

MEMORANDUM

February 18, 2009

TO: Management and Fiscal Policy Committee
FROM: *CHS*
Charles H. Sherer, Legislative Analyst
SUBJECT: Mid-year Risk Management review

Background, Division of Risk Management This division is in the Department of Finance. As explained in the operating budget document,

“County Code 20-37 established the Montgomery County Self-Insurance Program. The program provides comprehensive property and casualty insurance for the County and participating agencies. The program is funded through contributions from the agencies, which are based upon an annual actuarial analysis of outstanding and projected future claims filed against the participants. The program provides accurate and timely insurance and risk management advice to participating agencies and reduces County and participating agency exposure to risk by:

- comparing the cost of commercially-available coverage to evaluate the best method of funding exposure to loss;
- transferring contractual risk under indemnification/hold harmless agreements; avoiding risk; operating proactive
- safety programs; and purchasing commercial insurance policies.”

Charges to the members are set at amounts to cover their expected claims plus amounts to provide a sufficient reserve. The budget summary page from the approved budget is on ©A.

Annual review For the 12th year, the Committee will have a risk management review before beginning the review of the operating budget. Such an early review permits more time for this important topic than would be possible in April and May. Jennifer Barrett, Terry Fleming and a representative from Finance’s actuarial consultant will present the review for the members of the Montgomery County Self Insurance Fund, some of whom may also attend.

As explained by Finance staff, “The annual Risk Management budget request includes two components of claims funding:

1. Actual expenditures expected in the fiscal year; and
2. Expected growth in reserves and Incurred But Not Reported (IBNR). Both numbers are based on actuarial projections, as required by GASB Statement No. 10. Actual claims payments are for payment of medical bills, wage replacement benefits and permanent partial disability benefits on workers compensation claims, as well as liability claims that the Self-Insurance Fund members are legally obligated to pay. Reserves and IBNR comprise cash segregated to pay existing and unexpected claims that will become due in the future. The actuary projects how much cash will be needed to pay claims during the year.”

The following persons will attend, barring unforeseen events:

College: Lynda von Barga
 County Government: Jennifer Barrett, Terry Fleming
 MCPS: Kurt Wolfe
 MNCPPC: Wanda Wesley-Major
 WSSC: Kim Luquet

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BUDGET SUMMARY

	Actual FY07	Budget FY08	Estimated FY08	Approved FY09	% Chg Bud/App
COUNTY GENERAL FUND					
EXPENDITURES					
Salaries and Wages	6,091,476	6,895,040	6,457,450	6,879,350	-0.2%
Employee Benefits	2,042,888	2,399,740	2,089,580	2,400,170	0.0%
County General Fund Personnel Costs	8,134,364	9,294,780	8,547,030	9,279,520	-0.2%
Operating Expenses	2,027,774	2,161,390	2,696,000	1,447,780	-33.0%
Capital Outlay	44,605	0	0	0	—
County General Fund Expenditures	10,206,743	11,456,170	11,243,030	10,727,300	-6.4%
PERSONNEL					
Full-Time	103	113	113	119	5.3%
Part-Time	2	2	2	2	—
Workyears	89.7	91.5	91.5	84.5	-7.7%
REVENUES					
Miscellaneous	4,941	0	0	0	—
Miscellaneous	2,531	0	0	0	—
Development District Fees	40,772	42,140	42,260	43,670	3.6%
Procurement Card Rebate	21,162	23,910	23,370	27,900	16.7%
WSSC Reimb.: Benefit Charge on Tax Bill	97,730	97,860	97,860	92,700	-5.3%
Municipalities Reimb.: Property Tax Services	50,584	51,660	51,660	52,880	2.4%
State Reimb.: Bay Restoration Fund	28,686	23,250	22,990	22,990	-1.1%
Bad / Dishonored Check Fees	66,993	35,000	60,000	60,000	71.4%
Tax Certification Fee	3,500	2,500	2,500	2,500	—
Tax Sale Fee	36,350	30,000	35,000	35,000	16.7%
Child Support Payment Fees	19,178	19,110	19,110	19,210	0.5%
Conduit Bond Fees	130,302	100,130	110,140	109,560	9.4%
County General Fund Revenues	502,729	425,560	464,890	466,410	9.6%
SELF INSURANCE INTERNAL SERVICE FUND					
EXPENDITURES					
Salaries and Wages	2,242,257	2,465,130	2,440,260	2,897,530	17.5%
Employee Benefits	682,803	716,730	751,660	886,660	23.7%
Self Insurance Internal Service Fund Personnel Costs	2,925,060	3,181,860	3,191,920	3,784,190	18.9%
Operating Expenses	25,589,530	38,922,120	38,922,120	39,639,500	1.8%
Capital Outlay	0	0	0	0	—
Self Insurance Internal Service Fund Expenditures	28,514,590	42,103,980	42,114,040	43,423,690	3.1%
PERSONNEL					
Full-Time	12	12	12	12	—
Part-Time	0	0	0	0	—
Workyears	29.4	29.4	29.4	31.0	5.4%
REVENUES					
Montgomery County (Special, Entpr. & Int. Serv.)	3,681,020	3,766,470	3,766,470	4,401,970	16.9%
Montgomery County General Fund NDA	9,351,920	8,836,850	8,836,850	9,809,740	11.0%
Fire and Rescue Services	7,481,920	7,013,960	7,013,960	6,398,710	-8.8%
Board of Education	8,415,330	8,275,520	8,275,520	7,800,400	-5.7%
Montgomery College	354,380	331,890	331,890	402,080	21.1%
M-NCPPC	874,880	943,200	943,200	1,269,800	34.6%
Housing Opportunities Commission	558,910	491,430	491,430	231,070	-53.0%
Revenue Authority	112,660	111,290	111,290	158,800	42.7%
City of Gaithersburg	158,590	142,800	142,800	159,820	11.9%
City of Rockville	990,940	999,600	999,600	1,077,990	7.8%
Takoma Park	258,160	231,430	231,430	197,480	-14.7%
Housing Authority-City of Rockville	27,340	22,650	22,650	16,340	-27.9%
Other Municipal Income	44,190	23,670	23,670	19,320	-18.4%
Other - Recovered Losses	575,011	1,100,000	1,100,000	1,100,000	—
Investment Income - Pooled and Non-Pooled	6,138,903	6,490,000	5,060,000	3,280,000	-49.5%
Bethesda Urban Partnership	0	14,280	14,280	7,660	-46.4%
Self Insurance Internal Service Fund Revenues	39,024,154	38,795,040	37,365,040	36,331,180	-6.4%
DEPARTMENT TOTALS					
Total Expenditures	38,721,333	53,560,150	53,357,070	54,150,990	1.1%
Total Full-Time Positions	115	125	125	131	4.8%
Total Part-Time Positions	2	2	2	2	—
Total Workyears	119.1	120.9	120.9	115.5	-4.5%
Total Revenues	39,526,883	39,220,600	37,829,930	36,797,590	-6.2%





DEPARTMENT OF FINANCE

Isiah Leggett
County Executive

Jennifer E. Barrett
Director

MEMORANDUM

February 9, 2009

TO: Duchy Trachtenberg, Chair
Management and Fiscal Policy Committee

FROM: Jennifer E. Barrett, Director
Department of Finance

SUBJECT: Mid-year Risk Management Review

Attached please find the packet of information in reference to the annual review of the County's risk management program scheduled before the MFP Committee on February 2, 2009 at 2:00 pm.

Terry Fleming and I will be present at the meeting along with representatives of the other agencies and a representative from AMI Risk Consultants, Inc., who will present the results of the FY08 actuarial analysis of the Self-Insurance Program.

FY08 Financial Results and FY09 Projections

The balance sheet and income statement is included in the packet. Due to deteriorating economic conditions and higher than expected claims payments and contract fees, FY08 resulted in a net loss of \$2.8 million more than budgeted (\$6.1 million actual versus \$3.3 budgeted). Revenues were lower than budgeted by \$1.1 million due primarily to lower investment yield. Claims expense for FY08 was higher than budgeted by \$860,000 and contract fees were higher by about \$825,000. The increased contract fees were related to higher than anticipated bids for the claims service contract which was effective on July 1, 2007.

The economic outlook for FY09 suggests that investment income will continue to be depressed. The most recent projections anticipate that investment income will be about \$1 million lower than budgeted. Claims expenses are projected to be higher than budgeted by \$2.1 million for FY09, based on the most recent actuarial study.

This combination of lower investment income and higher claims expenses result in a projection of a net loss of \$9.075 million in FY09, \$3 million more than budgeted. As reflected on the attached income statement, ending fund balance is estimated to be \$5.099 million, about \$5.5 million lower than the County's policy of maintaining sufficient fund balance to increase claims payables to a confidence level of

Office of the Director

80 – 85 percent. The Department of Finance is consulting with the Office of Management and Budget to develop measures to restore fund balance to the policy level. This issue will be addressed during the FY10 budget cycle.

Workers' Compensation

Workers compensation continues to be the largest exposure for the self insurance program, representing 92 percent of all claims costs. For FY08 lost time claims increased by 14% over FY07. The increase applied to the larger agencies in the self insurance program (see attached charts). In County public safety departments, the Police department increased by 42 lost time claims (27%), and Fire and Rescue Services decreased by 16 claims (-7%)

Some fluctuation in claims is typical and expected. Risk Management will continue to closely monitor the claims to determine if the increase is the result of normal fluctuation or part of a negative trend.

