



CSAC Excess Insurance Authority

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# **Comprehensive Annual Financial Report**

**Fiscal Year Ended June 30, 2011**

**- California -**

**CSAC EXCESS INSURANCE AUTHORITY**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**EXECUTIVE COMMITTEE**

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Jim Sessions	President	Riverside County
Scott Schimke	Vice President	GSRMA
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Lance Sposito	Past President	Santa Clara County
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Richard Pietz	At-Large	San Joaquin County
Kristen McMenomey	Risk Manager	Mendocino County
Steve Underwood	Legal Counsel	Santa Barbara County
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## **INTRODUCTORY SECTION**



December 9, 2011

Members, Board of Directors  
CSAC Excess Insurance Authority

Ladies and Gentlemen:

The Comprehensive Annual Financial Report of the CSAC Excess Insurance Authority (the EIA or the Authority) for the year ended June 30, 2011, is hereby respectfully submitted. The Authority's Finance Department prepared this report. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the EIA. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set 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 disclosures necessary to enable the reader to gain the maximum understanding of the Authority's financial affairs have been included.

James Marta & Company, a firm of licensed Certified Public Accountants, has audited the Authority's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Authority, for the fiscal year ended June 30, 2011, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The auditor concluded, based upon audit, that there was a reasonable basis for rendering an unqualified opinion that the Authority's financial statements, for the fiscal year ended June 30, 2011, 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.

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EXECUTIVE COMMITTEE:

Jim Sessions President Riverside County	Scott Schimke Vice President GSRMA	Barbara Lubben Alameda County	Peggy Scroggins Colusa County	Larry Moss East Bay Regional Park District	Kristin McMenomey Mendocino County	James Brown Merced County	Maryellen Peters Placer County	Richard Pietz San Joaquin County	Lance Sposito Santa Clara County	Peter W. Huebner Sierra County
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## **CSAC EXCESS INSURANCE AUTHORITY PROFILE**

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 operates programs for excess and primary workers' compensation, two excess liability programs, a primary liability program, a property program, a medical malpractice program, an employee health benefit program, an employee benefit program and a miscellaneous program 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 is governed by a 61 member Board of Directors. The Authority's Board of Directors elects from its membership a President, Vice President and nine members to serve as the Executive Committee. The day-to-day operations of the EIA are conducted by the Chief Executive Officer who is responsible for administration of policies set forth by the Joint Powers Agreement, Bylaws, Board of Directors and Executive Committee.

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 61 member Board of Directors is comprised of representatives from each of the 54 county members appointed by their respective boards of supervisors, and seven public entity representatives (plus three alternates) elected by the public entity membership. The 11 member Executive Committee includes two seats specifically designated for public entity members of the Board of Directors.

The EIA's reporting entity includes all activities of the Board of Directors and staff considered part of, and controlled by, the EIA. This includes financial activities relating to all programs and insurance pools of the Authority.

## **EVOLUTION OF THE EIA**

From 1979 to 2001, membership in the EIA was limited to California counties. In June 2001, a sister JPA was created to allow non-county public agencies access to the EIA's programs. The California Public Entity Insurance Authority (CPEIA) was governed by elected members of the CPEIA and members of the EIA. Recognizing that membership and member contributions from the CPEIA had become a significant part of the organization, the EIA and CPEIA determined that there was a mutual desire to provide a greater voice and additional governance opportunities for the CPEIA membership. After two years of discussion and planning, the EIA's Joint Powers Agreement was amended in March 2006 to provide the restructured governance system, including the two classes of membership and voting representation for public entity members on the EIA Board of Directors and Executive Committee.

CPEIA members were required to become public entity members in order to maintain coverage in the Authority's programs. The EIA Board of Directors and the EIA Executive Committee expanded to include public entity representation in October 2006. CPEIA members were given until July 1, 2007 to execute the EIA Joint Powers Agreement to become an EIA public entity member. The CPEIA was subsequently terminated in June 2008 upon a vote of three-fourths of the CPEIA membership.

## **INSURANCE MARKET CONDITION AND OUTLOOK**

The EIA operates in an environment that is affected by the overall insurance market. The insurance market operates in cycles that tend to shift every few years. When rates are high and the competition is low, we are said to be in a hard market. When rates are low and competition is aggressive, we are in a soft insurance market. The market moves and turns based upon overall profitability. Profitability is generally affected by sustained periods of better or worse than expected losses, or in the short term, better or worse than expected catastrophic losses.

Past catastrophic events that had an impact on the insurance market include the World Trade Center attack on September 11, 2001, and the three hurricanes, Katrina, Rita, and Wilma, that hit the US Gulf Coast in the 2005 hurricane season. The hurricane events caused a significant hardening of the property catastrophic market (coastal wind, California earthquake, and flood), but did not significantly impact other lines of coverage. The September 11<sup>th</sup> event had a broader impact on all markets. On the positive side, in 2003 and 2004, workers' compensation legislative reforms were enacted in California, which significantly contributed to the stabilization and softening of the workers' compensation market.

The casualty market impacting our workers' compensation, liability and medical malpractice programs stabilized and began softening in 2004 and continues to remain soft and stable as of November 2011. Following the disastrous 2005 hurricane season, we have experienced five years of very favorable industry wide losses (2006 through 2010). This has produced a soft property market that began about April 2007 and remains stable as of November 2010, except for a brief period in 2009. Due to the emerging global financial crisis in late 2008, the property market quickly hardened in January 2009. This hard market affected the EIA's 2009/10 property rates incorporated in our March 31, 2009 renewal. By June 2009, fears of a total financial meltdown subsided and the property market softened, ending an unusually short hard market.

Although there were no single market turning events in 2011, there were a number of major catastrophic disasters including earthquakes in Japan, Chile and New Zealand; flooding in Australia, an unusually high frequency of tornado activity in the US; and most recently, Hurricane Irene damage on the east coast and flooding in Thailand. The cumulative impact of these losses is causing a "death by a thousand cuts" and is creating pressure on the property market to raise rates. On the other hand, the

insurance market remains well capitalized, so the hardening of the property market is not expected to be dramatic. There is also a tendency for insurers to shift to long-tailed casualty lines of business, thus keeping pressure on workers' compensation and liability markets to remain soft in the short term.

The financial situation surrounding American International Group (AIG) has been cause for concern. AIG received a well publicized \$182B financial bailout from the federal government in September 2008. The EIA has several long standing relationships with insurance companies that are part of the AIG family. We are assured that all insurers are solvent and are highly regulated by the state departments of insurance in the states in which they are domiciled. The insurance companies with which the EIA does business have been rebranded under the name "Chartis". The Chartis companies collectively are still one of the largest insurers in the world and have traditionally been a leader in the competitive marketplace. Initial concerns have subsided that Chartis would not continue to be a viable market. We are no longer concerned that Chartis will cease underwriting operations. If they had, this would have left a huge void in capacity and leadership in the market. Without Chartis' competitive presence, it could have triggered or exacerbated a hard market.

In October 2010, AIG announced a plan to repay the remaining outstanding debt with assets from AIG and the proceeds from the sale of additional assets. Progress is being made in this regard with the outstanding federal investment in AIG at \$50B, as of November 2011.

### **EIA RESPONSE TO MARKET CONDITIONS**

To mitigate the impact of a hard market cycle, the EIA has entered into multi-year agreements, in most programs, wherever possible. We also have the ability to assume more risk and purchase less reinsurance as rates destabilize. Due to hard market conditions that were very acute, our Excess Workers' Compensation and Excess Liability Programs were restructured on July 1, 2002, with the EIA retaining significantly more risk in our self-insured pools. In the EIA's Property Program, we have taken the additional step of pre-paying the primary coverage on a three-year basis.

To take advantage of softening rates, the EIA's strategy is to try to continue relationships with existing reinsurance partners under new terms that reflect current market conditions. We generally try to buy more reinsurance coverage, and self-insure less, when rates in the market are favorable. In the current soft market environment, the EIA has successfully reduced costs by purchasing quota-share insurance in the low layers of the Excess Workers' Compensation (EWC) Program, and full coverage above \$10k in the Primary Workers' Compensation (PWC) Program. Effective July 1, 2011, the EIA was able to purchase cost effective reinsurance for the EWC's \$4M excess of \$1M layer.

The Authority's programs have proven to be effective in both a hard and soft insurance market. We have seen that in a hard market, the cost to our members raises 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.

### **EXPOSURE TO INSURER INSOLVENCY**

During the 1999/00 policy period, one of our key insurance partners, Reliance Insurance, began developing financial problems. The EIA replaced Reliance as soon as practical, in some cases effecting mid-term cancellations. Reliance was placed into rehabilitation with the Pennsylvania Department of Insurance on May 29, 2001. On October 3, 2001, partially as a result of the September 11<sup>th</sup> terrorist attack, it was determined that further efforts to rehabilitate Reliance would not succeed and an order to liquidate was approved. As of the date of the liquidation order, it was estimated that Reliance had total assets of \$8.8B compared to \$9.9B in liabilities. No new estimates have been released. As a result of the Reliance insolvency, the EIA and its members have potential exposure to uncollectible insurance/reinsurance in the Medical Malpractice, Primary General Liability, and Excess Workers' Compensation Programs. The EIA has filed proofs of loss with the Reliance estate and is actively pursuing reimbursement through the normal bankruptcy process.

During fiscal year 2001/02, the Board of Directors approved a \$10.8M supplemental assessment for the Medical Malpractice Program and a \$2.5M supplemental assessment for the Primary General Liability Program to fund the potential uncollectible insurance/reinsurance exposure. The final installment of the Medical Malpractice supplemental assessment was collected in the 2006/07 fiscal year, and the final amount was adjusted down to \$9.5M. The California Insurance Guaranty Association (CIGA) is expected to cover most of the Excess Workers' Compensation exposure to the Reliance insolvency. Legislation was passed in 2005 to clarify that coverage for our workers' compensation exposure is provided by CIGA, but limited to \$500k per claim. The amount of exposure not covered by CIGA is estimated to be \$3.05M.

### **MEMBERSHIP**

Total membership in the EIA stood at 291, as of June 30, 2011. In terms of county members, membership on June 30, 2011 included 54 small, medium and large counties. The 54 member counties represent more than a 93% market share of the 58 counties in the State of California. Membership has grown slowly and steadily during our 32-year history, both in the number of counties and the participation in EIA programs. County membership expanded from 53 to 54 during fiscal year 2003/04. In fiscal year 2008/09, one member county withdrew and another was added to remain at 54 member counties. As respects public entity members, membership consists of 211 individual cities, schools, or special districts, and 26 joint powers authorities consisting of pools of cities,

schools, or special districts, for a total of 237 public entity members. The 291 county and public entity members collectively represent more than 1,600 public entities. As of June 30, 2011, it is estimated that 64% of all cities in California were covered by the EIA, either as a direct member or through a member JPA.

Membership in the EIA's programs for non-county California public entities became available in July 2001. Initial growth in membership in the EIA's programs was phenomenal. Membership grew from just four public entity members in 2002, to 133 as of June 30, 2005 – producing an average annual total member growth rate of 76% for this period of time. The rate of growth in total membership from 2005 to 2009 has been very steady from 3% to 5%. In 2009/10 and 2010/11 the rate of member growth spiked to 14% and 16%, respectively, primarily due to the inception of the Dental Program.

County and public entity members actively participate in Authority policy making. Of our 54 member counties, 36 are active on one or more of the following committees: Claims Review, EIAHealth, Employee Benefits, Executive, Finance, General Liability II, Legislative, Loss Prevention, Medical Malpractice, Personnel Sub-Committee, Primary General Liability, Primary Workers' Compensation, Property, Technology and Underwriting. In addition, 30 different entities from the public entity membership currently participate in the governance of the EIA programs and services by serving on these committees.

## **SERVICES AND PROGRAMS**

The EIA has dramatically reduced member excess insurance costs by utilizing the combined purchasing power and financial size of the group. Non-members also have benefited by the competitive role the EIA has assumed in the public sector insurance marketplace.

EIA members have established nine major group coverage programs. These nine coverage programs are described in greater detail on the following pages and include Primary Workers' Compensation, Excess Workers' Compensation, Primary General Liability, General Liability I, General Liability II, Property, Medical Malpractice, EIAHealth and Dental.

In addition to the nine major coverage programs, the EIA sponsors group purchase insurance policies that are available to all California public entities – members and non-members. These Miscellaneous Programs cover exposures for watercraft, aviation liability, crime and faithful performance, pollution liability, catastrophic inmate medical, course of construction and owner controlled insurance. Members are also able to purchase group discounted excess limits, on an optional basis, for most of the major programs. The EIA sponsors employee benefits programs, such as the Employee Assistance Program, Vision, Long-Term Disability and Life & AD&D. The EIA and the California State Association of Counties jointly sponsor a Personal Lines Insurance

Program (PLIP) that offers homeowners, personal auto and various types of supplemental insurance to employees of participating members.

The EIA is recognized as a leader and pioneer in the JPA risk management community. The California Association of Joint Powers Authorities (CAJPA) has set forth rigorous accreditation standards as a model of how a well-run joint powers insurance authority should operate. The EIA has been continuously accredited by CAJPA since September 1989. The EIA has been awarded CAJPA's highest award - "Accreditation with Excellence".

The EIA has implemented numerous innovative risk management services designed to assist all members, to effectively administer self-insurance programs. Such services include claims audits, actuarial study subsidies, real and personal property appraisals, financial subsidies for risk management, and assistance with loss prevention activities including financial subsidies, resources and training. For the year ended June 30, 2011, member employees completed more than 141,000 online training courses through the EIA's loss prevention training platform. The EIA has implemented a "consortium" for members to meet federal regulations regarding drug and alcohol testing of certain classes of employees. The consortium now provides services to 66 public entities, covering more than 2,900 employees.

### **PRIMARY WORKERS' COMPENSATION**

The Primary Workers' Compensation (PWC) Program provides Excess Workers' Compensation (EWC) Program members the opportunity to convert their \$125k EWC Program self-insured retention to first dollar coverage. The Program provides members with claims administration services, which is accomplished through three third party administrators, and offers several cost containment programs, including a Medical Provider Network and a Return to Work Program. The Program pays for claims with a blending of pooling and excess insurance. Since July 1, 2009, the structure of the PWC Program provides that the first \$10,000 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 \$125k.

For the block of program years from inception of the Program in 1997 through June 30, 2004, members pooled the entire risk from first dollar to \$125k and aggregate stop loss (ASL) protection was purchased from American Reinsurance Company on this pooled exposure. Outstanding member portfolios and the 2004/05 year for Butte County are also protected by this ASL coverage. As of June 30, 2011, the attachment point of the stop loss coverage had been exceeded by \$16.6M on a paid basis, and American Reinsurance is providing on-going reimbursement of claims under the agreement. The \$38.5M limit of coverage is expected to be fully paid out, and it is estimated that the EIA will ultimately pay \$8.8M that is above and beyond the American Reinsurance limit of liability.

During the Program years 2004 through 2009, the PWC Program also retained the pool exposure from first dollar to \$125k. Two separate ASL policies were purchased from Renaissance Reinsurance (2004 through 2006) and Imagine Insurance Company (2006 through 2009). Subsequently, Imagine Insurance, although solvent, ceased insurance operations to pursue other opportunities. The EIA and Imagine agreed to commute (retroactively cancel) the ASL coverage, in return for Imagine's payment to the EIA of \$1M. During the 2009/10 fiscal year, the EIA packaged the outstanding liabilities on the 2004 through 2009 years, and sold these liabilities to ACE American Insurance Company at a cost of \$91.6M. The resulting loss portfolio transfer had the effect of fixing the liabilities for this group of years, which in turn provided greater certainty for the overall funding of the remaining liabilities.

Since July 1, 2009, the PWC Program has successfully transferred all but the first \$10k of each claim to the commercial insurance market. This structure is made possible by the presence of an on-going soft market. The limited pool exposure is being conservatively funded at the 90% actuarial confidence level.

During the 2007/08 year, the PWC Committee declared the first in what is planned to be a series of dividends that was expected to total \$20 to 25M. The 2007/08 dividend returned to members was \$4M, and another \$4M dividend was returned to members in 2008/09. Due to the favorable loss portfolio transfer that was completed in 2009/10, the Committee revised its dividend plans and declared an \$8M dividend in 2009/10, another \$7.5M dividend in 2010/11, and projects the total dividends will be as much as \$35M (including \$23.5M already declared, and \$19M potential future dividends over the next three years).

## **EXCESS WORKERS' COMPENSATION**

The Excess Workers' Compensation (EWC) Program provides members with statutory coverage for workers' compensation and an employer's liability limit of \$5M, subject to the members' self-insured retentions ranging from \$125k to \$5M. 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 \$5M pool and purchases excess insurance in two layers to achieve statutory limits.

A unique feature of this Program is the quota share arrangement in the pool layer that has been in place since July 1, 2008. The EIA has insured 70% of the \$875k excess of \$125k layer, at a cost that is less than the Program would otherwise fund for this layer. The Program pays for the balance of the pool's claims. As of July 1, 2010, this quota share agreement has increased to 80%, with the EIA pool retaining the remaining 20% of each claim. As of July 1, 2011, the Program was able to negotiate an arrangement with a new partner, Wesco Insurance Company (part of the AmTrust Group), to reinsure the \$4M excess of \$1M layer. The Program retains exposure for the first \$3.5M of

claims to be expended in this layer, with all remaining exposure to be covered by Wesco.

In 2003/04, the EWC Program declared a \$9M assessment to fund a pooled deficit. The EIA was not alone in facing a deficit as many other workers' compensation JPAs experienced a similar situation due to the nature of workers' compensation claims and the status of the system in California. While some JPAs took a less aggressive approach, the Program members took immediate corrective action. The Board of Directors evaluates the funding position of the EWC Program each year. The EWC Program has net assets of \$3.9M, as of June 30, 2011. This is a reduction of \$21M in net assets compared to June 30, 2010, primarily due to adverse development in the Program and a reduction in the discount assumption from 5% to a more realistic assumption of 4.27%. The Board has determined to fund the 2011/12 year at the 70% confidence level, without taking credit for favorable reinsurance placements in order to improve the Program's funding position.

### **PRIMARY GENERAL LIABILITY**

The Primary General Liability (PGL) Program provides General Liability I (GLI) Program members the opportunity to convert their \$100k GLI self-insured retention to a \$10k deductible. The Program then provides members with claims administration services, which is accomplished through two third party administrators. Under the Program's current structure, 100% of the pool's exposure (\$90k excess of \$10k deductibles) is reinsured with the commercial market.

The Program has had many structures over the years; prior to the current structure, the pool was protected by aggregate stop loss coverage, which was reinsured by Imagine Insurance Company. During the 2008/09 year, Imagine decided to get out of the insurance business and redeploy their capital in other ventures. Through mutual agreement, the coverage with Imagine was cancelled as of May 1, 2009, and a renewal program was put into place with ACE American Insurance Company for the 14-month period of May 1, 2009 to July 1, 2010. Coverage was renewed with ACE for the 2010/11 and 2011/12 years, based upon the same structure.

The Program has built up a healthy fund balance from prior years' operations. As of June 30, 2011, the PGL Program had \$3.8M in net assets. A commutation of the reinsurance agreement with Imagine for the 2004/09 period is being explored. If a commutation is agreed, Imagine will pay the PGL Program a commutation premium, which together with the program net assets will provide security for the 2004 through 2009 period and may free up enough net assets to return a dividend to members.

## **GENERAL LIABILITY I**

The General Liability I (GLI) Program provides members with coverage for third party liabilities (including general, automobile, employment practices and errors and omissions), up to a limit of \$25M, subject to the members' self-insured retention, which can range from \$100k to \$1M (retentions as low as \$25k 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 \$5M pool and purchases \$20M in reinsurance to achieve the \$25M limit.

The GLI Program encountered several changes on July 1, 2010. The Program's limits were increased from \$15M to \$25M. The Program's reinsurance carrier, Insurance Company of the State of Pennsylvania (Chartis), was replaced by Ironshore Indemnity, Inc. and Torus Insurance (UK) Limited. The change in reinsurers brought both financial savings and better terms. Lastly, the Program's Memorandum of Coverage (MOC) received a facelift, updating the terms and conditions, to make them more consistent with the other programs. As of July 1, 2011, Torus Insurance was replaced by Starr Indemnity, as Torus made a strategic decision to cease future writings of this line of business.

The Board of Directors evaluates the funding position of the GLI Program each year. As of June 30, 2011, net assets in the Program were \$30.3M. Based on the Program's healthy funding position, the Board has decided to reduce funding levels on a "go forward" basis by funding the 2009/10 year at the 80% confidence level, 2010/11 at the 75% confidence level and the 2011/12 year was funded at the 70% confidence level.

In addition, the EIA pool declared a \$2M dividend to members during the 2007/08 year, \$3M in 2008/09 and another \$2.1M in 2009/10.

## **GENERAL LIABILITY II**

The General Liability II (GLII) Program provides members with coverage for third party liabilities (general, automobile, employment practices and errors and omissions), up to a limit of \$25M, subject to the members' self-insured retentions, which range from \$1M to \$3M. 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 purchases reinsurance up to \$25M, inclusive of the members' retentions, subject to a 2010/11 aggregated \$9M pool, known as the Mega Fund. As of July 1, 2011, the Mega Fund was eliminated; therefore, all risk above the members' retentions is fully reinsured.

As of July 1, 2010, the Program's limits were increased from \$15M to \$25M. The Program's reinsurance carrier, Insurance Company of the State of Pennsylvania

(Chartis), was replaced by Ironshore Indemnity, Inc. and Torus Insurance (UK) Limited. The change in reinsurers brought both financial savings and better terms. Lastly, the Program's Memorandum of Coverage (MOC) received a facelift, updating the terms and conditions, making them more consistent with the other programs. As of July 1, 2011, Ironshore moved to a higher layer on the Program and Wesco Insurance (part of AmTrust Group) took the first excess layer through the Alliant National Municipal Liability (ANML) Program. Torus was replaced after just one year, as they made a strategic decision to cease future writings of this line of business.

The GLII 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. The pooling of risk is intentionally minimized in this Program by purchasing stop loss coverage on the retained pool exposure. This allows members to fully fund the exposure with no risk of assessment. From July 1, 2003 to October 1, 2006, there was no pool exposure. The aggregate pool exposure for 2006/07 was \$2.6M, for 2007/08 it was \$6M, for 2008/09 it was \$8.1M, for 2009/10 it was \$8.7M, and for the 2010/11 year it was \$9M. As of July 1, 2011, the pool exposure (Mega Fund) has once again been eliminated.

Each county member of the Program has a representative on the GLII Committee, which was established to administer and govern the Program. Collectively, all public entity members have one seat on the GLII Committee. The members of this Program are in the process of changing the governance structure to allow all public entity members a seat on the Committee.

## **PROPERTY**

The Property Program provides coverage for physical damage to members' real and personal property as a result of "all risk" perils, including flood and automobile physical damage. Members also have the opportunity to purchase earthquake coverage. 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. Members of the Property Program have \$610M in all risk limits, \$602.5M in flood limits and have access to \$307.5M in earthquake coverage in one or more of five towers. The Program maintains a \$3M pool with reinsurance and excess insurance providing the balance of the limits. The pool exposure is protected by aggregate stop loss coverage at \$9M for the 2010/11 year and \$10M for the 2011/12 year. The Program renews on March 31<sup>st</sup> of each year.

Because this is a fully insured program, with members' deductibles ranging from \$5k to \$150k, the primary reinsurer, Lexington, takes full responsibility for the adjustment of claims. The Program provides real property appraisal services, to all members, with each location valued over \$250k being appraised every five years.

In order to provide and promote stability, the primary \$25M in limits is written on a three-year basis. The EIA has prepaid this three-year premium, on behalf of the members, so that members pay an annual premium plus a finance charge for the prepayment.

The Property Committee governs this Program. This Committee reviews all matters pertaining to the Property Program, including: coverage issues, claims, program services, new member applications and reinsurance and excess insurance renewals

## **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 \$21.5M, in addition to the members' deductible or self-insured retention, which range from \$5k to \$1.1M. For members who maintain a \$5k or \$10k deductible, claims administration is provided by the Program's third party administrator, Risk Management Services. Members who maintain a self-insured retention are able to manage their claims, either through a third party administrator or with their own claims staff. The Program funds a \$1.5M pool and purchases \$20M of reinsurance to fulfill the limits.

Effective October 1, 2010, the Program's reinsurance agreement was put on an occurrence basis. This will allow the Program to transfer its liability for tail claims in the reinsured layer to Lexington over the course of the next three years. This elimination of the tail exposure will put the Program in a very favorable position, at such time when the market begins to harden. At the same time, the members have elected to fund the pool exposure on a claims-made basis, in order to take advantage of the risk financing benefits of lower cost and greater predictability and stability.

The Medical Malpractice Committee governs this Program. This Committee reviews all matters pertaining to the Medical Malpractice Program, including: pool funding, coverage issues, claims, program services, new member applications and reinsurance renewals.

The Medical Malpractice Committee evaluates the funding position of the Program each year. Based on the Program's healthy funding position, the Committee decided to fund the 2010/11 and 2011/12 years at the 70% confidence level. This confidence level was a reduction from the 80% confidence level in 2009/10. For the 2010/11 program year, the Committee declared a \$2M dividend (declared in 2009/10) and another \$2M dividend for the 2011/12 program year (declared in 2011/12). In addition, there was an increase in the cost to pay for occurrence coverage and to buy-out the tail provisions on the prior years' claims-made program. The Committee approved payment of \$1.1M, from the Program's net assets, to reduce the members' cost to the equivalent of the claims-made alternative for the 2010/11 renewal, and another \$1.25M at the 2011/12 renewal. The Program year runs from October 1<sup>st</sup> through September 30<sup>th</sup>.

Net assets, at June 30, 2011 (before dividend of \$2M and reduction for conversion fee of \$1.25M), were \$9.6M.

## **EIAHEALTH**

The EIAHealth Program provides members 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 250 employees. HMO options are also available to members on an insured basis.

On July 1, 2006, the EIAHealth Program began a new partnership with Self Insured Schools of California (SISC). This relationship, and collaborative effort, not only gives the Program more stability, it also provides an opportunity for lower rates and savings in the fixed costs of the Program.

Through June 30, 2006, the EIAHealth Program operated as a self-insured pool. The process of running off the liabilities accumulated in the first three years of the Program (2003 through 2006) was completed during the 2009/10 fiscal year. The Program was conservatively funded so that members were able to declare an \$8M dividend in July 2007. After completion of the runoff, an additional \$1.645M dividend was declared. The Program still holds \$8.5M of those declared dividends until such time as the members request distribution. In the meantime, interest is credited to those funds at the rate earned by the Local Agency Investment Fund.

The EIAHealth Committee governs this Program. This Committee reviews all matters pertaining to the EIAHealth Program, including: program funding, new member applications and program renewals. The Program year runs January 1<sup>st</sup> through December 31<sup>st</sup>.

## **DENTAL**

The Dental Program was launched in January 2010. This Program utilizes the pooling methodology to provide members with more predictable and stable dental rates year over year. The Program partners with Delta Dental to provide administrative services, including claims administration and access to the Delta Dental network of providers. The administrative fees in the Program are also some of the lowest offered by Delta Dental of California.

The Employee Benefits Committee governs the Dental Program, as well as other miscellaneous employee benefit programs (i.e. Vision, EAP, Life and LTD). This Committee reviews all matters pertaining to the Dental Program, including: program

funding, new member applications and program renewals. The Program has both January 1<sup>st</sup> and July 1<sup>st</sup> renewal dates for members.

## **INTERNAL ACCOUNTING STRUCTURE**

The Authority's accounting system is organized so that each program can be accounted for and evaluated independently. Policy periods are also accounted for separately for each program. The assets, liabilities, revenues and expenses of each year are reported on a full accrual basis. All transactions are accounted for in a governmental enterprise fund. Separate program accounts are used to independently account for the nine insurance programs: Excess Workers' Compensation, Primary Workers' Compensation, Employee Benefits, EIAHealth, Excess Liability, General Liability II, Primary Liability, Property and Medical Malpractice. In addition, General Administration and Building funds are operated for internal administration of the Authority's programs and facilities.

Authority management is responsible for establishing and maintaining an internal control structure designed to ensure that assets are protected from loss, theft or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Internal accounting controls are designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and that the evaluation of costs and benefits requires estimates and judgments by management.

All internal control decisions are made within the above framework. Management believes the EIA's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

### Budgetary Control

Budgetary control is provided by verification of budgeted amounts prior to expenditures, and quarterly analysis of all account totals compared to budgeted amounts. Detailed reports of this budget to actual comparison are provided to the Board of Directors on a semi-annual basis.

### Cash Management

The Authority has adopted an investment policy designed to achieve an optimum rate of return on available assets not required for current operating needs. An appropriate level of risk is maintained by purchasing securities that are liquid, marketable and of high quality. Adequate diversification is applied to prevent an undue amount of investment risk with any one institution. Specific securities have been purchased in compliance with § 53601 of the California Government Code, the legal authority for investments.

## **AWARDS & ACKNOWLEDGMENT**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to CSAC Excess Insurance Authority for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2010. This was the seventeenth consecutive year that the Authority has received this prestigious award. In order to be awarded a Certificate of Achievement, the Authority published an easily readable and efficiently organized CAFR. This report satisfied both Generally Accepted Accounting Principles (GAAP) and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR 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 by an independent examiner. The Authority has received CAJPA's "Accreditation with Excellence," the highest form of accreditation. The accreditation was awarded for a three-year period ending March 28, 2013.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance and Administrative Departments. We would like to express our appreciation to all staff members who assisted and contributed to the preparation of this report.

Our sincere appreciation is expressed to 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.

Our appreciation is also extended to each Board of Director Member and Alternate, and all committee members, for their commitment to the Authority.

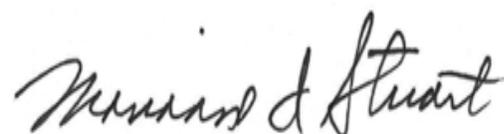
Members, Board of Directors  
December 9, 2011

We stand ready to answer any questions you may have regarding the contents of this report.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Michael Fleming". The signature is fluid and cursive, with a large loop at the end.

Michael Fleming  
Chief Executive Officer

A handwritten signature in black ink, appearing to read "Marianne I. Stuart". The signature is cursive and elegant.

Marianne I. Stuart, CPA  
Chief Financial Officer

## EIA BOARD OF DIRECTORS AND ALTERNATES

Member County	Programs								Board Member	Alternate Board Member
	GLI	PGL	GLII	MM	Prop	EWC	PWC	Health		
Alameda County			X	X	X	X			Barbara Lubben, Director of Risk Management	Karen Caoile, Senior Risk & Insurance Analyst
Alpine County	X			X	X	X			Vacant	Pamela Knorr, CAO/Interim Director of Health and Human Services
Amador County	X	X		X	X	X	X		Jackie Friday, HR Administrative/Risk Manager	Diane Blanc, HR Director
Butte County	X			X	X	X			Steve Musselman, Risk Manager	Greg Iturria, Deputy Chief Administrative Officer
Calaveras County	X			X	X	X	X	X	Francine Osborn, Dir. Of HR/Risk Mgmt.	Vacant
Colusa County	X			X	X	X			Denise Carter, Board of Supervisors	Mark Marshall, Board of Supervisors
Contra Costa County			X	X	X	X			Sharon Hymes-Offord, Acting Risk Mgr./Liability	Mary Jo Castruccio, Assistant Risk Manager (Workers' Comp)
Del Norte County	X			X	X	X			Joseph Young, Personnel/Risk Manager	Sherri Adams, Staff Services Analyst
El Dorado County			X	X	X	X			Allyn Bulzomi, Director of Human Resources	Janet Parnell, Principal Risk Management Analyst
Fresno County	X				X	X			Greg Borboa, Personnel Services Manager	Devon Benbrook, Senior Personnel Analyst
Glenn County				X					John Viegas, Supervisor	Scott Schimke, Risk Manager
Humboldt County	X			X	X	X	X		Jo Ann Gath, Risk Manager	Phillip Smith-Hanes, CAO
Imperial County	X			X	X	X			Ralph Cordova, Jr., County Executive Officer	Brenda Olivas-Neujahr, Risk Management Analyst - Safety Administrator
Inyo County	X			X	X	X	X		Marlena Baker, Risk Manager	Kevin Carunchio, County Administrator
Kern County					X				Susan Orr, Risk Manager	Vacant
Kings County	X			X	X	X			Deb West, Assistant CAO	Sande Huddleston, Risk Technician - Premium Estimates Contact
Lake County	X	X			X	X	X	X	Anita Grant, County Counsel	Ryan Lambert, Deputy County Counsel
Lassen County	X			X	X	X			Karen Fouch, County Auditor	Tom Stone, County Administrative Officer
Madera County	X			X	X	X			Darin McCandless, Risk Management Analyst	Kevin Fries, Chief Assistant County Administrative Officer
Marin County				X					Karol Hosking, Risk Manager	Clarissa Daniel, Deputy County Administrator

## EIA BOARD OF DIRECTORS AND ALTERNATES

Member County	Programs								Board Member	Alternate Board Member
	GLI	PGL	GLII	MM	Prop	EWC	PWC	Health		
Mariposa County	X			X	X	X			Rick Benson, CAO	Mary Hodson, Deputy CAO
Mendocino County	X			X	X	X	X		Kristin McMenomey, General Service Director	Sue Goodrick, HR Manager - Benefits Administration
Merced County	X			X	X	X		X	James Brown, Assistant County Executive Officer	Brad Smith, Risk Management Director
Modoc County	X			X	X	X			Vacant	Darcy Locken, Assistant County Administrative Officer
Mono County	X			X	X	X			David Wilbrecht, CAO	Rita Sherman, Administrative Analyst
Monterey County					X	X			Keith Honda, Assistant County Admin Officer	Lucy Raney, Benefits Specialist
Napa County	X			X	X	X			Kerry John Whitney, Risk Manager	Suzanne Mason, Director of Human Resources
Nevada County	X			X	X	X	X		Rick Haffey, CEO	Peter Cheney, Risk Manager
Orange County					X				Tom Phillips, Risk Manager	Robert Franz, CFO
Placer County	X			X	X	X			Maryellen Peters, Risk Manager	Ken Brown, Liability Manager
Plumas County	X			X	X	X			Shawn Montgomery, Risk Manager	Robert Meacher, Supervisor
Riverside County			X	X	X	X			Jim Sessions, Risk Manager	Vacant
Sacramento County					X	X			Steve Page, Risk and Loss Control Division Manager	Paul Hight, Liability and Property Insurance Supervisor
San Benito County	X			X	X	X			Rich Inman, CAO	Jacki Credico, Management Analyst
San Diego County					X	X			Donald W. Turko, Director, Human Resources	Janice Mazone, Dep. Director/Risk Management
San Joaquin County			X	X	X	X			Richard Pietz, Risk Manager	Cynthia Clays, Director of Human Resources
San Luis Obispo County	X			X	X	X			Pamela Mitchell, Liability Analyst	Tami Douglas-Schatz, Human Resources Director
Santa Barbara County	X			X	X	X	X	X	Bob Nisbet, Director of General Services	Ray Aromatorio, Risk Manager
Santa Clara County			X	X	X	X			Lance Sposito, Director of Risk Management	Vacant
Santa Cruz County			X	X	X	X			Janet McKinley, Risk Manager	Leslie Scanagatta, Personnel Analyst

## EIA BOARD OF DIRECTORS AND ALTERNATES

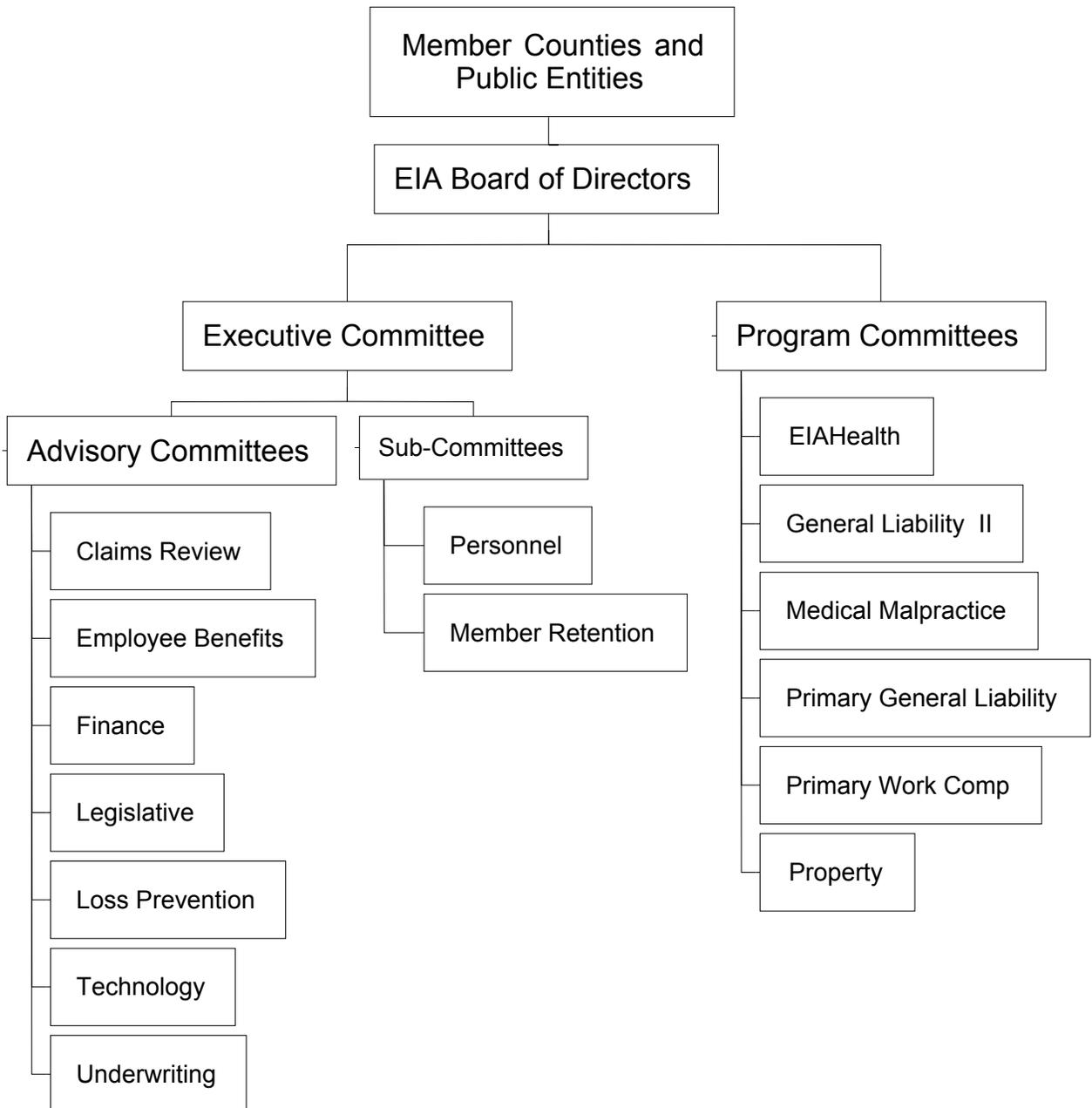
Member County	Programs								Board Member	Alternate Board Member
	GLI	PGL	GLII	MM	Prop	EWC	PWC	Health		
Shasta County	X			X	X	X			Michelle Schafer, Director of Support Services	Jonathan Hill, Risk Management Analyst III
Sierra County	X			X	X	X			Van Maddox, County Auditor	Peter Huebner, Supervisor
Siskiyou County	X	X		X	X	X	X		Rose Ann Herrick, Assistant County Administrator	Michael Kobseff, Supervisor
Solano County	X	X		X	X	X			David Serrano, Risk Manager	Vacant
Sonoma County	X			X	X	X			Marcia Chadbourne, Risk Manager	Vacant
Stanislaus County	X			X	X	X			Jody Hayes, Deputy Executive Officer	Peggy Huntsinger, Disability Manager
Sutter County	X			X	X	X	X		Marco Sandoval, Risk Manager	Patricia Leland, Interim Personnel Director
Tehama County	X			X	X	X	X	X	Kathy Peters, Risk Manager	Reanette Fillmer, Personnel Director
Trinity County	X			X	X	X			Wendy Tyler, Deputy CAO	Shelly Pourian, Loss Prevention Specialist I
Tulare County	X		X	X	X	X			Robyn Henry, Risk Manager	Vacant
Tuolumne County	X	X		X	X	X			Bill Morse, Deputy Human Resources Manager	Ann Fremd, Senior Administrative Analyst
Ventura County					X				Chuck Pode, Risk Manager	John Nicoll, Chief Deputy Executive Officer
Yolo County				X	X				Jeff Tonks, Risk Manager	Dirk Brazil, Deputy County Administrator
Yuba County	X			X	X	X	X		Martha K. Wilson, Personnel Dir/Risk Mgr	Jill Abel, Deputy Human Resources Director

**EIA BOARD OF DIRECTORS AND ALTERNATES  
Public Entity Participation**

<b>Board Member</b>	<b>Designated Board Position/Representative</b>
Teri Enos, Risk Manager, City of Chula Vista	At-large
Lynne Margolies, Risk Manager, City of Santa Rosa	At-large
Scott Schimke, Risk Manager, GSRMA	At-large
Thomas Vance, Risk Manager, ACCEL/City of Anaheim	At-large
Kimberly J. Greer, City of Fairfield	City
Marlon Robbins, Risk Manager, Elk Grove Unified School District	School
Larry Moss, Risk Manager, EBRPD	Special District
Ashley Fenton, Manager, Insurance and Risk Services, San Diego Unified School District	Alternate
Deborah Grant, Acting Risk Manager, City of Oakland	Alternate
Charles Mitchell, Risk Manager, California Fair Services Authority	Alternate



# CSAC Excess Insurance Authority Organization Chart



# 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, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director



CALIFORNIA ASSOCIATION OF  
JOINT POWERS AUTHORITIES

*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**

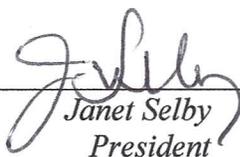
*this*

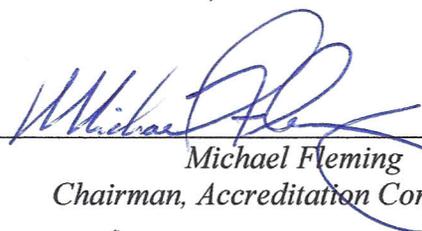
**CERTIFICATE OF ACCREDITATION WITH EXCELLENCE**

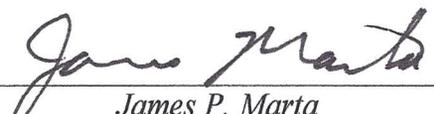
*having fulfilled the conditions of eligibility as prescribed by the Association for Accreditation.*



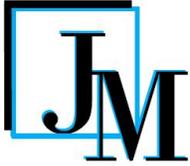
*Accreditation Period: March 28, 2010 – March 28, 2013*

  
Janet Selby  
President

  
Michael Fleming  
Chairman, Accreditation Committee

  
James P. Marta  
Accreditation Program Manager

## **FINANCIAL SECTION**



**James Marta & Company**  
***Certified Public Accountants***

***Accounting, Auditing, Consulting, and Tax***

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
CSAC Excess Insurance Authority  
Folsom, California

We have audited the accompanying Statement of Net Assets of CSAC Excess Insurance Authority (CSAC-EIA) as of June 30, 2011 and 2010, and the related Statement of Revenues, Expenses, and Changes in Net Assets, and the Statement of Cash Flows for the year then ended. These financial statements are the responsibility of CSAC-EIA's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CSAC -EIA as of June 30, 2011 and 2010, and the results of its operations and its cash flows for the years then ended in conformity 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.

In accordance with Government Auditing Standards, we have also issued our report dated December 9, 2011 on our consideration of CSAC-EIA's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the Schedules of Funding Progress as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Reconciliation of Unpaid Claims Liabilities and the Schedule of Earned Premiums and Claims Development Information are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. The supplemental information 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 information in these schedules, except the Budget Highlights, on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the financial statements; and in our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Introductory Section and the Statistical Section, as listed in the table of contents are presented for 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.



James Marta & Company  
Certified Public Accountants

December 9, 2011

## Management's Discussion & Analysis

As management of the CSAC Excess Insurance Authority (the EIA or the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our letter of transmittal, which can be found on pages 8 to 23 of this report.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. Generally Accepted Accounting Principles in the United States of America require financial statements to distinguish functions of the government that are principally supported by taxes and intergovernmental revenues, referred to as "governmental activities" from other functions that are intended to recover all or a significant portion of their cost through user fees and charges, referred to as "business-type activities". All of the activities of the Authority are classified as "business-type activities". These activities include the development and operation of public entity risk pools and the purchase of insurance and services for members.

The Authority's basic financial statements are comprised of three components: 1) Authority-wide financial statements, 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 themselves.

