ORANGE COUNTY FIRE AUTHORITY AGENDA

Human Resources Committee Meeting

Tuesday, October 4, 2016
12:00 Noon

Orange County Fire Authority
Regional Fire Operations and Training Center
1 Fire Authority Road
Room AE117
Irvine, California 92602

Dave Shawver, Chair
Noel Hatch, Vice Chair
Laurie Davies Gene Hernandez Rob Johnson Al Murray Phil Tsunoda

This Agenda contains a brief general description of each item to be considered. Except as otherwise provided by law, no action or discussion shall be taken on any item not appearing on the following Agenda. Unless legally privileged, all supporting documents, including staff reports, and any writings or documents provided to a majority of the Human Resources Committee after the posting of this agenda are available for review at the Orange County Fire Authority Regional Fire Operations & Training Center, 1 Fire Authority Road, Irvine, CA 92602 or you may contact Sherry A.F. Wentz, Clerk of the Authority, at (714) 573-6040 Monday through Thursday, and every other Friday from 8 a.m. to 5 p.m. and available online at **http://www.ocfa.org**

If you wish to speak before the Human Resources Committee, please complete a Speaker Form identifying which item(s) you wish to address. Please return the completed form to the Clerk of the Authority. Speaker Forms are available on the counter noted in the meeting room.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, you should contact the Clerk of the Authority at (714) 573-6040. Notification 48 hours prior to the meeting will enable the Authority to make reasonable arrangements to assure accessibility to the meeting.

CALL TO ORDER

PLEDGE OF ALLEGIANCE by Director Tsunoda

ROLL CALL

PUBLIC COMMENTS

Any member of the public may address the Committee on items within the Committee's subject matter jurisdiction but which are not listed on this agenda during PUBLIC COMMENTS. However, no action may be taken on matters that are not part of the posted agenda. We request comments made on the agenda be made at the time the item is considered and that comments be limited to three minutes per person. Please address your comments to the Committee as a whole, and do not engage in dialogue with individual Committee Members, Authority staff, or members of the audience.

1. PRESENTATIONS
No item.

2. MINUTES

A. Minutes from the July 5, 2016, Regular Human Resources Committee Meeting
Submitted by: Sherry Wentz, Clerk of the Authority

Recommended Action:
Approve as submitted.

3. CONSENT CALENDAR

A. Workers' Compensation Program Update
Submitted by: Brian Young, Interim Director/Human Resources

Recommended Action:
Receive and file the report, and provide staff with further direction if the summary findings should be presented to another committee or to the full Board of Directors.

B. Quarterly Human Resources Project Update
Submitted by: Brian Young, Interim Director/Human Resources

Recommended Action:
Receive and file the report.

C. Environmental Health and Safety Specialist Classification
Submitted by: Brian Young, Interim Director/Human Resources

Recommended Action:
Review the agenda item and direct staff to place the item on the agenda for the Executive Committee meeting of October 27, 2016, with the Human Resources Committee's recommendation that the Executive Committee approve the new Environmental Health and Safety Specialist classification and corresponding salary range.

4. DISCUSSION CALENDAR

A. Board Member Classification
Submitted by: Brian Young, Interim Director/Human Resources

Recommended Action:
Receive and file the report.

B. Professional Standards Unit Update
Submitted by: Brian Young, Interim Director/Human Resources

Recommended Action:
Receive and file the report.

COMMENTS

HUMAN RESOURCES DIRECTOR'S COMMENTS

LEGAL COUNSEL'S COMMENTS

COMMITTEE MEMBER COMMENTS

CLOSED SESSION

CS1. CONFERENCE WITH LEGAL COUNSEL–ANTICIPATED LITIGATION
Authority: Government Code Section 54956.9(b) – Significant Exposure to Litigation (27 cases)

CLOSED SESSION REPORT

ADJOURNMENT – The next regular meeting of the Human Resources Committee will be January 3, 2017, at 12 noon.

AFFIDAVIT OF POSTING

I hereby certify under penalty of perjury under the laws of the State of California, that the foregoing Agenda was posted in the lobby, front gate public display case, and website of the Orange County Fire Authority, Regional Fire Training and Operations Center, 1 Fire Authority Road, Irvine, CA, not less than 72 hours prior to the meeting. Dated this 29th day of September 2016.

Sherry A.F. Wentz, CMC
Clerk of the Authority

UPCOMING MEETINGS:

Budget and Finance Committee Meeting	Wednesday, October 12, 2016, 12:00 noon
Claims Settlement Committee Meeting	Thursday, October 27, 2016, 5:00 p.m.
Executive Committee Meeting	Thursday, October 27, 2016, 5:30 p.m.
Board of Directors Meeting	Thursday, October 27, 2016, 6:00 p.m.

MINUTES
ORANGE COUNTY FIRE AUTHORITY

Human Resources Committee Regular Meeting
Tuesday, July 5, 2016
12:00 PM

Regional Fire Operations and Training Center
Room AE117
1 Fire Authority Road
Irvine, CA 92602

CALL TO ORDER
The regular meeting of the Orange County Fire Authority Human Resources Committee was called to order on July 5, 2016, at 12:00 p.m. by Chair Shawver.

PLEDGE OF ALLEGIANCE

Director Hernandez led the assembly in the Pledge of Allegiance to our Flag.

ROLL CALL

Present: Gene Hernandez, Yorba Linda
Al Murray, Tustin
David Shawver, Stanton
Phil Tsunoda, Aliso Viejo

Absent: Noel Hatch, Laguna Woods

Also present were:

Fire Chief Jeff Bowman	Assistant Chief Michael Schroeder
Assistant Chief Lori Smith	Assistant Chief Lori Zeller
Assistant Chief Dave Thomas	Legal Counsel Barbara Raileanu
Clerk of the Authority Sherry Wentz	Director of Communications Sandy Cooney

PUBLIC COMMENTS

Chair Shawver opened the Public Comments portion of the meeting. Chair Shawver closed the Public Comments portion of the meeting without any comments from the general public.

1. PRESENTATIONS

No items.

2. MINUTES

A. Minutes from the May 3, 2016, Regular Human Resources Committee Meeting (F:12.02D2)

On motion of Director Murray and second by Director Tsunoda, the Committee voted unanimously by those present to approve the Minutes of the May 3, 2016, Regular meeting as submitted.

3. CONSENT CALENDAR

A. Quarterly Human Resources Project Update (F: 12.02D8)

On motion of Director Hernandez and second by Director Murray, the Committee voted unanimously by those present to receive and file the report.

4. DISCUSSION CALENDAR

A. Professional Standards Unit Progress Report (F: 17.27)

On behalf of Interim Human Resources (HR) Director Brian Young, Employee Relations Manager Brigette Gibb presented the Professional Standards Unit Progress report.

On motion of Director Murray and second by Director Hernandez, the Committee voted unanimously by those present to receive and file the report.

B. Award of RFP #JA2059 Internal Affairs Investigative Services (F: 17.25)

On behalf of Interim HR Director Brian Young, Employee Relations Manager Brigette Gibb presented the Award of RFP #JA2059 Internal Affairs Investigative Services staff report.

On motion of Director Murray and second by Director Hernandez, the Committee voted unanimously by those present to review the proposed agenda item and direct staff to place the item on the agenda for the Executive Committee meeting of July 28, 2016, with the Human Resources Committee's recommendation that the Executive Committee:

1. Approve and authorize the Fire Chief to sign two Professional Services Agreements for internal affairs investigative services; one with Van Dermyden Maddux Investigations Law Firm (VDM), and the other with Sintra Group each with an initial one-year term in the amount of $50,000 to be paid as services are provided.

2. Authorize the Purchasing Manager to redistribute or adjust the funding between the two firms as requested by the department so long as the aggregate amount does not exceed $100,000 in a one-year period.
3. Approve and authorize the Purchasing Manager to extend each of the contracts for up to two additional one-year extensions without further Board approval so long as the aggregate amount of the two contracts does not exceed $100,000 in any one-year period, the contract services are still required, and the contract performance meets expectations.

C. Policy for Investigating Complaints, Allegations, and Observations of Employee Misconduct (F: 11.10P) (X: 17.27)

Employee Relations Manager Brigette Gibb presented an overview of the policy.

On motion of Director Hernandez and second by Director Murray, the Committee voted unanimously by those present to review the investigations policy and direct staff to place the item on the agenda for the Executive Committee meeting of July 28, 2016, with the Human Resources Committee's recommendation to receive and file the report.

INTERIM HUMAN RESOURCES DIRECTOR'S REPORT (F: 12.02D6)

Employee Relations Manager Brigette Gibb provided updates on the recruitments for sworn and non-sworn personnel and the upcoming fire academies.

LEGAL COUNSEL'S COMMENTS (F: 12.02D7)

Legal Counsel Barbara Raileanu offered no report.

COMMITTEE MEMBER COMMENTS (F: 12.02D4)

Director Murray complimented OCFA staff and thanked Fire Chief Jeff Bowman and Director of Communications Sandy Cooney for their input to the recent press conference held by the Orange County Task Force on Drowning Prevention.

Chair Shawver suggested a need for guidelines for all Board of Director members, and requested a list for base salaries for firefighters.

Director Tsunoda sent wishes of a speedy recovery to Committee Member Noel Hatch.

CLOSED SESSION (F: 12.02D5)

Chair Shawver reported the Committee would be convening to Closed Session to consider the matter on the Agenda identified as CS1, Conference with Legal Counsel-Anticipated Litigation.

Chair Shawver recessed the meeting to Closed Session at 12:57 p.m.

CS1. CONFERENCE WITH LEGAL COUNSEL–ANTICIPATED LITIGATION
Authority: Government Code Section 54956.9(b) – Significant Exposure to Litigation (29 cases)

Chair Shawver reconvened the meeting at 1:28 p.m.

CLOSED SESSION REPORT (F: 12.02D5)

Legal Counsel Barbara Raileanu indicated the Committee had taken no reportable actions.

ADJOURNMENT - Chair Shawver adjourned the meeting at 1:29 p.m. The next regular meeting of the Human Resources Committee is scheduled for Tuesday, October 4, 2016, at 12:00 noon.

Sherry A.F. Wentz, CMC
Clerk of the Authority

Orange County Fire Authority

AGENDA STAFF REPORT

Human Resources Committee Meeting **Agenda Item No. 3A**
October 4, 2016 **Consent Calendar**

Workers' Compensation Program Update

Contact(s) for Further Information

Brian Young, Interim Director Human Resources	brianyoung@ocfa.org	714.573.6018
Jonathan Wilby, Risk Manager	jonathanwilby@ocfa.org	714.573.6832

Summary

This agenda item provides an update on the workers' compensation self-insured program and the performance of CorVel Corporation, our third party administrator (TPA), since June 1, 2014.

Prior Board/Committee Action

Not Applicable.

RECOMMENDED ACTION(S)

Receive and file the report, and provide staff with further direction if the summary findings should be presented to another committee or to the full Board of Directors.

Impact to Cities/County

Not Applicable.

Fiscal Impact

The changes to the workers' compensation self-insured program have yielded a decrease in current liabilities for the FY 2016/17 of $600,606 and a decrease in long-term liabilities of $1,176,045 per the December 31, 2015 actuarial analysis.

Background

The OCFA was approved by the Division of Industrial Relations Self-Insurance Plans in 2002 to have a self-insured workers' compensation program which is administered through a third party administrator (TPA). The TPA for the OCFA self-insured workers' compensation program has been CorVel Corporation since June 1, 2014.

Budgeting for Self-Insurance Fund:

An independent actuary is used twice a year to project future workers' compensation costs and to update the amount of funding required to self-insure the OCFA workers' compensation program. The projection of costs and necessary funding are determined following an analysis of claims data dating back to the beginning of the self-insured program. Claims data includes case reserves set by the TPA, historical loss experience, and industry trends. The OCFA averages approximately 30 claims per month or 363 claims per year (not including first aid injuries) and currently has 725 open claims.

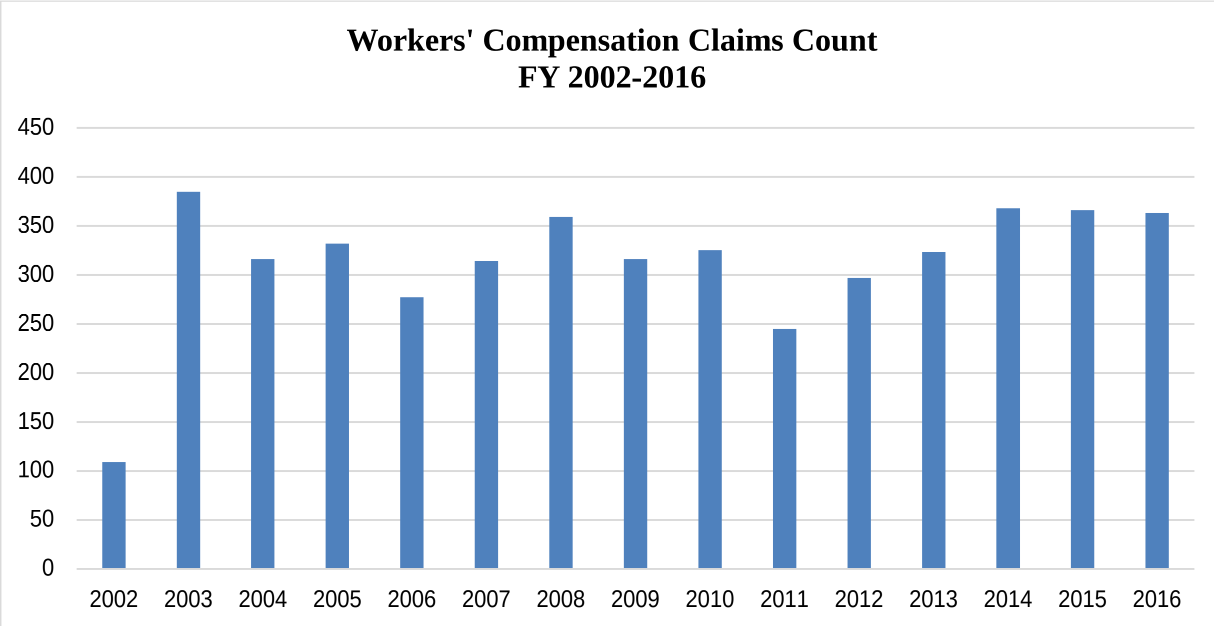

Figure 1: Workers' Compensation Claims FY 2002-2016

It's important to note that the 363 claims in 2016 represent all claims that were filed. Thirty-two of these claims were denied where the OCFA expects to have no liability. There were 194 indemnity claims resulting in days away from work, 135 medical only claims that have a life expectancy of thirty to ninety days, and two death claims. To date, 251 of the 363 claims resulted in claims costs less than $5,000 per claim.

Claim Category	2016	Percent
Denied	32	8.8%
Indemnity	194	53.4%
Medical Only	135	37.2%
Death	2	.6%
Grand Total	363	100%

See the attached extended background that provides additional comprehensive details and explanation of the programmatic enhancements and savings.

Attachment(s)
Actuarial Analysis with data valued as of December 31, 2015

Background

Analysis of Actuary Projections based on Claims Data as of December 31, 2015:

The OCFA policy is to fund the workers' compensation program at the 50% confidence level for outstanding losses which includes medical payments, indemnity payments, allocated and unallocated expenses. The actuarial projection for long-term liabilities at the 50% confidence level is $61,196,645 which is a decrease of $1,176,045 or 1.9% from the long-term liabilities identified in the December 31, 2014, actuary report.

The actuary has projected the liabilities to be incurred in the 2016/17 fiscal year to be $12,444,465 which is a decrease of $600,606 or 4.6% from current liabilities identified in the December 31, 2014, actuary report.

The decrease in cost associated with the actuarial study reflects all outstanding paid claims to include reserves and incurred but not reported claims in addition to the statutory benefits up to the OCFA self-insured retention level of $2.0M.

Workers' Compensation Program Overview:

Risk Management conducted a major overhaul of the self-insured workers' compensation program in 2014. We continue to evaluate and monitor the program for services that will provide benefits that will "cure and relieve the effects of the injury" while improving program results. The current program features include an alternative dispute resolution (ADR) program, occupational clinics, medical provider network (MPN), utilization review, nurse advocacy, and pharmacy benefits management (PBM) program. We have enhanced our return to work program which has improved our return to work outcomes.

The OCFA currently has 725 open workers' compensation claims being administered by the TPA ranging from indemnity (loss time), medical only, and future medical cases. We have experienced a 17.2% decrease in open claims from 876 to 725 since partnering with CorVel Corporation. In addition to this partnership, we have diligently prepared claims for settlement with seventy-nine requests for settlement authority during the fiscal year. The decrease in open claims has a positive impact on our long-term liabilities and provides financial savings to the organization.

Open Claims	2014	2015	2016	%Change
Death	4	3	5	66.7%
Indemnity	639	615	589	-4.2%
Maintenance	197	84	92	9.5%
Medical Only	36	47	39	-17.0%
Grand Total	**876**	**749**	**725**	**-3.2%**

Table 1: Summary of Open Claims

Medical Provider Network (MPN):

OCFA implemented a MPN on July 1, 2014, which has provided employees with access to physicians that specialize in workers' compensation care and a 24/7 nurse advocacy program. OCFA employees have experienced reduced delays in medical treatment and faster return to work due to the doctors' familiarity with the regulatory requirements. This results in a reduction in the OCFA's financial liability.

