

**State of Utah**  
**Labor Commission**  
Uninsured Employers' Fund

---

**Actuarial Review of the Unpaid Claim Liability &  
Projected Financial Statements  
As of June 30, 2009**

**Deloitte Consulting LLP**  
**October 7, 2009**

October 7, 2009

Larry D. Bunkall  
Division Director  
State of Utah – Labor Commission  
Industrial Accidents Division  
160 East 300 South 3rd Floor  
Salt Lake City, UT 84114-6610

Dear Mr. Bunkall:

We are pleased to provide this report of the Uninsured Employers' Fund ("UEF") unpaid claim liability analysis and projected financial statements as of June 30, 2009. The unpaid claim liability estimates and future estimates of revenue and expenses in this report have been calculated using commonly accepted actuarial principles, appropriate actuarial methods and reasonable assumptions.

We have enjoyed working with you and your staff on this analysis. If you or any other member of your team has any questions or comments about this report, please give us a call at one of the phone numbers listed below.

Sincerely,



Rod Morris, FCAS, MAAA  
Specialist Leader  
(213) 688-3374



Anita Sathe, FCAS, FSA, MAAA  
Manager  
(860) 725-3093

**Table of Contents**

	<i>Page</i>
I. Executive Summary .....	1
II. Background .....	6
III. Scope, Distribution, and Limitations .....	7
IV. Overview of Analysis .....	10
V. Data Sources .....	16
VI. Exhibits .....	18

---

## **I. Executive Summary**

### ***Scope of Report***

Deloitte Consulting LLP (“Deloitte Consulting”) has been engaged by the State of Utah Labor Commission to provide a review of the unpaid claim liability and assessment rates for the Uninsured Employers’ Fund (“UEF”) monitored by the Industrial Accidents Division (“the Division”). The purpose of this review includes the following items:

- Provide an estimate of the unpaid claim liability to assist the Labor Commission in preparing the financial statements of the UEF as of June 30, 2009. The unpaid claim liability is estimated and provided on an undiscounted and discounted basis to reflect the time value of money.
- Based on the results of the unpaid claim liability analysis and projections of future revenue and expenses, provide recommendations regarding adjustments to the percentage surcharge on premiums (“assessment rates”) to be assessed by the Commission to each provider of workers compensation insurance in the State of Utah.
- Based on the above recommendations, provide projected future financial results, including revenue and expense projections, through fiscal year 2025.

The intended measure of the unpaid claim liability estimates in this report is an actuarial central estimate, which represents an expected value over the range of reasonably possible outcomes. We have not attempted to measure the uncertainty in the estimates. For the remainder of this report and the exhibits, the term “unpaid loss” or “unpaid claim liability” is sometimes referred to as “reserves”. In this report, these terms are used interchangeably.

### ***Background***

The Uninsured Employers’ Fund (“UEF” or “Fund”) was established in 1994 to provide workers compensation benefits promptly and accurately to eligible injured workers. Eligible injured workers are defined as those workers who are injured on the job after June 30, 1994 and whose employers did not maintain statutorily required workers compensation insurance. The UEF is funded by a surcharge on workers compensation premiums in the State and estimated workers compensation premiums for self-insured employers. In addition, the Fund makes payments of reasonable costs and fees to administer the UEF.

### ***Unpaid Claim Liability***

Based on our analysis, we estimate the total unpaid claim liability for the UEF as of June 30, 2009 to be *\$12.7 million* on an undiscounted basis and *\$9.7 million* on a discounted basis to reflect the time value of money. The interest rate used to discount the future claim payments of the unpaid claim liability is an annual rate of 2.5% for the next three fiscal years increasing to 4.5% annually hereafter. The annual interest rates were provided to us by the Division after discussion with the State Treasurer’s office.

The following table summarizes our estimated unpaid claim liability as of June 30, 2009. All amounts are shown in millions.

**Uninsured Employers Fund @06/30/09**

Amounts in Millions

	Unpaid Claim Liability	
	Undiscounted	Discounted
Estimated Outstanding Claims	11.6	8.8
Settlement Expenses	1.2	0.9
<b>Total</b>	12.7	9.7

***Proposed Future Assessment Rates***

The UEF "Fund Balance" at any given time is the amount of the assets in the fund less the liabilities of the fund. Based on estimates of the unpaid claim liability, the UEF Fund Balance is \$11.1 million as of June 30, 2009. In other words, the current assets are \$11.1 million greater than the current liabilities.

As part of our analysis, we have estimated future UEF expenses and revenue through fiscal year 2025. The purpose of this analysis is to review the viability of several alternative future assessment rates with the goal to maintain the UEF at a fully funded condition (i.e. assets > liabilities). These results were presented to the Workers Compensation Advisory Council to help the Labor Commission adopt a 2010 premium assessment rate for the UEF. Below is a summary of results of the projection analysis under several alternative future assessment rates.

**Uninsured Employers Fund @06/30/09**

Calendar Year	(Scenario 1) CURRENT ASSESSMENT RATE	(Scenario 2) MAXIMUM ASSESSMENT RATE	(Scenario 3) LOWER ASSESSMENT RATE	DELOITTE UEF PROPOSED
Actual 2008	0.25%	0.25%	0.25%	0.25%
Actual 2009	0.25%	0.25%	0.25%	0.25%
Proposed 2010	0.25%	0.50%	0.05%	0.05%
Proposed 2011	0.25%	0.50%	0.05%	0.05%
Proposed 2012	0.25%	0.50%	0.05%	0.05%
Proposed 2013	0.25%	0.50%	0.05%	0.05%
Balance as of Fiscal Year 2025	\$39.6 Million	\$87.9 Million	\$1.1 Million	\$1.1 Million

Under the current assessment rate of 0.25%, the fund balance continues to grow with the fund balance estimated to be over \$39 million in fiscal year 2025. This expected growth in fund balance occurs because fund revenues exceed fund expenses. Beginning in fiscal year 2011, the operations of the Industrial Accident Division will be paid out of the Industrial Accidents Restricted Account ("IARA") instead of the UEF significantly lowering the other administrative expenses of the UEF. This is another major reason for the increasing fund balance under the current assessment rate.

Under the statutory maximum assessment rates of 0.50%, the UEF would have a fund balance of almost \$88 million in fiscal year 2025 which is well in excess of the required balance.

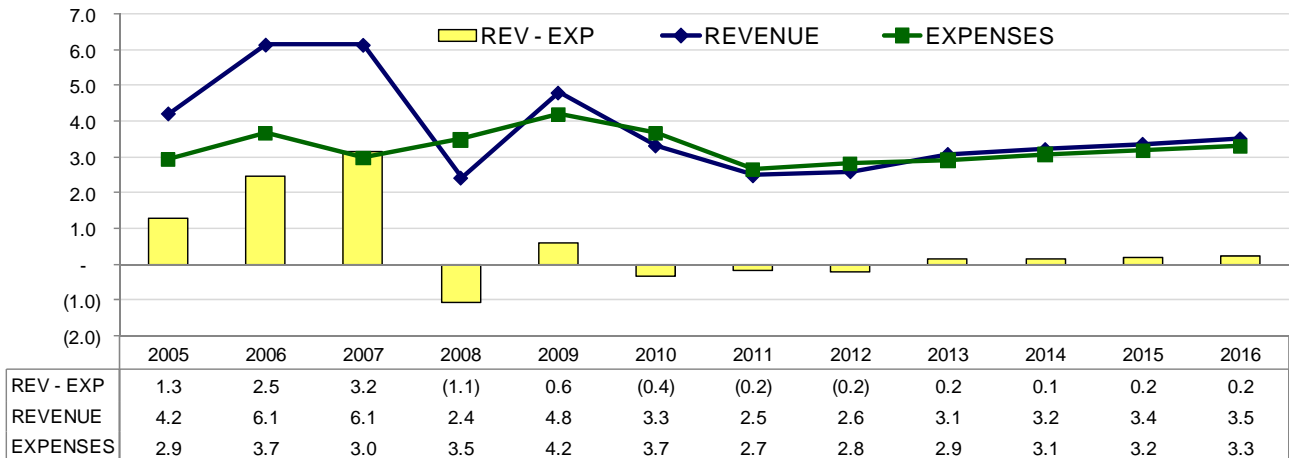
Our analysis would indicate that a lower assessment rate may be warranted for the UEF since historically revenue has been greater than expenses and especially since the operations of the Industrial Accident Division will be paid out of the IARA account beginning in fiscal year 2011. Our analysis indicates that assets would remain greater than the liabilities through fiscal year 2025 if the assessment rate was lowered to 0.05%.

### ***Projected Future Financial Results***

At the October 7, 2009 meeting of the Advisory Council and Open Meeting, the Utah Labor Commission decided to adopt a 2010 premium assessment rate for the UEF of 0.05%. Therefore, we have used this lower assessment rate assumption shown previously in estimating our revenue for the future financial results.

In order to project future financial results, estimates of future revenue and expenses is required. Future revenue sources include premium revenues from tax assessments, reimbursements from uninsured employers, self-insured fees, penalties on uninsured employers, and investment income on cash balances within the fund. The cash balance of the fund represents the majority of the assets of the fund. Future expenses include claim payments, settlement expenses, expenses for medical panel review, and other administrative expenses. As mentioned previously, beginning in fiscal year 2011, a large portion of the other administrative expense (specifically the operations of the Industrial Accident Division) are expected to be paid out of the IARA instead of the UEF.

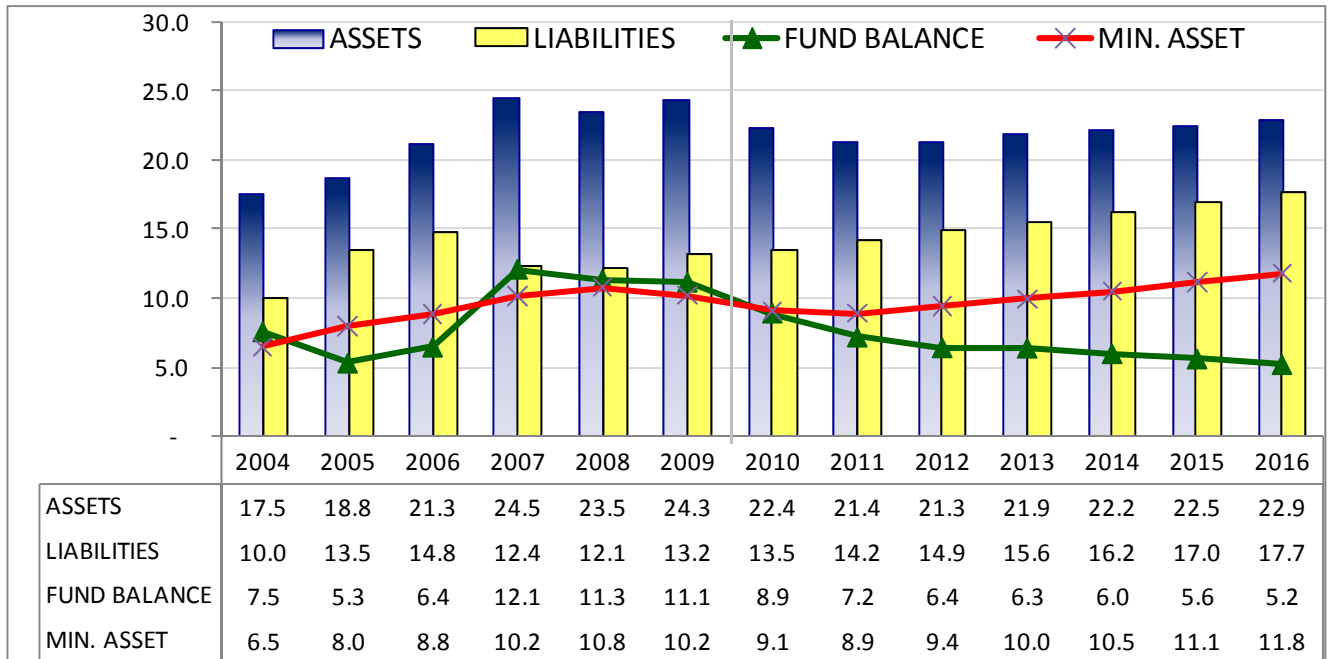
Below is a summary of the historical revenue and expenses from fiscal year 2005 through fiscal year 2009 and projected revenue and expenses through fiscal year 2016. The amounts shown are in millions.



As seen from the chart above, revenue has been higher than expenses suggesting a lower assessment rate may be appropriate. An exception was fiscal year 2008 when an abnormally low amount of uninsured penalties was collected. Once the assessment rate is lowered in fiscal year 2010, you can see that estimated revenues are relatively closed to the estimated expenses.

As mentioned previously, the current fund balance as of June 30, 2009 is \$11.1 million. The asset balances as of June 30, 2009 is approximately \$24.3 million of which approximately 80% represents cash invested with the treasurer's office. The remaining assets represent a premium tax receivable. The liability balance as of June 30, 2009 is approximately \$13.2 million which includes our undiscounted estimate of the unpaid claim liability as of June 30, 2009 of \$12.7 million plus other liabilities of \$0.4 million. The fund's estimated future assets as of a certain date (e.g. June 30, 2010) equals the previous June 30 asset balance (e.g. June 30, 2009) adjusted for the difference between projected revenue and expenses within that fiscal year (e.g. fiscal year 2010). It is also adjusted for any estimated changes in the premium tax receivable within the fiscal year. The fund balance as of a certain date equals the asset balance at that date less our estimated unpaid claim liability balance as of that date.