The cost (severity) of workers' compensation claims increases each year since benefits are tied to the cost of living. Additionally, periodic changes in the law add new costs for insurers and self insured employers. Wage replacement benefits have increased by 12.5% over the past 3 years. Permanent partial disability benefits at the second tier have increased 13% during the same period. Beginning January 1, 2009 there is a 14% increase to the lower tier of permanent partial disability that we estimate will cost an additional \$1 million per year. This benefit has been stable for many years, and is now tied to inflation.

Despite the fact that severity is increasing, the County's costs compare reasonably well to other Maryland jurisdictions on the universal benchmark for workers' compensation – cost per \$100 of payroll. Below is a chart showing the comparative data.

WORKERS' COMPENSATION COST PER \$100 OF PAYROLL BENCHMARKING

County or Jurisdiction	WC Cost Per \$100 of Payroll
City of Baltimore	\$3.93
Anne Arundel County	\$3.38
Montgomery County	\$2.55
Prince George's County	\$2.50*
Howard County	\$1.06

* PG County provided an estimate from their risk management office

As a means to achieve more effective departmental accountability over workers' compensation accidents and injuries, the Finance Department, Division of Risk Management is working with the Office of the Chief Administrative Officer to place a graphic on each operational department's County Stat page. Benchmarking and focusing on the accident and injury statistics will encourage departments to recognize the importance of accident and injury prevention. The risk management safety section will

Duchy Trachtenberg
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continue to offer training and consulting services to departments to assist in the management of the injury prevention activities. We are considering holding semi-annual meetings with risk management and the directors of the operating departments to review accident and injury statistics.

Commercial Insurance

The commercial property insurance policy was renewed for FY08 with a substantial premium reduction, the result of a soft market and heavy competition. The property insurance market is currently stable; however competition is reduced with the financial difficulties that some large property insurance companies are facing. We expect that prices may begin increasing by the time our policy is renewed in July 2009.

We expect that other commercial insurance premiums will remain flat or increase slightly during this period of economic uncertainty.

JEB/dtf

List of Attachments

Example of Permanent Partial Disability Claims
Maryland WC Rates for 2008
Risk Management Initiatives Work Sheet
Risk Management Charts
Self-Insurance Fund Income Statement & Balance Sheet
AMI Actuarial Charts

cc: Terry Fleming, Risk Management
Kurt Wolfe, MCPS
Lynda von Barga, Montgomery College
Wanda Wesley-Major, MNCPPC
Kim Luquet, WSSC

Workers Compensation Permanent Partial Disability Claims

The example below is intended to show how a relatively minor injury results in a large award by the Maryland Workers' Compensation Commission.

In 2007, a Fire and Rescue employee suffered three injuries on the job, and filed workers' compensation claims. The claims were investigated and deemed compensable, or covered for benefits.

The first injury occurred in January 2007, when the employee suffered a back strain while engaged in physical fitness activities (jogging). The employee missed one week from work, and had two doctor visits and returned to his regular occupation.

The second injury occurred in June 2007, when the employee injured his back while lifting a patient. This injury resulted in one week off work, and a period of physical therapy. The employee was on light duty for a short period of time and returned to his regular job.

The third injury occurred in July 2007, when there was another back strain. This injury resulted in no lost time from work and one doctor visit.

The employee's attorney filed for permanent injury benefits for all three claims. The three claims were heard at one hearing before the Maryland Workers Compensation Commission, in November, 2007. Benefits were awarded for the three claims and the awards are calculated as follows:

1. For the January injury the award was 10% to the body. Under the workers' compensation law, this calculates to 50 weeks of payments at the rate of \$267 per week, or \$13,350.
2. For the June accident, the award was 12% of the body, equating to 60 weeks at the rate of \$267, or \$16,020.
3. For the July accident, the award was 5% of the body, equating to 25 weeks at \$267, or \$6,675.

The total award for all three cases was \$36,045 for only two weeks lost time from work, and very low medical bills. There appears to be a "disconnect" between minor injuries and the long term effect on the employee's ability to perform their regular job duties. The Workers' Compensation Commission has determined that the employee is 27% permanently disabled, yet the employee is able to perform his regular job at full duty status without restrictions.

Nov. 19, 2008

BALANCE SHEET	FY03 ACTUAL	FY04 ACTUAL	FY05 ACTUAL	FY06 ACTUAL	FY07 ACTUAL	FY 08 ACTUAL	FY 09 BUDGET	FY09 Projected
ASSETS								
CASH & INVESTMENT	47,737,873	53,246,752	70,515,351	94,411,741	96,579,845	95,906,890	98,016,136	92,207,380
CASH-RESTRIC	0	0	0	0	0	0	0	
OTHER ASSETS	445,806	255,092	310,475	300,000	273,533	300,000	300,000	300,000
TOTAL	48,183,679	53,501,844	70,825,826	94,711,741	96,853,378	96,206,890	98,316,136	92,507,380
LIABILITIES & EQUITY								
CLAIMS PAYABLES	57,736,000	64,206,000	70,887,000	79,710,000	75,499,000	80,831,000	85,784,000	86,208,000
OTHER LIABILITIES	721,162	1,139,728	834,781	1,133,584	1,032,776	1,200,000	1,200,000	1,200,000
CONTRIB CAPITAL	0	0	0	0	0	0	0	
EQUITY/FUND BAL	(10,273,483)	(11,843,884)	(895,955)	13,868,157	20,321,602	14,175,890	11,332,136	5,099,380
TOTAL	48,183,679	53,501,844	70,825,826	94,711,741	96,853,378	96,206,890	98,316,136	92,507,380
INCOME STATEMENT								
REVENUES								
CONTRIBUTIONS	26,297,173	33,080,442	44,052,086	48,099,083	32,310,240	31,253,956	31,951,180	31,951,180
RECOVERED LOSSES	1,061,343	1,257,994	1,854,859	879,494	574,701	960,377	1,000,000	1,000,000
INVESTMENT INCOME	907,687	801,023	2,042,173	4,782,807	6,138,902	5,182,510	4,226,420	3,210,000
INVEST INC-ESCROW								
G F TRANSFER						68,480		
MISC INCOME	7,393	89,936	0	(822)	311	248,308	100,000	100,000
TOTAL	28,273,596	35,229,395	47,949,118	53,760,562	39,024,154	37,713,631	37,277,600	36,261,180
EXPENSES								
CLAIMS EXPENSE	18,401,574	20,861,471	20,524,036	20,336,586	26,834,168	26,254,000	23,871,000	25,946,000
RESERVE/IBNR ADJUSTMENT	7,711,000	6,470,000	6,681,000	8,823,000	(4,211,000)	5,332,000	5,538,000	5,377,000
MISC ADJUSTMENT	420,785	521,416	570,492	33,005	0			
OTHER INSUR COSTS	6,612,643	6,986,477	7,209,154	7,793,231	7,800,440	9,813,832	11,239,195	11,239,195
COUNTY ATTORNEY	1,606,388	1,681,852	1,739,570	1,715,757	1,737,920	1,941,843	2,224,940	2,224,940
GEN'L & ADMIN	267,161	278,580	276,937	294,871	409,181	517,668	550,555	550,555
PREMIUM REFUND	0	0						
MEDICAL PROGRAM								
INTEREST EXPENSE								
UNEMPLOYMENT								
INTEREST EXP-ESCROW								
LOSS ON INVESTMENT								
TOTAL	35,019,551	36,799,796	37,001,189	38,996,450	32,570,709	43,859,343	43,423,690	45,337,690
NET INCOME (LOSS)	(6,745,955)	(1,570,401)	10,947,929	14,764,112	6,453,445	(6,145,712)	(6,146,090)	(9,076,510)
BEGINNING BALANCES								
OTHER CHANGES								
EQUITY/FUND BAL	(3,527,528)	(10,273,483)	(11,843,884)	(895,955)	13,868,157	20,321,602	17,478,226	14,175,890
ESCROW FUND								
ENDING BALANCES								
EQUITY/FUND BAL	(10,273,483)	(11,843,884)	(895,955)	13,868,157	20,321,602	14,175,890	11,332,136	5,099,380

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Montgomery County Division of Risk Management

