

Oklahoma Schools Insurance Group

Financial Report
June 30, 2016

Contents

Independent auditor's report	1-2
Management's discussion and analysis	3-6
Financial statements	
Statements of net position	7
Statements of revenues, expenses and changes in net position	8
Statements of cash flows	9
Notes to financial statements	10-17
Required supplementary information	
10-year loss development	18-19



RSM US LLP

Independent Auditor's Report

The Board of Trustees
Oklahoma Schools Insurance Group
Tulsa, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of Oklahoma Schools Insurance Group, which comprise the statements of net position, as of June 30, 2016 and 2015, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended; and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Oklahoma Schools Insurance Group as of June 30, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and loss development information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

RSM US LLP

Oklahoma City, Oklahoma
October 21, 2016

Oklahoma Schools Insurance Group

Management's Discussion and Analysis

The following Management's Discussion and Analysis (MD&A) of the activities and financial performance of Oklahoma Schools Insurance Group (OSIG) provides an introduction to the financial statements for the year ending June 30, 2016.

OSIG, established in July 2001, is an Inter-local Cooperation Act Agency of schools offering membership to public school districts in Oklahoma, with a mission to provide quality, cost effective, risk management products and services to its member school districts.

Financial and Activity Highlights

	Years Ended June 30		
	2016	2015	2014
Member schools at beginning of year	347	318	323
Member schools added (lost) during the year, net	2	29	(5)
Total member schools, end of year	349	347	318
Member contributions	\$ 23,489,304	\$ 24,507,511	\$ 23,940,036
Member dividends	\$ 996,598	-	-

During the year ended June 30, 2016, 2015, and 2014 net position (decreased)/increased \$(843,474), \$2,535,080, and \$3,554,959, respectively. These changes are a direct result of claim experience, the benefit of excess insurance policies protecting against large claim losses and investment income. In years ended June 30, 2016, 2015 and 2014, OSIG declared \$996,598, \$-0-, and \$-0- dividends to the members.

The school superintendents who serve on the OSIG Board of Trustees have played an integral part in the formation and critical decisions of OSIG. All member schools have a voice in OSIG. It is a school-owned program, run by its members and in business solely to serve Oklahoma schools.

OSIG operates under the open meeting act similar to school districts. OSIG has several committees comprised of school superintendents from the Board of Trustees and welcomes anyone who wants to serve on those committees. In addition to the property and casualty insurance program available to OSIG members, OSIG offers on-line training programs in the areas of child safety and child sexual abuse prevention and various employment practices liability issues to its member schools. Additional services may be added in the future. As of June 30, 2016, OSIG has 349 member school districts.

Board of Trustees:

- Lloyd Snow—Superintendent—Sand Springs Public Schools
- Terry Davidson—Superintendent—Comanche Public Schools
- Kent Shellenberger—Superintendent—Bethany Public Schools
- Dusty Ricks—Superintendent—Mid America Technology Center
- Brad Overton—Superintendent—Cordell Schools
- Bill Seitter—Superintendent—Watonga Schools
- John Cox—Superintendent—Peggs Schools

Executive director: David Martin

Program administrators: Arthur J. Gallagher Risk Management Services, Inc.:

- Wally Bryce—national vice president business development
- Jay Eshelman—regional president
- Chris Mangum—area president
- Michelle Pruitt, CIC—program administrator
- Jennifer McKenzie—program sr. account manager
- Susan Sullivan—administrative assistant
- Roger Johnson—independent loss control consultant
- Marty Martin—independent loss control consultant

Oklahoma Schools Insurance Group

Management's Discussion and Analysis

Financial and Activity Highlights (Continued)

Claims administrators: Alternative Service Concepts, LLC:

- Richard Hall—liability claims adjuster
- Glen Bynum—property claims adjuster
- Meagan Byrom—claims assistant

Independent adjusters:

- Double Eagle Claims Investigation

Accounting and assurance services:

- Hogan and Taylor, L.L.P. (accounting services)
- RSM US LLP (assurance services)

Insurance coverage and carriers:

Coverage	Insurance Company	AM BEST Financial Rating
Buildings and contents	Alliant Property Insurance Program	A-VIII to A++XV
Automobile physical damage	Alliant Property Insurance Program	A-VIII to A++XV
Cyber liability	Alliant Property Insurance Program	A-VIII to A++XV
Boiler and machinery	Travelers Prop. & Casualty	A++ XV
General liability	United Educators Ins. Co.	A VIII
Automobile liability	United Educators Ins. Co.	A VIII
Educators legal liability	United Educators Ins. Co.	A VIII
Umbrella liability	United Educators Ins. Co.	A VIII
Pollution	Illinois Union Insurance Company	A++XV
School violent act protection	Self-funded	Not applicable
Crime	Self-funded	Not applicable

Mission statement: The mission of Oklahoma Schools Insurance Group (OSIG) is to provide quality, cost effective, risk management products and services to member schools.

Overview of the Financial Statements

This report consists of the MD&A (this part), the statements of net position, the statements of revenues, expenses and changes in net position and the statements of cash flows. These statements provide financial information on OSIG as a whole.

These statements include all assets and liabilities using the accrual basis of accounting, which is consistent with the accounting used by private-sector institutions. All of the current year's revenues and expenses are recognized when earned or incurred, regardless of when cash is received or paid. Capital assets are capitalized and depreciated over their useful lives.

This financial report is designed to provide member school districts, creditors and suppliers with a general overview of OSIG's finances.

The statements of net position: The statements of net position and the statements of revenues, expenses and changes in net position report OSIG's net position and how it has changed over the stated period. Net position, the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, is one measure of OSIG's financial health or position. OSIG has no deferred outflows or inflows at June 30, 2016, 2015 or 2014. The following summarizes OSIG's assets, liabilities and net position as of June 30, 2016, 2015 and 2014:

Oklahoma Schools Insurance Group

Management's Discussion and Analysis

Overview of the Financial Statements (Continued)

	As of June 30		
	2016	2015	2014
Assets:			
Cash, cash equivalents and investments	\$ 21,194,784	\$ 20,572,339	\$ 15,342,828
Reinsurance receivable	2,503,421	1,586,038	2,750,305
Other	78,488	92,673	82,708
Total assets	\$ 23,776,693	\$ 22,251,050	\$ 18,175,841
Liabilities:			
Unpaid losses and loss adjustment expenses	\$ 8,775,557	\$ 7,814,284	\$ 6,327,170
Prepaid member contributions	1,279,309	874,999	819,335
Other	1,055,395	51,862	54,511
Total liabilities	\$ 11,110,261	\$ 8,741,145	\$ 7,201,016
Net position:			
Investment in capital assets	\$ 316	\$ 468	\$ 620
Unrestricted	12,666,116	13,509,437	10,974,205
Total net position	\$ 12,666,432	\$ 13,509,905	\$ 10,974,825

The statements of revenues, expenses and changes in net position: The following summarizes OSIG's statements of revenues, expenses and changes in net position for the years ended June 30, 2016, 2015 and 2014:

	Years Ended June 30		
	2016	2015	2014
Operating revenues:			
Member contributions	\$ 23,489,304	\$ 24,507,511	\$ 23,940,036
Operating expenses:			
Losses and loss adjustment expenses	7,932,283	6,691,419	4,306,184
Insurance premiums	10,794,487	10,588,820	11,660,027
Agent commissions	2,373,665	2,473,705	2,391,631
Management fees	1,879,144	1,960,601	1,674,584
Claims administration fees	479,918	444,732	438,247
Other expenses	323,087	308,788	313,704
Total operating expenses	23,782,584	22,468,065	20,784,377
Operating income	(293,280)	2,039,446	3,155,659
Nonoperating revenues (expenses):			
Investment income	288,413	248,704	201,412
Net change in fair value of investments	157,992	246,930	197,888
Distributions to members	(996,598)	-	-
Net nonoperating revenues (expenses)	(550,193)	495,634	399,300
Changes in net position	(843,473)	2,535,080	3,554,959
Net position at beginning of year	13,509,905	10,974,825	7,419,866
Net position at end of year	\$ 12,666,432	\$ 13,509,905	\$ 10,974,825

Oklahoma Schools Insurance Group

Management's Discussion and Analysis

Overview of the Financial Statements (Continued)

All of OSIG's operating revenue is related to the receipt of member contributions from OSIG's member school districts. OSIG's operating expenses primarily relate to insurance premiums, claims losses and loss adjustment expenses, agent commissions, management fees and claims administration fees. The nonoperating revenues are comprised of investment income and the net change in fair value of investments.

The statements of cash flows: The primary purpose of the statements of cash flows is to provide information about the cash receipts and disbursements of an entity during a period. These statements also aid in the assessment of an entity's ability to generate future cash flows, ability to meet obligations as they come due and needs for external financing. The following summarizes OSIG's cash flows for the years ended June 30, 2016, 2015 and 2014:

	Years Ended June 30		
	2016	2015	2014
Cash provided by (used in):			
Operating activities	\$ 157,497	\$ 4,747,271	\$ 541,907
Financing activities	-	-	(759)
Investing activities	1,684	(4,503,023)	(792,253)
Net increase (decrease) in cash and cash equivalents	159,181	244,248	(251,105)
Cash and cash equivalents at beginning of year	2,368,297	2,124,049	2,375,154
Cash and cash equivalents at end of year	<u>\$ 2,527,478</u>	<u>\$ 2,368,297</u>	<u>\$ 2,124,049</u>

OSIG's overall liquidity increased during the years ended June 30, 2016 and 2015, with a net increase to cash and cash equivalents of \$159,181 and \$244,248, respectively. OSIG's overall liquidity decreased during the year ended June 30, 2014, with a net decrease to cash and cash equivalents of \$251,105. The cash provided by or used in operating activities is primarily related to receipts of member contributions, offset by the payment of claims, insurance premiums and management expenses. Cash provided by or used in investing activities relates to net purchases and sales of investments, offset by interest and dividend income received. Cash used in financing activities relates to capital asset purchases.

Capital Asset and Debt Administration

OSIG had no significant capital asset activity and no debt administration activity during the years ended June 30, 2016, 2015 or 2014.

Economic Factors and Premium Rates

OSIG's management considered many factors when developing the annual operating budget for the fiscal year ending June 30, 2017.

The budget for the fiscal year ending June 30, 2017, was developed based upon the following key assumptions:

- Premium contributions are based upon the projected losses incurred for the previous fiscal year. These contributions are expected to decrease 1.1 percent from the current year.
- Investment income is projected to be less than 1.0 percent of the market value of total investments.
- Forecasted claim losses are based upon actuarial assumptions.
- Reinsurance premiums are expected to remain consistent with current levels.

Oklahoma Schools Insurance Group

Statements of Net Position
June 30, 2016 and 2015

	2016	2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,527,478	\$ 2,368,297
Investments	8,091,662	8,677,900
Reinsurance receivable	2,503,421	1,586,038
Accounts receivable	5,642	-
Interest receivable	37,083	57,661
Dividend receivable	22,820	20,785
Prepaid expenses	12,627	13,759
Total current assets	13,200,733	12,724,440
Noncurrent assets:		
Investments	10,575,644	9,526,142
Capital assets, net	316	468
Total assets	\$ 23,776,693	\$ 22,251,050
Liabilities and Net Position		
Current liabilities:		
Unpaid losses and loss adjustment expenses:		
Case reserves (less associated reinsurance recoverable of \$525,346 and \$2,004,753 at 2016 and 2015, respectively)	\$ 6,777,557	\$ 5,915,284
Accrued expenses	58,797	51,862
Distributions Payable	996,598	-
Prepaid member contributions	1,279,309	874,999
Total current liabilities	9,112,261	6,842,145
Noncurrent liabilities:		
Unpaid losses and loss adjustment expenses:		
Incurred but not reported (IBNR) reserves (less associated reinsurance recoverable of \$-0- at 2016 and 2015, respectively)	1,998,000	1,899,000
Total liabilities	11,110,261	8,741,145
Net position:		
Investment in capital assets	316	468
Unrestricted	12,666,116	13,509,437
Total net position	12,666,432	13,509,905
Total liabilities and net position	\$ 23,776,693	\$ 22,251,050

See notes to financial statements.

Oklahoma Schools Insurance Group

**Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2016 and 2015**

	2016	2015
Operating revenues:		
Member contributions	\$ 23,489,304	\$ 24,507,511
Operating expenses:		
Losses and loss adjustment expenses, net	7,932,283	6,691,419
Insurance premiums	10,794,487	10,588,820
Agent commissions	2,373,665	2,473,705
Management fees	1,879,144	1,960,601
Claims administration fees	479,918	444,732
Executive director expenses	97,443	97,434
Actuarial and accounting	87,200	87,555
Legal and professional	-	416
Other	138,444	123,383
Total operating expenses	23,782,584	22,468,065
Operating income (loss)	(293,280)	2,039,446
Nonoperating revenues (expenses):		
Investment income	288,413	248,704
Net change in the fair value of investments	157,992	246,930
Distributions to members	(996,598)	-
Net nonoperating revenues (expenses)	(550,193)	495,634
Change in net position	(843,473)	2,535,080
Net position at beginning of year	13,509,905	10,974,825
Net position at end of year	\$ 12,666,432	\$ 13,509,905

See notes to financial statements.

Oklahoma Schools Insurance Group

Statements of Cash Flows
Years Ended June 30, 2016 and 2015

	2016	2015
Operating activities:		
Member contributions received	\$ 22,614,305	\$ 23,688,176
Prepaid member contributions received	1,279,309	874,999
Cash received from reinsurers	1,011,833	3,243,059
Cash payments for insurance premiums, claims, management and administrative fees and other operating expenses	<u>(24,747,950)</u>	<u>(23,058,963)</u>
Net cash provided by operating activities	<u>157,497</u>	<u>4,747,271</u>
Investing activities:		
Purchases of investments, net	<u>(305,272)</u>	<u>(4,738,333)</u>
Interest and dividend income received	306,956	235,310
Net cash provided by (used in) investing activities	<u>1,684</u>	<u>(4,503,023)</u>
Net change in cash and cash equivalents	159,181	244,248
Cash and cash equivalents at beginning of year	<u>2,368,297</u>	<u>2,124,049</u>
Cash and cash equivalents at end of year	<u>\$ 2,527,478</u>	<u>\$ 2,368,297</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ (293,280)	\$ 2,039,446
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation expense	152	152
Changes in assets and liabilities:		
Reinsurance receivable	(917,383)	1,164,267
Prepaid expenses	1,132	(5,816)
Accounts receivable	(5,642)	9,093
Accrued expenses	6,935	(2,649)
Prepaid member contributions	404,310	55,664
Unpaid losses and loss adjustment expenses—case reserves and incurred but not reported (IBNR) reserves	<u>961,273</u>	<u>1,487,114</u>
Net cash provided by operating activities	<u>\$ 157,497</u>	<u>\$ 4,747,271</u>
Noncash financing activities:		
Distributions included in payables	<u>\$ 996,598</u>	<u>\$ -</u>

See notes to financial statements.

Oklahoma Schools Insurance Group

Notes to Financial Statements

Note 1. Organization and Significant Accounting Policies

Organization: Oklahoma Schools Insurance Group (OSIG) was established by an agreement with an effective date of July 1, 2001, and a duration of fifty years, unless sooner dissolved or extended. OSIG is an Interlocal Cooperation Act Agency of schools offering membership to public school districts in Oklahoma with a mission to provide quality, cost effective, risk management products and services to its members.

OSIG is governed by a seven-member Board of Trustees elected by and from representatives of its members. Trustee responsibilities include reviewing and ensuring compliance with OSIG's policies and services as contemplated in its establishing agreement and by-laws. Title to all assets acquired by OSIG is vested in it. Each participating member pays for all costs, premiums or other fees attributable to its respective participation in any plan, policy or service created in the establishing agreement and is responsible for its obligation under any contract entered into with OSIG. In the event of dissolution of OSIG, the funds and other assets not necessary to pay claims or the expenses of OSIG are to be distributed to the members in accordance with the by-laws as determined by the Board of Trustees.

Financial statement presentation: OSIG's financial statements are presented in accordance with the requirements of Governmental Accounting Standards Board (GASB) specific to enterprise fund activities. Under these requirements, OSIG is required to present a statement of net position classified between current and noncurrent assets and liabilities, a statement of revenues, expenses and changes in net position, with separate presentation for operating and nonoperating revenues and expenses and a statement of cash flows, using the direct method.

Basis of accounting: For financial reporting purposes, OSIG is considered a special-purpose government entity engaged only in business-type activities. Accordingly, OSIG's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has been incurred.

Cash, cash equivalents and other deposits: OSIG considers investments with original maturities of three months or less to be cash equivalents. OSIG had no cash equivalents at June 30, 2016 or 2015.

Investments: Investments, which include certificates of deposit and mortgage-backed securities obligations, are reported at cost and fair value, respectively. Fair value is the last reported sales price at current exchange rates on a national exchange, as available, or estimated fair value as provided by the investment manager. All investments expected to be liquidated in the next fiscal year to cover claim payments are reported as current. Remaining investments are reported as noncurrent.

Allowance for doubtful accounts: Based on a review of the current status of existing receivables, OSIG's management determined that an allowance for doubtful accounts for reinsurance and accounts receivables at June 30, 2016 and 2015, was not necessary.

Unpaid losses and loss adjustment expenses: The provision for unpaid losses and loss adjustment expenses includes the estimated costs of investigating and settling all claims incurred as of the date of the statements of net position. Such amounts include estimates for case reserves and incurred but not reported (IBNR) claims and are determined on the basis of claims adjusters' evaluations and independent actuarial estimates. Unpaid losses and loss adjustment expenses are reported net of amounts that are expected to be recovered from excess carriers. Unpaid losses and loss adjustment expenses are not discounted for expected investment rates of return.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United State of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Oklahoma Schools Insurance Group

Notes to Financial Statements

Note 1. Organization and Significant Accounting Policies (Continued)

Income taxes: OSIG is a public entity organized under the laws of the state of Oklahoma and, as such, is considered to be an instrumentality of a political subdivision exempt from federal income taxes under Internal Revenue Code Section 115.

Revenue recognition: Insurance contracts with members are for a one-year period beginning July 1 through June 30. Member contributions are determined on a member-by-member basis and are due at the beginning of each contract period and are recognized as revenue over the period of the contract. OSIG's program administrator calculates each member's contribution using base rates provided by OSIG's insurance carriers and factors, to include underwriting considerations, administrative expenses, claims adjustment expenses and agent commissions. Prepaid member contributions are amounts received for which coverage has not yet been provided.

Classification of revenues: OSIG has classified its revenues as either operating or nonoperating revenues. Operating revenues include transactions that constitute OSIG's principal ongoing operations, such as member contributions. Nonoperating revenues consist of other revenue sources that are defined as nonoperating revenues, such as investment income.

New accounting pronouncements adopted in fiscal year 2016: OSIG adopted the following new accounting pronouncement during the year ended June 30, 2016:

GASB Statement No. 72, *Fair Value Measurement and Application*, issued February 2015, defines fair value and describes how fair value should be measured, what assets and liabilities should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements. This Statement defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments, which generally are measured at fair value, are defined as a security or other asset that governments hold primarily for the purpose of income or profit and the present service capacity of which are based solely on their ability to generate cash or to be sold to generate cash. The adoption of this pronouncement resulted in additional disclosures to the financial statements (see Note 2).

Oklahoma Schools Insurance Group

Notes to Financial Statements

Note 2. Deposits and Investments

Custodial credit risk—deposits: Custodial credit risk is the risk that in the event of bank failure, OSIG's deposits may not be returned to it. OSIG does not have a deposit policy for custodial credit risk. As of June 30, 2016 and 2015, OSIG had fully insured cash on deposits with financial institutions of approximately \$500,000. As of June 30, 2016, approximately \$2,283,000 of OSIG's bank balance of approximately \$2,783,000 (carrying amount of approximately \$2,527,000) was uninsured and uncollateralized and therefore exposed to custodial credit risk. As of June 30, 2015, approximately \$2,270,000 of OSIG's bank balance of approximately \$2,771,000 (carrying amount of approximately \$2,368,000) was uninsured and uncollateralized and therefore exposed to custodial credit risk.

Custodial credit risk—investments: For an investment, custodial credit risk is the risk that OSIG will not be able to recover the value of its investments that are in the possession of its safekeeping custodians. All of OSIG's investments are held by its agent in OSIG's name. Accordingly, no investments are subject to custodial credit risk. At June 30, 2016, OSIG held nineteen negotiable certificates of deposit with an original maturity exceeding three months, totaling \$4,776,063. At June 30, 2015, OSIG held twenty-three negotiable certificates of deposit with an original maturity exceeding three months, totaling \$5,728,117. The certificates of deposit are fully insured by the Federal Deposit Insurance Corporation (FDIC).

Credit risk: OSIG's mortgage-backed securities may contain provisions that they are callable before maturity at the option of the issuer with call dates of less than one year. Of OSIG's bond portfolio, as of June 30, 2016 and 2015, \$1,745,273 and \$-0-, are invested in Farmer Mac Discount Note mortgage-backed securities and are rated A-1+ by Standard & Poor's. The balance of the June 30, 2016 and 2015 mortgage-backed securities are in Federal Farm Credit Bank, Federal Home Loan Bank, Freddie Mac, or Fannie Mae mortgage-backed securities, which total \$12,145,970 and \$12,475,927, respectively, and are rated AA+ by Standard & Poor's.

Fair value hierarchy: OSIG categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets in markets that are not active, and other market corroborated inputs; Level 3 inputs are significant unobservable inputs. The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

OSIG has the following Level 2 Fair value of investments as of June 30, 2016 and 2015:

	2016	2015
Certificates of deposit	\$ 4,776,063	\$ 5,728,117
Mortgage-backed securities:		
Farmer Mac Discount Note	1,745,273	-
Federal Farm Credit Bank	7,647,998	-
Federal Home Loan Bank	3,500,166	7,242,851
Freddie Mac	-	996,029
Fannie Mae	997,806	4,237,045
Total	<u>\$ 18,667,306</u>	<u>\$ 18,204,042</u>

Oklahoma Schools Insurance Group

Notes to Financial Statements

Note 2. Deposits and Investments (Continued)

Maturities of investments as of June 30, 2016, are as follows:

Investment Type	Investment Maturities (In Years)				
	Fair Value	Less Than 1	1–5	6–10	More Than 10
Certificates of deposit	\$ 4,776,063	\$ 250,406	\$ 4,276,307	\$ 249,350	\$ -
Mortgage-backed securities	13,891,243	1,745,273	12,145,970	-	-
Total	<u>\$ 18,667,306</u>	<u>\$ 1,995,679</u>	<u>\$ 16,422,277</u>	<u>\$ 249,350</u>	<u>\$ -</u>

Maturities of investments as of June 30, 2015, are as follows:

Investment Type	Investment Maturities (In Years)				
	Fair Value	Less Than 1	1–5	6–10	More Than 10
Certificates of deposit	\$ 5,728,117	\$ 750,236	\$ 4,734,706	\$ 243,175	\$ -
Mortgage-backed securities	12,475,925	-	6,567,418	5,908,507	-
Total	<u>\$ 18,204,042</u>	<u>\$ 750,236</u>	<u>\$ 11,302,124</u>	<u>\$ 6,151,682</u>	<u>\$ -</u>

All investments expected to be liquidated in the next fiscal year to cover claim payments are reported as current in the accompanying statements of net position. Remaining investments are reported as noncurrent.

Interest rate risk: OSIG does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The majority of OSIG's investments are in mortgage-backed securities, which are subject to risks associated with rising interest rates.

Concentration of credit risk: OSIG does not have a formal policy that limits the amount of an investment into a single issuer. Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of OSIG (any over 5 percent are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools and other pooled investments are excluded from this consideration. As of June 30, 2016, OSIG held securities issued from the following unsecured issuers as a percentage of OSIG's total investments:

	2016	2015
Federal Farm Credit Bank	40.97%	N/A
Federal Home Loan Bank	18.75%	39.79%
Farmer Mac Discount Note	9.35%	N/A
Fannie Mae	5.35%	23.28%

Oklahoma Schools Insurance Group

Notes to Financial Statements

Note 3. Administrative and Other Costs

For the years ended June 30, 2016 and 2015, the Board of Trustees contracted with Arthur J. Gallagher Risk Management Services (Arthur J. Gallagher) to serve as the program administrator. Under the terms of the contract with Arthur J. Gallagher, OSIG agreed to pay Arthur J. Gallagher a fee equal to 8 percent of member contributions for the years ended June 30, 2016 and 2015. Fees paid to Arthur J. Gallagher for the years ended June 30, 2016 and 2015, totaled approximately \$1,879,000 and \$1,961,000, respectively.

For the years ended June 30, 2016 and 2015, the Board of Trustees contracted with Alternative Service Concepts LLC (ASC) to be the third-party administrator responsible for claims processing. Fees paid to ASC for the years ended June 30, 2016 and 2015, totaled approximately \$480,000 and \$445,000, respectively. OSIG also pays a 10 percent commission to each member's insurance agent, which totaled approximately \$2,374,000 and \$2,474,000 for the years ended June 30, 2016 and 2015, respectively. Additionally, OSIG contracted with David Martin to serve as OSIG's executive director. Payments to David Martin for services rendered under the contract was approximately \$89,000 during the years ended June 30, 2016 and 2015.

Note 4. Unpaid Losses and Loss Adjustment Expenses

The coverage offered by OSIG is on an occurrence basis except educators' legal liability, which is afforded to members on a claims-made basis. The liability for unpaid losses and loss adjustment expenses is estimated, based upon an evaluation of reported claims and an estimate for IBNR claims. The IBNR reserve estimates expenses related to incidents which have already occurred, but have not yet been reported as a claim, and expected future development of claims already reported. The estimate is based on a study performed by an independent actuarial service with actual claims data as of June 30, 2016 and 2015. The accuracy of these estimates cannot be determined prior to the ultimate settlement of each claim. Accordingly, the ultimate cost of settling these claims may vary significantly from the liabilities recorded at year end and may do so in the near term.

There is substantial liability for any additional reported claims that could be incurred by OSIG up to the maximum liability as defined under its excess insurance contracts.

At June 30, 2016 and 2015, the liability for unpaid losses and loss adjustment expenses excludes approximately \$525,000 and \$2,005,000, respectively, for individual and aggregate unpaid claims expected to be recoverable from excess carriers.

Oklahoma Schools Insurance Group

Notes to Financial Statements

Note 4. Unpaid Losses and Loss Adjustment Expenses (Continued)

The following represents changes in the aggregate liability for OSIG:

	Year Ended June 30, 2016		
	Case Reserves	IBNR	Total
Net unpaid losses and loss adjustment expenses at beginning of year	\$ 5,915,284	\$ 1,899,000	\$ 7,814,284
Plus associated reinsurance receivable	2,004,753	-	2,004,753
Gross unpaid losses and loss adjustment expense at beginning of year	7,920,037	1,899,000	9,819,037
Incurred losses and loss adjustment expenses:			
Provision for insured events of the current year	6,557,000	1,496,000	8,053,000
Change in provision for insured events of prior years	1,276,283	(1,397,000)	(120,717)
Net incurred losses and loss adjustment expenses	7,833,283	99,000	7,932,283
Losses covered under excess insurance contracts	449,809	-	449,809
Gross incurred losses and loss adjustment expenses	8,283,092	99,000	8,382,092
Payments:			
Losses and loss adjustment expenses attributable to insured events of the current year	2,843,847	-	2,843,847
Losses and loss adjustment expenses attributable to insured events of prior years	6,056,379	-	6,056,379
Total payments	8,900,226	-	8,900,226
Associated reinsurance receivable	525,346	-	525,346
Unpaid losses and loss adjustment expenses at end of year, net of reinsurance receivable	\$ 6,777,557	\$ 1,998,000	\$ 8,775,557

Oklahoma Schools Insurance Group

Notes to Financial Statements

Note 4. Unpaid Losses and Loss Adjustment Expenses (Continued)

	Year Ended June 30, 2015		
	Case Reserves	IBNR	Total
Net unpaid losses and loss adjustment expenses at beginning of year	\$ 4,691,170	\$ 1,636,000	\$ 6,327,170
Plus associated reinsurance receivable	2,786,658	-	2,786,658
Gross unpaid losses and loss adjustment expense at beginning of year	7,477,828	1,636,000	9,113,828
Incurred losses and loss adjustment expenses:			
Provision for insured events of the current year	6,159,000	1,443,000	7,602,000
Change in provision for insured events of prior years	269,419	(1,180,000)	(910,581)
Net incurred losses and loss adjustment expenses	6,428,419	263,000	6,691,419
Losses covered under excess insurance contracts	1,296,888	-	1,296,888
Gross incurred losses and loss adjustment expenses	7,725,307	263,000	7,988,307
Payments:			
Losses and loss adjustment expenses attributable to insured events of the current year	2,810,778	-	2,810,778
Losses and loss adjustment expenses attributable to insured events of prior years	4,472,320	-	4,472,320
Total payments	7,283,098	-	7,283,098
Associated reinsurance receivable	2,004,753	-	2,004,753
Unpaid losses and loss adjustment expenses at end of year, net of reinsurance receivable	\$ 5,915,284	\$ 1,899,000	\$ 7,814,284

The provision for unpaid losses and loss adjustment expenses decreased by approximately \$121,000 in 2016 due to favorable development on case-basis reserves and less-than-anticipated IBNR losses and loss adjustment expenses. The provision for unpaid losses and loss adjustment expenses decreased by approximately \$911,000 in 2015 due to favorable development on case basis reserves and less-than-anticipated IBNR losses and loss adjustment expenses. The liability for unpaid losses and loss adjustment expenses at June 30, 2016 and 2015, included approximately \$1,998,000 and \$1,899,000, respectively, for IBNR claims.

Oklahoma Schools Insurance Group

Notes to Financial Statements

Note 5. Insurance Coverage

OSIG provides its members with property damage, automobile damage, general liability, auto liability, professional liability, boiler and machinery, school violent act protection and crime and cyber liability coverages. Claims have historically been paid with funding from the annual member contributions, with claims in excess of specified thresholds covered by stop-loss insurance coverage.

Thresholds for the year ended June 30, 2016 and 2015, were as follows:

	Per Occurrence	Aggregate
2016:		
Property and automobile damage	\$ 250,000 *	N/A
Property and automobile damage—windstorm/hail	250,000 *	N/A
General, automobile and professional liability	100,000	4,017,890
	Per Occurrence	Aggregate
2015:		
Property and automobile damage	\$ 250,000 *	N/A
Property and automobile damage—windstorm/hail	250,000 *	N/A
General, automobile and professional liability	100,000	3,994,646

* Property insurance per occurrence reimbursements is subject to a corridor deductible of \$1,400,000. Each claim in excess of \$250,000 first must satisfy the \$250,000 per occurrence threshold, with amounts over \$250,000 applied toward the corridor deductible. No amounts are due under the agreement until the \$1,400,000 corridor deductible is satisfied.

The stop-loss contracts do not relieve OSIG from its obligation to its members.

Stop-loss insurance was not utilized for either the boiler and machinery or crime coverage. Boiler and machinery coverage was provided through the purchase of an insurance contract with a portion of member contributions. The boiler and machinery insurance contract had a required deductible per claim of \$1,000, which was passed through to the member filing the claim. Crime coverage is self-insured by OSIG, with a maximum limit on each claim of \$10,000 and deductibles per claim of \$1,000.

During the years ended June 30, 2016 and 2015, there was a net increase in recoverable claims cost of approximately \$450,000 and \$1,297,000, respectively.

Note 6. Commitments and Contingencies

As discussed in Note 5, OSIG utilizes stop-loss and boiler and machinery insurance contracts to minimize its exposure on certain types of claims. Failure of the insurance carrier to honor its obligation under the insurance agreements could result in losses to OSIG. OSIG's management evaluates the financial condition of its insurance carriers to minimize its exposure to significant losses and believes the carriers presently used are financially sound and will be able to meet their contractual obligations. OSIG, through Arthur J. Gallagher, only places coverage with companies rated A-VII or better by A.M. Best, an industry-standard rating company.

Required Supplementary Information

Oklahoma Schools Insurance Group

10-Year Loss Development

The following table illustrates how OSIG's earned premium revenues and investment income (net of reinsurance) compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by OSIG as of the end of each of the last ten years. The rows of the table are defined as follows:

- (1) This line shows the total of each of the fiscal year's earned premium revenues and investment revenues, net of costs for reinsurance.
- (2) This line shows each fiscal year's other administrative costs of OSIG, including overhead and claims expense not allocable to individual claims.
- (3) This line shows OSIG's incurred claims and allocated claim adjustment expenses (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (policy year).
- (4) This section shows the cumulative amounts paid as of the end of successive years for each policy year.
- (5) This line shows the latest reestimated amount of losses assumed by reinsurers for each policy year.
- (6) This section shows how each policy years' incurred claims increased or decreased as of the end of successive years. This annual reestimation results from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously reported.
- (7) This line compares the latest reestimated incurred claims amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years. The columns of the table show data for successive policy years.

(Continued)

Oklahoma Schools Insurance Group

10-Year Loss Development

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
(1) Premiums and investment revenue, as originally reported at end of policy year:										
Earned	\$ 23,935,709	\$ 25,003,145	\$ 24,339,336	\$ 21,853,448	\$ 22,232,030	\$ 20,781,508	\$ 23,237,066	\$ 21,570,683	\$ 19,327,146	\$ 18,864,308
Ceded	10,794,487	10,588,820	11,660,027	10,626,030	12,323,603	10,552,876	10,594,509	8,983,518	6,981,758	7,009,487
Net earned	13,141,222	14,414,325	12,679,309	11,227,418	9,908,427	10,228,632	12,642,557	12,587,165	12,345,388	11,854,821
(2) Unallocated expenses, as originally reported at end of policy year	5,055,814	5,187,826	4,818,166	4,498,793	4,699,233	4,393,058	5,201,296	4,650,856	4,295,982	3,840,830
(3) Estimated losses and expenses, end of policy year:										
Incurred	8,117,000	7,628,500	5,919,500	8,073,854	8,778,575	23,038,065	18,060,860	19,097,079	32,273,560	8,872,777
Ceded	64,000	26,500	124,500	112,854	612,425	16,746,785	10,409,536	11,840,974	25,692,487	5,028,733
Net incurred	8,053,000	7,602,000	5,795,000	7,961,000	8,166,150	6,291,280	7,651,324	7,256,105	6,581,073	3,844,044
(4) Net paid (cumulative) as of:										
End of policy year	2,843,847	2,810,778	2,044,045	3,050,569	2,930,550	2,873,326	3,985,526	3,778,804	2,262,105	2,142,708
One year later		5,054,326	3,734,202	5,902,181	5,381,794	4,215,360	5,858,976	5,422,138	5,096,669	3,027,153
Two years later			5,080,503	6,236,599	5,949,150	4,736,117	5,780,460	6,420,644	5,854,959	3,355,204
Three years later				6,314,806	6,205,373	4,967,661	6,055,308	6,043,780	5,943,681	3,621,053
Four years later					6,264,951	5,016,410	6,059,982	6,282,073	6,004,868	3,999,022
Five years later						6,201,990	6,054,947	6,329,282	6,108,002	3,998,591
Six years later							6,574,266	6,384,667	6,108,002	4,092,956
Seven years later								7,144,359	6,108,002	4,092,956
Eight years later									6,108,002	4,092,956
Nine years later										4,092,956
(5) Reestimated ceded losses and expenses	64,000	49,900	84,059	453,286	2,511,061	23,594,227	12,957,029	11,253,214	23,650,099	5,948,031
(6) Reestimated net incurred losses and expenses:										
End of policy year	8,053,000	7,602,000	5,795,000	7,961,000	8,166,150	6,291,280	7,651,324	7,256,105	6,581,073	3,844,044
One year later		7,164,000	5,678,000	7,207,000	7,486,000	5,968,360	7,607,000	7,208,780	6,844,000	4,360,000
Two years later			5,679,000	6,752,000	6,700,000	5,437,360	6,399,460	7,365,000	6,715,538	3,785,494
Three years later				6,675,000	6,466,000	5,300,360	6,328,460	6,394,780	6,389,000	3,749,494
Four years later					6,449,000	5,223,360	6,187,460	6,416,780	6,235,868	4,020,385
Five years later						6,268,472	6,149,460	6,388,780	6,138,481	4,005,591
Six years later							6,839,518	6,384,667	6,108,002	4,092,956
Seven years later								7,144,359	6,108,002	4,092,956
Eight years later									6,108,002	4,092,956
Nine years later										4,092,956
(7) (Decrease) increase in estimated net incurred losses and expenses from end of policy year	-	(438,000)	(116,000)	(1,286,000)	(1,717,150)	(22,808)	(811,806)	(111,746)	(473,071)	248,912

August 23, 2016

Ms. Jennifer McKenzie
 Oklahoma Schools Insurance Group
 Arthur J. Gallagher Risk Management Services, Inc.
 1300 S. Main
 Tulsa, OK 74119

RE: OSIG Actuarial Update as of 6/30/16

Dear Jennifer,

The purpose of this analysis is to update the IBNR estimate as of June 30, 2016, and forecast losses for 7/1/16-17 based on the actual loss and exposure data for the Oklahoma Schools Insurance Group (OSIG) as of June 30, 2016. Using the actuarial report dated March 23, 2016, I have compared the current data to the data as of January 31, 2016, and the projected paid and reported losses as of June 30, 2016. For those accident periods where actual losses deviated from expected losses by a significant amount, the ultimate losses for those periods were increased or decreased accordingly. Since IBNR is calculated as the difference in the ultimate losses and the limited reported losses, the level of IBNR may fluctuate although ultimate losses may be relatively stable, or vice versa. Changes in ultimate losses generally track the changes in reported and paid losses compared to expectations. The change in ultimate losses (before applying the aggregate stop loss limits) is shown below.

<i>Comparison of Ultimate Losses (before applying Stop Loss) For Accident Periods 7/1/02-03 through 7/1/15-16</i>				
	<i>Ultimate Losses Based on Data as of 1/31/16</i>	<i>Ultimate Losses Based on Data as of 6/30/16</i>	<i>Change</i>	<i>% Change</i>
<i>Automobile Liability</i>	\$10,463,106	\$10,363,106	-\$100,000	-1.0%
<i>General Liability</i>	\$16,845,996	\$16,825,996	-\$20,000	-0.1%
<i>Property and Auto Physical Damage</i>	\$47,358,381	\$47,012,356	-\$346,025	-0.7%
<i>Total</i>	\$74,667,483	\$74,201,458	-466,025	-0.6%

The comparisons of the actual versus expected reported losses as of June 30, 2016, are shown in Table 2 for each line. We have selected a new estimate of ultimate losses based upon the comparison of actual versus expected losses and a review of various actuarial techniques (loss development, Bornhuetter-Ferguson) using the June data. The change in the ultimate losses is given in terms of a dollar amount as well as an overall percentage change. Experience since the previous actuarial report is slightly less than expected in total. Liability losses for the 15-16 year are slightly more than expected, but this development is offset by experience on older years.

The IBNR by line of business is calculated in Table A. Limited paid and reported losses as of June 30, 2016, are subtracted from the revised ultimate loss selections to derive estimates of outstanding losses and IBNR, respectively. For comparison, the previous estimate of IBNR is shown.

Comparison of IBNR Reserve Estimates Capped at Stop Loss Limits For Accident Periods 7/1/02-03 through 7/1/15-16		
	<i>Preliminary IBNR based on data as of 1/31/16</i>	<i>Final IBNR based on data as of 6/30/16</i>
<i>Liability (AL & GL)</i>	\$1,075,000	\$1,156,000
<i>Property (including APD)</i>	\$444,000	\$842,000
<i>Total</i>	\$1,519,000	\$1,998,000

The IBNR Reserve for liability is slightly higher than the previous projections, even after ultimate losses were reduced in total. For property, the IBNR represents the amount of losses remaining in the corridor that are expected to be reported. There is no IBNR on years 7/1/13-14 and prior. The 7/1/13-14 year is now expected to use \$1,400,000 of the corridor. For 7/1/14-15, there is currently \$849,000 in reported losses for the corridor. We expect the ultimate excess losses to be \$872,000, so the IBNR amount for 14/15 is \$22,000. For 7/1/15-16, there is currently \$580,000 in reported losses for the corridor. We expect the full corridor to be used, so the IBNR is \$820,000.

Forecast losses for 7/1/16-17 were adjusted for the updated exposures to be underwritten in this period. I understand that OSIG will maintain the \$100,000 per occurrence retention for liability claims, after member deductibles have been met. The loss rates are unchanged from the previous study and our forecast need only be adjusted for changes in exposures (student counts and vehicle counts). The forecast losses for liability are shown below and in greater detail in Table GL and Table AL.

Forecast Losses for 7/1/16-17 Limited to \$100,000 Per Occurrence Above Member Deductibles		
	<i>Ultimate Losses</i>	<i>Loss Rate</i>
<i>General Liability (with E&O)</i>	\$1,941,000	\$4.94 per student
<i>Automobile Liability</i>	\$1,281,000	\$127/vehicle or \$3.26/student
<i>Total Liability</i>	\$3,222,000	\$8.20 per student

Beginning with the 7/1/11-12 year, OSIG retains the first \$250,000 of indemnity for all property occurrences on a first dollar basis, reduced for member deductibles. A corridor deductible applies to losses excess of \$250,000. In 7/1/16-17 the corridor deductible will be \$1,400,000, and we expect OSIG to pay the full corridor amount. We have adjusted the forecast results for the increased exposures as shown below.

<i>Forecast Property Losses for 7/1/16-17 Limited to \$250,000 Per Occurrence Plus Corridor Deductible (and Net of Member Deductibles)</i>		
	<i>Ultimate Losses</i>	<i>Loss Rate</i>
<i>Losses Limited to \$250,000</i>	\$4,577,000	\$0.049 per \$100 TIV
<i>Total Including \$1,400,000 Corridor</i>	\$5,977,000	\$0.065 per \$100 TIV

Table A summarizes the IBNR and Outstanding losses for Liability and Property. Table B shows the IBNR for each of Liability and Property at various confidence levels. Table C shows the comparison of experience between 1/31/16 and 6/30/16. The updated loss projection for the 7/1/16-17 year is in Table D.

If you or your auditors have any questions, I would be happy to answer them. As always, it has been a pleasure serving you and your clients.

