

**ATTACHMENT  
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**Actuarial Analysis**



Consultants and Advisors to Government and Business

# Final Report

**Prepared by:**  
Beacon TBC

1001 Pennsylvania Avenue, NW  
Suite 600 South  
Washington, D.C. 20004

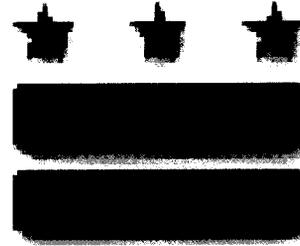
**LSDBE Number:**  
LSDZ 10200716632

**Contact Person:**  
James K. Stovall  
(202) 280-6102

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## District of Columbia Office of Risk Management

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# Fiscal Year 2007 Actuarial Study

Contract No. DCRK-2007-C-0001

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### Submitted to:

Ms. Kelly Valentine, Director  
D.C. Office of Risk Management  
441 4<sup>th</sup> Street NW  
Suite 800 South  
Washington, DC 20001

### Submitted on:

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# *Introduction*

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Government of the District of Columbia  
Office of Risk Management  
Workers' Compensation, General Liability, and Automobile Liability  
Loss and Loss Expense Reserves as of September 30, 2007

*This FY 2007 Actuarial Study (hereinafter, the "Study") is being provided at the request of the Government of the District of Columbia's Office of Risk Management (hereinafter, the "ORM"). This Study is an actuarial loss reserve opinion that meets the requirements of Actuarial Standard of Practice No. 4. The loss reserves contained herein can be relied upon as the final version of the Study. The conditions and limitations section of this Study, including its distribution and use, apply only to this Study.*

This Study provides an actuarial estimate of the loss and loss expense reserves for the workers' compensation, general (non-auto) liability, and automobile liability programs of the Government of the District of Columbia (hereinafter, the "District Government") as of September 30, 2007. This Study is required to be included in the District Government's Comprehensive Annual Financial Report (hereinafter "CAFR") for the fiscal year ended September 30, 2007. The workers' compensation program for civilian (non-uniform) District Government employees is known as the Disability Compensation Program (hereinafter, the "DCP"). The workers' compensation program for sworn/uniformed District Government employees (primarily police and fire personnel) is known as the District Government's Work Injury Program (hereinafter, the "Work Injury Program"). The estimate of the loss and loss expense reserve is for known and unreported claims arising from accidents that have occurred through September 30, 2007.

The reserve includes the following two components:

1. The amount expected to be paid for a claim as determined by a claims administrator after a review of the facts of the claim. This amount is known as the case loss reserve.
2. An incurred but not reported (hereinafter "IBNR") reserve as estimated in this Study. This estimated IBNR amount includes the loss and loss expense amount to be paid in the future for known and unknown claims (with an accident date on or before September 30, 2007) that are in excess of the case loss reserve.

Loss expenses are expenses associated with the adjustment of claims. These expenses can include claim administration costs, attorney fees, court costs, expert witness fees, and other expenses associated with adjusting a claim. Unallocated expenses, which are not directly associated with the adjustment of claims, are not included in our calculations.

The loss and loss expense reserve for the ORM in this Study are defined to include the following: (i) claims provided by the ORM; (ii) claims provided by the District Government's Metropolitan Police Department (hereinafter "MPD"); and (iii) claims provided by the District Government's Fire and Emergency Medical Services Department (hereinafter "FEMS").

For purposes of completing this Study, ORM provided us with medical and indemnity workers' compensation claims for the DCP. ORM also provided us with the general and automobile liability claims against the District Government. The general liability claims include all claims relating to judgments against the District Government and its non-automobile properties. MPD provided us with indemnity compensation claims data for its uniform/sworn employees who were on injury leave during the fiscal year ended September 30, 2007. FEMS provided indemnity compensation claims data for its uniform/sworn employees who were on injury leave during the fiscal year ended September 30, 2007

MPD has informed us that employees of the United States Secret Service (hereinafter, the "Secret Service") and the United States Park Police (hereinafter, the "Park Police") are covered under the United States Department of Labor workers' compensation program; therefore, statistics relating to the Secret Service and the Park Police employees are not included in the calculation of loss reserves. Those two federal agencies reimburse the District Government for the occupational medical services they receive through PFC Associates, LLC (hereinafter "PFC Associates") related facilities and medical providers. Uniform employees of the District of Columbia Housing Authority (hereinafter "Housing Authority") and the District Government's Department of Corrections (hereinafter "Department of Corrections") are covered under the DCP, along with their respective civilian employees from the Housing Authority and the Department of Corrections.

For purposes of this Study, the phrases "fiscal year" and "policy year" are used interchangeably. Furthermore, for purposes of this Study, Fiscal Year 2007 is the period beginning October 1, 2006 through and including September 30, 2007; Fiscal Year 2006 is the period beginning October 1, 2005 through and including September 2006; and Fiscal Year 2005 is the period beginning October 1, 2004 through and including September 2005.

# Summary of Results

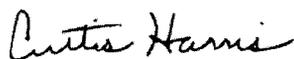
The estimated case and IBNR loss and loss expense reserves as of September 30, 2007 for each District Government program are as follows:

	Case Loss and Loss Expense Reserve (1)	IBNR Loss and Loss Expense Reserve (2)	Case and IBNR Loss and Loss Expense Reserve (3)	Present Value of Case and IBNR Loss and Loss Expense Reserve (4)
<b>Workers' Compensation</b>				
DCP	42,449,978	36,685,576	79,135,554	68,498,468
Police	198,088	388,134	586,222	586,222
Fire	158,107	217,479	375,586	375,586
<i>Total Workers Compensation</i>	42,806,173	37,291,189	80,097,362	69,460,276
<b>Liability</b>				
General Liability	7,160,556	9,834,052	16,994,608	15,201,804
Automobile Liability	3,789,565	1,799,807	5,589,372	5,280,000
<i>Total Liability</i>	10,950,121	11,633,859	22,583,980	20,481,804
<b>DCORM and Police and Fire Self-Insured Program</b>				
Workers' Compensation Total	42,806,173	37,291,189	80,097,362	69,460,276
General and Automobile Liability Total	10,950,121	11,633,859	22,583,980	20,481,804
<i>Total</i>	53,756,294	48,925,048	102,681,342	89,942,080

The loss and loss expense reserve amount is an estimate of the total cost of claims that will be paid in the future for claims with a date of loss as of September 30, 2007 and prior. The discounted loss and loss expense reserve for the District Government's workers' compensation and liability programs will be reported in the CAFR for the fiscal year ended September 30, 2007.

We look forward to reviewing and discussing the contents of this Study with the ORM and other appropriate agencies of the District Government.

Sincerely,



Curtis Harris, ASA, MAAA, EA



Chester Kido, ACAS, MAAA

## *Background*

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The District of Columbia covers approximately 61 square miles and has a population of 553,523 people, according to a July 2004 United States Census Bureau estimate. The District of Columbia's economy is primarily comprised of private sector business and industry; local government; and tourism. The District of Columbia is home to many federal government departments and agencies; several prestigious colleges and universities; and more association headquarters than anywhere else in the country.

The District Government operates under the executive-legislative form of government, governed by the Mayor, his cabinet and the Council of the District of Columbia (hereinafter "the Council"). The Council is the legislative branch of the District Government. All legislative powers are vested in the Council, and the Council approves the District's annual budget and financial plan. The Council also sets the revenue targets required to fund the budget, and oversees all programs and operations of government agencies.

The ORM operates within the executive branch of the District Government with direct oversight by the city administrator (who reports to the Mayor). ORM became an official agency of the District Government in fiscal year 2003. Its mission is to provide risk identification, analysis, control, and guidance to the District Government and its departments and agencies.

The ORM, through its risk financing division, has direct oversight for claims filed against the District Government. Its claims bureau manages the adjudication process for property, liability and disability compensation (workers' compensation) claims.

The DCP is a self-insured program of the ORM that is administered by a third party claims administrator (hereinafter, the "TPA"). This program currently excludes sworn/uniform police and firefighters covered under the Police and Firefighters Disability Act. It also excludes the Secret Service and the Park Police sworn/uniform employees who are covered under a federal workers' compensation program.

The ORM property, automobile and liability claims are the responsibility of in-house staff. They conduct investigations and make liability determinations and settlements prior to lawsuits being filed. The Settlements and Judgments Fund (hereinafter, the "S&J Fund") is used to provide the fiscal resources to settle claims and lawsuits and pay judgments in most types of civil cases filed against the District Government. If a lawsuit is filed, the resolution of suit claims falls under the District Government's Office of the Attorney General. Nonetheless, the ORM makes all final decisions about the use of the S&J Fund.

The ORM workers' compensation, general liability, automobile and property programs are completely self-insured with no excess insurance policy for all policy years.

The workers' compensation program for sworn/uniformed District Government employees is a part of the Occupational Health and Medical Services Program for MPD and FEMS. The Work Injury Program for indemnity is self-insured with no excess insurance policy for all policy years. Under the District's workers' compensation program for sworn/uniform employees, covered personnel are paid 100% of their

compensation for the period of non-full duty work days for performance of duty (hereinafter, "POD") injuries.

The Work Injury Program for medical services is funded with capitation payments paid to a fully insured contract arrangement with PFC Associates. Capitation rates are paid to PFC Associates for each full-time sworn/uniform MPD and FEMS employee, as well as certain covered Secret Service, Park Police, Housing Authority, and Department of Corrections employees, reported at the end of each two-week pay period. The injured worker receives medical services for POD injuries through physicians and medical facilities affiliated with PFC Associates.

The Work Injury Program also includes a limited medical services program for certain civilian employees of MPD and FEMS, including: employment physicals, wellness exams and fitness duty exams. These services are also provided by PFC Associates-affiliated physicians and medical facilities. Costs associated with these reduced services are also included in the capitation rates paid to PFC Associates.

Payments by the District Government to PFC Associates for these medical services are made based on the number of covered employees. PFC Associates has no liability for services provided outside its affiliates unless PFC Associates gives prior authorization. Under its contract with MPD, PFC Associates carries insurance, within the fully insured arrangement, to ensure liability for on-duty injury related lawsuits. Reinsurance is also provided to cover large levels of claims.

Effective October 1, 2004, the Council passed the Omnibus Public Safety Agency Reform Amendment Act of 2004 (hereinafter, the "Public Safety Act"). The Public Safety Act requires that police employees who spend 172 cumulative work days in less-than-full-duty status for any single injury or illness over any two-year period be processed for disability retirement. A status of 64 cumulative work days in less-than-full-duty status applies to FEMS employees.

Per an assessment made by the District Government, the workers' compensation medical program for uniformed employees is deemed a fully insured arrangement administered by MPD. Based on the assessment, no medical workers' compensation loss and loss expense reserve is required to be reported for uniformed employees on the District Government's financial statement for the fiscal year ended September 30, 2007. Only the indemnity compensation paid to injured sworn/uniform employees is required to be valued as a liability for financial accounting purposes.

The workers' compensation indemnity compensation benefits for sworn/uniform employees are paid by the appropriate agency of the injured employee and are not considered to be a payroll payment. Thus, indemnity compensation benefits for uniformed employees are self-funded and their liabilities are included in the District Government's workers' compensation loss and loss expense reserve for the fiscal year ended September 30, 2007.

## *Conditions and Limitations*

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Individual claim data has been provided by the ORM, MPD and FEMS. We relied on these agencies for the accuracy of the data. The loss data was reviewed for reasonableness and consistency.

The District Government has no insurance on its workers' compensation, general liability, and automobile liability risks except for the workers' compensation medical Work Injury Program for uniformed employees. Large claims can have a large impact on the estimate of the ultimate loss and loss expense for a policy year. It does not appear that all of the closed claims for all reported years were included for the civilian DCP program claims. Thus, a portion of the paid loss and loss expense for several reported policy years is not included in the DCP program claims database.

In general, the estimate of the loss and loss expense reserve is subject to significant variation due to the uncertainty of future contingent events. Changes in the economic, legal and social environment may have significant impact on the frequency or severity of claims. For these reasons, actual results may differ significantly from the project results.

Based on the contract terms and representation of the administration and financing of the occupational medical services portion of the Work Injury Program for uniformed employees, and the assessment that the occupational medical services portion of the Work Injury Program is a fully insured contractual arrangement with PFC Associates, no loss reserves for medical services are determined.

We relied on the interpretation of provisions for the Work Injury Program's workers' compensation coverage effective October 1, 2004. These provisions establish that medical and indemnity benefits would be provided for no longer than two years from the later of October 1, 2004 or date of injury. After 172 (64 for FEMS) working days in a less-than-full-duty status over a two-year period, MPD and FEMS employees will be processed for disability retirement. Any liability associated with medical costs incurred, after processing as a disability retirement, is not considered in this Study for workers' compensation coverage. Furthermore, no loss and loss expense reserve is included for the medical liabilities associated with the Work Injury Program.

Due to the practical application of the two-year limitation of benefits and the uncertainty in the estimate of the loss reserve for MPD and FEMS self-insured program, there is no discounting of the indemnity compensation loss and loss expense reserve for this program.

## *Distribution and Use*

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This Study has been prepared solely for the internal business use of ORM. However, the ORM may provide this Study to a third party without our prior consent. The Study must be provided to the third party in its entirety and the party must understand that this Study was not prepared for its benefit. Distribution of this Study to a third party will not result in the creation of any duty or liability to the third party. The third party must understand the assumptions and uncertainties inherent in the estimates made in this Study.

# *Analysis*

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## **WORKERS' COMPENSATION – DISABILITY COMPENSATION PROGRAM (DCP)**

The loss data received from the ORM included claim details such as claim type (e.g. medical only, loss time, death benefit, permanent total disability, etc.), claim number, claimant name, incident date, received date, claim status (open or closed), indemnity paid, indemnity outstanding, medical paid, medical outstanding, expense paid, and expense outstanding. The expense contained in the loss data will be referred to as loss expense (these are the loss expenses that are “allocated” to an individual claim).

There are 6,800 claims in the workers' compensation loss database for FY 2007, of which 5,256 are closed claims and 1,544 are open claims (in comparison to 5,222 total claims in the actuarial study for FY 2006 of which 3,462 were closed claims and 1,760 were open claims). Considering that 1,544 open claims were incurred in FY 2007 with reported case reserves of \$42.4 million and 1,760 open claims were incurred in FY 2006 with reported case reserves of \$30.9 million, there is an increased claims adjusting activity during the 2007 fiscal year.

For example, the case loss and loss expense reserve for claims incurred prior to October 1, 1983 is \$9.3 million as of September 30, 2007. The case loss and loss expense reserve for this group of claims was \$5.3 million as of September 30, 2006. This represents a case loss and loss expense reserve increase of \$4.0 million for claims that are over 23 years old.

A summary of the closed and open claims as of September 30, 2007 is in **Exhibit WC-5**, page 1. The number of claims, total paid amount, and case reserve amount are shown by policy year separately for closed and open claims. For comparison purposes, the summary of closed and open claims used in the September 30, 2006 actuarial study is in **Exhibit WC-5**, page 2 and the data used in the September 30, 2005 actuarial study is in **Exhibit WC-5**, page 3.

### **Estimated Loss and Loss Expense Reserve**

As the loss database does not appear to include all of the closed claims for most of the policy years, a method to estimate the IBNR loss and loss expense reserve will use factors applied to the case reserve amount. It is assumed that we have received the correct dollar amounts for the case reserve. The IBNR to case reserve factors are based on the paid loss development factor and the incurred loss development factor.

The selected paid and incurred loss development factors are shown in **Exhibit WC-8**. These factors are based on insurance industry data for the District of Columbia. These factors are used to estimate the ultimate loss and loss expense using paid and incurred loss and loss expense at various months of development. The number of months of development for a policy year is based on the beginning date of the policy year to the evaluation date of the losses. For example, policy year 2004 losses evaluated at September 9, 2007 are at 48 months of development.

