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Date: May 4, 2021

TO: MEMBERS, BOARD OF DIRECTORS

I. AGENDA ITEM # AND TITLE :	Open Agenda Item 4 – Statement of Actuarial Opinion
II. NAME AND PROGRAM:	Guy Avagliano, Milliman and Ken Van Laar, Chief Risk Officer
III. ACTIVITY:	<input checked="" type="checkbox"/> Informational <input type="checkbox"/> Request for Direction <input type="checkbox"/> Action Proposed <input type="checkbox"/> Exploratory
IV. JUSTIFICATION:	<input checked="" type="checkbox"/> Standard/Required Item <input type="checkbox"/> Board Request – New Item <input type="checkbox"/> New Topic from Staff

V. EXECUTIVE SUMMARY:

Presentation by the Appointed Actuary of the Loss and Loss Adjustment Expense reserves as of December 31, 2020.

VI. ANALYSIS:

Review of Loss and Loss Adjustment Expense Reserves as of December 31, 2020. Recorded reserves are reasonable.

VII. RECOMMENDATION: Information only.

VIII. PRESENTATION EXHIBITS: None

IX. APPENDIX: See attached

State Compensation Insurance Fund

Milliman Analysis of Statutory Loss and Loss Adjustment Expense Reserves
As of December 31, 2020

Booked Loss and Loss Adjustment Expense Reserves

1. Reserve for Unpaid Losses (Liabilities, Surplus and Other Funds page, Col. 1, Line 1)	\$9,570,359,803
2. Reserve for Unpaid Loss Adjustment Expenses (Liabilities, Surplus and Other Funds page, Col. 1, Line 3)	\$2,146,801,240
3. Reserve for Unpaid Losses – Direct and Assumed (Schedule P, Part 1, Totals from Cols. 13 and 15, Line 12 x 1,000)	\$9,612,103,000
4. Reserve for Unpaid Loss Adjustment Expenses – Direct and Assumed (Schedule P, Part 1, Totals from Cols. 17, 19, and 21, Line 12 x 1,000)	\$2,147,214,000
5. Retroactive Reinsurance Reserve Assumed (Page 3 write-in item)	\$0
6. Other Loss Reserve items on which the Appointed Actuary is expressing an Opinion	\$0

Excerpt from December 31, 2020 Statement of Actuarial Opinion:

In my opinion, the sum of the amounts carried on account of items 1 and 2, the sum of the amounts carried on account of items 3 and 4, and the amount carried on account of item 5, all as shown in Exhibit A:

- A. Meet the requirements of the insurance laws of the State of California;*
- B. Are consistent with reserves computed in accordance with actuarial standards of practice promulgated by the Actuarial Standards Board; and*
- C. Make a reasonable provision for all unpaid loss and loss adjustment expense obligations of the Fund under the terms of its contracts and agreements.*