Occupational Clinics:
The OCFA started utilizing occupational clinics on July 1, 2014, which allowed employees to have 24/7 access to a physician within close proximity to all seventy-one fire stations and the Regional Fire Operations and Training Center (RFOTC). Risk Management continues to monitor the occupational clinics through the use of employee satisfaction surveys and site visits to ensure they are meeting established OCFA protocols, expectations, and performance standards. There has been an occupational clinic utilization increase from 56.5% to 60.9% during the fiscal year. The table below summarizes MPN and occupational clinic usage and savings for the fiscal year.

Occupational Clinic Usage		**Usage%**
Total Claims Reported	363	
Total Claims using Occupational Clinics for Initial Treatment	212	60.9%*
Total MPN Usage %	78.20%	
Total Bills Received**	12,167	
Total Bills in MPN	9,015	
MPN Savings	**$1,167,104**	

**Represents percent of claims with actual treatment*
***does not include med-legal, DME or Rx bills*

Table 2: MPN and Occupational Clinic Usage and Savings

Pharmacy Benefit Management Program (PBM):
The PBM was designed to reduce the cost of medication and medical supplies by providing generics wherever possible and ensuring physicians in the program comply with Labor Code §4600.2. The pharmacy first fill card instituted as part of the program has prevented prescription delays and out of pocket expenses to the employee and increased savings above the official medical fee schedule. The table below summarizes the PBM program usage and savings.

Pharmacy Benefit Program Usage	**2014/2015**	**2015/2016**
Total Prescriptions Dispensed	2099	2115
Prescriptions Dispensed through PBM	1168	1630
CorVel PBM Usage %	55.6%	77.1%
Prescription Charges	$347,348	$528,141
Total Paid	$189,906	$262,803
Pharmacy Savings	$157,442	$265,338

Table 3: PBM Program Usage and Savings

Alternative Dispute Resolution Program (ADR):
The ADR program is a collaborative effort between the International Association of Firefighters (IAFF) Local 3631 and Executive Management which was designed to expedite the delivery of workers' compensation benefits by eliminating the delay process of the traditional workers' compensation system when disputes arise. The program was approved by the Department of Industrial Relations and became effective on October 1, 2014.

The ADR program requires that medical appointments are made within ten days and that disputes are resolved and a decision of compensability made within timeframes less than the ninety day statutory requirement. Since its inception, the OCFA has experienced fewer delays, less litigation, faster medical treatment, and earlier resolution of disputes than in the traditional workers' compensation system. The implementation of this program has proved to be effective, produced positive results, and provided an overall costs savings.

The table below shows the cost difference between cases in the traditional workers' compensation system and those in the ADR program including allocated expenses, temporary disability, medical treatment, and cost savings.

ADR Tracking	FY10/11 – Pre ADR	FY11/12 – Pre ADR	FY12/13 – Pre ADR	10/1/2014 –ADR Inception Year	FY14/15 – Post ADR	FY15/16 – Post ADR	Total
Count of Claims that went to a QME/AME Pre ADR	12	21	13				46
Count of Claims that went to a IME Post ADR					43	60	103
Average Incurred for QME/AME or IME Claims	$25,025	$42,505	$42,234		$16,350	$27,105	
Average Incurred per Disputed Claim Pre and Post ADR		$37,869			$22,615		
Average Savings per Claim Pre vs Post ADR							$15,254*

**ADR saving is a projection based on a per claim exposure*

Table 4: ADR vs. Traditional Workers' Compensation System Comparison

Enhanced Transitional Return to Work Program:

The enhancements in the transitional return to work program, which were implemented on August 1, 2015, include improved coordination and communications with departments and risk management, matching return to work assignments with the skills of the injured worker, establishing a central job bank of return to work assignments, and formal notification of restrictions between the supervisor and injured worker. These enhancements have allowed Risk Management to expedite the return to work process and return more employees to a light duty assignment which has reduced disability, enhanced the employee's sense of value, expanded job skills, improved retention and productivity, and maximized statutory workers' compensation benefits. The chart below summarizes the enhanced transitional return to work program for the fiscal year.

Enhanced Transitional Return to Work Program	FY 15/16	Percent
Assignment Requests Received	22	-
Assignments Filled with One or More Employees	16	72.73%
Average Days on Light Duty	44	-
Median Days on Light Duty	17	-
Returned to Light Duty Within 4 Business Days	45	75%
Eligible Employees Returned to Light Duty	52	86.67%
Eligible Employees Not Returned to Light Duty	8	13.33%
Total Employees Eligible to Return to Light Duties	60	**100%**

Table 5: Transitional Return to Work Program Summary

Summary and Conclusions:

The partnering with CorVel Corporation and program changes implemented over the past year have resulted in enhanced medical care to the injured employee and significant financial savings to the OCFA.

	FY 2013/14	FY 2014/15	FY 2015/16
TPA Administration Fees	$690,000	$528,753	$544,614
Bill Review Fees	$516,860	$358,446	$576,409
Utilization Review Fees	$283,376	$62,015	$101,020
MPN/Occ. Clinic Savings	$0	($401,676)	($1,167,104)
PBM Savings	$0	($157,442)	($265,339)
ADR Savings	$0	($703,050)	($1,626,300)
Total Costs/Savings	**$1,490,236**	**($312,954)**	**($1,307,947)**

Table 6: Overall Workers' Compensation Program Savings

Summary and Conclusions:

The partnering with CorVel Corporation and program changes implemented over the past year have resulted in enhanced medical care to the injured employee and significant financial savings to the OCFA.

	FY 2013/14	FY 2014/15	FY 2015/16
TPA Administration Fees	$690,000	$528,753	$544,614
Bill Review Fees	$516,860	$358,446	$576,409
Utilization Review Fees	$283,376	$62,015	$101,020
MPN/Occ. Clinic Savings	$0	($401,676)	($1,167,104)
PBM Savings	$0	($157,442)	($265,339)
ADR Savings	$0	($~~703,050~~655,922)	($~~1,626,300~~ 915,240)
Total Costs/Savings	**$1,490,236**	**($~~312,954~~265,826)**	**($~~1,307,947~~1,125,640)**

Table 6: Overall Workers' Compensation Program Savings

Actuarial Study of the Workers Compensation Program of

ORANGE COUNTY FIRE AUTHORITY (INCLUDING SANTA ANA EFFECTIVE APRIL 20, 2012)

Based on Claims Data Valued as of December 31, 2014 ("Valuation Date") and Information Received through January 26, 2015 ("Review Date")

Prepared by: Marn Rivelle, FCA, ACAS, MAAA
Principal
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Report Date: January 28, 2015

TABLE OF CONTENTS

I. BACKGROUND AND OBJECTIVES

A. Background

The Orange County Fire Authority (the "Authority" or "OCFA") is a joint powers authority consisting of 23 partner cities and unincorporated areas in Orange County, California. The Authority was formed in March, 1995, and provides fire, emergency medical, search and rescue, fire prevention, and hazardous materials response services from 71 fire stations throughout Orange County. The population served includes over 1.3 million residents in over 551 square mile area of Orange County.

On March 1, 2002, the Board of Directors adopted a self-insurance workers compensation program. The self-insured retentions ("SIR") have been $600,000 per occurrence prior to January 1, 2004. Since January 1, 2004, the SIR has been $2,000,000 per occurrence.

OCFA has purchased excess insurance attaching at the SIR. The current excess insurer is California State Association of Counties, Excess Insurance Authority ("CSAC-EIA").

Through June 1, 2014, York Claims Service, Inc. ("York") was the third party administrator handling the Authority's claims. Effective June 1, 2014, claims are handled by CorVel Corporation ("CorVel").

On April 20, 2012, OCFA entered into an agreement with the City of Santa Ana to assume its fire department workers' compensation exposures. These exposures are included in this report.

Purpose and Context of the Report

This report has been prepared to guide the Authority in establishing appropriate loss reserve estimates on the self-insurance program described above. Therefore, the report should be treated as a confidential, internal document belonging to the Authority. Authorized recipients of the report are counseled to protect the confidentiality of the report.

The report should not be used for any other purpose other than those stated above. Moreover, the findings and conclusions contained in this report should be interpreted within the context of the specified purpose.

The findings and recommendations contained in this report are based on claims and financial data as of the valuation date. It is also based on any other pertinent information provided to us through the review date. (Both the valuation date and review date are specified on the cover of this report.) We are not aware of any information subsequent to these dates that would have a material impact on our analysis, findings or recommendations.

B. Objectives

The specific objective of this study is to:

1. ***Estimate the Outstanding Losses as of June 30, 2015.*** Estimate the outstanding losses (including allocated loss adjustment expenses [ALAE]) and Unallocated Loss Adjustment Expenses as of June 30, 2015.

   The estimated outstanding losses are the accrual cost of unpaid claims valued as of the accounting date. The estimated outstanding losses include case reserves, the development on known claims and incurred but not reported (IBNR) claims. ALAE are the direct expenses for settling specific claims. ULAE are the expenses for claims administration. The amounts reflect the specific and annual aggregate limits maintained by OCFA.

2. ***Project Ultimate Limited Losses for the Periods Effective July 1, 2014-15 through July 1, 2018-19.*** Project the ultimate limited losses including ALAE and ULAE for claims with dates of loss during the next three upcoming periods.

   The projected ultimate limited losses are the ultimate settlement value of all claims with dates of loss during each period, but capped at the Authority's SIR.

3. ***Project Losses Paid for the Next Five Fiscal Years.*** Project the losses paid (including allocated loss adjustment expenses ALAE and ULAE for claims disbursements made during 2014/15 through 2018/19.

4. ***Affirm Government Accounting Standards Board Statement Number 10 ("GASB 10").***

   Issue a statement affirming that the work performed and the conclusions contained in this report are consistent with GASB 10.

II. Conclusions

We have reached the following conclusions:

1. ***Estimate the Outstanding Losses as of June 30, 2015.***

We estimate the outstanding losses as of June 30, 2015 to be as shown in Table II-1.

Table II-1
Estimated Outstanding Losses (including ALAE) and ULAE
As of June 30, 2015

Confidence Level (1)	Estimated Outstanding Losses (2)	Present Value of Estimated Outstanding Losses (3)
(A) Expected (i.e., 50%)	$65,377,974	$62,372,690
(B) 60%	$67,993,093	$64,867,598
(C) 70%	$72,569,551	$69,233,686
(D) 80%	$78,453,569	**$74,847,228**
(E) 90%	$84,991,366	$81,084,497
(F) ULAE	$4,576,458	**$4,366,088**

Note: (A) is extracted from Appendix C, Exhibit WC-12, page 1, columns (9) and (11).
(B) through (E) are based on (A) and confidence level factors derived from a loss distribution with a Coefficient of Variation of 0.20 and actuarial judgment.
(F) = (A) x 0.07 based previous analyses and actuarial judgment.

The estimated outstanding losses reflect the insurance limits maintained by OCFA. The amounts in column (2) above are undiscounted. The amounts in column (3) are discounted based on a 1% interest rate on earnings assumption.

Row (F), column (3) shows the discounted ULAE provision. Both provisions should be recognized on the Authority's financial statements.

The estimated ULAE in Table II-1, row (F) is the total dollar amount required to handle all claims that have occurred on or before June 30, 2015 to their final settlement.

Current Liabilities vs. Long-Term Liabilities

Current liabilities are the amount of estimated outstanding losses that OCFA is expected to pay off during the next fiscal year. Long-term liabilities are the remaining estimated outstanding losses (i.e., the portion of estimated outstanding losses that will be paid off in fiscal years beyond the upcoming fiscal year.)

The forecast of current liabilities for the estimated outstanding losses as of June 30, 2015 total approximately $6.5 million (cf. Exhibit WC-12, page 2, column (8), excluding the projected payments for claim period 2015/16). The estimate of long-term liabilities is the difference between the amounts shown in Table II-1 and the forecast of current liabilities.

2. ***Project the Ultimate Limited Losses (including ALAE) and ULAE for 2014/15 through 2018/19.***

We project the ultimate limited losses (including ALAE) and ULAE for claims with dates of loss in 2014/15 through 2018/19 to be as shown in Table II-2A through Table II-2E, respectively.

Table II-2A
Projected Ultimate Limited Losses (including ALAE) and ULAE
July 1, 2014-15

Confidence Level (1)	Projected Ultimate Limited Losses (2)	Present Value of Ultimate Limited Losses (3)
(A) Expected (i.e., 50%)	$13,060,872	$12,414,138
(B) 60%	$13,713,916	$13,034,845
(C) 70%	$14,889,394	$14,152,117
(D) 80%	**$16,456,699**	$15,641,814
(E) 90%	$18,938,264	$18,000,500
(F) ULAE	$914,261	$868,990

Note: (A) is extracted from Appendix C, Exhibit WC-9, columns (9) and (12).
(A) is based on projected payroll of approximately $157,740,000.
(B) through (E) are based on a (A) and confidence level factors derived from a loss distribution with a Coefficient of Variation of 0.25 and actuarial judgment.
(F) = 7.0% of (A), which is based on historical TPA fees, other similar programs with which we are familiar and actuarial judgment.

The projected ultimate limited losses reflect OCFA's SIR of $2,000,000 per occurrence. The ULAE funding recommendation reflects the ultimate third party administration fees to handle those claims that occur during 2014/15. We emphasize the third party administration fees to be paid during the period will exceed this amount because the third party administrator will be handling claims that occurred in prior periods. However, the fees associated with handling these prior claims during the period have been accounted for in our estimated outstanding ULAE from Table II-1, row (F).

We project the ultimate limited losses (including ALAE) and ULAE for 2015/16 to be as shown in Table II-2B

Table II-2B
Projected Ultimate Limited Losses (including ALAE) and ULAE
July 1, 2015-16

Confidence Level (1)	Projected Ultimate Limited Losses (2)	Present Value of Ultimate Limited Losses (3)
(A) Expected (i.e., 50%)	$13,392,099	$12,729,592
(B) 60%	$14,061,704	$13,366,072
(C) 70%	$15,266,993	$14,511,735
(D) 80%	$16,874,045	$16,039,286
(E) 90%	$19,418,544	$18,457,908
(F) ULAE	$937,447	$891,071

Note: (A) is extracted from Appendix C, Exhibit WC-9, columns (9) and (12).
(A) is based on projected payroll of approximately $157,740,000.
(B) through (E) are based on a (A) and confidence level factors derived from a loss distribution with a Coefficient of Variation of 0.25 and actuarial judgment.
(F) = 7.0% of (A), which is based on historical TPA fees, other similar programs with which we are familiar and actuarial judgment.

The projected ultimate limited losses (including ALAE) assume OCFA will retain the first $2,000,000 per occurrence in 2015/16. The projected ultimate ULAE for 2015/16 assumes OCFA will contract with a third party administrator subject to similar terms and conditions that are in effect with the current contract.

We project the ultimate limited losses (including ALAE) and ULAE for 2016/17 to be as shown in Table II-2C.

Table II-2C
Projected Ultimate Limited Losses (including ALAE) and ULAE
July 1, 2016-17

Confidence Level (1)	Projected Ultimate Limited Losses (2)	Present Value of Ultimate Limited Losses (3)
(A) Expected (i.e., 50%)	$13,723,352	$13,045,071
(B) 60%	$14,409,520	$13,697,325
(C) 70%	$15,644,621	$14,871,381
(D) 80%	$17,291,424	$16,436,789
(E) 90%	$19,898,860	$18,915,353
(F) ULAE	$960,635	$913,155

Note: (A) is extracted from Appendix C, Exhibit WC-9, columns (9) and (12).
(A) is based on projected payroll of approximately $157,740,000.
(B) through (E) are based on a (A) and confidence level factors derived from a loss distribution with a Coefficient of Variation of 0.25 and actuarial judgment.
(F) = 7.0% of (A), which is based on historical TPA fees, other similar programs with which we are familiar and actuarial judgment.

The projected ultimate limited losses (including ALAE) assume OCFA will retain the first $2,000,000 per occurrence in 2016/17. The projected ultimate ULAE for 2016/17 assumes OCFA will contract with a third party administrator subject to similar terms and conditions that are in effect with the current contract.

We project the ultimate limited losses (including ALAE) and ULAE for 2017/18 to be as shown in Table II-2D.

Table II-2D
Projected Ultimate Limited Losses (including ALAE) and ULAE
July 1, 2017-18

Confidence Level (1)	Projected Ultimate Limited Losses (2)	Present Value of Ultimate Limited Losses (3)
(A) Expected (i.e., 50%)	$14,070,379	$13,360,551
(B) 60%	$14,773,898	$14,028,579
(C) 70%	$16,040,232	$15,231,028
(D) 80%	$17,728,678	$16,834,294
(E) 90%	$20,402,050	$19,372,799
(F) ULAE	$984,927	$935,239

Note: (A) is extracted from Appendix C, Exhibit WC-9, columns (9) and (12).
(A) is based on projected payroll of approximately $157,740,000.
(B) through (E) are based on a (A) and confidence level factors derived from a loss distribution with a Coefficient of Variation of 0.25 and actuarial judgment.
(F) = 7.0% of (A), which is based on historical TPA fees, other similar programs with which we are familiar and actuarial judgment.