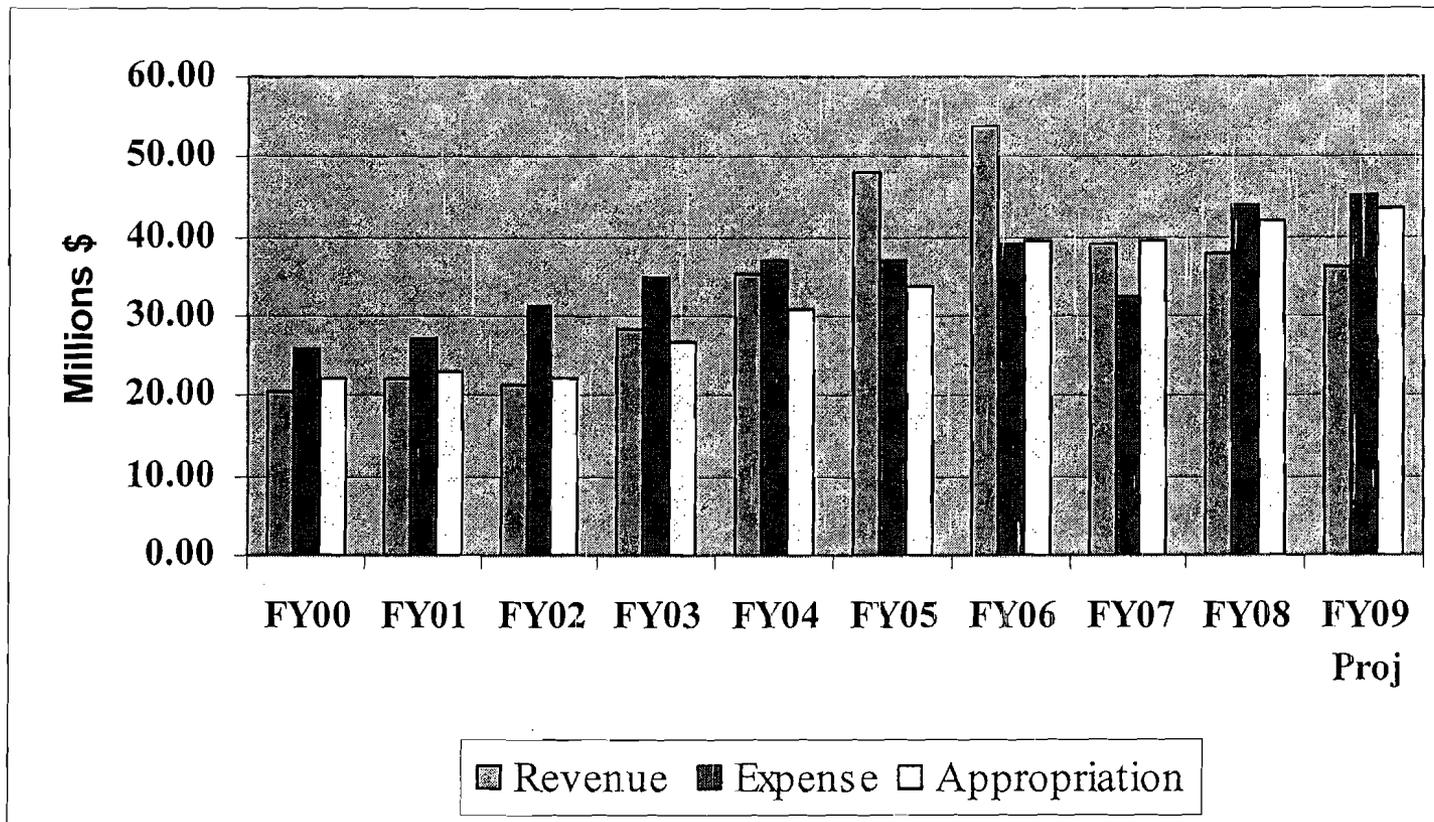
February 2, 2009

Division of Risk Management Projects/Initiatives (as of 12/31/08)

~~Denotes changes from previous report~~

Recommendations	County	MCPS	M-NCPPC	College	HOC	WSSC
1. Salary Continuation Issues						
a) Pay State Mandated Benefits	Bargaining required – not actively pursuing	Bargaining required – not actively pursuing	Combined with Managed Care/ Bargaining Required	Combined with managed care	Not Pursuing	Completed
b) Eliminate 1 st 3 days pay	Bargaining required – not actively pursuing	Bargaining required – not actively pursuing	Implemented except where required by bargaining	See Above	Not Pursuing	Use annual or sick leave, reinstated if injury period exceeds 14 days.
c) Reduce Period of Full Pay	Partially Implemented FY95 limited to 12/18 months	Partially implemented FY95 limited to 1 year	Implemented	See Above	Full salary for 5 months for unrepresented. 18 months for rep.	Full Pay and position protection for 5 months/
d) Pay net take home salary	Implemented	Implemented	Bargaining Required	See Above	Bargaining required	Provide 150 days of pay supplement.
2. Require light duty programs	Implemented	Informal Program in place with OHR	Implemented	Implemented	Assigned when available	Implemented.
3. Implement loss reduction programs	Implemented	Pilot programs in DOT & Plant ops	Implemented—specialized analysis ongoing	Evaluating need	Evaluating need	Implemented.
4. Implement Managed Care	Implemented	Implemented	Implemented	Implemented	Implemented	Implemented.
5. Change State law on panel of physicians	Working with focus groups	Support	Support	Support	Support	Support
6. Implement Executive Order on Safety	Implemented	Not Pursuing	Implemented	Implemented	HOC Policy Implemented	Implemented
7. Focus on hazardous acts	Implemented	Pilot programs in DOT & Plant ops	Combined Approach	Implemented	Evaluating	Part of Safety Program
8. Establish facility inspection program	Implemented	Implemented with property insurer	Implemented	Implemented	Implemented	Implemented
9. Train Supervisors in safety	Implemented/Continuing	Implemented for DOT & Plant ops.	Implemented	Implemented	Implemented	Implemented
10. Train Staff on safety awareness	Implemented/Continuing	Implemented in DOT & Plant ops.	Implemented	Implemented	Implemented	Implemented
11. Develop RMIS	Seeking Funding					N/A

Division of Risk Management Appropriation, Contribution and Expense



Data source -- Self-Insurance Fund
Balance sheet and income statement

Revenue in FY05 & FY06 increased to bring fund balance into compliance with policy. Expense includes IBNR adjustments of \$5.3 million in 2008 and \$5.4 million in FY09.

Agency Incurred Cost Per \$100 Payroll

Agency	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09
MGG	1.07	1.16	1.32	1.50	1.93	2.64*	2.35	2.55
MCPS	0.60	0.55	0.55	0.56	0.61	0.51	0.45	0.50
College	0.017	0.15	0.14	0.15	0.17	0.15	0.12	0.15
MNCPPC	1.91	1.61	1.62	1.54	1.70	1.71	1.95	2.12
Rockville	2.10	2.00	1.89	1.72	2.20	2.35	2.33	2.42
Gaithersburg	1.33	1.19	0.81	0.93	0.99	0.83	0.74	0.91
Revenue Auth	0.98	0.98	0.97	1.27	1.69	1.18	1.06	0.99
HOC	0.36	0.38	0.34	0.85	1.08	1.21	0.59	0.70
Rockville Housing	0.35	0.34	0.34	1.36	0.29	0.29	0.33	0.42
Somerset	1.30	1.46	1.41	1.37	1.28	1.31	1.09	1.06
Martins Add	3.77	3.59	3.33	3.49	3.4	2.77	3.07	2.86
Bethesda UP	0.96	0.82	0.76	0.71	0.56	0.41	0.51	0.47
Takoma Park				3.15	3.56	3.15	2.81	3.53
Friendship Hts					0.46	0.41	0.40	0.37
Total	0.96	0.94	1.01	1.08	1.28	1.18	1.23	1.19

*Beginning FY07, based on recommendation from the Office of the Inspector General, the County cost per \$100 of payroll includes Fire & Rescue Services. FRS figures can be found on subsequent charts in this presentation.

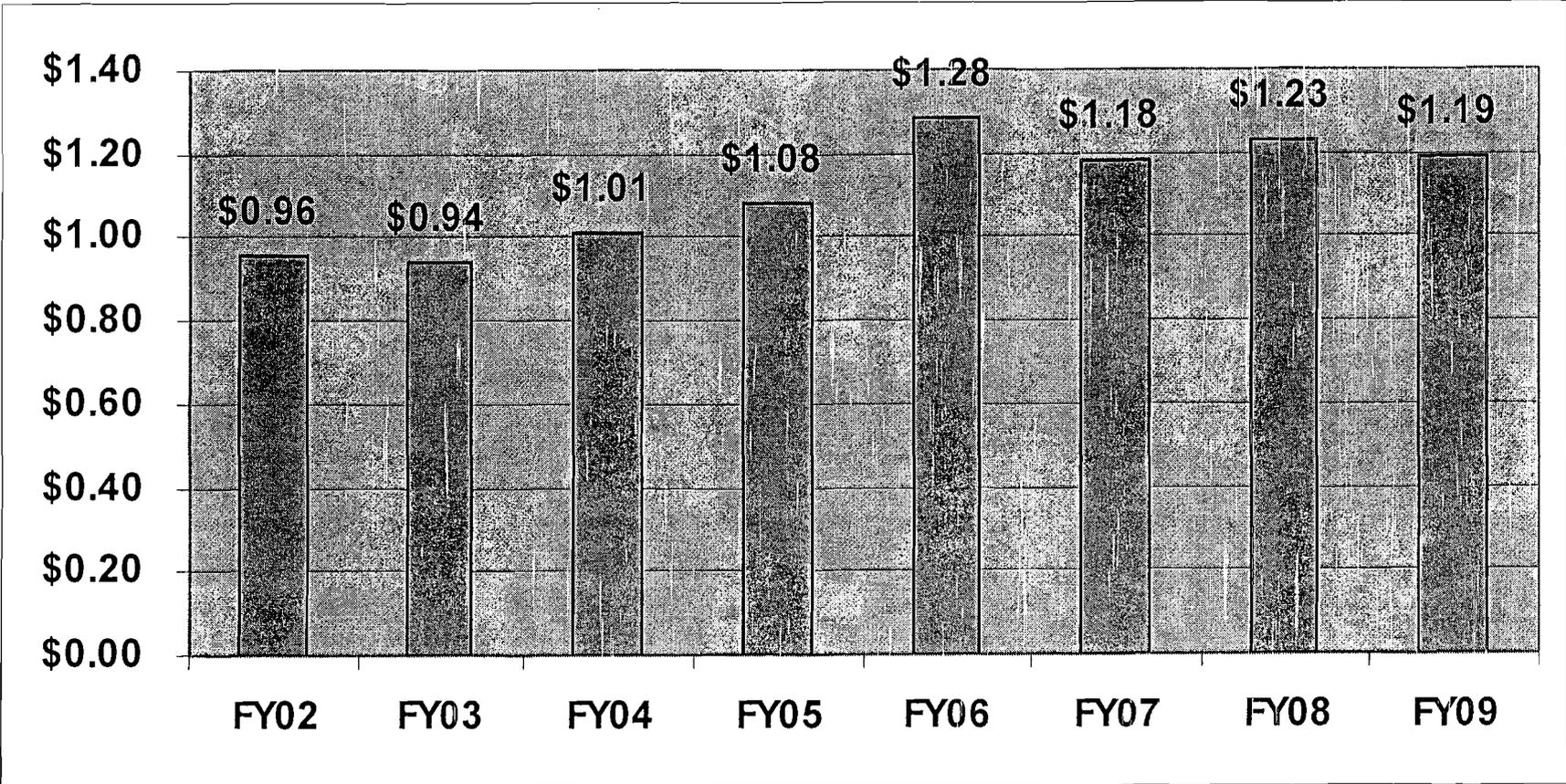
Source - Actuarial projection of Workers' Compensation cost divided by Expected payroll