Sincerely,

Laura T. Sprouse, FCAS, MAAA

**Estimated Outstanding Losses for Liability
Projected As of June 30, 2016**

Accident Period	Coverage	(A)	(B)	(C)	(D)	(E)	(F)
		Estimated Ultimate Losses	Projected SIR Paid Losses	Projected SIR Reported Losses	Limited Case Reserves	IBNR Losses	Outstanding Losses
2002/03	AL	\$65,087	\$65,087	\$65,087	\$0	\$0	\$0
2003/04	AL	\$357,297	\$357,297	\$357,297	\$0	\$0	\$0
2004/05	AL	\$618,336	\$618,336	\$618,336	\$0	\$0	\$0
2005/06	AL	\$450,928	\$450,928	\$450,928	\$0	\$0	\$0
2006/07	AL	\$535,205	\$535,205	\$535,205	\$0	\$0	\$0
2007/08	AL	\$759,907	\$759,907	\$759,907	\$0	\$0	\$0
2008/09	AL	\$1,423,346	\$1,423,346	\$1,423,346	\$0	\$0	\$0
2009/10	AL	\$707,000	\$687,068	\$706,085	\$19,017	\$1,000	\$20,000
2010/11	AL	\$846,000	\$843,333	\$843,333	\$0	\$3,000	\$3,000
2011/12	AL	\$1,008,000	\$940,184	\$1,003,435	\$63,250	\$5,000	\$68,000
2012/13	AL	\$629,000	\$625,317	\$625,317	\$0	\$4,000	\$4,000
2013/14	AL	\$726,000	\$672,829	\$701,213	\$28,385	\$25,000	\$53,000
2014/15	AL	\$978,000	\$598,952	\$924,327	\$325,375	\$54,000	\$379,000
2015/16	AL	\$1,259,000	\$612,592	\$1,075,258	\$462,666	\$184,000	\$646,000
		\$10,363,106	\$9,190,381	\$10,089,074	\$898,693	\$276,000	\$1,173,000
2002/03	GL/E&O	\$168,909	\$168,909	\$168,909	\$0	\$0	\$0
2003/04	GL/E&O	\$840,274	\$840,274	\$840,274	\$0	\$0	\$0
2004/05	GL/E&O	\$488,972	\$488,972	\$488,972	\$0	\$0	\$0
2005/06	GL/E&O	\$1,253,449	\$1,253,449	\$1,253,449	\$0	\$0	\$0
2006/07	GL/E&O	\$953,237	\$953,237	\$953,237	\$0	\$0	\$0
2007/08	GL/E&O	\$1,432,614	\$1,432,614	\$1,432,614	\$0	\$0	\$0
2008/09	GL/E&O	\$1,159,541	\$1,159,541	\$1,159,541	\$0	\$0	\$0
2009/10	GL/E&O	\$1,297,000	\$1,271,779	\$1,292,498	\$20,719	\$5,000	\$25,000
2010/11	GL/E&O	\$1,853,000	\$1,789,185	\$1,838,086	\$48,900	\$15,000	\$64,000
2011/12	GL/E&O	\$1,423,000	\$1,306,278	\$1,408,867	\$102,589	\$14,000	\$117,000
2012/13	GL/E&O	\$1,007,000	\$660,315	\$976,015	\$315,701	\$31,000	\$347,000
2013/14	GL/E&O	\$1,018,000	\$518,174	\$954,872	\$436,699	\$63,000	\$500,000
2014/15	GL/E&O	\$1,740,000	\$604,571	\$1,480,077	\$875,506	\$260,000	\$1,135,000
2015/16	GL/E&O	\$2,191,000	\$275,027	\$1,699,427	\$1,424,399	\$492,000	\$1,916,000
		\$16,825,996	\$12,722,326	\$15,946,838	\$3,224,512	\$880,000	\$4,104,000

Total Liability Losses Limited to Policy Aggregate Stop Loss							
Accident Period	Aggregate Limit	Ultimate Limited Losses	Limited Paid Losses	Limited Reported Losses	Case Reserves	IBNR Losses	Outstanding Losses
2002/03	\$449,474	\$233,996	\$233,996	\$233,996	\$0	\$0	\$0
2003/04	\$1,338,694	\$1,197,571	\$1,197,571	\$1,197,571	\$0	\$0	\$0
2004/05	\$1,908,987	\$1,107,309	\$1,107,309	\$1,107,309	\$0	\$0	\$0
2005/06	\$2,340,252	\$1,704,377	\$1,704,377	\$1,704,377	\$0	\$0	\$0
2006/07	\$2,528,886	\$1,488,442	\$1,488,442	\$1,488,442	\$0	\$0	\$0
2007/08	\$3,396,123	\$2,192,521	\$2,192,521	\$2,192,521	\$0	\$0	\$0
2008/09	\$3,454,325	\$2,582,887	\$2,582,887	\$2,582,887	\$0	\$0	\$0
2009/10	\$3,549,580	\$2,004,000	\$1,958,848	\$1,998,584	\$39,736	\$6,000	\$45,000
2010/11	\$3,869,920	\$2,699,000	\$2,632,518	\$2,681,419	\$48,900	\$18,000	\$67,000
2011/12	\$3,416,075	\$2,431,000	\$2,246,462	\$2,412,301	\$165,839	\$19,000	\$185,000
2012/13	\$2,788,172	\$1,636,000	\$1,285,631	\$1,601,332	\$315,701	\$35,000	\$351,000
2013/14	\$3,473,373	\$1,744,000	\$1,191,003	\$1,656,086	\$465,083	\$88,000	\$553,000
2014/15	\$3,994,646	\$2,718,000	\$1,203,523	\$2,404,404	\$1,200,881	\$314,000	\$1,514,000
2015/16	\$4,017,890	\$3,450,000	\$887,620	\$2,774,685	\$1,887,065	\$676,000	\$2,562,000
Total		\$27,189,103	\$21,912,707	\$26,035,912	\$4,123,205	\$1,156,000	\$5,277,000

**Percentile Distribution of IBNR
 For Liability Coverages
 Projected As of June 30, 2016**

<i>percentile</i>	<i>Ultimate SIR Losses</i>	<i>IBNR Reserve</i>
Expected	\$27,189,103	\$1,156,000
50%	\$27,097,000	\$1,061,000
55%	\$27,245,000	\$1,209,000
60%	\$27,401,000	\$1,365,000
65%	\$27,571,000	\$1,535,000
70%	\$27,733,000	\$1,697,000
75%	\$27,937,000	\$1,901,000
80%	\$28,186,000	\$2,150,000
85%	\$28,455,000	\$2,419,000
90%	\$28,840,000	\$2,804,000

<i>Total Expected Ultimate Losses</i>	\$27,189,103
<i>Total Paid Losses as of 06/30/16</i>	\$21,912,707
<i>Total Case Reserves as of 06/30/16</i>	\$4,123,205
<i>Total IBNR Reserves as of 06/30/16</i>	\$1,156,000
<i>Total Outstanding as of 06/30/16</i>	\$5,277,000

Figures in this Table are limited to Aggregate Stop Loss Limits

Comparison of Results with Previous Estimates as of 01/31/16

<i>Accident Period</i>	<i>(A) Actual Reported Losses 1/31/2016</i>	<i>(B) Expected Reported Losses 6/30/2016</i>	<i>(C) Actual Reported Losses 6/30/2016</i>	<i>(D) Percent Difference</i>	<i>(E) Expected Ultimate Losses 1/31/2016</i>	<i>(F) Actual Ultimate Losses 6/30/2016</i>	<i>(G) Percent Difference</i>
2002/03	\$233,996	\$233,996	\$233,996	0.0%	\$233,996	\$233,996	0.0%
2003/04	\$1,197,571	\$1,197,571	\$1,197,571	0.0%	\$1,197,571	\$1,197,571	0.0%
2004/05	\$1,107,309	\$1,107,309	\$1,107,309	0.0%	\$1,107,309	\$1,107,309	0.0%
2005/06	\$1,704,377	\$1,704,377	\$1,704,377	0.0%	\$1,704,377	\$1,704,377	0.0%
2006/07	\$1,488,442	\$1,488,442	\$1,488,442	0.0%	\$1,488,442	\$1,488,442	0.0%
2007/08	\$2,192,521	\$2,192,521	\$2,192,521	0.0%	\$2,192,521	\$2,192,521	0.0%
2008/09	\$2,582,887	\$2,582,887	\$2,582,887	0.0%	\$2,582,887	\$2,582,887	0.0%
2009/10	\$1,998,584	\$2,000,373	\$1,998,584	-0.1%	\$2,004,000	\$2,004,000	0.0%
2010/11	\$2,702,914	\$2,708,259	\$2,681,419	-1.0%	\$2,719,000	\$2,699,000	-0.7%
2011/12	\$2,406,776	\$2,415,117	\$2,412,301	-0.1%	\$2,431,000	\$2,431,000	0.0%
2012/13	\$1,620,902	\$1,641,760	\$1,601,332	-2.5%	\$1,676,000	\$1,636,000	-2.4%
2013/14	\$1,658,708	\$1,723,415	\$1,656,086	-3.9%	\$1,814,000	\$1,744,000	-3.9%
2014/15	\$2,658,495	\$2,735,427	\$2,404,404	-12.1%	\$3,028,000	\$2,718,000	-10.2%
2015/16	\$1,458,887	\$2,456,527	\$2,774,685	13.0%	\$3,130,000	\$3,450,000	10.2%
<i>Total</i>	<i>\$25,012,368</i>	<i>\$26,187,980</i>	<i>\$26,035,912</i>	<i>-0.6%</i>	<i>\$27,309,103</i>	<i>\$27,189,103</i>	<i>-0.4%</i>

<i>Accident Period</i>	<i>(A) Actual Paid Losses 1/31/2016</i>	<i>(B) Expected Paid Losses 6/30/2016</i>	<i>(C) Actual Paid Losses 6/30/2016</i>	<i>(D) Percent Difference</i>	<i>(E) Expected Ultimate Losses 1/31/2016</i>	<i>(F) Actual Ultimate Losses 6/30/2016</i>	<i>(G) Percent Difference</i>
2002/03	\$233,996	\$233,996	\$233,996	0.0%	\$233,996	\$233,996	0.0%
2003/04	\$1,197,571	\$1,197,571	\$1,197,571	0.0%	\$1,197,571	\$1,197,571	0.0%
2004/05	\$1,107,309	\$1,107,309	\$1,107,309	0.0%	\$1,107,309	\$1,107,309	0.0%
2005/06	\$1,704,377	\$1,704,377	\$1,704,377	0.0%	\$1,704,377	\$1,704,377	0.0%
2006/07	\$1,488,442	\$1,488,442	\$1,488,442	0.0%	\$1,488,442	\$1,488,442	0.0%
2007/08	\$2,192,521	\$2,192,521	\$2,192,521	0.0%	\$2,192,521	\$2,192,521	0.0%
2008/09	\$2,582,887	\$2,582,887	\$2,582,887	0.0%	\$2,582,887	\$2,582,887	0.0%
2009/10	\$1,958,778	\$1,970,246	\$1,958,848	-0.6%	\$2,004,000	\$2,004,000	0.0%
2010/11	\$2,626,513	\$2,646,458	\$2,632,518	-0.5%	\$2,719,000	\$2,699,000	-0.7%
2011/12	\$2,210,187	\$2,269,700	\$2,246,462	-1.0%	\$2,431,000	\$2,431,000	0.0%
2012/13	\$1,261,065	\$1,495,767	\$1,285,631	-14.0%	\$1,676,000	\$1,636,000	-2.4%
2013/14	\$1,123,151	\$1,406,854	\$1,191,003	-15.3%	\$1,814,000	\$1,744,000	-3.9%
2014/15	\$986,509	\$1,433,345	\$1,203,523	-16.0%	\$3,028,000	\$2,718,000	-10.2%
2015/16	\$420,117	\$769,715	\$887,620	15.3%	\$3,130,000	\$3,450,000	10.2%
<i>Total</i>	<i>\$21,093,422</i>	<i>\$22,499,188</i>	<i>\$21,912,707</i>	<i>-2.6%</i>	<i>\$27,309,103</i>	<i>\$27,189,103</i>	<i>-0.4%</i>

(A) and (E) - From Previous actuarial report as of 01/31/16

(B) - Derived from (E) and (A) using loss development patterns

(C) - Exhibit I, limited to retention

(D) = [(C) / (B)] - 1

(F) - Exhibit VI

(G) = [(F) / (E)] - 1

**Distribution of Forecast Losses for 7/1/16-17
 Assuming a \$100,000 SIR**

<i>Percentile</i>	<i>SIR Losses Limited to \$100,000</i>	<i>Layer \$900,000 xs \$100,000</i>	<i>Losses Limited to \$1,000,000</i>	<i>Losses Excess of \$1,000,000</i>
25.0%	\$2,768,000	\$545,000	\$3,465,000	\$0
30.0%	\$2,850,000	\$598,000	\$3,575,000	\$0
35.0%	\$2,927,000	\$647,000	\$3,691,000	\$0
40.0%	\$2,998,000	\$698,000	\$3,794,000	\$0
45.0%	\$3,068,000	\$750,000	\$3,901,000	\$0
50.0%	\$3,143,000	\$799,000	\$4,010,000	\$0
55.0%	\$3,218,000	\$853,000	\$4,120,000	\$0
60.0%	\$3,297,000	\$917,000	\$4,239,000	\$0
65.0%	\$3,380,000	\$980,000	\$4,352,000	\$0
70.0%	\$3,462,000	\$1,051,000	\$4,481,000	\$0
75.0%	\$3,574,000	\$1,128,000	\$4,624,000	\$0
80.0%	\$3,693,000	\$1,223,000	\$4,777,000	\$0
85.0%	\$3,830,000	\$1,338,000	\$4,977,000	\$0
90.0%	\$4,028,000	\$1,492,000	\$5,254,000	\$0
95.0%	\$4,329,000	\$1,744,000	\$5,640,000	\$0
Expected	\$3,222,000	\$868,000	\$4,090,000	\$32,000
<i>Students</i>	393,004			
Cost Per Student	\$8.20	\$2.21	\$10.41	\$0.08

*Percentiles based on combined distributions for small and large losses
 Aggregate small losses modeled using a lognormal distribution
 Large claim size modeled using an inverse Weibull distribution
 Large claim counts modeled using a Poisson Distribution*

**Estimated Outstanding Losses for Property Including APD
 Projected As of June 30, 2016**

Accident Period	Coverage	SIR	(A)	(B)	(C)	(D)	(E)	(F)
			Estimated Ultimate Losses	Projected SIR Paid Losses	Projected SIR Reported Losses	Limited Case Reserves	Limited Unreported Losses	Limited Outstanding Losses
2002/03	Prop/APD	\$100K/\$200k	\$312,045	\$312,045	\$312,045	\$0	\$0	\$0
2003/04	Prop/APD	\$100K/\$200k	\$1,287,169	\$1,287,169	\$1,287,169	\$0	\$0	\$0
2004/05	Prop/APD	\$100K/\$200k	\$1,266,993	\$1,266,993	\$1,266,993	\$0	\$0	\$0
2005/06	Prop/APD	\$100K/\$200k	\$2,618,692	\$2,618,692	\$2,618,692	\$0	\$0	\$0
2006/07	Prop/APD	\$100K/\$200k	\$2,604,514	\$2,604,514	\$2,604,514	\$0	\$0	\$0
2007/08	Prop/APD	\$100K/\$200k	\$3,915,481	\$3,915,481	\$3,915,481	\$0	\$0	\$0
2008/09	Prop/APD	\$100K/\$200k	\$4,561,472	\$4,561,472	\$4,561,472	\$0	\$0	\$0
2009/10	Prop/APD	\$100K/\$200k	\$4,835,518	\$4,615,418	\$4,835,518	\$220,100	\$0	\$220,000
2010/11	Prop/APD	\$100K/\$200k	\$3,569,472	\$3,569,472	\$3,569,472	\$0	\$0	\$0
			\$24,971,356	\$24,751,256	\$24,971,356	\$220,100	\$0	\$220,000

Losses Limited To Policy Aggregate Stop Loss								
Accident Period	Aggregate Stop Loss Limit	SIR	Limited Ultimate Losses	SIR Paid Losses	SIR Reported Losses	Case Reserves	IBNR Losses	Outstanding Losses
2002/03	\$976,411	\$100K/\$200k	\$312,045	\$312,045	\$312,045	\$0	\$0	\$0
2003/04	\$1,896,000	\$100K/\$200k	\$1,287,169	\$1,287,169	\$1,287,169	\$0	\$0	\$0
2004/05	\$2,642,791	\$100K/\$200k	\$1,266,993	\$1,266,993	\$1,266,993	\$0	\$0	\$0
2005/06	\$3,520,373	\$100K/\$200k	\$2,618,692	\$2,618,692	\$2,618,692	\$0	\$0	\$0
2006/07	\$4,107,199	\$100K/\$200k	\$2,604,514	\$2,604,514	\$2,604,514	\$0	\$0	\$0
2007/08	\$3,938,538	\$100K/\$200k	\$3,915,481	\$3,915,481	\$3,915,481	\$0	\$0	\$0
2008/09	\$3,801,780	\$100K/\$200k	\$3,801,780	\$3,801,780	\$3,801,780	\$0	\$0	\$0
2009/10	\$4,103,460	\$100K/\$200k	\$4,103,460	\$4,103,460	\$4,103,460	\$0	\$0	\$0
2010/11	\$2,421,360	\$100K/\$200k	\$2,421,360	\$2,421,360	\$2,421,360	\$0	\$0	\$0
Total			\$22,331,493	\$22,331,493	\$22,331,493	\$0	\$0	\$0

**Estimated Outstanding Losses for Property Including APD
 Projected As of June 30, 2016**

Accident Period	Coverage	SIR or Corridor	(A)	(B)	(C)	(D)	(E)	(F)
			Estimated Ultimate Losses	Limited Paid Losses	Limited Reported Losses	Limited Case Reserves	Limited Unreported Losses	Limited Outstanding Losses
2011/12	Prop/APD	\$250,000	\$3,201,000	\$3,201,043	\$3,201,043	\$0	\$0	\$0
2011/12	Prop/APD	\$2.7M Corridor	\$817,000	\$817,446	\$817,446	\$0	\$0	\$0
2012/13	Prop/APD	\$250,000	\$2,639,000	\$2,629,175	\$2,638,844	\$10,000	\$0	\$10,000
2012/13	Prop/APD	\$2.4M Corridor	\$2,400,000	\$2,400,000	\$2,400,000	\$0	\$0	\$0
2013/14	Prop/APD	\$250,000	\$2,535,000	\$2,489,500	\$2,535,000	\$46,000	\$0	\$46,000
2013/14	Prop/APD	\$1.4M Corridor	\$1,400,000	\$1,400,000	\$1,400,000	\$0	\$0	\$0
2014/15	Prop/APD	\$250,000	\$3,574,000	\$3,366,622	\$3,574,038	\$207,000	\$0	\$207,000
2014/15	Prop/APD	\$1.4M Corridor	\$872,000	\$484,181	\$849,638	\$365,000	\$22,000	\$388,000
2015/16	Prop/APD	\$250,000	\$3,203,000	\$1,956,227	\$3,202,538	\$1,246,000	\$0	\$1,247,000
2015/16	Prop/APD	\$1.4M Corridor	\$1,400,000	\$0	\$580,000	\$580,000	\$820,000	\$1,400,000
			\$22,041,000	\$18,744,194	\$21,198,546	\$2,454,000	\$842,000	\$3,298,000

**Percentile Distribution of IBNR
For Liability Coverages
Projected As of June 30, 2016**

<i>percentile</i>	<i>Ultimate SIR Losses</i>	<i>IBNR Reserve</i>
Expected	\$44,372,493	\$842,000
50%	\$44,357,000	\$827,000
55%	\$44,417,000	\$887,000
60%	\$44,483,000	\$953,000
65%	\$44,561,000	\$1,031,000
70%	\$44,635,000	\$1,105,000
75%	\$44,711,000	\$1,181,000
80%	\$44,804,000	\$1,274,000
85%	\$44,916,000	\$1,386,000
90%	\$45,043,000	\$1,513,000

<i>Total Expected Ultimate Losses</i>	\$44,372,493
<i>Total Paid Losses as of 06/30/16</i>	\$41,075,687
<i>Total Case Reserves as of 06/30/16</i>	\$2,454,000
<i>Total IBNR Reserves as of 06/30/16</i>	\$842,000
<i>Total Outstanding as of 06/30/16</i>	\$3,298,000

Figures in this Table are limited to Aggregate Stop Loss Limits

Comparison of Results with Previous Estimates as of 01/31/16

<i>Accident Period</i>	<i>(A) Actual Reported Losses 1/31/2016</i>	<i>(B) Expected Reported Losses 6/30/2016</i>	<i>(C) Actual Reported Losses 6/30/2016</i>	<i>(D) Percent Difference</i>	<i>(E) Expected Ultimate Losses 1/31/2016</i>	<i>(F) Actual Ultimate Losses 6/30/2016</i>	<i>(G) Percent Difference</i>
2002/03	\$312,045	\$312,045	\$312,045	0.0%	\$312,045	\$312,045	0.0%
2003/04	\$1,287,169	\$1,287,169	\$1,287,169	0.0%	\$1,287,169	\$1,287,169	0.0%
2004/05	\$1,266,993	\$1,266,993	\$1,266,993	0.0%	\$1,266,993	\$1,266,993	0.0%
2005/06	\$2,618,692	\$2,618,692	\$2,618,692	0.0%	\$2,618,692	\$2,618,692	0.0%
2006/07	\$2,604,514	\$2,604,514	\$2,604,514	0.0%	\$2,604,514	\$2,604,514	0.0%
2007/08	\$3,915,481	\$3,915,481	\$3,915,481	0.0%	\$3,915,481	\$3,915,481	0.0%
2008/09	\$4,561,597	\$4,561,597	\$4,561,472	0.0%	\$4,561,597	\$4,561,472	0.0%
2009/10	\$4,815,418	\$4,815,418	\$4,835,518	0.4%	\$4,815,418	\$4,835,518	0.4%
2010/11	\$3,569,472	\$3,569,472	\$3,569,472	0.0%	\$3,569,472	\$3,569,472	0.0%
2011/12	\$4,018,489	\$4,018,489	\$4,018,489	0.0%	\$4,018,000	\$4,018,000	0.0%
2012/13	\$5,038,844	\$5,038,844	\$5,038,844	0.0%	\$5,039,000	\$5,039,000	0.0%
2013/14	\$3,937,594	\$3,937,594	\$3,935,000	-0.1%	\$3,938,000	\$3,935,000	-0.1%
2014/15	\$4,529,545	\$4,616,565	\$4,423,676	-4.2%	\$4,617,000	\$4,446,000	-3.7%
2015/16	\$1,686,670	\$4,243,805	\$3,782,538	-10.9%	\$4,795,000	\$4,603,000	-4.0%
<i>Total</i>	<i>\$44,162,524</i>	<i>\$46,806,678</i>	<i>\$46,169,902</i>	<i>-1.4%</i>	<i>\$47,358,381</i>	<i>\$47,012,356</i>	<i>-0.7%</i>

(A) and (E) - From Previous actuarial report as of 01/31/16
(B) - Derived from (E) and (A) using loss development patterns
(C) - Exhibit I, limited to retention
(D) = [(C) / (B)] - 1
(F) - Exhibit VI
(G) = [(F) / (E)] - 1

**Distribution of Forecast Losses for 7/1/16-17
 With a \$250,000 SIR and \$1,400,000 Corridor**

<i>Percentile</i>	<i>SIR Losses Limited to \$250,000 All Perils</i>	<i>Cost of Corridor Ltd. \$1.4M</i>	<i>Total Retained Losses</i>	<i>Insured Excess Losses</i>
25.0%	\$3,954,000	\$1,400,000	\$5,493,000	\$2,484,000
30.0%	\$4,081,000	\$1,400,000	\$5,625,000	\$3,076,000
35.0%	\$4,190,000	\$1,400,000	\$5,738,000	\$3,684,000
40.0%	\$4,291,000	\$1,400,000	\$5,844,000	\$4,348,000
45.0%	\$4,402,000	\$1,400,000	\$5,954,000	\$5,035,000
50.0%	\$4,512,000	\$1,400,000	\$6,069,000	\$5,844,000
55.0%	\$4,616,000	\$1,400,000	\$6,174,000	\$6,760,000
60.0%	\$4,723,000	\$1,400,000	\$6,282,000	\$7,703,000
65.0%	\$4,848,000	\$1,400,000	\$6,407,000	\$8,981,000
70.0%	\$4,970,000	\$1,400,000	\$6,529,000	\$10,282,000
75.0%	\$5,102,000	\$1,400,000	\$6,661,000	\$11,476,000
80.0%	\$5,269,000	\$1,400,000	\$6,831,000	\$12,849,000
85.0%	\$5,455,000	\$1,400,000	\$7,017,000	\$14,479,000
90.0%	\$5,701,000	\$1,400,000	\$7,264,000	\$16,812,000
95.0%	\$6,059,000	\$1,400,000	\$7,621,000	\$20,558,000
Expected	\$4,577,000	\$1,400,000	\$5,977,000	\$7,620,000
<i>TIV</i>	\$9,261,565,670			
Cost Per \$100 TIV	\$0.049	\$0.015	\$0.065	\$0.082

*Percentiles based on combined distributions for small and large losses
 Aggregate small losses modeled using a lognormal distribution
 Large claim size modeled using an inverse Weibull distribution
 Large claim counts modeled using a Poisson Distribution*

Estimated Outstanding Losses

<i>Accident Period</i>	<i>(A) Estimated Ultimate Losses</i>	<i>(B) Limited Paid Losses</i>	<i>(C) Limited Reported Losses</i>	<i>(D) Limited Case Reserves</i>	<i>(E) IBNR Losses</i>	<i>(F) Outstanding Losses</i>
As of June 30, 2016						
7/1/02-03	\$65,087	\$65,087	\$65,087	\$0	\$0	\$0
7/1/03-04	\$357,297	\$357,297	\$357,297	\$0	\$0	\$0
7/1/04-05	\$618,336	\$618,336	\$618,336	\$0	\$0	\$0
7/1/05-06	\$450,928	\$450,928	\$450,928	\$0	\$0	\$0
7/1/06-07	\$535,205	\$535,205	\$535,205	\$0	\$0	\$0
7/1/07-08	\$759,907	\$759,907	\$759,907	\$0	\$0	\$0
7/1/08-09	\$1,423,346	\$1,423,346	\$1,423,346	\$0	\$0	\$0
7/1/09-10	\$707,000	\$687,068	\$706,085	\$19,017	\$1,000	\$20,000
7/1/10-11	\$846,000	\$843,333	\$843,333	\$0	\$3,000	\$3,000
7/1/11-12	\$1,008,000	\$940,184	\$1,003,435	\$63,250	\$5,000	\$68,000
7/1/12-13	\$629,000	\$625,317	\$625,317	\$0	\$4,000	\$4,000
7/1/13-14	\$726,000	\$672,829	\$701,213	\$28,385	\$25,000	\$53,000
7/1/14-15	\$978,000	\$598,952	\$924,327	\$325,375	\$54,000	\$379,000
7/1/15-16	\$1,259,000	\$612,592	\$1,075,258	\$462,666	\$184,000	\$646,000
Total	\$10,363,000	\$9,190,381	\$10,089,074	\$898,693	\$276,000	\$1,173,000

Total Estimated IBNR as of June 30, 2016 \$276,000

(A) - Exhibit VI

(B) and (C) - Exhibit V as of 06/30/16

(D) = (C) - (B)

(E) = (A) - (C)

(F) = (A) - (B)

Comparison of Results with Previous Estimates as of 01/31/16

Accident Period	(A) Actual Reported Losses 1/31/2016	(B) Expected Reported Losses 6/30/2016	(C) Actual Reported Losses 6/30/2016	(D) Percent Difference	(E) Expected Ultimate Losses 1/31/2016	(F) Actual Ultimate Losses 6/30/2016	(G) Percent Difference
7/1/02-03	\$65,087	\$65,087	\$65,087	0.0%	\$65,087	\$65,087	0.0%
7/1/03-04	\$357,297	\$357,297	\$357,297	0.0%	\$357,297	\$357,297	0.0%
7/1/04-05	\$618,336	\$618,336	\$618,336	0.0%	\$618,336	\$618,336	0.0%
7/1/05-06	\$450,928	\$450,928	\$450,928	0.0%	\$450,928	\$450,928	0.0%
7/1/06-07	\$535,205	\$535,205	\$535,205	0.0%	\$535,205	\$535,205	0.0%
7/1/07-08	\$759,907	\$759,907	\$759,907	0.0%	\$759,907	\$759,907	0.0%
7/1/08-09	\$1,423,346	\$1,423,346	\$1,423,346	0.0%	\$1,423,346	\$1,423,346	0.0%
7/1/09-10	\$706,085	\$706,433	\$706,085	0.0%	\$707,000	\$707,000	0.0%
7/1/10-11	\$843,333	\$844,356	\$843,333	-0.1%	\$846,000	\$846,000	0.0%
7/1/11-12	\$999,909	\$1,003,039	\$1,003,435	0.0%	\$1,008,000	\$1,008,000	0.0%
7/1/12-13	\$625,317	\$634,532	\$625,317	-1.5%	\$649,000	\$629,000	-3.1%
7/1/13-14	\$701,213	\$726,372	\$701,213	-3.5%	\$766,000	\$726,000	-5.2%
7/1/14-15	\$946,500	\$981,052	\$924,327	-5.8%	\$1,038,000	\$978,000	-5.8%
7/1/15-16	\$646,201	\$1,062,319	\$1,075,258	1.2%	\$1,239,000	\$1,259,000	1.6%
Total	\$9,678,665	\$10,168,210	\$10,089,074	-0.8%	\$10,463,106	\$10,363,106	-1.0%

Accident Period	(A) Actual Paid Losses 1/31/2016	(B) Expected Paid Losses 6/30/2016	(C) Actual Paid Losses 6/30/2016	(D) Percent Difference	(E) Expected Ultimate Losses 1/31/2016	(F) Actual Ultimate Losses 6/30/2016	(G) Percent Difference
7/1/02-03	\$65,087	\$65,087	\$65,087	0.0%	\$65,087	\$65,087	0.0%
7/1/03-04	\$357,297	\$357,297	\$357,297	0.0%	\$357,297	\$357,297	0.0%
7/1/04-05	\$618,336	\$618,336	\$618,336	0.0%	\$618,336	\$618,336	0.0%
7/1/05-06	\$450,928	\$450,928	\$450,928	0.0%	\$450,928	\$450,928	0.0%
7/1/06-07	\$535,205	\$535,205	\$535,205	0.0%	\$535,205	\$535,205	0.0%
7/1/07-08	\$759,907	\$759,907	\$759,907	0.0%	\$759,907	\$759,907	0.0%
7/1/08-09	\$1,423,346	\$1,423,346	\$1,423,346	0.0%	\$1,423,346	\$1,423,346	0.0%
7/1/09-10	\$686,998	\$693,670	\$687,068	-1.0%	\$707,000	\$707,000	0.0%
7/1/10-11	\$843,333	\$844,233	\$843,333	-0.1%	\$846,000	\$846,000	0.0%
7/1/11-12	\$936,510	\$960,784	\$940,184	-2.1%	\$1,008,000	\$1,008,000	0.0%
7/1/12-13	\$625,317	\$633,268	\$625,317	-1.3%	\$649,000	\$629,000	-3.1%
7/1/13-14	\$672,829	\$702,351	\$672,829	-4.2%	\$766,000	\$726,000	-5.2%
7/1/14-15	\$566,206	\$691,880	\$598,952	-13.4%	\$1,038,000	\$978,000	-5.8%
7/1/15-16	\$316,287	\$605,124	\$612,592	1.2%	\$1,239,000	\$1,259,000	1.6%
Total	\$8,857,586	\$9,341,416	\$9,190,381	-1.6%	\$10,463,106	\$10,363,106	-1.0%

(A) and (E) - From Previous actuarial report as of 01/31/2016
 (B) - Derived from (E) and (A) using loss development patterns
 (C) - Exhibit I, limited to retention
 (D) = [(C) / (B)] - 1
 (F) - Exhibit VI
 (G) = [(F) / (E)] - 1

**Distribution of Forecast Losses for 7/1/16-17
 Assuming a \$100,000 SIR**

<i>Percentile</i>	<i>SIR Layer Limited to \$100,000</i>	<i>Layer \$900,000 xs \$100,000</i>	<i>Losses Limited to \$1,000,000</i>	<i>Losses Excess of \$1,000,000</i>
25.0%	\$1,082,000	\$24,000	\$1,172,000	\$0
30.0%	\$1,119,000	\$43,000	\$1,221,000	\$0
35.0%	\$1,155,000	\$59,000	\$1,267,000	\$0
40.0%	\$1,187,000	\$76,000	\$1,310,000	\$0
45.0%	\$1,219,000	\$95,000	\$1,356,000	\$0
50.0%	\$1,251,000	\$116,000	\$1,404,000	\$0
55.0%	\$1,284,000	\$138,000	\$1,454,000	\$0
60.0%	\$1,322,000	\$161,000	\$1,504,000	\$0
65.0%	\$1,359,000	\$187,000	\$1,559,000	\$0
70.0%	\$1,399,000	\$219,000	\$1,616,000	\$0
75.0%	\$1,444,000	\$256,000	\$1,681,000	\$0
80.0%	\$1,492,000	\$303,000	\$1,760,000	\$0
85.0%	\$1,555,000	\$360,000	\$1,855,000	\$0
90.0%	\$1,634,000	\$444,000	\$1,978,000	\$0
95.0%	\$1,759,000	\$592,000	\$2,174,000	\$0
Expected	\$1,281,000	\$169,000	\$1,450,000	\$11,000
<i>Vehicles</i>	10,073			
<i>Students</i>	393,004			
Cost Per Vehicle	\$127.13	\$16.81	\$143.94	\$1.05
Cost Per Student	\$3.26	\$0.43	\$3.69	\$0.03

*Percentiles based on combined distributions for small and large losses
 Aggregate small losses modeled using a lognormal distribution
 Large claim size modeled using an inverse Weibull distribution
 Large claim counts modeled using a Poisson Distribution*

Estimated Outstanding Losses

<i>Accident Period</i>	<i>(A) Estimated Ultimate Losses</i>	<i>(B) Limited Paid Losses</i>	<i>(C) Limited Reported Losses</i>	<i>(D) Limited Case Reserves</i>	<i>(E) IBNR Losses</i>	<i>(F) Outstanding Losses</i>
As of June 30, 2016						
7/1/02-03	\$168,909	\$168,909	\$168,909	\$0	\$0	\$0
7/1/03-04	\$840,274	\$840,274	\$840,274	\$0	\$0	\$0
7/1/04-05	\$488,972	\$488,972	\$488,972	\$0	\$0	\$0
7/1/05-06	\$1,253,449	\$1,253,449	\$1,253,449	\$0	\$0	\$0
7/1/06-07	\$953,237	\$953,237	\$953,237	\$0	\$0	\$0
7/1/07-08	\$1,432,614	\$1,432,614	\$1,432,614	\$0	\$0	\$0
7/1/08-09	\$1,159,541	\$1,159,541	\$1,159,541	\$0	\$0	\$0
7/1/09-10	\$1,297,000	\$1,271,779	\$1,292,498	\$20,719	\$5,000	\$25,000
7/1/10-11	\$1,853,000	\$1,789,185	\$1,838,086	\$48,900	\$15,000	\$64,000
7/1/11-12	\$1,423,000	\$1,306,278	\$1,408,867	\$102,589	\$14,000	\$117,000
7/1/12-13	\$1,007,000	\$660,315	\$976,015	\$315,701	\$31,000	\$347,000
7/1/13-14	\$1,018,000	\$518,174	\$954,872	\$436,699	\$63,000	\$500,000
7/1/14-15	\$1,740,000	\$604,571	\$1,480,077	\$875,506	\$260,000	\$1,135,000
7/1/15-16	\$2,191,000	\$275,027	\$1,699,427	\$1,424,399	\$492,000	\$1,916,000
Total	\$16,825,996	\$12,722,326	\$15,946,838	\$3,224,512	\$880,000	\$4,104,000

Total Estimated IBNR as of June 30, 2016 \$880,000

- (A) - Exhibit VI
- (B) and (C) - Exhibit I-C
- (D) = (C) - (B)
- (E) = (A) - (C)
- (F) = (A) - (B)

Comparison of Results with Previous Estimates as of 01/31/16

Accident Period	(A) Actual Reported Losses 1/31/2016	(B) Projected Reported Losses 6/30/2016	(C) Actual Reported Losses 6/30/2016	(D) Percent Difference	(E) Expected Ultimate Losses 1/31/2016	(F) Actual Ultimate Losses 6/30/2016	(G) Percent Difference
7/1/02-03	\$168,909	\$168,909	\$168,909	0.0%	\$168,909	\$168,909	0.0%
7/1/03-04	\$840,274	\$840,274	\$840,274	0.0%	\$840,274	\$840,274	0.0%
7/1/04-05	\$488,972	\$488,972	\$488,972	0.0%	\$488,972	\$488,972	0.0%
7/1/05-06	\$1,253,449	\$1,253,449	\$1,253,449	0.0%	\$1,253,449	\$1,253,449	0.0%
7/1/06-07	\$953,237	\$953,237	\$953,237	0.0%	\$953,237	\$953,237	0.0%
7/1/07-08	\$1,432,614	\$1,432,614	\$1,432,614	0.0%	\$1,432,614	\$1,432,614	0.0%
7/1/08-09	\$1,159,541	\$1,159,541	\$1,159,541	0.0%	\$1,159,541	\$1,159,541	0.0%
7/1/09-10	\$1,292,498	\$1,293,939	\$1,292,498	-0.1%	\$1,297,000	\$1,297,000	0.0%
7/1/10-11	\$1,859,581	\$1,863,902	\$1,838,086	-1.4%	\$1,873,000	\$1,853,000	-1.1%
7/1/11-12	\$1,406,867	\$1,412,078	\$1,408,867	-0.2%	\$1,423,000	\$1,423,000	0.0%
7/1/12-13	\$995,585	\$1,007,228	\$976,015	-3.1%	\$1,027,000	\$1,007,000	-1.9%
7/1/13-14	\$957,495	\$997,044	\$954,872	-4.2%	\$1,048,000	\$1,018,000	-2.9%
7/1/14-15	\$1,711,995	\$1,754,375	\$1,480,077	-15.6%	\$1,990,000	\$1,740,000	-12.6%
7/1/15-16	\$812,686	\$1,394,208	\$1,699,427	21.9%	\$1,891,000	\$2,191,000	15.9%
Total	\$15,333,703	\$16,019,771	\$15,946,838	-0.5%	\$16,845,996	\$16,825,996	-0.1%

Accident Period	(A) Actual Paid Losses 1/31/2016	(B) Projected Paid Losses 6/30/2016	(C) Actual Paid Losses 6/30/2016	(D) Percent Difference	(E) Expected Ultimate Losses 1/31/2016	(F) Actual Ultimate Losses 6/30/2016	(G) Percent Difference
7/1/02-03	\$168,909	\$168,909	\$168,909	0.0%	\$168,909	\$168,909	0.0%
7/1/03-04	\$840,274	\$840,274	\$840,274	0.0%	\$840,274	\$840,274	0.0%
7/1/04-05	\$488,972	\$488,972	\$488,972	0.0%	\$488,972	\$488,972	0.0%
7/1/05-06	\$1,253,449	\$1,253,449	\$1,253,449	0.0%	\$1,253,449	\$1,253,449	0.0%
7/1/06-07	\$953,237	\$953,237	\$953,237	0.0%	\$953,237	\$953,237	0.0%
7/1/07-08	\$1,432,614	\$1,432,614	\$1,432,614	0.0%	\$1,432,614	\$1,432,614	0.0%
7/1/08-09	\$1,159,541	\$1,159,541	\$1,159,541	0.0%	\$1,159,541	\$1,159,541	0.0%
7/1/09-10	\$1,271,779	\$1,276,577	\$1,271,779	-0.4%	\$1,297,000	\$1,297,000	0.0%
7/1/10-11	\$1,783,180	\$1,802,225	\$1,789,185	-0.7%	\$1,873,000	\$1,853,000	-1.1%
7/1/11-12	\$1,273,677	\$1,308,916	\$1,306,278	-0.2%	\$1,423,000	\$1,423,000	0.0%
7/1/12-13	\$635,748	\$862,498	\$660,315	-23.4%	\$1,027,000	\$1,007,000	-1.9%
7/1/13-14	\$450,322	\$704,504	\$518,174	-26.4%	\$1,048,000	\$1,018,000	-2.9%
7/1/14-15	\$420,303	\$741,466	\$604,571	-18.5%	\$1,990,000	\$1,740,000	-12.6%
7/1/15-16	\$103,830	\$164,591	\$275,027	67.1%	\$1,891,000	\$2,191,000	15.9%
Total	\$12,235,837	\$13,157,772	\$12,722,326	-3.3%	\$16,845,996	\$16,825,996	-0.1%

(A) and (E) - From Previous actuarial report as of 01/31/2016
 (B) - Derived from (E) and (A) using loss development patterns
 (C) - Exhibit I, limited to retention
 (D) = [(C) / (B)] - 1
 (F) - Exhibit VI
 (G) = [(F) / (E)] - 1

**Distribution of Forecast Losses for 7/1/16-17
 Assuming a \$100,000 SIR**

<i>Percentile</i>	<i>SIR Layer Limited to \$100,000</i>	<i>Layer \$900,000 xs \$100,000</i>	<i>Losses Limited to \$1,000,000</i>	<i>Losses Excess of \$1,000,000</i>
25.0%	\$1,538,000	\$406,000	\$2,077,000	\$0
30.0%	\$1,607,000	\$452,000	\$2,177,000	\$0
35.0%	\$1,672,000	\$495,000	\$2,275,000	\$0
40.0%	\$1,737,000	\$536,000	\$2,364,000	\$0
45.0%	\$1,796,000	\$582,000	\$2,460,000	\$0
50.0%	\$1,858,000	\$628,000	\$2,556,000	\$0
55.0%	\$1,928,000	\$675,000	\$2,656,000	\$0
60.0%	\$1,996,000	\$724,000	\$2,755,000	\$0
65.0%	\$2,070,000	\$780,000	\$2,857,000	\$0
70.0%	\$2,152,000	\$842,000	\$2,968,000	\$0
75.0%	\$2,244,000	\$911,000	\$3,103,000	\$0
80.0%	\$2,354,000	\$996,000	\$3,248,000	\$0
85.0%	\$2,484,000	\$1,098,000	\$3,416,000	\$0
90.0%	\$2,661,000	\$1,230,000	\$3,643,000	\$0
95.0%	\$2,958,000	\$1,475,000	\$4,056,000	\$0
Expected	\$1,941,000	\$699,000	\$2,640,000	\$21,000
<i>Students</i>	393,004			
Cost Per Student	\$4.94	\$1.78	\$6.72	\$0.05

*Percentiles based on combined distributions for small and large losses
 Aggregate small losses modeled using a lognormal distribution
 Large claim size modeled using an inverse Weibull distribution
 Large claim counts modeled using a Poisson Distribution*

Estimated Outstanding Losses

<i>Accident Period</i>	<i>SIR</i>	<i>(A) Limited Ultimate Losses</i>	<i>(B) Limited Paid Losses</i>	<i>(C) Limited Reported Losses</i>	<i>(D) Limited Case Reserves</i>	<i>(E) IBNR Losses</i>	<i>(F) Outstanding Losses</i>
As of June 30, 2016							
7/1/02-03	\$100k/\$200k	\$312,045	\$312,045	\$312,045	\$0	\$0	\$0
7/1/03-04	\$100k/\$200k	\$1,287,169	\$1,287,169	\$1,287,169	\$0	\$0	\$0
7/1/04-05	\$100k/\$200k	\$1,266,993	\$1,266,993	\$1,266,993	\$0	\$0	\$0
7/1/05-06	\$100k/\$200k	\$2,618,692	\$2,618,692	\$2,618,692	\$0	\$0	\$0
7/1/06-07	\$100k/\$200k	\$2,604,514	\$2,604,514	\$2,604,514	\$0	\$0	\$0
7/1/07-08	\$100k/\$200k	\$3,915,481	\$3,915,481	\$3,915,481	\$0	\$0	\$0
7/1/08-09	\$100k/\$200k	\$4,561,472	\$4,561,472	\$4,561,472	\$0	\$0	\$0
7/1/09-10	\$100k/\$200k	\$4,835,518	\$4,615,418	\$4,835,518	\$220,100	\$0	\$220,000
7/1/10-11	\$100k/\$200k	\$3,569,472	\$3,569,472	\$3,569,472	\$0	\$0	\$0
7/1/11-12	\$250,000	\$3,201,000	\$3,201,043	\$3,201,043	\$0	\$0	\$0
7/1/11-12	\$2.7M Corridor	\$817,000	\$817,446	\$817,446	\$0	\$0	\$0
7/1/12-13	\$250,000	\$2,639,000	\$2,629,175	\$2,638,844	\$9,669	\$0	\$10,000
7/1/12-13	\$2.4M Corridor	\$2,400,000	\$2,400,000	\$2,400,000	\$0	\$0	\$0
7/1/13-14	\$250,000	\$2,535,000	\$2,489,500	\$2,535,000	\$45,500	\$0	\$46,000
7/1/13-14	\$1.4M Corridor	\$1,400,000	\$1,400,000	\$1,400,000	\$0	\$0	\$0
7/1/14-15	\$250,000	\$3,574,000	\$3,366,622	\$3,574,038	\$207,416	\$0	\$207,000
7/1/14-15	\$1.4M Corridor	\$872,000	\$484,181	\$849,638	\$365,456	\$22,000	\$388,000
7/1/15-16	\$250,000	\$3,203,000	\$1,956,227	\$3,202,538	\$1,246,311	\$0	\$1,247,000
7/1/15-16	\$1.4M Corridor	\$1,400,000	\$0	\$580,000	\$580,000	\$820,000	\$1,400,000
Total		\$47,012,356	\$43,495,449	\$46,169,902	\$2,674,452	\$842,000	\$3,518,000

Total Estimated IBNR as of June 30, 2016 \$842,000

(A) - Exhibit VI

(B) and (C) - Exhibit V for 06/30/16

(D) = (C) - (B)

(E) = (A) - (C)

(F) = (A) - (B)

Comparison of Results with Previous Estimates as of 01/31/16

Accident Period	(A) Actual Reported Losses 1/31/2016	(B) Projected Reported Losses 6/30/2016	(C) Actual Reported Losses 6/30/2016	(D) Percent Difference	(E) Expected Ultimate Losses 1/31/2016	(F) Actual Ultimate Losses 6/30/2016	(G) Percent Difference
7/1/02-03	\$312,045	\$312,045	\$312,045	0.0%	\$312,045	\$312,045	0.0%
7/1/03-04	\$1,287,169	\$1,287,169	\$1,287,169	0.0%	\$1,287,169	\$1,287,169	0.0%
7/1/04-05	\$1,266,993	\$1,266,993	\$1,266,993	0.0%	\$1,266,993	\$1,266,993	0.0%
7/1/05-06	\$2,618,692	\$2,618,692	\$2,618,692	0.0%	\$2,618,692	\$2,618,692	0.0%
7/1/06-07	\$2,604,514	\$2,604,514	\$2,604,514	0.0%	\$2,604,514	\$2,604,514	0.0%
7/1/07-08	\$3,915,481	\$3,915,481	\$3,915,481	0.0%	\$3,915,481	\$3,915,481	0.0%
7/1/08-09	\$4,561,597	\$4,561,597	\$4,561,472	0.0%	\$4,561,597	\$4,561,472	0.0%
7/1/09-10	\$4,815,418	\$4,815,418	\$4,835,518	0.4%	\$4,815,418	\$4,835,518	0.4%
7/1/10-11	\$3,569,472	\$3,569,472	\$3,569,472	0.0%	\$3,569,472	\$3,569,472	0.0%
7/1/11-12	\$4,018,489	\$4,018,489	\$4,018,489	0.0%	\$4,018,000	\$4,018,000	0.0%
7/1/12-13	\$5,038,844	\$5,038,844	\$5,038,844	0.0%	\$5,039,000	\$5,039,000	0.0%
7/1/13-14	\$3,937,594	\$3,937,594	\$3,935,000	-0.1%	\$3,938,000	\$3,935,000	-0.1%
7/1/14-15	\$4,529,545	\$4,616,565	\$4,423,676	-4.2%	\$4,617,000	\$4,446,000	-3.7%
7/1/15-16	\$1,686,670	\$4,243,805	\$3,782,538	-10.9%	\$4,795,000	\$4,603,000	-4.0%
Total	\$44,162,524	\$46,806,678	\$46,169,902	-1.4%	\$47,358,381	\$47,012,356	-0.7%

(A) and (E) - From Previous actuarial report as of 01/31/2016

Limited to \$250,000 for 11-12 through 15-16

(B) - Derived from (A) and (E) using loss development patterns

(C) - Exhibit I, limited to retention

(D) = [(C) / (B)] - 1

(F) - Exhibit VI

(G) = [(F) / (E)] - 1

**Distribution of Forecast Losses for 7/1/15-16
 With a \$250,000 SIR and \$1,400,000 Corridor**

<i>Percentile</i>	<i>SIR Layer Limited to \$250,000 All Perils</i>	<i>Cost of Corridor Ltd. \$1.4M</i>	<i>Total Retained Losses</i>	<i>Insured Excess Losses</i>
25.0%	\$3,954,000	\$1,400,000	\$5,493,000	\$2,484,000
30.0%	\$4,081,000	\$1,400,000	\$5,625,000	\$3,076,000
35.0%	\$4,190,000	\$1,400,000	\$5,738,000	\$3,684,000
40.0%	\$4,291,000	\$1,400,000	\$5,844,000	\$4,348,000
45.0%	\$4,402,000	\$1,400,000	\$5,954,000	\$5,035,000
50.0%	\$4,512,000	\$1,400,000	\$6,069,000	\$5,844,000
55.0%	\$4,616,000	\$1,400,000	\$6,174,000	\$6,760,000
60.0%	\$4,723,000	\$1,400,000	\$6,282,000	\$7,703,000
65.0%	\$4,848,000	\$1,400,000	\$6,407,000	\$8,981,000
70.0%	\$4,970,000	\$1,400,000	\$6,529,000	\$10,282,000
75.0%	\$5,102,000	\$1,400,000	\$6,661,000	\$11,476,000
80.0%	\$5,269,000	\$1,400,000	\$6,831,000	\$12,849,000
85.0%	\$5,455,000	\$1,400,000	\$7,017,000	\$14,479,000
90.0%	\$5,701,000	\$1,400,000	\$7,264,000	\$16,812,000
95.0%	\$6,059,000	\$1,400,000	\$7,621,000	\$20,558,000
Expected	\$4,577,000	\$1,400,000	\$5,977,000	\$7,620,000
<i>TIV</i>	\$9,261,565,670			
Cost Per \$100 TIV	\$0.049	\$0.015	\$0.065	\$0.082

*Percentiles based on combined distributions for small and large losses
 Aggregate small losses modeled using a lognormal distribution
 Large claim size modeled using an inverse Weibull distribution
 Large claim counts modeled using a Poisson Distribution*



Statement of Actuarial Opinion

Oklahoma Schools Insurance Group

December 1, 2016

Based on data as of June 30, 2016

STATEMENT OF ACTUARIAL OPINION

**Net Retained Liabilities as of June 30, 2016
Premium Adequacy for 7/1/16-17**

Oklahoma Schools Insurance Group

I, Laura T. Sprouse, am a Fellow of the Casualty Actuarial Society and a Member of the American Academy of Actuaries and meet the Academy's qualification standards for prescribed Statements of Actuarial Opinion. Although no formal appointment was made by the Board of Directors (or equivalent authority) of Oklahoma Schools Insurance Group (OSIG), I have been asked to opine on the adequacy of the reserves for loss and loss adjustment expenses (including IBNR), and the adequacy of premiums for the Oklahoma Schools Insurance Group. This opinion is prepared in accordance with *Actuarial Standards of Practice No. 36 and No. 43*.

The scope of this review is to evaluate outstanding losses and allocated loss expense reserves (including IBNR) for OSIG's retained liabilities for automobile liability, general liability, and property including auto physical damage evaluated as of June 30, 2016, and to evaluate the premiums for the period July 1, 2016, through June 30, 2017.

The review was based upon summaries of loss and expense data and other related information supplied by Jennifer McKenzie, Arthur J. Gallagher. The data were not audited for accuracy, but were checked for reasonableness and consistency through comparison to previous loss runs. Based on these data, the required reserves were estimated using generally accepted actuarial assumptions and methods. The review included such examination of the assumptions and methods used and such tests of the calculations as I considered necessary.

Loss and ALAE Reserves as of June 30, 2016

My analysis produced the following estimates of unpaid liabilities for losses and allocated loss adjustment expenses as of June 30, 2016, net of reinsurance.

Case Reserves	\$6,577,205
IBNR Reserves	<u>\$1,998,000</u>
Total Loss & ALAE Reserve	\$8,575,205

In my opinion, the carried reserve amount of \$8,775,557 is a reasonable estimate of the net outstanding loss and allocated loss adjustment expense for accident periods ending June 30, 2016.

Due to the nature of third party liability claims and OSIG's relatively large retention, it is possible that OSIG could experience a fluctuation of material size from the expected outstanding losses. There is a significant risk based on the 75th-80th percentiles that the reserves may develop adversely by \$1,267,000 or more, which would exceed a materiality threshold of 10% of surplus. This could be caused by development on known claims by greater than expected amounts, or unanticipated IBNR claims, or some combination.

Premium adequacy for 7/1/16-17

My analysis produced a forecast of the ultimate retained losses for the period 7/1/16-17, of \$8,570,000. OSIG has budgeted roughly \$15,775,000 for reinsurance premiums and other expenses for a total budget of \$24,345,000. OSIG expects to collect \$23,210,000 in member contributions and earn another \$220,000 in investment income. This leaves a shortfall of \$915,000. OSIG has made a business to decision to set the member contributions short of the total budget, and use its surplus to make up the shortfall. Surplus levels are adequate at this time to absorb the shortfall, and it is a reasonable business decision to do so.