The projected ultimate limited losses (including ALAE) assume OCFA will retain the first $2,000,000 per occurrence in 2017/18. The projected ultimate ULAE for 2017/18 assumes OCFA will contract with a third party administrator subject to similar terms and conditions that are in effect with the current contract.

We project the ultimate limited losses (including ALAE) and ULAE for 2018/19 to be as shown in Table II-2E.

Table II-2E
Projected Ultimate Limited Losses (including ALAE) and ULAE
July 1, 2018-19

Confidence Level (1)	Projected Ultimate Limited Losses (2)	Present Value of Ultimate Limited Losses (3)
(A) Expected (i.e., 50%)	$14,417,406	$13,691,804
(B) 60%	$15,138,276	$14,376,394
(C) 70%	$16,435,843	$15,608,657
(D) 80%	$18,165,932	$17,251,673
(E) 90%	$20,905,239	$19,853,116
(F) ULAE	$1,009,218	$958,426

Note: (A) is extracted from Appendix C, Exhibit WC-9, columns (9) and (12).
(A) is based on projected payroll of approximately $157,740,000.
(B) through (E) are based on a (A) and confidence level factors derived from a loss distribution with a Coefficient of Variation of 0.25 and actuarial judgment.
(F) = 7.0% of (A), which is based on historical TPA fees, other similar programs with which we are familiar and actuarial judgment.

The projected ultimate limited losses (including ALAE) assume OCFA will retain the first $2,000,000 per occurrence in 2018/19. The projected ultimate ULAE for 2018/19 assumes OCFA will contract with a third party administrator subject to similar terms and conditions that are in effect with the current contract.

3. ***Project the Losses (including ALAE) and ULAE to be Paid in 2014/15 through 2018/19.***

We project the losses (including ALAE) and ULAE to be paid in 2014/15 through 2018/19 to be as shown in Table II-3.

Table II-3
Projected Losses (including ALAE) and ULAE To Be Paid in 2014/15 through 2018/19

Fiscal Period (1)	Projected Losses (including ALAE) Paid (2)	Projected ULAE Paid (3)
(A) July 1, 2014-15 *	$3,380,454	$236,632
(B) July 1, 2015-16	$7,702,911	$539,204
(C) July 1, 2016-17	$8,300,651	$581,046
(D) July 1, 2017-18	$8,873,108	$621,118
(E) July 1, 2018-19	$9,423,031	$659,612

Note: (2) is extracted from Appendix C, Exhibit WC-12, pages 1 through 5, column (8).
(3) = (2) x 7%. The percentage is selected based on the ratio of historical payments.
* - represents the 6-month period from January 1, 2015 to June 30, 2015.

4. ***Affirm GASB 10.***

We affirm that the conclusions shown above in the tables were derived using appropriate actuarial methods and assumptions. Therefore, our conclusions are consistent with GASB 10. The actuarial methods and assumptions we used to derive these conclusions are documented in the exhibits shown in Appendix C of this report.

We encourage the independent auditor to contact us with any questions to ensure our report is interpreted correctly, and is incorporated appropriately into the independent financial audit of OCFA.

Discussion of Data Reliance

Responsible staff members of CorVel, York and OCFA provided us with loss data and payroll data. The loss data we received was contained in Excel files. The different files contained claims data valued as of different accounting dates (from June 30, 2009 and successive June 30th valuations.) We compiled the data in these files and compared the results. We found all files to be internally consistent.

In addition, we compared the compiled data with the data shown in previous actuarial report prepared by us last year. Our data compilation proved consistent with the summarized data shown in the previous actuarial report.

Comparisons with Previous Report

Our previous report (based on claims data valued as of June 30, 2014), showed estimated the outstanding losses as of June 30, 2014 to be approximately $59.5 million (undiscounted, expected confidence level). The current report shows estimated outstanding losses to be approximately $62.2 million (undiscounted, expected confidence level.) In the previous report, we projected ultimate losses for 2013/14 and prior to total $108.1 million, and the projected ultimate losses for 2014/15 to total $13.0 million. Our updated projections for these periods are, respectively, $108.1 million and $13.1 million.

Therefore, we infer that claims are continuing to emerge consistently with the underlying assumptions contained in the previous analysis. Consequently, we did not alter the underlying assumptions.

Appendix A

CONDITIONS AND LIMITATIONS

Appendix A

CONDITIONS AND LIMITATIONS

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

- **Data Quality.** We relied upon data provided by the organization shown on the transmittal page or its designated agents. The data was used without verification or audit, other then checks for reasonableness. Unless otherwise stated, we assumed the data to be correct and complete.

- **Economic Environment.** Unless otherwise stated, we assumed the current economic conditions will continue in the foreseeable future.

- **Insurance Coverage.** Unless otherwise stated, we assumed no insurance coverage changes (including coverage provided by the organization to others) subsequent to the date this study was prepared. This includes coverage language, self-insured retention, limitations and similar issues.

- **Insurance Solvency.** Unless otherwise stated, we assumed all insurance purchased by the organization is from solvent sources payable in accordance with terms of the coverage document.

- **Interest Rate.** The exhibits specify the annual interest rate(s) used. The interest rate(s) used were specified by the organization shown on the transmittal page or its designated agents. We express no opinion regarding the appropriateness of the interest rate(s) used in this report.

- **Methodology.** In this study, different actuarial methods were applied. In some instances, the methods yield significantly disparate results. The estimates, projections and recommendations in this study reflect our judgments as to the best method or combination of methods that are most reliable and reflective of the exposure to loss.

- **Reproduction.** This study may only be reproduced in its entirety. We caution third parties to not distribute this report to any party without the express written consent of RCS and the parties, who engaged RCS to prepare this report, because the report contains privileged information and unauthorized distribution of the report might be a violation of local laws. In particular, we direct the reader to the California Code of Regulations, Title 8, Section 15405, and recommend seeking legal advice before disseminating any information contained in this report to any party. Moreover, ASOP 21, Section 3, Paragraph 4, states, "An audit or examination may give rise to the exchange of confidential information. Any information received by the reviewing actuary should be considered confidential, except as to the auditor or examiner, unless otherwise indicated by the entity. The reviewing actuary should take appropriate steps to preserve the confidentiality of such information."

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

- **Statutory and Judicial Changes.** Legislatures and judiciaries may change statutes that govern indemnification. This includes benefit levels for workers compensation, immunities and limitations for liability, and other similar issues. Unless otherwise stated, we assumed no statutory changes subsequent to the date this study was prepared.

- **Supplemental Data.** In addition to the data provided by the organization, we supplemented our analysis with data from similar organizations and insurance industry statistics, as we deemed appropriate.

- **Usage.** This study has been prepared for the usage of the organization shown on the transmittal page. It was not prepared for and may not be appropriate for use by other organizations. Other organizations should obtain counsel from RCS prior to use of this study.

- **Assets.** We have not examined the assets underlying the corresponding losses and ALAE under review. We form no opinion as to the validity or value of these assets. Throughout our analysis, we assume the reserves are backed by valid assets, which have suitably scheduled maturities or adequate liquidity to meet cash flow requirements.

- **Mass Tort and Terrorism.** Unless specifically stated, our analysis does not reflect any provision for risk exposure from mass torts or terrorism, because these risk exposures were outside the scope of our work.

- **Intended Use Disclosure (per ASOP 43).** We understand the intended use of the estimated outstanding losses is for internal management reporting and external financial reporting purposes. Because the internal management reporting is consistent with external financial reporting, we are unaware of conflicts (actual or otherwise) that might arise from this dual usage.

- **Constraints Disclosure (per ASOP 43).** We worked with the most readily available data provided by OCFA and its claims administrator(s). The data appeared to be of excellent quality. We were provided ample time to perform the work; therefore, we have no constraints regarding deadlines. In addition, the OCFA and its claims administrator(s) cooperated fully with our requests for information.

- **Scope of Unpaid Claim Estimate Disclosure #1 – Type of Estimate (per ASOP 43).** Throughout the report, we calculated an "actuarial central estimate" of the loss reserve. We have also included a range of reasonable estimates of the loss reserves expressed in the form of confidence levels. We emphasize that the range of reasonable estimates is not a range of all possible outcomes; rather, it is our estimate of likely outcomes of the actuarial central estimate. Although unlikely, losses may emerge outside our range of reasonable estimates.

- **Scope of Unpaid Claim Estimate Disclosure #2 – Purpose of Estimate (per ASOP 43).** We believe the range of reasonably possible outcomes around the actuarial central estimate is an appropriate guide to management for internal and external financial reporting purposes.

- **Scope of Unpaid Claim Estimate Disclosure #3 – Discounting (per ASOP 43).** We calculated our range of reasonably possible outcomes around the actuarial central estimates at full-value (i.e., undiscounted). We calculated estimates at present value (i.e., discounted to reflect the time value of money).

- **Gross or Net of Specified Recoverables Disclosure (per ASOP 43).** Because the OCFA purchases reinsurance and/or participates in insurance pools, all amounts in this report should be understood to be net of recoverables unless specifically identified to the contrary.

- **Collectability Risk Disclosure (per ASOP 43).** Except as otherwise noted in our report, our discussions with the OCFA did not reveal any collectability risk as of the date of this report.

- **Unpaid Claim Adjustment Expense Disclosure (per ASOP 43).** A provision for ULAE is included in the amounts shown in this report. Amounts for ALAE have been included.

- **Type of Claims Covered in the Analysis Disclosure (per ASOP 43).** The background section of this report describes the type of claims covered in the analysis. In addition, the text in the conclusion section specifies any modifications to the description contained in the background section.

- **Review Date Disclosure (per ASOP 43)**. Our "review date" (i.e., cut-off date for including information into our analysis) is the date shown on the cover of the report or the date of the transmittal letter.

- **Acknowledgement of Qualification (per ASOP 41)**. The opining actuary(ies) that have prepared this report meet the requisite qualification standards as enacted in the "Qualification Standards" effective January 1, 2008.

Appendix B

GLOSSARY OF ACTUARIAL TERMS

Appendix B

GLOSSARY OF ACTUARIAL TERMS

Actuarial Methods (Most Common)

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

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

The following describes each method:

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

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

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

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

3. **Developed Case Reserves.** The developed case reserves method is a hybrid of the paid loss development and reported incurred loss development methods. It relies on the historical adequacy of case reserves to predict ultimate losses.

4. **Frequency Times Severity Analysis.** The frequency times severity analysis is an actuarial method that uses a preliminary projection of ultimate losses to project claims severity. The claims severity times the number of claims is a predictor of ultimate losses. The focus of the frequency times severity analysis is that ultimate losses each period are dependent on the number of claims.

5. **Loss Rate Analysis.** The loss rate analysis is based on the historical loss rates per exposure unit (such as payroll, vehicles or property value). The loss rates (projected ultimate losses divided by exposure units) are trended to reflect the effect of claim cost inflation and retention changes. The trended loss rates represent the rates that one would see if all of the claims had been handled in the claim cost environment that will be present in the upcoming period. The trended loss rate times the projected exposure units is a predictor of losses.

6. **Bornhuetter-Ferguson Method (B-F).** The B-F method is an actuarial method that weights a preliminary projection of ultimate losses with projections of ultimate losses determined by other actuarial methods (usually the developed paid losses and developed reported incurred losses methods). For less mature claim periods, the B-F method leans more heavily to the preliminary projection. It gradually converges to the projections of ultimate losses determined by the other actuarial methods as the claim periods mature.

Actuary

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

Allocated Loss Adjustment Expenses

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

Accounting standards require that ALAE be included in financial statements and that they be calculated by actuarial methods.

American Academy of Actuaries

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

Benefits

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

Casualty Actuarial Society

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

Claim

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

Claims Made

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

Composite Rate

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

Confidence Level

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

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

Expected corresponds to approximately a 55% confidence level. Amounts above expected are prudent, but should be considered equity (not a liability).

Coverage

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

Credibility

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

Dates

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

Deductible

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

Disability

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

Dividend (Policyholder)

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

Estimated Outstanding Losses

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

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

Estimated Outstanding Losses (continued)

Estimated outstanding losses are usually the largest single item listed as a liability on the balance sheet of an insurer's financial statement. Accounting standards require they be calculated by actuarial methods. Other common names for estimated outstanding losses are outstanding claims liabilities and unpaid claims.

The uncertainty inherent in the estimation of required provision for unpaid losses or loss adjustment expenses implies that a range of reserves can be actuarially sound. The true value of the liability for losses or loss adjustment expenses at any accounting date can be known only when all attendant claims have been settled.

The most appropriate reserve within a range of actuarially sound estimates depends on both the relative likelihood of estimates within the range and the financial reporting context in which the reserve will be presented.

Experience Rating

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

Exposure Data

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

- **Readily Available.** The exposure data should be easily obtained. It is best if it is a byproduct of other activities, although this is not always possible. If getting data is arduous, it may discourage collection.

- **Vary With Losses.** The exposure data should correlate directly with losses. The ideal situation is where exposure and expected losses move in tandem. The exposure base needs to be fitting to the coverage. For example, the number of employees may vary with property losses (more employees = more office space = more losses), but property value is a clearly superior exposure base for property losses.

Generally Accepted Accounting Principles (GAAP)

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

Incurred But Not Reported

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

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

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

Insurance Services Office (ISO)

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

Investment Income

The return received by entities from their investment portfolios, including interest, dividends and realized capital gains on stocks. Realized capital gains means the profit realized on assets that have actually been sold for more their purchase price.

Limited

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

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

Loss Development

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

Manual Rates

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

National Council on Compensation Insurance (NCCI)

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

Net

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

Occurrence

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

Pool

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

Premium

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

Present Value

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

Probability

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

Projected Losses Paid

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

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

Projected Ultimate Losses

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

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

Range of Reasonable Estimates

According to actuarial statements of principles and standards of practice, a range of reasonable estimates of the provision for unpaid claims can be actuarially sound.

Due to the uncertainty inherent in estimating the provision for unpaid claims, the range of reasonable estimates is a narrower range than the range of all possible outcomes or the range of all likely outcomes.

Rate

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

Retrospective Rating

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

Salvage

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

Schedule Rating

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

Self-Insurance Retention (SIR)

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

Society of Actuaries (SOA)

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

Standard Premium

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

State Fund

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

Statutory Accounting Principles (SAP)

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

Unallocated Loss Adjustment Expenses

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

Accounting standards require that ULAE be included in financial statements and that they be calculated by actuarial methods.

Appendix C

EXHIBITS

ORANGE COUNTY FIRE AUTHORITY
WORKERS' COMPENSATION - Expected Confidence Level

Exhibit WC-1

Data Valued as of December 31, 2014

Claim Period (1)	Specific Self-Insured Retention (2)	Months of Development 12/31/14 (3)	Reported Claims 12/31/14 (4)	Open Claims 12/31/14 (5)	Limited Paid Losses 12/31/14 (6)	Limited Case Reserves 12/31/14 (7)	Limited Reported Incurred Losses 12/31/14 (8)
1992/93	N/A	270.0	0	0	$0	$0	$0
1993/94	N/A	258.0	0	0	0	0	0
1994/95	N/A	246.0	0	0	0	0	0
1995/96	N/A	234.0	0	0	0	0	0
1996/97	N/A	222.0	0	0	0	0	0
1997/98	N/A	210.0	0	0	0	0	0
1998/99	N/A	198.0	0	0	0	0	0
1999/00	N/A	186.0	0	0	0	0	0
2000/01	N/A	174.0	0	0	0	0	0
2001/02	600,000	162.0	132	8	1,945,082	441,365	2,386,447
2002/03	600,000	150.0	406	20	6,482,876	1,286,020	7,768,896
2003/04	2,000,000	138.0	321	19	3,791,422	1,468,763	5,260,184
2004/05	2,000,000	126.0	337	17	4,534,548	1,014,568	5,549,116
2005/06	2,000,000	114.0	393	20	3,801,144	1,264,683	5,065,827
2006/07	2,000,000	102.0	421	23	5,506,475	2,474,139	7,980,613
2007/08	2,000,000	90.0	475	27	5,017,594	1,520,266	6,537,860
2008/09	2,000,000	78.0	458	28	4,720,133	1,560,201	6,280,334
2009/10	2,000,000	66.0	467	51	5,269,543	2,939,237	8,208,780
2010/11	2,000,000	54.0	389	51	4,373,217	3,173,340	7,546,557
2011/12	2,000,000	42.0	471	98	2,644,158	3,722,233	6,366,391
2012/13	2,000,000	30.0	480	132	2,385,608	3,813,711	6,199,320
2013/14	2,000,000	18.0	511	165	1,618,724	4,616,382	6,235,106
2014/15	2,000,000	6.0	165	98	351,102	969,627	1,320,729
Total			5,426	757	$52,441,627 #	$30,264,533 #	$82,706,160 #

- Data is for medical, indemnity and expenses excluding 4850 benefits.

(6), (7) and (8) are net of specific excess reinsurance, but gross of aggregate reinsurance.