**Montgomery County
Incurred WC Cost per \$100 Payroll
By Department**

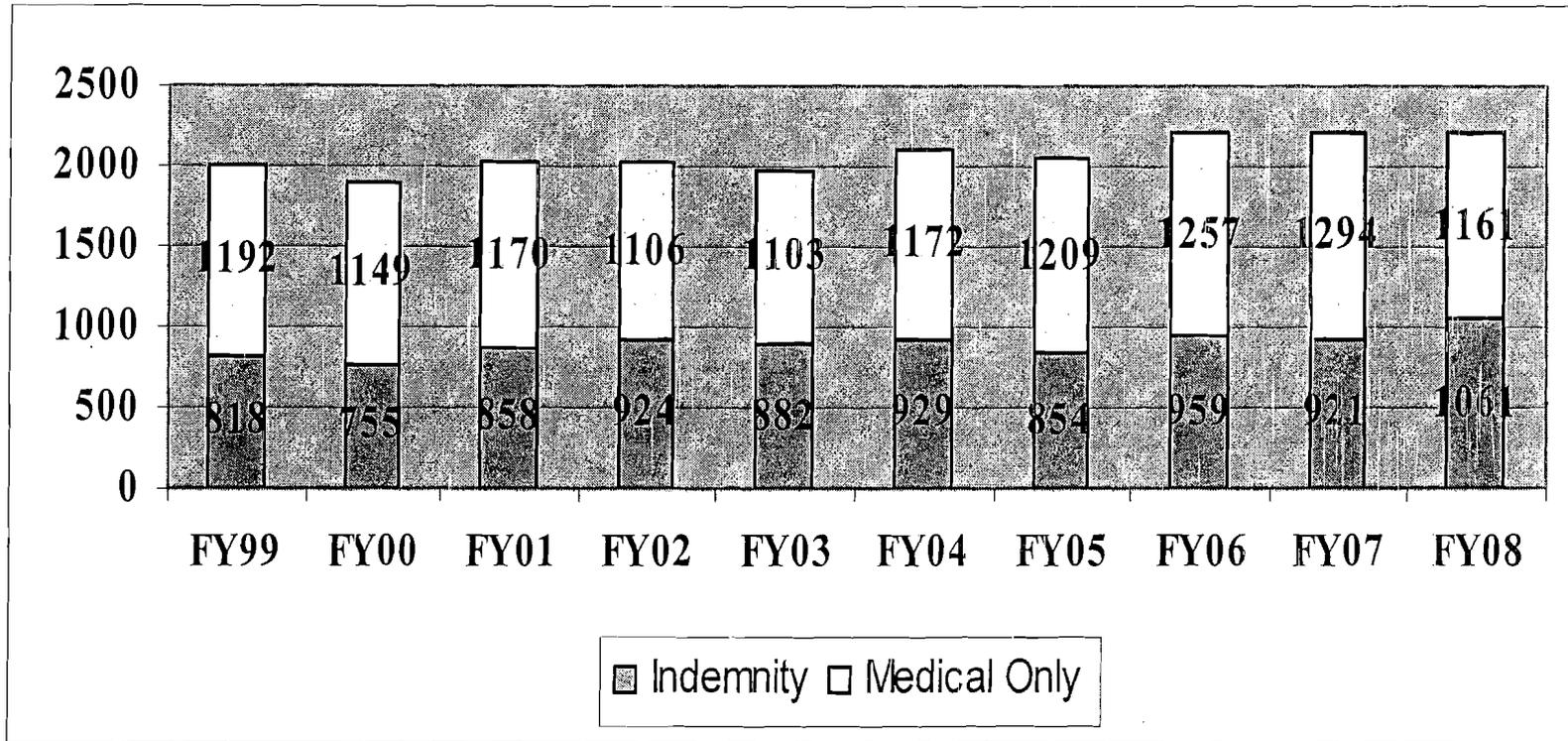
	Standard	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09
FRS	15.30	4.41	4.99	5.68	6.36	7.05	6.48	5.54	6.40
Police	3.50	2.20	2.25	2.93	3.35	4.23	3.91	3.70	4.59
DPW&T	8.73	1.67	1.73	1.74	1.80	2.20	2.28	2.48	
DLC	7.53	2.50	2.74	2.78	2.99	3.67	3.23	2.68	2.80
Corrections	8.26	1.57	1.90	1.80	2.21	2.75	2.70	3.28	3.21
DOT	7.02								3.21
DGS	3.64								2.11
Other	0.28	0.25	0.33	0.34	0.39	0.53	0.39	0.32	0.32

Source: Actuarial Projection of annual workers' compensation
cost divided by projected payroll factored by \$100

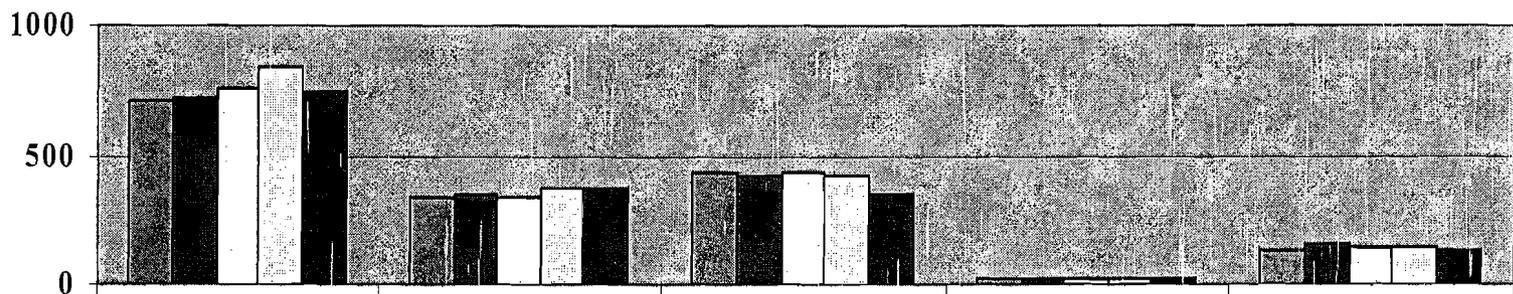
Incurred WC Cost per \$100 Payroll Self-Insurance Program



