

Council Business Meeting

April 6, 2021

Agenda Item	Approval of a Two-year Contract Extension with TriStar Risk Management for Third-Party Administration (TPA) of Workers' Compensation Claims	
From	Tina Gray	Human Resource Director
Contact	Tina.gray@ashland.or.us ; (541) 552-2101	

SUMMARY

As concluded by an Actuarial Analysis conducted in 2019, the City has enjoyed long-term savings in our Workers' Compensation program by being self-insured for more than 20 years. However, many changes on the horizon make being self-insured more of a risk. The City would usually put Third-Party Claims Administration services out for competitive bids. Staff is requesting the City Council, acting as the Local Contract Review Board, approve a two-year extension to the contract with TriStar for Workers' Compensation Third Party Administrative Services for several reasons:

- TriStar Risk Management has been our TPA for 10+ years; the long-term relationship has helped them better understand our business, and they provide exceptional service to our injured employees. We have gone out to bid to ensure their rates are competitive.
- Moving our business to another TPA is an arduous process that significantly affects employees who have open claims and local medical providers billing for medical services. Changing TPA's requires filing and approval of the State of Oregon. Records retention is a top consideration in transferring older cases electronically, and TPA's must be able to report electronically to Medicare on our behalf. The Third-Party claims administration market has changed due to continued legislation, so many TPA's have merged. The list of TPA's who can service a small account like the City's at a reasonable price has gotten smaller over the past few years.
- Senate Bill 801 proposes to require all self-insured employers in Oregon to contract with SAIF to process their claims (SB-801-1) and would create a presumption of compensability for medical conditions secondary to COVID-19 and allow workers 30 years to file a claim (SB-802-1). Staff is watching legislative changes to Workers' Compensation closely. We don't expect an immediate change, but it is another reason for the City to remain with a trusted provider to ensure a smooth transition if change is mandated.
- City-County Insurance (CIS) is partnering with SAIF to provide an affordable workers' compensation choice for public sector employers. We have requested a quote, but an immediate move away from self-insurance is not feasible given the City's fiscal condition. Moving to a fully insured program would require the City to pay insurance premiums under a new program while at the same time funding runout or the "tail" of existing self-insured claims.

POLICIES, PLANS & GOALS SUPPORTED

City Council 2009-2021 Biennial Goals:

A. Prioritize "Essential Services"

E. Analyze various departments/programs to gain efficiencies, reduce costs, and improve City services.

PREVIOUS COUNCIL ACTION

On [July 19, 2016](#), the City Council approved the most recent contract with TriStar, which included the option to extend by mutual agreement.

BACKGROUND AND ADDITIONAL INFORMATION

In addition to the risks outline above, we are still seeing COVID-19 costs reverberating through the Workers' Compensation system. For employees exposed to COVID at work, the medical, testing, and mandated quarantine came at a high price under the workers' compensation system. We also see cost increases due to Cancer Presumption. Cancer Presumption dictates that certain cancers for firefighters are presumed to be work-caused, removing barriers to treatment under workers' compensation. The City has remained stable with very few large claims, which is why self-insurance has worked well for many years. However, the entire Workers' Comp System is changing rapidly, and we want to be in the best possible position to evaluate options and make responsible choices at the right time.

FISCAL IMPACTS

TriStar Risk Management proposes the following fee structure to extend our contract and continue Administering the City's Workers' Compensation claims:

CURRENT	YEAR 1	YEAR 2
Per Claim Fee, Indemnity: \$1,190	Per Claim Fee, Indemnity: \$1,225	
Per Claim Fee, Medical Only: \$180	Per Claim Fee, Medical Only: \$180	
Per Claim Fee, Complex Medical: \$370	Per Claim Fee, Complex Medical: \$380	
Per Claim Fee, Record Only: \$35	Per Claim Fee, Record Only: \$35	No Fee Increase

- Indemnity Claims are claims when a doctor orders the employee off work for three or more workdays, and time-loss benefits become payable.
- Medical Only are claims which require a single office visit to resolve (i.e., stitches, observation, wound cleaning).
- Complex Medical claims require multiple visits and treatment to resolve. (i.e., repetitive stress injuries, sprains, and strains).
- Record only are claims that require no follow-up and serve as a record of injury.

The City predicted \$75,000 in the budget for Workers' Compensation TPA costs annually. Still, fees vary from year to year based on the number of claims and can be difficult to predict accurately. We have an excellent Risk and Safety program in place in the City to prevent accidents. The City pays the TPA Administrative fees to evaluate claims and decide compensability according to complex Oregon Workers' Compensation laws. The TPA compensates injured workers with time-loss benefits when eligible and works on the City's behalf to review medical bills for savings. The TPA decides to accept or deny a claim based on medical evidence. The City pays actual claims costs in addition to the Administrative expenses up to certain thresholds where we have excess insurance to protect from significant losses.

STAFF RECOMMENDATION

Staff is recommending that we extend our contract with TriStar Risk Management for a period of up to three years. A two-year extension would allow for legislative changes to take shape and provide the City additional time to review options and plan financially for the future of our Workers' Compensation program while continuing to work with one of the best TPA's on the west coast. When the decision to change is clear, we will only have to make the change once rather than move our business multiple times.

ACTIONS, OPTIONS & POTENTIAL MOTIONS

- 1) I move that City Council, acting as the Local Contract Review Board, approve a two-year extension to the contract with TriStar for Workers' Compensation Third Party Administrative Services.
- 2) I move to delay the approval of a two-year contract extension for TPA Services and request that staff return with other options.

REFERENCES & ATTACHMENTS

Attachment 1: Most recent contract and Amendment outlining the terms of service (The TriStar Corporate Office will produce an Amendment for final signature upon approval)

Attachment 2: Workers' Compensation Analysis conducted by Bickmore Actuarial

Attachment 3: Excess Policy Binder

Contract for Workers' Compensation TPA Services

**CITY OF
ASHLAND**
20 East Main Street
Ashland, Oregon 97520
Telephone: 541/488-6002
Fax: 541/488-5311

CONSULTANT: TRISTAR Risk Management

CONTACT: Amy Stone, Branch Manager

ADDRESS: 100 Oceangate, Suite 700
Long Beach, CA 90802

TELEPHONE: 971-925-1300, Ext. 1920

DATE AGREEMENT PREPARED: June 25, 2016

EMAIL: amy.stone@tristargroup.net

BEGINNING DATE: July 1, 2016

COMPLETION DATE: June 30, 2018

COMPENSATION: Cost Proposal is attached as Exhibit C

SERVICES TO BE PROVIDED: Workers' Compensation Third Party Administration Services, Per RFP released April 24, 2016 and proposal submitted by TRISTAR Risk Management.

ADDITIONAL TERMS:

Contract may be extended annually for up to three (3) additional years for a maximum term of five (5) years.

In the event of conflicts or discrepancies among the contract documents, the City of Ashland Contract for Personal Services will be primary and take precedence, and any exhibits or ancillary contracts or agreements having redundant or contrary provisions will be subordinate to and interpreted in a manner that will not conflict with the said primary City of Ashland Contract.

FINDINGS:

Pursuant to AMC 2.50.120, after reasonable inquiry and evaluation, the undersigned Department Head finds and determines that: (1) the services to be acquired are personal services; (2) the City does not have adequate personnel nor resources to perform the services; (3) the statement of work represents the department's plan for utilization of such personal services; (4) the undersigned consultant has specialized experience, education, training and capability sufficient to perform the quality, quantity and type of work requested in the scope of work within the time and financial constraints provided; (5) the consultant's proposal will best serve the needs of the City; and (6) the compensation negotiated herein is fair and reasonable.

NOW THEREFORE, in consideration of the mutual covenants contained herein the CITY AND CONSULTANT AGREE as follows:

1. **Findings / Recitations.** The findings and recitations set forth above are true and correct and are incorporated herein by this reference.
2. **All Costs by Consultant:** Consultant shall, at its own risk and expense, perform the personal services described above and, unless otherwise specified, furnish all labor, equipment and materials required for the proper performance of such service.
3. **Qualified Work:** Consultant has represented, and by entering into this contract now represents, that all personnel assigned to the work required under this contract are fully qualified to perform the service to which they will be assigned in a skilled and worker-like manner and, if required to be registered, licensed or bonded by the State of Oregon, are so registered, licensed and bonded.
4. **Completion Date:** Consultant shall start performing the service under this contract by the beginning date indicated above and complete the service by the completion date indicated above.
5. **Compensation:** City shall pay Consultant for service performed, including costs and expenses, the sum specified above. Payments shall be made within 30 days of the date of the invoice. Should the contract be prematurely terminated, payments will be made for work completed and accepted to date of termination.
6. **Ownership of Documents:** All documents prepared by Consultant pursuant to this contract shall be the property of City.
7. **Statutory Requirements:** ORS 279C.505, 279C.515, 279C.520 and 279C.530 are made part of this contract.
8. **Living Wage Requirements:** If the amount of this contract is \$20,283.20 or more, Consultant is required to comply with chapter 3.12 of the Ashland Municipal Code by paying a living wage, as defined in this chapter, to all employees performing work under this contract and to any Subcontractor who performs 50% or more of the service work under this contract. Consultant is also required to post the notice attached hereto as Exhibit B predominantly in areas where it will be seen by all employees.
9. **Indemnification:** Consultant agrees to defend, indemnify and save City, its officers, employees and agents harmless from any and all losses, claims, actions, costs, expenses, judgments, subrogations, or other damages resulting from injury to any person (including injury resulting in death), or damage (including loss or destruction) to property, of whatsoever nature arising out of or incident to the performance of this contract by Consultant (including but not limited to, Consultant's employees, agents, and others designated by Consultant to perform work or services

liendant to this contract). Consultant shall not be held responsible for any losses, expenses, claims, subrogations, actions, costs, judgments, or other damages, directly, solely, and proximately caused by the negligence of City.

10. Termination:

- a. Mutual Consent. This contract may be terminated at any time by mutual consent of both parties.
- b. City's Convenience. This contract may be terminated at any time by City upon 30 days' notice in writing and delivered by certified mail or in person.
- c. For Cause. City may terminate or modify this contract, in whole or in part, effective upon delivery of written notice to Consultant, or at such later date as may be established by City under any of the following conditions:
 - i. If City funding from federal, state, county or other sources is not obtained and continued at levels sufficient to allow for the purchase of the indicated quantity of services;
 - ii. If federal or state regulations or guidelines are modified, changed, or interpreted in such a way that the services are no longer allowable or appropriate for purchase under this contract or are no longer eligible for the funding proposed for payments authorized by this contract; or
 - iii. If any license or certificate required by law or regulation to be held by Consultant to provide the services required by this contract is for any reason denied, revoked, suspended, or not renewed.
- d. For Default or Breach.
 - i. Either City or Consultant may terminate this contract in the event of a breach of the contract by the other. Prior to such termination the party seeking termination shall give to the other party written notice of the breach and intent to terminate. If the party committing the breach has not entirely cured the breach within 15 days of the date of the notice, or within such other period as the party giving the notice may authorize or require, then the contract may be terminated at any time thereafter by a written notice of termination by the party giving notice.
 - ii. Time is of the essence for Consultant's performance of each and every obligation and duty under this contract. City by written notice to Consultant of default or breach may at any time terminate the whole or any part of this contract if Consultant fails to provide services called for by this contract within the time specified herein or in any extension thereof.
 - iii. The rights and remedies of City provided in this subsection (d) are not exclusive and are in addition to any other rights and remedies provided by law or under this contract.
- e. Obligation/Liability of Parties. Termination or modification of this contract pursuant to subsections a, b, or c above shall be without prejudice to any obligations or liabilities of either party already accrued prior to such termination or modification. However, upon receiving a notice of termination (regardless whether such notice is given pursuant to subsections a, b, c or d of this section, Consultant shall immediately cease all activities under this contract, unless expressly directed otherwise by City in the notice of termination. Further, upon termination, Consultant shall deliver to City all contract documents, information, works-in-progress and other property that are or would be deliverables had the contract been completed. City shall pay Consultant for work performed prior to the termination date if such work was performed in accordance with the Contract.

11. **Independent Contractor Status:** Consultant is an independent contractor and not an employee of the City. Consultant shall have the complete responsibility for the performance of this contract. Consultant shall provide workers' compensation coverage as required in ORS Ch 656 for all persons employed to perform work pursuant to this contract. Consultant is a subject employer that will comply with ORS 656.017.
12. **Assignment and Subcontracts:** Consultant shall not assign this contract or subcontract any portion of the work without the written consent of City. Any attempted assignment or subcontract without written consent of City shall be void. Consultant shall be fully responsible for the acts or omissions of any assigns or Subcontractors and of all persons employed by them, and the approval by City of any assignment or subcontract shall not create any contractual relation between the assignee or subcontractor and City.
13. **Default.** The Consultant shall be in default of this agreement if Consultant: commits any material breach or default of any covenant, warranty, certification, or obligation it owes under the Contract; its QRF status pursuant to the QRF Rules or loses any license, certificate or certification that is required to perform the Services or to qualify as a QRF if consultant has qualified as a QRF for this agreement; institutes an action for relief in bankruptcy or has instituted against it an action for insolvency; makes a general assignment for the benefit of creditors; or ceases doing business on a regular basis of the type identified in its obligations under the Contract; or attempts to assign rights in, or delegate duties under, the Contract.
14. **Insurance.** Consultant shall at its own expense provide the following insurance:
 - a. Worker's Compensation insurance in compliance with ORS 656.017, which requires subject employers to provide Oregon workers' compensation coverage for all their subject workers
 - b. Professional Liability insurance with a combined single limit, or the equivalent, of not less than Enter one: \$250,000, \$500,000, \$1,000,000, \$2,000,000 or Not Applicable for each claim, incident or occurrence. This is to cover damages caused by error, omission or negligent acts related to the professional services to be provided under this contract.
 - c. General Liability insurance with a combined single limit, or the equivalent, of not less than \$2,000,000 for each occurrence for Bodily Injury and Property Damage.
 - d. Automobile Liability insurance with a combined single limit, or the equivalent, of not less than Enter one:

\$100,000, \$500,000, \$1,000,000, or Not Applicable for each accident for Bodily Injury and Property Damage, including coverage for owned, hired or non-owned vehicles, as applicable.

e. Notice of cancellation or change. There shall be no cancellation, material change, reduction of limits or intent not to renew the insurance coverage(s) without 30 days' written notice from the Consultant or its insurer(s) to the City.

f. Additional Insured/Certificates of Insurance. Consultant shall name The City of Ashland, Oregon, and its elected officials, officers and employees as Additional Insureds on any insurance policies, excluding Professional Liability and Workers' Compensation, required herein, but only with respect to Consultant's services to be provided under this Contract. The consultant's insurance is primary and non-contributory. As evidence of the insurance coverages required by this Contract, the Consultant shall furnish acceptable insurance certificates prior to commencing work under this contract. The certificate will specify all of the parties who are Additional Insureds. Insuring companies or entities are subject to the City's acceptance. If requested, complete copies of insurance policies; trust agreements, etc. shall be provided to the City. The Consultant shall be financially responsible for all pertinent deductibles, self-insured retentions and/or self-insurance.

15. **Governing Law; Jurisdiction; Venue:** This contract shall be governed and construed in accordance with the laws of the State of Oregon without resort to any jurisdiction's conflict of laws, rules or doctrines. Any claim, action, suit or proceeding (collectively, "the claim") between the City (and/or any other or department of the State of Oregon) and the Consultant that arises from or relates to this contract shall be brought and conducted solely and exclusively within the Circuit Court of Jackson County for the State of Oregon. If, however, the claim must be brought in a federal forum, then it shall be brought and conducted solely and exclusively within the United States District Court for the District of Oregon filed in Jackson County, Oregon. Consultant, by the signature herein of its authorized representative, hereby consents to the in personam jurisdiction of said courts. In no event shall this section be construed as a waiver by City of any form of defense or immunity, based on the Eleventh Amendment to the United States Constitution, or otherwise, from any claim or from the jurisdiction.

16. THIS CONTRACT AND ATTACHED EXHIBITS CONSTITUTE THE ENTIRE AGREEMENT BETWEEN THE PARTIES. NO WAIVER, CONSENT, MODIFICATION OR CHANGE OF TERMS OF THIS CONTRACT SHALL BIND EITHER PARTY UNLESS IN WRITING AND SIGNED BY BOTH PARTIES. SUCH WAIVER, CONSENT, MODIFICATION OR CHANGE, IF MADE, SHALL BE EFFECTIVE ONLY IN THE SPECIFIC INSTANCE AND FOR THE SPECIFIC PURPOSE GIVEN. THERE ARE NO UNDERSTANDINGS, AGREEMENTS, OR REPRESENTATIONS, ORAL OR WRITTEN, NOT SPECIFIED HEREIN REGARDING THIS CONTRACT. CONSULTANT, BY SIGNATURE OF ITS AUTHORIZED REPRESENTATIVE, HEREBY ACKNOWLEDGES THAT HE/SHE HAS READ THIS CONTRACT, UNDERSTANDS IT, AND AGREES TO BE BOUND BY ITS TERMS AND CONDITIONS.

17. **Nonappropriations Clause.** Funds Available and Authorized: City has sufficient funds currently available and authorized for expenditure to finance the costs of this contract within the City's fiscal year budget. Consultant understands and agrees that City's payment of amounts under this contract attributable to work performed after the last day of the current fiscal year is contingent on City appropriations, or other expenditure authority sufficient to allow City in the exercise of its reasonable administrative discretion, to continue to make payments under this contract. In the event City has insufficient appropriations, limitations or other expenditure authority, City may terminate this contract without penalty or liability to City, effective upon the delivery of written notice to Consultant, with no further liability to Consultant.

Certification. Consultant shall sign the certification attached hereto as Exhibit A and herein incorporated by reference.

Consultant:

City of Ashland

By Denise Cotter
Signature

By _____
Department Head

Denise Cotter
Print Name

Print Name

CFO
Title

Date

W-9 One copy of a W-9 is to be submitted with the signed contract.

Purchase Order No. _____

APPROVED AS TO FORM

Dm
Ashland Ass: City Attorney

Date 06/30/2016

Request for Taxpayer Identification Number and Certification

**Give Form to the
requester. Do not
send to the IRS.**

Print or type See Specific Instructions on page 2.	1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank. TRISTAR RISK MANAGEMENT		
	2 Business name/disregarded entity name, if different from above		
	3 Check appropriate box for federal tax classification; check only one of the following seven boxes: <input type="checkbox"/> Individual/sole proprietor or single-member LLC <input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▶ _____ Note. For a single-member LLC that is disregarded, do not check LLC; check the appropriate box in the line above for the tax classification of the single-member owner. <input type="checkbox"/> Other (see instructions) ▶ _____		4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3): Exempt payee code (if any) _____ Exemption from FATCA reporting code (if any) _____ <small>(Applies to accounts maintained outside the U.S.)</small>
	5 Address (number, street, and apt. or suite no.) 100 OCEANGATE, SUITE 700		Requester's name and address (optional)
	6 City, state, and ZIP code LONG BEACH, CA 90802		
	7 List account number(s) here (optional)		

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Note. If the account is in more than one name, see the instructions for line 1 and the chart on page 4 for guidelines on whose number to enter.

Social security number									
or									
Employer identification number									
9	5	-	2	7	9	1	8	3	1

Part II Certification

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
- I am a U.S. citizen or other U.S. person (defined below); and
- The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 3.

Sign Here	Signature of U.S. person ▶	Date ▶ 8-1-10
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General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. Information about developments affecting Form W-9 (such as legislation enacted after we release it) is at www.irs.gov/fw9.

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following:

- Form 1099-INT (interest earned or paid)
- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)

- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
- Form 1099-C (canceled debt)
- Form 1099-A (acquisition or abandonment of secured property)

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See What is backup withholding? on page 2.

By signing the filled-out form, you:

- Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
- Certify that you are not subject to backup withholding, or
- Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income, and
- Certify that FATCA code(s) entered on this form (if any) indicating that you are exempt from the FATCA reporting, is correct. See *What is FATCA reporting?* on page 2 for further information.


EXHIBIT A

CERTIFICATIONS/REPRESENTATIONS: Contractor, under penalty of perjury, certifies that (a) the number shown on the attached W-9 form is its correct taxpayer ID (or is waiting for the number to be issued to it and (b) Contractor is not subject to backup withholding because (i) it is exempt from backup withholding or (ii) it has not been notified by the Internal Revenue Service (IRS) that it is subject to backup withholding as a result of a failure to report all interest or dividends, or (iii) the IRS has notified it that it is no longer subject to backup withholding. Contractor further represents and warrants to City that (a) it has the power and authority to enter into and perform the work, (b) the Contract, when executed and delivered, shall be a valid and binding obligation of Contractor enforceable in accordance with its terms, (c) the work under the Contract shall be performed in accordance with the highest professional standards, and (d) Contractor is qualified, professionally competent and duly licensed to perform the work. Contractor also certifies under penalty of perjury that its business is not in violation of any Oregon tax laws, and it is a corporation authorized to act on behalf of the entity designated above and authorized to do business in Oregon or is an independent Contractor as defined in the contract documents, and has checked four or more of the following criteria:

- _____ (1) I carry out the labor or services at a location separate from my residence or is in a specific portion of my residence, set aside as the location of the business.
- _____ (2) Commercial advertising or business cards or a trade association membership are purchased for the business.
- _____ (3) Telephone listing is used for the business separate from the personal residence listing.
- _____ (4) Labor or services are performed only pursuant to written contracts.
- _____ (5) Labor or services are performed for two or more different persons within a period of one year.
- _____ (6) I assume financial responsibility for defective workmanship or for service not provided as evidenced by the ownership of performance bonds, warranties, errors and omission insurance or liability insurance relating to the labor or services to be provided.



Contractor



(Date)

EXHIBIT B

City of Ashland LIVING WAGE

ALL employers described below must comply with City of Ashland laws regulating payment of a living wage.



\$14.52 per hour effective June 30, 2016
(Increases annually every June 30 by the
Consumer Price Index)

Employees must be paid a living wage:

- For all hours worked under a service contract between their employer and the City of Ashland if the contract exceeds **\$20,283.20** or more.
- For all hours worked in a month if the employee spends 50% or more of the employee's time in that month working on a project or

portion of business of their employer, if the employer has ten or more employees, and has received financial assistance for the project or business from the City of Ashland in excess of **\$20,283.20**.

- If their employer is the City of Ashland including the Parks and Recreation Department.
- In calculating the living wage, employers may add the value of health care, retirement,

401K and IRS eligible cafeteria plans (including childcare) benefits to the amount of wages received by the employee.

- **Note:** "Employee" does not include temporary or part-time employees hired for less than 1040 hours in any twelve-month period. For more details on applicability of this policy, please see Ashland Municipal Code Section 3.12.020.

For additional information:

Call the Ashland City Administrator's office at 541-488-6002 or write to the City Administrator, City Hall, 20 East Main Street, Ashland, OR 97520 or visit the city's website at www.ashland.or.us.

Notice to Employers: This notice must be posted predominantly in areas where it can be seen by all employees.

CITY OF
ASHLAND

Cost Proposal

All of the information being requested in this section titled "Cost Proposal" must be included in the separate sealed envelope marked Cost Proposal and submitted separately from the proposal per the submission instructions on Page 25.

Provide a detailed breakdown of costs to perform the services described in this RFP, including but not limited to:

1. Indemnity claims
2. Medical only claims
3. Complex medical claims

<u>Per Claim Fees – Newly Reported Claims:</u>	<u>Life of File Handling</u>
Indemnity – All Other States	\$1050.00
Medical Only –	\$165.00
Complex Medical	\$370.00
Record Only-	\$35.00

Claims management fees presume use of TRISTAR Managed Care Services.

Complex Medical claims which exceed the terms listed below will be converted to indemnity claims. Complex Medical Claims are defined as a claim where there is no Indemnity paid and:

- (i) Medical paid is greater than Three Thousand Dollars (\$3,000.00) and it is a medical only claim open less than two hundred and seventy (270) days
- (ii) The claim is a denied or controverted claim that is open less than two hundred and seventy (270) days.

4. Annual administration fees:

\$2500.00

5. Annual RMIS fees:

\$500.00

6. Data conversion/transfer fees:

Not applicable, as TRISTAR is the current TPA.

7. Fee for assuming claims management responsibility for claims incurred prior to January 31, 2010

No additional fees for open claims.

8. Fee for managing claims after expiration of contract

TRISTAR has proposed Life of File pricing. TRISTAR will manage all claims until conclusion.

9. Fee for MMSEA reporting, etc.

\$8.20 per claim

10. Fee for State annual Report of Losses, Legal Expenses Paid, and Federal LS-513 and LS-274 reports, etc.

No additional fees.

Note: Proposed fees must cover the cost of handling to conclusion all claims incurred or reopened during the contract period.

Provide a detailed breakdown of costs associated with photographs, tapes used for statements, appraisals, and any other anticipated ancillary expense, including but not limited to:

1. Costs for services requiring billing on a time and expense basis, including hourly billing rates of individuals performing the task:

As described in the response to item 11, next page.

2. Cost associated with RMIS, if any, such as the cost of placing terminals in the City's offices, line or time charges:

No additional fees. TRISTAR's system is accessible through the Internet and as such, we do not anticipate any hardware requirements.

3. Wire transfer, banking or other account charges

No additional fees.

4. Cost of indexing claimants and injured workers:

\$8.95 per report, charged to the claim file as an allocated loss adjustment expense.

5. Cost of subrosa/surveillance work

Subrosa/surveillance is an allocated expense billed at approved rates by outsourced vendors. TRISTAR does not supply these services in-house.

6. Cost to maintain/store files

No additional fees.

7. Cost of program transition and implementation

Not applicable, as TRISTAR is the incumbent TPA.

8. Costs for incidents (zero value claims)

\$35 per report

9. Costs for onsite visits by your staff

First two visits: No additional fee
Each additional visit: \$750.00

10. Any charges for account executive/coordinator

No additional fees.

11. Any additional charges not specifically commented on above or elsewhere in this proposal.

Please see next page for Managed Care pricing.

- a. Include the methodology for extension of rates in subsequent contract years.

TRISTAR will limit its increases to the greater of 2% or the US Consumer Price Index ("CPI").

Services

Fees

Medical Bill Review:

Provider/Ancillary Bill Review \$8.50 per bill

Hospital Bill Review (in and outpatient) 12% of savings

Plus

Implantable Device Review 27% of Savings
 PPO/Specialty/Pharmacy/DME 27% of Savings (all savings is post fee schedule or U&C)

Duplicate Bills
 Duplicate Line Items
 Monthly Savings Reporting
 Reconsiderations } No Charge

Utilization Review:

In-Patient \$125 per pre-certification **plus** \$105 per hour for length of stay reviews and discharge planning, if any.
 Out-patient (flat fee) \$125.00 per precertification

Concurrent Review \$105 per hour.

Peer Review:

Level 1: Includes review of medical records and communication of decision in writing to all parties \$200 flat rate

Level 2: includes review of medical records, discussion with treating physician and communication of decision in writing to all parties \$250 flat rate

Medical Case Management:

Enhanced FNOI – First Notice- injured employee with/without supervisor calls, speaks with medical assistant that helps with PPO direction, questions and referrals \$20.00 per intake call (waived if call moves to triage)

Early Intervention (Nurse Triage) – Nurse aids injured worker in self-treatment or sets up appointment with appropriate provider utilizing medical triage guidelines/follow up calls \$120 per intake call

Telephonic Case Management \$105.00 per hour

Field Case Management \$105 per hour plus Mileage at IRS mileage rate

Field Case Management Task pricing
 One time visit to provider \$475 plus mileage
 Two visits to provider \$750 plus mileage
 Medical record retrieval \$135 plus mileage
 Job Analysis \$475 plus mileage

Catastrophic Case Management \$130 per hour plus mileage

Pharmacy Benefit Management (PBM):

Medication costs:
 Retail: Brand AWP – 11% + dispense fee of \$3.00
 Generic AWP – 25% + dispense fee of \$3.00
 Mail: Brand AWP – 19% + dispense fee of \$3.00
 Generic AWP – 42% + dispense fee of \$3.00

Point of sale utilization review	\$105.00 per hour
Complex Pharmacy management – weaning protocols – nursing intervention	\$125.00 per hour.
Complex Pharmacy management – physician intervention and consultation with treating providers to review treatment patterns and weaning options	\$125.00 per hour nursing intervention plus pass through of actual physician fees.

Other

Special Investigations	Outsourced
Central Index Bureau	\$8.95 per report
Claim Reporting: Telephonic	\$20 per report
Claim Reporting: Fax or Internet	\$10 per report
MMSEA Reporting	\$8.20 per claim
Mileage	IRS allowance rate

Note: The City’s intent is to award a contract to the successful proposer for a period of two years, with the option of three one-year extensions for a maximum term of five (5) years. At the time of each renewal, fees and expenses may be renegotiated. Contractor will be required to provide documentation demonstrating the escalation from an external source, such as a consumer price index, to substantiate any rate increases.