Data was provided by Corvel.

ORANGE COUNTY FIRE AUTHORITY
WORKERS' COMPENSATION - Expected Confidence Level

Summary of Percent Losses Paid, Losses Reported and Claims Reported

Months of Development (1)	Percent Losses Paid (2)	Percent Losses Reported (3)	Percent Claims Reported (4)	Months of Development (5)	Percent Losses Paid (6)	Percent Losses Reported (7)	Percent Claims Reported (8)
360.0	100.0%	100.0%	100.0%	360.0	100.0%	100.0%	100.0%
348.0	100.0%	100.0%	100.0%	348.0	100.0%	100.0%	100.0%
336.0	99.9%	100.0%	100.0%	336.0	99.9%	100.0%	100.0%
324.0	99.9%	100.0%	100.0%	324.0	99.9%	100.0%	100.0%
312.0	99.9%	100.0%	100.0%	312.0	99.9%	100.0%	100.0%
300.0	99.8%	100.0%	100.0%	300.0	99.8%	100.0%	100.0%
288.0	99.7%	100.0%	100.0%	288.0	99.7%	100.0%	100.0%
276.0	99.6%	100.0%	100.0%	276.0	99.6%	100.0%	100.0%
264.0	99.5%	100.0%	100.0%	264.0	99.5%	100.0%	100.0%
252.0	99.3%	100.0%	100.0%	252.0	99.3%	100.0%	100.0%
240.0	98.9%	100.0%	100.0%	240.0	98.9%	100.0%	100.0%
228.0	98.5%	100.0%	100.0%	228.0	98.5%	100.0%	100.0%
216.0	97.8%	100.0%	100.0%	216.0	97.8%	100.0%	100.0%
204.0	96.9%	100.0%	100.0%	204.0	96.9%	100.0%	100.0%
192.0	95.5%	99.9%	100.0%	192.0	95.5%	99.9%	100.0%
180.0	93.6%	99.6%	100.0%	180.0	93.6%	99.6%	100.0%
168.0	90.9%	97.6%	100.0%	168.0	90.9%	97.6%	100.0%
156.0	89.8%	97.1%	100.0%	156.0	89.8%	97.1%	100.0%
144.0	88.5%	96.3%	100.0%	144.0	88.5%	96.3%	100.0%
132.0	86.7%	95.4%	100.0%	132.0	86.7%	95.4%	100.0%
120.0	85.0%	93.5%	100.0%	120.0	85.0%	93.5%	100.0%
108.0	81.0%	91.7%	100.0%	108.0	81.0%	91.7%	100.0%
96.0	77.1%	89.5%	100.0%	96.0	77.1%	89.5%	100.0%
84.0	72.0%	87.3%	100.0%	84.0	72.0%	87.3%	100.0%
72.0	65.5%	84.8%	100.0%	72.0	65.5%	84.8%	100.0%
60.0	55.7%	79.2%	99.8%	60.0	55.7%	79.2%	99.8%
48.0	46.4%	73.7%	99.6%	48.0	46.4%	73.7%	99.6%
36.0	37.9%	62.7%	99.4%	36.0	37.9%	62.7%	99.4%
24.0	26.2%	52.3%	98.4%	24.0	26.2%	52.3%	98.4%
12.0	8.7%	29.4%	92.0%	12.0	8.7%	29.4%	92.0%

Summary of Percent Losses Paid, Losses Reported and Claims Reported

Months of Development (9)	Percent Losses Paid (10)	Percent Losses Reported (11)	Percent Claims Reported (12)	Months of Development (13)	Percent Losses Paid (14)	Percent Losses Reported (15)	Percent Claims Reported (16)
360.0	100.0%	100.0%	100.0%	354.0	100.0%	100.0%	100.0%
348.0	100.0%	100.0%	100.0%	342.0	99.9%	100.0%	100.0%
336.0	99.9%	100.0%	100.0%	330.0	99.9%	100.0%	100.0%
324.0	99.9%	100.0%	100.0%	318.0	99.9%	100.0%	100.0%
312.0	99.9%	100.0%	100.0%	306.0	99.8%	100.0%	100.0%
300.0	99.8%	100.0%	100.0%	294.0	99.8%	100.0%	100.0%
288.0	99.7%	100.0%	100.0%	282.0	99.7%	100.0%	100.0%
276.0	99.6%	100.0%	100.0%	270.0	99.6%	100.0%	100.0%
264.0	99.5%	100.0%	100.0%	258.0	99.4%	100.0%	100.0%
252.0	99.3%	100.0%	100.0%	246.0	99.1%	100.0%	100.0%
240.0	98.9%	100.0%	100.0%	234.0	98.7%	100.0%	100.0%
228.0	98.5%	100.0%	100.0%	222.0	98.1%	100.0%	100.0%
216.0	97.8%	100.0%	100.0%	210.0	97.3%	100.0%	100.0%
204.0	96.9%	100.0%	100.0%	198.0	96.2%	100.0%	100.0%
192.0	95.5%	99.9%	100.0%	186.0	94.6%	99.8%	100.0%
180.0	93.6%	99.6%	100.0%	174.0	92.3%	98.6%	100.0%
168.0	90.9%	97.6%	100.0%	162.0	90.4%	97.4%	100.0%
156.0	89.8%	97.1%	100.0%	150.0	89.2%	96.7%	100.0%
144.0	88.5%	96.3%	100.0%	138.0	87.6%	95.9%	100.0%
132.0	86.7%	95.4%	100.0%	126.0	85.9%	94.5%	100.0%
120.0	85.0%	93.5%	100.0%	114.0	83.0%	92.6%	100.0%
108.0	81.0%	91.7%	100.0%	102.0	79.1%	90.6%	100.0%
96.0	77.1%	89.5%	100.0%	90.0	74.6%	88.4%	100.0%
84.0	72.0%	87.3%	100.0%	78.0	68.8%	86.1%	100.0%
72.0	65.5%	84.8%	100.0%	66.0	60.6%	82.0%	99.9%
60.0	55.7%	79.2%	99.8%	54.0	51.1%	76.5%	99.7%
48.0	46.4%	73.7%	99.6%	42.0	42.2%	68.2%	99.5%
36.0	37.9%	62.7%	99.4%	30.0	32.1%	57.5%	98.9%
24.0	26.2%	52.3%	98.4%	18.0	17.5%	40.9%	95.2%
12.0	8.7%	29.4%	92.0%	6.0	4.4%	14.7%	46.0%

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

(3) is from Exhibit WC-2 (page 6).

(4) is from Exhibit WC-2 (page 8).

(6), (7), (8), (10), (11), (12), (14), (15) and (16) are interpolated, based on (2), (3) and (4).

Historical Limited Paid Losses and Limited Paid Loss Development

I. Historical Limited Paid Losses ($000)

Claim Period	Months of Development: 12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204	216	228	240
1991/92																				
1992/93																				
1993/94																				
1994/95																				
1995/96																				
1996/97																				
1997/98																				
1998/99																				
1999/00																				
2000/01																				
2001/02				993	1,278	1,396	1,588	1,654	1,720	1,769	1,814	1,859	1,886							
2002/03			3,116	3,917	4,512	4,973	5,368	5,705	5,940	6,117	6,229	6,308								
2003/04		1,296	1,626	2,092	2,412	2,691	2,910	3,077	3,291	3,629	3,699									
2004/05	602	1,759	2,368	2,842	3,172	3,548	3,924	4,139	4,278	4,501										
2005/06	693	1,518	2,000	2,252	2,730	2,936	3,406	3,527	3,736											
2006/07	587	1,812	2,591	3,546	4,043	4,759	5,059	5,376												
2007/08	779	1,798	2,502	3,006	3,796	4,434	4,828													
2008/09	468	1,706	2,465	3,259	3,837	4,519														
2009/10	591	2,196	3,473	4,077	4,841															
2010/11	1,032	2,191	3,301	4,008																
2011/12	603	1,891	2,433																	
2012/13	696	1,846																		
2013/14	580																			

ORANGE COUNTY FIRE AUTHORITY
WORKERS' COMPENSATION - Expected Confidence Level

Historical Limited Paid Losses and Limited Paid Loss Development

II. Limited Paid Loss Development

Claim Period	Months of Development: 12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-168	168-180	180-192	192-204	204-216	216-228	228-240	240-252
1991/92																				
1992/93																				
1993/94																				
1994/95																				
1995/96																				
1996/97																				
1997/98																				
1998/99																				
1999/00																				
2000/01																				
2001/02				1.286	1.092	1.137	1.042	1.040	1.028	1.025	1.025	1.014								
2002/03			1.257	1.152	1.102	1.079	1.063	1.041	1.030	1.018	1.013									
2003/04		1.255	1.287	1.153	1.116	1.081	1.057	1.070	1.103	1.019										
2004/05	2.924	1.346	1.201	1.116	1.118	1.106	1.055	1.034	1.052											
2005/06	2.189	1.318	1.126	1.212	1.076	1.160	1.035	1.059												
2006/07	3.089	1.430	1.369	1.140	1.177	1.063	1.063													
2007/08	2.308	1.392	1.201	1.263	1.168	1.089														
2008/09	3.645	1.444	1.322	1.178	1.178															
2009/10	3.714	1.581	1.174	1.187																
2010/11	2.123	1.507	1.214																	
2011/12	3.134	1.286																		
2012/13	2.653																			
2013/14																				
Average																				
All	2.864	1.395	1.239	1.188	1.128	1.102	1.052	1.049	1.053	1.021	1.019	1.014								
Wtd 3	2.543	1.466	1.228	1.206	1.174	1.096	1.053	1.052	1.055	1.020										
Last 3	2.637	1.458	1.237	1.209	1.174	1.104	1.051	1.054	1.062	1.021										
Last 5 x-hi,low	3.144	1.448	1.246	1.192	1.154	1.092	1.058	1.047												
Industry																				
Previous																				
Selected	3.000	1.450	1.225	1.200	1.175	1.100	1.070	1.050	1.050	1.020	1.020	1.015	1.012	1.100						
Cumulative	11.472	3.824	2.637	2.153	1.794	1.527	1.388	1.297	1.235	1.176	1.153	1.130	1.113	1.100						
Percent	8.7%	26.2%	37.9%	46.4%	55.7%	65.5%	72.0%	77.1%	81.0%	85.0%	86.7%	88.5%	89.8%	90.9%						

Amounts exclude 4850 benefits.

Amounts are limited (net of excess insurance).

Data was provided by Corvel.

ORANGE COUNTY FIRE AUTHORITY
WORKERS' COMPENSATION - Expected Confidence Level

Historical Limited Reported Incurred Losses and Limited Reported Incurred Loss Development

I. Historical Limited Reported Incurred Losses ($000)

Claim Period	Months of Development: 12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204	216	228	240
1991/92																				
1992/93																				
1993/94																				
1994/95																				
1995/96																				
1996/97																				
1997/98																				
1998/99																				
1999/00																				
2000/01																				
2001/02				1,448	1,788	1,934	2,106	2,137	2,167	2,192	2,209	2,285	2,265							
2002/03			4,905	5,365	5,890	6,332	6,603	6,937	6,934	7,153	7,529	7,677								
2003/04		2,384	2,734	2,911	3,200	3,705	3,885	4,108	4,496	4,717	4,778									
2004/05	1,834	2,996	3,816	4,286	4,400	4,692	4,785	4,833	5,284	5,632										
2005/06	2,580	3,557	3,849	3,753	4,398	4,394	4,413	4,390	4,759											
2006/07	2,308	4,080	4,795	5,616	6,358	7,868	7,721	7,673												
2007/08	3,156	4,009	5,340	5,881	6,773	7,529	7,130													
2008/09	2,725	3,801	4,523	6,535	6,573	6,387														
2009/10	3,105	5,763	7,798	8,153	8,067															
2010/11	3,607	6,753	7,314	7,593																
2011/12	3,253	5,931	6,182																	
2012/13	3,376	5,604																		
2013/14	4,625																			

Historical Limited Reported Incurred Losses and Limited Reported Incurred Loss Development

II. Limited Reported Incurred Loss Development

Months of Development:

Claim Period	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-168	168-180	180-192	192-204	204-216	216-228	228-240	240-252
1991/92																				
1992/93																				
1993/94																				
1994/95																				
1995/96																				
1996/97																				
1997/98																				
1998/99																				
1999/00																				
2000/01																				
2001/02				1.235	1.081	1.089	1.015	1.014	1.011	1.008	1.034	0.991								
2002/03			1.094	1.098	1.075	1.043	1.051	1.000	1.031	1.053	1.020									
2003/04		1.147	1.065	1.099	1.158	1.049	1.057	1.095	1.049	1.013										
2004/05	1.634	1.274	1.123	1.027	1.067	1.020	1.010	1.093	1.066											
2005/06	1.378	1.082	0.975	1.172	0.999	1.004	0.995	1.084												
2006/07	1.768	1.175	1.171	1.132	1.237	0.981	0.994													
2007/08	1.270	1.332	1.101	1.152	1.112	0.947														
2008/09	1.395	1.190	1.445	1.006	0.972															
2009/10	1.856	1.353	1.046	0.989																
2010/11	1.872	1.083	1.038																	
2011/12	1.823	1.042																		
2012/13	1.660																			
2013/14																				
Average																				
All	1.629	1.187	1.118	1.101	1.088	1.019	1.020	1.057	1.039	1.024	1.027	0.991								
Wtd 3	1.787	1.154	1.135	1.041	1.106	0.973	0.999	1.091	1.047	1.032										
Last 3	1.785	1.159	1.176	1.049	1.107	0.978	0.999	1.091	1.049	1.024										
Last 5	1.780	1.202	1.106	1.096	1.059	1.002	1.018	1.064												
x-hi,low																				
Industry																				
Previous																				
Selected	1.775	1.200	1.175	1.075	1.070	1.030	1.025	1.025	1.020	1.020	1.010	1.008	1.005	1.025						
Cumulative	3.396	1.913	1.594	1.357	1.262	1.179	1.145	1.117	1.090	1.069	1.048	1.038	1.030	1.025						
Percent	29.4%	52.3%	62.7%	73.7%	79.2%	84.8%	87.3%	89.5%	91.7%	93.5%	95.4%	96.3%	97.1%	97.6%						

Amounts exclude 4850 benefits.

Amounts are limited (net of excess insurance).

Data was provided by Corvel.

ORANGE COUNTY FIRE AUTHORITY
WORKERS' COMPENSATION - Expected Confidence Level

Historical Reported Claims and Reported Claim Development

I. Historical Reported Claims

Claim Period	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204	216	228	240
			Months of Development:																	
1991/92																				
1992/93																				
1993/94																				
1994/95																				
1995/96																				
1996/97																				
1997/98																				
1998/99																				
1999/00																				
2000/01																				
2001/02				130	130	132	132	132	132	132	132	132	132							
2002/03			400	401	405	406	406	406	406	406	406	406								
2003/04		314	318	320	320	321	322	322	322	321	321									
2004/05	283	325	331	334	334	336	336	336	337	337										
2005/06	347	381	386	389	390	391	391	391	393											
2006/07	373	412	415	417	419	420	420	421												
2007/08	445	470	472	474	475	476	475													
2008/09	431	448	452	451	454	457														
2009/10	433	460	465	466	467															
2010/11	365	388	389	389																
2011/12	435	464	470																	
2012/13	443	479																		
2013/14	487																			

ORANGE COUNTY FIRE AUTHORITY
WORKERS' COMPENSATION - Expected Confidence Level

Historical Reported Claims and Reported Claim Development

II. Reported Claim Development

Claim Period	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-168	168-180	180-192	192-204	204-216	216-228	228-240	240-252
			Months of Development:																	
1991/92																				
1992/93																				
1993/94																				
1994/95																				
1995/96																				
1996/97																				
1997/98																				
1998/99																				
1999/00																				
2000/01																				
2001/02				1.000	1.015	1.000	1.000	1.000	1.000	1.000	1.000	1.000								
2002/03			1.003	1.010	1.002	1.000	1.000	1.000	1.000	1.000	1.000									
2003/04		1.013	1.006	1.000	1.003	1.003	1.000	1.000	0.997	1.000										
2004/05	1.148	1.018	1.009	1.000	1.006	1.000	1.000	1.003	1.000											
2005/06	1.098	1.013	1.008	1.003	1.003	1.000	1.000	1.005												
2006/07	1.105	1.007	1.005	1.005	1.002	1.000	1.002													
2007/08	1.056	1.004	1.004	1.002	1.002	0.998														
2008/09	1.039	1.009	0.998	1.007	1.007															
2009/10	1.062	1.011	1.002	1.002																
2010/11	1.063	1.003	1.000																	
2011/12	1.067	1.013																		
2012/13	1.081																			
2013/14																				
Average																				
All	1.080	1.010	1.004	1.003	1.005	1.000	1.000	1.002	0.999	1.000	1.000	1.000								
Wtd 3	1.071	1.009	1.000	1.004	1.004	0.999	1.001	1.003	0.999	1.000										
Last 3	1.070	1.009	1.000	1.004	1.004	0.999	1.001	1.003	0.999	1.000										
Last 5	1.064	1.008	1.002	1.003	1.004	1.000	1.000	1.001												
x-hi,low																				
Similar																				
Previous																				
Selected	1.070	1.010	1.002	1.002	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000						
Cumulative	1.087	1.016	1.006	1.004	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000						
Percent	92.0%	98.4%	99.4%	99.6%	99.8%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%						

Data was provided by Corvel.

