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Date: May 13, 2016

**TO: MEMBERS, BOARD OF DIRECTORS**

<b>I. AGENDA ITEM # AND TITLE :</b>	Open Agenda Item 6 – Statement of Actuarial Opinion
<b>II. NAME AND PROGRAM:</b>	Guy Avagliano, FCAS, MAAA of Milliman
<b>III. ACTIVITY:</b>	<input checked="" type="checkbox"/> Informational <input type="checkbox"/> Request for Direction <input type="checkbox"/> Action Proposed <input type="checkbox"/> Exploratory
<b>IV. JUSTIFICATION:</b>	<input checked="" type="checkbox"/> Standard/Required Item <input type="checkbox"/> Board Request – New Item <input type="checkbox"/> New Topic from Staff

**V. EXECUTIVE SUMMARY:**

Presentation of the Appointed Actuary

**VI. ANALYSIS:**

Review of Loss and Loss Adjustment Expense Reserves as of December 31, 2015.  
 Recorded reserves are reasonable.

**VII. RECOMMENDATION:** Information only

**VIII. PRESENTATION EXHIBITS:** None

**IX. APPENDIX:** Attached

State Compensation Insurance Fund

**Milliman Analysis of Statutory Claim and Claim Adjustment Expense Reserves**  
**As of December 31, 2015**

**Booked Loss Reserves**

1. Reserve for Unpaid Losses (Liabilities, Surplus and Other Funds page, Col. 1, Line 1)	\$10,945,630,016
2. Reserve for Unpaid Loss Adjustment Expenses (Liabilities, Surplus and Other Funds page, Col. 1, Line 3)	1,742,176,643
3. Reserve for Unpaid Losses – Direct and Assumed (should equal Schedule P, Part 1, Totals from Cols. 13 and 15, Line 12 x 1,000)	10,994,723,000
4. Reserve for Unpaid Loss Adjustment Expenses – Direct and Assumed (should equal Schedule P, Part 1, Totals from Cols. 17, 19, and 21, Line 12 x 1,000)	1,742,631,000
5. The Page 3 write-in item reserve, “Retroactive Reinsurance Reserve Assumed”	0

**Excerpt from December 31, 2015 Statement of Actuarial Opinion:**

*In my opinion, the sum of the amounts carried on account of items (1) and (2), the sum of the amounts carried on account of items (3) and (4), and the amount carried on account of item (5), all as shown in Exhibit A:*

- A. Meet the requirements of the insurance laws of the State of California;*
- B. Are consistent with reserves computed in accordance with Standards of Practice issued by the Actuarial Standards Board (including the Casualty Actuarial Society's Statement of Principles Regarding Property and Casualty Unpaid Claims Estimates); and*
- C. Make a reasonable provision for all unpaid loss and loss adjustment expense obligations of the Fund under the terms of its contracts and agreements.*

Milliman