If applicable, costs for **any additional value added services** are to be identified and included with the Cost Proposal.

Definition of Allocated Loss Adjustment Expense(s): Allocated Loss Adjustment Expenses includes any fee or expense which is chargeable or attributable to the investigation, coverage analysis, adjustment, negotiation, settlement, defense or general handling of any Claim or action related thereto, or to the protection and/or perfection of the Customer and/or Carrier’s right of subrogation, contribution or indemnification, all as reasonably determined by TRISTAR. They include, but are not limited to:

- Attorney’s fees and disbursements
- Fees and expenses incurred for handling any legal actions, including trials or appeals including deposition fees; cost of appeal bonds; court reporter or stenographic services, filing fees, and other court costs, fees and expenses; transcript or printing services and all discovery expenses; service of process; witnesses’ testimony and corresponding travel expenses, opinions, or attendance at hearings or trial;
- Statutory fines or penalties
- Pre- and post-judgment interest paid as a result of litigation, unless regulatory or reporting requirements define such interest as loss or indemnity payments;
- Subcontractors’ fees and travel expenses, including independent adjusters, automobile and property appraisers.
- Experts’ fees and expenses, for advice, opinions, or testimony concerning claims under investigation or in litigation and costs of appraisals

- Fees and expenses for surveillance, undercover operative and detective services or any other investigations
- Costs of legal transcripts of testimony taken at coroner's inquests, criminal proceedings, or civil proceedings;*
- Fees and expenses for medical examinations, or autopsies, including diagnostic services, and related transportation services; durable medical equipment; and medical reports and rehabilitation evaluations, unless regulatory or reporting requirements define such fees and expenses as loss or indemnity payments
- Fees and expenses for any public records, medical records, credit bureau reports, index bureau reports
- Costs of photographs and photocopy services
- Medical or vocational rehabilitation fees and expenses, and all other medical cost containment services, including, but not limited to utilization review and management, pre-audit admission authorization, hospital bill audit or adjudication, provider bill audit or adjudication, Preferred Provider Organization, and medical case management, if applicable, unless regulatory or reporting requirements define such expenses as loss or indemnity payments
- Costs of independent medical examinations and/or evaluations for rehabilitation and/or to determine the extent of the Customer's liability
- State mandated electronic data interchange (EDI) costs, if applicable
- Federal query/reporting fees for Section 111 of the Medicare, Medicaid and SCHIP Extension Act of 2007, and Medicare Set-Asides
- Telephonic First Notice of Loss Intake
- Extraordinary travel and related fees and expenses incurred by TRISTAR at the express request of Customer, which are not otherwise payable under this Agreement.

[End of Document]



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
2/1/2016

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Arthur J. Gallagher & Co. Insurance Brokers of CA, Inc. License #0726293 505 N. Brand Boulevard, Suite 600 Glendale CA 91203		CONTACT NAME: Corbee Simoneau PHONE (A/C, No, Ext): 818-539-1225 E-MAIL ADDRESS: corbee_simoneau@ajg.com FAX (A/C, No): 818-539-1525	
INSURED TRISTAR Insurance Group, Inc. 100 Oceangate Avenue, Suite 700 Long Beach, CA 90802		INSURER(S) AFFORDING COVERAGE INSURER A: American Guarantee and Liability In 26247 INSURER B: ACE American Insurance Company 22667 INSURER C: Zurich American Insurance Company 16535 INSURER D: INSURER E: INSURER F:	

COVERAGES **CERTIFICATE NUMBER:** 457138560 **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSD WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
C X	COMMERCIAL GENERAL LIABILITY CLAIMS MADE <input checked="" type="checkbox"/> OCCUR X Contractual Liab GEN L AGGREGATE LIMIT APPLIES PER: POLICY <input type="checkbox"/> PRO-JECT <input checked="" type="checkbox"/> LOC OTHER:		CPO5543602-03	1/1/2016	1/1/2017	EACH OCCURRENCE \$1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$1,000,000 MED EXP (Any one person) \$10,000 PERSONAL & ADV INJURY \$1,000,000 GENERAL AGGREGATE \$2,000,000 PRODUCTS - COMP/OP AGG \$2,000,000 \$
C	AUTOMOBILE LIABILITY X ANY AUTO ALL OWNED AUTOS X HIRED AUTOS SCHEDULED AUTOS NON-OWNED AUTOS		CPO5543602-03	1/1/2016	1/1/2017	COMBINED SINGLE LIMIT (Ea accident) \$1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ Comp. & Coll Ded. \$500
A	UMBRELLA LIAB X OCCUR X EXCESS LIAB CLAIMS-MADE DED RETENTION \$		AUC5543479-03	1/1/2016	1/1/2017	EACH OCCURRENCE \$7,000,000 AGGREGATE \$7,000,000 \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N <input type="checkbox"/> N/A				PER STATUTE OTH-ER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
B	Crime Errors & Omissions		G25659223 003	1/31/2016	2/10/2016	Aggregate \$ 10,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
City of Ashland is named additional insured under General Liability as respects their interest in the operations of the Named Insured.

CERTIFICATE HOLDER City of Ashland 90 N. Mountain Ave. Ashland OR 97520 USA	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE

Arthur J. Gallagher & Co. Insurance Brokers of CA., Inc.
505 N. Brand Boulevard, Suite 600
Glendale, CA 91203

3568 2 MB 0.436



CITY OF ASHLAND
90 N MOUNTAIN AVE
ASHLAND, OR 97520-2014

C-3568



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
12/21/2015

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER LIC #63238 Keystone Risk Partners, LLC 604 E. Baltimore Pike Media, PA 19063	1-610-941-7751	CONTACT NAME: PHONE (A/C, No, Ext): E-MAIL ADDRESS: PRODUCER CUSTOMER ID #:	FAX (A/C, No):
INSURED Tristar Insurance Group 100 Oceangate Suite 700 Long Beach, CA 90802	INSURER(S) AFFORDING COVERAGE		NAIC #
		INSURER A: Ace American Insurance Company	
		INSURER B:	
		INSURER C:	
		INSURER D:	
		INSURER E:	
		INSURER F:	

COVERAGES CERTIFICATE NUMBER: 45658349 REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSR. WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
	GENERAL LIABILITY <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR					EACH OCCURRENCE	\$
						DAMAGE TO RENTED PREMISES (Ea occurrence)	\$
						MED EXP (Any one person)	\$
						PERSONAL & ADV INJURY	\$
						GENERAL AGGREGATE	\$
						PRODUCTS - COMP/OP AGG	\$
							\$
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS					COMBINED SINGLE LIMIT (Ea accident)	\$
						BODILY INJURY (Per person)	\$
						BODILY INJURY (Per accident)	\$
						PROPERTY DAMAGE (Per accident)	\$
							\$
							\$
	UMBRELLA LIAB <input type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DEDUCTIBLE RETENTION \$					EACH OCCURRENCE	\$
						AGGREGATE	\$
							\$
							\$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below Y/N <input type="checkbox"/> N/A		WLR C48593343 (AOS)	12/31/15	12/31/16	X WC STATUTORY LIMITS	OTHER
						E.L. EACH ACCIDENT	\$ 1,000,000
						E.L. DISEASE - EA EMPLOYEE	\$ 1,000,000
						E.L. DISEASE - POLICY LIMIT	\$ 1,000,000
	WC-Agri General Insurance WC-ACE Fire Underwriters		WLR C48593367 SCF C48593355	12/31/15 12/31/15	12/31/16 12/31/16	Tennessee Wisconsin	

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

CERTIFICATE HOLDER

City of Ashland
ATTN: Kari Olson, Purchasing Rep
90 N. Mountain Avenue
Ashland, OR 97520

USA

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

City's Request for Proposal

SCOPE OF WORK

Note: Please refer to complete Request for Proposal on file for remaining sections of RFP.

SCOPE OF WORK

General Information

The City of Ashland is seeking a Third Party Claims Administrator to administer its Workers' Compensation claims. The City strives for best practices while utilizing a Third Party Administrator (TPA) in partnership for optimal service, compliance, and cost containment. The successful proposer will have the knowledge and experience to administer and manage all City claims.

The City self-insures its Workers' Compensation exposure up to \$450,000 for all class codes except electrical exposure up to \$650,000 and purchases excess insurance above that amount. The City services include utilities (water, sewer, and electric), telecommunications, fire, police, public works, planning, parks and administrative services. A historical overview of the City's Workers' Compensation program is included in the RFP.

The City of Ashland (City), a municipality of the State of Oregon is seeking a Third Party Claims Administrator (TPA) to administer its Workers' Compensation claims. The City is a municipality in Jackson County, Oregon and provides general municipal services while enhancing the region's quality of life. The City is directed by a six-member council and mayor, elected by City voters. The Council appoints the City's administrator, who is responsible for day-to-day management.

The successful proposer will be expected to meet the highest standards prevalent in providing Workers' Compensation Third Party Administration Services. The City's intent is to award a contract to the successful proposer for a period of two years, with the option of extending the contract annually for up to three additional years for a maximum term of five (5) years.

The City's most recent contract for Workers' Compensation Third Party Administrative Services with Tristar Risk Management had reached its full term, and now the City is required by law to once again competitively bid these services.

Project Description

The successful proposer will have the knowledge and experience to administer all City claims. If a partnership is being proposed, the partnership must respond to this RFP.

For a historical overview of the City's WC program and payroll, please refer to [Exhibits E](#) and [Exhibit F](#).

Minimum Service Requirements

Account Team

The City requires a designated professional claims management team of appropriate experience and number to adequately manage the City's claims. Examiners adjusting lost time claims must have at least 3 years of Workers' Compensation (WC) time loss experience. Examiners adjusting Medical Only (MO) claims must have at least 1 year of experience adjusting MO claims. Exceptions to these standards must have prior approval from the City.

Case Loads

The City seeks to utilize a company that firmly adheres to a controlled caseload for its

supervisors and examiners.

Communication

Polite, truthful and assertive communication with City employees and Risk Management staff is essential to a successful TPA partnership with the City.

Meet with the City on a quarterly basis to review claim files.

Investigation

All claims will be thoroughly investigated to determine validity and compensability.

Investigations that require the use of outside investigators shall only be conducted upon consultation with, and consent of, the City. Claims that require the use of an independent medical examination shall only be conducted after consultation with, and consent of, the City. The City shall be responsible for payment of these services.

Reserve Management and Reporting

All reserves shall be established, reviewed and updated using commonly accepted reserving practices and/or state requirements or guidelines.

Medical/Disability Case Management

The TPA shall recommend medical case management to the City on all claims where the TPA deems it appropriate.

Litigation Management

Promptly provide legal counsel (to be chosen by the City of Ashland) with copies of the complete claim file and assist in the defense of cases to be litigated. Represent the City of Ashland at the Workers' Compensation Board and at conferences with legal counsel, as necessary.

Your company must be willing to accommodate the City in these instances.

Settlements

The City will require approval of all claim settlements.

Determine proper benefits due and make timely payments of those benefits in accordance with payment procedures established by statute and administrative Rules. The City shall be responsible for providing such funds to the Contractor as is required for payments.

Promptly close claims once they qualify for closure pursuant to statute and administrative rules.

Maintain pertinent data on all claims payments in a manner agreeable to the City of Ashland.

Recovery Management

Investigate and pursue possible third party recoveries.

The City is committed to the prompt pursuit of recovery from parties responsible for injuring its employees.

Claims Information System (Risk Management Information System)

Information is a vital tool in the management of City claims. The accuracy and usefulness of the information you maintain about the City's claims and the ease of accessing the information is extremely important to the City. Your Risk Management Information System (RMIS) should allow the City to review the status and valuation of claims and run reports on a real-time basis as outlined below. There should be a method of importing data from your RMIS into the City's RMIS on a monthly basis. This information must be organized in a useable manner. Your proposal must clearly identify the location and characteristics of the computer system your company will use to service the City's RMIS needs.

Reporting Requirements

Provide monthly open and closed claims reports.

The successful proposer will be required to prepare for the City's review and approval State annual Report of Losses,

Provide information and assistance for the preparation and filing of all reports required by the State of Oregon in connection with the City of Ashland's self-insurance program, including but not limited to, the annual Report of Losses, Legal Expenses Paid, and Federal LS-513 and LS-274 reports.

Provide information and assistance for the preparation and filing of all reports required to satisfy the mandatory CMS Section 111 Medicare Report per the Medicare, Medicaid, and SCHIP Extension Act (MMSEA).

Provide excess insurers with required reports.

File with the Workers' Compensation Division all information required for each claim.

Prepare and submit Employer at Injury Program reimbursement requests to the Workers' Compensation Division.

General Requirements

Claim administration requirements that apply to all workers' compensation claims are:

File retention

The successful proposer is to retain all claim files assumed or generated during the contract period. Both electronic and hard copy files are to be maintained by the successful proposer. At the end of the contract, all files will be transferred back to the City in a cataloged, organized fashion.

Audit

The City maintains an aggressive claims and vendor oversight program that includes periodic audits of selected claim files. City Risk Management Department will provide a 14-day advance notice of any on-site audit. The City's Human Resource Director and/or Risk Management and/or Internal Audit personnel will be provided access to all claim files to include all paper files as well as all computer entries. Alternative audit procedures will be arranged upon agreement of both parties when City Human Resource Director does not feel an on-site audit is necessary.

Annual certification will be required to confirm the successful proposer has adequate controls and accounting systems in place as attested to by one of more of the following: SAS 70 service auditor's report; audited financial report, the management letter, copy of the internal controls documents, and a copy of the accounting procedures.

Disclosure

The City requires disclosure of any financial arrangements or agreements between the TPA and all outside parties and/or subcontractors performing work on the City's account.

PROPOSAL SUBMITTED BY TRISTAR RISK MANAGEMENT

Sections of proposal included with contract:

- Proposed Service Plan
- Claims Information system
- Quality Control
- Reports

Note: Please refer to complete proposal on file for remaining sections of proposal.

Proposed Service Plan and Ability to Perform Services

Your proposal should describe your proposed service plan and your ability to perform the service obligations as required in the Scope of Work.

Case Loads

Describe the normal caseload for your company's claims examiners (total caseload, including City and any other client for whom the individual handles claims) and address how you will ensure the City that your company will comply with the City's **total caseload limitations**.

If caseloads are to be segmented by task to multiple individuals, please outline that program, its benefits, normal caseloads handled, and how a high level of service will be assured.

Note: City's total caseload limitations for Indemnity/Lost Time/Medical-Only – 175 claims. Examiners with a preponderance of high value, complex claims, should maintain an inventory considerably lower than the indemnity/lost time/medical-only caseloads listed above.

TRISTAR believes that claim professionals must have appropriate workloads to achieve the best possible outcomes. Our best practice maximum caseloads listed below. Note that Supervisors and Managers do not carry personal caseloads, as they are dedicated to quality assurance, technical oversight and management support of their team.

- Supervisors: 0, No personal caseloads
- WC Indemnity: 125-150 pending, 16 new per month
- WC Med Only: 250 pending, 80 new per month

Supervisors

Clearly indicate whether supervisory or management personnel will maintain an active caseload. The total caseload for supervisors and managers must be listed and a detailed description of their responsibilities must be provided.

No, Supervisors and Managers do not carry personal caseloads.

Communication

Polite, truthful and assertive communication with City employees and Risk Management staff is essential to a successful TPA partnership with the City. Describe in detail your company's communication standards and practices and how you will conduct and/or communicate the following:

1. 3-Point contact (employee, City's designated representative and initial medical provider) within 72 hours of notification of claim.
2. Contact with employees in a no-work status. Follow up on treatment and assisting claimants in the return to work process
3. Denials of benefits or claims to employees.
4. Sufficient contact with the City's designated representative to ensure that the City is informed of all significant issues and that the claim is being appropriately administered.
5. Contact with physicians to appropriately manage claims.

TRISTAR agrees that polite, truthful and assertive communications with City employees and Risk Management staff is essential. We also believe that the timeliness of initial communications, ongoing communications and prompt follow up of any outreach is crucial.

Three Point Contact/Initial Investigation

Three-point contact, (employee, employer and medical provider), is an important step in the initial investigation/verification of a claim. Within one business day of receipt of the claim, the examiner attempts three-point contact on all claims with an indemnity claim status. If needed, an additional attempt is made the next business day. If after two attempts the examiner is unable to reach any of the three contacts, a letter or e-mail follow up is sent. If the City does not want us to contact one or more of the contacts, documentation is entered in the claims system notepad stating the exception(s) to the three-point contact and the reason. These client exceptions should also be clearly stated in the individual Client Servicing Instructions.

Completion of the three-point contact is not mandatory on claims set up with a medical only claim status; however, at least one contact is made to verify the claim, such as the employer. Three-point contacts are completed as necessary to appropriately manage the claim (such as RTW modified duty or multiple injuries to the same body part) or per the individual Client Servicing Instructions.

A summary of the salient points of the three-point contact are entered in the claim notepad, which is accessible to the City via Client Portal.

Return to Work:

The City will have a variety of solutions to manage return to work.

Examiners work closely with their customers to assist in returning employees to work through a transitional work or "stay at work" program, utilizing the policies and procedures established by The City. This may involve the risk management department, the human resource department, the injured workers' supervisor, medical providers, and/or a nurse case manager,

The examiner contacts the treating physician and injured employee at least every 30 days or more frequently when an employee is out of work. The examiner works with the physician to assure the injured worker obtains appropriate medical care and returns the injured worker to full or modified duty by providing injured worker's functional limitations. The examiner works with The City to help determine the availability of modified duty position(s), and communicates that information to the physician.

TRISTAR understands the importance of communicating work status and changes in work status to The City's Risk Management department, Human Resources department, and the employee's supervisor. To the extent that they are available, documented job descriptions and modified/transitional duty programs aid our efforts to return employees to productivity.

The objectives of the transitional work program are:

- Transition the injured employee to full duty through placement into available interim assignments.
- Mitigate the costs incurred for injuries by reducing the length of time, an employee must remain away from work.
- Minimize the negative impact of an injury or illness upon the affected department
- Improve the morale of the client staff.

TRISTAR nurses can also work closely with all parties to assist with return to work opportunities utilizing medical treatment guidelines and predictive modeling based on severity of injury, occupation, age factors, etc. TRISTAR can customize all return to work activities in conjunction with the client return to work and transitional duty policies and procedures.

TRISTAR also offers an employee wellness program that integrate workers' compensation and group health medical management, disease management, and return to work activities to help reduce absenteeism and obtain quality healthcare for most optimal outcomes. Clients that have deployed this program have achieved great success.

The City is able to track functional limitations and return to work status through TRISTAR's Client Portal, via:

- Return to Work Status Screens
- Access to Medical Reports
- Change of Work Status
- Work Status Reports

- Access to Managed Care Modules including:
 - Nurse Case Management Activities
 - Official Disability Guidelines/Medical Disability Guidelines and others
 - Bill Review Data including medical provider billing, reimbursement information, billing practices, infractions and more

Our nurses utilize STAT, a TRISTAR proprietary system to help ensure compliance with utilization review and medical case management protocols, and additionally, our nurses and staff has access to various sophisticated software programs that provide tools to various jurisdictional or State medical treatment guidelines and predictive modeling tools.

Compensability Determination & Denial Recommendations

TRISTAR's responsibility to our clients is to determine if claims made by their employees for obtaining benefits are compensable under relevant jurisdictional statutes regardless of the type of claim. The process for determining whether a claim is compensable is to conduct a thorough investigation with regard to whether the claimed injury arose out of/or in the course of employment (AOE/COE).

If either the City or TRISTAR questions the validity of a claim, the adjuster may initiate an investigation to include additional activity checks. The adjuster evaluates a claim to determine compensability based on facts gathered in conjunction with relevant statutes. The adjuster will accept or deny the claim within the required statutory timeframe, and will secure approval from the City prior to issue of a denial.

Communication with the City

TRISTAR adheres to the City's communication protocols, including adhering to authority thresholds for reserves, settlements, payments, assignment of specialists, etc.

TRISTAR also provides pertinent updates regarding change of status for injured employees, aligned with the City's communication preferences.

Investigation

Describe and include your company's practices and procedures in conducting investigations including but not limited to determination of compensation, taking statements and investigating other agency reports.

Subrosa/Surveillance. Clearly describe the criteria used to conduct surveillance of injured employees suspected of presenting a fraudulent claim. Prior approval must be obtained from the City for any assignment of subrosa/surveillance.

Note: Additional fees associated with subrosa/surveillance must be clearly identified in your Cost Proposal.

Initial investigation of injuries is performed by the examiner. During our contact with the injured employee, we inquire as to the circumstances and facts of the injury. We also contact a client representative to obtain information about their knowledge of the injury. If, after these two interviews, there are any questions as to compensability, or subrogation potential, further investigation is initiated.

TRISTAR develops, in partnership with the City, a limited and qualified panel of investigators for both general investigations as well as special investigations, (such as surveillance), who share our commitment to controlling costs and enhancing "the client's bottom line". Objectives and a plan of action are discussed, and agreed upon, with the City. The investigation is assigned, directed and monitored by the examiner. The field or outside investigator's service fees are usually paid out of the claim file as an allocated expense, or as directed by the City.

Many factors are taken into consideration to determine the need for any outside services. Checklist items that may indicate a need for additional investigation, either by the examiner, the City, or with assistance of an outside investigator, may include:

- employee has only been on the job a short time
- injury occurs just before a strike, layoff, seasonal work, or job termination,
- employee has made similar claims in the past
- employee's version of the accident is not credible
- there are no witnesses to the incident
- the alleged injury relates to a pre-existing problem
- employee's physician/attorney has a history of filing suspect claims
- employee failed to report the accident in a timely manner
- accident occurred on a Monday, a Friday, or the first day after vacation
- injured employees consistently use the same physicians and/or attorneys to handle their claims
- history of frequent employment changes
- fraud language on all indemnity checks
- frequent changes of residence
- employee cannot be reached during normal working hours
- the witnesses know the injured employee
- medical history differs from First Report of Injury
- employee experiencing financial difficulties prior to submitting a claim
- employee experiencing domestic difficulties prior to submitting a claim
- employee tries to refuse and/or resist independent medical examination when it is required
- indemnity exceeds eight weeks with no objective medical findings
- research employee's previous history through national indexing system

Reserve Management and Reporting

Identify:

1. Your methods of establishing initial case reserves and practices for making reserve changes.
2. Reserve authority levels routinely assigned to examiners, supervisors and managers.
3. Your willingness to accommodate prior approval by the City of initial reserves or reserve changes of \$25,000 or greater as well as your ability to provide a reserve worksheet and/or report documenting the reason for the reserve.

One of the most critical functions of claims management is to establish timely, accurate reserves. TRISTAR's reserve philosophy is consistent with Generally Accepted Accounting Principles, or GAAP. Certified Public Accountants use GAAP to review and comment on the accuracy of financial statements. GAAP requires that all assets and liabilities on an organization's balance sheet be carried at expected value. Under GAAP rules, reserves must be established at the estimated ultimate settlement value of the claim. To arrive at this number, claims examiners must use all available information to establish and continually evaluate reserves.

A supervisor, manager, or designated adjuster reviews all claims immediately upon receipt of claim for the purpose of review and assignment of the claim. Once the type of claim is determined (record only, medical or indemnity), the claim is set up in the claim system within one (1) business day from receipt, and all known information is entered into the claims system.

Information taken into consideration when establishing reserves may include but not necessarily be limited to the following:

- Type of injury
- Severity of injury
- Age of the injured employee
- Occupation
- Local cost of treatment
- Expected length of disability
- General health and motivation of the injured employee
- Jurisdiction
- The experience of the claims examiner

All of these factors are considered when reserving for the estimated ultimate probable cost of the claim. As new information is received about the claim, reserves are adjusted up or down in a timely fashion and as appropriate.

The initial reserve is entered in claim file within five (5) business days of receipt of the claim.

Reserves are re-evaluated at each diary review and when significant information is received that may alter the course of the claim. Reserves are adjusted (up or down) within 30 days of receipt of significant information or sooner if necessary. A reserve worksheet is completed for each reserve adjustment on an indemnity claim, an example is enclosed as **Exhibit 5**. Documentation is entered in the claim system notepad supporting the rationale of the reserves entered or adjusted. The claims examiner is responsible for reviewing and documenting the adequacy of the reserve at each diary review.

The assigned adjuster completes the initial work-up and investigation. Reserves for medical only claims are auto-generated at an incurred amount as pre-determined by the City and TRISTAR. Initial reserves for indemnity claims are set within the first five (5) business days from receipt of the claim. The adjuster bases initial reserves on the information learned through the three-point contact investigation and from the claims adjuster's experience for exposure that may apply to that specific type of injury.

The adjuster documents a plan of action and schedules appropriate future diaries, including, but not limited to the next diary and plan of action reviews. Should a claim require further investigation, the claims examiner has an appropriate diary to ensure a timely determination in accordance with all statutory timeframes.

Reserves worksheets, supervisory reviews and payments are included in claims files.

TRISTAR's Claims Examiners typically have authority levels up to \$100,000; however they must fully comply with client-designated authority levels.

Medical/Disability Case Management

Describe:

1. The criteria by which your company decides whether medical case management is necessary.
2. How you ensure the quality of service provided by the medical case manager, including your requirements for a written deposition strategy and plan of action.

Nurse Case Management services bring a higher level of intervention to an injury by minimizing medical and indemnity costs in order to achieve the best recovery and return to work outcomes. The claims examiner is responsible for reviewing Client Handling Instructions and TRISTAR's recommended referral criteria, and determining the level of intervention required to achieve the best recovery outcome.

Suggested Telephonic Case Management Referral Criteria:

- Inpatient hospitalizations
- Inconsistent medical findings, subjective complaints cannot be supported by objective findings
- Multiple treating physicians
- Frequent change of primary treating physicians
- Pre-existing conditions that may prolong treatment (i.e., diabetes, hypertension, heart problems)
- Patient with history of drug/alcohol abuse
- Non-compliant treating physicians
- Continued/prolonged modified duty, unchanged work restrictions
- Continued treatment with no MMI in sight
- Continually changing diagnosis (i.e., starts as carpal tunnel, changes to epicondylitis, changes to rotator cuff to cervical strain)

Suggested Field Case Management Referral Criteria:

- Inconsistent medical findings - subjective cannot be supported by objective findings
- Multiple treating physicians
- Head trauma/Loss of consciousness
- Spinal cord injuries
- Second/Third degree and electrical burns
- Robberies/Assaults
- Toxic exposures
- "Repeat" claimants
- Pre-existing conditions that may interfere with or prolong recovery
- Inpatient hospitalizations
- Amputations
- Home modifications
- Investigational or experimental treatment or devices
- EE released to full duty with no MMI in sight
- Task assignments
 - Obtaining information or medical records from medical provider

- Attend an appointment to obtain MMI
- Attend an appointment to obtain RRTW - modified or regular

The claims examiner will refer to the City's Client Servicing Instructions for information regarding:

- The need to obtain authorization prior to utilizing Nurse Case Management services
- The requirement to use Nurse Case Managers
- The criteria for use of Nurse Case Managers

The claims examiner documents the reason for the referral in the claim notepad. If the claims examiner determines that Nurse Case Management is not indicated on a claim, clear documentation supporting the decision is also entered into the claim notepad.

Nurse Case Management progress is managed by the claims examiner. When the cost effectiveness for nurse case management is eliminated, the claims examiner requests the nurse to close their file.

Litigation Management

Describe your company's approach to assuring the quality and controlling the cost of litigation involved in workers' compensation claims.

Describe:

1. Your company's ability to develop or secure formal litigation plans once legal proceedings are started.
2. Your company's methodology for assuring defense counsel is monitored.
3. Your company's willingness to work with counsel that is not a member of your panel.

Note: Your company must be willing to accommodate the City in these instances.

Litigation results in increased costs and delays the eventual resolution and closure of claims. Legal management begins with professional, timely, communicative claims handling. It is the policy of TRISTAR to handle all claims with honesty, fairness, and integrity. We exercise the highest degree of ethical and professional conduct while representing the City.

If a claimant does obtain representation, the adjuster will continue to adjust the claim in a professional and pro-active manner. The adjuster will provide oversight of litigated claims as appropriate.

Adjusters will assist the assigned legal defense attorneys to perform legal work only when necessary and only as authorized by the City. In partnership with the City, TRISTAR has developed a limited and qualified panel of defense attorneys, including Matthew Fischer and David Wilson with Reinisch Wilson and Weier PC, Dan Sato with MacColl Busch Sato, PC, and Brian Perko and Lauren Oda with Sather Byerly and Holloway LLP, who share our commitment to controlling costs and protecting the City's interests.

