

# **COMMUNITY RESIDENCE INSURANCE SAVINGS PLAN**

## **WORKERS COMPENSATION**

### **ACTUARIAL REPORT**

*Estimated Required Reserves  
as of 12/31/10*

By The Numbers  
**Actuarial**   
**Consulting, Inc.**

April 29, 2011

Mr. Edward A. Sorenson  
Executive Vice President  
Program Risk Management, Inc.  
900 Watervliet-Shaker Road  
Albany, NY 12205

Dear Mr. Sorenson:

Enclosed are two bound and one unbound copies of the actuarial report prepared for Community Residence Insurance Savings Plan (CRISP) at your request. This report estimates the required reserves as of 12/31/10 for claims incurred from 12/15/95 through 12/31/10.

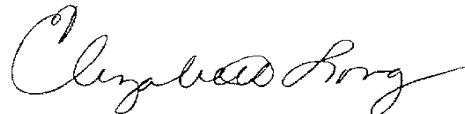
The estimates contained in this report are based on data provided by Program Risk Management, Inc (PRM). These data and the associated assumptions should be reviewed for their consistency with the internal records of CRISP. Any discrepancy in the completeness, interpretation, or accuracy of the information used may require a revision to this report.

If you have any questions, please call or write. It is a pleasure to be of service to PRM and CRISP.

Sincerely,



Lisa Dennison, FCAS, FCA, MAAA  
President and Consulting Actuary



Elizabeth Long, ACAS, FCA, MAAA  
Consulting Actuary

enclosure

**COMMUNITY RESIDENCE INSURANCE SAVINGS PLAN**

**ACTUARIAL REPORT**

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# ***COMMUNITY RESIDENCE INSURANCE SAVINGS PLAN***

## **ACTUARIAL REPORT**

### **PURPOSE**

By the Numbers Actuarial Consulting, Inc. (BYNAC) prepared this actuarial report to present a professional analysis of the required reserves retained by Community Residence Insurance Savings Plan (CRISP) as of 12/31/10 for claims incurred from 12/15/95 through 12/31/10. CRISP, a New York self-insurance trust, was established October 31, 1995 and is engaged in providing group self-insurance to employers in the fields of community residence services, community mental hygiene treatment, rehabilitation services, special needs educational services programs and other social services programs. CRISP closed 12/31/10 and is being runoff by the the current management.

The required reserves are estimated excluding and including the effects of anticipated investment income earned on the reserves until they are paid. The required reserves estimated in this report represent the total unpaid claim estimate. The unpaid claim estimate is an estimate of the obligation for future payment from claims due to past events. Ultimate incurred losses are defined to be the amounts that will be paid to settle all claims occurring during a policy period. These estimates include a provision for the subsequent development of known claims and for claims incurred but not yet reported. Incurred but not reported (IBNR) losses are defined throughout this report to include the additional development on known claims in addition to claims incurred but not yet reported. The estimated required reserves at the expected level represent the actuarial central estimate. The actuarial central estimate is an expected value over the range of reasonably possible outcomes shown by the low to high estimates in this report.

## **FINDINGS**

The findings are the product of loss experience, actuarial assumptions, quantitative analysis, and professional judgment. The estimated required reserves are expressed in terms of ranges that indicate the reliance on assumptions believed to be reasonable and are subject to all the limitations expressed herein.

### **ESTIMATED REQUIRED RESERVES**

The required reserves shown in the following tables should be used for financial statement reporting as of that date. These estimates reflect the terms of the specific and aggregate excess insurance purchased for the policy periods reviewed. However, until all the claims that occurred on or before 12/31/10 are closed, the actual reserve need remains an estimate. While the experience of CRISP indicates that the required reserves will fall within the range established in this report, the possibility exists that extraordinary or unexpected circumstances could cause the actual reserve need to be less than or greater than the range. Therefore, the findings cannot be warranted or guaranteed.

**ESTIMATED LOSS AND ALAE RESERVES  
INCLUDING IBNR FOR 12/15/95-12/31/10 AS OF 12/31/10**  
(Limited to Specific and Aggregate Retentions)

	<u>Low</u>	<u>Expected</u>	<u>High</u>
Undiscounted for Investment Income	\$26,050,000	\$27,990,000	\$31,790,000
Discounted at 5.0% per Annum	22,250,000	23,910,000	27,160,000

**ESTIMATED ULAE RESERVES  
FOR 12/15/95-12/31/10 AS OF 12/31/10**

	<u>Low</u>	<u>Expected</u>	<u>High</u>
Undiscounted for Investment Income	\$ 1,380,000	\$ 1,480,000	\$ 1,680,000
Discounted at 5.0% per Annum	1,180,000	1,270,000	1,440,000

The low and high figures are judgmental and not intended to establish absolute minimums or maximums on the estimates, but rather to depict a reasonable range for the establishment of loss reserves in this particular situation. Figure 1 contains a graphical representation of the estimated retained loss experience as of 12/31/10 including the undiscounted expected loss reserves for CRISP.

As noted, the reserves are estimated on both undiscounted and discounted for investment income bases. Program Risk Management, Inc. (PRM) provided the discount rate of 5.0% per year. Establishing loss reserves on a discounted basis requires that future investment income earned on the loss reserves be added to the reserves to strengthen them rather than recognized as net income. It also assumes that assets equal to the present value of the reserves are available for investment as of the 12/31/10 evaluation date. The accuracy of discounted reserves depends upon the accuracy of the undiscounted estimates, the estimated payout schedule, and the interest

rate assumption used to discount the loss payout schedule. If the discounted estimate is used, the management of CRISP should carefully review each of these assumptions to assure that they are in agreement with them.

## COMPARISON TO PRIOR REPORT

The ultimate incurred losses estimated in this report are compared to the 3/30/10 actuarial report in the following table and Figure 2. As shown, the estimates increased \$10,333,821, or 15.7%, since the 3/30/10 actuarial report for periods prior to 12/1/10. Ten of the fourteen policy periods have limited incurred losses as of 12/31/10 that are greater than the ultimate incurred losses estimated in the 3/30/10 actuarial report. Incurred losses as of 12/31/10 are \$68,937,960 for 12/15/95-11/30/09 which is greater than the ultimate incurred losses estimated in the prior report shown below. In other words, the IBNR estimated as of 11/30/09 has been exhausted in less than 12 months.

### COMPARISON OF ESTIMATED ULTIMATE INCURRED LOSSES TO PRIOR REPORT

(Limited to Specific and Aggregate Retentions)

Policy Period	Current Report (Section A of of Table 9)	3/30/10 Report (Section A of of Table 7)	Change	Percent Change
12/15/95-96	\$ 1,089,800	\$ 1,008,719	\$ 81,081	8.0%
12/1/96-97	1,574,789	1,475,990	98,799	6.7%
12/1/97-98	2,700,000	2,700,000	0	0.0%
12/1/98-99	2,821,506	2,821,506	0	0.0%
12/1/99-00	5,187,828	5,003,476	184,352	3.7%
12/1/00-01	4,465,340	4,275,253	190,087	4.4%
12/1/01-02	5,511,244	5,158,468	352,776	6.8%
12/1/02-03	5,704,880	5,480,075	224,805	4.1%
12/1/03-04	5,143,026	4,340,992	802,034	18.5%
12/1/04-05	4,263,525	4,195,144	68,381	1.6%
12/1/05-06	6,995,855	5,957,680	1,038,175	17.4%
12/1/06-07	10,762,339	8,700,000	2,062,339	23.7%
12/1/07-08	10,118,634	7,300,000	2,818,634	38.6%
12/1/08-09	9,712,358	7,300,000	2,412,358	33.0%
Total	\$76,051,124	\$65,717,303	\$10,333,821	15.7%

Figure 1

**COMMUNITY RESIDENCE INSURANCE SAVINGS PLAN**

**WORKERS COMPENSATION**

**ESTIMATED ULTIMATE RETAINED LOSSES**

(Limited to Specific Retention)

