



CSAC Excess Insurance Authority

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# **Comprehensive Annual Financial Report**

**Fiscal Years Ended June 30, 2017 and 2016**

**- California -**

**CSAC EXCESS INSURANCE AUTHORITY**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2017 and 2016**

**EXECUTIVE COMMITTEE**

<b>Name</b>	<b>Office</b>	<b>Entity</b>
James Brown	President	Merced County
Kerry John Whitney	Vice President	Napa County
Ann Richey	Public Entity Rep.	ACCEL/City of Ontario
John Viegas	Supervisor	Glenn County
Matt Gutierrez	Risk Manager	Kern County
Scott Schimke	At-Large	Glenn County
Richard Egan	CAO	Lassen County
Kimberly Greer	Public Entity Rep.	City of Richmond
Ken Hernandez	At-Large	San Bernardino County
Richard Egan	CAO	Lassen County
Roberta Allen	Finance	Plumas County
Lance Sposito	At-Large	Santa Clara County
Steve Underwood	Legal Counsel	EIA General Counsel
Michael Fleming	Chief Executive Officer	
Gina Dean	Chief Operating Officer	

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Report Prepared By The  
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Tanya Andreyeva, Accounting Technician

**CSAC EXCESS INSURANCE AUTHORITY**  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016

TABLE OF CONTENTS

	<u>Page</u>
<b><u>INTRODUCTORY SECTION</u></b>	
Cover Page and Table of Contents .....	1
Letter of Transmittal .....	8
Board of Directors .....	15
Organization Chart .....	21
Certificate of Achievement for Excellence in Financial Reporting.....	22
Certificate of Accreditation with Excellence, CAJPA .....	23
<b><u>FINANCIAL SECTION</u></b>	
Report of Gilbert Associates, Inc., Independent Auditors .....	25
Management’s Discussion and Analysis .....	28
<b>Basic Financial Statements:</b>	
<b>Statement of Net Position</b> .....	39
<b>Statement of Revenues, Expenses, &amp; Changes in Net Position</b> .....	41
<b>Statement of Cash Flows</b> .....	42
<b>Notes to the Financial Statements</b> .....	44
<b>Required Supplemental Information</b>	
<b>Schedule of Proportionate Share of the Net Pension Liability</b> .....	80
<b>Schedule of Pension Plan Contributions</b> .....	81
<b>Schedule of Funding Progress</b> .....	82
<b>Reconciliation of Unpaid Claims Liabilities</b> .....	83
<b>Notes to Earned Premiums and Claims Development Information</b> .....	84
<b>Schedule of Earned Premium and Claims Development</b> .....	85
<b>Supplemental Information:</b>	
Combining Schedule of Programs:	
Combining Schedule of Net Position .....	96
Combining Schedule of Revenues, Expenses, and Changes in Net Position .....	98
Combining Schedule of Cash Flows .....	100

**CSAC EXCESS INSURANCE AUTHORITY**  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016

TABLE OF CONTENTS

	<u>Page</u>
<b><u>FINANCIAL SECTION (continued)</u></b>	
Individual Program Schedules:	
Primary Workers' Compensation	
Program Membership Data .....	102
Statement of Net Position.....	103
Statement of Revenues, Expenses, and Changes in Net Position .....	104
Statement of Cash Flows .....	105
Reconciliation of Unpaid Claims Liabilities .....	106
Notes to Earned Premiums and Claims Development Information.....	107
Schedule of Earned Premiums and Claims Development .....	108
Excess Workers' Compensation	
Program Membership Data .....	109
Statement of Net Position.....	110
Statement of Revenues, Expenses, and Changes in Net Position .....	111
Statement of Cash Flows .....	112
Reconciliation of Unpaid Claims Liabilities .....	113
Notes to Earned Premiums and Claims Development Information.....	114
Schedule of Earned Premiums and Claims Development .....	115
Primary General Liability	
Program Membership Data .....	116
Statement of Net Position.....	117
Statement of Revenues, Expenses, and Changes in Net Position .....	118
Statement of Cash Flows .....	119
Reconciliation of Unpaid Claims Liabilities .....	120
Notes to Earned Premiums and Claims Development Information.....	121
Schedule of Earned Premiums and Claims Development .....	122
General Liability 1	
Program Membership Data .....	123
Statement of Net Position.....	124
Statement of Revenues, Expenses, and Changes in Net Position .....	125
Statement of Cash Flows .....	126
Reconciliation of Unpaid Claims Liabilities .....	127
Notes to Earned Premiums and Claims Development Information.....	128
Schedule of Earned Premiums and Claims Development .....	129

**CSAC EXCESS INSURANCE AUTHORITY**  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016

TABLE OF CONTENTS

	<u>Page</u>
<b><u>FINANCIAL SECTION (continued)</u></b>	
General Liability 2	
Program Membership Data .....	130
Statement of Net Position.....	131
Statement of Revenues, Expenses, and Changes in Net Position .....	132
Statement of Cash Flows .....	133
Reconciliation of Unpaid Claims Liabilities .....	134
Notes to Earned Premiums and Claims Development Information.....	135
Schedule of Earned Premiums and Claims Development .....	136
Property	
Program Membership Data .....	137
Statement of Net Position.....	138
Statement of Revenues, Expenses, and Changes in Net Position .....	139
Statement of Cash Flows .....	140
Reconciliation of Unpaid Claims Liabilities .....	141
Notes to Earned Premiums and Claims Development Information.....	142
Schedule of Earned Premiums and Claims Development .....	143
Medical Malpractice	
Program Membership Data .....	144
Statement of Net Position.....	145
Statement of Revenues, Expenses, and Changes in Net Position .....	146
Statement of Cash Flows .....	147
Reconciliation of Unpaid Claims Liabilities .....	148
Notes to Earned Premiums and Claims Development Information.....	149
Schedule of Earned Premiums and Claims Development .....	150
Master Rolling Owner Controlled Insurance Program	
Program Membership Data .....	151
Statement of Net Position.....	152
Statement of Revenues, Expenses, and Changes in Net Position .....	153
Statement of Cash Flows .....	154
EIAHealth	
Program Membership Data .....	155
Statement of Net Position.....	156
Statement of Revenues, Expenses, and Changes in Net Position .....	157
Schedule of Cash Flows.....	158

**CSAC EXCESS INSURANCE AUTHORITY**  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016

TABLE OF CONTENTS

**FINANCIAL SECTION (continued)**

Dental	
Program Membership Data .....	159
Statement of Net Position.....	160
Statement of Revenues, Expenses, and Changes in Net Position .....	161
Statement of Cash Flows .....	162
Reconciliation of Unpaid Claims Liabilities .....	163
Notes to Earned Premiums and Claims Development Information.....	164
Schedule of Earned Premiums and Claims Development Information.....	165
Miscellaneous Programs	
Statement of Net Position.....	167
Statement of Revenues, Expenses, and Changes in Net Position .....	168
Statement of Cash Flows .....	170
General Administration and Building	
Statement of Net Position.....	172
Statement of Revenues, Expenses, and Changes in Net Position .....	174
Statement of Cash Flows .....	176
Excess Insurance Organization	
Statement of Net Position.....	178
Statement of Revenues, Expenses, and Changes in Net Position .....	179
Statement of Cash Flows .....	180
Reconciliation of Unpaid Claims Liabilities .....	181
Notes to Earned Premiums and Claims Development Information.....	182
Schedule of Earned Premiums and Claims Development Information.....	183

**STATISTICAL SECTION**

(Not covered by Independent Auditor's Report)

Statistical Section.....	185
Schedule of Net Position .....	186
10-Year History of Revenues, Expenses and Changes in Net Position .....	187
10-Year History of Dividends Returned to Members .....	188
Economic Statistics.....	189
10-Year History Number of Claims.....	190
10-Year History Property Values.....	191
Economic Indicators and Information .....	192

<b><u>BUDGET HIGHLIGHTS</u></b> .....	194
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## **INTRODUCTORY SECTION**



December 14, 2017

Members, Board of Directors  
CSAC Excess Insurance Authority

Ladies and Gentlemen:

2017 was an eventful year for CSAC Excess Insurance Authority (the EIA or the Authority).

In the first quarter staff was busy with establishing a captive and negotiating a commutation (buy back) of the Primary Workers' Compensation claim liabilities from July, 1997 to June, 2004 from Munich Re. Please refer to page 29 of this report for more information on the commutation.

Effective July 1, 2016, a captive insurance company, domiciled in and subject to the Utah Insurance Department regulations, was formed to insure only the Authority's risks. The captive, Excess Insurance Organization, Inc. (the EIO or the Captive) is reported as a blended component unit of the EIA. The Captive took on the risk transferred from the EIA within fixed corridors in the Workers Compensation, Liability and Property programs. A new corridor was created in the Primary Workers Compensation program and the corridor in General Liability 2 program was increased; those risks were transferred to the captive. A Loss Portfolio Transfer was made for the claims commuted with the Primary Workers' Compensation program's reinsurer for older years and those were also transferred to the Captive as well. In total, the Captive covered fixed risks of \$83.4 million across all participating programs.

The EIA increased staffing levels with 6 new positions designed to meet the growing needs and complexities of our membership. This included the establishment of an in-house actuarial department and a new position to specialize in closing Workers' Compensation claims.

In the spring at our retreat, and at the June board meeting, the overall strategic plan for the EIA was discussed. The Strategic Framework included foundational statements such as a revised Mission Statement, Vision Statement, Long-Term Strategic Goals and Core Values as well as discussion of issues, milestones and strategies.

In some form these events impact our Comprehensive Annual Financial Report. The EIA is responsible for the accuracy, completeness and fairness of the presentation, including all disclosures.

Based upon our comprehensive framework of internal control, we believe our report is accurate in all material respects; that it fairly sets forth the financial position and results of operations of the EIA, as measured by the financial activity of its various programs and policy periods, and that all necessary disclosures for understanding the report have been included. Because the cost of control should not exceed the benefits to be derived, our objective is to provide reasonable, rather than absolute assurance, that our financial statements are free of any material misstatements.

Gilbert Associates Inc., Certified Public Accountants, has issued an unmodified opinion that the Authority's financial statements, for the fiscal years ended June 30, 2017 and 2016, are fairly presented in conformity with Generally Accepted Accounting Principles. The independent auditor's report is presented as the first component of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report. The MD&A provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

## **WHO WE ARE**

CSAC Excess Insurance Authority is a Joint Powers Authority (JPA) established under Article 1, Chapter 5, Division 7, Title I of the California Government Code (§ 6500 et seq.) in October 1979. The EIA provides two classes of membership – county members (county entities maintaining their membership in the California State Association of Counties) and public entity members (any other public entity in California). The 62 member Board of Directors is comprised of representatives from each of the 55 county members appointed by their respective boards of supervisors, and seven public entity representatives (plus three alternates) elected by the public entity membership.

The EIA has 328 members, including thirteen new public entity members. The 55 member counties represent more than a 95% market share of the 58 California counties. Public entity membership consists of 273 individual cities, schools, or special districts, and 26 joint powers authorities consisting of pools of cities, schools, or special districts. The members collectively represent over 1,930 public agencies. Over 120 public agency members actively participate in Authority policy making and governance by their service on the Board of Directors and committees.

## **WHAT WE DO**

The EIA operates programs for excess and primary workers' compensation, two excess liability programs, a primary liability program, a property program, a medical malpractice program, a master rolling owner controlled insurance program, an employee health benefit program, a dental program and miscellaneous programs for other coverages. The EIA also provides support services for selected programs such as claims administration,

risk management, claims audits, loss prevention and training, and subsidies for actuarial studies and risk management services. The EIA's reporting entity includes financial activities relating to all programs and insurance pools of the Authority and the newly formed captive.

## **CHALLENGES IN THE RENEWAL CYCLE**

The EIA operates in an environment that mirrors the environment of its members. Because society, from the President to the man on the street, is scrutinizing the use of police force, so are our carriers. Our General Liability 2 program, whose members are large counties and cities, and which has already had large police operations claims, faced challenges in the 2016/17 renewal. The market was not willing to renew with existing terms and ultimately the program was restructured with new reinsurers with a greater share of individual claims borne by the members.

Our workers' compensation programs, both Primary and Excess, fared better because of in place, multi-year, rate agreements. We refined our rating structure to reflect the increased risk and benefits afforded public safety (fire and police operations) employees. Despite the fact that some insurance companies were leaving the California marketplace we were able to replace AIG with Liberty Mutual on the top layer of the workers' compensation program in fiscal 2016. Indicative of the very difficult workers' compensation insurance environment, Castlepoint Insurance Company, a prior carrier in both programs went into conservatorship in August, 2016. This is covered in more detail on page 78 of this report.

Our Employee Benefit programs are also benefiting from a multi-year flat rate or rate reduction for the life and disability and vision insurance programs. The January 2017 EIAHealth Program renewal had a single digit pooled rate increase and the pooled Dental program is strategically lowering rates based on positive loss experience and the utilization of program equity.

The Authority's programs have proven to be effective in both hard and soft insurance markets. We have seen that in a hard market, the cost to our members rises accordingly, competition decreases and the value of the Authority's programs, compared to the alternatives available, is even greater than it is in a soft market.

## **PRIMARY WORKERS' COMPENSATION**

The Primary Workers' Compensation (PWC) Program provides Excess Workers' Compensation (EWC) Program members the opportunity to convert their \$125 thousand self-insured retention in the EWC Program to first dollar coverage. The Program provides members with claims administration services and several cost containment programs including: a Medical Provider Network (MPN), a 24/7 Nurse Triage Service, and a Return-to-Work Program. The Program pays for claims with a blending of pooling and excess insurance. In 2016/17 the structure of the PWC Program provides that the first \$10

thousand of each claim is paid out of the Program's pool and the Program's excess insurer pays for the balance of the claim, up to the program limit of \$125 thousand. This layer is also subject to a corridor retention that was transferred to the Captive. While the structure has remained the same, during the 2016/17 program year, the PWC program canceled the reinsurance agreement with AmTrust mid-term and replaced the coverage with Ace American. This resulted in a new reinsurance policy term for 14 months, from May 1, 2017 to June 30, 2018.

Since fiscal year 2007/08, the PWC Committee has declared dividends every year. Dividends to date total \$51.5 million, and the Committee plans to continue its dividend program with \$2.5 million budgeted for fiscal year 2017/18. In fiscal 2017, we were able to negotiate a buy back of the claims liability for the years from 1997 to 2004, which was subsequently transferred to the captive. This added to our net position in the program.

### **EXCESS WORKERS' COMPENSATION**

The Excess Workers' Compensation (EWC) Program provides members with statutory coverage for workers' compensation subject to the members' self-insured retentions ranging from \$125 thousand to \$5 million. Because members maintain self-insured retentions in this Program, they are able to manage their own claims, either through a third party of their choice or with their own claims staff. There are two towers in this program- the Educational Tower is for our school members and the Core Tower is for all of our other members. In our Educational Tower, the Program funds a pool between \$125 thousand and \$2.5 million subject to member self-insured retentions and purchases reinsurance above the pooled layer to secure statutory limits. In the Core Tower, the Program funds a \$5 million pool subject to member self-insured retentions and purchases reinsurance to secure statutory limits. Pooled layers for both of these towers are also subject to large corridor retentions that were transferred to the Captive.

The EIA is always looking for opportunities to protect the pool exposure by purchasing reinsurance from the commercial market. In 2012/13, the EIA restructured the SIR to \$5 million layer to cap the pool exposure to be covered by reinsurance. In 2015/16, we were able to negotiate a buy back of the claims liability for the years from 1998 to 2004. This added substantially to our net position in the program. We also lowered the program discount rate on claim liabilities to a more conservative 3%, to reflect the long term investment outlook.

### **PRIMARY GENERAL LIABILITY**

The Primary General Liability (PGL) Program provides General Liability 1 (GL1) Program members the opportunity to convert their \$100 thousand GL1 self-insured retention to a \$10 thousand deductible. The Program provides members with claims administration services, which is accomplished through three third-party administrators. Under the Program's current structure, 100% of the pool's exposure (\$90 thousand excess of \$10 thousand deductible) is reinsured; the current carrier is Berkley Insurance Company.

## GENERAL LIABILITY 1

The General Liability 1 (GL1) Program provides members with coverage for third party liabilities (including general, automobile, employment practices and errors and omissions), up to a limit of \$25 million, subject to each member's self-insured retention, which can range from \$100 thousand to \$1 million (retentions as low as \$25 thousand can be provided on an exception basis). Because members maintain self-insured retentions in this Program, they are able to manage their own claims, either through a third party of their choice or with their own claims staff. The Program funds a \$5 million pool and purchases \$20 million in reinsurance from various reinsurers to achieve the \$25 million limit. Within the first reinsurance layer of \$5 million to \$10 million, there is a single \$7.5 million corridor for the combined 2015/16 and 2016/17 and 2017/18 years that is transferred to the captive.

## GENERAL LIABILITY 2

The General Liability 2 (GL2) Program provides members with coverage for third party liabilities (general, automobile, employment practices and errors and omissions), up to a limit of \$25 million, subject to the member's self-insured retention, which range from \$1 million to \$3.5 million. Some members also have individual member corridor deductibles (IMCD) sitting on top of their member SIR. The GL2 Program was specifically designed with the objective of offering larger members the advantages of the joint purchase of excess coverage, while maintaining their ability to handle and fund their primary losses, and manage their own claims. Each member of the Program has a representative on the GL2 Committee, which was established to administer and govern the Program. Within the first reinsurance layer between member's self-insured retentions to \$10 million, there is a large group corridor deductible that sits on top of the members' self-insured retentions and IMCDs, if applicable. This corridor is also transferred to the Captive. Due to market conditions and the loss experience of the GL2 membership, the reinsurance purchased on the first \$10 million layer is subject to an annual aggregate limit which is well in excess of expected claims.

## PROPERTY

The Property Program provides coverage for physical damage to members' real and personal property as a result of "all risk" perils, limits up to \$600 million in all risk, and \$550M in flood. Members also have the opportunity to purchase additional earthquake coverage. The members who purchase earthquake coverage have access to \$540M in earthquake coverage in one or more of five towers. The unique structure of the Program into Towers spreads risk both geographically and categorically. This spread of risk allows the Program to access higher limits at reduced costs. The Program renews on March 31st of each year. In order to provide and promote stability, the primary \$25 million in limits is written on a three-year basis. The pool exposure is protected by an aggregate corridor of \$10 million that is covered by the Captive. This program has a pool that is designed to buy-down member deductibles for the Catastrophic Flood and Earthquake

losses of up to \$4 million for flood and \$30 million for earthquake. The members continue to add monies to this pool which is currently funded at \$8 million. At the March 31, 2017 renewal, the overall rate was flat and both Earthquake and Flood rooftop limits were increased. Because the Program is fully insured over the aggregate pool limits, the primary reinsurer, Lexington, takes full responsibility for the adjustment of claims.

## **MEDICAL MALPRACTICE**

The Medical Malpractice Program provides members with coverage for medical professional services and limited general liability exposures at established healthcare facilities. The program offers limits of \$21.5 million, in addition to each member's deductible or self-insured retention, which range from \$5 thousand to \$1.1 million. For members who maintain a \$5 thousand or \$10 thousand deductible, claims administration is provided by the program's third party administrator, Risk Management Services. Members who maintain a self-insured retention above those deductible limits are able to manage their own claims. The program funds a \$1.5 million pool on a claims-made basis and purchases \$20 million of reinsurance on an occurrence basis. This program has an annual renewal date of October 1<sup>st</sup> each year.

## **MASTER ROLLING OWNER CONTROLLED INSURANCE PROGRAM**

The Master Rolling Owner Controlled Insurance Program (MR OCIP) enables members to purchase workers' compensation and general liability coverage for all eligible parties (owner, general contractor, and sub-contractors) working on their construction projects. These policies, (also known as "wrap-ups"), are widely used on public sector construction projects and capital improvement programs. The MR OCIP can include projects as small as \$10 million, thereby enabling members to receive the benefits of a "wrap-up" on projects that otherwise wouldn't qualify because of their size.

## **EIAHEALTH**

The EIAHealth Program, in partnership with Self Insured Schools of California (SISC), provides members with an alternative to group health insurance plans using the concept of pooling to reduce insurance premiums through consolidating the fixed costs over a larger population. Members are able to create and maintain their own plan designs within the context of the pooling arrangement that provides much greater stability than a standalone program. In addition, small group programs are available with predefined benefit options for public employers with less than 200 employees/retirees. HMO options are also available to members on an insured basis.

## **DENTAL**

The Dental Program is a pooled program with predictable and stable dental rates year-over-year. The Program partners with Delta Dental to provide administrative services and access to the Delta Dental network of providers. The administrative fees in the Program are some of the lowest offered by Delta Dental of California.

## AWARDS & ACKNOWLEDGMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to CSAC Excess Insurance Authority for its comprehensive annual financial report for the fiscal year ended June 30, 2016. This was the twenty-third consecutive year that the Authority has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

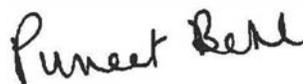
The Authority is a member of the California Association of Joint Powers Authorities (CAJPA). CAJPA sponsors the nation's first risk management accreditation program. This program establishes a model of professional standards, which serves as a guideline for all risk management pools regardless of size, scope of operation or membership structure. The accreditation process entails a detailed examination of legal and operational documents, risk management, loss control and claims programs, and statutory compliance. In March 2016, CAJPA renewed the Authority's "Accreditation with Excellence," the highest form of accreditation, for a three-year period ending in March, 2019.

The preparation of this report would not have been possible without the best efforts of the finance and administrative departments and we thank them for their contribution. We commend the members of the Authority's Finance Committee and Executive Committee for their support in maintaining the highest standards of professionalism in the management of the Authority's finances, and each Board of Director Member and Alternate, and all committee members, for their commitment to the Authority.

Respectfully Submitted,



Michael Fleming  
Chief Executive Officer



Puneet Behl, CPA  
Chief Financial Officer



# Board of Directors and Alternates With Programs

As of 06/30/2017

Entity	PWC	EWC	PGL	GL1	GL2	MEDMAL	Property	MROCIP	Health	Dental	Board Primary	Board Alternate
Alameda County		✓			✓	✓	✓				Vacant	Karen Caoile, Senior Risk and Insurance Analyst
Alpine County		✓		✓		✓	✓			✓	Carol McElroy, Treasurer, Tax Collector, Auditor, Controller	Sarah Simis, HR Specialist
Amador County	✓	✓	✓	✓		✓	✓		✓	✓	Richard Forster, Supervisor	Lisa Hopkins, Risk Manager
Butte County		✓		✓		✓	✓				Julia Ogonowski, Risk Manager	Sang Kim, Deputy Administrative Officer
Calaveras County	✓	✓		✓		✓	✓		✓	✓	Timothy Lutz, CAO	Judy Hawkins, Deputy CAO/Risk & Human Resources Director
Colusa County		✓		✓		✓	✓			✓	Denise Carter, Board of Supervisors	Vacant
Contra Costa County		✓			✓	✓	✓				Sharon Hymes-Offord, Risk Manager	Denise Rojas, Assistant Risk Manager
Del Norte County		✓		✓		✓	✓		✓		Neal Lopez, Assistant County Administrative Officer	Cathy Hafterson, Human Resources/Risk Manager
El Dorado County		✓			✓	✓	✓		✓	✓	Marco Sandoval, Risk Manager	Robert Schroeder, Sr. Risk Management Analyst
Fresno County		✓		✓			✓				Tracy Meador, Human Resources Manager	Jason Blanks, Senior Human Resources Analyst



# Board of Directors and Alternates With Programs

As of 06/30/2017

Entity	PWC	EWC	PGL	GL1	GL2	MEDMAL	Property	MROCIP	Health	Dental	Board Primary	Board Alternate
Glenn County						✓					John Viegas, Supervisor	Scott Schimke, Risk Manager
Humboldt County	✓	✓		✓		✓	✓			✓	Dan Fulks, Human Resources Director	Kelly Barns, Assistant HR Director
Imperial County		✓		✓		✓	✓				Ralph Cordova, Jr., County Executive Officer	Brenda Olivas-Neujahr, Human Resources Manager
Inyo County	✓	✓		✓		✓	✓			✓	Marlena Baker, Risk Manager	Kevin Carunchio, County Administrator
Kern County							✓	✓			Matt Gutierrez, Risk Manager	Brad Aragon, Loss Prevention Specialist
Kings County		✓		✓		✓	✓	✓			Sande Huddleston, Risk Manger	Francesca Lizaola, Risk Assistant
Lake County	✓	✓	✓	✓			✓		✓	✓	Anita Grant, County Counsel	Kathy Ferguson, Human Resources Director
Lassen County		✓		✓		✓	✓			✓	Richard Egan, County Administrative Officer	Tony Shaw, Deputy County Administrative Officer
Madera County		✓		✓		✓	✓				Darin McCandless, Deputy CAO	Kevin Fries, Chief Assistant County Administrative Officer
Marin County						✓					Maria Boehne, Risk Manager	Daniel Eilerman, Assistant County Administrator



# Board of Directors and Alternates With Programs

As of 06/30/2017

Entity	PWC	EWC	PGL	GL1	GL2	MEDMAL	Property	MROCIP	Health	Dental	Board Primary	Board Alternate
Mariposa County		✓		✓		✓	✓			✓	Dallin Kimble, Interim CAO	Steve Johnson, Director of Human Resources/Risk Management
Mendocino County	✓	✓		✓		✓	✓				Alan Flora, Assistant CEO/Risk Manager	Heather Correll, Risk Analyst
Merced County		✓		✓		✓	✓	✓	✓	✓	James Brown, County Executive Officer	Scott De Moss, Assistant County Executive Officer
Modoc County		✓		✓		✓	✓			✓	Chester Robertson, County Administrative Officer	Pam Randall, CFO/Assistant CAO
Mono County		✓		✓		✓	✓			✓	Leslie Chapman, CAO	Vacant
Monterey County		✓					✓				Steve Mauck, Risk Manager	Vacant
Napa County		✓		✓		✓	✓			✓	Kerry John Whitney, Risk Manager	Vacant
Nevada County	✓	✓		✓		✓	✓			✓	Rick Haffey, County Executive Officer	Mary Jo Castruccio, Risk Manager
Orange County							✓				Michael Alio, Director of Risk Management	Michelle Aguirre, Chief Financial Officer
Placer County		✓		✓		✓	✓	✓		✓	Judy LaPorte, Assistant Human Resources Director	Joe Ney, Assistant Risk Manager



# Board of Directors and Alternates With Programs

As of 06/30/2017

Entity	PWC	EWC	PGL	GL1	GL2	MEDMAL	Property	MROCIP	Health	Dental	Board Primary	Board Alternate
Plumas County		✓		✓		✓	✓			✓	Roberta Allen, Auditor/Controller/Risk Manager	Nicholas Poole, Assistant Risk Manager/Safety
Riverside County		✓			✓	✓	✓	✓			Michael Stock, Assistant County Executive Officer / Human Resources Director	Mike Bowers, Assistant Human Resources Director
Sacramento County		✓			✓		✓				Steve Page	Paul Hight, Liability and Property Insurance Supervisor
San Benito County		✓		✓		✓	✓		✓	✓	Joe Paul Gonzalez, County Auditor-Controller-Clerk-Recorder-Registrar	Louie Valdez, Interim Management Analyst
San Bernardino County		✓			✓		✓				Ken Hernandez, Director of Risk Management	Rafael Viteri, Deputy Director
San Diego County		✓					✓	✓			Susan Brazeau, Director, Human Resources	Janice Mazone, Deputy Director/Risk Management
San Joaquin County		✓			✓	✓	✓			✓	Tanya Moreno, County Safety and Risk Manager	Ted Cwiek, Director of Human Resources
San Luis Obispo County		✓		✓		✓	✓			✓	Pamela Mitchell, Liability Analyst	Tami Douglas-Schatz, Human Resources Director
Santa Barbara County	✓	✓		✓		✓	✓	✓	✓	✓	Vacant	Ray Aromatorio, Risk Manager
Santa Clara County		✓			✓	✓	✓				Lance Sposito, Director of Risk Management	Vacant



# Board of Directors and Alternates With Programs

As of 06/30/2017

Entity	PWC	EWC	PGL	GL1	GL2	MEDMAL	Property	MROCIP	Health	Dental	Board Primary	Board Alternate
Santa Cruz County		✓			✓	✓	✓			✓	Enrique Sahagun, Risk Manager	Edgar Nolasco
Shasta County		✓		✓		✓	✓			✓	Angela Davis, Director of Support Services	Jim Johnson, Risk Management Analyst
Sierra County		✓		✓		✓	✓			✓	Van Maddox, Auditor/Treasurer/Tax Collector	Vacant
Siskiyou County	✓	✓	✓	✓		✓	✓				Terry Barber, County Administrator	Michael Kobseff, Supervisor
Solano County		✓	✓	✓		✓	✓	✓		✓	Bonnie Kolesar, Risk Manager	Marc Fox, Director of Human Resources
Solano County		✓	✓	✓		✓	✓	✓		✓	Sherri Adams, Risk Manager	Marc Fox, Director of Human Resources
Sonoma County		✓		✓		✓	✓				Marcia Chadbourne, Risk Manager	Christina Cramer, Director of Human Resources
Stanislaus County		✓		✓		✓	✓			✓	Kevin Watson, Liability and Insurance Manager	Cari Griffin
Sutter County		✓		✓		✓	✓		✓	✓	Regina Romeo, Director of Human Resources	Nathan Black, Auditor-Controller
Tehama County	✓	✓		✓		✓	✓		✓	✓	Julie Sisneros, Risk Manager	Missi Bullington, Personnel Director



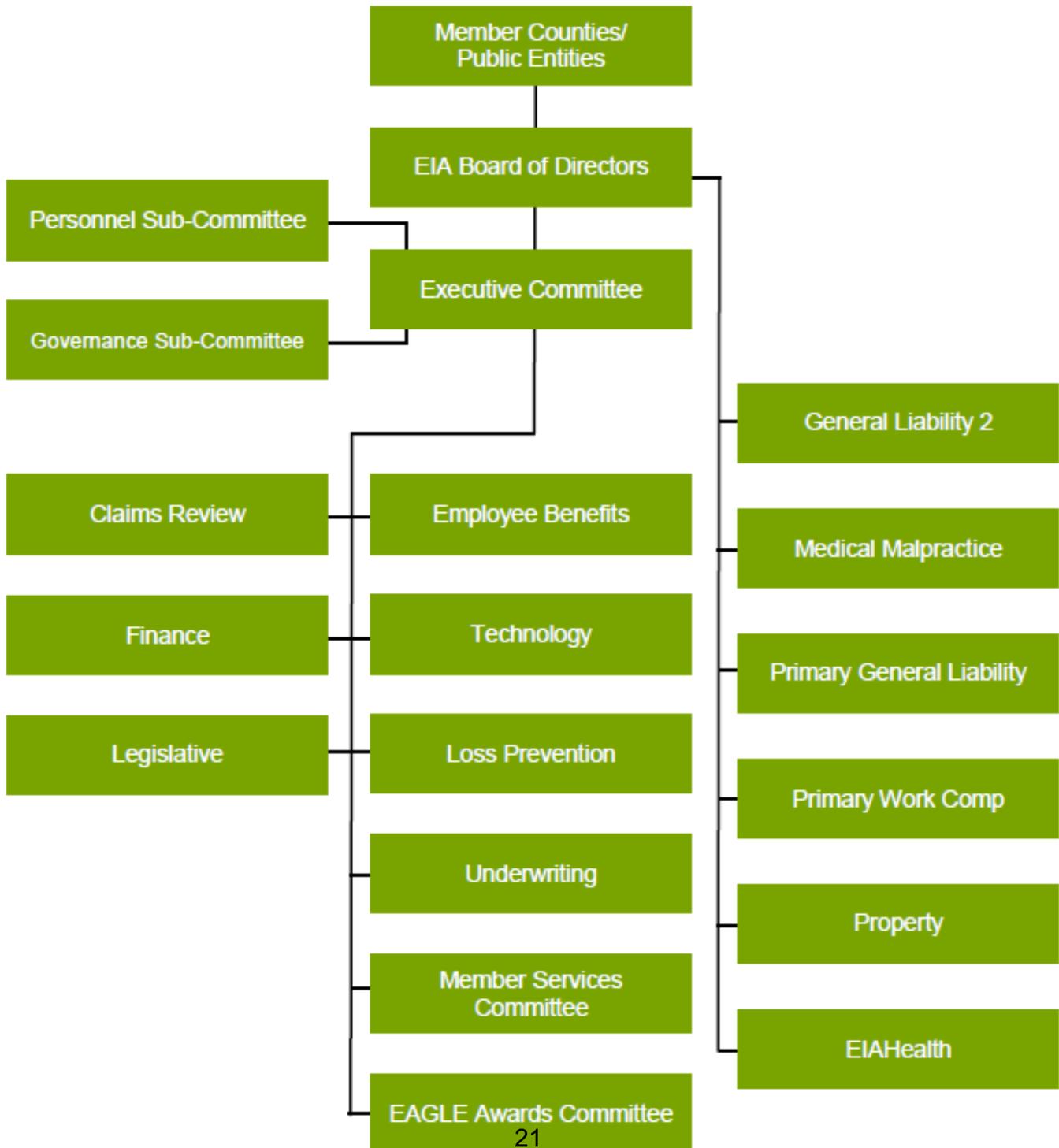
# Board of Directors and Alternates With Programs

As of 06/30/2017

Entity	PWC	EWC	PGL	GL1	GL2	MEDMAL	Property	MROCIP	Health	Dental	Board Primary	Board Alternate
Trinity County		✓		✓		✓	✓			✓	Shelly Nelson, HR Director/Risk Manager	Rebecca Cooper, Loss Prevention Specialist
Tulare County		✓		✓	✓	✓	✓	✓			Susan Cox, Risk Manager	Robert Anderson, Supervising Analyst
Tuolumne County		✓	✓	✓		✓	✓	✓		✓	Ann Fremd, Human Resources Manager	Tracie Riggs, Deputy County Administrator
Ventura County							✓				Chuck Pode, Risk Manager	Theresa Bucci, Risk Analyst
Yolo County						✓				✓	Marinda Griese, Staff Investigator	Mindi Nunes, Assistant County Administrator
Yuba County	✓	✓		✓		✓	✓			✓	Jill Abel, Director, Human Resources & Risk Management	Karen Fassler, Assistant Human Resources Director



## CSAC Excess Insurance Authority Organization Chart





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

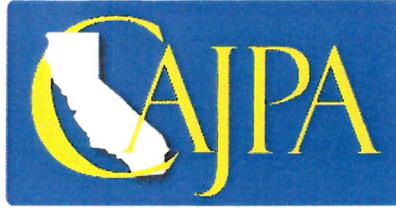
Presented to

**CSAC Excess Insurance Authority  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

Executive Director/CEO



*It is the purpose of this organization to give professional recognition to properly qualified self-insurance pools.*

*THEREFORE, the Board of Directors of the California Association of Joint Powers Authorities, has conferred upon*

## **CSAC Excess Insurance Authority**

*this*

*CERTIFICATE OF ACCREDITATION WITH EXCELLENCE*

*having fulfilled the conditions of eligibility as prescribed by the Association for Accreditation.*



*Accreditation Period: March 28, 2016 – March 28, 2019*

*David Clovis*  
President

*Michael Fleming*  
Chairman, Accreditation Committee

*James P. Marta*  
Accreditation Program Manager

## **FINANCIAL SECTION**

## **INDEPENDENT AUDITOR'S REPORT**

**Board of Directors and Members  
CSAC Excess Insurance Authority  
Folsom, California**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of CSAC Excess Insurance Authority (the Authority) as of June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the State Controller's *Minimum Audit Requirements for California Special Districts*, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2017 and 2016, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

## **Other Matters**

### *Required Supplemental Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The supplemental information section, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplemental information section is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information section is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory Section and the Statistical Section, as listed in the table of contents, are presented for the purposes of additional analysis and are not a required part of the basic financial statements. They have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we express no opinion on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2017, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, and contracts and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

*Gilbert Associates, Inc.*

**GILBERT ASSOCIATES, INC.**  
**Sacramento, California**

**December 6, 2017**

## Management's Discussion & Analysis

As management of the CSAC Excess Insurance Authority (EIA), we offer readers of the EIA's financial statements this narrative overview and analysis of the financial activities of the EIA for the fiscal years ended June 30, 2017 and 2016. All references to years are to the fiscal year ending at June 30.

### Overview of the Financial Statements

The EIA reports as a government enterprise fund because its activities, the development and operation of public entity risk pools (Retained Risk), and group purchase of insurance (Transferred Risk), are paid for by its member users.

The EIA's basic financial statements are comprised of three components: 1) Authority-wide financial statements including the Excess Insurance Organization, Inc., a component unit; 2) notes to the financial statements; and 3) fund financial statements. This report also contains other supplementary information in addition to the basic financial statements.

The *Authority-wide financial statements* are designed to provide readers with a broad overview of the EIA's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the EIA's assets, deferred outflows of resources, liabilities and deferred inflows of resources. Assets plus deferred outflows of resources minus liabilities and deferred inflows of resources is reported as net position. Net position includes the amount invested in capital assets, net of related debt.

The *Statement of Revenues, Expenses and Changes in Net Position* presents information showing total revenues and total expenses and how the EIA's net position changed during the most recent fiscal year. All revenues and expenses are recognized as soon as the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., claims incurred but not paid, unrealized market gains on investments, earned but unused vacation leave, and pension liability).

The *Statement of Cash Flows* presents information on the sources and uses of cash during the most recent fiscal year. The Statement of Cash Flows is subdivided into three major sections to show cash provided or used by Operating, Capital and Related Financing, and Investing Activities. In 2016 there was a significant receipt of cash from the Munich Re commutation of the Excess Workers' Compensation claims, which is shown as Receipts from Others on the Cash Flow Statement. These funds were invested and will be used to pay claims.

The Authority-wide financial statements can be found on pages 39 through 43 of this report.

### Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements, and can be found beginning on page 44 of this report.

## Management's Discussion & Analysis

### Captive

At the June 2016 Board meeting the Authority gave staff the go-ahead to establish a captive insurance company, domiciled in and subject to the Utah Insurance Department regulations to insure only the Authority's risks. This allows the Authority to better link their long term claim liabilities with an appropriate type and term of investment. The captive, Excess Insurance Organization, Inc. (the EIO or the Captive) is reported as a blended component unit of the EIA. See footnote 3 for the Investment Policy of the captive and footnote 4 for a schedule of the liabilities insured through the captive. The governing board is made up of current EIA Board, Committee, and staff members along with EIA General Counsel and Utah Counsel.

### Fund Financial Statements

The EIA operates one enterprise, proprietary fund to account for its eleven risk management programs, general administration, and operation of the EIA's building. Each program has established its own set of accounts so that each program can be independently evaluated.

The following table shows the net position in each fund:

	<u>Net Position</u>
Primary Workers' Compensation	\$ 25,540,717
Excess Workers' Compensation	22,357,907
Primary General Liability	1,308,559
General Liability 1	33,067,181
General Liability 2	800,037
Property	11,110,959
Medical Malpractice	6,711,865
Master Rolling Owner Controlled Ins. Program	259,126
EIAHealth	1,635,087
Dental Program	17,653,238
Miscellaneous Programs	1,788,420
Administration and Building	14,292,341
EIO & Elimination	3,995,825
<u>Total Net Position</u>	<u>\$ 140,521,262</u>

## Management's Discussion & Analysis

### Financial Highlights

#### Authority-Wide Financial Analysis

The EIA's assets and deferred outflows exceeded liabilities and deferred inflows by \$140.5 million as of June 30, 2017, and by \$137.7 million at June 30, 2016, and by \$112.4 million at June 30, 2015. Below is a condensed Statement of Net Position:

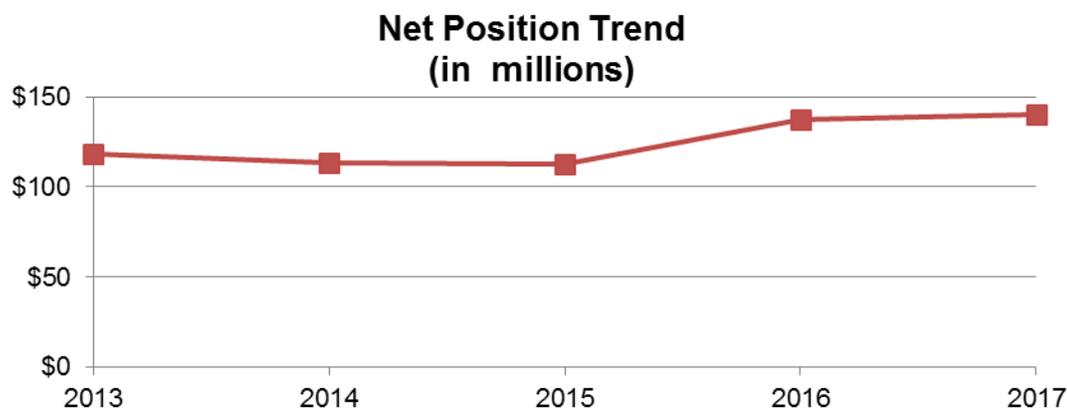
#### CSAC Excess Insurance Authority's Combined Statement of Net Position

	June 30, 2017	June 30, 2016	June 30, 2015
Other Assets	\$ 781,525,113	\$ 729,079,358	\$ 633,317,989
Capital Assets	9,838,240	9,578,879	9,043,933
Total Assets	<u>791,363,353</u>	<u>738,658,237</u>	<u>642,361,922</u>
Deferred Outflows	<u>1,537,233</u>	<u>3,329,112</u>	<u>587,253</u>
Current Liabilities	153,724,595	144,506,871	148,795,667
Noncurrent Liabilities	497,188,376	458,363,786	380,901,782
Total Liabilities	<u>650,912,971</u>	<u>602,870,657</u>	<u>529,697,449</u>
Deferred Inflows	<u>1,466,353</u>	<u>1,444,075</u>	<u>845,081</u>
Invested in Capital Assets	9,838,240	9,578,879	9,043,933
Unrestricted Net Position	130,683,022	128,093,738	103,362,712
Total Net Position	<u>\$ 140,521,262</u>	<u>\$ 137,672,617</u>	<u>\$ 112,406,645</u>

#### Net Position

We started the fiscal year with net position of \$137.7 million and had net income of \$2.8 million, resulting in an ending net position of \$140.5 million at June 30, 2017. For the prior fiscal year, net position increased \$25.3 million.

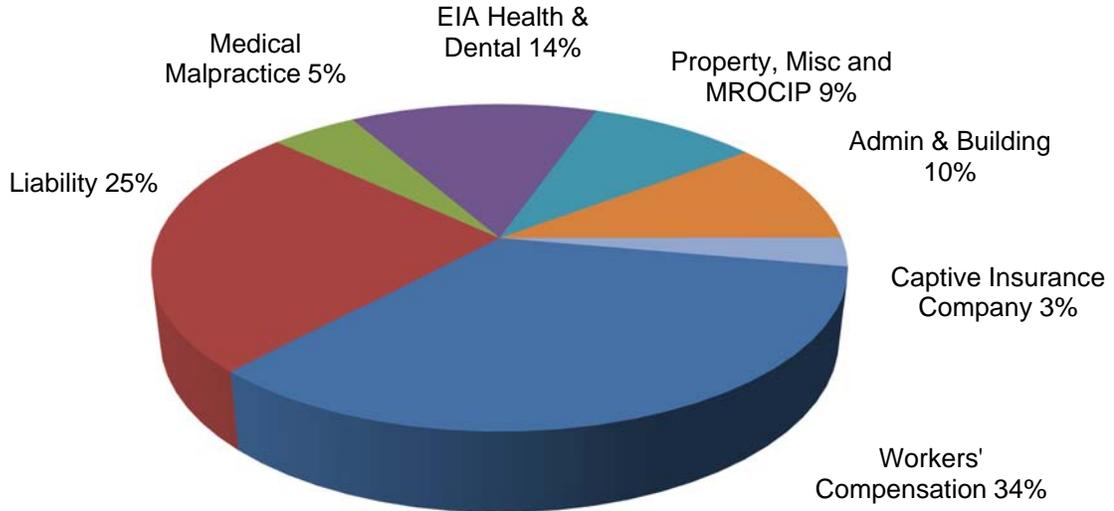
Our net position balances over the past five years is illustrated as follows:



## Management's Discussion & Analysis

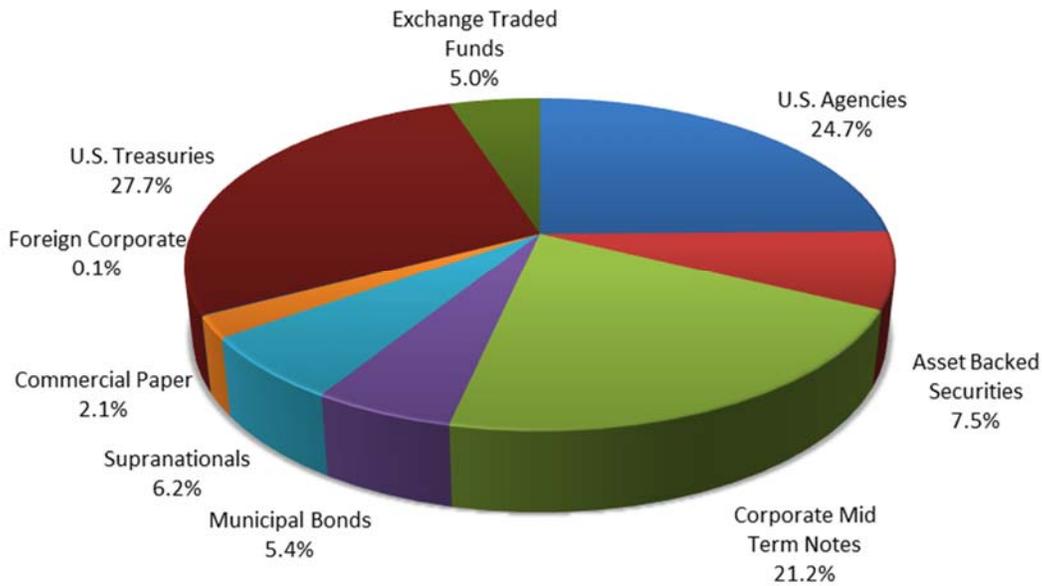
Our large, pooled risk programs, Workers' Compensation and Liability programs, account for 64% of net position as of June 30, 2017 as show below:

### Net Position by Program



Approximately 93% of our Treasury assets consist of funds held for the payment of claims. Of these funds, 6% is in cash, and 94% is invested. The following chart shows the asset allocation for the invested funds at June 30, 2017:

### Investment Allocation



Even though interest rates increased in fiscal year 2017, these drove fair market value of EIA current investments down causing unrealized losses as a result of mark to market

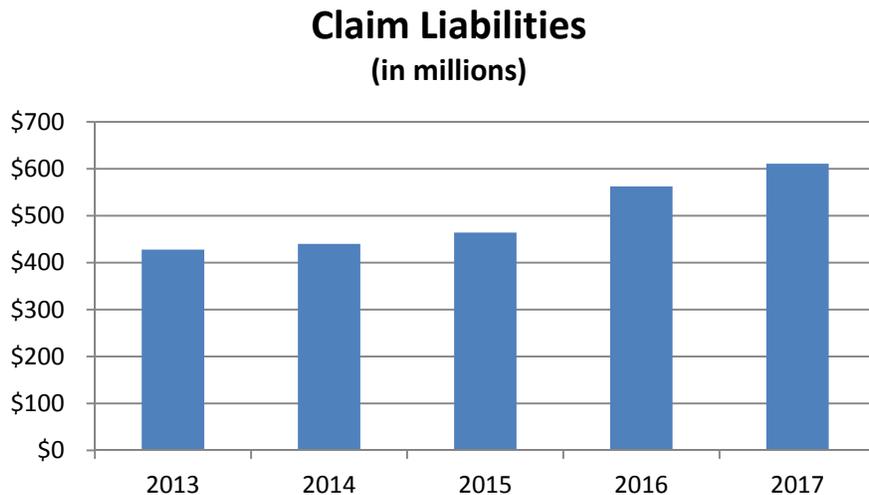
## Management's Discussion & Analysis

valuation basis. During fiscal year 2017, there was a net decrease in fair value of \$8.2 million, compared to a net increase in fair value in fiscal year 2016 of \$5.0 million. A \$1.6 million decline in fair value was recognized in fiscal year 2015. The increases and decreases in fair market value are primarily being driven by fluctuations in the market interest rate. The potential direction of interest rates, up or down, and the interest earned are both considered at the time the investment is made.

### Liabilities

As another year is added on to our programs, some with a long payout pattern, claim liabilities will naturally increase. We have also experienced adverse loss development in recent years in some programs. In addition, the EWC program grew significantly in fiscal 2016 because of a claims commutation where the reinsurer paid the EIA to assume \$81.2 million in undiscounted claim liabilities in its layer for the 1997 – 2004 claim years. In fiscal 2017 over all programs claim liabilities increased \$48.2 million compared to an increase of \$98.8 million in 2016, and an increase of \$23.9 million in 2015.

Our claim liabilities are discounted, meaning they are stated at the present value of the future stream of claim payments. The discount rate is based on what the EIA expects to earn on the funds set aside to pay claims. The rate of return on invested funds has been less than anticipated since the recent recession started in 2008. In fiscal year 2011, the EIA made significant adjustments to the discount rates. In 2012, 2013, and again in 2016, the EIA adjusted our discount rates lower to reflect the continued low interest rate environment. The claim liability trend over the past five years is as follows:



### Pension Liability

For the year ended June 30, 2015, the Authority implemented GASB Statement No. 68 (GASB 68), Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, and GASB Statement No. 71 (GASB 71) Pensions Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68, with required implementation for the Authority during the year ended

## Management's Discussion & Analysis

June 30, 2015. The primary objectives of GASB 68 and GASB 71 are to improve accounting and financial reporting by state and local governments for pensions by establishing standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures. They require employers to report a net pension liability for the difference between the present value of projected pension benefits for past service and restricted resources held in trust for the payment of benefits. The Statements identify the methods and assumptions that should be used to project the benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Since GASB 68 requires retroactive application, the net pension liability offset by the related deferred outflow of resources as of June 30, 2014 reduces the beginning net position as of June 30, 2015. As a result, for the year ended June 30, 2015, the beginning net position decreased by \$2,461,387 as the cumulative effect of change in accounting principles. A description of the pension expense and changes therein is explained in footnote 7 beginning on page 70 and in the Required Supplementary Information.

The Authority has taken action and paid \$1.8 million of their liability in fiscal year 2015/16. The pension liability at June 30, 2017 is \$1.1 million.

### Target Equity

Each of the pooled programs establish Target Funding Guidelines, which determine the range of net position to retain in the program in order to provide for the uncertainty of actuarial estimates, inconsistent or inaccurate reserving, and the possibility of catastrophic claims. The purpose of the guidelines is to assist members in making funding decisions. A range is determined by looking at various ratios; for instance Gross Premium to Equity, Equity to Pool retention, Outstanding Case Reserves to Equity, and Outstanding Ultimate Reserves to Equity. The table below shows the Target Equity Range for the pooled programs and program net position:

	Target Equity Range		Program Net Position
	In millions		
	Low	High	At June 30, 2017
Primary Workers' Compensation	\$ 14.3	\$ 40.5	\$ 25.5
Excess Workers' Compensation	\$ 30.0	\$ 91.6	\$ 22.4
Primary General Liability	\$ 0.01	\$ 1.2	\$ 1.3
General Liability 1	\$ 20.1	\$ 34.8	\$ 33.1
Medical Malpractice	\$ 3.6	\$ 12.3	\$ 6.7

As the above chart shows, all programs, with the exception of the Excess Workers' Compensation Program, are in, or exceed, their Target Equity Range.