Below is a summary of the historical financial statement balances (i.e. asset balance, liability balance, fund balance and minimum asset balance) from fiscal year 2004 through fiscal year 2009 and projected financial statement balances through fiscal year 2016. The amounts shown are in millions.



As can be seen, the fund balance has improved from \$7.5 million as of June 30, 2004 to \$11.1 million as of June 30, 2009. This reflects the fact that revenue has outpaced expenses during this time frame. We believe that the fund balance would continue to grow under the current assessment rate. The proposed assessment rates show that the fund balance remains positive through fiscal year 2016.

State regulations require the UEF to maintain a minimum asset fund balance. As can be seen, the statutory minimum asset balance does not come into play as the current asset balance is significantly higher than the minimum and will continue to be much higher under our proposed assessment rates.

***Comments and Recommendations***

***Tax Commission Premium Estimates***

There seems to be an inconsistency between collection of tax revenue and how that revenue gets posted to the UEF. Some inconsistency exists amongst insurance companies in how they estimate premium base (some pay in arrears, etc.). Gaining a better understanding of the process of how premium revenue is paid, collected, and posted to the UEF will ensure more accurate premium projections in the future

Therefore, we recommend that protocols to review and understand how premium revenue is paid, collected, and posted to the UEF be established to ensure more accurate premium projections in the future.

***The Actuarial Report***

The report that follows includes the scope, reliances, limitations, conditions, and conclusions of our review. The report is followed by a series of technical exhibits that documents our analysis. Our report is organized on a fiscal year basis. Fiscal year XX is the period running from 7/1/XX-1 to 6/30/XX (e.g. fiscal year 2009 runs from 7/1/08 – 6/30/09).

## **II. Background**

### ***History***

The UEF was established in 1994 to provide workers compensation benefits promptly and accurately to eligible injured workers in the state of Utah. Eligible injured workers are defined as those workers who are injured on the job after June 30, 1994 and whose employers did not maintain statutorily required workers compensation insurance. Benefits paid to injured workers follow the statutorily required workers compensation benefits in the State and include both the indemnification of compensation benefits, medical expenses, and other claim expenses.

### ***Funding of the UEF***

The UEF is funded by a surcharge on workers compensation premiums in the State and estimated workers compensation premiums for self-insured employers. The current assessment rate is 0.25%. In addition to the surcharges, the UEF expenses are offset by investment interest revenue that the UEF earns, penalties assessed by the Division to companies that have not provided workers compensation insurance to their employees, reimbursements from uninsured employers, and self-insured fees.

Current statute requires an assessment rate that is sufficient to provide payments of benefits and expenses from the UEF and to maintain the UEF at a funded condition with assets equal to or greater than the liabilities. In addition, at the end of each fiscal year, the minimum approximate assets in the UEF shall be \$2,000,000 adjusted each year beginning in 1990 by multiplying by the ratio that the total workers compensation premium for the preceding calendar year bears to the total workers compensation premium for the calendar year 1988.

### **III. Scope, Distribution, and Limitations**

#### *Scope of Work*

Deloitte Consulting LLP (“Deloitte Consulting”) has been engaged by the State of Utah Labor Commission to provide a review of the unpaid claim liability and assessment rates for the UEF monitored by the Industrial Accidents Division (“the Division”). The purpose of this review includes the following items:

- Provide an estimate of the unpaid claim liability to assist the Labor Commission in preparing the financial statements of the UEF as of June 30, 2009. The unpaid claim liability is estimated and provided on an undiscounted and discounted basis to reflect the time value of money.
- Based on the results of the unpaid claim liability analysis and projections of future revenue and expenses, provide recommendations regarding adjustments to the percentage surcharge on premiums (“assessment rates”) to be assessed by the Commission to each provider of workers compensation insurance in the State of Utah.
- Based on the above recommendations, provide projected future financial results, including revenue and expense projections, through fiscal year 2025.

#### *Distribution and Use*

The study’s conclusions are developed in the accompany text and exhibits, which together comprise the report. This report is prepared solely for the use of the Division (or Labor Commission), its management, its auditors, and state regulatory agencies. The report is intended to assist the Division or Labor Commission in assessing the costs and actuarial soundness of the UEF. It is not intended for other purposes, such as a debt offering. No other distribution is authorized without the prior written permission of Deloitte Consulting. This report should be considered in its entirety. If this report is distributed with our consent, it should be distributed in its entirety (with discussions and exhibits).

Third parties should recognize that the furnishing of this report is not a substitute for their own due diligence and should place no reliance on this report or data contained herein that would result in the creation of any duty or liability by Deloitte Consulting to the third party.

We have prepared this report for use by individuals who have a degree of technical competence in insurance matters. This report should be studied in its entirety before any judgments are made about the conclusions in the report. Deloitte Consulting personnel are available to discuss any questions or concerns regarding this report.

*Limitations*

We have relied upon the data and information prepared by responsible officers or employees of the Industrial Accidents Division. The validity of the conclusions set forth in this report is dependent on the accuracy and completeness of the information provided. A specific audit to verify the accuracy and completeness of the data and information provided to us is beyond the scope of this report. We have reviewed the data supplied for reasonableness and consistency and have relied on such without audit or verification and assume it is accurate and complete. If the underlying data or information provided is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete.

In evaluating whether the reserves make a reasonable provision for unpaid claim liabilities, it is necessary to project future claim payments and expenses. It is certain that actual future claim payments and expenses will not develop exactly as projected and may, in fact, vary significantly from the projections. No warranty is expressed or implied that such variance will not occur. Further, our projections make no provision for the broadening of coverage by legislative action or judicial interpretation or for extraordinary future emergence of new classes of losses or types of losses not sufficiently represented in the historical data or which are not yet quantifiable.

The methodologies and factors used in this report involve assumptions regarding future contingent events as forecasted from historical experience. Although we have used common actuarial procedures and methodologies, it should be noted that actual future results might vary, perhaps significantly, from the estimates contained herein.

Our review of the reserves rests upon the presumption that all reserves are backed by valid assets, which have suitable scheduled maturities and/or adequate liquidity to meet the cash flow requirements of the liabilities. We have not examined the assets of the UEF and have no opinion as to the validity or value of these assets.

#### *IV. Overview of Analysis*

This section describes the approach and methodologies used to estimate the unpaid claim liability and estimates of future revenue and expenses used in the projection of the future financial results.

##### *Estimated Unpaid Claim Liability*

The estimated unpaid claim liability consists of the following components:

1. Outstanding claims liability and
2. Settlement expenses

Following is a brief description of the methodologies utilized in estimating these components

##### *Outstanding Claims Liability*

The first step in estimating the unpaid liability on outstanding claims is the estimation of ultimate losses. This section describes the methods, factors, and assumptions used to estimate the ground-up ultimate losses for the UEF. We relied primarily on the following five common methodologies:

- Incurred loss development
- Paid loss development
- Incurred Bornhuetter-Ferguson
- Paid Bornhuetter-Ferguson
- Frequency/Severity

##### *Incurred Loss Development Method*

The incurred loss development (incurred LDF) method is a multiplicative method in which incurred losses are projected to an ultimate level based on historical incurred loss development patterns. An analysis of the changes in accident year incurred losses between various valuation points provides a basis for estimating future changes. Assuming that reporting patterns and reserving practices have remained reasonably stable, this method can be used to provide reasonable estimates of ultimate losses.

In applying this methodology we have relied on UEF's loss development history and supplemented the data with industry development patterns for the State of Utah.

### *Paid Loss Development Method*

This method is similar to the incurred LDF method but is based on historical paid losses. Paid losses are projected to an ultimate level based on historical paid development patterns. The method assumes that claim payment and settlement patterns have remained stable over time. Unlike the incurred LDF method, the paid LDF method is not dependent on reasonably consistent reserving practices. However, the paid LDF method is dependent on consistent payment patterns and closure rates.

Similar to the incurred LDF method, we relied on UEF's own loss development history, where possible, and supplemented with industry development patterns, where necessary.

### *Incurred Bornhuetter-Ferguson Method*

This approach is essentially a credibility-weighted average of two reserving techniques, the incurred LDF method and the expected loss method. The incurred LDF method is described above. The expected loss method selects an ultimate loss irrespective of what has actually been reported.

The Bornhuetter-Ferguson method blends the incurred LDF and expected loss methods by splitting expected losses into two distinct pieces: expected reported losses and expected unreported losses. As an accident year matures, the expected reported losses are replaced with actual reported losses plus expected unreported losses. In order to use this method, one must estimate both the initial ultimate loss estimates and the expected loss reporting pattern. Initial expected losses are selected by reviewing the historical cost per \$100 of payroll adjusted for trend and benefit level changes.

Expected loss reporting patterns are developed from the incurred loss development factors developed in the incurred LDF method. The reporting patterns are applied to the initial loss estimates to produce expected unreported losses which when added to reported losses to date yield projected ultimates.

### *Paid Bornhuetter-Ferguson Method*

The Bornhuetter-Ferguson paid loss (paid B-F) method is similar to the incurred B-F method except that the expected losses are split between expected paid and unpaid amounts using the results of the paid LDF method.

### *Frequency/Severity Method*

The frequency-times-severity method combines the estimates of the ultimate number of claims and the average ultimate cost per claim. This method begins with selecting the ultimate number of claims, using a claim count development approach similar to that described above. Ultimate loss severities are determined after consideration of the results from the loss development approaches (initial selected ultimate losses divided by selected ultimate claims), adjusted for historical trend and benefit level adjustments. The estimated ultimate loss equals the selected ultimate number of claims multiplied by the selected severity for each accident year.

### *Settlement expenses*

These are expenses paid by the UEF to settle all the claims for which it is ultimately responsible. To estimate the future settlement expense liability, we selected a percentage of annual settlement expenses to annual average claim payments and applied the percentage to the future estimated claims payments. Based on the historical payments by the UEF we estimated that settlement expenses will be 10% of the projected claim payments. These future settlement expenses were discounted using an annual interest rate of 2.5% for the next three fiscal and 4.5% for fiscal years 2013 and subsequent.

### *Estimate of Future Revenue and Expenses*

The revenue and expense cash flows consist of the following components:

1. Revenue: Premium revenues from tax assessments
2. Revenue: Investment income on cash balances within the fund
3. Revenue: Reimbursements from uninsured employers
4. Revenue: Self- insured Fees
5. Revenue: Penalties from uninsured employers and insurance companies
6. Expense: Workers compensation claim payments
7. Expense: Settlement expenses
8. Expense: Medical panel
9. Expense: Other administrative expenses

Following is a brief description of the methodologies utilized in estimating these components:

*Premium Revenues from Tax Assessments*

The premium revenues for the UEF are a function of the future tax assessment rate and the workers compensation premium in the state of Utah. Hence the projections of the workers compensation premium in the state of Utah are an essential component in estimating the premium revenue for the UEF.

Workers compensation premiums within the State are made up of insurer reported premiums and self-insured estimated premiums. Historical premiums by calendar year were provided to us by the Utah State Tax Commission. These premiums are a function of

- Workers wages
- Filed loss rates by the National Council of Compensation Insurance (NCCI) and estimated changes to these rates due to inflation, benefit level changes, and other trends in the industry
- Expense and profit loads of insurers
- Competitive forces within the market that cause premium variations from the NCCI rates.

Our estimate of future workers compensation premiums rely on estimates of worker's wages for calendar years 2009 and 2010 provided by the Governors' Office of Planning and Budget (GOPB). For calendar year 2011 we assumed a 0% growth in wages. For calendar year 2011 through 2015, we assumed a slowly increasing growth rate. Wage growth rates subsequent to calendar year 2015 are assumed to be 3.0% annually. These assumptions reflect our opinion that there will be a slow recovery from this current economic downturn.

We also adjusted our premium estimates for NCCI filed rate changes. These changes were -7.8% as of December 1, 2008 and -2.8% as of December 1, 2009.

The appropriate future tax assessment rate is applied to our estimate of calendar year premiums to get the future premium revenue by calendar year. These calendar year premium revenue amounts are then

adjusted to a fiscal year basis. Fiscal year premium revenues are then lagged an additional quarter to account for a lag in the posting of the premium revenue from the tax commission.

### ***Investment Income***

Investment income for a given fiscal year was estimated as the interest rate effective for that year multiplied by the average fund balance during the year, adjusted for revenue received and expenses paid. We assumed an annual interest rate of 2.5% for the next three fiscal years and 4.5% annually for fiscal years 2013 and subsequent.

### ***Reimbursements from uninsured employers***

These reimbursements represent the amounts received by the UEF from those employers that did not provide workers compensation coverage to their employees. To the extent that an injured workers injury can be traced to the uninsured employer, the UEF attempts to recover the costs of the payment of the benefits and expenses from the uninsured employer. Based on historical reimbursements received by the UEF we estimated that the projected reimbursements will be equal to 0.03% of the fiscal year workers compensation premiums in the state of Utah.

### ***Self Insured Fees***

Self insured fees are the assessments levied on self insured entities. Based on historical fees collected by the UEF, we estimate that the projected fees will be equal to 0.007% of the fiscal year workers compensation premiums in the state of Utah.

### ***Penalties from uninsured employers and insurance companies***

These penalties represent amounts levied on employers for not providing the statutory workers compensation coverage to their employees. It also includes penalties levied on insurance companies for late reporting of the workers compensation coverage to the UEF.

### ***Expense Projections***

The estimate of future workers compensation claim payments and settlement expenses is discussed under the unpaid claim liability analysis section above.

Medical panel expenses represent the expenses incurred on certain workers compensation cases where a medical panel is hired to determine the level of disability of the claimant. Based on historical expenses paid by the UEF, we estimate that annual medical panel expenses will be 25% of the annual average claim payments.