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

The *Statement of Net Assets* presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net assets. Net assets include the amount invested in capital assets, net of related debt. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *Statement of Revenues, Expenses and Changes in Net Assets* presents information showing total revenues versus total expenses and how the Authority's Net Assets 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, and earned but unused vacation leave).

The Authority-wide financial statements can be found on pages 52 through 56 of this report.

## Management's Discussion & Analysis

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 57 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Funds are divided into three categories, governmental, proprietary, or fiduciary. The Authority operates one proprietary fund to account for its ten risk management programs, general administration, and operation of the Authority'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 asset balance in each fund:

Primary Workers' Compensation	\$ 43,457,865
Excess Workers' Compensation	3,948,445
Primary General Liability	3,838,518
General Liability I	30,382,167
General Liability II	34,154
Property	2,517,939
Medical Malpractice	9,678,308
EIAHealth	384,811
Employee Benefits	6,818,965
Miscellaneous Programs	500
Administration and Building	3,257,967
<b>Total Net Assets</b>	<b>\$ 104,314,639</b>

**Proprietary funds.** There are two types of proprietary funds, enterprise fund and internal service funds. The Authority maintains a single enterprise fund. The *enterprise fund* is used to report functions presented as *business-type activities* in the government-wide financial statements. The Authority uses the *enterprise fund* to account for its ten risk management and insurance pools, for general administration expenses, and for the operation of the Authority's building.

## Management's Discussion & Analysis

### Financial Highlights

#### Authority-Wide Financial Analysis

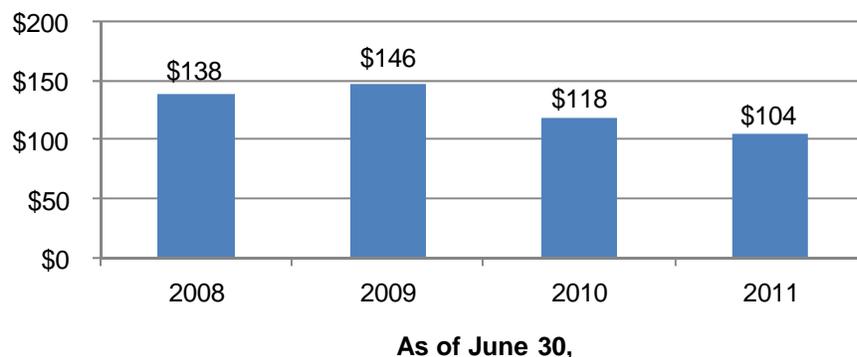
Over time, net assets may serve as a useful indicator of a government's financial position. The Authority's assets exceeded liabilities by \$104 million as of June 30, 2011 and by \$118 million at June 30, 2010. Below is a condensed statement of net assets:

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

	June 30, 2011	Percentage	June 30, 2010	Percentage	June 30, 2009	Percentage
Current Assets	\$312,575,944	55%	\$ 315,472,521	57.7%	\$324,629,000	55.1%
Noncurrent Assets	242,081,672	43%	220,585,624	40.3%	263,358,721	44.7%
Capital Assets	9,181,260	2%	10,706,672	2.0%	1,495,191	0.3%
<b>Total Assets</b>	<b>563,838,876</b>	<b>100%</b>	<b>546,764,817</b>	<b>100.0%</b>	<b>589,482,912</b>	<b>100.0%</b>
Current Liabilities	97,435,058	21%	104,210,436	19.1%	117,108,618	19.9%
Noncurrent Liabilities	362,089,179	79%	324,196,776	59.3%	326,580,921	55.4%
<b>Total Liabilities</b>	<b>459,524,237</b>	<b>100%</b>	<b>428,407,212</b>	<b>78.4%</b>	<b>443,689,539</b>	<b>75.3%</b>
Invested in Capital Asses	9,181,260	9%	10,706,672	1.0%	1,495,191	0.3%
Unrestricted Net Assets	95,133,379	91%	107,650,933	19.7%	144,298,182	24.5%
<b>Total Net Assets</b>	<b>\$104,314,639</b>	<b>100%</b>	<b>\$ 118,357,605</b>	<b>21.6%</b>	<b>\$145,793,373</b>	<b>24.7%</b>

We started the year with net assets of \$118.4 million. Our strong position in net assets in some programs allowed us to return dividends to our members of \$11 million, decreasing net assets by that amount. This compares to dividends returned in 2009/10 of \$11.5 million. We had an overall decrease in net assets exclusive of the dividend payout of \$3 million. Our ending balance in net assets is \$104.3 million. Our net assets balances over the past four years are illustrated as follows:

#### Net Assets (in millions)



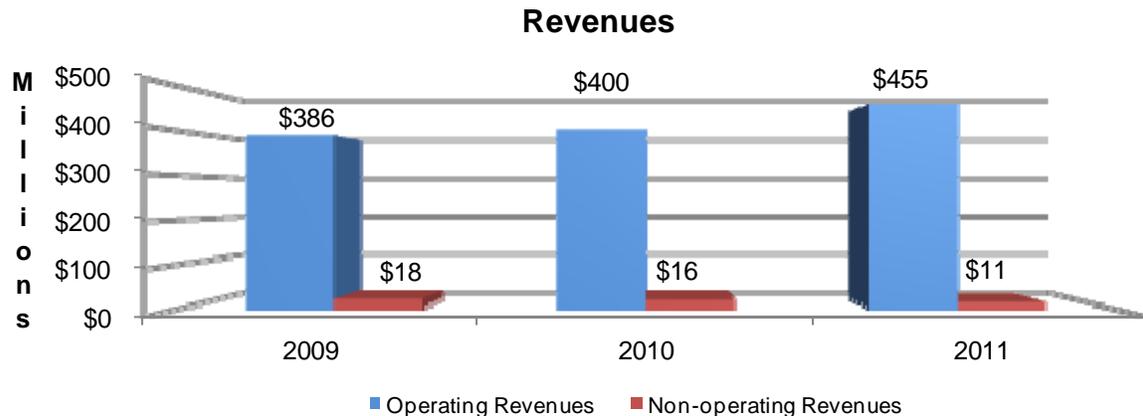
## Management's Discussion & Analysis

Total operating revenues were \$455 million compared to \$400 and \$386 million in 2010 and 2009 respectively. Significant revenue items included:

- EIA programs blend the purchase of insurance with risk sharing pools. Premiums for Transferred Risk or resources collected to purchase insurance increased by \$35 million or 12% with most of the increase attributable to new members in the Primary Workers Compensation Program, the EIAHealth Program and the Dental Program. Premiums from our Miscellaneous Programs decreased by \$4 million in 2010/11 and \$11 million in 2009/10 due to onetime premiums in the Owner Controlled Insurance and Course of Construction Programs. Premium rates for the other programs were virtually unchanged with collected premium reflecting changes in exposure bases, e.g., payroll, insured values, or lives.
- Contributions for Retained Risk, or resources collected to fund and share in the cost of claims, increased by \$17.5 million with \$15 million of the increase due to new members joining the self funded Dental Program which incepted January 1, 2010. New member growth in that Program included 3 new counties and 42 other public entities. In 2009/10 the Dental Program brought in new revenues of \$5 million.
- Investment income decreased from \$15.5 million in 2010 to \$9.7 million in 2011, a 38% decrease. The decrease was due to falling interest rates and a decrease in the portfolio. Our realized yield of 2.42% in 2011 was off from the 2010 yield of 2.79%. The fair value of the investment portfolio was \$376 million in 2011 compared to \$396 million in 2010 and \$441 in 2009.
- In July 2010, we completed the sale of the Gold Canal Building for \$1.7 million. As a result of the sale, the Board declared a building dividend of \$2.3 million to the member counties who provided funding when the building was purchased.

## Management's Discussion & Analysis

The following chart illustrates the operating and non-operating revenue totals for the past three years:

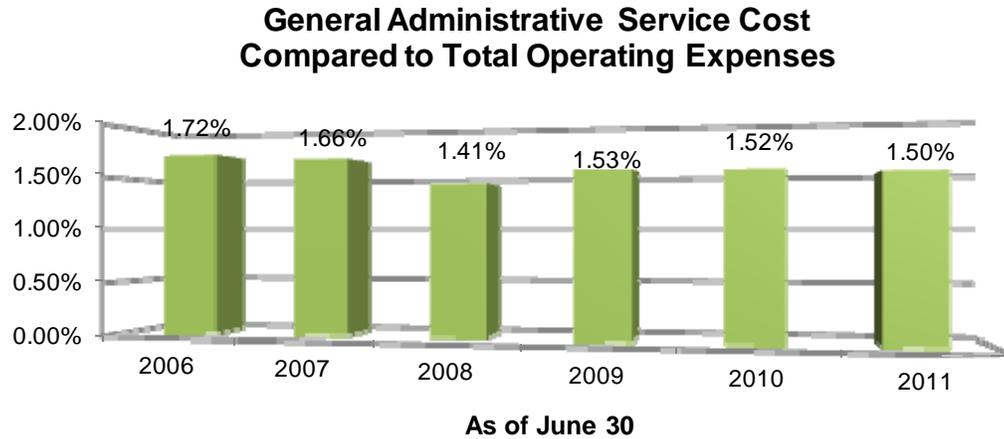


Total operating expenses were \$477 million, an 8% increase of \$34 million. Last year's expenses of \$443 million increased \$48 million or 12% from 2009's expenses of \$395 million. Significant expense items included:

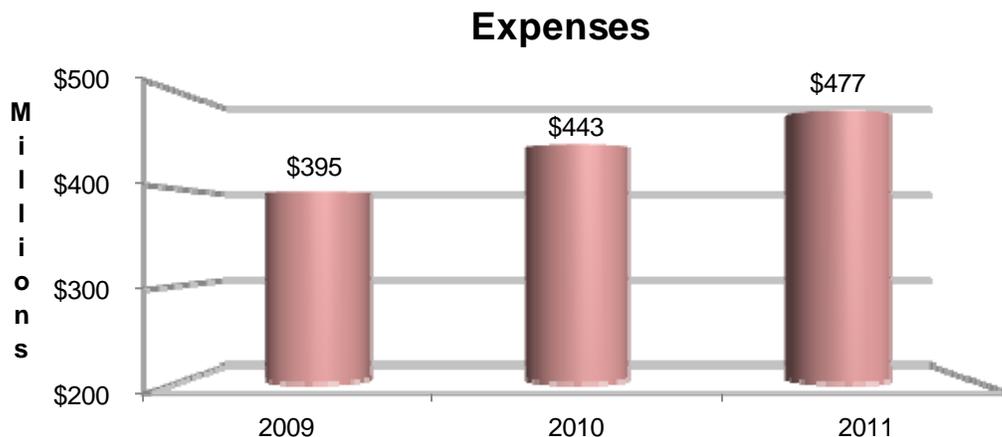
- Member dividends included a \$7.5 million dividend to members of the Primary Workers' Compensation (PWC) Program, \$1.2 million to EIAHealth members and a final dividend of \$2.3 million to members who had an equity interest in the Gold Canal Building which was sold in July 2011. This compares to dividends in 2010 of \$8 million to PWC members, \$1.3 million to EIAHealth members, and a \$2 million dollar dividend to Medical Malpractice Program members. In 2009 dividends included \$4 million to PWC members and \$2.1 million to GLI members.
- Transferred risk and insurance expense increased by \$32 million or 12%. New members in the EIAHealth Program accounted for a \$35 million increase. Insurance rates for the other programs were flat, or were slightly decreased, and premium changes reflected changes in exposure base, e.g., payrolls, total insured values, or other rate factors. Combined insurance expense was \$303.8 million in 2010/11 compared to \$271.4 million in 2009/10 and \$246.8 million in 2008/09.
- Risk sharing pools are programs by which governments pool risk and funds to share in the cost of losses. The provision for pooled or shared claims cost decreased \$1.0 million overall. There was a \$13.4 million increase in the Dental Program due to the growth of the Program, but there were offsetting decreases in other programs, because of the shift in the past few years to insuring rather than pooling risk reflected in insurance expense above. The provision for Unallocated Loss Adjustment Expenses (the adjustment expense to settle outstanding claims) was \$1.1 million in 2010/11 compared to \$9.4 in 2009/10 and \$1.5 million in 2008/09. The large jump in 2010 was a result of a re-evaluation of the Primary Worker's Compensation Program future administration costs and was non-recurring.

## Management's Discussion & Analysis

General administration cost remains at less than 2% of total expenses. This includes staff expenses, support and services, and the cost of three EIA board meetings and the meetings of 16 committees. The following chart shows the general administrative cost in relation to total expenses for the last six years:



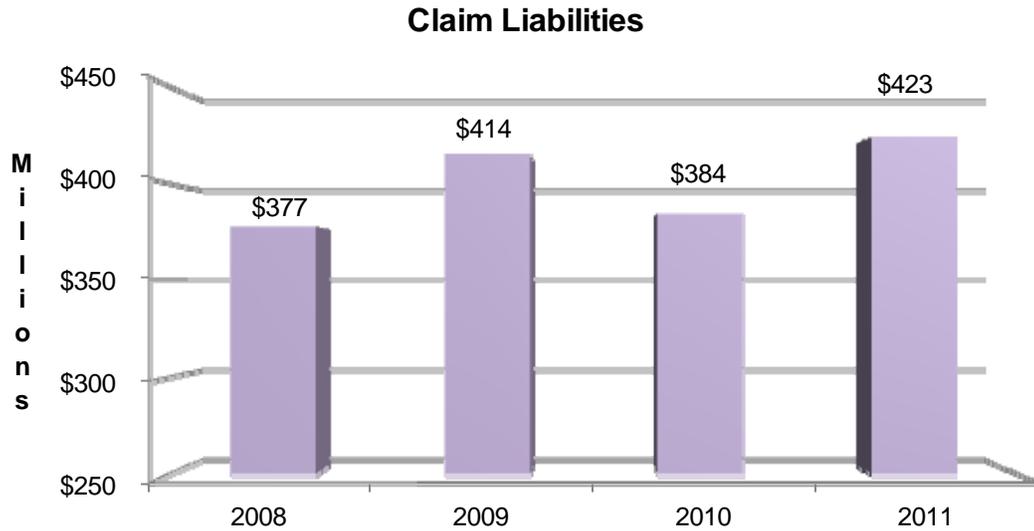
Operating expense trends for the past three years are illustrated in the following chart:



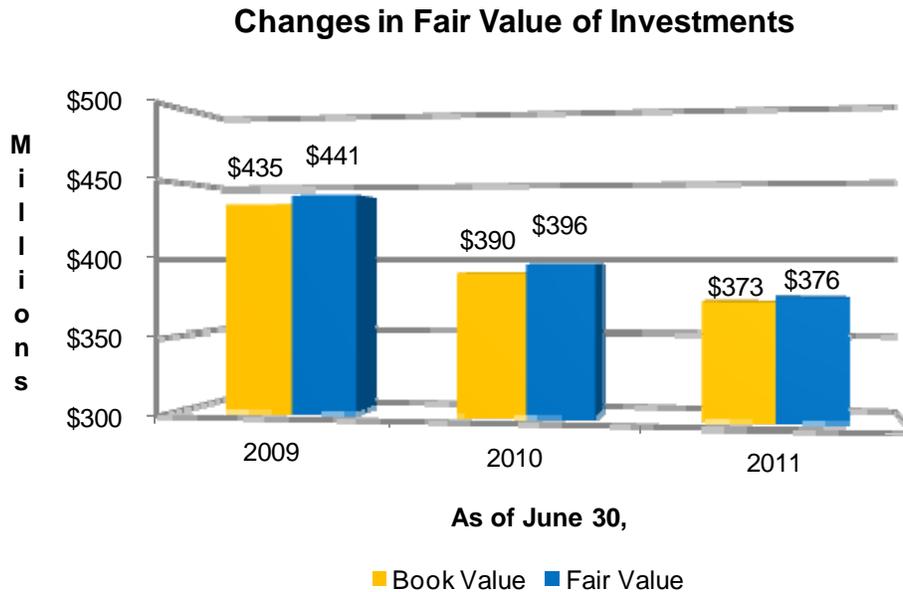
The Authority began the year with claim liabilities of \$384 million. During the year ended June 30, 2011, the Authority recognized a Provision for Claims of \$126 million and made payments on these claims of \$87 million. This left a claim liabilities balance of \$423 million. Our claim liabilities are discounted, meaning they are stated at the present value of the future stream of claim payments. The discount rate is based on what we expect to earn on the funds set aside to pay claims. Our rate of return on invested funds has been less than anticipated since the recent recession started in 2008. We evaluated the discount rates applied to our claim liabilities in our various programs (detailed in footnote 4) and decreased the rates to reflect the extremely low interest rate environment. As a result, we had to add \$13.5 million to our claim liabilities in our major pooled programs, the Excess Workers' Compensation Program, General Liability I Program and the Medical Malpractice Program.

## Management's Discussion & Analysis

Claim liability trends for the past four years were as follows:



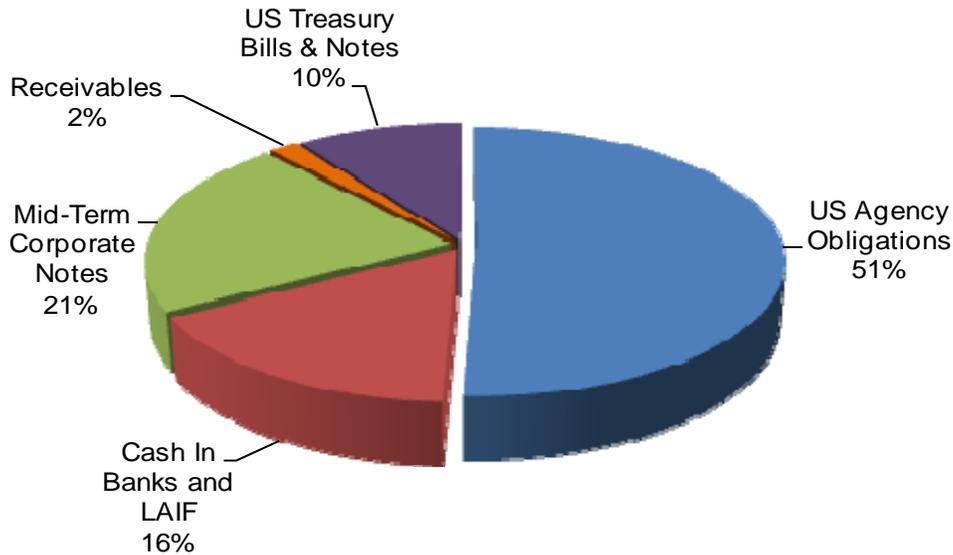
At June 30, 2011, the fair value of our fixed income investments was \$376 million compared to \$396 million a year ago and \$441 million two years ago. Market interest rates continued to slowly decline during fiscal year 2010/11. During 2010/11 we had a net decline in fair value recognized of \$1 million compared to a net decline in fair value in 2009/10 of \$250 thousand. The net change in fair value recognized in fiscal year 2008/09 was a gain of \$3.5 million.



## Management's Discussion & Analysis

The following chart shows the EIA's Treasury asset allocations for the year ended June 30, 2011:

### EIA Treasury at June 30, 2011



Operating revenues earned in 2001/11 were \$455 million compared to operating expenses of \$477 million, resulting in a net operating loss of \$22 million. Investment income and other non-operating income and expenses were \$8 million, resulting in a net decrease in net assets of \$14 million. Our net asset balance decreased 12%, from \$118 million to \$104 million. This decrease is highlighted in the following condensed data from the Statement of Revenues, Expenses and Changes in Net Assets.

## Management's Discussion & Analysis

### CSAC Excess Insurance Authority's Statement of Revenues, Expenses and Changes in Net Assets

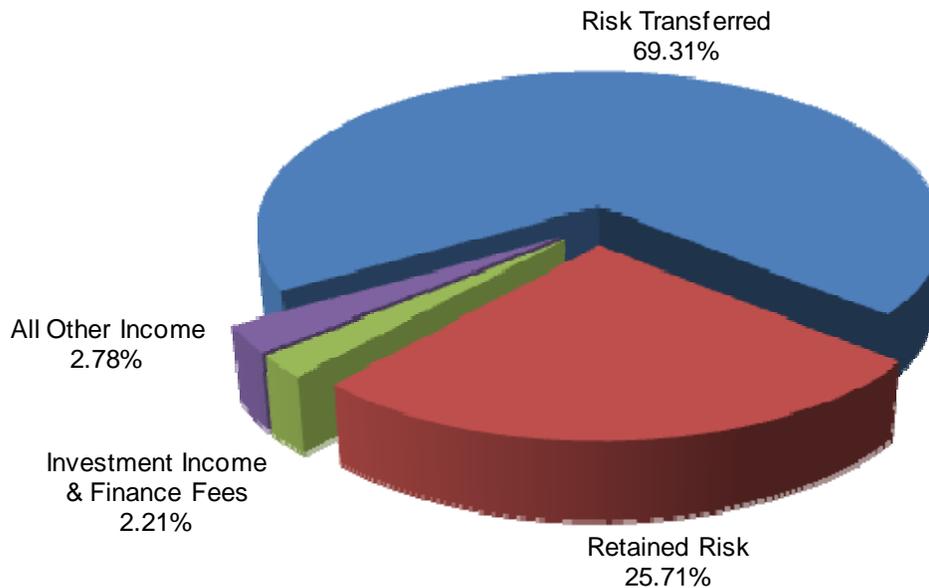
	June 30, 2011	June 30, 2010	<u>Percentage</u> Change	June 30, 2009
<b>Operating Revenues:</b>				
Premiums for Risk Transferred	\$316,271,011	\$281,136,570	12%	\$254,320,478
Broker Fees	6,459,876	5,616,485	15%	5,297,432
Contributions for Retained Risk	119,707,240	102,214,702	17%	115,099,254
All Other Sources	12,472,639	11,304,955	10%	11,060,386
Total Operating Revenues	454,910,766	400,272,712	14%	385,777,550
<b>Operating Expenses:</b>				
Member Dividends	8,744,665	11,488,482	-24%	6,413,485
Insurance Expense	303,821,702	271,385,012	12%	246,829,609
Broker Fees	6,459,283	5,616,545	15%	5,297,219
Provisions for Claims	124,443,282	117,204,060	6%	110,454,729
Unallocated Loss Adjustment Expenses	1,127,804	9,376,859	-88%	1,522,169
Program Services	22,809,139	19,004,605	20%	15,515,228
Member Services and Subsidies	2,027,109	2,210,316	-8%	3,070,751
General Administrative Services	7,300,103	6,827,453	7%	6,061,327
Depreciation	263,991	325,178	-19%	245,697
Total Operating Expenses	476,997,078	443,438,510	8%	395,410,214
Operating Income (Loss)	(22,086,312)	(43,165,798)	-49%	(9,632,664)
<b>NonOperating Revenues (Expenses):</b>				
Investment Income & Finance Fees	10,276,004	15,758,005	-35%	17,746,130
Lease Income	474,620	142,836	232%	0
Financing & Investment Expenses	(39,222)	(21,412)	83%	(30,911)
Building Operations and Depreciation	(349,985)	(149,399)	134%	0
Building Dividend	(2,318,071)	0		0
Total NonOperating Revenues (Expenses)	8,043,346	15,730,030	-49%	17,715,219
Changes in Net Assets	(14,042,966)	(27,435,768)	-49%	8,082,555
<b>Net Assets:</b>				
Beginning Balance, July 1	118,357,605	145,793,373		137,710,818
Ending Balance, June 30	\$104,314,639	\$118,357,605	-12%	\$145,793,373

## Management's Discussion & Analysis

### Revenues

Total operating revenues were \$455 million during the fiscal year ending June 30, 2011, a 14% increase from the \$400 million recognized at June 30, 2010 and the \$386 million in 2009. Most of the \$6.5 million revenue increase in the Primary Workers Compensation Program was due to new members. The EIAHealth Program added new members, increasing revenues by \$37.7 million. Increases in the Employee Benefit programs including the new Dental Program increased revenues by \$16.4 million. Investment income decreased \$5.5 million or 35% due to decreasing yield rates. The total revenue allocation is shown in the following chart:

**2010/11 Revenues from the  
Statement of Revenues, Expenses and Changes in Net Assets**



New Members. Our programs continue to attract new members particularly in the Employee Benefit programs. The new Dental Program added 45 new entities and the EIAHealth Program continued to add new members to both their small group program and regular programs, contributing to a 27% increase in program revenues.

Premiums for Transferred Risk. The insurance premium revenues and expenses are dependent on the cyclical insurance market. The last two years have been characterized by favorable market conditions. The EIA restructured the Workers Compensation programs by purchasing quota-share insurance in 2009/10 and 2010/11. We decreased the pool liability from 30% to 20% in the \$125 thousand to \$1 million layer of the EWC Program and continued with full coverage above \$10 thousand to \$125 thousand in the PWC Program.

## Management's Discussion & Analysis

Contributions for Retained Risk. Our contributions for retained risk revenues were \$120 million compared to \$102 million last year, an increase of \$18 million or 18%. The contributions for retained risk, together with investment earnings, are used to finance the provision for claims. The Property Program had a deductible pool of \$10 million for both the 2008/09 and 2009/10 policy years (April 1 to March 31) decreasing to \$9 million for the 2010/11 policy year. Retained Risk revenue increased \$15 million in the new Employee Benefits Dental Program as a result of both growth and member transfer from the old program to the new program. We do not expect growth to continue at this rate, as all old members had moved to the new program as of the end of the fiscal year.

The following chart compares the revenues for retained risk and investment earnings (the red line) with the expense for the Provision for Claims (the green line) for the past ten years. The areas between the lines and bars represent the net increase or decrease from claim revenues and expenses. As the chart shows, with declining interest rates, as discussed earlier, our costs for claims in the past two fiscal years were about equal to our earnings and contributions.

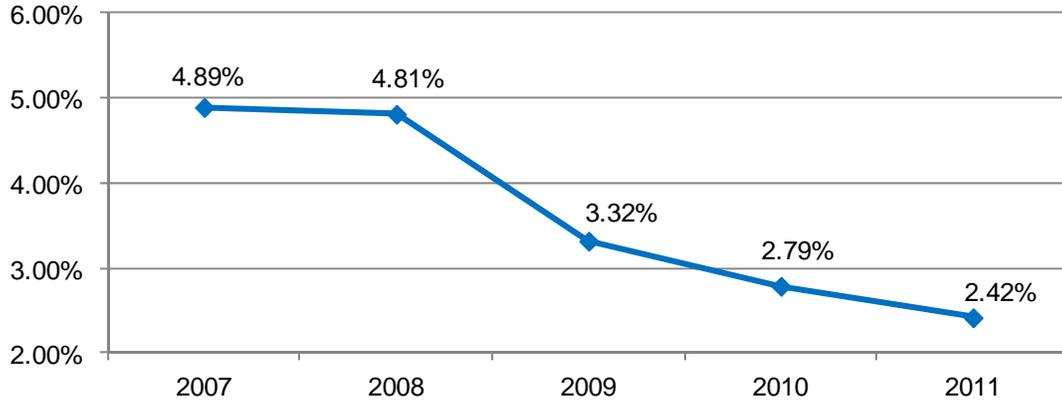


Investment Income. Investment income decreased from \$15.5 million in 2009/10 to \$976 million in 2010/11. This decrease was due to the continued drop in interest rates from the global recession. The average yield of invested funds decreased from 2.79% to 2.42% reflecting the extremely low interest rate environment. The amount of funds invested decreased to \$376 million from \$396 million in 2009/10 and \$441 million in 2008/09.

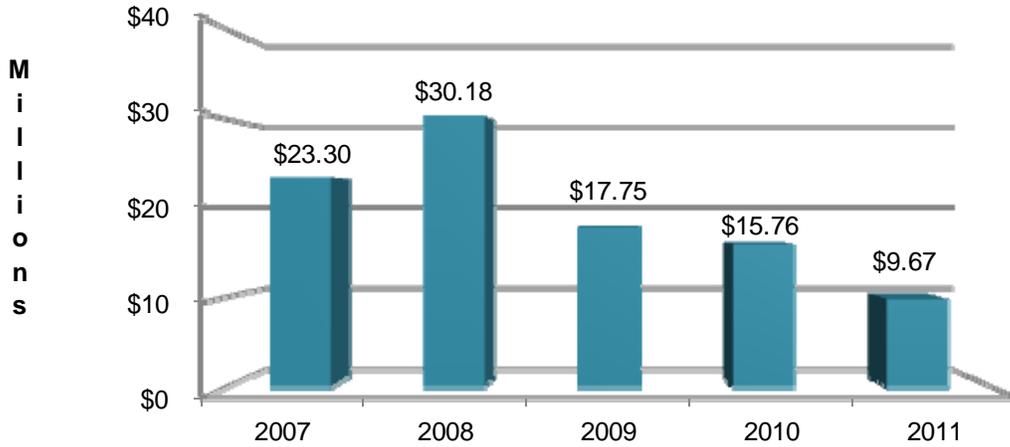
# Management's Discussion & Analysis

The following charts show investment income financial results and trends:

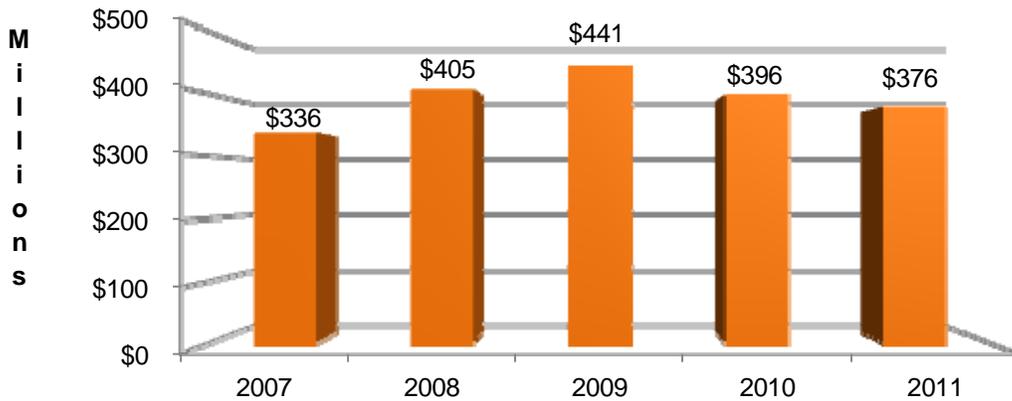
### Average Yields of Invested Funds



### Investment Income



### Authority Dollars Invested

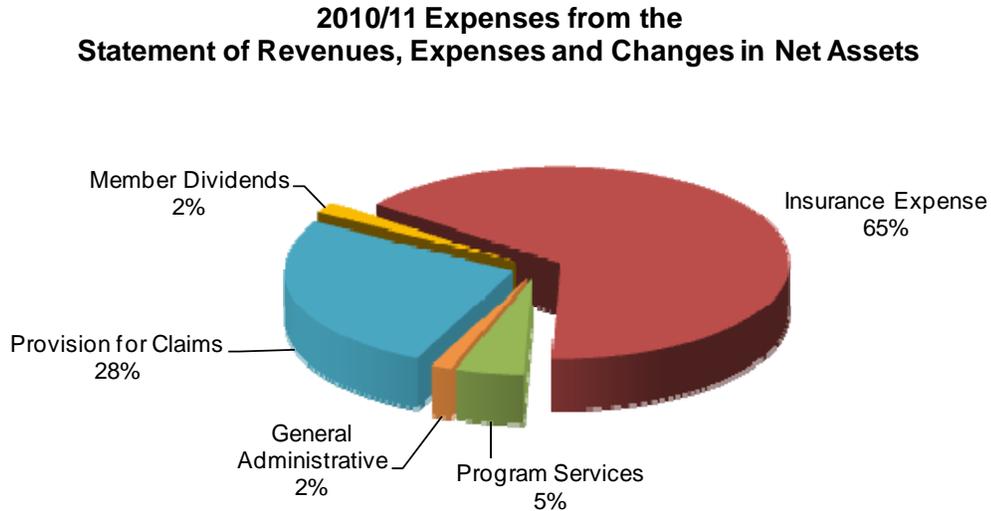


## Management's Discussion & Analysis

### Expenses

Total operating expenses of \$477 million increased \$34 million, or 8%, over the last year's expenses of \$443 million, and 21% over expenses two years ago of \$395 million. The increase was principally due to a \$32.4 million increase in the cost of insurance.

The total operating expense allocations are shown in the following chart:



**Member Dividends.** The EIA has a long history of paying a variety of dividends to its members from the surpluses earned by the many EIA programs. Member dividends in 2010/11 were \$11.1 million compared to \$11.5 million in 2009/10 and \$6.4 in 2008/09. The restructure of the PWC Program and the loss portfolio transfer reduced the need to restrict net assets for catastrophic claims. The PWC Committee continued their dividend distribution plan, declaring a dividend of \$7.5 compared to \$8 million in 2010. The EIAHealth Program declared another dividend of \$1.2 million to distribute the remaining net assets from the insured program that ended in 2006.

**Insurance Expense.** Insurance expense increased from \$271.4 million to \$303.8 million. The EIAHealth Program accounts for all of the \$32.4 million increase due mainly to member growth.

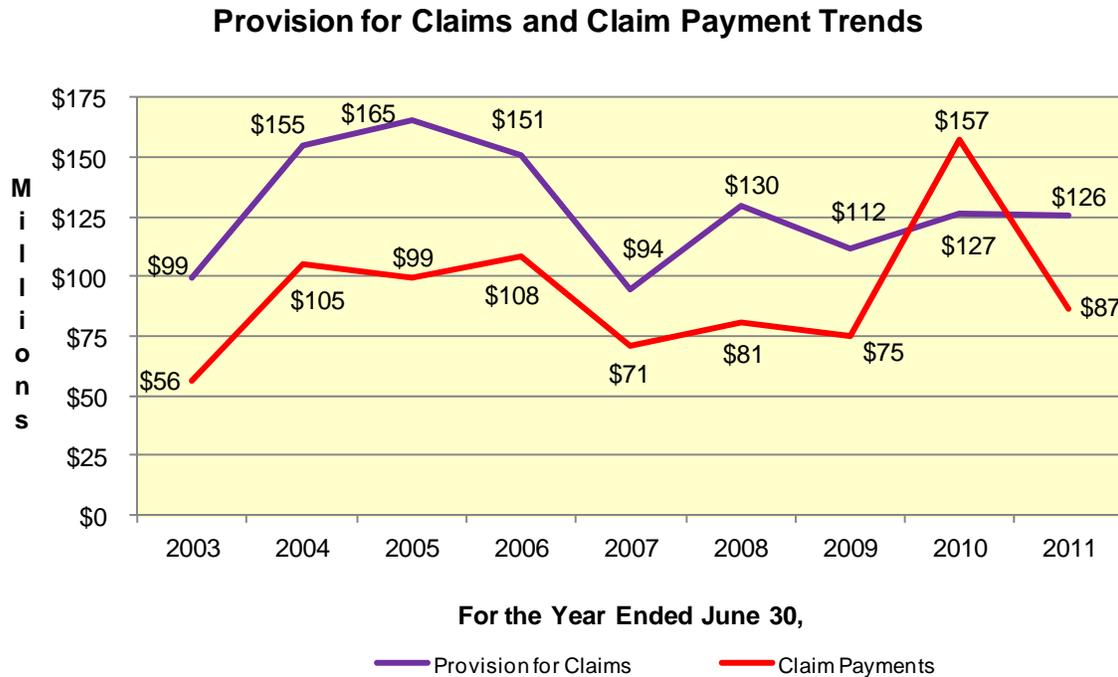
**Provision for Claims.** The Provision for Claims is a management estimate of the cost of pooled or shared claims. This estimate is based on a variety of actuarial and statistical techniques considering claims history, claim payment history, claim frequency, changes in doctrines of legal liability, inflation, and other economic and social factors. Claim cost estimates are constantly reevaluated.

## Management's Discussion & Analysis

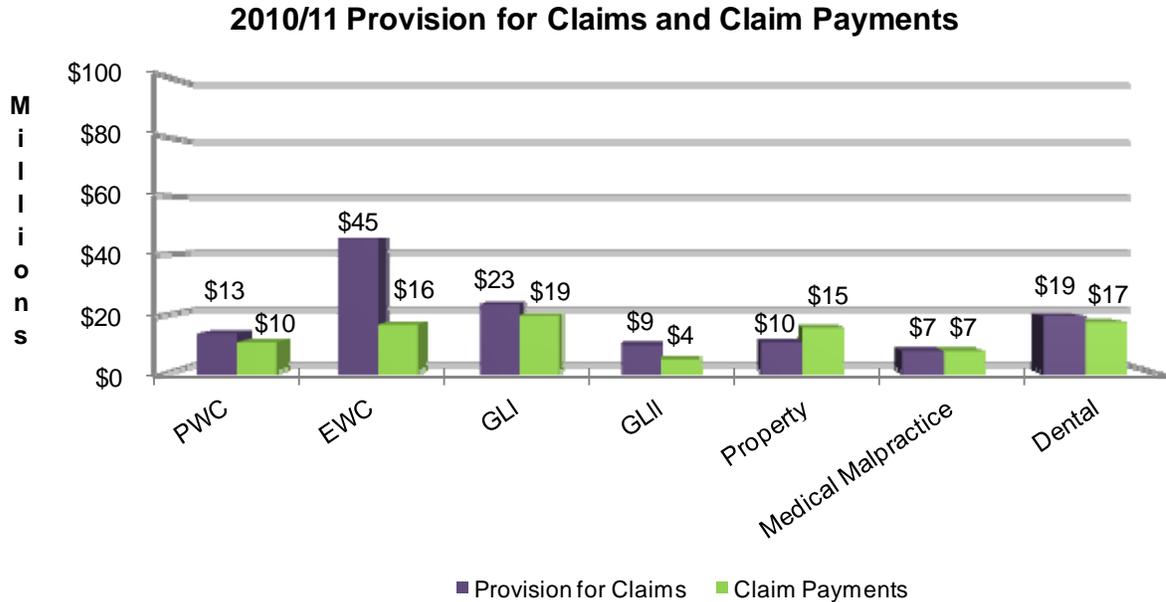
Changes to prior year claim costs are adjusted as they occur. A provision of \$92 million was recognized for fiscal year 2010/11 claims, compared to 77 million in 2009/10, primarily because of the growth in the new, pooled Dental Program. A \$32 million provision was recognized for the claim development of prior year claims. The provision for claims cost also includes a \$1.1 million provision for unallocated loss adjustment expenses (ULAE). The ULAE provision in 2009/10 was \$9.4 million. Please refer to footnote 4 for a complete reconciliation of the provision for claims.

Claim payments and patterns are significant factors in the estimation of the Provision for Retained Risk. During fiscal year 2010/11 the EIA paid \$87 million. In 2009/10, the EIA paid out \$157 million for our insured events, which was significantly greater because of the PWC Program loss portfolio payment transferring all the pooled claim liability remaining for the 2004/05 to 2008/09 years. This compares to \$75 million paid out in 2008/09.

The line chart below shows the Provision for Retained Risk and claim payment trends. The next chart shows the 2009/10 Provision for Claims and claim payments for each EIA program.



## Management's Discussion & Analysis



Program Services. Program service expenses were \$22.8 million in 2010/11 compared to \$19 million in 2009/10. Program services include claims and eligibility administration, claims audits, actuarial services, legal services and other expenses necessary for the operation of each program.

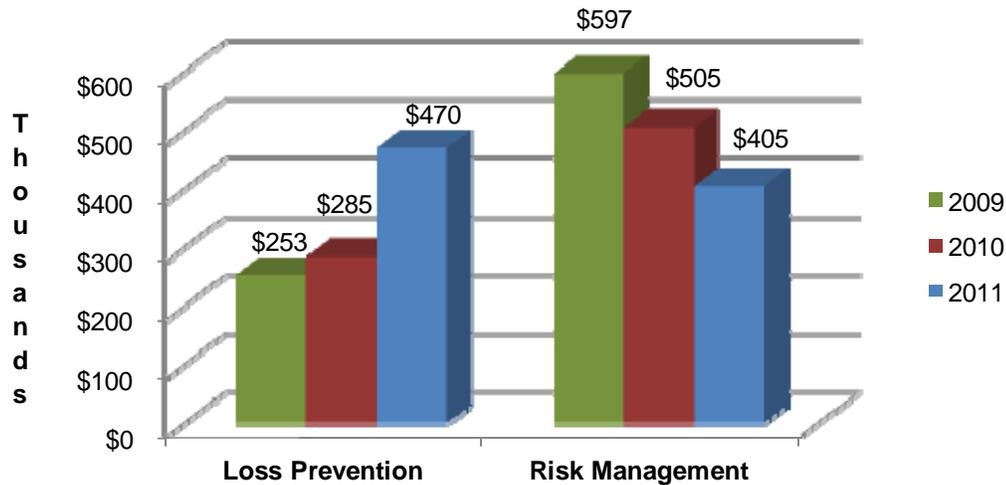
Subsidies. Membership in many EIA programs include subsidies to enhance members risk management programs. The actuarial report subsidy provides \$2,000 for each Workers' Compensation, General Liability I, General Liability II, and Medical Malpractice studies. The EIA also provides claims audits on a three year cycle for all workers' compensation and liability members.

All members of the property and casualty programs are eligible for a loss prevention subsidy of \$1,000 per program. A total of \$470 thousand was added to member subsidies in 2010/11, and \$285 thousand during fiscal year 2009/10. A balance of \$1,553,132 of net assets has been set aside for future loss prevention subsidies. County members are also eligible for additional risk management subsidies.

## Management's Discussion & Analysis

The following chart shows the three year trend for these subsidies.

### Loss Prevention and Risk Management Subsidies



Loss Prevention Services. The EIA offers a variety of loss prevention services for our members. The services offered include:

- On-site and telephonic consultation
- Video and printed resource material acquisition and distribution
- Regional, on-site and web based training programs
- Facility inspections
- Hazard and exposure assessments with realistic solutions
- Drug and Alcohol Monitoring Consortium
- Policy/program evaluation and development
- Credential & events manager
- Risk analyzer
- Resource center
- Electronic pull notice program (EPN)

These services are offered to members at no or nominal cost.

The regional training programs offered included Office Ergonomics, Harassment Prevention for Supervisors, Heat Illness Prevention, Reasonable Suspicion for Supervisors, Aerosol Transmissible Disease Standards, How to Become an Effective Presenter, Industrial Hygiene, Slips, Trips & Falls, Insurance Requirements in Contracts, Basic Certificate in Safety Management, Documenting the FEHA/ADA Interactive Process, and Workplace Violence.

Over 2,554 course completions were handed out in on-site training and education classes in the past fiscal year. Our members continued their usage of our web-based internet training platform, Prevention Link. Member employees completed over 97 thousand courses. Members continued to upgrade their use with custom and certificate activities.

## Management's Discussion & Analysis

There are currently 67 entities represented by approximately 3,300 employees in our Drug & Alcohol Monitoring Consortium. There are 126 members using the EPN service, representing over 57 thousand drivers.

**Capital Assets.** In January 2010 the new office facility at 75 Iron Point Circle, Folsom, CA was purchased at a cost of \$9.2 million. We moved into our new facility on January 22, 2010. The EIA invested \$413,333 in new furniture, equipment and software during fiscal year 2009/10 and \$59,798 in 2010/11. The majority, \$336,700, was spent for new furniture and equipment for the Iron Point building and was within the approved budget. Other equipment investments included scheduled replacements and additional computers necessary to keep our systems operating efficiently. Please refer to Footnote 5 (Capital Assets) for more detailed information.

We also entered into an agreement to sell our old office building including the modules. That sale was consummated on July 30, 2010 for a gain of \$510 thousand. After the sale, the EIA declared a building dividend of \$2.3 million payable to the county members who initially funded the purchase of the building. See Footnote 5 (Capital Assets) for more information.

**Operating Leases.** The Authority entered into various operating leases as Lessor for periods from 5-10 years for the first floor space in the Iron Point building. These leases are detailed in Footnote 6.

**Economic Factors.** The most significant economic factors that will affect the future of the Authority include the insurance market and the investment market. Although during 2009/10 the country emerged from the recent most severe recession since the Great Depression, California is recovering slower than the rest of the country with state unemployment around 12% for the past 3 years. Additionally our members, both counties and other public entities, are experiencing severe revenue shortfalls and budget constraints. The Authority has been able to respond with viable risk coverage options and dividend returns.

We continue to operate in a period of historically low interest rates. We are investing in short term instruments, with the intention to invest for longer terms when rates return to more attractive levels.

The insurance market for workers' compensation and liability programs remains soft, allowing the Authority to insure risks at a cost below the actuarial estimate to pool the risk. We expect this trend to continue until interest/ investment rates climb. This is both a challenge and opportunity for the Authority.

The financial situation surrounding American International Group (AIG) has improved. AIG has begun to repay the debt owed to the US Treasury. The EIA has several long-standing relationships with insurance companies that are part of the AIG family. We are assured that all insurers are solvent and are highly regulated by the state departments of insurance in the states in which they are domiciled. The insurance companies with which the EIA does business have been rebranded under

## Management's Discussion & Analysis

the name "Chartis". Although Chartis is still owned by AIG, Chartis has established itself as a separate entity.