■ Paid ■ Case ■ Estimated IBNR — Aggregate

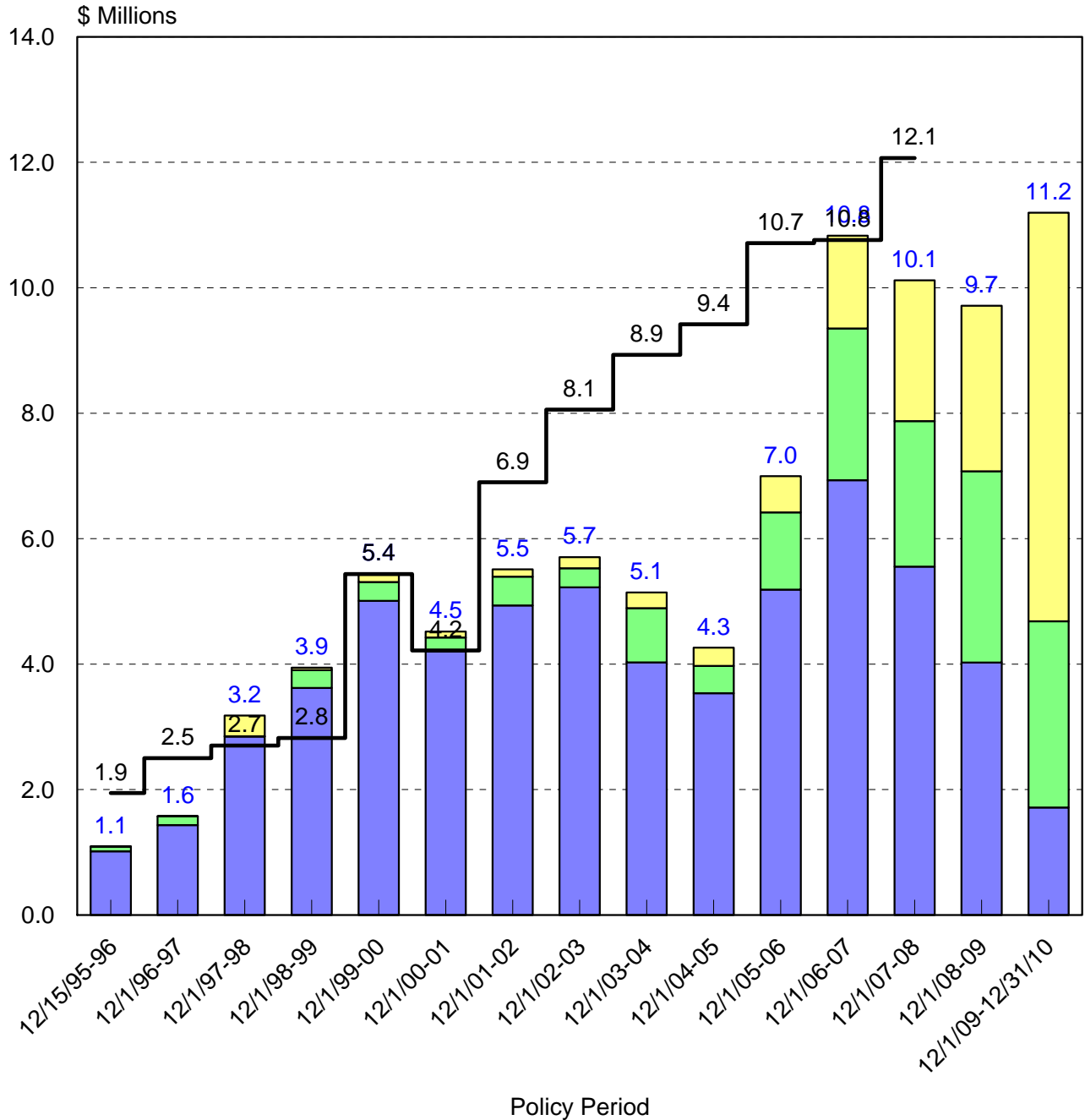




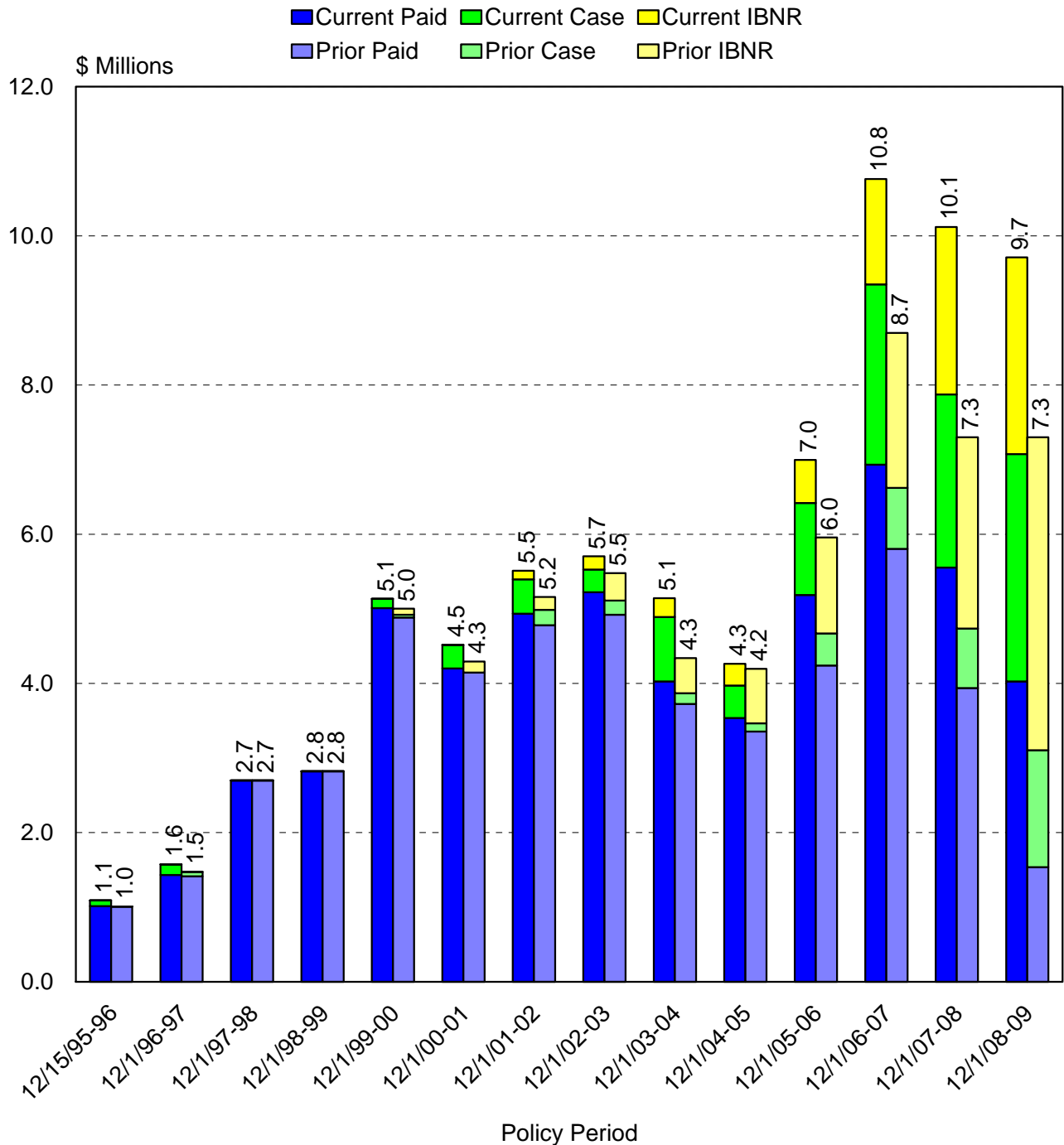
Figure 2

**COMMUNITY RESIDENCE INSURANCE SAVINGS PLAN**

**WORKERS COMPENSATION**

**COMPARISON OF ESTIMATED ULTIMATE INCURRED LOSSES TO PRIOR REPORT**

(Limited to Specific and Aggregate Retentions)



## **ASSUMPTIONS**

### **DEFINITIONS**

Losses in this report include allocated loss adjustment expense (ALAE). ALAE are those expenses that can be directly attributed to a specific claim, such as litigation costs. Loss adjustment expenses that cannot be directly associated with an individual claim are known as unallocated loss adjustment expense (ULAE). Reserves for unearned premiums, unpaid administrative expenses, contingencies, catastrophes, or future premium deficiencies are not included in the estimates.

### **HISTORICAL INFORMATION**

For the periods under review, CRISP has assumed its members' losses according to the New York workers compensation statutes. CRISP's unique development patterns are used to estimate the ultimate losses expected to be incurred by CRISP for the periods analyzed in this report. This methodology assumes that the historical development patterns are indicative of the future development expected for the periods considered.

All data are based on information provided by PRM. The unpaid claim estimate as of 12/31/10 is based on data evaluated as of 12/31/10 and additional information provided through 4/15/11. These data are reviewed for reasonableness and used without audit. It is assumed that all data provided is complete and accurate.

## **CLAIMS REVIEW AND CHANGE IN TPAS**

An extensive claims review was conducted at the direction of the Trustees in early 2010 as a result of a Towers Perrin claim audit conducted in February 2010. All open indemnity claims over one year old were reviewed and adjusted where needed, in many cases to expected ultimate value. This review was done by a CRISP Claims Team Leader with over 15 years experience in conservative claims management. The review began in late March 2010 and was completed by early July.

Effective 8/1/10, the claims adjusting function was transferred to PMA. PMA's data is on a per claimant basis compared to CRISP's history on a per occurrence basis. Also, claim counts exclude record only claims in the history and current evaluations of loss where possible.

## **RETENTIONS**

CRISP's specific retentions are summarized in the following table. As of 12/31/10, 13 claims are reported in excess of the specific retention. The aggregate retention is expected to be exceeded in the 12/1/97-98 through 12/1/99-01 and 12/1/06-07 periods. All specific and aggregate recoverable amounts for claims prior to 12/1/99 estimated in this report are with Reliance, an insolvent carrier. CRISP has filed for reimbursement for claims on these policies with the New York State Liquidation Bureau. At CRISP's request, these amounts are shown as recoverable in this report. The current amount of excess insurance recoverable on the reserves for the Reliance policies is \$776,145 as shown in Appendix C, Exhibit III.

**EXCESS INSURANCE SUMMARY**

<u>Policy Period</u>	<u>Specific Retention</u>	<u>Specific Limit</u>	<u>Aggregate Retention</u>	<u>Aggregate Limit</u>	<u>Carrier</u>
12/15/95-96	\$ 250,000	Statutory	\$ 1,943,620	\$ 1,000,000	Reliance
12/1/96-97	250,000	Statutory	2,500,000	1,000,000	Reliance
12/1/97-98	250,000	Statutory	2,700,000	1,000,000	Reliance
12/1/98-99	250,000	Statutory	2,821,506	2,000,000	Reliance
12/1/99-11/30/01	250,000	Statutory	9,653,168	Statutory	Safety National
12/1/01-02	300,000	Statutory	6,899,203	5,000,000	Safety National
12/1/02-03	400,000	Statutory	8,057,384	5,000,000	Safety National
12/1/03-04	500,000	Statutory	8,930,000	5,000,000	Safety National
12/1/04-05	500,000	Statutory	9,417,392	5,000,000	Safety National
12/1/05-06	500,000	Statutory	10,711,515	5,000,000	Safety National
12/1/06-07	500,000	Statutory	10,762,339	5,000,000	Safety National
12/1/07-08	500,000	Statutory	12,069,097	5,000,000	Safety National
12/1/08-09	500,000	Statutory	N/A	N/A	Safety National
12/1/09-10	500,000	Statutory	N/A	N/A	Safety National

It is assumed that the excess insurance including the Reliance coverage will be collectable on all claims that ultimately develop beyond the retentions. *An analysis of the collectability of the excess insurance is beyond the scope of this report.*

## RESERVE ANALYSIS

### OVERVIEW

To estimate the required reserves, it is first necessary to estimate the ultimate value of the prior periods based on the current evaluation of loss after limiting the losses to the appropriate retention. Required reserves are estimated as the difference between the ultimate incurred and paid losses. The historical payment pattern is analyzed and quantified to determine a unique payout schedule for CRISP. This schedule is used to predict when the required reserves will be paid so that the losses may be discounted to their present value.

Five procedures are used to estimate the ultimate incurred losses to provide a check for reasonableness and consistency. Following is a brief description of each method and the circumstances under which each works best.

Incurred loss development is the most widely used method of estimating ultimate incurred losses. By using the reserves on a claim-by-claim basis, the most recent claims adjusters' estimates are included in the analysis in addition to the cumulative paid losses. Inherent in the incurred loss development technique is the assumption that there are no changes in reserving practices.

A paid loss approach attempts to eliminate distortions that can occur in incurred methods when there is a suspected change in reserving procedures. Inherent in the paid loss development technique is the assumption that there are no changes in claims settlement practices.

The adjusted incurred loss development method adjusts the incurred losses to the current level of reserving. This method is used when changes in case reserve adequacy have occurred.

The incurred Bornhuetter-Ferguson technique estimates ultimate incurred losses based on the expected losses and reporting pattern of incurred losses. This method is dependent on the accuracy of these two parameters in addition to the considerations discussed for the incurred method.

The last method, the paid Bornhuetter-Ferguson approach, estimates ultimate incurred losses based on the expected losses and payment pattern. Similar to the incurred Bornhuetter-Ferguson method, this approach is dependent on the accuracy of these two parameters in addition to the considerations for the paid method.

## **INCURRED LOSS DEVELOPMENT**

The ultimate cost of claims incurred for a specific time period is usually not known until several years after the close of that period. Loss development factors project the additional cost expected on claims. These factors quantify the late developing aspects of certain losses, such as claims involving medical complications not recognized in the early stages of treatment or verdict values for litigated claims that are different than the amount previously reserved to pay the claims. They also account for losses that occurred during the policy period but are not reported until a later date.

The calculation and selection of development factors to be applied to incurred losses are shown in Table 1, beginning with CRISP's losses including ALAE limited to the specific retention as of different evaluation dates. For example, Section A of the table shows losses incurred during the 12/1/06-07 period evaluated as of 12, 24, 36, and 48 months after the inception of the period. In

Table 1

**COMMUNITY RESIDENCE INSURANCE SAVINGS PLAN  
WORKERS COMPENSATION**

**INCURRED LOSS DEVELOPMENT FACTORS**  
(Losses Including ALAE Limited to Specific Retention)

## A. INCURRED LOSSES NET OF EXPECTED RECOVERIES

Policy Period	Age of Policy Period														
	12 Months	24 Months	36 Months	48 Months	60 Months	72 Months	84 Months	96 Months	108 Months	120 Months	132 Months	144 Months	156 Months	168 Months	180 Months
12/15/95-96	347,205	519,387	573,424	635,216	951,068	1,014,976	1,041,135	1,011,039	999,687	1,001,789	993,807	992,579	1,005,804	1,008,719	1,089,800
12/1/96-97	637,676	801,676	1,091,561	1,437,123	1,538,969	1,569,822	1,533,755	1,483,936	1,479,665	1,497,615	1,438,715	1,467,187	1,473,045	1,574,245	
12/1/97-98	826,573	1,254,891	2,067,575	2,485,705	2,611,200	2,649,458	2,824,900	2,888,619	2,956,864	3,055,612	3,067,772	3,021,852	2,850,339		
12/1/98-99	1,058,077	2,029,220	2,494,295	3,054,483	3,168,869	3,245,690	3,340,204	3,298,006	3,512,626	3,558,308	3,615,139	3,905,658			
12/1/99-00	1,627,553	2,974,689	3,372,967	3,433,583	3,722,115	3,992,835	4,357,642	4,643,079	4,749,070	4,919,914	5,307,628				
12/1/00-01	2,033,773	2,602,024	3,027,717	3,532,947	3,689,442	3,904,963	3,973,410	4,025,705	4,127,393	4,423,311					
12/1/01-02	2,016,416	3,145,699	3,812,484	4,229,918	4,536,385	4,786,981	4,835,742	4,987,125	5,395,069						
12/1/02-03	2,033,319	2,875,029	3,354,401	4,000,695	4,534,602	4,889,368	5,112,067	5,528,427							
12/1/03-04	1,901,501	2,471,493	3,081,357	3,419,008	3,669,850	3,869,734	4,891,831								
12/1/04-05	1,466,919	2,550,687	2,919,549	3,281,260	3,465,619	3,971,610									
12/1/05-06	2,078,394	3,184,646	3,948,111	4,670,748	6,418,944										
12/1/06-07	3,615,839	5,419,869	6,621,950	9,349,898											
12/1/07-08	3,261,221	4,736,016	7,874,051												
12/1/08-09	3,104,965	7,074,974													
12/1/09-10	4,683,450														

## B. AGE-TO-AGE FACTORS

Policy Period	12-24 Months	24-36 Months	36-48 Months	48-60 Months	60-72 Months	72-84 Months	84-96 Months	96-108 Months	108-120 Months	120-132 Months	132-144 Months	144-156 Months	156-168 Months	168-180 Months	180-Ultimate
12/15/95-96	1.496	1.104	1.108	1.497	1.067	1.026	0.971	0.989	1.002	0.992	0.999	1.013	1.003	1.080	
12/1/96-97	1.257	1.362	1.317	1.071	1.020	0.977	0.968	0.997	1.012	0.961	1.020	1.004	1.069		
12/1/97-98	1.518	1.648	1.202	1.050	1.015	1.066	1.023	1.024	1.033	1.004	0.985	0.943			
12/1/98-99	1.918	1.229	1.225	1.037	1.024	1.029	0.987	1.065	1.013	1.016	1.080				
12/1/99-00	1.828	1.134	1.018	1.084	1.073	1.091	1.066	1.023	1.036	1.079					
12/1/00-01	1.279	1.164	1.167	1.044	1.058	1.018	1.013	1.025	1.072						
12/1/01-02	1.560	1.212	1.109	1.072	1.055	1.010	1.031	1.082							
12/1/02-03	1.414	1.167	1.193	1.133	1.078	1.046	1.081								
12/1/03-04	1.300	1.247	1.110	1.073	1.054	1.264									
12/1/04-05	1.739	1.145	1.124	1.056	1.146										
12/1/05-06	1.532	1.240	1.183	1.374											
12/1/06-07	1.499	1.222	1.412												
12/1/07-08	1.452	1.663													
12/1/08-09	2.279														
Average	1.577	1.272	1.181	1.136	1.059	1.059	1.018	1.029	1.028	1.010	1.021	0.987	1.036	1.080	
Wtd Avg	1.601	1.280	1.197	1.121	1.063	1.066	1.031	1.040	1.035	1.028	1.030	0.972	1.042	1.080	
3-Yr Avg	1.743	1.375	1.240	1.168	1.093	1.107	1.042	1.043	1.040	1.033	1.028	0.987			
5-Yr Mid Avg	1.590	1.236	1.167	1.093	1.064	1.052	1.037	1.038	1.027	1.004					
Prior	1.500	1.210	1.130	1.070	1.050	1.030	1.020	1.015	1.010	1.005	1.003	1.002	1.001	1.001	1.000
Selected	1.500	1.210	1.130	1.070	1.050	1.030	1.020	1.015	1.010	1.005	1.003	1.002	1.001	1.001	1.000

## C. INCURRED LOSS DEVELOPMENT FACTORS

	12 to Ultimate	24 to Ultimate	36 to Ultimate	48 to Ultimate	60 to Ultimate	72 to Ultimate	84 to Ultimate	96 to Ultimate	108 to Ultimate	120 to Ultimate	132 to Ultimate	144 to Ultimate	156 to Ultimate	168 to Ultimate	180 to Ultimate
	2.513	1.675	1.384	1.225	1.145	1.090	1.058	1.037	1.022	1.012	1.007	1.004	1.002	1.001	1.000

general, the value of incurred losses increases from one evaluation to the next as a result of IBNR.

