

New Jersey School Boards Association Insurance
Group

Rate Review for the
July 1, 2013-2014 Contract
Period

November 14, 2012

Revised Draft

DRAFT

TOWERS WATSON 

November 14, 2012

REVISED DRAFT

Mr. Marty Kalbach
Director
New Jersey School Boards Association Insurance Group
450 Veteran's Drive
Burlington, NJ 08016-1268

Dear Marty:

Attached is our rate level review for the July 1, 2013-2014 contract period using data evaluated as of September 30, 2012. This revised report includes the summary of the proposed rates for implementation.

This report replaces and supersedes the drafts dated November 1, 2012 and November 12, 2012.

Attention is called to the section of the report entitled *Distribution*, which sets out the limits on distribution of the report.

This report contains workpapers, trade secrets, and confidential information of both NJSBAIG and Towers Watson, and as such, it is not intended to be subject to disclosure requirements under any Freedom of Information Act or similar laws.

The authors of this report are members of the American Academy of Actuaries and meet its qualification standards to render the actuarial opinion contained herein.

We have enjoyed working with you in the preparation of this report. Please call if you have any questions.

Sincerely

TOWERS WATSON

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Purpose and Scope

Towers Watson was retained by the New Jersey School Boards Association Insurance Group (NJSBAIG) to perform a rate level review for the July 1, 2013 through June 30, 2014 contract period (2013-2014 contract period). Towers Watson was also asked to produce deductible rating factors for the 2013-2014 contract period.

This report was prepared for the internal use of NJSBAIG management to present our findings with respect to this analysis. It is our understanding that NJSBAIG management will consider the findings of this report for the purposes of establishing rate levels and for internal management reporting.

Our report is not intended or necessarily suitable for any other purposes.

The exhibits and appendices attached in support of our conclusions are an integral part of this report. These sections have been prepared so that our actuarial assumptions and judgments are documented. Judgments about the analysis and findings presented in this report should be made only after considering the report in its entirety. Our projections are predicated on a number of assumptions as to future conditions and events. These assumptions are documented in subsequent sections of this report, and should be understood in order to place the actuarial estimates in their appropriate context. In addition, the projections are subject to a number of reliances and limitations, as described in subsequent sections of this report.

We are available to answer any questions that may arise regarding this report. We assume that the user of this report will seek such explanation on any matter in question.

In this report, we develop estimates of NJSBAIG's 2013-2014 rate indications on several bases representing various intended measures. These include an actuarial central estimate, as well as estimates above and below this actuarial central estimate. These estimates were arrived at through evaluation of the results of various actuarial methods and models applied to NJSBAIG's experience. As such, the derivation of these estimates does not reflect extreme events which are believed to have a remote possibility of occurring. The higher and lower estimates are intended to present measures of prospective costs that consider outcomes that may be considered unlikely, but that are not remote.

In addition, we develop an actuarial central estimate of NJSBAIG's deductible factors. This actuarial central estimate is intended to represent an expected value over a range of reasonably foreseeable outcomes. The actuarial central estimate was arrived at through evaluation of the results of various actuarial methods and models applied to NJSBAIG's experience. As such, the derivation of this estimate does not reflect extreme events which are believed to have a remote possibility of occurring.

The scope does not include quantification of the uncertainty in our estimates. However, our report includes commentary on this uncertainty, to assist in understanding the financial implications of our results.

Our analysis was based on data evaluated as of September 30, 2012. No account whatsoever has been taken in the projections of developments or data received subsequent to September 30, 2012.

As requested by NJSBAIG, our analysis included the following coverages:

- Workers Compensation
- General Liability
- Auto Liability
- Auto Physical Damage
- Errors and Omissions
- Property

We have included data only for those members who were part of the program for the 2012-2013 contract period. We also excluded a portion of claims due to asbestos losses. The contract has been changed since these losses occurred and are not representative of future loss exposure. In addition, workers compensation losses and exposures for one member were excluded as the member's experience is not representative of future loss exposure for NJSBAIG.

Our analysis was performed on data net of subrogation and other such recoveries. We have assumed that all of NJSBAIG's future subrogation and other recoveries will be valid and collectible. In addition, we have not reduced our projected premiums for anticipated investment income.

Throughout this report, the term loss without modification, includes loss and allocated loss adjustment expense (ALAE), but does not include unallocated loss adjustment expense (ULAE).

Material Assumptions

The findings in this report are materially influenced by certain assumptions related to the 2013-2014 expenses and exposure levels selected by NJSBAIG. NJSBAIG provided forecasted expenses based on knowledge of its operational costs and exposure levels based on expected changes in its book of business. Evaluating the reasonableness of these assumptions would require work outside the scope of this assignment, therefore we are not opining on their reasonableness.

Distribution

Our report is delivered under the following terms and conditions:

- This report is provided to NJSBAIG solely for the intended purpose, and may not be referenced or distributed to any other party without our prior written consent
- This report has been prepared for use by persons technically competent in the areas covered and with the necessary background information
- Draft versions of this report must not be relied upon by any person for any purpose
- A copy of this report may be shared with your auditors solely in the context of their performing regular audit activities
- A copy of this report may be shared with your broker, Willis, and current or prospective excess insurers/reinsurers
- You shall not refer to us or include any portion of this report in any shareholder communication or in any offering materials or fairness opinion provided by your professional advisors prepared in connection with the public offering or private placement of any security
- This report may be shared with your affiliates, provided that you ensure that each such affiliate complies with the terms above and the applicable statement of work as if it were a party to them, and you remain responsible for such compliance

In addition, we understand that NJSBAIG may wish to provide copies of this report to its broker and current or prospective reinsurers or excess insurers and the New Jersey Department of Banking and Insurance (the Recipients). Permission is hereby granted for such distribution on the conditions that:

- Each Recipient agrees not to reference or distribute the report to any other party
- Each Recipient recognizes that the furnishing of this report is not a substitute for its own due diligence and agrees to place no reliance on this report or the data contained herein that would result in the creation of any duty or liability by Towers Watson to such party
- Each Recipient understand that such RECIPIENT IS DEEMED TO HAVE ACCEPTED THESE TERMS AND CONDITIONS by retaining a copy of this report

We accept no responsibility for any consequences arising from any third party relying on this report. If we agree to provide this report to a third party, you are responsible for ensuring that the report is provided in its entirety, that the third party is made aware of the fact that they are not entitled to rely upon it, and that they may not distribute the report to any other party.

This report contains workpapers, trade secrets, and confidential information of both NJSBAIG and Towers Watson. Because of the nature of the material contained in the report, it is not intended to be subject to disclosure requirements under any Freedom of Information Act or similar laws.

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Background

Overview

In 1983, New Jersey school districts joined to create a workers compensation partnership under the sponsorship of the NJSBAIG. Since that time, membership has expanded and loss exposures covered by the NJSBAIG have increased. NJSBAIG is governed by a Board of Trustees, comprised of one superintendent, seven school board members and one business administrator from member districts.

The NJSBAIG retains a portion of the following exposures:

- Workers Compensation (WC)
- General Liability (GL)
- Auto Liability (AL)
- Auto Physical Damage (APD)
- Errors and Omissions (7/1/02 through 6/30/08 only) (E&O)
- Property

All claims are self-administered by NJSBAIG.

Changes in Operations and Business Environment

In September 2009, NJSBAIG implemented changes in the case reserving methodology for the WC line of business. Specifically, NJSBAIG made an effort to increase case reserve adequacy earlier for the purpose of developing more accurate experience modification factors.

During the end of 2010 and the first six months of 2011, NJSBAIG made additional changes to the case reserving staff including the reassignment of claims. While this change is relatively recent, preliminary indications suggest it has resulted in significant case reserve strengthening on the Workers Compensation line of business. The changes in reserving approach for this coverage impact the reporting pattern and the development of ultimate losses.

In light of these changes, we have used a development and Bornhuetter-Ferguson projection method based on reported losses adjusted for case reserve adequacy. The triangles and patterns used for these methods are displayed in Section WC, Exhibit 5 of our unpaid liabilities analysis as of June 30, 2012 dated September 27, 2012. Further, we have placed additional weight on the paid loss development techniques, which are unaffected by these changes, and the frequency/severity method, which is less impacted by these changes.

These recent changes in operations introduce additional uncertainty in the loss estimates for this coverage, as we discuss in a subsequent section of this report.

Terminology

Accident Year: Includes all claims that occurred during the “accident period”, e.g., accident year July 1, 2012 through June 30, 2013 would include all claims occurring during that period, regardless of when they were reported.

Allocated Loss Adjustment Expense (ALAE): ALAE refers to defense, litigation and medical cost containment expenses, whether internal or external (e.g., attorney fees for defense, cost of engaging experts, etc.).

Case Reserves: The estimate of unpaid loss (or loss and ALAE) amounts established by the claim department for unpaid claims that have been reported to NJSBAIG. Case reserves are established on an individual claim basis.

Earned Premium: The pro rata portion of written premium that represents the earned portion of the insurance contract as of a given point in time.

Exposure: The units in which the insurer's exposure to loss are measured. In NJSBAIG's case, exposures are defined as payroll, average daily attendance, number of vehicles or total insured value.

Frequency: Claims per unit of exposure.

IBNR: IBNR stands for claims Incurred But Not Reported. In this report, we have used the term in its broader, more general sense, to represent development on outstanding case reserves (also referred to as supplemental or IBNER – Incurred But Not Enough Reported) and unreported claims (also referred to as “pure” IBNR or IBNYR – Incurred But Not Yet Reported).

Loss Adjustment Expense (LAE): The term LAE includes both allocated and unallocated loss adjustment expense. See definition of unallocated loss adjustment expense below.

Loss Development Factors: Factors used to project losses and/or ALAE to their ultimate value. These factors adjust actual losses to include IBNR and case reserve adequacy, or total unpaid amounts, to produce an estimate of total or ultimate loss (and/or ALAE).

Loss Reserves: A liability item on the entity's balance sheet to provide for unpaid claims. It consists of two components – case reserves and IBNR reserves.

Paid Loss: The amount of money that has been paid by the entity on behalf of insureds to cover claims of the insured.

Pure Premium: Loss (or loss and ALAE) per unit of exposure.

Reported Loss: The total of paid loss and case reserves for known claims

Report Year: Includes all claims reported during the report period that occurred subsequent to the retroactive date of the coverage, e.g., report year July 1, 2012 through June 30, 2013 with a retroactive date of July 1, 2012 would include all claims arising from accident year 2012-2013 that were reported in 2012-2013.

Severity: Average loss per claim.

Unallocated Loss Adjustment Expense (ULAE): Those loss adjustment expenses not included within ALAE (e.g., fees of adjusters, attorney fees incurred in the determination of coverage, etc.).

Written Premium: The total premium that is charged for policies with effective dates during the accounting period.

Findings

Based on our analysis of NJSBAIG's experience at September 30, 2012 and subject to the considerations set forth in the *Reliances and Limitations* section, we have developed the following rate level indications.

Indicated Rate Level Changes for 2013-2014

The indicated results of our rate level review are summarized on Summary Exhibit 1 and in the table below. The indicated deviation is based on expected ultimate loss and expenses in comparison to estimated 2013-2014 premiums using benchmark rates and estimated 2013-2014 exposures. The rate change is the ratio of the indicated deviation to the deviation underlying the 2012-2013 rates.

2013-2014 INDICATED DEVIATIONS AND RATE CHANGES

	Central Estimate		Low Reasonable		High Reasonable	
	Deviation	Rate Change	Deviation	Rate Change	Deviation	Rate Change
WC at Statutory	0.611	+3.8%	0.594	+0.8%	0.633	+7.4%
GL at \$500,000	1.529	+20.9%	1.434	+13.4%	1.661	+31.4%
AL at \$500,000	1.302	-37.7%	1.192	-43.0%	1.413	-32.4%
APD	0.282	+21.2%	0.272	+17.0%	0.295	+26.5%
E&O at \$1 Million	4.225	+82.0%	4.048	+74.4%	4.402	+89.6%
Property at \$1 Million	1.367	+0.6%	1.281	-5.7%	1.581	+16.4%
Total	--	+7.9%	--	+3.9%	--	+13.2%
Total Excl. E&O	--	+2.1%	--	-1.6%	--	+7.3%

The rate changes and deviations that will be implemented by NJSBAIG for the 2013-2014 policy year are summarized in Summary Exhibit A and in the table below.

2013-2014 IMPLEMENTED RATE CHANGE

	<u>Deviation</u>	<u>Rate Change</u>
Workers Compensation at \$1 Million	0.605	2.7%
General Liability at \$500,000	1.272	1.0%
Auto Liability at \$500,000	2.111	1.0%
Auto Physical Damage	0.282	21.2%
Errors & Omissions at \$1 Million	2.670	15.0%
Property at \$1 Million	1.358	0.0%
Total All Coverages	--	3.2%
Total Excluding E&O	--	2.3%

Overall, NJSBAIG plans to implement a 2.3% rate increase for all lines combined excluding E&O. It is our understanding that the E&O rate change will be determined based on the reinsurer's pricing but the approximate rate change will be a 15% increase.

Comparison to Prior Analysis

Details of the effect of rating components underlying the central estimate rate level indications are summarized in the following table.

INDICATED 2013-2014 RATE LEVEL CHANGE BY COMPONENT – CENTRAL ESTIMATE						
	WC	GL	AL	APD	E&O	Property
<u>Prior Analysis</u>						
Prior Indication	+3.9%	+23.1%	-33.0%	+11.6%	+79.0%	-10.4%
Annual Loss Trend	+0.8%	+5.9%	+2.5%	0.0%	+12.8%	0.0%
Impact of 2012-13 rate change	-1.9%	0.0%	0.0%	0.0%	-5.6%	+6.8%
Preliminary Indication	+2.8%	+30.4%	-31.3%	+11.6%	+90.5%	-4.3%
<u>Updated Analysis</u>						
Experience Change	+4.5%	-2.3%	-14.0%	+4.2%	-7.2%	-2.6%
Change in Trend	-1.2%	-4.2%	+1.0%	0.0%	0.0%	0.0%
Change in Expenses	+1.0%	+0.5%	+1.9%	+1.6%	-0.1%	0.0%
Change in Exp Mod/Ind Rating	-3.2%	-1.4%	+2.4%	+2.6%	+3.1%	+8.0%
Current Indication	+3.8%	+20.9%	-37.7%	+21.2%	+82.0%	+0.6%

The most significant observations regarding the impact of this updated analysis include the following components by coverage:

Workers Compensation – The prior rate indication is +3.9%. We would expect the rate indication to increase for inflationary costs on losses of +0.8%. In addition, the average implemented rate change for the 2012-2013 coverage year caused a 1.9% decrease in current indications. The preliminary indication, including the effect of rate changes and trend, is a 2.8% increase. From our analysis of NJSBAIG's experience we see that loss experience is deteriorating by 4.5 points as a result of higher than loss costs in the latest three accident years. The average experience modification factor and the individual rating impact on rates is a 3.2% decrease. The increase in expenses resulted in a +1.0% impact on the base rate. For all factors combined, the indicated rate change is +3.8%.

General Liability – The preliminary rate indication before our analysis implies a rate increase of 30.4% based on the prior indication of +23.1% which was not implemented and the expected trend impact of 5.9%. The rate indication decreases by approximately 2.3% due to improvement in loss experience for the 2006-2007 through 2010-2011 accident years. The updated loss trend assumption in our current analysis has a 4.2 point favorable impact on the rate indication. Expenses create a small increase in rates (0.5%). The total adjustment for individual risk rating is a decrease of 1.4%. The components of this impact are the average experience modification factor (1.00), which is unchanged

from our prior analysis and the individual rating decrease of approximately 1.4%. The overall rate indication as of September 30, 2012 is +20.9%.

Auto Liability – The prior rate indication for auto liability was -33.0%. The impact of trend (+2.5%) and no rate change for the 2012-2013 rate year, result in a preliminary indication of -31.3%. NJSBAIG loss experience has improved significantly (-14.0%). This decrease in rates is partially offset by an increase in the trend assumptions (+1.0%), an increase in expenses (+1.9%) and the impact of individual rating (+2.4%). There is no change in the assumed average experience modification factor. The combination of these changes to the rate level results in the current indication of -37.7%.

Auto Physical Damage – The preliminary rate indication is +11.6% (same as our prior rate indication). Historical results have an approximate 4.2% impact on rates. This increase is due to unfavorable loss experience in the latest three accident years (2009-2010 through 2011-2012). These unfavorable results are accompanied by an increase in expenses (+1.6%) and individual rating (+2.6%). The overall indication for 2013-2014 year is +21.2%.

Errors & Omissions – The results of last year's rate analysis imply a preliminary rate indication of +90.5%. This preliminary indication is the result of our prior indication (+79.0%) plus trend (+12.8%) less the implemented rate change of approximately 5.6%. Our current indication was reduced by 6.9% due to favorable loss experience. While the loss experience for E&O has been favorable, our selection is based heavily on the latest four accident years (2008-2009 through 2011-2012) which have a higher cost per exposure unit than the average of the prior six years (2002-2003 through 2007-2008). The impact for expenses was minimal (-0.1%) and the impact of individual rating (+3.1%). The overall rate indication for the 2013-2014 year is +82.0%.

Property – The prior rate indication was a decrease of 10.4%. The reduction in rates of approximately 6.8% results in a preliminary indication of -4.3%. Historical experience for property has improved by approximately 2.6%, while the impact of individual rating increased the rate indication by 8.0%. The combined effect is a rate indication of +0.6%.

Assumptions regarding premium and cost levels are as follows:

Expenses (other than workers compensation specific items) – Expenses are distributed proportionally by coverage based on net premium volume. We have offset operating expenses by the premium retained by NJSBAIG for the "pass-through" coverages (e.g., builders risk, boiler and machinery, excess liability, etc.). In addition, expenses were reduced by a portion of premium collected for E&O coverage that was not ceded to reinsurers, totaling \$724,000.

Agents' Commissions – The commission amounts were provided by NJSBAIG and are determined by the subfund agreements/contracts. The commissions are allocated to the workers compensation coverage only.

Experience Modification Factors – The average experience modification factors for workers compensation for all members and for the subfunds were calculated based on the 2012-2013 experience modification factors and member premiums supplied by NJSBAIG. We understand that NJSBAIG derived the experience modification factors using the New Jersey Compensation Rating and Inspection Bureau (NJCRIB) approved plan effective January 1, 2012.

The average experience modification factors for general liability and auto liability were selected judgmentally based on the 2012-2013 charged experience modification factors and a balanced plan of 1.00.

Individual Rating Adjustment – NJSBAIG also adjusts individual risk premiums by coverage based on underwriting judgment regarding member risk characteristics. The total adjustment across all coverages is approximately \$120,000 or less than 0.1% of the estimated 2013-2014 premium. However, by coverage, WC and GL have net debits while all other lines have net credits.

Exposures – Estimated 2013-2014 exposures are assumed to be flat relative to 2012-2013 levels, except for WC where we assume 3.00% payroll growth, provided by NJSBAIG.

Trends – Annual loss trends by coverage are detailed in the *Analysis* section.

Indicated Deviations for Workers Compensation Subfunds

Details of our analysis of the indicated rates for the workers compensation subfunds and for the remaining unassigned insureds (referred to as NJSBAIG) for the 2013-2014 policy year can be found in the Summary section. Indicated deviations from the NJCRIB rates effective January 1, 2012 and the implied rate change from 2012-2013 levels are shown in Summary, Exhibit 3, Sheet 1. The indicated deviations and rate changes for the 2013-2014 policy year are summarized below.

2013-2014 SUBFUND DEVIATION AND RATE CHANGES

	Indicated – Central Estimate		Indicated – Low Reasonable		Indicated – High Reasonable	
	Deviation	Rate Change	Deviation	Rate Change	Deviation	Rate Change
BACCEIC	0.740	+13.5%	0.719	+10.3%	0.766	+17.6%
MOCSSIF	0.675	+7.8%	0.655	+4.6%	0.706	+12.7%
ERIC NORTH	0.546	+0.2%	0.537	-1.6%	0.559	+2.5%
NJEIF	0.597	0.0%	0.572	-4.1%	0.625	+4.7%
ERIC SOUTH	0.652	+17.5%	0.635	+14.5%	0.673	+21.4%
ERIC WEST	0.484	-7.8%	0.468	-11.0%	0.503	-4.3%
CAIP	0.698	-4.4%	0.675	-7.5%	0.727	-0.4%
NJSBAIG	1.008	+11.0%	0.974	+7.2%	1.048	+15.5%
TOTAL	0.611	+3.8%	0.594	+0.8%	0.633	+7.4%

Consistent with our prior analysis, the indications were produced at a \$1 million limit and use the average experience modification factor for all insureds, which gives more weight for favorable experience. The workers compensation subfund expenses are generally allocated based on the total payroll for each group. The only expense item which is subfund specific is the agents' commission as provided by NJSBAIG.

We also produce results for each subfund based on the subfund's average experience modification factor. Details can be found in Summary, Exhibit 3, Sheet 2.

Details of the effect of rating components underlying the subfund central estimate rate level indications are summarized in the following table.

INDICATED 2013-2014 SUBFUND RATE LEVEL CHANGE BY COMPONENT – CENTRAL ESTIMATE

Prior Analysis	BACCEIC	MOCSSIF	ERIC N	NJEIF	ERIC S	ERIC W	CAIP	NJSBAIG
Prior Indication	+21.0%	+1.2%	+2.3%	-9.8%	+18.8%	+0.2%	-3.1%	+14.0%
Annual Loss Trend	+0.9%	+0.8%	+0.8%	+0.8%	+0.8%	+0.8%	+0.9%	+0.9%
Impact of 2012-13 rate change	-3.9%	-1.2%	-2.3%	+2.2%	-4.7%	-0.1%	+3.2%	-12.2%
Preliminary Indication	+17.2%	+0.8%	+0.8%	-7.1%	+14.1%	+0.9%	+0.8%	+0.9%
Updated Analysis								
Experience Change	+3.6%	+9.0%	+2.8%	+13.2%	+4.0%	-1.9%	-1.5%	+5.4%
Change in Trend	-1.3%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.3%	-1.3%
Change in Expenses	-2.9%	+1.4%	+2.2%	+0.9%	+2.0%	-0.1%	-0.8%	+2.7%
Change in Exp Mod/Ind Rating	-2.5%	-2.1%	-4.1%	-4.6%	-1.7%	-5.6%	-1.7%	+3.0%
Current Indication	+13.5%	+7.8%	+0.2%	0.0%	+17.5%	-7.8%	-4.4%	+11.0%

The primary drivers for changes in subfund rate level indications from our prior analysis to the current analysis are loss experience and individual rating. MOCSSIF, NJEIF and the NJSBAIG subfunds experienced significant deterioration in the loss results. ERIC West and CAIP are the only subfunds which are showing improvement in loss experience. ERIC North, NJEIF and ERIC West have substantial impacts due to individual rating credits. The impact of changes in expenses varies by subfund with some receiving increases and some decreases. Overall, the range of indications by subfund has decreased from our prior analysis. In our prior analysis the indications ranged from +21.0% to -9.8%. Our current indications range from +17.5% to -7.8%.

The proposed subfund rates are as follows:

2013-2014 IMPLEMENTED RATE CHANGE

	Deviation	Rate Change
BACCEIC	0.704	+8.0%
MOCSSIF	0.651	+4.0%
ERIC NORTH	0.546	+0.2%
NJEIF	0.597	0.0%
ERIC SOUTH	0.610	+10.0%
ERIC WEST	0.515	-2.0%
CAIP	0.723	-1.0%
NJSBAIG	1.008	+11.0%
Total	0.605	+2.7%

Summary, Exhibit 6 provides the deviations and the indicated 2013-2014 rates for each coverage and subfund.

Indicated Deductible Factors for the 2013-2014 Contract Period

Appendix 2 details the estimated deductible factors for the 2013-2014 contract period for each coverage. Observations by coverage are as follows:

- For WC and APD, NJSBAIG does not currently offer deductibles. We have provided indicated deductible rating factors at limits similar to other coverages.
- The selected deductible factors for GL indicate that the current rates provide more discount to members than the data suggests. For example, at a \$5,000 deductible the current rate would be reduced by 10% (1.000 – 0.900). The selected factor indicates that the credit should be 7.7% (1.000 – 0.923). If NJSBAIG implements the selected factors found in Item (13) of Appendix 2, Exhibit 1, Sheet 2, member premium would increase if there is no offset made to the base rate.
- The selected deductible factors for AL at levels below \$25,000 imply that the current rating factors provide less premium credit than the data indicates. At the \$25,000 and \$50,000 deductible levels the selected and current factors are similar. If the selected factors were implemented with no change to the base rate, premium would decrease in total.

- For E&O, the base rate deductible is \$5,000. The difference in the selected and current factors for deductibles above \$5,000 is significant. The current factors provide more premium credit to members than the selected factors indicate. We note that for the \$2,500 deductible, the rating factor indicates a credit for lowering the deductible (i.e., member is charged a lower premium for reducing the deductible). We would expect the factor for lowering a deductible to be greater than 1.00 (i.e., debit). The selected deductible factors, if implemented, would increase the premium (if no offset to base rate).
- The current property factors are giving more premium credit than is indicated by the selected deductible factors below \$15,000. The difference is minimal at the higher deductibles (\$25,000 and \$50,000). Implementation of the selected factors, with no base rate change, would likely increase total premium collected.

Some of the key assumptions in deriving these factors include:

- The deductible will be applied against loss only for each and every claim.
- These factors are applied to the primary premium derived from the base rates and exposures. Primary premium is defined as premium for coverage limited to \$500,000 for AL and GL, limited to \$1 million for E&O and property and statutory limits for workers compensation.

Analysis

For each coverage reviewed, our analysis consisted of the steps outlined below.

Initial Expected Losses

The selected initial expected losses (IELs) in the Bornhuetter-Ferguson (B-F) projection methods for the coverage analysis are based on the results of the June 30, 2012 liability analysis dated September 27, 2012, adjusted to reflect the current membership. For the 2009-2010 through 2011-2012 E&O accident years, the IELs are based on the frequency/severity method in Section EO, Exhibit 3, Sheet 1. This method is described in the *Description of Projection Methods* section of this report.

Trends

Pure premium trend factors are applied to historical loss experience to project the impact of the economic, judicial, and social changes that affect loss costs. Pure premium trends are a function of severity, frequency and exposure trends. The annual trend rates are based on NJSBAIG's historical experience and insurance industry data and are as follows:

TREND RATES FOR 2013-2014 RATE LEVEL ANALYSIS

Coverage	Pure Premium Trend	Severity Trend	Frequency Trend	Exposure Trend
Workers Compensation	+0.5%	+6.0%	-5.0%	3.0%
General Liability	+5.5%	+5.5%	0.0%	0.0%
Auto Liability	+3.5%	+5.5%	-2.0%	0.0%
Auto Physical Damage	0.0%	n/a	n/a	0.0%
Errors & Omissions	+13.0%	+8.0%	+4.5%	0.0%
Property	0.0%	n/a	n/a	2.0%

Increased Limit Factors

Increased limit factors (ILFs) are used to project the selected losses to the current retention level.

It is assumed that NJSBAIG's experience is only partially meaningful as a measure of expected limited loss. We do not believe that the data available for NJSBAIG's exposure is sufficient in size to rely upon exclusively regarding expected losses at retention. The ILFs applied are based on a blend of insurance industry data and NJSBAIG's large loss experience.

Expenses

NJSBAIG provided estimated expenses for the 2013-2014 contract period (based on internal budgets), which we show in Summary, Exhibit 4, Sheets 1 through 3. Expenses were generally allocated to coverage based on net premium volume.

Reinsurance

We have assumed the following retentions for the 2013-2014 contract year.

NJSBAIG LOSS RETENTIONS (\$000s)				
WC	GL	E&O	AL	Property
\$1,000	\$500	\$1,000	\$500	\$1,000

These retentions refer to losses only. ALAE is shared pro-rata with NJSBAIG's reinsurers once the retained limit has been pierced. All coverages are written on an occurrence policy, except for E&O which is written on a claims-made basis. NJSBAIG also issues tail liability coverage for E&O business.

Auto Physical Damage coverage is unlimited.

Development Patterns

This report utilizes the report-to-report development factors (RTR factors) selected in our liability analysis as of June 30, 2012. The historical RTR factors and benchmark factors based on industry experience from public entity pools in other states form the basis for selecting the RTR factors used in projecting the current valuation of losses to an ultimate basis. In addition, a tail factor is selected to account for loss development beyond the observed experience. The tail factor is based on trends shown in the data and consideration of external benchmarks.

Benchmark patterns are constructed internally by Towers Watson, drawing upon available relevant sources of loss development data. Benchmarks are revised periodically as new information and trends emerge. While each entity's own development can be expected to vary from the benchmark based on individual circumstances, we believe the benchmark is an approximate supplement to the analysis of NJSBAIG data, as it represents our current judgment as to the typical emergence of loss that can be expected for that class of business.

The selected development patterns are used for both the development and Bornhuetter-Ferguson (B-F) projection methods.

Ultimate Losses

The ultimate losses for each coverage are selected in Exhibit 2 of each respective section (and in Exhibit 6 for the WC subfunds). The ultimate loss and ALAE are selected based on the results of five projection methods: the reported and paid B-F and development methods, and the Frequency/Severity Method, where applicable. Projection methods for workers compensation are based on the adjusted reported patterns as discussed above. These methods are described in the final section of this report. We have selected central, low reasonable and high reasonable estimates for ultimate losses.

Rate Level Review

Exhibit 1 of each section and Section WC, Exhibit 5 show the calculation of “pure premiums on level.” This means that historical ultimate losses are adjusted to expected 2013-2014 cost and benefit levels. We selected an expected 2013-2014 pure premium, as well as a low reasonable and high reasonable estimate, based on various averages of the historic pure premiums on level. The selected pure premiums are then converted to indicated losses and ALAE by multiplying by the estimated 2013-2014 exposures. The total indicated 2013-2014 cost is calculated by adding the estimated loss and the allocated expenses by coverage or subfund.

We compare the total estimated costs for each coverage or subfund to two bases. The first base is the indicated benchmark premium to estimate the deviation factor. The benchmark rates for all coverages except workers compensation were provided by NJSBAIG. The workers compensation benchmark rates are the NJCRIB published rates effective January 1, 2012.

The second base for comparison is the premium derived using 2013-2014 exposures and 2012-2013 rates, which produces the indicated rate change for each coverage or subfund. Summary Exhibits 2 and 3 show both the indicated deviation factors and rate changes.

Selected Deductible Factors

Our selected loss elimination ratios are based on indications derived from the trended reported data. First historic unlimited loss and ALAE are trended to the 2013-2014 contract period using the trend assumptions described above. The severity trends for APD and property are based on Towers Watson analysis of industry information. This is done for each individual historic claim from accident years 7/1/2001-02 through 7/1/2009-10 for the liability coverages and 7/1/2001-02 through 7/1/2011-12 for APD and property.

Each individual trended claim is then reduced by the various deductible amounts. The loss elimination ratios are calculated for each accident year by summing up the trended losses and ALAE reduced by the deductible amount and dividing by the retained trended losses and ALAE. Retained losses are limited to \$500,000 for AL and GL, \$1 million for E&O and Property and statutory limits for workers compensation. Retained losses include ALAE on a pro-rata basis. This loss elimination ratio is interpreted as the average percent of retained losses & ALAE that is not eliminated from the application of the deductible.

Selected loss elimination ratios are based on various averages of the historic ratios and judgment reflecting the range of estimates. The selected loss elimination ratios are then adjusted to a rate basis by loading in a provision for general expenses which are unaffected by the deductible.

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Reliances and Limitations

Inherent Uncertainty

Projections of loss and ALAE in connection with rate level indications are subject to potentially large errors of estimation, since the ultimate disposition of claims incurred prior to the evaluation date, whether reported or not, is subject to the outcome of events that have not yet occurred. Examples of these events include jury decisions, court interpretations, legislative changes, changes in the medical condition of claimants, public attitudes, and social/economic conditions such as inflation. Any estimate of future costs is subject to the inherent limitation on one's ability to predict the aggregate course of future events. It should therefore be expected that the actual emergence of loss and ALAE will vary, perhaps materially, from any estimate. Thus, no assurance can be given that NJSBAIG's or any subfund's actual loss and ALAE will not ultimately exceed the estimates contained herein. In our judgment, we have employed techniques and assumptions that are appropriate, and the conclusions presented herein are reasonable, given the information currently available.

The inherent uncertainty associated with loss and ALAE estimates is magnified in this case due to the following circumstances.

- NJSBAIG's mix of business is weighted toward coverages such as workers compensation, general liability and auto liability for which the estimation of loss is more uncertain than for shorter-tailed property and casualty lines.
- NJSBAIG has relatively high per occurrence retentions, which increase the uncertainty associated with our estimates. This is particularly significant with respect to the E&O coverage, which is a high severity/low frequency exposure.
- The geographic concentration of NJSBAIG could cause adverse results due to legislative or judicial changes or catastrophic events (e.g., hurricanes).
- Recent changes in loss emergence, case reserving methodology (especially for WC), claims staffing and economic conditions may produce different patterns of loss development than are anticipated by our analysis.
- NJSBAIG has a relatively small volume of losses for some of the WC subfunds. Loss projections based on small volumes of data tend to be volatile.
- The volatility of NJSBAIG's AL and GL experience modification factor results adds additional uncertainty to the rate indicators for those lines.

Furthermore, there is no guarantee that the rate level indications will prove to be adequate or not excessive.

Range of Estimates

The range of estimates presented herein is intended to reflect the reasonably expected variation in loss and LAE based on information currently available. It is possible that actual results will fall outside this range.

Data Reliance

Throughout this analysis, we have relied on historical data and other quantitative and qualitative information supplied by NJSBAIG. We have not independently audited or verified this information; however, we have reviewed it for reasonableness and internal consistency. We have assumed that the information is complete and accurate, and that we have been provided with all information relevant to the analysis of NJSBAIG's and each subfund's ultimate losses and ALAE. The accuracy of our results is dependent upon the accuracy and completeness of the underlying data; therefore, any material discrepancies discovered in this data should be reported to us and this report amended accordingly, if warranted.

We note that there was one area where data was inconsistent or incomplete. E&O reported and paid loss histories were provided to us on an accident year basis. Estimates of ultimate losses on a report year basis may differ from the results by accident year. While tail coverage may exhibit different development patterns than a claims-made policy, NJSBAIG has historically denied these claims.

Complete and consistent data is a critical component of actuarial analyses; incomplete and/or inconsistent data increases the uncertainty associated with our estimates.

Extraordinary Future Emergence

We have not anticipated any extraordinary changes to the legal, social, or economic environment that might affect the cost, frequency, or future reporting of claims. In addition, our estimates make no provision for potential future claims arising from loss causes not contained in the historical data (e.g., new types of mass torts or latent injuries, terrorist acts, etc.) except insofar as claims of these types are included but not identified in the reported losses and are implicitly analyzed.

Excess Insurance/Reinsurance Collectibility

Our estimates are presented net of the retentions as described in the Analysis section. We have assumed that all of NJSBAIG's excess insurance/reinsurance protection will be valid and collectible. Contingent liability may exist for any excess insurance/reinsurance recoveries that may prove to be uncollectible. Should such liabilities materialize, they would be in addition to the net prospective cost estimates contained herein.

Self-Insurance Risk

When reviewing our findings, it is important to note certain implications of a group self-insurance plan. The entire retained risk remains with the group members, which likely exposes these entities to greater potential fluctuations in financial experience than does a first-dollar insurance program. The members of NJSBAIG should have sufficient financial capacity to reserve for and withstand those fluctuations. Actual losses in excess of projected losses will have to be paid by NJSBAIG members. It is not possible to estimate such fluctuations completely accurately; however, the effects of such fluctuations can be reduced by the funding of a provision for contingencies (a margin for the risk of adverse deviation from the expected loss levels).

An important factor bearing on a group self-insurer's financial capacity is the existence of an excess insurance/reinsurance program. Excess insurance/reinsurance is generally considered an integral part of programs with the potential for catastrophic losses; workers compensation and liability losses are characterized by this potential.

Nothing in this report should be construed as recommending that NJSBAIG members should or should not self-insure these coverages. Many factors other than the indicated rate levels should be considered in that decision.

Data and Information

NJSBAIG provided the following data and information for use in this analysis:

- For each coverage, recoveries (salvage, subrogation and excess insurance) as of September 30, 2012;
- Gross and net earned premium information for each calendar year by coverage;
- Exposure, experience modification factor and coverage data for each accident year by coverage and member;
- Individual risk premium adjustments by member and coverage as of October 2, 2012;
- Claims detail for each coverage as of September 30, 2012;
- A description of NJSBAIG's reinsurance agreements;
- 2013-2014 expense budget, including WC subfund commissions;
- Contract year 2012-2013 subfund definitions;
- Benchmark rates by coverage;
- Current 2012-2013 NJSBAIG rates by coverage;
- Distribution of APD exposures by vehicle type;
- Estimated WC reinsurance costs for 2013-2014; and
- Estimated increase in 2013-2014 property cost per square foot.

Description of Projection Methods

Reported Development Method

The reported development method is based upon the assumption that the relative change in a given year's reported loss estimates from one evaluation point to the next is similar to the relative change in prior years' reported loss estimates at similar evaluation points. In utilizing this method, actual annual historical reported loss data is evaluated. Successive years can be arranged to form a triangle of data.

Report-to-report (RTR) development factors are calculated to measure the change in cumulative reported costs from one evaluation point to the next. These historical RTR factors and comparable benchmark factors form the basis for selecting the RTR factors used in projecting the current valuation of losses to an ultimate basis. In addition, a tail factor is selected to account for loss development beyond the observed experience. The tail factor is based on trends shown in the data and consideration of external benchmarks.

This method's implicit assumption is that the relative adequacy of case reserves has been consistent over time, and that there have been no material changes in the rate at which claims have been reported.

Paid Development Method

The paid development method is similar to the reported development method; however, case reserves are excluded from the analysis. While this method has the disadvantage of not recognizing the information provided by current case reserves, it has the advantage of avoiding potential distortions in the data due to changes in case reserving methodology.

This method's implicit assumption is that the rate of payment of claims has been relatively consistent over time.

Adjusted Reported Method

The adjusted reported development method is analogous to the reported development method except that the reported losses used in the calculation of development factors are first adjusted to a common case reserve adequacy basis. As noted above, the reported loss development technique is dependent on consistency in reserving philosophies and procedures to produce reliable results. The adjusted reported development method modifies the raw data to restate historical case reserves to the level that the current case reserves would imply, after the consideration of trend.

This technique is also known as the Berquist-Sherman method. It is designed to reduce distortions that may exist due to changes in the adequacy of case reserves over the experience period.

Reported Bornhuetter-Ferguson (B-F) Method

The reported Bornhuetter-Ferguson (B-F) method is essentially a blend of two other methods. The first method is the loss development method whereby actual reported losses are multiplied by an expected loss development factor. For slow reporting coverages, the loss development method can lead to erratic and unreliable projections because a relatively small swing in early reportings can result in a large swing in ultimate projections. The second method is the expected loss method whereby the IBNR estimate equals the difference between a predetermined estimate of expected losses and actual reported losses. This has the advantage of stability, but it does not respond to actual results as they emerge.

The reported B-F method combines these two methods by setting ultimate losses equal to actual reported losses plus expected unreported losses. As an experience year matures and expected unreported losses become smaller, the initial expected loss assumption becomes gradually less important.

Two parameters are needed to apply the B-F method: the initial expected losses and the expected reporting pattern. The initial expected losses are selected as described in the *Analysis* section, while the expected reporting pattern is based on the reported loss development analysis described above.

This method is often used for long-tail lines and in situations where the reported loss experience is relatively immature or lacks sufficient credibility for the application of other methods.

Paid Bornhuetter-Ferguson Method

The paid B-F method is analogous to the reported B-F method using paid losses and development patterns in place of reported losses and patterns.

Frequency/Severity Method

The frequency/severity method calculates ultimate losses by separately projecting ultimate claim frequency (claims per exposure) and ultimate claim severity (cost per claim) for each experience period. Typically, loss development methods are used to project ultimate frequency and severity based on historical data. Ultimate losses are calculated as the product of the two items. This method is intended to avoid distortions that may exist with the other methods for the most recent years as the result of changes in case reserve levels, settlement rates, etc. In addition, it may provide insight into the drivers of the loss experience.

Selection of Rate Deviations and Rate Changes

	Estimated 7/1/13-14 Premium Using Current Rates (1)	Benchmark Premium (2)	Indicated Benchmark Rate Deviation			Selected Benchmark Rate Deviation (6)	Selected 7/1/13-14 Premium (7)	Implemented Rate Change (8)
			Central Estimate (3)	Low Estimate (4)	High Estimate (5)			
Workers Compensation at statutory limits								
BACCEIC	\$5,153	\$7,908	0.740	0.719	0.766	0.704	\$5,565	8.0%
MOCSSIF	13,038	20,820	0.675	0.655	0.706	0.651	13,560	4.0%
ERIC NORTH	21,263	39,000	0.546	0.537	0.559	0.546	21,312	0.2%
NJEIF	9,866	16,536	0.597	0.572	0.625	0.597	9,868	0.0%
ERIC SOUTH	7,390	13,325	0.652	0.635	0.673	0.610	8,129	10.0%
ERIC WEST	7,917	15,070	0.484	0.468	0.503	0.515	7,758	-2.0%
CAIP	3,077	4,216	0.698	0.675	0.727	0.723	3,046	-1.0%
NJSBAIG	3,281	3,614	1.008	0.974	1.048	1.008	3,641	11.0%
TOTAL WC	70,984	120,490	0.611	0.594	0.633	0.605	72,879	2.7%
General Liability at \$500K	7,632	6,037	1.529	1.434	1.661	1.277	7,709	1.0%
Auto Liability at \$500K	6,498	3,109	1.302	1.192	1.413	2.111	6,563	1.0%
Auto Physical Damage	516	2,217	0.282	0.272	0.295	0.282	626	21.2%
Errors and Omissions at \$1 Million	7,091	3,055	4.225	4.047	4.403	2.670	8,157	15.0%
Property at \$1 Million	6,334	4,662	1.367	1.281	1.581	1.358	6,332	0.0%
Total	\$99,056	\$139,570					\$102,266	3.2%
Total Excluding E&O	\$91,965	\$136,515					\$94,109	2.3%

Notes:

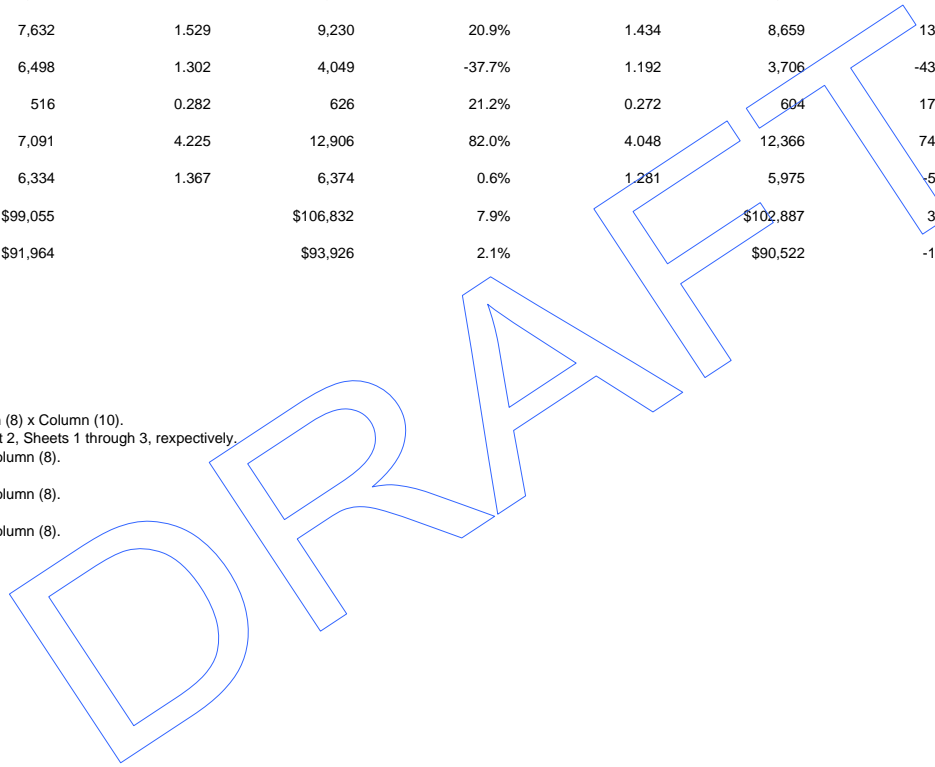
- (1) WC: Summary, Exhibit 3, Sheet 1, Column (4) / Overall WC emod of 0.837 / Overall individual rating factor of 1.017.
All Other Lines: Summary, Exhibit 2, Sheet 1, Column (8) x Column (10).
- (2) WC: Summary, Exhibit 3, Sheet 1, Column (6) / Overall WC emod of 0.837 .
All Other Lines: Summary, Exhibit 2, Sheet 1, Column (8).
- (3) - (5) WC: Summary, Exhibit 3, Sheet 1, Column (7).
All Other lines: Summary, Exhibit 2, Sheet 1 through Summary, Exhibit 2, Sheet 3, Column (9).
- (6) Provided by NJSBAIG.
- (7) (2) x (6).
- (8) (7) / (1) - 1.0.

Summary of Indicated Rate Deviations and Rate Changes

	Estimated 7/1/13-14 Premium Using Current Rates (1)	Central Estimate			Low Reasonable Estimate			High Reasonable Estimate		
		Indicated 7/1/13-14 Benchmark Rate Deviation (2)	Indicated 7/1/13-14 Premium (3)	Indicated Rate Change (4)	Indicated 7/1/13-14 Benchmark Rate Deviation (5)	Indicated 7/1/13-14 Premium (6)	Indicated Rate Change (7)	Indicated 7/1/13-14 Benchmark Rate Deviation (8)	Indicated 7/1/13-14 Premium (9)	Indicated Rate Change (10)
		Workers Compensation at statutory limits	\$70,983	0.611	\$73,648	3.8%	0.594	\$71,578	0.8%	0.633
General Liability at \$500K	7,632	1.529	9,230	20.9%	1.434	8,659	13.4%	1.661	10,031	31.4%
Auto Liability at \$500K	6,498	1.302	4,049	-37.7%	1.192	3,706	-43.0%	1.413	4,391	-32.4%
Auto Physical Damage	516	0.282	626	21.2%	0.272	604	17.0%	0.295	653	26.5%
Errors and Omissions at \$1 Million	7,091	4.225	12,906	82.0%	4.048	12,366	74.4%	4.402	13,447	89.6%
Property at \$1 Million	6,334	1.367	6,374	0.6%	1.281	5,975	-5.7%	1.581	7,370	16.4%
Total	\$99,055		\$106,832	7.9%		\$102,887	3.9%		\$112,161	13.2%
Total Excluding E&O	\$91,964		\$93,926	2.1%		\$90,522	-1.6%		\$98,714	7.3%

Notes:

- (1) Summary, Exhibit 2, Sheet 1, Column (8) x Column (10).
- (2), (5), (8) From Column (9) of Summary, Exhibit 2, Sheets 1 through 3, respectively.
- (3) (2) x Summary, Exhibit 2, Sheet 1, Column (8).
- (4) (3) / (1) - 1.0.
- (6) (5) x Summary, Exhibit 2, Sheet 2, Column (8).
- (7) (6) / (1) - 1.0.
- (9) (8) x Summary, Exhibit 2, Sheet 3, Column (8).
- (10) (9) / (1) - 1.0.