The Excess Workers' Compensation Program net position is below their Target Equity Range. First, the ultimate cost of claims (claim liabilities) for the older years continues to be higher than expected and the return on invested assets has been lower than expected. The EIA has taken steps in recent years to increase the equity in the program by capping

## Management's Discussion & Analysis

the loss exposure to the program through aggregate limits and in 2017 transferring the aggregate exposure to the Captive to increase earnings.

The following is a condensed Statement of Revenues, Expenses, and Changes in Net Position.

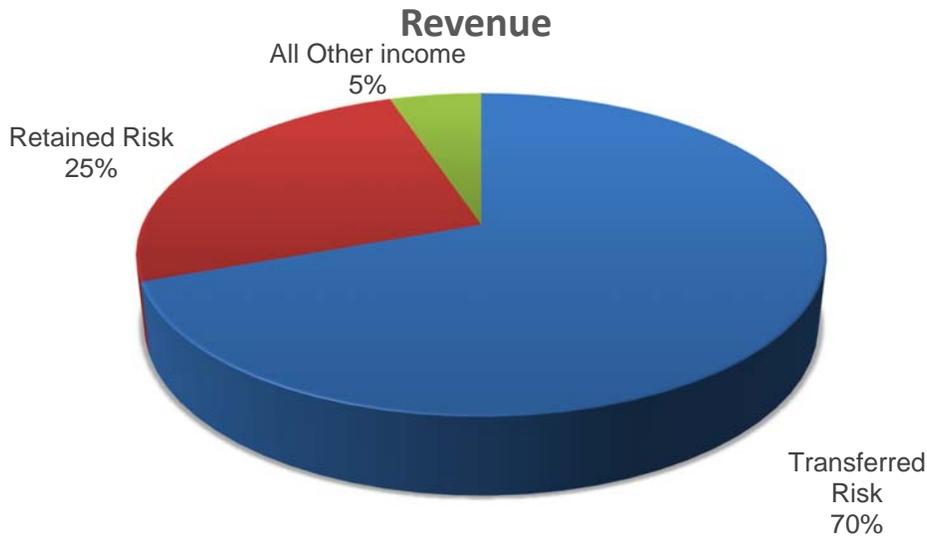
### CSAC Excess Insurance Authority Statement of Revenues, Expenses, and Changes in Net Position

	June 30, 2017	June 30, 2016	June 30, 2015
Operating Revenues:			
Premiums for Transferred Risk	\$ 535,583,984	\$ 493,749,250	\$ 443,008,816
Broker Fees	9,996,927	9,385,697	8,775,741
Contributions for Retained Risk	196,118,073	163,031,197	143,354,781
All Other Sources	24,873,174	106,875,987	19,520,413
Total Operating Revenues	<u>766,572,158</u>	<u>773,042,131</u>	<u>614,659,751</u>
Operating Expenses:			
Member Dividends	2,970,796	5,554,624	4,703,871
Stabilization Funds Distributed	64,106	477,716	-
Insurance Expense	537,135,168	496,527,761	444,479,808
Broker Fees	10,056,293	9,125,742	8,559,724
Provisions for Claims	185,159,424	213,524,014	135,224,386
Unallocated Loss Adjustment Expense	4,035,629	9,400,117	2,119,213
Program Services	13,006,216	13,744,756	12,005,843
Member Services and Subsidies	2,753,144	2,963,429	2,852,087
General Administrative Services	12,500,483	9,574,758	8,870,057
Depreciation and Building Maintenance	849,659	833,093	586,504
Total Operating Expenses	<u>768,530,918</u>	<u>761,726,010</u>	<u>619,401,493</u>
Operating Income (Loss)	<u>(1,958,760)</u>	<u>11,316,121</u>	<u>(4,741,742)</u>
NonOperating Revenues (Expenses):			
Investment Income and Financing Fees	4,929,440	14,050,330	6,283,087
Lease Income	463,338	443,946	423,319
Financing and Investment Expenses	(327,220)	(263,803)	(123,766)
Building Maintenance and Depreciation	(258,153)	(280,622)	(301,867)
Total NonOperating Revenues (Expenses)	<u>4,807,405</u>	<u>13,949,851</u>	<u>6,280,773</u>
Changes in Net Position	<u>2,848,645</u>	<u>25,265,972</u>	<u>1,539,031</u>
Cumulative Effect of Change in Accounting Principle Pensions			
	-	-	(2,461,387)
Net Position			
Beginning Balance, July 1	137,672,617	112,406,645	113,329,001
Ending Balance, June 30	<u>\$ 140,521,262</u>	<u>\$ 137,672,617</u>	<u>\$ 112,406,645</u>

## Management's Discussion & Analysis

### Revenues

Total operating revenues were \$767 million during 2017, a slight decrease from the \$773 million in 2016 mainly due to the fact that fiscal 2016 operating revenue included commutation of claims in the Excess Workers Compensation Program. Total operating revenues were \$773 million during 2016, a 26% increase from the \$614.7 million in 2015. The total revenue allocation as of June 30, 2017 is shown in the following chart:



**Membership:** There was some movement in membership in most of our programs with a net increase of 27 members for a total of 710 in 2016/17 up from 683 in 2015/16. Our employee benefits programs continue to add new members and our new Master Rolling Owner Controlled Insurance Program (wrap-up program for major construction contracts) added several new projects to our pooled program. In addition to cities, counties, and special districts we insure directly, we cover an additional 1,602 members, up slightly from 1,578 in 2016, who are part of other Joint Powers Authorities that participate in our programs.

**Premiums for Transferred Risk:** Premiums for transferred risk increase continues to increase from \$443 million in 2015 to \$494 million in 2016 and up 8% to \$536 million in 2017. Our exposure base for Workers' Compensation and General Liability programs is payroll; with the economic recovery, payrolls are growing.

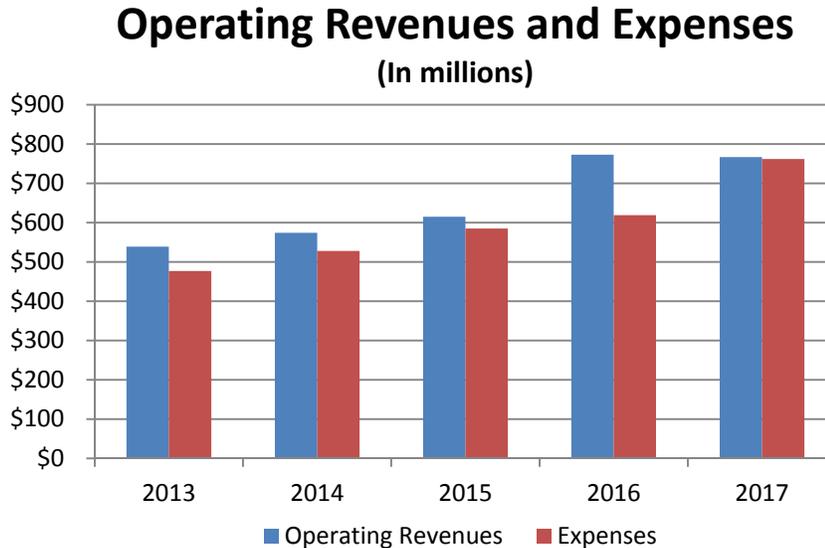
**Contributions for Retained Risk:** The EIA's contributions for retained risk revenues were \$196 million in 2017, compared to \$163 million last year and \$143 million in 2015. The contributions for retained risk, together with investment earnings, are used to finance the provision for claims. We have also experienced increase contribution for retained risk as we have expanded our corridors and transferred those to our newly established captive.

## Management's Discussion & Analysis

### Expenses

Total operating expenses increased \$6.8 million in fiscal year 2017 compared to \$142.3 million in fiscal year 2016. The significant increase in 2016 was due to lowering the discount rate in the EWC program and the claims commutation in the EWC Program the programs and increases in the self-funded aggregate layers in both the workers' compensation and general liability programs.

Operating expense compared to revenue is shown in the following chart:



Significant expense items in fiscal 2017 included:

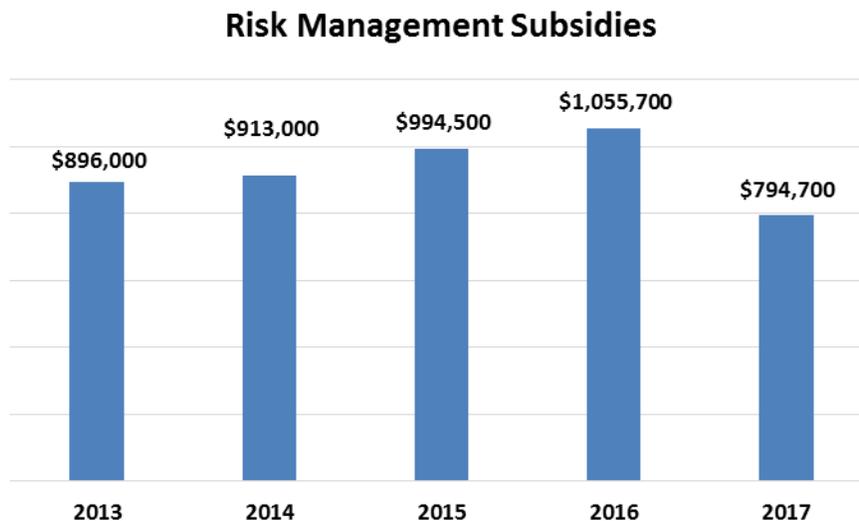
- Member dividends included a \$2.5 million dividend to members of the Primary Workers' Compensation (PWC) Program, \$266 thousand to Primary General Liability and \$205 thousand in no claim bonus payments.
- Insurance expense increased by \$41 million, mirroring the revenue increase in premiums for transferred risk.
- The provision for claims is a management estimate of the cost of pooled, or shared, claims. This estimate is based on a variety of actuarial and statistical techniques considering claims history, claim payment history and frequency, changes in the law, inflation, and other socio-economic factors. Because our claims are discounted to the present value, the effect of changes in the discount rate is included in the provision for claims. The overall provision for claims cost, both prior and current, decreased \$28.3 million from \$213.5 million in 2016 to \$185.2 million in 2017.
- Program service expenses were down 5.4% in 2017. Program services include claims administration services, claims audits, actuarial services, legal services, and other expenses necessary for the operation of each program.

## Management's Discussion & Analysis

- Unallocated Loss Adjustment Expense (ULAE) decreased by \$5.4 million from 2016 to 2017 because there was a one-time large increase in 2016 due to a reduction in the discount factor in the calculation of ULAE for third party administrators in the PWC Program.
- Membership in many EIA programs includes subsidies to enhance member's risk management programs.

The actuarial subsidy is \$2,000, available in many programs. All members of the property and casualty programs are eligible for a risk management subsidy of \$1,000 per program. A total of \$7.4 million of net position is available to members to use for risk management purposes.

The following chart shows the total dollars that were distributed through member subsidies for the last five years:



The EIA offers a variety of Loss Prevention, Claims and Risk Management services for our members. The services offered include:

- On-site and telephonic consultation
- Video, electronic and printed resource material
- Regional, on-site and web based training programs
- Facility inspections
- Hazard and exposure assessments with realistic solutions
- Crisis Incident Management and Consultation
- Drug and Alcohol Monitoring Consortium
- Policy/program evaluation and development
- Subsidy program to fund risk management services
- A Risk Management Practitioners Program
- Background Check Services
- An online Risk Assessment Tool

## Management's Discussion & Analysis

We are always in the process of re-evaluating and expanding services to members, including creating an Enterprise Risk Consultants program.

### Capital Assets

In January 2010, the new office facility at 75 Iron Point Circle, Folsom, California was purchased at a cost of \$9.2 million. We have invested in tenant improvements, both for the space occupied by the authority and for the 43% of the building that is leased out. Other investments include scheduled replacements of office equipment and computers, and investments in new technology. We are in the sixth of implementing a new claims system and are designing and testing a member dashboard system. We also provide a claims platform for members who want to lease our system. Please refer to footnote 5 (Capital Assets), for more detailed information.

### Economic Factors

The most significant economic factors that will affect the future of the EIA include the legislation that affects changes in coverage, the insurance market, the investment market, and the financial health of our members. The property market has sufficient capacity for our earthquake and flood risks. There are fewer markets for our workers' compensation and liability programs, but we are still able to insure risks at a competitive cost. Each EIA program committee is carefully monitoring changes to the insurance market, investment market, and their target equity as they make funding decisions at renewal.

### Other Information

In addition to the basic financial statements and accompanying notes to the financial statements, this report also presents certain *Required Supplementary Information* reconciling EIA claim liabilities and claim development schedules. In addition, supplemental information on the proportionate share of the net pension liability and on pension plan contributions is provided. Required supplementary information can be found beginning on page 80 of this report. The combining and individual program statements for all EIA programs are presented immediately following the required supplementary information beginning on page 96 of this report.

### Conclusion

This financial report is designed to provide a general overview of The EIA's finances for all those with an interest in the EIA's finances. Questions concerning any of the information should be addressed to the Chief Financial Officer, 75 Iron Point Circle, Suite 200, Folsom, California 95630.

**CSAC EXCESS INSURANCE AUTHORITY**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2017 AND 2016**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
<b>ASSETS:</b>		
Current Assets:		
Cash	\$ 300	\$ 300
Cash in Banks	8,730,355	11,277,564
Cash in the EIA Treasury	28,160,795	28,243,566
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	36,891,450	39,521,430
Investments	120,857,797	116,959,134
Accounts Receivable:		
Due from Members	20,111,994	16,925,542
Investment Income Receivable	2,320,764	1,863,503
Reinsurance Claims and Deposit with Carrier	7,237,930	7,539,466
Other Receivables	126,069	189,232
Prepaid Insurance and Expenses	49,999,366	44,526,910
<b>TOTAL CURRENT ASSETS</b>	237,545,370	227,525,217
Noncurrent Assets:		
Investments	496,134,754	454,639,293
Prepaid Insurance	47,844,989	46,914,848
Land and Buildings, Net	7,106,266	7,368,878
Furniture and Equipment, Net	2,731,974	2,210,001
<b>TOTAL NONCURRENT ASSETS</b>	553,817,983	511,133,020
<b>TOTAL ASSETS</b>	791,363,353	738,658,237
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Outflows Of Resources Related to Pensions	1,537,233	3,329,112
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	1,537,233	3,329,112

**CSAC EXCESS INSURANCE AUTHORITY  
STATEMENT OF NET POSITION  
JUNE 30, 2017 AND 2016**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	\$ 7,272,062	\$ 5,618,958
Deposits from Insurance Companies	5,345,760	8,426,262
Due to Members	6,629,181	14,457,782
Unearned Income	19,206,007	9,311,098
Claim Liabilities	115,179,759	106,610,685
Compensated Absences	91,826	82,086
<b>TOTAL CURRENT LIABILITIES</b>	<b>153,724,595</b>	<b>144,506,871</b>
Noncurrent Liabilities:		
Claim Liabilities		
Claims Reported	282,625,800	271,159,424
Claims Incurred But Not Reported	156,974,802	132,866,338
Unallocated Loss Adjustment Expense Payable	55,920,857	51,885,228
Compensated Absences	367,306	328,343
Other Post Employment Benefits	207,584	99,524
Net Pension Liability	1,092,027	2,024,929
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>497,188,376</b>	<b>458,363,786</b>
<b>TOTAL LIABILITIES</b>	<b>650,912,971</b>	<b>602,870,657</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Inflows of Resources Related to Pensions	1,466,353	1,444,075
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>1,466,353</b>	<b>1,444,075</b>
<b>NET POSITION:</b>		
Net Investment in Capital Assets	9,838,240	9,578,879
Unrestricted	130,683,022	128,093,738
<b>TOTAL NET POSITION</b>	<b>\$ 140,521,262</b>	<b>\$ 137,672,617</b>

**CSAC EXCESS INSURANCE AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
<b>OPERATING REVENUES:</b>		
Premiums for Transferred Risk	\$ 535,583,984	\$ 493,749,250
Broker Fees	9,996,927	9,385,697
Contributions for Retained Risk	196,118,073	163,031,197
Dividend Income	192,828	232,389
Member Services	935,244	747,513
Administration Fees	21,294,667	18,830,010
Public Entity Fees	738,862	655,463
Program Development Fees	2,400	-
Other Income	1,709,173	86,410,612
	<b>TOTAL OPERATING REVENUES</b>	<b>773,042,131</b>
	<b>766,572,158</b>	<b>773,042,131</b>
<b>OPERATING EXPENSES:</b>		
Member Dividends	2,970,796	5,554,624
Stabilization Funds Distributed	64,106	477,716
Insurance and Provision for Losses:		
Insurance Expense	537,135,168	496,527,761
Broker Fees	10,056,293	9,125,742
Provision for Claims		
Current Year Claims	163,523,365	126,500,185
Prior Years' Claims	21,636,059	87,023,829
Unallocated Loss Adjustment Expenses	4,035,629	9,400,117
Program Services	13,006,216	13,744,756
Member Services and Subsidies	2,753,144	2,963,429
General Administrative Services	12,500,483	9,574,758
Depreciation and Amortization	664,821	670,618
Building Maintenance	184,838	162,475
	<b>TOTAL OPERATING EXPENSES</b>	<b>761,726,010</b>
	<b>768,530,918</b>	<b>761,726,010</b>
	<b>OPERATING INCOME (LOSS)</b>	<b>11,316,121</b>
	<b>(1,958,760)</b>	<b>11,316,121</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	4,136,903	13,608,000
Financing Fees	792,537	442,330
Lease Income	463,338	443,946
Building Maintenance	(128,412)	(122,569)
Building Depreciation	(129,741)	(158,053)
Investment Expense	(327,220)	(263,803)
	<b>TOTAL NONOPERATING</b>	<b>REVENUES (EXPENSES)</b>
	<b>4,807,405</b>	<b>13,949,851</b>
	<b>CHANGES IN NET POSITION</b>	<b>25,265,972</b>
	<b>2,848,645</b>	<b>25,265,972</b>
<b>NET POSITION:</b>		
Net Position, Beginning of Year	137,672,617	112,406,645
	<b>NET POSITION, END OF YEAR</b>	<b>140,521,262</b>
	<b>\$ 140,521,262</b>	<b>\$ 137,672,617</b>

**CSAC EXCESS INSURANCE AUTHORITY  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 769,489,091	\$ 661,756,646
Receipts from Others	4,245,674	81,764,245
Dividends Paid	(5,509,098)	(4,714,884)
Stabilization Funds Distributed	(64,106)	(477,716)
Claims Paid	(141,015,510)	(124,152,303)
Insurance Purchased	(547,244,932)	(491,028,892)
Payments to Suppliers	(31,749,180)	(31,103,256)
Other Program Expenses	(37,948)	-
Payments to Employees	(8,775,813)	(9,264,059)
	<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>82,779,781</b>
	<b>39,338,178</b>	<b>82,779,781</b>
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES:</b>		
Purchase of Capital Assets	(1,053,923)	(1,363,618)
	<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(1,363,618)</b>
	<b>(1,053,923)</b>	<b>(1,363,618)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Lease Receipts	463,338	443,946
Operating Lease Disbursements	(128,410)	(122,569)
Purchase of Securities	(384,804,828)	(375,837,416)
Sales of Securities	333,320,929	295,781,642
Cash from Investment Earnings	10,148,247	8,624,200
Cash from Finance Fees	413,709	189,751
Investment Expenses	(327,220)	(263,803)
	<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>(71,184,249)</b>
	<b>(40,914,235)</b>	<b>(71,184,249)</b>
	<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>10,231,914</b>
	<b>(2,629,980)</b>	<b>10,231,914</b>
	<b>CASH &amp; EQUIVALENTS: BEGINNING OF YEAR</b>	<b>29,289,516</b>
	<b>39,521,430</b>	<b>29,289,516</b>
	<b>END OF YEAR</b>	<b>\$ 39,521,430</b>
	<b>\$ 36,891,450</b>	<b>\$ 39,521,430</b>

**CSAC EXCESS INSURANCE AUTHORITY  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
<b>RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating Income/(Loss)	\$ (1,958,760)	\$ 11,316,121
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation, net of leased portion	664,821	670,618
Changes in Assets and Liabilities		
Deposits, Accounts and Other Receivables, Net	(13,030,287)	(6,621,470)
Prepaid Insurance and Expenses	(6,415,273)	6,384,169
Deferred Outflows of Resources	1,791,879	(2,741,859)
Accounts and Other Payables	1,078,172	(126,096)
Unearned Income	9,884,159	(25,563,885)
Claim Liabilities	44,143,914	89,371,711
Unallocated Loss Adjustment Expense Payable	4,035,629	9,400,117
Deferred Inflows of Resources	28,122	593,450
Net Pension Liability	(932,902)	30,367
Other Liabilities	48,704	66,538
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 39,338,178</b>	<b>\$ 82,779,781</b>
 <b>NONCASH INVESTING, CAPITAL &amp; FINANCING ACTIVITIES</b>		
Unrealized gain/(loss) on investments	<b>\$ (6,089,775)</b>	<b>\$ 5,048,086</b>

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

1. Organization and Significant Accounting Policies

The accounting policies of the CSAC Excess Insurance Authority (the EIA or the Authority) conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies.

A. Organization and Reporting Entity

The Authority is a Joint Powers Authority (JPA) organized in accordance with Article 1, Chapter 5, Division 7, Title I of the California Government Code. The purpose of the entity is to develop and fund insurance programs for member counties and other public entities. The Authority operates public entity risk pools for workers' compensation, employee benefits, comprehensive liability, property, medical malpractice, and pool purchases of excess insurance and services for members.

The Authority is under the control and direction of the Board of Directors (the Board), consisting of representatives of the member counties and other public entities. For purposes of control and daily management, the Authority annually elects an Executive Committee, which consists of a President, Vice President, and nine Directors. The immediate Past President and legal advisor are non-voting (advisory) members of the Executive Committee. The Executive Committee has appointed a Chief Executive Officer.

At the June 2016 Board meeting the Authority gave staff the go-ahead to establish a captive insurance company, domiciled in and subject to the Utah Insurance Department regulations to insure only the Authority's risks. This allows the Authority to better link their long term claim liabilities with an appropriate type and term of investment. The captive, Excess Insurance Organization, Inc. (the EIO or the Captive) is reported as a blended component unit of the EIA. See foot note 3 for the Investment Policy of the captive and footnote 4 for a schedule of the liabilities insured through the captive. The governing board is made up of current EIA Board, Committee, and staff members along with EIA General Counsel and Utah Counsel.

B. Membership

There are two classes of membership; county members and public entity members. Each member has adopted the Joint Powers Agreement and has been approved by the Board of Directors.

County membership is available to California counties whose supervisors are members of the California State Association of Counties (CSAC). Currently, there are 55 counties members of the Authority. Each county member is entitled to appoint one representative to the Board. County members have nine positions on the Executive Committee.

Public entity membership is open to any other California public entity. Public entity members have seven voting seats (and three alternates) on the Board of Directors. Two seats on the Executive Committee are designated for public entity members.

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

1. Organization and Significant Accounting Policies (continued)

B. Membership (continued)

The following number of members participated in Authority programs, as of June 30, 2017 and 2016:

	2017	2016
Primary Workers' Compensation	39	38
Excess Workers' Compensation	171	167
Primary General Liability	22	23
General Liability 1	114	117
General Liability 2	15	12
Property	98	96
Medical Malpractice	51	49
Master Rolling Owner Controlled Insurance	15	8
EIAHealth	32	28
Dental	153	145

Members are assessed a contribution for each program in which they participate. Members may be subject to additional supplemental assessments, if it is determined that contributions are insufficient. The pool considers anticipated investment income in determining if a premium deficiency exists.

If a program has sufficient net position available, a dividend may be declared. Each member shall be eligible for a portion of the dividend, as determined by the Board or governing committee.

Members may withdraw from the Authority only at the end of a policy period and only if a 60 day written notice is given. The Authority may cancel a membership at any time, upon two-thirds vote of the Board and with 60 days written notice. Upon withdrawal or cancellation, a member shall remain liable for additional assessments for the program periods in which they have participated. Withdrawn or cancelled members are generally not eligible for future dividends, based on the conditions set forth in the Joint Powers Agreement.

C. Significant Accounting Policies

Basis of Presentation and Accounting

The accounts of the Authority are organized on the basis of governmental fund accounting. The Authority operates a single enterprise fund, which is considered a separate accounting entity. An enterprise fund is used to account for governmental activities where the intent is that the cost of providing goods or services is financed primarily through user charges. The Authority's operations consist of ten insurance programs, a miscellaneous program, a general administration program, a building program for the office facility it owns and the newly formed Captive. Each program has established its own chart of accounts for its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenses.

The financial statements of the Authority have been prepared in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

1. Organization and Significant Accounting Policies (continued)

C. Significant Accounting Policies (continued)

accounting and financial reporting principles. As a governmental entity, the Authority follows the accounting standard hierarchy established by the GASB. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied. The accounting records are maintained using the economic resources measurement focus and the accrual basis of accounting. Net operating income includes the cost of providing risk financing and related services, and the expenses related to providing those services. Net nonoperating income includes investment income, rental income, and the related expenses. Major revenue accrual entries include member premium receivable and investment income receivable in the EIA and EIO Treasury. Expenses are recognized when goods or services are received, or in the case of claims, when the insured event occurs. Expense accrual entries include liabilities for reported claims and liabilities for claims incurred but not reported. The financial statements are presented on a consolidated basis including the EIO but net of elimination of intercompany transactions between the EIA and the EIO.

In the year ended June 30, 2016, the Authority implemented GASB Statement No. 72 (GASB 72), *Fair Value Measurement and Application*, with required implementation for the Authority during the year ended June 30, 2016. The primary objective of the Statement is to enhance comparability between government financial statements and provide more detailed information to financial statement users about fair value and measurement techniques. Note 3 includes certain disclosures required under GASB 72 as of June 30, 2017 and 2016.

Reclassifications

Certain reclassifications have been made to prior year balances to conform to classifications used in the current year.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Authority considers cash in banks and deposits in the State of California Local Agency Investment Fund to be cash equivalents.

Investments

Investments are recorded in the Treasury (note 3) at fair value. Investment income is recorded as earned.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Interest on investments is recorded in the year the interest is earned, and is considered 100% collectible. The June 30, 2017 and June 30, 2016 balances in the other receivable accounts are considered 100% collectible.

Prepaid Expenses

Payments for insurance and other services that extend to future accounting periods have been recorded as prepaid expenses.

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

1. Organization and Significant Accounting Policies (continued)

C. Significant Accounting Policies (continued)

Capital Assets

Capital assets include building, furniture, equipment, software, and tenant improvements with an individual cost of \$5,000 or more. Capital assets are recorded at cost. Expenses for maintenance and repairs are reflected in current earnings as incurred. Upon sale or retirement of an asset, its cost and related accumulated depreciation are removed from the account balances and charged to current earnings.

Depreciation for office furniture, equipment, and software is computed using the straight-line method and an estimated useful life of three to seven years. Depreciation for the office building and tenant improvements is computed using the straight-line method, either over the lease term or the useful life of the component units, as appropriate, with the period ranging from three to sixty years.

Unearned Income

Unearned income includes payments from members or others for future services received, but not earned until a subsequent accounting period.

Unallocated Loss Adjustment Expenses Payable

Unallocated loss adjustment expenses (ULAE), include costs that cannot be specifically associated with particular claims, but are related to claims paid or the process of claim settlement and claims administration services. These costs include the cost of third party administrators in the Primary Workers' Compensation Program and Medical Malpractice programs to pay claim benefits and manage the claim until it is closed. Costs also include the cost of Authority staff to pay claims and seek recovery from reinsurance carriers. Since the workers' compensation programs have claims that may stay open for benefits until the death of the claimant, the associated ULAE is a significant liability.

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Primary Workers' Compensation	\$ 38,074,137	\$ 36,113,912
Excess Workers' Compensation	12,406,656	11,545,531
Primary General Liability	240,291	140,743
General Liability 1	2,545,810	1,552,984
General Liability 2	692,828	641,825
Property	120,341	116,338
Medical Malpractice	1,840,794	1,773,895
Totals	<u>\$ 55,920,857</u>	<u>\$ 51,885,228</u>

Compensated Absences

The Authority's vacation policy provides for a limited accumulation of earned vacation leave, with such leave being fully vested when earned. A liability of \$459,133 for vacation pay has been computed and recorded, based on the unused days multiplied by the current daily rates of pay.

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

1. Organization and Significant Accounting Policies (continued)

C. Significant Accounting Policies (continued)

At June 30, 2017, the current portion of the liability is \$91,827 and the balance of \$367,306 is considered long term.

	Fiscal Year Ended	
	June 30, 2017	June 30, 2016
Beginning Balance	\$ 410,429	\$ 343,892
Increases	\$ 355,706	329,767
Decreases	\$ (307,002)	(263,230)
Ending Balance	<u>\$ 459,133</u>	<u>\$ 410,429</u>
Current Portion	<u>\$ 91,827</u>	<u>\$ 82,086</u>
Long Term Portion	<u>\$ 367,306</u>	<u>\$ 328,343</u>

The Authority's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave, accumulated at the time of retirement, may be used in the determination of length of service for retirement benefit purposes. Since the Authority has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

Deferred Outflows/Deferred Inflows of Resources

In addition to assets and liabilities, the statement of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of resources that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. Conversely, deferred inflows of resources represent an acquisition of resources that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

Contributions made to the Authority's pension plan(s) after the measurement date but before the fiscal year end are recorded as a deferred outflow of resources and will reduce the net pension liability in the next fiscal year.

Additional factors involved in the calculation of the Authority's pension expense and net pension liability include the differences between expected and actual experience, changes in assumptions, difference between projected and actual investment earnings, changes in proportion, and differences between the Authority's contributions and proportionate share of contributions. These factors are recorded as deferred outflows and inflows of resources and amortized over various periods. See note 7 for further details related to these pension deferred outflows and inflows.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Authority's portion of the CalPERS Miscellaneous plan and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

1. Organization and Significant Accounting Policies (continued)

C. Significant Accounting Policies (continued)

Classification of Revenues

The Authority has classified its revenue as either operating or non-operating revenues. Certain significant revenue streams relied upon for operations are recorded as non-operating revenues, as defined by GASB Statement 34 including investment income. Revenues and expenses are classified according to the following criteria:

- Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as insurance premiums, assessments for insured events, administration fees, and public entity fees.
- Nonoperating revenues: Nonoperating revenues include activities that have the characteristics of non-exchange transactions and other revenue sources described in GASB Statement 34, such as investment income and finance charges.

Premiums for Transferred Risk and Contributions for Retained Risk

EIA programs blend the purchase of insurance with risk sharing pools. Premiums for transferred risk are resources collected to purchase commercial insurance. Contributions for retained risk are collected to fund our risk sharing pools and share in the cost of claims.

Both premiums for transferred risk and contributions for retained risk are collected in advance and recognized as revenues in the period for which insurance protection is provided. Workers' compensation program contributions are based on estimated payrolls and are adjusted in the subsequent fiscal year, based on actual payroll data.

Provision for Claims

The Authority's programs include both arrangements in which the members combine resources to purchase commercial insurance products and risk sharing pools, where members pool risks and funds and share in the cost of losses. Some programs include elements of both; losses up to a certain amount are pooled, and the Authority purchases excess or reinsurance for losses not covered in the pooled layer. The provision for claims expense represents the pools' expense for claim costs.

Excess Insurance and Reinsurance

The Authority uses excess insurance and reinsurance agreements to reduce its exposure to large losses on all types of insured events. Excess insurance covers claims in excess of each pool's retention layer. Reinsurance permits recovery of a portion of losses from reinsurers, although it does not discharge the primary liability of the Authority as direct insurer of the risk reinsured. The Authority does not report reinsured risk as a liability, unless it is probable that those risks will not be recovered from reinsurance.

Services

Services donated by many officers, directors, and committee members are important to the activities of the Authority. The financial statements do not recognize the value of these donated services, since there is no basis for measuring and valuing these services.

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

1. Organization and Significant Accounting Policies (continued)

C. Significant Accounting Policies (continued)

Income Taxes

The Authority is a government entity exempt under Internal Revenue Code Section 115, and is not liable for federal or state income taxes. The Authority is liable for certain payroll taxes.

Management Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the reporting date, and revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term are described elsewhere in this report.

Net Position

Net Position represents the net investment in capital assets of \$9,838,240, net of accumulated depreciation, and unrestricted net position of \$130,683,022 as of June 30, 2017, for a total of \$140,521,262. The net position as of June 30, 2016, was \$137,672,617. The unrestricted net position balances are available for future operations or distribution.

2. Cash

A. Cash and Cash Equivalents

Cash and cash equivalents, as of June 30, 2017 and 2016 are reported at fair value and consist of the following:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Petty Cash	\$ 300	\$ 300
Cash in Banks		
Primary Workers' Compensation	7,640,159	5,582,003
Primary General Liability	532,686	597,240
General Administration	278,916	5,000,000
Iron Point	278,594	98,321
Total Cash in Bank	<u>8,730,655</u>	<u>11,277,864</u>
Cash in EIA Treasury		
Cash in Bank, General Checking	15,635,054	4,278,223
Treasury Money Market	5,462,438	8,266,579
State of California,		
Local Agency Investment Fund	7,063,303	15,698,764
Total Cash in EIA Treasury	<u>28,160,795</u>	<u>28,243,566</u>
Total Cash and Cash Equivalents	<u>\$ 36,891,450</u>	<u>\$ 39,521,430</u>

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

2. Cash (continued)

B. Custodial Credit Risk

The carrying amount of the Authority's total cash in banks was \$24,365,409 at June 30, 2017, and \$15,555,788 at June 30, 2016. The bank balance was \$36,063,841 at June 30, 2017 and \$22,112,682 at June 30, 2016, and was partially insured by the Federal Deposit Insurance Corporation (FDIC). As of June 30, 2017, \$35,313,841 is in excess of FDIC insured amounts. California law requires depository banks to hold collateral equal to 110% of government funds on deposit. Our investment policy does not address custodial credit risk.

C. Authority Treasury

The Authority pools cash resources of its various programs in order to facilitate the management of cash. Cash available to a particular program is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities, as part of the Authority's investments.

The Authority and EIO's treasury accounts were comprised of the following:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Cash In Banks	\$ 21,097,492	\$ 12,544,802
Cash in State of California		
Local Agency Investment Fund	7,063,303	15,698,764
Investments	616,992,551	571,598,427
Investment Income Receivable	2,320,764	1,863,503
Total Treasury Assets	<u>\$ 647,474,110</u>	<u>\$ 601,705,496</u>

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Primary Workers' Compensation	67,258,290	\$ 71,854,346
Excess Workers' Compensation	366,079,183	396,498,157
Primary General Liability	1,620,935	1,328,399
General Liability 1	155,784,430	143,199,299
General Liability 2	534,091	9,110,568
Property	(84,607,750)	(85,429,446)
Medical Malpractice	38,480,861	35,369,334
Master Rolling Owner Controlled Ins Program	316,112	91,294
EIAHealth	4,920,101	10,809,804
Dental	18,204,933	18,007,193
Miscellaneous Programs	1,903,302	2,080,047
General Administration	12,544,600	5,340,327
Building Fund	(6,168,786)	(6,553,826)
EIO	70,603,808	0
Total Treasury Balances	<u>\$ 647,474,110</u>	<u>\$ 601,705,496</u>

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

3. Investments

The investments in the financial statements are governed by the EIA and EIO's investment policies.

The EIA's investment policy is designed to achieve an optimum rate of return on available assets not required for current operating needs. Section 53601 of the California Government Code provides the legal authority for investments. An appropriate level of risk shall be maintained by purchasing securities that are liquid, marketable, and high quality. Adequate diversification shall be applied to prevent an undue amount of investment risk with any one institution. The classes of investment that most adequately meet the above mentioned criteria shall be allowed for purchase. They are issues of the United States Government, federal agencies (GNMA, FNMA, FHLB, FFCB, and FHLMC), local government investment pools, municipal bonds including those issued by the State of California, bankers' acceptances, commercial paper, asset-backed and mortgage-backed securities, supranational, money market mutual funds and medium-term corporate notes. While not as liquid or marketable as prior mentioned securities, repurchase agreements and time certificates of deposit are also allowable investments. The Authority may also deposit investment funds with the State of California Local Agency Investment Fund.

The EIA's investment policy places limits on the purchase of various categories of investments as follows:

Category	Standard
Treasury Issues	No limitations
U.S. Agencies	25% max issuer
U.S. Corporate (MTNs)	"A" or higher by at least 1 NRSRO; 30% maximum; 5% max issuer; Issuer is a corporation organized and operating within the U.S. or by depository institutions licensed by U.S.
Municipal Securities	"A" or higher by at least 1 NRSRO; 30% maximum; 10% maximum for CA State issued munis; 5% max issuer for all others
Banker's Acceptances	"A-1" or higher short term rating by at least 1 NRSRO; "A" or higher long term rating by at least 1 NRSRO; 40% maximum; 5% max issuer; 180 days max maturity
Certificate of Deposit (CDs)/ Time Deposit (TDs)	20% maximum; 5% max issuer; FDIC insured; Fully collateralized
Negotiable CDs	"A-1" or higher short term rating by at least 1 NRSRO; "A" or higher long term rating by at least 1 NRSRO; 30% maximum; 5% max issuer
Commercial Paper	"A-1" or higher by at least 1 NRSRO; "A" or higher by at least 1 NRSRO, if long term debt issued; 25% maximum; 5% max issuer; 270 days max maturity
Asset Backed/ Mortgage Backed/ CMOs	"AA" or higher rating by a NRSRO; "A" or higher issuer rating by a NRSRO, if long term debt issued; 20% maximum; 5% max issuer
Money Market Fund	Highest rating by 2 NRSROs; 20% maximum; 10% per fund
Supranationals	"AA" or higher by a NRSRO; 30% maximum; 10% max issuer; Includes: IBRD, IFC, and IADB
Repurchase Agreements	102% colateralization; Not used by investment adviser
LAIF	Authority may invest up to the maximum permitted by LAIF; Not used by IA
Max Callable Securities	30% of the portfolio (does not include make whole securities)
Max Per Issuer	5% of portfolio (except U.S. government, Agencies/ GSEs, Money Market Fund, LGIP)
Maximum Maturity	5 years maximum maturity

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

3. Investments (continued)

The EIO's investment policy identifies procedures that will foster a prudent and systematic investment program designed to seek EIO objectives through a diversified investment portfolio. An appropriate level of risk shall be maintained by purchasing investments within the context of a well-diversified portfolio. Adequate diversification between Equities and Fixed Income securities shall be applied to prevent an undue amount of investment risk with any one area. The EIO strives to achieve returns and control risk by meeting certain asset allocation targets set forth in the EIO investment policy. The classes of investment that most adequately meet the above mentioned criteria shall be allowed for purchase. They are Equity and Fixed Income investments of US and non-US issuers, Real Estate Investment Trusts and Commodities. The investment policy also lists out some prohibited transactions such as Direct short sales of individual securities, direct margin purchases, direct investment in commodities future contracts, direct investment in real estate or direct real estate lending and Hedge funds.

A. Investment Credit Risk

The Authority's investments at June 30, 2017 and 2016 are summarized below. The credit quality rating used is Standard and Poor's, a nationally recognized rating agency.

Investments	Credit Quality Rating	June 30, 2017		June 30, 2016	
		Fair Value	%	Fair Value	%
U.S. Treasury Notes	AA+	\$ 171,135,717	27.7%	\$ 188,341,405	33%
U.S. Agencies	AA+ to A-1+	\$ 152,539,708	24.7%	154,625,201	27%
Asset Backed Securities	AAA	\$ 23,076,907	3.7%	28,145,306	5%
Asset Backed Securities	NR*	\$ 23,410,958	3.8%	10,607,051	2%
Corporate Notes	AAA to A+	\$ 91,257,305	14.9%	94,092,657	17%
Corporate Notes	A to BBB	\$ 39,259,893	6.4%	34,466,371	6%
Supranationals	AAA to A-1+	\$ 32,477,580	5.3%	8,512,061	1%
Supranationals	NR*	\$ 6,023,994	1.0%	-	0%
Calif. General Obligation Bonds	AA- to A+	\$ 33,455,975	5.4%	34,071,242	6%
Commercial Paper	A-1+ to A-1	\$ 13,147,215	2.1%	18,737,133	3%
Foreign Corporate Notes	AAA to A	\$ 609,085	0.1%	-	0%
International Equity	NR	\$ 1,617,182	0.3%	-	0%
International Real Estate	NR	\$ 560,088	0.1%	-	0%
Large Cap US Equity	NR	\$ 12,865,679	2.1%	-	0%
Mid Cap US Equity	NR	\$ 1,545,198	0.3%	-	0%
Real Estate	NR	\$ 1,494,811	0.2%	-	0%
Emerging Market Equity	NR	\$ 620,943	0.1%	-	0%
Small Cap US Equity	NR	\$ 11,894,313	1.9%	-	0%
<b>Total Investments</b>		<b>\$ 616,992,551</b>	<b>100%</b>	<b>\$ 571,598,427</b>	<b>100%</b>

NR - Not Rated

NR\* - Not rated by Standard & Poor's. However, rated Aaa by Moody's.

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

3. Investments (continued)

B. Investment Interest Rate Risk

The Authority's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Investments are generally limited to five years maturity, or less. Investments maturing over five years for the EIA must be approved by the Authority's Finance Committee.

Maturities of investments held at June 30, 2017 consist of the following:

	<u>Investment Maturities</u>			Time to Maturity
	Fair Value	Less than 1 Year	One to Five Years	
U.S. Agencies	\$ 152,539,708	\$ 19,406,732	\$ 133,132,976	3.05
Asset Backed Securities	46,487,866	1,140,981	45,346,885	2.19
Corporate Mid Term Notes	130,517,198	34,634,641	95,882,556	2.64
Municipal Bonds	33,455,975	9,998,200	23,457,775	1.39
Supranationals	38,501,574	5,298,675	33,202,900	3.35
Commercial Paper	13,147,215	13,147,215	-	0.02
Foreign Corporate	609,085	-	609,085	5.76
U.S. Treasuries	171,135,717	37,231,353	133,904,364	2.93
<b>Totals</b>	<b>\$ 586,394,338</b>	<b>\$ 120,857,797</b>	<b>\$ 465,536,541</b>	<b>2.72</b>

The Authority recognizes all investments at fair value in accordance with GASB Statement 31 and GASB Statement 72. Fair value equals estimated market values obtained from the Interactive Data Corporation (IDC) pricing system, a leading provider of financial information to global markets. The calculation of realized gains and losses is independent of the calculation of the change in the fair value of investments. Realized gains and losses of the current period include unrealized amounts from prior periods. Investment income includes \$6,089,774 of unrealized loss for the year ended June 30, 2017. In the year ended June 30, 2016, \$5,048,086 of unrealized gain was recognized.

The calculation of unrealized gains and losses are shown in the following tables:

	June 30, 2017	June 30, 2016
Fair Value at June 30,	\$ 616,992,551	\$ 571,598,427
Add: Proceeds of Investments Disposed Of	333,320,929	295,781,642
Less: Cost of Investments Purchased	(384,804,827)	(375,837,416)
Less Fair Value at July 1	(571,598,427)	(486,494,567)
<b>Change in Fair Value</b>	<b>\$ (6,089,774)</b>	<b>\$ 5,048,086</b>

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

3. Investments (continued)

	Beginning			Subtotal	Ending	
	Fair Value At July 1, 2016	Purchases	Dispositions		Fair Value At June 30, 2017	Change in Fair Value
U.S. Agencies	\$ 154,625,202	\$ 83,906,230	\$ 83,302,061	\$ 155,229,371	\$ 152,539,708	\$ (2,689,663)
Asset Based Securities	\$ 38,752,356	\$ 32,049,758	\$ 24,532,003	\$ 46,270,111	\$ 46,487,866	\$ 217,755
Corporate Notes	\$ 128,559,028	\$ 54,553,641	\$ 50,058,416	\$ 133,054,254	\$ 130,517,197	\$ (2,537,057)
Municipal Bonds	\$ 34,071,242	\$ -	\$ -	\$ 34,071,242	\$ 33,455,975	\$ (615,267)
Certificates of Deposit	\$ -	\$ 12,300,000	\$ 12,300,000	\$ -	\$ -	\$ -
Commercial Paper	\$ 18,737,133	\$ 40,590,144	\$ 46,180,062	\$ 13,147,215	\$ 13,147,215	\$ -
Supranationals	\$ 8,512,061	\$ 39,344,134	\$ 8,948,561	\$ 38,907,633	\$ 38,501,574	\$ (406,059)
U.S. Treasuries	\$ 188,341,405	\$ 89,009,869	\$ 103,209,804	\$ 174,141,470	\$ 171,135,717	\$ (3,005,753)
Foreign Corporate Notes	\$ -	\$ 406,180	\$ 400,304	\$ 5,876	\$ 5,876	\$ -
International Equity	\$ -	\$ 3,648,314	\$ 2,310,140	\$ 1,338,174	\$ 2,220,391	\$ 882,217
International Real Estate	\$ -	\$ 561,480	\$ -	\$ 561,480	\$ 560,088	\$ (1,392)
Large Cap US Equity	\$ -	\$ 11,871,333	\$ -	\$ 11,871,333	\$ 12,865,679	\$ 994,346
Mid Cap US Equity	\$ -	\$ 1,400,689	\$ -	\$ 1,400,689	\$ 1,545,198	\$ 144,509
Real Estate	\$ -	\$ 3,642,943	\$ 2,079,578	\$ 1,563,365	\$ 1,494,811	\$ (68,554)
Emerging Market Equity	\$ -	\$ 561,232	\$ -	\$ 561,232	\$ 620,943	\$ 59,711
Small Cap US Equity	\$ -	\$ 10,958,880	\$ -	\$ 10,958,880	\$ 11,894,313	\$ 935,433
Totals	\$ 571,598,427	\$ 384,804,827	\$ 333,320,929	\$ 623,082,325	\$ 616,992,551	\$ (6,089,774)

C. Concentration of Credit Risk

The EIA's investment policy places limits on the amount that may be invested in any one issuer. The limits are applied at the time the investment decision is made. These limits are summarized as follows:

	Limit per Institution	Limit per type of Investment
Treasury Notes and Bills	100%	100%
U.S. Agencies	25%	100%
Asset Backed Securities	5%	20%
Commercial Paper	5%	25%
Bankers' Acceptances	5%	40%
Corporate Mid Term Notes	5%	30%
Time Certificates of Deposit	5%	20%
Municipal Bonds	varies by state	30%
Repurchase Agreements	100%	100% (A)

(A) Repurchase Agreements must be collateralized with securities authorized by California Government Code, maintained at a level of at least 102% of the market value of the Repurchase Agreement. Maximum maturity may not exceed one year.

The EIO's investment policy places long-term asset allocation targets stated below:

	<u>EIO Target</u>
Equities	0% - 50%
Fixed Income	50% - 100%

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

3. Investments (continued)

1. The equity allocation limitation are specific to the surplus funds of the Captive.
2. The asset manager will be responsible for determining the asset allocation within the targets and rebalance as necessary.
3. The Fixed Income allocation includes the liquidity portion to meet short-term cash flow requirements. The liquidity portfolio will maintain cash and cash equivalents of \$250,000 as required by the Utah Insurance Department regulations.
4. It is further noted the maximum amount of equity exposure, at time of purchase, will be limited to 40% of the aggregated surplus of the CSAC EIA and the EIO.

The investments in the EIO portfolio as of June 30, 2017 conform to these guidelines.

Investments with one institution that represent 5% or more of the total investment portfolio are listed below. Investments issued or explicitly guaranteed by the U.S. government and investments with the State of California's Local Agency Investment Fund (LAIF) have been excluded.

<u>Issuer</u>	<u>Number of Securities</u>	<u>Fair Value</u>	<u>Percentage of Total Portfolio</u>
Federal National Mortgage Assn	14	\$ 86,659,419	14.0%
Federal Home Loan Bank	7	\$ 41,737,993	6.8%
California ST	2	\$ 33,455,975	5.4%

D. Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that categorizes the inputs to valuation techniques used to measure fair value into three levels. The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

- Level 1    Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2    Inputs to the valuation methodology include inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.
- Level 3    Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within a fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

U. S. Agency Bonds, U.S. Treasury Notes, Asset Backed Securities, Corporate Mid Term Notes, Municipal Bonds, Supranationals, Foreign Corporate Notes and Commercial Paper are valued using Level 2 inputs. International equity, International real estate, Large cap equity, Mid cap equity, Real Estate, Emerging market equity and Small cap US equity are valued using Level 1 inputs.

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

3. Investments (continued)

The following table sets forth by level, within the fair value hierarchy, the Authority's assets at fair value as of June 30, 2017.

Investment type	Assets at Fair Value as of June 30, 2017		
	Level 1	Level 2	Level 3
US Agencies	-	\$ 152,539,708	-
Asset Backed Securities	-	\$ 46,487,866	-
Corporate Medium Term Notes	-	\$ 130,517,198	-
Foreign Corporate Notes	-	\$ 609,085	-
Municipal Bonds	-	\$ 33,455,975	-
Supranationals	-	\$ 38,501,574	-
Commercial Paper	-	\$ 13,147,215	-
US Treasuries	-	\$ 171,135,717	-
International Equity	\$ 1,617,182	-	-
International Real Estate	\$ 560,088	-	-
Large Cap US Equity	\$ 12,865,679	-	-
Mid Cap US Equity	\$ 1,545,198	-	-
Real Estate	\$ 1,494,811	-	-
Emerging Market Equity	\$ 620,943	-	-
Small Cap US Equity	\$ 11,894,313	-	-
<b>Total</b>	<b>\$ 30,598,214</b>	<b>\$ 586,394,338</b>	<b>\$ -</b>

The following tables sets forth by level, within the fair value hierarchy, the Authority's assets at fair value as of June 30, 2016.

Investment type	Assets at Fair Value as of June 30, 2016		
	Level 1	Level 2	Level 3
U.S. Agencies	-	\$ 154,625,202	-
Asset Backed Securities	-	38,752,356	-
Corporate Mid Term Notes	-	128,559,028	-
Municipal Bonds	-	34,071,242	-
Supranationals	-	8,512,061	-
Commercial Paper	-	18,737,133	-
U.S. Treasuries	-	188,341,405	-
<b>Total</b>	<b>\$ -</b>	<b>\$ 571,598,427</b>	<b>\$ -</b>

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

3. Investments (continued)

E. California's Local Agency Investment Fund (LAIF)

The Authority may also invest in the State of California's LAIF, administered by the State Treasurer. California law restricts the Treasurer to investments in the following categories: U.S. Government securities, securities of federally sponsored agencies, domestic corporate bonds, interest bearing time deposits in California banks and savings and loan associations, prime-rated commercial paper, repurchase and reverse repurchase agreements, security loans, bankers acceptances, negotiable certificates of deposit, supranational debentures, and loans to various bond funds. LAIF investments are audited annually by the Pooled Money Investment Board and the State Controller's Office. Copies of this audit may be obtained from the State Treasurer's Office, 915 Capitol Mall, Sacramento, California 95814.

