

State of Florida
Division of Workers' Compensation - Self Insurance Section

Checklist to accompany the annual actuarial report for loss reserve calculation

INSTRUCTIONS: This form should be completed by the self-insured's actuary and submitted at the same time as the annual actuarial report. Sections I - IV must always be completed. Appendices A - D are required only as indicated in Section III.

Section I. Name of Self-Insurer: _____

Evaluation date: ____ / ____ / ____ Loss Reserve (discounted @ 4%) _____

Section II. Name of Actuary _____ Phone Number _____

Company _____

Address _____

City _____ State _____ Zip Code _____

Section III. Loss Reserve Development Methods.

Which of the following projection methods were used to evaluate the ultimate loss reserves?

Paid Loss Development Method? ___ YES ___ NO (Attach Appendix A)

Incurred Loss Development Method? ___ YES ___ NO (Attach Appendix B)

Bornhuetter-Ferguson Paid Method? ___ YES ___ NO (Attach Appendix C)

Bornhuetter-Ferguson Incurred Method? ___ YES ___ NO (Attach Appendix C)

Were other development methods used? ___ YES ___ NO

Method: _____ (Attach a copy of

Method: _____ Appendix D for

Method: _____ each method)

If requested, by the Self-Insurance Unit , could your firm provide the computerized spreadsheets containing the calculations of the loss reserves? ___ YES ___ NO

Section IV. TEST FOR REASONABLENESS OF SELECTED ULTIMATE LOSSES

Explain how weights were assigned to each of the loss reserving methods in order to arrive at the selected ultimate losses.

Explain the basis of credibility assumptions.

Does the progression of claims frequency across the years support the reasonableness of the selected ultimate losses? YES: NO, explanation :

Does the progression of average claims severity across the years support the reasonableness of the selected ultimate losses? YES: NO, explanation:

Does the progression of loss ratios across the years support the reasonableness of the selected ultimate losses? YES: NO, explanation:

Does the claims payable reserve include an offset for aggregate recoveries allowed on Second Disability Trust Fund (SDTF) recoveries? YES: NO

Does the claim payable reserve include an offset for excess insurance recoveries? YES: NO

Has a provision for Unallocated Loss Adjustment Expenses (ULAE) been determined for the cost of claims administration in the event of claims run-off? YES: NO

Appendix A: Paid Loss Development Method

- Individual Self-Insurer's data _____, industry sources _____, or both _____ was (were) considered in selecting a paid loss development pattern .

- Are allocated lost adjustment expenses (ALAE) included in the paid loss development triangle?

_____ Yes; _____ No

If not, explain how a provision for ALAE was included in the funding estimate:

- Were specific excess insurance recoveries estimated implicitly using net data in the paid loss projections?

_____ Yes; _____ No

If not, explain what separate analysis was done to estimate these recoveries explicitly:

- Were non-contractual recoveries estimated implicitly using net data in the paid loss projections?

_____ Yes; _____ No

If not, explain what separate analysis was done to estimate these recoveries explicitly:

- Did the mix of medical only versus lost time cases remain relatively constant during the history?

_____ Yes; _____ No

If not, explain how this was considered in the paid loss projections:

- Did the settlement patterns remain relatively constant during the experience history?

_____ Yes; _____ No

If not, explain how this was considered in the paid loss projections:

- Loss development patterns have been based on: _____ historical SIRs _____ recasted SIRs

Appendix B: Incurred Loss Development Method

- Individual Self-Insurer's data _____, industry sources _____, or both _____ was (were) considered in selecting a reported loss development pattern .

- Are allocated lost adjustment expenses (ALAE) included in the reported loss development triangle?

_____ Yes; _____ No

If not, explain how a provision for ALAE was included in the funding estimate:

- Were specific excess insurance recoveries estimated implicitly using net data in the reported loss projections?

_____ Yes; _____ No

If not, explain what separate analysis was done to estimate these recoveries explicitly:

- Were non-contractual recoveries estimated implicitly using net data in the paid loss projections?

_____ Yes; _____ No

If not, explain what separate analysis was done to estimate these recoveries explicitly:

- Did the mix of medical only versus lost time cases remain relatively constant during the history?

_____ Yes; _____ No

If not, explain how this was considered in the reported loss projections:

- Did the case reserve adequacy remain relatively constant during the experience history?

_____ Yes; _____ No

If not, explain how this was considered in the reported loss projections:

- Loss development patterns have been based on: _____ historical SIRs _____ recasted SIRs