Section B displays age-to-age factors, the rates by which losses develop from year to year. For example, the 12 to 24 age-to-age factor for the 12/1/07-08 period is 1.452. This is the 24 month incurred amount of \$4,736,016 divided by the 12 month incurred amount of \$3,261,221. The age-to-age factor of 1.452 means that losses incurred during the 12/1/07-08 period increased by 45.2% during the 12 to 24 month interval. A loss development factor less than 1.000 indicates that the value of incurred losses declined, possibly due to claims settling for amounts less than previously reserved.

Averages of the age-to-age factors are shown at the bottom of Section B. The average is the mean of all the age-to-age factors. The weighted average weights the factors for individual years by the magnitude of losses for that given year, giving more weight to periods with higher losses. The weighted average is the sum of the losses from one age divided by the sum of the losses from the previous age for corresponding periods. The three-year average is the average of the three most recent factors. The five-year mid-average is the average of the five most recent age-to-age factors excluding the high and low. The prior factor is the factor selected in the 3/30/10 actuarial report. The averages are evaluated, and the factors selected as most representative of CRISP's expected loss development are shown. The historical and expected loss development patterns are graphically illustrated in Figure 3 by thick and thin lines, respectively.

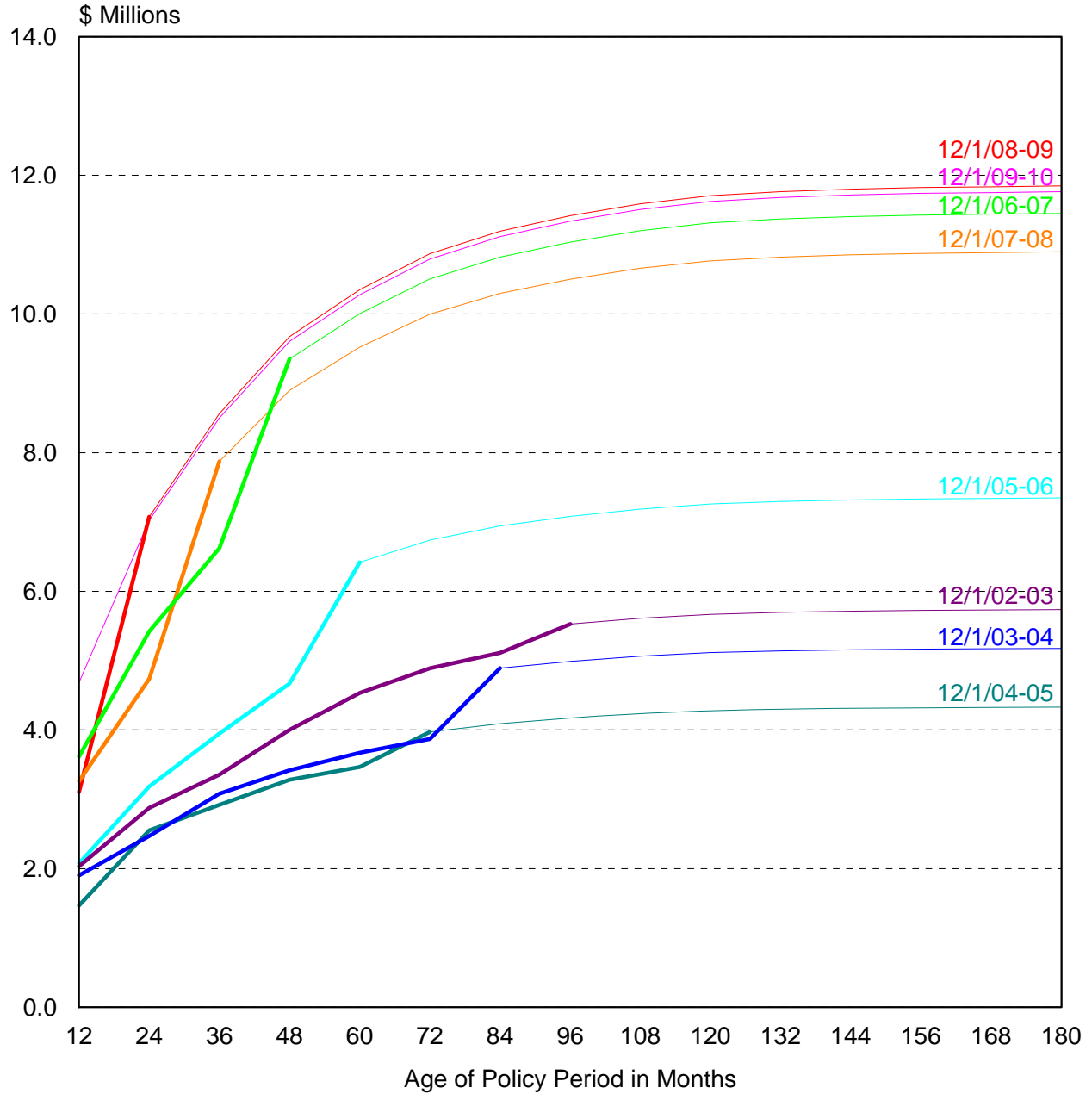


Figure 3

**COMMUNITY RESIDENCE INSURANCE SAVINGS PLAN**

**WORKERS COMPENSATION**

**HISTORICAL AND EXPECTED DEVELOPMENT OF INCURRED LOSSES**  
(Losses Including ALAE Limited to Specific Retention)



Computation of the loss development factors in Section C is based on the selected age-to-age factors. For instance, the 12 to ultimate factor is calculated by multiplying the 12 to 24 month age-to-age factor by the 24 to ultimate loss development factor ( $2.513 = 1.500 \times 1.675$ ).

In Section A of Table 2, incurred losses are limited to the specific retentions. As shown, 13 claims are currently reported excess of the retention. Ultimate incurred losses are estimated in Section B by multiplying the limited incurred losses by the loss development factors. For example, limited incurred losses for the 12/1/09-12/31/10 period evaluated at \$5,115,237 on 12/31/10 are estimated to ultimately cost \$12,511,870 ( $\$5,115,237 \times 2.446$ ). The loss development factor of 2.446 means that the losses are expected to ultimately cost 144.6% more than incurred losses evaluated on 12/31/10.

### **PAID LOSS DEVELOPMENT**

The paid loss procedure employs an analysis similar to the previous method, but based on paid loss data. This estimation technique is not influenced by changes in the loss reserve estimates of the adjusters. However, larger development factors are required at a given age than the incurred method. This analysis is shown in Table 3, Figure 4, and Table 4.

### **ADJUSTED INCURRED LOSS DEVELOPMENT**

This method adjusts for changes in case reserve adequacy. The adjusted incurred loss development factors are from the 9/22/10 report. In Table 5, the adjusted incurred loss development factors are multiplied by the incurred losses to estimate ultimate incurred losses based on this method.

Table 2

**COMMUNITY RESIDENCE INSURANCE SAVINGS PLAN  
WORKERS COMPENSATION**

**ESTIMATED ULTIMATE INCURRED LOSSES  
INCURRED LOSS DEVELOPMENT**

## A. LOSSES LIMITED TO SPECIFIC RETENTION#

Policy Period	Unlimited Incurred Losses as of 12/31/10	Specific Retention	Number of Claims in Excess of Retention	Incurred in Excess of Retention	Limited Incurred Losses as of 12/31/10
12/15/95-96	\$ 1,089,800	\$ 250,000	0	\$ 0	\$ 1,089,800
12/1/96-97	1,666,791	250,000	1	92,002	1,574,789
12/1/97-98	3,467,646	250,000	3	294,205	3,173,441
12/1/98-99	4,172,094	250,000	2	244,261	3,927,833
12/1/99-00	5,607,767	250,000	4	208,507	5,399,260
12/1/00-01	4,476,731	250,000	1	11,391	4,465,340
12/1/01-02	5,408,114	300,000	1	11,612	5,396,502
12/1/02-03	5,973,505	400,000	1	406,214	5,567,291
12/1/03-04	4,911,419	500,000	0	0	4,911,419
12/1/04-05	3,973,400	500,000	0	0	3,973,400
12/1/05-06	6,508,372	500,000	0	0	6,508,372
12/1/06-07	9,486,059	500,000	0	0	9,486,059
12/1/07-08	8,090,652	500,000	0	0	8,090,652
12/1/08-09	7,165,002	500,000	0	0	7,165,002
12/1/09-12/31/10	<u>5,115,237</u>	500,000	<u>0</u>	<u>0</u>	<u>5,115,237</u>
Total	\$77,112,589		13	\$1,268,192	\$75,844,397

## B. ESTIMATED ULTIMATE INCURRED LOSSES

Policy Period	Limited Incurred Losses as of 12/31/10	Age of Policy Period in Months	Incurred Loss Development Factor	Estimated Ultimate Incurred Losses
12/15/95-96	\$ 1,089,800	181.0	1.000	\$ 1,089,800
12/1/96-97	1,574,789	169.0	1.001	1,576,364
12/1/97-98	3,173,441	157.0	1.002	3,179,788
12/1/98-99	3,927,833	145.0	1.004	3,943,544
12/1/99-00	5,399,260	133.0	1.007	5,437,055
12/1/00-01	4,465,340	121.0	1.012	4,518,924
12/1/01-02	5,396,502	109.0	1.021	5,509,829
12/1/02-03	5,567,291	97.0	1.036	5,767,713
12/1/03-04	4,911,419	85.0	1.056	5,186,458
12/1/04-05	3,973,400	73.0	1.087	4,319,086
12/1/05-06	6,508,372	61.0	1.140	7,419,544
12/1/06-07	9,486,059	49.0	1.217	11,544,534
12/1/07-08	8,090,652	37.0	1.367	11,059,921
12/1/08-09	7,165,002	25.0	1.640	11,750,603
12/1/09-12/31/10	<u>5,115,237</u>	12.5	2.446	<u>12,511,870</u>
Total	\$75,844,397			\$94,815,033

# Net of expected non-excess recoveries provided by PRM.

Table 3

**COMMUNITY RESIDENCE INSURANCE SAVINGS PLAN  
WORKERS COMPENSATION**

**PAID LOSS DEVELOPMENT FACTORS**  
(Losses Including ALAE Limited to Specific Retention)

## A. PAID LOSSES NET OF EXPECTED RECOVERIES

Policy Period	Age of Policy Period														
	12 Months	24 Months	36 Months	48 Months	60 Months	72 Months	84 Months	96 Months	108 Months	120 Months	132 Months	144 Months	156 Months	168 Months	180 Months
12/15/95-96	121,020	340,871	471,290	530,102	635,622	827,500	894,992	1,026,447	970,651	976,452	969,230	976,937	995,631	1,008,472	1,015,344
12/1/96-97	249,717	617,632	807,371	912,212	1,049,643	1,165,333	1,350,626	1,377,487	1,310,468	1,330,785	1,369,606	1,394,841	1,414,792	1,433,499	
12/1/97-98	336,546	902,465	1,483,294	2,005,748	2,304,800	2,536,059	2,798,401	3,006,883	3,152,655	2,998,618	3,040,487	3,079,862	2,845,775		
12/1/98-99	386,589	1,167,893	1,675,938	2,231,131	2,691,597	2,923,942	3,168,928	3,293,291	3,475,250	3,533,988	3,573,405	3,619,638			
12/1/99-00	710,219	1,648,995	2,448,218	2,999,244	3,474,552	3,842,778	4,174,653	4,442,843	4,698,904	4,884,341	5,010,194				
12/1/00-01	673,026	1,762,046	2,450,706	3,130,363	3,474,750	3,658,770	3,933,046	4,019,846	4,146,404	4,201,675					
12/1/01-02	869,125	2,334,230	3,193,500	3,746,673	4,097,883	4,519,647	4,571,788	4,780,630	4,934,890						
12/1/02-03	922,597	2,123,471	2,965,849	3,540,742	4,100,321	4,592,123	4,921,054	5,223,398							
12/1/03-04	798,277	1,906,737	2,684,886	3,193,420	3,482,078	3,724,214	4,027,021								
12/1/04-05	680,273	1,983,892	2,545,909	2,993,546	3,354,696	3,536,029									
12/1/05-06	929,300	2,397,270	3,523,064	4,239,585	5,186,300										
12/1/06-07	1,495,623	3,969,611	5,803,569	6,932,556											
12/1/07-08	1,583,759	3,938,730	5,553,185												
12/1/08-09	1,538,027	4,026,210													
12/1/09-10	1,714,360														

