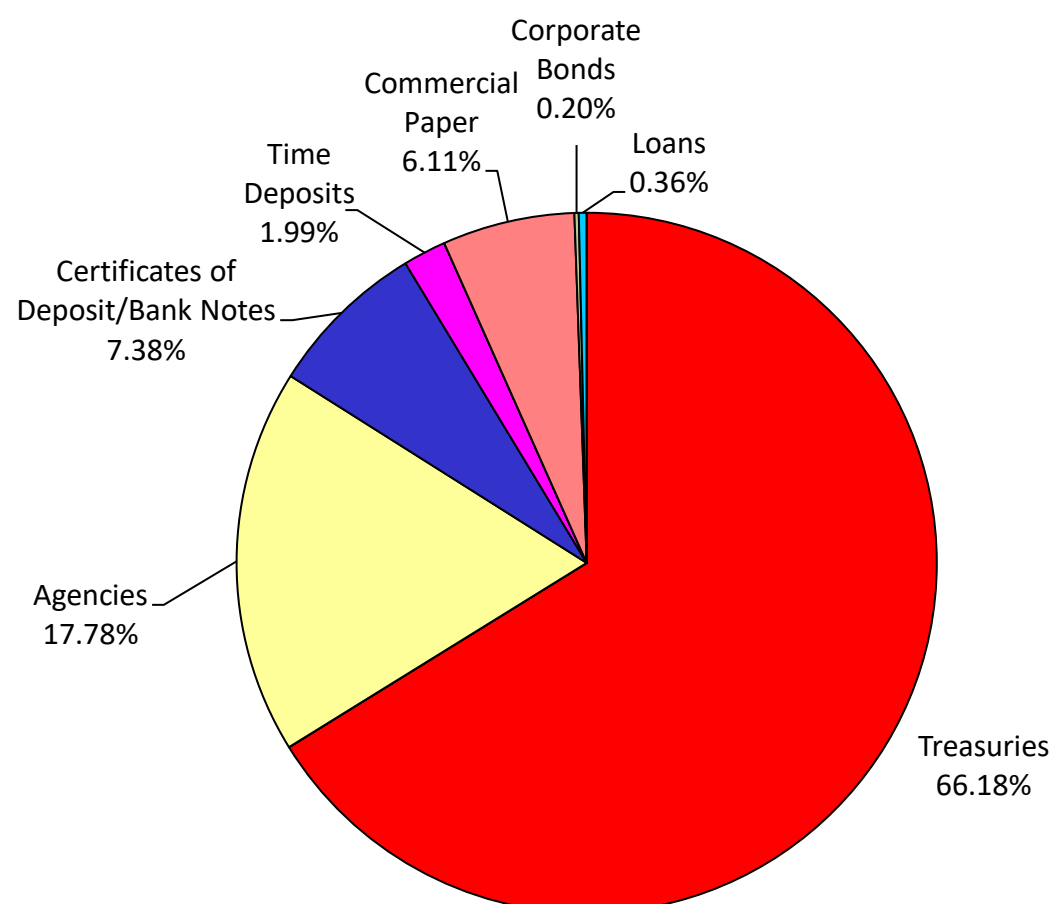


Chart does not include \$5,704,000.00 in mortgages, which equates to 0.003%. Percentages may not total 100% due to rounding.

Daily rates are now available here. [View PMIA Daily Rates](#)

Notes: The apportionment rate includes interest earned on the CalPERS Supplemental Pension Payment pursuant to Government Code 20825 (c)(1) and interest earned on the Wildfire Fund loan pursuant to Public Utility Code 3288 (a).

Source:

<sup>(1)</sup> State of California, Office of the Treasurer

<sup>(2)</sup> State of California, Office of the Controller

California State Treasurer  
**Fiona Ma, CPA**



Local Agency Investment Fund  
P.O. Box 942809  
Sacramento, CA 94209-0001  
(916) 653-3001

April 07, 2022

[LAIF Home](#)  
[PMIA Average Monthly Yields](#)

SHARED AGENCY RISK POOL (SHARP)

[Tran Type Definitions](#)

FINANCE MANAGER  
1750 CREEKSIDE OAKS DRIVE, SUITE 200  
SACRAMENTO, CA 95833

//

**Account Number:** 35-01-002

March 2022 Statement

**Account Summary**

Total Deposit:	0.00	Beginning Balance:	5,059,656.02
Total Withdrawal:	0.00	Ending Balance:	5,059,656.02

California State Treasurer  
**Fiona Ma, CPA**



Local Agency Investment Fund  
P.O. Box 942809  
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March 07, 2022

[LAIF Home](#)  
[PMIA Average Monthly Yields](#)

SHARED AGENCY RISK POOL (SHARP)

FINANCE MANAGER  
1750 CREEKSIDE OAKS DRIVE, SUITE 200  
SACRAMENTO, CA 95833

[Tran Type Definitions](#)

//

**Account Number:** 35-01-002

February 2022 Statement

**Account Summary**

Total Deposit:	0.00	Beginning Balance:	5,059,656.02
Total Withdrawal:	0.00	Ending Balance:	5,059,656.02

# California State Treasurer

## *Fiona Ma, CPA*



Local Agency Investment Fund  
P.O. Box 942809  
Sacramento, CA 94209-0001  
(916) 653-3001

February 08, 2022

[LAIF Home](#)  
[PMIA Average Monthly Yields](#)

### SHARED AGENCY RISK POOL (SHARP)

FINANCE MANAGER  
1750 CREEKSIDE OAKS DRIVE, SUITE 200  
SACRAMENTO, CA 95833

[Tran Type Definitions](#)

**Account Number:** 35-01-002

January 2022 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Web Confirm Number	Authorized Caller	Amount
1/14/2022	1/13/2022	QRD	1694169	N/A	SYSTEM	2,911.14

### Account Summary

Total Deposit:	2,911.14	Beginning Balance:	5,056,744.88
Total Withdrawal:	0.00	Ending Balance:	5,059,656.02



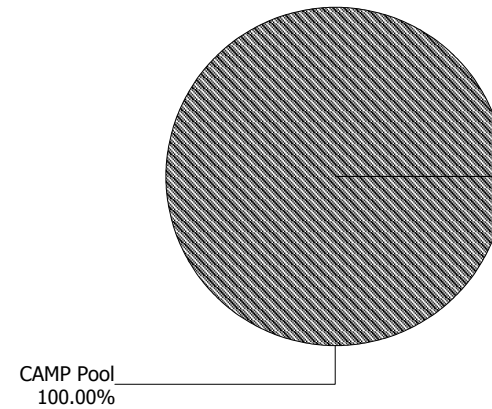
## Account Statement - Transaction Summary

For the Month Ending **March 31, 2022**

### Shared Agency Risk Pool - SHARP - 4010-001

CAMP Pool	
Opening Market Value	43,785.75
Purchases	9.40
Redemptions	0.00
Unsettled Trades	0.00
Change in Value	0.00
<b>Closing Market Value</b>	<b>\$43,795.15</b>
Cash Dividends and Income	9.40

Asset Summary		
	March 31, 2022	February 28, 2022
<b>CAMP Pool</b>	43,795.15	43,785.75
<b>Total</b>	<b>\$43,795.15</b>	<b>\$43,785.75</b>
Asset Allocation		





## Account Statement

For the Month Ending **March 31, 2022**

Shared Agency Risk Pool - SHARP - 4010-001

Trade Date	Settlement Date	Transaction Description	Share or Unit Price	Dollar Amount of Transaction	Total Shares Owned
<b>CAMP Pool</b>					
<b>Opening Balance</b>					<b>43,785.75</b>
03/31/22	04/01/22	Accrual Income Div Reinvestment - Distributions	1.00	9.40	43,795.15
<b>Closing Balance</b>					<b>43,795.15</b>

	Month of March	Fiscal YTD July-March		
<b>Opening Balance</b>	43,785.75	43,770.56	<b>Closing Balance</b>	43,795.15
<b>Purchases</b>	9.40	24.59	<b>Average Monthly Balance</b>	43,786.05
<b>Redemptions (Excl. Checks)</b>	0.00	0.00	<b>Monthly Distribution Yield</b>	0.25%
<b>Check Disbursements</b>	0.00	0.00		
<b>Closing Balance</b>	<b>43,795.15</b>	<b>43,795.15</b>		
<b>Cash Dividends and Income</b>	9.40	24.59		





## Account Statement

For the Month Ending **February 28, 2022**

Shared Agency Risk Pool - SHARP - 4010-001

Trade Date	Settlement Date	Transaction Description	Share or Unit Price	Dollar Amount of Transaction	Total Shares Owned
<b>CAMP Pool</b>					
<b>Opening Balance</b>					<b>43,783.68</b>
02/28/22	03/01/22	Accrual Income Div Reinvestment - Distributions	1.00	2.07	43,785.75
<b>Closing Balance</b>					<b>43,785.75</b>

	Month of February	Fiscal YTD July-February		
<b>Opening Balance</b>	43,783.68	43,770.56	<b>Closing Balance</b>	43,785.75
<b>Purchases</b>	2.07	15.19	<b>Average Monthly Balance</b>	43,783.75
<b>Redemptions (Excl. Checks)</b>	0.00	0.00	<b>Monthly Distribution Yield</b>	0.06%
<b>Check Disbursements</b>	0.00	0.00		
<b>Closing Balance</b>	<b>43,785.75</b>	<b>43,785.75</b>		
<b>Cash Dividends and Income</b>	2.07	15.19		



## Account Statement

For the Month Ending **January 31, 2022**

Shared Agency Risk Pool - SHARP - 4010-001

Trade Date	Settlement Date	Transaction Description	Share or Unit Price	Dollar Amount of Transaction	Total Shares Owned
<b>CAMP Pool</b>					
<b>Opening Balance</b>					<b>43,781.78</b>
01/31/22	02/01/22	Accrual Income Div Reinvestment - Distributions	1.00	1.90	43,783.68
<b>Closing Balance</b>					<b>43,783.68</b>

	Month of January	Fiscal YTD July-January		
<b>Opening Balance</b>	43,781.78	43,770.56	<b>Closing Balance</b>	43,783.68
<b>Purchases</b>	1.90	13.12	<b>Average Monthly Balance</b>	43,781.84
<b>Redemptions (Excl. Checks)</b>	0.00	0.00	<b>Monthly Distribution Yield</b>	0.05%
<b>Check Disbursements</b>	0.00	0.00		
<b>Closing Balance</b>	<b>43,783.68</b>	<b>43,783.68</b>		
<b>Cash Dividends and Income</b>	1.90	13.12		

## Memorandum

**To:** Min Su, Finance Manager  
*Shared Agency Risk Pool*

**From:** Lesley Murphy, Director  
*PFM Asset Management LLC*

**RE:** Annual Investment Policy Review

---

We have completed our review of the Investment Policy ("Policy") for the Shared Agency Risk Pool (the "Pool") dated June 16, 2021. The Policy is in compliance with the sections of California Government Code ("Code") that govern the investment of public funds. There have been no recent changes made to the sections of Code that govern the investment of public funds. Thus, we are not recommending any changes to the Policy this year.

Please let me know if you have any questions.

# **Shared Agency Risk Pool**

## **Investment Policy**

Adopted: September 1987  
Revised: March 19, 1997  
Revised: May 18, 2005  
Revised: May 02, 2013  
Revised: May 15, 2014  
Revised: May 13, 2015  
Revised: June 20, 2018

## 1.0 Policy

It is the policy of the Shared Agency Risk Pool (the Pool) to invest its financial assets in a manner which will provide the highest investment return consistent with maximum security while meeting the daily cash flow demands of the Pool and conforming to all applicable laws governing the investment of public funds.

## 2.0 Scope

This investment policy applies to activities of the Shared Agency Risk Pool with regard to investing the financial assets of the Administrative and Trust Funds.

## 3.0 Prudence

Pursuant to California Government Code Section 53600.3, all persons authorized to make investment decisions on behalf of the Pool are trustees and therefore fiduciaries subject to the prudent investor standard: "When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law."

## 4.0 Objectives

The overall program shall be designed and managed with a degree of professionalism worthy of the public trust. The primary objectives, in order of priority, of the Pool's investment activities shall be:

- 1) Safety.** Safety of principal is the foremost objective of the investment program. The Pool's investments shall be undertaken in a manner that seeks to ensure preservation of capital in the overall portfolio.
- 2) Liquidity.** The Pool's investment portfolio will remain sufficiently liquid to enable the Pool to meet its reasonably anticipated cash flow requirements.
- 3) Return on Investment.** The Pool seeks to attain the maximum possible yield on its investments, consistent with constraints imposed by its safety objectives and cash flow consideration.

## 5.0 Delegation of Authority

The investment authority will be vested in the Treasurer/Chief Financial Officer, as defined and established in the Pool's bylaws. Upon the approval of this Investment Policy on an annual basis, the Pool will be adhering to Government Code Section 53607 which states in pertinent part: "The authority of the legislative body to invest or to reinvest funds of a local agency, or to sell or exchange securities so purchased, may be delegated for a one year period by the legislative body to the treasurer of the local agency, who shall thereafter assume full responsibility for those transactions until the delegation of authority is revoked or expires."

The Treasurer/Chief Financial Officer and the delegated investment officers acting in accordance with written procedures and the Investment Policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

The Treasurer/Chief Financial Officer may delegate investment decision making and execution authority to an investment advisor. The advisor shall follow the Investment Policy and such other written instructions as are provided.

#### 6.0 Ethics and Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal business activities that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the Chair any material financial interests in financial institutions that conduct business with the Pool, and they shall further disclose any material financial interest that could be related to the performance of the Pool, particularly with regard to the time of purchases and sales. For purposes of this section "material financial interests" means any interest described in Government Code Sections 87103 (a)-(e), as they may be amended from time to time.

#### 7.0 Internal Controls

The Treasurer/Chief Financial Officer shall maintain a system of written internal controls to regulate the Pool's investment activities, including the activities of any subordinate officials acting on behalf of the Pool. As part of the annual financial audit, the Pool's external auditor will perform a review of investment transactions to verify compliance with policies and procedures.

#### 8.0 Authorized Financial Dealers and Institutions

A competitive bid process shall be used to place all investment transactions; a minimum of three quotes shall be obtained on all purchase and sales of securities, when practical. It shall be the Pool's policy to purchase securities only from Board authorized institutions and firms. No deposit of public funds shall be made except in a qualified public depository as established by state laws.

The Treasurer/Chief Financial Officer shall maintain a list of authorized broker/dealers and financial institutions that are approved for investment purposes. The purchase by the Pool of any investment other than those purchased directly from the issuer, shall be purchased either from an institution licensed by the State as a broker-dealer, as defined in Section 25004 of the Corporations Code, which is a member of the Financial Industry Regulatory Authority (FINRA), or a member of a federally regulated securities exchange, a national or state chartered bank, a federal or state association (as defined by Section 5102 of the Financial Code), or a brokerage firm designated as a Primary Government Dealer by the Federal Reserve Bank.

The Pool requires each firm that will be used for the purchase or sale of securities to be evaluated by the Treasurer/Chief Financial Officer prior to making any investments. The firms shall submit current financial statements, and annual audited financial statements each year thereafter, which are to be evaluated by the Treasurer/Chief Financial Officer. At a minimum, the firm must be financially sound and have been in business a minimum of three years. In addition, the firms must provide: proof of licensing or membership described above,

trading resolutions, proof of state registration or exemption, and certificate of having read the Pool's investment policy.

If the Pool has retained the services of an investment advisor, the investment advisor may use its own list of authorized broker/dealers to conduct transactions on behalf of the Pool.

#### 9.0 Authorized and Suitable Investments

The Pool is governed by Government Code, Sections 53600 et seq. Within the investments permitted by the Government Code, the Pool seeks to further restrict eligible investment to the investments listed below. In the event an apparent discrepancy is found between this Policy and the Government Code, the more restrictive parameters will take precedence. The maturity limits are applied at the time of purchase

Credit criteria listed in this section refers to the credit quality of the issuing organization at the time the security is purchased. In the event of a downgrade below the minimum credit rating requirements listed below, the Treasurer/Chief Financial Officer or the investment advisor, if so designated, must notify the Pool of such downgrade within 15 days of the downgrade and will use his/her best professional judgment to determine the appropriate course of action.

The portfolio shall be diversified by security type and institution to avoid incurring unreasonable and avoidable risks regarding specific security types or individual financial institutions.

Except as provided below, no more than five percent (5%) of the Pool's portfolio may be invested in any one institution, regardless of sector. The types of investments which are excluded from this limitation are:

- United States Treasury and federal agency obligations,
  - Supranational obligations,
  - Bank certificates of deposit,
  - Other certificates of deposit, and
  - Money market funds and local government investment pools, including LAIF and CAMP.
1. United States Treasury Issues. United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest. United States Treasury Issues cannot exceed a maturity of 7 years. There is no limitation as to the percentage of the portfolio that may be invested in this category.
  2. Federal Agency Obligations. Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises. Federal Agency Obligations cannot exceed a maturity of 7 years. There is no limitation as to the percentage of the portfolio that may be invested in this category. However, purchases of Federal Agency mortgage-backed securities issued by or fully guaranteed as to principal and interest by government agencies are limited to a maximum of 20 percent of the portfolio.
  3. Medium-term notes. Medium-term notes are defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Medium-term notes with a maximum remaining maturity of two years or less shall be rated in a rating category of "A" or its equivalent or better by a nationally recognized statistical rating organization (NRSRO).

Medium-term notes with a maximum remaining maturity in excess of two years but not to exceed five years shall be rated in a rating category of “AA” or its equivalent or better by an NRSRO. A maximum of 30 percent of the portfolio may be invested in this category.

4. Bankers Acceptances. Bankers acceptances, otherwise known as bills of exchange or time drafts, that are drawn on and accepted by a commercial bank. Purchasers are limited to issuers whose short-term debt is rated A-1/P-1 or its equivalent or better by an NRSRO. Bankers acceptances cannot exceed a maturity of 180 days. A maximum of 25 percent of the portfolio may be invested in this category.
5. Commercial Paper. Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by an NRSRO. The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (A) or paragraph (B):
  - (A) The entity meets the following criteria: (i) Is organized and operating in the United States as a general corporation. (ii) Has total assets in excess of five hundred million dollars (\$500,000,000). (iii) Has debt other than commercial paper, if any, that is rated in a rating category of "A" or its equivalent or higher by a nationally recognized statistical-rating organization.
  - (B) The entity meets the following criteria: (i) Is organized within the United States as a special purpose corporation, trust, or limited liability company. (ii) Has program wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond. (iii) Has commercial paper that is rated "A-1" or higher, or the equivalent, by an NRSRO.

Eligible commercial paper shall have a maximum maturity of 270 days or less and not represent more than 10 percent of the outstanding paper of an issuing corporation. A maximum of 25 percent of the portfolio may be invested in this category.

6. Bank Certificates of Deposit fully-insured by the FDIC. Certificates of Deposit fully- insured by the FDIC have an implicit rating of AA+. Fully-insured CDs may not exceed seven (7) years to maturity. A maximum of thirty (30) percent of the portfolio may be invested in this category. The amount invested in fully-insured CDs with any one financial institution in combination with any collateralized deposits with that same financial institution shall not exceed ten (10) percent of the portfolio.
7. Other Certificates of Deposits includes CDs that are purchased from in-state commercial banks and savings and loans that are not insured FDIC or exceed the maximum coverage limit of FDIC. Purchases are limited to institutions which have long term debt rated “AA” or higher with a nationally recognized rating service; and/or have short term debt rated at least “A-1” with a nationally recognized rating service. The FDIC limit applies to all active CDs purchased from the same institution. To be eligible for purchase, the financial institution must have received a minimum overall “satisfactory” rating for meeting the credit needs of California Communities in its most recent evaluation, as provided in Government Code Section 53635.2. These CDs are required to be collateralized as specified under Government Code Section 53630 et. seq. The Chief Financial Officer, at his discretion, may waive the collateralization requirements for any portion that is covered by federal insurance. The Corporation shall have a signed agreement with the depository per Government Code Section 53649. A maximum of 10 percent of the portfolio may be invested in this category. These “other” CDs may not exceed



one (1) year to maturity. The amount invested in these “other” CDs from any one financial institution in combination with any other insured or collateralized deposits with that financial institution shall not exceed ten (10) percent of the portfolio.

8. Negotiable certificates of deposit (NCDs) issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank with a maximum remaining maturity of five years or less. For purposes of this section, negotiable certificates of deposit do not come within Article 2 (commencing with Section 53630), except that the amount so invested shall be subject to the limitations of Section 53638. The legislative body of a local agency and the treasurer or other official of the local agency having legal custody of the moneys are prohibited from investing local agency funds, or funds in the custody of the local agency, in negotiable certificates of deposit issued by a state or federal credit union if a member of the legislative body of the local agency, or a person with investment decision making authority in the administrative office manager’s office, budget office, auditor-controller’s office, or treasurer’s office of the local agency also serves on the board of directors, or any committee appointed by the board of directors, or the credit committee or the supervisory committee of the state or federal credit union issuing the negotiable certificates of deposit. Purchases shall be limited to NCDs rated in a rating category of “A” or its equivalent or better for long-term obligations, and “A-1” or its equivalent or better for short-term obligations. A maximum of 30 percent of the portfolio may be invested in this category.
9. Money Market Funds. Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 and following). The company shall have met either of the following criteria: (A) Attained the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations. (B) Retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years of experience managing money market mutual funds with assets under management in excess of five hundred million dollars (\$500,000,000). A maximum of 10 percent of the portfolio may be invested in this category.
10. State of California Local Agency Investment Fund (LAIF). There is no limitation as to the percentage of the portfolio that may be invested in this category. However, the amount invested may not exceed the maximum allowed by LAIF. For due diligence, a copy of LAIF's current investment policy and its requirements for participation, including limitations on deposits or withdrawals shall be maintained on file.

Under the California Government Code, LAIF is allowed greater investment flexibility than the Pool is permitted. As such, LAIF's investment portfolio may contain investments not otherwise permitted under this policy. For funds invested with LAIF, LAIF's investment policy overrides the Pool's investment policy.

11. Municipal Obligations. Municipal obligations shall be permissible as described in either paragraph (A), (B), or (C) below:
  - A. Registered state warrants or treasury notes or bonds of this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of the state.
  - B. Registered treasury notes or bonds of any of the other 49 states in addition to California, including bonds payable solely out of the revenues from a revenue-producing property

owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 states, in addition to California.

- C. Bonds, notes, warrants, or other evidences of indebtedness of a local agency within this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.

A maximum of 30 percent of the portfolio may be invested in any combination of the municipal obligations as described in paragraphs (A), (B), or (C) above with a maximum remaining maturity of five years or less. Purchases are limited to municipal obligations rated in a rating category of "A" or its equivalent or better for long-term obligations or "A-1" or its equivalent or better for short-term obligations.

- 12. Asset Backed Securities (ABS). A mortgage passthrough security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable passthrough certificate, or consumer receivable-backed bond of a maximum of five years' maturity. Securities eligible for investment under this subdivision shall be issued by an issuer rated in a rating category of "A" or its equivalent or better for the issuer's debt as provided by an NRSRO and rated in a rating category of "AAA" or its equivalent by an NRSRO. Purchase of securities authorized by this subdivision shall not exceed 20 percent of the portfolio.

- 13. Local government investment pools. Shares of beneficial interest issued by a joint powers authority organized pursuant to California Government Code Section 6509.7 that invests in the securities and obligations authorized in subdivisions (a) to (q), inclusive. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria:

- (1) The adviser is registered or exempt from registration with the Securities and Exchange Commission.
- (2) The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (q), inclusive.
- (3) The adviser has assets under management in excess of five hundred million dollars (\$500,000,000).

Further, the shares of beneficial interest shall be rated in a rating category of AAA or its equivalent by an NRSRO.

- 14. Supranational Obligations. United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated in a rating category of "AA" or its equivalent or better by an NRSRO and shall not exceed 30 percent of the portfolio.

Please see Appendix A for a summary of authorized and suitable investments.

#### 10.0 Prohibited Investment Practices and Instruments

Any investment in a security not specifically listed in Section 9.0 above, but otherwise permitted by the Government Code, is prohibited without the prior approval of the Board. Section 53601.6 of the Government Code specifically disallows investments in inverse floaters, range notes, or interest-only strips that are derived from a pool of mortgages. In addition to the limitations in Government Code Section 53601.6, this Policy further restricts investments as follows: (1) the Pool shall not engage in leveraged investing, such as in margin accounts or any form of borrowing

for the purpose of investment, (2) the Pool shall not invest in securities with floating coupon interest rates, and (3) no investment will be made that has either (a) an embedded option or characteristic which could result in a loss of principal if the investment is held to maturity, or (b) an embedded option or characteristic which could seriously limit accrual rates or which could result in zero accrual periods.

#### 11.0 Duration and Maximum Maturity

It is the objective of this Policy to provide a system which will accurately monitor and forecast revenues and expenditures so that the Pool can invest funds to the fullest extent possible. Funds of the Pool will be invested in accordance with sound treasury management principles.

Assets in the Administration Fund (projected administration expenses for a fiscal year) will be invested in LAIF or other highly liquid securities. Assets in the Trust Fund (assets needed to fully fund the Pool's claims related liability as determined by the actuary) will be invested to achieve an average duration coordinated with the duration of the claims liability as calculated by the actuary.

The maximum maturity of individual investments shall not exceed the limits set forth in Section 9.0. The Board has approved the investment in U.S. Treasury and Federal Agency obligations with a maximum maturity of up to seven years. No investment shall exceed a maturity of seven years from the date of purchase unless the Board has granted express authority to make that investment either specifically or as a part of an investment program approved by the Board no less than three months prior to the investment.

#### 12.0 Safekeeping and Custody

All security transactions entered into by the Pool shall be conducted on a delivery-versus-payment (DVP) basis. All cash and securities in the Pool's portfolio shall be held in safekeeping in the Pool's name by a third party bank trust department, acting as agent for the Pool under the terms of a custody agreement executed by the bank and the Pool. The only exception to the foregoing shall be depository accounts and securities purchases made with: (i) local government

investment pools; (ii) time certificates of deposit, and, (iii) money market mutual funds, since the purchased securities are not deliverable. Evidence of each these investments will be held by the Pool.

### 13.0 Performance Benchmark

The Pool seeks to attain market rates of return on its investments throughout economic cycles, consistent with constraints imposed by its safety objectives and cash flow consideration. The Treasurer/Chief Financial Officer shall continually monitor and evaluate the portfolio's performance. A comparison of the portfolio's performance against a performance benchmark shall be included in the Treasurer/Chief Financial Officer's quarterly report. The Treasurer/Chief Financial Officer shall recommend an appropriate, readily available market index to use as a performance benchmark.

### 14.0 Reporting

The Treasurer/Chief Financial Officer shall submit a quarterly investment report to the Pool members. The report shall include the following information for each individual investment: Description of investment instrument, issuer name, maturity date, credit rating, coupon rate, effective yield, purchase price, par value, book value, current market value and the source of the valuation. The quarterly report shall also state compliance of the portfolio to the statement of investment policy, or manner in which the portfolio is not in compliance. The report shall also include a list of monthly investment transactions. The quarterly report shall be submitted within 30 days following the end of the quarter covered by the report.

On a semi-annual basis, the Treasurer/Chief Financial Officer shall submit a statement denoting the ability of the Pool to meet its expenditure requirements, based upon the analysis prepared by the actuary. If the ability of the Pool to meet its expenditure requirements is uncertain, the Treasurer/Chief Financial Officer shall provide an explanation as to why sufficient money may or may not be available.

### 15.0 Policy Adoption

The Pool's investment policy shall be adopted by annual the Board of Directors. The policy shall be reviewed annually and any modification made thereto must be approved by the Board at a public meeting.

## Appendix A

### Summary of Authorized and Suitable Investments

This table is for general reference only. Please see the body of the Policy for a listing of all requirements.

<b>Security Type</b>	<b>Maturity Limits</b>	<b>Maximum Portfolio Percentage Holdings</b>	<b>Rating Requirements</b>
United State Treasury Securities	7 years maximum	100%	None
Federal Agency Obligations	7 years maximum	100% 20% limit on mortgage backed securities.	None
Medium-Term Corporate Notes	5 years	310% 5% limit per issuer (applies across security types)	A
Bankers' Acceptances	180 days	25% 5% limit per issuer (applies across security types)	Issuers with a short-term rating of A-1/P-1
Commercial Paper	270 days	25% 5% limit per issuer (applies across security types)	A-1/P-1/F-1
FDIC-Insured Certificates of Deposit (CDs)	7 years	30% 10% limit per issuer (applies across all deposits)	Being fully government-insured provides de facto AA+-rating.
Certificates of Deposit--Other	1 year	10% 1010% limit per issuer (applies across all deposits)	Issuer with an AA long-term debt rating and/or an A-1 short-term debt rating. Must have "satisfactory" CRA rating.
Negotiable CDs	5 years	30% 5% limit per issuer (applies across security types)	A / A-1
Money Market Funds	N.A.	10%	AAA rated fund or manager with a minimum 5 years experience and \$500 million under management

State of California Local Agency Investment Fund	N.A.	100%	None (LAIF is unrated)
Municipal Obligations	5 years	30% 5% limit per issuer (applies across security types)	A / A-1
Asset-Backed Securities	5 years	20% 5% limit per issuer (applies across security types)	AAA
Local Government Investment Pools	N.A.	100%	AAA
Supranational Obligations	5 years	30%	AA

## **CONFLICT OF INTEREST CODE**

### **SHARED AGENCY RISK POOL (SHARP)**

The Political Reform Act, Government Code Sections 8100, et seq., requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a regulation, 2 California Code of Regulations Sections 18730, et seq., which contains the terms of a standard Conflict of Interest Code, which can be incorporated by reference in an agency's Code. After public notice and hear it may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act. Therefore, the terms of 2 California Code of Regulations, Sections 18730, et seq., and any amendments to it duly adopted by the Fair Political Practices Commission, along with the attached Appendices in which officials and employees are designated and disclosure categories are set forth, are hereby incorporated by reference and constitute the Conflict of Interest Code of Shared Agency Risk Pool (SHARP).

Officials and employees holding positions listed in this code must file their statements of economic interest electronically with the **Fair Political Practices Commission**. All statements must be made available for public inspection and reproduction under Government Code Section 81008.

**SHARED AGENCY RISK POOL  
APPENDIX TO THE CONFLICT OF INTEREST CODE**

<u>Designated Positions</u>	<u>Disclosure Category</u>
General Manager	1, 2, 3
Assistant General Manager	1, 2, 3
Workers' Compensation Program Manager	1, 2, 3
Finance Manager	1, 2, 3
Legal Counsel	1, 2, 3
Consultants/New Positions	*

\*Consultants/New Positions shall be included in the list of designated positions and shall disclose pursuant to the broadest category in the code subject to the following limitation:

The General Manager may determine in writing that a particular consultant/new position, although a "designated position," is hired to perform a range of duties that are limited in scope and thus is not required to comply with the disclosure requirements described in this section. Such determination shall include a description of the consultant's or new position's duties and, based upon that description, a statement of the extent of the disclosure requirements and shall be retained in SHARP's files. The General Manager's determination is a public record and shall be retained for public inspection in the same manner and location as this conflict of interest code. (Gov. Code Sec. 81008)

Note: All positions are filled by outside consultants, but act in a staff capacity for SHARP.



The following positions are NOT covered by the conflict of interest code because the positions manage public investments. Individuals holding such positions must file under Government Code Section 87200 and are listed for informational purposes only. Section 87200 requires disclosure of all investments and business positions in business entities, all income, including gifts, loans and travel payments, and real property.

Treasurer

Assistant Treasurer

Consultants that manage public investments

Members of the Board of Directors

Alternates for Members of the Board of Directors

An individual holding one of the above listed positions may contract the Fair Political Practices Commission for assistance or written advice regarding their filing obligations if they believe that their position has been categorized incorrectly. The Fair Political Practices Commission makes the final determination whether a position is covered by Government Code Section 87200.

## **DISCLOSURE CATEGORIES**

### Disclosure Category 1

Investments and business positions in business entities and income (including receipt of loans, gifts, and travel payments) from sources of the type that contract with SHARP to supply goods, services, materials, supplies, or leased space.

### Disclosure Category 2

Investments and business positions in business entities, and income (including receipt of loans, gifts, and travel expenses) from sources that are engaged in the performance of work or services of the type utilized by SHARP, including insurance companies, carriers, holding companies, underwriters, brokers, solicitors, agents, adjusters, claims managers, and actuaries.

### Disclosure Category 3

Investments and business positions in business entities, and income (including receipt of loans, gifts, and travel expenses) from sources that have filed a claim or have a claim pending that are reviewed and administered by SHARP.

This is the last page of the conflict of interest code for the **Shared Agency Risk Pool**.



### CERTIFICATION OF FPPC APPROVAL

Pursuant to Government Code Section 87303, the conflict of interest code for the **Shared Agency Risk Pool** was approved on 6/15/ 2020. This code will become effective on 7/15/ 2020.



\_\_\_\_\_

John M. Feser, Jr.

Senior Commission Counsel

Fair Political Practices Commission



**James Marta & Company LLP**  
**Certified Public Accountants**

*Accounting, Auditing, Consulting, and Tax*

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February 12, 2021

Shared Agency Risk Pool  
1750 Creekside Oaks Drive, Suite 200  
Sacramento, CA 95833

To the Board of Directors of Shared Agency Risk Pool:

**Objective and Scope of the Audit**

You have requested that we audit the Statement of Net Position of Shared Agency Risk Pool (SHARP) as of June 30, 2022, 2023, and 2024, and the related Statements of Revenues, Expenditures and Changes in Net Position and Cash Flows for the years then ended and the related notes to the financial statements, which collectively comprise SHARP's basic financial statements and provide assistance with the preparation of the financial statements. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter.

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America (GAAS) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Claims Development Information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the required supplementary information (RSI) in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation, and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI.

The following RSI is required by accounting principles generally accepted in the United States of America. This RSI will be subjected to certain limited procedures but will not be audited:

- Management's Discussion and Analysis
- Claims Development Information
- Notes to the Required Supplementary Information

Supplementary information other than RSI will accompany SHARP's basic financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the basic financial statements and perform certain additional procedures, including comparing and reconciling the supplementary information to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and additional procedures in accordance with auditing standards generally accepted in the United States of America. We intend to provide an opinion on the following supplementary information in relation to the financial statements as a whole.

- Graphical Summary of Claims

### **The responsibilities of the auditor**

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS) and in accordance with Government Auditing Standards, and the State Controller's Minimum Audit Requirements for California Special Districts. As part of an audit in accordance with GAAS, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SHARP's ability to continue as a going concern for a reasonable period of time.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk exists that some material misstatements (whether caused by errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations) may not be detected by our firm, even though our audit is properly planned and performed in accordance with GAAS and in accordance with Government Auditing Standards, and the State Controller's Minimum Audit Requirements for California Special Districts.

### **Compliance with Laws and Regulations**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of SHARP's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

## Management Responsibilities

At the outset, it is imperative that we state the scope of your responsibilities in connection with this engagement:

- a. The financial statements are the responsibility of SHARP's management.
- b. Encompassed in that responsibility is the establishment and maintenance of effective internal control over financial reporting, the establishment and maintenance of proper accounting records, and the selection of appropriate accounting principles.
- c. Management is responsible for the design and implementation of programs and controls to prevent or detect fraud, and for informing us about all known or suspected fraud affecting the organization involving (a) management, (b) individuals who have significant roles in internal control, and (c) others where the fraud could have a material effect on the financial statements.
- d. Management is also responsible for informing us of its knowledge of any allegations of fraud or suspected fraud affecting the organization received in communications from members, regulators, or others. In addition, management is responsible for identifying and ensuring that the entity complies with applicable laws and regulations.
- e. Management is responsible
  - i. for the identification of the applicable reporting framework;
  - ii. for the preparation and fair presentation of financial statements in accordance with accounting principles generally accepted in the United States of America; and
  - iii. for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- f. Management is responsible to provide us with
  - i. access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters;
  - ii. additional information that we may request from management for the purpose of the audit; and
  - iii. unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.

As part of our audit process, we will request from management and, when appropriate, those charged with governance, written confirmation concerning representations made to us in connection with the audit.

We will assist in the preparation of your financial statements, but the responsibility for the financial statements remains with you. You are responsible for adjusting the financial statements to correct material misstatements and for confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

As part of our engagement, we may propose standard, adjusting, or correcting journal entries to your financial statements. You are responsible for reviewing the entries and understanding the nature of any proposed entries and the impact they have on your financial statements. Further, you are responsible for designating a qualified management-level individual to be responsible and accountable for overseeing these activities.

## Reporting

We will issue a written report upon completion of our audit of SHARP's basic financial statements. Our report will be addressed to the board of directors of SHARP. Circumstances may arise in which our report

may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances it may be necessary for us to modify our opinion, add an emphasis-of-matter paragraph or other-matter paragraph to our auditor's report, or if necessary, withdraw from the engagement.

We also will issue a written report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standard upon completion of our audit.

### **Other Stipulations**

We understand that your employees will prepare all confirmations we request and will locate any documents or invoices selected by us for testing.

If you intend to publish or otherwise reproduce the financial statements and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

### **Provisions of Engagement Administration, Timing and Fees**

During the course of the engagement, we may communicate with you or your personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

We expect to begin our audit in September and to complete and issue our report no later than December.

Jesse Deol, CPA, ARM is the engagement partner for the audit services specified in this letter. His responsibilities include supervising James Marta & Company LLP's services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the audit report.

Our liability as auditors shall be limited to the period covered by our audit and shall not extend to later periods for which we are not engaged as auditors.

### **Record Retention**

It is our policy to keep records related to this engagement for seven (7) years. However, James Marta & Company LLP does not keep any original client records, so we will return those to you at the completion of the services rendered under this engagement. When records are returned to you, it is your responsibility to retain and protect your records for possible future use, including potential examination by any government or regulatory agencies.

By your signature below, you acknowledge and agree that upon the expiration of the 7-year period, James Marta & Company LLP shall be free to destroy our records related to this engagement.

### **Fees**

Our fees for the audit will be \$8,500 for each of the years ended June 30, 2022, 2023, and 2024. We will bill you on a monthly basis for our services and invoices are payable upon presentation. Unpaid fee balances 30 days overdue will bear interest at 18 percent per annum. This fee is based upon the assumption that the closing journal entries will be made and accounting will be finalized and closed before the year end audit fieldwork. If compliance requirements change, or if the Pool is involved in issuing an exempt offering, additional fees and an amended engagement letter may be required. Additional time and billing charges will be charged at our standard hourly rates and costs in the event of the following:

- Account reconciliations are not completed for, (example but not limited to):

- Cash and Cash Equivalents
- Accounts Receivable and Allowance for Doubtful Accounts
- Investments
- Deposits
- Prepaid Expenses
- Accounts Payable
- Unearned Revenue
- Claims Liabilities
- Premium Revenues
- Claims Expense
- Insurance Expense
- Risk Management Expense
- Management and Administrative Expenses
- Actuary Expenses
- Accounting system or account group changes from prior year
- Allocation of expenses not completed
- Allocation of investments not completed
- Allocation of income not completed
- Changes in accounts after beginning of audit work that necessitates additional or redo of audit work.
- Changes or revision of the initial trial balance
- Addition of new activities
  - New funding sources
  - New funds
  - New debt

Whenever possible, we will attempt to use your personnel to assist in the preparation of schedules and analyses of accounts. We understand that your employees will prepare all cash or other confirmations we request and will locate any invoices selected by us for testing. This effort could substantially reduce our time requirements and facilitate the timely conclusion of the audit.

Our initial fee estimate assumes we will receive the aforementioned assistance from your personnel and unexpected circumstances will not be encountered. In the event that the GASB, FASB, AICPA, GAO, OMB, or the State of California issues additional standards or audit procedures that require additional work during the audit period, we will discuss these requirements with you before proceeding further. Before starting the additional work, we will prepare an estimate of the time necessary, as well as the fee for performing the additional work. Our fee for addressing the additional requirements will be at our standard hourly rates for each person involved in the additional work.

In the event we are required to respond to discovery requests, subpoenas, and outside inquiries, we will first obtain your permission unless otherwise required to comply under the law. Our time and expense to comply with such requests will be charged at our standard hour rates in addition to the stated contract.

We agree to retain our audit documentation or work papers for a period of at least seven years from the date of our report.



At the conclusion of our audit engagement, we will communicate to the governing board the following significant findings from the audit:

- Our view about the qualitative aspects of the entity's significant accounting practices;
- Significant difficulties, if any, encountered during the audit;
- Uncorrected misstatements, other than those we believe are trivial, if any;
- Disagreements with management, if any;
- Other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process;
- Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures;
- Representations we requested from management;
- Management's consultations with other accountants, if any; and
- Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management.

The audit documentation for this engagement is the property of James Marta & Company LLP and constitutes confidential information. However, we may be requested to make certain audit documentation available pursuant to authority given to any regulator by law or regulation, or to peer reviewers. If requested, access to such audit documentation will be provided under the supervision of James Marta & Company LLP's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to any regulator. They may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies.

### **Reports**

We will provide you with up to 10 copies of the report. If you intend to publish or otherwise reproduce the financial statements and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

The intended users of the report are the board of directors of SHARP. You agree to be responsible to distribute the reports to those charged with governance and to the appropriate officials of the responsible party.

### **Working Papers**

The audit documentation for this engagement is the property of James Marta & Company LLP and constitutes confidential information. However, we may be requested to make certain audit documentation available pursuant to authority given to any regulator by law or regulation, or to peer reviewers. If requested, access to such audit documentation will be provided under the supervision of James Marta & Company LLP's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to any regulator. They may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies.

We agree to retain our work papers related to this audit for a period of at least seven (7) years from the date of our report.

### **Mediation Provision**

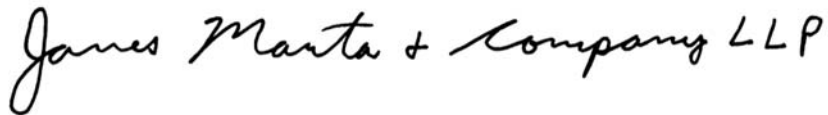
Disputes arising under this agreement (including scope, nature, and quality of services to be performed by us, our fees and other terms of the engagement) shall be submitted to mediation. A competent and impartial third party, acceptable to both parties shall be appointed to mediate, and each disputing party shall pay an equal percentage of the mediator's fees and expenses. No suit or arbitration proceedings shall be commenced under this agreement until at least 60 days after the mediator's first meeting with the involved parties. If the dispute requires litigation, the court shall be authorized to impose all defense costs against any non-prevailing party found not to have participated in the mediation process in good faith.

Several technical accounting and auditing words and phrases have been used herein. We presume you to understand their meaning or that you will notify us otherwise so that we can furnish appropriate explanations.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us. This letter will continue in effect until canceled by either party.

Please sign and return the attached copy of this letter to indicate your acknowledgement of, and agreement with, the arrangements for our audit of the financial statements including our respective responsibilities.

Respectfully,



James Marta & Company LLP  
Certified Public Accountants  
Sacramento, California

### RESPONSE:

This letter correctly sets forth our understanding.

Acknowledged and agreed on behalf of Shared Agency Risk Pool.

Authorized Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

SHARP - Loss Prevention Grants  
Updated:

05/31/22

	FY19-20	FY20-21	FY 21-22	Total	FY19-20	FY20-21	FY 21-22	Total	FY19-20	FY20-21	FY 21-22	Total	FY19-20	FY20-21	FY 21-22	
	Los Altos Hills				SARATOGA				ROSS				American Canyon			Grand
<b>FY 20-21 GRANT</b>		<b>10,000.00</b>		<b>10,000.00</b>		<b>10,000.00</b>		<b>10,000.00</b>		<b>10,000.00</b>		<b>10,000.00</b>		<b>10,000.00</b>		<b>40,000.00</b>
	<b>6,567.97</b>			<b>6,567.97</b>	<b>1,360.78</b>			<b>(3,514.47)</b>	<b>1,953.84</b>			<b>(5,959.90)</b>	<b>2,906.40</b>			<b>0.00</b>
8/3/2020 Apprv-Exp Reimb				0.00	(2,078.52)			(2,078.52)				0.00				(2,078.52)
10.14.10 Apprv-Exp Reimb				0.00	(1,173.00)			(1,173.00)				0.00				(1,173.00)
12.11.20 Apprv-Exp Reimb				0.00				0.00	(2,792.12)			(2,792.12)				(2,792.12)
1.20.21 Apprv-Exp Reimb				0.00	(1,634.27)			(1,634.27)				0.00				(1,634.27)
2.5.21 Apprv-Exp Reimb				0.00				0.00				0.00	(2,268.97)			(2,268.97)
4.7.21 Apprv-Exp Reimb				0.00	(502.51)			(502.51)				0.00				(502.51)
5.26.21 Apprv-Exp Reimb				0.00				0.00				0.00	(8,371.71)	(7,982.19)		(16,353.90)
6.8.21 Apprv-Exp Reimb				0.00				0.00	(2,236.08)			(2,236.08)				(2,236.08)
7.21.21 Apprv-Exp Reimb				0.00	(2,709.84)			(2,709.84)				0.00				(2,709.84)
				0.00				0.00				0.00				0.00
				0.00				0.00				0.00				0.00
				0.00				0.00				0.00				0.00
				0.00				0.00				0.00				0.00
				0.00				0.00				0.00				0.00
				0.00				0.00				0.00				0.00
<b>Balance</b>	<b>7,534.67</b>	<b>10,000.00</b>		<b>17,534.67</b>	<b>3,262.64</b>	<b>10,000.00</b>		<b>13,262.64</b>	<b>6,925.64</b>	<b>10,000.00</b>		<b>16,925.64</b>	<b>0.00</b>	<b>2,017.81</b>	<b>2,017.81</b>	<b>49,740.77</b>
<b>FY 21-22 GRANT</b>	<b>(7,534.67)</b>	<b>1,996.10</b>	<b>10,000.00</b>	<b>4,461.43</b>	<b>(3,262.64)</b>	<b>4,398.45</b>	<b>10,000.00</b>	<b>11,135.81</b>	<b>(6,925.64)</b>	<b>2,383.54</b>	<b>10,000.00</b>	<b>5,457.90</b>	<b>8,944.86</b>	<b>10,000.00</b>	<b>18,944.86</b>	<b>40,000.00</b>
				0.00				0.00				0.00				0.00
8.26.21 Apprv-Exp Reimb		(10,573.13)		(10,573.13)				0.00				0.00				(10,573.13)
10.25.21 Apprv-Exp Reimb				0.00	(1,327.00)			(1,327.00)				0.00				(1,327.00)
12.1.21 Apprv-Exp Reimb				0.00				0.00	(3,553.01)			(3,553.01)				(3,553.01)
1.24.21 Apprv-Exp Reimb				0.00	(2,048.36)			(2,048.36)				0.00				(2,048.36)
5.18.22 Apprv-Exp Reimb				0.00	(2,206.71)			(2,206.71)				0.00				(2,206.71)
				0.00				0.00				0.00				0.00
				0.00				0.00				0.00				0.00
				0.00				0.00				0.00				0.00
				0.00				0.00				0.00				0.00
				0.00				0.00				0.00				0.00
				0.00				0.00				0.00				0.00
				0.00				0.00				0.00				0.00
				0.00				0.00				0.00				0.00
				0.00				0.00				0.00				0.00
<b>Balance</b>	<b>0.00</b>	<b>1,422.97</b>	<b>10,000.00</b>	<b>11,422.97</b>	<b>0.00</b>	<b>8,816.38</b>	<b>10,000.00</b>	<b>18,816.38</b>	<b>0.00</b>	<b>8,830.53</b>	<b>10,000.00</b>	<b>18,830.53</b>	<b>0.00</b>	<b>10,962.67</b>	<b>10,000.00</b>	<b>20,962.68</b>
																<b>70,032.56</b>

**SHARED AGENCY RISK POOL JOINT POWERS  
AUTHORITY (SHARP)**

**POOLED WORKERS' COMPENSATION PROGRAM**

**MEMORANDUM OF COVERAGE**

**FOR THE 202~~21~~-202~~32~~ PROGRAM YEAR  
EFFECTIVE JULY 1, 202~~21~~**

**FORM NO. SHARP 202~~21~~-2~~32~~ WC**

**SHARED AGENCY RISK POOL JOINT POWERS AUTHORITY**  
**POOLED WORKERS' COMPENSATION COVERAGE**

**POLICY NUMBER SHARP 202~~21~~-2~~32~~ WC**

**DECLARATIONS**

**NAMED COVERED PARTY:** Shared Agency Risk Pool Joint Powers  
Authority, et. al., as per Endorsement No. 1  
  
1750 Creekside Oaks Drive, Suite 200  
Sacramento, CA 95833

**POLICY PERIOD:** From 7-1-202~~21~~ to 7-1-202~~32~~  
12:01 a.m. Pacific Time

**LIMIT OF LIABILITY:** \$250,000 Each Occurrence

**FORM AND ENDORSEMENTS:** Form No. SHARP 202~~21~~-2~~32~~ WC,  
FORMING PART OF THE POLICY AT INCEPTION Endorsement No. 1

**ON BEHALF OF SHARED AGENCY RISK POOL JOINT POWERS AUTHORITY**

---

Authorized Representative

**POOLED WORKERS' COMPENSATION PROGRAM  
MEMORANDUM OF COVERAGE**

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## POOLED WORKERS' COMPENSATION PROGRAM (PWCP)

### MEMORANDUM OF COVERAGE

FORM NO. SHARP 202~~21~~-2~~32~~ WC

202~~21~~-202~~32~~

This Memorandum of Coverage (MOC) sets forth the terms, conditions, and limitations of coverage provided under the Pooled Workers' Compensation Program (PWCP). The terms of this MOC may not be changed or waived except by amendment made a part of this MOC.

Throughout this MOC, words and phrases that appear in **bold** have special meaning. They are defined in General Section A, "Definitions" or in the Master Program Document.

### GENERAL SECTION

#### A. DEFINITIONS

The terms in bold print are defined as follows:

1. **Authority** shall mean the Shared Agency Risk Pool Joint Powers Authority.
2. **Bodily injury** shall mean bodily injury by accident or disease, including death resulting therefrom, but shall not include **occupational disease**.
3. **Covered Party** shall mean a participant in this PWCP which has sustained a loss which is covered under this MOC of Coverage.
4. **Cumulative Injury or Illness** means occupational disease or cumulative injury caused by repeated events or repeated exposures at work, limited to the last date on which the employee was employed in an occupation exposing him or her to the hazards of the occupational disease or cumulative injury, whichever occurs first. The liability period for occupational disease or cumulative injury shall be limited to one year per California Labor Code 5500.5(a).
5. **Employee** shall mean any person performing work which renders the **Covered Party** legally liable as an employer under the Workers' Compensation Act of the State of California, or under the common law of the State of California.
6. **Loss** shall mean only such amounts as are actually paid by the **Covered Party** in payment or benefits under the applicable Workers' Compensation Law, in settlement of claims, or in satisfaction of awards or judgments for liabilities imposed by the Workers' Compensation Act or other law for **bodily injury** or **occupational disease** to an **employee**.
7. **Occupational Disease** shall include (1) death resulting therefrom and (2) cumulative

injuries.

8. **Occurrence** means an injury or disease of an employee arising out of and in the course of employment. Bodily injury, illness, or disease sustained by one or more employees, as a result of a single accident, incident or exposure, shall be deemed to arise from a single occurrence. The occurrence shall be deemed to take place on the earlier of (a) the last day of the last exposure, in the employment of the **Covered Party**, to conditions causing or aggravating the disease, or (b) the date upon which the employee first suffered disability and either knew, or in the exercise of reasonable diligence should have known, that such disability was caused by employment with the **Covered Party**. All occupational disease sustained by one or more employees as a result of an outbreak of the same communicable disease shall be deemed to arise from a single occurrence. An outbreak of the same communicable disease that spans more than one coverage period shall be deemed to take place during the first such coverage period.
9. **Participant** shall mean a **Member Entity**, which shall mean a signatory to the **Agreement** establishing the Shared Agency Risk Pool Joint Powers Authority, who has elected to participate in the PWCP.
10. **Retained limit** shall mean the amount stated on the Declarations page and all endorsements listed on the Declarations page, which will be paid by the **Covered Party** before the **Authority** is obligated to make any payment from the pooled funds.

## **B. THE MEMORANDUM OF COVERAGE**

This MOC includes at its effective date the Declarations Page and all endorsements listed on the Declarations Page. This MOC is the coverage document between the **Covered Party** and the **Authority**. The terms of this MOC may not be changed or waived except by endorsement issued by the **Authority** to be part of this MOC.

## **C. COVERAGE PERIOD**

This MOC applies to **losses** occurring during the coverage period defined in the Declarations.

## **D. WHO IS COVERED**

The **Covered Party** is a **Participant** in the **Authority's** PWCP. If a **Covered Party** loses its status as a **Member Entity**, the coverage under this MOC shall terminate immediately upon such change in status.

Volunteer workers are also afforded workers' compensation benefits for performing duties for or on behalf of the **Covered Party** while acting within the scope of their duties on behalf of the **Covered Party** provided that the **Covered Party** has first adopted a resolution as provided in Division 4, Part 1, Chapter 2, Article 2 of the California Labor Code declaring such volunteer workers to be **employees** of the **Covered Party** for purposes of Workers' Compensation Law.



## E. **WORKERS' COMPENSATION LAW**

Workers' Compensation Law means the workers' or workmen's compensation law and **occupational disease** law of the State of California, or any similar law. It includes any amendments to that law that are in effect during the term of this MOC. It does not include any federal workers' or workmen's compensation law, any federal **occupational disease** law, or the provisions of any law that provide non-occupational disability benefits.

## F. **QUALIFIED SELF-INSURER**

The **Covered Party** represents that it is a duly qualified self-insurer under the Workers' Compensation Law of the State of California and will continue to maintain such qualifications during the term this MOC is in effect. If the **Covered Party** should fail to qualify or fail to maintain such qualifications, the coverage provided under this MOC shall automatically terminate at the first date of such failure.

### **PART I – WORKERS' COMPENSATION COVERAGE**

The **Authority** will provide coverage for workers' compensation **losses** up to the **Authority's** Limit of Liability stated in the Declarations Page.

This coverage applies to **bodily injury**.

1. **Bodily injury** by accident must occur during the coverage period.
2. **Bodily injury** by disease must be caused or aggravated by the conditions of employment by the **Covered Party**. The **employee's** last day of last exposure to the conditions causing or aggravating such **bodily injury** by disease must occur during the coverage period.

## A. **DEFENSE OF SERIOUS AND WILLFUL CLAIMS AND 132a ACTIONS:**

The **Authority** will provide a defense for serious and willful claims and Labor Code Section 132a actions, as set forth below, brought before the Workers' Compensation Appeals Board (WCAB), but in no event shall the **Authority** provide any indemnity for any such claim or action:

- 1) Serious and willful misconduct by the **Covered Party** against an **employee** involved in a claim for workers' compensation benefits. (Labor Code §4553.)
- 2) Discrimination by the **Covered Party** against an **employee** involved in a claim for workers' compensation benefits. (Labor Code §132a.)

Such defense will be provided only until such time as the underlying claim for workers' compensation has concluded. The **Authority** shall have the sole discretion to determine when and whether the underlying claim has "concluded." The **Authority** may, at any time, exercise its right to withdraw from the defense of these claims, and such decision shall be

final.

## **B. PAYMENTS THE COVERED PARTY MUST MAKE**

The **Authority** is not responsible for any payments in excess of benefits regularly provided by the Workers' Compensation Law including any payment based on the following conduct by the **Covered Party**:

1. Serious and willful misconduct;
2. Knowing employment of an **employee** in violation of law;
3. Knowing failure to comply with a health or safety law or regulation;
4. Discharge, coercion or otherwise discriminating against any **employee** in violation of the Workers' Compensation Law; or
5. Violation of or failure to comply with any Workers' Compensation Law.

If the **Authority** makes any payments in excess of the benefits regularly provided by the Workers' Compensation Law on the **Covered Party's** behalf, the **Covered Party** will reimburse the **Authority** promptly for such payment.

## **PART II – EMPLOYER'S LIABILITY COVERAGE**

The **Authority** will provide coverage for employer's liability losses up to the **Authority's** Limit of Liability stated in the Declarations Page.

This coverage applies to **bodily injury**. This coverage will apply to amounts awarded against the **Covered Party** in excess of the **Covered Party's Retained Limit** and subject to the Limit of Liability set forth herein, provided that those amounts awarded are the direct consequence of **bodily injury** that arises out of and in the course of the injured **employee's** employment by the **Covered Party**, and are claimed against the **Covered Party** in a capacity other than as employer.

1. The **bodily injury** must arise out of and in the course of the injured **employee's** employment by the **Covered Party**.
2. **Bodily injury** by accident must occur during the coverage period.
3. **Bodily injury** by disease must be caused or aggravated by the conditions of employment by the **Covered Party**. The **employee's** last day of last exposure to the conditions causing or aggravating such **bodily injury** by disease must occur during the coverage period.

## **PART III - POLICY EXCLUSIONS**

This MOC shall not apply to:

- A. Liability imposed by the Workers' Compensation Laws because of **bodily injury** to prisoners or inmates who receive compensation from an entity, other than the **Covered Party**, for the work performed except for liability imposed by the Workers' Compensation Laws because of **bodily injury** to participants of a work release program or other community service program established by a county of the State of California;
- B. Employer's Liability Coverage herein does not apply to any obligation imposed by a workers' compensation, **occupational disease**, unemployment compensation, or disability benefits law, or any similar law.
- C. **Bodily injury** intentionally caused or aggravated by the **Covered Party**.
- D. **Bodily injury** to an **employee** while employed in violation of law with the actual knowledge of the **Covered Party**.
- E. Liability for additional compensation imposed on the **Covered Party** under Labor Code Section 4557 by reason of injury to an **employee** under sixteen years of age and illegally employed at the time of the injury.
- F. Liability imposed by Labor Code Section 4856.

#### **PART IV - THE COVERED PARTY'S RETENTION AND AUTHORITY'S LIMIT OF LIABILITY**

##### **A. LIMIT OF COVERAGE BY AUTHORITY**

The **Authority** will indemnify the **Covered Party** for loss under Workers' Compensation Laws, but will not exceed the Limit of Liability stated in the Declarations Page on any one **loss**. Coverage will include all benefits required under Workers' Compensation Laws, including full salary benefits listed in Labor Code Section 4850. The **Authority** will pay on behalf of the **Covered Party** for Employer's Liability losses but will not exceed the Limits of Liability stated in the Declarations Page on any one loss.

## **B. HOW THE LIMIT OF COVERAGE APPLIES**

The **Authority's** Limit of Coverage stated in the Declarations Page applies to claims covered under the Workers Compensation Coverage or Employer's Liability Coverage as follows:

1. To one or more **employees** for **bodily injury** or death in any one accident;
2. To any one **employee** for **bodily injury** or death by disease; and

If, an employee of two or more **Covered Parties** incurs a cumulative injury or illness as defined in General Section A(10) then the Retained Limits of the involved **Covered Parties** will be adjusted by applying the pro-rata percentage of exposure for the Cumulative Trauma period to each Member's SIR.

Nothing contained herein shall operate to increase the **Authority's** Limit of Coverage under this MOC.

## **PART V - CONDITIONS**

### **A. NOTICE OF ACCIDENT OR CLAIM**

1. The Covered Party shall give written notice within five days of the Covered Party's knowledge to the **Authority** if a claim for a **bodily injury** or disease occurs which appears to involve coverage by the **Authority**.
2. Notice of accident given to the **Authority** shall contain complete details on the **bodily injury**, disease, or death. If a suit, claim, or other proceeding is commenced which appears to involve coverage by the **Authority**, the **Covered Party** shall give the **Authority**:
  - a) All notices and legal papers related to the claim, proceeding, or suit, or copies of these notices and legal papers; and
  - b) Copies of reports on investigations made by the **Covered Party** on such claims, proceedings, or suits.
3. If written notice is not provided by the **Covered Party** to the **Authority** within thirty (30) days of knowledge of such claim, coverage may not be provided under this MOC. This requirement is a condition precedent to coverage under this MOC.

### **B. SUBROGATION - RECOVERY FROM OTHERS**

The **Authority** has the **Covered Party's** rights, and the rights of persons entitled to compensation benefits from the **Covered Party**, to recover the **Authority's loss** from any third party liable for the **bodily injury**. The **Covered Party** will do everything necessary to protect those rights for the **Authority** and to assist in enforcing them. Any recovery, after

deducting the **Authority's** recovery expenses, will first be used to reduce the **Authority's** loss. The balance, if any, will be returned to the **Covered Party**.

If the **Covered Party** waives its rights to subrogation on a claim covered under, or that may be covered under, this MOC, and if the amount of the claim exceeds the **Covered Party's Retained Limit** (and therefore comes within the **Authority's** layer), then the **Authority's** coverage shall not apply to the claim and the **Authority** shall not be liable for any indemnity, reimbursement, payment, or costs on the claim exceeding the **Covered Party's Retained Limit**, unless the **Authority's** Workers' Compensation Program Manager approves the waiver of subrogation in writing.

The exclusion of coverage for waiver of subrogation shall apply only to a waiver of subrogation made or approved by a **Covered Party** after the date of the injury or illness that resulted in the claim. This exclusion shall not apply to a waiver of subrogation contained in an agreement or contract that was approved by the **Covered Party** prior to the date of the injury or illness that resulted in the claim.

#### C. MEMORANDUM CONFORMS TO LAW

If any provision of this MOC is in conflict with Workers' Compensation Laws applicable to this MOC, the **Authority's Agreement**, the **Authority's** Bylaws, or the **Authority's** PWCP Master Program Document, this statement amends this MOC to conform to such law or document.

#### D. ALTERNATIVE DISPUTE RESOLUTION

THE PARTIES TO THIS MEMORANDUM UNDERSTAND THAT BY AGREEING TO THIS MEMORANDUM OF COVERAGE THEY WAIVE ANY RIGHT THEY MAY HAVE TO A TRIAL BY JURY AND TO CERTAIN TYPES OF DAMAGES FOR THE PURPOSE OF ADJUDICATING ANY DISPUTE OR DISAGREEMENT AS TO COVERAGE UNDER THIS MEMORANDUM.

Decisions by the **Authority** whether to assume control of the negotiation, investigation, defense, appeal, or settlement of a claim, or whether or not coverage exists for a particular claim or part of a claim shall be made by the **Board**. An appeal to the **Board** from a coverage decision or opinion by general counsel must be made in writing to the **Authority** by the **covered party** within one hundred and twenty (120) days of receipt of such opinion or decision.

The **Board** will take action on any appeal within sixty (60) days or the next scheduled **Board** of Directors meeting, whichever is later, unless an extension is agreed to by the parties. The action taken by the **Board** will include written notice to the **covered party** **Board's** final decision.

The **covered party** must exhaust the right to appeal, as set forth above, before pursuing either Option A - Arbitration or Option B - Declaratory Relief, as set forth below.

The **covered party** must submit to the Administrator of the **Authority** a written request for

Arbitration to pursue Option A - Arbitration, or a written notice of intent to file an action for Declaratory Relief to pursue Option B – Declaratory Relief, within ninety (90) days of receipt of the **Board's** final written decision. If no such written request or notice is submitted to the Administrator of the **Authority**, the **covered party** shall be deemed to have waived any and all other forms of relief or appeal as to the coverage dispute.