New Jersey School Boards Association Insurance Group

Policy Year 7/1/13-14 Rate Level Analysis
 Data Evaluated as of 9/30/12 (\$000's)

Summary
 Exhibit 2
 Sheet 1

Summary of Indicated Rate Deviations and Rate Changes
 Central Estimate

	Estimated Loss & ALAE (1)	Estimated Expenses (2)	Contingency Load (3)	Total Indicated Cost Before Experience Mod (4)	Average Experience Mod (5)	Individual Rating Credit / Debit Modification Factor (6)	Total Indicated Cost After Exp Mod & Indiv Mod (7)	7/1/13-14 Benchmark Premium (8)	Deviation		Indicated Change (11)
									Indicated (9)	7/1/12-13 (10)	
Workers Compensation at Statutory Limits	\$52,303	\$10,445	\$0	\$62,747	0.837	1.017	\$73,648	\$120,490	0.611	0.589	3.8%
General Liability at \$500K	8,462	896	0	9,358	1.000	1.014	9,230	6,037	1.529	1.264	20.9%
Auto Liability at \$500K	2,568	593	0	3,162	0.800	0.976	4,049	3,109	1.302	2.090	-37.7%
Auto Physical Damage	524	85	0	610	n/a	0.974	626	2,217	0.282	0.233	21.2%
Errors and Omissions at \$1 Million	12,370	154	0	12,524	n/a	0.970	12,906	3,055	4.225	2.321	82.0%
Property at \$1 Million	5,170	733	0	5,903	n/a	0.926	6,374	4,662	1.367	1.358	0.6%
Total	\$81,397	\$12,907	\$0	\$94,303			\$106,832	\$139,570			7.9%
Total Excluding E&O	\$69,027	\$12,752	\$0	\$81,779			\$93,926	\$136,515			2.1%

Notes:

- (1), (2), (3) WC, APD From Exhibit 1, Sheet 1, Items (11) - (13) of respective section.
 GL, AL, E&O From Exhibit 1, Sheet 1, Items (12) - (14) of respective section.
 PROP From Exhibit 1, Sheet 1, Items (13) - (15) of respective section.
- (4) (1) + (2) + (3).
- (5), (6) Based on data provided by NJSBAIG.
- (7) (4) / (5) / (6).
- (8) Based on benchmark rate in Summary, Exhibit 5, Sheet 1 and 7/1/13-14 exposures provided by NJSBAIG.
- (9) (7) / (8).
- (10) From Summary, Exhibit 5, Sheet 1.
- (11) (9) / (10) - 1.0.

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Summary of Indicated Rate Deviations and Rate Changes
 Low Reasonable Estimate

	Estimated Loss & ALAE (1)	Estimated Expenses (2)	Contingency Load (3)	Total Indicated Cost Before Experience Mod (4)	Average Experience Mod (5)	Individual Rating Credit / Debit Modification Factor (6)	Total Indicated Cost After Exp Mod & Indiv Mod (7)	7/1/13-14 Benchmark Premium (8)	Deviation		Indicated Change (11)
									Indicated (9)	7/1/12-13 (10)	
Workers Compensation at Statutory Limits	\$50,540	\$10,445	\$0	\$60,984	0.837	1.017	\$71,578	\$120,490	0.594	0.589	0.8%
General Liability at \$500K	7,883	896	0	8,778	1.000	1.014	8,659	6,037	1.434	1.264	13.4%
Auto Liability at \$500K	2,301	593	0	2,894	0.800	0.976	3,706	3,109	1.192	2.090	-43.0%
Auto Physical Damage	503	85	0	588	n/a	0.974	604	2,217	0.272	0.233	17.0%
Errors and Omissions at \$1 Million	11,845	154	0	11,999	n/a	0.970	12,366	3,055	4.048	2.321	74.4%
Property at \$1 Million	4,800	733	0	5,534	n/a	0.926	5,975	4,662	1.281	1.358	-5.7%
Total	\$77,871	\$12,907	\$0	\$90,778			\$102,887	\$139,570			3.9%
Total Excluding E&O	\$66,026	\$12,752	\$0	\$78,779			\$90,522	\$136,515			-1.6%

Notes:

- (1), (2), (3) WC, APD From Exhibit 1, Sheet 2, Items (11) - (13) of respective section.
 GL, AL, E&O From Exhibit 1, Sheet 2, Items (12) - (14) of respective section.
 PROP From Exhibit 1, Sheet 2, Items (13) - (15) of respective section.
- (4) (1) + (2) + (3).
- (5), (6) Based on data provided by NJSBAIG.
- (7) (4) / (5) / (6).
- (8) Based on benchmark rate in Summary, Exhibit 5, Sheet 1 and 7/1/13-14 exposures provided by NJSBAIG.
- (9) (7) / (8).
- (10) From Summary, Exhibit 5, Sheet 1.
- (11) (9) / (10) - 1.0.

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Summary of Indicated Rate Deviations and Rate Changes
 High Reasonable Estimate

	Estimated Loss & ALAE (1)	Estimated Expenses (2)	Contingency Load (3)	Total Indicated Cost Before Experience Mod (4)	Average Experience Mod (5)	Individual Rating Credit / Debit Modification Factor (6)	Total Indicated Cost After Exp Mod & Indiv Mod (7)	7/1/13-14 Benchmark Premium (8)	Deviation		Indicated Change (11)
									Indicated (9)	7/1/12-13 (10)	
Workers Compensation at Statutory Limits	\$54,536	\$10,445	\$0	\$64,980	0.837	1.017	\$76,269	\$120,490	0.633	0.589	7.4%
General Liability at \$500K	9,274	896	0	10,169	1.000	1.014	10,031	6,037	1.661	1.264	31.4%
Auto Liability at \$500K	2,836	593	0	3,429	0.800	0.976	4,391	3,109	1.413	2.090	-32.4%
Auto Physical Damage	551	85	0	637	n/a	0.974	653	2,217	0.295	0.233	26.5%
Errors and Omissions at \$1 Million	12,894	154	0	13,049	n/a	0.970	13,447	3,055	4.402	2.321	89.6%
Property at \$1 Million	6,093	733	0	6,826	n/a	0.926	7,370	4,662	1.581	1.358	16.4%
Total	\$86,184	\$12,907	\$0	\$99,090			\$112,161	\$139,570			13.2%
Total Excluding E&O	\$73,289	\$12,752	\$0	\$86,042			\$98,714	\$136,515			7.3%

Notes:

- (1), (2), (3) WC, APD From Exhibit 1, Sheet 3, Items (11) - (13) of respective section.
 GL, AL, E&O From Exhibit 1, Sheet 3, Items (12) - (14) of respective section.
 PROP From Exhibit 1, Sheet 3, Items (13) - (15) of respective section.
- (4) (1) + (2) + (3).
- (5), (6) Based on data provided by NJSBAIG.
- (7) (4) / (5) / (6).
- (8) Based on benchmark rate in Summary, Exhibit 5, Sheet 1 and 7/1/13-14 exposures provided by NJSBAIG.
- (9) (7) / (8).
- (10) From Summary, Exhibit 5, Sheet 1.
- (11) (9) / (10) - 1.0.

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WC Subfund Indicated Rate Deviations
 Using Overall Experience Mod

CENTRAL ESTIMATE

	Estimated Loss & ALAE (1)	Estimated Expenses (2)	Indicated Loss & Expense Costs for 7/1/13-14 (3)	Estimated 7/1/13-14 Premium Using Current Rates & Overall Exp Mod & Indiv Mod (4)	Indicated Rate Change (5)	Estimated 7/1/13-14 Premium Using Benchmark Rates & Overall Exp Mod (6)	Indicated 7/1/13-14 Benchmark Rate Deviation (7)
Workers Compensation at \$1 Million							
BACCEIC	\$4,203	\$781	\$4,985	\$4,390	13.5%	\$6,622	0.740
MOCSSIF	10,095	1,878	11,973	11,108	7.8%	17,434	0.675
ERIC NORTH	14,876	3,281	18,157	18,116	0.2%	32,657	0.546
NJEIF	6,878	1,530	8,408	8,406	0.0%	13,847	0.597
ERIC SOUTH	6,136	1,262	7,398	6,296	17.5%	11,158	0.652
ERIC WEST	5,239	978	6,218	6,745	-7.8%	12,619	0.484
CAIP	2,163	344	2,507	2,622	-4.4%	3,531	0.698
NJSBAIG	2,712	390	3,102	2,796	11.0%	3,026	1.008
Total	\$52,303	\$10,445	\$62,748	\$60,478	3.8%	\$100,894	0.611

LOW REASONABLE ESTIMATE

	Estimated Loss & ALAE (1)	Estimated Expenses (2)	Indicated Loss & Expense Costs for 7/1/13-14 (3)	Estimated 7/1/13-14 Premium Using Current Rates & Overall Exp Mod & Indiv Mod (4)	Indicated Rate Change (5)	Estimated 7/1/13-14 Premium Using Benchmark Rates & Overall Exp Mod (6)	Indicated 7/1/13-14 Benchmark Rate Deviation (7)
Workers Compensation at \$1 Million							
BACCEIC	\$4,062	\$781	\$4,843	\$4,390	10.3%	\$6,622	0.719
MOCSSIF	9,736	1,878	11,614	11,108	4.6%	17,434	0.655
ERIC NORTH	14,551	3,281	17,832	18,116	-1.6%	32,657	0.537
NJEIF	6,528	1,530	8,057	8,406	-4.1%	13,847	0.572
ERIC SOUTH	5,950	1,262	7,212	6,296	14.5%	11,158	0.635
ERIC WEST	5,026	978	6,005	6,745	-11.0%	12,619	0.468
CAIP	2,080	344	2,424	2,622	-7.5%	3,531	0.675
NJSBAIG	2,607	390	2,997	2,796	7.2%	3,026	0.974
Total	\$50,540	\$10,445	\$60,985	\$60,478	0.8%	\$100,894	0.594

HIGH REASONABLE ESTIMATE

	Estimated Loss & ALAE (1)	Estimated Expenses (2)	Indicated Loss & Expense Costs for 7/1/13-14 (3)	Estimated 7/1/13-14 Premium Using Current Rates & Overall Exp Mod & Indiv Mod (4)	Indicated Rate Change (5)	Estimated 7/1/13-14 Premium Using Benchmark Rates & Overall Exp Mod (6)	Indicated 7/1/13-14 Benchmark Rate Deviation (7)
Workers Compensation at \$1 Million							
BACCEIC	\$4,382	\$781	\$5,164	\$4,390	17.6%	\$6,622	0.766
MOCSSIF	10,637	1,878	12,516	11,108	12.7%	17,434	0.706
ERIC NORTH	15,283	3,281	18,564	18,116	2.5%	32,657	0.559
NJEIF	7,273	1,530	8,803	8,406	4.7%	13,847	0.625
ERIC SOUTH	6,380	1,262	7,642	6,296	21.4%	11,158	0.673
ERIC WEST	5,474	978	6,452	6,745	-4.3%	12,619	0.503
CAIP	2,268	344	2,612	2,622	-0.4%	3,531	0.727
NJSBAIG	2,838	390	3,228	2,796	15.5%	3,026	1.048
Total	\$54,536	\$10,445	\$64,980	\$60,478	7.4%	\$100,894	0.633

Notes:

- (1) From Section WC, Exhibit 5.
- (2) From Summary, Exhibit 4, Sheet 2, Item (11d).
- (3) (1) + (2).
- (4) From Summary, Exhibit 3, Sheet 1, Item (6b).
- (5) (3) / (4) - 1.0.
- (6) From Summary, Exhibit 5, Sheet 2, Item (2b).
- (7) (3) / (6) / Summary, Exhibit 5, Sheet 3, Column (5).

WC Subfund Indicated Rate Deviations
 Using Subfund Experience Mod

CENTRAL ESTIMATE

	Estimated Loss & ALAE (1)	Estimated Expenses (2)	Indicated Loss & Expense Costs for 7/1/13-14 (3)	Estimated 7/1/13-14 Premium Using Current Rates & Subfund Exp Mod & Indiv Mod (4)	Indicated Rate Change (5)	Estimated 7/1/13-14 Premium Using Benchmark Rates & Subfund Exp Mod (6)	Indicated 7/1/13-14 Benchmark Rate Deviation (7)
Workers Compensation at \$1 Million							
BACCEIC	\$4,203	\$781	\$4,985	\$4,817	3.5%	\$7,266	0.674
MOCSSIF	10,095	1,878	11,973	11,183	7.1%	17,551	0.671
ERIC NORTH	14,876	3,281	18,157	16,001	13.5%	28,845	0.619
NJEIF	6,878	1,530	8,408	7,187	17.0%	11,839	0.698
ERIC SOUTH	6,136	1,262	7,398	6,895	7.3%	12,220	0.595
ERIC WEST	5,239	978	6,218	6,185	0.5%	11,571	0.528
CAIP	2,163	344	2,507	3,511	-28.6%	4,728	0.521
NJSBAIG	2,712	390	3,102	4,512	-31.2%	4,884	0.624
Total	\$52,303	\$10,445	\$62,748	\$60,290	4.1%	\$98,903	0.624

LOW REASONABLE ESTIMATE

	Estimated Loss & ALAE (1)	Estimated Expenses (2)	Indicated Loss & Expense Costs for 7/1/13-14 (3)	Estimated 7/1/13-14 Premium Using Current Rates & Subfund Exp Mod & Indiv Mod (4)	Indicated Rate Change (5)	Estimated 7/1/13-14 Premium Using Benchmark Rates & Subfund Exp Mod (6)	Indicated 7/1/13-14 Benchmark Rate Deviation (7)
Workers Compensation at \$1 Million							
BACCEIC	\$4,062	\$781	\$4,843	\$4,817	0.5%	\$7,266	0.655
MOCSSIF	9,736	1,878	11,614	11,183	3.9%	17,551	0.650
ERIC NORTH	14,551	3,281	17,832	16,001	11.4%	28,845	0.608
NJEIF	6,528	1,530	8,057	7,187	12.1%	11,839	0.669
ERIC SOUTH	5,950	1,262	7,212	6,895	4.6%	12,220	0.580
ERIC WEST	5,026	978	6,005	6,185	-2.9%	11,571	0.510
CAIP	2,080	344	2,424	3,511	-30.9%	4,728	0.504
NJSBAIG	2,607	390	2,997	4,512	-33.6%	4,884	0.603
Total	\$50,540	\$10,445	\$60,985	\$60,290	1.2%	\$98,903	0.606

HIGH REASONABLE ESTIMATE

	Estimated Loss & ALAE (1)	Estimated Expenses (2)	Indicated Loss & Expense Costs for 7/1/13-14 (3)	Estimated 7/1/13-14 Premium Using Current Rates & Subfund Exp Mod & Indiv Mod (4)	Indicated Rate Change (5)	Estimated 7/1/13-14 Premium Using Benchmark Rates & Subfund Exp Mod (6)	Indicated 7/1/13-14 Benchmark Rate Deviation (7)
Workers Compensation at \$1 Million							
BACCEIC	\$4,382	\$781	\$5,164	\$4,817	7.2%	\$7,266	0.698
MOCSSIF	10,637	1,878	12,516	11,183	11.9%	17,551	0.701
ERIC NORTH	15,283	3,281	18,564	16,001	16.0%	28,845	0.633
NJEIF	7,273	1,530	8,803	7,187	22.5%	11,839	0.731
ERIC SOUTH	6,380	1,262	7,642	6,895	10.8%	12,220	0.615
ERIC WEST	5,474	978	6,452	6,185	4.3%	11,571	0.548
CAIP	2,268	344	2,612	3,511	-25.6%	4,728	0.543
NJSBAIG	2,838	390	3,228	4,512	-28.5%	4,884	0.650
Total	\$54,536	\$10,445	\$64,980	\$60,290	7.8%	\$98,903	0.646

Notes:

- (1) From Section WC, Exhibit 5.
- (2) From Summary, Exhibit 4, Sheet 2, Item (11d).
- (3) (1) + (2).
- (4) From Summary, Exhibit 5, Sheet 3, Item (6a).
- (5) (3) / (4) - 1.0.
- (6) From Summary, Exhibit 5, Sheet 2, Item (2a).
- (7) (3) / (6) / Summary, Exhibit 5, Sheet 3, Column (5).

Allocation of Expenses

	All Lines (a)	Workers Compensation (b)	General Liability (c)	Auto Liability (d)	Auto Phys Dam (e)	Errors and Omissions (f)	Property (g)
(1) Estimated 10/1/11-12 Net Premium	\$74,792	\$56,372	\$6,701	\$4,439	\$639	\$1,155	\$5,486
<hr/>							
7/1/13-14 Expense Budget							
(2) Salaries & Benefits	\$8,263	\$6,228	\$740	\$490	\$71	\$128	\$606
(3) Conferences & Meetings	89	67	8	5	1	1	6
(4) Member Services	237	179	21	14	2	4	17
(5) General Expenses (excl agent fees)	973	733	87	58	8	15	71
(6) Loss Control	300	226	27	18	3	5	22
(7) Claims	134	101	12	8	1	2	10
(8) Retro Income	0	0	0	0	0	0	0
(9) Subtotal Expenses	\$9,996	\$7,534	\$896	\$593	\$85	\$154	\$733
(10) WC Reinsurance		1,058					
(11) Agents Commission		1,853					
(12) Total Expenses		\$10,445	\$896	\$593	\$85	\$154	\$733

Notes:

- (1), (2a) to (8a), (10b), (11b) to (11g) Provided by NJSBAIG.
- (5a) General expenses reduced by net premium retained by NJSBAIG for passthrough coverages (\$2,053).
- (2b) to (8g) (2a) to (8a) allocated based on (1).
- (9) Sum of (2) to (8).
- (12) Sum of (9) to (11).

New Jersey School Boards Association Insurance Group

Policy Year 7/1/13-14 Rate Level Analysis

Data Evaluated as of 9/30/12 (\$000's)

Summary

Exhibit 4

Sheet 2

Allocation of WC Subfund Expenses

	All Lines (a)	Workers Compensation (b)	Agents Commissions (c)	Total Expenses by Subfund (d)
(1) Estimated 10/1/11-12 Net Premium	\$74,792	\$56,372		
<hr/>				
7/1/13-14 Expense Budget				
(2) Salaries & Benefits	\$8,263	\$6,228		
(3) Conferences & Meetings	89	67		
(4) Member Services	237	179		
(5) General Expenses (excl agent fees)	973	733		
(6) Loss Control	300	226		
(7) Claims	134	101		
(8) Retro Income	0	0		
(9) WC Reinsurance		1,058		
(10) Total Expenses Before Agents Commissions		\$8,592		
(11) Allocation to Subfunds				
BACCEIC		\$642	\$139	\$781
MOCSSIF		1,545	333	1,878
ERIC NORTH		2,699	582	3,281
NJEIF		1,258	271	1,530
ERIC SOUTH		1,038	224	1,262
ERIC WEST		805	174	978
CAIP		283	61	344
NJSBAIG		321	69	390

Notes:

- (1) to (9) From Summary, Exhibit 4, Sheet 1.
- (10) Sum of (2) to (9).
- (11b) (10) allocated by experience period payroll.
- (11c) Based on data provided by NJSBAIG allocated using gross premiums to WC and E&O. Allocated to subfund by experience period payroll.
- (11d) (11b) + (11c).

Benchmark Rates

(1) Workers Compensation

	Class		Total
	Professional	Non Professional	
a) Benchmark Rate	\$1.54	\$8.67	\$2.05
b) 7/1/12-13 Rate	\$0.91	\$5.09	\$1.21
c) Experience Modification Factor	0.837	0.837	
d) Rate after Experience Mod	\$0.76	\$4.26	\$1.01
e) 7/1/12-13 Exposure (00,000's)	\$52,972	\$4,084	\$57,055
f) 7/1/12-13 Deviation			0.589

(2) GL

a) Benchmark Rate	\$13.02
b) 7/1/12-13 Rate	\$16.46
c) Experience Modification Factor	1.000
d) Rate after Experience Mod	\$16.46
e) 7/1/12-13 Deviation	1.264

(3) AL

	Type of Vehicle			Total
	Car	Truck/Bus	Trailers	
a) Benchmark Rate	\$357	\$620	\$75	\$581
b) 7/1/12-13 Rate	\$746	\$1,296	\$157	\$1,214
c) Experience Modification Factor	0.800	0.800	0.800	
d) Rate after Experience Mod	\$597	\$1,037	\$126	\$972
e) 7/1/12-13 Exposure	369	4,777	205	5,351
f) 7/1/12-13 Deviation				2.090

(4) APD

	Age of Vehicle and Cost												Trailer	Total
	PPV 1 - 4 Years			PPV > 4 Years			Trucks/Bus 1 - 4 Years		Trucks/Bus > 4 Years					
	\$0 - \$10K	\$10K - \$40K	\$40K+	\$0 - \$10K	\$10K - \$40K	\$40K+	\$10K - \$40K	\$40K+	\$10K - \$40K	\$40K+				
a) Benchmark Rate	\$129	\$360	\$592	\$70	\$198	\$325	\$230	\$813	\$149	\$529	\$75	\$414		
b) 7/1/12-13 Rate	30	84	138	16	46	76	54	189	35	123	18	\$96		
c) 7/1/12-13 Exposure	1	88	7	51	249	2	340	941	1,505	1,975	191	5,351		
d) 7/1/12-13 Deviation												0.233		

(5) Errors & Omissions

	Limit												Total
	Coverage A \$50K/\$150K	Coverage B \$100K/\$300K	Coverage A \$1M	Coverage B \$50K/\$150K	Coverage A \$1M	Coverage B \$100K/\$300K	Coverage A \$1M	Coverage B \$50K/\$150K	Coverage A \$1M	Coverage B \$100K/\$300K	Coverage A \$1M	Coverage B \$100K/\$300K	
a) Benchmark Rate*	\$6.53	\$7.25	\$5.76	\$6.40	\$4.97	\$5.52	\$4.94	\$5.25	\$4.78	\$5.15	\$4.99	\$3.09	\$3.09
b) 7/1/12-13 Rate	\$15.11	\$16.77	\$13.35	\$14.81	\$11.51	\$13.07	\$11.44	\$12.43	\$11.06	\$12.20	\$11.82	\$7.31	\$7.31
c) 7/1/12-13 Exposure (000's)	8	197	8	62	0	103	4	34	0	0	24	28	28
d) 7/1/12-13 Deviation													2.321

(6) Property

a) Benchmark Rate	\$0.025
b) 7/1/12-13 Rate	\$0.034
d) 7/1/12-13 Deviation	1.358

Notes:
 WC

(a) From NJCRIB effective January 1, 2012. Total weighted by exposure.
 (b),(c),(e) Provided by NJSBAIG.
 (d) (b) x (c).
 (f) (b) / (a).

GL

(a), (b), (c) Provided by NJSBAIG.
 (d) (b) x (c)
 (e) (b) / (a).

AL

(a), (b), (c), (e) Provided by NJSBAIG. Totals weighted by exposure.
 (d) (b) x (c)
 (e) (b) / (a).

All Other Lines

(a), (b), (c) Provided by NJSBAIG. Totals weighted by exposure.
 (d) (b) / (a).

* Boxes indicate benchmark rates which were derived based on other benchmark rates and the relativity base rates.

WC Subfund Benchmark Rates and Premium

	January 1, 2012 NJCRIB Rates by Class			Estimated	Estimated
	Professional	Non-Professional	Total	7/1/13-14 Premium Using Benchmark Rates & Subfund Exp Mod (2a)	7/1/13-14 Premium Using Benchmark Rates & Overall Exp Mod (2b)
(1) Benchmark Rate	\$1.54	\$8.67			
BACCEIC			\$1.98	\$7,266	\$6,622
MOCSSIF			2.08	17,551	17,434
ERIC NORTH			2.01	28,845	32,657
NJEIF			2.02	11,839	13,847
ERIC SOUTH			2.15	12,220	11,158
ERIC WEST			2.12	11,571	12,619
CAIP			2.10	4,728	3,531
NJSBAIG			1.92	4,884	3,026
Total			\$2.05	\$98,903	\$100,894
(3) Estimated 7/1/13-14 Exposure (00,000's)					
BACCEIC	\$3,737	\$248	\$3,985		
MOCSSIF	9,234	761	9,996		
ERIC NORTH	18,111	1,281	19,393		
NJEIF	7,649	549	8,198		
ERIC SOUTH	5,667	530	6,197		
ERIC WEST	6,530	578	7,108		
CAIP	1,856	157	2,012		
NJSBAIG	1,777	101	1,878		
Total	\$54,561	\$4,206	\$58,767		

Notes:

- (1) From NJCRIB effective January 1, 2012. Totals weighted by exposure.
- (2) (1) x (3) x Summary, Exhibit 5, Sheet 3, Column (4).
- (3) From Summary, Exhibit 5, Sheet 3, Column (10) and Column (11), respectively.

New Jersey School Boards Association Insurance Group

Policy Year 7/1/13-14 Rate Level Analysis
Data Evaluated as of 9/30/12 (\$000's)

Summary
Exhibit 5
Sheet 3

WC Subfund Estimated 7/1/13-14 Premium Using Current Rates

	Current (7/1/12-13) Rates			Current Experience Modification Factor (4)	Individual Rating Credit / Debit Modification Factor (5)	Estimated 7/1/13-14 Premium Using Current Rates & Subfund Exp Mod & Indiv Mod (6a)	Estimated 7/1/13-14 Premium Using Current Rates & Overall Exp Mod & Indiv Mod (6b)
	Class						
	Professional (1)	Non-Professional (2)	Total (3)				
Current (7/1/12-13) Rates							
BACCEIC	1.01	5.69	1.30	0.919	1.011	\$4,817	\$4,390
MOCSSIF	0.97	5.49	1.32	0.843	1.007	11,183	11,108
ERIC NORTH	0.83	4.68	1.09	0.740	1.027	16,001	18,116
NJEIF	0.91	5.10	1.19	0.716	1.032	7,187	8,406
ERIC SOUTH	0.87	4.88	1.21	0.917	1.002	6,895	6,296
ERIC WEST	0.79	4.44	1.09	0.768	1.044	6,185	6,745
CAIP	1.14	6.42	1.55	1.121	1.002	3,511	2,622
NJSBAIG	1.49	8.38	1.86	1.351	0.956	4,512	2,796
Total	0.91	5.09	1.21	0.837	1.017	\$60,290	\$60,478

	7/1/12-13 Exposure (00,000's)			Estimated 7/1/13-14 Exposure (00,000's)		
	Class			Class		
	Professional (7)	Non-Professional (8)	Total (9)	Professional (10)	Non-Professional (11)	Total (12)
Exposure (00,000's)						
BACCEIC	\$3,628	\$241	\$3,869	\$3,737	\$248	\$3,985
MOCSSIF	8,965	739	9,704	9,234	761	9,996
ERIC NORTH	17,584	1,244	18,828	18,111	1,281	19,393
NJEIF	7,426	533	7,959	7,649	549	8,198
ERIC SOUTH	5,502	515	6,016	5,667	530	6,197
ERIC WEST	6,340	561	6,901	6,530	578	7,108
CAIP	1,802	152	1,954	1,856	157	2,012
NJSBAIG	1,725	98	1,823	1,777	101	1,878
Total	\$52,972	\$4,084	\$57,055	\$54,561	\$4,206	\$58,767

Notes:

- (1), (2), (4), (5), (7), (8) Provided by NJSBAIG.
- (3) (1) and (2) weighted by (7) and (8).
- (6a) [(1) x (10) + (2) x (11)] x (4) x (5).
- (6b) [(1) x (10) + (2) x (11)] x [(4), total] x (5).
- (9) (7) + (8).
- (10) to (12) [(7) through (9), respectively], trended by annual payroll trend of 3.0%.

Indicated 7/1/13-14 Rates

	NJSBAIG 7/1/12-13 Rates (1)	NJCRI B/ Benchmark Rate (2)	Central Estimate NJSBAIG 7/1/13-14 Deviation (3)	Indicated NJSBAIG 7/1/13-14 Rates (4)	Average Percent NJSBAIG Rate Below NJCRI B/ Benchmark Rate (5)	Central Estimate Indicated Rate Change (6)	Estimated 7/1/13-14 Premium Using Current Rates (7)	Stabilization Amount for 1% Rate Change (8)	Stabilization Amount for No Rate Change (9)
Workers Compensation at Statutory Limits	\$1.21	\$2.05	0.611	\$1.25	39%	3.8%	\$70,983,298	\$709,833	(\$2,664,205)
General Liability at \$500K	16.46	13.02	1.529	19.91	-53%	20.9%	7,632,189	76,322	(1,598,059)
Auto Liability at \$500K	1,214	581	1.302	756.65	-30%	-37.7%	6,498,451	64,985	2,449,642
Auto Physical Damage	96	414	0.282	116.94	72%	21.2%	516,182	5,162	(109,585)
Errors and Omissions at \$1 Million	14.19	6.11	4.225	25.82	-322%	82.0%	7,090,795	70,908	(5,815,649)
Property at \$1 Million	0.034	0.025	1.367	0.034	-37%	0.6%	6,333,698	63,337	(39,883)
Total						7.9%	\$99,054,613	\$990,546	(\$7,777,739)
Total Excluding E&O						2.1%	\$91,963,818	\$919,638	(\$1,962,090)

Notes:

- (1), (2) Provided by NJSBAIG.
- (3) From Summary, Exhibit 1, Column (2).
- (4) (2) x (3).
- (5) 1.0 - (3).
- (6) [(4) / (1)] - 1.0.
- (7) From Summary, Exhibit 1, Column (1) x 1,000.
- (8) 1% x (7).
- (9) (6) x -1.0 x (7).

WC Subfund Implemented 7/1/13-14 Rates

	NJSBAIG 7/1/12-13 Rates		January 1, 2012 NJCRIB Rates		Implemented NJSBAIG 7/1/13-14 Deviation	NJSBAIG 7/1/13-14 Rates		Average Percent NJSBAIG Rate Below NJCRIB Rate	Implemented Rate Change	Estimated 7/1/13-14 Premium Using Current Rates	Stabilization Amount for 1% Rate Change	Stabilization Amount for No Rate Change
	Class		Class			Class						
	Professional	Non-Professional	Professional	Non-Professional		Professional	Non-Professional					
	(1)	(2)	(3)	(4)	(5)	(6)	(7)					
Benchmark Rate			\$1.54	\$8.67								
BACCEIC	1.01	5.69			0.704	\$1.08	\$6.10	30%	8.0%	\$5,152,635	\$51,526	(\$412,195)
MOCSSIF	0.97	5.49			0.651	1.00	5.65	35%	4.0%	13,038,098	130,381	(521,533)
ERIC NORTH	0.83	4.68			0.546	0.84	4.74	45%	0.2%	21,262,644	212,626	(48,897)
NJEIF	0.91	5.10			0.597	0.92	5.17	40%	0.0%	9,865,748	98,657	(2,598)
ERIC SOUTH	0.87	4.88			0.610	0.94	5.29	39%	10.0%	7,390,063	73,901	(739,019)
ERIC WEST	0.79	4.44			0.515	0.79	4.46	49%	-2.0%	7,916,629	79,166	158,330
CAIP	1.14	6.42			0.723	1.11	6.26	28%	-1.0%	3,077,159	30,772	30,771
NJSBAIG	1.49	8.38			1.008	1.55	8.74	-1%	11.0%	3,281,132	32,811	(360,104)
Total	0.91	5.09			0.605			40%	2.7%	\$70,984,109	\$709,841	(\$1,895,246)

Notes:

- (1), (2) Provided by NJSBAIG.
- (3), (4) From NJCRIB effective January 1, 2012.
- (5) From Summary, Exhibit A, Column (6) of the 7/1/13-14 Rate Indication Analysis.
- (6) (3) x (5).
- (7) (4) x (5).
- (8) 1.0 - (5).
- (9) From Summary, Exhibit 3, Sheet 1, Column (5) of the 7/1/13-14 Rate Indication Analysis.
- (10) Sumproduct of (1) and (2) and estimated 7/1/13-14 payroll.
- (11) 1% x (10).
- (12) -(9) x (10).

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Workers Compensation
 Indicated 7/1/13-14 Costs
 Central Estimate
 Lim to \$1M

Accident Period (1)	Selected Limited Ultimate Loss & ALAE (2)	ILF to \$1M (3)	Trend and Benefit Level Factor to 7/1/13-14 (4)	Payroll (\$00,000's) (5)	Trended Pure Premium Limited to \$1M (6)
7/1/01-02	\$17,200	1.020	1.197	\$23,267	0.90
7/1/02-03	20,600	1.045	1.176	27,451	0.92
7/1/03-04	26,400	1.020	1.162	30,770	1.02
7/1/04-05	29,000	1.030	1.146	32,516	1.05
7/1/05-06	31,500	1.020	1.128	37,376	0.97
7/1/06-07	30,800	1.025	1.110	40,354	0.87
7/1/07-08	30,000	1.030	1.092	41,329	0.82
7/1/08-09	36,900	1.025	1.071	46,150	0.88
7/1/09-10	41,000	1.030	1.053	50,157	0.89
7/1/10-11	44,000	1.030	1.043	53,657	0.88
7/1/11-12	47,200	1.030	1.034	54,988	0.91
Total	\$354,600			\$438,014	0.91
(7) 3-Year Simple Average					0.89
5-Year Simple Average					0.88
3-Year Volume Weighted					0.89
5-Year Volume Weighted					0.88
(8) Prior Selected Pure Premium Trended to 7/1/13-14					0.87
(9) 7/1/13-14 Selected Pure Premium					0.89
(10) 7/1/13-14 Estimated Exposures					\$58,767
(11) 7/1/13-14 Estimated Loss & ALAE					\$52,303
(12) Expenses					\$10,193
(13) Contingency Load					\$0
(14) Indicated 7/1/13-14 Costs					\$62,496
(15) Benchmark Premium					\$120,490

Notes:

- (2) From Section WC, Exhibit 2, Column (12). Excludes Atlantic City exposure.
- (3) Based on industry data and NJSBAIG loss experience.
- (4) Based on an annual pure premium trend of 0.50%, selected judgmentally, and benefit level changes.
- (5), (13) Based on data provided by NJSBAIG; excludes Atlantic City experience.
- (6) $(2) \times (3) \times (4) / (5)$.
- (7) Various averages of (6).
- (8) From Towers Watson prior rate level analysis, adjusted for trend and benefit level changes to 7/1/13-14.
- (9) Selected judgmentally.
- (10) Based on an exposure trend of 3.00%, applied to 7/1/12-13 estimated exposures, provided by NJSBAIG.
- (11) $(9) \times (10)$.
- (12) From Summary, Exhibit 4, Sheet 1, Item (12b).
- (14) $(11) + (12) + (13)$.
- (15) $(10) \times$ Summary, Exhibit 5, Sheet 1, Item (1a).

Workers Compensation
 Indicated 7/1/13-14 Costs
 Low Reasonable Estimate
 Lim to \$1M

Accident Period (1)	Selected Limited Ultimate Loss & ALAE (2)	ILF to \$1M (3)	Trend and Benefit Level Factor to 7/1/13-14 (4)	Payroll (\$00,000's) (5)	Trended Pure Premium Limited to \$1M (6)
7/1/01-02	\$17,000	1.020	1.197	\$23,267	0.89
7/1/02-03	20,400	1.045	1.176	27,451	0.91
7/1/03-04	26,000	1.020	1.162	30,770	1.00
7/1/04-05	28,400	1.030	1.146	32,516	1.03
7/1/05-06	30,800	1.020	1.128	37,376	0.95
7/1/06-07	30,000	1.025	1.110	40,354	0.85
7/1/07-08	28,500	1.030	1.092	41,329	0.78
7/1/08-09	36,000	1.025	1.071	46,150	0.86
7/1/09-10	39,500	1.030	1.053	50,157	0.85
7/1/10-11	42,000	1.030	1.043	53,657	0.84
7/1/11-12	46,000	1.030	1.034	54,988	0.89
Total	\$344,600			\$438,014	0.89
(7) 3-Year Simple Average					0.86
5-Year Simple Average					0.84
3-Year Volume Weighted					0.86
5-Year Volume Weighted					0.85
(8) Prior Selected Pure Premium Trended to 7/1/13-14					0.83
(9) 7/1/13-14 Selected Pure Premium					0.86
(10) 7/1/13-14 Estimated Exposures					\$58,767
(11) 7/1/13-14 Estimated Loss & ALAE					\$50,540
(12) Expenses					\$10,193
(13) Contingency Load					\$0
(14) Indicated 7/1/13-14 Costs					\$60,733
(15) Benchmark Premium					\$120,490

Notes:

- (2) From Section WC, Exhibit 2, Column (13). Excludes Atlantic City exposure.
- (3) Based on industry data and NJSBAIG loss experience.
- (4) Based on an annual pure premium trend of 0.50%, selected judgmentally, and benefit level changes.
- (5), (13) Based on data provided by NJSBAIG; excludes Atlantic City experience.
- (6) (2) x (3) x (4) / (5).
- (7) Various averages of (6).
- (8) From Towers Watson prior rate level analysis, adjusted for trend and benefit level changes to 7/1/13-14.
- (9) Selected judgmentally.
- (10) Based on an exposure trend of 3.00%, applied to 7/1/12-13 estimated exposures, provided by NJSBAIG.
- (11) (9) x (10).
- (12) From Summary, Exhibit 4, Sheet 1, Item (12b).
- (14) (11) + (12) + (13).
- (15) (10) x Summary, Exhibit 5, Sheet 1, Item (1a).

Workers Compensation
 Indicated 7/1/13-14 Costs
 High Reasonable Estimate
 Lim to \$1M

Accident Period (1)	Selected Limited Ultimate Loss & ALAE (2)	ILF to \$1M (3)	Trend and Benefit Level Factor to 7/1/13-14 (4)	Payroll (\$00,000's) (5)	Trended Pure Premium Limited to \$1M (6)
7/1/01-02	\$17,240	1.020	1.197	\$23,267	0.91
7/1/02-03	20,900	1.045	1.176	27,451	0.94
7/1/03-04	27,200	1.020	1.162	30,770	1.05
7/1/04-05	30,200	1.030	1.146	32,516	1.10
7/1/05-06	32,500	1.020	1.128	37,376	1.00
7/1/06-07	31,900	1.025	1.110	40,354	0.90
7/1/07-08	31,500	1.030	1.092	41,329	0.86
7/1/08-09	38,000	1.025	1.071	46,150	0.90
7/1/09-10	42,500	1.030	1.053	50,157	0.92
7/1/10-11	46,000	1.030	1.043	53,657	0.92
7/1/11-12	48,800	1.030	1.034	54,988	0.95
Total	\$366,740			\$438,014	0.94
(7) 3-Year Simple Average					0.93
5-Year Simple Average					0.91
3-Year Volume Weighted					0.93
5-Year Volume Weighted					0.91
(8) Prior Selected Pure Premium Trended to 7/1/13-14					0.91
(9) 7/1/13-14 Selected Pure Premium					0.93
(10) 7/1/13-14 Estimated Exposures					\$58,767
(11) 7/1/13-14 Estimated Loss & ALAE					\$54,536
(12) Expenses					\$10,193
(13) Contingency Load					\$0
(14) Indicated 7/1/13-14 Costs					\$64,729
(15) Benchmark Premium					\$120,490

Notes:

- (2) From Section WC, Exhibit 2, Column (14). Excludes Atlantic City exposure.
- (3) Based on industry data and NJSBAIG loss experience.
- (4) Based on an annual pure premium trend of 0.50%, selected judgmentally, and benefit level changes.
- (5), (13) Based on data provided by NJSBAIG; excludes Atlantic City experience.
- (6) (2) x (3) x (4) / (5).
- (7) Various averages of (6).
- (8) From Towers Watson prior rate level analysis, adjusted for trend and benefit level changes to 7/1/13-14.
- (9) Selected judgmentally.
- (10) Based on an exposure trend of 3.00%, applied to 7/1/12-13 estimated exposures, provided by NJSBAIG.
- (11) (9) x (10).
- (12) From Summary, Exhibit 4, Sheet 1, Item (12b).
- (14) (11) + (12) + (13).
- (15) (10) x Summary, Exhibit 5, Sheet 1, Item (1a).

Workers Compensation
 Selection of Ultimate Losses Limited to \$750K

Accident Period	Initial Expected Ultimate Loss & ALAE	Projected Ultimate Losses Based on Reported Losses				Projected Ultimate Losses Based on Paid Losses				Frequency x Severity Projected Ultimate Loss & ALAE	Selected Limited Ultimate Loss & ALAE	Range of Reasonable Estimates	
		Limited Reported Loss & ALAE	Loss Development Factor	LDF Ultimate Loss & ALAE	BF Ultimate Loss & ALAE	Limited Paid Loss & ALAE	Loss Development Factor	LDF Ultimate Loss & ALAE	BF Ultimate Loss & ALAE			Low Selected Limited Ultimate Loss & ALAE	High Selected Limited Ultimate Loss & ALAE
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
7/1/01-02	\$18,090	\$16,772	1.027	\$17,217	\$17,240	\$16,139	1.065	\$17,182	\$17,237	\$18,090	\$17,200	\$17,000	\$17,240
7/1/02-03	20,729	20,006	1.045	20,898	20,890	18,719	1.086	20,325	20,357	20,729	20,600	20,400	20,900
7/1/03-04	27,147	25,489	1.069	27,239	27,233	22,416	1.110	24,873	25,098	27,147	26,400	26,000	27,200
7/1/04-05	28,355	28,039	1.080	30,282	30,139	23,349	1.131	26,405	26,631	28,355	29,000	28,400	30,200
7/1/05-06	31,460	30,163	1.090	32,867	32,751	25,774	1.166	30,043	30,245	31,460	31,500	30,800	32,500
7/1/06-07	31,963	28,695	1.106	31,729	31,752	22,444	1.208	27,114	27,949	31,963	30,800	30,000	31,900
7/1/07-08	30,325	26,308	1.140	29,998	30,038	20,142	1.280	25,774	26,769	34,915	30,000	28,500	31,500
7/1/08-09	37,298	31,258	1.178	36,835	36,905	23,847	1.387	33,070	34,249	38,823	36,900	36,000	38,000
7/1/09-10	41,743	35,287	1.206	42,565	42,425	22,869	1.566	35,807	37,952	41,951	41,000	39,500	42,500
7/1/10-11	45,207	34,817	1.261	43,909	44,178	17,770	1.928	34,256	39,526	46,993	44,000	42,000	46,000
7/1/11-12	48,413	32,227	1.522	49,060	48,838	13,295	2.998	39,855	45,558	48,614	47,200	46,000	48,800
Total	\$360,729	\$309,063		\$362,598	\$362,388	\$226,763		\$314,705	\$331,571	\$369,039	\$354,600	\$344,600	\$366,740

- Notes:
- (2), (4), (8) Based on Towers Watson unpaid liability analysis as of June 30, 2012.
 - (3), (7) Based on data provided by NJSBAIG; excludes Atlantic City experience.
 - (5), (9) (3) x (4) and (7) x (8), respectively.
 - (6), (10) (2) x [1.0 - 1 / (4)] + (3) and (2) x [1.0 - 1 / (8)] + (7), respectively.
 - (11) From Section WC, Exhibit 3, Sheet 1, Column (12).
 - (12) - (14) Selected judgmentally.

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Workers Compensation
 Projected Ultimate Loss & ALAE Using Freq x Severity Method

Accident Period (1)	Ultimate Claims with Pay (2)	Payroll (\$00,000's) (3)	Implied Frequency of Claims with Pay (4)	Selected Ultimate Unlimited Severity (9)	Projected Ultimate Unlimited Loss & ALAE (\$000's) (10)	Excess Reported Loss & ALAE (\$000's) (11)	Projected Ultimate Limited Loss & ALAE (\$000's) (12)
7/1/01-02	3,255	\$23,267	0.140	\$5,560	\$18,098	\$8	\$18,090
7/1/02-03	3,549	27,451	0.129	6,083	21,585	855	20,729
7/1/03-04	3,726	30,770	0.121	7,371	27,464	317	27,147
7/1/04-05	3,599	32,516	0.111	8,128	29,250	896	28,355
7/1/05-06	3,736	37,376	0.100	8,421	31,460	0	31,460
7/1/06-07	3,839	40,354	0.095	8,457	32,469	506	31,963
7/1/07-08	3,953	41,329	0.096	9,036	35,721	806	34,915
7/1/08-09	3,997	46,150	0.087	9,712	38,823	0	38,823
7/1/09-10	4,081	50,157	0.081	10,419	42,519	568	41,951
7/1/10-11	3,937	53,657	0.073	11,094	46,993	0	46,993
7/1/11-12	4,099	54,988	0.075	11,800	48,664	50	48,614
Total	41,771	438,014	0.095		\$373,045	\$4,005	\$369,039
(5) Simple Average, Latest 4			0.079				
Simple Average, Latest 6			0.084				
Simple Average, Latest 4, Ex-ante 1			0.084				
(6) Prior Selected Freq. - Rate Review			0.076				
(7) Prior Selected Freq. - Liability Review			0.075				
(8) Selected 7/1/11-12 Frequency			0.075				

Notes:

- (2) From Section WC, Exhibit 3, Sheet 3, Column (4).
- (3) Based on data provided by NJSBAIG; excludes Atlantic City experience.
- (4) (2) / (3).
- (5) Averages of (4).
- (6) Based on prior Towers Watson rate review, trended to current year.
- (7) Based on Towers Watson unpaid liability analysis as of June 30, 2012.
- (8) Selected judgmentally.
- (9) Based on Section WC, Exhibit 3, Sheet 2, Column (16).
- (10) (3) x (4) x (9) / 1,000. 7/1/10-11 and subsequent equal to (3) x (8) x (9) / 1,000, adjusted for annual frequency trend of -5.0%.
- (11) Based on Section WC, Exhibit 4, Column (8).
- (12) (10) - (11).

Workers Compensation
 Selected Unlimited Ultimate Severity

Accident Period (1)	Implied Initial Expected Unlimited Ultimate Severity (2)	Benefit Level Adjustment to 7/1/11-12 (3)	Estimated Ultimate Severity at 7/1/11-12 Benefit Level (4)	Fitted Ultimate Severity Based On			Trend Adjustment to 7/1/11-12 (10)	Estimated Trended Ultimate Unlimited Severity at 7/1/11-12 Level (11)	Selected Ultimate Unlimited Severity (16)
				7/1/00 - 6/30/10 (5a)	7/1/96 - 6/30/07 (5b)	7/1/02 - 6/30/12 (5c)			
				7/1/94-95	\$4,153	1.225			
7/1/95-96	3,420	1.214	4,151	5,064	4,358	4,917	2.540	10,545	3,420
7/1/96-97	3,220	1.200	3,864	5,321	4,682	5,189	2.397	9,260	3,220
7/1/97-98	3,704	1.183	4,381	5,592	5,030	5,475	2.261	9,904	3,704
7/1/98-99	6,294	1.163	7,323	5,877	5,403	5,777	2.133	15,619	6,294
7/1/99-00	5,632	1.142	6,433	6,176	5,804	6,096	2.012	12,945	5,632
7/1/00-01	6,166	1.122	6,919	6,490	6,235	6,432	1.898	13,135	6,166
7/1/01-02	5,560	1.101	6,122	6,820	6,698	6,787	1.791	10,964	5,560
7/1/02-03	6,083	1.087	6,609	7,168	7,196	7,162	1.689	11,166	6,083
7/1/03-04	7,371	1.079	7,955	7,532	7,730	7,557	1.594	12,679	7,371
7/1/04-05	8,128	1.069	8,692	7,916	8,304	7,974	1.504	13,070	8,128
7/1/05-06	8,421	1.058	8,912	8,318	8,921	8,414	1.419	12,642	8,421
7/1/06-07	8,457	1.047	8,853	8,742	9,583	8,878	1.338	11,847	8,457
7/1/07-08	7,875	1.034	8,146	9,187	10,295	9,368	1.262	10,284	9,036
7/1/08-09	9,331	1.020	9,518	9,654	11,060	9,885	1.191	11,337	9,712
7/1/09-10	10,368	1.008	10,451	10,146	11,881	10,431	1.124	11,742	10,419
7/1/10-11	11,482	1.003	11,522	10,662	12,763	11,006	1.060	12,213	11,094
7/1/11-12	11,823	1.000	11,823	11,205	13,711	11,613	1.000	11,823	11,800
		(5d) Implied Trend R-squared		5.1%	7.4%	5.5%	(12) SA, Latest 4 SA, Latest 6 SA, Latest 4, EA 1 SA, Latest 10, EA 1	\$11,779	
				78.8%	74.4%	84.6%		11,541	
		(6) Prior Selected Trend - Rate Review		6.0%			(13) Selected Severity - Rate	\$11,594	
		(7) Prior Selected Trend - Liab Review		6.0%			(14) Selected Severity - Liab	\$11,500	
		(8) Industry Trend		6.8%			(15) Selected 11/12 Severity	\$11,800	
		(9) Selected Trend		6.0%					

Notes:

- (2) Based on Towers Watson unpaid liability analysis as of June 30, 2012.
- (3) Based on Towers Watson analysis of historical benefit level changes.
- (4) (2) x (3).
- (5) Based on various exponential regressions of (4).
 Implied trends and R-squared statistics based on (5a) - (5c).
- (6), (13) Based on prior Towers Watson rate review. Severity trended to current year and adjusted benefit level changes.
- (7), (14) Based on Towers Watson unpaid liability analysis as of June 30, 2012.
- (8) Based on Towers Watson analysis of industry data from the New Jersey Workers Compensation Statistical Plan.
- (9), (15) Selected judgmentally.
- (10) Based on annual trend from (9).
- (11) (4) x (10).
- (12) Averages of (11).
- (16) 7/1/94-95 to 7/1/06-07: (2).
 7/1/07-08 to 7/1/11-12: (15) / (3) / (10).