The total amortized cost of Pooled Money Investment Account at June 30, 2017, is \$77,621,442,814. The fair value is estimated at \$77,539,216,146 or 0.998940671% of cost. The average maturity of LAIF investments is 194 days at June 30, 2017.

The Authority's balance in LAIF at June 30, 2017, was \$7,063,303 and is recognized at LAIF's cost. LAIF's cost approximates the fair value of the Authority's shares. The Authority's balance in LAIF at June 30, 2016, was \$15,698,764, and was also valued at LAIF's cost. LAIF is not rated by the investment rating firms.

4. Claim Liabilities

The Authority establishes claim liabilities based on estimates of the ultimate cost of claims (including claims adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. Because actual claim cost depends on such complex factors as inflation, changes in doctrines of legal liability and damage awards, the process used in computing claim liabilities does not necessarily result in an exact amount. Claim liabilities are recomputed periodically using a variety of actuarial and statistical techniques. Claim liability estimates reflect recent settlements, claims frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claims cost is implicit in the calculation because reliance is placed both on actual historic data that reflects past inflation, and on other factors that are considered to be approximate modifiers of past experience. Adjustments to claim liabilities are charged, or credited, to expense in the period in which they are made.

The governing committees have elected to establish claim liabilities in some programs at a level which includes investment income on monies set aside to pay claims, that is, on a discounted basis. Total claim liabilities at June 30, 2017 of \$769,494,990, have been presented at the net present value of \$610,701,218. At June 30, 2016, claim liabilities of \$719,059,799, are presented at their present value of \$562,521,675, discounted based on the estimated investment income yield.

Annually, the Board and committees evaluate the discount rate to be used for pool funding and for the actuarial valuation of claim liabilities. This is of particular importance for the Excess Workers' Compensation Program, the General Liability 1 Program and the Medical Malpractice Programs, because claim liabilities are paid off over a longer period of time. The rates in each program will vary because of the claims payout pattern.

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

4. Claim Liabilities (continued)

The Excess Workers' Compensation Program has an extremely long payout period due to the nature of the claims. This is an "excess" program, meaning coverage sits on top of a member's self-insured retention, which can vary from \$125 thousand up to \$5 million. Much of the liability arises as a result of a future medical award, or disability award, that extends for the life of the injured worker, who may collect benefits for over 30 years. The total funds available to pay those claims earn interest for years, and because of the size of the program, a change in the discount rate results in a change in the liability of millions. The following chart shows the sensitivity of claim liabilities to the discount rate selected and the resulting effect on net position.

Discount Effect on Claim Liabilities in the EWC Program			
Discount Rate Selected	3.00%	2.00%	1.00%
Claim Liabilities	338,799,058	372,395,855	414,006,196
Net Position Balance	22,357,907	(11,238,890)	(52,849,231)

In the Primary Workers' Compensation Program, we only retain the first \$10 thousand of liability for the years 2009/10 to 2015/16. Since this is paid relatively quickly, the claims for these years are not discounted. For the year 2016/17 this liability was transferred to the Captive. In fiscal year 2017, we commuted or bought back the claim liabilities for the 1997-2004 years of \$9,763,994 which was the balance of the aggregate stop loss coverage. We transferred this risk to the Captive. Over and above the stop loss coverage we estimate a claim liability of \$8,653,258 which is retained by the EIA and discounted at 1.5%. The claims for the period 2004/05 to 2008/09 are fully insured.

The discount rate for each program is as follows:

<u>Program</u>	<u>Discount rate</u>
Primary Workers' Compensation	0% 2009/10 forward
Primary Workers' Compensation	1.5% 2003/04 and prior
Excess Workers' Compensation	3.00%
General Liability 1	1.75%
General Liability 2	no discount
Property	no discount
Medical Malpractice	1.75%
Dental	no discount

A summary of the claim liabilities by program is as follows:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Primary Workers' Compensation	\$ 55,218,289	\$ 53,681,505
Excess Workers' Compensation	338,799,058	362,055,168
Primary General Liability	273,240	257,598
General Liability 1	119,396,406	104,501,966
General Liability 2	3,925,012	11,466,825
Property	245,341	362,062
Medical Malpractice	30,274,229	27,773,445
Dental	1,927,909	2,423,106
EIO Captive	60,641,734	
Total Claim Liabilities	<u>\$ 610,701,218</u>	<u>\$ 562,521,675</u>

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

4. Claim Liabilities (continued)

The following represents changes in those aggregate liabilities for the Authority for the past two years:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Unpaid claims and claim adjustment expenses at the beginning of the fiscal year	\$ 562,521,675	\$ 463,749,847
Incurred claims and claim adjustment expenses:		
Provision for Retained Risk of the current fiscal year	167,558,994	135,900,302
Increase in Provision for Retained Risk, prior fiscal years	21,636,059	87,023,829
Total incurred claims & claim adjustment expenses	<u>189,195,053</u>	<u>222,924,131</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	48,649,975	32,945,206
Claims and claim adjustment expenses attributable to insured events of the prior fiscal years	<u>92,365,535</u>	<u>91,207,097</u>
Total Payments	<u>141,015,510</u>	<u>124,152,303</u>
Total Unpaid claims and claim adjustment expenses at the end of the fiscal year	<u>\$ 610,701,218</u>	<u>\$ 562,521,675</u>
Reported Claims	\$ 397,805,559	\$ 377,770,109
Incurred But Not Reported Claims	156,974,802	132,866,338
Unallocated Loss Adjustment Expenses	<u>55,920,857</u>	<u>51,885,228</u>
Total Claim Liabilities	<u>\$ 610,701,218</u>	<u>\$ 562,521,675</u>
Current Claim Liabilities	\$ 115,179,759	\$ 106,610,685
Non-current Claim Liabilities	<u>495,521,459</u>	<u>455,910,990</u>
Total Claim Liabilities	<u>\$ 610,701,218</u>	<u>\$ 562,521,675</u>

A. Primary Workers' Compensation

The Primary Workers' Compensation (PWC) Program was established on July 1, 1997. The PWC Program is a full service program including claims administration. The Program blends pooling of workers' compensation claims with purchasing of insurance. The Program covers workers' compensation claims up to \$125 thousand, per occurrence. Claims in excess of \$125 thousand are the responsibility of the Authority's Excess Workers' Compensation Program.

In March 2010, the Authority completed a Loss Portfolio Transfer to ACE Insurance Company of the claim liabilities for the July 2004 through June 2009 years. The Authority will continue to administer the claims and is responsible for the Unallocated Loss Adjustment Expense on a go forward basis for those claim years, but ACE is responsible for all claim payments. In August 2016, we commuted or bought back the claim liabilities for the 1997-2004 years of \$9,763,994 which was the balance of the aggregate stop loss coverage. We transferred this risk to the Captive.

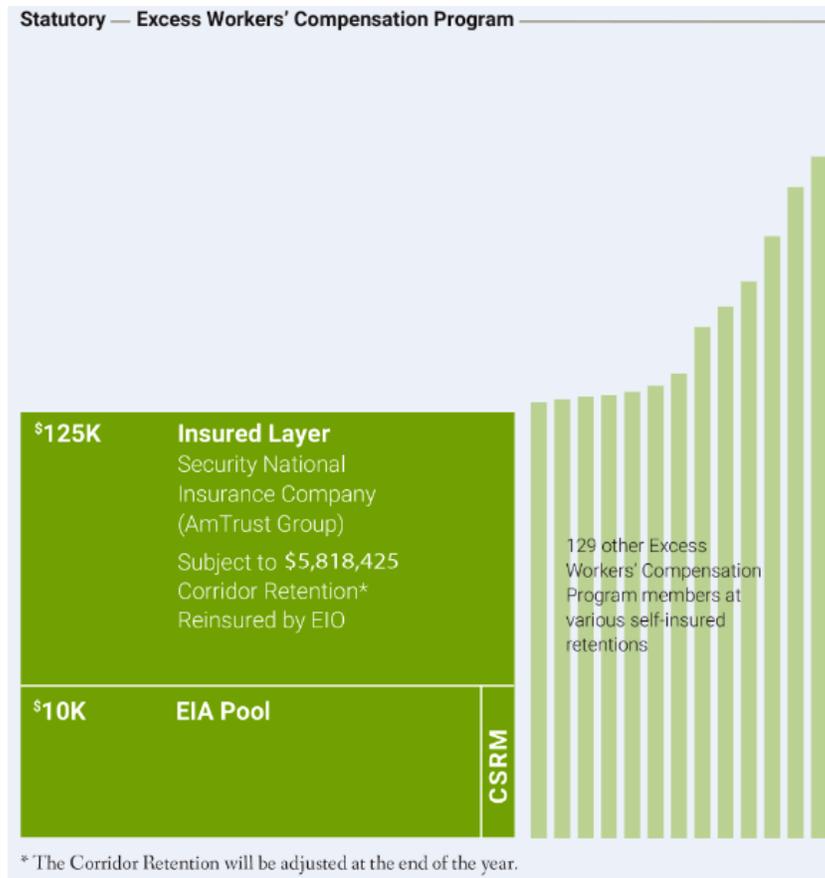
**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

4. Claim Liabilities (continued)

A. Primary Workers' Compensation (continues)

For the 2009/10 through 2015/16 policy years, the Authority purchased insurance for claim liabilities in excess of \$10 thousand (per claim) up to \$125 thousand. For the 2009/10 through the 2011/12 years the coverage was with CastlePoint National Insurance Company which has been placed in conservatorship. Any amounts not covered by CastlePoint will be covered by the California Insurance Guaranty Association (CIGA). For 2016/17 policy year, the coverage in excess of \$10 thousand (per claim) up to \$125 thousand was purchased subject to a corridor retention of \$5,818,425. This risk was transferred to the captive as well. For July 1, 2016 to April 30, 2017, AmTrust Group covers this layer subject to a corridor retention of \$4,189,474 that is transferred to the captive. From May 1, 2017 to June 30, 2018, Ace/Chubb covers this exposure subject to a corridor of \$12,378,173 that is transferred to the captive as well. Only the proportionate corridor of \$1,628,951 for two months, May and June 2017, has been transferred to the captive in fiscal 2017. The program has a liability for total claim and ULAE of \$55,218,289 out of which Unallocated Loss Adjustment Expense (ULAE) liabilities are at \$38,074,137.

**Primary Workers' Compensation**



**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

4. Claim Liabilities (continued)

B. Excess Workers' Compensation

The Excess Workers' Compensation (EWC) Program was first established by the EIA in 1979. In recent years, the Authority had retained responsibility for the payment of workers' compensation claims in excess of each member's self-insured retention (SIR) up to \$5 million. On July 1, 2008, the structure of the Program changed with the EIA ceding 70% of the liability for the layer from the member's SIR to \$1 million to American Safety Casualty Insurance Company, with the EIA retaining 30% of that layer. Beginning July 1, 2010, the EIA began ceding 80% of the liability to CastlePoint National Insurance Company, with the EIA retaining 20%. In August 2016, the California Insurance Commissioner placed Castlepoint Insurance Companies (Castlepoint) in conservatorship/liquidation. The California Insurance Guarantee Association (CIGA) will pay up to \$500,000 on each claim. The Authority estimates the ultimate cost of the EWC claims for this period, not covered by CIGA to be \$1.1 million, and after application of the 3% discount factor, \$767,000 was included in the June 30, 2017 claim liabilities.

Members' SIRs vary between \$125 thousand and \$5 million and are approved by the Underwriting Committee. The Authority's coverage responsibility has varied from 1979 to present, as follows:

November 1, 1979 to October 5, 1993	SIR to \$500k
October 6, 1993 to January 1, 1995	SIR to \$750k
January 1, 1995 to June 30, 2002	SIR to \$300k
July 1, 2002 to June 30, 2008	SIR to \$5M
July 1, 2008 to June 30, 2010	SIR to \$1M - 30%-EIA; 70% - American Safety Casualty Insurance Company
July 1, 2010 to June 30, 2012	SIR to \$1M - 20%-EIA; 80% - CastlePoint National Insurance Company
July 1, 2008 to June 30, 2011	100% from \$1M to \$5M above the SIR
July 1, 2011 to June 30, 2012	\$3.5M Aggregate deductible in the \$1M to \$5M layer
July 1, 2012 to June 30, 2013	\$23.8M aggregate deductible in the SIR to \$1M layer and \$4.1M aggregate deductible in the \$1M to \$5M layer
July 1, 2013 to June 30, 2014	\$19.9M aggregate deductible in the SIR to \$5M layer
July 1, 2014 to June 30, 2015	Core Tower - \$23.5M aggregate deductible in the SIR to \$5M layer. Educational Tower effective 1/1/15 - \$8.6M aggregate corridor deductible.
July 1, 2015 to June 30, 2016	Core Tower - \$24.9M aggregate deductible in the SIR to \$5M layer. Educational Tower \$6.1M aggregate corridor
July 1, 2016 to June 30, 2017	Core Tower - \$22.06M aggregate transferred to the EIO. Educational Tower \$10.4M aggregate corridor transferred to our captive subsidiary

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

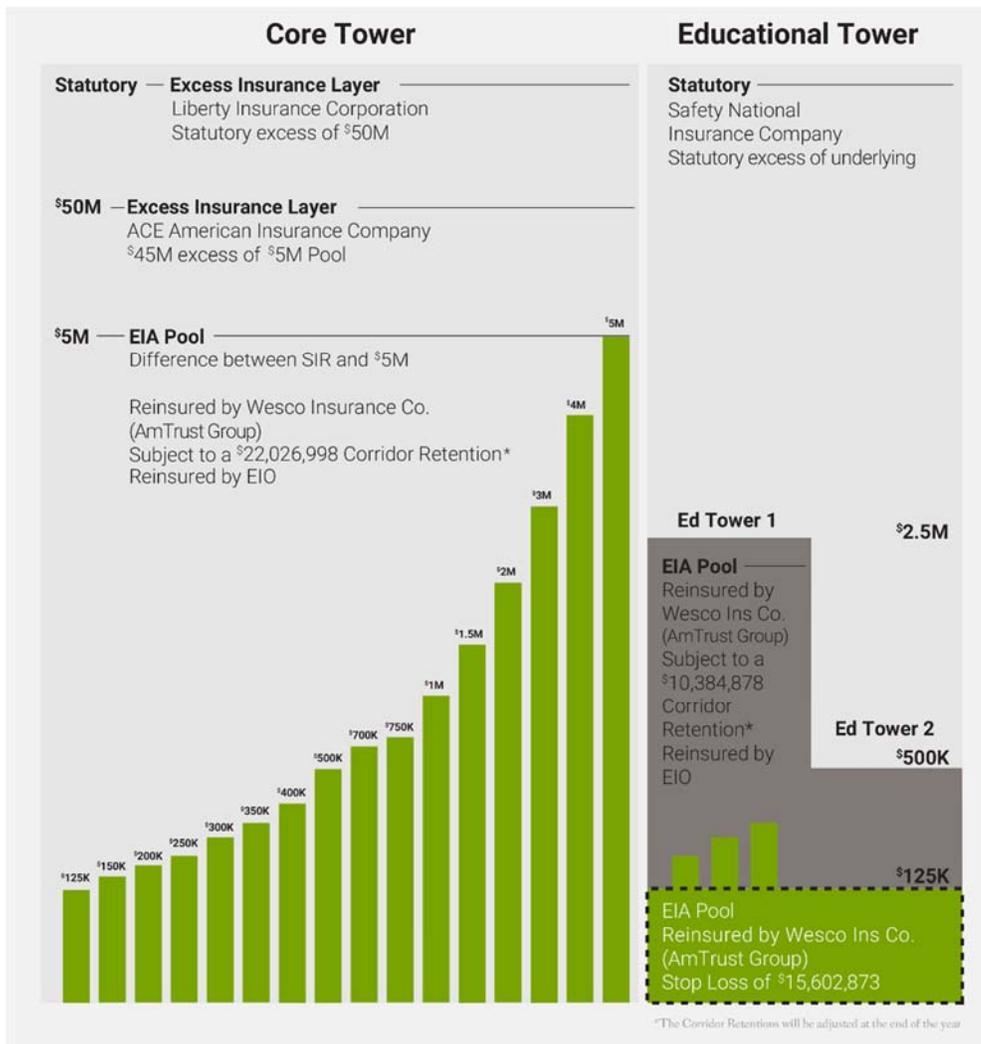
4. Claim Liabilities (continued)

B. Excess Workers' Compensation (continued)

The Board has established the target equity (net position) range for the Program, between \$30 million and \$92 million. To support that goal, the Underwriting Committee has made the following recommendations, which were adopted by the Board, to address the risk of adverse loss development. Starting in 2008/09 and continuing to 2016/17, the EIA has purchased insurance to reduce our pool exposure in the SIR to \$5 million layer. This transfer of risk significantly reduces the effect of adverse loss development in this insured layer. In addition, the confidence level (the percent at which future claims are funded) is higher than the expected level, and the pool layer premium has been calculated without regard to any savings from insuring the layer. In 2016/17 the aggregate deductible was transferred to the Captive.

The chart below shows the current structure of the Program.

Excess Workers' Compensation



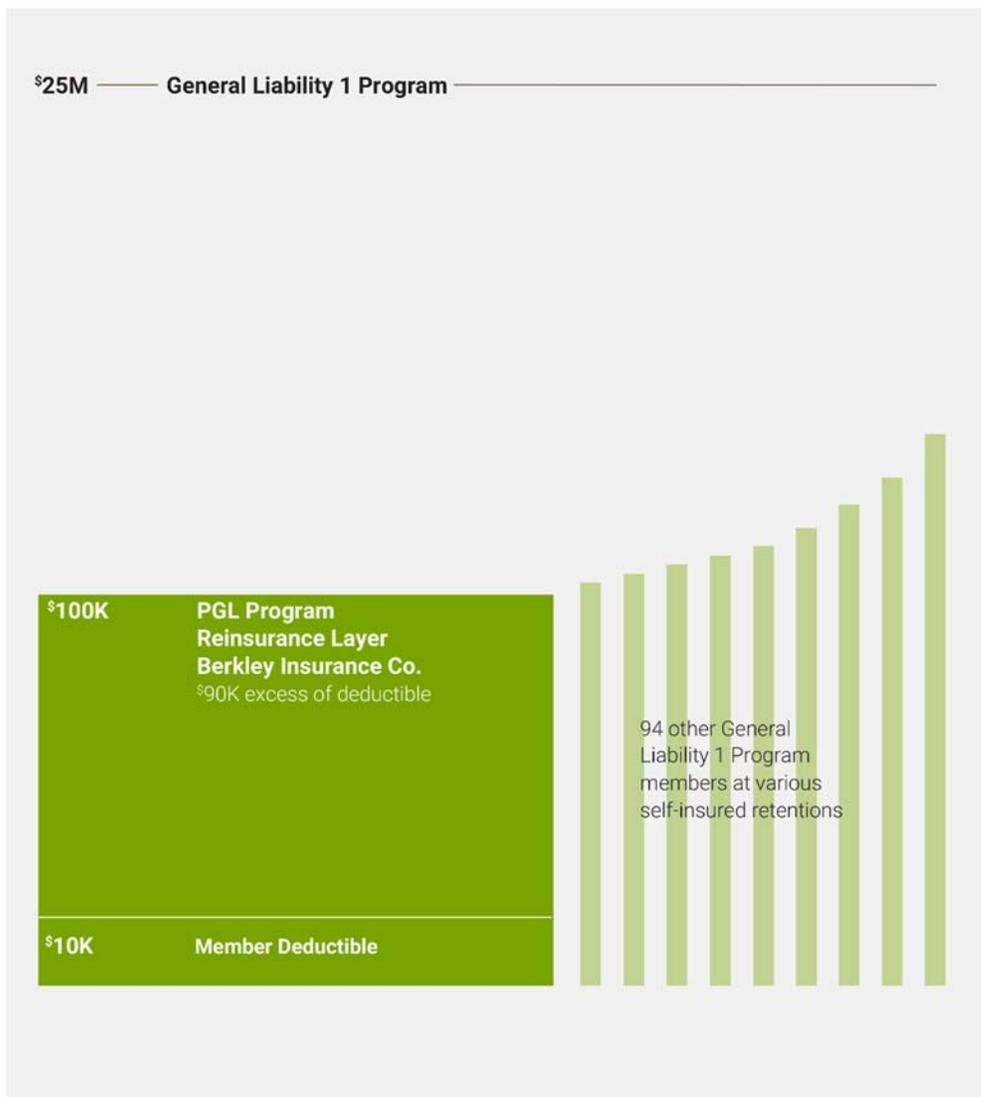
**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

4. Claim Liabilities (continued)

C. Primary General Liability

The Primary General Liability (PGL) Program was established in 1998. Each member of the PGL Program has a \$10 thousand deductible, per claim. Claim costs above the \$10 thousand deductible, and below the \$100 thousand limit, are the responsibility of the Authority's PGL Program. Coverage in the primary layer is written to follow the form of the General Liability 1 Program. Claims are not discounted. The chart below shows the current structure of the Program.

Primary General Liability



**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

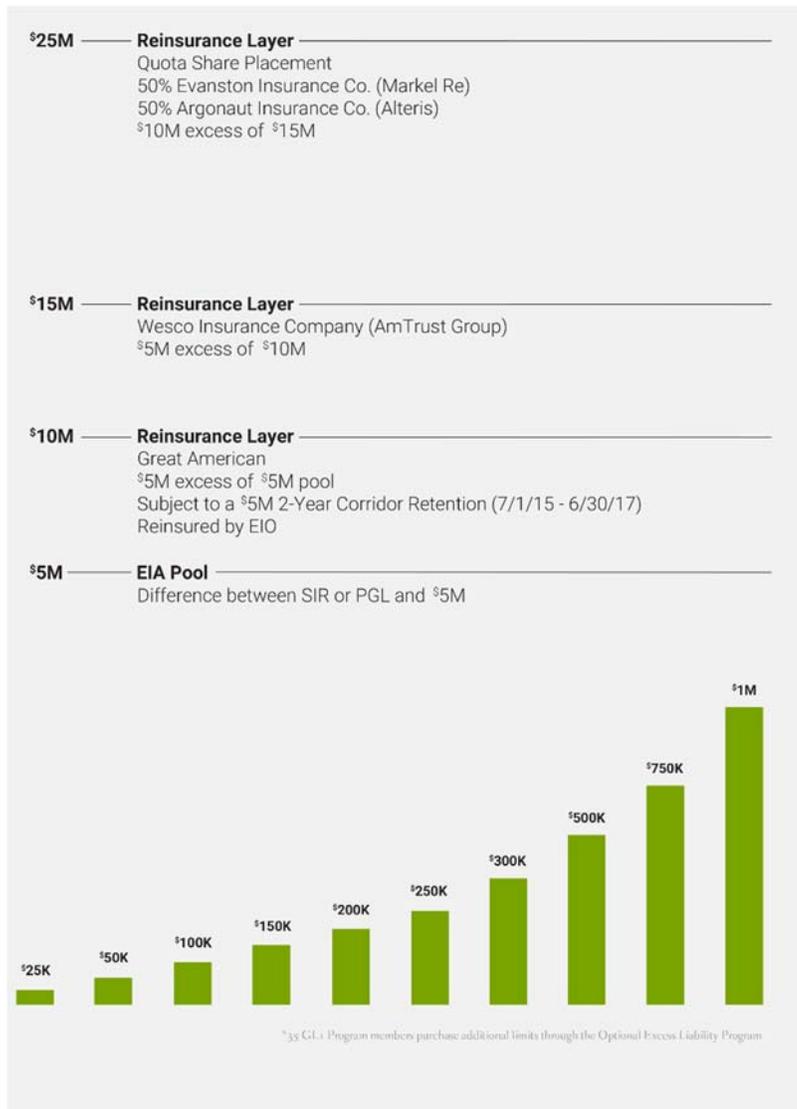
4. Claim Liabilities (continued)

D. General Liability 1

The Authority's General Liability 1 (GL1) Program began pooling risk on July 1, 1985. The GL1 Program combines risk retention, risk pooling and the purchase of excess reinsurance. Each member maintains an SIR between \$25 thousand and \$1 million. In the 2015/16 and 2016/17 fiscal years, the pool retained the responsibility for claims in excess of each member's SIR up to \$5 million and purchased reinsurance from \$5 million up to \$25 million. In addition, in the first reinsurance layer (from \$5 million to \$10 million), the Program is responsible for the first \$5 million in claims (should they occur) over the 2-year period encompassing the 2015/16 and 2016/17 fiscal years. This risk is transferred to the captive. Claim liabilities are recognized based on the actuarial estimate of the expected ultimate claim cost, discounted at 1.75%. Reinsurance has been purchased for claims in excess of the pool limits. Additional coverage can be added by purchasing optional excess liability insurance, which is available as part of the Miscellaneous Liability Programs.

The chart below shows the current structure of the Program.

**General Liability 1**



**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

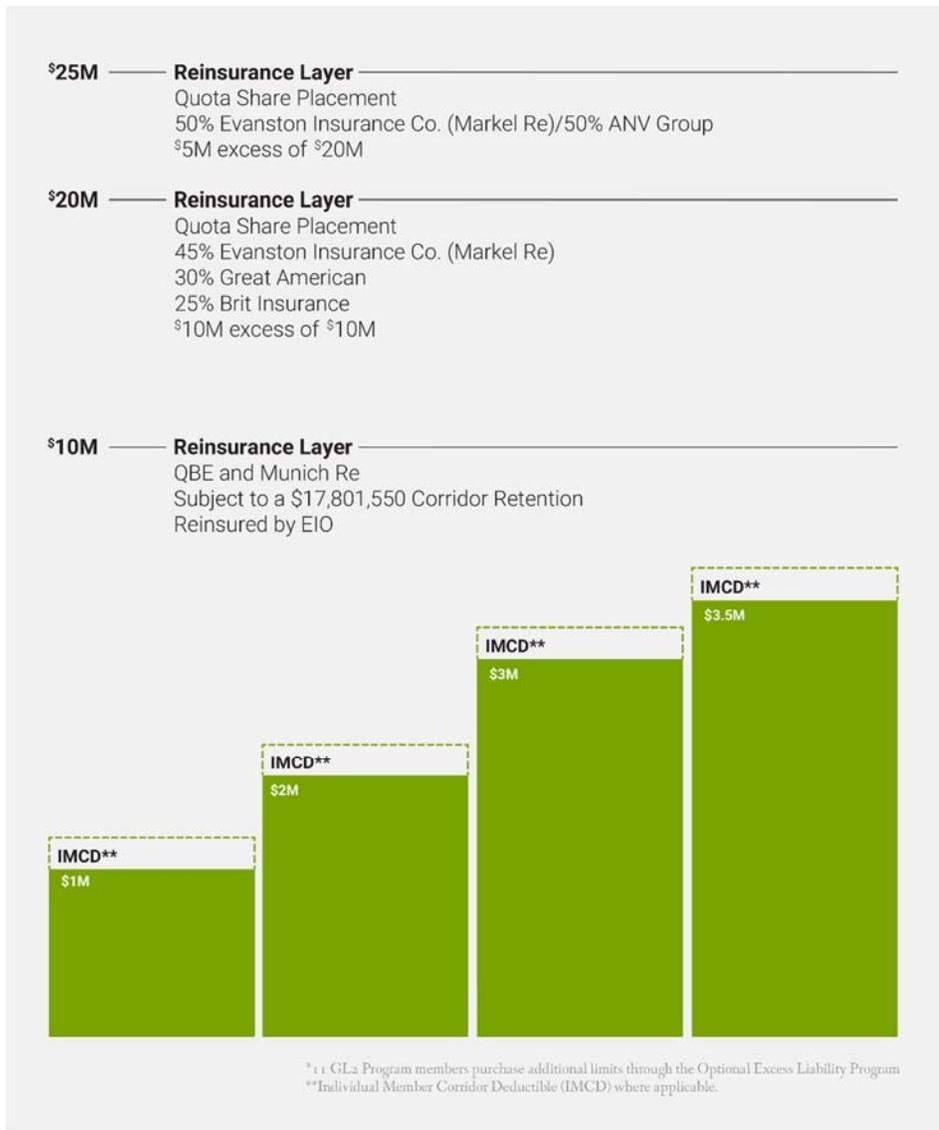
4. Claim Liabilities (continued)

E. General Liability 2

The General Liability 2 (GL2) Program was designed to meet the liability insurance needs of the larger members. The Program began February 15, 1991. Each member is responsible for their SIR ranging from \$1 million to \$3.5 million. The 2013/14 policy year was written on a fully insured basis. The structure changed in the 2014/15 year to add a pool funded corridor retention, which was \$17,801,550 million for the 2016/17 year and \$9 million for the 2015/16 year. In 2016/17 policy year, this corridor was transferred to the Captive.

The chart below shows the current structure of the Program.

General Liability 2



**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

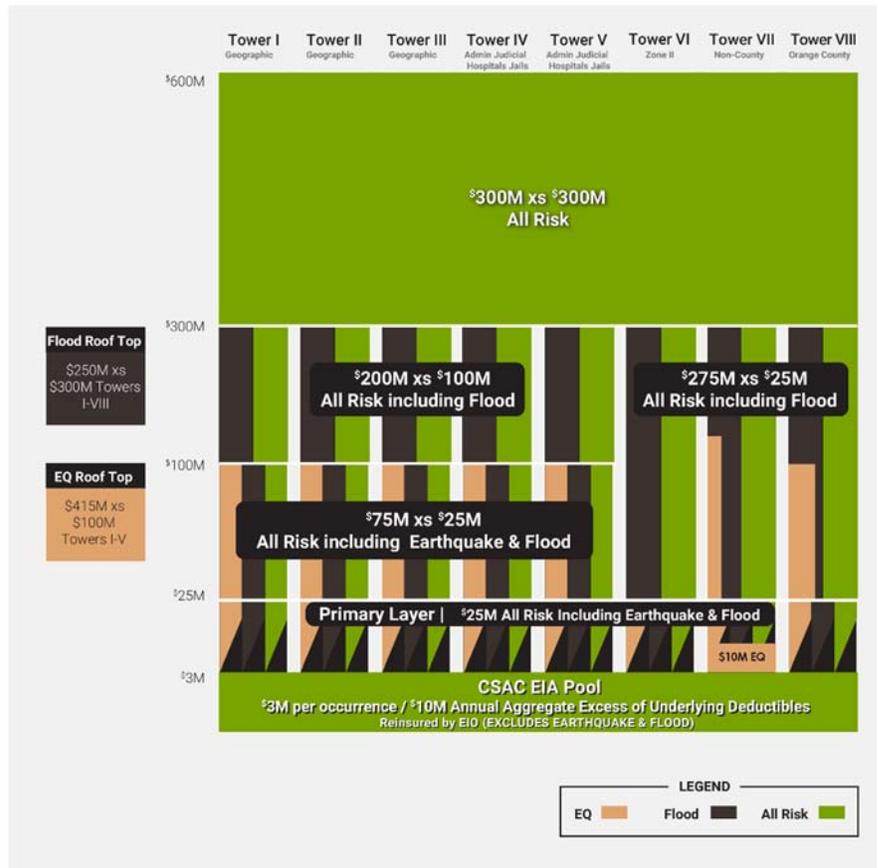
4. Claim Liabilities (continued)

F. Property

The Authority's Property Program was established to allow members to group purchase primary and excess property insurance. The coverage provides all risk, flood, boiler and machinery and earthquake limits. Members are responsible for deductibles ranging from \$5 thousand to \$100 thousand. There are other unique deductible requirements for specific types of claims. In 2016/17 the earthquake deductible was bought down to 2% of the insured value, with a deductible cap of \$100 million. The pool assumes the risk for the difference between the members' deductible and the insurance deductible. Optional coverage is available for contractor's equipment, auto physical damage, and fine arts.

The primary portion of the Property Program requires a three-year pre-payment of the premium. Members are billed each July for the coverage period April 1<sup>st</sup> to March 31<sup>st</sup>. The primary insurance policy has pool limits of \$3 million per claim and \$10 million aggregate. Beginning in 2014, we have partially funded at \$8 million a \$30 million catastrophic flood pool. In the 2016/17 year, the catastrophic flood pool was combined with the earthquake buy-down risk and members were charged \$2.5 million (\$1 million for flood risk and \$1.5 million for earthquake risk) to fund the pool.

Excess insurance provides coverage for flood, earthquake, and other catastrophic events with various limits. For purposes of excess coverage including flood and earthquake, member property is divided among eight placements of "towers" to spread exposures around the State. The structure of the Property Program is as follows:



**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

4. Claim Liabilities (continued)

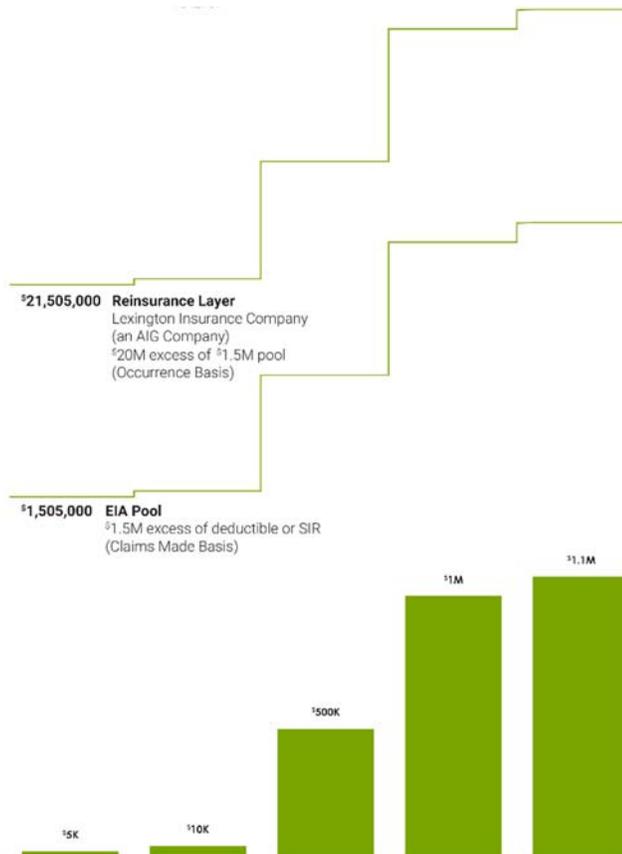
G. Medical Malpractice

The Medical Malpractice Program was established June 1, 1988, to provide medical malpractice, general liability, and blanket contract health coverage to public health facilities. The Program provides coverage to members with exposures ranging from large acute care hospitals to small public and mental health clinics. The Medical Malpractice Program combines risk retention, risk pooling, and the purchase of excess insurance. The pooled layer is \$1.5 million excess of each member's deductible or retention.

The Program is divided into two groups for underwriting purposes – Program 1 for larger members with self-insured retentions, and Program 2 for smaller members with deductibles. Medical Malpractice Program 1 members have a range of self-insured retentions from \$500 thousand to \$1.1 million. Medical Malpractice Program 2 members can elect deductibles from \$5 thousand to \$10 thousand.

The Program structure is illustrated in the following chart:

**Medical Malpractice**



**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

4. Claim Liabilities (continued)

H. Dental

In the pooled Dental plan claim liabilities are very predictable based on capped benefits. The claim liability at June 30, 2016 of \$2.4 million is undiscounted and is considered short term.

5. Capital Assets

Capital assets include land, buildings, tenant improvements, furniture, equipment and software assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

A capital asset summary of the land, buildings, and equipment is presented below:

	June 30, 2015	Additions/ Deductions	June 30, 2016	Additions/ Deductions	June 30, 2017
Land	\$ 1,000,000	\$ -	\$ 1,000,000	\$ -	\$ 1,000,000
Depreciable Assets:					
Buildings and Tenant Improvements	7,920,843	167,721	8,088,564	11,527	8,100,091
Furniture and Equipment	1,224,235	93,913	1,318,148	63,381	1,381,529
Software	1,676,978	1,077,099	2,754,077	961,967	3,716,044
Total Depreciable Assets	10,822,056	1,338,733	12,160,789	1,036,875	13,197,664
Less Accumulated Depreciation	(2,778,123)	(803,787)	(3,581,910)	(777,514)	(4,359,424)
Net Depreciable Assets	8,043,933	534,946	8,578,879	259,361	8,838,240
Net Land, Buildings and Equipment	\$ 9,043,933	\$ 534,946	\$ 9,578,879	\$ 259,361	\$ 9,838,240

Depreciation of furniture, equipment and software is reported as an operating expense in the General Administration Fund. Depreciation for the building and tenant improvements is reported in the Building Fund. Total accumulated depreciation is reported as follows:

	Balance at June 30, 2015	Additions/ Deductions	Balance at June 30, 2016	Additions/ Deductions	Balance at June 30, 2017
Accumulated Depreciation Detail					
Buildings and Tenant Improvements	\$ (1,423,224)	\$ (296,461)	\$ (1,719,685)	\$ (274,139)	\$ (1,993,824)
Furniture and Equipment	(1,021,597)	(76,566)	(1,098,163)	(72,082)	(1,170,245)
Software	(333,302)	(430,760)	(764,062)	(431,293)	(1,195,355)
Total	\$ (2,778,123)	\$ (803,787)	\$ (3,581,910)	\$ (777,514)	\$ (4,359,424)

Depreciation is calculated using the straight-line method. The useful life for major classes of capital assets range from 60 years for the building, 10-25 years for tenant improvements of the EIA, over the lease terms of 5-10 years for leased tenant improvements, and 3-7 years for furniture, equipment and software.

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

6. Operating Leases

The Authority has leased 84% of the first floor, of its two story building, at 75 Iron Point Circle. The Authority occupies the entire second floor. Leases with various commercial tenants have been executed for periods of 5 to 10 years, with one lease having additional options to extend, but none exceeding 10 years. The cost of tenant improvements for the space under lease is \$843,832, with accumulated depreciation of \$626,620. The cost of the building and improvements under lease is \$3,311,067, with accumulated depreciation of \$988,977. The following is the schedule of lease revenue receivable under these operating leases:

2018	\$	472,712
2019		481,919
2020		425,470
2021		132,800
Total	<u>\$</u>	<u>1,512,901</u>

7. Employee Retirement System

The Authority provides pension benefits to its employees through the 2% at age 55 Miscellaneous Plan, a cost-sharing multiple-employer defined benefit pension plan (Classic) maintained by CalPERS, an agency of the State of California. Effective January 1, 2013, new employees not eligible to participate in the 2% at 55 plan, are covered under the new Public Employees' Pension Reform Act Plan (PEPRA), which has a different benefit structure, 2% at age 62 and other differences. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California.

Collectively, the Classic Plan and the PEPRA Plan are referred to as the Plans. CalPERS issues a publicly available financial report that includes financial statements and required supplementary information for the Plans. This report is available at the CalPERS' website, [www.calpers.ca.gov](http://www.calpers.ca.gov), under Forms and Publications

A. General Information about the Pension Plan

Benefits Provided

The benefits for the Plans are established by contract with CalPERS, in accordance with the provisions of the California Public Employees' Retirement Law (PERL). The benefits are based on members' years of services, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. To be eligible for service retirement, members must be at least 50 and a minimum of five years of CalPERS-credited services. Members after January 1, 2013 must be at least 52.

Contribution Description

Section 20814(c) of the PERL requires employer contribution rates for all public employers be determined on an annual basis by the actuary and are effective on the July 1 following notice of a change in the rate. The contributions are determined through the CalPERS' annual actuarial valuation process. The Plans' actuarially determined rate is based on the estimated amount necessary to pay the Plans' allocated share of the risk pool's costs of

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

7. Employee Retirement System (continued)

A. General Information about the Pension Plan (continued)

benefits earned by employees during the year, and any unfunded accrued liability. The Authority is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The Authority's required contribution rate on covered payroll for the measurement period ended June 30, 2016 (the measurement date) was 9.454% of annual pay.

For the year ended June 30, 2017, the legally required contributions were \$551,010. The required contribution is recognized as a Deferred Outflow of Resources Related to Pensions. These contributions have reduced the net pension liability reported as of June 30, 2017.

Actuarial Assumptions

For the measurement period ended June 30, 2016 (the measurement date), the total pension liability (TPL) was determined by rolling forward the June 30, 2015 TPL. The June 30, 2016 and June 30, 2015 TPL were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.65%
Mortality Rate Table (1)	Derived using CalPERS' Membership data for all funds
Post Retirement Benefits Increase	Contract COLA up to 2.75% until Purchasing Power Portectoin Allowance Floor on Purchasing Power applies, 2.75% thereafter

(1) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

7. Employee Retirement System (continued)

A. General Information about the Pension Plan (continued)

Changes in Assumptions

There were no changes in assumptions during the measurement period ended June 30, 2016.

Discount Rate

The discount rate used to measure the total pension liability is 7.65%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65% discount rate is appropriate and the use of the municipal bond rate calculation is not necessary. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations, as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

7. Employee Retirement System (continued)

A. General Information about the Pension Plan (continued)

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

<b>Asset Class</b>	<b>New Strategic Allocation</b>	<b>Real Return Years 1 - 10<sup>1</sup></b>	<b>Real Return Years 11+<sup>2</sup></b>
Global Equity	51%	5.25%	5.71%
Global Fixed Income	19.00	0.99	2.43
Inflation Sensitive	6.00	0.45	3.36
Private Equity	10.00	6.83	6.95
Real Estate	10.00	4.50	5.13
Infrastructure and Forestland	2.00	4.50	5.09
Liquidity	2.00	(0.55)	(1.05)

<sup>1</sup> An expected inflation of 2.5% used for this period

<sup>2</sup> An expected inflation of 3.0% used for this period

Sensitivity of the Authority's Proportional Share of the Net Pension Liability to the Changes in the Discount Rate

The following presents the net pension liability (asset) of the plan as of the 6/30/2016 measurement date, calculated using the discount rate of 7.65 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65 percent) or 1 percentage-point higher (8.65 percent) than the current rate:

<b>6/30/2015 Measurement Date</b>	<b>Discount Rate -1% (6.65%)</b>	<b>Current Discount Rate (7.65%)</b>	<b>Discount Rate +1% (8.65%)</b>
Plans Net Pension Liability	\$ 3,395,947	\$ 2,024,929	\$ 892,994

For the measurement date of 6/30/2015, the following presents the net pension liability (asset) of the plan calculated using the discount rate of 7.65 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65 percent) or 1 percentage-point higher (8.65 percent) than the current rate:

<b>6/30/2015 Measurement Date</b>	<b>Discount Rate -1% (6.65%)</b>	<b>Current Discount Rate (7.65%)</b>	<b>Discount Rate +1% (8.65%)</b>
Plans Net Pension Liability	\$ 3,395,947	\$ 2,024,929	\$ 892,994

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

7. Employee Retirement System (continued)

A. General Information about the Pension Plan (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

	2016-2017 Fiscal Year	2015-2016 Fiscal Year
Valuation Date (VD)	June 30, 2015	June 30, 2014
Measurement Date (MD)	June 30, 2016	June 30, 2015
Measurement Period (MP)	July 1, 2015 to June 30, 2016	July 1, 2014 to June 30, 2015

At June 30, 2017 the Authority reported a net pension liability (NPL) of \$1,092,027 and \$2,024,929 at June 30, 2016 for its proportionate share of the Miscellaneous Pool's NPL.

The Authority's NPL for the Plan is measured as the proportionate share of the NPL. The NPL of the Plan is measured as of June 30, 2016. The total pension liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. Using the Authority's individual employer rate plan's share of the risk pool TPL and Fiduciary Net Position (FNP), the proportionate shares of the TPL and FNP at the measurement date are determined for the Authority by the actuary. The Authority's proportionate share of the NPL for PERF C as of June 30, 2016 was 0.157030% for the Classic Plan and PEPRA Plan combines. The Authority's proportionate share of the NPL for PERF C as of June 30, 2015 was 0.178543% and .020650% for the Classic Plan and PEPRA Plan, respectively.

For the year ended June 30, 2017, the Authority recognized pension expense of \$1,432,265. At June 30, 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Expected and Actual Experience	\$ 19,031	\$ (4,361)
Changes in Assumptions	-	(180,055)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	937,127	-
Change in Proportions		(1,281,937)
Change in Proportionate Share of Contributions	30,065	-
Contributions Subsequent to the Measurement Date	551,010	-
<b>Total</b>	<b>\$ 1,537,233</b>	<b>\$ (1,466,353)</b>

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

7. Employee Retirement System (continued)

A. General Information about the Pension Plan (continued)

The \$551,010 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the NPL in the year ending June 30, 2018.

For the year ended June 30, 2016, the Authority recognized pension expense of \$268,387. At June 30, 2016, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Expected and Actual Experience	\$ 37,553	\$ -
Changes in Assumptions	-	(355,289)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	910,674	(1,088,786)
Contributions Subsequent to the Measurement Date	2,380,885	-
<b>Total</b>	<b>\$ 3,329,112</b>	<b>\$ (1,444,075)</b>

At June 30, 2017, other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized as pension expense as follows:

<b>Measurement Period Ended June 30:</b>	<b>Deferred Outflows/(Inflows) of Resources</b>
2017	\$ 4,135
2018	\$ 5,778
2019	\$ 38,673
2020	\$ 22,294
Total	<u>\$ 70,880</u>

8. Other Postemployment Benefits (OPEB)

A. Plan Description

The Authority's defined benefit postemployment healthcare plan, CSAC Excess Insurance Authority Postemployment Healthcare Plan (CSAC EIA OPEB), provides limited medical benefits for retired employees and their beneficiaries. CSAC EIA OPEB is affiliated with the CalPERS health care program. The Authority contributes these benefits to the agent multiple-employer defined benefit postemployment healthcare plan administered by CalPERS Health Services Division. Retired employees and their beneficiaries must continue their participation in a CalPERS health care program to access CSAC EIA OPEB benefits.

CalPERS issues a publicly available financial report that includes financial statements and required supplementary information. Copies of CalPERS' annual financial report may be obtained from their executive office, 400 Q Street, Sacramento, California 95814.

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

8. Other Postemployment Benefits (OPEB) (continued)

A. Plan Description (continued)

The Public Employees' Medical and Hospital Care Act of the State of California assigns the authority to establish and amend benefit provisions to the CalPERS Board of Directors. The postemployment health care benefit rates per month, per retiree, have been established by the CalPERS Board of Directors, as shown below. Retirees, or their beneficiaries, are responsible for the remaining balance of their monthly health care cost.

Calendar Year 2015	\$122.00 per month
Calendar Year 2016	\$125.00 per month
Calendar Year 2017	\$128.00 per month
Thereafter	Adjusted by the CalPERS Board to reflect changes in the medical care component of the CPI

B. Funding Policy

The Authority is contractually required to contribute, at the rates assessed by CalPERS, as shown above. The Authority's accounting policy required that the unfunded net OPEB obligation be recognized as a liability of the General Administration Program, in accordance with GASB Statement 45. In September 2013, the Authority elected to participate in an irrevocable trust. The trust, California Employees' Retirement Benefit Trust (CERBT) fund, is administered by CalPERS. The Authority has elected to fully fund the explicit portion of the EIA OPEB liability by accumulating assets in CERBT. Starting this fiscal year, because of a change in actuarial standards there will be an accumulating liability for the implicit portion of the liability. This implicit liability arises because of the inherent liability created when expected retiree medical claims exceed retiree premiums.

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for fiscal years ended 2013 through 2017 were as follows:

Fiscal Year Ended	Net Employer Contribution	Annual OPEB Expense	% of Annual OPEB Expense Contributed	Net OPEB Obligation
June 30, 2015	\$ 34,071	\$ 35,442	96.13%	\$ 1,043
June 30, 2016	\$ 58,218	\$ 156,699	37.15%	\$ 198,005
June 30, 2017	\$ 55,263	\$ 163,323	33.84%	\$ 315,644

The Authority's funding progress for other postemployment benefits as of the most recent valuation date July 1, 2015 is as follows:

Actuarial accrued liability (AAL)	\$ 1,169,578
Actuarial value of plan assets	589,700
Unfunded (Overfunded) actuarial accrued liability (UAAL)	<u>\$ 579,878</u>

Funded ratio (actuarial value of plan assets/AAL)	50.42%
Projected Covered Payroll (active plan members)	\$ 5,267,300
UAAL as a percentage of covered payroll	11.01%

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

8. Other Postemployment Benefits (OPEB) (continued)

B. Funding Policy (continued)

The value of actuarial accrued assets (AAL) in CERBT as of June 30, 2017 was \$565,463.

The annual required contribution for the fiscal year ended June 30, 2017, and the net OPEB obligation as of June 30, 2017, was as follows:

Annual Required Contribution	
Normal Cost	\$ 118,483
Amortization of UAAL (30 Years)	40,677
Interest to June 30, 2015 and ARC Adjustment	7,497
Total Annual Required Contribution (ARC)	<u>166,657</u>
Interest on Net OPEB Obligation at beginning of year	4,006
ARC Adjustment for current fiscal year	(7,340)
Less Net Employer Contribution	(55,263)
Balance forward from 2015	99,524
Net OPEB Obligation (Asset)	<u>\$ 207,584</u>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, immediately following the notes to the financial statements (in the Required Supplemental Information section), presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members), and include the types of benefits provided at the time of each valuation and historical pattern of sharing of benefit cost between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2015 actuarial valuation, the entry age normal cost level percent of pay method was used. The actuarial assumptions included a 6.5% investment rate of return (net of administrative expenses), an annual healthcare cost trend rate of 4.5%, and an open 20 year amortization period. The market value of assets method was used to determine the value of assets.

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

9. Reliance Bankruptcy

The Authority has purchased insurance, and reinsurance, policies with Reliance Insurance Company. On May 29, 2001, Reliance was taken over by the State of Pennsylvania Insurance Department and is in the process of being liquidated. The State of Pennsylvania Department of Insurance was appointed as the liquidator. The Authority had coverage with Reliance for three of its programs; Excess Workers' Compensation (EWC), Primary General Liability (PGL), and Medical Malpractice. Although the Authority paid PGL claims that would have been covered by Reliance, the Authority is no longer pursuing any claims in bankruptcy. The Authority has received nominal amounts in recovery of Medical Malpractice claims. The Authority estimates that the ultimate cost of the EWC claims for 1996/97, insured by Reliance Insurance Company, which are not covered by the California Insurance Guarantee Association (CIGA), is \$1.7 million and is included in claims liabilities.

10. Castlepoint Liquidation

In August 2016 the California Insurance Commissioner placed Castlepoint Insurance Companies (Castlepoint) in conservatorship. Castlepoint is in liquidation since March 1, 2017. California Insurance Guarantee Association (CIGA) is administering the liquidation and paying claims. The Authority has insured the 2010/11 and 2011/12 years in the Primary Workers' Compensation Program in the layer from \$10,000 to \$125,000 with Castlepoint. Because this is covered through CIGA we do not expect the program will have any losses.

The Excess Workers' Compensation Program also had coverage through Castlepoint on a quota-share basis in the 2010/11 and 2011/12 years on an 80% quota-share basis for the \$1 million excess of SIR layer. Here, because CIGA's coverage is limited to \$500,000 per claim, the program does have exposure due to the liquidation. The Authority estimates the ultimate cost of the EWC claims for this period, not covered by CIGA to be \$1.1 million, and this amount is included in claim liabilities.