Option A - Arbitration:

If both the **Board** and the **covered party** agree in writing, then the coverage dispute may be resolved by binding arbitration or by any other means mutually agreed between the **Authority** and the **covered party**.

Once the **covered party** submits to the Administrator of the **Authority** a written request for Arbitration, the **Authority** shall have 20 (twenty) days from the date of receipt of the written request to respond. If the **Authority** does not agree in writing to Arbitration by the expiration of that time period, it will be deemed to have denied the request. In the event the written request for Arbitration is denied, the **covered party** shall have 10 (ten) days from the date the request is denied or deemed to have been denied to submit to the Administrator of the **Authority** a written notice of intent to file an action for Declaratory Relief. If no such written notice is submitted to the Administrator of the **Authority**, the **covered party** shall be deemed to have waived any and all other forms of relief or appeal as to the coverage dispute.

In the event both the **Board** and the **covered party** agree to arbitrate, they shall be deemed to waive any rights to pursue any adjudication or relief as to the coverage dispute in any other forum or court, including any rights to appeal.

Arbitration shall be conducted pursuant to the California Code of Civil Procedure. Arbitration shall be conducted by a single arbitrator. The arbitrator shall not be employed by or affiliated with the **Authority** or the **covered party** or any **covered parties**.

The parties shall select the arbitrator within twenty (20) calendar days from the date of the mutual agreement to arbitrate. If the parties are unable to agree upon an arbitrator within that time period, they may mutually agree to a reasonable extension of time not to exceed thirty (30) days. If the parties are unable to agree upon an arbitrator within that extended time period, the **Authority** shall file a petition with the Sacramento County Superior Court requesting appointment of a neutral arbitrator, and the procedures set forth in the California Code of Civil Procedure Sections 1281.6 shall be followed. Unless mutually agreed otherwise, the arbitration hearing shall commence within forty-five (45) calendar days from the date of the selection of the arbitrator.

Each party shall pay one half the cost of the selected arbitrator. In addition, each party shall be responsible for its own attorneys' fees, costs and expenses of arbitration.

Except for notification of appointment and as provided in the California Code of Civil Procedure Sections 1282 et seq. for the scheduling of hearing(s) and matters relating to the hearing, there shall be no communication between the parties and the arbitrator relating to the subject of the arbitration other than at oral hearings. The procedures set forth in

California Code of Civil Procedure Section 1283.05 relating to depositions and discovery shall apply to any arbitration pursuant to this paragraph 9. Except as provided otherwise above, arbitration shall be conducted as provided in Title 9 of the Code of Civil Procedure (commencing with Section 1280). The decision of the arbitrator shall be final and binding, and shall not be subject to appeal.

Option B – Declaratory Relief:

If the **covered party** chooses Declaratory Relief or if the parties are unable to agree to Arbitration an action for Declaratory Relief seeking to resolve the coverage dispute must be filed within 90 days of submittal of the written notice of intent to file an action for Declaratory Relief, and any unexpired statute of limitations shall be tolled until expiration of that 90 day period. If an action for Declaratory Relief is not filed in the Superior Court within the time limitations of this paragraph, then notwithstanding any statute of limitations provided in the California Code of Civil Procedure or otherwise, the **covered party** shall be deemed to have waived and be barred from pursuing any further relief, adjudication, action, arbitration or appeal regarding the coverage dispute.

The scope of the action for Declaratory Relief shall be limited to seeking a judicial interpretation of this Memorandum, and, as appropriate, determination and declaration of the amount, if any, to be paid by the **Authority** for indemnity or defense owed under this Memorandum, plus interest as provided herein. No other legal theories or causes of action relating to or arising out of a coverage disagreement under this Memorandum shall be allowed, and such are expressly waived, including but not limited to causes of action for breach of contract or breach of the covenant of good faith and fair dealing. Neither the **Authority** nor the **covered party** shall be entitled to a trial by jury. Neither the **Authority** nor the **covered party** shall be entitled to any damages or relief other than as provided in this paragraph, plus simple interest at the rate of 1% per year on any amounts adjudicated to be owed. Interest on any amounts adjudicated to be owed shall run from the time any invoices for defense fees and costs are actually submitted to the **Authority** (in the event it is adjudicated that the **Authority** had a duty to defend the **covered party** and did not defend the **covered party**), and/or from the time the **Authority** is provided written confirmation of the amount of actual payment by the **covered party** of any judgment or settlement (in the event it is adjudicated that the **Authority** had a duty to pay for any settlement or judgment on behalf of the **covered party** and did not pay for any settlement or judgment on behalf of the **covered party**). Notwithstanding anything in this paragraph, any party to the Declaratory Relief action preserves the right to appeal any judicial decision to the appropriate appellate court, as provided by California law.

Provisions Applicable to Both Option A – Arbitration and Option B – Declaratory Relief:

Regardless of the existence or outcome of a coverage dispute, a Declaratory Relief action or any arbitration proceeding, the maximum amount or limit of coverage owed under this Memorandum by the **Authority** shall remain unchanged. Further, the **Authority** shall owe

defense costs only to the extent they are incurred in compliance with all guidelines for billing and case handling applicable to any defense counsel retained to defend covered claims.

If any coverage dispute results in a settlement, or in a judgment or arbitration award, the amount paid by the **Authority** shall be deemed to be **ultimate net loss** under this Memorandum, and shall be considered and treated as any other payment of **ultimate net loss** by the **Authority** as if there had been no coverage dispute.



# **SHARED AGENCY RISK POOL JOINT POWERS AUTHORITY**

## **MEMORANDUM OF COVERAGE**

### **WORKERS' COMPENSATION COVERAGE**

#### **ENDORSEMENT NO. 1**

It is understood that the named Covered Party of the Declarations is completed as follows:

Shared Agency Risk Pool Joint Powers Authority (SHARP),  
American Canyon, City of  
Los Altos Hills, Town of  
Ross, Town of  
Saratoga, City of

Attached to and forming part of Policy No. SHARP 202~~21~~-2~~32~~ WC

Effective Date: July 1, 202~~21~~

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AUTHORIZED REPRESENTATIVE

**June 27, 2022**

**Agenda Item 6.A.**

**GENERAL MANAGER'S REPORT**

**SUBJECT: Report from SHARP's General Manager**

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**BACKGROUND AND HISTORY:**

**Staffing Update**

On April 8, 2022, Ritesh Sharma, SHARP Finance Manager, left Sedgwick to pursue an opportunity with James Marta & Company, LLC. Min Su, Sedgwick Finance Manager, was previously a Senior Accountant for SHARP and has been successfully working with the SHARP Finance team for the past six months. Following Mr. Sharma's departure, we are recommending the Board of Directors appoint Mr. Su as the Finance Manager for SHARP.

At the beginning of April 2022, Eric Dahlen joined Sedgwick as a pooling manager. Mr. Dahlen possesses an extensive background in public agency risk management as an owner/operator/consultant with Trident Risk Solutions, former Director of Risk Management at California State Polytechnic University-Pomona, Risk Manager with the San Bernardino County Transit Authority, and Director of Risk Management for California Schools JPA. Mr. Dahlen will be shadowing Mr. Paulsen to familiarize himself with self-insurance pool management.

**RECOMMENDATION:**

*Staff recommends the Board of Directors appoint Min Su as SHARP Finance Manager.*

**REFERENCE MATERIALS ATTACHED:**

None

**June 27, 2022**

**Agenda Item 7.A.**

**ADMINISTRATIVE MATTERS**

**SUBJECT: Consideration of Proposed Updates to SHARP's Bylaws**

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**BACKGROUND AND HISTORY:**

At the December 7, 2021, Board of Directors meeting, Jon Paulsen, General Manager, reviewed the need for a SHARP Representative to serve on the Board of Directors with the Local Agency Workers' Compensation Excess JPA (LAWCX), SHARP's excess provider.

The Board of Directors agreed to designate the SHARP Representative serving LAWCX as the General Manager for SHARP. However, SHARP's Bylaws require a few updates to allow the Board of Directors or the Chair of the Board of Directors to designate certain duties to the General Manager.

Additionally, to formally recognize the change of the SHARP Representative for LAWCX, staff is providing draft Resolution 2022-03: Appointing Directors to the Local Agency Workers' Compensation Excess JPA for consideration.

Mr. Paulsen, and Eric Dahlen, Senior Consultant, will be present to review these proposed changes with the Board of Directors.

**RECOMMENDATION:**

*Staff recommends the Board of Directors approve the SHARP Bylaws, as presented, and Resolution No. 2022-03: Appointing Directors to the Local Agency Workers' Compensation Excess JPA.*

**REFERENCE MATERIALS ATTACHED:**

- Draft Bylaws 2022 – redline
- Draft Resolution 2022-03: Appointing Directors to the Local Agency Workers' Compensation Excess JPA

**BYLAWS**

**OF THE**

**SHARED AGENCY RISK POOL**  
**(SHARP)**

**adopted**  
**January 1, 1989**

**amended**  
**June 5, 1991**  
**April 20, 1994**  
**November 9, 1994**

**July 1, 2019**

**June 15, 2022**

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BYLAWS  
OF  
SHARED AGENCY RISK POOL  
(SHARP)

ARTICLE I  
NAME

The name of this public entity is the Shared Agency Risk Pool, updated from the ABAG Comp Shared Risk Pool (the "Authority") on July 1, 2019.

ARTICLE II  
OFFICES

1. Principal Office. The principal office for the transaction of the business of the Authority ~~is located at~~ 1750 Creekside Oaks Drive, Suite 200, Sacramento, California. ~~The~~ directors may change the principal office from one location to another. ~~Any change of this location shall be noted by the Secretary on these Bylaws opposite this section, or this section may be amended to state the new location.~~

2. Other Offices. The Board of Directors may at any time establish branch or subordinate offices at any place or places.

ARTICLE III LIMITATION ON  
AUTHORITY

The Authority's exercise of its power under the ABAG Comp Pool Insurance Authority Joint Powers Agreement (JPA) and these Bylaws shall be restricted to the extent required under California Government Code Section 6509.

ARTICLE IV  
MEMBER ENTITIES

In addition to the original contracting parties to the JPA, any other public entity, as defined in California Government Code Section 6500, which becomes a contracting party pursuant to the JPA, is a Member Entity. Any contracting party who withdraws or is expelled pursuant to these Bylaws shall cease to be a Member Entity. Any contracting party whose participation in the Workers' Compensation Pool Program is cancelled shall cease to be a Member Entity during the period all such participation is cancelled.

ARTICLE V  
DEBTS AND LIABILITIES

The debts, liabilities and obligations of the Authority shall not be the debts, liabilities or obligations of any or all of the Member Entities.

ARTICLE VI  
DIRECTORS

1. Powers.

(a) ~~General Powers.~~ ~~The business and affairs of the Authority shall be managed, and all powers shall be exercised, under the policy direction of the Board of Directors.~~

(b) Specific Powers. Without prejudice to these general powers, the directors shall also have the power to borrow money and incur indebtedness on behalf of the Authority and cause to be executed and delivered for the Authority's purposes, in the Authority's name, promissory notes, bonds, deeds of trust, mortgages, pledges, hypothecations, and other evidences of debt and securities and certificates of participation.

2. Directors and Alternates. The chief administrative officer of each Member Entity and his/her designee(s) shall be the director and alternate director of the Board of Directors of the Authority. In the event a Member Entity does not have a permanent, acting or interim chief administrative officer, then the director from such Member Entity shall be the person designated by the Member Entity.

3. Alternates. Alternates may attend and participate in any meeting of the Board of Directors but may vote only if the director for whom the alternate serves is absent. Except as otherwise noted, all provisions of these Bylaws relating to directors shall also apply to alternates.

4. Vacancies.

(a) ~~Events Causing Vacancy.~~ A vacancy or vacancies in the Board of Directors shall be deemed to exist on the occurrence of the following: (i) the death of any director; (ii) the removal, dismissal or resignation of a director from the position he/she held with the Member Entity at the time he/she became a director; (iii) the declaration by resolution of the Board of Directors of a vacancy of the office of a director who has been declared of unsound mind by an order of court or convicted of a felony; (iv) the increase in the authorized number of directors; (v) in the case of alternates, written notice delivered to the Secretary from the appointing director stating that the designation of the alternate has been revoked effective upon receipt, unless the notice specifies a later time.

(b) Resignations. No director may resign while he/she is the chief administrative officer of the Member Entity. No director may resign when the Authority would

then be left without a director or directors in charge of its affairs.



(c) Vacancies. Any vacancy or vacancies shall be filled pursuant to Article VIII of the JPA.

(d) Reduction or Increase in Number of Directors. The authorized number of directors shall be reduced by one (1) for each contracting party who ceases to be a Member Entity pursuant to Article IV of these Bylaws. The authorized number of directors shall be increased by one (1) for each addition or reinstatement of a Member Entity.

5. Regular Meetings. Regular meetings of the Board of Directors shall be held pursuant to the JPA.

6. Special Meetings. Special meetings of the Board of Directors may be called at any time by the Chair or Vice-Chair of the Board or by three (3) Directors requesting such meeting in writing. Seven (7) days written notice of a special meeting shall be given to all Directors and to such other persons who requested in writing receipt of such notices. Written notices may be dispensed with as to any Director who is actually present at the time the meeting convenes. The notice shall state the time and place of the meeting, and the business to be transacted; provided that, in the event of an emergency meeting, only the minimum notice requirements of the Ralph M. Brown Act must be met. Business transacted at a special meeting of the Board of Directors shall be limited to the items set forth in the notice of such meeting.

7. Quorum. A majority of the authorized number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of Directors, especially those provisions relating to (i) approval of contracts or transactions in which a director has a direct or indirect material financial interest, (ii) appointment of committees, and (iii) indemnification of directors. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting.

8. Rules of Order. The Board of Directors may adopt rules of order to govern the conduct and procedure of Directors' meeting.

9. Open Meetings. Meetings of the Board of Directors shall be open to the public as required by the provisions of the Ralph M. Brown Act and applicable case law.

10. Minutes. The Board of Directors shall keep or cause to be kept written minutes of its proceedings, except executive sessions.

11. Fees and Compensation of Directors. Directors and members of committees may receive such reimbursement of expenses as may be determined by resolution of the Board of Directors to be just and reasonable.

12. Delegation of Powers. The Board of Directors may delegate any of its powers.

## ARTICLE VII COMMITTEES

1. Committees of Directors. The Board of Directors shall have the following standing committee: Executive Committee. Upon written notice after-the-fact, the Chair may designate one (1) or more ad hoc advisory committees, each consisting of two (2) or more directors or alternates, and any other persons appointed by the Chair, to be ratified by and serve at the pleasure of the Board, and to exercise such powers as may be delegated to it by the Chair, except that no committee may:

- (a) take any final action on matters which, under the JPA, requires approval of a majority or more of all the directors;
- (b) amend or repeal Bylaws or adopt new Bylaws;
- (c) amend or repeal any resolution of the Board of Directors which by its express terms is not so amendable or repealable;
- (d) appoint any other committees of the Board of Directors or the members of these committees; or
- (e) approve any transaction (1) to which the Authority is a party and one or more directors have a material financial interest as defined in the California Government Code; or (2) between the Authority and one or more of its directors or between the Authority or any person in which one or more of its directors have a material financial interest.

2. Meetings and Action of Committees. Meetings and action of committees shall be governed by, and held and taken in accordance with, the provisions of Article VII of these Bylaws, concerning meetings of directors, with such changes in the context of those Bylaws as are necessary to substitute the committee and its members for the Board of Directors and its members, except that the time for regular meetings of committees may be determined either by resolution of the Board of Directors or by resolution of the committee. Special meetings of committees may also be called by resolution of the Board of Directors or the committee seeking to meet. Notice of special meetings of committees shall also be given to any and all directors and alternates, who shall have the right to attend all meetings of the committee. Minutes shall be kept of each meeting of any committee and shall be filed with the Authority records.

3. Executive Committee. A standing committee comprised only of the Chair, Vice Chair and Secretary of the Authority shall be charged with exercising all powers of the Board of Directors, except as otherwise prescribed in these Bylaws and the JPA, during times when the Board of Directors does not meet or is unable to convene a meeting.

ARTICLE VIII  
OFFICERS

1. Officers. The officers of the Authority shall be the Chair, Vice-Chair, and Secretary. The Chair, Vice-Chair and Secretary shall be directors. Any number of offices may be held by the same person.

2. Election of Officers. At the first meeting of the Board of Directors, and as necessary thereafter, nominations for the offices of Chair, Vice-Chair, and Secretary shall be made and seconded by a director. If more than two (2) names are received in nomination for any one office, balloting shall occur until a nominee receives a majority of the votes cast; provided that after the first ballot the nominee receiving the fewest votes shall be dropped from the balloting. Each officer shall serve a one (1) year term. Any officer may succeed himself/herself and may serve any number of consecutive or non-consecutive terms.

3. Removal of Officers. An officer may be removed, with or without cause, by a majority vote of the Board of Directors at a regular or special meeting.

4. Vacancies. Any vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled for the balance of the vacated term in the manner prescribed in these Bylaws for regular appointments to that office; provided, however, that such vacancies may be filled at any regular or special meeting of the Board of Directors.

5. Resignation of Officers. In the absence of a contrary written agreement, any officer may resign at any time by giving written notice to the Secretary. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice; and, unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective.

6. Responsibilities of Officers.

(a) Chair of the Board. The Chair of the Board shall preside at meetings of the Board of Directors and exercise and perform such other powers and duties as may be from time to time assigned to him/her by the Board of Directors or prescribed by the Bylaws. The Chair of the Board, may at times, enlist the assistance of other members of the Board and delegate specified duties to said members. On occasion, the General Manager of the administrative agency may also be asked to assume particular duties, but only by resolution passed by the Board of Directors.

(b) Vice-Chair of the Board. The Vice-Chair of the Board shall fulfill all the duties of the Chair in his/her absence.

(d) Secretary. The Secretary shall:

(i) Book ~~of~~ Minutes. Keep or cause to be kept, at the principal executive office or such other place as the Board of Directors may direct, a book of minutes of holding, whether regular or special, and, if special, how authorized, the notice given, the names of those present at such meetings and the proceedings of such meetings.

(ii) Notices and Other Duties. Give, or cause to be given, notice of all meetings of the Board of Directors and Committees of the Authority required by the Bylaws to be given. He or she shall have such other powers and perform such other duties as may be prescribed by the Board of Directors.

ARTICLE IX  
PREMIUMS AND ASSESSMENTS

1. Administrative Premium. Each Member Entity shall pay as an Administrative Premium a pro rata share of all the costs and expenses of the Authority which do not include costs, expenses or loss reserves related to the Workers' Compensation Pool Program. The Board of Directors shall set the total Administrative Premium and allocation formula at the same time it adopts the annual budget. The Administrative Premium shall be due and payable at the same time as the Program Premium for the Worker's Compensation Pool Program.

2. Allocation. The ratio of each Member Entity's Administrative Premium to all Administrative Premiums charged in a Coverage Period shall be equal to the ratio of the aggregate amount of all Program Premiums charged to such Member Entity to all Program Premiums charged for the same Coverage Period.

3. Initial WC Program Premium. The schedule of Workers' Compensation Program Premiums for the original Member Entities for the Coverage Period ending June 30, 1989, is attached hereto, marked Exhibit A and incorporated herein.

4. Subsequent WC Program Premium. For new Member Entities admitted for the Coverage Period ending June 30, 1989, and for all Member Entities for all subsequent Coverage Periods, the Board shall adopt by a two-thirds (2/3) vote of its membership a schedule of the Program Premiums for each Member Entity by the June 20th preceding the Coverage Period to which they apply. The adoption date may be modified by a resolution of the Board.

5. Rate Setting. All subsequent Program Premiums as described in Section 4 of this Article shall:

(a) Generally be in conformity with the underlying principles and methodology, as set forth in Exhibit B, attached hereto and incorporated by reference.

(b) Specifically ~~be based on findings and recommendations of the Risk Manager of the Authority, or an insurance professional or actuarial consultant.~~

(c) Be based in part on the payroll estimate of each Member Entity and revised at the end of each fiscal year as set forth on Exhibit B hereto.

6. Selection of Insurance Professional and/or Actuarial Consultant. If an insurance professional and/or actuarial consultant is retained to assist in setting Program Premiums and Assessments, such consultant(s) shall be selected on the basis of competitive solicitation for proposals.

ARTICLE X  
WORKERS' COMPENSATION POOL PROGRAM ADMINISTRATION

1. Coverage Agreement. The Board shall issue, or cause to be issued, by a two-thirds (2/3) vote of its membership, a Coverage Agreement describing the Worker's Compensation Pool Program. Said Coverage Agreement shall automatically be re-issued from year to year without act of the Board of Directors unless the Authority is terminated as set forth in Article XIX hereof.

Should the Board desire changes to the Coverage Agreement, such changes to be effective must be adopted by a two-thirds (2/3) vote of its membership.

2. Claims Administration. The ~~Board of Directors~~ shall administer, or cause to be administered, all covered claims against a Member Entity.

(a) Self-Insured Retention Program. The Board shall adopt claims management procedures applicable to all Member Entities. At a minimum, such procedures shall provide for:

- (i) Notification to the Board of all claims within specified classes;
- (ii) Requirement that the claims administration and legal defense of a

claim be assumed by the Board upon the occurrence of one of the following:

(1) agreement by any three (3) of the following that the claim is likely to exceed the Member Entity's self-insured retention: that Member Entity's designee,

defense counsel for the subject claim, the claims administrator, or the Authority's Risk Manager, or

(2) a vote of two-thirds (2/3) of the membership of the Board to have the Board assume claims management and legal defense of the subject claim.

(iii) An ~~appeals process for proposed settlements exceeding the~~ applicable SIR.

3. Risk Management. The Board shall adopt by a two-thirds (2/3) vote of its membership a Risk Management Program. The program shall provide for:

(a) Each Member Entity to maintain, and to provide the Board with access to, a separate loss log.

(b) Each Member Entity to comply with risk management policies and procedures as adopted by the Board.

4. Subrogation. The Board shall be subrogated to all rights of a Member Entity arising out of a claim paid in whole or in part by the Board, and such Member Entity shall

cooperate fully with the Board in the prosecution of subrogated claims. If a subrogated claim is against another Member Entity, all such claims arising out of the same occurrence which have not been reduced to a final judgment shall be submitted to arbitration, and such arbitration shall comply with and be governed by the provisions of the California Arbitration Act, Sections 1280 through 1294.2 of the California Code of Civil Procedure. All subrogated claims against a Member Entity shall not be collected but the entire amount of the incurred loss shall be used in calculating such Member Entity's Premiums.

#### ARTICLE XI

##### ADMISSION, WITHDRAWAL AND EXPULSION

1. Conditions ~~for Admission of a New Member Entity~~. Each ~~applicant for~~ membership in the Authority shall meet the following minimum qualifications:

(a) such new Member Entity shall be a public entity in the State of California;

(b) applied for and been approved by at least two-thirds (2/3) of the membership of the Board of Directors for admission to the Authority and to the Worker's Compensation Pool Program;

(c) not earlier than thirty (30) days preceding the effective date of the Coverage Agreement for Worker's Compensation, such applicant shall have (1) duly executed the JPA; (2) acknowledged these Bylaws; and (3) executed the Coverage Agreement for Worker's Compensation;

(d) the Member Entity shall have paid all applicable fees, and Premiums.

2. Conditions to Permitting Withdrawal of a Member Entity. A Member Entity may withdraw ~~anytime~~any time after the initial term, three (3) years after its admission to the Authority or June 30, 1992, whichever occurs later, except for the initial Member Entities who may withdraw during the initial term as provided in the JPA, provided that the following conditions are satisfied:

(a) such Member Entity shall not be in default of any of its obligations to pay any Premium;

(b) not later than the April 30 immediately preceding the effective date of such withdrawal, such Member Entity shall have provided written notice to the Authority of its intent to withdraw;

(c) such withdrawal shall be effective on the first day of a Coverage Period;

(d) provided that a Member Entity shall automatically withdraw from the Authority upon withdrawal from the Worker's Compensation Pool Program.

Notice to withdraw shall be revocable only at the option of the Authority.

3. Conditions to Permitting Expulsion of a Member Entity. The Authority may expel a Member Entity from the Authority subject to the following conditions:

(a) the Member Entity is in default under the terms of the JPA, these Bylaws, the Coverage Agreement or the duly-adopted rules and regulations of the Board of Directors;

(b) not later than the thirty (30) days immediately preceding the effective date of such expulsion, two-thirds (2/3) of the membership of the Board of Directors shall have consented to such expulsion by written consent filed with the Authority and written notice of such expulsion shall have been given to the Member Entity to be expelled;

(c) such expulsion shall be effective on the first day of a Coverage Period;  
and

(d) provided that a Member Entity shall be automatically expelled from the Authority if the Member is expelled from coverage under the Worker's Compensation Pool Program.

## ARTICLE XII

### ABATEMENT

The obligation of a Member Entity to pay Administrative Premiums shall be abated only if the Member Entity withdraws from the Authority pursuant to Article XI of these Bylaws.

## ARTICLE XIII

### ADMINISTRATIVE AGENCY

The Board of Directors will designate an administrative agency for the Authority. Such administrative agency(s) will provide claims management and other necessary administrative services for the Workers' Compensation Pool Program pursuant to a service agreement.

As part of other administrative services, it may become necessary for staff of the Administrative Agency, in particular the General Manager, to represent the Authority on other Boards of Directors regarding business needs. The General Manager of the Administrative Agency cannot delegate these types of appointments to any other staff member.

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ARTICLE XIV  
CANCELLATION OF COVERAGE

1. Cancellation. If a Member Entity is in default with respect to its obligation to pay any Administrative or Program Premium, the Board may cancel all or a portion of the Member Entity's rights under the Coverage Agreement upon a two-thirds (2/3) vote of the membership of the Board, provided that the cancellation complies with all applicable requirements of these Bylaws.

2. Notice. No such cancellation shall be or become effective by operation of law or otherwise, unless and until the Board shall have given notice of such cancellation to the Member Entity; no such cancellation shall be effected by operation of law or acts of the parties hereto, except in the manner herein expressly provided; and no such cancellation shall terminate the obligation of the defaulting Member Entity to pay all Program Premiums for Coverage Periods prior to such cancellation or to pay Program Premiums for subsequent Coverage Periods for which Coverage is made available to such defaulting Member Entity.

3. Reinstatement.

(a) For any Member Entity whose participation in the Workers' Compensation Pool Program has been cancelled pursuant to Section 1 of this Article, participation in the Workers' Compensation Pool Program may be retroactively reinstated upon a two-thirds (2/3) vote of the Board and payment by the Member Entity of Program Premiums due and payable upon the date of reinstatement with interest thereon at the rate of the higher of (a) ten percent (10%) per annum or (b) five percent (5%) per annum plus the rate prevailing on the 25th day of the month preceding the due date established by the Federal Reserve Bank of San Francisco on advances to member banks under Section 13 and 13a of the Federal Reserve Act as now in effect or hereafter from time to time amended, commencing on the thirty-first (31st) day after the due date for such Program Premium.

(b) For any Member Entity whose participation in the Workers' Compensation Pool Program has been cancelled pursuant to Section 1 of this Article, participation in said Program may be prospectively reinstated upon a two-thirds (2/3) vote of the Board and payment by the Member Entity of Program Premiums due and payable upon the date of reinstatement, except for the Program Premium applicable to the period of cancellation, with interest thereon at the rate of the higher of (a) ten percent (10%) per annum or (b) five percent (5%) per annum plus the rate prevailing on the twenty-fifth (25th) day of the month preceding the due date established by the Federal Reserve Bank of San Francisco on advances to member banks under Section 13 and 13a of the Federal Reserve Act as now in effect or hereafter from time to time amended, commencing on the thirty-first (31st) day after the due date for such Program Premium.

ARTICLE XV  
DISTRIBUTION OF ASSETS

1. Closing Dividend Upon Termination. All non-operating funds held by the Board at the time of termination of the Authority less the closing dividends paid to withdrawn or expelled Member Entities determined pursuant to Section 2 below will be held by the Board in trust for the benefit of the Member Entities who are in good standing at that time as a claims payment fund to be applied to the payment of settlements of covered claims against such Member Entities pursuant to the terms of the JPA, the Bylaws, and the Coverage Agreement. Upon termination of all obligations to pay Program Premiums and settlement or final adjudication of all covered claims, the Board will, upon a two-thirds (2/3) vote of its membership, distribute all such funds remaining to each such Member Entity in the same ratio as the ratio of total Program Premiums paid by each such Member Entity to total Program Premiums paid by all such Member Entities.

2. Member Entity's Closing Dividend Upon Withdrawal or Expulsion. In connection with permitting withdrawal of a Member Entity from Coverage or expelling a Member, the Board shall determine the ratio of all Program Premiums less administrative costs paid by such Member Entity to all Program Premiums less administrative costs paid by all Member Entities during the period such Member Entity was in good standing. This ratio shall be applied to an amount equal to all Program Premiums less all operating costs and less all paid and reserved losses during such Member Entity's participation in the Workers' Compensation Pool Program (Member Entity's "portion"). ~~The Board shall then determine the amount by which such Member Entity's portion exceeds all other obligations due from such Member Entity under the terms of the Coverage Agreement and these Bylaws, if any, as of the date of expulsion or withdrawal (Member Entity's "Closing Dividend"). The Board will hold such Member Entity's Closing Dividend, if any, in a segregated account for the benefit of such Member Entity, subject only to assessments for Program Premiums payable by, and settlements of covered claims against, such Member Entity. The Board will transfer to such Member Entity its Closing Dividend, less such assessments, on the earliest practicable date when such Member Entity is no longer subject to such assessments. All decisions and determinations to be made by the Board shall be made pursuant to a two-thirds (2/3) vote of its membership.~~

ARTICLE XVI  
OPERATIONS FUND

1. Deposit of Administrative Premiums. All payments by Member Entities attributable to Administrative Premium shall be deposited into an Operations Fund.

2. Limitations on Funds. None of the moneys in the Operations Funds may be used to pay any settlement or are liable for payment of any settlement.

#### ARTICLE XVII PURCHASE OF INSURANCE

1. Purchase of Insurance. In conformance with the procedures and criteria developed by it, the Board of Directors may cause the Authority to purchase commercial insurance or reinsurance or terminate commercial insurance or reinsurance up on a majority vote of the membership of the Board of Directors. As part of the purchase of commercial insurance and/or reinsurance, the Authority may elect to participate in a larger JPA for this specific business need. As such, the Chair of the Board shall be named as the Authority's Board of Directors Representative. If according to the authority granted under Article VIII, the Chair of the Board requests the General Manager of the Administrative Agency to assume duties consistent with the alternate member of any other Board of Directors, then the General Manager may. However, both the Chair of the Board and the General Manager must be approved as the Director and alternate director respectively by annual resolution of the Board.

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#### ARTICLE XVIII EVENTS OF DEFAULT AND REMEDIES

1. Events of Default Defined. The following shall be "events of default" under the JPA and these Bylaws, and the terms "events of default" and "default" shall mean, whenever they are used in the JPA and these Bylaws, with respect to a Member Entity, any one or more of the following events:

(a) failure by such Member Entity to observe and perform any covenant, condition or agreement on its part to be observed or performed under the JPA or to comply with these Bylaws, other than as referred to in clause (b) of this Section, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to such Member Entity by the Authority or the Secretary; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Authority, or the Secretary, as the case may be, shall not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Member Entity within the applicable period and diligently pursued until the default is corrected;

(b) expulsion or withdrawal of such Member Entity from the Worker's Compensation Pool Program; or

(c) the filing by such Member Entity of a case in bankruptcy, or the subjection of any right or interest of such Member Entity under the JPA or these Bylaws to any execution, garnishment or attachment, or adjudication of such Member Entity as a bankrupt, or assignment by such Member Entity for the benefit of creditors, or the entry by such Member Entity into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Member Entity in any proceedings instituted under the provisions of the Federal Bankruptcy Code, as amended, or under any similar act which may hereafter be enacted.

2. Remedies on Default.

(a) Whenever any event of default referred to in Section 1 of this Article shall have happened and be continuing, it shall be lawful for the Authority to exercise any and all remedies available pursuant to law or granted pursuant to the JPA and these Bylaws. Upon the occurrence of any event of default with respect to the obligation to pay Administrative Premiums, or any Program Premiums, the Authority may cancel all rights of the defaulting Member Entity in the Workers' Compensation Pool Program.

(b) In the event that the Authority elects to cancel the Coverage Agreement of a defaulting Member Entity, the Member Entity nonetheless agrees to pay to the Authority all costs, losses and damages howsoever arising or occurring as a result of such default and cancellation including, without limitation, interest on any delinquent Premiums at the rate of the higher of (a) ten percent (10%) per annum or (b) five percent (5%) per annum plus the rate prevailing on the twenty-fifth (25th) day of the month preceding the due date established by the Federal Reserve Bank of San Francisco on advances to member banks under Section 13 and 13a of the Federal Reserve Act as now in effect or hereafter from time to time amended, commencing on the thirty-first (31st) day after notice of default, or on the first (1st) day after any extension of time, as provided in Section 1(a) of this Article; administrative and legal costs incurred in noticing the default and effecting the cancellation and fees of an actuarial consultant incurred to determine the reassessed Premium.

(c) In the event that the Authority elects to expel any defaulting Member Entity, subject to the conditions described and in the manner provided in Section 3 of Article X of these Bylaws, the Member Entity nevertheless agrees to pay the Authority all costs, losses or damages arising or occurring as a result of such default and termination including, without limitation, interest on any delinquent Premium at the rate of the higher of (a) ten percent (10%) per annum or (b) five percent (5%) per annum plus the rate prevailing on the twenty-fifth (25th) day of the month preceding the due date established by the Federal Reserve Bank of San Francisco on advances to member banks under Section 13 and 13a of the Federal Reserve Act as now in effect or hereafter from time to time amended, commencing on the thirty-first (31st) day after notice of default, or on the first day after any extension of time, as provided in Section 1 (a) of this Article; administrative and legal costs incurred in noticing the default and effecting the expulsion; and the fees of an actuarial consultant or an insurance professional incurred to reassess Premiums. No such expulsion shall be or become effective by operation of law or otherwise, unless and until the Authority shall have given written notice of such expulsion to the Member Entity; no such expulsion shall be effected either by operation of law or acts of the parties hereto, except only in the manner herein expressly provided; and no such expulsion shall terminate the obligation of the expelled Member Entity to pay any additional Program Premiums relating to Coverage Periods prior to such expulsion.

3. No Remedy Exclusive. No remedy conferred herein upon or reserved to the Authority is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under the JPA, these Bylaws, or the Coverage Agreement, now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority to exercise any remedy reserved to it in these Bylaws, it shall not be necessary to give any notice, other than such notice as may be required in these Bylaws or by law.

4. Agreement to Pay Attorneys' Fees and Expenses. In the event either the Authority or a Member Entity should be in default under any of the provisions of these Bylaws and the non-defaulting party should employ attorneys or incur other expenses for the collection of moneys or the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party, the defaulting party agrees that it will on demand therefor pay to the non-defaulting party the reasonable fees of such attorneys and such other expenses so incurred by the non-defaulting party.

5. No Additional Waiver Implied by One Waiver. In the event any agreement contained in the JPA and these Bylaws should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

## ARTICLE XIX TERMINATION

1. Time of Termination. During the initial term, the Workers' Compensation Pool Program may be terminated by written consent of the initial Member Entities on thirty (30) days written notice. Thereafter, on or prior to June 30, 1992, the Workers' Compensation Pool Program may be terminated effective July 1 of any year upon the written consent of all of the Member Entities if the effective termination date and such written consents are delivered to the Authority and the Secretary at least sixty (60) days prior to the effective termination date. After June 30, 1992, Coverage for the Workers' Compensation Pool Program may be terminated effective any July 1 upon the written consent of two-thirds (2/3) of all of the Member Entities if the effective termination date and such written consents are delivered to the Authority and the Secretary at least sixty (60) days prior to the effective termination date.

2. Continuing Obligations. After the termination date, the Authority shall continue to be obligated to pay, or cause to be paid, amounts due for all covered claims incurred by covered Member Entities prior to the effective termination date. After the effective termination

date, each Member Entity has a continuing obligation to pay Administrative Premiums and Program Premiums incurred prior to the effective termination date.

3. Distribution of Member Entities' Closing Dividends. After the effective termination date, the Authority shall determine each Member Entity's closing dividend, if any, as provided in these Bylaws. The Authority shall provide for payment of such sums to each Member Entity.

## ARTICLE XX AMENDMENTS

1. Amendment by Directors. Subject to the limitations set forth below, the Board of Directors may adopt, amend or repeal Bylaws. Such power is subject to the following limitations:

(a) The Board of Directors may not amend a bylaw provision fixing the authorized number of directors or the minimum and maximum number of directors.

(b) If any provision of these Bylaws requires the vote of a larger proportion of the directors than a simple majority, such provision may not be altered, amended or repealed except by vote of such larger number of directors.

(c) The Board of Directors may not delete or amend Bylaw provisions requiring compliance with the JPA.

## ARTICLE XXI RECORDS AND REPORTS

1. Maintenance of Authority Records. The Authority shall keep:

(a) Adequate and correct books and records of account;

(b) Minutes in written form of the proceedings of its Board, and committees of the Board.

All such records shall be kept at the Authority's principal executive office, or if its principal executive office is not in the State of California, at its principal business office in this state.

2. Inspection Rights.

(a) Any Member Entity may inspect the accounting books and records and minutes of the proceedings of the Board and committees of the Board, at any reasonable time, for a purpose reasonably related to such person's interest.

(b) Any inspection and copying under this section may be made in person or by an agent or attorney or the entity entitled thereto and the right of inspection includes the right to copy and make extracts.

3. Maintenance and Inspection of JPA and Bylaws. The Authority shall keep at its principal executive office the original or copy of the JPA and these Bylaws as amended to date, which shall be open to inspection by the Authority or any Member Entity at all reasonable times during office hours.

4. Inspection by Directors. Every director shall have the absolute right at any reasonable time to inspect all non-confidential books, records, and documents of every kind and the physical properties of the Authority and each of its subsidiary Authorities. This inspection by a director may be made in person or by an agent or attorney, and the right of inspection includes the right to copy and make extracts of documents.

5. Annual Report.

(a) Not later than the January 1st after the close of the Authority's fiscal year, the Board shall cause an annual report prepared by a Certified Public Accountant to be sent to the governing body of each Member Entity.

(b) The report required by this section shall be accompanied by any report thereon of independent accountants, or, if there is no such report, by the certificate of an authorized officer of the Authority that such statements were prepared without audit from the books and records of the Authority.

6. Fiscal Year. The Authority's fiscal year shall be from July 1 to June 30.

ARTICLE XXII  
CONSTRUCTION AND DEFINITIONS

Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the California Civil Code shall govern the construction of these Bylaws. Without limiting the generality of the above, the term "person" includes both the Authority and a natural person and any capitalized term not defined in these Bylaws shall have the meaning ascribed to them in the JPA and/or Coverage Agreement.



CERTIFICATE OF SECRETARY

I, the undersigned, certify that I am the presently appointed and acting secretary of the Shared Agency Risk Pool and that these amended Bylaws consisting of 21 pages, including this page, were adopted by the Board of Directors of the Shared Agency Risk Pool at its meeting on June 24, 2019.

**DATE:**\_\_\_\_\_

\_\_\_\_\_  
**Name of Secretary**

\_\_\_\_\_  
**Signature of Secretary**

EXHIBIT A

Workers' Compensation Program Premium  
(Coverage Period ending June 30, 1989)

Schedule of Premiums

(no longer applicable)

## EXHIBIT B

### Premium Calculation - Methodology

The original Program Premiums as set by the Commissioner of Insurance (Commissioner) are set forth in Exhibit A to the Bylaws. Thereafter, the Program Premiums for each coverage period shall be determined by the Board of Directors based on a formula which takes into account both the Pool's loss rates and each Member Entity's experience rating modification and is based on a predetermined "confidence level" for reserve funds, all as set forth in the report of an actuarial consultant.

The yearly Program Premiums shall also be based in part on payroll estimates broken down by job classification provided by each Member Entity. Within thirty (30) days after the close of each fiscal year, each Member Entity shall provide to the Authority, for use by its insurance professional consultant in determining the final Program Premium for that fiscal year, its actual payroll figures for that year broken down by job classification.

If the final Program Premium is greater than the estimated premium paid by the Member Entity, the Member Entity is responsible for payment of the additional premium. If the final Program Premium is less than the estimated premium paid by the Member Entity, the Member Entity is owed a refund from the Authority for the excess amount paid.

Any additional monies owed or any amounts overpaid in each fiscal year may be paid by or refunded to each Member Entity after the close of that fiscal year or may be an addition to or deduction from the next year's Program Premium to be paid by each Member Entity as determined by the Board of Directors.

Further, should the overall reserve funds of the Pool be deemed insufficient, the Board may then, according to the provisions of Article IX of the Bylaws, levy an assessment against each Member Entity regardless of its claims experience. Said Special Assessment shall be determined by a formula based on the percentage each Member Entity's Program Premium is to the total amount of Program Premiums remitted by all Member Entities over a pre-determined number of years, all of which shall be based on the recommendations of an actuarial or insurance professional consultant and adopted by a two-thirds (2/3) vote of the Board.

Should the overall reserve funds of the Pool be in excess of that determined sufficient to pay Program Claims, the Board may make a dividend distribution to each Member Entity according to a formula based on the percentage each Member Entity's Program Premium is to the total amount of Program Premiums remitted by all Member Entities over the period during the time period in which the excess funds were generated, all of which shall be based on the recommendations of an actuarial or insurance professional consultant. Any such dividend may be in the form of an actual cash dispersal or may be in the form of an off-set against the Member Entity's Program Premium for the subsequent coverage period as determined by the Board of Directors. All dividend distributions shall be determined by a two-thirds (2/3) vote of the Board.

**Shared Agency Risk Pool (SHARP)**

**RESOLUTION NO.  
2022-03**

**A RESOLUTION OF THE SHARED AGENCY RISK POOL (SHARP) APPOINTING  
DIRECTORS TO THE LOCAL AGENCY WORKER'S COMPENSATION EXCESS  
JPA (LAWCX)**

**WHEREAS**, the Shared Agency Risk Pool (SHARP) has been a member of Local Agency Workers' Compensation Excess JPA (LAWCX); and

**WHEREAS**, SHARP, as a member of LAW CX, is entitled and subsequently required to have a representative, and alternate, named to serve on the Board of Directors for LAW CX; and

**WHEREAS**, if SHARP is not represented in at least one Board of Directors meeting per fiscal year, it will be assessed a penalty for each year of non-compliance; and

**WHEREAS**, pursuant to LAW CX bylaws regarding Board of Directors, SHARP shall appoint on representative and one alternate and both must be an employee or authorized agent of the party; and

**WHEREAS**, the Board approved General Manager for SHARP is considered an authorized agent of SHARP.

**NOW, THEREFORE, IT IS HEREBY RESOLVED** that the Shared Agency Risk Pool Board of Directors hereby designates the following positions as appointees to the LAW CX JPA Board of Directors, effective July 1, 2022: The Chair of the Board of Directors, Board Member; and the General Manager, Board Alternate.

The foregoing resolution was duly and regularly adopted by the Shared Agency Risk Pool at its regular meeting held on the June 15, 2022, by the following vote:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAIN:**

---

(Name and Title)

**ATTEST:**

---

(Name and Title)

**Agenda Item 7.B.**

**ADMINISTRATIVE MATTERS**

**SUBJECT: Consideration of New Membership – Town of Woodside**

---

**BACKGROUND AND HISTORY:**

Expanding SHARP's membership has been at the forefront of strategic planning for the pool. Great concern has been taken to ensure agencies approached for new membership would not have a potential to negatively impact the pool due to their elevated risk exposures until SHARP is financially sound enough to support such members.

One of the agencies approached, Town of Woodside, expressed interest in membership in SHARP, effective July 1, 2022. Staff gathered the necessary underwriting information needed for not only participation in SHARP, but in the Local Agency Workers' Compensation Excess JPA (LAWCX) and the Public Risk Innovation, Solutions, and Management (PRISM) for excess coverage.

Eric Dahlen, Senior Consultant, and Min Su, Finance Manager, will be present to update the Board of Directors on the current status of the underwriting and membership approval process.

**RECOMMENDATION:**

*Staff recommends the Board of Directors approve the Town of Woodside for membership in SHARP, effective July 1, 2022, pending approval by LAWCX and PRISM.*

**REFERENCE MATERIALS ATTACHED:**

None.

**FINANCIAL MATTERS**

**SUBJECT: Presentation of Actuarial Study Prepared by Bickmore Actuarial**

**BACKGROUND AND HISTORY:**

Becky Richard, Senior Manager at Bickmore Actuarial, has completed the actuarial analysis dated April 28, 2022. With the potential increase in membership, by way of Woodside joining SHARP effective July 1, 2022, the SHARP Draft Actuarial Study of the Self-Insured Workers' Compensation Program was updated June 16, 2022. Mike Harrington will be in attendance to present the updated report.

The actuarial report is composed of two main components: (1) a review of the estimates of the ultimate liabilities of the SHARP program projected to June 30, 2022; and (2) a loss forecasting analysis to determine the appropriate contribution rate for the SHARP program in the 2022/23 Program Year.

**Part One – Review of Ultimate Liability Estimates**

The estimate of SHARP's Ultimate Loss and Allocated Loss Adjustment Expense (ALAE) for all open program years have decreased by 4%, or \$162,000. This was due to a favorable claim development in 9 out of the 13 open program years, offset by a slight increase during the two most recent years. Below is a chart from page 11 of the Draft Actuarial Report, illustrating the changes in ultimate losses:

Change in Projected Ultimate Loss & ALAE<sup>1</sup>  
Prior vs. Current Reports  
(\$000s)

Fiscal Year	Prior Ultimate	Current Ultimate	Change in Ultimate
2000-01	\$1	\$1	\$0
2001-02	72	72	0
2002-03	52	53	1
2003-04	43	43	0
2004-05	60	60	0
2005-06	62	62	0
2006-07	5	5	0
2007-08	427	364	(62)
2008-09	116	135	19
2009-10	442	425	(17)
2010-11	56	56	0
2011-12	340	340	0
2012-13	192	168	(24)
2013-14	320	293	(27)
2014-15	324	289	(35)
2015-16	81	48	(33)
2016-17	327	252	(75)
2017-18	116	66	(50)
2018-19	361	343	(18)
2019-20	398	454	56
2020-21	337	440	103
<b>Total</b>	<b>\$4,130</b>	<b>\$3,969</b>	<b>(\$162)</b>

<sup>1</sup> Projected ultimate loss & ALAE are limited to SHARP's self-insured retention, at expected (no risk margin), and not discounted to reflect net present value.

**Part Two – Loss Forecasting Analysis**

The discounted contribution amount required to collect at the 65% confidence level (CL) for the upcoming 2022/23 program year in SHARP's primary risk-sharing layer is \$386,000, which is a 7% increase, or \$26,000, from prior year. This is primarily due to an increase in payroll.

The proposed discount factor remains 2.0%, the same factor in last year's study and also used in the 2022/23 Draft Operating Budget.

The chart below is from page 5 of the April 28, 2022, Draft Actuarial Report, comparing Discounted Loss Funding at different confidence levels:

Projected Ultimate Costs Fiscal Year 2022-23, SIR of \$250,000						
Dollars (\$000s)	Expected <sup>1</sup>	← 60%	65%	70%	75%	80% →
Loss & ALAE	\$372	\$384	\$423	\$468	\$518	\$577
NPV Adjustment <sup>2</sup>	(33)	(34)	(37)	(42)	(46)	(51)
<b>Discounted Loss &amp; LAE</b>	<b>\$339</b>	<b>\$350</b>	<b>\$386</b>	<b>\$426</b>	<b>\$472</b>	<b>\$526</b>
Other Expenses <sup>3</sup>	134	134	134	134	134	134
<u>Excess Insurance</u>	<u>300</u>	<u>300</u>	<u>300</u>	<u>300</u>	<u>300</u>	<u>300</u>
<b>Total Cost</b>	<b>\$773</b>	<b>\$784</b>	<b>\$820</b>	<b>\$860</b>	<b>\$906</b>	<b>\$960</b>
<b>Total Funding Rate<sup>4</sup></b>	<b>\$3.488</b>	<b>\$3.538</b>	<b>\$3.701</b>	<b>\$3.881</b>	<b>\$4.089</b>	<b>\$4.332</b>

<sup>1</sup> Expected values represent the "best actuarial" or "central" estimate.

<sup>2</sup> Net present value is based on an annual discount rate of 2.0%.

<sup>3</sup> Other expenses are provided by SHARP and may include claims administration fees, safety, and operational costs.

<sup>4</sup> Rate is per \$100 of payroll.



Agenda Item 8.A.  
Page 3

The next chart is from page 5 of the Updated June 16, 2022, Draft Actuarial Report, which includes Woodside.

Projected Ultimate Costs  
Fiscal Year 2022-23, SIR of \$250,000

Dollars (\$000s)	Expected <sup>1</sup>	← Confidence Level →				
		60%	65%	70%	75%	80%
Loss & ALAE	\$454	\$471	\$516	\$566	\$623	\$691
NPV Adjustment <sup>2</sup>	(41)	(43)	(47)	(51)	(56)	(63)
Discounted Loss & LAE	\$413	\$428	\$469	\$515	\$567	\$628
Other Expenses <sup>3</sup>	135	135	135	135	135	135
Excess Insurance	335	335	335	335	335	335
Total Cost	\$883	\$898	\$939	\$985	\$1,037	\$1,098
Total Funding Rate <sup>4</sup>	\$3.566	\$3.627	\$3.792	\$3.978	\$4.188	\$4.435

<sup>1</sup> Expected values represent the "best actuarial" or "central" estimate.

<sup>2</sup> Net present value is based on an annual discount rate of 2.0%.

<sup>3</sup> Other expenses are provided by SHARP and may include claims administration fees, safety, and operational costs.

<sup>4</sup> Rate is per \$100 of payroll.

At the 65% confidence level, with a 2% discount factor, the difference in the risk-sharing layer is \$83,000 (\$469,000 vs \$386,000).

**RECOMMENDATION:**

*Staff recommends the Board of Directors receive and file the actuarial studies, as presented.*

**REFERENCE MATERIALS ATTACHED:**

- 2021/22 Worker's Compensation Actuarial Report, Draft as of April 28, 2022
- 2021/22 Worker's Compensation Actuarial Report, Draft as of June 16, 2022 (with Woodside)



# Bickmore — Actuarial

## Actuarial Review of the Self-Insured Workers' Compensation Program

*Outstanding Liabilities as of June 30, 2022  
Forecast for Program Year 2022-23*

*Presented to*  
**SHARP JPA**

April 28, 2022 - DRAFT

## SCOPE AND SIGNATURE

The SHARP JPA ("SHARP") has engaged Bickmore Actuarial to conduct an actuarial review of unpaid loss and loss adjustment expenses for claims that occurred on or before June 30, 2022 for its self-insured workers' compensation program utilizing data valued as of December 31, 2021. SHARP also seeks guidance on the appropriate funding level for claims to be incurred during the upcoming program year.

The specific objectives of the study are:

1. Estimate SHARP's net liability for outstanding claims as of June 30, 2022. Liabilities net of reinsurance are presented on both an undiscounted basis as well as a discounted basis. The net liabilities are also presented at the expected level (i.e. without a risk margin) and with risk margins, which are quantified via confidence levels. The net liabilities include provisions for loss, allocated loss adjustment expense (ALAE), and unallocated loss adjustment expense (ULAE). ALAE and ULAE are defined in the Glossary section of this report.
2. Project ultimate claims costs for the 2022-23 program year. Similar to the liability projections, the ultimate program year costs are presented on both undiscounted and discounted bases. Projections with and without risk margins are also included.
3. Provide a statement of compliance with Governmental Accounting Standards Board Statement #10.

We appreciate the opportunity to be of service to SHARP in preparing this report. Please feel free to call Mike Harrington at (916) 244-1162 or Becky Richard at (916) 244-1183 with any questions you may have concerning this report.

Mike Harrington, Becky Richard, and Stefan Zepernick meet the Casualty Actuarial Society continuing education requirements and the American Academy of Actuaries' qualification standards to sign Statements of Actuarial Opinion.

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**DRAFT**

Mike Harrington, FCAS, MAAA  
President and Principal

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**DRAFT**

Becky Richard, ACAS, MAAA  
Senior Actuarial Manager

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**DRAFT**

Stefan Zepernick, ACAS, MAAA  
Actuarial Manager

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## EXECUTIVE SUMMARY

## Net Claim Liabilities

The following table presents our conclusions regarding SHARP's net claim liabilities.

Loss & LAE Claim Liabilities  
As of June 30, 2022, Net of Reinsurance

Dollars (\$000s)	Expected <sup>1</sup>	← Confidence Level →				
		65%	70%	75%	80%	85%
Loss & ALAE	\$1,031	\$1,132	\$1,198	\$1,273	\$1,359	\$1,467
Claims Admin. (ULAE)	34	38	40	42	45	49
<b>Total Loss &amp; LAE</b>	<b>\$1,065</b>	<b>\$1,170</b>	<b>\$1,238</b>	<b>\$1,315</b>	<b>\$1,404</b>	<b>\$1,516</b>
NPV Adjustment <sup>2</sup>	(105)	(116)	(122)	(130)	(139)	(150)
<b>Discounted Loss &amp; LAE</b>	<b>\$960</b>	<b>\$1,054</b>	<b>\$1,116</b>	<b>\$1,185</b>	<b>\$1,265</b>	<b>\$1,366</b>
Assets	5,482	5,482	5,482	5,482	5,482	5,482
Surplus/(Deficit)	4,522	4,428	4,366	4,297	4,217	4,116
Short Term <sup>3</sup>	\$241	\$264	\$280	\$297	\$317	\$343
Long Term <sup>3</sup>	719	790	836	888	948	1,023

<sup>1</sup> Expected values represent the "best actuarial" or "central" estimate.

<sup>2</sup> Net present value is based on an annual discount rate of 2.0%.

<sup>3</sup> Short-term liabilities are projected to be paid within 12 months of the accounting date. Long-term liabilities are projected to be paid after 12 months.

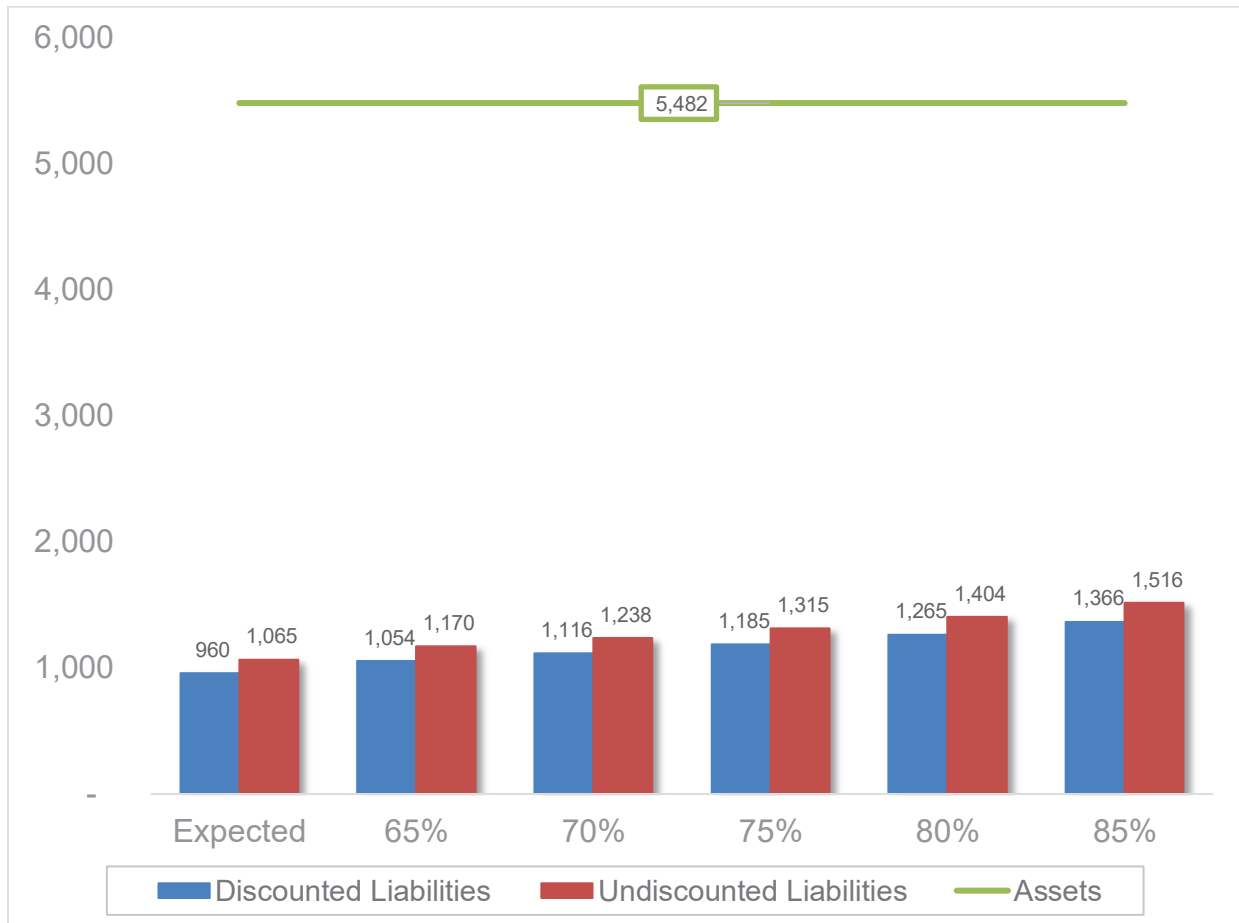
The following table shows estimated liability for unpaid loss and LAE at various discount rate assumptions at the expected confidence level.

Loss & LAE Claim Liabilities  
As of June 30, 2022, Net of Reinsurance

Discount Rate	Outstanding Liability
1.50%	984,000
1.75%	972,000
2.00%	960,000
2.25%	949,000
2.50%	938,000

The following graph displays the comparison of the program's net claim liabilities and assets as of June 30, 2022 as shown on the prior page.

Loss & LAE Claim Liabilities and Assets  
As of June 30, 2022, Net of Reinsurance  
(\$000s)



We generally recommend that entities maintain funding at the 75% - 85% confidence level. However, we understand that each entity is unique, and that proper funding levels can vary based on issues such as the organization's risk tolerance, financial circumstances, and priorities.

### Statement of Compliance with GASB #10

The outstanding liabilities presented in this section that include claims administration costs comply with the requirements promulgated by GASB #10.

## Funding Projections

The following table presents our estimates of ultimate costs for the upcoming program year.

Projected Ultimate Costs  
Fiscal Year 2022-23, SIR of \$250,000

Dollars (\$000s)	Expected <sup>1</sup>	← Confidence Level →				
		60%	65%	70%	75%	80%
Loss & ALAE	<b>\$372</b>	<b>\$384</b>	<b>\$423</b>	<b>\$468</b>	<b>\$518</b>	<b>\$577</b>
NPV Adjustment <sup>2</sup>	(33)	(34)	(37)	(42)	(46)	(51)
<b>Discounted Loss &amp; LAE</b>	<b>\$339</b>	<b>\$350</b>	<b>\$386</b>	<b>\$426</b>	<b>\$472</b>	<b>\$526</b>
Other Expenses <sup>3</sup>	134	134	134	134	134	134
<u>Excess Insurance</u>	<u>300</u>	<u>300</u>	<u>300</u>	<u>300</u>	<u>300</u>	<u>300</u>
<b>Total Cost</b>	<b>\$773</b>	<b>\$784</b>	<b>\$820</b>	<b>\$860</b>	<b>\$906</b>	<b>\$960</b>
Total Funding Rate <sup>4</sup>	\$3.488	\$3.538	\$3.701	\$3.881	\$4.089	\$4.332

<sup>1</sup> Expected values represent the “best actuarial” or “central” estimate.

<sup>2</sup> Net present value is based on an annual discount rate of 2.0%.

<sup>3</sup> Other expenses are provided by SHARP and may include claims administration fees, safety, and operational costs.

<sup>4</sup> Rate is per \$100 of payroll.

The following table shows projected ultimate costs for loss and ALAE for SHARP for the 2022-23 fiscal year assuming a \$250,000 self-insured retention at various discount rate assumptions at the expected confidence level.

Projected Ultimate Costs  
Fiscal Year 2022-23, SIR of \$250,000

Discount Rate	Loss & ALAE
1.50%	347,000
1.75%	343,000
2.00%	339,000
2.25%	336,000
2.50%	332,000

We provide the following allocation of deposit premiums, which include ultimate loss and ALAE, non-claims related expenses and excess insurance costs at the 60%, 65%, 70% and 75% confidence levels on a discounted basis assuming a 2% discount rate. This is shown in further detail on Appendix O.

## 2022-23 Deposit Premiums to Members

	60% Confidence Level	65% Confidence Level	70% Confidence Level	75% Confidence Level
Saratoga	\$196,985	\$205,937	\$215,450	\$226,932
Town of LAH	80,773	84,107	87,545	90,493
Town of Ross	122,136	127,216	132,582	138,851
<u>American Canyon</u>	<u>384,106</u>	<u>402,740</u>	<u>424,423</u>	<u>449,724</u>
<b>Total</b>	<b>\$784,000</b>	<b>\$820,000</b>	<b>\$860,000</b>	<b>\$906,000</b>

The following table displays a comparison of the deposit premium allocations from the prior report to the current report at 65% confidence level.

	Prior Report 2021-22 65% CL	Current Report 2022-23 65% CL	Change	Percent Change
Saratoga	\$194,991	\$205,937	\$10,946	5.6%
Town of LAH	87,084	84,107	(2,977)	-3.4%
Town of Ross	120,572	127,216	6,644	5.5%
<u>American Canyon</u>	<u>362,433</u>	<u>402,740</u>	<u>40,308</u>	<u>11.1%</u>
<b>Total</b>	<b>\$765,080</b>	<b>\$820,000</b>	<b>\$54,920</b>	<b>7.2%</b>

The following table displays a comparison of premium rate per \$100 of payroll from the prior report to the current report at 65% confidence level.

	Prior Report 2021-22 65% CL	Current Report 2022-23 65% CL	Change	Percent Change
Saratoga	\$2.630	\$2.465	(\$0.166)	-6.3%
Town of LAH	2.999	3.008	0.009	0.3%
Town of Ross	4.954	4.929	(0.025)	-0.5%
<u>American Canyon</u>	<u>4.551</u>	<u>4.780</u>	<u>0.228</u>	<u>5.0%</u>
<b>Total</b>	<b>\$3.694</b>	<b>\$3.701</b>	<b>\$0.007</b>	<b>0.2%</b>



## BACKGROUND

Claims administration services for SHARP's workers' compensation program are provided by SHARP's Risk Management Department.

The following table shows a history of SHARP's self-insured retentions (SIRs) by year.