Workers Compensation
 Projected Ultimate CWPs Using Development Method on CWPs

Accident Period (1)	Claim Counts With Payment As of 9/30/12 (2)	Development Factor (3)	Projected Ultimate Claims with Pay (4)
7/1/94-95	969	1.000	969
7/1/95-96	1,031	1.000	1,031
7/1/96-97	917	1.000	917
7/1/97-98	773	1.000	773
7/1/98-99	758	1.000	758
7/1/99-00	1,429	1.000	1,429
7/1/00-01	3,267	1.001	3,269
7/1/01-02	3,252	1.001	3,255
7/1/02-03	3,545	1.001	3,549
7/1/03-04	3,722	1.001	3,726
7/1/04-05	3,595	1.001	3,599
7/1/05-06	3,732	1.001	3,736
7/1/06-07	3,833	1.002	3,839
7/1/07-08	3,942	1.003	3,953
7/1/08-09	3,980	1.004	3,997
7/1/09-10	4,052	1.007	4,081
7/1/10-11	3,890	1.012	3,937
7/1/11-12	3,967	1.033	4,099
Total	50,654		50,917

Notes:

- (2) Provided by NJSBAIG.
- (3) Based on Towers Watson unpaid liability analysis as of June 30, 2012.
- (4) (2) x (3).

Workers Compensation
 Listing of Large Losses

Claim (1)	Date of Loss (2)	Subfund (3)	Reported		Paid		Excess of \$750,000 Loss and ALAE Per Occurrence Using:	
			Loss (4)	ALAE (5)	Loss (6)	ALAE (7)	Reported Loss & ALAE (8)	Paid Loss & ALAE (9)
01WC02976C	8/8/2001	ERIC North	\$579,483	\$5,078	\$345,509	\$2,838	\$0	\$0
01WC03609C	10/4/2001	ERIC North	376,158	5,763	376,158	5,763	0	0
02WC00019R	1/3/2002	MOCSSIF	344,276	6,809	268,478	2,715	0	0
03WC00069A	1/6/2003	CAIP	1,600,468	9,219	381,365	7,344	855,367	0
03WC00185C	1/14/2003	CAIP	665,165	7,690	663,989	7,690	0	0
03WC00682T	2/7/2003	BACCEIF	456,138	4,048	456,138	4,048	0	0
03WC03651R	9/15/2003	MOCSSIF	991,924	10,731	322,873	10,731	244,541	0
03WC04079A	11/17/2003	MOCSSIF	821,935	2,078	541,982	2,078	72,116	0
03WC04275C	12/1/2003	NJEIF	416,372	15,638	118,931	13,651	0	0
04WC03737P	2/19/2004	CAIP	389,197	10,682	369,674	10,682	0	0
04WC04997R	5/17/2004	ERIC South	354,338	6,904	354,338	6,904	0	0
04WC05308I	6/8/2004	MOCSSIF	383,795	31,805	280,766	23,509	0	0
04WC06485R	10/6/2004	NJEIF	1,586,000	10,500	40,649	7,816	841,535	0
04WC07424R	12/21/2004	ERIC North	386,772	4,980	70,447	3,690	0	0
05WC00647A	2/9/2005	CAIP	803,203	14,000	305,665	9,166	54,130	0
05WC00988C	3/2/2005	ERIC North	404,405	14,645	295,236	9,704	0	0
05WC00934I	3/3/2005	MOCSSIF	454,500	20,535	222,710	18,209	0	0
05WC01056G	3/11/2005	MOCSSIF	348,356	13,273	309,187	13,273	0	0
05WC01175P	3/23/2005	MOCSSIF	473,719	15,868	280,434	10,868	0	0
05WC01577R	4/25/2005	MOCSSIF	422,728	5,692	422,728	5,692	0	0
05WC01910C	5/16/2005	NJSBAIG	719,108	11,108	563,461	9,783	0	0
05WC02404I	6/8/2005	ERIC North	720,835	4,525	140,974	3,650	0	0
05WC02642R	7/27/2005	ERIC North	415,000	11,035	308,553	9,235	0	0
05WC02789C	8/10/2005	CAIP	427,231	10,097	365,313	5,857	0	0
05WC03012P	9/13/2005	NJEIF	449,470	6,525	157,987	5,285	0	0
05WC04639S	9/15/2005	ERIC North	722,500	0	722,500	0	0	0
05WC03265R	9/26/2005	NJSBAIG	483,309	13,592	182,554	9,820	0	0
05WC03667R	10/19/2005	BACCEIC	382,823	2,244	382,823	2,244	0	0
05WC04128C	11/28/2005	NJSBAIG	343,437	12,966	181,238	8,228	0	0
05WC04341R	12/12/2005	NJEIF	422,981	16,574	422,981	16,574	0	0
06WC03474A	2/1/2006	MOCSSIF	546,150	6,764	404,273	6,539	0	0
06WC03916P	3/6/2006	MOCSSIF	549,214	8,646	230,064	6,375	0	0
06WC04268C	3/27/2006	MOCSSIF	344,697	21,092	70,573	13,117	0	0
06WC06687A	10/27/2006	NJSBAIG	819,285	21,401	250,830	16,051	71,095	0
06WC06980I	11/20/2006	ERIC West	808,500	2,940	235,827	2,240	58,713	0
06WC06985C	11/22/2006	MOCSSIF	1,117,918	24,485	289,206	14,970	375,976	0
06WC07204C	11/29/2006	ERIC South	429,714	6,818	275,875	4,993	0	0
07WC00266A	1/24/2007	ERIC West	533,508	11,150	122,661	9,285	0	0
07WC00439I	2/5/2007	ERIC North	456,500	3,051	211,701	1,124	0	0
07WC01635P	4/30/2007	CAIP	679,687	3,210	238,571	1,810	0	0
07WC01744A	5/7/2007	ERIC West	338,592	15,623	111,008	12,408	0	0
07WC03802A	10/29/2007	ERIC West	1,415,000	7,145	440,760	6,827	668,358	0
07WC04325P	12/6/2007	BACCEIC	886,822	3,693	490,301	2,162	137,392	0
08WC05210R	1/11/2008	ERIC North	445,000	4,788	180,340	3,508	0	0
08WC05169P	1/14/2008	MOCSSIF	643,530	18,680	165,602	13,449	0	0
08WC09213I	2/1/2008	MOCSSIF	358,545	11,243	118,232	9,544	0	0
08WC06423C	4/16/2008	ERIC South	343,893	6,687	163,979	6,687	0	0
08WC08290C	9/30/2008	ERIC South	344,086	13,843	248,060	7,001	0	0
08WC08695I	10/29/2008	CAIP	457,500	7,243	245,092	4,778	0	0
09WC00458P	1/18/2009	ERIC West	409,546	3,693	195,546	1,743	0	0
09WC00754I	2/4/2009	BACCEIC	350,000	7,700	218,480	5,245	0	0
09WC03453I	10/2/2009	MOCSSIF	496,507	4,443	105,866	1,988	0	0
09WC04271C	11/30/2009	ERIC North	902,312	23,139	433,051	14,152	156,218	0
09WC04245R	12/2/2009	BACCEIC	482,000	10,198	218,101	8,120	0	0
10WC05628I	2/16/2010	ERIC South	1,153,412	6,393	410,046	2,893	405,648	0
10WC05674P	2/17/2010	BACCEIC	756,393	6,946	365,006	4,726	6,451	0
10WC05852I	2/22/2010	ERIC North	350,000	8,693	65,339	5,865	0	0
10WC08075P	9/1/2010	ERIC South	351,611	13,948	141,286	9,836	0	0
10WC08619I	10/19/2010	MOCSSIF	402,214	8,693	129,453	4,143	0	0
10WC09164I	12/3/2010	NJEIF	349,730	4,693	70,293	2,128	0	0
11WC00029P	1/5/2011	NJEIF	648,695	9,090	108,525	5,642	0	0
11WC01780F	5/10/2011	BACCEIC	354,403	1,943	76,537	1,674	0	0
11WC04405A	12/21/2011	BACCEIC	557,000	3,693	149,770	1,193	0	0
12WC06893I	5/16/2012	NJSBAIG	800,000	1,193	281,408	1,193	50,075	0

Claims with Other Recoveries	Date	Subfund	Loss	ALAE	Paid	ALAE	Recoveries	
							Reported (10)	Paid (11)
02WC02799S	6/13/2002	NJEIF	\$6,466	\$32,430	\$6,466	\$32,430	\$7,780	\$7,780

Notes:
 (1) - (7), (10), (11) Provided by NJSBAIG. Excludes Atlantic City experience.
 (8) Maximum of [(4) - \$750,000 + (5) x ((4) - \$750,000)/(4), 0].
 (9) Maximum of [(6) - \$750,000 + (7) x ((6) - \$750,000)/(6), 0].

WC Subfund Review
 Indicated 7/1/13-14 Costs
 Central Estimate
 Lim to \$1M

BACCEIC

Accident Period (1)	Selected Limited Ultimate Loss & ALAE (2)	ILF to \$1M (3)	Trend and Benefit Level Factor to 7/1/13-14 (4)	Payroll (\$00,000's) (5)	Trended Pure Premium Limited to \$1M (6)
7/1/01-02	\$635	1.020	1.197	\$1,755	0.44
7/1/02-03	2,140	1.045	1.176	1,838	1.43
7/1/03-04	1,900	1.020	1.162	2,528	0.89
7/1/04-05	1,730	1.030	1.146	2,598	0.79
7/1/05-06	3,040	1.020	1.128	2,916	1.20
7/1/06-07	2,500	1.025	1.110	2,552	1.11
7/1/07-08	3,600	1.030	1.092	3,321	1.22
7/1/08-09	4,600	1.025	1.071	3,437	1.47
7/1/09-10	4,200	1.030	1.053	3,954	1.15
7/1/10-11	4,100	1.030	1.043	4,027	1.09
7/1/11-12	3,700	1.030	1.034	3,828	1.03
Total	\$32,145			\$32,754	1.10
			(7) 3-Year Simple Average		1.09
			5-Year Simple Average		1.19
			3-Year Volume Weighted		1.09
			5-Year Volume Weighted		1.18
			6-Year Volume Weighted, Excl Hi/Low		1.14
			(8) Prior Selected Pure Premium, Trended		1.22
			(9) 7/1/13-14 Selected Pure Premium		1.19
			(10) Credibility		55%
			(11) Selected Overall WC Pure Premium		0.89
			(12) Credibility Weighted Pure Premium		1.05
			(13) 7/1/13-14 Estimated Exposures		\$3,985
			(14) 7/1/13-14 Estimated Loss & ALAE		\$4,203
			(15) Expenses		\$762
			(16) Contingency Load		\$0
			(17) Indicated 7/1/13-14 Costs		\$4,966

Notes:

- (2) From Section WC, Exhibit 6, Sheet 1, Column (12).
- (3) Based on industry data and NJSBAIG loss experience.
- (4) Based on an annual pure premium trend of 0.50%, selected judgmentally, and benefit level changes.
- (5), (16) Based on data provided by NJSBAIG.
- (6) (2) x (3) x (4) / (5).
- (7) Various averages of (6).
- (8) From Towers Watson prior rate level analysis, adjusted for trend and benefit level changes to 7/1/13-14.
- (9) Selected judgmentally.
- (10) Based on insurance industry standards.
- (11) From Section WC, Exhibit 1, Sheet 1, Item (9).
- (12) (9) x (10) + (11) x [1.0 - (10)].
- (13) From Summary, Exhibit 5, Sheet 2, Column (11).
- (14) (12) x (13).
- (15) From Summary, Exhibit 4, Sheet 2, Item (11d).
- (17) (14) + (15) + (16).

WC Subfund Review
 Indicated 7/1/13-14 Costs
 Low Reasonable Estimate
 Lim to \$1M

BACCEIC

Accident Period (1)	Selected Limited Ultimate Loss & ALAE (2)	ILF to \$1M (3)	Trend and Benefit Level Factor to 7/1/13-14 (4)	Payroll (\$00,000's) (5)	Trended Pure Premium Limited to \$1M (6)
7/1/01-02	\$634	1.020	1.197	\$1,755	0.44
7/1/02-03	2,136	1.045	1.176	1,838	1.43
7/1/03-04	1,885	1.020	1.162	2,528	0.88
7/1/04-05	1,700	1.030	1.146	2,598	0.77
7/1/05-06	2,990	1.020	1.128	2,916	1.18
7/1/06-07	2,400	1.025	1.110	2,552	1.07
7/1/07-08	3,400	1.030	1.092	3,321	1.15
7/1/08-09	4,500	1.025	1.071	3,437	1.44
7/1/09-10	4,000	1.030	1.053	3,954	1.10
7/1/10-11	3,900	1.030	1.043	4,027	1.04
7/1/11-12	3,500	1.030	1.034	3,828	0.97
Total	\$31,045			\$32,754	1.06
			(7) 3-Year Simple Average		1.04
			5-Year Simple Average		1.14
			3-Year Volume Weighted		1.04
			5-Year Volume Weighted		1.13
			6-Year Volume Weighted, Excl Hi/Low		1.09
			(8) Prior Selected Pure Premium, Trended		1.16
			(9) 7/1/13-14 Selected Pure Premium		1.15
			(10) Credibility		55%
			(11) Selected Overall WC Pure Premium		0.86
			(12) Credibility Weighted Pure Premium		1.02
			(13) 7/1/13-14 Estimated Exposures		\$3,985
			(14) 7/1/13-14 Estimated Loss & ALAE		\$4,062
			(15) Expenses		\$762
			(16) Contingency Load		\$0
			(17) Indicated 7/1/13-14 Costs		\$4,824

Notes:

- (2) From Section WC, Exhibit 6, Sheet 1, Column (13).
- (3) Based on industry data and NJSBAIG loss experience.
- (4) Based on an annual pure premium trend of 0.50%, selected judgmentally, and benefit level changes.
- (5), (16) Based on data provided by NJSBAIG.
- (6) (2) x (3) x (4) / (5).
- (7) Various averages of (6).
- (8) From Towers Watson prior rate level analysis, adjusted for trend and benefit level changes to 7/1/13-14.
- (9) Selected judgmentally.
- (10) Based on insurance industry standards.
- (11) From Section WC, Exhibit 1, Sheet 2, Item (9).
- (12) (9) x (10) + (11) x [1.0 - (10)].
- (13) From Summary, Exhibit 5, Sheet 2, Column (11).
- (14) (12) x (13).
- (15) From Summary, Exhibit 4, Sheet 2, Item (11d).
- (17) (14) + (15) + (16).

WC Subfund Review
 Indicated 7/1/13-14 Costs
 High Reasonable Estimate
 Lim to \$1M

BACCEIC

Accident Period (1)	Selected Limited Ultimate Loss & ALAE (2)	ILF to \$1M (3)	Trend and Benefit Level Factor to 7/1/13-14 (4)	Payroll (\$00,000's) (5)	Trended Pure Premium Limited to \$1M (6)
7/1/01-02	\$640	1.020	1.197	\$1,755	0.45
7/1/02-03	2,150	1.045	1.176	1,838	1.44
7/1/03-04	1,915	1.020	1.162	2,528	0.90
7/1/04-05	1,770	1.030	1.146	2,598	0.80
7/1/05-06	3,100	1.020	1.128	2,916	1.22
7/1/06-07	2,610	1.025	1.110	2,552	1.16
7/1/07-08	3,750	1.030	1.092	3,321	1.27
7/1/08-09	4,700	1.025	1.071	3,437	1.50
7/1/09-10	4,400	1.030	1.053	3,954	1.21
7/1/10-11	4,300	1.030	1.043	4,027	1.15
7/1/11-12	3,900	1.030	1.034	3,828	1.09
Total	\$33,235			\$32,754	1.14
			(7) 3-Year Simple Average		1.15
			5-Year Simple Average		1.24
			3-Year Volume Weighted		1.15
			5-Year Volume Weighted		1.23
			6-Year Volume Weighted, Excl Hi/Low		1.20
			(8) Prior Selected Pure Premium, Trended		1.23
			(9) 7/1/13-14 Selected Pure Premium		1.24
			(10) Credibility		55%
			(11) Selected Overall WC Pure Premium		0.93
			(12) Credibility Weighted Pure Premium		1.10
			(13) 7/1/13-14 Estimated Exposures		\$3,985
			(14) 7/1/13-14 Estimated Loss & ALAE		\$4,382
			(15) Expenses		\$762
			(16) Contingency Load		\$0
			(17) Indicated 7/1/13-14 Costs		\$5,145

Notes:

- (2) From Section WC, Exhibit 6, Sheet 1, Column (14).
- (3) Based on industry data and NJSBAIG loss experience.
- (4) Based on an annual pure premium trend of 0.50%, selected judgmentally, and benefit level changes.
- (5), (16) Based on data provided by NJSBAIG.
- (6) (2) x (3) x (4) / (5).
- (7) Various averages of (6).
- (8) From Towers Watson prior rate level analysis, adjusted for trend and benefit level changes to 7/1/13-14.
- (9) Selected judgmentally.
- (10) Based on insurance industry standards.
- (11) From Section WC, Exhibit 1, Sheet 3, Item (9).
- (12) (9) x (10) + (11) x [1.0 - (10)].
- (13) From Summary, Exhibit 5, Sheet 2, Column (11).
- (14) (12) x (13).
- (15) From Summary, Exhibit 4, Sheet 2, Item (11d).
- (17) (14) + (15) + (16).

WC Subfund Review
 Indicated 7/1/13-14 Costs
 Central Estimate
 Lim to \$1M

MOCSSIF

Accident Period (1)	Selected Limited Ultimate Loss & ALAE (2)	ILF to \$1M (3)	Trend and Benefit Level Factor to 7/1/13-14 (4)	Payroll (\$00,000's) (5)	Trended Pure Premium Limited to \$1M (6)
7/1/01-02	\$4,300	1.020	1.197	\$4,646	1.13
7/1/02-03	4,300	1.045	1.176	5,749	0.92
7/1/03-04	6,800	1.020	1.162	6,515	1.24
7/1/04-05	7,000	1.030	1.146	6,477	1.28
7/1/05-06	7,400	1.020	1.128	6,835	1.25
7/1/06-07	6,600	1.025	1.110	6,992	1.07
7/1/07-08	6,000	1.030	1.092	6,761	1.00
7/1/08-09	6,000	1.025	1.071	8,193	0.80
7/1/09-10	8,600	1.030	1.053	8,399	1.11
7/1/10-11	6,600	1.030	1.043	9,371	0.76
7/1/11-12	10,300	1.030	1.034	8,825	1.24
Total	\$73,900			\$78,763	1.06
			(7) 3-Year Simple Average		1.04
			5-Year Simple Average		0.98
			3-Year Volume Weighted		1.03
			5-Year Volume Weighted		0.98
			6-Year Volume Weighted, Excl Hi/Low		0.99
			(8) Prior Selected Pure Premium, Trended		0.95
			(9) 7/1/13-14 Selected Pure Premium		1.04
			(10) Credibility		79%
			(11) Selected Overall WC Pure Premium		0.89
			(12) Credibility Weighted Pure Premium		1.01
			(13) 7/1/13-14 Estimated Exposures		\$9,996
			(14) 7/1/13-14 Estimated Loss & ALAE		\$10,095
			(15) Expenses		\$1,833
			(16) Contingency Load		\$0
			(17) Indicated 7/1/13-14 Costs		\$11,928

Notes:

- (2) From Section WC, Exhibit 6, Sheet 2, Column (12).
- (3) Based on industry data and NJSBAIG loss experience.
- (4) Based on an annual pure premium trend of 0.50%, selected judgmentally, and benefit level changes.
- (5), (16) Based on data provided by NJSBAIG.
- (6) (2) x (3) x (4) / (5).
- (7) Various averages of (6).
- (8) From Towers Watson prior rate level analysis, adjusted for trend and benefit level changes to 7/1/13-14.
- (9) Selected judgmentally.
- (10) Based on insurance industry standards.
- (11) From Section WC, Exhibit 1, Sheet 1, Item (9).
- (12) (9) x (10) + (11) x [1.0 - (10)].
- (13) From Summary, Exhibit 5, Sheet 2, Column (11).
- (14) (12) x (13).
- (15) From Summary, Exhibit 4, Sheet 2, Item (11d).
- (17) (14) + (15) + (16).

WC Subfund Review
 Indicated 7/1/13-14 Costs
 Low Reasonable Estimate
 Lim to \$1M

MOCSSIF

Accident Period (1)	Selected Limited Ultimate Loss & ALAE (2)	ILF to \$1M (3)	Trend and Benefit Level Factor to 7/1/13-14 (4)	Payroll (\$00,000's) (5)	Trended Pure Premium Limited to \$1M (6)
7/1/01-02	\$4,275	1.020	1.197	\$4,646	1.12
7/1/02-03	4,275	1.045	1.176	5,749	0.91
7/1/03-04	6,700	1.020	1.162	6,515	1.22
7/1/04-05	6,800	1.030	1.146	6,477	1.24
7/1/05-06	7,200	1.020	1.128	6,835	1.21
7/1/06-07	6,400	1.025	1.110	6,992	1.04
7/1/07-08	5,800	1.030	1.092	6,761	0.96
7/1/08-09	5,800	1.025	1.071	8,193	0.78
7/1/09-10	8,300	1.030	1.053	8,399	1.07
7/1/10-11	6,300	1.030	1.043	9,371	0.72
7/1/11-12	9,800	1.030	1.034	8,825	1.18
Total	\$71,650			\$78,763	1.03
			(7) 3-Year Simple Average		0.99
			5-Year Simple Average		0.94
			3-Year Volume Weighted		0.99
			5-Year Volume Weighted		0.94
			6-Year Volume Weighted, Excl Hi/Low		0.96
			(8) Prior Selected Pure Premium, Trended		0.88
			(9) 7/1/13-14 Selected Pure Premium		1.00
			(10) Credibility		79%
			(11) Selected Overall WC Pure Premium		0.86
			(12) Credibility Weighted Pure Premium		0.97
			(13) 7/1/13-14 Estimated Exposures		\$9,996
			(14) 7/1/13-14 Estimated Loss & ALAE		\$9,736
			(15) Expenses		\$1,833
			(16) Contingency Load		\$0
			(17) Indicated 7/1/13-14 Costs		\$11,569

Notes:

- (2) From Section WC, Exhibit 6, Sheet 2, Column (13).
- (3) Based on industry data and NJSBAIG loss experience.
- (4) Based on an annual pure premium trend of 0.50%, selected judgmentally, and benefit level changes.
- (5), (16) Based on data provided by NJSBAIG.
- (6) (2) x (3) x (4) / (5).
- (7) Various averages of (6).
- (8) From Towers Watson prior rate level analysis, adjusted for trend and benefit level changes to 7/1/13-14.
- (9) Selected judgmentally.
- (10) Based on insurance industry standards.
- (11) From Section WC, Exhibit 1, Sheet 2, Item (9).
- (12) (9) x (10) + (11) x [1.0 - (10)].
- (13) From Summary, Exhibit 5, Sheet 2, Column (11).
- (14) (12) x (13).
- (15) From Summary, Exhibit 4, Sheet 2, Item (11d).
- (17) (14) + (15) + (16).

WC Subfund Review
 Indicated 7/1/13-14 Costs
 High Reasonable Estimate
 Lim to \$1M

MOCSSIF

Accident Period (1)	Selected Limited Ultimate Loss & ALAE (2)	ILF to \$1M (3)	Trend and Benefit Level Factor to 7/1/13-14 (4)	Payroll (\$00,000's) (5)	Trended Pure Premium Limited to \$1M (6)
7/1/01-02	\$4,330	1.020	1.197	\$4,646	1.14
7/1/02-03	4,320	1.045	1.176	5,749	0.92
7/1/03-04	6,900	1.020	1.162	6,515	1.25
7/1/04-05	7,200	1.030	1.146	6,477	1.31
7/1/05-06	7,600	1.020	1.128	6,835	1.28
7/1/06-07	6,850	1.025	1.110	6,992	1.11
7/1/07-08	6,200	1.030	1.092	6,761	1.03
7/1/08-09	6,200	1.025	1.071	8,193	0.83
7/1/09-10	8,900	1.030	1.053	8,399	1.15
7/1/10-11	7,100	1.030	1.043	9,371	0.81
7/1/11-12	10,700	1.030	1.034	8,825	1.29
Total	\$76,300			\$78,763	1.10
			(7) 3-Year Simple Average		1.09
			5-Year Simple Average		1.02
			3-Year Volume Weighted		1.08
			5-Year Volume Weighted		1.02
			6-Year Volume Weighted, Excl Hi/Low		1.03
			(8) Prior Selected Pure Premium, Trended		1.03
			(9) 7/1/13-14 Selected Pure Premium		1.10
			(10) Credibility		79%
			(11) Selected Overall WC Pure Premium		0.93
			(12) Credibility Weighted Pure Premium		1.06
			(13) 7/1/13-14 Estimated Exposures		\$9,996
			(14) 7/1/13-14 Estimated Loss & ALAE		\$10,637
			(15) Expenses		\$1,833
			(16) Contingency Load		\$0
			(17) Indicated 7/1/13-14 Costs		\$12,470

Notes:

- (2) From Section WC, Exhibit 6, Sheet 2, Column (14).
- (3) Based on industry data and NJSBAIG loss experience.
- (4) Based on an annual pure premium trend of 0.50%, selected judgmentally, and benefit level changes.
- (5), (16) Based on data provided by NJSBAIG.
- (6) (2) x (3) x (4) / (5).
- (7) Various averages of (6).
- (8) From Towers Watson prior rate level analysis, adjusted for trend and benefit level changes to 7/1/13-14.
- (9) Selected judgmentally.
- (10) Based on insurance industry standards.
- (11) From Section WC, Exhibit 1, Sheet 3, Item (9).
- (12) (9) x (10) + (11) x [1.0 - (10)].
- (13) From Summary, Exhibit 5, Sheet 2, Column (11).
- (14) (12) x (13).
- (15) From Summary, Exhibit 4, Sheet 2, Item (11d).
- (17) (14) + (15) + (16).

WC Subfund Review
 Indicated 7/1/13-14 Costs
 Central Estimate
 Lim to \$1M

ERIC NORTH

Accident Period (1)	Selected Limited Ultimate Loss & ALAE (2)	ILF to \$1M (3)	Trend and Benefit Level Factor to 7/1/13-14 (4)	Payroll (\$00,000's) (5)	Trended Pure Premium Limited to \$1M (6)
7/1/01-02	\$4,400	1.020	1.197	\$6,545	0.82
7/1/02-03	3,950	1.045	1.176	7,649	0.63
7/1/03-04	5,150	1.020	1.162	8,412	0.73
7/1/04-05	6,600	1.030	1.146	8,980	0.87
7/1/05-06	6,900	1.020	1.128	11,034	0.72
7/1/06-07	7,900	1.025	1.110	13,154	0.68
7/1/07-08	8,300	1.030	1.092	13,022	0.72
7/1/08-09	10,100	1.025	1.071	14,769	0.75
7/1/09-10	13,250	1.030	1.053	16,724	0.86
7/1/10-11	12,625	1.030	1.043	18,838	0.72
7/1/11-12	12,700	1.030	1.034	18,461	0.73
Total	\$91,875			\$137,588	0.75
			(7) 3-Year Simple Average		0.77
			5-Year Simple Average		0.76
			3-Year Volume Weighted		0.77
			5-Year Volume Weighted		0.76
			6-Year Volume Weighted, Excl Hi/Low		0.73
			(8) Prior Selected Pure Premium, Trended		0.76
			(9) 7/1/13-14 Selected Pure Premium		0.76
			(10) Credibility		95%
			(11) Selected Overall WC Pure Premium		0.89
			(12) Credibility Weighted Pure Premium		0.77
			(13) 7/1/13-14 Estimated Exposures		\$19,393
			(14) 7/1/13-14 Estimated Loss & ALAE		\$14,876
			(15) Expenses		\$3,202
			(16) Contingency Load		\$0
			(17) Indicated 7/1/13-14 Costs		\$18,078

Notes:

- (2) From Section WC, Exhibit 6, Sheet 3, Column (12).
- (3) Based on industry data and NJSBAIG loss experience.
- (4) Based on an annual pure premium trend of 0.50%, selected judgmentally, and benefit level changes.
- (5), (16) Based on data provided by NJSBAIG.
- (6) (2) x (3) x (4) / (5).
- (7) Various averages of (6).
- (8) From Towers Watson prior rate level analysis, adjusted for trend and benefit level changes to 7/1/13-14.
- (9) Selected judgmentally.
- (10) Based on insurance industry standards.
- (11) From Section WC, Exhibit 1, Sheet 1, Item (9).
- (12) (9) x (10) + (11) x [1.0 - (10)].
- (13) From Summary, Exhibit 5, Sheet 2, Column (11).
- (14) (12) x (13).
- (15) From Summary, Exhibit 4, Sheet 2, Item (11d).
- (17) (14) + (15) + (16).

WC Subfund Review
 Indicated 7/1/13-14 Costs
 Low Reasonable Estimate
 Lim to \$1M

ERIC NORTH

Accident Period (1)	Selected Limited Ultimate Loss & ALAE (2)	ILF to \$1M (3)	Trend and Benefit Level Factor to 7/1/13-14 (4)	Payroll (\$00,000's) (5)	Trended Pure Premium Limited to \$1M (6)
7/1/01-02	\$4,380	1.020	1.197	\$6,545	0.82
7/1/02-03	3,900	1.045	1.176	7,649	0.63
7/1/03-04	5,100	1.020	1.162	8,412	0.72
7/1/04-05	6,400	1.030	1.146	8,980	0.84
7/1/05-06	6,700	1.020	1.128	11,034	0.70
7/1/06-07	7,800	1.025	1.110	13,154	0.67
7/1/07-08	8,100	1.030	1.092	13,022	0.70
7/1/08-09	10,000	1.025	1.071	14,769	0.74
7/1/09-10	12,975	1.030	1.053	16,724	0.84
7/1/10-11	12,375	1.030	1.043	18,838	0.71
7/1/11-12	12,400	1.030	1.034	18,461	0.72
Total	\$90,130			\$137,588	0.73
(7)			3-Year Simple Average		0.75
			5-Year Simple Average		0.74
			3-Year Volume Weighted		0.75
			5-Year Volume Weighted		0.74
			6-Year Volume Weighted, Excl Hi/Low		0.72
(8)			Prior Selected Pure Premium, Trended		0.74
(9)			7/1/13-14 Selected Pure Premium		0.74
(10)			Credibility		95%
(11)			Selected Overall WC Pure Premium		0.86
(12)			Credibility Weighted Pure Premium		0.75
(13)			7/1/13-14 Estimated Exposures		\$19,393
(14)			7/1/13-14 Estimated Loss & ALAE		\$14,551
(15)			Expenses		\$3,202
(16)			Contingency Load		\$0
(17)			Indicated 7/1/13-14 Costs		\$17,753

Notes:

- (2) From Section WC, Exhibit 6, Sheet 3, Column (13).
- (3) Based on industry data and NJSBAIG loss experience.
- (4) Based on an annual pure premium trend of 0.50%, selected judgmentally, and benefit level changes.
- (5), (16) Based on data provided by NJSBAIG.
- (6) (2) x (3) x (4) / (5).
- (7) Various averages of (6).
- (8) From Towers Watson prior rate level analysis, adjusted for trend and benefit level changes to 7/1/13-14.
- (9) Selected judgmentally.
- (10) Based on insurance industry standards.
- (11) From Section WC, Exhibit 1, Sheet 2, Item (9).
- (12) (9) x (10) + (11) x [1.0 - (10)].
- (13) From Summary, Exhibit 5, Sheet 2, Column (11).
- (14) (12) x (13).
- (15) From Summary, Exhibit 4, Sheet 2, Item (11d).
- (17) (14) + (15) + (16).

WC Subfund Review
 Indicated 7/1/13-14 Costs
 High Reasonable Estimate
 Lim to \$1M

ERIC NORTH

Accident Period (1)	Selected Limited Ultimate Loss & ALAE (2)	ILF to \$1M (3)	Trend and Benefit Level Factor to 7/1/13-14 (4)	Payroll (\$00,000's) (5)	Trended Pure Premium Limited to \$1M (6)
7/1/01-02	\$4,430	1.020	1.197	\$6,545	0.83
7/1/02-03	4,000	1.045	1.176	7,649	0.64
7/1/03-04	5,200	1.020	1.162	8,412	0.73
7/1/04-05	6,800	1.030	1.146	8,980	0.89
7/1/05-06	7,000	1.020	1.128	11,034	0.73
7/1/06-07	8,000	1.025	1.110	13,154	0.69
7/1/07-08	8,500	1.030	1.092	13,022	0.73
7/1/08-09	10,400	1.025	1.071	14,769	0.77
7/1/09-10	13,700	1.030	1.053	16,724	0.89
7/1/10-11	13,000	1.030	1.043	18,838	0.74
7/1/11-12	13,100	1.030	1.034	18,461	0.76
Total	\$94,130			\$137,588	0.77
			(7) 3-Year Simple Average		0.80
			5-Year Simple Average		0.78
			3-Year Volume Weighted		0.79
			5-Year Volume Weighted		0.78
			6-Year Volume Weighted, Excl Hi/Low		0.75
			(8) Prior Selected Pure Premium, Trended		0.78
			(9) 7/1/13-14 Selected Pure Premium		0.78
			(10) Credibility		95%
			(11) Selected Overall WC Pure Premium		0.93
			(12) Credibility Weighted Pure Premium		0.79
			(13) 7/1/13-14 Estimated Exposures		\$19,393
			(14) 7/1/13-14 Estimated Loss & ALAE		\$15,283
			(15) Expenses		\$3,202
			(16) Contingency Load		\$0
			(17) Indicated 7/1/13-14 Costs		\$18,485

Notes:

- (2) From Section WC, Exhibit 6, Sheet 3, Column (14).
- (3) Based on industry data and NJSBAIG loss experience.
- (4) Based on an annual pure premium trend of 0.50%, selected judgmentally, and benefit level changes.
- (5), (16) Based on data provided by NJSBAIG.
- (6) (2) x (3) x (4) / (5).
- (7) Various averages of (6).
- (8) From Towers Watson prior rate level analysis, adjusted for trend and benefit level changes to 7/1/13-14.
- (9) Selected judgmentally.
- (10) Based on insurance industry standards.
- (11) From Section WC, Exhibit 1, Sheet 3, Item (9).
- (12) (9) x (10) + (11) x [1.0 - (10)].
- (13) From Summary, Exhibit 5, Sheet 2, Column (11).
- (14) (12) x (13).
- (15) From Summary, Exhibit 4, Sheet 2, Item (11d).
- (17) (14) + (15) + (16).

WC Subfund Review
 Indicated 7/1/13-14 Costs
 Central Estimate
 Lim to \$1M

NJEIF

Accident Period (1)	Selected Limited Ultimate Loss & ALAE (2)	ILF to \$1M (3)	Trend and Benefit Level Factor to 7/1/13-14 (4)	Payroll (\$00,000's) (5)	Trended Pure Premium Limited to \$1M (6)
7/1/01-02	\$1,900	1.020	1.197	\$3,751	0.62
7/1/02-03	2,500	1.045	1.176	4,152	0.74
7/1/03-04	3,700	1.020	1.162	4,817	0.91
7/1/04-05	3,600	1.030	1.146	5,378	0.79
7/1/05-06	4,770	1.020	1.128	5,722	0.96
7/1/06-07	2,650	1.025	1.110	6,131	0.49
7/1/07-08	2,700	1.030	1.092	6,061	0.50
7/1/08-09	3,450	1.025	1.071	6,445	0.59
7/1/09-10	3,550	1.030	1.053	6,966	0.55
7/1/10-11	6,300	1.030	1.043	7,260	0.93
7/1/11-12	6,800	1.030	1.034	7,459	0.97
Total	\$41,920			\$64,143	0.74
			(7) 3-Year Simple Average		0.82
			5-Year Simple Average		0.71
			3-Year Volume Weighted		0.82
			5-Year Volume Weighted		0.72
			6-Year Volume Weighted, Excl Hi/Low		0.65
			(8) Prior Selected Pure Premium, Trended		0.67
			(9) 7/1/13-14 Selected Pure Premium		0.81
			(10) Credibility		64%
			(11) Selected Overall WC Pure Premium		0.89
			(12) Credibility Weighted Pure Premium		0.84
			(13) 7/1/13-14 Estimated Exposures		\$8,198
			(14) 7/1/13-14 Estimated Loss & ALAE		\$6,878
			(15) Expenses		\$1,493
			(16) Contingency Load		\$0
			(17) Indicated 7/1/13-14 Costs		\$8,371

Notes:

- (2) From Section WC, Exhibit 6, Sheet 4, Column (12).
- (3) Based on industry data and NJSBAIG loss experience.
- (4) Based on an annual pure premium trend of 0.50%, selected judgmentally, and benefit level changes.
- (5), (16) Based on data provided by NJSBAIG.
- (6) (2) x (3) x (4) / (5).
- (7) Various averages of (6).
- (8) From Towers Watson prior rate level analysis, adjusted for trend and benefit level changes to 7/1/13-14.
- (9) Selected judgmentally.
- (10) Based on insurance industry standards.
- (11) From Section WC, Exhibit 1, Sheet 1, Item (9).
- (12) (9) x (10) + (11) x [1.0 - (10)].
- (13) From Summary, Exhibit 5, Sheet 2, Column (11).
- (14) (12) x (13).
- (15) From Summary, Exhibit 4, Sheet 2, Item (11d).
- (17) (14) + (15) + (16).

WC Subfund Review
 Indicated 7/1/13-14 Costs
 Low Reasonable Estimate
 Lim to \$1M

NJEIF

Accident Period (1)	Selected Limited Ultimate Loss & ALAE (2)	ILF to \$1M (3)	Trend and Benefit Level Factor to 7/1/13-14 (4)	Payroll (\$00,000's) (5)	Trended Pure Premium Limited to \$1M (6)
7/1/01-02	\$1,895	1.020	1.197	\$3,751	0.62
7/1/02-03	2,490	1.045	1.176	4,152	0.74
7/1/03-04	3,600	1.020	1.162	4,817	0.89
7/1/04-05	3,500	1.030	1.146	5,378	0.77
7/1/05-06	4,650	1.020	1.128	5,722	0.94
7/1/06-07	2,600	1.025	1.110	6,131	0.48
7/1/07-08	2,600	1.030	1.092	6,061	0.48
7/1/08-09	3,300	1.025	1.071	6,445	0.56
7/1/09-10	3,500	1.030	1.053	6,966	0.55
7/1/10-11	6,100	1.030	1.043	7,260	0.90
7/1/11-12	6,600	1.030	1.034	7,459	0.94
Total	\$40,835			\$64,143	0.72
			(7) 3-Year Simple Average		0.80
			5-Year Simple Average		0.69
			3-Year Volume Weighted		0.80
			5-Year Volume Weighted		0.70
			6-Year Volume Weighted, Excl Hi/Low		0.63
			(8) Prior Selected Pure Premium, Trended		0.60
			(9) 7/1/13-14 Selected Pure Premium		0.76
			(10) Credibility		64%
			(11) Selected Overall WC Pure Premium		0.86
			(12) Credibility Weighted Pure Premium		0.80
			(13) 7/1/13-14 Estimated Exposures		\$8,198
			(14) 7/1/13-14 Estimated Loss & ALAE		\$6,528
			(15) Expenses		\$1,493
			(16) Contingency Load		\$0
			(17) Indicated 7/1/13-14 Costs		\$8,021

Notes:

- (2) From Section WC, Exhibit 6, Sheet 4, Column (13).
- (3) Based on industry data and NJSBAIG loss experience.
- (4) Based on an annual pure premium trend of 0.50%, selected judgmentally, and benefit level changes.
- (5), (16) Based on data provided by NJSBAIG.
- (6) (2) x (3) x (4) / (5).
- (7) Various averages of (6).
- (8) From Towers Watson prior rate level analysis, adjusted for trend and benefit level changes to 7/1/13-14.
- (9) Selected judgmentally.
- (10) Based on insurance industry standards.
- (11) From Section WC, Exhibit 1, Sheet 2, Item (9).
- (12) (9) x (10) + (11) x [1.0 - (10)].
- (13) From Summary, Exhibit 5, Sheet 2, Column (11).
- (14) (12) x (13).
- (15) From Summary, Exhibit 4, Sheet 2, Item (11d).
- (17) (14) + (15) + (16).

WC Subfund Review
 Indicated 7/1/13-14 Costs
 High Reasonable Estimate
 Lim to \$1M

NJEIF

Accident Period (1)	Selected Limited Ultimate Loss & ALAE (2)	ILF to \$1M (3)	Trend and Benefit Level Factor to 7/1/13-14 (4)	Payroll (\$00,000's) (5)	Trended Pure Premium Limited to \$1M (6)
7/1/01-02	\$1,910	1.020	1.197	\$3,751	0.62
7/1/02-03	2,510	1.045	1.176	4,152	0.74
7/1/03-04	3,800	1.020	1.162	4,817	0.93
7/1/04-05	3,700	1.030	1.146	5,378	0.81
7/1/05-06	4,850	1.020	1.128	5,722	0.98
7/1/06-07	2,700	1.025	1.110	6,131	0.50
7/1/07-08	2,800	1.030	1.092	6,061	0.52
7/1/08-09	3,600	1.025	1.071	6,445	0.61
7/1/09-10	3,600	1.030	1.053	6,966	0.56
7/1/10-11	6,500	1.030	1.043	7,260	0.96
7/1/11-12	7,000	1.030	1.034	7,459	1.00
Total	\$42,970			\$64,143	0.75
			(7) 3-Year Simple Average		0.84
			5-Year Simple Average		0.73
			3-Year Volume Weighted		0.85
			5-Year Volume Weighted		0.74
			6-Year Volume Weighted, Excl Hi/Low		0.67
			(8) Prior Selected Pure Premium, Trended		0.72
			(9) 7/1/13-14 Selected Pure Premium		0.86
			(10) Credibility		64%
			(11) Selected Overall WC Pure Premium		0.93
			(12) Credibility Weighted Pure Premium		0.89
			(13) 7/1/13-14 Estimated Exposures		\$8,198
			(14) 7/1/13-14 Estimated Loss & ALAE		\$7,273
			(15) Expenses		\$1,493
			(16) Contingency Load		\$0
			(17) Indicated 7/1/13-14 Costs		\$8,766

Notes:

- (2) From Section WC, Exhibit 6, Sheet 4, Column (14).
- (3) Based on industry data and NJSBAIG loss experience.
- (4) Based on an annual pure premium trend of 0.50%, selected judgmentally, and benefit level changes.
- (5), (16) Based on data provided by NJSBAIG.
- (6) (2) x (3) x (4) / (5).
- (7) Various averages of (6).
- (8) From Towers Watson prior rate level analysis, adjusted for trend and benefit level changes to 7/1/13-14.
- (9) Selected judgmentally.
- (10) Based on insurance industry standards.
- (11) From Section WC, Exhibit 1, Sheet 3, Item (9).
- (12) (9) x (10) + (11) x [1.0 - (10)].
- (13) From Summary, Exhibit 5, Sheet 2, Column (11).
- (14) (12) x (13).
- (15) From Summary, Exhibit 4, Sheet 2, Item (11d).
- (17) (14) + (15) + (16).

WC Subfund Review
 Indicated 7/1/13-14 Costs
 Central Estimate
 Lim to \$1M

ERIC SOUTH

Accident Period (1)	Selected Limited Ultimate Loss & ALAE (2)	ILF to \$1M (3)	Trend and Benefit Level Factor to 7/1/13-14 (4)	Payroll (\$00,000's) (5)	Trended Pure Premium Limited to \$1M (6)
7/1/01-02	\$2,080	1.020	1.197	\$3,147	0.81
7/1/02-03	3,000	1.045	1.176	3,797	0.97
7/1/03-04	3,500	1.020	1.162	3,973	1.04
7/1/04-05	2,700	1.030	1.146	4,194	0.76
7/1/05-06	2,475	1.020	1.128	4,642	0.61
7/1/06-07	3,900	1.025	1.110	5,150	0.86
7/1/07-08	3,650	1.030	1.092	5,227	0.79
7/1/08-09	4,750	1.025	1.071	5,346	0.98
7/1/09-10	5,800	1.030	1.053	5,710	1.10
7/1/10-11	6,150	1.030	1.043	5,675	1.16
7/1/11-12	4,800	1.030	1.034	6,060	0.84
Total	\$42,805			\$52,921	0.91
(7) 3-Year Simple Average					1.04
5-Year Simple Average					0.97
3-Year Volume Weighted					1.03
5-Year Volume Weighted					0.98
6-Year Volume Weighted, Excl Hi/Low					0.95
(8) Prior Selected Pure Premium, Trended					1.01
(9) 7/1/13-14 Selected Pure Premium					1.03
(10) Credibility					70%
(11) Selected Overall WC Pure Premium					0.89
(12) Credibility Weighted Pure Premium					0.99
(13) 7/1/13-14 Estimated Exposures					\$6,197
(14) 7/1/13-14 Estimated Loss & ALAE					\$6,136
(15) Expenses					\$1,232
(16) Contingency Load					\$0
(17) Indicated 7/1/13-14 Costs					\$7,367

Notes:

- (2) From Section WC, Exhibit 6, Sheet 5, Column (12).
- (3) Based on industry data and NJSBAIG loss experience.
- (4) Based on an annual pure premium trend of 0.50%, selected judgmentally, and benefit level changes.
- (5), (16) Based on data provided by NJSBAIG.
- (6) (2) x (3) x (4) / (5).
- (7) Various averages of (6).
- (8) From Towers Watson prior rate level analysis, adjusted for trend and benefit level changes to 7/1/13-14.
- (9) Selected judgmentally.
- (10) Based on insurance industry standards.
- (11) From Section WC, Exhibit 1, Sheet 1, Item (9).
- (12) (9) x (10) + (11) x [1.0 - (10)].
- (13) From Summary, Exhibit 5, Sheet 2, Column (11).
- (14) (12) x (13).
- (15) From Summary, Exhibit 4, Sheet 2, Item (11d).
- (17) (14) + (15) + (16).

WC Subfund Review
 Indicated 7/1/13-14 Costs
 Low Reasonable Estimate
 Lim to \$1M

ERIC SOUTH

Accident Period (1)	Selected Limited Ultimate Loss & ALAE (2)	ILF to \$1M (3)	Trend and Benefit Level Factor to 7/1/13-14 (4)	Payroll (\$00,000's) (5)	Trended Pure Premium Limited to \$1M (6)
7/1/01-02	\$2,074	1.020	1.197	\$3,147	0.80
7/1/02-03	2,980	1.045	1.176	3,797	0.96
7/1/03-04	3,430	1.020	1.162	3,973	1.02
7/1/04-05	2,650	1.030	1.146	4,194	0.75
7/1/05-06	2,450	1.020	1.128	4,642	0.61
7/1/06-07	3,820	1.025	1.110	5,150	0.84
7/1/07-08	3,550	1.030	1.092	5,227	0.76
7/1/08-09	4,650	1.025	1.071	5,346	0.96
7/1/09-10	5,600	1.030	1.053	5,710	1.06
7/1/10-11	6,000	1.030	1.043	5,675	1.14
7/1/11-12	4,600	1.030	1.034	6,060	0.81
Total	\$41,804			\$52,921	0.89
			(7) 3-Year Simple Average		1.00
			5-Year Simple Average		0.95
			3-Year Volume Weighted		1.00
			5-Year Volume Weighted		0.95
			6-Year Volume Weighted, Excl Hi/Low		0.92
			(8) Prior Selected Pure Premium, Trended		0.98
			(9) 7/1/13-14 Selected Pure Premium		1.00
			(10) Credibility		70%
			(11) Selected Overall WC Pure Premium		0.86
			(12) Credibility Weighted Pure Premium		0.96
			(13) 7/1/13-14 Estimated Exposures		\$6,197
			(14) 7/1/13-14 Estimated Loss & ALAE		\$5,950
			(15) Expenses		\$1,232
			(16) Contingency Load		\$0
			(17) Indicated 7/1/13-14 Costs		\$7,181

Notes:

- (2) From Section WC, Exhibit 6, Sheet 5, Column (13).
- (3) Based on industry data and NJSBAIG loss experience.
- (4) Based on an annual pure premium trend of 0.50%, selected judgmentally, and benefit level changes.
- (5), (16) Based on data provided by NJSBAIG.
- (6) (2) x (3) x (4) / (5).
- (7) Various averages of (6).
- (8) From Towers Watson prior rate level analysis, adjusted for trend and benefit level changes to 7/1/13-14.
- (9) Selected judgmentally.
- (10) Based on insurance industry standards.
- (11) From Section WC, Exhibit 1, Sheet 2, Item (9).
- (12) (9) x (10) + (11) x [1.0 - (10)].
- (13) From Summary, Exhibit 5, Sheet 2, Column (11).
- (14) (12) x (13).
- (15) From Summary, Exhibit 4, Sheet 2, Item (11d).
- (17) (14) + (15) + (16).