Historically, the operations of the Industrial Accident Division have been paid by the UEF and represented the majority of the other administrative expenses. We note that beginning in fiscal year 2011, the operations of the Industrial Accident is expected to be paid out of the Industrial Accidents Restricted Fund (“IARA”) instead of the UEF. Therefore, beginning in fiscal year 2011, our estimate of the other administrative expenses is significantly lower than in the past. Other items included in the other administrative expenses are attorney fees, actuarial fees, and third party claims adjuster fees (Pinnacle Risk Management).

## *V. Data Sources*

In performing our analysis, we have relied on the data and information provided by the Division and, its third party adjuster for the UEF, Pinnacle Risk Management. Based on our discussions with the Division we understand that Pinnacle Risk Management has been the Third Party Adjuster for all the UEF claims that were open as of and incurred subsequent to June 30, 2007.

As discussed in the *Scope, Distribution, and Limitations* section, we have not audited the data and information outlined below. We have assumed they are correct. The accuracy of the estimates in this report and our resulting opinion depend upon the accuracy of this data and information. If the underlying data or information is incomplete or inaccurate, then the results and conclusions of our analysis may need to be adjusted.

We have performed only a very limited review of the data used in our analysis to check it for reasonableness and consistency with prior years. We have not found any material inconsistencies from this review.

Below is a listing of data items that we consider to be significant to our analysis. A data item or attribute normally would be considered to be “significant” to our analysis, if, in our professional judgment, the correctness of the data item or attribute in the analysis is likely to have a material effect on the opinion.

The Division and Pinnacle Risk Management provided us electronic data files of loss, claim, and, exposure information. Below is a summary of the significant data items we were provided and relied upon.

- I. Claim listing from Pinnacle of all claims as of June 30, 2009 and June 30, 2008
  - A. The following information was provided for all claims
    1. Claim Number or Identifier
    2. Claim Type
    3. Loss Date
    4. Date Reported
    5. Status (closed, open – reopened & litigated)
    6. File Number

7. Case Reserves
  8. Paid Losses
  9. Incurred Losses
- B. Filename: “uef\_asof\_063009.xls” and “uef\_asof\_063008.xls”
- II. Financial Statements
- A. We were provided historical financial statements that detailed the revenue, expenses, assets, and liabilities for fiscal year 2004 through fiscal year 2009.
- B. Filename:
1. “UEF and ERF historical expenditures history back to 2004.xls”
- III. Historical workforce size and wage projections
- A. Historical calendar years 1997-2008 provided by Department of Workforce Services
1. <http://jobs.utah.gov/opencms/wi/pubs/em/annualreport/07annual/table19.pdf>
- B. Projected calendar years 2009 – 2010 provided by Governor’s Office of Planning and Budget (GOPB)
- IV. Annual historical rate changes provided by the National Council on Compensation Insurance
- V. Statewide insurer workers compensation premiums
- A. 2004-2008 actual calendar year premiums provided by Dianna Wright at the Utah State Tax Commission
- B. Filename: “Workers Comp Premium Summary 2004\_2008- Insurers.xls”
- VI. Self-insured estimated premiums
- A. 2004-2008 actual calendar year premiums provided by Dianna Wright at the Utah State Tax Commission
- B. Filename: “Self Insurance Premium Summary 2004\_2008.xls”

The conclusions set forth in this report are based upon data and information provided to us by the Division. We have relied upon the data and information prepared by the responsible officers and employees of the Division. A specific audit to verify the accuracy and completeness of the data and information provided to us is beyond the scope of this report. We have reviewed the data supplied for reasonableness and consistency and have relied on such without audit or verification and assume it is accurate and complete.

*VI. Exhibits*

**STATE OF UTAH - LABOR COMMISSION**  
**UNINSURED EMPLOYERS FUND**  
AS OF JUNE 30, 2009  
DELOITTE PROPOSED FUTURE ASSESSMENT RATES

ASSESSMENT

CALENDAR YEAR	CURRENT ASSESSMENT RATE	MAXIMUM ASSESSMENT RATE	LOWER ASSESSMENT RATE	DELOITTE UEF PROPOSED
(1)	(2)	(3)	(4)	(5)
ACTUAL 2008	0.25%	0.25%	0.25%	0.25%
ACTUAL 2009	0.25%	0.25%	0.25%	0.25%
PROPOSED 2010	0.25%	0.50%	0.05%	0.05%
PROPOSED 2011	0.25%	0.50%	0.05%	0.05%
PROPOSED 2012	0.25%	0.50%	0.05%	0.05%
PROPOSED 2013	0.25%	0.50%	0.05%	0.05%
BALANCE FISCAL YEAR 2025	39,644,746	87,866,025	1,067,723	1,067,723

**STATE OF UTAH - LABOR COMMISSION**  
**UNINSURED EMPLOYERS FUND**  
**PROJECTED FINANCIAL RESULTS**  
**BASED ON FINANCIAL RESULTS AS OF JUNE 30,2009**

PROJECTION

FISCAL YEAR ENDING	REVENUE							EXPENSES					REVENUE LESS EXPENSES	ASSET BALANCE	STATUTORY MINIMUM FUND BALANCE **	LIABILITY BALANCE	FUND BALANCE (DEFICIT)
	INTEREST RATE	PREMIUM REVENUES *	INVESTMENT INCOME	UNINSURED REIMB.	SELF-INSURED FEES	UNINSURED PENALTIES	TOTAL REVENUE	WC CLAIM PAYMENTS	SETTLEMENT EXPENSES	MEDICAL PANEL	OTHER ADMIN. EXPENSES ***	TOTAL EXPENSES					
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
2004		1,055,000	921,000	51,000	30,000	1,285,000	3,342,000	1,172,000	149,307	346,000	1,026,693	2,694,000	648,000	17,516,000	6,463,000	9,976,000	7,540,000
2005	3.89%	1,327,000	529,000	106,000	39,000	2,210,000	4,211,000	1,317,000	153,786	338,000	1,111,214	2,920,000	1,291,000	18,787,000	7,979,000	13,527,000	5,260,000
2006	5.97%	1,572,000	864,000	150,000	34,000	3,523,000	6,143,000	1,272,000	158,400	485,000	1,759,600	3,675,000	2,468,000	21,256,000	8,836,000	14,832,000	6,424,000
2007	10.52%	1,591,000	1,717,000	243,000	34,000	2,552,000	6,137,000	1,307,000	163,152	364,000	1,148,848	2,983,000	3,154,000	24,463,000	10,150,000	12,390,000	12,073,000
2008	0.63%	1,659,000	116,000	167,000	36,000	429,000	2,407,000	1,744,000	168,047	368,000	1,203,953	3,484,000	(1,077,000)	23,469,000	10,762,000	12,148,819	11,320,181
2009	2.57%	1,592,000	467,000	212,000	34,000	2,491,000	4,796,000	1,906,266	173,088	343,714	1,770,912	4,194,000	602,000	24,310,000	10,185,186	13,178,956	11,131,044
2010	2.50%	1,099,951	475,418	164,258	38,327	1,533,076	3,311,031	1,628,518	162,852	407,129	1,465,666	3,664,164	(353,134)	22,388,897	9,070,375	13,499,606	8,889,291
2011	2.50%	272,900	468,854	163,740	38,206	1,528,238	2,471,937	1,710,019	171,002	427,505	342,004	2,650,529	(178,592)	21,371,211	8,855,329	14,218,260	7,152,951
2012	2.50%	289,309	464,031	173,586	40,503	1,620,132	2,587,561	1,806,182	180,618	451,545	361,236	2,799,582	(212,021)	21,274,815	9,386,649	14,894,378	6,380,437
2013	4.50%	306,442	826,009	183,865	42,902	1,716,077	3,075,295	1,878,881	187,888	469,720	375,776	2,912,266	163,029	21,925,578	9,954,541	15,575,696	6,349,882
2014	4.50%	323,895	832,561	194,337	45,345	1,813,813	3,209,951	1,984,041	198,404	496,010	396,808	3,075,263	134,688	22,194,922	10,508,014	16,243,256	5,951,666
2015	4.50%	343,161	839,588	205,896	48,043	1,921,700	3,358,388	2,047,556	204,756	511,889	409,511	3,173,711	184,677	22,528,036	11,146,901	16,961,187	5,566,849
2016	4.50%	362,752	848,268	217,651	50,785	2,031,411	3,510,868	2,129,738	212,974	532,435	425,948	3,301,094	209,773	22,890,288	11,768,340	17,729,183	5,161,106
2017	4.50%	384,844	857,652	230,906	53,878	2,155,124	3,682,404	2,235,961	223,596	558,990	447,192	3,465,739	216,665	23,278,489	12,485,032	18,535,271	4,743,218
2018	4.50%	408,281	868,341	244,968	57,159	2,286,371	3,865,120	2,320,020	232,002	580,005	464,004	3,596,031	269,089	23,730,295	13,245,371	19,411,549	4,318,746
2019	4.50%	433,145	880,886	259,887	60,640	2,425,611	4,060,170	2,425,243	242,524	606,311	485,049	3,759,126	301,044	24,226,388	14,052,014	20,342,838	3,883,550
2020	4.50%	459,523	894,705	275,714	64,333	2,573,331	4,267,606	2,542,371	254,237	635,593	508,474	3,940,674	326,932	24,760,757	14,907,782	21,324,546	3,436,211
2021	4.50%	487,508	909,190	292,505	68,251	2,730,047	4,487,501	2,681,410	268,141	670,352	536,282	4,156,185	331,316	25,311,967	15,815,665	22,341,500	2,970,466
2022	4.50%	517,198	924,674	310,319	72,408	2,896,306	4,720,904	2,805,512	280,551	701,378	561,102	4,348,543	372,361	25,917,732	16,778,840	23,419,505	2,498,226
2023	4.50%	548,695	941,988	329,217	76,817	3,072,692	4,969,409	2,938,670	293,867	734,668	587,734	4,554,939	414,470	26,580,707	17,800,671	24,558,438	2,022,268
2024	4.50%	582,110	961,176	349,266	81,495	3,259,818	5,233,866	3,081,528	308,153	770,382	616,306	4,776,369	457,497	27,302,661	18,884,732	25,757,960	1,544,701
2025	4.50%	617,561	982,272	370,537	86,459	3,458,341	5,515,169	3,234,821	323,482	808,705	646,964	5,013,973	501,197	28,085,161	20,034,812	27,017,438	1,067,723
:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:

\* Premium revenue is adjusted from a calendar year basis to a fiscal year basis assuming 25% of fiscal year premium revenue booked is from the same calendar year and 75% is from the prior calendar year to account for a quarter lag in posting of premium revenues  
\*\* Statutory Minimum Fund Balance is \$2,000,000 adjusted annually by the ratio of workers compensation premium revenues to workers compensation premium revenues in 1988  
\*\*\* Beginning in FY2011, a portion of the other administrative expense (specifically the operations of the Industrial Accidents Division) are expected to be paid out of the Industrial Accidents Restricted Account instead of the Uninsured Employers' Fund

**STATE OF UTAH - LABOR COMMISSION**  
**UNINSURED EMPLOYERS FUND**  
AS OF JUNE 30,2009  
**CALENDAR YEAR PREMIUM INCOME REVENUE PROJECTIONS**

PREMIUM BASE

CALENDAR YEAR	INSURER REPORTED PREMIUMS **	SELF-INSURED PREMIUM BASE **	HISTORICAL PREMIUM INCOME BASE **	TOTAL WAGES ***	GROWTH IN WAGES	NCCI HISTORICAL RATE CHANGES *	PREMIUM RATE (00)	DELOITTE PREMIUM INCOME BASE	ASSESSMENT RATE *	CALENDAR YEAR PREMIUM REVENUES *
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
2004	471,410,151	40,840,966	512,251,117	34,992,335,703	6.4%	5.9%	1.46	512,251,117	0.25%	
2005	498,748,733	49,005,109	547,753,842	37,696,212,134	7.7%	11.2%	1.45	547,753,842	0.25%	
2006	581,637,084	59,423,575	641,060,659	41,647,353,788	10.5%	4.2%	1.54	641,060,659	0.25%	
2007	596,638,533	56,876,001	653,514,534	45,691,385,218	9.7%	-6.0%	1.43	653,514,534	0.25%	
2008	554,092,056	64,395,870	618,487,926	46,900,000,000	2.6%	-8.2%	1.32	618,487,926	0.25%	
2009				45,300,000,000	-3.4%	-7.8%	1.22	550,791,851	0.25%	1,376,980
2010				45,500,000,000	0.4%	-2.8%	1.18	537,733,342	0.05%	268,867
2011				45,500,000,000	0.0%	6.0%	1.25	569,997,343	0.05%	284,999
2012				45,955,000,000	1.0%	5.0%	1.32	604,482,182	0.05%	302,241
2013				46,644,325,000	1.5%	4.0%	1.37	638,091,391	0.05%	319,046
2014				47,577,211,500	2.0%	4.0%	1.42	676,887,348	0.05%	338,444
2015				48,766,641,788	2.5%	3.0%	1.47	714,623,817	0.05%	357,312
2016				50,229,641,041	3.0%	3.0%	1.51	758,144,408	0.05%	379,072
2017				51,736,530,272	3.0%	3.0%	1.55	804,315,402	0.05%	402,158
2018				53,288,626,181	3.0%	3.0%	1.60	853,298,210	0.05%	426,649
2019				54,887,284,966	3.0%	3.0%	1.65	905,264,071	0.05%	452,632
2020				56,533,903,515	3.0%	3.0%	1.70	960,394,653	0.05%	480,197
2021				58,229,920,620	3.0%	3.0%	1.75	1,018,882,688	0.05%	509,441
2022				59,976,818,239	3.0%	3.0%	1.80	1,080,932,643	0.05%	540,466
2023				61,776,122,786	3.0%	3.0%	1.86	1,146,761,441	0.05%	573,381
2024				63,629,406,470	3.0%	3.0%	1.91	1,216,599,213	0.05%	608,300
2025				65,538,288,664	3.0%	3.0%	1.97	1,290,690,105	0.05%	645,345
:				:	:	:	:	:	:	:

Notes:

\* National Council on Compensation Insurance (NCCI)

\*\* Utah State Tax Commission

\*\*\* 1997-2008

<http://jobs.utah.gov/opencms/wi/pubs/em/annualreport/07annual/table19.pdf>

\*\*\* 2009-2010



**STATE OF UTAH - LABOR COMMISSION**  
**UNINSURED EMPLOYERS FUND**  
AS OF JUNE 30,2009

SUMMARY

(1) Estimated Outstanding Claims	\$ 11,587,233	<i>FROM SECTION 2, EXHIBIT 1, SHEET 1, COL. (8)</i>
(2) Settlement Expenses	1,158,723	<i>= 10.0% of (1)</i>
(3) Less Estimated Stop Loss Recovery	-	
(4) <b>Total Undiscounted</b>	<b>\$ 12,745,956</b>	<i>= (1) + (2) + (3)</i>
(5) <b>Total Discounted</b>	<b>\$ 9,676,702</b>	

STATE OF UTAH - LABOR COMMISSION  
UNINSURED EMPLOYERS FUND  
AS OF JUNE 30,2009

EXHIBIT 1

SUMMARY OF RESERVES

FISCAL YEAR	INCURRED LOSS	PAID LOSS	CASE RESERVE	SELECTED ULTIMATE LOSS	IBNR	TOTAL UNDISCOUNTED RESERVE	OPEN CLAIMS
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Pre 1984	474,874	435,198	39,677	477,249	2,374	42,051	8
1984	168,662	168,662	-	168,662	-	-	-
1985	394,688	385,906	8,782	397,455	2,767	11,549	2
1986	516,270	487,860	28,410	520,410	4,139	32,550	1
1987	1,075,552	733,928	341,624	1,082,553	7,000	348,624	2
1988	166,084	166,084	-	166,084	-	-	-
1989	558,833	558,833	-	558,833	-	-	-
1990	1,095,137	955,729	139,408	1,109,448	14,310	153,719	1
1991	803,874	803,874	-	866,945	63,071	63,071	-
1992	349,218	337,645	11,572	373,256	24,038	35,611	1
1993	647,784	639,207	8,576	707,047	59,263	67,839	2
1994	1,592,545	1,248,315	344,230	1,636,054	43,509	387,739	4
1995	962,336	961,080	1,256	1,084,487	122,151	123,408	1
1996	1,081,239	1,081,239	-	1,238,120	156,881	156,881	-
1997	452,304	419,476	32,828	505,122	52,818	85,645	2
1998	1,355,022	1,238,171	116,850	1,485,063	130,041	246,891	7
1999	1,561,763	1,127,976	433,787	1,562,326	563	434,350	4
2000	511,275	511,275	-	681,570	170,295	170,295	-
2001	659,991	649,793	10,197	873,802	213,811	224,008	1
2002	1,872,756	1,165,801	706,955	1,893,614	20,858	727,813	6
2003	1,002,175	970,989	31,186	1,380,575	378,400	409,585	3
2004	1,400,906	1,248,622	152,284	1,888,604	487,698	639,981	6
2005	1,793,349	1,106,817	686,533	2,169,684	376,334	1,062,867	8
2006	923,568	798,685	124,883	1,667,607	744,039	868,922	12
2007	1,350,744	660,219	690,524	2,110,000	759,256	1,449,781	20
2008	612,617	321,499	291,119	2,000,000	1,387,383	1,678,501	21
2009	211,833	34,450	177,382	2,200,000	1,988,167	2,165,550	23
TOTAL	23,595,400	19,217,335	4,378,065	30,804,567	7,209,168	11,587,233	135
IBNR TO CASE RATIO					1.65		

(1) FISCAL YEAR ENDING 6/30/XX  
(2) FROM SECTION 2, EXHIBIT 11, SHEET 1  
(3) FROM SECTION 2, EXHIBIT 12, SHEET 1  
(4) = COL (2) - COL (3)

(5) SELECTED BY DELOITTE CONSULTING LLP  
(6) = COL (5) - COL (2)  
(7) = COL (4) + COL (6)  
(8) PROVIDED BY THE CLIENT

**STATE OF UTAH - LABOR COMMISSION**  
**UNINSURED EMPLOYERS FUND**  
AS OF JUNE 30,2009

EXHIBIT 2

COMPARISON OF CURRENT VS PRIOR ESTIMATES

FISCAL YEAR	INCURRED LOSS			PAID LOSS			ULTIMATE LOSS		
	@ 06/30/09	@ 06/30/08	CHANGE	@ 06/30/09	@ 06/30/08	CHANGE	@ 06/30/09	@ 06/30/08	CHANGE
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Pre 1984	474,874	577,400	(102,526)	435,198	407,870	27,328	477,249	581,000	(103,751)
1984	168,662	168,662	-	168,662	168,662	-	168,662	170,000	(1,338)
1985	394,688	394,688	0	385,906	383,831	2,075	397,455	399,000	(1,545)
1986	516,270	516,270	0	487,860	471,448	16,412	520,410	519,000	1,410
1987	1,075,552	1,075,552	0	733,928	721,208	12,720	1,082,553	1,081,000	1,553
1988	166,084	166,084	-	166,084	166,084	-	166,084	170,000	(3,916)
1989	558,833	558,833	-	558,833	558,833	-	558,833	565,000	(6,167)
1990	1,095,137	1,093,087	2,050	955,729	931,178	24,551	1,109,448	1,102,000	7,448
1991	803,874	844,599	(40,725)	803,874	803,874	-	866,945	859,000	7,945
1992	349,218	343,218	6,000	337,645	336,647	998	373,256	354,000	19,256
1993	647,784	647,534	250	639,207	638,339	868	707,047	666,000	41,047
1994	1,592,545	1,387,630	204,915	1,248,315	1,095,800	152,515	1,636,054	1,419,000	217,054
1995	962,336	987,313	(24,977)	961,080	960,632	448	1,084,487	1,016,000	68,487
1996	1,081,239	1,081,239	-	1,081,239	1,081,239	-	1,238,120	1,123,000	115,120
1997	452,304	429,242	23,062	419,476	409,775	9,701	505,122	462,000	43,122
1998	1,355,022	1,325,146	29,876	1,238,171	1,170,866	67,305	1,485,063	1,397,000	88,063
1999	1,561,763	1,561,619	144	1,127,976	1,097,168	30,808	1,562,326	1,653,000	(90,674)
2000	511,275	513,161	(1,886)	511,275	503,720	7,555	681,570	612,000	69,570
2001	659,991	653,834	6,157	649,793	639,253	10,540	873,802	810,000	63,802
2002	1,872,756	1,841,348	31,408	1,165,801	1,113,624	52,177	1,893,614	2,129,000	(235,386)
2003	1,002,175	995,961	6,214	970,989	952,307	18,682	1,380,575	1,462,000	(81,425)
2004	1,400,906	1,347,079	53,827	1,248,622	1,172,508	76,114	1,888,604	1,916,000	(27,396)
2005	1,793,349	1,763,295	30,054	1,106,817	819,606	287,211	2,169,684	2,314,000	(144,316)
2006	923,568	995,026	(71,458)	798,685	712,069	86,616	1,667,607	1,931,000	(263,393)
2007	1,350,744	919,895	430,849	660,219	320,120	340,099	2,110,000	2,046,000	64,000
2008	612,617	198,801	413,816	321,499	21,869	299,630	2,000,000	2,118,000	(118,000)
2009	211,833	-	211,833	34,450	-	34,450	2,200,000	2,245,080	(45,080)
<b>TOTAL</b>	<b>23,595,400</b>	<b>22,386,516</b>	<b>1,208,884</b>	<b>19,217,335</b>	<b>17,658,530</b>	<b>1,558,805</b>	<b>30,804,567</b>	<b>31,119,080</b>	<b>(314,513)</b>

- |     |                                     |      |  |
|-----|-------------------------------------|------|--|
| (1) | FISCAL YEAR ENDING 6/30/XX          | (6)  | PAID LOSS AS OF 06/30/2008                                       |
| (2) | FROM SECTION 2, EXHIBIT 11, SHEET 1 | (7)  | = COL (5) - COL (6)  |
| (3) | INCURRED LOSS AS OF 06/30/2008      | (8)  | SELECTED BY DELOITTE CONSULTING LLP                              |
| (4) | = COL (2) - COL (3)                 | (9)  | FROM MILLIMAN REPORT DATED 08/15/2008                            |
| (5) | FROM SECTION 2, EXHIBIT 12, SHEET 1 | (10) | THE CURRENT YR IS ESTIMATED BASED ON LOSS EMERGENCE AND PRIOR LI |
|     |                                     |      | = COL (8) - COL (9)  |

STATE OF UTAH - LABOR COMMISSION  
UNINSURED EMPLOYERS FUND  
AS OF JUNE 30,2009

EXHIBIT 3

SELECTION OF ULTIMATE

FISCAL YEAR (1)	PAYROLL (000's) (2)	INCURRED LOSS (3)	PAID LOSS (4)	CASE RESERVE (5)	INDICATED LIMITED ULTIMATE LOSS					SELECTED ULTIMATE LOSS (11)	SELECTED ULTIMATE RATE (12)
					LOSS DEVELOPMENT INCURRED (6)	PAID (7)	BORNHJETTER-FERGUSON INCURRED (8)	PAID (9)	FREQUENCY / SEVERITY (10)		
Pre 1984	12,730,761	474,874	435,198	39,677	477,249	463,486	476,549	455,742	476,412	477,249	3.75
1984	13,112,684	168,662	168,662	-	169,675	180,523	170,771	191,880	169,241	168,662	1.29
1985	13,506,064	394,688	385,906	8,782	397,455	415,110	397,271	412,006	396,434	397,455	2.94
1986	13,911,246	516,270	487,860	28,410	520,410	527,403	519,368	517,060	517,952	520,410	3.74
1987	14,328,583	1,075,552	733,928	341,624	1,085,260	801,351	1,079,210	768,328	1,077,495	1,082,553	7.56
1988	14,758,441	166,084	166,084	-	167,751	183,155	170,348	206,089	167,915	166,084	1.13
1989	15,201,194	558,833	558,833	-	565,005	622,435	563,756	604,876	561,059	558,833	3.68
1990	15,657,230	1,095,137	955,729	139,408	1,109,448	1,075,148	1,101,239	1,008,270	1,099,599	1,109,448	7.09
1991	16,126,947	803,874	803,874	-	816,007	917,883	811,258	865,556	811,923	866,945	5.38
1992	16,610,755	349,218	337,645	11,572	355,198	391,315	357,995	409,147	355,774	373,256	2.25
1993	17,160,722	647,784	639,207	8,576	662,171	751,923	659,769	721,896	660,877	707,047	4.12
1994	18,486,255	1,592,545	1,248,315	344,230	1,636,054	1,490,464	1,609,029	1,349,016	1,611,167	1,636,054	8.85
1995	20,178,953	962,336	961,080	1,256	998,513	1,170,461	987,993	1,087,757	982,886	1,084,487	5.37
1996	22,054,424	1,081,239	1,081,239	-	1,133,105	1,343,134	1,117,617	1,236,206	1,119,403	1,238,120	5.61
1997	24,096,978	452,304	419,476	32,828	478,741	531,503	501,398	606,861	483,585	505,122	2.10
1998	26,112,860	1,355,022	1,238,171	116,850	1,448,563	1,608,061	1,418,684	1,464,942	1,412,034	1,485,063	5.69
1999	27,936,129	1,561,763	1,127,976	433,787	1,694,620	1,501,569	1,648,830	1,404,283	1,630,400	1,562,326	5.59
2000	29,824,468	511,275	511,275	-	563,090	701,031	622,807	839,354	606,100	681,570	2.29
2001	31,439,551	659,991	649,793	10,197	741,415	917,689	803,867	1,032,237	824,648	873,802	2.78
2002	32,197,582	1,872,756	1,165,801	706,955	2,187,954	1,712,292	2,070,444	1,603,766	2,145,324	1,893,614	5.88
2003	32,612,104	1,002,175	970,989	31,186	1,223,536	1,540,252	1,260,271	1,498,240	1,344,198	1,380,575	4.23
2004	33,939,639	1,400,906	1,248,622	152,284	1,795,856	2,139,105	1,736,186	1,883,267	1,840,712	1,888,604	5.56
2005	36,344,274	1,793,349	1,106,817	686,533	2,436,875	2,104,746	2,235,839	1,901,275	2,169,578	2,169,684	5.97
2006	39,671,783	923,568	798,685	124,883	1,330,280	1,792,180	1,496,928	1,838,287	1,579,794	1,667,607	4.20
2007	43,669,370	1,350,744	660,219	690,524	2,140,128	1,925,917	2,126,411	2,042,255	2,298,081	2,110,000	4.83
2008	46,295,693	612,617	321,499	291,119	1,388,009	1,674,043	1,881,340	2,156,443	2,004,688	2,000,000	4.32
2009	46,100,000	211,833	34,450	177,382	983,898	3,049,517	2,020,567	2,313,411	2,284,561	2,200,000	4.77
TOTAL	674,064,690	23,595,400	19,217,335	4,378,065	28,506,266	31,531,696	29,845,744	30,418,450	30,631,840	30,804,567	4.57