Policy Year Start Date	Policy Year End Date	Per Occurrence Retention	Aggregate Retention
7/1/2000	6/30/2001	150,000	(none)
7/1/2001	6/30/2002	150,000	(none)
7/1/2002	6/30/2003	150,000	(none)
7/1/2003	6/30/2004	150,000	(none)
7/1/2004	6/30/2005	150,000	(none)
7/1/2005	6/30/2006	150,000	(none)
7/1/2006	6/30/2007	150,000	(none)
7/1/2007	6/30/2008	150,000	(none)
7/1/2008	6/30/2009	250,000	(none)
7/1/2009	6/30/2010	250,000	(none)
7/1/2010	6/30/2011	250,000	(none)
7/1/2011	6/30/2012	250,000	(none)
7/1/2012	6/30/2013	250,000	(none)
7/1/2013	6/30/2014	250,000	(none)
7/1/2014	6/30/2015	250,000	(none)
7/1/2015	6/30/2016	250,000	(none)
7/1/2016	6/30/2017	250,000	(none)
7/1/2017	6/30/2018	250,000	(none)
7/1/2018	6/30/2019	250,000	(none)
7/1/2019	6/30/2020	250,000	(none)
7/1/2020	6/30/2021	250,000	(none)
7/1/2021	6/30/2022	250,000	(none)
7/1/2022	6/30/2023	250,000	(none)

Additional background on the program is given in Appendix K.

## OBSERVATIONS AND ANALYSIS

In this section, we present a comparison to the prior analysis as well as an overview of claims trends that we have observed. The prior report for SHARP was dated June 7, 2021 and relied on data evaluated as of December 31, 2020. The current analysis relies on data evaluated as of December 31, 2021.

## Comparison of Actual versus Expected Activity

The following tables describe how paid and reported losses have emerged between the two points in time referenced above. We also compare how our projected ultimate loss & ALAE amounts have changed between these two points in time.

Actual Versus Expected Incurred Loss & ALAE<sup>1</sup>  
Prior vs. Current Reports  
(\$000s)

Fiscal Year	Expected Emergence	Actual Emergence	Actual Minus Expected Emergence
2000-01	\$0	\$0	\$0
2001-02	0	0	0
2002-03	0	0	0
2003-04	0	0	0
2004-05	0	0	0
2005-06	0	0	0
2006-07	0	0	0
2007-08	0	(62)	(62)
2008-09	0	15	15
2009-10	5	(6)	(11)
2010-11	0	0	0
2011-12	0	0	0
2012-13	4	0	(4)
2013-14	5	0	(5)
2014-15	7	(22)	(28)
2015-16	10	0	(10)
2016-17	13	(42)	(55)
2017-18	19	0	(19)
2018-19	25	24	(1)
2019-20	85	157	72
2020-21	96	271	174
<b>Total</b>	<b>\$270</b>	<b>\$336</b>	<b>\$66</b>

<sup>1</sup> Loss & ALAE are limited to SHARP's self-insured retention.

Actual Versus Expected Paid Loss & ALAE<sup>1</sup>  
Prior vs. Current Reports  
(\$000s)

Fiscal Year	Expected Payments	Actual Payments	Actual Minus Expected Payments
2000-01	\$0	\$0	\$0
2001-02	0	0	0
2002-03	1	0	(1)
2003-04	0	0	0
2004-05	0	0	0
2005-06	0	0	0
2006-07	0	0	0
2007-08	0	(62)	(62)
2008-09	0	0	0
2009-10	5	0	(4)
2010-11	0	0	0
2011-12	0	0	0
2012-13	3	0	(3)
2013-14	3	0	(3)
2014-15	20	15	(5)
2015-16	6	0	(6)
2016-17	16	0	(16)
2017-18	14	0	(14)
2018-19	30	22	(9)
2019-20	73	136	63
2020-21	68	139	71
<b>Total</b>	<b>\$241</b>	<b>\$251</b>	<b>\$10</b>

<sup>1</sup> Loss & ALAE are limited to SHARP's self-insured retention.

Change in Projected Ultimate Loss & ALAE<sup>1</sup>  
Prior vs. Current Reports  
(\$000s)

Fiscal Year	Prior Ultimate	Current Ultimate	Change in Ultimate
2000-01	\$1	\$1	\$0
2001-02	72	72	0
2002-03	52	53	1
2003-04	43	43	0
2004-05	60	60	0
2005-06	62	62	0
2006-07	5	5	0
2007-08	427	364	(62)
2008-09	116	135	19
2009-10	442	425	(17)
2010-11	56	56	0
2011-12	340	340	0
2012-13	192	168	(24)
2013-14	320	293	(27)
2014-15	324	289	(35)
2015-16	81	48	(33)
2016-17	327	252	(75)
2017-18	116	66	(50)
2018-19	361	343	(18)
2019-20	398	454	56
2020-21	337	440	103
<b>Total</b>	<b>\$4,130</b>	<b>\$3,969</b>	<b>(\$162)</b>

<sup>1</sup> Projected ultimate loss & ALAE are limited to SHARP's self-insured retention, at expected (no risk margin), and not discounted to reflect net present value.

**Comparison of Liabilities: Prior vs. Current Reports**

The table below compares our prior report's estimated liability for outstanding claims by component as of June 30, 2021 to our current report's estimated liability for outstanding claims as of June 30, 2022.

Change in Claims Liabilities At Expected (without Risk Margin), Net of Reinsurance				
Dollars (\$000s)	Prior Report at 6/30/2021	Current Report at 6/30/2022	Dollar Change	Percent Change
Case Reserves <sup>1</sup>	\$403	\$518	\$115	28.6%
IBNR <sup>2</sup>	704	513	(191)	-27.1%
Claims Administration	37	34	(3)	-7.7%
<b>Total (Undiscounted)</b>	<b>\$1,144</b>	<b>\$1,065</b>	<b>(\$79)</b>	<b>-6.9%</b>
NPV Adjustment <sup>3</sup>	(130)	(105)	25	-19.3%
<b>Total (Discounted)</b>	<b>\$1,014</b>	<b>\$960</b>	<b>(\$54)</b>	<b>-5.3%</b>

<sup>1</sup> Established by the claims administrator.

<sup>2</sup> IBNR: Incurred But Not Reported for development beyond the case reserves.

<sup>3</sup> Net present value is based on an annual discount rate of 2.0%.

The table below reconciles our prior report's estimated liability for outstanding claims as of June 30, 2021 to our current report's estimated liability for outstanding claims as of June 30, 2022.

Reconciliation of Claims Liabilities At Expected (without Risk Margin), Net of Reinsurance	
	Dollars (\$000s)
<b>(A) Prior 6/30/2021 Discounted Loss &amp; LAE Liabilities</b>	<b>\$1,014</b>
(B) Change in Ultimate Loss & ALAE (AY 2020-21 and Prior)	(162)
(C) Current AY 2021-22 Estimated Ultimate Loss & ALAE	352
(D) Paid Loss & ALAE in 2021-22	(266)
(E) Change in ULAE	(3)
(F) Change in Net Present Value	25
<b>(G) Current 6/30/2022 Discounted Loss &amp; LAE Liabilities</b>	<b>\$960</b>

**Comparison of Funding Projections: Prior vs. Current Reports**

The following table compares our funding estimate for the 2021-22 year from our prior report to our funding estimate of the 2022-23 year from our current report.

Change in Funding Estimates  
At Expected (without Risk Margin), Net of Reinsurance

Dollars (\$000s)	Prior Report <sup>1</sup> 2021-22	Current Report <sup>1</sup> 2022-23	Dollar Change	Percent Change
Ultimate Loss and ALAE	\$347	\$372	\$25	8.9%
NPV Adjustment <sup>2</sup>	(32)	(33)	(1)	3.1%
65% Confidence Level Margin	45	47	2	6.7%
<u>Other Program Expenses</u>	<u>125</u>	<u>134</u>	<u>9</u>	<u>7.1%</u>
<b>Total Loss &amp; LAE at 65% CL</b>	<b>\$485</b>	<b>\$520</b>	<b>\$35</b>	<b>8.6%</b>
<u>Excess Insurance</u>	<u>280</u>	<u>300</u>	<u>20</u>	<u>7.1%</u>
<b>Total Funding at 65% CL</b>	<b>\$765</b>	<b>\$820</b>	<b>\$55</b>	<b>8.1%</b>
Premium Rate at 65% CL <sup>3</sup>	\$3.694	\$3.701	\$0.007	0.2%
Loss Rate at 65% CL <sup>3</sup>	\$1.738	\$1.742	\$0.004	0.2%

<sup>1</sup> The SIR in both the prior and current reports is \$250,000.

<sup>2</sup> Net present value is based on an annual discount rate of 2.0%.

<sup>3</sup> Rate is per \$100 of payroll.

### Loss Rate Trend

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

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

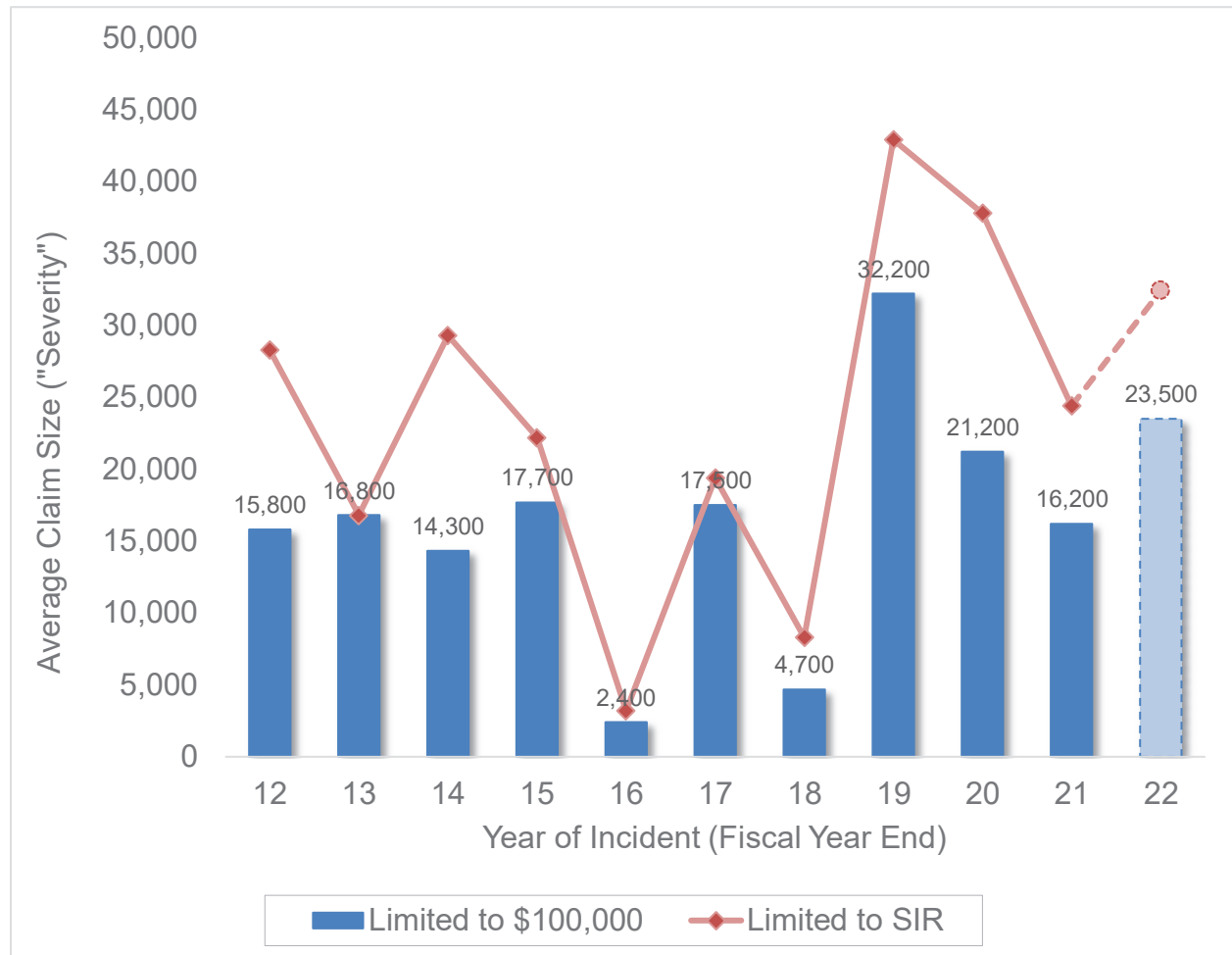


<sup>1</sup> Losses are at expected (no risk margin) and are not discounted to reflect net present value.

**Average Claim Size (Severity) Trend**

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

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



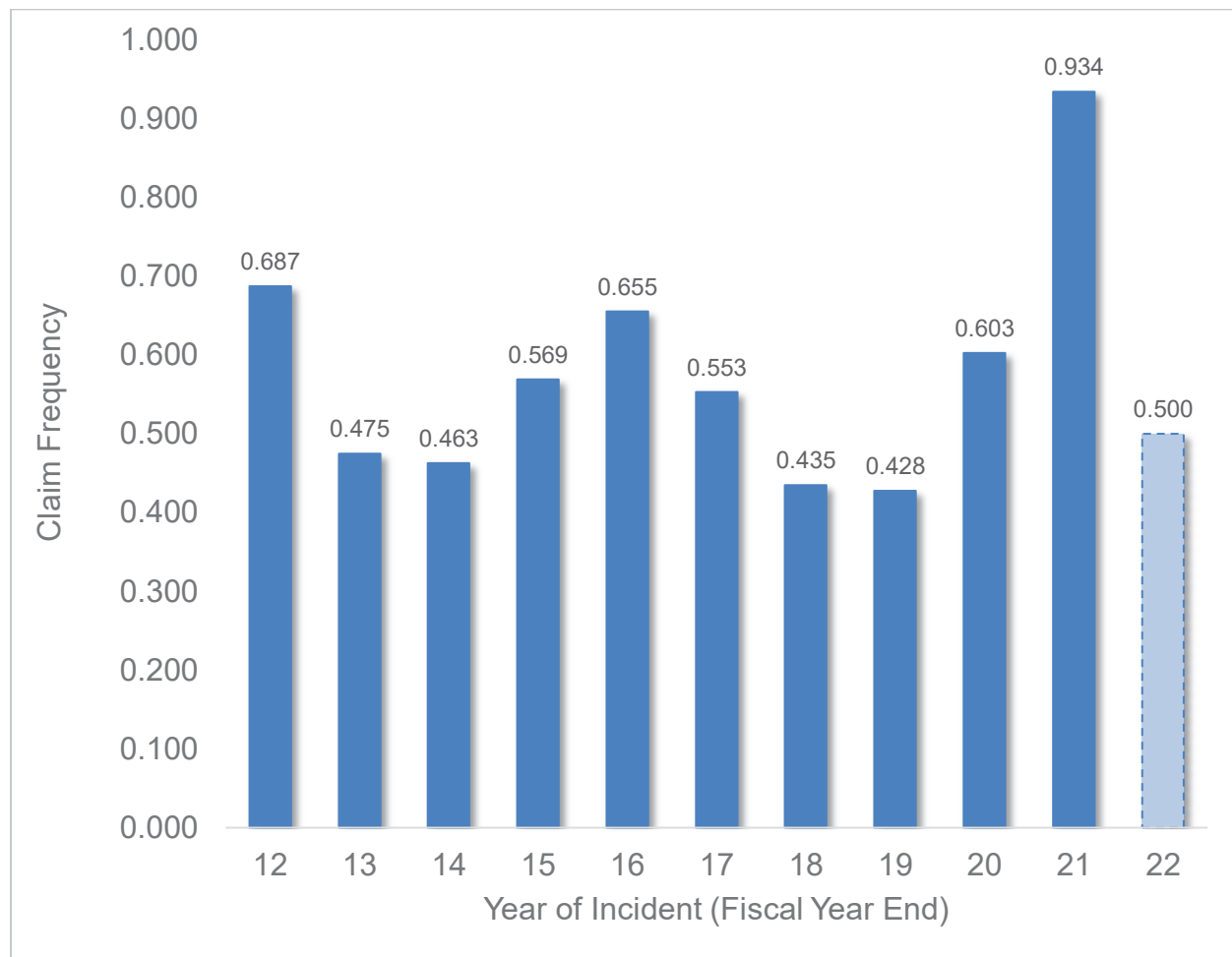
<sup>1</sup> Losses are at expected (no risk margin) and are not discounted to reflect net present value.



### Claim Frequency Trend

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

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



**Loss and LAE Liabilities by Category**

The following table shows the categories that compose our ultimate loss & LAE liability estimates.

Loss & ALAE Liabilities by Category and Year<sup>1</sup>  
As of June 30, 2022, Net of Reinsurance  
(\$000s)

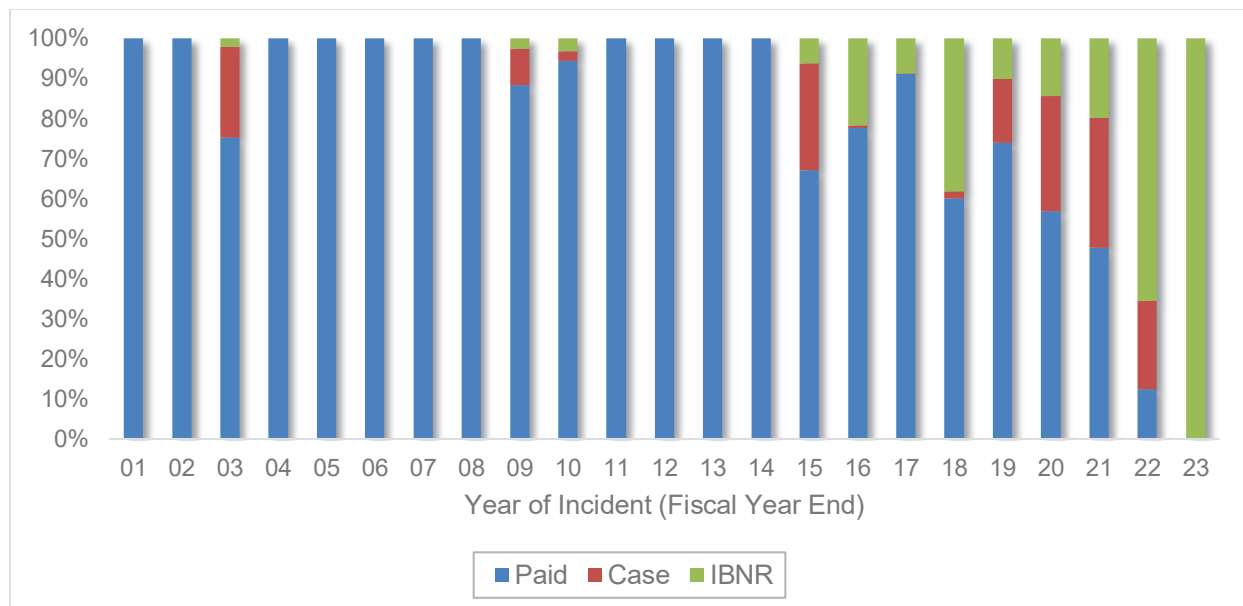
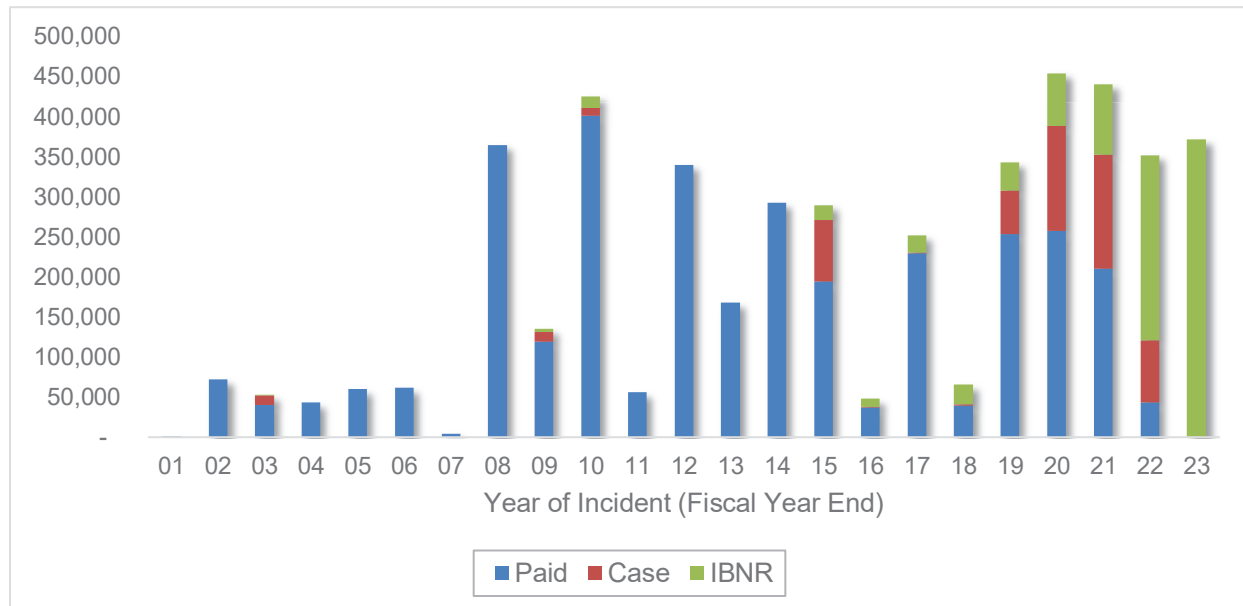
Fiscal Year	Case Reserves	Incurred but Not Reported (IBNR)	Total Liabilities
2000-01	\$0	\$0	\$0
2001-02	0	0	0
2002-03	12	1	13
2003-04	0	0	0
2004-05	0	0	0
2005-06	0	0	0
2006-07	0	0	0
2007-08	0	0	0
2008-09	12	3	16
2009-10	10	14	24
2010-11	0	0	0
2011-12	0	0	0
2012-13	0	0	0
2013-14	0	0	0
2014-15	77	18	95
2015-16	0	10	11
2016-17	0	22	22
2017-18	1	25	26
2018-19	54	35	89
2019-20	131	66	196
2020-21	142	87	230
2021-22	<u>77</u>	<u>231</u>	<u>308</u>
Total Loss & ALAE	\$518	\$513	\$1,031
ULAE	n/a	34	34
<b>Total Loss &amp; LAE</b>	<b>\$518</b>	<b>\$548</b>	<b>\$1,065</b>

<sup>1</sup> Loss & ALAE liabilities are limited to SHARP's self-insured retention, at expected (no risk margin), and not discounted to reflect net present value.

## Losses by Component

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

Ultimate Loss & ALAE by Component  
As of June 30, 2022<sup>1</sup>

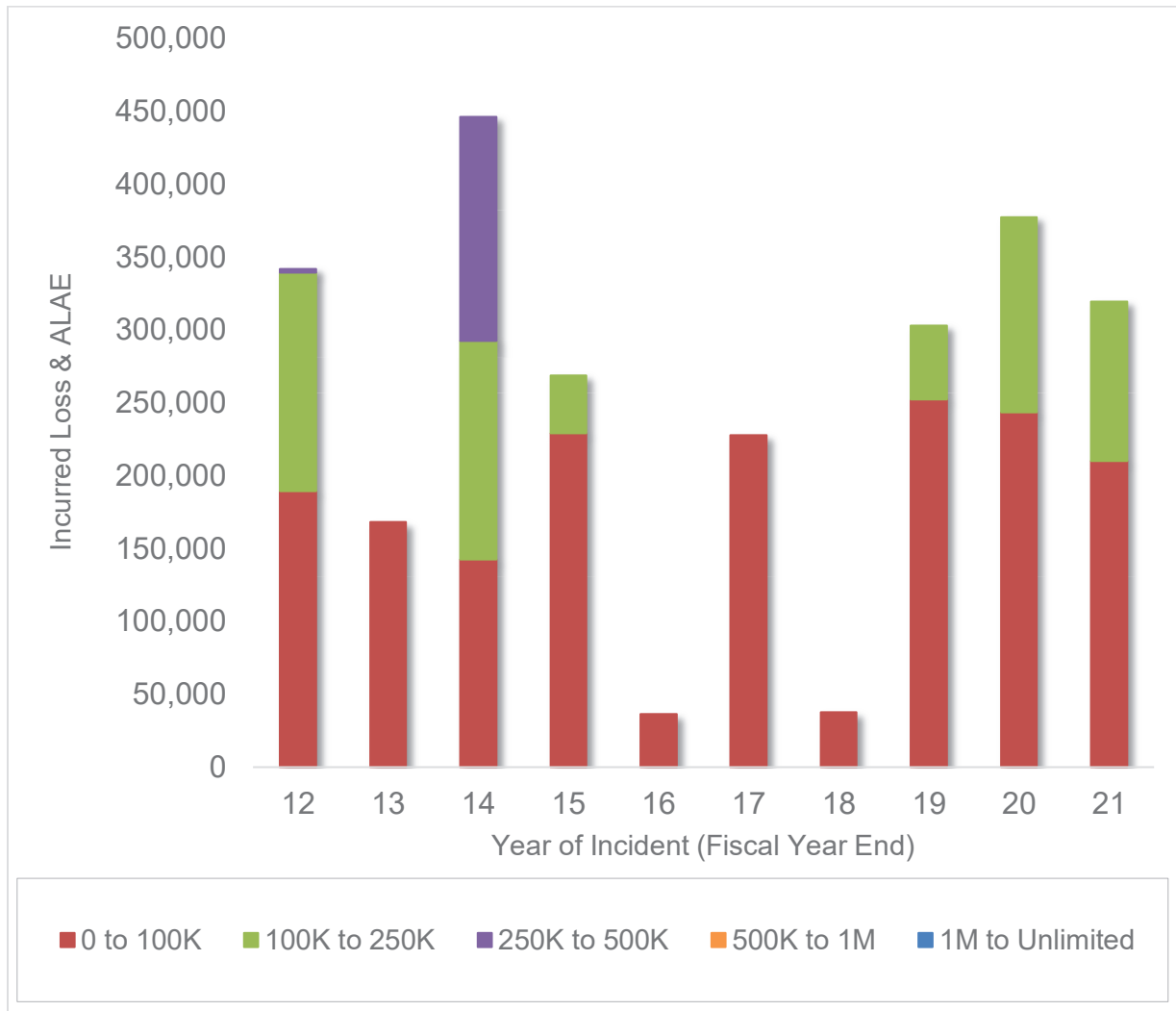


<sup>1</sup> Projected 2022-23 year is informational and displayed for comparison purposes.

### Losses by Layer

The following graph shows the incurred losses by layer as of the valuation date of June 30, 2021.

Incurred Loss & ALAE by Layer  
As of June 30, 2021



## METHODOLOGY

The methodology that we have used to estimate ultimate Loss & LAE liabilities is in accordance with standard actuarial principles. The 6-step process described below outlines the methods used to calculate the liabilities.

1. Estimate Ultimate Loss & ALAE: The ultimate value of losses associated with a given policy year is usually not known until many years after the policy year has expired. One estimate of future payments for a given policy year is the case reserve. However, to accurately project future payments for a given policy year, we also calculate indicated IBNR reserves that consider the following three factors:

- The amount that case reserves are redundant or deficient.
- Losses that occurred during the policy period but have not yet been reported. This is called "Pure IBNR".
- Future payments on claims which are closed but will reopen in the future.

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

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

2. Select Ultimate Loss & ALAE: Based on the indicated ultimate loss and ALAE from the various methods described previously, the ultimate losses by year are selected.
3. Calculate Expected Undiscounted Unpaid Loss & ALAE: Unpaid loss & ALAE equals ultimate Loss & ALAE (calculated in step #2, above) minus payments to date.
4. Discounting/Net Present Value: Since payments associated with claims liabilities will be spread out over several years, they are discounted to reflect anticipated investment income on the assets set aside to pay these costs. The expected Loss & ALAE payout pattern is based on the paid loss development factors previously described.
5. Claims Administration: Liabilities associated with claims administration expenses are calculated based on the average cost per claim method.

For the average cost per claim method, we first develop an average cost per claim by comparing historical ULAE costs to historical claim counts. We then apply this cost per claim to open and IBNR claims to arrive at the ULAE liability.

6. Confidence Levels: The “expected” estimate of unpaid Loss & ALAE is our best estimate given current information. However, there is uncertainty inherent in the claims settlement process. This uncertainty is quantified via confidence levels. For example, we believe that future payments have a 75% chance of being less than the liabilities at the 75% confidence level and have only a 25% chance of exceeding the 75% confidence level estimates. The confidence levels are based on the Heckman Meyers approach.

## CONSIDERATIONS AND KEY ASSUMPTIONS

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

### Data

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

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

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

Other Program Information: Key program information, including historical retentions, claims administration costs, other program costs, and program assets, were provided to us by SHARP. We relied on this information without audit.

### Key Dates

Accounting Date: This study presents liabilities as of an accounting date of June 30, 2022.

Valuation Date: The data underlying this study are valued as of December 31, 2021.

Review Date: We have also made use of information presented to us through the review date of April 28, 2022. We have not reflected any actual claims activity subsequent to the valuation date.

### Accounting Standard

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

### Other Actuarial Considerations

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

## CONDITIONS AND LIMITATIONS

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

Loss Activity since the Evaluation Date: The losses in this study were valued as of December 31, 2021. It is possible that there has been significant loss activity that has occurred since that date which would change the findings of this report.

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

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

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

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

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

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

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

## **DISTRIBUTION AND USE**

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

## GLOSSARY OF ACTUARIAL TERMS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Severity** – Average claim cost.

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

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

## **EXHIBITS AND APPENDICES**

## SHARP JPA - Workers' Compensation

Funding Guidelines for Outstanding Liabilities at  
June 30, 2022

(A) Estimated Ultimate Losses Incurred through 6/30/22: (From Appendix G)	\$4,320,668
(B) Estimated Paid Losses through 6/30/22: (From Appendix G)	3,289,542
(C) Estimated Liability for Claims Outstanding at 6/30/22: (From Appendix G)	<u>\$1,031,126</u>
(D) Estimated Liability for Outstanding Claims Administration Fees at 6/30/22: (From Reserves Appendix F)	34,161
(E) Total Outstanding Liability for Claims at 6/30/22: ((C) + (D))	<u>\$1,065,287</u>
(F) Reserve Discount Factor (Based on a Discount Rate of 2.00%.): (Appendix I, Page 1, (H))	0.901
(G) Discounted Outstanding Liability for Claims at 6/30/22: ((E) x (F))	<u>\$960,320</u>

	Marginally Acceptable		Recommended		Conservative
Confidence Level of Adequacy:	65%	70%	75%	80%	85%
(H) Confidence Level Factor: (From Appendix J)	1.098	1.162	1.234	1.318	1.423
(I) Margin for Adverse Experience: ((G) x [(H) - 1])	94,000	156,000	225,000	305,000	406,000
(J) Total Required Assets at 6/30/22: ((G) + (I))	<u>\$1,054,000</u>	<u>\$1,116,000</u>	<u>\$1,185,000</u>	<u>\$1,265,000</u>	<u>\$1,366,000</u>
(K) Estimated Total Assets at 6/30/22: (From Appendix L)	5,482,000	5,482,000	5,482,000	5,482,000	5,482,000
(L) Indicated Funding Redundancy/ (Deficiency): ((K) - (J))	<u>\$4,428,000</u>	<u>\$4,366,000</u>	<u>\$4,297,000</u>	<u>\$4,217,000</u>	<u>\$4,116,000</u>

\* May differ from (E) x (F) due to rounding.

## SHARP JPA - Workers' Compensation

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

	Dollar Amount	Payroll Rate			
(A) Estimated Ultimate Losses Incurred in Accident Year 2022-2023: (From Appendix G)	\$372,000	\$1.679			
(B) Estimated Claims Administration Fees Incurred in Accident Year 2022-2023: (From Exhibit 5, Page 1, (L))	0	0.000			
(C) Total Claims Costs Incurred in Accident Year 2022-2023: ((A) + (B))	\$372,000	\$1.679			
(D) Loss Discount Factor (Based on a Discount Rate of 2.00%.): (Appendix I, Page 2, (G))	0.911				
(E) Discounted Total Claims Costs Incurred in Accident Year 2022-2023: ((C) x (D))	\$339,000	\$1.530			
	Marginally Acceptable	Recommended		Conservative	
	60%	65%	70%	75%	80%
(F) Confidence Level Factor: (From Appendix J)	1.032	1.138	1.257	1.392	1.552
(G) Margin for Adverse Experience: ((E) x [(F) - 1])	11,000	47,000	87,000	133,000	187,000
(H) Recommended Funding in 2022-2023 for Claims Costs and Other Expenses: ((E) + (G))	\$350,000	\$386,000	\$426,000	\$472,000	\$526,000
(I) Budgeted Non Claims Related Expenses: (Provided by SHARP JPA)	134,000	134,000	134,000	134,000	134,000
(J) Budgeted Excess Insurance: (Provided by SHARP JPA)	300,000	300,000	300,000	300,000	300,000
(K) Recommended Funding: ((H) + (I) - (J))	\$784,000	\$820,000	\$860,000	\$906,000	\$960,000
(L) Rate per \$100 of Payroll: ( / \$221,590)	\$3.538	\$3.701	\$3.881	\$4.089	\$4.332

Payroll rates are per hundred dollars of 2022-2023 payroll of \$22,159,000.



## SHARP JPA - Workers' Compensation

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

## At Various Discount Rates and Confidence Levels

## I. Funding Guidelines for Discounted Outstanding Liabilities at 6/30/21

Investment Rate	Expected Confidence Level	65% Confidence Level	70% Confidence Level	75% Confidence Level	80% Confidence Level	85% Confidence Level
1.00%	\$1,009,821	\$1,109,000	\$1,174,000	\$1,246,000	\$1,331,000	\$1,437,000
1.50%	984,381	1,080,000	1,143,000	1,214,000	1,297,000	1,400,000
1.75%	972,183	1,067,000	1,129,000	1,199,000	1,281,000	1,383,000
2.00%	960,320	1,054,000	1,116,000	1,185,000	1,265,000	1,366,000
2.25%	948,778	1,042,000	1,103,000	1,171,000	1,251,000	1,350,000
2.50%	937,544	1,030,000	1,090,000	1,157,000	1,236,000	1,335,000
3.00%	915,959	1,006,000	1,064,000	1,130,000	1,207,000	1,303,000
3.50%	895,482	983,000	1,040,000	1,105,000	1,180,000	1,274,000
4.00%	876,040	962,000	1,018,000	1,081,000	1,155,000	1,247,000

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

Investment Rate	Expected Confidence Level	60% Confidence Level	65% Confidence Level	70% Confidence Level	75% Confidence Level	80% Confidence Level
1.00%	\$354,000	\$365,000	\$403,000	\$445,000	\$493,000	\$549,000
1.50%	347,000	358,000	395,000	436,000	483,000	539,000
1.75%	343,000	354,000	390,000	431,000	477,000	532,000
2.00%	339,000	350,000	386,000	426,000	472,000	526,000
2.25%	336,000	347,000	382,000	422,000	468,000	521,000
2.50%	332,000	343,000	378,000	417,000	462,000	515,000
3.00%	325,000	335,000	370,000	409,000	452,000	504,000
3.50%	319,000	329,000	363,000	401,000	444,000	495,000
4.00%	313,000	323,000	356,000	393,000	436,000	486,000

## SHARP JPA - Workers' Compensation

## IBNR as of 6/30/22 at Expected Claims Level

Accident Year	Estimated Ultimate (A)	Reported as of 12/31/21 (B)	Estimated IBNR as of 12/31/21 (C)	Estimated Percent of IBNR Reported Between 1/1/22 and 6/30/22 (D)	Estimated IBNR Reported (E)	Estimated IBNR as of 6/30/22 (F)
2000-2001	\$1,156	\$1,156	\$0	15.0%	\$0	\$0
2001-2002	71,958	71,958	0	14.2%	0	0
2002-2003	53,000	51,864	1,136	12.4%	0	1,136
2003-2004	43,015	43,015	0	11.0%	0	0
2004-2005	59,858	59,858	0	9.9%	0	0
2005-2006	61,573	61,573	0	9.0%	0	0
2006-2007	4,599	4,599	0	7.6%	0	0
2007-2008	364,460	364,460	0	7.1%	0	0
2008-2009	135,000	130,576	4,424	27.5%	1,000	3,424
2009-2010	425,000	409,991	15,009	5.4%	1,000	14,009
2010-2011	56,481	56,481	0	6.9%	0	0
2011-2012	339,525	339,525	0	6.0%	0	0
2012-2013	168,373	168,373	0	5.3%	0	0
2013-2014	292,670	292,670	0	7.5%	0	0
2014-2015	289,000	268,754	20,246	7.6%	2,000	18,246
2015-2016	48,000	36,524	11,476	6.5%	1,000	10,476
2016-2017	252,000	227,939	24,061	7.2%	2,000	22,061
2017-2018	66,000	37,801	28,199	9.2%	3,000	25,199
2018-2019	343,000	303,106	39,894	11.6%	5,000	34,894
2019-2020	454,000	377,383	76,617	14.0%	11,000	65,617
2020-2021	440,000	319,528	120,472	27.6%	33,000	87,472
2021-2022	352,000	44,122	131,878	25.0%	77,000	230,878
Totals	\$4,320,668	\$3,671,256	\$473,412		\$136,000	\$513,412

## Notes:

- (A) From Exhibit 4, Page 1.
- (B) Provided by SHARP JPA. These losses exclude amounts incurred above the Pool's SIR for each year.
- (C) (A) - (B).
- (D) Percentage of incurred but not reported (IBNR) expected to be reported between 1/1/22 and 6/30/22. The percentage is based on the development pattern selected in Appendix A.
- (E) ((A) - (B)) x (D).
- (F) (A) - (B) - (E).

This exhibit shows the calculation of the amount of incurred but not reported losses we expect as of 6/30/22. This amount is dependent on both the strength of the case reserves and the average frequency and severity of the losses incurred.

## SHARP JPA - Workers' Compensation

### Estimated Ultimate Program Losses

Accident Year	Reported Loss Development Method (A)	Paid Loss Development Method (B)	Exposure Method Based on Reported Losses (C)	Exposure Method Based on Paid Losses (D)	Frequency-Severity Method (E)	Selected Estimate of Ultimate Losses (F)	Selected Estimate of Ultimate Losses Limited to Aggregate (G)
2000-2001	\$1,163	\$1,188	\$1,164	\$1,190	\$1,281	\$1,156	\$1,156
2001-2002	72,462	74,477	72,517	74,673	79,912	71,958	71,958
2002-2003	52,279	40,182	52,326	40,873	57,904	53,000	53,000
2003-2004	43,402	45,166	43,448	45,323	48,024	43,015	43,015
2004-2005	60,457	63,270	60,527	63,473	66,978	59,858	59,858
2005-2006	62,250	65,575	62,334	65,791	69,024	61,573	61,573
2006-2007	4,659	4,935	4,667	4,957	5,160	4,599	4,599
2007-2008	369,562	393,981	369,031	388,945	326,505	364,460	364,460
2008-2009	134,754	131,294	135,801	135,802	168,704	135,000	135,000
2009-2010	424,751	460,036	422,048	444,810	344,580	425,000	425,000
2010-2011	58,853	65,970	59,431	67,100	73,560	56,481	56,481
2011-2012	355,822	403,016	350,935	378,717	248,172	339,525	339,525
2012-2013	177,465	203,563	179,681	206,733	221,760	168,373	168,373
2013-2014	311,108	360,862	303,826	328,408	188,910	292,670	292,670
2014-2015	288,642	239,034	289,894	253,142	306,306	289,000	289,000
2015-2016	39,665	47,956	40,404	48,214	48,900	48,000	48,000
2016-2017	251,189	317,975	256,790	315,732	374,660	252,000	252,000
2017-2018	42,602	56,059	65,356	117,295	237,664	66,000	66,000
2018-2019	355,543	404,755	340,393	345,393	248,848	343,000	343,000
2019-2020	474,748	471,253	432,423	368,764	380,760	454,000	454,000
2020-2021	588,571	653,851	439,244	361,375	590,220	440,000	440,000
Totals						\$3,968,668	\$3,968,668
		Projected Losses for the Year 2021-2022 (H)				\$352,000	\$352,000
		Projected Losses for the Year 2022-2023 (I)				372,000	372,000

Notes:

- (A) From Appendix A, Page 1, Column (G).
- (B) From Appendix B, Page 1, Column (G).
- (C) From Appendix C, Page 1, Column (G).
- (D) From Appendix C, Page 2, Column (G).
- (E) From Appendix D, Page 1, Column (C).
- (F) Selected averages of (A), (B), (C), (D), and (E).
- (G) (F) limited to applicable aggregate.
- (H) From Exhibit 5, Page 1, Line (K).
- (I) From Exhibit 5, Page 1, Line (K).

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

## SHARP JPA - Workers' Compensation

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

Accident Year	Reported Loss Development Method (A)	Paid Loss Development Method (B)	Exposure Method Based on Reported Losses (C)	Exposure Method Based on Paid Losses (D)	Frequency-Severity Method (E)	Selected Ultimate Limited Losses (F)
2000-2001	\$1,156	\$1,162	\$1,156	\$1,162	\$1,155	\$1,156
2001-2002	71,958	72,678	71,958	72,677	71,960	71,958
2002-2003	51,864	39,140	51,864	39,341	52,000	52,000
2003-2004	43,015	43,875	43,015	43,876	43,020	43,015
2004-2005	59,858	61,354	59,858	61,294	59,850	59,858
2005-2006	61,573	63,420	61,573	63,361	61,572	61,573
2006-2007	4,599	4,760	4,599	4,758	4,596	4,599
2007-2008	289,782	301,373	289,782	300,790	289,785	289,782
2008-2009	130,576	120,777	130,576	121,206	131,008	131,000
2009-2010	265,786	268,253	265,786	268,245	266,000	266,000
2010-2011	56,481	59,644	56,481	59,478	56,480	56,481
2011-2012	189,525	201,465	189,525	200,706	189,528	189,525
2012-2013	168,373	180,496	168,373	179,656	168,370	168,373
2013-2014	142,813	154,369	142,813	153,518	142,670	142,670
2014-2015	229,704	204,061	229,707	206,247	229,996	230,000
2015-2016	36,743	40,797	36,744	40,371	36,525	36,524
2016-2017	230,218	265,321	230,243	260,426	278,252	227,939
2017-2018	38,368	45,626	40,503	68,606	175,592	37,801
2018-2019	258,734	253,592	256,896	238,006	182,816	258,000
2019-2020	255,887	255,513	253,088	234,582	278,292	255,000
2020-2021	311,728	386,073	272,144	256,833	428,976	292,000
Totals						\$2,875,254
Projected Losses for the Year 2021-2022 (G)						\$255,000
Projected Losses for the Year 2022-2023 (H)						268,000

## Notes:

- (A) From Appendix A, Page 1, Column (D).
- (B) From Appendix B, Page 1, Column (D).
- (C) Based on results in Appendix C, Page 1.
- (D) Based on results in Appendix C, Page 2.
- (E) Based on results in Appendix D, Page 1.
- (F) Selected averages of (A), (B), (C), (D), and (E).
- (G) From Exhibit 5, Page 1, Line (K) / Line (G).
- (H) From Exhibit 5, Page 1, Line (K) / Line (G).

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

## SHARP JPA - Workers' Compensation

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

Accident Year	Ultimate Limited Losses (A)	Trend Factor (B)	Trended Limited Losses (C)	Trended Payroll (\$00) (D)	Trended Limited Loss Rate (E)
2000-2001	\$1,156	1.145	\$1,324	140,195	0.009
2001-2002	71,958	1.118	80,449	159,382	0.505
2002-2003	52,000	1.146	59,592	176,108	0.338
2003-2004	43,015	1.384	59,533	194,694	0.306
2004-2005	59,858	1.748	104,632	187,521	0.558
2005-2006	61,573	1.855	114,218	182,912	0.624
2006-2007	4,599	1.718	7,901	195,080	0.041
2007-2008	289,782	1.565	453,509	212,686	2.132
2008-2009	131,000	1.431	187,461	212,552	0.882
2009-2010	266,000	1.284	341,544	225,587	1.514
2010-2011	56,481	1.186	66,986	226,210	0.296
2011-2012	189,525	1.147	217,385	223,470	0.973
2012-2013	168,373	1.148	193,292	262,718	0.736
2013-2014	142,670	1.141	162,786	263,353	0.618
2014-2015	230,000	1.108	254,840	271,854	0.937
2015-2016	36,524	1.128	41,199	265,508	0.155
2016-2017	227,939	1.166	265,777	266,056	0.999
2017-2018	37,801	1.137	42,980	202,868	0.212
2018-2019	258,000	1.092	281,736	201,470	1.398
2019-2020	255,000	1.077	274,635	209,265	1.312
2020-2021	292,000	1.048	306,016	197,557	1.549
Totals	\$2,875,254		\$3,517,795	4,477,046	\$0.786
11/12-20/21	1,837,832		2,040,647	2,364,119	0.863
18/19-20/21	805,000		862,387	608,292	1.418
(F) Selected Limited Rate: Prior:					\$1.170 \$1.235
Program Year:		2021-2022	2022-2023		
(G) Factor to SIR:		1.383	1.390		
(H) Trend Factor:		1.000	1.031		
(I) Program Rate:		\$1.618	\$1.677		
(J) Trended Payroll (\$00):		217,254	221,590		
(K) Projected Program Losses:		352,000	372,000		
(L) Projected ULAE:		16,000	17,000		
(M) Projected Loss and ULAE:		\$368,000	\$389,000		

Notes appear on the next page.

## SHARP JPA - Workers' Compensation

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

## Notes:

- (A) From Exhibit 4, Page 2, Column (F).  
For purposes of projecting future losses, losses are capped at \$100,000 per occurrence.
- (B) From Appendix E, Page 1, Column (B).
- (C) (A) x (B).
- (D) Appendix N, Column (C).
- (E) (C) / (D).
- (F) Selected based on (E).
- (G) Based on a Weibull distribution, a mathematical model of claims sizes.
- (H) From Appendix E.
- (I) (F) x (G) x (H).
- (J) Appendix N, Column (C).
- (K) (I) x (J).
- (L) Based on an estimated claim closing pattern and SHARP JPA's historical claims administration expenses.
- (M) (K) + (L).

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

## SHARP JPA - Workers' Compensation

## Reported Loss Development

Accident Year (A)	Limited Reported Losses as of 12/31/21 (B)	Reported Loss Development Factor (C)	Ultimate Limited Losses (D)	Program Reported Losses as of 12/31/21 (E)	Reported Loss Development Factor (F)	Ultimate Program Losses (G)
2000-2001	\$1,156	1.000	\$1,156	\$1,156	1.006	\$1,163
2001-2002	71,958	1.000	71,958	71,958	1.007	72,462
2002-2003	51,864	1.000	51,864	51,864	1.008	52,279
2003-2004	43,015	1.000	43,015	43,015	1.009	43,402
2004-2005	59,858	1.000	59,858	59,858	1.010	60,457
2005-2006	61,573	1.000	61,573	61,573	1.011	62,250
2006-2007	4,599	1.000	4,599	4,599	1.013	4,659
2007-2008	289,782	1.000	289,782	364,460	1.014	369,562
2008-2009	130,576	1.000	130,576	130,576	1.032	134,754
2009-2010	265,786	1.000	265,786	409,991	1.036	424,751
2010-2011	56,481	1.000	56,481	56,481	1.042	58,853
2011-2012	189,525	1.000	189,525	339,525	1.048	355,822
2012-2013	168,373	1.000	168,373	168,373	1.054	177,465
2013-2014	142,670	1.001	142,813	292,670	1.063	311,108
2014-2015	229,017	1.003	229,704	268,754	1.074	288,642
2015-2016	36,524	1.006	36,743	36,524	1.086	39,665
2016-2017	227,939	1.010	230,218	227,939	1.102	251,189
2017-2018	37,801	1.015	38,368	37,801	1.127	42,602
2018-2019	252,423	1.025	258,734	303,106	1.173	355,543
2019-2020	243,470	1.051	255,887	377,383	1.258	474,748
2020-2021	210,059	1.484	311,728	319,528	1.842	588,571
Totals	\$2,774,449		\$2,898,740	\$3,627,134		\$4,169,947

## Notes:

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

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

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

SHARP JPA - Workers' Compensation  
Reported Loss Development

Accident Year	<u>Limited Losses Reported as of:</u>										
	6 Months	18 Months	30 Months	42 Months	54 Months	66 Months	78 Months	90 Months	102 Months	114 Months	126 Months
2000-2001	7,008	7,526	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156
2001-2002	4,000	34,571	54,988	85,865	96,528	71,958	71,958	71,958	71,958	71,958	71,958
2002-2003	60,703	37,505	58,423	40,447	31,362	31,362	31,362	31,362	31,362	31,362	31,362
2003-2004	9,288	62,237	61,946	43,015	43,015	43,015	43,015	43,015	43,015	43,015	43,015
2004-2005	40,746	66,443	77,832	86,799	67,911	67,911	67,911	67,911	121,845	58,395	59,858
2005-2006	652	8,131	9,327	9,633	9,633	17,133	76,025	77,263	77,263	61,573	61,573
2006-2007	1,275	4,158	4,599	4,599	4,599	4,599	4,599	4,599	4,599	4,599	4,599
2007-2008	48,542	142,627	303,952	297,751	289,654	289,654	289,782	289,782	289,782	289,782	289,782
2008-2009	25,267	105,061	115,373	130,560	150,116	115,576	115,576	115,576	115,576	115,576	115,576
2009-2010	33,372	241,819	265,864	298,131	266,057	315,545	281,228	281,228	273,053	270,173	271,348
2010-2011	2,992	20,124	87,062	101,528	66,414	56,481	56,481	56,481	56,481	56,481	56,481
2011-2012	56,920	103,910	202,358	226,741	232,454	189,525	189,525	189,525	189,525	189,525	189,525
2012-2013	74,101	94,857	189,657	221,117	168,364	168,329	168,329	168,329	168,329	168,373	
2013-2014	1,500	62,107	155,761	205,397	186,893	161,921	142,230	142,230	142,230		
2014-2015	47,420	174,495	284,278	266,430	258,325	250,894	250,894	229,017			
2015-2016	21,825	20,632	36,524	36,524	36,524	36,524	36,524				
2016-2017	46,539	296,547	298,330	269,834	269,834	227,939					
2017-2018	8,412	81,225	81,331	37,801	37,801						
2018-2019	3,614	146,262	228,839	252,423							
2019-2020	28,616	198,215	243,470								
2020-2021	48,817	210,059									
2021-2022	44,122										

	<u>Reported Loss Development Factors:</u>										
	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months
2000-2001	1.074	0.154	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2001-2002	8.643	1.591	1.562	1.124	0.745	1.000	1.000	1.000	1.000	1.000	1.000
2002-2003	0.618	1.558	0.692	0.775	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2003-2004	6.701	0.995	0.694	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2004-2005	1.631	1.171	1.115	0.782	1.000	1.000	1.000	1.794	0.479	1.025	1.000
2005-2006	12.471	1.147	1.033	1.000	1.779	4.437	1.016	1.000	0.797	1.000	1.000
2006-2007	3.261	1.106	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2007-2008	2.938	2.131	0.980	0.973	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2008-2009	4.158	1.098	1.132	1.150	0.770	1.000	1.000	1.000	1.000	1.000	1.000
2009-2010	7.246	1.099	1.121	0.892	1.186	0.891	1.000	0.971	0.989	1.004	1.000
2010-2011	6.726	4.326	1.166	0.654	0.850	1.000	1.000	1.000	1.000	1.000	1.000
2011-2012	1.826	1.947	1.120	1.025	0.815	1.000	1.000	1.000	1.000	1.000	
2012-2013	1.280	1.999	1.166	0.761	1.000	1.000	1.000	1.000	1.000		
2013-2014	41.405	2.508	1.319	0.910	0.866	0.878	1.000	1.003			
2014-2015	3.680	1.629	0.937	0.970	0.971	1.000	0.913				
2015-2016	0.945	1.770	1.000	1.000	1.000	1.000					
2016-2017	6.372	1.006	0.904	1.000	0.845						
2017-2018	9.656	1.001	0.465	1.000							
2018-2019	40.471	1.565	1.103								
2019-2020	6.927	1.228									
2020-2021	4.303										

	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months
Average	8.206	1.551	1.027	0.945	0.990	1.200	0.995	1.055	0.943	1.002	1.000
Dollar-Wtd. Avgs.											
Total	3.706	1.447	1.039	0.938	0.941	1.003	0.988	1.030	0.943	1.002	1.000
3-yr	6.842	1.301	0.920	1.000	0.913	0.956	0.961	1.001	1.000	1.002	1.000
4-yr	7.107	1.180	0.925	0.987	0.901	0.968	0.971	1.001	0.996	1.002	1.000
Comparative											
Factors	2.780	1.245	1.050	1.007	1.003	1.004	1.003	1.003	1.003	1.003	1.004
Prior	6.100	1.756	1.104	1.035	1.025	1.020	1.010	1.005	1.004	1.003	1.002
Selected	6.683	1.412	1.025	1.010	1.005	1.004	1.003	1.002	1.001	1.000	1.000
Cumulated	9.918	1.484	1.051	1.025	1.015	1.010	1.006	1.003	1.001	1.000	1.000



SHARP JPA - Workers' Compensation  
Reported Loss Development

Accident Year	<u>Limited Losses Reported as of:</u>										
	138 Months	150 Months	162 Months	174 Months	186 Months	198 Months	210 Months	222 Months	234 Months	246 Months	258 Months
2000-2001	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156
2001-2002	71,958	71,958	71,958	71,958	71,958	71,958	71,958	71,958	71,958	71,958	
2002-2003	31,362	31,362	31,362	31,362	51,864	51,864	51,864	51,864	51,864		
2003-2004	43,015	43,015	43,015	43,015	43,015	43,015	43,015	43,015			
2004-2005	59,858	59,858	59,858	59,858	59,858	59,858	59,858				
2005-2006	61,573	61,573	61,573	61,573	61,573	61,573					
2006-2007	4,599	4,599	4,599	4,599	4,599						
2007-2008	289,782	401,916	401,916	289,782							
2008-2009	115,576	115,576	130,576								
2009-2010	271,348	265,786									
2010-2011	56,481										
2011-2012											
2012-2013											
2013-2014											
2014-2015											
2015-2016											
2016-2017											
2017-2018											
2018-2019											
2019-2020											
2020-2021											
2021-2022											

Reported Loss Development Factors:

	138-150 Months	150-162 Months	162-174 Months	174-186 Months	186-198 Months	198-210 Months	210-222 Months	222-234 Months	234-246 Months	246-258 Months	258-Ult. Months
2000-2001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
2001-2002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
2002-2003	1.000	1.000	1.000	1.654	1.000	1.000	1.000	1.000			
2003-2004	1.000	1.000	1.000	1.000	1.000	1.000	1.000				
2004-2005	1.000	1.000	1.000	1.000	1.000	1.000					
2005-2006	1.000	1.000	1.000	1.000	1.000						
2006-2007	1.000	1.000	1.000	1.000							
2007-2008	1.387	1.000	0.721								
2008-2009	1.000	1.130									
2009-2010	0.980										
2010-2011											
2011-2012											
2012-2013											
2013-2014											
2014-2015											
2015-2016											
2016-2017											
2017-2018											
2018-2019											
2019-2020											
2020-2021											
Average	1.037	1.014	0.965	1.093	1.000	1.000	1.000	1.000	1.000	1.000	
Dollar-Wtd. Avgs											
Total	1.112	1.019	0.834	1.075	1.000	1.000	1.000	1.000			
3-yr	1.157	1.029	0.760	1.000	1.000	1.000	1.000	1.000			
4-yr	1.156	1.026	0.788	1.000	1.000	1.000	1.000				
Comparative											
Factors	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.002	1.021
Prior	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Selected	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Cumulated	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

SHARP JPA - Workers' Compensation  
Reported between \$100,000 and \$500,000 Loss Development

Accident Year	<u>Losses Reported as of:</u>										
	6 Months	18 Months	30 Months	42 Months	54 Months	66 Months	78 Months	90 Months	102 Months	114 Months	126 Months
2000-2001											
2001-2002											
2002-2003											
2003-2004											
2004-2005											
2005-2006											
2006-2007											
2007-2008			166,735	232,304	248,877	262,862	136,643	136,578	136,803	136,803	136,803
2008-2009			5,512	5,419	40,360						
2009-2010		9,367	10,000	162,185	144,205	156,779	154,655	154,424	144,205	144,205	144,205
2010-2011											
2011-2012			163,501	174,416	58,665	152,319	152,319	152,319	152,319	152,319	152,319
2012-2013											
2013-2014				106,190	137,484	303,538	303,538	303,538	303,538		
2014-2015				17,438	23,792	17,438	39,738	39,738			
2015-2016											
2016-2017		6,631									
2017-2018											
2018-2019			49,773	50,684							
2019-2020		22,382	133,913								
2020-2021		109,468									
2021-2022											
<u>Reported Loss Development Factors:</u>											
	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months
2000-2001											
2001-2002											
2002-2003											
2003-2004											
2004-2005											
2005-2006											
2006-2007											
2007-2008			1.393	1.071	1.056	0.520	1.000	1.002	1.000	1.000	1.000
2008-2009			0.983	7.448							
2009-2010		1.068	16.219	0.889	1.087	0.986	0.999	0.934	1.000	1.000	1.000
2010-2011											
2011-2012			1.067	0.336	2.596	1.000	1.000	1.000	1.000	1.000	
2012-2013											
2013-2014				1.295	2.208	1.000	1.000	1.000			
2014-2015				1.364	0.733	2.279	1.000				
2015-2016											
2016-2017											
2017-2018											
2018-2019			1.018								
2019-2020		5.983									
2020-2021											
	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months
Average		3.526	4.136	2.067	1.536	1.157	1.000	0.984	1.000	1.000	1.000
Dollar-Wtd. Avgs.											
Total		4.533	1.580	0.936	1.457	0.881	1.000	0.987	1.000	1.000	1.000
3-yr											
4-yr											
Comparative											
Factors	4.045	1.904	1.383	1.194	1.093	1.052	1.043	1.037	1.033	1.027	1.025
Prior	3.855	2.109	1.544	1.296	1.175	1.103	1.078	1.064	1.053	1.044	1.036
Selected	4.045	1.904	1.383	1.194	1.093	1.052	1.043	1.037	1.033	1.027	1.025
Cumulated	20.795	5.141	2.700	1.952	1.635	1.496	1.422	1.363	1.314	1.272	1.239

SHARP JPA - Workers' Compensation  
Reported between \$100,000 and \$500,000 Loss Development

Accident Year	<u>Losses Reported as of:</u>			
	138 Months	150 Months	162 Months	174 Months
2000-2001				
2001-2002				
2002-2003				
2003-2004				
2004-2005				
2005-2006				
2006-2007				
2007-2008	136,812	24,678	24,678	136,812
2008-2009				
2009-2010	144,205	144,205		
2010-2011				
2011-2012				
2012-2013				
2013-2014				
2014-2015				
2015-2016				
2016-2017				
2017-2018				
2018-2019				
2019-2020				
2020-2021				
2021-2022				
<u>Reported Loss Development Factors:</u>				
	138-150 Months	150-162 Months	162-174 Months	174-Ult. Months
2000-2001				
2001-2002				
2002-2003				
2003-2004				
2004-2005				
2005-2006				
2006-2007				
2007-2008	0.180	1.000	5.544	
2008-2009				
2009-2010	1.000			
2010-2011				
2011-2012				
2012-2013				
2013-2014				
2014-2015				
2015-2016				
2016-2017				
2017-2018				
2018-2019				
2019-2020				
2020-2021				
	138-150 Months	150-162 Months	162-174 Months	174-Ult. Months
Average	0.590	1.000	5.544	
Dollar-Wtd. Avgs				
Total	0.601	1.000	5.544	
3-yr				
4-yr				
Comparative				
Factors	1.023	1.017	1.015	1.145
Prior	1.029	1.024	1.124	
Selected	1.023	1.017	1.015	1.145
Cumulated	1.209	1.182	1.162	1.145

## SHARP JPA - Workers' Compensation

## Paid Loss Development

Accident Year (A)	Limited Paid Losses as of 12/31/21 (B)	Paid Loss Development Factor (C)	Ultimate Limited Losses (D)	Program Paid Losses as of 12/31/21 (E)	Paid Loss Development Factor (F)	Ultimate Program Losses (G)
2000-2001	\$1,156	1.005	\$1,162	\$1,156	1.028	\$1,188
2001-2002	71,958	1.010	72,678	71,958	1.035	74,477
2002-2003	38,562	1.015	39,140	38,562	1.042	40,182
2003-2004	43,015	1.020	43,875	43,015	1.050	45,166
2004-2005	59,858	1.025	61,354	59,858	1.057	63,270
2005-2006	61,573	1.030	63,420	61,573	1.065	65,575
2006-2007	4,599	1.035	4,760	4,599	1.073	4,935
2007-2008	289,782	1.040	301,373	364,460	1.081	393,981
2008-2009	115,576	1.045	120,777	115,576	1.136	131,294
2009-2010	255,479	1.050	268,253	399,684	1.151	460,036
2010-2011	56,481	1.056	59,644	56,481	1.168	65,970
2011-2012	189,525	1.063	201,465	339,525	1.187	403,016
2012-2013	168,373	1.072	180,496	168,373	1.209	203,563
2013-2014	142,670	1.082	154,369	292,670	1.233	360,862
2014-2015	186,698	1.093	204,061	189,109	1.264	239,034
2015-2016	36,524	1.117	40,797	36,524	1.313	47,956
2016-2017	227,939	1.164	265,321	227,939	1.395	317,975
2017-2018	37,801	1.207	45,626	37,801	1.483	56,059
2018-2019	194,771	1.302	253,592	245,455	1.649	404,755
2019-2020	165,488	1.544	255,513	233,178	2.021	471,253
2020-2021	131,139	2.944	386,073	165,952	3.940	653,851
Totals	\$2,478,967		\$3,023,750	\$3,153,448		\$4,504,398

## Notes:

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

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

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

SHARP JPA - Workers' Compensation  
Paid Loss DevelopmentLimited Losses Paid as of:

Accident Year	6 Months	18 Months	30 Months	42 Months	54 Months	66 Months	78 Months	90 Months	102 Months	114 Months	126 Months
2000-2001	7,023	7,526	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156
2001-2002	189	15,371	27,283	51,351	53,232	71,958	71,958	71,958	71,958	71,958	71,958
2002-2003	3,746	19,404	27,715	30,275	31,362	31,362	31,362	31,362	31,362	31,362	31,362
2003-2004	2,447	33,483	42,946	43,015	43,015	43,015	43,015	43,015	43,015	43,015	43,015
2004-2005	14,656	32,711	45,871	46,987	47,612	47,852	47,855	50,938	56,191	58,395	59,858
2005-2006	652	8,131	9,327	9,633	9,633	9,633	54,718	61,573	61,573	61,573	61,573
2006-2007	1,275	4,158	4,599	4,599	4,599	4,599	4,599	4,599	4,599	4,599	4,599
2007-2008	2,392	63,598	261,957	289,654	289,654	289,654	289,782	289,782	289,782	289,782	289,782
2008-2009	2,772	87,203	91,399	102,811	115,576	115,576	115,576	115,576	115,576	115,576	115,576
2009-2010	9,490	73,649	93,054	182,921	222,144	238,149	247,637	249,058	251,225	252,584	253,545
2010-2011	2,992	14,792	26,633	35,920	56,481	56,481	56,481	56,481	56,481	56,481	56,481
2011-2012	35,690	57,935	81,050	94,297	104,267	189,525	189,525	189,525	189,525	189,525	189,525
2012-2013	11,780	55,935	72,665	167,167	168,364	168,329	168,329	168,329	168,329	168,373	
2013-2014		20,411	56,059	127,493	142,206	142,230	142,230	142,230	142,230	142,670	
2014-2015	7,219	47,371	87,262	135,365	155,499	157,259	173,814	186,698			
2015-2016	8,643	19,816	36,524	36,524	36,524	36,524	36,524				
2016-2017	5,793	87,512	190,312	227,923	227,931	227,939					
2017-2018	112	37,562	37,668	37,801	37,801						
2018-2019	1,125	61,635	173,941	194,771							
2019-2020	5,166	96,866	165,488								
2020-2021	27,293	131,139									
2021-2022	1,972										