## B. AGE-TO-AGE FACTORS

Policy Period	12-24 Months	24-36 Months	36-48 Months	48-60 Months	60-72 Months	72-84 Months	84-96 Months	96-108 Months	108-120 Months	120-132 Months	132-144 Months	144-156 Months	156-168 Months	168-180 Months	180-Ultimate
12/15/95-96	2.817	1.383	1.125	1.199	1.302	1.082	1.147	0.946	1.006	0.993	1.008	1.019	1.013	1.007	
12/1/96-97	2.473	1.307	1.130	1.151	1.110	1.159	1.020	0.951	1.016	1.029	1.018	1.014	1.013		
12/1/97-98	2.682	1.644	1.352	1.149	1.100	1.103	1.075	1.048	0.951	1.014	1.013	0.924			
12/1/98-99	3.021	1.435	1.331	1.206	1.086	1.084	1.039	1.055	1.017	1.011	1.013				
12/1/99-00	2.322	1.485	1.225	1.158	1.106	1.086	1.064	1.058	1.039	1.026					
12/1/00-01	2.618	1.391	1.277	1.110	1.053	1.075	1.022	1.031	1.013						
12/1/01-02	2.686	1.368	1.173	1.094	1.103	1.012	1.046	1.032							
12/1/02-03	2.302	1.397	1.194	1.158	1.120	1.072	1.061								
12/1/03-04	2.389	1.408	1.189	1.090	1.070	1.081									
12/1/04-05	2.916	1.283	1.176	1.121	1.054										
12/1/05-06	2.580	1.470	1.203	1.223											
12/1/06-07	2.654	1.462	1.195												
12/1/07-08	2.487	1.410													
12/1/08-09	2.618														
Average	2.612	1.419	1.214	1.151	1.110	1.084	1.059	1.017	1.007	1.015	1.013	0.986	1.013	1.007	
Wtd Avg	2.578	1.419	1.213	1.147	1.093	1.074	1.053	1.034	1.010	1.017	1.013	0.964	1.013	1.007	
3-Yr Avg	2.586	1.447	1.191	1.145	1.081	1.055	1.043	1.040	1.023	1.017	1.015	0.986			
5-Yr Mid Avg	2.617	1.427	1.193	1.124	1.076	1.076	1.049	1.045	1.015	1.017					
Prior	2.560	1.410	1.190	1.120	1.100	1.060	1.050	1.030	1.015	1.010	1.010	1.005	1.003	1.002	1.000
Selected	2.600	1.410	1.190	1.140	1.080	1.070	1.050	1.030	1.015	1.015	1.010	1.005	1.003	1.002	1.000

## C. PAID LOSS DEVELOPMENT FACTORS

	12 to Ultimate	24 to Ultimate	36 to Ultimate	48 to Ultimate	60 to Ultimate	72 to Ultimate	84 to Ultimate	96 to Ultimate	108 to Ultimate	120 to Ultimate	132 to Ultimate	144 to Ultimate	156 to Ultimate	168 to Ultimate	180 to Ultimate
	6.536	2.514	1.783	1.498	1.314	1.217	1.137	1.083	1.051	1.035	1.020	1.010	1.005	1.002	1.000

Figure 4

**COMMUNITY RESIDENCE INSURANCE SAVINGS PLAN**

**WORKERS COMPENSATION**

**HISTORICAL AND EXPECTED DEVELOPMENT OF PAID LOSSES**

(Losses Including ALAE Limited to Specific Retention)

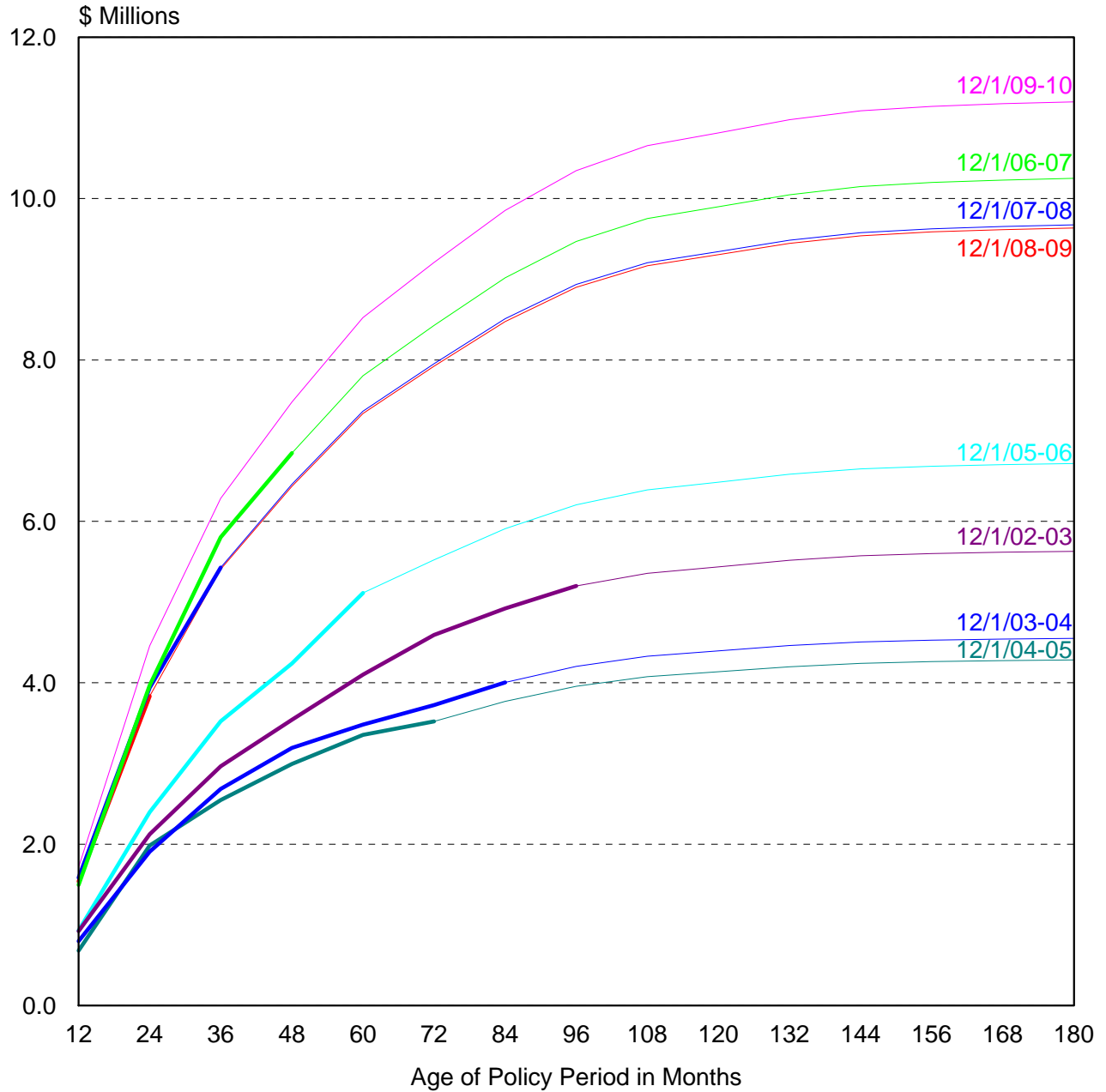


Table 4

**COMMUNITY RESIDENCE INSURANCE SAVINGS PLAN  
WORKERS COMPENSATION**

**ESTIMATED ULTIMATE INCURRED LOSSES  
PAID LOSS DEVELOPMENT**

**A. LOSSES LIMITED TO SPECIFIC RETENTION**

Policy Period	Unlimited Paid Losses as of 12/31/10	Specific Retention	Number of Claims in Excess of Retention	Paid in Excess of Retention	Limited Paid Losses as of 12/31/10
12/15/95-96	\$ 1,017,450	\$ 250,000	0	\$ 0	\$ 1,017,450
12/1/96-97	1,435,276	250,000	0	0	1,435,276
12/1/97-98	3,176,161	250,000	3	81,683	3,094,478
12/1/98-99	3,802,948	250,000	1	177,362	3,625,586
12/1/99-00	5,014,840	250,000	0	0	5,014,840
12/1/00-01	4,205,919	250,000	0	0	4,205,919
12/1/01-02	4,943,132	300,000	0	0	4,943,132
12/1/02-03	5,391,037	400,000	1	148,287	5,242,750
12/1/03-04	4,045,565	500,000	0	0	4,045,565
12/1/04-05	3,561,439	500,000	0	0	3,561,439
12/1/05-06	5,242,180	500,000	0	0	5,242,180
12/1/06-07	7,086,608	500,000	0	0	7,086,608
12/1/07-08	5,657,595	500,000	0	0	5,657,595
12/1/08-09	4,259,964	500,000	0	0	4,259,964
12/1/09-12/31/10	2,027,707	500,000	0	0	2,027,707
Total	\$60,867,821		0	\$ 407,332	\$60,460,489

**B. ESTIMATED ULTIMATE INCURRED LOSSES**

Policy Period	Limited Paid Losses as of 12/31/10	Age of Policy Period in Months	Paid Loss Development Factor	Estimated Ultimate Incurred Losses
12/15/95-96	\$ 1,017,450	181.0	1.000	\$ 1,017,450
12/1/96-97	1,435,276	169.0	1.002	1,438,147
12/1/97-98	3,094,478	157.0	1.005	3,109,950
12/1/98-99	3,625,586	145.0	1.010	3,661,842
12/1/99-00	5,014,840	133.0	1.019	5,110,122
12/1/00-01	4,205,919	121.0	1.034	4,348,920
12/1/01-02	4,943,132	109.0	1.050	5,190,289
12/1/02-03	5,242,750	97.0	1.080	5,662,170
12/1/03-04	4,045,565	85.0	1.132	4,579,580
12/1/04-05	3,561,439	73.0	1.209	4,305,780
12/1/05-06	5,242,180	61.0	1.304	6,835,803
12/1/06-07	7,086,608	49.0	1.479	10,481,093
12/1/07-08	5,657,595	37.0	1.752	9,912,106
12/1/08-09	4,259,964	25.0	2.426	10,334,673
12/1/09-12/31/10	2,027,707	12.5	6.214	12,600,171
Total	\$60,460,489			\$88,588,096

Table 5

**COMMUNITY RESIDENCE INSURANCE SAVINGS PLAN  
WORKERS COMPENSATION**

**ESTIMATED ULTIMATE INCURRED LOSSES  
ADJUSTED INCURRED LOSS DEVELOPMENT**

<u>Policy Period</u>	<u>Limited Incurred Losses as of 12/31/10</u>	<u>Age of Policy Period in Months</u>	<u>Adjusted Incurred Loss Development Factor*</u>	<u>Estimated Ultimate Incurred Losses</u>
12/15/95-96	\$ 1,089,800	181.0	1.000	\$ 1,089,800
12/1/96-97	1,574,789	169.0	1.000	1,574,789
12/1/97-98	3,173,441	157.0	1.002	3,179,788
12/1/98-99	3,927,833	145.0	1.004	3,943,544
12/1/99-00	5,399,260	133.0	1.007	5,437,055
12/1/00-01	4,465,340	121.0	1.012	4,518,924
12/1/01-02	5,396,502	109.0	1.021	5,509,829
12/1/02-03	5,567,291	97.0	1.033	5,751,012
12/1/03-04	4,911,419	85.0	1.048	5,147,167
12/1/04-05	3,973,400	73.0	1.066	4,235,644
12/1/05-06	6,508,372	61.0	1.107	7,204,768
12/1/06-07	9,486,059	49.0	1.188	11,269,438
12/1/07-08	8,090,652	37.0	1.302	10,534,029
12/1/08-09	7,165,002	25.0	1.536	11,005,443
12/1/09-12/31/10	<u>5,115,237</u>	12.5	2.779	<u>14,215,244</u>
Total	\$75,844,397			\$94,616,474

\* Interpolated from Section E of Table 5 of the 9/22/10 actuarial report.

## **INCURRED BORNHUETTER-FERGUSON**

The incurred Bornhuetter-Ferguson method for developing an estimate of ultimate incurred losses requires two parameters, the expected losses and reporting pattern. The accuracy of this method depends on these parameters.

The incurred Bornhuetter-Ferguson method involves two calculation steps. In Section A of Table 6, IBNR is estimated by multiplying the expected losses by the expected percent of unreported losses implied by the incurred loss development factor. Ultimate incurred losses are estimated in Section B by adding the estimated IBNR to the incurred losses as of 12/31/10.

## **PAID BORNHUETTER-FERGUSON**

The paid Bornhuetter-Ferguson method also uses two parameters to estimate ultimate incurred losses. These parameters are the expected losses and payment pattern. In Section A of Table 7, outstanding losses are estimated by multiplying the expected losses by the expected ratio of outstanding losses implied by the paid loss development factor. Ultimate incurred losses are estimated in Section B by adding paid losses and the estimate of outstanding losses.