Actuarial Reports

The reserve opinion was based on the actuarial study for OSIG dated March 23, 2016, and the update based on data as of June 30, 2016, in a letter dated August 23, 2016. The premium adequacy opinion for 7/1/16-17 was based on my actuarial study dated March 23, 2016.

This opinion was prepared solely for the purpose of filing with regulatory agencies and is not intended for any other purpose.

Sincerely,

Laura T. Sprouse, FCAS, MAAA

Select Actuarial Services
28 White Bridge Rd, Suite 205
Nashville, Tennessee 37205
(615) 269-4469 ext. 113
laura.sprouse@selectactuarial.com

December 1, 2016



Estimation of Unpaid Liabilities and IBNR

Oklahoma Schools Insurance Group

March 23, 2016

Based on data evaluated as of January 31, 2016
IBNR Projected as of June 30, 2016



Estimation of Unpaid Liabilities and IBNR

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March 23, 2016

Based on data evaluated as of January 31, 2016
IBNR Projected as of June 30, 2016

Prepared by:

Laura T. Sprouse, FCAS, MAAA

*Select Actuarial Services
28 White Bridge Road, Suite 205
Nashville, Tennessee 37205-1428
(615) 269-4469 ex 113
(615) 269-4878 (fax)
laura.sprouse@selectactuarial.com*

Table of Contents

Section 1	Executive Summary
Section 2	Introduction, Considerations & Definitions
Section 3	Analysis & Conclusion
Section 4	Automobile Liability
Section 5	General Liability including E&O
Section 6	Property / Auto Physical Damage

Executive Summary

The purpose of this report is to provide the Oklahoma Schools Insurance Group (OSIG) with an evaluation and projection of the losses and allocated adjustment expenses corresponding to its property and liability insurance exposures incurred through June 30, 2016. OSIG began offering automobile liability and physical damage and a variety of property and general liability insurance coverages to school districts in the State of Oklahoma beginning July 1, 2002. OSIG continues to add new members each year lending further stability to the Group. The specific objective of this analysis is to project reserves required to fund outstanding losses for the group as of June 30, 2016.

Based on this analysis the results are as follows:

<i>Projection of Required Reserves for Losses and Allocated Loss Adjustment Expenses as of June 30, 2016</i>			
	<i>Case Reserves</i>	<i>IBNR Reserves</i>	<i>Required Reserve</i>
<i>Liability</i>	\$3,961,000	\$1,075,000	\$5,036,000
<i>Property</i>	\$2,830,000	\$444,000	\$3,273,000
<i>Total</i>	\$6,791,000	\$1,519,000	\$8,309,000

Table A summarizes the results of this analysis. Table B shows IBNR requirements at various confidence levels to aid in the selection of a risk margin. Table C shows the change in experience from the previous actuarial report.

Throughout this report the term losses will refer to loss and allocated loss adjustment expenses.

Assumptions

Unless otherwise stated, the figures in this report represent expected values. Key assumptions include:

1. Paid and reported loss development factors and reported claim development factors based on OSIG's experience supplemented with Oklahoma public entity experience, are predictive of future development of claims.
2. Exposures written through January 31, 2016, will be unchanged through the end of the year.

Results of this Analysis

In general, development for periods 7/1/02 through 6/30/16 has been less than expected overall compared to projections based on June 30, 2015, data. Ultimate losses for Liability have been reduced by about \$234,000 overall. We have reduced the estimated ultimate losses for Property by about \$461,000, overall. Although there are currently no claims that have exceeded the \$250,000 SIR, we are still projecting that excess losses for 7/1/15-16 will exceed the \$1,400,000 corridor.

Automobile Liability

Since the previous actuarial study as of June 30, 2015, reported losses have developed about \$43,000 less than expected overall for periods through 7/1/15-16. As a result, the ultimate losses have been reduced by a total of \$60,000.

General Liability including E&O

Since the previous actuarial study as of June 30, 2015, reported losses have developed \$45,000 less than expected overall for periods through 7/1/15-16. Greater than expected development on the 14-15 year was more than offset by improvement on the 12-13 and 13-14 years. The net change in ultimate losses was a decrease of \$174,000 or about 1.0%.

Property and Auto Physical Damage

Since the previous actuarial study as of June 30, 2015, there was an unexpected new claim reported for occurrence year 09-10 that exceeds the SIR. Ultimate losses for this year were increased \$200,000.

Ultimate losses for the 13-14 year were increased \$374,000 and OSIG is now expected to exhaust the corridor deductible. Reported losses for 14-15 have developed greater than expected in the primary layer (limited to \$250,000) but the development in the corridor was less than expected. Ultimate losses for this year have been decreased \$243,000. So far for 15-16 there have been no claims reported that exceed the \$250,000 SIR. Primary losses have been reduced \$823,000. We would still expect that the spring storm season could produce claims that would exhaust the \$1,400,000 corridor deductible. In total, the ultimate losses for years for property losses were reduced by \$461,000.

**Estimated Outstanding Losses for Liability
Projected As of June 30, 2016**

Accident Period	Coverage	(A)	(B)	(C)	(D)	(E)	(F)
		Estimated Ultimate Losses	Projected Limited Paid Losses	Projected Limited Reported Losses	Limited Case Reserves	IBNR Losses	Outstanding Losses
2002/03	AL	\$65,087	\$65,087	\$65,087	\$0	\$0	\$0
2003/04	AL	\$357,297	\$357,297	\$357,297	\$0	\$0	\$0
2004/05	AL	\$618,336	\$618,336	\$618,336	\$0	\$0	\$0
2005/06	AL	\$450,928	\$450,928	\$450,928	\$0	\$0	\$0
2006/07	AL	\$535,205	\$535,205	\$535,205	\$0	\$0	\$0
2007/08	AL	\$759,907	\$759,907	\$759,907	\$0	\$0	\$0
2008/09	AL	\$1,423,346	\$1,423,346	\$1,423,346	\$0	\$0	\$0
2009/10	AL	\$707,000	\$694,000	\$706,000	\$12,000	\$1,000	\$13,000
2010/11	AL	\$846,000	\$844,000	\$844,000	\$0	\$2,000	\$2,000
2011/12	AL	\$1,008,000	\$961,000	\$1,003,000	\$42,000	\$5,000	\$47,000
2012/13	AL	\$649,000	\$633,000	\$635,000	\$2,000	\$14,000	\$16,000
2013/14	AL	\$766,000	\$702,000	\$726,000	\$24,000	\$40,000	\$64,000
2014/15	AL	\$1,038,000	\$692,000	\$981,000	\$289,000	\$57,000	\$346,000
2015/16	AL	\$1,239,000	\$605,000	\$1,062,000	\$457,000	\$177,000	\$634,000
		\$10,463,106	\$9,341,106	\$10,167,106	\$826,000	\$296,000	\$1,122,000
2002/03	GL/E&O	\$168,909	\$168,909	\$168,909	\$0	\$0	\$0
2003/04	GL/E&O	\$840,274	\$840,274	\$840,274	\$0	\$0	\$0
2004/05	GL/E&O	\$488,972	\$488,972	\$488,972	\$0	\$0	\$0
2005/06	GL/E&O	\$1,253,449	\$1,253,449	\$1,253,449	\$0	\$0	\$0
2006/07	GL/E&O	\$953,237	\$953,237	\$953,237	\$0	\$0	\$0
2007/08	GL/E&O	\$1,432,614	\$1,432,614	\$1,432,614	\$0	\$0	\$0
2008/09	GL/E&O	\$1,159,541	\$1,159,541	\$1,159,541	\$0	\$0	\$0
2009/10	GL/E&O	\$1,297,000	\$1,277,000	\$1,294,000	\$17,000	\$3,000	\$20,000
2010/11	GL/E&O	\$1,873,000	\$1,802,000	\$1,864,000	\$62,000	\$9,000	\$71,000
2011/12	GL/E&O	\$1,423,000	\$1,309,000	\$1,412,000	\$103,000	\$11,000	\$114,000
2012/13	GL/E&O	\$1,027,000	\$736,000	\$1,006,000	\$270,000	\$21,000	\$291,000
2013/14	GL/E&O	\$1,048,000	\$601,000	\$986,000	\$385,000	\$62,000	\$447,000
2014/15	GL/E&O	\$1,990,000	\$703,000	\$1,794,000	\$1,091,000	\$196,000	\$1,287,000
2015/16	GL/E&O	\$1,891,000	\$207,000	\$1,414,000	\$1,207,000	\$477,000	\$1,684,000
		\$16,845,996	\$12,931,996	\$16,066,996	\$3,135,000	\$779,000	\$3,914,000

Total Liability Losses Limited to Policy Aggregate Stop Loss							
Accident Period	Aggregate Limit	Ultimate Limited Losses	Limited Paid Losses	Limited Reported Losses	Case Reserves	IBNR Losses	Outstanding Losses
2002/03	\$449,474	\$233,996	\$233,996	\$233,996	\$0	\$0	\$0
2003/04	\$1,338,694	\$1,197,571	\$1,197,571	\$1,197,571	\$0	\$0	\$0
2004/05	\$1,908,987	\$1,107,309	\$1,107,309	\$1,107,309	\$0	\$0	\$0
2005/06	\$2,340,252	\$1,704,377	\$1,704,377	\$1,704,377	\$0	\$0	\$0
2006/07	\$2,528,886	\$1,488,442	\$1,488,442	\$1,488,442	\$0	\$0	\$0
2007/08	\$3,396,123	\$2,192,521	\$2,192,521	\$2,192,521	\$0	\$0	\$0
2008/09	\$3,454,325	\$2,582,887	\$2,582,887	\$2,582,887	\$0	\$0	\$0
2009/10	\$3,549,580	\$2,004,000	\$1,971,000	\$2,000,000	\$29,000	\$4,000	\$33,000
2010/11	\$3,869,920	\$2,719,000	\$2,646,000	\$2,708,000	\$62,000	\$11,000	\$73,000
2011/12	\$3,416,075	\$2,431,000	\$2,270,000	\$2,415,000	\$145,000	\$16,000	\$161,000
2012/13	\$2,788,172	\$1,676,000	\$1,369,000	\$1,641,000	\$272,000	\$35,000	\$307,000
2013/14	\$3,473,373	\$1,814,000	\$1,303,000	\$1,712,000	\$409,000	\$102,000	\$511,000
2014/15	\$3,994,646	\$3,028,000	\$1,395,000	\$2,775,000	\$1,380,000	\$253,000	\$1,633,000
2015/16	\$3,969,122	\$3,130,000	\$812,000	\$2,476,000	\$1,664,000	\$654,000	\$2,318,000
Total		\$27,309,103	\$22,273,103	\$26,234,103	\$3,961,000	\$1,075,000	\$5,036,000

**Percentile Distribution of IBNR
 For Liability Coverages
 Projected As of June 30, 2016**

<i>percentile</i>	<i>Ultimate Losses</i>	<i>IBNR Reserve</i>
Expected	\$27,309,103	\$1,075,000
50%	\$27,025,000	\$791,000
55%	\$27,193,000	\$959,000
60%	\$27,337,000	\$1,103,000
65%	\$27,490,000	\$1,256,000
70%	\$27,670,000	\$1,436,000
75%	\$27,854,000	\$1,620,000
80%	\$28,064,000	\$1,830,000
85%	\$28,286,000	\$2,052,000
90%	\$28,561,000	\$2,327,000

<i>Total Expected Ultimate Losses</i>	\$27,309,103
<i>Total Projected Paid Losses as of 06/30/16</i>	\$22,273,103
<i>Total Projected Case Reserves as of 06/30/16</i>	\$3,961,000
<i>Total Projected IBNR Reserves as of 06/30/16</i>	\$1,075,000
<i>Total Projected Outstanding as of 06/30/16</i>	\$5,036,000

Figures in this Table are limited to Aggregate Stop Loss Limits

Comparison of Results with Previous Estimates as of 06/30/15

Accident Period	(A) Actual Reported Losses 6/30/2015	(B) Expected Reported Losses 1/31/2016	(C) Actual Reported Losses 1/31/2016	(D) Percent Difference	(E) Expected Ultimate Losses 6/30/2015	(F) Actual Ultimate Losses 1/31/2016	(G) Percent Difference
2002/03	\$233,996	\$233,996	\$233,996	0.0%	\$233,996	\$233,996	0.0%
2003/04	\$1,197,571	\$1,197,571	\$1,197,571	0.0%	\$1,197,571	\$1,197,571	0.0%
2004/05	\$1,107,309	\$1,107,309	\$1,107,309	0.0%	\$1,107,309	\$1,107,309	0.0%
2005/06	\$1,704,377	\$1,704,377	\$1,704,377	0.0%	\$1,704,377	\$1,704,377	0.0%
2006/07	\$1,488,442	\$1,488,442	\$1,488,442	0.0%	\$1,488,442	\$1,488,442	0.0%
2007/08	\$2,192,521	\$2,192,521	\$2,192,521	0.0%	\$2,192,521	\$2,192,521	0.0%
2008/09	\$2,582,887	\$2,582,887	\$2,582,887	0.0%	\$2,582,887	\$2,582,887	0.0%
2009/10	\$2,038,524	\$2,041,719	\$1,998,584	-2.1%	\$2,046,000	\$2,004,000	-2.1%
2010/11	\$2,779,247	\$2,788,973	\$2,702,914	-3.1%	\$2,802,000	\$2,719,000	-3.0%
2011/12	\$2,413,451	\$2,428,400	\$2,406,776	-0.9%	\$2,448,000	\$2,431,000	-0.7%
2012/13	\$1,668,134	\$1,700,605	\$1,620,902	-4.7%	\$1,744,000	\$1,676,000	-3.9%
2013/14	\$1,813,975	\$1,946,399	\$1,658,708	-14.8%	\$2,114,000	\$1,814,000	-14.2%
2014/15	\$2,078,834	\$2,337,564	\$2,658,495	13.7%	\$2,742,000	\$3,028,000	10.4%
2015/16		\$1,349,971	\$1,458,887	8.1%	\$3,140,000	\$3,130,000	-0.3%
Total	\$23,299,267	\$25,100,733	\$25,012,368	-0.4%	\$27,543,103	\$27,309,103	-0.8%

Accident Period	(A) Actual Paid Losses 6/30/2015	(B) Expected Paid Losses 1/31/2016	(C) Actual Paid Losses 1/31/2016	(D) Percent Difference	(E) Expected Ultimate Losses 6/30/2015	(F) Actual Ultimate Losses 1/31/2016	(G) Percent Difference
2002/03	\$233,996	\$233,996	\$233,996	0.0%	\$233,996	\$233,996	0.0%
2003/04	\$1,197,571	\$1,197,571	\$1,197,571	0.0%	\$1,197,571	\$1,197,571	0.0%
2004/05	\$1,107,309	\$1,107,309	\$1,107,309	0.0%	\$1,107,309	\$1,107,309	0.0%
2005/06	\$1,704,377	\$1,704,377	\$1,704,377	0.0%	\$1,704,377	\$1,704,377	0.0%
2006/07	\$1,488,442	\$1,488,442	\$1,488,442	0.0%	\$1,488,442	\$1,488,442	0.0%
2007/08	\$2,192,521	\$2,192,521	\$2,192,521	0.0%	\$2,192,521	\$2,192,521	0.0%
2008/09	\$2,582,887	\$2,582,887	\$2,582,887	0.0%	\$2,582,887	\$2,582,887	0.0%
2009/10	\$1,951,487	\$1,990,085	\$1,958,778	-1.6%	\$2,046,000	\$2,004,000	-2.1%
2010/11	\$2,595,050	\$2,684,007	\$2,626,513	-2.1%	\$2,802,000	\$2,719,000	-3.0%
2011/12	\$2,186,884	\$2,296,520	\$2,210,187	-3.8%	\$2,448,000	\$2,431,000	-0.7%
2012/13	\$1,238,144	\$1,434,253	\$1,261,065	-12.1%	\$1,744,000	\$1,676,000	-3.9%
2013/14	\$1,016,324	\$1,329,191	\$1,123,151	-15.5%	\$2,114,000	\$1,814,000	-14.2%
2014/15	\$620,970	\$977,116	\$986,509	1.0%	\$2,742,000	\$3,028,000	10.4%
2014/15		\$385,314	\$420,117	9.0%	\$3,140,000	\$3,130,000	-0.3%
Total	\$20,115,962	\$21,603,588	\$21,093,422	-2.4%	\$27,543,103	\$27,309,103	-0.8%

(A) and (E) - From Previous actuarial report as of 06/30/15
 (B) - Derived from (E) and (A) using loss development patterns
 (C) - Exhibit I, limited to retention
 (D) = [(C) / (B)] - 1
 (F) - Exhibit VI
 (G) = [(F) / (E)] - 1

**Estimated Outstanding Losses for Property Including APD
 Projected As of June 30, 2016**

Accident Period	Coverage	SIR	(A)	(B)	(C)	(D)	(E)	(F)
			Estimated Ultimate Losses	Projected Limited Paid Losses	Projected Limited Reported Losses	Limited Case Reserves	Limited Unreported Losses	Limited Outstanding Losses
2002/03	Prop/APD	\$100K/\$200k	\$312,045	\$312,045	\$312,045	\$0	\$0	\$0
2003/04	Prop/APD	\$100K/\$200k	\$1,287,169	\$1,287,169	\$1,287,169	\$0	\$0	\$0
2004/05	Prop/APD	\$100K/\$200k	\$1,266,993	\$1,266,993	\$1,266,993	\$0	\$0	\$0
2005/06	Prop/APD	\$100K/\$200k	\$2,618,692	\$2,618,692	\$2,618,692	\$0	\$0	\$0
2006/07	Prop/APD	\$100K/\$200k	\$2,604,514	\$2,604,514	\$2,604,514	\$0	\$0	\$0
2007/08	Prop/APD	\$100K/\$200k	\$3,915,481	\$3,915,481	\$3,915,481	\$0	\$0	\$0
2008/09	Prop/APD	\$100K/\$200k	\$4,561,822	\$4,561,822	\$4,561,822	\$0	\$0	\$0
2009/10	Prop/APD	\$100K/\$200k	\$4,615,418	\$4,615,418	\$4,615,418	\$0	\$0	\$0
2010/11	Prop/APD	\$100K/\$200k	\$3,569,472	\$3,569,472	\$3,569,472	\$0	\$0	\$0
			\$24,751,606	\$24,751,606	\$24,751,606	\$0	\$0	\$0

Losses Limited To Policy Aggregate Stop Loss								
Accident Period	Aggregate Stop Loss Limit	SIR	Limited Ultimate Losses	Limited Paid Losses	Limited Reported Losses	Case Reserves	IBNR Losses	Outstanding Losses
2002/03	\$976,411	\$100K/\$200k	\$312,045	\$312,045	\$312,045	\$0	\$0	\$0
2003/04	\$1,896,000	\$100K/\$200k	\$1,287,169	\$1,287,169	\$1,287,169	\$0	\$0	\$0
2004/05	\$2,642,791	\$100K/\$200k	\$1,266,993	\$1,266,993	\$1,266,993	\$0	\$0	\$0
2005/06	\$3,520,373	\$100K/\$200k	\$2,618,692	\$2,618,692	\$2,618,692	\$0	\$0	\$0
2006/07	\$4,107,199	\$100K/\$200k	\$2,604,514	\$2,604,514	\$2,604,514	\$0	\$0	\$0
2007/08	\$3,938,538	\$100K/\$200k	\$3,915,481	\$3,915,481	\$3,915,481	\$0	\$0	\$0
2008/09	\$3,801,780	\$100K/\$200k	\$3,801,780	\$3,801,780	\$3,801,780	\$0	\$0	\$0
2009/10	\$4,103,460	\$100K/\$200k	\$4,103,460	\$4,103,460	\$4,103,460	\$0	\$0	\$0
2010/11	\$2,421,360	\$100K/\$200k	\$2,421,360	\$2,421,360	\$2,421,360	\$0	\$0	\$0
Total			\$22,331,493	\$22,331,493	\$22,331,493	\$0	\$0	\$0

**Estimated Outstanding Losses for Property Including APD
 Projected As of June 30, 2016**

Accident Period	Coverage	SIR or Corridor	(A)	(B)	(C)	(D)	(E)	(F)
			Estimated Ultimate Losses	Projected Limited Paid Losses	Projected Limited Reported Losses	Limited Case Reserves	Limited Unreported Losses	Limited Outstanding Losses
All Prior Yrs	Prop/APD	Stop Loss	\$22,331,493	\$22,331,493	\$22,331,493	\$0	\$0	\$0
2011/12	Prop/APD	\$250,000	\$3,201,000	\$3,201,000	\$3,201,000	\$0	\$0	\$0
2011/12	Prop/APD	\$2.7M Corridor	\$817,000	\$817,000	\$817,000	\$0	\$0	\$0
2012/13	Prop/APD	\$250,000	\$2,639,000	\$2,639,000	\$2,639,000	\$0	\$0	\$0
2012/13	Prop/APD	\$2.4M Corridor	\$2,400,000	\$2,400,000	\$2,400,000	\$0	\$0	\$0
2013/14	Prop/APD	\$250,000	\$2,538,000	\$2,495,784	\$2,538,000	\$42,000	\$0	\$42,000
2013/14	Prop/APD	\$1.4M Corridor	\$1,400,000	\$1,400,000	\$1,400,000	\$0	\$0	\$0
2014/15	Prop/APD	\$250,000	\$3,607,000	\$3,430,034	\$3,607,000	\$177,000	\$0	\$177,000
2014/15	Prop/APD	\$1.4M Corridor	\$1,010,000	\$729,192	\$985,091	\$256,000	\$25,000	\$281,000
2015/16	Prop/APD	\$250,000	\$3,395,000	\$1,970,627	\$3,395,000	\$1,424,000	\$0	\$1,424,000
2015/16	Prop/APD	\$1.4M Corridor	\$1,400,000	\$50,672	\$981,491	\$931,000	\$419,000	\$1,350,000
			\$44,738,493	\$41,464,802	\$44,295,075	\$2,830,000	\$444,000	\$3,274,000

**Percentile Distribution of IBNR
 For Property Coverages
 Projected As of June 30, 2016**

<i>percentile</i>	<i>Ultimate Losses</i>	<i>IBNR Reserve</i>
Expected	\$44,738,493	\$444,000
50%	\$44,559,000	\$264,000
55%	\$44,684,000	\$389,000
60%	\$44,796,000	\$501,000
65%	\$44,856,000	\$561,000
70%	\$44,911,000	\$616,000
75%	\$44,964,000	\$669,000
80%	\$45,026,000	\$731,000
85%	\$45,097,000	\$802,000
90%	\$45,199,000	\$904,000

<i>Total Expected Ultimate Losses</i>	\$44,738,493
<i>Total Projected Paid Losses as of 06/30/16</i>	\$41,464,802
<i>Total Projected Case Reserves as of 06/30/16</i>	\$2,830,000
<i>Total Projected IBNR Reserves as of 06/30/16</i>	\$444,000
<i>Total Projected Outstanding as of 06/30/16</i>	\$3,274,000

Figures in this Table are limited to Aggregate Stop Loss Limits

Comparison of Results with Previous Estimates as of 06/30/15

	(A) Actual Reported Losses 6/30/2015	(B) Projected Reported Losses 1/31/2016	(C) Actual Reported Losses 1/31/2016	(D) Percent Difference	(E) Expected Ultimate Losses 6/30/2015	(F) Actual Ultimate Losses 1/31/2016	(G) Percent Difference
7/1/02-03	\$312,045	\$312,045	\$312,045	0.0%	\$312,045	\$312,045	0.0%
7/1/03-04	\$1,287,169	\$1,287,169	\$1,287,169	0.0%	\$1,287,169	\$1,287,169	0.0%
7/1/04-05	\$1,266,993	\$1,266,993	\$1,266,993	0.0%	\$1,266,993	\$1,266,993	0.0%
7/1/05-06	\$2,618,692	\$2,618,692	\$2,618,692	0.0%	\$2,618,692	\$2,618,692	0.0%
7/1/06-07	\$2,604,514	\$2,604,514	\$2,604,514	0.0%	\$2,604,514	\$2,604,514	0.0%
7/1/07-08	\$3,915,481	\$3,915,481	\$3,915,481	0.0%	\$3,915,481	\$3,915,481	0.0%
7/1/08-09	\$4,561,722	\$4,561,722	\$4,561,597	0.0%	\$4,561,722	\$4,561,597	0.0%
7/1/09-10	\$4,615,418	\$4,615,418	\$4,815,418	4.3%	\$4,615,418	\$4,815,418	4.3%
7/1/10-11	\$3,569,472	\$3,569,472	\$3,569,472	0.0%	\$3,569,472	\$3,569,472	0.0%
7/1/11-12	\$4,018,489	\$4,018,489	\$4,018,489	0.0%	\$4,018,000	\$4,018,000	0.0%
7/1/12-13	\$5,008,124	\$5,008,124	\$5,038,844	0.6%	\$5,008,000	\$5,039,000	0.6%
7/1/13-14	\$3,549,504	\$3,549,504	\$3,937,594	10.9%	\$3,564,000	\$3,938,000	10.5%
7/1/14-15	\$4,080,491	\$4,860,000	\$4,529,545	-6.8%	\$4,860,000	\$4,617,000	-5.0%
7/1/15-16		\$3,277,167	\$1,686,670	-48.5%	\$5,618,000	\$4,795,000	-14.6%
Total	\$41,408,113	\$45,464,789	\$44,162,524	-2.9%	\$47,819,506	\$47,358,381	-1.0%

(A) and (E) - From Previous actuarial report as of 06/30/2015
 Losses below \$250,000 SIR plus Corridor Losses for 11-12 through 15-16
 (B) - Derived from (A) and (E) using loss development patterns
 (C) - Exhibit I, limited to retention
 (D) = [(C) / (B)] - 1
 (F) - Exhibit VI
 (G) = [(F) / (E)] - 1

Introduction

Select Actuarial Services has prepared this report for Oklahoma Schools Insurance Group at the request of Ms. Jennifer McKenzie, Arthur J. Gallagher Risk Services. The specific objective of this report is to estimate ultimate and outstanding losses and allocated adjustment expenses for OSIG's property and liability experience through June 30, 2016.

This report is an actuarial analysis of data, conditions, and practices communicated as of February 22, 2016, to Select Actuarial Services as described in the section entitled "Considerations." While Select Actuarial Services believes these communications to be reliable, it has not attempted to audit the information and cannot guarantee the accuracy of any information supplied. However, the data have been reviewed for reasonableness and consistency through comparison with the data used in previous actuarial reports. The estimates in this report are based upon appropriate actuarial assumptions and procedures described in the section of this report entitled "Analysis." Select Actuarial Services assumes no responsibility for any loss or damage that might arise from the use of or reliance upon this report other than for the purposes set forth herein.

This report was prepared for the use of and is only to be relied upon by the management of Oklahoma Schools Insurance Group. This report also may be provided to OSIG's auditors and insurance brokers. No portion of the report may be provided to any other party without Select Actuarial Services' prior written consent. In the event such consent is provided, the report must be provided in its entirety. We recommend that any such party have its own actuary review this report to ensure that the party understands the assumptions and uncertainties inherent in our estimates.

Laura Sprouse is a Fellow of the Casualty Actuarial Society and a Member of the American Academy of Actuaries. She meets the Qualification Standards of the American Academy of Actuaries to render actuarial opinions for property/casualty reserves. This report is prepared in accordance with Actuarial Standards of Practice No. 36 and 43.

Considerations

Actuarial methods for performing a reserve evaluation can only be identified in light of the coverage involved, claims information available, and other considerations. Key considerations motivating the selection of techniques employed in this analysis are set forth below.

Coverages

OSIG began writing automobile liability and physical damage, property and other liability coverage for school districts in the State of Oklahoma on July 1, 2002. For liability claims OSIG retains \$100,000 (loss and ALE combined) above the member deductibles, which vary by member by year. OSIG is further protected by aggregate coverage. These aggregate retentions are shown in Table A for liability.

OSIG retained \$100,000 in losses plus all expenses for most property claims for years through 7/1/10-11. Wind/hail claims were subject to a \$200,000 retention. Property losses over multiple school districts due to the same storm are considered a single occurrence. This coverage has been effective in mitigating losses for OSIG.

Beginning with the 7/1/11-12 policy year the property coverage has been restructured to include a corridor deductible for losses in excess of \$250,000 per claim. Also, the \$250,000 SIR is applied to ground up losses of all types of perils, so that OSIG retains \$250,000 less the member deductibles. The corridor deductible has varied in size and is currently \$1,400,000.

	Liability SIR	Property SIR	Property Corridor
<i>7/1/02-6/30/11</i>	\$100,000	\$200k wind/hail \$100k AOP	
<i>7/1/11-12</i>	\$100,000	\$250,000 all perils	\$2,700,000
<i>7/1/12-13</i>	\$100,000	\$250,000 all perils	\$2,400,000
<i>7/1/13-14 through 7/1/15-16</i>	\$100,000	\$250,000 all perils	\$1,400,000

Available Data

Jennifer McKenzie provided a loss listing as of January 31, 2016, which served as the basis for our analysis. The loss listing reflects amounts above the member deductibles and includes both losses and allocated adjustment expenses. "Losses" and "losses and allocated adjustment

expenses” are used interchangeably in this report. Losses were provided by coverage type: automobile liability, auto physical damage, general liability and E&O, and property. Vehicle counts, Student population and Total Insured Values for each member were also provided.

Development and Reporting Patterns

Since annual evaluations of OSIG data are available, we have used this historical experience to build loss development triangles to observe OSIG’s own development experience. This experience is still somewhat sparse, and displays volatility from year to year. Thus, we have weighted OSIG experience with a benchmark pattern based on Oklahoma public entity experience. Accordingly, the development factors used reflect the application of the Oklahoma tort claims act.

For property and APD claims we have calculated development factors for losses limited to \$250,000 and as well as on an unlimited basis. Limited losses tend to show negative development or no development after 12 months, while the unlimited losses continue to show some positive development even from 24 to 36 months. This separation has allowed us to more accurately estimate the amount of IBNR needed at June 30th, which would be \$0 for losses within the SIR, but greater for losses within the corridor, and \$0 again once the corridor has been reached. Payment patterns for limited and unlimited losses are selected based on the patterns indicated by the selected ultimate losses.

Actuarial Central Estimate

The estimates of ultimate losses at the “expected” level in this analysis are actuarial central estimates - estimates that represent an expected value over the range of reasonably possible outcomes. Such a range of reasonably possible outcomes may not include all conceivable outcomes. For example, it would not include conceivable extreme events where the contribution of such events to an expected value estimate is not reliably measurable.

Loss Models

Statistical distributions are often used by the insurance industry to model the loss generating process. In our forecast of experience for the 2016-17 year, we used a simulation model to project experience at various confidence levels. A lognormal distribution was fitted to the results of the simulated forecast, and the parameters of that distribution were used as a basis for selecting distributions for each accident period. Then we combined these distributions using risk modeling software to produce a

single distribution for the experience of the entire period. The confidence levels for the IBNR estimate are based on this distribution.

Subrogation and Recoveries

Subrogation and recoveries are assumed to be reflected in the primary loss reports. Accordingly, no explicit reductions for collateral sources have been incorporated into the estimates.

Definitions

Accident Period: All of the events with occurrence dates during a period specified make up the corresponding accident period. The dollars associated with those events total the accident period's losses, even though they may be paid long after the end of the accident period. Losses are grouped by accident period throughout our analyses.

Ultimate Losses: The total amount that will eventually be paid on all losses for a particular accident period. Our estimate of the ultimate losses for an accident period is the sum of the paid losses, the case reserves, and the IBNR reserve.

Paid Losses: Dollars paid as of the latest available evaluation on losses incurred through the latest available evaluation.

Case Reserves: Reserves established on individual claims by the claims adjusters, as of the latest available evaluation. The case reserve plus the amount paid to date represents the adjuster's best estimate of the ultimate value of a particular claim.

Reported Losses: Paid losses plus case reserves as of the latest available evaluation.

IBNR Reserve: ("Incurred **B**ut **N**ot **R**eported") This is the dollar amount which we have estimated will be added to the reported losses between the date when the losses were compiled and final settlement of all claims for the accident period. Some of these additional dollars will be added to claims which are already known and currently open but which will finally cost more than they are currently reserved for. Other of these dollars are associated with claims which are known and closed but will be reopened before final closure. The balance of the IBNR reserve is for late-reported events.

Outstanding Losses: The losses not yet paid. Outstanding losses equal the difference between the ultimate losses and the paid losses. They are also the sum of the case reserves and the IBNR reserve.

Loss Development: The change in the paid losses or the reported losses over time. As more information is provided, individual claim estimates get closer and closer to the ultimate value of the claims. The increase in the total reported losses through time is the reported loss development. Similarly, as losses are paid out over time, the increase in total paid losses is the paid loss development.

Analysis

Actuarial procedures employed to project ultimate and outstanding losses consist of a number of steps. Exhibits representing the various steps in the process are explained in this section of the report. The procedures used to analyze the automobile liability, general liability and E&O, and property & auto physical damage coverages are analogous except where noted.

Exhibit I

Exhibit I displays paid and reported losses as of January 31, 2016. Claims are grouped by occurrence, and claims with no payment are excluded.

Exhibit II

Exhibit II displays a listing of all occurrences which, after the application of development factors, exceed the retention in effect during each claim's accident period. The amount of paid and reported losses inside the corridor is also calculated here.

Exhibit III

Exhibit III shows the estimation of ultimate losses using paid and reported loss development techniques. The calculations estimate ultimate losses limited to the per occurrence retention. The methods are based on the paid and reported losses shown in Exhibit I and development factors from Appendix A. Claims that are expected to develop above the retention are first subtracted from the data. The balance of the losses is developed to ultimate by multiplying by the development factor, and then a provision for the large losses is added back.

For property and APD only the reported method is used to estimate ultimate losses. For 7/1/11-12 and subsequent years we calculate the ultimate losses for losses limited to \$250,000 and unlimited in order to estimate the losses within the SIR and losses in the corridor.

Exhibit IV

The selected loss rate for 7/1/16-17 is detrended to the 7/1/15-16 level and multiplied by the exposures to derive estimates of ultimate losses for that year. These results are used in the Bornhuetter-Ferguson method in Exhibit V.

Exhibit V

Exhibit V calculates ultimate losses using the Bornhuetter/Ferguson technique, which blends the prior estimate of ultimate losses from the analysis as of June 30, 2015, with the current paid and reported losses. This method places less emphasis on current reported and paid values and tends to dampen swings in estimates, especially for immature years.

For property and APD, only the reported method is used to estimate ultimate losses. For 7/1/11-12 and forward we calculate the ultimate losses for losses limited to \$250,000 and unlimited in order to estimate the losses within the SIR and losses in the corridor.

Exhibit VI

The results of these estimation methods are compared in Exhibit VI. A selection of our best estimate of the ultimate cost for each occurrence period is made based on the reasonableness of the various estimates when compared to loss experience to date, and the reasonableness of the estimates of ultimate and resulting unreported losses from year to year.

For property and APD, ultimate losses are selected for losses limited to \$250,000 per occurrence and on an unlimited basis. The losses excess of \$250,000 are calculated by subtraction, and then capped to the corridor.

Exhibit VII

In order to track trends in the experience and provide a check of reasonableness, Exhibit VII calculates the average ultimate claim size and loss rate (ultimate losses divided by exposure) for each year.

Exhibit VIII

In Exhibit VIII, paid losses are subtracted from estimated ultimate losses to estimate outstanding losses as of the current valuation. Similarly, reported losses are subtracted from estimated ultimate losses to estimate the unreported portion (IBNR) of the outstanding losses.

Projected outstanding and unreported (IBNR) losses as of June 30, 2016, are also displayed. Paid and reported losses are first projected to June 30 values, then subtracted from the ultimate losses to calculate the projected outstanding and unreported amounts as of year end. The IBNR calculated in this exhibit, plus a risk margin as calculated in Table B, should form the basis for OSIG's year end IBNR provision.

Exhibit IX

Exhibit IX-A and IX-B provide a comparison of the current experience with that of the previous analyses as of June 30, 2015, and January 31, 2015. Using the data and assumptions from the prior reports, reported and paid losses are projected to the current date. The projected losses are compared to the actual current experience to observe changes in experience. Also shown is a comparison of the selected ultimate losses from the previous reports to the current estimates. These exhibits provide a check of reasonableness to our analysis.

Appendix A

The loss development factors are chosen based on OSIG's own experience, weighted with Oklahoma public entity experience for stability and credibility. The selected factors are fit to a curve in order to extrapolate factors at maturities other than those displayed in the triangle.

For Property and APD, we have derived reported loss development factors for losses limited to \$250,000 and unlimited losses using triangles created on the same basis. In order to project the future payment of losses we have derived factors based on the patterns implied by the selected ultimate losses both limited to \$250,000 and unlimited.

Automobile Liability Exhibits

The “Analysis” section of this report presents a discussion of the following exhibits:

Exhibit I	Summary of Experience
Exhibit II	Large Claim Listing
Exhibit III	Loss Development Methods
Exhibit IV	Forecast for Current Year
Exhibit V	Bornhuetter-Ferguson Methods
Exhibit VI	Summary and Selection of Ultimate Losses
Exhibit VII	Average Claim Size
Exhibit VIII	Outstanding Losses as of 1/31/2016 and Projected as of 6/30/2016
Appendix A	Loss Development Factors and Triangles

Summary of Loss Data as of January 31, 2016
Total Experience Net of Member Deductibles

(A)	(B)	(C)	(D)		(E)	(F)	(G)	(H)
Accident Period Begin End	Evaluation Date	Maturity (months)	Total Claims	Open Claims	Net Loss and Expense Payments	Net Loss and Expense Reserves	Net Loss and Expense Incurred	Vehicles
7/1/2002 6/30/2003	1/31/2016	163	24	0	\$65,087	\$0	\$65,087	
7/1/2003 6/30/2004	1/31/2016	151	81	0	\$433,514	\$0	\$433,514	
7/1/2004 6/30/2005	1/31/2016	139	109	0	\$1,097,512	\$0	\$1,097,512	5,046
7/1/2005 6/30/2006	1/31/2016	127	134	0	\$450,928	\$0	\$450,928	6,391
7/1/2006 6/30/2007	1/31/2016	115	145	0	\$549,344	\$0	\$549,344	7,017
7/1/2007 6/30/2008	1/31/2016	103	178	0	\$759,907	\$0	\$759,907	7,753
7/1/2008 6/30/2009	1/31/2016	91	207	0	\$1,465,586	\$0	\$1,465,586	7,641
7/1/2009 6/30/2010	1/31/2016	79	182	1	\$686,998	\$19,087	\$706,085	8,309
7/1/2010 6/30/2011	1/31/2016	67	187	0	\$882,016	\$0	\$882,016	9,022
7/1/2011 6/30/2012	1/31/2016	55	177	2	\$936,510	\$63,398	\$999,909	6,650
7/1/2012 6/30/2013	1/31/2016	43	162	0	\$661,103	\$0	\$661,103	6,979
7/1/2013 6/30/2014	1/31/2016	31	185	1	\$703,536	\$28,385	\$731,921	7,460
7/1/2014 6/30/2015	1/31/2016	19	225	17	\$566,206	\$419,195	\$985,400	9,047
7/1/2015 6/30/2016	1/31/2016	7	140	42	\$316,287	\$366,914	\$683,201	9,517
7/1/2016 6/30/2017								9,518
			2136	63	\$9,574,535	\$896,979	\$10,471,514	100,350

- Loss and policy information provided by Jennifer McKenzie, Arthur J. Gallagher
- Claims are grouped by occurrence, claims with \$0 incurred are excluded
- Losses are net of member deductibles

Summary of Large Claim Information

Occurrence #	School	Policy Year	Loss Date	Status	Net Paid	Net Incurred	SIR	Excess Recoveries	Excess Paid	Excess Incurred	Severity Factor	Ultimate Net
000203	NEWKIRK PUBLIC SCHOOLS	7/1/03-04	1/30/2004	Closed	\$176,217	\$176,217	\$100,000	\$76,217	\$76,217	\$76,217	1.000	\$176,217
000513	CHICKASKA PUBLIC SCHOOL	7/1/04-05	12/20/2004	Closed	\$129,748	\$129,748	\$100,000	\$29,748	\$29,748	\$29,748	1.000	\$129,748
000596	RIPLEY PUBLIC SCHOOLS	7/1/04-05	3/29/2005	Closed	\$549,427	\$549,427	\$100,000	\$449,427	\$449,427	\$449,427	1.000	\$549,428
001433	VELMA-ALMA ISD #5	7/1/06-07	12/20/2006	Closed	\$114,139	\$114,139	\$100,000	\$14,139	\$14,139	\$14,139	1.000	\$114,140
002940	CANEY VALLEY PUBLIC SCHOOL	7/1/08-09	5/7/2009	Closed	\$106,504	\$106,504	\$100,000	\$6,504	\$6,504	\$6,504	1.000	\$106,513
002638	ALTUS PUBLIC SCHOOL	7/1/08-09	11/14/2008	Closed	\$104,466	\$104,466	\$100,000	\$4,466	\$4,466	\$4,466	1.000	\$104,474
002678	CHICKASKA PUBLIC SCHOOL	7/1/08-09	12/15/2008	Closed	\$131,271	\$131,271	\$100,000	\$31,271	\$31,271	\$31,271	1.000	\$131,281
90075	PAOLI ISD	7/1/10-11	8/18/2010	Closed	\$134,999	\$134,999	\$100,000	\$34,999	\$34,999	\$34,999	1.001	\$135,104
90305	GUTHRIE PUBLIC SCHOOLS	7/1/10-11	12/8/2010	Closed	\$103,684	\$103,684	\$100,000	\$3,684	\$3,684	\$3,684	1.001	\$103,765
91477	LAWTON BOARD OF EDUCATION	7/1/12-13	9/19/2012	Closed	\$135,786	\$135,786	\$100,000	\$35,786	\$35,786	\$35,786	1.007	\$136,729
92239	PUTNAM CITY ISD	7/1/13-14	1/7/2014	Closed	\$130,707	\$130,707	\$100,000	\$30,707	\$30,707	\$30,707	1.025	\$134,009
93063	MIDWEST CITY-DEL CITY ISD	7/1/14-15	4/20/2015	Open	\$7,174	\$138,900	\$100,000		\$0	\$38,900	1.088	\$151,096
93477	HAYWOOD ISD	7/1/15-16	11/19/2015	Open	\$0	\$137,000	\$100,000		\$0	\$37,000	1.231	\$168,714
					\$1,824,123	\$2,092,849		\$716,949	\$716,949	\$792,849		

- Loss and policy information provided by Jennifer McKenzie, Gallagher-Bryce

Excess paid and incurred losses for closed claims are equal to the excess recoveries, or amounts over SIR if no recovery yet
Excess paid and incurred losses for open claims are amounts in excess of SIR regardless of recoveries.