The IBNR to case reserve factor can be derived with some manipulation of the paid and incurred loss development factors. The ratio of the IBNR to case reserve factors are developed in **Exhibit WC-6**. For

example, the ratio of the IBNR to case reserve for a policy year at 12 months of development is 2.266. This implies that the IBNR reserve is 2.266 times the case reserve for policy year 2007.

Using the IBNR to case reserve factors from Exhibit WC-6, the estimated IBNR reserves for each policy year is shown in Exhibit WC-4, page 2. One estimate of the ultimate loss and loss expense is to apply a factor (i.e. ultimate to case and IBNR reserve) to the case and estimated IBNR reserve. This procedure is used for policy years 10/1/2001-02 to the current policy year. This exhibit also shows another estimate of the ultimate loss and loss expense (for the same policy years) if the paid loss is added to the case reserve and estimated IBNR reserve.

Two generally accepted actuarial methods used to project the ultimate loss and loss expense are shown in Exhibit WC-4, page 1. These methods apply a paid (or incurred) loss development factor to the paid (or incurred) loss and loss expense. These methods are applied to policy years 2002 through the current policy year.

Exhibit WC-3 summarizes the estimated ultimate loss and loss expense using the four methods described above for policy years 2002 to the current policy year. The ultimate loss and loss expense is selected for each policy year by applying weights to each method. The two methods that appear to provide the most reasonable and consistent estimates are the incurred loss development factor method and the method that adds the paid loss to the case reserve and estimated IBNR reserve.

Exhibit WC-2 shows the estimated case and IBNR reserves for each policy year. The estimated IBNR reserve for policy year 2001 and prior policy years use the estimate from Exhibit WC-4, page 2. Policy year 2002 and later policy years use the selected ultimate loss and loss expense to determine the estimated IBNR for each policy year. For all policy years combined, the estimated IBNR reserve is \$36.7 million. With case loss and loss expense reserves of \$42.4 million, the total case and IBNR reserve for loss and loss expense before any discounting is \$79.1 million.

For comparison purposes, the case loss and loss expense reserves was \$30.9 million and the estimated IBNR reserve was \$40.2 million as of September 30, 2006. The total case and IBNR reserve for loss and loss expense before any discounting was \$71.0 million as of September 30, 2006.

### Present Value

As it takes a number of years for all of the workers' compensation claims to be paid and closed for a given policy year, for funding purposes, it is not necessary to fund the entire case and IBNR loss and loss expense reserve amount. The present value of the loss and loss expense reserve considers the timing of when the loss amounts will be paid and an implicit real rate of return accrued on District Government funds set aside to pay claims. That implicit rate of return is comparable to interest earned on money deposited into an interest bearing account with a similar duration to that of the claim. Exhibit WC-7 shows the calculation of the present value factor at a 3.0% annual interest rate.

The calculation of the present value of the loss and loss expense reserve is shown in Exhibit WC-1. After consideration of investment income, the present value of the loss and loss expense reserve after discounting as of September 30, 2007 is \$68.5 million.

## WORKERS' COMPENSATION – MPD AND FEMS

### Work Injury Program for Uniform Workers

Each agency with uniform employees is responsible for paying 100% of compensation indemnity payments to their employees with POD injuries. Medical services for POD injuries are provided through PFC Associates-affiliated physicians and medical facilities. Since the medical services are fully insured, only the indemnity loss reserves are analyzed.

### Indemnity Compensation Paid While on Disability Reserves

The indemnity reserves are determined separately for MPD and FEMS.

### Metropolitan Police Department

The data received from MPD includes a list of closed and open claims as of September 30, 2007. The workers' compensation system provides a maximum benefit for a two-year period of time beginning October 1, 2004. The average hourly rate is calculated using the data received from MPD.

The first component of the indemnity loss reserve is the estimate for known claims. Exhibit PF-2 shows there are 33 open claims as of September 30, 2007 with a case loss reserve of \$198,088. The data received from the MPD includes the number of POD hours for each claim. For the closed claims that were paid for over 20 days (160 hours), the average number of hours these claims were paid was for approximately 400 hours. The estimated IBNR reserve for the open POD claims assumes that the average length of time that an open claim will be paid for is 400 hours. In the situation where the open claims in a month have been open, on average, for more than 400 hours, no additional amount for IBNR is included. The IBNR amount for the open claims is the estimated number of IBNR hours multiplied by the average hourly rate for all employees on POD injury.

The second component of the indemnity loss reserve is the estimate for those claims with a date of injury on or before September 30, 2007 but not yet reported. The estimate of the number of claims to be reported is based on the average number of claims reported in the past policy year. On average, there are about 54 claims per month. Exhibit PF-2 shows the estimated future number of claims is 21 (54 expected claims per month less 33 total claims reported thus far) for the month of September and zero for the prior months. The 21 expected new claims multiplied by the average number of hours used above (for claims paid for over 20 days) multiplied by the average hourly rate produces an estimate of the indemnity reserve for the expected number of new claims to be reported for injury dates on September 30, 2007 and prior.

The indemnity case and IBNR loss reserve is \$586,222 for MPD employees on POD injuries as of September 30, 2007. The data from MPD shows the indemnity reserve for POD injury for each open claim (this is considered to be the case loss reserve as determined by MPD). The total of the indemnity case reserve for open claims is \$198,088. Thus, the resulting indemnity IBNR loss reserve is \$388,134.

## District of Columbia Fire and Emergency Medical Services Department

The data received from FEMS includes a list of closed and open claims as of September 30, 2007. The workers' compensation system provides a maximum benefit for a two-year period of time beginning October 1, 2004. The average hourly rate is calculated using the data received from FEMS.

The calculation of the indemnity loss reserve for FEMS is similar to the calculation for MPD. The first component of the indemnity loss reserve is the estimate for known claims. **Exhibit PF-3** shows that there are 24 open claims as of September 30, 2007. The data received from the FEMS includes the number of POD injury hours used for each claim. For the closed claims that were paid for over 20 days (160 hours), the average number of hours these claims were paid was for approximately 400 hours (similar to MPD). The estimated IBNR reserve for the open POD injury claims assumes that the average length of time that an open claim will be paid for is 400 hours. In the situation where the open claims in a month have been open, on average, for more than 400 hours, no additional amount for IBNR is included. The IBNR amount for the open claims is the estimated number of IBNR hours multiplied by the average hourly rate for all employees on POD injury leave.

The second component of the indemnity loss reserve is the estimate for those claims with a date of injury on or before September 30, 2007 but not yet reported. The estimate of the number of claims to be reported is based on the average number of claims reported in the past year. On average, there are about 28 claims per month for the FEMS. **Exhibit PF-3** shows the estimated future number of claims is 10 (28 expected claims per month less 18 total claims reported thus far) for the month of September and zero for the prior months. The 10 expected new claims, multiplied by the average number of hours used above (for claims paid for over 20 days), multiplied by the average hourly rate produces an estimate of the indemnity reserve for the expected number of new claims to be reported for injury dates on September 30, 2007 and prior.

The indemnity case and IBNR loss reserve is \$375,586 for FEMS employees on POD as of September 30, 2007. The data from FEMS show the indemnity reserve for POD injuries for each open claim (this is considered to be the case loss reserve as determined by FEMS). The total of the indemnity case reserve for open claims is \$158,107. Thus, the resulting indemnity IBNR loss reserve is \$217,479.

## **GENERAL LIABILITY (Non-Automobile)**

There are 5,284 claims (compared to 4,282 in the Fiscal Year 2006 study) in the general liability loss database, of which 4,421 (compared to 3,261 in the Fiscal Year 2006 study) are closed claims and 863 (compared to 1,021 in the 9/30/2006 study) are open claims.

A summary of the closed and open claims is in **Exhibit GL-5**. The number of claims, total paid amount, and case reserve amount are shown by policy year separately for closed and open claims. Page 1 of the exhibit shows the data as of September 30, 2007. For comparison purposes, page 2 of the exhibit shows the data as of September 30, 2006 and page 3 of the exhibit shows the data as of September 30, 2005.

There is very little, if any, claim data for the property self-insurance program. Thus, it has been ignored and not included in this Study, as it is immaterial to the financial results.

### **Estimated Loss and Loss Expense Reserve**

As the loss database does not appear to include all of the closed claims for most of the policy years, a method to estimate the IBNR loss and loss expense reserve will use factors applied to the case reserve amount (similar to the procedure described in the workers' compensation section). The IBNR to case reserve factors are based on the paid loss development factor and the incurred loss development factor.

The selected paid and incurred loss development factors are shown in **Exhibit GL-8**. These factors are based on nationwide insurance industry data for general liability. These factors are used to estimate the ultimate loss and loss expense using paid and incurred loss and loss expense at various months of development. The number of months of development for a policy year is based on the beginning date of the policy year to the evaluation date of the losses.

The IBNR to case reserve factor can be derived with some manipulation of the paid and incurred loss development factors. The ratio of the IBNR to case reserve factors are developed in **Exhibit GL-6**. For example, the ratio of the IBNR to case reserve for a policy year at 12 months of development is 4.087. This implies that the IBNR reserve is 4.087 times the case reserve for policy year 2007.

Using the IBNR to case reserve factors from **Exhibit GL-6**, the estimated IBNR reserves for each policy year is shown in **Exhibit GL-4**, page 2. One estimate of the ultimate loss and loss expense is to apply a factor (i.e. ultimate to case and IBNR reserve) to the case and estimated IBNR reserve. This procedure is used for policy years 2002 through the current policy year). This exhibit also shows another estimate of the ultimate loss and loss expense (for the same policy years) if the paid loss is added to the case reserve and estimated IBNR reserve.

Two generally accepted actuarial methods used to project the ultimate loss and loss expense are shown in **Exhibit GL-4**, page 1. These methods apply a paid (or incurred) loss development factor to the paid (or incurred) loss and loss expense. These methods are applied to policy years 2002 through the current policy year.

**Exhibit GL-3** summarizes the estimated ultimate loss and loss expense using the four methods described above for policy years 2002 to the current policy year. The ultimate loss and loss expense is selected for each policy year by applying weights to each method. The two methods that appear to provide the most

reasonable and consistent estimates are the incurred loss development factor method and the method that adds the paid loss to the case reserve and estimated IBNR reserve.

**Exhibit GL-2** shows the estimated case and IBNR reserves for each policy year. The estimated IBNR reserve for policy year 2001 and prior years use the estimate from **Exhibit GL-4**, page 2. Policy year 2002 and later years use the selected ultimate loss and loss expense to determine the estimated IBNR for each policy year. For all policy years combined, the estimated IBNR reserve is \$9.8 million. With case loss and loss expense reserves of \$7.2 million, the total case and IBNR reserve for loss and loss expense before discounting is \$17.0 million.

For comparison purposes, the case loss and loss expense reserves were \$4.0 million and the estimated IBNR reserve was \$8.3 million as of September 30, 2006. The total case and IBNR reserve for loss and loss expense before discounting was \$12.4 million as of September 30, 2006.

### **Present Value**

As it takes a number of years for all of the general liability claims to be paid and closed for a given policy year, the present value of the loss and loss expense reserve considers the timing of when the loss amounts will be paid and an implicit real rate of return accrued on District Government funds set aside to pay claims. That implicit rate of return is comparable to interest earned on money deposited into an interest bearing account with a similar duration to the claim. **Exhibit GL-7** shows the calculation of the present value factor at a 3.0% annual interest rate.

The calculation of the present value of the loss and loss expense reserve is shown in **Exhibit GL-1**. After consideration of investment income, the present value of the loss and loss expense reserve after discounting as of September 30, 2007 is \$15.2 million.

## **AUTOMOBILE LIABILITY**

There are 3,394 claims (compared to 2,397 in the Fiscal Year 2006 study) in the automobile liability loss database, of which 2,563 (compared to 1,596 in the Fiscal Year 2006 study) are closed claims and 831 (compared to 801 in the Fiscal Year 2006 study) are open claims.

A summary of the closed and open claims is in **Exhibit AL-5**. The number of claims, total paid amount, and case reserve amount are shown by policy year separately for closed and open claims. Page 1 of the exhibit shows the data as of September 30, 2007. For comparison purposes, page 2 of the exhibit shows the data as of September 30, 2006 and page 3 of the exhibit shows the data as of September 30, 2005.

### **Estimated Loss and Loss Expense Reserve**

As the loss database does not appear to include all of the closed claims for most of the policy years, a method to estimate the IBNR loss and loss expense reserve will use factors applied to the case reserve amount (similar to the procedure described in the workers' compensation section). The IBNR to case reserve factors are based on the paid loss development factor and the incurred loss development factor.

The selected paid and incurred loss development factors are shown in **Exhibit AL-8**. These factors are based on nationwide insurance industry data for commercial automobile liability business. These factors are used to estimate the ultimate loss and loss expense using paid and incurred loss and loss expense at various months of development. The number of months of development for a policy year is based on the beginning date of the policy year to the evaluation date of the losses.

The IBNR to case reserve factor can be derived with some manipulation of the paid and incurred loss development factors. The ratio of the IBNR to case reserve factors are developed in **Exhibit AL-6**. For example, the ratio of the IBNR to case reserve for a policy year at 12 months of development is 1.116. This implies that the IBNR reserve is 1.116 times the case reserve for policy year 2007.

Using the IBNR to case reserve factors from **Exhibit AL-6**, the estimated IBNR reserves for each policy year is shown in **Exhibit AL-4**, page 2. One estimate of the ultimate loss and loss expense is to apply a factor (i.e. ultimate to case and IBNR reserve) to the case and estimated IBNR reserve. This procedure is used for policy years 2002 through the current policy year). This exhibit also shows another estimate of the ultimate loss and loss expense (for the same policy years) if the paid loss is added to the case reserve and estimated IBNR reserve.

Two generally accepted actuarial methods used to project the ultimate loss and loss expense is shown in **Exhibit AL-4**, page 1. These methods apply a paid (or incurred) loss development factor to the paid (or incurred) loss and loss expense. These methods are applied to policy years 2002 to the current policy year.

**Exhibit AL-3** summarizes the estimated ultimate loss and loss expense using the four methods described above for policy years 2002 to the current policy year. The ultimate loss and loss expense is selected for each policy year by applying weights to each method. The two methods that appear to provide the most reasonable and consistent estimates are the incurred loss development factor method and the method that adds the paid loss to the case reserve and estimated IBNR reserve. In some policy years, an average of all four methods is used to select the ultimate loss and loss expense.

**Exhibit AL-2** shows the estimated case and IBNR reserves for each policy year. The estimated IBNR reserve for policy year 2001 and prior years use the estimate from **Exhibit AL-4**, page 2. Policy year 2002 and later policy years use the selected ultimate loss and loss expense to determine the estimated IBNR for each policy year. For all policy years combined, the estimated IBNR reserve is \$1.8 million. With case loss and loss expense reserves of \$3.8 million, the total case and IBNR reserve for loss and loss expense before discounting is \$5.6 million.

For comparison purposes, as of September 30, 2006, the case loss and loss expense reserves were \$2.6 million with an estimated IBNR reserve of \$2.0 million. The total case and IBNR reserve for loss and loss expense before discounting was \$4.6 million as of September 30, 2006.

### **Present Value**

As it takes a number of years for all of the automobile liability claims to be paid and closed for a given policy year, for funding purposes it is not necessary to fund the entire case and IBNR loss and loss expense reserve amount. The present value of the loss and loss expense reserve considers the timing of when the loss amounts will be paid and an implicit real rate of return accrued on District Government funds set aside to pay claims. That implicit rate of return is comparable to interest earned on money deposited into an interest bearing account with a similar duration to the claim. **Exhibit AL-7** shows the calculation of the present value factor at a 3.0% annual interest rate.

The calculation of the present value of the loss and loss expense reserve is shown in **Exhibit AL-1**. After consideration of investment income, the present value of the loss and loss expense reserve after discounting as of September 30, 2007 is \$5.3 million.