## **SELECTED ESTIMATED ULTIMATE INCURRED LOSSES**

The results of the methods are compared in Section A of Table 8, and the ultimate incurred losses are selected for each period. Incurred losses are selected for 12/15/95-96 since only one claim remains open. An average of the Bornhuetter-Ferguson methods is selected for 12/1/08-09 and 12/1/09-12/31/10 due to the period's immaturity. An average excluding the incurred loss development method is selected for the remaining periods unless otherwise noted. If an estimate is less than incurred losses, the method is excluded from the average. The implied assumption is that it is unlikely that ultimate incurred losses will be less than incurred losses. The incurred loss



Table 6

**COMMUNITY RESIDENCE INSURANCE SAVINGS PLAN  
WORKERS COMPENSATION**

**ESTIMATED ULTIMATE INCURRED LOSSES  
INCURRED BORNHUETTER-FERGUSON**

(Limited to Specific Retention)

A. ESTIMATED IBNR

Policy Period	Expected Losses*	Incurred Loss Development Factor	Expected Ratio Unreported	Estimated IBNR
12/15/95-96	\$ 1,094,107	1.000	0.000	\$ 0
12/1/96-97	1,584,282	1.000	0.000	0
12/1/97-98	3,081,067	1.002	0.002	6,162
12/1/98-99	3,922,709	1.004	0.004	15,691
12/1/99-00	5,263,319	1.007	0.007	36,843
12/1/00-01	4,387,323	1.012	0.012	52,648
12/1/01-02	5,531,238	1.021	0.021	116,156
12/1/02-03	5,625,437	1.033	0.032	180,014
12/1/03-04	4,944,908	1.048	0.046	227,466
12/1/04-05	4,161,005	1.066	0.062	257,982
12/1/05-06	6,643,324	1.107	0.097	644,402
12/1/06-07	10,372,775	1.188	0.158	1,638,898
12/1/07-08	9,500,989	1.302	0.232	2,204,229
12/1/08-09	8,537,620	1.536	0.349	2,979,629
12/1/09-12/31/10	10,310,439 #	2.779	0.640	6,598,681
Total	\$84,960,542			\$14,958,801

B. ESTIMATED ULTIMATE INCURRED LOSSES

Policy Period	Incurred Losses as of 12/31/10	Estimated IBNR	Estimated Ultimate Incurred Losses
12/15/95-96	\$ 1,089,800	\$ 0	\$ 1,089,800
12/1/96-97	1,574,789	0	1,574,789
12/1/97-98	3,173,441	6,162	3,179,603
12/1/98-99	3,927,833	15,691	3,943,524
12/1/99-00	5,399,260	36,843	5,436,103
12/1/00-01	4,465,340	52,648	4,517,988
12/1/01-02	5,396,502	116,156	5,512,658
12/1/02-03	5,567,291	180,014	5,747,305
12/1/03-04	4,911,419	227,466	5,138,885
12/1/04-05	3,973,400	257,982	4,231,382
12/1/05-06	6,508,372	644,402	7,152,774
12/1/06-07	9,486,059	1,638,898	11,124,957
12/1/07-08	8,090,652	2,204,229	10,294,881
12/1/08-09	7,165,002	2,979,629	10,144,631
12/1/09-12/31/10	5,115,237	6,598,681	11,713,918
Total	\$75,844,397	\$14,958,801	\$90,803,198

\* From Section A of Table 10 of the 9/22/10 actuarial report.

# Prorated to thirteen months.

Table 7

**COMMUNITY RESIDENCE INSURANCE SAVINGS PLAN  
WORKERS COMPENSATION**

**ESTIMATED ULTIMATE INCURRED LOSSES  
PAID BORNHUETT-FERGUSON  
(Limited to Specific Retention)**

## A. ESTIMATED OUTSTANDING LOSSES

Policy Period	Expected Losses	Paid Loss Development Factor	Expected Ratio Outstanding	Estimated Outstanding Losses
12/15/95-96	\$ 1,094,107	1.000	0.000	\$ 0
12/1/96-97	1,584,282	1.002	0.002	3,169
12/1/97-98	3,081,067	1.005	0.005	15,405
12/1/98-99	3,922,709	1.010	0.010	39,227
12/1/99-00	5,263,319	1.019	0.019	100,003
12/1/00-01	4,387,323	1.034	0.033	144,782
12/1/01-02	5,531,238	1.050	0.048	265,499
12/1/02-03	5,625,437	1.080	0.074	416,282
12/1/03-04	4,944,908	1.132	0.117	578,554
12/1/04-05	4,161,005	1.209	0.173	719,854
12/1/05-06	6,643,324	1.304	0.233	1,547,894
12/1/06-07	10,372,775	1.479	0.324	3,360,779
12/1/07-08	9,500,989	1.752	0.429	4,075,924
12/1/08-09	8,537,620	2.426	0.588	5,020,121
12/1/09-12/31/10	<u>10,310,439</u>	6.214	0.839	<u>8,650,458</u>
Total	\$84,960,542			\$24,937,951

## B. ESTIMATED ULTIMATE INCURRED LOSSES

Policy Period	Paid Losses as of 12/31/10	Estimated Outstanding Losses	Estimated Ultimate Incurred Losses
12/15/95-96	\$ 1,017,450	\$ 0	\$ 1,017,450
12/1/96-97	1,435,276	3,169	1,438,445
12/1/97-98	3,094,478	15,405	3,109,883
12/1/98-99	3,625,586	39,227	3,664,813
12/1/99-00	5,014,840	100,003	5,114,843
12/1/00-01	4,205,919	144,782	4,350,701
12/1/01-02	4,943,132	265,499	5,208,631
12/1/02-03	5,242,750	416,282	5,659,032
12/1/03-04	4,045,565	578,554	4,624,119
12/1/04-05	3,561,439	719,854	4,281,293
12/1/05-06	5,242,180	1,547,894	6,790,074
12/1/06-07	7,086,608	3,360,779	10,447,387
12/1/07-08	5,657,595	4,075,924	9,733,519
12/1/08-09	4,259,964	5,020,121	9,280,085
12/1/09-12/31/10	<u>2,027,707</u>	<u>8,650,458</u>	<u>10,678,165</u>
Total	\$60,460,489	\$24,937,951	\$85,398,440

Table 8

**COMMUNITY RESIDENCE INSURANCE SAVINGS PLAN  
WORKERS COMPENSATION**

**SELECTED ESTIMATED ULTIMATE INCURRED LOSSES  
(Limited to Specific Retention)**

## A. PRIOR TO AGGREGATE RETENTION

Policy Period	Incurred Loss Development	Paid Loss Development	Adjusted Incurred Loss Development	Incurred Bornhuetter-Ferguson	Paid Bornhuetter-Ferguson	Selected Estimated Ultimate Incurred Losses*
12/15/95-96	\$ 1,089,800	\$ 1,017,450	\$ 1,089,800	\$ 1,089,800	\$ 1,017,450	\$ 1,089,800 ^
12/1/96-97	1,576,364	1,438,147 <	1,574,789	1,574,789	1,438,445 <	1,574,789
12/1/97-98	3,179,788	3,109,950 <	3,179,788	3,179,603	3,109,883 <	3,179,696
12/1/98-99	3,943,544	3,661,842 <	3,943,544	3,943,524	3,664,813 <	3,943,534
12/1/99-00	5,437,055	5,110,122 <	5,437,055	5,436,103	5,114,843 <	5,436,579
12/1/00-01	4,518,924	4,348,920 <	4,518,924	4,517,988	4,350,701 <	4,518,456
12/1/01-02	5,509,829	5,190,289 <	5,509,829	5,512,658	5,208,631 <	5,511,244
12/1/02-03	5,767,713	5,662,170	5,751,012	5,747,305	5,659,032	5,704,880
12/1/03-04	5,186,458	4,579,580 <	5,147,167	5,138,885	4,624,119 <	5,143,026
12/1/04-05	4,319,086	4,305,780	4,235,644	4,231,382	4,281,293	4,263,525
12/1/05-06	7,419,544	6,835,803	7,204,768	7,152,774	6,790,074	6,995,855
12/1/06-07	11,544,534	10,481,093	11,269,438	11,124,957	10,447,387	10,830,719
12/1/07-08	11,059,921	9,912,106	10,534,029	10,294,881	9,733,519	10,118,634
12/1/08-09	11,750,603	10,334,673	11,005,443	10,144,631	9,280,085	9,712,358 **
12/1/09-12/31/10	12,511,870	12,600,171	14,215,244	11,713,918	10,678,165	11,196,042 **
Total	\$94,815,033	\$88,588,096	\$94,616,474	\$90,803,198	\$85,398,440	\$89,219,137

## B. LIMITED BY AGGREGATE RETENTION

Policy Period	Estimated Ultimate Losses Prior to Aggregate	Aggregate Retention	Estimated Ultimate Losses Limited to Aggregate	Aggregate Recoverable
12/15/95-96	\$ 1,089,800	\$ 1,943,620	\$ 1,089,800	\$ 0
12/1/96-97	1,574,789	2,500,000	1,574,789	0
12/1/97-98	3,179,696	2,700,000	2,700,000 @	479,696
12/1/98-99	3,943,534	2,821,506	2,821,506 @	1,122,028
12/1/99-11/30/01	9,955,035	9,653,168	9,653,168 @	301,867
12/1/01-02	5,511,244	6,899,203	5,511,244	0
12/1/02-03	5,704,880	8,057,384	5,704,880	0
12/1/03-04	5,143,026	8,930,000	5,143,026	0
12/1/04-05	4,263,525	9,417,392	4,263,525	0
12/1/05-06	6,995,855	10,711,515	6,995,855	0
12/1/06-07	10,830,719	10,762,339	10,762,339 @	68,380
12/1/07-08	10,118,634	12,069,097	10,118,634	0
12/1/08-09	9,712,358	N/A	9,712,358	
12/1/09-12/31/10	11,196,042	N/A	11,196,042	
Total	\$89,219,137	\$86,465,224	\$87,247,166	\$ 1,971,971

\* Selected the average excluding the incurred method unless otherwise noted.

^ Selected incurred losses since only one claim is open.

&lt; Excluded this method from the average since this estimate is less than incurred losses.

\*\* Selected the average of the Bornhuetter-Ferguson methods due to the period's immaturity.

@ Limited by the aggregate.

development method has been excluded due to the changes in the reserving practices. The selection procedure is depicted in Figure 5.

The estimated ultimate incurred losses selected are compared to the aggregate retention in Section B. As shown, the aggregate retention is expected to be exceeded in the 12/1/97-98 through 12/1/99-11/30/01 and 12/1/06-07 periods.

### **ESTIMATED REQUIRED RESERVES**

The required reserves are estimated in Table 9. The estimated ultimate incurred, incurred, and paid losses retained by CRISP are summarized in Section A. In Section B, the case reserves are shown as the difference between the incurred and paid losses. IBNR is estimated as the difference between the estimated ultimate incurred losses and incurred losses. The total required reserves as of 12/31/10 are then estimated by adding the case reserves and IBNR or by subtracting paid losses from the estimated ultimate incurred losses.

### **DISCOUNTED ESTIMATED REQUIRED RESERVES**

Two types of paid to incurred ratios that check the reasonableness of the estimates are calculated in Table 10. Section A shows paid losses divided by incurred losses as of different ages. This analysis assists in detecting changes in reserving and settlement practices. If payment and reserving procedures are consistent between periods, the numbers within each column should be relatively consistent.

Section B compares paid losses with the estimates of ultimate incurred losses. These ratios serve two purposes. First, they test the reasonableness of the selected estimated ultimate incurred losses. If losses are paid at a consistent rate, there is a sufficient volume of losses, and there are

Figure 5

**COMMUNITY RESIDENCE INSURANCE SAVINGS PLAN**

**WORKERS COMPENSATION**

**SELECTED ESTIMATED ULTIMATE INCURRED LOSSES**

(Losses Limited to Specific Retentions)