Calculation of Limited Losses

<i>Policy Period</i>	<i>(A) Retention</i>	<i>(B) Unlimited Paid Losses</i>	<i>(C) Unlimited Reported Losses</i>	<i>(D) Paid Excess of Primary</i>	<i>(E) Reported Excess of Primary</i>	<i>(F) Paid Limited to Primary</i>	<i>(G) Reported Limited to Primary</i>
7/1/02-03	\$100,000	\$65,087	\$65,087	\$0	\$0	\$65,087	\$65,087
7/1/03-04	\$100,000	\$433,514	\$433,514	\$76,217	\$76,217	\$357,297	\$357,297
7/1/04-05	\$100,000	\$1,097,512	\$1,097,512	\$479,175	\$479,175	\$618,336	\$618,336
7/1/05-06	\$100,000	\$450,928	\$450,928	\$0	\$0	\$450,928	\$450,928
7/1/06-07	\$100,000	\$549,344	\$549,344	\$14,139	\$14,139	\$535,205	\$535,205
7/1/07-08	\$100,000	\$759,907	\$759,907	\$0	\$0	\$759,907	\$759,907
7/1/08-09	\$100,000	\$1,465,586	\$1,465,586	\$42,241	\$42,241	\$1,423,346	\$1,423,346
7/1/09-10	\$100,000	\$686,998	\$706,085	\$0	\$0	\$686,998	\$706,085
7/1/10-11	\$100,000	\$882,016	\$882,016	\$38,683	\$38,683	\$843,333	\$843,333
7/1/11-12	\$100,000	\$936,510	\$999,909	\$0	\$0	\$936,510	\$999,909
7/1/12-13	\$100,000	\$661,103	\$661,103	\$35,786	\$35,786	\$625,317	\$625,317
7/1/13-14	\$100,000	\$703,536	\$731,921	\$30,707	\$30,707	\$672,829	\$701,213
7/1/14-15	\$100,000	\$566,206	\$985,400	\$0	\$38,900	\$566,206	\$946,500
7/1/15-16	\$100,000	\$316,287	\$683,201	\$0	\$37,000	\$316,287	\$646,201
<i>Total</i>		\$9,574,535	\$10,471,514	\$716,949	\$792,849	\$8,857,586	\$9,678,665

(A) and (B) - Exhibit I-A

(D) and (E) - Excess amounts from claims in Exhibit II, page 1

(F) = (B) - (D)

(G) = (C) - (E)

**Estimated Ultimate Losses Limited to OSIG Retentions
Using Loss Development Methods**

<i>Accident Period</i>	<i>(A) Reported Losses</i>	<i>(B) Reported on Large Losses</i>	<i>(C) Reported Develop. Factor</i>	<i>(D) Ultimate on Small Claims</i>	<i>(E) Provision for Large Claims</i>	<i>(F) Estimated Ultimate Losses</i>
7/1/02-03	\$65,087	\$0	1.000	\$65,087	\$0	\$65,000
7/1/03-04	\$433,514	\$176,217	1.000	\$257,297	\$100,000	\$357,000
7/1/04-05	\$1,097,512	\$679,175	1.000	\$418,337	\$200,000	\$618,000
7/1/05-06	\$450,928	\$0	1.000	\$450,929	\$0	\$451,000
7/1/06-07	\$549,344	\$114,139	1.000	\$435,209	\$100,000	\$535,000
7/1/07-08	\$759,907	\$0	1.000	\$759,926	\$0	\$760,000
7/1/08-09	\$1,465,586	\$342,241	1.000	\$1,123,433	\$300,000	\$1,423,000
7/1/09-10	\$706,085	\$0	1.000	\$706,257	\$0	\$706,000
7/1/10-11	\$882,016	\$238,683	1.001	\$643,831	\$200,000	\$844,000
7/1/11-12	\$999,909	\$0	1.003	\$1,002,411	\$0	\$1,002,000
7/1/12-13	\$661,103	\$135,786	1.008	\$529,622	\$100,124	\$630,000
7/1/13-14	\$731,921	\$130,707	1.027	\$617,584	\$100,192	\$718,000
7/1/14-15	\$985,400	\$138,900	1.092	\$924,225	\$100,369	\$1,025,000
Total	\$9,788,313	\$1,955,849		\$7,934,148	\$1,200,685	\$9,134,000

<i>Accident Period</i>	<i>(A) Paid Losses</i>	<i>(B) Paid on Large Losses</i>	<i>(C) Paid Develop. Factor</i>	<i>(D) Ultimate on Small Claims</i>	<i>(E) Provision for Large Claims</i>	<i>(F) Estimated Ultimate Losses</i>
7/1/02-03	\$65,087	\$0	1.000	\$65,088	\$0	\$65,000
7/1/03-04	\$433,514	\$176,217	1.000	\$257,300	\$100,000	\$357,000
7/1/04-05	\$1,097,512	\$679,175	1.000	\$418,349	\$200,000	\$618,000
7/1/05-06	\$450,928	\$0	1.000	\$450,962	\$0	\$451,000
7/1/06-07	\$549,344	\$114,139	1.000	\$435,286	\$100,000	\$535,000
7/1/07-08	\$759,907	\$0	1.000	\$760,269	\$0	\$760,000
7/1/08-09	\$1,465,586	\$342,241	1.001	\$1,124,733	\$300,000	\$1,425,000
7/1/09-10	\$686,998	\$0	1.003	\$689,239	\$0	\$689,000
7/1/10-11	\$882,016	\$238,683	1.009	\$648,980	\$200,000	\$849,000
7/1/11-12	\$936,510	\$0	1.024	\$959,064	\$0	\$959,000
7/1/12-13	\$661,103	\$135,786	1.067	\$560,736	\$100,124	\$661,000
7/1/13-14	\$703,536	\$130,707	1.193	\$683,263	\$100,192	\$783,000
7/1/14-15	\$566,206	\$7,174	1.563	\$874,021	\$100,369	\$974,000
Total	\$9,258,248	\$1,824,123		\$7,927,290	\$1,200,685	\$9,126,000

(A) - Exhibit I
 (B) - Exhibit II
 (C) - Appendix A
 (D) = [(A) - (B)] x (C)
 (E) = # large x SIR x ccdf
 (F) = (D) + (E)

Estimate Ultimate Losses based on Forecast

<i>Accident Period</i>	<i>(A) Exposure</i>	<i>(B) Detrended Loss Rate</i>	<i>(C) Forecast</i>
<i>7/1/15-16</i>	<i>9,517</i>	<i>\$124</i>	<i>\$1,183,000</i>
<i>7/1/16-17</i>	<i>9,518</i>	<i>\$127</i>	<i>\$1,210,000</i>

(A) - Exhibit I

(B) - From Forecast, detrended

(C) = (A) x (B)

**Estimated Ultimate Losses Limited to OSIG Retention
Using Bornhuetter-Ferguson Method**

Accident Period	(A) Prior Ultimate or Forecast	(B) Reported Develop. Factor	(C) Expected % Unreported	(D) Expected Unreported Losses	(E) Limited Reported Losses	(F) Estimated Ultimate Losses
7/1/02-03	\$65,087	1.000	0%	\$0	\$65,087	\$65,000
7/1/03-04	\$357,297	1.000	0%	\$0	\$357,297	\$357,000
7/1/04-05	\$618,336	1.000	0%	\$1	\$618,336	\$618,000
7/1/05-06	\$450,928	1.000	0%	\$1	\$450,928	\$451,000
7/1/06-07	\$535,205	1.000	0%	\$4	\$535,205	\$535,000
7/1/07-08	\$759,907	1.000	0%	\$19	\$759,907	\$760,000
7/1/08-09	\$1,423,346	1.000	0%	\$110	\$1,423,346	\$1,423,000
7/1/09-10	\$707,000	1.000	0%	\$172	\$706,085	\$706,000
7/1/10-11	\$846,000	1.001	0%	\$655	\$843,333	\$844,000
7/1/11-12	\$1,008,000	1.003	0%	\$2,516	\$999,909	\$1,002,000
7/1/12-13	\$638,000	1.008	1%	\$5,186	\$625,317	\$631,000
7/1/13-14	\$838,000	1.027	3%	\$22,214	\$701,213	\$723,000
7/1/14-15	\$1,086,000	1.092	8%	\$91,329	\$946,500	\$1,038,000
7/1/15-16	\$1,183,000	2.131	53%	\$627,797	\$646,201	\$1,274,000
Total	\$10,516,106			\$750,005	\$9,678,665	\$10,427,000

Accident Period	(A) Prior Ultimate or Forecast	(B) Paid Develop. Factor	(C) Expected % Unpaid	(D) Expected Unpaid Losses	(E) Limited Paid Losses	(F) Estimated Ultimate Losses
7/1/02-03	\$65,087	1.000	0%	\$0	\$65,087	\$65,000
7/1/03-04	\$357,297	1.000	0%	\$4	\$357,297	\$357,000
7/1/04-05	\$618,336	1.000	0%	\$19	\$618,336	\$618,000
7/1/05-06	\$450,928	1.000	0%	\$34	\$450,928	\$451,000
7/1/06-07	\$535,205	1.000	0%	\$100	\$535,205	\$535,000
7/1/07-08	\$759,907	1.000	0%	\$362	\$759,907	\$760,000
7/1/08-09	\$1,423,346	1.001	0%	\$1,756	\$1,423,346	\$1,425,000
7/1/09-10	\$707,000	1.003	0%	\$2,299	\$686,998	\$689,000
7/1/10-11	\$846,000	1.009	1%	\$7,361	\$843,333	\$851,000
7/1/11-12	\$1,008,000	1.024	2%	\$23,705	\$936,510	\$960,000
7/1/12-13	\$638,000	1.067	6%	\$40,300	\$625,317	\$666,000
7/1/13-14	\$838,000	1.193	16%	\$135,444	\$672,829	\$808,000
7/1/14-15	\$1,086,000	1.563	36%	\$391,384	\$566,206	\$958,000
7/1/15-16	\$1,183,000	4.009	75%	\$887,904	\$316,287	\$1,204,000
Total	\$10,516,106			\$1,490,673	\$8,857,586	\$10,347,000

- (A) - Exhibit VI, or IV for 15-16
- (B) - Appendix A
- (C) = 1 - 1/(B)
- (D) = (A) * (C)
- (E) - Exhibit I, limited to SIR
- (F) = (D) + (E)

Summary and Selection of Ultimate Limited Loss Estimates

<i>Accident Period</i>	<i>(A) Prior Ultimate or Forecast</i>	<i>(B) Reported Loss Development Method</i>	<i>(C) Paid Loss Development Method</i>	<i>(D) Expected Unreported Method</i>	<i>(E) Expected Unpaid Method</i>	<i>(F) Selected Ultimate Loss Estimate</i>
7/1/02-03	\$65,087	\$65,000	\$65,000	\$65,000	\$65,000	\$65,087
7/1/03-04	\$357,297	\$357,000	\$357,000	\$357,000	\$357,000	\$357,297
7/1/04-05	\$618,336	\$618,000	\$618,000	\$618,000	\$618,000	\$618,336
7/1/05-06	\$450,928	\$451,000	\$451,000	\$451,000	\$451,000	\$450,928
7/1/06-07	\$535,205	\$535,000	\$535,000	\$535,000	\$535,000	\$535,205
7/1/07-08	\$759,907	\$760,000	\$760,000	\$760,000	\$760,000	\$759,907
7/1/08-09	\$1,423,346	\$1,423,000	\$1,425,000	\$1,423,000	\$1,425,000	\$1,423,346
7/1/09-10	\$707,000	\$706,000	\$689,000	\$706,000	\$689,000	\$707,000
7/1/10-11	\$846,000	\$844,000	\$849,000	\$844,000	\$851,000	\$846,000
7/1/11-12	\$1,008,000	\$1,002,000	\$959,000	\$1,002,000	\$960,000	\$1,008,000
7/1/12-13	\$638,000	\$630,000	\$661,000	\$631,000	\$666,000	\$649,000
7/1/13-14	\$838,000	\$718,000	\$783,000	\$723,000	\$808,000	\$766,000
7/1/14-15	\$1,086,000	\$1,025,000	\$974,000	\$1,038,000	\$958,000	\$1,038,000
7/1/15-16	\$1,190,000			\$1,274,000	\$1,204,000	\$1,239,000
Total	\$10,523,106	\$9,134,000	\$9,126,000	\$10,427,000	\$10,347,000	\$10,463,106

(A) - From Previous Report as of 06/30/2015

(B) and (C) - Exhibit III

(D) and (E) - Exhibit V

(F) - Selected as Noted:

Limited Reported Losses for 02-03 through 08-09

(A) for 09-10 through 12-13

Average of (E) and (F) for 12-13, 13-14 and 15-16

(E) for 14-15

Average Ultimate Claim Sizes

	(A)	(B)	(C)	(D)	(E)	(F)	(G)
<i>Accident Period</i>	<i>Reported Claims</i>	<i>Reported Claim Development</i>	<i>Estimated Ultimate Claims</i>	<i>Estimated Ultimate Losses</i>	<i>Estimated Average Ultimate Claim</i>	<i>Exposure (Vehicles)</i>	<i>Loss Rate</i>
7/1/02-03	24	1.000	24.0	\$65,087	\$2,700		
7/1/03-04	81	1.000	81.0	\$357,297	\$4,400		
7/1/04-05	109	1.000	109.0	\$618,336	\$5,700	5,046	\$123
7/1/05-06	134	1.000	134.0	\$450,928	\$3,400	6,391	\$71
7/1/06-07	145	1.000	145.0	\$535,205	\$3,700	7,017	\$76
7/1/07-08	178	1.000	178.0	\$759,907	\$4,300	7,753	\$98
7/1/08-09	207	1.000	207.0	\$1,423,346	\$6,900	7,641	\$186
7/1/09-10	182	1.000	182.0	\$707,000	\$3,900	8,309	\$85
7/1/10-11	187	1.000	187.0	\$846,000	\$4,500	9,022	\$94
7/1/11-12	177	1.001	177.2	\$1,008,000	\$5,700	6,650	\$152
7/1/12-13	162	1.001	162.2	\$649,000	\$4,000	6,979	\$93
7/1/13-14	185	1.002	185.4	\$766,000	\$4,100	7,460	\$103
7/1/14-15	225	1.004	225.8	\$1,038,000	\$4,600	9,047	\$115
7/1/15-16	140	1.730	242.2	\$1,239,000	\$5,100	9,517	\$130
7/1/16-17			236.1	\$1,210,000	\$5,100	9,518	\$127
Total	2136		2,239.8	\$7,420,106	\$3,300	64,808	\$114

- 7/1/16-17 from forecast

- (A) - Exhibit I
- (B) - Appendix A
- (C) = (A) x (B)
- (D) = Exhibit VI
- (E) = (D) / (C)
- (F) - Exhibit I, provided by OSIG
- (G) = (D) / (F)

Estimated Outstanding Losses

<i>Accident Period</i>	<i>(A) Estimated Ultimate Losses</i>	<i>(B) Limited Paid Losses</i>	<i>(C) Limited Reported Losses</i>	<i>(D) Limited Case Reserves</i>	<i>(E) IBNR Losses</i>	<i>(F) Outstanding Losses</i>
As of January 31, 2016						
7/1/02-03	\$65,087	\$65,087	\$65,087	\$0	\$0	\$0
7/1/03-04	\$357,297	\$357,297	\$357,297	\$0	\$0	\$0
7/1/04-05	\$618,336	\$618,336	\$618,336	\$0	\$0	\$0
7/1/05-06	\$450,928	\$450,928	\$450,928	\$0	\$0	\$0
7/1/06-07	\$535,205	\$535,205	\$535,205	\$0	\$0	\$0
7/1/07-08	\$759,907	\$759,907	\$759,907	\$0	\$0	\$0
7/1/08-09	\$1,423,346	\$1,423,346	\$1,423,346	\$0	\$0	\$0
7/1/09-10	\$707,000	\$686,998	\$706,085	\$19,087	\$1,000	\$20,000
7/1/10-11	\$846,000	\$843,333	\$843,333	\$0	\$3,000	\$3,000
7/1/11-12	\$1,008,000	\$936,510	\$999,909	\$63,398	\$8,000	\$71,000
7/1/12-13	\$649,000	\$625,317	\$625,317	\$0	\$24,000	\$24,000
7/1/13-14	\$766,000	\$672,829	\$701,213	\$28,385	\$65,000	\$93,000
7/1/14-15	\$1,038,000	\$566,206	\$946,500	\$380,295	\$91,000	\$472,000
7/1/15-1/31/16	\$723,000	\$316,287	\$646,201	\$329,914	\$77,000	\$407,000
Total	\$9,947,000	\$8,857,586	\$9,678,665	\$821,079	\$269,000	\$1,090,000
2/1-6/30/16	\$516,000					
Projected as of June 30, 2016						
7/1/02-03	\$65,087	\$65,087	\$65,087	\$0	\$0	\$0
7/1/03-04	\$357,297	\$357,297	\$357,297	\$0	\$0	\$0
7/1/04-05	\$618,336	\$618,336	\$618,336	\$0	\$0	\$0
7/1/05-06	\$450,928	\$450,928	\$450,928	\$0	\$0	\$0
7/1/06-07	\$535,205	\$535,205	\$535,205	\$0	\$0	\$0
7/1/07-08	\$759,907	\$759,907	\$759,907	\$0	\$0	\$0
7/1/08-09	\$1,423,346	\$1,423,346	\$1,423,346	\$0	\$0	\$0
7/1/09-10	\$707,000	\$694,000	\$706,000	\$12,000	\$1,000	\$13,000
7/1/10-11	\$846,000	\$844,000	\$844,000	\$0	\$2,000	\$2,000
7/1/11-12	\$1,008,000	\$961,000	\$1,003,000	\$42,000	\$5,000	\$47,000
7/1/12-13	\$649,000	\$633,000	\$635,000	\$2,000	\$14,000	\$16,000
7/1/13-14	\$766,000	\$702,000	\$726,000	\$24,000	\$40,000	\$64,000
7/1/14-15	\$1,038,000	\$692,000	\$981,000	\$289,000	\$57,000	\$346,000
7/1/15-16	\$1,239,000	\$605,000	\$1,062,000	\$457,000	\$177,000	\$634,000
Total	\$10,463,000	\$9,341,106	\$10,167,106	\$826,000	\$296,000	\$1,122,000

Total Estimated IBNR as of June 30, 2016 \$296,000

(A) - Exhibit VI

(B) and (C) - Exhibit V as of 01/31/16

Projected as of 06/30/16 using LDFs

(D) = (C) - (B)

(E) = (A) - (C)

(F) = (A) - (B)

Comparison of Results with Previous Estimates as of 06/30/15

	(A) Actual Reported Losses 6/30/2015	(B) Expected Reported Losses 1/31/2016	(C) Actual Reported Losses 1/31/2016	(D) Percent Difference	(E) Expected Ultimate Losses 6/30/2015	(F) Actual Ultimate Losses 1/31/2016	(G) Percent Difference
7/1/02-03	\$65,087	\$65,087	\$65,087	0.0%	\$65,087	\$65,087	0.0%
7/1/03-04	\$357,297	\$357,297	\$357,297	0.0%	\$357,297	\$357,297	0.0%
7/1/04-05	\$618,336	\$618,336	\$618,336	0.0%	\$618,336	\$618,336	0.0%
7/1/05-06	\$450,928	\$450,928	\$450,928	0.0%	\$450,928	\$450,928	0.0%
7/1/06-07	\$535,205	\$535,205	\$535,205	0.0%	\$535,205	\$535,205	0.0%
7/1/07-08	\$759,907	\$759,907	\$759,907	0.0%	\$759,907	\$759,907	0.0%
7/1/08-09	\$1,423,346	\$1,423,346	\$1,423,346	0.0%	\$1,423,346	\$1,423,346	0.0%
7/1/09-10	\$706,085	\$706,534	\$706,085	-0.1%	\$707,000	\$707,000	0.0%
7/1/10-11	\$843,833	\$844,904	\$843,333	-0.2%	\$846,000	\$846,000	0.0%
7/1/11-12	\$1,002,546	\$1,005,258	\$999,909	-0.5%	\$1,008,000	\$1,008,000	0.0%
7/1/12-13	\$627,164	\$632,568	\$625,317	-1.1%	\$638,000	\$649,000	1.7%
7/1/13-14	\$706,914	\$771,611	\$701,213	-9.1%	\$838,000	\$766,000	-8.6%
7/1/14-15	\$909,436	\$992,121	\$946,500	-4.6%	\$1,086,000	\$1,038,000	-4.4%
7/1/15-16		\$558,489	\$646,201	15.7%	\$1,190,000	\$1,239,000	4.1%
Total	\$9,006,085	\$9,721,591	\$9,678,665	-0.4%	\$10,523,106	\$10,463,106	-0.6%

	(A) Actual Paid Losses 6/30/2015	(B) Expected Paid Losses 1/31/2016	(C) Actual Paid Losses 1/31/2016	(D) Percent Difference	(E) Expected Ultimate Losses 6/30/2015	(F) Actual Ultimate Losses 1/31/2016	(G) Percent Difference
7/1/02-03	\$65,087	\$65,087	\$65,087	0.0%	\$65,087	\$65,087	0.0%
7/1/03-04	\$357,297	\$357,297	\$357,297	0.0%	\$357,297	\$357,297	0.0%
7/1/04-05	\$618,336	\$618,336	\$618,336	0.0%	\$618,336	\$618,336	0.0%
7/1/05-06	\$450,928	\$450,928	\$450,928	0.0%	\$450,928	\$450,928	0.0%
7/1/06-07	\$535,205	\$535,205	\$535,205	0.0%	\$535,205	\$535,205	0.0%
7/1/07-08	\$759,907	\$759,907	\$759,907	0.0%	\$759,907	\$759,907	0.0%
7/1/08-09	\$1,423,346	\$1,423,346	\$1,423,346	0.0%	\$1,423,346	\$1,423,346	0.0%
7/1/09-10	\$686,578	\$694,325	\$686,998	-1.1%	\$707,000	\$707,000	0.0%
7/1/10-11	\$843,833	\$844,675	\$843,333	-0.2%	\$846,000	\$846,000	0.0%
7/1/11-12	\$935,985	\$964,349	\$936,510	-2.9%	\$1,008,000	\$1,008,000	0.0%
7/1/12-13	\$627,164	\$631,373	\$625,317	-1.0%	\$638,000	\$649,000	1.7%
7/1/13-14	\$657,301	\$721,939	\$672,829	-6.8%	\$838,000	\$766,000	-8.6%
7/1/14-15	\$489,849	\$658,886	\$566,206	-14.1%	\$1,086,000	\$1,038,000	-4.4%
7/1/15-16		\$293,892	\$316,287	7.6%	\$1,190,000	\$1,239,000	4.1%
Total	\$8,450,816	\$9,019,544	\$8,857,586	-1.8%	\$10,523,106	\$10,463,106	-0.6%

(A) and (E) - From Previous actuarial report as of 06/30/2015
 (B) - Derived from (E) and (A) using loss development patterns
 (C) - Exhibit I, limited to retention
 (D) = [(C) / (B)] - 1
 (F) - Exhibit VI
 (G) = [(F) / (E)] - 1

Comparison of Results with Previous Estimates as of 01/31/15

	(A) Actual Reported Losses 1/31/2015	(B) Expected Reported Losses 1/31/2016	(C) Actual Reported Losses 1/31/2016	(D) Percent Difference	(E) Expected Ultimate Losses 1/31/2015	(F) Actual Ultimate Losses 1/31/2016	(G) Percent Difference
7/1/02-03	\$65,087	\$65,087	\$65,087	0.0%	\$65,087	\$65,087	0.0%
7/1/03-04	\$357,297	\$357,297	\$357,297	0.0%	\$357,297	\$357,297	0.0%
7/1/04-05	\$618,336	\$618,336	\$618,336	0.0%	\$618,336	\$618,336	0.0%
7/1/05-06	\$450,928	\$450,928	\$450,928	0.0%	\$450,928	\$450,928	0.0%
7/1/06-07	\$535,205	\$535,205	\$535,205	0.0%	\$535,205	\$535,205	0.0%
7/1/07-08	\$759,907	\$759,907	\$759,907	0.0%	\$759,907	\$759,907	0.0%
7/1/08-09	\$1,423,346	\$1,423,792	\$1,423,346	0.0%	\$1,424,000	\$1,423,346	0.0%
7/1/09-10	\$706,085	\$706,713	\$706,085	-0.1%	\$707,000	\$707,000	0.0%
7/1/10-11	\$843,833	\$845,328	\$843,333	-0.2%	\$846,000	\$846,000	0.0%
7/1/11-12	\$994,546	\$1,000,404	\$999,909	0.0%	\$1,003,000	\$1,008,000	0.5%
7/1/12-13	\$627,164	\$646,464	\$625,317	-3.3%	\$655,000	\$649,000	-0.9%
7/1/13-14	\$742,063	\$871,445	\$701,213	-19.5%	\$931,000	\$766,000	-17.7%
7/1/14-15	\$434,282	\$946,537	\$946,500	0.0%	\$1,043,000	\$1,038,000	-0.5%
7/1/15-16		\$549,102	\$646,201	17.7%	\$1,170,000	\$1,239,000	5.9%
Total	\$8,558,080	\$9,776,545	\$9,678,665	-1.0%	\$10,565,761	\$10,463,106	-1.0%

	(A) Actual Paid Losses 1/31/2015	(B) Expected Paid Losses 1/31/2016	(C) Actual Paid Losses 1/31/2016	(D) Percent Difference	(E) Expected Ultimate Losses 1/31/2015	(F) Actual Ultimate Losses 1/31/2016	(G) Percent Difference
7/1/02-03	\$65,087	\$65,087	\$65,087	0.0%	\$65,087	\$65,087	0.0%
7/1/03-04	\$357,297	\$357,297	\$357,297	0.0%	\$357,297	\$357,297	0.0%
7/1/04-05	\$618,336	\$618,336	\$618,336	0.0%	\$618,336	\$618,336	0.0%
7/1/05-06	\$450,928	\$450,928	\$450,928	0.0%	\$450,928	\$450,928	0.0%
7/1/06-07	\$535,205	\$535,205	\$535,205	0.0%	\$535,205	\$535,205	0.0%
7/1/07-08	\$759,907	\$759,907	\$759,907	0.0%	\$759,907	\$759,907	0.0%
7/1/08-09	\$1,402,095	\$1,414,111	\$1,423,346	0.7%	\$1,424,000	\$1,423,346	0.0%
7/1/09-10	\$686,333	\$697,928	\$686,998	-1.6%	\$707,000	\$707,000	0.0%
7/1/10-11	\$843,833	\$845,071	\$843,333	-0.2%	\$846,000	\$846,000	0.0%
7/1/11-12	\$882,388	\$951,835	\$936,510	-1.6%	\$1,003,000	\$1,008,000	0.5%
7/1/12-13	\$534,888	\$602,648	\$625,317	3.8%	\$655,000	\$649,000	-0.9%
7/1/13-14	\$629,463	\$785,046	\$672,829	-14.3%	\$931,000	\$766,000	-17.7%
7/1/14-15	\$227,274	\$637,690	\$566,206	-11.2%	\$1,043,000	\$1,038,000	-0.5%
7/1/15-16		\$288,953	\$316,287	9.5%	\$1,170,000	\$1,239,000	5.9%
Total	\$7,993,034	\$9,010,043	\$8,857,586	-1.7%	\$10,565,761	\$10,463,106	-1.0%

(A) and (E) - From Previous actuarial report as of 01/31/2015
 (B) - Derived from (E) and (A) using loss development patterns
 (C) - Exhibit I, limited to retention
 (D) = [(C) / (B)] - 1
 (F) - Exhibit VI
 (G) = [(F) / (E)] - 1

**Estimation of Cumulative Reported Loss Development Factors
 Using "The Method of Least Squares"**

Curve : $Y = A(1/(X+C))^B + 1$ (Modified Inverse Power Curve)

Months of Maturity X	Cumulative Factors Y*	Transformed Values for Regression					Fitted Values	
		X' LN(1/(X+C))	Y' LN(Y-1)	(X')^2	(Y')^2	X' x Y'	X	Cumulative Factor Y
12	1.172	-6.8690	-1.7580	47.183	3.0907	12.0760	163	1.000
24	1.066	-6.8814	-2.7211	47.354	7.4044	18.7250	151	1.000
36	1.015	-6.8937	-4.1964	47.522	17.6096	28.9284	139	1.000
48	1.005	-6.9058	-5.2983	47.689	28.0722	36.5889	127	1.000
							115	1.000
							103	1.000
							91	1.000
							79	1.000
							67	1.001
							55	1.003
							43	1.008
							31	1.027
Sum		-27.5498	-13.9738	189.7491	56.1768	96.3182	19	1.092
Average		-6.8875	-3.4935	47.4373	14.0442	24.0796	7	2.131

N =	4		
A =	7.685E+293		
B =	98.758	R^2 =	0.99370
C =	950		

* - Appendix A4

**Estimation of Cumulative Paid Loss Development Factors
Using "The Method of Least Squares"**

Curve : $Y = A(1/(X+C))^B + 1$ (Modified Inverse Power Curve)

Months of Maturity X	Cumulative Factors Y*	Transformed Values for Regression					Fitted Values	
		X' LN(1/(X+C))	Y' LN(Y-1)	(X')^2	(Y')^2	X' x Y'	X	Cumulative Factor Y
12	2.070	-6.3315	0.0676	40.088	0.0046	-0.4278	163	1.000
24	1.365	-6.3526	-1.0072	40.356	1.0145	6.3986	151	1.000
36	1.114	-6.3733	-2.1686	40.619	4.7028	13.8211	139	1.000
48	1.048	-6.3936	-3.0326	40.878	9.1967	19.3892	127	1.000
60	1.015	-6.4135	-4.1839	41.132	17.5049	26.8332	115	1.000
							103	1.000
							91	1.001
							79	1.003
							67	1.009
							55	1.024
							43	1.067
							31	1.193
Sum		-31.8645	-10.3247	203.0735	32.4234	66.0143	19	1.563
Average		-6.3729	-2.0649	40.6147	6.4847	13.2029	7	4.009

N =	5	
A =	2.147E+141	
B =	51.388	R^2 = 0.998436
C =	550	

* - Appendix A5

**Estimation of Cumulative Reported Claim Development Factors
Using "The Method of Least Squares"**

Curve : $Y = A(1/(X+C))^B + 1$ (Modified Inverse Power Curve)

Months of Maturity X	Cumulative Factors Y*	Transformed Values for Regression					Fitted Values	
		X' LN(1/(X+C))	Y' LN(Y-1)	(X')^2	(Y')^2	X' x Y'	X	Cumulative Factor Y
12	1.007	-2.4849	-4.9895	6.175	24.8956	12.3986	163	1.000
24	1.003	-3.1781	-5.9142	10.100	34.9775	18.7956	151	1.000
							139	1.000
							127	1.000
							115	1.000
							103	1.000
							91	1.000
							79	1.000
							67	1.000
							55	1.001
							43	1.001
							31	1.002
Sum		-5.6630	-10.9037	16.2748	59.8731	31.1941	19	1.004
Average		-2.8315	-5.4519	8.1374	29.9366	15.5971	7	1.730

N =	2		
A =	1.873E-01		
B =	1.334	R^2 =	1.00000
C =	0		

* - Appendix A6

Analysis of Reported Loss Development
Total Loss and ALAE Net of Member Deductibles

Year	Reported Losses and ALAE as of (months):									
	12	24	36	48	60	72	84	96	108	120
7/1/03-04	\$226,308	\$295,543	\$461,220	\$433,514	\$433,514	\$433,514	\$433,514	\$433,514	\$433,514	\$433,514
7/1/04-05	\$1,047,750	\$1,095,895	\$1,133,243	\$1,145,262	\$1,145,262	\$1,145,262	\$1,097,512	\$1,097,512	\$1,097,512	\$1,097,512
7/1/05-06	\$456,117	\$547,145	\$662,524	\$632,070	\$450,928	\$450,928	\$450,928	\$450,928	\$450,928	\$450,928
7/1/06-07	\$890,604	\$608,898	\$583,493	\$524,344	\$549,344	\$549,344	\$549,344	\$549,344	\$549,344	\$549,344
7/1/07-08	\$847,622	\$783,605	\$855,237	\$856,228	\$856,441	\$759,907	\$759,907	\$759,907		
7/1/08-09	\$1,417,952	\$1,726,246	\$1,741,617	\$1,664,608	\$1,594,733	\$1,576,121	\$1,465,586			
7/1/09-10	\$941,486	\$765,020	\$725,671	\$725,680	\$701,085	\$706,085				
7/1/10-11	\$942,102	\$880,763	\$858,871	\$882,516	\$882,516					
7/1/11-12	\$987,456	\$965,945	\$1,000,368	\$1,002,546						
7/1/12-13	\$777,945	\$702,440	\$663,518							
7/1/13-14	\$878,884	\$737,621								
7/1/14-15	\$909,436									

Year	Age-to-Age Factors									
	12:24	24:36	36:48	48:60	60:72	72:84	84:96	96:108	108:120	120:ult
7/1/03-04	1.306	1.561	0.940	1.000	1.000	1.000	1.000	1.000	1.000	1.000
7/1/04-05	1.046	1.034	1.011	1.000	1.000	0.958	1.000	1.000	1.000	1.000
7/1/05-06	1.200	1.211	0.954	0.713	1.000	1.000	1.000	1.000	1.000	1.000
7/1/06-07	0.684	0.958	0.899	1.048	1.000	1.000	1.000	1.000	1.000	1.000
7/1/07-08	0.924	1.091	1.001	1.000	0.887	1.000	1.000	1.000	1.000	1.000
7/1/08-09	1.217	1.009	0.956	0.958	0.988	0.930				
7/1/09-10	0.813	0.949	1.000	0.966	1.007					
7/1/10-11	0.935	0.975	1.028	1.000						
7/1/11-12	0.978	1.036	1.002							
7/1/12-13	0.903	0.945								
7/1/13-14	0.839									
Average	0.986	1.077	0.977	0.961	0.983	0.981	1.000	1.000	1.000	1.000
Wtd. Avg.	0.968	1.038	0.981	0.964	0.981	0.968	1.000	1.000	1.000	1.000
Industry	1.486	1.139	1.050	1.021	1.010	1.005	1.003	1.002	1.001	1.003
OK Benchmark	1.383	1.104	1.031	1.010	1.000	1.000	1.000	1.000	1.000	1.000
Prior	1.100	1.050	1.010	1.005	1.000	1.000	1.000	1.000	1.000	1.000
	12	24	36	48	60	72	84	96	108	120
Selected	1.100	1.050	1.010	1.005	1.000	1.000	1.000	1.000	1.000	1.000
Cumulative	1.172	1.066	1.015	1.005	1.000	1.000	1.000	1.000	1.000	1.000

Analysis of Paid Loss Development
Total Loss and ALAE Net of Member Deductibles

Year	Paid Losses and ALAE as of (months):									
	12	24	36	48	60	72	84	96	108	120
7/1/03-04	\$148,398	\$224,966	\$355,580	\$433,514	\$433,514	\$433,514	\$433,514	\$433,514	\$433,514	\$433,514
7/1/04-05	\$373,545	\$848,811	\$1,035,459	\$1,095,262	\$1,095,262	\$1,097,512	\$1,097,512	\$1,097,512	\$1,097,512	\$1,097,512
7/1/05-06	\$245,922	\$315,713	\$386,966	\$415,031	\$450,928	\$450,928	\$450,928	\$450,928	\$450,928	\$450,928
7/1/06-07	\$306,414	\$364,626	\$488,241	\$524,344	\$549,344	\$549,344	\$549,344	\$549,344	\$549,344	\$549,344
7/1/07-08	\$382,647	\$542,781	\$699,055	\$711,020	\$726,360	\$759,907	\$759,907	\$759,907		
7/1/08-09	\$527,674	\$1,042,468	\$1,233,445	\$1,312,558	\$1,427,617	\$1,439,750	\$1,465,586			
7/1/09-10	\$454,322	\$567,769	\$662,046	\$677,216	\$682,330	\$686,578				
7/1/10-11	\$398,166	\$711,060	\$836,794	\$882,516	\$882,516					
7/1/11-12	\$636,923	\$793,177	\$875,075	\$935,985						
7/1/12-13	\$384,700	\$492,970	\$661,008							
7/1/13-14	\$489,337	\$688,008								
7/1/14-15	\$489,849									

Year	Age-to-Age Factors									
	12:24	24:36	36:48	48:60	60:72	72:84	84:96	96:108	108:120	120:ult
7/1/03-04	1.516	1.581	1.219	1.000	1.000	1.000	1.000	1.000	1.000	
7/1/04-05	2.272	1.220	1.058	1.000	1.002	1.000	1.000	1.000	1.000	
7/1/05-06	1.284	1.226	1.073	1.086	1.000	1.000	1.000	1.000	1.000	
7/1/06-07	1.190	1.339	1.074	1.048	1.000	1.000	1.000	1.000	1.000	
7/1/07-08	1.418	1.288	1.017	1.022	1.046	1.000	1.000			
7/1/08-09	1.976	1.183	1.064	1.088	1.008	1.018				
7/1/09-10	1.250	1.166	1.023	1.008	1.006					
7/1/10-11	1.786	1.177	1.055	1.000						
7/1/11-12	1.245	1.103	1.070							
7/1/12-13	1.281	1.341								
7/1/13-14	1.406									

Average	1.511	1.262	1.072	1.031	1.009	1.003	1.000	1.000	1.000	
Wtd. Avg.	1.516	1.225	1.063	1.032	1.010	1.005	1.000	1.000	1.000	
Industry	2.144	1.496	1.211	1.094	1.044	1.022	1.012	1.007	1.004	1.007
OK benchmark	1.781	1.360	1.060	1.040	1.018	1.004	1.000	1.000	1.000	1.000
Prior	1.522	1.215	1.073	1.040	1.018	1.005	1.000	1.000	1.000	1.000
	12	24	36	48	60	72	84	96	108	120
Selected	1.516	1.225	1.063	1.032	1.010	1.005	1.000	1.000	1.000	1.000
Cumulative	2.070	1.365	1.114	1.048	1.015	1.005	1.000	1.000	1.000	1.000

Analysis of Reported Occurrences

Year	Reported Claims as of (months):									
	12	24	36	48	60	72	84	96	108	120
7/1/03-04			81	81	81	81	81	81	81	81
7/1/04-05		108	109	109	109	109	109	109	109	109
7/1/05-06	133	134	135	134	134	134	134	134	134	134
7/1/06-07	142	143	145	145	145	145	145	145	145	145
7/1/07-08	172	178	178	178	178	178	178	178	178	178
7/1/08-09	205	207	207	207	207	207	207	207	207	207
7/1/09-10	183	182	182	182	182	182	182	182	182	182
7/1/10-11	182	187	188	188	188	188	188	188	188	188
7/1/11-12	177	178	177	177	177	177	177	177	177	177
7/1/12-13	163	164	164	164	164	164	164	164	164	164
7/1/13-14	196	185	185	185	185	185	185	185	185	185
7/1/14-15	228	228	228	228	228	228	228	228	228	228

Year	Age-to-Age Factors									
	12:24	24:36	36:48	48:60	60:72	72:84	84:96	96:108	108:120	120:ult
7/1/03-04			1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
7/1/04-05		1.009	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
7/1/05-06	1.008	1.007	0.993	1.000	1.000	1.000	1.000	1.000	1.000	1.000
7/1/06-07	1.007	1.014	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
7/1/07-08	1.035	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
7/1/08-09	1.010	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
7/1/09-10	0.995	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
7/1/10-11	1.027	1.005	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
7/1/11-12	1.006	0.994	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
7/1/12-13	1.006	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
7/1/13-14	0.944	0.944	0.944	0.944	0.944	0.944	0.944	0.944	0.944	0.944
Average	1.004	1.003	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Wtd. Avg.	1.003	1.003	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000
OK benchmark	1.128	1.005	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Prior	1.012	1.003	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Selected	1.004	1.003	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Cumulative	1.007	1.003	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

**Derivation of Lognormal Parameters
Based on Reported Loss Development**

Year	Natural Logarithm of Age to Age Factors									
	12:24	24:36	36:48	48:60	60:72	72:84	84:96	96:108	108:120	120:ult
7/1/03-04	0.267	0.445	-0.062	0.000	0.000	0.000	0.000	0.000	0.000	0.000
7/1/04-05	0.045	0.034	0.011	0.000	0.000	-0.043	0.000	0.000	0.000	0.000
7/1/05-06	0.182	0.191	-0.047	0.000	0.000	0.000	0.000	0.000	0.000	0.000
7/1/06-07		-0.043	-0.107	0.047	0.000	0.000	0.000	0.000		
7/1/07-08	-0.079	0.087	0.001	0.000		0.000	0.000			
7/1/08-09	0.197	0.009	-0.045	-0.043	-0.012	-0.073				
7/1/09-10	-0.208	-0.053	0.000	-0.034	0.007					
7/1/10-11	-0.067	-0.025	0.027	0.000						
7/1/11-12	-0.022	0.035	0.002							
7/1/12-13	-0.102	-0.057								
7/1/13-14	-0.175									
	<u>12</u>	<u>24</u>	<u>36</u>	<u>48</u>	<u>60</u>	<u>72</u>	<u>84</u>	<u>96</u>	<u>108</u>	
Variance	0.027	0.024	0.002	0.001	0.000	0.001	0.000	0.000	0.000	0.000
Cum. Variance	0.054	0.028	0.004	0.002	0.001	0.001	0.000	0.000	0.000	0.000
SD	0.233	0.166	0.061	0.043	0.032	0.031	0.000	0.000	0.000	0.000

General Liability Exhibits

The “Analysis” section of this report presents a discussion of the following exhibits:

Exhibit I	Summary of Experience
Exhibit II	Large Claim Listing
Exhibit III	Loss Development Methods
Exhibit IV	Forecast for Current Year
Exhibit V	Bornhuetter-Ferguson Methods
Exhibit VI	Summary and Selection of Ultimate Losses
Exhibit VII	Average Claim Size
Exhibit VIII	Outstanding Losses as of 1/31/2016 and Projected as of 6/30/2016
Appendix A	Loss Development Factors and Triangles

Summary of Loss Data as of January 31, 2016
Total Experience Net of Member Deductibles

(A) Accident Period	(B) Evaluation Date	(C) Maturity (months)	(D) Total Claims	(D) Open Claims	(E) Loss and Expense Payments	(F) Loss and Expense Reserves	(G) Loss and Expense Incurred	(H) Students
7/1/02-03	1/31/2016	163	28	0	\$168,909	\$0	\$168,909	
7/1/03-04	1/31/2016	151	88	0	\$848,061	\$0	\$848,061	
7/1/04-05	1/31/2016	139	115	0	\$525,685	\$0	\$525,685	198,498
7/1/05-06	1/31/2016	127	136	0	\$1,330,178	\$0	\$1,330,178	249,419
7/1/06-07	1/31/2016	115	132	0	\$1,351,835	\$0	\$1,351,835	267,684
7/1/07-08	1/31/2016	103	163	0	\$1,501,995	\$0	\$1,501,995	308,999
7/1/08-09	1/31/2016	91	155	1	\$2,172,804	\$22,597	\$2,195,400	313,473
7/1/09-10	1/31/2016	79	144	1	\$1,503,479	\$20,719	\$1,524,198	314,947
7/1/10-11	1/31/2016	67	110	2	\$2,379,856	\$76,401	\$2,456,257	346,136
7/1/11-12	1/31/2016	55	87	6	\$3,513,995	\$403,933	\$3,917,928	272,584
7/1/12-13	1/31/2016	43	109	12	\$730,005	\$575,580	\$1,305,585	282,168
7/1/13-14	1/31/2016	31	86	10	\$450,674	\$546,173	\$996,847	318,604
7/1/14-15	1/31/2016	19	118	48	\$420,303	\$1,318,691	\$1,738,995	373,449
7/1/15-16	1/31/2016	7	62	43	\$103,830	\$735,856	\$839,686	376,559
7/1/16-17								376,577
			1,533	123	\$17,001,608	\$3,699,949	\$20,701,557	3,999,097

- Loss and policy information provided by Jennifer McKenzie, Arthur J. Gallagher
- Claims are grouped by occurrence, exclude claims with \$0 incurred
- Losses are net of member deductibles

Summary of Large Claim Information

Occurrence #	School	Loss Date	Status	Net Paid	Net Incurred	SIR	Excess Recoveries	Excess Paid	Excess Reported	Severity Factor	Ultimate Net
00286	BOISE CITY ISD	5/3/2004	Closed	\$107,737	\$107,737	\$100,000	\$7,787	\$7,787	\$7,787	1.000	\$107,738
00709	HARDESTY PUBLIC SCHOOLS	9/1/2004	Closed	\$136,712	\$136,712	\$100,000	\$36,712	\$36,712	\$36,712	1.000	\$136,715
00919	MANNFORD PUBLIC SCHOOLS	10/31/2005	Closed	\$139,329	\$139,329	\$100,000	\$39,329	\$39,329	\$39,329	1.000	\$139,335
00951	GORE INDEPENDENT SCHOOL DIST.#6	1/9/2006	Closed	\$137,400	\$137,400	\$100,000	\$37,400	\$37,400	\$37,400	1.000	\$137,406
01194	OOLOGAH TALALA ISD	7/7/2006	Closed	\$104,657	\$104,657	\$100,000	\$4,657	\$4,657	\$4,657	1.000	\$104,668
01213	POCOLA PUBLIC SCHOOLS	7/26/2006	Closed	\$113,021	\$113,021	\$100,000	\$13,021	\$13,021	\$13,021	1.000	\$113,034
02076	DEER CREEK ISD	4/6/2007	Closed	\$470,603	\$470,603	\$100,000	\$370,603	\$370,603	\$370,603	1.000	\$470,655
01955	MIDWAY PUBLIC SCHOOLS	5/15/2007	Closed	\$110,316	\$110,316	\$100,000	\$10,316	\$10,316	\$10,316	1.000	\$110,329
02387	KIAMICHI TECHNOLOGY CENTER	7/31/2007	Closed	\$102,095	\$102,095	\$100,000	\$2,095	\$2,095	\$2,095	1.000	\$102,123
02047	POTEAU ISD	10/19/2007	Closed	\$109,798	\$109,798	\$100,000	\$9,798	\$9,798	\$9,798	1.000	\$109,828
01968	GUTHRIE PUBLIC SCHOOLS	11/2/2007	Closed	\$121,452	\$121,452	\$100,000	\$26,452	\$26,452	\$26,452	1.000	\$121,485
02250	BLANCHARD PUBLIC SCHOOLS	4/25/2008	Closed	\$131,036	\$131,036	\$100,000	\$31,036	\$31,036	\$31,036	1.000	\$131,072
02595	BYNG SCHOOL DISTRICT I-16	10/20/2008	Open	\$1,075,745	\$1,098,342	\$100,000	\$0	\$975,745	\$998,342	1.001	\$1,099,095
02711	SHAWNEE PUBLIC SCHOOL	1/13/2009	Closed	\$124,447	\$124,447	\$100,000	\$24,447	\$24,447	\$24,447	1.001	\$124,533
03297	BIXBY PUBLIC SCHOOL	5/28/2009	Closed	\$113,070	\$113,070	\$100,000	\$13,070	\$13,070	\$13,070	1.001	\$113,148
03267	INDIANOLA ISD #25	11/4/2009	Closed	\$107,144	\$107,144	\$100,000	\$7,144	\$7,144	\$7,144	1.002	\$107,329
03567	OOLOGAH TALALA ISD	2/18/2010	Closed	\$117,345	\$117,345	\$100,000	\$19,845	\$19,845	\$19,845	1.002	\$117,548
90906	MOUNDS PUBLIC SCHOOLS	5/10/2010	Closed	\$304,711	\$304,711	\$100,000	\$204,711	\$204,711	\$204,711	1.002	\$305,237
90236	ARDMORE ISD #19	10/25/2010	Closed	\$290,942	\$290,942	\$100,000	\$190,942	\$190,942	\$190,942	1.004	\$292,219
90838	TAHLEQUAH PUBLIC SCHOOL	6/30/2011	Closed	\$280,047	\$280,047	\$100,000	\$180,047	\$180,047	\$180,047	1.004	\$281,277
90297	LAWTON BOARD OF EDUCATION ISD#8	12/6/2010	Closed	\$157,221	\$157,221	\$100,000	\$62,221	\$62,221	\$62,221	1.004	\$157,911
90708	CHOUTEAU MAZIE SCHOOL DISTRICT	3/22/2011	Closed	\$141,522	\$141,522	\$100,000	\$41,522	\$41,522	\$41,522	1.004	\$142,143
90118	JAY PUBLIC SCHOOLS	9/1/2010	Closed	\$136,645	\$136,645	\$100,000	\$36,645	\$36,645	\$36,645	1.004	\$137,245
90205	HOMINY BOARD OF EDUCATION	10/14/2010	Closed	\$123,444	\$123,444	\$100,000	\$23,444	\$23,444	\$23,444	1.004	\$123,986
90519	VERDIGRIS ISD #8	3/11/2011	Closed	\$122,502	\$122,502	\$100,000	\$22,502	\$22,502	\$22,502	1.004	\$123,040
90084	PUTNAM CITY ISD	8/22/2010	Closed	\$115,615	\$115,615	\$100,000	\$15,615	\$15,615	\$15,615	1.004	\$116,123
90054	CANTON ISD	7/29/2010	Closed	\$114,574	\$114,574	\$100,000	\$17,074	\$17,074	\$17,074	1.004	\$115,078
90313	BOSWELL PUBLIC SCHOOL	12/14/2010	Closed	\$104,163	\$104,163	\$100,000	\$6,663	\$6,663	\$6,663	1.004	\$104,621
91040	MCLLOUD ISD	11/11/2011	Open	\$1,710,730	\$1,830,000	\$100,000	\$0	\$1,610,730	\$1,730,000	1.011	\$1,850,576
91388	NOWATA ISD	10/25/2011	Closed	\$443,010	\$443,010	\$100,000	\$343,010	\$343,010	\$343,010	1.011	\$447,992
91564	LAWTON BOARD OF EDUCATION ISD#8	5/28/2012	Open	\$120,527	\$272,000	\$100,000	\$0	\$20,527	\$172,000	1.011	\$275,058
91405	FAIRLAND ISD	4/20/2012	Closed	\$263,443	\$263,443	\$100,000	\$163,443	\$163,443	\$163,443	1.011	\$266,405
91014	PADEN PUBLIC SCHOOL	10/13/2011	Closed	\$153,190	\$153,190	\$100,000	\$53,190	\$53,190	\$53,190	1.011	\$154,913
91394	ALTUS ISD	9/1/2011	Closed	\$149,418	\$149,418	\$100,000	\$49,418	\$49,418	\$49,418	1.011	\$151,098
91445	CHOUTEAU MAZIE SCHOOL DISTRICT	8/29/2012	Open	\$194,257	\$405,000	\$100,000	\$0	\$94,257	\$305,000	1.029	\$416,718
91791	LUTHER PUBLIC SCHOOLS	10/25/2012	Open	\$30,933	\$105,000	\$100,000	\$0	\$0	\$5,000	1.029	\$108,038
92222	SPIRO PUBLIC SCHOOLS	12/23/2013	Open	\$63,318	\$130,000	\$100,000	\$0	\$0	\$30,000	1.074	\$139,636
92503	NEWCASTLE SCHOOL DISTRICT	8/12/2013	Open	\$33,743	\$107,000	\$100,000	\$0	\$0	\$7,000	1.074	\$114,931
92867	HOLLIS ISD	4/4/2014	Open	\$11,503	\$102,000	\$100,000	\$0	\$0	\$2,000	1.074	\$109,560
92382	BROKEN ARROW PUBLIC SCHOOLS	1/29/2014	Closed	\$100,352	\$100,352	\$100,000	\$352	\$352	\$352	1.074	\$107,790
92999	SAPULPA ISD	3/2/2015	Open	\$16,314	\$127,000	\$100,000	\$0	\$0	\$27,000	1.182	\$150,104
P625-15-93000	KIAMICHI TECHNOLOGY CENTER	3/11/2015	Open	\$33,087	\$90,000	\$100,000	\$0	\$0	\$0	1.182	\$106,373
P625-15-92909	BLACKWELL ISD #45	1/26/2015	Open	\$18,195	\$88,319	\$100,000	\$0	\$0	\$0	1.182	\$104,385
93470	WOODWARD PUBLIC SCHOOL	10/2/2015	Open	\$0	\$127,000	\$100,000	\$0	\$0	\$27,000	1.321	\$167,799
				\$8,555,314	\$9,728,622		\$2,064,512	\$4,765,771	\$5,367,854		

- Loss and policy information provided by Jennifer McKenzie, Arthur J. Gallagher

Excess paid and incurred losses for closed claims are equal to the excess recoveries, or amounts over SIR if no recovery yet
Excess paid and incurred losses for open claims are amounts in excess of SIR regardless of recoveries.

