



**Santa Ana**  
Unified School District

# **Actuarial Overview Workers Compensation**

***September 28, 2010***

Jane A. Russo, Superintendent

Michael P. Bishop, Associate Superintendent, Business Services

Camille Boden, Executive Director, Risk Management

**Presented by:**

**Mujtaba Dattoo, ACAS, MAAA, FCA**

**Actuarial Practice Leader**



## **ESTIMATED OUTSTANDING LOSSES**

**As of June 30, 2010**

Full Value	\$19.5 million
Discounted at 3.5%	16.5 million

Note: Liabilities are for losses and ALAE  
Consistent with GASB and financial reporting requirements.  
Claim reserves reflect recent judicial decisions (*Guzman et al.*).



- Outstanding Liabilities increased from \$11.9M as of June 30, 2008 to \$19.5M as of June 30, 2010 primarily due to:
  - Addition of two new years 2008/09 and 2009/10
  - Case reserves doubled from about \$6.2M to \$12.2M, an increase of \$6M of which \$5.2M can be attributed specifically to:
    - 19 claims with case reserve increases of more than \$75,000
    - 8 new claims in 2009/10 with case reserves greater than \$75,000
    - Case reserves re-evaluated because of judicial decisions (Guzman et al)



## **PROJECTED ULTIMATE LOSSES**

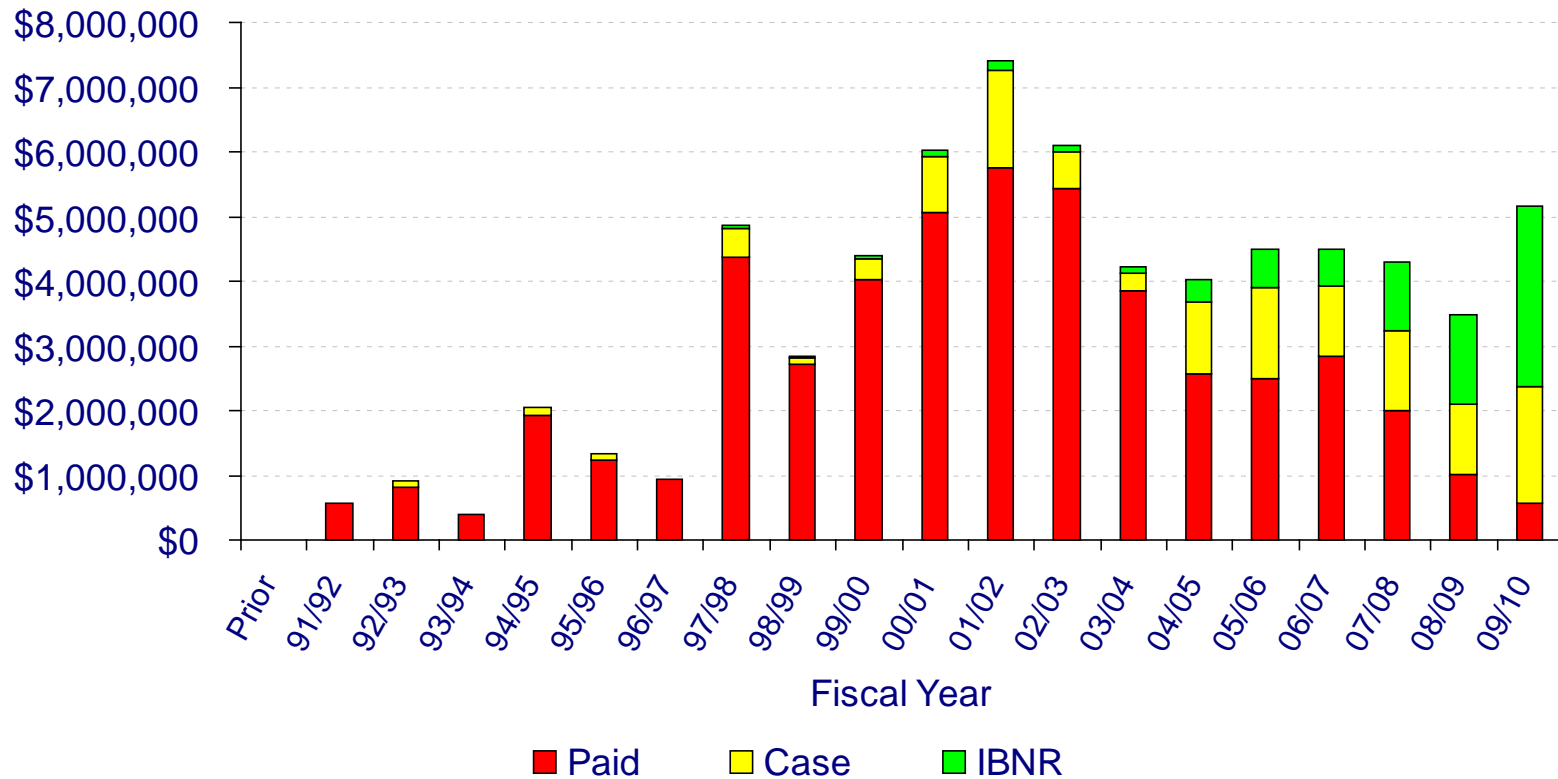
### **Accrual for 2010/11**

	<b>2010/11</b>	<b>Loss Rate</b>
Full Value	\$4.8 million	\$1.41 per \$100 payroll
Discounted at 3.5%	4.1 million	\$1.21 per \$100 payroll

Note: Excludes expenses for claims administration (ULAE), general administration and excess insurance.



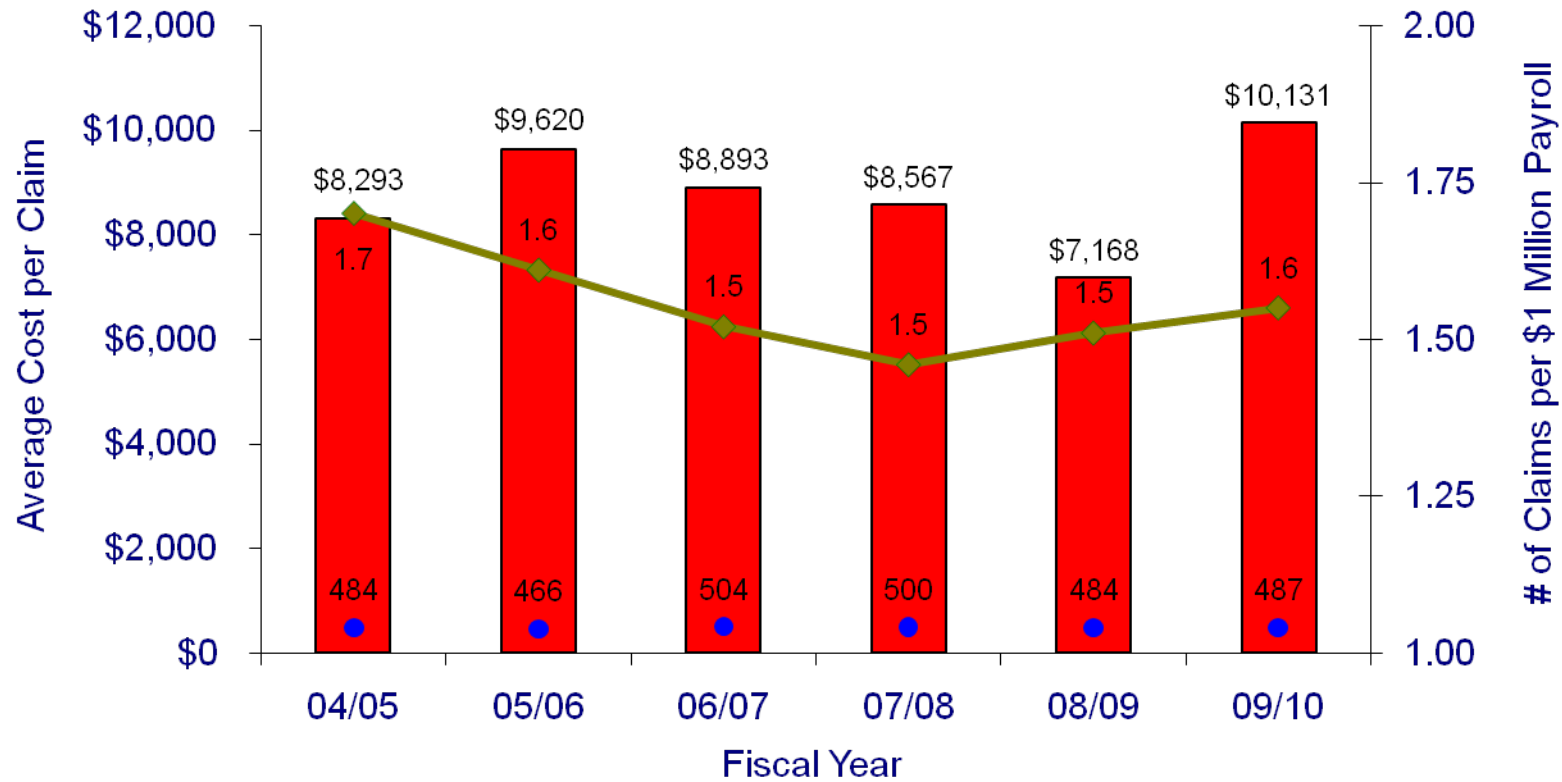
# COMPONENTS OF PROJECTED ULTIMATE LOSSES



Note: The loss data appeared to only include information on open claims for many of the older claim periods.

