

Your Letterhead

Risk Memorandum

Statistical Analysis of the Projected Claims and Stop-Loss Terms

To: William Jones
 XYZ Service Company
 124 Main Street
 Raleigh, NC 27601

From: Jack Consultant

Re: Statistical Analysis of Projected Claims and Stop-Loss for the:
 Health Care Plan of the ABC Service Company
 Gold Option

Benefits: Medical, Rx and Dental

Date: April 23, 2010

The Statistical Analysis above-cited for the Plan Year 1-1-2010 through 12-31-2010 is summarized as follows:

1. <u>Projected Claims</u>	<u>Without Specific Stop-Loss</u>	<u>With Specific Stop-Loss</u>
<u>Confidence Interval</u>		
0%	\$14,500,000	\$13,100,000
60%	1,000,000	900,000
75%	1,300,000	1,200,000
90%	1,600,000	1,500,000
2. <u>Stop-Loss Analysis</u>	<u>Specific</u>	<u>Aggregate</u>
Projected Plan Year Premiums	\$1,100,000	\$100,000

Economic Value of Stop-Loss	\$1,400,000	\$120,000
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Notes: A Risk/Actuarial Work-Product based on Monte Carlo simulations is attached hereto and is the basis of the data above-displayed.