TRISTAR adjusters assist legal counsel, and control legal costs, by handling claim activities such as:

- ✓ Setting up medical/legal evaluations
- ✓ Arranging for outside investigation, including Sub-Rosa
- ✓ Sharing medical and personnel records with all interested parties to avoid unnecessary subpoena and photocopy costs
- ✓ Arranging for independent medical evaluation (IME)
- ✓ Arranging for permanent disability evaluations
- ✓ Draft answers to interrogatories
- ✓ Provide medical organization and summaries
- ✓ Participate in hearings and settlement actions as requested

If an employee retains an attorney and litigates their claim, where appropriate, TRISTAR will:

- ✓ Assign the case to a defense attorney selected, or agreed to, by the City

- ✓ Assist and manage the defense attorney's activity
- ✓ Coordinate legal efforts between the City and the defense attorney
- ✓ Monitor legal costs

To achieve the most efficient and cost effective results the adjuster will continue performing routine adjusting duties after a referral to defense counsel.

When legal expertise is required the adjuster referrals to defense counsel in accordance with the City's client service instructions. The adjuster requests authorization for the referral from the supervisor/manager and the City (as may be required by client service Instructions). The adjuster completes a detailed referral form and maintains a copy in the claim file. The adjuster will assist by supplying detailed and necessary claim documentation, provide medical organization and analysis, and will participate in hearings and settlement actions as required.

To achieve the most efficient and cost effective results the adjuster will to continue performing routine adjusting duties after a referral to defense counsel.

When the adjuster refers a file to defense counsel, the adjuster is responsible for activities such as:

- ✓ Reason(s) for referral clearly outlined by the adjuster
- ✓ Clear instructions provided on the referral
- ✓ Providing all pertinent claim information and documents
- ✓ All normal tasks performed by the claims professional, e.g. setting medical appointments, sending mileage checks, requesting medical records, or referrals to any outside vendor
- ✓ Evaluation and monitoring of the litigation process throughout the life of the claim
- ✓ Moving the claim towards closure in a timely and cost effective manner
- ✓ Handle routine vocational rehabilitation issues including informal conferences as applicable. Defense counsel is involved if complex issues exist.
- ✓ Review all legal bills for accuracy and appropriateness

Unless the City office has written agreements with outside counsel, adjusters will typically notify outside counsel representing TRISTAR clients of the following and request an agreement to the following guidelines:

- ✓ Within 14 days of receipt of referral, submit an initial report, which shall include an initial assessment and litigation plan. The litigation plan should include recommendations that outline the potential cost and estimated timeframes to bring the claim to conclusion.
- ✓ Send notice of representation to opposing counsel, the appropriate governing body (if applicable) and all other involved parties.
- ✓ Deposition reports submitted within ten (10) days. Salient points of the deposition should be summarized with the deposition transcript attached
- ✓ Hearing reports submitted within ten (10) days. If an order or award is issued at the hearing, it should be faxed to the adjuster within two (2) business days

- with a brief summary.
- ✓ Counsel shall notify the adjuster of any conferences or hearings as soon as they are set.
 - ✓ Counsel shall copy the adjuster on all correspondence and client if required in the client service instructions.
 - ✓ All medical reports sent directly to the adjuster. The adjuster will serve the medical report on the applicant attorney with a copy to the defense counsel.
 - ✓ Supply concise status updates whenever events change any fact, judgment, or opinion bearing on the case. In general, defense counsel should be as brief as possible and report only significant activity; avoid routine status reports and re-stating factual summaries. All correspondence that does not add value to the case is discouraged and fees associated with the same may not be paid.
 - ✓ All requests for settlement authority should be in writing, in the manner requested by TRISTAR and the client, at least 14 days in advance of any hearings or conferences. Requests made on the eve of a conference or hearings are not acceptable
 - ✓ Where applicable, all settlement forms submitted to TRISTAR prior to presenting to the applicant attorney or injured worker, for approval, unless drawn up at the time of the hearing or conference with prior agreement of all pertinent facts, including dates of injury and parts of the body to be included.
 - ✓ Provide minutes of trials and any other pertinent documents.
 - ✓ Conduct witness interviews in preparation for hearings and trials.
 - ✓ In preparation for a trial, the defense attorney should provide their opinion regarding the probability of prevailing in trial
 - ✓ Submit itemized billing on a monthly basis.
 - ✓ Detail options for proceeding with litigation through the course of the claim and clearly state their opinion on the one best course of action. Adjusters refer to counsel for legal advice, not just options.

Settlements

Describe your company's methodology of:

1. Evaluating and recommending settlement to your clients. Describe the evaluation, analysis and supporting documentation you typically provide your clients in support of your recommendation.
2. Obtaining pre-settlement authority and the documentation that you will provide the City with a request for obtaining pre-settlement authority.

The settlement of a claim often involves many different parties; TRISTAR, the City and/or insured, excess carriers, Medicare, defense and claimant attorneys and various lien claimants. Communication between all parties is essential to assure the adjuster addresses and resolves all issues.

The adjuster will adhere to the Client Servicing Instructions for specific settlement authorization requirements. The adjuster will provide all supporting documents with the settlement authority request submitted to the Client.

Once the adjuster receives settlement authorization from the City, settlement negotiations may proceed as authorized by the City.

Settlement Authority

The City establishes settlement authority levels; the Client Servicing Instructions detail authority limits. The adjuster must be aware of settlement authority levels for each self-insured or insurer client as well as TRISTAR's internal authority levels. The adjuster obtains settlement authority from the appropriate authorities on all settlements. The adjuster accomplishes this utilizing the Settlement Authority Request Form, which requires authorization in writing.

When a claim has or will pierce the retention level, the adjuster must include the excess carrier in the settlement negotiations. Failure to do so may breach the client's contract with the excess carrier resulting in a reduced recovery.

The adjuster documents all settlement negotiations and agreements in the in the claim system notepad.

Recovery Management

Clearly indicate:

1. Your methodology for identifying claims with subrogation potential and your methodology for pursuing and managing subrogation.
2. Discuss the criteria you use to involve legal counsel and vendors for subrogation activity.

Note: If a separate subrogation unit will be utilized, the associated fees must be clearly identified in your Cost Proposal.

Under workers' compensation law, the employer is responsible for payment of benefits to an injured employee even where there is another (or third) party at fault. The City is entitled to recover those expenditures by way of subrogation against the responsible party.

The examiner, on behalf of the City, will diligently identify and pursue any claim where there is a possibility of recovering any or all moneys spent for such an injury. If on investigation, subrogation does not appear to be applicable to the claim, the examiner will document the claim system notepad indicating the basis for this determination.

Situations in which subrogation opportunities may be present include, but are not limited to:

- ✓ Auto accident
- ✓ Product defect (e.g., defective chair, ladder, machinery)
- ✓ Premises liability – unsafe surfaces, safety equipment not installed, or poor maintenance

The examiner will investigate to determine if a third person(s) or equipment dysfunction may have caused the incident to identify subrogation potential. There are also instances where subrogation is possible against the manufacturer of a defective piece of equipment or machinery. The examiner will work with the City to ensure that faulty equipment is secured and stored for use as evidence. An injury occurring away from the employer's premises may involve subrogation (e.g., a deliveryman at a client's place of business may have a slip and fall injury on foreign matter left on the floor. The examiner will secure the City's approval prior to pursuing subrogation.

Various jurisdictions have different statutory timeframes for filing the appropriate paperwork to protect the client, and sometimes these timeframes differ for filing against private entities and public entities. TRISTAR's team is familiar with jurisdictional timeframes to assure recovery for our clients.

Claims Information System (Risk Management Information System)

Claim Status, Valuation and Tracking

Will your RMIS allow the City to review the status and valuation of claims and run reports on a real-time basis?

Is there a method of importing data from your RMIS into the City's RMIS on a monthly basis in an organized and useable manner? Will your system have the capability to code claims by:

1. Type of claim
2. Cause of loss, nature of injury, body part injured (Describe all the code- sets you use. The City system accommodates multiple code-sets.)
3. Status of claim - open and closed
4. Status when each payment and reserve change is made
5. Litigation status
6. State
7. Specific City location
8. Vocational rehabilitation status (if applicable)
9. Subrogation potential

TRISTAR's Client Portal is paperless, web-based, and offers Android and Apple compatible mobile apps for employers and claimants. Client Portal provides access to a client dashboard, individual claim detail, and reports.

- Dashboard: Our goal is deliver relevant, actionable information in a user-friendly dashboard view. There are three tabs within the dashboard, each sharing key metrics in presentation-ready format: Claim, Financial and Loss Control. Our claim view includes a Trial Calendar with a rolling two month view of upcoming hearing and trial dates. Each dashboard screen offers one-click drilldown to view the data populating the report, option to print or export, and many of the dashboard reports include "hot sites" where simply scrolling the mouse over the site will produce a pop-up with key detail on that data point.
- Claim detail: Includes diary, notes, payment processing, reserves/reserve changes, litigation, medical management, policy management, correspondence, work status and restrictions, vendor tracking, correspondence and more. Users have the ability to open three separate claims simultaneously via independent tabs within the portal.
- Report module: Standard management reports and customized, ad hoc reports are available to run, view, print, email, or download. We offer over 80 reports such as Loss Prevention, Loss Triangles, Claim Log, 1099's, and many others.

Reports may be programmed to run automatically on a user-designated schedule.

- Alerts: Our tools allow for customized alerts based on client specific criteria, such as reserve changes in excess of a given amount, large payments, closing notices, and the like.
- Access can be customized for individual users.

TRISTAR is able to import/export data to the City's RMIS on a monthly basis, in a usable and organized manner. Claims detail includes, but are not limited to, the following coding:

- Type of claim
- Cause of loss, nature of injury, body part injured, job duty
- Day of the week, time of day that injury occurred
- Status of claim – open, closed, disability status
- Status when each payment and reserve change is made
- Five reserve categories: legal, medical, indemnity, vocational rehabilitation, and other
- Litigation status
- State
- Specific City location code
- Vocational rehabilitation status (if applicable)
- Subrogation potential

Does your system track reimbursements/recoveries; is it able to differentiate between refunds/overpayments and recoveries?

Yes, TRISTAR's system tracks reimbursements and recoveries, and is able to differentiate between refunds/overpayments and recoveries.

Does your system provide daily data feeds to your RMIS system?

Yes, TRISTAR's Claim System provides daily feeds to TRISTAR's RMIS, Client Portal.

Your system must show amounts paid, reserved and incurred, by claim (for each payment type), for each of the following (Provide a list of standard loss payment codes):

1. Medical expense
2. Indemnity expense
3. Allocated loss adjustment expense
4. Legal expense
5. Vocational rehabilitation expense
6. Total

TRISTAR's system shows amounts paid, reserved and incurred by claim for each of the following:

- Legal
- Medical
- Indemnity
- Vocational rehabilitation
- Other
- Total

An example is shown on the following page.

<u>INDEMNITY</u>	<u>Paycode</u>	<u>Payment Description</u>	<u>Medical</u>	<u>Paycode</u>	<u>Payment Description</u>
Indemnity	001	TEMPORARY DISABILITY	Medical	031	ATTENDING PHYSICIAN
Indemnity	002	PERMANENT DISABILITY	Medical	032	SURGEON
Indemnity	014	WAGE LOSS TEMPORARY	Medical	034	ANESTHESIOLOGIST
Indemnity	701	PERMANENT TOTAL DISABILITY	Medical	036	MEDICAL LEGAL EVALUATION (IME)
Indemnity	003	COMPROMISE & RELEASE	Medical	710	CHIROPRACTOR
Indemnity	009	WITNESS FEES - DEPOSITION	Medical	711	ACUPUNCTURE
Indemnity	007	DEATH (DEPENDENTS)	Medical	736	INDEPENDENT MEDICAL EVAL. (IME)
Indemnity	008	DEATH (NO DEPENDENTS)	Medical	744	DENTIST
Indemnity	703	BURIAL EXPENSE	Medical	050	FUTURE MEDICAL/SUPPORTIVE CARE
Indemnity	900	INDEMNITY EXCESS RECOVERY	Medical	033	HOSPITAL
Indemnity	901	INDEMNITY SUBRO RECOVERY	Medical	706	HOSPITAL OUT PATIENT
Indemnity	902	INDEMNITY CONTRIBUTION RECOVERY	Medical	035	PRESCRIPTION DRUGS
REHAB	Paycode	Payment Description	Medical	049	PHYSICAL THERAPY
Rehab	019	VOCATIONAL REHABILITATION	Medical	037	MEDICAL MILEAGE EXPENSE
Rehab	719	REHAB VENDOR/COUNSELOR	Medical	038	MED REIMB CLMT; DRUGS, SUPPLIES
Rehab	721	QUALIFIED REHAB CONSULTANT	Medical	039	MEDICAL REIMBURS. GRP HEALTH LIENS
Rehab	020	VOCATIONAL REHAB IND VRMA	Medical	041	MEDICAL SUPPLIES
Rehab	021	VR TRAINING; SCHOOL EXPENSES	Medical	043	LANGUAGE TRANSLATOR / INTERPRETER
Rehab	022	MILEAGE; SUPPLIES; BABYSITTING	Medical	048	MEDICAL TRANSPORTATION
Rehab	023	MILEAGE FOR REHAB SERVICES	Medical	051	EQUIPMENT & APPLIANCES
Rehab	720	REHAB EQUIPMENT	Medical	747	GYM MEMBERSHIPS
Rehab	024	REHAB ATTORNEY'S FEE	Medical	725	MEDICARE SET ASIDE / VENDOR FEES
Rehab	910	REHAB EXCESS RECOVERY	Medical	733	MEDICARE SET ASIDE / CLMT PAYMENT
Rehab	911	REHAB SUBRO RECOVERY	Medical	737	C&R / SETTLEMENT FUTURE MEDICAL
Rehab	912	REHAB CONTRIBUTION RECOVERY	Medical	752	Medicare Conditional Payment Reimburse.
LEGAL	Paycode	Payment Description	Medical	045	RADIOLOGY & NUCLEAR MEDICINE
Legal	055	LEGAL FEES (DEFENDANT)	Medical	046	PATHOLOGY & LABORATORY
Legal	056	CLAIMANT DEPOSITION REIMB	Medical	709	DIAGNOSTIC TEST (CT/MRI)
Legal	057	LEGAL INTERPRETER	Medical	707	NURSING SERVICES (HOME HEALTH)
Legal	058	WITNESS FEES	Medical	708	NURSING HOME (CONVALESCENT)
Legal	059	COURT REPORTER/TRANSCRIPT FEES	Medical	714	DOMESTIC HELP (HOUSEKEEPING)
Legal	062	DEFENSE CIVIL/CRIMINAL ATTORNEY	Medical	712	ERGONOMIC EVALUATION
Legal	947	IME EVALUATION & EXPENSES	Medical	713	ERGONOMIC EQUIPMENT
Legal	930	LEGAL EXCESS RECOVERY	Medical	738	FUNCTIONAL CAPACITY EVALUATION
Legal	931	LEGAL SUBRO RECOVERY	Medical	047	MEDICAL/NURSE MANAGEMENT
Legal	932	LEGAL CONTRIBUTION RECOVERY	Medical	088	UR/Pre-cert
PENALTY	Paycode	Payment Description	Medical	099	Review Only
Indemnity	005	PENALTY/INTEREST - EMPLOYER FAULT	Medical	724	PPO FEE
Indemnity	015	PENALTY/INTEREST - TRISTAR FAULT	Medical	734	FIELD NURSE CASE MANAGEMENT
Indemnity	016	PRIOR TPA PENALTY - INDEMNITY	Medical	735	EARLY INTERVENTION
Medical	040	10% PENALTY LATE PAY MED BILLS	Medical	092	MEDICAL INTEREST
Medical	044	MEDICAL PENALTY DUE TO CLMT	Medical	920	MEDICAL EXCESS RECOVERY
Medical	052	PRIOR TPA PENALTY - MEDICAL	Medical	921	MEDICAL SUBRO RECOVERY
Other	076	PENALTY	Medical	922	MEDICAL CONTRIBUTION RECOVERY
OTHER	Paycode	Payment Description	Other	066	PHOTOCOPY EXPENSE
Other	940	OTHER EXCESS RECOVERY	Other	067	INVESTIGATION
Other	941	OTHER SUBRO RECOVERY	Other	068	SURVEILLANCE; ACTIVITY CHECK
Other	942	OTHER CONTRIBUTION RECOVERY	Other	069	SUBROGATION FEES
Other	075	BILL REVIEW - OTHER	Other	070	LEGAL TRAVEL EXPENSES
Other	740	PPO FEE - OTHER	Other	071	SUBPOENA - WITNESSES
			Other	091	CASE MANAGEMENT
			Other	716	ADRITRATOR/ARBITRATION
			Other	723	LIEN FILING FEE
			Other	948	IME
			Other	951	RETURN TO WORK PROGRAM
			OTHER	743	MEDICARE RESEARCH
			Other	966	Deductible Recovery

Data Extracts for the City's RMIS

List the RMIS vendors to whom you provide loss data on behalf of your clients and indicate whether you provide claim totals only or include individual transaction records (payments and reserve changes).

TRISTAR has established interfaces with carriers and clients. The data transfer is customized for each vendor or client and may include only financial claim totals or individual transaction records.

TRISTAR is approved by the following carriers:

- AIG
- Alliance Global Corporate & Specialty
- Allied World Assurance Company
- American Contractors Insurance Group
- American Safety
- Amerisafe
- Amerisure
- AmTrust
- Arch Insurance Group
- Benchmark
- Catalina
- Chubb/ACE
- CNA
- FW Crum
- Hannover/AIX/Nova
- The Hartford
- Hortica Insurance Group
- Houston International Insurance Group
- ICW Group
- Liberty International Underwriters
- Midwest Employers Casualty CO
- Munich American Reassurance
- Navigators
- New York Marine
- North American Specialty
- Old Republic
- One Beacon
- Pharmacists Mutual
- QBE
- Safety National
- Scottsdale
- State Auto
- State National
- Telcom Insurance Group
- Travelers Insurance
- XL Catlin
- Zurich

TRISTAR has converted and supplies data for RMIS systems including, but not limited to: CS STARS, RiskMaster, @Global, ICE, Origami and other proprietary systems. This occurs both at the client and carrier level.

TRISTAR supplies both summary and detailed reports to our RMIS partners.

On-Line Report Generation

The City requires on-line access to your RMIS. Data must be accessible by personal computer at the City. The City must have the ability to select from a menu of pre-defined reports that contain current claim information. The City must also have the ability to generate ad hoc reports combining any elements in your database, as the need arises. Confirm the City will have on-line access to your RMIS and provide samples of pre-defined reports.

TRISTAR confirms that our RMIS, Client Portal, meets all of the requirements noted above. We have included samples of reports as **Exhibit 7**. We have also included samples of the reports that TRISTAR currently provides to the City on a regular basis as **Exhibit 8**.

Periodic Loss Reports

The City requires monthly loss data, including a check register detailing each individual payment broken out by injured worker. City must receive the data no later than the 10th working day of each month. Confirm the City will receive this data as specified and provide samples of your printed reports.

TRISTAR confirms that we will provide monthly loss data, including a check register detailing individual payments broken out by claimant, by the 10th working day of each month. We have included samples as **Exhibits 7** and **8**.

Database Security

The City's loss information is considered confidential and your proposal must clearly indicate methods used to ensure that access to information is gained only through identification numbers or passwords, which are provided only to individuals who are authorized to access the City's account. Describe your company's confidential records policies and the methods taken to ensure that backup media, if lost or stolen, would not be useable by any unauthorized party.

The TRISTAR claim system is password protected at the network level and at the individual user level for the claim system. TRISTAR establishes unique passwords for each individual user. The system requires passwords be changed at established intervals. TRISTAR has an extensive authorization process to access to data within our system. Authority levels are determined by experience and job title and must be approved by the branch manager before access will be granted. Remote access is subject to the same security process as local access requests.

All new information entered is subject to automated data integrity rules validation, such as required fields. Claims supervisors monitor the completeness of data entry on a claim-by-claim basis.

TRISTAR's claim system is fully supported by authorized TRISTAR IT staff who have full rights to all aspects of TRISTAR database management. Security is control by Oracle/Unix administrators, and security settings within the application. TRISTAR's application provides secure real-time online access using SSL encryption on a 24-hour basis. This supplies full security for all data imported and or exported for the entire session. It is flexible and user-friendly and provided to all authorized users.

Illustration of Capability

Provide sample RMIS screens for evaluation. Descriptions of the screens in relation to particular City requirements must accompany the actual illustrated screen.

Will your system accommodate customer specific questions or screens to be completed either at the initial claim reporting or by subsequent entries by the City?

What system capabilities are available for use by the City?

TRISTAR has enclosed sample RMIS screens as **Exhibit 6**.

TRISTAR's Client Portal accommodates client-specific questions and screens at claim intake.

TRISTAR's Client Portal capability available to the City includes Android and Apple compatible mobile apps, paperless access to all claim documentation and correspondence, Claim, Financial and Loss Control dashboards with multi-layer functionality including print and presentation-ready graphics and drilldown, a rolling trial calendar, access to claim detail for up to three claims simultaneously, standard and ad hoc reporting, and customized alerts.

On-Line Access/Adjuster Notes

Provide sample RMIS screens for evaluation and descriptions of the data available when accessing and reviewing Adjuster notes, reserves and payments.

Please see **Exhibit 6**.

Support

Outline dedicated systems support available to the City and any related charges.

Confirm this area will be staffed adequately to assure timely response and resolution of systems.

TRISTAR's claim system is fully supported by authorized, California-based in-house IT staff. Our Service Desk is available to the City of Ashland during normal business hours in all U.S. time zones.

State/Federal Compliance Reporting

Outline system support available to the City for production of State and Federal required loss reporting. Proposer will need to ensure they have the ability to comply with any current or newly mandated state and federal reporting requirements.

Note: The successful proposer will be required to prepare and file State annual Report of Losses, Legal Expenses Paid, and Federal LS-513 and LS-274 reports. City to review and approve report prior to the report being filed.

TRISTAR provides State and Federal required loss reporting on behalf of the City. TRISTAR submits the following reports to DCBS's Workers Compensation Division annually: Annual Report of Losses, Payment Data for Annual Compliance Audits, and Defense Legal Costs.

CMS Section 111 Medicare Mandatory Reporting

Outline system support available to report City of Ashland claims per the Medicare, Medicaid, and SCHIP Extension Act (MMSEA).

Note: The successful proposer will be required to prepare and file the mandatory CMS Section 111 Medicare Report. City to review and approve report prior to the report being filed.

TRISTAR is compliant with all aspects of the Medicare, Medicaid and SCHIP Extension Act of 2007. As long as the City utilizes our claims software, the City (Responsible Reporting Entity) may designate TRISTAR as the Reporting Agent to report to CMS.

TRISTAR prepares the report for the City's review, and files the report on behalf of the City.

Systems Reliability

Provide the prior three (3) years' history of your online system's availability.

TRISTAR has been utilizing our claims system for more than 14 years, and reliability and availability has remained intact since inception.

Security – Back Up - Recovery

TRISTAR's claim system is fully supported by authorized TRISTAR IT staff who have full rights to all aspects of TRISTAR database management. Security is control by Oracle/Unix administrators, and security settings within the application. TRISTAR's application provides secure real-time online access using SSL encryption on a 24-hour basis. This supplies full security for all data imported and or exported for the entire session. It is flexible and user-friendly and provided to all authorized users.

Internet based information systems are password protected at the network level and at the individual user level. Unique passwords are established for each individual user. The system requires passwords be changed at established intervals. Access to data within our system is established through an extensive authorization process. Authority levels are determined by experience and job title, and must be approved by the branch manager before access is granted. Remote access is subject to the same security process as local access requests.

Our SSAE 16 annual audit performed by Deloitte and Touche documents our change management procedures including test controls that indicate the following policies/procedures, including but not limited to:

- ✓ Network Services process for monitoring disk space capacity, system responsiveness and system usage daily,
- ✓ User access change policies and procedures limiting access to users
- ✓ User network sessions lock out after period of inactivity
- ✓ Standard server configuration conforming to current IT security standards
- ✓ Changes to configuration of firewall reviewed and authorized by CIO
- ✓ User assigned access rights based on job responsibilities
- ✓ Password policies
- ✓ Notification to clients

Our information security controls are indicated in our SSAE 16 audit control objectives and provide assurance that access to the application, sensitive master files and data, and the computer network is restricted to authorized persons.

We adhere to all regulatory statutes indicating required policies and procedures including notification to affected individuals in the event of a security breach, if any.

Our SSAE 16 compliance document includes review of policies and procedures related to protection personal information.

Disaster Recovery/Back Up Strategy - TRISTAR provides physical access to our data center and computer systems controlled by a secured hydraulic arm and a badge reader. A limited number of authorized IT staff has access. The following items protect the computer from adverse environment conditions:

- ✓ Multiple uninterrupted power supplies ("UPS") – all UPS units are automatically tested each month end. In the event of failure, notifications are sent out to TRISTAR Networking Services group. UPS logs are reviewed and logged on quarterly bases.
- ✓ Two air conditioners control temperature and humidity. They are inspected and serviced bi-monthly.
- ✓ Fire suppressions system inspected every 6 months.

Recovery is indicated in our backup system in addition to risk management policies for operations necessary in the event of unanticipated prolonged outage. Our SSAE 16 (SOC 1) Type II auditing performed by Deloitte and Touche provide reasonable assurance that application and system processing is complete; processing problems, deviations, and errors are identified and resolves; and backups of data and system files are performed regularly.

As a brief overview: Backups of Oracle database transaction logs are performed automatically throughout each business day. A Windows task scheduler is configured to automatically backup the Oracle dataset archive logs through each business day and configured to automatically perform a full database back up nightly. Full disk-based backups are performed automatically every weeknight and disk-to tap backup once a week. Weekly and monthly backup tapes are rotated off-site to Cranbury, NJ and Signal Hill, CA offices to be stored in fire proof safes. The integrity of the tape backup is tested at month end by restoring files from the month end back up tape prior to its shipment offsite. Two backups of two backup types are recorded in the Oracle logs according to their respective schedules. The backup system generates automatic email and daily status report to the Network Administrator.

Backups are monitored by management for successful and timely completion, and backup errors, if any, are reviewed by management, and promptly resolved.

Although the retention period is 2 weeks, tapes are available for approximately 2 months – or 60 days - before reuse. On a weekly basis, a full copy of the system is backed up to tape and maintained on site with an additional copy made and sent offsite to TRISTAR's Signal Hill, CA office for storage. Backup reports are available.

Production databases operate in archive log mode to minimize downtime in the event of recovery.

Conversion activities occur in late evenings during non-office hours and regular maintenance activity is schedule for late evenings on the weekends and do not cause any regular disruption to typical users.

Quality Control

Describe your requirements for supervisory/management case review to ensure compliance with service agreement.

TRISTAR recognizes the vital importance of quality in both the service provided to our clients and our technical claims product. Our robust Quality Assurance program helps assure consistent, high quality service in compliance with applicable statutes, rules and regulations. TRISTAR's quality control measurements include, but are not limited to, the following programs to ensure that we are consistently adhering to those practices and procedures established to move files to appropriate closure:

Claims Services Summary:

To assure that claims examiners can focus appropriately on the management and resolution of each claim file, TRISTAR supports our examiners by offering appropriate caseloads, clerical staff for non-technical, administrative duties, and oversight by experienced supervisors who do not carry a personal caseload. Our Best Practices are based upon proven claim management practices that deliver consistent, top quality results. Within our claim system, automated diaries and system requirements help assure that examiners and supervisors manage/oversee claims in compliance with our Best Practices and any applicable Client Handling Instructions.

Supervisory Oversight & Review

TRISTAR supervisors do not carry a caseload, allowing them to concentrate on their primary function, providing oversight and mentoring the examiners to ensure the best resolution for a claim. Files are reviewed by supervisors on both a random and systematic basis.

Supervisors are required to review all new indemnity claims within 10 business days of TRISTAR's receipt of the claim. This is to verify all pertinent issues have been identified and addressed, appropriate compensability determination was made, reserves are appropriately set, diaries are in place, benefits have been accurately calculated and paid, benefit notices are complete and a thorough action plan is documented in the file.

Supervisors review all indemnity claims at 90 days and complete a thorough review of the file. Subsequent supervisor diary is mandatory on active indemnity claims every 180 days or more frequently, the diary must be appropriately set for the specific claim.

All claims where reserves, payments, or settlement authority exceeds that of the claims examiner are reviewed by the supervisor and proper documentation of the review is entered into the notepad.

TRISTAR has established several quality control mechanisms to ensure satisfactory delivery and compliance with statutory mandates.