**REQUIRED SUPPLEMENTAL INFORMATION**

**CSAC Excess Insurance Authority  
Required Supplementary Information  
Schedule of Proportionate Share of the Net Pension Liability  
As of June 30, 2017  
Last 10 Years\***

	Measurement Date		
	2016	2015	2014
Authority's Proportion of the Net Pension Liability (Asset)	0.031435%	0.073809%	0.03205%
Authority's Proportionate Share of the Net Pension Liability (Asset)	\$ 1,092,027	\$ 2,024,929	\$ 1,994,562
Authority's Covered-Employee Payroll	\$ 5,449,159	\$ 4,924,748	\$ 4,058,309
Authority's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	20.04%	41.12%	49.13%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.40%	78.40%	83.03%

\* Fiscal year 2015 was the 1st year of implementation, therefore only three years are shown.

**Notes to Schedule:**

**Change of benefit terms** - In 2017 and 2016, there were no changes to the benefit terms.

**Change in assumptions** - In 2017 and 2016, there were no changes in assumptions

**CSAC Excess Insurance Authority  
Required Supplementary Information  
Schedule of Pension Plan Contributions  
As of June 30, 2017  
Last 10 Years\***

	Measurement Date		
	2016	2015	2014
Contractually Required Contribution (Actuarially Determined)	\$ 551,010	\$ 533,877	\$ 587,253
Contributions in Relation to the Contractually Required Contributions	(551,010)	(533,877)	(587,253)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered- Employee Payroll	\$ 6,441,367	\$ 5,449,159	\$ 4,924,748
Contributions as a Percentage of Covered-Employee Payroll	8.55%	9.80%	11.92%

\* Fiscal year 2015 was the 1st year of implementation, therefore only three years are shown.

**CSAC Excess Insurance Authority  
Required Supplementary Information  
Schedule of Funding Progress**

**Schedule of Funding Progress - Other Postemployment Benefits (OPEB):**

Refer to footnote 8A for a description of the Plan.

Actuarial Valuation Date	Actuarial Accrued Liability (AAL)	Actuarial Value of Assets	Unfunded AAL	Funded Ratio	Covered Payroll	Unfunded AAL (UAAL) as a % of Covered Payroll
July 1, 2010	393,045	-	393,045	0.00%	3,793,952	10.36%
July 1, 2013	377,960	-	377,960	0.00%	4,531,924	8.34%
July 1, 2015	496,974	521,852	(24,878)	105.00%	5,101,501	-0.50%

**CSAC EXCESS INSURANCE AUTHORITY  
RECONCILIATION OF UNPAID CLAIMS LIABILITIES  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

	Primary Workers' Compensation	Excess Workers' Compensation	Primary General Liability	General Liability 1	General Liability 2	Property	Medical Malpractice	Dental	EIO Captive	Total June 30, 2017	Total June 30, 2016
Unpaid Claims and Claim Adjustment Expenses at the											
A. Beginning of the Fiscal Year	\$ 53,681,505	\$ 362,055,168	\$ 257,598	\$ 104,501,966	\$ 11,466,825	\$ 362,062	\$ 27,773,445	\$ 2,423,106	\$ -	\$ 562,521,675	\$ 463,749,847
Incurring Claims and Claim Adjustment Expenses:											
Provision for Claims											
Current Fiscal Year	10,927,225	15,776,763	99,548	29,514,536	51,003	281,579	5,918,964	29,186,280	75,803,096	167,558,994	135,900,302
Prior Fiscal Years	(1,369,136)	14,591,000	(127,061)	7,848,740	-	-	692,516	-	-	21,636,059	87,023,829
B. Total Incurred	9,558,089	30,367,763	(27,513)	37,363,276	51,003	281,579	6,611,480	29,186,280	75,803,096	189,195,053	222,924,131
Payments:											
Attributable to insured events of the											
Current Fiscal Year	4,245,304	3,623,460	-	-	-	-	37,635	29,681,477	15,161,362	52,749,238	32,945,206
Prior Fiscal Years	3,776,001	50,000,413	(43,155)	22,468,836	7,592,816	398,300	4,073,061	-	-	88,266,272	91,207,097
C. Total Payments	8,021,305	53,623,873	(43,155)	22,468,836	7,592,816	398,300	4,110,696	29,681,477	15,161,362	141,015,510	124,152,303
Total Unpaid Claims and Claim Adjustment Expenses at											
D. End of the Fiscal Year (A+B-C)	\$ 55,218,289	\$ 338,799,058	\$ 273,240	\$ 119,396,406	\$ 3,925,012	\$ 245,341	\$ 30,274,229	\$ 1,927,909	\$ 60,641,734	\$ 610,701,218	\$ 562,521,675
Claims Reported	\$ 13,313,027	\$ 252,290,209	\$ 32,949	\$ 69,829,563	\$ 3,232,184	\$ 125,000	\$ 18,723,434	\$ 1,927,909	\$ 38,331,284	\$ 397,805,559	\$ 377,770,109
Claims Incurred But Not Reported	3,831,125	74,102,193	-	47,021,033	-	-	9,710,001	-	22,310,450	156,974,802	132,866,338
Unallocated Loss Adjustment Expenses	38,074,137	12,406,656	240,291	2,545,810	692,828	120,341	1,840,794	-	-	55,920,857	51,885,228
Total Claim Liabilities	\$ 55,218,289	\$ 338,799,058	\$ 273,240	\$ 119,396,406	\$ 3,925,012	\$ 245,341	\$ 30,274,229	\$ 1,927,909	\$ 60,641,734	\$ 610,701,218	\$ 562,521,675
Current Claim Liabilities	\$ 8,000,000	\$ 50,000,000	\$ 32,949	\$ 32,000,000	\$ 3,232,184	\$ 125,000	\$ 9,361,717	\$ 1,927,909	\$ 10,500,000	\$ 115,179,759	\$ 106,610,685
Noncurrent Claim Liabilities	47,218,289	288,799,058	240,291	87,396,406	692,828	120,341	20,912,512	-	50,141,734	495,521,459	455,910,990
Total Claim Liabilities	\$ 55,218,289	\$ 338,799,058	\$ 273,240	\$ 119,396,406	\$ 3,925,012	\$ 245,341	\$ 30,274,229	\$ 1,927,909	\$ 60,641,734	\$ 610,701,218	\$ 562,521,675

**CSAC EXCESS INSURANCE AUTHORITY  
REQUIRED SUPPLEMENTAL INFORMATION  
ALL PROGRAMS  
NOTES TO EARNED PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION  
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2017**

The following schedule illustrates how the Fund's earned premiums (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Fund as of the end of each of the last 10 years. The rows of the schedule are defined as follows:

1. This line shows the total of each fiscal year's earned premium, revenues ceded to reinsurers and stop-loss policies, and investment revenues. The total revenues are net of dividends returned to members.
2. This line shows the liability for unallocated loss adjustment expenses not allocated to individual claims.
3. This line shows the Fund's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event occurred that triggered coverage under the contract (called policy year).
4. This section of rows shows the cumulative amounts paid as of the end of each successive year for each policy year.
5. This line shows the latest reestimated amount of claims assumed by reinsurers as of the end of the current year for each policy year.
6. This section of rows shows how each policy year's incurred claims increased or decreased as of the end of each successive year. These annual reestimations result from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims not previously known.
7. This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought.

As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

The columns of the schedule show data for successive policy years.

**CSAC EXCESS INSURANCE AUTHORITY**  
**ALL PROGRAMS**  
**SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT**  
**FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2017**

POLICY YEAR	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017
Earned Premiums	\$ 228,191,188	\$ 205,457,419	\$ 219,499,107	\$ 240,734,572	\$ 250,968,652	\$ 265,948,996	\$ 292,385,972	\$ 328,093,606	\$ 358,706,516	\$ 411,413,848
Less Ceded	(85,715,084)	(90,750,025)	(118,671,863)	(124,032,299)	(140,284,953)	(133,678,087)	(164,918,367)	(179,542,634)	(195,688,530)	(222,224,386)
Supplemental Assessments	-	-	-	-	-	-	-	-	-	-
Dividends Declared	(450,000)	(653,090)	(3,000,000)	-	-	-	-	-	-	-
Investment Earnings	18,706,102	10,167,332	8,598,720	2,823,565	2,413,024	3,013,730	2,536,456	3,006,789	2,159,484	3,263,471
<b>1. Total Revenues Available</b>										
For Payment of Claims	160,732,206	124,221,636	106,425,964	119,525,838	113,096,723	135,284,639	130,004,061	151,557,761	165,177,470	192,452,933
<b>2. Unallocated Loss</b>										
Adjustment Expense	5,411,045	5,714,052	5,515,051	10,045,110	7,740,832	8,141,541	11,138,936	11,216,428	18,967,457	10,925,402
<b>3. Estimated Incurred Claims</b>	191,608,272	168,334,312	183,365,692	206,982,890	209,305,986	218,054,385	249,930,968	283,822,636	321,324,593	437,500,823
Less Ceded Claims	(78,219,476)	(74,730,617)	(113,217,423)	(118,226,513)	(134,379,694)	(127,385,441)	(159,600,439)	(174,175,861)	(190,101,307)	(274,130,034)
Net Incurred Claims and Expenses, End of Policy Year	113,388,796	93,603,695	70,148,269	88,756,377	74,926,292	90,668,944	90,330,529	109,646,775	131,223,286	163,370,789
<b>4. Cumulative Paid Claims as of:</b>										
End of the Policy Year	11,956,063	7,844,284	20,742,041	31,556,350	30,092,932	37,166,285	35,078,443	41,819,464	46,845,645	52,254,041
One Year Later	35,294,585	31,740,599	24,775,301	40,386,985	43,112,132	47,650,221	48,129,843	55,107,212	62,990,323	-
Two Years Later	76,638,605	36,081,133	28,490,072	49,629,509	48,937,969	56,141,733	55,838,278	64,984,162	-	-
Three Years Later	91,033,594	56,503,539	44,598,044	70,179,385	56,857,493	66,795,768	69,238,862	-	-	-
Four Years Later	100,573,280	73,732,143	49,414,887	77,730,591	66,851,630	76,730,519	-	-	-	-
Five Years Later	105,408,448	79,350,732	53,121,168	84,953,804	70,003,396	-	-	-	-	-
Six Years Later	109,384,194	84,153,972	58,281,241	89,875,536	-	-	-	-	-	-
Seven Years Later	116,148,995	87,388,060	61,684,842	-	-	-	-	-	-	-
Eight Years Later	118,414,862	89,982,812	-	-	-	-	-	-	-	-
Nine Years Later	127,875,280	-	-	-	-	-	-	-	-	-
<b>5. Reestimated Ceded Claims and Expenses</b>	29,673,595	42,410,488	95,964,964	57,569,883	102,127,292	103,733,656	135,877,500	107,763,416	70,193,162	14,537,671
<b>6. Reestimated Incurred Claims and Expenses</b>										
End of the Policy Year	113,026,353	92,819,750	70,148,269	88,756,377	74,926,292	90,668,944	90,330,529	109,646,775	131,223,286	163,370,789
One Year Later	116,612,623	94,826,674	72,027,708	94,312,433	80,331,706	92,306,009	92,687,394	115,831,832	133,962,994	-
Two Years Later	123,144,107	98,392,221	77,969,647	93,948,024	81,126,796	93,008,024	97,238,564	113,158,272	-	-
Three Years Later	134,586,152	103,809,213	78,690,541	101,981,676	80,533,113	98,342,503	100,362,092	-	-	-
Four Years Later	135,006,373	102,537,020	77,918,295	105,384,425	84,551,699	105,222,229	-	-	-	-
Five Years Later	136,254,221	105,832,376	80,024,512	109,966,547	83,762,949	-	-	-	-	-
Six Years Later	138,464,847	109,260,054	83,359,047	113,138,538	-	-	-	-	-	-
Seven Years Later	144,348,030	110,136,677	82,646,086	-	-	-	-	-	-	-
Eight Years Later	144,559,490	108,719,887	-	-	-	-	-	-	-	-
Nine Years Later	149,240,669	-	-	-	-	-	-	-	-	-
<b>7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year</b>	\$ 35,851,873	\$ 15,116,192	\$ 12,497,817	\$ 24,382,161	\$ 8,836,657	\$ 14,553,285	\$ 10,031,563	\$ 3,511,497	\$ 2,739,708	\$ (0)

**CSAC EXCESS INSURANCE AUTHORITY  
PRIMARY WORKERS' COMPENSATION PROGRAM  
SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT  
FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2017**

POLICY YEAR	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017
Earned Premiums	\$ 47,629,119	\$ 48,372,518	\$ 45,039,062	\$ 53,048,120	\$ 54,860,361	\$ 54,488,670	\$ 59,245,804	\$ 61,368,317	\$ 62,438,844	\$ 74,780,172
Less Ceded			(24,951,328)	(28,900,823)	(31,324,253)	(32,660,803)	(37,380,293)	(40,948,454)	(42,158,960)	(54,689,379)
Supplemental Assessments	-	-	-	-	-	-	-	-	-	-
Dividends Declared	-	-	-	-	-	-	-	-	-	-
Investment Earnings	5,955,628	3,245,765	726,610	582,469	225,476	151,332	-	-	-	-
<b>1. Total Revenues Available For Payment of Claims</b>	<b>53,584,747</b>	<b>51,618,283</b>	<b>20,814,344</b>	<b>24,729,766</b>	<b>23,761,584</b>	<b>21,979,199</b>	<b>21,865,511</b>	<b>20,419,863</b>	<b>20,279,884</b>	<b>20,090,793</b>
<b>2. Less Unallocated Loss Adjustment Expense</b>	<b>4,522,162</b>	<b>4,706,982</b>	<b>4,692,391</b>	<b>9,035,843</b>	<b>7,311,369</b>	<b>7,109,090</b>	<b>10,137,114</b>	<b>9,483,459</b>	<b>16,656,754</b>	<b>9,459,018</b>
<b>3. Estimated Incurred Claims</b>	<b>39,052,710</b>	<b>34,751,511</b>	<b>36,219,693</b>	<b>41,200,715</b>	<b>44,186,253</b>	<b>45,065,803</b>	<b>50,435,293</b>	<b>54,185,020</b>	<b>51,254,960</b>	<b>63,656,379</b>
Less Ceded Claims	-	-	(24,951,328)	(28,900,823)	(31,324,253)	(32,660,803)	(37,380,293)	(40,860,020)	(42,158,960)	(54,689,379)
<b>Net Incurred Claims and Expenses, End of Policy Year</b>	<b>39,052,710</b>	<b>34,751,511</b>	<b>11,268,365</b>	<b>12,299,892</b>	<b>12,862,000</b>	<b>12,405,000</b>	<b>13,055,000</b>	<b>13,325,000</b>	<b>9,096,000</b>	<b>8,967,000</b>
<b>4. Cumulative Paid Claims as of:</b>										
End of the Policy Year	7,806,978	7,763,711	5,301,114	6,304,731	5,988,250	5,631,790	5,999,562	3,951,291	4,228,855	4,245,304
One Year Later	18,499,334	26,216,412	8,672,943	10,080,439	9,699,440	9,572,554	9,632,916	6,607,142	6,868,677	-
Two Years Later	48,919,481	26,216,412	9,127,073	10,752,137	10,403,922	10,324,845	10,595,000	7,164,498	-	-
Three Years Later	48,919,481	26,216,412	9,310,650	11,004,419	10,648,791	10,647,115	10,903,553	-	-	-
Four Years Later	48,919,481	26,216,412	9,423,077	11,094,997	10,772,427	10,782,525	-	-	-	-
Five Years Later	48,919,481	26,216,412	9,500,091	11,151,713	10,845,816	-	-	-	-	-
Six Years Later	48,919,481	26,216,412	9,551,614	11,192,247	-	-	-	-	-	-
Seven Years Later	48,919,481	26,216,412	9,546,187	-	-	-	-	-	-	-
Eight Years Later	48,919,481	26,216,412	-	-	-	-	-	-	-	-
Nine Years Later	48,919,481	-	-	-	-	-	-	-	-	-
<b>5. Reestimated Ceded Claims and Expenses</b>	<b>-</b>	<b>-</b>	<b>27,844,773</b>	<b>33,849,119</b>	<b>35,057,604</b>	<b>34,080,861</b>	<b>34,320,268</b>	<b>32,511,081</b>	<b>28,216,237</b>	<b>7,889,958</b>
<b>6. Reestimated Incurred Claims and Expenses</b>										
End of the Policy Year	39,052,710	34,751,511	11,268,365	12,299,892	12,862,000	12,405,000	13,055,000	13,325,000	9,096,000	8,967,000
One Year Later	44,407,005	26,216,412	10,203,556	12,700,000	11,441,000	12,595,000	12,382,000	8,222,000	8,226,000	-
Two Years Later	48,919,481	26,216,412	11,868,000	11,815,000	11,397,000	11,445,000	11,735,000	7,792,000	-	-
Three Years Later	48,919,481	26,216,412	11,004,000	11,789,000	11,048,000	11,384,000	11,718,000	-	-	-
Four Years Later	48,919,481	26,216,412	10,934,000	11,500,000	11,022,000	11,233,000	-	-	-	-
Five Years Later	48,919,481	26,216,412	10,902,000	11,450,000	11,220,000	-	-	-	-	-
Six Years Later	48,919,481	26,216,412	10,915,000	11,480,000	-	-	-	-	-	-
Seven Years Later	48,919,481	26,216,412	10,894,000	-	-	-	-	-	-	-
Eight Years Later	48,919,481	26,216,412	-	-	-	-	-	-	-	-
Nine Years Later	48,919,481	-	-	-	-	-	-	-	-	-
<b>7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year</b>	<b>\$ 9,866,771</b>	<b>\$ (8,535,099)</b>	<b>\$ (374,365)</b>	<b>\$ (819,892)</b>	<b>\$ (1,642,000)</b>	<b>\$ (1,172,000)</b>	<b>\$ (1,337,000)</b>	<b>\$ (5,533,000)</b>	<b>\$ (870,000)</b>	<b>\$ -</b>

**CSAC EXCESS INSURANCE AUTHORITY  
EXCESS WORKERS' COMPENSATION PROGRAM  
SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT  
FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2017**

POLICY YEAR	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30 2015	June 30 2016	June 30 2017
Earned Premiums	\$ 62,477,689	\$ 52,184,473	\$ 48,146,826	\$ 52,740,463	\$ 56,601,782	\$ 64,059,430	\$ 77,872,261	\$ 97,699,836	\$ 119,149,647	\$ 124,875,328
Less Ceded	(22,040,208)	(32,694,500)	(29,508,521)	(33,932,092)	(38,700,636)	(26,470,050)	(47,448,283)	(57,198,059)	(68,258,846)	(102,873,232)
Supplemental Assessments	-	-	-	-	-	-	-	-	-	-
Dividends Declared	-	-	-	-	-	-	-	-	-	-
Investment Earnings	7,113,874	1,919,497	1,983,751	1,292,793	977,588	1,722,779	1,241,116	1,569,179	791,398	56,416
1. Total Revenues Available For Payment of Claims	47,551,355	21,409,470	20,622,056	20,101,164	18,878,734	39,312,159	31,665,094	42,070,956	51,682,199	22,058,512
2. Unallocated Loss Adjustment Expense	819,693	565,866	683,451	695,730	322,559	583,605	341,128	774,238	1,117,060	414,263
3. Estimated Incurred Claims Less Ceded Claims	51,656,148 (22,040,208)	46,380,300 (32,694,500)	45,844,808 (29,508,521)	51,347,831 (33,932,092)	47,772,920 (38,700,636)	43,142,223 (26,470,050)	60,295,762 (47,448,283)	80,522,151 (57,198,059)	106,542,005 (68,258,846)	117,788,870 (102,873,232)
Net Incurred Claims and Expenses, End of Policy Year	29,615,940	13,685,800	16,336,287	17,415,739	9,072,284	16,672,173	12,847,479	23,324,092	38,283,159	14,915,638
4. Cumulative Paid Claims as of:										
End of the Policy Year	-	80,573	-	43,862	23,688	38,785	-	950,641	3,293,817	3,623,460
One Year Later	149,378	253,852	106,437	230,188	329,202	281,003	2,361,141	5,161,301	9,034,334	-
Two Years Later	2,329,306	662,838	515,533	627,868	785,063	2,103,809	6,162,084	10,430,178	-	-
Three Years Later	3,806,626	5,131,474	1,281,938	1,344,807	1,544,493	4,326,042	10,372,243	-	-	-
Four Years Later	5,996,177	7,021,243	2,117,003	2,074,489	2,305,965	9,927,320	-	-	-	-
Five Years Later	8,591,259	12,173,038	3,129,849	5,609,885	4,081,614	-	-	-	-	-
Six Years Later	11,959,712	16,560,978	4,339,481	6,421,341	-	-	-	-	-	-
Seven Years Later	15,634,894	18,248,515	7,743,152	-	-	-	-	-	-	-
Eight Years Later	17,602,409	21,026,579	-	-	-	-	-	-	-	-
Nine Years Later	22,548,686	-	-	-	-	-	-	-	-	-
5. Reestimated Ceded Claims and Expenses	-	13,301,281	-	-	-	22,417,126	20,135,846	38,234,788	16,522,649	5,339,208
6. Reestimated Incurred Claims and Expenses										
End of the Policy Year	29,615,940	13,685,800	16,336,287	17,415,739	9,072,284	16,672,173	12,847,479	23,324,092	38,283,159	14,915,638
One Year Later	28,351,050	20,519,114	16,902,842	18,075,962	9,517,002	18,675,566	14,275,787	30,278,418	39,483,699	-
Two Years Later	32,207,743	25,050,003	18,604,330	17,868,492	10,336,945	19,544,588	19,231,418	31,534,751	-	-
Three Years Later	34,698,516	27,689,168	20,268,964	18,601,508	10,932,012	25,311,173	19,670,868	-	-	-
Four Years Later	36,547,866	27,105,017	20,649,905	19,813,588	12,982,166	25,835,519	-	-	-	-
Five Years Later	37,627,214	28,602,557	23,837,950	24,576,756	12,874,083	-	-	-	-	-
Six Years Later	40,712,273	33,246,965	26,569,135	25,385,881	-	-	-	-	-	-
Seven Years Later	43,281,390	34,254,523	26,372,989	-	-	-	-	-	-	-
Eight Years Later	43,635,990	36,451,235	-	-	-	-	-	-	-	-
Nine Years Later	44,892,277	-	-	-	-	-	-	-	-	-
7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year	\$ 15,276,337	\$ 22,765,435	\$ 10,036,702	\$ 7,970,142	\$ 3,801,799	\$ 9,163,346	\$ 6,823,389	\$ 8,210,659	\$ 1,200,540	\$ -

**CSAC EXCESS INSURANCE AUTHORITY  
PRIMARY GENERAL LIABILITY PROGRAM  
SCHEDULE OF EARNED PREMIUM CLAIMS DEVELOPMENT  
FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2017**

POLICY YEAR	Fully Insured Years									
	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017
Insurance Premiums	\$ 3,300,530	\$ 3,880,521	\$ 2,127,964	\$ 1,888,464	\$ 2,035,654	\$ 1,868,680	\$ 1,742,957	\$ 1,756,708	\$ 1,917,598	\$ 1,933,487
Less Ceded	(2,368,037)	(2,627,972)	(2,127,964)	(1,888,464)	(2,035,654)	(1,868,680)	(1,742,957)	(1,756,708)	(1,917,598)	(1,933,487)
Supplemental Assessments	-	-	-	-	-	-	-	-	-	-
Dividends Declared	(450,000)	(653,090)	-	-	-	-	-	-	-	-
Investment Earnings	170,133	325,204	-	-	-	-	-	-	-	-
1. Total Revenues Available For Payment of Claims	652,626	924,663	-	-	-	-	-	-	-	-
2. Unallocated Loss Adjustment Expense	1,567	194,059	-	-	-	-	-	-	-	-
3. Estimated Incurred Claims	2,674,081	1,262,000	2,127,964	1,888,464	2,035,654	1,868,680	1,742,957	1,756,708	1,917,598	1,933,487
Less Ceded Claims	(2,311,638)	(478,055)	(2,127,964)	(1,888,464)	(2,035,654)	(1,868,680)	(1,742,957)	(1,756,708)	(1,917,598)	(1,933,487)
Net Incurred Claims and Expenses, End of Policy Year	362,443	783,945	-	-	-	-	-	-	-	-
4. Cumulative Paid Claims as of:										
End of the Policy Year	-	-	-	-	-	-	-	-	-	-
One Year Later	-	-	-	-	-	-	-	-	-	-
Two Years Later	-	-	-	-	-	-	-	-	-	-
Three Years Later	-	726,551	-	-	-	-	-	-	-	-
Four Years Later	2,474,714	774,908	-	-	-	-	-	-	-	-
Five Years Later	2,569,186	893,904	-	-	-	-	-	-	-	-
Six Years Later	2,687,499	1,005,269	-	-	-	-	-	-	-	-
Seven Years Later	2,777,921	1,018,638	-	-	-	-	-	-	-	-
Eight Years Later	2,778,107	978,774	-	-	-	-	-	-	-	-
Nine Years Later	2,778,107	-	-	-	-	-	-	-	-	-
5. Reestimated Ceded Claims and Expenses	2,308,563	468,352	2,261,373	1,308,633	862,234	1,352,272	1,969,006	1,065,053	977,560	263,505
6. Reestimated Incurred Claims and Expenses										
End of the Policy Year	-	-	-	-	-	-	-	-	-	-
One Year Later	-	-	-	-	-	-	-	-	-	-
Two Years Later	-	-	-	-	-	-	-	-	-	-
Three Years Later	-	783,945	-	-	-	-	-	-	-	-
Four Years Later	362,443	452,236	-	-	-	-	-	-	-	-
Five Years Later	342,604	468,874	-	-	-	-	-	-	-	-
Six Years Later	399,692	539,566	-	-	-	-	-	-	-	-
Seven Years Later	478,174	607,061	-	-	-	-	-	-	-	-
Eight Years Later	478,174	527,329	-	-	-	-	-	-	-	-
Nine Years Later	466,684	-	-	-	-	-	-	-	-	-
7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year	\$ 104,241	\$ (256,616)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL LIABILITY 1 PROGRAM  
SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT  
FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2017**

POLICY YEAR	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017
Earned Premiums	\$ 26,940,406	\$ 30,993,979	\$ 32,772,965	\$ 31,958,996	\$ 29,597,496	\$ 28,876,024	\$ 29,671,132	\$ 35,247,160	\$ 39,850,216	\$ 41,677,512
Less Ceded	(2,052,476)	(2,013,394)	(2,381,428)	(2,742,959)	(3,745,830)	(3,702,537)	(4,268,601)	(6,267,249)	(5,239,636)	(9,915,462)
Supplemental Assessments	-	-	-	-	-	-	-	-	-	-
Dividends Declared	-	-	(3,000,000)	-	-	-	-	-	-	-
Investment Earnings	3,542,171	4,052,027	3,376,351	1,048,041	986,442	765,994	954,935	1,204,741	910,122	75,737
<b>1. Total Revenues Available For Payment of Claims</b>	<b>28,430,101</b>	<b>33,032,612</b>	<b>30,767,888</b>	<b>30,264,078</b>	<b>26,838,108</b>	<b>25,939,481</b>	<b>26,357,466</b>	<b>30,184,652</b>	<b>35,520,702</b>	<b>31,837,787</b>
<b>2. Unallocated Loss Adjustment Expense</b>	<b>28,833</b>	<b>57,364</b>	<b>18,290</b>	<b>75,392</b>	<b>92,712</b>	<b>212,143</b>	<b>338,530</b>	<b>391,963</b>	<b>644,199</b>	<b>620,686</b>
<b>3. Estimated Incurred Claims Less Ceded Claims Net Incurred Claims and Expenses, End of Policy Year</b>	<b>23,929,123 (2,052,476) 21,876,647</b>	<b>23,946,567 (2,013,394) 21,933,173</b>	<b>17,650,135 (2,381,428) 15,268,707</b>	<b>19,593,744 (2,742,959) 16,850,785</b>	<b>20,336,498 (3,745,830) 16,590,668</b>	<b>24,388,707 (3,702,537) 20,686,170</b>	<b>26,973,621 (4,268,601) 22,705,020</b>	<b>29,751,639 (6,267,249) 23,484,390</b>	<b>34,824,676 (5,239,636) 29,585,040</b>	<b>38,437,172 (9,915,462) 28,521,710</b>
<b>4. Cumulative Paid Claims as of:</b>										
End of the Policy Year	2,847	-	653,593	-	241,064	-	-	-	-	-
One Year Later	2,899,925	172,455	348,252	104,565	666,287	1,668,017	2,443,124	110,653	760,444	-
Two Years Later	7,975,068	4,894,740	2,389,423	2,483,193	2,473,149	3,879,513	4,412,160	1,489,584	-	-
Three Years Later	15,431,317	9,708,129	10,758,833	18,803,527	7,001,701	11,698,043	12,165,139	-	-	-
Four Years Later	18,156,840	16,936,818	11,549,612	22,031,298	15,817,812	15,857,724	-	-	-	-
Five Years Later	20,302,454	17,283,899	13,166,381	24,752,158	17,071,287	-	-	-	-	-
Six Years Later	20,791,434	17,220,058	16,218,635	27,460,094	-	-	-	-	-	-
Seven Years Later	23,790,631	18,753,240	16,223,992	-	-	-	-	-	-	-
Eight Years Later	24,088,797	18,609,792	-	-	-	-	-	-	-	-
Nine Years Later	28,602,938	-	-	-	-	-	-	-	-	-
<b>5. Reestimated Ceded Claims and Expenses</b>	<b>56,738</b>	<b>-</b>	<b>602,767</b>	<b>4,128,286</b>	<b>12,631,417</b>	<b>-</b>	<b>-</b>	<b>6,000,000</b>	<b>569,000</b>	<b>-</b>
<b>6. Reestimated Incurred Claims and Expenses</b>										
End of the Policy Year	21,876,647	21,933,173	15,268,707	16,850,785	16,590,668	20,686,170	22,705,020	23,484,390	29,585,040	28,521,710
One Year Later	19,125,703	25,729,463	17,577,212	21,106,865	20,336,498	20,279,342	24,596,512	24,657,164	30,362,640	-
Two Years Later	17,506,533	21,620,740	18,211,819	19,593,744	19,869,339	19,432,855	23,564,995	19,501,022	-	-
Three Years Later	25,395,916	23,001,488	17,650,135	26,300,275	19,100,002	18,999,743	27,721,257	-	-	-
Four Years Later	23,429,414	23,946,567	16,847,051	28,275,182	22,130,738	25,606,114	-	-	-	-
Five Years Later	23,929,123	25,984,055	15,642,639	28,444,064	21,331,569	-	-	-	-	-
Six Years Later	23,360,479	25,065,797	17,447,449	30,924,485	-	-	-	-	-	-
Seven Years Later	26,613,419	24,765,984	17,064,448	-	-	-	-	-	-	-
Eight Years Later	26,481,825	21,245,767	-	-	-	-	-	-	-	-
Nine Years Later	29,927,891	-	-	-	-	-	-	-	-	-
<b>7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year</b>	<b>\$ 8,051,244</b>	<b>\$ (687,406)</b>	<b>\$ 1,795,741</b>	<b>\$ 14,073,700</b>	<b>\$ 4,740,901</b>	<b>\$ 4,919,944</b>	<b>\$ 5,016,237</b>	<b>\$ (3,983,368)</b>	<b>\$ 777,600</b>	<b>\$ -</b>

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL LIABILITY 2 PROGRAM  
SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT  
FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2017**

POLICY YEAR	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012*	June 30, 2013*	June 30, 2014*	June 30, 2015**	June 30, 2016***	June 30, 2017
Earned Premiums	\$ 17,300,000	\$ 18,463,239	\$ 21,085,943	\$ 19,925,721	\$ 18,075,370	\$ 19,467,217	\$ 22,700,000	\$ 26,484,451	\$ 32,140,342	\$ 46,724,983
Less Ceded	(11,300,000)	(10,395,543)	(14,186,489)	(11,346,921)	(18,075,370)	(19,467,217)	(22,700,000)	(19,484,451)	(22,998,092)	(46,724,983)
Supplemental Assessments	-	-	-	-	-	-	-	-	-	-
Dividends Declared	-	-	-	-	-	-	-	-	-	-
Investment Earnings	-	-	1,806,116	-	-	-	-	-	282,750	-
<b>1. Total Revenues Available For Payment of Claims</b>	<b>6,000,000</b>	<b>8,067,696</b>	<b>8,705,570</b>	<b>8,578,800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,000,000</b>	<b>9,425,000</b>	<b>-</b>
<b>2. Unallocated Loss Adjustment Expense</b>	<b>-</b>	<b>116,761</b>	<b>111,652</b>	<b>124,158</b>	<b>56,826</b>	<b>20,605</b>	<b>84,022</b>	<b>(2,634)</b>	<b>150,435</b>	<b>51,003</b>
<b>3. Estimated Incurred Claims Less Ceded Claims Net Incurred Claims and Expenses, End of Policy Year</b>	<b>17,300,000</b>	<b>18,463,239</b>	<b>21,085,943</b>	<b>19,925,721</b>	<b>18,075,370</b>	<b>19,467,217</b>	<b>22,700,000</b>	<b>26,484,451</b>	<b>32,423,092</b>	<b>46,724,983</b>
	(11,300,000)	(10,395,543)	(14,186,489)	(11,346,921)	(18,075,370)	(19,467,217)	(22,700,000)	(19,484,451)	(22,998,092)	(46,724,983)
	<b>6,000,000</b>	<b>8,067,696</b>	<b>6,899,454</b>	<b>8,578,800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,000,000</b>	<b>9,425,000</b>	<b>-</b>
<b>4. Cumulative Paid Claims as of:</b>										
End of the Policy Year	-	-	-	-	-	-	-	-	-	-
One Year Later	897,884	-	-	-	-	-	-	5,600,000	6,192,816	-
Two Years Later	3,247,624	921,340	-	5,250,000	-	-	-	7,000,000	-	-
Three Years Later	6,000,000	8,067,696	4,657,656	5,955,652	-	-	-	-	-	-
Four Years Later	6,000,000	8,067,696	7,657,656	8,578,800	-	-	-	-	-	-
Five Years Later	6,000,000	8,067,696	7,858,906	8,578,800	-	-	-	-	-	-
Six Years Later	6,000,000	8,067,696	8,705,570	8,578,800	-	-	-	-	-	-
Seven Years Later	6,000,000	8,067,696	8,705,570	-	-	-	-	-	-	-
Eight Years Later	6,000,000	8,067,696	-	-	-	-	-	-	-	-
Nine Years Later	6,000,000	-	-	-	-	-	-	-	-	-
<b>5. Reestimated Ceded Claims and Expenses</b>	<b>14,861,281</b>	<b>11,493,011</b>	<b>3,723,890</b>	<b>12,398,716</b>	<b>46,310,546</b>	<b>33,834,125</b>	<b>37,361,404</b>	<b>20,064,630</b>	<b>-</b>	<b>-</b>
<b>6. Reestimated Incurred Claims and Expenses</b>										
End of the Policy Year	6,000,000	8,067,696	6,899,454	8,578,800	-	-	-	7,000,000	9,425,000	-
One Year Later	6,000,000	8,067,696	7,834,960	8,578,800	-	-	-	7,000,000	9,425,000	-
Two Years Later	6,000,000	8,067,696	8,072,213	8,578,800	-	-	-	7,000,000	-	-
Three Years Later	6,000,000	8,067,696	8,705,570	8,578,800	-	-	-	-	-	-
Four Years Later	6,000,000	8,067,696	8,705,570	8,578,800	-	-	-	-	-	-
Five Years Later	6,000,000	8,067,696	8,705,570	8,578,800	-	-	-	-	-	-
Six Years Later	6,000,000	8,067,696	8,705,570	8,578,800	-	-	-	-	-	-
Seven Years Later	6,000,000	8,067,696	8,705,570	-	-	-	-	-	-	-
Eight Years Later	6,000,000	8,067,696	-	-	-	-	-	-	-	-
Nine Years Later	6,000,000	-	-	-	-	-	-	-	-	-
<b>7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,806,116</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>				

\* Fully Insured.

\*\* Fully Insured above Corridor Deductible of \$7,000,000.

\*\*\*Fully Insured above Corridor Deductible of \$9,425,000.

**CSAC EXCESS INSURANCE AUTHORITY  
PROPERTY PROGRAM  
SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT  
FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2017**

POLICY YEAR	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017
Earned Premiums	\$ 53,388,051	\$ 39,389,017	\$ 50,550,830	\$ 48,970,337	\$ 50,320,424	\$ 53,788,778	\$ 57,810,264	\$ 61,349,158	\$ 59,095,613	\$ 60,499,245
Less Ceded	(40,515,154)	(37,135,310)	(40,061,693)	(39,415,254)	(40,497,951)	(43,216,154)	(46,060,305)	(48,609,374)	(49,528,175)	(57,993,491)
Supplemental Assessments	-	-	-	-	-	-	-	-	-	-
Dividends Declared	-	-	-	-	-	-	-	-	-	-
Investment Earnings	-	-	-	-	-	-	-	-	-	-
<b>1. Total Revenues Available For Payment of Claims</b>	<b>12,872,897</b>	<b>2,253,707</b>	<b>10,489,137</b>	<b>9,555,083</b>	<b>9,822,473</b>	<b>10,572,624</b>	<b>11,749,959</b>	<b>12,739,784</b>	<b>9,567,438</b>	<b>2,505,754</b>
<b>2. Unallocated Loss Adjustment Expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>78,618</b>	<b>(64,168)</b>	<b>61,715</b>	<b>27,474</b>	<b>23,601</b>	<b>(10,902)</b>	<b>4,003</b>
<b>3. Estimated Incurred Claims Less Ceded Claims</b>	<b>53,339,625</b>	<b>39,149,125</b>	<b>50,061,693</b>	<b>48,415,254</b>	<b>50,497,951</b>	<b>53,216,154</b>	<b>56,060,305</b>	<b>58,677,313</b>	<b>59,095,613</b>	<b>58,118,491</b>
<b>Net Incurred Claims and Expenses, End of Policy Year</b>	<b>12,824,471</b>	<b>10,000,000</b>	<b>10,000,000</b>	<b>9,000,000</b>	<b>10,000,000</b>	<b>10,000,000</b>	<b>10,000,000</b>	<b>10,067,939</b>	<b>9,567,438</b>	<b>125,000</b>
<b>4. Cumulative Paid Claims as of:</b>										
End of the Policy Year	4,114,386	-	10,000,000	9,000,000	2,600,227	5,800,207	4,795,812	10,000,000	9,567,438	-
One Year Later	12,770,820	4,949,559	10,000,000	9,000,000	8,782,088	10,000,000	9,409,593	10,206,664	10,152,576	-
Two Years Later	13,847,744	2,013,815	10,000,000	9,000,000	10,000,000	10,000,000	10,000,000	10,209,664	-	-
Three Years Later	12,824,471	2,013,815	10,000,000	9,000,000	10,000,000	10,000,000	10,000,000	-	-	-
Four Years Later	12,824,471	10,000,000	10,000,000	9,000,000	10,000,000	10,000,000	-	-	-	-
Five Years Later	12,824,471	10,000,000	10,000,000	9,000,000	10,000,000	-	-	-	-	-
Six Years Later	12,824,471	10,000,000	10,000,000	9,000,000	-	-	-	-	-	-
Seven Years Later	12,824,471	10,000,000	10,000,000	-	-	-	-	-	-	-
Eight Years Later	12,824,471	10,000,000	-	-	-	-	-	-	-	-
Nine Years Later	12,824,471	-	-	-	-	-	-	-	-	-
<b>5. Reestimated Ceded Claims and Expenses</b>	<b>9,018,571</b>	<b>1,610,684</b>	<b>55,911,102</b>	<b>2,600,000</b>	<b>7,260,491</b>	<b>12,049,272</b>	<b>41,695,976</b>	<b>8,573,864</b>	<b>22,657,716</b>	<b>-</b>
<b>6. Reestimated Incurred Claims and Expenses</b>										
End of the Policy Year	12,824,471	10,000,000	10,000,000	9,000,000	10,000,000	10,000,000	10,000,000	10,067,939	9,567,438	125,000
One Year Later	12,824,471	10,000,000	10,000,000	9,000,000	10,000,000	10,000,000	10,000,000	10,206,664	10,152,576	-
Two Years Later	12,824,471	10,000,000	10,000,000	9,000,000	10,000,000	10,000,000	10,000,000	10,209,664	-	-
Three Years Later	12,824,471	10,000,000	10,000,000	9,000,000	10,000,000	10,000,000	10,000,000	-	-	-
Four Years Later	12,824,471	10,000,000	10,000,000	9,000,000	10,000,000	10,000,000	-	-	-	-
Five Years Later	12,824,471	10,000,000	10,000,000	9,000,000	10,000,000	-	-	-	-	-
Six Years Later	12,824,471	10,000,000	10,000,000	9,000,000	-	-	-	-	-	-
Seven Years Later	12,824,471	10,000,000	10,000,000	-	-	-	-	-	-	-
Eight Years Later	12,824,471	10,000,000	-	-	-	-	-	-	-	-
Nine Years Later	12,824,471	-	-	-	-	-	-	-	-	-
<b>7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year</b>	<b>\$ -</b>	<b>\$ 141,725</b>	<b>\$ 585,138</b>	<b>\$ -</b>						

**CSAC EXCESS INSURANCE AUTHORITY  
MEDICAL MALPRACTICE PROGRAM  
SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT  
FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2017**

POLICY YEAR	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017
Earned Premiums	\$ 17,155,393	\$ 12,173,672	\$ 12,532,734	\$ 11,846,353	\$ 11,636,142	\$ 12,974,062	\$ 12,133,273	\$ 12,159,182	\$ 12,377,511	\$ 11,593,033
Less Ceded	(7,439,209)	(5,883,306)	(5,454,440)	(5,805,786)	(5,905,259)	(6,292,646)	(5,317,928)	(5,278,339)	(5,587,223)	(6,087,843)
Supplemental Assessments	-	-	-	-	-	-	-	-	-	-
Dividends Declared	-	-	-	-	-	-	-	-	-	-
Investment Earnings and Other Income	1,924,296	624,839	705,892	(99,738)	223,518	373,625	340,405	232,869	175,214	5,131
<b>1. Total Revenues Available For Payment of Claims</b>	<b>11,640,480</b>	<b>6,915,205</b>	<b>7,784,186</b>	<b>5,940,829</b>	<b>5,954,401</b>	<b>7,055,041</b>	<b>7,155,750</b>	<b>7,113,712</b>	<b>6,965,502</b>	<b>5,510,321</b>
<b>2. Unallocated Loss Adjustment Expense</b>	<b>38,790</b>	<b>73,020</b>	<b>9,267</b>	<b>35,369</b>	<b>21,534</b>	<b>154,383</b>	<b>210,668</b>	<b>545,801</b>	<b>409,911</b>	<b>376,429</b>
<b>3. Estimated Incurred Claims Less Ceded Claims</b>	<b>3,656,585</b>	<b>4,381,570</b>	<b>4,824,102</b>	<b>4,921,729</b>	<b>5,188,335</b>	<b>5,213,626</b>	<b>5,239,961</b>	<b>5,527,822</b>	<b>5,528,616</b>	<b>5,852,065</b>
Net Incurred Claims and Expenses, End of Policy Year	3,656,585	4,381,570	4,824,102	4,921,729	5,188,335	5,213,626	5,239,961	5,527,822	5,528,616	5,852,065
<b>4. Cumulative Paid Claims as of:</b>										
End of the Policy Year	31,852	-	23,848	51,305	26,698	3,528	-	-	17,502	37,635
One Year Later	77,244	148,321	96,315	1,282,361	181,822	436,672	-	503,920	243,443	-
Two Years Later	319,382	1,371,988	906,689	1,826,879	1,822,542	4,141,591	385,965	1,772,706	-	-
Three Years Later	4,051,699	4,639,462	3,037,613	4,381,548	4,209,215	4,432,593	1,514,858	-	-	-
Four Years Later	6,201,597	4,715,066	3,116,185	5,261,575	4,502,133	4,470,975	-	-	-	-
Five Years Later	6,201,597	4,715,783	3,914,587	6,171,816	4,551,386	-	-	-	-	-
Six Years Later	6,201,597	5,083,559	3,914,587	7,533,622	-	-	-	-	-	-
Seven Years Later	6,201,597	5,083,559	3,914,587	-	-	-	-	-	-	-
Eight Years Later	6,201,597	5,083,559	-	-	-	-	-	-	-	-
Nine Years Later	6,201,597	-	-	-	-	-	-	-	-	-
<b>5. Reestimated Ceded Claims and Expenses</b>	<b>3,428,442</b>	<b>15,537,160</b>	<b>5,621,059</b>	<b>3,285,129</b>	<b>5,000</b>	<b>-</b>	<b>395,000</b>	<b>1,314,000</b>	<b>1,250,000</b>	<b>1,045,000</b>
<b>6. Reestimated Incurred Claims and Expenses</b>										
End of the Policy Year	3,656,585	4,381,570	4,824,102	4,921,729	5,188,335	5,213,626	5,239,961	5,527,822	5,528,616	5,852,065
One Year Later	5,904,394	4,293,989	3,957,784	5,161,374	5,583,913	5,064,126	4,950,026	8,550,054	6,575,046	-
Two Years Later	5,685,879	7,437,370	5,661,931	7,402,556	6,070,219	6,893,606	6,224,082	10,203,303	-	-
Three Years Later	6,747,768	8,050,504	5,510,518	8,022,661	5,999,806	6,955,612	4,768,898	-	-	-
Four Years Later	6,922,698	6,749,092	5,230,415	8,527,423	4,963,502	6,855,621	-	-	-	-
Five Years Later	6,611,328	6,492,782	5,384,999	8,227,495	4,884,004	-	-	-	-	-
Six Years Later	6,248,451	6,123,618	4,170,539	8,079,940	-	-	-	-	-	-
Seven Years Later	6,231,095	6,225,001	4,057,725	-	-	-	-	-	-	-
Eight Years Later	6,219,549	6,211,448	-	-	-	-	-	-	-	-
Nine Years Later	6,209,865	-	-	-	-	-	-	-	-	-
<b>7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year</b>	<b>\$ 2,553,280</b>	<b>\$ 1,829,878</b>	<b>\$ (766,377)</b>	<b>\$ 3,158,211</b>	<b>\$ (304,331)</b>	<b>\$ 1,641,995</b>	<b>\$ (471,063)</b>	<b>\$ 4,675,481</b>	<b>\$ 1,046,430</b>	<b>\$ (0)</b>

**CSAC EXCESS INSURANCE AUTHORITY  
DENTAL PROGRAM  
SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT  
FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2017**

POLICY YEAR	June 30, 2008*	June 30, 2009*	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017
Earned Premiums	\$ -	\$ -	\$ 7,242,783	\$ 20,356,118	\$ 27,841,423	\$ 30,426,135	\$ 31,210,281	\$ 32,028,794	\$ 31,736,745	\$ 32,978,281
Less Ceded	-	-	-	-	-	-	-	-	-	-
Supplemental Assessments	-	-	-	-	-	-	-	-	-	-
Dividends Declared	-	-	-	-	-	-	-	-	-	-
Investment Earnings	-	-	-	-	-	-	-	-	-	-
1. Total Revenues Available For Payment of Claims	-	-	7,242,783	20,356,118	27,841,423	30,426,135	31,210,281	32,028,794	31,736,745	32,978,281
2. Unallocated Loss Adjustment Expense	-	-	-	-	-	-	-	-	-	-
3. Estimated Incurred Claims Less Ceded Claims	-	-	5,551,354	19,689,432	21,213,005	25,691,975	26,483,069	26,917,532	29,738,033	29,186,280
Net Incurred Claims and Expenses, End of Policy Year	-	-	5,551,354	19,689,432	21,213,005	25,691,975	26,483,069	26,917,532	29,738,033	29,186,280
4. Cumulative Paid Claims as of:										
End of the Policy Year	-	-	4,763,486	16,156,452	21,213,005	25,691,975	24,283,069	26,917,532	29,738,033	29,186,280
One Year Later	-	-	5,551,354	19,689,432	23,453,293	25,691,975	24,283,069	26,917,532	29,738,033	-
Two Years Later	-	-	5,551,354	19,689,432	23,453,293	25,691,975	24,283,069	26,917,532	-	-
Three Years Later	-	-	5,551,354	19,689,432	23,453,293	25,691,975	24,283,069	-	-	-
Four Years Later	-	-	5,551,354	19,689,432	23,453,293	25,691,975	-	-	-	-
Five Years Later	-	-	5,551,354	19,689,432	23,453,293	-	-	-	-	-
Six Years Later	-	-	5,551,354	19,689,432	-	-	-	-	-	-
Seven Years Later	-	-	5,551,354	-	-	-	-	-	-	-
Eight Years Later	-	-	-	-	-	-	-	-	-	-
Nine Years Later	-	-	-	-	-	-	-	-	-	-
5. Reestimated Ceded Claims and Expenses	-	-	-	-	-	-	-	-	-	-
6. Reestimated Incurred Claims and Expenses										
End of the Policy Year	-	-	5,551,354	19,689,432	21,213,005	25,691,975	26,483,069	26,917,532	29,738,033	29,186,280
One Year Later	-	-	5,551,354	19,689,432	23,453,293	25,691,975	26,483,069	26,917,532	29,738,033	-
Two Years Later	-	-	5,551,354	19,689,432	23,453,293	25,691,975	26,483,069	26,917,532	-	-
Three Years Later	-	-	5,551,354	19,689,432	23,453,293	25,691,975	26,483,069	-	-	-
Four Years Later	-	-	5,551,354	19,689,432	23,453,293	25,691,975	-	-	-	-
Five Years Later	-	-	5,551,354	19,689,432	23,453,293	-	-	-	-	-
Six Years Later	-	-	5,551,354	19,689,432	-	-	-	-	-	-
Seven Years Later	-	-	5,551,354	-	-	-	-	-	-	-
Eight Years Later	-	-	-	-	-	-	-	-	-	-
Nine Years Later	-	-	-	-	-	-	-	-	-	-
7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year	\$ -	\$ -	\$ -	\$ -	\$ 2,240,288	\$ -	\$ -	\$ -	\$ -	\$ -

\*The Dental Program started January 1, 2010

**CSAC EXCESS INSURANCE AUTHORITY  
EXCESS INSURANCE ORGANIZATION, INC.  
SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT  
FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2017**