(1) FISCAL YEAR ENDING 6/30/XX  
(2) PROVIDED BY THE CLIENT  
(3) FROM SECTION 2, EXHIBIT 11, SHEET 1  
(4) FROM SECTION 2, EXHIBIT 12, SHEET 1  
(5) = COL (3) - COL (4)  
(6) = COL (5) From SECTION 2, EXHIBIT 8, SHEET 1

(7) = COL (9) From SECTION 2, EXHIBIT 8, SHEET 1  
(8) = COL (9) From SECTION 2, EXHIBIT 6, SHEET 1  
(9) = COL (9) From SECTION 2, EXHIBIT 5, SHEET 1  
(10) = COL (9) From SECTION 2, EXHIBIT 4, SHEET 1  
(11) SELECTED BY DELOITTE CONSULTING LLP  
(12) = COL (11) / COL (2) X 100

STATE OF UTAH - LABOR COMMISSION  
 UNINSURED EMPLOYERS FUND  
 AS OF JUNE 30,2009

EXHIBIT 4

FREQUENCY / SEVERITY METHOD

FISCAL YEAR	PAYROLL (000's)	REPORTED CLAIM COUNTS	CLAIM COUNT DEVELOPMENT FACTOR	ULTIMATE NUMBER OF CLAIMS	UNTRENDED INCURRED SEVERITY	INITIAL ON-LEVEL SEVERITY	SELECTED SEVERITY	ESTIMATED ULTIMATE LOSS	INDICATED ULTIMATE LOSS RATE
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Pre 1984	12,730,761	54	1.000	54	8,794	45,685	5,722	476,412	3.74
1984	13,112,684	16	1.000	16	10,541	54,063	6,065	169,241	1.29
1985	13,506,064	39	1.000	39	10,120	48,564	6,429	396,434	2.94
1986	13,911,246	31	1.001	31	16,654	74,313	6,815	517,952	3.72
1987	14,328,583	30	1.002	30	35,852	131,104	7,224	1,077,495	7.52
1988	14,758,441	24	1.003	24	6,920	28,498	7,658	167,915	1.14
1989	15,201,194	25	1.004	25	22,353	87,250	8,117	561,059	3.69
1990	15,657,230	40	1.005	40	27,378	94,825	8,604	1,099,599	7.02
1991	16,126,947	59	1.006	59	13,625	47,881	9,120	811,923	5.03
1992	16,610,755	40	1.007	40	8,730	28,674	9,667	355,774	2.14
1993	17,160,722	58	1.009	59	11,169	35,011	10,297	660,877	3.85
1994	18,486,255	62	1.011	63	25,686	67,225	11,171	1,611,167	8.72
1995	20,178,953	46	1.014	47	20,920	57,001	12,159	982,886	4.87
1996	22,054,424	63	1.019	64	17,163	44,248	12,985	1,119,403	5.08
1997	24,096,978	40	1.024	41	11,308	26,629	13,826	483,585	2.01
1998	26,112,860	58	1.034	60	23,362	51,666	14,715	1,412,034	5.41
1999	27,936,129	52	1.045	54	30,034	55,088	16,114	1,630,400	5.84
2000	29,824,468	57	1.055	60	8,970	18,204	17,132	606,100	2.03
2001	31,439,551	77	1.066	82	8,571	16,388	18,269	824,648	2.62
2002	32,197,582	90	1.082	97	20,808	31,377	19,433	2,145,324	6.66
2003	32,612,104	83	1.098	91	12,074	21,582	20,743	1,344,198	4.12
2004	33,939,639	81	1.115	90	17,295	29,155	22,152	1,840,712	5.42
2005	36,344,274	53	1.137	60	33,837	48,381	23,646	2,169,578	5.97
2006	39,671,783	72	1.182	85	12,827	21,110	25,215	1,579,794	3.98
2007	43,669,370	76	1.265	96	17,773	24,120	26,714	2,298,081	5.26
2008	46,295,693	60	1.467	88	10,210	17,740	28,302	2,004,688	4.33
2009	46,100,000	30	2.935	88	7,061	12,346	30,000	2,284,561	4.96
TOTAL	674,064,690	1,416		1,585				30,631,840	4.54
					3 YR AVERAGE LATEST 2	31,204			
					5 YR AVERAGE LATEST 2	28,870			
					10 YR AVERAGE LATEST 2	31,707			
					3 YR WTD AVERAGE LATEST 2	29,111			
					5 YR WTD AVERAGE LATEST 2	27,498			
					10 YR WTD AVERAGE LATEST 2	29,887			
					SELECTED	30,000			

(1) FISCAL YEAR ENDING 6/30/XX  
 (2) PROVIDED BY THE CLIENT  
 (3) FROM SECTION 2, EXHIBIT 13, SHEET 1  
 (4) SELECTED BY DELOITTE CONSULTING LLP  
 (5) = COL (3) X COL (4)  
 (6) FROM SECTION 2, EXHIBIT 14, SHEET 1

(7) COL (12) FROM SECTION 2, EXHIBIT 7, SHEET 1 / COL (6)  
 (8) SELECTED SEVERITY / COL (7) FROM SECTION 2, EXHIBIT 7, SHEET 1 / COL (8) FROM SECTION 2, EXHIBIT 7, SHEET 1  
 (9) COL (8) X COL (5) X [1 - COL (5) FROM SECTION 2, EXHIBIT 6, SHEET 1] + COL (7) FROM SECTION 2, EXHIBIT 6, SHEET 1  
 (10) = COL (9) / COL (2) X 100

STATE OF UTAH - LABOR COMMISSION  
UNINSURED EMPLOYERS FUND  
AS OF JUNE 30,2009

EXHIBIT 5

PAID BORNHUETTER-FERGUSON METHOD

FISCAL YEAR	PAYROLL (000's)	EXPECTED LOSS		EXPECTED %	EXPECTED PAID	ACTUAL PAID	EXPECTED UNPAID	INDICATED LIMITED ULTIMATE	
		RATE	DOLLARS	OF PAID LOSS	LOSS	LOSS	LOSS	LOSS AMOUNT	LOSS RATE
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Pre 1984	12,730,761	2.64	336,611	93.9%	316,067	435,198	20,544	455,742	3.58
1984	13,112,684	2.69	353,377	93.4%	330,159	168,662	23,218	191,880	1.46
1985	13,506,064	2.75	370,978	93.0%	344,879	385,906	26,099	412,006	3.05
1986	13,911,246	2.80	389,455	92.5%	360,255	487,860	29,200	517,060	3.72
1987	14,328,583	2.85	408,853	91.6%	374,454	733,928	34,399	768,328	5.36
1988	14,758,441	2.91	429,217	90.7%	389,212	166,084	40,005	206,089	1.40
1989	15,201,194	2.96	450,596	89.8%	404,553	558,833	46,043	604,876	3.98
1990	15,657,230	3.02	473,039	88.9%	420,497	955,729	52,541	1,008,270	6.44
1991	16,126,947	3.08	496,600	87.6%	434,918	803,874	61,682	865,556	5.37
1992	16,610,755	3.14	521,334	86.3%	449,832	337,645	71,502	409,147	2.46
1993	17,160,722	3.21	551,616	85.0%	468,927	639,207	82,689	721,896	4.21
1994	18,486,255	3.35	619,830	83.8%	519,129	1,248,315	100,701	1,349,016	7.30
1995	20,178,953	3.51	708,139	82.1%	581,461	961,080	126,678	1,087,757	5.39
1996	22,054,424	3.60	794,749	80.5%	639,782	1,081,239	154,967	1,236,206	5.61
1997	24,096,978	3.69	889,037	78.9%	701,652	419,476	187,385	606,861	2.52
1998	26,112,860	3.78	985,863	77.0%	759,093	1,238,171	226,770	1,464,942	5.61
1999	27,936,129	3.98	1,110,552	75.1%	834,245	1,127,976	276,308	1,404,283	5.03
2000	29,824,468	4.06	1,212,046	72.9%	883,967	511,275	328,079	839,354	2.81
2001	31,439,551	4.17	1,310,078	70.8%	927,635	649,793	382,443	1,032,237	3.28
2002	32,197,582	4.26	1,372,253	68.1%	934,288	1,165,801	437,965	1,603,766	4.98
2003	32,612,104	4.37	1,426,581	63.0%	899,330	970,989	527,251	1,498,240	4.59
2004	33,939,639	4.49	1,524,535	58.4%	889,890	1,248,622	634,645	1,883,267	5.55
2005	36,344,274	4.61	1,675,602	52.6%	881,144	1,106,817	794,458	1,901,275	5.23
2006	39,671,783	4.73	1,875,353	44.6%	835,751	798,685	1,039,602	1,838,287	4.63
2007	43,669,370	4.82	2,102,939	34.3%	720,904	660,219	1,382,035	2,042,255	4.68
2008	46,295,693	4.91	2,271,109	19.2%	436,165	321,499	1,834,945	2,156,443	4.66
2009	46,100,000	5.00	2,305,000	1.1%	26,040	34,450	2,278,960	2,313,411	5.02
TOTAL	674,064,690		26,965,342		15,764,227	19,217,335	11,201,115	30,418,450	4.51

(1) FISCAL YEAR ENDING 6/30/XX  
(2) PROVIDED BY THE CLIENT  
(3) = COL (15) FROM SECTION 2, EXHIBIT 7, SHEET 1  
(4) = COL (2) x COL (3) / 100  
(5) = 1 / COL (8) FROM SECTION 2, EXHIBIT 8, SHEET 1

(6) = COL (4) x COL (5)  
(7) FROM SECTION 2, EXHIBIT 12, SHEET 1  
(8) = COL (4) X [1 - COL (5)]  
(9) = COL (7) + COL (8)  
(10) = COL (9) / COL (2) X 100

STATE OF UTAH - LABOR COMMISSION  
UNINSURED EMPLOYERS FUND  
AS OF JUNE 30,2009

EXHIBIT 6

INCURRED BORNHUETTER-FERGUSON METHOD

FISCAL YEAR	PAYROLL (000's)	EXPECTED LOSS		EXPECTED % OF REPORTED LOSS	EXPECTED REPORTED LOSS	ACTUAL REPORTED LOSS	EXPECTED UNREPORTED LOSS	INDICATED LIMITED ULTIMATE	
		RATE	DOLLARS					LOSS AMOUNT	LOSS RATE
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Pre 1984	12,730,761	2.64	336,611	99.5%	334,936	474,874	1,675	476,549	3.74
1984	13,112,684	2.69	353,377	99.4%	351,268	168,662	2,109	170,771	1.30
1985	13,506,064	2.75	370,978	99.3%	368,395	394,688	2,583	397,271	2.94
1986	13,911,246	2.80	389,455	99.2%	386,358	516,270	3,098	519,368	3.73
1987	14,328,583	2.85	408,853	99.1%	405,196	1,075,552	3,657	1,079,210	7.53
1988	14,758,441	2.91	429,217	99.0%	424,953	166,084	4,264	170,348	1.15
1989	15,201,194	2.96	450,596	98.9%	445,673	558,833	4,923	563,756	3.71
1990	15,657,230	3.02	473,039	98.7%	466,937	1,095,137	6,102	1,101,239	7.03
1991	16,126,947	3.08	496,600	98.5%	489,216	803,874	7,384	811,258	5.03
1992	16,610,755	3.14	521,334	98.3%	512,557	349,218	8,777	357,995	2.16
1993	17,160,722	3.21	551,616	97.8%	539,631	647,784	11,985	659,769	3.84
1994	18,486,255	3.35	619,830	97.3%	603,347	1,592,545	16,484	1,609,029	8.70
1995	20,178,953	3.51	708,139	96.4%	682,482	962,336	25,657	987,993	4.90
1996	22,054,424	3.60	794,749	95.4%	758,370	1,081,239	36,378	1,117,617	5.07
1997	24,096,978	3.69	889,037	94.5%	839,943	452,304	49,094	501,398	2.08
1998	26,112,860	3.78	985,863	93.5%	922,200	1,355,022	63,663	1,418,684	5.43
1999	27,936,129	3.98	1,110,552	92.2%	1,023,486	1,561,763	87,067	1,648,830	5.90
2000	29,824,468	4.06	1,212,046	90.8%	1,100,514	511,275	111,532	622,807	2.09
2001	31,439,551	4.17	1,310,078	89.0%	1,166,201	659,991	143,876	803,867	2.56
2002	32,197,582	4.26	1,372,253	85.6%	1,174,566	1,872,756	197,687	2,070,444	6.43
2003	32,612,104	4.37	1,426,581	81.9%	1,168,485	1,002,175	258,096	1,260,271	3.86
2004	33,939,639	4.49	1,524,535	78.0%	1,189,255	1,400,906	335,280	1,736,186	5.12
2005	36,344,274	4.61	1,675,602	73.6%	1,233,112	1,793,349	442,490	2,235,839	6.15
2006	39,671,783	4.73	1,875,353	69.4%	1,301,993	923,568	573,360	1,496,928	3.77
2007	43,669,370	4.82	2,102,939	63.1%	1,327,272	1,350,744	775,668	2,126,411	4.87
2008	46,295,693	4.91	2,271,109	44.1%	1,002,386	612,617	1,268,723	1,881,340	4.06
2009	46,100,000	5.00	2,305,000	21.5%	496,266	211,833	1,808,734	2,020,567	4.38
TOTAL	674,064,690		26,965,342		20,714,997	23,595,400	6,250,344	29,845,744	4.43