District of Columbia  
Self-Insured Program  
Workers' Compensation, General Liability, and Automobile Liability  
**Summary of Loss and Loss Expense Reserve as of 9/30/2007**



(Continued)

District of Columbia  
Self-Insured Program  
Workers' Compensation, General Liability, and Automobile Liability  
**Summary of Loss and Loss Expense Reserve as of 9/30/2007**



*Exhibits*

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District of Columbia  
Disability Compensation Program  
Workers' Compensation

**Present Value of Case and IBNR Loss and Loss Expense Reserve  
Estimate as of 9/30/2007**

<u>Policy Year</u>	<u>Month of Development</u>	<u>Estimated Case and IBNR Reserves</u>	<u>Present Value Factor</u>	<u>Present Value of Case and IBNR Reserves (2) x (3)</u>
	(1)	(2)	(3)	(4)
<b>Prior</b>	300	9,881,932	0.959	9,480,365
10/1/1983-84	288	1,567,171	0.938	1,470,257
10/1/1984-85	276	804,951	0.921	741,744
10/1/1985-86	264	1,744,530	0.906	1,580,499
10/1/1986-87	252	1,565,078	0.896	1,402,753
10/1/1987-88	240	2,277,486	0.888	2,022,612
10/1/1988-89	228	302,610	0.881	266,541
10/1/1989-90	216	1,117,167	0.872	974,419
10/1/1990-91	204	1,480,522	0.865	1,280,100
10/1/1991-92	192	1,526,144	0.858	1,308,943
10/1/1992-93	180	2,738,120	0.851	2,330,546
10/1/1993-94	168	1,184,041	0.846	1,001,970
10/1/1994-95	156	1,003,319	0.841	843,801
10/1/1995-96	144	838,863	0.837	701,852
10/1/1996-97	132	2,078,143	0.832	1,728,562
10/1/1997-98	120	2,835,709	0.826	2,343,684
10/1/1998-99	108	2,454,555	0.821	2,014,951
10/1/1999-00	96	1,251,618	0.816	1,021,216
10/1/2000-01	84	3,035,548	0.810	2,458,157
10/1/2001-02	72	2,437,610	0.813	1,980,567
10/1/2002-03	60	5,412,466	0.817	4,420,999
10/1/2003-04	48	5,460,258	0.831	4,539,592
10/1/2004-05	36	4,894,743	0.847	4,144,296
10/1/2005-06	24	6,378,638	0.860	5,485,259
10/1/2006-07	12	14,864,332	0.872	12,954,783
<b>Total</b>		<b>79,135,554</b>		<b>68,498,468</b>

**NOTES:**

1. Column (2) is from Exhibit WC-2.
2. Column (3) is from Exhibit WC-7.

District of Columbia  
Disability Compensation Program  
Workers' Compensation

**Case and IBNR Loss and Loss Expense Reserve Estimate as of 9/30/2007**

Policy Year	Total Paid Loss and Loss Expense (1)	Total Case Loss and Loss Exp. Reserves (2)	Total Incurred Loss and Loss Expense (3)	Selected Ultimate Loss and Loss Expense (4)	Estimated IBNR Reserves (5)	Estimated Case and IBNR Reserves (2) + (5) (6)
<b>Prior</b>	7,348,084	9,312,045	16,660,129		569,887	9,881,932
10/1/1983-84	1,464,974	1,356,368	2,821,342		210,803	1,567,171
10/1/1984-85	1,144,169	653,962	1,798,131		150,989	804,951
10/1/1985-86	719,035	1,359,374	2,078,409		385,156	1,744,530
10/1/1986-87	985,819	1,150,153	2,135,972		414,926	1,565,078
10/1/1987-88	1,603,062	1,613,456	3,216,518		664,030	2,277,486
10/1/1988-89	758,515	204,458	962,972		98,153	302,610
10/1/1989-90	1,480,792	733,277	2,214,069		383,890	1,117,167
10/1/1990-91	1,180,932	936,454	2,117,386		544,068	1,480,522
10/1/1991-92	1,013,441	943,869	1,957,309		582,276	1,526,144
10/1/1992-93	1,353,892	1,644,814	2,998,706		1,093,306	2,738,120
10/1/1993-94	1,362,948	692,010	2,054,958		492,030	1,184,041
10/1/1994-95	1,963,716	571,676	2,535,391		431,643	1,003,319
10/1/1995-96	1,350,004	461,080	1,811,084		377,783	838,863
10/1/1996-97	2,090,662	1,094,019	3,184,681		984,124	2,078,143
10/1/1997-98	1,632,554	1,392,616	3,025,170		1,443,093	2,835,709
10/1/1998-99	2,054,059	1,078,158	3,132,217		1,376,397	2,454,555
10/1/1999-00	2,412,569	488,163	2,900,732		763,455	1,251,618
10/1/2000-01	2,165,413	1,042,812	3,208,224		1,992,736	3,035,548
10/1/2001-02	3,012,677	1,181,431	4,194,107	5,450,286	1,256,179	2,437,610
10/1/2002-03	4,315,432	2,794,643	7,110,075	9,727,899	2,617,824	5,412,466
10/1/2003-04	5,689,673	2,204,095	7,893,768	11,149,932	3,256,164	5,460,258
10/1/2004-05	7,831,105	1,441,545	9,272,651	12,725,848	3,453,197	4,894,743
10/1/2005-06	5,374,097	2,006,144	7,380,242	11,752,735	4,372,493	6,378,638
10/1/2006-07	2,024,050	6,093,357	8,117,407	16,888,382	8,770,975	14,864,332
<b>Total</b>	<b>62,331,673</b>	<b>42,449,978</b>	<b>104,781,651</b>		<b>36,685,576</b>	<b>79,135,554</b>

**NOTES:**

1. Columns (1) to (3) are from Exhibit WC-5.
2. Column (4) is from Exhibit WC-3.
3. Column (5) is from Exhibit WC-4, page 2, for policy years 10/1/2000-01 and prior.  
The remaining years are Column (4) minus Column (3).

District of Columbia  
Disability Compensation Program  
Workers' Compensation

**Selected Ultimate Loss and Loss Expense**

<u>Policy Year</u>	<u>Total Paid Loss and Loss Expense</u> (1)	<u>Total Case Loss and Loss Exp. Reserve</u> (2)	<u>Total Incurred Loss and Loss Expense</u> (3)
10/1/2001-02	3,012,677	1,181,431	4,194,107
10/1/2002-03	4,315,432	2,794,643	7,110,075
10/1/2003-04	5,689,673	2,204,095	7,893,768
10/1/2004-05	7,831,105	1,441,545	9,272,651
10/1/2005-06	5,374,097	2,006,144	7,380,242
10/1/2006-07	2,024,050	6,093,357	8,117,407

<u>Policy Year</u>	<u>Estimated Ultimate Loss and Loss Expense Based on:</u>				<u>Selected Ult. Loss and Loss Expense</u> (8)
	<u>Paid Loss Dev.</u> (4)	<u>Incurred Loss Dev.</u> (5)	<u>IBNR to Case Reserve Est. #1</u> (6)	<u>IBNR to Case Reserve Est. #2</u> (7)	
10/1/2001-02	4,100,253	4,978,406	10,969,021	5,922,167	5,450,286
10/1/2002-03	6,244,430	8,631,631	21,069,662	10,824,167	9,727,899
10/1/2003-04	9,262,788	10,482,924	15,884,059	11,816,939	11,149,932
10/1/2004-05	15,552,575	13,602,978	8,092,269	11,848,717	12,725,848
10/1/2005-06	15,165,703	12,568,552	8,615,961	10,936,919	11,752,735
10/1/2006-07	13,856,647	19,920,116	23,308,038	21,927,467	16,888,382

**NOTES:**

- Columns (1) and (3) are from Exhibit WC-5.
- Columns (4) to (7) are from Exhibit WC-4.
- The selected ultimate loss and loss expense in Column (8) is shown for the six recent policy years. The following weights are applied to Columns (4) to (7) for each policy year:

<u>Policy Year</u>	<u>Column (4)</u>	<u>Column (5)</u>	<u>Column (6)</u>	<u>Column (7)</u>
10/1/2001-02	0%	50%	0%	50%
10/1/2002-03	0%	50%	0%	50%
10/1/2003-04	0%	50%	0%	50%
10/1/2004-05	0%	50%	0%	50%
10/1/2005-06	0%	50%	0%	50%
10/1/2006-07	50%	50%	0%	0%

District of Columbia  
Disability Compensation Program  
Workers' Compensation

**Estimated Ultimate Loss and Loss Expense  
Based on the Loss Development Factor Method**

<u>Policy Year</u>	<u>Total Paid Loss and Loss Expense</u> (1)	<u>Total Incurred Loss and Loss Expense</u> (2)	<u>Paid Loss Dev. Factor</u> (3)	<u>Incurred Loss Dev. Factor</u> (4)
10/1/2001-02	3,012,677	4,194,107	1.361	1.187
10/1/2002-03	4,315,432	7,110,075	1.447	1.214
10/1/2003-04	5,689,673	7,893,768	1.628	1.328
10/1/2004-05	7,831,105	9,272,651	1.986	1.467
10/1/2005-06	5,374,097	7,380,242	2.822	1.703
10/1/2006-07	2,024,050	8,117,407	6.846	2.454

**Estimated Ultimate Loss and  
Loss Expense Based on:**

<u>Policy Year</u>	<u>Paid Loss Dev. (1) x (3)</u> (5)	<u>Inc. Loss Dev. (2) x (4)</u> (6)
10/1/2001-02	4,100,253	4,978,406
10/1/2002-03	6,244,430	8,631,631
10/1/2003-04	9,262,788	10,482,924
10/1/2004-05	15,552,575	13,602,978
10/1/2005-06	15,165,703	12,568,552
10/1/2006-07	13,856,647	19,920,116

**NOTES:**

1. Columns (1) and (2) are from Exhibit WC-5.
2. Columns (3) and (4) are from Exhibit WC-6.

District of Columbia  
Disability Compensation Program  
Workers' Compensation

**Estimated Ultimate Loss and Loss Expense  
Based on the Ratio of IBNR to Case Reserves**

<u>Policy Year</u>	<u>Month of Development</u>	<u>Ratio of IBNR to Case Reserve</u>	<u>Ultimate to Case and IBNR Reserve</u>	<u>All Claims Total Case Reserve</u>	<u>Estimated IBNR Reserve (2) x (4)</u>	<u>Case and IBNR Reserve (4) + (5)</u>	<u>Est. #1 of Ult. Loss and Loss Exp. (3) x (6)</u>
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Prior</b>	300	0.061	48.037	9,312,045	569,887	9,881,932	---
10/1/1983-84	288	0.155	42.112	1,356,368	210,803	1,567,171	---
10/1/1984-85	276	0.231	36.185	653,962	150,989	804,951	---
10/1/1985-86	264	0.283	30.794	1,359,374	385,156	1,744,530	---
10/1/1986-87	252	0.361	26.148	1,150,153	414,926	1,565,078	---
10/1/1987-88	240	0.412	22.257	1,613,456	664,030	2,277,486	---
10/1/1988-89	228	0.480	19.044	204,458	98,153	302,610	---
10/1/1989-90	216	0.524	16.404	733,277	383,890	1,117,167	---
10/1/1990-91	204	0.581	14.233	936,454	544,068	1,480,522	---
10/1/1991-92	192	0.617	12.442	943,869	582,276	1,526,144	---
10/1/1992-93	180	0.665	10.955	1,644,814	1,093,306	2,738,120	---
10/1/1993-94	168	0.711	9.632	692,010	492,030	1,184,041	---
10/1/1994-95	156	0.755	8.479	571,676	431,643	1,003,319	---
10/1/1995-96	144	0.819	7.489	461,080	377,783	838,863	---
10/1/1996-97	132	0.900	6.643	1,094,019	984,124	2,078,143	---
10/1/1997-98	120	1.036	5.924	1,392,616	1,443,093	2,835,709	---
10/1/1998-99	108	1.277	5.311	1,078,158	1,376,397	2,454,555	---
10/1/1999-00	96	1.564	4.788	488,163	763,455	1,251,618	---
10/1/2000-01	84	1.911	4.344	1,042,812	1,992,736	3,035,548	---
10/1/2001-02	72	1.463	3.770	1,181,431	1,728,060	2,909,490	10,969,021
10/1/2002-03	60	1.329	3.237	2,794,643	3,714,092	6,508,734	21,069,662
10/1/2003-04	48	1.780	2.592	2,204,095	3,923,171	6,127,266	15,884,059
10/1/2004-05	36	1.787	2.014	1,441,545	2,576,067	4,017,612	8,092,269
10/1/2005-06	24	1.773	1.549	2,006,144	3,556,677	5,562,821	8,615,961
10/1/2006-07	12	2.266	1.171	6,093,357	13,810,060	19,903,417	23,308,038
<b>Total</b>				<b>42,449,978</b>	<b>42,266,871</b>	<b>84,716,849</b>	

<u>Policy Year</u>	<u>Total Paid</u>	<u>Est. #2 of Ult. Loss and Loss Exp. (6) + (8)</u>
	(8)	(9)
10/1/2001-02	3,012,677	5,922,167
10/1/2002-03	4,315,432	10,824,167
10/1/2003-04	5,689,673	11,816,939
10/1/2004-05	7,831,105	11,848,717
10/1/2005-06	5,374,097	10,936,919
10/1/2006-07	2,024,050	21,927,467

**NOTES:**

- The month of development is the number of months from the beginning of the policy year to the loss evaluation date of 9/30/2007.
- Columns (2) and (3) are from Exhibit WC-6.
- Columns (4) and (8) are from Exhibit WC-5, page 1. The losses include allocated expenses (ALAE).

District of Columbia  
Disability Compensation Program  
Workers' Compensation

**Loss Data as of 9/30/2007**

Policy Year	Closed Claims				Open Claims				All Claims			
	# of	Total	Total Case	Total	# of	Total	Total Case	Total	# of	Total	Total Case	Total
	Claims	Paid	Reserve	Incurred	Claims	Paid	Reserve	Incurred	Claims	Paid	Reserve	Incurred
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
<b>Prior</b>	40	650,200	0	650,200	122	6,697,884	9,312,045	16,009,929	162	7,348,084	9,312,045	16,660,129
10/1/1983-84	3	1,167	0	1,167	21	1,463,807	1,356,368	2,820,175	24	1,464,974	1,356,368	2,821,342
10/1/1984-85	8	95,729	0	95,729	20	1,048,440	653,962	1,702,402	28	1,144,169	653,962	1,798,131
10/1/1985-86	1	28,534	0	28,534	15	690,502	1,359,374	2,049,875	16	719,035	1,359,374	2,078,409
10/1/1986-87	12	144,410	0	144,410	15	841,409	1,150,153	1,991,562	27	985,819	1,150,153	2,135,972
10/1/1987-88	6	99,045	0	99,045	27	1,504,017	1,613,456	3,117,473	33	1,603,062	1,613,456	3,216,518
10/1/1988-89	6	88,285	0	88,285	14	670,229	204,458	874,687	20	758,515	204,458	962,972
10/1/1989-90	6	34,409	0	34,409	26	1,446,384	733,277	2,179,660	32	1,480,792	733,277	2,214,069
10/1/1990-91	10	235,132	0	235,132	16	945,801	936,454	1,882,255	26	1,180,932	936,454	2,117,386
10/1/1991-92	11	124,242	0	124,242	15	889,199	943,869	1,833,068	26	1,013,441	943,869	1,957,309
10/1/1992-93	13	96,766	0	96,766	22	1,257,127	1,644,814	2,901,940	35	1,353,892	1,644,814	2,998,706
10/1/1993-94	23	128,650	0	128,650	25	1,234,298	692,010	1,926,309	48	1,362,948	692,010	2,054,958
10/1/1994-95	10	165,202	0	165,202	25	1,798,513	571,676	2,370,189	35	1,963,716	571,676	2,535,391
10/1/1995-96	20	306,066	0	306,066	19	1,043,938	461,080	1,505,017	39	1,350,004	461,080	1,811,084
10/1/1996-97	22	416,408	0	416,408	29	1,674,254	1,094,019	2,768,273	51	2,090,662	1,094,019	3,184,681
10/1/1997-98	23	287,659	0	287,659	23	1,344,895	1,392,616	2,737,511	46	1,632,554	1,392,616	3,025,170
10/1/1998-99	13	256,990	0	256,990	23	1,797,068	1,078,158	2,875,227	36	2,054,059	1,078,158	3,132,217
10/1/1999-00	39	861,715	0	861,715	23	1,550,854	488,163	2,039,017	62	2,412,569	488,163	2,900,732
10/1/2000-01	103	695,772	0	695,772	35	1,469,641	1,042,812	2,512,452	138	2,165,413	1,042,812	3,208,224
10/1/2001-02	155	787,196	0	787,196	33	2,225,481	1,181,431	3,406,911	188	3,012,677	1,181,431	4,194,107
10/1/2002-03	284	1,498,660	0	1,498,660	45	2,816,772	2,794,643	5,611,414	329	4,315,432	2,794,643	7,110,075
10/1/2003-04	835	2,918,250	0	2,918,250	58	2,771,423	2,204,095	4,975,518	893	5,689,673	2,204,095	7,893,768
10/1/2004-05	1,392	3,987,055	0	3,987,055	96	3,844,050	1,441,545	5,285,595	1,488	7,831,105	1,441,545	9,272,651
10/1/2005-06	1,385	2,411,074	0	2,411,074	139	2,963,023	2,006,144	4,969,168	1,524	5,374,097	2,006,144	7,380,242
10/1/2006-07	836	415,003	0	415,003	658	1,609,047	6,093,357	7,702,403	1,494	2,024,050	6,093,357	8,117,407
<b>Total</b>	<b>5,256</b>	<b>16,733,618</b>	<b>0</b>	<b>16,733,618</b>	<b>1,544</b>	<b>45,598,055</b>	<b>42,449,978</b>	<b>88,048,033</b>	<b>6,800</b>	<b>62,331,673</b>	<b>42,449,978</b>	<b>104,781,651</b>

**NOTES:**

1. Summary of loss data received from the District of Columbia. Excel file name is "DC Govt. Actuarial Report as of 9-30-07 ."
2. Total Paid Loss is the sum of columns titled "Indemnity Paid", "Medical Paid", and "Expense Paid."
3. Total Incurred is the sum of columns titled "Indemnity Incurred", "Medical Incurred", and "Expense Incurred."
4. Claims are organized into the policy year based on the "Date of Loss."