Workers' Compensation Claims Self-Insurance Program

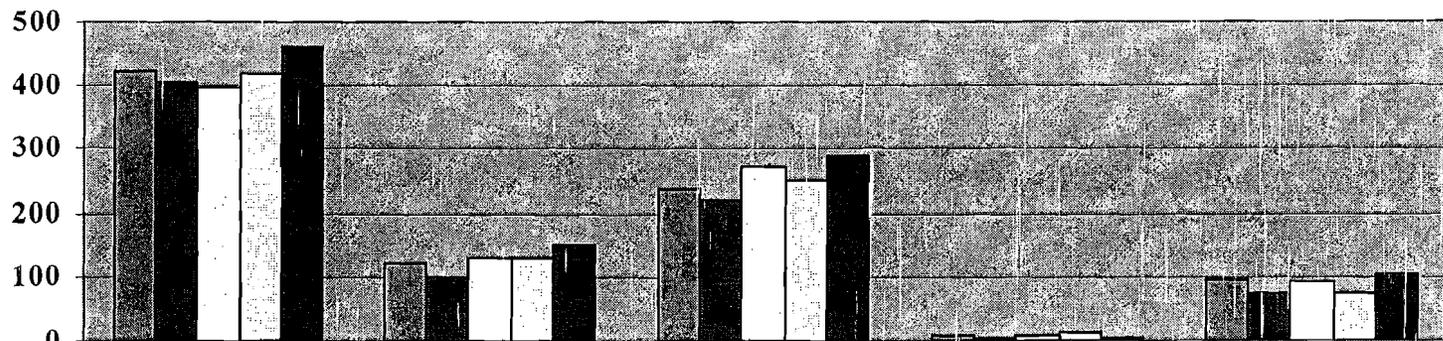


WC Medical Only Claims



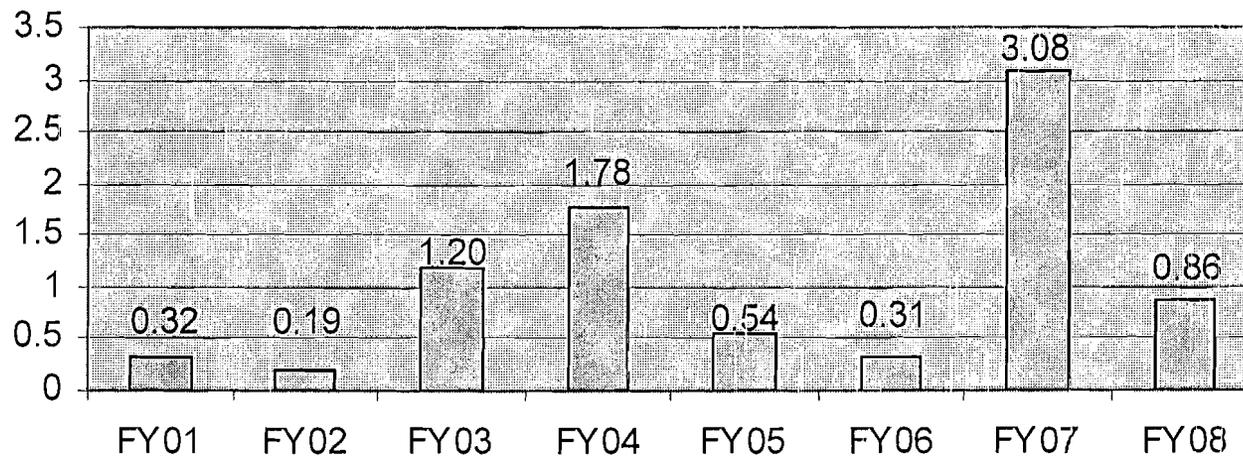
	MCG - Public Safety	MCG - Other County	MCPS	Montgomery College	M-NCPPC
■ FY04	713	339	429	25	127
■ FY05	720	345	420	27	152
□ FY06	759	337	430	19	145
□ FY07	839	375	419	29	146
■ FY08	750	368	354	28	136

WC Claims With Lost Time From Work



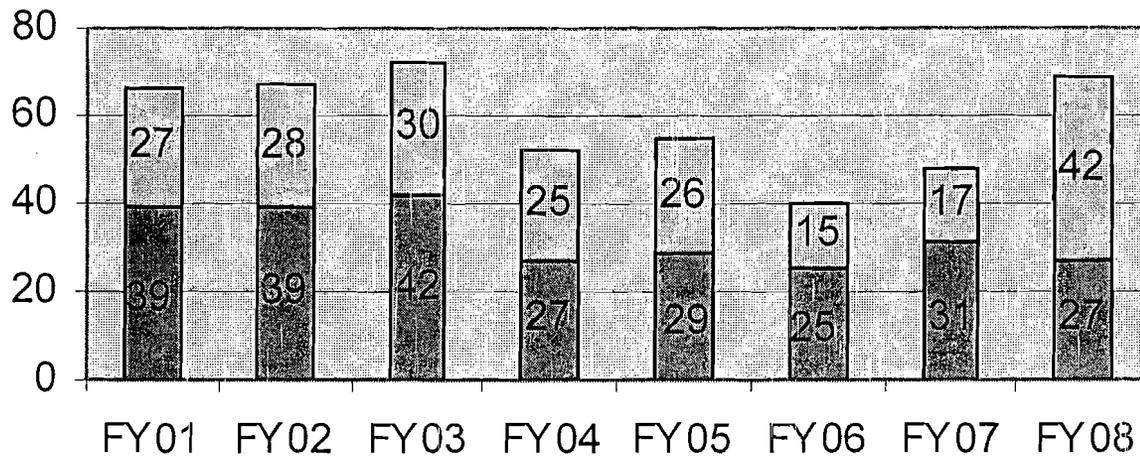
	MCG - Public Safety	MCG - Other County	MCPS	Montgomery College	M-NCPPC
■ FY04	422	121	239	9	95
■ FY05	405	98	221	6	73
□ FY06	398	131	273	8	92
□ FY07	418	129	249	11	73
■ FY08	460	152	287	5	102

WSSC Cost Per \$100 of Payroll



■ Cost Per \$100 of Payroll

WSSC WC Claims



■ Indemnity Claims □ Med Only Claims

MONTGOMERY COUNTY SELF-INSURANCE PROGRAM

Actuarial Analysis

as of

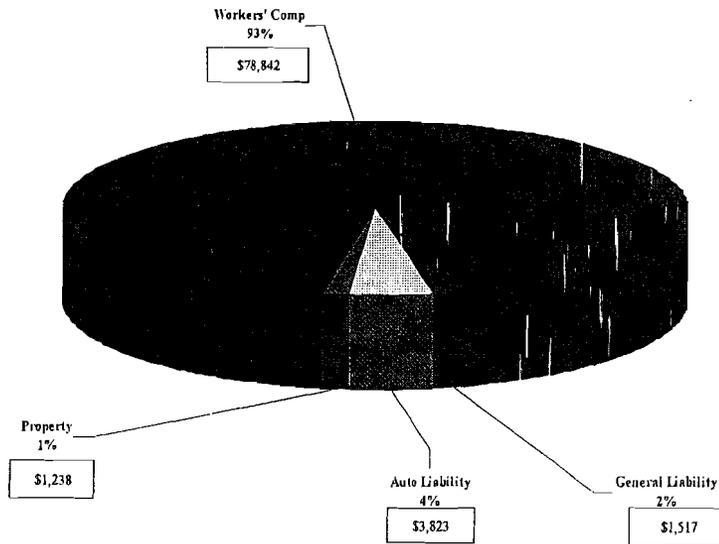
June 30, 2008

AMI Risk Consultants, Inc.

MONTGOMERY COUNTY SELF-INSURANCE PROGRAM COMPARISON OF RESERVES BY LINE OF COVERAGE

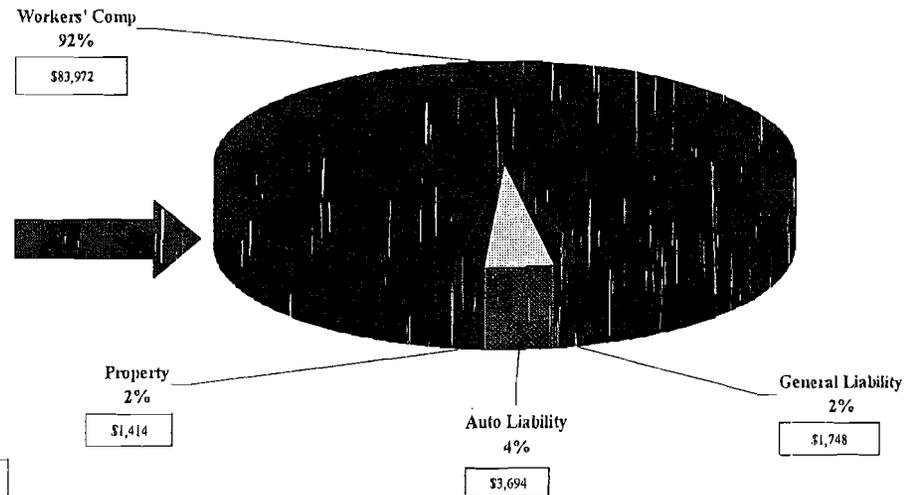
TOTAL RESERVES @ JUNE 30, 2007

\$85,420
(\$000)



TOTAL RESERVES @ JUNE 30, 2008

\$90,827
(\$000)



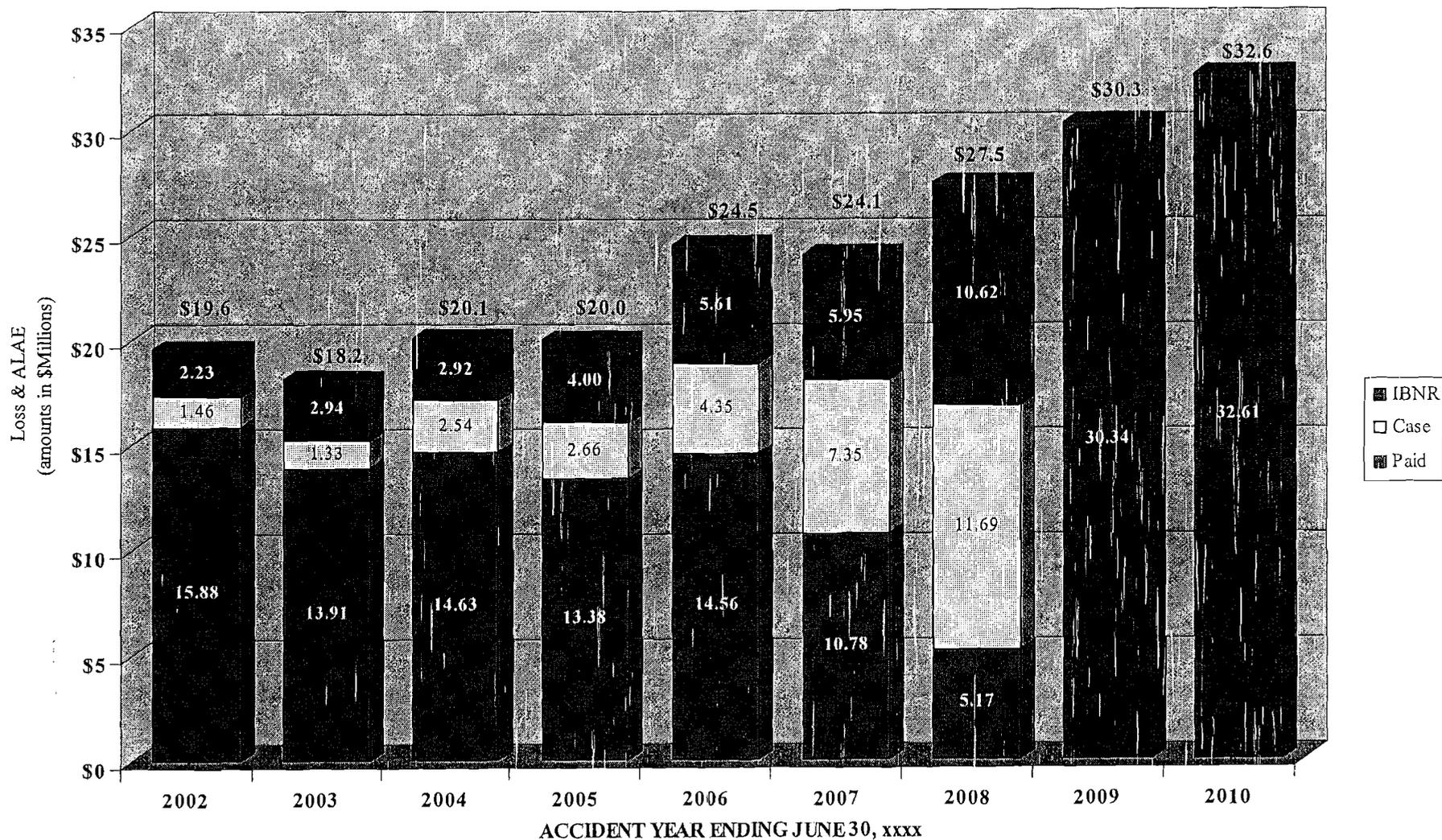
MONTGOMERY COUNTY SELF-INSURANCE PROGRAM
ACTUARIAL ANALYSIS AS OF 6/30/08
EXCLUDING PARK AND PLANNING AGENCY
(AMOUNTS IN \$000'S)