Paid Loss Development Factors:

	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months
2000-2001	1.072	0.154	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2001-2002	81.492	1.775	1.882	1.037	1.352	1.000	1.000	1.000	1.000	1.000	1.000
2002-2003	5.180	1.428	1.092	1.036	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2003-2004	13.683	1.283	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2004-2005	2.232	1.402	1.024	1.013	1.005	1.000	1.064	1.103	1.039	1.025	1.000
2005-2006	12.471	1.147	1.033	1.000	1.000	5.680	1.125	1.000	1.000	1.000	1.000
2006-2007	3.261	1.106	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2007-2008	26.588	4.119	1.106	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2008-2009	31.459	1.048	1.125	1.124	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2009-2010	7.761	1.263	1.966	1.214	1.072	1.040	1.006	1.009	1.005	1.004	1.006
2010-2011	4.944	1.801	1.349	1.572	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2011-2012	1.623	1.399	1.163	1.106	1.818	1.000	1.000	1.000	1.000	1.000	
2012-2013	4.748	1.299	2.301	1.007	1.000	1.000	1.000	1.000	1.000		
2013-2014		2.747	2.274	1.115	1.000	1.000	1.000	1.003			
2014-2015	6.562	1.842	1.551	1.149	1.011	1.105	1.074				
2015-2016	2.293	1.843	1.000	1.000	1.000	1.000					
2016-2017	15.107	2.175	1.198	1.000	1.000						
2017-2018	335.375	1.003	1.004	1.000							
2018-2019	54.787	2.822	1.120								
2019-2020	18.751	1.708									
2020-2021	4.805										
Average	31.710	1.668	1.326	1.076	1.074	1.302	1.018	1.008	1.003	1.002	1.001
Dollar-Wtd. Avgs.											
Total	6.353	1.814	1.331	1.075	1.071	1.044	1.015	1.005	1.003	1.002	1.001
3-yr	8.624	1.923	1.146	1.000	1.004	1.049	1.027	1.001	1.000	1.002	1.003
4-yr	9.710	2.001	1.134	1.046	1.003	1.033	1.019	1.001	1.002	1.002	1.002
Comparative Factors	3.486	1.626	1.228	1.115	1.064	1.042	1.027	1.020	1.016	1.012	1.011
Prior	18.000	1.795	1.279	1.114	1.069	1.042	1.027	1.017	1.014	1.011	1.009
Selected	12.112	1.907	1.186	1.078	1.037	1.042	1.022	1.010	1.009	1.008	1.007
Cumulated	35.657	2.944	1.544	1.302	1.207	1.164	1.117	1.093	1.082	1.072	1.063

SHARP JPA - Workers' Compensation  
Paid Loss Development

Accident Year	<u>Limited Losses Paid as of:</u>										
	138 Months	150 Months	162 Months	174 Months	186 Months	198 Months	210 Months	222 Months	234 Months	246 Months	258 Months
2000-2001	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156
2001-2002	71,958	71,958	71,958	71,958	71,958	71,958	71,958	71,958	71,958	71,958	
2002-2003	31,362	31,362	31,362	31,362	31,362	38,562	38,562	38,562	38,562		
2003-2004	43,015	43,015	43,015	43,015	43,015	43,015	43,015	43,015			
2004-2005	59,858	59,858	59,858	59,858	59,858	59,858	59,858				
2005-2006	61,573	61,573	61,573	61,573	61,573	61,573					
2006-2007	4,599	4,599	4,599	4,599	4,599						
2007-2008	289,782	401,916	401,916	289,782							
2008-2009	115,576	115,576	115,576								
2009-2010	254,990	255,479									
2010-2011	56,481										
2011-2012											
2012-2013											
2013-2014											
2014-2015											
2015-2016											
2016-2017											
2017-2018											
2018-2019											
2019-2020											
2020-2021											
2021-2022											

Paid Loss Development Factors:

	138-150 Months	150-162 Months	162-174 Months	174-186 Months	186-198 Months	198-210 Months	210-222 Months	222-234 Months	234-246 Months	246-258 Months	258-Ult. Months
2000-2001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
2001-2002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
2002-2003	1.000	1.000	1.000	1.000	1.230	1.000	1.000	1.000			
2003-2004	1.000	1.000	1.000	1.000	1.000	1.000	1.000				
2004-2005	1.000	1.000	1.000	1.000	1.000	1.000					
2005-2006	1.000	1.000	1.000	1.000	1.000						
2006-2007	1.000	1.000	1.000	1.000							
2007-2008	1.387	1.000	0.721								
2008-2009	1.000	1.000									
2009-2010	1.002										
2010-2011											
2011-2012											
2012-2013											
2013-2014											
2014-2015											
2015-2016											
2016-2017											
2017-2018											
2018-2019											
2019-2020											
2020-2021											
Average	1.039	1.000	0.965	1.000	1.038	1.000	1.000	1.000	1.000	1.000	
Dollar-Wtd. Avgs											
Total	1.121	1.000	0.834	1.000	1.027	1.000	1.000	1.000			
3-yr	1.171	1.000	0.760	1.000	1.000	1.000	1.000	1.000			
4-yr	1.169	1.000	0.788	1.000	1.037	1.000	1.000				
Comparative											
Factors	1.010	1.008	1.008	1.006	1.006	1.006	1.005	1.005	1.004	1.003	1.042
Prior	1.009	1.007	1.006	1.005	1.004	1.004	1.003	1.003	1.004	1.001	1.018
Selected	1.006	1.005	1.005	1.005	1.005	1.005	1.005	1.005	1.005	1.005	1.005
Cumulated	1.056	1.050	1.045	1.040	1.035	1.030	1.025	1.020	1.015	1.010	1.005

SHARP JPA - Workers' Compensation  
Paid between \$100,000 and \$500,000 Loss Development

Accident Year	<u>Losses Paid as of:</u>										
	6 Months	18 Months	30 Months	42 Months	54 Months	66 Months	78 Months	90 Months	102 Months	114 Months	126 Months
2000-2001											
2001-2002											
2002-2003											
2003-2004											
2004-2005											
2005-2006											
2006-2007											
2007-2008			23,565	126,631	113,197	128,886	136,643	136,578	136,803	136,803	136,803
2008-2009				144,205	144,205	144,205	144,205	144,205	144,205	144,205	144,205
2009-2010											
2010-2011											
2011-2012						152,319	152,319	152,319	152,319	152,319	152,319
2012-2013											
2013-2014				9,798	53,238	170,376	189,109	205,432	222,444		
2014-2015								2,411			
2015-2016											
2016-2017											
2017-2018											
2018-2019			49,773	50,684							
2019-2020			67,689								
2020-2021		34,813									
2021-2022											
	<u>Paid Loss Development Factors:</u>										
	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months
2000-2001											
2001-2002											
2002-2003											
2003-2004											
2004-2005											
2005-2006											
2006-2007											
2007-2008			5.374	0.894	1.139	1.060	1.000	1.002	1.000	1.000	1.000
2008-2009											
2009-2010				1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2010-2011											
2011-2012						1.000	1.000	1.000	1.000	1.000	
2012-2013											
2013-2014				5.434	3.200	1.110	1.086	1.083			
2014-2015											
2015-2016											
2016-2017											
2017-2018											
2018-2019			1.018								
2019-2020											
2020-2021											
	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months
Average			3.196	2.443	1.780	1.043	1.022	1.021	1.000	1.000	1.000
Dollar-Wtd. Avgs.											
Total			2.418	1.107	1.428	1.044	1.026	1.027	1.000	1.000	1.000
3-yr											
4-yr											
Comparative											
Factors	5.513	3.109	2.008	1.494	1.288	1.196	1.144	1.101	1.072	1.062	1.057
Prior	5.667	3.362	2.470	1.858	1.531	1.338	1.234	1.179	1.124	1.088	1.073
Selected	5.513	3.109	2.008	1.494	1.288	1.196	1.144	1.101	1.072	1.062	1.057
Cumulated	216.374	39.248	12.624	6.287	4.208	3.267	2.732	2.388	2.169	2.023	1.905

SHARP JPA - Workers' Compensation  
Paid between \$100,000 and \$500,000 Loss Development

Accident Year	<u>Losses Paid as of:</u>			
	138 Months	150 Months	162 Months	174 Months
2000-2001				
2001-2002				
2002-2003				
2003-2004				
2004-2005				
2005-2006				
2006-2007				
2007-2008	136,812	24,678	24,678	136,812
2008-2009				
2009-2010	144,205	144,205		
2010-2011				
2011-2012				
2012-2013				
2013-2014				
2014-2015				
2015-2016				
2016-2017				
2017-2018				
2018-2019				
2019-2020				
2020-2021				
2021-2022				
<u>Paid Loss Development Factors:</u>				
	138-150 Months	150-162 Months	162-174 Months	174-Ult. Months
2000-2001				
2001-2002				
2002-2003				
2003-2004				
2004-2005				
2005-2006				
2006-2007				
2007-2008	0.180	1.000	5.544	
2008-2009				
2009-2010	1.000			
2010-2011				
2011-2012				
2012-2013				
2013-2014				
2014-2015				
2015-2016				
2016-2017				
2017-2018				
2018-2019				
2019-2020				
2020-2021				
	138-150 Months	150-162 Months	162-174 Months	174-Ult. Months
Average	0.590	1.000	5.544	
Dollar-Wtd. Avgs				
Total	0.601	1.000	5.544	
3-yr				
4-yr				
Comparative				
Factors	1.053	1.048	1.039	1.572
Prior	1.062	1.050	1.626	
Selected	1.053	1.048	1.039	1.572
Cumulated	1.802	1.711	1.633	1.572



## SHARP JPA - Workers' Compensation

Exposure and Development Method  
Based on Reported Losses

Accident Year	Trended Payroll (\$00) (A)	Reported Losses as of 12/31/21 (B)	Reported Loss Development Factor (C)	Percentage of Losses Yet to Be Reported (D)	Program Rate (E)	Incurred but not Reported (IBNR) (F)	Ultimate Program Losses (G)
2000-2001	140,195	1,156	1.006	0.006	0.009	8	1,164
2001-2002	159,382	71,958	1.007	0.007	0.501	559	72,517
2002-2003	176,108	51,864	1.008	0.008	0.328	462	52,326
2003-2004	194,694	43,015	1.009	0.009	0.247	433	43,448
2004-2005	187,521	59,858	1.010	0.010	0.357	669	60,527
2005-2006	182,912	61,573	1.011	0.011	0.378	761	62,334
2006-2007	195,080	4,599	1.013	0.013	0.027	68	4,667
2007-2008	212,686	364,460	1.014	0.014	1.535	4,571	369,031
2008-2009	212,552	130,576	1.032	0.031	0.793	5,225	135,801
2009-2010	225,587	409,991	1.036	0.035	1.527	12,057	422,048
2010-2011	226,210	56,481	1.042	0.040	0.326	2,950	59,431
2011-2012	223,470	339,525	1.048	0.046	1.110	11,410	350,935
2012-2013	262,718	168,373	1.054	0.051	0.844	11,308	179,681
2013-2014	263,353	292,670	1.063	0.059	0.718	11,156	303,826
2014-2015	271,854	268,754	1.074	0.069	1.127	21,140	289,894
2015-2016	265,508	36,524	1.086	0.079	0.185	3,880	40,404
2016-2017	266,056	227,939	1.102	0.093	1.166	28,851	256,790
2017-2018	202,868	37,801	1.127	0.113	1.202	27,555	65,356
2018-2019	201,470	303,106	1.173	0.147	1.259	37,287	340,393
2019-2020	209,265	377,383	1.258	0.205	1.283	55,040	432,423
2020-2021	197,557	319,528	1.842	0.457	1.326	119,716	439,244
Totals	4,477,046	\$3,627,134				\$355,105	\$3,982,239

## Notes:

- (A) Appendix N, Column (C).
- (B) Provided by SHARP JPA. These losses exclude amounts incurred above the Pool's SIR for each year.
- (C) From Appendix A, Page 1, Column (F).
- (D)  $1 - 1 / (C)$ .
- (E) From Appendix C, Page 3, Column (H).
- (F)  $(A) \times (D) \times (E)$ .
- (G)  $(B) + (F)$ .

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

## SHARP JPA - Workers' Compensation

Exposure and Development Method  
Based on Paid Losses

Accident Year	Trended Payroll (\$00) (A)	Paid Losses as of 12/31/21 (B)	Paid Loss Development Factor (C)	Percentage of Losses Yet to Be Paid (D)	Program Rate (E)	Incurred but not Paid (F)	Ultimate Program Losses (G)
2000-2001	140,195	1,156	1.028	0.027	0.009	34	1,190
2001-2002	159,382	71,958	1.035	0.034	0.501	2,715	74,673
2002-2003	176,108	38,562	1.042	0.040	0.328	2,311	40,873
2003-2004	194,694	43,015	1.050	0.048	0.247	2,308	45,323
2004-2005	187,521	59,858	1.057	0.054	0.357	3,615	63,473
2005-2006	182,912	61,573	1.065	0.061	0.378	4,218	65,791
2006-2007	195,080	4,599	1.073	0.068	0.027	358	4,957
2007-2008	212,686	364,460	1.081	0.075	1.535	24,485	388,945
2008-2009	212,552	115,576	1.136	0.120	0.793	20,226	135,802
2009-2010	225,587	399,684	1.151	0.131	1.527	45,126	444,810
2010-2011	226,210	56,481	1.168	0.144	0.326	10,619	67,100
2011-2012	223,470	339,525	1.187	0.158	1.110	39,192	378,717
2012-2013	262,718	168,373	1.209	0.173	0.844	38,360	206,733
2013-2014	263,353	292,670	1.233	0.189	0.718	35,738	328,408
2014-2015	271,854	189,109	1.264	0.209	1.127	64,033	253,142
2015-2016	265,508	36,524	1.313	0.238	0.185	11,690	48,214
2016-2017	266,056	227,939	1.395	0.283	1.166	87,793	315,732
2017-2018	202,868	37,801	1.483	0.326	1.202	79,494	117,295
2018-2019	201,470	245,455	1.649	0.394	1.259	99,938	345,393
2019-2020	209,265	233,178	2.021	0.505	1.283	135,586	368,764
2020-2021	197,557	165,952	3.940	0.746	1.326	195,423	361,375
Totals	4,477,046	\$3,153,448				\$903,263	\$4,056,711

## Notes:

- (A) Appendix N, Column (C).
- (B) Provided by SHARP JPA. These losses exclude amounts paid above the Pool's SIR for each year.
- (C) From Appendix B, Page 1, Column (F).
- (D)  $1 - 1 / (C)$ .
- (E) From Appendix C, Page 3, Column (H).
- (F)  $(A) \times (D) \times (E)$ .
- (G)  $(B) + (F)$ .

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

## SHARP JPA - Workers' Compensation

## Exposure and Development Method

Accident Year	Trended Payroll (\$00) (A)	Ultimate Limited Losses (B)	Trend Factor (C)	Trended Limited Losses (D)	Trended Limited Loss Rate (E)	Limited Loss Rate (F)	Factor to SIR (G)	Program Loss Rate (H)
2000-2001	140,195	1,156	1.145	1,324	0.009	0.008	1.108	0.009
2001-2002	159,382	71,958	1.118	80,449	0.505	0.451	1.111	0.501
2002-2003	176,108	52,000	1.146	59,592	0.338	0.295	1.113	0.328
2003-2004	194,694	43,015	1.384	59,533	0.306	0.221	1.116	0.247
2004-2005	187,521	59,858	1.748	104,632	0.558	0.319	1.119	0.357
2005-2006	182,912	61,573	1.855	114,218	0.624	0.337	1.121	0.378
2006-2007	195,080	4,599	1.718	7,901	0.041	0.024	1.124	0.027
2007-2008	212,686	289,782	1.565	453,509	2.132	1.362	1.127	1.535
2008-2009	212,552	131,000	1.431	187,461	0.882	0.616	1.288	0.793
2009-2010	225,587	266,000	1.284	341,544	1.514	1.179	1.295	1.527
2010-2011	226,210	56,481	1.186	66,986	0.296	0.250	1.302	0.326
2011-2012	223,470	189,525	1.147	217,385	0.973	0.848	1.309	1.110
2012-2013	262,718	168,373	1.148	193,292	0.736	0.641	1.317	0.844
2013-2014	263,353	142,670	1.141	162,786	0.618	0.542	1.324	0.718
2014-2015	271,854	230,000	1.108	254,840	0.937	0.846	1.332	1.127
2015-2016	265,508	36,524	1.128	41,199	0.155	0.138	1.339	0.185
2016-2017	266,056	227,939	1.166	265,777	0.999	0.866	1.347	1.166
2017-2018	202,868	37,801	1.137	42,980	0.212	0.888	1.354	1.202
2018-2019	201,470	259,000	1.092	282,828	1.404	0.925	1.361	1.259
2019-2020	209,265	256,000	1.077	275,712	1.318	0.938	1.368	1.283
2020-2021	197,557	312,000	1.048	326,976	1.655	0.964	1.376	1.326
Total/Avg	4,477,046	\$2,897,254		\$3,540,924	\$0.791			
15/16-19/20	2,364,119	1,859,832		2,063,776	0.873			
16/17-20/21	1,077,216	1,092,740		1,194,273	1.109			
Selected Limited Rate:					\$1.010			
Prior:					\$1.045			

## Notes:

- (A) Appendix N, Column (C).
- (B) Selected average of results from Appendices A and B.
- (C) From Appendix E, Page 1, Column (B).
- (D) (B) x (C).
- (E) (D) / (A).
- (F) Selected Limited Rate / (C). For 2015-2016 and prior (B) / (A).
- (G) Based on a Weibull distribution, a mathematical model of claim sizes.
- (H) (F) x (G).

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

## SHARP JPA - Workers' Compensation

## Frequency and Severity Method

Accident Year	Ultimate Program Severity (A)	Adjusted Ultimate Claims (B)	Ultimate Program Losses (C)
2000-2001	\$427	3	\$1,281
2001-2002	5,708	14	79,912
2002-2003	3,619	16	57,904
2003-2004	4,002	12	48,024
2004-2005	3,721	18	66,978
2005-2006	5,752	12	69,024
2006-2007	430	12	5,160
2007-2008	21,767	15	326,505
2008-2009	10,544	16	168,704
2009-2010	34,458	10	344,580
2010-2011	9,195	8	73,560
2011-2012	20,681	12	248,172
2012-2013	22,176	10	221,760
2013-2014	18,891	10	188,910
2014-2015	23,562	13	306,306
2015-2016	3,260	15	48,900
2016-2017	28,820	13	374,660
2017-2018	29,708	8	237,664
2018-2019	31,106	8	248,848
2019-2020	31,730	12	380,760
2020-2021	32,790	18	590,220
Total		255	\$4,087,832

## Notes:

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

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

## SHARP JPA - Workers' Compensation

## Frequency and Severity Method

Accident Year	Ultimate Limited Losses (A)	Adjusted Ultimate Claims (B)	Ultimate Limited Severity (C)	Trend Factor (D)	Trended Limited Severity (E)	Limited Severity (F)	Factor to SIR (G)	Program Severity (H)
2000-2001	\$1,156	3	\$385	1.157	\$445	\$385	1.108	\$427
2001-2002	71,958	14	5,140	1.129	5,803	5,140	1.111	5,708
2002-2003	52,000	16	3,250	1.156	3,757	3,250	1.113	3,619
2003-2004	43,015	12	3,585	1.396	5,005	3,585	1.116	4,002
2004-2005	59,858	18	3,325	1.763	5,862	3,325	1.119	3,721
2005-2006	61,573	12	5,131	1.870	9,595	5,131	1.121	5,752
2006-2007	4,599	12	383	1.731	663	383	1.124	430
2007-2008	289,782	15	19,319	1.576	30,447	19,319	1.127	21,767
2008-2009	131,000	16	8,188	1.441	11,799	8,188	1.288	10,544
2009-2010	266,000	10	26,600	1.292	34,367	26,600	1.295	34,458
2010-2011	56,481	8	7,060	1.193	8,423	7,060	1.302	9,195
2011-2012	189,525	12	15,794	1.153	18,210	15,794	1.309	20,681
2012-2013	168,373	10	16,837	1.153	19,413	16,837	1.317	22,176
2013-2014	142,670	10	14,267	1.146	16,350	14,267	1.324	18,891
2014-2015	230,000	13	17,692	1.112	19,674	17,692	1.332	23,562
2015-2016	36,524	15	2,435	1.131	2,754	2,435	1.339	3,260
2016-2017	227,939	13	17,534	1.168	20,480	21,404	1.347	28,820
2017-2018	37,801	8	4,725	1.139	5,382	21,949	1.354	29,708
2018-2019	258,000	8	32,250	1.094	35,282	22,852	1.361	31,106
2019-2020	255,000	12	21,250	1.078	22,908	23,191	1.368	31,730
2020-2021	292,000	18	16,222	1.049	17,017	23,832	1.376	32,790

Average Limited Severity: \$13,983  
Average 16/17-19/20 Limited Severity: 21,013  
Average 18/19-20/21 Limited Severity: 25,069

Selected Limited Severity: \$25,000  
Prior: \$30,200

## Notes:

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

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

## SHARP JPA - Workers' Compensation

Frequency and Severity Method  
Projection of Ultimate Claims

Accident Year	Reported Claim Development (A)	Closed Claim Development (B)	Selected Ultimate Claims (C)	Trended Payroll (\$000,000) (D)	Claim Frequency (E)	Trend Factor (F)	Trended Claim Frequency (G)
2000-2001	3	3	3	14.0	0.214	0.979	0.210
2001-2002	14	14	14	15.9	0.878	0.980	0.860
2002-2003	16	15	16	17.6	0.909	0.981	0.892
2003-2004	12	12	12	19.5	0.616	0.982	0.605
2004-2005	18	18	18	18.8	0.960	0.983	0.944
2005-2006	12	12	12	18.3	0.656	0.984	0.646
2006-2007	12	12	12	19.5	0.615	0.985	0.606
2007-2008	15	15	15	21.3	0.705	0.986	0.695
2008-2009	16	15	16	21.3	0.753	0.987	0.743
2009-2010	10	9	10	22.6	0.443	0.988	0.438
2010-2011	8	8	8	22.6	0.354	0.989	0.350
2011-2012	12	12	12	22.3	0.537	0.990	0.532
2012-2013	10	10	10	26.3	0.381	0.991	0.378
2013-2014	10	9	10	26.3	0.380	0.992	0.377
2014-2015	13	11	13	27.2	0.478	0.993	0.475
2015-2016	15	15	15	26.6	0.565	0.994	0.562
2016-2017	13	14	13	26.6	0.489	0.995	0.487
2017-2018	8	9	8	20.3	0.394	0.996	0.392
2018-2019	8	7	8	20.1	0.397	0.997	0.396
2019-2020	12	10	12	20.9	0.573	0.998	0.572
2020-2021	18	21	18	19.8	0.911	0.999	0.910
Total	255	251	255	447.7			0.563
15/16-19/20	56	55	56	114.5			0.487

(H) Selected Frequency: 0.500  
Prior: 0.450

Program Year:	2021-2022	2022-2023
(I) Trend Factor:	1.000	0.999
(J) Selected Frequency:	0.500	0.500
(K) Est. Payroll (\$000,000):	21.7	22.2
(L) Ultimate Claims:	11	11

## Notes:

- (A) Appendix D, Page 4, (C).  
 (B) Appendix D, Page 5, (C).  
 (C) Selected from (A) and (B).  
 (D) Appendix N, Column (C) / 10,000.  
 (E) (C) / (D).  
 (F) Appendix E, Page 1, Column (F).  
 (G) (E) x (F).  
 (H) The selected frequency of 0.500 is based on (G).  
 (I) Appendix E, Page 1, Column (F).  
 (J) (H) x (I).  
 (K) Appendix N, Column (C) / 10,000.  
 (L) (J) x (K).

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

## SHARP JPA - Workers' Compensation

Frequency and Severity Method  
Reported Claim Count Development

Accident Year	Claims Reported as of 12/31/2021 (A)	Reported Claim Development Factor (B)	Ultimate Claims (C)	Trended Claim Frequency (D)
2000-2001	3	1.000	3	0.209
2001-2002	14	1.000	14	0.861
2002-2003	16	1.000	16	0.891
2003-2004	12	1.000	12	0.605
2004-2005	18	1.000	18	0.944
2005-2006	12	1.000	12	0.646
2006-2007	12	1.000	12	0.606
2007-2008	15	1.000	15	0.695
2008-2009	16	1.000	16	0.743
2009-2010	10	1.000	10	0.438
2010-2011	8	1.000	8	0.350
2011-2012	12	1.000	12	0.532
2012-2013	10	1.000	10	0.377
2013-2014	10	1.000	10	0.377
2014-2015	13	1.000	13	0.475
2015-2016	15	1.000	15	0.562
2016-2017	13	1.000	13	0.486
2017-2018	8	1.000	8	0.393
2018-2019	8	1.000	8	0.396
2019-2020	12	1.004	12	0.572
2020-2021	18	1.019	18	0.910
Total	255		255	0.563

## Notes:

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

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

## SHARP JPA - Workers' Compensation

Frequency and Severity Method  
Closed Claim Count Development

Accident Year	Claims Closed as of 12/31/2021 (A)	Closed Claim Development Factor (B)	Ultimate Claims (C)	Trended Claim Frequency (D)
2000-2001	3	1.000	3	0.209
2001-2002	14	1.000	14	0.861
2002-2003	15	1.000	15	0.836
2003-2004	12	1.000	12	0.605
2004-2005	18	1.000	18	0.944
2005-2006	12	1.000	12	0.646
2006-2007	12	1.000	12	0.606
2007-2008	15	1.001	15	0.695
2008-2009	15	1.002	15	0.697
2009-2010	9	1.003	9	0.394
2010-2011	8	1.004	8	0.350
2011-2012	12	1.006	12	0.532
2012-2013	10	1.009	10	0.377
2013-2014	9	1.013	9	0.339
2014-2015	11	1.018	11	0.402
2015-2016	15	1.028	15	0.562
2016-2017	13	1.056	14	0.524
2017-2018	8	1.096	9	0.442
2018-2019	6	1.141	7	0.346
2019-2020	8	1.239	10	0.477
2020-2021	15	1.432	21	1.062
Total	240		251	0.555

## Notes:

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

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



SHARP JPA - Workers' Compensation  
Reported Claim Count Development

Accident Year	Claims Reported as of:													
	6 Months	18 Months	30 Months	42 Months	54 Months	66 Months	78 Months	90 Months	102 Months	114 Months	126 Months	138 Months	150 Months	162 Months
2000-2001	2	3	3	3	3	3	3	3	3	3	3	3	3	3
2001-2002	3	14	14	14	14	14	14	14	14	14	14	14	14	14
2002-2003	9	16	16	16	16	16	16	16	16	16	16	16	16	16
2003-2004	4	12	12	12	12	12	12	12	12	12	12	12	12	12
2004-2005	8	18	18	18	18	18	18	18	18	18	18	18	18	18
2005-2006	4	12	12	12	12	12	12	12	12	12	12	12	12	12
2006-2007	4	12	12	12	12	12	12	12	12	12	12	12	12	12
2007-2008	3	15	15	15	15	15	15	15	15	15	15	15	15	15
2008-2009	4	15	16	16	16	16	16	16	16	16	16	16	16	16
2009-2010	3	9	10	10	10	10	10	10	10	10	10	10	10	
2010-2011	4	8	8	8	8	8	8	8	8	8	8	8		
2011-2012	7	11	12	12	12	12	12	12	12	12	12			
2012-2013	7	10	10	10	10	10	10	10	10	10				
2013-2014	1	10	10	10	10	10	10	10	10					
2014-2015	6	13	13	13	13	13	13	13						
2015-2016	8	15	15	15	15	15	15							
2016-2017	7	14	13	13	13	13								
2017-2018	3	7	7	8	8									
2018-2019	3	8	8	8										
2019-2020	6	12	12											
2020-2021	6	18												
2021-2022	5													

## Reported Claim Count Development Factors:

	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months	138-150 Months	150-162 Months	162-174 Months
2000-2001	1.500	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2001-2002	4.667	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2002-2003	1.778	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2003-2004	3.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2004-2005	2.250	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2005-2006	3.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2006-2007	3.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2007-2008	5.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2008-2009	3.750	1.067	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
2009-2010	3.000	1.111	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
2010-2011	2.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000			
2011-2012	1.571	1.091	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000				
2012-2013	1.429	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000					
2013-2014	10.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000						
2014-2015	2.167	1.000	1.000	1.000	1.000	1.000	1.000							
2015-2016	1.875	1.000	1.000	1.000	1.000	1.000								
2016-2017	2.000	0.929	1.000	1.000	1.000									
2017-2018	2.333	1.000	1.143	1.000										
2018-2019	2.667	1.000	1.000											
2019-2020	2.000	1.000												
2020-2021	3.000													
Average Claim-Wtd. Avgs.	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months	138-150 Months	150-162 Months	162-174 Months
Total	2.471	1.009	1.004	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
3-yr	2.533	1.000	1.036	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
4-yr	2.500	0.976	1.023	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Comparative Factors	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months	138-150 Months	150-162 Months	162-174 Months
Prior	2.456	1.039	1.009	1.006	1.007	1.005	1.004	1.002	1.001	1.001	1.001	1.001	1.001	1.001
Prior	2.800	1.020	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Selected	2.876	1.015	1.004	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Cumulated	2.931	1.019	1.004	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

SHARP JPA - Workers' Compensation  
Closed Claim Development

Accident Year	Claims Closed as of:													
	6 Months	18 Months	30 Months	42 Months	54 Months	66 Months	78 Months	90 Months	102 Months	114 Months	126 Months	138 Months	150 Months	162 Months
2000-2001		1	2	3	3	3	3	3	3	3	3	3	3	3
2001-2002	1	12	12	13	13	14	14	14	14	14	14	14	14	14
2002-2003	3	14	14	15	16	16	16	16	16	16	16	16	15	15
2003-2004	1	10	12	12	12	12	12	12	12	12	12	11	11	11
2004-2005	3	15	16	16	17	17	17	17	17	17	18	16	16	16
2005-2006	4	12	12	12	12	11	11	11	11	11	11	11	11	12
2006-2007	4	12	12	12	12	12	12	12	12	12	12	12	12	12
2007-2008	1	10	11	12	13	13	15	15	15	15	15	15	15	15
2008-2009	1	14	14	14	14	16	16	16	16	16	16	16	16	15
2009-2010	1	6	6	7	8	8	9	9	9	9	9	9	9	
2010-2011	4	7	7	7	7	8	8	8	8	8	8	8		
2011-2012	5	7	9	8	9	11	11	12	12	12	12			
2012-2013		8	8	9	10	10	10	10	10	10				
2013-2014		7	8	8	8	8	9	9	9					
2014-2015	2	9	9	10	10	11	11	11						
2015-2016	6	14	15	15	15	15	15							
2016-2017	3	7	11	12	12	13								
2017-2018	1	6	6	8	8									
2018-2019	2	5	6	6										
2019-2020	2	8	8											
2020-2021	3	15												
2021-2022														

## Closed Claim Count Development Factors:

	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months	138-150 Months	150-162 Months	162-174 Months
2000-2001		2.000	1.500	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2001-2002	12.000	1.000	1.083	1.000	1.077	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2002-2003	4.667	1.000	1.071	1.067	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.938	1.000	1.000
2003-2004	10.000	1.200	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.917	1.000	1.000	1.000
2004-2005	5.000	1.067	1.000	1.063	1.000	1.000	1.000	1.000	1.059	0.889	1.000	1.000	1.000	1.125
2005-2006	3.000	1.000	1.000	1.000	0.917	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.091	1.000
2006-2007	3.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2007-2008	10.000	1.100	1.091	1.083	1.000	1.154	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2008-2009	14.000	1.000	1.000	1.000	1.143	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.938	
2009-2010	6.000	1.000	1.167	1.143	1.000	1.125	1.000	1.000	1.000	1.000	1.000	1.000		
2010-2011	1.750	1.000	1.000	1.000	1.143	1.000	1.000	1.000	1.000	1.000	1.000			
2011-2012	1.400	1.286	0.889	1.125	1.222	1.000	1.091	1.000	1.000	1.000				
2012-2013		1.000	1.125	1.111	1.000	1.000	1.000	1.000	1.000					
2013-2014		1.143	1.000	1.000	1.000	1.125	1.000	1.000						
2014-2015	4.500	1.000	1.111	1.000	1.100	1.000	1.000							
2015-2016	2.333	1.071	1.000	1.000	1.000	1.000								
2016-2017	2.333	1.571	1.091	1.000	1.083									
2017-2018	6.000	1.000	1.333	1.000										
2018-2019	2.500	1.200	1.000											
2019-2020	4.000	1.000												
2020-2021	5.000													
Average Claim-Wtd. Avgs.														
Total	3.894	1.076	1.047	1.031	1.037	1.022	1.006	1.000	1.006	0.986	0.992	0.992	1.000	1.020
3-yr	4.000	1.053	1.130	1.000	1.054	1.029	1.000	1.000	1.000	1.000	1.000	1.000	0.977	1.000
4-yr	4.250	1.192	1.079	1.000	1.044	1.023	1.024	1.000	1.000	1.000	1.000	1.000	1.000	1.036
Comparative Factors														
Prior	2.779	1.252	1.076	1.062	1.046	1.032	1.020	1.015	1.010	1.007	1.006	1.004	1.004	1.003
Selected	5.500	1.180	1.095	1.050	1.035	1.030	1.010	1.005	1.004	1.003	1.002	1.001	1.001	1.001
Cumulated	5.458	1.156	1.086	1.042	1.038	1.028	1.010	1.005	1.004	1.003	1.002	1.001	1.001	1.001
Cumulated	7.816	1.432	1.239	1.141	1.096	1.056	1.028	1.018	1.013	1.009	1.006	1.004	1.003	1.002

## SHARP JPA - Workers' Compensation

## Loss Trend Factors

Accident Year	Benefit Level Factor (A)	Factor to 2021-2022 Loss Rate Level (B)	Factor to 2022-2023 Loss Rate Level (C)	Factor to 2023-2024 Loss Rate Level (D)	Factor to 2024-2025 Loss Rate Level (E)	Factor to 2021-2022 Frequency Level (F)	Factor to 2022-2023 Frequency Level (G)	Factor to 2023-2024 Frequency Level (H)	Factor to 2024-2025 Frequency Level (I)	Factor to 2021-2022 Severity Level (J)
2000-2001	0.682	1.145	1.180	1.210	1.241	0.979	0.978	0.977	0.976	1.157
2001-2002	0.683	1.118	1.153	1.182	1.211	0.980	0.979	0.978	0.977	1.129
2002-2003	0.717	1.146	1.181	1.211	1.241	0.981	0.980	0.979	0.978	1.156
2003-2004	0.887	1.384	1.426	1.462	1.499	0.982	0.981	0.980	0.979	1.396
2004-2005	1.150	1.748	1.802	1.848	1.894	0.983	0.982	0.981	0.980	1.763
2005-2006	1.250	1.855	1.912	1.960	2.009	0.984	0.983	0.982	0.981	1.870
2006-2007	1.187	1.718	1.770	1.815	1.861	0.985	0.984	0.983	0.982	1.731
2007-2008	1.108	1.565	1.613	1.654	1.695	0.986	0.985	0.984	0.983	1.576
2008-2009	1.038	1.431	1.475	1.512	1.550	0.987	0.986	0.985	0.984	1.441
2009-2010	0.955	1.284	1.323	1.357	1.391	0.988	0.987	0.986	0.985	1.292
2010-2011	0.904	1.186	1.222	1.253	1.285	0.989	0.988	0.987	0.986	1.193
2011-2012	0.896	1.147	1.182	1.212	1.242	0.990	0.989	0.988	0.987	1.153
2012-2013	0.919	1.148	1.183	1.213	1.243	0.991	0.990	0.989	0.988	1.153
2013-2014	0.937	1.141	1.176	1.206	1.236	0.992	0.991	0.990	0.989	1.146
2014-2015	0.933	1.108	1.142	1.171	1.201	0.993	0.992	0.991	0.990	1.112
2015-2016	0.973	1.128	1.163	1.192	1.222	0.994	0.993	0.992	0.991	1.131
2016-2017	1.030	1.166	1.202	1.232	1.263	0.995	0.994	0.993	0.992	1.168
2017-2018	1.030	1.137	1.172	1.201	1.231	0.996	0.995	0.994	0.993	1.139
2018-2019	1.014	1.092	1.126	1.154	1.183	0.997	0.996	0.995	0.994	1.094
2019-2020	1.025	1.077	1.110	1.139	1.167	0.998	0.997	0.996	0.995	1.078
2020-2021	1.022	1.048	1.080	1.107	1.135	0.999	0.998	0.997	0.996	1.049
2021-2022	1.000	1.000	1.031	1.057	1.083	1.000	0.999	0.998	0.997	1.000
2022-2023	0.994	--	1.000	1.025	1.051	--	1.000	0.999	0.998	--
2023-2024	0.994	--	--	1.000	1.025	--	--	1.000	0.999	--
2024-2025	0.994	--	--	--	1.000	--	--	--	1.000	--

## Notes:

- (A) Based on WCIRB.  
 (B) - (E) (A) adjusted for a 2.5% annual loss rate trend.  
 (F) - (I) (A) adjusted for a -0.1% annual frequency trend.  
 (J) (A) adjusted for a 2.6% annual severity trend.

This exhibit shows the calculation of the ways in which we expect claims costs to have changed over the past twenty years due to changes in statutory workers' compensation benefit levels and changes in actual claims costs in excess of changes in payroll. Changes in the ways in which claims are filed as a result of greater awareness of workers' compensation benefits are not generally reflected in the statutory benefit level factors shown above, but may be part of the reason for changes in actual claims costs in excess of payroll changes.

## SHARP JPA - Workers' Compensation

## Residual Trend Factors

Accident Year	Initial Estimate of Ultimate Limited Losses (A)	Ultimate Reported Claims (B)	BLF (C)	Adjusted Limited Severity (D)	Trended Payroll (\$00) (E)	Ultimate Frequency (F)
2000-2001	\$1,156	3	0.682	263	140,195	0.214
2001-2002	71,958	14	0.683	3,509	159,382	0.878
2002-2003	52,000	16	0.717	2,330	176,108	0.909
2003-2004	43,015	12	0.887	3,181	194,694	0.616
2004-2005	59,858	18	1.150	3,823	187,521	0.960
2005-2006	61,573	12	1.250	6,415	182,912	0.656
2006-2007	4,599	12	1.187	455	195,080	0.615
2007-2008	289,782	15	1.108	21,408	212,686	0.705
2008-2009	131,000	16	1.038	8,501	212,552	0.753
2009-2010	266,000	10	0.955	25,399	225,587	0.443
2010-2011	56,481	8	0.904	6,382	226,210	0.354
2011-2012	189,525	12	0.896	14,144	223,470	0.537
2012-2013	168,373	10	0.919	15,475	262,718	0.381
2013-2014	142,670	10	0.937	13,363	263,353	0.380
2014-2015	230,000	13	0.933	16,499	271,854	0.478
2015-2016	36,524	15	0.973	2,369	265,508	0.565
2016-2017	227,939	13	1.030	18,061	266,056	0.489
2017-2018	37,801	8	1.030	4,865	202,868	0.394
2018-2019	259,000	8	1.014	32,828	201,470	0.397
2019-2020	256,000	12	1.025	21,866	209,265	0.573
2020-2021	312,000	18	1.022	17,716	197,557	0.911

Severity Trend FactorsFrequency Trend Factors

Latest 10 x 2020-2021	1.063	1.020
Mvg 5-Yr Wtd Latest 10 x 2020-2021	0.994	0.986
Latest 5 x 2020-2021	1.656	0.982
Mvg 5-Yr Wtd Latest 5 x 2020-2021	1.057	1.012
Prior	1.100	0.950
Default	1.025	0.980
Selected Residual Trend	1.026	0.999

## Notes:

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

## SHARP JPA - Workers' Compensation

Outstanding Liability for  
Unallocated Loss Adjustment Expenses  
as of 6/30/22

Fiscal Year (A)	Number of Claims Active During Fiscal Year (B)	Average ULAE Charge per Active Claim (C)	Inflation Trend Factor (D)	Trended ULAE Charge per Active Claim (E)	ULAE Paid During Year (F)
2022-2023	17.3	\$700	1.050	\$735	\$12,716
2023-2024	9.5	700	1.103	772	7,334
2024-2025	5.8	700	1.158	811	4,704
2025-2026	3.7	700	1.216	851	3,149
2026-2027	2.1	700	1.277	894	1,877
2027-2028	1.2	700	1.341	939	1,127
2028-2029	0.7	700	1.408	986	690
2029-2030	0.4	700	1.478	1,035	414
2030-2031	0.4	700	1.552	1,086	434
2031-2032	0.4	700	1.630	1,141	456
2032-2033	0.4	700	1.712	1,198	479
2033-2034	0.3	700	1.798	1,259	378
2034-2035	0.2	700	1.888	1,322	264
2035-2036	0.1	700	1.982	1,387	139
2036-2037	0.0	700	2.081	1,457	0
2037-2038	0.0	700	2.185	1,530	0
2038-2039	0.0	700	2.294	1,606	0
2039-2040	0.0	700	2.409	1,686	0

(G) Total ULAE Outstanding as of 6/30/22: \$34,161

## Notes:

- (A) We assume fiscal years will be 7/1 to 6/30.
- (B) Based on an estimated claim closing pattern.
- (C) Based on claims administration payment information provided by SHARP JPA.
- (D) We assume ULAE costs will increase at 5.0% per year.
- (E) (C) x (D).
- (F) (B) x (E).
- (G) Total of Column (F).

This exhibit shows the calculation of the outstanding ULAE based on the expected pattern of claims closings and assumptions about future claims administration costs per open claim.

## SHARP JPA - Workers' Compensation

## Payment and Reserve Forecast

<u>Accident Year</u>	<u>As of 12/31/2021</u>	<u>Calendar Period</u>	
		<u>1/1/2022 to 6/30/2022</u>	<u>7/1/2022 to 6/30/2023</u>
Prior			
Ultimate Loss	\$228,987	\$228,987	\$228,987
Paid in Calendar Period	-	1,328	2,347
Paid to Date	214,549	215,877	218,224
Outstanding Liability	14,438	13,110	10,763
2005-2006			
Ultimate Loss	\$61,573	\$61,573	\$61,573
Paid in Calendar Period	-		
Paid to Date	61,573	61,573	61,573
Outstanding Liability			
2006-2007			
Ultimate Loss	\$4,599	\$4,599	\$4,599
Paid in Calendar Period	-		
Paid to Date	4,599	4,599	4,599
Outstanding Liability			
2007-2008			
Ultimate Loss	\$364,460	\$364,460	\$364,460
Paid in Calendar Period	-		
Paid to Date	364,460	364,460	364,460
Outstanding Liability			
2008-2009			
Ultimate Loss	\$135,000	\$135,000	\$135,000
Paid in Calendar Period	-	3,613	4,222
Paid to Date	115,576	119,189	123,411
Outstanding Liability	19,424	15,811	11,589
2009-2010			
Ultimate Loss	\$425,000	\$425,000	\$425,000
Paid in Calendar Period	-	1,165	5,337
Paid to Date	399,684	400,849	406,186
Outstanding Liability	25,316	24,151	18,814
2010-2011			
Ultimate Loss	\$56,481	\$56,481	\$56,481
Paid in Calendar Period	-		
Paid to Date	56,481	56,481	56,481
Outstanding Liability			
2011-2012			
Ultimate Loss	\$339,525	\$339,525	\$339,525
Paid in Calendar Period	-		
Paid to Date	339,525	339,525	339,525
Outstanding Liability			

## SHARP JPA - Workers' Compensation

## Payment and Reserve Forecast

<u>Accident Year</u>	<u>As of 12/31/2021</u>	<u>Calendar Period</u>	
		<u>1/1/2022 to 6/30/2022</u>	<u>7/1/2022 to 6/30/2023</u>
2012-2013			
Ultimate Loss	\$168,373	\$168,373	\$168,373
Paid in Calendar Period	-		
Paid to Date	168,373	168,373	168,373
Outstanding Liability			
2013-2014			
Ultimate Loss	\$292,670	\$292,670	\$292,670
Paid in Calendar Period	-		
Paid to Date	292,670	292,670	292,670
Outstanding Liability			
2014-2015			
Ultimate Loss	\$289,000	\$289,000	\$289,000
Paid in Calendar Period	-	4,895	8,455
Paid to Date	189,109	194,004	202,459
Outstanding Liability	99,891	94,996	86,541
2015-2016			
Ultimate Loss	\$48,000	\$48,000	\$48,000
Paid in Calendar Period	-	712	1,195
Paid to Date	36,524	37,236	38,431
Outstanding Liability	11,476	10,764	9,569
2016-2017			
Ultimate Loss	\$252,000	\$252,000	\$252,000
Paid in Calendar Period	-	1,901	3,169
Paid to Date	227,939	229,840	233,009
Outstanding Liability	24,061	22,160	18,991
2017-2018			
Ultimate Loss	\$66,000	\$66,000	\$66,000
Paid in Calendar Period	-	1,833	3,770
Paid to Date	37,801	39,634	43,404
Outstanding Liability	28,199	26,366	22,596
2018-2019			
Ultimate Loss	\$343,000	\$343,000	\$343,000
Paid in Calendar Period	-	8,389	13,641
Paid to Date	245,455	253,844	267,485
Outstanding Liability	97,545	89,156	75,515
2019-2020			
Ultimate Loss	\$454,000	\$454,000	\$454,000
Paid in Calendar Period	-	24,511	39,066
Paid to Date	233,178	257,689	296,755
Outstanding Liability	220,822	196,311	157,245

## SHARP JPA - Workers' Compensation

## Payment and Reserve Forecast

<u>Accident Year</u>	<u>As of</u> <u>12/31/2021</u>	<u>Calendar Period</u>	
		<u>1/1/2022</u> <u>to</u> <u>6/30/2022</u>	<u>7/1/2022</u> <u>to</u> <u>6/30/2023</u>
2020-2021			
Ultimate Loss	\$440,000	\$440,000	\$440,000
Paid in Calendar Period	-	44,122	64,839
Paid to Date	165,952	210,074	274,913
Outstanding Liability	274,048	229,926	165,087
2021-2022			
Ultimate Loss	\$176,000	\$352,000	\$352,000
Paid in Calendar Period	-	41,653	84,495
Paid to Date	1,972	43,625	128,120
Outstanding Liability	174,028	308,375	223,880
2022-2023			
Ultimate Loss	-	-	\$372,000
Paid in Calendar Period	-	-	51,336
Paid to Date	-	-	51,336
Outstanding Liability	-	-	320,664
Totals			
Ultimate Loss	\$4,144,668	\$4,320,668	\$4,692,668
Paid in Calendar Period	-	134,122	281,872
Paid to Date	3,155,420	3,289,542	3,571,414
Outstanding Liability	989,248	1,031,126	1,121,254
Total Outstanding ULAE	35,852	34,161	33,306
Outstanding Liability plus ULAE	1,025,100	1,065,287	1,154,560

Notes appear on the next page.



## SHARP JPA - Workers' Compensation

## Payment and Reserve Forecast

Notes to previous page:

- Accident Year is associated with date of loss. Calendar Period is associated with date of transaction. For example, for the losses which occurred during 2019-2020, \$24,511 is expected to be paid between 1/1/22 and 6/30/22, \$257,689 will have been paid by 6/30/22, and the reserve for remaining payments on these claims should be \$196,311.
- Ultimate Losses for each accident year are from Exhibit 4, Page 1.
- Paid in Calendar Period is a proportion of the Outstanding Liability from the previous calendar period. These proportions are derived from the paid loss development pattern selected in Appendix B. For example,  $\$39,066 = \$196,311 \times 19.9\%$ .
- Paid to Date is Paid in Calendar Period plus Paid to Date from previous calendar period. For example,  $\$296,755 = \$39,066 + \$257,689$ .
- Outstanding Liability is Ultimate Loss minus Paid to Date. For example,  $\$196,311 = \$454,000 - \$257,689$ .

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

## Short- and Long-Term Liabilities

<u>Liabilities as of 12/31/21:</u>		<u>Expected</u>	<u>Discounted</u>
<u>Current (Short Term)</u>	Loss and ALAE:	\$207,440	\$205,396
	ULAE:	14,700	14,555
	Short-Term Loss and LAE:	<u>\$222,140</u>	<u>\$219,951</u>
<u>Non-Current (Long Term)</u>	Loss and ALAE:	\$781,808	\$686,905
	ULAE:	21,152	17,783
	Long-Term Loss and LAE:	<u>\$802,961</u>	<u>\$704,688</u>
<u>Total Liability</u>	Loss and ALAE:	\$989,248	\$892,301
	ULAE:	35,852	32,338
	Total Loss and LAE:	<u>\$1,025,100</u>	<u>\$924,639</u>

<u>Liabilities as of 6/30/22:</u>			
<u>Current (Short Term)</u>	Loss and ALAE:	\$230,536	\$228,265
	ULAE:	12,716	12,591
	Short-Term Loss and LAE:	<u>\$243,252</u>	<u>\$240,856</u>
<u>Non-Current (Long Term)</u>	Loss and ALAE:	\$800,590	\$701,260
	ULAE:	21,445	18,204
	Long-Term Loss and LAE:	<u>\$822,035</u>	<u>\$719,464</u>
<u>Total Liability</u>	Loss and ALAE:	\$1,031,126	\$929,525
	ULAE:	34,161	30,795
	Total Loss and LAE:	<u>\$1,065,287</u>	<u>\$960,320</u>

		<u>Discounted with a Margin for Contingencies</u>				
		<u>65%</u>	<u>70%</u>	<u>75%</u>	<u>80%</u>	<u>85%</u>
		<u>Confidence</u>	<u>Confidence</u>	<u>Confidence</u>	<u>Confidence</u>	<u>Confidence</u>
<u>Liabilities as of 12/31/21:</u>						
<u>Current (Short Term)</u>	Loss and ALAE:	\$225,525	\$238,670	\$253,459	\$270,712	\$292,279
	ULAE:	15,981	16,913	17,961	19,183	20,712
	Short-Term Loss and LAE:	<u>\$241,506</u>	<u>\$255,583</u>	<u>\$271,420</u>	<u>\$289,895</u>	<u>\$312,991</u>
<u>Non-Current (Long Term)</u>	Loss and ALAE:	\$754,221	\$798,184	\$847,640	\$905,341	\$977,465
	ULAE:	19,527	20,664	21,945	23,438	25,305
	Long-Term Loss and LAE:	<u>\$773,748</u>	<u>\$818,848</u>	<u>\$869,585</u>	<u>\$928,779</u>	<u>\$1,002,770</u>
<u>Total Liability</u>	Loss and ALAE:	\$979,746	\$1,036,854	\$1,101,099	\$1,176,053	\$1,269,744
	ULAE:	35,508	37,577	39,906	42,621	46,017
	Total Loss and LAE:	<u>\$1,015,254</u>	<u>\$1,074,431</u>	<u>\$1,141,005</u>	<u>\$1,218,674</u>	<u>\$1,315,761</u>
<u>Liabilities as of 6/30/22:</u>						
<u>Current (Short Term)</u>	Loss and ALAE:	\$250,635	\$265,244	\$281,679	\$300,853	\$324,821
	ULAE:	13,825	14,631	15,537	16,595	17,917
	Short-Term Loss and LAE:	<u>\$264,460</u>	<u>\$279,875</u>	<u>\$297,216</u>	<u>\$317,448</u>	<u>\$342,738</u>
<u>Non-Current (Long Term)</u>	Loss and ALAE:	\$769,983	\$814,864	\$865,355	\$924,261	\$997,893
	ULAE:	19,988	21,153	22,464	23,993	25,904
	Long-Term Loss and LAE:	<u>\$789,971</u>	<u>\$836,017</u>	<u>\$887,819</u>	<u>\$948,254</u>	<u>\$1,023,797</u>
<u>Total Liability</u>	Loss and ALAE:	\$1,020,618	\$1,080,108	\$1,147,034	\$1,225,114	\$1,322,714
	ULAE:	33,813	35,784	38,001	40,588	43,821
	Total Loss and LAE:	<u>\$1,054,431</u>	<u>\$1,115,892</u>	<u>\$1,185,035</u>	<u>\$1,265,702</u>	<u>\$1,366,535</u>

Note: Current (short term) liabilities are the portion of the total estimated liability shown on Appendix G that is expected to be paid out within the coming year. Totals may vary from Exhibit 1, due to rounding.

## SHARP JPA - Workers' Compensation

## Discount Factors to be Applied to Overall Reserves

Accident Year	Full Value of Reserve at 12/31/21 (A)	Discount Factor (B)	Discounted Reserve at 12/31/21 (C)	Full Value of Reserve at 6/30/22 (D)	Discount Factor (E)	Discounted Reserve at 6/30/22 (F)
2000-2001	\$0	0.990	\$0	\$0	1.000	\$0
2001-2002	0	0.982	0	0	0.990	0
2002-2003	14,438	0.968	13,970	13,110	0.974	12,772
2003-2004	0	0.955	0	0	0.961	0
2004-2005	0	0.943	0	0	0.948	0
2005-2006	0	0.932	0	0	0.937	0
2006-2007	0	0.921	0	0	0.927	0
2007-2008	0	0.920	0	0	0.916	0
2008-2009	19,424	0.923	17,933	15,811	0.923	14,591
2009-2010	25,316	0.918	23,247	24,151	0.924	22,306
2010-2011	0	0.908	0	0	0.913	0
2011-2012	0	0.899	0	0	0.903	0
2012-2013	0	0.891	0	0	0.895	0
2013-2014	0	0.884	0	0	0.887	0
2014-2015	99,891	0.879	87,811	94,996	0.881	83,658
2015-2016	11,476	0.878	10,078	10,764	0.877	9,445
2016-2017	24,061	0.879	21,160	22,160	0.879	19,475
2017-2018	28,199	0.881	24,849	26,366	0.880	23,203
2018-2019	97,545	0.886	86,440	89,156	0.882	78,665
2019-2020	220,822	0.898	198,259	196,311	0.890	174,710
2020-2021	274,048	0.911	249,609	229,926	0.906	208,239
2021-2022	174,028	0.913	158,945	308,375	0.916	282,461
Totals	\$989,248		\$892,301	\$1,031,126		\$929,525

(G) Discount Factor at 12/31/21 for Overall Reserve: 0.902  
 (H) Discount Factor at 6/30/22 for Overall Reserve: 0.901

## Notes:

- (A) From Appendix G, Outstanding Liability at 12/31/21.
- (B) Based on Appendix I, Page 2, Column (F).
- (C) (A) x (B).
- (D) From Appendix G, Outstanding Liability at 6/30/22.
- (E) Based on Appendix I, Page 2, Column (F).
- (F) (D) x (E).
- (G) Total of (C) / Total of (A).
- (H) Total of (F) / Total of (D).

This exhibit shows the expected impact of anticipated investment income on the liability for outstanding claims at the date of evaluation and the end of the current fiscal year. For example, if the discount factor in item (G) is 0.902, the discounted liability for outstanding claims is 90.2% of the full value.

## SHARP JPA - Workers' Compensation

Confidence Level Table

Probability	Projected Losses	Outstanding Losses
95%	2.477	1.792
90%	2.025	1.562
85%	1.752	1.423
80%	1.552	1.318
75%	1.392	1.234
70%	1.257	1.162
65%	1.138	1.098
60%	1.032	1.040
55%	0.935	0.987
50%	0.845	0.936
45%	0.760	0.887
40%	0.676	0.840
35%	0.592	0.792
30%	0.504	0.745
25%	0.414	0.694

To read table: For the above retention, there is a 90% chance that final loss settlements will be less than 2.025 times the average expected amount of losses.

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

## SHARP JPA - Workers' Compensation

## Program History

Policy Year Start Date	Policy Year End Date	Policy Year	Self-Insured Retention	
			Per Occurrence	Aggregate
7/1/2000	6/30/2001	2000-2001	\$150,000	(none)
7/1/2001	6/30/2002	2001-2002	150,000	(none)
7/1/2002	6/30/2003	2002-2003	150,000	(none)
7/1/2003	6/30/2004	2003-2004	150,000	(none)
7/1/2004	6/30/2005	2004-2005	150,000	(none)
7/1/2005	6/30/2006	2005-2006	150,000	(none)
7/1/2006	6/30/2007	2006-2007	150,000	(none)
7/1/2007	6/30/2008	2007-2008	150,000	(none)
7/1/2008	6/30/2009	2008-2009	250,000	(none)
7/1/2009	6/30/2010	2009-2010	250,000	(none)
7/1/2010	6/30/2011	2010-2011	250,000	(none)
7/1/2011	6/30/2012	2011-2012	250,000	(none)
7/1/2012	6/30/2013	2012-2013	250,000	(none)
7/1/2013	6/30/2014	2013-2014	250,000	(none)
7/1/2014	6/30/2015	2014-2015	250,000	(none)
7/1/2015	6/30/2016	2015-2016	250,000	(none)
7/1/2016	6/30/2017	2016-2017	250,000	(none)
7/1/2017	6/30/2018	2017-2018	250,000	(none)
7/1/2018	6/30/2019	2018-2019	250,000	(none)
7/1/2019	6/30/2020	2019-2020	250,000	(none)
7/1/2020	6/30/2021	2020-2021	250,000	(none)
7/1/2021	6/30/2022	2021-2022	250,000	(none)
7/1/2022	6/30/2023	2022-2023	250,000	(none)
Third Party Claims Administrator			Begin Date	End Date
			7/1/1980	Current

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

## SHARP JPA - Workers' Compensation

Estimated Total Assets as of 6/30/22

(A) <u>Total Assets as of 6/30/21:</u>	\$5,392,000
(B) <u>Total Income to Fund during 2021-2022</u>	
Contributions:	\$765,000
Interest:	(15,000)
Other:	0
Total Income:	<u>\$750,000</u>
(C) <u>Total Payments from Fund during 2021-2022</u>	
Loss and ALAE:	\$288,000
Additional Allocated Loss Adjustment Expense:	0
In-House Unallocated Loss Adjustment Expense:	0
Fees to Outside Administrator (TPA):	16,000
Excess Insurance:	283,000
Other:	<u>73,000</u>
Total Payments:	<u>\$660,000</u>
(D) <u>Estimated Total Assets as of 6/30/22:</u>	\$5,482,000

## Notes:

- (A) Provided by SHARP JPA.
- (B) Provided by SHARP JPA.
- (C) Provided by SHARP JPA.
- (D) (A) + (B) - (C).

## SHARP JPA - Workers' Compensation

## Incurred Losses as of 12/31/21

Accident Year (A)	Unlimited Incurred (B)	Additions to Losses (C)	Subtractions from Losses (D)	Adjusted Incurred (E)	Incurred Over SIR (F)	Incurred Over \$100,000 (G)	Incurred Capped at \$100,000 (H)	Incurred \$100,000 to SIR Layer (I)	Incurred Capped at SIR (J)	Incurred Capped at SIR & Aggregate (K)
2000-2001	\$1,156	\$0	\$0	\$1,156	\$0	\$0	\$1,156	\$0	\$1,156	\$1,156
2001-2002	79,958	0	8,000	71,958	0	0	71,958	0	71,958	71,958
2002-2003	53,697	0	1,833	51,864	0	0	51,864	0	51,864	51,864
2003-2004	43,015	0	0	43,015	0	0	43,015	0	43,015	43,015
2004-2005	56,321	3,537	0	59,858	0	0	59,858	0	59,858	59,858
2005-2006	38,796	22,777	0	61,573	0	0	61,573	0	61,573	61,573
2006-2007	4,599	0	0	4,599	0	0	4,599	0	4,599	4,599
2007-2008	410,865	70,883	55,153	426,594	62,134	136,812	289,782	74,678	364,460	364,460
2008-2009	97,671	32,904	0	130,576	0	0	130,576	0	130,576	130,576
2009-2010	400,960	9,031	0	409,991	0	144,205	265,786	144,205	409,991	409,991
2010-2011	55,628	853	0	56,481	0	0	56,481	0	56,481	56,481
2011-2012	514,848	3,963	176,967	341,844	2,319	152,319	189,525	150,000	339,525	339,525
2012-2013	163,382	4,991	0	168,373	0	0	168,373	0	168,373	168,373
2013-2014	446,208	0	0	446,208	153,538	303,538	142,670	150,000	292,670	292,670
2014-2015	268,754	0	0	268,754	0	39,738	229,017	39,738	268,754	268,754
2015-2016	36,423	101	0	36,524	0	0	36,524	0	36,524	36,524
2016-2017	227,939	0	0	227,939	0	0	227,939	0	227,939	227,939
2017-2018	38,115	0	314	37,801	0	0	37,801	0	37,801	37,801
2018-2019	303,419	0	313	303,106	0	50,684	252,423	50,684	303,106	303,106
2019-2020	339,169	38,531	317	377,383	0	133,913	243,470	133,913	377,383	377,383
2020-2021	259,949	59,579	0	319,528	0	109,468	210,059	109,468	319,528	319,528
2021-2022	44,122	0	0	44,122	0	0	44,122	0	44,122	44,122
Total	\$3,884,993	\$247,150	\$242,896	\$3,889,246	\$217,991	\$1,070,676	\$2,818,569	\$852,685	\$3,671,255	\$3,671,255

## Notes:

- (A) Years are 7/1 to 6/30.
- (B) Provided by SHARP JPA.
- (C) 4850
- (D) Subrogation recoveries.
- (E) (B) + (C) - (D).
- (F) Sum of incurred losses in excess of SIR.
- (G) Sum of incurred losses in excess of \$100,000.
- (H) (E) - (G).
- (I) (G) - (F).
- (J) (E) - (F).
- (K) Minimum of (J) and the aggregate stop loss. See Appendix K.