(1) FISCAL YEAR ENDING 6/30/XX  
(2) PROVIDED BY THE CLIENT  
(3) = COL (15) FROM SECTION 2, EXHIBIT 7, SHEET 1  
(4) = COL (2) x COL (3) / 100  
(5) = 1 / COL (4) FROM SECTION 2, EXHIBIT 8, SHEET 1

(6) = COL (4) X COL (5)  
(7) FROM SECTION 2, EXHIBIT 11, SHEET 1  
(8) = COL (4) X [1 - COL (5)]  
(9) = COL (7) + COL (8)  
(10) = COL (9) / COL (2) X 100

STATE OF UTAH - LABOR COMMISSION  
 UNINSURED EMPLOYERS FUND  
 AS OF JUNE 30,2009

EXHIBIT 7

SELECTION OF INITIAL EXPECTED LOSS RATE

FISCAL YEAR (1)	PAYROLL (000's) (2)	PAYROLL TREND (3)	TRENDED PAYROLL (4)	LOSS & ALAE DEVELOPMENT		LOSS TREND (7)	BLAF (8)	ADJUSTED ULTIMATES		PAID WEIGHT (11)	WEIGHTED ADJUSTED ULTIMATE (12)	ON-LEVEL LOSS RATES (13)	UNADJUSTED LOSS RATES (14)	SELECTED LOSS RATE (15)
				METHOD INCURRED (5)	ULTIMATES PAID (6)			INCURRED (9)	PAID (10)					
Pre 1984	12,730,761	2.772	35,295,650	477,249	463,486	4.549	1.152	2,502,117	2,429,959	49%	2,467,000	6.99	3.70	2.64
1984	13,112,684	2.666	34,956,268	169,675	180,523	4.292	1.152	839,217	892,873	48%	865,000	2.47	1.33	2.69
1985	13,506,064	2.563	34,620,150	397,455	415,110	4.049	1.152	1,854,553	1,936,934	48%	1,894,000	5.47	3.01	2.75
1986	13,911,246	2.465	34,287,264	520,410	527,403	3.820	1.152	2,290,817	2,321,603	48%	2,306,000	6.73	3.77	2.80
1987	14,328,583	2.370	33,957,579	1,085,260	801,351	3.604	1.152	4,506,852	3,327,838	48%	3,941,000	11.61	6.62	2.85
1988	14,758,441	2.279	33,631,064	167,751	183,155	3.400	1.152	657,200	717,549	48%	686,000	2.04	1.19	2.91
1989	15,201,194	2.191	33,307,688	565,005	622,435	3.207	1.152	2,088,239	2,300,496	48%	2,190,000	6.58	3.90	2.96
1990	15,657,230	2.107	32,987,422	1,109,448	1,075,148	3.026	1.152	3,868,375	3,748,778	47%	3,812,000	11.56	6.98	3.02
1991	16,126,947	2.026	32,670,235	816,007	917,883	2.854	1.152	2,684,169	3,019,278	47%	2,842,000	8.70	5.36	3.08
1992	16,610,755	1.948	32,356,099	355,198	391,315	2.693	1.152	1,102,250	1,214,329	47%	1,155,000	3.57	2.24	3.14
1993	17,160,722	1.873	32,141,711	662,171	751,923	2.540	1.147	1,929,177	2,190,662	46%	2,049,000	6.37	4.10	3.21
1994	18,486,255	1.801	33,292,701	1,636,054	1,490,464	2.397	1.121	4,393,836	4,002,836	46%	4,214,000	12.66	8.49	3.35
1995	20,178,953	1.732	34,943,418	998,513	1,170,461	2.261	1.091	2,463,605	2,887,846	46%	2,659,000	7.61	5.34	3.51
1996	22,054,424	1.665	36,722,236	1,133,105	1,343,134	2.133	1.083	2,617,819	3,103,050	46%	2,841,000	7.74	5.58	3.60
1997	24,096,978	1.601	38,580,038	478,741	531,503	2.012	1.078	1,038,756	1,153,237	46%	1,091,000	2.83	2.09	3.69
1998	26,112,860	1.539	40,199,549	1,448,563	1,608,061	1.898	1.074	2,953,331	3,278,515	45%	3,100,000	7.71	5.82	3.78
1999	27,936,129	1.480	41,352,295	1,694,620	1,501,569	1.791	1.040	3,155,026	2,795,606	45%	2,993,000	7.24	5.75	3.98
2000	29,824,468	1.423	42,449,518	563,090	701,031	1.689	1.037	986,056	1,227,612	45%	1,095,000	2.58	2.10	4.06
2001	31,439,551	1.369	43,027,197	741,415	917,689	1.594	1.030	1,217,523	1,506,994	44%	1,345,000	3.13	2.61	4.17
2002	32,197,582	1.316	42,369,822	2,187,954	1,712,292	1.504	1.027	3,377,774	2,643,445	44%	3,055,000	7.21	6.15	4.26
2003	32,612,104	1.265	41,264,716	1,223,536	1,540,252	1.419	1.020	1,769,576	2,227,636	43%	1,967,000	4.77	4.17	4.37
2004	33,939,639	1.217	41,292,760	1,795,856	2,139,105	1.338	1.012	2,432,080	2,896,934	43%	2,632,000	6.37	5.73	4.49
2005	36,344,274	1.170	42,517,660	2,436,875	2,104,746	1.262	1.005	3,091,731	2,670,349	42%	2,915,000	6.86	6.32	4.61
2006	39,671,783	1.125	44,625,360	1,330,280	1,792,180	1.191	0.999	1,582,748	2,132,310	39%	1,797,000	4.03	3.81	4.73
2007	43,669,370	1.082	47,232,790	2,140,128	1,925,917	1.124	0.999	2,403,404	2,162,840	35%	2,319,000	4.91	4.73	4.82
2008	46,295,693	1.040	48,147,520	1,388,009	1,674,043	1.060	1.000	1,471,289	1,774,486	30%	1,562,000	3.24	3.18	4.91
2009	46,100,000	1.000	46,100,000	983,898	3,049,517	1.000	1.000	983,898	3,049,517	5%	1,087,000	2.36	2.36	5.00
											3 YR AVERAGE LATEST 2	5.26		
											5 YR AVERAGE LATEST 2	5.39		
											8 YR AVERAGE LATEST 2	4.98		
											3 YR WTD AVERAGE LATEST 2	5.23		
											5 YR WTD AVERAGE LATEST 2	5.36		
											8 YR WTD AVERAGE LATEST 2	4.97		
											SELECTED	5.00		

(1) FISCAL YEAR ENDING 6/30/XX  
 (2) PROVIDED BY THE CLIENT  
 (3) SELECTED BY DELOITTE CONSULTING LLP  
 (4) = COL (2) X COL (3)  
 (5) = COL (5) FROM SECTION 2, EXHIBIT 8, SHEET 1  
 (6) = COL (9) FROM SECTION 2, EXHIBIT 8, SHEET 1  
 (7) SELECTED BY DELOITTE CONSULTING LLP  
 (8) STATE OF UTAH 2008 BLAF FACTORS

(9) = COL (5) X COL (7) X COL (8)  
 (10) = COL (6) X COL (7) X COL (8)  
 (11) SELECTED BY DELOITTE CONSULTING LLP  
 (12) = COL (10) X COL (11) + COL (9) X [1 - COL (11)]  
 (13) = COL (12) / COL (4) X 100  
 (14) = COL (12) / [COL (7) X COL (8)] / COL (2) X 100  
 (15) SELECTED BY DELOITTE CONSULTING LLP

STATE OF UTAH - LABOR COMMISSION  
 UNINSURED EMPLOYERS FUND  
 AS OF JUNE 30,2009

EXHIBIT 8

LOSS DEVELOPMENT METHODS

FISCAL YEAR	PAYROLL (000's)	INCURRED LOSS DEVELOPMENT				PAID LOSS DEVELOPMENT			
		INCURRED LOSS	LOSS DEVELOPMENT FACTOR	INDICATED ULTIMATE LOSS	INDICATED LOSS RATE	PAID LOSS	LOSS DEVELOPMENT FACTOR	INDICATED ULTIMATE LOSS	INDICATED LOSS RATE
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Pre 1984	12,730,761	474,874	1.005	477,249	3.75	435,198	1.065	463,486	3.64
1984	13,112,684	168,662	1.006	169,675	1.29	168,662	1.070	180,523	1.38
1985	13,506,064	394,688	1.007	397,455	2.94	385,906	1.076	415,110	3.07
1986	13,911,246	516,270	1.008	520,410	3.74	487,860	1.081	527,403	3.79
1987	14,328,583	1,075,552	1.009	1,085,260	7.57	733,928	1.092	801,351	5.59
1988	14,758,441	166,084	1.010	167,751	1.14	166,084	1.103	183,155	1.24
1989	15,201,194	558,833	1.011	565,005	3.72	558,833	1.114	622,435	4.09
1990	15,657,230	1,095,137	1.013	1,109,448	7.09	955,729	1.125	1,075,148	6.87
1991	16,126,947	803,874	1.015	816,007	5.06	803,874	1.142	917,883	5.69
1992	16,610,755	349,218	1.017	355,198	2.14	337,645	1.159	391,315	2.36
1993	17,160,722	647,784	1.022	662,171	3.86	639,207	1.176	751,923	4.38
1994	18,486,255	1,592,545	1.027	1,636,054	8.85	1,248,315	1.194	1,490,464	8.06
1995	20,178,953	962,336	1.038	998,513	4.95	961,080	1.218	1,170,461	5.80
1996	22,054,424	1,081,239	1.048	1,133,105	5.14	1,081,239	1.242	1,343,134	6.09
1997	24,096,978	452,304	1.058	478,741	1.99	419,476	1.267	531,503	2.21
1998	26,112,860	1,355,022	1.069	1,448,563	5.55	1,238,171	1.299	1,608,061	6.16
1999	27,936,129	1,561,763	1.085	1,694,620	6.07	1,127,976	1.331	1,501,569	5.38
2000	29,824,468	511,275	1.101	563,090	1.89	511,275	1.371	701,031	2.35
2001	31,439,551	659,991	1.123	741,415	2.36	649,793	1.412	917,689	2.92
2002	32,197,582	1,872,756	1.168	2,187,954	6.80	1,165,801	1.469	1,712,292	5.32
2003	32,612,104	1,002,175	1.221	1,223,536	3.75	970,989	1.586	1,540,252	4.72
2004	33,939,639	1,400,906	1.282	1,795,856	5.29	1,248,622	1.713	2,139,105	6.30
2005	36,344,274	1,793,349	1.359	2,436,875	6.70	1,106,817	1.902	2,104,746	5.79
2006	39,671,783	923,568	1.440	1,330,280	3.35	798,685	2.244	1,792,180	4.52
2007	43,669,370	1,350,744	1.584	2,140,128	4.90	660,219	2.917	1,925,917	4.41
2008	46,295,693	612,617	2.266	1,388,009	3.00	321,499	5.207	1,674,043	3.62
2009	46,100,000	211,833	4.645	983,898	2.13	34,450	88.519	3,049,517	6.62
TOTAL	674,064,690	23,595,400		28,506,266	4.23	19,217,335		31,531,696	4.68

- (1) FISCAL YEAR ENDING 6/30/XX
- (2) PROVIDED BY THE CLIENT
- (3) FROM SECTION 2, EXHIBIT 11, SHEET 1
- (4) SELECTED BY DELOITTE CONSULTING LLP
- (5) = COL (3) X COL (4)

- (6) = COL (5) / COL (2) X 100
- (7) FROM SECTION 2, EXHIBIT 12, SHEET 1
- (8) SELECTED BY DELOITTE CONSULTING LLP
- (9) = COL (7) X COL (8)
- (10) = COL (9) / COL (2) X 100