WC Subfund Review
 Indicated 7/1/13-14 Costs
 High Reasonable Estimate
 Lim to \$1M

ERIC SOUTH

Accident Period (1)	Selected Limited Ultimate Loss & ALAE (2)	ILF to \$1M (3)	Trend and Benefit Level Factor to 7/1/13-14 (4)	Payroll (\$00,000's) (5)	Trended Pure Premium Limited to \$1M (6)
7/1/01-02	\$2,100	1.020	1.197	\$3,147	0.82
7/1/02-03	3,040	1.045	1.176	3,797	0.98
7/1/03-04	3,600	1.020	1.162	3,973	1.07
7/1/04-05	2,750	1.030	1.146	4,194	0.77
7/1/05-06	2,500	1.020	1.128	4,642	0.62
7/1/06-07	4,000	1.025	1.110	5,150	0.88
7/1/07-08	3,800	1.030	1.092	5,227	0.82
7/1/08-09	4,900	1.025	1.071	5,346	1.01
7/1/09-10	6,000	1.030	1.053	5,710	1.14
7/1/10-11	6,350	1.030	1.043	5,675	1.20
7/1/11-12	5,000	1.030	1.034	6,060	0.88
Total	\$44,040			\$52,921	0.94
			(7) 3-Year Simple Average		1.07
			5-Year Simple Average		1.01
			3-Year Volume Weighted		1.07
			5-Year Volume Weighted		1.01
			6-Year Volume Weighted, Excl Hi/Low		0.98
			(8) Prior Selected Pure Premium, Trended		1.04
			(9) 7/1/13-14 Selected Pure Premium		1.07
			(10) Credibility		70%
			(11) Selected Overall WC Pure Premium		0.93
			(12) Credibility Weighted Pure Premium		1.03
			(13) 7/1/13-14 Estimated Exposures		\$6,197
			(14) 7/1/13-14 Estimated Loss & ALAE		\$6,380
			(15) Expenses		\$1,232
			(16) Contingency Load		\$0
			(17) Indicated 7/1/13-14 Costs		\$7,611

Notes:

- (2) From Section WC, Exhibit 6, Sheet 5, Column (14).
- (3) Based on industry data and NJSBAIG loss experience.
- (4) Based on an annual pure premium trend of 0.50%, selected judgmentally, and benefit level changes.
- (5), (16) Based on data provided by NJSBAIG.
- (6) (2) x (3) x (4) / (5).
- (7) Various averages of (6).
- (8) From Towers Watson prior rate level analysis, adjusted for trend and benefit level changes to 7/1/13-14.
- (9) Selected judgmentally.
- (10) Based on insurance industry standards.
- (11) From Section WC, Exhibit 1, Sheet 3, Item (9).
- (12) (9) x (10) + (11) x [1.0 - (10)].
- (13) From Summary, Exhibit 5, Sheet 2, Column (11).
- (14) (12) x (13).
- (15) From Summary, Exhibit 4, Sheet 2, Item (11d).
- (17) (14) + (15) + (16).

WC Subfund Review
 Indicated 7/1/13-14 Costs
 Central Estimate
 Lim to \$1M

ERIC WEST

Accident Period (1)	Selected Limited Ultimate Loss & ALAE (2)	ILF to \$1M (3)	Trend and Benefit Level Factor to 7/1/13-14 (4)	Payroll (\$00,000's) (5)	Trended Pure Premium Limited to \$1M (6)
7/1/01-02	\$555	1.020	1.197	\$1,397	0.49
7/1/02-03	1,170	1.045	1.176	2,022	0.71
7/1/03-04	1,025	1.020	1.162	2,184	0.56
7/1/04-05	2,000	1.030	1.146	2,443	0.97
7/1/05-06	1,950	1.020	1.128	3,425	0.66
7/1/06-07	3,200	1.025	1.110	3,571	1.02
7/1/07-08	2,300	1.030	1.092	3,993	0.65
7/1/08-09	2,600	1.025	1.071	4,854	0.59
7/1/09-10	1,200	1.030	1.053	5,012	0.26
7/1/10-11	2,500	1.030	1.043	5,260	0.51
7/1/11-12	3,850	1.030	1.034	6,869	0.60
Total	\$22,350			\$41,031	0.61
(7) 3-Year Simple Average					0.46
5-Year Simple Average					0.52
3-Year Volume Weighted					0.47
5-Year Volume Weighted					0.52
6-Year Volume Weighted, Excl Hi/Low					0.58
(8) Prior Selected Pure Premium, Trended					0.64
(9) 7/1/13-14 Selected Pure Premium					0.58
(10) Credibility					50%
(11) Selected Overall WC Pure Premium					0.89
(12) Credibility Weighted Pure Premium					0.74
(13) 7/1/13-14 Estimated Exposures					\$7,108
(14) 7/1/13-14 Estimated Loss & ALAE					\$5,239
(15) Expenses					\$955
(16) Contingency Load					\$0
(17) Indicated 7/1/13-14 Costs					\$6,194

Notes:

- (2) From Section WC, Exhibit 6, Sheet 6, Column (12).
- (3) Based on industry data and NJSBAIG loss experience.
- (4) Based on an annual pure premium trend of 0.50%, selected judgmentally, and benefit level changes.
- (5), (16) Based on data provided by NJSBAIG.
- (6) (2) x (3) x (4) / (5).
- (7) Various averages of (6).
- (8) From Towers Watson prior rate level analysis, adjusted for trend and benefit level changes to 7/1/13-14.
- (9) Selected judgmentally.
- (10) Based on insurance industry standards.
- (11) From Section WC, Exhibit 1, Sheet 1, Item (9).
- (12) (9) x (10) + (11) x [1.0 - (10)].
- (13) From Summary, Exhibit 5, Sheet 2, Column (11).
- (14) (12) x (13).
- (15) From Summary, Exhibit 4, Sheet 2, Item (11d).
- (17) (14) + (15) + (16).

WC Subfund Review
 Indicated 7/1/13-14 Costs
 Low Reasonable Estimate
 Lim to \$1M

ERIC WEST

Accident Period (1)	Selected Limited Ultimate Loss & ALAE (2)	ILF to \$1M (3)	Trend and Benefit Level Factor to 7/1/13-14 (4)	Payroll (\$00,000's) (5)	Trended Pure Premium Limited to \$1M (6)
7/1/01-02	\$553	1.020	1.197	\$1,397	0.48
7/1/02-03	1,150	1.045	1.176	2,022	0.70
7/1/03-04	1,000	1.020	1.162	2,184	0.54
7/1/04-05	1,980	1.030	1.146	2,443	0.96
7/1/05-06	1,925	1.020	1.128	3,425	0.65
7/1/06-07	3,100	1.025	1.110	3,571	0.99
7/1/07-08	2,200	1.030	1.092	3,993	0.62
7/1/08-09	2,500	1.025	1.071	4,854	0.57
7/1/09-10	1,100	1.030	1.053	5,012	0.24
7/1/10-11	2,400	1.030	1.043	5,260	0.49
7/1/11-12	3,600	1.030	1.034	6,869	0.56
Total	\$21,508			\$41,031	0.59
(7)			3-Year Simple Average		0.43
			5-Year Simple Average		0.49
			3-Year Volume Weighted		0.44
			5-Year Volume Weighted		0.49
			6-Year Volume Weighted, Excl Hi/Low		0.55
(8)			Prior Selected Pure Premium, Trended		0.61
(9)			7/1/13-14 Selected Pure Premium		0.55
(10)			Credibility		50%
(11)			Selected Overall WC Pure Premium		0.86
(12)			Credibility Weighted Pure Premium		0.71
(13)			7/1/13-14 Estimated Exposures		\$7,108
(14)			7/1/13-14 Estimated Loss & ALAE		\$5,026
(15)			Expenses		\$955
(16)			Contingency Load		\$0
(17)			Indicated 7/1/13-14 Costs		\$5,981

Notes:

- (2) From Section WC, Exhibit 6, Sheet 6, Column (13).
- (3) Based on industry data and NJSBAIG loss experience.
- (4) Based on an annual pure premium trend of 0.50%, selected judgmentally, and benefit level changes.
- (5), (16) Based on data provided by NJSBAIG.
- (6) (2) x (3) x (4) / (5).
- (7) Various averages of (6).
- (8) From Towers Watson prior rate level analysis, adjusted for trend and benefit level changes to 7/1/13-14.
- (9) Selected judgmentally.
- (10) Based on insurance industry standards.
- (11) From Section WC, Exhibit 1, Sheet 2, Item (9).
- (12) (9) x (10) + (11) x [1.0 - (10)].
- (13) From Summary, Exhibit 5, Sheet 2, Column (11).
- (14) (12) x (13).
- (15) From Summary, Exhibit 4, Sheet 2, Item (11d).
- (17) (14) + (15) + (16).

WC Subfund Review
 Indicated 7/1/13-14 Costs
 High Reasonable Estimate
 Lim to \$1M

ERIC WEST

Accident Period (1)	Selected Limited Ultimate Loss & ALAE (2)	ILF to \$1M (3)	Trend and Benefit Level Factor to 7/1/13-14 (4)	Payroll (\$00,000's) (5)	Trended Pure Premium Limited to \$1M (6)
7/1/01-02	\$560	1.020	1.197	\$1,397	0.49
7/1/02-03	1,190	1.045	1.176	2,022	0.72
7/1/03-04	1,050	1.020	1.162	2,184	0.57
7/1/04-05	2,020	1.030	1.146	2,443	0.98
7/1/05-06	1,975	1.020	1.128	3,425	0.66
7/1/06-07	3,300	1.025	1.110	3,571	1.05
7/1/07-08	2,400	1.030	1.092	3,993	0.68
7/1/08-09	2,700	1.025	1.071	4,854	0.61
7/1/09-10	1,300	1.030	1.053	5,012	0.28
7/1/10-11	2,650	1.030	1.043	5,260	0.54
7/1/11-12	4,000	1.030	1.034	6,869	0.62
Total	\$23,145			\$41,031	0.63
(7) 3-Year Simple Average					0.48
5-Year Simple Average					0.55
3-Year Volume Weighted					0.50
5-Year Volume Weighted					0.55
6-Year Volume Weighted, Excl Hi/Low					0.61
(8) Prior Selected Pure Premium, Trended					0.70
(9) 7/1/13-14 Selected Pure Premium					0.61
(10) Credibility					50%
(11) Selected Overall WC Pure Premium					0.93
(12) Credibility Weighted Pure Premium					0.77
(13) 7/1/13-14 Estimated Exposures					\$7,108
(14) 7/1/13-14 Estimated Loss & ALAE					\$5,474
(15) Expenses					\$955
(16) Contingency Load					\$0
(17) Indicated 7/1/13-14 Costs					\$6,429

Notes:

- (2) From Section WC, Exhibit 6, Sheet 6, Column (14).
- (3) Based on industry data and NJSBAIG loss experience.
- (4) Based on an annual pure premium trend of 0.50%, selected judgmentally, and benefit level changes.
- (5), (16) Based on data provided by NJSBAIG.
- (6) (2) x (3) x (4) / (5).
- (7) Various averages of (6).
- (8) From Towers Watson prior rate level analysis, adjusted for trend and benefit level changes to 7/1/13-14.
- (9) Selected judgmentally.
- (10) Based on insurance industry standards.
- (11) From Section WC, Exhibit 1, Sheet 3, Item (9).
- (12) (9) x (10) + (11) x [1.0 - (10)].
- (13) From Summary, Exhibit 5, Sheet 2, Column (11).
- (14) (12) x (13).
- (15) From Summary, Exhibit 4, Sheet 2, Item (11d).
- (17) (14) + (15) + (16).

WC Subfund Review
 Indicated 7/1/13-14 Costs
 Central Estimate
 Lim to \$1M

CAIP

Accident Period (1)	Selected Limited Ultimate Loss & ALAE (2)	ILF to \$1M (3)	Trend and Benefit Level Factor to 7/1/13-14 (4)	Payroll (\$00,000's) (5)	Trended Pure Premium Limited to \$1M (6)
7/1/01-02	\$1,090	1.020	1.197	\$816	1.63
7/1/02-03	2,070	1.045	1.176	1,013	2.51
7/1/03-04	1,890	1.020	1.162	1,104	2.03
7/1/04-05	2,100	1.030	1.146	1,175	2.11
7/1/05-06	2,100	1.020	1.128	1,233	1.96
7/1/06-07	1,550	1.025	1.110	1,294	1.36
7/1/07-08	1,340	1.030	1.092	1,284	1.17
7/1/08-09	2,250	1.025	1.071	1,332	1.85
7/1/09-10	1,840	1.030	1.053	1,728	1.16
7/1/10-11	2,100	1.030	1.043	1,579	1.43
7/1/11-12	2,300	1.030	1.034	1,888	1.30
Total	\$20,630			\$14,446	1.62
(7)			3-Year Simple Average		1.29
			5-Year Simple Average		1.38
			3-Year Volume Weighted		1.29
			5-Year Volume Weighted		1.37
			6-Year Volume Weighted, Excl Hi/Low		1.32
(8)			Prior Selected Pure Premium, Trended		1.48
(9)			7/1/13-14 Selected Pure Premium		1.38
(10)			Credibility		37%
(11)			Selected Overall WC Pure Premium		0.89
(12)			Credibility Weighted Pure Premium		1.07
(13)			7/1/13-14 Estimated Exposures		\$2,012
(14)			7/1/13-14 Estimated Loss & ALAE		\$2,163
(15)			Expenses		\$336
(16)			Contingency Load		\$0
(17)			Indicated 7/1/13-14 Costs		\$2,499

Notes:

- (2) From Section WC, Exhibit 6, Sheet 7, Column (12).
- (3) Based on industry data and NJSBAIG loss experience.
- (4) Based on an annual pure premium trend of 0.50%, selected judgmentally, and benefit level changes.
- (5), (16) Based on data provided by NJSBAIG.
- (6) (2) x (3) x (4) / (5).
- (7) Various averages of (6).
- (8) From Towers Watson prior rate level analysis, adjusted for trend and benefit level changes to 7/1/13-14.
- (9) Selected judgmentally.
- (10) Based on insurance industry standards.
- (11) From Section WC, Exhibit 1, Sheet 1, Item (9).
- (12) (9) x (10) + (11) x [1.0 - (10)].
- (13) From Summary, Exhibit 5, Sheet 2, Column (11).
- (14) (12) x (13).
- (15) From Summary, Exhibit 4, Sheet 2, Item (11d).
- (17) (14) + (15) + (16).

WC Subfund Review
 Indicated 7/1/13-14 Costs
 Low Reasonable Estimate
 Lim to \$1M

CAIP

Accident Period (1)	Selected Limited Ultimate Loss & ALAE (2)	ILF to \$1M (3)	Trend and Benefit Level Factor to 7/1/13-14 (4)	Payroll (\$00,000's) (5)	Trended Pure Premium Limited to \$1M (6)
7/1/01-02	\$1,085	1.020	1.197	\$816	1.62
7/1/02-03	2,040	1.045	1.176	1,013	2.47
7/1/03-04	1,850	1.020	1.162	1,104	1.99
7/1/04-05	2,060	1.030	1.146	1,175	2.07
7/1/05-06	2,050	1.020	1.128	1,233	1.91
7/1/06-07	1,490	1.025	1.110	1,294	1.31
7/1/07-08	1,320	1.030	1.092	1,284	1.16
7/1/08-09	2,150	1.025	1.071	1,332	1.77
7/1/09-10	1,760	1.030	1.053	1,728	1.11
7/1/10-11	2,050	1.030	1.043	1,579	1.40
7/1/11-12	2,100	1.030	1.034	1,888	1.18
Total	\$19,955			\$14,446	1.57
			(7) 3-Year Simple Average		1.23
			5-Year Simple Average		1.32
			3-Year Volume Weighted		1.22
			5-Year Volume Weighted		1.31
			6-Year Volume Weighted, Excl Hi/Low		1.26
			(8) Prior Selected Pure Premium, Trended		1.41
			(9) 7/1/13-14 Selected Pure Premium		1.32
			(10) Credibility		37%
			(11) Selected Overall WC Pure Premium		0.86
			(12) Credibility Weighted Pure Premium		1.03
			(13) 7/1/13-14 Estimated Exposures		\$2,012
			(14) 7/1/13-14 Estimated Loss & ALAE		\$2,080
			(15) Expenses		\$336
			(16) Contingency Load		\$0
			(17) Indicated 7/1/13-14 Costs		\$2,416

Notes:

- (2) From Section WC, Exhibit 6, Sheet 7, Column (13).
- (3) Based on industry data and NJSBAIG loss experience.
- (4) Based on an annual pure premium trend of 0.50%, selected judgmentally, and benefit level changes.
- (5), (16) Based on data provided by NJSBAIG.
- (6) (2) x (3) x (4) / (5).
- (7) Various averages of (6).
- (8) From Towers Watson prior rate level analysis, adjusted for trend and benefit level changes to 7/1/13-14.
- (9) Selected judgmentally.
- (10) Based on insurance industry standards.
- (11) From Section WC, Exhibit 1, Sheet 2, Item (9).
- (12) (9) x (10) + (11) x [1.0 - (10)].
- (13) From Summary, Exhibit 5, Sheet 2, Column (11).
- (14) (12) x (13).
- (15) From Summary, Exhibit 4, Sheet 2, Item (11d).
- (17) (14) + (15) + (16).

WC Subfund Review
 Indicated 7/1/13-14 Costs
 High Reasonable Estimate
 Lim to \$1M

CAIP

Accident Period (1)	Selected Limited Ultimate Loss & ALAE (2)	ILF to \$1M (3)	Trend and Benefit Level Factor to 7/1/13-14 (4)	Payroll (\$00,000's) (5)	Trended Pure Premium Limited to \$1M (6)
7/1/01-02	\$1,110	1.020	1.197	\$816	1.66
7/1/02-03	2,110	1.045	1.176	1,013	2.56
7/1/03-04	1,900	1.020	1.162	1,104	2.04
7/1/04-05	2,200	1.030	1.146	1,175	2.21
7/1/05-06	2,180	1.020	1.128	1,233	2.03
7/1/06-07	1,620	1.025	1.110	1,294	1.42
7/1/07-08	1,376	1.030	1.092	1,284	1.21
7/1/08-09	2,400	1.025	1.071	1,332	1.98
7/1/09-10	1,950	1.030	1.053	1,728	1.22
7/1/10-11	2,150	1.030	1.043	1,579	1.46
7/1/11-12	2,500	1.030	1.034	1,888	1.41
Total	\$21,496			\$14,446	1.69
			(7) 3-Year Simple Average		1.37
			5-Year Simple Average		1.46
			3-Year Volume Weighted		1.36
			5-Year Volume Weighted		1.44
			6-Year Volume Weighted, Excl Hi/Low		1.38
			(8) Prior Selected Pure Premium, Trended		1.58
			(9) 7/1/13-14 Selected Pure Premium		1.46
			(10) Credibility		37%
			(11) Selected Overall WC Pure Premium		0.93
			(12) Credibility Weighted Pure Premium		1.13
			(13) 7/1/13-14 Estimated Exposures		\$2,012
			(14) 7/1/13-14 Estimated Loss & ALAE		\$2,268
			(15) Expenses		\$336
			(16) Contingency Load		\$0
			(17) Indicated 7/1/13-14 Costs		\$2,604

Notes:

- (2) From Section WC, Exhibit 6, Sheet 7, Column (14).
- (3) Based on industry data and NJSBAIG loss experience.
- (4) Based on an annual pure premium trend of 0.50%, selected judgmentally, and benefit level changes.
- (5), (16) Based on data provided by NJSBAIG.
- (6) (2) x (3) x (4) / (5).
- (7) Various averages of (6).
- (8) From Towers Watson prior rate level analysis, adjusted for trend and benefit level changes to 7/1/13-14.
- (9) Selected judgmentally.
- (10) Based on insurance industry standards.
- (11) From Section WC, Exhibit 1, Sheet 3, Item (9).
- (12) (9) x (10) + (11) x [1.0 - (10)].
- (13) From Summary, Exhibit 5, Sheet 2, Column (11).
- (14) (12) x (13).
- (15) From Summary, Exhibit 4, Sheet 2, Item (11d).
- (17) (14) + (15) + (16).

WC Subfund Review
 Indicated 7/1/13-14 Costs
 Central Estimate
 Lim to \$1M

NJSBAIG

Accident Period (1)	Selected Limited Ultimate Loss & ALAE (2)	ILF to \$1M (3)	Trend and Benefit Level Factor to 7/1/13-14 (4)	Payroll (\$00,000's) (5)	Trended Pure Premium Limited to \$1M (6)
7/1/01-02	\$1,970	1.020	1.197	\$1,209	1.99
7/1/02-03	1,420	1.045	1.176	1,231	1.42
7/1/03-04	2,800	1.020	1.162	1,236	2.68
7/1/04-05	3,650	1.030	1.146	1,271	3.39
7/1/05-06	3,570	1.020	1.128	1,570	2.62
7/1/06-07	2,700	1.025	1.110	1,510	2.03
7/1/07-08	1,600	1.030	1.092	1,659	1.08
7/1/08-09	2,500	1.025	1.071	1,773	1.55
7/1/09-10	2,600	1.030	1.053	1,665	1.69
7/1/10-11	3,350	1.030	1.043	1,646	2.19
7/1/11-12	3,000	1.030	1.034	1,598	2.00
Total	\$29,160			\$16,369	2.02
(7) 3-Year Simple Average					1.96
5-Year Simple Average					1.70
3-Year Volume Weighted					1.96
5-Year Volume Weighted					1.70
6-Year Volume Weighted, Excl Hi/Low					1.81
(8) Prior Selected Pure Premium, Trended					1.88
(9) 7/1/13-14 Selected Pure Premium					2.00
(10) Credibility					50%
(11) Selected Overall WC Pure Premium					0.89
(12) Credibility Weighted Pure Premium					1.44
(13) 7/1/13-14 Estimated Exposures					\$1,878
(14) 7/1/13-14 Estimated Loss & ALAE					\$2,712
(15) Expenses					\$381
(16) Contingency Load					\$0
(17) Indicated 7/1/13-14 Costs					\$3,093

Notes:

- (2) From Section WC, Exhibit 6, Sheet 8, Column (12).
- (3) Based on industry data and NJSBAIG loss experience.
- (4) Based on an annual pure premium trend of 0.50%, selected judgmentally, and benefit level changes.
- (5), (16) Based on data provided by NJSBAIG; excludes Atlantic City experience.
- (6) (2) x (3) x (4) / (5).
- (7) Various averages of (6).
- (8) From Towers Watson prior rate level analysis, adjusted for trend and benefit level changes to 7/1/13-14.
- (9) Selected judgmentally.
- (10) Based on insurance industry standards.
- (11) From Section WC, Exhibit 1, Sheet 1, Item (9).
- (12) (9) x (10) + (11) x [1.0 - (10)].
- (13) From Summary, Exhibit 5, Sheet 2, Column (11).
- (14) (12) x (13).
- (15) From Summary, Exhibit 4, Sheet 2, Item (11d).
- (17) (14) + (15) + (16).

WC Subfund Review
 Indicated 7/1/13-14 Costs
 Low Reasonable Estimate
 Lim to \$1M

NJSBAIG

Accident Period (1)	Selected Limited Ultimate Loss & ALAE (2)	ILF to \$1M (3)	Trend and Benefit Level Factor to 7/1/13-14 (4)	Payroll (\$00,000's) (5)	Trended Pure Premium Limited to \$1M (6)
7/1/01-02	\$1,950	1.020	1.197	\$1,209	1.97
7/1/02-03	1,400	1.045	1.176	1,231	1.40
7/1/03-04	2,780	1.020	1.162	1,236	2.67
7/1/04-05	3,560	1.030	1.146	1,271	3.30
7/1/05-06	3,500	1.020	1.128	1,570	2.57
7/1/06-07	2,650	1.025	1.110	1,510	2.00
7/1/07-08	1,450	1.030	1.092	1,659	0.98
7/1/08-09	2,400	1.025	1.071	1,773	1.49
7/1/09-10	2,500	1.030	1.053	1,665	1.63
7/1/10-11	3,250	1.030	1.043	1,646	2.12
7/1/11-12	2,900	1.030	1.034	1,598	1.93
Total	\$28,340			\$16,369	1.97
(7) 3-Year Simple Average					1.89
5-Year Simple Average					1.63
3-Year Volume Weighted					1.89
5-Year Volume Weighted					1.63
6-Year Volume Weighted, Excl Hi/Low					1.75
(8) Prior Selected Pure Premium, Trended					1.76
(9) 7/1/13-14 Selected Pure Premium					1.92
(10) Credibility					50%
(11) Selected Overall WC Pure Premium					0.86
(12) Credibility Weighted Pure Premium					1.39
(13) 7/1/13-14 Estimated Exposures					\$1,878
(14) 7/1/13-14 Estimated Loss & ALAE					\$2,607
(15) Expenses					\$381
(16) Contingency Load					\$0
(17) Indicated 7/1/13-14 Costs					\$2,988

Notes:

- (2) From Section WC, Exhibit 6, Sheet 8, Column (13).
- (3) Based on industry data and NJSBAIG loss experience.
- (4) Based on an annual pure premium trend of 0.50%, selected judgmentally, and benefit level changes.
- (5), (16) Based on data provided by NJSBAIG; excludes Atlantic City experience.
- (6) (2) x (3) x (4) / (5).
- (7) Various averages of (6).
- (8) From Towers Watson prior rate level analysis, adjusted for trend and benefit level changes to 7/1/13-14.
- (9) Selected judgmentally.
- (10) Based on insurance industry standards.
- (11) From Section WC, Exhibit 1, Sheet 2, Item (9).
- (12) (9) x (10) + (11) x [1.0 - (10)].
- (13) From Summary, Exhibit 5, Sheet 2, Column (11).
- (14) (12) x (13).
- (15) From Summary, Exhibit 4, Sheet 2, Item (11d).
- (17) (14) + (15) + (16).

WC Subfund Review
 Indicated 7/1/13-14 Costs
 High Reasonable Estimate
 Lim to \$1M

NJSBAIG

Accident Period (1)	Selected Limited Ultimate Loss & ALAE (2)	ILF to \$1M (3)	Trend and Benefit Level Factor to 7/1/13-14 (4)	Payroll (\$00,000's) (5)	Trended Pure Premium Limited to \$1M (6)
7/1/01-02	\$1,990	1.020	1.197	\$1,209	2.01
7/1/02-03	1,440	1.045	1.176	1,231	1.44
7/1/03-04	2,820	1.020	1.162	1,236	2.70
7/1/04-05	3,725	1.030	1.146	1,271	3.46
7/1/05-06	3,630	1.020	1.128	1,570	2.66
7/1/06-07	2,750	1.025	1.110	1,510	2.07
7/1/07-08	1,800	1.030	1.092	1,659	1.22
7/1/08-09	2,600	1.025	1.071	1,773	1.61
7/1/09-10	2,700	1.030	1.053	1,665	1.76
7/1/10-11	3,500	1.030	1.043	1,646	2.29
7/1/11-12	3,100	1.030	1.034	1,598	2.07
Total	\$30,055			\$16,369	2.08
(7) 3-Year Simple Average					2.04
5-Year Simple Average					1.79
3-Year Volume Weighted					2.04
5-Year Volume Weighted					1.78
6-Year Volume Weighted, Excl Hi/Low					1.87
(8) Prior Selected Pure Premium, Trended					2.02
(9) 7/1/13-14 Selected Pure Premium					2.10
(10) Credibility					50%
(11) Selected Overall WC Pure Premium					0.93
(12) Credibility Weighted Pure Premium					1.51
(13) 7/1/13-14 Estimated Exposures					\$1,878
(14) 7/1/13-14 Estimated Loss & ALAE					\$2,838
(15) Expenses					\$381
(16) Contingency Load					\$0
(17) Indicated 7/1/13-14 Costs					\$3,218

Notes:

- (2) From Section WC, Exhibit 6, Sheet 8, Column (14).
- (3) Based on industry data and NJSBAIG loss experience.
- (4) Based on an annual pure premium trend of 0.50%, selected judgmentally, and benefit level changes.
- (5), (16) Based on data provided by NJSBAIG; excludes Atlantic City experience.
- (6) (2) x (3) x (4) / (5).
- (7) Various averages of (6).
- (8) From Towers Watson prior rate level analysis, adjusted for trend and benefit level changes to 7/1/13-14.
- (9) Selected judgmentally.
- (10) Based on insurance industry standards.
- (11) From Section WC, Exhibit 1, Sheet 3, Item (9).
- (12) (9) x (10) + (11) x [1.0 - (10)].
- (13) From Summary, Exhibit 5, Sheet 2, Column (11).
- (14) (12) x (13).
- (15) From Summary, Exhibit 4, Sheet 2, Item (11d).
- (17) (14) + (15) + (16).

WC Subfund Review
 Selection of Ultimate Losses Limited to \$750K

BACCEIC

Accident Period	Initial Expected Limited Ultimate Losses	Projected Limited Ultimate Losses Based on Reported Losses				Projected Limited Ultimate Losses Based on Paid Losses				Frequency x Severity Projected Ultimate Loss & ALAE	Selected Limited Ultimate Loss & ALAE	Range of Reasonable Estimates	
		Limited Reported Loss & ALAE	Loss Development Factor	LDF Projected Ultimate Loss & ALAE	BF Projected Ultimate Loss & ALAE	Limited Paid Loss & ALAE	Loss Development Factor	LDF Projected Ultimate Loss & ALAE	BF Projected Ultimate Loss & ALAE			Low Selected Limited Ultimate Loss & ALAE	High Selected Limited Ultimate Loss & ALAE
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
7/1/01-02	\$684	\$634	1.027	\$651	\$652	\$634	1.065	\$675	\$675	\$684	\$635	\$634	\$640
7/1/02-03	2,213	2,136	1.045	2,231	2,230	2,135	1.086	2,318	2,310	2,210	2,140	2,136	2,150
7/1/03-04	1,991	1,870	1.069	1,998	1,998	1,850	1.110	2,053	2,047	1,990	1,900	1,885	1,915
7/1/04-05	1,657	1,639	1.080	1,770	1,761	1,498	1.131	1,694	1,690	1,657	1,730	1,700	1,770
7/1/05-06	2,939	2,818	1.090	3,070	3,059	2,578	1.166	3,005	2,996	2,939	3,040	2,990	3,100
7/1/06-07	2,624	2,356	1.106	2,605	2,607	1,948	1.208	2,354	2,400	2,619	2,500	2,400	2,610
7/1/07-08	3,809	3,305	1.140	3,768	3,773	2,261	1.280	2,894	3,094	3,448	3,600	3,400	3,750
7/1/08-09	4,775	4,001	1.178	4,715	4,724	3,121	1.387	4,328	4,452	3,876	4,600	4,500	4,700
7/1/09-10	4,331	3,661	1.206	4,416	4,402	2,135	1.566	3,343	3,700	3,808	4,200	4,000	4,400
7/1/10-11	4,210	3,242	1.261	4,089	4,114	1,621	1.928	3,125	3,647	4,407	4,100	3,900	4,300
7/1/11-12	3,768	2,508	1.522	3,818	3,801	986	2.998	2,955	3,497	4,299	3,700	3,500	3,900
Total	\$33,000	\$28,169		\$33,131	\$33,121	\$20,768		\$28,744	\$30,508	\$31,937	\$32,145	\$31,045	\$33,235

Notes:

- (2) From Towers Watson prior rate level analysis, adjusted for changes in payroll and rebalanced based on Section WC, Exhibit 2, Column (2) and current subfund membership.
- (3), (7) Based on data provided by NJSBAIG.
- (4), (8) Based on Towers Watson unpaid liability analysis as of June 30, 2012.
- (5), (9) (3) x (4) and (7) x (8), respectively.
- (6), (10) (2) x [1.0 - 1 / (4)] + (3) and (2) x [1.0 - 1 / (8)] + (7), respectively.
- (11) From Section WC, Exhibit 7, Sheet 1.1, Column (10).
- (12) - (14) Selected judgmentally.

WC Subfund Review
 Selection of Ultimate Losses Limited to \$750K

MOCSSIF

Accident Period	Initial Expected Limited Ultimate Losses	Projected Limited Ultimate Losses Based on Reported Losses				Projected Limited Ultimate Losses Based on Paid Losses				Frequency x Severity Projected Ultimate Loss & ALAE	Selected Limited Ultimate Loss & ALAE	Range of Reasonable Estimates	
		Limited Reported Loss & ALAE	Loss Development Factor	LDF Projected Ultimate Loss & ALAE	BF Projected Ultimate Loss & ALAE	Limited Paid Loss & ALAE	Loss Development Factor	LDF Projected Ultimate Loss & ALAE	BF Projected Ultimate Loss & ALAE			Low Selected Limited Ultimate Loss & ALAE	High Selected Limited Ultimate Loss & ALAE
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
7/1/01-02	\$4,579	\$4,245	1.027	\$4,358	\$4,363	\$4,044	1.065	\$4,305	\$4,322	\$4,578	\$4,300	\$4,275	\$4,330
7/1/02-03	4,281	4,132	1.045	4,316	4,315	3,501	1.086	3,801	3,839	4,275	4,300	4,275	4,320
7/1/03-04	6,900	6,478	1.069	6,923	6,921	5,106	1.110	5,666	5,788	6,915	6,800	6,700	6,900
7/1/04-05	6,747	6,672	1.080	7,206	7,172	5,894	1.131	6,665	6,675	6,745	7,000	6,800	7,200
7/1/05-06	7,275	6,976	1.090	7,601	7,574	5,660	1.166	6,597	6,694	7,275	7,400	7,200	7,600
7/1/06-07	6,848	6,148	1.106	6,798	6,803	4,451	1.208	5,377	5,631	6,878	6,600	6,400	6,850
7/1/07-08	6,236	5,410	1.140	6,169	6,177	3,497	1.280	4,476	4,860	5,950	6,000	5,800	6,200
7/1/08-09	6,259	5,246	1.178	6,182	6,193	3,947	1.387	5,474	5,693	7,493	6,000	5,800	6,200
7/1/09-10	8,752	7,399	1.206	8,924	8,895	4,491	1.566	7,032	7,653	7,875	8,600	8,300	8,900
7/1/10-11	6,729	5,182	1.261	6,536	6,576	2,336	1.928	4,503	5,574	9,618	6,600	6,300	7,100
7/1/11-12	10,701	7,123	1.522	10,844	10,795	2,666	2.998	7,994	9,798	9,083	10,300	9,800	10,700
Total	\$75,307	\$65,011		\$75,855	\$75,784	\$45,594		\$61,890	\$66,526	\$76,684	\$73,900	\$71,650	\$76,300

Notes:

- (2) From Towers Watson prior rate level analysis, adjusted for changes in payroll and rebalanced based on Section WC, Exhibit 2, Column (2) and current subfund membership.
- (3), (7) Based on data provided by NJSBAIG.
- (4), (8) Based on Towers Watson unpaid liability analysis as of June 30, 2012.
- (5), (9) (3) x (4) and (7) x (8), respectively.
- (6), (10) (2) x [1.0 - 1 / (4)] + (3) and (2) x [1.0 - 1 / (8)] + (7), respectively.
- (11) From Section WC, Exhibit 7, Sheet 2.1, Column (10).
- (12) - (14) Selected judgmentally.

WC Subfund Review
 Selection of Ultimate Losses Limited to \$750K

ERIC NORTH

Accident Period	Initial Expected Limited Ultimate Losses	Projected Limited Ultimate Losses Based on Reported Losses				Projected Limited Ultimate Losses Based on Paid Losses				Frequency x Severity Projected Ultimate Loss & ALAE	Selected Limited Ultimate Loss & ALAE	Range of Reasonable Estimates	
		Limited Reported Loss & ALAE	Loss Development Factor	Projected Ultimate Loss & ALAE	Projected Ultimate Loss & ALAE	Limited Paid Loss & ALAE	Loss Development Factor	Projected Ultimate Loss & ALAE	Projected Ultimate Loss & ALAE			Low Selected Limited Ultimate Loss & ALAE	High Selected Limited Ultimate Loss & ALAE
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
7/1/01-02	\$4,702	\$4,360	1.027	\$4,476	\$4,481	\$4,124	1.065	\$4,390	\$4,409	\$4,702	\$4,400	\$4,380	\$4,430
7/1/02-03	3,962	3,824	1.045	3,994	3,993	3,773	1.086	4,097	4,086	3,956	3,950	3,900	4,000
7/1/03-04	5,132	4,819	1.069	5,150	5,148	4,736	1.110	5,255	5,243	5,128	5,150	5,100	5,200
7/1/04-05	6,393	6,322	1.080	6,827	6,795	6,321	1.131	5,757	5,831	6,391	6,600	6,400	6,800
7/1/05-06	6,754	6,476	1.090	7,057	7,032	5,790	1.166	6,749	6,750	6,754	6,900	6,700	7,000
7/1/06-07	8,062	7,238	1.106	8,003	8,009	6,397	1.208	7,729	7,786	8,048	7,900	7,800	8,000
7/1/07-08	8,449	7,330	1.140	8,358	8,369	5,670	1.280	7,256	7,517	10,810	8,300	8,100	8,500
7/1/08-09	10,282	8,617	1.178	10,154	10,173	6,661	1.387	9,237	9,528	10,727	10,100	10,000	10,400
7/1/09-10	13,519	11,428	1.206	13,785	13,740	7,343	1.566	11,497	12,227	12,326	13,250	12,975	13,700
7/1/10-11	12,942	9,968	1.261	12,571	12,648	5,076	1.928	9,786	11,305	14,119	12,625	12,375	13,000
7/1/11-12	12,622	8,402	1.522	12,791	12,733	3,998	2.998	11,986	12,410	13,982	12,700	12,400	13,100
Total	\$92,820	\$78,782		\$93,164	\$93,121	\$58,660		\$83,739	\$87,093	\$96,946	\$91,875	\$90,130	\$94,130

Notes:

- (2) From Towers Watson prior rate level analysis, adjusted for changes in payroll and rebalanced based on Section WC, Exhibit 2, Column (2) and current subfund membership.
- (3), (7) Based on data provided by NJSBAIG.
- (4), (8) Based on Towers Watson unpaid liability analysis as of June 30, 2012.
- (5), (9) (3) x (4) and (7) x (8), respectively.
- (6), (10) (2) x [1.0 - 1 / (4)] + (3) and (2) x [1.0 - 1 / (8)] + (7), respectively.
- (11) From Section WC, Exhibit 7, Sheet 3.1, Column (10).
- (12) - (14) Selected judgmentally.

WC Subfund Review
 Selection of Ultimate Losses Limited to \$750K

NJEIF

Accident Period	Initial Expected Limited Ultimate Losses	Projected Limited Ultimate Losses Based on Reported Losses				Projected Limited Ultimate Losses Based on Paid Losses				Frequency x Severity Projected Ultimate Loss & ALAE	Selected Limited Ultimate Loss & ALAE	Range of Reasonable Estimates	
		Limited Reported Loss & ALAE	Loss Development Factor	LDF Projected Ultimate Loss & ALAE	BF Projected Ultimate Loss & ALAE	Limited Paid Loss & ALAE	Loss Development Factor	LDF Projected Ultimate Loss & ALAE	BF Projected Ultimate Loss & ALAE			Low Selected Limited Ultimate Loss & ALAE	High Selected Limited Ultimate Loss & ALAE
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
7/1/01-02	\$2,041	\$1,892	1.027	\$1,942	\$1,945	\$1,879	1.065	\$2,001	\$2,003	\$2,041	\$1,900	\$1,895	\$1,910
7/1/02-03	2,570	2,481	1.045	2,591	2,590	2,449	1.086	2,659	2,652	2,567	2,500	2,490	2,510
7/1/03-04	3,791	3,560	1.069	3,804	3,803	2,980	1.110	3,307	3,355	3,788	3,700	3,600	3,800
7/1/04-05	3,477	3,439	1.080	3,714	3,696	2,344	1.131	2,651	2,746	3,485	3,600	3,500	3,700
7/1/05-06	4,662	4,470	1.090	4,871	4,854	3,794	1.166	4,423	4,457	4,662	4,770	4,650	4,850
7/1/06-07	2,715	2,437	1.106	2,695	2,697	2,115	1.208	2,555	2,582	2,710	2,650	2,600	2,700
7/1/07-08	2,753	2,388	1.140	2,723	2,727	2,190	1.280	2,802	2,791	3,931	2,700	2,600	2,800
7/1/08-09	3,462	2,901	1.178	3,419	3,425	2,057	1.387	2,853	3,023	4,011	3,450	3,300	3,600
7/1/09-10	3,552	3,003	1.206	3,622	3,610	2,230	1.566	3,491	3,513	4,687	3,550	3,500	3,600
7/1/10-11	6,606	5,087	1.261	6,416	6,455	2,400	1.928	4,626	5,579	5,422	6,300	6,100	6,500
7/1/11-12	6,988	4,652	1.522	7,081	7,049	1,805	2.998	5,411	6,462	5,628	6,800	6,600	7,000
Total	\$42,617	\$36,310		\$42,878	\$42,852	\$26,243		\$36,779	\$39,164	\$42,933	\$41,920	\$40,835	\$42,970

Notes:

- (2) From Towers Watson prior rate level analysis, adjusted for changes in payroll and rebalanced based on Section WC, Exhibit 2, Column (2) and current subfund membership.
- (3), (7) Based on data provided by NJSBAIG.
- (4), (8) Based on Towers Watson unpaid liability analysis as of June 30, 2012.
- (5), (9) (3) x (4) and (7) x (8), respectively.
- (6), (10) (2) x [1.0 - 1 / (4)] + (3) and (2) x [1.0 - 1 / (8)] + (7), respectively.
- (11) From Section WC, Exhibit 7, Sheet 4.1, Column (10).
- (12) - (14) Selected judgmentally.

WC Subfund Review
 Selection of Ultimate Losses Limited to \$750K

ERIC SOUTH

Accident Period (1)	Initial Expected Limited Ultimate Losses (2)	Projected Limited Ultimate Losses Based on Reported Losses				Projected Limited Ultimate Losses Based on Paid Losses				Frequency x Severity Projected Ultimate Loss & ALAE (11)	Selected Limited Ultimate Loss & ALAE (12)	Range of Reasonable Estimates	
		Limited Reported Loss & ALAE (3)	Loss Development Factor (4)	LDF Projected Ultimate Loss & ALAE (5)	BF Projected Ultimate Loss & ALAE (6)	Limited Paid Loss & ALAE (7)	Loss Development Factor (8)	LDF Projected Ultimate Loss & ALAE (9)	BF Projected Ultimate Loss & ALAE (10)			Low Selected Limited Ultimate Loss & ALAE (13)	High Selected Limited Ultimate Loss & ALAE (14)
7/1/01-02	\$2,237	\$2,074	1.027	\$2,129	\$2,132	\$2,074	1.065	\$2,208	\$2,209	\$2,237	\$2,080	\$2,074	\$2,100
7/1/02-03	3,020	2,915	1.045	3,045	3,044	2,800	1.086	3,040	3,039	3,016	3,000	2,980	3,040
7/1/03-04	3,588	3,369	1.069	3,600	3,599	3,109	1.110	3,449	3,463	3,585	3,500	3,430	3,600
7/1/04-05	2,609	2,580	1.080	2,786	2,773	2,387	1.131	2,699	2,689	2,608	2,700	2,650	2,750
7/1/05-06	2,398	2,299	1.090	2,505	2,496	2,117	1.166	2,468	2,458	2,398	2,475	2,450	2,500
7/1/06-07	4,024	3,613	1.106	3,995	3,997	3,156	1.208	3,813	3,849	4,017	3,900	3,820	4,000
7/1/07-08	3,685	3,197	1.140	3,645	3,650	2,777	1.280	3,554	3,582	4,604	3,650	3,550	3,800
7/1/08-09	4,851	4,066	1.178	4,791	4,800	3,341	1.387	4,634	4,694	5,059	4,750	4,650	4,900
7/1/09-10	5,889	4,978	1.206	6,005	5,985	3,364	1.566	5,267	5,492	5,066	5,800	5,600	6,000
7/1/10-11	6,468	4,981	1.261	6,282	6,321	2,918	1.928	5,625	6,031	6,354	6,150	6,000	6,350
7/1/11-12	4,868	3,240	1.522	4,933	4,910	1,474	2.998	4,420	4,718	6,945	4,800	4,600	5,000
Total	\$43,636	\$37,311		\$43,716	\$43,708	\$29,517		\$41,177	\$42,225	\$45,889	\$42,805	\$41,804	\$44,040

Notes:

- (2) From Towers Watson prior rate level analysis, adjusted for changes in payroll and rebalanced based on Section WC, Exhibit 2, Column (2) and current subfund membership.
- (3), (7) Based on data provided by NJSBAIG.
- (4), (8) Based on Towers Watson unpaid liability analysis as of June 30, 2012.
- (5), (9) (3) x (4) and (7) x (8), respectively.
- (6), (10) (2) x [1.0 - 1 / (4)] + (3) and (2) x [1.0 - 1 / (8)] + (7), respectively.
- (11) From Section WC, Exhibit 7, Sheet 5.1, Column (10).
- (12) - (14) Selected judgmentally.

WC Subfund Review
 Selection of Ultimate Losses Limited to \$750K

ERIC WEST

Accident Period	Initial Expected Limited Ultimate Losses	Projected Limited Ultimate Losses Based on Reported Losses				Projected Limited Ultimate Losses Based on Paid Losses				Frequency x Severity Projected Ultimate Loss & ALAE	Selected Limited Ultimate Loss & ALAE	Range of Reasonable Estimates	
		Limited Reported Loss & ALAE	Loss Development Factor	Projected Ultimate Loss & ALAE	Projected Ultimate Loss & ALAE	Limited Paid Loss & ALAE	Loss Development Factor	Projected Ultimate Loss & ALAE	Projected Ultimate Loss & ALAE			Low Selected Limited Ultimate Loss & ALAE	High Selected Limited Ultimate Loss & ALAE
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
7/1/01-02	\$597	\$553	1.027	\$568	\$569	\$553	1.065	\$589	\$590	\$597	\$555	\$553	\$560
7/1/02-03	1,177	1,136	1.045	1,186	1,186	1,082	1.086	1,175	1,175	1,175	1,170	1,150	1,190
7/1/03-04	1,048	984	1.069	1,052	1,052	879	1.110	975	982	1,048	1,025	1,000	1,050
7/1/04-05	1,899	1,878	1.080	2,028	2,018	1,749	1.131	1,978	1,969	1,898	2,000	1,980	2,020
7/1/05-06	1,870	1,793	1.090	1,954	1,947	1,693	1.166	1,973	1,958	1,870	1,950	1,925	1,975
7/1/06-07	3,323	2,983	1.106	3,299	3,301	1,814	1.208	2,192	2,387	3,324	3,200	3,100	3,300
7/1/07-08	2,432	2,110	1.140	2,406	2,409	1,707	1.280	2,184	2,238	1,735	2,300	2,200	2,400
7/1/08-09	2,719	2,279	1.178	2,686	2,691	1,568	1.387	2,174	2,326	2,740	2,600	2,500	2,700
7/1/09-10	1,139	963	1.206	1,162	1,158	753	1.566	1,178	1,164	2,935	1,200	1,100	1,300
7/1/10-11	2,499	1,924	1.261	2,427	2,442	1,255	1.928	2,420	2,458	3,410	2,500	2,400	2,650
7/1/11-12	3,882	2,584	1.522	3,934	3,916	1,061	2.998	3,182	3,649	4,542	3,850	3,600	4,000
Total	\$22,585	\$19,188		\$22,700	\$22,688	\$14,114		\$20,020	\$20,896	\$25,273	\$22,350	\$21,508	\$23,145

Notes:

- (2) From Towers Watson prior rate level analysis, adjusted for changes in payroll and rebalanced based on Section WC, Exhibit 2, Column (2) and current subfund membership.
- (3), (7) Based on data provided by NJSBAIG.
- (4), (8) Based on Towers Watson unpaid liability analysis as of June 30, 2012.
- (5), (9) (3) x (4) and (7) x (8), respectively.
- (6), (10) (2) x [1.0 - 1 / (4)] + (3) and (2) x [1.0 - 1 / (8)] + (7), respectively.
- (11) From Section WC, Exhibit 7, Sheet 6.1, Column (10).
- (12) - (14) Selected judgmentally.