	WORKERS COMPENSATION	GENERAL LIABILITY	AUTO LIABILITY	PROPERTY	TOTAL
(A) RESERVE @ 6/30/07	69,729	1,403	3,444	923	75,499
(B) CHANGE IN FY07 & PRIOR ULTIMATES	2,467	450	(230)	(154)	2,532
(C) FY08 SELECTED ULTIMATE	24,595	781	2,246	1,432	29,054
(D) PAID LOSSES DURING FY08	22,099	1,066	1,941	1,149	26,254
(E) RESERVE @ 6/30/08 (A) + (B) + (C) - (D)	74,962	1,568	3,519	1,052	80,831
	7.1%	11.8%	2.2%	14.0%	7.1%
CHANGES IN RESERVES	5,233	165	75	129	5,332

MONTGOMERY COUNTY SELF-INSURANCE PROGRAM
ACTUARIAL ANALYSIS AS OF 6/30/08
(AMOUNTS IN \$000'S)

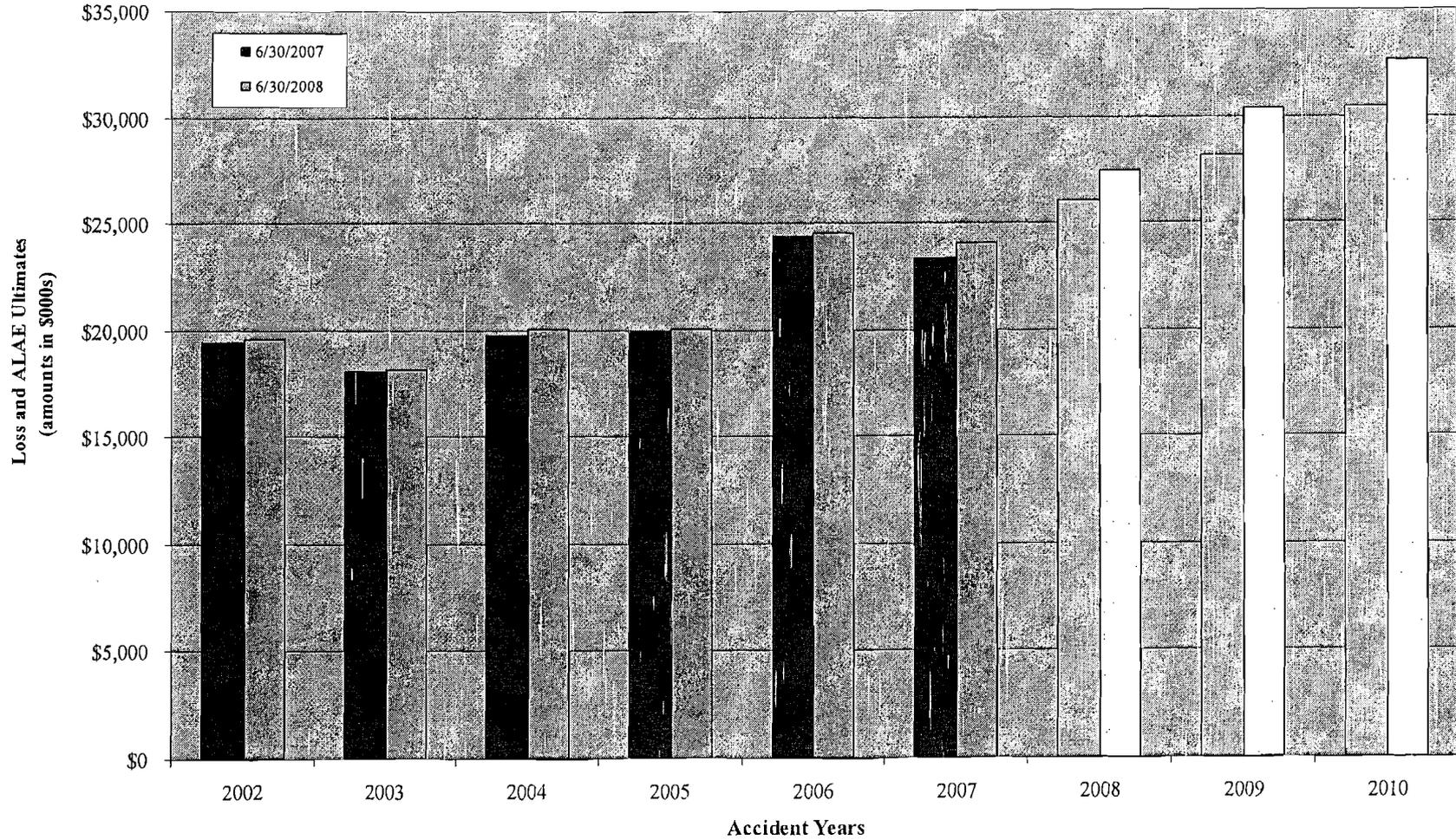
	WORKERS COMPENSATION	GENERAL LIABILITY	AUTO LIABILITY	PROPERTY	TOTAL
(A) RESERVE @ 6/30/07	78,842	1,517	3,823	1,238	85,420
(B) CHANGE IN FY07 & PRIOR ULTIMATES	2,093	623	(364)	(239)	2,112
(C) FY07 SELECTED ULTIMATE	27,480	879	2,373	1,863	32,595
(D) PAID LOSSES DURING FY08	24,443	1,271	2,138	1,448	29,300
(E) RESERVE @ 6/30/08 (A) + (B) + (C) - (D)	83,972	1,748	3,694	1,414	90,827
CHANGES IN RESERVES	6.5%	15.2%	-3.4%	14.2%	6.3%
	5,130	231	(129)	176	5,407

MONTGOMERY COUNTY SELF-INSURANCE PROGRAM
Workers' Compensation Accident Year Components @ June 30, 2008