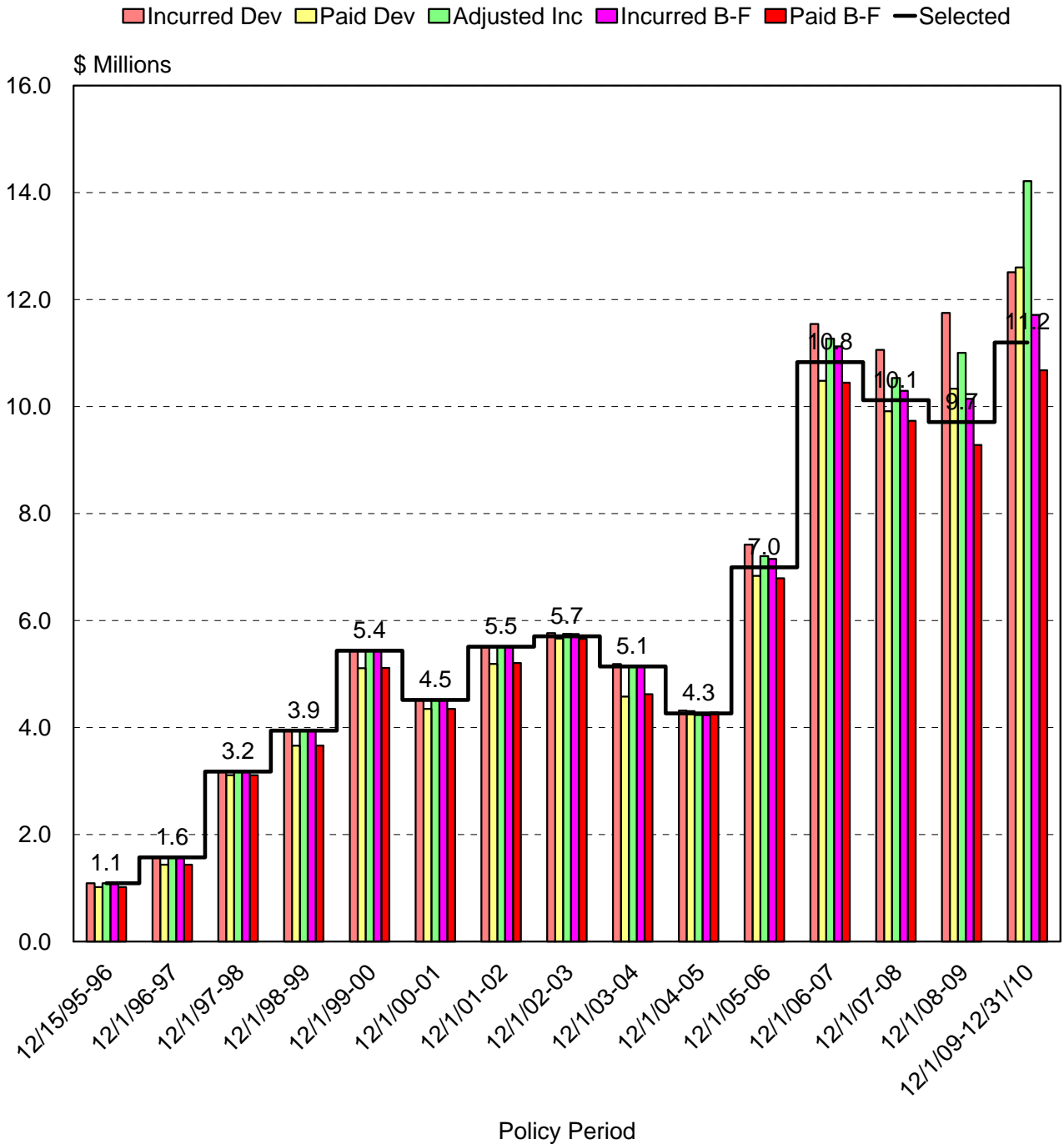


Table 9

**COMMUNITY RESIDENCE INSURANCE SAVINGS PLAN  
WORKERS COMPENSATION**

**ESTIMATED REQUIRED RESERVES AS OF 12/31/10**  
(Limited to Specific and Aggregate Retentions)

## A. LOSS SUMMARY

Policy Period	Estimated Ultimate Incurred Losses	Incurred Losses as of 12/31/10	Paid Losses as of 12/31/10
12/15/95-96	\$ 1,089,800	\$ 1,089,800	\$ 1,017,450
12/1/96-97	1,574,789	1,574,789	1,435,276
12/1/97-98	2,700,000 @	2,700,000 @	2,700,000 @
12/1/98-99	2,821,506 @	2,821,506 @	2,821,506 @
12/1/99-00	5,187,828 @	5,187,828 @	5,014,840
12/1/00-01	4,465,340 @	4,465,340 @	4,205,919
12/1/01-02	5,511,244	5,396,502	4,943,132
12/1/02-03	5,704,880	5,567,291	5,242,750
12/1/03-04	5,143,026	4,911,419	4,045,565
12/1/04-05	4,263,525	3,973,400	3,561,439
12/1/05-06	6,995,855	6,508,372	5,242,180
12/1/06-07	10,762,339 @	9,486,059	7,086,608
12/1/07-08	10,118,634	8,090,652	5,657,595
12/1/08-09	9,712,358	7,165,002	4,259,964
12/1/09-12/31/10	11,196,042	5,115,237	2,027,707
Total	\$87,247,166	\$74,053,197	\$59,261,931

## B. ESTIMATED REQUIRED RESERVES AS OF 12/31/10

Policy Period	Case Reserves as of 12/31/10	Estimated IBNR as of 12/31/10	Estimated Required Reserves as of 12/31/10
12/15/95-96	\$ 72,350	\$ 0	\$ 72,350
12/1/96-97	139,513	0	139,513
12/1/97-98	0	0	0
12/1/98-99	0	0	0
12/1/99-00	172,988	0	172,988
12/1/00-01	259,421	0	259,421
12/1/01-02	453,370	114,742	568,112
12/1/02-03	324,541	137,589	462,130
12/1/03-04	865,854	231,607	1,097,461
12/1/04-05	411,961	290,125	702,086
12/1/05-06	1,266,192	487,483	1,753,675
12/1/06-07	2,399,451	1,276,280	3,675,731
12/1/07-08	2,433,057	2,027,982	4,461,039
12/1/08-09	2,905,038	2,547,356	5,452,394
12/1/09-12/31/10	3,087,530	6,080,805	9,168,335
Total	\$14,791,266	\$13,193,969	\$27,985,235

@ Limited by the aggregate.

Table 10

**COMMUNITY RESIDENCE INSURANCE SAVINGS PLAN  
WORKERS COMPENSATION**

**PAID TO INCURRED RATIOS**  
(Losses Including ALAE Limited to Specific Retention)

## A. PAID/INCURRED LOSSES

Policy Period	Age of Policy Period														
	12 Months	24 Months	36 Months	48 Months	60 Months	72 Months	84 Months	96 Months	108 Months	120 Months	132 Months	144 Months	156 Months	168 Months	180 Months
12/15/95-96	0.349	0.656	0.822	0.835	0.668	0.815	0.860	1.015	0.971	0.975	0.975	0.984	0.990	1.000	0.932
12/1/96-97	0.392	0.770	0.740	0.635	0.682	0.742	0.881	0.928	0.886	0.889	0.952	0.951	0.960	0.911	
12/1/97-98	0.407	0.719	0.717	0.807	0.883	0.957	0.991	1.041	1.066	0.981	0.991	1.019	0.998		
12/1/98-99	0.365	0.576	0.672	0.730	0.849	0.901	0.949	0.999	0.989	0.993	0.988	0.927			
12/1/99-00	0.436	0.554	0.726	0.874	0.933	0.962	0.958	0.957	0.989	0.993	0.944				
12/1/00-01	0.331	0.677	0.809	0.886	0.942	0.937	0.990	0.999	1.005	0.950					
12/1/01-02	0.431	0.742	0.838	0.886	0.903	0.944	0.945	0.959	0.915						
12/1/02-03	0.454	0.739	0.884	0.885	0.904	0.939	0.963	0.945							
12/1/03-04	0.420	0.771	0.871	0.934	0.949	0.962	0.823								
12/1/04-05	0.464	0.778	0.872	0.912	0.968	0.890									
12/1/05-06	0.447	0.753	0.892	0.908	0.808										
12/1/06-07	0.414	0.732	0.876	0.741											
12/1/07-08	0.486	0.832	0.705												
12/1/08-09	0.495	0.569													
12/1/09-10	0.366														
Average	0.417	0.705	0.802	0.836	0.863	0.905	0.929	0.980	0.974	0.964	0.970	0.970	0.983	0.956	0.932
3 Yr Avg	0.449	0.711	0.824	0.854	0.908	0.930	0.910	0.968	0.970	0.979	0.974	0.966	0.983		

## B. PAID/ESTIMATED ULTIMATE INCURRED LOSSES

Policy Period	Age of Policy Period															Estimated Ultimate Losses*
	12 Months	24 Months	36 Months	48 Months	60 Months	72 Months	84 Months	96 Months	108 Months	120 Months	132 Months	144 Months	156 Months	168 Months	180 Months	
12/15/95-96	0.111	0.313	0.432	0.486	0.583	0.759	0.821	0.942	0.891	0.896	0.889	0.896	0.914	0.925	0.932	\$ 1,089,800
12/1/96-97	0.159	0.392	0.513	0.579	0.667	0.740	0.858	0.875	0.832	0.845	0.870	0.886	0.898	0.910		1,574,789
12/1/97-98	0.106	0.284	0.466	0.631	0.725	0.798	0.880	0.946	0.991	0.943	0.956	0.969	0.895			3,179,696
12/1/98-99	0.098	0.296	0.425	0.566	0.683	0.741	0.804	0.835	0.881	0.896	0.906	0.918				3,943,534
12/1/99-00	0.131	0.303	0.450	0.552	0.639	0.707	0.768	0.817	0.864	0.898	0.922					5,436,579
12/1/00-01	0.149	0.390	0.542	0.693	0.769	0.810	0.870	0.890	0.918	0.930						4,518,456
12/1/01-02	0.158	0.424	0.579	0.680	0.744	0.820	0.830	0.867	0.895							5,511,244
12/1/02-03	0.162	0.372	0.520	0.621	0.719	0.805	0.863	0.916								5,704,880
12/1/03-04	0.155	0.371	0.522	0.621	0.677	0.724	0.783									5,143,026
12/1/04-05	0.160	0.465	0.597	0.702	0.787	0.829										4,263,525
12/1/05-06	0.133	0.343	0.504	0.606	0.741											6,995,855
12/1/06-07	0.138	0.367	0.536	0.640												10,830,719
12/1/07-08	0.157	0.389	0.549													10,118,634
12/1/08-09	0.158	0.415														9,712,358
12/1/09-10	0.166															<u>10,334,808</u>
Average	0.143	0.366	0.510	0.615	0.703	0.773	0.831	0.886	0.896	0.901	0.909	0.917	0.902	0.918	0.932	\$88,357,903
3-Yr Avg	0.160	0.390	0.530	0.649	0.735	0.786	0.825	0.891	0.892	0.908	0.928	0.924	0.902			
Prior	0.180	0.430	0.590	0.700	0.780	0.840	0.900	0.920	0.940	0.950	0.960	0.970	0.980	0.990	1.000	
Selected	0.160	0.380	0.520	0.630	0.720	0.780	0.830	0.880	0.900	0.920	0.940	0.960	0.980	0.990	1.000	

\* Prorated 12/1/09-12/31/10 to 12 months.

no distorting effects from large claims, the ratios of paid losses to estimated ultimate incurred losses are expected to be relatively consistent within each column. The second purpose of Section B is to provide an estimate of the payout schedule to allocate the reserves to the period in which they are expected to be paid. The selected payout schedule is shown at the bottom of Section B.

In Section A of Table 11, the undiscounted reserves are assigned to the period in which they are expected to be paid based on the selected schedule. In Section B, the payments expected during the future periods are discounted at a rate of 5.0% per annum. The payments are assumed to be in the middle of each period. The investment income expected to be earned on the loss reserves is estimated in Section C.



Table 11

**COMMUNITY RESIDENCE INSURANCE SAVINGS PLAN  
WORKERS COMPENSATION**

**DISCOUNTED ESTIMATED REQUIRED RESERVES AS OF 12/31/10**  
(Limited to Specific and Aggregate Retentions)

## A. ESTIMATED AMOUNT PAID IN INTERVAL \*

Policy Period	1/1/11 - 12/31/11	1/1/12 - 12/31/12	1/1/13 - 12/31/13	1/1/14 - 12/31/14	1/1/15 - 12/31/15	1/1/16 - 12/31/16	1/1/17 - 12/31/17	1/1/18 - 12/31/18	1/1/19 - 12/31/19	1/1/20 - 12/31/20	1/1/21 - 12/31/21	1/1/22 - 12/31/22	1/1/23 - 12/31/23	1/1/24 - 12/31/24	Total
12/15/95-96	72,350														72,350
12/1/96-97	139,513														139,513
12/1/97-98	0														0
12/1/98-99	0														0
12/1/99-00	172,988														172,988
12/1/00-01	172,947	64,855	21,618												259,421
12/1/01-02	113,622	113,622	113,622	113,622	56,811	56,811									568,112
12/1/02-03	77,022	77,022	77,022	77,022	77,022	38,511	38,511								462,130
12/1/03-04	322,783	129,113	129,113	129,113	129,113	129,113	64,557	64,557							1,097,461
12/1/04-05	159,565	159,565	63,826	63,826	63,826	63,826	63,826	31,913	31,913						702,086
12/1/05-06	375,788	313,156	313,156	125,262	125,263	125,263	125,263	125,263	62,631	62,631					1,753,675
12/1/06-07	894,097	596,064	496,720	496,720	198,688	198,688	198,688	198,688	198,688	99,344	99,344				3,675,731
12/1/07-08	1,022,321	836,445	557,630	464,692	464,692	185,877	185,877	185,877	185,877	185,877	92,938	92,938			4,461,039
12/1/08-09	1,231,186	967,360	791,477	527,651	439,709	439,709	175,884	175,884	175,884	175,884	175,884	87,942	87,942		5,452,394
12/1/09-12/31/10	2,394,138	1,533,572	1,202,585	981,928	650,941	551,645	540,612	220,658	220,658	220,658	220,658	209,625	110,329	110,329	9,168,335
Total	7,148,319	4,790,775	3,766,770	2,979,836	2,206,064	1,789,442	1,393,216	1,002,838	875,651	744,394	588,824	390,505	198,271	110,329	27,985,235

## B. ESTIMATED AMOUNT PAID IN INTERVAL DISCOUNTED

Discount Rate	1/1/11 - 12/31/11	1/1/12 - 12/31/12	1/1/13 - 12/31/13	1/1/14 - 12/31/14	1/1/15 - 12/31/15	1/1/16 - 12/31/16	1/1/17 - 12/31/17	1/1/18 - 12/31/18	1/1/19 - 12/31/19	1/1/20 - 12/31/20	1/1/21 - 12/31/21	1/1/22 - 12/31/22	1/1/23 - 12/31/23	1/1/24 - 12/31/24	Total
5.0%	6,976,045	4,452,684	3,334,232	2,512,059	1,771,195	1,368,285	1,014,584	695,523	578,391	468,279	352,775	222,818	107,744	57,100	23,911,714

## C. ESTIMATED INVESTMENT INCOME EARNED ON THE LOSS RESERVES

Discount Rate	1/1/11 - 12/31/11	1/1/12 - 12/31/12	1/1/13 - 12/31/13	1/1/14 - 12/31/14	1/1/15 - 12/31/15	1/1/16 - 12/31/16	1/1/17 - 12/31/17	1/1/18 - 12/31/18	1/1/19 - 12/31/19	1/1/20 - 12/31/20	1/1/21 - 12/31/21	1/1/22 - 12/31/22	1/1/23 - 12/31/23	1/1/24 - 12/31/24	Total
5.0%	172,274	338,091	432,538	467,777	434,869	421,157	378,632	307,315	297,260	276,115	236,049	167,687	90,527	53,229	4,073,521

\* Reflects aggregate retention.

## QUALIFICATIONS AND LIMITATIONS

The estimates contained in this report depend upon the following:

- the actuarial assumptions, quantitative analysis, and professional judgment expressed in this report;
- the reliability of loss experience to serve as an indicator of future losses;
- the completeness and accuracy of data provided by PRM;
- the completeness and accuracy of the discussion of CRISP's excess insurance expressed in this report; and
- the appropriateness of the discount rate.