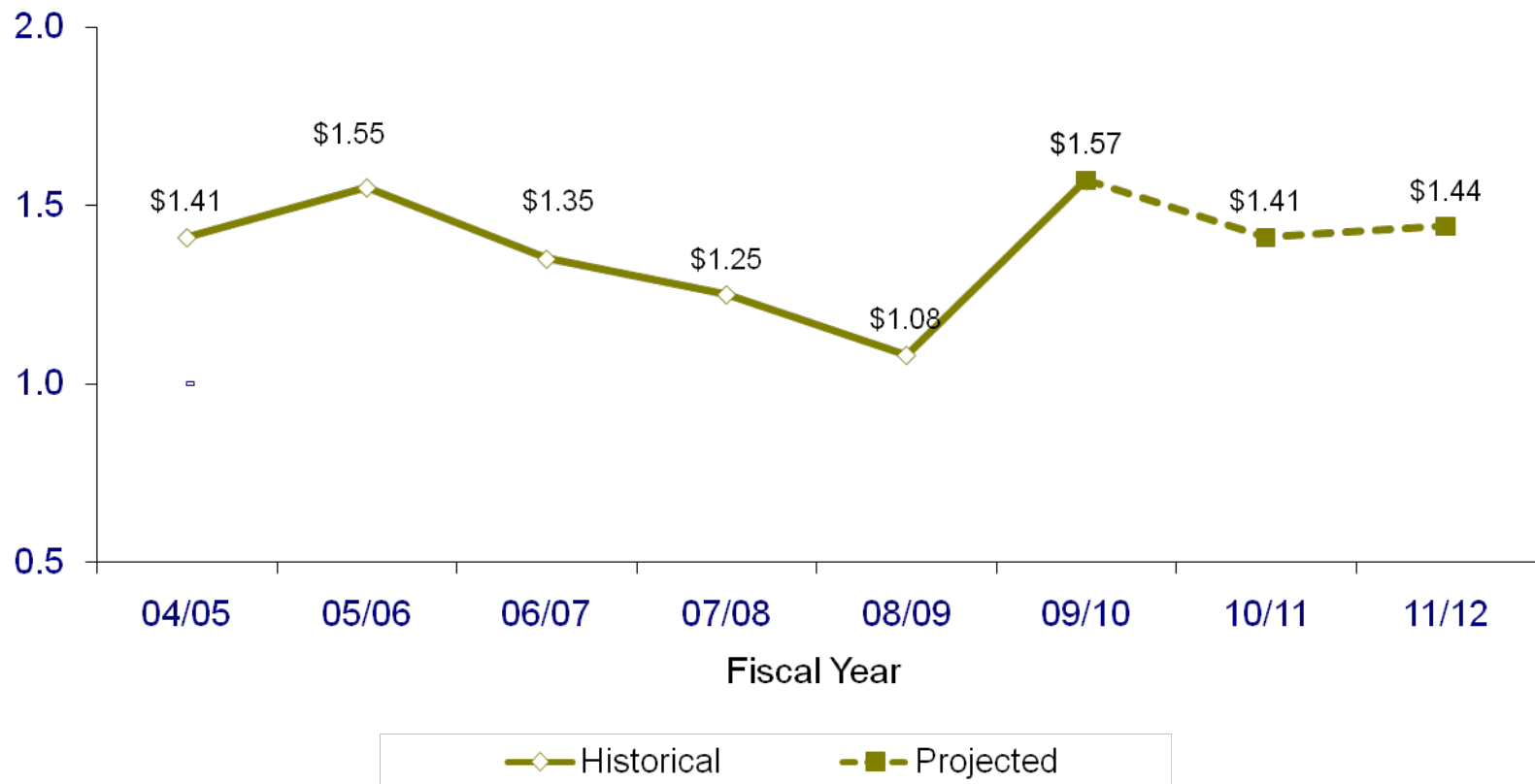


### FREQUENCY / SEVERITY





# LOSS RATE PER \$100 OF PAYROLL





## OBSERVATIONS

- Need for vigilance
  - Creeping medical inflation
  - Impact of judicial decisions – *Ogilvie, Almaraz, Guzman*
  - Incremental legislative changes
  - Budgetary constraints





**Santa Ana**  
Unified School District

# Thank you!

**Mujtaba Dato, ACAS, MAAA, FCA**  
**Actuarial Practice Leader**  
**Aon Global Risk Consulting / ARM Tech**  
**(949) 608-6332**  
**[mujtaba.dato@aon.com](mailto:mujtaba.dato@aon.com)**