Historical Ratio of Limited Paid Losses and Limited Reported Incurred Losses

I. Ratio of Limited Paid Losses to Limited Reported Incurred Losses

Claim Period	Months of Development: 12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204	216	228	240
1991/92																				
1992/93																				
1993/94																				
1994/95																				
1995/96																				
1996/97																				
1997/98																				
1998/99																				
1999/00																				
2000/01																				
2001/02				68.6%	71.4%	72.2%	75.4%	77.4%	79.3%	80.7%	82.1%	81.4%	83.3%							
2002/03			63.5%	73.0%	76.6%	78.5%	81.3%	82.2%	85.7%	85.5%	82.7%	82.2%								
2003/04		54.4%	59.5%	71.9%	75.4%	72.6%	74.9%	74.9%	73.2%	76.9%	77.4%									
2004/05	32.8%	58.7%	62.0%	66.3%	72.1%	75.6%	82.0%	85.6%	81.0%	79.9%										
2005/06	26.9%	42.7%	52.0%	60.0%	62.1%	66.8%	77.2%	80.3%	78.5%											
2006/07	25.4%	44.4%	54.0%	63.1%	63.6%	60.5%	65.5%	70.1%												
2007/08	24.7%	44.8%	46.9%	51.1%	56.1%	58.9%	67.7%													
2008/09	17.2%	44.9%	54.5%	49.9%	58.4%	70.8%														
2009/10	19.0%	38.1%	44.5%	50.0%	60.0%															
2010/11	28.6%	32.4%	45.1%	52.8%																
2011/12	18.6%	31.9%	39.4%																	
2012/13	20.6%	32.9%																		
2013/14	12.5%																			
Average																				
All	22.6%	42.5%	52.1%	60.7%	66.2%	69.5%	74.9%	78.4%	79.5%	80.8%	80.8%	81.8%	83.3%							
Last 3	17.2%	32.4%	43.0%	50.9%	58.1%	63.4%	70.1%	78.7%	77.6%	80.8%	80.8%									
Last 5	19.4%	34.5%	48.7%	51.3%	60.2%	66.0%	73.3%	79.2%	79.6%											
X-Hi,Low																				
Implicit	29.6%	50.1%	60.4%	63.0%	70.3%	77.2%	82.5%	86.1%	88.3%	90.9%	90.9%	91.9%	92.5%	93.1%						

Developed Limited Paid Losses and Limited Reported Incurred Losses

I. Developed Limited Paid Losses

Claim Period (1)	Months of Development 12/31/14 (2)	Limited Paid Losses 12/31/14 (3)	Percent Losses Paid (4)	Developed Limited Paid Losses (3)/(4) (5)
1992/93	270	$0	99.6%	$0
1993/94	258	0	99.4%	0
1994/95	246	0	99.1%	0
1995/96	234	0	98.7%	0
1996/97	222	0	98.1%	0
1997/98	210	0	97.3%	0
1998/99	198	0	96.2%	0
1999/00	186	0	94.6%	0
2000/01	174	0	92.3%	0
2001/02	162	1,945,082	90.4%	2,152,830
2002/03	150	6,482,876	89.2%	7,271,874
2003/04	138	3,791,422	87.6%	4,328,107
2004/05	126	4,534,548	85.9%	5,281,943
2005/06	114	3,801,144	83.0%	4,579,692
2006/07	102	5,506,475	79.1%	6,965,812
2007/08	90	5,017,594	74.6%	6,730,509
2008/09	78	4,720,133	68.8%	6,865,648
2009/10	66	5,269,543	60.6%	8,695,616
2010/11	54	4,373,217	51.1%	8,566,537
2011/12	42	2,644,158	42.2%	6,273,210
2012/13	30	2,385,608	32.1%	7,443,396
2013/14	18	1,618,724	17.5%	9,276,357

ORANGE COUNTY FIRE AUTHORITY
WORKERS' COMPENSATION - Expected Confidence Level

Developed Limited Paid Losses and Limited Reported Incurred Losses

II. Developed Limited Reported Incurred Losses

Claim Period (1)	Months of Development 12/31/14 (2)	Limited Reported Incurred Losses 12/31/14 (3)	Percent Losses Reported (4)	Developed Limited Reported Incurred Losses (3)/(4) (5)
1992/93	270	$0	100.0%	$0
1993/94	258	0	100.0%	0
1994/95	246	0	100.0%	0
1995/96	234	0	100.0%	0
1996/97	222	0	100.0%	0
1997/98	210	0	100.0%	0
1998/99	198	0	100.0%	0
1999/00	186	0	99.8%	0
2000/01	174	0	98.6%	0
2001/02	162	2,386,447	97.4%	2,451,409
2002/03	150	7,768,896	96.7%	8,034,018
2003/04	138	5,260,184	95.9%	5,487,934
2004/05	126	5,549,116	94.5%	5,875,189
2005/06	114	5,065,827	92.6%	5,470,656
2006/07	102	7,980,613	90.6%	8,808,624
2007/08	90	6,537,860	88.4%	7,395,770
2008/09	78	6,280,334	86.1%	7,298,470
2009/10	66	8,208,780	82.0%	10,010,708
2010/11	54	7,546,557	76.5%	9,871,233
2011/12	42	6,366,391	68.2%	9,334,884
2012/13	30	6,199,320	57.5%	10,781,425
2013/14	18	6,235,106	40.9%	15,263,417

Sections I and II, (3) are from Exhibit WC-1.

Sections I and II, (4) are from Exhibit WC-2.

Developed Limited Paid Losses and Limited Reported Incurred Losses

Footnotes:

Sections I and II, (3) are from Exhibit WC-1.

Sections I and II, (4) are from Exhibit WC-2.

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

(a) through (g) was provided by Corvel.

Claim Number (a)	Date of Loss (b)	Claim Period (c)	Specific Self-Insured Retention (d)	Limited Paid Losses 12/31/14 (e)	Limited Case Reserves 12/31/14 (f)	Limited Reported Incurred Losses 12/31/14 (g)

NONE

ORANGE COUNTY FIRE AUTHORITY
WORKERS' COMPENSATION - Expected Confidence Level

Developed Limited Case Reserves

Claim Period (1)	Months of Development 12/31/14 (2)	Percent Losses Paid (3)	Percent Losses Reported (4)	Percent Losses Reserved 12/31/14 ((4)-(3))/ (100.0%-(3)) (5)	Limited Paid Losses 12/31/14 (6)	Limited Case Reserves 12/31/14 (7)	Developed Limited Case Reserves (6)+(7)/(5) (8)
1992/93	270	99.6%	100.0%	100.0%	$0	$0	$0
1993/94	258	99.4%	100.0%	100.0%	0	0	0
1994/95	246	99.1%	100.0%	100.0%	0	0	0
1995/96	234	98.7%	100.0%	100.0%	0	0	0
1996/97	222	98.1%	100.0%	100.0%	0	0	0
1997/98	210	97.3%	100.0%	99.8%	0	0	0
1998/99	198	96.2%	100.0%	99.2%	0	0	0
1999/00	186	94.6%	99.8%	96.2%	0	0	0
2000/01	174	92.3%	98.6%	82.2%	0	0	0
2001/02	162	90.4%	97.4%	72.5%	1,945,082	441,365	2,553,535
2002/03	150	89.2%	96.7%	69.6%	6,482,876	1,286,020	8,330,997
2003/04	138	87.6%	95.9%	66.5%	3,791,422	1,468,763	5,999,017
2004/05	126	85.9%	94.5%	60.8%	4,534,548	1,014,568	6,203,866
2005/06	114	83.0%	92.6%	56.5%	3,801,144	1,264,683	6,040,687
2006/07	102	79.1%	90.6%	55.1%	5,506,475	2,474,139	9,994,198
2007/08	90	74.6%	88.4%	54.4%	5,017,594	1,520,266	7,811,152
2008/09	78	68.8%	86.1%	55.4%	4,720,133	1,560,201	7,538,414
2009/10	66	60.6%	82.0%	54.3%	5,269,543	2,939,237	10,681,036
2010/11	54	51.1%	76.5%	51.9%	4,373,217	3,173,340	10,488,769
2011/12	42	42.2%	68.2%	45.0%	2,644,158	3,722,233	10,910,229
2012/13	30	32.1%	57.5%	37.5%	2,385,608	3,813,711	12,567,992
2013/14	18	17.5%	40.9%	28.3%	1,618,724	4,616,382	17,904,293

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

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

ORANGE COUNTY FIRE AUTHORITY
WORKERS' COMPENSATION - Expected Confidence Level

Preliminary Projected Ultimate Limited Losses to 2013/14

Claim Period (1)	Developed Limited Paid Losses (2)	Developed Limited Reported Incurred Losses (3)	Developed Limited Case Reserves (4)	Preliminary Projected Ultimate Limited Losses (5)
1992/93	$0	$0	$0	$0
1993/94	0	0	0	0
1994/95	0	0	0	0
1995/96	0	0	0	0
1996/97	0	0	0	0
1997/98	0	0	0	0
1998/99	0	0	0	0
1999/00	0	0	0	0
2000/01	0	0	0	0
2001/02	2,152,830	2,451,409	2,553,535	2,496,788
2002/03	7,271,874	8,034,018	8,330,997	8,090,401
2003/04	4,328,107	5,487,934	5,999,017	5,627,375
2004/05	5,281,943	5,875,189	6,203,866	5,802,758
2005/06	4,579,692	5,470,656	6,040,687	5,381,998
2006/07	6,965,812	8,808,624	9,994,198	8,611,453
2007/08	6,730,509	7,395,770	7,811,152	7,320,806
2008/09	6,865,648	7,298,470	7,538,414	7,240,607
2009/10	8,695,616	10,010,708	10,681,036	9,817,279
2010/11	8,566,537	9,871,233	10,488,769	9,665,085
2011/12	6,273,210	9,334,884	10,910,229	8,888,985
2012/13	7,443,396	10,781,425	12,567,992	10,315,987
2013/14	9,276,357	15,263,417	17,904,293	14,259,562

Preliminary Projected Ultimate Limited Losses to 2013/14

Footnotes:

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

(4) is from Exhibit WC-4.

(5) is based on (2) to (4), weighted as follows:

Subject to a minimum of Exhibit WC-1, (8) and minimum 25% of case reserves as IBNR, unless all claims are closed.

Claim Period	Developed Limited Paid Losses	Developed Limited Reported Incurred Losses	Developed Limited Case Reserves
to 1999/00	30.0%	40.0%	30.0%
2000/01	30.0%	40.0%	30.0%
2001/02	30.0%	40.0%	30.0%
2002/03	30.0%	40.0%	30.0%
2003/04	30.0%	40.0%	30.0%
2004/05	30.0%	40.0%	30.0%
2005/06	30.0%	40.0%	30.0%
2006/07	30.0%	40.0%	30.0%
2007/08	30.0%	40.0%	30.0%
2008/09	30.0%	40.0%	30.0%
2009/10	30.0%	40.0%	30.0%
2010/11	30.0%	40.0%	30.0%
2011/12	30.0%	40.0%	30.0%
2012/13	30.0%	40.0%	30.0%
2013/14	30.0%	40.0%	30.0%

ORANGE COUNTY FIRE AUTHORITY
WORKERS' COMPENSATION - Expected Confidence Level

Bornhuetter - Ferguson Analysis

I. A-priori Loss Rate

Claim Period (1)	Preliminary Projected Ultimate Limited Losses (2)	Payroll (000) (3)	Limited Loss Rate per $100 of Payroll (2)/(3)/10 (4)	Loss Rate Trend (2014/15 = 1.000) (5)	Trended Limited Loss Rate per $100 of Payroll (4)X(5) (6)	Projected A-priori Loss Rate per $100 of Payroll (7)/(5) (8)
2009/10	$9,817,279	$130,624	$7.52	1.131	$8.50	$7.19
2010/11	9,665,085	131,909	7.33	1.104	8.09	7.37
2011/12	8,888,985	140,110	6.34	1.077	6.83	7.56
2012/13	10,315,987	156,223	6.60	1.051	6.94	7.75
2013/14	14,259,562	157,740	9.04	1.025	9.27	7.94

(7) Projected 2014/15 a-priori loss rate per $100 of Payroll $8.14

II. Bornhuetter - Ferguson Analysis Based on Limited Paid Losses

Claim Period (1)	Limited Paid Losses 12/31/14 (2)	Percent Losses Paid (3)	Projected A-priori Loss Rate per $100 of Payroll (4)	Payroll (000) (5)	B-F Unpaid Losses (100.0%-(3)) X(4)X(5)X10 (6)	B-F Ultimate Limited Paid Losses (2)+(6) (7)
2009/10	$5,269,543	60.6%	$7.19	$130,624	$3,701,691	$8,971,235
2010/11	4,373,217	51.1%	7.37	131,909	4,760,279	9,133,496
2011/12	2,644,158	42.2%	7.56	140,110	6,124,915	8,769,073
2012/13	2,385,608	32.1%	7.75	156,223	8,222,181	10,607,789
2013/14	1,618,724	17.5%	7.94	157,740	10,337,951	11,956,676

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

Claim Period (1)	Limited Reported Incurred Losses 12/31/14 (2)	Percent Losses Reported (3)	Projected A-priori Loss Rate per $100 of Payroll (4)	Payroll (000) (5)	B-F Unreported Losses (100.0%-(3)) X(4)X(5)X10 (6)	B-F Ultimate Limited Reported Losses (2)+(6) (7)
2009/10	$8,208,780	82.0%	$7.19	$130,624	$1,691,128	$9,899,908
2010/11	7,546,557	76.5%	7.37	131,909	2,290,185	9,836,743
2011/12	6,366,391	68.2%	7.56	140,110	3,366,850	9,733,241
2012/13	6,199,320	57.5%	7.75	156,223	5,142,644	11,341,964
2013/14	6,235,106	40.9%	7.94	157,740	7,407,508	13,642,614

Section I, (2) is from Exhibit WC-5.

Section I, (3), Section II, (5) and Section III, (5) were provided by OCFA.

Section I, (5) is based on a 2.5% trend.

Section I, (7) is based on Section I, (6) and the following weights:

Claim Period	Weight
2009/10	10.0%
2010/11	10.0%
2011/12	10.0%
2012/13	10.0%
2013/14	10.0%
Prior	50.0%

where the prior loss rate = $8.35
which was extracted from the previous report)

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

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

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

Frequency Times Severity Analysis

I. Projected Ultimate Claims

Claim Period (1)	Months of Development 12/31/14 (2)	Reported Claims 12/31/14 (3)	Percent Claims Reported (4)	Projected Ultimate Claims (3)/(4) (5)
2009/10	66	467	99.9%	467
2010/11	54	389	99.7%	390
2011/12	42	471	99.5%	473
2012/13	30	480	98.9%	485
2013/14	18	511	95.2%	537

II. Frequency Times Severity

Claim Period (1)	Preliminary Projected Ultimate Limited Losses (2)	Projected Ultimate Claims (3)	Average Severity (2)/(3) (4)	Severity Trend (2014/15 = 1.000) (5)	Trended Average Claim Severity (4)X(5) (6)	De-Trended Projected 2014/15 Average Claim Severity (7)/(5) (8)	Frequency Times Severity (3)X(8) (9)
2009/10	$9,817,279	467	$21,022	1.312	$27,573	$20,161	$9,415,230
2010/11	9,665,085	390	24,782	1.242	30,788	21,285	8,301,178
2011/12	8,888,985	473	18,793	1.177	22,114	22,472	10,629,121
2012/13	10,315,987	485	21,270	1.115	23,708	23,725	11,506,389
2013/14	14,259,562	537	26,554	1.056	28,035	25,047	13,450,322

(7) Projected 2014/15 average claim severity $26,444

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

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

Section II, (2) is from Exhibit WC-5.

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

Section II, (5) is based on a 5.6% trend.