While estimates are shown for each year, the actual losses incurred for a particular year may be lower or higher than the amounts shown. However, the amount shown for the total of all years is expected to be reasonable.

The information used in this report should be reviewed for its consistency and accuracy with the internal records of CRISP. Material changes in any of the assumptions or information upon which the findings are based will require a re-evaluation of the results of this report and a possible revision of those findings.

The quantitative methodologies and actuarial factors used in this report are specifically developed for the losses and time periods described above and may not be appropriate for any other losses or periods. As CRISP's loss experience matures and new business is written, it is

important to update this analysis at least annually. Such a report should review changes in the prior periods' losses as well as any new information that might become available.

This report is intended for the use of CRISP and its auditors, service providers, and regulators. If the report is released to any third party, it should be released in its entirety. Please advise BYNAC if this report is distributed to any other third party.

## CONSULTATION

The professional opinion given in this report is based on the judgment and experience of BYNAC. An analysis by another actuary may not arrive at the same conclusion. In the event that another actuary is consulted regarding the findings of this report, both actuaries should make themselves available for supplemental advice and consultation.

*COMMUNITY RESIDENCE INSURANCE SAVINGS PLAN*

**APPENDIX A**

**INCURRED LOSSES \$200,000 AND GREATER**



Appendix A (Continued)

**COMMUNITY RESIDENCE INSURANCE SAVINGS PLAN  
WORKERS COMPENSATION**

**INCURRED LOSSES \$200,000 AND GREATER**

Policy Period	Claim Number	Accident Date	11/30/10 Status	Incurred Loss and ALAE as of						Paid Loss and ALAE as of				
				5/31/07	11/30/07	5/31/08	11/30/08	5/31/09	11/30/09	6/30/10	11/30/10	12/31/10	11/30/10	12/31/10
12/1/06-07	[REDACTED]	12/4/06	Open							266,111	200,510	200,510	94,179	94,500
		12/22/06	Open								333,284	333,283	219,092	221,102
		1/8/07	Open								253,449	235,887	155,653	158,128
		2/27/07	Open								252,143	252,143	161,813	167,149
		3/6/07	Open							225,908	229,909	229,909	74,116	77,608
		4/25/07	Open							420,398	440,800	440,800	239,998	243,198
		6/14/07	Open								201,866	201,866	141,850	145,411
		7/4/07	Open								235,399	235,758	83,859	95,360
		8/1/07	Open								228,557	228,557	91,832	93,112
											<u>912,417</u>	<u>2,375,917</u>	<u>2,358,713</u>	<u>1,262,392</u>
12/1/07-08	[REDACTED]	3/11/08	Open							352,643	352,644	352,644	131,439	132,738
		4/6/08	Open							208,391	224,986	224,986	124,881	126,186
		5/1/08	Closed										206,251	107,745
		7/10/08	Open								410,649	410,649	198,317	213,831
		8/1/08	Open							253,646	253,646	253,646	62,547	66,902
		8/5/08	Open							251,205	256,661	256,661	113,592	116,363
										<u>213,611</u>	<u>213,611</u>	<u>65,908</u>	<u>68,378</u>	
									<u>1,065,885</u>	<u>1,712,197</u>	<u>1,918,448</u>	<u>696,684</u>	<u>832,143</u>	
12/1/08-09	[REDACTED]	1/29/09	Open							221,793	221,795	221,795	78,758	90,092
		11/5/09	Open								202,623	202,673	64,619	66,634
									<u>221,793</u>	<u>424,418</u>	<u>424,468</u>	<u>143,377</u>	<u>156,726</u>	
12/1/09-12/31/10	[REDACTED]	6/7/10	Closed										241,370	160,121

*COMMUNITY RESIDENCE INSURANCE SAVINGS PLAN*

**APPENDIX B**

**SUPPORTING EXHIBITS**



**COMMUNITY RESIDENCE INSURANCE SAVINGS PLAN  
WORKERS COMPENSATION**

**CLAIM COUNT DEVELOPMENT FACTORS  
(Including Claims Closed without Payment)**

## A. REPORTED CLAIMS

Policy Period	Age of Policy Period														
	12 Months	24 Months	36 Months	48 Months	60 Months	72 Months	84 Months	96 Months	108 Months	120 Months	132 Months	144 Months	156 Months	168 Months	180 Months
12/15/95-96							132	132	133	133	133	133	133	133	139
12/1/96-97						273	273	274	275	275	275	275	275	278	
12/1/97-98					351	351	353	353	353	353	353	353	357		
12/1/98-99				427	427	428	428	428	428	428	428	442			
12/1/99-00			541	542	542	542	542	542	542	542	555				
12/1/00-01		564	566	561	561	561	561	561	561	561					
12/1/01-02	528	579	574	575	575	575	575	575	576						
12/1/02-03	590	618	618	619	619	619	619	619							
12/1/03-04	547	579	584	584	585	585	587								
12/1/04-05	524	552	555	555	555	555									
12/1/05-06	741	786	787	788	793										
12/1/06-07	885	935	937	942											
12/1/07-08	905	972	979												
12/1/08-09	970	1,037													
12/1/09-10	997														

## B. AGE-TO-AGE FACTORS

Policy Period	12-24 Months	24-36 Months	36-48 Months	48-60 Months	60-72 Months	72-84 Months	84-96 Months	96-108 Months	108-120 Months	120-132 Months	132-144 Months	144-156 Months	156-168 Months	168-180 Months	180-Ultimate
12/15/95-96							1.000	1.008	1.000	1.000	1.000	1.000	1.000	1.045	
12/1/96-97						1.000	1.004	1.004	1.000	1.000	1.000	1.000	1.011		
12/1/97-98					1.000	1.006	1.000	1.000	1.000	1.000	1.000	1.011			
12/1/98-99				1.000	1.002	1.000	1.000	1.000	1.000	1.000	1.033				
12/1/99-00			1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.024					
12/1/00-01		1.004	0.991	1.000	1.000	1.000	1.000	1.000	1.000						
12/1/01-02	1.097	0.991	1.002	1.000	1.000	1.000	1.000	1.002							
12/1/02-03	1.047	1.000	1.002	1.000	1.000	1.000	1.000								
12/1/03-04	1.059	1.009	1.000	1.002	1.000	1.003									
12/1/04-05	1.053	1.005	1.000	1.000	1.000										
12/1/05-06	1.061	1.001	1.001	1.006											
12/1/06-07	1.056	1.002	1.005												
12/1/07-08	1.074	1.007													
12/1/08-09	1.069														
Average	1.065	1.002	1.000	1.001	1.000	1.001	1.001	1.002	1.000	1.005	1.008	1.004	1.006	1.045	
Wtd Avg	1.065	1.003	1.001	1.001	1.000	1.001	1.000	1.001	1.000	1.008	1.012	1.005	1.007	1.045	
3-Yr Avg	1.066	1.003	1.002	1.003	1.000	1.001	1.000	1.001	1.000	1.008	1.011	1.004			
5-Yr Mid Avg	1.062	1.005	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000					
Prior	1.060	1.003	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Selected	1.065	1.004	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

## C. CLAIM COUNT DEVELOPMENT FACTORS

	12 to Ultimate	24 to Ultimate	36 to Ultimate	48 to Ultimate	60 to Ultimate	72 to Ultimate	84 to Ultimate	96 to Ultimate	108 to Ultimate	120 to Ultimate	132 to Ultimate	144 to Ultimate	156 to Ultimate	168 to Ultimate	180 to Ultimate
	1.071	1.006	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

Appendix B, Exhibit II

**COMMUNITY RESIDENCE INSURANCE SAVINGS PLAN  
WORKERS COMPENSATION**

**ESTIMATED ULTIMATE CLAIM COUNT AND AVERAGE SEVERITY**  
(Unlimited Losses Including ALAE)  
(Including Claims Closed without Payment)

A. ESTIMATED ULTIMATE CLAIMS WITH COST

Policy Period	Reported Claims as of 12/31/10	Age of Policy Period in Months	Claim Count Development Factor	Estimated Ultimate Claims
12/15/95-96	139	181.0	1.000	139
12/1/96-97	278	169.0	1.000	278
12/1/97-98	357	157.0	1.000	357
12/1/98-99	442	145.0	1.000	442
12/1/99-00	555	133.0	1.000	555
12/1/00-01	561	121.0	1.000	561
12/1/01-02	576	109.0	1.000	576
12/1/02-03	619	97.0	1.000	619
12/1/03-04	587	85.0	1.000	587
12/1/04-05	555	73.0	1.000	555
12/1/05-06	793	61.0	1.000	793
12/1/06-07	942	49.0	1.001	943
12/1/07-08	979	37.0	1.002	981
12/1/08-09	1,037	25.0	1.006	1,043
12/1/09-12/31/10	1,062	12.5	1.066	1,132
Total	9,482			9,561

B. ESTIMATED ULTIMATE AVERAGE SEVERITY

Policy Period	Estimated Ultimate Incurred Losses*	Estimated Ultimate Claims	Estimated Ultimate Average Severity
12/15/95-96	\$ 1,089,800	139	\$ 7,840
12/1/96-97	1,666,791	278	5,996
12/1/97-98	3,474,481	357	9,732
12/1/98-99	4,188,771	442	9,477
12/1/99-00	5,646,527	555	10,174
12/1/00-01	4,529,982	561	8,075
12/1/01-02	5,523,103	576	9,589
12/1/02-03	6,121,133	619	9,889
12/1/03-04	5,143,026	587	8,762
12/1/04-05	4,263,525	555	7,682
12/1/05-06	6,995,855	793	8,822
12/1/06-07	10,830,719	943	11,485
12/1/07-08	10,118,634	981	10,315
12/1/08-09	9,712,358	1,043	9,312
12/1/09-12/31/10	11,196,042	1,132	9,890
Total	\$90,500,747	9,561	

\* See Appendix C, Exhibit I.

**COMMUNITY RESIDENCE INSURANCE SAVINGS PLAN  
WORKERS COMPENSATION**

**CLAIMS DISPOSED RATIOS**  
(Including Claims Closed without Payment)

A. CLOSED CLAIMS

Policy Period	Age of Policy Period														
	12 Months	24 Months	36 Months	48 Months	60 Months	72 Months	84 Months	96 Months	108 Months	120 Months	132 Months	144 Months	156 Months	168 Months	180 Months
12/15/95-96							125	130	132	132	132	132	132	132	138
12/1/96-97						260	264	269	269	271	272	271	272	275	
12/1/97-98					322	337	340	344	346	346	346	346	349		
12/1/98-99				386	396	400	410	412	415	416	416	429			
12/1/99-00			483	502	514	518	524	525	526	528	539				
12/1/00-01		466	506	522	535	539	546	547	548	548					
12/1/01-02	274	472	512	540	558	561	558	561	560						
12/1/02-03	297	494	571	585	597	601	606	604							
12/1/03-04	252	481	542	566	571	570	565								
12/1/04-05	269	459	521	533	541	541									
12/1/05-06	404	702	732	743	751										
12/1/06-07	537	789	863	881											
12/1/07-08	515	846	874												
12/1/08-09	609	841													
12/1/09-10	446														

B. CLOSED/ESTIMATED ULTIMATE CLAIMS

Policy Period	12 Months	24 Months	36 Months	48 Months	60 Months	72 Months	84 Months	96 Months	108 Months	120 Months	132 Months	144 Months	156 Months	168 Months	Estimated Ultimate Claims*
12/15/95-96							0.899	0.935	0.950	0.950	0.950	0.950	0.950	0.950	139
12/1/96-97						0.935	0.950	0.968	0.968	0.975	0.978	0.975	0.978	0.989	278
12/1/97-98					0.902	0.944	0.952	0.964	0.969	0.969	0.969	0.969	0.978		357
12/1/98-99				0.873	0.896	0.905	0.928	0.932	0.939	0.941	0.941	0.971			442
12/1/99-00			0.870	0.905	0.926	0.933	0.944	0.946	0.948	0.951	0.971				555
12/1/00-01		0.831	0.902	0.930	0.954	0.961	0.973	0.975	0.977	0.977					561
12/1/01-02	0.476	0.819	0.889	0.938	0.969	0.974	0.969	0.974	0.972						576
12/1/02-03	0.480	0.798	0.922	0.945	0.964	0.971	0.979	0.976							619
12/1/03-04	0.429	0.819	0.923	0.964	0.973	0.971	0.963								587
12/1/04-05	0.485	0.827	0.939	0.960	0.975	0.975									555
12/1/05-06	0.509	0.885	0.923	0.937	0.947										793
12/1/06-07	0.569	0.837	0.915	0.934											943
12/1/07-08	0.525	0.862	0.891												981
12/1/08-09	0.584	0.806													1,043
12/1/09-10	0.427														1,045
															9,474
Average	0.498	0.832	0.908	0.932	0.945	0.952	0.951	0.959	0.960	0.961	0.962	0.966	0.969	0.970	
3-Yr Avg	0.512	0.835	0.910	0.944	0.965	0.972	0.970	0.975	0.966	0.956	0.960	0.972	0.969		

\* Prorated 12/1/09-12/31/10 to 12 months.