Systematic Audit

TRISTAR conducts multiple audits throughout the year. There is an internal audit of each branch annually to evaluate the performance of each examiner and supervisor. Critical areas are audited such as diary review, plan of action, investigation, supervisor involvement and excess review. An audit report is published and distributed to management and senior management. For any score below 85% an action plan is required to be completed by the branch manager. In addition, quarterly audits are conducted to review our performance on 3 point contact, initial supervisor reviews and 90 day supervisor reviews. All results are delivered to the management of the office and the Regional Vice President.

Self Audit

The claims examiners perform self-audits on their files. Utilizing the Closure Checklist, this self-audit addresses items such as the processing of appropriate forms, correct calculation of payments, and any unpaid or disputed medical bills or liens.

Client Procedural Compliance

TRISTAR completes a new client implementation form for every account, which includes client specific requirements. Where appropriate, Client Instructions are automated via diary and system requirements. Compliance with Client-Specific Handling Instructions is reviewed during Supervisor Diaries, and audited as part of our QA Audit Program.

Incentive for Quality Assurance Excellence:

TRISTAR's President's Award for Claims Handling Excellence is awarded annually as incentive for examiners and supervisors to achieve outstanding audit results: examiners must score 95% or higher, and supervisors must have an individual audit score of 95% or higher, and their units must earn an overall score of 90% or higher. Team members who achieve these metrics earn a monetary prize, a plaque, and are mentioned in our internal newsletter.

Provide copies of one year (prior 4 quarters) of State quarterly claims processing reports for all clients (names omitted) managed by the proposed claims team.

Please see **Exhibit 9**.

Describe your process for ensuring accuracy of loss data generated either by the City or by TPA.

All new information entered is subject to automated data integrity rules validation, such as required fields. Claims supervisors monitor the completeness of data entry on a claim-by-claim basis.

During any data migration, TRISTAR's IT department performs reconciliation ensure data integrity. Claims are compared to detail and summary reports provided by the other party.

How often do you conduct open claim reviews with your clients?

TRISTAR conducts open claim reviews based upon each client's request. We currently conduct one claim review per year with the City. We can conduct up to two claim reviews per year at no additional charge if desired by the City.

Explain your process for accommodating file audits and correction of deficiencies by your clients, their outside auditors and excess insurers.

TRISTAR accommodates file audits from clients, their outside auditors and excess insurers with reasonable notice. We typically request 30 days' notice prior to an audit.

All audits will be coordinated through our Portland Manager, Amy Stone. Following receipt of the final audit report, TRISTAR will provide its response with corrective action plans within 30 days, or dictated timeframe, to all involved parties.

Audit results will be incorporated and discussed during claims review and stewardship meetings. This process will assist in identifying and addressing positive/negative trends for purposes of meeting and exceeding City program goals and objectives.

In establishing a partnership with the City, what are the key elements that will build ongoing trust between the parties?

TRISTAR values our partnership with the City. We view the key foundations to our long-term partnership as:

- a stable, experienced team,
- a customized service program combined with proven best practices to control total loss costs,
- compliance with the City's required communication and authority thresholds,
- providing prompt and equitable claims management services to assure the satisfaction of the City and its injured employees, and
- compliance with all appropriate statutory and regulatory guidelines.

How do you propose to make the City's relatively low claim volume a handling priority?

TRISTAR has demonstrated that the City's claims are a priority, by adhering to the City's customized handling instructions and communication protocols, providing required reports, participating in one claim review per year, and serving the City with an experienced and stable team of examiners.

Outline your process for file retention; archiving and storing/maintaining closed files.

Electronic and physical files are maintained as long as statutorily required and/or in accordance with the client's file retention and destruction criteria. There is no additional cost for claim file destruction or retention.

Reports

Describe the activity reports you typically provide to your clients on a monthly, quarterly or annual basis including:

- a. Financial reports such as cost paid, account reconciliation, reserve changes and cost recovery
- b. Claim status reports such as open, reopened, and closed, utilization, litigation

Note: Costs for any additional value added services are to be identified and included with the Cost Proposal.

TRISTAR's claim system, Client Portal, provides a myriad of reports designed to enable personnel to analyze data from the risk management perspective. Reports can be produced real time or for user defined reporting history periods.

The system includes over 80 standard and customized reports, and ad-hoc reports. Examples include Claim Status Reports, Loss Prevention, Loss Triangles, Custom Claim reports, Lag Time reports, Policy and Fiscal Year Summary Report, SIR/Excess Reports, Litigation reports, Subrogation reports, Denial reports, Payment reports, Injury Matrix reports, Occupation/Body Part/Nature of Injury/Incident Type reports, 1099 forms, Service Year reports, Age at Injury reports, OSHA reports, and many others. Reports can be run based upon the City's location/organization hierarchy.

The Report Module allows one window to query all reports. The user can add or delete reporting fields and selection criteria with ease. All terminology is common claims terminology; the end-user is isolated from the database or system language.

The user selects the report group such as general, loss prevention, payment processing, etc. The user can then identify specific claims as well as valuation dates for the report. All reports appear first in a display window, which can also be previewed. Roll-ups are user-defined and are not pre-programmed. The end user can specify the sorting and grouping/totaling, as desired. The ability to sort, group, and total on any field of a report has been found by our clients to be very helpful. The user can export reports in common file formats, including Excel, ASCII CSV, and Adobe Acrobat (PDF).

AMENDMENT FOUR

This Amendment Four (“Amendment Four”), effective July 1, 2020 is incorporated into and made part of that certain Contract for Workers’ Compensation TPA Services effective July 1, 2016, by and between **TRISTAR Risk Management, Inc.** (“Consultant”) and the **City of Ashland** (“City”).

Conflict Resolution. In the event of a conflict of any kind, be it direct or indirect, between any or all terms of this Amendment Four and those of the Contract for Workers’ Compensation TPA Services, including the First Addendum to Contract effective July 1, 2016, Amendment One effective July 1, 2018, Amendment Two effective July 1, 2016, and Amendment Three effective July 1 2019 (“collectively “Contract”), then the terms and conditions of this Amendment Four shall control.

WHEREAS, the Contract covers the July 1, 2016 to June 30, 2018 period and up to three (3) additional one (1) year extension periods; and

WHEREAS, the City and Consultant wish to extend the Contract for the July 1, 2020 to June 30, 2021 period (“Third Extension Period”) subject to the terms and conditions of this Amendment Four, including the revised fees set forth herein;

NOW THEREFORE, in consideration of the covenants and agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the City and Consultant hereby agree as follows:

1. City and Consultant have mutually agreed to extend the Contract for the Third Extension Period, such extension to be in accordance with the terms and conditions of the Contract and this Amendment Four, including the revised fees set forth herein.
2. The “Per Claim Fees – Newly Reported Claims” table in the Cost Proposal attached to the Contract as Exhibit C is deleted in its entirety and replaced with the following table for the period of July 1, 2020 to June 30, 2021:

PER CLAIM FEES – NEWLY REPORTED CLAIMS: LIFE OF CONTRACT HANDLING

Indemnity – All Other States	\$1,190.00
Medical Only	\$180.00
Complex Medical	\$370.00
Record Only	\$35.00

The “Managed Care pricing” table in the Cost Proposal attached to the Contract as Exhibit C is deleted in its entirety and replaced with Schedule of Preferred Provider Specialty Services for the period of July 1, 2020 through June 30, 2021 attached hereto as Schedule A, which is incorporated into the Agreement and made part thereof.

All other fees remain the same.

3. All other terms and conditions of the Contract not modified by this Amendment Four are hereby ratified and affirmed.

CITY AND CONSULTANT CERTIFY BY THEIR UNDERSIGNED AUTHORIZED OFFICERS THAT THEY HAVE READ THIS AMENDMENT FOUR AND AGREE TO BE BOUND BY ITS TERMS AND CONDITIONS.

City of Ashland

TRISTAR Risk Management, Inc.

By: _____

By: _____

Print Name: _____

Print Name: THOMAS J. VEALE

Title: _____

Title: PRESIDENT

Date: _____

Date: _____

Schedule A Preferred Provider Specialty Services

Schedule A is effective July 1, 2020 and is subject to change from time to time thereafter without prior notice. These Preferred Provider Specialty Services fees are paid as Allocated Loss Adjustment Expenses or, where required by state law, as loss.

SERVICES	FEES
MANAGED CARE	
Medical Bill Review:	
Provider/Ancillary Bill Review	\$9 per bill
Hospital Bill Review (in and outpatient)	12% of savings
Clinical Nurse Review	27% of savings
Implantable Device Review	30% of savings
PPO/Pharmacy/DME	27% of Savings (all savings are post fee schedule or U&C)
Specialty Bill/Out of Network Review	30% of Savings (all savings are post fee schedule or U&C)
e-billing	\$1 per bill
Historical Bill Review Conversion	\$2,000 One Time Fee at Implementation
Duplicate Bills Duplicate Line Items Monthly Savings Reporting	} No Charge
Utilization Review:	
Pre-clinical review	\$25 per pre-clinical review. Fee waived if case proceeds to utilization review
Pre-Certification (In- or Out-Patient and medications)	\$140 per pre-certification
Concurrent Review (Review during hospitalization or outpatient treatment, as treatment progresses to ensure duration and type of treatment meet appropriate guidelines)	\$125 per hour.
Peer Review:	
Level 1 (Includes review of medical records and communication of decision in writing to all parties)	\$275 flat rate for peer review of episodes of care identified on medical bill review.
Level 2 (Includes review of medical records, discussion with treating physician and communication of decision in writing to all parties)	\$295 flat rate when assigned by a nurse case manager following case manager file review, or receipt of a referral by adjuster for review.
Enhanced Intake and Nurse Triage:	
Enhanced Telephonic First Notice (Operator service by medical assistants. Injured employee and/or supervisor calls to report claims, assistance with PPO direction, questions and referrals. Optional integration with nurse triage services.)	\$25 per intake call (waived if call moves to triage)
Telephonic Nurse Triage (Nurse aids injured worker in self-treatment or sets up appointment with appropriate provider utilizing medical triage guidelines/follow up calls)	\$120 per intake call
Implementation Fee FNOI or Nurse Triage	\$1,000 (one time)

SERVICES	FEEES
Nurse Case Management:	
Telephonic Case Management	\$105 per hour
Field Case Management	\$105 per hour
Field Case Management - Tasks	One time visit to provider \$475 plus mileage Two visits to provider \$750 plus mileage Medical record retrieval \$135 plus mileage Job Analysis \$475 plus mileage
Catastrophic Case Management (High level of RN interaction with immediate response to significant injury, e.g. severe head injury, severe burns, gunshot. Available 24x7)	\$175 per hour plus mileage
Pharmacy:	
Nurse Intervention: Complex Pharmacy Management, Weaning Protocols (Available when opioids have been prescribed for 60+ days with no evidence that physician will end treatment pattern.)	\$125 per hour
Physician Intervention: Complex Pharmacy Management. (Utilized in instances of numerous drug interactions of opioids, hypnotics and anti-depressants, requiring a physician-to-physician review of treatment pattern and weaning options. Follow up calls made by nurse case manager.)	\$125 per hour nursing intervention plus pass through of actual physician fees
Pharmacist Medication Review:	
1-2 medications with full record review and recommendations	\$450 flat rate
3-6 medications with full record review and recommendations	\$675 flat rate
7 or more medications with full record review/recommendations	\$900 flat rate

OTHER SERVICES	
Special Investigations	Outsourced, at cost – typically \$89-\$95 per hour
Central Index Bureau/OFAC/CSE	\$18 per report
MSA Cost Projection	\$2,100 flat rate
Claim Reporting: Fax or Internet	\$10 per report
MMSEA Reporting	\$10 per claim
Mileage	IRS allowance rate



Bickmore **Actuarial**

Actuarial Review of the Self-Insured Workers' Compensation Program

*Outstanding Liabilities as of August 31, 2019 and June 30, 2020
Forecast for Program Years 2019-20 and 2020-21*

Presented to

City of Ashland

October 15, 2019





Tuesday, October 15, 2019

Ms. Tina Gray
Human Resource Director
City of Ashland
20 E. Main Street
Ashland, OR 97520

Re: Actuarial Review of the Self-Insured Workers' Compensation Program

Dear Ms. Gray:

As you requested, we have completed our review of the City of Ashland's self-insured workers' compensation program. Assuming an SIR of \$500,000 (\$750,000 for Electric Workers) per occurrence, we estimate the ultimate cost of claims and expenses for claims incurred during the 2019-20 and 2020-21 program years to be \$111,000 and \$115,000, respectively. These amounts include allocated loss adjustment expenses (ALAE), unallocated loss adjustment expenses (ULAE), and a discount for anticipated investment income. ALAE is the direct cost associated with the defense of individual claims (e.g. legal fees, investigation fees, court charges). ULAE is the cost to administer all claims to final settlement, which may be years into the future (e.g. claims adjusters' salaries, taxes). The discount for investment income is calculated based on the likely payout pattern of the City's claims, assuming a 1.0% return on investments per year. For budgeting purposes, the expected costs of 2019-20 and 2020-21 claims translate to a rate of \$0.52 per \$100 of payroll per year.

In addition, we estimate the program's liability for outstanding claims to be \$178,000 and \$132,000 as of August 31, 2019 and June 30, 2020, respectively, again including ALAE and ULAE, and discounted for anticipated investment income.

The \$132,000 estimate is the minimum liability to be booked by the City at June 30, 2020 for its workers' compensation program, in accordance with Governmental Accounting Standards Board (GASB) Statement #10. GASB #10 requires the City to accrue a liability on its financial statements for the ultimate cost of claims and expenses associated with all reported and unreported claims, including ALAE and ULAE. GASB #10 does not prohibit the discounting of losses to recognize investment income.

Our conclusions regarding the City's liability for unpaid loss and loss adjustment expenses (LAE) at August 31, 2019 are summarized in the table below.

City of Ashland
Self-Insured Workers' Compensation Program
Estimated Liability for Unpaid Loss and LAE
at August 31, 2019

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$169,000					
ULAE	13,000					
Investment Income Offset	(4,000)					
Discounted Loss and LAE	\$178,000	\$216,000	\$238,000	\$265,000	\$299,000	\$346,000

Our conclusions regarding the City's liability for unpaid loss and loss adjustment expenses (LAE) at June 30, 2020 are summarized in the table below.

City of Ashland
Self-Insured Workers' Compensation Program
Estimated Liability for Unpaid Loss and LAE
at June 30, 2020

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$126,000					
ULAE	10,000					
Investment Income Offset	(4,000)					
Discounted Loss and LAE	\$132,000	\$160,000	\$176,000	\$197,000	\$222,000	\$257,000

GASB #10 does not address an actual asset requirement for the program, but only speaks to the liability to be recorded on the City's financial statements.

Because actuarial estimates of claims costs are subject to some uncertainty, we recommend that an amount in addition to the discounted expected loss costs be set aside as a risk margin for contingencies. Generally, the amount should be sufficient to fund assets to the 75% to 85% confidence level for primary programs. We consider funding assets to the 70% confidence level to be marginally acceptable and funding assets to the 90% confidence level to be conservative.

The table below shows our funding recommendations for the City of Ashland for the 2019-20 fiscal year.

City of Ashland
Self-Insured Workers' Compensation Program
Loss and LAE Funding Guidelines for 2019-20
Self-Insured Retention (SIR) of \$500,000 (\$750,000 for Electric Workers)

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$96,000					
ULAE	16,000					
Investment Income Offset	(1,000)					
Discounted Loss and LAE	\$111,000	\$129,000	\$144,000	\$164,000	\$189,000	\$226,000
Rate per \$100 of 2019-20 Payroll	\$0.52	\$0.60	\$0.67	\$0.77	\$0.88	\$1.06

The table below shows our funding recommendations for the City of Ashland for the 2020-21 fiscal year.

City of Ashland
Self-Insured Workers' Compensation Program
Loss and LAE Funding Guidelines for 2020-21
Self-Insured Retention (SIR) of \$500,000 (\$750,000 for Electric Workers)

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$99,000					
ULAE	17,000					
Investment Income Offset	(1,000)					
Discounted Loss and LAE	\$115,000	\$133,000	\$149,000	\$170,000	\$196,000	\$234,000
Rate per \$100 of 2020-21 Payroll	\$0.52	\$0.61	\$0.68	\$0.77	\$0.89	\$1.07

The funding recommendations shown in the tables above do not include any recognition of the existing funding margins (surplus or deficit) at June 30, 2019 or June 30, 2020, respectively. They are for losses and loss adjustment expenses only, and do not include a provision for loss control, overhead, excess insurance premiums, and other expenses associated with the program.

The report that follows outlines the scope of our study, its background, and our conclusions, recommendations, and assumptions. Judgments regarding the appropriateness of our conclusions and recommendations should be made only after studying the report in its entirety, including the graphs, attachments, exhibits and appendices. Our report has been developed for the City's internal use. It is not intended for general circulation.

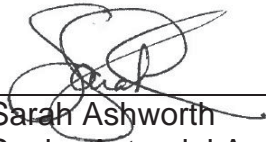
We appreciate the opportunity to be of service to the City of Ashland in preparing this report. Please feel free to call Dana Winkler at (503) 419-0455 or Sarah Ashworth at (503) 419-0454 with any questions you may have concerning this report.

Sincerely,

Bickmore Actuarial



Dana Winkler, MBA, ACAS, MAAA
Senior Actuarial Manager, Bickmore Actuarial
Associate, Casualty Actuarial Society
Member, American Academy of Actuaries



Sarah Ashworth
Senior Actuarial Analyst, Bickmore Actuarial



Mary Ann Case, PSM
Senior Actuarial Analyst, Bickmore Actuarial

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I. BACKGROUND

The City of Ashland currently self-insures its workers' compensation program with a self-insured retention of \$500,000 (\$750,000 for Electric Workers). Claims administration services are provided by TriStar Risk Management. Additional background on the program is given in Appendix K.

The purpose of this review is to provide a guide to the City to determine reasonable funding levels for its self-insurance program according to the funding policy the City has adopted and to comply with Governmental Accounting Standards Board Statements #10 and #30. The specific objectives of the study are to estimate the City's liability for outstanding claims as of August 31, 2019 and June 30, 2020, project ultimate loss costs for 2019-20 and 2020-21, and provide funding guidelines to meet these liabilities and future costs.

II. CONCLUSIONS AND RECOMMENDATIONS

A. LIABILITY FOR OUTSTANDING CLAIMS

Graphs 1a and 1b on the following pages summarize our assessment of the City's funding position as of August 31, 2019 and June 30, 2020. The dark-colored bars indicate our estimates of the program's liability for outstanding claims before recognition of the investment income that can be earned on the assets held before the claim payments come due.

Our best estimate of the full value of the City's liability for outstanding claims within its self-insured retention (SIR) is \$182,000 as of August 31, 2019, and \$136,000 as of June 30, 2020. These amounts include losses, allocated loss adjustment expenses (ALAE), and unallocated loss adjustment expenses (ULAE). ALAE is the direct cost associated with the defense of individual claims (e.g. legal fees, investigation fees, court charges). ULAE is the cost to administer claims to final settlement, which may be years in the future (e.g. claims adjusters' salaries, taxes).

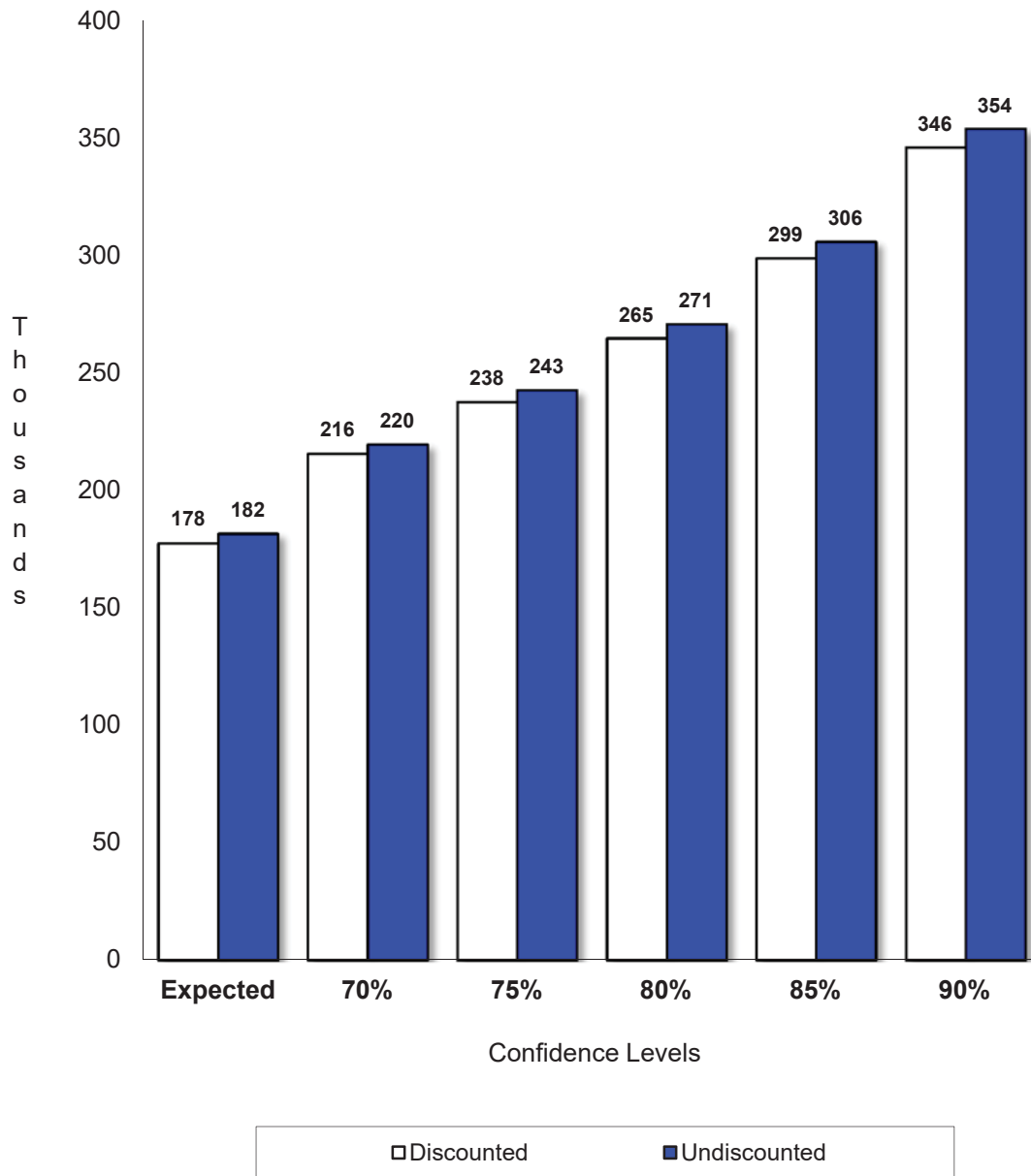
There is some measure of uncertainty associated with our best estimate because of the random nature of much of the process that determines ultimate claims costs. For this reason, we generally recommend that a program such as this include some funding margin for the possibility that actual loss costs will be greater than the best estimate. We generally measure the amount of this margin by thinking in terms of the probability distribution of actual possible results around our best estimate. As the margin grows, the probability that the corresponding funding amount will be sufficient to meet actual claim liabilities increases. We typically refer to this probability as the "confidence level" of funding. Graphs 1a and 1b show the liabilities for outstanding claims at several confidence levels that are typically of interest to risk managers in formulating funding policies for self-insurance programs.

The City can earn investment income on the assets it holds until claims payments come due. Assuming a long-term average annual return on investments of 1.0%, we estimate the impact of investment income earnings to be about 2.3% if the program is funded within the range indicated in the graphs, resulting in a discounted liability for outstanding claims of \$178,000 as of August 31, 2019, and \$132,000 as of June 30, 2020.

Investment income earnings will be less than this when the program does not maintain sufficient funding, and more when there is excess funding. Thus, thinking in terms of liabilities discounted for investment income can actually mask funding deficiencies and redundancies that might otherwise be obvious. However, the discounted liabilities do represent legitimate funding targets. The light-colored bars on Graphs 1a and 1b show our estimates of the City's discounted liability for outstanding claims.

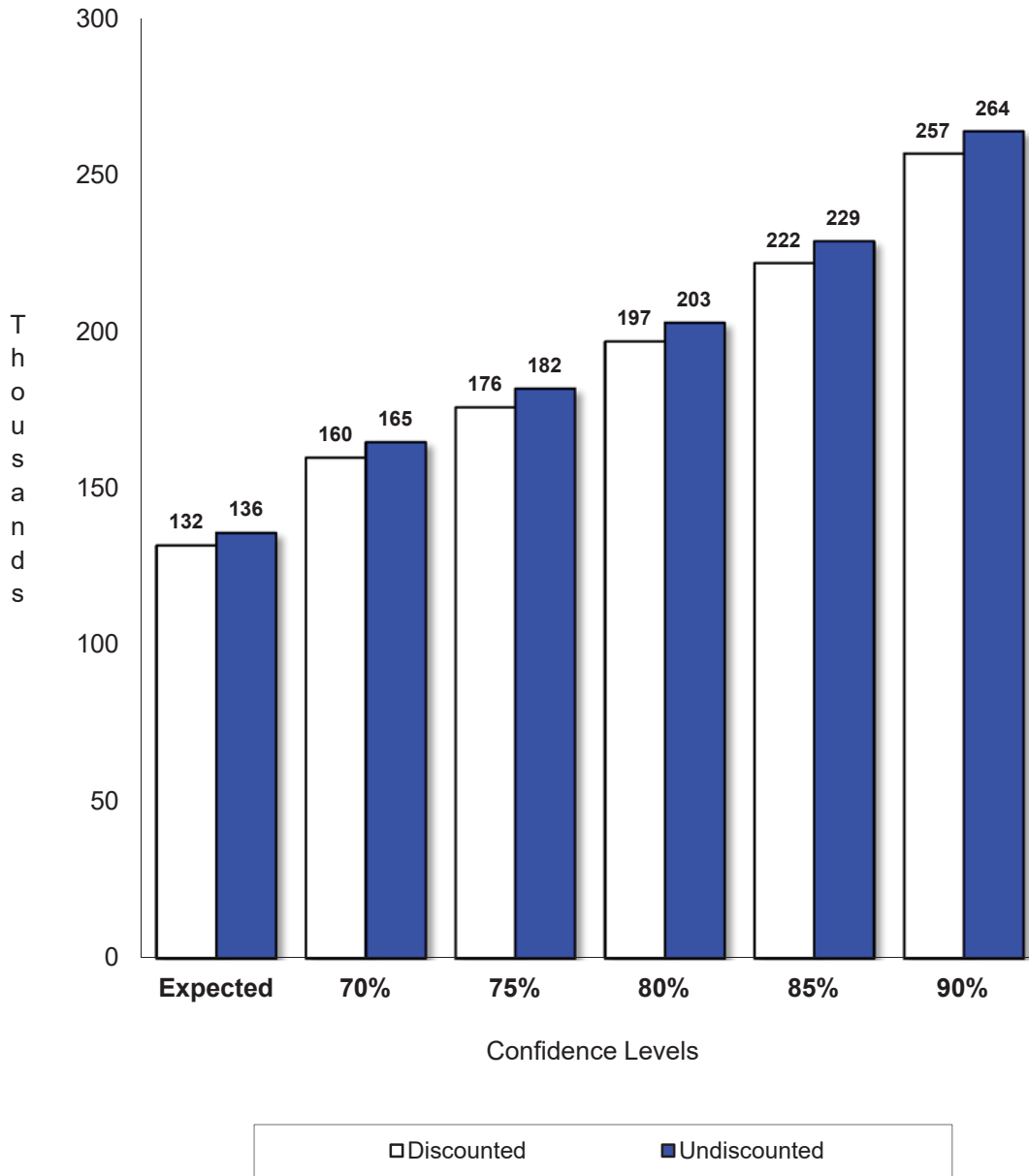
Graph 1a

City of Ashland
Workers' Compensation
Outstanding Liability (\$000's)
at August 31, 2019



Graph 1b

City of Ashland
Workers' Compensation
Outstanding Liability (\$000's)
at June 30, 2020



The table below displays a breakdown of the program's outstanding loss and LAE liabilities into case reserves and incurred but not reported (IBNR) reserves at August 31, 2019, before recognition of investment income.