District of Columbia  
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Loss Data as of 9/30/2006

Policy Year	Closed Claims				Open Claims				All Claims			
	# of Claims	Total Paid	Total Case Reserve	Total Incurred	# of Claims	Total Paid	Total Case Reserve	Total Incurred	# of Claims	Total Paid	Total Case Reserve	Total Incurred
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Prior	24	250,856	0	250,856	137	4,474,897	5,347,032	9,821,929	161	4,725,753	5,347,032	10,072,785
10/1/1983-84	1	480	0	480	23	1,064,207	682,903	1,747,110	24	1,064,687	682,903	1,747,590
10/1/1984-85	6	49,982	0	49,982	20	689,380	1,086,913	1,776,293	26	739,362	1,086,913	1,826,275
10/1/1985-86	1	260	0	260	14	467,423	519,194	986,617	15	467,683	519,194	986,877
10/1/1986-87	10	89,161	0	89,161	16	567,415	643,973	1,211,388	26	656,576	643,973	1,300,549
10/1/1987-88	3	37,215	0	37,215	30	1,048,149	763,374	1,811,523	33	1,085,364	763,374	1,848,739
10/1/1988-89	3	1,132	0	1,132	17	527,990	445,015	973,005	20	529,122	445,015	974,138
10/1/1989-90	2	1,050	0	1,050	30	908,123	650,826	1,558,949	32	909,173	650,826	1,559,999
10/1/1990-91	6	160,546	0	160,546	20	687,887	461,219	1,149,106	26	848,433	461,219	1,309,652
10/1/1991-92	4	21,994	0	21,994	22	715,862	414,847	1,130,709	26	737,856	414,847	1,152,703
10/1/1992-93	11	69,347	0	69,347	23	831,273	1,486,156	2,317,429	34	900,620	1,486,156	2,386,775
10/1/1993-94	16	10,291	0	10,291	32	949,747	663,506	1,613,253	48	960,038	663,506	1,623,544
10/1/1994-95	6	15,435	0	15,435	28	1,192,014	528,164	1,720,178	34	1,207,449	528,164	1,735,613
10/1/1995-96	14	155,018	0	155,018	23	757,941	373,391	1,131,332	37	912,959	373,391	1,286,350
10/1/1996-97	13	87,171	0	87,171	39	1,481,480	1,181,185	2,662,666	52	1,568,652	1,181,185	2,749,837
10/1/1997-98	18	76,536	0	76,536	27	1,149,287	1,211,577	2,360,864	45	1,225,823	1,211,577	2,437,400
10/1/1998-99	7	13,718	0	13,718	29	1,208,174	717,654	1,925,828	36	1,221,892	717,654	1,939,546
10/1/1999-00	26	478,629	0	478,629	36	1,376,255	816,123	2,192,377	62	1,854,884	816,123	2,671,007
10/1/2000-01	78	353,658	0	353,658	61	1,392,517	953,562	2,346,079	139	1,746,175	953,562	2,699,737
10/1/2001-02	120	427,702	0	427,702	56	1,713,862	823,048	2,536,910	176	2,141,564	823,048	2,964,612
10/1/2002-03	244	579,414	0	579,414	75	2,813,727	1,343,677	4,157,404	319	3,393,141	1,343,677	4,736,818
10/1/2003-04	784	1,613,839	0	1,613,839	111	3,179,674	2,254,423	5,434,098	895	4,793,513	2,254,423	7,047,937
10/1/2004-05	1,265	2,031,967	0	2,031,967	224	4,253,622	2,816,476	7,070,099	1,489	6,285,590	2,816,476	9,102,066
10/1/2005-06	800	583,404	0	583,404	667	1,763,989	4,702,408	6,466,397	1,467	2,347,392	4,702,408	7,049,801
<b>Total</b>	<b>3,462</b>	<b>7,108,805</b>	<b>0</b>	<b>7,108,805</b>	<b>1,760</b>	<b>35,214,896</b>	<b>30,886,647</b>	<b>66,101,543</b>	<b>5,222</b>	<b>42,323,701</b>	<b>30,886,647</b>	<b>73,210,349</b>

NOTES:

1. Summary of loss data received from the District of Columbia. Excel file name is "Data Dump 10-3-06."
2. Total Paid Loss is the sum of columns titled "Indemnity Paid", "Medical Paid", and "Expense Paid."
3. Total Incurred is the sum of columns titled "Indemnity Incurred", "Medical Incurred", and "Expense Incurred."
4. Claims are organized into the policy year based on the "Incident Date."

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**Loss Data as of 9/30/2005**

Policy Year	Closed Claims				Open Claims				All Claims			
	# of Claims	Total Paid	Total Case Reserve	Total Incurred	# of Claims	Total Paid	Total Case Reserve	Total Incurred	# of Claims	Total Paid	Total Case Reserve	Total Incurred
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
<b>Prior</b>	6	11,290	0	11,290	123	2,188,401	2,964,078	5,470,443	129	2,199,690	2,964,078	5,481,733
10/1/1983-84	0	0	0	0	22	486,429	592,514	1,138,176	22	486,429	592,514	1,138,176
10/1/1984-85	0	0	0	0	25	334,128	1,100,942	1,477,078	25	334,128	1,100,942	1,477,078
10/1/1985-86	0	0	0	0	15	214,996	413,782	649,203	15	214,996	413,782	649,203
10/1/1986-87	1	393	-393	0	23	326,216	380,906	740,859	24	326,609	380,513	740,859
10/1/1987-88	1	58	-58	0	26	487,408	579,797	1,104,995	27	487,466	579,739	1,104,995
10/1/1988-89	1	0	0	0	18	238,540	349,321	646,697	19	238,540	349,321	646,697
10/1/1989-90	1	0	0	0	27	406,267	263,850	752,596	28	406,267	263,850	752,596
10/1/1990-91	1	0	0	0	24	402,742	322,947	801,838	25	402,742	322,947	801,838
10/1/1991-92	1	832	1,176	2,008	24	372,552	323,760	721,827	25	373,384	324,936	723,835
10/1/1992-93	1	0	0	0	28	465,267	1,475,110	1,963,397	29	465,267	1,475,110	1,963,397
10/1/1993-94	1	353	0	353	42	436,421	630,153	1,150,403	43	436,774	630,153	1,150,756
10/1/1994-95	1	0	0	0	32	559,485	408,719	1,012,655	33	559,485	408,719	1,012,655
10/1/1995-96	1	6,054	0	6,054	27	419,846	329,208	794,588	28	425,900	329,208	800,641
10/1/1996-97	1	0	0	0	46	730,719	975,676	1,770,565	47	730,719	975,676	1,770,565
10/1/1997-98	3	334	135	469	36	571,017	1,092,021	1,782,713	39	571,350	1,092,156	1,783,182
10/1/1998-99	1	2,108	0	2,108	27	576,752	451,126	1,074,287	28	578,860	451,126	1,076,395
10/1/1999-00	8	3,791	-53	3,738	46	756,730	841,898	1,707,971	54	760,521	841,845	1,711,709
10/1/2000-01	12	66,878	299	67,176	79	835,027	821,918	1,747,346	91	901,905	822,217	1,814,523
10/1/2001-02	20	16,369	-750	15,618	85	1,043,576	853,154	1,970,618	105	1,059,945	852,404	1,986,237
10/1/2002-03	38	55,409	876	56,371	191	1,492,053	1,534,695	3,047,063	229	1,547,462	1,535,571	3,103,434
10/1/2003-04	207	98,750	36,306	133,466	574	2,655,373	2,723,413	5,548,288	781	2,754,123	2,759,719	5,681,754
10/1/2004-05	125	83,302	-340	82,962	848	2,246,092	4,083,853	6,497,139	973	2,329,395	4,083,513	6,580,102
<b>Total</b>	<b>431</b>	<b>345,920</b>	<b>37,197</b>	<b>381,613</b>	<b>2,388</b>	<b>18,246,036</b>	<b>23,512,840</b>	<b>43,570,746</b>	<b>2,819</b>	<b>18,591,956</b>	<b>23,550,037</b>	<b>43,952,359</b>

**NOTES:**

- Summary of loss data received from the District of Columbia. Excel file name is "WC loss run by claim type."
- Total Paid Loss, Columns (2), (6), and (10), is the sum of columns titled "Comp Paid", "Medical Paid", "Rehab Paid", and "Other Paid."
- Total Case Reserve, Columns (3), (7), and (11), is the sum of columns titled "Comp Res", "Medical Res", "Rehab Res", and "Other Res."
- Total Incurred, Columns (4), (8), and (12), is the column titled "Total Incurred" from the excel file named in Note 1.
- The sum of the Paid Loss and Case Reserve does not equal to the Total Incurred in all policy years. This inconsistency has been discussed with the District of Columbia. The Total Case Reserve is assumed to be correct.
- Claims are organized into the policy year based on the "Event Date."

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**IBNR Ratios to Case Loss Reserves**

Month of Development	Paid Loss Dev. Factor	Percent Paid 1 / (1)	Incurred Loss Dev. Factor	Percent Incurred 1 / (3)	% of Case Reserves (4) - (2)	% of IBNR Reserves 1 - (4)	Ratio of IBNR to Case Reserves (6) / (5)	Ultimate to Case and IBNR Reserves 1 / [(5)+(6)]
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
12	6.846	14.6%	2.454	40.7%	26.1%	59.3%	2.266	1.171
24	2.822	35.4%	1.703	58.7%	23.3%	41.3%	1.773	1.549
36	1.986	50.4%	1.467	68.2%	17.8%	31.8%	1.787	2.014
48	1.628	61.4%	1.328	75.3%	13.9%	24.7%	1.780	2.592
60	1.447	69.1%	1.214	82.4%	13.3%	17.6%	1.329	3.237
72	1.361	73.5%	1.187	84.2%	10.8%	15.8%	1.463	3.770
84	1.299	77.0%	1.178	84.9%	7.9%	15.1%	1.911	4.344
96	1.264	79.1%	1.146	87.3%	8.1%	12.7%	1.564	4.788
108	1.232	81.2%	1.118	89.4%	8.3%	10.6%	1.277	5.311
120	1.203	83.1%	1.094	91.4%	8.3%	8.6%	1.036	5.924
132	1.177	84.9%	1.077	92.9%	7.9%	7.1%	0.900	6.643
144	1.154	86.6%	1.064	94.0%	7.3%	6.0%	0.819	7.489
156	1.134	88.2%	1.053	94.9%	6.7%	5.1%	0.755	8.479
168	1.116	89.6%	1.045	95.7%	6.1%	4.3%	0.711	9.632
180	1.100	90.9%	1.038	96.4%	5.5%	3.6%	0.665	10.955
192	1.087	92.0%	1.032	96.9%	5.0%	3.1%	0.617	12.442
204	1.076	93.0%	1.027	97.4%	4.4%	2.6%	0.581	14.233
216	1.065	93.9%	1.021	97.9%	4.0%	2.1%	0.524	16.404
228	1.055	94.7%	1.017	98.3%	3.5%	1.7%	0.480	19.044
240	1.047	95.5%	1.013	98.7%	3.2%	1.3%	0.412	22.257
252	1.040	96.2%	1.010	99.0%	2.8%	1.0%	0.361	26.148
264	1.034	96.8%	1.007	99.3%	2.5%	0.7%	0.283	30.794
276	1.028	97.2%	1.005	99.5%	2.2%	0.5%	0.231	36.185
288	1.024	97.6%	1.003	99.7%	2.1%	0.3%	0.155	42.112
300	1.021	97.9%	1.001	99.9%	2.0%	0.1%	0.061	48.037

**NOTES:**

1. Columns (1) and (3) are from Exhibit WC-8.

District of Columbia  
Disability Compensation Program  
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<b>Present Value Factor</b>						
<u>Month of Development</u>	<u>Paid Loss Development Factor</u>	<u>% Paid 1 / (1)</u>	<u>Incremental % Paid</u>	<u>Present Value Factor at 3.0% Per Year</u>	<u>Pres. Value Factor for Future Policy Year (3) x (4)</u>	<u>Pres. Value Factor for the Month of Development</u>
	(1)	(2)	(3)	(4)	(5)	(6)
12	6.846	14.6%	14.6%	0.985	0.144	0.872
24	2.822	35.4%	20.8%	0.957	0.199	0.860
36	1.986	50.4%	15.0%	0.929	0.139	0.847
48	1.628	61.4%	11.0%	0.902	0.099	0.831
60	1.447	69.1%	7.7%	0.875	0.067	0.817
72	1.361	73.5%	4.4%	0.850	0.037	0.813
84	1.299	77.0%	3.5%	0.825	0.029	0.810
96	1.264	79.1%	2.1%	0.801	0.017	0.816
108	1.232	81.2%	2.1%	0.778	0.016	0.821
120	1.203	83.1%	1.9%	0.755	0.014	0.826
132	1.177	84.9%	1.8%	0.733	0.013	0.832
144	1.154	86.6%	1.7%	0.712	0.012	0.837
156	1.134	88.2%	1.6%	0.691	0.011	0.841
168	1.116	89.6%	1.4%	0.671	0.009	0.846
180	1.100	90.9%	1.3%	0.651	0.008	0.851
192	1.087	92.0%	1.1%	0.632	0.007	0.858
204	1.076	93.0%	1.0%	0.614	0.006	0.865
216	1.065	93.9%	0.9%	0.596	0.005	0.872
228	1.055	94.7%	0.8%	0.579	0.005	0.881
240	1.047	95.5%	0.8%	0.562	0.004	0.888
252	1.040	96.2%	0.7%	0.546	0.004	0.896
264	1.034	96.8%	0.6%	0.530	0.003	0.906
276	1.028	97.2%	0.4%	0.514	0.002	0.921
288	1.024	97.6%	0.4%	0.499	0.002	0.938
300	1.021	97.9%	0.3%	0.485	0.001	0.959
312	1.019	98.1%	0.2%	0.471	0.001	0.957
324	1.000	100.0%	1.9%	0.457	0.009	
					<b>0.866</b>	

**NOTES:**

1. Column (1) is from Exhibit WC-8.
2. The Present Value Factor in Column (4) assumes that the average payment is in the middle of the year.
3. The Present Value Factor in Column (5), (Total), is the present value factor applicable to a future policy period.
4. The Present Value Factors in Column (6) are the factors applicable to past policy years at various stages of development. For example, the factor at 12 months is for a policy year that is 1 year (or 12 months) old, counting the number of months from the beginning of the policy year.