WC Subfund Review
 Selection of Ultimate Losses Limited to \$750K

CAIP

Accident Period (1)	Initial Expected Limited Ultimate Losses (2)	Projected Limited Ultimate Losses Based on Reported Losses				Projected Limited Ultimate Losses Based on Paid Losses				Frequency x Severity Projected Ultimate Loss & ALAE (11)	Selected Limited Ultimate Loss & ALAE (12)	Range of Reasonable Estimates	
		Limited Reported Loss & ALAE (3)	Loss Development Factor (4)	Projected Ultimate Loss & ALAE (5)	Projected Ultimate Loss & ALAE (6)	Limited Paid Loss & ALAE (7)	Loss Development Factor (8)	Projected Ultimate Loss & ALAE (9)	Projected Ultimate Loss & ALAE (10)			Low Selected Limited Ultimate Loss & ALAE (13)	High Selected Limited Ultimate Loss & ALAE (14)
7/1/01-02	\$1,164	\$1,080	1.027	\$1,108	\$1,110	\$1,002	1.065	\$1,067	\$1,073	\$1,164	\$1,090	\$1,085	\$1,110
7/1/02-03	2,097	2,024	1.045	2,114	2,114	1,657	1.086	1,800	1,823	2,124	2,070	2,040	2,110
7/1/03-04	1,889	1,773	1.069	1,895	1,895	1,250	1.110	1,387	1,436	1,887	1,890	1,850	1,900
7/1/04-05	2,069	2,046	1.080	2,209	2,199	1,326	1.131	1,500	1,566	2,068	2,100	2,060	2,200
7/1/05-06	2,087	2,001	1.090	2,180	2,173	1,768	1.166	2,061	2,064	2,087	2,100	2,050	2,180
7/1/06-07	1,623	1,457	1.106	1,611	1,612	963	1.208	1,163	1,242	1,620	1,550	1,490	1,620
7/1/07-08	1,361	1,181	1.140	1,347	1,349	1,039	1.280	1,329	1,336	1,376	1,340	1,320	1,376
7/1/08-09	2,405	2,015	1.178	2,375	2,379	1,463	1.387	2,028	2,133	1,647	2,250	2,150	2,400
7/1/09-10	1,920	1,623	1.206	1,958	1,952	1,025	1.566	1,605	1,719	2,076	1,840	1,760	1,950
7/1/10-11	2,183	1,681	1.261	2,120	2,133	715	1.928	1,379	1,766	2,027	2,100	2,050	2,150
7/1/11-12	2,489	1,657	1.522	2,523	2,511	491	2.998	1,472	2,150	2,436	2,300	2,100	2,500
Total	\$21,288	\$18,539		\$21,441	\$21,426	\$12,700		\$16,791	\$18,310	\$20,513	\$20,630	\$19,955	\$21,496

Notes:

- (2) From Towers Watson prior rate level analysis, adjusted for changes in payroll and rebalanced based on Section WC, Exhibit 2, Column (2) and current subfund membership.
- (3), (7) Based on data provided by NJSBAIG.
- (4), (8) Based on Towers Watson unpaid liability analysis as of June 30, 2012.
- (5), (9) (3) x (4) and (7) x (8), respectively.
- (6), (10) (2) x [1.0 - 1 / (4)] + (3) and (2) x [1.0 - 1 / (8)] + (7), respectively.
- (11) From Section WC, Exhibit 7, Sheet 7.1, Column (10).
- (12) - (14) Selected judgmentally.

WC Subfund Review
 Selection of Ultimate Losses Limited to \$750K

NJSBAIG

Accident Period	Initial Expected Limited Ultimate Losses	Projected Limited Ultimate Losses Based on Reported Losses				Projected Limited Ultimate Losses Based on Paid Losses				Frequency x Severity Projected Ultimate Loss & ALAE	Selected Limited Ultimate Loss & ALAE	Range of Reasonable Estimates	
		Limited Reported Loss & ALAE	Loss Development Factor	LDF Projected Ultimate Loss & ALAE	BF Projected Ultimate Loss & ALAE	Limited Paid Loss & ALAE	Loss Development Factor	LDF Projected Ultimate Loss & ALAE	BF Projected Ultimate Loss & ALAE			Low Selected Limited Ultimate Loss & ALAE	High Selected Limited Ultimate Loss & ALAE
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
7/1/01-02	\$2,087	\$1,935	1.027	\$1,986	\$1,989	\$1,829	1.065	\$1,947	\$1,955	\$2,087	\$1,970	\$1,950	\$1,990
7/1/02-03	1,408	1,359	1.045	1,420	1,419	1,321	1.086	1,434	1,432	1,406	1,420	1,400	1,440
7/1/03-04	2,808	2,636	1.069	2,817	2,817	2,506	1.110	2,781	2,783	2,806	2,800	2,780	2,820
7/1/04-05	3,504	3,465	1.080	3,742	3,724	3,061	1.131	3,462	3,466	3,502	3,650	3,560	3,725
7/1/05-06	3,474	3,331	1.090	3,629	3,616	2,374	1.166	2,767	2,868	3,474	3,570	3,500	3,630
7/1/06-07	2,745	2,464	1.106	2,725	2,727	1,600	1.208	1,932	2,072	2,748	2,700	2,650	2,750
7/1/07-08	1,600	1,388	1.140	1,582	1,585	1,000	1.280	1,280	1,350	2,163	1,600	1,450	1,800
7/1/08-09	2,545	2,133	1.178	2,514	2,519	1,689	1.387	2,343	2,399	2,737	2,500	2,400	2,600
7/1/09-10	2,640	2,232	1.206	2,692	2,683	1,529	1.566	2,393	2,482	2,411	2,600	2,500	2,700
7/1/10-11	3,571	2,750	1.261	3,468	3,490	1,448	1.928	2,791	3,166	2,660	3,350	3,250	3,500
7/1/11-12	3,095	2,060	1.522	3,136	3,122	812	2.998	2,435	2,875	2,566	3,000	2,900	3,100
Total	\$29,476	\$25,753		\$29,712	\$29,690	\$19,168		\$25,565	\$26,850	\$28,559	\$29,160	\$28,340	\$30,055

Notes:

- (2) From Towers Watson prior rate level analysis, adjusted for changes in payroll and rebalanced based on Section WC, Exhibit 2, Column (2) and current subfund membership.
- (3), (7) Based on data provided by NJSBAIG; excludes Atlantic City experience.
- (4), (8) Based on Towers Watson unpaid liability analysis as of June 30, 2012.
- (5), (9) (3) x (4) and (7) x (8), respectively.
- (6), (10) (2) x [1.0 - 1 / (4)] + (3) and (2) x [1.0 - 1 / (8)] + (7), respectively.
- (11) From Section WC, Exhibit 7, Sheet 8.1, Column (10).
- (12) - (14) Selected judgmentally.

WC Subfund Review
 Projected Ultimate Loss & ALAE Using Freq x Severity Method

BACCEIC

Accident Period (1)	Ultimate Claims with Pay (2)	Payroll (\$00,000's) (3)	Implied Frequency of Claims with Pay (4)	Selected Ultimate Unlimited Severity (7)	Projected Ultimate Unlimited Loss & ALAE (\$000's) (8)	Excess Reported Loss & ALAE (\$000's) (9)	Projected Ultimate Limited Loss & ALAE (\$000's) (10)
7/1/01-02	248	\$1,755	0.141	\$2,754	\$684	\$0	\$684
7/1/02-03	275	1,838	0.150	8,028	2,210	0	2,210
7/1/03-04	363	2,528	0.144	5,476	1,990	0	1,990
7/1/04-05	315	2,598	0.121	5,254	1,657	0	1,657
7/1/05-06	363	2,916	0.125	8,088	2,939	0	2,939
7/1/06-07	345	2,552	0.135	7,602	2,619	0	2,619
7/1/07-08	368	3,321	0.111	9,741	3,585	137	3,448
7/1/08-09	365	3,437	0.106	10,632	3,876	0	3,876
7/1/09-10	329	3,954	0.083	11,583	3,815	6	3,808
7/1/10-11	320	4,027	0.079	12,525	4,407	0	4,407
7/1/11-12	317	3,828	0.083	13,530	4,299	0	4,299
Total	3,609	\$32,754	0.110		\$32,080	\$144	\$31,937
(5) Simple Average, Latest 4			0.088				
Simple Average, Latest 6			0.100				
Simple Average, Latest 4, Ex-ante 1			0.095				
(6) Selected 7/1/11-12 Frequency			0.083				

Notes:

- (2) From Section WC, Exhibit 7, Sheet 1.3, Column (4).
- (3) Based on data provided by NJSBAIG.
- (4) (2) / (3).
- (5) Various averages of (4).
- (6) Selected judgmentally.
- (7) From Section WC, Exhibit 7, Sheet 1.2, Column (20).
- (8) (3) x (4) x (7) / 1,000. 7/1/10-11 and subsequent equal to (3) x (6) x (7) / 1,000, adjusted for annual frequency trend of -5.0%.
- (9) Based on Section WC, Exhibit 4, Column (8).
- (10) (8) - (9).

WC Subfund Review
 Selected Unlimited Ultimate Severity

BACCEIC

Accident Period (1)	Implied Initial Expected Unlimited Ultimate Severity (2)	Benefit Level Adjustment to 7/1/11-12 (3)	Estimated Ultimate Severity at 7/1/11-12 Benefit Level (4)	Fitted Ultimate Severity Based On			Trend Adjustment to 7/1/11-12 (12)	Estimated Trended Ultimate Unlimited Severity at 7/1/11-12 Level (13)	Selected Ultimate Unlimited Severity (20)
				7/1/02 - 6/30/12 (5a)	7/1/06 - 6/30/12 (5b)	7/1/01 - 6/30/12 (5c)			
7/1/01-02	\$2,754	1.101	\$3,033	\$5,895	\$6,780	\$4,772	2.089	\$6,337	\$2,754
7/1/02-03	8,028	1.087	8,723	6,431	7,284	5,365	1.941	16,932	8,028
7/1/03-04	5,476	1.079	5,910	7,016	7,826	6,033	1.803	10,656	5,476
7/1/04-05	5,254	1.069	5,618	7,654	8,408	6,783	1.675	9,411	5,254
7/1/05-06	8,088	1.058	8,559	8,350	9,034	7,627	1.556	13,318	8,088
7/1/06-07	7,602	1.047	7,958	9,109	9,706	8,575	1.445	11,503	7,602
7/1/07-08	10,738	1.034	11,107	9,938	10,428	9,642	1.343	14,914	9,741
7/1/08-09	13,096	1.020	13,360	10,841	11,203	10,841	1.247	16,665	10,632
7/1/09-10	13,141	1.008	13,246	11,827	12,037	12,190	1.159	15,350	11,583
7/1/10-11	13,162	1.003	13,207	12,903	12,932	13,706	1.076	14,217	12,525
7/1/11-12	11,872	1.000	11,872	14,076	13,894	15,411	1.000	11,872	13,530
			(6) Implied Trend	9.1%	7.4%	12.4%	(14) SA, Latest 4, EA 1	\$15,286	
			R-squared	65.1%	45.3%	70.4%	SA, Latest 6, EA 1	14,328	
							SA, Latest 4, EA 2	14,608	
			(7) Prior Selected Trend	9.0%		(15) Prior Selected 7/1/11-12 Severity		\$14,766	
			(8) Selected Trend	9.0%		(16) Selected 7/1/11-12 Severity		\$14,950	
			(9) Credibility	55%		(17) Credibility		55%	
			(10) Selected Overall WC Trend	6.0%		(18) Selected Overall WC Severity		\$11,800	
			(11) Credibility Weighted Trend	7.6%		(19) Credibility Weighted Severity		\$13,530	

Notes:

- (2) Based on Towers Watson unpaid liability analysis as of June 30, 2012, rebalanced based on current membership and Section WC, Exhibit 7, Sheet 1.3, Column (4).
- (3) Based on Towers Watson analysis of historical benefit level changes.
- (4) (2) x (3).
- (5) Based on various exponential regressions of (4).
- (6) Implied trends and R-squared statistics based on (5a) - (5c).
- (7), (15) Based on prior Towers Watson rate review. Severity trended to current year and adjusted for benefit level changes.
- (8), (16) Selected judgmentally.
- (9), (17) Based on insurance industry standards.
- (10) From Section WC, Exhibit 3, Sheet 2, Item (9).
- (11) (8) x (9) + (10) x [1.0 - (9)].
- (12) Based on annual trend from (11).
- (13) (4) x (12).
- (14) Various averages of (13).
- (18) From Section WC, Exhibit 3, Sheet 2, Item (15).
- (19) (16) x (17) + (18) x [1.0 - (17)].
- (20) 7/1/01-02 to 7/1/06-07: (2).
 7/1/07-08 to 7/1/11-12: (19) / (12) / (3).

WC Subfund Review
 Projected Ultimate CWPs Using Development Method on CWPs

BACCEIC

<u>Accident Period</u>	<u>Claim Counts With Payment As of 9/30/12</u>	<u>Development Factor</u>	<u>Projected Ultimate Claims with Pay</u>
(1)	(2)	(3)	(4)
7/1/01-02	248	1.001	248
7/1/02-03	275	1.001	275
7/1/03-04	363	1.001	363
7/1/04-05	315	1.001	315
7/1/05-06	363	1.001	363
7/1/06-07	344	1.002	345
7/1/07-08	367	1.003	368
7/1/08-09	363	1.004	365
7/1/09-10	327	1.007	329
7/1/10-11	316	1.012	320
7/1/11-12	307	1.033	317
Total	3,588		3,609

Notes:

- (2) Provided by NJSBAIG.
- (3) Based on Towers Watson unpaid liability analysis as of June 30, 2012.
- (4) (2) x (3).

WC Subfund Review
 Projected Ultimate Loss & ALAE Using Freq x Severity Method

MOCSSIF

Accident Period (1)	Ultimate Claims with Pay (2)	Payroll (\$00,000's) (3)	Implied Frequency of Claims with Pay (4)	Selected Ultimate Unlimited Severity (7)	Projected Ultimate Unlimited Loss & ALAE (\$000's) (8)	Excess Reported Loss & ALAE (\$000's) (9)	Projected Ultimate Limited Loss & ALAE (\$000's) (10)
7/1/01-02	656	\$4,646	0.141	\$6,983	\$4,578	\$0	\$4,578
7/1/02-03	725	5,749	0.126	5,899	4,275	0	4,275
7/1/03-04	766	6,515	0.118	9,443	7,231	317	6,915
7/1/04-05	734	6,477	0.113	9,193	6,745	0	6,745
7/1/05-06	644	6,835	0.094	11,303	7,275	0	7,275
7/1/06-07	612	6,992	0.088	11,853	7,254	376	6,878
7/1/07-08	601	6,761	0.089	9,905	5,950	0	5,950
7/1/08-09	709	8,193	0.087	10,567	7,493	0	7,493
7/1/09-10	700	8,399	0.083	11,250	7,875	0	7,875
7/1/10-11	636	9,371	0.068	11,890	9,618	0	9,618
7/1/11-12	729	8,825	0.083	12,552	9,083	0	9,083
Total	7,510	\$78,763	0.095		\$77,377	\$693	\$76,684
(5) Simple Average, Latest 4			0.080				
Simple Average, Latest 6			0.083				
Simple Average, Latest 4, Ex-ante 1			0.082				
(6) Selected 7/1/11-12 Frequency			0.082				

Notes:

- (2) From Section WC, Exhibit 7, Sheet 2.3, Column (4).
- (3) Based on data provided by NJSBAIG.
- (4) (2) / (3).
- (5) Various averages of (4).
- (6) Selected judgmentally.
- (7) From Section WC, Exhibit 7, Sheet 2.2, Column (20).
- (8) (3) x (4) x (7) / 1,000. 7/1/10-11 and subsequent equal to (3) x (6) x (7) / 1,000, adjusted for annual frequency trend of -5.0%.
- (9) Based on Section WC, Exhibit 4, Column (8).
- (10) (8) - (9).

WC Subfund Review
 Selected Unlimited Ultimate Severity

MOCSSIF

Accident Period (1)	Implied Initial Expected Unlimited Ultimate Severity (2)	Benefit Level Adjustment to 7/1/11-12 (3)	Estimated Ultimate Severity at 7/1/11-12 Benefit Level (4)	Fitted Ultimate Severity Based On			Trend Adjustment to 7/1/11-12 (12)	Estimated Trended Ultimate Unlimited Severity at 7/1/11-12 Level (13)	Selected Ultimate Unlimited Severity (20)
				7/1/02 - 6/30/12 (5a)	7/1/02 - 6/30/09 (5b)	7/1/01 - 6/30/12 (5c)			
7/1/01-02	\$6,983	1.101	\$7,690	\$8,131	\$8,147	\$7,988	1.661	\$12,776	\$6,983
7/1/02-03	5,899	1.087	6,410	8,533	8,549	8,404	1.579	10,123	5,899
7/1/03-04	9,443	1.079	10,191	8,955	8,971	8,842	1.501	15,297	9,443
7/1/04-05	9,193	1.069	9,831	9,398	9,414	9,303	1.427	14,026	9,193
7/1/05-06	11,303	1.058	11,962	9,863	9,879	9,788	1.356	16,222	11,303
7/1/06-07	11,853	1.047	12,408	10,351	10,366	10,299	1.289	15,993	11,853
7/1/07-08	10,341	1.034	10,696	10,863	10,878	10,836	1.225	13,105	9,905
7/1/08-09	8,827	1.020	9,005	11,400	11,415	11,400	1.165	10,486	10,567
7/1/09-10	12,472	1.008	12,572	11,964	11,979	11,995	1.107	13,916	11,250
7/1/10-11	10,586	1.003	10,623	12,556	12,570	12,620	1.052	11,176	11,890
7/1/11-12	14,661	1.000	14,661	13,177	13,191	13,278	1.000	14,661	12,552
			(6) Implied Trend	4.9%	4.9%	5.2%	(14) SA, Latest 4, EA 1	\$12,171	
			R-squared	41.7%	22.3%	51.2%	SA, Latest 6, EA 1	13,483	
							SA, Latest 4, EA 2	13,375	
			(7) Prior Selected Trend	4.5%		(15) Prior Selected 7/1/11-12 Severity		\$11,797	
			(8) Selected Trend	5.0%		(16) Selected 7/1/11-12 Severity		\$12,750	
			(9) Credibility	79%		(17) Credibility		79%	
			(10) Selected Overall WC Trend	6.0%		(18) Selected Overall WC Severity		\$11,800	
			(11) Credibility Weighted Trend	5.2%		(19) Credibility Weighted Severity		\$12,552	

Notes:

- (2) Based on Towers Watson unpaid liability analysis as of June 30, 2012, rebalanced based on current membership and Section WC, Exhibit 7, Sheet 2.3, Column (4).
- (3) Based on Towers Watson analysis of historical benefit level changes.
- (4) (2) x (3).
- (5) Based on various exponential regressions of (4).
- (6) Implied trends and R-squared statistics based on (5a) - (5c).
- (7), (15) Based on prior Towers Watson rate review. Severity trended to current year and adjusted for benefit level changes.
- (8), (16) Selected judgmentally.
- (9), (17) Based on insurance industry standards.
- (10) From Section WC, Exhibit 3, Sheet 2, Item (9).
- (11) (8) x (9) + (10) x [1.0 - (9)].
- (12) Based on annual trend from (11).
- (13) (4) x (12).
- (14) Various averages of (13).
- (18) From Section WC, Exhibit 3, Sheet 2, Item (15).
- (19) (16) x (17) + (18) x [1.0 - (17)].
- (20) 7/1/01-02 to 7/1/06-07: (2).
 7/1/07-08 to 7/1/11-12: (19) / (12) / (3).

WC Subfund Review
 Projected Ultimate CWPs Using Development Method on CWPs

MOCSSIF

<u>Accident Period</u>	<u>Claim Counts With Payment As of 9/30/12</u>	<u>Development Factor</u>	<u>Projected Ultimate Claims with Pay</u>
(1)	(2)	(3)	(4)
7/1/01-02	655	1.001	656
7/1/02-03	724	1.001	725
7/1/03-04	765	1.001	766
7/1/04-05	733	1.001	734
7/1/05-06	643	1.001	644
7/1/06-07	611	1.002	612
7/1/07-08	599	1.003	601
7/1/08-09	706	1.004	709
7/1/09-10	695	1.007	700
7/1/10-11	628	1.012	636
7/1/11-12	706	1.033	729
Total	7,465		7,510

Notes:

- (2) Provided by NJSBAIG.
- (3) Based on Towers Watson unpaid liability analysis as of June 30, 2012.
- (4) (2) x (3).

WC Subfund Review
 Projected Ultimate Loss & ALAE Using Freq x Severity Method

ERIC NORTH

Accident Period (1)	Ultimate Claims with Pay (2)	Payroll (\$00,000's) (3)	Implied Frequency of Claims with Pay (4)	Selected Ultimate Unlimited Severity (7)	Projected Ultimate Unlimited Loss & ALAE (\$000's) (8)	Excess Reported Loss & ALAE (\$000's) (9)	Projected Ultimate Limited Loss & ALAE (\$000's) (10)
7/1/01-02	882	\$6,545	0.135	\$5,332	\$4,702	\$0	\$4,702
7/1/02-03	917	7,649	0.120	4,315	3,956	0	3,956
7/1/03-04	952	8,412	0.113	5,387	5,128	0	5,128
7/1/04-05	897	8,980	0.100	7,125	6,391	0	6,391
7/1/05-06	1,058	11,034	0.096	6,384	6,754	0	6,754
7/1/06-07	1,328	13,154	0.101	6,060	8,048	0	8,048
7/1/07-08	1,398	13,022	0.107	7,733	10,810	0	10,810
7/1/08-09	1,291	14,769	0.087	8,312	10,727	0	10,727
7/1/09-10	1,400	16,724	0.084	8,916	12,483	156	12,326
7/1/10-11	1,311	18,838	0.070	9,494	14,119	0	14,119
7/1/11-12	1,329	18,461	0.072	10,099	13,982	0	13,982
Total	12,762	\$137,588	0.093		\$97,102	\$156	\$96,946
(5) Simple Average, Latest 4			0.078				
Simple Average, Latest 6			0.087				
Simple Average, Latest 4, Ex-ante 1			0.087				
(6) Selected 7/1/11-12 Frequency			0.075				

Notes:

- (2) From Section WC, Exhibit 7, Sheet 3.3, Column (4).
- (3) Based on data provided by NJSBAIG.
- (4) (2) / (3).
- (5) Various averages of (4).
- (6) Selected judgmentally.
- (7) From Section WC, Exhibit 7, Sheet 3.2, Column (20).
- (8) (3) x (4) x (7) / 1,000. 7/1/10-11 and subsequent equal to (3) x (6) x (7) / 1,000, adjusted for annual frequency trend of -5.0%.
- (9) Based on Section WC, Exhibit 4, Column (8).
- (10) (8) - (9).

WC Subfund Review
 Selected Unlimited Ultimate Severity

ERIC NORTH

Accident Period (1)	Implied Initial Expected Unlimited Ultimate Severity (2)	Benefit Level Adjustment to 7/1/11-12 (3)	Estimated Ultimate Severity at 7/1/11-12 Benefit Level (4)	Fitted Ultimate Severity Based On			Trend Adjustment to 7/1/11-12 (12)	Estimated Trended Ultimate Unlimited Severity at 7/1/11-12 Level (13)	Selected Ultimate Unlimited Severity (20)
				7/1/01 - 6/30/09 (5a)	7/1/05 - 6/30/10 (5b)	7/1/01 - 6/30/12 (5c)			
				7/1/01-02	\$5,332	1.101			
7/1/02-03	4,315	1.087	4,688	5,665	4,453	5,529	1.689	7,921	4,315
7/1/03-04	5,387	1.079	5,814	5,930	4,921	5,893	1.594	9,266	5,387
7/1/04-05	7,125	1.069	7,620	6,207	5,439	6,282	1.504	11,458	7,125
7/1/05-06	6,384	1.058	6,756	6,497	6,011	6,696	1.419	9,584	6,384
7/1/06-07	6,060	1.047	6,343	6,800	6,644	7,137	1.338	8,488	6,060
7/1/07-08	6,020	1.034	6,227	7,118	7,343	7,608	1.262	7,862	7,733
7/1/08-09	7,967	1.020	8,127	7,451	8,115	8,109	1.191	9,679	8,312
7/1/09-10	9,764	1.008	9,843	7,799	8,969	8,644	1.124	11,059	8,916
7/1/10-11	9,874	1.003	9,908	8,163	9,913	9,214	1.060	10,503	9,494
7/1/11-12	9,494	1.000	9,494	8,544	10,956	9,821	1.000	9,494	10,099
(6) Implied Trend				4.7%	10.5%	6.6%	(14) SA, Latest 4, EA 1	\$9,776	
R-squared				42.9%	66.0%	74.0%	SA, Latest 6, EA 1	9,529	
							SA, Latest 4, EA 2	9,272	
(7) Prior Selected Trend				5.5%			(15) Prior Selected 7/1/11-12 Severity	\$9,951	
(8) Selected Trend				6.0%			(16) Selected 7/1/11-12 Severity	\$10,000	
(9) Credibility				95%			(17) Credibility	95%	
(10) Selected Overall WC Trend				6.0%			(18) Selected Overall WC Severity	\$11,800	
(11) Credibility Weighted Trend				6.0%			(19) Credibility Weighted Severity	\$10,099	

Notes:

- (2) Based on Towers Watson unpaid liability analysis as of June 30, 2012, rebalanced based on current membership and Section WC, Exhibit 7, Sheet 3.3, Column (4).
- (3) Based on Towers Watson analysis of historical benefit level changes.
- (4) (2) x (3).
- (5) Based on various exponential regressions of (4).
- (6) Implied trends and R-squared statistics based on (5a) - (5c).
- (7), (15) Based on prior Towers Watson rate review. Severity trended to current year and adjusted for benefit level changes.
- (8), (16) Selected judgmentally.
- (9), (17) Based on insurance industry standards.
- (10) From Section WC, Exhibit 3, Sheet 2, Item (9).
- (11) $(8) \times (9) + (10) \times [1.0 - (9)]$.
- (12) Based on annual trend from (11).
- (13) $(4) \times (12)$.
- (14) Various averages of (13).
- (18) From Section WC, Exhibit 3, Sheet 2, Item (15).
- (19) $(16) \times (17) + (18) \times [1.0 - (17)]$.
- (20) $7/1/01-02$ to $7/1/06-07$: (2).
 $7/1/07-08$ to $7/1/11-12$: $(19) / (12) / (3)$.

WC Subfund Review
 Projected Ultimate CWPs Using Development Method on CWPs

ERIC NORTH

<u>Accident Period</u>	<u>Claim Counts With Payment As of 9/30/12</u>	<u>Development Factor</u>	<u>Projected Ultimate Claims with Pay</u>
(1)	(2)	(3)	(4)
7/1/01-02	881	1.001	882
7/1/02-03	916	1.001	917
7/1/03-04	951	1.001	952
7/1/04-05	896	1.001	897
7/1/05-06	1,057	1.001	1,058
7/1/06-07	1,326	1.002	1,328
7/1/07-08	1,394	1.003	1,398
7/1/08-09	1,285	1.004	1,291
7/1/09-10	1,390	1.007	1,400
7/1/10-11	1,295	1.012	1,311
7/1/11-12	1,286	1.033	1,329
Total	12,677		12,762

Notes:

- (2) Provided by NJSBAIG.
- (3) Based on Towers Watson unpaid liability analysis as of June 30, 2012.
- (4) (2) x (3).

WC Subfund Review
 Projected Ultimate Loss & ALAE Using Freq x Severity Method

NJEIF

Accident Period (1)	Ultimate Claims with Pay (2)	Payroll (\$00,000's) (3)	Implied Frequency of Claims with Pay (4)	Selected Ultimate Unlimited Severity (7)	Projected Ultimate Unlimited Loss & ALAE (\$000's) (8)	Excess Reported Loss & ALAE (\$000's) (9)	Projected Ultimate Limited Loss & ALAE (\$000's) (10)
7/1/01-02	360	\$3,751	0.096	\$5,686	\$2,049	\$8	\$2,041
7/1/02-03	429	4,152	0.103	5,977	2,567	0	2,567
7/1/03-04	445	4,817	0.092	8,504	3,788	0	3,788
7/1/04-05	462	5,378	0.086	9,356	4,327	842	3,485
7/1/05-06	482	5,722	0.084	9,663	4,662	0	4,662
7/1/06-07	409	6,131	0.067	6,631	2,710	0	2,710
7/1/07-08	442	6,061	0.073	8,890	3,931	0	3,931
7/1/08-09	420	6,445	0.065	9,555	4,011	0	4,011
7/1/09-10	457	6,966	0.066	10,250	4,687	0	4,687
7/1/10-11	459	7,260	0.063	10,914	5,422	0	5,422
7/1/11-12	490	7,459	0.066	11,609	5,628	0	5,628
Total	4,856	\$64,143	0.076		\$43,782	\$849	\$42,933
(5) Simple Average, Latest 4			0.065				
Simple Average, Latest 6			0.067				
Simple Average, Latest 4, Ex-ante 1			0.067				
(6) Selected 7/1/11-12 Frequency			0.065				

Notes:

- (2) From Section WC, Exhibit 7, Sheet 4.3, Column (4).
- (3) Based on data provided by NJSBAIG.
- (4) (2) / (3).
- (5) Various averages of (4).
- (6) Selected judgmentally.
- (7) From Section WC, Exhibit 7, Sheet 4.2, Column (20).
- (8) (3) x (4) x (7) / 1,000. 7/1/10-11 and subsequent equal to (3) x (6) x (7) / 1,000, adjusted for annual frequency trend of -5.0%.
- (9) Based on Section WC, Exhibit 4, Column (8).
- (10) (8) - (9).

WC Subfund Review
 Selected Unlimited Ultimate Severity

NJEIF

Accident Period (1)	Implied Initial Expected Unlimited Ultimate Severity (2)	Benefit Level Adjustment to 7/1/11-12 (3)	Estimated Ultimate Severity at 7/1/11-12 Benefit Level (4)	Fitted Ultimate Severity Based On			Trend Adjustment to 7/1/11-12 (12)	Estimated Trended Ultimate Unlimited Severity at 7/1/11-12 Level (13)	Selected Ultimate Unlimited Severity (20)
				7/1/04 - 6/30/12 (5a)	7/1/06 - 6/30/10 (5b)	7/1/01 - 6/30/12 (5c)			
				7/1/01-02	\$5,686	1.101			
7/1/02-03	5,977	1.087	6,494	6,859	5,213	7,030	1.689	10,972	5,977
7/1/03-04	8,504	1.079	9,178	7,265	5,549	7,426	1.594	14,628	8,504
7/1/04-05	9,356	1.069	10,006	7,696	5,908	7,843	1.504	15,045	9,356
7/1/05-06	9,663	1.058	10,227	8,152	6,289	8,284	1.419	14,507	9,663
7/1/06-07	6,631	1.047	6,941	8,635	6,695	8,750	1.338	9,289	6,631
7/1/07-08	6,200	1.034	6,413	9,147	7,128	9,243	1.262	8,097	8,890
7/1/08-09	8,246	1.020	8,411	9,689	7,588	9,762	1.191	10,018	9,555
7/1/09-10	7,750	1.008	7,812	10,264	8,078	10,311	1.124	8,777	10,250
7/1/10-11	14,407	1.003	14,457	10,872	8,599	10,891	1.060	15,324	10,914
7/1/11-12	14,261	1.000	14,261	11,516	9,155	11,504	1.000	14,261	11,609
			(6) Implied Trend	5.9%	6.5%	5.6%	(14) SA, Latest 4, EA 1	\$10,554	
			R-squared	21.3%	44.7%	36.6%	SA, Latest 6, EA 1	11,002	
							SA, Latest 4, EA 2	9,045	
		(7) Prior Selected Trend		6.0%			(15) Prior Selected 7/1/11-12 Severity	\$10,530	
		(8) Selected Trend		6.0%			(16) Selected 7/1/11-12 Severity	\$11,500	
		(9) Credibility		64%			(17) Credibility	64%	
		(10) Selected Overall WC Trend		6.0%			(18) Selected Overall WC Severity	\$11,800	
		(11) Credibility Weighted Trend		6.0%			(19) Credibility Weighted Severity	\$11,609	

Notes:

- (2) Based on Towers Watson unpaid liability analysis as of June 30, 2012, rebalanced based on current membership and Section WC, Exhibit 7, Sheet 4.3, Column (4).
- (3) Based on Towers Watson analysis of historical benefit level changes.
- (4) (2) x (3).
- (5) Based on various exponential regressions of (4).
- (6) Implied trends and R-squared statistics based on (5a) - (5c).
- (7), (15) Based on prior Towers Watson rate review. Severity trended to current year and adjusted for benefit level changes.
- (8), (16) Selected judgmentally.
- (9), (17) Based on insurance industry standards.
- (10) From Section WC, Exhibit 3, Sheet 2, Item (9).
- (11) $(8) \times (9) + (10) \times [1.0 - (9)]$.
- (12) Based on annual trend from (11).
- (13) $(4) \times (12)$.
- (14) Various averages of (13).
- (18) From Section WC, Exhibit 3, Sheet 2, Item (15).
- (19) $(16) \times (17) + (18) \times [1.0 - (17)]$.
- (20) 7/1/01-02 to 7/1/06-07: (2).
7/1/07-08 to 7/1/11-12: (19) / (12) / (3).

WC Subfund Review
 Projected Ultimate CWP's Using Development Method on CWP's

NJEIF

<u>Accident Period</u>	<u>Claim Counts With Payment As of 9/30/12</u>	<u>Development Factor</u>	<u>Projected Ultimate Claims with Pay</u>
(1)	(2)	(3)	(4)
7/1/01-02	360	1.001	360
7/1/02-03	429	1.001	429
7/1/03-04	445	1.001	445
7/1/04-05	462	1.001	462
7/1/05-06	482	1.001	482
7/1/06-07	408	1.002	409
7/1/07-08	441	1.003	442
7/1/08-09	418	1.004	420
7/1/09-10	454	1.007	457
7/1/10-11	453	1.012	459
7/1/11-12	474	1.033	490
Total	4,826		4,856

Notes:

- (2) Provided by NJSBAIG.
- (3) Based on Towers Watson unpaid liability analysis as of June 30, 2012.
- (4) (2) x (3).

WC Subfund Review
 Projected Ultimate Loss & ALAE Using Freq x Severity Method

ERIC SOUTH

Accident Period (1)	Ultimate Claims with Pay (2)	Payroll (\$00,000's) (3)	Implied Frequency of Claims with Pay (4)	Selected Ultimate Unlimited Severity (7)	Projected Ultimate Unlimited Loss & ALAE (\$000's) (8)	Excess Reported Loss & ALAE (\$000's) (9)	Projected Ultimate Limited Loss & ALAE (\$000's) (10)
7/1/01-02	513	\$3,147	0.163	\$4,364	\$2,237	\$0	\$2,237
7/1/02-03	583	3,797	0.153	5,177	3,016	0	3,016
7/1/03-04	525	3,973	0.132	6,835	3,585	0	3,585
7/1/04-05	511	4,194	0.122	5,109	2,608	0	2,608
7/1/05-06	465	4,642	0.100	5,151	2,398	0	2,398
7/1/06-07	468	5,150	0.091	8,588	4,017	0	4,017
7/1/07-08	530	5,227	0.101	8,678	4,604	0	4,604
7/1/08-09	535	5,346	0.100	9,450	5,059	0	5,059
7/1/09-10	533	5,710	0.093	10,270	5,472	406	5,066
7/1/10-11	560	5,675	0.099	11,079	6,354	0	6,354
7/1/11-12	565	6,060	0.093	11,939	6,945	0	6,945
Total	5,787	\$52,921	0.109		\$46,294	\$406	\$45,889
(5) Simple Average, Latest 4			0.096				
Simple Average, Latest 6			0.096				
Simple Average, Latest 4, Ex-ante 1			0.098				
(6) Selected 7/1/11-12 Frequency			0.096				

Notes:

- (2) From Section WC, Exhibit 7, Sheet 5.3, Column (4).
- (3) Based on data provided by NJSBAIG.
- (4) (2) / (3).
- (5) Various averages of (4).
- (6) Selected judgmentally.
- (7) From Section WC, Exhibit 7, Sheet 5.2, Column (20).
- (8) (3) x (4) x (7) / 1,000. 7/1/10-11 and subsequent equal to (3) x (6) x (7) / 1,000, adjusted for annual frequency trend of -5.0%.
- (9) Based on Section WC, Exhibit 4, Column (8).
- (10) (8) - (9).

WC Subfund Review
 Selected Unlimited Ultimate Severity

ERIC SOUTH

Accident Period (1)	Implied Initial Expected Unlimited Ultimate Severity (2)	Benefit Level Adjustment to 7/1/11-12 (3)	Estimated Ultimate Severity at 7/1/11-12 Benefit Level (4)	Fitted Ultimate Severity Based On			Trend Adjustment to 7/1/11-12 (12)	Estimated Trended Ultimate Unlimited Severity at 7/1/11-12 Level (13)	Selected Ultimate Unlimited Severity (20)
				7/1/01 - 6/30/09 (5a)	7/1/04 - 6/30/12 (5b)	7/1/03 - 6/30/12 (5c)			
				7/1/01-02	\$4,364	1.101			
7/1/02-03	5,177	1.087	5,625	5,446	4,854	5,601	1.900	10,686	5,177
7/1/03-04	6,835	1.079	7,376	5,876	5,344	6,036	1.769	13,049	6,835
7/1/04-05	5,109	1.069	5,464	6,339	5,884	6,504	1.647	9,000	5,109
7/1/05-06	5,151	1.058	5,452	6,839	6,478	7,009	1.534	8,362	5,151
7/1/06-07	8,588	1.047	8,990	7,378	7,132	7,553	1.428	12,840	8,588
7/1/07-08	6,919	1.034	7,157	7,960	7,853	8,139	1.330	9,518	8,678
7/1/08-09	9,062	1.020	9,245	8,587	8,646	8,771	1.238	11,449	9,450
7/1/09-10	11,924	1.008	12,020	9,265	9,519	9,452	1.153	13,862	10,270
7/1/10-11	11,555	1.003	11,596	9,995	10,481	10,185	1.074	12,452	11,079
7/1/11-12	8,608	1.000	8,608	10,783	11,540	10,875	1.000	8,608	11,939
			(6) Implied Trend	7.9%	10.1%	7.8%	(14) SA, Latest 4, EA 1	\$11,821	
			R-squared	56.7%	60.6%	51.4%	SA, Latest 6, EA 1	11,414	
							SA, Latest 4, EA 2	11,917	
		(7) Prior Selected Trend		8.0%			(15) Prior Selected 7/1/11-12 Severity	\$11,379	
		(8) Selected Trend		8.0%			(16) Selected 7/1/11-12 Severity	\$12,000	
		(9) Credibility		70%			(17) Credibility	70%	
		(10) Selected Overall WC Trend		6.0%			(18) Selected Overall WC Severity	\$11,800	
		(11) Credibility Weighted Trend		7.4%			(19) Credibility Weighted Severity	\$11,939	

Notes:

- (2) Based on Towers Watson unpaid liability analysis as of June 30, 2012, rebalanced based on current membership and Section WC, Exhibit 7, Sheet 5.3, Column (4).
- (3) Based on Towers Watson analysis of historical benefit level changes.
- (4) (2) x (3).
- (5) Based on various exponential regressions of (4).
- (6) Implied trends and R-squared statistics based on (5a) - (5c).
- (7), (15) Based on prior Towers Watson rate review. Severity trended to current year and adjusted for benefit level changes.
- (8), (16) Selected judgmentally.
- (9), (17) Based on insurance industry standards.
- (10) From Section WC, Exhibit 3, Sheet 2, Item (9).
- (11) (8) x (9) + (10) x [1.0 - (9)].
- (12) Based on annual trend from (11).
- (13) (4) x (12).
- (14) Various averages of (13).
- (18) From Section WC, Exhibit 3, Sheet 2, Item (15).
- (19) (16) x (17) + (18) x [1.0 - (17)].
- (20) 7/1/01-02 to 7/1/06-07: (2).
 7/1/07-08 to 7/1/11-12: (19) / (12) / (3).

WC Subfund Review
 Projected Ultimate CWP's Using Development Method on CWP's

ERIC SOUTH

<u>Accident Period</u>	<u>Claim Counts With Payment As of 9/30/12</u>	<u>Development Factor</u>	<u>Projected Ultimate Claims with Pay</u>
(1)	(2)	(3)	(4)
7/1/01-02	512	1.001	513
7/1/02-03	582	1.001	583
7/1/03-04	524	1.001	525
7/1/04-05	510	1.001	511
7/1/05-06	465	1.001	465
7/1/06-07	467	1.002	468
7/1/07-08	529	1.003	530
7/1/08-09	533	1.004	535
7/1/09-10	529	1.007	533
7/1/10-11	553	1.012	560
7/1/11-12	547	1.033	565
Total	5,751		5,787

Notes:

- (2) Provided by NJSBAIG.
- (3) Based on Towers Watson unpaid liability analysis as of June 30, 2012.
- (4) (2) x (3).

WC Subfund Review
 Projected Ultimate Loss & ALAE Using Freq x Severity Method

ERIC WEST

Accident Period (1)	Ultimate Claims with Pay (2)	Payroll (\$00,000's) (3)	Implied Frequency of Claims with Pay (4)	Selected Ultimate Unlimited Severity (7)	Projected Ultimate Unlimited Loss & ALAE (\$000's) (8)	Excess Reported Loss & ALAE (\$000's) (9)	Projected Ultimate Limited Loss & ALAE (\$000's) (10)
7/1/01-02	154	\$1,397	0.110	\$3,871	\$597	\$0	\$597
7/1/02-03	200	2,022	0.099	5,870	1,175	0	1,175
7/1/03-04	244	2,184	0.112	4,289	1,048	0	1,048
7/1/04-05	234	2,443	0.096	8,103	1,898	0	1,898
7/1/05-06	323	3,425	0.094	5,784	1,870	0	1,870
7/1/06-07	285	3,571	0.080	11,849	3,382	59	3,324
7/1/07-08	286	3,993	0.072	8,408	2,403	668	1,735
7/1/08-09	300	4,854	0.062	9,123	2,740	0	2,740
7/1/09-10	297	5,012	0.059	9,878	2,935	0	2,935
7/1/10-11	317	5,260	0.060	10,618	3,410	0	3,410
7/1/11-12	351	6,869	0.051	11,400	4,542	0	4,542
Total	2,993	\$41,031	0.073		\$26,000	\$727	\$25,273
(5) Simple Average, Latest 4			0.058				
Simple Average, Latest 6			0.064				
Simple Average, Latest 4, Ex-ante 1			0.063				
(6) Selected 7/1/11-12 Frequency			0.058				

Notes:

- (2) From Section WC, Exhibit 7, Sheet 6.3, Column (4).
- (3) Based on data provided by NJSBAIG.
- (4) (2) / (3).
- (5) Various averages of (4).
- (6) Selected judgmentally.
- (7) From Section WC, Exhibit 7, Sheet 6.2, Column (20).
- (8) (3) x (4) x (7) / 1,000. 7/1/10-11 and subsequent equal to (3) x (6) x (7) / 1,000, adjusted for annual frequency trend of -5.0%.
- (9) Based on Section WC, Exhibit 4, Column (8).
- (10) (8) - (9).

WC Subfund Review
 Selected Unlimited Ultimate Severity

ERIC WEST

Accident Period (1)	Implied Initial Expected Unlimited Ultimate Severity (2)	Benefit Level Adjustment to 7/1/11-12 (3)	Estimated Ultimate Severity at 7/1/11-12 Benefit Level (4)	Fitted Ultimate Severity Based On			Trend Adjustment to 7/1/11-12 (12)	Estimated Trended Ultimate Unlimited Severity at 7/1/11-12 Level (13)	Selected Ultimate Unlimited Severity (20)
				7/1/01 - 6/30/09 (5a)	7/1/04 - 6/30/09 (5b)	7/1/01 - 6/30/12 (5c)			
				7/1/01-02	\$3,871	1.101			
7/1/02-03	5,870	1.087	6,379	5,324	6,868	5,876	1.838	11,726	5,870
7/1/03-04	4,289	1.079	4,629	6,068	7,411	6,196	1.718	7,953	4,289
7/1/04-05	8,103	1.069	8,665	6,916	7,998	6,534	1.606	13,914	8,103
7/1/05-06	5,784	1.058	6,121	7,882	8,632	6,890	1.501	9,186	5,784
7/1/06-07	11,849	1.047	12,403	8,984	9,316	7,265	1.403	17,396	11,849
7/1/07-08	11,160	1.034	11,543	10,239	10,053	7,661	1.311	15,131	8,408
7/1/08-09	9,055	1.020	9,237	11,670	10,850	8,079	1.225	11,316	9,123
7/1/09-10	3,825	1.008	3,856	13,301	11,709	8,519	1.145	4,414	9,878
7/1/10-11	7,887	1.003	7,915	15,160	12,636	8,983	1.070	8,469	10,618
7/1/11-12	11,046	1.000	11,046	17,279	13,637	9,473	1.000	11,046	11,400
			(6) Implied Trend	14.0%	7.9%	5.4%	(14) SA, Latest 4, EA 1	\$9,832	
			R-squared	64.1%	18.8%	18.1%	SA, Latest 6, EA 1	10,985	
							SA, Latest 4, EA 2	12,064	
		(7) Prior Selected Trend		9.0%	(15) Prior Selected 7/1/11-12 Severity			\$11,047	
		(8) Selected Trend		8.0%	(16) Selected 7/1/11-12 Severity			\$11,000	
		(9) Credibility		50%	(17) Credibility			50%	
		(10) Selected Overall WC Trend		6.0%	(18) Selected Overall WC Severity			\$11,800	
		(11) Credibility Weighted Trend		7.0%	(19) Credibility Weighted Severity			\$11,400	

Notes:

- (2) Based on Towers Watson unpaid liability analysis as of June 30, 2012, rebalanced based on current membership and Section WC, Exhibit 7, Sheet 6.3, Column (4).
- (3) Based on Towers Watson analysis of historical benefit level changes.
- (4) (2) x (3).
- (5) Based on various exponential regressions of (4).
- (6) Implied trends and R-squared statistics based on (5a) - (5c).
- (7), (15) Based on prior Towers Watson rate review. Severity trended to current year and adjusted for benefit level changes.
- (8), (16) Selected judgmentally.
- (9), (17) Based on insurance industry standards.
- (10) From Section WC, Exhibit 3, Sheet 2, Item (9).
- (11) (8) x (9) + (10) x [1.0 - (9)].
- (12) Based on annual trend from (11).
- (13) (4) x (12).
- (14) Various averages of (13).
- (18) From Section WC, Exhibit 3, Sheet 2, Item (15).
- (19) (16) x (17) + (18) x [1.0 - (17)].
- (20) 7/1/01-02 to 7/1/06-07: (2).
 7/1/07-08 to 7/1/11-12: (19) / (12) / (3).

WC Subfund Review
 Projected Ultimate CWPs Using Development Method on CWPs

ERIC WEST

<u>Accident Period</u>	<u>Claim Counts With Payment As of 9/30/12</u>	<u>Development Factor</u>	<u>Projected Ultimate Claims with Pay</u>
(1)	(2)	(3)	(4)
7/1/01-02	154	1.001	154
7/1/02-03	200	1.001	200
7/1/03-04	244	1.001	244
7/1/04-05	234	1.001	234
7/1/05-06	323	1.001	323
7/1/06-07	285	1.002	285
7/1/07-08	285	1.003	286
7/1/08-09	299	1.004	300
7/1/09-10	295	1.007	297
7/1/10-11	313	1.012	317
7/1/11-12	340	1.033	351
Total	2,972		2,993

Notes:

- (2) Provided by NJSBAIG.
- (3) Based on Towers Watson unpaid liability analysis as of June 30, 2012.
- (4) (2) x (3).