## SHARP JPA - Workers' Compensation

## Paid Losses as of 12/31/21

Accident Year (A)	Unlimited Paid (B)	Additions to Losses (C)	Subtractions from Losses (D)	Adjusted Paid (E)	Paid Over SIR (F)	Paid Over \$100,000 (G)	Paid Capped at \$100,000 (H)	Paid \$100,000 to SIR Layer (I)	Paid Capped at SIR (J)	Paid Capped at SIR & Aggregate (K)
2000-2001	\$1,156	\$0	\$0	\$1,156	\$0	\$0	\$1,156	\$0	\$1,156	\$1,156
2001-2002	79,958	0	8,000	71,958	0	0	71,958	0	71,958	71,958
2002-2003	40,395	0	1,833	38,562	0	0	38,562	0	38,562	38,562
2003-2004	43,015	0	0	43,015	0	0	43,015	0	43,015	43,015
2004-2005	56,321	3,537	0	59,858	0	0	59,858	0	59,858	59,858
2005-2006	38,796	22,777	0	61,573	0	0	61,573	0	61,573	61,573
2006-2007	4,599	0	0	4,599	0	0	4,599	0	4,599	4,599
2007-2008	410,865	70,883	55,153	426,594	62,134	136,812	289,782	74,678	364,460	364,460
2008-2009	82,671	32,904	0	115,576	0	0	115,576	0	115,576	115,576
2009-2010	390,653	9,031	0	399,684	0	144,205	255,479	144,205	399,684	399,684
2010-2011	55,628	853	0	56,481	0	0	56,481	0	56,481	56,481
2011-2012	514,848	3,963	176,967	341,844	2,319	152,319	189,525	150,000	339,525	339,525
2012-2013	163,382	4,991	0	168,373	0	0	168,373	0	168,373	168,373
2013-2014	365,114	0	0	365,114	72,444	222,444	142,670	150,000	292,670	292,670
2014-2015	189,109	0	0	189,109	0	2,411	186,698	2,411	189,109	189,109
2015-2016	36,423	101	0	36,524	0	0	36,524	0	36,524	36,524
2016-2017	227,939	0	0	227,939	0	0	227,939	0	227,939	227,939
2017-2018	38,115	0	314	37,801	0	0	37,801	0	37,801	37,801
2018-2019	245,767	0	313	245,455	0	50,684	194,771	50,684	245,455	245,455
2019-2020	194,963	38,531	317	233,178	0	67,689	165,488	67,689	233,178	233,178
2020-2021	108,713	57,239	0	165,952	0	34,813	131,139	34,813	165,952	165,952
2021-2022	1,972	0	0	1,972	0	0	1,972	0	1,972	1,972
Total	\$3,290,403	\$244,810	\$242,896	\$3,292,316	\$136,897	\$811,377	\$2,480,939	\$674,480	\$3,155,419	\$3,155,419

## Notes:

- (A) Years are 7/1 to 6/30.
- (B) Provided by SHARP JPA.
- (C) 4850
- (D) Subrogation recoveries.
- (E) (B) + (C) - (D).
- (F) Sum of paid losses in excess of SIR.
- (G) Sum of paid losses in excess of \$100,000.
- (H) (E) - (G).
- (I) (G) - (F).
- (J) (E) - (F).
- (K) Minimum of (J) and the aggregate stop loss. See Appendix K.



## SHARP JPA - Workers' Compensation

## Case Reserves as of 12/31/21

Accident Year (A)	Unlimited Reserves (B)	Additions to Losses (C)	Subtractions from Losses (D)	Adjusted Reserves (E)	Reserves Over SIR (F)	Reserves Over \$100,000 (G)	Reserves Capped at \$100,000 (H)	Reserves \$100,000 to SIR Layer (I)	Reserves Capped at SIR (J)	Reserves Capped at SIR & Aggregate (K)
2000-2001	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2001-2002	0	0	0	0	0	0	0	0	0	0
2002-2003	13,302	0	0	13,302	0	0	13,302	0	13,302	13,302
2003-2004	0	0	0	0	0	0	0	0	0	0
2004-2005	0	0	0	0	0	0	0	0	0	0
2005-2006	0	0	0	0	0	0	0	0	0	0
2006-2007	0	0	0	0	0	0	0	0	0	0
2007-2008	0	0	0	0	0	0	0	0	0	0
2008-2009	15,000	0	0	15,000	0	0	15,000	0	15,000	15,000
2009-2010	10,306	0	0	10,306	0	0	10,306	0	10,306	10,306
2010-2011	0	0	0	0	0	0	0	0	0	0
2011-2012	0	0	0	0	0	0	0	0	0	0
2012-2013	0	0	0	0	0	0	0	0	0	0
2013-2014	81,094	0	0	81,094	81,094	81,094	0	0	0	0
2014-2015	79,645	0	0	79,645	0	37,326	42,319	37,326	79,645	79,645
2015-2016	0	0	0	0	0	0	0	0	0	0
2016-2017	0	0	0	0	0	0	0	0	0	0
2017-2018	0	0	0	0	0	0	0	0	0	0
2018-2019	57,651	0	0	57,651	0	0	57,651	0	57,651	57,651
2019-2020	144,205	0	0	144,205	0	66,224	77,981	66,224	144,205	144,205
2020-2021	151,236	2,340	0	153,575	0	74,655	78,920	74,655	153,575	153,575
2021-2022	42,150	0	0	42,150	0	0	42,150	0	42,150	42,150
Total	\$594,590	\$2,340	\$0	\$596,930	\$81,094	\$259,299	\$337,630	\$178,205	\$515,835	\$515,835

## Notes:

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

## SHARP JPA - Workers' Compensation

## Claim Counts as of 12/31/21

Accident Year (A)	Reported Claims (B)	Additions to Reported Claims (C)	Subtractions from Reported Claims (D)	Adjusted Reported Claims (E)	Closed Claims (F)	Additions to Closed Claims (G)	Subtractions from Closed Claims (H)	Adjusted Closed Claims (I)	Open Claims (J)	Adjusted Open Claims (K)
2000-2001	3	0	0	3	3	0	0	3	0	0
2001-2002	14	0	0	14	14	0	0	14	0	0
2002-2003	16	0	0	16	15	0	0	15	1	1
2003-2004	12	0	0	12	12	0	0	12	0	0
2004-2005	18	0	0	18	18	0	0	18	0	0
2005-2006	12	0	0	12	12	0	0	12	0	0
2006-2007	12	0	0	12	12	0	0	12	0	0
2007-2008	15	0	0	15	15	0	0	15	0	0
2008-2009	16	0	0	16	15	0	0	15	1	1
2009-2010	10	0	0	10	9	0	0	9	1	1
2010-2011	8	0	0	8	8	0	0	8	0	0
2011-2012	12	0	0	12	12	0	0	12	0	0
2012-2013	10	0	0	10	10	0	0	10	0	0
2013-2014	10	0	0	10	9	0	0	9	1	1
2014-2015	13	0	0	13	11	0	0	11	2	2
2015-2016	15	0	0	15	15	0	0	15	0	0
2016-2017	13	0	0	13	13	0	0	13	0	0
2017-2018	8	0	0	8	8	0	0	8	0	0
2018-2019	8	0	0	8	6	0	0	6	2	2
2019-2020	12	0	0	12	8	0	0	8	4	4
2020-2021	18	0	0	18	15	0	0	15	3	3
2021-2022	5	0	0	5	0	0	0	0	5	5
Total	260	0	0	260	240	0	0	240	20	20

## Notes:

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

## SHARP JPA - Workers' Compensation

## Exposure Measures

Accident Year	Total Payroll (\$00) (A)	Inflation Trend Factor (B)	Trended Payroll (\$00) (C)
2000-2001	83,499	1.679	140,195
2001-2002	97,303	1.638	159,382
2002-2003	110,205	1.598	176,108
2003-2004	124,884	1.559	194,694
2004-2005	123,288	1.521	187,521
2005-2006	123,256	1.484	182,912
2006-2007	134,724	1.448	195,080
2007-2008	150,521	1.413	212,686
2008-2009	154,135	1.379	212,552
2009-2010	167,723	1.345	225,587
2010-2011	172,416	1.312	226,210
2011-2012	174,586	1.280	223,470
2012-2013	210,343	1.249	262,718
2013-2014	216,040	1.219	263,353
2014-2015	228,641	1.189	271,854
2015-2016	228,886	1.160	265,508
2016-2017	235,032	1.132	266,056
2017-2018	183,757	1.104	202,868
2018-2019	187,066	1.077	201,470
2019-2020	199,110	1.051	209,265
2020-2021	192,739	1.025	197,557
2021-2022	217,254	1.000	217,254
2022-2023	221,590	1.000	221,590

## Notes:

- (A) Provided by SHARP JPA.
- (B) Based on WCIRB.
- (C) (A) x (B).

## SHARP JPA - Workers' Compensation

Allocation of 2022-23 Costs to Members  
60% Confidence Level Funding - Discounted - \$250,000 SIR  
All Members

	Code	City of Saratoga	Town of Los Altos Hills	Town of Ross	City of American Canyon	Total
(1) Estimated 2022-23 Payroll By Classification	8742	0	0	0	0	0
	8810	5,445,000	1,627,000	117,000	2,423,000	9,612,000
	9410	1,434,000	726,000	1,300,000	2,435,000	5,895,000
	9420	1,477,000	443,000	153,000	2,164,000	4,237,000
	7720	0	0	1,011,000	0	1,011,000
	7706	0	0	0	0	0
	7207	0	0	0	0	0
	7520	0	0	0	442,000	442,000
	7580	0	0	0	660,000	660,000
	9422	0	0	0	302,000	302,000
	7382	0	0	0	0	0
		8,356,000	2,796,000	2,581,000	8,426,000	22,159,000
	2022-23 Discounted Loss Rate					
(2) Expected 2022-23 Loss & ALAE - Discounted at 60% Confidence Level	8742	0	0	0	0	0
	8810	0.15	8,159	2,438	175	14,403
	9410	0.72	10,334	5,232	9,369	42,483
	9420	5.87	86,628	25,983	8,974	126,921
	7720	1.87	0	0	18,900	18,900
	7706	3.45	0	0	0	0
	7207	5.39	0	0	0	0
	7520	1.98	0	0	8,736	8,736
	7580	1.96	0	0	12,903	12,903
	9422	1.20	0	0	3,620	3,620
	7382	4.43	0	0	0	0
(3) Total Expected Loss & ALAE		105,121	33,652	37,417	173,359	349,550
(4) Experience Modification		79.0%	72.4%	120.7%	102.9%	100.0%
(5) Risk Premium Deposit - Loss & ALAE		83,000	24,000	45,000	178,000	330,000
(6) Balanced Risk Premium		88,030	25,455	47,727	188,788	350,000
(7) Administration		23,750	23,750	23,750	23,750	95,000
(8) Claims Administration		4,250	4,250	4,250	4,250	17,000
(9) Self-Insurance Assessment		5,500	5,500	5,500	5,500	22,000
(10) Excess Insurance Costs		75,455	21,818	40,909	161,818	300,000
(11) Funding Redundancy/(Deficiency)		0	0	0	0	0
(12) Total Premium Deposit		196,985	80,773	122,136	384,106	784,000

(1) Provided by SHARP JPA.

(2) = (1) / 100 X 2022/23 loss rate at 60% confidence level for each code from Appendix P, Page 1.

(3) Sum (2) over all codes.

(4) Developed in Appendix P, Page 2.

(5) = (3) x (4).

(7), (8) 2022/23 budgeted totals provided by SHARP JPA.

(9) Provided by SHARP JPA.

(10) Total provided by SHARP JPA, allocated based on (5).

(11) From Exhibit II, row (J).

(12) = (5) + (6) + (7) + (8) + (9) - (10).

## SHARP JPA - Workers' Compensation

Allocation of 2022-23 Costs to Members  
65% Confidence Level Funding - Discounted - \$250,000 SIR  
All Members

	Code	City of Saratoga	Town of Los Altos Hills	Town of Ross	City of American Canyon	Total
(1) Estimated 2022-23 Payroll By Classification	8742	0	0	0	0	0
	8810	5,445,000	1,627,000	117,000	2,423,000	9,612,000
	9410	1,434,000	726,000	1,300,000	2,435,000	5,895,000
	9420	1,477,000	443,000	153,000	2,164,000	4,237,000
	7720	0	0	1,011,000	0	1,011,000
	7706	0	0	0	0	0
	7207	0	0	0	0	0
	7520	0	0	0	442,000	442,000
	7580	0	0	0	660,000	660,000
	9422	0	0	0	302,000	302,000
	7382	0	0	0	0	0
		8,356,000	2,796,000	2,581,000	8,426,000	22,159,000
	2022-23 Discounted Loss Rate					
(2) Expected 2022-23 Loss & ALAE - Discounted at 65% Confidence Level	8742	0	0	0	0	0
	8810	0.17	8,997	2,688	193	15,882
	9410	0.79	11,396	5,769	10,331	46,846
	9420	6.47	95,526	28,651	9,895	139,958
	7720	2.06	0	0	20,841	20,841
	7706	3.80	0	0	0	0
	7207	5.94	0	0	0	0
	7520	2.18	0	0	9,633	9,633
	7580	2.16	0	0	14,229	14,229
	9422	1.32	0	0	3,992	3,992
	7382	4.89	0	0	0	0
(3) Total Expected Loss & ALAE		115,918	37,109	41,261	191,166	385,453
(4) Experience Modification		79.0%	72.4%	120.7%	102.9%	100.0%
(5) Risk Premium Deposit - Loss & ALAE		92,000	27,000	50,000	197,000	366,000
(6) Balanced Risk Premium		97,027	28,475	52,732	207,765	386,000
(7) Administration		23,750	23,750	23,750	23,750	95,000
(8) Claims Administration		4,250	4,250	4,250	4,250	17,000
(9) Self-Insurance Assessment		5,500	5,500	5,500	5,500	22,000
(10) Excess Insurance Costs		75,410	22,131	40,984	161,475	300,000
(11) Funding Redundancy/(Deficiency)		0	0	0	0	0
(12) Total Premium Deposit		205,937	84,107	127,216	402,740	820,000

(1) Provided by SHARP JPA.

(2) = (1) / 100 X 2022/23 loss rate at 65% confidence level for each code from Appendix P, Page 1.

(3) Sum (2) over all codes.

(4) Developed in Appendix P, Page 2.

(5) = (3) x (4).

(7), (8) 2022/23 budgeted totals provided by SHARP JPA.

(9) Provided by SHARP JPA.

(10) Total provided by SHARP JPA, allocated based on (5).

(11) From Exhibit II, row (J).

(12) = (5) + (6) + (7) + (8) + (9) - (10).

## SHARP JPA - Workers' Compensation

Allocation of 2022-23 Costs to Members  
70% Confidence Level Funding - Discounted - \$250,000 SIR  
All Members

	Code	City of Saratoga	Town of Los Altos Hills	Town of Ross	City of American Canyon	Total
(1) Estimated 2022-23 Payroll By Classification	8742	0	0	0	0	0
	8810	5,445,000	1,627,000	117,000	2,423,000	9,612,000
	9410	1,434,000	726,000	1,300,000	2,435,000	5,895,000
	9420	1,477,000	443,000	153,000	2,164,000	4,237,000
	7720	0	0	1,011,000	0	1,011,000
	7706	0	0	0	0	0
	7207	0	0	0	0	0
	7520	0	0	0	442,000	442,000
	7580	0	0	0	660,000	660,000
	9422	0	0	0	302,000	302,000
	7382	0	0	0	0	0
		8,356,000	2,796,000	2,581,000	8,426,000	22,159,000
	2022-23 Discounted Loss Rate					
(2) Expected 2022-23 Loss & ALAE - Discounted at 70% Confidence Level	8742	0.29	0	0	0	0
	8810	0.18	9,938	2,969	214	17,543
	9410	0.88	12,587	6,373	11,411	51,745
	9420	7.14	105,515	31,647	10,930	302,686
	7720	2.28	0	0	23,020	23,020
	7706	4.20	0	0	0	0
	7207	6.56	0	0	0	0
	7520	2.41	0	0	0	10,641
	7580	2.38	0	0	0	15,717
	9422	1.46	0	0	0	4,409
	7382	5.40	0	0	0	0
(3) Total Expected Loss & ALAE		128,040	40,989	45,575	211,156	425,760
(4) Experience Modification		79.0%	72.4%	120.7%	102.9%	100.0%
(5) Risk Premium Deposit - Loss & ALAE		101,000	30,000	55,000	217,000	403,000
(6) Balanced Risk Premium		106,764	31,712	58,139	229,385	426,000
(7) Administration		23,750	23,750	23,750	23,750	95,000
(8) Claims Administration		4,250	4,250	4,250	4,250	17,000
(9) Self-Insurance Assessment		5,500	5,500	5,500	5,500	22,000
(10) Excess Insurance Costs		75,186	22,333	40,943	161,538	300,000
(11) Funding Redundancy/(Deficiency)		0	0	0	0	0
(12) Total Premium Deposit		215,450	87,545	132,582	424,423	860,000

(1) Provided by SHARP JPA.

(2) = (1) / 100 X 2022/23 loss rate at 70% confidence level for each code from Appendix P, Page 1.

(3) Sum (2) over all codes.

(4) Developed in Appendix P, Page 2.

(5) = (3) x (4).

(7), (8) 2022/23 budgeted totals provided by SHARP JPA.

(9) Provided by SHARP JPA.

(10) Total provided by SHARP JPA, allocated based on (5).

(11) From Exhibit II, row (J).

(12) = (5) + (6) + (7) + (8) + (9) - (10).

## SHARP JPA - Workers' Compensation

Allocation of 2022-23 Costs to Members  
75% Confidence Level Funding - Discounted - \$250,000 SIR  
All Members

	Code	City of Saratoga	Town of Los Altos Hills	Town of Ross	City of American Canyon	Total
(1) Estimated 2022-23 Payroll By Classification	8742	0	0	0	0	0
	8810	5,445,000	1,627,000	117,000	2,423,000	9,612,000
	9410	1,434,000	726,000	1,300,000	2,435,000	5,895,000
	9420	1,477,000	443,000	153,000	2,164,000	4,237,000
	7720	0	0	1,011,000	0	1,011,000
	7706	0	0	0	0	0
	7207	0	0	0	0	0
	7520	0	0	0	442,000	442,000
	7580	0	0	0	660,000	660,000
	9422	0	0	0	302,000	302,000
	7382	0	0	0	0	0
		8,356,000	2,796,000	2,581,000	8,426,000	22,159,000
	2022-23 Discounted Loss Rate					
(2) Expected 2022-23 Loss & ALAE - Discounted at 75% Confidence Level	8742	0.32	0	0	0	0
	8810	0.20	11,005	3,288	236	19,427
	9410	0.97	13,939	7,057	12,637	57,302
	9420	7.91	116,847	35,046	12,104	335,194
	7720	2.52	0	0	25,493	25,493
	7706	4.65	0	0	0	0
	7207	7.27	0	0	0	0
	7520	2.67	0	0	0	11,783
	7580	2.64	0	0	0	17,404
	9422	1.62	0	0	0	4,883
	7382	5.98	0	0	0	0
(3) Total Expected Loss & ALAE		141,791	45,392	50,470	233,834	471,486
(4) Experience Modification		79.0%	72.4%	120.7%	102.9%	100.0%
(5) Risk Premium Deposit - Loss & ALAE		112,000	33,000	61,000	241,000	447,000
(6) Balanced Risk Premium		118,264	34,846	64,412	254,479	472,000
(7) Administration		23,750	23,750	23,750	23,750	95,000
(8) Claims Administration		4,250	4,250	4,250	4,250	17,000
(9) Self-Insurance Assessment		5,500	5,500	5,500	5,500	22,000
(10) Excess Insurance Costs		75,168	22,148	40,940	161,745	300,000
(11) Funding Redundancy/(Deficiency)		0	0	0	0	0
(12) Total Premium Deposit		226,932	90,493	138,851	449,724	906,000

(1) Provided by SHARP JPA.

(2) = (1) / 100 X 2022/23 loss rate at 75% confidence level for each code from Appendix P, Page 1.

(3) Sum (2) over all codes.

(4) Developed in Appendix P, Page 2.

(5) = (3) x (4).

(7), (8) 2022/23 budgeted totals provided by SHARP JPA.

(9) Provided by SHARP JPA.

(10) Total provided by SHARP JPA, allocated based on (5).

(11) From Exhibit II, row (J).

(12) = (5) + (6) + (7) + (8) + (9) - (10).

## SHARP JPA - Workers' Compensation

Allocation of 2022-23 Expected Loss Rate to Classification - Discounted Basis - \$250,000 SIR  
All Members

Classification Code (1)	Estimated 2022-2023 Payroll (2)	WCIRB Pure Premium (3)	WCIRB Relativity (4)	Expected Level Undiscounted Pure Premium (5)	Expected Level Discounted Pure Premium (6)	60% Confidence Level Discounted Pure Premium (7)	65% Confidence Level Discounted Pure Premium (8)	70% Confidence Level Discounted Pure Premium (9)	75% Confidence Level Discounted Pure Premium (10)
8742	0	0.285	0.15	0.25	0.23	0.24	0.26	0.29	0.32
8810	9,612,000	0.182	0.09	0.16	0.15	0.15	0.17	0.18	0.20
9410	5,895,000	0.874	0.46	0.77	0.70	0.72	0.79	0.88	0.97
9420	4,237,000	7.110	3.72	6.24	5.68	5.87	6.47	7.14	7.91
7720	1,011,000	2.266	1.19	1.99	1.81	1.87	2.06	2.28	2.52
7706	0	4.178	2.18	3.66	3.34	3.45	3.80	4.20	4.65
7207	0	6.531	3.42	5.73	5.22	5.39	5.94	6.56	7.27
7520	442,000	2.396	1.25	2.10	1.92	1.98	2.18	2.41	2.67
7580	660,000	2.370	1.24	2.08	1.89	1.96	2.16	2.38	2.64
9422	302,000	1.453	0.76	1.27	1.16	1.20	1.32	1.46	1.62
7382	0	5.372	2.81	4.71	4.29	4.43	4.89	5.40	5.98
Total/Average	22,159,000	1.912		1.68	1.53	1.58	1.74	1.92	2.13

(2) Provided by SHARP JPA.

(3) From WCIRB, effective 9/1/2022 minus 13.5% for ULAE.

(4) (3) / (3) Average

(5) = (4) x selected 2022/23 loss rate of \$1.677 from Exhibit 5, Page 1.

(6) = (5) x discount factor of 0.911 from Appendix I, Page 2.

(7) = (6) x 1.257, 60% confidence factor from Appendix J.

(8) = (6) x 1.392, 65% confidence factor from Appendix J.

(9) = (6) x 1.552, 70% confidence factor from Appendix J.

(10) = (6) x 1.752, 75% confidence factor from Appendix J.



## SHARP JPA - Workers' Compensation

Calculation of Experience Modifications - \$250,000 SIR  
All Members

Members	2016-2017 to 2020-2021 Limited Incurred Losses (1)	Expected Losses (2)	Percent of Limited Incurred Losses (3)	Percent of Expected Losses (4)	Indicated Differential (5)	Weights (6)	Indicated Experience Modification (7)	Adjusted Experience Modification (8)
Saratoga	91,460	578,647	20.7%	31.3%	0.661	53.6%	81.8%	79.0%
Los Altos Hills	269	199,982	0.1%	10.8%	0.006	28.6%	71.6%	72.4%
Ross	121,384	201,885	27.4%	10.9%	2.515	28.8%	143.6%	120.7%
American Canyon	229,332	870,176	51.8%	47.0%	1.102	63.5%	106.5%	102.9%
Total/Average	442,446	1,850,690	100.0%	100.0%				

(1) Provided by SHARP JPA, 2016-2017 through 2020-2021, limited to \$25,000 per claim, evaluated as of 12/31/20.  
Losses exclude Ross Fire Department.

(2) Developed in Appendix P, Page 2.

(3) = (1) / (1) Total

(4) = (2) / (2) Total

(5) = (3) / (4)

(6) = (2) / [(2) + 500,000] with a minimum of 5.0%

(7) (6) x (5) + [1.0 - (6)]

(8) Limited to minimum of 75% and maximum of 125% then adjusted for off-balance.

SHARP JPA - Workers' Compensation  
Calculation of Expected Losses by Member - \$250,000 SIR  
All Members

Members	Classification Codes											Total
	8742	8810	9410	9420	7720	7706	7207	7520	7580	9422	7382	
(1) Five Year Payrolls												
Saratoga	0	21,263,237	6,228,030	6,829,688	0	0	0	0	0	0	0	34,320,955
Los Altos Hills	0	5,914,381	4,119,878	2,155,259	0	0	0	0	0	0	0	12,189,518
Ross	0	534,604	5,141,838	722,148	4,617,463	0	0	0	0	0	0	11,016,053
American Canyon	0	12,193,788	8,661,876	9,016,587	0	0	0	1,987,969	2,740,018	1,279,730	1,371	35,881,339
(2) WCIRB Loss Rates for												
Experience Rating	0.285	0.182	0.874	7.110	2.266	4.178	6.531	2.396	2.370	1.453	5.372	
(3) Expected Losses												
Saratoga	0	38,625	54,411	485,611	0	0	0	0	0	0	0	578,647
Los Altos Hills	0	10,743	35,993	153,245	0	0	0	0	0	0	0	199,982
Ross	0	971	44,922	51,347	104,646	0	0	0	0	0	0	201,885
American Canyon	0	22,150	75,674	641,106	0	0	0	47,633	64,941	18,597	74	870,176

- (1) Provided by SHARP JPA, 2016-2017 through 2020-2021.  
(2) From WCIRB, effective 9/1/2022 minus 13.5% for ULAE.  
(3)  $[(1) / 100] \times (2)$



# Bickmore

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## Actuarial

### Actuarial Review of the Self-Insured Workers' Compensation Program

*Outstanding Liabilities as of June 30, 2022*  
*Forecast for Program Year 2022-23*

*Presented to*  
**SHARP JPA**

June 16, 2022 - DRAFT

## SCOPE AND SIGNATURE

The SHARP JPA ("SHARP") has engaged Bickmore Actuarial to conduct an actuarial review of unpaid loss and loss adjustment expenses for claims that occurred on or before June 30, 2022 for its self-insured workers' compensation program utilizing data valued as of December 31, 2021. SHARP also seeks guidance on the appropriate funding level for claims to be incurred during the upcoming program year.

The specific objectives of the study are:

1. Estimate SHARP's net liability for outstanding claims as of June 30, 2022. Liabilities net of reinsurance are presented on both an undiscounted basis as well as a discounted basis. The net liabilities are also presented at the expected level (i.e. without a risk margin) and with risk margins, which are quantified via confidence levels. The net liabilities include provisions for loss, allocated loss adjustment expense (ALAE), and unallocated loss adjustment expense (ULAE). ALAE and ULAE are defined in the Glossary section of this report.
2. Project ultimate claims costs for the 2022-23 program year. Similar to the liability projections, the ultimate program year costs are presented on both undiscounted and discounted bases. Projections with and without risk margins are also included. Please note the 2022-23 projection include the City of Woodside.
3. Provide a statement of compliance with Governmental Accounting Standards Board Statement #10.

We appreciate the opportunity to be of service to SHARP in preparing this report. Please feel free to call Mike Harrington at (916) 244-1162 or Becky Richard at (916) 244-1183 with any questions you may have concerning this report.

Mike Harrington, Becky Richard, and Stefan Zepernick meet the Casualty Actuarial Society continuing education requirements and the American Academy of Actuaries' qualification standards to sign Statements of Actuarial Opinion.

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**DRAFT**

Mike Harrington, FCAS, MAAA  
President and Principal

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**DRAFT**

Becky Richard, ACAS, MAAA  
Senior Actuarial Manager

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**DRAFT**

Stefan Zepernick, ACAS, MAAA  
Actuarial Manager

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## EXECUTIVE SUMMARY

## Net Claim Liabilities

The following table presents our conclusions regarding SHARP's net claim liabilities.

Loss & LAE Claim Liabilities  
As of June 30, 2022, Net of Reinsurance

Dollars (\$000s)	Expected <sup>1</sup>	← Confidence Level →				
		65%	70%	75%	80%	85%
Loss & ALAE	\$1,031	\$1,132	\$1,198	\$1,271	\$1,359	\$1,466
Claims Admin. (ULAE)	34	38	40	42	45	49
<b>Total Loss &amp; LAE</b>	<b>\$1,065</b>	<b>\$1,170</b>	<b>\$1,238</b>	<b>\$1,313</b>	<b>\$1,404</b>	<b>\$1,515</b>
NPV Adjustment <sup>2</sup>	(105)	(116)	(122)	(129)	(139)	(150)
<b>Discounted Loss &amp; LAE</b>	<b>\$960</b>	<b>\$1,054</b>	<b>\$1,116</b>	<b>\$1,184</b>	<b>\$1,265</b>	<b>\$1,365</b>
Assets	5,482	5,482	5,482	5,482	5,482	5,482
Surplus/(Deficit)	4,522	4,428	4,366	4,298	4,217	4,117
Short Term <sup>3</sup>	\$241	\$264	\$280	\$297	\$317	\$342
Long Term <sup>3</sup>	719	790	836	887	948	1,023

<sup>1</sup> Expected values represent the "best actuarial" or "central" estimate.

<sup>2</sup> Net present value is based on an annual discount rate of 2.0%.

<sup>3</sup> Short-term liabilities are projected to be paid within 12 months of the accounting date. Long-term liabilities are projected to be paid after 12 months.

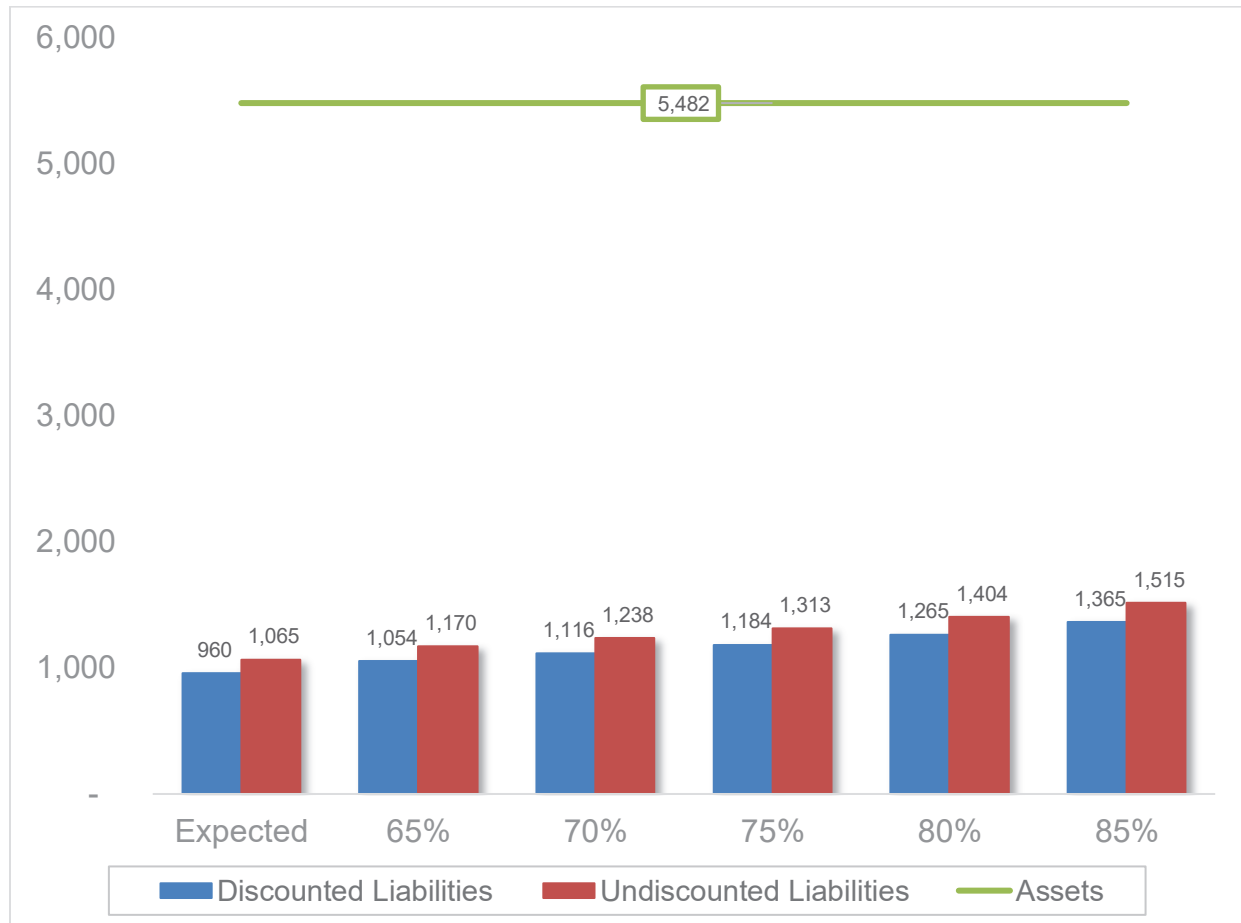
The following table shows estimated liability for unpaid loss and LAE at various discount rate assumptions at the expected confidence level.

Loss & LAE Claim Liabilities  
As of June 30, 2022, Net of Reinsurance

Discount Rate	Outstanding Liability
1.50%	984,000
1.75%	972,000
2.00%	960,000
2.25%	949,000
2.50%	938,000

The following graph displays the comparison of the program's net claim liabilities and assets as of June 30, 2022 as shown on the prior page.

Loss & LAE Claim Liabilities and Assets  
As of June 30, 2022, Net of Reinsurance  
(\$000s)



We generally recommend that entities maintain funding at the 75% - 85% confidence level. However, we understand that each entity is unique, and that proper funding levels can vary based on issues such as the organization's risk tolerance, financial circumstances, and priorities.

### Statement of Compliance with GASB #10

The outstanding liabilities presented in this section that include claims administration costs comply with the requirements promulgated by GASB #10.

## Funding Projections

The following table presents our estimates of ultimate costs for the upcoming program year including the City of Woodside.

Projected Ultimate Costs  
Fiscal Year 2022-23, SIR of \$250,000

Dollars (\$000s)	Expected <sup>1</sup>	← Confidence Level →				
		60%	65%	70%	75%	80%
Loss & ALAE	<b>\$454</b>	<b>\$471</b>	<b>\$516</b>	<b>\$566</b>	<b>\$623</b>	<b>\$691</b>
NPV Adjustment <sup>2</sup>	(41)	(43)	(47)	(51)	(56)	(63)
<b>Discounted Loss &amp; LAE</b>	<b>\$413</b>	<b>\$428</b>	<b>\$469</b>	<b>\$515</b>	<b>\$567</b>	<b>\$628</b>
Other Expenses <sup>3</sup>	135	135	135	135	135	135
<u>Excess Insurance</u>	<u>335</u>	<u>335</u>	<u>335</u>	<u>335</u>	<u>335</u>	<u>335</u>
<b>Total Cost</b>	<b>\$883</b>	<b>\$898</b>	<b>\$939</b>	<b>\$985</b>	<b>\$1,037</b>	<b>\$1,098</b>
Total Funding Rate <sup>4</sup>	\$3.566	\$3.627	\$3.792	\$3.978	\$4.188	\$4.435

<sup>1</sup> Expected values represent the “best actuarial” or “central” estimate.

<sup>2</sup> Net present value is based on an annual discount rate of 2.0%.

<sup>3</sup> Other expenses are provided by SHARP and may include claims administration fees, safety, and operational costs.

<sup>4</sup> Rate is per \$100 of payroll.

The following table shows projected ultimate costs for loss and ALAE for SHARP for the 2022-23 fiscal year assuming a \$250,000 self-insured retention at various discount rate assumptions at the expected confidence level.

Projected Ultimate Costs  
Fiscal Year 2022-23, SIR of \$250,000

Discount Rate	Loss & ALAE
1.50%	\$423,000
1.75%	418,000
2.00%	413,000
2.25%	409,000
2.50%	405,000



We provide the following allocation of deposit premiums, which include ultimate loss and ALAE, non-claims related expenses and excess insurance costs at the 60%, 65%, 70% and 75% confidence levels on a discounted basis assuming a 2% discount rate. This is shown in further detail on Appendix Rate G.

## 2022-23 Deposit Premiums to Members

	60% Confidence Level	65% Confidence Level	70% Confidence Level	75% Confidence Level
Saratoga	\$197,821	\$207,432	\$216,636	\$228,385
Town of LAH	78,246	81,694	84,955	87,923
Town of Ross	121,900	127,272	132,372	140,385
American Canyon	387,622	406,211	429,169	453,462
<u>Woodside</u>	<u>112,410</u>	<u>116,391</u>	<u>121,869</u>	<u>126,846</u>
<b>Total</b>	<b>\$898,000</b>	<b>\$939,000</b>	<b>\$985,000</b>	<b>\$1,037,000</b>

The following table displays a comparison of the deposit premium allocations from the prior report to the current report at 65% confidence level.

	Prior Report 2021-22 65% CL	Current Report 2022-23 65% CL	Change	Percent Change
Saratoga	\$194,991	\$207,432	\$12,441	6.4%
Town of LAH	87,084	81,694	(5,390)	-6.2%
Town of Ross	120,572	127,272	6,700	5.6%
American Canyon	362,433	406,211	43,778	12.1%
<u>Woodside</u>	<u>N/A</u>	<u>116,391</u>	<u>N/A</u>	<u>N/A</u>
<b>Total</b>	<b>\$765,080</b>	<b>\$939,000</b>	<b>173,920</b>	<b>22.7%</b>

The following table displays a comparison of premium rate per \$100 of payroll from the prior report to the current report at 65% confidence level.

	Prior Report 2021-22 65% CL	Current Report 2022-23 65% CL	Change	Percent Change
Saratoga	\$2.630	\$2.482	(\$0.148)	-5.6%
Town of LAH	2.999	2.922	(0.077)	-2.6%
Town of Ross	4.954	4.931	(0.023)	-0.5%
American Canyon	4.551	4.821	0.269	5.9%
<u>Woodside</u>	<u>N/A</u>	<u>4.475</u>	<u>N/A</u>	<u>N/A</u>
<b>Total</b>	<b>\$3.694</b>	<b>\$3.792</b>	<b>\$0.099</b>	<b>2.7%</b>

## BACKGROUND

Claims administration services for SHARP's workers' compensation program are provided by SHARP's Risk Management Department.

The following table shows a history of SHARP's self-insured retentions (SIRs) by year.

Policy Year Start Date	Policy Year End Date	Per Occurrence Retention	Aggregate Retention
7/1/2000	6/30/2001	150,000	(none)
7/1/2001	6/30/2002	150,000	(none)
7/1/2002	6/30/2003	150,000	(none)
7/1/2003	6/30/2004	150,000	(none)
7/1/2004	6/30/2005	150,000	(none)
7/1/2005	6/30/2006	150,000	(none)
7/1/2006	6/30/2007	150,000	(none)
7/1/2007	6/30/2008	150,000	(none)
7/1/2008	6/30/2009	250,000	(none)
7/1/2009	6/30/2010	250,000	(none)
7/1/2010	6/30/2011	250,000	(none)
7/1/2011	6/30/2012	250,000	(none)
7/1/2012	6/30/2013	250,000	(none)
7/1/2013	6/30/2014	250,000	(none)
7/1/2014	6/30/2015	250,000	(none)
7/1/2015	6/30/2016	250,000	(none)
7/1/2016	6/30/2017	250,000	(none)
7/1/2017	6/30/2018	250,000	(none)
7/1/2018	6/30/2019	250,000	(none)
7/1/2019	6/30/2020	250,000	(none)
7/1/2020	6/30/2021	250,000	(none)
7/1/2021	6/30/2022	250,000	(none)
7/1/2022	6/30/2023	250,000	(none)

Additional background on the program is given in Appendix Reserve K.

## OBSERVATIONS AND ANALYSIS

In this section, we present a comparison to the prior analysis as well as an overview of claims trends that we have observed. The prior report for SHARP was dated June 7, 2021 and relied on data evaluated as of December 31, 2020. The current analysis relies on data evaluated as of December 31, 2021.

## Comparison of Actual versus Expected Activity

The following tables describe how paid and reported losses have emerged between the two points in time referenced above. We also compare how our projected ultimate loss & ALAE amounts have changed between these two points in time.

Actual Versus Expected Incurred Loss & ALAE<sup>1</sup>  
Prior vs. Current Reports  
(\$000s)

Fiscal Year	Expected Emergence	Actual Emergence	Actual Minus Expected Emergence
2000-01	\$0	\$0	\$0
2001-02	0	0	0
2002-03	0	0	0
2003-04	0	0	0
2004-05	0	0	0
2005-06	0	0	0
2006-07	0	0	0
2007-08	0	(62)	(62)
2008-09	0	15	15
2009-10	5	(6)	(11)
2010-11	0	0	0
2011-12	0	0	0
2012-13	4	0	(4)
2013-14	5	0	(5)
2014-15	7	(22)	(28)
2015-16	10	0	(10)
2016-17	13	(42)	(55)
2017-18	19	0	(19)
2018-19	25	24	(1)
2019-20	85	157	72
2020-21	96	271	174
<b>Total</b>	<b>\$270</b>	<b>\$336</b>	<b>\$66</b>

<sup>1</sup> Loss & ALAE are limited to SHARP's self-insured retention.

Actual Versus Expected Paid Loss & ALAE<sup>1</sup>  
Prior vs. Current Reports  
(\$000s)

Fiscal Year	Expected Payments	Actual Payments	Actual Minus Expected Payments
2000-01	\$0	\$0	\$0
2001-02	0	0	0
2002-03	1	0	(1)
2003-04	0	0	0
2004-05	0	0	0
2005-06	0	0	0
2006-07	0	0	0
2007-08	0	(62)	(62)
2008-09	0	0	0
2009-10	5	0	(4)
2010-11	0	0	0
2011-12	0	0	0
2012-13	3	0	(3)
2013-14	3	0	(3)
2014-15	20	15	(5)
2015-16	6	0	(6)
2016-17	16	0	(16)
2017-18	14	0	(14)
2018-19	30	22	(9)
2019-20	73	136	63
2020-21	68	139	71
<b>Total</b>	<b>\$241</b>	<b>\$251</b>	<b>\$10</b>

<sup>1</sup> Loss & ALAE are limited to SHARP's self-insured retention.

Change in Projected Ultimate Loss & ALAE<sup>1</sup>  
Prior vs. Current Reports  
(\$000s)

Fiscal Year	Prior Ultimate	Current Ultimate	Change in Ultimate
2000-01	\$1	\$1	\$0
2001-02	72	72	0
2002-03	52	53	1
2003-04	43	43	0
2004-05	60	60	0
2005-06	62	62	0
2006-07	5	5	0
2007-08	427	364	(62)
2008-09	116	135	19
2009-10	442	425	(17)
2010-11	56	56	0
2011-12	340	340	0
2012-13	192	168	(24)
2013-14	320	293	(27)
2014-15	324	289	(35)
2015-16	81	48	(33)
2016-17	327	252	(75)
2017-18	116	66	(50)
2018-19	361	343	(18)
2019-20	398	454	56
2020-21	337	440	103
<b>Total</b>	<b>\$4,130</b>	<b>\$3,969</b>	<b>(\$162)</b>

<sup>1</sup> Projected ultimate loss & ALAE are limited to SHARP's self-insured retention, at expected (no risk margin), and not discounted to reflect net present value.

**Comparison of Liabilities: Prior vs. Current Reports**

The table below compares our prior report's estimated liability for outstanding claims by component as of June 30, 2021 to our current report's estimated liability for outstanding claims as of June 30, 2022.

Change in Claims Liabilities At Expected (without Risk Margin), Net of Reinsurance				
Dollars (\$000s)	Prior Report at 6/30/2021	Current Report at 6/30/2022	Dollar Change	Percent Change
Case Reserves <sup>1</sup>	\$403	\$518	\$115	28.6%
IBNR <sup>2</sup>	704	513	(191)	-27.1%
Claims Administration	37	34	(3)	-7.7%
<b>Total (Undiscounted)</b>	<b>\$1,144</b>	<b>\$1,065</b>	<b>(\$79)</b>	<b>-6.9%</b>
NPV Adjustment <sup>3</sup>	(130)	(105)	25	-19.3%
<b>Total (Discounted)</b>	<b>\$1,014</b>	<b>\$960</b>	<b>(\$54)</b>	<b>-5.3%</b>

<sup>1</sup> Established by the claims administrator.

<sup>2</sup> IBNR: Incurred But Not Reported for development beyond the case reserves.

<sup>3</sup> Net present value is based on an annual discount rate of 2.0%.

The table below reconciles our prior report's estimated liability for outstanding claims as of June 30, 2021 to our current report's estimated liability for outstanding claims as of June 30, 2022.

Reconciliation of Claims Liabilities At Expected (without Risk Margin), Net of Reinsurance	
	Dollars (\$000s)
<b>(A) Prior 6/30/2021 Discounted Loss &amp; LAE Liabilities</b>	<b>\$1,014</b>
(B) Change in Ultimate Loss & ALAE (AY 2020-21 and Prior)	(162)
(C) Current AY 2021-22 Estimated Ultimate Loss & ALAE	352
(D) Paid Loss & ALAE in 2021-22	(266)
(E) Change in ULAE	(3)
(F) Change in Net Present Value	25
<b>(G) Current 6/30/2022 Discounted Loss &amp; LAE Liabilities</b>	<b>\$960</b>

**Comparison of Funding Projections: Prior vs. Current Reports**

The following table compares our funding estimate for the 2021-22 year from our prior report to our funding estimate of the 2022-23 year from our current report including City of Woodside.

Change in Funding Estimates  
At Expected (without Risk Margin), Net of Reinsurance

Dollars (\$000s)	Prior Report <sup>1</sup> 2021-22	Current Report <sup>1</sup> 2022-23	Dollar Change	Percent Change
Ultimate Loss and ALAE	\$347	\$454	\$107	30.8%
NPV Adjustment <sup>2</sup>	(32)	(41)	(9)	28.1%
65% Confidence Level Margin	45	56	11	24.4%
Other Program Expenses	125	135	10	7.9%
<b>Total Loss &amp; LAE at 65% CL</b>	<b>\$485</b>	<b>\$604</b>	<b>\$119</b>	<b>24.5%</b>
Excess Insurance	280	335	55	19.6%
<b>Total Funding at 65% CL</b>	<b>\$765</b>	<b>\$939</b>	<b>\$174</b>	<b>22.7%</b>
Premium Rate at 65% CL <sup>3</sup>	\$3.694	\$3.792	\$0.099	2.7%
Loss Rate at 65% CL <sup>3</sup>	\$1.738	\$1.894	\$0.156	9.0%

<sup>1</sup> The SIR in both the prior and current reports is \$250,000.

<sup>2</sup> Net present value is based on an annual discount rate of 2.0%.

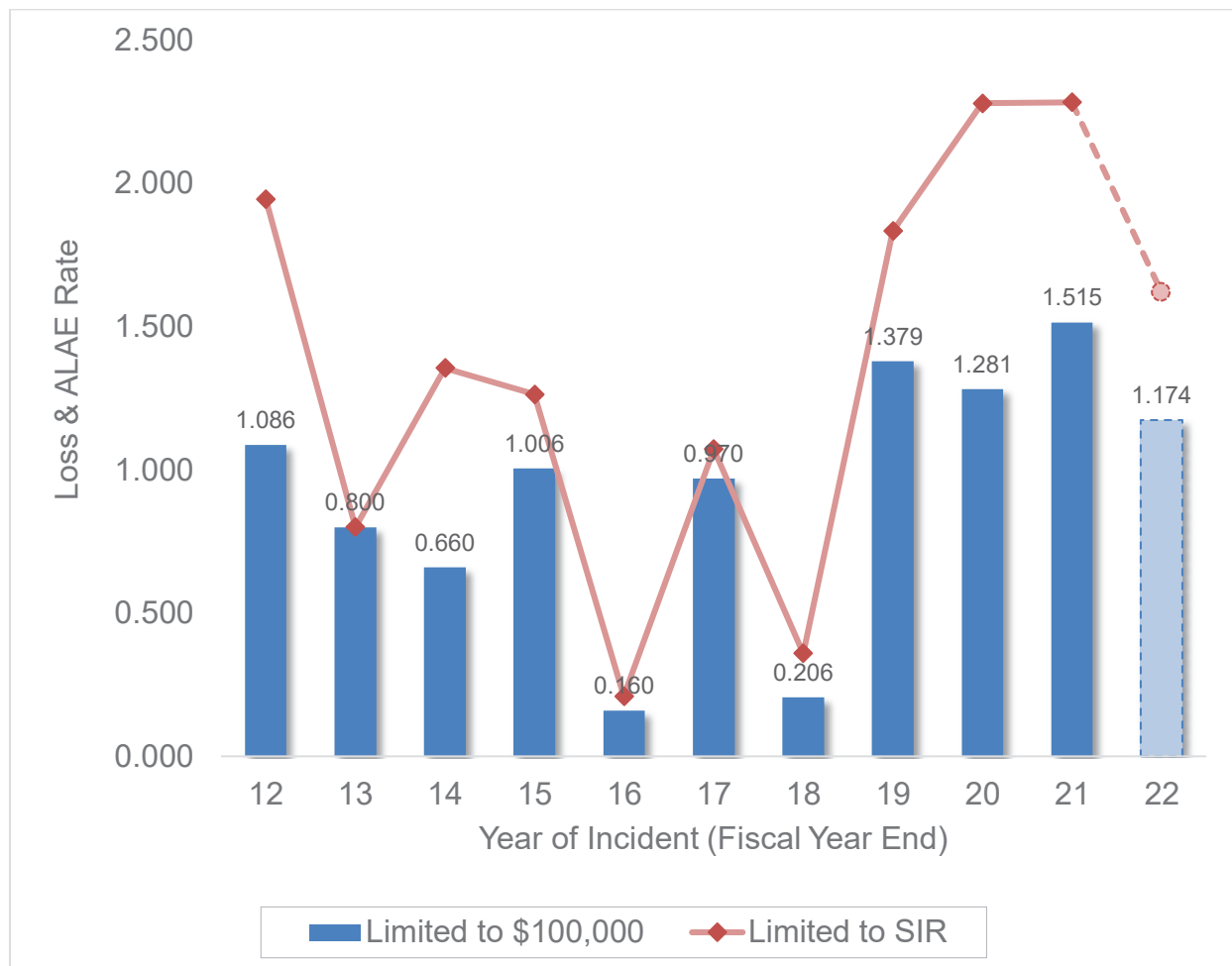
<sup>3</sup> Rate is per \$100 of payroll.



### Loss Rate Trend

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

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



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

**Average Claim Size (Severity) Trend**

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

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

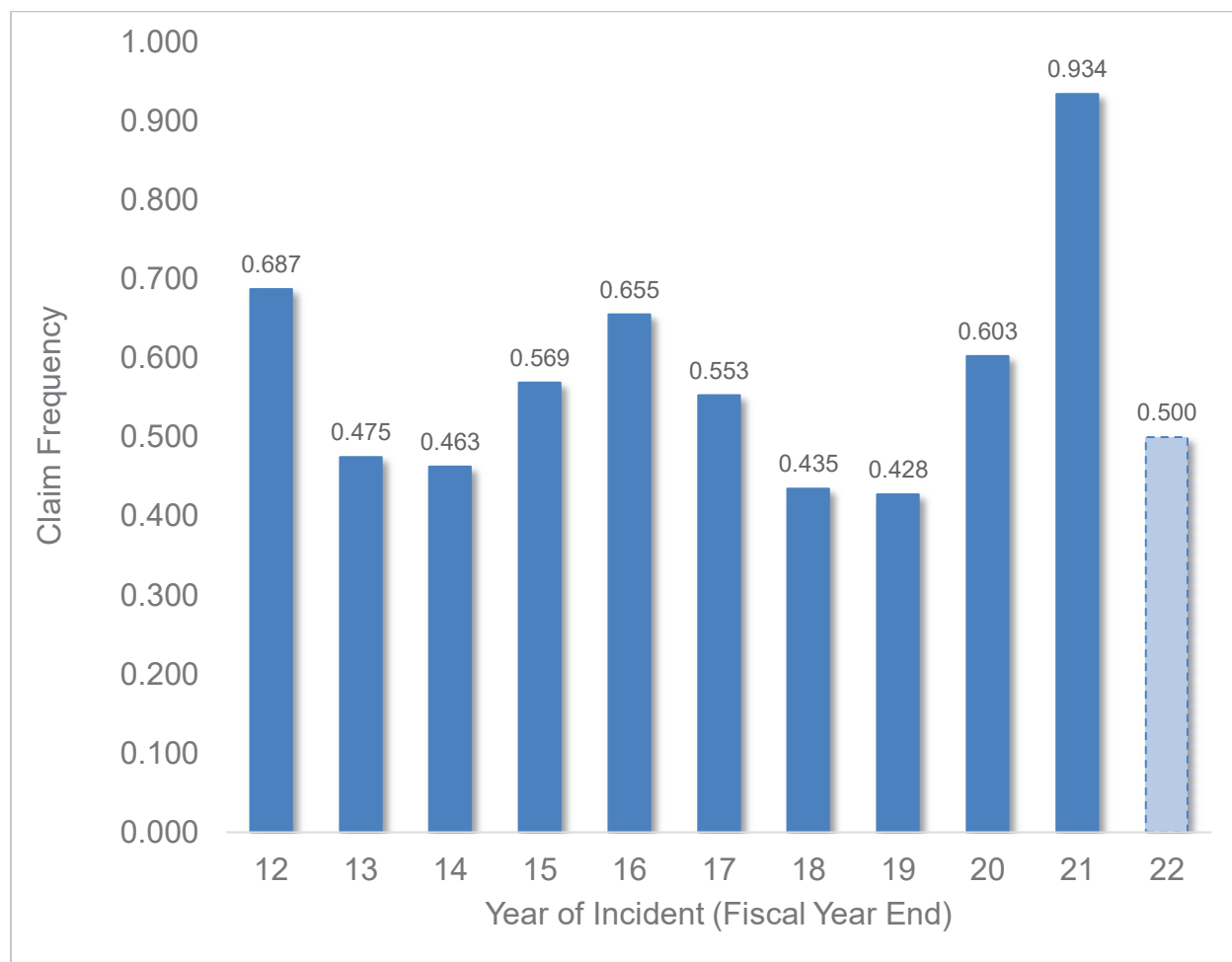


<sup>1</sup> Losses are at expected (no risk margin) and are not discounted to reflect net present value.

### Claim Frequency Trend

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

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



**Loss and LAE Liabilities by Category**

The following table shows the categories that compose our ultimate loss & LAE liability estimates.

Loss & ALAE Liabilities by Category and Year<sup>1</sup>  
As of June 30, 2022, Net of Reinsurance  
(\$000s)

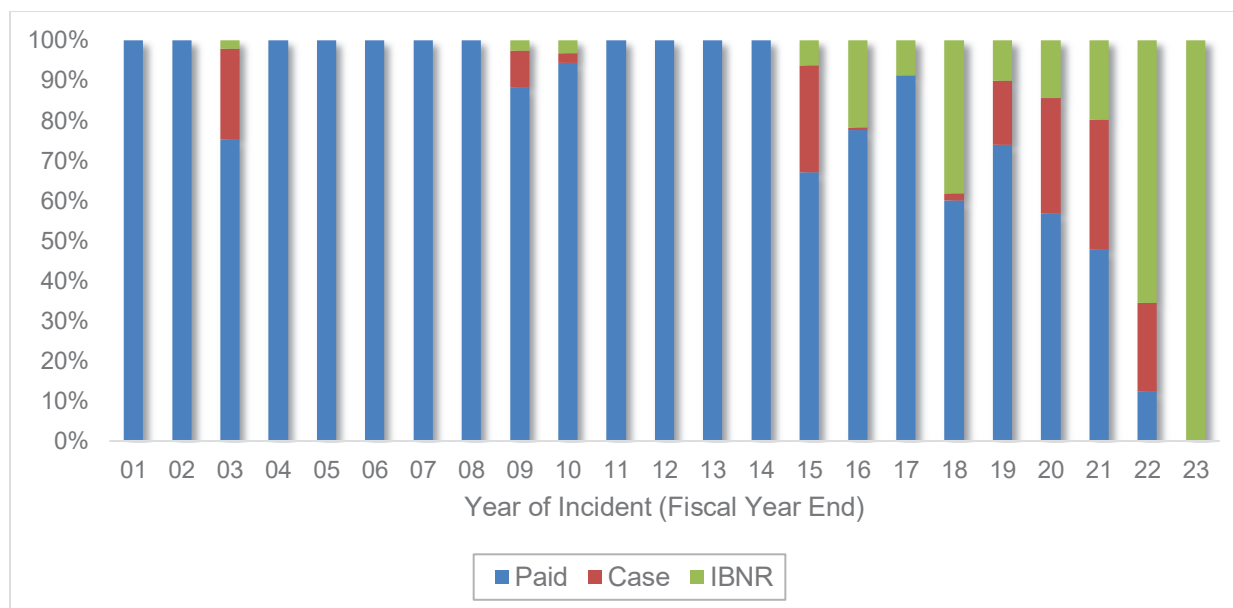
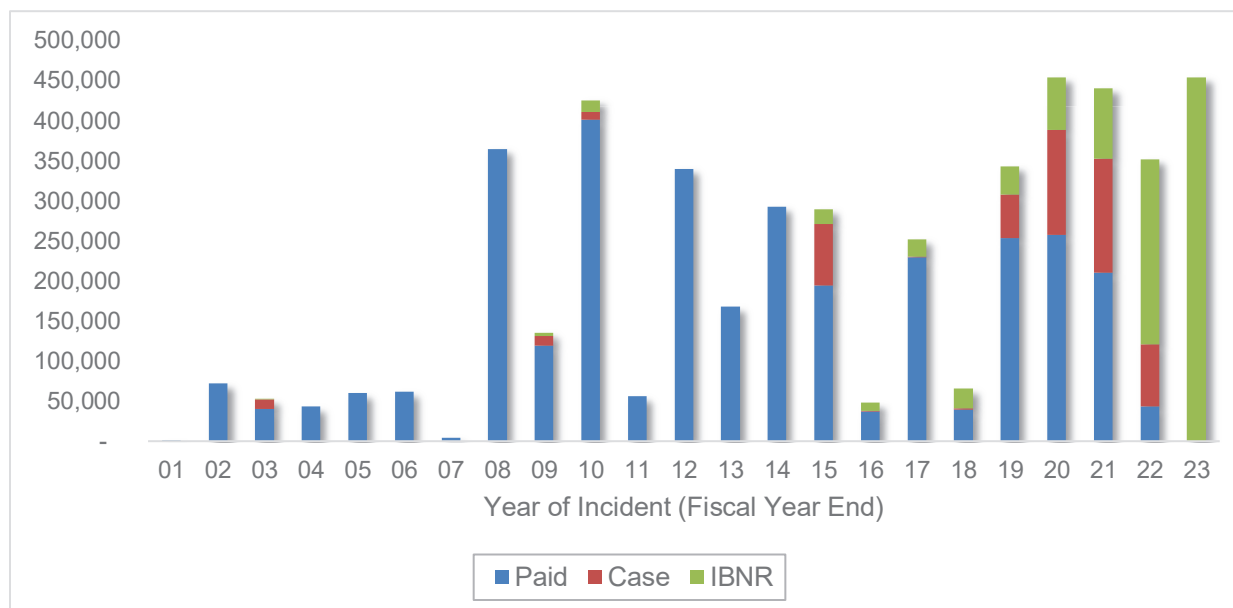
Fiscal Year	Case Reserves	Incurred but Not Reported (IBNR)	Total Liabilities
2000-01	\$0	\$0	\$0
2001-02	0	0	0
2002-03	12	1	13
2003-04	0	0	0
2004-05	0	0	0
2005-06	0	0	0
2006-07	0	0	0
2007-08	0	0	0
2008-09	12	3	16
2009-10	10	14	24
2010-11	0	0	0
2011-12	0	0	0
2012-13	0	0	0
2013-14	0	0	0
2014-15	77	18	95
2015-16	0	10	11
2016-17	0	22	22
2017-18	1	25	26
2018-19	54	35	89
2019-20	131	66	196
2020-21	142	87	230
2021-22	<u>77</u>	<u>231</u>	<u>308</u>
Total Loss & ALAE	\$518	\$513	\$1,031
ULAE	n/a	34	34
<b>Total Loss &amp; LAE</b>	<b>\$518</b>	<b>\$548</b>	<b>\$1,065</b>

<sup>1</sup> Loss & ALAE liabilities are limited to SHARP's self-insured retention, at expected (no risk margin), and not discounted to reflect net present value.

## Losses by Component

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

Ultimate Loss & ALAE by Component  
As of June 30, 2022<sup>1</sup>

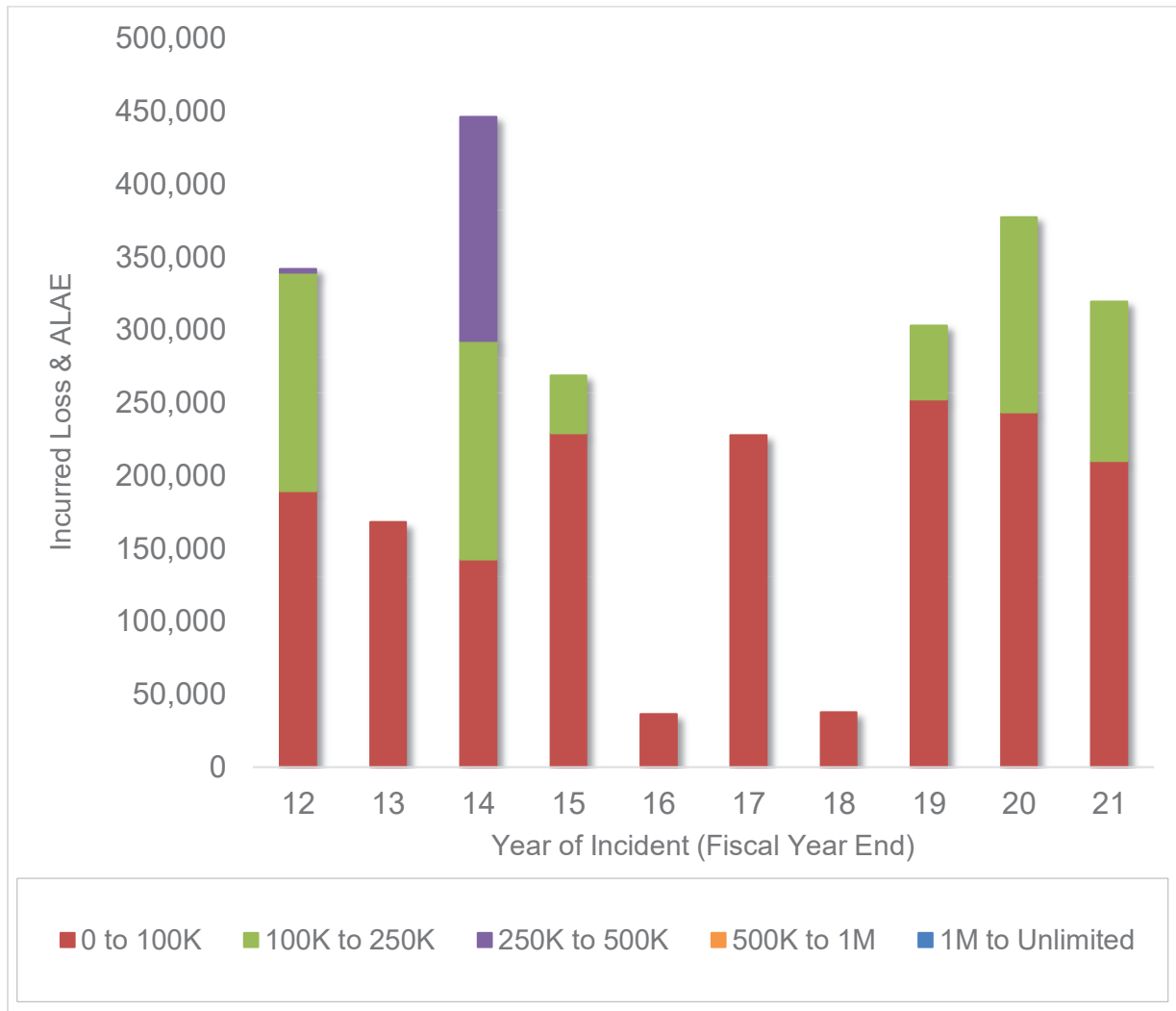


<sup>1</sup> Projected 2022-23 year is informational and displayed for comparison purposes.