District of Columbia  
Disability Compensation Program  
Workers' Compensation

**Insurance Industry Loss Development Factors**

<u>Month of Development</u>	<u>Paid Loss Development Factor</u> (1)	<u>Incurred Loss Development Factor</u> (2)
12	6.846	2.454
24	2.822	1.703
36	1.986	1.467
48	1.628	1.328
60	1.447	1.214
72	1.361	1.187
84	1.299	1.178
96	1.264	1.146
108	1.232	1.118
120	1.203	1.094
132	1.177	1.077
144	1.154	1.064
156	1.134	1.053
168	1.116	1.045
180	1.100	1.038
192	1.087	1.032
204	1.076	1.027
216	1.065	1.021
228	1.055	1.017
240	1.047	1.013
252	1.040	1.010
264	1.034	1.007
276	1.028	1.005
288	1.024	1.003
300	1.021	1.001
312	1.019	1.000

**NOTES:**

1. Source: NCCI Annual Statistical Bulletin, 2007 Edition.
2. Loss development factors are for Total Indemnity and Medical Combined. Cumulative Latest 2 Year factors are selected.
3. Factors up through 96 months are from the Statistical Bulletin. Factors beyond 96 months are estimates.

District of Columbia  
Disability Compensation Program  
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Direct Business

**Insurance Industry Factor for Loss and Loss Expense**

Accident Year	Paid Loss (1)	Paid ALAE (2)	Paid ULAE (3)	Case Loss Reserve (4)	Case ALAE Reserve (5)	ULAE Reserve (6)
1991	31,566,571	2,158,778	1,777,287	2,238,712	38,431	105,387
1992	25,007,242	1,841,307	1,705,687	2,117,601	38,189	117,342
1993	20,891,201	1,539,427	1,637,367	2,021,196	34,860	112,556
1994	17,756,200	1,553,781	1,629,114	2,032,807	46,547	130,070
1995	15,499,344	1,473,970	1,707,644	2,259,525	49,026	161,427
1996	15,088,646	1,448,230	1,718,271	2,507,057	74,280	192,902
1997	15,047,399	1,392,544	1,851,390	3,374,262	110,670	236,765
1998	15,047,422	1,236,877	1,824,496	5,009,899	193,847	368,768
1999	12,099,193	858,010	1,540,815	7,106,790	297,310	591,015
2000	5,535,586	387,617	1,039,328	8,458,321	390,735	1,195,736
<b>Total</b>	<b>173,538,804</b>	<b>13,890,541</b>	<b>16,431,399</b>	<b>37,126,170</b>	<b>1,273,895</b>	<b>3,211,968</b>
<b>Last 5 Yrs</b>	<b>62,818,246</b>	<b>5,323,278</b>	<b>7,974,300</b>	<b>26,456,329</b>	<b>1,066,842</b>	<b>2,585,186</b>

Accident Year	IBNR Loss Reserve (7)	IBNR ALAE Reserve (8)	Ultimate Loss (1) + (4) + (7) (9)	Ultimate ALAE (2)+(5)+(8) (10)	Ultimate ULAE (3) + (6) (11)	Ratio of ULAE Expense to Loss & ALAE (11) / [(9)+(10)] (12)
1991	1,395,334	167,273	35,200,617	2,364,482	1,882,674	5.0%
1992	1,491,083	191,619	28,615,926	2,071,115	1,823,029	5.9%
1993	1,500,264	221,699	24,412,661	1,795,986	1,749,923	6.7%
1994	1,579,728	238,468	21,368,735	1,838,796	1,759,184	7.6%
1995	1,773,433	281,701	19,532,302	1,804,697	1,869,071	8.8%
1996	1,965,472	334,622	19,561,175	1,857,132	1,911,173	8.9%
1997	2,225,059	442,325	20,646,720	1,945,539	2,088,155	9.2%
1998	2,995,728	645,373	23,053,049	2,076,097	2,193,264	8.7%
1999	4,874,449	989,744	24,080,432	2,145,064	2,131,830	8.1%
2000	10,353,546	1,498,737	24,347,453	2,277,089	2,235,064	8.4%
<b>Total</b>	<b>30,154,096</b>	<b>5,011,561</b>	<b>240,819,070</b>	<b>20,175,997</b>	<b>19,643,367</b>	<b>7.5%</b>
<b>Last 5 Yrs</b>	<b>22,414,254</b>	<b>3,910,801</b>	<b>111,688,829</b>	<b>10,300,921</b>	<b>10,559,486</b>	<b>8.7%</b>
					Selected:	<b>8.7%</b>

**NOTES:**

1. Source: Best's Aggregates and Averages. Consolidated Industry Totals, Year 2000 Annual Statement, Schedule P - Part 1D, Workers' Compensation.

District of Columbia  
Police and Fire Self-Insured Program  
Workers' Compensation - Indemnity Only

Summary of Indemnity Loss Reserves as of 9/30/2007

	Indemnity Case Loss Reserve (1)	Indemnity IBNR Loss Reserve (3) - (1) (2)	Indemnity Case and IBNR Loss Reserve (3)
1. Police Department (Column (3) From Exhibit PF-2)	198,088	388,134	586,222
2. Fire Department ( Column (3) From Exhibit PF-3)	158,107	217,479	375,586
3. Total (1) + (2)	356,195	605,613	961,808

**NOTES:**

1. The Departments included in this analysis are the Metropolitan Police Department and Fire Department.
2. The case indemnity loss reserve, Column (1), is from data provided by the Metropolitan Police Department and Fire Department.

District of Columbia  
Police and Fire Self-Insured Program  
Workers' Compensation - Indemnity Only

**Metropolitan Police Department  
Indemnity Case and IBNR Loss Reserve Estimate as of 9/30/2007**

Injury Month	Number of Officers on POD				Case Reserve for Open Claims	Estimated Additional Hours for Open Claims	Number of New Claims Expected to be Reported	Average Hourly Rate for All Officers on POD
	Closed Claims in 9/30/2007 Report	Open Claims as of 9/30/2007	Total Claims 9/30/2007 Report	Open Claim Hours Used				
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Prior to 10/1/2006	20	2	22	2,440	44,160	0	0	32.837
Oct 2006	59	4	63	2,222	16,932	0	0	31.940
Nov 2006	48	3	51	1,381	18,480	0	0	31.742
Dec 2006	53	0	53	0	0	0	0	32.956
Jan 2007	44	1	45	1,400	17,040	0	0	28.514
Feb 2007	63	4	67	1,817	13,392	0	0	30.719
March 2007	56	2	58	1,027	0	0	0	31.877
April 2007	46	0	46	0	0	0	0	31.665
May 2007	42	3	45	376	4,706	824	0	34.211
June 2007	52	2	54	1,096	24,101	0	0	33.262
July 2007	57	4	61	1,616	42,819	0	0	32.188
Aug 2007	44	4	48	80	2,898	1,520	0	30.174
Sept 2007	29	4	33	152	13,560	1,448	21	32.459
<b>Total</b>	<b>613</b>	<b>33</b>	<b>646</b>	<b>13,607</b>	<b>198,088</b>	<b>3,792</b>	<b>21</b>	<b>31.835</b>

9. Indemnity Case Reserve for Open POD Claims (Column (5))	198,088
10. Estimated Indemnity IBNR Reserve for Open POD Claims Total of Column (6) x Total/Average of Column (8)	120,718
11. Estimated Indemnity IBNR Reserve for New Claims Expected to be Reported Total of Column (7) x 400 Hours x Total/Average of Column (8)	267,416
12. Total Indemnity Case and IBNR Reserve as of 9/30/2007 (9) + (10) + (11)	586,222

**NOTES:**

- Columns (1) to (5) are based on a list of officers on a POD report as of 9/30/2007 received from the Metropolitan Police Department. Column (8) is an average of the officers listed in the report.
- Column (6) is based on the assumption that the average claim is for 400 hours. This average is derived using closed claims in the database that have been paid for over 20 days (160 hours). Column (6) is 400 hours x Column (2) - Column (4), with a minimum of 0 hours.
- Column (7) is the estimated number of new POD claims with injury date prior to 10/1/2007 and reported after 9/30/2007. It is assumed that there are, on average, 54 POD claims per month. It is assumed that newly reported claims will only occur for injury dates in September 2007; thus, Column (7) is 54 claims less the number of total (reported) claims for September 2007.

District of Columbia  
Police and Fire Self-Insured Program  
Workers' Compensation - Indemnity Only

**Fire Department**  
**Indemnity Case and IBNR Loss Reserve Estimate as of 9/30/2007**

Injury Month	Number of Workers on POD				Case Reserve for Open Claims	Estimated Additional Hours for Open Claims	Number of New Claims Expected to be Reported	Average Hourly Rate for All Officers on POD
	Closed Claims in 9/30/2007 Report	Open Claims as of 9/30/2007	Total Claims 9/30/2007 Report	Open Claim Hours Used				
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Prior to 10/1/2006	23	2	25	3,984	13,935	0	0	30.280
Oct 2006	35	1	36	1,645	7,798	0	0	29.644
Nov 2006	15	1	16	1,056	18,368	0	0	29.110
Dec 2006	29	1	30	960	12,400	0	0	29.791
Jan 2007	17	0	17	0	0	0	0	28.419
Feb 2007	22	1	23	944	1,305	0	0	27.509
March 2007	24	1	25	624	10,872	0	0	30.332
April 2007	28	1	29	528	13,070	0	0	27.646
May 2007	35	2	37	1,244	20,367	0	0	28.833
June 2007	37	2	39	1,233	1,928	0	0	27.647
July 2007	29	1	30	382	5,473	18	0	27.587
Aug 2007	25	2	27	402	24,462	398	0	27.793
Sept 2007	9	9	18	411	28,129	3,189	10	26.857
<b>Total</b>	<b>328</b>	<b>24</b>	<b>352</b>	<b>13,413</b>	<b>158,107</b>	<b>3,605</b>	<b>10</b>	<b>28.60</b>

9. Indemnity Case Reserve for Open POD Claims (Column (5))	158,107
10. Estimated Indemnity IBNR Reserve for Open POD Claims Total of Column (6) x Total/Average of Column (8)	103,092
11. Estimated Indemnity IBNR Reserve for New Claims Expected to be Reported Total of Column (7) x 400 Hours x Total/Average of Column (8)	114,387
12. Total Indemnity Case and IBNR Reserve as of 9/30/2007 (9) + (10) + (11)	375,586

**NOTES:**

- Columns (1) to (5) are based on a list of employees on a POD report as of 9/30/2007 received from the Fire Department. Column (8) is an average of the employees listed in the report.
- Column (6) is based on the assumption that the average claim is for 400 hours. This average is derived using closed claims in the database that have been paid for over 20 days (160 hours). Column (6) is 400 hours x Column (2) - Column (4), with a minimum of 0 hours.
- Column (7) is the estimated number of new POD claims with injury date prior to 10/1/2007 and reported after 9/30/2007. It is assumed that there are, on average, 28 POD claims per month. It is assumed that newly reported claims will only occur for injury dates in September 2007; thus, Column (7) is 28 claims less the number of total (reported) claims for September 2007.

District of Columbia  
Self-Insured Program  
General Liability

**Present Value of Case and IBNR Loss and Loss Expense Reserve  
Estimate as of 9/30/2007**

<u>Policy Year</u>	<u>Month of Development</u>	<u>Estimated Case and IBNR Reserves</u>	<u>Present Value Factor</u>	<u>Present Value of Case and IBNR Reserves (2) x (3)</u>
	(1)	(2)	(3)	(4)
<b>Prior</b>	180	308,878	1.000	308,878
10/1/1993-94	168	0	1.000	0
10/1/1994-95	156	0	1.000	0
10/1/1995-96	144	0	0.942	0
10/1/1996-97	132	5,931	0.928	5,503
10/1/1997-98	120	13,921	0.914	12,725
10/1/1998-99	108	29,102	0.893	26,000
10/1/1999-00	96	28,680	0.897	25,732
10/1/2000-01	84	269,919	0.889	239,960
10/1/2001-02	72	407,315	0.896	365,034
10/1/2002-03	60	1,078,904	0.889	958,817
10/1/2003-04	48	1,501,829	0.888	1,333,930
10/1/2004-05	36	2,184,275	0.892	1,948,423
10/1/2005-06	24	7,417,049	0.894	6,631,973
10/1/2006-07	12	3,748,805	0.892	3,344,830
<b>Total</b>		<u>16,994,608</u>		<u>15,201,804</u>

**NOTES:**

1. Column (2) is from Exhibit GL-2.
2. Column (3) is from Exhibit GL-7.

District of Columbia  
Self-Insured Program  
General Liability

**Estimated Ultimate Loss and Loss Expense**

<u>Policy Year</u>	<u>Total Paid Loss and Loss Expense</u>	<u>Total Case Loss and Loss Exp. Reserves</u>	<u>Total Incurred Loss and Loss Expense</u>	<u>Selected Ultimate Loss and Loss Expense</u>	<u>Estimated IBNR Reserves</u>	<u>Estimated Case and IBNR Reserves (2) + (5)</u>
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Prior</b>	127,487	151,161	278,648		157,717	308,878
10/1/1993-94	0	0	0		0	0
10/1/1994-95	0	0	0		0	0
10/1/1995-96	0	0	0		0	0
10/1/1996-97	0	2,000	2,000		3,931	5,931
10/1/1997-98	0	5,000	5,000		8,921	13,921
10/1/1998-99	0	10,717	10,717		18,385	29,102
10/1/1999-00	0	10,500	10,500		18,180	28,680
10/1/2000-01	49,178	109,200	158,378		160,719	269,919
10/1/2001-02	537,387	194,910	732,297	944,702	212,405	407,315
10/1/2002-03	200,268	601,347	801,616	1,279,173	477,557	1,078,904
10/1/2003-04	517,679	838,445	1,356,124	2,019,508	663,384	1,501,829
10/1/2004-05	169,724	1,136,976	1,306,700	2,353,999	1,047,298	2,184,275
10/1/2005-06	187,796	3,196,977	3,384,773	7,604,845	4,220,072	7,417,049
10/1/2006-07	2,203	903,323	905,525	3,751,007	2,845,482	3,748,805
<b>Total</b>	<b>1,791,722</b>	<b>7,160,556</b>	<b>8,952,278</b>		<b>9,834,052</b>	<b>16,994,608</b>

**NOTES:**

1. Columns (1) to (3) are from Exhibit GL-5.
2. Column (4) is from Exhibit GL-3.
3. Column (5) is from Exhibit GL-4, page 2, for policy years 10/1/2000-01 and prior. The remaining years are Column (4) minus Column (3).