POLICY YEAR	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017*
Earned Premiums	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 76,851,052
Less Ceded	-	-	-	-	-	-	-	-	-	-
Supplemental Assessments	-	-	-	-	-	-	-	-	-	-
Dividends Declared	-	-	-	-	-	-	-	-	-	-
Investment Earnings	-	-	-	-	-	-	-	-	-	3,126,187
<b>Total Revenues Available For Payment of Claims</b>	<b>-</b>	<b>79,977,239</b>								
Unallocated Loss Adjustment Expense	-	-	-	-	-	-	-	-	-	-
Estimated Incurred Claims	-	-	-	-	-	-	-	-	-	75,803,096
Less Ceded Claims	-	-	-	-	-	-	-	-	-	-
<b>Net Incurred Claims and Expenses, End of Policy Year</b>	<b>-</b>	<b>75,803,096</b>								
Cumulative Paid Claims as of:										
End of the Policy Year	-	-	-	-	-	-	-	-	-	15,161,362
One Year Later	-	-	-	-	-	-	-	-	-	-
Two Years Later	-	-	-	-	-	-	-	-	-	-
Three Years Later	-	-	-	-	-	-	-	-	-	-
Four Years Later	-	-	-	-	-	-	-	-	-	-
Five Years Later	-	-	-	-	-	-	-	-	-	-
Six Years Later	-	-	-	-	-	-	-	-	-	-
Seven Years Later	-	-	-	-	-	-	-	-	-	-
Eight Years Later	-	-	-	-	-	-	-	-	-	-
Nine Years Later	-	-	-	-	-	-	-	-	-	-
<b>Reestimated Ceded Claims and Expenses</b>	<b>-</b>									
Reestimated Incurred Claims and Expenses										
End of the Policy Year	-	-	-	-	-	-	-	-	-	75,803,096
One Year Later	-	-	-	-	-	-	-	-	-	-
Two Years Later	-	-	-	-	-	-	-	-	-	-
Three Years Later	-	-	-	-	-	-	-	-	-	-
Four Years Later	-	-	-	-	-	-	-	-	-	-
Five Years Later	-	-	-	-	-	-	-	-	-	-
Six Years Later	-	-	-	-	-	-	-	-	-	-
Seven Years Later	-	-	-	-	-	-	-	-	-	-
Eight Years Later	-	-	-	-	-	-	-	-	-	-
Nine Years Later	-	-	-	-	-	-	-	-	-	-
<b>Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year</b>	<b>\$ -</b>									

\*Excess Insurance Organization, Inc. established July 1, 2016

**SUPPLEMENTAL INFORMATION**

**COMBINING SCHEDULE OF PROGRAMS**

**CSAC EXCESS INSURANCE AUTHORITY  
COMBINING SCHEDULE OF NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

ASSETS:	Primary Workers' Compensation	Excess Workers' Compensation	Primary General Liability	General Liability I	General Liability II	Property	Medical Malpractice	Master Rolling OCIP	EIAHealth	Dental Program	Miscellaneous Programs	General Administration & Building	EIO	Elimination Inter-Fund Trans	Totals June 30, 2017
<b>Current Assets:</b>															
Petty Cash Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 300	\$ -	\$ -	\$ 300
Cash in Banks	7,640,159	-	532,686	-	-	-	-	-	-	-	-	278,594	278,916	-	8,730,355
Cash, EIA Treasury	2,708,393	14,741,472	65,273	6,273,210	21,507	-	1,549,568	12,729	198,125	733,086	76,643	505,153	1,275,636	-	28,160,795
<b>Total Cash &amp; Equivalents</b>	<b>10,348,552</b>	<b>14,741,472</b>	<b>597,959</b>	<b>6,273,210</b>	<b>21,507</b>	<b>-</b>	<b>1,549,568</b>	<b>12,729</b>	<b>198,125</b>	<b>733,086</b>	<b>76,643</b>	<b>784,047</b>	<b>1,554,552</b>	<b>-</b>	<b>36,891,450</b>
Investments	11,171,253	60,803,857	269,229	25,874,987	88,709	-	6,391,472	52,504	817,203	3,023,745	316,129	2,083,593	9,965,116	-	120,857,797
Accounts Receivable															
Due From Members	103,063	304,243	153,738	757,313	-	15,057,828	-	2,360,060	-	1,002,159	27,000	346,590	-	-	20,111,994
Investment Income	214,649	1,168,310	5,173	497,173	1,705	-	122,808	1,009	15,702	58,099	6,074	40,035	190,027	-	2,320,764
Re-Ins Claims & Deposits with Carriers	2,915,199	4,874,623	233,298	-	1,932,151	1,489,845	24,234	-	-	245,000	-	-	2,500,000	(6,976,420)	7,237,930
Other Receivables	-	58,793	-	55,538	-	-	-	-	-	-	11,638	99	3,244,790	(3,244,789)	126,069
Due From Other Funds	15,546,348	20,421,584	90,423	8,690,373	29,794	-	2,146,640	17,634	274,466	1,015,555	106,175	699,796	-	(49,038,788)	-
Prepaid Insurance and Expenses	-	-	-	-	2,749,888	36,408,157	1,557,354	9,059,370	-	-	151,879	72,718	-	-	49,999,366
<b>Total Current Assets</b>	<b>40,299,064</b>	<b>102,372,882</b>	<b>1,349,820</b>	<b>42,148,594</b>	<b>4,823,754</b>	<b>52,955,830</b>	<b>11,792,076</b>	<b>11,503,306</b>	<b>1,305,496</b>	<b>6,077,644</b>	<b>695,538</b>	<b>4,026,878</b>	<b>17,454,485</b>	<b>(59,259,997)</b>	<b>237,545,370</b>
<b>Noncurrent Assets:</b>															
Investments	44,019,228	239,591,625	1,060,870	101,957,846	349,552	-	25,184,966	206,890	3,220,110	11,914,771	1,245,674	8,210,193	59,173,029	-	496,134,754
Accounts Receivable															
Due from Members	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Due From Other Funds	5,392,789	29,352,335	129,967	12,490,841	42,824	-	3,085,407	25,346	394,495	1,459,677	152,607	1,005,830	-	(53,532,118)	-
Investment in Captive	514,969	2,841,641	9,520	1,026,287	65,294	66,714	253,487	654	77,472	129,055	14,907	-	-	(5,000,000)	-
Prepaid Insurance	-	-	-	-	-	47,844,989	-	-	-	-	-	-	-	-	47,844,989
Capital and Intangible Assets															
Land and Buildings (Net)	-	-	-	-	-	-	-	-	-	-	-	7,106,266	-	-	7,106,266
Office Furniture and Equipment (Net)	-	-	-	-	-	-	-	-	-	-	-	2,731,974	-	-	2,731,974
Lease Acquisition Costs (Net)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Noncurrent Assets</b>	<b>49,926,986</b>	<b>271,785,601</b>	<b>1,200,357</b>	<b>115,474,974</b>	<b>457,670</b>	<b>47,911,703</b>	<b>28,523,860</b>	<b>232,890</b>	<b>3,692,077</b>	<b>13,503,503</b>	<b>1,413,188</b>	<b>19,054,263</b>	<b>59,173,029</b>	<b>(58,532,118)</b>	<b>553,817,983</b>
<b>Total Assets</b>	<b>90,226,050</b>	<b>374,158,483</b>	<b>2,550,177</b>	<b>157,623,568</b>	<b>5,281,424</b>	<b>100,867,533</b>	<b>40,315,936</b>	<b>11,736,196</b>	<b>4,997,573</b>	<b>19,581,147</b>	<b>2,108,726</b>	<b>23,081,141</b>	<b>76,627,514</b>	<b>(117,792,115)</b>	<b>791,363,353</b>
<b>Deferred Outflows of Resources:</b>															
Deferred Outflows on Operating Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Outflows Of Resources-Pensions	-	-	-	-	-	-	-	-	-	-	-	1,537,233	-	-	1,537,233
<b>Total Deferred Outflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,537,233</b>	<b>-</b>	<b>-</b>	<b>1,537,233</b>

**CSAC EXCESS INSURANCE AUTHORITY  
COMBINING SCHEDULE OF NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

LIABILITIES:	Primary Workers' Compensation	Excess Workers' Compensation	Primary General Liability	General Liability I	General Liability II	Property	Medical Malpractice	Master Rolling OCIP	EIAHealth	Dental Program	Miscellaneous Programs	General Administration & Building	EIO	Elimination of Inter-Fund Trans	Totals June 30, 2017
<b>Current Liabilities:</b>															
Accounts Payable	\$ 1,804,449	\$ 1,207,148	\$ 41,943	\$ 29,079	\$ 2,495	\$ 3,474,761	\$ -	\$ 2,322,477	\$ 1,164,254	\$ -	\$ 8,641	\$ 448,069	\$ 6,989,955	\$ (10,221,209)	\$ 7,272,062
Deposits from Insurance Companies	4,366,008	-	425,872	-	553,880	-	-	-	-	-	-	-	-	-	5,345,760
Due to Other Funds	-	11,794,370	-	-	-	36,762,761	-	-	-	-	-	481,657	-	(49,038,788)	-
Due To Members	3,296,587	-	500,563	-	-	97,423	-	-	2,193,327	-	91,516	449,765	-	-	6,629,181
Unearned Income	-	-	-	5,130,902	-	1,331,299	3,329,842	9,154,593	4,905	-	220,149	34,317	-	-	19,206,007
Claim Liabilities	8,000,000	50,000,000	32,949	32,000,000	3,232,184	125,000	9,361,717	-	-	1,927,909	-	-	10,500,000	-	115,179,759
Compensated Absences	-	-	-	-	-	-	-	-	-	-	-	91,826	-	-	91,826
Other Post Employment Benefits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Current Liabilities</b>	<b>17,467,044</b>	<b>63,001,518</b>	<b>1,001,327</b>	<b>37,159,981</b>	<b>3,788,559</b>	<b>41,791,244</b>	<b>12,691,559</b>	<b>11,477,070</b>	<b>3,362,486</b>	<b>1,927,909</b>	<b>320,306</b>	<b>1,505,634</b>	<b>17,489,955</b>	<b>(59,259,997)</b>	<b>153,724,595</b>
<b>Noncurrent Liabilities:</b>															
Due to Other Funds	-	-	-	-	-	47,844,989	-	-	-	-	-	5,687,129	-	(53,532,118)	-
Claim Liabilities:															
Claims Reported	5,313,027	202,290,209	-	37,829,563	-	-	9,361,717	-	-	-	-	-	27,831,284	-	282,625,800
Claims Incurred But Not Reported	3,831,125	74,102,193	-	47,021,033	-	-	9,710,001	-	-	-	-	-	22,310,450	-	156,974,802
Unallocated Loss Adjustment Expense Payable	38,074,137	12,406,656	240,291	2,545,810	692,828	120,341	1,840,794	-	-	-	-	-	-	-	55,920,857
Compensated Absences	-	-	-	-	-	-	-	-	-	-	-	367,306	-	-	367,306
Other Post Employment Benefits	-	-	-	-	-	-	-	-	-	-	-	207,584	-	-	207,584
Net Pension Liability	-	-	-	-	-	-	-	-	-	-	-	1,092,027	-	-	1,092,027
<b>Total Noncurrent Liabilities</b>	<b>47,218,289</b>	<b>288,799,058</b>	<b>240,291</b>	<b>87,396,406</b>	<b>692,828</b>	<b>47,965,330</b>	<b>20,912,512</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,354,046</b>	<b>50,141,734</b>	<b>(53,532,118)</b>	<b>497,188,376</b>
<b>Total Liabilities</b>	<b>64,685,333</b>	<b>351,800,576</b>	<b>1,241,618</b>	<b>124,556,387</b>	<b>4,481,387</b>	<b>89,756,574</b>	<b>33,604,071</b>	<b>11,477,070</b>	<b>3,362,486</b>	<b>1,927,909</b>	<b>320,306</b>	<b>8,859,680</b>	<b>67,631,689</b>	<b>(112,792,115)</b>	<b>650,912,971</b>
<b>Deferred Inflows of Resources:</b>															
Deferred Inflows on Pension Account	-	-	-	-	-	-	-	-	-	-	-	1,466,353	-	-	1,466,353
<b>Total Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,466,353</b>	<b>-</b>	<b>-</b>	<b>1,466,353</b>
<b>NET POSITION:</b>															
Net Investment in Capital Assets	-	-	-	-	-	-	-	-	-	-	-	9,838,240	-	-	9,838,240
Capital Stock	-	-	-	-	-	-	-	-	-	-	-	-	5,000,000	(5,000,000)	-
Unrestricted	25,540,717	22,357,907	1,308,559	33,067,181	800,037	11,110,959	6,711,865	259,126	1,635,087	17,653,238	1,788,420	4,454,101	3,995,825	-	130,683,022
<b>Total Net Position</b>	<b>\$ 25,540,717</b>	<b>\$ 22,357,907</b>	<b>\$ 1,308,559</b>	<b>\$ 33,067,181</b>	<b>\$ 800,037</b>	<b>\$ 11,110,959</b>	<b>\$ 6,711,865</b>	<b>\$ 259,126</b>	<b>\$ 1,635,087</b>	<b>\$ 17,653,238</b>	<b>\$ 1,788,420</b>	<b>\$ 14,292,341</b>	<b>\$ 8,995,825</b>	<b>\$ (117,792,115)</b>	<b>\$ 140,521,262</b>

**CSAC EXCESS INSURANCE AUTHORITY**  
**COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Primary Workers' Compensation	Excess Workers' Compensation	Primary General Liability	General Liability I	General Liability II	Property	Medical Malpractice	Master Rolling OCIP	EIAHealth	Dental Program	Miscellaneous Programs	General Administration & Building	EIO	Elimination of Inter-Fund Trans	Totals June 30, 2017
<b>OPERATING REVENUES:</b>															
Premiums for Transferred Risk	\$ 56,562,481	\$ 106,364,512	\$ 1,933,487	\$ 9,919,014	\$ 46,724,983	\$ 57,993,491	\$ 6,087,843	\$ 10,664,009	\$ 282,530,474	\$ -	\$ 33,654,742	\$ -	\$ -	\$ (76,851,052)	\$ 535,583,984
Broker Fees	1,420,648	2,968,135	46,711	948,027	494,440	13,670	7,810	-	2,509,394	1,588,092	-	-	-	-	9,996,927
Contributions for Retained Risk	20,280,898	24,200,944	-	31,800,683	-	2,505,754	7,128,822	-	-	33,349,920	-	-	76,851,052	-	196,118,073
Dividend Income	-	-	-	-	-	101,312	-	-	-	-	91,516	-	-	-	192,828
Member Services	-	-	-	-	-	-	-	-	-	-	-	935,244	-	-	935,244
Administration Fees	6,247,449	6,885,771	444,436	2,633,857	2,636,408	882,929	1,025,882	150,110	387,825	-	-	-	-	-	21,294,667
Public Entity Fees	168,697	330,936	1,981	77,716	76,865	82,243	424	-	-	-	-	-	-	-	738,862
Program Development Fees	-	-	-	-	700	-	1,700	-	-	-	-	-	-	-	2,400
Other Income	174,042	3,400	287,504	700	-	615,096	-	104,060	18,844	-	-	505,527	-	-	1,709,173
<b>Total Operating Revenues</b>	<b>84,854,215</b>	<b>140,753,698</b>	<b>2,714,119</b>	<b>45,379,997</b>	<b>49,933,396</b>	<b>62,194,495</b>	<b>14,252,481</b>	<b>10,918,179</b>	<b>285,446,537</b>	<b>34,938,012</b>	<b>33,746,258</b>	<b>1,440,771</b>	<b>76,851,052</b>	<b>(76,851,052)</b>	<b>766,572,158</b>
<b>OPERATING EXPENSES:</b>															
Member Dividends	2,500,000	-	266,000	-	-	97,423	-	-	15,857	-	91,516	-	-	-	2,970,796
Stabilization Funds Distributed	-	-	-	-	-	-	-	-	-	64,106	-	-	-	-	64,106
Transferred Risk & Insurance Exp	56,604,965	106,950,614	1,933,487	9,915,462	47,375,721	57,827,247	6,087,843	10,664,009	282,941,838	-	33,685,034	-	-	(76,851,052)	537,135,168
Broker Fees	1,398,680	2,976,879	46,712	947,916	467,140	113,670	7,810	-	2,509,394	1,588,092	-	-	-	-	10,056,293
Provision for Claims:															
Current Year Claims	8,967,000	14,915,638	-	28,521,710	-	277,576	5,852,065	-	-	29,186,280	-	-	75,803,096	-	163,523,365
Prior Year Claims	(1,369,136)	14,591,000	(127,061)	7,848,740	-	-	692,516	-	-	-	-	-	-	-	21,636,059
Unallocated Loss Adjustment Expenses	1,960,225	861,125	99,548	992,826	51,003	4,003	66,899	-	-	-	-	-	-	-	4,035,629
Program Services	7,869,266	1,056,503	11,495	370,682	490,354	104,521	429,161	-	90,193	2,493,713	-	-	90,328	-	13,006,216
Member Services & Subsidies	-	-	-	-	-	-	-	-	-	-	-	2,753,144	-	-	2,753,144
General Administrative Services	-	-	-	-	-	-	-	-	-	-	-	12,500,483	-	-	12,500,483
Depreciation	-	-	-	-	-	-	-	-	-	-	-	664,821	-	-	664,821
Building Maintenance	-	-	-	-	-	-	-	-	-	-	-	184,838	-	-	184,838
<b>Total Operating Expenses</b>	<b>77,931,000</b>	<b>141,351,759</b>	<b>2,230,181</b>	<b>48,597,336</b>	<b>48,384,218</b>	<b>58,424,440</b>	<b>13,136,294</b>	<b>10,664,009</b>	<b>285,557,282</b>	<b>33,332,191</b>	<b>33,776,550</b>	<b>16,103,286</b>	<b>75,893,424</b>	<b>(76,851,052)</b>	<b>768,530,918</b>

**CSAC EXCESS INSURANCE AUTHORITY**  
**COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

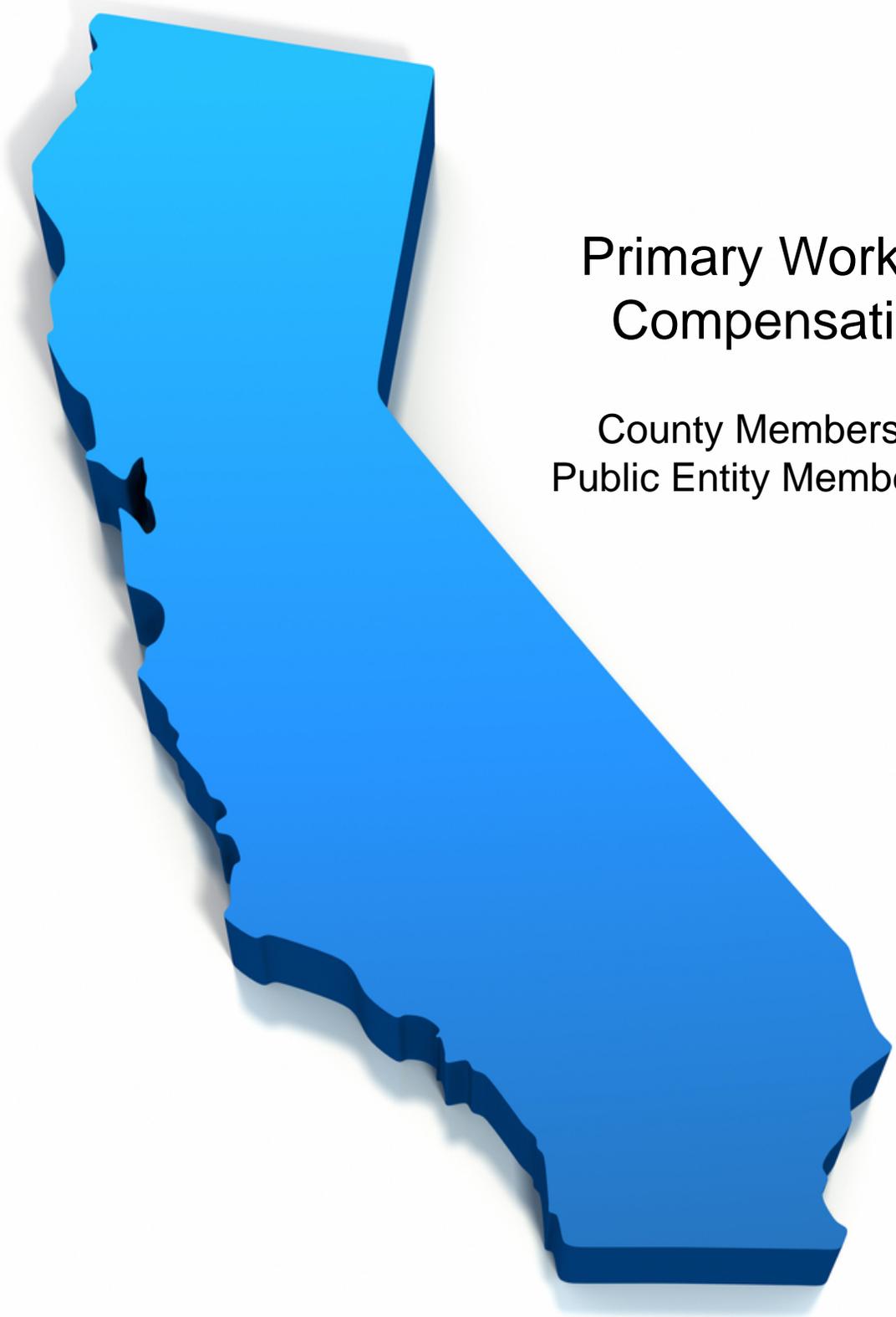
	Primary Workers' Compensation	Excess Workers' Compensation	Primary General Liability	General Liability I	General Liability II	Property	Medical Malpractice	OCIP	EIAHealth	Dental Program	Miscellaneous Programs	General Administration & Building	EIO	Elimination of Inter-Fund Trans	Totals June 30, 2017
<b>TRANSFERS IN (OUT):</b>															
Administration	-	-	-	-	-	-	-	-	-	-	-	14,887,222	-	(14,887,222)	-
Transfer In	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer Out	(4,486,476)	(4,393,140)	(536,771)	(2,205,170)	(1,351,294)	(560,377)	(545,290)	(95,835)	(444,826)	(227,351)	(15,692)	-	(25,000)	14,887,222	-
Risk Management Subsidies and Expense	-	-	-	-	-	-	-	-	-	-	-	1,116,463	-	(1,116,463)	-
Transfer In	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer Out	(201,017)	(449,021)	(14,808)	(174,240)	(68,623)	(160,494)	(48,260)	-	-	-	-	-	-	1,116,463	-
Rent Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Transfers</b>	<b>(4,687,493)</b>	<b>(4,842,161)</b>	<b>(551,579)</b>	<b>(2,379,410)</b>	<b>(1,419,917)</b>	<b>(720,871)</b>	<b>(593,550)</b>	<b>(95,835)</b>	<b>(444,826)</b>	<b>(227,351)</b>	<b>(15,692)</b>	<b>16,003,685</b>	<b>(25,000)</b>	<b>-</b>	<b>-</b>
<b>Operating Income (Loss)</b>	<b>2,235,722</b>	<b>(5,440,222)</b>	<b>(67,641)</b>	<b>(5,596,749)</b>	<b>129,261</b>	<b>3,049,184</b>	<b>522,637</b>	<b>158,335</b>	<b>(555,571)</b>	<b>1,378,470</b>	<b>(45,984)</b>	<b>1,341,170</b>	<b>932,628</b>	<b>-</b>	<b>(1,958,760)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>															
Investment Income	151,800	978,765	7,517	380,024	(19,701)	2,478	117,484	400	(6,687)	53,268	6,077	10,904	3,126,187	(671,613)	4,136,903
Financing Fees	66,142	32,794	-	5,425	-	688,154	-	-	-	-	22	-	-	-	792,537
Lease Income	-	-	-	-	-	-	-	-	-	-	-	463,338	-	-	463,338
Building Maintenance	-	-	-	-	-	-	-	-	-	-	-	(128,412)	-	-	(128,412)
Depreciation and Amortization	-	-	-	-	-	-	-	-	-	-	-	(129,741)	-	-	(129,741)
Investment Expenses	-	-	-	-	-	-	-	-	-	-	-	(264,230)	(62,990)	-	(327,220)
Program Financing Expenses	-	-	-	-	-	(596,247)	-	-	-	-	-	(75,366)	-	671,613	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>217,942</b>	<b>1,011,559</b>	<b>7,517</b>	<b>385,449</b>	<b>(19,701)</b>	<b>94,385</b>	<b>117,484</b>	<b>400</b>	<b>(6,687)</b>	<b>53,268</b>	<b>6,099</b>	<b>(123,507)</b>	<b>3,063,197</b>	<b>-</b>	<b>4,807,405</b>
<b>Changes in Net Position</b>	<b>2,453,664</b>	<b>(4,428,663)</b>	<b>(60,124)</b>	<b>(5,211,300)</b>	<b>109,560</b>	<b>3,143,569</b>	<b>640,121</b>	<b>158,735</b>	<b>(562,258)</b>	<b>1,431,738</b>	<b>(39,885)</b>	<b>1,217,663</b>	<b>3,995,825</b>	<b>-</b>	<b>2,848,645</b>
<b>Net Position:</b>															
Beginning of Year	23,087,053	26,786,570	1,368,683	38,278,481	690,477	7,967,390	6,071,744	100,391	2,197,345	16,221,500	1,828,305	13,074,678	-	-	137,672,617
Capital Stock	-	-	-	-	-	-	-	-	-	-	-	-	5,000,000	(5,000,000)	-
<b>Net Position, End of Year</b>	<b>\$ 25,540,717</b>	<b>\$ 22,357,907</b>	<b>\$ 1,308,559</b>	<b>\$ 33,067,181</b>	<b>\$ 800,037</b>	<b>\$ 11,110,959</b>	<b>\$ 6,711,865</b>	<b>\$ 259,126</b>	<b>\$ 1,635,087</b>	<b>\$ 17,653,238</b>	<b>\$ 1,788,420</b>	<b>\$ 14,292,341</b>	<b>\$ 8,995,825</b>	<b>\$ (5,000,000)</b>	<b>\$ 140,521,262</b>

**CSAC EXCESS INSURANCE AUTHORITY  
COMBINING SCHEDULE OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Primary Workers' Compensation	Excess Workers' Compensation	Primary General Liability	General Liability I	General Liability II	Property	Medical Malpractice	Master Rolling OCIP	EIAHealth	Dental Program	Miscellaneous Programs	General Administration & Building	EIO	Elimination of Inter-Fund Trans	Totals June 30, 2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>															
Receipts from Members	\$ 84,585,197	\$ 140,421,327	\$ 2,358,970	\$ 49,591,950	\$ 47,736,688	\$ 61,346,707	\$ 14,643,098	\$ 14,547,176	\$ 285,540,108	\$ 34,328,266	\$ 32,756,254	\$ 1,633,350	\$ 71,106,262	\$ (71,106,262)	\$ 769,489,091
Receipts from Others	(1,742,709)	(1,932,567)	227,595	(55,538)	1,195,372	(759,088)	(22,534)	-	-	-	91,517	266,906	6,976,720	-	4,245,674
Dividends Paid	(2,300,000)	-	-	(3,000,000)	-	(119,545)	-	-	-	-	(89,553)	-	-	-	(5,509,098)
Stabilization Funds Distributed	-	-	-	-	-	-	-	-	-	(64,106)	-	-	-	-	(64,106)
Claims Paid	(8,021,305)	(53,623,873)	43,155	(22,468,836)	(7,592,816)	(398,300)	(4,110,696)	-	-	(29,681,477)	-	-	(15,161,362)	-	(141,015,510)
Insurance Purchased	(56,604,965)	(106,950,614)	(1,933,487)	(7,152,900)	(47,375,721)	(59,439,575)	(6,231,817)	(14,130,270)	(285,621,382)	-	(32,910,463)	-	-	71,106,262	(547,244,932)
Payments to Suppliers	(11,795,645)	(3,334,957)	85,331	(1,309,298)	(1,035,089)	788,697	(436,970)	-	(5,241,496)	(4,081,804)	-	(5,310,856)	(77,093)	-	(31,749,180)
Other Program Expense	-	-	-	-	-	-	-	-	(37,948)	-	-	-	-	-	(37,948)
Payments to Employees	-	-	-	-	-	-	-	-	-	-	-	(8,775,813)	-	-	(8,775,813)
Internal Activities	(5,978,312)	(366,391)	(595,823)	(4,572,368)	(284,471)	(1,446,567)	(1,135,616)	(222,710)	319,596	(314,826)	1,340	14,621,148	(25,000)	-	-
Cumulative Change in Accounting Principle-Pensic	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>(1,857,739)</b>	<b>(25,787,075)</b>	<b>185,741</b>	<b>11,033,010</b>	<b>(7,356,037)</b>	<b>(27,671)</b>	<b>2,705,465</b>	<b>194,196</b>	<b>(5,041,122)</b>	<b>186,053</b>	<b>(150,905)</b>	<b>2,434,735</b>	<b>62,819,527</b>	<b>-</b>	<b>39,338,178</b>
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES:</b>															
Sale of Bldg, Furniture & Equip	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Building Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchases of Capital Assets	-	-	-	-	-	-	-	-	-	-	-	(1,053,923)	-	-	(1,053,923)
Purchase/Sale of Capital Stock	-	-	-	-	-	-	-	-	-	-	-	-	5,000,000	(5,000,000)	-
<b>NET CASH (USED) BY CAPITAL &amp; BY CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,053,923)</b>	<b>5,000,000</b>	<b>(5,000,000)</b>	<b>(1,053,923)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>															
Lease Receipts	-	-	-	-	-	-	-	-	-	-	-	463,338	-	-	463,338
Operating Lease Disbursements	-	-	-	-	-	-	-	-	-	-	-	(128,410)	-	-	(128,410)
Purchase of Securities	(23,032,534)	(148,091,594)	(1,554,320)	(77,554,894)	7,068,833	-	(23,340,762)	(255,457)	4,869,948	(9,592,639)	(930,678)	(7,836,375)	(104,554,356)	-	(384,804,828)
Sale of Securities	26,324,232	169,730,938	1,283,438	65,901,334	-	-	20,347,668	69,378	-	9,237,370	1,053,781	1,890,883	37,481,907	-	333,320,929
Cash from Investment Earnings	855,865	5,554,610	41,294	2,084,257	3,068	2,478	650,620	1,549	6,650	298,193	34,641	37,343	870,464	(292,785)	10,148,247
Cash from Finance Fees	66,141	32,795	-	5,425	-	688,154	-	-	-	-	22	-	-	-	792,537
Finance Fees Paid	-	-	-	-	-	(596,247)	-	-	-	-	-	(75,366)	-	292,785	(378,828)
Investment in Captive	(514,969)	(2,841,641)	(9,520)	(1,026,287)	(65,294)	(66,714)	(253,487)	(654)	(77,472)	(129,055)	(14,907)	-	-	5,000,000	-
Investment Expenses	-	-	-	-	-	-	-	-	-	-	-	(264,230)	(62,990)	-	(327,220)
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>3,698,735</b>	<b>24,385,108</b>	<b>(239,108)</b>	<b>(10,590,165)</b>	<b>7,006,607</b>	<b>27,671</b>	<b>(2,595,961)</b>	<b>(185,184)</b>	<b>4,799,126</b>	<b>(186,131)</b>	<b>142,859</b>	<b>(5,912,817)</b>	<b>(66,264,975)</b>	<b>5,000,000</b>	<b>(40,914,235)</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,840,996</b>	<b>(1,401,967)</b>	<b>(53,367)</b>	<b>442,845</b>	<b>(349,430)</b>	<b>-</b>	<b>109,504</b>	<b>9,012</b>	<b>(241,996)</b>	<b>(78)</b>	<b>(8,046)</b>	<b>(4,532,005)</b>	<b>1,554,552</b>	<b>-</b>	<b>(2,629,980)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>8,507,556</b>	<b>16,143,439</b>	<b>651,326</b>	<b>5,830,365</b>	<b>370,937</b>	<b>-</b>	<b>1,440,064</b>	<b>3,717</b>	<b>440,121</b>	<b>733,164</b>	<b>84,689</b>	<b>5,316,052</b>	<b>-</b>	<b>-</b>	<b>39,521,430</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 10,348,552</b>	<b>\$ 14,741,472</b>	<b>\$ 597,959</b>	<b>\$ 6,273,210</b>	<b>\$ 21,507</b>	<b>\$ -</b>	<b>\$ 1,549,568</b>	<b>\$ 12,729</b>	<b>\$ 198,125</b>	<b>\$ 733,086</b>	<b>\$ 76,643</b>	<b>\$ 784,047</b>	<b>\$ 1,554,552</b>	<b>\$ -</b>	<b>\$ 36,891,450</b>

**CSAC EXCESS INSURANCE AUTHORITY  
COMBINING SCHEDULE OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Primary Workers' Compensation	Excess Workers' Compensation	Primary General Liability	General Liability I	General Liability II	Property	Medical Malpractice	Master Rolling OCIP	EIAHealth	Dental Program	Miscellaneous Programs	General Administration & Building	EIO	Elimination of Inter-Fund Trans	Totals June 30, 2017
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>															
Operating Income (Loss)	\$ 2,235,722	\$ (5,440,222)	\$ (67,641)	\$ (5,596,749)	\$ 129,261	\$ 3,049,184	\$ 522,637	\$ 158,335	\$ (555,571)	\$ 1,378,470	\$ (45,984)	\$ 1,341,170	\$ 932,628	\$ -	\$ (1,958,760)
Adjustments to reconcile operating income to net cash provided (used) by operating activities															
Depreciation	-	-	-	-	-	-	-	-	-	-	-	664,821	-	-	664,821
Changes in Assets and Liabilities															
Deposits, Accts & Other Receivables, net	(2,019,414)	(1,590,801)	(89,150)	1,949,711	(1,555,216)	(1,636,246)	72,475	(1,861,014)	88,666	(609,745)	(38,639)	3,876	(5,744,790)	-	(13,030,287)
Due From or To Other Funds	(1,290,819)	4,475,770	(44,244)	(2,192,958)	1,135,446	(725,696)	(542,066)	(126,875)	764,422	(87,475)	17,032	(1,382,537)	-	-	-
Prepaid Insurance and Exps	-	-	-	-	-	(1,612,328)	(143,974)	(5,437,120)	-	-	787,176	(9,027)	-	-	(6,415,273)
Deferred Outflows of Resources	-	-	-	-	-	-	-	-	-	-	-	1,791,879	-	-	1,791,879
Accounts and Other Payables	(2,320,012)	24,288	399,744	(2,990,700)	476,285	984,766	-	1,970,859	(5,338,639)	-	997	880,629	6,989,955	-	1,078,172
Unearned Income	-	-	(28,610)	4,969,266	-	29,370	295,609	5,490,011	-	-	(871,487)	-	-	-	9,884,159
Claim Liabilities	(423,441)	(24,117,235)	(83,906)	13,901,614	(7,592,816)	(120,724)	2,433,885	-	-	(495,197)	-	-	60,641,734	-	44,143,914
Unallocated Loss Adjustment Expense Payable	1,960,225	861,125	99,548	992,826	51,003	4,003	66,899	-	-	-	-	-	-	-	4,035,629
Other Liabilities	-	-	-	-	-	-	-	-	-	-	-	48,704	-	-	48,704
Deferred Inflows of Resources	-	-	-	-	-	-	-	-	-	-	-	28,122	-	-	28,122
Net Pension Liability	-	-	-	-	-	-	-	-	-	-	-	(932,902)	-	-	(932,902)
Capital Assets Net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cumulative Change in Accounting Principle-Pensic	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>															
	\$ (1,857,739)	\$ (25,787,075)	\$ 185,741	\$ 11,033,010	\$ (7,356,037)	\$ (27,671)	\$ 2,705,465	\$ 194,196	\$ (5,041,122)	\$ 186,053	\$ (150,905)	\$ 2,434,735	\$ 62,819,527	\$ -	\$ 39,338,178
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>															
Changes in unrealized gains (loss) on investments	\$ (725,687)	\$ (4,679,016)	\$ (35,381)	\$ (1,816,720)	\$ -	\$ -	\$ (560,929)	\$ (1,913)	\$ -	\$ (254,649)	\$ (29,050)	\$ (52,126)	\$ 2,065,696	\$ -	\$ (6,089,775)



## Primary Workers' Compensation

County Members: 11  
Public Entity Members: 28

**CSAC EXCESS INSURANCE AUTHORITY  
PRIMARY WORKERS' COMPENSATION PROGRAM  
STATEMENT OF NET POSITION  
JUNE 30, 2017 AND 2016**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
<b>ASSETS:</b>		
Current Assets:		
Cash in Banks	\$ 7,640,159	\$ 5,582,003
Cash, EIA Treasury	<u>2,708,393</u>	<u>2,925,553</u>
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	10,348,552	8,507,556
Investments	11,171,253	12,114,975
Accounts Receivable		
Due from Members	103,063	-
Investment Income Receivable	214,649	193,027
Reinsurance Claims	2,915,199	998,848
Due from Other Funds	<u>15,546,348</u>	<u>14,159,765</u>
<b>TOTAL CURRENT ASSETS</b>	<u>40,299,064</u>	<u>35,974,171</u>
Noncurrent Assets:		
Investments	44,019,228	47,092,890
Investment in Captive	514,969	-
Due from Other Funds	<u>5,392,789</u>	<u>5,488,553</u>
<b>TOTAL NONCURRENT ASSETS</b>	<u>49,926,986</u>	<u>52,581,443</u>
<b>TOTAL ASSETS</b>	<u>90,226,050</u>	<u>88,555,614</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	1,804,449	1,086,545
Dividends Payable to Members	2,500,000	2,300,000
Other Due to Members	-	53,977
Deposits from Members	796,587	734,923
Deposits from Insurance Companies	4,366,008	7,611,611
Workers' Compensation Claims	<u>8,000,000</u>	<u>11,000,000</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>17,467,044</u>	<u>22,787,056</u>
Noncurrent Liabilities:		
Workers' Compensation Claims Liabilities		
Claims Reported	5,313,027	2,916,630
Claims Incurred But Not Reported	3,831,125	3,650,963
Unallocated Loss Adjustment Expense Payable	<u>38,074,137</u>	<u>36,113,912</u>
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>47,218,289</u>	<u>42,681,505</u>
<b>TOTAL LIABILITIES</b>	<u>64,685,333</u>	<u>65,468,561</u>
<b>NET POSITION:</b>		
Unrestricted	<u>25,540,717</u>	<u>23,087,053</u>
<b>TOTAL NET POSITION</b>	<u>\$ 25,540,717</u>	<u>\$ 23,087,053</u>

**CSAC EXCESS INSURANCE AUTHORITY  
PRIMARY WORKERS' COMPENSATION PROGRAM  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
<b>OPERATING REVENUES:</b>		
Premiums for Transferred Risk	\$ 56,562,481	\$ 43,388,696
Broker Fees	1,420,648	1,384,660
Contributions for Retained Risk	20,280,898	20,163,030
Administration Fees	6,247,449	5,198,596
Public Entity Fees	168,697	163,017
Other Income	174,042	260,097
	<hr/>	<hr/>
<b>TOTAL OPERATING REVENUES</b>	<b>84,854,215</b>	<b>70,558,096</b>
	<hr/>	<hr/>
<b>OPERATING EXPENSES:</b>		
Pool Dividends to Members	2,500,000	2,300,000
Insurance Expense	56,604,965	44,733,886
Broker Fees	1,398,680	1,385,306
Provision for Claims		
Current Year Claims	8,967,000	9,096,000
Prior Years' Claims	(1,369,136)	(3,718,225)
Provision for Unallocated Loss Adjustment Expenses	1,960,225	8,211,095
Program Services		
Claims Administration Services	6,135,647	6,981,293
Actuarial and Consulting Services	147,459	159,777
Claims Audits	71,838	95,950
Managed Care Program Review	111,433	102,000
Bank Fees and Services	39,743	37,418
Dept. of Industrial Relations Assessment	1,363,146	1,464,366
	<hr/>	<hr/>
<b>TOTAL OPERATING EXPENSES</b>	<b>77,931,000</b>	<b>70,848,866</b>
	<hr/>	<hr/>
<b>TRANSFERS IN OR (OUT):</b>		
Transfer Out for General Administration	(4,486,476)	(3,974,046)
Transfer Out for Loss Prevention	(201,017)	(196,491)
	<hr/>	<hr/>
<b>TOTAL TRANSFERS</b>	<b>(4,687,493)</b>	<b>(4,170,537)</b>
	<hr/>	<hr/>
<b>OPERATING INCOME (LOSS)</b>	<b>2,235,722</b>	<b>(4,461,307)</b>
	<hr/>	<hr/>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	151,800	1,614,888
Member Financing Fees	66,142	45,022
	<hr/>	<hr/>
<b>TOTAL NONOPERATING REVENUE (EXPENSES)</b>	<b>217,942</b>	<b>1,659,910</b>
	<hr/>	<hr/>
<b>CHANGES IN NET POSITION</b>	<b>2,453,664</b>	<b>(2,801,397)</b>
	<hr/>	<hr/>
Net Position, Beginning of Year	23,087,053	25,888,450
	<hr/>	<hr/>
<b>NET POSITION, END OF YEAR</b>	<b>\$ 25,540,717</b>	<b>\$ 23,087,053</b>
	<hr/>	<hr/>

**CSAC EXCESS INSURANCE AUTHORITY  
PRIMARY WORKERS' COMPENSATION PROGRAM  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 84,585,197	\$ 71,417,301
Receipts from Others	(1,742,709)	168,731
Dividends Paid	(2,300,000)	(4,000,000)
Claims Paid	(8,021,305)	(8,483,320)
Insurance Purchased	(56,604,965)	(44,733,886)
Payments to Suppliers	(11,795,645)	(11,777,074)
Internal Activities	<u>(5,978,312)</u>	<u>(41,161)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>(1,857,739)</u>	<u>2,550,591</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Securities	(23,032,534)	(35,482,094)
Sales of Securities	26,324,232	31,230,887
Cash from Investment Earnings	855,865	1,076,248
Investment in Captive	(514,969)	-
Finance Fees from Members	<u>66,141</u>	<u>45,023</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>3,698,735</u>	<u>(3,129,936)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	1,840,996	(579,345)
<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>	<u>8,507,556</u>	<u>9,086,901</u>
<b>END OF YEAR</b>	<u>\$ 10,348,552</u>	<u>\$ 8,507,556</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ 2,235,722	\$ (4,461,307)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, Net	(2,019,414)	790,457
Due From or To Other Funds	(1,290,819)	4,129,376
Unearned Premium from Members	-	-
Accounts and Other Payables	(2,320,012)	(3,013,485)
Claim Liabilities	(423,441)	(3,105,545)
Unallocated Loss Adjustment Expense Payable	<u>1,960,225</u>	<u>8,211,095</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ (1,857,739)</u>	<u>\$ 2,550,591</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Unrealized gain/(loss) on investments	<u>\$ (725,687)</u>	<u>\$ 533,016</u>

**CSAC EXCESS INSURANCE AUTHORITY  
PRIMARY WORKERS' COMPENSATION PROGRAM  
RECONCILIATION OF UNPAID CLAIMS LIABILITIES  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
A. Unpaid claims and claim adjustment expenses at the beginning of the fiscal year	<u>\$ 53,681,505</u>	<u>\$ 48,575,955</u>
Incurred claims and claim adjustment expenses:		
Provision for claims		
current fiscal year	10,927,225	17,307,095
Increase (Decrease) in the provision for claims of prior fiscal years	<u>(1,369,136)</u>	<u>(3,718,225)</u>
B. Total incurred claims and claim adjustment expenses	<u>9,558,089</u>	<u>13,588,870</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	4,245,304	4,228,855
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>3,776,001</u>	<u>4,254,465</u>
C. Total Payments	<u>8,021,305</u>	<u>8,483,320</u>
D. Total unpaid claims and claim adjustment expenses at the end of the fiscal year (A+B-C)	<u>\$ 55,218,289</u>	<u>\$ 53,681,505</u>
Current Claim Liabilities	\$ 8,000,000	\$ 11,000,000
Noncurrent Claim Liabilities	<u>47,218,289</u>	<u>42,681,505</u>
Total Claim Liabilities	<u>\$ 55,218,289</u>	<u>\$ 53,681,505</u>

**CSAC EXCESS INSURANCE AUTHORITY  
PRIMARY WORKERS' COMPENSATION PROGRAM  
NOTES TO EARNED PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION  
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2017**

The following schedule illustrates how the Fund's earned premiums (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Fund as of the end of each of the last 10 years. The rows of the schedule are defined as follows:

1. This line shows the total of each fiscal year's earned premium, revenues ceded to reinsurers and stop-loss policies, and investment revenues. The total revenues are net of dividends returned to members.
2. This line shows the liability for unallocated loss adjustment expenses not allocated to individual claims.
3. This line shows the Fund's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event occurred that triggered coverage under the contract (called policy year).
4. This section of rows shows the cumulative amounts paid as of the end of each successive year for each policy year.
5. This line shows the latest reestimated amount of claims assumed by reinsurers as of the end of the current year for each policy year.
6. This section of rows shows how each policy year's incurred claims increased or decreased as of the end of each successive year. These annual reestimations result from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims not previously known.
7. This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought.

As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

The columns of the schedule show data for successive policy years.