**Losses by Layer**

The following graph shows the incurred losses by layer as of the valuation date of June 30, 2021.

Incurred Loss & ALAE by Layer  
As of June 30, 2021



## METHODOLOGY

The methodology that we have used to estimate ultimate Loss & LAE liabilities is in accordance with standard actuarial principles. The 6-step process described below outlines the methods used to calculate the liabilities.

1. Estimate Ultimate Loss & ALAE: The ultimate value of losses associated with a given policy year is usually not known until many years after the policy year has expired. One estimate of future payments for a given policy year is the case reserve. However, to accurately project future payments for a given policy year, we also calculate indicated IBNR reserves that consider the following three factors:

- The amount that case reserves are redundant or deficient.
- Losses that occurred during the policy period but have not yet been reported. This is called "Pure IBNR".
- Future payments on claims which are closed but will reopen in the future.

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

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

2. Select Ultimate Loss & ALAE: Based on the indicated ultimate loss and ALAE from the various methods described previously, the ultimate losses by year are selected.
3. Calculate Expected Undiscounted Unpaid Loss & ALAE: Unpaid loss & ALAE equals ultimate Loss & ALAE (calculated in step #2, above) minus payments to date.
4. Discounting/Net Present Value: Since payments associated with claims liabilities will be spread out over several years, they are discounted to reflect anticipated investment income on the assets set aside to pay these costs. The expected Loss & ALAE payout pattern is based on the paid loss development factors previously described.
5. Claims Administration: Liabilities associated with claims administration expenses are calculated based on the average cost per claim method.

For the average cost per claim method, we first develop an average cost per claim by comparing historical ULAE costs to historical claim counts. We then apply this cost per claim to open and IBNR claims to arrive at the ULAE liability.

6. Confidence Levels: The “expected” estimate of unpaid Loss & ALAE is our best estimate given current information. However, there is uncertainty inherent in the claims settlement process. This uncertainty is quantified via confidence levels. For example, we believe that future payments have a 75% chance of being less than the liabilities at the 75% confidence level and have only a 25% chance of exceeding the 75% confidence level estimates. The confidence levels are based on the Heckman Meyers approach.



## CONSIDERATIONS AND KEY ASSUMPTIONS

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

### Data

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

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

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

Other Program Information: Key program information, including historical retentions, claims administration costs, other program costs, and program assets, were provided to us by SHARP. We relied on this information without audit.

### Key Dates

Accounting Date: This study presents liabilities as of an accounting date of June 30, 2022.

Valuation Date: The data underlying this study are valued as of December 31, 2021.

Review Date: We have also made use of information presented to us through the review date of June 16, 2022. We have not reflected any actual claims activity subsequent to the valuation date.

### Accounting Standard

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

### Other Actuarial Considerations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## CONDITIONS AND LIMITATIONS

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

Loss Activity since the Evaluation Date: The losses in this study were valued as of December 31, 2021. It is possible that there has been significant loss activity that has occurred since that date which would change the findings of this report.

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

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

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

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

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

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

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

## **DISTRIBUTION AND USE**

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

## GLOSSARY OF ACTUARIAL TERMS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Severity** – Average claim cost.

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

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

## **EXHIBITS AND APPENDICES**



## SHARP JPA - Workers' Compensation

Funding Guidelines for Outstanding Liabilities at  
June 30, 2022

(A) Estimated Ultimate Losses Incurred through 6/30/22: (From Appendix Reserve - G)	\$4,320,668
(B) Estimated Paid Losses through 6/30/22: (From Appendix Reserve - G)	3,289,542
(C) Estimated Liability for Claims Outstanding at 6/30/22: (From Appendix Reserve - G)	<u>\$1,031,126</u>
(D) Estimated Liability for Outstanding Claims Administration Fees at 6/30/22: (From Appendix Reserve - F)	34,161
(E) Total Outstanding Liability for Claims at 6/30/22: ((C) + (D))	<u>\$1,065,287</u>
(F) Reserve Discount Factor (Based on a Discount Rate of 2.00%.): (Appendix Reserve - I, Page 1, (H))	0.901
(G) Discounted Outstanding Liability for Claims at 6/30/22: ((E) x (F))	<u>\$960,320</u>

	Marginally Acceptable		Recommended		Conservative
Confidence Level of Adequacy:	65%	70%	75%	80%	85%
(H) Confidence Level Factor: (From Appendix Reserve - J)	1.098	1.162	1.233	1.318	1.422
(I) Margin for Adverse Experience: ((G) x [(H) - 1])	94,000	156,000	224,000	305,000	405,000
(J) Total Required Assets at 6/30/22: ((G) + (I))	<u>\$1,054,000</u>	<u>\$1,116,000</u>	<u>\$1,184,000</u>	<u>\$1,265,000</u>	<u>\$1,365,000</u>
(K) Estimated Total Assets at 6/30/22: (From Appendix Reserve - L)	5,482,000	5,482,000	5,482,000	5,482,000	5,482,000
(L) Indicated Funding Redundancy/ (Deficiency): ((K) - (J))	<u>\$4,428,000</u>	<u>\$4,366,000</u>	<u>\$4,298,000</u>	<u>\$4,217,000</u>	<u>\$4,117,000</u>

\* May differ from (E) x (F) due to rounding.

## SHARP JPA - Workers' Compensation

## IBNR as of 6/30/22 at Expected Claims Level

Accident Year	Estimated Ultimate (A)	Reported as of 12/31/21 (B)	Estimated IBNR as of 12/31/21 (C)	Estimated Percent of IBNR Reported Between 1/1/22 and 6/30/22 (D)	Estimated IBNR Reported (E)	Estimated IBNR as of 6/30/22 (F)
2000-2001	\$1,156	\$1,156	\$0	15.0%	\$0	\$0
2001-2002	71,958	71,958	0	14.2%	0	0
2002-2003	53,000	51,864	1,136	12.4%	0	1,136
2003-2004	43,015	43,015	0	11.0%	0	0
2004-2005	59,858	59,858	0	9.9%	0	0
2005-2006	61,573	61,573	0	9.0%	0	0
2006-2007	4,599	4,599	0	7.6%	0	0
2007-2008	364,460	364,460	0	7.1%	0	0
2008-2009	135,000	130,576	4,424	27.5%	1,000	3,424
2009-2010	425,000	409,991	15,009	5.4%	1,000	14,009
2010-2011	56,481	56,481	0	6.9%	0	0
2011-2012	339,525	339,525	0	6.0%	0	0
2012-2013	168,373	168,373	0	5.3%	0	0
2013-2014	292,670	292,670	0	7.5%	0	0
2014-2015	289,000	268,754	20,246	7.6%	2,000	18,246
2015-2016	48,000	36,524	11,476	6.5%	1,000	10,476
2016-2017	252,000	227,939	24,061	7.2%	2,000	22,061
2017-2018	66,000	37,801	28,199	9.2%	3,000	25,199
2018-2019	343,000	303,106	39,894	11.6%	5,000	34,894
2019-2020	454,000	377,383	76,617	14.0%	11,000	65,617
2020-2021	440,000	319,528	120,472	27.6%	33,000	87,472
2021-2022	352,000	44,122	131,878	25.0%	77,000	230,878
Totals	\$4,320,668	\$3,671,256	\$473,412		\$136,000	\$513,412

## Notes:

- (A) From Exhibit Reserve - 4, Page 1.
- (B) Provided by SHARP JPA. These losses exclude amounts incurred above the Pool's SIR for each year.
- (C) (A) - (B).
- (D) Percentage of incurred but not reported (IBNR) expected to be reported between 1/1/22 and 6/30/22. The percentage is based on the development pattern selected in Appendix Reserve - A.
- (E) ((A) - (B)) x (D).
- (F) (A) - (B) - (E).

This exhibit shows the calculation of the amount of incurred but not reported losses we expect as of 6/30/22. This amount is dependent on both the strength of the case reserves and the average frequency and severity of the losses incurred.

## SHARP JPA - Workers' Compensation

### Estimated Ultimate Program Losses

Accident Year	Reported Loss Development Method (A)	Paid Loss Development Method (B)	Exposure Method Based on Reported Losses (C)	Exposure Method Based on Paid Losses (D)	Frequency-Severity Method (E)	Selected Estimate of Ultimate Losses (F)	Selected Estimate of Ultimate Losses Limited to Aggregate (G)
2000-2001	\$1,163	\$1,188	\$1,164	\$1,190	\$1,281	\$1,156	\$1,156
2001-2002	72,462	74,477	72,517	74,673	79,912	71,958	71,958
2002-2003	52,279	40,182	52,326	40,873	57,904	53,000	53,000
2003-2004	43,402	45,166	43,448	45,323	48,024	43,015	43,015
2004-2005	60,457	63,270	60,527	63,473	66,978	59,858	59,858
2005-2006	62,250	65,575	62,334	65,791	69,024	61,573	61,573
2006-2007	4,659	4,935	4,667	4,957	5,160	4,599	4,599
2007-2008	369,562	393,981	369,031	388,945	326,505	364,460	364,460
2008-2009	134,754	131,294	135,801	135,802	168,704	135,000	135,000
2009-2010	424,751	460,036	422,048	444,810	344,580	425,000	425,000
2010-2011	58,853	65,970	59,431	67,100	73,560	56,481	56,481
2011-2012	355,822	403,016	350,935	378,717	248,172	339,525	339,525
2012-2013	177,465	203,563	179,681	206,733	221,760	168,373	168,373
2013-2014	311,108	360,862	303,826	328,408	188,910	292,670	292,670
2014-2015	288,642	239,034	289,894	253,142	306,306	289,000	289,000
2015-2016	39,665	47,956	40,404	48,214	48,900	48,000	48,000
2016-2017	251,189	317,975	256,790	315,732	374,660	252,000	252,000
2017-2018	42,602	56,059	65,356	117,295	237,664	66,000	66,000
2018-2019	355,543	404,755	340,393	345,393	248,848	343,000	343,000
2019-2020	474,748	471,253	432,423	368,764	380,760	454,000	454,000
2020-2021	588,571	653,851	439,244	361,375	590,220	440,000	440,000
Totals						\$3,968,668	\$3,968,668
		Projected Losses for the Year 2021-2022 (H)				\$352,000	\$352,000
		Projected Losses for the Year 2022-2023 (I)				454,000	454,000

Notes:

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

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

## SHARP JPA - Workers' Compensation

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

Accident Year	Reported Loss Development Method (A)	Paid Loss Development Method (B)	Exposure Method Based on Reported Losses (C)	Exposure Method Based on Paid Losses (D)	Frequency-Severity Method (E)	Selected Ultimate Limited Losses (F)
2000-2001	\$1,156	\$1,162	\$1,156	\$1,162	\$1,155	\$1,156
2001-2002	71,958	72,678	71,958	72,677	71,960	71,958
2002-2003	51,864	39,140	51,864	39,341	52,000	52,000
2003-2004	43,015	43,875	43,015	43,876	43,020	43,015
2004-2005	59,858	61,354	59,858	61,294	59,850	59,858
2005-2006	61,573	63,420	61,573	63,361	61,572	61,573
2006-2007	4,599	4,760	4,599	4,758	4,596	4,599
2007-2008	289,782	301,373	289,782	300,790	289,785	289,782
2008-2009	130,576	120,777	130,576	121,206	131,008	131,000
2009-2010	265,786	268,253	265,786	268,245	266,000	266,000
2010-2011	56,481	59,644	56,481	59,478	56,480	56,481
2011-2012	189,525	201,465	189,525	200,706	189,528	189,525
2012-2013	168,373	180,496	168,373	179,656	168,370	168,373
2013-2014	142,813	154,369	142,813	153,518	142,670	142,670
2014-2015	229,704	204,061	229,707	206,247	229,996	230,000
2015-2016	36,743	40,797	36,744	40,371	36,525	36,524
2016-2017	230,218	265,321	230,243	260,426	278,252	227,939
2017-2018	38,368	45,626	40,503	68,606	175,592	37,801
2018-2019	258,734	253,592	256,896	238,006	182,816	258,000
2019-2020	255,887	255,513	253,088	234,582	278,292	255,000
2020-2021	311,728	386,073	272,144	256,833	428,976	292,000
Totals						\$2,875,254
			Projected Losses for the Year 2021-2022 (G)			\$255,000
			Projected Losses for the Year 2022-2023 (H)			333,000

## Notes:

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

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

## SHARP JPA - Workers' Compensation

## Reported Loss Development

Accident Year (A)	Limited Reported Losses as of 12/31/21 (B)	Reported Loss Development Factor (C)	Ultimate Limited Losses (D)	Program Reported Losses as of 12/31/21 (E)	Reported Loss Development Factor (F)	Ultimate Program Losses (G)
2000-2001	\$1,156	1.000	\$1,156	\$1,156	1.006	\$1,163
2001-2002	71,958	1.000	71,958	71,958	1.007	72,462
2002-2003	51,864	1.000	51,864	51,864	1.008	52,279
2003-2004	43,015	1.000	43,015	43,015	1.009	43,402
2004-2005	59,858	1.000	59,858	59,858	1.010	60,457
2005-2006	61,573	1.000	61,573	61,573	1.011	62,250
2006-2007	4,599	1.000	4,599	4,599	1.013	4,659
2007-2008	289,782	1.000	289,782	364,460	1.014	369,562
2008-2009	130,576	1.000	130,576	130,576	1.032	134,754
2009-2010	265,786	1.000	265,786	409,991	1.036	424,751
2010-2011	56,481	1.000	56,481	56,481	1.042	58,853
2011-2012	189,525	1.000	189,525	339,525	1.048	355,822
2012-2013	168,373	1.000	168,373	168,373	1.054	177,465
2013-2014	142,670	1.001	142,813	292,670	1.063	311,108
2014-2015	229,017	1.003	229,704	268,754	1.074	288,642
2015-2016	36,524	1.006	36,743	36,524	1.086	39,665
2016-2017	227,939	1.010	230,218	227,939	1.102	251,189
2017-2018	37,801	1.015	38,368	37,801	1.127	42,602
2018-2019	252,423	1.025	258,734	303,106	1.173	355,543
2019-2020	243,470	1.051	255,887	377,383	1.258	474,748
2020-2021	210,059	1.484	311,728	319,528	1.842	588,571
Totals	\$2,774,449		\$2,898,740	\$3,627,134		\$4,169,947

## Notes:

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

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

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

SHARP JPA - Workers' Compensation  
Reported Loss Development

Accident Year	<u>Limited Losses Reported as of:</u>										
	6 Months	18 Months	30 Months	42 Months	54 Months	66 Months	78 Months	90 Months	102 Months	114 Months	126 Months
2000-2001	7,008	7,526	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156
2001-2002	4,000	34,571	54,988	85,865	96,528	71,958	71,958	71,958	71,958	71,958	71,958
2002-2003	60,703	37,505	58,423	40,447	31,362	31,362	31,362	31,362	31,362	31,362	31,362
2003-2004	9,288	62,237	61,946	43,015	43,015	43,015	43,015	43,015	43,015	43,015	43,015
2004-2005	40,746	66,443	77,832	86,799	67,911	67,911	67,911	67,911	121,845	58,395	59,858
2005-2006	652	8,131	9,327	9,633	9,633	17,133	76,025	77,263	77,263	61,573	61,573
2006-2007	1,275	4,158	4,599	4,599	4,599	4,599	4,599	4,599	4,599	4,599	4,599
2007-2008	48,542	142,627	303,952	297,751	289,654	289,654	289,782	289,782	289,782	289,782	289,782
2008-2009	25,267	105,061	115,373	130,560	150,116	115,576	115,576	115,576	115,576	115,576	115,576
2009-2010	33,372	241,819	265,864	298,131	266,057	315,545	281,228	281,228	273,053	270,173	271,348
2010-2011	2,992	20,124	87,062	101,528	66,414	56,481	56,481	56,481	56,481	56,481	56,481
2011-2012	56,920	103,910	202,358	226,741	232,454	189,525	189,525	189,525	189,525	189,525	189,525
2012-2013	74,101	94,857	189,657	221,117	168,364	168,329	168,329	168,329	168,329	168,373	
2013-2014	1,500	62,107	155,761	205,397	186,893	161,921	142,230	142,230	142,230		
2014-2015	47,420	174,495	284,278	266,430	258,325	250,894	250,894	229,017			
2015-2016	21,825	20,632	36,524	36,524	36,524	36,524	36,524				
2016-2017	46,539	296,547	298,330	269,834	269,834	227,939					
2017-2018	8,412	81,225	81,331	37,801	37,801						
2018-2019	3,614	146,262	228,839	252,423							
2019-2020	28,616	198,215	243,470								
2020-2021	48,817	210,059									
2021-2022	44,122										

	<u>Reported Loss Development Factors:</u>										
	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months
2000-2001	1.074	0.154	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2001-2002	8.643	1.591	1.562	1.124	0.745	1.000	1.000	1.000	1.000	1.000	1.000
2002-2003	0.618	1.558	0.692	0.775	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2003-2004	6.701	0.995	0.694	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2004-2005	1.631	1.171	1.115	0.782	1.000	1.000	1.000	1.794	0.479	1.025	1.000
2005-2006	12.471	1.147	1.033	1.000	1.779	4.437	1.016	1.000	0.797	1.000	1.000
2006-2007	3.261	1.106	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2007-2008	2.938	2.131	0.980	0.973	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2008-2009	4.158	1.098	1.132	1.150	0.770	1.000	1.000	1.000	1.000	1.000	1.000
2009-2010	7.246	1.099	1.121	0.892	1.186	0.891	1.000	0.971	0.989	1.004	1.000
2010-2011	6.726	4.326	1.166	0.654	0.850	1.000	1.000	1.000	1.000	1.000	1.000
2011-2012	1.826	1.947	1.120	1.025	0.815	1.000	1.000	1.000	1.000	1.000	
2012-2013	1.280	1.999	1.166	0.761	1.000	1.000	1.000	1.000	1.000		
2013-2014	41.405	2.508	1.319	0.910	0.866	0.878	1.000	1.003			
2014-2015	3.680	1.629	0.937	0.970	0.971	1.000	0.913				
2015-2016	0.945	1.770	1.000	1.000	1.000	1.000					
2016-2017	6.372	1.006	0.904	1.000	0.845						
2017-2018	9.656	1.001	0.465	1.000							
2018-2019	40.471	1.565	1.103								
2019-2020	6.927	1.228									
2020-2021	4.303										

	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months
Average	8.206	1.551	1.027	0.945	0.990	1.200	0.995	1.055	0.943	1.002	1.000
Dollar-Wtd. Avgs.											
Total	3.706	1.447	1.039	0.938	0.941	1.003	0.988	1.030	0.943	1.002	1.000
3-yr	6.842	1.301	0.920	1.000	0.913	0.956	0.961	1.001	1.000	1.002	1.000
4-yr	7.107	1.180	0.925	0.987	0.901	0.968	0.971	1.001	0.996	1.002	1.000
Comparative											
Factors	2.780	1.245	1.050	1.007	1.003	1.004	1.003	1.003	1.003	1.003	1.004
Prior	6.100	1.756	1.104	1.035	1.025	1.020	1.010	1.005	1.004	1.003	1.002
Selected	6.683	1.412	1.025	1.010	1.005	1.004	1.003	1.002	1.001	1.000	1.000
Cumulated	9.918	1.484	1.051	1.025	1.015	1.010	1.006	1.003	1.001	1.000	1.000

SHARP JPA - Workers' Compensation  
Reported Loss Development

Accident Year	<u>Limited Losses Reported as of:</u>										
	138 Months	150 Months	162 Months	174 Months	186 Months	198 Months	210 Months	222 Months	234 Months	246 Months	258 Months
2000-2001	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156
2001-2002	71,958	71,958	71,958	71,958	71,958	71,958	71,958	71,958	71,958	71,958	
2002-2003	31,362	31,362	31,362	31,362	51,864	51,864	51,864	51,864	51,864		
2003-2004	43,015	43,015	43,015	43,015	43,015	43,015	43,015	43,015			
2004-2005	59,858	59,858	59,858	59,858	59,858	59,858	59,858				
2005-2006	61,573	61,573	61,573	61,573	61,573	61,573					
2006-2007	4,599	4,599	4,599	4,599	4,599						
2007-2008	289,782	401,916	401,916	289,782							
2008-2009	115,576	115,576	130,576								
2009-2010	271,348	265,786									
2010-2011	56,481										
2011-2012											
2012-2013											
2013-2014											
2014-2015											
2015-2016											
2016-2017											
2017-2018											
2018-2019											
2019-2020											
2020-2021											
2021-2022											

Reported Loss Development Factors:

	138-150 Months	150-162 Months	162-174 Months	174-186 Months	186-198 Months	198-210 Months	210-222 Months	222-234 Months	234-246 Months	246-258 Months	258-Ult. Months
2000-2001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
2001-2002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
2002-2003	1.000	1.000	1.000	1.654	1.000	1.000	1.000	1.000			
2003-2004	1.000	1.000	1.000	1.000	1.000	1.000	1.000				
2004-2005	1.000	1.000	1.000	1.000	1.000	1.000					
2005-2006	1.000	1.000	1.000	1.000	1.000						
2006-2007	1.000	1.000	1.000	1.000							
2007-2008	1.387	1.000	0.721								
2008-2009	1.000	1.130									
2009-2010	0.980										
2010-2011											
2011-2012											
2012-2013											
2013-2014											
2014-2015											
2015-2016											
2016-2017											
2017-2018											
2018-2019											
2019-2020											
2020-2021											
Average	1.037	1.014	0.965	1.093	1.000	1.000	1.000	1.000	1.000	1.000	
Dollar-Wtd. Avgs											
Total	1.112	1.019	0.834	1.075	1.000	1.000	1.000	1.000			
3-yr	1.157	1.029	0.760	1.000	1.000	1.000	1.000	1.000			
4-yr	1.156	1.026	0.788	1.000	1.000	1.000	1.000				
Comparative											
Factors	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.002	1.021
Prior	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Selected	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Cumulated	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

SHARP JPA - Workers' Compensation  
Reported between \$100,000 and \$500,000 Loss Development

Accident Year	<u>Losses Reported as of:</u>										
	6 Months	18 Months	30 Months	42 Months	54 Months	66 Months	78 Months	90 Months	102 Months	114 Months	126 Months
2000-2001											
2001-2002											
2002-2003											
2003-2004											
2004-2005											
2005-2006											
2006-2007											
2007-2008			166,735	232,304	248,877	262,862	136,643	136,578	136,803	136,803	136,803
2008-2009			5,512	5,419	40,360						
2009-2010		9,367	10,000	162,185	144,205	156,779	154,655	154,424	144,205	144,205	144,205
2010-2011											
2011-2012			163,501	174,416	58,665	152,319	152,319	152,319	152,319	152,319	152,319
2012-2013											
2013-2014				106,190	137,484	303,538	303,538	303,538	303,538		
2014-2015				17,438	23,792	17,438	39,738	39,738			
2015-2016											
2016-2017		6,631									
2017-2018											
2018-2019			49,773	50,684							
2019-2020		22,382	133,913								
2020-2021		109,468									
2021-2022											
<u>Reported Loss Development Factors:</u>											
	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months
2000-2001											
2001-2002											
2002-2003											
2003-2004											
2004-2005											
2005-2006											
2006-2007											
2007-2008			1.393	1.071	1.056	0.520	1.000	1.002	1.000	1.000	1.000
2008-2009			0.983	7.448							
2009-2010		1.068	16.219	0.889	1.087	0.986	0.999	0.934	1.000	1.000	1.000
2010-2011											
2011-2012			1.067	0.336	2.596	1.000	1.000	1.000	1.000	1.000	
2012-2013											
2013-2014				1.295	2.208	1.000	1.000	1.000			
2014-2015				1.364	0.733	2.279	1.000				
2015-2016											
2016-2017											
2017-2018											
2018-2019			1.018								
2019-2020		5.983									
2020-2021											
	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months
Average		3.526	4.136	2.067	1.536	1.157	1.000	0.984	1.000	1.000	1.000
Dollar-Wtd. Avgs.											
Total		4.533	1.580	0.936	1.457	0.881	1.000	0.987	1.000	1.000	1.000
3-yr											
4-yr											
Comparative											
Factors	4.045	1.904	1.383	1.194	1.093	1.052	1.043	1.037	1.033	1.027	1.025
Prior	3.855	2.109	1.544	1.296	1.175	1.103	1.078	1.064	1.053	1.044	1.036
Selected	4.045	1.904	1.383	1.194	1.093	1.052	1.043	1.037	1.033	1.027	1.025
Cumulated	20.795	5.141	2.700	1.952	1.635	1.496	1.422	1.363	1.314	1.272	1.239



SHARP JPA - Workers' Compensation  
Reported between \$100,000 and \$500,000 Loss Development

Accident Year	<u>Losses Reported as of:</u>			
	138 Months	150 Months	162 Months	174 Months
2000-2001				
2001-2002				
2002-2003				
2003-2004				
2004-2005				
2005-2006				
2006-2007				
2007-2008	136,812	24,678	24,678	136,812
2008-2009				
2009-2010	144,205	144,205		
2010-2011				
2011-2012				
2012-2013				
2013-2014				
2014-2015				
2015-2016				
2016-2017				
2017-2018				
2018-2019				
2019-2020				
2020-2021				
2021-2022				
<u>Reported Loss Development Factors:</u>				
	138-150 Months	150-162 Months	162-174 Months	174-Ult. Months
2000-2001				
2001-2002				
2002-2003				
2003-2004				
2004-2005				
2005-2006				
2006-2007				
2007-2008	0.180	1.000	5.544	
2008-2009				
2009-2010	1.000			
2010-2011				
2011-2012				
2012-2013				
2013-2014				
2014-2015				
2015-2016				
2016-2017				
2017-2018				
2018-2019				
2019-2020				
2020-2021				
	138-150 Months	150-162 Months	162-174 Months	174-Ult. Months
Average	0.590	1.000	5.544	
Dollar-Wtd. Avgs				
Total	0.601	1.000	5.544	
3-yr				
4-yr				
Comparative				
Factors	1.023	1.017	1.015	1.145
Prior	1.029	1.024	1.124	
Selected	1.023	1.017	1.015	1.145
Cumulated	1.209	1.182	1.162	1.145

## SHARP JPA - Workers' Compensation

## Paid Loss Development

Accident Year (A)	Limited Paid Losses as of 12/31/21 (B)	Paid Loss Development Factor (C)	Ultimate Limited Losses (D)	Program Paid Losses as of 12/31/21 (E)	Paid Loss Development Factor (F)	Ultimate Program Losses (G)
2000-2001	\$1,156	1.005	\$1,162	\$1,156	1.028	\$1,188
2001-2002	71,958	1.010	72,678	71,958	1.035	74,477
2002-2003	38,562	1.015	39,140	38,562	1.042	40,182
2003-2004	43,015	1.020	43,875	43,015	1.050	45,166
2004-2005	59,858	1.025	61,354	59,858	1.057	63,270
2005-2006	61,573	1.030	63,420	61,573	1.065	65,575
2006-2007	4,599	1.035	4,760	4,599	1.073	4,935
2007-2008	289,782	1.040	301,373	364,460	1.081	393,981
2008-2009	115,576	1.045	120,777	115,576	1.136	131,294
2009-2010	255,479	1.050	268,253	399,684	1.151	460,036
2010-2011	56,481	1.056	59,644	56,481	1.168	65,970
2011-2012	189,525	1.063	201,465	339,525	1.187	403,016
2012-2013	168,373	1.072	180,496	168,373	1.209	203,563
2013-2014	142,670	1.082	154,369	292,670	1.233	360,862
2014-2015	186,698	1.093	204,061	189,109	1.264	239,034
2015-2016	36,524	1.117	40,797	36,524	1.313	47,956
2016-2017	227,939	1.164	265,321	227,939	1.395	317,975
2017-2018	37,801	1.207	45,626	37,801	1.483	56,059
2018-2019	194,771	1.302	253,592	245,455	1.649	404,755
2019-2020	165,488	1.544	255,513	233,178	2.021	471,253
2020-2021	131,139	2.944	386,073	165,952	3.940	653,851
Totals	\$2,478,967		\$3,023,750	\$3,153,448		\$4,504,398

## Notes:

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

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

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

SHARP JPA - Workers' Compensation  
Paid Loss Development

Accident Year	Limited Losses Paid as of:										
	6 Months	18 Months	30 Months	42 Months	54 Months	66 Months	78 Months	90 Months	102 Months	114 Months	126 Months
2000-2001	7,023	7,526	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156
2001-2002	189	15,371	27,283	51,351	53,232	71,958	71,958	71,958	71,958	71,958	71,958
2002-2003	3,746	19,404	27,715	30,275	31,362	31,362	31,362	31,362	31,362	31,362	31,362
2003-2004	2,447	33,483	42,946	43,015	43,015	43,015	43,015	43,015	43,015	43,015	43,015
2004-2005	14,656	32,711	45,871	46,987	47,612	47,852	47,855	50,938	56,191	58,395	59,858
2005-2006	652	8,131	9,327	9,633	9,633	9,633	54,718	61,573	61,573	61,573	61,573
2006-2007	1,275	4,158	4,599	4,599	4,599	4,599	4,599	4,599	4,599	4,599	4,599
2007-2008	2,392	63,598	261,957	289,654	289,654	289,654	289,782	289,782	289,782	289,782	289,782
2008-2009	2,772	87,203	91,399	102,811	115,576	115,576	115,576	115,576	115,576	115,576	115,576
2009-2010	9,490	73,649	93,054	182,921	222,144	238,149	247,637	249,058	251,225	252,584	253,545
2010-2011	2,992	14,792	26,633	35,920	56,481	56,481	56,481	56,481	56,481	56,481	56,481
2011-2012	35,690	57,935	81,050	94,297	104,267	189,525	189,525	189,525	189,525	189,525	189,525
2012-2013	11,780	55,935	72,665	167,167	168,364	168,329	168,329	168,329	168,329	168,373	
2013-2014		20,411	56,059	127,493	142,206	142,230	142,230	142,230	142,230	142,670	
2014-2015	7,219	47,371	87,262	135,365	155,499	157,259	173,814	186,698			
2015-2016	8,643	19,816	36,524	36,524	36,524	36,524	36,524				
2016-2017	5,793	87,512	190,312	227,923	227,931	227,939					
2017-2018	112	37,562	37,668	37,801	37,801						
2018-2019	1,125	61,635	173,941	194,771							
2019-2020	5,166	96,866	165,488								
2020-2021	27,293	131,139									
2021-2022	1,972										

## Paid Loss Development Factors:

	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months
2000-2001	1.072	0.154	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2001-2002	81.492	1.775	1.882	1.037	1.352	1.000	1.000	1.000	1.000	1.000	1.000
2002-2003	5.180	1.428	1.092	1.036	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2003-2004	13.683	1.283	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2004-2005	2.232	1.402	1.024	1.013	1.005	1.000	1.064	1.103	1.039	1.025	1.000
2005-2006	12.471	1.147	1.033	1.000	1.000	5.680	1.125	1.000	1.000	1.000	1.000
2006-2007	3.261	1.106	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2007-2008	26.588	4.119	1.106	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2008-2009	31.459	1.048	1.125	1.124	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2009-2010	7.761	1.263	1.966	1.214	1.072	1.040	1.006	1.009	1.005	1.004	1.006
2010-2011	4.944	1.801	1.349	1.572	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2011-2012	1.623	1.399	1.163	1.106	1.818	1.000	1.000	1.000	1.000	1.000	
2012-2013	4.748	1.299	2.301	1.007	1.000	1.000	1.000	1.000	1.000		
2013-2014		2.747	2.274	1.115	1.000	1.000	1.000	1.003			
2014-2015	6.562	1.842	1.551	1.149	1.011	1.105	1.074				
2015-2016	2.293	1.843	1.000	1.000	1.000	1.000					
2016-2017	15.107	2.175	1.198	1.000	1.000						
2017-2018	335.375	1.003	1.004	1.000							
2018-2019	54.787	2.822	1.120								
2019-2020	18.751	1.708									
2020-2021	4.805										
	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months
Average	31.710	1.668	1.326	1.076	1.074	1.302	1.018	1.008	1.003	1.002	1.001
Dollar-Wtd. Avgs.											
Total	6.353	1.814	1.331	1.075	1.071	1.044	1.015	1.005	1.003	1.002	1.001
3-yr	8.624	1.923	1.146	1.000	1.004	1.049	1.027	1.001	1.000	1.002	1.003
4-yr	9.710	2.001	1.134	1.046	1.003	1.033	1.019	1.001	1.002	1.002	1.002
Comparative											
Factors	3.486	1.626	1.228	1.115	1.064	1.042	1.027	1.020	1.016	1.012	1.011
Prior	18.000	1.795	1.279	1.114	1.069	1.042	1.027	1.017	1.014	1.011	1.009
Selected	12.112	1.907	1.186	1.078	1.037	1.042	1.022	1.010	1.009	1.008	1.007
Cumulated	35.657	2.944	1.544	1.302	1.207	1.164	1.117	1.093	1.082	1.072	1.063

SHARP JPA - Workers' Compensation  
Paid Loss Development

Accident Year	<u>Limited Losses Paid as of:</u>										
	138 Months	150 Months	162 Months	174 Months	186 Months	198 Months	210 Months	222 Months	234 Months	246 Months	258 Months
2000-2001	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156
2001-2002	71,958	71,958	71,958	71,958	71,958	71,958	71,958	71,958	71,958	71,958	
2002-2003	31,362	31,362	31,362	31,362	31,362	38,562	38,562	38,562	38,562		
2003-2004	43,015	43,015	43,015	43,015	43,015	43,015	43,015	43,015			
2004-2005	59,858	59,858	59,858	59,858	59,858	59,858	59,858				
2005-2006	61,573	61,573	61,573	61,573	61,573	61,573					
2006-2007	4,599	4,599	4,599	4,599	4,599						
2007-2008	289,782	401,916	401,916	289,782							
2008-2009	115,576	115,576	115,576								
2009-2010	254,990	255,479									
2010-2011	56,481										
2011-2012											
2012-2013											
2013-2014											
2014-2015											
2015-2016											
2016-2017											
2017-2018											
2018-2019											
2019-2020											
2020-2021											
2021-2022											

Paid Loss Development Factors:

	138-150 Months	150-162 Months	162-174 Months	174-186 Months	186-198 Months	198-210 Months	210-222 Months	222-234 Months	234-246 Months	246-258 Months	258-Ult. Months
2000-2001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
2001-2002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
2002-2003	1.000	1.000	1.000	1.000	1.230	1.000	1.000	1.000			
2003-2004	1.000	1.000	1.000	1.000	1.000	1.000	1.000				
2004-2005	1.000	1.000	1.000	1.000	1.000	1.000					
2005-2006	1.000	1.000	1.000	1.000	1.000						
2006-2007	1.000	1.000	1.000	1.000							
2007-2008	1.387	1.000	0.721								
2008-2009	1.000	1.000									
2009-2010	1.002										
2010-2011											
2011-2012											
2012-2013											
2013-2014											
2014-2015											
2015-2016											
2016-2017											
2017-2018											
2018-2019											
2019-2020											
2020-2021											
Average	1.039	1.000	0.965	1.000	1.038	1.000	1.000	1.000	1.000	1.000	
Dollar-Wtd. Avgs											
Total	1.121	1.000	0.834	1.000	1.027	1.000	1.000	1.000			
3-yr	1.171	1.000	0.760	1.000	1.000	1.000	1.000	1.000			
4-yr	1.169	1.000	0.788	1.000	1.037	1.000	1.000				
Comparative											
Factors	1.010	1.008	1.008	1.006	1.006	1.006	1.005	1.005	1.004	1.003	1.042
Prior	1.009	1.007	1.006	1.005	1.004	1.004	1.003	1.003	1.004	1.001	1.018
Selected	1.006	1.005	1.005	1.005	1.005	1.005	1.005	1.005	1.005	1.005	1.005
Cumulated	1.056	1.050	1.045	1.040	1.035	1.030	1.025	1.020	1.015	1.010	1.005

SHARP JPA - Workers' Compensation  
Paid between \$100,000 and \$500,000 Loss Development

Accident Year	Losses Paid as of:										
	6 Months	18 Months	30 Months	42 Months	54 Months	66 Months	78 Months	90 Months	102 Months	114 Months	126 Months
2000-2001											
2001-2002											
2002-2003											
2003-2004											
2004-2005											
2005-2006											
2006-2007											
2007-2008			23,565	126,631	113,197	128,886	136,643	136,578	136,803	136,803	136,803
2008-2009				144,205	144,205	144,205	144,205	144,205	144,205	144,205	144,205
2009-2010											
2010-2011											
2011-2012						152,319	152,319	152,319	152,319	152,319	152,319
2012-2013											
2013-2014				9,798	53,238	170,376	189,109	205,432	222,444		
2014-2015								2,411			
2015-2016											
2016-2017											
2017-2018											
2018-2019			49,773	50,684							
2019-2020			67,689								
2020-2021		34,813									
2021-2022											
	Paid Loss Development Factors:										
	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months
2000-2001											
2001-2002											
2002-2003											
2003-2004											
2004-2005											
2005-2006											
2006-2007											
2007-2008			5.374	0.894	1.139	1.060	1.000	1.002	1.000	1.000	1.000
2008-2009											
2009-2010				1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2010-2011											
2011-2012						1.000	1.000	1.000	1.000	1.000	
2012-2013											
2013-2014				5.434	3.200	1.110	1.086	1.083			
2014-2015											
2015-2016											
2016-2017											
2017-2018											
2018-2019			1.018								
2019-2020											
2020-2021											
	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months
Average			3.196	2.443	1.780	1.043	1.022	1.021	1.000	1.000	1.000
Dollar-Wtd. Avgs.											
Total			2.418	1.107	1.428	1.044	1.026	1.027	1.000	1.000	1.000
3-yr											
4-yr											
Comparative											
Factors	5.513	3.109	2.008	1.494	1.288	1.196	1.144	1.101	1.072	1.062	1.057
Prior	5.667	3.362	2.470	1.858	1.531	1.338	1.234	1.179	1.124	1.088	1.073
Selected	5.513	3.109	2.008	1.494	1.288	1.196	1.144	1.101	1.072	1.062	1.057
Cumulated	216.374	39.248	12.624	6.287	4.208	3.267	2.732	2.388	2.169	2.023	1.905

SHARP JPA - Workers' Compensation  
Paid between \$100,000 and \$500,000 Loss Development

Accident Year	<u>Losses Paid as of:</u>			
	138 Months	150 Months	162 Months	174 Months
2000-2001				
2001-2002				
2002-2003				
2003-2004				
2004-2005				
2005-2006				
2006-2007				
2007-2008	136,812	24,678	24,678	136,812
2008-2009				
2009-2010	144,205	144,205		
2010-2011				
2011-2012				
2012-2013				
2013-2014				
2014-2015				
2015-2016				
2016-2017				
2017-2018				
2018-2019				
2019-2020				
2020-2021				
2021-2022				
<u>Paid Loss Development Factors:</u>				
	138-150 Months	150-162 Months	162-174 Months	174-Ult. Months
2000-2001				
2001-2002				
2002-2003				
2003-2004				
2004-2005				
2005-2006				
2006-2007				
2007-2008	0.180	1.000	5.544	
2008-2009				
2009-2010	1.000			
2010-2011				
2011-2012				
2012-2013				
2013-2014				
2014-2015				
2015-2016				
2016-2017				
2017-2018				
2018-2019				
2019-2020				
2020-2021				
	138-150 Months	150-162 Months	162-174 Months	174-Ult. Months
Average	0.590	1.000	5.544	
Dollar-Wtd. Avgs				
Total	0.601	1.000	5.544	
3-yr				
4-yr				
Comparative				
Factors	1.053	1.048	1.039	1.572
Prior	1.062	1.050	1.626	
Selected	1.053	1.048	1.039	1.572
Cumulated	1.802	1.711	1.633	1.572

## SHARP JPA - Workers' Compensation

Exposure and Development Method  
Based on Reported Losses

Accident Year	Trended Payroll (\$00) (A)	Reported Losses as of 12/31/21 (B)	Reported Loss Development Factor (C)	Percentage of Losses Yet to Be Reported (D)	Program Rate (E)	Incurred but not Reported (IBNR) (F)	Ultimate Program Losses (G)
2000-2001	140,195	1,156	1.006	0.006	0.009	8	1,164
2001-2002	159,382	71,958	1.007	0.007	0.501	559	72,517
2002-2003	176,108	51,864	1.008	0.008	0.328	462	52,326
2003-2004	194,694	43,015	1.009	0.009	0.247	433	43,448
2004-2005	187,521	59,858	1.010	0.010	0.357	669	60,527
2005-2006	182,912	61,573	1.011	0.011	0.378	761	62,334
2006-2007	195,080	4,599	1.013	0.013	0.027	68	4,667
2007-2008	212,686	364,460	1.014	0.014	1.535	4,571	369,031
2008-2009	212,552	130,576	1.032	0.031	0.793	5,225	135,801
2009-2010	225,587	409,991	1.036	0.035	1.527	12,057	422,048
2010-2011	226,210	56,481	1.042	0.040	0.326	2,950	59,431
2011-2012	223,470	339,525	1.048	0.046	1.110	11,410	350,935
2012-2013	262,718	168,373	1.054	0.051	0.844	11,308	179,681
2013-2014	263,353	292,670	1.063	0.059	0.718	11,156	303,826
2014-2015	271,854	268,754	1.074	0.069	1.127	21,140	289,894
2015-2016	265,508	36,524	1.086	0.079	0.185	3,880	40,404
2016-2017	266,056	227,939	1.102	0.093	1.166	28,851	256,790
2017-2018	202,868	37,801	1.127	0.113	1.202	27,555	65,356
2018-2019	201,470	303,106	1.173	0.147	1.259	37,287	340,393
2019-2020	209,265	377,383	1.258	0.205	1.283	55,040	432,423
2020-2021	197,557	319,528	1.842	0.457	1.326	119,716	439,244
Totals	4,477,046	\$3,627,134				\$355,105	\$3,982,239

## Notes:

- (A) Appendix Reserve - N, Column (C).
- (B) Provided by SHARP JPA. These losses exclude amounts incurred above the Pool's SIR for each year.
- (C) From Appendix Reserve - A, Page 1, Column (F).
- (D)  $1 - 1 / (C)$ .
- (E) From Appendix Reserve - C, Page 3, Column (H).
- (F)  $(A) \times (D) \times (E)$ .
- (G)  $(B) + (F)$ .

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

## SHARP JPA - Workers' Compensation

Exposure and Development Method  
Based on Paid Losses

Accident Year	Trended Payroll (\$00) (A)	Paid Losses as of 12/31/21 (B)	Paid Loss Development Factor (C)	Percentage of Losses Yet to Be Paid (D)	Program Rate (E)	Incurred but not Paid (F)	Ultimate Program Losses (G)
2000-2001	140,195	1,156	1.028	0.027	0.009	34	1,190
2001-2002	159,382	71,958	1.035	0.034	0.501	2,715	74,673
2002-2003	176,108	38,562	1.042	0.040	0.328	2,311	40,873
2003-2004	194,694	43,015	1.050	0.048	0.247	2,308	45,323
2004-2005	187,521	59,858	1.057	0.054	0.357	3,615	63,473
2005-2006	182,912	61,573	1.065	0.061	0.378	4,218	65,791
2006-2007	195,080	4,599	1.073	0.068	0.027	358	4,957
2007-2008	212,686	364,460	1.081	0.075	1.535	24,485	388,945
2008-2009	212,552	115,576	1.136	0.120	0.793	20,226	135,802
2009-2010	225,587	399,684	1.151	0.131	1.527	45,126	444,810
2010-2011	226,210	56,481	1.168	0.144	0.326	10,619	67,100
2011-2012	223,470	339,525	1.187	0.158	1.110	39,192	378,717
2012-2013	262,718	168,373	1.209	0.173	0.844	38,360	206,733
2013-2014	263,353	292,670	1.233	0.189	0.718	35,738	328,408
2014-2015	271,854	189,109	1.264	0.209	1.127	64,033	253,142
2015-2016	265,508	36,524	1.313	0.238	0.185	11,690	48,214
2016-2017	266,056	227,939	1.395	0.283	1.166	87,793	315,732
2017-2018	202,868	37,801	1.483	0.326	1.202	79,494	117,295
2018-2019	201,470	245,455	1.649	0.394	1.259	99,938	345,393
2019-2020	209,265	233,178	2.021	0.505	1.283	135,586	368,764
2020-2021	197,557	165,952	3.940	0.746	1.326	195,423	361,375
Totals	4,477,046	\$3,153,448				\$903,263	\$4,056,711

## Notes:

- (A) Appendix Reserve - N, Column (C).
- (B) Provided by SHARP JPA. These losses exclude amounts paid above the Pool's SIR for each year.
- (C) From Appendix Reserve - B, Page 1, Column (F).
- (D)  $1 - 1 / (C)$ .
- (E) From Appendix Reserve - C, Page 3, Column (H).
- (F)  $(A) \times (D) \times (E)$ .
- (G)  $(B) + (F)$ .

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



## SHARP JPA - Workers' Compensation

## Exposure and Development Method

Accident Year	Trended Payroll (\$00) (A)	Ultimate Limited Losses (B)	Trend Factor (C)	Trended Limited Losses (D)	Trended Limited Loss Rate (E)	Limited Loss Rate (F)	Factor to SIR (G)	Program Loss Rate (H)
2000-2001	140,195	1,156	1.145	1,324	0.009	0.008	1.108	0.009
2001-2002	159,382	71,958	1.118	80,449	0.505	0.451	1.111	0.501
2002-2003	176,108	52,000	1.146	59,592	0.338	0.295	1.113	0.328
2003-2004	194,694	43,015	1.384	59,533	0.306	0.221	1.116	0.247
2004-2005	187,521	59,858	1.748	104,632	0.558	0.319	1.119	0.357
2005-2006	182,912	61,573	1.855	114,218	0.624	0.337	1.121	0.378
2006-2007	195,080	4,599	1.718	7,901	0.041	0.024	1.124	0.027
2007-2008	212,686	289,782	1.565	453,509	2.132	1.362	1.127	1.535
2008-2009	212,552	131,000	1.431	187,461	0.882	0.616	1.288	0.793
2009-2010	225,587	266,000	1.284	341,544	1.514	1.179	1.295	1.527
2010-2011	226,210	56,481	1.186	66,986	0.296	0.250	1.302	0.326
2011-2012	223,470	189,525	1.147	217,385	0.973	0.848	1.309	1.110
2012-2013	262,718	168,373	1.148	193,292	0.736	0.641	1.317	0.844
2013-2014	263,353	142,670	1.141	162,786	0.618	0.542	1.324	0.718
2014-2015	271,854	230,000	1.108	254,840	0.937	0.846	1.332	1.127
2015-2016	265,508	36,524	1.128	41,199	0.155	0.138	1.339	0.185
2016-2017	266,056	227,939	1.166	265,777	0.999	0.866	1.347	1.166
2017-2018	202,868	37,801	1.137	42,980	0.212	0.888	1.354	1.202
2018-2019	201,470	259,000	1.092	282,828	1.404	0.925	1.361	1.259
2019-2020	209,265	256,000	1.077	275,712	1.318	0.938	1.368	1.283
2020-2021	197,557	312,000	1.048	326,976	1.655	0.964	1.376	1.326
Total/Avg	4,477,046	\$2,897,254		\$3,540,924	\$0.791			
15/16-19/20	2,364,119	1,859,832		2,063,776	0.873			
16/17-20/21	1,077,216	1,092,740		1,194,273	1.109			
Selected Limited Rate:					\$1.010			
Prior:					\$1.045			

## Notes:

- (A) Appendix Reserve - N, Column (C).
- (B) Selected average of results from Appendices A and B.
- (C) From Appendix Reserve - E, Page 1, Column (B).
- (D) (B) x (C).
- (E) (D) / (A).
- (F) Selected Limited Rate / (C). For 2015-2016 and prior (B) / (A).
- (G) Based on a Weibull distribution, a mathematical model of claim sizes.
- (H) (F) x (G).

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

## SHARP JPA - Workers' Compensation

## Frequency and Severity Method

Accident Year	Ultimate Program Severity (A)	Adjusted Ultimate Claims (B)	Ultimate Program Losses (C)
2000-2001	\$427	3	\$1,281
2001-2002	5,708	14	79,912
2002-2003	3,619	16	57,904
2003-2004	4,002	12	48,024
2004-2005	3,721	18	66,978
2005-2006	5,752	12	69,024
2006-2007	430	12	5,160
2007-2008	21,767	15	326,505
2008-2009	10,544	16	168,704
2009-2010	34,458	10	344,580
2010-2011	9,195	8	73,560
2011-2012	20,681	12	248,172
2012-2013	22,176	10	221,760
2013-2014	18,891	10	188,910
2014-2015	23,562	13	306,306
2015-2016	3,260	15	48,900
2016-2017	28,820	13	374,660
2017-2018	29,708	8	237,664
2018-2019	31,106	8	248,848
2019-2020	31,730	12	380,760
2020-2021	32,790	18	590,220
Total		255	\$4,087,832

## Notes:

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

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

## SHARP JPA - Workers' Compensation

## Frequency and Severity Method

Accident Year	Ultimate Limited Losses (A)	Adjusted Ultimate Claims (B)	Ultimate Limited Severity (C)	Trend Factor (D)	Trended Limited Severity (E)	Limited Severity (F)	Factor to SIR (G)	Program Severity (H)
2000-2001	\$1,156	3	\$385	1.157	\$445	\$385	1.108	\$427
2001-2002	71,958	14	5,140	1.129	5,803	5,140	1.111	5,708
2002-2003	52,000	16	3,250	1.156	3,757	3,250	1.113	3,619
2003-2004	43,015	12	3,585	1.396	5,005	3,585	1.116	4,002
2004-2005	59,858	18	3,325	1.763	5,862	3,325	1.119	3,721
2005-2006	61,573	12	5,131	1.870	9,595	5,131	1.121	5,752
2006-2007	4,599	12	383	1.731	663	383	1.124	430
2007-2008	289,782	15	19,319	1.576	30,447	19,319	1.127	21,767
2008-2009	131,000	16	8,188	1.441	11,799	8,188	1.288	10,544
2009-2010	266,000	10	26,600	1.292	34,367	26,600	1.295	34,458
2010-2011	56,481	8	7,060	1.193	8,423	7,060	1.302	9,195
2011-2012	189,525	12	15,794	1.153	18,210	15,794	1.309	20,681
2012-2013	168,373	10	16,837	1.153	19,413	16,837	1.317	22,176
2013-2014	142,670	10	14,267	1.146	16,350	14,267	1.324	18,891
2014-2015	230,000	13	17,692	1.112	19,674	17,692	1.332	23,562
2015-2016	36,524	15	2,435	1.131	2,754	2,435	1.339	3,260
2016-2017	227,939	13	17,534	1.168	20,480	21,404	1.347	28,820
2017-2018	37,801	8	4,725	1.139	5,382	21,949	1.354	29,708
2018-2019	258,000	8	32,250	1.094	35,282	22,852	1.361	31,106
2019-2020	255,000	12	21,250	1.078	22,908	23,191	1.368	31,730
2020-2021	292,000	18	16,222	1.049	17,017	23,832	1.376	32,790

Average Limited Severity: \$13,983  
Average 16/17-19/20 Limited Severity: 21,013  
Average 18/19-20/21 Limited Severity: 25,069

Selected Limited Severity: \$25,000  
Prior: \$30,200

## Notes:

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

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

## SHARP JPA - Workers' Compensation

Frequency and Severity Method  
Projection of Ultimate Claims

Accident Year	Reported Claim Development (A)	Closed Claim Development (B)	Selected Ultimate Claims (C)	Trended Payroll (\$000,000) (D)	Claim Frequency (E)	Trend Factor (F)	Trended Claim Frequency (G)
2000-2001	3	3	3	14.0	0.214	0.979	0.210
2001-2002	14	14	14	15.9	0.878	0.980	0.860
2002-2003	16	15	16	17.6	0.909	0.981	0.892
2003-2004	12	12	12	19.5	0.616	0.982	0.605
2004-2005	18	18	18	18.8	0.960	0.983	0.944
2005-2006	12	12	12	18.3	0.656	0.984	0.646
2006-2007	12	12	12	19.5	0.615	0.985	0.606
2007-2008	15	15	15	21.3	0.705	0.986	0.695
2008-2009	16	15	16	21.3	0.753	0.987	0.743
2009-2010	10	9	10	22.6	0.443	0.988	0.438
2010-2011	8	8	8	22.6	0.354	0.989	0.350
2011-2012	12	12	12	22.3	0.537	0.990	0.532
2012-2013	10	10	10	26.3	0.381	0.991	0.378
2013-2014	10	9	10	26.3	0.380	0.992	0.377
2014-2015	13	11	13	27.2	0.478	0.993	0.475
2015-2016	15	15	15	26.6	0.565	0.994	0.562
2016-2017	13	14	13	26.6	0.489	0.995	0.487
2017-2018	8	9	8	20.3	0.394	0.996	0.392
2018-2019	8	7	8	20.1	0.397	0.997	0.396
2019-2020	12	10	12	20.9	0.573	0.998	0.572
2020-2021	18	21	18	19.8	0.911	0.999	0.910
Total	255	251	255	447.7			0.563
15/16-19/20	56	55	56	114.5			0.487

(H) Selected Frequency: 0.500  
Prior: 0.450

Program Year:	2021-2022	2022-2023
(I) Trend Factor:	1.000	0.999
(J) Selected Frequency:	0.500	0.500
(K) Est. Payroll (\$000,000):	21.7	22.2
(L) Ultimate Claims:	11	11

## Notes:

- (A) Appendix Reserve - D, Page 4, (C).  
 (B) Appendix Reserve - D, Page 5, (C).  
 (C) Selected from (A) and (B).  
 (D) Appendix Reserve - N, Column (C) / 10,000.  
 (E) (C) / (D).  
 (F) Appendix Reserve - E, Page 1, Column (F).  
 (G) (E) x (F).  
 (H) The selected frequency of 0.500 is based on (G).  
 (I) Appendix Reserve - E, Page 1, Column (F).  
 (J) (H) x (I).  
 (K) Appendix Reserve - N, Column (C) / 10,000.  
 (L) (J) x (K).

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

## SHARP JPA - Workers' Compensation

Frequency and Severity Method  
Reported Claim Count Development

Accident Year	Claims Reported as of 12/31/2021 (A)	Reported Claim Development Factor (B)	Ultimate Claims (C)	Trended Claim Frequency (D)
2000-2001	3	1.000	3	0.209
2001-2002	14	1.000	14	0.861
2002-2003	16	1.000	16	0.891
2003-2004	12	1.000	12	0.605
2004-2005	18	1.000	18	0.944
2005-2006	12	1.000	12	0.646
2006-2007	12	1.000	12	0.606
2007-2008	15	1.000	15	0.695
2008-2009	16	1.000	16	0.743
2009-2010	10	1.000	10	0.438
2010-2011	8	1.000	8	0.350
2011-2012	12	1.000	12	0.532
2012-2013	10	1.000	10	0.377
2013-2014	10	1.000	10	0.377
2014-2015	13	1.000	13	0.475
2015-2016	15	1.000	15	0.562
2016-2017	13	1.000	13	0.486
2017-2018	8	1.000	8	0.393
2018-2019	8	1.000	8	0.396
2019-2020	12	1.004	12	0.572
2020-2021	18	1.019	18	0.910
Total	255		255	0.563

## Notes:

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

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

## SHARP JPA - Workers' Compensation

Frequency and Severity Method  
Closed Claim Count Development

Accident Year	Claims Closed as of 12/31/2021 (A)	Closed Claim Development Factor (B)	Ultimate Claims (C)	Trended Claim Frequency (D)
2000-2001	3	1.000	3	0.209
2001-2002	14	1.000	14	0.861
2002-2003	15	1.000	15	0.836
2003-2004	12	1.000	12	0.605
2004-2005	18	1.000	18	0.944
2005-2006	12	1.000	12	0.646
2006-2007	12	1.000	12	0.606
2007-2008	15	1.001	15	0.695
2008-2009	15	1.002	15	0.697
2009-2010	9	1.003	9	0.394
2010-2011	8	1.004	8	0.350
2011-2012	12	1.006	12	0.532
2012-2013	10	1.009	10	0.377
2013-2014	9	1.013	9	0.339
2014-2015	11	1.018	11	0.402
2015-2016	15	1.028	15	0.562
2016-2017	13	1.056	14	0.524
2017-2018	8	1.096	9	0.442
2018-2019	6	1.141	7	0.346
2019-2020	8	1.239	10	0.477
2020-2021	15	1.432	21	1.062
Total	240		251	0.555

## Notes:

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

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

SHARP JPA - Workers' Compensation  
Reported Claim Count Development

Accident Year	Claims Reported as of:													
	6 Months	18 Months	30 Months	42 Months	54 Months	66 Months	78 Months	90 Months	102 Months	114 Months	126 Months	138 Months	150 Months	162 Months
2000-2001	2	3	3	3	3	3	3	3	3	3	3	3	3	3
2001-2002	3	14	14	14	14	14	14	14	14	14	14	14	14	14
2002-2003	9	16	16	16	16	16	16	16	16	16	16	16	16	16
2003-2004	4	12	12	12	12	12	12	12	12	12	12	12	12	12
2004-2005	8	18	18	18	18	18	18	18	18	18	18	18	18	18
2005-2006	4	12	12	12	12	12	12	12	12	12	12	12	12	12
2006-2007	4	12	12	12	12	12	12	12	12	12	12	12	12	12
2007-2008	3	15	15	15	15	15	15	15	15	15	15	15	15	15
2008-2009	4	15	16	16	16	16	16	16	16	16	16	16	16	16
2009-2010	3	9	10	10	10	10	10	10	10	10	10	10	10	
2010-2011	4	8	8	8	8	8	8	8	8	8	8	8		
2011-2012	7	11	12	12	12	12	12	12	12	12	12			
2012-2013	7	10	10	10	10	10	10	10	10	10				
2013-2014	1	10	10	10	10	10	10	10	10					
2014-2015	6	13	13	13	13	13	13	13						
2015-2016	8	15	15	15	15	15	15							
2016-2017	7	14	13	13	13	13								
2017-2018	3	7	7	8	8									
2018-2019	3	8	8	8										
2019-2020	6	12	12											
2020-2021	6	18												
2021-2022	5													

Reported Claim Count Development Factors:

	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months	138-150 Months	150-162 Months	162-174 Months
2000-2001	1.500	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2001-2002	4.667	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2002-2003	1.778	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2003-2004	3.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2004-2005	2.250	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2005-2006	3.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2006-2007	3.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2007-2008	5.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2008-2009	3.750	1.067	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
2009-2010	3.000	1.111	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
2010-2011	2.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000			
2011-2012	1.571	1.091	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000				
2012-2013	1.429	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000					
2013-2014	10.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000						
2014-2015	2.167	1.000	1.000	1.000	1.000	1.000	1.000							
2015-2016	1.875	1.000	1.000	1.000	1.000	1.000								
2016-2017	2.000	0.929	1.000	1.000	1.000									
2017-2018	2.333	1.000	1.143	1.000										
2018-2019	2.667	1.000	1.000											
2019-2020	2.000	1.000												
2020-2021	3.000													
Average	2.952	1.010	1.008	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Claim-Wtd. Avgs.														
Total	2.471	1.009	1.004	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
3-yr	2.533	1.000	1.036	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
4-yr	2.500	0.976	1.023	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Comparative														
Factors	2.456	1.039	1.009	1.006	1.007	1.005	1.004	1.002	1.001	1.001	1.001	1.001	1.001	1.001
Prior	2.800	1.020	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Selected	2.876	1.015	1.004	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Cumulated	2.931	1.019	1.004	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

SHARP JPA - Workers' Compensation  
Closed Claim Development

Accident Year	Claims Closed as of:													
	6 Months	18 Months	30 Months	42 Months	54 Months	66 Months	78 Months	90 Months	102 Months	114 Months	126 Months	138 Months	150 Months	162 Months
2000-2001		1	2	3	3	3	3	3	3	3	3	3	3	3
2001-2002	1	12	12	13	13	14	14	14	14	14	14	14	14	14
2002-2003	3	14	14	15	16	16	16	16	16	16	16	16	15	15
2003-2004	1	10	12	12	12	12	12	12	12	12	12	11	11	11
2004-2005	3	15	16	16	17	17	17	17	17	17	18	16	16	16
2005-2006	4	12	12	12	12	11	11	11	11	11	11	11	11	12
2006-2007	4	12	12	12	12	12	12	12	12	12	12	12	12	12
2007-2008	1	10	11	12	13	13	15	15	15	15	15	15	15	15
2008-2009	1	14	14	14	14	16	16	16	16	16	16	16	16	15
2009-2010	1	6	6	7	8	8	9	9	9	9	9	9	9	
2010-2011	4	7	7	7	7	8	8	8	8	8	8	8		
2011-2012	5	7	9	8	9	11	11	12	12	12	12			
2012-2013		8	8	9	10	10	10	10	10	10				
2013-2014		7	8	8	8	8	9	9	9					
2014-2015	2	9	9	10	10	11	11	11						
2015-2016	6	14	15	15	15	15	15							
2016-2017	3	7	11	12	12	13								
2017-2018	1	6	6	8	8									
2018-2019	2	5	6	6										
2019-2020	2	8	8											
2020-2021	3	15												
2021-2022														

## Closed Claim Count Development Factors:

	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months	138-150 Months	150-162 Months	162-174 Months
2000-2001		2.000	1.500	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2001-2002	12.000	1.000	1.083	1.000	1.077	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2002-2003	4.667	1.000	1.071	1.067	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.938	1.000	1.000
2003-2004	10.000	1.200	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.917	1.000	1.000	1.000
2004-2005	5.000	1.067	1.000	1.063	1.000	1.000	1.000	1.000	1.059	0.889	1.000	1.000	1.000	1.125
2005-2006	3.000	1.000	1.000	1.000	0.917	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.091	1.000
2006-2007	3.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2007-2008	10.000	1.100	1.091	1.083	1.000	1.154	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2008-2009	14.000	1.000	1.000	1.000	1.143	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.938	
2009-2010	6.000	1.000	1.167	1.143	1.000	1.125	1.000	1.000	1.000	1.000	1.000	1.000		
2010-2011	1.750	1.000	1.000	1.000	1.143	1.000	1.000	1.000	1.000	1.000	1.000			
2011-2012	1.400	1.286	0.889	1.125	1.222	1.000	1.091	1.000	1.000	1.000				
2012-2013		1.000	1.125	1.111	1.000	1.000	1.000	1.000	1.000					
2013-2014		1.143	1.000	1.000	1.000	1.125	1.000	1.000						
2014-2015	4.500	1.000	1.111	1.000	1.100	1.000	1.000							
2015-2016	2.333	1.071	1.000	1.000	1.000	1.000								
2016-2017	2.333	1.571	1.091	1.000	1.083									
2017-2018	6.000	1.000	1.333	1.000										
2018-2019	2.500	1.200	1.000											
2019-2020	4.000	1.000												
2020-2021	5.000													
Average Claim-Wtd. Avgs.														
Total	3.894	1.076	1.047	1.031	1.037	1.022	1.006	1.000	1.006	0.986	0.992	0.992	1.000	1.020
3-yr	4.000	1.053	1.130	1.000	1.054	1.029	1.000	1.000	1.000	1.000	1.000	1.000	0.977	1.000
4-yr	4.250	1.192	1.079	1.000	1.044	1.023	1.024	1.000	1.000	1.000	1.000	1.000	1.000	1.036
Comparative Factors														
Prior	2.779	1.252	1.076	1.062	1.046	1.032	1.020	1.015	1.010	1.007	1.006	1.004	1.004	1.003
Selected	5.500	1.180	1.095	1.050	1.035	1.030	1.010	1.005	1.004	1.003	1.002	1.001	1.001	1.001
Cumulated	5.458	1.156	1.086	1.042	1.038	1.028	1.010	1.005	1.004	1.003	1.002	1.001	1.001	1.001
Cumulated	7.816	1.432	1.239	1.141	1.096	1.056	1.028	1.018	1.013	1.009	1.006	1.004	1.003	1.002



## SHARP JPA - Workers' Compensation

## Loss Trend Factors

Accident Year	Benefit Level Factor (A)	Factor to 2021-2022 Loss Rate Level (B)	Factor to 2022-2023 Loss Rate Level (C)	Factor to 2023-2024 Loss Rate Level (D)	Factor to 2024-2025 Loss Rate Level (E)	Factor to 2021-2022 Frequency Level (F)	Factor to 2022-2023 Frequency Level (G)	Factor to 2023-2024 Frequency Level (H)	Factor to 2024-2025 Frequency Level (I)	Factor to 2021-2022 Severity Level (J)
2000-2001	0.682	1.145	1.180	1.210	1.241	0.979	0.978	0.977	0.976	1.157
2001-2002	0.683	1.118	1.153	1.182	1.211	0.980	0.979	0.978	0.977	1.129
2002-2003	0.717	1.146	1.181	1.211	1.241	0.981	0.980	0.979	0.978	1.156
2003-2004	0.887	1.384	1.426	1.462	1.499	0.982	0.981	0.980	0.979	1.396
2004-2005	1.150	1.748	1.802	1.848	1.894	0.983	0.982	0.981	0.980	1.763
2005-2006	1.250	1.855	1.912	1.960	2.009	0.984	0.983	0.982	0.981	1.870
2006-2007	1.187	1.718	1.770	1.815	1.861	0.985	0.984	0.983	0.982	1.731
2007-2008	1.108	1.565	1.613	1.654	1.695	0.986	0.985	0.984	0.983	1.576
2008-2009	1.038	1.431	1.475	1.512	1.550	0.987	0.986	0.985	0.984	1.441
2009-2010	0.955	1.284	1.323	1.357	1.391	0.988	0.987	0.986	0.985	1.292
2010-2011	0.904	1.186	1.222	1.253	1.285	0.989	0.988	0.987	0.986	1.193
2011-2012	0.896	1.147	1.182	1.212	1.242	0.990	0.989	0.988	0.987	1.153
2012-2013	0.919	1.148	1.183	1.213	1.243	0.991	0.990	0.989	0.988	1.153
2013-2014	0.937	1.141	1.176	1.206	1.236	0.992	0.991	0.990	0.989	1.146
2014-2015	0.933	1.108	1.142	1.171	1.201	0.993	0.992	0.991	0.990	1.112
2015-2016	0.973	1.128	1.163	1.192	1.222	0.994	0.993	0.992	0.991	1.131
2016-2017	1.030	1.166	1.202	1.232	1.263	0.995	0.994	0.993	0.992	1.168
2017-2018	1.030	1.137	1.172	1.201	1.231	0.996	0.995	0.994	0.993	1.139
2018-2019	1.014	1.092	1.126	1.154	1.183	0.997	0.996	0.995	0.994	1.094
2019-2020	1.025	1.077	1.110	1.139	1.167	0.998	0.997	0.996	0.995	1.078
2020-2021	1.022	1.048	1.080	1.107	1.135	0.999	0.998	0.997	0.996	1.049
2021-2022	1.000	1.000	1.031	1.057	1.083	1.000	0.999	0.998	0.997	1.000
2022-2023	0.994	--	1.000	1.025	1.051	--	1.000	0.999	0.998	--
2023-2024	0.994	--	--	1.000	1.025	--	--	1.000	0.999	--
2024-2025	0.994	--	--	--	1.000	--	--	--	1.000	--

## Notes:

- (A) Based on WCIRB.  
 (B) - (E) (A) adjusted for a 2.5% annual loss rate trend.  
 (F) - (I) (A) adjusted for a -0.1% annual frequency trend.  
 (J) (A) adjusted for a 2.6% annual severity trend.