**STATE OF UTAH - LABOR COMMISSION**  
**UNINSURED EMPLOYERS FUND**  
AS OF JUNE 30,2009

EXHIBIT 9

ACTUAL VERSUS EXPECTED - INCURRED

FISCAL YEAR	ULTIMATE LOSS @ 06/30/08	INCURRED @ 06/30/08	IBNR @ 06/30/08	INCURRED LDF @ 06/30/08	LDF's INTERP @ 06/30/09	EXPECTED % OF IBNR REPORTED IN @ 06/30/08 - @ 06/30/09	EXPECTED INCURRED @ 06/30/08 - @ 06/30/09	ACTUAL INCURRED @ 06/30/08 - @ 06/30/09	ACTUAL MINUS EXPECTED	ULTIMATE LOSS @ 06/30/09	CHANGE IN ULTIMATE
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Pre 1984	581,000	577,400	3,600	1.007	1.006	10%	359	(102,526)	(102,885)	477,249	(103,751)
1984	170,000	168,662	1,338	1.008	1.007	12%	167	-	(167)	168,662	(1,338)
1985	399,000	394,688	4,312	1.009	1.008	11%	478	0	(478)	397,455	(1,545)
1986	519,000	516,270	2,730	1.010	1.009	10%	272	0	(272)	520,410	1,410
1987	1,081,000	1,075,552	5,448	1.011	1.010	9%	494	0	(493)	1,082,553	1,553
1988	170,000	166,084	3,916	1.012	1.011	8%	325	-	(325)	166,084	(3,916)
1989	565,000	558,833	6,167	1.013	1.012	8%	472	-	(472)	558,833	(6,167)
1990	1,102,000	1,093,087	8,913	1.014	1.013	7%	633	2,050	1,417	1,109,448	7,448
1991	859,000	844,599	14,401	1.016	1.014	12%	1,789	(40,725)	(42,514)	866,945	7,945
1992	354,000	343,218	10,782	1.018	1.016	11%	1,189	6,000	4,811	373,256	19,256
1993	666,000	647,534	18,466	1.023	1.018	22%	3,976	250	(3,726)	707,047	41,047
1994	1,419,000	1,387,630	31,370	1.028	1.023	18%	5,535	204,915	199,380	1,636,054	217,054
1995	1,016,000	987,313	28,687	1.033	1.028	15%	4,284	(24,977)	(29,261)	1,084,487	68,487
1996	1,123,000	1,081,239	41,761	1.044	1.033	23%	9,531	-	(9,531)	1,238,120	115,120
1997	462,000	429,242	32,758	1.054	1.044	18%	6,038	23,062	17,024	505,122	43,122
1998	1,397,000	1,325,146	71,854	1.070	1.054	21%	15,383	29,876	14,493	1,485,063	88,063
1999	1,653,000	1,561,619	91,381	1.086	1.070	17%	15,917	144	(15,773)	1,562,326	(90,674)
2000	612,000	513,161	98,839	1.102	1.086	15%	14,477	(1,886)	(16,363)	681,570	69,570
2001	810,000	653,834	156,166	1.130	1.102	19%	30,039	6,157	(23,883)	873,802	63,802
2002	2,129,000	1,841,348	287,652	1.186	1.130	27%	77,132	31,408	(45,724)	1,893,614	(235,386)
2003	1,462,000	995,961	466,039	1.246	1.186	20%	94,804	6,214	(88,590)	1,380,575	(81,425)
2004	1,916,000	1,347,079	568,921	1.370	1.246	27%	153,609	53,827	(99,782)	1,888,604	(27,396)
2005	2,314,000	1,763,295	550,705	1.507	1.370	20%	108,533	30,054	(78,479)	2,169,684	(144,316)
2006	1,931,000	995,026	935,974	1.734	1.507	20%	191,401	(71,458)	(262,859)	1,667,607	(263,393)
2007	2,046,000	919,895	1,126,105	2.340	1.734	26%	294,077	430,849	136,771	2,110,000	64,000
2008	2,118,000	198,801	1,919,199	4.680	2.340	27%	521,451	413,816	(107,635)	2,000,000	(118,000)
2009	2,245,080	-	2,245,080		4.680	21%	479,667	211,833	(267,834)	2,200,000	(45,080)
TOTAL	31,119,080	22,386,516	8,732,564				2,032,036	1,208,884	(823,153)	30,804,567	(314,513)
2008 & Prior	28,874,000	22,386,516	6,487,484				1,552,369	997,051	(555,319)	28,604,567	(269,433)

- |     |                                       |      |   |
|-----|---------------------------------------|------|---|
| (1) | FISCAL YEAR ENDING 6/30/XX            | (7)  | = [COL (5) / COL (6) -1] / [COL (5) -1]       |
| (2) | FROM MILLIMAN REPORT DATED 08/15/2008 | (8)  | = COL (4) X COL (7)                           |
| (3) | FROM MILLIMAN REPORT DATED 08/15/2008 | (9)  | = COL (4) FROM SECTION 2, EXHIBIT 2, SHEET 1  |
| (4) | = COL (2) - COL (3)                   | (10) | = COL (9) - COL (8)                           |
| (5) | FROM MILLIMAN REPORT DATED 08/15/2008 | (11) | = COL (11) FROM SECTION 2, EXHIBIT 3, SHEET 1 |
| (6) | INTERPOLATED FROM COL (5)             | (12) | = COL (11) - COL (2)                          |

**STATE OF UTAH - LABOR COMMISSION**  
**UNINSURED EMPLOYERS FUND**  
AS OF JUNE 30,2009

EXHIBIT 10

ACTUAL VERSUS EXPECTED - PAID

FISCAL YEAR	ULTIMATE LOSS @ 06/30/08	PAID @ 06/30/08	RESERVE @ 06/30/08	PAID LDF @ 06/30/08	LDF's INTERP @ 06/30/09	EXPECTED % OF RESERVE PAID IN @ 06/30/08 - @ 06/30/09	EXPECTED PAID @ 06/30/08 - @ 06/30/09	ACTUAL PAID @ 06/30/08 - @ 06/30/09	ACTUAL MINUS EXPECTED	ULTIMATE LOSS @ 06/30/09	CHANGE IN ULTIMATE
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Pre 1984	581,000	407,870	173,130	1.075	1.067	10%	16,755	27,328	10,573	477,249	(103,751)
1984	170,000	168,662	1,338	1.080	1.075	6%	83	-	(83)	168,662	(1,338)
1985	399,000	383,831	15,169	1.086	1.080	6%	884	2,075	1,191	397,455	(1,545)
1986	519,000	471,448	47,552	1.097	1.086	10%	4,921	16,412	11,491	520,410	1,410
1987	1,081,000	721,208	359,792	1.108	1.097	9%	33,438	12,720	(20,717)	1,082,553	1,553
1988	170,000	166,084	3,916	1.119	1.108	8%	330	-	(330)	166,084	(3,916)
1989	565,000	558,833	6,167	1.130	1.119	8%	475	-	(475)	558,833	(6,167)
1990	1,102,000	931,178	170,822	1.141	1.130	7%	12,101	24,551	12,450	1,109,448	7,448
1991	859,000	803,874	55,126	1.153	1.141	7%	3,613	-	(3,613)	866,945	7,945
1992	354,000	336,647	17,353	1.164	1.153	6%	1,057	998	(59)	373,256	19,256
1993	666,000	638,339	27,661	1.178	1.164	7%	1,864	868	(996)	707,047	41,047
1994	1,419,000	1,095,800	323,200	1.196	1.178	8%	24,768	152,515	127,747	1,636,054	217,054
1995	1,016,000	960,632	55,368	1.220	1.196	9%	5,041	448	(4,594)	1,084,487	68,487
1996	1,123,000	1,081,239	41,761	1.250	1.220	10%	4,174	-	(4,174)	1,238,120	115,120
1997	462,000	409,775	52,225	1.281	1.250	9%	4,640	9,701	5,062	505,122	43,122
1998	1,397,000	1,170,866	226,134	1.320	1.281	9%	21,211	67,305	46,095	1,485,063	88,063
1999	1,653,000	1,097,168	555,832	1.366	1.320	10%	53,148	30,808	(22,341)	1,562,326	(90,674)
2000	612,000	503,720	108,280	1.421	1.366	10%	10,296	7,555	(2,741)	681,570	69,570
2001	810,000	639,253	170,747	1.485	1.421	9%	15,855	10,540	(5,315)	873,802	63,802
2002	2,129,000	1,113,624	1,015,376	1.559	1.485	9%	90,847	52,177	(38,670)	1,893,614	(235,386)
2003	1,462,000	952,307	509,693	1.676	1.559	11%	56,570	18,682	(37,887)	1,380,575	(81,425)
2004	1,916,000	1,172,508	743,492	1.843	1.676	12%	88,162	76,114	(12,047)	1,888,604	(27,396)
2005	2,314,000	819,606	1,494,394	2.120	1.843	13%	200,173	287,211	87,037	2,169,684	(144,316)
2006	1,931,000	712,069	1,218,931	2.650	2.120	15%	184,711	86,616	(98,095)	1,667,607	(263,393)
2007	2,046,000	320,120	1,725,880	4.637	2.650	21%	355,889	340,099	(15,790)	2,110,000	64,000
2008	2,118,000	21,869	2,096,131	83.468	4.637	21%	432,097	299,630	(132,467)	2,000,000	(118,000)
2009	2,245,080	-	2,245,080		83.468	1%	26,897	34,450	7,553	2,200,000	(45,080)
TOTAL	31,119,080	17,658,530	13,460,550				1,649,999	1,558,805	(91,194)	30,804,567	(314,513)
2008 & Prior	28,874,000	17,658,530	11,215,470				1,623,102	1,524,354	(98,747)	28,604,567	(269,433)

- (1) FISCAL YEAR ENDING 6/30/XX
- (2) FROM MILLIMAN REPORT DATED 08/15/2008
- (3) FROM MILLIMAN REPORT DATED 08/15/2008
- (4) = COL (2) - COL (3)
- (5) FROM MILLIMAN REPORT DATED 08/15/2008
- (6) INTERPOLATED FROM COL (5)

- (7) = [COL (5) / COL (6) -1] / [COL (5) -1]
- (8) = COL (4) X COL (7)
- (9) = COL (7) FROM SECTION 2, EXHIBIT 2, SHEET 1
- (10) = COL (9) - COL (8)
- (11) = COL (11) FROM SECTION 2, EXHIBIT 3, SHEET 1
- (12) = COL (11) - COL (2)

STATE OF UTAH - LABOR COMMISSION  
UNINSURED EMPLOYERS FUND  
AS OF JUNE 30, 2009

EXHIBIT 11

INCURRED LOSSES

FY ENDING	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204	216	228	240	252	264	276	288	300	312	324	AS OF	
6/30/XX																											06/30/09		
Pre 1984									199,406	220,096	266,638	281,387	303,297	306,024	310,932	348,333	422,730	422,730	405,884	396,884	400,163	413,565	414,638	414,320	429,160	577,400	474,874	474,874	
1984								170,662	170,662	170,662	170,662	170,662	170,662	170,662	170,662	170,662	170,662	170,662	170,662	170,662	170,662	170,662	170,662	170,662	170,662	170,662	170,662	170,662	
1985								570,917	571,783	573,143	573,559	573,559	573,559	573,559	573,559	573,559	573,559	573,559	573,559	573,559	573,559	573,559	573,559	573,559	573,559	573,559	573,559	573,559	
1986								394,566	433,168	396,982	409,653	442,200	444,416	446,253	448,382	449,207	445,159	504,262	503,934	505,884	505,921	505,921	505,921	505,921	505,921	505,921	505,921	505,921	505,921
1987								491,928	491,928	531,928	864,427	653,297	695,676	698,863	699,387	740,075	827,111	806,074	777,052	823,505	824,708	808,838	1,073,391	1,075,552	1,075,552	1,075,552	1,075,552	1,075,552	
1988				158,536	158,536	158,536	158,536	158,536	158,536	158,536	158,536	158,536	158,536	158,536	158,536	158,536	158,536	158,536	158,536	158,536	158,536	158,536	158,536	158,536	158,536	158,536	158,536	158,536	
1989			417,088	460,554	539,422	711,138	695,250	695,250	695,250	695,250	615,414	585,414	616,359	563,833	558,833	558,833	558,833	558,833	558,833	558,833	558,833	558,833	558,833	558,833	558,833	558,833	558,833	558,833	
1990		646,225	689,784	719,723	726,540	658,667	659,163	659,163	649,163	619,131	620,422	743,158	802,340	835,341	952,804	956,493	1,081,173	1,093,087	1,095,137	1,095,137	1,095,137	1,095,137	1,095,137	1,095,137	1,095,137	1,095,137	1,095,137	1,095,137	
1991	188,112	397,156	548,231	673,239	699,371	749,375	749,655	745,986	755,265	786,431	786,431	850,402	803,243	832,081	831,614	832,264	844,579	844,599	803,874	803,874	803,874	803,874	803,874	803,874	803,874	803,874	803,874	803,874	
1992	2,801	100,026	305,149	343,334	343,334	343,989	343,989	343,989	344,042	334,132	374,222	369,336	368,226	368,226	368,226	368,226	368,226	368,226	368,226	368,226	368,226	368,226	368,226	368,226	368,226	368,226	368,226	368,226	
1993	114,363	483,821	647,123	647,349	583,347	647,312	728,745	734,305	779,368	760,368	664,085	681,614	682,952	682,975	682,975	682,975	682,975	682,975	682,975	682,975	682,975	682,975	682,975	682,975	682,975	682,975	682,975	682,975	
1994	236,448	614,452	679,309	876,698	924,639	935,694	938,720	920,528	1,100,156	1,209,449	1,218,285	1,220,227	1,295,358	1,350,933	1,387,630	1,592,545	1,592,545	1,592,545	1,592,545	1,592,545	1,592,545	1,592,545	1,592,545	1,592,545	1,592,545	1,592,545	1,592,545	1,592,545	
1995	347,421	493,686	741,111	790,503	810,598	811,912	943,989	936,811	1,024,773	1,088,737	1,030,425	999,059	987,147	987,313	962,336	962,336	962,336	962,336	962,336	962,336	962,336	962,336	962,336	962,336	962,336	962,336	962,336	962,336	
1996	777,757	1,041,217	1,127,308	1,128,400	1,139,042	1,110,736	1,130,945	1,109,401	1,104,107	1,183,901	1,183,901	1,203,976	1,081,239	1,081,239	1,081,239	1,081,239	1,081,239	1,081,239	1,081,239	1,081,239	1,081,239	1,081,239	1,081,239	1,081,239	1,081,239	1,081,239	1,081,239	1,081,239	
1997	283,162	421,471	481,911	510,376	449,502	442,860	411,393	425,956	436,485	436,774	428,606	429,242	452,304	452,304	452,304	452,304	452,304	452,304	452,304	452,304	452,304	452,304	452,304	452,304	452,304	452,304	452,304	452,304	
1998	36,381	217,704	339,091	594,997	824,474	1,093,215	1,120,981	1,325,526	1,327,254	1,269,307	1,325,146	1,355,022	1,355,022	1,355,022	1,355,022	1,355,022	1,355,022	1,355,022	1,355,022	1,355,022	1,355,022	1,355,022	1,355,022	1,355,022	1,355,022	1,355,022	1,355,022	1,355,022	
1999	211,867	1,032,493	1,358,923	1,318,377	1,247,685	1,314,445	1,184,623	1,368,680	1,556,604	1,561,619	1,561,619	1,561,619	1,561,619	1,561,619	1,561,619	1,561,619	1,561,619	1,561,619	1,561,619	1,561,619	1,561,619	1,561,619	1,561,619	1,561,619	1,561,619	1,561,619	1,561,619	1,561,619	
2000	24,726	239,778	423,201	502,549	518,613	521,394	507,743	506,208	513,161	511,275	511,275	511,275	511,275	511,275	511,275	511,275	511,275	511,275	511,275	511,275	511,275	511,275	511,275	511,275	511,275	511,275	511,275	511,275	
2001	102,082	611,976	547,452	625,518	682,120	655,067	659,204	653,834	659,991	659,991	659,991	659,991	659,991	659,991	659,991	659,991	659,991	659,991	659,991	659,991	659,991	659,991	659,991	659,991	659,991	659,991	659,991	659,991	
2002	251,281	624,983	862,522	1,368,326	1,713,994	1,769,358	1,841,348	1,872,756	1,872,756	1,872,756	1,872,756	1,872,756	1,872,756	1,872,756	1,872,756	1,872,756	1,872,756	1,872,756	1,872,756	1,872,756	1,872,756	1,872,756	1,872,756	1,872,756	1,872,756	1,872,756	1,872,756	1,872,756	
2003	58,926	713,923	1,117,257	1,228,464	987,432	995,961	1,002,175	1,002,175	1,002,175	1,002,175	1,002,175	1,002,175	1,002,175	1,002,175	1,002,175	1,002,175	1,002,175	1,002,175	1,002,175	1,002,175	1,002,175	1,002,175	1,002,175	1,002,175	1,002,175	1,002,175	1,002,175	1,002,175	
2004	65,876	1,078,872	1,389,242	1,172,857	1,347,079	1,400,906	1,400,906	1,400,906	1,400,906	1,400,906	1,400,906	1,400,906	1,400,906	1,400,906	1,400,906	1,400,906	1,400,906	1,400,906	1,400,906	1,400,906	1,400,906	1,400,906	1,400,906	1,400,906	1,400,906	1,400,906	1,400,906	1,400,906	
2005	653,977	1,259,614	1,642,012	1,763,295	1,793,349	1,793,349	1,793,349	1,793,349	1,793,349	1,793,349	1,793,349	1,793,349	1,793,349	1,793,349	1,793,349	1,793,349	1,793,349	1,793,349	1,793,349	1,793,349	1,793,349	1,793,349	1,793,349	1,793,349	1,793,349	1,793,349	1,793,349	1,793,349	
2006	555,976	630,026	995,026	923,568	923,568	923,568	923,568	923,568	923,568	923,568	923,568	923,568	923,568	923,568	923,568	923,568	923,568	923,568	923,568	923,568	923,568	923,568	923,568	923,568	923,568	923,568	923,568	923,568	
2007	708,102	919,895	1,350,744	1,350,744	1,350,744	1,350,744	1,350,744	1,350,744	1,350,744	1,350,744	1,350,744	1,350,744	1,350,744	1,350,744	1,350,744	1,350,744	1,350,744	1,350,744	1,350,744	1,350,744	1,350,744	1,350,744	1,350,744	1,350,744	1,350,744	1,350,744	1,350,744	1,350,744	
2008	198,801	612,617	612,617	612,617	612,617	612,617	612,617	612,617	612,617	612,617	612,617	612,617	612,617	612,617	612,617	612,617	612,617	612,617	612,617	612,617	612,617	612,617	612,617	612,617	612,617	612,617	612,617	612,617	
2009	211,833	211,833	211,833	211,833	211,833	211,833	211,833	211,833	211,833	211,833	211,833	211,833	211,833	211,833	211,833	211,833	211,833	211,833	211,833	211,833	211,833	211,833	211,833	211,833	211,833	211,833	211,833	211,833	