**CSAC EXCESS INSURANCE AUTHORITY  
PRIMARY WORKERS' COMPENSATION PROGRAM  
SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT  
FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2017**

POLICY YEAR	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017
Earned Premiums	\$ 47,629,119	\$ 48,372,518	\$ 45,039,062	\$ 53,048,120	\$ 54,860,361	\$ 54,488,670	\$ 59,245,804	\$ 61,368,317	\$ 62,438,844	\$ 74,780,172
Less Ceded			(24,951,328)	(28,900,823)	(31,324,253)	(32,660,803)	(37,380,293)	(40,948,454)	(42,158,960)	(54,689,379)
Supplemental Assessments	-	-	-	-	-	-	-	-	-	-
Dividends Declared	-	-	-	-	-	-	-	-	-	-
Investment Earnings	5,955,628	3,245,765	726,610	582,469	225,476	151,332	-	-	-	-
<b>1. Total Revenues Available For Payment of Claims</b>	<b>53,584,747</b>	<b>51,618,283</b>	<b>20,814,344</b>	<b>24,729,766</b>	<b>23,761,584</b>	<b>21,979,199</b>	<b>21,865,511</b>	<b>20,419,863</b>	<b>20,279,884</b>	<b>20,090,793</b>
<b>2. Less Unallocated Loss Adjustment Expense</b>	<b>4,522,162</b>	<b>4,706,982</b>	<b>4,692,391</b>	<b>9,035,843</b>	<b>7,311,369</b>	<b>7,109,090</b>	<b>10,137,114</b>	<b>9,483,459</b>	<b>16,656,754</b>	<b>9,459,018</b>
<b>3. Estimated Incurred Claims</b>	<b>39,052,710</b>	<b>34,751,511</b>	<b>36,219,693</b>	<b>41,200,715</b>	<b>44,186,253</b>	<b>45,065,803</b>	<b>50,435,293</b>	<b>54,185,020</b>	<b>51,254,960</b>	<b>63,656,379</b>
Less Ceded Claims	-	-	(24,951,328)	(28,900,823)	(31,324,253)	(32,660,803)	(37,380,293)	(40,860,020)	(42,158,960)	(54,689,379)
<b>Net Incurred Claims and Expenses, End of Policy Year</b>	<b>39,052,710</b>	<b>34,751,511</b>	<b>11,268,365</b>	<b>12,299,892</b>	<b>12,862,000</b>	<b>12,405,000</b>	<b>13,055,000</b>	<b>13,325,000</b>	<b>9,096,000</b>	<b>8,967,000</b>
<b>4. Cumulative Paid Claims as of:</b>										
End of the Policy Year	7,806,978	7,763,711	5,301,114	6,304,731	5,988,250	5,631,790	5,999,562	3,951,291	4,228,855	4,245,304
One Year Later	18,499,334	26,216,412	8,672,943	10,080,439	9,699,440	9,572,554	9,632,916	6,607,142	6,868,677	-
Two Years Later	48,919,481	26,216,412	9,127,073	10,752,137	10,403,922	10,324,845	10,595,000	7,164,498	-	-
Three Years Later	48,919,481	26,216,412	9,310,650	11,004,419	10,648,791	10,647,115	10,903,553	-	-	-
Four Years Later	48,919,481	26,216,412	9,423,077	11,094,997	10,772,427	10,782,525	-	-	-	-
Five Years Later	48,919,481	26,216,412	9,500,091	11,151,713	10,845,816	-	-	-	-	-
Six Years Later	48,919,481	26,216,412	9,551,614	11,192,247	-	-	-	-	-	-
Seven Years Later	48,919,481	26,216,412	9,546,187	-	-	-	-	-	-	-
Eight Years Later	48,919,481	26,216,412	-	-	-	-	-	-	-	-
Nine Years Later	48,919,481	-	-	-	-	-	-	-	-	-
<b>5. Reestimated Ceded Claims and Expenses</b>	<b>-</b>	<b>-</b>	<b>27,844,773</b>	<b>33,849,119</b>	<b>35,057,604</b>	<b>34,080,861</b>	<b>34,320,268</b>	<b>32,511,081</b>	<b>28,216,237</b>	<b>7,889,958</b>
<b>6. Reestimated Incurred Claims and Expenses</b>										
End of the Policy Year	39,052,710	34,751,511	11,268,365	12,299,892	12,862,000	12,405,000	13,055,000	13,325,000	9,096,000	8,967,000
One Year Later	44,407,005	26,216,412	10,203,556	12,700,000	11,441,000	12,595,000	12,382,000	8,222,000	8,226,000	-
Two Years Later	48,919,481	26,216,412	11,868,000	11,815,000	11,397,000	11,445,000	11,735,000	7,792,000	-	-
Three Years Later	48,919,481	26,216,412	11,004,000	11,789,000	11,048,000	11,384,000	11,718,000	-	-	-
Four Years Later	48,919,481	26,216,412	10,934,000	11,500,000	11,022,000	11,233,000	-	-	-	-
Five Years Later	48,919,481	26,216,412	10,902,000	11,450,000	11,220,000	-	-	-	-	-
Six Years Later	48,919,481	26,216,412	10,915,000	11,480,000	-	-	-	-	-	-
Seven Years Later	48,919,481	26,216,412	10,894,000	-	-	-	-	-	-	-
Eight Years Later	48,919,481	26,216,412	-	-	-	-	-	-	-	-
Nine Years Later	48,919,481	-	-	-	-	-	-	-	-	-
<b>7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year</b>	<b>\$ 9,866,771</b>	<b>\$ (8,535,099)</b>	<b>\$ (374,365)</b>	<b>\$ (819,892)</b>	<b>\$ (1,642,000)</b>	<b>\$ (1,172,000)</b>	<b>\$ (1,337,000)</b>	<b>\$ (5,533,000)</b>	<b>\$ (870,000)</b>	<b>\$ -</b>



# Excess Workers' Compensation

County Members: 50  
Public Entity Members: 121

**CSAC EXCESS INSURANCE AUTHORITY  
EXCESS WORKERS' COMPENSATION PROGRAM  
STATEMENT OF NET POSITION  
JUNE 30, 2017 AND 2016**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
<b>ASSETS:</b>		
Current Assets:		
Cash, EIA Treasury	\$ 14,741,472	\$ 16,143,439
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	<u>14,741,472</u>	<u>16,143,439</u>
Investments	60,803,857	66,851,423
Accounts Receivable		
Due from Members	304,243	649,409
Due from Others	58,793	2,043
Investment Income Receivable	1,168,310	1,065,140
Reinsurance Claims	4,874,623	2,995,406
Due from Other Funds	<u>20,421,584</u>	<u>22,289,452</u>
<b>TOTAL CURRENT ASSETS</b>	<u>102,372,882</u>	<u>109,996,312</u>
Noncurrent Assets:		
Investments	239,591,625	259,862,419
Investment in Captive	2,841,641	-
Due from Other Funds	<u>29,352,335</u>	<u>30,286,284</u>
<b>TOTAL NONCURRENT ASSETS</b>	<u>271,785,601</u>	<u>290,148,703</u>
<b>TOTAL ASSETS</b>	<u>374,158,483</u>	<u>400,145,015</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	1,207,148	8,723
Deposits from Insurance Companies	-	500,000
Due to Members	-	674,137
Due to Other Funds	11,794,370	10,120,417
Workers' Compensation Claims	<u>50,000,000</u>	<u>40,000,000</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>63,001,518</u>	<u>51,303,277</u>
Noncurrent Liabilities:		
Workers' Compensation Claims Liabilities		
Claims Reported	202,290,209	224,496,320
Claims Incurred But Not Reported	74,102,193	86,013,317
Unallocated Loss Adjustment Expense Payable	<u>12,406,656</u>	<u>11,545,531</u>
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>288,799,058</u>	<u>322,055,168</u>
<b>TOTAL LIABILITIES</b>	<u>351,800,576</u>	<u>373,358,445</u>
<b>NET POSITION:</b>		
Unrestricted	<u>22,357,907</u>	<u>26,786,570</u>
<b>TOTAL NET POSITION</b>	<u>\$ 22,357,907</u>	<u>\$ 26,786,570</u>

**CSAC EXCESS INSURANCE AUTHORITY  
EXCESS WORKERS' COMPENSATION PROGRAM  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
<b>OPERATING REVENUES:</b>		
Premiums for Transferred Risk	\$ 106,364,512	\$ 68,841,487
Broker Fees	2,968,135	2,819,055
Contributions for Retained Risk	24,200,944	50,731,618
Administration Fees	6,885,771	6,657,860
Public Entity Fees	330,936	284,021
Other Income	3,400	84,290,574
	<u>140,753,698</u>	<u>213,624,615</u>
<b>TOTAL OPERATING REVENUES</b>		
<b>OPERATING EXPENSES:</b>		
Insurance Expense	106,950,614	70,563,030
Broker Fees	2,976,879	2,810,625
Provision for Claims		
Current Year Claims	14,915,638	34,989,343
Prior Years' Claims	14,591,000	83,060,210
Provision for Unallocated Loss Adjustment Expenses	861,125	944,719
Program Services		
Actuarial, Legal & Managed Care Services	491,392	545,389
Claims Audits	565,111	552,091
	<u>141,351,759</u>	<u>193,465,407</u>
<b>TOTAL OPERATING EXPENSES</b>		
<b>TRANSFERS IN OR (OUT):</b>		
Transfer Out for General Administration	(4,393,140)	(4,542,841)
Transfer Out for Loss Prevention	(449,021)	(421,276)
	<u>(4,842,161)</u>	<u>(4,964,117)</u>
<b>TOTAL TRANSFERS</b>		
	<u>(5,440,222)</u>	<u>15,195,091</u>
<b>OPERATING INCOME (LOSS)</b>		
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	978,765	7,706,914
Member Financing Fees	32,794	20,602
	<u>1,011,559</u>	<u>7,727,516</u>
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>		
<b>CHANGES IN NET POSITION</b>		
	<u>(4,428,663)</u>	<u>22,922,607</u>
Net Position, Beginning of Year	<u>26,786,570</u>	<u>3,863,963</u>
<b>NET POSITION, END OF YEAR</b>		
	<u>\$ 22,357,907</u>	<u>\$ 26,786,570</u>

**CSAC EXCESS INSURANCE AUTHORITY  
EXCESS WORKERS' COMPENSATION PROGRAM  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 140,421,327	\$ 102,522,196
Receipts from Others	(1,932,567)	83,514,005
Claims Paid	(53,623,873)	(36,202,899)
Insurance Purchased	(106,950,614)	(61,080,065)
Payments to Suppliers	(3,334,957)	(4,434,113)
Internal Activities	<u>(366,391)</u>	<u>(14,146,114)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>(25,787,075)</u>	<u>70,173,010</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Securities	(148,091,594)	(233,833,463)
Sales of Securities	169,730,938	163,616,069
Cash from Investment Earnings	5,554,610	4,722,958
Investment in Captive	(2,841,641)	-
Finance Fees from Members	<u>32,795</u>	<u>20,602</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>24,385,108</u>	<u>(65,473,834)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(1,401,967)	4,699,176
<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>	<u>16,143,439</u>	<u>11,444,263</u>
<b>END OF YEAR</b>	<u><u>\$ 14,741,472</u></u>	<u><u>\$ 16,143,439</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ (5,440,222)	\$ 15,195,091
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, Net	(1,590,801)	(666,695)
Prepaid Insurance	-	9,482,965
Due From or To Other Funds	4,475,770	(9,181,997)
Accounts and Other Payables	24,288	(818,345)
Unearned Income	-	(26,629,382)
Claim Liabilities	(24,117,235)	81,846,654
Unallocated Loss Adjustment Expense Payable	<u>861,125</u>	<u>944,719</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u><u>\$ (25,787,075)</u></u>	<u><u>\$ 70,173,010</u></u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>		
Unrealized gain/(loss) on investments	<u><u>\$ (4,679,016)</u></u>	<u><u>\$ 2,792,425</u></u>

**CSAC EXCESS INSURANCE AUTHORITY  
EXCESS WORKERS' COMPENSATION PROGRAM  
RECONCILIATION OF UNPAID CLAIMS LIABILITIES  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
A. Unpaid claims and claim adjustment expenses at the beginning of the fiscal year	<u>\$ 362,055,168</u>	<u>\$ 279,263,795</u>
Incurred claims and claim adjustment expenses:		
Provision for claims		
Current fiscal year	15,776,763	35,934,062
Prior fiscal years	<u>14,591,000</u>	<u>83,060,210</u>
B. Total incurred claims and claim adjustment expenses	<u>30,367,763</u>	<u>118,994,272</u>
Payments attributable to insured events of the		
Current fiscal year	3,623,460	13,633
Prior fiscal years:	<u>50,000,413</u>	<u>36,189,266</u>
C. Total Payments	<u>53,623,873</u>	<u>36,202,899</u>
D. Total unpaid claims and claim adjustment expenses at the end of the fiscal year (A+B-C)	<u>\$ 338,799,058</u>	<u>\$ 362,055,168</u>
Current Claim Liabilities	\$ 50,000,000	\$ 40,000,000
Noncurrent Claim Liabilities	<u>288,799,058</u>	<u>322,055,168</u>
Total Claim Liabilities	<u>\$ 338,799,058</u>	<u>\$ 362,055,168</u>

**CSAC EXCESS INSURANCE AUTHORITY  
EXCESS WORKERS' COMPENSATION PROGRAM  
NOTES TO EARNED PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION  
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2017**

The following schedule illustrates how the Fund's earned premiums (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Fund as of the end of each of the last 10 years. The rows of the schedule are defined as follows:

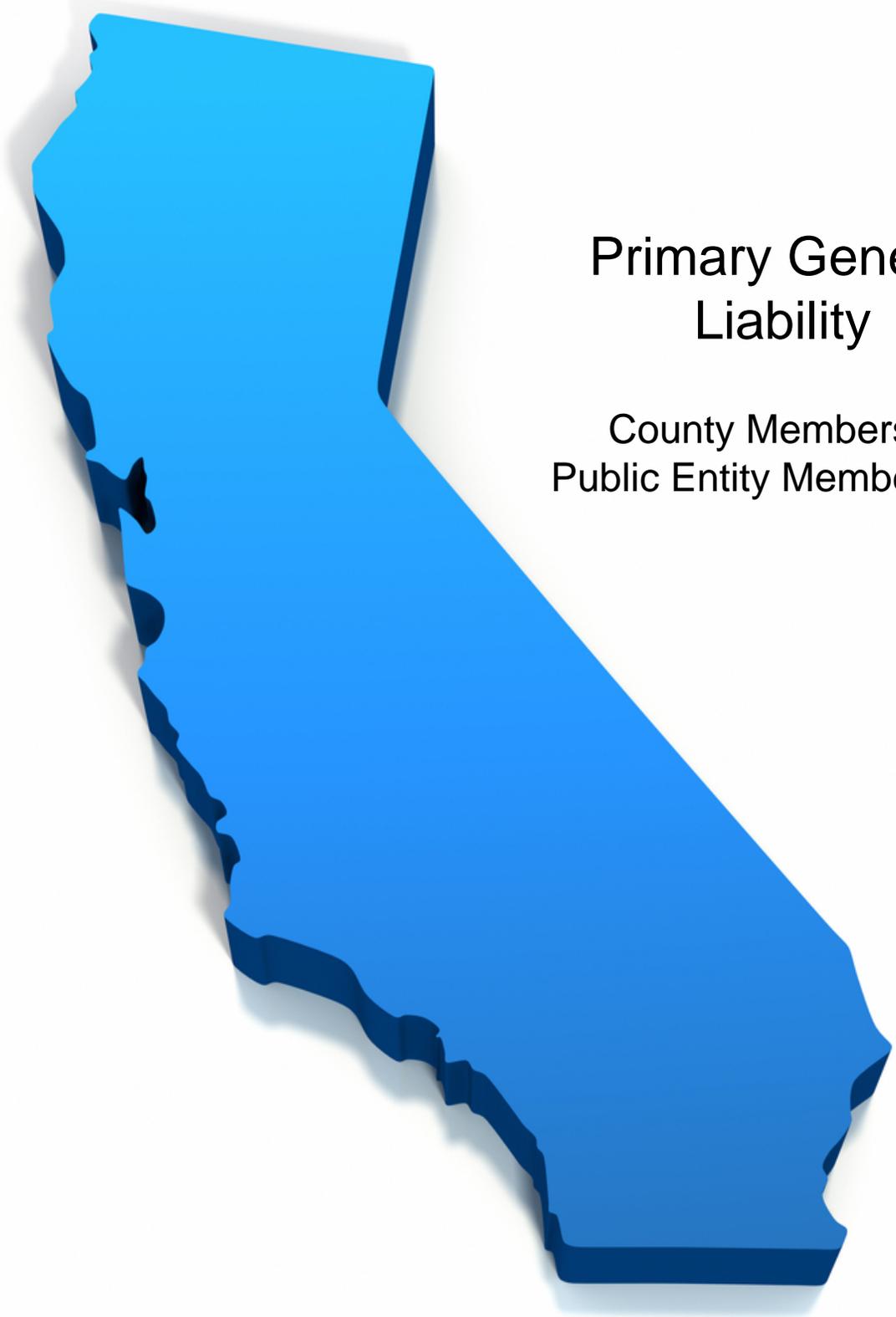
1. This line shows the total of each fiscal year's earned premium, revenues ceded to reinsurers and stop-loss policies, and investment revenues. The total revenues are net of dividends returned to members.
2. This line shows the liability for unallocated loss adjustment expenses not allocated to individual claims.
3. This line shows the Fund's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event occurred that triggered coverage under the contract (called policy year).
4. This section of rows shows the cumulative amounts paid as of the end of each successive year for each policy year.
5. This line shows the latest reestimated amount of claims assumed by reinsurers as of the end of the current year for each policy year.
6. This section of rows shows how each policy year's incurred claims increased or decreased as of the end of each successive year. These annual reestimations result from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims not previously known.
7. This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought.

As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

The columns of the schedule show data for successive policy years.

**CSAC EXCESS INSURANCE AUTHORITY  
EXCESS WORKERS' COMPENSATION PROGRAM  
SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT  
FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2017**

POLICY YEAR	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30 2015	June 30 2016	June 30 2017
Earned Premiums	\$ 62,477,689	\$ 52,184,473	\$ 48,146,826	\$ 52,740,463	\$ 56,601,782	\$ 64,059,430	\$ 77,872,261	\$ 97,699,836	\$ 119,149,647	\$ 124,875,328
Less Ceded	(22,040,208)	(32,694,500)	(29,508,521)	(33,932,092)	(38,700,636)	(26,470,050)	(47,448,283)	(57,198,059)	(68,258,846)	(102,873,232)
Supplemental Assessments	-	-	-	-	-	-	-	-	-	-
Dividends Declared	-	-	-	-	-	-	-	-	-	-
Investment Earnings	7,113,874	1,919,497	1,983,751	1,292,793	977,588	1,722,779	1,241,116	1,569,179	791,398	56,416
<b>1. Total Revenues Available For Payment of Claims</b>	<b>47,551,355</b>	<b>21,409,470</b>	<b>20,622,056</b>	<b>20,101,164</b>	<b>18,878,734</b>	<b>39,312,159</b>	<b>31,665,094</b>	<b>42,070,956</b>	<b>51,682,199</b>	<b>22,058,512</b>
<b>2. Unallocated Loss Adjustment Expense</b>	<b>819,693</b>	<b>565,866</b>	<b>683,451</b>	<b>695,730</b>	<b>322,559</b>	<b>583,605</b>	<b>341,128</b>	<b>774,238</b>	<b>1,117,060</b>	<b>414,263</b>
<b>3. Estimated Incurred Claims Less Ceded Claims</b>	<b>51,656,148</b>	<b>46,380,300</b>	<b>45,844,808</b>	<b>51,347,831</b>	<b>47,772,920</b>	<b>43,142,223</b>	<b>60,295,762</b>	<b>80,522,151</b>	<b>106,542,005</b>	<b>117,788,870</b>
Less Ceded Claims	(22,040,208)	(32,694,500)	(29,508,521)	(33,932,092)	(38,700,636)	(26,470,050)	(47,448,283)	(57,198,059)	(68,258,846)	(102,873,232)
<b>Net Incurred Claims and Expenses, End of Policy Year</b>	<b>29,615,940</b>	<b>13,685,800</b>	<b>16,336,287</b>	<b>17,415,739</b>	<b>9,072,284</b>	<b>16,672,173</b>	<b>12,847,479</b>	<b>23,324,092</b>	<b>38,283,159</b>	<b>14,915,638</b>
<b>4. Cumulative Paid Claims as of:</b>										
End of the Policy Year	-	80,573	-	43,862	23,688	38,785	-	950,641	3,293,817	3,623,460
One Year Later	149,378	253,852	106,437	230,188	329,202	281,003	2,361,141	5,161,301	9,034,334	-
Two Years Later	2,329,306	662,838	515,533	627,868	785,063	2,103,809	6,162,084	10,430,178	-	-
Three Years Later	3,806,626	5,131,474	1,281,938	1,344,807	1,544,493	4,326,042	10,372,243	-	-	-
Four Years Later	5,996,177	7,021,243	2,117,003	2,074,489	2,305,965	9,927,320	-	-	-	-
Five Years Later	8,591,259	12,173,038	3,129,849	5,609,885	4,081,614	-	-	-	-	-
Six Years Later	11,959,712	16,560,978	4,339,481	6,421,341	-	-	-	-	-	-
Seven Years Later	15,634,894	18,248,515	7,743,152	-	-	-	-	-	-	-
Eight Years Later	17,602,409	21,026,579	-	-	-	-	-	-	-	-
Nine Years Later	22,548,686	-	-	-	-	-	-	-	-	-
<b>5. Reestimated Ceded Claims and Expenses</b>	<b>-</b>	<b>13,301,281</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,417,126</b>	<b>20,135,846</b>	<b>38,234,788</b>	<b>16,522,649</b>	<b>5,339,208</b>
<b>6. Reestimated Incurred Claims and Expenses</b>										
End of the Policy Year	29,615,940	13,685,800	16,336,287	17,415,739	9,072,284	16,672,173	12,847,479	23,324,092	38,283,159	14,915,638
One Year Later	28,351,050	20,519,114	16,902,842	18,075,962	9,517,002	18,675,566	14,275,787	30,278,418	39,483,699	-
Two Years Later	32,207,743	25,050,003	18,604,330	17,868,492	10,336,945	19,544,588	19,231,418	31,534,751	-	-
Three Years Later	34,698,516	27,689,168	20,268,964	18,601,508	10,932,012	25,311,173	19,670,868	-	-	-
Four Years Later	36,547,866	27,105,017	20,649,905	19,813,588	12,982,166	25,835,519	-	-	-	-
Five Years Later	37,627,214	28,602,557	23,837,950	24,576,756	12,874,083	-	-	-	-	-
Six Years Later	40,712,273	33,246,965	26,569,135	25,385,881	-	-	-	-	-	-
Seven Years Later	43,281,390	34,254,523	26,372,989	-	-	-	-	-	-	-
Eight Years Later	43,635,990	36,451,235	-	-	-	-	-	-	-	-
Nine Years Later	44,892,277	-	-	-	-	-	-	-	-	-
<b>7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year</b>	<b>\$ 15,276,337</b>	<b>\$ 22,765,435</b>	<b>\$ 10,036,702</b>	<b>\$ 7,970,142</b>	<b>\$ 3,801,799</b>	<b>\$ 9,163,346</b>	<b>\$ 6,823,389</b>	<b>\$ 8,210,659</b>	<b>\$ 1,200,540</b>	<b>\$ -</b>



## Primary General Liability

County Members: 6  
Public Entity Members: 16

**CSAC EXCESS INSURANCE AUTHORITY  
PRIMARY GENERAL LIABILITY PROGRAM  
STATEMENT OF NET POSITION  
JUNE 30, 2017 AND 2016**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
<b>ASSETS:</b>		
Current Assets:		
Cash in Banks	\$ 532,686	\$ 597,240
Cash, EIA Treasury	65,273	54,086
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	<b>597,959</b>	<b>651,326</b>
Investments	269,229	223,974
Accounts Receivable		
Due From Members	153,738	124,497
Investment Income Receivable	5,173	3,569
Reinsurance Claims	233,298	173,389
Due from Other Funds	90,423	74,677
<b>TOTAL CURRENT ASSETS</b>	<b>1,349,820</b>	<b>1,251,432</b>
Noncurrent Assets:		
Investments	1,060,870	870,624
Investment in Captive	9,520	-
Due from Other Funds	129,967	101,469
<b>TOTAL NONCURRENT ASSETS</b>	<b>1,200,357</b>	<b>972,093</b>
<b>TOTAL ASSETS</b>	<b>2,550,177</b>	<b>2,223,525</b>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	41,943	9,626
Unearned Income	-	28,610
Due to Members	234,563	244,357
Dividends Payable to Members	266,000	-
Deposits from Insurance Companies	425,872	314,651
Claim Liabilities	32,949	116,855
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,001,327</b>	<b>714,099</b>
Noncurrent Liabilities:		
Unallocated Loss Adjustment Expense Payable	240,291	140,743
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>240,291</b>	<b>140,743</b>
<b>TOTAL LIABILITIES</b>	<b>1,241,618</b>	<b>854,842</b>
<b>NET POSITION:</b>		
Unrestricted	1,308,559	1,368,683
<b>TOTAL NET POSITION</b>	<b>\$ 1,308,559</b>	<b>\$ 1,368,683</b>

**CSAC EXCESS INSURANCE AUTHORITY  
PRIMARY GENERAL LIABILITY PROGRAM  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
<b>OPERATING REVENUES:</b>		
Premiums For Transferred Risk	\$ 1,933,487	\$ 1,917,598
Broker Fees	46,711	44,672
Administration Fees	444,436	412,582
Public Entity Fees	1,981	1,808
Other Income	287,504	-
	<hr/>	<hr/>
<b>TOTAL OPERATING REVENUES</b>	<b>2,714,119</b>	<b>2,376,660</b>
<b>OPERATING EXPENSES:</b>		
Dividends to Members	266,000	-
Insurance Expense	1,933,487	1,917,598
Broker Fees	46,712	44,671
Provision for Claims		
Prior Years' Claims	(127,061)	57,875
Provision for Unallocated Loss Adjustment Expenses	99,548	24,420
Program Services		
Actuarial Services	7,613	35,920
Claims Audits	272	12,500
Bank Services and Fees	3,610	3,568
	<hr/>	<hr/>
<b>TOTAL OPERATING EXPENSES</b>	<b>2,230,181</b>	<b>2,096,552</b>
<b>TRANSFERS IN OR (OUT):</b>		
Transfer Out for General Administration	(536,771)	(486,024)
Transfer Out for Loss Prevention	(14,808)	(14,708)
	<hr/>	<hr/>
<b>TOTAL TRANSFERS</b>	<b>(551,579)</b>	<b>(500,732)</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(67,641)</b>	<b>(220,624)</b>
<b>NONOPERATING REVENUE (EXPENSES):</b>		
Investment Income	7,517	26,006
Financing Fees	-	183
	<hr/>	<hr/>
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>7,517</b>	<b>26,189</b>
<b>CHANGES IN NET POSITION</b>	<b>(60,124)</b>	<b>(194,435)</b>
Net Position, Beginning of Year	<hr/>	<hr/>
	1,368,683	1,563,118
	<hr/>	<hr/>
<b>NET POSITION, END OF YEAR</b>	<b>\$ 1,308,559</b>	<b>\$ 1,368,683</b>

**CSAC EXCESS INSURANCE AUTHORITY  
PRIMARY GENERAL LIABILITY PROGRAM  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 2,358,970	\$ 2,415,325
Receipts from Others	227,595	263,646
Dividends Paid	-	(450,000)
Claims Paid	43,155	(22,417)
Insurance Purchased	(1,933,487)	(1,917,598)
Payments to Suppliers	85,331	(92,728)
Internal Activities	(595,823)	(440,087)
	<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>(243,859)</b>
	185,741	(243,859)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Securities	(1,554,320)	(349,423)
Sales of Securities	1,283,438	542,980
Cash from Investment Earnings	41,294	17,757
Investment in Captive	(9,520)	-
	<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>211,314</b>
	(239,108)	211,314
<b>(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>		
	(53,367)	(32,545)
<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>		
	651,326	683,871
<b>END OF YEAR</b>		
	\$ 597,959	\$ 651,326
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ (67,641)	\$ (220,624)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, Net	(89,150)	284,870
Due From or To Other Funds	(44,244)	60,645
Accounts and Other Payables	399,744	(457,238)
Unearned Income	(28,610)	28,610
Claim Liabilities	(83,906)	35,458
Unallocated Loss Adjustment Expense Payable	99,548	24,420
	<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>(243,859)</b>
	\$ 185,741	\$ (243,859)
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Unrealized gain/(loss) on investments	\$ (35,381)	\$ 9,267

**CSAC EXCESS INSURANCE AUTHORITY  
PRIMARY GENERAL LIABILITY PROGRAM  
RECONCILIATION OF UNPAID CLAIMS LIABILITIES  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
A. Unpaid claims and claim adjustment expenses at the beginning of the fiscal year	<u>\$ 257,598</u>	<u>\$ 197,720</u>
Incurred claims and claim adjustment expenses:		
Provision for claims of the current fiscal year	99,548	24,420
Increase (Decrease) in the provision for claims of prior fiscal years	<u>(127,061)</u>	<u>57,875</u>
B. Total incurred claims and claim adjustment expenses	<u>(27,513)</u>	<u>82,295</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>(43,155)</u>	<u>22,417</u>
C. Total Payments	<u>(43,155)</u>	<u>22,417</u>
D. Total unpaid claims and claim adjustment expenses at the end of the fiscal year (A+B-C)	<u>\$ 273,240</u>	<u>\$ 257,598</u>
Current Claim Liabilities	\$ 32,949	\$ 116,855
Noncurrent Claim Liabilities	240,291	140,743
Total Claim Liabilities	<u>\$ 273,240</u>	<u>\$ 257,598</u>

**CSAC EXCESS INSURANCE AUTHORITY  
PRIMARY GENERAL LIABILITY PROGRAM  
NOTES TO EARNED PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION  
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2017**

The following schedule illustrates how the Fund's earned premiums (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Fund as of the end of each of the last 10 years. The rows of the schedule are defined as follows:

1. This line shows the total of each fiscal year's earned premium, revenues ceded to reinsurers and stop-loss policies, and investment revenues. The total revenues are net of dividends returned to members.
2. This line shows the liability for unallocated loss adjustment expenses not allocated to individual claims.
3. This line shows the Fund's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event occurred that triggered coverage under the contract (called policy year).
4. This section of rows shows the cumulative amounts paid as of the end of each successive year for each policy year.
5. This line shows the latest reestimated amount of claims assumed by reinsurers as of the end of the current year for each policy year.
6. This section of rows shows how each policy year's incurred claims increased or decreased as of the end of each successive year. These annual reestimations result from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims not previously known.
7. This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought.

As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

The columns of the schedule show data for successive policy years.

**CSAC EXCESS INSURANCE AUTHORITY  
PRIMARY GENERAL LIABILITY PROGRAM  
SCHEDULE OF EARNED PREMIUM CLAIMS DEVELOPMENT  
FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2017**

POLICY YEAR	Fully Insured Years									
	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017
Insurance Premiums	\$ 3,300,530	\$ 3,880,521	\$ 2,127,964	\$ 1,888,464	\$ 2,035,654	\$ 1,868,680	\$ 1,742,957	\$ 1,756,708	\$ 1,917,598	\$ 1,933,487
Less Ceded	(2,368,037)	(2,627,972)	(2,127,964)	(1,888,464)	(2,035,654)	(1,868,680)	(1,742,957)	(1,756,708)	(1,917,598)	(1,933,487)
Supplemental Assessments	-	-	-	-	-	-	-	-	-	-
Dividends Declared	(450,000)	(653,090)	-	-	-	-	-	-	-	-
Investment Earnings	170,133	325,204	-	-	-	-	-	-	-	-
<b>1. Total Revenues Available For Payment of Claims</b>	<b>652,626</b>	<b>924,663</b>	<b>-</b>							
<b>2. Unallocated Loss Adjustment Expense</b>	<b>1,567</b>	<b>194,059</b>	<b>-</b>							
<b>3. Estimated Incurred Claims Less Ceded Claims</b>	<b>2,674,081</b>	<b>1,262,000</b>	<b>2,127,964</b>	<b>1,888,464</b>	<b>2,035,654</b>	<b>1,868,680</b>	<b>1,742,957</b>	<b>1,756,708</b>	<b>1,917,598</b>	<b>1,933,487</b>
Net Incurred Claims and Expenses, End of Policy Year	362,443	783,945	-	-	-	-	-	-	-	-
<b>4. Cumulative Paid Claims as of:</b>										
End of the Policy Year	-	-	-	-	-	-	-	-	-	-
One Year Later	-	-	-	-	-	-	-	-	-	-
Two Years Later	-	-	-	-	-	-	-	-	-	-
Three Years Later	-	726,551	-	-	-	-	-	-	-	-
Four Years Later	2,474,714	774,908	-	-	-	-	-	-	-	-
Five Years Later	2,569,186	893,904	-	-	-	-	-	-	-	-
Six Years Later	2,687,499	1,005,269	-	-	-	-	-	-	-	-
Seven Years Later	2,777,921	1,018,638	-	-	-	-	-	-	-	-
Eight Years Later	2,778,107	978,774	-	-	-	-	-	-	-	-
Nine Years Later	2,778,107	-	-	-	-	-	-	-	-	-
<b>5. Reestimated Ceded Claims and Expenses</b>	<b>2,308,563</b>	<b>468,352</b>	<b>2,261,373</b>	<b>1,308,633</b>	<b>862,234</b>	<b>1,352,272</b>	<b>1,969,006</b>	<b>1,065,053</b>	<b>977,560</b>	<b>263,505</b>
<b>6. Reestimated Incurred Claims and Expenses</b>										
End of the Policy Year	-	-	-	-	-	-	-	-	-	-
One Year Later	-	-	-	-	-	-	-	-	-	-
Two Years Later	-	-	-	-	-	-	-	-	-	-
Three Years Later	-	783,945	-	-	-	-	-	-	-	-
Four Years Later	362,443	452,236	-	-	-	-	-	-	-	-
Five Years Later	342,604	468,874	-	-	-	-	-	-	-	-
Six Years Later	399,692	539,566	-	-	-	-	-	-	-	-
Seven Years Later	478,174	607,061	-	-	-	-	-	-	-	-
Eight Years Later	478,174	527,329	-	-	-	-	-	-	-	-
Nine Years Later	466,684	-	-	-	-	-	-	-	-	-
<b>7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year</b>	<b>\$ 104,241</b>	<b>\$ (256,616)</b>	<b>\$ -</b>							



## General Liability 1

County Members: 41  
Public Entity Members: 73

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL LIABILITY 1 PROGRAM  
STATEMENT OF NET POSITION  
JUNE 30, 2017 AND 2016**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
<b>ASSETS:</b>		
Current Assets:		
Cash, EIA Treasury	\$ 6,273,210	\$ 5,830,365
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	6,273,210	5,830,365
Investments	25,874,987	24,144,064
Accounts Receivable		
Due from Members	757,313	-
Reinsurance Claims	55,538	-
Investment Income Receivable	497,173	384,686
Prepaid Insurance	-	2,762,562
Due From Other Funds	8,690,373	8,050,060
<b>TOTAL CURRENT ASSETS</b>	<u>42,148,594</u>	<u>41,171,737</u>
Noncurrent Assets:		
Investments	101,957,846	93,851,928
Investment in Captive	1,026,287	-
Due From Other Funds	12,490,841	10,938,196
<b>TOTAL NONCURRENT ASSETS</b>	<u>115,474,974</u>	<u>104,790,124</u>
<b>TOTAL ASSETS</b>	<u>157,623,568</u>	<u>145,961,861</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	29,079	19,778
Dividends Payable to Members	-	3,000,000
Unearned Income	5,130,902	161,636
Claims Liabilities	32,000,000	32,000,000
<b>TOTAL CURRENT LIABILITIES</b>	<u>37,159,981</u>	<u>35,181,414</u>
Noncurrent Liabilities:		
Claims Liabilities		
Claims Reported	37,829,563	33,784,642
Claims Incurred But Not Reported	47,021,033	37,164,340
Unallocated Loss Adjustment Expense Payable	2,545,810	1,552,984
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>87,396,406</u>	<u>72,501,966</u>
<b>TOTAL LIABILITIES</b>	<u>124,556,387</u>	<u>107,683,380</u>
<b>NET POSITION:</b>		
Unrestricted	33,067,181	38,278,481
<b>TOTAL NET POSITION</b>	<u>\$ 33,067,181</u>	<u>\$ 38,278,481</u>

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL LIABILITY 1 PROGRAM  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
<b>OPERATING REVENUES:</b>		
Premiums for Transferred Risk	\$ 9,919,014	\$ 5,513,642
Broker Fees	948,027	923,440
Contributions for Retained Risk	31,800,683	34,659,277
Administration Fees	2,633,857	2,523,501
Public Entity Fees	77,716	73,240
Other Income	700	-
<b>TOTAL OPERATING REVENUES</b>	<u>45,379,997</u>	<u>43,693,100</u>
<b>OPERATING EXPENSES:</b>		
Pool Dividends to Members	-	3,000,000
Insurance Expense	9,915,462	5,239,636
Broker Fees	947,916	923,440
Provision for Claims		
Current Year Claims	28,521,710	29,585,040
Prior Years' Claims	7,848,740	5,962,053
Provision for Unallocated Loss Adjustment Expenses	992,826	9,493
Program Services		
Actuarial and Consulting Services	91,025	145,663
Legal Expenses & Labor Law Services	246,372	208,389
Claims Audits	33,285	65,351
<b>TOTAL OPERATING EXPENSES</b>	<u>48,597,336</u>	<u>45,139,065</u>
<b>TRANSFERS IN OR (OUT):</b>		
Transfer Out for General Administration	(2,205,170)	(2,338,802)
Transfer Out for Loss Prevention	(174,240)	(145,690)
<b>TOTAL TRANSFERS</b>	<u>(2,379,410)</u>	<u>(2,484,492)</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(5,596,749)</u>	<u>(3,930,457)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	380,024	3,098,458
Member Finance Fees	5,425	667
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>385,449</u>	<u>3,099,125</u>
<b>CHANGES IN NET POSITION</b>	(5,211,300)	(831,332)
Net Position, Beginning of Year	<u>38,278,481</u>	<u>39,109,813</u>
<b>NET POSITION, END OF YEAR</b>	<u><u>\$ 33,067,181</u></u>	<u><u>\$ 38,278,481</u></u>

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL LIABILITY 1 PROGRAM  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 49,591,950	\$ 43,854,753
Receipts from Others	(55,538)	-
Claims Paid	(22,468,836)	(30,197,375)
Dividends Paid	(3,000,000)	-
Insurance Purchased	(7,152,900)	(8,002,198)
Payments to Suppliers	(1,309,298)	(1,396,935)
Internal Activities	<u>(4,572,368)</u>	<u>(712,805)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>11,033,010</u>	<u>3,545,440</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Securities	(77,554,894)	(69,532,953)
Sales of Securities	65,901,334	64,764,982
Cash from Investment Earnings	2,084,257	1,994,519
Investment in Captive	(1,026,287)	-
Finance Fees from Members	<u>5,425</u>	<u>667</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>(10,590,165)</u>	<u>(2,772,785)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	442,845	772,655
<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>	<u>5,830,365</u>	<u>5,057,710</u>
<b>END OF YEAR</b>	<u>\$ 6,273,210</u>	<u>\$ 5,830,365</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ (5,596,749)	\$ (3,930,457)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, Net	1,949,711	(2,762,545)
Due From or To Other Funds	(2,192,958)	1,771,687
Accounts and Other Payables	(2,990,700)	2,945,908
Unearned Income	4,969,266	161,636
Claim Liabilities	13,901,614	5,349,718
Unallocated Loss Adjustment Expense Payable	<u>992,826</u>	<u>9,493</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ 11,033,010</u>	<u>\$ 3,545,440</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Unrealized gain/(loss) on investments	<u>\$ (1,816,720)</u>	<u>\$ 1,105,339</u>

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL LIABILITY 1 PROGRAM  
RECONCILIATION OF UNPAID CLAIMS LIABILITIES  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
A. Unpaid claims and claim adjustment expenses at the beginning of the fiscal year	<u>\$ 104,501,966</u>	<u>\$ 99,142,755</u>
Incurred claims and claim adjustment expenses:		
Provision for claims of the current fiscal year	29,514,536	29,594,533
Increase (Decrease) in the provision for claims of prior fiscal years	<u>7,848,740</u>	<u>5,962,053</u>
B. Total incurred claims and claim adjustment expenses	<u>37,363,276</u>	<u>35,556,586</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	-	-
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>22,468,836</u>	<u>30,197,375</u>
C. Total Payments	<u>22,468,836</u>	<u>30,197,375</u>
D. Total unpaid claims and claim adjustment expenses at the end of the fiscal year (A+B-C)	<u>\$ 119,396,406</u>	<u>\$ 104,501,966</u>
Current Claim Liabilities	\$ 32,000,000	\$ 32,000,000
Noncurrent Claim Liabilities	<u>87,396,406</u>	<u>72,501,966</u>
Total Claim Liabilities	<u>\$ 119,396,406</u>	<u>\$ 104,501,966</u>

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL LIABILITY 1 PROGRAM  
NOTES TO EARNED PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION  
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2017**

The following schedule illustrates how the Fund's earned premiums (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Fund as of the end of each of the last 10 years. The rows of the schedule are defined as follows:

1. This line shows the total of each fiscal year's earned premium, revenues ceded to reinsurers and stop-loss policies, and investment revenues. The total revenues are net of dividends returned to members.
2. This line shows the liability for unallocated loss adjustment expenses not allocated to individual claims.
3. This line shows the Fund's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event occurred that triggered coverage under the contract (called policy year).
4. This section of rows shows the cumulative amounts paid as of the end of each successive year for each policy year.
5. This line shows the latest reestimated amount of claims assumed by reinsurers as of the end of the current year for each policy year.
6. This section of rows shows how each policy year's incurred claims increased or decreased as of the end of each successive year. These annual reestimations result from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims not previously known.
7. This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought.

As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

The columns of the schedule show data for successive policy years.

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL LIABILITY 1 PROGRAM  
SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT  
FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2017**

POLICY YEAR	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017
Earned Premiums	\$ 26,940,406	\$ 30,993,979	\$ 32,772,965	\$ 31,958,996	\$ 29,597,496	\$ 28,876,024	\$ 29,671,132	\$ 35,247,160	\$ 39,850,216	\$ 41,677,512
Less Ceded	(2,052,476)	(2,013,394)	(2,381,428)	(2,742,959)	(3,745,830)	(3,702,537)	(4,268,601)	(6,267,249)	(5,239,636)	(9,915,462)
Supplemental Assessments	-	-	-	-	-	-	-	-	-	-
Dividends Declared	-	-	(3,000,000)	-	-	-	-	-	-	-
Investment Earnings	3,542,171	4,052,027	3,376,351	1,048,041	986,442	765,994	954,935	1,204,741	910,122	75,737
<b>1. Total Revenues Available For Payment of Claims</b>	<b>28,430,101</b>	<b>33,032,612</b>	<b>30,767,888</b>	<b>30,264,078</b>	<b>26,838,108</b>	<b>25,939,481</b>	<b>26,357,466</b>	<b>30,184,652</b>	<b>35,520,702</b>	<b>31,837,787</b>
<b>2. Unallocated Loss Adjustment Expense</b>	<b>28,833</b>	<b>57,364</b>	<b>18,290</b>	<b>75,392</b>	<b>92,712</b>	<b>212,143</b>	<b>338,530</b>	<b>391,963</b>	<b>644,199</b>	<b>620,686</b>
<b>3. Estimated Incurred Claims Less Ceded Claims Net Incurred Claims and Expenses, End of Policy Year</b>	<b>23,929,123 (2,052,476) 21,876,647</b>	<b>23,946,567 (2,013,394) 21,933,173</b>	<b>17,650,135 (2,381,428) 15,268,707</b>	<b>19,593,744 (2,742,959) 16,850,785</b>	<b>20,336,498 (3,745,830) 16,590,668</b>	<b>24,388,707 (3,702,537) 20,686,170</b>	<b>26,973,621 (4,268,601) 22,705,020</b>	<b>29,751,639 (6,267,249) 23,484,390</b>	<b>34,824,676 (5,239,636) 29,585,040</b>	<b>38,437,172 (9,915,462) 28,521,710</b>
<b>4. Cumulative Paid Claims as of:</b>										
End of the Policy Year	2,847	-	653,593	-	241,064	-	-	-	-	-
One Year Later	2,899,925	172,455	348,252	104,565	666,287	1,668,017	2,443,124	110,653	760,444	-
Two Years Later	7,975,068	4,894,740	2,389,423	2,483,193	2,473,149	3,879,513	4,412,160	1,489,584	-	-
Three Years Later	15,431,317	9,708,129	10,758,833	18,803,527	7,001,701	11,698,043	12,165,139	-	-	-
Four Years Later	18,156,840	16,936,818	11,549,612	22,031,298	15,817,812	15,857,724	-	-	-	-
Five Years Later	20,302,454	17,283,899	13,166,381	24,752,158	17,071,287	-	-	-	-	-
Six Years Later	20,791,434	17,220,058	16,218,635	27,460,094	-	-	-	-	-	-
Seven Years Later	23,790,631	18,753,240	16,223,992	-	-	-	-	-	-	-
Eight Years Later	24,088,797	18,609,792	-	-	-	-	-	-	-	-
Nine Years Later	28,602,938	-	-	-	-	-	-	-	-	-
<b>5. Reestimated Ceded Claims and Expenses</b>	<b>56,738</b>	<b>-</b>	<b>602,767</b>	<b>4,128,286</b>	<b>12,631,417</b>	<b>-</b>	<b>-</b>	<b>6,000,000</b>	<b>569,000</b>	<b>-</b>
<b>6. Reestimated Incurred Claims and Expenses</b>										
End of the Policy Year	21,876,647	21,933,173	15,268,707	16,850,785	16,590,668	20,686,170	22,705,020	23,484,390	29,585,040	28,521,710
One Year Later	19,125,703	25,729,463	17,577,212	21,106,865	20,336,498	20,279,342	24,596,512	24,657,164	30,362,640	-
Two Years Later	17,506,533	21,620,740	18,211,819	19,593,744	19,869,339	19,432,855	23,564,995	19,501,022	-	-
Three Years Later	25,395,916	23,001,488	17,650,135	26,300,275	19,100,002	18,999,743	27,721,257	-	-	-
Four Years Later	23,429,414	23,946,567	16,847,051	28,275,182	22,130,738	25,606,114	-	-	-	-
Five Years Later	23,929,123	25,984,055	15,642,639	28,444,064	21,331,569	-	-	-	-	-
Six Years Later	23,360,479	25,065,797	17,447,449	30,924,485	-	-	-	-	-	-
Seven Years Later	26,613,419	24,765,984	17,064,448	-	-	-	-	-	-	-
Eight Years Later	26,481,825	21,245,767	-	-	-	-	-	-	-	-
Nine Years Later	29,927,891	-	-	-	-	-	-	-	-	-
<b>7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year</b>	<b>\$ 8,051,244</b>	<b>\$ (687,406)</b>	<b>\$ 1,795,741</b>	<b>\$ 14,073,700</b>	<b>\$ 4,740,901</b>	<b>\$ 4,919,944</b>	<b>\$ 5,016,237</b>	<b>\$ (3,983,368)</b>	<b>\$ 777,600</b>	<b>\$ -</b>



## General Liability 2

County Members: 10  
Public Entity Members: 5

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL LIABILITY 2 PROGRAM  
STATEMENT OF NET POSITION  
JUNE 30, 2017 AND 2016**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
<b>ASSETS:</b>		
Current Assets:		
Cash, EIA Treasury	\$ 21,507	\$ 370,937
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	21,507	370,937
Investments	88,709	1,536,083
Accounts Receivable		
Investment Income Receivable	1,705	24,474
Reinsurance Claims	1,932,151	3,126,823
Due from Other Funds	29,794	512,158
Prepaid Expense	2,749,888	-
<b>TOTAL CURRENT ASSETS</b>	<u>4,823,754</u>	<u>5,570,475</u>
Noncurrent Assets:		
Investments	349,552	5,971,010
Investment in Captive	65,294	-
Due from Other Funds	42,824	695,906
<b>TOTAL NONCURRENT ASSETS</b>	<u>457,670</u>	<u>6,666,916</u>
<b>TOTAL ASSETS</b>	<u>5,281,424</u>	<u>12,237,391</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	2,495	80,089
Due to Members	553,880	-
Claim Liabilities	3,232,184	10,825,000
<b>TOTAL CURRENT LIABILITIES</b>	<u>3,788,559</u>	<u>10,905,089</u>
Noncurrent Liabilities:		
Unallocated Loss Adjustment Expense Payable	692,828	641,825
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>692,828</u>	<u>641,825</u>
<b>TOTAL LIABILITIES</b>	<u>4,481,387</u>	<u>11,546,914</u>
<b>NET POSITION:</b>		
Unrestricted	800,037	690,477
<b>TOTAL NET POSITION</b>	<u>\$ 800,037</u>	<u>\$ 690,477</u>

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL LIABILITY 2 PROGRAM  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
<b>OPERATING REVENUES:</b>		
Premiums for Transferred Risk	\$ 46,724,983	\$ 22,998,092
Broker Fees	494,440	419,435
Contributions for Retained Risk	-	9,142,250
Administration Fees	2,636,408	1,804,445
Public Entity Fees	76,865	57,623
Program Development Fees	700	-
	<u>49,933,396</u>	<u>34,421,845</u>
<b>OPERATING EXPENSES:</b>		
Insurance Expense	47,375,721	22,998,092
Broker Fees	467,140	167,265
Provision for Claims		
Current Year Claims	-	9,425,000
Provision for Unallocated Loss Adjustment Expenses	51,003	150,435
Program Services		
Consulting and Legal Services	393,834	110,055
Actuarial Studies	16,000	33,000
Claims Audits	35,520	19,398
Crisis Incident Management	45,000	-
	<u>48,384,218</u>	<u>32,903,245</u>
<b>TRANSFERS IN OR (OUT):</b>		
Transfer Out for General Administration	(1,351,294)	(1,492,134)
Transfer Out for Loss Prevention	(68,623)	(59,335)
	<u>(1,419,917)</u>	<u>(1,551,469)</u>
<b>OPERATING INCOME (LOSS)</b>	<u>129,261</u>	<u>(32,869)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income(Expense)	(19,701)	171,996
	<u>(19,701)</u>	<u>171,996</u>
<b>CHANGES IN NET POSITION</b>	<u>109,560</u>	<u>139,127</u>
Net Position, Beginning of Year	690,477	551,350
<b>NET POSITION, END OF YEAR</b>	<u>\$ 800,037</u>	<u>\$ 690,477</u>

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL LIABILITY 2 PROGRAM  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 47,736,688	\$ 34,421,845
Receipts from Others	1,195,372	(3,028,738)
Claims Paid	(7,592,816)	(6,552,089)
Insurance Purchased	(47,375,721)	(22,998,092)
Payments to Suppliers	(1,035,089)	(341,639)
Internal Activities	<u>(284,471)</u>	<u>(1,410,506)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>(7,356,037)</u>	<u>90,781</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Securities	7,068,833	(3,754,876)
Sales of Securities	-	3,595,118
Cash from Investment Earnings	3,068	111,253
Investment in Captive	<u>(65,294)</u>	<u>-</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>7,006,607</u>	<u>(48,505)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(349,430)	42,276
<b>CASH AND CASH EQUIVALENTS:</b>		
<b>BEGINNING OF YEAR</b>	370,937	328,661
<b>END OF YEAR</b>	<u>\$ 21,507</u>	<u>\$ 370,937</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ 129,261	\$ (32,869)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, Net	(1,555,216)	(3,094,929)
Due From or To Other Funds	1,135,446	140,963
Accounts and Other Payables	476,285	54,270
Claim Liabilities	(7,592,816)	2,872,911
Unallocated Loss Adjustment Expense Payable	51,003	150,435
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ (7,356,037)</u>	<u>\$ 90,781</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Unrealized gain/(loss) on investments	<u>\$ -</u>	<u>\$ 61,358</u>

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL LIABILITY 2 PROGRAM  
RECONCILIATION OF UNPAID CLAIMS LIABILITIES  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
A. Unpaid claims and claim adjustment expenses at the beginning of the fiscal year	<u>\$ 11,466,825</u>	<u>\$ 8,443,479</u>
Incurred claims and claim adjustment expenses:		
Provision for claims of the current fiscal year	51,003	9,575,435
Increase (Decrease) in the provision for claims of prior fiscal years	<u>-</u>	<u>-</u>
B. Total incurred claims and claim adjustment expenses	<u>51,003</u>	<u>9,575,435</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>7,592,816</u>	<u>6,552,089</u>
C. Total Payments	<u>7,592,816</u>	<u>6,552,089</u>
D. Total unpaid claims and claim adjustment expenses at the end of the fiscal year (A+B-C)	<u>\$ 3,925,012</u>	<u>\$ 11,466,825</u>
Current Claim Liabilities	\$ 3,232,184	\$ 10,825,000
Noncurrent Claim Liabilities	692,828	641,825
Total Claim Liabilities	<u>\$ 3,925,012</u>	<u>\$ 11,466,825</u>

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL LIABILITY 2 PROGRAM  
NOTES TO EARNED PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION  
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2017**

The following schedule illustrates how the Fund's earned premiums (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Fund as of the end of each of the last 10 years. The rows of the schedule are defined as follows:

1. This line shows the total of each fiscal year's earned premium, revenues ceded to reinsurers and stop-loss policies, and investment revenues. The total revenues are net of dividends returned to members.
2. This line shows the liability for unallocated loss adjustment expenses not allocated to individual claims.
3. This line shows the Fund's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event occurred that triggered coverage under the contract (called policy year).
4. This section of rows shows the cumulative amounts paid as of the end of each successive year for each policy year.
5. This line shows the latest reestimated amount of claims assumed by reinsurers as of the end of the current year for each policy year.
6. This section of rows shows how each policy year's incurred claims increased or decreased as of the end of each successive year. These annual reestimations result from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims not previously known.
7. This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought.

As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

The columns of the schedule show data for successive policy years.

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL LIABILITY 2 PROGRAM  
SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT  
FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2017**

POLICY YEAR	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012*	June 30, 2013*	June 30, 2014*	June 30, 2015**	June 30, 2016***	June 30, 2017
Earned Premiums	\$ 17,300,000	\$ 18,463,239	\$ 21,085,943	\$ 19,925,721	\$ 18,075,370	\$ 19,467,217	\$ 22,700,000	\$ 26,484,451	\$ 32,140,342	\$ 46,724,983
Less Ceded	(11,300,000)	(10,395,543)	(14,186,489)	(11,346,921)	(18,075,370)	(19,467,217)	(22,700,000)	(19,484,451)	(22,998,092)	(46,724,983)
Supplemental Assessments	-	-	-	-	-	-	-	-	-	-
Dividends Declared	-	-	-	-	-	-	-	-	-	-
Investment Earnings	-	-	1,806,116	-	-	-	-	-	282,750	-
<b>1. Total Revenues Available For Payment of Claims</b>	<b>6,000,000</b>	<b>8,067,696</b>	<b>8,705,570</b>	<b>8,578,800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,000,000</b>	<b>9,425,000</b>	<b>-</b>
<b>2. Unallocated Loss Adjustment Expense</b>	<b>-</b>	<b>116,761</b>	<b>111,652</b>	<b>124,158</b>	<b>56,826</b>	<b>20,605</b>	<b>84,022</b>	<b>(2,634)</b>	<b>150,435</b>	<b>51,003</b>
<b>3. Estimated Incurred Claims Less Ceded Claims Net Incurred Claims and Expenses, End of Policy Year</b>	<b>17,300,000</b>	<b>18,463,239</b>	<b>21,085,943</b>	<b>19,925,721</b>	<b>18,075,370</b>	<b>19,467,217</b>	<b>22,700,000</b>	<b>26,484,451</b>	<b>32,423,092</b>	<b>46,724,983</b>
	(11,300,000)	(10,395,543)	(14,186,489)	(11,346,921)	(18,075,370)	(19,467,217)	(22,700,000)	(19,484,451)	(22,998,092)	(46,724,983)
	<b>6,000,000</b>	<b>8,067,696</b>	<b>6,899,454</b>	<b>8,578,800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,000,000</b>	<b>9,425,000</b>	<b>-</b>
<b>4. Cumulative Paid Claims as of:</b>										
End of the Policy Year	-	-	-	-	-	-	-	-	-	-
One Year Later	897,884	-	-	-	-	-	-	5,600,000	6,192,816	-
Two Years Later	3,247,624	921,340	-	5,250,000	-	-	-	7,000,000	-	-
Three Years Later	6,000,000	8,067,696	4,657,656	5,955,652	-	-	-	-	-	-
Four Years Later	6,000,000	8,067,696	7,657,656	8,578,800	-	-	-	-	-	-
Five Years Later	6,000,000	8,067,696	7,858,906	8,578,800	-	-	-	-	-	-
Six Years Later	6,000,000	8,067,696	8,705,570	8,578,800	-	-	-	-	-	-
Seven Years Later	6,000,000	8,067,696	8,705,570	-	-	-	-	-	-	-
Eight Years Later	6,000,000	8,067,696	-	-	-	-	-	-	-	-
Nine Years Later	6,000,000	-	-	-	-	-	-	-	-	-
<b>5. Reestimated Ceded Claims and Expenses</b>	<b>14,861,281</b>	<b>11,493,011</b>	<b>3,723,890</b>	<b>12,398,716</b>	<b>46,310,546</b>	<b>33,834,125</b>	<b>37,361,404</b>	<b>20,064,630</b>	<b>-</b>	<b>-</b>
<b>6. Reestimated Incurred Claims and Expenses</b>										
End of the Policy Year	6,000,000	8,067,696	6,899,454	8,578,800	-	-	-	7,000,000	9,425,000	-
One Year Later	6,000,000	8,067,696	7,834,960	8,578,800	-	-	-	7,000,000	9,425,000	-
Two Years Later	6,000,000	8,067,696	8,072,213	8,578,800	-	-	-	7,000,000	-	-
Three Years Later	6,000,000	8,067,696	8,705,570	8,578,800	-	-	-	-	-	-
Four Years Later	6,000,000	8,067,696	8,705,570	8,578,800	-	-	-	-	-	-
Five Years Later	6,000,000	8,067,696	8,705,570	8,578,800	-	-	-	-	-	-
Six Years Later	6,000,000	8,067,696	8,705,570	8,578,800	-	-	-	-	-	-
Seven Years Later	6,000,000	8,067,696	8,705,570	-	-	-	-	-	-	-
Eight Years Later	6,000,000	8,067,696	-	-	-	-	-	-	-	-
Nine Years Later	6,000,000	-	-	-	-	-	-	-	-	-
<b>7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,806,116</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>				

\* Fully Insured.