City of Ashland
Self-Insured Workers' Compensation Program
Estimated Liability for Unpaid Loss and LAE at August 31, 2019

Year	Case Reserves	IBNR Reserves	Total Outstanding
1998-99	\$0	\$0	\$0
1999-00	0	0	0
2000-01	8,646	0	8,646
2001-02	0	0	0
2002-03	0	0	0
2003-04	0	0	0
2004-05	0	0	0
2005-06	17,161	0	17,161
2006-07	0	0	0
2007-08	0	0	0
2008-09	0	0	0
2009-10	0	0	0
2010-11	0	0	0
2011-12	0	0	0
2012-13	0	0	0
2013-14	0	0	0
2014-15	0	0	0
2015-16	0	0	0
2016-17	0	6,152	6,152
2017-18	0	9,427	9,427
2018-19	80,402	30,789	111,191
2019-20	6,160	9,675	15,835
Loss and ALAE	\$112,369	\$56,043	\$168,412
ULAE		13,302	13,302
Total	\$112,369	\$69,345	\$181,714

The table below displays a breakdown of the program's outstanding loss and LAE liabilities into case reserves and incurred but not reported (IBNR) reserves at June 30, 2020, before recognition of investment income.

City of Ashland
Self-Insured Workers' Compensation Program
Estimated Liability for Unpaid Loss and LAE at June 30, 2020

Year	Case Reserves	IBNR Reserves	Total Outstanding
1998-99	\$0	\$0	\$0
1999-00	0	0	0
2000-01	6,493	0	6,493
2001-02	0	0	0
2002-03	0	0	0
2003-04	0	0	0
2004-05	0	0	0
2005-06	15,050	0	15,050
2006-07	0	0	0
2007-08	0	0	0
2008-09	0	0	0
2009-10	0	0	0
2010-11	0	0	0
2011-12	0	0	0
2012-13	0	0	0
2013-14	0	0	0
2014-15	0	0	0
2015-16	0	0	0
2016-17	542	4,152	4,694
2017-18	276	5,427	5,703
2018-19	33,687	9,789	43,476
2019-20	28,213	22,675	50,888
Loss and ALAE	\$84,261	\$42,043	\$126,304
ULAE		10,498	10,498
Total	\$84,261	\$52,541	\$136,802

B. PROGRAM FUNDING: GOALS AND OBJECTIVES

As self-insurance programs have proliferated among public entities, it has become apparent that there is a large measure of inconsistency in the way in which these programs recognize and account for their claims costs. This is the result of the fact that there have been several different sources of guidance available, none of which has been completely relevant to public entity self-insurance programs.

According to the Governmental Accounting Standards Board (GASB), the most relevant source of guidance on the subject is Financial Accounting Standards Board Statement #60. A liability for unpaid claim costs, including all loss adjustment expenses, should be accrued at the time the self-insured events occur. This liability should include an allowance for incurred but not reported claims. It may be discounted for investment income at an appropriate rate of return, provided the discounting is disclosed. The regulations detailing the way in which this must be done are outlined in GASB's statements #10 and #30. These regulations are required to be applied by the City.

GASB #10 and #30 do not address asset requirements. They do, however, allow a range of amounts to be recognized for accounting purposes; specifically, GASB #10 and #30 allow recognition of a risk margin for unexpectedly adverse loss experience. Thus, for accounting purposes, it is possible to formulate a funding policy from a range of alternatives. The uncertainty in any estimate of the program's liability for outstanding claims should be taken into consideration in determining funding policy, but it may be offset by recognizing anticipated investment income earnings. This usually means developing a funding program based on discounted claims costs with some risk margin for unexpected adverse loss experience.

The amount of the risk margin should be a question of long-term funding policy. We recommend that the risk margin be determined by thinking in terms of the probability that a given level of assets will prove to be adequate. For example, a reasonable goal might be to maintain assets at the 85% confidence level.

A key factor to consider in determining funding policy is the degree to which stability is required in the level of contributions to the program from year to year. If you elect to maintain assets at a low confidence level, the chances are much greater that future events will prove that additional contributions should have been made for old claims. The additional contributions for old claims may be required at the same time that costs are increasing dramatically on new claims. The burden of funding for increases on past years as well as on current years, may well be prohibitive.

We generally recommend maintaining program assets at the 80% confidence level, after recognition of investment income, with a recommended range of the 75% to 85% confidence levels. We tend to think of the 70% confidence level as marginally acceptable and of the 90% confidence level as conservative. We recommend the 75% to 85% confidence level range because the probabilities are reasonably high that resulting assets will be sufficient to meet claim liabilities, yet the required risk margins are not so large that they will cause most self-insured entities to experience undue financial hardship. In addition, within this range, anticipated investment income generally offsets the required risk margin for the most part, which means that assets are likely sufficient on an undiscounted basis.

We also strongly believe, however, that the confidence level to which any future year is funded should be evaluated in light of the relative certainty of the assumptions underlying the actuarial analysis, the City's other budgetary constraints, and the relative level of risk it is believed appropriate to assume. This means formulating both short and long-term funding goals, which may be the same in some years, but different in others.

In general, we recommend funding each year's claims costs in that year. When surpluses or deficits have developed on outstanding liabilities and funding adjustments are necessary, they should be clearly identified as such so that the habit of funding each year's claims costs that year is maintained. We also recommend that you reduce a surplus more slowly than you would accumulate funding to reduce a deficit.

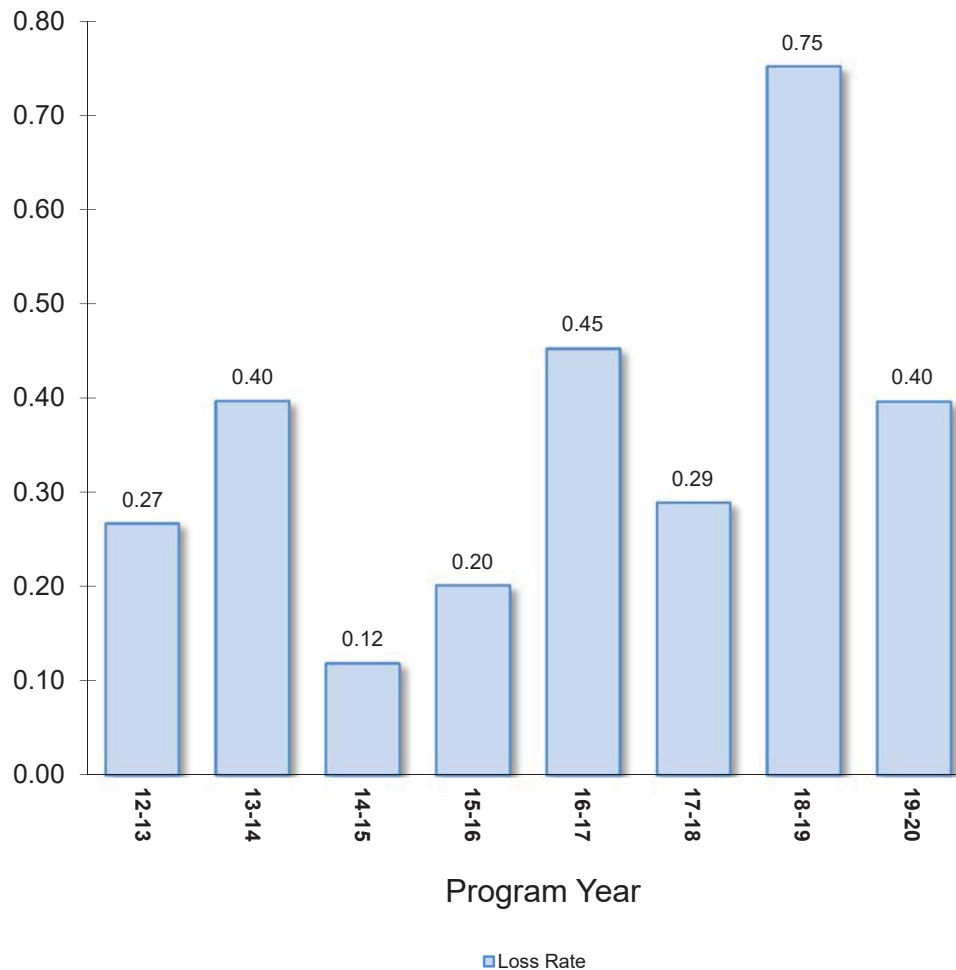
C. HISTORICAL TRENDS IN THE SELF-INSURANCE PROGRAM

Loss Rate

The program's dollars of loss per \$100 of payroll (based on ultimate losses limited to \$100,000 per occurrence), or loss rate, has varied greatly over the past seven years. The projected 2019-20 loss rate of \$0.40 is based on the average of the most recent four years. See Graph 2 below.

Graph 2

City of Ashland
Workers' Compensation
Ultimate Dollars of Loss & ALAE
per \$100 of Payroll
(Loss & ALAE Limited to \$100,000 per Occurrence)

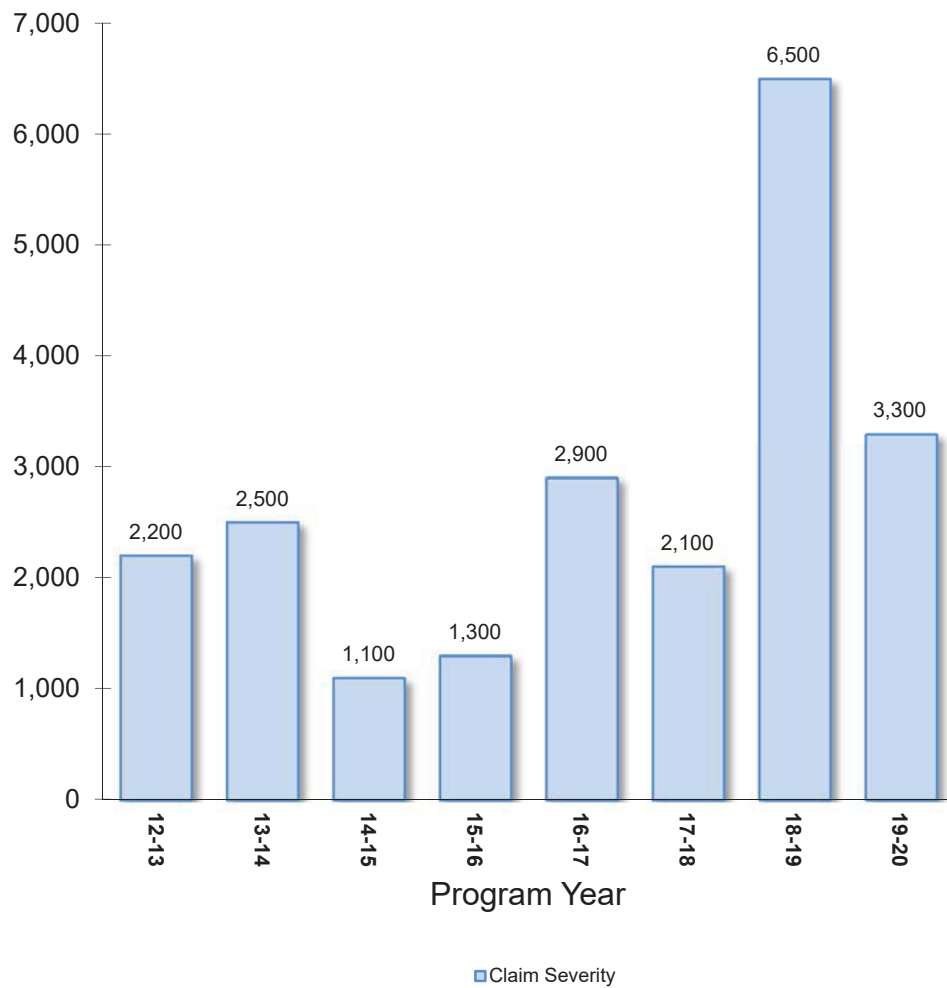


Severity

The program's average dollars of loss per claim (based on ultimate losses limited to \$100,000 per occurrence), or severity, is significantly higher for 2018-19 due mainly to one large claim with over \$70,000 incurred. This variability in severity is typical of a small program such as this. This is the first claim over \$50,000 since 2010-11. The projected 2019-20 severity of \$3,300 is based on the average of the most recent four years. See Graph 3 below.

Graph 3

City of Ashland
Workers' Compensation
Ultimate Dollars of Loss & ALAE
per Claim
(Loss & ALAE Limited to \$100,000 per Occurrence)

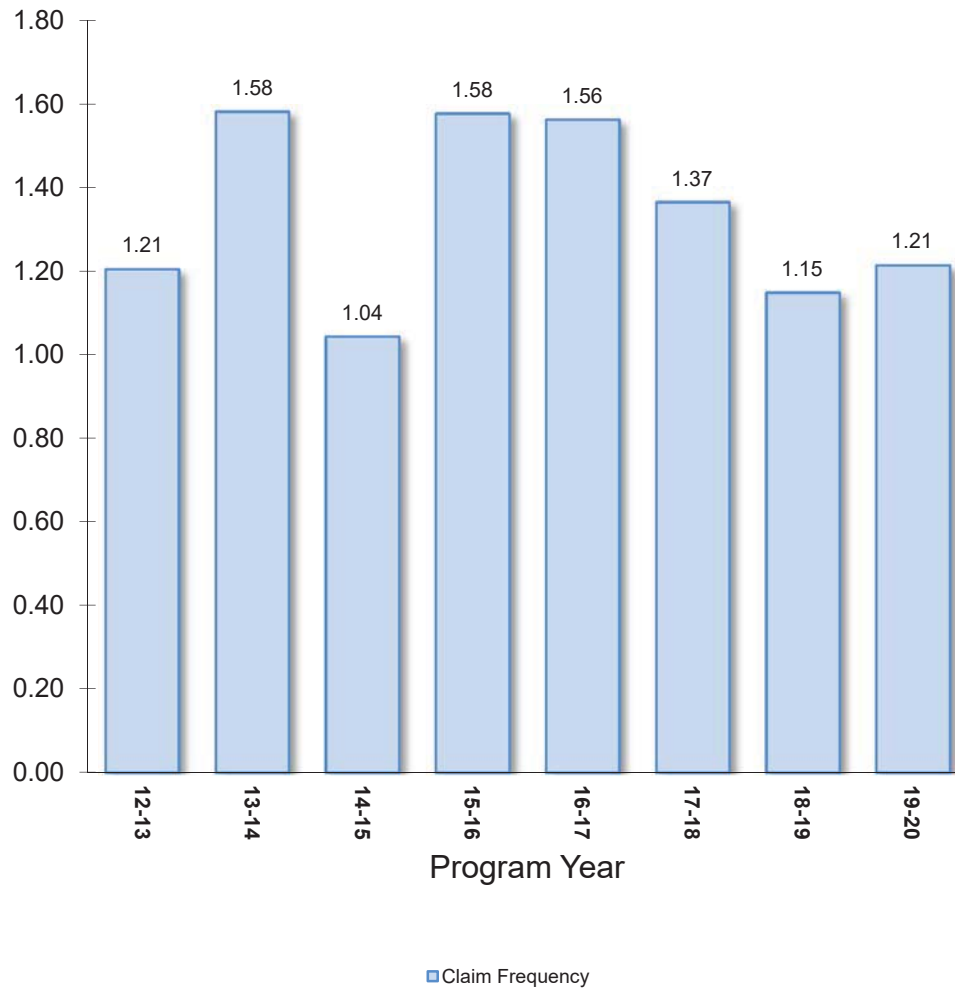


Frequency

The program's ultimate number of claims per \$1 million of payroll, or frequency, has been decreasing since 2015-16. The projected 2019-20 frequency of 1.21 claims per \$1 million of payroll is based on the overall average and this decreasing trend. See Graph 4 below.

Graph 4

City of Ashland
Workers' Compensation
Number of Claims per
\$1 Million of Payroll



D. DATA PROVIDED FOR THE ANALYSIS

Overall, the data utilized in preparing this report appears to be accurate.

Comments and issues regarding the data are as follows:

- We have assumed that the program's self-insured retention will remain at \$500,000 (\$750,000 for Electric Workers) per occurrence for 2019-20 and 2020-21 (See Appendix K).
- We received loss data from TriStar evaluated as of August 31, 2019 (See Appendix L). We also received loss data evaluated at 6/30/2016, 6/30/2017, 6/30/2018 and 6/30/2019.
- We have assumed that the City's payroll for 2019-20 and 2020-21 will be \$21,405,000 and \$21,940,000, respectively, based upon 2018-19 payroll provided by the City and an annual 2.5% inflation assumption (See Appendix M).

The data provided for the analysis appears to be reasonable for use in this actuarial valuation of liabilities and projection of loss costs.

III. ASSUMPTIONS AND LIMITATIONS

Any quantitative analysis is developed within a very specific framework of assumptions about conditions in the outside world, and actuarial analysis is no exception. We believe that it is important to review the assumptions we have made in developing the estimates presented in this report. By doing so, we hope you will gain additional perspective on the nature of the uncertainties involved in maintaining a self-insurance program. Our assumptions, and some observations about them, are as follows:

- Our analysis is based on loss experience, exposure data, and other general and specific information provided to us by the City and TriStar. While we have not independently audited or verified this information, we have reviewed it for reasonableness and internal consistency.
- We have also made use of loss statistics that have been developed from the information gathered and compiled from other Oregon public entities and the NCCI.
- We have assumed that the future development of incurred and paid losses can be reasonably predicted on the basis of development of such losses in the recent past.
- We have assumed that there is a continuing relationship between past and future loss costs.
- It is not possible to predict future claim costs precisely. Most of the costs of workers' compensation claims arise from a small number of incidents involving serious injury. A relatively small number of such claims could generate enough loss dollars to significantly reduce, or even deplete, the self-insurance fund.
- We cannot predict and have not attempted to predict the impact of future law changes and court rulings on claims costs. This is one major reason why we believe our funding recommendations are reasonable now, but should not be extrapolated into the future.
- The changes in cost levels associated with benefit increases and administrative changes typically take place over a period of several years following their enactment, and these changes are very difficult to forecast in advance. We have based our benefit level factors on those produced by the National Council on Compensation Insurance (NCCI). See Appendix E for a display of the benefit level cost indices by fiscal year.
- We have assumed that the loss rate trend associated with claim costs increases at 0.5% per year. We have assumed that claim severity increases at 2.5% per year, and that claim frequency decreases at 2.0% per year.

- We have assumed that historical payroll and other inflation-sensitive exposure measures increase 2.5% annually due to inflation.
- We have assumed that assets held for investment will generate an average annual return of 1.0% over the duration of payment of the loss liabilities. It should be noted that actual future investment returns may vary significantly from this assumption, depending upon the prevailing investment market conditions.
- The claims costs we have estimated include indemnity and medical payments, and all loss adjustment expenses. We have not included estimates for excess insurance contributions and other expenses associated with the program.
- Our funding recommendations do not include provisions for catastrophic events not in the City's history, such as earthquakes, flooding, mass civil disorder, or mass occupational disease.
- Our estimates assume that all excess insurance is valid and collectible. Further, our funding recommendations do not include a provision for losses greater than the City's excess coverage.

IV. GLOSSARY OF ACTUARIAL TERMS

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

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

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

Case Reserve - The amount left to be paid on a claim, as estimated by the claims administrator.

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

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

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

Discount Factor - A factor to adjust estimated loss costs to reflect anticipated investment income from assets held prior to actual claim payout.

Expected Losses - The best estimate of the full, ultimate value of loss costs.

Incurred but not Reported (IBNR) Losses - Losses for which the accident has occurred but the claim has not yet been reported. This is the ultimate value of losses, less any amount that has been set up as reported losses by the claims adjuster. It includes both amounts for claims incurred but not yet received by the administrator and loss development on already reported claims.

Loss Development Factor - A factor applied to losses for a particular accident period to reflect the fact that reported and paid losses do not reflect final values until all claims are settled (see Section IV).

Loss Rate - Ultimate losses per \$100 of payroll.

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

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

Paid Losses - Losses actually paid on all reported claims.

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

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

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

Severity - Average claim cost.

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

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

City of Ashland - Workers' Compensation

Funding Guidelines for Outstanding Liabilities at
August 31, 2019

(A) Estimated Ultimate Losses Incurred through 8/31/19: (From Appendix G)	\$2,921,000
(B) Estimated Paid Losses through 8/31/19: (From Appendix G)	2,752,000
(C) Estimated Liability for Claims Outstanding at 8/31/19: (From Appendix G)	<u>\$169,000</u>
(D) Estimated Liability for Outstanding Claims Administration Fees at 8/31/19: (From Appendix F)	13,000
(E) Total Outstanding Liability for Claims at 8/31/19: ((C) + (D))	<u>\$182,000</u>
(F) Reserve Discount Factor (Based on a Discount Rate of 1.00%.): (Appendix I, Page 1, (G))	0.977
(G) Discounted Outstanding Liability for Claims at 8/31/19: ((E) x (F))	<u>\$178,000</u>

Confidence Level of Adequacy:	Marginally Acceptable	Recommended			Conservative
	70%	75%	80%	85%	90%
(H) Confidence Level Factor: (From Appendix J)	1.211	1.337	1.489	1.682	1.944
(I) Margin for Adverse Experience: ((G) x [(H) - 1])	38,000	60,000	87,000	121,000	168,000
(J) Total Required Assets at 8/31/19: ((G) + (I))	<u>\$216,000</u>	<u>\$238,000</u>	<u>\$265,000</u>	<u>\$299,000</u>	<u>\$346,000</u>

City of Ashland - Workers' Compensation

Funding Guidelines for Outstanding Liabilities at
June 30, 2020

(A) Estimated Ultimate Losses Incurred through 6/30/20: (From Appendix G)	\$3,001,000
(B) Estimated Paid Losses through 6/30/20: (From Appendix G)	2,875,000
(C) Estimated Liability for Claims Outstanding at 6/30/20: (From Appendix G)	<u>\$126,000</u>
(D) Estimated Liability for Outstanding Claims Administration Fees at 6/30/20: (From Appendix F)	10,000
(E) Total Outstanding Liability for Claims at 6/30/20: ((C) + (D))	<u>\$136,000</u>
(F) Reserve Discount Factor (Based on a Discount Rate of 1.00%.): (Appendix I, Page 1, (H))	0.973
(G) Discounted Outstanding Liability for Claims at 6/30/20: ((E) x (F))	<u>\$132,000</u>

Confidence Level of Adequacy:	Marginally Acceptable	Recommended			Conservative
	70%	75%	80%	85%	90%
(H) Confidence Level Factor: (From Appendix J)	1.211	1.337	1.489	1.682	1.944
(I) Margin for Adverse Experience: ((G) x [(H) - 1])	28,000	44,000	65,000	90,000	125,000
(J) Total Required Assets at 6/30/20: ((G) + (I))	<u>\$160,000</u>	<u>\$176,000</u>	<u>\$197,000</u>	<u>\$222,000</u>	<u>\$257,000</u>

City of Ashland - Workers' Compensation

Funding Options for Program Year 2019-2020 (SIR = \$750,000-Electric / \$500,000-All Other)

	Dollar Amount	Payroll Rate			
(A) Estimated Ultimate Losses Incurred in Accident Year 2019-2020: (From Appendix G)	\$96,000	\$0.448			
(B) Estimated Claims Administration Fees Incurred in Accident Year 2019-2020: (From Exhibit 5, Page 1, (L))	16,000	0.075			
(C) Total Claims Costs Incurred in Accident Year 2019-2020: ((A) + (B))	<u>\$112,000</u>	<u>\$0.523</u>			
(D) Loss Discount Factor (Based on a Discount Rate of 1.00%.): (Appendix I, Page 2, (G))	0.988				
(E) Discounted Total Claims Costs Incurred in Accident Year 2019-2020: ((C) x (D))	<u>\$111,000</u>	<u>\$0.519</u>			
	Marginally Acceptable	75%	Recommended	85%	Conservative
	70%	75%	80%	85%	90%
(F) Confidence Level Factor: (From Appendix J)	1.158	1.299	1.474	1.704	2.039
(G) Margin for Adverse Experience: ((E) x [(F) - 1])	18,000	33,000	53,000	78,000	115,000
(H) Recommended Funding in 2019-2020 for Claims Costs and Other Expenses: ((E) + (G))	<u>\$129,000</u>	<u>\$144,000</u>	<u>\$164,000</u>	<u>\$189,000</u>	<u>\$226,000</u>
(I) Rate per \$100 of Payroll: ((H) / \$214,050)	\$0.603	\$0.673	\$0.766	\$0.883	\$1.056

Payroll rates are per hundred dollars of 2019-2020 payroll of \$21,405,000.

City of Ashland - Workers' Compensation

Funding Options for Program Year 2020-2021 (SIR = \$750,000-Electric / \$500,000-All Other)

	Dollar Amount	Payroll Rate			
(A) Estimated Ultimate Losses Incurred in Accident Year 2020-2021: (From Appendix G)	\$99,000	\$0.451			
(B) Estimated Claims Administration Fees Incurred in Accident Year 2020-2021: (From Exhibit 5, Page 1, (L))	17,000	0.077			
(C) Total Claims Costs Incurred in Accident Year 2020-2021: ((A) + (B))	<u>\$116,000</u>	<u>\$0.529</u>			
(D) Loss Discount Factor (Based on a Discount Rate of 1.00%.): (Appendix I, Page 2, (G))	0.988				
(E) Discounted Total Claims Costs Incurred in Accident Year 2020-2021: ((C) x (D))	<u>\$115,000</u>	<u>\$0.524</u>			
	Marginally Acceptable 70%	75%	Recommended 80%	85%	Conservative 90%
(F) Confidence Level Factor: (From Appendix J)	1.158	1.299	1.474	1.704	2.039
(G) Margin for Adverse Experience: ((E) x [(F) - 1])	18,000	34,000	55,000	81,000	119,000
(H) Recommended Funding in 2020-2021 for Claims Costs and Other Expenses: ((E) + (G))	<u>\$133,000</u>	<u>\$149,000</u>	<u>\$170,000</u>	<u>\$196,000</u>	<u>\$234,000</u>
(I) Rate per \$100 of Payroll: ((H) / \$219,400)	\$0.606	\$0.679	\$0.775	\$0.893	\$1.067

Payroll rates are per hundred dollars of 2020-2021 payroll of \$21,940,000.

City of Ashland - Workers' Compensation

IBNR as of 6/30/20 at Expected Claims Level

Accident Year	Estimated Ultimate (A)	Reported as of 8/31/19 (B)	Estimated IBNR as of 8/31/19 (C)	Estimated Percent of IBNR Reported Between 9/1/19 and 6/30/20 (D)	Estimated IBNR Reported (E)	Estimated IBNR as of 6/30/20 (F)
1998-1999	\$78,389	\$78,389	\$0	100.0%	\$0	\$0
1999-2000	103,010	103,010	0	100.0%	0	0
2000-2001	292,812	292,812	0	100.0%	0	0
2001-2002	96,914	96,914	0	100.0%	0	0
2002-2003	302,270	302,270	0	100.0%	0	0
2003-2004	83,552	83,552	0	100.0%	0	0
2004-2005	85,080	85,080	0	100.0%	0	0
2005-2006	180,860	180,860	0	100.0%	0	0
2006-2007	135,187	135,187	0	100.0%	0	0
2007-2008	346,863	346,863	0	100.0%	0	0
2008-2009	268,150	268,150	0	50.0%	0	0
2009-2010	104,694	104,694	0	33.3%	0	0
2010-2011	221,949	221,949	0	39.9%	0	0
2011-2012	129,004	129,004	0	24.9%	0	0
2012-2013	42,059	42,059	0	19.8%	0	0
2013-2014	67,870	67,870	0	22.8%	0	0
2014-2015	20,434	20,434	0	12.3%	0	0
2015-2016	35,729	35,729	0	28.7%	0	0
2016-2017	89,000	82,848	6,152	25.1%	2,000	4,152
2017-2018	56,000	46,573	9,427	43.2%	4,000	5,427
2018-2019	165,000	134,211	30,789	66.7%	21,000	9,789
2019-2020	96,000	6,325	9,675	74.2%	67,000	22,675
Totals	\$3,000,826	\$2,864,783	\$56,043		\$94,000	\$42,043

Notes:

- (A) From Exhibit 4, Page 1.
(B) Provided by the City. These losses exclude amounts incurred above the City's SIR for each year.
(C) (A) - (B).
(D) Percentage of incurred but not reported (IBNR) expected to be reported between 9/1/19 and 6/30/20. The percentage is based on the development pattern selected in Appendix A.
(E) ((A) - (B)) x (D).
(F) (A) - (B) - (E).

This exhibit shows the calculation of the amount of incurred but not reported losses we expect as of 6/30/20. This amount is dependent on both the strength of the case reserves and the average frequency and severity of the losses incurred.