**COMMUNITY RESIDENCE INSURANCE SAVINGS PLAN  
WORKERS COMPENSATION**

**AVERAGE SEVERITIES**

(Losses Including ALAE Limited to Specific Retention)  
(Including Claims Closed without Payment)

**A. AVERAGE INCURRED SEVERITY**

Policy Period	Age of Policy Period															
	12 Months	24 Months	36 Months	48 Months	60 Months	72 Months	84 Months	96 Months	108 Months	120 Months	132 Months	144 Months	156 Months	168 Months	180 Months	
12/15/95-96								\$7,887	\$7,659	\$7,516	\$7,532	\$7,472	\$7,463	\$7,562	\$7,584	\$7,840
12/1/96-97						\$5,750	5,618	5,416	5,381	5,446	5,232	5,335	5,357	5,663		
12/1/97-98					\$7,439	7,548	8,003	8,183	8,376	8,656	8,691	8,560	7,984			
12/1/98-99				\$7,153	7,421	7,583	7,804	7,706	8,207	8,314	8,447	8,836				
12/1/99-00			\$6,235	6,335	6,867	7,367	8,040	8,567	8,762	9,077	9,563					
12/1/00-01		\$4,614	5,349	6,298	6,577	6,961	7,083	7,176	7,357	7,885						
12/1/01-02	\$3,819	5,433	6,642	7,356	7,889	8,325	8,410	8,673	9,366							
12/1/02-03	3,446	4,652	5,428	5,428	6,463	7,326	7,899	8,259	8,931							
12/1/03-04	3,476	4,269	5,276	5,854	6,273	6,615	8,334									
12/1/04-05	2,799	4,621	5,260	5,912	6,244	7,156										
12/1/05-06	2,805	4,052	5,017	5,927	8,095											
12/1/06-07	4,086	5,797	7,067	9,926												
12/1/07-08	3,604	4,872	8,043													
12/1/08-09	3,201	6,823														
12/1/09-10	4,698															

**B. AVERAGE PAID SEVERITY**

Policy Period	12 Months	24 Months	36 Months	48 Months	60 Months	72 Months	84 Months	96 Months	108 Months	120 Months	132 Months	144 Months	156 Months	168 Months	180 Months	
12/15/95-96								\$6,780	\$7,776	\$7,298	\$7,342	\$7,287	\$7,345	\$7,486	\$7,582	\$7,305
12/1/96-97						\$4,269	4,947	5,027	4,765	4,839	4,980	5,072	5,145	5,156		
12/1/97-98					\$6,566	7,225	7,927	8,518	8,931	8,495	8,613	8,725	7,971			
12/1/98-99				\$5,225	6,304	6,832	7,404	7,695	8,120	8,257	8,349	8,189				
12/1/99-00			\$4,525	5,534	6,411	7,090	7,702	8,197	8,670	9,012	9,027					
12/1/00-01		\$3,124	4,330	5,580	6,194	6,522	7,011	7,166	7,391	7,490						
12/1/01-02	\$1,646	4,031	5,564	6,516	7,127	7,860	7,951	8,314	8,568							
12/1/02-03	1,564	3,436	4,799	5,720	6,624	7,419	7,950	8,438								
12/1/03-04	1,459	3,293	4,597	5,468	5,952	6,366	6,860									
12/1/04-05	1,298	3,594	4,587	5,394	6,044	6,371										
12/1/05-06	1,254	3,050	4,477	5,380	6,540											
12/1/06-07	1,690	4,246	6,194	7,359												
12/1/07-08	1,750	4,052	5,672													
12/1/08-09	1,586	3,883														
12/1/09-10	1,720															

**C. AVERAGE CASE RESERVE**

Policy Period	12 Months	24 Months	36 Months	48 Months	60 Months	72 Months	84 Months	96 Months	108 Months	120 Months	132 Months	144 Months	156 Months	168 Months	180 Months	
12/15/95-96								\$20,878	(\$ 7,704)	\$29,036	\$25,337	\$24,577	\$15,642	\$10,173	\$ 247	\$74,456
12/1/96-97						\$31,115	20,348	21,290	28,200	41,708	23,036	18,087	19,418	46,915		
12/1/97-98					\$10,566	8,100	2,038	( 13,140)	( 27,970)	8,142	3,898	( 8,287)	571			
12/1/98-99				\$20,082	15,396	11,491	9,515	295	2,875	2,027	3,478	22,002				
12/1/99-00			\$15,944	10,858	8,842	6,252	10,166	11,779	3,135	2,541	18,590					
12/1/00-01		\$ 8,571	9,617	10,323	8,257	11,191	2,691	419	( 1,462)	17,049						
12/1/01-02	\$ 4,517	7,584	9,984	13,807	25,794	19,095	15,527	14,750	28,761							
12/1/02-03	3,791	6,061	8,267	13,528	19,740	16,514	14,693	20,335								
12/1/03-04	3,740	5,763	9,440	12,533	13,412	9,701	39,310									
12/1/04-05	3,085	6,095	10,989	13,078	7,923	31,113										
12/1/05-06	3,410	9,374	7,728	9,581	29,349											
12/1/06-07	6,093	9,933	11,059	39,629												
12/1/07-08	4,301	6,328	22,103													
12/1/08-09	4,341	15,555														
12/1/09-10	5,389															

***COMMUNITY RESIDENCE INSURANCE SAVINGS PLAN***

**APPENDIX C**

**UNLIMITED ESTIMATES**

Appendix C, Exhibit I

**COMMUNITY RESIDENCE INSURANCE SAVINGS PLAN  
WORKERS COMPENSATION**

**SELECTED ESTIMATED ULTIMATE INCURRED LOSSES**  
(Unlimited Losses Including ALAE)

Policy Period	Limited Estimated Ultimate Incurred Losses	Limited Incurred Losses as of 12/31/10	Unlimited Incurred Losses as of 12/31/10	Unlimited Estimated Ultimate Incurred Losses*
12/15/95-96	\$ 1,089,800	\$ 1,089,800	\$ 1,089,800	\$ 1,089,800
12/1/96-97	1,574,789	1,574,789	1,666,791	1,666,791
12/1/97-98	3,179,696	3,173,441	3,467,646	3,474,481
12/1/98-99	3,943,534	3,927,833	4,172,094	4,188,771
12/1/99-00	5,436,579	5,399,260	5,607,767	5,646,527
12/1/00-01	4,518,456	4,465,340	4,476,731	4,529,982
12/1/01-02	5,511,244	5,396,502	5,408,114	5,523,103
12/1/02-03	5,704,880	5,567,291	5,973,505	6,121,133
12/1/03-04	5,143,026	4,911,419	4,911,419	5,143,026
12/1/04-05	4,263,525	3,973,400	3,973,400	4,263,525
12/1/05-06	6,995,855	6,508,372	6,508,372	6,995,855
12/1/06-07	10,830,719	9,486,059	9,486,059	10,830,719
12/1/07-08	10,118,634	8,090,652	8,090,652	10,118,634
12/1/08-09	9,712,358	7,165,002	7,165,002	9,712,358
12/1/09-12/31/10	11,196,042	5,115,237	5,115,237	11,196,042
Total	\$89,219,137	\$75,844,397	\$77,112,589	\$90,500,747

\* Equal to the ratio of limited estimated ultimate incurred losses to limited incurred losses multiplied by unlimited incurred losses.

**COMMUNITY RESIDENCE INSURANCE SAVINGS PLAN  
WORKERS COMPENSATION**

**ESTIMATED REQUIRED RESERVES AS OF 12/31/10**  
(Unlimited Losses Including ALAE)

## A. LOSS SUMMARY

Policy Period	Estimated Ultimate Incurred Losses	Incurred Losses as of 12/31/10	Paid Losses as of 12/31/10
12/15/95-96	\$ 1,089,800	\$ 1,089,800	\$ 1,017,450
12/1/96-97	1,666,791	1,666,791	1,435,276
12/1/97-98	3,474,481	3,467,646	3,176,161
12/1/98-99	4,188,771	4,172,094	3,802,948
12/1/99-00	5,646,527	5,607,767	5,014,840
12/1/00-01	4,529,982	4,476,731	4,205,919
12/1/01-02	5,523,103	5,408,114	4,943,132
12/1/02-03	6,121,133	5,973,505	5,391,037
12/1/03-04	5,143,026	4,911,419	4,045,565
12/1/04-05	4,263,525	3,973,400	3,561,439
12/1/05-06	6,995,855	6,508,372	5,242,180
12/1/06-07	10,830,719	9,486,059	7,086,608
12/1/07-08	10,118,634	8,090,652	5,657,595
12/1/08-09	9,712,358	7,165,002	4,259,964
12/1/09-12/31/10	<u>11,196,042</u>	<u>5,115,237</u>	<u>2,027,707</u>
Total	\$90,500,747	\$77,112,589	\$60,867,821

## B. ESTIMATED REQUIRED RESERVES AS OF 12/31/10

Policy Period	Case Reserves as of 12/31/10	Estimated IBNR as of 12/31/10	Estimated Required Reserves as of 12/31/10
12/15/95-96	\$ 72,350	\$ 0	\$ 72,350
12/1/96-97	231,515	0	231,515
12/1/97-98	291,485	6,835	298,320
12/1/98-99	369,146	16,677	385,823
12/1/99-00	592,927	38,760	631,687
12/1/00-01	270,812	53,251	324,063
12/1/01-02	464,982	114,989	579,971
12/1/02-03	582,468	147,628	730,096
12/1/03-04	865,854	231,607	1,097,461
12/1/04-05	411,961	290,125	702,086
12/1/05-06	1,266,192	487,483	1,753,675
12/1/06-07	2,399,451	1,344,660	3,744,111
12/1/07-08	2,433,057	2,027,982	4,461,039
12/1/08-09	2,905,038	2,547,356	5,452,394
12/1/09-12/31/10	<u>3,087,530</u>	<u>6,080,805</u>	<u>9,168,335</u>
Total	\$16,244,768	\$13,388,158	\$29,632,926

**COMMUNITY RESIDENCE INSURANCE SAVINGS PLAN  
WORKERS COMPENSATION**

**RECOVERABLE ESTIMATED REQUIRED RESERVES AS OF 12/31/10**

**A. LOSS SUMMARY**

<u>Policy Period</u>	<u>Estimated Ultimate Incurred Losses</u>	<u>Incurred Losses as of 12/31/10</u>	<u>Paid Losses as of 12/31/10</u>
12/15/95-96	\$ 0	\$ 0	\$ 0
12/1/96-97	92,002	92,002	0
12/1/97-98	774,481	767,646	476,161
12/1/98-99	1,367,265	1,350,588	981,442
12/1/99-00	458,699	419,939	0
12/1/00-01	64,642	11,391	0
12/1/01-02	11,859	11,612	0
12/1/02-03	416,253	406,214	148,287
12/1/03-04	0	0	0
12/1/04-05	0	0	0
12/1/05-06	0	0	0
12/1/06-07	68,380	0	0
12/1/07-08	0	0	0
12/1/08-09	0	0	0
12/1/09-12/31/10	0	0	0
<b>Total</b>	<b>\$3,253,581</b>	<b>\$3,059,392</b>	<b>\$1,605,890</b>

**B. RECOVERABLE ESTIMATED REQUIRED RESERVES AS OF 12/31/10**

<u>Policy Period</u>	<u>Case Reserves as of 12/31/10</u>	<u>Estimated IBNR as of 12/31/10</u>	<u>Estimated Required Reserves as of 12/31/10</u>
12/15/95-96	\$ 0	\$ 0	\$ 0
12/1/96-97	92,002	0	92,002
12/1/97-98	291,485	6,835	298,320
12/1/98-99	369,146	16,677	385,823
12/1/99-00	419,939	38,760	458,699
12/1/00-01	11,391	53,251	64,642
12/1/01-02	11,612	247	11,859
12/1/02-03	257,927	10,039	267,966
12/1/03-04	0	0	0
12/1/04-05	0	0	0
12/1/05-06	0	0	0
12/1/06-07	0	68,380	68,380
12/1/07-08	0	0	0
12/1/08-09	0	0	0
12/1/09-12/31/10	0	0	0
<b>Total</b>	<b>\$1,453,502</b>	<b>\$ 194,189</b>	<b>\$1,647,691</b>



**COMMUNITY RESIDENCE INSURANCE SAVINGS PLAN  
WORKERS COMPENSATION**

**ESTIMATED MEDICAL, INDEMNITY, ALAE, AND ULAE RESERVES**

A. ESTIMATED MEDICAL, INDEMNITY, AND ALAE RESERVES

Policy Period	Limited Estimated Required Reserves as of 12/31/10	Estimated Medical Reserves 41%~	Estimated Indemnity Reserves 48%~	Estimated ALAE Reserves 11%~
12/15/95-96	\$ 72,350	\$ 29,664	\$ 34,728	\$ 7,959
12/1/96-97	139,513	57,200	66,966	15,346
12/1/97-98	0	0	0	0
12/1/98-99	0	0	0	0
12/1/99-00	172,988	70,925	83,034	19,029
12/1/00-01	259,421	106,363	124,522	28,536
12/1/01-02	568,112	232,926	272,694	62,492
12/1/02-03	462,130	189,473	221,822	50,834
12/1/03-04	1,097,461	449,959	526,781	120,721
12/1/04-05	702,086	287,855	337,001	77,229
12/1/05-06	1,753,675	719,007	841,764	192,904
12/1/06-07	3,675,731	1,507,050	1,764,351	404,330
12/1/07-08	4,461,039	1,829,026	2,141,299	490,714
12/1/08-09	5,452,394	2,235,482	2,617,149	599,763
12/1/09-12/31/10	<u>9,168,335</u>	<u>3,759,017</u>	<u>4,400,801</u>	<u>1,008,517</u>
Total	\$27,985,235	\$11,473,947	\$13,432,912	\$3,078,374

B. ESTIMATED ULAE RESERVE

Reserve	Unlimited Estimated Reserve as of 12/31/10	Estimated ULAE Ratio#	Estimated ULAE Reserve
Case	\$16,244,768	0.050	\$ 812,238
Estimated IBNR	<u>13,388,158</u>	0.050	<u>669,408</u>
Total	\$29,632,926		\$ 1,481,646

~ Selected based on a review of reported claims.

# Estimated by BYNAC.