Section II, (7) is based on (6) and the following weights:

Claim Period	Weight
2009/10	20.0%
2010/11	20.0%
2011/12	20.0%
2012/13	20.0%
2013/14	20.0%

ORANGE COUNTY FIRE AUTHORITY
WORKERS' COMPENSATION - Expected Confidence Level

Projected Ultimate Limited Losses to 2013/14

Claim Period (1)	Developed Limited Paid Losses (2)	Developed Limited Reported Incurred Losses (3)	Developed Limited Case Reserves (4)	B-F Paid Method Ultimate Losses (5)	B-F Reported Method Ultimate Losses (6)	Frequency Times Severity (7)	Projected Ultimate Limited Losses (8)
1992/93	$0	$0	$0				$0
1993/94	0	0	0				0
1994/95	0	0	0				0
1995/96	0	0	0				0
1996/97	0	0	0				0
1997/98	0	0	0				0
1998/99	0	0	0				0
1999/00	0	0	0				0
2000/01	0	0	0				0
2001/02	2,152,830	2,451,409	2,553,535				2,553,535
2002/03	7,271,874	8,034,018	8,330,997				8,330,997
2003/04	4,328,107	5,487,934	5,999,017				5,999,017
2004/05	5,281,943	5,875,189	6,203,866				6,203,866
2005/06	4,579,692	5,470,656	6,040,687				5,812,675
2006/07	6,965,812	8,808,624	9,994,198				9,519,968
2007/08	6,730,509	7,395,770	7,811,152				7,536,935
2008/09	6,865,648	7,298,470	7,538,414				7,307,883
2009/10	8,695,616	10,010,708	10,681,036	8,971,235	9,899,908	9,415,230	10,015,821
2010/11	8,566,537	9,871,233	10,488,769	9,133,496	9,836,743	8,301,178	9,857,308
2011/12	6,273,210	9,334,884	10,910,229	8,769,073	9,733,241	10,629,121	9,613,998
2012/13	7,443,396	10,781,425	12,567,992	10,607,789	11,341,964	11,506,389	11,361,112
2013/14	9,276,357	15,263,417	17,904,293	11,956,676	13,642,614	13,450,322	14,026,068

Projected Ultimate Limited Losses to 2013/14

Footnotes:

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

(4) is from Exhibit WC-4.

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

(7) is from Exhibit WC-7.

(8) is based on (2) to (7), weighted as follows:

Subject to a minimum of Exhibit WC-1, (8) and minimum 25% of case reserves as IBNR, unless all claims are closed.

Claim Period	Developed Limited Paid Losses	Developed Limited Reported Incurred Losses	Developed Limited Case Reserves	B-F Paid Method Ultimate Losses	B-F Reported Method Ultimate Losses	Frequency Times Severity
to 1999/00	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
2000/01	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
2001/02	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
2002/03	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
2003/04	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
2004/05	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
2005/06	0.0%	40.0%	60.0%	0.0%	0.0%	0.0%
2006/07	0.0%	40.0%	60.0%	0.0%	0.0%	0.0%
2007/08	10.0%	40.0%	50.0%	0.0%	0.0%	0.0%
2008/09	20.0%	40.0%	40.0%	0.0%	0.0%	0.0%
2009/10	20.0%	40.0%	40.0%	0.0%	0.0%	0.0%
2010/11	20.0%	40.0%	40.0%	0.0%	0.0%	0.0%
2011/12	10.0%	30.0%	30.0%	10.0%	10.0%	10.0%
2012/13	0.0%	20.0%	20.0%	20.0%	20.0%	20.0%
2013/14	10.0%	20.0%	20.0%	20.0%	20.0%	10.0%

Projected Ultimate Limited Losses for 2014/15 and Subsequent

Claim Period (1)	Projected Ultimate Limited Losses (2)	Payroll (000) (3)	Limited Loss Rate per $100 of Payroll (2)/(3)/10 (4)	Loss Rate Trend (2014/15 = 1.000) (5)	Trended Limited Loss Rate per $100 of Payroll (4)X(5) (6)
2009/10	$10,015,821	$130,624	$7.67	1.131	$8.68
2010/11	9,857,308	131,909	7.47	1.104	8.25
2011/12	9,613,998	140,110	6.86	1.077	7.39
2012/13	11,361,112	156,223	7.27	1.051	7.64
2013/14	14,026,068	157,740	8.89	1.025	9.11
Total	$54,874,307	$716,605	$7.66		$8.21

Claim Period (1)	Projected Limited Loss Rate per $100 of Payroll (7)	Projected Payroll (000) (8)	Projected Ultimate Limited Losses (7)X(8)X10 (9)	Present Value Factor (10)	Present Value of Projected Limited Loss Rate per $100 of Payroll (7)X(10) (11)	Present Value of Projected Ultimate Limited Losses (8)X(11)X10 (12)
2014/15	$8.28	$157,740	$13,060,872	0.95	$7.87	$12,414,138
2015/16	8.49	157,740	13,392,099	0.95	8.07	12,729,592
2016/17	8.70	157,740	13,723,352	0.95	8.27	13,045,071
2017/18	8.92	157,740	14,070,379	0.95	8.47	13,360,551
2018/19	9.14	157,740	14,417,406	0.95	8.68	13,691,804

(2) is from Exhibit WC-8.

(3) was provided by OCFA.

(5) is based on a 2.5% trend.

(7) for 2014/15 is based on (6) and the following weights:

Claim Period	Weights
2009/10	10.0%
2010/11	10.0%
2011/12	10.0%
2012/13	10.0%
2013/14	10.0%
Prior	50.0%

where the prior loss rate = $8.35

(7) for 2015/16 and subsequent are based on 2014/15 plus a 2.5% trend.

(8) to 2018/19 was provided by OCFA. Other claim periods are based on a 3% trend.

(10) is based on a 1% interest rate and the payout pattern in Exhibit WC-2.

ORANGE COUNTY FIRE AUTHORITY
WORKERS' COMPENSATION - Expected Confidence Level

Estimated Outstanding Losses as of December 31, 2014

Claim Period (1)	Limited Paid Losses 12/31/14 (2)	Limited Case Reserves 12/31/14 (3)	Limited Reported Incurred Losses 12/31/14 (4)	Projected Ultimate Limited Losses (5)	Estimated Outstanding Losses 12/31/14 (5)-(2) (6)	Estimated IBNR 12/31/14 (6)-(3) (7)
1992/93	$0	$0	$0	$0	$0	$0
1993/94	0	0	0	0	0	0
1994/95	0	0	0	0	0	0
1995/96	0	0	0	0	0	0
1996/97	0	0	0	0	0	0
1997/98	0	0	0	0	0	0
1998/99	0	0	0	0	0	0
1999/00	0	0	0	0	0	0
2000/01	0	0	0	0	0	0
2001/02	1,945,082	441,365	2,386,447	2,553,535	608,453	167,088
2002/03	6,482,876	1,286,020	7,768,896	8,330,997	1,848,121	562,101
2003/04	3,791,422	1,468,763	5,260,184	5,999,017	2,207,595	738,832
2004/05	4,534,548	1,014,568	5,549,116	6,203,866	1,669,318	654,750
2005/06	3,801,144	1,264,683	5,065,827	5,812,675	2,011,530	746,847
2006/07	5,506,475	2,474,139	7,980,613	9,519,968	4,013,494	1,539,355
2007/08	5,017,594	1,520,266	6,537,860	7,536,935	2,519,341	999,075
2008/09	4,720,133	1,560,201	6,280,334	7,307,883	2,587,750	1,027,549
2009/10	5,269,543	2,939,237	8,208,780	10,015,821	4,746,277	1,807,040
2010/11	4,373,217	3,173,340	7,546,557	9,857,308	5,484,091	2,310,751
2011/12	2,644,158	3,722,233	6,366,391	9,613,998	6,969,840	3,247,607
2012/13	2,385,608	3,813,711	6,199,320	11,361,112	8,975,504	5,161,793
2013/14	1,618,724	4,616,382	6,235,106	14,026,068	12,407,344	7,790,962
2014/15	351,102	969,627	1,320,729	6,530,436	6,179,334	5,209,707
Total	$52,441,627	$30,264,533	$82,706,160	$114,669,618	$62,227,992	$31,963,457

The amounts above reflect aggregate reinsurance.

(2), (3) and (4) are from Exhibit WC-1.

(5) to 2013/14 is from Exhibit WC-8. The amount for 2014/15 is from Exhibit WC-9. (50% of the period).

ORANGE COUNTY FIRE AUTHORITY
WORKERS' COMPENSATION - Expected Confidence Level

Present Value of Estimated Outstanding Losses as of December 31, 2014

Claim Period (1)	Estimated Outstanding Losses 12/31/14 (2)	Present Value Factor (3)	Present Value of Estimated Outstanding Losses 12/31/14 (2)X(3) (4)	Anticipated Future Investment Income (2)-(4) (5)
1992/93	$0	0.98	$0	$0
1993/94	0	0.98	0	0
1994/95	0	0.98	0	0
1995/96	0	0.98	0	0
1996/97	0	0.98	0	0
1997/98	0	0.97	0	0
1998/99	0	0.97	0	0
1999/00	0	0.97	0	0
2000/01	0	0.97	0	0
2001/02	608,453	0.97	592,025	16,428
2002/03	1,848,121	0.97	1,787,133	60,988
2003/04	2,207,595	0.96	2,123,706	83,889
2004/05	1,669,318	0.96	1,599,207	70,111
2005/06	2,011,530	0.95	1,919,000	92,530
2006/07	4,013,494	0.96	3,832,887	180,607
2007/08	2,519,341	0.95	2,403,451	115,890
2008/09	2,587,750	0.95	2,468,714	119,036
2009/10	4,746,277	0.95	4,527,948	218,329
2010/11	5,484,091	0.96	5,242,791	241,300
2011/12	6,969,840	0.96	6,656,197	313,643
2012/13	8,975,504	0.95	8,544,680	430,824
2013/14	12,407,344	0.95	11,799,384	607,960
2014/15	6,179,334	0.95	5,882,726	296,608
Total	$62,227,992		$59,379,849	$2,848,143

(2) is from Exhibit WC-10.

(3) is based on a 1% interest rate and the payout pattern in Exhibit WC-2.

ORANGE COUNTY FIRE AUTHORITY
WORKERS' COMPENSATION - Expected Confidence Level

Exhibit WC-12 (page 1)

Projected Losses Paid January 1, 2015 to June 30, 2019

I. Projected Losses Paid January 1, 2015 to June 30, 2015

Claim Period (1)	Months of Development 12/31/14 (2)	Percent Losses Paid (3)	Months of Development 6/30/15 (4)	Percent Losses Paid (5)	Percent Outstanding Losses Paid 1/1/15 to 6/30/15 ((5)-(3))/(100.0%-(3)) (6)	Estimated Outstanding Losses 12/31/14 (7)	Projected Losses Paid (6)X(7) (8)	Estimated Outstanding Losses 6/30/15 (7)-(8) (9)	Present Value Factor (10)	Present Value of Estimated Outstanding Losses 6/30/15 (9)X(10) (11)
1992/93	270.0	99.6%	276.0	99.6%	5.0% *	$0	$0	$0	0.98	$0
1993/94	258.0	99.4%	264.0	99.5%	5.0% *	0	0	0	0.98	0
1994/95	246.0	99.1%	252.0	99.3%	5.0% *	0	0	0	0.98	0
1995/96	234.0	98.7%	240.0	98.9%	5.0% *	0	0	0	0.98	0
1996/97	222.0	98.1%	228.0	98.5%	5.0% *	0	0	0	0.98	0
1997/98	210.0	97.3%	216.0	97.8%	5.0% *	0	0	0	0.97	0
1998/99	198.0	96.2%	204.0	96.9%	5.0% *	0	0	0	0.97	0
1999/00	186.0	94.6%	192.0	95.5%	5.0% *	0	0	0	0.97	0
2000/01	174.0	92.3%	180.0	93.6%	5.0% *	0	0	0	0.97	0
2001/02	162.0	90.4%	168.0	90.9%	5.0% *	608,453	30,423	578,030	0.97	562,423
2002/03	150.0	89.2%	156.0	89.8%	5.0% *	1,848,121	92,406	1,755,715	0.97	1,697,776
2003/04	138.0	87.6%	144.0	88.5%	5.0% *	2,207,595	110,380	2,097,215	0.96	2,017,521
2004/05	126.0	85.9%	132.0	86.7%	5.0% *	1,669,318	83,466	1,585,852	0.96	1,519,246
2005/06	114.0	83.0%	120.0	85.0%	5.0% *	2,011,530	100,577	1,910,953	0.95	1,823,049
2006/07	102.0	79.1%	108.0	81.0%	5.0% *	4,013,494	200,675	3,812,819	0.96	3,641,242
2007/08	90.0	74.6%	96.0	77.1%	5.0% *	2,519,341	125,967	2,393,374	0.95	2,283,279
2008/09	78.0	68.8%	84.0	72.0%	5.0% *	2,587,750	129,388	2,458,362	0.95	2,345,277
2009/10	66.0	60.6%	72.0	65.5%	5.0% *	4,746,277	237,314	4,508,963	0.95	4,301,551
2010/11	54.0	51.1%	60.0	55.7%	5.0% *	5,484,091	274,205	5,209,886	0.96	4,980,651
2011/12	42.0	42.2%	48.0	46.4%	5.0% *	6,969,840	348,492	6,621,348	0.96	6,323,387
2012/13	30.0	32.1%	36.0	37.9%	5.0% *	8,975,504	448,775	8,526,729	0.95	8,117,446
2013/14	18.0	17.5%	24.0	26.2%	5.0% *	12,407,344	620,367	11,786,977	0.95	11,209,415
2014/15	6.0	4.4%	12.0	8.7%	4.5% *	12,709,770	578,019	12,131,751	0.95	11,549,427
Total						$68,758,428	$3,380,454	$65,377,974		$62,371,690

ORANGE COUNTY FIRE AUTHORITY
WORKERS' COMPENSATION - Expected Confidence Level

Projected Losses Paid January 1, 2015 to June 30, 2019

II. Projected Losses Paid July 1, 2015 to June 30, 2016

Claim Period (1)	Months of Development 6/30/15 (2)	Percent Losses Paid (3)	Months of Development 6/30/16 (4)	Percent Losses Paid (5)	Percent Outstanding Losses Paid 7/1/15 to 6/30/16 ((5)-(3))/ (100.0%-(3)) (6)	Estimated Outstanding Losses 6/30/15 (7)	Projected Losses Paid (6)X(7) (8)	Estimated Outstanding Losses 6/30/16 (7)-(8) (9)	Present Value Factor (10)	Present Value of Estimated Outstanding Losses 6/30/16 (9)X(10) (11)
1992/93	276.0	99.6%	288.0	99.7%	10.0% *	$0	$0	$0	0.98	$0
1993/94	264.0	99.5%	276.0	99.6%	10.0% *	0	0	0	0.98	0
1994/95	252.0	99.3%	264.0	99.5%	10.0% *	0	0	0	0.98	0
1995/96	240.0	98.9%	252.0	99.3%	10.0% *	0	0	0	0.98	0
1996/97	228.0	98.5%	240.0	98.9%	10.0% *	0	0	0	0.98	0
1997/98	216.0	97.8%	228.0	98.5%	10.0% *	0	0	0	0.98	0
1998/99	204.0	96.9%	216.0	97.8%	10.0% *	0	0	0	0.97	0
1999/00	192.0	95.5%	204.0	96.9%	10.0% *	0	0	0	0.97	0
2000/01	180.0	93.6%	192.0	95.5%	10.0% *	0	0	0	0.97	0
2001/02	168.0	90.9%	180.0	93.6%	10.0% *	578,030	57,803	520,227	0.97	506,181
2002/03	156.0	89.8%	168.0	90.9%	10.0% *	1,755,715	175,572	1,580,143	0.97	1,537,479
2003/04	144.0	88.5%	156.0	89.8%	10.0% *	2,097,215	209,722	1,887,493	0.97	1,825,206
2004/05	132.0	86.7%	144.0	88.5%	10.0% *	1,585,852	158,585	1,427,267	0.96	1,373,031
2005/06	120.0	85.0%	132.0	86.7%	10.0% *	1,910,953	191,095	1,719,858	0.96	1,647,624
2006/07	108.0	81.0%	120.0	85.0%	10.0% *	3,812,819	381,282	3,431,537	0.95	3,273,686
2007/08	96.0	77.1%	108.0	81.0%	10.0% *	2,393,374	239,337	2,154,037	0.96	2,057,105
2008/09	84.0	72.0%	96.0	77.1%	10.0% *	2,458,362	245,836	2,212,526	0.95	2,110,750
2009/10	72.0	65.5%	84.0	72.0%	10.0% *	4,508,963	450,896	4,058,067	0.95	3,871,396
2010/11	60.0	55.7%	72.0	65.5%	10.0% *	5,209,886	520,989	4,688,897	0.95	4,473,208
2011/12	48.0	46.4%	60.0	55.7%	10.0% *	6,621,348	662,135	5,959,213	0.96	5,697,008
2012/13	36.0	37.9%	48.0	46.4%	10.0% *	8,526,729	852,673	7,674,056	0.96	7,328,723
2013/14	24.0	26.2%	36.0	37.9%	10.0% *	11,786,977	1,178,698	10,608,279	0.95	10,099,082
2014/15	12.0	8.7%	24.0	26.2%	10.0% *	12,131,751	1,213,175	10,918,576	0.95	10,383,566
2015/16	0.0	0.0%	12.0	8.7%	8.7% *	13,392,099	1,165,113	12,226,986	0.95	11,640,091
Total						$78,770,073	$7,702,911	$71,067,162		$67,824,136