This exhibit shows the calculation of the ways in which we expect claims costs to have changed over the past twenty years due to changes in statutory workers' compensation benefit levels and changes in actual claims costs in excess of changes in payroll. Changes in the ways in which claims are filed as a result of greater awareness of workers' compensation benefits are not generally reflected in the statutory benefit level factors shown above, but may be part of the reason for changes in actual claims costs in excess of payroll changes.

## SHARP JPA - Workers' Compensation

## Residual Trend Factors

Accident Year	Initial Estimate of Ultimate Limited Losses (A)	Ultimate Reported Claims (B)	BLF (C)	Adjusted Limited Severity (D)	Trended Payroll (\$00) (E)	Ultimate Frequency (F)
2000-2001	\$1,156	3	0.682	263	140,195	0.214
2001-2002	71,958	14	0.683	3,509	159,382	0.878
2002-2003	52,000	16	0.717	2,330	176,108	0.909
2003-2004	43,015	12	0.887	3,181	194,694	0.616
2004-2005	59,858	18	1.150	3,823	187,521	0.960
2005-2006	61,573	12	1.250	6,415	182,912	0.656
2006-2007	4,599	12	1.187	455	195,080	0.615
2007-2008	289,782	15	1.108	21,408	212,686	0.705
2008-2009	131,000	16	1.038	8,501	212,552	0.753
2009-2010	266,000	10	0.955	25,399	225,587	0.443
2010-2011	56,481	8	0.904	6,382	226,210	0.354
2011-2012	189,525	12	0.896	14,144	223,470	0.537
2012-2013	168,373	10	0.919	15,475	262,718	0.381
2013-2014	142,670	10	0.937	13,363	263,353	0.380
2014-2015	230,000	13	0.933	16,499	271,854	0.478
2015-2016	36,524	15	0.973	2,369	265,508	0.565
2016-2017	227,939	13	1.030	18,061	266,056	0.489
2017-2018	37,801	8	1.030	4,865	202,868	0.394
2018-2019	259,000	8	1.014	32,828	201,470	0.397
2019-2020	256,000	12	1.025	21,866	209,265	0.573
2020-2021	312,000	18	1.022	17,716	197,557	0.911

Severity Trend FactorsFrequency Trend Factors

Latest 10 x 2020-2021	1.063	1.020
Mvg 5-Yr Wtd Latest 10 x 2020-2021	0.994	0.986
Latest 5 x 2020-2021	1.656	0.982
Mvg 5-Yr Wtd Latest 5 x 2020-2021	1.057	1.012
Prior	1.100	0.950
Default	1.025	0.980
Selected Residual Trend	1.026	0.999

## Notes:

- (A) Selected average of results from Reserve - Appendices A and B.
- (B) Appendix Reserve - D, Page 3, Column (C).
- (C) Appendix Reserve - E, Page 1, Column (A).
- (D)  $(A) \times (C) / (B)$ .
- (E) Appendix Reserve - N, Column (C).
- (F)  $(B) / (E) \times 10,000$ .

## SHARP JPA - Workers' Compensation

Outstanding Liability for  
Unallocated Loss Adjustment Expenses  
as of 6/30/22

Fiscal Year (A)	Number of Claims Active During Fiscal Year (B)	Average ULAE Charge per Active Claim (C)	Inflation Trend Factor (D)	Trended ULAE Charge per Active Claim (E)	ULAE Paid During Year (F)
2022-2023	17.3	\$700	1.050	\$735	\$12,716
2023-2024	9.5	700	1.103	772	7,334
2024-2025	5.8	700	1.158	811	4,704
2025-2026	3.7	700	1.216	851	3,149
2026-2027	2.1	700	1.277	894	1,877
2027-2028	1.2	700	1.341	939	1,127
2028-2029	0.7	700	1.408	986	690
2029-2030	0.4	700	1.478	1,035	414
2030-2031	0.4	700	1.552	1,086	434
2031-2032	0.4	700	1.630	1,141	456
2032-2033	0.4	700	1.712	1,198	479
2033-2034	0.3	700	1.798	1,259	378
2034-2035	0.2	700	1.888	1,322	264
2035-2036	0.1	700	1.982	1,387	139
2036-2037	0.0	700	2.081	1,457	0
2037-2038	0.0	700	2.185	1,530	0
2038-2039	0.0	700	2.294	1,606	0
2039-2040	0.0	700	2.409	1,686	0

(G) Total ULAE Outstanding as of 6/30/22: \$34,161

## Notes:

- (A) We assume fiscal years will be 7/1 to 6/30.
- (B) Based on an estimated claim closing pattern.
- (C) Based on claims administration payment information provided by SHARP JPA.
- (D) We assume ULAE costs will increase at 5.0% per year.
- (E) (C) x (D).
- (F) (B) x (E).
- (G) Total of Column (F).

This exhibit shows the calculation of the outstanding ULAE based on the expected pattern of claims closings and assumptions about future claims administration costs per open claim.

## SHARP JPA - Workers' Compensation

## Payment and Reserve Forecast

<u>Accident Year</u>	<u>As of 12/31/2021</u>	<u>Calendar Period</u>	
		<u>1/1/2022 to 6/30/2022</u>	<u>7/1/2022 to 6/30/2023</u>
Prior			
Ultimate Loss	\$228,987	\$228,987	\$228,987
Paid in Calendar Period	-	1,328	2,347
Paid to Date	214,549	215,877	218,224
Outstanding Liability	14,438	13,110	10,763
2005-2006			
Ultimate Loss	\$61,573	\$61,573	\$61,573
Paid in Calendar Period	-		
Paid to Date	61,573	61,573	61,573
Outstanding Liability			
2006-2007			
Ultimate Loss	\$4,599	\$4,599	\$4,599
Paid in Calendar Period	-		
Paid to Date	4,599	4,599	4,599
Outstanding Liability			
2007-2008			
Ultimate Loss	\$364,460	\$364,460	\$364,460
Paid in Calendar Period	-		
Paid to Date	364,460	364,460	364,460
Outstanding Liability			
2008-2009			
Ultimate Loss	\$135,000	\$135,000	\$135,000
Paid in Calendar Period	-	3,613	4,222
Paid to Date	115,576	119,189	123,411
Outstanding Liability	19,424	15,811	11,589
2009-2010			
Ultimate Loss	\$425,000	\$425,000	\$425,000
Paid in Calendar Period	-	1,165	5,337
Paid to Date	399,684	400,849	406,186
Outstanding Liability	25,316	24,151	18,814
2010-2011			
Ultimate Loss	\$56,481	\$56,481	\$56,481
Paid in Calendar Period	-		
Paid to Date	56,481	56,481	56,481
Outstanding Liability			
2011-2012			
Ultimate Loss	\$339,525	\$339,525	\$339,525
Paid in Calendar Period	-		
Paid to Date	339,525	339,525	339,525
Outstanding Liability			

## SHARP JPA - Workers' Compensation

## Payment and Reserve Forecast

<u>Accident Year</u>	<u>As of 12/31/2021</u>	<u>Calendar Period</u>	
		<u>1/1/2022 to 6/30/2022</u>	<u>7/1/2022 to 6/30/2023</u>
2012-2013			
Ultimate Loss	\$168,373	\$168,373	\$168,373
Paid in Calendar Period	-		
Paid to Date	168,373	168,373	168,373
Outstanding Liability			
2013-2014			
Ultimate Loss	\$292,670	\$292,670	\$292,670
Paid in Calendar Period	-		
Paid to Date	292,670	292,670	292,670
Outstanding Liability			
2014-2015			
Ultimate Loss	\$289,000	\$289,000	\$289,000
Paid in Calendar Period	-	4,895	8,455
Paid to Date	189,109	194,004	202,459
Outstanding Liability	99,891	94,996	86,541
2015-2016			
Ultimate Loss	\$48,000	\$48,000	\$48,000
Paid in Calendar Period	-	712	1,195
Paid to Date	36,524	37,236	38,431
Outstanding Liability	11,476	10,764	9,569
2016-2017			
Ultimate Loss	\$252,000	\$252,000	\$252,000
Paid in Calendar Period	-	1,901	3,169
Paid to Date	227,939	229,840	233,009
Outstanding Liability	24,061	22,160	18,991
2017-2018			
Ultimate Loss	\$66,000	\$66,000	\$66,000
Paid in Calendar Period	-	1,833	3,770
Paid to Date	37,801	39,634	43,404
Outstanding Liability	28,199	26,366	22,596
2018-2019			
Ultimate Loss	\$343,000	\$343,000	\$343,000
Paid in Calendar Period	-	8,389	13,641
Paid to Date	245,455	253,844	267,485
Outstanding Liability	97,545	89,156	75,515
2019-2020			
Ultimate Loss	\$454,000	\$454,000	\$454,000
Paid in Calendar Period	-	24,511	39,066
Paid to Date	233,178	257,689	296,755
Outstanding Liability	220,822	196,311	157,245

## SHARP JPA - Workers' Compensation

## Payment and Reserve Forecast

<u>Accident Year</u>	<u>As of</u> <u>12/31/2021</u>	<u>Calendar Period</u>	
		<u>1/1/2022</u> <u>to</u> <u>6/30/2022</u>	<u>7/1/2022</u> <u>to</u> <u>6/30/2023</u>
2020-2021			
Ultimate Loss	\$440,000	\$440,000	\$440,000
Paid in Calendar Period	-	44,122	64,839
Paid to Date	165,952	210,074	274,913
Outstanding Liability	274,048	229,926	165,087
2021-2022			
Ultimate Loss	\$176,000	\$352,000	\$352,000
Paid in Calendar Period	-	41,653	84,495
Paid to Date	1,972	43,625	128,120
Outstanding Liability	174,028	308,375	223,880
2022-2023			
Ultimate Loss	-	-	\$454,000
Paid in Calendar Period	-	-	62,652
Paid to Date	-	-	62,652
Outstanding Liability	-	-	391,348
Totals			
Ultimate Loss	\$4,144,668	\$4,320,668	\$4,774,668
Paid in Calendar Period	-	134,122	293,188
Paid to Date	3,155,420	3,289,542	3,582,730
Outstanding Liability	989,248	1,031,126	1,191,938
Total Outstanding ULAE	35,852	34,161	33,306
Outstanding Liability plus ULAE	1,025,100	1,065,287	1,225,244

Notes appear on the next page.

## SHARP JPA - Workers' Compensation

## Payment and Reserve Forecast

Notes to previous page:

- Accident Year is associated with date of loss. Calendar Period is associated with date of transaction. For example, for the losses which occurred during 2019-2020, \$24,511 is expected to be paid between 1/1/22 and 6/30/22, \$257,689 will have been paid by 6/30/22, and the reserve for remaining payments on these claims should be \$196,311.
- Ultimate Losses for each accident year are from Exhibit Reserve - 4, Page 1.
- Paid in Calendar Period is a proportion of the Outstanding Liability from the previous calendar period. These proportions are derived from the paid loss development pattern selected in Appendix B. For example,  $\$39,066 = \$196,311 \times 19.9\%$ .
- Paid to Date is Paid in Calendar Period plus Paid to Date from previous calendar period. For example,  $\$296,755 = \$39,066 + \$257,689$ .
- Outstanding Liability is Ultimate Loss minus Paid to Date. For example,  $\$196,311 = \$454,000 - \$257,689$ .

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

## Short- and Long-Term Liabilities

<u>Liabilities as of 12/31/21:</u>		<u>Expected</u>	<u>Discounted</u>
<u>Current (Short Term)</u>	Loss and ALAE:	\$207,440	\$205,396
	ULAE:	14,700	14,555
	Short-Term Loss and LAE:	<u>\$222,140</u>	<u>\$219,951</u>
<u>Non-Current (Long Term)</u>	Loss and ALAE:	\$781,808	\$686,905
	ULAE:	21,152	17,783
	Long-Term Loss and LAE:	<u>\$802,961</u>	<u>\$704,688</u>
<u>Total Liability</u>	Loss and ALAE:	\$989,248	\$892,301
	ULAE:	35,852	32,338
	Total Loss and LAE:	<u>\$1,025,100</u>	<u>\$924,639</u>
<u>Liabilities as of 6/30/22:</u>			
<u>Current (Short Term)</u>	Loss and ALAE:	\$230,536	\$228,265
	ULAE:	12,716	12,591
	Short-Term Loss and LAE:	<u>\$243,252</u>	<u>\$240,856</u>
<u>Non-Current (Long Term)</u>	Loss and ALAE:	\$800,590	\$701,260
	ULAE:	21,445	18,204
	Long-Term Loss and LAE:	<u>\$822,035</u>	<u>\$719,464</u>
<u>Total Liability</u>	Loss and ALAE:	\$1,031,126	\$929,525
	ULAE:	34,161	30,795
	Total Loss and LAE:	<u>\$1,065,287</u>	<u>\$960,320</u>

		<u>Discounted with a Margin for Contingencies</u>				
		<u>65%</u>	<u>70%</u>	<u>75%</u>	<u>80%</u>	<u>85%</u>
		<u>Confidence</u>	<u>Confidence</u>	<u>Confidence</u>	<u>Confidence</u>	<u>Confidence</u>
<u>Liabilities as of 12/31/21:</u>						
<u>Current (Short Term)</u>	Loss and ALAE:	\$225,525	\$238,670	\$253,253	\$270,712	\$292,073
	ULAE:	15,981	16,913	17,946	19,183	20,697
	Short-Term Loss and LAE:	<u>\$241,506</u>	<u>\$255,583</u>	<u>\$271,199</u>	<u>\$289,895</u>	<u>\$312,770</u>
<u>Non-Current (Long Term)</u>	Loss and ALAE:	\$754,221	\$798,184	\$846,954	\$905,341	\$976,779
	ULAE:	19,527	20,664	21,927	23,438	25,288
	Long-Term Loss and LAE:	<u>\$773,748</u>	<u>\$818,848</u>	<u>\$868,881</u>	<u>\$928,779</u>	<u>\$1,002,067</u>
<u>Total Liability</u>	Loss and ALAE:	\$979,746	\$1,036,854	\$1,100,207	\$1,176,053	\$1,268,852
	ULAE:	35,508	37,577	39,873	42,621	45,985
	Total Loss and LAE:	<u>\$1,015,254</u>	<u>\$1,074,431</u>	<u>\$1,140,080</u>	<u>\$1,218,674</u>	<u>\$1,314,837</u>
<u>Liabilities as of 6/30/22:</u>						
<u>Current (Short Term)</u>	Loss and ALAE:	\$250,635	\$265,244	\$281,451	\$300,853	\$324,593
	ULAE:	13,825	14,631	15,525	16,595	17,904
	Short-Term Loss and LAE:	<u>\$264,460</u>	<u>\$279,875</u>	<u>\$296,976</u>	<u>\$317,448</u>	<u>\$342,497</u>
<u>Non-Current (Long Term)</u>	Loss and ALAE:	\$769,983	\$814,864	\$864,653	\$924,261	\$997,192
	ULAE:	19,988	21,153	22,446	23,993	25,886
	Long-Term Loss and LAE:	<u>\$789,971</u>	<u>\$836,017</u>	<u>\$887,099</u>	<u>\$948,254</u>	<u>\$1,023,078</u>
<u>Total Liability</u>	Loss and ALAE:	\$1,020,618	\$1,080,108	\$1,146,104	\$1,225,114	\$1,321,785
	ULAE:	33,813	35,784	37,971	40,588	43,790
	Total Loss and LAE:	<u>\$1,054,431</u>	<u>\$1,115,892</u>	<u>\$1,184,075</u>	<u>\$1,265,702</u>	<u>\$1,365,575</u>

Note: Current (short term) liabilities are the portion of the total estimated liability shown on Appendix Reserve - G that is expected to be paid out within the coming year. Totals may vary from Exhibit Reserve - 1, due to rounding.



## SHARP JPA - Workers' Compensation

## Discount Factors to be Applied to Overall Reserves

Accident Year	Full Value of Reserve at 12/31/21 (A)	Discount Factor (B)	Discounted Reserve at 12/31/21 (C)	Full Value of Reserve at 6/30/22 (D)	Discount Factor (E)	Discounted Reserve at 6/30/22 (F)
2000-2001	\$0	0.990	\$0	\$0	1.000	\$0
2001-2002	0	0.982	0	0	0.990	0
2002-2003	14,438	0.968	13,970	13,110	0.974	12,772
2003-2004	0	0.955	0	0	0.961	0
2004-2005	0	0.943	0	0	0.948	0
2005-2006	0	0.932	0	0	0.937	0
2006-2007	0	0.921	0	0	0.927	0
2007-2008	0	0.920	0	0	0.916	0
2008-2009	19,424	0.923	17,933	15,811	0.923	14,591
2009-2010	25,316	0.918	23,247	24,151	0.924	22,306
2010-2011	0	0.908	0	0	0.913	0
2011-2012	0	0.899	0	0	0.903	0
2012-2013	0	0.891	0	0	0.895	0
2013-2014	0	0.884	0	0	0.887	0
2014-2015	99,891	0.879	87,811	94,996	0.881	83,658
2015-2016	11,476	0.878	10,078	10,764	0.877	9,445
2016-2017	24,061	0.879	21,160	22,160	0.879	19,475
2017-2018	28,199	0.881	24,849	26,366	0.880	23,203
2018-2019	97,545	0.886	86,440	89,156	0.882	78,665
2019-2020	220,822	0.898	198,259	196,311	0.890	174,710
2020-2021	274,048	0.911	249,609	229,926	0.906	208,239
2021-2022	174,028	0.913	158,945	308,375	0.916	282,461
Totals	\$989,248		\$892,301	\$1,031,126		\$929,525

(G) Discount Factor at 12/31/21 for Overall Reserve: 0.902  
 (H) Discount Factor at 6/30/22 for Overall Reserve: 0.901

## Notes:

- (A) From Appendix Reserve - G, Outstanding Liability at 12/31/21.
- (B) Based on Appendix Reserve - I, Page 2, Column (F).
- (C) (A) x (B).
- (D) From Appendix Reserve - G, Outstanding Liability at 6/30/22.
- (E) Based on Appendix Reserve - I, Page 2, Column (F).
- (F) (D) x (E).
- (G) Total of (C) / Total of (A).
- (H) Total of (F) / Total of (D).

This exhibit shows the expected impact of anticipated investment income on the liability for outstanding claims at the date of evaluation and the end of the current fiscal year. For example, if the discount factor in item (G) is 0.902, the discounted liability for outstanding claims is 90.2% of the full value.

## SHARP JPA - Workers' Compensation

Confidence Level Table

Probability	Projected Losses	Outstanding Losses
95%	2.395	1.791
90%	1.971	1.561
85%	1.716	1.422
80%	1.528	1.318
75%	1.378	1.233
70%	1.251	1.162
65%	1.139	1.098
60%	1.038	1.040
55%	0.944	0.987
50%	0.858	0.936
45%	0.776	0.888
40%	0.698	0.840
35%	0.621	0.793
30%	0.544	0.745
25%	0.462	0.695

To read table: For the above retention, there is a 90% chance that final loss settlements will be less than 1.971 times the average expected amount of losses.

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

## SHARP JPA - Workers' Compensation

## Program History

Policy Year Start Date	Policy Year End Date	Policy Year	Self-Insured Retention	
			Per Occurrence	Aggregate
7/1/2000	6/30/2001	2000-2001	\$150,000	(none)
7/1/2001	6/30/2002	2001-2002	150,000	(none)
7/1/2002	6/30/2003	2002-2003	150,000	(none)
7/1/2003	6/30/2004	2003-2004	150,000	(none)
7/1/2004	6/30/2005	2004-2005	150,000	(none)
7/1/2005	6/30/2006	2005-2006	150,000	(none)
7/1/2006	6/30/2007	2006-2007	150,000	(none)
7/1/2007	6/30/2008	2007-2008	150,000	(none)
7/1/2008	6/30/2009	2008-2009	250,000	(none)
7/1/2009	6/30/2010	2009-2010	250,000	(none)
7/1/2010	6/30/2011	2010-2011	250,000	(none)
7/1/2011	6/30/2012	2011-2012	250,000	(none)
7/1/2012	6/30/2013	2012-2013	250,000	(none)
7/1/2013	6/30/2014	2013-2014	250,000	(none)
7/1/2014	6/30/2015	2014-2015	250,000	(none)
7/1/2015	6/30/2016	2015-2016	250,000	(none)
7/1/2016	6/30/2017	2016-2017	250,000	(none)
7/1/2017	6/30/2018	2017-2018	250,000	(none)
7/1/2018	6/30/2019	2018-2019	250,000	(none)
7/1/2019	6/30/2020	2019-2020	250,000	(none)
7/1/2020	6/30/2021	2020-2021	250,000	(none)
7/1/2021	6/30/2022	2021-2022	250,000	(none)
7/1/2022	6/30/2023	2022-2023	250,000	(none)

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

## SHARP JPA - Workers' Compensation

Estimated Total Assets as of 6/30/22

(A) <u>Total Assets as of 6/30/21:</u>	\$5,392,000
(B) <u>Total Income to Fund during 2021-2022</u>	
Contributions:	\$765,000
Interest:	(15,000)
Other:	0
Total Income:	<u>\$750,000</u>
(C) <u>Total Payments from Fund during 2021-2022</u>	
Loss and ALAE:	\$288,000
Additional Allocated Loss Adjustment Expense:	0
In-House Unallocated Loss Adjustment Expense:	0
Fees to Outside Administrator (TPA):	16,000
Excess Insurance:	283,000
Other:	<u>73,000</u>
Total Payments:	<u>\$660,000</u>
(D) <u>Estimated Total Assets as of 6/30/22:</u>	\$5,482,000

## Notes:

- (A) Provided by SHARP JPA.
- (B) Provided by SHARP JPA.
- (C) Provided by SHARP JPA.
- (D) (A) + (B) - (C).

## SHARP JPA - Workers' Compensation

## Incurred Losses as of 12/31/21

Accident Year (A)	Unlimited Incurred (B)	Additions to Losses (C)	Subtractions from Losses (D)	Adjusted Incurred (E)	Incurred Over SIR (F)	Incurred Over \$100,000 (G)	Incurred Capped at \$100,000 (H)	Incurred \$100,000 to SIR Layer (I)	Incurred Capped at SIR (J)	Incurred Capped at SIR & Aggregate (K)
2000-2001	\$1,156	\$0	\$0	\$1,156	\$0	\$0	\$1,156	\$0	\$1,156	\$1,156
2001-2002	79,958	0	8,000	71,958	0	0	71,958	0	71,958	71,958
2002-2003	53,697	0	1,833	51,864	0	0	51,864	0	51,864	51,864
2003-2004	43,015	0	0	43,015	0	0	43,015	0	43,015	43,015
2004-2005	56,321	3,537	0	59,858	0	0	59,858	0	59,858	59,858
2005-2006	38,796	22,777	0	61,573	0	0	61,573	0	61,573	61,573
2006-2007	4,599	0	0	4,599	0	0	4,599	0	4,599	4,599
2007-2008	410,865	70,883	55,153	426,594	62,134	136,812	289,782	74,678	364,460	364,460
2008-2009	97,671	32,904	0	130,576	0	0	130,576	0	130,576	130,576
2009-2010	400,960	9,031	0	409,991	0	144,205	265,786	144,205	409,991	409,991
2010-2011	55,628	853	0	56,481	0	0	56,481	0	56,481	56,481
2011-2012	514,848	3,963	176,967	341,844	2,319	152,319	189,525	150,000	339,525	339,525
2012-2013	163,382	4,991	0	168,373	0	0	168,373	0	168,373	168,373
2013-2014	446,208	0	0	446,208	153,538	303,538	142,670	150,000	292,670	292,670
2014-2015	268,754	0	0	268,754	0	39,738	229,017	39,738	268,754	268,754
2015-2016	36,423	101	0	36,524	0	0	36,524	0	36,524	36,524
2016-2017	227,939	0	0	227,939	0	0	227,939	0	227,939	227,939
2017-2018	38,115	0	314	37,801	0	0	37,801	0	37,801	37,801
2018-2019	303,419	0	313	303,106	0	50,684	252,423	50,684	303,106	303,106
2019-2020	339,169	38,531	317	377,383	0	133,913	243,470	133,913	377,383	377,383
2020-2021	259,949	59,579	0	319,528	0	109,468	210,059	109,468	319,528	319,528
2021-2022	44,122	0	0	44,122	0	0	44,122	0	44,122	44,122
Total	\$3,884,993	\$247,150	\$242,896	\$3,889,246	\$217,991	\$1,070,676	\$2,818,569	\$852,685	\$3,671,255	\$3,671,255

## Notes:

- (A) Years are 7/1 to 6/30.
- (B) Provided by SHARP JPA.
- (C) 4850
- (D) Subrogation recoveries.
- (E) (B) + (C) - (D).
- (F) Sum of incurred losses in excess of SIR.
- (G) Sum of incurred losses in excess of \$100,000.
- (H) (E) - (G).
- (I) (G) - (F).
- (J) (E) - (F).
- (K) Minimum of (J) and the aggregate stop loss. See Appendix Reserve - K.

## SHARP JPA - Workers' Compensation

## Paid Losses as of 12/31/21

Accident Year (A)	Unlimited Paid (B)	Additions to Losses (C)	Subtractions from Losses (D)	Adjusted Paid (E)	Paid Over SIR (F)	Paid Over \$100,000 (G)	Paid Capped at \$100,000 (H)	Paid \$100,000 to SIR Layer (I)	Paid Capped at SIR (J)	Paid Capped at SIR & Aggregate (K)
2000-2001	\$1,156	\$0	\$0	\$1,156	\$0	\$0	\$1,156	\$0	\$1,156	\$1,156
2001-2002	79,958	0	8,000	71,958	0	0	71,958	0	71,958	71,958
2002-2003	40,395	0	1,833	38,562	0	0	38,562	0	38,562	38,562
2003-2004	43,015	0	0	43,015	0	0	43,015	0	43,015	43,015
2004-2005	56,321	3,537	0	59,858	0	0	59,858	0	59,858	59,858
2005-2006	38,796	22,777	0	61,573	0	0	61,573	0	61,573	61,573
2006-2007	4,599	0	0	4,599	0	0	4,599	0	4,599	4,599
2007-2008	410,865	70,883	55,153	426,594	62,134	136,812	289,782	74,678	364,460	364,460
2008-2009	82,671	32,904	0	115,576	0	0	115,576	0	115,576	115,576
2009-2010	390,653	9,031	0	399,684	0	144,205	255,479	144,205	399,684	399,684
2010-2011	55,628	853	0	56,481	0	0	56,481	0	56,481	56,481
2011-2012	514,848	3,963	176,967	341,844	2,319	152,319	189,525	150,000	339,525	339,525
2012-2013	163,382	4,991	0	168,373	0	0	168,373	0	168,373	168,373
2013-2014	365,114	0	0	365,114	72,444	222,444	142,670	150,000	292,670	292,670
2014-2015	189,109	0	0	189,109	0	2,411	186,698	2,411	189,109	189,109
2015-2016	36,423	101	0	36,524	0	0	36,524	0	36,524	36,524
2016-2017	227,939	0	0	227,939	0	0	227,939	0	227,939	227,939
2017-2018	38,115	0	314	37,801	0	0	37,801	0	37,801	37,801
2018-2019	245,767	0	313	245,455	0	50,684	194,771	50,684	245,455	245,455
2019-2020	194,963	38,531	317	233,178	0	67,689	165,488	67,689	233,178	233,178
2020-2021	108,713	57,239	0	165,952	0	34,813	131,139	34,813	165,952	165,952
2021-2022	1,972	0	0	1,972	0	0	1,972	0	1,972	1,972
Total	\$3,290,403	\$244,810	\$242,896	\$3,292,316	\$136,897	\$811,377	\$2,480,939	\$674,480	\$3,155,419	\$3,155,419

## Notes:

- (A) Years are 7/1 to 6/30.
- (B) Provided by SHARP JPA.
- (C) 4850
- (D) Subrogation recoveries.
- (E) (B) + (C) - (D).
- (F) Sum of paid losses in excess of SIR.
- (G) Sum of paid losses in excess of \$100,000.
- (H) (E) - (G).
- (I) (G) - (F).
- (J) (E) - (F).
- (K) Minimum of (J) and the aggregate stop loss. See Appendix Reserve - K.

## SHARP JPA - Workers' Compensation

## Case Reserves as of 12/31/21

Accident Year (A)	Unlimited Reserves (B)	Additions to Losses (C)	Subtractions from Losses (D)	Adjusted Reserves (E)	Reserves Over SIR (F)	Reserves Over \$100,000 (G)	Reserves Capped at \$100,000 (H)	Reserves \$100,000 to SIR Layer (I)	Reserves Capped at SIR (J)	Reserves Capped at SIR & Aggregate (K)
2000-2001	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2001-2002	0	0	0	0	0	0	0	0	0	0
2002-2003	13,302	0	0	13,302	0	0	13,302	0	13,302	13,302
2003-2004	0	0	0	0	0	0	0	0	0	0
2004-2005	0	0	0	0	0	0	0	0	0	0
2005-2006	0	0	0	0	0	0	0	0	0	0
2006-2007	0	0	0	0	0	0	0	0	0	0
2007-2008	0	0	0	0	0	0	0	0	0	0
2008-2009	15,000	0	0	15,000	0	0	15,000	0	15,000	15,000
2009-2010	10,306	0	0	10,306	0	0	10,306	0	10,306	10,306
2010-2011	0	0	0	0	0	0	0	0	0	0
2011-2012	0	0	0	0	0	0	0	0	0	0
2012-2013	0	0	0	0	0	0	0	0	0	0
2013-2014	81,094	0	0	81,094	81,094	81,094	0	0	0	0
2014-2015	79,645	0	0	79,645	0	37,326	42,319	37,326	79,645	79,645
2015-2016	0	0	0	0	0	0	0	0	0	0
2016-2017	0	0	0	0	0	0	0	0	0	0
2017-2018	0	0	0	0	0	0	0	0	0	0
2018-2019	57,651	0	0	57,651	0	0	57,651	0	57,651	57,651
2019-2020	144,205	0	0	144,205	0	66,224	77,981	66,224	144,205	144,205
2020-2021	151,236	2,340	0	153,575	0	74,655	78,920	74,655	153,575	153,575
2021-2022	42,150	0	0	42,150	0	0	42,150	0	42,150	42,150
Total	\$594,590	\$2,340	\$0	\$596,930	\$81,094	\$259,299	\$337,630	\$178,205	\$515,835	\$515,835

## Notes:

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

## SHARP JPA - Workers' Compensation

## Claim Counts as of 12/31/21

Accident Year (A)	Reported Claims (B)	Additions to Reported Claims (C)	Subtractions from Reported Claims (D)	Adjusted Reported Claims (E)	Closed Claims (F)	Additions to Closed Claims (G)	Subtractions from Closed Claims (H)	Adjusted Closed Claims (I)	Open Claims (J)	Adjusted Open Claims (K)
2000-2001	3	0	0	3	3	0	0	3	0	0
2001-2002	14	0	0	14	14	0	0	14	0	0
2002-2003	16	0	0	16	15	0	0	15	1	1
2003-2004	12	0	0	12	12	0	0	12	0	0
2004-2005	18	0	0	18	18	0	0	18	0	0
2005-2006	12	0	0	12	12	0	0	12	0	0
2006-2007	12	0	0	12	12	0	0	12	0	0
2007-2008	15	0	0	15	15	0	0	15	0	0
2008-2009	16	0	0	16	15	0	0	15	1	1
2009-2010	10	0	0	10	9	0	0	9	1	1
2010-2011	8	0	0	8	8	0	0	8	0	0
2011-2012	12	0	0	12	12	0	0	12	0	0
2012-2013	10	0	0	10	10	0	0	10	0	0
2013-2014	10	0	0	10	9	0	0	9	1	1
2014-2015	13	0	0	13	11	0	0	11	2	2
2015-2016	15	0	0	15	15	0	0	15	0	0
2016-2017	13	0	0	13	13	0	0	13	0	0
2017-2018	8	0	0	8	8	0	0	8	0	0
2018-2019	8	0	0	8	6	0	0	6	2	2
2019-2020	12	0	0	12	8	0	0	8	4	4
2020-2021	18	0	0	18	15	0	0	15	3	3
2021-2022	5	0	0	5	0	0	0	0	5	5
Total	260	0	0	260	240	0	0	240	20	20

## Notes:

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



## SHARP JPA - Workers' Compensation

## Exposure Measures

Accident Year	Total Payroll (\$00) (A)	Inflation Trend Factor (B)	Trended Payroll (\$00) (C)
2000-2001	83,499	1.679	140,195
2001-2002	97,303	1.638	159,382
2002-2003	110,205	1.598	176,108
2003-2004	124,884	1.559	194,694
2004-2005	123,288	1.521	187,521
2005-2006	123,256	1.484	182,912
2006-2007	134,724	1.448	195,080
2007-2008	150,521	1.413	212,686
2008-2009	154,135	1.379	212,552
2009-2010	167,723	1.345	225,587
2010-2011	172,416	1.312	226,210
2011-2012	174,586	1.280	223,470
2012-2013	210,343	1.249	262,718
2013-2014	216,040	1.219	263,353
2014-2015	228,641	1.189	271,854
2015-2016	228,886	1.160	265,508
2016-2017	235,032	1.132	266,056
2017-2018	183,757	1.104	202,868
2018-2019	187,066	1.077	201,470
2019-2020	199,110	1.051	209,265
2020-2021	192,739	1.025	197,557
2021-2022	217,254	1.000	217,254
2022-2023	221,590	1.000	221,590

## Notes:

- (A) Provided by SHARP JPA.
- (B) Based on WCIRB.
- (C) (A) x (B).

## SHARP JPA - Workers' Compensation

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

	Dollar Amount	Payroll Rate			
(A) Estimated Ultimate Losses Incurred in Accident Year 2022-2023: (From Appendix Rate - G)	\$454,000	\$1.834			
(B) Estimated Claims Administration Fees Incurred in Accident Year 2022-2023: (From Exhibit Rate - 3, Page 1, (L))	0	0.000			
(C) Total Claims Costs Incurred in Accident Year 2022-2023: ((A) + (B))	\$454,000	\$1.834			
(D) Loss Discount Factor (Based on a Discount Rate of 2.00%.): (Not Applicable)	0.910				
(E) Discounted Total Claims Costs Incurred in Accident Year 2022-2023: ((C) x (D))	\$413,000	\$1.668			
	Marginally Acceptable	Recommended	Conservative		
	60%	65%	70%	75%	80%
(F) Confidence Level Factor: (From Appendix Rate - J)	1.037	1.136	1.247	1.373	1.521
(G) Margin for Adverse Experience: ((E) x [(F) - 1])	15,000	56,000	102,000	154,000	215,000
(H) Recommended Funding in 2022-2023 for Claims Costs and Other Expenses: ((E) + (G))	\$428,000	\$469,000	\$515,000	\$567,000	\$628,000
(I) Budgeted Non Claims Related Expenses: (Provided by SHARP JPA)	135,000	135,000	135,000	135,000	135,000
(J) Budgeted Excess Insurance: (Provided by SHARP JPA)	335,000	335,000	335,000	335,000	335,000
(K) Recommended Funding: ((H) + (I) - (J))	\$898,000	\$939,000	\$985,000	\$1,037,000	\$1,098,000
(L) Rate per \$100 of Payroll: ( / \$247,602)	\$3.627	\$3.792	\$3.978	\$4.188	\$4.435

Payroll rates are per hundred dollars of 2022-2023 payroll of \$24,760,200.

### Estimated Ultimate Program Losses

Notes:

- (A) From Appendix Rate - A, Page 1, Column (G).
- (B) From Appendix Rate - B, Page 1, Column (G).
- (C) From Appendix Rate - C, Page 1, Column (G).
- (D) From Appendix Rate - C, Page 2, Column (G).
- (E) From Appendix Rate - D, Page 1, Column (C).
- (F) Selected averages of (A), (B), (C), (D), and (E).
- (G) (F) limited to applicable aggregate.
- (H) From Exhibit Rate - 3, Page 1, Line (K).
- (I) From Exhibit Rate - 3, Page 1, Line (K).

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## SHARP JPA - Workers' Compensation

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

Accident Year	Reported Loss Development Method (A)	Paid Loss Development Method (B)	Exposure Method Based on Reported Losses (C)	Exposure Method Based on Paid Losses (D)	Frequency-Severity Method (E)	Selected Ultimate Limited Losses (F)
2000-2001	\$1,156	\$1,162	\$1,156	\$1,162	\$1,155	\$1,156
2001-2002	71,958	72,678	71,958	72,677	71,960	71,958
2002-2003	51,864	39,140	51,864	39,341	52,000	52,000
2003-2004	43,015	43,875	43,015	43,876	43,020	43,015
2004-2005	59,858	61,354	59,858	61,294	59,850	59,858
2005-2006	61,573	63,420	61,573	63,361	61,572	61,573
2006-2007	4,599	4,760	4,599	4,758	4,596	4,599
2007-2008	289,782	301,373	289,782	300,790	289,785	289,782
2008-2009	130,576	120,777	130,576	121,206	131,008	131,000
2009-2010	265,786	268,253	265,786	268,245	266,000	266,000
2010-2011	57,995	61,243	57,995	61,065	58,000	57,995
2011-2012	289,525	307,765	289,525	306,611	289,523	289,525
2012-2013	168,373	180,496	168,373	179,652	168,370	168,373
2013-2014	147,861	159,825	147,861	158,930	147,708	147,713
2014-2015	229,704	204,061	229,707	206,243	229,996	230,000
2015-2016	94,935	78,224	94,940	80,019	95,004	95,000
2016-2017	230,685	277,736	231,622	285,732	330,526	228,401
2017-2018	38,368	47,705	41,672	91,476	194,272	37,801
2018-2019	348,708	348,470	346,630	327,001	253,620	348,000
2019-2020	255,887	289,108	257,401	287,175	309,960	257,000
2020-2021	460,128	769,924	401,099	426,623	506,179	431,000
Totals						\$3,271,749
			Projected Losses for the Year 2021-2022 (G)			\$313,000
			Projected Losses for the Year 2022-2023 (H)			333,000

## Notes:

- (A) From Appendix Rate - A, Page 1, Column (D).
- (B) From Appendix Rate - B, Page 1, Column (D).
- (C) Based on results in Appendix Rate - C, Page 1.
- (D) Based on results in Appendix Rate - C, Page 2.
- (E) Based on results in Appendix Rate - D, Page 1.
- (F) Selected averages of (A), (B), (C), (D), and (E).
- (G) From Exhibit Rate - 3, Page 1, Line (K) / Line (G).
- (H) From Exhibit Rate - 3, Page 1, Line (K) / Line (G).

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

## SHARP JPA - Workers' Compensation

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

Accident Year	Ultimate Limited Losses (A)	Trend Factor (B)	Trended Limited Losses (C)	Trended Payroll (\$00) (D)	Trended Limited Loss Rate (E)
2000-2001	\$1,156	1.270	\$1,468	140,195	0.010
2001-2002	71,958	1.234	88,796	159,382	0.557
2002-2003	52,000	1.258	65,416	176,108	0.371
2003-2004	43,015	1.512	65,039	194,694	0.334
2004-2005	59,858	1.901	113,790	187,521	0.607
2005-2006	61,573	2.007	123,577	182,912	0.676
2006-2007	4,599	1.850	8,508	195,080	0.044
2007-2008	289,782	1.677	485,964	212,686	2.285
2008-2009	131,000	1.526	199,906	212,552	0.941
2009-2010	266,000	1.362	362,292	225,587	1.606
2010-2011	57,995	1.252	72,610	257,416	0.282
2011-2012	289,525	1.204	348,588	251,822	1.384
2012-2013	168,373	1.200	202,048	286,780	0.705
2013-2014	147,713	1.187	175,335	285,482	0.614
2014-2015	230,000	1.148	264,040	295,180	0.895
2015-2016	95,000	1.162	110,390	289,154	0.382
2016-2017	228,401	1.195	272,939	287,321	0.950
2017-2018	37,801	1.160	43,849	223,421	0.196
2018-2019	348,000	1.109	385,932	221,669	1.741
2019-2020	257,000	1.088	279,616	230,776	1.212
2020-2021	431,000	1.053	453,843	219,374	2.069
Totals	\$3,271,749		\$4,123,947	4,735,112	\$0.871
17/18-19/20	642,801		709,397	675,866	1.050
17/18-20/21	1,073,801		1,163,240	895,240	1.299
(F) Selected Limited Rate:					\$1.300
Prior:					\$1.235
Program Year:		2021-2022	2022-2023		
(G) Factor to SIR:		1.356	1.362		
(H) Trend Factor:		1.000	1.036		
(I) Program Rate:		\$1.762	\$1.834		
(J) Trended Payroll (\$00):		240,625	247,602		
(K) Projected Program Losses:		424,000	454,000		
(L) Projected ULAE:		16,000	17,000		
(M) Projected Loss and ULAE:		\$440,000	\$471,000		

Notes appear on the next page.

## SHARP JPA - Workers' Compensation

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

## Notes:

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

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

## SHARP JPA - Workers' Compensation

## Reported Loss Development

Accident Year (A)	Limited Reported Losses as of 12/31/21 (B)	Reported Loss Development Factor (C)	Ultimate Limited Losses (D)	Program Reported Losses as of 12/31/21 (E)	Reported Loss Development Factor (F)	Ultimate Program Losses (G)
2000-2001	\$1,156	1.000	\$1,156	\$1,156	1.006	\$1,163
2001-2002	71,958	1.000	71,958	71,958	1.006	72,390
2002-2003	51,864	1.000	51,864	51,864	1.008	52,279
2003-2004	43,015	1.000	43,015	43,015	1.009	43,402
2004-2005	59,858	1.000	59,858	59,858	1.010	60,457
2005-2006	61,573	1.000	61,573	61,573	1.011	62,250
2006-2007	4,599	1.000	4,599	4,599	1.012	4,654
2007-2008	289,782	1.000	289,782	364,460	1.014	369,562
2008-2009	130,576	1.000	130,576	130,576	1.030	134,493
2009-2010	265,786	1.000	265,786	409,991	1.034	423,931
2010-2011	57,995	1.000	57,995	57,995	1.039	60,257
2011-2012	289,525	1.000	289,525	446,851	1.045	466,959
2012-2013	168,373	1.000	168,373	168,373	1.051	176,960
2013-2014	147,713	1.001	147,861	297,713	1.059	315,278
2014-2015	229,017	1.003	229,704	268,754	1.070	287,567
2015-2016	94,369	1.006	94,935	94,369	1.082	102,107
2016-2017	228,401	1.010	230,685	228,401	1.097	250,556
2017-2018	37,801	1.015	38,368	37,801	1.120	42,337
2018-2019	340,203	1.025	348,708	390,886	1.164	454,991
2019-2020	243,470	1.051	255,887	377,383	1.245	469,842
2020-2021	310,059	1.484	460,128	569,528	1.819	1,035,971
Totals	\$3,127,093		\$3,302,336	\$4,137,104		\$4,887,407

## Notes:

- (A) Years are 7/1 to 6/30.
- (B) Provided by SHARP JPA. These losses exclude amounts over \$100,000 per occurrence.
- (C) From Appendix Rate - A, Page 2.
- (D) (B) x (C). These estimated losses exclude amounts over \$100,000 per occurrence.
- (E) Losses capped at the Pool's SIR. Amounts are provided by SHARP JPA.
- (F) Derived from factors on Appendix Rate - A, Page 3.
- (G) (E) x (F).

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

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

## SHARP JPA - Workers' Compensation

## Paid Loss Development

Accident Year (A)	Limited Paid Losses as of 12/31/21 (B)	Paid Loss Development Factor (C)	Ultimate Limited Losses (D)	Program Paid Losses as of 12/31/21 (E)	Paid Loss Development Factor (F)	Ultimate Program Losses (G)
2000-2001	\$1,156	1.005	\$1,162	\$1,156	1.027	\$1,187
2001-2002	71,958	1.010	72,678	71,958	1.034	74,405
2002-2003	38,562	1.015	39,140	38,562	1.041	40,143
2003-2004	43,015	1.020	43,875	43,015	1.048	45,080
2004-2005	59,858	1.025	61,354	59,858	1.055	63,150
2005-2006	61,573	1.030	63,420	61,573	1.063	65,452
2006-2007	4,599	1.035	4,760	4,599	1.070	4,921
2007-2008	289,782	1.040	301,373	364,460	1.078	392,888
2008-2009	115,576	1.045	120,777	115,576	1.131	130,716
2009-2010	255,479	1.050	268,253	399,684	1.145	457,638
2010-2011	57,995	1.056	61,243	57,995	1.161	67,332
2011-2012	289,525	1.063	307,765	446,851	1.179	526,837
2012-2013	168,373	1.072	180,496	168,373	1.200	202,048
2013-2014	147,713	1.082	159,825	297,713	1.224	364,401
2014-2015	186,698	1.093	204,061	189,109	1.253	236,954
2015-2016	70,030	1.117	78,224	70,030	1.301	91,109
2016-2017	228,401	1.216	277,736	228,401	1.435	327,755
2017-2018	37,801	1.262	47,705	37,801	1.526	57,684
2018-2019	256,040	1.361	348,470	306,724	1.694	519,590
2019-2020	165,488	1.747	289,108	233,178	2.238	521,852
2020-2021	231,139	3.331	769,924	303,359	4.364	1,323,859
Totals	\$2,780,761		\$3,701,349	\$3,499,975		\$5,515,002

## Notes:

- (A) Years are 7/1 to 6/30.
- (B) Provided by SHARP JPA. These losses exclude amounts over \$100,000 per occurrence.
- (C) From Appendix Rate - B, Page 2.
- (D) (B) x (C). These estimated losses exclude amounts over \$100,000 per occurrence.
- (E) Losses capped at the Pool's SIR. Amounts are provided by SHARP JPA.
- (F) Derived from factors on Appendix Rate - B, Page 3.
- (G) (E) x (F).

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

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



## SHARP JPA - Workers' Compensation

Exposure and Development Method  
Based on Reported Losses

Accident Year	Trended Payroll (\$00) (A)	Reported Losses as of 12/31/21 (B)	Reported Loss Development Factor (C)	Percentage of Losses Yet to Be Reported (D)	Program Rate (E)	Incurred but not Reported (IBNR) (F)	Ultimate Program Losses (G)
2000-2001	140,195	1,156	1.006	0.006	0.009	8	1,164
2001-2002	159,382	71,958	1.006	0.006	0.497	475	72,433
2002-2003	176,108	51,864	1.008	0.008	0.326	459	52,323
2003-2004	194,694	43,015	1.009	0.009	0.245	429	43,444
2004-2005	187,521	59,858	1.010	0.010	0.354	664	60,522
2005-2006	182,912	61,573	1.011	0.011	0.375	755	62,328
2006-2007	195,080	4,599	1.012	0.012	0.027	63	4,662
2007-2008	212,686	364,460	1.014	0.014	1.522	4,532	368,992
2008-2009	212,552	130,576	1.030	0.029	0.781	4,814	135,390
2009-2010	225,587	409,991	1.034	0.033	1.502	11,181	421,172
2010-2011	257,416	57,995	1.039	0.038	0.288	2,817	60,812
2011-2012	251,822	446,851	1.045	0.043	1.480	16,026	462,877
2012-2013	286,780	168,373	1.051	0.049	0.760	10,680	179,053
2013-2014	285,482	297,713	1.059	0.056	0.673	10,759	308,472
2014-2015	295,180	268,754	1.070	0.065	1.019	19,551	288,305
2015-2016	289,154	94,369	1.082	0.076	0.433	9,515	103,884
2016-2017	287,321	228,401	1.097	0.088	1.482	37,471	265,872
2017-2018	223,421	37,801	1.120	0.107	1.534	36,672	74,473
2018-2019	221,669	390,886	1.164	0.141	1.613	50,415	441,301
2019-2020	230,776	377,383	1.245	0.197	1.653	75,150	452,533
2020-2021	219,374	569,528	1.819	0.450	1.717	169,499	739,027
Totals	4,735,112	\$4,137,104				\$461,937	\$4,599,041

## Notes:

- (A) Appendix Rate - F, Column (C).
- (B) Provided by SHARP JPA. These losses exclude amounts incurred above the Pool's SIR for each year.
- (C) From Appendix Rate - A, Page 1, Column (F).
- (D)  $1 - 1 / (C)$ .
- (E) From Appendix Rate - C, Page 3, Column (H).
- (F)  $(A) \times (D) \times (E)$ .
- (G)  $(B) + (F)$ .

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

## SHARP JPA - Workers' Compensation

Exposure and Development Method  
Based on Paid Losses

Accident Year	Trended Payroll (\$00) (A)	Paid Losses as of 12/31/21 (B)	Paid Loss Development Factor (C)	Percentage of Losses Yet to Be Paid (D)	Program Rate (E)	Incurred but not Paid (F)	Ultimate Program Losses (G)
2000-2001	140,195	1,156	1.027	0.026	0.009	33	1,189
2001-2002	159,382	71,958	1.034	0.033	0.497	2,614	74,572
2002-2003	176,108	38,562	1.041	0.039	0.326	2,239	40,801
2003-2004	194,694	43,015	1.048	0.046	0.245	2,194	45,209
2004-2005	187,521	59,858	1.055	0.052	0.354	3,452	63,310
2005-2006	182,912	61,573	1.063	0.059	0.375	4,047	65,620
2006-2007	195,080	4,599	1.070	0.065	0.027	342	4,941
2007-2008	212,686	364,460	1.078	0.072	1.522	23,307	387,767
2008-2009	212,552	115,576	1.131	0.116	0.781	19,256	134,832
2009-2010	225,587	399,684	1.145	0.127	1.502	43,032	442,716
2010-2011	257,416	57,995	1.161	0.139	0.288	10,305	68,300
2011-2012	251,822	446,851	1.179	0.152	1.480	56,650	503,501
2012-2013	286,780	168,373	1.200	0.167	0.760	36,398	204,771
2013-2014	285,482	297,713	1.224	0.183	0.673	35,160	332,873
2014-2015	295,180	189,109	1.253	0.202	1.019	60,759	249,868
2015-2016	289,154	70,030	1.301	0.231	0.433	28,922	98,952
2016-2017	287,321	228,401	1.435	0.303	1.482	129,020	357,421
2017-2018	223,421	37,801	1.526	0.345	1.534	118,241	156,042
2018-2019	221,669	306,724	1.694	0.410	1.613	146,596	453,320
2019-2020	230,776	233,178	2.238	0.553	1.653	210,954	444,132
2020-2021	219,374	303,359	4.364	0.771	1.717	290,409	593,768
Totals	4,735,112	\$3,499,975				\$1,223,931	\$4,723,906

## Notes:

- (A) Appendix Rate - F, Column (C).
- (B) Provided by SHARP JPA. These losses exclude amounts paid above the Pool's SIR for each year.
- (C) From Appendix Rate - B, Page 1, Column (F).
- (D)  $1 - 1 / (C)$ .
- (E) From Appendix Rate - C, Page 3, Column (H).
- (F)  $(A) \times (D) \times (E)$ .
- (G)  $(B) + (F)$ .

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

## SHARP JPA - Workers' Compensation

## Exposure and Development Method

Accident Year	Trended Payroll (\$00) (A)	Ultimate Limited Losses (B)	Trend Factor (C)	Trended Limited Losses (D)	Trended Limited Loss Rate (E)	Limited Loss Rate (F)	Factor to SIR (G)	Program Loss Rate (H)
2000-2001	140,195	1,156	1.270	1,468	0.010	0.008	1.100	0.009
2001-2002	159,382	71,958	1.234	88,796	0.557	0.451	1.103	0.497
2002-2003	176,108	52,000	1.258	65,416	0.371	0.295	1.105	0.326
2003-2004	194,694	43,015	1.512	65,039	0.334	0.221	1.108	0.245
2004-2005	187,521	59,858	1.901	113,790	0.607	0.319	1.111	0.354
2005-2006	182,912	61,573	2.007	123,577	0.676	0.337	1.112	0.375
2006-2007	195,080	4,599	1.850	8,508	0.044	0.024	1.115	0.027
2007-2008	212,686	289,782	1.677	485,964	2.285	1.362	1.118	1.522
2008-2009	212,552	131,000	1.526	199,906	0.941	0.616	1.267	0.781
2009-2010	225,587	266,000	1.362	362,292	1.606	1.179	1.274	1.502
2010-2011	257,416	57,995	1.252	72,610	0.282	0.225	1.281	0.288
2011-2012	251,822	289,525	1.204	348,588	1.384	1.150	1.287	1.480
2012-2013	286,780	168,373	1.200	202,048	0.705	0.587	1.294	0.760
2013-2014	285,482	147,713	1.187	175,335	0.614	0.517	1.301	0.673
2014-2015	295,180	230,000	1.148	264,040	0.895	0.779	1.308	1.019
2015-2016	289,154	95,000	1.162	110,390	0.382	0.329	1.315	0.433
2016-2017	287,321	228,401	1.195	272,939	0.950	1.121	1.322	1.482
2017-2018	223,421	37,801	1.160	43,849	0.196	1.155	1.328	1.534
2018-2019	221,669	349,000	1.109	387,041	1.746	1.208	1.335	1.613
2019-2020	230,776	256,000	1.088	278,528	1.207	1.232	1.342	1.653
2020-2021	219,374	461,000	1.053	485,433	2.213	1.273	1.349	1.717
Total/Avg	4,735,112	\$3,301,749		\$4,155,558	\$0.878			
17/18-20/21	895,240	1,103,801		1,194,851	1.335			

Selected Limited Rate: \$1.340  
Prior: \$1.045

## Notes:

- (A) Appendix Rate - F, Column (C).
- (B) Selected average of results from Appendices A and B.
- (C) From Appendix Rate - E, Column (B).
- (D) (B) x (C).
- (E) (D) / (A).
- (F) Selected Limited Rate / (C). For 2015-2016 and prior (B) / (A).
- (G) Based on a Weibull distribution, a mathematical model of claim sizes.
- (H) (F) x (G).

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

## SHARP JPA - Workers' Compensation

## Frequency and Severity Method

Accident Year	Ultimate Program Severity (A)	Adjusted Ultimate Claims (B)	Ultimate Program Losses (C)
2000-2001	\$424	3	\$1,272
2001-2002	5,668	14	79,352
2002-2003	3,592	16	57,472
2003-2004	3,972	12	47,664
2004-2005	3,692	18	66,456
2005-2006	5,708	12	68,496
2006-2007	427	12	5,124
2007-2008	21,592	15	323,880
2008-2009	10,375	16	166,000
2009-2010	33,896	10	338,960
2010-2011	7,429	10	74,290
2011-2012	28,669	13	372,697
2012-2013	21,795	10	217,950
2013-2014	16,013	12	192,156
2014-2015	23,143	13	300,859
2015-2016	6,938	18	124,884
2016-2017	31,205	14	436,870
2017-2018	32,255	8	258,040
2018-2019	33,868	10	338,680
2019-2020	34,661	12	415,932
2020-2021	35,940	19	682,860
Total		267	\$4,569,894

## Notes:

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

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

## SHARP JPA - Workers' Compensation

## Frequency and Severity Method

Accident Year	Ultimate Limited Losses (A)	Adjusted Ultimate Claims (B)	Ultimate Limited Severity (C)	Trend Factor (D)	Trended Limited Severity (E)	Limited Severity (F)	Factor to SIR (G)	Program Severity (H)
2000-2001	\$1,156	3	\$385	1.231	\$474	\$385	1.100	\$424
2001-2002	71,958	14	5,140	1.198	6,158	5,140	1.103	5,668
2002-2003	52,000	16	3,250	1.223	3,975	3,250	1.105	3,592
2003-2004	43,015	12	3,585	1.473	5,281	3,585	1.108	3,972
2004-2005	59,858	18	3,325	1.855	6,168	3,325	1.111	3,692
2005-2006	61,573	12	5,131	1.962	10,067	5,131	1.112	5,708
2006-2007	4,599	12	383	1.811	694	383	1.115	427
2007-2008	289,782	15	19,319	1.644	31,760	19,319	1.118	21,592
2008-2009	131,000	16	8,188	1.498	12,266	8,188	1.267	10,375
2009-2010	266,000	10	26,600	1.340	35,644	26,600	1.274	33,896
2010-2011	57,995	10	5,800	1.233	7,151	5,800	1.281	7,429
2011-2012	289,525	13	22,271	1.188	26,458	22,271	1.287	28,669
2012-2013	168,373	10	16,837	1.185	19,952	16,837	1.294	21,795
2013-2014	147,713	12	12,309	1.174	14,451	12,309	1.301	16,013
2014-2015	230,000	13	17,692	1.137	20,116	17,692	1.308	23,143
2015-2016	95,000	18	5,278	1.153	6,086	5,278	1.315	6,938
2016-2017	228,401	14	16,314	1.186	19,348	23,609	1.322	31,205
2017-2018	37,801	8	4,725	1.153	5,448	24,284	1.328	32,255
2018-2019	348,000	10	34,800	1.104	38,419	25,362	1.335	33,868
2019-2020	257,000	12	21,417	1.084	23,216	25,830	1.342	34,661
2020-2021	431,000	19	22,684	1.051	23,841	26,641	1.349	35,940

Average Limited Severity: \$15,094  
Average 16/17-19/20 Limited Severity: 21,608  
Average 18/19-20/21 Limited Severity: 28,492

Selected Limited Severity: \$28,000  
Prior: \$30,200

## Notes:

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

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

## SHARP JPA - Workers' Compensation

Frequency and Severity Method  
Projection of Ultimate Claims

Accident Year	Reported Claim Development (A)	Closed Claim Development (B)	Selected Ultimate Claims (C)	Trended Payroll (\$000,000) (D)	Claim Frequency (E)	Trend Factor (F)	Trended Claim Frequency (G)
2000-2001	3	3	3	14.0	0.214	1.021	0.218
2001-2002	14	14	14	15.9	0.878	1.020	0.896
2002-2003	16	15	16	17.6	0.909	1.019	0.926
2003-2004	12	12	12	19.5	0.616	1.018	0.627
2004-2005	18	18	18	18.8	0.960	1.017	0.976
2005-2006	12	12	12	18.3	0.656	1.016	0.666
2006-2007	12	12	12	19.5	0.615	1.015	0.624
2007-2008	15	15	15	21.3	0.705	1.014	0.715
2008-2009	16	15	16	21.3	0.753	1.013	0.763
2009-2010	10	9	10	22.6	0.443	1.012	0.448
2010-2011	10	10	10	25.7	0.388	1.011	0.392
2011-2012	13	13	13	25.2	0.516	1.010	0.521
2012-2013	10	10	10	28.7	0.349	1.009	0.352
2013-2014	12	11	12	28.5	0.420	1.008	0.423
2014-2015	13	11	13	29.5	0.440	1.007	0.443
2015-2016	18	17	18	28.9	0.623	1.006	0.627
2016-2017	14	15	14	28.7	0.487	1.005	0.489
2017-2018	8	9	8	22.3	0.358	1.004	0.359
2018-2019	10	8	10	22.2	0.451	1.003	0.452
2019-2020	12	10	12	23.1	0.520	1.002	0.521
2020-2021	19	22	19	21.9	0.866	1.001	0.867
Total	267	261	267	473.5			0.570
15/16-19/20	62	59	62	125.2			0.497

(H) Selected Frequency: 0.500  
Prior: 0.450

Program Year:	2021-2022	2022-2023
(I) Trend Factor:	1.000	1.001
(J) Selected Frequency:	0.500	0.501
(K) Est. Payroll (\$000,000):	24.1	24.8
(L) Ultimate Claims:	12	12

## Notes:

- (A) Appendix Rate - D, Page 4, (C).  
 (B) Appendix Rate - D, Page 5, (C).  
 (C) Selected from (A) and (B).  
 (D) Appendix Rate - F, Column (C) / 10,000.  
 (E) (C) / (D).  
 (F) Appendix Rate - E, Column (H).  
 (G) (E) x (F).  
 (H) The selected frequency of 0.500 is based on (G).  
 (I) Appendix Rate - E, Column (H).  
 (J) (H) x (I).  
 (K) Appendix Rate - F, Column (C) / 10,000.  
 (L) (J) x (K).