Calculation of Limited Losses

<i>Policy Period</i>	<i>(A) Retention</i>	<i>(B) Unlimited Paid Losses</i>	<i>(C) Unlimited Reported Losses</i>	<i>(D) Paid Excess of Primary</i>	<i>(E) Reported Excess of Primary</i>	<i>(F) Paid Limited to Primary</i>	<i>(G) Reported Limited to Primary</i>
7/1/02-03	\$100,000	\$168,909	\$168,909	\$0	\$0	\$168,909	\$168,909
7/1/03-04	\$100,000	\$848,061	\$848,061	\$7,787	\$7,787	\$840,274	\$840,274
7/1/04-05	\$100,000	\$525,685	\$525,685	\$36,712	\$36,712	\$488,972	\$488,972
7/1/05-06	\$100,000	\$1,330,178	\$1,330,178	\$76,729	\$76,729	\$1,253,449	\$1,253,449
7/1/06-07	\$100,000	\$1,351,835	\$1,351,835	\$398,598	\$398,598	\$953,237	\$953,237
7/1/07-08	\$100,000	\$1,501,995	\$1,501,995	\$69,380	\$69,380	\$1,432,614	\$1,432,614
7/1/08-09	\$100,000	\$2,172,804	\$2,195,400	\$1,013,263	\$1,035,859	\$1,159,541	\$1,159,541
7/1/09-10	\$100,000	\$1,503,479	\$1,524,198	\$231,700	\$231,700	\$1,271,779	\$1,292,498
7/1/10-11	\$100,000	\$2,379,856	\$2,456,257	\$596,676	\$596,676	\$1,783,180	\$1,859,581
7/1/11-12	\$100,000	\$3,513,995	\$3,917,928	\$2,240,318	\$2,511,061	\$1,273,677	\$1,406,867
7/1/12-13	\$100,000	\$730,005	\$1,305,585	\$94,257	\$310,000	\$635,748	\$995,585
7/1/13-14	\$100,000	\$450,674	\$996,847	\$352	\$39,352	\$450,322	\$957,495
7/1/14-15	\$100,000	\$420,303	\$1,738,995	\$0	\$27,000	\$420,303	\$1,711,995
7/1/15-16	\$100,000	\$103,830	\$839,686	\$0	\$27,000	\$103,830	\$812,686
<i>Total</i>		\$17,001,608	\$20,701,557	\$4,765,771	\$5,367,854	\$12,235,837	\$15,333,703

(A) and (B) - Exhibit I-A

(D) and (E) - Excess amounts from claims in Exhibit II, page 1

(F) = (B) - (D)

(G) = (C) - (E)

**Estimated Ultimate Losses Limited to OSIG Retentions
Using Loss Development Methods**

Accident Period	(A) Net Reported Losses	(B) Net Reported on Large Losses	(C) Reported Develop. Factor	(D) Ultimate on Small Claims	(E) Provision for Large Claims	(F) Estimated Ultimate Net Losses
7/1/02-03	\$168,909	\$0	1.000	\$168,909	\$0	\$169,000
7/1/03-04	\$848,061	\$107,737	1.000	\$740,330	\$100,000	\$840,000
7/1/04-05	\$525,685	\$136,712	1.000	\$388,980	\$100,000	\$489,000
7/1/05-06	\$1,330,178	\$276,729	1.000	\$1,053,496	\$200,000	\$1,253,000
7/1/06-07	\$1,351,835	\$798,598	1.000	\$553,299	\$400,000	\$953,000
7/1/07-08	\$1,501,995	\$464,380	1.000	\$1,037,899	\$400,000	\$1,438,000
7/1/08-09	\$2,195,400	\$1,335,859	1.001	\$860,130	\$300,000	\$1,160,000
7/1/09-10	\$1,524,198	\$529,200	1.002	\$996,718	\$300,000	\$1,297,000
7/1/10-11	\$2,456,257	\$1,586,676	1.004	\$873,404	\$1,000,005	\$1,873,000
7/1/11-12	\$3,917,928	\$3,111,061	1.011	\$815,969	\$600,022	\$1,416,000
7/1/12-13	\$1,305,585	\$510,000	1.029	\$818,827	\$200,054	\$1,019,000
7/1/13-14	\$996,847	\$439,352	1.076	\$600,062	\$400,831	\$1,001,000
7/1/14-15	\$1,738,995	\$305,319	1.201	\$1,722,481	\$304,956	\$2,027,000
Total	\$19,861,871	\$9,601,622		\$10,630,503	\$4,305,869	\$14,935,000

Accident Period	(A) Net Paid Losses	(B) Net Paid on Large Losses	(C) Paid Develop. Factor	(D) Ultimate on Small Claims	(E) Provision for Large Claims	(F) Estimated Ultimate Net Losses
7/1/02-03	\$168,909	\$0	1.002	\$169,327	\$0	\$169,000
7/1/03-04	\$848,061	\$107,737	1.003	\$742,756	\$100,000	\$843,000
7/1/04-05	\$525,685	\$136,712	1.004	\$390,707	\$100,000	\$491,000
7/1/05-06	\$1,330,178	\$276,729	1.006	\$1,059,991	\$200,000	\$1,260,000
7/1/06-07	\$1,351,835	\$798,598	1.009	\$558,173	\$400,000	\$958,000
7/1/07-08	\$1,501,995	\$464,380	1.013	\$1,051,418	\$400,000	\$1,451,000
7/1/08-09	\$2,172,804	\$1,313,263	1.021	\$877,390	\$300,000	\$1,177,000
7/1/09-10	\$1,503,479	\$529,200	1.034	\$1,007,733	\$300,000	\$1,308,000
7/1/10-11	\$2,379,856	\$1,586,676	1.061	\$841,709	\$1,000,005	\$1,842,000
7/1/11-12	\$3,513,995	\$2,840,318	1.121	\$754,918	\$600,022	\$1,355,000
7/1/12-13	\$730,005	\$225,189	1.274	\$643,372	\$200,054	\$843,000
7/1/13-14	\$450,674	\$208,916	1.780	\$430,259	\$400,831	\$831,000
7/1/14-15	\$420,303	\$67,596	4.262	\$1,503,239	\$304,956	\$1,808,000
Total	\$16,897,778	\$8,555,314		\$10,030,992	\$4,305,869	\$14,336,000

- (A) - Exhibit I
- (B) - Exhibit II
- (C) - Appendix A
- (D) = [(A) - (B)] x (C)
- (E) = # large x SIR x ccdf
- (F) = (D) + (E)

Estimated Ultimate Losses Based on Forecast

<i>Accident Period</i>	<i>(A) Exposure</i>	<i>(B) Detrended Loss Rate</i>	<i>(C) Forecast</i>
<i>7/1/15-16</i>	<i>376,559</i>	<i>\$4.82</i>	<i>\$1,815,000</i>
<i>7/1/16-17</i>	<i>376,577</i>	<i>\$4.94</i>	<i>\$1,860,000</i>

(A) - Exhibit I
(B) - From Forecast, detrended
(C) = (A) x (B)

**Estimated Ultimate Losses Limited to OSIG Retention
Using Bornhuetter-Ferguson Method**

	(A) Prior Ultimate or Forecast	(B) Reported Develop. Factor	(C) Expected % Unreported	(D) Expected Unreported Losses	(E) Limited Reported Losses	(F) Estimated Ultimate Losses
7/1/02-03	\$168,909	1.000	0%	\$1	\$168,909	\$169,000
7/1/03-04	\$840,274	1.000	0%	\$6	\$840,274	\$840,000
7/1/04-05	\$488,972	1.000	0%	\$9	\$488,972	\$489,000
7/1/05-06	\$1,253,449	1.000	0%	\$56	\$1,253,449	\$1,254,000
7/1/06-07	\$953,237	1.000	0%	\$105	\$953,237	\$953,000
7/1/07-08	\$1,432,614	1.000	0%	\$393	\$1,432,614	\$1,433,000
7/1/08-09	\$1,159,541	1.001	0%	\$794	\$1,159,541	\$1,160,000
7/1/09-10	\$1,339,000	1.002	0%	\$2,310	\$1,292,498	\$1,295,000
7/1/10-11	\$1,956,000	1.004	0%	\$8,561	\$1,859,581	\$1,868,000
7/1/11-12	\$1,440,000	1.011	1%	\$16,064	\$1,406,867	\$1,423,000
7/1/12-13	\$1,106,000	1.029	3%	\$31,393	\$995,585	\$1,027,000
7/1/13-14	\$1,276,000	1.076	7%	\$90,515	\$957,495	\$1,048,000
7/1/14-15	\$1,656,000	1.201	17%	\$277,658	\$1,711,995	\$1,990,000
7/1/15-16	\$1,815,000	2.464	59%	\$1,078,312	\$812,686	\$1,891,000
Total	\$16,884,996			\$1,506,179	\$15,333,703	\$16,840,000

	(A) Prior Ultimate or Forecast	(B) Paid Develop. Factor	(C) Expected % Unpaid	(D) Expected Unpaid Losses	(E) Limited Paid Losses	(F) Estimated Ultimate Losses
7/1/02-03	\$168,909	1.002	0%	\$417	\$168,909	\$169,000
7/1/03-04	\$840,274	1.003	0%	\$2,751	\$840,274	\$843,000
7/1/04-05	\$488,972	1.004	0%	\$2,170	\$488,972	\$491,000
7/1/05-06	\$1,253,449	1.006	1%	\$7,736	\$1,253,449	\$1,261,000
7/1/06-07	\$953,237	1.009	1%	\$8,430	\$953,237	\$962,000
7/1/07-08	\$1,432,614	1.013	1%	\$18,809	\$1,432,614	\$1,451,000
7/1/08-09	\$1,159,541	1.021	2%	\$23,589	\$1,159,541	\$1,183,000
7/1/09-10	\$1,339,000	1.034	3%	\$44,450	\$1,271,779	\$1,316,000
7/1/10-11	\$1,956,000	1.061	6%	\$112,773	\$1,783,180	\$1,896,000
7/1/11-12	\$1,440,000	1.121	11%	\$154,968	\$1,273,677	\$1,429,000
7/1/12-13	\$1,106,000	1.274	22%	\$238,189	\$635,748	\$874,000
7/1/13-14	\$1,276,000	1.780	44%	\$559,028	\$450,322	\$1,009,000
7/1/14-15	\$1,656,000	4.262	77%	\$1,267,450	\$420,303	\$1,688,000
7/1/15-16	\$1,815,000	31.950	97%	\$1,758,193	\$103,830	\$1,862,000
Total	\$16,884,996			\$4,198,953	\$12,235,837	\$16,434,000

(A) - Exhibit VI, IV for 15-16
(B) - Appendix A
(C) = 1 - 1/(B)
(D) = (A) * (C)
(E) - Exhibit I, limited to SIR
(F) = (D) + (E)

Summary and Selection of Ultimate Limited Loss Estimates

<i>Accident Period</i>	<i>(A) Prior Ultimate or Forecast</i>	<i>(B) Reported Loss Development Method</i>	<i>(C) Paid Loss Development Method</i>	<i>(D) Expected Unreported Method</i>	<i>(E) Expected Unpaid Method</i>	<i>(F) Selected Ultimate Loss Estimate</i>
7/1/02-03	\$168,909	\$169,000	\$169,000	\$169,000	\$169,000	\$168,909
7/1/03-04	\$840,274	\$840,000	\$843,000	\$840,000	\$843,000	\$840,274
7/1/04-05	\$488,972	\$489,000	\$491,000	\$489,000	\$491,000	\$488,972
7/1/05-06	\$1,253,449	\$1,253,000	\$1,260,000	\$1,254,000	\$1,261,000	\$1,253,449
7/1/06-07	\$953,237	\$953,000	\$958,000	\$953,000	\$962,000	\$953,237
7/1/07-08	\$1,432,614	\$1,438,000	\$1,451,000	\$1,433,000	\$1,451,000	\$1,432,614
7/1/08-09	\$1,159,541	\$1,160,000	\$1,177,000	\$1,160,000	\$1,183,000	\$1,159,541
7/1/09-10	\$1,339,000	\$1,297,000	\$1,308,000	\$1,295,000	\$1,316,000	\$1,297,000
7/1/10-11	\$1,956,000	\$1,873,000	\$1,842,000	\$1,868,000	\$1,896,000	\$1,873,000
7/1/11-12	\$1,440,000	\$1,416,000	\$1,355,000	\$1,423,000	\$1,429,000	\$1,423,000
7/1/12-13	\$1,106,000	\$1,019,000	\$843,000	\$1,027,000	\$874,000	\$1,027,000
7/1/13-14	\$1,276,000	\$1,001,000	\$831,000	\$1,048,000	\$1,009,000	\$1,048,000
7/1/14-15	\$1,656,000	\$2,027,000	\$1,808,000	\$1,990,000	\$1,688,000	\$1,990,000
7/1/15-16	\$1,950,000			\$1,891,000	\$1,862,000	\$1,891,000
Total	\$17,019,996	\$14,935,000	\$14,336,000	\$16,840,000	\$16,434,000	\$16,845,996

(A) - From Previous Report as of 06/30/15
 (B) and (C) - Exhibit III
 (D) and (E) - Exhibit V
 (F) - Selected as noted
 Limited reported Losses for 02-03 through 08-09
 (B) for 09-10 and 10-11
 (D) for 11-12 through 15-16

Average Ultimate Claim Sizes

	(A)	(B)	(C)	(D)	(E)	(F)	(G)
Accident Period	Reported Claims	Reported Claim Development	Estimated Ultimate Claims	Estimated Ultimate Losses	Estimated Average Ultimate Claim	Exposure (Students)	Loss Rate
7/1/02-03	28	1.000	28.0	\$168,909	\$6,000		
7/1/03-04	88	1.000	88.0	\$840,274	\$9,500		
7/1/04-05	115	1.000	115.0	\$488,972	\$4,300	198,498	\$2.46
7/1/05-06	136	1.000	136.0	\$1,253,449	\$9,200	249,419	\$5.03
7/1/06-07	132	1.000	132.0	\$953,237	\$7,200	267,684	\$3.56
7/1/07-08	163	1.000	163.0	\$1,432,614	\$8,800	308,999	\$4.64
7/1/08-09	155	1.000	155.0	\$1,159,541	\$7,500	313,473	\$3.70
7/1/09-10	144	1.000	144.0	\$1,297,000	\$9,000	314,947	\$4.12
7/1/10-11	110	1.000	110.0	\$1,873,000	\$17,000	346,136	\$5.41
7/1/11-12	87	1.000	87.0	\$1,423,000	\$16,400	272,584	\$5.22
7/1/12-13	109	1.000	109.0	\$1,027,000	\$9,400	282,168	\$3.64
7/1/13-14	86	1.002	86.2	\$1,048,000	\$12,200	318,604	\$3.29
7/1/14-15	118	1.017	119.9	\$1,990,000	\$16,600	373,449	\$5.33
7/1/15-16	62	1.865	115.6	\$1,891,000	\$16,400	376,559	\$5.02
7/1/16-17			119.4	\$1,860,000	\$15,600	376,577	\$4.94
Total	1,533		1,708.2	\$18,705,996	\$11,000	3,999,097	\$4.68

- Results for 7/1/16-17 are from Forecast Report

- (A) - Exhibit I
- (B) - Appendix A
- (C) = (A) x (B)
- (D) = Exhibit VI
- (E) = (D) / (C)
- (F) - Exhibit I, provided by OSIG
- (G) = (D) / (F)

Estimated Outstanding Losses

Accident Period	(A) Estimated Ultimate Losses	(B) Limited Paid Losses	(C) Limited Reported Losses	(D) Limited Case Reserves	(E) IBNR Losses	(F) Outstanding Losses
As of January 31, 2016						
7/1/02-03	\$168,909	\$168,909	\$168,909	\$0	\$0	\$0
7/1/03-04	\$840,274	\$840,274	\$840,274	\$0	\$0	\$0
7/1/04-05	\$488,972	\$488,972	\$488,972	\$0	\$0	\$0
7/1/05-06	\$1,253,449	\$1,253,449	\$1,253,449	\$0	\$0	\$0
7/1/06-07	\$953,237	\$953,237	\$953,237	\$0	\$0	\$0
7/1/07-08	\$1,432,614	\$1,432,614	\$1,432,614	\$0	\$0	\$0
7/1/08-09	\$1,159,541	\$1,159,541	\$1,159,541	\$0	\$0	\$0
7/1/09-10	\$1,297,000	\$1,271,779	\$1,292,498	\$20,719	\$5,000	\$25,000
7/1/10-11	\$1,873,000	\$1,783,180	\$1,859,581	\$76,401	\$13,000	\$90,000
7/1/11-12	\$1,423,000	\$1,273,677	\$1,406,867	\$133,190	\$16,000	\$149,000
7/1/12-13	\$1,027,000	\$635,748	\$995,585	\$359,837	\$31,000	\$391,000
7/1/13-14	\$1,048,000	\$450,322	\$957,495	\$507,173	\$91,000	\$598,000
7/1/14-15	\$1,990,000	\$420,303	\$1,711,995	\$1,291,691	\$278,000	\$1,570,000
7/1/15-1/31/16	\$1,103,000	\$103,830	\$812,686	\$708,856	\$290,000	\$999,000
Total	\$16,057,996	\$12,235,837	\$15,333,703	\$3,097,866	\$724,000	\$3,822,000
2/1-6/30/16	\$788,000					
Projected as of June 30, 2016						
7/1/02-03	\$168,909	\$168,909	\$168,909	\$0	\$0	\$0
7/1/03-04	\$840,274	\$840,274	\$840,274	\$0	\$0	\$0
7/1/04-05	\$488,972	\$488,972	\$488,972	\$0	\$0	\$0
7/1/05-06	\$1,253,449	\$1,253,449	\$1,253,449	\$0	\$0	\$0
7/1/06-07	\$953,237	\$953,237	\$953,237	\$0	\$0	\$0
7/1/07-08	\$1,432,614	\$1,432,614	\$1,432,614	\$0	\$0	\$0
7/1/08-09	\$1,159,541	\$1,159,541	\$1,159,541	\$0	\$0	\$0
7/1/09-10	\$1,297,000	\$1,277,000	\$1,294,000	\$17,000	\$3,000	\$20,000
7/1/10-11	\$1,873,000	\$1,802,000	\$1,864,000	\$62,000	\$9,000	\$71,000
7/1/11-12	\$1,423,000	\$1,309,000	\$1,412,000	\$103,000	\$11,000	\$114,000
7/1/12-13	\$1,027,000	\$736,000	\$1,006,000	\$270,000	\$21,000	\$291,000
7/1/13-14	\$1,048,000	\$601,000	\$986,000	\$385,000	\$62,000	\$447,000
7/1/14-15	\$1,990,000	\$703,000	\$1,794,000	\$1,091,000	\$196,000	\$1,287,000
7/1/15-16	\$1,891,000	\$207,000	\$1,414,000	\$1,207,000	\$477,000	\$1,684,000
Total	\$16,845,996	\$12,931,996	\$16,066,996	\$3,135,000	\$779,000	\$3,914,000

Total Estimated IBNR as of June 30, 2016 \$779,000

(A) - Exhibit VI

(B) and (C) - Exhibit V as of 1/31/16

Projected as of 6/30/16 using LDFs

(D) = (C) - (B)

(E) = (A) - (C)

(F) = (A) - (B)

Comparison of Results with Previous Estimates as of 06/30/15

	(A) Actual Reported Losses 6/30/2015	(B) Projected Reported Losses 1/31/2016	(C) Actual Reported Losses 1/31/2016	(D) Percent Difference	(E) Expected Ultimate Losses 6/30/2015	(F) Actual Ultimate Losses 1/31/2016	(G) Percent Difference
7/1/02-03	\$168,909	\$168,909	\$168,909	0.0%	\$168,909	\$168,909	0.0%
7/1/03-04	\$840,274	\$840,274	\$840,274	0.0%	\$840,274	\$840,274	0.0%
7/1/04-05	\$488,972	\$488,972	\$488,972	0.0%	\$488,972	\$488,972	0.0%
7/1/05-06	\$1,253,449	\$1,253,449	\$1,253,449	0.0%	\$1,253,449	\$1,253,449	0.0%
7/1/06-07	\$953,237	\$953,237	\$953,237	0.0%	\$953,237	\$953,237	0.0%
7/1/07-08	\$1,432,614	\$1,432,614	\$1,432,614	0.0%	\$1,432,614	\$1,432,614	0.0%
7/1/08-09	\$1,159,541	\$1,159,541	\$1,159,541	0.0%	\$1,159,541	\$1,159,541	0.0%
7/1/09-10	\$1,332,439	\$1,335,185	\$1,292,498	-3.2%	\$1,339,000	\$1,297,000	-3.1%
7/1/10-11	\$1,935,414	\$1,944,069	\$1,859,581	-4.3%	\$1,956,000	\$1,873,000	-4.2%
7/1/11-12	\$1,410,904	\$1,423,141	\$1,406,867	-1.1%	\$1,440,000	\$1,423,000	-1.2%
7/1/12-13	\$1,040,970	\$1,068,037	\$995,585	-6.8%	\$1,106,000	\$1,027,000	-7.1%
7/1/13-14	\$1,107,061	\$1,174,788	\$957,495	-18.5%	\$1,276,000	\$1,048,000	-17.9%
7/1/14-15	\$1,169,398	\$1,345,443	\$1,711,995	27.2%	\$1,656,000	\$1,990,000	20.2%
7/1/15-16		\$791,483	\$812,686	2.7%	\$1,950,000	\$1,891,000	-3.0%
Total	\$14,293,182	\$15,379,143	\$15,333,703	-0.3%	\$17,019,996	\$16,845,996	-1.0%

	(A) Actual Paid Losses 6/30/2015	(B) Projected Paid Losses 1/31/2016	(C) Actual Paid Losses 1/31/2016	(D) Percent Difference	(E) Expected Ultimate Losses 6/30/2015	(F) Actual Ultimate Losses 1/31/2016	(G) Percent Difference
7/1/02-03	\$168,909	\$168,909	\$168,909	0.0%	\$168,909	\$168,909	0.0%
7/1/03-04	\$840,274	\$840,274	\$840,274	0.0%	\$840,274	\$840,274	0.0%
7/1/04-05	\$488,972	\$488,972	\$488,972	0.0%	\$488,972	\$488,972	0.0%
7/1/05-06	\$1,253,449	\$1,253,449	\$1,253,449	0.0%	\$1,253,449	\$1,253,449	0.0%
7/1/06-07	\$953,237	\$953,237	\$953,237	0.0%	\$953,237	\$953,237	0.0%
7/1/07-08	\$1,432,614	\$1,432,614	\$1,432,614	0.0%	\$1,432,614	\$1,432,614	0.0%
7/1/08-09	\$1,159,541	\$1,159,541	\$1,159,541	0.0%	\$1,159,541	\$1,159,541	0.0%
7/1/09-10	\$1,264,909	\$1,295,760	\$1,271,779	-1.9%	\$1,339,000	\$1,297,000	-3.1%
7/1/10-11	\$1,751,217	\$1,839,332	\$1,783,180	-3.1%	\$1,956,000	\$1,873,000	-4.2%
7/1/11-12	\$1,250,899	\$1,332,171	\$1,273,677	-4.4%	\$1,440,000	\$1,423,000	-1.2%
7/1/12-13	\$610,980	\$802,880	\$635,748	-20.8%	\$1,106,000	\$1,027,000	-7.1%
7/1/13-14	\$359,023	\$607,252	\$450,322	-25.8%	\$1,276,000	\$1,048,000	-17.9%
7/1/14-15	\$131,121	\$318,230	\$420,303	32.1%	\$1,656,000	\$1,990,000	20.2%
7/1/15-16		\$91,422	\$103,830	13.6%	\$1,950,000	\$1,891,000	-3.0%
Total	\$11,665,145	\$12,584,043	\$12,235,837	-2.8%	\$17,019,996	\$16,845,996	-1.0%

(A) and (E) - From Previous actuarial report as of 06/30/2015
 (B) - Derived from (E) and (A) using loss development patterns
 (C) - Exhibit I, limited to retention
 (D) = [(C) / (B)] - 1
 (F) - Exhibit VI
 (G) = [(F) / (E)] - 1

Comparison of Results with Previous Estimates as of 01/31/15

	(A) Actual Reported Losses 1/31/2015	(B) Projected Reported Losses 1/31/2016	(C) Actual Reported Losses 1/31/2016	(D) Percent Difference	(E) Expected Ultimate Losses 1/31/2015	(F) Actual Ultimate Losses 1/31/2016	(G) Percent Difference
7/1/02-03	\$168,909	\$168,909	\$168,909	0.0%	\$168,909	\$168,909	0.0%
7/1/03-04	\$840,274	\$840,274	\$840,274	0.0%	\$840,274	\$840,274	0.0%
7/1/04-05	\$488,972	\$488,972	\$488,972	0.0%	\$488,972	\$488,972	0.0%
7/1/05-06	\$1,253,449	\$1,253,449	\$1,253,449	0.0%	\$1,253,449	\$1,253,449	0.0%
7/1/06-07	\$953,237	\$953,237	\$953,237	0.0%	\$953,237	\$953,237	0.0%
7/1/07-08	\$1,432,614	\$1,432,614	\$1,432,614	0.0%	\$1,432,614	\$1,432,614	0.0%
7/1/08-09	\$1,159,541	\$1,159,541	\$1,159,541	0.0%	\$1,159,541	\$1,159,541	0.0%
7/1/09-10	\$1,332,439	\$1,336,414	\$1,292,498	-3.3%	\$1,339,000	\$1,297,000	-3.1%
7/1/10-11	\$1,935,414	\$1,947,923	\$1,859,581	-4.5%	\$1,956,000	\$1,873,000	-4.2%
7/1/11-12	\$1,441,955	\$1,477,795	\$1,406,867	-4.8%	\$1,501,000	\$1,423,000	-5.2%
7/1/12-13	\$1,208,607	\$1,305,851	\$995,585	-23.8%	\$1,344,000	\$1,027,000	-23.6%
7/1/13-14	\$1,272,741	\$1,327,631	\$957,495	-27.9%	\$1,429,000	\$1,048,000	-26.7%
7/1/14-15	\$555,995	\$1,430,779	\$1,711,995	19.7%	\$1,719,000	\$1,990,000	15.8%
7/1/15-16		\$787,424	\$812,686	3.2%	\$1,940,000	\$1,891,000	-2.5%
Total	\$14,044,148	\$15,910,813	\$15,333,703	-3.6%	\$17,524,996	\$16,845,996	-3.9%

	(A) Actual Paid Losses 1/31/2015	(B) Projected Paid Losses 1/31/2016	(C) Actual Paid Losses 1/31/2016	(D) Percent Difference	(E) Expected Ultimate Losses 1/31/2015	(F) Actual Ultimate Losses 1/31/2016	(G) Percent Difference
7/1/02-03	\$168,909	\$168,909	\$168,909	0.0%	\$168,909	\$168,909	0.0%
7/1/03-04	\$840,274	\$840,274	\$840,274	0.0%	\$840,274	\$840,274	0.0%
7/1/04-05	\$488,972	\$488,972	\$488,972	0.0%	\$488,972	\$488,972	0.0%
7/1/05-06	\$1,253,449	\$1,253,449	\$1,253,449	0.0%	\$1,253,449	\$1,253,449	0.0%
7/1/06-07	\$953,237	\$953,237	\$953,237	0.0%	\$953,237	\$953,237	0.0%
7/1/07-08	\$1,432,614	\$1,432,614	\$1,432,614	0.0%	\$1,432,614	\$1,432,614	0.0%
7/1/08-09	\$1,159,541	\$1,159,541	\$1,159,541	0.0%	\$1,159,541	\$1,159,541	0.0%
7/1/09-10	\$1,260,043	\$1,307,937	\$1,271,779	-2.8%	\$1,339,000	\$1,297,000	-3.1%
7/1/10-11	\$1,745,002	\$1,875,866	\$1,783,180	-4.9%	\$1,956,000	\$1,873,000	-4.2%
7/1/11-12	\$1,138,687	\$1,360,452	\$1,273,677	-6.4%	\$1,501,000	\$1,423,000	-5.2%
7/1/12-13	\$595,336	\$1,043,813	\$635,748	-39.1%	\$1,344,000	\$1,027,000	-23.6%
7/1/13-14	\$192,007	\$728,223	\$450,322	-38.2%	\$1,429,000	\$1,048,000	-26.7%
7/1/14-15	\$33,348	\$371,805	\$420,303	13.0%	\$1,719,000	\$1,990,000	15.8%
7/1/15-16		\$90,953	\$103,830	14.2%	\$1,940,000	\$1,891,000	-2.5%
Total	\$11,261,420	\$13,076,045	\$12,235,837	-6.4%	\$17,524,996	\$16,845,996	-3.9%

(A) and (E) - From Previous actuarial report as of 01/31/2015
 (B) - Derived from (E) and (A) using loss development patterns
 (C) - Exhibit I, limited to retention
 (D) = [(C) / (B)] - 1
 (F) - Exhibit VI
 (G) = [(F) / (E)] - 1

**Estimation of Cumulative Reported Loss Development Factors
 Using "The Method of Least Squares"**

Curve : $Y = A(1/(X+C))^B + 1$ (Modified Inverse Power Curve)

Months of Maturity X	Cumulative Factors Y*	Transformed Values for Regression					Fitted Values	
		X' LN(1/(X+C))	Y' LN(Y-1)	(X')^2	(Y')^2	X' x Y'	X	Cumulative Factor Y
12	1.287	-7.1000	-1.2500	50.410	1.5624	8.8747	163	1.000
24	1.149	-7.1099	-1.9060	50.550	3.6328	13.5513	151	1.000
36	1.054	-7.1196	-2.9219	50.689	8.5375	20.8029	139	1.000
48	1.023	-7.1293	-3.7663	50.827	14.1851	26.8512	127	1.000
60	1.008	-7.1389	-4.8262	50.963	23.2921	34.4535	115	1.000
72	1.003	-7.1483	-5.8085	51.099	33.7384	41.5210	103	1.000
84	1.001	-7.1577	-6.9078	51.233	47.7171	49.4439	91	1.001
							79	1.002
							67	1.004
							55	1.011
							43	1.029
							31	1.076
Sum		-49.9038	-27.3866	355.7723	132.6653	195.4985	19	1.201
Average		-7.1291	-3.9124	50.8246	18.9522	27.9284	7	2.464

N =	7		
A =	8.410E+304		
B =	99.034	R^2 =	0.995446
C =	1200		

* - Appendix A4

**Estimation of Cumulative Paid Loss Development Factors
 Using "The Method of Least Squares"**

Curve : $Y = A(1/(X+C))^B + 1$ (Modified Inverse Power Curve)

Months of Maturity X	Cumulative Factors Y*	Transformed Values for Regression					Fitted Values	
		X' LN(1/(X+C))	Y' LN(Y-1)	(X')^2	(Y')^2	X' x Y'	X	Cumulative Factor Y
12	11.760	-2.9957	2.3759	8.974	5.6447	-7.1174	163	1.002
24	2.555	-3.4657	0.4415	12.011	0.1950	-1.5302	151	1.003
36	1.487	-3.7842	-0.7197	14.320	0.5180	2.7236	139	1.004
48	1.216	-4.0254	-1.5318	16.203	2.3463	6.1659	127	1.006
60	1.086	-4.2195	-2.4510	17.804	6.0076	10.3422	115	1.009
72	1.046	-4.3820	-3.0763	19.202	9.4637	13.4805	103	1.013
84	1.028	-4.5218	-3.5890	20.447	12.8809	16.2287	91	1.021
							79	1.034
							67	1.061
							55	1.121
							43	1.274
							31	1.780
Sum		-27.3943	-8.5505	108.9623	37.0562	40.2932	19	4.262
Average		-3.9135	-1.2215	15.5660	5.2937	5.7562	7	31.950

N =	7		
A =	1.214E+06		
B =	3.892	R^2 =	0.999057
C =	8		

* - Appendix A5

**Estimation of Cumulative Reported Claim Development Factors
 Using "The Method of Least Squares"**

Curve : $Y = A(1/(X+C))^B + 1$ (Modified Inverse Power Curve)

Months of Maturity X	Cumulative Factors Y*	Transformed Values for Regression					Fitted Values	
		X' LN(1/(X+C))	Y' LN(Y-1)	(X')^2	(Y')^2	X' x Y'	X	Cumulative Factor Y
12	1.056	-6.4167	-2.8796	41.174	8.2920	18.4775	163	1.000
24	1.007	-6.4362	-4.9631	41.424	24.6329	31.9436	151	1.000
36	1.001	-6.4552	-7.0326	41.670	49.4578	45.3970	139	1.000
							127	1.000
							115	1.000
							103	1.000
							91	1.000
							79	1.000
							67	1.000
							55	1.000
							43	1.000
							31	1.002
Sum		-19.3081	-14.8754	124.2681	82.3826	95.8180	19	1.017
Average		-6.4360	-4.9585	41.4227	27.4609	31.9393	7	1.865

N =	3		
A =	4.163E+299		
B =	107.964	R^2 =	0.999987
C =	600		

* - Appendix A6

Analysis of Reported Loss Development
Reported Losses and ALAE Net of Member Deductibles

Year	Reported Losses and ALAE as of (months):									
	12	24	36	48	60	72	84	96	108	120
7/1/03-04	\$162,929	\$464,684	\$843,652	\$815,950	\$821,718	\$821,718	\$881,718	\$881,714	\$881,723	\$848,061
7/1/04-05	\$334,164	\$494,404	\$546,889	\$667,336	\$536,764	\$525,685	\$525,685	\$525,685	\$525,685	\$525,685
7/1/05-06	\$816,923	\$1,112,049	\$1,229,274	\$1,405,786	\$1,398,668	\$1,318,468	\$1,335,203	\$1,330,178	\$1,330,178	\$1,330,178
7/1/06-07	\$980,380	\$1,099,400	\$1,048,254	\$1,108,562	\$1,328,586	\$1,351,525	\$1,411,197	\$1,411,197	\$1,351,835	
7/1/07-08	\$1,546,988	\$1,678,303	\$1,820,948	\$1,681,989	\$1,578,663	\$1,528,365	\$1,501,995	\$1,501,995		
7/1/08-09	\$1,818,383	\$1,498,349	\$1,690,273	\$1,328,980	\$1,211,633	\$1,303,460	\$2,248,460			
7/1/09-10	\$1,911,271	\$1,672,753	\$1,443,458	\$1,751,670	\$1,603,126	\$1,564,138				
7/1/10-11	\$2,532,003	\$2,683,693	\$2,774,100	\$2,589,243	\$2,532,090					
7/1/11-12	\$1,927,480	\$2,611,099	\$3,751,625	\$3,977,466						
7/1/12-13	\$1,311,489	\$1,442,277	\$1,150,970							
7/1/13-14	\$1,136,920	\$1,270,561								
7/1/14-15	\$1,195,898									

Year	Age-to-Age Factors									
	12:24	24:36	36:48	48:60	60:72	72:84	84:96	96:108	108:120	120:ult
7/1/03-04	2.852	1.816	0.967	1.007	1.000	1.073	1.000	1.000	0.962	
7/1/04-05	1.480	1.106	1.220	0.804	0.979	1.000	1.000	1.000	1.000	
7/1/05-06	1.361	1.105	1.144	0.995	0.943	1.013	0.996	1.000	1.000	
7/1/06-07	1.121	0.953	1.058	1.198	1.017	1.044	1.000	0.958		
7/1/07-08	1.085	1.085	0.924	0.939	0.968	0.983	1.000			
7/1/08-09	0.824	1.128	0.786	0.912	1.076	1.725				
7/1/09-10	0.875	0.863	1.214	0.915	0.976					
7/1/10-11	1.060	1.034	0.933	0.978						
7/1/11-12	1.355	1.437	1.060							
7/1/12-13	1.100	0.798								
7/1/13-14	1.118									
Average	1.294	1.133	1.034	0.969	0.994	1.140	0.999	0.989	0.987	
Wtd. Avg.	1.107	1.105	1.012	0.970	0.992	1.154	0.999	0.986	0.988	
Industry	1.795	1.337	1.171	1.098	1.060	1.040	1.027	1.019	1.014	1.066
OK Benchmark	2.215	1.204	1.032	1.017	1.010	1.006	1.000	1.000	1.000	1.000
Prior	1.120	1.090	1.030	1.015	1.005	1.002	1.001	1.000	1.000	1.000
	12	24	36	48	60	72	84	96	108	120
Selected	1.120	1.090	1.030	1.015	1.005	1.002	1.001	1.000	1.000	1.000
Cumulative	1.287	1.149	1.054	1.023	1.008	1.003	1.001	1.000	1.000	1.000

Analysis of Paid Loss Development
Paid Losses and ALAE Net of Member Deductibles

Year	Paid Losses and ALAE as of (months):									
	12	24	36	48	60	72	84	96	108	120
7/1/03-04	\$53,898	\$202,798	\$668,684	\$782,837	\$783,186	\$798,654	\$810,473	\$813,505	\$847,686	\$848,061
7/1/04-05	\$135,749	\$315,927	\$386,597	\$490,920	\$536,764	\$525,685	\$525,685	\$525,685	\$525,685	\$525,685
7/1/05-06	\$231,455	\$584,973	\$771,010	\$1,092,719	\$1,312,650	\$1,313,442	\$1,330,178	\$1,330,178	\$1,330,178	\$1,330,178
7/1/06-07	\$322,617	\$678,216	\$787,689	\$943,320	\$1,208,914	\$1,271,236	\$1,344,837	\$1,351,835	\$1,351,835	
7/1/07-08	\$170,163	\$665,391	\$1,286,746	\$1,455,173	\$1,501,494	\$1,501,995	\$1,501,995	\$1,501,995		
7/1/08-09	\$158,208	\$609,160	\$939,799	\$984,969	\$1,127,969	\$1,163,044	\$2,170,476			
7/1/09-10	\$297,737	\$767,474	\$1,041,914	\$1,347,942	\$1,505,891	\$1,496,609				
7/1/10-11	\$201,545	\$1,303,203	\$2,109,602	\$2,299,143	\$2,347,892					
7/1/11-12	\$128,159	\$704,902	\$1,700,471	\$2,356,202						
7/1/12-13	\$148,090	\$496,864	\$655,081							
7/1/13-14	\$70,272	\$359,375								
7/1/14-15	\$131,121									

Year	Age-to-Age Factors									
	12:24	24:36	36:48	48:60	60:72	72:84	84:96	96:108	108:120	120:ult
7/1/03-04	3.763	3.297	1.171	1.000	1.020	1.015	1.004	1.042	1.000	
7/1/04-05	2.327	1.224	1.270	1.093	0.979	1.000	1.000	1.000	1.000	
7/1/05-06	2.527	1.318	1.417	1.201	1.001	1.013	1.000	1.000	1.000	
7/1/06-07	2.102	1.161	1.198	1.282	1.052	1.058	1.005	1.000		
7/1/07-08	3.910	1.934	1.131	1.032	1.000	1.000	1.000			
7/1/08-09	3.850	1.543	1.048	1.145	1.031	1.866				
7/1/09-10	2.578	1.358	1.294	1.117	0.994					
7/1/10-11	6.466	1.619	1.090	1.021						
7/1/11-12	5.500	2.412	1.386							
7/1/12-13	3.355	1.318								
7/1/13-14	5.114									
Average	3.772	1.718	1.223	1.112	1.011	1.159	1.002	1.011	1.000	
Wtd. Avg.	3.487	1.635	1.213	1.099	1.012	1.169	1.002	1.009	1.000	
Industry	2.538	1.621	1.315	1.180	1.110	1.072	1.049	1.035	1.026	1.116
OK benchmark	2.889	1.826	1.323	1.120	1.038	1.016	1.008	1.003	1.000	1.000
Prior	4.475	1.763	1.202	1.132	1.038	1.016	1.008	1.003	1.000	1.000
	12	24	36	48	60	72	84	96	108	120
Selected	4.603	1.718	1.223	1.120	1.038	1.018	1.012	1.009	1.006	1.000
Cumulative	11.760	2.555	1.487	1.216	1.086	1.046	1.028	1.015	1.006	1.000

Analysis of Reported Occurrences

Year	Reported Claims as of (months):									
	12	24	36	48	60	72	84	96	108	120
7/1/03-04			88	88	88	88	88	88	88	88
7/1/04-05		115	116	116	116	115	115	115	115	115
7/1/05-06	114	136	137	138	136	136	136	136	136	136
7/1/06-07	128	132	133	132	132	132	132	132	132	
7/1/07-08	148	161	164	164	163	163	163	163		
7/1/08-09	146	155	155	155	155	155	155			
7/1/09-10	139	143	144	144	144	144				
7/1/10-11	108	109	109	110	110					
7/1/11-12	89	87	87	87						
7/1/12-13	110	109	109							
7/1/13-14	83	85								
7/1/14-15	103									

Year	Age-to-Age Factors									
	12:24	24:36	36:48	48:60	60:72	72:84	84:96	96:108	108:120	120:ult
7/1/03-04			1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
7/1/04-05		1.009	1.000	1.000	0.991	1.000	1.000	1.000	1.000	1.000
7/1/05-06	1.193	1.007	1.007	0.986	1.000	1.000	1.000	1.000	1.000	1.000
7/1/06-07	1.031	1.008	0.992	1.000	1.000	1.000	1.000	1.000		
7/1/07-08	1.088	1.019	1.000	0.994	1.000	1.000	1.000			
7/1/08-09	1.062	1.000	1.000	1.000	1.000	1.000				
7/1/09-10	1.029	1.007	1.000	1.000	1.000					
7/1/10-11	1.009	1.000	1.009	1.000						
7/1/11-12	0.978	1.000	1.000							
7/1/12-13	0.991	1.000								
7/1/13-14	1.024									
Average	1.045	1.005	1.001	0.997	0.999	1.000	1.000	1.000	1.000	
Wtd. Avg.	1.049	1.006	1.001	0.997	0.999	1.000	1.000	1.000	1.000	
OK benchmark	1.295	1.019	1.005	1.002	1.001	1.000	1.000	1.000	1.000	1.000
Prior	1.051	1.007	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000
	12	24	36	48	60	72	84	96	108	120
Selected	1.049	1.006	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Cumulative	1.056	1.007	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000

**Derivation of Lognomoral Parameters
 Based on Reported Loss Development**

Year	Natural Logarithm of Age to Age Factors									
	12:24	24:36	36:48	48:60	60:72	72:84	84:96	96:108	108:120	120:ult
7/1/03-04	1.048	0.596	-0.033	0.007	0.000	0.070	0.000	0.000	-0.039	
7/1/04-05	0.392	0.101	0.199	-0.218	-0.021	0.000	0.000	0.000	0.000	
7/1/05-06	0.308	0.100	0.134	-0.005	-0.059	0.013	-0.004	0.000	0.000	
7/1/06-07	0.115	-0.048	0.056	0.181	0.017	0.043	0.000	-0.043		
7/1/07-08	0.081	0.082	-0.079	-0.063	-0.032	-0.017	0.000			
7/1/08-09	-0.194	0.121	-0.240	-0.092	0.073	0.545				
7/1/09-10	-0.133	-0.147	0.194	-0.089	-0.025					
7/1/10-11	0.058	0.033	-0.069	-0.022						
7/1/11-12	0.304	0.362	0.058							
7/1/12-13	0.095	-0.226								
7/1/13-14	0.111									
	<u>12</u>	<u>24</u>	<u>36</u>	<u>48</u>	<u>60</u>	<u>72</u>	<u>84</u>	<u>96</u>	<u>108</u>	
Variance	0.110	0.057	0.021	0.013	0.010	0.005	0.005	0.000	0.001	
Cum. Variance	0.222	0.111	0.055	0.034	0.021	0.011	0.006	0.001	0.001	
SD	0.471	0.333	0.234	0.184	0.145	0.105	0.077	0.031	0.022	

Property with Auto Physical Damage Exhibits

The “Analysis” section of this report presents a discussion of the following exhibits:

Exhibit I	Summary of Experience
Exhibit II	Large Claim Listing
Exhibit III	Loss Development Methods
Exhibit IV	Forecast for Current Year
Exhibit V	Bornhuetter-Ferguson Methods
Exhibit VI	Summary and Selection of Ultimate Losses
Exhibit VII	Average Claim Size
Exhibit VIII	Outstanding Losses as of 1/31/2016 and Projected as of 6/30/2016
Appendix A	Loss Development Factors and Triangles

Summary of Loss Data as of January 31, 2016
Total Experience Net of Deductibles

(A)	(B)	(C)	(D)		(E)	(F)	(G)	(H)	(I)	(J)
Accident Period	Evaluation Date	Maturity (months)	Total Claims	Open Claims	Loss Payment	Loss Reserve	Expense and Legal Payment	Expense and Legal Reserve	Total Reported	TIV (thousands)
7/1/02-03	1/31/2016	163	24	0	\$282,938	\$0	\$29,106	\$0	\$312,045	
7/1/03-04	1/31/2016	151	104	0	\$2,447,356	\$0	\$66,143	\$0	\$2,513,499	
7/1/04-05	1/31/2016	139	122	0	\$1,235,815	\$0	\$69,782	\$0	\$1,305,598	\$3,756,689
7/1/05-06	1/31/2016	127	190	0	\$3,082,243	\$0	\$142,157	\$0	\$3,224,400	\$5,058,377
7/1/06-07	1/31/2016	115	232	0	\$7,508,252	\$0	\$164,672	\$0	\$7,672,924	\$6,396,403
7/1/07-08	1/31/2016	103	255	0	\$27,287,989	\$0	\$261,094	\$0	\$27,549,083	\$7,053,258
7/1/08-09	1/31/2016	91	211	0	\$14,558,723	\$0	\$226,138	\$0	\$14,784,861	\$7,478,045
7/1/09-10	1/31/2016	79	266	1	\$16,891,717	\$300,000	\$217,353	\$0	\$17,409,070	\$7,801,897
7/1/10-11	1/31/2016	67	225	0	\$26,419,286	\$0	\$52,656	\$0	\$26,471,942	\$8,214,036
7/1/11-12	1/31/2016	55	173	0	\$3,946,066	\$0	\$72,423	\$0	\$4,018,489	\$6,347,462
7/1/12-13	1/31/2016	43	162	1	\$6,097,006	\$9,669	\$39,448	\$0	\$6,146,124	\$6,526,039
7/1/13-14	1/31/2016	31	158	5	\$3,658,449	\$555,729	\$52,294	\$1,389	\$4,267,862	\$8,356,363
7/1/14-15	1/31/2016	19	207	10	\$3,494,051	\$940,116	\$89,491	\$5,887	\$4,529,545	\$8,137,357
7/1/15-16	1/31/2016	7	104	32	\$949,533	\$711,532	\$18,159	\$7,446	\$1,686,670	\$8,295,479
7/1/16-17										\$8,296,174
			2433	49	\$117,859,424	\$2,517,046	\$1,500,918	\$14,723	\$121,892,111	\$52,106,167

- Loss and policy information provided by Jennifer McKenzie, Arthur J. Gallagher
- Claims are grouped by occurrence, and exclude claims with \$0 incurred
- Losses are net of member deductibles

Losses over SIR

CAT# or Occ#	Loss Date	Claim Status	Coverage	Paid Pure Losses	Reported Pure Losses	SIR	Deductibles	Excess Recoveries	Excess Paid	Excess Reported	Severity Factor	Net Ultimate
91234	4/15/2012	Closed	Any	\$485,893	\$485,893	\$250,000	\$2,500	\$0	\$238,393	\$238,393	1.000	\$485,893
91287	5/4/2012	Closed	Any	\$483,077	\$483,077	\$250,000	\$12,000	\$0	\$245,077	\$245,077	1.000	\$483,077
90999	11/7/2011	Closed	Any	\$426,749	\$426,749	\$250,000	\$9,000	\$0	\$185,749	\$185,749	1.000	\$426,749
91351	5/29/2012	Closed	Any	\$340,228	\$340,228	\$250,000	\$58,000	\$0	\$148,228	\$148,228	1.000	\$340,228
<i>Total Excess Losses for 11/12</i>									\$817,446	\$817,446		
<i>Applied to \$2,700,000 Corridor for 11/12</i>									\$817,446	\$817,446		
0052	4/26/2013	Closed	Any	\$1,670,786	\$1,670,786	\$250,000	\$103,000	\$0	\$1,523,786	\$1,523,786	1.000	\$1,670,786
0054	5/30/2013	Closed	Any	\$1,003,799	\$1,003,799	\$250,000	\$265,000	\$0	\$1,018,799	\$1,018,799	1.000	\$1,003,799
91392	7/14/2012	Closed	Any	\$570,302	\$570,302	\$250,000	\$15,000	\$0	\$335,302	\$335,302	1.000	\$570,302
91814	4/18/2013	Closed	Any	\$454,242	\$454,242	\$250,000	\$5,000	\$0	\$209,242	\$209,242	1.000	\$454,242
91861	4/22/2013	Closed	Any	\$473,316	\$473,316	\$250,000	\$10,000	\$0	\$233,316	\$233,316	1.000	\$473,316
91393	7/16/2012	Closed	Any	\$431,334	\$431,334	\$250,000	\$5,500	\$0	\$186,834	\$186,834	1.000	\$431,334
<i>Total Excess Losses for 12/13</i>									\$3,507,280	\$3,507,280		
<i>Applied to \$2,400,000 Corridor for 12/13</i>									\$2,400,000	\$2,400,000		
<i>Insured Excess of Corridor</i>									\$1,107,280	\$1,107,280		
92546	6/28/2014	Open	Any	\$1,447,071	\$1,920,000	\$250,000	\$5,000	\$0	\$1,202,071	\$1,675,000	1.001	\$1,922,392
92144	11/6/2013	Closed	Any	\$300,267	\$300,267	\$250,000	\$5,000	\$0	\$55,267	\$55,267	1.001	\$300,642
92417	4/13/2014	Open	Any	\$178,883	\$216,183	\$250,000	\$5,000	\$0	\$0	\$0	1.001	\$216,453
<i>Total Excess Losses for 13/14</i>									\$1,257,339	\$1,730,267		
<i>Applied to \$1,400,000 Corridor for 13/14</i>									\$1,257,339	\$1,400,000		
<i>Insured excess of Corridor</i>										\$330,267		
0055	3/25/2015	Closed	Any	\$515,661	\$515,661	\$250,000	\$71,000	\$0	\$336,661	\$336,661	1.018	\$524,829
0056	5/6/2015	Open	Any	\$200,408	\$425,408	\$250,000	\$21,000	\$0	\$0	\$196,408	1.018	\$432,971
93156	5/19/2015	Open	Any	\$202,663	\$396,399	\$250,000	\$50,000	\$0	\$2,663	\$196,399	1.018	\$403,446
93164	4/11/2015	Open	Any	\$65,048	\$365,048	\$250,000	\$10,000	\$0	\$0	\$125,048	1.018	\$371,538
P625-15-93211	5/19/2015	Open	Any	\$199,952	\$275,000	\$250,000	\$10,000	\$0	\$0	\$35,000	1.018	\$279,889
92831	12/3/2014	Closed	Any	\$271,103	\$271,103	\$250,000	\$12,000	\$0	\$33,103	\$33,103	1.018	\$275,923
<i>Total Excess Losses for 14/15</i>									\$372,427	\$922,620		
<i>Applied to \$1,400,000 Corridor for 14/15</i>									\$372,427	\$922,620		
				\$94,340,968	\$95,944,981			\$78,080,207	\$83,253,812	\$84,707,201		

- Loss and policy information provided by Jennifer McKenzie, Arthur J. Gallagher

Excess paid and incurred losses for closed claims are equal to the excess recoveries, or amounts over SIR if no recovery yet
Excess paid and incurred losses for open claims are amounts in excess of SIR regardless of recoveries.