WC Subfund Review
 Projected Ultimate Loss & ALAE Using Freq x Severity Method

CAIP

Accident Period (1)	Ultimate Claims with Pay (2)	Payroll (\$00,000's) (3)	Implied Frequency of Claims with Pay (4)	Selected Ultimate Unlimited Severity (7)	Projected Ultimate Unlimited Loss & ALAE (\$000's) (8)	Excess Reported Loss & ALAE (\$000's) (9)	Projected Ultimate Limited Loss & ALAE (\$000's) (10)
7/1/01-02	143	\$816	0.175	\$8,134	\$1,164	\$0	\$1,164
7/1/02-03	124	1,013	0.123	24,004	2,979	855	2,124
7/1/03-04	159	1,104	0.144	11,858	1,887	0	1,887
7/1/04-05	154	1,175	0.131	13,769	2,123	54	2,068
7/1/05-06	146	1,233	0.119	14,281	2,087	0	2,087
7/1/06-07	145	1,294	0.112	11,152	1,620	0	1,620
7/1/07-08	136	1,284	0.106	10,093	1,376	0	1,376
7/1/08-09	153	1,332	0.115	10,791	1,647	0	1,647
7/1/09-10	180	1,728	0.104	11,514	2,076	0	2,076
7/1/10-11	159	1,579	0.101	12,195	2,027	0	2,027
7/1/11-12	175	1,888	0.092	12,903	2,436	0	2,436
Total	1,675	\$14,446	0.116		\$21,423	\$909	\$20,513
(5) Simple Average, Latest 4			0.103				
Simple Average, Latest 6			0.105				
Simple Average, Latest 4, Ex-ante 1			0.106				
(6) Selected 7/1/11-12 Frequency			0.100				

Notes:

- (2) From Section WC, Exhibit 7, Sheet 7.3, Column (4).
- (3) Based on data provided by NJSBAIG.
- (4) (2) / (3).
- (5) Various averages of (4).
- (6) Selected judgmentally.
- (7) From Section WC, Exhibit 7, Sheet 7.2, Column (20).
- (8) (3) x (4) x (7) / 1,000. 7/1/10-11 and subsequent equal to (3) x (6) x (7) / 1,000, adjusted for annual frequency trend of -5.0%.
- (9) Based on Section WC, Exhibit 4, Column (8).
- (10) (8) - (9).

WC Subfund Review
 Selected Unlimited Ultimate Severity

CAIP

Accident Period (1)	Implied Initial Expected Unlimited Ultimate Severity (2)	Benefit Level Adjustment to 7/1/11-12 (3)	Estimated Ultimate Severity at 7/1/11-12 Benefit Level (4)	Fitted Ultimate Severity Based On			Trend Adjustment to 7/1/11-12 (12)	Estimated Trended Ultimate Unlimited Severity at 7/1/11-12 Level (13)	Selected Ultimate Unlimited Severity (20)
				7/1/07 - 6/30/12 (5a)	7/1/06 - 6/30/11 (5b)	7/1/06 - 6/30/12 (5c)			
7/1/01-02	\$8,134	1.101	\$8,957	\$8,609	\$9,495	\$9,218	1.698	\$15,212	\$8,134
7/1/02-03	24,004	1.087	26,082	9,050	9,856	9,613	1.611	42,011	24,004
7/1/03-04	11,858	1.079	12,796	9,512	10,231	10,025	1.528	19,548	11,858
7/1/04-05	13,769	1.069	14,725	9,999	10,620	10,455	1.449	21,334	13,769
7/1/05-06	14,281	1.058	15,113	10,510	11,023	10,904	1.374	20,767	14,281
7/1/06-07	11,152	1.047	11,674	11,048	11,443	11,371	1.303	15,213	11,152
7/1/07-08	9,943	1.034	10,285	11,613	11,878	11,859	1.236	12,711	10,093
7/1/08-09	15,753	1.020	16,069	12,206	12,329	12,368	1.172	18,837	10,791
7/1/09-10	10,626	1.008	10,711	12,831	12,798	12,898	1.112	11,908	11,514
7/1/10-11	13,738	1.003	13,785	13,487	13,284	13,451	1.054	14,535	12,195
7/1/11-12	14,249	1.000	14,249	14,176	13,790	14,028	1.000	14,249	12,903
			(6) Implied Trend	5.1%	3.8%	4.3%	(14) SA, Latest 4, EA 1	\$14,498	
			R-squared	16.8%	10.1%	19.8%	SA, Latest 6, EA 1	15,662	
							SA, Latest 4, EA 2	14,667	
			(7) Prior Selected Trend	4.0%		(15) Prior Selected 7/1/11-12 Severity		\$14,819	
			(8) Selected Trend	4.5%		(16) Selected 7/1/11-12 Severity		\$14,750	
			(9) Credibility	37%		(17) Credibility	37%		
			(10) Selected Overall WC Trend	6.0%		(18) Selected Overall WC Severity		\$11,800	
			(11) Credibility Weighted Trend	5.4%		(19) Credibility Weighted Severity		\$12,903	

Notes:

- (2) Based on Towers Watson unpaid liability analysis as of June 30, 2012, rebalanced based on current membership and Section WC, Exhibit 7, Sheet 7.3, Column (4).
- (3) Based on Towers Watson analysis of historical benefit level changes.
- (4) (2) x (3).
- (5) Based on various exponential regressions of (4).
- (6) Implied trends and R-squared statistics based on (5a) - (5c).
- (7), (15) Based on prior Towers Watson rate review. Severity trended to current year and adjusted for benefit level changes.
- (8), (16) Selected judgmentally.
- (9), (17) Based on insurance industry standards.
- (10) From Section WC, Exhibit 3, Sheet 2, Item (9).
- (11) (8) x (9) + (10) x [1.0 - (9)].
- (12) Based on annual trend from (11).
- (13) (4) x (12).
- (14) Various averages of (13).
- (18) From Section WC, Exhibit 3, Sheet 2, Item (15).
- (19) (16) x (17) + (18) x [1.0 - (17)].
- (20) 7/1/01-02 to 7/1/06-07: (2).
 7/1/07-08 to 7/1/11-12: (19) / (12) / (3).

WC Subfund Review
 Projected Ultimate CWP's Using Development Method on CWP's

CAIP

<u>Accident Period</u>	<u>Claim Counts With Payment As of 9/30/12</u>	<u>Development Factor</u>	<u>Projected Ultimate Claims with Pay</u>
(1)	(2)	(3)	(4)
7/1/01-02	143	1.001	143
7/1/02-03	124	1.001	124
7/1/03-04	159	1.001	159
7/1/04-05	154	1.001	154
7/1/05-06	146	1.001	146
7/1/06-07	145	1.002	145
7/1/07-08	136	1.003	136
7/1/08-09	152	1.004	153
7/1/09-10	179	1.007	180
7/1/10-11	157	1.012	159
7/1/11-12	169	1.033	175
Total	1,664		1,675

Notes:

- (2) Provided by NJSBAIG.
- (3) Based on Towers Watson unpaid liability analysis as of June 30, 2012.
- (4) (2) x (3).

WC Subfund Review
 Projected Ultimate Loss & ALAE Using Freq x Severity Method

NJSBAIG

Accident Period (1)	Ultimate Claims with Pay (2)	Payroll (\$00,000's) (3)	Implied Frequency of Claims with Pay (4)	Selected Ultimate Unlimited Severity (7)	Projected Ultimate Unlimited Loss & ALAE (\$000's) (8)	Excess Reported Loss & ALAE (\$000's) (9)	Projected Ultimate Limited Loss & ALAE (\$000's) (10)
7/1/01-02	203	\$1,209	0.168	\$10,270	\$2,087	\$0	\$2,087
7/1/02-03	207	1,231	0.168	6,786	1,406	0	1,406
7/1/03-04	182	1,236	0.147	15,400	2,806	0	2,806
7/1/04-05	218	1,271	0.172	16,050	3,502	0	3,502
7/1/05-06	223	1,570	0.142	15,562	3,474	0	3,474
7/1/06-07	247	1,510	0.164	11,396	2,819	71	2,748
7/1/07-08	192	1,659	0.115	11,291	2,163	0	2,163
7/1/08-09	225	1,773	0.127	12,164	2,737	0	2,737
7/1/09-10	184	1,665	0.111	13,079	2,411	0	2,411
7/1/10-11	177	1,646	0.108	13,959	2,660	0	2,660
7/1/11-12	143	1,598	0.089	14,883	2,616	50	2,566
Total	2,202	\$16,369	0.135		\$28,680	\$121	\$28,559
(5) Simple Average, Latest 4			0.109				
Simple Average, Latest 6			0.119				
Simple Average, Latest 4, Ex-ante 1			0.115				
(6) Selected 7/1/11-12 Frequency			0.110				

Notes:

- (2) From Section WC, Exhibit 7, Sheet 8.3, Column (4).
- (3) Based on data provided by NJSBAIG; excludes Atlantic City experience.
- (4) (2) / (3).
- (5) Various averages of (4).
- (6) Selected judgmentally.
- (7) From Section WC, Exhibit 7, Sheet 8.2, Column (20).
- (8) (3) x (4) x (7) / 1,000. 7/1/10-11 and subsequent equal to (3) x (6) x (7) / 1,000, adjusted for annual frequency trend of -5.0%.
- (9) Based on Section WC, Exhibit 4, Column (8).
- (10) (8) - (9).

WC Subfund Review
 Selected Unlimited Ultimate Severity

NJSBAIG

Accident Period (1)	Implied Initial Expected Unlimited Ultimate Severity (2)	Benefit Level Adjustment to 7/1/11-12 (3)	Estimated Ultimate Severity at 7/1/11-12 Benefit Level (4)	Fitted Ultimate Severity Based On			Trend Adjustment to 7/1/11-12 (12)	Estimated Trended Ultimate Unlimited Severity at 7/1/11-12 Level (13)	Selected Ultimate Unlimited Severity (20)
				7/1/01 - 6/30/11	7/1/05 - 6/30/12	7/1/02 - 6/30/12			
				(5a)	(5b)	(5c)			
7/1/01-02	\$10,270	1.101	\$11,310	\$11,106	\$7,748	\$10,272	1.833	\$20,734	\$10,270
7/1/02-03	6,786	1.087	7,374	11,497	8,462	10,850	1.725	12,724	6,786
7/1/03-04	15,400	1.079	16,619	11,901	9,243	11,461	1.624	26,989	15,400
7/1/04-05	16,050	1.069	17,164	12,320	10,095	12,106	1.528	26,235	16,050
7/1/05-06	15,562	1.058	16,469	12,753	11,026	12,787	1.439	23,693	15,562
7/1/06-07	11,396	1.047	11,929	13,201	12,043	13,507	1.354	16,152	11,396
7/1/07-08	8,319	1.034	8,605	13,666	13,154	14,267	1.274	10,966	11,291
7/1/08-09	11,314	1.020	11,542	14,146	14,367	15,070	1.199	13,844	12,164
7/1/09-10	14,289	1.008	14,403	14,644	15,692	15,918	1.129	16,259	13,079
7/1/10-11	20,160	1.003	20,230	15,159	17,139	16,814	1.062	21,494	13,959
7/1/11-12	22,220	1.000	22,220	15,692	18,719	17,760	1.000	22,220	14,883
			(6) Implied Trend	3.5%	9.2%	5.6%	(14) SA, Latest 4, EA 1	\$15,641	
			R-squared	10.6%	32.5%	21.4%	SA, Latest 6, EA 1	17,068	
							SA, Latest 4, EA 2	14,305	
		(7) Prior Selected Trend		7.0%			(15) Prior Selected 7/1/11-12 Severity	\$16,106	
		(8) Selected Trend		6.5%			(16) Selected 7/1/11-12 Severity	\$18,000	
		(9) Credibility		50%			(17) Credibility	50%	
		(10) Selected Overall WC Trend		6.0%			(18) Selected Overall WC Severity	\$11,800	
		(11) Credibility Weighted Trend		6.2%			(19) Credibility Weighted Severity	\$14,883	

Notes:

- (2) Based on Towers Watson unpaid liability analysis as of June 30, 2012, rebalanced based on current membership and Section WC, Exhibit 7, Sheet 8.3, Column (4).
- (3) Based on Towers Watson analysis of historical benefit level changes.
- (4) (2) x (3).
- (5) Based on various exponential regressions of (4).
- (6) Implied trends and R-squared statistics based on (5a) - (5c).
- (7), (15) Based on prior Towers Watson rate review. Severity trended to current year and adjusted for benefit level changes.
- (8), (16) Selected judgmentally.
- (9), (17) Based on insurance industry standards.
- (10) From Section WC, Exhibit 3, Sheet 2, Item (9).
- (11) (8) x (9) + (10) x [1.0 - (9)].
- (12) Based on annual trend from (11).
- (13) (4) x (12).
- (14) Various averages of (13).
- (18) From Section WC, Exhibit 3, Sheet 2, Item (15).
- (19) (16) x (17) + (18) x [1.0 - (17)].
- (20) 7/1/01-02 to 7/1/06-07: (2).
 7/1/07-08 to 7/1/11-12: (19) / (12) / (3).

WC Subfund Review
 Projected Ultimate CWP's Using Development Method on CWP's

NJSBAIG

<u>Accident Period</u>	<u>Claim Counts With Payment As of 9/30/12</u>	<u>Development Factor</u>	<u>Projected Ultimate Claims with Pay</u>
(1)	(2)	(3)	(4)
7/1/01-02	203	1.001	203
7/1/02-03	207	1.001	207
7/1/03-04	182	1.001	182
7/1/04-05	218	1.001	218
7/1/05-06	223	1.001	223
7/1/06-07	247	1.002	247
7/1/07-08	191	1.003	192
7/1/08-09	224	1.004	225
7/1/09-10	183	1.007	184
7/1/10-11	175	1.012	177
7/1/11-12	138	1.033	143
Total	2,191		2,202

Notes:

- (2) Provided by NJSBAIG; excludes Atlantic City experience.
- (3) Based on Towers Watson unpaid liability analysis as of June 30, 2012.
- (4) (2) x (3).

General Liability
 Indicated 2013/14 Costs
 Central Estimate
 Limited to \$500K

Accident Period (1)	Selected Limited Ultimate Loss & ALAE (2)	ILF to \$500K (3)	Trend to 7/1/13-14 (4)	Daily Average Attendance (000's) (5)	Trended Pure Premium Limited to \$500K (6)
7/1/01-02	\$2,295	1.000	1.901	233	\$18.73
7/1/02-03	2,120	1.000	1.802	290	13.17
7/1/03-04	4,740	1.110	1.708	373	24.07
7/1/04-05	4,330	1.100	1.619	417	18.48
7/1/05-06	2,840	1.030	1.535	449	10.00
7/1/06-07	3,400	1.050	1.455	430	12.09
7/1/07-08	3,250	1.095	1.379	409	12.00
7/1/08-09	5,020	1.150	1.307	439	17.20
7/1/09-10	5,400	1.150	1.239	464	16.58
7/1/10-11	5,200	1.090	1.174	469	14.19
7/1/11-12	9,500	1.100	1.113	476	24.42
Total	\$48,095			4,449	\$16.41
			(7) 3-Year Simple Average		\$18.39
			5-Year Simple Average		16.88
			3-Year Volume Weighted		18.43
			5-Year Volume Weighted		17.03
			(8) Prior Selected Pure Premium Trended to 7/1/13-14		\$19.70
			(9) 7/1/13-14 Selected Pure Premium		\$18.25
			(10) Inner Aggregate Load		\$0
			(11) 7/1/13-14 Estimated Exposures		464
			(12) 7/1/13-14 Estimated Loss & ALAE		\$8,462
			(13) Expenses		\$896
			(14) Contingency Load		\$0
			(15) Indicated 7/1/13-14 Costs		\$9,358
			(16) Benchmark Premium		\$6,037

Notes:

- (2) From Section GL, Exhibit 2, Column (12).
- (3) Based on industry data and NJSBAIG loss experience.
- (4) Based on a pure premium trend of 5.5%.
- (5), (10), (14) Based on data provided by NJSBAIG.
- (6) $(2) \times (3) \times (4) / (5)$.
- (7) Various averages of (6).
- (8) From Towers Watson prior rate level analysis, trended to 7/1/13-14.
- (9) Selected judgmentally.
- (11) Based on an exposure trend of 0.0%, applied to 7/1/12-13 estimated exposures.
- (12) $[(9) + (10)] \times (11)$.
- (13) From Summary, Exhibit 4, Sheet 1, Item (12).
- (15) $(12) + (13) + (14)$.
- (16) Summary, Exhibit 5, Sheet 1, Item (2a) \times (11).

General Liability
 Indicated 2013/14 Costs
 Low Reasonable Estimate
 Limited to \$500K

Accident Period (1)	Selected Limited Ultimate Loss & ALAE (2)	ILF to \$500K (3)	Trend to 7/1/13-14 (4)	Daily Average Attendance (000's) (5)	Trended Pure Premium Limited to \$500K (6)
7/1/01-02	\$2,291	1.000	1.901	233	\$18.70
7/1/02-03	2,113	1.000	1.802	290	13.13
7/1/03-04	4,730	1.110	1.708	373	24.02
7/1/04-05	4,310	1.100	1.619	417	18.39
7/1/05-06	2,830	1.030	1.535	449	9.96
7/1/06-07	3,320	1.050	1.455	430	11.81
7/1/07-08	3,215	1.095	1.379	409	11.87
7/1/08-09	4,900	1.150	1.307	439	16.79
7/1/09-10	5,200	1.150	1.239	464	15.97
7/1/10-11	4,400	1.090	1.174	469	12.00
7/1/11-12	9,000	1.100	1.113	476	23.13
Total	\$46,309			4,449	\$15.87
(7)			3-Year Simple Average		\$17.03
			5-Year Simple Average		15.95
			3-Year Volume Weighted		17.07
			5-Year Volume Weighted		16.07
(8)			Prior Selected Pure Premium Trended to 7/1/13-14		\$18.11
(9)			7/1/13-14 Selected Pure Premium		\$17.00
(10)			Inner Aggregate Load		\$0
(11)			7/1/13-14 Estimated Exposures		464
(12)			7/1/13-14 Estimated Loss & ALAE		\$7,883
(13)			Expenses		\$896
(14)			Contingency Load		\$0
(15)			Indicated 7/1/13-14 Costs		\$8,778
(16)			Benchmark Premium		\$6,037

Notes:

- (2) From Section GL, Exhibit 2, Column (13).
- (3) Based on industry data and NJSBAIG loss experience.
- (4) Based on a pure premium trend of 5.50%.
- (5), (10), (14) Based on data provided by NJSBAIG.
- (6) (2) x (3) x (4) / (5).
- (7) Various averages of (6).
- (8) From Towers Watson prior rate level analysis, trended to 7/1/13-14.
- (9) Selected judgmentally.
- (11) Based on an exposure trend of 0.0%, applied to 7/1/12-13 estimated exposures.
- (12) [(9) + (10)] x (11).
- (13) From Summary, Exhibit 4, Sheet 1, Item (12).
- (15) (12) + (13) + (14).
- (16) Summary, Exhibit 5, Sheet 1, Item (2a) x (11).

General Liability
 Indicated 2013/14 Costs
 High Reasonable Estimate
 Limited to \$500K

Accident Period (1)	Selected Limited Ultimate Loss & ALAE (2)	ILF to \$500K (3)	Trend to 7/1/13-14 (4)	Daily Average Attendance (000's) (5)	Trended Pure Premium Limited to \$500K (6)
7/1/01-02	\$2,299	1.000	1.901	233	\$18.77
7/1/02-03	2,125	1.000	1.802	290	13.20
7/1/03-04	4,750	1.110	1.708	373	24.12
7/1/04-05	4,400	1.100	1.619	417	18.78
7/1/05-06	2,900	1.030	1.535	449	10.21
7/1/06-07	3,550	1.050	1.455	430	12.62
7/1/07-08	3,350	1.095	1.379	409	12.37
7/1/08-09	5,250	1.150	1.307	439	17.99
7/1/09-10	5,700	1.150	1.239	464	17.50
7/1/10-11	6,200	1.090	1.174	469	16.91
7/1/11-12	10,200	1.100	1.113	476	26.21
Total	\$50,724			4,449	\$17.20
(7)	3-Year Simple Average				\$20.21
	5-Year Simple Average				18.20
	3-Year Volume Weighted				20.25
	5-Year Volume Weighted				18.38
(8)	Prior Selected Pure Premium Trended to 7/1/13-14				\$21.83
(9)	7/1/13-14 Selected Pure Premium				\$20.00
(10)	Inner Aggregate Load				\$0
(11)	7/1/13-14 Estimated Exposures				464
(12)	7/1/13-14 Estimated Loss & ALAE				\$9,274
(13)	Expenses				\$896
(14)	Contingency Load				\$0
(15)	Indicated 7/1/13-14 Costs				\$10,169
(16)	Benchmark Premium				\$6,037

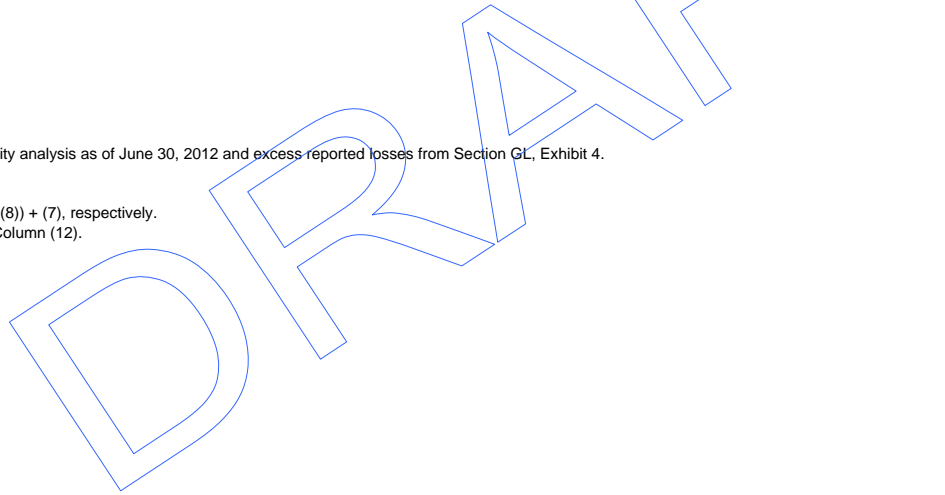
Notes:

- (2) From Section GL, Exhibit 2, Column (14).
- (3) Based on industry data and NJSBAIG loss experience.
- (4) Based on a pure premium trend of 5.50%.
- (5), (10), (14) Based on data provided by NJSBAIG.
- (6) (2) x (3) x (4) / (5).
- (7) Various averages of (6).
- (8) From Towers Watson prior rate level analysis, trended to 7/1/13-14.
- (9) Selected judgmentally.
- (11) Based on an exposure trend of 0.0%, applied to 7/1/12-13 estimated exposures.
- (12) [(9) + (10)] x (11).
- (13) From Summary, Exhibit 4, Sheet 1, Item (12).
- (15) (12) + (13) + (14).
- (16) Summary, Exhibit 5, Sheet 1, Item (2a) x (11).

General Liability
 Selection of Ultimate Losses Limited to \$300K

Accident Period	Initial Expected Ultimate Loss & ALAE	Projected Ultimate Losses Based on Reported Losses				Projected Ultimate Losses Based on Paid Losses				Frequency x Severity Projected Ultimate Loss & ALAE	Selected Limited Ultimate Loss & ALAE	Range of Reasonable Estimates	
		Limited Reported Loss & ALAE	Loss Development Factor	LDF Ultimate Loss & ALAE	BF Ultimate Loss & ALAE	Limited Paid Loss & ALAE	Loss Development Factor	LDF Ultimate Loss & ALAE	BF Ultimate Loss & ALAE			Low Selected Limited Ultimate Loss & ALAE	High Selected Limited Ultimate Loss & ALAE
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
7/1/01-02	\$2,437	\$2,291	1.003	\$2,299	\$2,299	\$2,272	1.010	\$2,293	\$2,295	\$2,437	\$2,295	\$2,291	\$2,299
7/1/02-03	2,213	2,113	1.006	2,125	2,125	2,113	1.012	2,138	2,139	2,213	2,120	2,113	2,125
7/1/03-04	4,495	4,717	1.008	4,752	4,750	4,628	1.014	4,693	4,690	4,495	4,740	4,730	4,750
7/1/04-05	4,148	4,291	1.010	4,332	4,330	3,718	1.034	3,844	3,854	4,148	4,330	4,310	4,400
7/1/05-06	2,872	2,816	1.010	2,843	2,843	2,534	1.071	2,713	2,724	2,872	2,840	2,830	2,900
7/1/06-07	3,337	3,288	1.010	3,320	3,321	3,077	1.145	3,522	3,498	3,337	3,400	3,320	3,550
7/1/07-08	3,253	3,118	1.030	3,211	3,212	2,354	1.363	3,209	3,221	3,253	3,250	3,215	3,350
7/1/08-09	4,925	4,832	1.079	5,212	5,191	2,377	2.015	4,790	4,858	4,556	5,020	4,900	5,250
7/1/09-10	4,791	4,373	1.255	5,488	5,346	1,420	4.513	6,409	5,149	5,260	5,400	5,200	5,700
7/1/10-11	6,244	2,515	1.751	4,402	5,192	411	12.683	5,213	6,162	5,536	5,200	4,400	6,200
7/1/11-12	9,067	4,489	2.595	11,650	10,062	261	26.113	6,823	8,981	7,874	9,500	9,000	10,200
Total	\$47,780	\$38,843		\$49,635	\$48,673	\$25,165		\$45,647	\$47,570	\$45,980	\$48,095	\$46,309	\$50,724

- Notes:
- (2), (4), (8) Based on Towers Watson unpaid liability analysis as of June 30, 2012 and excess reported losses from Section GL, Exhibit 4.
 - (3), (7) Based on data provided by NJSBAIG.
 - (5), (9) (3) x (4) and (7) x (8), respectively.
 - (6), (10) (2) x (1 - 1 / (4)) + (3) and (2) x (1 - 1 / (8)) + (7), respectively.
 - (11) From Section GL, Exhibit 3, Sheet 1, Column (12).
 - (12) - (14) Selected judgmentally.



New Jersey School Boards Association Insurance Group

Policy Year 7/1/13-14 Rate Level Analysis

Data Evaluated as of 9/30/12

Section GL

Exhibit 3

Sheet 1

General Liability

Projected Ultimate Loss & ALAE Using Frequency x Severity Method

Accident Period (1)	Ultimate Claims with Pay (2)	Daily Average Attendance (000's) (3)	Implied Frequency of Claims with Pay (4)	Selected Ultimate Unlimited Severity (9)	Projected Ultimate Unlimited Loss & ALAE (\$000's) (10)	Excess Reported Loss & ALAE (\$000's) (11)	Projected Ultimate Limited Loss & ALAE (\$000's) (12)
7/1/01-02	140	233	0.602	\$17,580	\$2,465	\$28	\$2,437
7/1/02-03	194	290	0.668	11,803	2,286	73	2,213
7/1/03-04	250	373	0.669	20,679	5,163	668	4,495
7/1/04-05	209	417	0.501	24,424	5,103	955	4,148
7/1/05-06	204	449	0.453	14,253	2,901	30	2,872
7/1/06-07	205	430	0.477	16,620	3,407	70	3,337
7/1/07-08	228	409	0.558	15,966	3,643	391	3,253
7/1/08-09	232	439	0.529	27,252	6,325	1,769	4,556
7/1/09-10	265	464	0.570	28,750	7,609	2,350	5,260
7/1/10-11	183	469	0.389	30,332	5,537	1	5,536
7/1/11-12	252	476	0.530	32,000	8,079	205	7,874
Total	2,361	4,449	0.531		\$52,519	\$6,538	\$45,980
(5)	Simple Average, Latest 4		0.505				
	Simple Average, Latest 6		0.509				
	Simple Average, Latest 4, Ex-ante 1		0.512				
(6)	Prior Selected Freq. - Rate Review		0.581				
(7)	Prior Selected Freq. - Liability Review		0.530				
(8)	Selected 7/1/11-12 Frequency		0.530				

Notes:

- (2) From Section GL, Exhibit 3, Sheet 3, Column (4).
- (3) Based on data provided by NJSBAIG.
- (4) (2) / (3).
- (5) Averages of (4).
- (6) Based on prior Towers Watson rate review, trended to current year.
- (7) Based on Towers Watson unpaid liability analysis as of June 30, 2012.
- (8) Selected judgmentally.
- (9) From Section GL, Exhibit 3, Sheet 2, Column (15).
- (10) (3) x (4) x (9) / 1,000. 7/1/11-12 equal to (3) x (8) x (9) / 1,000.
- (11) From Section GL, Exhibit 4, Column (7).
- (12) (10) - (11).

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General Liability
 Selected Ultimate Unlimited Severity

Accident Period (1)	Implied Initial Expected Unlimited Severity (2)	Fitted Ultimate Severity Based On			Trend Adjustment to 7/1/11-12 (9)	Estimated Trended Ultimate Unlimited Severity at 7/1/11-12 Level (10)	Selected Ultimate Unlimited Severity (15)
		7/1/96 - 6/30/10 (3a)	7/1/01 - 6/30/10 (3b)	7/1/02 - 6/30/09 (3c)			
7/1/94-95	\$11,299	\$11,597	\$9,968	\$9,030	2.485	\$28,077	\$11,299
7/1/95-96	21,606	12,146	10,565	9,622	2.355	50,887	21,606
7/1/96-97	9,789	12,720	11,198	10,253	2.232	21,853	9,789
7/1/97-98	26,829	13,322	11,869	10,925	2.116	56,772	26,829
7/1/98-99	8,716	13,952	12,580	11,641	2.006	17,483	8,716
7/1/99-00	11,098	14,611	13,334	12,404	1.901	21,100	11,098
7/1/00-01	24,820	15,302	14,133	13,217	1.802	44,729	24,820
7/1/01-02	17,580	16,026	14,979	14,083	1.708	30,029	17,580
7/1/02-03	11,803	16,783	15,877	15,007	1.619	19,110	11,803
7/1/03-04	20,679	17,577	16,828	15,990	1.535	31,736	20,679
7/1/04-05	24,424	18,408	17,836	17,039	1.455	35,529	24,424
7/1/05-06	14,253	19,279	18,904	18,155	1.379	19,653	14,253
7/1/06-07	16,620	20,190	20,037	19,346	1.307	21,721	16,620
7/1/07-08	15,966	21,145	21,237	20,614	1.239	19,780	15,966
7/1/08-09	28,838	22,145	22,510	21,965	1.174	33,863	27,252
7/1/09-10	26,978	23,192	23,858	23,405	1.113	30,028	28,750
7/1/10-11	34,211	24,289	25,288	24,939	1.055	36,092	30,332
7/1/11-12	36,752	25,437	26,803	26,574	1.000	36,752	32,000
(4) Implied Trend R-squared		4.7%	6.0%	6.6%	(11) SA, Latest 4	\$34,184	
		23.0%	27.8%	19.2%	SA, Latest 6	29,706	
					SA, Latest 4, EA 1	29,941	
					SA, Latest 10, EA 1	27,754	
(5) Prior Selected Trend - Rate Review			5.5%		(12) Selected Severity - Rate	\$30,595	
(6) Prior Selected Trend - Liability Review			5.5%		(13) Selected Severity - Liab	32,000	
(7) Industry Trend			5.0%		(14) Selected 11/12 Severity	32,000	
(8) Selected Trend			5.5%				

Notes:

- (2) Based on Towers Watson unpaid liability analysis as of June 30, 2012.
- (3) Based on various exponential regressions of (2).
- (4) Implied trends and R-squared statistics based on (3a) through (3c).
- (5), (12) Based on prior Towers Watson rate review. Severity trended to current year.
- (6), (13) Based on Towers Watson unpaid liability analysis as of June 30, 2012.
- (7) Based on Towers Watson analysis of industry data.
- (8), (14) Selected judgmentally.
- (9) Based on annual trend from (8).
- (10) (2) x (9).
- (11) Averages of (10).
- (15) 7/1/94-95 to 7/1/07-08: (2).
 7/1/08-09 to 7/1/11-12: (14) / (9).

New Jersey School Boards Association Insurance Group

Policy Year 7/1/13-14 Rate Level Analysis

Data Evaluated as of 9/30/12

Section GL

Exhibit 3

Sheet 3

General Liability

Projected Ultimate CWP's Using Development Method on CWP's

Accident Period (1)	Claim Counts With Payment As of 9/30/12 (2)	Development Factor (3)	Projected Ultimate Claims with Pay (4)
7/1/94-95	122	1.000	122
7/1/95-96	141	1.000	141
7/1/96-97	87	1.000	87
7/1/97-98	71	1.000	71
7/1/98-99	70	1.000	70
7/1/99-00	53	1.001	53
7/1/00-01	86	1.001	86
7/1/01-02	140	1.002	140
7/1/02-03	193	1.003	194
7/1/03-04	248	1.007	250
7/1/04-05	207	1.009	209
7/1/05-06	201	1.013	204
7/1/06-07	201	1.020	205
7/1/07-08	221	1.032	228
7/1/08-09	217	1.070	232
7/1/09-10	225	1.176	265
7/1/10-11	128	1.426	183
7/1/11-12	112	2.252	252
Total	2,723		2,991

Notes:

- (2) Provided by NJSBAIG.
- (3) Based on Towers Watson unpaid liability analysis as of June 30, 2012.
- (4) (2) x (3).

General Liability
Listing of Large Losses (Reported Loss & ALAE > \$100K)

Claim	Date of Loss	Reported		Paid		Excess of \$300,000 Loss and ALAE Per Occurrence Using:	
		Loss	ALAE	Loss	ALAE	Reported Loss & ALAE	Paid Loss & ALAE
		(3)	(4)	(5)	(6)	(7)	(8)
97GL02774H	5/28/1997	\$180,000	\$33,115	\$180,000	\$33,115	\$0	\$0
98GL00070H	2/10/1998	1,133,891	217,380	1,133,891	217,380	993,757	993,757
98GL00308L	11/17/1998	100,000	1,740	100,000	1,740	0	0
99GL01298H	12/16/1999	100,000	14,697	100,000	14,697	0	0
00GL00329S	11/15/2000	120,000	143,680	120,000	143,680	0	0
00GL00276H	12/12/2000	175,000	31,111	175,000	31,111	0	0
01GL02376S	6/15/2001	1,000,000	75,407	1,000,000	75,407	752,785	752,785
01GL02400H	7/1/2001	50,000	54,935	50,000	54,935	0	0
02GL00815S	9/15/2001	90,000	33,584	90,000	33,584	0	0
01GL02323H	10/30/2001	275,000	17,840	275,000	17,840	0	0
01GL02314H	12/11/2001	166,667	32,544	166,667	32,544	0	0
01GL02315H	12/21/2001	95,000	15,484	95,000	15,484	0	0
02GL00638L	2/8/2002	212,500	14,116	212,500	14,116	0	0
02GL00775Q	4/30/2002	120,000	31,685	120,000	31,685	0	0
02GL00824D	6/24/2002	60,452	66,386	60,452	66,386	0	0
04GL01243H	1/7/2004	529,000	99,066	529,000	99,066	271,885	271,885
04GL00525S	2/4/2004	587,500	43,153	587,500	43,153	308,617	308,617
04GL00605D	2/29/2004	355,000	48,854	355,000	48,854	62,569	62,569
04GL00719H	4/23/2004	245,000	133,333	245,000	133,333	0	0
04GL01030E	10/26/2004	1,000,000	79,863	0	76,211	755,904	0
04GL01153S	10/29/2004	137,500	250,000	0	226,170	0	0
05GL02634S	1/25/2005	475,000	28,648	475,000	28,648	185,554	185,554
05GL02700L	3/15/2005	300,000	107,270	300,000	107,270	0	0
05GL02984D	9/24/2005	200,000	23,530	200,000	23,530	0	0
06GL00724D	12/18/2006	250,000	14,671	250,000	14,671	0	0
07GL03728S	3/1/2007	250,000	7,163	250,000	7,163	0	0
08GL00888S	5/28/2008	350,000	44,554	350,000	44,554	56,365	56,365
08GL00829D	6/2/2008	600,000	30,500	0	21,043	315,250	0
08GL00965H	8/22/2008	150,000	135,518	0	102,534	0	0
08GL01094E	9/12/2008	350,000	74,071	0	44,249	60,582	0
08GL01039S	10/13/2008	500,000	140,000	0	82,150	256,000	0
08GL01210E	10/20/2008	1,500,000	35,700	1,500,000	30,809	1,228,560	1,224,648
08GL01251S	12/22/2008	300,000	80,000	0	35,832	0	0
09GL03396D	3/29/2009	505,000	20,000	0	16,731	213,119	0
09GL03415H	5/27/2009	200,000	7,455	200,000	7,455	0	0
09GL03773E	10/29/2009	1,400,000	75,251	1,400,000	68,757	1,159,126	1,154,023
10GL00263H	4/20/2010	500,750	18,500	0	15,576	208,167	0
10GL00340E	5/10/2010	1,255,000	23,500	0	11,979	972,882	0
11GL03563D	10/21/2011	250,000	10,000	0	2,635	0	0
12GL00622H	2/14/2012	500,000	0	0	0	200,000	0

Claim	Date of Loss	Reported		Paid		Recoveries	
		Loss	ALAE	Loss	ALAE	Reported (9)	Paid (10)
		(3)	(4)	(5)	(6)	(9)	(10)
Claims with Other Recoveries							
02GL00513H	1/3/2002	\$24,000	\$0	\$24,000	\$0	\$24,000	\$24,000
02GL00572D	2/7/2002	4,000	0	4,000	0	4,000	4,000
02GL00829D	9/12/2002	18,000	992	18,000	992	18,000	18,000
02GL00847D	9/26/2002	104,600	23,916	104,600	23,916	25,000	25,000
02GL01023H	11/22/2002	35,000	7,284	35,000	7,284	25,000	25,000
02GL00981D	12/23/2002	4,545	0	4,545	0	3,545	3,545
03GL03377L	1/27/2003	2,210	0	2,210	0	1,210	1,210
04GL00566H	1/22/2004	150,000	7,651	150,000	7,651	25,000	25,000
04GL00722L	4/21/2004	159	0	159	0	159	159
05GL02564S	1/25/2005	9,013	5,398	9,013	5,398	13,411	13,411
06GL00305S	2/16/2006	40,000	64,027	40,000	64,027	25,000	25,000
06GL00461L	5/22/2006	0	4,545	0	4,545	4,545	4,545
06GL00523L	7/12/2006	30,000	8,997	30,000	8,997	25,000	25,000
07GL03200D	5/1/2007	20,000	2,687	20,000	2,687	20,000	20,000
07GL03397L	6/15/2007	25,000	2,019	25,000	2,019	25,000	25,000
07GL03561S	10/24/2007	9,000	4,557	9,000	4,557	9,000	9,000
08GL00786H	1/11/2008	32,000	10,234	32,000	10,234	10,000	10,000
08GL01215H	12/3/2008	1,000	0	1,000	0	1,000	1,000
09GL03516S	1/9/2009	1,500	3,036	1,500	3,036	1,500	1,500
09GL03101H	1/16/2009	8,000	1,822	8,000	1,822	8,000	8,000
10GL00573H	5/5/2010	9,500	1,484	9,500	1,484	9,500	9,500
11GL03272H	5/17/2011	5,627	0	5,627	0	1,000	1,000
11GL03594H	11/30/2011	3,199	0	3,199	0	5,000	5,000

Notes:
 (1)-(6), (9), (10) Provided by NJSBAIG.
 (7) [(3) - \$300,000] + (4) x [1 - \$300,000 / (3)], subject to a minimum of \$0.
 (8) [(5) - \$300,000] + (6) x [1 - \$300,000 / (5)], subject to a minimum of \$0.

Auto Liability
 Indicated 7/1/13-14 Costs
 Central Estimate
 Limited to \$500K

Accident Period (1)	Selected Limited Ultimate Loss & ALAE (2)	ILF to \$500K (3)	Trend to 7/1/13-14 (4)	Number of Vehicles (5)	Trended Pure Premium Limited to \$500K (6)
7/1/01-02	\$265	1.000	1.511	2,150	\$186.25
7/1/02-03	1,170	1.299	1.460	2,620	847.01
7/1/03-04	1,680	1.260	1.411	3,444	866.70
7/1/04-05	647	1.155	1.363	3,571	285.26
7/1/05-06	1,400	1.290	1.317	3,943	603.13
7/1/06-07	295	1.000	1.272	4,108	91.43
7/1/07-08	765	1.300	1.229	4,152	294.44
7/1/08-09	1,750	1.355	1.188	4,574	615.72
7/1/09-10	1,500	1.490	1.148	5,189	494.26
7/1/10-11	1,350	1.300	1.109	5,360	363.02
7/1/11-12	2,050	1.300	1.071	5,382	530.44
Total	\$12,872			44,493	\$467.06
			(7) 3-Year Simple Average		\$462.57
			5-Year Simple Average		459.57
			3-Year Volume Weighted		462.33
			5-Year Volume Weighted		462.51
			(8) Prior Selected Pure Premium Trended to 7/1/13-14		\$569.25
			(9) 7/1/13-14 Selected Pure Premium		\$480.00
			(10) Inner Aggregate Load		\$0
			(11) 7/1/13-14 Estimated Exposures		5,351
			(12) 7/1/13-14 Estimated Loss & ALAE		\$2,568
			(13) Expenses		\$593
			(14) Contingency Load		\$0
			(15) Indicated 7/1/13-14 Costs		\$3,162
			(16) Benchmark Premium		\$3,109

Notes:

- (2) From Section AL, Exhibit 2, Column (12).
- (3) Based on industry data and NJSBAIG loss experience.
- (4) Based on an annual pure premium trend of 3.50%, selected judgmentally.
- (5), (10), (14) Based on data provided by NJSBAIG.
- (6) $(2) \times (3) \times (4) / (5) \times 1,000$.
- (7) Various averages of (6).
- (8) From Towers Watson prior rate level analysis, trended to 7/1/13-14.
- (9) Selected judgmentally.
- (11) Based on an exposure trend of 0.00%, applied to 7/1/12-13 estimated exposures, provided by NJSBAIG.
- (12) $[(9) + (10)] \times (11) / 1,000$.
- (13) From Summary, Exhibit 4, Sheet 1, Item (12).
- (15) $(12) + (13) + (14)$.
- (16) From Summary, Exhibit 5, Sheet 1, Item (3a) $\times (11) / 1,000$.

Auto Liability
 Indicated 7/1/13-14 Costs
 Low Reasonable Estimate
 Limited to \$500K

Accident Period (1)	Selected Limited Ultimate Loss & ALAE (2)	ILF to \$500K (3)	Trend to 7/1/13-14 (4)	Number of Vehicles (5)	Trended Pure Premium Limited to \$500K (6)
7/1/01-02	\$265	1.000	1.511	2,150	\$186.25
7/1/02-03	1,161	1.299	1.460	2,620	840.81
7/1/03-04	1,680	1.260	1.411	3,444	866.70
7/1/04-05	647	1.155	1.363	3,571	285.26
7/1/05-06	1,390	1.290	1.317	3,943	598.83
7/1/06-07	295	1.000	1.272	4,108	91.43
7/1/07-08	755	1.300	1.229	4,152	290.59
7/1/08-09	1,710	1.355	1.188	4,574	601.59
7/1/09-10	1,450	1.490	1.148	5,189	477.76
7/1/10-11	1,150	1.300	1.109	5,360	309.24
7/1/11-12	1,700	1.300	1.071	5,382	439.88
Total	\$12,203			44,493	\$445.15
(7)			3-Year Simple Average		\$408.96
			5-Year Simple Average		423.81
			3-Year Volume Weighted		408.26
			5-Year Volume Weighted		424.31
(8)			Prior Selected Pure Premium Trended to 7/1/13-14		\$517.50
(9)			7/1/13-14 Selected Pure Premium		\$430.00
(10)			Inner Aggregate Load		\$0
(11)			7/1/13-14 Estimated Exposures		5,351
(12)			7/1/13-14 Estimated Loss & ALAE		\$2,301
(13)			Expenses		\$593
(14)			Contingency Load		\$0
(15)			Indicated 7/1/13-14 Costs		\$2,894
(16)			Benchmark Premium		\$3,109

Notes:

- (2) From Section AL, Exhibit 2, Column (13).
- (3) Based on industry data and NJSBAIG loss experience.
- (4) Based on an annual pure premium trend of 3.50%, selected judgmentally.
- (5), (10), (14) Based on data provided by NJSBAIG.
- (6) $(2) \times (3) \times (4) / (5) \times 1,000$.
- (7) Various averages of (6).
- (8) From Towers Watson prior rate level analysis, trended to 7/1/13-14.
- (9) Selected judgmentally.
- (11) Based on an exposure trend of 0.00%, applied to 7/1/12-13 estimated exposures, provided by NJSBAIG.
- (12) $[(9) + (10)] \times (11) / 1,000$.
- (13) From Summary, Exhibit 4, Sheet 1, Item (12).
- (15) $(12) + (13) + (14)$.
- (16) From Summary, Exhibit 5, Sheet 1, Item (3a) $\times (11) / 1,000$.

Auto Liability
 Indicated 7/1/13-14 Costs
 High Reasonable Estimate
 Limited to \$500K

Accident Period (1)	Selected Limited Ultimate Loss & ALAE (2)	ILF to \$500K (3)	Trend to 7/1/13-14 (4)	Number of Vehicles (5)	Trended Pure Premium Limited to \$500K (6)
7/1/01-02	\$270	1.000	1.511	2,150	\$189.76
7/1/02-03	1,200	1.299	1.460	2,620	868.72
7/1/03-04	1,680	1.260	1.411	3,444	866.70
7/1/04-05	647	1.155	1.363	3,571	285.42
7/1/05-06	1,410	1.290	1.317	3,943	607.44
7/1/06-07	300	1.000	1.272	4,108	92.91
7/1/07-08	780	1.300	1.229	4,152	300.21
7/1/08-09	1,800	1.355	1.188	4,574	633.31
7/1/09-10	1,600	1.490	1.148	5,189	527.21
7/1/10-11	1,600	1.300	1.109	5,360	430.25
7/1/11-12	2,500	1.300	1.071	5,382	646.88
Total	\$13,787			44,493	\$497.42
(7)			3-Year Simple Average		\$534.78
			5-Year Simple Average		507.57
			3-Year Volume Weighted		535.01
			5-Year Volume Weighted		513.71
(8)			Prior Selected Pure Premium Trended to 7/1/13-14		\$621.00
(9)			7/1/13-14 Selected Pure Premium		\$530.00
(10)			Inner Aggregate Load		\$0
(11)			7/1/13-14 Estimated Exposures		5,351
(12)			7/1/13-14 Estimated Loss & ALAE		\$2,836
(13)			Expenses		\$593
(14)			Contingency Load		\$0
(15)			Indicated 7/1/13-14 Costs		\$3,429
(16)			Benchmark Premium		\$3,109

Notes:

- (2) From Section AL, Exhibit 2, Column (14).
- (3) Based on industry data and NJSBAIG loss experience.
- (4) Based on an annual pure premium trend of 3.5%, selected judgmentally.
- (5), (10), (14) Based on data provided by NJSBAIG.
- (6) $(2) \times (3) \times (4) / (5) \times 1,000$.
- (7) Various averages of (6).
- (8) From Towers Watson prior rate level analysis, trended to 7/1/13-14.
- (9) Selected judgmentally.
- (11) Based on an exposure trend of 0.0%, applied to 7/1/12-13 estimated exposures, provided by NJSBAIG.
- (12) $[(9) + (10)] \times (11) / 1,000$.
- (13) From Summary, Exhibit 4, Sheet 1, Item (12).
- (15) $(12) + (13) + (14)$.
- (16) From Summary, Exhibit 5, Sheet 1, Item (3a) $\times (11) / 1,000$.

