

Bay Actuarial Consultants

May 26, 2022

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").

Scope and Purpose of the Review

We will perform two actuarial reviews, one for the liability program and another for the workers' compensation program. We will deliver written reports explaining the analysis and conclusions.

Each report will cover the following items:

- 1) *Self-Insurance Liability*. We will estimate the Authority's liability for unpaid losses as of 6/30/23.
- 2) *2023-24 Losses*. We will provide a projection of the self-insured losses that MBASIA will incur in 2023-24.
- 3) *Discounting*. We discount items (1) and (2). Discounting recognizes the time value of money as an offset to self-insured claims costs.
- 4) *Quantification of Uncertainty*. We will estimate a range of probability levels between 10% and 98% for items (1) and (2).

Data and Fees

MBASIA will provide the data we need. We will use claims data evaluated as of 12/31/22.

The 2023 reports cost \$7,100 apiece. We propose \$7,250 for the 2024 reports. We will continue to provide these reports in 2025 and 2026 with 2% annual increases. If the Authority chooses to contract for only one year at a time, then the pricing for 2023 would prevail in 2023 and this agreement would not constitute an agreement for 2024 and 2025.

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