Calculation of Limited Losses

<i>Policy Period</i>	<i>(A) Per Occurrence SIR</i>	<i>(B) Unlimited Paid Loss & ALAE</i>	<i>(C) Unlimited Reported Loss & ALAE</i>	<i>(D) Paid Excess of SIR</i>	<i>(E) Reported Excess of SIR</i>	<i>(F) Paid Limited to SIR</i>	<i>(G) Reported Limited to SIR</i>
7/1/02-03	\$100k/\$200k	\$312,045	\$312,045	\$0	\$0	\$312,045	\$312,045
7/1/03-04	\$100k/\$200k	\$2,513,499	\$2,513,499	\$1,226,330	\$1,226,330	\$1,287,169	\$1,287,169
7/1/04-05	\$100k/\$200k	\$1,305,598	\$1,305,598	\$38,605	\$38,605	\$1,266,993	\$1,266,993
7/1/05-06	\$100k/\$200k	\$3,224,400	\$3,224,400	\$605,708	\$605,708	\$2,618,692	\$2,618,692
7/1/06-07	\$100k/\$200k	\$7,672,924	\$7,672,924	\$5,068,410	\$5,068,410	\$2,604,514	\$2,604,514
7/1/07-08	\$100k/\$200k	\$27,549,083	\$27,549,083	\$23,633,602	\$23,633,602	\$3,915,481	\$3,915,481
7/1/08-09	\$100k/\$200k	\$14,784,861	\$14,784,861	\$10,223,263	\$10,223,263	\$4,561,597	\$4,561,597
7/1/09-10	\$100k/\$200k	\$17,109,070	\$17,409,070	\$12,493,652	\$12,593,652	\$4,615,418	\$4,815,418
7/1/10-11	\$100k/\$200k	\$26,471,942	\$26,471,942	\$22,902,470	\$22,902,470	\$3,569,472	\$3,569,472
7/1/11-12	\$250,000	\$4,018,489	\$4,018,489	\$817,446	\$817,446	\$3,201,043	\$3,201,043
7/1/12-13	\$250,000	\$6,136,455	\$6,146,124	\$3,507,280	\$3,507,280	\$2,629,175	\$2,638,844
7/1/13-14	\$250,000	\$3,710,744	\$4,267,862	\$1,257,339	\$1,730,267	\$2,453,405	\$2,537,594
7/1/14-15	\$250,000	\$3,583,542	\$4,529,545	\$372,427	\$922,620	\$3,211,115	\$3,606,925
7/1/15-16	\$250,000	\$967,692	\$1,686,670	\$0	\$0	\$967,692	\$1,686,670
Total		\$119,360,342	\$121,892,111	\$82,146,532	\$83,269,654	\$37,213,810	\$38,622,458

(B) and (C) - Exhibit I

(D) and (E) - Excess amount from claims in Exhibit II, page 1

(F) = (B) - (D)

(G) = (C) - (E)

**Estimated Ultimate Losses
Using Loss Development Methods**

Limited to \$250,000 SIR

	(A)	(B)	(C)	(D)	(E)
<i>Accident Period</i>	<i>Net Reported Losses</i>	<i>Excess on Large Losses</i>	<i>Limited Reported Losses</i>	<i>Reported Develop. Factor</i>	<i>Limited Ultimate Losses</i>
7/1/11-12	\$4,018,489	\$817,446	\$3,201,043	1.000	\$3,201,000
7/1/12-13	\$6,146,124	\$3,507,280	\$2,638,844	1.000	\$2,639,000
7/1/13-14	\$4,267,862	\$1,730,267	\$2,537,594	1.000	\$2,538,000
7/1/14-15	\$4,529,545	\$922,620	\$3,606,925	1.000	\$3,607,000
7/1/15-16	\$1,686,670	\$0	\$1,686,670	1.714	\$2,891,000
<i>Total</i>	\$20,648,690	\$6,977,613	\$13,671,077		\$14,876,000

Unlimited Losses

	(F)	(G)	(H)
<i>Accident Period</i>	<i>Unlimited Reported Losses</i>	<i>Unlimited Reported Develop. Factor</i>	<i>Unlimited Ultimate Losses</i>
7/1/11-12	\$4,018,489	1.000	\$4,018,000
7/1/12-13	\$6,146,124	1.000	\$6,146,000
7/1/13-14	\$4,267,862	1.001	\$4,273,000
7/1/14-15	\$4,529,545	1.018	\$4,610,000
7/1/15-16	\$1,686,670	2.084	\$3,515,000
<i>Total</i>	\$20,648,690		\$22,562,000

(A) and (F) - Exhibit I
(B) - Exhibit II
(C) = (A) - (B)
(D) and (G) = Appendix A
(E) = (C) * (D)
(H) = (F) * (G)

Estimate of Ultimates based on Forecast

<i>Accident Period</i>	<i>Exposure</i>	<i>APD Limited to \$250,000</i>	<i>Property Limited to \$250,000</i>	<i>Corridor</i>	<i>Total Retained</i>	<i>Insured Above Corridor</i>	<i>Total Cost Limited to \$10,000,000</i>
7/1/15-16	\$8,295,479	\$600,000	\$3,500,000	\$1,400,000	\$5,500,000	\$6,679,000	\$12,179,000
7/1/16-17	\$8,296,174	\$600,000	\$3,500,000	\$1,400,000	\$5,500,000	\$6,680,000	\$12,180,000
	Rate	\$0.07	\$0.42	\$0.17	\$0.66	\$0.81	\$1.47

From current forecast, detrended

**Estimated Ultimate Losses
Using Bornhuetter-Ferguson Method**

Limited to \$250,000 SIR

	(A)	(B)	(C)	(D)	(E)	(F)
<i>Accident Period</i>	<i>Prior Ultimate or Forecast</i>	<i>Reported Develop. Factor</i>	<i>Expected % Unreported</i>	<i>Expected Unreported Losses</i>	<i>Reported Losses</i>	<i>Estimated Ultimate Losses</i>
7/1/11-12	\$3,201,000	1.000	0%	\$0	\$3,201,043	\$3,201,000
7/1/12-13	\$2,608,000	1.000	0%	\$0	\$2,638,844	\$2,639,000
7/1/13-14	\$2,319,000	1.000	0%	\$0	\$2,537,594	\$2,538,000
7/1/14-15	\$3,460,000	1.000	0%	\$0	\$3,606,925	\$3,607,000
7/1/15-16	\$4,100,000	1.714	42%	\$1,708,000	\$1,686,670	\$3,395,000
Total	\$15,688,000			\$1,708,000	\$13,671,077	\$15,380,000

Unlimited Losses

	(G)	(H)	(I)	(J)	(K)	(L)
<i>Accident Period</i>	<i>Prior Ultimate or Forecast</i>	<i>Reported Develop. Factor</i>	<i>Expected % Unreported</i>	<i>Expected Unreported Losses</i>	<i>Reported Losses</i>	<i>Estimated Ultimate Losses</i>
7/1/11-12	\$4,018,000	1.000	0%	\$0	\$4,018,489	\$4,018,000
7/1/12-13	\$6,226,000	1.000	0%	\$0	\$6,146,124	\$6,146,000
7/1/13-14	\$3,564,000	1.001	0%	\$4,000	\$4,267,862	\$4,272,000
7/1/14-15	\$4,960,000	1.018	2%	\$87,000	\$4,529,545	\$4,617,000
7/1/15-16	\$12,179,000	2.084	52%	\$6,334,000	\$1,686,670	\$8,021,000
Total	\$30,947,000			\$6,425,000	\$20,648,690	\$27,074,000

(A) and (G) - Exhibit VI or IV for 15-16

(B) and (H) - Appendix A

(C) = 1 - 1/(B)

(D) = (A) * (C)

(E) - Exhibit I, limited to \$250,000

(F) = (D) + (E)

(I) = 1 - 1/(H)

(J) = (G) * (I)

(K) - Exhibit I

(L) = (J) + (K)

Summary and Selection of Ultimate Limited Loss Estimates

<i>Accident Period</i>	<i>SIR</i>	<i>(A) Prior Ultimate or Forecast</i>	<i>(D) Selected Ultimate Loss Estimate</i>
7/1/02-03	\$100k/\$200k	\$312,045	\$312,045
7/1/03-04	\$100k/\$200k	\$1,287,169	\$1,287,169
7/1/04-05	\$100k/\$200k	\$1,266,993	\$1,266,993
7/1/05-06	\$100k/\$200k	\$2,618,692	\$2,618,692
7/1/06-07	\$100k/\$200k	\$2,604,514	\$2,604,514
7/1/07-08	\$100k/\$200k	\$3,915,481	\$3,915,481
7/1/08-09	\$100k/\$200k	\$4,561,722	\$4,561,597
7/1/09-10	\$100k/\$200k	\$4,615,418	\$4,815,418
7/1/10-11	\$100k/\$200k	\$3,569,472	\$3,569,472
<i>Total</i>		\$24,751,506	\$24,951,381

(A) - From previous report dated 6/30/15

(D) - Selected as noted:

Limited Reported Losses for all years

Summary and Selection of Ultimate Limited Loss Estimates

Accident Period	SIR/ Corridor	(A) Prior Selection or Forecast	(B) Reported Loss Development Method	(C) Expected Unreported Method	(D) Selected Ultimate Loss Estimate
Limited to SIR					
7/1/11-12	\$250,000	\$3,201,000	\$3,201,000	\$3,201,000	\$3,201,000
7/1/12-13	\$250,000	\$2,608,000	\$2,639,000	\$2,639,000	\$2,639,000
7/1/13-14	\$250,000	\$2,319,000	\$2,538,000	\$2,538,000	\$2,538,000
7/1/14-15	\$250,000	\$3,460,000	\$3,607,000	\$3,607,000	\$3,607,000
7/1/15-16	\$250,000	\$4,218,000	\$2,891,000	\$3,395,000	\$3,395,000
Limited to \$10Million					
7/1/11-12		\$4,018,000	\$4,018,000	\$4,018,000	\$4,018,000
7/1/12-13		\$6,226,000	\$6,146,000	\$6,146,000	\$6,146,000
7/1/13-14		\$3,564,000	\$4,273,000	\$4,272,000	\$4,272,000
7/1/14-15		\$4,960,000	\$4,610,000	\$4,617,000	\$4,617,000
7/1/15-16		\$12,218,000	\$3,515,000	\$8,021,000	\$5,768,000
Excess of SIR (Difference in \$10M and SIR Losses)					
7/1/11-12		\$817,000	\$817,000	\$817,000	\$817,000
7/1/12-13		\$3,618,000	\$3,507,000	\$3,507,000	\$3,507,000
7/1/13-14		\$1,245,000	\$1,735,000	\$1,734,000	\$1,734,000
7/1/14-15		\$1,500,000	\$1,003,000	\$1,010,000	\$1,010,000
7/1/15-16		\$8,000,000	\$624,000	\$4,626,000	\$2,373,000
Capped at Corridor (Excess Losses Capped to Corridor)					
7/1/11-12	\$2,700,000	\$817,000	\$817,000	\$817,000	\$817,000
7/1/12-13	\$2,400,000	\$2,400,000	\$2,400,000	\$2,400,000	\$2,400,000
7/1/13-14	\$1,400,000	\$1,245,000	\$1,400,000	\$1,400,000	\$1,400,000
7/1/14-15	\$1,400,000	\$1,400,000	\$1,003,000	\$1,010,000	\$1,010,000
7/1/15-16	\$1,400,000	\$1,400,000	\$624,000	\$1,400,000	\$1,400,000
Total Retained Losses (SIR Losses Plus Corridor)					
7/1/11-12		\$4,018,000			\$4,018,000
7/1/12-13		\$5,008,000			\$5,039,000
7/1/13-14		\$3,564,000			\$3,938,000
7/1/14-15		\$4,860,000			\$4,617,000
7/1/15-16		\$5,618,000			\$4,795,000

(A) - From previous report as of 6/30/15
 (B) - Exhibit III
 (C) - Exhibit V
 (D) - Selected as noted:
 (C) for all except
 Average of (B) and (C) for 15-16 at \$10M limit

Average Ultimate Claim Sizes

	(A)	(B)	(C)	(D)	(E)	(F)	(G)
<i>Accident Period</i>	<i>Reported Occurrences</i>	<i>Reported Claim Development</i>	<i>Estimated Ultimate Occurrences</i>	<i>Estimated Ultimate Limited Losses</i>	<i>Average Ultimate Limited Occurrence</i>	<i>Exposure (thousands)</i>	<i>Loss Rate</i>
7/1/02-03	24	1.000	24.0	\$312,045	\$13,000		
7/1/03-04	104	1.000	104.0	\$1,287,169	\$12,400		
7/1/04-05	122	1.000	122.0	\$1,266,993	\$10,400	\$3,756,689	\$0.34
7/1/05-06	190	1.000	190.0	\$2,618,692	\$13,800	\$5,058,377	\$0.52
7/1/06-07	232	1.000	232.0	\$2,604,514	\$11,200	\$6,396,403	\$0.41
7/1/07-08	255	1.000	255.0	\$3,915,481	\$15,400	\$7,053,258	\$0.56
7/1/08-09	211	1.000	211.0	\$4,561,597	\$21,600	\$7,478,045	\$0.61
7/1/09-10	266	1.000	266.0	\$4,815,418	\$18,100	\$7,801,897	\$0.62
7/1/10-11	225	1.000	225.0	\$3,569,472	\$15,900	\$8,214,036	\$0.43
7/1/11-12	173	1.000	173.0	\$4,018,000	\$23,200	\$6,347,462	\$0.63
7/1/12-13	162	1.000	162.0	\$5,039,000	\$31,100	\$6,526,039	\$0.77
7/1/13-14	158	1.000	158.0	\$3,938,000	\$24,900	\$8,356,363	\$0.47
7/1/14-15	207	1.000	207.0	\$4,617,000	\$22,300	\$8,137,357	\$0.57
7/1/15-16	104	1.714	178.3	\$4,795,000	\$26,900	\$8,295,479	\$0.58
7/1/16-17			208.2	\$5,500,000	\$26,400	\$8,296,174	\$0.66
Total	2433		2715.5	\$52,858,381	\$19,500	\$91,717,579	\$0.58

- Results for 7/1/15-16 from Forecast

- (A) - Exhibit I
- (B) - Appendix A
- (C) = (A) x (B)
- (D) = Exhibit VI
- (E) = (D) / (C)
- (F) - Exhibit I, provided by OSIG
- (G) = (D) / (F)

Estimated Outstanding Losses

Accident Period	SIR	(A) Limited Ultimate Losses	(B) Limited Paid Losses	(C) Limited Reported Losses	(D) Limited Case Reserves	(E) IBNR Losses	(F) Outstanding Losses
As of January 31, 2016							
7/1/02-03	\$100k/\$200k	\$312,045	\$312,045	\$312,045	\$0	\$0	\$0
7/1/03-04	\$100k/\$200k	\$1,287,169	\$1,287,169	\$1,287,169	\$0	\$0	\$0
7/1/04-05	\$100k/\$200k	\$1,266,993	\$1,266,993	\$1,266,993	\$0	\$0	\$0
7/1/05-06	\$100k/\$200k	\$2,618,692	\$2,618,692	\$2,618,692	\$0	\$0	\$0
7/1/06-07	\$100k/\$200k	\$2,604,514	\$2,604,514	\$2,604,514	\$0	\$0	\$0
7/1/07-08	\$100k/\$200k	\$3,915,481	\$3,915,481	\$3,915,481	\$0	\$0	\$0
7/1/08-09	\$100k/\$200k	\$4,561,597	\$4,561,597	\$4,561,597	\$0	\$0	\$0
7/1/09-10	\$100k/\$200k	\$4,815,418	\$4,615,418	\$4,815,418	\$200,000	\$0	\$200,000
7/1/10-11	\$100k/\$200k	\$3,569,472	\$3,569,472	\$3,569,472	\$0	\$0	\$0
7/1/11-12	\$250,000	\$3,201,000	\$3,201,043	\$3,201,043	\$0	\$0	\$0
7/1/11-12	\$2.7M Corridor	\$817,000	\$817,446	\$817,446	\$0	\$0	\$0
7/1/12-13	\$250,000	\$2,639,000	\$2,629,175	\$2,638,844	\$9,669	\$0	\$10,000
7/1/12-13	\$2.4M Corridor	\$2,400,000	\$2,400,000	\$2,400,000	\$0	\$0	\$0
7/1/13-14	\$250,000	\$2,538,000	\$2,453,405	\$2,537,594	\$84,189	\$0	\$85,000
7/1/13-14	\$1.4M Corridor	\$1,400,000	\$1,257,339	\$1,400,000	\$142,661	\$0	\$143,000
7/1/14-15	\$250,000	\$3,607,000	\$3,211,115	\$3,606,925	\$395,811	\$0	\$396,000
7/1/14-15	\$1.4M Corridor	\$1,010,000	\$372,427	\$922,620	\$550,192	\$87,000	\$638,000
7/1/15-1/31/16	\$250,000	\$1,980,000	\$967,692	\$1,686,670	\$718,979	\$293,000	\$1,012,000
7/1/15-1/31/16	\$1.4M Corridor	\$1,400,000	\$0	\$0	\$0	\$1,400,000	\$1,400,000
Total		\$45,943,381	\$42,061,022	\$44,162,524	\$2,101,502	\$1,780,000	\$3,884,000
Projected as of June 30, 2016							
All Prior Years	\$100k/\$200k	\$24,951,381	\$24,751,381	\$24,951,381	\$200,000	\$0	\$200,000
7/1/11-12	\$250,000	\$3,201,000	\$3,201,000	\$3,201,000	\$0	\$0	\$0
7/1/11-12	\$2.7M Corridor	\$817,000	\$817,000	\$817,000	\$0	\$0	\$0
7/1/12-13	\$250,000	\$2,639,000	\$2,639,000	\$2,639,000	\$0	\$0	\$0
7/1/12-13	\$2.4M Corridor	\$2,400,000	\$2,400,000	\$2,400,000	\$0	\$0	\$0
7/1/13-14	\$250,000	\$2,538,000	\$2,495,784	\$2,538,000	\$42,000	\$0	\$42,000
7/1/13-14	\$1.4M Corridor	\$1,400,000	\$1,400,000	\$1,400,000	\$0	\$0	\$0
7/1/14-15	\$250,000	\$3,607,000	\$3,430,034	\$3,607,000	\$177,000	\$0	\$177,000
7/1/14-15	\$1.4M Corridor	\$1,010,000	\$729,192	\$985,091	\$256,000	\$25,000	\$281,000
7/1/15-16	\$250,000	\$3,395,000	\$1,970,627	\$3,395,000	\$1,424,000	\$0	\$1,424,000
7/1/15-16	\$1.4M Corridor	\$1,400,000	\$50,672	\$981,491	\$931,000	\$419,000	\$1,349,000
Total		\$47,358,000	\$43,884,689	\$46,914,962	\$3,030,000	\$444,000	\$3,473,000

Total Estimated IBNR as of June 30, 2016 \$444,000

(A) - Exhibit VI

(B) and (C) - Exhibit V for 01/31/16

Projected as of 06/30/16 using LDFs

(D) = (C) - (B)

(E) = (A) - (C)

(F) = (A) - (B)

Comparison of Results with Previous Estimates as of 06/30/15

	(A) Actual Reported Losses 6/30/2015	(B) Projected Reported Losses 1/31/2016	(C) Actual Reported Losses 1/31/2016	(D) Percent Difference	(E) Expected Ultimate Losses 6/30/2015	(F) Actual Ultimate Losses 1/31/2016	(G) Percent Difference
7/1/02-03	\$312,045	\$312,045	\$312,045	0.0%	\$312,045	\$312,045	0.0%
7/1/03-04	\$1,287,169	\$1,287,169	\$1,287,169	0.0%	\$1,287,169	\$1,287,169	0.0%
7/1/04-05	\$1,266,993	\$1,266,993	\$1,266,993	0.0%	\$1,266,993	\$1,266,993	0.0%
7/1/05-06	\$2,618,692	\$2,618,692	\$2,618,692	0.0%	\$2,618,692	\$2,618,692	0.0%
7/1/06-07	\$2,604,514	\$2,604,514	\$2,604,514	0.0%	\$2,604,514	\$2,604,514	0.0%
7/1/07-08	\$3,915,481	\$3,915,481	\$3,915,481	0.0%	\$3,915,481	\$3,915,481	0.0%
7/1/08-09	\$4,561,722	\$4,561,722	\$4,561,597	0.0%	\$4,561,722	\$4,561,597	0.0%
7/1/09-10	\$4,615,418	\$4,615,418	\$4,815,418	4.3%	\$4,615,418	\$4,815,418	4.3%
7/1/10-11	\$3,569,472	\$3,569,472	\$3,569,472	0.0%	\$3,569,472	\$3,569,472	0.0%
7/1/11-12	\$3,201,043	\$3,201,043	\$3,201,043	0.0%	\$3,201,000	\$3,201,000	0.0%
7/1/12-13	\$2,608,124	\$2,608,124	\$2,638,844	1.2%	\$2,608,000	\$2,639,000	1.2%
7/1/13-14	\$2,319,236	\$2,319,236	\$2,537,594	9.4%	\$2,319,000	\$2,538,000	9.4%
7/1/14-15	\$3,459,706	\$3,460,000	\$3,606,925	4.2%	\$3,460,000	\$3,607,000	4.2%
7/1/15-16		\$2,460,500	\$1,686,670	-31.5%	\$4,218,000	\$3,395,000	-19.5%
Total	\$36,339,615	\$38,800,409	\$38,622,458	-0.5%	\$40,557,506	\$40,331,381	-0.6%

(A) and (E) - From Previous actuarial report as of 06/30/2015

Limited to \$250,000 for 11-12 through 15-16

(B) - Derived from (A) and (E) using loss development patterns

(C) - Exhibit I, limited to retention

(D) = [(C) / (B)] - 1

(F) - Exhibit VI

(G) = [(F) / (E)] - 1

Comparison of Results with Previous Estimates as of 06/30/15

	(A) Actual Reported Losses 6/30/2015	(B) Projected Reported Losses 1/31/2016	(C) Actual Reported Losses 1/31/2016	(D) Percent Difference	(E) Expected Ultimate Losses 6/30/2015	(F) Actual Ultimate Losses 1/31/2016	(G) Percent Difference
7/1/02-03	\$312,045	\$312,045	\$312,045	0.0%	\$312,045	\$312,045	0.0%
7/1/03-04	\$1,287,169	\$1,287,169	\$1,287,169	0.0%	\$1,287,169	\$1,287,169	0.0%
7/1/04-05	\$1,266,993	\$1,266,993	\$1,266,993	0.0%	\$1,266,993	\$1,266,993	0.0%
7/1/05-06	\$2,618,692	\$2,618,692	\$2,618,692	0.0%	\$2,618,692	\$2,618,692	0.0%
7/1/06-07	\$2,604,514	\$2,604,514	\$2,604,514	0.0%	\$2,604,514	\$2,604,514	0.0%
7/1/07-08	\$3,915,481	\$3,915,481	\$3,915,481	0.0%	\$3,915,481	\$3,915,481	0.0%
7/1/08-09	\$4,561,722	\$4,561,722	\$4,561,597	0.0%	\$4,561,722	\$4,561,597	0.0%
7/1/09-10	\$4,615,418	\$4,615,418	\$4,815,418	4.3%	\$4,615,418	\$4,815,418	4.3%
7/1/10-11	\$3,569,472	\$3,569,472	\$3,569,472	0.0%	\$3,569,472	\$3,569,472	0.0%
7/1/11-12	\$4,018,489	\$4,018,489	\$4,018,489	0.0%	\$4,018,000	\$4,018,000	0.0%
7/1/12-13	\$5,008,124	\$5,008,124	\$5,038,844	0.6%	\$5,008,000	\$5,039,000	0.6%
7/1/13-14	\$3,549,504	\$3,549,504	\$3,937,594	10.9%	\$3,564,000	\$3,938,000	10.5%
7/1/14-15	\$4,080,491	\$4,860,000	\$4,529,545	-6.8%	\$4,860,000	\$4,617,000	-5.0%
7/1/15-16		\$3,277,167	\$1,686,670	-48.5%	\$5,618,000	\$4,795,000	-14.6%
Total	\$41,408,113	\$45,464,789	\$44,162,524	-2.9%	\$47,819,506	\$47,358,381	-1.0%

(A) and (E) - From Previous actuarial report as of 06/30/2015

Primary Losses Plus Corridor for 11-12 through 15-16

(B) - Derived from (A) and (E) using loss development patterns

(C) - Exhibit I, limited to retention

(D) = [(C) / (B)] - 1

(F) - Exhibit VI

(G) = [(F) / (E)] - 1

**Estimation of Cumulative Reported Loss Development Factors
 Losses Limited to \$250,000 per Occurrence
 Using "The Method of Least Squares"**

Curve : $Y = A(1/(X+C))^B + 1$ (Modified Inverse Power Curve)

Months of Maturity X	Cumulative Factors Y*	Transformed Values for Regression					Fitted Values	
		X'	Y'	(X')^2	(Y')^2	X' x Y'	X	Cumulative Factor Y
		LN(1/(X+C))	LN(Y-1)					
12	1.000						163	1.000
24	1.000						151	1.000
36	1.000						139	1.000
48	1.000						127	1.000
60	1.000						115	1.000
							103	1.000
							91	1.000
							79	1.000
							67	1.000
							55	1.000
							43	1.000
							31	1.000
							19	1.000
Sum		0.0000	0.0000	0.0000	0.0000	0.0000	7	1.714
Average		0.0000	0.0000	0.0000	0.0000	0.0000		

N =	5	
A =		
B =		R^2 =
C =		

* - Appendix A4, Page 1

**Estimation of Cumulative Reported Loss Development Factors
 Unlimited Reported Losses
 Using "The Method of Least Squares"**

Curve : $Y = A(1/(X+C))^B + 1$ (Modified Inverse Power Curve)

Months of Maturity X	Cumulative Factors Y*	Transformed Values for Regression					Fitted Values	
		X' LN(1/(X+C))	Y' LN(Y-1)	(X')^2	(Y')^2	X' x Y'	X	Cumulative Factor Y
12	1.216	-2.4849	-1.5346	6.175	2.3549	3.8132	163	1.000
24	1.005	-3.1781	-5.2983	10.100	28.0722	16.8383	151	1.000
							139	1.000
							127	1.000
							115	1.000
							103	1.000
							91	1.000
							79	1.000
							67	1.000
							55	1.000
							43	1.000
							31	1.001
							19	1.018
Sum		-5.6630	-6.8329	16.2748	30.4270	20.6516	7	2.084
Average		-2.8315	-3.4164	8.1374	15.2135	10.3258		

N =	2		
A =	1.561E+05		
B =	5.430	R^2 =	1.00000
C =	0		

* - Appendix A4, page 2

**Implied Payment Pattern for Limited Losses
 Using "The Method of Least Squares"**

Curve : $Y = A(1/(X+C))^B + 1$ (Modified Inverse Power Curve)

Months of Maturity X	Cumulative Factors Y*	Transformed Values for Regression					Fitted Values	
		X' LN(1/(X+C))	Y' LN(Y-1)	(X')^2	(Y')^2	X' x Y'	X	Cumulative Factor Y
7	3.508	-3.4340	0.9196	11.792	0.8457	-3.1580	55	1.000
19	1.123	-3.7612	-2.0932	14.147	4.3817	7.8731	43	1.005
31	1.034	-4.0073	-3.3674	16.059	11.3391	13.4941	31	1.022
43	1.004	-4.2047	-5.5895	17.679	31.2421	23.5020	19	1.166
							7	3.360
Sum		-15.4072	-10.1304	59.6771	47.8086	41.7112		
Average		-3.8518	-2.5326	14.9193	11.9521	10.4278		

N =	4		
A =	3.008E+12		
B =	8.117	R^2 =	0.985947
C =	24		

* - Limited Ultimate Losses / Limited Paid Losses

**Implied Payment Pattern for Unlimited Losses
 Using "The Method of Least Squares"**

Curve : $Y = A(1/(X+C))^B + 1$ (Modified Inverse Power Curve)

Months of Maturity X	Cumulative Factors Y*	Transformed Values for Regression					Fitted Values	
		X'	Y'	(X')^2	(Y')^2	X' x Y'	X	Cumulative Factor Y
		LN(1/(X+C))	LN(Y-1)					
7	5.961	-6.2285	1.6015	38.794	2.5649	-9.9751	55	1.000
19	1.288	-6.2519	-1.2434	39.086	1.5461	7.7739	43	1.003
31	1.151	-6.2748	-1.8888	39.373	3.5676	11.8518	31	1.038
43	1.002	-6.2971	-6.4659	39.654	41.8083	40.7167	19	1.455
							7	6.756
Sum		-25.0523	-7.9967	156.9069	49.4869	50.3673		
Average		-6.2631	-1.9992	39.2267	12.3717	12.5918		

N =	4		
A =	1.666E+294		
B =	108.488	R^2 =	0.918516
C =	500		

* - Based on Ratio of Ultimate Unlimited Losses to Unlimited Paid Losses

**Estimation of Cumulative Reported Claim Development Factors
 Using "The Method of Least Squares"**

Curve : $Y = A(1/(X+C))^B + 1$ (Modified Inverse Power Curve)

Months of Maturity X	Cumulative Factors Y*	Transformed Values for Regression					Fitted Values	
		X' LN(1/(X+C))	Y' LN(Y-1)	(X')^2	(Y')^2	X' x Y'	X	Cumulative Factor Y
12	1.000						163	1.000
24	1.000						151	1.000
							139	1.000
							127	1.000
							115	1.000
							103	1.000
							91	1.000
							79	1.000
							67	1.000
							55	1.000
							43	1.000
							31	1.000
							19	1.000
Sum		0.0000	0.0000	0.0000	0.0000	0.0000	7	1.714
Average		0.0000	0.0000	0.0000	0.0000	0.0000		

N =	2	
A =		
B =		R^2 =
C =		

* - Appendix A6

Analysis of Reported Loss Development
Pure Loss Limited to \$250,000 ALAE unlimited

Year	Limited Reported Losses and ALAE as of (months):									
	12	24	36	48	60	72	84	96	108	120
7/1/03-04								\$1,460,531	\$1,460,531	\$1,460,531
7/1/04-05							\$1,305,598	\$1,305,598	\$1,305,598	\$1,305,598
7/1/05-06						\$2,912,297	\$2,912,297	\$2,912,297	\$2,912,297	\$2,912,297
7/1/06-07					\$2,801,109	\$2,794,881	\$2,794,881	\$2,794,881	\$2,794,881	
7/1/07-08				\$5,083,453	\$5,097,217	\$5,097,217	\$5,097,217	\$5,097,217		
7/1/08-09			\$5,799,194	\$5,831,587	\$5,900,011	\$5,897,574	\$5,897,276			
7/1/09-10		\$5,643,910	\$5,633,310	\$5,639,110	\$5,639,110	\$5,639,110				
7/1/10-11	\$5,333,937	\$4,814,020	\$4,639,787	\$4,830,071	\$4,835,277					
7/1/11-12	\$3,532,085	\$3,363,887	\$3,271,113	\$3,282,543						
7/1/12-13	\$3,149,150	\$2,937,773	\$3,011,624							
7/1/13-14	\$2,524,519	\$2,329,236								
7/1/14-15	\$3,537,706									

Year	Age-to-Age Factors									
	12:24	24:36	36:48	48:60	60:72	72:84	84:96	96:108	108:120	120:ult
7/1/03-04								1.000	1.000	
7/1/04-05							1.000	1.000	1.000	
7/1/05-06						1.000	1.000	1.000	1.000	
7/1/06-07					0.998	1.000	1.000	1.000		
7/1/07-08				1.003	1.000	1.000	1.000			
7/1/08-09			1.006	1.012	1.000	1.000				
7/1/09-10		0.998	1.001	1.000	1.000					
7/1/10-11	0.903	0.964	1.041	1.001						
7/1/11-12	0.952	0.972	1.003							
7/1/12-13	0.933	1.025								
7/1/13-14	0.923									
Average	0.928	0.990	1.013	1.004	0.999	1.000	1.000	1.000	1.000	
Wtd. Average	0.925	0.988	1.012	1.004	1.000	1.000	1.000	1.000	1.000	
OK Benchmark	1.083	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Prior	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
	12	24	36	48	60	72	84	96	108	120
Selected	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Cumulative	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

**Analysis of Unlimited Reported Loss Development
 Total Experience Net of Member Deductibles**

Year	Unlimited Reported Losses and ALAE as of (months):									
	12	24	36	48	60	72	84	96	108	120
7/1/03-04	\$1,434,517	\$2,603,810	\$2,513,140	\$2,513,499	\$2,513,499	\$2,513,499	\$2,513,499	\$2,513,499	\$2,513,499	\$2,513,499
7/1/04-05	\$1,368,113	\$1,280,634	\$1,304,691	\$1,304,691	\$1,304,691	\$1,304,691	\$1,305,598	\$1,305,598	\$1,305,598	\$1,305,598
7/1/05-06	\$3,110,731	\$3,128,836	\$3,224,284	\$3,224,400	\$3,224,400	\$3,224,400	\$3,224,400	\$3,224,400	\$3,224,400	\$3,224,400
7/1/06-07	\$6,628,583	\$8,027,416	\$7,594,525	\$7,688,597	\$7,676,617	\$7,672,924	\$7,672,924	\$7,672,924	\$7,672,924	
7/1/07-08	\$29,183,950	\$32,191,764	\$27,838,808	\$27,549,083	\$27,549,083	\$27,549,083	\$27,549,083	\$27,549,083		
7/1/08-09	\$14,390,753	\$15,321,794	\$14,550,076	\$14,727,379	\$14,787,721	\$14,785,284	\$14,784,986			
7/1/09-10	\$13,583,620	\$18,081,798	\$17,074,377	\$17,109,070	\$17,109,070	\$17,109,070				
7/1/10-11	\$18,938,242	\$29,188,873	\$27,961,920	\$26,296,810	\$26,471,942					
7/1/11-12	\$4,269,177	\$4,298,833	\$4,007,059	\$4,018,489						
7/1/12-13	\$5,180,489	\$6,310,374	\$6,225,528							
7/1/13-14	\$2,684,519	\$3,549,504								
7/1/14-15	\$4,080,491									

Year	Age-to-Age Factors									
	12:24	24:36	36:48	48:60	60:72	72:84	84:96	96:108	108:120	120:
7/1/03-04	1.815	0.965	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
7/1/04-05	0.936	1.019	1.000	1.000	1.000	1.001	1.000	1.000	1.000	
7/1/05-06	1.006	1.031	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
7/1/06-07	1.211	0.946	1.012	0.998	1.000	1.000	1.000	1.000	1.000	
7/1/07-08	1.103	0.865	0.990	1.000	1.000	1.000	1.000	1.000		
7/1/08-09	1.065	0.950	1.012	1.004	1.000	1.000				
7/1/09-10	1.331	0.944	1.002	1.000	1.000					
7/1/10-11	1.541	0.958	0.940	1.007						
7/1/11-12	1.007	0.932	1.003							
7/1/12-13	1.218	0.987								
7/1/13-14	1.322									
Average	1.232	0.960	0.996	1.001	1.000	1.000	1.000	1.000	1.000	
Wtd. Average	1.228	0.929	0.984	1.001	1.000	1.000	1.000	1.000	1.000	
OK Benchmark	1.083	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Prior	1.210	1.005	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Selected	1.210	1.005	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Cumulative	1.216	1.005	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

Analysis of Report Occurrences

Year	Reported Occurrences as of (months):									
	12	24	36	48	60	72	84	96	108	120
7/1/03-04				105	105	105	105	105	105	104
7/1/04-05			124	124	124	124	124	124	122	122
7/1/05-06		194	182	191	191	191	191	190	190	190
7/1/06-07	260	237	241	237	236	236	232	232	232	
7/1/07-08	232	260	260	263	264	255	255	255		
7/1/08-09	231	213	216	218	211	211	211			
7/1/09-10	256	269	271	265	265	265				
7/1/10-11	232	230	223	224	225					
7/1/11-12	172	173	173	173						
7/1/12-13	167	161	161							
7/1/13-14	150	157								
7/1/14-15	218									

Year	Age-to-Age Factors									
	12:24	24:36	36:48	48:60	60:72	72:84	84:96	96:108	108:120	120:ult
7/1/03-04				1.000	1.000	1.000	1.000	1.000	0.990	
7/1/04-05			1.000	1.000	1.000	1.000	1.000	0.984	1.000	
7/1/05-06		0.938	1.049	1.000	1.000	1.000	0.995	1.000	1.000	
7/1/06-07	0.912	1.017	0.983	0.996	1.000	0.983	1.000	1.000		
7/1/07-08	1.121	1.000	1.012	1.004	0.966	1.000	1.000			
7/1/08-09	0.922	1.014	1.009	0.968	1.000	1.000				
7/1/09-10	1.051	1.007	0.978	1.000	1.000					
7/1/10-11	0.991	0.970	1.004	1.004						
7/1/11-12	1.006	1.000	1.000							
7/1/12-13	0.964	1.000								
7/1/13-14	1.047									
Average	1.002	0.993	1.004	0.996	0.995	0.997	0.999	0.996	0.997	
Wtd. Average	0.995	0.994	1.003	0.995	0.992	0.996	0.998	0.995	0.996	
OK benchmark	1.083	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Prior	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Selected	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Cumulative	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000



Loss Forecast for 7/1/16-17

Oklahoma Schools Insurance Group

March 23, 2016

Based on loss data evaluated as of January 31, 2016

Loss Forecast for 7/1/16-17

Oklahoma Schools Insurance Group

March 23, 2016

Based on data Evaluated as of January 31, 2016

Prepared by

Laura T. Sprouse, FCAS, MAAA

*Select Actuarial Services
28 White Bridge Road, Suite 205
Nashville, TN 37205
(615) 269-4469 x 113
(615) 269-4878 (fax)
laura.sprouse@selectactuarial.com*

Table of Contents

Section 1	Executive Summary
Section 2	Introduction & Considerations
Section 3	Analysis
Section 4	Exhibits – Automobile Liability
Section 5	Exhibits – General Liability
Section 6	Exhibits – Auto Physical Damage
Section 7	Exhibits - Property

Executive Summary

Select Actuarial Services has prepared this report for the Oklahoma Schools Insurance Group (OSIG) at the request of Ms. Jennifer McKenzie, Arthur J. Gallagher. The purpose of this report is to evaluate the projected costs associated with OSIG's projected property and liability exposures for the period July 1, 2016, through June 30, 2017.

The forecast for OSIG's retained losses for the 7/1/16-17 program year are shown in the Table below for Liability and for Property. Results for alternate SIR levels are shown in the Tables following this Executive Summary.

For purposes of our analysis, losses for automobile liability were projected separate from the general liability and E&O. Likewise, auto physical damage losses were projected separately from the other property claims. Results for these individual pieces are contained in the Exhibit VII for each line's Exhibit Section of the report. The results presented in the Executive summary are on a combined basis for Liability and Property.

Throughout this report the term losses will refer to loss and allocated loss adjustment expenses.

OSIG 7/1/16-17 Forecast Retained Losses		
	Liability \$100,000 SIR	Property \$250,000 SIR reduced for member deductibles, plus \$1,400,000 corridor
Forecast Losses	\$3,070,000	\$5,500,000
Estimated Exposures	376,577	\$8,296,174
Loss Rate	\$8.15	\$0.66
75 th Percentile Forecast	\$3,405,000	\$5,967,000

Key Assumptions

Unless otherwise stated, the figures in this report represent expected values. Key assumptions included:

- 1) Loss and exposure data for the OSIG's members as of 1/31/16 is predictive of experience for the 7/1/16-17 period. Former OSIG members' data has been excluded.
- 2) Reasonable measures of the exposure to loss are:
 - Number of Vehicles for automobile liability and auto physical damage;
 - Total Insured Value (TIV) for property; and
 - Pupil counts for all other liability.
- 3) Loss development factors based on OSIG's experience, supplemented by the experience of public entities in the state of Oklahoma are used to develop reported and paid losses to ultimate;
- 4) Cost trends based on country wide insurance data are appropriate for trending losses to current cost levels.
- 5) Various statistical distributions can be used to model the underlying loss generating process.

Results of this Analysis

Automobile Liability

We project ultimate losses of \$1,210,000 for 7/1/16-17. With an estimated exposure base of 9,518 vehicles, the cost per vehicle is \$127. This rate is slightly higher than last year's forecast loss rate of \$126.

General Liability including E&O

Forecast losses for general liability including E&O are \$1,860,000. This forecast is based on projected counts of 376,577 students at a cost of \$4.94 per student. This is a 3.4% decrease over last year's selected rate of \$5.11.

Auto Physical Damage

The forecast losses for auto physical damage claims are \$600,000. This reflects a \$250,000 for most members, but \$100,000 SIR for about 22.7% of the members (based on exposure counts). The cost per vehicle at the \$100,000 SIR is \$61.76, while the cost per vehicle at the \$250,000 SIR is \$63.40.

Property

The total forecast for retained property losses (excluding APD) is \$4,900,000 including \$1,400,000 for the corridor deductible for losses in excess of \$250,000. The losses limited to \$250,000 are expected to be \$3,500,000. The cost per \$1000 TIV is \$0.42 for the primary layer and \$0.17 for the corridor. The rate for the total retained losses of \$0.59 is about 3% less than the previous selected rate.

**Distribution of Losses for 7/1/16-17
 Assuming a \$100,000 SIR**

<i>Percentile</i>	<i>Layer \$900,000 xs \$100,000</i>	<i>Layer \$900,000 xs \$100,000</i>	<i>Losses Limited to \$1,000,000</i>	<i>Losses Excess of \$1,000,000</i>
25.0%	\$2,637,000	\$521,000	\$3,304,000	\$0
30.0%	\$2,716,000	\$572,000	\$3,409,000	\$0
35.0%	\$2,789,000	\$619,000	\$3,520,000	\$0
40.0%	\$2,857,000	\$667,000	\$3,618,000	\$0
45.0%	\$2,923,000	\$717,000	\$3,720,000	\$0
50.0%	\$2,995,000	\$764,000	\$3,824,000	\$0
55.0%	\$3,066,000	\$816,000	\$3,929,000	\$0
60.0%	\$3,141,000	\$877,000	\$4,042,000	\$0
65.0%	\$3,221,000	\$937,000	\$4,150,000	\$0
70.0%	\$3,299,000	\$1,005,000	\$4,273,000	\$0
75.0%	\$3,405,000	\$1,079,000	\$4,409,000	\$0
80.0%	\$3,519,000	\$1,169,000	\$4,555,000	\$0
85.0%	\$3,649,000	\$1,279,000	\$4,746,000	\$0
90.0%	\$3,838,000	\$1,427,000	\$5,010,000	\$0
95.0%	\$4,125,000	\$1,668,000	\$5,378,000	\$0
Expected	\$3,070,000	\$830,000	\$3,900,000	\$30,000
<i>Students</i>	376,577			
Cost Per Student	\$8.15	\$2.20	\$10.36	\$0.08

**Distribution of Losses for 7/1/16-17
With a \$250,000 SIR and \$1,400,000 Corridor**

<i>Percentile</i>	<i>Losses Limited to \$250,000 All Perils</i>	<i>Cost of Corridor Ltd. \$1.4M</i>	<i>Total Retained Losses</i>	<i>Insured Excess Losses</i>
25.0%	\$3,542,000	\$1,400,000	\$4,920,000	\$2,225,000
30.0%	\$3,656,000	\$1,400,000	\$5,039,000	\$2,755,000
35.0%	\$3,753,000	\$1,400,000	\$5,140,000	\$3,300,000
40.0%	\$3,844,000	\$1,400,000	\$5,235,000	\$3,895,000
45.0%	\$3,943,000	\$1,400,000	\$5,333,000	\$4,510,000
50.0%	\$4,042,000	\$1,400,000	\$5,436,000	\$5,235,000
55.0%	\$4,135,000	\$1,400,000	\$5,530,000	\$6,055,000
60.0%	\$4,231,000	\$1,400,000	\$5,627,000	\$6,900,000
65.0%	\$4,343,000	\$1,400,000	\$5,739,000	\$8,045,000
70.0%	\$4,452,000	\$1,400,000	\$5,848,000	\$9,210,000
75.0%	\$4,570,000	\$1,400,000	\$5,967,000	\$10,280,000
80.0%	\$4,720,000	\$1,400,000	\$6,119,000	\$11,510,000
85.0%	\$4,886,000	\$1,400,000	\$6,286,000	\$12,970,000
90.0%	\$5,107,000	\$1,400,000	\$6,507,000	\$15,060,000
95.0%	\$5,427,000	\$1,400,000	\$6,827,000	\$18,415,000
Expected	\$4,100,000	\$1,400,000	\$5,500,000	\$6,680,000
<i>TIV in 000s</i>	\$8,296,174			
Cost Per \$1000 TIV	\$0.49	\$0.17	\$0.66	\$0.81

Introduction

Select Actuarial Services has prepared this report for the Oklahoma Schools Insurance Group at the request of Ms. Jennifer McKenzie, Arthur J. Gallagher Risk Management Services. Select Actuarial Services is an independent firm, offering professional actuarial consulting services to a variety of insurance and non-insurance industry clients. The purpose of this report is to evaluate the projected liabilities associated with OSIG's property and liability program for the year July 1, 2016, through June 30, 2017.