FISCAL	AGE-TO-AGE DEVELOPMENT FACTORS																										
YEAR	12 - 24	24 - 36	36 - 48	48 - 60	60 - 72	72 - 84	84 - 96	96 - 108	108 - 120	120 - 132	132 - 144	144 - 156	156 - 168	168 - 180	180 - 192	192 - 204	204 - 216	216 - 228	228 - 240	240 - 252	252 - 264	264 - 276	276 - 288	288 - 300	300 - 312	312 - 324	
Pre 1984								1.104	1.211	1.055	1.078	1.009	1.016	1.120	1.214	1.000	0.960	0.978	1.008	1.033	1.003	0.999	1.036	1.000	1.000	1.000	0.822
1984								1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1985							1.580	1.002	1.002	0.756	1.002	1.000	1.003	1.000	1.042	0.899	1.033	1.009	1.000	0.999	1.000	0.929	1.000	1.000	1.000	1.000	
1986					1.098	1.081	1.625	1.032	1.000	1.079	1.005	1.004	1.005	1.002	0.991	1.133	0.999	1.004	1.000	1.000	0.940	1.085	1.000	1.000	1.000	1.000	
1987				1.000	1.000	1.001	1.000	1.095	1.000	1.083	1.001	0.929	1.092	0.953	0.996	1.004	0.997	1.000	0.914	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1988			1.104	1.171	1.318	0.978	1.000	1.000	0.885	0.951	1.053	0.915	0.991	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1989		1.067	1.043	1.009	0.907	1.001	1.000	0.985	1.000	0.954	1.002	1.198	1.080	1.041	1.141	1.004	1.130	1.011	1.002	1.0							





STATE OF UTAH - LABOR COMMISSION  
 UNINSURED EMPLOYERS FUND  
 AS OF JUNE 30, 2009

EXHIBIT 14

INCURRED SEVERITY

FY ENDING 6/30/XX	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204	216	228	240	252	264	276	288	300	312	324	AS OF 06/30/09
Pre 1984									9,970	10,004	10,666	10,050	9,478	9,563	9,717	10,245	12,078	12,078	10,970	10,444	10,004	10,087	9,872	9,635	9,131	12,029	8,794	8,794
1984								10,666	10,666	10,666	10,666	10,667	10,666	10,666	10,666	10,666	10,666	10,666	10,541	10,541	10,541	10,541	10,541	10,541	10,541	10,541	10,541	10,541
1985							10,036	15,859	15,883	15,490	11,718	11,745	11,441	11,471	11,471	11,641	10,470	10,813	10,906	10,902	10,891	10,119	10,119	10,119	10,120	10,120	10,120	
1986						17,155	18,833	17,260	16,386	16,386	16,378	15,872	15,938	16,014	16,043	15,899	18,009	17,377	16,863	16,864	16,864	15,348	16,654	16,654	16,654	16,654	16,654	
1987					22,360	22,360	22,164	30,872	23,332	24,846	24,959	24,978	25,520	27,570	26,869	26,369	25,902	27,450	27,490	26,961	35,780	35,852	35,852					
1988				7,549	7,549	7,549	7,558	7,558	8,275	8,275	8,275	8,554	8,190	7,609	8,310	7,919	7,890	7,921	7,899	7,899	7,899	7,221	6,920					
1989			26,068	23,028	25,687	30,919	30,228	30,228	30,228	26,757	25,453	24,654	22,553	22,353	22,353	22,353	22,353	22,353	22,353	22,353	22,353	22,353						
1990		29,374	22,993	20,564	19,636	17,333	17,346	17,346	17,083	17,083	16,733	16,327	19,557	21,114	20,884	23,820	23,912	27,029	27,327	27,378								
1991	17,101	12,411	11,918	12,467	12,716	13,382	13,387	13,087	13,250	13,797	13,797	14,498	13,614	14,103	14,095	14,106	14,315	14,315	13,625									
1992	700	4,349	9,536	9,810	9,294	9,297	9,297	8,822	8,567	9,356	9,233	9,206	9,219	9,220	8,578	8,580	8,730											
1993	16,338	11,252	13,207	12,214	11,007	12,213	13,250	13,113	13,673	13,340	11,651	11,752	11,775	11,775	11,242	11,164	11,169											
1994	13,909	16,607	15,096	17,229	17,446	17,655	17,384	17,047	18,336	19,507	19,650	19,681	20,893	21,789	22,381	25,686												
1995	34,742	15,925	20,030	19,281	19,300	18,882	22,476	20,818	22,773	24,194	22,898	22,201	21,937	21,940	20,920													
1996	55,554	26,698	21,679	21,291	20,340	19,835	19,169	18,490	18,402	19,732	19,408	19,111	17,163	17,163														
1997	21,782	14,049	14,603	14,582	12,149	11,654	10,549	10,922	11,192	11,199	10,990	10,731	11,308															
1998	3,638	7,023	8,695	13,523	16,166	20,245	19,666	23,255	23,285	22,269	23,248	23,362																
1999	16,297	30,367	33,144	30,660	25,993	26,825	23,692	27,374	30,522	30,620	30,034																	
2000	1,454	5,576	8,298	9,306	9,261	9,311	9,067	9,039	9,003	8,970																		
2001	2,836	9,871	7,934	8,688	9,474	8,619	8,674	8,491	8,571																			
2002	7,853	9,615	10,918	15,728	19,477	19,880	20,689	20,808																				
2003	1,473	11,332	15,305	15,550	12,191	12,296	12,074																					
2004	1,882	15,866	18,523	14,661	16,631	17,295																						
2005	31,142	30,722	33,510	35,266	33,837																							
2006	17,935	9,693	14,633	12,827																								
2007	19,138	13,730	17,773																									
2008	6,213	10,210																										
2009	7,061																											
																												450,038

September 3, 2009

## Statement of Actuarial Opinion *Uninsured Employers' Fund*

### Identification

I, Rod Morris, am a Specialist Leader with the firm of Deloitte Consulting LLP. I am a Member of the American Academy of Actuaries and meet its qualification standards for rendering this Statement of Actuarial Opinion, and I am a Fellow of the Casualty Actuarial Society.

### Scope

We have estimated the unpaid claim liabilities listed below on which we are expressing an opinion.

In forming our opinion on the unpaid claim liabilities, we relied upon conversations, information, and data prepared by Mr. Larry Bunkall, Division Director; Mr. David Lamb, Director of Administrative Services; and Ms. Carol Hawkins all of the Industrial Accidents Division of the State of Utah. We evaluated that data for reasonableness and consistency with prior actuarial reports. A specific audit of the data and information is beyond the scope of this opinion. We have conducted such reasonableness tests of the data as we felt appropriate. In all other respects, we have relied without audit or verification on the data and background information provided and have assumed they are accurate and complete. If the information is inaccurate or incomplete, our findings and conclusions may need to be revised. In other respects, our examination included the use of such actuarial assumptions and methods and such tests of the calculations as we considered necessary.

Our review was limited to the items listed below, and did not include an analysis of any other balance sheet items. We have not examined the assets of the Uninsured Employers' Fund and we have formed no opinion as to the validity or value of these assets. Our opinion on the unpaid claim liabilities is based upon the assumption that all such liabilities are backed by valid assets, which have suitably scheduled maturities and/or adequate liquidity to meet the cash flow requirements of the liabilities.

### Opinion

We estimate the total unpaid claim liability for the Uninsured Employers' Fund as of June 30, 2009 to be approximately \$12.7 million on an undiscounted basis and \$9.7 million on a discounted basis. The discounted unpaid claim liability was discounted using an annual interest rate of 2.5% for the next three years and 4.5% thereafter. Based on this analysis and the

Uninsured Employers' Fund

September 3, 2009

Page 2

assumptions and methods used to estimate the unpaid claim liability, it is our opinion that these estimates are a reasonable provision of the future payments to be made from the Uninsured Employers' Fund as of June 30, 2009.

A summary of the results of our analysis by component is as follows:

	<u>Undiscounted</u>	<u>Discounted</u>
Estimated Outstanding Claims	\$ 11,587,233	\$ 8,797,002
Settlement Expenses	<u>1,158,723</u>	<u>879,700</u>
Total Unpaid Claim Liability Estimate	\$ 12,745,956	\$ 9,676,702

The estimates presented above are based on commonly accepted actuarial methods. In estimating the unpaid claim liability for the Uninsured Employers' Fund, it is necessary to estimate the future indemnity, loss, and expense payments. It is certain that actual future payments will not develop exactly as estimated and may, in fact, vary significantly from our estimates. No warranty is expressed or implied that such variance will not occur. Further our estimates make no provision for the broadening of coverage by legislative action or judicial interpretation or for extraordinary future emergence of new classes of losses or types of losses not sufficiently presented in the Uninsured Employers' Fund's historical experience or which are not yet quantifiable.

We have not examined the assets of the Employers' Reinsurance Fund and have formed no opinion as to the validity or value of these assets. Our opinion on the reserves is based upon the assumption that all reserves are backed by valid assets, which have suitably scheduled maturities and/or adequate liquidity to meet the cash flow requirements of the liabilities.

This opinion and accompany report is prepared for the internal use of the State of Utah – Labor Commission exclusively for the administration of the Uninsured Employers' Fund and is intended to assist the Labor Commission in accruing an appropriate reserve. It is not intended for other purposes, such as a debt offering or reinsurance negotiations.

**Actuarial Report**

An actuarial report and underlying actuarial workpapers supporting the findings expressed in this Statement of Actuarial Opinion will be provided to the State of Utah – Labor Commission.

A handwritten signature in black ink that reads "Rod Morris". The signature is written in a cursive style with a large, sweeping initial "R" and a distinct "M".

---

Rod Morris, FCAS, MAAA  
Deloitte Consulting LLP  
350 South Grand Ave., Suite 200  
Los Angeles, CA 90071  
(213) 688-3374  
September 3, 2009