

# Actuarial Work-Products, Inc.

8025 North Point Blvd, Suite 207W  
Winston-Salem, NC 27106  
Tel. (336) 759-2035  
Fax. (336) 896-0392  
e-mail: harker2@earthlink.net

Carlton Harker, FSA, MAAA  
Principal  
www.self-fundhealth.com  
www.actuarialworkproducts.com  
www.ifebp.org/1harker  
www.awpse.com

**TO: Addressee No. 1**

Administrators, Inc.  
414 Main Street  
Portland, OR 97114  
601-414-8888  
601-516-1414

**Addressee No. 2**

Self-Funding Actuarial Service  
8025 North Point Blvd Ste 207W  
Winston-Salem, NC 27106  
336-759-2035  
336-896-0392

**Addressee No. 3**

XYZ Service Industries, Inc.  
PO Box 116  
Mobile, AL 34116  
604-160-1425  
604-280-8416

**RE: Annual Actuarial Report for the Health Care Plan of:  
XYZ Health Care Plan - M,Rx**

**Primary Risk Pool: ActivesCOBR  
Secondary Risk Pool: Gold Option  
Tertiary Risk Pool: M,Rx**

**Engager is Addressee Number 1**

**Eligible User is Addressee Number 2**

**Projected Plan Period: 07/01/2009 to 06/30/2010**

This Certification provides an actuarial opinion with respect to the subject risk pools for the purpose of computing recommended funding factors and COBRA premiums. Non-certified claim reserves are used in the development thereof and should serve no other purpose. The valuation date of such factors is the beginning of the Projected Plan Period.

Sincerely,

09/10/2009

Carlton Harker, FSA, MAAA  
Actuarial Work-Products, Inc.

# Results of Computations

**Lives Covered:** ActivesCOBR

**Plan Options:** Gold Option

**Benefits Provided:** M,Rx

**Projected Costs: Claims (Paid Basis): \$8,021,757 Fixed: \$799,917**

**Claim Reserves (End of Current Plan Year-COBRA Purposes Only):**

**Claims Paid Basis: \$1,042,828 Claims Made Basis: \$2,429,790**

## Monthly Funding and COBRA Factors

<b>Census Tier</b>	<b>I</b>	<b>P/C</b>	<b>P/S</b>	<b>F</b>
<b>Census Count (1,000)</b>	<b>400</b>	<b>100</b>	<b>200</b>	<b>300</b>
<b>Projected Claims</b>	<b>\$400</b>	<b>\$640</b>	<b>\$720</b>	<b>\$1,000</b>
<b>Lasering</b>	<b>\$21</b>	<b>\$21</b>	<b>\$21</b>	<b>\$21</b>
<b>Aggregating Specific</b>	<b>\$8</b>	<b>\$8</b>	<b>\$8</b>	<b>\$8</b>
<b>Fixed Costs</b>	<b>\$39</b>	<b>\$63</b>	<b>\$71</b>	<b>\$99</b>

## Additional Charges

<b>Claim Reserve Chg</b>	<b>\$12</b>	<b>\$19</b>	<b>\$21</b>	<b>\$30</b>
<b>Employer Int Cost</b>	<b>\$12</b>	<b>\$19</b>	<b>\$21</b>	<b>\$30</b>
<b>COBRA Stat 2%</b>	<b>\$9</b>	<b>\$15</b>	<b>\$17</b>	<b>\$24</b>
<b>Subtotal</b>	<b>\$34</b>	<b>\$54</b>	<b>\$61</b>	<b>\$85</b>
<b>COBRA Premiums</b>	<b>\$504</b>	<b>\$788</b>	<b>\$883</b>	<b>\$1,215</b>

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**RE: Annual Actuarial Report for the Health Care Plan of:  
XYZ Health Care Plan - M,Rx**

**Primary Risk Pool: ActivesCOBR  
Secondary Risk Pool: Silver Option  
Tertiary Risk Pool: M,Rx**

**Engager is Addressee Number 1**

**Eligible User is Addressee Number 2**

**Projected Plan Period: 07/01/2009 to 06/30/2010**

This Certification provides an actuarial opinion with respect to the subject risk pools for the purpose of computing recommended funding factors and COBRA premiums. Non-certified claim reserves are used in the development thereof and should serve no other purpose. The valuation date of such factors is the beginning of the Projected Plan Period.

Sincerely,

09/10/2009

Carlton Harker, FSA, MAAA  
Actuarial Work-Products, Inc.