This report is an actuarial analysis of data, conditions, and practices communicated as of February 22, 2016, to Select Actuarial Services as described in the section entitled "Considerations." While Select Actuarial Services believes these communications to be reliable, it has not attempted to audit the information and cannot guarantee the accuracy of any information supplied. However, the data have been reviewed for reasonableness and consistency. The actuarial estimates in this report are based upon appropriate actuarial assumptions and procedures described in the section of this report entitled "Analysis." Select Actuarial Services assumes no responsibility for any loss or damage that might arise from the use of or reliance upon this report other than for the purposes set forth herein.

This report was prepared for the use of and is only to be relied upon by the management of Oklahoma Schools Insurance Group. This report also may be provided to Oklahoma Schools Insurance Group's auditors and insurance brokers. No portion of the report may be provided to any other party without Select Actuarial Services' prior written consent. In the event such consent is provided, the report must be provided in its entirety. We recommend that any such party have its own actuary review this report to ensure that the party understands the assumptions and uncertainties inherent in our estimates.

Considerations

The specific objective of this report is to project the expected losses arising from OSIG's property and liability exposures for the period 7/1/16-17. Appropriate actuarial methods for performing a loss forecast can only be identified in light of the coverage involved, claims information available, and other considerations. Key considerations motivating the selection of techniques employed in this analysis are set forth below.

Coverage

This forecast for 7/1/16-17 projects losses reflecting OSIG's current insurance program and includes an alternate scenario at a higher retention. OSIG retains \$100,000 *above* the member deductibles for each liability occurrence. We have estimated costs limited to \$100,000, as well as for the layer from \$100,000 to \$1,000,000, and excess of \$1,000,000. We have calculated alternate scenarios using a \$125,000 and \$200,000 SIR.

Beginning with the 7/1/11-12 policy year the property coverage has been restructured to include a corridor deductible for *losses only* in excess of \$250,000 per claim. Also the \$250,000 SIR is applied to ground up losses of all types of perils, so that OSIG retains \$250,000 minus the member deductibles. The treatment of losses below the \$250,000 SIR is essentially unchanged from the old program, and the loss runs still report data net of member deductibles. These member deductibles vary by member and most members have a larger deductible for Wind and Hail related losses than all other perils. We have modeled the member deductibles on large claims based on the historical distribution of such amounts.

Available Data

Available loss and loss expense information consisted of historical loss and exposure data for current OSIG members. Data for former OSIG members was excluded from our analysis. Newer members provided some historical data for years prior to joining OSIG. Claims data were evaluated as of January 31, 2016. OSIG's historical exposure information was also provided in the form of vehicle count, number of students, and total insured values for property. As with the loss data, we have excluded the exposures of former OSIG members, using only the current members' data.

Development, Reporting and Settlement Patterns and Trends

Since annual evaluations of OSIG data are available, we have used this historical experience to build loss development triangles to observe OSIG's own development experience. This experience is still somewhat sparse, and displays volatility from year to year. Thus, we have weighted OSIG experience with a benchmark pattern based on Oklahoma public entity experience.

Trends and External Influences

Trends are defined as changes over time in underlying costs. Trend factors are used to adjust losses and exposures from past years to the level at which they would have been, had they occurred during a future period. This is vital since historical losses may have occurred in a different environment in terms of both monetary inflation and benefit levels.

In this analysis, trends have been measured by examining changes in the Consumer Price Index from the U.S. Department of Labor, Bureau of Labor Statistics and in the U.S. Claims Cost Indices or "Masterson Index" as compiled by Towers Watson.

Subrogation and Recoveries

Subrogation and recoveries are assumed to be reflected in the primary loss reports.

Loss Models

Statistical distributions are often used by the insurance industry to model the loss generating process. The variation in the aggregate losses for auto physical damage, and aggregate small losses for the other lines was modeled using a lognormal distribution for each policy year. Large claims were modeled using a frequency/severity approach. The Poisson distribution has been used the model the projected number of large claims. The set of large claims for each line was fit to various distributions to find the best fit. In most cases, the Inverse Weibull curve was selected for the severity distribution. The variation estimated in this modeling technique is the variation inherent in the historical experience; it does not include potential variation due to unanticipated changes in the environment or to misestimation of parameters.

Analysis

Actuarial procedures employed to forecast losses consist of a number of steps. Exhibits representing the various steps in the process are explained in this section of the report.

Synopsis of Procedures

Monte Carlo simulation was used to estimate of the distribution of overall costs for each line and for all lines combined by layer. This simulation technique starts by constructing a single potential outcome. The aggregate losses for APD, or aggregate small losses for other lines, are simulated using a lognormal distribution. The large losses are modeled separately by randomly selecting the number and size of the large claims according to the Poisson distribution for claim frequency and an Inverse Weibull curve for the claim severities.

Next, a list of claims is generated, according to the number of large claims determined by the Poisson distribution. The size of each claim is determined by the statistical distribution fit to the observed claims. Random numbers between 0 and 1 are generated for each claim. These numbers determine the outcome of the claim size distribution, producing a size for each claim. Because the various possible claim sizes are assigned probabilities, the random-number selection process selects the more likely claim sizes more often than the unexpected costs. Each simulated large claim is then divided into SIR and excess portions according to the particular programs insurance structure. The sum of these costs for all the claims in a coverage is a single outcome. This is combined with a randomly generated estimate of the aggregate small losses, based on the lognormal distribution assigned to these losses. The results by coverage are also summed for each outcome to produce aggregate results for each layer.

We then repeat the process 10,000 times, generating 10,000 different possible outcomes. The outcomes are averaged to determine the expected cost, and sorted to estimate the distribution of potential outcomes. The expected costs and are divided by the projected exposures to produce estimated costs per exposure.

Detailed descriptions of the exhibits and statistical analysis follow.

Exhibit I

Exhibit I summarizes OSIG's loss data as of the valuation date of January 31, 2016. The claims counts represent the number of occurrences, and excludes claims closed with no payments. The term "losses" refers to losses and allocated loss adjustment expenses net of the underlying member deductibles. Exposure data is also shown in the form of vehicle counts for automobile liability and auto physical damage, student count for general liability and E&O and total insured values or TIV for property.

Exhibit II

This exhibit displays the list of claims expected to exceed the SIR for each line of business. The losses are developed to ultimate and trended to the 7/1/16-17 level. The member deductibles for each claim are shown. This historical deductible experience is used to simulate the member deductibles on large claims in our model.

Exhibit III

The small losses are developed to ultimate and trended to the cost level of the 7/1/16-17 year. The reported amounts for large claims from Exhibit II are subtracted out and the remaining claims are multiplied by the development and trend factors. This method is repeated for paid losses.

Exhibit IV

The ultimate small losses developed in Exhibit III are compared to the underlying exposures to obtain loss rates for the small losses. Experience is compared from year to year and a single loss rate for small losses is selected for the 7/1/16-17 year.

The selected small loss rate times the projected exposure for 7/1/16-17 results in the ultimate small losses for the forecast period. The variance in the historical loss rates will provide the basis for the potential variation in the forecast small loss experience.

Exhibit V

The number of claims exceeding the \$100,000 SIR for liability and \$250,000 for property claims for each year is compared to the underlying exposures for each year. The large claim frequencies are compared and a single frequency rate is selected for the 7/1/16-17 forecast period. The frequency times the exposure estimates the number of large claims expected.

A similar procedure is used to project the total claim frequency for the forecast period.

Exhibit VI

This exhibit calculates the total forecast as the sum of the aggregate small losses with the large loss estimates. The projected number of large claims is multiplied by the expected claim size at various limits. These claim sizes are from the severity distribution fit to the claims in Exhibit II. For property claims we also estimate the member deductibles on large claims and subtract these amounts from the large claim costs.

Exhibit VII

This exhibit contains the output of the Monte Carlo simulation. The small and large claim experience is separately modeled and summed to provide an overall expected cost. The model simulates 10,000 outcomes and the 10,000 outcomes for each layer are averaged and sorted to produce the expected value and percentiles. The expected costs are divided by the expected number of claims to calculate the average cost per claim. Note that, although the average results by layer can be summed to the total, the percentile outcomes for the layers do not necessarily add to the same percentile outcome for the total losses. This is because a given scenario may produce a high volume of losses in one layer but little or no loss in another layer. The outcomes for each layer are sorted to calculate the percentiles for the individual layer.

The percentile of the distribution shows the amount that losses will be less than with that probability. For example, the 75th percentile for total losses is the value that losses will be less than 75% of the time. Similarly, the 90th percentile losses represent a level that actual losses might exceed with 10% probably, or about once in ten years.

Appendix A

This exhibit shows the loss development factors used to develop claims to an ultimate basis. The factors are based on OSIG experience. Due to the sparseness of the data, OSIG's experience is supplemented with public entity experience in the state of Oklahoma.

Appendix B

The trend factors are calculated based on external economic indices.

Automobile Liability Exhibits

The “Analysis” section of this report presents a discussion of the following exhibits:

Exhibit I	Summary of Experience
Exhibit II	Claims that Develop and Trend over \$100,000
Exhibit III	Ultimate Small Losses
Exhibit IV	Forecast Losses Less than \$100,000
Exhibit V	Large Claim Frequency Total Claim Frequency
Exhibit VI	Forecast Ultimate Losses
Exhibit VII	Average Claim Size
Exhibit VIII	Results of Monte Carlo Simulation Forecast Losses for Various Layers
Appendix A	Loss Development Factors
Appendix B	Trend Factors

**Summary of Loss and Exposure Data
 Total Experience Net of Member Deductibles**

(A) Accident Period	(B) Evaluation Date	(C) Maturity (months)	(D) Reported NonZero Claims	(E) Loss and Expense Payments	(F) Loss and Expense Reserves	(G) Loss and Expense Incurred	(H) Vehicles
7/1/04-05	1/31/2016	139	70	\$737,400	\$0	\$737,400	3,071
7/1/05-06	1/31/2016	127	86	\$311,427	\$0	\$311,427	3,958
7/1/06-07	1/31/2016	115	100	\$467,133	\$0	\$467,133	4,554
7/1/07-08	1/31/2016	103	127	\$454,224	\$0	\$454,224	5,185
7/1/08-09	1/31/2016	91	146	\$899,516	\$0	\$899,516	4,915
7/1/09-10	1/31/2016	79	129	\$479,044	\$19,087	\$498,131	5,645
7/1/10-11	1/31/2016	67	136	\$714,833	\$0	\$714,833	6,196
7/1/11-12	1/31/2016	55	150	\$785,654	\$63,398	\$849,052	5,987
7/1/12-13	1/31/2016	43	152	\$633,453	\$0	\$633,453	6,299
7/1/13-14	1/31/2016	31	177	\$685,424	\$28,385	\$713,809	7,005
7/1/14-15	1/31/2016	19	215	\$536,828	\$380,812	\$917,640	8,878
7/1/15-16	1/31/2016	7	140	\$316,287	\$366,914	\$683,201	9,517
7/1/16-17							9,518
			1,628	\$7,021,224	\$858,596	\$7,879,820	

- Loss and policy information provided by Jennifer McKenzie, Arthur J. Gallagher
 - Loss and Exposure data contains only current OSIG members as of 1/31/2016

Large Claim Listing
Claims Exceeding Threshold after Development and Trend

(A)	(B)	(C)	(D)	(E)	(F)	(G)
Occurrence #	Loss Date	Net Paid	Net Incurred	Severity Factor	Trend Factor	Loss After Development & Trend
00596	3/29/2005	\$549,427	\$549,427	1.000	1.477	\$811,350
01433	12/20/2006	\$114,139	\$114,139	1.000	1.352	\$154,341
02638	11/14/2008	\$104,466	\$104,466	1.000	1.242	\$129,741
02940	5/7/2009	\$106,504	\$106,504	1.000	1.242	\$132,273
90075	8/18/2010	\$134,999	\$134,999	1.001	1.153	\$155,805
90305	12/8/2010	\$103,684	\$103,684	1.001	1.153	\$119,664
P625-11-90851	9/9/2011	\$96,221	\$96,221	1.002	1.118	\$107,775
91477	9/19/2012	\$135,786	\$135,786	1.007	1.092	\$149,246
92239	1/7/2014	\$130,707	\$130,707	1.025	1.070	\$143,351
93063	4/20/2015	\$7,174	\$138,900	1.088	1.047	\$158,124
93477	11/19/2015	\$0	\$137,000	1.231	1.023	\$172,595
		\$1,483,109	\$1,751,835			\$2,234,265

- Loss and policy information provided by Jennifer McKenzie, Arthur J. Gallagher

**Estimation of Ultimate Small Losses
At the Forecast Loss Level**

<i>Accident Period</i>	<i>(A) Reported Losses</i>	<i>(B) Reported on Large Losses</i>	<i>(C) Trend Factor to 7/1/16-17</i>	<i>(D) Reported Develop. Factor</i>	<i>(E) Ultimate on Small Claims</i>
7/1/04-05	\$737,400	\$549,427	1.477	1.000	\$277,584
7/1/05-06	\$311,427	\$0	1.413	1.000	\$440,185
7/1/06-07	\$467,133	\$114,139	1.352	1.000	\$477,321
7/1/07-08	\$454,224	\$0	1.296	1.000	\$588,482
7/1/08-09	\$899,516	\$210,970	1.242	1.000	\$855,140
7/1/09-10	\$498,131	\$0	1.193	1.000	\$594,437
7/1/10-11	\$714,833	\$238,683	1.153	1.001	\$549,533
7/1/11-12	\$849,052	\$96,221	1.118	1.003	\$843,978
7/1/12-13	\$633,453	\$135,786	1.092	1.008	\$547,679
7/1/13-14	\$713,809	\$130,707	1.070	1.027	\$640,732
7/1/14-15	\$917,640	\$138,900	1.047	1.092	\$889,789
7/1/15-16	\$683,201	\$137,000	1.023	2.131	\$1,190,589
Total	\$7,879,820	\$1,751,835			\$7,895,450

<i>Accident Period</i>	<i>(A) Paid Losses</i>	<i>(B) Paid on Large Losses</i>	<i>(C) Trend Factor to 7/1/16-17</i>	<i>(D) Paid Develop. Factor</i>	<i>(E) Ultimate on Small Claims</i>
7/1/04-05	\$737,400	\$549,427	1.477	1.000	\$277,592
7/1/05-06	\$311,427	\$0	1.413	1.000	\$440,216
7/1/06-07	\$467,133	\$114,139	1.352	1.000	\$477,407
7/1/07-08	\$454,224	\$0	1.296	1.000	\$588,748
7/1/08-09	\$899,516	\$210,970	1.242	1.001	\$856,130
7/1/09-10	\$479,044	\$0	1.193	1.003	\$573,385
7/1/10-11	\$714,833	\$238,683	1.153	1.009	\$553,927
7/1/11-12	\$785,654	\$96,221	1.118	1.024	\$789,541
7/1/12-13	\$633,453	\$135,786	1.092	1.067	\$579,854
7/1/13-14	\$685,424	\$130,707	1.070	1.193	\$707,782
7/1/14-15	\$536,828	\$7,174	1.047	1.563	\$866,606
7/1/15-16	\$316,287	\$0	1.023	4.009	\$1,297,118
Total	\$7,021,224	\$1,483,109			\$8,008,307

- (A) - Exhibit I
- (B) - Exhibit II
- (C) - Appendix A
- (D) - Appendix B
- (E) = (C)*(D)*[(A) - (B)]

**Calculation of Forecast Ultimate Losses for 7/1/16-17
 Less than \$100,000 per Occurrence**

(A) Accident Period	(B) Trended Ultimate Losses	(C) Exposures (Vehicles)	(D) Exposure Trend Factors	(E) Trended Exposures	(F) Loss Rate
7/1/04-05	\$278,000	3,071	1.000	3,071	\$91
7/1/05-06	\$440,000	3,958	1.000	3,958	\$111
7/1/06-07	\$477,000	4,554	1.000	4,554	\$105
7/1/07-08	\$589,000	5,185	1.000	5,185	\$114
7/1/08-09	\$856,000	4,915	1.000	4,915	\$174
7/1/09-10	\$584,000	5,645	1.000	5,645	\$103
7/1/10-11	\$552,000	6,196	1.000	6,196	\$89
7/1/11-12	\$817,000	5,987	1.000	5,987	\$136
7/1/12-13	\$564,000	6,299	1.000	6,299	\$90
7/1/13-14	\$674,000	7,005	1.000	7,005	\$96
7/1/14-15	\$878,000	8,878	1.000	8,878	\$99
7/1/15-16	\$1,244,000	9,517	1.000	9,517	\$131
Total	\$7,953,000	71,210		71,210	\$112

	<u>7/1/16-17</u>
(1) Selected Loss Rate { Five year average }	\$110
(2) Forecast Exposure { Exhibit I }	9,518
(3) Forecast Small Losses { Line (1) x Line (2) }	\$1,050,000

Column (B) - Average of Columns (E) from Exhibit III;
 Column (C) - Exhibit I
 Column (D) - N/A
 Column (E) = (C) * (D)
 Column (F) = (B) / (E)

**Projected Large Claim Frequency
 Claims Exceeding \$100,000 per Occurrence**

(A) Accident Period	(B) Number of Claims > \$100,000	(C) CCDF	(D) Ultimate Claims	(E) Exposures (Vehicles)	(F) Frequency per 1,000 Vehicles
7/1/04-05	1	1.000	1.0	3,071	0.33
7/1/05-06	0	1.000	0.0	3,958	0.00
7/1/06-07	1	1.000	1.0	4,554	0.22
7/1/07-08	0	1.000	0.0	5,185	0.00
7/1/08-09	2	1.000	2.0	4,915	0.41
7/1/09-10	0	1.000	0.0	5,645	0.00
7/1/10-11	2	1.000	2.0	6,196	0.32
7/1/11-12	1	1.001	1.0	5,987	0.17
7/1/12-13	1	1.001	1.0	6,299	0.16
7/1/13-14	1	1.002	1.0	7,005	0.14
7/1/14-15	1	1.004	1.0	8,878	0.11
7/1/15-16	1	1.730	1.7	9,517	0.18
Total	11		11.7	71,210	0.16

7/1/16-17

Selected Frequency
 { Average of all years } 0.16

Forecast Exposure 9,518

Forecast Number of Large Claims 1.6

- (B) - Exhibit II
- (C) - Appendix A
- (D) - (B) * (C)
- (E) = Exhibit I
- (F) = (D) / (E) * 1,000

Projected Total Claim Frequency

(A) Accident Period	(B) Number of Nonzero Claims	(C) CCDF	(D) Ultimate Claims	(E) Exposures (Vehicles)	(F) Frequency per 1,000 Vehicles
7/1/04-05	70	1.000	70.0	3,071	22.8
7/1/05-06	86	1.000	86.0	3,958	21.7
7/1/06-07	100	1.000	100.0	4,554	22.0
7/1/07-08	127	1.000	127.0	5,185	24.5
7/1/08-09	146	1.000	146.0	4,915	29.7
7/1/09-10	129	1.000	129.0	5,645	22.9
7/1/10-11	136	1.000	136.0	6,196	22.0
7/1/11-12	150	1.001	150.1	5,987	25.1
7/1/12-13	152	1.001	152.2	6,299	24.2
7/1/13-14	177	1.002	177.3	7,005	25.3
7/1/14-15	215	1.004	215.8	8,878	24.3
7/1/15-16	140	1.730	242.2	9,517	25.5
Total	1,628		1,731.7	71,210	24.3

7/1/16-17

Selected Frequency
 Four year average 24.8

Forecast Exposure 9,518

Forecast Total Claims 236.1

- (B) - Exhibit I
- (C) - Appendix A
- (D) - (B) * (C)
- (E) = Exhibit I
- (F) = (D) / (E) * 1,000

**Forecast Ultimate Losses for 7/1/16-17
Total Experience Net of Member Deductibles**

	<u>7/1/16-17</u>
(1) Forecast Small Losses {Exhibit IV}	\$1,050,000
(2) Forecast Number of Claims over \$100,000 {Exhibit V}	1.6
(3) Expected Severity of Losses over \$100,000: { Derived from Claims in Exhibit II }	
Limited to \$100,000	\$100,000
Limited to \$125,000	\$123,000
Limited to \$200,000	\$166,000
Limited to \$1,000,000	\$206,000
Unlimited	\$208,000
(4) Projected Total Losses	
{ Line(1) + [Line(2) * Line (3)] }	
Limited to \$100,000	\$1,210,000
Limited to \$125,000	\$1,240,000
Limited to \$200,000	\$1,310,000
Limited to \$1,000,000	\$1,370,000
Unlimited	\$1,380,000
(5) Forecast Vehicle Counts	9,518
(6) Projected Cost per Vehicle	
{ Line (4) / Line (5) }	
Limited to \$100,000	\$127
Limited to \$125,000	\$130
Limited to \$200,000	\$138
Limited to \$1,000,000	\$144
Unlimited	\$145
(7) Projected total Claims	236.1
(8) Average Severity	
Limited to \$100,000	\$5,100
Limited to \$125,000	\$5,300
Limited to \$1,000,000	\$5,800
Unlimited	\$5,800

**Distribution of Forecast Losses for 7/1/16-17
Assuming a \$100,000 SIR**

<i>Percentile</i>	<i>Losses Limited to \$100,000</i>	<i>Layer \$900,000 xs \$100,000</i>	<i>Losses Limited to \$1,000,000</i>	<i>Losses Excess of \$1,000,000</i>
25.0%	\$1,022,000	\$23,000	\$1,107,000	\$0
30.0%	\$1,057,000	\$41,000	\$1,154,000	\$0
35.0%	\$1,091,000	\$56,000	\$1,197,000	\$0
40.0%	\$1,122,000	\$72,000	\$1,238,000	\$0
45.0%	\$1,152,000	\$90,000	\$1,281,000	\$0
50.0%	\$1,182,000	\$110,000	\$1,327,000	\$0
55.0%	\$1,213,000	\$130,000	\$1,374,000	\$0
60.0%	\$1,249,000	\$152,000	\$1,421,000	\$0
65.0%	\$1,284,000	\$177,000	\$1,473,000	\$0
70.0%	\$1,322,000	\$207,000	\$1,527,000	\$0
75.0%	\$1,364,000	\$242,000	\$1,588,000	\$0
80.0%	\$1,410,000	\$286,000	\$1,663,000	\$0
85.0%	\$1,469,000	\$340,000	\$1,753,000	\$0
90.0%	\$1,544,000	\$420,000	\$1,869,000	\$0
95.0%	\$1,662,000	\$559,000	\$2,054,000	\$0
Expected	\$1,210,000	\$160,000	\$1,370,000	\$10,000
<i>Vehicles</i>	9,518			
<i>Students</i>	376,577			
Cost Per Vehicle	\$127.13	\$16.81	\$143.94	\$1.05
Cost Per Student	\$3.21	\$0.42	\$3.64	\$0.03

*Percentiles based on combined distributions for small and large losses
Aggregate small losses modeled using a lognormal distribution
Large claim size modeled using an inverse Weibull distribution
Large claim counts modeled using a Poisson Distribution*

Lognormal
 Mu = 13.84176
 Sigma= 0.21230
Inverse Weibull
 Tau = 2.93283
 Theta = 148419
Poisson
 Lambda = 1.57

**Estimation of Cumulative Reported Loss Development Factors
Using "The Method of Least Squares"**

Curve : $Y = A(1/(X+C))^B + 1$ (Modified Inverse Power Curve)

Months of Maturity X	Cumulative Factors Y*	Transformed Values for Regression					Fitted Values	
		X' LN(1/(X+C))	Y' LN(Y-1)	(X')^2	(Y')^2	X' x Y'	X	Cumulative Factor Y
12	1.172	-6.8690	-1.7580	47.183	3.0907	12.0760	139	1.000
24	1.066	-6.8814	-2.7211	47.354	7.4044	18.7250	127	1.000
36	1.015	-6.8937	-4.1964	47.522	17.6096	28.9284	115	1.000
48	1.005	-6.9058	-5.2983	47.689	28.0722	36.5889	103	1.000
							91	1.000
							79	1.000
							67	1.001
							55	1.003
							43	1.008
							31	1.027
							19	1.092
Sum		-27.5498	-13.9738	189.7491	56.1768	96.3182	7	2.131
Average		-6.8875	-3.4935	47.4373	14.0442	24.0796		

N =	4		
A =	7.685E+293		
B =	98.758	R^2 =	0.99370
C =	950		

* - Appendix A4 from IBNR Study

**Estimation of Cumulative Paid Loss Development Factors
Using "The Method of Least Squares"**

Curve : $Y = A(1/(X+C))^B + 1$ (Modified Inverse Power Curve)

Months of Maturity X	Cumulative Factors Y*	Transformed Values for Regression					Fitted Values	
		X' LN(1/(X+C))	Y' LN(Y-1)	(X')^2	(Y')^2	X' x Y'	X	Cumulative Factor Y
12	2.070	-6.3315	0.0676	40.088	0.0046	-0.4278	139	1.000
24	1.365	-6.3526	-1.0072	40.356	1.0145	6.3986	127	1.000
36	1.114	-6.3733	-2.1686	40.619	4.7028	13.8211	115	1.000
48	1.048	-6.3936	-3.0326	40.878	9.1967	19.3892	103	1.000
60	1.015	-6.4135	-4.1839	41.132	17.5049	26.8332	91	1.001
							79	1.003
							67	1.009
							55	1.024
							43	1.067
							31	1.193
							19	1.563
Sum		-31.8645	-10.3247	203.0735	32.4234	66.0143	7	4.009
Average		-6.3729	-2.0649	40.6147	6.4847	13.2029		

N =	5		
A =	2.147E+141		
B =	51.388	R^2 =	0.99844
C =	550		

* - Appendix A5 from IBNR Study

**Estimation of Cumulative Reported Claim Development Factors
Using "The Method of Least Squares"**

Curve : $Y = A(1/(X+C))^B + 1$ (Modified Inverse Power Curve)

Months of Maturity X	Cumulative Factors Y*	Transformed Values for Regression					Fitted Values	
		X' LN(1/(X+C))	Y' LN(Y-1)	(X')^2	(Y')^2	X' x Y'	X	Cumulative Factor Y
12	1.007	-2.4849	-4.9895	6.175	24.8956	12.3986	139	1.000
24	1.003	-3.1781	-5.9142	10.100	34.9775	18.7956	127	1.000
							115	1.000
							103	1.000
							91	1.000
							79	1.000
							67	1.000
							55	1.001
							43	1.001
							31	1.002
							19	1.004
							7	1.730
Sum		-5.6630	-10.9037	16.2748	59.8731	31.1941		
Average		-2.8315	-5.4519	8.1374	29.9366	15.5971		

N =	2		
A =	1.873E-01		
B =	1.334	R^2 =	1.0000
C =	0		

* - Appendix A6 from IBNR study

**U.S. Claims Cost Index
Automobile Liability**

(A) Year	(B) Auto Bodily Injury Economic Index	(C) Auto Property Damage Economic Index	(D) Combined Economic Index	(E) Annual Percent Increase	(F) Accident Period	(G) Interpolated Index	(H) Trend Factor to 7/1/16-17
1995	64.4	69.3	66.4				
1996	66.9	71.9	68.9	3.9%			
1997	69.5	74.4	71.5	3.7%			
1998	72.2	76.9	74.1	3.7%			
1999	75.5	79.5	77.1	4.0%			
2000	79.7	82.7	80.9	4.9%			
2001	83.2	85.2	84.0	3.9%			
2002	87.5	88.9	88.1	4.8%			
2003	91.4	91.7	91.5	3.9%			
2004	95.9	95.1	95.6	4.5%			
2005	100.0	100.0	100.0	4.6%	7/1/04-05	97.8	1.477
2006	104.9	103.6	104.3	4.3%	7/1/05-06	102.2	1.413
2007	110.6	107.2	109.3	4.7%	7/1/06-07	106.8	1.352
2008	115.7	110.7	113.7	4.1%	7/1/07-08	111.5	1.296
2009	118.9	118.9	118.9	4.6%	7/1/08-09	116.3	1.242
2010	123.9	122.1	123.2	3.6%	7/1/09-10	121.0	1.193
2011	128.8	124.9	127.3	3.3%	7/1/10-11	125.2	1.153
2012	133.5	127.3	131.0	3.0%	7/1/11-12	129.1	1.118
2013	136.5	129.2	133.6	1.9%	7/1/12-13	132.3	1.092
2014*	139.7	131.5	136.4	2.1%	7/1/13-14	135.0	1.070
2015**	143.4	133.7	139.6	2.3%	7/1/14-15	138.0	1.047
2016**	147.3	136.0	142.8	2.3%	7/1/15-16	141.2	1.023
2017**	151.2	138.4	146.1	2.3%	7/1/16-17	144.4	1.000

(B) and (C) - Towers Watson Claim Cost Index compiled by Jeremy Pecora, FCAS, MAAA

* - 2014 numbers are preliminary

** - future trend estimated based on latest three years

(D) = 60/40 weighting of BI and PD

(E) = [(D) / (D, prior)] - 1

(G) - Linear interpolation of column (D)

(H) - [(G), forecast period] / [(G), current period]

General Liability Exhibits

The “Analysis” section of this report presents a discussion of the following exhibits:

Exhibit I	Summary of Experience
Exhibit II	Claims that Develop and Trend over \$100,000
Exhibit III	Ultimate Small Losses
Exhibit IV	Forecast Losses Less than \$100,000
Exhibit V	Large Claim Frequency Total Claim Frequency
Exhibit VI	Forecast Ultimate Losses
Exhibit VII	Average Claim Size
Exhibit VIII	Results of Monte Carlo Simulation Forecast Losses for Various Layers
Appendix A	Loss Development Factors
Appendix B	Trend Factors

**Summary of Loss and Exposure Data
Total Experience Net of Member Deductibles**

(A) Accident Period	(B) Evaluation Date	(C) Maturity (months)	(D) Reported Claims	(E) Net Loss and Expense Payments	(F) Net Loss and Expense Reserves	(G) Net Loss and Expense Incurred	(H) Students
7/1/04-05	1/31/2016	139	79	\$324,082	\$0	\$324,082	122,889
7/1/05-06	1/31/2016	127	98	\$1,049,144	\$0	\$1,049,144	157,611
7/1/06-07	1/31/2016	115	93	\$485,819	\$0	\$485,819	175,064
7/1/07-08	1/31/2016	103	100	\$1,181,194	\$0	\$1,181,194	213,722
7/1/08-09	1/31/2016	91	104	\$1,818,170	\$22,597	\$1,840,766	215,556
7/1/09-10	1/31/2016	79	100	\$1,078,532	\$0	\$1,078,532	219,918
7/1/10-11	1/31/2016	67	81	\$1,762,888	\$22,322	\$1,785,210	249,282
7/1/11-12	1/31/2016	55	73	\$3,424,456	\$403,933	\$3,828,390	247,447
7/1/12-13	1/31/2016	43	102	\$670,314	\$575,580	\$1,245,894	257,031
7/1/13-14	1/31/2016	31	81	\$438,368	\$546,173	\$984,541	295,972
7/1/14-15	1/31/2016	19	111	\$405,529	\$1,191,420	\$1,596,949	361,727
7/1/15-16	1/31/2016	7	62	\$103,830	\$735,856	\$839,686	376,559
7/1/16-17							376,577
			1022	\$12,638,496	\$2,762,024	\$15,400,520	

- Loss and policy information provided by Jennifer McKenzies, Arthur J. Gallagher
- Loss and Exposure data contains only current OSIG members as of 1/31/2016
- Claims are grouped by occurrence, claims with \$0 incurred are excluded
- Losses are net of member deductibles

Large Claim Listing
Claims Exceeding Threshold after Development and Trend

(A) Occurrence #	(C) Loss Date	(E) Net Paid	(F) Net Incurred	(G) Severity Factor	(H) Trend Factor	(I) Loss After Development & Trend
00709	9/1/2004	\$136,712	\$136,712	1.000	1.434	\$196,038
P625-05-00789	9/9/2005	\$79,708	\$79,708	1.000	1.370	\$109,230
00919	10/31/2005	\$139,329	\$139,329	1.000	1.370	\$190,934
00951	1/9/2006	\$137,400	\$137,400	1.000	1.370	\$188,290
P625-06-01176	6/15/2006	\$81,043	\$81,043	1.000	1.370	\$111,060
02387	7/31/2007	\$102,095	\$102,095	1.000	1.260	\$128,700
02047	10/19/2007	\$109,798	\$109,798	1.000	1.260	\$138,410
01968	11/2/2007	\$121,452	\$121,452	1.000	1.260	\$153,100
02595	10/20/2008	\$1,075,745	\$1,098,342	1.001	1.225	\$1,346,592
P625-08-02785	12/8/2008	\$96,997	\$96,997	1.001	1.225	\$118,921
03267	11/4/2009	\$107,144	\$107,144	1.002	1.198	\$128,592
90906	5/10/2010	\$304,711	\$304,711	1.002	1.198	\$365,707
P625-10-03653	5/19/2010	\$89,348	\$89,348	1.002	1.198	\$107,233
P625-10-03728	6/17/2010	\$85,569	\$85,569	1.002	1.198	\$102,698
P625-10-90080	8/19/2010	\$94,545	\$94,545	1.004	1.163	\$110,449
90084	8/22/2010	\$115,615	\$115,615	1.004	1.163	\$135,064
90118	9/1/2010	\$136,645	\$136,645	1.004	1.163	\$159,631
90205	10/14/2010	\$123,444	\$123,444	1.004	1.163	\$144,209
90236	10/25/2010	\$290,942	\$290,942	1.004	1.163	\$339,883
90297	12/6/2010	\$157,221	\$157,221	1.004	1.163	\$183,668
90313	12/14/2010	\$104,163	\$104,163	1.004	1.163	\$121,685
90519	3/11/2011	\$122,502	\$122,502	1.004	1.163	\$143,109
90708	3/22/2011	\$141,522	\$141,522	1.004	1.163	\$165,328
P625-11-91010	8/25/2011	\$16,409	\$90,000	1.011	1.128	\$102,618
91394	9/1/2011	\$149,418	\$149,418	1.011	1.128	\$170,366
91014	10/13/2011	\$153,190	\$153,190	1.011	1.128	\$174,667
91388	10/25/2011	\$443,010	\$443,010	1.011	1.128	\$505,119
P625-11-90962	10/26/2011	\$95,962	\$95,962	1.011	1.128	\$109,416
P625-11-90991	10/28/2011	\$97,912	\$97,912	1.011	1.128	\$111,638
91040	11/11/2011	\$1,710,730	\$1,830,000	1.011	1.128	\$2,086,558
91405	4/20/2012	\$263,443	\$263,443	1.011	1.128	\$300,376
91564	5/28/2012	\$120,527	\$272,000	1.011	1.128	\$310,133
91445	8/29/2012	\$194,257	\$405,000	1.029	1.099	\$458,124
91791	10/25/2012	\$30,933	\$105,000	1.029	1.099	\$118,773
92503	8/12/2013	\$33,743	\$107,000	1.074	1.075	\$123,530
P625-13-92157	10/25/2013	\$13,806	\$92,000	1.074	1.075	\$106,212
92222	12/23/2013	\$63,318	\$130,000	1.074	1.075	\$150,083
92382	1/29/2014	\$100,352	\$100,352	1.074	1.075	\$115,854
92867	4/4/2014	\$11,503	\$102,000	1.074	1.075	\$117,757
P625-15-92909	1/26/2015	\$18,195	\$88,319	1.182	1.050	\$109,582
92999	3/2/2015	\$16,314	\$127,000	1.182	1.050	\$157,577
P625-15-93000	3/11/2015	\$33,087	\$90,000	1.182	1.050	\$111,669
93470	10/2/2015	\$0	\$127,000	1.321	1.025	\$171,925
		\$7,519,757	\$8,844,851			

- Loss and policy information provided by Jennifer McKenzie, Arthur J. Gallagher

**Estimation of Ultimate Losses for 7/1/16-17
Less than \$100,000 per Occurrence**

	(A)	(B)	(C)	(D)	(E)
<i>Accident Period</i>	<i>Reported Losses</i>	<i>Reported on Large Losses</i>	<i>Trend Factor to 7/1/16-17</i>	<i>Reported Develop. Factor</i>	<i>Ultimate on Small Claims</i>
7/1/04-05	\$324,082	\$136,712	1.434	1.000	\$269,000
7/1/05-06	\$1,049,144	\$437,480	1.370	1.000	\$838,000
7/1/06-07	\$485,819	\$0	1.312	1.000	\$638,000
7/1/07-08	\$1,181,194	\$333,344	1.260	1.000	\$1,069,000
7/1/08-09	\$1,840,766	\$1,195,339	1.225	1.001	\$791,000
7/1/09-10	\$1,078,532	\$586,771	1.198	1.002	\$590,000
7/1/10-11	\$1,785,210	\$1,286,599	1.163	1.004	\$582,000
7/1/11-12	\$3,828,390	\$3,394,935	1.128	1.011	\$494,000
7/1/12-13	\$1,245,894	\$510,000	1.099	1.029	\$833,000
7/1/13-14	\$984,541	\$531,352	1.075	1.076	\$524,000
7/1/14-15	\$1,596,949	\$305,319	1.050	1.201	\$1,629,000
7/1/15-16	\$839,686	\$127,000	1.025	2.464	\$1,799,000
<i>Total</i>	\$16,240,206	\$8,844,851			\$10,056,000

	(A)	(B)	(C)	(D)	(E)
<i>Accident Period</i>	<i>Paid Losses</i>	<i>Paid on Large Losses</i>	<i>Trend Factor to 7/1/16-17</i>	<i>Paid Develop. Factor</i>	<i>Ultimate on Small Claims</i>
7/1/04-05	\$324,082	\$136,712	1.434	1.004	\$270,000
7/1/05-06	\$1,049,144	\$437,480	1.370	1.006	\$843,000
7/1/06-07	\$485,819	\$0	1.312	1.009	\$643,000
7/1/07-08	\$1,181,194	\$333,344	1.260	1.013	\$1,083,000
7/1/08-09	\$1,818,170	\$1,172,742	1.225	1.021	\$807,000
7/1/09-10	\$1,078,532	\$586,771	1.198	1.034	\$609,000
7/1/10-11	\$1,762,888	\$1,286,599	1.163	1.061	\$588,000
7/1/11-12	\$3,424,456	\$3,050,601	1.128	1.121	\$472,000
7/1/12-13	\$670,314	\$225,189	1.099	1.274	\$624,000
7/1/13-14	\$438,368	\$222,722	1.075	1.780	\$413,000
7/1/14-15	\$405,529	\$67,596	1.050	4.262	\$1,512,000
7/1/15-16	\$103,830	\$0	1.025	31.950	\$3,399,000
<i>Total</i>	\$12,742,326	\$7,519,757			\$11,263,000

(A) - Exhibit I

(B) - Exhibit II

(C) - Appendix A

(D) - Appendix B

(E) = (C)*(D)*[(A) - (B)]

**Calculation of Forecast Ultimate Losses for 7/1/16-17
 Less than \$100,000 per Occurrence**

(A) Accident Period	(B) Trended Ultimate Losses	(C) Exposures (Students)	(D) Exposure Trend Factors	(E) Trended Exposures	(F) Loss Rate
7/1/04-05	\$270,000	122,889	1.000	122,889	\$2.20
7/1/05-06	\$841,000	157,611	1.000	157,611	\$5.34
7/1/06-07	\$641,000	175,064	1.000	175,064	\$3.66
7/1/07-08	\$1,076,000	213,722	1.000	213,722	\$5.03
7/1/08-09	\$799,000	215,556	1.000	215,556	\$3.71
7/1/09-10	\$600,000	219,918	1.000	219,918	\$2.73
7/1/10-11	\$585,000	249,282	1.000	249,282	\$2.35
7/1/11-12	\$483,000	247,447	1.000	247,447	\$1.95
7/1/12-13	\$729,000	257,031	1.000	257,031	\$2.84
7/1/13-14	\$469,000	295,972	1.000	295,972	\$1.58
7/1/14-15	\$1,571,000	361,727	1.000	361,727	\$4.34
7/1/15-16	\$1,799,000	376,559	1.000	376,559	\$4.78
Total	\$9,863,000	2,892,778		2,892,778	\$3.41

7/1/16-17

Selected Loss Rate \$3.10
 { Average of last five years }

Forecast Exposure 376,577
 { Exhibit I }

Forecast Small Losses \$1,167,000
 { Line (1) x Line (2) }

Column (B) - Average of Columns (E) in Exhibit III, reported method only for 15-16

Column (C) - Exhibit I

Column (D) - N/A

Column (E) = (C) * (D)

Column (F) = (B) / (E)

**Projected Large Claim Frequency
 Claims Exceeding \$100,000 per Occurrence**

(A) Accident Period	(B) Number of Claims > \$100,000	(C) CCDF	(D) Ultimate Claims	(E) Exposures (Students)	(F) Frequency per 1,000 Students
7/1/04-05	1	1.000	1.0	122,889	0.008
7/1/05-06	4	1.000	4.0	157,611	0.025
7/1/06-07	0	1.000	0.0	175,064	0.000
7/1/07-08	3	1.000	3.0	213,722	0.014
7/1/08-09	2	1.000	2.0	215,556	0.009
7/1/09-10	4	1.000	4.0	219,918	0.018
7/1/10-11	9	1.000	9.0	249,282	0.036
7/1/11-12	9	1.000	9.0	247,447	0.036
7/1/12-13	2	1.000	2.0	257,031	0.008
7/1/13-14	5	1.002	5.0	295,972	0.017
7/1/14-15	3	1.017	3.0	361,727	0.008
7/1/15-16	1	1.865	1.9	376,559	0.005
Total	43		43.9	2,892,778	0.015

7/1/16-17

Selected Frequency
 { Average of 07-08 through 14-15 } 0.018

Forecast Exposure 376,577

Forecast Number of Claims over \$100,000 6.9

- (B) - Exhibit II
- (C) - Appendix A
- (D) - (B) * (C)
- (E) = Exhibit I
- (F) = (D) / (E) * 1,000

**Projected Total Claim Frequency
 Total Claims**

(A) <i>Accident Period</i>	(B) <i>Number of Claims</i>	(C) <i>CCDF</i>	(D) <i>Ultimate Claims</i>	(E) <i>Exposures (Students)</i>	(F) <i>Frequency per 1,000 Students</i>
7/1/04-05	79	1.000	79.0	122,889	0.64
7/1/05-06	98	1.000	98.0	157,611	0.62
7/1/06-07	93	1.000	93.0	175,064	0.53
7/1/07-08	100	1.000	100.0	213,722	0.47
7/1/08-09	104	1.000	104.0	215,556	0.48
7/1/09-10	100	1.000	100.0	219,918	0.45
7/1/10-11	81	1.000	81.0	249,282	0.32
7/1/11-12	73	1.000	73.0	247,447	0.30
7/1/12-13	102	1.000	102.0	257,031	0.40
7/1/13-14	81	1.002	81.2	295,972	0.27
7/1/14-15	111	1.017	112.8	361,727	0.31
7/1/15-16	62	1.865	115.6	376,559	0.31
Total	1,084		1,139.6	2,892,778	0.39
					<u>7/1/16-17</u>
			<i>Selected Frequency { Average of last five years }</i>		0.32
			<i>Forecast Exposure</i>		376,577
			Forecast Number of Claims		119.4

(B) - Exhibit I
 (C) - Appendix A
 (D) - (B) * (C)
 (E) = Exhibit I
 (F) = (D) / (E) * 1,000

**Forecast Ultimate Losses for 7/1/16-17
 Total Experience Net of Member Deductibles**

	<u>7/1/16-17</u>
(1) Forecast Losses Less than \$100,000 {Exhibit IV}	\$1,167,000
(2) Forecast Number of Claims over \$100,000 {Exhibit V}	6.9
(3) Expected Excess Severity { Derived from Claims in Exhibit II }	
Limited to \$100,000	\$100,000
Limited to \$125,000	\$123,000
Limited to \$200,000	\$162,000
Limited to \$1,000,000	\$197,000
Unlimited	\$199,000
(4) Projected Total Losses { Line(1) + [Line(2) * Line (3)] }	
Limited to \$100,000	\$1,860,000
Limited to \$125,000	\$2,020,000
Limited to \$200,000	\$2,290,000
Limited to \$1,000,000	\$2,530,000
Unlimited	\$2,550,000
(5) Forecast Exposure (Students)	376,577
(6) Projected Cost per Student { Line (4) / Line (5) }	
Limited to \$100,000	\$4.94
Limited to \$125,000	\$5.36
Limited to \$200,000	\$6.08
Limited to \$1,000,000	\$6.72
Unlimited	\$6.77
(7) Projected total Claims	119.4
(8) Average Severity	
Limited to \$100,000	\$15,600
Limited to \$125,000	\$16,900
Limited to \$200,000	\$19,200
Limited to \$1,000,000	\$21,200
Unlimited	\$21,400

**Distribution of Forecast Losses for 7/1/16-17
 Assuming a \$100,000 SIR**

<i>Percentile</i>	<i>Losses Limited to \$100,000</i>	<i>Layer \$900,000 xs \$100,000</i>	<i>Losses Limited to \$1,000,000</i>	<i>Losses Excess of \$1,000,000</i>
25.0%	\$1,474,000	\$389,000	\$1,990,000	\$0
30.0%	\$1,540,000	\$433,000	\$2,086,000	\$0
35.0%	\$1,602,000	\$474,000	\$2,180,000	\$0
40.0%	\$1,664,000	\$514,000	\$2,265,000	\$0
45.0%	\$1,721,000	\$558,000	\$2,357,000	\$0
50.0%	\$1,780,000	\$602,000	\$2,449,000	\$0
55.0%	\$1,847,000	\$647,000	\$2,545,000	\$0
60.0%	\$1,913,000	\$694,000	\$2,640,000	\$0
65.0%	\$1,983,000	\$747,000	\$2,738,000	\$0
70.0%	\$2,062,000	\$807,000	\$2,844,000	\$0
75.0%	\$2,150,000	\$873,000	\$2,973,000	\$0
80.0%	\$2,256,000	\$954,000	\$3,112,000	\$0
85.0%	\$2,380,000	\$1,052,000	\$3,273,000	\$0
90.0%	\$2,550,000	\$1,179,000	\$3,491,000	\$0
95.0%	\$2,834,000	\$1,413,000	\$3,886,000	\$0
Expected	\$1,860,000	\$670,000	\$2,530,000	\$20,000
<i>Students</i>	376,577			
Cost Per Student	\$4.94	\$1.78	\$6.72	\$0.05

*Percentiles based on combined distributions for small and large losses
 Aggregate small losses modeled using a lognormal distribution
 Large claim size modeled using an inverse Weibull distribution
 Large claim counts modeled using a Poisson Distribution*

Lognormal
 Mu = 13.88937
 Sigma = 0.40143
Inverse Weibull
 Tau = 2.87272
 Theta = 137521
Poisson
 Lambda = 6.93

**Estimation of Cumulative Reported Loss Development Factors
 Using "The Method of Least Squares"**

Curve : $Y = A(1/(X+C))^B + 1$ (Modified Inverse Power Curve)

Months of Maturity X	Cumulative Factors Y*	Transformed Values for Regression					Fitted Values	
		X' LN(1/(X+C))	Y' LN(Y-1)	(X')^2	(Y')^2	X' x Y'	X	Cumulative Factor Y
12	1.287	-7.1000	-1.2500	50.410	1.5624	8.8747	139	1.000
24	1.149	-7.1099	-1.9060	50.550	3.6328	13.5513	127	1.000
36	1.054	-7.1196	-2.9219	50.689	8.5375	20.8029	115	1.000
48	1.023	-7.1293	-3.7663	50.827	14.1851	26.8512	103	1.000
60	1.008	-7.1389	-4.8262	50.963	23.2921	34.4535	91	1.001
72	1.003	-7.1483	-5.8085	51.099	33.7384	41.5210	79	1.002
84	1.001	-7.1577	-6.9078	51.233	47.7171	49.4439	67	1.004
							55	1.011
							43	1.029
							31	1.076
							19	1.201
							7	2.464
Sum		-49.9038	-27.3866	355.7723	132.6653	195.4985		
Average		-7.1291	-3.9124	50.8246	18.9522	27.9284		