City of Ashland - Workers' Compensation

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

Accident Year	Reported Loss Development Method (A)	Paid Loss Development Method (B)	Exposure Method Based on Reported Losses (C)	Exposure Method Based on Paid Losses (D)	Frequency-Severity Method (E)	Selected Ultimate Limited Losses (F)
1998-1999	\$78,389	\$78,467			\$78,416	\$78,389
1999-2000	103,010	103,216			103,015	103,010
2000-2001	263,494	255,613			263,475	263,494
2001-2002	96,914	97,399			96,915	96,914
2002-2003	287,532	289,545			287,562	287,532
2003-2004	83,552	84,304			83,556	83,552
2004-2005	85,080	86,016			85,077	85,080
2005-2006	180,860	165,827			180,873	180,860
2006-2007	135,187	137,215			135,184	135,187
2007-2008	218,735	222,453			218,724	218,735
2008-2009	198,730	202,101			198,329	198,333
2009-2010	105,008	106,893			104,700	104,694
2010-2011	223,059	227,276			221,949	221,949
2011-2012	129,907	132,487			129,006	129,004
2012-2013	42,438	43,321	\$42,437	\$43,276	42,066	42,059
2013-2014	68,617	70,245	68,617	70,180	67,878	67,870
2014-2015	20,720	21,272	21,475	23,333	51,894	20,434
2015-2016	36,515	37,658	37,389	39,578	83,384	35,729
2016-2017	85,416	88,896	85,274	88,347	92,550	87,000
2017-2018	49,321	53,047	50,978	56,169	82,082	55,000
2018-2019	160,248	90,399	148,012	88,312	78,432	157,000
Totals						\$2,651,825
						Projected Losses for the Year 2019-2020 (G) \$85,000
						Projected Losses for the Year 2020-2021 (H) \$88,000

Notes:

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

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

City of Ashland - Workers' Compensation

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

Accident Year	Ultimate Limited Losses (A)	Trend Factor (B)	Trended Limited Losses (C)	Trended Payroll (\$00) (D)	Trended Limited Loss Rate (E)
2012-2013	\$42,059	1.073	\$45,129	\$187,411	\$0.241
2013-2014	67,870	1.063	72,146	198,044	0.364
2014-2015	20,434	1.051	21,476	195,108	0.110
2015-2016	35,729	1.039	37,122	196,003	0.189
2016-2017	87,000	1.023	89,001	206,808	0.430
2017-2018	55,000	1.019	56,045	200,138	0.280
2018-2019	157,000	1.005	157,785	214,051	0.737
Totals	\$465,092		\$478,704	1,397,563	\$0.343
13/14-17/18	266,033		275,790	996,101	0.277
16/17-18/19	299,000		302,831	620,997	0.488
			(F) Selected Limited Rate:		\$0.399

Program Year:	2019-2020	2020-2021
(G) Factor to SIR:	1.126	1.129
(H) Trend Factor:	1.000	1.005
(I) Program Rate:	\$0.449	\$0.453
(J) Trended Payroll (\$00):	214,050	219,400
(K) Projected Program Losses:	96,000	99,000
(L) Projected ULAE:	16,000	17,000
(M) Projected Loss and ULAE:	\$112,000	\$116,000

Notes appear on the next page.

City of Ashland - Workers' Compensation

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

Notes:

- (A) From Exhibit 4, Page 2, Column (F).
For purposes of projecting future losses, losses are capped at \$100,000 per occurrence.
- (B) From Appendix E, Page 1, Column (B).
- (C) $(A) \times (B)$.
- (D) From Appendix M, Column (C).
- (E) $(C) / (D)$.
- (F) Selected based on (E).
- (G) Based on a Weibull distribution, a mathematical model of claims sizes.
- (H) From Appendix E.
- (I) $(F) \times (G) \times (H)$.
- (J) From Appendix M, Column (C).
- (K) $(I) \times (J)$.
- (L) Appendix F, Page 1, (F).

- (M) $(K) + (L)$.

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

City of Ashland - Workers' Compensation

Reported Loss Development

Accident Year (A)	Limited Reported Losses as of 8/31/19 (B)	Reported Loss Development Factor (C)	Ultimate Limited Losses (D)	Program Reported Losses of 8/31/19 (E)	Reported Loss Development Factor (F)	Ultimate Program Losses (G)
1998-1999	\$78,389	1.000	\$78,389	\$78,389	1.000	\$78,389
1999-2000	103,010	1.000	103,010	103,010	1.000	103,010
2000-2001	263,494	1.000	263,494	292,812	1.000	292,812
2001-2002	96,914	1.000	96,914	96,914	1.000	96,914
2002-2003	287,532	1.000	287,532	302,270	1.000	302,270
2003-2004	83,552	1.000	83,552	83,552	1.000	83,552
2004-2005	85,080	1.000	85,080	85,080	1.000	85,080
2005-2006	180,860	1.000	180,860	180,860	1.000	180,860
2006-2007	135,187	1.000	135,187	135,187	1.000	135,187
2007-2008	218,735	1.000	218,735	346,863	1.000	346,863
2008-2009	198,333	1.002	198,730	268,150	1.002	268,686
2009-2010	104,694	1.003	105,008	104,694	1.003	105,008
2010-2011	221,949	1.005	223,059	221,949	1.005	223,059
2011-2012	129,004	1.007	129,907	129,004	1.008	130,036
2012-2013	42,059	1.009	42,438	42,059	1.010	42,480
2013-2014	67,870	1.011	68,617	67,870	1.013	68,752
2014-2015	20,434	1.014	20,720	20,434	1.016	20,761
2015-2016	35,729	1.022	36,515	35,729	1.024	36,586
2016-2017	82,848	1.031	85,416	82,848	1.035	85,748
2017-2018	46,573	1.059	49,321	46,573	1.067	49,693
2018-2019	134,211	1.194	160,248	134,211	1.257	168,703
Totals	\$2,616,457		\$2,652,732	\$2,858,458		\$2,904,449

Notes:

- (A) Years are 7/1 to 6/30.
- (B) Provided by the City. These losses exclude amounts over \$100,000 per occurrence.
- (C) From Appendix A, Page 2. Interpolated to apply to data as of 8/31/19.
- (D) (B) x (C). These estimated losses exclude amounts over \$100,000 per occurrence.
- (E) Losses capped at the City's SIR. Amounts are provided by the City.
- (F) Derived from factors on Appendix A, Page 4. Interpolated to apply to data as of 8/31/19.
- (G) (E) x (F).

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

This exhibit shows the calculation of estimated ultimate losses for each year based on paid losses and case reserves as reported by the claims administrator. These losses tend to "develop" or change from period to period as more information becomes available about the cases. This development tends to follow quantifiable patterns over time.

City of Ashland - Workers' Compensation
Reported Loss Development

Accident Year	<u>Limited Losses Reported as of:</u>									
	12 Months	24 Months	36 Months	48 Months	60 Months	72 Months	84 Months	96 Months	108 Months	120 Months
1998-1999										
1999-2000										
2000-2001										
2001-2002										
2002-2003										
2003-2004										
2004-2005										
2005-2006										
2006-2007										135,187
2007-2008									218,735	218,735
2008-2009								198,333	198,333	198,333
2009-2010							104,694	104,694	104,694	104,694
2010-2011						221,949	221,949	221,949	221,949	
2011-2012					129,004	129,004	129,004	129,004		
2012-2013				41,071	42,059	42,059	42,059			
2013-2014			67,870	67,870	67,870	67,870				
2014-2015		20,453	20,675	20,434	20,434					
2015-2016	32,015	33,063	35,712	35,729						
2016-2017	69,284	90,842	82,848							
2017-2018	48,001	46,573								
2018-2019	140,551									

Reported Loss Development Factors:

	12-24 Months	24-36 Months	36-48 Months	48-60 Months	60-72 Months	72-84 Months	84-96 Months	96-108 Months	108-120 Months	120-132 Months
1998-1999										
1999-2000										
2000-2001										
2001-2002										
2002-2003										
2003-2004										
2004-2005										
2005-2006										
2006-2007										1.000
2007-2008									1.000	1.000
2008-2009								1.000	1.000	1.000
2009-2010							1.000	1.000	1.000	
2010-2011						1.000	1.000	1.000		
2011-2012					1.000	1.000	1.000			
2012-2013				1.024	1.000	1.000				
2013-2014			1.000	1.000	1.000					
2014-2015		1.011	0.988	1.000						
2015-2016	1.033	1.080	1.000							
2016-2017	1.311	0.912								
2017-2018	0.970									

	12-24 Months	24-36 Months	36-48 Months	48-60 Months	60-72 Months	72-84 Months	84-96 Months	96-108 Months	108-120 Months	120-132 Months
Average	1.105	1.001	0.996	1.008	1.000	1.000	1.000	1.000	1.000	1.000
Dollar-Weighted Averages										
3-yr	1.142	0.965	0.998	1.008	1.000	1.000	1.000	1.000	1.000	1.000
NCCI Comparative	1.193	1.029	1.008	1.006	1.002	1.003	1.002	1.003	1.001	1.001
Selected	1.168	1.032	1.015	1.010	1.010	1.008	1.006	1.005	1.005	1.004
Cumulated	1.150	1.030	1.010	1.008	1.003	1.003	1.002	1.002	1.002	1.001
Cumulated	1.224	1.064	1.033	1.023	1.015	1.012	1.009	1.007	1.005	1.003

City of Ashland - Workers' Compensation
Reported Loss Development

Accident Year	<u>Limited Losses Reported as of:</u>										
	132 Months	144 Months	156 Months	168 Months	180 Months	192 Months	204 Months	216 Months	228 Months	240 Months	252 Months
1998-1999											
1999-2000							103,010	78,389	78,389	78,389	78,389
2000-2001						263,494	263,494	263,494	263,494		
2001-2002					96,914	96,914	96,914	96,914			
2002-2003				287,532	287,532	287,532	287,532				
2003-2004			83,552	83,552	83,552	83,552					
2004-2005		85,080	85,080	85,080	85,080						
2005-2006	180,860	180,860	180,860	180,860							
2006-2007	135,187	135,187	135,187								
2007-2008	218,735	218,735									
2008-2009	198,333										
2009-2010											
2010-2011											
2011-2012											
2012-2013											
2013-2014											
2014-2015											
2015-2016											
2016-2017											
2017-2018											
2018-2019											

Reported Loss Development Factors:

	132-144 Months	144-156 Months	156-168 Months	168-180 Months	180-192 Months	192-204 Months	204-216 Months	216-228 Months	228-240 Months	240-252 Months	252-Ult. Months
1998-1999											
1999-2000								1.000	1.000	1.000	1.000
2000-2001						1.000	1.000	1.000			
2001-2002					1.000	1.000	1.000				
2002-2003				1.000	1.000	1.000					
2003-2004			1.000	1.000	1.000						
2004-2005		1.000	1.000	1.000							
2005-2006	1.000	1.000	1.000								
2006-2007	1.000	1.000									
2007-2008	1.000										
2008-2009											
2009-2010											
2010-2011											
2011-2012											
2012-2013											
2013-2014											
2014-2015											
2015-2016											
2016-2017											
2017-2018											

	132-144 Months	144-156 Months	156-168 Months	168-180 Months	180-192 Months	192-204 Months	204-216 Months	216-228 Months	228-240 Months	240-252 Months	252-Ult. Months
Average Dollar-Weighted Averages	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
3-yr	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000			
NCCI Comparative	1.001	1.001	1.001	1.001	1.001	1.001	1.002	1.002	1.002	1.002	1.015
Selected	1.004	1.003	1.003	1.003	1.002	1.002	1.002	1.002	1.002	1.002	1.014
Cumulated	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

City of Ashland - Workers' Compensation
Reported between \$100,000 and \$500,000 Loss Development

Accident Year	<u>Losses Reported as of:</u>									
	12 Months	24 Months	36 Months	48 Months	60 Months	72 Months	84 Months	96 Months	108 Months	120 Months
1998-1999										
1999-2000										
2000-2001										
2001-2002										
2002-2003										
2003-2004										
2004-2005										
2005-2006										
2006-2007										
2007-2008									128,129	128,129
2008-2009								69,817	69,817	69,817
2009-2010										
2010-2011										
2011-2012										
2012-2013										
2013-2014										
2014-2015										
2015-2016										
2016-2017										
2017-2018										
2018-2019										

	<u>Reported Loss Development Factors:</u>									
	12-24 Months	24-36 Months	36-48 Months	48-60 Months	60-72 Months	72-84 Months	84-96 Months	96-108 Months	108-120 Months	120-132 Months
1998-1999										
1999-2000										
2000-2001										
2001-2002										
2002-2003										
2003-2004										
2004-2005										
2005-2006										
2006-2007										
2007-2008									1.000	1.000
2008-2009								1.000	1.000	1.000
2009-2010										
2010-2011										
2011-2012										
2012-2013										
2013-2014										
2014-2015										
2015-2016										
2016-2017										
2017-2018										

	12-24 Months	24-36 Months	36-48 Months	48-60 Months	60-72 Months	72-84 Months	84-96 Months	96-108 Months	108-120 Months	120-132 Months
Average Dollar-Weighted Averages								1.000	1.000	1.000
3-yr										
4-yr										
NCCI	2.348	1.076	1.019	1.014	1.005	1.008	1.005	1.006	1.003	1.004
Comparative	1.966	1.596	1.107	1.044	1.040	1.036	1.032	1.029	1.026	1.020
Selected	2.348	1.076	1.019	1.014	1.005	1.008	1.005	1.006	1.003	1.004
Cumulated	2.705	1.152	1.071	1.051	1.037	1.032	1.024	1.019	1.012	1.009

City of Ashland - Workers' Compensation
Reported between \$100,000 and \$500,000 Loss Development

Accident Year	<u>Losses Reported as of:</u>										
	132 Months	144 Months	156 Months	168 Months	180 Months	192 Months	204 Months	216 Months	228 Months	240 Months	252 Months
1998-1999											
1999-2000											
2000-2001						28,968	28,968	29,318	29,318		
2001-2002											
2002-2003				14,738	14,738	14,738	14,738				
2003-2004											
2004-2005											
2005-2006											
2006-2007											
2007-2008	128,129	128,129									
2008-2009	69,817										
2009-2010											
2010-2011											
2011-2012											
2012-2013											
2013-2014											
2014-2015											
2015-2016											
2016-2017											
2017-2018											
2018-2019											

Reported Loss Development Factors:

	132-144 Months	144-156 Months	156-168 Months	168-180 Months	180-192 Months	192-204 Months	204-216 Months	216-228 Months	228-240 Months	240-252 Months	252-Ult. Months
1998-1999											
1999-2000											
2000-2001						1.000	1.012	1.000			
2001-2002											
2002-2003				1.000	1.000	1.000					
2003-2004											
2004-2005											
2005-2006											
2006-2007											
2007-2008	1.000										
2008-2009											
2009-2010											
2010-2011											
2011-2012											
2012-2013											
2013-2014											
2014-2015											
2015-2016											
2016-2017											
2017-2018											

	132-144 Months	144-156 Months	156-168 Months	168-180 Months	180-192 Months	192-204 Months	204-216 Months	216-228 Months	228-240 Months	240-252 Months	252-Ult. Months
Average	1.000			1.000	1.000	1.000	1.012	1.000			
Dollar-Weighted											
Averages											
3-yr											
4-yr											
NCCI	1.001	1.002	1.001	1.001	1.003	1.002	1.004	1.006	1.005	1.004	1.035
Comparative	1.018	1.016	1.015	1.013	1.013	1.012	1.011	1.010	1.009	1.004	1.007
Selected	1.001	1.002	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Cumulated	1.005	1.004	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000

City of Ashland - Workers' Compensation

Paid Loss Development

Accident Year (A)	Limited Paid Losses as of 8/31/19 (B)	Paid Loss Development Factor (C)	Ultimate Limited Losses (D)	Program Paid Losses of 8/31/19 (E)	Paid Loss Development Factor (F)	Ultimate Program Losses (G)
1998-1999	\$78,389	1.001	\$78,467	\$78,389	1.001	\$78,467
1999-2000	103,010	1.002	103,216	103,010	1.003	103,319
2000-2001	254,848	1.003	255,613	284,166	1.004	285,303
2001-2002	96,914	1.005	97,399	96,914	1.006	97,495
2002-2003	287,532	1.007	289,545	302,270	1.009	304,990
2003-2004	83,552	1.009	84,304	83,552	1.011	84,471
2004-2005	85,080	1.011	86,016	85,080	1.013	86,186
2005-2006	163,699	1.013	165,827	163,699	1.016	166,318
2006-2007	135,187	1.015	137,215	135,187	1.018	137,620
2007-2008	218,735	1.017	222,453	346,863	1.021	354,147
2008-2009	198,333	1.019	202,101	268,150	1.024	274,586
2009-2010	104,694	1.021	106,893	104,694	1.028	107,625
2010-2011	221,949	1.024	227,276	221,949	1.032	229,051
2011-2012	129,004	1.027	132,487	129,004	1.036	133,648
2012-2013	42,059	1.030	43,321	42,059	1.040	43,741
2013-2014	67,870	1.035	70,245	67,870	1.048	71,128
2014-2015	20,434	1.041	21,272	20,434	1.056	21,578
2015-2016	35,729	1.054	37,658	35,729	1.073	38,337
2016-2017	82,848	1.073	88,896	82,848	1.102	91,298
2017-2018	46,573	1.139	53,047	46,573	1.190	55,422
2018-2019	53,809	1.680	90,399	53,809	1.787	96,157
Totals	\$2,510,248		\$2,593,650	\$2,752,249		\$2,860,887

Notes:

- (A) Years are 7/1 to 6/30.
- (B) Provided by the City. These losses exclude amounts over \$100,000 per occurrence.
- (C) From Appendix B, Page 2. Interpolated to apply to data as of 8/31/19.
- (D) (B) x (C). These estimated losses exclude amounts over \$100,000 per occurrence.
- (E) Losses capped at the City's SIR. Amounts are provided by the City.
- (F) Derived from factors on Appendix B, Page 4. Interpolated to apply to data as of 8/31/19.
- (G) (E) x (F).

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

This exhibit shows the calculation of estimated ultimate losses for each year based on paid losses as reported by the claims administrator. These losses tend to "develop" or change from period to period as more information becomes available about the cases. This development tends to follow quantifiable patterns over time.

City of Ashland - Workers' Compensation
Paid Loss Development

Accident Year	<u>Limited Losses Paid as of:</u>									
	12 Months	24 Months	36 Months	48 Months	60 Months	72 Months	84 Months	96 Months	108 Months	120 Months
1998-1999										
1999-2000										
2000-2001										
2001-2002										
2002-2003										
2003-2004										
2004-2005										
2005-2006										
2006-2007										135,187
2007-2008									218,735	218,735
2008-2009								198,333	198,333	198,333
2009-2010							104,694	104,694	104,694	104,694
2010-2011						221,949	221,949	221,949	221,949	
2011-2012					129,004	129,004	129,004	129,004		
2012-2013				41,071	42,059	42,059	42,059			
2013-2014			67,870	67,870	67,870	67,870				
2014-2015		20,453	20,675	20,434	20,434					
2015-2016	20,144	33,063	35,712	35,729						
2016-2017	41,938	80,918	82,848							
2017-2018	36,873	46,573								
2018-2019	35,319									

Paid Loss Development Factors:

	12-24 Months	24-36 Months	36-48 Months	48-60 Months	60-72 Months	72-84 Months	84-96 Months	96-108 Months	108-120 Months	120-132 Months
1998-1999										
1999-2000										
2000-2001										
2001-2002										
2002-2003										
2003-2004										
2004-2005										
2005-2006										
2006-2007										1.000
2007-2008									1.000	1.000
2008-2009								1.000	1.000	1.000
2009-2010							1.000	1.000	1.000	
2010-2011						1.000	1.000	1.000		
2011-2012					1.000	1.000	1.000			
2012-2013				1.024	1.000	1.000				
2013-2014			1.000	1.000	1.000					
2014-2015		1.011	0.988	1.000						
2015-2016	1.641	1.080	1.000							
2016-2017	1.929	1.024								
2017-2018	1.263									

	12-24 Months	24-36 Months	36-48 Months	48-60 Months	60-72 Months	72-84 Months	84-96 Months	96-108 Months	108-120 Months	120-132 Months
Average	1.611	1.038	0.996	1.008	1.000	1.000	1.000	1.000	1.000	1.000
Dollar-Weighted Averages										
3-yr	1.622	1.036	0.998	1.008	1.000	1.000	1.000	1.000	1.000	1.000
NCCI Comparative	1.338	1.098	1.039	1.018	1.012	1.007	1.006	1.005	1.004	1.004
Selected	1.846	1.115	1.043	1.020	1.012	1.012	1.007	1.007	1.007	1.006
Cumulated	1.605	1.070	1.020	1.013	1.006	1.005	1.003	1.003	1.003	1.003
	1.849	1.152	1.077	1.056	1.042	1.036	1.031	1.028	1.025	1.022

City of Ashland - Workers' Compensation
Paid Loss Development

Accident Year	<u>Limited Losses Paid as of:</u>										
	132 Months	144 Months	156 Months	168 Months	180 Months	192 Months	204 Months	216 Months	228 Months	240 Months	252 Months
1998-1999											
1999-2000							103,010	103,010	78,389	78,389	78,389
2000-2001						254,639	254,639	254,639	254,848		
2001-2002					96,914	96,914	96,914	96,914			
2002-2003				287,532	287,532	287,532	287,532				
2003-2004			83,552	83,552	83,552	83,552					
2004-2005		85,080	85,080	85,080	85,080						
2005-2006	163,699	163,699	163,699	163,699							
2006-2007	135,187	135,187	135,187								
2007-2008	218,735	218,735									
2008-2009	198,333										
2009-2010											
2010-2011											
2011-2012											
2012-2013											
2013-2014											
2014-2015											
2015-2016											
2016-2017											
2017-2018											
2018-2019											

	<u>Paid Loss Development Factors:</u>										
	132-144 Months	144-156 Months	156-168 Months	168-180 Months	180-192 Months	192-204 Months	204-216 Months	216-228 Months	228-240 Months	240-252 Months	252-Ult. Months
1998-1999											
1999-2000								1.000	1.000	1.000	1.000
2000-2001						1.000	1.000	1.001			
2001-2002					1.000	1.000	1.000				
2002-2003				1.000	1.000	1.000					
2003-2004			1.000	1.000	1.000						
2004-2005		1.000	1.000	1.000							
2005-2006	1.000	1.000	1.000								
2006-2007	1.000	1.000									
2007-2008	1.000										
2008-2009											
2009-2010											
2010-2011											
2011-2012											
2012-2013											
2013-2014											
2014-2015											
2015-2016											
2016-2017											
2017-2018											

	132-144 Months	144-156 Months	156-168 Months	168-180 Months	180-192 Months	192-204 Months	204-216 Months	216-228 Months	228-240 Months	240-252 Months	252-Ult. Months
Average Dollar-Weighted Averages	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
3-yr	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000			
NCCI Comparative	1.004	1.004	1.004	1.003	1.003	1.003	1.003	1.003	1.003	1.002	1.071
Selected	1.006	1.004	1.004	1.004	1.004	1.003	1.003	1.003	1.003	1.003	1.020
Cumulated	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.001	1.001	1.001
	1.019	1.017	1.015	1.013	1.011	1.009	1.007	1.005	1.003	1.002	1.001

City of Ashland - Workers' Compensation
Paid between \$100,000 and \$500,000 Loss Development

Accident Year	<u>Losses Paid as of:</u>									
	12 Months	24 Months	36 Months	48 Months	60 Months	72 Months	84 Months	96 Months	108 Months	120 Months
1998-1999										
1999-2000										
2000-2001										
2001-2002										
2002-2003										
2003-2004										
2004-2005										
2005-2006										
2006-2007										
2007-2008									128,129	128,129
2008-2009								69,817	69,817	69,817
2009-2010										
2010-2011										
2011-2012										
2012-2013										
2013-2014										
2014-2015										
2015-2016										
2016-2017										
2017-2018										
2018-2019										

	<u>Paid Loss Development Factors:</u>									
	12-24 Months	24-36 Months	36-48 Months	48-60 Months	60-72 Months	72-84 Months	84-96 Months	96-108 Months	108-120 Months	120-132 Months
1998-1999										
1999-2000										
2000-2001										
2001-2002										
2002-2003										
2003-2004										
2004-2005										
2005-2006										
2006-2007										
2007-2008									1.000	1.000
2008-2009								1.000	1.000	1.000
2009-2010										
2010-2011										
2011-2012										
2012-2013										
2013-2014										
2014-2015										
2015-2016										
2016-2017										
2017-2018										

	12-24 Months	24-36 Months	36-48 Months	48-60 Months	60-72 Months	72-84 Months	84-96 Months	96-108 Months	108-120 Months	120-132 Months
Average Dollar-Weighted Averages								1.000	1.000	1.000
3-yr										
4-yr										
NCCI	2.191	1.405	1.125	1.054	1.035	1.020	1.018	1.014	1.012	1.012
Comparative	4.133	2.616	1.490	1.288	1.110	1.099	1.089	1.080	1.072	1.035
Selected	2.191	1.405	1.125	1.054	1.035	1.020	1.018	1.014	1.012	1.012
Cumulated	4.476	2.043	1.454	1.292	1.225	1.184	1.161	1.141	1.126	1.112

City of Ashland - Workers' Compensation
Paid between \$100,000 and \$500,000 Loss Development

Accident Year	<u>Losses Paid as of:</u>										
	132 Months	144 Months	156 Months	168 Months	180 Months	192 Months	204 Months	216 Months	228 Months	240 Months	252 Months
1998-1999											
1999-2000											
2000-2001						28,968	28,968	29,318	29,318		
2001-2002											
2002-2003				14,738	14,738	14,738	14,738				
2003-2004											
2004-2005											
2005-2006											
2006-2007											
2007-2008	128,129	128,129									
2008-2009	69,817										
2009-2010											
2010-2011											
2011-2012											
2012-2013											
2013-2014											
2014-2015											
2015-2016											
2016-2017											
2017-2018											
2018-2019											

	<u>Paid Loss Development Factors:</u>										
	132-144 Months	144-156 Months	156-168 Months	168-180 Months	180-192 Months	192-204 Months	204-216 Months	216-228 Months	228-240 Months	240-252 Months	252-Ult. Months
1998-1999											
1999-2000											
2000-2001						1.000	1.012	1.000			
2001-2002											
2002-2003				1.000	1.000	1.000					
2003-2004											
2004-2005											
2005-2006											
2006-2007											
2007-2008	1.000										
2008-2009											
2009-2010											
2010-2011											
2011-2012											
2012-2013											
2013-2014											
2014-2015											
2015-2016											
2016-2017											
2017-2018											

	132-144 Months	144-156 Months	156-168 Months	168-180 Months	180-192 Months	192-204 Months	204-216 Months	216-228 Months	228-240 Months	240-252 Months	252-Ult. Months
Average Dollar-Weighted Averages	1.000			1.000	1.000	1.000	1.012	1.000			
3-yr											
4-yr											
NCCI Comparative	1.010	1.010	1.010	1.009	1.009	1.008	1.008	1.008	1.007	1.006	1.182
Selected	1.031	1.029	1.025	1.023	1.021	1.018	1.017	1.015	1.014	1.010	1.027
Cumulated	1.010	1.010	1.010	1.009	1.009	1.008	1.008	1.008	1.007	1.006	1.010
	1.099	1.088	1.078	1.068	1.059	1.050	1.041	1.032	1.023	1.016	1.010

City of Ashland - Workers' Compensation

Exposure and Development Method
Based on Reported Losses

Accident Year	Trended Payroll (\$00) (A)	Reported Losses as of 8/31/19 (B)	Loss Development Factor (C)	Percentage of Losses Yet to Be Reported (D)	Program Rate (E)	Incurred but not Reported (IBNR) (F)	Ultimate Program Losses (G)
2012-2013	\$187,411	\$42,059	1.010	0.010	\$0.246	\$461	\$42,520
2013-2014	198,044	67,870	1.013	0.013	0.380	978	68,848
2014-2015	195,108	20,434	1.016	0.016	0.423	1,320	21,754
2015-2016	196,003	35,729	1.024	0.023	0.429	1,934	37,663
2016-2017	206,808	82,848	1.035	0.034	0.437	3,073	85,921
2017-2018	200,138	46,573	1.067	0.063	0.440	5,548	52,121
2018-2019	214,051	134,211	1.257	0.204	0.447	19,519	153,730
Totals	1,397,563	\$429,724				\$32,833	\$462,557

Notes:

- (A) From Appendix M, Column (C).
- (B) Provided by the City. These losses exclude amounts incurred above the City's SIR for each year.
- (C) From Appendix A, Page 1, Column (F).
- (D) $1 - 1 / (C)$.
- (E) From Appendix C, Page 3, Column (H).
- (F) $(A) \times (D) \times (E)$.
- (G) $(B) + (F)$.

This exhibit shows the calculation of ultimate losses based on the assumption that there is an underlying relationship between losses and exposure that changes in regular ways over time. The method relies on the premise that the losses that are currently unreported will cost what this relationship would suggest.

