



333 Bush Street, 8th floor
San Francisco, CA 94104
www.statefundca.com

Date: August 3, 2012

AGENDA ITEM 3d

TO: MEMBERS, BOARD OF DIRECTORS

- I. SUBJECT:** Ratification of Milliman, Inc. as State Fund's Appointed Actuary
- II. PROGRAM:** Executive/Chief Risk Officer
- III. RECOMMENDATION:** Action: To ratify Milliman, Inc. as the appointed actuary to provide actuarial services for State Compensation Insurance Fund during 2012.

IV. BACKGROUND

In accordance with regulations previously adopted by the National Association of Insurance Commissioners, "Statements of Actuarial Opinion" in Annual Statements must be signed by an actuary appointed by the Board of Directors. The appointed actuary must present a report to the Board of Directors each year on items within the scope of its actuarial opinion.

State Fund's Board of Directors previously appointed Milliman, Inc. and Mr. Guy Avagliano as its appointed actuary. In July of 2011, State Fund engaged Milliman as appointed actuary for the calendar year 2012 to provide the following actuarial services:

(1) Reports of

- unpaid loss liabilities as of December 31, 2011; March 31, 2012; June 30, 2012; and September 30, 2012;
- a tail study as of December 31, 2011;
- unpaid loss adjustment expenses as of June 30, 2012;
- self-insurance program unpaid liabilities as of December 31, 2011 and June 30, 2012; and
- USL&H unpaid liabilities as of June 30, 2012;

(2) A Statement of Actuarial Opinion for the Annual Statement;

(3) Representation on the Actuarial Committee of the WCIRB; and

(4) Assistance on additional projects as needed.

Mr. Guy Avagliano of Milliman presented the Statement of Actuarial Opinion for State Fund's 2011 Annual Statement at the May 2012 Board Meeting and continues his role on the WCIRB Actuarial Committee.

State Fund recommends ratification of Milliman, Inc. as State Fund's appointed actuary to provide actuarial services for State Compensation Insurance Fund during 2012.

Ken Van Laar

Chief Risk Officer