# Results of Computations

Lives Covered: ActivesCOBR

Plan Options: Silver Option

Benefits Provided: M,Rx

Projected Costs: Claims (Paid Basis): \$4,246,247 Fixed: \$498,152

Claim Reserves (End of Current Plan Year-COBRA Purposes Only):

Claims Paid Basis: \$552,012 Claims Made Basis: \$1,286,188

## Monthly Funding and COBRA Factors

Census Tier	I	P/C	P/S	F
Census Count (600)	200	100	100	200
Projected Claims	\$340	\$544	\$612	\$850
Lasering	\$21	\$21	\$21	\$21
Aggregating Specific	\$8	\$8	\$8	\$8
Fixed Costs	\$39	\$63	\$71	\$99

## Additional Charges

Claim Reserve Chg	\$10	\$16	\$18	\$25
Employer Int Cost	\$10	\$16	\$18	\$25
COBRA Stat 2%	\$8	\$13	\$15	\$21
Subtotal	\$29	\$46	\$52	\$72
COBRA Premiums	\$439	\$684	\$766	\$1,053

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**RE: Annual Actuarial Report for the Health Care Plan of:  
XYZ Health Care Plan - M,Rx**

**Primary Risk Pool: Ret w/o Card  
Secondary Risk Pool: High Option  
Tertiary Risk Pool: M,Rx**

**Engager is Addressee Number 1**

**Eligible User is Addressee Number 2**

**Projected Plan Period: 07/01/2009 to 06/30/2010**

This Certification provides an actuarial opinion with respect to the subject risk pools for the purpose of computing recommended funding factors and COBRA premiums. Non-certified claim reserves are used in the development thereof and should serve no other purpose. The valuation date of such factors is the beginning of the Projected Plan Period.

Sincerely,

09/10/2009

Carlton Harker, FSA, MAAA  
Actuarial Work-Products, Inc.

# Results of Computations

Lives Covered: Ret w/o Card

Plan Options: High Option

Benefits Provided: M,Rx

Projected Costs: Claims (Paid Basis): \$3,818,740 Fixed: \$253,865

Claim Reserves (End of Current Plan Year-COBRA Purposes Only):

Claims Paid Basis: \$496,436 Claims Made Basis: \$1,156,696

## Monthly Funding and COBRA Factors

Census Tier	I	P/C	P/S	F
Census Count (300)	100	0	100	100
Projected Claims	\$600	\$960	\$1,080	\$1,501
Lasering	\$21	\$21	\$21	\$21
Aggregating Specific	\$8	\$8	\$8	\$8
Fixed Costs	\$39	\$63	\$71	\$99

## Additional Charges

Claim Reserve Chg	\$18	\$29	\$32	\$45
Employer Int Cost	\$18	\$28	\$32	\$45
COBRA Stat 2%	\$14	\$22	\$25	\$35
Subtotal	\$50	\$80	\$90	\$125
COBRA Premiums	\$720	\$1,134	\$1,273	\$1,756

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**RE: Annual Actuarial Report for the Health Care Plan of:  
XYZ Health Care Plan - M,Rx**

**Primary Risk Pool: Ret w/o Card  
Secondary Risk Pool: Low Option  
Tertiary Risk Pool: M,Rx**

**Engager is Addressee Number 1**

**Eligible User is Addressee Number 2**

**Projected Plan Period: 07/01/2009 to 06/30/2010**

This Certification provides an actuarial opinion with respect to the subject risk pools for the purpose of computing recommended funding factors and COBRA premiums. Non-certified claim reserves are used in the development thereof and should serve no other purpose. The valuation date of such factors is the beginning of the Projected Plan Period.

Sincerely,

09/10/2009

Carlton Harker, FSA, MAAA  
Actuarial Work-Products, Inc.

# Results of Computations

Lives Covered: Ret w/o Card

Plan Options: Low Option

Benefits Provided: M,Rx

Projected Costs: Claims (Paid Basis): \$3,977,254 Fixed: \$330,504

Claim Reserves (End of Current Plan Year-COBRA Purposes Only):

Claims Paid Basis: \$517,043 Claims Made Basis: \$1,204,710

## Monthly Funding and COBRA Factors

Census Tier	I	P/C	P/S	F
Census Count (400)	100	100	100	100
Projected Claims	\$480	\$768	\$864	\$1,200
Lasering	\$21	\$21	\$21	\$21
Aggregating Specific	\$8	\$8	\$8	\$8
Fixed Costs	\$39	\$63	\$71	\$99

## Additional Charges

Claim Reserve Chg	\$14	\$23	\$26	\$36
Employer Int Cost	\$14	\$23	\$25	\$36
COBRA Stat 2%	\$11	\$18	\$20	\$28
Subtotal	\$40	\$64	\$72	\$101
COBRA Premiums	\$590	\$927	\$1,039	\$1,431