Auto Liability
 Selection of Ultimate Losses Limited to \$300K

Accident Period	Initial Expected Ultimate Loss & ALAE	Projected Ultimate Losses Based on Reported Losses				Projected Ultimate Losses Based on Paid Losses				Frequency x Severity Projected Ultimate Loss & ALAE	Selected Limited Ultimate Loss & ALAE	Range of Reasonable Estimates	
		Limited Reported Loss & ALAE	Loss Development Factor	LDF Ultimate Loss & ALAE	BF Ultimate Loss & ALAE	Limited Paid Loss & ALAE	Loss Development Factor	LDF Ultimate Loss & ALAE	BF Ultimate Loss & ALAE			Low Selected Limited Ultimate Loss & ALAE	High Selected Limited Ultimate Loss & ALAE
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
7/1/01-02	\$1,438	\$260	1.000	\$260	\$260	\$242	1.000	\$242	\$242	\$1,438	\$265	\$265	\$270
7/1/02-03	986	1,161	1.000	1,161	1,161	899	1.000	899	899	986	1,170	1,161	1,200
7/1/03-04	1,420	1,680	1.000	1,680	1,680	1,680	1.000	1,680	1,680	1,420	1,680	1,680	1,680
7/1/04-05	972	647	1.000	647	647	647	1.001	647	648	972	647	647	647
7/1/05-06	1,281	1,388	1.001	1,389	1,389	1,363	1.002	1,366	1,366	1,281	1,400	1,390	1,410
7/1/06-07	296	295	1.002	296	296	295	1.005	297	297	296	295	295	300
7/1/07-08	778	752	1.000	753	753	665	1.030	685	688	778	765	755	780
7/1/08-09	1,885	1,676	1.020	1,710	1,713	1,172	1.226	1,437	1,520	1,959	1,750	1,710	1,800
7/1/09-10	1,207	1,288	1.164	1,499	1,458	940	1.731	1,628	1,450	1,792	1,500	1,450	1,600
7/1/10-11	1,770	791	1.445	1,143	1,336	521	2.649	1,379	1,623	1,553	1,350	1,150	1,600
7/1/11-12	2,499	854	1.936	1,653	2,062	273	5.073	1,387	2,279	2,987	2,050	1,700	2,500
Total	\$14,532	\$10,791		\$12,190	\$12,754	\$8,697		\$11,647	\$12,691	\$15,462	\$12,872	\$12,203	\$13,787

- Notes:
- (2), (4), (8) Based on Towers Watson unpaid liability analysis as of June 30, 2012 and excess losses from Section AL, Exhibit 4, Columns (7) and (8).
 - (3), (7) Based on data provided by NJSBAIG.
 - (5), (9) (3) x (4) and (7) x (8), respectively.
 - (6), (10) (2) x [1.0 - 1 / (4)] + (3) and (2) x [1.0 - 1 / (8)] + (7), respectively.
 - (11) From Section AL, Exhibit 3, Sheet 1, Column (12).
 - (12) - (14) Selected judgmentally.

Auto Liability
 Projected Ultimate Loss & ALAE Using Frequency x Severity Method

Accident Period (1)	Projected Ultimate Claims with Pay (2)	Number of Vehicles (3)	Implied Frequency of Claims with Pay (4)	Selected Ultimate Unlimited Severity (\$000's) (9)	Projected Ultimate Unlimited Loss & ALAE (\$000's) (10)	Excess Reported Loss & ALAE (\$000's) (11)	Projected Ultimate Limited Loss & ALAE (\$000's) (12)
7/1/01-02	150	2,150	0.070	\$9,584	\$1,438	\$0	\$1,438
7/1/02-03	195	2,620	0.074	8,170	1,593	607	986
7/1/03-04	212	3,444	0.062	13,439	2,849	1,429	1,420
7/1/04-05	163	3,571	0.046	6,575	1,072	100	972
7/1/05-06	209	3,943	0.053	10,450	2,188	907	1,281
7/1/06-07	161	4,108	0.039	1,845	296	0	296
7/1/07-08	203	4,152	0.049	7,282	1,480	702	778
7/1/08-09	225	4,574	0.049	12,774	2,879	920	1,959
7/1/09-10	212	5,189	0.041	27,184	5,768	3,975	1,792
7/1/10-11	195	5,360	0.036	14,218	2,767	1,215	1,553
7/1/11-12	175	5,382	0.032	15,000	2,987	0	2,987
Total	2,100	44,493	0.047		\$25,318	\$9,855	\$15,462
(5) Simple Average, Latest 4			0.040				
Simple Average, Latest 6			0.041				
Simple Average, Latest 4, Ex-ante 1			0.044				
(6) Prior Selected Frequency - Rate Review			0.040				
(7) Prior Selected Frequency - Liability Review			0.035				
(8) Selected 7/1/11-12 Frequency			0.037				

Notes:

- (2) From Section AL, Exhibit 3, Sheet 3, Column (4).
- (3) Based on data provided by NJSBAIG.
- (4) (2) / (3).
- (5) Various averages of (4).
- (6) Based on prior Towers Watson rate review, trended to 7/1/11-12 year.
- (7) Based on Towers Watson unpaid liability analysis as of June 30, 2012.
- (8) Selected judgmentally.
- (9) From Section AL, Exhibit 3, Sheet 2, Column (15).
- (10) (3) x (4) x (9) / 1,000. 7/1/11-12 equal to (3) x (8) x (9) / 1,000.
- (11) Based on Section AL, Exhibit 4, Column (7).
- (12) (10) - (11).

Auto Liability
 Selected Ultimate Unlimited Severity

Accident Period (1)	Implied Initial Expected Unlimited Severity (2)	Fitted Unlimited Ultimate Severity Based On			Trend Adjustment to 7/1/11-12 (9)	Estimated Trended Ultimate Unlimited Severity at 7/1/11-12 Level (10)	Selected Ultimate Unlimited Severity (15)
		7/1/97 - 6/30/10 (3a)	7/1/02 - 6/30/11 (3b)	7/1/95 - 6/30/09 (3c)			
7/1/94-95	\$2,849	\$5,979	\$3,235	\$4,462	2.485	\$7,079	\$2,849
7/1/95-96	2,238	6,216	3,529	4,713	2.355	5,272	2,238
7/1/96-97	3,629	6,462	3,851	4,979	2.232	8,102	3,629
7/1/97-98	3,531	6,718	4,201	5,259	2.116	7,472	3,531
7/1/98-99	7,215	6,984	4,583	5,555	2.006	14,471	7,215
7/1/99-00	6,296	7,261	5,001	5,868	1.901	11,969	6,296
7/1/00-01	24,823	7,549	5,456	6,199	1.802	44,734	24,823
7/1/01-02	9,584	7,848	5,952	6,548	1.708	16,371	9,584
7/1/02-03	8,170	8,159	6,494	6,917	1.619	13,227	8,170
7/1/03-04	13,439	8,482	7,085	7,307	1.535	20,624	13,439
7/1/04-05	6,575	8,818	7,730	7,718	1.455	9,565	6,575
7/1/05-06	10,450	9,167	8,433	8,153	1.379	14,410	10,450
7/1/06-07	1,845	9,530	9,201	8,612	1.307	2,412	1,845
7/1/07-08	7,282	9,908	10,038	9,097	1.239	9,021	7,282
7/1/08-09	12,445	10,300	10,952	9,609	1.174	14,614	12,774
7/1/09-10	24,424	10,708	11,949	10,151	1.113	27,184	27,184
7/1/10-11	15,337	11,132	13,036	10,723	1.055	16,180	14,218
7/1/11-12	14,286	11,573	14,222	11,326	1.000	14,286	15,000
(4) Implied Trend		4.0%	9.1%	5.6%	(11) SA, Latest 4	\$18,066	
R-squared		4.6%	10.8%	10.3%	SA, Latest 6	13,949	
					SA, Latest 4, EA 1	16,750	
					SA, Latest 10, EA 1	14,361	
(5) Prior Selected Trend - Rate Review			5.0%		(12) Selected Severity - Rate	\$14,700	
(6) Prior Selected Trend - Liability Review			5.0%		(13) Selected Severity - Liability	\$10,500	
(7) Industry Trend			4.5%		(14) Selected 7/1/11-12 Severity	\$15,000	
(8) Selected Trend			5.5%				

Notes:

- (2) Based on Towers Watson unpaid liability analysis as of June 30, 2012.
- (3) Based on various exponential regressions of (2).
- (4) Implied trends and R-squared statistics based on (3a) through (3c).
- (5), (12) Based on prior Towers Watson rate review. (12) trended to 7/1/11-12 year.
- (6), (13) Based on Towers Watson unpaid liability analysis as of June 30, 2012.
- (7) Based on Towers Watson analysis of industry data.
- (8), (14) Selected judgmentally.
- (9) Based on annual trend from (8).
- (10) (2) x (9).
- (11) Various averages of (10).
- (15) 7/1/94-95 to 7/1/07-08: (2).
 7/1/08-09 to 7/1/11-12: (14) / (9). 7/1/09-10 selected judgmentally based on (14).

New Jersey School Boards Association Insurance Group

Policy Year 7/1/13-14 Rate Level Analysis

Data Evaluated as of 9/30/12

Section AL

Exhibit 3

Sheet 3

Auto Liability

Projected Ultimate Claims with Pay Using Development Method

Accident Period	Claim Counts With Payment As of 9/30/12	Development Factor	Projected Ultimate Claims with Pay
(1)	(2)	(3)	(4)
7/1/94-95	80	1.000	80
7/1/95-96	81	1.000	81
7/1/96-97	50	1.000	50
7/1/97-98	40	1.000	40
7/1/98-99	69	1.000	69
7/1/99-00	66	1.000	66
7/1/00-01	91	1.000	91
7/1/01-02	150	1.000	150
7/1/02-03	195	1.000	195
7/1/03-04	212	1.000	212
7/1/04-05	163	1.001	163
7/1/05-06	209	1.002	209
7/1/06-07	160	1.003	161
7/1/07-08	202	1.006	203
7/1/08-09	223	1.011	225
7/1/09-10	207	1.025	212
7/1/10-11	184	1.058	195
7/1/11-12	147	1.190	175
Total	2,529		2,577

Notes:

- (2) Provided by NJSBAIG.
- (3) Based on Towers Watson unpaid liability analysis as of June 30, 2012.
- (4) (2) x (3).

Auto Liability

Listing of Large Losses (Reported Loss & ALAE > \$100,000)

Claim (1)	Date of Loss (2)	Reported		Paid		Excess of \$300,000 Loss and ALAE Per Occurrence Using:	
		Loss	ALAE	Loss	ALAE	Reported Loss & ALAE	Paid Loss & ALAE
		(3)	(4)	(5)	(6)	(7)	(8)
03AL03126D	4/3/2003	\$750,000	\$27,900	\$750,000	\$27,900	\$466,740	\$466,740
03AL03217D	4/16/2003	400,000	160,000	0	157,795	140,000	0
03AL03363S	11/5/2003	1,001,738	172,027	1,001,738	172,027	822,247	822,247
04AL00521Q	1/20/2004	135,000	33,317	135,000	33,317	0	0
04AL00666H	4/7/2004	109,808	12,484	109,808	12,484	0	0
04AL00670S	4/16/2004	900,500	9,712	900,500	9,712	606,977	606,977
04AL00752H	6/4/2004	269,105	1,293	269,105	1,293	0	0
04AL00835S	8/3/2004	101,000	7,962	101,000	7,962	0	0
04AL01055H	12/20/2004	400,082	997	400,082	997	100,331	100,331
06AL00103S	1/27/2006	475,500	12,149	475,500	12,149	179,984	179,984
06AL00086Q	2/6/2006	139,244	8,285	139,244	8,285	0	0
06AL00180D	3/28/2006	975,000	75,479	975,000	75,479	727,254	727,254
06AL00224Q	5/2/2006	95,000	7,460	95,000	7,460	0	0
07AL03509Q	9/8/2007	1,000,000	2,352	1,000,000	2,352	701,646	701,646
08AL00944E	12/2/2008	90,000	13,904	90,000	13,904	0	0
08AL00970H	12/15/2008	675,000	30,403	675,000	30,403	391,890	391,890
09AL03114S	1/9/2009	450,000	44,464	0	17,414	164,821	0
09AL03253E	6/16/2009	635,849	51,856	461,440	51,856	363,239	179,582
09AL03314H	9/21/2009	2,862,284	128,934	338,111	77,328	2,677,704	46,828
09AL03321D	9/30/2009	600,000	25,000	0	14,280	312,500	0
09AL03438D	10/16/2009	1,250,000	46,413	250,000	35,957	985,274	0
10AL00561L	11/19/2010	87,715	15,090	12,715	3,410	0	0
11AL03292H	6/1/2011	1,500,000	18,480	243,861	8,480	1,214,784	0
11AL03592E	11/1/2011	100,000	0	30,760	0	0	0
12AL00644D	4/16/2012	157,000	0	50,842	0	0	0
12AL00773S	8/27/2012	125,000	0	0	0	0	0

Notes:

- (1) - (6) Provided by NJSBAIG.
- (7) Maximum of [(3) - \$300,000 + (4) x ((3) - \$300,000)/(3), 0].
- (8) Maximum of [(5) - \$300,000 + (6) x ((5) - \$300,000)/(5), 0].

Auto Physical Damage
 Indicated 7/1/13-14 Costs
 Central Estimate

Accident Period (1)	Selected Ultimate Loss & ALAE (2)	ILF (3)	Trend to 7/1/13-14 (4)	Number of Vehicles (5)	Trended Pure Premium (6)
7/1/01-02	\$181	n/a	1.000	2,150	\$84.32
7/1/02-03	288	n/a	1.000	2,620	109.91
7/1/03-04	357	n/a	1.000	3,444	103.76
7/1/04-05	355	n/a	1.000	3,571	99.52
7/1/05-06	313	n/a	1.000	3,943	79.49
7/1/06-07	268	n/a	1.000	4,108	65.19
7/1/07-08	253	n/a	1.000	4,152	60.87
7/1/08-09	391	n/a	1.000	4,574	85.44
7/1/09-10	490	n/a	1.000	5,189	94.43
7/1/10-11	580	n/a	1.000	5,360	108.21
7/1/11-12	740	n/a	1.000	5,382	137.50
Total	\$4,217			44,493	\$94.77
(7)	3-year Simple Average				\$113.38
	5-year Simple Average				97.29
	3-year Volume Weighted				113.61
	5-year Volume Weighted				99.51
(8)	Prior Selected Pure Premium Trended to 7/1/13-14				\$92.50
(9)	7/1/13-14 Selected Pure Premium				\$98.00
(10)	7/1/13-14 Estimated Exposures				5,351
(11)	7/1/13-14 Estimated Loss & ALAE				\$524
(12)	Expenses				\$85
(13)	Contingency Load				\$0
(14)	Indicated 7/1/13-14 Costs				\$610
(15)	Benchmark Premium				\$2,217

Notes:

- (2) From Section APD, Exhibit 2, Column (11).
- (3) Not applicable.
- (4) Based on a pure premium trend of 0.00%.
- (5), (13) Based on data provided by NJSBAIG.
- (6) (2) x (4) / (5) x 1,000.
- (7) Various averages of (6).
- (8) From Towers Watson prior rate level analysis, trended to 7/1/13-14.
- (9) Selected judgmentally.
- (10) Based on an exposure trend of 0.00%, applied to 7/1/12-13 estimated exposures.
- (11) (9) x (10) / 1,000.
- (12) From Summary, Exhibit 4, Sheet 1, Item (12).
- (14) (11) + (12) + (13).
- (15) Summary, Exhibit 5, Sheet 1, Item (4a) x (10) / 1,000.

Auto Physical Damage
 Indicated 7/1/13-14 Costs
 Low Reasonable Estimate

Accident Period (1)	Selected Ultimate Loss & ALAE (2)	ILF (3)	Trend to 7/1/13-14 (4)	Number of Vehicles (5)	Trended Pure Premium (6)
7/1/01-02	\$181	n/a	1.000	2,150	\$84.32
7/1/02-03	288	n/a	1.000	2,620	109.91
7/1/03-04	357	n/a	1.000	3,444	103.76
7/1/04-05	355	n/a	1.000	3,571	99.52
7/1/05-06	313	n/a	1.000	3,943	79.49
7/1/06-07	268	n/a	1.000	4,108	65.19
7/1/07-08	253	n/a	1.000	4,152	60.87
7/1/08-09	390	n/a	1.000	4,574	85.29
7/1/09-10	488	n/a	1.000	5,189	94.05
7/1/10-11	576	n/a	1.000	5,360	107.46
7/1/11-12	710	n/a	1.000	5,382	131.92
Total	\$4,180			44,493	\$93.95
(7)	3-year Simple Average				\$111.14
	5-year Simple Average				95.92
	3-year Volume Weighted				111.36
	5-year Volume Weighted				98.02
(8)	Prior Selected Pure Premium Trended to 7/1/13-14				\$90.00
(9)	7/1/13-14 Selected Pure Premium				\$94.00
(10)	7/1/13-14 Estimated Exposures				5,351
(11)	7/1/13-14 Estimated Loss & ALAE				\$503
(12)	Expenses				\$85
(13)	Contingency Load				\$0
(14)	Indicated 7/1/13-14 Costs				\$588
(15)	Benchmark Premium				\$2,217

Notes:

- (2) From Section APD, Exhibit 2, Column (12).
- (3) Not applicable.
- (4) Based on a pure premium trend of 0.00%.
- (5), (13) Based on data provided by NJSBAIG.
- (6) (2) x (4) / (5) x 1,000.
- (7) Various averages of (6).
- (8) From Towers Watson prior rate level analysis, trended to 7/1/13-14.
- (9) Selected judgmentally.
- (10) Based on an exposure trend of 0.00%, applied to 7/1/12-13 estimated exposures.
- (11) (9) x (10) / 1,000.
- (12) From Summary, Exhibit 4, Sheet 1, Item (12).
- (14) (11) + (12) + (13).
- (15) Summary, Exhibit 5, Sheet 1, Item (4a) x (10) / 1,000.

Auto Physical Damage
 Indicated 7/1/13-14 Costs
 High Reasonable Estimate

Accident Period (1)	Selected Ultimate Loss & ALAE (2)	ILF (3)	Trend to 7/1/13-14 (4)	Number of Vehicles (5)	Trended Pure Premium (6)
7/1/01-02	\$181	n/a	1.000	2,150	\$84.32
7/1/02-03	288	n/a	1.000	2,620	109.91
7/1/03-04	357	n/a	1.000	3,444	103.76
7/1/04-05	355	n/a	1.000	3,571	99.52
7/1/05-06	313	n/a	1.000	3,943	79.49
7/1/06-07	268	n/a	1.000	4,108	65.19
7/1/07-08	255	n/a	1.000	4,152	61.42
7/1/08-09	395	n/a	1.000	4,574	86.36
7/1/09-10	500	n/a	1.000	5,189	96.36
7/1/10-11	600	n/a	1.000	5,360	111.94
7/1/11-12	770	n/a	1.000	5,382	143.07
Total	\$4,283			44,493	\$96.27
(7)	3-year Simple Average				\$117.12
	5-year Simple Average				99.83
	3-year Volume Weighted				117.38
	5-year Volume Weighted				102.20
(8)	Prior Selected Pure Premium Trended to 7/1/13-14				\$96.00
(9)	7/1/13-14 Selected Pure Premium				\$103.00
(10)	7/1/13-14 Estimated Exposures				5,351
(11)	7/1/13-14 Estimated Loss & ALAE				\$551
(12)	Expenses				\$85
(13)	Contingency Load				\$0
(14)	Indicated 7/1/13-14 Costs				\$637
(15)	Benchmark Premium				\$2,217

Notes:

- (2) From Section APD, Exhibit 2, Column (13).
- (3) Not applicable.
- (4) Based on a pure premium trend of 0.00%.
- (5), (13) Based on data provided by NJSBAIG.
- (6) (2) x (4) / (5) x 1,000.
- (7) Various averages of (6).
- (8) From Towers Watson prior rate level analysis, trended to 7/1/13-14.
- (9) Selected judgmentally.
- (10) Based on an exposure trend of 0.00%, applied to 7/1/12-13 estimated exposures.
- (11) (9) x (10) / 1,000.
- (12) From Summary, Exhibit 4, Sheet 1, Item (12).
- (14) (11) + (12) + (13).
- (15) Summary, Exhibit 5, Sheet 1, Item (4a) x (10) / 1,000.

New Jersey School Boards Association Insurance Group

Policy Year 7/1/13-14 Rate Level Analysis

Data Evaluated as of 9/30/12 (\$000's)

Section APD

Exhibit 2

Auto Physical Damage
Selection of Ultimate Losses

Accident Period	Initial Expected Ultimate Loss & ALAE	Projected Ultimate Losses Based on Reported Losses				Projected Ultimate Losses Based on Paid Losses				Selected Ultimate Loss & ALAE	Range of Reasonable Estimates	
		Reported Loss & ALAE	Loss Development Factor	LDF Ultimate Loss & ALAE	BF Ultimate Loss & ALAE	Paid Loss & ALAE	Loss Development Factor	LDF Ultimate Loss & ALAE	BF Ultimate Loss & ALAE		Low Selected Ultimate Loss & ALAE	High Selected Ultimate Loss & ALAE
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
7/1/01-02	\$171	\$181	1.000	\$181	\$181	\$181	1.000	\$181	\$181	\$181	\$181	\$181
7/1/02-03	289	288	1.000	288	288	288	1.000	288	288	288	288	288
7/1/03-04	350	357	1.000	357	357	357	1.000	357	357	357	357	357
7/1/04-05	391	355	1.000	355	355	355	1.000	355	355	355	355	355
7/1/05-06	309	313	1.000	313	313	313	1.000	313	313	313	313	313
7/1/06-07	303	268	1.000	268	268	268	1.000	268	268	268	268	268
7/1/07-08	264	253	1.000	253	253	253	1.000	253	253	253	253	255
7/1/08-09	407	390	1.002	391	391	390	1.002	391	391	391	390	395
7/1/09-10	469	487	1.001	488	488	471	1.003	472	472	490	488	500
7/1/10-11	609	574	1.002	575	575	574	1.003	576	576	580	576	600
7/1/11-12	776	810	0.883	715	707	421	0.980	413	405	740	710	770
Total	\$4,339	\$4,277		\$4,185	\$4,177	\$3,872		\$3,867	\$3,860	\$4,217	\$4,180	\$4,283

Notes:

- (2), (4), (8) Based on Towers Watson unpaid liability analysis as of June 30, 2012.
- (3), (7) Based on data provided by NJSBAIG.
- (5), (9) (3) x (4) and (7) x (8), respectively.
- (6), (10) (2) x (1 - 1 / (4)) + (3) and (2) x (1 - 1 / (8)) + (7), respectively.
- (11) - (13) Selected judgmentally.

Auto Physical Damage
 Projected Ultimate Claims with Pay Using Development Method

Accident Period (1)	Claim Counts With Payment As of 9/30/12 (2)	Development Factor (3)	Projected Ultimate Claims with Pay (4)
7/1/01-02	64	1.000	64
7/1/02-03	93	1.000	93
7/1/03-04	101	1.000	101
7/1/04-05	115	1.000	115
7/1/05-06	97	1.000	97
7/1/06-07	100	1.000	100
7/1/07-08	126	1.000	126
7/1/08-09	143	1.000	143
7/1/09-10	129	1.000	129
7/1/10-11	136	1.002	136
7/1/11-12	108	1.050	113
Total	1,212		1,218

Notes:

- (2) Provided by NJSBAIG.
- (3) Based on Towers Watson unpaid liability analysis as of June 30, 2012.
- (4) (2) x (3).

Auto Physical Damage
 Listing of Large Losses (Reported Loss & ALAE > \$100K)

Claim (1)	Date of Loss (2)	Reported		Paid		Unlimited Retention (7)	Per Occurrence	
		Loss (3)	ALAE (4)	Loss (5)	ALAE (6)		Excess Reported Loss & ALAE (8)	Excess Paid Loss & ALAE (9)
12AL00722L	6/13/2012	\$341,000	\$25,000	(\$9,000)	\$10,123	n/a	n/a	n/a
Claims with Other Recoveries							Recoveries	
							Reported	Paid
01AL02030L	2/28/2001	\$6,875	\$95	\$6,875	\$95	n/a	\$6,875	\$6,875

Notes:
 (1) - (9) Provided by NJSBAIG.

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Errors & Omissions
 Indicated 7/1/2013-14 Costs
 Central Estimate
 Limited to \$1M

Accident Period (1)	Selected Limited Ultimate Loss & ALAE (2)	Estimated Deductible Losses (3)	ILF to \$1M (4)	Trend to 7/1/2013-14 (5)	Daily Average Attendance (000's) (6)	Trended Pure Premium Limited to \$1M (7)
7/1/02-03	\$2,011	\$377	1.007	3.836	327	\$28.25
7/1/03-04	1,628	487	1.003	3.395	379	19.03
7/1/04-05	2,040	518	1.000	3.004	424	18.14
7/1/05-06	4,183	541	1.021	2.658	467	27.47
7/1/06-07	3,190	614	1.128	2.353	454	22.23
7/1/07-08	3,230	20	1.000	2.082	456	14.83
7/1/08-09	5,600	20	1.050	1.842	471	23.08
7/1/09-10	6,500	145	1.050	1.630	492	23.13
7/1/10-11	8,600	415	1.050	1.443	498	27.41
7/1/11-12	9,300	1,000	1.050	1.277	503	27.47
Total	\$46,283	\$4,136			4,470	\$23.16
				(8) 3-Year Simple Average		\$26.01
				5-Year Simple Average		23.19
				3-Year Volume Weighted		26.02
				5-Year Volume Weighted		23.34
				(9) Prior Selected Pure Premium Trended to 7/1/2013-14		\$27.40
				(10) 7/1/2013-14 Selected Pure Premium		\$24.75
				(11) 7/1/2013-14 Estimated Exposures (000's)		500
				(12) 7/1/2013-14 Estimated Loss & ALAE		\$12,370
				(13) Expenses		\$154
				(14) Contingency Load		\$0
				(15) Indicated 7/1/2013-14 Costs		\$12,524
				(16) Benchmark Premium		\$7,091

Notes:

- (2) From Section EO, Exhibit 2, Column (12). Excludes Atlantic City experience.
- (3), (6), (13), (14) Based on data provided by NJSBAIG; excludes Atlantic City experience.
- (4) Based on industry data and NJSBAIG loss experience.
- (5) Based on a pure premium trend of 13.00%.
- (7) [(2) + (3)] x (4) x (5) / (6).
- (8) Various averages of (7).
- (9) From Towers Watson prior rate level analysis, adjusted for trend.
- (10) Selected judgmentally.
- (11) Based on an exposure trend of 0.00%, applied to 2012/13 estimated exposures.
- (12) (10) x (11).
- (15) (12) + (13) + (14).
- (16) Summary, Exhibit 6, Sheet 1, Item (5a) x (11).

Errors & Omissions
 Indicated 7/1/2013-14 Costs
 Low Reasonable Estimate
 Limited to \$1M

Accident Period (1)	Selected Limited Ultimate Loss & ALAE (2)	Estimated Deductible Losses (3)	ILF to \$1M (4)	Trend to 7/1/2013-14 (5)	Daily Average Attendance (000's) (6)	Trended Pure Premium Limited to \$1M (7)
7/1/02-03	\$2,011	\$377	1.007	3.836	327	\$28.25
7/1/03-04	1,628	487	1.003	3.395	379	19.03
7/1/04-05	2,020	518	1.000	3.004	424	17.99
7/1/05-06	4,183	541	1.021	2.658	467	27.47
7/1/06-07	3,150	614	1.128	2.353	454	22.00
7/1/07-08	3,190	20	1.000	2.082	456	14.65
7/1/08-09	5,475	20	1.050	1.842	471	22.57
7/1/09-10	6,270	145	1.050	1.630	492	22.33
7/1/10-11	8,400	415	1.050	1.443	498	26.80
7/1/11-12	9,000	1000	1.050	1.277	503	26.67
Total	\$45,328				4,470	\$22.80
				(8) 3-Year Simple Average		\$25.27
				5-Year Simple Average		22.60
				3-Year Volume Weighted		25.29
				5-Year Volume Weighted		22.75
				(9) Prior Selected Pure Premium Trended to 7/1/2013-14		\$25.99
				(10) 7/1/2013-14 Selected Pure Premium		\$23.70
				(11) 7/1/2013-14 Estimated Exposures (000's)		500
				(12) 7/1/2013-14 Estimated Loss & ALAE		\$11,845
				(13) Expenses		\$154
				(14) Contingency Load		\$0
				(15) Indicated 7/1/2013-14 Costs		\$11,999
				(16) Benchmark Premium		\$7,091

Notes:

- (2) From Section EO, Exhibit 2, Column (13). Excludes Atlantic City experience.
- (3), (6), (13), (14) Based on data provided by NJSBAIG; excludes Atlantic City experience.
- (4) Based on industry data and NJSBAIG loss experience.
- (5) Based on a pure premium trend of 13.00%.
- (7) [(2) + (3)] x (4) x (5) / (6).
- (8) Various averages of (7).
- (9) From Towers Watson prior rate level analysis, adjusted for trend.
- (10) Selected judgmentally.
- (11) Based on an exposure trend of 0.00%, applied to 2012/13 estimated exposures.
- (12) (10) x (11).
- (15) (12) + (13) + (14).
- (16) Summary, Exhibit 6, Sheet 1, Item (5a) x (11).

Errors & Omissions
 Indicated 7/1/2013-14 Costs
 High Reasonable Estimate
 Limited to \$1M

Accident Period (1)	Selected Limited Ultimate Loss & ALAE (2)	Estimated Deductible Losses (3)	ILF to \$1M (4)	Trend to 7/1/2013-14 (5)	Daily Average Attendance (000's) (6)	Trended Pure Premium Limited to \$1M (7)
7/1/02-03	\$2,011	\$377	1.007	3.836	327	\$28.25
7/1/03-04	1,628	487	1.003	3.395	379	19.03
7/1/04-05	2,070	518	1.000	3.004	424	18.35
7/1/05-06	4,183	541	1.021	2.658	467	27.47
7/1/06-07	3,210	614	1.128	2.353	454	22.35
7/1/07-08	3,260	20	1.000	2.082	456	14.97
7/1/08-09	5,750	20	1.050	1.842	471	23.69
7/1/09-10	6,860	145	1.050	1.630	492	24.39
7/1/10-11	8,800	415	1.050	1.443	498	28.02
7/1/11-12	9,700	1000	1.050	1.277	503	28.54
Total	\$47,473				4,470	\$23.60
				(8) 3-Year Simple Average		\$26.98
				5-Year Simple Average		23.92
				3-Year Volume Weighted		27.00
				5-Year Volume Weighted		24.09
				(9) Prior Selected Pure Premium Trended to 7/1/2013-14		\$29.10
				(10) 7/1/2013-14 Selected Pure Premium		\$25.80
				(11) 7/1/2013-14 Estimated Exposures (000's)		500
				(12) 7/1/2013-14 Estimated Loss & ALAE		\$12,894
				(13) Expenses		\$154
				(14) Contingency Load		\$0
				(15) Indicated 7/1/2013-14 Costs		\$13,049
				(16) Benchmark Premium		\$7,091

Notes:

- (2) From Section EO, Exhibit 2, Column (14). Excludes Atlantic City experience.
- (3), (6), (13), (14) Based on data provided by NJSBAIG; excludes Atlantic City experience.
- (4) Based on industry data and NJSBAIG loss experience.
- (5) Based on a pure premium trend of 13.00%.
- (7) [(2) + (3)] x (4) x (5) / (6).
- (8) Various averages of (7).
- (9) From Towers Watson prior rate level analysis, adjusted for trend.
- (10) Selected judgmentally.
- (11) Based on an exposure trend of 0.00%, applied to 2012/13 estimated exposures.
- (12) (10) x (11).
- (15) (12) + (13) + (14).
- (16) Summary, Exhibit 6, Sheet 1, Item (5a) x (11).

Errors & Omissions
 Selection of Ultimate Losses Limited to \$1M

Accident Period	Initial Expected Ultimate Loss & ALAE	Projected Ultimate Losses Based on Reported Losses				Projected Ultimate Losses Based on Paid Losses				Frequency x Severity Projected Ultimate Loss & ALAE	Selected Limited Ultimate Loss & ALAE	Range of Reasonable Estimates	
		Limited Reported Loss & ALAE	Loss Development Factor	LDF Ultimate Loss & ALAE	BF Ultimate Loss & ALAE	Limited Paid Loss & ALAE	Loss Development Factor	LDF Ultimate Loss & ALAE	BF Ultimate Loss & ALAE			Low Selected Limited Ultimate Loss & ALAE	High Selected Limited Ultimate Loss & ALAE
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
7/1/02-03	\$1,904	\$2,011	1.000	\$2,011	\$2,011	\$2,011	1.009	\$2,029	\$2,028	\$1,904	\$2,011	\$2,011	\$2,011
7/1/03-04	2,557	1,628	1.000	1,628	1,628	1,628	1.013	1,650	1,662	2,557	1,628	1,628	1,628
7/1/04-05	2,080	2,015	1.000	2,015	2,015	1,800	1.018	1,832	1,836	2,080	2,040	2,020	2,070
7/1/05-06	4,236	4,183	0.999	4,179	4,179	4,183	1.044	4,368	4,362	4,236	4,183	4,183	4,183
7/1/06-07	3,156	3,142	1.020	3,205	3,204	2,941	1.084	3,189	3,186	3,156	3,190	3,150	3,210
7/1/07-08	3,125	3,034	1.053	3,194	3,191	2,854	1.144	3,263	3,246	3,872	3,230	3,190	3,260
7/1/08-09	5,658	4,949	1.109	5,487	5,504	4,255	1.355	5,767	5,738	4,896	5,600	5,475	5,750
7/1/09-10	5,974	5,446	1.279	6,964	6,748	3,250	2.019	6,562	6,265	5,974	6,500	6,270	6,860
7/1/10-11	7,868	5,308	1.693	8,984	8,527	2,551	4.547	11,599	8,689	7,868	8,600	8,400	8,800
7/1/11-12	8,957	3,242	3.313	10,741	9,496	614	22.360	13,730	9,171	8,957	9,300	9,000	9,700
Total	\$45,516	\$34,959		\$48,408	\$46,503	\$26,088		\$53,988	\$46,183	\$45,501	\$46,283	\$45,328	\$47,473

Notes:

- (2), (4), (8) Based on Towers Watson unpaid liability analysis as of and June 30, 2012 and Section EO, Exhibit 4, Column (7); excludes Atlantic City experience.
- (2) for 7/1/09-10 and subsequent: From Section EO, Exhibit 3, Sheet 1, Column (12).
- (3), (7) Based on data provided by NJSBAIG.
- (5), (9) (3) x (4) and (7) x (8), respectively.
- (6), (10) (2) x (1 - 1 / (4)) + (3) and (2) x (1 - 1 / (8)) + (7), respectively.
- (11) From Section EO, Exhibit 3, Sheet 1, Column (12).
- (12) - (14) Selected judgmentally.

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Errors & Omissions
 Projected Ultimate Loss & ALAE Using Frequency x Severity Method

Accident Period (1)	Ultimate Claims with Pay (2)	Daily Average Attendance (000's) (3)	Implied Frequency of Claims with Pay (4)	Selected Ultimate Unlimited Severity (9)	Projected Ultimate Unlimited Loss & ALAE (10)	Excess Reported Loss & ALAE (11)	Projected Ultimate Limited Loss & ALAE (12)
7/1/02-03	46	327	0.141	\$41,695	\$1,918	\$14	\$1,904
7/1/03-04	52	379	0.137	49,275	2,562	6	2,557
7/1/04-05	40	424	0.094	52,000	2,080	0	2,080
7/1/05-06	73	467	0.157	59,091	4,326	90	4,236
7/1/06-07	68	454	0.149	52,703	3,558	402	3,156
7/1/07-08	65	456	0.143	59,537	3,872	0	3,872
7/1/08-09	77	471	0.163	64,300	4,940	44	4,896
7/1/09-10	86	492	0.175	69,444	5,980	6	5,974
7/1/10-11	142	498	0.285	75,000	7,868	0	7,868
7/1/11-12	124	503	0.246	81,000	8,957	0	8,957
Total	773	4,470	0.173		\$46,063	\$562	\$45,501
(5)	Simple Average, Latest 4		0.217				
	Simple Average, Latest 6		0.193				
	Simple Average, Latest 4, Ex-ante 1		0.191				
(6)	Prior Selected Freq. - Rate Review		0.219				
(7)	Prior Selected Freq. - Liability Review		N/A				
(8)	Selected 7/1/11-12 Frequency		0.220				

Notes:

- (2) From Section EO, Exhibit 3, Sheet 3, Column (4).
- (3) Based on data provided by NJSBAIG; excludes Atlantic City experience.
- (4) (2) / (3).
- (5) Averages of (4).
- (6) Based on prior Towers Watson rate review, trended to current year.
- (7) Based on Towers Watson unpaid liability analysis as of June 30, 2012, trended to current year.
- (8) Selected judgmentally.
- (9) From Section EO, Exhibit 3, Sheet 2, Column (15).
- (10) $(3) \times (4) \times (9) / 1,000$. 7/1/10-11 and subsequent equal to $(3) \times (8) \times (9) / 1,000$, adjusted for annual frequency trend of 4.5%.
- (11) From Section EO, Exhibit 4, Column (7).
- (12) (10) - (11).

Errors & Omissions
 Selected Ultimate Unlimited Severity

Accident Period	Implied Initial Expected Unlimited Ultimate Severity	Fitted Ultimate Severity Based On			Trend Adjustment to 7/1/11-12	Estimated Trended Ultimate Unlimited Severity at 7/1/11-12 Level	Selected Ultimate Unlimited Severity
		7/1/02 - 6/30/09	7/1/04 - 6/30/08	7/1/05 - 6/30/09			
(1)	(2)	(3a)	(3b)	(3c)	(9)	(10)	(15)
7/1/02-03	\$41,695	\$42,968	\$46,201	\$38,026	1.999	\$83,348	\$41,695
7/1/03-04	49,275	46,333	48,592	41,898	1.851	91,205	49,275
7/1/04-05	52,000	49,962	51,107	46,165	1.714	89,119	52,000
7/1/05-06	59,091	53,874	53,752	50,866	1.587	93,770	59,091
7/1/06-07	52,703	58,094	56,534	56,047	1.469	77,438	52,703
7/1/07-08	48,052	62,643	59,460	61,754	1.360	65,374	59,537
7/1/08-09	74,214	67,549	62,537	68,043	1.260	93,488	64,300
7/1/09-10	80,869	72,839	65,774	74,972	1.166	94,325	69,444
7/1/10-11	63,230	78,543	69,178	82,607	1.080	68,288	75,000
7/1/11-12	86,809	84,694	72,759	91,019	1.000	86,809	81,000
(4) Implied Trend		7.8%	5.2%	10.2%	(11) SA, Latest 4	\$85,728	
R-squared		67.6%	22.3%	47.9%	SA, Latest 6	\$80,954	
					SA, Latest 3	\$83,141	
(5) Prior Selected Trend - Rate Review			8.0%				
(6) Prior Selected Trend - Liability Review			N/A		(12) Selected Sev - Rate	\$81,000	
(7) Industry Trend			4.0%		(13) Selected Sev - Liab	N/A	
(8) Selected Trend			8.0%		(14) Selected 11/12 Sev	\$81,000	

Notes:

- (2) 7/1/02-03 to 7/1/08-09: Based on Towers Watson unpaid liability analysis as of June 30, 2012 and Section EO, Exhibit 3, Sheet 3, Column (4); excludes Atlantic City experience.
- 7/1/09-10 to 7/1/11-12: Based on Section EO, Exhibit 2, Column (5) and Section EO, Exhibit 3, Sheet 3, Column (4)
- (3) Based on various exponential regressions of (2).
- (4) Implied trends and R-squared statistics based on (3a) through (3c).
- (5), (12) Based on prior Towers Watson rate review. Severity trended to current year.
- (6), (13) Based on Towers Watson unpaid liability analysis as of June 30, 2012. Severity trended to current year.
- (7) Based on Towers Watson analysis of industry experience.
- (8), (14) Selected judgmentally.
- (9) Based on annual trend from (8).
- (10) (2) x (9).
- (11) Averages of (10).
- (15) 7/1/02-03 to 7/1/06-07: (2).
7/1/07-08 to 7/1/11-12: (14) / (9).

New Jersey School Boards Association Insurance Group

PY 7/1/2013-14 Rate Level Analysis

Data Evaluated as of 9/30/12

Section EO

Exhibit 3

Sheet 3

Errors & Omissions

Projected Ultimate CWP's Using Development Method on CWP's

<u>Accident Period</u>	<u>Claim Counts With Payment As of 9/30/12</u>	<u>Development Factor</u>	<u>Projected Ultimate Claims with Pay</u>
(1)	(2)	(3)	(4)
7/1/02-03	46	1.000	46
7/1/03-04	52	1.000	52
7/1/04-05	40	1.000	40
7/1/05-06	73	1.003	73
7/1/06-07	67	1.008	68
7/1/07-08	64	1.016	65
7/1/08-09	73	1.052	77
7/1/09-10	74	1.164	86
7/1/10-11	94	1.512	142
7/1/11-12	36	3.437	124
Total	619		773

Notes:

- (2) Provided by NJSBAIG; excludes Atlantic City experience.
- (3) Based on Towers Watson unpaid liability analysis as of June 30, 2012.
- (4) (2) x (3).

Errors & Omissions
 Listing of Large Losses

Claim*	Date of Loss	Reported		Paid		Excess of \$500,000 Per Occurrence	
		Loss	ALAE	Loss	ALAE	Reported Loss & ALAE	Paid Loss & ALAE
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
05EO02792S	12/16/2005	\$587,500	\$0	\$587,500	\$0	\$87,500	\$87,500
07EO03295D	4/6/2007	750,000	456,980	750,000	456,980	402,327	402,327
09EO03041H	2/25/2009	530,000	141,240	530,000	141,240	37,995	37,995
09EO03152D	6/11/2009	505,000	87,000	255,000	80,090	5,861	0
10EO00090H	2/24/2010	505,000	122,000	5,000	85,702	6,208	0
						Recoveries	
						Reported	Paid
						(9)	(10)
Claims with Other Recoveries							
02EO00626H	8/16/2002	\$10,000	\$3,913	\$10,000	\$3,913	\$13,913	\$13,913
03EO03123S	7/17/2003	22,500	0	22,500	0	5,609	5,609
06EO00188L	6/20/2006	18,000	462	18,000	462	2,170	2,170

Notes:

- (1) - (6), (9), (10) Provided by NJSBAIG; excludes Atlantic City experience.
- (7) [(3) - \$500,000] + (4) x [1 - \$500,000 / (3)], subject to a minimum of \$0.
- (8) [(5) - \$500,000] + (6) x [1 - \$500,000 / (3)], subject to a minimum of \$0.
- * Accident year recoveries subsequent to 2007 have been excluded. These recoveries are generated because these years are fully reinsured.

Property
 Indicated 7/1/13-14 Costs
 Central Estimate
 Limited to \$1M

Accident Period (1)	Selected Limited Ultimate Loss & ALAE (2)	ILF to \$1M (3)	Trend to 7/1/13-14 (4)	Total On-Levelled Insured Value (in Millions) (5)	Trended Pure Premium Limited to \$1M (6)
7/1/01-02	\$1,482	1.000	1.000	\$10,179	0.015
7/1/02-03	1,277	1.000	1.000	13,545	0.009
7/1/03-04	1,653	1.000	1.000	15,111	0.011
7/1/04-05	1,818	1.139	1.000	17,296	0.012
7/1/05-06	1,848	1.000	1.000	18,161	0.010
7/1/06-07	1,863	1.000	1.000	17,781	0.010
7/1/07-08	5,523	1.000	1.000	18,567	0.030
7/1/08-09	2,789	1.022	1.000	18,584	0.015
7/1/09-10	6,600	1.044	1.000	21,614	0.032
7/1/10-11	4,200	1.020	1.000	20,723	0.021
7/1/11-12	5,555	1.100	1.000	19,665	0.031
Total	\$34,607			\$191,226	0.019

(7)	3-Year Simple Average	0.028
	5-Year Simple Average	0.026
	3-Year Volume Weighted	0.028
	5-Year Volume Weighted	0.026
(8)	Prior Selected Pure Premium Trended to 7/1/13-14 and adjusted for exposures	0.028
(9)	7/1/13-14 Selected Pure Premium	0.028
(10)	\$1,000 Ded Loss Elimination Ratio	0.990
(11)	7/1/13-14 Selected Pure Prem - Net of Ded	0.028
(12)	7/1/13-14 Estimated Exposures	\$18,650
(13)	7/1/13-14 Estimated Loss & ALAE	\$5,170
(14)	Expenses	\$733
(15)	Contingency Load	\$0
(16)	Indicated 7/1/13-14 Costs	\$5,903
(17)	Benchmark Premium	\$4,662

Notes:

- (2) From Section PROP, Exhibit 2, Column (11).
- (3) Based on industry data and NJSBAIG loss experience.
- (4) Based on a pure premium trend of 0.0%.
- (5), (15) Based on data provided by NJSBAIG, adjusted to current price per square foot.
- (6) $(2) \times (3) \times (4) / (5) / 10$.
- (7) Various averages of (6).
- (8) From Towers Watson prior rate level analysis, trended to 7/1/13-14 and adjusted for exposures.
- (9) Selected judgmentally.
- (10) From Towers Watson deductible study dated March 5, 2010.
- (11) $(9) \times (10)$.
- (12) Based on an exposure trend of 0.0% and current price per square foot, applied to 7/1/12-13 estimated exposures.
- (13) $(11) \times (12) \times 10$.
- (14) From Summary, Exhibit 4, Sheet 1, Item (12).
- (16) $(13) + (14) + (15)$.
- (17) Summary, Exhibit 5, Sheet 1, Item (6a) $\times (12) \times 10$.

Property
 Indicated 7/1/13-14 Costs
 Low Reasonable Estimate
 Limited to \$1M

Accident Period (1)	Selected Limited Ultimate Loss & ALAE (2)	ILF to \$1M (3)	Trend to 7/1/13-14 (4)	Total On-Levelled Insured Value (in Millions) (5)	Trended Pure Premium Limited to \$1M (6)
7/1/01-02	\$1,482	1.000	1.000	\$10,179	0.015
7/1/02-03	1,277	1.000	1.000	13,545	0.009
7/1/03-04	1,653	1.000	1.000	15,111	0.011
7/1/04-05	1,818	1.139	1.000	17,296	0.012
7/1/05-06	1,848	1.000	1.000	18,161	0.010
7/1/06-07	1,863	1.000	1.000	17,781	0.010
7/1/07-08	5,523	1.000	1.000	18,567	0.030
7/1/08-09	2,785	1.022	1.000	18,584	0.015
7/1/09-10	6,500	1.044	1.000	21,614	0.031
7/1/10-11	4,100	1.020	1.000	20,723	0.020
7/1/11-12	5,200	1.100	1.000	19,665	0.029
Total	\$34,048			\$191,226	0.018

(7)	3-Year Simple Average	0.027
	5-Year Simple Average	0.025
	3-Year Volume Weighted	0.027
	5-Year Volume Weighted	0.025
(8)	Prior Selected Pure Premium Trended to 7/1/13-14 and adjusted for exposures	0.024
(9)	7/1/13-14 Selected Pure Premium	0.026
(10)	\$1,000 Ded Loss Elimination Ratio	0.990
(11)	7/1/13-14 Selected Pure Prem - Net of Ded	0.026
(12)	7/1/13-14 Estimated Exposures	\$18,650
(13)	7/1/13-14 Estimated Loss & ALAE	\$4,800
(14)	Expenses	\$733
(15)	Contingency Load	\$0
(16)	Indicated 7/1/13-14 Costs	\$5,534
(17)	Benchmark Premium	\$4,662

Notes:

- (2) From Section PROP, Exhibit 2, Column (12).
- (3) Based on industry data and NJSBAIG loss experience.
- (4) Based on a pure premium trend of 0.0%.
- (5), (15) Based on data provided by NJSBAIG, adjusted to current price per square foot.
- (6) $(2) \times (3) \times (4) / (5) / 10$.
- (7) Various averages of (6).
- (8) From Towers Watson prior rate level analysis, trended to 7/1/13-14 and adjusted for exposures.
- (9) Selected judgmentally.
- (10) From Towers Watson deductible study dated March 5, 2010.
- (11) $(9) \times (10)$.
- (12) Based on an exposure trend of 0.0% and current price per square foot, applied to 7/1/12-13 estimated exposures.
- (13) $(11) \times (12) \times 10$.
- (14) From Summary, Exhibit 4, Sheet 1, Item (12).
- (16) $(13) + (14) + (15)$.
- (17) Summary, Exhibit 5, Sheet 1, Item (6a) $\times (12) \times 10$.