Through this turmoil and potential change of ownership, if Chartis' appetite for risk changes, there may be a tremendous negative impact on the insurance market in which the EIA operates. The Chartis companies collectively are one of the largest insurers in the world and have traditionally been a leader in the competitive marketplace. There would be a huge void in capacity and leadership in the market without Chartis' competitive presence, which would have a negative impact on the Authority's ability to purchase insurance at a reasonable price.

All of these factors are being considered in the administration of the EIA's current 2011/12 budget and planning for future budgets. Each EIA program committee is carefully monitoring changes to the insurance market and our relationship with AIG as each program renewal is considered.

**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.

Required supplementary information can be found beginning on page 86 of this report.

The combining and individual program statements for all EIA programs are presented immediately following the required supplementary information beginning on page 91 of this report.

**Conclusion.** This financial report is designed to provide a general overview of the Authority'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 ASSETS**  
**JUNE 30, 2011 AND 2010**

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
<b>ASSETS:</b>		
Current Assets:		
Cash	\$ 300	\$ 300
Cash in Banks	5,825,315	3,253,646
Cash in the EIA Treasury	75,099,674	33,758,780
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	<u>80,925,289</u>	<u>37,012,726</u>
Investments	175,467,708	213,749,899
Accounts Receivable:		
Due from Members	13,980,470	13,147,205
Investment Income Receivable	2,761,445	3,795,325
Reinsurance Claims	6,967,465	11,060,472
Other Receivables	69,397	162,879
Prepaid Insurance and Expenses	32,404,312	36,544,015
<b>TOTAL CURRENT ASSETS</b>	<u>312,576,086</u>	<u>315,472,521</u>
Noncurrent Assets:		
Investments	200,833,767	182,745,009
Due from Members	5,047,763	6,626,259
Prepaid Insurance	36,200,000	31,214,356
Land and Buildings, Net	8,596,364	9,971,313
Furniture and Equipment, Net	483,486	615,607
Lease Acquisition Costs, Net	101,410	119,752
<b>TOTAL NONCURRENT ASSETS</b>	<u>251,262,790</u>	<u>231,292,296</u>
<b>TOTAL ASSETS</b>	<u>\$ 563,838,876</u>	<u>\$ 546,764,817</u>

**CSAC EXCESS INSURANCE AUTHORITY**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2011 AND 2010**

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	\$ 5,267,341	\$ 9,407,554
Deposits from Insurance Companies	2,647,116	3,309,329
Due to Members	24,560,819	25,311,518
Deferred Income	3,987,024	6,233,838
Claim Liabilities	60,925,183	59,892,736
Compensated Absences	47,575	47,153
Other Post Employment Benefits	-	8,308
<b>TOTAL CURRENT LIABILITIES</b>	<b>97,435,058</b>	<b>104,210,436</b>
Noncurrent Liabilities:		
Claim Liabilities		
Claims Reported	183,104,057	178,862,012
Claims Incurred But Not Reported	140,051,019	107,589,550
Unallocated Loss Adjustment		
Expense Payable	38,457,262	37,336,275
Compensated Absences	190,301	188,614
Other Post Employment Benefits	286,540	220,325
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>362,089,179</b>	<b>324,196,776</b>
<b>TOTAL LIABILITIES</b>	<b>459,524,237</b>	<b>428,407,212</b>
<b>NET ASSETS:</b>		
Invested in Capital Assets	9,181,260	10,706,672
Unrestricted	95,133,379	107,650,933
<b>TOTAL NET ASSETS</b>	<b>\$ 104,314,639</b>	<b>\$ 118,357,605</b>

**CSAC EXCESS INSURANCE AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
<b>OPERATING REVENUES:</b>		
Premiums for Transferred Risk	\$ 316,271,011	\$ 281,136,570
Broker Fees	6,459,876	5,616,485
Contributions for Retained Risk	119,707,240	102,214,702
Dividend Income	41,971	201,158
Member Services	530,052	263,004
Administration Fees	10,155,392	9,963,197
Public Entity Fees	408,475	398,951
Program Development Fees	7,550	4,200
Other Income	1,329,199	474,445
	<hr/>	<hr/>
<b>TOTAL OPERATING REVENUES</b>	<b>454,910,766</b>	<b>400,272,712</b>
<b>OPERATING EXPENSES:</b>		
Member Dividends	8,744,665	11,488,482
Insurance and Provision for Losses		
Transferred Risk and Insurance Expense	303,821,702	271,385,012
Broker Fees	6,459,283	5,616,545
Provision for Claims		
Current Year Claims	92,306,545	76,957,752
Prior Year Claims	32,136,737	40,246,308
Unallocated Loss Adjustment Expenses	1,127,804	9,376,859
Program Services	22,809,139	19,004,605
Member Services and Subsidies	2,027,109	2,210,316
General Administrative Services	7,150,235	6,760,362
Depreciation	263,991	325,178
Building Maintenance	149,868	67,091
	<hr/>	<hr/>
<b>TOTAL OPERATING EXPENSES</b>	<b>476,997,078</b>	<b>443,438,510</b>
	<hr/>	<hr/>
<b>OPERATING (LOSS)</b>	<b>(22,086,312)</b>	<b>(43,165,798)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Sale of Building	510,078	-
Member Building Dividend	(2,318,071)	-
Investment Income	9,673,870	15,516,407
Financing Fees	92,056	241,598
Lease Income	474,620	142,836
Building Maintenance	(123,960)	(57,151)
Building Depreciation	(226,025)	(92,248)
Investment Expense	(39,222)	(21,412)
	<hr/>	<hr/>
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>8,043,346</b>	<b>15,730,030</b>
	<hr/>	<hr/>
<b>CHANGES IN NET ASSETS</b>	<b>(14,042,966)</b>	<b>(27,435,768)</b>
<b>NET ASSETS:</b>		
Net Assets, Beginning of Year	118,357,605	145,793,373
	<hr/>	<hr/>
<b>NET ASSETS, END OF THE YEAR</b>	<b>\$ 104,314,639</b>	<b>\$ 118,357,605</b>
	<hr/>	<hr/>

**CSAC EXCESS INSURANCE AUTHORITY  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 452,110,460	\$ 404,650,218
Receipts from Others	4,851,897	1,928,143
Dividends Paid	(9,098,540)	(9,386,416)
Claims Paid	(86,714,138)	(151,954,281)
Insurance Purchased	(308,592,820)	(277,655,673)
Payments to Suppliers	(33,384,136)	(22,413,106)
Payments to Employees	(5,792,238)	(3,633,705)
Internal Activities	-	-
	<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>(58,464,820)</b>
	<b>13,380,485</b>	<b>(58,464,820)</b>
 <b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES:</b>		
Sale of Building, Furniture and Equipment	1,605,271	-
Building Dividend	(2,318,071)	-
Purchase of Capital Assets	(59,798)	(9,628,906)
	<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(9,628,906)</b>
	<b>(772,598)</b>	<b>(9,628,906)</b>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Lease Receipts	474,620	170,605
Operating Lease Disbursements	(123,960)	(50,874)
Purchase of Securities	(279,324,641)	(267,789,731)
Sales of Securities	298,458,536	312,183,718
Cash from Investment Earnings	11,771,083	16,218,901
Cash from Finance Fees	88,260	241,598
Investment Expenses	(39,222)	(136,514)
	<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>60,837,703</b>
	<b>31,304,676</b>	<b>60,837,703</b>
	<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(7,256,023)</b>
	<b>43,912,563</b>	<b>(7,256,023)</b>
	<b>CASH &amp; EQUIVALENTS:</b>	
	<b>BEGINNING OF YEAR</b>	
	<b>37,012,726</b>	<b>44,268,749</b>
	<b>END OF YEAR</b>	
	<b>\$ 80,925,289</b>	<b>\$ 37,012,726</b>

**CSAC EXCESS INSURANCE AUTHORITY  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating Loss	\$ (22,086,312)	\$ (43,165,798)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation	263,991	325,178
Changes in Assets and Liabilities		
Accounts and Other Receivables, net	4,931,720	2,125,220
Prepaid Insurance and Expenses	(845,939)	(2,401,497)
Accounts and Other Payables	(5,495,218)	14,857,084
Deferred Income	(2,246,814)	465,274
Claim Liabilities	37,735,961	(40,075,162)
Unallocated Loss Adjustment Expense Payable	1,120,987	9,363,227
Other Liabilities	<u>2,109</u>	<u>41,654</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ 13,380,485</u>	<u>\$ (58,464,820)</u>
<b>NONCASH INVESTING, CAPITAL &amp; FINANCING ACTIVITIES</b>		
Changes in unrealized gains (loss) on investments	<u>\$ (1,059,536)</u>	<u>\$ (250,351)</u>

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

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 CSAC Excess Insurance 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. 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, 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 consisting 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.

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 54 member counties. Each county member is entitled to appoint one representative to the Board of Directors. 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.

The following number of members participated in Authority programs, as of June 30, 2011 and 2010:

	2011	2010
Primary Workers' Compensation	42	40
Excess Workers' Compensation	165	161
Primary General Liability	29	30
General Liability I	101	97
General Liability II	11	12
Property	81	78
Medical Malpractice	48	49
EIAHealth	18	15

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

1. Organization and Significant Accounting Policies (continued)

B. Membership (continued)

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 it is determined that excess contributions are available, a dividend may be declared. Each member shall be eligible for a portion of the dividend, as determined by the Board of Directors.

Members may withdraw from the Authority only at the end of a policy period and only if a 60 day written advance notice is given. The Authority may cancel a membership at any time, upon two-thirds vote of the Board of Directors 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 canceled 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 general administration program and a building program for the office facility it owns. Each program has established separate program accounts to independently evaluate each program on its own. Each program is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, net assets, 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 accounting and financial reporting principles. As a governmental entity, the Authority follows the accounting standard hierarchy established by the GASB. However, since the Authority operates proprietary activities, which are usually thought to be business-type activities (enterprise fund accounting), applicable statements and interpretations of the Financial Accounting Standards Board (FASB) issued before November 30, 1989 may apply, unless they conflict with or contradict GASB pronouncements. The Authority has elected not to apply FASB pronouncements issued after November 30, 1989.

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. Member premium revenues are recognized over the contract period, in proportion to the risk protection provided. All other revenue is recognized when earned. Major revenue accrual entries include member premium receivable and investment income receivable in the EIA Treasury. Expenses are recognized when goods or services are received, or in the case of claims, when the insured event occurs. Major expense accrual entries include liabilities for reported claims and liabilities for claims incurred but not reported.

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

1. Organization and Significant Accounting Policies (continued)

C. Significant Accounting Policies (continued)

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 EIA 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. Non-current due from Members is a long term note between the Authority and Tuolumne County, executed on April 15, 2008 and funded on February 11, 2009. The terms of the note are as follows: due in 5 years and simple interest due based on the Authority's inter-fund borrowing rate each year. After credit for payments of interest and principal during the year, the note balance is \$5,047,289, including interest of \$126,079. The terms and conditions of the note were authorized at the March 2008 Board meeting. The June 30, 2011 and 2010 accounts receivable portfolio was as follows:

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Current Receivables:		
Due from Members		
Premiums	\$ 14,108,442	\$ 12,901,844
Other Member Receivables	50,650	245,361
Total Due from Members	<u>14,159,092</u>	<u>13,147,205</u>
Investment Income Receivable	2,761,445	3,795,325
Re-Insurance Claims	6,788,843	11,060,472
Other Receivables	69,397	162,879
Total Current Receivables	<u>23,778,777</u>	<u>28,165,881</u>
Non-current Receivables:		
Due from Members	<u>5,047,763</u>	<u>6,626,259</u>
Total Non-current Receivables	<u>5,047,763</u>	<u>6,626,259</u>
TOTAL RECEIVABLES	<u>\$ 28,826,540</u>	<u>\$ 34,792,140</u>

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

1. Organization and Significant Accounting Policies (continued)

C. Significant Accounting Policies (continued)

Interest on investments is recorded in the year the interest is earned, and is considered 100% collectible. The June 30, 2011 and June 30, 2010 balances in the other receivable accounts are considered 100% collectible.

Prepaid Expenses

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

Capital Assets

Capital assets include furniture, equipment, software, tenant improvements, building and amortizable lease acquisition costs with an individual cost of \$500 or more. Capital assets are recorded at cost. Expenditures 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. Lease acquisition costs are amortized over the term of the lease.

Deferred Income

Deferred income includes payments from members for insurance premium or contributions for retained risk received, but not earned until a subsequent accounting period.

Unallocated Loss Adjustment Expenses Payable

Unallocated loss adjustment expenses include costs that cannot be specifically associated with particular claims, but are related to claims paid or the process of claims settlement.

A provision for unallocated loss adjustment expenses has been recognized based on an identification of future unallocated expenses, then determining the relationship between these costs and claim liabilities.

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Primary Workers' Compensation	\$ 23,562,790	\$ 22,932,881
Excess Workers' Compensation	10,732,360	10,682,360
Primary General Liability	283,694	232,191
General Liability I	1,990,903	1,739,787
General Liability II	352,571	307,658
Property	78,618	68,197
Medical Malpractice	1,456,326	1,373,201
Totals	<u>\$ 38,457,262</u>	<u>\$ 37,336,275</u>

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

1. Organization and Significant Accounting Policies (continued)

C. Significant Accounting Policies (continued)

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 for \$237,876 for vacation pay has been computed and recorded, based on the unused days multiplied by the current daily rates of pay. At June 30, 2011, the current portion of the liability is \$47,575 and the balance of \$190,301 is considered long term.

	Fiscal Year Ended	
	June 30, 2011	June 30, 2010
Beginning Balance	\$ 235,767	\$ 157,242
Increases	256,086	227,382
Decreases	(253,977)	(148,857)
Ending Balance	\$ 237,876	\$ 235,767
Current Portion	\$ 47,575	\$ 47,153
Long Term Portion	\$ 190,301	\$ 188,614

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.

Pensions

The provision for pension cost is recorded on an accrual basis, and the Authority's policy is to fund pension costs as they accrue. Refer to Note 7 for pension details.

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.
- Non-operating revenues: Non-operating 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.

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

1. Organization and Significant Accounting Policies (continued)

C. Significant Accounting Policies (continued)

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. If the Authority's Board of Directors determines that the insurance funds for a program are insufficient to pay losses, fund known estimated losses and fund estimated losses, which have been incurred but not reported, the Authority may impose a supplemental assessment on all participating members. Supplemental assessments are recognized as income in the period assessed. Workers' compensation program contributions for retained risk 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 and allocated claims adjustment expenses.

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. The amount of settlements did not exceed insurance coverage in each of the past three years.

Services

Services donated by many officers and directors 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.

Income Taxes

The Authority is a political subdivision of the State of California, and is not liable for federal or state income taxes. The Authority is liable for certain payroll taxes.

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

1. Organization and Significant Accounting Policies (continued)

C. Significant Accounting Policies (continued)

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 Assets

Net assets represent the investment of capital assets of \$9,181,260, net of accumulated depreciation, and unrestricted net assets of \$95,133,379 as of June 30, 2011, for a total of \$104,314,639. The net assets as of June 30, 2010 were \$118,357,605. The net assets balances are available for future operations or distribution. Managerial plans have identified specific purposes for \$37,322,809 as of June 30, 2011, and \$50,728,198 as of June 30, 2010. These specific plans are as follows:

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Net Assets Designated by Managerial Plans:		
Reserved for PWC TPA Conversion Project	900,623	\$ 815,143
Excess Workers' Compensation Available for Claims	3,804,967	24,833,727
General Liability I Available for Claims	30,337,577	22,541,929
Property Risk Management Services	124,815	89,169
Designated for Risk Management Dividend	408,475	399,014
General Administration		
Loss Prevention Subsidies	1,553,132	1,379,525
Equipment Replacement		319,136
Self Insurance Retention (SIR)	193,220	188,528
Building Maintenance		162,027
Total Net Assets Designated by Managerial Plans	<u>37,322,809</u>	<u>50,728,198</u>
Other Net Assets:		
Invested in Capital Assets, Net of Related Debt	9,181,260	10,706,672
Unrestricted Net Assets	57,810,570	56,922,735
Total Unrestricted Net Assets	<u>66,991,830</u>	<u>67,629,407</u>
Total Net Assets	<u>\$ 104,314,639</u>	<u>\$ 118,357,605</u>

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

2. Cash

A. Petty Cash

The Authority maintains a petty cash account of \$300.

B. Cash and Cash Equivalents

Cash and cash equivalents as of June 30, 2011 and 2010 are reported at fair value and consist of the following:

	June 30, 2011	June 30, 2010
Petty Cash	\$ 300	\$ 300
Cash in Banks		
Primary Workers' Compensation Checking	4,491,658	2,394,135
Primary General Liability Checking	1,258,028	776,620
Iron Point Checking	75,629	82,891
	<u>5,825,315</u>	<u>3,253,646</u>
Cash in EIA Treasury		
Cash in Bank, General Checking	3,041,868	2,940,128
Treasury Money Market	25,226,377	1,526,417
State of California, Local Agency Investment Fund	46,831,429	29,292,235
	<u>75,099,674</u>	<u>33,758,780</u>
Total Cash in EIA Treasury	<u>75,099,674</u>	<u>33,758,780</u>
Total Cash and Cash Equivalents	<u>\$ 80,925,289</u>	<u>\$ 37,012,726</u>

C. Custodial Credit Risk

The carrying amount of the Authority's total cash in banks was \$34,093,560 at June 30, 2011, and \$7,637,301 at June 30, 2010. The bank balance, or the balance at risk, was \$38,368,754 net of \$250,000 per bank of FDIC insurance at June 30 2011; and \$14,652,159 at June 30, 2010. 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.

D. 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.

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

2. Cash (continued)

D. Authority Treasury (continued)

Authority treasury accounts were comprised of the following:

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Cash In Banks	\$ 28,268,246	\$ 4,466,545
Cash in State of California		
Local Agency Investment Fund	46,831,429	29,292,235
Investments	376,301,475	396,494,908
Investment Income Receivable	2,761,445	3,795,325
Note Receivable & Misc Due from Members	5,047,763	6,626,259
Total Treasury Assets	<u>\$ 459,210,358</u>	<u>\$ 440,675,272</u>

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Excess Workers' Compensation	\$ 260,595,396	\$ 258,522,748
Primary Workers' Compensation	82,590,125	70,558,987
Employee Benefits	10,276,280	6,044,969
EIAHealth	8,927,516	14,388,529
General Liability I	110,984,377	99,414,023
General Liability II	24,894,434	20,199,805
Primary General Liability	3,264,942	3,056,355
Miscellaneous Programs	(42,118)	(622,592)
Property	(72,706,668)	(64,317,547)
Medical Malpractice	31,955,091	35,547,505
General Administration	7,246,318	6,310,241
Building Funds	(8,775,335)	(8,427,751)
Total Treasury Balances	<u>\$ 459,210,358</u>	<u>\$ 440,675,272</u>

3. Investments

The Authority'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, FHLMC), negotiable certificates of deposit, bankers' acceptances, commercial paper and medium-term 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.

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

3. Investments (continued)

The EIA investment policy places a limit on the purchase of debt of any federal government agency of 30% of available funds (book values of securities in the portfolio plus cash and cash equivalents). Purchases of medium-term notes (corporate notes) are limited to 30% of available funds and a minimum rating of A by a nationally recognized rating service (Moody's, Standard and Poor's or Fitch). Purchases of notes from an individual issuer are limited to a maximum of 5% of available funds. Purchases of commercial paper are limited to 25% of available funds, and must be assigned the highest rating offered by Moody's (MIG-1) or Standard and Poor's (SP-1). Any debt, other than commercial paper, must also be assigned a Moody's or Standard and Poor's rating of A or better. Purchases from an individual issuer are limited to 5% of available funds. All restrictions are applicable at the time of purchase.

A. Investment Credit Risk

The investments in the Authority Treasury at June 30, 2011 and 2010 are summarized below. The credit quality rating used is Standard and Poor's, a nationally recognized rating agency.

Investments	Credit Quality Rating	Interest Rates	June 30, 2011			June 30, 2010	
			Fair Value	Book Value	%	Fair Value	%
U.S. Treasury Notes	AAA	1.125-2.25	\$ 45,517,458	\$ 45,258,557	12%	\$ 33,413,311	8%
U.S. Agencies	AAA	.98-6.79	232,370,711	230,361,594	62%	211,615,259	53%
Corporate Mid Term Notes	AAA to A+	4.3-8.125%	63,200,419	62,232,505	17%	98,709,248	25%
Corporate Mid Term Notes	A	5.3-6.6	31,159,450	30,826,112	8%	46,997,130	12%
Corporate Mid Term Notes	BBB-	4.75%	4,045,000	3,990,138	1%	3,785,000	1%
Stock	NA	NA	8,438	8,438	0%	-	0%
Issue In Default-see Footnote 3	no rating	0%	-	-	0%	1,974,960	0%
<b>Total Investments</b>			<b>\$ 376,301,475</b>	<b>\$ 372,677,344</b>	<b>100%</b>	<b>\$ 396,494,908</b>	<b>100%</b>

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 must be approved by the Authority's Finance Committee. Maturities of investment held at June 30, 2011, consist of the following:

	Fair Value	Less than 1 Year	One to Five Years	Time to Maturity
U.S. Treasuries	\$ 45,517,458	\$ 24,210,111	\$ 21,307,347	1.36
U.S. Agencies	232,370,711	107,279,326	125,091,385	1.34
Corporate Mid Term Notes	98,404,869	43,969,834	54,435,035	1.10
Stock	8,438	8,438	N/A	N/A
<b>Totals</b>	<b>\$ 376,301,475</b>	<b>\$ 175,467,709</b>	<b>\$ 200,833,767</b>	<b>1.28</b>

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

3. Investments (continued)

B. Investment Interest Rate Risk (continued)

The Authority recognizes all investments at fair value in accordance with GASB Statement 31. Fair value equals estimated market values obtained from FT Interactive Data's 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 \$1,059,536 of unrealized loss for the year ended June 30, 2011. In the year ended June 30, 2010, \$250,351 of unrealized loss was recognized.

The calculation of unrealized losses is shown in the following tables:

	June 30, 2011	June 30, 2010
Fair Value at June 30,	\$ 376,301,475	\$ 396,494,908
Add: Proceeds of Investments Sold	298,458,539	312,162,485
Less: Cost of Investments Purchased	(279,324,642)	(267,767,583)
Less Fair Value at July 1	(396,494,908)	(441,140,161)
Change in Fair Value	\$ (1,059,536)	\$ (250,351)

	Beginning Fair Value			Subtotal	Ending Fair Value		Change in Fair Value
	At July 1, 2010	Purchases	Sales		At June 30, 2011	Fair Value	
U.S. Treasuries	\$ 33,413,311	\$ 31,689,219	\$ 19,706,835	\$ 45,395,694	\$ 45,517,458	\$ 121,763	
U.S. Agencies	211,615,259	195,124,485	184,227,249	\$ 222,512,495	232,370,711	9,858,216	
Corporate MTNs	149,491,378	32,354,400	71,776,354	\$ 110,069,424	98,404,869	(11,664,555)	
CA State Revenue Bonds	-	20,148,100	20,148,100	\$ 0	-	(0)	
Stock	-	8,438	-	\$ 8,438	8,438		
Lehman Issue in Default	1,974,960	-	2,600,000	\$ (625,040)	-	625,040	
Totals	\$ 396,494,908	\$ 279,324,642	\$ 298,458,539	\$ 377,361,011	\$ 376,301,475	\$ (1,059,536)	

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

3. Investments (continued)

C. Concentration of Credit Risk

The Authority'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	30%	100%
Commercial Paper	5%	25%
Bankers' Acceptances	5%	40%
Corporate Mid Term Notes	10%	30%
Time		
Certificates of Deposit	5%	50%
Municipal Bonds	varies by state	30%
Repurchase Agreements		
30 days or less	10%	100%
Greater than 30 days	5%	100%

Investments with one institution that represent five percent 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 have been excluded.

Issuer	Number of Securities	Fair Value	Percentage of Total Portfolio
Federal Home Loan Mortgage Corporation	7	\$ 67,732,611	18.00%
Federal Farm Credit Bank	6	\$ 56,204,685	14.94%
Federal Home Loan Bank	5	\$ 47,307,156	12.57%
Federal National Mortgage Association	4	\$ 40,734,390	10.82%
Tennessee Valley Authority	2	\$ 20,391,869	5.42%

D. 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 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 Pooled Money Investment Board has established policies, goals and objectives to make certain that their goal of safety, liquidity, and yield are not jeopardized and that prudent management prevails. LAIF has a continuing audit process throughout the year. The State Controller's Office, as well as an in-house audit process involving three separate divisions, audits all investments on a daily basis.

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
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3. Investments (continued)

D. California's Local Agency Investment Fund (LAIF) (continued)

The total carrying cost of LAIF's pooled money investment account at June 30, 2011, is \$66,352,783,816. The fair value is estimated at \$66,489,270,507, or 1.002057% of cost. The average maturity of LAIF investments is 237 days at June 30, 2011.

The Authority's balance in LAIF at June 30, 2011, was \$46,831,429, 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, 2010, was \$29,292,235, and was also valued at LAIF's cost. LAIF is not rated by the investment rating firms.

E. Lehman Brothers Bonds

On September 15, 2008, Lehman Brothers entered Chapter 11 Bankruptcy proceedings as a result of the subprime mortgage crisis. The EIA owned two bonds each, with a par value of \$5,000,000, which matured in the fiscal year ending June 30, 2011. Because of the permanent decline in market value of these bonds, the EIA recognized a realized loss of \$8,585,041 during the year ended June 30, 2009. This was the difference between our book value of \$9,885,041 and the December 31, 2008 market value of \$1,300,000. At June 30, 2010, the bonds' market value had increased to \$1,974,960 from \$1,474,980 at June 30, 2009, and this increase was included in the unrealized gains at June 30, 2010. The EIA received \$2,600,000 when the bonds were sold in the fiscal year ending June 30, 2011, thus recovering an additional \$625,040 as shown in the table under footnote 3.B.

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. The length of time in which such cost must be estimated, varies depending on the coverage involved. Because actual claims cost depends on such complex factors as inflation, changes in doctrines of legal liability and damage awards, the process used in computing claims 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.

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

4. Claim Liabilities (continued)

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

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Unpaid claims and claim adjustment expenses at the beginning of the fiscal year	\$ 383,680,573	\$ 414,392,507
Incurred claims and claim adjustment expenses:		
Provision for Retained Risk of the current fiscal year	92,111,473	86,334,610
Increase in Provision for Retained Risk of prior fiscal years	33,459,613	40,246,309
Total incurred claims and claim adjustment expenses	<u>125,571,086</u>	<u>126,580,919</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	31,194,458	10,064,600
Claims and claim adjustment expenses attributable to insured events of the prior fiscal years	55,519,680	147,228,253
Total Payments	<u>86,714,138</u>	<u>157,292,853</u>
Total Unpaid claims and claim adjustment expenses at the end of the fiscal year	<u>\$ 422,537,521</u>	<u>\$ 383,680,573</u>
Reported Claims	\$ 244,029,240	\$ 238,754,748
Incurred But Not Reported Claims	140,051,019	107,589,550
Unallocated Loss Adjustment Expenses	38,457,262	37,336,275
Total Claim Liabilities	<u>\$ 422,537,521</u>	<u>\$ 383,680,573</u>
Current Claim Liabilities	\$ 60,925,183	\$ 59,892,736
Non-current Claim Liabilities	361,612,338	323,787,837
Total Claim Liabilities	<u>\$ 422,537,521</u>	<u>\$ 383,680,573</u>

The Board of Directors of the Authority elected to establish claim liabilities at a level which includes investment income on monies set aside to pay claims that are on a discounted basis. For fiscal year 2010/11, estimates of claim liabilities are discounted based on the estimated investment income yield. Total claim liabilities at June 30, 2011 of \$560,072,973 have been presented at the net present value of \$422,537,521. At June 30, 2010, claim liabilities of \$518,381,505 are presented at their present value of \$383,680,573, discounted based on the estimated investment income yield.

We recently evaluated the discount rate for the Excess Worker's Compensation Program, the General Liability I Program and the Medical Malpractice Programs. In these programs, claim liabilities are paid off over a longer period of time and we have changed the discount rate infrequently. However, our investments are yielding less than the discount rate, and have been since the recession began in 2008, and now it appears investment yields will not recover to previous levels in the short term. Because of the extremely low yield on our investments, we had our actuary conduct an analysis of the payout patterns on these claims and evaluate the sensitivity of the discount rate. Our analysis led us to lower the discount rate in the Excess Worker's Compensation Program to 4.27%, down from 5%, in the General Liability Program to 2.74%, down from 4% and in the Medical Malpractice Program to 1.92%, down from 4%. The rates vary because they are impacted both by earnings and by the payout pattern on the claims.

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

4. Claim Liabilities (continued)

The estimated future earnings rates used in the analysis were:

2011/12	1.45%
2012/13	1.25%
2013/14	1.50%
2014/15	2.50%
2016/17	4.00%
2017/18	5.00%
2018/19	6.00%
2019/20	7.00%
Thereafter	7.00%

The Underwriting and Executive Committees establish the discount rate and funding for the Excess Workers' Compensation Program and the General Liability I Program, and the Medical Malpractice Committee establishes the discount rate and funding for the Medical Malpractice Program. These Committees will continue to watch our investment yields and evaluate the appropriateness of discount rates applied to claim liabilities and prospectively to future funding.

The discount rate for each program is as follows:

<u>Program</u>	<u>Discount rate</u>
Primary Workers' Compensation	2%
Excess Workers' Compensation	4.27%
General Liability I	2.74%
General Liability II	no discount
Property	no discount
Medical Malpractice	1.92%
Dental	no discount

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

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Primary Workers' Compensation	\$ 35,670,993	\$ 32,460,554
Excess Workers' Compensation	256,818,432	228,131,958
Primary General Liability	289,605	281,631
General Liability I	80,417,817	76,068,716
General Liability II	23,792,363	18,027,184
Property	1,783,464	6,747,688
Medical Malpractice	21,019,735	21,174,974
Dental	2,745,112	787,868
Total Claim Liabilities	<u>\$ 422,537,521</u>	<u>\$ 383,680,573</u>

A. Primary Workers' Compensation

The Primary Workers' Compensation (PWC) Program was established on July 1, 1997. PWC is a full service program including claims administration. The Program blends pooling of workers' compensation claims with purchasing an excess insurance policy. The Program covers workers' compensation claims up to \$125,000 per occurrence. Claims in excess of \$125,000 are the responsibility of the Authority's Excess Workers' Compensation Program.

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
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4. Claim Liabilities (continued)

A. Primary Workers' Compensation (PWC) (continued)

The PWC Program has an aggregate stop loss policy in place with Munich American Risk Partners for the years 1997 to 2004, as well as portfolio transfers that took place for claims prior to July 1, 1997. Workers' compensation portfolio claims, incurred by the Santa Cruz County Fire Agencies Insurance Group prior to June 30, 2002, are not covered by any reinsured aggregate stop loss. The estimated ultimate claim cost has exceeded the aggregate stop loss limit. The discounted liability above the aggregate stop loss limit is \$3,512,177.

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 transfer price was \$91,600,000. 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.

For the 2010/11 policy year, the Authority purchased excess insurance from CastlePoint for claim liabilities in excess of \$10,000 (per claim) up to \$125,000. At June 30, 2011, the outstanding PWC claim liability was as follows:

Claim Period	Estimated Ultimate Claim Cost	Claims Paid	Discount amount	Ceded Liability	Net Claim Liability
July 1, 1997 to June 30, 2004					
Munich American Risk Partners to attachment point	\$ 260,355,527	\$ 260,355,527	\$ -	\$ -	\$ -
Reinsured layer	38,500,000	16,600,542	-	21,899,458	-
Above reinsured layer	8,834,574	-	5,322,397	-	3,512,177
Santa Cruz Fire Portfolio	9,927,111	9,540,339	125,314	-	261,458
Castlepoint National Insurance Company					
\$0 to \$10,000 of the first \$125,000					
2009/10 policy year	10,786,000	8,672,943	114,105		1,998,952
2010/11 policy year	13,002,000	6,304,731	361,653		6,335,616
<b>Total PWC Claim Liabilities</b>	<b>\$ 341,405,212</b>	<b>\$ 301,474,082</b>	<b>\$ 5,923,469</b>	<b>\$ 21,899,458</b>	<b>\$ 12,108,203</b>

The net PWC claim liability of \$12,108,203 is reported on the balance sheet as \$2,028,952, which is considered to be short-term payable in one year or less and \$10,079,251 as long-term liabilities. Unallocated Loss Adjustment Expense was \$23,562,790, for a total claim liability of \$35,670,993.

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
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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 insurance retention (SIR) up to \$5,000,000. 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 \$1,000,000 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%. Members' SIRs vary between \$125,000 and \$5,000,000 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 \$500,000
- October 6, 1993 to January 1, 1995      SIR to \$750,000
- January 1, 1995 to June 30, 2002      SIR to \$300,000
- July 1, 2002 to June 30, 2008      SIR to \$5,000,000
- July 1, 2008 to June 30, 2010      SIR to \$1,000,000 - 30%-EIA; 70% - American Safety Casualty Insurance Company
- July 1, 2010 to June 30, 2011      SIR to \$1,000,000 - 20%-EIA; 80% - CastlePoint National Insurance Company
- July 1, 2008 to present      100% from \$1,000,000 to \$5,000,000 above the SIR

The net assets in the EWC Program have declined from a high of \$39,000,000 in 2008/09 to \$4,000,000 in the current year, due to both adverse loss development and less than expected earnings on the money set aside to pay claims. In 2004, the Underwriting Committee recommended a number of steps, which were adopted by the Board, to strengthen the Program, starting with a \$9,000,000 supplemental assessment. They also changed the claims administration guidelines to require all members to use the Self Insurance Plan's more conservative reserving model so that reserves are more accurate, increased audit frequency to every two years rather than every three years, and established a Trend Identification Group so that the actuary would have better and more timely information for the claim development models used.

The Underwriting Committee has established the target equity (assets greater than liabilities) range for the Program of between \$29,000,000 and \$55,000,000. 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. First, starting in 2008/09 and continuing to 2009/10, 70% of the first million dollar layer of the pool was reinsured. The percent of reinsurance increased to 80% for the 2010/11 year and continues into the 2011/12 year. This transfer of risk eliminates the effect of adverse loss development in this insured layer. Also in the 2011/12 renewal, we have capped the pool's exposure in the \$4,000,000 excess of \$1,000,000 layer at \$3,500,000, further decreasing the pool exposure to adverse loss development.

The decline in interest rates since the beginning of the recession in 2008 has been unprecedented. The Underwriting Committee will continue to closely watch interest rates going forward and address the discount rate applied to claim liabilities and in setting pool premiums on a go forward basis. The Board also has the option to increase pool funding by declaring a supplemental assessment, should the need arise.

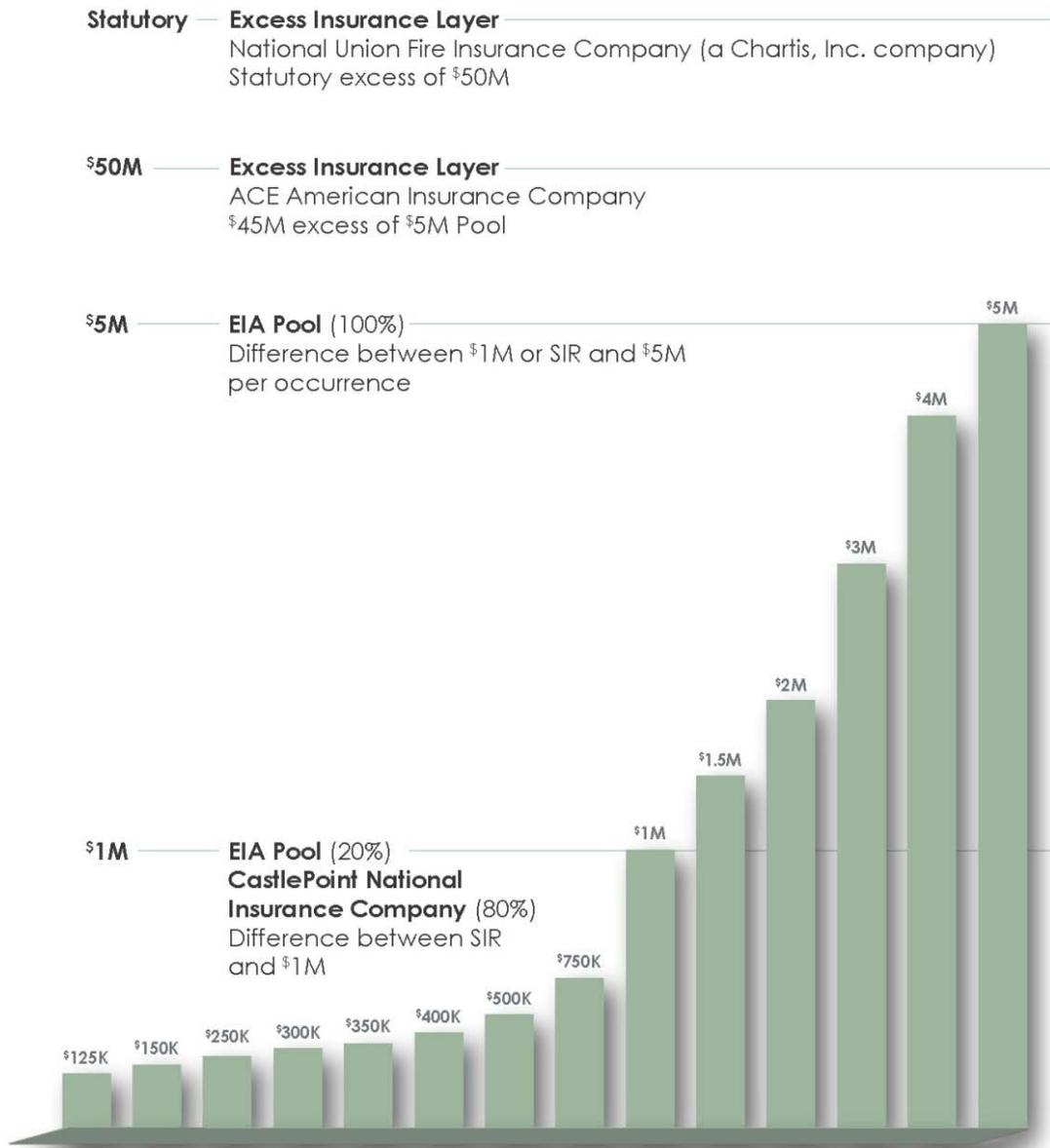
**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
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4. Claim Liabilities (continued)

B. Excess Workers' Compensation (continued)

The chart below shows the current structure of the Program.

Excess Workers' Compensation  
2010/2011



**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
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4. Claim Liabilities (continued)

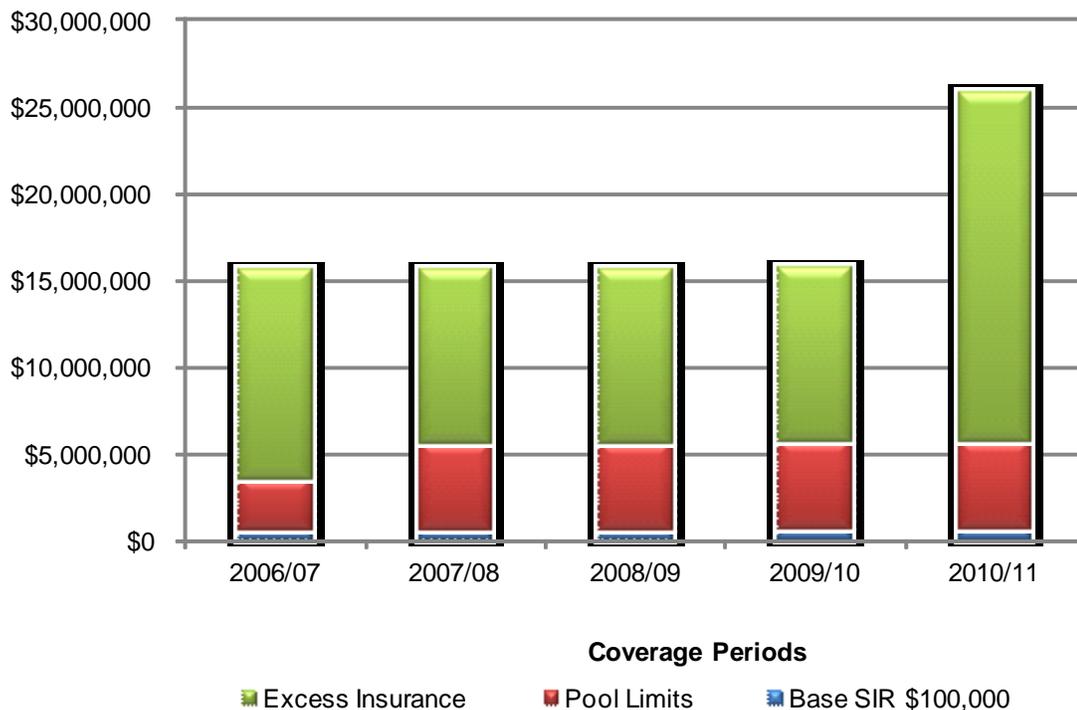
C. Primary General Liability

The Primary General Liability (PGL) Program was established in 1998. Each member of the PGL Program has a \$10,000 deductible, per claim. Claim costs above the \$10,000 deductible, and below the \$100,000 limit, are the responsibility of the Authority's PGL Program. Effective July 1, 2004, coverage was underwritten by the Authority and reinsured by Imagine Insurance Company, Limited (Imagine) through April 30, 2010, at which time the policy with Imagine was cancelled and coverage was bound with ACE Insurance Company. Coverage in the primary layer is written to follow the form of the General Liability I Program.

For periods prior to July 1, 2004, the PGL Program's liability was limited by the purchase of aggregate stop loss coverage from various carriers.

D. General Liability I

The Authority's General Liability I (GLI) Program began pooling risk on July 1, 1985. The GLI Program combines risk retention, risk pooling and the purchase of excess reinsurance. Each member maintains an SIR between \$25,000 and \$1,000,000. The SIR is established at the approval of each member by the Authority's Underwriting Committee into the Program. The Authority retains responsibility for liability claims in excess of each member's SIR. Claim liabilities are recognized based on the actuarial estimate of the expected ultimate claim cost, discounted at 2.74%. 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. For the 2010/11 fiscal year, the Authority retained the risk of \$5M (inclusive of the members' SIR) and purchased reinsurance from \$5M up to \$25M. The Program limits for the past five years are illustrated in the following chart:



**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
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4. Claim Liabilities (continued)

E. General Liability II

The General Liability II (GLII) 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 self insured retention (SIR) ranging from \$1M to \$4M (\$5M for the year ended June 30, 2010). Claims in excess of the member's SIR are covered by the combination of a Corridor Deductible with an Aggregate Stop loss policy and \$25M of reinsurance over the member's SIR for the year ended June 30, 2011 (\$15M for the year ended June 30, 2010). The Corridor Deductible for the year ended June 30, 2011 was \$8,578,800. The Corridor Deductible for the year ended June 30, 2010 was \$8,700,000. Optional excess insurance was available to increase coverage to \$35M, in excess of the GLII Program, for the years ended June 30, 2011 and 2010. Premiums, revenues, and expenses for the optional excess coverage are accounted for in the Miscellaneous Programs.

