

Workers' Compensation Unpaid Losses & ALAE Executive Summary

Unpaid Losses & ALAE as of 6/30/25:

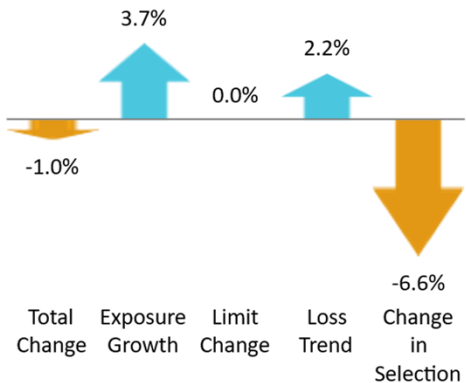
\$11,349,763

Unpaid Losses & ALAE as of 6/30/24:

\$11,708,406

2024/2025 Ultimate Losses & ALAE as of 6/30/24

\$3,042,000



2025/2026 Ultimate Losses & ALAE as of 6/30/25

\$3,012,000

Scope of Analysis

- Estimated unpaid losses and allocated loss adjustment expense (ALAE) as of June 30, 2025 for accidents occurring between January 1, 2003 and June 30, 2025 at an actuarial central estimate and various probability levels
- Projected ultimate losses and ALAE for policy period July 1, 2025 – 2026 at an actuarial central estimate and various probability levels

Important Assumptions

- All estimates are limited to the City's self-insured retentions, which increased from \$500,000 to \$600,000 per-occurrence effective 7/1/12, to \$1M for police / fire effective 7/1/15, to \$1.25M for police / fire effective 7/1/18, to \$750,000 / \$2.25M effective 7/1/20, \$1M / \$3M effective 7/1/21 and to \$1.5M / \$3M effective 7/1/22

Key Findings

- The unpaid estimate has decreased by approximately \$359K due to lower-than-expected incurred development, particularly in the 7/1/23-24 policy period. Decreases in ultimates and payments made in prior periods more than offset an additional year of exposures, despite a lower level of payments than expected.
- The forecast for 25/26 has decreased by 1.0% relative to the prior forecast; the projected payroll increase was more than offset by the decrease to the rate per payroll (in response to the decreases in prior periods).

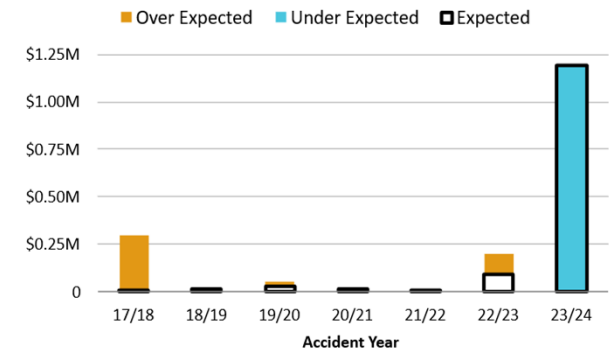
Actual vs. Expected Results

Reported Losses & ALAE 6/30/24 to 6/30/25

| Actual | Expected | AvE |
|-----------|-------------|---------------|
| \$296,758 | \$1,392,199 | (\$1,095,441) |

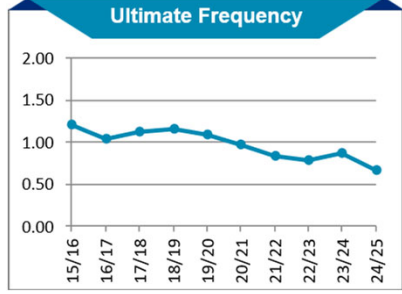
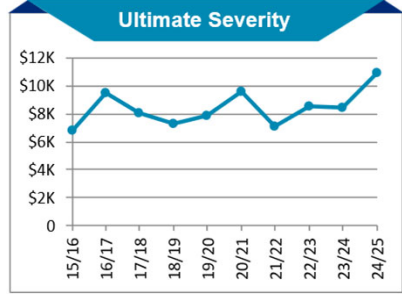
Ultimate Losses & ALAE 6/30/24 to 6/30/25

| Prior | Current | Change |
|--------------|--------------|---------------|
| \$44,962,275 | \$43,886,774 | (\$1,075,501) |



- Actual versus Expected results reflect actual incurred changes in the claims from 6/30/24 to 6/30/25 against the expected change, based on assumptions from the prior analysis. The chart above does not reflect actual incurred loss development of \$16K in period 07/08, \$29K in 11/12, -\$70K in 15/16, and \$309K in 16/17

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Trend Assumptions

- The selected frequency trend is -0.25%
- The selected severity trend is 2.5%
- The selected loss cost trend is 2.2%
- The loss cost and severity trends are adjusted to the current benefit level
- The loss cost and severity trends are shown at a per occurrence retention of \$75,000
- The declining frequency and increasing severity are consistent with prior observations and industry information

Key Findings

- Frequency has decreased over the past 10 years, ranging from 0.6 to 1.2 claims per million dollars of payroll
- Severity, with claims limited to \$75,000, has ranged from \$7,000 to \$11,000, and is generally increasing
- The loss cost, with claims limited to \$75,000, has ranged from \$6 to \$10 per thousand dollars of payroll

Reconciliation of Reserves

| | |
|---|---------------------|
| Beginning of Period Unpaid Losses as of 6/30/24 | \$11,708,406 |
| Plus Estimated Ultimate Losses for (7/1/24-6/30/25) | \$2,919,000 |
| Plus Change in Ultimate Losses through 6/30/24 | (\$952,501) |
| Less Actual Payments (7/1/24-6/30/25) | \$2,325,143 |
| End of Period Unpaid Losses as of 6/30/25 | \$11,349,763 |

Claim Changes Over \$100K Since Prior Report

| Claim | Date of Loss | Current Status | Current Incurred | Prior Incurred | Incurred Change | Current Paid |
|--------------|--------------|----------------|------------------|----------------|-----------------|--------------|
| CN-18-005427 | 3/1/2018 | Open | 296,006 | 14,215 | 281,791 | 247,832 |
| CN-17-005137 | 11/9/2016 | Open | 451,073 | 228,358 | 222,715 | 440,196 |
| CN-23-300172 | 11/23/2022 | Open | 278,514 | 110,066 | 168,448 | 109,960 |
| CN-23-300252 | 11/19/2022 | Open | 218,311 | 79,170 | 139,141 | 82,058 |
| CN-24-300394 | 3/4/2024 | Open | 133,565 | 0 | 133,565 | 18,520 |
| CN-25-300160 | 1/11/2025 | Open | 119,294 | 0 | 119,294 | 23,531 |
| CN-25-300087 | 10/11/2024 | Open | 105,011 | 0 | 105,011 | 53,252 |
| CN-25-300139 | 12/17/2024 | Open | 103,510 | 0 | 103,510 | 72,352 |
| CN-24-300065 | 8/29/2023 | Closed | 18,686 | 125,821 | (107,135) | 18,686 |
| CN-19-005522 | 5/29/2019 | Closed | 82,687 | 482,627 | (399,940) | 82,687 |

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