District of Columbia  
Self-Insured Program  
General Liability

**Selected Ultimate Loss and Loss Expense**

<u>Policy Year</u>	<u>Total Paid Loss and Loss Expense</u> (1)	<u>Total Case Loss and Loss Exp. Reserve</u> (2)	<u>Total Incurred Loss and Loss Expense</u> (3)
10/1/2001-02	537,387	194,910	732,297
10/1/2002-03	200,268	601,347	801,616
10/1/2003-04	517,679	838,445	1,356,124
10/1/2004-05	169,724	1,136,976	1,306,700
10/1/2005-06	187,796	3,196,977	3,384,773
10/1/2006-07	2,203	903,323	905,525

<u>Policy Year</u>	<u>Estimated Ultimate Loss and Loss Expense Based on:</u>				<u>Selected Ult. Loss and Loss Expense</u> (8)
	<u>Paid Loss Dev.</u> (4)	<u>Incurred Loss Dev.</u> (5)	<u>IBNR to Case Reserve Est. #1</u> (6)	<u>IBNR to Case Reserve Est. #2</u> (7)	
10/1/2001-02	728,385	868,241	1,844,921	1,021,164	944,702
10/1/2002-03	291,382	973,842	4,426,787	1,584,503	1,279,173
10/1/2003-04	854,889	1,718,741	4,569,911	2,320,275	2,019,508
10/1/2004-05	353,561	1,863,816	5,143,598	2,844,181	2,353,999
10/1/2005-06	587,354	6,027,731	13,221,503	9,181,959	7,604,845
10/1/2006-07	15,359	2,904,353	5,364,777	4,597,662	3,751,007

**NOTES:**

- Columns (1) and (3) are from Exhibit GL-5.
- Columns (4) to (7) are from Exhibit GL-4.
- The selected ultimate loss and loss expense in Column (8) is shown for the six recent policy years. The following weights are applied to Columns (4) to (7) for each policy year:

<u>Policy Year</u>	<u>Column (4)</u>	<u>Column (5)</u>	<u>Column (6)</u>	<u>Column (7)</u>
10/1/2001-02	0%	50%	0%	50%
10/1/2002-03	0%	50%	0%	50%
10/1/2003-04	0%	50%	0%	50%
10/1/2004-05	0%	50%	0%	50%
10/1/2005-06	0%	50%	0%	50%
10/1/2006-07	0%	50%	0%	50%

District of Columbia  
Self-Insured Program  
General Liability

**Estimated Ultimate Loss and Loss Expense  
Based on the Loss Development Factor Method**

<u>Policy Year</u>	<u>Total Paid Loss and Loss Expense</u> (1)	<u>Total Incurred Loss and Loss Expense</u> (2)	<u>Paid Loss Dev. Factor</u> (3)	<u>Incurred Loss Dev. Factor</u> (4)
10/1/2001-02	537,387	732,297	1.355	1.186
10/1/2002-03	200,268	801,616	1.455	1.215
10/1/2003-04	517,679	1,356,124	1.651	1.267
10/1/2004-05	169,724	1,306,700	2.083	1.426
10/1/2005-06	187,796	3,384,773	3.128	1.781
10/1/2006-07	2,203	905,525	6.973	3.207

**Estimated Ultimate Loss and  
Loss Expense Based on:**

<u>Policy Year</u>	<u>Paid Loss Dev.</u> (1) x (3) (5)	<u>Inc. Loss Dev.</u> (2) x (4) (6)
10/1/2001-02	728,385	868,241
10/1/2002-03	291,382	973,842
10/1/2003-04	854,889	1,718,741
10/1/2004-05	353,561	1,863,816
10/1/2005-06	587,354	6,027,731
10/1/2006-07	15,359	2,904,353

**NOTES:**

1. Columns (1) and (2) are from Exhibit GL-5.
2. Columns (3) and (4) are from Exhibit GL-6.

District of Columbia  
Self-Insured Program  
General Liability

**Estimated Ultimate Loss and Loss Expense  
Based on the Ratio of IBNR to Case Reserves**

<u>Policy Year</u>	<u>Month of Development</u> (1)	<u>Ratio of IBNR to Case Reserve</u> (2)	<u>Ultimate to Case and IBNR Reserve</u> (3)	<u>All Claims Total Case Reserve</u> (4)	<u>Estimated IBNR Reserve (2) x (4)</u> (5)	<u>Case and IBNR Reserve (4) + (5)</u> (6)	<u>Est. #1 of Ult. Loss and Loss Exp. (3) x (6)</u> (7)
Prior	180	1.043	48.096	151,161	157,717	308,878	---
10/1/1993-94	168	1.043	25.005	0	0	0	---
10/1/1994-95	156	1.458	17.002	0	0	0	---
10/1/1995-96	144	1.748	12.942	0	0	0	---
10/1/1996-97	132	1.965	10.486	2,000	3,931	5,931	---
10/1/1997-98	120	1.784	8.842	5,000	8,921	13,921	---
10/1/1998-99	108	1.715	8.300	10,717	18,385	29,102	---
10/1/1999-00	96	1.731	6.203	10,500	18,180	28,680	---
10/1/2000-01	84	1.472	5.229	109,200	160,719	269,919	---
10/1/2001-02	72	1.482	3.814	194,910	288,867	483,776	1,844,921
10/1/2002-03	60	1.302	3.198	601,347	782,888	1,384,235	4,426,787
10/1/2003-04	48	1.150	2.535	838,445	964,151	1,802,597	4,569,911
10/1/2004-05	36	1.352	1.923	1,136,976	1,537,481	2,674,457	5,143,598
10/1/2005-06	24	1.813	1.470	3,196,977	5,797,186	8,994,164	13,221,503
10/1/2006-07	12	4.087	1.167	903,323	3,692,136	4,595,459	5,364,777
<b>Total</b>				<u>7,160,556</u>	<u>13,430,562</u>	<u>20,591,118</u>	

<u>Policy Year</u>	<u>Total Paid</u> (8)	<u>Est. #2 of Ult. Loss and Loss Exp. (6) + (8)</u> (9)
10/1/2001-02	537,387	1,021,164
10/1/2002-03	200,268	1,584,503
10/1/2003-04	517,679	2,320,275
10/1/2004-05	169,724	2,844,181
10/1/2005-06	187,796	9,181,959
10/1/2006-07	2,203	4,597,662

**NOTES:**

1. The month of development is the number of months from the beginning of the policy year to the loss evaluation date of 9/30/2007.
2. Columns (2) and (3) are from Exhibit GL-6.
3. Column (4) is from Exhibit GL-5.

District of Columbia  
Self-Insured Program  
General Liability

**Loss Data as of 9/30/2007**

Policy Year	Closed Claims				Open Claims				All Claims			
	# of Claims	Total Paid	Total Case Reserve	Total Incurred	# of Claims	Total Paid	Total Case Reserve	Total Incurred	# of Claims	Total Paid	Total Case Reserve	Total Incurred
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
<b>Prior</b>	78	127,487	0	127,487	22	0	151,161	151,161	100	127,487	151,161	278,648
10/1/1993-94	4	0	0	0	0	0	0	0	4	0	0	0
10/1/1994-95	5	0	0	0	0	0	0	0	5	0	0	0
10/1/1995-96	17	0	0	0	0	0	0	0	17	0	0	0
10/1/1996-97	126	0	0	0	1	0	2,000	2,000	127	0	2,000	2,000
10/1/1997-98	197	0	0	0	1	0	5,000	5,000	198	0	5,000	5,000
10/1/1998-99	355	0	65	65	2	0	10,652	10,652	357	0	10,717	10,717
10/1/1999-00	81	0	5,000	5,000	4	0	5,500	5,500	85	0	10,500	10,500
10/1/2000-01	172	49,178	13,000	62,178	8	0	96,200	96,200	180	49,178	109,200	158,378
10/1/2001-02	336	537,387	0	537,387	26	0	194,910	194,910	362	537,387	194,910	732,297
10/1/2002-03	798	196,568	1,000	197,568	88	3,700	600,347	604,047	886	200,268	601,347	801,616
10/1/2003-04	1,108	505,586	0	505,586	155	12,093	838,445	850,538	1,263	517,679	838,445	1,356,124
10/1/2004-05	805	156,074	110	156,184	132	13,650	1,136,866	1,150,516	937	169,724	1,136,976	1,306,700
10/1/2005-06	264	187,796	0	187,796	193	0	3,196,977	3,196,977	457	187,796	3,196,977	3,384,773
10/1/2006-07	75	2,203	0	2,203	231	0	903,323	903,323	306	2,203	903,323	905,525
<b>Total</b>	<b>4,421</b>	<b>1,762,279</b>	<b>19,175</b>	<b>1,781,454</b>	<b>863</b>	<b>29,443</b>	<b>7,141,381</b>	<b>7,170,824</b>	<b>5,284</b>	<b>1,791,722</b>	<b>7,160,556</b>	<b>8,952,278</b>
<b>Total Through</b>												
<b>10/1/2004-05</b>	<b>4,082</b>	<b>1,572,281</b>	<b>19,175</b>	<b>1,591,456</b>	<b>439</b>	<b>29,443</b>	<b>3,041,081</b>	<b>3,070,524</b>	<b>4,521</b>	<b>1,601,724</b>	<b>3,060,256</b>	<b>4,661,980</b>
<b>10/1/2005-06</b>	<b>4,346</b>	<b>1,760,077</b>	<b>19,175</b>	<b>1,779,252</b>	<b>632</b>	<b>29,443</b>	<b>6,238,058</b>	<b>6,267,501</b>	<b>4,978</b>	<b>1,789,520</b>	<b>6,257,233</b>	<b>8,046,753</b>

**NOTES:**

- Summary of loss data received from the District of Columbia.
- Total Paid Loss, Columns (2), (6), and (10), are the sum of columns titled "Indemnity Paid", "Medical Paid", "Expense Paid", "Other Paid", "Bodily Injury Paid", "Property Damage Paid", "Equipment Paid", and "Litigation Paid."
- Total Case Reserve, Columns (3), (7), and (11), are the sum of columns titled "Indemnity Res", "Medical Res", "Expense Res", "Other Res", "Bodily Injury Res", "Property Damage Res", "Equipment Res", and "Litigation Res."
- Total Incurred, Columns (4), (8), and (12), are the sum of the paid and case reserve.
- Claims are organized into the policy year based on the "Event Date."

District of Columbia  
Self-Insured Program  
General Liability

**Loss Data as of 9/30/2006**

Policy Year	Closed Claims				Open Claims				All Claims			
	# of Claims	Total Paid	Total Case Reserve	Total Incurred	# of Claims	Total Paid	Total Case Reserve	Total Incurred	# of Claims	Total Paid	Total Case Reserve	Total Incurred
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Prior	43	487	0	487	37	0	124,300	124,300	80	487	124,300	124,787
10/1/1993-94	4	0	0	0	0	0	0	0	4	0	0	0
10/1/1994-95	4	0	0	0	0	0	0	0	4	0	0	0
10/1/1995-96	17	0	0	0	0	0	0	0	17	0	0	0
10/1/1996-97	122	0	0	0	6	0	27,450	27,450	128	0	27,450	27,450
10/1/1997-98	183	0	0	0	15	0	26,700	26,700	198	0	26,700	26,700
10/1/1998-99	337	0	65	65	17	0	41,162	41,162	354	0	41,227	41,227
10/1/1999-00	75	0	5,000	5,000	10	0	30,750	30,750	85	0	35,750	35,750
10/1/2000-01	148	0	13,000	13,000	20	41,000	141,800	182,800	168	41,000	154,800	195,800
10/1/2001-02	249	28,919	0	28,919	50	0	255,450	255,450	299	28,919	255,450	284,369
10/1/2002-03	575	46,886	1,000	47,886	167	3,321	807,348	810,668	742	50,206	808,348	858,554
10/1/2003-04	745	216,876	0	216,876	270	24,137	821,195	845,333	1,015	241,013	821,195	1,062,209
10/1/2004-05	670	43,066	110	43,176	206	40,518	712,572	753,091	876	83,584	712,682	796,267
10/1/2005-06	89	2,030	0	2,030	223	0	1,003,724	1,003,724	312	2,030	1,003,724	1,005,754
<b>Total</b>	<b>3,261</b>	<b>338,264</b>	<b>19,175</b>	<b>357,439</b>	<b>1,021</b>	<b>108,977</b>	<b>3,992,451</b>	<b>4,101,427</b>	<b>4,282</b>	<b>447,240</b>	<b>4,011,626</b>	<b>4,458,866</b>
<b>Total Through</b>												
<b>10/1/2004-05</b>	<b>3,172</b>	<b>336,234</b>	<b>19,175</b>	<b>355,409</b>	<b>798</b>	<b>108,977</b>	<b>2,988,727</b>	<b>3,097,704</b>	<b>3,970</b>	<b>445,210</b>	<b>3,007,902</b>	<b>3,453,112</b>

**NOTES:**

- Summary of loss data received from the District of Columbia.
- Total Paid Loss, Columns (2), (6), and (10), are the sum of columns titled "Indemnity Paid", "Medical Paid", "Expense Paid", "Other Paid", "Bodily Injury Paid", "Property Damage Paid", "Equipment Paid", "Legal Paid", and "Litigation Paid."
- Total Case Reserve, Columns (3), (7), and (11), are the sum of columns titled "Indemnity Res", "Medical Res", "Expense Res", "Other Res", "Bodily Injury Res", "Property Damage Res", "Equipment Res", "Legal Res", and "Litigation Res."
- Total Incurred, Columns (4), (8), and (12), are the sum of the paid and case reserve.
- Claims are organized into the policy year based on the "Event Date."

District of Columbia  
Self-Insured Program  
General Liability

Loss Data as of 9/30/2005

Policy Year	Closed Claims				Open Claims				All Claims			
	# of Claims	Total Paid	Total Case Reserve	Total Incurred	# of Claims	Total Paid	Total Case Reserve	Total Incurred	# of Claims	Total Paid	Total Case Reserve	Total Incurred
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Prior	5	0	0	0	2	0	5,200	5,200	7	0	5,200	5,200
10/1/1993-94	4	0	0	0	0	0	0	0	4	0	0	0
10/1/1994-95	3	0	0	0	2	0	2,100	2,100	5	0	2,100	2,100
10/1/1995-96	14	0	0	0	1	0	500	500	15	0	500	500
10/1/1996-97	118	0	0	0	24	0	31,050	31,050	142	0	31,050	31,050
10/1/1997-98	176	0	0	0	23	0	42,000	42,000	199	0	42,000	42,000
10/1/1998-99	318	0	65	65	35	0	47,595	47,595	353	0	47,660	47,660
10/1/1999-00	69	0	5,000	5,000	6	0	30,650	30,650	75	0	35,650	35,650
10/1/2000-01	113	0	13,000	13,000	24	0	84,830	84,830	137	0	97,830	97,830
10/1/2001-02	200	74	0	74	28	0	68,110	68,110	228	74	68,110	68,184
10/1/2002-03	406	0	1,000	1,000	146	0	514,669	514,669	552	0	515,669	515,669
10/1/2003-04	523	1,888	0	1,888	260	0	260,530	260,530	783	1,888	260,530	262,418
10/1/2004-05	430	0	110	110	623	0	320,688	320,688	1,053	0	320,798	320,798
<b>Total</b>	<b>2,379</b>	<b>1,962</b>	<b>19,175</b>	<b>21,137</b>	<b>1,174</b>	<b>0</b>	<b>1,407,922</b>	<b>1,407,922</b>	<b>3,553</b>	<b>1,962</b>	<b>1,427,097</b>	<b>1,429,060</b>

**NOTES:**

- Summary of loss data received from the District of Columbia. Excel file name is "Losses By Claim and Event Date", received on 12/1/2005.
- Total Paid Loss, Columns (2), (6), and (10), are the sum of columns titled "Indemnity Paid", "Medical Paid", "Expense Paid", and "Litigation Paid."
- Total Case Reserve, Columns (3), (7), and (11), are the sum of columns titled "Indemnity Res", "Medical Res", "Expense Res", and "Litigation Res."
- Total Incurred, Columns (4), (8), and (12), are the sum of the paid and case reserve.
- Claims are organized into the policy year based on the "Event Date."