Property
 Indicated 7/1/13-14 Costs
 High Reasonable Estimate
 Limited to \$1M

Accident Period (1)	Selected Limited Ultimate Loss & ALAE (2)	ILF to \$1M (3)	Trend to 7/1/13-14 (4)	Total On-Levelled Insured Value (in Millions) (5)	Trended Pure Premium Limited to \$1M (6)
7/1/01-02	\$1,482	1.000	1.000	\$10,179	0.015
7/1/02-03	1,277	1.000	1.000	13,545	0.009
7/1/03-04	1,653	1.000	1.000	15,111	0.011
7/1/04-05	1,818	1.139	1.000	17,296	0.012
7/1/05-06	1,848	1.000	1.000	18,161	0.010
7/1/06-07	1,863	1.000	1.000	17,781	0.010
7/1/07-08	5,523	1.000	1.000	18,567	0.030
7/1/08-09	2,789	1.022	1.000	18,584	0.015
7/1/09-10	6,700	1.044	1.000	21,614	0.032
7/1/10-11	4,325	1.020	1.000	20,723	0.021
7/1/11-12	6,000	1.100	1.000	19,665	0.034
Total	\$35,277			\$191,226	0.019

(7)	3-Year Simple Average	0.029
	5-Year Simple Average	0.026
	3-Year Volume Weighted	0.029
	5-Year Volume Weighted	0.027
(8)	Prior Selected Pure Premium Trended to 7/1/13-14 and adjusted for exposures	0.035
(9)	7/1/13-14 Selected Pure Premium	0.033
(10)	\$1,000 Ded Loss Elimination Ratio	0.990
(11)	7/1/13-14 Selected Pure Prem - Net of Ded	0.033
(12)	7/1/13-14 Estimated Exposures	\$18,650
(13)	7/1/13-14 Estimated Loss & ALAE	\$6,093
(14)	Expenses	\$733
(15)	Contingency Load	\$0
(16)	Indicated 7/1/13-14 Costs	\$6,826
(17)	Benchmark Premium	\$4,662

Notes:

- (2) From Section PROP, Exhibit 2, Column (13).
- (3) Based on industry data and NJSBAIG loss experience.
- (4) Based on a pure premium trend of 0.0%.
- (5), (15) Based on data provided by NJSBAIG, adjusted to current price per square foot.
- (6) $(2) \times (3) \times (4) / (5) / 10$.
- (7) Various averages of (6).
- (8) From Towers Watson prior rate level analysis, trended to 7/1/13-14 and adjusted for exposures.
- (9) Selected judgmentally.
- (10) From Towers Watson deductible study dated March 5, 2010.
- (11) $(9) \times (10)$.
- (12) Based on an exposure trend of 0.0% and current price per square foot, applied to 7/1/12-13 estimated exposures.
- (13) $(11) \times (12) \times 10$.
- (14) From Summary, Exhibit 4, Sheet 1, Item (12).
- (16) $(13) + (14) + (15)$.
- (17) Summary, Exhibit 5, Sheet 1, Item (6a) $\times (12) \times 10$.

New Jersey School Boards Association Insurance Group

Policy Year 7/1/13-14 Rate Level Analysis
Data Evaluated as of 9/30/12 (\$000's)

Section PROP
Exhibit 2

Property
Selection of Ultimate Losses Limited to \$750K

Accident Period	Initial Expected Ultimate Loss & ALAE	Projected Ultimate Losses Based on Reported Losses				Projected Ultimate Losses Based on Paid Losses				Selected Limited Ultimate Loss & ALAE	Range of Reasonable Estimates	
		Limited Reported Loss & ALAE	Loss Development Factor	LDF Ultimate Loss & ALAE	BF Ultimate Loss & ALAE	Limited Paid Loss & ALAE	Loss Development Factor	LDF Ultimate Loss & ALAE	BF Ultimate Loss & ALAE		Low Selected Limited Ultimate Loss & ALAE	High Selected Limited Ultimate Loss & ALAE
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
7/1/01-02	\$1,249	\$1,482	1.000	\$1,482	\$1,482	\$1,482	1.000	\$1,482	\$1,482	\$1,482	\$1,482	\$1,482
7/1/02-03	1,244	1,277	1.000	1,277	1,277	1,277	1.000	1,277	1,277	1,277	1,277	1,277
7/1/03-04	1,581	1,653	1.000	1,653	1,653	1,653	1.000	1,653	1,653	1,653	1,653	1,653
7/1/04-05	1,535	1,818	1.000	1,818	1,818	1,818	1.000	1,818	1,818	1,818	1,818	1,818
7/1/05-06	1,755	1,848	1.000	1,848	1,848	1,848	1.000	1,848	1,848	1,848	1,848	1,848
7/1/06-07	1,770	1,863	1.000	1,863	1,863	1,863	1.000	1,863	1,863	1,863	1,863	1,863
7/1/07-08	5,963	5,523	1.000	5,523	5,523	5,523	1.000	5,523	5,523	5,523	5,523	5,523
7/1/08-09	2,848	2,789	0.994	2,773	2,772	2,789	0.997	2,781	2,781	2,789	2,785	2,789
7/1/09-10	6,366	6,714	0.975	6,549	6,554	6,565	0.988	6,485	6,486	6,600	6,500	6,700
7/1/10-11	4,334	4,338	0.961	4,169	4,162	4,076	0.989	4,032	4,028	4,200	4,100	4,325
7/1/11-12	6,082	6,177	0.900	5,557	5,498	3,959	1.234	4,884	5,111	5,555	5,200	6,000
Total	\$34,726	\$35,481		\$34,510	\$34,449	\$32,851		\$33,643	\$33,868	\$34,607	\$34,048	\$35,277

Notes:

- (2), (4), (8) Based on Towers Watson unpaid liability analysis as of June 30, 2012 and Section PROP, Exhibit 4, Column (7). Accident years 7/1/06-07 through 7/1/07-08: Asbestos claims excluded as provided by NJSBAIG.
- (3), (7) Based on data provided by NJSBAIG.
- (5), (9) (3) x (4) and (7) x (8), respectively.
- (6), (10) (2) x (1 - 1 / (4)) + (3) and (2) x (1 - 1 / (8)) + (7), respectively.
- (11) - (13) Selected judgmentally.

Property
 Projected Ultimate Claims with Pay Using Development Method

<u>Accident Period</u>	<u>Claim Counts With Payment As of 9/30/12</u>	<u>Development Factor</u>	<u>Projected Ultimate Claims with Pay</u>
(1)	(2)	(3)	(4)
7/1/01-02	44	1.000	44
7/1/02-03	80	1.000	80
7/1/03-04	77	1.000	77
7/1/04-05	55	1.000	55
7/1/05-06	63	1.000	63
7/1/06-07	55	1.000	55
7/1/07-08	80	1.000	80
7/1/08-09	58	1.000	58
7/1/09-10	122	1.000	122
7/1/10-11	111	1.007	112
7/1/11-12	122	1.111	136
Total	867		881

Notes:

- (2) Provided by NJSBAIG.
- (3) Based on Towers Watson unpaid liability analysis as of June 30, 2012.
- (4) (2) x (3).

Property
 Listing of Large Losses (Reported Loss & ALAE > \$150K)

Claim	Date of Loss	Reported		Paid		Excess of \$750,000 Loss and ALAE Per Occurrence Using:	
		Loss	ALAE	Loss	ALAE	Reported	Paid
						Loss & ALAE	Loss & ALAE
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
02PR00529H	7/3/2002	\$183,101	\$6,942	\$183,101	\$6,942	\$0	\$0
03PR03061H	7/22/2003	186,202	1,125	186,202	1,125	0	0
03PR03097D	8/24/2003	173,266	351	173,266	351	0	0
04PR00511H	2/3/2004	197,900	0	197,900	0	0	0
04PR00590D	9/6/2004	2,306,295	22,631	2,306,295	22,631	1,571,566	1,571,566
05PR02541D	6/9/2005	258,250	6,133	258,250	6,133	0	0
05PR02602H	12/14/2005	163,351	0	163,351	0	0	0
06PR00084Q	3/24/2006	184,095	13,126	184,095	13,126	0	0
06PR00088H	4/3/2006	541,422	13,577	541,422	13,577	0	0
07PR03018Q	2/18/2007	257,246	75,325	257,246	75,325	0	0
07PR03048Q	6/4/2007	352,180	164,805	352,180	164,805	0	0
07PR03066Q	7/23/2007	328,763	6,719	328,763	6,719	0	0
07PR03079Q	8/6/2007	306,843	138,296	306,843	138,296	0	0
07PR03082Q	8/21/2007	392,353	573	392,353	573	0	0
07PR03113Q	10/15/2007	225,424	528	225,423	528	0	0
07PR03121Q	11/15/2007	420,123	0	420,123	0	0	0
07PR03124Q	12/2/2007	661,065	0	661,065	0	0	0
07PR03135Q	12/30/2007	382,061	271	382,061	271	0	0
08PR00549Q	5/11/2008	723,500	11,348	723,500	11,348	0	0
08PR00583Q	8/12/2008	810,212	6,410	810,212	6,410	60,688	60,688
08PR00614Q	11/19/2008	217,019	0	217,019	0	0	0
09PR03008Q	1/17/2009	189,725	0	189,725	0	0	0
09PR03023Q	2/12/2009	187,910	665	187,910	665	0	0
09PR03046Q	4/14/2009	177,122	2,304	177,122	2,304	0	0
09PR03072Q	7/17/2009	280,000	7,960	280,000	7,960	0	0
09PR03080Q	7/31/2009	354,986	6,787	354,986	6,787	0	0
09PR03093Q	8/12/2009	789,802	0	789,802	0	39,802	39,802
09PR03106Q	8/30/2009	170,806	1,283	170,806	1,283	0	0
09PR03108Q	9/3/2009	255,047	0	255,047	0	0	0
09PR03121Q	9/8/2009	173,134	1,977	173,134	1,977	0	0
09PR03161Q	12/30/2009	753,620	3,063	753,619	3,063	3,635	3,634
10PR00059H	1/31/2010	1,657,261	32,500	1,657,260	28,279	925,053	922,741
10PR00063Q	2/10/2010	201,742	2,039	201,742	2,039	0	0
10PR00084L	3/13/2010	247,210	0	247,210	0	0	0
10PR00099Q	3/24/2010	304,176	0	304,176	0	0	0
10PR00122Q	5/4/2010	265,000	0	118,317	0	0	0
10PR00175Q	8/22/2010	164,022	0	164,022	0	0	0
11PR03008H	1/28/2011	550,709	0	550,709	0	0	0
11PR03024Q	2/19/2011	489,402	0	327,971	0	0	0
11PR03025Q	2/25/2011	168,248	0	168,248	0	0	0
11PR03051L	3/21/2011	364,060	7,523	364,060	7,523	0	0
11PR03038L	4/8/2011	152,900	0	152,745	0	0	0
11PR03083Q	7/29/2011	204,750	0	204,750	0	0	0
Hurricane Irene	8/28/2011	2,839,824	701	2,814,824	701	2,090,340	2,065,338
11PR03159Q	9/12/2011	457,500	5,000	367,879	3,653	0	0
11PR03174Q	9/23/2011	162,500	20,000	157,817	10,109	0	0
11PR03185Q	10/6/2011	359,705	1,500	169,717	909	0	0
11PR03202Q	11/7/2011	257,500	6,000	37,678	966	0	0
12PR00534Q	4/4/2012	182,500	0	141,572	0	0	0
12PR00554Q	5/20/2012	1,280,500	0	(19,821)	0	530,500	0
12PR00600E	8/4/2012	608,500	2,500	32,946	0	0	0
12PR00621Q	9/6/2012	442,500	0	75,000	0	0	0
Claims with Other Recoveries						Recoveries	
						Reported	Paid
						(9)	(10)
03PR03076H	8/1/2003	\$4,905	\$0	\$4,905	\$0	\$4,905	\$4,905
04PR00580D	7/23/2004	16,996	25,792	16,996	25,792	4,050	4,050
05PR02514H	2/1/2005	2,481	0	2,481	0	2,481	2,481
05PR02540D	6/4/2005	18,614	1,910	18,614	1,910	2,091	2,091
05PR02544H	6/27/2005	13,570	32,076	13,570	32,076	2,885	2,885
05PR02597H	11/18/2005	3,886	0	3,886	0	1,684	1,684
06PR00120S	5/19/2006	9,820	0	9,820	0	4,820	4,820
07PR03074Q	8/8/2007	18,475	1,750	18,475	1,750	1,733	1,733
09PR03123Q	9/24/2009	4,937	0	4,937	0	3,500	3,500
10PR00108Q	4/5/2010	2,101	0	2,101	0	1,101	1,101
11PR03027Q	3/6/2011	15,471	0	15,471	0	3,946	3,946
12PR00503Q	1/6/2012	5,611	0	5,611	0	1,250	1,250

Notes:

- (1) - (6), (9), (10) Provided by NJSBAIG.
- (7) [(3) - \$750,000] + (4) x [1 - \$750,000 / (3)], subject to a minimum of \$0.
- (8) [(5) - \$750,000] + (6) x [1 - \$750,000 / (5)], subject to a minimum of \$0.

New Jersey School Boards Association Insurance Group
 Policy Year 7/1/13-14 Rate Level Analysis
 Data Evaluated as of 9/30/12 (\$000's)

Limited to Current Retention

Accident Period (1)	Net Reported Loss & ALAE					
	WC (2)	GL (3)	AL (4)	APD (5)	E&O (6)	PROP (7)
7/1/01-02	\$16,772	\$2,291	\$260	\$181	N/A	\$1,482
7/1/02-03	20,006	2,113	1,161	288	2,011	1,277
7/1/03-04	25,489	4,717	1,680	357	1,628	1,653
7/1/04-05	28,039	4,291	647	355	2,015	1,818
7/1/05-06	30,163	2,816	1,388	313	4,183	1,848
7/1/06-07	28,695	3,288	295	268	3,142	1,863
7/1/07-08	26,308	3,118	752	253	3,034	5,523
7/1/08-09	31,258	4,832	1,676	390	4,949	2,789
7/1/09-10	35,287	4,373	1,288	487	5,446	6,714
7/1/10-11	34,817	2,515	791	574	5,308	4,338
7/1/11-12	32,227	4,489	854	810	3,242	6,177
Total	\$309,063	\$38,843	\$10,791	\$4,277	\$34,959	\$35,481

Accident Period (1)	Net Paid Loss & ALAE					
	WC (8)	GL (9)	AL (10)	APD (11)	E&O (12)	PROP (13)
7/1/01-02	\$16,139	\$2,272	\$242	\$181	N/A	\$1,482
7/1/02-03	18,719	2,113	899	288	2,011	1,277
7/1/03-04	22,416	4,628	1,680	357	1,628	1,653
7/1/04-05	23,349	3,718	647	355	1,800	1,818
7/1/05-06	25,774	2,534	1,363	313	4,183	1,848
7/1/06-07	22,444	3,077	295	268	2,941	1,863
7/1/07-08	20,142	2,354	665	253	2,854	5,523
7/1/08-09	23,847	2,377	1,172	390	4,255	2,789
7/1/09-10	22,869	1,420	940	471	3,250	6,565
7/1/10-11	17,770	411	521	574	2,551	4,076
7/1/11-12	13,295	261	273	421	614	3,959
Total	\$226,763	\$25,165	\$8,697	\$3,872	\$26,088	\$32,851

Notes:

- (2) - (13) Provided by NJSBAIG.
 WC excludes Atlantic City Losses.

New Jersey School Boards Association Insurance Group

Policy Year 7/1/13-14 Rate Level Analysis
Data Evaluated as of 9/30/12 (\$000's)

Excess of Current Retention

Accident Period (1)	Excess Reported Loss & ALAE					
	WC (2)	GL (3)	AL (4)	APD (5)	E&O (6)	PROP (7)
7/1/01-02	\$8	\$28	\$0	\$0	N/A	\$0
7/1/02-03	855	73	607	0	14	0
7/1/03-04	317	668	1,429	0	6	5
7/1/04-05	896	955	100	0	0	1,583
7/1/05-06	0	30	907	0	90	7
7/1/06-07	506	70	0	0	402	0
7/1/07-08	806	391	702	0	0	2
7/1/08-09	0	1,769	920	0	44	61
7/1/09-10	568	2,350	3,975	0	6	973
7/1/10-11	0	1	1,215	0	0	4
7/1/11-12	50	205	0	0	0	2,622
Total	\$4,005	\$6,538	\$9,855	\$0	\$562	\$5,256

Accident Period (1)	Excess Paid Loss & ALAE					
	WC (8)	GL (9)	AL (10)	APD (11)	E&O (12)	PROP (13)
7/1/01-02	\$8	\$28	\$0	\$0	N/A	\$0
7/1/02-03	0	73	467	0	14	0
7/1/03-04	0	668	1,429	0	6	5
7/1/04-05	0	199	100	0	0	1,583
7/1/05-06	0	30	907	0	90	7
7/1/06-07	0	70	0	0	402	0
7/1/07-08	0	75	702	0	0	2
7/1/08-09	0	1,235	571	0	38	61
7/1/09-10	0	1,164	47	0	0	971
7/1/10-11	0	1	0	0	0	4
7/1/11-12	0	5	0	0	0	2,067
Total	\$8	\$3,548	\$4,223	\$0	\$550	\$4,698

Notes:

(2) - (13) Provided by NJSBAIG.
WC excludes Atlantic City Losses.

New Jersey School Boards Association Insurance Group

Policy Year 7/1/13-14 Rate Level Analysis
Data Evaluated as of 9/30/12 (\$000's)

Gross of Reinsurance

Accident Period (1)	Gross Reported Loss & ALAE					
	WC (2)	GL (3)	AL (4)	APD (5)	E&O (6)	PROP (7)
7/1/01-02	\$16,780	\$2,319	\$260	\$181	N/A	\$1,482
7/1/02-03	20,861	2,186	1,768	288	2,025	1,277
7/1/03-04	25,805	5,385	3,109	357	1,634	1,658
7/1/04-05	28,935	5,246	747	355	2,015	3,401
7/1/05-06	30,163	2,845	2,295	313	4,273	1,854
7/1/06-07	29,201	3,358	295	268	3,544	1,863
7/1/07-08	27,114	3,509	1,454	253	3,034	5,525
7/1/08-09	31,258	6,601	2,596	390	4,993	2,850
7/1/09-10	35,856	6,723	5,263	487	5,453	7,687
7/1/10-11	34,817	2,516	2,005	574	5,308	4,342
7/1/11-12	32,278	4,694	854	810	3,242	8,799
Total	\$313,068	\$45,382	\$20,646	\$4,277	\$35,521	\$40,737

Accident Period (1)	Gross Paid Loss & ALAE					
	WC (8)	GL (9)	AL (10)	APD (11)	E&O (12)	PROP (13)
7/1/01-02	\$16,147	\$2,300	\$242	\$181	N/A	\$1,482
7/1/02-03	18,719	2,186	1,366	288	2,025	1,277
7/1/03-04	22,416	5,296	3,109	357	1,634	1,658
7/1/04-05	23,349	3,917	747	355	1,800	3,401
7/1/05-06	25,774	2,564	2,270	313	4,273	1,854
7/1/06-07	22,444	3,147	295	268	3,343	1,863
7/1/07-08	20,142	2,429	1,366	253	2,854	5,525
7/1/08-09	23,847	3,612	1,744	390	4,293	2,850
7/1/09-10	22,869	2,584	987	471	3,250	7,536
7/1/10-11	17,770	412	521	574	2,551	4,080
7/1/11-12	13,295	266	273	421	614	6,025
Total	\$226,771	\$28,713	\$12,921	\$3,872	\$26,637	\$37,550

Notes:

(2) - (13) Provided by NJSBAIG.
WC excludes Atlantic City Losses.

New Jersey School Boards Association Insurance Group
 Policy Year 7/1/13-14 Rate Level Analysis
 Data Evaluated as of 9/30/12 (\$000's)

WC Subfund Review
 Limited to Current Retention

Accident Period (1)	Net Reported Loss & ALAE							
	BACCEIC (2)	CAIP (3)	ERIC NORTH (4)	ERIC SOUTH (5)	ERIC WEST (6)	MOCSSIF (7)	NJEIF (8)	NJSBAIG (9)
7/1/01-02	\$634	\$1,080	\$4,360	\$2,074	\$553	\$4,245	\$1,892	\$1,935
7/1/02-03	2,136	2,024	3,824	2,915	1,136	4,132	2,481	1,359
7/1/03-04	1,870	1,773	4,819	3,369	984	6,478	3,560	2,636
7/1/04-05	1,639	2,046	6,322	2,580	1,878	6,672	3,439	3,465
7/1/05-06	2,818	2,001	6,476	2,299	1,793	6,976	4,470	3,331
7/1/06-07	2,356	1,457	7,238	3,613	2,983	6,148	2,437	2,464
7/1/07-08	3,305	1,181	7,330	3,197	2,110	5,410	2,388	1,388
7/1/08-09	4,001	2,015	8,617	4,066	2,279	5,246	2,901	2,133
7/1/09-10	3,661	1,623	11,428	4,978	963	7,399	3,003	2,232
7/1/10-11	3,242	1,681	9,968	4,981	1,924	5,182	5,087	2,750
7/1/11-12	2,508	1,657	8,402	3,240	2,584	7,123	4,652	2,060
Total	\$28,169	\$18,539	\$78,782	\$37,311	\$19,188	\$65,011	\$36,310	\$25,753

Accident Period (1)	Net Paid Loss & ALAE							
	BACCEIC (10)	CAIP (11)	ERIC NORTH (12)	ERIC SOUTH (13)	ERIC WEST (14)	MOCSSIF (15)	NJEIF (16)	NJSBAIG (17)
7/1/01-02	\$634	\$1,002	\$4,124	\$2,074	\$553	\$4,044	\$1,879	\$1,829
7/1/02-03	2,135	1,657	3,773	2,800	1,082	3,501	2,449	1,321
7/1/03-04	1,850	1,250	4,736	3,109	879	5,106	2,980	2,506
7/1/04-05	1,498	1,326	5,091	2,387	1,749	5,894	2,344	3,061
7/1/05-06	2,578	1,768	5,790	2,117	1,693	5,660	3,794	2,374
7/1/06-07	1,948	963	6,397	3,156	1,814	4,451	2,115	1,600
7/1/07-08	2,261	1,039	5,670	2,777	1,707	3,497	2,190	1,000
7/1/08-09	3,121	1,463	6,661	3,341	1,568	3,947	2,057	1,689
7/1/09-10	2,135	1,025	7,343	3,364	753	4,491	2,230	1,529
7/1/10-11	1,621	715	5,076	2,918	1,255	2,336	2,400	1,448
7/1/11-12	986	491	3,998	1,474	1,061	2,666	1,805	812
Total	\$20,768	\$12,700	\$58,660	\$29,517	\$14,114	\$45,594	\$26,243	\$19,168

Notes:

- (2) - (17) Provided by NJSBAIG.
 NJSBAIG subfund excludes Atlantic City Losses.

New Jersey School Boards Association Insurance Group

Policy Year 7/1/13-14 Rate Level Analysis
Data Evaluated as of 9/30/12 (\$000's)

WC Subfund Review
Excess of Current Retention

Accident Period (1)	Excess Reported Loss & ALAE							
	BACCEIC (2)	CAIP (3)	ERIC NORTH (4)	ERIC SOUTH (5)	ERIC WEST (6)	MOCSSIF (7)	NJEIF (8)	NJSBAIG (9)
7/1/01-02	\$0	\$0	\$0	\$0	\$0	\$0	\$8	\$0
7/1/02-03	0	855	0	0	0	0	0	0
7/1/03-04	0	0	0	0	0	317	0	0
7/1/04-05	0	54	0	0	0	0	842	0
7/1/05-06	0	0	0	0	0	0	0	0
7/1/06-07	0	0	0	0	59	376	0	71
7/1/07-08	137	0	0	0	668	0	0	0
7/1/08-09	0	0	0	0	0	0	0	0
7/1/09-10	6	0	156	406	0	0	0	0
7/1/10-11	0	0	0	0	0	0	0	0
7/1/11-12	0	0	0	0	0	0	0	50
Total	\$144	\$909	\$156	\$406	\$727	\$693	\$849	\$121

Accident Period (1)	Excess Paid Loss & ALAE							
	BACCEIC (10)	CAIP (11)	ERIC NORTH (12)	ERIC SOUTH (13)	ERIC WEST (14)	MOCSSIF (15)	NJEIF (16)	NJSBAIG (17)
7/1/01-02	\$0	\$0	\$0	\$0	\$0	\$0	\$8	\$0
7/1/02-03	0	0	0	0	0	0	0	0
7/1/03-04	0	0	0	0	0	0	0	0
7/1/04-05	0	0	0	0	0	0	0	0
7/1/05-06	0	0	0	0	0	0	0	0
7/1/06-07	0	0	0	0	0	0	0	0
7/1/07-08	0	0	0	0	0	0	0	0
7/1/08-09	0	0	0	0	0	0	0	0
7/1/09-10	0	0	0	0	0	0	0	0
7/1/10-11	0	0	0	0	0	0	0	0
7/1/11-12	0	0	0	0	0	0	0	0
Total	\$0	\$0	\$0	\$0	\$0	\$0	\$8	\$0

Notes:

(2) - (17) Provided by NJSBAIG.
NJSBAIG subfund excludes Atlantic City Losses.

New Jersey School Boards Association Insurance Group

Policy Year 7/1/13-14 Rate Level Analysis
Data Evaluated as of 9/30/12 (\$'000's)

WC Subfund Review
Gross of Reinsurance

Accident Period (1)	Gross Reported Loss & ALAE							
	BACCEIC (2)	CAIP (3)	ERIC NORTH (4)	ERIC SOUTH (5)	ERIC WEST (6)	MOCSSIF (7)	NJEIF (8)	NJSBAIG (9)
7/1/01-02	\$634	\$1,080	\$4,360	\$2,074	\$553	\$4,245	\$1,900	\$1,935
7/1/02-03	2,136	2,880	3,824	2,915	1,136	4,132	2,481	1,359
7/1/03-04	1,870	1,773	4,819	3,369	984	6,795	3,560	2,636
7/1/04-05	1,639	2,100	6,322	2,580	1,878	6,672	4,280	3,465
7/1/05-06	2,818	2,001	6,476	2,299	1,793	6,976	4,470	3,331
7/1/06-07	2,356	1,457	7,238	3,613	3,042	6,524	2,437	2,535
7/1/07-08	3,442	1,181	7,330	3,197	2,778	5,410	2,388	1,388
7/1/08-09	4,001	2,015	8,617	4,066	2,279	5,246	2,901	2,133
7/1/09-10	3,668	1,623	11,584	5,384	963	7,399	3,003	2,232
7/1/10-11	3,242	1,681	9,968	4,981	1,924	5,182	5,087	2,750
7/1/11-12	2,508	1,657	8,402	3,240	2,584	7,123	4,652	2,110
Total	\$28,313	\$19,448	\$78,939	\$37,717	\$19,915	\$65,703	\$37,159	\$25,874

Accident Period (1)	Gross Paid Loss & ALAE							
	BACCEIC (10)	CAIP (11)	ERIC NORTH (12)	ERIC SOUTH (13)	ERIC WEST (14)	MOCSSIF (15)	NJEIF (16)	NJSBAIG (17)
7/1/01-02	\$634	\$1,002	\$4,124	\$2,074	\$553	\$4,044	\$1,887	\$1,829
7/1/02-03	2,135	1,657	3,773	2,800	1,082	3,501	2,449	1,321
7/1/03-04	1,850	1,250	4,736	3,109	879	5,106	2,980	2,506
7/1/04-05	1,498	1,326	5,091	2,387	1,749	5,894	2,344	3,061
7/1/05-06	2,578	1,768	5,790	2,117	1,693	5,660	3,794	2,374
7/1/06-07	1,948	963	6,397	3,156	1,814	4,451	2,115	1,600
7/1/07-08	2,261	1,039	5,670	2,777	1,707	3,497	2,190	1,000
7/1/08-09	3,121	1,463	6,661	3,341	1,568	3,947	2,057	1,689
7/1/09-10	2,135	1,025	7,343	3,364	753	4,491	2,230	1,529
7/1/10-11	1,621	715	5,076	2,918	1,255	2,336	2,400	1,448
7/1/11-12	986	491	3,998	1,474	1,061	2,666	1,805	812
Total	\$20,768	\$12,700	\$58,660	\$29,517	\$14,114	\$45,594	\$26,251	\$19,168

Notes:

(2) - (17) Provided by NJSBAIG.
NJSBAIG subfund excludes Atlantic City Losses.

All Lines
 Selected Deductible Factors

Deductible (1)	Selected Deductible Factors						
	Workers Compensation (2)	General Liability (3)	Auto Liability (4)	Auto Physical Damage (5)	Errors and Omissions (6)	Property (7)	
\$0	N/A	N/A	N/A	N/A	N/A	1.040	N/A
1,000	N/A	N/A	N/A	N/A	N/A	N/A	1.000
2,500	N/A	N/A	N/A	N/A	N/A	1.020	N/A
5,000	0.879	0.923	0.858	0.592	1.000	0.951	0.893
10,000	0.833	0.873	0.829	0.398	0.960	0.844	0.844
15,000	0.787	0.833	0.801	0.364	0.919	0.889	0.808
20,000	0.749	0.797	0.785	0.329	0.864	0.839	0.777
25,000	0.715	0.760	0.773	0.295	0.839	0.753	N/A
30,000	N/A	N/A	N/A	N/A	0.753	0.617	0.652
50,000	0.607	0.661	0.732	0.243	0.617	0.528	0.528
100,000	0.485	0.566	0.671	0.226	0.486	0.323	0.323
300,000	0.343	0.417	0.431	0.217			

Notes:

(2) - (7) From Exhibit 1, Sheets 1 through 6:
 All except Property and E&O: Item (13).
 E&O: Item (17).
 Property: Item (15).

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New Jersey School Boards Association Insurance Group

Policy Year 7/1/13-14 Deductible Analysis

Data Evaluated as of 9/30/12

Appendix 2

Exhibit 1

Sheet 1

Workers Compensation
Selected Deductible Factors

Policy Year (1)	Loss Elimination Ratio Based on Trended Reported Loss & ALAE at Deductible of:							
	\$5,000 (2)	\$10,000 (3)	\$15,000 (4)	\$20,000 (5)	\$25,000 (6)	\$50,000 (7)	\$100,000 (8)	\$300,000 (9)
7/1/01-02	0.852	0.785	0.731	0.685	0.646	0.511	0.382	0.208
7/1/02-03	0.859	0.798	0.749	0.708	0.672	0.548	0.415	0.245
7/1/03-04	0.869	0.810	0.760	0.718	0.681	0.547	0.406	0.234
7/1/04-05	0.875	0.821	0.777	0.738	0.703	0.580	0.448	0.269
7/1/05-06	0.870	0.810	0.760	0.717	0.681	0.553	0.420	0.224
7/1/06-07	0.864	0.807	0.760	0.719	0.683	0.555	0.421	0.234
7/1/07-08	0.844	0.780	0.729	0.686	0.649	0.518	0.381	0.208
7/1/08-09	0.848	0.779	0.723	0.675	0.633	0.478	0.312	0.128
7/1/09-10	0.854	0.790	0.739	0.695	0.656	0.517	0.365	0.176
(10) Simple Averages								
All Years	0.860	0.798	0.748	0.705	0.667	0.534	0.394	0.214
Latest 3 Years	0.849	0.783	0.730	0.685	0.646	0.504	0.352	0.171
Latest 5 Years	0.856	0.793	0.742	0.698	0.660	0.524	0.380	0.194
6 Years, Ex-Ante 2	0.864	0.804	0.756	0.714	0.678	0.550	0.415	0.236
(11) Selected Loss Elimin. Ratio	0.855	0.800	0.745	0.700	0.660	0.530	0.385	0.215
(12) Current Deductible Factor	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
(13) Selected Deductible Factor	0.879	0.833	0.787	0.749	0.715	0.607	0.485	0.343

Notes:

- (2) - (9) [Loss & ALAE limited to deductible amount] / [Loss & ALAE at statutory limits]. Losses are projected to a policy year 7/1/13-14 basis using 6.0% severity trend selected in the Towers Watson 7/1/13-14 rate study as of 9/30/12.
- (10) Various averages of (2) through (9).
- (11) Selected judgmentally based on (2) through (10).
- (13) (11) x [1 - Appendix 2, Exhibit 2, Column (4)] + Appendix 2, Exhibit 2, Column (4).

General Liability
 Selected Deductible Factors

Policy Year (1)	Loss Elimination Ratio Based on Trended Reported Loss & ALAE at Deductible of:							
	\$5,000 (2)	\$10,000 (3)	\$15,000 (4)	\$20,000 (5)	\$25,000 (6)	\$50,000 (7)	\$100,000 (8)	\$300,000 (9)
7/1/01-02	0.924	0.880	0.845	0.814	0.786	0.683	0.570	0.366
7/1/02-03	0.897	0.833	0.782	0.737	0.700	0.579	0.461	0.356
7/1/03-04	0.942	0.902	0.867	0.838	0.812	0.719	0.602	0.375
7/1/04-05	0.941	0.904	0.872	0.844	0.819	0.718	0.576	0.430
7/1/05-06	0.906	0.849	0.799	0.757	0.721	0.626	0.525	0.367
7/1/06-07	0.920	0.863	0.813	0.769	0.731	0.599	0.463	0.321
7/1/07-08	0.899	0.831	0.778	0.736	0.702	0.601	0.522	0.428
7/1/08-09	0.930	0.882	0.844	0.809	0.779	0.675	0.550	0.339
7/1/09-10	0.906	0.836	0.777	0.726	0.680	0.532	0.416	0.298
(10) Simple Averages								
All Years	0.918	0.864	0.820	0.781	0.748	0.637	0.520	0.364
Latest 3 Years	0.911	0.850	0.799	0.757	0.720	0.603	0.496	0.355
Latest 5 Years	0.912	0.852	0.802	0.759	0.723	0.607	0.495	0.351
6 Years, Ex-Ante 2	0.918	0.864	0.819	0.780	0.747	0.640	0.525	0.379
(11) Selected Loss Elimin. Ratio	0.915	0.860	0.815	0.775	0.735	0.625	0.520	0.355
(12) Current Deductible Factor	0.900	0.800	N/A	0.700	0.650	0.550	N/A	N/A
(13) Selected Deductible Factor	0.923	0.873	0.833	0.797	0.760	0.661	0.566	0.417

Notes:

- (2) - (9) [Loss & ALAE limited to deductible amount] / [Retained loss & ALAE]. Losses are projected to a policy year 7/1/13-14 basis using 5.5% severity trend selected in the Towers Watson 7/1/13-14 rate study as of 9/30/12. Retained losses are limited to \$500K, ALAE shared pro-rata.
- (10) Various averages of (2) through (9).
- (11) Selected judgmentally based on (2) through (10).
- (12) Provided by NJSBAIG.
- (13) (11) x [1 - Appendix 2, Exhibit 2, Column (4)] + Appendix 2, Exhibit 2, Column (4).

Auto Liability
 Selected Deductible Factors

Policy Year (1)	Loss Elimination Ratio Based on Trended Reported Loss & ALAE at Deductible of:							
	\$5,000 (2)	\$10,000 (3)	\$15,000 (4)	\$20,000 (5)	\$25,000 (6)	\$50,000 (7)	\$100,000 (8)	\$300,000 (9)
7/1/01-02	0.453	0.334	0.289	0.254	0.231	0.178	0.178	0.178
7/1/02-03	0.836	0.797	0.771	0.748	0.727	0.665	0.575	0.374
7/1/03-04	0.878	0.835	0.807	0.781	0.754	0.654	0.534	0.298
7/1/04-05	0.779	0.742	0.719	0.698	0.678	0.582	0.453	0.152
7/1/05-06	0.828	0.782	0.753	0.730	0.710	0.639	0.535	0.289
7/1/06-07	0.409	0.314	0.279	0.244	0.209	0.177	0.177	0.177
7/1/07-08	0.732	0.666	0.626	0.602	0.585	0.551	0.507	0.329
7/1/08-09	0.874	0.840	0.818	0.799	0.782	0.711	0.608	0.325
7/1/09-10	0.875	0.848	0.833	0.821	0.812	0.764	0.669	0.288
(10) Simple Averages*								
All Years	0.782	0.730	0.702	0.679	0.660	0.593	0.507	0.279
Latest 3 Years	0.827	0.785	0.759	0.741	0.726	0.675	0.595	0.314
Latest 5 Years	0.818	0.775	0.750	0.730	0.713	0.649	0.554	0.277
6 Years, Ex Ante 2	0.751	0.693	0.661	0.635	0.614	0.545	0.464	0.270
(11) Selected Loss Elimin. Ratio	0.825	0.790	0.755	0.735	0.720	0.670	0.595	0.300
(12) Current Deductible Factor	0.900	0.850	N/A	0.800	0.780	0.730	N/A	N/A
(13) Selected Deductible Factor	0.858	0.829	0.801	0.785	0.773	0.732	0.671	0.431

Notes:

- (2) - (9) [Loss & ALAE limited to deductible amount] / [Retained loss & ALAE]. Losses are projected to a policy year 7/1/13-14 basis using 5.5% severity trend selected in the Towers Watson 7/1/13-14 rate study as of 9/30/12. Retained losses are limited to \$500K, ALAE shared pro-rata.
- (10) Various averages of (2) through (9).
- (11) Selected judgmentally based on (2) through (10).
- (12) Provided by NJSBAIG.
- (13) (11) x [1 - Appendix 2, Exhibit 2, Column (4)] + Appendix 2, Exhibit 2, Column (4).

* Averages exclude policy year 7/1/06-07 due to unusual claim reporting.

New Jersey School Boards Association Insurance Group

Policy Year 7/1/13-14 Deductible Analysis

Data Evaluated as of 9/30/12

Appendix 2

Exhibit 1

Sheet 4

Auto Physical Damage
Selected Deductible Factors

Policy Year (1)	Loss Elimination Ratio Based on Trended Reported Loss & ALAE at Deductible of:							
	\$5,000 (2)	\$10,000 (3)	\$15,000 (4)	\$20,000 (5)	\$25,000 (6)	\$50,000 (7)	\$100,000 (8)	\$300,000 (9)
7/1/01-02	0.494	0.334	0.222	0.168	0.141	0.032	0.027	0.027
7/1/02-03	0.415	0.215	0.143	0.108	0.088	0.027	0.027	0.027
7/1/03-04	0.505	0.294	0.203	0.147	0.102	0.057	0.057	0.057
7/1/04-05	0.445	0.286	0.213	0.170	0.146	0.069	0.069	0.069
7/1/05-06	0.513	0.289	0.173	0.104	0.082	0.070	0.070	0.070
7/1/06-07	0.491	0.246	0.108	0.073	0.073	0.073	0.073	0.073
7/1/07-08	0.402	0.208	0.140	0.132	0.132	0.132	0.132	0.132
7/1/08-09	0.388	0.197	0.145	0.115	0.092	0.081	0.081	0.081
7/1/09-10	0.516	0.365	0.281	0.221	0.179	0.107	0.081	0.081
7/1/10-11	0.495	0.300	0.206	0.159	0.135	0.094	0.057	0.057
7/1/11-12	0.689	0.570	0.522	0.502	0.485	0.426	0.357	0.119
(10) Simple Averages								
All Years	0.487	0.300	0.214	0.173	0.151	0.106	0.094	0.072
Latest 3 Years	0.567	0.412	0.337	0.294	0.267	0.209	0.165	0.086
Latest 5 Years	0.498	0.328	0.259	0.226	0.205	0.168	0.142	0.094
6 Years, Ex-Ante 2	0.459	0.265	0.177	0.136	0.117	0.089	0.084	0.084
(11) Selected Loss Elimin. Ratio	0.525	0.300	0.260	0.220	0.180	0.120	0.100	0.090
(12) Current Deductible Factor	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
(13) Selected Deductible Factor	0.592	0.398	0.364	0.329	0.295	0.243	0.226	0.217

Notes:

- (2) - (9) [Loss & ALAE limited to deductible amount] / [Loss & ALAE]. Losses are projected to a policy year 7/1/13-14 basis using 2.0% severity trend based on industry trends and pure premium trend selected in the Towers Watson 7/1/13-14 rate study as of 9/30/12.
- (10) Various averages of (2) through (9).
- (11) Selected judgmentally based on (2) through (10).
- (13) (11) x [1 - Appendix 2, Exhibit 2, Column (4)] + Appendix 2, Exhibit 2, Column (4).

New Jersey School Boards Association Insurance Group

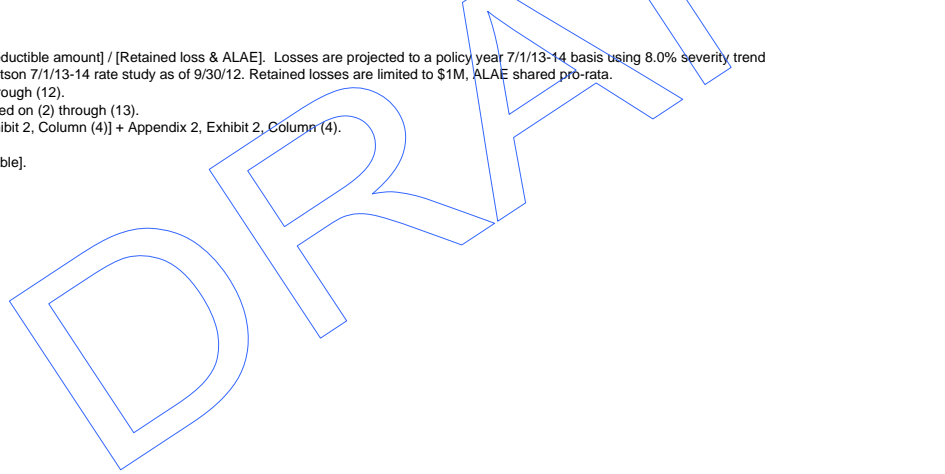
Policy Year 7/1/13-14 Deductible Analysis
Data Evaluated as of 9/30/12

Errors and Omissions
Selected Deductible Factors

Policy Year (1)	Loss Elimination Ratio Based on Trended Reported Loss & ALAE at Deductible of:										
	\$0 (2)	\$2,500 (3)	\$5,000 (4)	\$10,000 (5)	\$15,000 (6)	\$20,000 (7)	\$25,000 (8)	\$30,000 (9)	\$50,000 (10)	\$100,000 (11)	\$300,000 (12)
7/1/01-02	1.000	0.982	0.965	0.931	0.898	0.866	0.839	0.815	0.728	0.621	0.548
7/1/02-03	1.000	0.983	0.966	0.936	0.906	0.878	0.853	0.833	0.771	0.668	0.465
7/1/03-04	1.000	0.979	0.959	0.922	0.889	0.861	0.836	0.816	0.740	0.603	0.446
7/1/04-05	1.000	0.984	0.969	0.940	0.916	0.895	0.875	0.856	0.784	0.660	0.474
7/1/05-06	1.000	0.982	0.964	0.930	0.900	0.874	0.849	0.824	0.740	0.604	0.333
7/1/06-07	1.000	0.979	0.959	0.922	0.890	0.863	0.838	0.817	0.745	0.634	0.534
7/1/07-08	1.000	0.973	0.946	0.896	0.865	0.819	0.784	0.751	0.653	0.517	0.377
7/1/08-09	1.000	0.975	0.951	0.905	0.863	0.824	0.788	0.755	0.648	0.536	0.414
7/1/09-10	1.000	0.973	0.947	0.900	0.858	0.819	0.791	0.766	0.680	0.530	0.344
(13) Simple Averages											
All Years	1.000	0.979	0.958	0.920	0.886	0.855	0.828	0.804	0.721	0.597	0.437
Latest 3 Years	1.000	0.974	0.948	0.901	0.859	0.821	0.788	0.757	0.660	0.528	0.378
Latest 5 Years	1.000	0.976	0.953	0.911	0.873	0.840	0.810	0.783	0.693	0.564	0.400
6 Years, Ex-Ante 2	1.000	0.980	0.960	0.924	0.893	0.865	0.839	0.816	0.739	0.614	0.438
(14) Selected Loss Elim. Ratio	1.000	0.980	0.960	0.920	0.880	0.850	0.825	0.800	0.715	0.580	0.450
(15) Selected, Loaded for Expenses	1.000	0.981	0.961	0.923	0.884	0.855	0.831	0.806	0.724	0.593	0.467
(16) Current Deductible Factor	N/A	0.807	1.000	0.883	0.768	0.749	0.727	0.705	0.444	0.325	N/A
(17) Selected Deductible Factor	1.040	1.020	1.000	0.960	0.919	0.889	0.864	0.839	0.753	0.617	0.486

Notes:

- (2) - (12) [Loss & ALAE limited to deductible amount] / [Retained loss & ALAE]. Losses are projected to a policy year 7/1/13-14 basis using 8.0% severity trend selected in the Towers Watson 7/1/13-14 rate study as of 9/30/12. Retained losses are limited to \$1M, ALAE shared pro-rata.
- (13) Various averages of (2) through (12).
- (14) Selected judgmentally based on (2) through (13).
- (15) (14) x [1 - Appendix 2, Exhibit 2, Column (4)] + Appendix 2, Exhibit 2, Column (4).
- (16) Provided by NJSBAIG.
- (17) (15) / [(15), \$5,000 deductible].



Property
 Selected Deductible Factors

Policy Year	Loss Elimination Ratio Based on Trended Reported Loss & ALAE at Deductible of:									
	\$1,000	\$5,000	\$10,000	\$15,000	\$20,000	\$25,000	\$50,000	\$100,000	\$300,000	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
7/1/01-02	0.976	0.908	0.851	0.805	0.770	0.742	0.669	0.605	0.476	
7/1/02-03	0.963	0.850	0.757	0.678	0.613	0.560	0.362	0.154	0.047	
7/1/03-04	0.970	0.886	0.804	0.736	0.677	0.627	0.437	0.233	0.015	
7/1/04-05	0.980	0.923	0.868	0.824	0.789	0.760	0.666	0.546	0.360	
7/1/05-06	0.974	0.892	0.811	0.744	0.690	0.645	0.519	0.395	0.181	
7/1/06-07	0.977	0.908	0.831	0.767	0.720	0.686	0.565	0.416	0.225	
7/1/07-08	0.989	0.952	0.910	0.869	0.834	0.804	0.694	0.569	0.300	
7/1/08-09	0.985	0.937	0.882	0.834	0.790	0.750	0.604	0.451	0.207	
7/1/09-10	0.985	0.935	0.881	0.838	0.800	0.768	0.668	0.546	0.267	
7/1/10-11	0.978	0.902	0.821	0.752	0.693	0.642	0.484	0.307	0.104	
7/1/11-12	0.975	0.892	0.807	0.738	0.682	0.634	0.479	0.326	0.117	
(11) Simple Averages										
All Years	0.977	0.908	0.838	0.780	0.733	0.693	0.559	0.414	0.209	
Latest 3 Years	0.979	0.910	0.836	0.776	0.725	0.681	0.543	0.393	0.163	
Latest 5 Years	0.982	0.924	0.860	0.806	0.760	0.719	0.586	0.440	0.199	
6 Years, Ex-Ante 2	0.982	0.925	0.864	0.813	0.771	0.735	0.619	0.487	0.257	
(12) Selected Loss Elimin. Ratio	0.980	0.925	0.860	0.805	0.765	0.730	0.590	0.450	0.220	
(13) Selected, Loaded for Expenses	0.982	0.934	0.877	0.829	0.794	0.764	0.641	0.518	0.317	
(14) Current Deductible Factor	1.000	0.884	0.806	N/A	N/A	0.775	0.681	N/A	N/A	
(15) Selected Deductible Factor	1.000	0.951	0.893	0.844	0.808	0.777	0.652	0.528	0.323	

Notes:

- (2) - (10) [Loss & ALAE limited to deductible amount] / [Retained loss & ALAE]. Losses are projected to a policy year 7/1/13-14 basis using 2.0% severity trend based on industry trends and pure premium trend selected in the Towers Watson 7/1/13-14 rate study as of 9/30/12. Retained losses are limited to \$1M, ALAE shared pro-rata.
- (11) Various averages of (2) through (10).
- (12) Selected judgmentally based on (2) through (11).
- (13) (12) x [1 - Appendix 2, Exhibit 2, Column (4)] + Appendix 2, Exhibit 2, Column (4).
- (14) Provided by NJSBAIG.
- (15) (13) / [(13), \$1,000 deductible].

New Jersey School Boards Association Insurance Group
 Policy Year 7/1/13-14 Deductible Analysis
 Data Evaluated as of 9/30/12

All Lines
 Expense Loads

Coverage (1)	Expected 7/1/13-14 Loss & ALAE (2)	Expected 7/1/13-14 Expenses (3)	Projected 7/1/13-14 Expense Load (4)
Workers Compensation at statutory limits	\$52,303	\$10,193	16.3%
General Liability at \$500K	8,462	896	9.6%
Auto Liability at \$500K	2,568	593	18.8%
Auto Physical Damage	524	85	14.0%
Errors and Omissions at \$1 Million	12,370	406	3.2%
Property at \$1 Million	5,170	733	12.4%
Total	\$81,397	\$12,907	13.7%

Notes:

(2) - (3) From Towers Watson's analysis of NJSBAIG's 7/1/13-14 Rate Level.
 (4) (3) / [(2) + (3)].