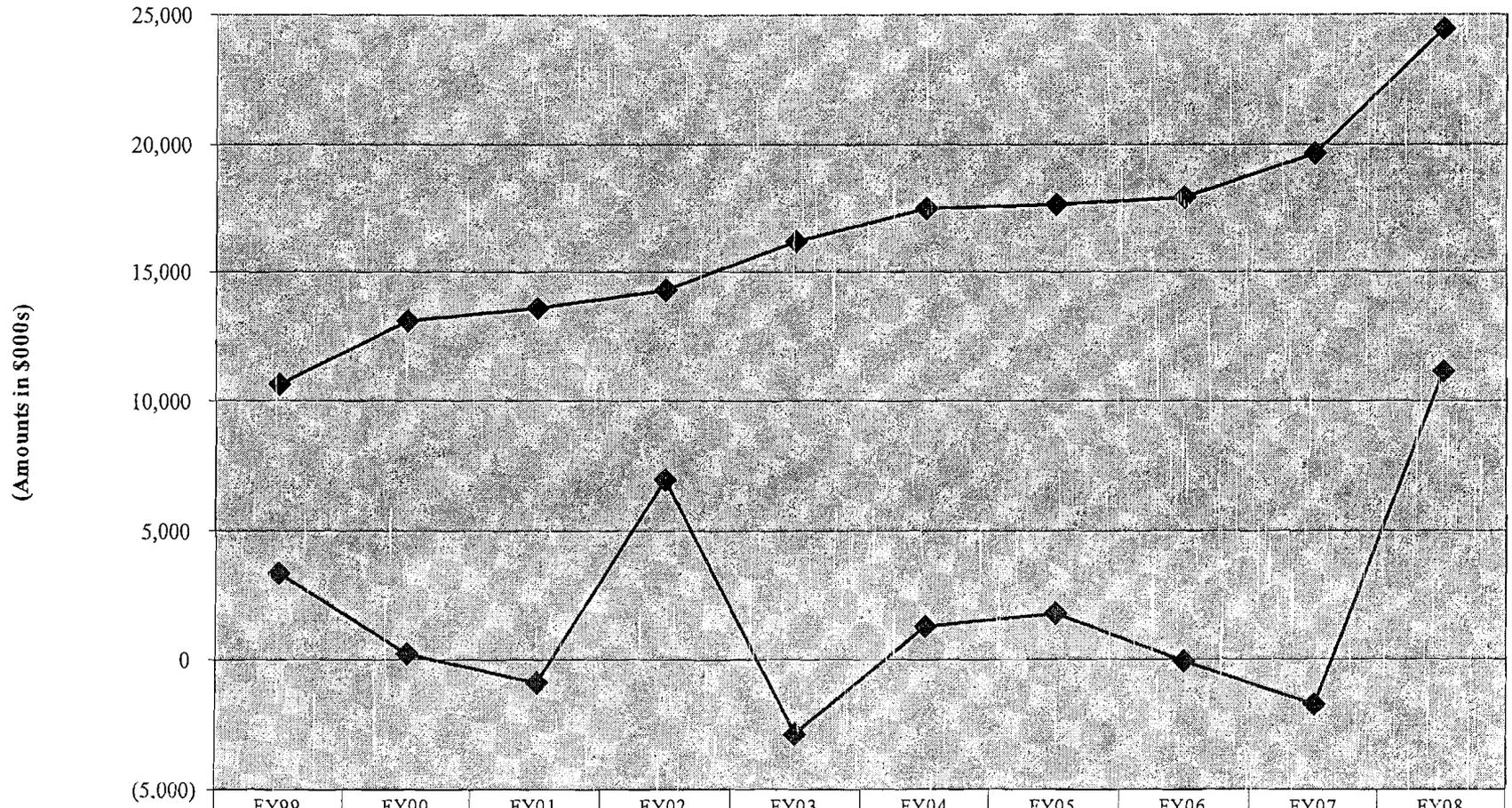
AMI Risk Consultants, Inc.

MONTGOMERY COUNTY SELF-INSURANCE PROGRAM
Workers Compensation Accident Year Ultimate
Loss & ALAE Projections



CC

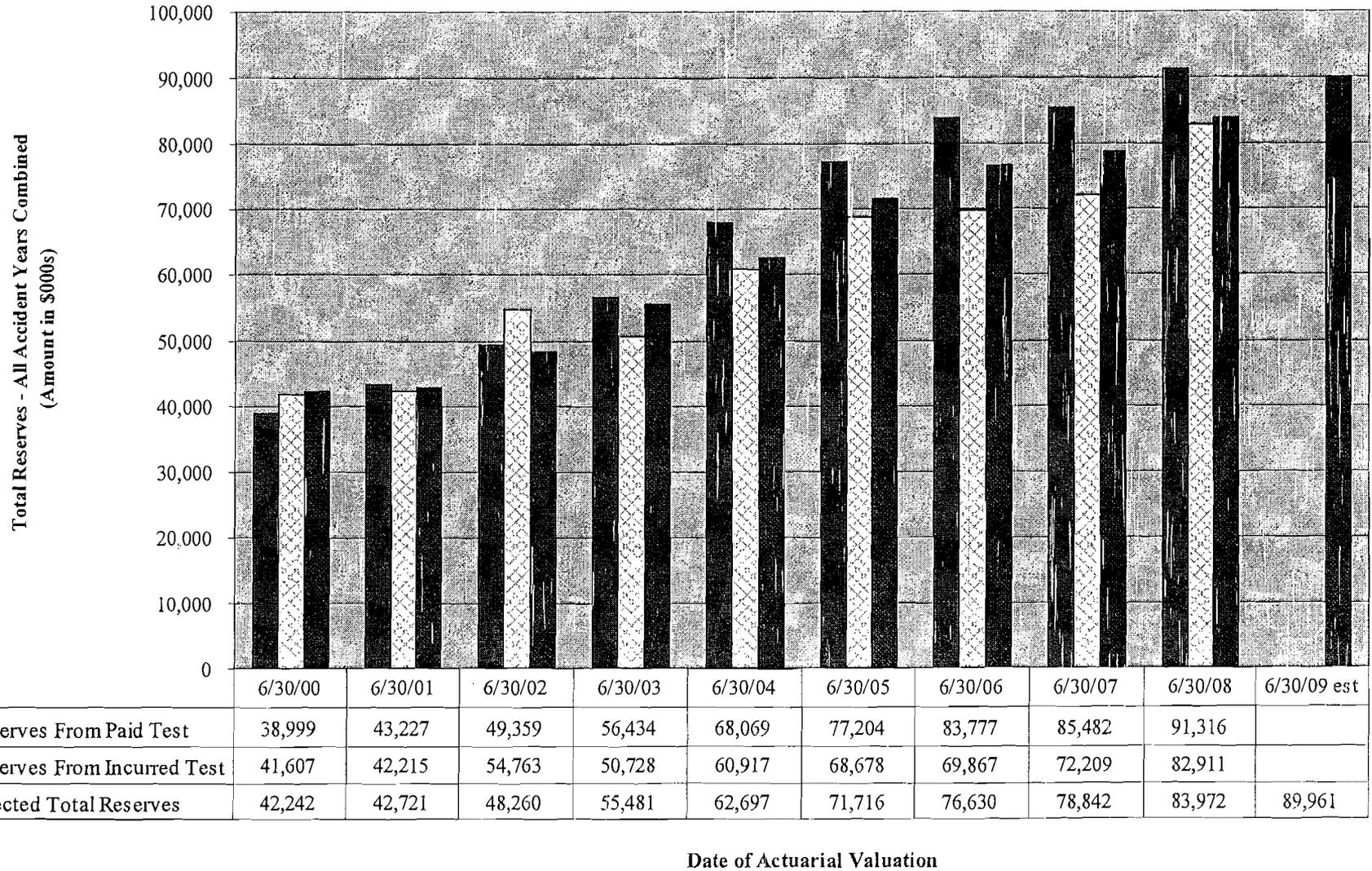
MONTGOMERY COUNTY SELF-INSURANCE PROGRAM
Workers Compensation Loss and ALAE
Fiscal Year Amounts Paid and Changes in Total Case Reserves



	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08
—◆— Paid During FY	10,621	13,090	13,608	14,346	16,256	17,515	17,632	17,901	19,617	24,443
—◆— Change in Case Reserve	3,316	232	(865)	6,990	(2,854)	1,278	1,825	(38)	(1,765)	11,146

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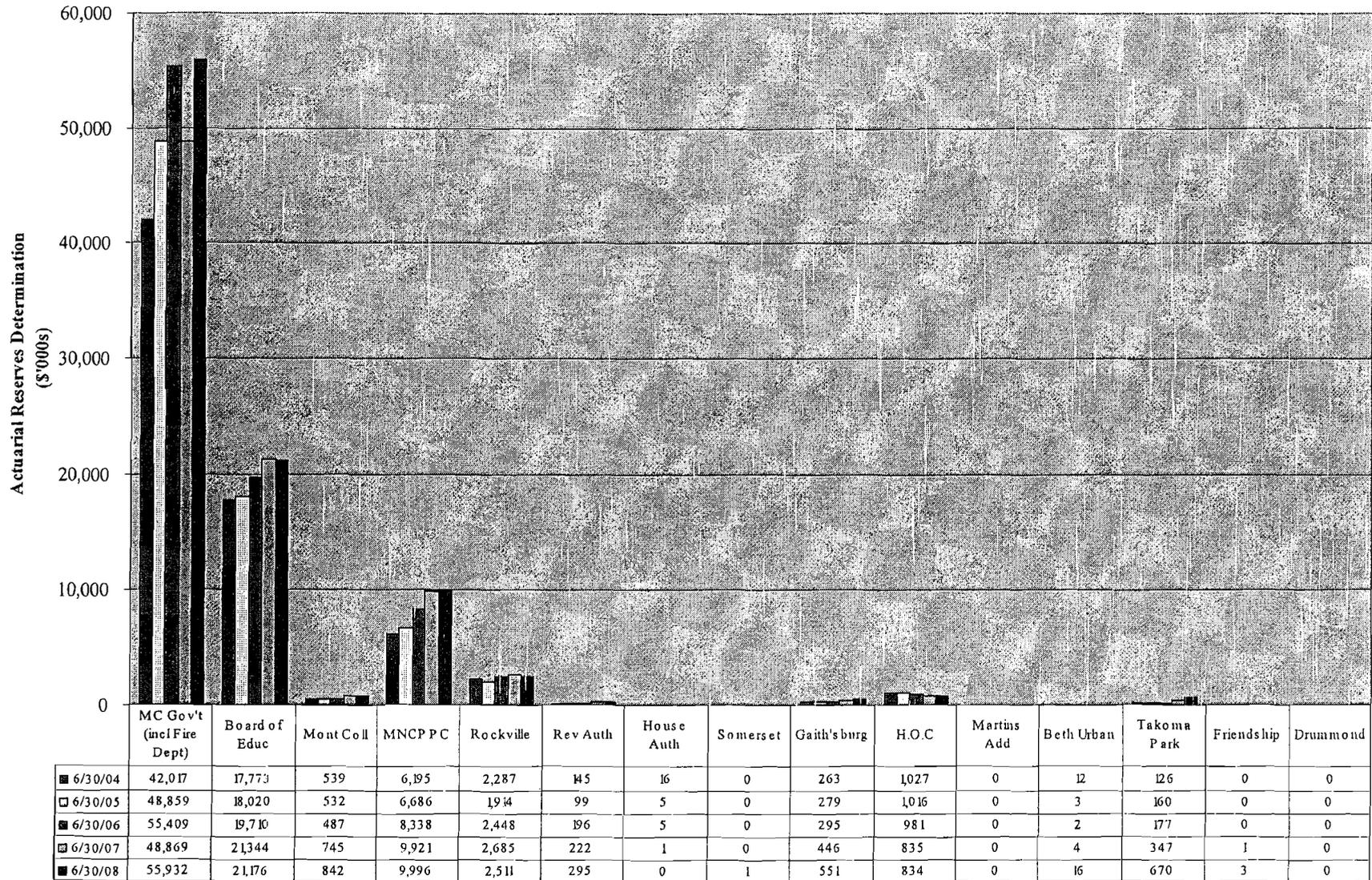
**MONTGOMERY COUNTY SELF-INSURANCE PROGRAM
Workers Compensation Loss & ALAE Total Reserve Indications
For All Accident Years Combined**



