

NELLIS, SHARON K.

From: Rick Alford <rick.alford@riskconsultingservices.com>
Sent: Friday, March 13, 2015 9:25 AM
To: FINDLEY, SONYA H.; RACINE, NANCY G.; NELLIS, SHARON K.
Subject: CCSB 6/30/15 Actuarial Analysis
Attachments: 1CCSB 4.28.14 Exposure data. 3.13.15.xlsx

Sonya, Sharon, and Nancy:

As a follow up to our recent emails, this email will outline the 6/30/15 actuarial analysis project set-up. We have provided this analysis and report for you/CCSB beginning with the 6/30/04 analysis, and look forward to working with you and the CCSB team again.

The actuarial analysis provides estimated claim liabilities and needed funding for your self-insured lines of workers' compensation, general/professional liability, automobile liability, and property. The funding is provided on a full value and present value basis, by line, by year. The analysis includes the allocation of the loss reserves into short term (paid within 12 months) and long term (paid more than 12 months from 6/30/15) liabilities. We work closely with Sean Downey at Johns Eastern to obtain the needed loss data, and also obtain exposure, excess coverage and other items from you and AJ Gallagher personnel.

We anticipate the same timeline as last year, with our actuarial report to be issued in mid-July, 2015. This will allow for a timely review by you and the CCSB auditors, and the recording of the 6/30/15 estimated future claim payments and needed funding.

I will need the following CCSB data from you/CCSB:

1. For the **payroll**, I need the 7/1/14 to 6/30/15 CCSB total payroll figure, and a projection for the 2015-2016 FY.
2. For the **expenditures**, I need the 7/1/14 to 6/30/15 CCSB total expenditure figure and a projection for the 2015-2016 FY. The figures should include General & Special Revenue Funds.
3. For the **number of vehicles**, I need the current (as of now or 6/30/15) approx. number of vehicles, and a projection for 6/30/16.
4. Last year we utilized a **present value interest rate assumption** of 2.0% (from Sharon's 4/28/14 email) to discount the loss reserves. This is reasonable and we will utilize the same assumption this year as of 6/30/15 unless you suggest another figure. The 2.0% make sense and is in line and is generally consistent with our other clients. If you increase the interest rate assumption the discounted estimated liabilities will be smaller, but anything in the 2% range is reasonable.

Last year Sharon provided these items via her 4/28/14 email. I have attached her Excel file. This format works well for the above data.

Our flat fee for the above actuarial analysis and report as of 6/30/15 is \$11,000, no increase from the last several year's \$11,000 flat fee. I know budgets are tight, and am trying to do what I can to assist CCSB. We will invoice you at the conclusion of the assignment, and after delivery of the actuarial report. I will send data requests (in June) to Johns Eastern, and AJG.

If the above proposal is acceptable and approved by the Board, please let me know. I will then provide a list of data items from Johns Eastern and AJ Gallagher.

Thank you. Rick

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