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 (including flood) and earthquake limits. Members are responsible for deductible limits ranging from \$5K to \$150K. In March 2011, the primary insurance policy was cancelled and rewritten for a three-year term, with pool limits of \$3M per claim and \$10M aggregate for the policy year April 1, 2011 – March 31, 2012. The Program provides \$610M (\$602.5M for the policy year ending March 31, 2011) in additional excess layers of all risk coverage (including flood), excluding earthquake. For purposes of excess coverage, member property is divided into eight placements of "towers" to spread exposures around the State as follows:

	Property Tower Structure	
	April 1, 2011 to March 31, 2012	April 1, 2010 to March 31, 2011
Five towers with:		
Earthquake coverage in each tower	\$82.5 million	\$82.5 million
Additional rooftop earthquake limit	\$225 million	\$225 million
One tower dedicated to Zone II members		
with earthquake limit	\$25 million	\$25 million
One tower with earthquake limit	\$105 million	\$60 million
One tower dedicated to Orange County		

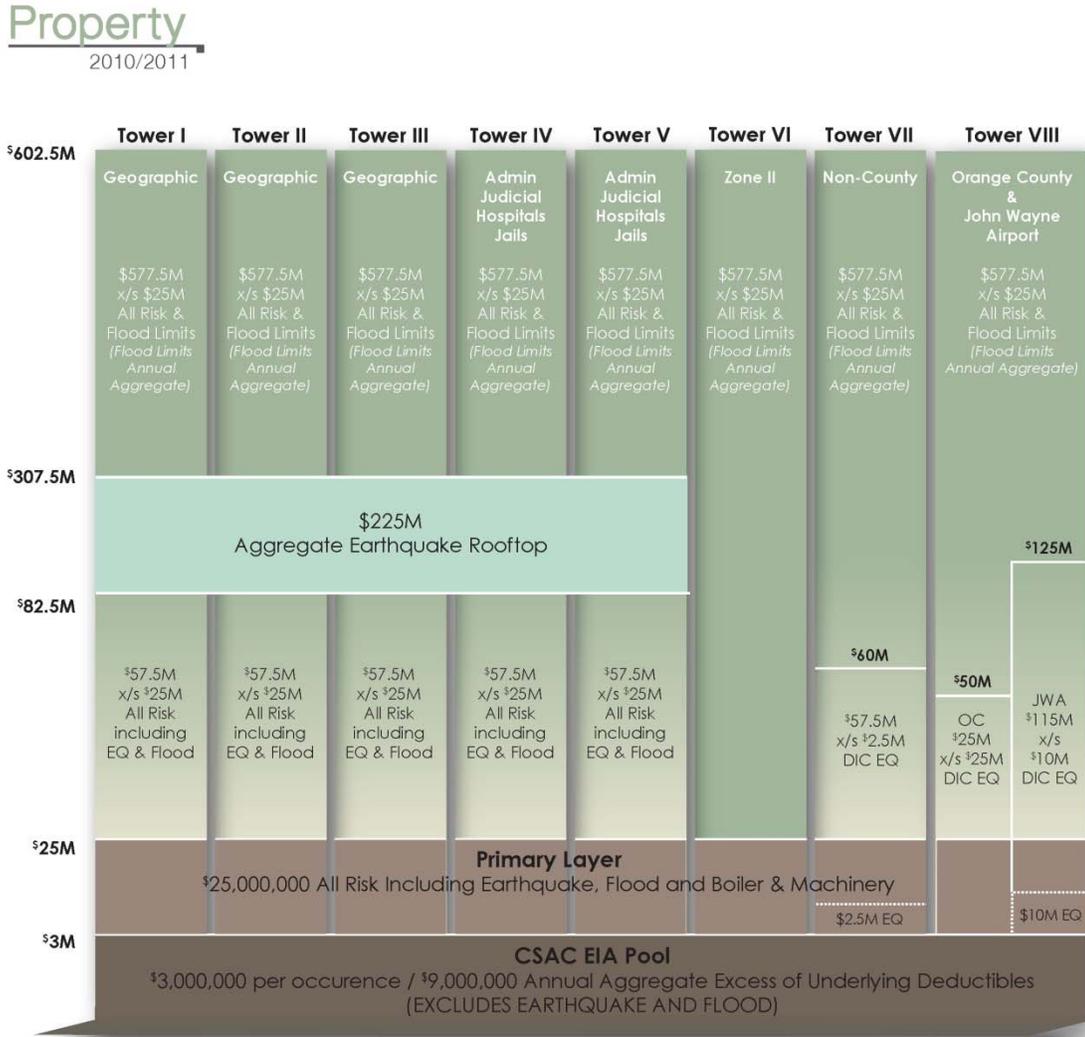
There are other unique deductible requirements for specific types of claims including a 5% deductible applicable to earthquake claims. Optional coverage is available for contractor's equipment, auto physical damage and fine arts.

**CSAC EXCESS INSURANCE AUTHORITY  
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4. Claim Liabilities (continued)

F. Property (continued)

The structure of the Property Program is as follows:



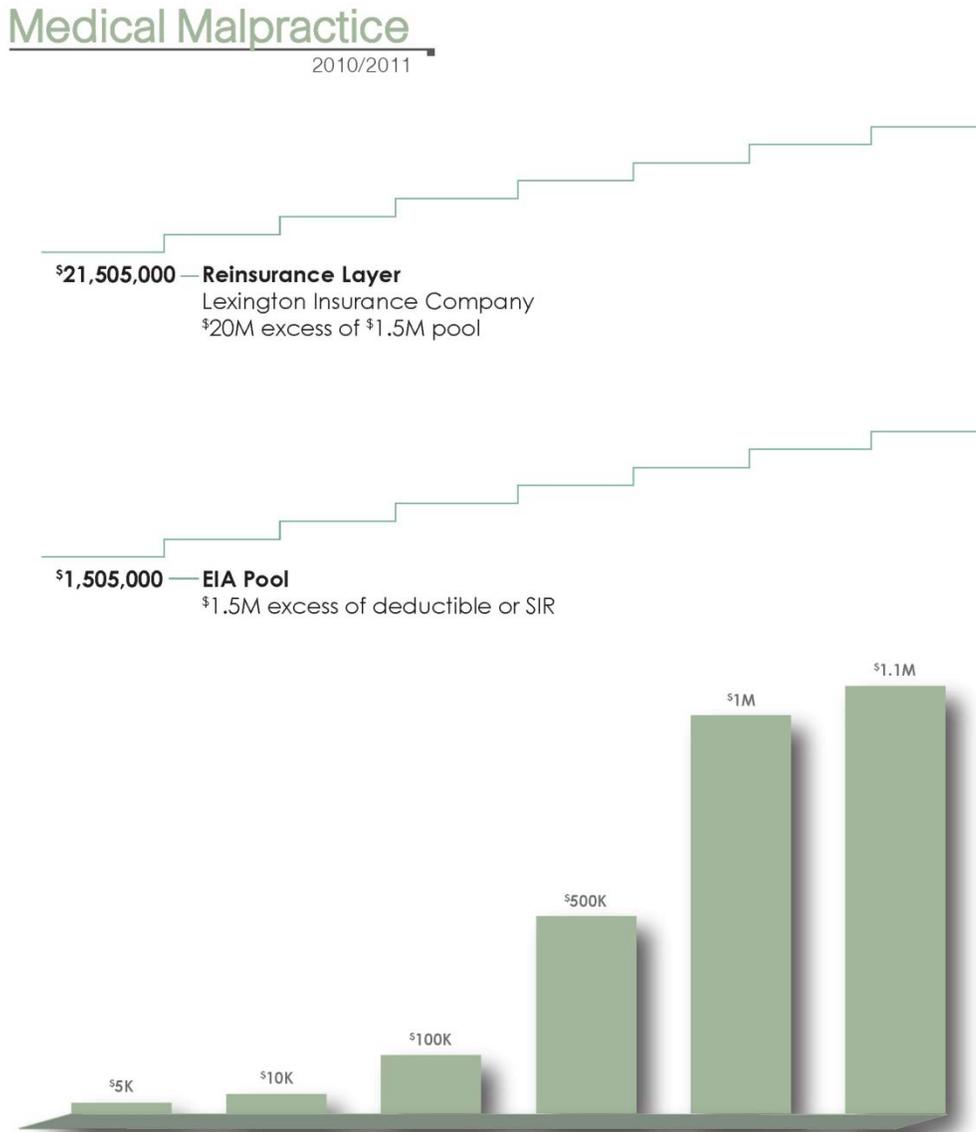
The primary portion of the Property Program requires a three-year pre-payment of the premium. This prepaid insurance was financed, without creating budgetary hardships on members, by using the returned premiums from the canceled policies and resources from the EIA Treasury. Members are billed each July for the coverage period April 1<sup>st</sup> to March 31<sup>st</sup>. Premiums for the period April 1, 2011 to June 30, 2011 have been recognized as a receivable, due from members. At each annual renewal, the Property Program has been re-written, adding another year.

**CSAC EXCESS INSURANCE AUTHORITY  
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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 Program is divided into two groups for underwriting purposes – Program I for larger members with self-insured retentions, and Program II for smaller members with deductibles. The two programs share a common pooling layer designed for potential dividends, risk sharing, and program flexibility. The Program structure is illustrated in the following chart:



**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

4. Claim Liabilities (continued)

G. Medical Malpractice (continued)

Like the General Liability I Program, 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 pool was formed on a "claims-made" basis. Medical Malpractice Program I members have a range of self-insured retention options from \$50K to \$1.1M, which are approved by the Medical Malpractice Committee. Medical Malpractice Program II members can elect deductibles from \$5K to \$10K.

Since October 1, 2000, the entire excess layer had been placed with Lexington Insurance Company. At the October 1, 2009 renewal, the excess layer was split with a \$10K per occurrence, and a \$25M program annual aggregate with Lexington Insurance Company, and the second \$25M excess of \$25M with Illinois Union, an ACE Company. On October 1, 2010, Lexington Insurance Company replaced ACE Company for the excess layer with limits of \$25M on an occurrence basis. The excess layers were previously on a "claims-made" basis, but were changed to an "occurrence" basis with the October 1, 2010 renewal.

H. EIAHealth

The EIAHealth Program was launched on July 1, 2003, with participation from three members, and has now grown to a total of 19 members. At July 1, 2006 the EIA entered into a partnership with Self-Insured Schools of California (SISC) and discontinued their pooled plan. There are no claim liabilities associated with the discontinued plan. The structure of the SISC partnership allows each member to select their limit of coverage with unlimited coverage. As this is a fully insured plan up to the limits of coverage, there is no residual liability that accrues to the EIA, nor is there any EIA equity.

I. Dental

On January 1, 2010, the Authority offered a new, pooled Dental plan that can accommodate various member driven plan designs. Claim liabilities are very predictable based on capped benefits. The claim liability at June 30, 2011 is \$2,745,112, undiscounted and is considered short term.

5. Capital Assets

Capital assets include land, buildings, tenant improvements, furniture, equipment and software assets. Capital assets are defined as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of one year.

In January of 2010, the Authority completed the acquisition of the building at 75 Iron Point Circle, with furniture and equipment being purchased for the new offices. Additionally, one entire floor was held for lease, and tenant improvements were placed in service for the leased space. From February 2010 until July 30, 2010, the Gold Canal Building was not occupied by the EIA and was listed as for sale or lease. All of the office modules were also left in the building and included in the offering. The building and the office modules were sold on July 30, 2010 for a sale price of \$1.7M with a net gain of \$508,029. A Building Dividend of \$2,318,071 was declared at the October 1, 2010 Board meeting, and paid in December 2010.

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

5. Capital Assets (continued)

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

	<u>June 30, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2011</u>
Land	\$ 1,160,000	\$ -	\$ (160,000)	\$ 1,000,000
Depreciable Assets:				
Buildings and Tenant Improvements	9,788,334	-	(1,700,054)	8,088,280
Furniture and Equipment	1,273,758	59,798	(213,456)	1,120,100
Software	276,592	-	-	276,592
Lease Acquisition Costs	127,291	-	-	127,291
<b>Total Depreciable Assets</b>	<b>11,465,975</b>	<b>59,798</b>	<b>(1,913,510)</b>	<b>9,612,263</b>
Less Accumulated Depreciation	(1,919,303)	(490,014)	978,314	(1,431,003)
<b>Net Depreciable Assets</b>	<b>9,546,672</b>	<b>(430,216)</b>	<b>(935,196)</b>	<b>8,181,260</b>
<b>Net Land, Buildings and Equipment</b>	<b>\$ 10,706,672</b>	<b>\$ (430,216)</b>	<b>\$ (1,095,196)</b>	<b>\$ 9,181,260</b>

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 Funds. Total accumulated depreciation is reported as follows:

	<u>Balance at June 30, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2011</u>
Accumulated Depreciation Detail				
Buildings and Tenant Improvements	\$ (977,021)	\$ (337,427)	\$ 822,531	(491,917)
Furniture and Equipment	(696,211)	(123,307)	155,783	(663,735)
Software	(238,532)	(10,938)	-	(249,470)
Lease Acquisition Costs	(7,539)	(18,342)	-	(25,881)
<b>Total</b>	<b>\$ (1,919,303)</b>	<b>\$ (490,014)</b>	<b>\$ 978,314</b>	<b>\$ (1,431,003)</b>

The Authority has not incurred any interest cost that is required to be capitalized in accordance with FASB-34 or FASB-62.

Depreciation is calculated using the straight-line method. The useful life for major classes of fixed assets is as follows:

	<u>Useful Life</u>
Buildings	40-60 years
Excess Insurance Authority Tenant Improvements	10-25 years
Tenant Improvements of Leased Space (over term of lease)	5-11 years
Furniture	7 years
Copiers and Telephone Equipment	5 years
Computers and Software	3 years

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

6. Operating Leases

The Authority has leased 94% 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 from 5 to 10 years, with some of the shorter leases having additional options to extend, but none exceeding 10 years. The cost of tenant Improvements for the space under lease is \$999,498, with accumulated depreciation of \$217,935. The cost of the building and improvements under lease is \$3,659,389, with accumulated depreciation of \$298,223. The following is the schedule of lease revenue receivable under these operating leases:

Anticipated Operating Lease Revenues for fiscal year ending June 30,

	2012	\$	474,875
	2013		485,208
	2014		495,541
	2015		479,629
	2016 to 2020		675,992
			675,992
Total Lease Revenues		\$	2,611,244

7. Pension Plan

Qualified employees are covered under the Miscellaneous Plan of the Authority; a cost sharing multiple-employer defined benefit pension plan maintained by the California Public Employees Retirement System (CalPERS), an agency of the State of California.

A. Plan Description and Provisions

The Authority contributes to CalPERS. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. In the 2% at age 55 plan, a member becomes eligible for service retirement upon attainment of age 50 with at least five years of credited service. The service retirement benefit calculated for service earned by this group of employees is a monthly allowance equal to the product of the years of service, final compensation and benefit factor. The benefit factor (1.426%-2.418%) depends on the member's age at retirement and is two percent at 55 years. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. State statute and Authority policy establish benefits provisions and all other requirements. Copies of CalPERS' annual financial report may be obtained from their executive office, 400 Q Street, Sacramento, California 95814.

B. Funding Policy

Participants are required to contribute 7% of their annual covered salary. The Authority makes the contribution required of certain EIA employees on their behalf for their account. The Authority is required to contribute at an actuarially determined rate. The Authority's contribution rates, on covered payroll for all employees, are 10.559% for the 2007/08 year; 10.830% for the 2008/09 year; 10.892% for 2009/10; and 11.185% for 2010/11. The contribution requirements of plan members and the Authority are established, and may be amended, by CalPERS.

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

7. Pension Plan (continued)

C. Annual Pension Cost

For 2010/11, the Authority's annual pension cost of \$549,482 for CalPERS was equal to the Authority's required and actual contributions. The required contribution was determined as part of the June 30, 2010 actuarial valuation. A summary of principal assumptions and methods used to determine the annual required contribution is shown below.

Valuation Date	June 30, 2010
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll, Closed
Average Remaining Period	18 years, as of the Valuation Date
Asset Valuation Method	15 years, Smoothed Market
Actuarial Assumptions	
Investment Rate of Return	7.75% (Net of administrative expenses)
Projected Salary Increases	3.00% to 14.45% depending on age, service and type of employment
Inflation	3.00%
Payroll Growth	3.25%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation component of 3.00% and an annual production
Post-retirement Benefit Increases	4% annually adjusted, not to exceed the cumulative change in the Consumer Price Index since the date of retirement

Additionally, in 2010/11 the Authority paid off the balance in its side fund of \$271,991 in lieu of paying annual installments, including interest, at 7.5%. The total retirement expense for 2010/11 was \$821,473.

The Miscellaneous Plan of the Authority had less than 100 active members as of the June 30, 2010 actuarial valuation. As a result, Authority members are required to participate in a larger risk pool, miscellaneous 2% at 55 Risk Pool.

Unfunded liabilities are amortized as a level percent of pay over a closed 20 year period. Gains and losses that occur in the operation of the plan are amortized over a rolling period, which results in an amortization of 10% of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30 year amortization period.

The CalPERS Miscellaneous 2% at age 55 Risk Pool Plan has an unfunded liability of \$362,656,828 as of June 30, 2010, which is the most recent available actuarial report. This liability will be amortized through higher employer pension rates, applied over a 30 year period, as determined by CalPERS. Trend Information for CalPERS Miscellaneous 2% at age 55 Risk Pool is listed below:

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2008/09	\$ 464,570	100%	0
2009/10	510,486	100%	0
2010/11	549,482	100%	0

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

7. Pension Plan (continued)

C. Annual Pension Cost (continued)

The required schedule of funding progress, immediately following the notes to the financial statements, presents information about whether the actuarial value of plan assets is increasing, or decreasing, over time.

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 California Public Employees Retirement System (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.

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 2010	\$105.00 per month
Calendar Year 2011	\$108.00 per month
Calendar Year 2012	\$112.00 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 requires that the unfunded net OPEB obligation be recognized as a liability of the General Administration Program, in accordance with GASB Statement 45. For the year ended June 30, 2011, the Authority's annual OPEB expense was \$66,649 and was equal to the Annual Required Contribution (ARC), adjusted by interest, on the net OPEB obligation and reduced by expense paid in the current year and other required adjustments. The 2010 OPEB expense was \$94,719.

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

8. Other Postemployment Benefits (OPEB) (continued)

B. Funding Policy (continued)

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 2009, 2010 and 2011 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	\$ 70,397	11.57%	\$ 140,653
June 30, 2010	\$ 94,719	7.11%	\$ 228,633
June 30, 2011	\$ 66,649	13.12%	\$ 286,540

The annual required contribution for the fiscal year ended June 30, 2011 and the current net OPEB obligation as of June 30, 2011, were as follows:

Annual Required Contribution	
Normal Cost	\$ 43,752
Amortization of UAAL (30 Years)	24,342
Interest to June 30, 2011 and ARC Adjustment	3,064
Total Annual Required Contribution (ARC)	<u>71,158</u>
Interest on Net OPEB Obligation at beginning of year	10,288
ARC Adjustment for current fiscal year	(14,797)
Less Net Employer Contribution	(8,742)
Balance forward from 2010	228,633
Current Net OPEB Obligation	<u><u>\$ 286,540</u></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, 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.

C. Actuarial Methods and Assumptions

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, 2010 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 4.5% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 9% initially, reduced by decrements to an ultimate rate of 4.5% after eight years. Both rates include a 3.25% inflation assumption. The actuarial value of CSAC EIA OPEB's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on a closed basis. The remaining amortization period at June 30, 2011 was 27 years.

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

9. Reliance Contingent Receivable

The Authority has purchased insurance, and re-insurance, 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. The Authority has hired legal counsel and is pursuing its claims in liquidation for the PGL and Medical Malpractice Programs. In addition, the Board of Directors took action to fund any claims that would have been paid by Reliance for these programs through supplemental assessments; therefore, there is no unfunded contingent liability for these programs.

The Authority estimates that the ultimate cost of workers' compensation claims for 1996/97 (insured by Reliance Insurance Company), which are not covered by the California Insurance Guarantee Association (CIGA), is \$2.6M and is included in claims liabilities.

The Authority estimates that the ultimate cost of PGL claims for years 1998 to 2000 (covered by re-insurance contracts with Reliance) to be \$2,078,977. The Board of Directors approved a supplemental assessment of \$2,024,452, payable over five years (2002 to 2007), to ensure that PGL claims are paid on a timely basis. The Authority has paid claims due from the Reliance re-insurance contracts totaling \$2,077,698. Management believes that these claims should be classified in Class B. A provision of \$2,077,698 has been set aside for uncollectible re-insurance claims.

The Authority estimated that the ultimate cost of Medical Malpractice claims for years 1988 to 2000 (insured by Reliance and re-insurance contracts) to be \$14,660,898. The Board of Directors approved an adjusted supplemental assessment of \$8,641,737, payable over five years, to insure that Medical Malpractice claims were paid on a timely basis. The Authority has paid claims due from the Reliance re-insurance contracts totaling \$9,342,708. As of June 30, 2011, there were no outstanding reserves for the Reliance years.

10. Subsequent Events

The Authority's management evaluated its 2010/11 financial statements for subsequent events through December 9, 2011; the date the financial statements were available to be issued. Management is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

**REQUIRED SUPPLEMENTAL INFORMATION**

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

**Schedule of Funding Progress – California Public Employees’ Retirement System**

The Miscellaneous Plan of the CSAC Excess Insurance Authority is a cost sharing multiple-employer defined benefit plan maintained by the California Employees’ Retirement System (CalPERS), an agency of the State of California.

Actuarial Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a percent of Payroll
June 30, 2008	\$ 2,780,280,768	\$ 2,547,323,278	\$ 232,957,490	91.6%	\$ 688,606,681	33.8%
June 30, 2009	3,104,798,222	2,758,511,101	346,287,121	88.9%	742,981,488	46.6%
June 30, 2010	3,309,064,934	2,946,408,106	362,656,828	89.0%	748,401,357	48.5%

**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, 2007	\$ 313,888	\$ -	\$ 313,888	0.00%	\$ 2,663,492	11.78%
July 1, 2010	393,045	-	393,045	0.00%	3,793,952	10.36%

**CSAC EXCESS INSURANCE AUTHORITY  
RECONCILIATION OF UNPAID CLAIMS LIABILITIES  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	Primary Workers' Compensation	Excess Workers' Compensation	Primary General Liability	General Liability I	General Liability II	Property	Medical Malpractice	Dental	Total June 30, 2011	Total June 30, 2010
Unpaid Claims and Claim Adjustment Expenses at the										
A. Beginning of the Fiscal Year	\$ 32,460,554	\$ 228,131,958	\$ 281,631	\$ 76,068,716	\$ 18,027,184	\$ 6,747,688	\$ 21,174,974	\$ 787,868	\$ 383,680,573	\$ 414,392,507
Incurred Claims and Claim Adjustment Expenses:										
Provision for Claims for the Current Fiscal Year	13,270,255	17,465,738	51,503	20,544,399	8,623,713	9,565,505	4,921,729	18,901,566	93,344,408	86,334,611
Increases (Decreases) in the Provision for Claims of Prior Fiscal Years	(266,352)	27,243,605	16,284	2,781,821	815,182	-	1,636,138	-	32,226,678	40,246,308
B. Total Incurred	13,003,903	44,709,343	67,787	23,326,220	9,438,895	9,565,505	6,557,867	18,901,566	125,571,086	126,580,919
Payments:										
Claims and Claim Adjustment Expenses Attributable to Insured Events of the:										
Current Fiscal Year	6,304,731	43,862	-	-	-	7,850,238	51,305	16,944,322	31,194,458	10,064,600
Prior Fiscal Years	3,488,733	15,979,007	59,813	18,977,119	3,673,716	6,679,491	6,661,801	-	55,519,680	147,228,253
C. Total Payments	9,793,464	16,022,869	59,813	18,977,119	3,673,716	14,529,729	6,713,106	16,944,322	86,714,138	157,292,853
Total Unpaid Claims and Claim Adjustment Expenses at										
D. End of the Fiscal Year (A+B-C)	\$ 35,670,993	\$ 256,818,432	\$ 289,605	\$ 80,417,817	\$ 23,792,363	\$ 1,783,464	\$ 21,019,735	\$ 2,745,112	\$ 422,537,521	\$ 383,680,573
Claims Reported	\$ 10,587,142	\$ 168,300,571	\$ 5,911	\$ 42,985,227	\$ 8,200,000	\$ 1,704,846	\$ 9,500,431	\$ 2,745,112	\$ 244,029,240	\$ 238,754,748
Claims Incurred But Not Reported	1,521,061	77,785,501	-	35,441,687	15,239,792	-	10,062,978	-	140,051,019	107,589,550
Unallocated Loss Adjustment Expenses	23,562,790	10,732,360	283,694	1,990,903	352,571	78,618	1,456,326	-	38,457,262	37,336,275
Total Claim Liabilities	\$ 35,670,993	\$ 256,818,432	\$ 289,605	\$ 80,417,817	\$ 23,792,363	\$ 1,783,464	\$ 21,019,735	\$ 2,745,112	\$ 422,537,521	\$ 383,680,573
Current Claim Liabilities	\$ 2,028,952	\$ 21,990,362	\$ 5,911	\$ 19,500,000	\$ 8,200,000	\$ 1,704,846	\$ 4,750,000	\$ 2,745,112	\$ 60,925,183	\$ 59,892,736
Noncurrent Claim Liabilities	33,642,041	234,828,070	283,694	60,917,817	15,592,363	78,618	16,269,735	-	361,612,338	323,787,837
Total Claim Liabilities	\$ 35,670,993	\$ 256,818,432	\$ 289,605	\$ 80,417,817	\$ 23,792,363	\$ 1,783,464	\$ 21,019,735	\$ 2,745,112	\$ 422,537,521	\$ 383,680,573

**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, 2011**

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, 2011**

POLICY YEAR	June 30, 2002	June 30, 2003	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011
Earned Premiums	\$ 75,757,193	\$ 123,996,541	\$ 207,486,445	\$ 243,863,415	\$ 263,515,910	\$ 203,729,306	\$ 227,452,878	\$ 204,524,429	\$ 217,680,182	\$ 246,735,443
Less Ceded	(31,071,094)	(45,574,968)	(62,517,204)	(65,913,774)	(74,567,750)	(80,536,010)	(85,715,084)	(90,750,025)	(118,671,833)	(124,435,883)
Supplemental Assessments	16,317,815	2,713,433	5,081,313	-	-	-	-	-	-	-
Dividends Declared	(967,918)	(1,347,962)	-	(11,750,000)	(22,640,018)	-	-	-	-	-
Interest	5,319,008	9,252,597	21,240,152	28,117,808	21,335,036	16,974,950	16,224,763	7,967,857	4,988,029	1,462,343
<b>1. Total Revenues Available For Payment of Claims</b>	<b>65,355,004</b>	<b>89,039,641</b>	<b>171,290,706</b>	<b>194,317,449</b>	<b>187,643,178</b>	<b>140,168,246</b>	<b>157,962,557</b>	<b>121,742,261</b>	<b>103,996,378</b>	<b>123,761,903</b>
<b>2. Unallocated Loss Adjustment Expense</b>	<b>4,115,771</b>	<b>7,309,576</b>	<b>10,703,965</b>	<b>5,795,587</b>	<b>5,227,180</b>	<b>5,612,006</b>	<b>6,355,068</b>	<b>6,730,058</b>	<b>6,290,215</b>	<b>10,212,735</b>
<b>3. Estimated Incurred Claims Less Ceded Claims Net Incurred Claims and Expenses, End of Policy Year</b>	<b>82,202,153 (27,837,660)</b>	<b>120,534,044 (42,395,188)</b>	<b>190,638,672 (58,331,400)</b>	<b>201,893,630 (58,525,034)</b>	<b>208,944,532 (65,644,420)</b>	<b>159,699,842 (72,763,870)</b>	<b>187,132,284 (78,275,875)</b>	<b>165,282,216 (84,511,348)</b>	<b>184,039,046 (113,217,393)</b>	<b>203,100,293 (118,630,097)</b>
<b>4. Cumulative Paid Claims as of:</b>										
End of the Policy Year	9,517,119	8,036,314	34,371,296	36,761,975	44,005,375	9,187,924	11,956,063	7,844,284	10,742,041	22,122,825
One Year Later	25,090,565	28,872,656	54,819,191	54,029,329	60,907,745	25,085,043	35,294,585	31,740,599	23,775,301	-
Two Years Later	43,779,053	43,070,252	64,797,025	71,300,081	76,131,247	39,839,014	76,638,605	36,081,133	-	-
Three Years Later	54,099,562	62,684,641	74,566,993	83,148,814	86,322,756	81,433,490	91,033,594	-	-	-
Four Years Later	57,885,973	66,879,828	87,010,245	87,957,626	104,682,472	87,914,156	-	-	-	-
Five Years Later	59,274,758	71,880,044	94,309,560	106,818,739	109,858,845	-	-	-	-	-
Six Years Later	60,375,015	76,105,851	100,628,554	108,819,289	-	-	-	-	-	-
Seven Years Later	61,856,330	82,013,807	126,355,339	-	-	-	-	-	-	-
Eight Years Later	58,028,926	86,870,592	-	-	-	-	-	-	-	-
Nine Years Later	58,748,100	-	-	-	-	-	-	-	-	-
<b>5. Re-estimated Ceded Claims and Expenses</b>	<b>35,092,759</b>	<b>12,406,151</b>	<b>119,009,302</b>	<b>47,937,192</b>	<b>70,429,799</b>	<b>31,749,695</b>	<b>34,608,341</b>	<b>19,903,774</b>	<b>4,425,845</b>	<b>46,434,520</b>
<b>6. Re-estimated Incurred Claims and Expenses</b>										
End of the Policy Year	53,022,831	79,235,856	132,307,272	143,368,596	141,907,271	86,935,972	108,856,409	82,784,262	67,948,559	84,470,196
One Year Later	58,015,903	83,509,645	134,072,134	137,714,340	137,894,002	94,776,602	116,612,623	86,840,489	63,531,812	-
Two Years Later	63,379,601	84,794,286	134,792,879	127,828,597	137,941,424	96,090,069	123,144,107	90,406,036	-	-
Three Years Later	67,311,220	95,941,286	136,567,660	123,293,150	143,340,917	121,586,773	134,586,152	-	-	-
Four Years Later	64,862,864	97,599,471	143,143,532	122,668,052	143,328,684	121,087,951	-	-	-	-
Five Years Later	65,883,460	100,885,849	148,659,000	132,857,552	143,594,199	-	-	-	-	-
Six Years Later	66,418,394	106,418,035	147,175,289	131,017,300	-	-	-	-	-	-
Seven Years Later	63,684,619	107,940,155	154,677,400	-	-	-	-	-	-	-
Eight Years Later	63,254,419	114,472,293	-	-	-	-	-	-	-	-
Nine Years Later	63,761,568	-	-	-	-	-	-	-	-	-
<b>7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year</b>	<b>\$ 9,397,075</b>	<b>\$ 36,333,437</b>	<b>\$ 22,370,128</b>	<b>\$ (12,351,296)</b>	<b>\$ 294,087</b>	<b>\$ 34,151,979</b>	<b>\$ 25,729,743</b>	<b>\$ 9,635,168</b>	<b>\$ (7,289,841)</b>	<b>\$ -</b>

**SUPPLEMENTAL INFORMATION**

**COMBINING FINANCIAL SCHEDULES**

**CSAC EXCESS INSURANCE AUTHORITY  
COMBINING SCHEDULE OF NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Primary Workers' Compensation	Excess Workers' Compensation	Primary General Liability	General Liability I	General Liability II	Property	Medical Malpractice	EIAHealth	Employee Benefits	Miscellaneous Programs	General Administration	Gold Canal Building	Iron Point Building	Elimination of Inter-Program Transactions	Totals June 30, 2011
<b>ASSETS:</b>															
<b>Current Assets:</b>															
Petty Cash Fund	-	-	-	-	-	-	-	-	-	-	300	-	-	-	300
Cash in Banks	4,491,658	-	1,258,028	-	-	-	-	-	-	-	-	-	75,629	-	5,825,315
Cash, EIA Treasury	10,409,438	37,253,734	344,483	15,522,984	3,457,453	-	4,438,069	1,239,894	1,427,217	-	1,006,402	-	-	-	75,099,674
<b>Total Cash &amp; Equivalents</b>	<b>14,901,096</b>	<b>37,253,734</b>	<b>1,602,511</b>	<b>15,522,984</b>	<b>3,457,453</b>	<b>-</b>	<b>4,438,069</b>	<b>1,239,894</b>	<b>1,427,217</b>	<b>-</b>	<b>1,006,702</b>	<b>-</b>	<b>75,629</b>	<b>-</b>	<b>80,925,289</b>
Investments	24,321,281	87,042,020	804,873	36,268,897	8,078,215	-	10,369,390	2,896,969	3,334,641	-	2,351,422	-	-	-	175,467,708
<b>Accounts Receivable</b>															
Due From Members	34,262	547,857	273,203	142	-	11,954,275	15,158	-	1,060,497	44,568	50,508	-	-	-	13,980,470
Investment Income	382,759	1,369,835	12,667	570,786	127,132	-	163,190	45,591	52,479	-	37,006	-	-	-	2,761,445
Re-Insurance Claims	3,154,242	1,991,803	548,360	-	1,254,342	-	18,718	-	-	-	-	-	-	-	6,967,465
Other Receivables	-	-	-	-	-	-	2,500	1,788	64,517	592	-	-	-	-	69,397
Due From Other Funds	13,015,136	19,237,341	962,470	8,015,866	1,785,383	-	2,291,761	640,265	736,996	-	519,693	-	-	(47,204,911)	-
Prepaid Insurance and Expenses	-	-	-	-	-	29,620,989	1,480,913	-	-	1,283,530	18,880	-	-	-	32,404,312
<b>Total Current Assets</b>	<b>55,808,776</b>	<b>147,442,590</b>	<b>4,204,084</b>	<b>60,378,675</b>	<b>14,702,525</b>	<b>41,575,264</b>	<b>18,779,699</b>	<b>4,824,507</b>	<b>6,676,347</b>	<b>1,328,690</b>	<b>3,984,211</b>	<b>-</b>	<b>75,629</b>	<b>(47,204,911)</b>	<b>312,576,086</b>
<b>Noncurrent Assets:</b>															
Investments	27,837,228	99,625,036	921,228	41,512,022	9,246,022	-	11,868,415	3,315,762	3,816,705	-	2,691,349	-	-	-	200,833,767
<b>Accounts Receivable</b>															
Due from Members	699,662	2,503,980	23,154	1,043,365	232,390	-	298,301	83,338	95,929	-	67,644	-	-	-	5,047,763
Due From Other Funds	5,924,622	21,203,286	196,066	8,835,041	1,967,839	-	2,525,966	705,697	812,313	-	572,802	-	-	(42,743,632)	-
Prepaid Insurance	-	-	-	-	-	36,200,000	-	-	-	-	-	-	-	-	36,200,000
<b>Fixed and Intangible Assets</b>															
Land and Buildings (Net)	-	-	-	-	-	-	-	-	-	-	-	-	8,596,364	-	8,596,364
Office Furniture and Equipment (Net)	-	-	-	-	-	-	-	-	-	-	483,486	-	-	-	483,486
Lease Acquisition Costs (Net)	-	-	-	-	-	-	-	-	-	-	-	-	101,410	-	101,410
<b>Total Noncurrent Assets</b>	<b>34,461,512</b>	<b>123,332,302</b>	<b>1,140,448</b>	<b>51,390,428</b>	<b>11,446,251</b>	<b>36,200,000</b>	<b>14,692,682</b>	<b>4,104,797</b>	<b>4,724,947</b>	<b>-</b>	<b>3,815,281</b>	<b>-</b>	<b>8,697,774</b>	<b>(42,743,632)</b>	<b>251,262,790</b>
<b>Total Assets</b>	<b>90,270,288</b>	<b>270,774,892</b>	<b>5,344,532</b>	<b>111,769,103</b>	<b>26,148,776</b>	<b>77,775,264</b>	<b>33,472,381</b>	<b>8,929,304</b>	<b>11,401,294</b>	<b>1,328,690</b>	<b>7,799,492</b>	<b>-</b>	<b>8,773,403</b>	<b>(89,948,543)</b>	<b>563,838,876</b>

**CSAC EXCESS INSURANCE AUTHORITY  
COMBINING SCHEDULE OF NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Primary Workers' Compensation	Excess Workers' Compensation	Primary General Liability	General Liability I	General Liability II	Property	Medical Malpractice	EIAHealth	Employee Benefits	Miscellaneous Programs	General Administration	Gold Canal Building	Iron Point Building	Elimination of Inter-Program Transactions	Totals June 30, 2011
<b>LIABILITIES:</b>															
<b>Current Liabilities:</b>															
Accounts Payable	706,483	130,392	93,498	56,375	2,322,259	35,225	70,343	3,288	1,766,985	65,129	17,364	-	-	-	5,267,341
Deposits from Insurance Companies	1,322,116	500,000	825,000	-	-	-	-	-	-	-	-	-	-	-	2,647,116
Due to Other Funds	-	7,639,837	-	784,584	-	38,681,150	-	-	-	42,118	-	-	57,221	(47,204,910)	-
Due To Members	9,112,831	1,737,786	297,911	128,160	-	728,944	484	8,541,205	3,571	43,141	3,966,786	-	-	-	24,560,819
Deferred Income	-	-	-	-	-	3,023	2,703,511	-	66,661	1,177,802	-	-	36,027	-	3,987,024
Claim Liabilities	2,028,952	21,990,362	5,911	19,500,000	8,200,000	1,704,846	4,750,000	-	2,745,112	-	-	-	-	-	60,925,183
Compensated Absences	-	-	-	-	-	-	-	-	-	-	47,575	-	-	-	47,575
Other Post Employment Benefits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Current Liabilities</b>	<b>13,170,382</b>	<b>31,998,377</b>	<b>1,222,320</b>	<b>20,469,119</b>	<b>10,522,259</b>	<b>41,153,188</b>	<b>7,524,338</b>	<b>8,544,493</b>	<b>4,582,329</b>	<b>1,328,190</b>	<b>4,031,725</b>	<b>-</b>	<b>93,248</b>	<b>(47,204,910)</b>	<b>97,435,058</b>
<b>Noncurrent Liabilities:</b>															
Due to Other Funds	-	-	-	-	-	34,025,519	-	-	-	-	-	-	8,718,114	(42,743,633)	-
<b>Claim Liabilities:</b>															
Claims Reported	8,558,190	146,310,209	-	23,485,227	-	-	4,750,431	-	-	-	-	-	-	-	183,104,057
Claims Incurred But Not Reported	1,521,061	77,785,501	-	35,441,687	15,239,792	-	10,062,978	-	-	-	-	-	-	-	140,051,019
<b>Unallocated Loss Adjustment Expense Payable</b>															
Expense Payable	23,562,790	10,732,360	283,694	1,990,903	352,571	78,618	1,456,326	-	-	-	-	-	-	-	38,457,262
Compensated Absences	-	-	-	-	-	-	-	-	-	-	190,301	-	-	-	190,301
Other Post Employment Benefits	-	-	-	-	-	-	-	-	-	-	286,540	-	-	-	286,540
<b>Total Noncurrent Liabilities</b>	<b>33,642,041</b>	<b>234,828,070</b>	<b>283,694</b>	<b>60,917,817</b>	<b>15,592,363</b>	<b>34,104,137</b>	<b>16,269,735</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>476,841</b>	<b>-</b>	<b>8,718,114</b>	<b>(42,743,633)</b>	<b>362,089,179</b>
<b>Total Liabilities</b>	<b>46,812,423</b>	<b>266,826,447</b>	<b>1,506,014</b>	<b>81,386,936</b>	<b>26,114,622</b>	<b>75,257,325</b>	<b>23,794,073</b>	<b>8,544,493</b>	<b>4,582,329</b>	<b>1,328,190</b>	<b>4,508,566</b>	<b>-</b>	<b>8,811,362</b>	<b>(89,948,543)</b>	<b>459,524,237</b>
<b>NET ASSETS:</b>															
Investment in Capital Assets	-	-	-	-	-	-	-	-	-	-	483,486	-	8,697,774	-	9,181,260
Unrestricted	43,457,865	3,948,445	3,838,518	30,382,167	34,154	2,517,939	9,678,308	384,811	6,818,965	500	2,807,440	-	(8,735,733)	-	95,133,379
<b>Total Net Assets</b>	<b>43,457,865</b>	<b>3,948,445</b>	<b>3,838,518</b>	<b>30,382,167</b>	<b>34,154</b>	<b>2,517,939</b>	<b>9,678,308</b>	<b>384,811</b>	<b>6,818,965</b>	<b>500</b>	<b>3,290,926</b>	<b>-</b>	<b>(37,959)</b>	<b>-</b>	<b>104,314,639</b>

**CSAC EXCESS INSURANCE AUTHORITY**  
**COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Primary Workers' Compensation	Excess Workers' Compensation	Primary General Liability	General Liability I	General Liability II	Property	Medical Malpractice	EIAHealth	Employee Benefits	Miscellaneous Programs	General Administration	Gold Canal Building	Iron Point Building	Elimination of Inter-Program Transactions	Totals June 30, 2011
<b>OPERATING REVENUES:</b>															
Premiums for Transferred Risk	28,980,392	32,487,081	1,888,464	2,742,959	11,346,921	39,415,254	5,805,786	173,255,546	12,681,512	7,667,096	-	-	-	-	316,271,011
Broker Fees	1,127,726	1,796,832	35,697	604,396	269,812	15,000	1,039	1,873,560	735,814	-	-	-	-	-	6,459,876
Contributions for Retained Risk	24,283,124	19,334,071	-	29,204,279	8,578,800	9,555,083	5,486,719	-	23,265,164	-	-	-	-	-	119,707,240
Reinsurance Dividends	-	-	-	-	-	41,971	-	-	-	-	-	-	-	-	41,971
Member Services	-	-	-	-	-	-	-	-	-	-	530,052	-	-	-	530,052
Administration Fees	1,736,164	3,772,264	394,957	1,305,844	1,110,959	483,010	754,327	597,867	-	-	-	-	-	-	10,155,392
Public Entity Fees	139,456	143,478	2,629	44,590	34,154	44,116	52	-	-	-	-	-	-	-	408,475
Program Development Fees	800	1,400	-	3,000	-	1,500	850	-	-	-	-	-	-	-	7,550
Other Income	356,037	-	1,250	-	448,805	56,600	-	207,171	29,526	-	229,810	-	-	-	1,329,199
<b>Total Operating Revenues</b>	<b>56,623,699</b>	<b>57,535,126</b>	<b>2,322,997</b>	<b>33,905,068</b>	<b>21,789,451</b>	<b>49,612,534</b>	<b>12,048,773</b>	<b>175,934,144</b>	<b>36,712,016</b>	<b>7,667,096</b>	<b>759,862</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>454,910,766</b>
	56,623,699								36,712,016						
<b>OPERATING EXPENSES:</b>															
Member Dividends	7,500,000	-	-	-	-	41,971	-	1,202,694	-	-	-	-	-	-	8,744,665
Transferred Risk and Insurance Exp	28,915,506	32,480,385	1,888,464	2,742,322	11,197,222	39,023,415	5,805,428	161,430,825	12,673,960	7,664,175	-	-	-	-	303,821,702
Broker Fees	1,127,725	1,796,303	35,697	604,333	269,812	15,000	1,039	1,873,560	735,814	-	-	-	-	-	6,459,283
Provision for Claims															
Current Year Claims	12,640,346	17,415,738	-	20,293,283	8,578,800	9,555,083	4,921,729	-	18,901,566	-	-	-	-	-	92,306,545
Provision for Prior Year Claims	(266,352)	27,243,605	16,284	2,781,821	815,182	-	1,546,197	-	-	-	-	-	-	-	32,136,737
Unallocated Loss Adjustment Expenses	629,909	50,000	51,503	251,116	44,913	10,422	89,941	-	-	-	-	-	-	-	1,127,804
Program Services	7,387,030	820,068	30,779	189,356	553,299	115,070	399,441	11,849,609	1,464,487	-	-	-	-	-	22,809,139
Member Services & Subsidies	-	-	-	-	-	-	-	-	-	-	2,027,109	-	-	-	2,027,109
General Administrative Services	-	-	-	-	-	-	-	-	-	-	7,150,235	-	-	-	7,150,235
Depreciation	-	-	-	-	-	-	-	-	-	-	134,245	-	129,746	-	263,991
Building Maintenance	-	-	-	-	-	-	-	-	-	-	-	4,349	145,519	-	149,868
<b>Total Operating Expenses</b>	<b>57,934,164</b>	<b>79,806,099</b>	<b>2,022,727</b>	<b>26,862,231</b>	<b>21,459,228</b>	<b>48,760,961</b>	<b>12,763,775</b>	<b>176,356,688</b>	<b>33,775,827</b>	<b>7,664,175</b>	<b>9,311,589</b>	<b>4,349</b>	<b>275,265</b>	<b>-</b>	<b>476,997,078</b>