City of Ashland - Workers' Compensation

Exposure and Development Method
Based on Paid Losses

Accident Year	Trended Payroll (\$00) (A)	Paid Losses as of 8/31/19 (B)	Loss Development Factor (C)	Percentage of Losses Yet to Be Paid (D)	Program Rate (E)	Incurred but not Paid (F)	Ultimate Program Losses (G)
2012-2013	\$187,411	\$42,059	1.040	0.038	\$0.246	\$1,752	\$43,811
2013-2014	198,044	67,870	1.048	0.046	0.380	3,462	71,332
2014-2015	195,108	20,434	1.056	0.053	0.423	4,374	24,808
2015-2016	196,003	35,729	1.073	0.068	0.429	5,718	41,447
2016-2017	206,808	82,848	1.102	0.093	0.437	8,405	91,253
2017-2018	200,138	46,573	1.190	0.160	0.440	14,090	60,663
2018-2019	214,051	53,809	1.787	0.440	0.447	42,100	95,909
Totals	1,397,563	\$349,322				\$79,901	\$429,223

Notes:

- (A) From Appendix M, Column (C).
- (B) Provided by the City. These losses exclude amounts paid above the City's SIR for each year.
- (C) From Appendix B, Page 1, Column (F).
- (D) $1 - 1 / (C)$.
- (E) From Appendix C, Page 3, Column (H).
- (F) $(A) \times (D) \times (E)$.
- (G) $(B) + (F)$.

This exhibit shows the calculation of ultimate losses based on the assumption that there is an underlying relationship between losses and exposure that changes in regular ways over time. The method relies on the premise that the losses that are currently unpaid will cost what this relationship would suggest.

City of Ashland - Workers' Compensation

Exposure and Development Method

Accident Year	Trended Payroll (\$00) (A)	Ultimate Limited Losses (B)	Trend Factor (C)	Trended Limited Losses (D)	Trended Limited Loss Rate (E)	Limited Loss Rate (F)	Factor to SIR (G)	Program Loss Rate (H)
2012-2013	\$187,411	\$42,059	1.073	\$45,129	\$0.241	\$0.224	1.098	\$0.246
2013-2014	198,044	67,870	1.063	72,146	0.364	0.343	1.107	0.380
2014-2015	195,108	20,434	1.051	21,476	0.110	0.381	1.110	0.423
2015-2016	196,003	35,729	1.039	37,122	0.189	0.385	1.113	0.429
2016-2017	206,808	87,000	1.023	89,001	0.430	0.391	1.117	0.437
2017-2018	200,138	51,000	1.019	51,969	0.260	0.393	1.120	0.440
2018-2019	214,051	143,000	1.005	143,715	0.671	0.398	1.123	0.447
Total/Avg	1,397,563	\$447,092		\$460,558	\$0.330			
12/13-17/18	1,183,512	304,092		316,843	0.268			
15/16-18/19	817,000	316,729		321,807	0.394			
				Selected Limited Rate:	\$0.400			

Notes:

- (A) From Appendix M, Column (C).
- (B) Selected average of results from Appendices A and B.
- (C) From Appendix E, Page 1, Column (B).
- (D) (B) x (C).
- (E) (D) / (A).
- (F) Selected Limited Rate / (C). For 2013-2014 and prior (B) / (A).
- (G) Based on a Weibull distribution, a mathematical model of claim sizes.
- (H) (F) x (G).

This exhibit shows the calculation of the underlying historical relationship between losses and exposure that is needed to apply the estimation methods shown on pages 1 and 2 of this Appendix.

City of Ashland - Workers' Compensation

Frequency and Severity Method

Accident Year	Ultimate Program Severity (A)	Adjusted Ultimate Claims (B)	Ultimate Program Losses (C)
1998-1999	\$1,426	58	\$82,708
1999-2000	1,979	55	108,845
2000-2001	6,199	45	278,955
2001-2002	2,636	39	102,804
2002-2003	4,630	66	305,580
2003-2004	1,348	66	88,968
2004-2005	3,946	23	90,758
2005-2006	6,667	29	193,343
2006-2007	9,100	16	145,600
2007-2008	7,155	33	236,115
2008-2009	9,329	23	214,567
2009-2010	5,705	20	114,100
2010-2011	11,547	21	242,487
2011-2012	7,850	18	141,300
2012-2013	2,431	19	46,189
2013-2014	2,783	27	75,141
2014-2015	3,201	18	57,618
2015-2016	3,315	28	92,820
2016-2017	3,445	30	103,350
2017-2018	3,535	26	91,910
2018-2019	3,670	24	88,080
Total		684	\$2,901,238

Notes:

- (A) From Appendix D, Page 2, Column (H).
- (B) From Appendix D, Page 2, Column (B).
- (C) (A) x (B).

This exhibit shows the calculation of the estimated ultimate losses for each year based on the observed average frequency and severity of claims.

City of Ashland - Workers' Compensation

Frequency and Severity Method

Accident Year	Ultimate Limited Losses (A)	Adjusted Ultimate Claims (B)	Ultimate Limited Severity (C)	Trend Factor (D)	Trended Limited Severity (E)	Limited Severity (F)	Factor to SIR (G)	Program Severity (H)
1998-1999	\$78,389	58	\$1,352	2.027	\$2,741	\$1,352	1.055	\$1,426
1999-2000	103,010	55	1,873	1.959	3,669	1,873	1.057	1,979
2000-2001	263,494	45	5,855	1.872	10,961	5,855	1.059	6,199
2001-2002	96,914	39	2,485	1.728	4,294	2,485	1.061	2,636
2002-2003	287,532	66	4,357	1.625	7,080	4,357	1.063	4,630
2003-2004	83,552	66	1,266	1.584	2,005	1,266	1.065	1,348
2004-2005	85,080	23	3,699	1.543	5,708	3,699	1.067	3,946
2005-2006	180,860	29	6,237	1.500	9,356	6,237	1.069	6,667
2006-2007	135,187	16	8,449	1.463	12,361	8,449	1.077	9,100
2007-2008	218,735	33	6,628	1.419	9,405	6,628	1.079	7,155
2008-2009	198,333	23	8,623	1.378	11,882	8,623	1.082	9,329
2009-2010	104,694	20	5,235	1.342	7,025	5,235	1.090	5,705
2010-2011	221,949	21	10,569	1.303	13,771	10,569	1.093	11,547
2011-2012	129,004	18	7,167	1.264	9,059	7,167	1.095	7,850
2012-2013	42,059	19	2,214	1.233	2,730	2,214	1.098	2,431
2013-2014	67,870	27	2,514	1.197	3,009	2,514	1.107	2,783
2014-2015	20,434	18	1,135	1.162	1,319	2,883	1.110	3,201
2015-2016	35,729	28	1,276	1.125	1,436	2,978	1.113	3,315
2016-2017	87,000	30	2,900	1.086	3,149	3,085	1.117	3,445
2017-2018	52,000	26	2,000	1.061	2,122	3,157	1.120	3,535
2018-2019	157,000	24	6,542	1.025	6,706	3,268	1.123	3,670

Average Limited Severity: \$6,180
Average 13/14-17/18 Limited Severity: 2,207
Average 15/16-18/19 Limited Severity: 3,353

Selected Limited Severity: \$3,350

Notes:

- (A) Selected average of results from Appendices A, B, and C.
- (B) Appendix D, Page 3, Column (C).
- (C) (A) / (B).
- (D) From Appendix E, Page 1, Column (J).
- (E) (C) x (D).
- (F) Selected Limited Severity / (D).
- (G) Based on a Weibull distribution, a mathematical model of claim sizes.
- (H) (F) x (G).

This exhibit shows the calculation of the historical average cost per claim, or severity. The observed average severity is used in the method shown on page 1 of this Appendix.

City of Ashland - Workers' Compensation

Frequency and Severity Method
Projection of Ultimate Claims

Accident Year	Reported Claim Development (A)	Closed Claim Development (B)	Selected Ultimate Claims (C)	Trended Payroll (\$000,000) (D)	Claim Frequency (E)	Trend Factor (F)	Trended Claim Frequency (G)
1998-1999	58	58	58			0.655	
1999-2000	55	55	55			0.668	
2000-2001	45	44	45			0.682	
2001-2002	39	39	39			0.696	
2002-2003	66	66	66			0.710	
2003-2004	66	66	66			0.725	
2004-2005	23	23	23			0.740	
2005-2006	29	28	29			0.755	
2006-2007	16	16	16			0.769	
2007-2008	33	33	33			0.785	
2008-2009	23	23	23			0.801	
2009-2010	20	20	20			0.817	
2010-2011	21	21	21			0.834	
2011-2012	18	18	18			0.851	
2012-2013	19	19	19	18.7	1.014	0.868	0.880
2013-2014	27	27	27	19.8	1.363	0.886	1.208
2014-2015	18	18	18	19.5	0.923	0.904	0.834
2015-2016	28	28	28	19.6	1.429	0.922	1.318
2016-2017	30	30	30	20.7	1.451	0.942	1.367
2017-2018	26	26	26	20.0	1.299	0.961	1.248
2018-2019	23	27	24	21.4	1.121	0.980	1.099
Total	683	685	684	139.8			1.140
13/14-17/18	129	129	129	99.6			1.197

(H) Selected Frequency: 1.200

Program Year:	2019-2020	2020-2021
(I) Trend Factor:	1.000	0.980
(J) Selected Frequency:	1.200	1.176
(K) Est. Payroll (\$000,000):	21.4	21.9
(L) Ultimate Claims:	26	26

Notes:

- (A) From Appendix D, Page 4, (C).
- (B) From Appendix D, Page 5, (C).
- (C) Selected from (A) and (B).
- (D) From Appendix M, Column (C) / 10,000.
- (E) (C) / (D).
- (F) From Appendix E, Page 1, Column (H).
- (G) (E) x (F).
- (H) The selected frequency of 1.200 is based on (G).
- (I) From Appendix E, Page 1, Column (H).
- (J) (H) x (I).
- (K) From Appendix M, Column (C) / 10,000.
- (L) (J) x (K).

This exhibit summarizes the estimated numbers of claims and shows the estimated frequencies per \$1,000,000 of trended payroll.

City of Ashland - Workers' Compensation

Frequency and Severity Method
Reported Claim Count Development

Accident Year	Claims Reported as of 8/31/2019 (A)	Reported Claim Development Factor (B)	Ultimate Claims (C)	Trended Claim Frequency (D)
1998-1999	58	1.000	58	
1999-2000	55	1.000	55	
2000-2001	45	1.000	45	
2001-2002	39	1.000	39	
2002-2003	66	1.000	66	
2003-2004	66	1.000	66	
2004-2005	23	1.000	23	
2005-2006	29	1.000	29	
2006-2007	16	1.000	16	
2007-2008	33	1.000	33	
2008-2009	23	1.000	23	
2009-2010	20	1.000	20	
2010-2011	21	1.000	21	
2011-2012	18	1.000	18	
2012-2013	19	1.000	19	0.880
2013-2014	27	1.000	27	1.208
2014-2015	18	1.000	18	0.834
2015-2016	28	1.000	28	1.317
2016-2017	30	1.000	30	1.366
2017-2018	26	1.000	26	1.248
2018-2019	23	1.000	23	1.053
Total	683		683	1.133

Notes:

- (A) Provided by the City.
- (B) From Appendix D, Page 6. Interpolated to apply to data as of 8/31/19.
- (C) (A) x (B).
- (D) (C) / [Appendix D, Page 3, (D)] x [Appendix D, Page 3, (F)].

This exhibit shows the calculation of estimated ultimate claims for each year based on reported claims as provided by the City. These numbers of claims tend to "develop" or change from period to period as more claims are filed. This development tends to follow quantifiable patterns over time.

City of Ashland - Workers' Compensation

Frequency and Severity Method
Closed Claim Count Development

Accident Year	Claims Closed as of 8/31/2019 (A)	Closed Claim Development Factor (B)	Ultimate Claims (C)	Trended Claim Frequency (D)
1998-1999	58	1.000	58	
1999-2000	55	1.000	55	
2000-2001	44	1.000	44	
2001-2002	39	1.000	39	
2002-2003	66	1.000	66	
2003-2004	66	1.000	66	
2004-2005	23	1.000	23	
2005-2006	28	1.000	28	
2006-2007	16	1.000	16	
2007-2008	33	1.000	33	
2008-2009	23	1.000	23	
2009-2010	20	1.000	20	
2010-2011	21	1.000	21	
2011-2012	18	1.000	18	
2012-2013	19	1.000	19	0.880
2013-2014	27	1.000	27	1.208
2014-2015	18	1.000	18	0.834
2015-2016	28	1.000	28	1.317
2016-2017	30	1.002	30	1.366
2017-2018	26	1.019	26	1.248
2018-2019	19	1.429	27	1.236
Total	677		685	1.161

Notes:

- (A) Provided by the City.
- (B) From Appendix D, Page 7. Interpolated to apply to data as of 8/31/19.
- (C) (A) x (B).
- (D) (C) / [Appendix D, Page 3, (D)] x [Appendix D, Page 3, (F)].

This exhibit shows the calculation of estimated ultimate claims for each year based on closed claims as provided by the City. These numbers of closed claims tend to "develop" or change from period to period as more claims are closed. This development tends to follow quantifiable patterns over time.

City of Ashland - Workers' Compensation
Reported Claim Count Development

Accident Year	Claims Reported as of:												
	12 Months	24 Months	36 Months	48 Months	60 Months	72 Months	84 Months	96 Months	108 Months	120 Months	132 Months	144 Months	156 Months
1998-1999													
1999-2000													
2000-2001													
2001-2002													
2002-2003													
2003-2004													66
2004-2005												23	23
2005-2006											29	29	29
2006-2007										16	16	16	16
2007-2008									33	33	33	33	
2008-2009								23	23	23	23		
2009-2010								20	20	20	20		
2010-2011						21	21	21	21				
2011-2012					18	18	18	18					
2012-2013				19	19	19	19						
2013-2014			27	27	27	27							
2014-2015		18	18	18	18								
2015-2016	25	28	28	28									
2016-2017	25	30	30										
2017-2018	23	26											
2018-2019	23												

Reported Claim Count Development Factors:

	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-168
	Months	Months	Months	Months	Months	Months	Months	Months	Months	Months	Months	Months	Months
1998-1999													
1999-2000													
2000-2001													
2001-2002													
2002-2003													
2003-2004													1.000
2004-2005												1.000	1.000
2005-2006										1.000	1.000	1.000	1.000
2006-2007										1.000	1.000	1.000	
2007-2008									1.000	1.000	1.000		
2008-2009								1.000	1.000	1.000			
2009-2010							1.000	1.000	1.000				
2010-2011						1.000	1.000	1.000					
2011-2012					1.000	1.000	1.000						
2012-2013				1.000	1.000	1.000							
2013-2014			1.000	1.000	1.000								
2014-2015		1.000	1.000	1.000									
2015-2016	1.120	1.000	1.000										
2016-2017	1.200	1.000											
2017-2018	1.130												
Average Claim-Weighted Averages													
3-yr	1.151	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Selected	1.150	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Cumulated	1.150	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

City of Ashland - Workers' Compensation
Closed Claim Development

Accident Year	Claims Closed as of:												
	12 Months	24 Months	36 Months	48 Months	60 Months	72 Months	84 Months	96 Months	108 Months	120 Months	132 Months	144 Months	156 Months
1998-1999													
1999-2000													
2000-2001													
2001-2002													
2002-2003													
2003-2004													66
2004-2005												23	23
2005-2006											28	28	28
2006-2007										16	16	16	16
2007-2008									33	33	33	33	
2008-2009								23	23	23	23		
2009-2010								20	20	20	20		
2010-2011						21	21	21	21				
2011-2012					18	18	18	18					
2012-2013				19	19	19	19						
2013-2014			27	27	27	27							
2014-2015		18	18	18	18								
2015-2016	20	28	28	28									
2016-2017	17	28	30										
2017-2018	17	26											
2018-2019	16												

Closed Claim Count Development Factors:

	12-24 Months	24-36 Months	36-48 Months	48-60 Months	60-72 Months	72-84 Months	84-96 Months	96-108 Months	108-120 Months	120-132 Months	132-144 Months	144-156 Months	156-168 Months
1998-1999													
1999-2000													
2000-2001													
2001-2002													
2002-2003													
2003-2004													1.000
2004-2005												1.000	1.000
2005-2006											1.000	1.000	1.000
2006-2007										1.000	1.000	1.000	
2007-2008									1.000	1.000	1.000		
2008-2009								1.000	1.000	1.000			
2009-2010							1.000	1.000	1.000				
2010-2011						1.000	1.000	1.000					
2011-2012					1.000	1.000	1.000						
2012-2013				1.000	1.000	1.000							
2013-2014			1.000	1.000	1.000								
2014-2015		1.000	1.000	1.000									
2015-2016	1.400	1.000	1.000										
2016-2017	1.647	1.071											
2017-2018	1.529												
Average Claim-Weighted Averages	1.525	1.024	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
3-yr	1.519	1.027	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Selected	1.520	1.020	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Cumulated	1.553	1.022	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

City of Ashland - Workers' Compensation

Loss Trend Factors

Accident Year	Benefit Level Factor (A)	Factor to 2019-2020 Loss Rate Level (B)	Factor to 2020-2021 Loss Rate Level (C)	Factor to 2021-2022 Loss Rate Level (D)	Factor to 2022-2023 Loss Rate Level (E)	Factor to 2019-2020 Frequency Level (F)	Factor to 2020-2021 Frequency Level (G)	Factor to 2021-2022 Frequency Level (H)	Factor to 2022-2023 Frequency Level (I)	Factor to 2019-2020 Severity Level (J)
1998-1999	1.207	1.337	1.344	1.350	1.357	0.655	0.642	0.629	0.616	2.027
1999-2000	1.196	1.318	1.324	1.331	1.337	0.668	0.655	0.642	0.629	1.959
2000-2001	1.171	1.283	1.290	1.296	1.303	0.682	0.669	0.655	0.642	1.872
2001-2002	1.108	1.208	1.214	1.220	1.226	0.696	0.682	0.668	0.655	1.728
2002-2003	1.068	1.158	1.164	1.169	1.175	0.710	0.696	0.682	0.668	1.625
2003-2004	1.067	1.151	1.157	1.163	1.169	0.725	0.710	0.696	0.682	1.584
2004-2005	1.066	1.145	1.151	1.156	1.162	0.740	0.725	0.710	0.696	1.543
2005-2006	1.062	1.135	1.141	1.146	1.152	0.755	0.740	0.724	0.710	1.500
2006-2007	1.062	1.130	1.135	1.141	1.147	0.769	0.754	0.739	0.724	1.463
2007-2008	1.055	1.118	1.123	1.129	1.134	0.785	0.770	0.754	0.739	1.419
2008-2009	1.050	1.107	1.112	1.118	1.124	0.801	0.785	0.769	0.754	1.378
2009-2010	1.048	1.100	1.105	1.111	1.116	0.817	0.801	0.785	0.769	1.342
2010-2011	1.044	1.090	1.095	1.101	1.106	0.834	0.818	0.801	0.785	1.303
2011-2012	1.038	1.078	1.084	1.089	1.095	0.851	0.834	0.817	0.801	1.264
2012-2013	1.038	1.073	1.079	1.084	1.089	0.868	0.851	0.834	0.817	1.233
2013-2014	1.032	1.063	1.068	1.073	1.079	0.886	0.869	0.851	0.834	1.197
2014-2015	1.026	1.051	1.057	1.062	1.067	0.904	0.886	0.868	0.851	1.162
2015-2016	1.019	1.039	1.044	1.050	1.055	0.922	0.904	0.886	0.868	1.125
2016-2017	1.008	1.023	1.028	1.033	1.038	0.942	0.923	0.904	0.886	1.086
2017-2018	1.009	1.019	1.024	1.029	1.034	0.961	0.942	0.922	0.904	1.061
2018-2019	1.000	1.005	1.010	1.015	1.020	0.980	0.960	0.941	0.922	1.025
2019-2020	1.000	1.000	1.005	1.010	1.015	1.000	0.980	0.960	0.941	1.000
2020-2021	1.000	--	1.000	1.005	1.010	--	1.000	0.980	0.960	--
2021-2022	1.000	--	--	1.000	1.005	--	--	1.000	0.980	--
2022-2023	1.000	--	--	--	1.000	--	--	--	1.000	--

Notes:

- (A) Based on NCCI.
- (B) - (E) (A) adjusted for a 0.5% annual loss rate trend.
- (F) - (I) (A) adjusted for a -2.0% annual frequency trend.
- (J) (A) adjusted for a 2.5% annual severity trend.

This exhibit shows the calculation of the ways in which we expect claims costs to have changed over the past twenty years due to changes in statutory workers' compensation benefit levels and changes in actual claims costs in excess of changes in payroll. Changes in the ways in which claims are filed as a result of greater awareness of workers' compensation benefits are not generally reflected in the statutory benefit level factors shown above, but may be part of the reason for changes in actual claims costs in excess of payroll changes.

City of Ashland - Workers' Compensation

Residual Trend Factors

Accident Year	Initial Estimate of Ultimate Limited Losses (A)	Ultimate Reported Claims (B)	BLF (C)	Adjusted Limited Severity (D)	Trended Payroll (\$00) (E)	Ultimate Frequency (F)
1998-1999	\$78,389	58	1.207	1,632		
1999-2000	103,010	55	1.196	2,240		
2000-2001	263,494	45	1.171	6,859		
2001-2002	96,914	39	1.108	2,754		
2002-2003	287,532	66	1.068	4,654		
2003-2004	83,552	66	1.067	1,351		
2004-2005	85,080	23	1.066	3,944		
2005-2006	180,860	29	1.062	6,623		
2006-2007	135,187	16	1.062	8,970		
2007-2008	218,735	33	1.055	6,995		
2008-2009	198,333	23	1.050	9,055		
2009-2010	104,694	20	1.048	5,486		
2010-2011	221,949	21	1.044	11,032		
2011-2012	129,004	18	1.038	7,436		
2012-2013	42,059	19	1.038	2,297	\$187,411	1.014
2013-2014	67,870	27	1.032	2,595	198,044	1.363
2014-2015	20,434	18	1.026	1,165	195,108	0.923
2015-2016	35,729	28	1.019	1,300	196,003	1.429
2016-2017	87,000	30	1.008	2,923	206,808	1.451
2017-2018	51,000	26	1.009	1,979	200,138	1.299
2018-2019	143,000	24	1.000	5,958	214,051	1.121

Severity Trend Factors

Frequency Trend Factors

Latest 10 x 2018-2019	0.813	
Mvg 5-Yr Wtd Latest 10 x 2018-2019	0.850	
Latest 5 x 2018-2019	1.039	1.036
Mvg 5-Yr Wtd Latest 5 x 2018-2019	0.754	0.832
Default	1.025	0.980
Selected Residual Trend	1.025	0.980

Notes:

- (A) Selected average of results from Appendix A and Appendix B.
- (B) Appendix D, Page 3, Column (C).
- (C) Appendix E, Page 1, (A).
- (D) (A) x (C) / (B).
- (E) From Appendix M, Column (C).
- (F) (B) / (E) x 10,000.

City of Ashland - Workers' Compensation

Unallocated Loss Adjustment Expenses

	Average Cost Per Active Claim Method (A)	Paid ULAE to Paid Losses Method (B)	Selected (C)
<u>ULAE Reserve at:</u>			
8/31/2019	\$4,159	\$22,445	\$13,302
6/30/2020	4,161	16,835	10,498
6/30/2021	4,371	15,048	9,709

	Average Cost Per Active Claim Method (D)	Paid ULAE to Paid Losses Method (E)	Selected (F)
<u>Projected ULAE</u>			
2019-2020	\$13,038	\$19,200	\$16,119
2020-2021	13,698	19,800	16,749

Notes:

- (A) Appendix F, Page 3-5.
- (B) Appendix F, Page 2.
- (D) Based on an estimated claim closing pattern and the City's historical claims administration expenses.
- (E) Appendix F, Page 2, (E) x Exhibit 5, (K).

City of Ashland - Workers' Compensation

Outstanding Liability for
Unallocated Loss Adjustment Expenses
as of 8/31/19

Fiscal Year (A)	ULAE Paid (B)	Retained Losses Paid (C)	Paid to Paid Ratios (D)
2017-2018	\$14,654	\$78,611	0.186
2018-2019	11,848	47,174	0.251
(E) Selected Ratio:			0.200

Type of Reserves	%-Age of Selected Ratio (F)	Selected Ratio (G)	Projected Reserves at 8/31/19 (H)	Estimated ULAE Reserve (I)
Case	50%	0.200	\$112,369	\$11,237
IBNR	100%	0.200	56,043	11,209

(J) ULAE Reserve at 8/31/2019:	\$22,445
(K) ULAE Reserve at 6/30/2020:	16,835
(L) ULAE Reserve at 6/30/2021:	15,048

Notes:

- (B) Provided by the City.
- (C) Provided by the City.
- (D) (B) / (C).
- (G) (E).
- (H) From Appendix L and Exhibit 3.
- (I) (F) x (G) x (H).
- (J) Sum of (I).

City of Ashland - Workers' Compensation

Outstanding Liability for
Unallocated Loss Adjustment Expenses
as of 6/30/19

Fiscal Year (A)	Number of Claims Active During Fiscal Year (B)	Average ULAE Charge per Active Claim (C)	Inflation Trend Factor (D)	Trended ULAE Charge per Active Claim (E)	ULAE Paid During Year (F)
2019-2020	10.0	\$395	1.000	\$395	\$3,950
2020-2021	0.5	395	1.050	415	208
2021-2022	0.0	395	1.103	436	0
2022-2023	0.0	395	1.158	457	0
2023-2024	0.0	395	1.216	480	0
2024-2025	0.0	395	1.277	504	0
2025-2026	0.0	395	1.341	530	0
2026-2027	0.0	395	1.408	556	0
2027-2028	0.0	395	1.478	584	0
2028-2029	0.0	395	1.552	613	0
2029-2030	0.0	395	1.630	644	0
2030-2031	0.0	395	1.712	676	0
2031-2032	0.0	395	1.798	710	0
2032-2033	0.0	395	1.888	746	0
2033-2034	0.0	395	1.982	783	0
2034-2035	0.0	395	2.081	822	0
2035-2036	0.0	395	2.185	863	0
2036-2037	0.0	395	2.294	906	0

(G) Total ULAE Outstanding as of 6/30/19: \$4,158

(H) Total ULAE Outstanding as of 8/31/19: \$4,159

Notes:

- (A) We assume fiscal years will be 7/1 to 6/30.
- (B) Based on an estimated claim closing pattern.
- (C) Based on claims administration payment information provided by the City.
- (D) We assume ULAE costs will increase at 5.0% per year.
- (E) (C) x (D).
- (F) (B) x (E).
- (G) Total of Column (F).
- (H) (G) from this page and the next, interpolated to 8/31/19.

This exhibit shows the calculation of the outstanding ULAE based on the expected pattern of claims closings and assumptions about future claims administration costs per open claim.

City of Ashland - Workers' Compensation

Outstanding Liability for
Unallocated Loss Adjustment Expenses
as of 6/30/20

Fiscal Year (A)	Number of Claims Active During Fiscal Year (B)	Average ULAE Charge per Active Claim (C)	Inflation Trend Factor (D)	Trended ULAE Charge per Active Claim (E)	ULAE Paid During Year (F)
2020-2021	9.5	\$395	1.050	\$415	\$3,943
2021-2022	0.5	395	1.103	436	218
2022-2023	0.0	395	1.158	457	0
2023-2024	0.0	395	1.216	480	0
2024-2025	0.0	395	1.277	504	0
2025-2026	0.0	395	1.341	530	0
2026-2027	0.0	395	1.408	556	0
2027-2028	0.0	395	1.478	584	0
2028-2029	0.0	395	1.552	613	0
2029-2030	0.0	395	1.630	644	0
2030-2031	0.0	395	1.712	676	0
2031-2032	0.0	395	1.798	710	0
2032-2033	0.0	395	1.888	746	0
2033-2034	0.0	395	1.982	783	0
2034-2035	0.0	395	2.081	822	0
2035-2036	0.0	395	2.185	863	0
2036-2037	0.0	395	2.294	906	0
2037-2038	0.0	395	2.409	952	0

(G) Total ULAE Outstanding as of 6/30/20: \$4,161

Notes:

- (A) We assume fiscal years will be 7/1 to 6/30.
- (B) Based on an estimated claim closing pattern.
- (C) Based on claims administration payment information provided by the City.
- (D) We assume ULAE costs will increase at 5.0% per year.
- (E) (C) x (D).
- (F) (B) x (E).
- (G) Total of Column (F).

This exhibit shows the calculation of the outstanding ULAE based on the expected pattern of claims closings and assumptions about future claims administration costs per open claim.