District of Columbia  
Self-Insured Program  
General Liability

**IBNR Ratios to Case Loss Reserves**

Month of Development	Paid Loss Dev. Factor	Percent Paid 1 / (1)	Incurred Loss Dev. Factor	Percent Incurred 1 / (3)	% of Case Reserves (4) - (2)	% of IBNR Reserves 1 - (4)	Ratio of IBNR to Case Reserves (6) / (5)	Ultimate to Case and IBNR Reserves 1 / [(5)+(6)]
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
12	6.973	14.3%	3.207	31.2%	16.8%	68.8%	4.087	1.167
24	3.128	32.0%	1.781	56.2%	24.2%	43.8%	1.813	1.470
36	2.083	48.0%	1.426	70.1%	22.1%	29.9%	1.352	1.923
48	1.651	60.6%	1.267	78.9%	18.3%	21.1%	1.150	2.535
60	1.455	68.7%	1.215	82.3%	13.6%	17.7%	1.302	3.198
72	1.355	73.8%	1.186	84.3%	10.6%	15.7%	1.482	3.814
84	1.236	80.9%	1.129	88.6%	7.7%	11.4%	1.472	5.229
96	1.192	83.9%	1.114	89.8%	5.9%	10.2%	1.731	6.203
108	1.137	88.0%	1.082	92.4%	4.4%	7.6%	1.715	8.300
120	1.128	88.7%	1.078	92.8%	4.1%	7.2%	1.784	8.842
132	1.105	90.5%	1.067	93.7%	3.2%	6.3%	1.965	10.486
144	1.084	92.3%	1.052	95.1%	2.8%	4.9%	1.748	12.942
156	1.062	94.1%	1.036	96.5%	2.4%	3.5%	1.458	17.002
168	1.042	96.0%	1.021	98.0%	2.0%	2.0%	1.043	25.005
180	1.021	97.9%	1.011	98.9%	1.0%	1.1%	1.043	48.096
192	1.000	100.0%	1.000	100.0%	0.0%	0.0%		

NOTES:

1. Columns (1) and (3) are from Exhibit GL-8.

District of Columbia  
Self-Insured Program  
General Liability

**Present Value Factor**

<u>Month of Development</u>	<u>Paid Loss Development Factor</u>	<u>% Paid 1 / (1)</u>	<u>Incremental % Paid</u>	<u>Present Value Factor at 3.0% Per Year</u>	<u>Pres. Value Factor for Future Policy Year (3) x (4)</u>	<u>Pres. Value Factor for the Month of Development</u>
	(1)	(2)	(3)	(4)	(5)	(6)
12	6.973	14.3%	14.3%	0.985	0.141	0.892
24	3.128	32.0%	17.6%	0.957	0.169	0.894
36	2.083	48.0%	16.0%	0.929	0.149	0.892
48	1.651	60.6%	12.6%	0.902	0.113	0.888
60	1.455	68.7%	8.2%	0.875	0.072	0.889
72	1.355	73.8%	5.0%	0.850	0.043	0.896
84	1.236	80.9%	7.1%	0.825	0.059	0.889
96	1.192	83.9%	3.0%	0.801	0.024	0.897
108	1.137	88.0%	4.1%	0.778	0.032	0.893
120	1.128	88.7%	0.7%	0.755	0.006	0.914
132	1.105	90.5%	1.8%	0.733	0.013	0.928
144	1.084	92.3%	1.8%	0.712	0.013	0.942
156	1.062	94.1%	1.8%	0.691	0.013	0.956
168	1.042	96.0%	1.9%	0.671	0.013	0.970
180	1.021	97.9%	1.9%	0.651	0.013	0.985
192	1.000	100.0%	2.1%	0.632	0.013	
			<u>100.0%</u>		<u>0.883</u>	

**NOTES:**

1. Column (1) is from Exhibit GL-8.
2. The Present Value Factor in Column (4) assumes that the average payment is in the middle of the year.
3. The Present Value Factor in Column (5), (Total), is the present value factor applicable to a future policy period.
4. The Present Value Factors in Column (6) are the factors applicable to past policy years at various stages of development. For example, the factor at 12 months is for a policy year that is 1 year (or 12 months) old, counting the number of months from the beginning of the policy year.

**Selected Insurance Industry Loss Development Factors**

<u>Month of Development</u>	<u>Paid Loss Development Factor</u>	<u>Incurred Loss Development Factor</u>		<u>Selected Incurred Loss Development Factor</u>
		<u>RAA</u>	<u>Best's</u>	
	(1)	(2)	(3)	(4)
12	6.973	15.730	3.207	3.207
24	3.128	4.231	1.781	1.781
36	2.083	2.200	1.426	1.426
48	1.651	1.578	1.267	1.267
60	1.455	1.319	1.215	1.215
72	1.355	1.188	1.186	1.186
84	1.236	1.128	1.129	1.129
96	1.192	1.084	1.114	1.114
108	1.137	1.065	1.082	1.082
120	1.128	1.057	1.078	1.078
132	1.105			1.067
144	1.084			1.052
156	1.062			1.036
168	1.042			1.021
180	1.021			1.011
192	1.000			1.000

**NOTES:**

1. Loss development factors are from pages 2 and 3.
2. The selected incurred loss development factors use the factors from Column (3).
3. Factors up through 120 months are from the industry data. Factors beyond 120 months are estimates.

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Self-Insured Program  
General Liability

**Direct Business**  
**Insurance Industry Loss Development Factors**

Accident Year	Paid Loss (1)	Paid ALAE (2)	Paid Loss And ALAE (1) + (2) (3)	Case Loss Reserve (4)	Case ALAE Reserve (5)	Case Loss and ALAE Reserve (4) + (5) (6)	Incurred Loss and ALAE (3) + (6) (7)
1991	8,185,350	1,977,149	10,162,499	427,227	38,238	465,465	10,627,964
1992	8,132,463	1,934,069	10,066,532	474,660	33,196	507,856	10,574,388
1993	8,067,605	1,950,092	10,017,697	646,829	58,079	704,908	10,722,605
1994	8,579,752	2,029,837	10,609,589	922,459	92,479	1,014,938	11,624,527
1995	8,166,856	1,860,502	10,027,358	1,316,601	119,269	1,435,870	11,463,228
1996	7,814,276	1,600,134	9,414,410	1,705,873	154,845	1,860,718	11,275,128
1997	7,498,637	1,382,047	8,880,684	2,450,885	239,799	2,690,684	11,571,368
1998	7,506,127	951,068	8,457,195	3,535,631	358,691	3,894,322	12,351,517
1999	5,354,229	413,284	5,767,513	3,988,841	372,911	4,361,752	10,129,265
2000	2,479,407	138,354	2,617,761	2,769,344	304,393	3,073,737	5,691,498

Accident Year	IBNR Loss Reserve (8)	IBNR ALAE Reserve (9)	IBNR Loss and ALAE Reserve (8) + (9) (10)	Ultimate Loss and ALAE (7) + (10) (11)	Ratio of Paid to Incurred (3) / (7) (12)	Loss Dev. Factor	
							Paid Loss and ALAE (11) / (3) (13)
1991	653,174	177,323	830,497	11,458,461	0.956	1.128	1.078
1992	671,998	199,205	871,203	11,445,591	0.952	1.137	1.082
1993	983,874	236,636	1,220,510	11,943,115	0.934	1.192	1.114
1994	1,169,695	324,080	1,493,775	13,118,302	0.913	1.236	1.129
1995	1,710,768	417,272	2,128,040	13,591,268	0.875	1.355	1.186
1996	1,894,364	528,085	2,422,449	13,697,577	0.835	1.455	1.215
1997	2,400,595	693,496	3,094,091	14,665,459	0.767	1.651	1.267
1998	4,188,391	1,077,721	5,266,112	17,617,629	0.685	2.083	1.426
1999	6,512,247	1,397,065	7,909,312	18,038,577	0.569	3.128	1.781
2000	10,543,143	2,020,095	12,563,238	18,254,736	0.460	6.973	3.207

**NOTES:**

- Source: Best's Aggregates and Averages. Consolidated Industry Totals, Year 2000 Annual Statement, Schedule P - Part 1H, Other Liability - Occurrence.

District of Columbia  
 Self-Insured Program  
 General Liability

General Liability Excluding Mass Torts  
 Treaty and Facultative Business

Insurance Industry Loss Development Factors

<u>Month of Development</u>	<u>Incurred Loss Development Factor</u>
12	15.730
24	4.231
36	2.200
48	1.578
60	1.319
72	1.188
84	1.128
96	1.084
108	1.065
120	1.057
132	1.046
144	1.031
156	1.024
168	1.014
180	1.012
192	1.010
204	1.008
216	1.008
228	1.004
240	1.003

NOTES:

1. Source: Reinsurance Association of America, Historical Loss Development Study, 2003 Edition.

District of Columbia  
Self-Insured Program  
Automobile Liability

**Present Value of Case and IBNR Loss and Loss Expense Reserve  
Estimate as of 9/30/2007**

<u>Policy Year</u>	<u>Month of Development</u>	<u>Estimated Case and IBNR Reserves</u>	<u>Present Value Factor</u>	<u>Present Value of Case and IBNR Reserves (2) x (3)</u>
	(1)	(2)	(3)	(4)
<b>Prior</b>	132	2,010	0.985	1,980
10/1/1997-98	120	0	0.971	0
10/1/1998-99	108	0	0.953	0
10/1/1999-00	96	0	0.942	0
10/1/2000-01	84	4,271	0.941	4,017
10/1/2001-02	72	31,222	0.943	29,457
10/1/2002-03	60	3,368	0.945	3,182
10/1/2003-04	48	1,464,730	0.947	1,386,484
10/1/2004-05	36	1,166,508	0.948	1,105,793
10/1/2005-06	24	945,127	0.946	893,695
10/1/2006-07	12	1,972,136	0.941	1,855,392
<b>Total</b>		<u>5,589,372</u>		<u>5,280,000</u>

**NOTES:**

1. Column (2) is from Exhibit AL-2.
2. Column (3) is from Exhibit AL-7.

District of Columbia  
Self-Insured Program  
Automobile Liability

**Estimated Ultimate Loss and Loss Expense**

Policy Year	Total Paid Loss and Loss Expense (1)	Total Case Loss and Loss Exp. Reserves (2)	Total Incurred Loss and Loss Expense (3)	Selected Ultimate Loss and Loss Expense (4)	Estimated IBNR Reserves (5)	Estimated Case and IBNR Reserves (2) + (5) (6)
Prior	0	1,304	1,304		706	2,010
10/1/1997-98	0	0	0		0	0
10/1/1998-99	0	0	0		0	0
10/1/1999-00	0	0	0		0	0
10/1/2000-01	0	2,500	2,500		1,771	4,271
10/1/2001-02	0	23,500	23,500	31,222	7,722	31,222
10/1/2002-03	5,613	1,000	6,613	8,981	2,368	3,368
10/1/2003-04	76,709	1,156,716	1,233,425	1,541,439	308,014	1,464,730
10/1/2004-05	406,205	898,381	1,304,586	1,572,713	268,127	1,166,508
10/1/2005-06	495,666	617,129	1,112,795	1,440,793	327,998	945,127
10/1/2006-07	93,479	1,089,036	1,182,515	2,065,616	883,100	1,972,136
<b>Total</b>	<b>1,077,672</b>	<b>3,789,565</b>	<b>4,867,238</b>		<b>1,799,807</b>	<b>5,589,372</b>

**NOTES:**

1. Columns (1) to (3) are from Exhibit AL-5.
2. Column (4) is from Exhibit AL-3, .
3. Column (5) is from Exhibit AL-4, page 2, for policy years 10/1/2000-01 and prior.  
The remaining years are Column (4) minus Column (3).

District of Columbia  
Self-Insured Program  
Automobile Liability

**Selected Ultimate Loss and Loss Expense**

<u>Policy Year</u>	<u>Total Paid Loss and Loss Expense</u> (1)	<u>Total Case Loss and Loss Exp. Reserve</u> (2)	<u>Total Incurred Loss and Loss Expense</u> (3)
10/1/2001-02	0	23,500	23,500
10/1/2002-03	5,613	1,000	6,613
10/1/2003-04	76,709	1,156,716	1,233,425
10/1/2004-05	406,205	898,381	1,304,586
10/1/2005-06	495,666	617,129	1,112,795
10/1/2006-07	93,479	1,089,036	1,182,515

<u>Policy Year</u>	<u>Estimated Ultimate Loss and Loss Expense Based on:</u>				<u>Selected Ult. Loss and Loss Expense</u> (8)
	<u>Paid Loss Dev.</u> (4)	<u>Incurred Loss Dev.</u> (5)	<u>IBNR to Case Reserve Est. #1</u> (6)	<u>IBNR to Case Reserve Est. #2</u> (7)	
10/1/2001-02	0	24,032	674,184	38,413	31,222
10/1/2002-03	6,216	6,842	15,729	7,139	8,981
10/1/2003-04	92,516	1,304,792	9,957,880	1,778,086	1,541,439
10/1/2004-05	582,920	1,439,358	4,287,788	1,706,067	1,572,713
10/1/2005-06	982,812	1,357,610	1,957,044	1,465,705	1,440,793
10/1/2006-07	372,520	1,954,826	3,076,522	2,397,984	2,065,616

**NOTES:**

1. Columns (1) and (3) are from Exhibit AL-5.
2. Columns (4) to (7) are from Exhibit AL-4.
3. The selected ultimate loss and loss expense in Column (8) is shown for the six recent policy years. The following weights are applied to Columns (4) to (7) for each policy year:

<u>Policy Year</u>	<u>Column (4)</u>	<u>Column (5)</u>	<u>Column (6)</u>	<u>Column (7)</u>
10/1/2001-02	0%	50%	0%	50%
10/1/2002-03	25%	25%	25%	25%
10/1/2003-04	0%	50%	0%	50%
10/1/2004-05	0%	50%	0%	50%
10/1/2005-06	25%	25%	25%	25%
10/1/2006-07	0%	75%	0%	25%

District of Columbia  
Self-Insured Program  
Automobile Liability

**Estimated Ultimate Loss and Loss Expense  
Based on the Loss Development Factor Method**

<u>Policy Year</u>	<u>Total Paid Loss and Loss Expense</u> (1)	<u>Total Incurred Loss and Loss Expense</u> (2)	<u>Paid Loss Dev. Factor</u> (3)	<u>Incurred Loss Dev. Factor</u> (4)
10/1/2001-02	0	23,500	1.060	1.023
10/1/2002-03	5,613	6,613	1.107	1.035
10/1/2003-04	76,709	1,233,425	1.206	1.058
10/1/2004-05	406,205	1,304,586	1.435	1.103
10/1/2005-06	495,666	1,112,795	1.983	1.220
10/1/2006-07	93,479	1,182,515	3.985	1.653

**Estimated Ultimate Loss and  
Loss Expense Based on:**

<u>Policy Year</u>	<u>Paid Loss Dev. (1) x (3)</u> (5)	<u>Inc. Loss Dev. (2) x (4)</u> (6)
10/1/2001-02	0	24,032
10/1/2002-03	6,216	6,842
10/1/2003-04	92,516	1,304,792
10/1/2004-05	582,920	1,439,358
10/1/2005-06	982,812	1,357,610
10/1/2006-07	372,520	1,954,826

**NOTES:**

1. Columns (1) and (2) are from Exhibit AL-5.
2. Columns (3) and (4) are from Exhibit AL-6.

District of Columbia  
Self-Insured Program  
Automobile Liability

**Estimated Ultimate Loss and Loss Expense  
Based on the Ratio of IBNR to Case Reserves**

<u>Policy Year</u>	<u>Month of Development</u>	<u>Ratio of IBNR to Case Reserve</u>	<u>Ultimate to Case and IBNR Reserve</u>	<u>All Claims Total Case Reserve</u>	<u>Estimated IBNR Reserve (2) x (4)</u>	<u>Case and IBNR Reserve (4) + (5)</u>	<u>Est. #1 of Ult. Loss and Loss Exp. (3) x (6)</u>
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Prior	132	0.541	177.062	1,304	706	2,010	---
10/1/1997-98	120	0.523	86.369	0	0	0	---
10/1/1998-99	108	0.392	66.207	0	0	0	---
10/1/1999-00	96	0.669	47.971	0	0	0	---
10/1/2000-01	84	0.708	30.246	2,500	1,771	4,271	---
10/1/2001-02	72	0.635	17.551	23,500	14,913	38,413	674,184
10/1/2002-03	60	0.526	10.310	1,000	526	1,526	15,729
10/1/2003-04	48	0.471	5.853	1,156,716	544,661	1,701,377	9,957,880
10/1/2004-05	36	0.447	3.299	898,381	401,481	1,299,862	4,287,788
10/1/2005-06	24	0.572	2.017	617,129	352,910	970,039	1,957,044
10/1/2006-07	12	1.116	1.335	1,089,036	1,215,469	2,304,505	3,076,522
<b>Total</b>				<u>3,789,565</u>	<u>2,532,437</u>	<u>6,322,003</u>	

<u>Policy Year</u>	<u>Total Paid (8)</u>	<u>Est. #2 of Ult. Loss and Loss Exp. (6) + (8) (9)</u>
10/1/2001-02	0	38,413
10/1/2002-03	5,613	7,139
10/1/2003-04	76,709	1,778,086
10/1/2004-05	406,205	1,706,067
10/1/2005-06	495,666	1,465,705
10/1/2006-07	93,479	2,397,984

**NOTES:**

1. The month of development is the number of months from the beginning of the policy year to the loss evaluation date of 9/30/2007.
2. Columns (2) and (3) are from Exhibit AL-6.
3. Column (4) is from Exhibit AL-5.