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

## SHARP JPA - Workers' Compensation

Frequency and Severity Method  
Reported Claim Count Development

Accident Year	Claims Reported as of 12/31/2021 (A)	Reported Claim Development Factor (B)	Ultimate Claims (C)	Trended Claim Frequency (D)
2000-2001	3	1.000	3	0.218
2001-2002	14	1.000	14	0.896
2002-2003	16	1.000	16	0.926
2003-2004	12	1.000	12	0.627
2004-2005	18	1.000	18	0.976
2005-2006	12	1.000	12	0.667
2006-2007	12	1.000	12	0.624
2007-2008	15	1.000	15	0.715
2008-2009	16	1.000	16	0.763
2009-2010	10	1.000	10	0.449
2010-2011	10	1.000	10	0.393
2011-2012	13	1.000	13	0.521
2012-2013	10	1.000	10	0.352
2013-2014	12	1.000	12	0.424
2014-2015	13	1.000	13	0.443
2015-2016	18	1.000	18	0.626
2016-2017	14	1.000	14	0.490
2017-2018	8	1.000	8	0.360
2018-2019	10	1.000	10	0.452
2019-2020	12	1.011	12	0.521
2020-2021	19	1.026	19	0.867
Total	267		267	0.570

## Notes:

- (A) Provided by SHARP JPA.
- (B) Based upon Comparative Claim Development Factors.
- (C) (A) x (B).
- (D) (C) / [Appendix Rate - D, Page 3, (D)] x [Appendix Rate - D, Page 3, (F)].

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

## SHARP JPA - Workers' Compensation

Frequency and Severity Method  
Closed Claim Count Development

Accident Year	Claims Closed as of 12/31/2021 (A)	Closed Claim Development Factor (B)	Ultimate Claims (C)	Trended Claim Frequency (D)
2000-2001	3	1.000	3	0.218
2001-2002	14	1.000	14	0.896
2002-2003	15	1.000	15	0.868
2003-2004	12	1.000	12	0.627
2004-2005	18	1.000	18	0.976
2005-2006	12	1.000	12	0.667
2006-2007	12	1.000	12	0.624
2007-2008	15	1.001	15	0.715
2008-2009	15	1.002	15	0.715
2009-2010	9	1.003	9	0.404
2010-2011	10	1.004	10	0.393
2011-2012	13	1.006	13	0.521
2012-2013	10	1.009	10	0.352
2013-2014	11	1.013	11	0.388
2014-2015	11	1.018	11	0.375
2015-2016	17	1.028	17	0.591
2016-2017	14	1.061	15	0.525
2017-2018	8	1.103	9	0.404
2018-2019	7	1.149	8	0.362
2019-2020	8	1.253	10	0.434
2020-2021	15	1.448	22	1.004
Total	249		261	0.557

## Notes:

- (A) Provided by SHARP JPA.
- (B) Based upon Comparative Claim Development Factors.
- (C) (A) x (B).
- (D) (C) / [Appendix Rate - D, Page 3, (D)] x [Appendix Rate - D, Page 3, (F)].

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



## SHARP JPA - Workers' Compensation

## Incurred Losses as of 12/31/21

Accident Year (A)	Unlimited Incurred (B)	Additions to Losses (C)	Subtractions from Losses (D)	Adjusted Incurred (E)	Incurred Over SIR (F)	Incurred Over \$100,000 (G)	Incurred Capped at \$100,000 (H)	Incurred \$100,000 to SIR Layer (I)	Incurred Capped at SIR (J)	Incurred Capped at SIR & Aggregate (K)
2000-2001	\$1,156	\$0	\$0	\$1,156	\$0	\$0	\$1,156	\$0	\$1,156	\$1,156
2001-2002	79,958	0	8,000	71,958	0	0	71,958	0	71,958	71,958
2002-2003	53,697	0	1,833	51,864	0	0	51,864	0	51,864	51,864
2003-2004	43,015	0	0	43,015	0	0	43,015	0	43,015	43,015
2004-2005	56,321	3,537	0	59,858	0	0	59,858	0	59,858	59,858
2005-2006	38,796	22,777	0	61,573	0	0	61,573	0	61,573	61,573
2006-2007	4,599	0	0	4,599	0	0	4,599	0	4,599	4,599
2007-2008	410,865	70,883	55,153	426,594	62,134	136,812	289,782	74,678	364,460	364,460
2008-2009	97,671	32,904	0	130,576	0	0	130,576	0	130,576	130,576
2009-2010	400,960	9,031	0	409,991	0	144,205	265,786	144,205	409,991	409,991
2010-2011	57,142	853	0	57,995	0	0	57,995	0	57,995	57,995
2011-2012	622,174	3,963	176,967	449,170	2,319	159,645	289,525	157,326	446,851	446,851
2012-2013	163,382	4,991	0	168,373	0	0	168,373	0	168,373	168,373
2013-2014	451,251	0	0	451,251	153,538	303,538	147,713	150,000	297,713	297,713
2014-2015	268,754	0	0	268,754	0	39,738	229,017	39,738	268,754	268,754
2015-2016	94,268	101	0	94,369	0	0	94,369	0	94,369	94,369
2016-2017	228,401	0	0	228,401	0	0	228,401	0	228,401	228,401
2017-2018	38,115	0	314	37,801	0	0	37,801	0	37,801	37,801
2018-2019	391,199	0	313	390,886	0	50,684	340,203	50,684	390,886	390,886
2019-2020	339,169	38,531	317	377,383	0	133,913	243,470	133,913	377,383	377,383
2020-2021	510,266	59,579	0	569,845	317	259,785	310,059	259,468	569,528	569,528
2021-2022	44,122	0	0	44,122	0	0	44,122	0	44,122	44,122
Total	\$4,395,280	\$247,150	\$242,896	\$4,399,533	\$218,308	\$1,228,319	\$3,171,213	\$1,010,011	\$4,181,225	\$4,181,225

## Notes:

- (A) Years are 7/1 to 6/30.
- (B) Provided by SHARP JPA.
- (C) 4850
- (D) Subrogation recoveries.
- (E) (B) + (C) - (D).
- (F) Sum of incurred losses in excess of SIR.
- (G) Sum of incurred losses in excess of \$100,000.
- (H) (E) - (G).
- (I) (G) - (F).
- (J) (E) - (F).
- (K) Minimum of (J) and the aggregate stop loss. See Appendix Rate - K.

## SHARP JPA - Workers' Compensation

## Paid Losses as of 12/31/21

Accident Year (A)	Unlimited Paid (B)	Additions to Losses (C)	Subtractions from Losses (D)	Adjusted Paid (E)	Paid Over SIR (F)	Paid Over \$100,000 (G)	Paid Capped at \$100,000 (H)	Paid \$100,000 to SIR Layer (I)	Paid Capped at SIR (J)	Paid Capped at SIR & Aggregate (K)
2000-2001	\$1,156	\$0	\$0	\$1,156	\$0	\$0	\$1,156	\$0	\$1,156	\$1,156
2001-2002	79,958	0	8,000	71,958	0	0	71,958	0	71,958	71,958
2002-2003	40,395	0	1,833	38,562	0	0	38,562	0	38,562	38,562
2003-2004	43,015	0	0	43,015	0	0	43,015	0	43,015	43,015
2004-2005	56,321	3,537	0	59,858	0	0	59,858	0	59,858	59,858
2005-2006	38,796	22,777	0	61,573	0	0	61,573	0	61,573	61,573
2006-2007	4,599	0	0	4,599	0	0	4,599	0	4,599	4,599
2007-2008	410,865	70,883	55,153	426,594	62,134	136,812	289,782	74,678	364,460	364,460
2008-2009	82,671	32,904	0	115,576	0	0	115,576	0	115,576	115,576
2009-2010	390,653	9,031	0	399,684	0	144,205	255,479	144,205	399,684	399,684
2010-2011	57,142	853	0	57,995	0	0	57,995	0	57,995	57,995
2011-2012	622,174	3,963	176,967	449,170	2,319	159,645	289,525	157,326	446,851	446,851
2012-2013	163,382	4,991	0	168,373	0	0	168,373	0	168,373	168,373
2013-2014	370,157	0	0	370,157	72,444	222,444	147,713	150,000	297,713	297,713
2014-2015	189,109	0	0	189,109	0	2,411	186,698	2,411	189,109	189,109
2015-2016	69,929	101	0	70,030	0	0	70,030	0	70,030	70,030
2016-2017	228,401	0	0	228,401	0	0	228,401	0	228,401	228,401
2017-2018	38,115	0	314	37,801	0	0	37,801	0	37,801	37,801
2018-2019	307,036	0	313	306,724	0	50,684	256,040	50,684	306,724	306,724
2019-2020	194,963	38,531	317	233,178	0	67,689	165,488	67,689	233,178	233,178
2020-2021	246,120	57,239	0	303,359	0	72,220	231,139	72,220	303,359	303,359
2021-2022	1,972	0	0	1,972	0	0	1,972	0	1,972	1,972
Total	\$3,636,930	\$244,810	\$242,896	\$3,638,843	\$136,897	\$856,110	\$2,782,733	\$719,213	\$3,501,946	\$3,501,946

## Notes:

- (A) Years are 7/1 to 6/30.
- (B) Provided by SHARP JPA.
- (C) 4850
- (D) Subrogation recoveries.
- (E) (B) + (C) - (D).
- (F) Sum of paid losses in excess of SIR.
- (G) Sum of paid losses in excess of \$100,000.
- (H) (E) - (G).
- (I) (G) - (F).
- (J) (E) - (F).
- (K) Minimum of (J) and the aggregate stop loss. See Appendix Rate - K.

## SHARP JPA - Workers' Compensation

## Case Reserves as of 12/31/21

Accident Year (A)	Unlimited Reserves (B)	Additions to Losses (C)	Subtractions from Losses (D)	Adjusted Reserves (E)	Reserves Over SIR (F)	Reserves Over \$100,000 (G)	Reserves Capped at \$100,000 (H)	Reserves \$100,000 to SIR Layer (I)	Reserves Capped at SIR (J)	Reserves Capped at SIR & Aggregate (K)
2000-2001	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2001-2002	0	0	0	0	0	0	0	0	0	0
2002-2003	13,302	0	0	13,302	0	0	13,302	0	13,302	13,302
2003-2004	0	0	0	0	0	0	0	0	0	0
2004-2005	0	0	0	0	0	0	0	0	0	0
2005-2006	0	0	0	0	0	0	0	0	0	0
2006-2007	0	0	0	0	0	0	0	0	0	0
2007-2008	0	0	0	0	0	0	0	0	0	0
2008-2009	15,000	0	0	15,000	0	0	15,000	0	15,000	15,000
2009-2010	10,306	0	0	10,306	0	0	10,306	0	10,306	10,306
2010-2011	0	0	0	0	0	0	0	0	0	0
2011-2012	0	0	0	0	0	0	0	0	0	0
2012-2013	0	0	0	0	0	0	0	0	0	0
2013-2014	81,094	0	0	81,094	81,094	81,094	0	0	0	0
2014-2015	79,645	0	0	79,645	0	37,326	42,319	37,326	79,645	79,645
2015-2016	24,339	0	0	24,339	0	0	24,339	0	24,339	24,339
2016-2017	0	0	0	0	0	0	0	0	0	0
2017-2018	0	0	0	0	0	0	0	0	0	0
2018-2019	84,162	0	0	84,162	0	0	84,162	0	84,162	84,162
2019-2020	144,205	0	0	144,205	0	66,224	77,981	66,224	144,205	144,205
2020-2021	264,146	2,340	0	266,485	317	187,565	78,920	187,248	266,168	266,168
2021-2022	42,150	0	0	42,150	0	0	42,150	0	42,150	42,150
Total	\$758,350	\$2,340	\$0	\$760,690	\$81,411	\$372,209	\$388,480	\$290,798	\$679,278	\$679,278

## Notes:

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

## SHARP JPA - Workers' Compensation

## Claim Counts as of 12/31/21

Accident Year (A)	Reported Claims (B)	Additions to Reported Claims (C)	Subtractions from Reported Claims (D)	Adjusted Reported Claims (E)	Closed Claims (F)	Additions to Closed Claims (G)	Subtractions from Closed Claims (H)	Adjusted Closed Claims (I)	Open Claims (J)	Adjusted Open Claims (K)
2000-2001	3	0	0	3	3	0	0	3	0	0
2001-2002	14	0	0	14	14	0	0	14	0	0
2002-2003	16	0	0	16	15	0	0	15	1	1
2003-2004	12	0	0	12	12	0	0	12	0	0
2004-2005	18	0	0	18	18	0	0	18	0	0
2005-2006	12	0	0	12	12	0	0	12	0	0
2006-2007	12	0	0	12	12	0	0	12	0	0
2007-2008	15	0	0	15	15	0	0	15	0	0
2008-2009	16	0	0	16	15	0	0	15	1	1
2009-2010	10	0	0	10	9	0	0	9	1	1
2010-2011	10	0	0	10	10	0	0	10	0	0
2011-2012	13	0	0	13	13	0	0	13	0	0
2012-2013	10	0	0	10	10	0	0	10	0	0
2013-2014	12	0	0	12	11	0	0	11	1	1
2014-2015	13	0	0	13	11	0	0	11	2	2
2015-2016	18	0	0	18	17	0	0	17	1	1
2016-2017	14	0	0	14	14	0	0	14	0	0
2017-2018	8	0	0	8	8	0	0	8	0	0
2018-2019	10	0	0	10	7	0	0	7	3	3
2019-2020	12	0	0	12	8	0	0	8	4	4
2020-2021	19	0	0	19	15	0	0	15	4	4
2021-2022	5	0	0	5	0	0	0	0	5	5
Total	272	0	0	272	249	0	0	249	23	23

## Notes:

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

## SHARP JPA - Workers' Compensation

## Exposure Measures

Accident Year	Total Payroll (\$00) (A)	Inflation Trend Factor (B)	Trended Payroll (\$00) (C)
2000-2001	83,499	1.679	140,195
2001-2002	97,303	1.638	159,382
2002-2003	110,205	1.598	176,108
2003-2004	124,884	1.559	194,694
2004-2005	123,288	1.521	187,521
2005-2006	123,256	1.484	182,912
2006-2007	134,724	1.448	195,080
2007-2008	150,521	1.413	212,686
2008-2009	154,135	1.379	212,552
2009-2010	167,723	1.345	225,587
2010-2011	196,201	1.312	257,416
2011-2012	196,736	1.280	251,822
2012-2013	229,608	1.249	286,780
2013-2014	234,194	1.219	285,482
2014-2015	248,259	1.189	295,180
2015-2016	249,271	1.160	289,154
2016-2017	253,817	1.132	287,321
2017-2018	202,374	1.104	223,421
2018-2019	205,821	1.077	221,669
2019-2020	219,578	1.051	230,776
2020-2021	214,023	1.025	219,374
2021-2022	240,625	1.000	240,625
2022-2023	247,602	1.000	247,602

## Notes:

- (A) Provided by SHARP JPA.
- (B) Based on WCIRB.
- (C) (A) x (B).

## SHARP JPA - Workers' Compensation

Allocation of 2022-23 Costs to Members  
60% Confidence Level Funding - Discounted - \$250,000 SIR  
All Members

	Code	City of Saratoga	Town of Los Altos Hills	Town of Ross	City of American Canyon	City of Woodside	Total
(1) Estimated 2022-23 Payroll By Classification	8742	0	0	0	0	0	0
	8810	5,445,000	1,627,000	117,000	2,423,000	771,111	10,383,111
	9410	1,434,000	726,000	1,300,000	2,435,000	1,416,699	7,311,699
	9420	1,477,000	443,000	153,000	2,164,000	413,358	4,650,358
	7720	0	0	1,011,000	0	0	1,011,000
	7706	0	0	0	0	0	0
	7207	0	0	0	0	0	0
	7520	0	0	0	442,000	0	442,000
	7580	0	0	0	660,000	0	660,000
	9422	0	0	0	302,000	0	302,000
	7382	0	0	0	0	0	0
		8,356,000	2,796,000	2,581,000	8,426,000	2,601,168	24,760,168
	2022-23 Discounted Loss Rate						
(2) Expected 2022-23 Loss & ALAE - Discounted at 60% Confidence Level	8742	0.26	0	0	0	0	0
	8810	0.17	9,081	2,713	195	4,041	17,317
	9410	0.80	11,502	5,823	10,428	19,532	58,649
	9420	6.53	96,421	28,920	9,988	141,269	303,582
	7720	2.08	0	0	21,036	0	21,036
	7706	3.84	0	0	0	0	0
	7207	6.00	0	0	0	0	0
	7520	2.20	0	0	0	9,723	9,723
	7580	2.18	0	0	0	14,362	14,362
	9422	1.33	0	0	0	4,029	4,029
	7382	4.93	0	0	0	0	0
(3) Total Expected Loss & ALAE		117,004	37,457	41,647	192,956	39,634	428,699
(4) Experience Modification		76.8%	72.4%	120.7%	98.6%	113.3%	100.0%
(5) Risk Premium Deposit - Loss & ALAE		90,000	27,000	50,000	190,000	45,000	402,000
(6) Balanced Risk Premium		95,821	28,746	53,234	202,289	47,910	428,000
(7) Administration		18,400	18,400	18,400	18,400	18,400	92,000
(8) Claims Administration		3,400	3,400	3,400	3,400	3,400	17,000
(9) Self-Insurance Assessment		5,200	5,200	5,200	5,200	5,200	26,000
(10) Excess Insurance Costs		75,000	22,500	41,667	158,333	37,500	335,000
(11) Funding Redundancy/(Deficiency)		0	0	0	0	0	0
(12) Total Premium Deposit		197,821	78,246	121,900	387,622	112,410	898,000

(1) Provided by SHARP JPA.

(2) = (1) / 100 X 2022/23 loss rate at 60% confidence level for each code from Appendix P, Page 1.

(3) Sum (2) over all codes.

(4) Developed in Appendix P, Page 2.

(5) = (3) x (4).

(7), (8) 2022/23 budgeted totals provided by SHARP JPA.

(9) Provided by SHARP JPA.

(10) Total provided by SHARP JPA, allocated based on (5).

(11) From Exhibit II, row (J).

(12) = (5) + (6) + (7) + (8) + (9) - (10).

## SHARP JPA - Workers' Compensation

Allocation of 2022-23 Costs to Members  
65% Confidence Level Funding - Discounted - \$250,000 SIR  
All Members

	Code	City of Saratoga	Town of Los Altos Hills	Town of Ross	City of American Canyon	City of Woodside	Total
(1) Estimated 2022-23 Payroll By Classification	8742	0	0	0	0	0	0
	8810	5,445,000	1,627,000	117,000	2,423,000	771,111	10,383,111
	9410	1,434,000	726,000	1,300,000	2,435,000	1,416,699	7,311,699
	9420	1,477,000	443,000	153,000	2,164,000	413,358	4,650,358
	7720	0	0	1,011,000	0	0	1,011,000
	7706	0	0	0	0	0	0
	7207	0	0	0	0	0	0
	7520	0	0	0	442,000	0	442,000
	7580	0	0	0	660,000	0	660,000
	9422	0	0	0	302,000	0	302,000
	7382	0	0	0	0	0	0
		8,356,000	2,796,000	2,581,000	8,426,000	2,601,168	24,760,168
	2022-23 Discounted Loss Rate						
(2) Expected 2022-23 Loss & ALAE - Discounted at 65% Confidence Level	8742	0.29	0	0	0	0	0
	8810	0.18	9,948	2,973	214	4,427	18,970
	9410	0.88	12,601	6,379	11,423	21,396	64,248
	9420	7.15	105,626	31,681	10,942	154,756	332,564
	7720	2.28	0	0	23,045	0	23,045
	7706	4.20	0	0	0	0	0
	7207	6.57	0	0	0	0	0
	7520	2.41	0	0	0	10,652	10,652
	7580	2.38	0	0	0	15,733	15,733
	9422	1.46	0	0	0	4,414	4,414
	7382	5.40	0	0	0	0	0
(3) Total Expected Loss & ALAE		128,174	41,032	45,623	211,378	43,418	469,625
(4) Experience Modification		76.8%	72.4%	120.7%	98.6%	113.3%	100.0%
(5) Risk Premium Deposit - Loss & ALAE		99,000	30,000	55,000	208,000	49,000	441,000
(6) Balanced Risk Premium		105,228	31,905	58,492	221,206	52,169	469,000
(7) Administration		18,400	18,400	18,400	18,400	18,400	92,000
(8) Claims Administration		3,400	3,400	3,400	3,400	3,400	17,000
(9) Self-Insurance Assessment		5,200	5,200	5,200	5,200	5,200	26,000
(10) Excess Insurance Costs		75,204	22,789	41,780	158,005	37,222	335,000
(11) Funding Redundancy/(Deficiency)		0	0	0	0	0	0
(12) Total Premium Deposit		207,432	81,694	127,272	406,211	116,391	939,000

(1) Provided by SHARP JPA.

(2) = (1) / 100 X 2022/23 loss rate at 65% confidence level for each code from Appendix P, Page 1.

(3) Sum (2) over all codes.

(4) Developed in Appendix P, Page 2.

(5) = (3) x (4).

(7), (8) 2022/23 budgeted totals provided by SHARP JPA.

(9) Provided by SHARP JPA.

(10) Total provided by SHARP JPA, allocated based on (5).

(11) From Exhibit II, row (J).

(12) = (5) + (6) + (7) + (8) + (9) - (10).

## SHARP JPA - Workers' Compensation

Allocation of 2022-23 Costs to Members  
70% Confidence Level Funding - Discounted - \$250,000 SIR  
All Members

	Code	City of Saratoga	Town of Los Altos Hills	Town of Ross	City of American Canyon	City of Woodside	Total
(1) Estimated 2022-23 Payroll By Classification	8742	0	0	0	0	0	0
	8810	5,445,000	1,627,000	117,000	2,423,000	771,111	10,383,111
	9410	1,434,000	726,000	1,300,000	2,435,000	1,416,699	7,311,699
	9420	1,477,000	443,000	153,000	2,164,000	413,358	4,650,358
	7720	0	0	1,011,000	0	0	1,011,000
	7706	0	0	0	0	0	0
	7207	0	0	0	0	0	0
	7520	0	0	0	442,000	0	442,000
	7580	0	0	0	660,000	0	660,000
	9422	0	0	0	302,000	0	302,000
	7382	0	0	0	0	0	0
		8,356,000	2,796,000	2,581,000	8,426,000	2,601,168	24,760,168
	2022-23 Discounted Loss Rate						
(2) Expected 2022-23 Loss & ALAE - Discounted at 70% Confidence Level	8742	0.32	0	0	0	0	0
	8810	0.20	10,920	3,263	4,859	1,546	20,823
	9410	0.96	13,832	7,003	23,487	13,665	70,525
	9420	7.85	115,947	34,776	12,011	169,877	365,060
	7720	2.50	0	0	25,296	0	25,296
	7706	4.61	0	0	0	0	0
	7207	7.21	0	0	0	0	0
	7520	2.65	0	0	11,693	0	11,693
	7580	2.62	0	0	17,270	0	17,270
	9422	1.60	0	0	4,845	0	4,845
	7382	5.93	0	0	0	0	0
(3) Total Expected Loss & ALAE		140,698	45,042	50,081	232,031	47,661	515,513
(4) Experience Modification		76.8%	72.4%	120.7%	98.6%	113.3%	100.0%
(5) Risk Premium Deposit - Loss & ALAE		108,000	33,000	60,000	229,000	54,000	484,000
(6) Balanced Risk Premium		114,883	35,114	63,843	243,667	57,493	515,000
(7) Administration		18,400	18,400	18,400	18,400	18,400	92,000
(8) Claims Administration		3,400	3,400	3,400	3,400	3,400	17,000
(9) Self-Insurance Assessment		5,200	5,200	5,200	5,200	5,200	26,000
(10) Excess Insurance Costs		74,752	22,841	41,529	158,502	37,376	335,000
(11) Funding Redundancy/(Deficiency)		0	0	0	0	0	0
(12) Total Premium Deposit		216,636	84,955	132,372	429,169	121,869	985,000

(1) Provided by SHARP JPA.

(2) = (1) / 100 X 2022/23 loss rate at 70% confidence level for each code from Appendix P, Page 1.

(3) Sum (2) over all codes.

(4) Developed in Appendix P, Page 2.

(5) = (3) x (4).

(7), (8) 2022/23 budgeted totals provided by SHARP JPA.

(9) Provided by SHARP JPA.

(10) Total provided by SHARP JPA, allocated based on (5).

(11) From Exhibit II, row (J).

(12) = (5) + (6) + (7) + (8) + (9) - (10).



## SHARP JPA - Workers' Compensation

Allocation of 2022-23 Costs to Members  
75% Confidence Level Funding - Discounted - \$250,000 SIR  
All Members

	Code	City of Saratoga	Town of Los Altos Hills	Town of Ross	City of American Canyon	City of Woodside	Total
(1) Estimated 2022-23 Payroll By Classification	8742	0	0	0	0	0	0
	8810	5,445,000	1,627,000	117,000	2,423,000	771,111	10,383,111
	9410	1,434,000	726,000	1,300,000	2,435,000	1,416,699	7,311,699
	9420	1,477,000	443,000	153,000	2,164,000	413,358	4,650,358
	7720	0	0	1,011,000	0	0	1,011,000
	7706	0	0	0	0	0	0
	7207	0	0	0	0	0	0
	7520	0	0	0	442,000	0	442,000
	7580	0	0	0	660,000	0	660,000
	9422	0	0	0	302,000	0	302,000
	7382	0	0	0	0	0	0
		8,356,000	2,796,000	2,581,000	8,426,000	2,601,168	24,760,168
	2022-23 Discounted Loss Rate						
(2) Expected 2022-23 Loss & ALAE - Discounted at 75% Confidence Level	8742	0	0	0	0	0	0
	8810	0.22	12,023	3,593	258	5,350	22,927
	9410	1.06	15,229	7,710	13,806	25,860	77,651
	9420	8.64	127,662	38,290	13,224	187,042	401,946
	7720	2.75	0	0	27,852	0	27,852
	7706	5.08	0	0	0	0	0
	7207	7.94	0	0	0	0	0
	7520	2.91	0	0	0	12,874	12,874
	7580	2.88	0	0	0	19,015	19,015
	9422	1.77	0	0	0	5,335	5,335
	7382	6.53	0	0	0	0	0
(3) Total Expected Loss & ALAE		154,915	49,593	55,141	255,477	52,476	567,602
(4) Experience Modification		76.8%	72.4%	120.7%	98.6%	113.3%	100.0%
(5) Risk Premium Deposit - Loss & ALAE		119,000	36,000	67,000	252,000	59,000	533,000
(6) Balanced Risk Premium		126,591	38,296	71,274	268,075	62,764	567,000
(7) Administration		18,400	18,400	18,400	18,400	18,400	92,000
(8) Claims Administration		3,400	3,400	3,400	3,400	3,400	17,000
(9) Self-Insurance Assessment		5,200	5,200	5,200	5,200	5,200	26,000
(10) Excess Insurance Costs		74,794	22,627	42,111	158,386	37,083	335,000
(11) Funding Redundancy/(Deficiency)		0	0	0	0	0	0
(12) Total Premium Deposit		228,385	87,923	140,385	453,462	126,846	1,037,000

(1) Provided by SHARP JPA.

(2) = (1) / 100 X 2022/23 loss rate at 75% confidence level for each code from Appendix P, Page 1.

(3) Sum (2) over all codes.

(4) Developed in Appendix P, Page 2.

(5) = (3) x (4).

(7), (8) 2022/23 budgeted totals provided by SHARP JPA.

(9) Provided by SHARP JPA.

(10) Total provided by SHARP JPA, allocated based on (5).

(11) From Exhibit II, row (J).

(12) = (5) + (6) + (7) + (8) + (9) - (10).

## SHARP JPA - Workers' Compensation

Allocation of 2022-23 Expected Loss Rate to Classification - Discounted Basis - \$250,000 SIR  
All Members

Classification Code (1)	Estimated 2022-2023 Payroll (2)	WCIRB Pure Premium (3)	WCIRB Relativity (4)	Expected Level Undiscounted Pure Premium (5)	Expected Level Discounted Pure Premium (6)	60% Confidence Level Discounted Pure Premium (7)	65% Confidence Level Discounted Pure Premium (8)	70% Confidence Level Discounted Pure Premium (9)	75% Confidence Level Discounted Pure Premium (10)
8742	0	0.285	0.15	0.28	0.25	0.26	0.29	0.32	0.35
8810	10,383,111	0.182	0.10	0.18	0.16	0.17	0.18	0.20	0.22
9410	7,311,699	0.874	0.46	0.85	0.77	0.80	0.88	0.96	1.06
9420	4,650,358	7.110	3.77	6.91	6.30	6.53	7.15	7.85	8.64
7720	1,011,000	2.266	1.20	2.20	2.01	2.08	2.28	2.50	2.75
7706	0	4.178	2.22	4.06	3.70	3.84	4.20	4.61	5.08
7207	0	6.531	3.46	6.35	5.78	6.00	6.57	7.21	7.94
7520	442,000	2.396	1.27	2.33	2.12	2.20	2.41	2.65	2.91
7580	660,000	2.370	1.26	2.30	2.10	2.18	2.38	2.62	2.88
9422	302,000	1.453	0.77	1.41	1.29	1.33	1.46	1.60	1.77
7382	0	5.372	2.85	5.22	4.76	4.93	5.40	5.93	6.53
Total/Average	24,760,168	1.886		1.83	1.67	1.73	1.90	2.08	2.29

(2) Provided by SHARP JPA.

(3) From WCIRB, effective 9/1/2022 minus 13.5% for ULAE.

(4) (3) / (3) Average

(5) = (4) x selected 2022/23 loss rate of \$1.834 from Exhibit Rate - 3, Page 1.

(6) = (5) x discount factor of 0.910 from Not Included, Page 2.

(7) = (6) x 1.247, 60% confidence factor from Appendix Rate - J.

(8) = (6) x 1.373, 65% confidence factor from Appendix Rate - J.

(9) = (6) x 1.521, 70% confidence factor from Appendix Rate - J.

(10) = (6) x 1.706, 75% confidence factor from Appendix Rate - J.

## SHARP JPA - Workers' Compensation

Calculation of Experience Modifications - \$250,000 SIR  
All Members

Members	2016-2017 to 2020-2021 Limited Incurred Losses (1)	Expected Losses (2)	Percent of Limited Incurred Losses (3)	Percent of Expected Losses (4)	Indicated Differential (5)	Weights (6)	Indicated Experience Modification (7)	Adjusted Experience Modification (8)
Saratoga	91,460	578,647	17.7%	28.5%	0.619	53.6%	79.6%	76.8%
Los Altos Hills	269	199,982	0.1%	9.9%	0.005	28.6%	71.6%	72.4%
Ross	121,384	201,885	23.4%	10.0%	2.355	28.8%	139.0%	120.7%
American Canyon	229,332	870,176	44.3%	42.9%	1.032	63.5%	102.1%	98.6%
Woodside	75,462	178,172	14.6%	8.8%	1.659	26.3%	117.3%	113.3%
Total/Average	517,908	2,028,862	100.0%	100.0%				

(1) Provided by SHARP JPA, 2016-2017 through 2020-2021, limited to \$25,000 per claim, evaluated as of 12/31/21.  
Losses exclude Ross Fire Department.

(2) Developed in Appendix P, Page 2.

(3) = (1) / (1) Total

(4) = (2) / (2) Total

(5) = (3) / (4)

(6) = (2) / [(2) + 500,000] with a minimum of 5.0%

(7) (6) x (5) + [1.0 - (6)]

(8) Limited to minimum of 75% and maximum of 125% then adjusted for off-balance.

SHARP JPA - Workers' Compensation  
Calculation of Expected Losses by Member - \$250,000 SIR  
All Members

Members	Classification Codes											Total
	8742	8810	9410	9420	7720	7706	7207	7520	7580	9422	7382	
(1) Five Year Payrolls												
Saratoga	0	21,263,237	6,228,030	6,829,688	0	0	0	0	0	0	0	34,320,955
Los Altos Hills	0	5,914,381	4,119,878	2,155,259	0	0	0	0	0	0	0	12,189,518
Ross	0	534,604	5,141,838	722,148	4,617,463	0	0	0	0	0	0	11,016,053
American Canyon	0	12,193,788	8,661,876	9,016,587	0	0	0	1,987,969	2,740,018	1,279,730	1,371	35,881,339
Woodside	0	3,708,880	4,185,273	1,896,825	0	0	0	0	0	0	0	9,790,978
(2) WCIRB Loss Rates for Experience Rating												
	0.285	0.182	0.874	7.110	2.266	4.178	6.531	2.396	2.370	1.453	5.372	
(3) Expected Losses												
Saratoga	0	38,625	54,411	485,611	0	0	0	0	0	0	0	578,647
Los Altos Hills	0	10,743	35,993	153,245	0	0	0	0	0	0	0	199,982
Ross	0	971	44,922	51,347	104,646	0	0	0	0	0	0	201,885
American Canyon	0	22,150	75,674	641,106	0	0	0	47,633	64,941	18,597	74	870,176
Woodside	0	6,737	36,565	134,870	0	0	0	0	0	0	0	178,172

- (1) Provided by SHARP JPA, 2016-2017 through 2020-2021.  
(2) From WCIRB, effective 9/1/2022 minus 13.5% for ULAE.  
(3)  $[(1) / 100] \times (2)$

**Agenda Item 8.B.**

**FINANCIAL MATTERS**

**SUBJECT: Consideration of the Draft Operating Budget for Program Year 2022/23**

**BACKGROUND AND HISTORY:**

Enclosed is the Draft Operating Annual Budget (Budget) for Shared Agency Risk Pool (SHARP) for the 2022/23 fiscal year. Member contributions are presented at the 65% confidence level (CL), discounted at 2%, matching the approved 2021/22 budget. The Budget shows operations at the pooled self-insured retention (SIR) of \$250,000, followed by attachment to the Local Agency Workers' Compensation Excess JPA (LAWCX). The Budget shows total member contributions at \$821,280, an 7% increase from the 2021/22 approved budget.

The major components of the budget are outlined below:

**1. Primary Pooling Layer**

The 2022/23 funding rates were developed by the actuary using December 31, 2021, loss run data and June 30, 2021, audited financial statements. The actuary also annualized payrolls for all members based upon the recent payroll submissions, then trended 2% to obtain 2022/23 estimated payroll. Below is a comparison of primary layer funding between the past two years:

<u>Primary Layer Funding</u>	<u>Expected</u>	<u>65%</u>	<u>70%</u>	<u>75%</u>
2022/2023	\$ 339,000	\$ 386,000	\$ 426,000	\$ 472,000
2021/2022	315,000	360,000	399,000	444,000
Change	\$ 24,000	\$ 26,000	\$ 27,000	\$ 28,000
% Change	7.6%	7.2%	6.8%	6.3%

A 7.2% increase, at the 65% confidence level, is reflected in the primary layer due to higher payroll rates in 2022/23.

**2. Excess Insurance**

The LAWCX premium has been budgeted at \$300,000 – which reflects an increase of 6% over 2021/22 expiring premiums – and is funded at the 80% confidence level with a 1.75% discount factor. The attachment point for LAWCX is \$250,000 for excess coverage.

**3. Claims Administration**

Claims administration is budgeted for a 3% contractual increase. The budgeted amount is \$16,560.

**4. Self-Insurance Assessment**

Self-insurance assessment is expected to increase by \$4,376 over the 2021/22 Department of Industrial Relations (DIR) assessment. This a fee paid to the DIR for maintaining self-insured plans and is based upon indemnity payments made during the year.

**5. Risk Management Grant**

The Risk Management Grant of \$40,000 will be funded out of equity, similar to prior year.

**6. Administrative Expenses**

Administrative expenses are expected to decrease by 1.3% over the prior year. The 2022/23 proposed budget includes the following line-item variances from the prior year:

- Program Administration: \$57,963 – a contractual 3.0% increase from prior year
- Financial Audit: \$8,500 – based upon new contract
- Claims Audit is conducted during the LAWCX claims audit, with no additional fees
- Bank Fees: Increasing by \$500 for general account checking account and claims bank account fees
- Meetings & Conferences: Increasing by \$200 due to rising venue costs, coupled with anticipation of more in-person meetings for 2022/23

**Budget Summary with Woodside**

- Primary Funding Layer - at the 65% confidence level is \$469,000.
- Excess Insurance - is estimated at \$335,000, but subject to change as LAWCX is currently in the underwriting process.
- Claims Administration, Self-Insurance Assessment, and Administrative expenses are allocated equally amongst the members; with Woodside sharing in these expenses.
- Risk Management Grant – pending Board approval on the inclusion of Woodside.

**RECOMMENDATION:**

*Staff recommends the Board of Directors approve the SHARP Draft Operating Budget for the 2022/23 Program Year; inclusive of the Town of Woodside effective July 1, 2022, pending approval by LAWCX and PRISM, exclusive of the Town of Woodside if either of those approvals are not met.*

**REFERENCE MATERIALS ATTACHED:**

- 2022/23 SHARP Draft Operating Budget
- 2022/23 SHARP Draft Operating Budget (with Woodside)

## SHARED RISK POOL (SHARP)

### 2022/2023 DRAFT OPERATING BUDGET

#### Workers' Compensation Program

Pool Funding @65% Confidence Level, 2.0% Discount Factor

Primary Pool SIR \$250,000 ~ LAWCX Excess from \$250,000

Member	2022/23 Total Contributions	Prior Year Budget			Payroll Comparison				Ex-mod Comparison		
		2021/22 Total Contributions	Increase/ (Decrease)	% Change	Estimated Payroll 2022/23	2021/22	Increase/ (Decrease)	% Change	2022/23	2021/22	% Change
American Canyon	\$ 403,060	\$ 362,342	\$ 40,718	11%	8,426,000	7,963,000	463,000	6%	102.9%	104.5%	-2%
Los Altos Hills	84,426	86,993	(2,567)	-3%	2,796,000	2,904,000	(108,000)	-4%	72.4%	72.4%	0%
Ross	127,536	120,482	7,054	6%	2,581,000	2,434,000	147,000	6%	120.7%	120.7%	0%
Saratoga	206,257	194,900	11,357	6%	8,356,000	7,413,000	943,000	13%	79.0%	81.2%	-3%
<b>Total</b>	<b>\$ 821,280</b>	<b>\$ 764,718</b>	<b>\$ 56,563</b>	<b>7%</b>	<b>22,159,000</b>	<b>20,714,000</b>	<b>1,445,000</b>	<b>7%</b>			

**Note:**

Payroll comparison was obtained from the actuarial study, Appendix O, page 2.

The ex-mod comparisons were obtained from actuarial reports; Appendix P, page 2 for the calculation of ex-mods by member.

# SHARED RISK POOL (SHARP)

## 2022/2023 DRAFT OPERATING BUDGET

### Workers' Compensation Program

*Pool Funding @65% Confidence Level, 2.0% Discount Factor*

*Primary Pool SIR \$250,000 ~ LAWCX Excess from \$250,000*

Member	Member SIR	Estimated Payroll	2022/23 Experience Modification Factor	Primary Pool Funding	Excess Coverage	Total Claims Admin	Self Insurance Assessment	Total Administration	Total Contributions
	Note 1	Note 1	Note 2	Note 3	Note 4	Note 5	Note 6	Note 7	Note 8
American Canyon	250,000	8,426,000	102.9%	\$ 207,765	\$ 161,475	\$ 4,140	\$ 6,564	\$ 23,116	\$ 403,060
Los Altos Hills	250,000	2,796,000	72.4%	28,475	22,131	4,140	6,564	23,116	84,426
Ross	250,000	2,581,000	120.7%	52,732	40,984	4,140	6,564	23,116	127,536
Saratoga	250,000	8,356,000	79.0%	97,027	\$ 75,410	4,140	6,564	23,116	206,257
<b>Total</b>		<b>\$ 22,159,000</b>		<b>\$ 385,999</b>	<b>\$ 300,000</b>	<b>\$ 16,560</b>	<b>\$ 26,258</b>	<b>\$ 92,463</b>	<b>\$ 821,280</b>
<i>Rate Per \$100 Payroll</i>				<i>1.7420</i>	<i>1.3539</i>	<i>0.0747</i>	<i>0.1185</i>	<i>0.4173</i>	<i>3.7063</i>
Prior Year Actuals		20,714,000		360,000	282,592	16,080	21,881	93,636	764,717
Incr./(Decr.)		<b>\$ 1,445,000</b>		<b>\$ 25,999</b>	<b>\$ 17,408</b>	<b>\$ 480</b>	<b>\$ 4,376</b>	<b>\$ (1,173)</b>	<b>\$ 56,563</b>
% Change		<b>7%</b>		<b>7%</b>	<b>6%</b>	<b>3%</b>	<b>20%</b>	<b>-1%</b>	<b>7%</b>

NOTES:
Note 1: Estimated Payroll for the 22/23 fiscal year, per Actuarial Study dated April 28, 2022.
Note 2: Experience Modification Factor, per Actuarial Study dated April 28, 2022.
Note 3: Funding needed for SIR to \$250,000 at the 65% confidence level, per Actuarial Study dated April 28, 2022..
Note 4: Excess Insurance expense allocated per Actuarial Study dated April 28, 2022.
Note 5: Claims Administration expense, per contract, as a fixed allocation distributed to members equally.
Note 6: Workers Compensation Self Insurance assessment as a fixed allocation distributed to members equally.
Note 7: General Administrative expense as a fixed allocation distributed to members equally. See Admin page 3.
Note 8: Total 2022/23 contributions by member (Sum of Notes 3 through 7).



# SHARED RISK POOL (SHARP)

## 2022/2023 DRAFT OPERATING BUDGET

### Pool Funding @65% Confidence Level, 2.0% Discount Factor

	2021/22		2022/23 Operating Budget	Prior Year:	
	Approved Budget	Projected Actuals		Increase/ (Decrease) Incr./ (Decr.)	Percent
<b>Revenues:</b>					
Contributions	\$ 764,717	\$ 764,718	\$ 821,280	\$ 56,563	7.4%
Equity Funding for Risk					
Management Grant	40,000	40,000	40,000	\$ -	0.0%
Investment Income	10,000	(14,700)	10,000	\$ -	0.0%
<b>Total Revenues</b>	<b>814,717</b>	<b>790,018</b>	<b>871,280</b>	<b>56,563</b>	<b>6.9%</b>
<b>Expenses:</b>					
Claims Expense	315,000	287,918	339,000	24,000	7.6% a
Insurance Expense	280,000	282,592	300,000	20,000	7.1% b
Claims Administration	16,080	16,080	16,560	480	3.0% c
DIR Self Insurance Assessment	15,000	21,881	26,258	11,258	75.1% d
Risk Management Grants					
Loss Control Prevention	40,000	40,000	40,000	-	0.0% e
Administration:					
Program Administration	57,336	56,275	57,963	627	3.0% f
Financial Audit	8,500	8,000	8,500	-	0.0%
Actuarial Studies	11,000	9,670	11,000	-	0.0%
Claims Audit	2,500	-	-	(2,500)	-100.0% g
Legal Counsel	5,000	686	5,000	-	0.0%
Other Consultants	700	-	700	-	0.0%
Bank Fees	2,500	3,000	3,000	500	20.0% h
Meetings & Conferences:					
Meetings	600	-	700	100	16.7% h
Membership & Conferences	500	-	600	100	20.0% h
Allowance for Contingencies	5,000	-	5,000	-	0.0% i
<b>Total Administration Expenses:</b>	<b>93,636</b>	<b>77,631</b>	<b>92,463</b>	<b>(1,173)</b>	<b>-1.3%</b>
<b>Total Expenses</b>	<b>759,716</b>	<b>726,102</b>	<b>814,281</b>	<b>54,565</b>	<b>7.2%</b>
<b>Budget Net Income/(Loss)</b>	<b>\$ 55,001</b>	<b>\$ 63,916</b>	<b>\$ 56,999</b>	<b>\$ 1,998</b>	<b>3.6%</b>

#### Notes:

- a Claims expense are recorded at expected, with a 7.6% increase from prior year, per the Actuarial study; page 30, exhibit 2.
  - b Estimated conservatively based upon preliminary indication from LAWCX.
  - c Contractual increase.
  - d DIR Assessment estimated to increase by 20% in 22/23; 75.1% increase is due to comparing to last approved budget.
  - e No changes in Loss Control Prevention.
- Overall administration cost is projecting a 1.3% decrease from 21/22 approved budget due to:
- f Program administration contractual increase.
  - g SHARP claims audit is conducted concurrently during the LAWCX claims audit, with no additional fees.
  - h Increasing for 22/23 due to overall rising costs.
  - i Contingencies for future unknown expenses in 22/23.

## SHARED RISK POOL (SHARP)

### 2022/2023 DRAFT OPERATING BUDGET

#### Workers' Compensation Program

Pool Funding @65% Confidence Level, 2.0% Discount Factor

Primary Pool SIR \$250,000 ~ LAWCX Excess from \$250,000

Member	2022/23 Total Contributions Now	Prior Year Budget			Payroll Comparison				Ex-mod Comparison		
		2021/22 Total Contributions	Increase/ (Decrease)	% Change	Estimated Payroll 2022/23	2021/22	Increase/ (Decrease)	% Change	2022/23	2021/22	% Change
American Canyon	\$ 406,267	\$ 362,342	\$ 43,925	12%	8,426,000	7,963,000	463,000	6%	98.6%	104.5%	-6%
Los Altos Hills	81,750	86,993	(5,243)	-6%	2,796,000	2,904,000	(108,000)	-4%	72.4%	72.4%	0%
Ross	127,328	120,482	6,846	6%	2,581,000	2,434,000	147,000	6%	120.7%	120.7%	0%
Saratoga	207,488	194,900	12,588	6%	8,356,000	7,413,000	943,000	13%	76.8%	81.2%	-5%
Woodside	116,447	-	-	0%	2,601,000	-	2,601,000	0%	113.3%	0.0%	0%
<b>Total</b>	<b>\$ 939,281</b>	<b>\$ 764,717</b>	<b>\$ 58,117</b>	<b>23%</b>	<b>24,760,000</b>	<b>20,714,000</b>	<b>4,046,000</b>	<b>20%</b>			

**Note:**

Payroll comparison was obtained from the actuarial study, Appendix Rate G, page 2.

The ex-mod comparisons were obtained from actuarial reports; Appendix P, page 2 for the calculation of ex-mods by member.

# SHARED RISK POOL (SHARP)

## 2022/2023 DRAFT OPERATING BUDGET

### Workers' Compensation Program

*Pool Funding @65% Confidence Level, 2.0% Discount Factor*

*Primary Pool SIR \$250,000 ~ LAWCX Excess from \$250,000*

Member	Member SIR	Estimated Payroll	2022/23 Experience Modification Factor	Primary Pool Funding	Excess Coverage	Total Claims Admin	Self Insurance Assessment	Total Administration	Total Contributions
	Note 1	Note 1	Note 2	Note 3	Note 4	Note 5	Note 6	Note 7	Note 8
American Canyon	250,000	8,426,000	98.6%	\$ 221,206	\$ 158,005	\$ 3,312	\$ 5,252	\$ 18,493	\$ 406,267
Los Altos Hills	250,000	2,796,000	72.4%	31,905	22,789	3,312	5,252	18,493	81,750
Ross	250,000	2,581,000	120.7%	58,492	41,780	3,312	5,252	18,493	127,328
Saratoga	250,000	8,356,000	76.8%	105,228	75,204	3,312	5,252	18,493	207,488
Woodside	250,000	2,601,000	113.3%	52,169	37,222	3,312	5,252	18,493	116,447
<b>Total</b>		<b>\$ 24,760,000</b>		<b>\$ 469,000</b>	<b>\$ 335,000</b>	<b>\$ 16,560</b>	<b>\$ 26,258</b>	<b>\$ 92,463</b>	<b>\$ 939,281</b>
<i>Rate Per \$100 Payroll</i>				<i>1.8942</i>	<i>1.3530</i>	<i>0.0669</i>	<i>0.1060</i>	<i>0.3734</i>	<i>3.7935</i>
Prior Year Actuals		20,714,000		360,000	282,592	16,080	21,881	93,636	764,717
Incr./(Decr.)		<u>\$ 4,046,000</u>		<u>\$ 109,000</u>	<u>\$ 52,408</u>	<u>\$ 480</u>	<u>\$ 4,376</u>	<u>\$ (1,173)</u>	<u>\$ 174,564</u>
% Change		<u>20%</u>		<u>30%</u>	<u>19%</u>	<u>3%</u>	<u>20%</u>	<u>-1%</u>	<u>23%</u>

NOTES:
Note 1: Estimated Payroll for the 22/23 fiscal year, per Actuarial Study dated June 16, 2022.
Note 2: Experience Modification Factor, per Actuarial Study dated June 16, 2022.
Note 3: Funding needed for SIR to \$250,000 at the 65% confidence level, per Actuarial Study dated June 16, 2022.
Note 4: Excess Insurance expense allocated per Actuarial Study dated June 16, 2022.
Note 5: Claims Administration expense, per contract, as a fixed allocation distributed to members equally.
Note 6: Workers Compensation Self Insurance assessment as a fixed allocation distributed to members equally.
Note 7: General Administrative expense as a fixed allocation distributed to members equally. See Admin page 3.
Note 8: Total 2022/23 contributions by member (Sum of Notes 3 through 7).

# SHARED RISK POOL (SHARP)

## 2022/2023 DRAFT OPERATING BUDGET

### Pool Funding @65% Confidence Level, 2.0% Discount Factor

	2021/22		2022/23 Operating Budget	Prior Year:	
	Approved Budget	Projected Actuals		Increase/ (Decrease) Incr./ (Decr.)	Percent
<b>Revenues:</b>					
Contributions	\$ 764,717	\$ 764,718	\$ 939,281	\$ 174,564	22.8%
Equity Funding for Risk Management Grant	40,000	40,000	50,000	\$ 10,000	25.0% e
Investment Income	10,000	(14,700)		\$ (10,000)	-100.0%
<b>Total Revenues</b>	<b>814,717</b>	<b>790,018</b>	<b>989,281</b>	<b>174,564</b>	<b>21.4%</b>
<b>Expenses:</b>					
Claims Expense	315,000	287,918	413,000	98,000	31.1% a
Insurance Expense	280,000	282,592	335,000	55,000	19.6% b
Claims Administration	16,080	16,080	16,560	480	3.0% c
DIR Self Insurance Assessment	15,000	21,881	26,258	11,258	20.0% d
Risk Management Grants					
Loss Control Prevention	40,000	40,000	50,000	10,000	25.0% e
Administration:					
Program Administration	57,336	56,275	57,963	627	3.0% f
Financial Audit	8,500	8,000	8,500	-	0.0%
Actuarial Studies	11,000	9,670	11,000	-	0.0%
Claims Audit	2,500	-	-	(2,500)	-100.0% g
Legal Counsel	5,000	686	5,000	-	0.0%
Other Consultants	700	-	700	-	0.0%
Bank Fees	2,500	3,000	3,000	500	20.0% h
Meetings & Conferences:					
Meetings	600	-	700	100	16.7% i
Membership & Conferences	500	-	600	100	20.0% i
Allowance for Contingencies	5,000	-	5,000	-	0.0% j
<b>Total Administration Expenses:</b>	<b>93,636</b>	<b>77,631</b>	<b>92,463</b>	<b>(1,173)</b>	<b>-1.3%</b>
<b>Total Expenses</b>	<b>759,716</b>	<b>726,102</b>	<b>933,281</b>	<b>173,565</b>	<b>22.8%</b>
<b>Budget Net Income/(Loss)</b>	<b>\$ 55,001</b>	<b>\$ 63,916</b>	<b>\$ 56,000</b>	<b>\$ 999</b>	<b>1.8%</b>

#### Notes:

- a Claims expense is recorded at expected, with a 31.1% increase from prior year, per the Actuarial study; page 71, exhibit Rate 1. The primary funding increased due to the addition of Woodside.
- b Estimated conservatively based upon preliminary indication from LAWCX.
- c Contractual 3% increase.
- d DIR Assessment estimated to increase by 20% in 22/23.
- e Increase of \$10,000 due to addition of Woodside; pending Board approval
- Overall administration cost is projecting a 1.3% decrease from 21/22 approved budget due a combination of the following:
  - f Program administration 3% contractual increase.
  - g SHARP claims audit is conducted concurrently during the LAWCX claims audit, with no additional fees.
  - h Bank fees include general checking and claims account.
  - i Increasing \$100 for 22/23 due to rising costs.
  - j Contingencies for future unknown expenses in 22/23.

**June 27, 2022**

**Agenda Item 9.A.**

**WORKERS' COMPENSATION PROGRAM MATTERS**

**SUBJECT: Update on SHARP's Workers' Compensation Program**

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**BACKGROUND AND HISTORY:**

The SHARP Workers' Compensation Program has been providing benefits for the SHARP members since 1986. Workers' Compensation Oversight services are provided by Sedgwick as part of the Administration Agreement, with Jackie Miller serving as the Workers' Compensation Program Manager.

Ms. Miller will provide an overview of the Workers' Compensation Program. A Watch Report of the open, active, and unresolved claims will be provided to the members in advance of the meeting.

Two settlements were authorized by the Workers' Compensation Program Manager as of May 31, 2022, totaling \$50,000. The Settlement Report will be provided prior to the meeting. Members are invited to contact Ms. Miller directly to discuss any claims.

Devora Brainard, Vice President of Client Services for Sedgwick Claims, will provide an overview of updates within the SHARP claims administration staff.

**RECOMMENDATION:**

*None*

**REFERENCE MATERIALS ATTACHED:**

- SHARP – Who Does What Reference Document Updated

# SHARP (Shared Agency Risk Pool) Workers' Compensation Program

		WHO DOES WHAT?		
<b>SHARP</b>	<b>Pool WC program</b>	<b>Provides WC coverage for Pool members</b>	<b>Jon Paulsen - Administrator</b>	<b>Ph 800 541-4591 Ext 19154</b> <a href="mailto:Jon.Paulsen@sedgwick.com">Jon.Paulsen@sedgwick.com</a>
<b>SEDGWICK PROGRAM ADMIN</b>	<b>Pool program administrator</b>	<b>Acts as staff for the administration of the Pool Settlement Authority up to Excess Level</b>	<b>Jackie Miller – WC Program Mgr</b>	<b>Ph 800 541-4591 Ext 19015</b> <a href="mailto:Jacquelyn.Miller@sedgwick.com">Jacquelyn.Miller@sedgwick.com</a>
<b>SEDGWICK/TPA</b>	<b>Benefit Administrator/TPA</b>	<b>Determines and provides WC benefits from Pool funds</b>	<b>Amber Abella – Team Lead/Supervisor</b>  <b>Christopher Vega – Sr Examiner</b>	<b>Amber - Ph 209 320-0819</b> <a href="mailto:Amber.Abella@sedgwick.com">Amber.Abella@sedgwick.com</a>  <b>Christopher – Ph (916) 580-1833 ext 15110</b> <a href="mailto:Christopher.Vega@Sedgwick.com">Christopher.Vega@Sedgwick.com</a>
<b>LAWCX</b>	<b>Excess Coverage – 1<sup>st</sup> Layer</b>	<b>Determines excess reimbursement above \$150,000</b> <b>07/01/01 – 06/30/08</b> <b>\$250,000 07/01/08 - Current</b>	<b>Reimbursements requested by Sedgwick</b>	<b>No action required from Pool members</b>
<b>PRISM</b>	<b>Excess Coverage – 2<sup>nd</sup> Layer</b>	<b>Determines excess reimbursement above \$5M</b>	<b>Reimbursements requested by LAWCX</b>	<b>No action required from Pool members</b>

<b>ESTABLISHED</b>	<b>MEMBER RESPONSIBILITY FOR CLAIM PAYMENTS</b>	<b>SHARP RESPONSIBILITY FOR CLAIM PAYMENTS</b>	<b>EXCESS COVERAGE – LARGE CLAIMS (1<sup>ST</sup> LAYER)</b>	<b>EXCESS COVERAGE – LARGE CLAIMS (2<sup>nd</sup> LAYER)</b>
<b>1986</b>	<b>\$0</b> <b>“First Dollar” Pool.</b> <b>Member pays premiums to pool which cover benefits.</b>	<b>\$0 to \$150,000</b> <b>07/01/01 – 06/30/08</b> <b>\$0 - \$250,000</b> <b>07/07/08 - Current</b> <b>Per Claim</b> <b>Pool issues benefit payments utilizing Sedgwick as Claims Administrator</b>	<b>\$150,001+</b> <b>07/01/01 – 06/30/08</b> <b>Current</b> <b>\$250,001 to \$5M</b> <b>LAWCX</b> <b>Payments issued in this layer are made by the Pool and reimbursement is received from LAWCX</b>	<b>\$5M+ to \$200M</b> <b>PRISM</b> <b>Payments issued in this layer have been reimbursed to the Pool by LAWCX and LAWCX is responsible for seeking reimbursement from PRISM</b>

**June 27, 2022**

**Agenda Item 9.B.**

**WORKERS' COMPENSATION PROGRAM MATTERS**

**SUBJECT: Legislative Updates**

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**BACKGROUND AND HISTORY:**

Jackie Miller, SHARP Workers' Compensation Program Manager, will be in attendance to discuss the current legislative session and the impact to the SHARP Program.

**RECOMMENDATION:**

*None*

**REFERENCE MATERIALS ATTACHED:**

- SHARP Legislative Update

# Shared Agency Risk Pool

1750 Creekside Oaks Drive, Suite 200, Sacramento, CA 95833  
(800) 541-4591 Fax (916) 244-1199  
<https://sharpjpa.org>

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An update on bills that have been introduced and are moving through the legislative process is provided.

## **LEGISLATIVE ACTIVITY**

### **AB 399 MPN/IMR/IBR (Salas)**

AB 399 has been amended once again. The current amendments as of May 23, 2022, focus solely on Independent Bill Review (IBR) regarding fee disputes filed by Providers of service. An administrative fee of \$50 will be imposed on the entity filing for IBR, with the potential for additional (undefined) fees imposed by IBR upon completion of their review. The Bill currently requires the IBR vendor (contracted through the State) to bill either the Employer or the Provider for any additional fees dependent upon the outcome of the review.

STATUS – Passed to Senate.

### **AB 1681 Insurance Fraud (Daly)**

AB 1681 provides for a District Attorney/Assistant District Attorney to meet with insured/self-insured representatives regarding specific information about insurance fraud and would protect the person from civil liability for libel, slander or “any other relevant cause of action”. This requires the District Attorney or their representative to advise those in attendance of the guidelines “to ensure compliance with federal and state antitrust laws, as specified, and if there is no fraud or malice on the part of the participants.” The meeting requires participation from the commissioner or their designated deputy commissioner.

This bill is supported by CAJPA.

STATUS – 05/19/22 Passed in the Assembly

### **AB 1751 – COVID-19 Presumption Extension to January 1, 2025 (Daly)**

This bill authored by Chair Daly extends the COVID-19 Presumptions in SB 1159 to January 1, 2025. Included in this extension is the requirement for employers to report positive testing to their claims administrator to determine if an “outbreak” has occurred.

This bill is opposed by CAJPA as an unnecessary burden on employers.

STATUS – In Committee Process, ordered to 3<sup>rd</sup> reading



# Shared Agency Risk Pool

1750 Creekside Oaks Drive, Suite 200, Sacramento, CA 95833  
(800) 541-4591 Fax (916) 244-1199  
<https://sharpjpa.org>

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## **AB 2848 – Potential WC Reform Bill**

AB 2848 is now a bill to extend the timeline for study regarding treatment and utilization review for Medical Provider Networks. However, discussions are underway for a WC reform in 2022 and this bill is seen as a potential vehicle for that reform. No definite information is available at this time, staff will continue to monitor the situation.

STATUS – Passed in Assembly

## **SB 1127 Compensation Decision Timeline (Atkins)**

Similar to SB 335 which did not progress in the last session, SB 1127 proposes to reduce the period to make an informed decision on a submitted Workers' Compensation claim to 60 days for all claims, except for *PRESUMPTIVE* claims (which includes those determined presumptive under SB 1159 outbreaks). Presumptive claims will have a limit of 30 days to make a decision on compensability. The proposed reduction in the time to gather information supporting industrial injury will result in an increased number of denied claims with a corresponding increase in litigation.

In addition to the reduction in decision time, SB 1127 proposes a penalty of 5 times the amount "unreasonably delayed" as determined by the Appeals Board. This section is applicable regardless of the date of injury, on, before or after this bill is enacted. This in turn is an incentive to increase litigation and/or use the claim of unreasonable delay for negotiation of increased settlements.

One further aspect of this bill is the increase of Temporary Disability combined with LC 4850 benefits for cancer presumptive injuries to 240 weeks, rather than the 104 weeks currently required.

This bill is strongly opposed by a coalition of employers and carriers.

STATUS – May 24, 2022, Senate Passed

## **SB 1458 Wage Disparity (Limon)**

SB 1458 proposes to address the wage disparity between male and female employees by increasing the Workers' Compensation Indemnity benefits by 12% for female injured workers.

This bill is opposed by a coalition of employers and carriers.

STATUS – Senate did not allow a vote on this bill, and it will not progress.

**Agenda Item 10.A.**

**ELECTIONS**

**SUBJECT: Elections of Officers for 2022/23 Program Year**

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**BACKGROUND AND HISTORY:**

In preparation for the new program year, the Board of Directors shall elect members of the Board to act as Chair, Vice-Chair, and Secretary. The following Officer positions are up for election:

- Chair
- Vice-Chair
- Secretary

Currently, Maria Ojeda, American Canyon, holds the Officer position of Chair; Monica Labossiere, Saratoga, holds the Vice-Chair position; and Jon Paulsen holds the Secretary position. At the June 15, 2022, Board of Directors meeting, nominations will be taken from the floor to fill the Officer positions.

**RECOMMENDATION:**

*Staff recommends the Board of Directors elect members to fill the Officer positions of Chair, Vice-Chair, and Secretary for SHARP's 2022/23 Program Year.*

**REFERENCE MATERIALS ATTACHED:**

None