

Copeland, George

From: Rick Alford [rick.alford@riskconsultingservices.com]
Sent: Monday, April 23, 2007 12:30 PM
To: Copeland, George
Subject: CCSB Actuarial Analysis, 6/30/07 for Self-Insured Lines, Proposal and Data Needed

George:

Per my voice mail message to you today, I wanted to email you regarding the upcoming 6/30/07 actuarial analysis for your self-insured programs. We have provided this analysis and report for you the last year few years beginning with the 6/30/04 analysis, look forward to working with you 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 6/30/07) 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.

Our firm works with three other school boards in Florida on their 6/30 year end actuarial analysis, approx. 15 clients in Florida, and look forward to working again with CCSB.

We anticipate the same timeline as last year, with our actuarial report to be issued in mid July, 2007. This will allow for a timely review by you and the CCSB auditors, and the recording of the 6/30/07 estimated future claim payments and needed funding.

Our flat fee for the above actuarial analysis and report as of 6/30/09 is \$9,300, a small increase of \$400 (4%) from last year's \$8,900 flat fee. We will invoice you at the conclusion of the assignment, and after delivery of the actuarial report. I will need the following CCSB data from you:

1. For the payroll, I need the 7/1/06 to 6/30/07 CCSB total payroll figure, and a projection for the 2007-2008 FY. Is the 05-06 payroll estimate of \$135,819,000 (from your 6/5/06 email) still a good number?
2. For the expenditures, I need the 7/1/05 to 6/30/06 CCSB total expenditure figure and a projection for the 2006-2007 FY. The figures should include General & Special Revenue Funds.
3. For the number of vehicles, I need the current (as of now or 6/30/07) approx. number of vehicles, and a projection for 6/30/08.
4. Last year we utilized a present value interest rate assumption of 2.0% to discount the loss reserves per your 6/5/06 email. This is reasonable and we will utilize the same assumption this year as of 6/30/07 unless you suggest another figure. The 2.0% make sense and is in line and is generally consistent with our other clients, perhaps on the lower end of a reasonable range. If you increase the interest rate assumption the discounted estimated liabilities will be smaller, but anything in the 2% to 3.5% range is reasonable.

If the above proposal is acceptable and approved by the Board, please let me know. (Last year our proposal was approved at the 5/18/06 Board meeting, per your 5/22/06 email). I will then provide a list of data items from Johns Eastern and AJ Gallagher.

4/25/2007

Thank you.

Rick

Rick Alford, CPCU, ARM, ARe
Risk Consulting Services, Inc.
1640 Powers Ferry Road
Building 8, Suite 320
Marietta, Georgia 30067-5491

Phone 678 777 7825 (direct)

Fax 678 623 5900

Email rick.alford@riskconsultingservices.com