

Bay Actuarial Consultants

January 9, 2025

Ms. Lorissa Huey, AINS
Account Manager Lead
Alliant Insurance Services
560 Mission Street, 6th Floor
San Francisco, CA 94105

Dear Ms. Huey:

We are pleased to have the opportunity to provide actuarial consulting services to the Monterey Bay Area Self Insurance Authority ("MBASIA").

Proposed Actuarial Services

We have been providing only two actuarial reports annually, one for the liability program and the other for the workers' compensation program. These reports are based on the December 31 claims data and we typically deliver these reports in early March. We propose to continue providing these reports in 2025. In 2024 they cost \$7,250 apiece. We propose \$7,575 as the 2025 price for each.

MBASIA's new auditors now want to see updated actuarial estimates of the June 30 liabilities based on the actual June 30 claims data. Last year, for the first time, we provided rough updates of the 6/30/24 liabilities using the 6/30/24 claims data. Those were rough estimates based on some quick calculations. We did not charge for this service in 2024. This is not a suitable process going forward.

Therefore we propose to provide a second set of actuarial reports which would be based on the 6/30/25 claims data. These will be full reports in which the data can be verified and the calculations can be traced by the auditors. They should be satisfactory to the auditors. We will also include some updated commentary on trends, etc. and will update our projection of the 2025-26 losses and rates of loss. We propose to offer a 25% discount in the price of these reports, because the work that underlies the 12/31/24 reports will have already laid some of the groundwork. The 25% discount would take the price of the 6/30/25 reports down to \$5,681 apiece.

Allocation Study

Some of the MBASIA member cities have shown an interest in obtaining city-specific "contribution allocation" studies. These might help a city to allocate workers' compensation costs more fairly between various city departments. As a practical matter we would use only three categories: Police, Fire, and All Other. In addition to using the actuarial data we already have (the loss runs), we would also need the cities that choose to participate in the allocation study to divide their total insured payroll into those three categories.

We propose to charge a total of \$10,000 for this allocation service and would invoice that total amount equally among the cities that choose to participate. These reports would be based on the 12/31/24 data and would be issued sometime in March or April,

We will continue to be diligent and professional in this work. Please call me at (925) 377-5269 if you would like to discuss the scope and the fees. Thank you.

Respectfully,

BAY ACTUARIAL CONSULTANTS



Jack Joyce

Principal

Fellow, Casualty Actuarial Society

Member, American Academy of Actuaries