Date of Actuarial Valuation

(24)

MONTGOMERY COUNTY
Reserves Allocated by Agency - All Coverage Combined (Amount in \$'000s)

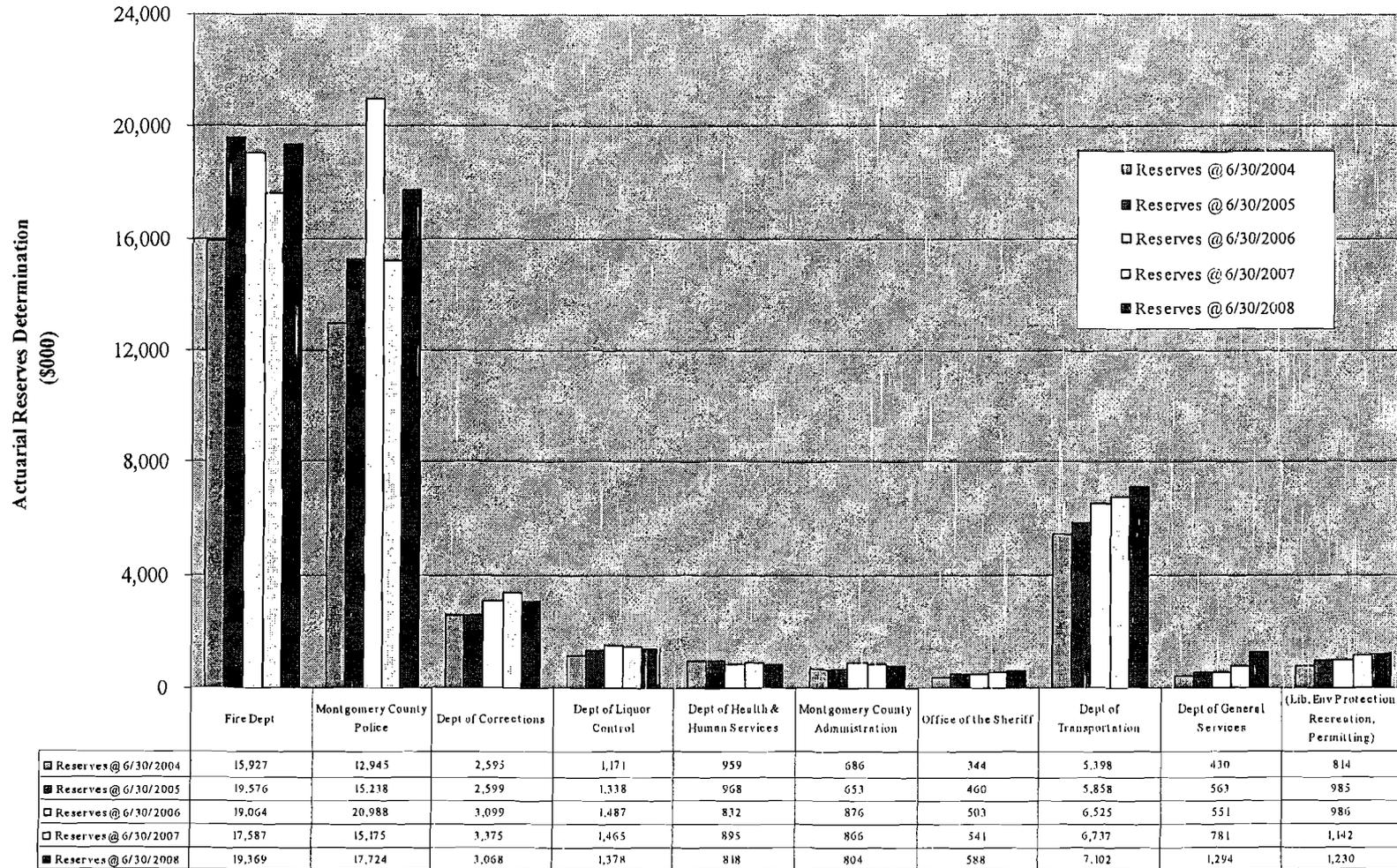


25

MONTGOMERY COUNTY GOVERNMENT

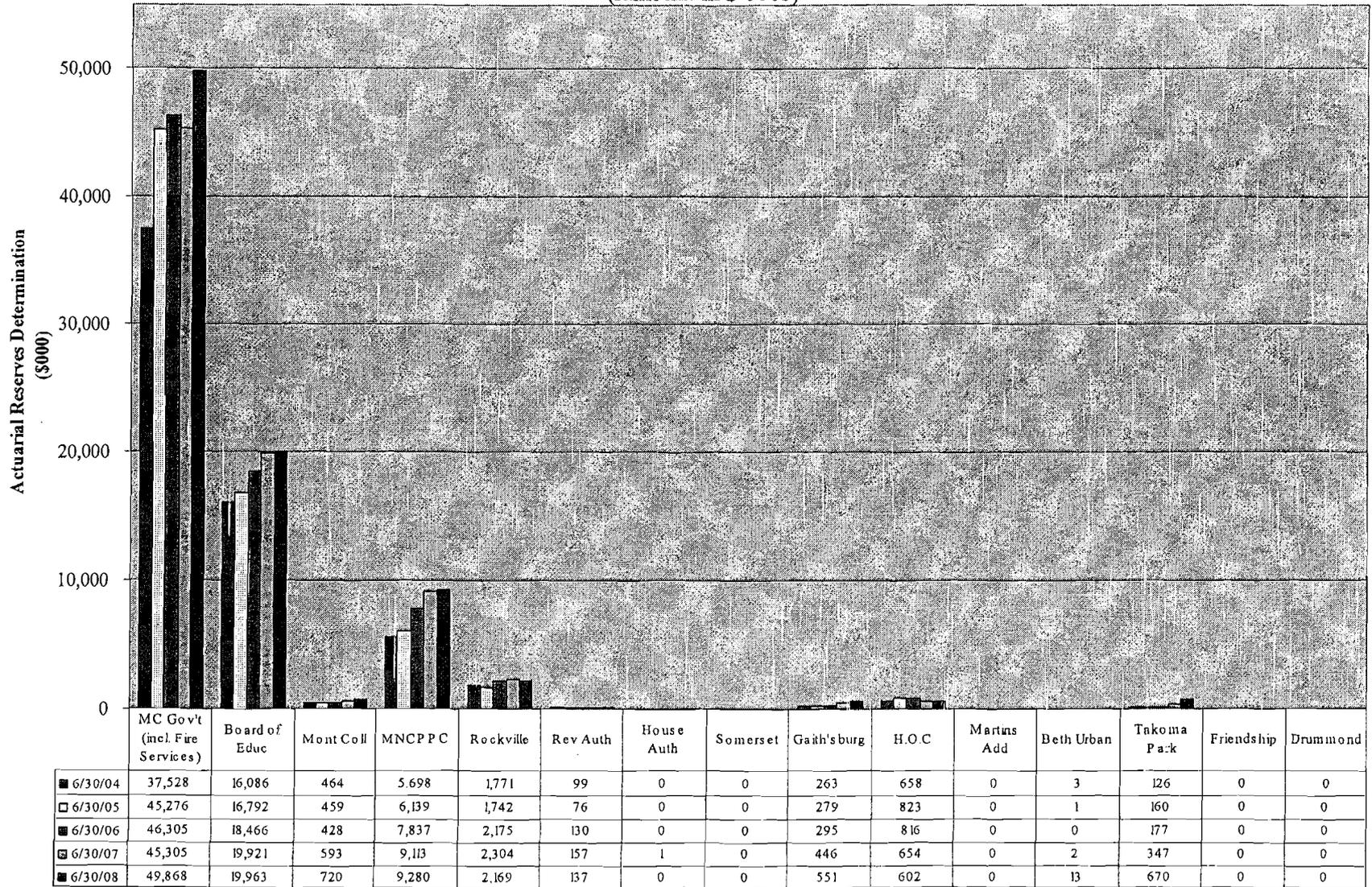
Total Undiscounted Reserves Allocated Among Departments (with Fire Dept Agency)

(Workers Compensation, General Liability & Auto Liability Combined)



26

MONTGOMERY COUNTY
Reserves Allocated by Agency - Workers Compensation
 (Amount in \$'000s)



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MONTGOMERY COUNTY GOVERNMENT

Total Undiscounted Reserves Allocated Among Departments (with Fire Dept Agency) Workers Compensation