**CSAC EXCESS INSURANCE AUTHORITY**  
**COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Primary Workers' Compensation	Excess Workers' Compensation	Primary General Liability	General Liability I	General Liability II	Property	Medical Malpractice	EIA/Health	Employee Benefits	Miscellaneous Programs	General Administration	Gold Canal Building	Iron Point Building	Elimination of Inter-Program Transactions	Totals June 30, 2011
<b>OPERATING TRANSFERS IN (OUT):</b>															
Administration															
Transfer In	815,143	-	-	-	-	-	-	-	-	-	6,986,685	-	-	(7,801,828)	-
Transfer Out	(1,190,973)	(2,400,458)	(365,835)	(950,112)	(821,166)	(244,819)	(326,901)	(517,921)	(158,757)	(4,071)	(815,143)	-	(5,672)	7,801,828	-
Loss Prevention Training															
Transfer In	-	-	-	-	-	-	-	-	-	-	2,243,277	-	-	(2,243,277)	-
Transfer Out	(457,571)	(777,900)	(86,849)	(365,077)	(216,118)	(194,142)	(89,174)	(50,148)	(6,298)	-	-	-	-	2,243,277	-
Rent Transfers	-	-	-	-	-	-	-	-	-	-	(429,274)	-	429,274	-	-
Total Operating Transfers	(833,401)	(3,178,358)	(452,684)	(1,315,189)	(1,037,284)	(438,961)	(416,075)	(568,069)	(165,055)	(4,071)	7,985,545	-	423,602	-	-
<b>Operating Income (Loss)</b>	<b>(2,143,866)</b>	<b>(25,449,331)</b>	<b>(152,414)</b>	<b>5,727,648</b>	<b>(707,061)</b>	<b>412,612</b>	<b>(1,131,077)</b>	<b>(990,613)</b>	<b>2,771,134</b>	<b>(1,150)</b>	<b>(566,182)</b>	<b>(4,349)</b>	<b>148,337</b>	<b>-</b>	<b>(22,086,312)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>															
Sale of Building												510,078			510,078
Member Dividends												(2,318,071)			(2,318,071)
Investment Income	1,814,757	4,406,346	74,814	2,064,833	447,573	-	588,989	205,495	154,956	-	135,406	2,300	-	(221,599)	9,673,870
Financing Fees	58,620	22,932	-	-	-	808,319	-	-	-	3,341	-	-	-	(801,156)	92,056
Lease Income	-	-	-	-	-	-	-	-	-	-	-	-	474,620	-	474,620
Building Maintenance	-	-	-	-	-	-	-	-	-	-	-	-	(123,960)	-	(123,960)
Depreciation and Amortization	-	-	-	-	-	-	-	-	-	-	-	-	(226,025)	-	(226,025)
Investment Expenses	(463)	(1,577)	(15)	(688)	(143)	(193)	(189)	(64)	(49)	(1)	(35,787)	-	(53)	-	(39,222)
Financing Expenses	-	-	-	-	-	(801,156)	-	-	-	(3,796)	-	-	(217,803)	1,022,755	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>1,872,914</b>	<b>4,427,701</b>	<b>74,799</b>	<b>2,064,145</b>	<b>447,430</b>	<b>6,970</b>	<b>588,800</b>	<b>205,431</b>	<b>154,907</b>	<b>(456)</b>	<b>99,619</b>	<b>(1,805,693)</b>	<b>(93,221)</b>	<b>-</b>	<b>8,043,346</b>
<b>Changes in Net Assets</b>	<b>(270,952)</b>	<b>(21,021,630)</b>	<b>(77,615)</b>	<b>7,791,793</b>	<b>(259,631)</b>	<b>419,582</b>	<b>(542,277)</b>	<b>(785,182)</b>	<b>2,926,041</b>	<b>(1,606)</b>	<b>(466,563)</b>	<b>(1,810,042)</b>	<b>55,116</b>	<b>-</b>	<b>(14,042,966)</b>
<b>Net Assets:</b>															
Beginning of Year	43,728,817	24,970,075	3,916,133	22,590,374	293,785	2,098,357	10,220,585	1,169,993	3,892,924	2,106	3,757,489	1,810,042	(93,075)	-	118,357,605
<b>End of Year</b>	<b>43,457,865</b>	<b>3,948,445</b>	<b>3,838,518</b>	<b>30,382,167</b>	<b>34,154</b>	<b>2,517,939</b>	<b>9,678,308</b>	<b>384,811</b>	<b>6,818,965</b>	<b>500</b>	<b>3,290,926</b>	<b>-</b>	<b>(37,959)</b>	<b>-</b>	<b>104,314,639</b>

**CSAC EXCESS INSURANCE AUTHORITY  
COMBINING SCHEDULE OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Primary Workers' Compensation	Excess Workers' Compensation	Primary General Liability	General Liability I	General Liability II	Property	Medical Malpractice	EIAHealth	Employee Benefits	Miscellaneous Programs	General Administration	Gold Canal Building	Iron Point Building	Elimination of Inter-Program Transactions	Totals June 30, 2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>															
Receipts from Members	57,684,597	59,586,731	2,273,428	34,170,017	21,368,253	48,543,459	9,497,455	175,084,329	35,941,808	6,179,899	1,780,484	-	-	-	452,110,460
Receipts from Others	4,116,142	404,059	174,088	-	(133,760)	-	(15,884)	-	59,303	-	229,810	9,881	8,258	-	4,851,897
Dividends Paid	(7,853,875)	-	-	-	-	(41,971)	-	(1,202,694)	-	-	-	-	-	-	(9,098,540)
Claims Paid	(9,793,464)	(16,022,869)	(59,813)	(18,977,119)	(3,673,716)	(14,529,729)	(6,713,106)	-	(16,944,322)	-	-	-	-	-	(86,714,138)
Insurance Purchased	(28,915,506)	(32,480,385)	(1,888,464)	(2,742,322)	(11,197,222)	(41,825,540)	(5,923,654)	(165,362,151)	(12,662,678)	(5,594,898)	-	-	-	-	(308,592,820)
Payments to Suppliers	(9,591,931)	(2,185,459)	(68,767)	(739,368)	(1,051,465)	(103,350)	(450,709)	(13,515,998)	(2,170,775)	-	(3,354,977)	459	(151,796)	-	(33,384,136)
Payments to Employees	-	-	-	-	-	-	-	-	-	-	(5,792,238)	-	-	-	(5,792,238)
Internal Activities	(1,960,569)	(6,405,689)	(517,496)	(3,718,937)	(1,881,623)	7,950,161	(114,766)	157,997	(843,855)	(584,545)	7,805,295	110,555	3,472	-	-
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>3,685,394</b>	<b>2,896,388</b>	<b>(87,024)</b>	<b>7,992,271</b>	<b>3,430,467</b>	<b>(6,970)</b>	<b>(3,720,664)</b>	<b>(4,838,517)</b>	<b>3,379,481</b>	<b>456</b>	<b>668,374</b>	<b>120,895</b>	<b>(140,066)</b>	<b>-</b>	<b>13,380,485</b>
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES:</b>															
Sale of Bldg, Furniture & Equip	-	-	-	-	-	-	-	-	-	-	57,673	1,547,598	-	-	1,605,271
Building Dividend	-	-	-	-	-	-	-	-	-	-	-	(2,318,071)	-	-	(2,318,071)
Purchases of Capital Assets	-	-	-	-	-	-	-	-	-	-	(59,798)	-	-	-	(59,798)
<b>NET CASH (USED) 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>(2,125)</b>	<b>(770,473)</b>	<b>-</b>	<b>-</b>	<b>(772,598)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>															
Lease Receipts	-	-	-	-	-	-	-	-	-	-	-	-	474,620	-	474,620
Operating Lease Disbursements	-	-	-	-	-	-	-	-	-	-	-	-	(123,960)	-	(123,960)
Purchase of Securities	(52,653,634)	(120,709,112)	(1,609,972)	(63,609,333)	(15,291,499)	-	(12,657,913)	(1,340,635)	(7,178,093)	-	(4,274,450)	-	-	-	(279,324,641)
Sales of Securities	54,643,582	132,678,088	2,229,870	62,173,539	13,476,727	-	17,734,855	6,187,591	4,665,839	-	4,077,171	591,274	-	-	298,458,536
Cash from Investment Earnings	2,146,549	5,414,357	92,611	2,448,110	517,297	-	750,949	287,990	163,639	-	159,424	7,960	-	(217,803)	11,771,083
Cash from Finance Fees	58,620	22,932	-	-	-	808,319	-	-	-	3,341	-	-	-	(804,952)	88,260
Finance Fees Paid	-	-	-	-	-	(801,156)	-	-	-	(3,796)	-	-	-	804,952	-
Investment Expenses	(463)	(1,577)	(15)	(688)	(143)	(193)	(189)	(64)	(49)	(1)	(35,787)	-	(217,856)	217,803	(39,222)
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>4,194,654</b>	<b>17,404,688</b>	<b>712,494</b>	<b>1,011,628</b>	<b>(1,297,618)</b>	<b>6,970</b>	<b>5,827,702</b>	<b>5,134,882</b>	<b>(2,348,664)</b>	<b>(456)</b>	<b>(73,642)</b>	<b>599,234</b>	<b>132,804</b>	<b>-</b>	<b>31,304,676</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>7,880,048</b>	<b>20,301,076</b>	<b>625,470</b>	<b>9,003,899</b>	<b>2,132,849</b>	<b>-</b>	<b>2,107,038</b>	<b>296,365</b>	<b>1,030,817</b>	<b>-</b>	<b>592,607</b>	<b>(50,344)</b>	<b>(7,262)</b>	<b>-</b>	<b>43,912,563</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>7,021,048</b>	<b>16,952,658</b>	<b>977,041</b>	<b>6,519,085</b>	<b>1,324,604</b>	<b>-</b>	<b>2,331,031</b>	<b>943,529</b>	<b>396,400</b>	<b>-</b>	<b>414,095</b>	<b>50,344</b>	<b>82,891</b>	<b>-</b>	<b>37,012,726</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>14,901,096</b>	<b>37,253,734</b>	<b>1,602,511</b>	<b>15,522,984</b>	<b>3,457,453</b>	<b>-</b>	<b>4,438,069</b>	<b>1,239,894</b>	<b>1,427,217</b>	<b>-</b>	<b>1,006,702</b>	<b>-</b>	<b>75,629</b>	<b>-</b>	<b>80,925,289</b>

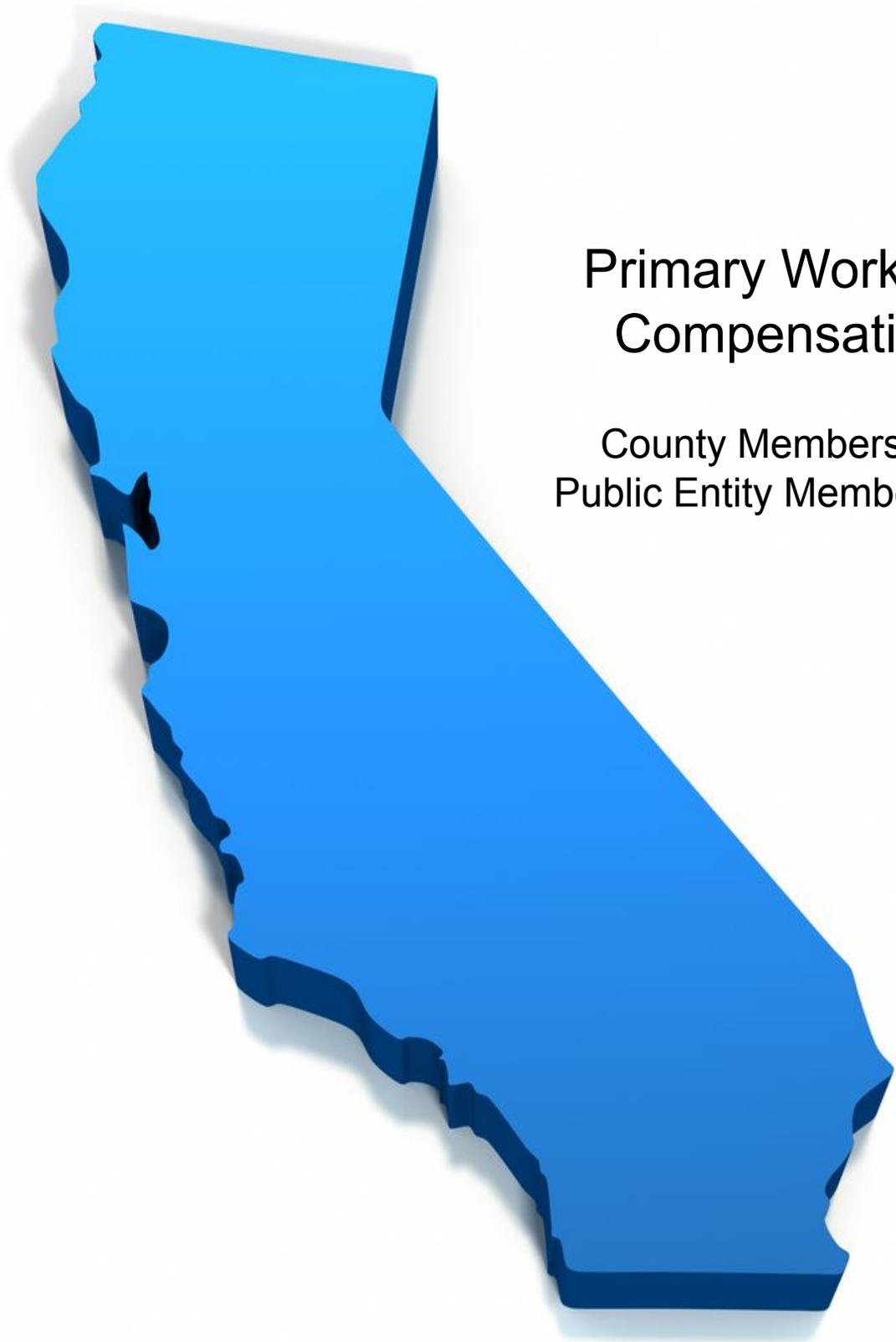
**CSAC EXCESS INSURANCE AUTHORITY  
COMBINING SCHEDULE OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Primary Workers' Compensation	Excess Workers' Compensation	Primary General Liability	General Liability I	General Liability II	Property	Medical Malpractice	EIAHealth	Employee Benefits	Miscellaneous Programs	General Administration	Gold Canal Building	Iron Point Building	Elimination of Inter-Program Transactions	Totals June 30, 2011
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>															
Operating Income (Loss)	(2,143,866)	(25,449,331)	(152,414)	5,727,648	(707,061)	412,612	(1,131,077)	(990,613)	2,771,134	(1,150)	(566,182)	(4,349)	148,337	-	(22,086,312)
Adjustments to reconcile operating income to net cash provided (used) by operating activities															
Depreciation	-	-	-	-	-	-	-	-	-	-	134,245	-	129,746	-	263,991
Changes in Assets and Liabilities															
Accts & Other Receivables, net	4,496,538	1,544,490	83,064	236,076	(554,958)	(731,656)	128,198	102,246	(688,251)	254,470	20,071	9,881	31,551	-	4,931,720
Due From or To Other Funds	(1,127,168)	(3,227,330)	(64,812)	(2,403,748)	(844,339)	8,389,122	301,309	726,066	(678,800)	(580,474)	(180,251)	110,555	(420,130)	-	-
Prepaid Insurance and Exps	-	-	-	-	-	(2,802,125)	(118,226)	-	-	2,064,115	4,062	6,235	-	-	(845,939)
Accounts and Other Payables	(737,625)	1,358,565	60,491	101,708	(228,354)	(311,653)	(2,267,528)	(4,676,216)	14,853	(56,075)	1,254,320	(1,427)	(6,277)	-	(5,495,218)
Deferred Income	(12,924)	(16,480)	(21,327)	(18,514)	-	954	(478,101)	-	3,301	(1,680,430)	-	-	(23,293)	-	(2,246,814)
Claim Liabilities	2,580,530	28,636,474	(43,529)	4,097,985	5,720,266	(4,974,645)	(238,364)	-	1,957,244	-	-	-	-	-	37,735,961
Unallocated Loss Adjustment Expense Payable	629,909	50,000	51,503	251,116	44,913	10,421	83,125	-	-	-	-	-	-	-	1,120,987
Other Liabilities	-	-	-	-	-	-	-	-	-	-	2,109	-	-	-	2,109
Capital Assets Net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>3,685,394</b>	<b>2,896,388</b>	<b>(87,024)</b>	<b>7,992,271</b>	<b>3,430,467</b>	<b>(6,970)</b>	<b>(3,720,664)</b>	<b>(4,838,517)</b>	<b>3,379,481</b>	<b>456</b>	<b>668,374</b>	<b>120,895</b>	<b>(140,066)</b>	<b>-</b>	<b>13,380,485</b>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>															
Changes in unrealized gains (loss) on investments	(194,371)	(471,946)	(7,932)	(221,156)	(47,938)	-	(63,084)	(22,010)	(16,597)	-	(14,503)	-	-	-	(1,059,536)

**CSAC Excess Insurance Authority  
Budget Highlights  
For the Year Ended June 30, 2011**

	Original Budget	Final Budget	Actual Results	Variances
<b>Revenues:</b>				
Premiums for Transferred Risk	\$ 307,701,257	\$ 308,290,557	\$ 316,271,011	\$ 7,980,454
Dividend Income	78,343	41,971	41,971	-
Broker Fees	6,135,744	6,238,930	6,459,876	220,946
Contributions for Retained Risk	128,840,123	120,895,387	119,707,240	(1,188,147)
Public Entity Fees	392,455	412,172	408,475	(3,697)
Investment Income	12,438,763	9,498,940	9,673,870	174,930
Financing Fees	178,000	1,436,494	92,056	(1,344,438)
Administration Fees	9,759,536	10,089,270	10,155,392	66,122
Program Development Fees	500	6,350	7,550	1,200
Member Services	441,163	442,589	530,052	87,463
Tenant Income	523,549	523,549	474,620	(48,929)
Other Income	234,933	387,283	1,329,199	941,916
<b>Total Revenues</b>	<b>466,724,366</b>	<b>458,263,492</b>	<b>465,151,312</b>	<b>5,945,904</b>
<b>Expenses:</b>				
Member Dividends	8,214,343	9,824,879	8,744,665	1,080,214
Insurance Expense	306,187,257	296,118,367	303,821,702	(7,703,335)
Broker Fees	6,135,744	6,238,930	6,459,283	(220,353)
Provision for Claims	119,380,173	118,273,708	124,443,282	(6,169,574)
Unallocated Loss Adjustment Expenses	1,190,000	2,701,000	1,127,804	1,573,196
Program Services	11,953,270	23,593,509	22,809,139	784,370
Member Services and Subsidies	2,141,196	2,180,660	2,027,109	153,551
General Administrative Expense	7,096,784	7,354,472	7,189,457	165,015
Building Operation Expense	347,698	347,612	273,828	73,784
Depreciation	513,973	513,973	490,016	23,957
Delegated to Committees	416,759	416,759	-	416,759
Appropriation for Contingencies	75,000	75,000	-	75,000
<b>Total Expenses</b>	<b>463,652,197</b>	<b>467,638,869</b>	<b>477,386,285</b>	<b>(9,747,416)</b>
<b>Total Operating Income (Loss)</b>	<b>3,072,169</b>	<b>(9,375,377)</b>	<b>(12,234,973)</b>	<b>(2,859,596)</b>
<b>Extraordinary Items:</b>				
Sale of Gold Canal Building	477,136	510,078	510,078	-
Building Dividend	(2,276,724)	(2,318,071)	(2,318,071)	-
<b>Total Extraordinary items:</b>	<b>(1,799,588)</b>	<b>(1,807,993)</b>	<b>(1,807,993)</b>	<b>\$ -</b>
<b>Change in Net Assets</b>	<b>1,272,581</b>	<b>(11,183,370)</b>	<b>(14,042,966)</b>	<b>\$ (2,859,596)</b>
<b>Net Assets</b>				
Beginning Balance, July 1	135,761,197	118,357,605	118,357,605	
<b>Ending Balance, June 30</b>	<b>\$ 137,033,778</b>	<b>\$ 107,174,235</b>	<b>\$ 104,314,639</b>	

## **PRIMARY WORKERS' COMPENSATION**



## Primary Workers' Compensation

County Members: 12  
Public Entity Members: 30

**CSAC EXCESS INSURANCE AUTHORITY  
PRIMARY WORKERS' COMPENSATION PROGRAM  
SCHEDULE OF NET ASSETS  
JUNE 30, 2011 AND 2010**

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
<b>ASSETS:</b>		
Current Assets:		
Cash in Banks	\$ 4,491,658	\$ 2,394,135
Cash, EIA Treasury	10,409,438	4,626,913
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	14,901,096	7,021,048
Investments	24,321,281	29,296,149
Accounts Receivable		
Due from Members	34,262	206,138
Investment Income Receivable	382,759	520,180
Reinsurance Claims	3,154,242	7,270,384
Due from Other Funds	13,015,136	11,952,828
<b>TOTAL CURRENT ASSETS</b>	55,808,776	56,266,727
Noncurrent Assets:		
Investments	27,837,228	25,046,679
Due from Members	699,662	908,182
Due from Other Funds	5,924,622	5,863,298
<b>TOTAL NONCURRENT ASSETS</b>	34,461,512	31,818,159
<b>TOTAL ASSETS</b>	90,270,288	88,084,886
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	706,483	621,446
Due to Other Funds	0	3,536
Dividends Payable to Members	7,641,109	7,994,984
Other Due to Members	1,471,722	778,296
Deposits from Insurance Companies	1,322,116	2,484,329
Deferred Income from Members	0	12,924
Workers' Compensation Claims	2,028,952	4,050,000
<b>TOTAL CURRENT LIABILITIES</b>	13,170,382	15,945,515
Noncurrent Liabilities:		
Workers' Compensation Claims Liabilities		
Claims Reported	8,558,190	3,991,799
Claims Incurred But Not Reported	1,521,061	1,485,874
Unallocated Loss Adjustment Expense Payable	23,562,790	22,932,881
<b>TOTAL NONCURRENT LIABILITIES</b>	33,642,041	28,410,554
<b>TOTAL LIABILITIES</b>	46,812,423	44,356,069
<b>NET ASSETS:</b>		
Unrestricted	43,457,865	43,728,817
<b>TOTAL NET ASSETS</b>	\$ 43,457,865	\$ 43,728,817

**CSAC EXCESS INSURANCE AUTHORITY  
PRIMARY WORKERS' COMPENSATION PROGRAM  
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
<b>OPERATING REVENUES:</b>		
Reinsurance Premiums for Transferred Risk	\$ 28,980,392	\$ 26,084,615
Broker Fees	1,127,726	1,101,265
Contributions for Retained Risk		
Loss Reserve Contributions	16,320,248	13,837,239
ULAE Contributions	8,541,862	6,826,768
Prior Year Payroll Audits	(578,986)	346,268
Administration Fees	1,736,164	1,820,917
Public Entity Fees	139,456	135,945
Program Development Fees	800	400
Other Income	356,037	3,100
	<hr/>	<hr/>
<b>TOTAL OPERATING REVENUES</b>	<b>56,623,699</b>	<b>50,156,517</b>
<b>OPERATING EXPENSES:</b>		
Pool Dividends to Members	7,500,000	8,000,000
Primary Workers' Compensation Premiums	28,915,506	26,067,585
Broker Fees	1,127,725	1,101,325
Provision for Claims		
Current Year Claims	12,640,346	11,268,365
Prior Years' Claims	(266,352)	8,491,097
Provision for Unallocated Loss Adjustment Expenses	629,909	7,015,009
Program Services		
Claims Administration Services	6,297,970	6,083,567
Actuarial and Consulting Services	124,186	101,152
Claims Audits	45,900	63,360
Managed Care Program Review	81,000	78,000
Bank Fees and Services	49,120	66,242
Web Based Claims System	14,520	-
Dept. of Industrial Relations Assessment	774,334	964,163
	<hr/>	<hr/>
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 57,934,164</b>	<b>\$ 69,299,865</b>

**CSAC EXCESS INSURANCE AUTHORITY  
PRIMARY WORKERS' COMPENSATION PROGRAM  
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
<b>OPERATING TRANSFERS IN OR (OUT):</b>		
Operating Transfer in for TPA Conversion	\$ 815,143	\$ -
Operating Transfer Out for General Administration	(1,190,973)	(1,044,428)
Operating Transfer Out for Loss Prevention	<u>(457,571)</u>	<u>(452,810)</u>
<b>TOTAL OPERATING TRANSFERS</b>	<u>(833,401)</u>	<u>(1,497,238)</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(2,143,866)</u>	<u>(20,640,586)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	1,814,757	3,661,132
Member Financing Fees	58,620	73,849
Investment Expense	<u>(463)</u>	<u>(658)</u>
<b>TOTAL NONOPERATING REVENUE (EXPENSES)</b>	<u>1,872,914</u>	<u>3,734,323</u>
<b>CHANGES IN NET ASSETS</b>	(270,952)	(16,906,263)
Net Assets, Beginning of the Year	<u>43,728,817</u>	<u>60,635,080</u>
<b>NET ASSETS, END OF THE YEAR</b>	<u><u>\$ 43,457,865</u></u>	<u><u>\$ 43,728,817</u></u>

**CSAC EXCESS INSURANCE AUTHORITY  
PRIMARY WORKERS' COMPENSATION PROGRAM  
SCHEDULE OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 57,684,597	\$ 55,728,945
Receipts from Others	4,116,142	(2,699,459)
Dividends Paid	(7,853,875)	(8,000,000)
Claims Paid	(9,793,464)	(102,418,370)
Insurance Purchased	(28,915,506)	(26,067,585)
Payments to Suppliers	(9,591,931)	(5,702,582)
Internal Activities	(1,960,569)	9,220,781
	<hr/>	<hr/>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>3,685,394</b>	<b>(79,938,270)</b>
	<hr/>	<hr/>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Securities	(52,653,634)	(3,928,653)
Sales of Securities	54,643,582	73,123,081
Cash from Investment Earnings	2,146,549	4,196,333
Finance Fees from Members	58,620	73,849
Investment Expenses	(463)	(658)
	<hr/>	<hr/>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>4,194,654</b>	<b>73,463,952</b>
	<hr/>	<hr/>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>7,880,048</b>	<b>(6,474,318)</b>
	<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>	<b>7,021,048</b>	<b>13,495,366</b>
	<hr/>	<hr/>
<b>END OF YEAR</b>	<b>\$ 14,901,096</b>	<b>\$ 7,021,048</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ (2,143,866)	\$ (20,640,586)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, net	4,496,538	(1,650,935)
Due From or To Other Funds	(1,127,168)	10,718,019
Deferred income	(12,924)	-
Accounts and Other Payables	(737,625)	7,279,131
Claim Liabilities	2,580,530	(82,658,908)
Unallocated Loss Adjustment Expense Payable	629,909	7,015,009
	<hr/>	<hr/>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 3,685,394</b>	<b>\$ (79,938,270)</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Changes in unrealized gains (loss) on investments	\$ (194,371)	\$ 100,652
	<hr/> <hr/>	<hr/> <hr/>

**CSAC EXCESS INSURANCE AUTHORITY  
PRIMARY WORKERS' COMPENSATION PROGRAM  
RECONCILIATION OF UNPAID CLAIMS LIABILITIES  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

The schedule below presents the changes in claims liabilities for the past year.

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
A. Unpaid claims and claim adjustment expenses at the beginning of the fiscal year	<u>\$ 32,460,554</u>	<u>\$ 108,104,453</u>
Incurred claims and claim adjustment expenses:		
Provision for claims		
current fiscal year	13,270,255	18,283,374
Increase (Decrease) in the provision for claims of prior fiscal years	<u>(266,352)</u>	<u>8,491,097</u>
B. Total incurred claims and claim adjustment expenses	<u>13,003,903</u>	<u>26,774,471</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	6,304,731	5,301,114
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>3,488,733</u>	<u>97,117,256</u>
C. Total Payments	<u>9,793,464</u>	<u>102,418,370</u>
D. Total unpaid claims and claim adjustment expenses at the end of the fiscal year (A+B-C)	<u>\$ 35,670,993</u>	<u>\$ 32,460,554</u>
Current Claim Liabilities	2,028,952	4,050,000
Noncurrent Claim Liabilities	<u>33,642,041</u>	<u>28,410,554</u>
Total Claim Liabilities	<u>\$ 35,670,993</u>	<u>\$ 32,460,554</u>

**CSAC EXCESS INSURANCE AUTHORITY  
PRIMARY WORKERS' COMPENSATION PROGRAM FUND  
NOTES TO EARNED PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION  
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2011**

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, 2011**

POLICY YEAR	June 30, 2002	June 30, 2003	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011
Earned Premiums	\$ 25,260,890	\$ 44,184,744	\$ 62,631,010	\$ 67,015,031	\$ 58,793,345	\$ 46,235,265	\$ 47,629,119	\$ 48,372,518	\$ 45,039,062	\$ 56,683,930
Less Ceded									(24,951,328)	(30,027,623)
Supplemental Assessments	6,732,542	-	5,081,313	-	-	-	-	-	-	-
Dividends Declared	-	-	-	(11,750,000)	(11,750,000)	-	-	-	-	-
Interest	4,262,415	5,115,541	11,052,597	13,094,793	7,362,426	5,307,593	5,955,628	3,160,153	652,664	431,132
<b>1. Total Revenues Available For Payment of Claims</b>	<b>36,255,847</b>	<b>49,300,285</b>	<b>78,764,920</b>	<b>68,359,824</b>	<b>54,405,771</b>	<b>51,542,858</b>	<b>53,584,747</b>	<b>51,532,671</b>	<b>20,740,398</b>	<b>27,087,439</b>
<b>2. Unallocated Loss Adjustment Expense</b>	<b>3,902,406</b>	<b>6,133,824</b>	<b>7,076,647</b>	<b>2,463,908</b>	<b>1,360,735</b>	<b>4,206,776</b>	<b>4,522,162</b>	<b>4,706,982</b>	<b>4,692,391</b>	<b>9,035,843</b>
<b>3. Estimated Incurred Claims Less Ceded Claims</b>	<b>24,915,574</b>	<b>44,563,909</b>	<b>59,447,726</b>	<b>55,759,580</b>	<b>47,249,432</b>	<b>36,652,243</b>	<b>39,052,710</b>	<b>34,751,511</b>	<b>37,331,810</b>	<b>42,327,515</b>
Net Incurred Claims and Expenses, End of Policy Year	-	-	-	-	-	-	-	-	(24,951,328)	(30,027,623)
<b>4. Cumulative Paid Claims as of:</b>										
End of the Policy Year	4,506,238	7,087,678	7,288,589	5,560,880	5,254,915	7,190,327	7,806,978	7,763,711	5,301,114	6,304,731
One Year Later	13,740,451	21,566,401	18,650,767	14,312,455	13,398,470	16,927,377	18,499,334	26,216,412	8,672,943	
Two Years Later	21,350,372	30,644,135	26,019,973	19,787,870	17,722,081	22,224,475	48,919,481	26,216,412		
Three Years Later	25,611,727	36,155,569	30,570,838	23,558,130	20,127,711	55,165,957	48,919,481			
Four Years Later	27,202,556	38,688,802	35,097,633	25,789,387	31,909,840	55,165,957				
Five Years Later	27,202,556	41,500,367	36,729,106	38,239,843	31,909,840					
Six Years Later	27,202,556	42,773,814	38,507,433	38,239,843						
Seven Years Later	27,202,556	44,391,863	61,551,841							
Eight Years Later	27,202,556	46,602,613								
Nine Years Later	27,202,556									
<b>5. Re-estimated 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. Re-estimated Incurred Claims and Expenses</b>										
End of the Policy Year	24,915,574	44,563,909	59,447,726	55,759,580	50,364,408	36,652,243	39,052,710	34,751,511	11,268,365	12,299,892
One Year Later	24,423,579	45,854,549	58,033,953	50,600,336	31,220,564	40,968,782	44,407,005	26,216,412	10,203,556	
Two Years Later	25,070,422	45,294,018	61,551,841	37,082,786	30,304,725	39,855,170	48,919,481	26,216,412		
Three Years Later	27,072,108	46,602,613	61,551,841	33,355,157	29,652,293	55,165,957	48,919,481			
Four Years Later	27,202,556	46,602,613	61,551,841	33,160,320	31,909,840	55,165,957				
Five Years Later	27,202,556	46,602,613	61,551,841	38,239,843	31,909,840					
Six Years Later	27,202,556	46,602,613	61,551,841	38,239,843						
Seven Years Later	27,202,556	46,602,613	61,551,841							
Eight Years Later	27,202,556	46,602,613								
Nine Years Later	27,202,556									
<b>7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year</b>	<b>\$ 2,286,982</b>	<b>\$ 2,038,704</b>	<b>\$ 2,104,115</b>	<b>\$ (17,519,737)</b>	<b>\$ (15,339,592)</b>	<b>\$ 18,513,714</b>	<b>\$ 9,866,771</b>	<b>\$ (8,535,099)</b>	<b>\$ (2,176,926)</b>	<b>\$ -</b>

## **EXCESS WORKERS' COMPENSATION**



## Excess Workers' Compensation

County Members: 48  
Public Entity Members: 117

**CSAC EXCESS INSURANCE AUTHORITY  
EXCESS WORKERS' COMPENSATION PROGRAM  
SCHEDULE OF NET ASSETS  
JUNE 30, 2011 AND 2010**

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
<b>ASSETS:</b>		
Current Assets:		
Cash, EIA Treasury	\$ 37,253,734	\$ 16,952,658
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	37,253,734	16,952,658
Investments	87,042,020	107,338,858
Accounts Receivable		
Due from Members	547,857	864,757
Investment Income Receivable	1,369,835	1,905,900
Reinsurance Claims	1,991,803	2,395,862
Due from Other Funds	19,237,341	15,746,027
<b>TOTAL CURRENT ASSETS</b>	<u>147,442,590</u>	<u>145,204,062</u>
Noncurrent Assets:		
Investments	99,625,036	91,769,121
Due from Members	2,503,980	3,327,511
Due from Other Funds	21,203,286	21,482,674
<b>TOTAL NONCURRENT ASSETS</b>	<u>123,332,302</u>	<u>116,579,306</u>
<b>TOTAL ASSETS</b>	<u>270,774,892</u>	<u>261,783,368</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	130,392	199,481
Deposits from Insurance Companies	500,000	-
Due to Members	1,737,786	810,132
Deferred Income from Member	-	16,480
Due to Other Funds	7,639,837	7,655,242
Workers' Compensation Claims	21,990,362	20,613,206
<b>TOTAL CURRENT LIABILITIES</b>	<u>31,998,377</u>	<u>29,294,541</u>
Noncurrent Liabilities:		
Workers' Compensation Claims Liabilities		
Claims Reported	146,310,209	136,832,044
Claims Incurred But Not Reported	77,785,501	60,004,348
Unallocated Loss Adjustment Expense Payable	10,732,360	10,682,360
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>234,828,070</u>	<u>207,518,752</u>
<b>TOTAL LIABILITIES</b>	<u>266,826,447</u>	<u>236,813,293</u>
<b>NET ASSETS:</b>		
Unrestricted	3,948,445	24,970,075
<b>TOTAL NET ASSETS</b>	<u>\$ 3,948,445</u>	<u>\$ 24,970,075</u>

**CSAC EXCESS INSURANCE AUTHORITY  
EXCESS WORKERS' COMPENSATION PROGRAM  
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
<b>OPERATING REVENUES:</b>		
Premiums for Transferred Risk	\$ 32,487,081	\$ 30,797,267
Broker Fees	1,796,832	1,773,849
Contributions for Retained Risk	19,334,071	18,975,991
Administration Fees	3,772,264	3,880,643
Public Entity Fees	143,478	136,348
Other Income		
Development Fees	1,400	1,050
<b>TOTAL OPERATING REVENUES</b>	<u>57,535,126</u>	<u>55,565,148</u>
<b>OPERATING EXPENSES:</b>		
Excess Workers' Compensation Insurance Premiums	32,480,385	30,855,595
Broker Fees	1,796,303	1,773,849
Provision for Claims		
Current Year Claims	17,415,738	14,575,340
Prior Years' Claims	27,243,605	24,307,543
Provision for Unallocated Loss Adjustment Expenses	50,000	1,441,704
Program Services		
Actuarial and Legal Services	303,168	239,811
Claims Audits	516,900	523,815
<b>TOTAL OPERATING EXPENSES</b>	<u>79,806,099</u>	<u>73,717,657</u>
<b>OPERATING TRANSFERS IN OR (OUT):</b>		
Operating Transfer Out for General Administration	(2,400,458)	(2,159,523)
Operating Transfer Out for Loss Prevention	(777,900)	(916,548)
<b>TOTAL OPERATING TRANSFERS</b>	<u>(3,178,358)</u>	<u>(3,076,071)</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(25,449,331)</u>	<u>(21,228,580)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	4,406,346	7,036,072
Member Finance Fees	22,932	29,606
Investment Expenses	(1,577)	(1,527)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>4,427,701</u>	<u>7,064,151</u>
<b>CHANGES IN NET ASSETS</b>	<u>(21,021,630)</u>	<u>(14,164,429)</u>
Net Assets, Beginning of the Year	<u>24,970,075</u>	<u>39,134,504</u>
<b>NET ASSETS, END OF THE YEAR</b>	<u>\$ 3,948,445</u>	<u>\$ 24,970,075</u>

**CSAC EXCESS INSURANCE AUTHORITY  
EXCESS WORKERS' COMPENSATION PROGRAM  
SCHEDULE OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 59,586,731	\$ 55,683,546
Receipts from Others	404,059	(483,481)
Claims Paid	(16,022,869)	(15,762,644)
Insurance Purchased	(32,480,385)	(30,855,595)
Payments to Suppliers	(2,185,459)	(2,370,202)
Internal Activities	<u>(6,405,689)</u>	<u>(12,435,666)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>2,896,388</u>	<u>(6,224,042)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Securities	(120,709,112)	(142,888,633)
Sales of Securities	132,678,088	140,530,098
Cash from Investment Earnings	5,414,357	7,154,385
Finance Fees from Members	22,932	29,606
Investment Expenses	<u>(1,577)</u>	<u>(1,527)</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>17,404,688</u>	<u>4,823,929</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	20,301,076	(1,400,113)
<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>	<u>16,952,658</u>	<u>18,352,771</u>
<b>END OF YEAR</b>	<u>\$ 37,253,734</u>	<u>\$ 16,952,658</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ (25,449,331)	\$ (21,228,580)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, net	1,544,490	(707,298)
Due From or To Other Funds	(3,227,330)	(9,359,595)
Accounts and Other Payables	1,358,565	493,008
Deferred Income	(16,480)	16,480
Claim Liabilities	28,636,474	23,120,239
Unallocated Loss Adjustment Expense Payable	<u>50,000</u>	<u>1,441,704</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ 2,896,388</u>	<u>\$ (6,224,042)</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>		
Changes in unrealized gains (loss) on investments	<u>\$ (471,946)</u>	<u>\$ (179,892)</u>

**CSAC EXCESS INSURANCE AUTHORITY  
EXCESS WORKERS' COMPENSATION PROGRAM  
RECONCILIATION OF UNPAID CLAIMS LIABILITIES  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

The schedule below presents the changes in claims liabilities for the past two years.

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
A. Unpaid claims and claim adjustment expenses at the beginning of the fiscal year	<u>\$ 228,131,958</u>	<u>\$ 203,570,015</u>
Incurred claims and claim adjustment expenses:		
Provision for claims		
current fiscal year	17,465,738	16,017,044
Increase (Decrease) in the provision for claims of prior fiscal years	27,243,605	24,307,543
B. Total incurred claims and claim adjustment expenses	<u>44,709,343</u>	<u>40,324,587</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	43,862	-
Claims and claim adjustment expenses attributable to insured events of prior fiscal years:	<u>15,979,007</u>	<u>15,762,644</u>
C. Total Payments	<u>16,022,869</u>	<u>15,762,644</u>
D. Total unpaid claims and claim adjustment expenses at the end of the fiscal year (A+B-C)	<u>\$ 256,818,432</u>	<u>\$ 228,131,958</u>
Current Claim Liabilities	21,990,362	20,613,206
Noncurrent Claim Liabilities	<u>234,828,070</u>	<u>207,518,752</u>
Total Claim Liabilities	<u>\$ 256,818,432</u>	<u>\$ 228,131,958</u>

**CSAC EXCESS INSURANCE AUTHORITY  
EXCESS WORKERS' COMPENSATION PROGRAM FUND  
NOTES TO EARNED PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION  
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2011**

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, 2011**

POLICY YEAR	June 30, 2002	June 30, 2003	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011
Earned Premiums	\$ 6,101,481	\$ 20,301,297	\$ 47,496,770	\$ 59,989,589	\$ 61,714,023	\$ 63,726,804	\$ 62,477,689	\$ 52,184,473	\$48,146,826	\$ 52,750,326
Less Ceded	(1,991,848)	(5,349,557)	(16,752,829)	(16,316,467)	(19,925,812)	(20,451,452)	(22,040,208)	(32,694,500)	(29,508,491)	(33,208,876)
Supplemental Assessments	508,253	2,713,433	-	-	-	-	-	-	-	-
Dividends Declared	-	-	-	-	-	-	-	-	-	-
Interest	1,004,996	4,364,818	8,079,563	11,257,972	9,203,292	7,663,737	5,205,211	1,510,990	995,365	326,709
<b>1. Total Revenues Available For Payment of Claims</b>	<b>5,622,882</b>	<b>22,029,991</b>	<b>38,823,504</b>	<b>54,931,094</b>	<b>50,991,503</b>	<b>50,939,089</b>	<b>45,642,692</b>	<b>21,000,963</b>	<b>19,633,700</b>	<b>19,868,159</b>
<b>2. Unallocated Loss Adjustment Expense</b>	<b>204,534</b>	<b>1,157,222</b>	<b>1,192,270</b>	<b>850,224</b>	<b>1,052,443</b>	<b>1,182,989</b>	<b>1,306,697</b>	<b>1,031,553</b>	<b>710,472</b>	<b>50,000</b>
<b>3. Estimated Incurred Claims Less Ceded Claims Net Incurred Claims and Expenses, End of Policy Year</b>	<b>5,591,848</b>	<b>22,003,557</b>	<b>44,089,829</b>	<b>44,540,467</b>	<b>46,912,468</b>	<b>48,038,272</b>	<b>51,656,148</b>	<b>46,380,300</b>	<b>45,844,808</b>	<b>50,624,615</b>
	(1,991,848)	(5,349,557)	(16,752,829)	(16,316,467)	(19,925,812)	(20,451,452)	(22,040,208)	(32,694,500)	(29,508,491)	(33,208,876)
	<b>3,600,000</b>	<b>16,654,000</b>	<b>27,337,000</b>	<b>28,224,000</b>	<b>26,986,656</b>	<b>27,586,820</b>	<b>29,615,940</b>	<b>13,685,800</b>	<b>16,336,317</b>	<b>17,415,739</b>
<b>4. Cumulative Paid Claims as of:</b>										
End of the Policy Year	-	54,646	-	-	61,440	-	-	80,573	-	43,862
One Year Later	-	655,371	385,425	19,472	968,776	1,500,771	149,378	253,852	106,437	-
Two Years Later	-	1,803,465	700,942	457,787	1,895,972	2,930,749	2,329,306	662,838	-	-
Three Years Later	555,767	3,276,993	2,198,087	964,894	3,603,057	4,609,582	3,806,626	-	-	-
Four Years Later	1,973,556	4,309,081	4,351,637	1,921,891	4,551,854	8,091,482	-	-	-	-
Five Years Later	3,259,018	6,116,499	6,881,447	2,636,394	6,186,031	-	-	-	-	-
Six Years Later	4,229,678	8,809,377	10,073,192	3,505,972	-	-	-	-	-	-
Seven Years Later	4,963,000	12,942,074	12,642,204	-	-	-	-	-	-	-
Eight Years Later	5,425,402	15,402,429	-	-	-	-	-	-	-	-
Nine Years Later	6,106,952	-	-	-	-	-	-	-	-	-
<b>5. Re-estimated Ceded Claims and Expenses</b>	<b>20,375,931</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>556,040</b>	<b>-</b>	<b>-</b>	<b>1,612,535</b>	<b>-</b>	<b>-</b>
<b>6. Re-estimated Incurred Claims and Expenses</b>										
End of the Policy Year	3,600,000	17,751,000	27,337,000	28,224,000	26,986,656	27,586,820	29,615,940	13,685,800	14,575,340	17,415,739
One Year Later	3,985,000	19,909,000	26,032,000	25,617,052	32,672,718	29,842,070	28,351,050	20,519,114	16,902,842	-
Two Years Later	5,339,000	19,492,000	22,832,428	23,426,328	36,060,675	28,871,552	32,207,743	25,050,003	-	-
Three Years Later	5,572,000	21,787,653	24,988,811	24,021,574	34,774,900	37,566,684	34,698,516	-	-	-
Four Years Later	6,707,583	23,154,850	29,097,621	23,567,651	33,303,388	36,058,769	-	-	-	-
Five Years Later	7,954,967	27,446,755	33,344,532	25,591,580	31,067,050	-	-	-	-	-
Six Years Later	8,677,808	34,673,487	31,641,103	23,606,300	-	-	-	-	-	-
Seven Years Later	10,013,366	36,375,325	40,828,892	-	-	-	-	-	-	-
Eight Years Later	10,330,258	42,760,559	-	-	-	-	-	-	-	-
Nine Years Later	10,942,376	-	-	-	-	-	-	-	-	-
<b>7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year</b>	<b>\$ 7,342,376</b>	<b>\$ 26,106,559</b>	<b>\$ 13,491,892</b>	<b>\$ (4,617,700)</b>	<b>\$ 4,080,394</b>	<b>\$ 8,471,949</b>	<b>\$ 5,082,576</b>	<b>\$ 11,364,203</b>	<b>\$ 566,525</b>	<b>\$ -</b>

**PRIMARY GENERAL LIABILITY**



## Primary General Liability

County Members: 5  
Public Entity Members: 24

**CSAC EXCESS INSURANCE AUTHORITY  
PRIMARY GENERAL LIABILITY PROGRAM  
SCHEDULE OF NET ASSETS  
JUNE 30, 2011 AND 2010**

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
<b>ASSETS:</b>		
Current Assets:		
Cash in Banks	\$ 1,258,028	\$ 776,620
Cash, EIA Treasury	344,483	200,421
	<hr/>	<hr/>
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	1,602,511	977,041
Investments	804,873	1,269,001
Accounts Receivable		
Due From Members	273,203	165,993
Investment Income Receivable	12,667	22,532
Reinsurance Claims	548,360	722,449
Due from Other Funds	962,470	839,748
	<hr/>	<hr/>
<b>TOTAL CURRENT ASSETS</b>	4,204,084	3,996,764
Noncurrent Assets:		
Investments	921,228	1,084,930
Due from Members	23,154	39,339
Due from Other Funds	196,066	253,976
	<hr/>	<hr/>
<b>TOTAL NONCURRENT ASSETS</b>	1,140,448	1,378,245
	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	5,344,532	5,375,009
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	93,498	95,790
Deferred Income	-	21,327
Due to Members	297,911	235,128
Deposits from Insurance Companies	825,000	825,000
Claim Liabilities	5,911	49,440
	<hr/>	<hr/>
<b>TOTAL CURRENT LIABILITIES</b>	1,222,320	1,226,685
Noncurrent Liabilities:		
Claims Liabilities		
Unallocated Loss Adjustment Expense Payable	283,694	232,191
	<hr/>	<hr/>
<b>TOTAL NONCURRENT LIABILITIES</b>	283,694	232,191
	<hr/>	<hr/>
<b>TOTAL LIABILITIES</b>	1,506,014	1,458,876
<b>NET ASSETS:</b>		
Unrestricted	3,838,518	3,916,133
	<hr/>	<hr/>
<b>TOTAL NET ASSETS</b>	<u>\$ 3,838,518</u>	<u>\$ 3,916,133</u>

**CSAC EXCESS INSURANCE AUTHORITY  
PRIMARY GENERAL LIABILITY PROGRAM  
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
<b>OPERATING REVENUES:</b>		
Liability Insurance Premiums For Transferred Risk	\$ 1,888,464	\$ 2,127,964
Broker Fees	35,697	37,226
Contributions for Retained Risk		
Primary Liability Claims Provision	-	-
Administration Fees	394,957	419,548
Public Entity Fees	2,629	3,808
Development Fees	-	-
Other Income	1,250	250
	<u>2,322,997</u>	<u>2,588,796</u>
<b>OPERATING EXPENSES:</b>		
Primary Liability Insurance Premiums	1,888,464	2,127,965
Broker Fees	35,697	37,226
Provision for Claims		
Prior Years' Claims	16,284	(157,680)
Provision for Unallocated Loss Adjustment Expense	51,503	55,214
Program Services		
Actuarial Services	24,465	29,592
Claims Audits	1,324	6,353
Bank Services and Fees	4,990	6,975
	<u>2,022,727</u>	<u>2,105,645</u>
<b>OPERATING TRANSFERS IN OR (OUT):</b>		
Operating Transfer Out for General Administration	(365,835)	(238,869)
Operating Transfer Out for Loss Prevention	(86,849)	(92,886)
	<u>(452,684)</u>	<u>(331,755)</u>
	<u>(152,414)</u>	<u>151,396</u>
<b>NONOPERATING REVENUE (EXPENSES):</b>		
Investment Income	74,814	78,503
Financing Fees		
Investment Expense	(15)	(17)
	<u>74,799</u>	<u>78,486</u>
	<u>(77,615)</u>	<u>229,882</u>
	<u>3,916,133</u>	<u>3,686,251</u>
<b>TOTAL NET ASSETS, END OF THE YEAR</b>	<u><u>\$ 3,838,518</u></u>	<u><u>\$ 3,916,133</u></u>

**CSAC EXCESS INSURANCE AUTHORITY  
PRIMARY GENERAL LIABILITY PROGRAM  
SCHEDULE OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 2,273,428	\$ 2,749,720
Receipts from Others	174,088	(218,519)
Claims Paid	(59,813)	(24,580)
Insurance Purchased	(1,888,464)	(2,132,249)
Payments to Suppliers	(68,767)	(58,512)
Internal Activities	(517,496)	(1,035,025)
	<hr/>	<hr/>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>(87,024)</b>	<b>(719,165)</b>
	<hr/>	<hr/>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Securities	(1,609,972)	(1,334,803)
Sales of Securities	2,229,870	1,547,465
Cash from Investment Earnings	92,611	79,610
Finance Charges	-	-
Investment Expenses	(15)	(17)
	<hr/>	<hr/>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>712,494</b>	<b>292,255</b>
	<hr/>	<hr/>
<b>(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>625,470</b>	<b>(426,910)</b>
	<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>	<b>977,041</b>	<b>1,403,951</b>
	<hr/>	<hr/>
<b>END OF YEAR</b>	<b>\$ 1,602,511</b>	<b>\$ 977,041</b>
	<hr/>	<hr/>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ (152,414)	\$ 151,396
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, net	83,064	(91,308)
Due From or To Other Funds	(64,812)	(703,270)
Accounts and Other Payables	60,491	29,736
Deferred Income	(21,327)	21,327
Claim Liabilities	(43,529)	(182,260)
Unallocated Loss Adjustment Expense Payable	51,503	55,214
	<hr/>	<hr/>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ (87,024)</b>	<b>\$ (719,165)</b>
	<hr/>	<hr/>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Changes in unrealized gains (loss) on investments	\$ (7,932)	\$ 393
	<hr/>	<hr/>

**CSAC EXCESS INSURANCE AUTHORITY  
PRIMARY GENERAL LIABILITY PROGRAM  
RECONCILIATION OF UNPAID CLAIMS LIABILITIES  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

The schedule below presents the changes in claims liabilities for the past year.