N =	7	
A =	8.410E+304	
B =	99.034	R^2 = 0.9954455
C =	1200	

* - Appendix A4 in IBNR study

**Estimation of Cumulative Paid Loss Development Factors
 Using "The Method of Least Squares"**

Curve : $Y = A(1/(X+C))^B + 1$ (Modified Inverse Power Curve)

Months of Maturity X	Cumulative Factors Y*	Transformed Values for Regression					Fitted Values	
		X' LN(1/(X+C))	Y' LN(Y-1)	(X')^2	(Y')^2	X' x Y'	X	Cumulative Factor Y
12	11.760	-2.9957	2.3759	8.974	5.6447	-7.1174	139	1.004
24	2.555	-3.4657	0.4415	12.011	0.1950	-1.5302	127	1.006
36	1.487	-3.7842	-0.7197	14.320	0.5180	2.7236	115	1.009
48	1.216	-4.0254	-1.5318	16.203	2.3463	6.1659	103	1.013
60	1.086	-4.2195	-2.4510	17.804	6.0076	10.3422	91	1.021
72	1.046	-4.3820	-3.0763	19.202	9.4637	13.4805	79	1.034
84	1.028	-4.5218	-3.5890	20.447	12.8809	16.2287	67	1.061
							55	1.121
							43	1.274
							31	1.780
							19	4.262
							7	31.950
Sum		-27.3943	-8.5505	108.9623	37.0562	40.2932		
Average		-3.9135	-1.2215	15.5660	5.2937	5.7562		

N =	7		
A =	1.214E+06		
B =	3.892	R^2 =	0.9990568
C =	8		

* - Appendix A5 from IBNR study

**Estimation of Cumulative Reported Claim Development Factors
 Using "The Method of Least Squares"**

Curve : $Y = A(1/(X+C))^B + 1$ (Modified Inverse Power Curve)

Months of Maturity X	Cumulative Factors Y*	Transformed Values for Regression					Fitted Values	
		X' LN(1/(X+C))	Y' LN(Y-1)	(X')^2	(Y')^2	X' x Y'	X	Cumulative Factor Y
12	1.056	-6.4167	-2.8796	41.174	8.2920	18.4775	139	1.000
24	1.007	-6.4362	-4.9631	41.424	24.6329	31.9436	127	1.000
36	1.001	-6.4552	-7.0326	41.670	49.4578	45.3970	115	1.000
							103	1.000
							91	1.000
							79	1.000
							67	1.000
							55	1.000
							43	1.000
							31	1.002
							19	1.017
							7	1.865
Sum		-19.3081	-14.8754	124.2681	82.3826	95.8180		
Average		-6.4360	-4.9585	41.4227	27.4609	31.9393		

N =	3		
A =	4.163E+299		
B =	107.964	R^2 =	0.999987
C =	600		

* - Appendix A6 from IBNR study

**U.S. Claims Cost Index
 General Liability**

(A) Year	(B) Other Bodily Injury Economic Index	(C) Other Property Damage Economic Index	(D) Combined Economic Index	(E) Annual Percent Increase	(F) Accident Period	(G) Interpolated Index	(H) Trend Factor to 7/1/16-17
1995	63.8	70.1	66.9				
1996	66.2	72.4	69.3	3.6%			
1997	68.9	75.3	72.1	4.0%			
1998	71.6	77.7	74.7	3.6%			
1999	75.1	80.5	77.8	4.2%			
2000	79.0	84.0	81.5	4.7%			
2001	82.8	84.3	83.6	2.5%			
2002	87.9	87.3	87.6	4.8%			
2003	92.0	89.6	90.8	3.7%			
2004	96.1	94.5	95.3	4.9%			
2005	100.0	100.0	100.0	4.9%	7/1/04-05	97.6	1.434
2006	104.1	104.6	104.4	4.3%	7/1/05-06	102.2	1.370
2007	109.6	108.4	109.0	4.5%	7/1/06-07	106.7	1.312
2008	114.7	111.6	113.2	3.8%	7/1/07-08	111.1	1.260
2009	118.0	112.7	115.4	2.0%	7/1/08-09	114.3	1.225
2010	122.4	114.3	118.3	2.6%	7/1/09-10	116.9	1.198
2011	126.6	118.2	122.4	3.5%	7/1/10-11	120.4	1.163
2012	130.5	121.4	125.9	2.9%	7/1/11-12	124.2	1.128
2013	133.1	124.5	128.8	2.3%	7/1/12-13	127.4	1.099
2014*	135.9	127.6	131.8	2.3%	7/1/13-14	130.3	1.075
2015**	139.1	130.9	135.0	2.5%	7/1/14-15	133.4	1.050
2016**	142.3	134.3	138.3	2.5%	7/1/15-16	136.7	1.025
2017**	145.6	137.8	141.7	2.5%	7/1/16-17	140.0	1.000

(B) and (C) - Towers Watson Claim Cost Index compiled by Jeremy Pecora, FCAS, MAAA

* - 2014 numbers are preliminary

** - future trend estimated based on latest three years

(D) = Average of (B) and (C)

(E) = [(D) / (D, prior)] - 1

(G) - Linear interpolation of column (D)

(H) - [(G), forecast period] / [(G), current period]

Automobile Physical Damage Exhibits

The “Analysis” section of this report presents a discussion of the following exhibits:

Exhibit I	Summary of Experience
Exhibit II	Claims that Develop and Trend over \$100,000
Exhibit III	Ultimate Losses Limited to \$100,000 Ultimate Losses Limited to \$250,000
Exhibit IV	Forecast Losses Limited to \$100,000 Forecast Losses Limited to \$250,000
Exhibit V	Total Claim Frequency
Exhibit VI	Forecast Ultimate Losses
Exhibit VII	Average Claim Size
Exhibit VIII	Results of Monte Carlo Simulation Forecast Losses for Various Layers
Appendix A	Loss Development Factors
Appendix B	Trend Factors

**Summary of Loss and Exposure Data
Total Experience Net of Member Deductibles**

(A)	(B)	(C)	(D)	(E)	(F)			(G)	(H)
Accident Period	Evaluation Date	Maturity (months)	Total Claims	Loss Payment	Loss Reserve	Expense and Legal Payment	Expense and Legal Reserve	Total Reported	Vehicles
7/1/04-05	1/31/2016	139	26	\$102,002	\$0	\$6,002	\$0	\$108,004	3,071
7/1/05-06	1/31/2016	127	36	\$302,069	\$0	\$7,151	\$0	\$309,220	3,958
7/1/06-07	1/31/2016	115	45	\$342,463	\$0	\$8,689	\$0	\$351,152	4,554
7/1/07-08	1/31/2016	103	48	\$345,731	\$0	\$31,062	\$0	\$376,794	5,185
7/1/08-09	1/31/2016	91	56	\$265,673	\$0	\$21,081	\$0	\$286,753	4,915
7/1/09-10	1/31/2016	79	67	\$344,185	\$0	\$11,461	\$0	\$355,646	5,645
7/1/10-11	1/31/2016	67	70	\$304,018	\$0	\$8,454	\$0	\$312,473	6,196
7/1/11-12	1/31/2016	55	70	\$354,476	\$0	\$14,397	\$0	\$368,873	5,987
7/1/12-13	1/31/2016	43	80	\$489,771	\$0	\$24,102	\$0	\$513,872	6,299
7/1/13-14	1/31/2016	31	69	\$467,300	\$0	\$19,275	\$0	\$486,575	7,005
7/1/14-15	1/31/2016	19	115	\$706,489	\$1,001	\$38,008	\$4,739	\$750,237	8,878
7/1/15-16	1/31/2016	7	61	\$179,207	\$69,514	\$11,190	\$1,732	\$261,644	9,517
7/1/16-17									9,518
			743	\$4,203,384	\$70,514	\$200,873	\$6,471	\$4,481,243	80,728

- Losses and Exposures for Current Members as of 1/31/15
- Claims combined into occurrences; Excludes closed claims with no payments

Large Claim Listing
Claims Exceeding Threshold after Development and Trend

CAT# or Occ#	(B) PY	(D) Loss Date	(D) Paid Pure Losses	(E) Incurred Pure Losses	(F) Severity Factor	(G) Trend Factor	(H) Loss After Development & Trend
ADP only claims over \$100,000							
00974	7/1/05-06	2/4/2006	\$123,265	\$123,265	1.000	1.296	\$159,807
92831	7/1/14-15	12/3/2014	\$125,772	\$125,772	1.000	1.030	\$129,573
Loss amounts for APD portion of Property Claims over \$250,000							
0017	7/1/07-08	4/9/2008	\$19,325	\$19,325	1.000	1.232	\$23,806
0022	7/1/07-08	6/1/2008	\$33,994	\$33,994	1.000	1.232	\$41,876
0026	7/1/08-09	1/27/2009	\$2,844	\$2,844	1.000	1.159	\$3,297
0033	7/1/08-09	4/25/2009	\$940	\$940	1.000	1.159	\$1,090
0034	7/1/08-09	5/13/2009	\$4,150	\$4,150	1.000	1.159	\$4,811
0041	7/1/09-10	5/10/2010	\$73,111	\$73,111	1.000	1.098	\$80,280
0050	7/1/10-11	5/24/2011	\$24,126	\$24,126	1.000	1.078	\$26,011
0052	7/1/12-13	4/26/2013	\$12,185	\$12,185	1.000	1.060	\$12,910
0054	7/1/12-13	5/31/2013	\$23,160	\$23,160	1.000	1.060	\$24,539
0055	7/1/14-15	3/25/2015	\$22,357	\$22,357	1.000	1.030	\$23,033
01603	7/1/06-07	4/1/2007	\$48,741	\$48,741	1.000	1.264	\$61,624
90999	7/1/11-12	11/7/2011	\$7,881	\$7,881	1.000	1.066	\$8,404
91392	7/1/12-13	7/14/2012	\$86,817	\$86,817	1.000	1.060	\$91,987
91393	7/1/12-13	7/16/2012	\$29,117	\$29,117	1.000	1.060	\$30,851
			\$388,747	\$388,747			\$434,518

**Estimation of Ultimate Losses Limited to \$100,000
 At the Forecast Loss Level**

<i>Accident Period</i>	<i>(A) Reported Losses</i>	<i>(B) Excess Reported Losses</i>	<i>(C) Limited Reported Losses</i>	<i>(D) Trend Factor to 7/1/16-17</i>	<i>(E) Reported Develop. Factor</i>	<i>(F) Ultimate Loss</i>
7/1/04-05	\$108,004	\$0	\$108,004	1.349	1.000	\$146,000
7/1/05-06	\$309,220	\$23,265	\$285,955	1.296	1.000	\$371,000
7/1/06-07	\$351,152	\$48,741	\$302,411	1.264	1.000	\$382,000
7/1/07-08	\$376,794	\$53,319	\$323,475	1.232	1.000	\$398,000
7/1/08-09	\$286,753	\$7,934	\$278,820	1.159	1.000	\$323,000
7/1/09-10	\$355,646	\$73,111	\$282,535	1.098	1.000	\$310,000
7/1/10-11	\$312,473	\$24,126	\$288,346	1.078	1.000	\$311,000
7/1/11-12	\$368,873	\$7,881	\$360,992	1.066	1.000	\$385,000
7/1/12-13	\$513,872	\$151,278	\$362,594	1.060	1.000	\$384,000
7/1/13-14	\$486,575	\$0	\$486,575	1.046	1.000	\$509,000
7/1/14-15	\$750,237	\$48,129	\$702,108	1.030	1.000	\$723,000
7/1/15-16	\$261,644	\$0	\$261,644	1.015	1.714	\$455,000
<i>Total</i>	\$4,481,243	\$437,784	\$4,043,459			\$4,697,000

- (A) - Exhibit I
- (B) - Exhibit II
- (C) = (A) - (B)
- (D) - Appendix B
- (E) - Appendix A
- (F) = (C) * (D) * (E)

**Estimation of Ultimate Losses Limited to \$250,000
 At the Forecast Loss Level**

<i>Accident Period</i>	<i>(A) Reported Losses</i>	<i>(B) Excess Reported Losses</i>	<i>(C) Limited Reported Losses</i>	<i>(D) Trend Factor to 7/1/16-17</i>	<i>(E) Reported Develop. Factor</i>	<i>(F) Ultimate Loss</i>
7/1/04-05	\$108,004	\$0	\$108,004	1.349	1.000	\$146,000
7/1/05-06	\$309,220	\$0	\$309,220	1.296	1.000	\$401,000
7/1/06-07	\$351,152	\$48,741	\$302,411	1.264	1.000	\$382,000
7/1/07-08	\$376,794	\$53,319	\$323,475	1.232	1.000	\$398,000
7/1/08-09	\$286,753	\$7,934	\$278,820	1.159	1.000	\$323,000
7/1/09-10	\$355,646	\$73,111	\$282,535	1.098	1.000	\$310,000
7/1/10-11	\$312,473	\$24,126	\$288,346	1.078	1.000	\$311,000
7/1/11-12	\$368,873	\$7,881	\$360,992	1.066	1.000	\$385,000
7/1/12-13	\$513,872	\$151,278	\$362,594	1.060	1.000	\$384,000
7/1/13-14	\$486,575	\$0	\$486,575	1.046	1.000	\$509,000
7/1/14-15	\$750,237	\$22,357	\$727,880	1.030	1.000	\$750,000
7/1/15-16	\$261,644	\$0	\$261,644	1.015	1.714	\$455,000
<i>Total</i>	\$4,481,243	\$388,747	\$4,092,496			\$4,754,000

- (A) - Exhibit I
- (B) - Exhibit II
- (C) = (A) - (B)
- (D) - Appendix B
- (E) - Appendix A
- (F) = (C) * (D) * (E)

**Calculation of Forecast Losses
 Limited to \$100,000**

(A)	(B)	(C)	(D)	(E)	(F)
<i>Accident Period</i>	<i>Trended Ultimate Net Losses</i>	<i>Exposures (Vehicles)</i>	<i>Exposure Trend Factors</i>	<i>Trended Exposures</i>	<i>Loss Rate</i>
7/1/04-05	\$146,000	3,071	1.000	3,071	\$47.54
7/1/05-06	\$371,000	3,958	1.000	3,958	\$93.73
7/1/06-07	\$382,000	4,554	1.000	4,554	\$83.88
7/1/07-08	\$398,000	5,185	1.000	5,185	\$76.76
7/1/08-09	\$323,000	4,915	1.000	4,915	\$65.72
7/1/09-10	\$310,000	5,645	1.000	5,645	\$54.91
7/1/10-11	\$311,000	6,196	1.000	6,196	\$50.20
7/1/11-12	\$385,000	5,987	1.000	5,987	\$64.30
7/1/12-13	\$384,000	6,299	1.000	6,299	\$60.97
7/1/13-14	\$509,000	7,005	1.000	7,005	\$72.67
7/1/14-15	\$723,000	8,878	1.000	8,878	\$81.43
7/1/15-16	\$455,000	9,517	1.000	9,517	\$47.81
<i>Total</i>	\$4,697,000	71,210		71,210	\$65.96

7/1/16-17

- (1) Selected Loss Rate
 { Average of 09-10 through 15-16 } \$61.76
- (2) Forecast Exposures
 { Members purchasing \$100,000 limits } 2,161
- (3) Forecast Losses
 { Line (1) x Line (2) } \$130,000

Column (B) - Column (F) in Exhibit III, page 1
 Column (C) - Exhibit I
 Column (D) - N/A
 Column (E) = (C) * (D)
 Column (F) = (B) / (E)

**Calculation of Forecast Losses
 Limited to \$250,000**

(A)	(B)	(C)	(D)	(E)	(F)
<i>Accident Period</i>	<i>Trended Ultimate Net Losses</i>	<i>Exposures (Vehicles)</i>	<i>Exposure Trend Factors</i>	<i>Trended Exposures</i>	<i>Loss Rate</i>
7/1/04-05	\$146,000	3,071	1.000	3,071	\$47.54
7/1/05-06	\$401,000	3,958	1.000	3,958	\$101.31
7/1/06-07	\$382,000	4,554	1.000	4,554	\$83.88
7/1/07-08	\$398,000	5,185	1.000	5,185	\$76.76
7/1/08-09	\$323,000	4,915	1.000	4,915	\$65.72
7/1/09-10	\$310,000	5,645	1.000	5,645	\$54.91
7/1/10-11	\$311,000	6,196	1.000	6,196	\$50.20
7/1/11-12	\$385,000	5,987	1.000	5,987	\$64.30
7/1/12-13	\$384,000	6,299	1.000	6,299	\$60.97
7/1/13-14	\$509,000	7,005	1.000	7,005	\$72.67
7/1/14-15	\$750,000	8,878	1.000	8,878	\$84.48
7/1/15-16	\$455,000	9,517	1.000	9,517	\$47.81
Total	\$4,754,000	71,210		71,210	\$66.76

7/1/16-17

- (1) Selected Loss Rate
 { Average of 10-11 through 15-16 } \$63.40
- (2) Forecast Exposures
 { Members purchasing \$250,000 limits } 7,357
- (3) Forecast Losses
 { Line (1) x Line (2) } \$470,000

Column (B) - Column (F) in Exhibit III, Page 2
 Column (C) - Exhibit I
 Column (D) - N/A
 Column (E) = (C) * (D)
 Column (F) = (B) / (E)

Projected Claim Frequency for 7/1/16-17

(A) <i>Accident Period</i>	(B) <i>Number of Occurrences</i>	(C) <i>CCDF</i>	(D) <i>Ultimate Occurrences</i>	(E) <i>Exposures (Vehicles)</i>	(F) <i>Frequency per 1,000 Vehicles</i>
7/1/04-05	26	1.000	26.0	3,071	8.5
7/1/05-06	36	1.000	36.0	3,958	9.1
7/1/06-07	44	1.000	44.0	4,554	9.7
7/1/07-08	46	1.000	46.0	5,185	8.9
7/1/08-09	53	1.000	53.0	4,915	10.8
7/1/09-10	66	1.000	66.0	5,645	11.7
7/1/10-11	69	1.000	69.0	6,196	11.1
7/1/11-12	69	1.000	69.0	5,987	11.5
7/1/12-13	76	1.000	76.0	6,299	12.1
7/1/13-14	69	1.000	69.0	7,005	9.9
7/1/14-15	114	1.000	114.0	8,878	12.8
7/1/15-16	61	1.714	104.6	9,517	11.0
Total	729		772.6	71,210	10.8

7/1/16-17

*Selected Frequency
{ four year average }* 11.4

Forecast Exposure 9,518

Forecast Number of Occurrences 108.8

- (B) - Exhibit I
- (C) - Appendix A
- (D) - (B) * (C)
- (E) = Exhibit I
- (F) = (D) / (E) * 1,000

**Forecast Ultimate Losses for
Total Experience Net of Member Deductibles**

	<i>Vehicles</i>	<i>Loss Rate</i>	<i>Forecast Losses</i>
<i>Limited to \$100,000</i>	2,161	\$61.76	\$130,000
<i>Limited to \$250,000</i>	7,357	\$63.40	\$470,000
<i>Total</i>	9,518	\$63.04	\$600,000

- From Exhibit IV, page 1 for limited to \$100,000
- From Exhibit IV, page 2 for limited to \$250,000

***Distribution of Forecast Losses for 7/1/16-17
 Limited to \$100,000 and \$250,000***

<i>Percentile</i>	<i>Net Ultimate Limited Losses</i>
25.0%	\$490,000
30.0%	\$510,000
35.0%	\$530,000
40.0%	\$550,000
45.0%	\$560,000
50.0%	\$580,000
55.0%	\$600,000
60.0%	\$620,000
65.0%	\$640,000
70.0%	\$660,000
75.0%	\$690,000
80.0%	\$720,000
85.0%	\$750,000
90.0%	\$800,000
95.0%	\$870,000
<i>Expected</i>	\$600,000

**Estimation of Cumulative Reported Loss Development Factors
 Using "The Method of Least Squares"**

Curve : $Y = A(1/(X+C))^B + 1$ (Modified Inverse Power Curve)

Months of Maturity X	Cumulative Factors Y*	Transformed Values for Regression					Fitted Values	
		X' LN(1/(X+C))	Y' LN(Y-1)	(X')^2	(Y')^2	X' x Y'	X	Cumulative Factor Y
							139.0	1.000
							127.0	1.000
							115.0	1.000
							103.0	1.000
							91.0	1.000
							79.0	1.000
							67.0	1.000
							55.0	1.000
							43.0	1.000
							31.0	1.000
							19.0	1.000
Sum		0.0000	0.0000	0.0000	0.0000	0.0000	7.0	1.714
Average								

N =	0
A =	
B =	R^2 =
C =	

- Based on Property and APD development limited to \$250,000

**Estimation of Cumulative Reported Claim Development Factors
 Using "The Method of Least Squares"**

Curve : $Y = A(1/(X+C))^B + 1$ (Modified Inverse Power Curve)

Months of Maturity X	Cumulative Factors Y*	Transformed Values for Regression					Fitted Values	
		X' LN(1/(X+C))	Y' LN(Y-1)	(X')^2	(Y')^2	X' x Y'	X	Cumulative Factor Y
							139.0	1.000
							127.0	1.000
							115.0	1.000
							103.0	1.000
							91.0	1.000
							79.0	1.000
							67.0	1.000
							55.0	1.000
							43.0	1.000
							31.0	1.000
							19.0	1.000
							7.0	1.714
Sum Average								

N =	0	
A =		
B =		R^2 =
C =	0	

* - From Triangles in Reserve Report

**U.S. Claims Cost Index
Auto Physical Damage**

(A) Year	(B) Auto Physical Damage Index	(C) Annual Percent Increase	(D) Accident Period	(E) Interpolated Index	(F) Trend Factor to 7/1/16-17
1995	73.0				
1996	75.8	3.8%			
1997	78.1	3.0%			
1998	80.5	3.2%			
1999	82.5	2.5%			
2000	85.0	2.9%			
2001	86.8	2.1%			
2002	90.1	3.9%			
2003	91.9	2.0%			
2004	94.5	2.8%			
2005	100.0	5.9%	7/1/04-05	97.2	1.349
2006	102.4	2.4%	7/1/05-06	101.2	1.296
2007	105.1	2.7%	7/1/06-07	103.8	1.264
2008	107.9	2.6%	7/1/07-08	106.5	1.232
2009	118.4	9.8%	7/1/08-09	113.2	1.159
2010	120.5	1.8%	7/1/09-10	119.5	1.098
2011	122.9	2.0%	7/1/10-11	121.7	1.078
2012	123.2	0.3%	7/1/11-12	123.0	1.066
2013	124.5	1.0%	7/1/12-13	123.8	1.060
2014*	126.4	1.6%	7/1/13-14	125.4	1.046
2015**	128.3	1.5%	7/1/14-15	127.4	1.030
2016**	130.2	1.5%	7/1/15-16	129.3	1.015
2017**	132.2	1.5%	7/1/16-17	131.2	1.000

(B) and (C) - Towers Watson Claim Cost Index compiled by Jeremy Pecora, FCAS, MAAA

* - 2014 numbers are preliminary

** - future trend estimated at 1.50%

(C) = [(B) / (B, prior)] - 1

(E) - Linear interpolation of column (B)

(F) - [(E), forecast period] / [(E), current period]

Property Exhibits

The “Analysis” section of this report presents a discussion of the following exhibits:

Exhibit I	Summary of Experience
Exhibit II	Claims that Develop and Trend over \$250,000
Exhibit III	Ultimate Small Losses
Exhibit IV	Forecast Losses Less than \$250,000
Exhibit V	Total Claim Frequency
Exhibit VI	Forecast Ultimate Losses
Exhibit VII	Average Claim Size
Exhibit VIII	Results of Monte Carlo Simulation Forecast Losses for Various Layers
Appendix A	Loss Development Factors
Appendix B	Trend Factors

Summary of Loss Data as of January 31, 2016
Total Experience Net of Deductibles

(A)	(B)	(C)	(D)	(F)	(G)	(I)			(J)	(K)
Accident Period	Evaluation Date	Maturity (months)	Reported Total Claims	Deductibles Paid	Loss Payment	Loss Reserve	Expense and Legal Payment	Expense and Legal Reserve	Total Reported	TIV (thousands)
7/1/04-05	1/31/2016	139	46	\$186,000	\$538,305	\$0	\$32,944	\$0	\$571,249	\$2,210,223
7/1/05-06	1/31/2016	127	83	\$335,000	\$1,745,508	\$0	\$84,979	\$0	\$1,830,487	\$3,087,286
7/1/06-07	1/31/2016	115	114	\$685,000	\$6,587,293	\$0	\$113,781	\$0	\$6,701,074	\$4,192,325
7/1/07-08	1/31/2016	103	114	\$760,000	\$10,451,128	\$0	\$132,012	\$0	\$10,583,140	\$4,666,378
7/1/08-09	1/31/2016	91	86	\$772,500	\$11,337,148	\$0	\$125,685	\$0	\$11,462,833	\$4,896,826
7/1/09-10	1/31/2016	79	106	\$771,000	\$13,006,177	\$300,000	\$134,261	\$0	\$13,440,438	\$5,247,606
7/1/10-11	1/31/2016	67	98	\$683,500	\$20,929,301	\$0	\$22,768	\$0	\$20,952,069	\$5,587,027
7/1/11-12	1/31/2016	55	76	\$292,500	\$2,484,873	\$0	\$44,511	\$0	\$2,529,384	\$5,595,580
7/1/12-13	1/31/2016	43	78	\$591,000	\$4,860,824	\$9,669	\$11,910	\$0	\$4,882,404	\$5,744,638
7/1/13-14	1/31/2016	31	83	\$222,500	\$3,150,903	\$555,729	\$31,558	\$1,389	\$3,739,579	\$7,094,721
7/1/14-15	1/31/2016	19	93	\$832,500	\$2,690,622	\$939,115	\$48,869	\$1,149	\$3,679,755	\$7,802,601
7/1/15-16	1/31/2016	7	43	\$267,500	\$770,325	\$642,019	\$6,968	\$5,714	\$1,425,027	\$8,295,479
7/1/16-17										\$8,296,174
			1020	\$6,399,000	\$78,552,406	\$2,446,532	\$790,248	\$8,252	\$81,797,438	\$72,716,866

- Losses and Exposures for Current Members as of 1/31/16

- Claims combined into occurrences; Excludes closed claims with no payments

**Claims that Exceed \$250,000 After Development and Trend
As of January 31, 2016**

Occ # Or date	Loss Date	Deductible	Pure Losses	Pure Losses	Severity Factor	Trend Factor	& trended Gross Loss
0003	7/4/2005	\$10,000	\$498,691	\$498,691	1.000	1.360	\$691,671
0010	1/15/2007	\$80,000	\$2,538,362	\$2,538,362	1.000	1.306	\$3,419,840
0017	4/10/2008	\$45,000	\$611,415	\$611,415	1.000	1.260	\$826,795
0019	6/5/2008	\$50,000	\$1,617,657	\$1,617,657	1.000	1.260	\$2,100,517
0022	6/1/2008	\$25,000	\$2,339,499	\$2,339,499	1.000	1.260	\$2,978,233
0024	11/5/2008	\$20,000	\$1,354,413	\$1,354,413	1.000	1.206	\$1,656,908
0026	1/28/2009	\$25,000	\$272,761	\$272,761	1.000	1.206	\$358,962
0027	2/10/2009	\$20,000	\$257,441	\$257,441	1.000	1.206	\$334,466
0030	3/28/2009	\$12,500	\$2,298,578	\$2,298,578	1.000	1.206	\$2,786,093
0031	4/10/2009	\$30,000	\$822,213	\$822,213	1.000	1.206	\$1,027,375
0032	5/1/2009	\$50,000	\$1,097,400	\$1,097,400	1.000	1.206	\$1,383,234
0033	4/25/2009	\$20,000	\$240,250	\$240,250	1.000	1.206	\$313,742
0034	5/14/2009	\$50,000	\$452,345	\$452,345	1.000	1.206	\$605,596
0037	4/29/2009	\$25,000	\$212,817	\$212,817	1.000	1.206	\$286,697
0039	1/11/2010	\$27,500	\$454,634	\$454,634	1.000	1.134	\$546,739
0040	2/9/2010	\$107,500	\$494,072	\$494,072	1.000	1.134	\$682,180
0041	5/11/2010	\$70,000	\$2,790,324	\$2,790,324	1.000	1.134	\$3,243,597
0042	5/16/2010	\$50,000	\$1,775,284	\$1,775,284	1.000	1.134	\$2,069,865
0043	2/2/2011	\$57,500	\$735,763	\$735,763	1.000	1.096	\$869,746
0046	2/14/2011	\$75,000	\$389,121	\$389,121	1.000	1.096	\$508,870
0048	4/15/2011	\$60,000	\$11,347,821	\$11,347,821	1.000	1.096	\$12,507,711
0050	5/24/2011	\$60,000	\$5,733,080	\$5,733,080	1.000	1.096	\$6,351,622
0052	4/27/2013	\$35,000	\$990,622	\$990,622	1.000	1.096	\$1,123,924
0054	5/31/2013	\$240,000	\$968,213	\$968,213	1.000	1.096	\$1,324,016
0055	3/25/2015	\$35,000	\$402,865	\$402,865	1.018	1.047	\$466,504
0056	5/6/2015	\$20,000	\$200,408	\$425,408	1.018	1.047	\$474,540
01070	4/1/2006	\$10,000	\$249,726	\$249,726	1.000	1.360	\$353,151
01446	1/14/2007	\$2,500	\$2,391,851	\$2,391,851	1.000	1.306	\$3,127,261
01603	4/1/2007	\$2,500	\$450,156	\$450,156	1.000	1.306	\$591,213
01932	10/20/2007	\$2,500	\$4,417,502	\$4,417,502	1.000	1.260	\$5,567,265
02205	4/10/2008	\$2,500	\$264,208	\$264,208	1.000	1.260	\$335,935
02442	8/5/2008	\$2,500	\$253,900	\$253,900	1.000	1.206	\$309,101
02786	2/27/2009	\$2,500	\$2,319,259	\$2,319,259	1.000	1.206	\$2,798,969
03081	7/27/2009	\$5,000	\$304,502	\$304,502	1.000	1.134	\$350,974
03122	8/21/2009	\$2,500	\$4,975,483	\$4,975,483	1.000	1.134	\$5,645,013
90050	8/4/2010	\$2,500	\$247,854	\$247,854	1.000	1.096	\$274,492
90336	12/30/2010	\$2,500	\$854,448	\$854,448	1.000	1.096	\$939,571
90999	11/7/2011	\$5,000	\$418,868	\$418,868	1.000	1.105	\$468,449
91234	4/15/2012	\$2,500	\$485,893	\$485,893	1.000	1.105	\$539,760
91392	7/14/2012	\$5,000	\$483,485	\$483,485	1.000	1.096	\$535,305
91393	7/16/2012	\$2,500	\$402,217	\$402,217	1.000	1.096	\$443,508
91814	4/18/2013	\$5,000	\$454,242	\$454,242	1.000	1.096	\$503,259
91861	4/22/2013	\$10,000	\$473,316	\$473,316	1.000	1.096	\$529,640
92144	11/6/2013	\$5,000	\$300,267	\$300,267	1.001	1.071	\$327,497
92546	6/28/2014	\$5,000	\$1,447,071	\$1,920,000	1.001	1.071	\$2,065,177
93156	5/19/2015	\$50,000	\$202,663	\$396,399	1.018	1.047	\$475,596
93164	4/11/2015	\$10,000	\$65,048	\$365,048	1.018	1.047	\$399,578
93604	6/12/2010	\$10,000	\$0	\$300,000	1.000	1.134	\$351,539
P625-15-93211	5/19/2015	\$10,000	\$199,952	\$275,000	1.018	1.047	\$303,640
P625-15-93473	11/17/2015	\$2,500	\$106,064	\$245,071	1.005	1.020	\$253,805
		\$1,460,000	\$62,664,023	\$64,369,743			\$76,429,141

- Loss and policy information provided by Jennifer McKenzie, Arthur J. Gallagher

**Estimation of Ultimate Small Losses
At the Forecast Loss Level**

	(A)	(B)	(C)	(D)	(E)
<i>Accident Period</i>	<i>Net Reported Losses</i>	<i>Reported on Large Losses</i>	<i>Trend Factor to 7/1/16-17</i>	<i>Reported Develop. Factor</i>	<i>Ultimate Net on Small Claims</i>
7/1/04-05	\$571,249	\$0	1.442	1.000	\$824,000
7/1/05-06	\$1,830,487	\$748,417	1.360	1.000	\$1,471,000
7/1/06-07	\$6,701,074	\$5,380,369	1.306	1.000	\$1,725,000
7/1/07-08	\$10,583,140	\$9,250,280	1.260	1.000	\$1,679,000
7/1/08-09	\$11,462,833	\$9,581,377	1.206	1.000	\$2,268,000
7/1/09-10	\$13,440,438	\$11,094,299	1.134	1.000	\$2,661,000
7/1/10-11	\$20,952,069	\$19,308,087	1.096	1.000	\$1,802,000
7/1/11-12	\$2,529,384	\$904,760	1.105	1.000	\$1,795,000
7/1/12-13	\$4,882,404	\$3,772,095	1.096	1.000	\$1,217,000
7/1/13-14	\$3,739,579	\$2,220,267	1.071	1.001	\$1,630,000
7/1/14-15	\$3,679,755	\$1,864,720	1.047	1.018	\$1,934,000
7/1/15-16	\$1,425,027	\$245,071	1.020	1.723	\$2,074,000
Total	\$81,797,438	\$64,369,743			\$21,080,000

(A) - Exhibit I

(B) - Exhibit II

(C) - Appendix B

(D) - Appendix A

(E) = (C)*(D)*[(A) - (B)]

**Calculation of Forecast Losses
Ground Up Losses Less Than \$250,000**

(A)	(B)	(C)	(D)	(E)	(F)
<i>Accident Period</i>	<i>Trended Ultimate Losses</i>	<i>Exposures (TIV)</i>	<i>Exposure Trend Factors</i>	<i>Trended Exposures</i>	<i>Loss Rate</i>
7/1/04-05	\$824,000	\$2,210,223	1.262	\$2,788,484	\$0.30
7/1/05-06	\$1,471,000	\$3,087,286	1.221	\$3,770,380	\$0.39
7/1/06-07	\$1,725,000	\$4,192,325	1.185	\$4,969,157	\$0.35
7/1/07-08	\$1,679,000	\$4,666,378	1.147	\$5,351,723	\$0.31
7/1/08-09	\$2,268,000	\$4,896,826	1.128	\$5,522,011	\$0.41
7/1/09-10	\$2,661,000	\$5,247,606	1.120	\$5,879,917	\$0.45
7/1/10-11	\$1,802,000	\$5,587,027	1.094	\$6,113,240	\$0.29
7/1/11-12	\$1,795,000	\$5,595,580	1.066	\$5,967,180	\$0.30
7/1/12-13	\$1,217,000	\$5,744,638	1.048	\$6,019,945	\$0.20
7/1/13-14	\$1,630,000	\$7,094,721	1.032	\$7,322,240	\$0.22
7/1/14-15	\$1,934,000	\$7,802,601	1.023	\$7,984,091	\$0.24
7/1/15-16	\$2,074,000	\$8,295,479	1.015	\$8,419,912	\$0.25
Total	\$21,080,000	\$64,420,692		\$70,108,279	\$0.30

7/1/16-17

- (1) Selected Loss Rate
{ Average, excluding hi and lo } \$0.25
- (2) Forecast Exposure
{ Exhibit I } \$8,296,174
- (3) Forecast Losses
{ Line (1) x Line (2) } \$2,086,000

Column (B) - Column (E) in Exhibit III
 Column (C) - Exhibit I
 Column (D) - Appendix D2
 Column (E) = (C) * (D)
 Column (F) = (B) / (E)

**Forecast Claim Frequency
Claims over \$250,000**

(A) Accident Period	(B) Number of Large Claims	(C) CCDF	(D) Ultimate Large Claims	(E) Trended Exposures (TIV)	(F) Frequency per \$1M TIV
7/1/04-05	0	1.000	0.0	\$2,788,484	0.00
7/1/05-06	2	1.000	2.0	\$3,770,380	0.53
7/1/06-07	3	1.000	3.0	\$4,969,157	0.60
7/1/07-08	5	1.000	5.0	\$5,351,723	0.93
7/1/08-09	11	1.000	11.0	\$5,522,011	1.99
7/1/09-10	7	1.000	7.0	\$5,879,917	1.19
7/1/10-11	6	1.000	6.0	\$6,113,240	0.98
7/1/11-12	2	1.000	2.0	\$5,967,180	0.34
7/1/12-13	6	1.000	6.0	\$6,019,945	1.00
7/1/13-14	2	1.000	2.0	\$7,322,240	0.27
7/1/14-15	5	1.000	5.0	\$7,984,091	0.63
7/1/15-16	1	1.714	1.7	\$8,419,912	0.20
Total	50		50.7	\$70,108,279	0.72

7/1/16-17

Selected Frequency
{ Average of 04-05 through 14-15 }

0.77

Forecast Exposure

\$8,296,174

Forecast Claims over \$250,000

6.4

(B) - Exhibit II

(C) - Appendix A

(D) - (B) * (C)

(E) = Exhibit IV

(F) = (D) / (E) * 1,000,000

**Forecast Claim Frequency
Total Claims**

(A) Accident Period	(B) Number of Occurrences	(C) CCDF	(D) Ultimate Claims	(E) Trended Exposures (TIV)	(F) Frequency per 1,000,000 TIV
7/1/04-05	46	1.000	46.0	\$2,788,484	16.50
7/1/05-06	83	1.000	83.0	\$3,770,380	22.01
7/1/06-07	114	1.000	114.0	\$4,969,157	22.94
7/1/07-08	114	1.000	114.0	\$5,351,723	21.30
7/1/08-09	86	1.000	86.0	\$5,522,011	15.57
7/1/09-10	106	1.000	106.0	\$5,879,917	18.03
7/1/10-11	98	1.000	98.0	\$6,113,240	16.03
7/1/11-12	76	1.000	76.0	\$5,967,180	12.74
7/1/12-13	78	1.000	78.0	\$6,019,945	12.96
7/1/13-14	83	1.000	83.0	\$7,322,240	11.34
7/1/14-15	93	1.000	93.0	\$7,984,091	11.65
7/1/15-16	43	1.714	73.7	\$8,419,912	8.75
Total	1,020		1,050.7	\$70,108,279	14.99

7/1/16-17

Selected Frequency
{ Average of 12-13 through 14-15 }

11.98

Forecast Exposure \$8,296,174

Forecast Number of Claims 99.4

(B) - Exhibit I

(C) - Appendix A

(D) - (B) * (C)

(E) = Exhibit I

(F) = (D) / (E) * 1,000,000

**Forecast Ultimate Losses for 7/1/16-17
Total Experience Net of Member Deductibles**

	<u>7/1/16-17</u>
(1) Forecast Small Losses {Exhibit IV}	\$2,086,000
(2) Expected Number of claims over \$250,000: {Exhibit V}	6.4
(3) Expected Severity of Losses for Claims over \$250,000: {Derived from Losses in Exhibit II}	
Limited to \$250,000	\$250,000
Limited to \$350,000	\$345,000
Limited to \$500,000	\$466,000
Limited to \$10Million	\$1,517,000
(4) Average Deductible on Large Claims	\$29,000
(5) Projected Losses Limited to SIR { Line(1) +Line(2) * [Line (3) - Line (4)] }	
Limited to \$250,000 All Covered Perils	\$3,500,000
Limited to \$350,000 All Covered Perils	\$4,100,000
Limited to \$500,000 All Covered Perils	\$4,880,000
Limited to \$10M All Covered Perils	\$11,580,000
(6) Cost of Corridor (capped at \$1,400,000)	
Line (5) Difference in \$10M and \$250,000 Capped	\$1,400,000
Line (5) Difference in \$10M and \$350,000 Capped	\$1,400,000
Line (5) Difference in \$10M and \$500,000 Capped	\$1,400,000
(7) Total Forecast Losses { Line(5) + Line(6) }	
\$250,000 SIR, plus Corridor	\$4,900,000
\$350,000 SIR, plus Corridor	\$5,500,000
\$500,000 SIR, plus Corridor	\$6,280,000
(8) Forecast Total Insured Value in \$000s	\$8,296,174
(9) Projected Cost per \$1000 TIV { Line(7) / Line(8) }	
\$250,000 SIR, plus Corridor	\$0.59
\$350,000 SIR, plus Corridor	\$0.66
\$500,000 SIR, plus Corridor	\$0.76
(10) Projected Total Occurrences	99.4
(11) Average Severity { Line (5) / Line (10) }	
Limited to \$250,000 All Covered Perils	\$35,200
Limited to \$350,000 All Covered Perils	\$41,300
Limited to \$500,000 All Covered Perils	\$49,100

**Distribution of Forecast Losses for 7/1/16-17
With a \$250,000 SIR and \$1,400,000 Corridor**

<i>Percentile</i>	<i>Losses Limited to \$250,000 All Perils</i>	<i>Cost of Corridor Ltd. \$1.4M</i>	<i>Total Retained Losses</i>	<i>Insured Excess Losses</i>
25.0%	\$2,943,000	\$1,400,000	\$4,324,000	\$2,225,000
30.0%	\$3,057,000	\$1,400,000	\$4,441,000	\$2,755,000
35.0%	\$3,154,000	\$1,400,000	\$4,542,000	\$3,300,000
40.0%	\$3,248,000	\$1,400,000	\$4,639,000	\$3,895,000
45.0%	\$3,338,000	\$1,400,000	\$4,730,000	\$4,510,000
50.0%	\$3,436,000	\$1,400,000	\$4,828,000	\$5,235,000
55.0%	\$3,530,000	\$1,400,000	\$4,924,000	\$6,055,000
60.0%	\$3,629,000	\$1,400,000	\$5,023,000	\$6,900,000
65.0%	\$3,735,000	\$1,400,000	\$5,131,000	\$8,045,000
70.0%	\$3,845,000	\$1,400,000	\$5,243,000	\$9,210,000
75.0%	\$3,972,000	\$1,400,000	\$5,369,000	\$10,280,000
80.0%	\$4,109,000	\$1,400,000	\$5,509,000	\$11,510,000
85.0%	\$4,285,000	\$1,400,000	\$5,684,000	\$12,970,000
90.0%	\$4,492,000	\$1,400,000	\$5,892,000	\$15,060,000
95.0%	\$4,823,000	\$1,400,000	\$6,223,000	\$18,415,000
Expected	\$3,500,000	\$1,400,000	\$4,900,000	\$6,680,000
<i>TIV in 000s</i>	\$8,296,174			
Cost Per \$1000 TIV	\$0.42	\$0.17	\$0.59	\$0.81

*Percentiles based on combined distributions for small and large losses
Aggregate small losses modeled using a lognormal distribution
Large claim size modeled using an inverse Weibull distribution
Large claim counts modeled using a Poisson Distribution*

Lognormal
 Mu = 14.51940
 Sigma= 0.25043
Inverse Weibull
 Tau = 1.2842
 Theta = 557431
Poisson
 Lambda = 6.38

**Estimation of Cumulative Reported Loss Development Factors
Using "The Method of Least Squares"**

Curve : $Y = A(1/(X+C))^B + 1$ (Modified Inverse Power Curve)

Months of Maturity X	Cumulative Factors Y*	Transformed Values for Regression					Fitted Values	
		X' LN(1/(X+C))	Y' LN(Y-1)	(X')^2	(Y')^2	X' x Y'	X	Cumulative Factor Y
12	1.216	-2.4849	-1.5341	6.175	2.3535	3.8121	139	1.000
24	1.005	-3.1781	-5.2828	10.100	27.9084	16.7892	127	1.000
							115	1.000
							103	1.000
							91	1.000
							79	1.000
							67	1.000
							55	1.000
							43	1.000
							31	1.001
							19	1.018
							7	1.723
Sum		-5.6630	-6.8170	16.2748	30.2619	20.6013		
Average		-2.8315	-3.4085	8.1374	15.1310	10.3006		

N =	2		
A =	1.480E+05		
B =	5.408	R^2 =	1.000000
C =	0		

* - Property and APD unlimited loss development

**Estimation of Cumulative Reported Claim Development Factors
Using "The Method of Least Squares"**

Curve : $Y = A(1/(X+C))^B + 1$ (Modified Inverse Power Curve)

Months of Maturity X	Cumulative Factors Y*	Transformed Values for Regression					Fitted Values	
		X' LN(1/(X+C))	Y' LN(Y-1)	(X')^2	(Y')^2	X' x Y'	X	Cumulative Factor Y
							139	1.000
							127	1.000
							115	1.000
							103	1.000
							91	1.000
							79	1.000
							67	1.000
							55	1.000
							43	1.000
							31	1.000
							19	1.000
Sum		0.0000	0.0000	0.0000	0.0000	0.0000	7	1.714
Average								

N =	0	
A =		
B =		R^2 =
C =	0	

* - Appendix A6 from IBNR study

U.S. Claims Cost Index

(A) Year	(B) Fire Index	(C) Allied Lines Index	(D) Composite Economic Index	(E) Annual Percent Increase	(F) Accident Period	(G) Interpolated Index	(H) Trend Factor to 7/1/16-17
1999	109.4	109.5	109.5				
2000	114.1	113.1	113.6	3.8%			
2001	114.8	115.9	115.4	1.6%			
2002	119.1	118.5	118.8	3.0%			
2003	121.4	123.3	122.3	3.0%			
2004	126.8	129.0	127.9	4.5%			
2005	137.4	137.8	137.6	7.6%	7/1/04-05	132.7	1.442
2006	148.0	140.0	144.0	4.7%	7/1/05-06	140.8	1.360
2007	153.4	144.9	149.2	3.6%	7/1/06-07	146.6	1.306
2008	159.1	150.6	154.8	3.8%	7/1/07-08	152.0	1.260
2009	165.6	159.9	162.8	5.1%	7/1/08-09	158.8	1.206
2010	174.7	173.3	174.9	7.4%	7/1/09-10	168.8	1.134
2011	175.8	171.4	174.3	-0.3%	7/1/10-11	174.6	1.096
2012	174.7	169.9	172.1	-1.3%	7/1/11-12	173.2	1.105
2013	178.9	172.2	177.4	3.0%	7/1/12-13	174.7	1.096
2014*	182.5	181.9	180.0	1.5%	7/1/13-14	178.7	1.071
2015**	186.2	185.5	185.8	3.2%	7/1/14-15	182.9	1.047
2016**	189.9	189.2	189.6	2.0%	7/1/15-16	187.7	1.020
2017**	193.7	193.0	193.3	2.0%	7/1/16-17	191.5	1.000

(B) and (C) - Towers Watson Claim Cost Index compiled by Jeremy Pecora, FCAS, MAAA

* - 2014 numbers are preliminary

** - future trend estimated at 1.50%

(D) - Average of (B) and (C)

(E) = [(D) / (D,prior)] - 1

(G) - Linear interpolation of column (D)

(H) - [(G), forecast period] / [(G), current period]

**Derivation of Consumer Price Index
Exposure Trend Factors**

(A) Year	(B) CPI Index	(C) Accident Period	(D) Interpolated Index	(E) Trend Factor to 7/1/16-17
1999	166.6			
2000	172.2			
2001	177.1			
2002	179.9			
2003	184.0			
2004	188.9			
2005	195.3	7/1/04-05	192.1	1.262
2006	201.6	7/1/05-06	198.5	1.221
2007	207.3	7/1/06-07	204.5	1.185
2008	215.3	7/1/07-08	211.3	1.147
2009	214.5	7/1/08-09	214.9	1.128
2010	218.1	7/1/09-10	216.3	1.120
2011	224.9	7/1/10-11	221.5	1.094
2012	229.6	7/1/11-12	227.3	1.066
2013	233.0	7/1/12-13	231.3	1.048
2014	236.7	7/1/13-14	234.8	1.032
2015	237.0	7/1/14-15	236.9	1.023
2016*	240.6	7/1/15-16	238.8	1.015
2017*	244.2	7/1/16-17	242.4	1.000

* Forecast at 1.5% annual increase

(B) - based on data from the U. S. Department of Labor, Bureau of Statistics

(D) - Values interpolated from index in (B)

(E) = (D, Forecast period) / (D)