District of Columbia  
Self-Insured Program  
Automobile Liability

**Loss Data as of 9/30/2007**

Policy Year	Closed Claims				Open Claims				All Claims			
	# of Claims	Total Paid	Total Case Reserve	Total Incurred	# of Claims	Total Paid	Total Case Reserve	Total Incurred	# of Claims	Total Paid	Total Case Reserve	Total Incurred
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Prior	8	0	0	0	2	0	1,304	1,304	10	0	1,304	1,304
10/1/1997-98	6	0	0	0	0	0	0	0	6	0	0	0
10/1/1998-99	12	0	0	0	0	0	0	0	12	0	0	0
10/1/1999-00	21	0	0	0	0	0	0	0	21	0	0	0
10/1/2000-01	47	0	2,500	2,500	0	0	0	0	47	0	2,500	2,500
10/1/2001-02	88	0	23,500	23,500	0	0	0	0	88	0	23,500	23,500
10/1/2002-03	228	5,613	0	5,613	2	0	1,000	1,000	230	5,613	1,000	6,613
10/1/2003-04	506	66,205	0	66,205	33	10,504	1,156,716	1,167,220	539	76,709	1,156,716	1,233,425
10/1/2004-05	784	381,469	0	381,469	131	24,737	898,381	923,117	915	406,205	898,381	1,304,586
10/1/2005-06	634	455,247	0	455,247	217	40,419	617,129	657,548	851	495,666	617,129	1,112,795
10/1/2006-07	229	92,014	0	92,014	446	1,465	1,089,036	1,090,501	675	93,479	1,089,036	1,182,515
<b>Total</b>	<b>2,563</b>	<b>1,000,547</b>	<b>26,000</b>	<b>1,026,547</b>	<b>831</b>	<b>77,125</b>	<b>3,763,565</b>	<b>3,840,691</b>	<b>3,394</b>	<b>1,077,672</b>	<b>3,789,565</b>	<b>4,867,238</b>

**NOTES:**

- Summary of loss data received from the District of Columbia.
- Total Paid Loss, Columns (2), (6), and (10), are the sum of columns titled "Indemnity Paid", "Medical Paid", "Expense Paid", "Other Paid", "Bodily Injury Paid", "Property Damage Paid", "Equipment Paid", and "Litigation Paid."
- Total Case Reserve, Columns (3), (7), and (11), are the sum of columns titled "Indemnity Res", "Medical Res", "Expense Res", "Other Res", "Bodily Injury Res", "Property Damage Res", "Equipment Res", and "Litigation Res."
- Total Incurred, Columns (4), (8), and (12), are the sum of the paid and case reserve.
- Claims are organized into the policy year based on the "Event Date."

District of Columbia  
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Loss Data as of 9/30/2006

Policy Year	Closed Claims				Open Claims				All Claims			
	# of Claims	Total Paid	Total Case Reserve	Total Incurred	# of Claims	Total Paid	Total Case Reserve	Total Incurred	# of Claims	Total Paid	Total Case Reserve	Total Incurred
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Prior	5	0	0	0	1	0	100	100	6	0	100	100
10/1/1997-98	6	0	0	0	0	0	0	0	6	0	0	0
10/1/1998-99	12	0	0	0	0	0	0	0	12	0	0	0
10/1/1999-00	21	0	0	0	0	0	0	0	21	0	0	0
10/1/2000-01	47	0	2,500	2,500	0	0	0	0	47	0	2,500	2,500
10/1/2001-02	86	0	23,500	23,500	0	0	0	0	86	0	23,500	23,500
10/1/2002-03	224	1,899	0	1,899	3	0	4,915	4,915	227	1,899	4,915	6,814
10/1/2003-04	469	30,167	0	30,167	61	6,159	293,781	299,940	530	36,326	293,781	330,107
10/1/2004-05	509	157,063	0	157,063	290	20,278	1,217,059	1,237,337	799	177,341	1,217,059	1,394,400
10/1/2005-06	217	53,124	0	53,124	446	6,090	1,028,477	1,034,567	663	59,213	1,028,477	1,087,690
<b>Total</b>	<b>1,596</b>	<b>242,252</b>	<b>26,000</b>	<b>268,252</b>	<b>801</b>	<b>32,527</b>	<b>2,544,332</b>	<b>2,576,859</b>	<b>2,397</b>	<b>274,779</b>	<b>2,570,332</b>	<b>2,845,111</b>

NOTES:

- Summary of loss data received from the District of Columbia.
- Total Paid Loss, Columns (2), (6), and (10), are the sum of columns titled "Indemnity Paid", "Medical Paid", "Expense Paid", "Other Paid", "Bodily Injury Paid", "Property Damage Paid", "Equipment Paid", "Legal Paid", and "Litigation Paid."
- Total Case Reserve, Columns (3), (7), and (11), are the sum of columns titled "Indemnity Res", "Medical Res", "Expense Res", "Other Res", "Bodily Injury Res", "Property Damage Res", "Equipment Res", "Legal Res", and "Litigation Res".
- Total Incurred, Columns (4), (8), and (12), is the sum of the paid and case reserve.
- Claims are organized into the policy year based on the "Event Date."

District of Columbia  
Self-Insured Program  
Automobile Liability

Loss Data as of 9/30/2005

Policy Year	Closed Claims				Open Claims				All Claims			
	# of Claims	Total Paid	Total Case Reserve	Total Incurred	# of Claims	Total Paid	Total Case Reserve	Total Incurred	# of Claims	Total Paid	Total Case Reserve	Total Incurred
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Prior	1	0	0	0	2	0	2,500	2,500	3	0	2,500	2,500
10/1/1997-98	6	0	0	0	0	0	0	0	6	0	0	0
10/1/1998-99	12	0	0	0	4	0	3,000	3,000	16	0	3,000	3,000
10/1/1999-00	21	0	0	0	1	0	100	100	22	0	100	100
10/1/2000-01	47	0	2,500	2,500	6	0	4,000	4,000	53	0	6,500	6,500
10/1/2001-02	85	0	23,500	23,500	26	0	65,408	65,408	111	0	88,908	88,908
10/1/2002-03	220	1,899	0	1,899	117	0	409,372	409,372	337	1,899	409,372	411,270
10/1/2003-04	412	0	0	0	231	0	290,327	290,327	643	0	290,327	290,327
10/1/2004-05	183	0	0	0	262	0	15,049	15,049	445	0	15,049	15,049
<b>Total</b>	<b>987</b>	<b>1,899</b>	<b>26,000</b>	<b>27,899</b>	<b>649</b>	<b>0</b>	<b>789,756</b>	<b>789,756</b>	<b>1,636</b>	<b>1,899</b>	<b>815,756</b>	<b>817,654</b>

**NOTES:**

- Summary of loss data received from the District of Columbia. Excel file name is "Losses By Claim and Event Date", received on 12/1/2005.
- Total Paid Loss, Columns (2), (6), and (10), are the sum of columns titled "Indemnity Paid", "Medical Paid", "Expense Paid", and "Litigation Paid."
- Total Case Reserve, Columns (3), (7), and (11), are the sum of columns titled "Indemnity Res", "Medical Res", "Expense Res", and "Litigation Res."
- Total Incurred, Columns (4), (8), and (12), are the sum of the paid and case reserve.
- Claims are organized into the policy year based on the "Event Date."

District of Columbia  
Self-Insured Program  
Automobile Liability

**IBNR Ratios to Case Loss Reserves**

Month of Development	Paid Loss Dev. Factor	Percent Paid 1 / (1)	Incurred Loss Dev. Factor	Percent Incurred 1 / (3)	% of Case Reserves (4) - (2)	% of IBNR Reserves 1 - (4)	Ratio of IBNR to Case Reserves (6) / (5)	Ultimate to Case and IBNR Reserves 1 / [(5)+(6)]
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
12	3.985	25.1%	1.653	60.5%	35.4%	39.5%	1.116	1.335
24	1.983	50.4%	1.220	82.0%	31.5%	18.0%	0.572	2.017
36	1.435	69.7%	1.103	90.6%	21.0%	9.4%	0.447	3.299
48	1.206	82.9%	1.058	94.5%	11.6%	5.5%	0.471	5.853
60	1.107	90.3%	1.035	96.7%	6.4%	3.3%	0.526	10.310
72	1.060	94.3%	1.023	97.8%	3.5%	2.2%	0.635	17.551
84	1.034	96.7%	1.014	98.6%	1.9%	1.4%	0.708	30.246
96	1.021	97.9%	1.008	99.2%	1.2%	0.8%	0.669	47.971
108	1.015	98.5%	1.004	99.6%	1.1%	0.4%	0.392	66.207
120	1.012	98.8%	1.004	99.6%	0.8%	0.4%	0.523	86.369
132	1.006	99.4%	1.002	99.8%	0.4%	0.2%	0.541	177.062
144	1.000	100.0%	1.000	100.0%	0.0%	0.0%		

NOTES:

1. Columns (1) and (3) are from Exhibit AL-8.

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**Present Value Factor**

<u>Month of Development</u>	<u>Paid Loss Development Factor</u>	<u>% Paid 1 / (1)</u>	<u>Incremental % Paid</u>	<u>Present Value Factor at 3.0% Per Year</u>	<u>Pres. Value Factor for Future Policy Year (3) x (4)</u>	<u>Pres. Value Factor for the Month of Development</u>
	(1)	(2)	(3)	(4)	(5)	(6)
12	3.985	25.1%	25.1%	0.985	0.247	0.941
24	1.983	50.4%	25.3%	0.957	0.242	0.946
36	1.435	69.7%	19.3%	0.929	0.179	0.948
48	1.206	82.9%	13.2%	0.902	0.119	0.947
60	1.107	90.3%	7.4%	0.875	0.065	0.945
72	1.060	94.3%	4.0%	0.850	0.034	0.943
84	1.034	96.7%	2.4%	0.825	0.020	0.941
96	1.021	97.9%	1.2%	0.801	0.010	0.942
108	1.015	98.5%	0.6%	0.778	0.004	0.953
120	1.012	98.8%	0.4%	0.755	0.003	0.971
132	1.006	99.4%	0.6%	0.733	0.004	0.985
144	1.000	100.0%	0.6%	0.712	0.004	
			<u>100.0%</u>		<u>0.931</u>	

**NOTES:**

1. Column (1) is from Exhibit AL-8.
2. The Present Value Factor in Column (4) assumes that the average payment is in the middle of the year.
3. The Present Value Factor in Column (5), (Total), is the present value factor applicable to a future policy period.
4. The Present Value Factors in Column (6) are the factors applicable to past policy years at various stages of development. For example, the factor at 12 months is for a policy year that is 1 year (or 12 months) old, counting the number of months from the beginning of the policy year.

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**Selected Insurance Industry Loss Development Factors**

Month of Development	Paid Loss Development Factor	Incurred Loss Development Factor		Selected Incurred Loss Development Factor
		RAA	Best's	
		(1)	(2)	
12	3.985	5.122	1.653	1.653
24	1.983	2.114	1.220	1.220
36	1.435	1.450	1.103	1.103
48	1.206	1.215	1.058	1.058
60	1.107	1.115	1.035	1.035
72	1.060	1.062	1.023	1.023
84	1.034	1.039	1.014	1.014
96	1.021	1.017	1.008	1.008
108	1.015	1.014	1.004	1.004
120	1.012	1.011	1.004	1.004
132	1.006			1.002
144	1.000			1.000

**NOTES:**

1. Loss development factors are from pages 2 and 3.
2. The selected incurred loss development factors use the factors from Column (
3. Factors up through 120 months are from the industry data. Factors beyond 120 months are estimates.

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**Direct Business - Commercial Auto Liability  
Insurance Industry Loss Development Factors**

Accident Year	Paid Loss (1)	Paid ALAE (2)	Paid Loss and ALAE (1) + (2) (3)	Case Loss Reserve (4)	Case ALAE Reserve (5)	Case Loss and ALAE Reserve (4) + (5) (6)	Incurred Loss and ALAE (3) + (6) (7)
1991	9,109,986	991,176	10,101,162	75,079	2,623	77,702	10,178,864
1992	9,077,041	1,030,204	10,107,245	108,094	3,238	111,332	10,218,577
1993	9,759,428	1,111,854	10,871,282	134,318	4,318	138,636	11,009,918
1994	10,648,833	1,227,228	11,876,061	226,986	10,697	237,683	12,113,744
1995	10,508,123	1,187,123	11,695,246	406,192	26,099	432,291	12,127,537
1996	10,801,528	1,168,570	11,970,098	791,030	51,745	842,775	12,812,873
1997	10,544,719	995,898	11,540,617	1,510,379	106,433	1,616,812	13,157,429
1998	9,234,903	681,644	9,916,547	2,795,936	185,676	2,981,612	12,898,159
1999	6,929,932	365,652	7,295,584	4,303,962	257,635	4,561,597	11,857,181
2000	3,493,243	124,284	3,617,527	4,842,400	260,619	5,103,019	8,720,546

Accident Year	IBNR Loss Reserve (8)	IBNR ALAE Reserve (9)	IBNR Loss and ALAE Reserve (8) + (9) (10)	Ultimate Loss and ALAE (7) + (10) (11)	Ratio of Paid to Incurred (3) / (7) (12)	Loss Dev Factor	
						Paid Loss and ALAE (11) / (3) (13)	Incurred Loss and ALAE (11) / (7) (14)
1991	30,109	10,513	40,622	10,219,486	0.992	1.012	1.004
1992	25,917	17,753	43,670	10,262,247	0.989	1.015	1.004
1993	63,931	28,882	92,813	11,102,731	0.987	1.021	1.008
1994	126,680	41,706	168,386	12,282,130	0.980	1.034	1.014
1995	210,661	63,667	274,328	12,401,865	0.964	1.060	1.023
1996	338,820	104,180	443,000	13,255,873	0.934	1.107	1.035
1997	587,925	173,381	761,306	13,918,735	0.877	1.206	1.058
1998	1,028,598	303,867	1,332,465	14,230,624	0.769	1.435	1.103
1999	2,107,691	500,897	2,608,588	14,465,769	0.615	1.983	1.220
2000	4,913,464	781,998	5,695,462	14,416,008	0.415	3.985	1.653

**NOTES:**

1. Source: Best's Aggregates and Averages. Consolidated Industry Totals, Year 2000 Annual Statement, Schedule P - Part 1C - Commercial Auto Liability/Medical.

District of Columbia  
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**Treaty and Facultative Business  
Commercial Automobile Liability  
Insurance Industry Loss Development Factors**

<u>Month of Development</u>	<u>Incurred Loss Development Factor</u>
12	5.122
24	2.114
36	1.450
48	1.215
60	1.115
72	1.062
84	1.039
96	1.017
108	1.014
120	1.011
132	1.008
144	1.005

NOTES:

1. Source: Reinsurance Association of America, Historical Loss Development Study, 2003 Edition.

**END  
OF  
STUDY**