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
A. Unpaid claims and claim adjustment expenses at the beginning of the fiscal year	<u>\$ 281,631</u>	<u>\$ 408,677</u>
Incurred claims and claim adjustment expenses:		
Provision for claims of the current fiscal year	51,503	55,214
Increase (Decrease) in the provision for claims of prior fiscal years	16,284	(157,680)
B. Total incurred claims and claim adjustment expenses	<u>67,787</u>	<u>(102,466)</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	59,813	24,580
C. Total Payments	<u>59,813</u>	<u>24,580</u>
D. Total unpaid claims and claim adjustment expenses at the end of the fiscal year (A+B-C)	<u>\$ 289,605</u>	<u>\$ 281,631</u>
Current Claim Liabilities	5,911	49,440
Noncurrent Claim Liabilities	<u>283,694</u>	<u>232,191</u>
Total Claim Liabilities	<u>\$ 289,605</u>	<u>\$ 281,631</u>

**CSAC EXCESS INSURANCE AUTHORITY  
PRIMARY GENERAL LIABILITY PROGRAM FUND  
NOTES TO EARNED PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION  
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2011**

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, 2011**

POLICY YEAR	June 30, 2002	June 30, 2003	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011
Insurance Premiums	\$ 4,742,629	\$ 3,167,165	\$ 3,142,062	\$ 3,598,320	\$ 3,123,927	\$ 2,722,944	\$ 2,562,220	\$ 2,947,531	\$ 2,127,964	\$ 1,888,464
Less Ceded	(895,982)	(1,526,359)	(1,600,717)	(3,014,070)	(2,642,496)	(2,478,758)	(2,368,037)	(2,627,972)	(2,127,964)	(1,888,464)
Supplemental Assessments	-	-	-	-	-	-	-	-	-	-
Dividends Declared	-	-	-	-	-	-	-	-	-	-
Interest	377	127,263	79,062	142,222	101,831	127,631	198,898	113,891	78,503	74,814
<b>1. Total Revenues Available For Payment of Claims</b>	<b>3,847,024</b>	<b>1,768,069</b>	<b>1,620,407</b>	<b>726,472</b>	<b>583,262</b>	<b>371,817</b>	<b>393,081</b>	<b>433,450</b>	<b>78,503</b>	<b>74,814</b>
<b>2. Unallocated Loss Adjustment Expense</b>	<b>4,439</b>	<b>6,658</b>	<b>10,542</b>	<b>13,871</b>	<b>16,645</b>	<b>43,579</b>	<b>75,060</b>	<b>2,855</b>	<b>55,214</b>	<b>51,503</b>
<b>3. Estimated Incurred Claims Less Ceded Claims</b>	<b>4,389,267</b>	<b>3,169,443</b>	<b>2,914,717</b>	<b>3,598,199</b>	<b>3,051,600</b>	<b>2,753,488</b>	<b>2,368,037</b>	<b>2,272,601</b>	<b>2,127,964</b>	<b>1,888,464</b>
<b>Net Incurred Claims and Expenses, End of Policy Year</b>	<b>3,491,503</b>	<b>1,644,865</b>	<b>1,314,000</b>	<b>-</b>						
<b>4. Cumulative Paid Claims as of:</b>										
End of the Policy Year	1,562,871	7,870	20,968	-	-	-	-	-	-	-
One Year Later	2,924,037	69,919	268,118	-	-	-	-	-	-	-
Two Years Later	4,418,030	542,915	781,086	-	-	-	-	-	-	-
Three Years Later	6,351,810	780,181	1,080,064	-	-	-	-	-	-	-
Four Years Later	6,548,750	844,814	1,244,756	-	-	-	-	-	-	-
Five Years Later	6,663,158	875,043	1,346,903	-	-	-	-	-	-	-
Six Years Later	6,663,196	863,907	1,431,043	-	-	-	-	-	-	-
Seven Years Later	6,661,189	890,197	1,433,188	-	-	-	-	-	-	-
Eight Years Later	2,356,914	947,866	-	-	-	-	-	-	-	-
Nine Years Later	2,362,474	-	-	-	-	-	-	-	-	-
<b>5. Re-estimated Ceded Claims and Expenses</b>	<b>925,286</b>	<b>-</b>	<b>-</b>	<b>1,843,025</b>	<b>1,882,823</b>	<b>1,865,636</b>	<b>2,912,201</b>	<b>1,257,418</b>	<b>1,953,946</b>	<b>468,099</b>
<b>6. Re-estimated Incurred Claims and Expenses</b>										
End of the Policy Year	3,491,503	1,644,865	1,314,000	-	-	-	-	-	-	-
One Year Later	4,064,158	937,690	1,482,818	-	-	-	-	-	-	-
Two Years Later	5,018,936	1,403,015	1,332,996	-	-	-	-	-	-	-
Three Years Later	7,525,810	1,639,776	1,252,564	-	-	-	-	-	-	-
Four Years Later	6,757,950	987,614	1,383,356	-	-	-	-	-	-	-
Five Years Later	6,745,558	977,143	2,451,906	-	-	-	-	-	-	-
Six Years Later	6,680,596	917,007	2,451,906	-	-	-	-	-	-	-
Seven Years Later	2,545,015	917,007	1,433,188	-	-	-	-	-	-	-
Eight Years Later	2,545,015	947,866	-	-	-	-	-	-	-	-
Nine Years Later	2,436,207	-	-	-	-	-	-	-	-	-
<b>7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year</b>	<b>\$ (1,055,296)</b>	<b>\$ (696,999)</b>	<b>\$ 119,188</b>	<b>\$ -</b>						

**GENERAL LIABILITY I**



## General Liability I

County Members: 38  
Public Entity Members: 63

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL LIABILITY I PROGRAM  
SCHEDULE OF NET ASSETS  
JUNE 30, 2011 AND 2010**

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
<b>ASSETS:</b>		
Current Assets:		
Cash, EIA Treasury	\$ 15,522,984	\$ 6,519,085
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	15,522,984	6,519,085
Investments	36,268,897	41,276,784
Accounts Receivable		
Investment Income Receivable	570,786	732,907
Reinsurance Claims	0	-
AR from Members	142	-
Due From Other Funds	8,015,866	6,055,080
<b>TOTAL CURRENT ASSETS</b>	<u>60,378,675</u>	<u>54,583,856</u>
Noncurrent Assets:		
Investments	41,512,022	35,289,497
Due from Members	1,043,365	1,279,583
Due From Other Funds	8,835,041	8,261,087
<b>TOTAL NONCURRENT ASSETS</b>	<u>51,390,428</u>	<u>44,830,167</u>
<b>TOTAL ASSETS</b>	<u>111,769,103</u>	<u>99,414,023</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	56,375	2,053
Due to Other Funds	784,584	653,592
Due to Members	128,160	80,774
Deferred Income from Members	0	18,514
Claims Liabilities	19,500,000	21,000,000
<b>TOTAL CURRENT LIABILITIES</b>	<u>20,469,119</u>	<u>21,754,933</u>
Noncurrent Liabilities:		
Claims Liabilities		
Claims Reported	23,485,227	31,899,927
Claims Incurred But Not Reported	35,441,687	21,429,002
Unallocated Loss Adjustment Expense Payable	1,990,903	1,739,787
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>60,917,817</u>	<u>55,068,716</u>
<b>TOTAL LIABILITIES</b>	<u>81,386,936</u>	<u>76,823,649</u>
<b>NET ASSETS:</b>		
Unrestricted	30,382,167	22,590,374
<b>TOTAL NET ASSETS</b>	<u>\$ 30,382,167</u>	<u>\$ 22,590,374</u>

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL LIABILITY I PROGRAM  
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
<b>OPERATING REVENUES:</b>		
Insurance Premiums for Transferred Risk	\$ 2,742,959	\$ 2,381,428
Broker Fees	604,396	562,606
Contributions for Retained Risk	29,204,279	30,379,305
Administration Fees	1,305,844	1,448,642
Public Entity Fees	44,590	48,445
Development Fees	3,000	2,250
	<hr/>	<hr/>
<b>TOTAL OPERATING REVENUES</b>	<b>33,905,068</b>	<b>34,822,676</b>
<b>OPERATING EXPENSES:</b>		
Excess Liability Premiums	2,742,322	2,381,428
Broker Fees	604,333	562,606
Provision for Claims		
Current Year Claims	20,293,283	23,325,840
Prior Years' Claims	2,781,821	10,026,477
Provision for Unallocated Loss Adjustment Expenses	251,116	131,120
Program Services		
Actuarial and Consulting Services	112,125	79,089
Legal Expenses	47,249	24,991
Claims Audits	29,982	30,826
	<hr/>	<hr/>
<b>TOTAL OPERATING EXPENSES</b>	<b>26,862,231</b>	<b>36,562,377</b>
<b>OPERATING TRANSFERS IN OR (OUT):</b>		
Operating Transfer Out for General Administration	(950,112)	(834,543)
Operating Transfer Out for Loss Prevention	(365,077)	(474,082)
	<hr/>	<hr/>
<b>TOTAL OPERATING TRANSFERS</b>	<b>(1,315,189)</b>	<b>(1,308,625)</b>
<b>OPERATING INCOME (LOSS)</b>	<b>5,727,648</b>	<b>(3,048,326)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	2,064,833	2,877,072
Investment Expense	(688)	(618)
	<hr/>	<hr/>
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>2,064,145</b>	<b>2,876,454</b>
<b>CHANGES IN NET ASSETS</b>	<b>7,791,793</b>	<b>(171,872)</b>
Net Assets, Beginning of the Year	<hr/>	<hr/>
	22,590,374	22,762,246
<b>NET ASSETS, END OF THE YEAR</b>	<b>\$ 30,382,167</b>	<b>\$ 22,590,374</b>
	<hr/> <hr/>	<hr/> <hr/>

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL LIABILITY I PROGRAM  
SCHEDULE OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 34,170,017	\$ 33,176,667
Dividends Paid	0	-
Claims Paid	(18,977,119)	(21,456,347)
Insurance Purchased	(2,742,322)	(1,814,150)
Payments to Suppliers	(739,368)	(704,008)
Internal Activities	<u>(3,718,937)</u>	<u>(4,456,224)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>7,992,271</u>	<u>4,745,938</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Securities	(63,609,333)	(64,987,336)
Sales of Securities	62,173,539	57,463,189
Cash from Investment Earnings	2,448,110	2,857,399
Investment Expenses	<u>(688)</u>	<u>(618)</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>1,011,628</u>	<u>(4,667,366)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	9,003,899	78,572
<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>	<u>6,519,085</u>	<u>6,440,513</u>
<b>END OF YEAR</b>	<u>\$ 15,522,984</u>	<u>\$ 6,519,085</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ 5,727,648	\$ (3,048,326)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, net	236,076	296,004
Due From or To Other Funds	(2,403,748)	(3,147,599)
Accounts and Other Payables	101,708	(1,399,745)
Deferred Income	(18,514)	18,514
Claim Liabilities	4,097,985	11,895,970
Unallocated Loss Adjustment Expense Payable	<u>251,116</u>	<u>131,120</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ 7,992,271</u>	<u>\$ 4,745,938</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Changes in unrealized gains (loss) on investments	<u>\$ (221,156)</u>	<u>\$ (66,009)</u>

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL LIABILITY I PROGRAM  
RECONCILIATION OF UNPAID CLAIMS LIABILITIES  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

The schedule below presents the changes in claims liabilities for the past two years.

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
A. Unpaid claims and claim adjustment expenses at the beginning of the fiscal year	<u>\$ 76,068,716</u>	<u>\$ 64,041,625</u>
Incurred claims and claim adjustment expenses:		
Provision for claims of the current fiscal year	20,544,399	23,456,960
Increase (Decrease) in the provision for claims of prior fiscal years	<u>2,781,821</u>	<u>10,026,477</u>
B. Total incurred claims and claim adjustment expenses	<u>23,326,220</u>	<u>33,483,437</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>18,977,119</u>	<u>21,456,346</u>
C. Total Payments	<u>18,977,119</u>	<u>21,456,346</u>
D. Total unpaid claims and claim adjustment expenses at the end of the fiscal year (A+B-C)	<u>\$ 80,417,817</u>	<u>\$ 76,068,716</u>
Current Claim Liabilities	19,500,000	21,000,000
Noncurrent Claim Liabilities	<u>60,917,817</u>	<u>55,068,716</u>
Total Claim Liabilities	<u>\$ 80,417,817</u>	<u>\$ 76,068,716</u>

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL LIABILITY I PROGRAM FUND  
NOTES TO EARNED PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION  
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2011**

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 I PROGRAM  
SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT  
FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2011**

POLICY YEAR	June 30, 2002	June 30, 2003	June 30, 2004	June 30, 2005	Sept. 30 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011
Earned Premiums	\$ 7,000,281	\$ 9,189,078	\$ 15,909,273	\$ 20,697,278	\$ 27,739,091	\$ 18,831,951	\$ 26,940,406	\$ 30,993,979	\$ 32,772,965	\$ 31,958,996
Less Ceded	(2,096,987)	(489,686)	(1,452,279)	(1,774,144)	(1,970,174)	(2,510,249)	(2,052,476)	(2,013,394)	(2,381,428)	(2,742,959)
Supplemental Assessments	-	-	-	-	-	-	-	-	-	-
Dividends Declared	(315,880)	-	-	-	-	-	-	-	-	-
Interest	(352,377)	(1,251,127)	720,662	4,031,432	3,789,967	2,539,191	3,458,798	2,746,898	1,985,313	551,472
<b>1. Total Revenues Available For Payment of Claims</b>	<b>4,235,037</b>	<b>7,448,265</b>	<b>15,177,656</b>	<b>22,954,566</b>	<b>29,558,884</b>	<b>18,860,893</b>	<b>28,346,728</b>	<b>31,727,483</b>	<b>32,376,850</b>	<b>29,767,509</b>
<b>2. Unallocated Loss Adjustment Expense</b>	<b>-</b>	<b>3,191</b>	<b>2,513</b>	<b>36,525</b>	<b>217,151</b>	<b>106,494</b>	<b>250,450</b>	<b>420,392</b>	<b>433,033</b>	<b>510,052</b>
<b>3. Estimated Incurred Claims Less Ceded Claims</b>	<b>6,614,367</b>	<b>8,908,916</b>	<b>13,349,879</b>	<b>15,313,284</b>	<b>21,099,891</b>	<b>11,571,205</b>	<b>19,759,179</b>	<b>19,883,870</b>	<b>25,707,268</b>	<b>23,036,242</b>
<b>Net Incurred Claims and Expenses, End of Policy Year</b>	<b>(2,096,987)</b>	<b>(489,686)</b>	<b>(1,452,279)</b>	<b>(1,774,144)</b>	<b>(1,970,174)</b>	<b>(2,510,249)</b>	<b>(2,052,476)</b>	<b>(2,013,394)</b>	<b>(2,381,428)</b>	<b>(2,742,959)</b>
<b>4. Cumulative Paid Claims as of:</b>										
End of the Policy Year	-	-	3,425,000	-	253,756	-	2,847	-	653,593	-
One Year Later	1,650,000	2,747,567	6,361,720	258,039	1,988,739	39,758	2,899,925	172,455	348,252	-
Two Years Later	4,408,061	4,357,425	7,413,913	1,465,760	9,206,329	5,524,791	7,975,068	4,894,740	-	-
Three Years Later	5,679,455	15,194,598	10,069,682	6,380,972	15,039,833	8,404,439	15,431,317	-	-	-
Four Years Later	7,277,344	15,582,821	15,667,897	8,000,860	20,656,595	11,379,531	-	-	-	-
Five Years Later	7,263,232	15,882,996	18,523,052	13,697,014	22,690,663	-	-	-	-	-
Six Years Later	7,391,791	16,150,292	19,659,826	14,827,986	-	-	-	-	-	-
Seven Years Later	8,141,791	16,276,826	19,681,951	-	-	-	-	-	-	-
Eight Years Later	8,156,260	16,402,961	-	-	-	-	-	-	-	-
Nine Years Later	8,188,324	-	-	-	-	-	-	-	-	-
<b>5. Re-estimated Ceded Claims and Expenses</b>	<b>2,751,465</b>	<b>1,366,074</b>	<b>-</b>	<b>-</b>	<b>5,457,654</b>	<b>29,119</b>	<b>-</b>	<b>-</b>	<b>298,800</b>	<b>-</b>
<b>6. Re-estimated Incurred Claims and Expenses</b>										
End of the Policy Year	4,517,380	8,419,230	11,897,600	13,539,140	14,621,900	9,060,956	17,706,703	19,883,870	23,325,840	20,293,283
One Year Later	6,751,600	9,551,651	15,484,484	12,571,700	22,854,487	10,508,940	19,125,703	25,729,463	17,577,212	-
Two Years Later	7,745,100	11,028,083	16,605,871	13,477,743	21,048,207	11,739,972	17,506,533	21,620,740	-	-
Three Years Later	8,018,466	17,922,144	16,673,500	12,223,383	28,697,653	13,803,748	25,395,916	-	-	-
Four Years Later	8,362,117	18,702,034	19,917,950	12,051,845	28,822,601	15,616,582	-	-	-	-
Five Years Later	8,511,292	17,915,343	20,277,321	15,366,909	31,330,377	-	-	-	-	-
Six Years Later	8,416,557	16,419,864	20,364,548	16,281,190	-	-	-	-	-	-
Seven Years Later	8,544,783	16,349,327	19,781,944	-	-	-	-	-	-	-
Eight Years Later	8,184,485	16,529,920	-	-	-	-	-	-	-	-
Nine Years Later	8,188,324	-	-	-	-	-	-	-	-	-
<b>7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year</b>	<b>\$ 3,670,944</b>	<b>\$ 8,110,690</b>	<b>\$ 7,884,344</b>	<b>\$ 2,742,050</b>	<b>\$ 12,200,660</b>	<b>\$ 6,555,626</b>	<b>\$ 7,689,213</b>	<b>\$ 3,750,264</b>	<b>\$ (5,748,628)</b>	<b>\$ -</b>

## **GENERAL LIABILITY II**



## General Liability II

County Members: 8  
Public Entity Members: 3

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL LIABILITY II PROGRAM  
SCHEDULE OF NET ASSETS  
JUNE 30, 2011 AND 2010**

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
<b>ASSETS:</b>		
Current Assets:		
Cash, EIA Treasury	\$ 3,457,453	\$ 1,324,604
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	3,457,453	1,324,604
Investments	8,078,215	8,386,976
Accounts Receivable		
Investment Income Receivable	127,132	148,918
Reinsurance Claims	1,254,342	671,777
Due from Other Funds	1,785,383	1,230,324
<b>TOTAL CURRENT ASSETS</b>	<u>14,702,525</u>	<u>11,762,599</u>
Noncurrent Assets:		
Investments	9,246,022	7,170,427
Due from Members	232,390	259,997
Due from Other Funds	1,967,839	1,678,559
<b>TOTAL NONCURRENT ASSETS</b>	<u>11,446,251</u>	<u>9,108,983</u>
<b>TOTAL ASSETS</b>	<u>26,148,776</u>	<u>20,871,582</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	2,322,259	2,550,613
Claim Liabilities	8,200,000	2,752,376
<b>TOTAL CURRENT LIABILITIES</b>	<u>10,522,259</u>	<u>5,302,989</u>
Noncurrent Liabilities:		
Claim Liabilities		
Claims Reported	-	2,940,000
Claims Incurred But Not Reported	15,239,792	12,027,150
Unallocated Loss Adjustment Expense Payable	352,571	307,658
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>15,592,363</u>	<u>15,274,808</u>
<b>TOTAL LIABILITIES</b>	<u>26,114,622</u>	<u>20,577,797</u>
<b>NET ASSETS:</b>		
Unrestricted	34,154	293,785
<b>TOTAL NET ASSETS</b>	<u>\$ 34,154</u>	<u>\$ 293,785</u>

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL LIABILITY II PROGRAM  
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
<b>OPERATING REVENUES:</b>		
Insurance Premiums for Transferred Risk	\$ 11,346,921	\$ 14,186,489
Broker Fees	269,812	305,731
Contributions for Retained Risk	8,578,800	6,899,454
Administration Fees	1,110,959	586,810
Public Entity Fees	34,154	41,029
Other Income	448,805	272,794
	<u>21,789,451</u>	<u>22,292,307</u>
<b>TOTAL OPERATING REVENUES</b>		
<b>OPERATING EXPENSES:</b>		
General Liability II Insurance Premiums	11,197,222	13,974,655
Broker Fees	269,812	305,731
Provision for Claims		
Current Year Claims	8,578,800	6,899,454
Prior Years' Claims	815,182	-
Provision for Unallocated Loss Adjustment Expenses	44,913	125,580
Program Services:		
Consulting and Legal Services	536,420	282,531
Actuarial Studies	14,000	12,000
Claim Audits	2,879	8,000
	<u>21,459,228</u>	<u>21,607,951</u>
<b>TOTAL OPERATING EXPENSES</b>		
<b>OPERATING TRANSFERS IN OR (OUT):</b>		
Operating Transfer Out for General Administration	(821,166)	(728,855)
Operating Transfer Out for Loss Prevention	(216,118)	(312,889)
	<u>(1,037,284)</u>	<u>(1,041,744)</u>
<b>TOTAL OPERATING TRANSFERS</b>		
<b>OPERATING INCOME (LOSS)</b>	<u>(707,061)</u>	<u>(357,388)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Earnings	447,573	437,976
Member Finance Fees	-	49,957
Investment Expense	(143)	(102)
	<u>447,430</u>	<u>487,831</u>
<b>TOTAL NONOPERATING REVENUE (EXPENSES)</b>		
<b>CHANGES IN NET ASSETS</b>	(259,631)	130,443
Net Assets, Beginning of the Year	293,785	163,342
<b>NET ASSETS, END OF THE YEAR</b>	<u>\$ 34,154</u>	<u>\$ 293,785</u>

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL LIABILITY II PROGRAM  
SCHEDULE OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 21,368,253	\$ 22,154,641
Receipts from Others	(133,760)	5,182,939
Claims Paid	(3,673,716)	(4,942,547)
Insurance Purchased	(11,197,222)	(13,974,655)
Payments to Suppliers	(1,051,465)	1,553,298
Internal Activities	<u>(1,881,623)</u>	<u>(2,674,916)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>3,430,467</u>	<u>7,298,760</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Securities	(15,291,499)	(15,951,772)
Sales of Securities	13,476,727	8,747,614
Cash from Investment Earnings	517,297	398,763
Cash From Finance Fees	-	49,957
Investment Expenses	<u>(143)</u>	<u>(102)</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>(1,297,618)</u>	<u>(6,755,540)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	2,132,849	543,220
<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>	<u>1,324,604</u>	<u>781,384</u>
<b>END OF YEAR</b>	<u>\$ 3,457,453</u>	<u>\$ 1,324,604</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ (707,061)	\$ (357,388)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, net	(554,958)	5,045,271
Due From Other Funds	(844,339)	(1,633,172)
Accounts and Other Payables	(228,354)	2,161,562
Claim Liabilities	5,720,266	1,956,907
Unallocated Loss Adjustment Expense Payable	<u>44,913</u>	<u>125,580</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ 3,430,467</u>	<u>\$ 7,298,760</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Changes in unrealized (loss) gains on investments	<u>\$ (47,938)</u>	<u>\$ (31,181)</u>

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL LIABILITY II PROGRAM  
RECONCILIATION OF UNPAID CLAIMS LIABILITIES  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

The schedule below presents the changes in claims liabilities for the past two years.

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
A. Unpaid claims and claim adjustment expenses at the beginning of the fiscal year	<u>\$ 18,027,184</u>	<u>\$ 15,944,697</u>
Incurred claims and claim adjustment expenses:		
Provision for claims of the current fiscal year	8,623,713	7,025,034
Increase (Decrease) in the provision for claims of prior fiscal years	<u>815,182</u>	<u>-</u>
B. Total incurred claims and claim adjustment expenses	<u>9,438,895</u>	<u>7,025,034</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>3,673,716</u>	<u>4,942,547</u>
C. Total Payments	<u>3,673,716</u>	<u>4,942,547</u>
D. Total unpaid claims and claim adjustment expenses at the end of the fiscal year (A+B-C)	<u>\$ 23,792,363</u>	<u>\$ 18,027,184</u>
Current Claim Liabilities	8,200,000	2,752,376
Noncurrent Claim Liabilities	<u>15,592,363</u>	<u>15,274,808</u>
Total Claim Liabilities	<u>\$ 23,792,363</u>	<u>\$ 18,027,184</u>

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL LIABILITY II PROGRAM FUND  
NOTES TO EARNED PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION  
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2011**

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 II PROGRAM  
SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT  
FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2011**

POLICY YEAR	June 30, 2002	June 30, 2003	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011
Earned Premiums	\$ 5,580,699	\$ 6,132,703	\$ 7,921,698	\$ 8,008,500	\$ 12,065,869	\$ 13,353,917	\$ 17,300,000	\$ 18,463,239	\$ 21,085,943	\$ 19,925,721
Less Ceded	(5,580,699)	(6,132,703)	(7,921,698)	(8,008,500)	(12,065,869)	(10,745,015)	(11,300,000)	(10,395,543)	(14,186,489)	(11,346,921)
Supplemental Assessments	-	-	-	-	-	-	-	-	-	-
Dividends Declared	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	935,506	-
<b>1. Total Revenues Available For Payment of Claims</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,608,902</b>	<b>6,000,000</b>	<b>8,067,696</b>	<b>7,834,960</b>	<b>8,578,800</b>
<b>2. Unallocated Loss Adjustment Expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>116,761</b>	<b>111,652</b>	<b>124,158</b>
<b>3. Estimated Incurred Claims Less Ceded Claims Net Incurred Claims and Expenses, End of Policy Year</b>	<b>5,322,054</b>	<b>6,132,703</b>	<b>7,921,698</b>	<b>8,008,500</b>	<b>12,065,869</b>	<b>13,353,916</b>	<b>17,300,000</b>	<b>18,463,239</b>	<b>21,085,943</b>	<b>19,925,721</b>
	<b>(5,322,054)</b>	<b>(6,132,703)</b>	<b>(7,921,698)</b>	<b>(8,008,500)</b>	<b>(12,065,869)</b>	<b>(10,745,014)</b>	<b>(11,300,000)</b>	<b>(10,395,543)</b>	<b>(14,186,489)</b>	<b>(11,346,921)</b>
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,608,902</b>	<b>6,000,000</b>	<b>8,067,696</b>	<b>6,899,454</b>	<b>8,578,800</b>
<b>4. Cumulative Paid Claims as of:</b>										
End of the Policy Year	-	-	-	-	-	-	-	-	-	-
One Year Later	-	-	-	-	-	9,445	897,884	-	-	-
Two Years Later	-	-	-	-	-	16,095	3,247,624	921,340	-	-
Three Years Later	-	-	-	-	-	2,608,902	6,000,000	-	-	-
Four Years Later	-	-	-	-	-	2,608,903	-	-	-	-
Five Years Later	-	-	-	-	-	-	-	-	-	-
Six Years Later	-	-	-	-	-	-	-	-	-	-
Seven Years Later	-	-	-	-	-	-	-	-	-	-
Eight Years Later	-	-	-	-	-	-	-	-	-	-
Nine Years Later	-	-	-	-	-	-	-	-	-	-
<b>5. Re-estimated Ceded Claims and Expenses</b>	<b>7,871,113</b>	<b>7,871,113</b>	<b>92,738,343</b>	<b>29,376,849</b>	<b>44,593,488</b>	<b>19,141,742</b>	<b>3,786,834</b>	<b>-</b>	<b>-</b>	<b>2,425,000</b>
<b>6. Re-estimated Incurred Claims and Expenses</b>										
End of the Policy Year	-	-	-	-	-	2,608,902	6,000,000	8,067,696	6,899,454	8,578,800
One Year Later	-	-	-	-	-	2,608,902	6,000,000	8,067,696	7,834,960	-
Two Years Later	-	-	-	-	-	2,608,902	6,000,000	8,067,696	-	-
Three Years Later	-	-	-	-	-	2,608,902	6,000,000	-	-	-
Four Years Later	-	-	-	-	-	2,608,902	-	-	-	-
Five Years Later	-	-	-	-	-	-	-	-	-	-
Six Years Later	-	-	-	-	-	-	-	-	-	-
Seven Years Later	-	-	-	-	-	-	-	-	-	-
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>\$ -</b>	<b>\$ 935,506</b>				
	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>				

## PROPERTY



## Property

County Members: 51  
Public Entity Members: 30

**CSAC EXCESS INSURANCE AUTHORITY  
PROPERTY PROGRAM  
SCHEDULE OF NET ASSETS  
JUNE 30, 2011 AND 2010**

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
<b>ASSETS:</b>		
Current Assets:		
Cash, EIA Treasury	\$ -	\$ -
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	-	-
Accounts Receivable		
Due from Members	11,954,275	11,222,619
Prepaid Insurance	29,620,989	33,407,459
<b>TOTAL CURRENT ASSETS</b>	<u>41,575,264</u>	<u>44,630,078</u>
Noncurrent Assets:		
Prepaid Insurance	36,200,000	29,611,405
<b>TOTAL NONCURRENT ASSETS</b>	<u>36,200,000</u>	<u>29,611,405</u>
<b>TOTAL ASSETS</b>	<u>77,775,264</u>	<u>74,241,483</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	35,225	8,505
Due to Other Funds	38,681,150	34,706,142
Due to Members	728,944	1,067,317
Deferred Income	3,023	2,069
Claim Liabilities		
Aggregate Deductible Pool	1,704,846	6,679,491
<b>TOTAL CURRENT LIABILITIES</b>	<u>41,153,188</u>	<u>42,463,524</u>
Noncurrent Liabilities:		
Due to Other Funds	34,025,519	29,611,405
Claim Liabilities		
Aggregate Deductible Pool	-	-
Unallocated Loss Adjustment Expense Payable	78,618	68,197
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>34,104,137</u>	<u>29,679,602</u>
<b>TOTAL LIABILITIES</b>	<u>75,257,325</u>	<u>72,143,126</u>
<b>NET ASSETS:</b>		
Unrestricted	2,517,939	2,098,357
<b>TOTAL NET ASSETS</b>	<u>\$ 2,517,939</u>	<u>\$ 2,098,357</u>

Unaudited - Prepared by Management for internal use only.

**CSAC EXCESS INSURANCE AUTHORITY  
PROPERTY PROGRAM  
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
<b>OPERATING REVENUES:</b>		
Property Premiums for Transferred Risk	\$ 39,415,254	\$ 40,037,534
Broker Fees	15,000	30,000
Reinsurance Dividends	41,971	99,092
Contributions for Retained Risk	9,555,083	10,513,296
Administration Fees	483,010	523,702
Public Entity Fees	44,116	33,235
Program Development Fees	1,500	500
Other Income	56,600	-
<b>TOTAL OPERATING REVENUES</b>	<u>49,612,534</u>	<u>51,237,359</u>
<b>OPERATING EXPENSES:</b>		
Member Dividends	41,971	99,092
Property Insurance Premiums	39,023,415	40,061,692
Broker Fees	15,000	30,000
Provision for Claims		
Aggregate Deductible Pool	9,555,083	10,513,296
Provision for Unallocated Loss Adjustment Expenses	10,422	2,217
Program Services		
Actuarial & Consulting Services	-	1,800
Property Appraisals	115,070	45,830
<b>TOTAL OPERATING EXPENSES</b>	<u>48,760,961</u>	<u>50,753,927</u>
<b>OPERATING TRANSFERS IN OR (OUT):</b>		
Operating Transfer Out for General Administration	(244,819)	(309,918)
Operating Transfer Out for Loss Prevention	(194,142)	(180,519)
<b>TOTAL OPERATING TRANSFERS</b>	<u>(438,961)</u>	<u>(490,437)</u>
<b>OPERATING INCOME (LOSS)</b>	<u>412,612</u>	<u>(7,005)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	-	-
Financing Fees	808,319	889,303
Investment Expense	(193)	(207)
Financing Expense	(801,156)	(812,505)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>6,970</u>	<u>76,591</u>
<b>CHANGES IN NET ASSETS</b>	419,582	69,586
Net Assets, Beginning of the Year	<u>2,098,357</u>	<u>2,028,771</u>
<b>NET ASSETS, END OF THE YEAR</b>	<u><u>\$ 2,517,939</u></u>	<u><u>\$ 2,098,357</u></u>

Unaudited - Prepared by Management for internal use only.

**CSAC EXCESS INSURANCE AUTHORITY  
PROPERTY PROGRAM  
SCHEDULE OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 48,543,459	\$ 51,005,813
Receipts from Others	-	99,092
Dividends Paid	(41,971)	(99,092)
Claims Paid	(14,529,729)	(5,901,536)
Insurance Purchased	(41,825,540)	(42,213,568)
Payments to Suppliers	(103,350)	(74,723)
Internal Activities	<u>7,950,161</u>	<u>(2,892,577)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>(6,970)</u>	<u>(76,591)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Financing Fees	808,319	889,303
Financing Expenses	(801,156)	(812,505)
Investment Expenses	<u>(193)</u>	<u>(207)</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>6,970</u>	<u>76,591</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>	<u><u>\$ -</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ 412,612	\$ (7,005)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, net	(731,656)	(297,287)
Due To Other Funds	8,389,122	(2,402,140)
Prepaid Insurance	(2,802,125)	(2,151,876)
Accounts and Other Payables	(311,653)	372,478
Deferred Income	954	(204,738)
Claim Liabilities	(4,974,645)	4,611,760
Unallocated Loss Adjustment Expense Payable	<u>10,421</u>	<u>2,217</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u><u>\$ (6,970)</u></u>	<u><u>\$ (76,591)</u></u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Changes in unrealized gains (loss) on investments	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Unaudited - Prepared by Management for internal use only.

**CSAC EXCESS INSURANCE AUTHORITY  
PROPERTY PROGRAM  
RECONCILIATION OF UNPAID CLAIMS LIABILITIES  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

The schedule below presents the changes in claims liabilities for the past two years.

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
A. Unpaid claims and claim adjustment expenses at the beginning of the fiscal year	<u>\$ 6,747,688</u>	<u>\$ 2,133,711</u>
Incurred claims and claim adjustment expenses:		
Provision for claims of the current fiscal year	<u>9,565,505</u>	<u>10,515,513</u>
B. Total incurred claims and claim adjustment expenses	<u>9,565,505</u>	<u>10,515,513</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	7,850,238	-
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>6,679,491</u>	<u>5,901,536</u>
C. Total Payments	<u>14,529,729</u>	<u>5,901,536</u>
D. Total unpaid claims and claim adjustment expenses at the end of the fiscal year (A+B-C)	<u>\$ 1,783,464</u>	<u>\$ 6,747,688</u>
Current Claim Liabilities	1,704,846	6,679,491
Noncurrent Claim Liabilities	78,618	68,197
Total Claim Liabilities	<u>\$ 1,783,464</u>	<u>\$ 6,747,688</u>

**CSAC EXCESS INSURANCE AUTHORITY  
PROPERTY PROGRAM FUND  
NOTES TO EARNED PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION  
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2011**

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.