City of Ashland - Workers' Compensation

Payment and Reserve Forecast

<u>Accident Year</u>	<u>As of 8/31/2019</u>	<u>Calendar Period</u>	
		<u>9/1/2019 to 6/30/2020</u>	<u>7/1/2020 to 6/30/2021</u>
Prior			
Ultimate Loss	\$873,395	\$873,395	\$873,395
Paid in Calendar Period	-	2,153	4,324
Paid to Date	864,749	866,902	871,226
Outstanding Liability	8,646	6,493	2,169
2003-2004			
Ultimate Loss	\$83,552	\$83,552	\$83,552
Paid in Calendar Period	-		
Paid to Date	83,552	83,552	83,552
Outstanding Liability			
2004-2005			
Ultimate Loss	\$85,080	\$85,080	\$85,080
Paid in Calendar Period	-		
Paid to Date	85,080	85,080	85,080
Outstanding Liability			
2005-2006			
Ultimate Loss	\$180,860	\$180,860	\$180,860
Paid in Calendar Period	-	2,111	3,191
Paid to Date	163,699	165,810	169,001
Outstanding Liability	17,161	15,050	11,859
2006-2007			
Ultimate Loss	\$135,187	\$135,187	\$135,187
Paid in Calendar Period	-		
Paid to Date	135,187	135,187	135,187
Outstanding Liability			
2007-2008			
Ultimate Loss	\$346,863	\$346,863	\$346,863
Paid in Calendar Period	-		
Paid to Date	346,863	346,863	346,863
Outstanding Liability			
2008-2009			
Ultimate Loss	\$268,150	\$268,150	\$268,150
Paid in Calendar Period	-		
Paid to Date	268,150	268,150	268,150
Outstanding Liability			
2009-2010			
Ultimate Loss	\$104,694	\$104,694	\$104,694
Paid in Calendar Period	-		
Paid to Date	104,694	104,694	104,694
Outstanding Liability			

City of Ashland - Workers' Compensation

Payment and Reserve Forecast

<u>Accident Year</u>	<u>As of 8/31/2019</u>	<u>Calendar Period</u>	
		<u>9/1/2019 to 6/30/2020</u>	<u>7/1/2020 to 6/30/2021</u>
2010-2011			
Ultimate Loss	\$221,949	\$221,949	\$221,949
Paid in Calendar Period	-		
Paid to Date	221,949	221,949	221,949
Outstanding Liability			
2011-2012			
Ultimate Loss	\$129,004	\$129,004	\$129,004
Paid in Calendar Period	-		
Paid to Date	129,004	129,004	129,004
Outstanding Liability			
2012-2013			
Ultimate Loss	\$42,059	\$42,059	\$42,059
Paid in Calendar Period	-		
Paid to Date	42,059	42,059	42,059
Outstanding Liability			
2013-2014			
Ultimate Loss	\$67,870	\$67,870	\$67,870
Paid in Calendar Period	-		
Paid to Date	67,870	67,870	67,870
Outstanding Liability			
2014-2015			
Ultimate Loss	\$20,434	\$20,434	\$20,434
Paid in Calendar Period	-		
Paid to Date	20,434	20,434	20,434
Outstanding Liability			
2015-2016			
Ultimate Loss	\$35,729	\$35,729	\$35,729
Paid in Calendar Period	-		
Paid to Date	35,729	35,729	35,729
Outstanding Liability			
2016-2017			
Ultimate Loss	\$89,000	\$89,000	\$89,000
Paid in Calendar Period	-	1,458	1,051
Paid to Date	82,848	84,306	85,357
Outstanding Liability	6,152	4,694	3,643
2017-2018			
Ultimate Loss	\$56,000	\$56,000	\$56,000
Paid in Calendar Period	-	3,724	1,534
Paid to Date	46,573	50,297	51,831
Outstanding Liability	9,427	5,703	4,169

City of Ashland - Workers' Compensation

Payment and Reserve Forecast

<u>Accident Year</u>	<u>As of 8/31/2019</u>	<u>Calendar Period</u>	
		<u>9/1/2019 to 6/30/2020</u>	<u>7/1/2020 to 6/30/2021</u>
2018-2019			
Ultimate Loss	\$165,000	\$165,000	\$165,000
Paid in Calendar Period	-	67,715	19,086
Paid to Date	53,809	121,524	140,610
Outstanding Liability	111,191	43,476	24,390
2019-2020			
Ultimate Loss	\$16,000	\$96,000	\$96,000
Paid in Calendar Period	-	44,947	33,128
Paid to Date	165	45,112	78,240
Outstanding Liability	15,835	50,888	17,760
2020-2021			
Ultimate Loss	-	-	\$99,000
Paid in Calendar Period	-	-	50,094
Paid to Date	-	-	50,094
Outstanding Liability	-	-	48,906
Totals			
Ultimate Loss	\$2,920,826	\$3,000,826	\$3,099,826
Paid in Calendar Period	-	122,108	112,408
Paid to Date	2,752,414	2,874,522	2,986,930
Outstanding Liability	168,412	126,304	112,896
Total Outstanding ULAE	13,302	10,498	9,709
Outstanding Liability plus ULAE	181,714	136,802	122,605

Notes appear on the next page.

City of Ashland - Workers' Compensation

Payment and Reserve Forecast

Notes to previous page:

- Accident Year is associated with date of loss. Calendar Period is associated with date of transaction. For example, for the losses which occurred during 2017-2018, \$3,724 is expected to be paid between 9/1/19 and 6/30/20, \$50,297 will have been paid by 6/30/20, and the reserve for remaining payments on these claims should be \$5,703.
- Ultimate Losses for each accident year are from Exhibit 4, Page 1.
- Paid in Calendar Period is a proportion of the Outstanding Liability from the previous calendar period. These proportions are derived from the paid loss development pattern selected in Appendix B. For example, $\$1,534 = \$5,703 \times 26.9\%$.
- Paid to Date is Paid in Calendar Period plus Paid to Date from previous calendar period. For example, $\$51,831 = \$1,534 + \$50,297$.
- Outstanding Liability is Ultimate Loss minus Paid to Date. For example, $\$5,703 = \$56,000 - \$50,297$.

This exhibit shows the calculation of the liability for outstanding claims as of the date of evaluation, the end of the current fiscal year, and the end of the coming fiscal year. It also shows the expected claims payout during the remainder of the current fiscal year and the coming fiscal year. Refer to the Totals at the end of the exhibit for the balance sheet information. The top parts of the exhibit show information for each program year.

City of Ashland - Workers' Compensation

Short- and Long-Term Liabilities

<u>Liabilities as of 8/31/19:</u>		<u>Expected</u>	<u>Discounted</u>
<u>Current (Short Term)</u>	Loss and ALAE:	\$90,437	\$89,988
	ULAE:	7,143	7,108
	Short-Term Loss and LAE:	<u>\$97,580</u>	<u>\$97,096</u>
<u>Non-Current (Long Term)</u>	Loss and ALAE:	\$77,975	\$74,474
	ULAE:	6,159	5,882
	Long-Term Loss and LAE:	<u>\$84,134</u>	<u>\$80,356</u>
<u>Total Liability</u>	Loss and ALAE:	\$168,412	\$164,462
	ULAE:	13,302	12,990
	Total Loss and LAE:	<u>\$181,714</u>	<u>\$177,452</u>
<u>Liabilities as of 6/30/20:</u>			
<u>Current (Short Term)</u>	Loss and ALAE:	\$62,314	\$62,005
	ULAE:	5,179	5,153
	Short-Term Loss and LAE:	<u>\$67,493</u>	<u>\$67,158</u>
<u>Non-Current (Long Term)</u>	Loss and ALAE:	\$63,990	\$60,858
	ULAE:	5,319	5,059
	Long-Term Loss and LAE:	<u>\$69,309</u>	<u>\$65,917</u>
<u>Total Liability</u>	Loss and ALAE:	\$126,304	\$122,863
	ULAE:	10,498	10,212
	Total Loss and LAE:	<u>\$136,802</u>	<u>\$133,075</u>

		<u>Discounted with a Margin for Contingencies</u>				
		<u>70%</u>	<u>75%</u>	<u>80%</u>	<u>85%</u>	<u>90%</u>
		<u>Confidence</u>	<u>Confidence</u>	<u>Confidence</u>	<u>Confidence</u>	<u>Confidence</u>
<u>Liabilities as of 8/31/19:</u>						
<u>Current (Short Term)</u>	Loss and ALAE:	\$108,975	\$120,314	\$133,992	\$151,360	\$174,937
	ULAE:	8,608	9,503	10,584	11,956	13,818
	Short-Term Loss and LAE:	<u>\$117,583</u>	<u>\$129,817</u>	<u>\$144,576</u>	<u>\$163,316</u>	<u>\$188,755</u>
<u>Non-Current (Long Term)</u>	Loss and ALAE:	\$90,188	\$99,572	\$110,892	\$125,265	\$144,777
	ULAE:	7,123	7,864	8,758	9,893	11,435
	Long-Term Loss and LAE:	<u>\$97,311</u>	<u>\$107,436</u>	<u>\$119,650</u>	<u>\$135,158</u>	<u>\$156,212</u>
<u>Total Liability</u>	Loss and ALAE:	\$199,163	\$219,886	\$244,884	\$276,625	\$319,714
	ULAE:	15,731	17,367	19,342	21,849	25,253
	Total Loss and LAE:	<u>\$214,894</u>	<u>\$237,253</u>	<u>\$264,226</u>	<u>\$298,474</u>	<u>\$344,967</u>
<u>Liabilities as of 6/30/20:</u>						
<u>Current (Short Term)</u>	Loss and ALAE:	\$75,088	\$82,901	\$92,325	\$104,292	\$120,538
	ULAE:	6,240	6,890	7,673	8,667	10,017
	Short-Term Loss and LAE:	<u>\$81,328</u>	<u>\$89,791</u>	<u>\$99,998</u>	<u>\$112,959</u>	<u>\$130,555</u>
<u>Non-Current (Long Term)</u>	Loss and ALAE:	\$73,699	\$81,367	\$90,618	\$102,364	\$118,308
	ULAE:	6,127	6,763	7,533	8,509	9,835
	Long-Term Loss and LAE:	<u>\$79,826</u>	<u>\$88,130</u>	<u>\$98,151</u>	<u>\$110,873</u>	<u>\$128,143</u>
<u>Total Liability</u>	Loss and ALAE:	\$148,787	\$164,268	\$182,943	\$206,656	\$238,846
	ULAE:	12,367	13,653	15,206	17,176	19,852
	Total Loss and LAE:	<u>\$161,154</u>	<u>\$177,921</u>	<u>\$198,149</u>	<u>\$223,832</u>	<u>\$258,698</u>

Note: Current (short term) liabilities are the portion of the total estimated liability shown on Appendix G that is expected to be paid out within the coming year. Totals may vary from Exhibit 1, due to rounding.

City of Ashland - Workers' Compensation

Discount Factors to be Applied to Overall Reserves

Accident Year	Full Value of Reserve at 8/31/19 (A)	Discount Factor (B)	Discounted Reserve at 8/31/19 (C)	Full Value of Reserve at 6/30/20 (D)	Discount Factor (E)	Discounted Reserve at 6/30/20 (F)
1998-1999	\$0	0.995	\$0	\$0	1.000	\$0
1999-2000	0	0.992	0	0	0.995	0
2000-2001	8,646	0.986	8,527	6,493	0.992	6,439
2001-2002	0	0.984	0	0	0.985	0
2002-2003	0	0.980	0	0	0.984	0
2003-2004	0	0.975	0	0	0.979	0
2004-2005	0	0.971	0	0	0.974	0
2005-2006	17,161	0.966	16,579	15,050	0.971	14,608
2006-2007	0	0.962	0	0	0.965	0
2007-2008	0	0.959	0	0	0.962	0
2008-2009	0	0.955	0	0	0.958	0
2009-2010	0	0.952	0	0	0.954	0
2010-2011	0	0.949	0	0	0.951	0
2011-2012	0	0.945	0	0	0.948	0
2012-2013	0	0.942	0	0	0.945	0
2013-2014	0	0.941	0	0	0.941	0
2014-2015	0	0.942	0	0	0.942	0
2015-2016	0	0.945	0	0	0.942	0
2016-2017	6,152	0.952	5,854	4,694	0.946	4,442
2017-2018	9,427	0.964	9,084	5,703	0.953	5,432
2018-2019	111,191	0.979	108,848	43,476	0.966	41,993
2019-2020	15,835	0.983	15,570	50,888	0.982	49,949
Totals	\$168,412		\$164,462	\$126,304		\$122,863

(G) Discount Factor at 8/31/19 for Overall Reserve: 0.977
(H) Discount Factor at 6/30/20 for Overall Reserve: 0.973

Notes:

- (A) From Appendix G, Outstanding Liability at 8/31/19.
- (B) Based on Appendix I, Page 2, Column (E).
- (C) (A) x (B).
- (D) From Appendix G, Outstanding Liability at 6/30/20.
- (E) Based on Appendix I, Page 2, Column (E).
- (F) (D) x (E).
- (G) Total of (C) / Total of (A).
- (H) Total of (F) / Total of (D).

This exhibit shows the expected impact of anticipated investment income on the liability for outstanding claims at the date of evaluation and the end of the current fiscal year. For example, if the discount factor in item (G) is 0.977, the discounted liability for outstanding claims is 97.7% of the full value.

City of Ashland - Workers' Compensation

Confidence Level Table

Probability	Projected Losses	Outstanding Losses
95%	2.653	2.394
90%	2.039	1.944
85%	1.704	1.682
80%	1.474	1.489
75%	1.299	1.337
70%	1.158	1.211
65%	1.038	1.101
60%	0.935	1.005
55%	0.844	0.918
50%	0.761	0.836
45%	0.685	0.760
40%	0.614	0.689
35%	0.547	0.618
30%	0.483	0.549
25%	0.421	0.481

To read table: For the above retention, there is a 90% chance that final loss settlements will be less than 2.039 times the average expected amount of losses.

This exhibit shows the loads that must be applied to bring estimated losses at the expected level to the various indicated confidence levels.

City of Ashland - Workers' Compensation

Program History

Policy Year Start Date	Policy Year End Date	Policy Year	Self-Insured Retention	
			All Other	Electric Code 7539
7/1/2004	6/30/2005	2004-2005	\$350,000	\$500,000
7/1/2005	6/30/2006	2005-2006	350,000	500,000
7/1/2006	6/30/2007	2006-2007	400,000	600,000
7/1/2007	6/30/2008	2007-2008	400,000	600,000
7/1/2008	6/30/2009	2008-2009	400,000	600,000
7/1/2009	6/30/2010	2009-2010	450,000	650,000
7/1/2010	6/30/2011	2010-2011	450,000	650,000
7/1/2011	6/30/2012	2011-2012	450,000	650,000
7/1/2012	6/30/2013	2012-2013	450,000	650,000
7/1/2013	6/30/2014	2013-2014	500,000	750,000
7/1/2014	6/30/2015	2014-2015	500,000	750,000
7/1/2015	6/30/2016	2015-2016	500,000	750,000
7/1/2016	6/30/2017	2016-2017	500,000	750,000
7/1/2017	6/30/2018	2017-2018	500,000	750,000
7/1/2018	6/30/2019	2018-2019	500,000	750,000
7/1/2019	6/30/2020	2019-2020	500,000	750,000
7/1/2020	6/30/2021	2020-2021	500,000	750,000

Third Party
Claims
Administrator

Tristar

This exhibit summarizes some of the key facts about the history of the program.

City of Ashland - Workers' Compensation

Incurred Losses as of 8/31/19

Accident Year (A)	Unlimited Incurred (B)	Additions to Losses (C)	Subtractions from Losses (D)	Adjusted Incurred (E)	Incurred Over SIR (F)	Incurred Over \$100,000 (G)	Incurred Capped at \$100,000 (H)	Incurred \$100,000 to SIR Layer (I)	Incurred Capped at SIR (J)	Incurred Capped at SIR & Aggregate (K)
1998-1999	\$78,389	\$0	\$0	\$78,389	\$0	\$0	\$78,389	\$0	\$78,389	\$78,389
1999-2000	103,010	0	0	103,010	0	0	103,010	0	103,010	103,010
2000-2001	292,812	0	0	292,812	0	29,318	263,494	29,318	292,812	292,812
2001-2002	96,914	0	0	96,914	0	0	96,914	0	96,914	96,914
2002-2003	304,603	0	2,333	302,270	0	14,738	287,532	14,738	302,270	302,270
2003-2004	94,027	0	10,476	83,552	0	0	83,552	0	83,552	83,552
2004-2005	85,080	0	0	85,080	0	0	85,080	0	85,080	85,080
2005-2006	180,860	0	0	180,860	0	0	180,860	0	180,860	180,860
2006-2007	136,109	0	922	135,187	0	0	135,187	0	135,187	135,187
2007-2008	347,317	0	453	346,863	0	128,129	218,735	128,129	346,863	346,863
2008-2009	285,161	0	17,011	268,150	0	69,817	198,333	69,817	268,150	268,150
2009-2010	105,691	0	997	104,694	0	0	104,694	0	104,694	104,694
2010-2011	221,949	0	0	221,949	0	0	221,949	0	221,949	221,949
2011-2012	129,004	0	0	129,004	0	0	129,004	0	129,004	129,004
2012-2013	42,059	0	0	42,059	0	0	42,059	0	42,059	42,059
2013-2014	67,870	0	0	67,870	0	0	67,870	0	67,870	67,870
2014-2015	20,434	0	0	20,434	0	0	20,434	0	20,434	20,434
2015-2016	35,729	0	0	35,729	0	0	35,729	0	35,729	35,729
2016-2017	83,228	0	379	82,848	0	0	82,848	0	82,848	82,848
2017-2018	46,573	0	0	46,573	0	0	46,573	0	46,573	46,573
2018-2019	134,211	0	0	134,211	0	0	134,211	0	134,211	134,211
2019-2020	6,325	0	0	6,325	0	0	6,325	0	6,325	6,325
Total	\$2,897,355	\$0	\$32,571	\$2,864,784	\$0	\$242,002	\$2,622,782	\$242,002	\$2,864,784	\$2,864,784

Notes:

- (A) Years are 7/1 to 6/30.
- (B) Provided by the City.
- (C)
- (D) Subrogation recoveries.
- (E) (B) + (C) - (D).
- (F) Sum of incurred losses in excess of SIR.
- (G) Sum of incurred losses in excess of \$100,000.
- (H) (E) - (G).
- (I) (G) - (F).
- (J) (E) - (F).
- (K) Minimum of (J) and the aggregate stop loss. See Appendix K.

City of Ashland - Workers' Compensation

Paid Losses as of 8/31/19

Accident Year (A)	Unlimited Paid (B)	Additions to Losses (C)	Subtractions from Losses (D)	Adjusted Paid (E)	Paid Over SIR (F)	Paid Over \$100,000 (G)	Paid Capped at \$100,000 (H)	Paid \$100,000 to SIR Layer (I)	Paid Capped at SIR (J)	Paid Capped at SIR & Aggregate (K)
1998-1999	\$78,389	\$0	\$0	\$78,389	\$0	\$0	\$78,389	\$0	\$78,389	\$78,389
1999-2000	103,010	0	0	103,010	0	0	103,010	0	103,010	103,010
2000-2001	284,166	0	0	284,166	0	29,318	254,848	29,318	284,166	284,166
2001-2002	96,914	0	0	96,914	0	0	96,914	0	96,914	96,914
2002-2003	304,603	0	2,333	302,270	0	14,738	287,532	14,738	302,270	302,270
2003-2004	94,027	0	10,476	83,552	0	0	83,552	0	83,552	83,552
2004-2005	85,080	0	0	85,080	0	0	85,080	0	85,080	85,080
2005-2006	163,699	0	0	163,699	0	0	163,699	0	163,699	163,699
2006-2007	136,109	0	922	135,187	0	0	135,187	0	135,187	135,187
2007-2008	347,317	0	453	346,863	0	128,129	218,735	128,129	346,863	346,863
2008-2009	285,161	0	17,011	268,150	0	69,817	198,333	69,817	268,150	268,150
2009-2010	105,691	0	997	104,694	0	0	104,694	0	104,694	104,694
2010-2011	221,949	0	0	221,949	0	0	221,949	0	221,949	221,949
2011-2012	129,004	0	0	129,004	0	0	129,004	0	129,004	129,004
2012-2013	42,059	0	0	42,059	0	0	42,059	0	42,059	42,059
2013-2014	67,870	0	0	67,870	0	0	67,870	0	67,870	67,870
2014-2015	20,434	0	0	20,434	0	0	20,434	0	20,434	20,434
2015-2016	35,729	0	0	35,729	0	0	35,729	0	35,729	35,729
2016-2017	83,228	0	379	82,848	0	0	82,848	0	82,848	82,848
2017-2018	46,573	0	0	46,573	0	0	46,573	0	46,573	46,573
2018-2019	53,809	0	0	53,809	0	0	53,809	0	53,809	53,809
2019-2020	165	0	0	165	0	0	165	0	165	165
Total	\$2,784,986	\$0	\$32,571	\$2,752,415	\$0	\$242,002	\$2,510,413	\$242,002	\$2,752,415	\$2,752,415

Notes:

- (A) Years are 7/1 to 6/30.
- (B) Provided by the City.
- (C)
- (D) Subrogation recoveries.
- (E) (B) + (C) - (D).
- (F) Sum of paid losses in excess of SIR.
- (G) Sum of paid losses in excess of \$100,000.
- (H) (E) - (G).
- (I) (G) - (F).
- (J) (E) - (F).
- (K) Minimum of (J) and the aggregate stop loss. See Appendix K.

City of Ashland - Workers' Compensation

Case Reserves as of 8/31/19

Accident Year (A)	Unlimited Reserves (B)	Additions to Losses (C)	Subtractions from Losses (D)	Adjusted Reserves (E)	Reserves Over SIR (F)	Reserves Over \$100,000 (G)	Reserves Capped at \$100,000 (H)	Reserves \$100,000 to SIR Layer (I)	Reserves Capped at SIR (J)	Reserves Capped at SIR & Aggregate (K)
1998-1999	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1999-2000	0	0	0	0	0	0	0	0	0	0
2000-2001	8,646	0	0	8,646	0	0	8,646	0	8,646	8,646
2001-2002	0	0	0	0	0	0	0	0	0	0
2002-2003	0	0	0	0	0	0	0	0	0	0
2003-2004	0	0	0	0	0	0	0	0	0	0
2004-2005	0	0	0	0	0	0	0	0	0	0
2005-2006	17,161	0	0	17,161	0	0	17,161	0	17,161	17,161
2006-2007	0	0	0	0	0	0	0	0	0	0
2007-2008	0	0	0	0	0	0	0	0	0	0
2008-2009	0	0	0	0	0	0	0	0	0	0
2009-2010	0	0	0	0	0	0	0	0	0	0
2010-2011	0	0	0	0	0	0	0	0	0	0
2011-2012	0	0	0	0	0	0	0	0	0	0
2012-2013	0	0	0	0	0	0	0	0	0	0
2013-2014	0	0	0	0	0	0	0	0	0	0
2014-2015	0	0	0	0	0	0	0	0	0	0
2015-2016	0	0	0	0	0	0	0	0	0	0
2016-2017	0	0	0	0	0	0	0	0	0	0
2017-2018	0	0	0	0	0	0	0	0	0	0
2018-2019	80,403	0	0	80,403	0	0	80,403	0	80,403	80,403
2019-2020	6,160	0	0	6,160	0	0	6,160	0	6,160	6,160
Total	\$112,369	\$0	\$0	\$112,369	\$0	\$0	\$112,369	\$0	\$112,369	\$112,369

Notes:

- (A) Years are 7/1 to 6/30.
- (B) Appendix L, Page 1, Column (B) - Appendix L, Page 2, Column (B).
- (C) Appendix L, Page 1, Column (C) - Appendix L, Page 2, Column (C).
- (D) Appendix L, Page 1, Column (D) - Appendix L, Page 2, Column (D).
- (E) (B) + (C) - (D).
- (F) Sum of case reserves in excess of SIR.
- (G) Sum of case reserves in excess of \$100,000.
- (H) (E) - (G).
- (I) (G) - (F).
- (J) (E) - (F).
- (K) Minimum of (J) and the aggregate stop loss. See Appendix K.

City of Ashland - Workers' Compensation

Claim Counts as of 8/31/19

Accident Year (A)	Reported Claims (B)	Additions to Reported Claims (C)	Subtractions from Reported Claims (D)	Adjusted Reported Claims (E)	Closed Claims (F)	Additions to Closed Claims (G)	Subtractions from Closed Claims (H)	Adjusted Closed Claims (I)	Open Claims (J)	Adjusted Open Claims (K)
1998-1999	61	0	3	58	61	0	3	58	0	0
1999-2000	57	0	2	55	57	0	2	55	0	0
2000-2001	47	0	2	45	46	0	2	44	1	1
2001-2002	46	0	7	39	46	0	7	39	0	0
2002-2003	78	0	12	66	78	0	12	66	0	0
2003-2004	75	0	9	66	75	0	9	66	0	0
2004-2005	25	0	2	23	25	0	2	23	0	0
2005-2006	29	0	0	29	28	0	0	28	1	1
2006-2007	16	0	0	16	16	0	0	16	0	0
2007-2008	33	0	0	33	33	0	0	33	0	0
2008-2009	23	0	0	23	23	0	0	23	0	0
2009-2010	20	0	0	20	20	0	0	20	0	0
2010-2011	21	0	0	21	21	0	0	21	0	0
2011-2012	18	0	0	18	18	0	0	18	0	0
2012-2013	19	0	0	19	19	0	0	19	0	0
2013-2014	27	0	0	27	27	0	0	27	0	0
2014-2015	18	0	0	18	18	0	0	18	0	0
2015-2016	29	0	1	28	29	0	1	28	0	0
2016-2017	30	0	0	30	30	0	0	30	0	0
2017-2018	26	0	0	26	26	0	0	26	0	0
2018-2019	23	0	0	23	19	0	0	19	4	4
2019-2020	1	0	0	1	0	0	0	0	1	1
Total	722	0	38	684	715	0	38	677	7	7

Notes:

- (A) Years are 7/1 to 6/30.
- (B) Provided by the City.
- (C)
- (D) Closed with no payments.
- (E) (B) + (C) - (D).
- (F) Provided by the City.
- (G)
- (H) Closed with no payments.
- (I) (F) + (G) - (H).
- (J) (B) - (F).
- (K) (E) - (I).

City of Ashland - Workers' Compensation

Exposure Measures

Accident Year	Total Payroll (\$00) (A)	Inflation Trend Factor (B)	Trended Payroll (\$00) (C)
2012-2013	\$157,621	1.189	\$187,411
2013-2014	170,728	1.160	198,044
2014-2015	172,357	1.132	195,108
2015-2016	177,539	1.104	196,003
2016-2017	192,022	1.077	206,808
2017-2018	190,426	1.051	200,138
2018-2019	208,830	1.025	214,051
2019-2020	214,050	1.000	214,050
2020-2021	219,400	1.000	219,400

Notes:

- (A) Provided by the City.
- (B) Based on NCCI.
- (C) (A) x (B).

Loveland & Smart Insurance Services, Inc.

9700 Fair Oaks Blvd., Suite A; Fair Oaks, CA 95628
Telephone: (916) 362-5500 ~ Fax: (916) 362-5595 License No. 0C42409

June 28, 2019

Binder # **009606**
Policy # **EWC009606**

Ms. Sandy Orr
Brown & Brown Northwest
3256 Hillcrest Park Drive
Medford, OR 97504

Facsimile: 541-494-2787

Re: **CITY OF ASHLAND**
Excess Workers' Compensation and Employers' Liability Insurance
State of Oregon

Dear Sandy,

We are pleased to confirm our binding instructions for Midwest Employers Casualty Company as described below. If you find any changes are needed please let me know at your earliest convenience.

1. Insured: **CITY OF ASHLAND**
2. Address: **20 EAST MAIN STREET, ASHLAND, OR 97520**
3. Effective Date of Policy: **July 1, 2019**
Policy Liability Period: **July 1, 2019 – July 1, 2021**
Policy Payroll Reporting Period: **July 1, 2019 – July 1, 2020**
4. Insurance Carrier: **MIDWEST EMPLOYERS CASUALTY COMPANY**
5. Insured's Retention for each occurrence or each employee for disease: **\$500,000 – All Other**
\$750,000 – Code 7720, 7710, 7539
6. Limit of Indemnity is **Statutory** each occurrence for Workers' Compensation Benefits.
Employers' Liability limit is **\$1,000,000** each occurrence.
7. Estimated Annual Remuneration: \$ **18,243,363.00**
Rate Per \$100 of Remuneration: \$ **0.3664**
Deposit Premium: \$ **66,844.00**
Minimum Policy Premium: \$ **120,319.00**

Thank you for the order. We look forward to working with you in the future.

Regards,



Rett A. Smart

Enclosure

"Self Insurance Simplified"