\*\* Fully Insured above Corridor Deductible of \$7,000,000.

\*\*\*Fully insured above Corridor Deductible of \$9,425,000.



## Property

County Members: 54  
Public Entity Members: 44

**CSAC EXCESS INSURANCE AUTHORITY  
PROPERTY PROGRAM  
STATEMENT OF NET POSITION  
JUNE 30, 2017 AND 2016**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
<b>ASSETS:</b>		
Current Assets:		
Cash, EIA Treasury	\$ -	\$ -
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	<u>-</u>	<u>-</u>
Accounts Receivable:		
Due from Members	15,057,828	14,795,766
Due from Carriers	1,489,845	115,661
Prepaid Insurance	36,408,157	35,725,970
Due from Other Funds	-	96,000
<b>TOTAL CURRENT ASSETS</b>	<u>52,955,830</u>	<u>50,733,397</u>
Noncurrent Assets:		
Investment in Captive	66,714	-
Prepaid Insurance	47,844,989	46,914,848
<b>TOTAL NON-CURRENT ASSETS</b>	<u>47,911,703</u>	<u>46,914,848</u>
<b>TOTAL ASSETS</b>	<u>100,867,533</u>	<u>97,648,245</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	3,474,761	2,467,873
Due to Other Funds	36,762,761	38,514,598
Due to Members	97,423	119,545
Unearned Fronting Fees	1,331,299	1,301,929
Claim Liabilities	125,000	245,724
<b>TOTAL CURRENT LIABILITIES</b>	<u>41,791,244</u>	<u>42,649,669</u>
Noncurrent Liabilities:		
Due to Other Funds	47,844,989	46,914,848
Unallocated Loss Adjustment Expense Payable	120,341	116,338
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>47,965,330</u>	<u>47,031,186</u>
<b>TOTAL LIABILITIES</b>	<u>89,756,574</u>	<u>89,680,855</u>
<b>NET POSITION:</b>		
Unrestricted	11,110,959	7,967,390
<b>TOTAL NET POSITION</b>	<u>\$ 11,110,959</u>	<u>\$ 7,967,390</u>

**CSAC EXCESS INSURANCE AUTHORITY  
PROPERTY PROGRAM  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
<b>OPERATING REVENUES:</b>		
Premiums for Transferred Risk	\$ 57,993,491	\$ 49,474,182
Broker Fees	13,670	14,696
Reinsurance Dividends	101,312	115,661
Contributions for Retained Risk	2,505,754	9,621,430
Administration Fees	882,929	761,339
Public Entity Fees	82,243	75,494
Other Income	615,096	764,369
	<u>62,194,495</u>	<u>60,827,171</u>
<b>TOTAL OPERATING REVENUES</b>		
<b>OPERATING EXPENSES:</b>		
Dividends to Members	97,423	115,661
Insurance Expense	57,827,247	49,528,175
Broker Fees	113,670	14,696
Provision for Claims	277,576	8,138,154
Provision for Unallocated Loss Adjustment Expenses	4,003	(10,902)
Program Services		
Property Appraisals and Consulting	104,521	200,293
	<u>58,424,440</u>	<u>57,986,077</u>
<b>TOTAL OPERATING EXPENSES</b>		
<b>TRANSFERS IN OR (OUT):</b>		
Transfer Out for General Administration	(560,377)	(531,978)
Transfer Out for Loss Prevention	(160,494)	(163,803)
	<u>(720,871)</u>	<u>(695,781)</u>
<b>TOTAL TRANSFERS</b>		
<b>OPERATING INCOME (LOSS)</b>	<u>3,049,184</u>	<u>2,145,313</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	2,478	2,478
Member Financing Fees	688,154	372,832
Program Financing Expense	(596,247)	(470,212)
	<u>94,385</u>	<u>(94,902)</u>
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>		
<b>CHANGES IN NET POSITION</b>	3,143,569	2,050,411
Net Position, Beginning of Year	<u>7,967,390</u>	<u>5,916,979</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 11,110,959</u>	<u>\$ 7,967,390</u>

**CSAC EXCESS INSURANCE AUTHORITY  
PROPERTY PROGRAM  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 61,346,707	\$ 59,117,453
Receipts from Others	(759,088)	648,708
Dividends Paid	(119,545)	(123,234)
Claims Paid	(398,300)	(11,607,439)
Insurance Purchased	(59,439,575)	(52,117,802)
Payments to Suppliers	788,697	2,206,430
Internal Activities	<u>(1,446,567)</u>	<u>1,970,786</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>(27,671)</u>	<u>94,902</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Cash from Investment Earnings	2,478	2,478
Member Financing Fees	688,154	372,832
Investment in Captive	(66,714)	-
Program Financing Expenses	<u>(596,247)</u>	<u>(470,212)</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>27,671</u>	<u>(94,902)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	-	-
<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>
<b>END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ 3,049,184	\$ 2,145,313
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, Net	(1,636,246)	(1,053,888)
Due From or To Other Funds	(725,696)	2,666,567
Prepaid Insurance	(1,612,328)	(2,589,627)
Accounts and Other Payables	984,766	2,413,846
Deferred Premium Inflows from Members	29,370	(7,122)
Claim Liabilities	(120,724)	(3,469,285)
Unallocated Loss Adjustment Expense Payable	4,003	(10,902)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ (27,671)</u>	<u>\$ 94,902</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Unrealized gain/(loss) on investments	<u>\$ -</u>	<u>\$ -</u>

**CSAC EXCESS INSURANCE AUTHORITY  
PROPERTY PROGRAM  
RECONCILIATION OF UNPAID CLAIMS LIABILITIES  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
A. Unpaid claims and claim adjustment expenses at the beginning of the fiscal year	<u>\$ 362,062</u>	<u>\$ 3,842,249</u>
Incurring claims and claim adjustment expenses:		
Provision for claims of the current fiscal year	<u>281,579</u>	<u>8,127,252</u>
B. Total incurred claims and claim adjustment expenses	<u>281,579</u>	<u>8,127,252</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	-	-
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>398,300</u>	<u>11,607,439</u>
C. Total Payments	<u>398,300</u>	<u>11,607,439</u>
D. Total unpaid claims and claim adjustment expenses at the end of the fiscal year (A+B-C)	<u><u>\$ 245,341</u></u>	<u><u>\$ 362,062</u></u>
Current Claim Liabilities	\$ 125,000	\$ 245,724
Noncurrent Claim Liabilities	120,341	116,338
Total Claim Liabilities	<u><u>\$ 245,341</u></u>	<u><u>\$ 362,062</u></u>

**CSAC EXCESS INSURANCE AUTHORITY  
PROPERTY PROGRAM  
NOTES TO EARNED PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION  
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2017**

The following schedule illustrates how the Fund's earned premiums (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Fund as of the end of each of the last 10 years. The rows of the schedule are defined as follows:

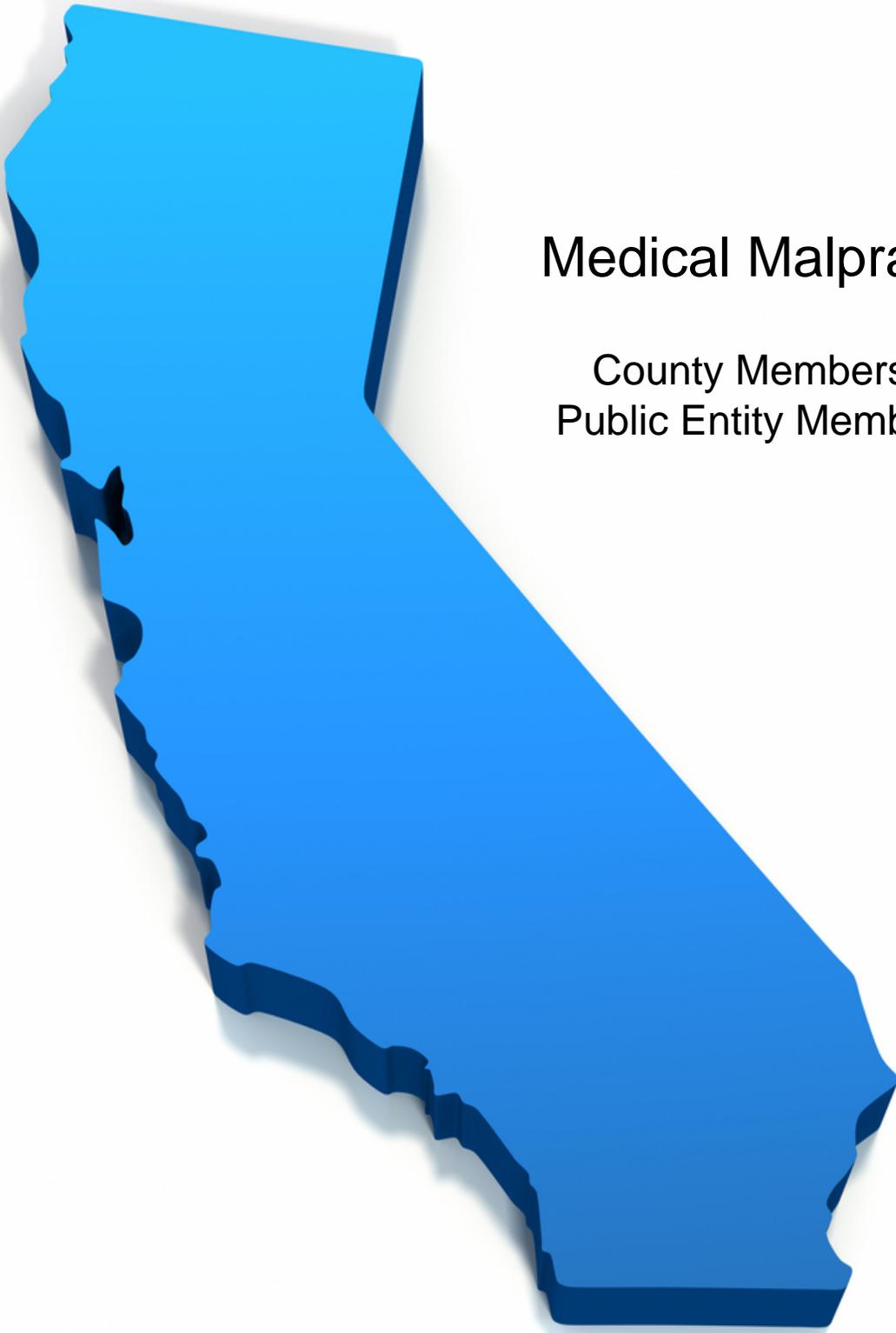
1. This line shows the total of each fiscal year's earned premium, revenues ceded to reinsurers and stop-loss policies, and investment revenues. The total revenues are net of dividends returned to members.
2. This line shows the liability for unallocated loss adjustment expenses not allocated to individual claims.
3. This line shows the Fund's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event occurred that triggered coverage under the contract (called policy year).
4. This section of rows shows the cumulative amounts paid as of the end of each successive year for each policy year.
5. This line shows the latest reestimated amount of claims assumed by reinsurers as of the end of the current year for each policy year.
6. This section of rows shows how each policy year's incurred claims increased or decreased as of the end of each successive year. These annual reestimations result from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims not previously known.
7. This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought.

As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

The columns of the schedule show data for successive policy years.

**CSAC EXCESS INSURANCE AUTHORITY  
PROPERTY PROGRAM  
SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT  
FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2017**

POLICY YEAR	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017
Earned Premiums	\$ 53,388,051	\$ 39,389,017	\$ 50,550,830	\$ 48,970,337	\$ 50,320,424	\$ 53,788,778	\$ 57,810,264	\$ 61,349,158	\$ 59,095,613	\$ 60,499,245
Less Ceded	(40,515,154)	(37,135,310)	(40,061,693)	(39,415,254)	(40,497,951)	(43,216,154)	(46,060,305)	(48,609,374)	(49,528,175)	(57,993,491)
Supplemental Assessments	-	-	-	-	-	-	-	-	-	-
Dividends Declared	-	-	-	-	-	-	-	-	-	-
Investment Earnings	-	-	-	-	-	-	-	-	-	-
<b>1. Total Revenues Available For Payment of Claims</b>	<b>12,872,897</b>	<b>2,253,707</b>	<b>10,489,137</b>	<b>9,555,083</b>	<b>9,822,473</b>	<b>10,572,624</b>	<b>11,749,959</b>	<b>12,739,784</b>	<b>9,567,438</b>	<b>2,505,754</b>
<b>2. Unallocated Loss Adjustment Expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>78,618</b>	<b>(64,168)</b>	<b>61,715</b>	<b>27,474</b>	<b>23,601</b>	<b>(10,902)</b>	<b>4,003</b>
<b>3. Estimated Incurred Claims Less Ceded Claims</b>	<b>53,339,625</b>	<b>39,149,125</b>	<b>50,061,693</b>	<b>48,415,254</b>	<b>50,497,951</b>	<b>53,216,154</b>	<b>56,060,305</b>	<b>58,677,313</b>	<b>59,095,613</b>	<b>58,118,491</b>
<b>Net Incurred Claims and Expenses, End of Policy Year</b>	<b>12,824,471</b>	<b>10,000,000</b>	<b>10,000,000</b>	<b>9,000,000</b>	<b>10,000,000</b>	<b>10,000,000</b>	<b>10,000,000</b>	<b>10,067,939</b>	<b>9,567,438</b>	<b>125,000</b>
<b>4. Cumulative Paid Claims as of:</b>										
End of the Policy Year	4,114,386	-	10,000,000	9,000,000	2,600,227	5,800,207	4,795,812	10,000,000	9,567,438	-
One Year Later	12,770,820	4,949,559	10,000,000	9,000,000	8,782,088	10,000,000	9,409,593	10,206,664	10,152,576	-
Two Years Later	13,847,744	2,013,815	10,000,000	9,000,000	10,000,000	10,000,000	10,000,000	10,209,664	-	-
Three Years Later	12,824,471	2,013,815	10,000,000	9,000,000	10,000,000	10,000,000	10,000,000	-	-	-
Four Years Later	12,824,471	10,000,000	10,000,000	9,000,000	10,000,000	10,000,000	-	-	-	-
Five Years Later	12,824,471	10,000,000	10,000,000	9,000,000	10,000,000	-	-	-	-	-
Six Years Later	12,824,471	10,000,000	10,000,000	9,000,000	-	-	-	-	-	-
Seven Years Later	12,824,471	10,000,000	10,000,000	-	-	-	-	-	-	-
Eight Years Later	12,824,471	10,000,000	-	-	-	-	-	-	-	-
Nine Years Later	12,824,471	-	-	-	-	-	-	-	-	-
<b>5. Reestimated Ceded Claims and Expenses</b>	<b>9,018,571</b>	<b>1,610,684</b>	<b>55,911,102</b>	<b>2,600,000</b>	<b>7,260,491</b>	<b>12,049,272</b>	<b>41,695,976</b>	<b>8,573,864</b>	<b>22,657,716</b>	<b>-</b>
<b>6. Reestimated Incurred Claims and Expenses</b>										
End of the Policy Year	12,824,471	10,000,000	10,000,000	9,000,000	10,000,000	10,000,000	10,000,000	10,067,939	9,567,438	125,000
One Year Later	12,824,471	10,000,000	10,000,000	9,000,000	10,000,000	10,000,000	10,000,000	10,206,664	10,152,576	-
Two Years Later	12,824,471	10,000,000	10,000,000	9,000,000	10,000,000	10,000,000	10,000,000	10,209,664	-	-
Three Years Later	12,824,471	10,000,000	10,000,000	9,000,000	10,000,000	10,000,000	10,000,000	-	-	-
Four Years Later	12,824,471	10,000,000	10,000,000	9,000,000	10,000,000	10,000,000	-	-	-	-
Five Years Later	12,824,471	10,000,000	10,000,000	9,000,000	10,000,000	-	-	-	-	-
Six Years Later	12,824,471	10,000,000	10,000,000	9,000,000	-	-	-	-	-	-
Seven Years Later	12,824,471	10,000,000	10,000,000	-	-	-	-	-	-	-
Eight Years Later	12,824,471	10,000,000	-	-	-	-	-	-	-	-
Nine Years Later	12,824,471	-	-	-	-	-	-	-	-	-
<b>7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year</b>	<b>\$ -</b>	<b>\$ 141,725</b>	<b>\$ 585,138</b>	<b>\$ -</b>						



## Medical Malpractice

County Members: 46  
Public Entity Members: 5

**CSAC EXCESS INSURANCE AUTHORITY  
MEDICAL MALPRACTICE PROGRAM  
STATEMENT OF NET POSITION  
JUNE 30, 2017 AND 2016**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
<b>ASSETS:</b>		
Current Assets:		
Cash, EIA Treasury	\$ 1,549,568	\$ 1,440,064
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	1,549,568	1,440,064
Investments	6,391,472	5,963,433
Accounts Receivable		
Due from Members	-	96,708
Investment Income Receivable	122,808	95,015
Reinsurance Receivable	24,234	-
Due from Other Funds	2,146,640	1,988,315
Prepaid Insurance	1,557,354	1,413,380
<b>TOTAL CURRENT ASSETS</b>	11,792,076	10,996,915
Noncurrent Assets:		
Investments	25,184,966	23,180,841
Investment in Captive	253,487	-
Due from Other Funds	3,085,407	2,701,666
<b>TOTAL NONCURRENT ASSETS</b>	28,523,860	25,882,507
<b>TOTAL ASSETS</b>	40,315,936	36,879,422
<b>LIABILITIES:</b>		
Current Liabilities:		
Unearned Income	3,329,842	3,034,233
Claim Liabilities	9,361,717	10,000,000
<b>TOTAL CURRENT LIABILITIES</b>	12,691,559	13,034,233
Noncurrent Liabilities:		
Claims Liabilities		
Claims Reported	9,361,717	9,961,832
Claims Incurred But Not Reported	9,710,001	6,037,718
Unallocated Loss Adjustment Expense Payables	1,840,794	1,773,895
<b>TOTAL NONCURRENT LIABILITIES</b>	20,912,512	17,773,445
<b>TOTAL LIABILITIES</b>	33,604,071	30,807,678
<b>NET POSITION:</b>		
Unrestricted	6,711,865	6,071,744
<b>TOTAL NET POSITION</b>	\$ 6,711,865	\$ 6,071,744

**CSAC EXCESS INSURANCE AUTHORITY  
MEDICAL MALPRACTICE PROGRAM  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
<b>OPERATING REVENUES:</b>		
Premiums for Transferred Risk	\$ 6,087,843	\$ 5,587,223
Broker Fees	7,810	5,192
Contributions for Retained Risk	7,128,822	6,624,229
Administration Fees	1,025,882	1,055,023
Public Entity Fees	424	260
Program Development Fees	1,700	-
Other Income	-	9,903
	<b>TOTAL OPERATING REVENUES</b>	<b>13,281,830</b>
	14,252,481	13,281,830
<b>OPERATING EXPENSES:</b>		
Insurance Expense	6,087,843	5,587,223
Broker Fees	7,810	5,192
Provision for Claims		
Current Year Claims	5,852,065	5,528,615
Prior Years' Claims	692,516	1,661,916
Provision for Unallocated Loss Adjustment Expenses	66,899	70,857
Program Services:		
Actuarial and Consulting Services	12,630	48,986
Claim Administration Services	402,955	354,879
Loss Prevention Training	13,576	18,061
	<b>TOTAL OPERATING EXPENSES</b>	<b>13,275,729</b>
	13,136,294	13,275,729
<b>TRANSFERS IN OR (OUT):</b>		
Transfer Out for General Administration	(545,290)	(586,283)
Transfer Out for Loss Prevention	(48,260)	(48,253)
	<b>TOTAL TRANSFERS</b>	<b>(634,536)</b>
	(593,550)	(634,536)
	<b>OPERATING INCOME (LOSS)</b>	<b>(628,435)</b>
	522,637	(628,435)
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	117,484	695,300
	<b>TOTAL NONOPERATING REVENUE (EXPENSE)</b>	<b>695,300</b>
	117,484	695,300
	<b>CHANGES IN NET POSITION</b>	<b>66,865</b>
	640,121	66,865
Net Position, Beginning of Year	6,071,744	6,004,879
	<b>NET POSITION, END OF YEAR</b>	<b>\$ 6,071,744</b>
	\$ 6,711,865	\$ 6,071,744

**CSAC EXCESS INSURANCE AUTHORITY  
MEDICAL MALPRACTICE PROGRAM  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 14,643,098	\$ 13,410,333
Receipts from Others	(22,534)	-
Claims Paid	(4,110,696)	(2,401,548)
Insurance Purchased	(6,231,817)	(5,653,521)
Payments to Suppliers	(436,970)	(435,515)
Internal Activities	(1,135,616)	(763,781)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>2,705,465</b>	<b>4,155,968</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Securities	(23,340,762)	(18,797,478)
Sales of Securities	20,347,668	14,533,386
Cash from Investment Earnings	650,620	437,064
Investment in Captive	(253,487)	-
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>(2,595,961)</b>	<b>(3,827,028)</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>109,504</b>	<b>328,940</b>
<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>	<b>1,440,064</b>	<b>1,111,124</b>
<b>END OF YEAR</b>	<b>\$ 1,549,568</b>	<b>\$ 1,440,064</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ 522,637	\$ (628,435)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, Net	72,475	(91,173)
Due From or To Other Funds	(542,066)	(129,245)
Prepaid Insurance	(143,974)	(66,298)
Accounts and Other Payables	-	(18,299)
Unearned Income	295,609	229,578
Claim Liabilities	2,433,885	4,788,983
Unallocated Loss Adjustment Expense Payable	66,899	70,857
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 2,705,465</b>	<b>\$ 4,155,968</b>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Unrealized gain/(loss) on investments	<b>\$ (560,929)</b>	<b>\$ 248,040</b>

**CSAC EXCESS INSURANCE AUTHORITY  
MEDICAL MALPRACTICE PROGRAM  
RECONCILIATION OF UNPAID CLAIMS LIABILITIES  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
A. Unpaid claims and claim adjustment expenses at the beginning of the fiscal year	<u>\$ 27,773,445</u>	<u>\$ 22,913,605</u>
Incurred claims and claim adjustment expenses:		
Provision for claims of the current fiscal year	5,918,964	5,599,472
Increase (Decrease) in the provision for claims of prior fiscal years	<u>692,516</u>	<u>1,661,916</u>
B. Total incurred claims and claim adjustment expenses	<u>6,611,480</u>	<u>7,261,388</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	37,635	17,502
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>4,073,061</u>	<u>2,384,046</u>
C. Total Payments	<u>4,110,696</u>	<u>2,401,548</u>
D. Total unpaid claims and claim adjustment expenses at the end of the fiscal year (A+B-C)	<u>\$ 30,274,229</u>	<u>\$ 27,773,445</u>
Current Claim Liabilities	\$ 9,361,717	\$ 10,000,000
Noncurrent Claim Liabilities	<u>20,912,512</u>	<u>17,773,445</u>
Total Claim Liabilities	<u>\$ 30,274,229</u>	<u>\$ 27,773,445</u>

**CSAC EXCESS INSURANCE AUTHORITY  
MEDICAL MALPRACTICE PROGRAM  
NOTES TO EARNED PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION  
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2017**

The following schedule illustrates how the Fund's earned premiums (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Fund as of the end of each of the last 10 years. The rows of the schedule are defined as follows:

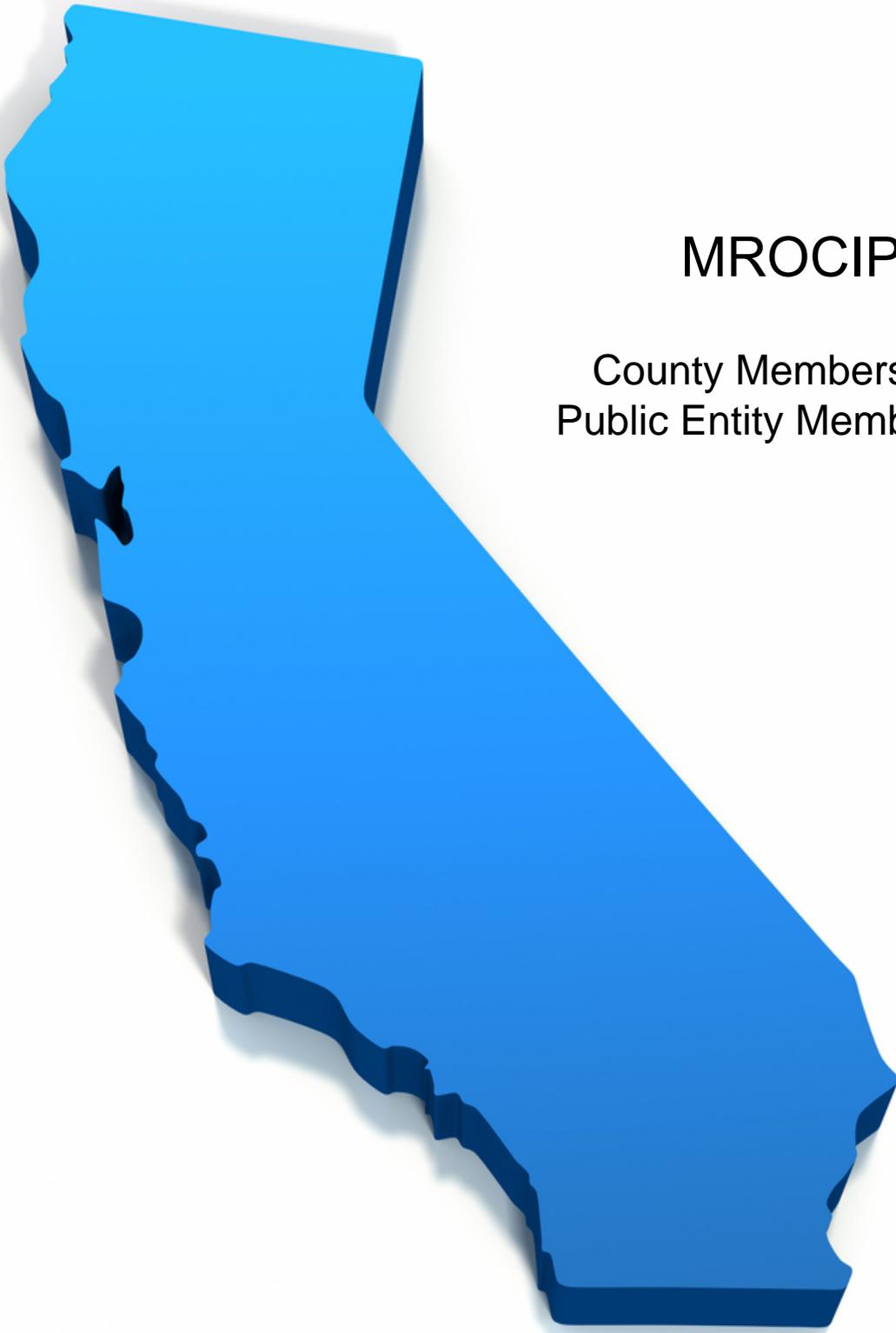
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2. This line shows the liability for unallocated loss adjustment expenses not allocated to individual claims.
3. This line shows the Fund's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event occurred that triggered coverage under the contract (called policy year).
4. This section of rows shows the cumulative amounts paid as of the end of each successive year for each policy year.
5. This line shows the latest reestimated amount of claims assumed by reinsurers as of the end of the current year for each policy year.
6. This section of rows shows how each policy year's incurred claims increased or decreased as of the end of each successive year. These annual reestimations result from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims not previously known.
7. This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought.

As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

The columns of the schedule show data for successive policy years.

**CSAC EXCESS INSURANCE AUTHORITY  
MEDICAL MALPRACTICE PROGRAM  
SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT  
FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2017**

POLICY YEAR	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017
Earned Premiums	\$ 17,155,393	\$ 12,173,672	\$ 12,532,734	\$ 11,846,353	\$ 11,636,142	\$ 12,974,062	\$ 12,133,273	\$ 12,159,182	\$ 12,377,511	\$ 11,593,033
Less Ceded	(7,439,209)	(5,883,306)	(5,454,440)	(5,805,786)	(5,905,259)	(6,292,646)	(5,317,928)	(5,278,339)	(5,587,223)	(6,087,843)
Supplemental Assessments	-	-	-	-	-	-	-	-	-	-
Dividends Declared	-	-	-	-	-	-	-	-	-	-
Investment Earnings and Other Income	1,924,296	624,839	705,892	(99,738)	223,518	373,625	340,405	232,869	175,214	5,131
<b>1. Total Revenues Available For Payment of Claims</b>	<b>11,640,480</b>	<b>6,915,205</b>	<b>7,784,186</b>	<b>5,940,829</b>	<b>5,954,401</b>	<b>7,055,041</b>	<b>7,155,750</b>	<b>7,113,712</b>	<b>6,965,502</b>	<b>5,510,321</b>
<b>2. Unallocated Loss Adjustment Expense</b>	<b>38,790</b>	<b>73,020</b>	<b>9,267</b>	<b>35,369</b>	<b>21,534</b>	<b>154,383</b>	<b>210,668</b>	<b>545,801</b>	<b>409,911</b>	<b>376,429</b>
<b>3. Estimated Incurred Claims Less Ceded Claims</b>	<b>3,656,585</b>	<b>4,381,570</b>	<b>4,824,102</b>	<b>4,921,729</b>	<b>5,188,335</b>	<b>5,213,626</b>	<b>5,239,961</b>	<b>5,527,822</b>	<b>5,528,616</b>	<b>5,852,065</b>
Net Incurred Claims and Expenses, End of Policy Year	3,656,585	4,381,570	4,824,102	4,921,729	5,188,335	5,213,626	5,239,961	5,527,822	5,528,616	5,852,065
<b>4. Cumulative Paid Claims as of:</b>										
End of the Policy Year	31,852	-	23,848	51,305	26,698	3,528	-	-	17,502	37,635
One Year Later	77,244	148,321	96,315	1,282,361	181,822	436,672	-	503,920	243,443	-
Two Years Later	319,382	1,371,988	906,689	1,826,879	1,822,542	4,141,591	385,965	1,772,706	-	-
Three Years Later	4,051,699	4,639,462	3,037,613	4,381,548	4,209,215	4,432,593	1,514,858	-	-	-
Four Years Later	6,201,597	4,715,066	3,116,185	5,261,575	4,502,133	4,470,975	-	-	-	-
Five Years Later	6,201,597	4,715,783	3,914,587	6,171,816	4,551,386	-	-	-	-	-
Six Years Later	6,201,597	5,083,559	3,914,587	7,533,622	-	-	-	-	-	-
Seven Years Later	6,201,597	5,083,559	3,914,587	-	-	-	-	-	-	-
Eight Years Later	6,201,597	5,083,559	-	-	-	-	-	-	-	-
Nine Years Later	6,201,597	-	-	-	-	-	-	-	-	-
<b>5. Reestimated Ceded Claims and Expenses</b>	<b>3,428,442</b>	<b>15,537,160</b>	<b>5,621,059</b>	<b>3,285,129</b>	<b>5,000</b>	<b>-</b>	<b>395,000</b>	<b>1,314,000</b>	<b>1,250,000</b>	<b>1,045,000</b>
<b>6. Reestimated Incurred Claims and Expenses</b>										
End of the Policy Year	3,656,585	4,381,570	4,824,102	4,921,729	5,188,335	5,213,626	5,239,961	5,527,822	5,528,616	5,852,065
One Year Later	5,904,394	4,293,989	3,957,784	5,161,374	5,583,913	5,064,126	4,950,026	8,550,054	6,575,046	-
Two Years Later	5,685,879	7,437,370	5,661,931	7,402,556	6,070,219	6,893,606	6,224,082	10,203,303	-	-
Three Years Later	6,747,768	8,050,504	5,510,518	8,022,661	5,999,806	6,955,612	4,768,898	-	-	-
Four Years Later	6,922,698	6,749,092	5,230,415	8,527,423	4,963,502	6,855,621	-	-	-	-
Five Years Later	6,611,328	6,492,782	5,384,999	8,227,495	4,884,004	-	-	-	-	-
Six Years Later	6,248,451	6,123,618	4,170,539	8,079,940	-	-	-	-	-	-
Seven Years Later	6,231,095	6,225,001	4,057,725	-	-	-	-	-	-	-
Eight Years Later	6,219,549	6,211,448	-	-	-	-	-	-	-	-
Nine Years Later	6,209,865	-	-	-	-	-	-	-	-	-
<b>7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year</b>	<b>\$ 2,553,280</b>	<b>\$ 1,829,878</b>	<b>\$ (766,377)</b>	<b>\$ 3,158,211</b>	<b>\$ (304,331)</b>	<b>\$ 1,641,995</b>	<b>\$ (471,063)</b>	<b>\$ 4,675,481</b>	<b>\$ 1,046,430</b>	<b>\$ (0)</b>



## MROCIP

County Members: 11  
Public Entity Members: 4

**CSAC EXCESS INSURANCE AUTHORITY  
MASTER ROLLING OWNER CONTROLLED INSURANCE PROGRAM  
STATEMENT OF NET POSITION  
JUNE 30, 2017 AND 2016**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
<b>ASSETS:</b>		
Current Assets:		
Cash, EIA Treasury	\$ 12,729	\$ 3,717
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	12,729	3,717
Investments	52,504	15,393
Accounts Receivable:		
Due from Members	2,360,060	499,046
Investment Income Receivable	1,009	245
Due from Other Funds	17,634	5,132
Prepaid Insurance	9,059,370	3,622,250
<b>TOTAL CURRENT ASSETS</b>	11,503,306	4,145,783
Noncurrent Assets:		
Investments	206,890	59,834
Investment in Captive	654	-
Due From Other Funds	25,346	6,973
<b>TOTAL NONCURRENT ASSETS</b>	232,890	66,807
<b>TOTAL ASSETS</b>	11,736,196	4,212,590
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	2,322,477	351,618
Due to Other Funds	-	96,000
Unearned Income	9,154,593	3,664,581
<b>TOTAL CURRENT LIABILITIES</b>	11,477,070	4,112,199
<b>TOTAL LIABILITIES</b>	11,477,070	4,112,199
<b>NET POSITION:</b>		
Unrestricted	259,126	100,391
<b>TOTAL NET POSITION</b>	\$ 259,126	\$ 100,391

**CSAC EXCESS INSURANCE AUTHORITY**  
**MASTER ROLLING OWNER CONTROLLED INSURANCE PROGRAM**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
<b>OPERATING REVENUES:</b>		
Premium for Transferred Risk	\$ 10,664,009	\$ 7,686,545
Administration Fees	150,110	76,493
Other Income	104,060	-
	<hr/>	<hr/>
<b>TOTAL OPERATING REVENUES</b>	<b>10,918,179</b>	<b>7,763,038</b>
<b>OPERATING EXPENSES:</b>		
Insurance Expense	10,664,009	7,686,545
	<hr/>	<hr/>
<b>TOTAL OPERATING EXPENSES</b>	<b>10,664,009</b>	<b>7,686,545</b>
<b>TRANSFERS IN OR (OUT):</b>		
Transfer Out for General Administration	(95,835)	(30,595)
	<hr/>	<hr/>
<b>TOTAL TRANSFERS</b>	<b>(95,835)</b>	<b>(30,595)</b>
<b>OPERATING INCOME (LOSS)</b>	<b>158,335</b>	<b>45,898</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	400	2,993
Member Financing Fees	-	2,969
Program Financing Expense	-	(2,478)
	<hr/>	<hr/>
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>400</b>	<b>3,484</b>
<b>CHANGES IN NET POSITION</b>	<b>158,735</b>	<b>49,382</b>
Net Position, Beginning of Year	100,391	51,009
	<hr/>	<hr/>
<b>NET POSITION, END OF YEAR</b>	<b>\$ 259,126</b>	<b>\$ 100,391</b>
	<hr/>	<hr/>

**CSAC EXCESS INSURANCE AUTHORITY  
MASTER ROLLING OWNER CONTROLLED INSURANCE PROGRAM  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 14,547,176	\$ 8,318,151
Insurance Purchased	(14,130,270)	(7,883,280)
Internal Activities	<u>(222,710)</u>	<u>(410,764)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>194,196</u>	<u>24,107</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Securities	(255,457)	(87,519)
Sales of Securities	69,378	62,569
Cash from Investment Earnings	1,549	1,849
Finance Fees from Members	-	2,969
Investment in Captive	(654)	-
Program Financing Expense	<u>-</u>	<u>(2,478)</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>(185,184)</u>	<u>(22,610)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:</b>	9,012	1,497
<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>	<u>3,717</u>	<u>2,220</u>
<b>END OF YEAR</b>	<u><u>\$ 12,729</u></u>	<u><u>\$ 3,717</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ 158,335	\$ 45,898
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, Net	(1,861,014)	(49,287)
Due From or To Other Funds	(126,875)	(380,169)
Prepaid Insurance	(5,437,120)	(486,762)
Accounts and Other Payables	1,970,859	290,027
Unearned Income	<u>5,490,011</u>	<u>604,400</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u><u>\$ 194,196</u></u>	<u><u>\$ 24,107</u></u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Unrealized gain/(loss) on investments	<u><u>\$ (1,913)</u></u>	<u><u>\$ 1,068</u></u>



## EIAHealth

County Members: 12  
Public Entity Members: 20

**CSAC EXCESS INSURANCE AUTHORITY  
EIAHEALTH PROGRAM  
STATEMENT OF NET POSITION  
JUNE 30, 2017 AND 2016**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
<b>ASSETS:</b>		
Current Assets:		
Cash, EIA Treasury	\$ 198,125	\$ 440,121
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	198,125	440,121
Investments	817,203	1,822,583
Accounts Receivable		
Due from Members	-	88,666
Investment Income Receivable	15,702	29,039
Due from Other Funds	274,466	607,682
<b>TOTAL CURRENT ASSETS</b>	<u>1,305,496</u>	<u>2,988,091</u>
Noncurrent Assets:		
Investments	3,220,110	7,084,678
Investment in Captive	77,472	-
Due from Other Funds	394,495	825,701
<b>TOTAL NONCURRENT ASSETS</b>	<u>3,692,077</u>	<u>7,910,379</u>
<b>TOTAL ASSETS</b>	<u>4,997,573</u>	<u>10,898,470</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	1,164,254	1,459,835
Dividends Payable to Members	2,193,327	7,241,290
Unearned Income	4,905	-
<b>TOTAL CURRENT LIABILITIES</b>	<u>3,362,486</u>	<u>8,701,125</u>
<b>TOTAL LIABILITIES</b>	<u>3,362,486</u>	<u>8,701,125</u>
<b>NET POSITION:</b>		
Unrestricted	<u>1,635,087</u>	<u>2,197,345</u>
<b>TOTAL NET POSITION</b>	<u>\$ 1,635,087</u>	<u>\$ 2,197,345</u>

**CSAC EXCESS INSURANCE AUTHORITY  
EIAHEALTH PROGRAM  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
<b>OPERATING REVENUES:</b>		
Premiums for Transferred Risk	\$ 265,398,755	\$ 241,255,956
Broker Fees	2,509,394	2,255,675
Health Reform Fees and Taxes	606,278	1,415,115
Administration Fees	387,825	340,171
TPA Claims Administration Fees	14,747,443	14,758,704
Eligibility Administration Fees	1,777,998	1,767,038
Other Income	18,844	534,771
	<u>285,446,537</u>	<u>262,327,430</u>
<b>TOTAL OPERATING REVENUES</b>		
<b>OPERATING EXPENSES:</b>		
Interest on Dividends to Members	15,857	22,235
Insurance Premiums and TPA Fees	280,557,562	256,014,414
Eligibility Administration	1,777,998	1,767,038
Health Reform Fees and Taxes	606,278	1,415,115
Broker Fees	2,509,394	2,255,675
Program Services		
Actuarial Consulting Services	50,745	26,215
EIAHealth Seminar	37,948	52,155
Bank Services and Fees	1,500	-
	<u>285,557,282</u>	<u>261,552,847</u>
<b>TOTAL OPERATING EXPENSES</b>		
<b>TRANSFERS IN OR (OUT):</b>		
Transfer Out for General Administration	(444,826)	(591,626)
	<u>(444,826)</u>	<u>(591,626)</u>
<b>TOTAL TRANSFERS</b>		
<b>OPERATING INCOME (LOSS)</b>	<u>(555,571)</u>	<u>182,957</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	(6,687)	203,907
	<u>(6,687)</u>	<u>203,907</u>
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>		
<b>CHANGES IN NET POSITION</b>	(562,258)	386,864
Net Position, Beginning of Year	2,197,345	1,810,481
<b>NET POSITION, END OF YEAR</b>	<u>\$ 1,635,087</u>	<u>\$ 2,197,345</u>

**CSAC EXCESS INSURANCE AUTHORITY  
EIAHEALTH PROGRAM  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 285,540,108	\$ 262,194,330
Dividends Paid	(5,063,820)	-
Insurance Purchased	(280,557,562)	(256,014,415)
Payments to Suppliers	(5,241,496)	(5,110,168)
Other Program Expense	(37,948)	-
Internal Activities	319,596	(505,039)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>(5,041,122)</b>	<b>564,708</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Securities	4,869,948	(4,887,412)
Sales of Securities	-	4,262,122
Cash from Investment Earnings	6,650	130,395
Investment in Captive	(77,472)	-
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>4,799,126</b>	<b>(494,895)</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(241,996)</b>	<b>69,813</b>
<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>	<b>440,121</b>	<b>370,308</b>
<b>END OF YEAR</b>	<b>\$ 198,125</b>	<b>\$ 440,121</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ (555,571)	\$ 182,957
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, Net	88,666	(88,666)
Due From or To Other Funds	764,422	86,587
Accounts and Other Payables	(5,338,639)	383,830
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ (5,041,122)</b>	<b>\$ 564,708</b>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Unrealized gain/(loss) on investments	\$ -	\$ 72,741



# Dental

County Members: 31  
Public Entity Members:122

**CSAC EXCESS INSURANCE AUTHORITY  
DENTAL PROGRAM  
STATEMENT OF NET POSITION  
JUNE 30, 2017 AND 2016**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
<b>ASSETS:</b>		
Current Assets:		
Cash, EIA Treasury	\$ 733,086	\$ 733,164
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	733,086	733,164
Investments	3,023,745	3,036,096
Accounts Receivable		
Due from Members	1,002,159	392,413
Investment Income Receivable	58,099	48,374
Deposits With Carrier	245,000	245,000
Due from Other Funds	1,015,555	1,012,288
<b>TOTAL CURRENT ASSETS</b>	<u>6,077,644</u>	<u>5,467,335</u>
Noncurrent Assets:		
Investments	11,914,771	11,801,802
Investment in Captive	129,055	-
Due from Other Funds	1,459,677	1,375,469
<b>TOTAL NONCURRENT ASSETS</b>	<u>13,503,503</u>	<u>13,177,271</u>
<b>TOTAL ASSETS</b>	<u>19,581,147</u>	<u>18,644,606</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Dental Claim Liabilities	1,927,909	2,423,106
<b>TOTAL CURRENT LIABILITIES</b>	<u>1,927,909</u>	<u>2,423,106</u>
<b>TOTAL LIABILITIES</b>	<u>1,927,909</u>	<u>2,423,106</u>
<b>NET POSITION:</b>		
Unrestricted	17,653,238	16,221,500
<b>TOTAL NET POSITION</b>	<u>\$ 17,653,238</u>	<u>\$ 16,221,500</u>

**CSAC EXCESS INSURANCE AUTHORITY  
DENTAL PROGRAM  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
<b>OPERATING REVENUES:</b>		
Contribution for Retained Risk	\$ 32,978,281	\$ 31,736,745
Eligibility Admin Fee Revenue	371,639	352,618
Broker Fees	<u>1,588,092</u>	<u>1,518,872</u>
<b>TOTAL OPERATING REVENUES</b>	<u>34,938,012</u>	<u>33,608,235</u>
<b>OPERATING EXPENSES:</b>		
Provision for Claims, Current Year	29,186,280	29,738,033
Broker Fees	1,588,092	1,518,872
Stabilization Funds Distributed	64,106	477,716
Claims Administration and Eligibility Fees	2,479,426	2,467,239
Other Program Services	<u>14,287</u>	<u>4,800</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>33,332,191</u>	<u>34,206,660</u>
<b>TRANSFERS IN OR (OUT):</b>		
Transfer Out for General Administration	<u>(227,351)</u>	<u>(231,357)</u>
<b>TOTAL TRANSFERS</b>	<u>(227,351)</u>	<u>(231,357)</u>
<b>OPERATING INCOME (LOSS)</b>	<u>1,378,470</u>	<u>(829,782)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	<u>53,268</u>	<u>353,899</u>
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>53,268</u>	<u>353,899</u>
<b>CHANGES IN NET POSITION</b>	1,431,738	(475,883)
Net Position, Beginning of Year	<u>16,221,500</u>	<u>16,697,383</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 17,653,238</u>	<u>\$ 16,221,500</u>

**CSAC EXCESS INSURANCE AUTHORITY  
DENTAL PROGRAM  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 34,328,266	\$ 33,879,078
Stabilization Funds Distributed	(64,106)	(477,716)
Claims Paid	(29,681,477)	(28,685,216)
Payments to Suppliers	(4,081,804)	(3,990,911)
Internal Activities	<u>(314,826)</u>	<u>(43,840)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>186,053</u>	<u>681,395</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Securities	(9,592,639)	(8,200,129)
Sales of Securities	9,237,370	7,397,318
Cash from Investment Earnings	298,193	227,170
Investment in Captive	<u>(129,055)</u>	<u>-</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>(186,131)</u>	<u>(575,641)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(78)	105,754
<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>	<u>733,164</u>	<u>627,410</u>
<b>END OF YEAR</b>	<u><u>\$ 733,086</u></u>	<u><u>\$ 733,164</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ 1,378,470	\$ (829,782)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, Net	(609,745)	270,843
Deposits With Carrier	-	-
Due From or To Other Funds	(87,475)	187,517
Accounts and Other Payables	-	-
Claim Liabilities	<u>(495,197)</u>	<u>1,052,817</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u><u>\$ 186,053</u></u>	<u><u>\$ 681,395</u></u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Unrealized gain/(loss) on investments	<u><u>\$ (254,649)</u></u>	<u><u>\$ 126,250</u></u>

**CSAC EXCESS INSURANCE AUTHORITY  
DENTAL PROGRAM  
RECONCILIATION OF UNPAID CLAIMS LIABILITIES  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
A. Unpaid claims and claim adjustment expenses at the beginning of the fiscal year	<u>\$ 2,423,106</u>	<u>\$ 1,370,289</u>
Incurring claims and claim adjustment expenses:		
Provision for claims of the current fiscal year	<u>29,186,280</u>	<u>29,738,033</u>
B. Total incurred claims and claim adjustment expenses	<u>29,186,280</u>	<u>29,738,033</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	29,681,477	28,685,216
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>-</u>	<u>-</u>
C. Total Payments	<u>29,681,477</u>	<u>28,685,216</u>
D. Total unpaid claims and claim adjustment expenses at the end of the fiscal year (A+B-C)	<u>\$ 1,927,909</u>	<u>\$ 2,423,106</u>
Current Claim Liabilities	<u>\$ 1,927,909</u>	<u>\$ 2,423,106</u>
Total Claim Liabilities	<u>\$ 1,927,909</u>	<u>\$ 2,423,106</u>

**CSAC EXCESS INSURANCE AUTHORITY  
DENTAL PROGRAM  
NOTES TO EARNED PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION  
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2017**

The following schedule illustrates how the Fund's earned premiums (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Fund as of the end of each of the last 10 years. The rows of the schedule are defined as follows:

1. This line shows the total of each fiscal year's earned premium, revenues ceded to reinsurers and stop-loss policies, and investment revenues. The total revenues are net of dividends returned to members.
2. This line shows the liability for unallocated loss adjustment expenses not allocated to individual claims.
3. This line shows the Fund's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event occurred that triggered coverage under the contract (called policy year).
4. This section of rows shows the cumulative amounts paid as of the end of each successive year for each policy year.
5. This line shows the latest reestimated amount of claims assumed by reinsurers as of the end of the current year for each policy year.
6. This section of rows shows how each policy year's incurred claims increased or decreased as of the end of each successive year. These annual reestimations result from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims not previously known.
7. This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought.

As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

The columns of the schedule show data for successive policy years.