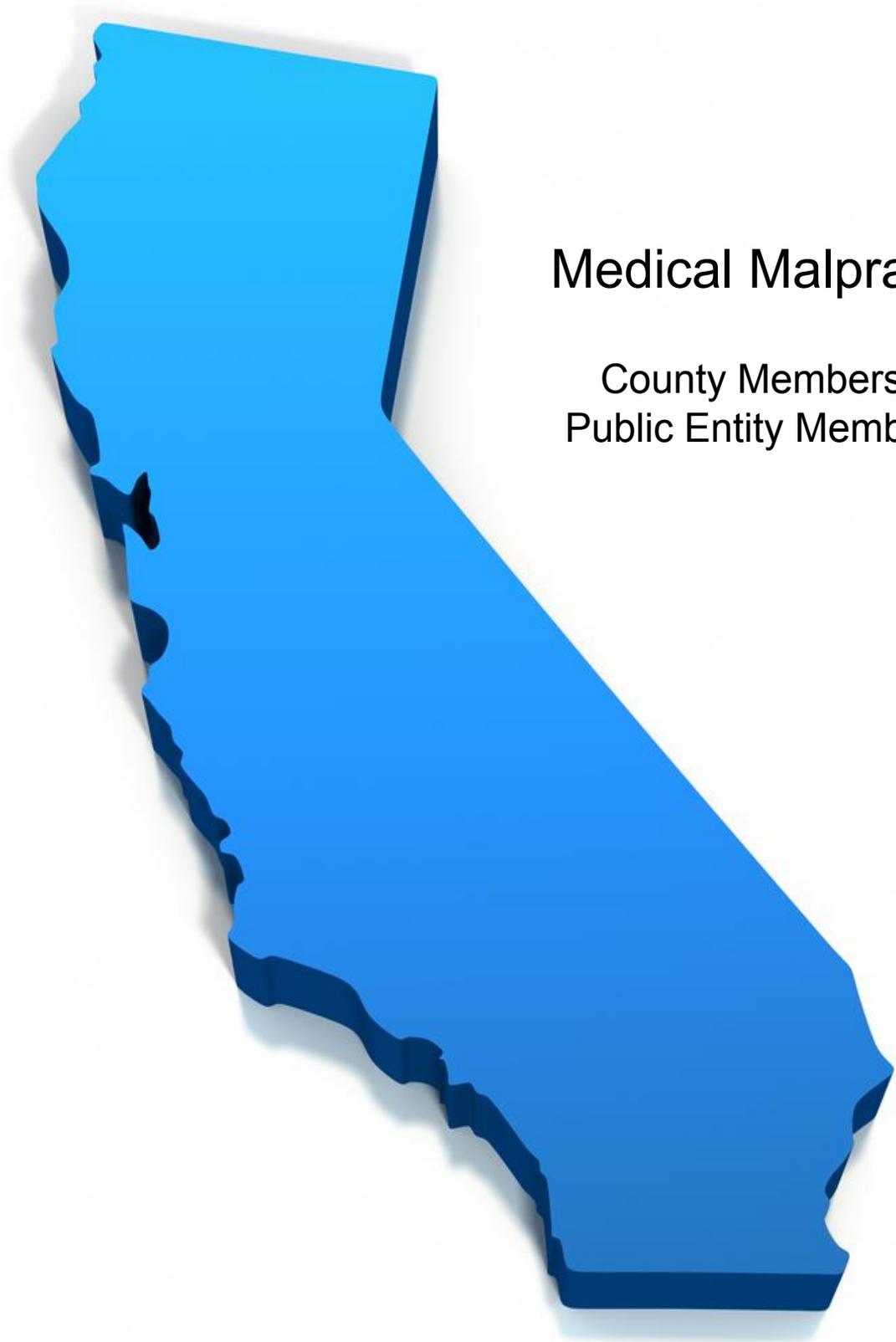
As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

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, 2011**

POLICY YEAR	June 30, 2002	June 30, 2003	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011
Earned Premiums	\$ 19,857,043	\$ 32,819,969	\$ 33,368,974	\$ 36,208,713	\$ 35,652,060	\$ 42,921,015	\$ 53,388,051	\$ 39,389,017	\$ 50,550,830	\$ 48,970,337
Less Ceded	(17,529,007)	(28,898,664)	(30,603,877)	(28,827,724)	(28,630,965)	(36,303,667)	(40,515,154)	(37,135,310)	(40,061,693)	(39,415,254)
Supplemental Assessments	-	-	-	-	-	-	-	-	-	-
Dividends Declared	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
<b>1. Total Revenues Available For Payment of Claims</b>	<b>2,328,036</b>	<b>3,921,305</b>	<b>2,765,097</b>	<b>7,380,989</b>	<b>7,021,095</b>	<b>6,617,348</b>	<b>12,872,897</b>	<b>2,253,707</b>	<b>10,489,137</b>	<b>9,555,083</b>
<b>2. Unallocated Loss Adjustment Expense</b>	<b>-</b>	<b>78,618</b>								
<b>3. Estimated Incurred Claims Less Ceded Claims Net Incurred Claims and Expenses, End of Policy Year</b>	<b>19,857,043 (17,529,007)</b>	<b>32,732,062 (28,898,664)</b>	<b>33,446,708 (30,603,877)</b>	<b>36,194,683 (28,827,724)</b>	<b>35,632,642 (28,630,965)</b>	<b>42,892,848 (36,303,667)</b>	<b>53,339,625 (40,515,154)</b>	<b>39,149,125 (37,135,310)</b>	<b>41,565,797 (40,061,693)</b>	<b>41,474,441 (39,415,254)</b>
	<b>2,328,036</b>	<b>3,833,398</b>	<b>2,842,831</b>	<b>7,366,959</b>	<b>7,001,677</b>	<b>6,589,181</b>	<b>12,824,471</b>	<b>2,013,815</b>	<b>1,504,104</b>	<b>2,059,187</b>
<b>4. Cumulative Paid Claims as of:</b>										
End of the Policy Year	950,000	886,120	679,281	1,479,675	4,491,799	1,997,597	4,114,386	-	-	354,341
One Year Later	2,328,036	3,833,398	2,842,831	3,699,503	7,001,677	6,589,181	12,770,820	4,949,559	9,000,000	
Two Years Later	2,328,036	3,833,398	2,842,831	6,678,309	7,001,411	6,589,181	13,847,744	2,013,815		
Three Years Later	2,328,036	3,833,398	2,842,831	7,366,959	7,001,411	6,589,181	12,824,471			
Four Years Later	2,328,036	3,833,398	2,842,831	7,366,959	7,001,411	6,589,181				
Five Years Later	2,328,036	3,833,398	2,842,831	7,366,959	7,001,677					
Six Years Later	2,328,036	3,833,398	2,842,831	7,366,959						
Seven Years Later	2,328,036	3,833,398	2,842,831							
Eight Years Later	2,328,036	3,833,398								
Nine Years Later	2,328,036									
<b>5. Re-estimated Ceded Claims and Expenses</b>	<b>3,168,964</b>	<b>3,168,964</b>	<b>24,859,499</b>	<b>6,385,963</b>	<b>13,083,208</b>	<b>4,578,206</b>	<b>24,039,950</b>	<b>11,133,821</b>	<b>2,173,099</b>	<b>43,541,421</b>
<b>6. Re-estimated Incurred Claims and Expenses</b>										
End of the Policy Year	2,328,036	3,833,398	2,842,831	7,366,959	7,001,677	6,589,181	12,824,471	2,013,815	1,504,104	2,059,187
One Year Later	2,328,036	3,833,398	2,842,831	7,366,959	7,001,677	6,589,181	12,824,471	2,013,815	1,504,104	
Two Years Later	2,328,036	3,833,398	2,842,831	7,366,959	7,001,677	6,588,915	12,824,471	2,013,815		
Three Years Later	2,328,036	3,833,398	2,842,831	7,366,959	7,001,677	6,588,915	12,824,471			
Four Years Later	2,328,036	3,833,398	2,842,831	7,366,959	7,001,677	6,589,181				
Five Years Later	2,328,036	3,833,398	2,842,831	7,366,959	7,001,677					
Six Years Later	2,328,036	3,833,398	2,842,831	7,366,959						
Seven Years Later	2,328,036	3,833,398	2,842,831							
Eight Years Later	2,328,036	3,833,398								
Nine Years Later	2,328,036									
<b>7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year</b>	<b>\$ -</b>									

## **MEDICAL MALPRACTICE**



## Medical Malpractice

County Members: 46  
Public Entity Members: 2

**CSAC EXCESS INSURANCE AUTHORITY  
MEDICAL MALPRACTICE PROGRAM  
SCHEDULE OF NET ASSETS  
JUNE 30, 2011 AND 2010**

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
<b>ASSETS:</b>		
Current Assets:		
Cash, EIA Treasury	\$ 4,438,069	\$ 2,331,031
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	4,438,069	2,331,031
Investments	10,369,390	14,759,354
Accounts Receivable		
Due from Members	15,158	-
Investment Income Receivable	163,190	262,066
Reinsurance Receivable	18,718	-
Due from Others	2,500	5,334
Due from Other Funds	2,291,761	2,165,116
Prepaid Insurance	1,480,913	1,362,687
<b>TOTAL CURRENT ASSETS</b>	<u>18,779,699</u>	<u>20,885,588</u>
Noncurrent Assets:		
Investments	11,868,415	12,618,477
Due from Members	298,301	457,541
Due from Other Funds	2,525,966	2,953,920
<b>TOTAL NONCURRENT ASSETS</b>	<u>14,692,682</u>	<u>16,029,938</u>
<b>TOTAL ASSETS</b>	<u>33,472,381</u>	<u>36,915,526</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	70,343	120,572
Due to Members	484	2,217,783
Deferred Income	2,703,511	3,181,612
Claim Liabilities	4,750,000	3,960,355
<b>TOTAL CURRENT LIABILITIES</b>	<u>7,524,338</u>	<u>9,480,322</u>
Noncurrent Liabilities:		
Claims Liabilities		
Claims Reported	4,750,431	3,198,242
Claims Incurred But Not Reported	10,062,978	12,643,176
Unallocated Loss Adjustment Expense Payables	1,456,326	1,373,201
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>16,269,735</u>	<u>17,214,619</u>
<b>TOTAL LIABILITIES</b>	<u>23,794,073</u>	<u>26,694,941</u>
<b>NET ASSETS:</b>		
Unrestricted	9,678,308	10,220,585
<b>TOTAL NET ASSETS</b>	<u>\$ 9,678,308</u>	<u>\$ 10,220,585</u>

**CSAC EXCESS INSURANCE AUTHORITY  
MEDICAL MALPRACTICE PROGRAM  
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
<b>OPERATING REVENUES:</b>		
Insurance Premiums for Transferred Risk	\$ 5,805,786	\$ 5,454,440
Broker Fees	1,039	1,045
Contributions for Retained Risk	5,486,719	6,825,567
Administration Fees	754,327	783,726
Public Entity Fees	52	141
Program Development Fees	850	-
	<hr/>	<hr/>
<b>TOTAL OPERATING REVENUES</b>	<b>12,048,773</b>	<b>13,064,919</b>
<b>OPERATING EXPENSES:</b>		
Pool Dividends to Members	-	2,000,000
Medical Malpractice Insurance Premiums	5,805,428	5,454,771
Broker Fees	1,039	1,045
Provision for Claims		
Current Year Claims	4,921,729	4,824,103
Prior Years' Claims	1,546,197	(2,208,347)
Provision for Unallocated Loss Adjustment Expenses	89,941	606,015
Program Services:		
Actuarial and Consulting Services	57,903	32,310
Claim Administration Services	320,856	311,126
Loss Prevention Training	20,682	17,497
	<hr/>	<hr/>
<b>TOTAL OPERATING EXPENSES</b>	<b>12,763,775</b>	<b>11,038,520</b>
<b>OPERATING TRANSFERS IN OR (OUT):</b>		
Operating Transfer Out for General Administration	(326,901)	(323,342)
Operating Transfer Out for Loss Prevention	(89,174)	(69,603)
	<hr/>	<hr/>
<b>TOTAL OPERATING TRANSFERS</b>	<b>(416,075)</b>	<b>(392,945)</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(1,131,077)</b>	<b>1,633,454</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	588,989	878,774
Investment Expense	(189)	(197)
	<hr/>	<hr/>
<b>TOTAL NONOPERATING REVENUE (EXPENSE)</b>	<b>588,800</b>	<b>878,577</b>
<b>CHANGES IN NET ASSETS</b>	<b>(542,277)</b>	<b>2,512,031</b>
Total Net Assets, Beginning of the Year	10,220,585	7,708,554
	<hr/>	<hr/>
<b>TOTAL NET ASSETS, END OF THE YEAR</b>	<b>\$ 9,678,308</b>	<b>\$ 10,220,585</b>
	<hr/>	<hr/>

**CSAC EXCESS INSURANCE AUTHORITY  
MEDICAL MALPRACTICE PROGRAM  
SCHEDULE OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 9,497,455	\$ 13,428,988
Receipts from Others	(15,884)	-
Claims Paid	(6,713,106)	(2,074,065)
Insurance Purchased	(5,923,654)	(5,467,134)
Payments to Suppliers	(450,709)	(275,136)
Internal Activities	(114,766)	(1,996,310)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>(3,720,664)</u>	<u>3,616,343</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Securities	(12,657,913)	(21,866,500)
Sales of Securities	17,734,855	17,551,581
Cash from Investment Earnings	750,949	876,426
Investment Expenses	(189)	(197)
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>5,827,702</u>	<u>(3,438,690)</u>
<b>(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	2,107,038	177,653
<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>	<u>2,331,031</u>	<u>2,153,378</u>
<b>END OF YEAR</b>	<u>\$ 4,438,069</u>	<u>\$ 2,331,031</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ (1,131,077)	\$ 1,633,454
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, net	128,198	(94,466)
Due From or To Other Funds	301,309	(1,603,366)
Prepaid Insurance	(118,226)	(12,363)
Accounts and Other Payables	(2,267,528)	2,280,316
Deferred Income	(478,101)	265,063
Claim Liabilities	(238,364)	555,322
Unallocated Loss Adjustment Expense Payable	83,125	592,383
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ (3,720,664)</u>	<u>\$ 3,616,343</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Changes in unrealized gains (loss) on investments	<u>\$ (63,084)</u>	<u>\$ (43,319)</u>

**CSAC EXCESS INSURANCE AUTHORITY  
MEDICAL MALPRACTICE PROGRAM  
RECONCILIATION OF UNPAID CLAIMS LIABILITIES  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

The schedule below presents the changes in claims liabilities for the past two years.

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
A. Unpaid claims and claim adjustment expenses at the beginning of the fiscal year	<u>\$ 21,174,974</u>	<u>\$ 20,027,269</u>
Incurred claims and claim adjustment expenses:		
Provision for claims of the current fiscal year	4,921,729	5,430,118
Increase (Decrease) in the provision for claims of prior fiscal years	<u>1,636,138</u>	<u>(2,208,347)</u>
B. Total incurred claims and claim adjustment expenses	<u>6,557,867</u>	<u>3,221,771</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	51,305	
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>6,661,801</u>	<u>2,074,066</u>
C. Total Payments	<u>6,713,106</u>	<u>2,074,066</u>
D. Total unpaid claims and claim adjustment expenses at the end of the fiscal year (A+B-C)	<u>\$ 21,019,735</u>	<u>\$ 21,174,974</u>
Current Claim Liabilities	4,750,000	3,960,355
Noncurrent Claim Liabilities	<u>16,269,735</u>	<u>17,214,619</u>
Total Claim Liabilities	<u>\$ 21,019,735</u>	<u>\$ 21,174,974</u>

**CSAC EXCESS INSURANCE AUTHORITY  
MEDICAL MALPRACTICE PROGRAM FUND  
NOTES TO EARNED PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION  
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2011**

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  
MEDICAL MALPRACTICE PROGRAM  
SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT  
FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2011**

POLICY YEAR	June 30, 2002	June 30, 2003	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011
Earned Premiums	7,214,170	8,201,585	8,720,289	11,327,515	13,426,219	15,937,410	17,155,393	12,173,672	10,713,809	11,292,505
Less Ceded	(2,976,571)	(3,177,999)	(3,419,312)	(6,750,488)	(8,004,074)	(8,046,869)	(7,439,209)	(5,883,306)	(5,454,440)	(5,805,786)
Supplemental Assessments	9,077,020	-	-	-	-	-	-	-	-	-
Dividends Declared	(652,038)	(1,347,962)	-	-	-	-	-	-	-	-
Interest	403,597	896,102	1,308,268	(408,611)	877,520	1,336,798	1,406,228	435,925	340,678	78,216
<b>1. Total Revenues Available For Payment of Claims</b>	<b>13,066,178</b>	<b>4,571,726</b>	<b>6,609,245</b>	<b>4,168,416</b>	<b>6,299,665</b>	<b>9,227,339</b>	<b>11,122,412</b>	<b>6,726,291</b>	<b>5,600,047</b>	<b>5,564,935</b>
<b>2. Unallocated Loss Adjustment Expense</b>	<b>4,392</b>	<b>8,681</b>	<b>2,634</b>	<b>47,976</b>	<b>16,928</b>	<b>72,168</b>	<b>200,699</b>	<b>451,515</b>	<b>287,453</b>	<b>362,561</b>
<b>3. Estimated Incurred Claims Less Ceded Claims Net Incurred Claims and Expenses, End of Policy Year</b>	<b>15,512,000</b>	<b>3,023,454</b>	<b>3,034,336</b>	<b>4,084,610</b>	<b>3,613,550</b>	<b>4,437,870</b>	<b>3,656,585</b>	<b>4,381,570</b>	<b>4,824,102</b>	<b>4,921,729</b>
<b>4. Cumulative Paid Claims as of:</b>										
End of the Policy Year	2,498,010	-	-	15,637	74,862	-	31,852	-	23,848	51,305
One Year Later	4,448,041	-	50,367	1,345,553	507,297	18,511	77,244	148,321	96,315	
Two Years Later	11,274,554	1,888,914	604,501	8,516,048	3,110,402	2,553,723	319,382	1,371,988		
Three Years Later	13,572,767	3,443,902	1,371,712	10,483,552	3,355,692	4,055,429	4,051,699			
Four Years Later	12,555,731	3,620,912	1,371,712	10,484,222	3,367,720	4,079,102				
Five Years Later	12,558,758	3,671,741	1,552,442	10,484,222	4,875,582					
Six Years Later	12,559,758	3,675,063	1,680,450	10,484,222						
Seven Years Later	12,559,758	3,679,449	1,769,545							
Eight Years Later	12,559,758	3,681,325								
Nine Years Later	12,559,758									
<b>5. Reestimated Ceded Claims and Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,353,599</b>	<b>2,597,454</b>	<b>6,134,992</b>	<b>3,869,356</b>	<b>5,900,000</b>	<b>-</b>	<b>-</b>
<b>6. Re-estimated Incurred Claims and Expenses</b>										
End of the Policy Year	14,170,338	3,023,454	3,034,336	4,084,610	3,613,550	4,437,870	3,656,585	4,381,570	4,824,102	4,921,729
One Year Later	16,463,530	3,423,357	3,762,269	7,163,986	4,346,863	4,258,727	5,904,394	4,293,989	3,957,784	
Two Years Later	17,878,107	3,743,772	3,193,133	12,080,474	6,131,088	6,425,558	5,685,879	7,437,370		
Three Years Later	16,794,800	4,155,702	2,824,334	11,931,770	5,819,342	5,852,567	6,747,768			
Four Years Later	13,504,622	4,318,962	1,916,154	12,126,970	5,108,908	5,048,560				
Five Years Later	13,141,051	4,110,597	1,756,790	11,897,954	5,102,985					
Six Years Later	13,112,841	3,971,666	1,889,281	11,128,701						
Seven Years Later	13,050,863	3,862,485	1,804,925							
Eight Years Later	12,664,069	3,797,937								
Nine Years Later	12,664,069									
<b>7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year</b>	<b>\$ (2,847,931)</b>	<b>\$ 774,483</b>	<b>\$ (1,229,411)</b>	<b>\$ 7,044,091</b>	<b>\$ 1,489,435</b>	<b>\$ 610,690</b>	<b>\$ 3,091,183</b>	<b>\$ 3,055,800</b>	<b>\$ (866,318)</b>	<b>\$ -</b>

**EIAHEALTH**



## EIAHealth

County Members: 5  
Public Entity Members: 13

**CSAC EXCESS INSURANCE AUTHORITY  
EIAHEALTH PROGRAM  
SCHEDULE OF NET ASSETS  
JUNE 30, 2011 AND 2010**

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
<b>ASSETS:</b>		
Current Assets:		
Cash, EIA Treasury	\$ 1,239,894	\$ 943,529
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	1,239,894	943,529
Investments	2,896,969	5,974,129
Accounts Receivable		
Investment Income Receivable	45,591	106,076
Other Receivables	1,788	2,174
Due from Other Funds	640,265	876,372
<b>TOTAL CURRENT ASSETS</b>	<u>4,824,507</u>	<u>7,902,280</u>
Noncurrent Assets:		
Investments	3,315,762	5,107,568
Due from Members	83,338	185,198
Due from Other Funds	705,697	1,195,656
<b>TOTAL NONCURRENT ASSETS</b>	<u>4,104,797</u>	<u>6,488,422</u>
<b>TOTAL ASSETS</b>	<u>8,929,304</u>	<u>14,390,702</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	3,288	3,935,000
Due to Members	8,541,205	9,285,709
<b>TOTAL CURRENT LIABILITIES</b>	<u>8,544,493</u>	<u>13,220,709</u>
<b>TOTAL LIABILITIES</b>	<u>8,544,493</u>	<u>13,220,709</u>
<b>NET ASSETS:</b>		
Unrestricted	384,811	1,169,993
<b>TOTAL NET ASSETS</b>	<u>\$ 384,811</u>	<u>\$ 1,169,993</u>

**CSAC EXCESS INSURANCE AUTHORITY  
EIAHEALTH PROGRAM  
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
<b>OPERATING REVENUES:</b>		
Contribution for Transferred Risk	\$ 161,430,825	\$ 126,550,657
Broker Fees	1,873,560	1,592,741
Administration Fees	597,867	499,209
Public Entity Fees	-	-
Program Services		
TPA Claims Administration Fees	10,316,725	8,330,169
Eligibility Administration Fees	1,507,996	1,274,212
Other Income	207,171	2,173
	<u>175,934,144</u>	<u>138,249,161</u>
<b>OPERATING EXPENSES:</b>		
Pool Dividends to Members	1,202,694	1,287,324
Transferred Risk Expense	161,430,825	126,550,657
EIA Health Broker Fees	1,873,560	1,592,741
Provision for Claims	-	(212,782)
Program Services, EIA Health Program		
Claims Administration	10,313,743	8,335,162
Eligibility Administration	1,507,996	1,274,212
Actuarial Consulting Services	18,938	14,380
Bank Fees and Services	-	-
EIA Health Seminar	8,932	3,790
	<u>176,356,688</u>	<u>138,845,484</u>
<b>OPERATING TRANSFERS IN OR (OUT):</b>		
Operating Transfer Out for General Administration	(517,921)	(340,989)
Operating Transfer Out for Loss Prevention	(50,148)	(187,681)
	<u>(568,069)</u>	<u>(528,670)</u>
	<u>(990,613)</u>	<u>(1,124,993)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	205,495	349,528
Investment Expense	(64)	(78)
	<u>205,431</u>	<u>349,450</u>
<b>CHANGES IN NET ASSETS</b>	<u>(785,182)</u>	<u>(775,543)</u>
Net Assets, Beginning of the Year	<u>1,169,993</u>	<u>1,945,536</u>
<b>NET ASSETS, END OF THE YEAR</b>	<u>\$ 384,811</u>	<u>\$ 1,169,993</u>

**CSAC EXCESS INSURANCE AUTHORITY  
EIAHEALTH PROGRAM  
SCHEDULE OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 175,084,329	\$ 139,058,634
Receipts from Others	-	-
Dividends Paid	(1,202,694)	(1,287,324)
Claims Paid	-	(162,060)
Insurance Purchased	(165,362,151)	(124,635,382)
Payments to Suppliers	(13,515,998)	(11,007,503)
Internal Activities	157,997	(1,095,052)
	<hr/>	<hr/>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>(4,838,517)</b>	<b>871,313</b>
	<hr/>	<hr/>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Securities	(1,340,635)	(8,179,834)
Sales of Securities	6,187,591	6,981,057
Cash from Investment Earnings	287,990	348,850
Investment Expenses	(64)	(78)
	<hr/>	<hr/>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>5,134,882</b>	<b>(850,005)</b>
	<hr/>	<hr/>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>296,365</b>	<b>21,308</b>
	<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>	<b>943,529</b>	<b>922,221</b>
	<hr/>	<hr/>
<b>END OF YEAR</b>	<b>\$ 1,239,894</b>	<b>\$ 943,529</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ (990,613)	\$ (1,124,993)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, net	102,246	(42,913)
Due From or To Other Funds	726,066	(566,382)
Accounts and Other Payables	(3,931,712)	1,915,275
Dividends Payable	(744,504)	852,386
Deferred Income	-	-
Claim Liabilities	-	(162,060)
	<hr/>	<hr/>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ (4,838,517)</b>	<b>\$ 871,313</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Changes in unrealized (loss) gains on investments	<u>\$ (22,010)</u>	<u>\$ (12,721)</u>



**CSAC EXCESS INSURANCE AUTHORITY  
EIAHEALTH PROGRAM FUND  
NOTES TO EARNED PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION  
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2011**

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  
EIAHEALTH PROGRAM  
SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT  
FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2011**

POLICY YEAR	June 30, 2002	June 30, 2003	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011
Earned Premiums			\$ 28,296,369	\$ 37,018,469	\$ 51,001,376					
Less Ceded			(766,492)	(1,222,381)	(1,328,360)					
Supplemental Assessments			-	-	-	-	-	-	-	-
Dividends Declared					(10,890,018)				-	-
Interest										
<b>1. Total Revenues Available For Payment of Claims</b>	-	-	27,529,877	35,796,088	38,782,998	-	-	-	-	-
<b>2. Unallocated Loss Adjustment Expense</b>	-	-	2,419,359	2,383,083	2,563,278	-	-	-	-	-
<b>3. Estimated Incurred Claims Less Ceded Claims Net Incurred Claims and Expenses, End of Policy Year</b>	-	-	26,433,779	34,394,307	39,319,080	-	-	-	-	-
<b>4. Cumulative Paid Claims as of:</b>										
End of the Policy Year	-	-	22,957,458	29,705,783	33,868,603	-	-	-	-	-
One Year Later	-	-	26,259,963	34,394,307	37,042,786	-	-	-	-	-
Two Years Later	-	-	26,433,779	34,394,307	37,195,052	-	-	-	-	-
Three Years Later	-	-	26,433,779	34,394,307	37,195,052	-	-	-	-	-
Four Years Later	-	-	26,433,779	34,394,307	37,195,052	-	-	-	-	-
Five Years Later	-	-	26,433,779	34,394,307	37,195,052	-	-	-	-	-
Six Years Later	-	-	26,433,779	34,394,307	37,195,052	-	-	-	-	-
Seven Years Later	-	-	26,433,779	34,394,307	37,195,052	-	-	-	-	-
Eight Years Later	-	-	26,433,779	34,394,307	37,195,052	-	-	-	-	-
Nine Years Later	-	-	26,433,779	34,394,307	37,195,052	-	-	-	-	-
<b>5. Reestimated Ceded Claims and Expenses</b>	-	-	1,411,460	1,977,756	2,259,132	-	-	-	-	-
<b>6. Re-estimated Incurred Claims and Expenses</b>										
End of the Policy Year			26,433,779	34,394,307	39,319,080	-	-	-	-	-
One Year Later			26,433,779	34,394,307	39,797,693	-	-	-	-	-
Two Years Later			26,433,779	34,394,307	37,395,052	-	-	-	-	-
Three Years Later			26,433,779	34,394,307	37,395,052	-	-	-	-	-
Four Years Later			26,433,779	34,394,307	37,182,270	-	-	-	-	-
Five Years Later			26,433,779	34,394,307	37,182,270	-	-	-	-	-
Six Years Later			26,433,779	34,394,307	37,182,270	-	-	-	-	-
Seven Years Later			26,433,779	34,394,307	37,182,270	-	-	-	-	-
Eight Years Later			26,433,779	34,394,307	37,182,270	-	-	-	-	-
Nine Years Later			26,433,779	34,394,307	37,182,270	-	-	-	-	-
<b>7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year</b>	\$ -	\$ -	\$ -	\$ -	\$ (2,136,810)	\$ -	\$ -	\$ -	\$ -	\$ -

## **EMPLOYEE BENEFITS**



## Employee Benefits

County Members: 55  
Public Entity Members: 67

**CSAC EXCESS INSURANCE AUTHORITY  
EMPLOYEE BENEFITS PROGRAMS  
SCHEDULE OF NET ASSETS  
JUNE 30, 2011 AND 2010**

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
<b>ASSETS:</b>		
Current Assets:		
Cash, EIA Treasury	\$ 1,427,217	\$ 396,400
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	1,427,217	396,400
Investments	3,334,641	2,509,876
Accounts Receivable		
Due from Members	1,060,497	331,066
Investment Income Receivable	52,479	44,565
Other Receivables	64,517	123,820
Due from Other Funds	736,996	368,185
<b>TOTAL CURRENT ASSETS</b>	<u>6,676,347</u>	<u>3,773,912</u>
Noncurrent Assets:		
Investments	3,816,705	2,145,813
Due from Members	95,929	77,806
Due from Other Funds	812,313	502,324
<b>TOTAL NONCURRENT ASSETS</b>	<u>4,724,947</u>	<u>2,725,943</u>
<b>TOTAL ASSETS</b>	<u>11,401,294</u>	<u>6,499,855</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	1,766,985	1,755,703
Due to Members	3,571	-
Deferred Income	66,661	63,360
Dental Claim Liabilities	2,745,112	787,868
<b>TOTAL CURRENT LIABILITIES</b>	<u>4,582,329</u>	<u>2,606,931</u>
<b>TOTAL LIABILITIES</b>	<u>4,582,329</u>	<u>2,606,931</u>
<b>NET ASSETS:</b>		
Unrestricted	6,818,965	3,892,924
<b>TOTAL NET ASSETS</b>	<u>\$ 6,818,965</u>	<u>\$ 3,892,924</u>

**CSAC EXCESS INSURANCE AUTHORITY  
EMPLOYEE BENEFITS PROGRAMS  
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
<b>OPERATING REVENUES:</b>		
Insurance Premiums for Transferred Risk		
Dental and Vision Premiums	\$ 855,664	\$ 1,521,363
Disability, Life, and AD&D Premiums	10,484,819	9,837,173
Employee Assistance Program Fees	1,341,029	1,160,253
Dental Program Revenues:		
Contribution for Retained Risk	20,356,118	5,330,855
Stabilization Fund Revenue	2,909,046	2,279,959
Broker Fees	735,814	212,022
Other Income	29,526	-
	<u>36,712,016</u>	<u>20,341,625</u>
<b>OPERATING EXPENSES:</b>		
Employee Benefits Premiums		
Dental and Vision Premiums	855,664	1,521,363
Disability, Life, and AD&D Premiums	10,484,819	9,837,173
Employee Assistance Program Fees	1,333,477	1,160,253
Dental Program Expenses:		
Provision for Claims, Current Year	18,901,566	5,551,354
Broker Fees	735,814	212,022
Claims Administration Fees	1,464,352	336,466
Other Program Services	135	31,565
	<u>33,775,827</u>	<u>18,650,196</u>
<b>OPERATING TRANSFERS IN OR (OUT):</b>		
Operating Transfer Out for General Administration	(158,757)	(48,630)
Operating Transfer Out for Loss Prevention	(6,298)	-
	<u>(165,055)</u>	<u>(48,630)</u>
	<u>2,771,134</u>	<u>1,642,799</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	154,956	117,840
Investment Expense	(49)	(29)
	<u>154,907</u>	<u>117,811</u>
	<u>2,926,041</u>	<u>1,760,610</u>
<b>CHANGES IN NET ASSETS</b>		
Net Assets, Beginning of the Year	3,892,924	2,132,314
	<u>\$ 6,818,965</u>	<u>\$ 3,892,924</u>
<b>NET ASSETS, END OF THE YEAR</b>		

**CSAC EXCESS INSURANCE AUTHORITY  
EMPLOYEE BENEFITS PROGRAMS  
SCHEDULE OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 35,941,808	\$ 20,407,306
Receipts from Others	59,303	(123,820)
Dividends Paid	-	-
Claims Paid	(16,944,322)	787,868
Insurance Purchased	(12,662,678)	(18,579,033)
Payments to Suppliers	(2,170,775)	-
Internal Activities	(843,855)	(506,152)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>3,379,481</u>	<u>1,986,169</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Securities	(7,178,093)	(4,303,222)
Sales of Securities	4,665,839	2,353,595
Cash from Investment Earnings	163,639	106,929
Investment Expenses	(49)	(29)
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>(2,348,664)</u>	<u>(1,842,727)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	1,030,817	143,442
<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>	<u>396,400</u>	<u>252,958</u>
<b>END OF YEAR</b>	<u>\$ 1,427,217</u>	<u>\$ 396,400</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ 2,771,134	\$ 1,642,799
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, net	(688,251)	(58,139)
Due From or To Other Funds	(678,800)	(457,522)
Accounts and Other Payables	14,853	24,271
Dividends Payable	-	-
Deferred Income	3,301	46,892
Claim Liabilities	1,957,244	787,868
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ 3,379,481</u>	<u>\$ 1,986,169</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Changes in unrealized (loss) gains on investments	<u>\$ (16,597)</u>	<u>\$ (8,233)</u>

## DENTAL



## Dental

County Members: 26  
Public Entity Members: 87

**CSAC EXCESS INSURANCE AUTHORITY  
DENTAL PROGRAM  
RECONCILIATION OF UNPAID CLAIMS LIABILITIES  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
A. Unpaid claims and claim adjustment expenses at the beginning of the fiscal year	\$ 787,868	\$ -
Incurred claims and claim adjustment expenses:		
Provision for claims of the current fiscal year	<u>18,901,566</u>	<u>5,551,354</u>
B. Total incurred claims and claim adjustment expenses	<u>18,901,566</u>	<u>5,551,354</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	16,944,322	4,763,486
C. Total Payments	<u>16,944,322</u>	<u>4,763,486</u>
D. Total unpaid claims and claim adjustment expenses at the end of the fiscal year (A+B-C)	<u>\$ 2,745,112</u>	<u>\$ 787,868</u>
Current Claim Liabilities	<u>2,745,112</u>	<u>787,868</u>
Total Claim Liabilities	<u>\$ 2,745,112</u>	<u>\$ 787,868</u>

**CSAC EXCESS INSURANCE AUTHORITY  
DENTAL PROGRAM FUND  
NOTES TO EARNED PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION  
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2011**

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, 2011**

POLICY YEAR	June 30, 2002	June 30, 2003	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011
Earned Premiums									\$ 7,242,783	\$ 23,265,164
Less Ceded									-	-
Supplemental Assessments										
Dividends Declared									-	-
Interest									-	-
1. Total Revenues Available For Payment of Claims	-	-	-	-	-	-	-	-	7,242,783	23,265,164
2. Unallocated Loss Adjustment Expense									-	-
3. Estimated Incurred Claims									5,551,354	18,901,566
Less Ceded Claims									-	-
Net Incurred Claims and Expenses, End of Policy Year	-	-	-	-	-	-	-	-	5,551,354	18,901,566
4. Cumulative Paid Claims as of:										
End of the Policy Year	-	-	-	-	-	-	-	-	4,763,486	15,368,586
One Year Later	-	-	-	-	-	-	-	-	5,551,354	
Two Years Later	-	-	-	-	-	-	-	-		
Three Years Later	-	-	-	-	-	-	-	-		
Four Years Later	-	-	-	-	-	-	-	-		
Five Years Later	-	-	-	-	-	-	-	-		
Six Years Later	-	-	-	-	-	-	-	-		
Seven Years Later	-	-	-	-	-	-	-	-		
Eight Years Later	-	-	-	-	-	-	-	-		
Nine Years Later	-	-	-	-	-	-	-	-		
5. Reestimated Ceded Claims and Expenses	-	-	-	-	-	-	-	-	-	-
6. Re-estimated Incurred Claims and Expenses										
End of the Policy Year									5,551,354	18,901,566
One Year Later									5,551,354	
Two Years Later										
Three Years Later										
Four Years Later										
Five Years Later										
Six Years Later										
Seven Years Later										
Eight Years Later										
Nine Years Later										
7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

## MISCELLANEOUS PROGRAMS

**CSAC EXCESS INSURANCE AUTHORITY  
MISCELLANEOUS PROGRAMS  
SCHEDULE OF NET ASSETS  
JUNE 30, 2011 AND 2010**

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
<b>ASSETS:</b>		
Current Assets:		
Cash, EIA Treasury	\$ -	\$ -
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	-	-
Accounts Receivable		
Due From Members	44,568	299,630
Other Receivables	592	-
Prepaid Insurance	1,283,530	1,744,694
<b>TOTAL CURRENT ASSETS</b>	1,328,690	2,044,324
Noncurrent Assets:		
Prepaid Insurance	-	1,602,951
<b>TOTAL NONCURRENT ASSETS</b>	-	1,602,951
<b>TOTAL ASSETS</b>	1,328,690	3,647,275
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	65,129	59,375
Due to Other Funds	42,118	622,592
Due to Members	43,141	104,970
Deferred Income	1,177,802	2,858,232
<b>TOTAL CURRENT LIABILITIES</b>	1,328,190	3,645,169
<b>TOTAL LIABILITIES</b>	1,328,190	3,645,169
<b>NET ASSETS:</b>		
Unrestricted	500	2,106
<b>TOTAL NET ASSETS</b>	\$ 500	\$ 2,106

**CSAC EXCESS INSURANCE AUTHORITY  
MISCELLANEOUS PROGRAMS  
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
<b>OPERATING REVENUES:</b>		
Aircraft Dividend	\$ -	\$ 102,066
Premiums For Transferred Risk:		
Optional Excess Liability Insurance	2,040,250	4,230,117
Aviation Insurance	1,770,465	2,037,940
Catastrophic Liability Insurance	336,120	309,066
Watercraft Insurance	159,564	124,324
Course of Construction Insurance	141,437	31,226
Crime and Honesty Bonds	813,712	787,091
Pollution Liability	884,926	829,394
Inmate Medical Insurance	90,486	240,738
Owner Controlled Insurance Program	1,185,479	2,745,769
Other Miscellaneous Programs	244,657	57,341
	<hr/>	<hr/>
<b>TOTAL OPERATING REVENUES</b>	<b>7,667,096</b>	<b>11,495,072</b>
	<hr/>	<hr/>
<b>OPERATING EXPENSES:</b>		
Member Dividends, Aircraft	-	102,066
Cost of Insurance		
Optional Excess Liability Insurance	2,040,243	4,230,090
Aviation Insurance	1,770,466	2,037,940
Catastrophic Liability Insurance	336,119	309,064
Watercraft Insurance	156,655	124,318
Course of Construction Insurance	141,437	31,226
Crime and Honesty Bonds	813,709	785,997
Pollution Liability	884,926	829,391
Inmate Medical Insurance	90,486	240,738
Owner Controlled Insurance Program	1,185,478	2,745,769
Other Miscellaneous Programs	244,656	57,342
	<hr/>	<hr/>
<b>TOTAL OPERATING EXPENSES</b>	<b>7,664,175</b>	<b>11,493,941</b>
	<hr/>	<hr/>
<b>OPERATING TRANSFERS IN OR (OUT):</b>		
Operating Transfer Out for General Administration	(4,071)	(15,821)
	<hr/>	<hr/>
<b>TOTAL OPERATING TRANSFERS</b>	<b>(4,071)</b>	<b>(15,821)</b>
	<hr/>	<hr/>
<b>OPERATING INCOME (LOSS)</b>	<b>(1,150)</b>	<b>(14,690)</b>
	<hr/>	<hr/>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	-	4,307
Financing Fees	3,341	14,448
Investment Expense	(1)	(2)
Financing Expense	(3,796)	(3,060)
	<hr/>	<hr/>
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(456)</b>	<b>15,693</b>
	<hr/>	<hr/>
<b>CHANGES IN NET ASSETS</b>	<b>(1,606)</b>	<b>1,003</b>
	<hr/>	<hr/>
Net Assets, Beginning of the Year	2,106	1,103
	<hr/>	<hr/>
<b>NET ASSETS, END OF THE YEAR</b>	<b>\$ 500</b>	<b>\$ 2,106</b>
	<hr/>	<hr/>

**CSAC EXCESS INSURANCE AUTHORITY  
MISCELLANEOUS PROGRAMS  
SCHEDULE OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 6,179,899	\$ 11,694,742
Insurance Purchased	(5,594,898)	(11,916,322)
Internal Activities	(584,545)	205,888
	<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>
	456	(15,692)
 <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Securities	-	(85,390)
Sales of Securities	-	85,118
Financing Fees	3,341	14,448
Financing Charges	(3,796)	(3,060)
Cash from Investment Earnings	-	4,578
Investment Expenses	(1)	(2)
	<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>
	(456)	15,692
 <b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>
	-	-
 <b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>	<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>	<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>
	-	-
 <b>END OF YEAR</b>	<b>END OF YEAR</b>	<b>END OF YEAR</b>
	\$ -	\$ -
 <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating Income (Loss)	\$ (1,150)	\$ (14,690)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities:		
Accounts Receivable, net	254,470	(246,301)
Due From or To Other Funds	(580,474)	221,709
Prepaid Insurance	2,064,115	(369,612)
Accounts and Other Payables	(56,075)	91,466
Deferred Income	(1,680,430)	301,736
	<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>
	\$ 456	\$ (15,692)
 <b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Changes in unrealized gains (loss) on investments	\$ -	\$ 643

## **GENERAL ADMINISTRATION**

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL ADMINISTRATION  
SCHEDULE OF NET ASSETS  
JUNE 30, 2011 AND 2010**

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
<b>ASSETS:</b>		
Current Assets:		
Petty Cash Fund	\$ 300	\$ 300
Cash, EIA Treasury	1,006,402	413,795
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	<b>1,006,702</b>	<b>414,095</b>
Investments	2,351,422	2,620,017
Accounts Receivable		
Due from Members	50,508	57,002
Investment Income Receivable	37,006	46,521
Due from Other Funds	519,693	387,878
Prepaid Expenses	18,880	22,940
<b>TOTAL CURRENT ASSETS</b>	<b>3,984,211</b>	<b>3,548,453</b>
Noncurrent Assets:		
Investments	2,691,349	2,239,978
Due from Members	67,644	81,221
Due from Other Funds	572,802	524,367
Capital Assets:		
Office Furniture and Equipment	1,120,100	1,273,759
Computer Software	276,591	276,591
Less Accumulated Depreciation, Furniture & Equipment	(913,205)	(934,743)
<b>TOTAL NONCURRENT ASSETS</b>	<b>3,815,281</b>	<b>3,461,173</b>
<b>TOTAL ASSETS</b>	<b>7,799,492</b>	<b>7,009,626</b>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	17,364	51,312
Due to Members	3,966,786	2,736,425
Compensated Absences	47,575	47,153
Other Post Employment Benefits	-	8,308
<b>TOTAL CURRENT LIABILITIES</b>	<b>4,031,725</b>	<b>2,843,198</b>
Noncurrent Liabilities:		
Compensated Absences	190,301	188,614
Other Post Employment Benefits	286,540	220,325
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>476,841</b>	<b>408,939</b>
<b>TOTAL LIABILITIES</b>	<b>4,508,566</b>	<b>3,252,137</b>
<b>NET ASSETS:</b>		
Invested in Capital Assets, Net of Related Debt	483,486	615,607
Unrestricted	2,807,440	3,141,882
<b>TOTAL NET ASSETS</b>	<b>\$ 3,290,926</b>	<b>\$ 3,757,489</b>

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL ADMINISTRATION  
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
<b>OPERATING REVENUES:</b>		
Member Services		
Claims Information Systems	\$ 53,938	\$ 65,000
EIA Drug and Alcohol Monitoring Consortium	6,650	7,541
DMV Pull Notice Fees	21,200	19,200
Loss Preventions Seminars and Target Safety Platform Fees	357,140	107,390
Web Based Training Fees	-	-
Insurance Certificates Tracking Service	91,124	63,873
Other Income		
Investment Management Fees	25,000	16,521
Personal Lines Insurance Program Income	81,553	81,945
Shared Cost Agreements	90,079	87,085
Other Income	33,178	10,577
	<b>TOTAL REVENUES</b>	<b>459,132</b>
	759,862	459,132
<b>EXPENSES:</b>		
Salaries and Benefits	5,852,254	5,283,512
Staff Support	562,069	561,055
Services and Supplies	735,912	841,551
Member Services	1,326,469	1,511,199
Subsidies	700,640	699,117
Depreciation	134,245	138,535
	<b>TOTAL EXPENSES</b>	<b>9,034,969</b>
	9,311,589	9,034,969
<b>OPERATING TRANSFERS IN OR (OUT):</b>		
Operating Transfers In from		
Excess Workers' Compensation	3,178,358	3,076,071
Primary Workers' Compensation	1,648,544	1,497,238
Employee Benefits	165,055	48,630
EIAHealth	568,069	528,670
General Liability I	1,315,189	1,308,625
Primary General Liability	452,684	331,755
General Liability II	1,037,284	1,041,744
Miscellaneous Programs	4,071	15,821
Property Insurance	438,961	490,437
Medical Malpractice	416,075	392,945
Building Funds	5,672	2,942
Operating Transfer Out to		
PWC Conversion	(815,143)	-
Building Fund	(429,274)	(295,400)
	<b>TOTAL OPERATING TRANSFERS</b>	<b>8,439,478</b>
	7,985,545	8,439,478
	<b>OPERATING INCOME (LOSS)</b>	<b>(136,359)</b>
	(566,182)	(136,359)
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	135,406	171,871
Investment Expenses	(35,787)	(17,944)
	<b>TOTAL NONOPERATING REVENUE (EXPENSES)</b>	<b>153,927</b>
	99,619	153,927
	<b>CHANGES IN NET ASSETS</b>	<b>17,568</b>
	(466,563)	17,568
Total Net Assets, Beginning of the Year	3,757,489	3,739,921
	<b>TOTAL NET ASSETS, END OF THE YEAR</b>	<b>\$ 3,757,489</b>
	\$ 3,290,926	\$ 3,757,489

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL ADMINISTRATION  
SCHEDULE OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 1,780,484	\$ (438,784)
Receipts from Others	229,810	173,185
Payments to Suppliers	(3,354,977)	(3,625,417)
Payments to Employees	(5,792,238)	(3,633,705)
Internal Activities	7,805,295	8,203,550
	<hr/>	<hr/>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>668,374</b>	<b>678,829</b>
	<hr/>	<hr/>
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES:</b>		
Purchase of Furniture and Equipment	(59,798)	(413,333)
Sale of Furniture and Equipment	57,673	-
	<hr/>	<hr/>
<b>NET CASH PROVIDED (USED) BY CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>	<b>(2,125)</b>	<b>(413,333)</b>
	<hr/>	<hr/>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Securities	(4,274,450)	(3,857,738)
Sales of Securities	4,077,171	3,432,741
Cash from Investment Earnings	159,424	176,989
Investment Expenses	(35,787)	(17,944)
	<hr/>	<hr/>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>(73,642)</b>	<b>(265,952)</b>
	<hr/>	<hr/>
<b>(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>592,607</b>	<b>(456)</b>
	<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>	<b>414,095</b>	<b>414,551</b>
	<hr/>	<hr/>
<b>END OF YEAR</b>	<b>\$ 1,006,702</b>	<b>\$ 414,095</b>
	<hr/>	<hr/>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ (566,182)	\$ (136,359)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation	134,245	138,535
Changes in Assets and Liabilities		
Accounts Receivable, net	20,071	(25,614)
Due From or To Other Funds	(180,251)	(235,927)
Prepaid Insurance and Expenses	4,062	138,589
Accounts and Other Payables	1,254,320	757,951
Compensated Absences	2,109	41,654
	<hr/>	<hr/>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 668,374</b>	<b>\$ 678,829</b>
	<hr/>	<hr/>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Changes in unrealized gains (loss) on investments	\$ (14,503)	\$ (10,010)
	<hr/>	<hr/>