ORANGE COUNTY FIRE AUTHORITY
WORKERS' COMPENSATION - Expected Confidence Level

Projected Losses Paid January 1, 2015 to June 30, 2019

III. Projected Losses Paid July 1, 2016 to June 30, 2017

Claim Period (1)	Months of Development 6/30/16 (2)	Percent Losses Paid (3)	Months of Development 6/30/17 (4)	Percent Losses Paid (5)	Percent Outstanding Losses Paid 7/1/16 to 6/30/17 ((5)-(3))/(100.0%-(3)) (6)	Estimated Outstanding Losses 6/30/16 (7)	Projected Losses Paid (6)X(7) (8)	Estimated Outstanding Losses 6/30/17 (7)-(8) (9)	Present Value Factor (10)	Present Value of Estimated Outstanding Losses 6/30/17 (9)X(10) (11)
1992/93	288.0	99.7%	300.0	99.8%	10.0% *	$0	$0	$0	0.98	$0
1993/94	276.0	99.6%	288.0	99.7%	10.0% *	0	0	0	0.98	0
1994/95	264.0	99.5%	276.0	99.6%	10.0% *	0	0	0	0.98	0
1995/96	252.0	99.3%	264.0	99.5%	10.0% *	0	0	0	0.98	0
1996/97	240.0	98.9%	252.0	99.3%	10.0% *	0	0	0	0.98	0
1997/98	228.0	98.5%	240.0	98.9%	10.0% *	0	0	0	0.98	0
1998/99	216.0	97.8%	228.0	98.5%	10.0% *	0	0	0	0.98	0
1999/00	204.0	96.9%	216.0	97.8%	10.0% *	0	0	0	0.97	0
2000/01	192.0	95.5%	204.0	96.9%	10.0% *	0	0	0	0.97	0
2001/02	180.0	93.6%	192.0	95.5%	10.0% *	520,227	52,023	468,204	0.97	455,562
2002/03	168.0	90.9%	180.0	93.6%	10.0% *	1,580,143	158,014	1,422,129	0.97	1,383,732
2003/04	156.0	89.8%	168.0	90.9%	10.0% *	1,887,493	188,749	1,698,744	0.97	1,652,878
2004/05	144.0	88.5%	156.0	89.8%	10.0% *	1,427,267	142,727	1,284,540	0.97	1,242,150
2005/06	132.0	86.7%	144.0	88.5%	10.0% *	1,719,858	171,986	1,547,872	0.96	1,489,053
2006/07	120.0	85.0%	132.0	86.7%	10.0% *	3,431,537	343,154	3,088,383	0.96	2,958,671
2007/08	108.0	81.0%	120.0	85.0%	10.0% *	2,154,037	215,404	1,938,633	0.95	1,849,456
2008/09	96.0	77.1%	108.0	81.0%	10.0% *	2,212,526	221,253	1,991,273	0.96	1,901,666
2009/10	84.0	72.0%	96.0	77.1%	10.0% *	4,058,067	405,807	3,652,260	0.95	3,484,256
2010/11	72.0	65.5%	84.0	72.0%	10.0% *	4,688,897	468,890	4,220,007	0.95	4,025,887
2011/12	60.0	55.7%	72.0	65.5%	10.0% *	5,959,213	595,921	5,363,292	0.95	5,116,581
2012/13	48.0	46.4%	60.0	55.7%	10.0% *	7,674,056	767,406	6,906,650	0.96	6,602,757
2013/14	36.0	37.9%	48.0	46.4%	10.0% *	10,608,279	1,060,828	9,547,451	0.96	9,117,816
2014/15	24.0	26.2%	36.0	37.9%	10.0% *	10,918,576	1,091,858	9,826,718	0.95	9,355,036
2015/16	12.0	8.7%	24.0	26.2%	10.0% *	12,226,986	1,222,699	11,004,287	0.95	10,465,077
2016/17	0.0	0.0%	12.0	8.7%	8.7% *	13,723,352	1,193,932	12,529,420	0.95	11,928,008
Total						$84,790,514	$8,300,651	$76,489,863		$73,028,586

ORANGE COUNTY FIRE AUTHORITY
WORKERS' COMPENSATION - Expected Confidence Level

Projected Losses Paid January 1, 2015 to June 30, 2019

IV. Projected Losses Paid July 1, 2017 to June 30, 2018

Claim Period (1)	Months of Development 6/30/17 (2)	Percent Losses Paid (3)	Months of Development 6/30/18 (4)	Percent Losses Paid (5)	Percent Outstanding Losses Paid 7/1/17 to 6/30/18 ((5)-(3))/ (100.0%-(3)) (6)	Estimated Outstanding Losses 6/30/17 (7)	Projected Losses Paid (6)X(7) (8)	Estimated Outstanding Losses 6/30/18 (7)-(8) (9)	Present Value Factor (10)	Present Value of Estimated Outstanding Losses 6/30/18 (9)X(10) (11)
1992/93	300.0	99.8%	312.0	99.9%	10.0% *	$0	$0	$0	0.99	$0
1993/94	288.0	99.7%	300.0	99.8%	10.0% *	0	0	0	0.98	0
1994/95	276.0	99.6%	288.0	99.7%	10.0% *	0	0	0	0.98	0
1995/96	264.0	99.5%	276.0	99.6%	10.0% *	0	0	0	0.98	0
1996/97	252.0	99.3%	264.0	99.5%	10.0% *	0	0	0	0.98	0
1997/98	240.0	98.9%	252.0	99.3%	10.0% *	0	0	0	0.98	0
1998/99	228.0	98.5%	240.0	98.9%	10.0% *	0	0	0	0.98	0
1999/00	216.0	97.8%	228.0	98.5%	10.0% *	0	0	0	0.98	0
2000/01	204.0	96.9%	216.0	97.8%	10.0% *	0	0	0	0.97	0
2001/02	192.0	95.5%	204.0	96.9%	10.0% *	468,204	46,820	421,384	0.97	410,428
2002/03	180.0	93.6%	192.0	95.5%	10.0% *	1,422,129	142,213	1,279,916	0.97	1,245,358
2003/04	168.0	90.9%	180.0	93.6%	10.0% *	1,698,744	169,874	1,528,870	0.97	1,487,591
2004/05	156.0	89.8%	168.0	90.9%	10.0% *	1,284,540	128,454	1,156,086	0.97	1,124,872
2005/06	144.0	88.5%	156.0	89.8%	10.0% *	1,547,872	154,787	1,393,085	0.97	1,347,113
2006/07	132.0	86.7%	144.0	88.5%	10.0% *	3,088,383	308,838	2,779,545	0.96	2,673,922
2007/08	120.0	85.0%	132.0	86.7%	10.0% *	1,938,633	193,863	1,744,770	0.96	1,671,490
2008/09	108.0	81.0%	120.0	85.0%	10.0% *	1,991,273	199,127	1,792,146	0.95	1,709,707
2009/10	96.0	77.1%	108.0	81.0%	10.0% *	3,652,260	365,226	3,287,034	0.96	3,139,117
2010/11	84.0	72.0%	96.0	77.1%	10.0% *	4,220,007	422,001	3,798,006	0.95	3,623,298
2011/12	72.0	65.5%	84.0	72.0%	10.0% *	5,363,292	536,329	4,826,963	0.95	4,604,923
2012/13	60.0	55.7%	72.0	65.5%	10.0% *	6,906,650	690,665	6,215,985	0.95	5,930,050
2013/14	48.0	46.4%	60.0	55.7%	10.0% *	9,547,451	954,745	8,592,706	0.96	8,214,627
2014/15	36.0	37.9%	48.0	46.4%	10.0% *	9,826,718	982,672	8,844,046	0.96	8,446,064
2015/16	24.0	26.2%	36.0	37.9%	10.0% *	11,004,287	1,100,429	9,903,858	0.95	9,428,473
2016/17	12.0	8.7%	24.0	26.2%	10.0% *	12,529,420	1,252,942	11,276,478	0.95	10,723,931
2017/18	0.0	0.0%	12.0	8.7%	8.7% *	14,070,379	1,224,123	12,846,256	0.95	12,229,636
Total						$90,560,242	$8,873,108	$81,687,134		$78,010,600

Projected Losses Paid January 1, 2015 to June 30, 2019

V. Projected Losses Paid July 1, 2018 to June 30, 2019

Claim Period (1)	Months of Development 6/30/18 (2)	Percent Losses Paid (3)	Months of Development 6/30/19 (4)	Percent Losses Paid (5)	Percent Outstanding Losses Paid 7/1/18 to 6/30/19 ((5)-(3))/ (100.0%-(3)) (6)	Estimated Outstanding Losses 6/30/18 (7)	Projected Losses Paid (6)X(7) (8)	Estimated Outstanding Losses 6/30/19 (7)-(8) (9)	Present Value Factor (10)	Present Value of Estimated Outstanding Losses 6/30/19 (9)X(10) (11)
1992/93	312.0	99.9%	324.0	99.9%	10.0% *	$0	$0	$0	0.99	$0
1993/94	300.0	99.8%	312.0	99.9%	10.0% *	0	0	0	0.99	0
1994/95	288.0	99.7%	300.0	99.8%	10.0% *	0	0	0	0.98	0
1995/96	276.0	99.6%	288.0	99.7%	10.0% *	0	0	0	0.98	0
1996/97	264.0	99.5%	276.0	99.6%	10.0% *	0	0	0	0.98	0
1997/98	252.0	99.3%	264.0	99.5%	10.0% *	0	0	0	0.98	0
1998/99	240.0	98.9%	252.0	99.3%	10.0% *	0	0	0	0.98	0
1999/00	228.0	98.5%	240.0	98.9%	10.0% *	0	0	0	0.98	0
2000/01	216.0	97.8%	228.0	98.5%	10.0% *	0	0	0	0.98	0
2001/02	204.0	96.9%	216.0	97.8%	10.0% *	421,384	42,138	379,246	0.97	369,386
2002/03	192.0	95.5%	204.0	96.9%	10.0% *	1,279,916	127,992	1,151,924	0.97	1,121,974
2003/04	180.0	93.6%	192.0	95.5%	10.0% *	1,528,870	152,887	1,375,983	0.97	1,338,831
2004/05	168.0	90.9%	180.0	93.6%	10.0% *	1,156,086	115,609	1,040,477	0.97	1,012,384
2005/06	156.0	89.8%	168.0	90.9%	10.0% *	1,393,085	139,309	1,253,776	0.97	1,219,924
2006/07	144.0	88.5%	156.0	89.8%	10.0% *	2,779,545	277,955	2,501,590	0.97	2,419,038
2007/08	132.0	86.7%	144.0	88.5%	10.0% *	1,744,770	174,477	1,570,293	0.96	1,510,622
2008/09	120.0	85.0%	132.0	86.7%	10.0% *	1,792,146	179,215	1,612,931	0.96	1,545,188
2009/10	108.0	81.0%	120.0	85.0%	10.0% *	3,287,034	328,703	2,958,331	0.95	2,822,248
2010/11	96.0	77.1%	108.0	81.0%	10.0% *	3,798,006	379,801	3,418,205	0.96	3,264,386
2011/12	84.0	72.0%	96.0	77.1%	10.0% *	4,826,963	482,696	4,344,267	0.95	4,144,431
2012/13	72.0	65.5%	84.0	72.0%	10.0% *	6,215,985	621,599	5,594,386	0.95	5,337,044
2013/14	60.0	55.7%	72.0	65.5%	10.0% *	8,592,706	859,271	7,733,435	0.95	7,377,697
2014/15	48.0	46.4%	60.0	55.7%	10.0% *	8,844,046	884,405	7,959,641	0.96	7,609,417
2015/16	36.0	37.9%	48.0	46.4%	10.0% *	9,903,858	990,386	8,913,472	0.96	8,512,366
2016/17	24.0	26.2%	36.0	37.9%	10.0% *	11,276,478	1,127,648	10,148,830	0.95	9,661,686
2017/18	12.0	8.7%	24.0	26.2%	10.0% *	12,846,256	1,284,626	11,561,630	0.95	10,995,110
2018/19	0.0	0.0%	12.0	8.7%	8.7% *	14,417,406	1,254,314	13,163,092	0.95	12,531,264
Total						$96,104,540	$9,423,031	$86,681,509		$82,792,996

Projected Losses Paid January 1, 2015 to June 30, 2019

Footnotes:

Sections I, II, III, IV and V, (3) and (5) are from Exhibit WC-2.

Section I, (7) to 2013/14 is from Exhibit WC-10. The amount for 2014/15 is for the full period.

Section II, (7) to 2014/15 is from Section I, (9). The amount for 2015/16 is from Exhibit WC-9.

Section III, (7) to 2015/16 is from Section II, (9). The amount for 2016/17 is from Exhibit WC-9.

Section IV, (7) to 2016/17 is from Section III, (9). The amount for 2017/18 is from Exhibit WC-9.

Section V, (7) to 2017/18 is from Section IV, (9). The amount for 2018/19 is from Exhibit WC-9.

Sections I, II, III, IV and V, (10) are based on a 1% interest rate and the payout pattern in Exhibit WC-2.

* - Limited to a maximum of 10% per actuarial judgment.

Orange County Fire Authority

AGENDA STAFF REPORT

Human Resources Committee Meeting — **Agenda Item No. 3B**
October 4, 2016 — **Consent Calendar**

Quarterly Human Resources Project Update

Contact(s) for Further Information

Brian Young, Interim Director Human Resources	brianyoung@ocfa.org	714.573.6014
Brigette Gibb, Employee Relations Mgr.	brigettegibb@ocfa.org	714.573.6353
Jonathan Wilby, Risk Manager	jonathanwilby@ocfa.org	714.573.6832

Summary

This agenda item is submitted to provide the Human Resources Committee with a quarterly update on high priority projects within Human Resources.

Prior Board/Committee Action

Not Applicable.

RECOMMENDED ACTION(S)

Receive and file the report.

Impact to Cities/County

Not Applicable.

Fiscal Impact

Not Applicable.

Background

Human Resources (HR) is comprised of two sections: 1) Employee Relations & Benefits; and 2) Risk Management. Employee Relations & Benefits is responsible for the following HR functions: classification & compensation, employee benefits, employee & labor relations, human resources information system, and recruitment & selection; Risk Management is responsible for: worker's compensation, occupational health and safety, general liability & insurance, and security.

Listings of the high priority projects will be provided to you prior to the meeting.

Attachment(s)

None.

	FY 2015/16 ACCOMPLISHMENTS - EMPLOYEE RELATIONS & BENEFITS	STATUS
	RECRUITMENT	
1	Created Employment Letter Templates	Completed
2	Created Selection Complaint Form	Completed
3	Established Automatic Disqualifiers for Firefighter Trainee Candidates	Completed
4	Held Open House for Student Athletes	Completed
5	Recruited Student Athletes for Firefighter Trainees	Completed
6	Updated NEOGOV Recruitment Notice Templates	Completed
	EMPLOYEE & LABOR RELATIONS	
7	Collected Past Due Performance Evaluations	Completed
8	Documented Seniority List Procedures with 3631	Completed
9	Drafted Templates for Employee Relations Documents	Completed
10	Hosted Multiple Employee Relations Webinars (presented by legal counsel)	Completed
11	Identified Bilingual Paid Employees & Posted to OCFA Intranet	Completed
12	Posted all Mandatory Employment Posters	Completed
13	Presented HR Information at New Employee Orientation	Completed
14	Presented Multiple Sessions of Documentation/Coaching Training	Completed
15	Presented Multiple FBOR and AB1825 (Sexual Harassment) Training	Completed
16	Presented Multiple Sessions of Progressive Discipline Training	Completed
17	Provided Performance Evaluation Training to Community Risk Reduction Supervisors	Completed
18	Tracked Employee Relations Issues	Completed
	HRIS	
19	Completed Testing for HRIS (Banner) Upgrade	Completed
20	Created Audit Process for Bi-Weekly Pay Period Transactions	Completed
21	Documented Employment Verification Process	Completed
	BENEFITS	
22	Coordinated a Presentation by the OC Credit Union at New Employee Orientation	Completed
23	Created Benefits Webpage on OCFA Intranet (theHive)	Completed
24	Drafted (with legal counsel) ACA Look Back Safe Harbor Policies	Completed
25	Filed IRS ACA Reporting	Completed
26	Implemented Healthy Workplace Healthy Family Paid Sick Leave Act	Completed
27	Increased Insurance Coverage to Comply with MOUs and P&SR	Completed
28	Paid Reserve Firefighter Invoices from 2014	Completed
29	Provided FMLA Training to Community Risk Reduction Supervisors	Completed
30	Resolved Electronic Approval Issue in HRIS (Banner)	Completed
31	Resolved Life Insurance Calculation Error in Banner	Completed
32	Revised Employee Exit Process	Completed
33	Revised Employee Exit Survey (Survey Monkey)	Completed
34	Revised Tuition Reimbursement Form and Guideline	Completed
35	Scanned all Insurance Beneficiary Forms for Electronic Record Keeping	Completed
36	Scanned Separated Employee Files	Completed
37	Separated Benefits Docs from Personnel File	Completed
38	Set-up Electronic Personnel Files	Completed
39	Simplified Open Enrollment Process	Completed
40	Updated HR's Leave Processes (e.g. FMLA, CFRA, etc.)	Completed
41	Trained HR Staff in HRIS (Banner)	Completed
	MISC.	
42	Cross Trained HR Staff	Completed
43	Hired HR Analyst (Recruitment)	Completed
44	Hired PT Extra Help Accountant	Completed
45	Reorganized Reporting Relationships in HR	Completed