**CSAC EXCESS INSURANCE AUTHORITY  
DENTAL PROGRAM  
SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT  
FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2017**

POLICY YEAR	June 30, 2008	June 30, 2009*	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017
Earned Premiums	\$ -	\$ -	\$ 7,242,783	\$ 20,356,118	\$ 27,841,423	\$ 30,426,135	\$ 31,210,281	\$ 32,028,794	\$ 31,736,745	\$ 32,978,281
Less Ceded	-	-	-	-	-	-	-	-	-	-
Supplemental Assessments	-	-	-	-	-	-	-	-	-	-
Dividends Declared	-	-	-	-	-	-	-	-	-	-
Investment Earnings	-	-	-	-	-	-	-	-	-	-
<b>1. Total Revenues Available For Payment of Claims</b>	<b>-</b>	<b>-</b>	<b>7,242,783</b>	<b>20,356,118</b>	<b>27,841,423</b>	<b>30,426,135</b>	<b>31,210,281</b>	<b>32,028,794</b>	<b>31,736,745</b>	<b>32,978,281</b>
<b>2. Unallocated Loss Adjustment Expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>3. Estimated Incurred Claims Less Ceded Claims Net Incurred Claims and Expenses, End of Policy Year</b>	<b>-</b>	<b>-</b>	<b>5,551,354</b>	<b>19,689,432</b>	<b>21,213,005</b>	<b>25,691,975</b>	<b>26,483,069</b>	<b>26,917,532</b>	<b>29,738,033</b>	<b>29,186,280</b>
<b>4. Cumulative Paid Claims as of:</b>										
End of the Policy Year	-	-	4,763,486	16,156,452	21,213,005	25,691,975	24,283,069	26,917,532	29,738,033	29,186,280
One Year Later	-	-	5,551,354	19,689,432	23,453,293	25,691,975	24,283,069	26,917,532	29,738,033	-
Two Years Later	-	-	5,551,354	19,689,432	23,453,293	25,691,975	24,283,069	26,917,532	-	-
Three Years Later	-	-	5,551,354	19,689,432	23,453,293	25,691,975	24,283,069	-	-	-
Four Years Later	-	-	5,551,354	19,689,432	23,453,293	25,691,975	-	-	-	-
Five Years Later	-	-	5,551,354	19,689,432	23,453,293	-	-	-	-	-
Six Years Later	-	-	5,551,354	19,689,432	-	-	-	-	-	-
Seven Years Later	-	-	5,551,354	-	-	-	-	-	-	-
Eight Years Later	-	-	-	-	-	-	-	-	-	-
Nine Years Later	-	-	-	-	-	-	-	-	-	-
<b>5. Reestimated Ceded Claims and Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>6. Reestimated Incurred Claims and Expenses</b>										
End of the Policy Year	-	-	5,551,354	19,689,432	21,213,005	25,691,975	26,483,069	26,917,532	29,738,033	29,186,280
One Year Later	-	-	5,551,354	19,689,432	23,453,293	25,691,975	26,483,069	26,917,532	29,738,033	-
Two Years Later	-	-	5,551,354	19,689,432	23,453,293	25,691,975	26,483,069	26,917,532	-	-
Three Years Later	-	-	5,551,354	19,689,432	23,453,293	25,691,975	26,483,069	-	-	-
Four Years Later	-	-	5,551,354	19,689,432	23,453,293	25,691,975	-	-	-	-
Five Years Later	-	-	5,551,354	19,689,432	23,453,293	-	-	-	-	-
Six Years Later	-	-	5,551,354	19,689,432	-	-	-	-	-	-
Seven Years Later	-	-	5,551,354	-	-	-	-	-	-	-
Eight Years Later	-	-	-	-	-	-	-	-	-	-
Nine Years Later	-	-	-	-	-	-	-	-	-	-
<b>7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,240,288</b>	<b>\$ -</b>				

\*The Dental Program started January 1, 2010



## Miscellaneous Programs

**CSAC EXCESS INSURANCE AUTHORITY  
MISCELLANEOUS PROGRAMS  
STATEMENT OF NET POSITION  
JUNE 30, 2017 AND 2016**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
<b>ASSETS:</b>		
Current Assets:		
Cash, EIA Treasury	\$ 76,643	\$ 84,689
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	<u>76,643</u>	<u>84,689</u>
Investments	316,129	350,706
Accounts Receivable		
Due From Members	27,000	-
Investment Income Receivable	6,074	5,588
Other Receivables	11,638	-
Due from Other Funds	106,175	116,931
Prepaid Insurance	151,879	939,055
<b>TOTAL CURRENT ASSETS</b>	<u>695,538</u>	<u>1,496,969</u>
Noncurrent Assets:		
Investments	1,245,674	1,363,250
Investment in Captive	14,907	-
Due from Other Funds	152,607	158,883
<b>TOTAL NONCURRENT ASSETS</b>	<u>1,413,188</u>	<u>1,522,133</u>
<b>TOTAL ASSETS</b>	<u>2,108,726</u>	<u>3,019,102</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	8,641	9,608
Due to Members	91,516	89,553
Unearned Income	220,149	1,091,636
<b>TOTAL CURRENT LIABILITIES</b>	<u>320,306</u>	<u>1,190,797</u>
<b>TOTAL LIABILITIES</b>	<u>320,306</u>	<u>1,190,797</u>
<b>NET POSITION:</b>		
Unrestricted	1,788,420	1,828,305
<b>TOTAL NET POSITION</b>	<u>\$ 1,788,420</u>	<u>\$ 1,828,305</u>

**CSAC EXCESS INSURANCE AUTHORITY  
MISCELLANEOUS PROGRAMS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
<b>OPERATING REVENUES:</b>		
Dividends	\$ 91,516	\$ 116,728
Premiums For Transferred Risk:		
Optional Excess Liability Insurance	3,950,536	3,777,285
Watercraft Insurance	233,832	199,468
Aviation Insurance	1,220,560	1,191,564
Course of Construction Insurance	1,215,942	1,242,489
Crime and Honesty Bonds	1,307,857	1,286,831
SPIP/SLIP	40,086	38,893
Cyber Liability	1,233,646	1,113,501
Pollution Liability	503,186	474,883
Inmate Medical Insurance	482,301	425,873
Employee Assistance Program	1,726,353	1,591,159
Life, Long-Term Disability and ADD Insurance	16,896,040	13,837,244
Vision Insurance	4,669,713	3,500,141
Other Miscellaneous Programs	174,690	362,796
Other Income	-	102,845
	<b>TOTAL OPERATING REVENUES</b>	<b>29,261,700</b>
	33,746,258	29,261,700
<b>OPERATING EXPENSES:</b>		
Member Dividends, Watercraft	91,516	116,728
Insurance Premiums:		
Optional Excess Liability Insurance	3,950,538	3,777,286
Watercraft Insurance	233,832	199,464
Aviation Insurance	1,220,560	1,191,564
Course of Construction Insurance	1,215,942	1,242,489
Crime and Honesty Bonds	1,307,855	1,286,828
SPIP/SLIP	40,085	38,894
Cyber Liability	1,222,920	1,100,337
Pollution Liability	503,189	474,885
Inmate Medical Insurance	482,299	425,874
Employee Assistance Program	1,714,771	1,581,984
Life, Long-Term Disability and ADD Insurance	16,948,640	13,894,467
Vision Insurance	4,669,713	3,500,141
Other Miscellaneous Programs	174,690	362,796
	<b>TOTAL OPERATING EXPENSES</b>	<b>29,193,737</b>
	33,776,550	29,193,737
<b>TRANSFERS IN OR (OUT):</b>		
Transfer Out for General Administration	(15,692)	(131,697)
	<b>TOTAL TRANSFERS</b>	<b>(131,697)</b>
	(15,692)	(131,697)
	<b>OPERATING INCOME (LOSS)</b>	<b>(63,734)</b>
	(45,984)	(63,734)

**CSAC EXCESS INSURANCE AUTHORITY  
MISCELLANEOUS PROGRAMS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	\$ 6,077	\$ 46,415
Member Finance Fees	<u>22</u>	<u>55</u>
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>6,099</u>	<u>46,470</u>
<b>CHANGES IN NET POSITION</b>	(39,885)	(17,264)
Net Position, Beginning of Year	<u>1,828,305</u>	<u>1,845,569</u>
<b>NET POSITION, END OF YEAR</b>	<u><u>\$ 1,788,420</u></u>	<u><u>\$ 1,828,305</u></u>

**CSAC EXCESS INSURANCE AUTHORITY  
MISCELLANEOUS PROGRAMS  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 32,756,254	\$ 29,283,222
Insurance Purchased	(32,910,463)	(30,628,035)
Receipts from Others	91,517	116,728
Dividends Paid	(89,553)	(141,650)
Internal Activities	<u>1,340</u>	<u>123,021</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>(150,905)</u>	<u>(1,246,714)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Securities	(930,678)	197,785
Sales of Securities	1,053,781	970,174
Financing Fees	22	55
Cash from Investment Earnings	34,641	34,136
Investment in Captive	<u>(14,907)</u>	<u>-</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>142,859</u>	<u>1,202,150</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(8,046)	(44,564)
<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>	<u>84,689</u>	<u>129,253</u>
<b>END OF YEAR</b>	<u><u>\$ 76,643</u></u>	<u><u>\$ 84,689</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ (45,984)	\$ (63,734)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, Net	(38,639)	89,855
Due From or To Other Funds	17,032	254,718
Prepaid Insurance	787,176	104,186
Accounts and Other Payables	997	(1,680,134)
Unearned Income	<u>(871,487)</u>	<u>48,395</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u><u>\$ (150,905)</u></u>	<u><u>\$ (1,246,714)</u></u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Unrealized gain/(loss) on investments	<u><u>\$ (29,050)</u></u>	<u><u>\$ 16,558</u></u>



General  
Administration  
and  
Building

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL ADMINISTRATION AND BUILDING  
STATEMENT OF NET POSITION  
JUNE 30, 2017 AND 2016**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
<b>ASSETS:</b>		
Current Assets:		
Petty Cash Fund	\$ 300	\$ 300
Money Market - Captive Account	-	5,000,000
Cash in Bank	278,594	98,321
Cash, EIA Treasury	505,153	217,431
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	784,047	5,316,052
Investments	2,083,593	900,404
Accounts Receivable		
Due from Members	346,590	279,037
Investment Income Receivable	40,035	14,346
Other Receivables	99	71,528
Due from Other Funds	699,796	300,211
Prepaid Expense	72,718	63,693
<b>TOTAL CURRENT ASSETS</b>	4,026,878	6,945,271
Noncurrent Assets:		
Investments	8,210,193	3,500,017
Due from Other Funds	1,005,830	407,918
Capital Assets:		
Land	1,000,000	1,000,000
Building	5,737,755	5,737,755
Less Accumulated Depreciation, Building	(842,691)	(728,869)
Tenant Improvements	2,362,336	2,350,809
Less Accumulated Depreciation, Tenant Improvements	(1,151,134)	(990,817)
Office Furniture and Equipment	1,381,531	1,318,149
Computer Software	3,716,043	2,754,077
Less Accumulated Depreciation	(2,365,600)	(1,862,225)
<b>TOTAL NONCURRENT ASSETS</b>	19,054,263	13,486,814
<b>TOTAL ASSETS</b>	23,081,141	20,432,085
Deferred Outflows of Resources:		
Deferred Outflows of Resources Related to Pensions	1,537,233	3,329,112
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	1,537,233	3,329,112

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL ADMINISTRATION AND BUILDING  
STATEMENT OF NET POSITION  
JUNE 30, 2017 AND 2016**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	\$ 448,069	\$ 125,263
Due to Members	449,765	-
Compensated Absences	91,826	82,086
Unearned Income	5,844	-
Due to Other Funds	481,657	481,657
Security Deposits	28,473	28,473
	<b>1,505,634</b>	<b>717,479</b>
Noncurrent Liabilities:		
Compensated Absences	367,306	328,343
Other Post Employment Benefits	207,584	99,524
Net Pension Liability	1,092,027	2,024,929
Due to Other Funds	5,687,129	6,072,169
	<b>7,354,046</b>	<b>8,524,965</b>
	<b>8,859,680</b>	<b>9,242,444</b>
Deferred Inflows of Resources:		
Deferred Inflows of Resources Related to Pensions	1,466,353	1,444,075
	<b>1,466,353</b>	<b>1,444,075</b>
<b>NET POSITION:</b>		
Net Investment in Capital Assets	9,838,240	9,578,879
Unrestricted	4,454,101	3,495,799
	<b>\$ 14,292,341</b>	<b>\$ 13,074,678</b>

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL ADMINISTRATION AND BUILDING  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
<b>OPERATING REVENUES:</b>		
Member Services		
Claims Information Systems	\$ 619,810	\$ 513,592
DMV Pull Notice & Drug Consortium Fees	-	5,786
Loss Prevention Seminars and Crisis Incident Carrier Contr.	72,000	6,554
Insurance Certificate Tracking Service	243,434	221,581
Other Income		
Personal Lines Insurance Program Income	79,113	79,900
Shared Cost Agreements	41,386	39,460
Other Income	385,028	431,538
	<b>TOTAL REVENUES</b>	<b>1,298,411</b>
	<b>1,440,771</b>	<b>1,298,411</b>
<b>EXPENSES:</b>		
Salaries and Benefits	9,813,830	7,316,580
Staff Support	919,967	788,059
Services and Supplies	1,766,686	1,470,119
Member Services	1,959,453	1,907,774
Subsidies	793,691	1,055,655
Building Maintenance and Operating Expense	184,838	162,475
Depreciation and Amortization	664,821	670,618
	<b>TOTAL EXPENSES</b>	<b>13,371,280</b>
	<b>16,103,286</b>	<b>13,371,280</b>
<b>TRANSFERS IN OR (OUT):</b>		
Transfers In from		
Excess Workers' Compensation	4,842,161	4,964,117
Primary Workers' Compensation	4,687,493	4,170,537
Dental	227,351	231,357
EIAHealth	444,826	591,626
General Liability I	2,379,410	2,484,492
Primary General Liability	551,579	500,732
General Liability II	1,419,917	1,551,469
Miscellaneous Programs	15,692	131,697
Property	720,871	695,781
Medical Malpractice	593,550	634,536
Master Rolling Owner Controlled Ins. Program	95,835	30,595
Excess Insurance Authority	25,000	-
	<b>TOTAL TRANSFERS</b>	<b>15,986,939</b>
	<b>16,003,685</b>	<b>15,986,939</b>
<b>OPERATING INCOME (LOSS)</b>	<b>1,341,170</b>	<b>3,914,070</b>

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL ADMINISTRATION AND BUILDING  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
JUNE 30, 2017 AND 2016**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	\$ 10,904	\$ 229,928
Lease Income	463,338	443,946
Investment Expenses	(264,230)	(263,803)
Building Maintenance and Operating Expense	(128,412)	(122,569)
Depreciation and Amortization	(129,741)	(158,053)
Building Program Financing Expense	<u>(75,366)</u>	<u>(72,492)</u>
<b>TOTAL NONOPERATING REVENUE (EXPENSES)</b>	<u>(123,507)</u>	<u>56,957</u>
<b>CHANGES IN NET POSITION</b>	1,217,663	3,971,027
Net Position, Beginning of Year	<u>13,074,678</u>	<u>9,103,651</u>
<b>NET POSITION, END OF YEAR</b>	<u><u>\$ 14,292,341</u></u>	<u><u>\$ 13,074,678</u></u>

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL ADMINISTRATION AND BUILDING  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 1,633,350	\$ 922,659
Receipts from Others	266,906	81,165
Payments to Suppliers	(5,310,856)	(5,730,603)
Payments to Employees	(8,775,813)	(9,264,059)
Internal Activities	14,621,148	16,380,290
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>2,434,735</u>	<u>2,389,452</u>
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES:</b>		
Purchase of Capital Assets	<u>(1,053,923)</u>	<u>(1,363,618)</u>
<b>NET CASH PROVIDED (USED) BY CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>	<u>(1,053,923)</u>	<u>(1,363,618)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Securities	(7,836,375)	(1,109,854)
Sales of Securities	1,890,883	4,806,037
Cash from Investment Earnings	37,343	161,158
Investment Expenses	(264,230)	(263,803)
Lease Receipts	463,338	443,946
Operating Lease Disbursements	(128,410)	(122,569)
Building Program Financing Expenses	<u>(75,366)</u>	<u>(72,492)</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>(5,912,817)</u>	<u>3,842,423</u>
<b>(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	(4,532,005)	4,868,257
<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>	<u>5,316,052</u>	<u>447,795</u>
<b>END OF YEAR</b>	<u>\$ 784,047</u>	<u>\$ 5,316,052</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ 1,341,170	\$ 3,914,070
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation	664,821	670,618
Changes in Assets and Liabilities		
Accounts Receivable, Net	3,876	(250,312)
Due From or To Other Funds	(1,382,537)	393,351
Prepaid Expense	(9,027)	(60,295)
Deferred Outflows of Resources	1,791,879	(2,741,859)
Accounts and Other Payables	880,629	(226,476)
Compensated Absences	48,704	66,538
Deferred Inflows of Resources	28,122	593,450
Net Pension Liability	<u>(932,902)</u>	<u>30,367</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ 2,434,735</u>	<u>\$ 2,389,452</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Unrealized gain/(loss) on investments	<u>\$ (52,126)</u>	<u>\$ 82,024</u>



## Excess Insurance Organization

**CSAC EXCESS INSURANCE AUTHORITY  
EXCESS INSURANCE ORGANIZATION, INC  
STATEMENT OF NET POSITION  
JUNE 30, 2017**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
<b>ASSETS:</b>		
Current Assets:		
Cash in Banks	\$ 278,916	\$ -
Cash, Treasury	1,275,636	-
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	1,554,552	-
Investments	9,965,116	
Accounts Receivable		
Due from Members	3,244,790	-
Investment Income Receivable	190,027	-
Prefund Deposit	2,500,000	-
<b>TOTAL CURRENT ASSETS</b>	17,454,485	-
Noncurrent Assets:		
Investments	59,173,029	-
<b>TOTAL NONCURRENT ASSETS</b>	59,173,029	-
<b>TOTAL ASSETS</b>	76,627,514	-
 <b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	6,989,955	-
Claims Liabilities	10,500,000	-
<b>TOTAL CURRENT LIABILITIES</b>	17,489,955	-
Noncurrent Liabilities:		
Claims Reported	27,831,284	-
Claims Incurred But Not Reported	22,310,450	-
<b>TOTAL NONCURRENT LIABILITIES</b>	50,141,734	-
<b>TOTAL LIABILITIES</b>	67,631,689	-
 <b>NET POSITION:</b>		
Capital Stock	5,000,000	-
Unrestricted	3,995,825	-
<b>TOTAL NET POSITION</b>	\$ 8,995,825	\$ -

**CSAC EXCESS INSURANCE AUTHORITY  
EXCESS INSURANCE ORGANIZATION, INC  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
<b>OPERATING REVENUES:</b>		
Contributions for Retained Risk	\$ 76,851,052	\$ -
<b>TOTAL OPERATING REVENUES</b>	<u>76,851,052</u>	<u>-</u>
<b>OPERATING EXPENSES:</b>		
Provision for Claims, Current Year	75,803,096	-
Program Expense		
Actuarial & Consulting	25,000	-
Licensing Fees	5,250	-
Captive Meetings and Travel	17,517	-
Legal Counsel	16,025	-
Office Supplies, Websiting Hosting & Misc Expenses	5,088	-
Bank Fees	21,448	-
<b>TOTAL OPERATING EXPENSES</b>	<u>75,893,424</u>	<u>-</u>
<b>TRANSFERS IN OR (OUT):</b>		
Transfer Out for General Administration	(25,000)	-
<b>TOTAL TRANSFERS</b>	<u>(25,000)</u>	<u>-</u>
<b>OPERATING INCOME(LOSS)</b>	<u>932,628</u>	<u>-</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	3,126,187	-
Investment Expenses	(62,990)	-
<b>TOTAL NONOPERATING REVENUE (EXPENSES)</b>	<u>3,063,197</u>	<u>-</u>
<b>CHANGES IN NET POSITION</b>	<u>3,995,825</u>	<u>-</u>
Capital Stock	5,000,000	-
<b>NET POSITION, END OF YEAR</b>	<u>\$ 8,995,825</u>	<u>\$ -</u>

**CSAC EXCESS INSURANCE AUTHORITY  
EXCESS INSURANCE ORGANIZATION, INC  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts for Transferred Risk	\$ 71,106,262	\$ -
Claims Paid	(15,161,362)	-
Internal Activities	(25,000)	-
Advance on claim payments	6,976,720	-
Payments to Suppliers	(77,093)	-
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>62,819,527</b>	<b>-</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Securities	(104,554,356)	-
Sales of Securities	37,481,907	-
Capital Stock	5,000,000	-
Investment Earnings	870,464	-
Investment Expense	(62,990)	-
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>(61,264,975)</b>	<b>-</b>
 <b>(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	 <b>1,554,552</b>	 <b>-</b>
<b>CASH AND CASH EQUIVALENTS:</b>		
<b>BEGINNING OF YEAR</b>	-	-
<b>END OF YEAR</b>	<b>\$ 1,554,552</b>	<b>\$ -</b>
<b>RECONCILIATION OF INCOME (LOSS) TO NET</b>		
<b>CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ 932,628	\$ -
Adjustments to reconcile operating income (loss) to net cash provided (used) by building fund activities		
Changes in Assets and Liabilities		
Accounts Receivable, Net	(3,244,790)	-
Prefund Deposit	(2,500,000)	-
Due From or To Other Funds	-	-
Claims Liabilities	60,641,734	-
Accounts and Other Payables	6,989,955	-
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 62,819,527</b>	<b>\$ -</b>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Unrealized gain/(loss) on investments	<b>\$ 2,065,696</b>	<b>\$ -</b>

**CSAC EXCESS INSURANCE AUTHORITY  
EXCESS INSURANCE ORGANIZATION  
RECONCILIATION OF UNPAID CLAIMS LIABILITIES  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
A. Unpaid claims and claim adjustment expenses at the beginning of the fiscal year	\$ -	\$ -
Incurred claims and claim adjustment expenses:		
Provision for claims of the current fiscal year	<u>75,803,096</u>	<u>-</u>
B. Total incurred claims and claim adjustment expenses	<u>75,803,096</u>	<u>-</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	15,161,362	-
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>-</u>	<u>-</u>
C. Total Payments	<u>15,161,362</u>	<u>-</u>
D. Total unpaid claims and claim adjustment expenses at the end of the fiscal year (A+B-C)	<u>\$ 60,641,734</u>	<u>\$ -</u>
Current Claim Liabilities	\$ 10,500,000	\$ -
Noncurrent Claim Liabilities	50,141,734	-
Total Claim Liabilities	<u>\$ 60,641,734</u>	<u>\$ -</u>

**CSAC EXCESS INSURANCE AUTHORITY  
EXCESS INSURANCE ORGANIZATION  
NOTES TO EARNED PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION  
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2017**

The following schedule illustrates how the Fund's earned premiums (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Fund as of the end of each of the last 10 years. The rows of the schedule are defined as follows:

1. This line shows the total of each fiscal year's earned premium, revenues ceded to reinsurers and stop-loss policies, and investment revenues. The total revenues are net of dividends returned to members.
2. This line shows the liability for unallocated loss adjustment expenses not allocated to individual claims.
3. This line shows the Fund's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event occurred that triggered coverage under the contract (called policy year).
4. This section of rows shows the cumulative amounts paid as of the end of each successive year for each policy year.
5. This line shows the latest reestimated amount of claims assumed by reinsurers as of the end of the current year for each policy year.
6. This section of rows shows how each policy year's incurred claims increased or decreased as of the end of each successive year. These annual reestimations result from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims not previously known.
7. This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought.

As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

The columns of the schedule show data for successive policy years.

**CSAC EXCESS INSURANCE AUTHORITY  
EXCESS INSURANCE ORGANIZATION, INC.  
SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT  
FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2017**

POLICY YEAR	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017*
Earned Premiums	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 76,851,052
Less Ceded	-	-	-	-	-	-	-	-	-	-
Supplemental Assessments	-	-	-	-	-	-	-	-	-	-
Dividends Declared	-	-	-	-	-	-	-	-	-	-
Investment Earnings	-	-	-	-	-	-	-	-	-	3,126,187
<b>Total Revenues Available For Payment of Claims</b>	<b>-</b>	<b>79,977,239</b>								
Unallocated Loss Adjustment Expense	-	-	-	-	-	-	-	-	-	-
Estimated Incurred Claims	-	-	-	-	-	-	-	-	-	75,803,096
Less Ceded Claims	-	-	-	-	-	-	-	-	-	-
<b>Net Incurred Claims and Expenses, End of Policy Year</b>	<b>-</b>	<b>75,803,096</b>								
Cumulative Paid Claims as of:										
End of the Policy Year	-	-	-	-	-	-	-	-	-	15,161,362
One Year Later	-	-	-	-	-	-	-	-	-	-
Two Years Later	-	-	-	-	-	-	-	-	-	-
Three Years Later	-	-	-	-	-	-	-	-	-	-
Four Years Later	-	-	-	-	-	-	-	-	-	-
Five Years Later	-	-	-	-	-	-	-	-	-	-
Six Years Later	-	-	-	-	-	-	-	-	-	-
Seven Years Later	-	-	-	-	-	-	-	-	-	-
Eight Years Later	-	-	-	-	-	-	-	-	-	-
Nine Years Later	-	-	-	-	-	-	-	-	-	-
<b>Reestimated Ceded Claims and Expenses</b>	<b>-</b>									
Reestimated Incurred Claims and Expenses										
End of the Policy Year	-	-	-	-	-	-	-	-	-	75,803,096
One Year Later	-	-	-	-	-	-	-	-	-	-
Two Years Later	-	-	-	-	-	-	-	-	-	-
Three Years Later	-	-	-	-	-	-	-	-	-	-
Four Years Later	-	-	-	-	-	-	-	-	-	-
Five Years Later	-	-	-	-	-	-	-	-	-	-
Six Years Later	-	-	-	-	-	-	-	-	-	-
Seven Years Later	-	-	-	-	-	-	-	-	-	-
Eight Years Later	-	-	-	-	-	-	-	-	-	-
Nine Years Later	-	-	-	-	-	-	-	-	-	-
<b>Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year</b>	<b>\$ -</b>									

\*Excess Insurance Organization, Inc. established July 1, 2016

**STATISTICAL SECTION**

## STATISTICAL SECTION

This part of the CSAC Excess Insurance Authority's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Authority's overall financial health.

### Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time. They show how revenues and expenses have developed over years. They show how our Net Position has increased, then fallen and increased again.

	<u>Page</u>
Schedule of Net Position.....	186
Schedule of Revenues, Expenses and Changes in Net Position .....	187
History of Dividends Returned to Members.....	188

### Demographic and Economic Information

These schedules offer demographic and economic information indicators to help the reader understand the environment within which the Authority's financial activities take place. The number of Workers' Compensation, General Liability I, Property, and Medical Malpractice claims is an indicator of the Provision for Claims. Payrolls for Workers' Compensation and General Liability I, together with claims experience are an indicator for premium revenues. Property values are indicators for Property premiums.

	<u>Page</u>
Economic Statistics .....	189
Number of Claims .....	190
Property Values.....	191

### Operating Information

These schedules contain information regarding Authority employees by department, member participation by program, and the growth of office space.

	<u>Page</u>
Economic Indicators and Information.....	192

Schedules showing trends for property tax rates and revenues along with corresponding assessed valuations are not presented since the Authority does not levy such taxes.

Schedules showing bonded debt and related legal debt ratios are also not applicable.

**CSAC EXCESS INSURANCE AUTHORITY  
SCHEDULE OF NET POSITION  
FOR THE 10-YEAR PERIOD ENDING JUNE 30, 2017**

	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017
<b>Assets</b>										
Current Assets	\$ 228,316,329	\$ 324,629,000	\$ 315,472,521	\$ 312,575,944	\$ 343,635,991	\$ 326,533,622	\$ 309,440,001	\$ 207,777,344	\$ 227,525,217	\$ 237,545,370
Noncurrent Assets	311,602,739	264,853,912	231,292,296	251,262,932	230,227,831	261,618,903	283,144,273	434,584,578	511,133,020	553,817,983
Deferred Outflows - Pension	-	-	-	-	-	-	-	587,253	3,329,112	1,537,233
Total Assets and Deferred Outflows	<u>539,919,068</u>	<u>589,482,912</u>	<u>546,764,817</u>	<u>563,838,876</u>	<u>573,863,822</u>	<u>588,152,525</u>	<u>592,584,274</u>	<u>642,949,175</u>	<u>741,987,349</u>	<u>792,900,586</u>
<b>Liabilities</b>										
Current Liabilities	111,509,290	117,108,618	104,210,436	97,435,058	108,329,137	117,831,208	124,485,595	148,795,667	144,506,871	153,724,595
Noncurrent Liabilities	290,698,960	326,580,921	324,196,776	362,089,179	359,982,865	351,705,921	354,769,678	380,901,782	458,363,786	497,188,376
Deferred Inflows - Pension	-	-	-	-	-	-	-	845,081	1,444,075	1,466,353
Total Liabilities and Deferred Inflows	<u>402,208,250</u>	<u>443,689,539</u>	<u>428,407,212</u>	<u>459,524,237</u>	<u>468,312,002</u>	<u>469,537,129</u>	<u>479,255,273</u>	<u>530,542,530</u>	<u>604,314,732</u>	<u>652,379,324</u>
<b>Net Position</b>										
Invested in Capital Assets	1,608,877	1,495,191	10,706,672	9,181,260	8,848,705	8,677,508	8,414,447	9,043,933	9,578,879	9,838,240
Unrestricted	<u>136,101,941</u>	<u>144,298,182</u>	<u>107,650,933</u>	<u>95,133,379</u>	<u>96,703,115</u>	<u>109,937,888</u>	<u>104,914,554</u>	<u>103,362,712</u>	<u>128,093,738</u>	<u>130,683,022</u>
Total Net Position	<u>\$ 137,710,818</u>	<u>\$ 145,793,373</u>	<u>\$ 118,357,605</u>	<u>\$ 104,314,639</u>	<u>\$ 105,551,820</u>	<u>\$ 118,615,396</u>	<u>\$ 113,329,001</u>	<u>\$ 112,406,645</u>	<u>\$ 137,672,617</u>	<u>\$ 140,521,262</u>

**CSAC EXCESS INSURANCE AUTHORITY**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE 10-YEAR PERIOD ENDING JUNE 30, 2017**

	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017
<b>REVENUES:</b>										
Premiums for Transferred Risk	\$ 220,902,418	\$ 254,320,478	\$ 281,136,570	\$ 316,271,011	\$ 374,220,717	\$ 384,507,793	\$ 423,229,776	\$ 443,008,816	\$ 493,749,250	\$ 535,583,984
Broker Fees	5,165,546	5,297,432	5,616,485	6,459,876	7,085,654	7,382,605	8,342,982	8,775,741	9,385,697	9,996,927
Contributions for Retained Risk	141,698,901	115,099,254	102,214,702	119,707,240	108,763,785	129,253,959	124,089,007	143,354,781	163,031,197	196,118,073
Dividend Income	232,604	140,745	201,158	41,971	75,314	213,606	215,008	241,593	232,389	192,828
Member Services	343,927	359,000	263,004	530,052	613,490	640,078	865,314	1,111,493	747,513	935,244
Administrative Fees	8,340,306	8,685,053	9,963,197	10,155,392	11,487,622	12,617,685	14,400,637	16,107,839	18,830,010	21,294,667
Public Entity Fees	596,548	504,933	398,951	408,475	456,577	480,351	552,493	604,556	655,463	738,862
Program Development Fees	7,250	11,650	4,200	7,550	3,550	-	-	-	-	2,400
Other Income	221,866	1,359,005	617,281	2,313,897	7,673,338	1,991,075	2,284,488	1,878,251	86,854,558	2,172,511
Investment Income	30,181,440	17,746,130	15,758,005	9,726,704	5,103,554	1,782,998	6,227,796	6,159,321	13,786,527	4,602,220
<b>Total Revenues</b>	<b>407,690,806</b>	<b>403,523,680</b>	<b>416,173,553</b>	<b>465,622,168</b>	<b>515,483,601</b>	<b>538,870,150</b>	<b>580,207,501</b>	<b>621,242,391</b>	<b>787,272,604</b>	<b>771,637,716</b>
<b>EXPENSES:</b>										
Dividends	14,953,741	6,413,485	11,488,482	11,062,736	10,291,841	10,281,301	6,179,489	4,703,871	5,554,624	2,970,796
Stabilization Funds	-	-	-	-	-	-	-	-	477,716	64,106
Insurance Expense	214,718,407	246,829,609	271,385,012	303,821,702	372,467,736	383,759,144	422,937,089	444,479,808	496,527,761	537,135,168
Broker Fees	5,166,381	5,297,219	5,616,545	6,459,283	7,053,183	7,384,093	8,079,636	8,559,724	9,125,742	10,056,293
Provision for Insured Claims	126,800,379	110,454,729	117,204,060	124,443,282	101,501,141	99,860,765	122,157,339	135,224,386	213,524,014	185,159,424
Unallocated Loss Expenses	2,851,370	1,522,169	9,376,859	1,127,804	(424,706)	18,714	2,332,280	2,119,213	9,400,117	4,035,629
Program Services	10,374,736	15,520,612	19,004,605	22,809,139	13,426,729	13,831,864	12,134,125	12,005,843	13,744,756	13,006,216
Member Services and Subsidies	588,184	3,070,751	2,210,316	2,027,109	2,056,405	2,192,839	2,358,826	2,852,087	2,963,429	2,753,144
General Administration	5,376,551	6,087,504	6,781,774	7,150,235	7,118,673	7,702,622	8,412,166	8,870,057	9,574,758	12,500,483
Building Operating Expenses	-	-	124,242	408,073	273,723	493,848	319,244	311,538	285,044	313,250
Depreciation and Amortization	254,376	245,047	417,426	355,771	481,695	281,384	583,702	576,833	828,671	794,562
<b>Total Expenses</b>	<b>381,084,125</b>	<b>395,441,125</b>	<b>443,609,321</b>	<b>479,665,134</b>	<b>514,246,420</b>	<b>525,806,574</b>	<b>585,493,896</b>	<b>619,703,360</b>	<b>762,006,632</b>	<b>768,789,071</b>
Changes in Net Position	26,606,681	8,082,555	(27,435,768)	(14,042,966)	1,237,181	13,063,576	(5,286,395)	1,539,031	25,265,972	2,848,645
<b>NET POSITION:</b>										
Beginning Net Position	111,104,137	137,710,818	145,793,373	118,357,605	104,314,639	105,551,820	118,615,396	113,329,001	112,406,645	137,672,617
Cumulative Effect of Change in Accounting Principle-Pension	-	-	-	-	-	-	-	(2,461,387)	-	-
Ending Net Position	\$ 137,710,818	\$ 145,793,373	\$ 118,357,605	\$ 104,314,639	\$ 105,551,820	\$ 118,615,396	\$ 113,329,001	\$ 112,406,645	\$ 137,672,617	\$ 140,521,262

**CSAC EXCESS INSURANCE AUTHORITY  
HISTORY OF DIVIDENDS RETURNED TO MEMBERS  
FOR THE 10-YEAR PERIOD ENDING JUNE 30, 2017**

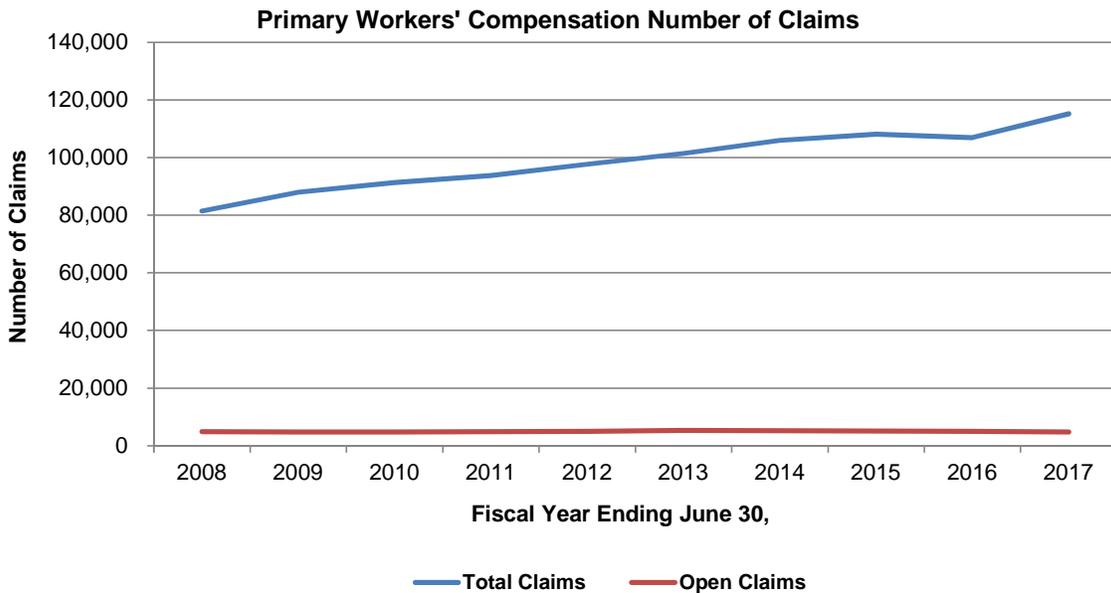
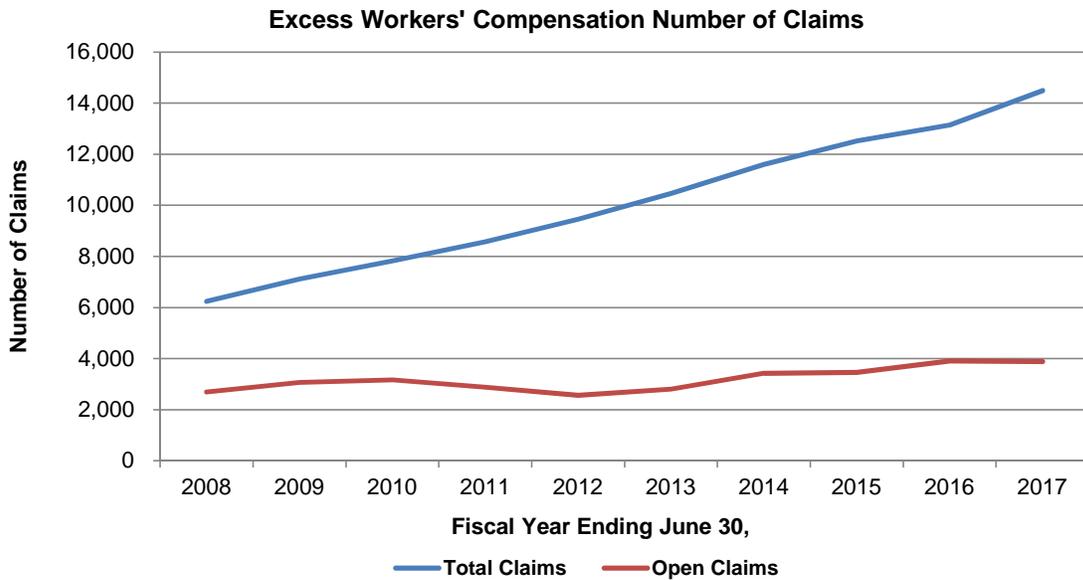
	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017
Excess Workers' Compensation Pool Dividends	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reinsurance	-	-	-	-	-	-	-	-	-	-
Primary Workers' Compensation	4,000,000	4,000,000	8,000,000	7,500,000	7,000,000	6,500,000	5,500,000	3,998,408	2,300,000	2,500,000
Employee Benefits EIAHealth Program	8,721,137	172,740	1,287,324	1,202,694	29,472	17,695	14,481	13,870	22,235	15,857
General Liability 1 Program Pool Dividend	2,000,000	2,100,000	-	-	-	3,000,000	-	-	3,000,000	-
Primary General Liability	-	-	-	-	1,187,055	550,000	450,000	450,000	-	266,000
General Liability 2 Program Mega Fund	-	-	-	-	-	-	-	-	-	-
Reinsurance	-	-	-	-	-	-	-	-	-	-
Miscellaneous Programs	134,506	140,745	102,066	-	11,173	100,827	99,743	114,475	116,728	91,516
Property	98,098	-	99,092	41,971	64,141	112,779	115,265	127,118	115,661	97,423
Medical Malpractice Mega Fund	-	-	2,000,000	-	2,000,000	-	-	-	-	-
Reinsurance	-	-	-	-	-	-	-	-	-	-
Pool 2	-	-	-	-	-	-	-	-	-	-
Building Fund	-	-	-	2,318,071	-	-	-	-	-	-
<b>Total</b>	<b>\$ 14,953,741</b>	<b>\$ 6,413,485</b>	<b>\$ 11,488,482</b>	<b>\$ 11,062,736</b>	<b>\$ 10,291,841</b>	<b>\$ 10,281,301</b>	<b>\$ 6,179,489</b>	<b>\$ 4,703,871</b>	<b>\$ 5,554,624</b>	<b>\$ 2,970,796</b>

**CSAC EXCESS INSURANCE AUTHORITY  
ECONOMIC STATISTICS  
FOR THE 10-YEAR PERIOD ENDING JUNE 30, 2017**

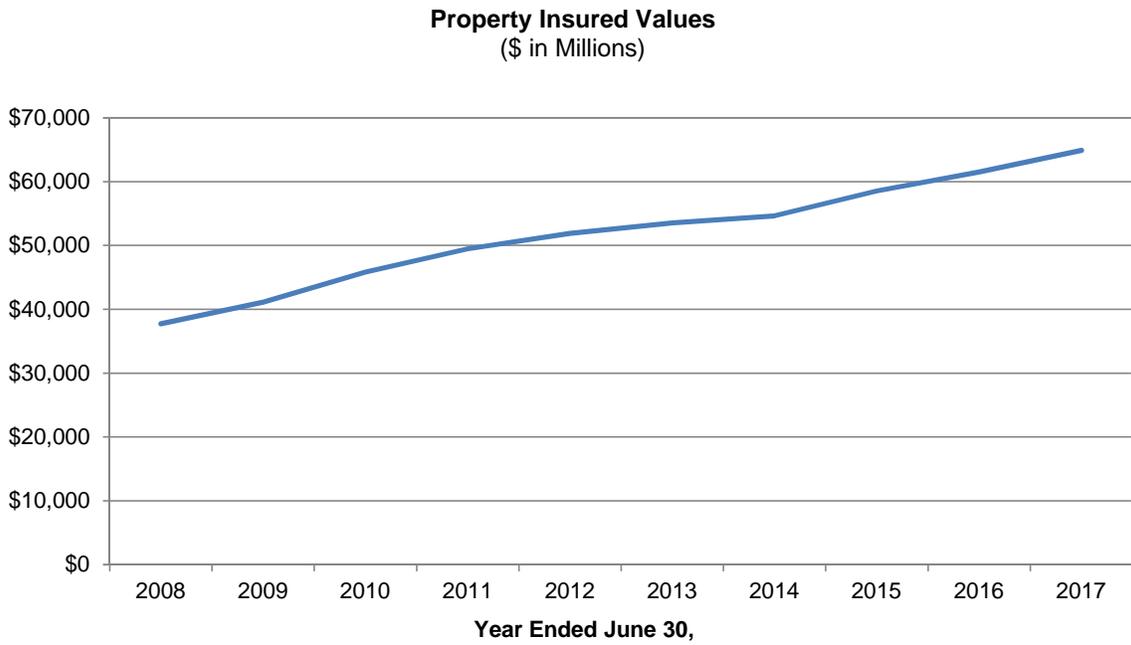
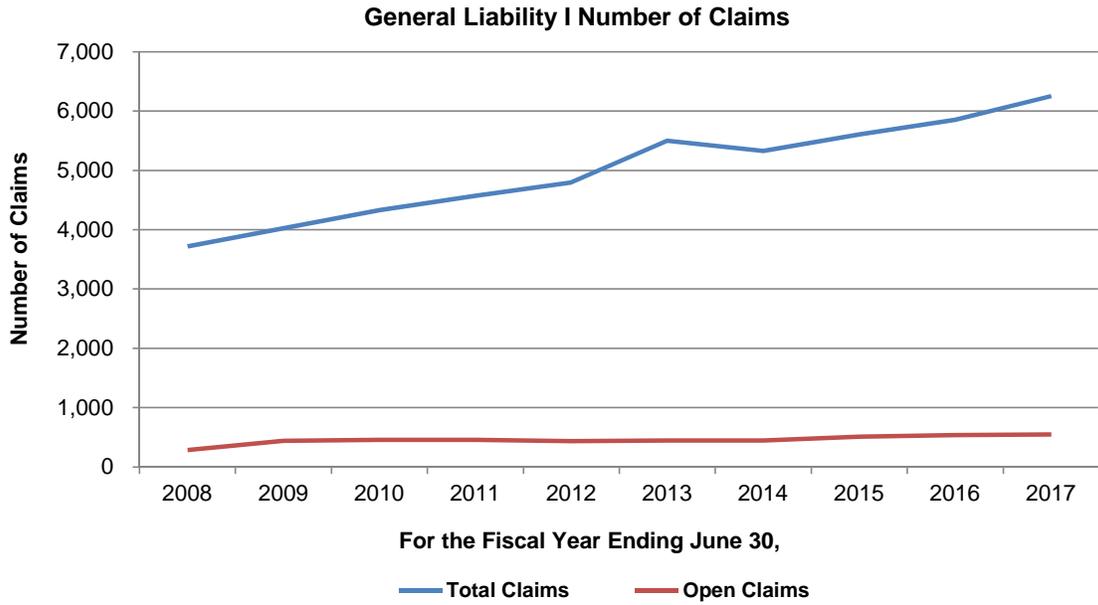
	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017
<b>Excess Workers' Compensation</b>										
Total Number of Claims	6,241	7,110	7,829	8,569	9,453	10,472	11,602	12,525	13,145	14,496
Open Claims	2,693	3,073	3,165	2,884	2,561	2,800	3,424	3,465	3,904	3,884
Covered Payroll	\$ 21,233,785,218	\$ 21,185,756,039	\$ 21,271,835,420	\$ 21,247,944,019	\$ 20,727,171,214	\$ 20,360,673,861	\$ 21,071,214,181	\$ 23,245,479,774	\$ 26,384,416,150	\$ 28,017,837,370
<b>Primary Workers' Compensation</b>										
Total Number of Claims	81,486	87,972	91,403	93,795	98,618	102,474	106,031	108,204	107,009	115,224
Open Claims	4,952	4,860	4,787	4,907	5,212	5,304	5,235	5,198	5,078	4,787
Covered Payroll	\$ 2,830,424,192	\$ 2,939,832,664	\$ 2,714,848,814	\$ 2,923,194,417	\$ 2,919,336,198	\$ 2,713,847,270	\$ 2,738,537,582	\$ 2,834,695,200	\$ 2,916,995,600	\$ 3,151,778,300
<b>General Liability 1</b>										
Total Number of Claims	3,720	4,029	4,336	4,575	4,803	5,058	5,330	5,612	5,944	6,255
Open Claims	284	443	457	458	437	446	447	511	556	547
Covered Payroll	\$ 3,339,173,108	\$ 3,703,780,006	\$ 4,297,349,507	\$ 4,059,376,736	\$ 5,281,330,317	\$ 6,773,455,082	\$ 4,247,637,803	\$ 4,699,750,004	\$ 4,959,948,402	\$ 5,709,976,288
<b>Property</b>										
Total Number of EIA Claims	705	869	1,133	1,039	1,740	2,154	2,375	2,593	2,799	3,083
Open EIA Claims	46	114	130	24	95	28	118	164	28	13
Total Number of Excess Claims	896	923	1,001	1,113	1,135	1,208	1,146	1,283	1,364	1,473
Open Excess Claims	106	67	73	127	80	100	58	128	141	165
Total Property Values	\$ 37,738,459,718	\$ 41,168,435,680	\$ 45,817,222,183	\$ 49,489,556,840	\$ 51,904,952,869	\$ 53,581,274,859	\$ 54,664,987,390	\$ 58,530,759,169	\$ 61,522,521,668	\$ 65,055,750,921

**CSAC EXCESS INSURANCE AUTHORITY  
ECONOMIC INDICATORS AND INFORMATION  
FOR THE 10-YEAR PERIOD ENDING JUNE 30, 2017**

The best economic indicator of the financial stability for the CSAC Excess Insurance Authority is the estimation of incurred claims expense (line 6) and claims paid (line 3) reported in the Schedule of Claim Development and Earned Assessments in the Required Supplemental Information section of the CAFR's Financial Section. Other relevant economic and demographic information would include trends for the number of claims, covered payrolls, property values, and EIAHealth employees and lives covered as shown on the following charts.



**CSAC EXCESS INSURANCE AUTHORITY  
ECONOMIC INDICATORS AND INFORMATION  
FOR THE 10-YEAR PERIOD ENDING JUNE 30, 2017**



**CSAC EXCESS INSURANCE AUTHORITY  
ECONOMIC INDICATORS AND INFORMATION  
FOR THE TEN-YEAR PERIOD ENDING JUNE 30, 2017**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Full-time Equivalent Employees as of June 30</b>	43	46	48	51	53	54	54	59	62	68
<b>Number of Retirees</b>	3	3	3	4	4	4	4	6	6	6
<b>Square footage of Office Space</b>	13,324	13,324	24,448	25,000	25,000	25,000	25,000	25,000	29,000	29,000
<b>Member Units*</b>										
Primary Workers' Compensation	0	0	40	42	41	38	39	38	38	39
Excess Workers' Compensation	0	0	161	164	166	161	166	166	167	171
Primary General Liability	0	0	30	29	29	23	23	23	23	22
General Liability 1	0	0	97	101	103	100	104	104	117	114
General Liability 2	0	0	12	11	11	11	11	11	12	15
Property	0	0	78	81	82	82	84	85	96	98
Medical Malpractice	0	0	49	48	50	50	49	49	49	51
Master Owner Controlled Ins	0	0	0	0	0	0	2	4	8	15
EIAHealth	0	0	15	18	24	25	25	25	28	32
Dental	0	0	0	119	122	126	133	142	145	153
<b>Total Member Units</b>	0	0	482	613	628	616	636	647	683	710
Member Counties	54	55	54	54	54	54	55	55	55	55
Member Public Entities	142	166	196	289	247	245	255	262	260	273
<b>Total Members</b>	196	221	250	343	301	299	310	317	315	328

\* If a member participates in one program that counts as 1 member unit, if they participate in 3 programs, that counts as 3 member units.

## **BUDGET HIGHLIGHTS**

**CSAC Excess Insurance Authority**  
**Budget Highlights**  
**For the Year Ended June 30, 2017**

	Final Budget	Actual Results	Variance (\$)
<b>Revenues:</b>			
Premiums for Transferred Risk	\$510,653,186	\$ 535,583,984	\$ 24,930,798
Broker Fees	9,748,615	9,996,927	248,312
Contributions for Retained Risk	184,314,061	196,118,073	11,804,012
Dividend Income	201,750	192,828	(8,922)
Public Entity Fees	721,019	738,862	17,843
Investment Income	10,417,014	4,136,903	(6,280,111)
Financing Fees	60,000	792,537	732,537
Administration Fees	20,041,786	21,294,667	1,252,881
Program Development Fees	-	2,400	2,400
Member Services	1,027,941	935,244	(92,697)
Tenant Income	460,580	463,338	2,758
Other Income	849,886	1,709,173	859,287
<b>Total Revenues</b>	<b>\$738,495,838</b>	<b>771,964,936</b>	<b>33,469,098</b>
<b>Expenses:</b>			
Member Dividends and return of Stabilization Funds	2,216,750	3,034,902	(818,152)
Insurance Expense	498,673,649	537,135,168	(38,461,519)
Broker Fees	9,748,615	10,056,293	(307,678)
Provision for Claims	167,013,797	185,159,424	(18,145,627)
Unallocated Loss Adjustment Expenses	1,731,000	4,035,629	(2,304,629)
Program Services	31,065,552	13,006,216	18,059,336
Member Services and Subsidies	4,390,841	2,753,144	1,637,697
General Administrative Expense	13,698,381	12,827,703	870,678
Building Operation Expense	381,420	313,250	68,170
Depreciation	682,300	794,562	(112,262)
Delegated to Committees	550,000	-	550,000
<b>Total Expenses</b>	<b>730,152,305</b>	<b>769,116,291</b>	<b>(38,963,986)</b>
<b>Total Income (Loss)</b>	<b>\$8,343,533</b>	<b>\$ 2,848,645</b>	<b>\$ (5,494,888)</b>
<b>Change in Net Position</b>	<b>\$ 8,343,533</b>	<b>\$ 2,848,645</b>	
<b>Beginning Net Position Balance July 1, 2016</b>	<b>140,025,658</b>	<b>137,672,617</b>	
<b>Ending Net Position Balance, June 30, 2017</b>	<b>\$ 148,369,191</b>	<b>\$ 140,521,262</b>	

For purposes of Actual to Budget comparison the above budgets do not include the \$50 million budgeted for both revenue and expense in the Member Growth category. New member revenue and expense is included in the appropriate revenue and expense category.