## **BUILDING**

**CSAC EXCESS INSURANCE AUTHORITY  
GOLD CANAL BUILDING PROGRAM  
SCHEDULE OF NET ASSETS  
JUNE 30, 2011 AND 2010**

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
<b>ASSETS:</b>		
Current Assets:		
Cash, EIA Treasury	\$ -	\$ 50,344
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	-	50,344
Investments	-	318,755
Accounts Receivable		
Investment Income Receivable	-	5,660
Prepaid Insurance	-	6,235
Due from Other Funds	-	46,760
<b>TOTAL CURRENT ASSETS</b>	-	427,754
Noncurrent Assets:		
Investments	-	272,519
Due from Members	-	9,881
Due from Other Funds	-	63,795
Capital Assets		
Land	-	160,000
Building	-	417,000
Less Accumulated Depreciation, Building	-	(277,676)
Roof	-	106,622
Less Accumulated Depreciation, Roof	-	(52,348)
Parking Lot	-	42,694
Less Accumulated Depreciation, Parking Lot	-	(39,532)
Tenant Improvements	-	1,133,735
Less Accumulated Depreciation, Tenant Improvements	-	(452,975)
<b>TOTAL NONCURRENT ASSETS</b>	-	1,383,715
<b>TOTAL ASSETS</b>	-	1,811,469
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	-	1,427
<b>TOTAL CURRENT LIABILITIES</b>	-	1,427
<b>NET ASSETS:</b>		
Invested in Capital Assets, Net of Related Debt	-	1,037,520
Unrestricted	-	772,522
<b>NET ASSETS</b>	<u>\$ -</u>	<u>\$ 1,810,042</u>

**CSAC EXCESS INSURANCE AUTHORITY  
GOLD CANAL BUILDING PROGRAM  
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
<b>EXPENSES:</b>		
Operating Expenses	\$ 4,349	\$ 59,660
Building Maintenance	-	4,138
Ownership Expenses	-	10,446
Depreciation	-	116,863
	<hr/>	<hr/>
<b>TOTAL EXPENSES</b>	<b>4,349</b>	<b>191,107</b>
	<hr/>	<hr/>
<b>OPERATING TRANSFERS:</b>		
Operating Transfer Out for General Administration	-	(432)
Operating Transfer In from the General Administration Fund for Office Rents	-	127,400
	<hr/>	<hr/>
<b>TOTAL OPERATING TRANSFERS</b>	<b>-</b>	<b>126,968</b>
	<hr/>	<hr/>
<b>OPERATING INCOME (LOSS)</b>	<b>(4,349)</b>	<b>(64,139)</b>
	<hr/>	<hr/>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Sale of building net of Basis	510,078	-
Investment Income	2,300	18,434
Investment Expenses	-	(4)
Building Dividend	(2,318,071)	-
	<hr/>	<hr/>
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(1,805,693)</b>	<b>18,430</b>
	<hr/>	<hr/>
<b>CHANGES IN NET ASSETS</b>	<b>(1,810,042)</b>	<b>(45,709)</b>
	<hr/>	<hr/>
Net Assets, Beginning of the Year	1,810,042	1,855,751
	<hr/>	<hr/>
<b>NET ASSETS, END OF THE YEAR</b>	<b>\$ -</b>	<b>\$ 1,810,042</b>
	<hr/> <hr/>	<hr/> <hr/>

**CSAC EXCESS INSURANCE AUTHORITY  
GOLD CANAL BUILDING PROGRAM  
SCHEDULE OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Others	\$ 9,881	\$ (1,794)
Internal Activities	110,555	100,748
Payments to Suppliers	<u>459</u>	<u>(81,230)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>120,895</u>	<u>17,724</u>
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES:</b>		
Sale of Building	1,547,598	-
Building Dividend	<u>(2,318,071)</u>	<u>-</u>
<b>NET CASH PROVIDED (USED) BY CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>	<u>(770,473)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Securities	-	(405,850)
Sales of Securities	591,274	368,179
Cash from Investment Earnings	7,960	18,639
Investment Expenses	<u>-</u>	<u>(4)</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>599,234</u>	<u>(19,036)</u>
<b>(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	(50,344)	(1,312)
<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>	<u>50,344</u>	<u>51,656</u>
<b>END OF YEAR</b>	<u><u>\$ -</u></u>	<u><u>\$ 50,344</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ (4,349)	\$ (64,139)
Adjustments to reconcile operating income (loss) to net cash provided (used) by building fund activities		
Depreciation	-	116,863
Changes in Assets and Liabilities		
Accounts Receivable	9,881	(1,794)
Prepaid Insurance	6,235	(6,235)
Due From or To Other Funds	110,555	(26,220)
Accounts Payables	<u>(1,427)</u>	<u>(751)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u><u>\$ 120,895</u></u>	<u><u>\$ 17,724</u></u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Changes in unrealized gains (loss) on investments	<u><u>\$ -</u></u>	<u><u>\$ (674)</u></u>

**CSAC EXCESS INSURANCE AUTHORITY  
IRON POINT BUILDING PROGRAM  
SCHEDULE OF NET ASSETS  
JUNE 30, 2011 AND 2010**

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
<b>ASSETS:</b>		
Current Assets:		
Cash in Bank	\$ 75,629	\$ 82,891
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	<u>75,629</u>	<u>82,891</u>
Other Receivables	-	31,551
<b>TOTAL CURRENT ASSETS</b>	<u>75,629</u>	<u>114,442</u>
Noncurrent Assets:		
Capital Assets		
Land	1,000,000	1,000,000
Building	5,738,000	5,738,000
Less Accumulated Depreciation, Building	(170,825)	(56,942)
Tenant Improvements	2,350,281	2,350,282
Less Accumulated Depreciation, Tenant Improvements	(321,092)	(97,547)
Lease Acquisition Costs	127,291	127,291
Less accumulated Amortization	(25,881)	(7,539)
<b>TOTAL NONCURRENT ASSETS</b>	<u>8,697,774</u>	<u>9,053,545</u>
<b>TOTAL ASSETS</b>	<u>8,773,403</u>	<u>9,167,987</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	-	6,277
Due to Other Funds	-	42,635
Mortgage Payable to Other Funds	57,221	214,780
Deferred Lease Income	-	23,293
Security Deposits	36,027	36,027
<b>TOTAL CURRENT LIABILITIES</b>	<u>93,248</u>	<u>323,012</u>
Noncurrent Liabilities:		
Mortgage Payable to Other Funds	8,718,114	8,938,050
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>8,718,114</u>	<u>8,938,050</u>
<b>TOTAL LIABILITIES</b>	<u>8,811,362</u>	<u>9,261,062</u>
<b>NET ASSETS:</b>		
Invested in Capital Assets	8,697,774	9,053,545
Unrestricted	(8,735,733)	(9,146,620)
<b>NET ASSETS</b>	<u>\$ (37,959)</u>	<u>\$ (93,075)</u>

**CSAC EXCESS INSURANCE AUTHORITY  
IRON POINT BUILDING PROGRAM  
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
<b>EXPENSES:</b>		
Building Maintenance and Operating Expense	\$ 145,519	\$ 67,091
Depreciation	129,746	69,780
<b>TOTAL EXPENSES</b>	<u>275,265</u>	<u>136,871</u>
<b>OPERATING TRANSFERS IN OR (OUT):</b>		
Operating Transfer In from the General		
Administration Fund for Office Rents	429,274	168,000
Investment Fee	(5,672)	(2,510)
<b>TOTAL OPERATING TRANSFERS</b>	<u>423,602</u>	<u>165,490</u>
<b>OPERATING INCOME(LOSS)</b>	148,337	28,619
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Lease Income	474,620	142,836
Building Maintenance and Operating Expense	(123,960)	(57,151)
Building Depreciation	(207,682)	(92,248)
Amortization of Lease Commissions	(18,343)	-
Interest Expense	(217,803)	(115,102)
Investment Expense	(53)	(29)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>(93,221)</u>	<u>(121,694)</u>
<b>CHANGES IN NET ASSETS</b>	<u>55,116</u>	<u>(93,075)</u>
Total net Assets, Beginning of the Year	<u>(93,075)</u>	<u>-</u>
<b>NET ASSETS END OF YEAR</b>	<u>\$ (37,959)</u>	<u>\$ (93,075)</u>

**CSAC EXCESS INSURANCE AUTHORITY  
IRON POINT BUILDING PROGRAM  
SCHEDULE OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Internal Activities	\$ 3,472	\$ 9,360,955
Receipts from Others	8,258	-
Payments to Suppliers	<u>(151,796)</u>	<u>(67,091)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>(140,066)</u>	<u>9,293,864</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Lease Receipts	474,620	170,605
Operating Lease Disbursements	(123,960)	(50,874)
Investment Expenses	<u>(217,856)</u>	<u>(115,131)</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>132,804</u>	<u>4,600</u>
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES:</b>		
Purchase/sale of Building and Other Capital Assets	<u>-</u>	<u>(9,215,573)</u>
<b>NET CASH PROVIDED (USED) BY CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>	<u>-</u>	<u>(9,215,573)</u>
<b>(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(7,262)</u>	<u>82,891</u>
<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>	<u>82,891</u>	<u>-</u>
<b>END OF YEAR</b>	<u><u>\$ 75,629</u></u>	<u><u>\$ 82,891</u></u>
<b>RECONCILIATION OF INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ 148,337	\$ 28,619
Adjustments to reconcile operating income (loss) to net cash provided (used) by building fund activities		
Depreciation	129,746	69,780
Changes in Assets and Liabilities		
Other Receivables	31,551	
Due From or To Other Funds	(420,130)	9,195,465
Accounts Payable	(6,277)	
Deferred Lease Income	<u>(23,293)</u>	
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u><u>\$ (140,066)</u></u>	<u><u>\$ 9,293,864</u></u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Changes in unrealized gains (loss) on investments	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

## **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 Assets have increased, then fallen and increased again.

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Schedule of Net Assets.....	191
Schedule of Revenues, Expenses and Changes in Net Assets .....	192
History of Dividends Returned to Members.....	193

### 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.

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Number of Claims .....	195
EIAHealth Employees and Lives Covered .....	197
Covered Payrolls.....	198
Property Values.....	198

### Operating Information

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

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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 ASSETS  
FOR THE NINE-YEAR PERIOD ENDING JUNE 30, 2011**

	Fiscal Year Ended June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Assets</b>										
Current Assets	\$ 46,513,069	\$ 95,512,525	\$ 81,458,198	\$ 134,626,941	\$ 193,088,437	\$ 235,454,127	\$ 228,316,329	\$ 324,629,000	\$ 315,472,521	\$ 312,575,944
Noncurrent Assets	87,053,461	64,067,524	128,702,921	171,021,751	180,826,688	231,605,589	311,602,739	264,853,912	231,292,296	251,262,932
Total Assets	133,566,530	159,580,049	210,161,119	305,648,692	373,915,125	467,059,716	539,919,068	589,482,912	546,764,817	563,838,876
<b>Liabilities</b>										
Current Liabilities	48,574,917	61,842,223	76,011,436	90,466,729	93,068,800	104,301,153	111,509,290	117,108,618	104,210,436	97,435,058
Noncurrent Liabilities	65,002,580	93,380,151	129,089,805	189,508,614	223,090,847	251,654,426	290,698,960	326,580,921	324,196,776	362,089,179
Total Liabilities	113,577,497	155,222,374	205,101,241	279,975,343	316,159,647	355,955,579	402,208,250	443,689,539	428,407,212	459,524,237
<b>Net Assets</b>										
Invested in Capital Assets	1,050,952	1,061,280	1,079,883	1,085,656	1,805,625	1,735,344	1,608,877	1,495,191	10,706,672	9,181,260
Unrestricted	18,938,081	3,296,395	3,979,995	24,587,693	55,949,853	109,368,793	136,101,941	144,298,182	107,650,933	95,133,379
Total Net Assets	\$ 19,989,033	\$ 4,357,675	\$ 5,059,878	\$ 25,673,349	\$ 57,755,478	\$ 111,104,137	\$ 137,710,818	\$ 145,793,373	\$ 118,357,605	\$ 104,314,639

**CSAC EXCESS INSURANCE AUTHORITY**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**FOR THE 10-YEAR PERIOD ENDING JUNE 30, 2011**

	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
<b>REVENUES:</b>										
Premiums for Risk Transferred	\$41,626,151	\$60,114,183	\$79,810,939	\$83,091,904	\$92,045,037	\$173,975,051	\$220,902,418	\$254,320,478	\$281,136,570	\$316,271,011
Broker Fees		957,936	2,515,219	3,305,346	3,361,874	4,580,817	5,165,546	5,297,432	5,616,485	6,459,876
Dividend Income	439,508	1,753,020	0	2,300,878	0	90,614	232,604	140,745	201,158	41,971
Contributions for Retained Risk	40,503,773	81,017,406	147,708,469	179,045,793	176,631,382	127,674,773	141,698,901	115,099,254	102,214,702	119,707,240
Supplemental Assessments	20,000,552	0	8,292,552	4,194,000	0	0	0	0	0	0
Member Services	556,825	658,766	129,954	247,667	445,121	364,496	343,927	359,000	263,004	530,052
Administrative Fees	2,506,594	3,052,586	4,118,495	6,773,423	6,274,898	8,108,616	8,340,306	8,685,053	9,963,197	10,155,392
Public Entity Fees	4,899	131,186	355,370	430,093	436,457	490,997	596,548	504,933	398,951	408,475
Program Development Fees	2,900	47,801	40,750	82,157	16,837	9,800	7,250	11,650	4,200	7,550
Other Income	484,928	227,365	484,633	1,067,035	1,698,569	843,635	221,866	1,359,005	617,281	2,313,897
Investment Income	6,978,098	5,324,912	3,945,423	6,683,646	10,977,040	23,342,575	30,181,440	17,746,130	15,758,005	9,726,704
<b>Total Revenues</b>	<b>113,104,228</b>	<b>153,285,161</b>	<b>247,401,804</b>	<b>287,221,942</b>	<b>291,887,215</b>	<b>339,481,374</b>	<b>407,690,806</b>	<b>403,523,680</b>	<b>416,173,553</b>	<b>465,622,168</b>
<b>EXPENSES:</b>										
Dividends	5,223,218	2,270,853	0	1,799,998	103,462	90,580	14,953,741	6,413,485	11,488,482	11,062,736
Insurance Expense	41,433,691	60,666,216	82,053,236	85,384,796	89,500,002	172,398,005	214,718,407	246,829,609	271,385,012	303,821,702
Broker Fees					3,769,564	4,585,935	5,166,381	5,297,219	5,616,545	6,459,283
Provision for Insured Events	66,999,661	99,224,543	151,237,661	163,395,025	143,708,198	89,400,074	126,800,379	110,454,729	117,204,060	124,443,282
Unallocated Loss Expenses	704,302	32,418	2,249,137	1,763,656	6,796,235	4,882,061	2,851,370	1,522,169	9,376,859	1,127,804
Program Services	2,886,423	4,021,727	8,531,903	10,364,856	11,167,253	9,287,690	10,374,736	15,520,612	19,004,605	22,809,139
Member Services and Subsidies	483,385	551,584				482,559	588,184	3,070,751	2,210,316	2,027,109
General Administration	1,598,468	1,939,873	2,404,911	3,626,201	4,451,349	4,760,032	5,376,551	6,087,504	6,781,774	7,150,235
Building Operating Expenses	60,140	73,047	80,384	92,294	95,342				124,242	408,073
Depreciation	118,107	139,258	142,369	181,645	213,681	245,779	254,376	245,047	417,426	355,771
<b>Total Expenses</b>	<b>119,507,395</b>	<b>168,919,519</b>	<b>246,699,601</b>	<b>266,608,471</b>	<b>259,805,086</b>	<b>286,132,715</b>	<b>381,084,125</b>	<b>395,441,125</b>	<b>443,609,321</b>	<b>479,665,134</b>
Revenues In Excess (Deficit) of Expenses	(6,403,167)	(15,634,358)	702,203	20,613,471	32,082,129	53,348,659	26,606,681	8,082,555	(27,435,768)	(14,042,966)
<b>NET ASSETS:</b>										
Beginning Net Assets	26,395,200	19,992,033	4,357,675	5,059,878	25,673,349	57,755,478	111,104,137	137,710,818	145,793,373	118,357,605
Ending Net Assets	\$19,992,033	\$4,357,675	\$5,059,878	\$25,673,349	\$57,755,478	\$111,104,137	\$137,710,818	\$145,793,373	\$118,357,605	\$104,314,639

**CSAC EXCESS INSURANCE AUTHORITY  
HISTORY OF DIVIDENDS RETURNED TO MEMBERS  
FOR THE TEN-YEAR PERIOD ENDING JUNE 30, 2011**

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Excess Workers' Compensation										
Pool Dividends	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reinsurance	-	-	-	-	-	-	-	-	-	-
Primary Workers' Compensation	7,500,000	8,000,000	4,000,000	4,000,000	-	-	-	-	-	-
Employee Benefits										
EIAHealth Program	1,202,694	1,287,324	172,740	8,721,137	-	-	-	-	-	-
CA Health Alliance	-	-	-	-	-	-	-	-	-	-
General Liability I Program										
Pool Dividend	-	-	2,100,000	2,000,000	-	103,462	1,799,998	-	2,270,853	4,632,775
Reinsurance	-	-	-	-	-	-	-	-	-	439,508
Coverage Replacement	-	-	-	-	-	-	-	-	-	-
Primary General Liability	-	-	-	-	-	-	-	-	-	-
General Liability II Program										
Mega Fund	-	-	-	-	-	-	-	-	-	-
Reinsurance	-	-	-	-	-	-	-	-	-	150,935
Miscellaneous Programs										
Aircraft	-	102,066	140,745	134,506	35,222	-	-	-	-	-
Property	41,971	99,092	-	98,098	55,358	-	-	-	-	-
Medical Malpractice										
Mega Fund	-	2,000,000	-	-	-	-	-	-	-	-
Reinsurance	-	-	-	-	-	-	-	-	-	-
Pool 2	-	-	-	-	-	-	-	-	-	-
Building Fund	2,318,071	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 11,062,736</b>	<b>\$ 11,488,482</b>	<b>\$ 6,413,485</b>	<b>\$ 14,953,741</b>	<b>\$ 90,580</b>	<b>\$ 103,462</b>	<b>\$ 1,799,998</b>	<b>\$ -</b>	<b>\$ 2,270,853</b>	<b>\$ 5,223,218</b>

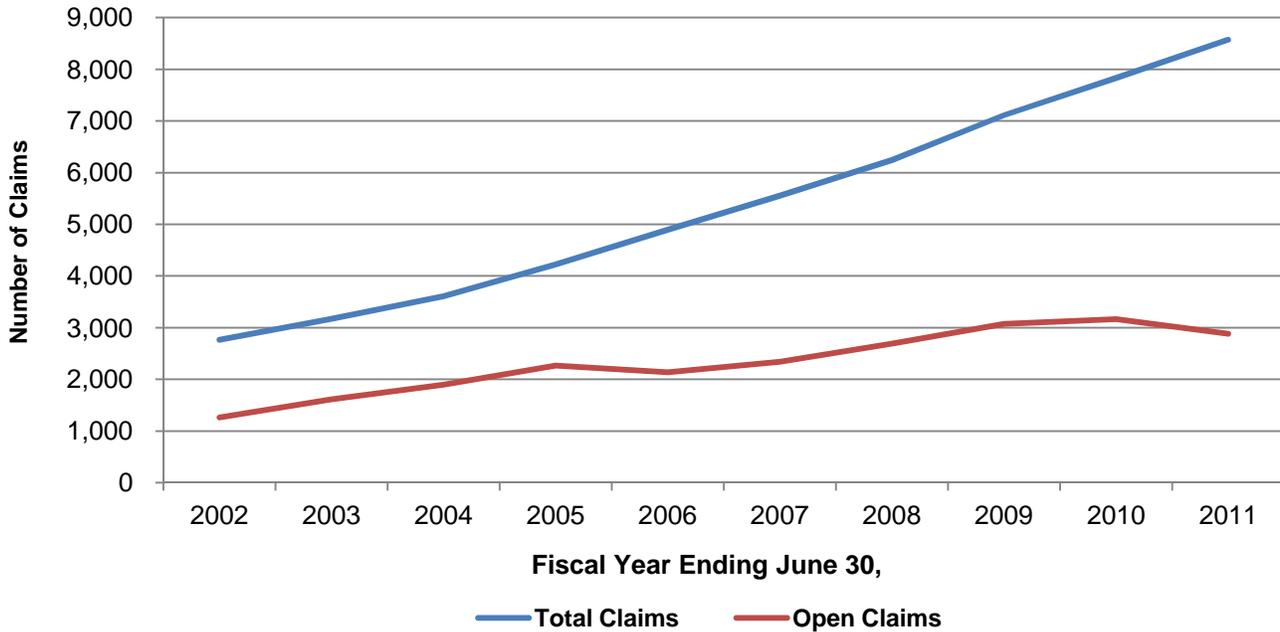
**CSAC EXCESS INSURANCE AUTHORITY  
ECONOMIC STATISTICS  
FOR THE TEN-YEAR PERIOD ENDING JUNE 30, 2011**

	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006	June 30, 2005	June 30, 2004	June 30, 2003	June 30, 2002
<b>Excess Workers' Compensation</b>										
Total Number of Claims	8,569	7,829	7,110	6,241	5,556	4,893	4,224	3,606	3,172	2,764
Open Claims	2,884	3,165	3,073	2,693	2,342	2,136	2,268	1,896	1,611	1,265
Covered Payroll	\$ 21,247,944,019	\$ 21,271,835,420	\$ 21,185,756,039	\$ 21,233,785,218	\$ 19,963,647,283	\$ 18,880,122,499	\$ 17,666,726,390	\$ 16,413,451,722	\$ 11,487,145,406	\$ 6,605,267,792
<b>Primary Workers' Compensation</b>										
Total Number of Claims	93,795	91,403	87,972	81,486	67,672	38,507	30,427	25,892	23,210	17,335
Open Claims	4,907	4,787	4,860	4,952	4,520	4,505	4,825	5,082	4,319	3,125
Covered Payroll	\$ 2,923,194,417	\$ 2,714,848,814	\$ 2,939,832,664	\$ 2,830,424,192	\$ 2,284,268,813	\$ 1,929,065,067	\$ 2,066,741,701	\$ 2,137,221,267	\$ 1,700,352,201	\$ 990,112,700
<b>EIAHealth</b>										
Number of Participating Members	18	14	12	13	10	6	5	4		
Number of Employees Covered	17,342	15,943	11,963	12,201	10,874	5,728	5,054	4,412		
Number of Lives Covered	43,354	39,857	29,908	30,503	27,185	14,320	12,635	11,030		
<b>General Liability I</b>										
Total Number of Claims	4,575	4,336	4,029	3,720	3,541	3,358	3,256	3,212	3,144	2,991
Open Claims	458	457	443	284	309	264	280	249	338	337
Covered Payroll	\$ 4,059,376,736	\$ 4,297,349,507	\$ 3,703,780,006	\$ 3,339,173,108	\$ 3,172,369,141	\$ 3,110,975,094	\$3,156,930,780	\$2,420,260,318	\$2,077,559,218	\$1,766,178,151
<b>Property</b>										
Total Number of EIA Claims	1,039	1,133	869	705	661	513	409	358	305	272
Open EIA Claims	24	130	114	46	96	97	73	37	40	13
Total Number of Excess Claims	1,113	1,001	923	896	763	725	817	765	591	554
Open Excess Claims	127	73	67	106	38	28	39	70	68	36
Total Property Values	\$ 49,489,556,840	\$ 45,817,222,183	\$ 41,168,435,680	\$ 37,738,459,718	\$ 34,095,145,828	\$ 30,664,157,372	\$ 30,477,306,076	\$ 28,258,154,605	\$ 25,117,805,382	\$ 18,817,736,706
<b>Medical Malpractice</b>										
Number of Incidents Only	1,841	1,810	1,796	1,773	1,776	1,765	1,726	122	119	113
Number of Claims Made	4,046	3,974	3,928	3,486	3,786	3,699	3,662	1,582	1,498	1,437
Number of Claims Open	104	94	115	113	139	222	230	43	186	181

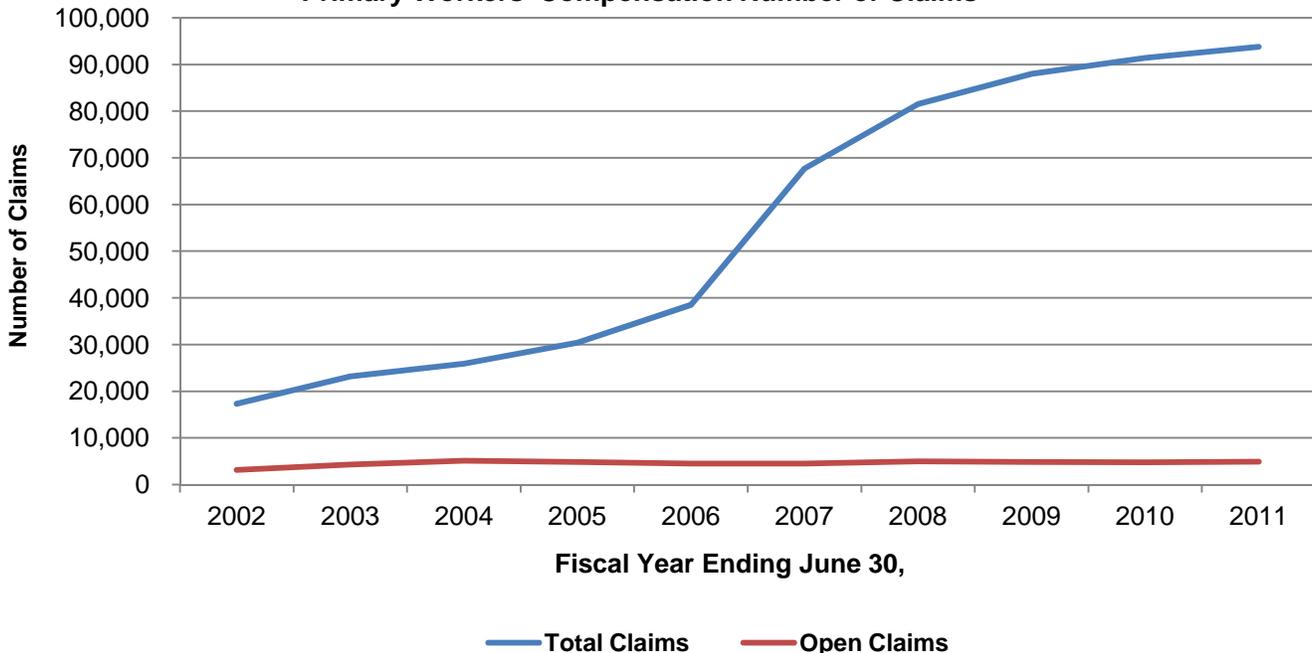
**CSAC EXCESS INSURANCE AUTHORITY  
ECONOMIC INDICATORS AND INFORMATION  
JUNE 30, 2011**

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 EIA Health employees and lives covered as shown on the following charts.

**Excess Workers' Compensation Number of Claims**

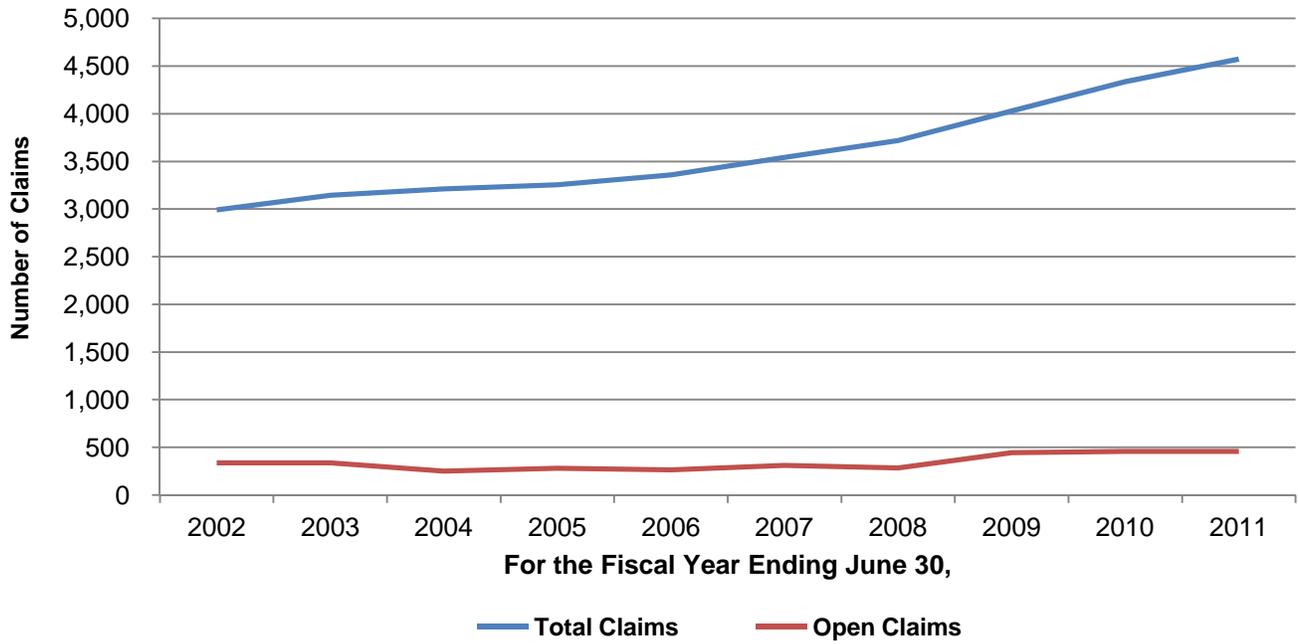


**Primary Workers' Compensation Number of Claims**

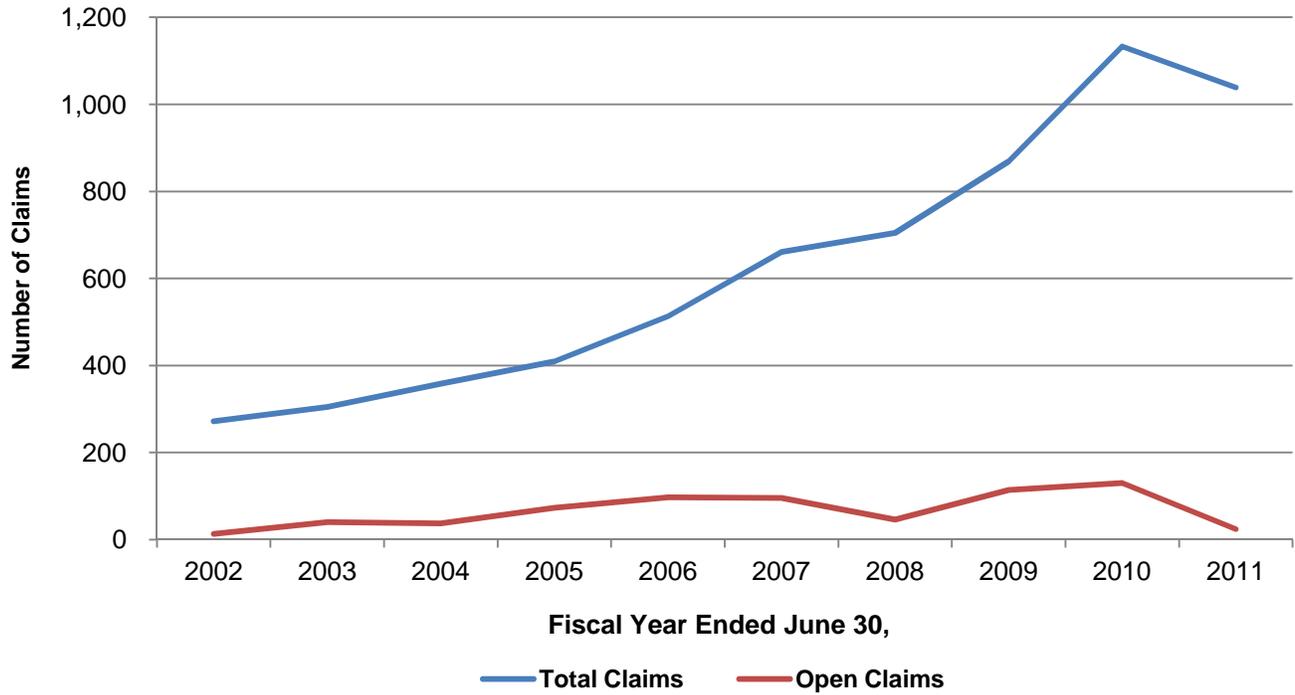


**CSAC EXCESS INSURANCE AUTHORITY  
ECONOMIC INDICATORS AND INFORMATION  
JUNE 30, 2011**

**General Liability I Number of Claims**

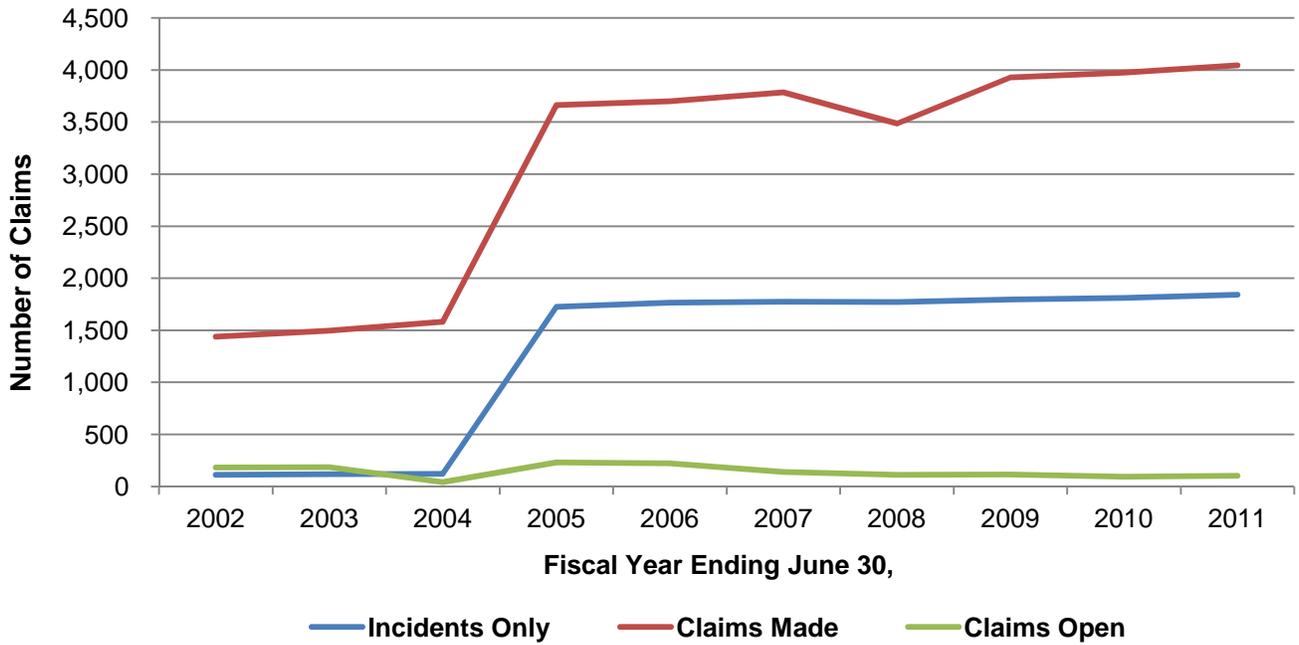


**Property Program Number of Claims**

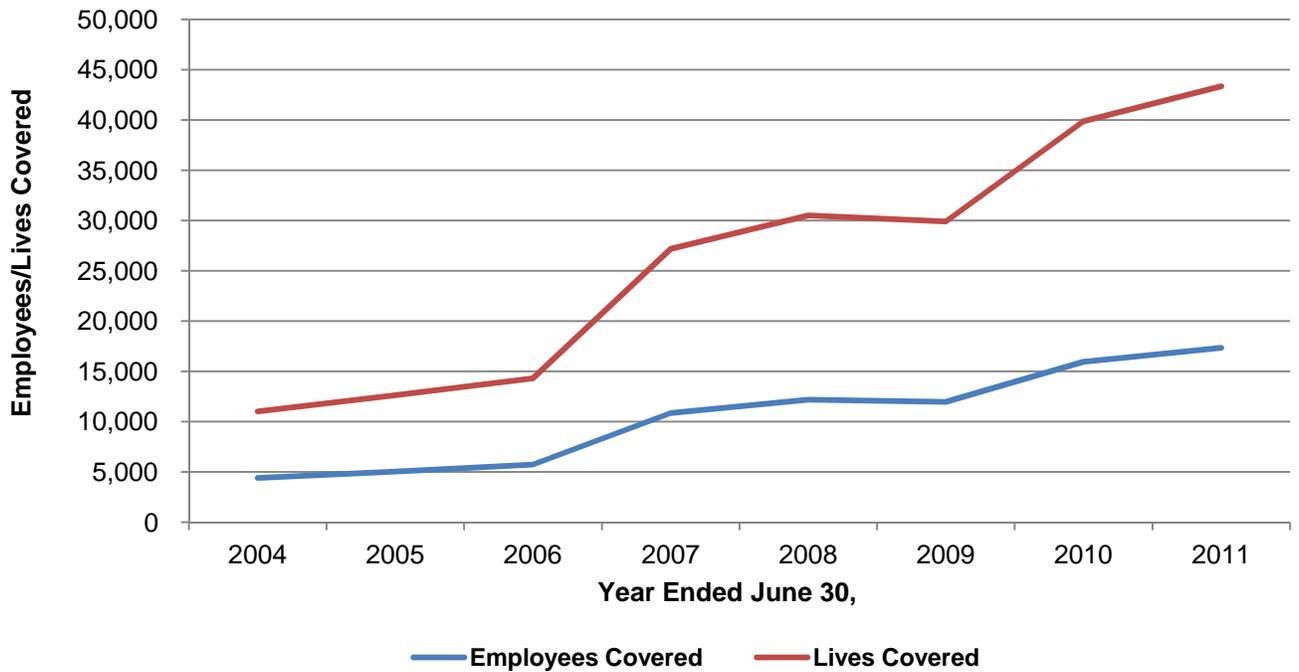


**CSAC EXCESS INSURANCE AUTHORITY  
ECONOMIC INDICATORS AND INFORMATION  
JUNE 30, 2011**

**Medical Malpractice Number of Claims**

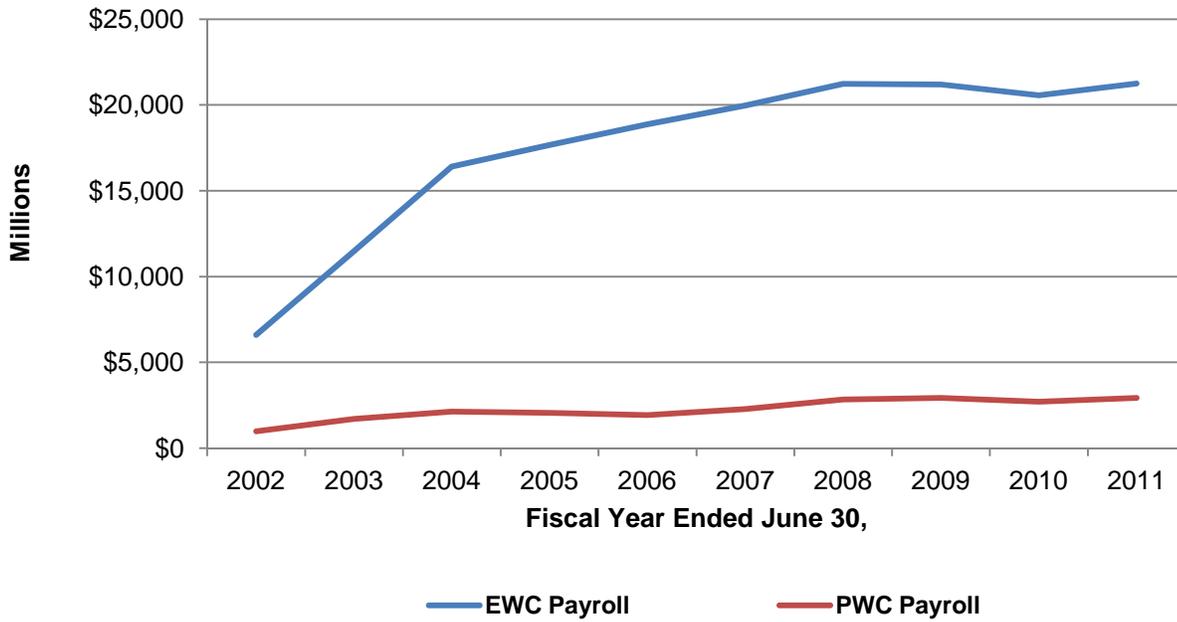


**EIAHealth Employees and Lives Covered**

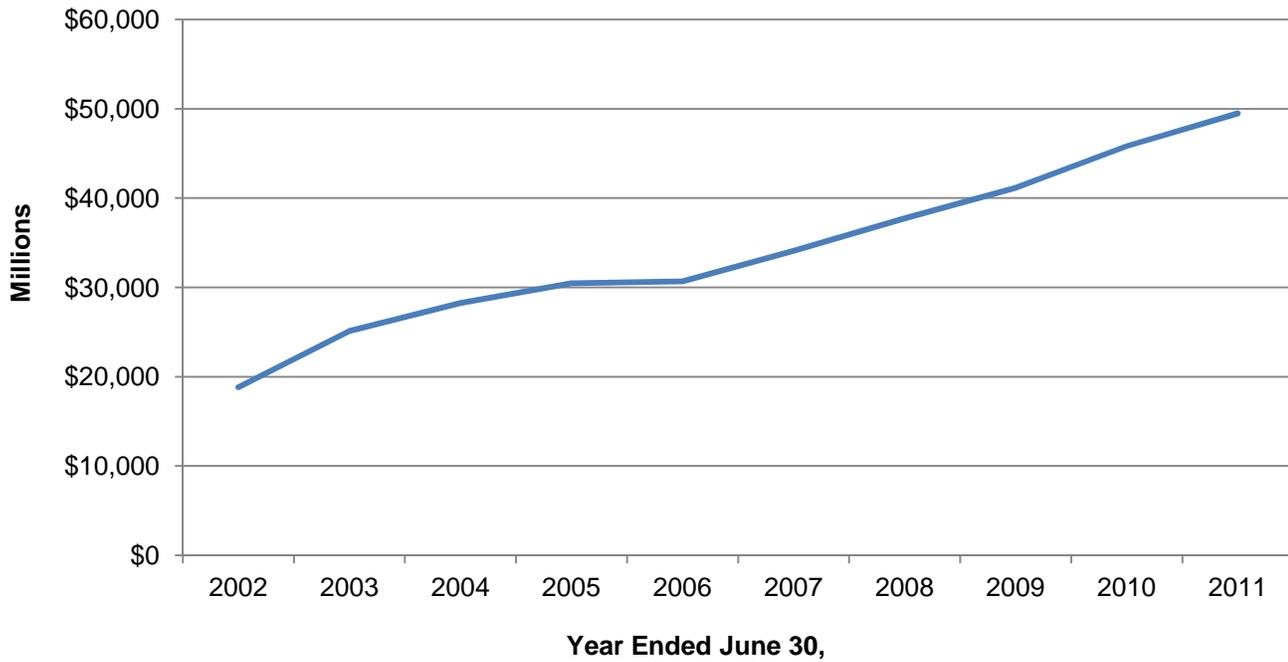


CSAC EXCESS INSURANCE AUTHORITY  
ECONOMIC INDICATORS AND INFORMATION  
JUNE 30, 2011

Covered Payrolls



Property Values



**CSAC EXCESS INSURANCE AUTHORITY  
OPERATING INDICATORS AND STATISTICS  
FOR THE TEN-YEAR PERIOD ENDING JUNE 30, 2011**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Full-time Equivalent Employees as of June 30</b>	15	18	22	29	31	39	43	46	48	48
<b>Number of Retirees</b>	1	1	1	2	3	3	3	3	3	4
<b>Square footage of Office Space</b>	5,823	6,923	8,078	9,533	13,324	13,324	13,324	13,324	24,448	25,000
<b>Member Units</b>										
Primary Workers' Compensation	22	29	36	42	41	43	45	40	40	42
Excess Workers' Compensation	50	77	125	140	148	159	157	161	161	164
Primary General Liability	5	18	29	31	30	30	31	30	30	29
General Liability I	39	67	83	87	87	88	89	94	97	101
General Liability II	13	15	15	15	17	16	16	13	12	11
Property	53	65	68	71	72	72	73	78	78	81
Medical Malpractice	44	45	46	46	46	47	48	49	49	48
EIAHealth	0	0	4	5	6	10	13	12	15	18
Employee Benefits	25	34	40	49	57	87	92	92	115	119
<b>Total Member Units</b>	<b>251</b>	<b>350</b>	<b>446</b>	<b>486</b>	<b>504</b>	<b>552</b>	<b>564</b>	<b>569</b>	<b>597</b>	<b>613</b>
Member Counties	53	53	54	54	54	54	54	55	54	54
Member Public Entities	42	95	128	142	144	144	142	166	196	554
<b>Total Members</b>	<b>95</b>	<b>148</b>	<b>182</b>	<b>196</b>	<b>198</b>	<b>198</b>	<b>196</b>	<b>221</b>	<b>250</b>	<b>608</b>