Not Started
In Progress
Completed

FY 2016/17 PROJECTS - EMPLOYEE RELATIONS & BENEFITS		STATUS
RECRUITMENT		
46	Created Job Bulletins for all Firefighter Entry Points	
47	Document Process for Safety Criminal Backgrounds	
48	Evaluate Professional Staff Recruitment Processes	
49	Hired HR Analyst - Recruitment	
50	Implement Enhancements to Professional Staff Recruitment Processes	
51	Implement NEOGOV PE (Performance Evaluation Software)	
52	Obtained Professional Services Agreements for Administrative Investigations	
53	Recruit Student Athletes for Firefighter Trainees	
54	Researched Pre-Employment Psychological Exams	
EMPLOYEE & LABOR RELATIONS		
55	Adopt PSU Mission Statement	
56	Create DOJ Policy for Livescan	
57	Create FBOR Pocket Card for Supervisors	
58	Created PSU	
59	Develop/Revise Classification and Compensation Plan	
60	Develop/Update Key Conduct Policies	
61	Document Process for Assigning Sexual Harassment (prevention) Training	
62	Document Processes for Probationary Rejections	
63	Establish Guideline for EMS and Personnel Files and Supervisor's Logs	
64	Evaluate PSU Tracking Software	
65	Obtained Professional Services Agreements for Pre-Employment Backgrounds	
66	Provide AB1825 (Sexual Harassment Prevention) Training	
67	Provide Training on Coaching and Counseling	
68	Provide Training on Documenting Performance	
BENEFITS		
69	Adopt ACA Look Back Safe Harbor Policies	
70	Analyze 3631 Healthcare Agreement for ACA Compliance	
71	Analyze ACA Cadillac Tax on OCFA Affordability	
72	Hired PT Extra Help Accountant	
73	Provide Health Coverage to "FT" Extra Help Employees to Comply w/ACA	
74	Research Benefits Options for Board Members as Employees	
MISC.		
75	Create HR Succession Plan	
76	Train all HR Staff on Interactive Processes	

Not Started
In Progress
Completed

FY 2015/16 ACCOMPLISHMENTS - RISK MANAGEMENT		STATUS
WORKERS' COMPENSATION		
1	Decreased current liabilities for FY 2016/17 by $600,606 and long-term liabilities by $1,176,045	Completed
2	Decreased open claims from 876 to 725	Completed
3	Authorized 79 claim settlement requests	Completed
4	Increased occupational clinic utilization from 56.5% to 60.9%	Completed
5	Increased pharmacy benefit management (PBM) program utilization from 55.6% to 77.1%	Completed
6	Enhanced transitional return to work program; returned 86.67% of eligible employees to light duty position	Completed
7	Visited occupational clinics ensuring they continue to meet OCFA standards	Completed
8	Conducted monthly claims audits with third party administrator (TPA)	Completed
9	On monthly basis, discussed workers' compensation issues and strengthen relationships w/3631	Completed
10	Conducted quarterly meetings with Local 3631 to discuss progress of the alternative dispute resolution (ADR) program	Completed
11	Conducted quarterly claims status meetings with TPA	Completed
12	Developed injury trend analysis report to be used to reduce frequency and severity of injuries	Completed
13	Transitioned tail end insurance claims from CCMSI to CorVel Corporation	Completed
GENERAL LIABILITY		
14	Completed 2016/17 insurance renewal with the Fire Agencies Insurance Risk Authority (FAIRA), aviation, excess workers' compensation, and pollution programs	Completed
15	Reviewed and verified insurance on 206 certificates of insurance and additional related insurance documents from those contracted to do business with the OCFA	Completed
16	Responded to 71 requests for evidence of insurance from external sources and internal staff by providing certificates of insurance and related insurance documents	Completed
17	Conducted property appraisals of OCFA properties	Completed
18	Investigated 29 general liability claims filed against the OCFA	Completed
OCCUPATIONAL SAFETY & HEALTH		
19	Hired Risk Management Safety Officer and oriented employee to the OCFA	Completed
20	Revised Occupational Safety & Health Policy	Completed
21	Created Firefighter Safety Workgroup focused on cancer prevention	Completed
22	Developed Selection, Care, and Maintenance of Structural Firefighter Ensemble SOP	Completed
23	Developed Asbestos Contamination of Structural Firefighter Ensemble SOP	Completed
24	Revised Post Fire Monitoring SOP	Completed
25	Revised Respiratory Protection Program SOP	Completed
26	Revised Occupational Safety & Health Committee SOP	Completed
27	Revised Cal/OSHA Inspection SOP	Completed
28	Revised Cal/OSHA Notification SOP	Completed
29	Developed and conducted Cal/OSHA notification training	Completed
30	Participated in five Cal/OSHA compliance investigations resulting in no citations found	Completed
31	Exercised RFOTC Emergency Action Plan during a suspicious package emergency	Completed
32	Participated in Great California Shakeout by conducting RFOTC earthquake drill	Completed
ENVIRONMENTAL		
33	Approved Environmental, Health, and Safety Specialist position in 2016/17 budget	Completed
34	Completed Environmental, Health, and Safety Specialist classification & compensation study	Completed
35	Worked with Support Services and Orange County Health Care Agency on above ground storage tank and underground storage tank compliance	Completed
36	Updated Spill Prevention Control & Countermeasures Plans	Completed
SECURITY		
37	Updated access control system software to current version	Completed
38	Hardened exterior of Regional Fire Operations & Training Center (RFOTC)	Completed
39	Issued several be on the lookout (BOLO) alerts to communicate potential threats to employees	Completed

Legend
Not Started
In Progress
Completed

	FY 2016/17 PROJECTS - RISK MANAGEMENT	STATUS	Not Started
	WORKERS' COMPENSATION		In Progress
40	Oversee review of workers' compensation injury analysis (accident cost reduction effort) to reduce annual claims, annual expenses, and backfill costs		Completed
	GENERAL LIABILITY		
41	Evaluate the potential use of certificate of insurance tracking software		
	OCCUPATIONAL SAFETY & HEALTH		
42	Oversee an active shooter incident (ASI) drill for Board of Directors		
43	Establish program to addresses impact of post-traumatic stress disorder (PTSD) in OCFA personnel		
44	Implement cancer prevention controls identified by Firefighter Safety Workgroup		
	ENVIRONMENTAL		
45	Hire and onboard Environmental, Health, and Safety Specialist		
46	Implement Spill Prevention Control & Countermeasures Training		
	SECURITY		
47	Implement Board Room physical security enhancements		

Orange County Fire Authority

AGENDA STAFF REPORT

Human Resources Committee Meeting | **Agenda Item No. 3C**
October 4, 2016 | **Consent Calendar**

Environmental Health and Safety Specialist Classification

Contact(s) for Further Information

Brian Young, Interim Director Human Resources	brianyoung@ocfa.org	714.573.6014
Brigette Gibb, Employee Relations Mgr.	brigettegibb@ocfa.org	714.573.6353
Jonathan Wilby, Risk Manager	jonathanwilby@ocfa.org	714.573.6832

Summary

The proposed Environmental Health and Safety Specialist is a new classification assigned to Human Resources. The new position is submitted to the Human Resources Committee for its review and recommendation prior to submittal to the Executive Committee for its consideration and action.

Prior Board/Committee Action

Not Applicable.

RECOMMENDED ACTION(S)

Review the agenda item and direct staff to place the item on the agenda for the Executive Committee meeting of October 27, 2016, with the Human Resources Committee's recommendation that the Executive Committee approve the new Environmental Health and Safety Specialist classification and corresponding salary range.

Impact to Cities/County

Not Applicable.

Fiscal Impact

Funding is included in the Adopted FY 2016/17 Budget.

Background

New classes and corresponding salary ranges are adopted and approved by the Executive Committee. Environmental compliance activities have been shared primarily between Property Management, Fleet Services, Community Risk Reduction, and Risk Management. This decentralized approach has resulted in a lack of sufficient oversight, compliance, coordination, and education. Assigned to Risk Management, the Environmental Health and Safety Specialist is a new classification which will develop and oversee all aspects of environmental compliance programs and activities at the Authority.

CPS HR Consulting worked with human resources staff to create the proposed classification specification, including essential functions and minimum requirements and recommendations on compensation, bargaining unit, and Fair Labor Standards Act designation (see Attachment).

The Environmental Health and Safety Specialist proposed salary range begins with Step 1 at $49,649.60/annual ($23.87/hour) and ends at Step 12 at $66,892.80/annual ($32.16/hour).

Attachment(s)
Proposed Classification Specification

ORANGE COUNTY FIRE AUTHORITY

CLASS SPECIFICATIONS

JOB TITLE: Environmental, Health and Safety Specialist

REPORTS TO: Risk Management Safety Officer

FLSA: Non-Exempt

SUPERVISES: N/A

CLASS CODE:

DEPARTMENT: Human Resources

CLASS SUMMARY:
Incumbents are responsible for performing strong paraprofessional level office and field work activities related to Environmental, Health and Safety (EHS) in order to ensure compliance with EHS laws and regulations.

ESSENTIAL FUNCTIONS: (These duties are intended to be representative sample of the duties performed by the class.)

Performs a variety of office and field Environmental, Health and Safety (EHS) activities in order to ensure compliance with EHS laws and regulations.

Oversees environmental programs including spill prevention controls and countermeasures plan, hazardous materials, hazardous waste disposal, aboveground storage tanks, and underground storage tanks and apply for new permits and renewals; ensures required documentation and inspections are completed.

Implements and maintains environmental, health and safety management systems.

Prepares and submits a variety of regulatory reports to local, state, and federal regulatory agencies.

Monitors legislative changes and makes recommendations based on their potential impact to the organization.

Maintains metrics in accordance with organizational requirements.

Assists in maintaining the organization’s learning management system in support of EHS courses and curriculum.

Provides budget planning information for environmental fees and permits.

Represents the organization on specific projects and during regulatory and agency audits.

Maintains hazard communication including safety data sheet records.

Performs other duties of a similar nature or level.

JOB TITLE: Environmental, Health and Safety Specialist

MINIMUM QUALIFICATIONS:

EDUCATION AND EXPERIENCE (position requirements at entry):

Associate's Degree in physical or biological sciences, environmental studies, environmental law, environmental health and safety management, or a related field, and two years of directly related environmental, health and safety experience; or, an equivalent combination of education and experience sufficient to successfully perform the essential duties of the job such as those listed above.

LICENSES AND CERTIFICATIONS (position requirements at entry):

- Certificate of Registration as an Environmental Health Specialist desirable.

KNOWLEDGE (position requirements at entry):
Knowledge of:
- Principles and practices of EHS inspection, regulation, and enforcement;
- Federal, state, and local regulations pertaining to environmental health and hazardous materials and wastes control;
- Biological agents and effects on public health;
- Waste disposal techniques;
- Principles and practices that relate to hazardous materials and wastes, underground storage tanks, aboveground storage tanks, and solid waste;
- Principles in generating, storage, transporting, and disposing of hazardous waste;
- Proper and efficient record keeping procedure;
- Standard office procedures;
- Statistical methods, survey techniques and analysis;
- Techniques required to gather, evaluate, and communicate information.

SKILLS (position requirements at entry):
Skill in:
- Analyzing situations accurately and taking effective action by inspecting, investigating and evaluating findings to prepare recommendations;
- Analyzing, interpreting, explaining, and applying federal, state, and local laws, rules, regulations, policies and procedures;
- Developing, coordinating, and implementing solid waste and hazardous waste management plans;
- Responding to emergency spills;
- Using a computer and applicable software applications;
- Understanding and using sophisticated monitoring equipment during materials testing;
- Handling multiple priorities simultaneously;
- Collecting data;
- Preparing reports;

- Composing business correspondence;
- Making presentations;
- Maintaining records;
- Working independently with minimum supervision;
- Communication, interpersonal skills as applied to interaction with coworkers, supervisor, the general public, etc. sufficient to exchange or convey information and to receive work direction;
- Establishing and maintaining cooperative working relationships with others.

PHYSICAL REQUIREMENTS:
Positions in this class typically require: fingering, grasping, talking, hearing, seeing and repetitive motions.

Sedentary Work:

WORKING CONDITIONS:
Incumbents work in a standard office and outside environment.

JOB TITLE: Environmental, Health and Safety Specialist

NOTE:
The above job description is intended to represent only the key areas of responsibilities; specific position assignments will vary depending on the needs of the department.

Classification History:
Draft prepared by Ralph Andersen and Associates, Date: 7/16
Final prepared by OCFA, Date:
Human Resources Director Review:
__________________________ Date:____________
Adopted by Board of Directors:

Orange County Fire Authority

AGENDA STAFF REPORT

Human Resources Committee Meeting | **Agenda Item No. 4A**
October 4, 2016 | **Discussion Calendar**

Board Member Classification

Contact(s) for Further Information

Brian Young, Interim Director Human Resources	brianyoung@ocfa.org	714.573.6014
Brigette Gibb, Employee Relations Mgr.	brigettegibb@ocfa.org	714.573.6353

Summary
This agenda item is submitted to the Human Resources Committee to provide an update on the status of Board Members' classification as Orange County Fire Authority (OCFA) employees.

Prior Board/Committee Action
Not Applicable.

RECOMMENDED ACTION(S)
Receive and file the report.

Impact to Cities/County
Not Applicable.

Fiscal Impact
To be determined.

Background
Currently, Board Members are classified as independent contractors of the OCFA. Legal counsel has opined that Board Members are considered public officers in positions which meet five criteria designated by the Internal Revenue Service to be considered employees:

1. The office is created by the Constitution or Legislature, or by a municipality or other body with authority conferred by the Legislature.
2. There is a delegation of a portion of the sovereign powers of government to be exercised for the benefit of the public.
3. The powers and duties of the position must be defined through Legislature or legislative authority.
4. The duties are performed independently and without control of a superior power other than the law.
5. The office must have permanency and continuity and the officer must take an official oath.

As employees, Board Members will be subject to various federal and state taxes and may be required to enroll in a retirement system.

Human Resources staff is in the process of researching various retirement plan options and will prepare a comprehensive staff report for the Committee's consideration at its regular January 3, 2017, meeting.

Attachment(s)

None.

Orange County Fire Authority

AGENDA STAFF REPORT

Human Resources Committee Meeting | **Agenda Item No. 4B**
October 4, 2016 | **Discussion Calendar**

Professional Standards Unit Update

Contact(s) for Further Information

Brian Young, Interim Director Human Resources	brianyoung@ocfa.org	714.573.6014
Brigette Gibb, Employee Relations Mgr.	brigettegibb@ocfa.org	714.573.6353

Summary

This agenda item is submitted to the Human Resources (HR) Committee to provide an update on the developmental progress of Professional Standards Unit (PSU).

Prior Board/Committee Action(s)

At its regular July 5, 2016, and April 5, 2016, meetings, the HR Committee received and filed progress report updates on the development of the PSU.

At its regular November 3, 2015, and January 5, 2016, meetings, the HR Committee received oral progress report updates on the development of the PSU by the HR Director.

RECOMMENDED ACTION(S)

Receive and file the report.

Impact to Cities/County

Not Applicable.

Fiscal Impact

Not Applicable.

Background

In an effort to increase consistency in HR functions and improve labor relations, Initiative 2.1 of the Fire Chief's Fiscal Year 2016/17 goals calls for the establishment of a Professional Standards Unit. The PSU will ensure timely and legally/contractually compliant administrative investigations, timely discipline, and consistency in imposed discipline. Additionally, the PSU will track and identify trends in personnel issues and develop and present training in order to reduce the number and significance of personnel issues.

PSU Mission

At the direction of the Executive Committee, staff has drafted the proposed draft mission statement:

To preserve the trust of our public, our Board of Directors, and our workforce, the Orange County Fire Authority's Professional Standards Unit ensures ethical, effective, and efficient conduct through leadership from all members, trust between management and labor, and accountability by everyone.

Staffing/Structure
The HR Director will provide oversight to the PSU, which consists of internal and external investigators. The senior human resources analyst assigned to the PSU has been hired and the contracts with external investigators have been awarded. The PSU receives part-time support from the following existing classifications: employee relations manager, human resources analyst, administrative assistant, and subject matter experts (e.g. chiefs, managers, and supervisors).

PSU Investigation Procedure
The investigations procedure has been reviewed by the Executive and HR committees and continues to be discussed with labor groups. Topics include:

- Initiating a complaint
- Responsibility to inform HR
- Determining whether to investigate
- Determining level of investigation (issue flowchart drafted for HR/supervisor use)
- Investigator duties
- Investigation process
- Confidentiality
- Retaliation
- Recordkeeping

Policy Development
Funding has been obtained for Lexipol, which will provide OCFA with more than 150 polices that reflect up-to-date, applicable industry standards and best practices based on federal and state statutes, case law, and regulations. Staff will work with labor groups to review, revise (as needed), and implement the policies.

Attachment(s)
1. PSU Mission Statement
2. PSU Dashboard

D R A F T

PSU MISSION STATEMENT

To preserve the trust of our public, our Board of Directors, and our workforce,

the Orange County Fire Authority's Professional Standards Unit

ensures ethical, effective, and efficient conduct

through leadership from all members,

trust between management and labor,

and accountability by everyone.

Attachment 2