# Commentary on the Computations

1. The computations result from a simple model created by the Actuary. Critical thereto are the following:
  - a. **Projected Paid Claims**  
This estimate is based on (a) a retrospective analysis of prior claims matched against relevant census data, and (b) a prospective analysis usually available from other relevant data such as large claims, lasers, benefit changes and Monte Carlo Simulations.
  - b. The monthly funding factor for lasering is the actuarially-determined economic cost to the employer of having to assume a greater share of the risk because the specific stop-loss terms have a higher deductible for high risk economic cost to the employer of having to assume a greater share of the risk covered pensions.
  - c. The monthly funding factor for the so-called aggregating specific is the actuarially-determined economic cost to the employer of having to assume a greater share of the risk because the terms of specific stop-loss are modified.
  - d. **Projected Paid Fixed Cost**  
Logic comparable to (a) was used-except that the retrospective analysis of fixed cost is usually not made.
  - e. **Additional Charges**  
Additional charges are:
    - i. **Allowance for Employer Internal Costs**  
This allowance is the percentage of paid claims which percentage is shown in the Schedule of Terms and Variables.
    - ii. **Allowance for Estimated Claims Reserve Changes**  
This allowance is Claim Reserve Percentage, shown in the Schedule of Terms and Variables, applied to the Estimated Claim Reserve (Claims Made basis) which Reserve is shown above. Such claim reserves are for COBRA purposes only and should not be used for any other purpose.
    - iii. **Statutory 2% Allowance**
2. The plan Sponsor may fund using: (a) a qualified trust [RC §501 (c)(9)]; (b) a non-qualified trust (IRC §419A); (c) a designated bank account (using Plan Sponsor's Tax I.D. Number); or (d) internal or memorandum accounts only. Methods (a) and (b) are funded and plan assets are created, Methods (b) and (c) are unfunded and plan assets are not created.

3. Items furnished by the Plan Sponsor or Claims Administrator, which were used on the computations, are attached hereto and made part of this Certification.
4. The Plan Sponsor's internal costs are estimated as set forth in Paragraph 1(c)(i). Such costs must be treated as a plan cost and be shown as such on the Form 5500. The Actuary assumes that the Plan Sponsor is able to justify these assumed internal costs.
5. The basis of the claims is paid but which will include an allowance for the run-in claims from the prior plan year. The Plan Options, Risk Pools and relevant census by tier are shown in the submitted data. These items were furnished to the Certifying Actuary by either the Plan Sponsor, Claims Administrator or consultant/risk manager.
6. The Funding and COBRA Factors may be graded by (a) geographic area and/or (b) attained age if: (a) parity or ADEA standards are met and (b) appropriate plan amendments are made. See Treatise COBRA Premiums That Are Actuarially Determined at [www.self-fundhealth.com](http://www.self-fundhealth.com)
7. Fully insured equivalent factors represent the sum of (a) projected claims (worst case scenario basis) and (b) projected fixed costs without regard to (c) lasering, aggregating specific or so-called additional adjustments.

8. **Symbols and Abbreviations**

I means Individual, survivors, spouse, etc.	M means medical only
P/C means participant and child	M, Rx means medical and Rx
P/S means participant and spouse	Rx means Rx only
P/C+ means participant and children	D means dental only
P/C/C+ means participant and child or children	V means vision only
P+1 means participant and one dependent	
P+2 means participant and two dependent	
F means all other	

# Certification

## Introduction

The scope and objective of this Certification are to provide an Actuarial Opinion that expresses (a) claim funding factors; (b) COBRA premiums and (c) estimated claim reserves appropriately stratified by (a) risk pool (active v. retiree, high v. low options, medical/Rx or dental) and (b) tier.

The methodology consisted of the creation of a mathematical model that fairly represents the projected claims, fixed costs and other variables (reserves e.g.) for the plan period in question. This methodology is in accord with the letter and spirit of relevant ERISA and clarifying Treasury Regulations.

## Actuarial Opinion

The Certifying Actuary is a principal of Self-Funding Actuarial Services, Inc., is a Fellow of the Society of Actuaries and is a member of the American Academy of Actuaries. Such Firm has been retained by the Engaging Entity to provide calculations of certain actuarial items for the above-cited Health Care Plan. Such Actuary relied upon the Claims Administrator as to the accuracy and completeness of underlying information used in the computations of such items.

In other respects, the Actuary reviewed the data, assumptions and methodology making such tests as were deemed needful and appropriate under the circumstances.

It is the opinion of the Actuary that the certified herein, meet these criteria:

- Are computed in accordance with commonly accepted actuarial standards consistently applied and are fairly stated in accordance with sound actuarial principles;
- Make a good and sufficient provision, in the aggregate, for all material considerations which might affect the outcome of the computations.
- Are computed on the basis of actuarial assumptions and actuarial methods consistent in most but not necessarily all material respects with those used in computing the corresponding items in any prior Certification.

# Conditions and Terms of Opinion

1. No specific audit or review was made as to the accuracy of the submitted data. The Actuary did perform the requisite inquiries relative to (a) large claims, (b) constancy of plan design, (c) claims back-log (d) historical considerations and (e) other factors which might impact the offered opinion.
2. The Actuary is qualified to provide this opinion in accordance with the rules of professional conduct promulgated by the American Academy of Actuaries.
3. With respect to this opinion, the Actuary asserts:
  - a. That this Work-Product is an actuarial opinion as contemplated by the American Academy Of Actuaries.
  - b. That the Actuary is qualified to offer such opinion by reason of his meeting the requisite examination, experience and continuing education requirements of the American Academy of Actuaries.
  - c. That the Actuary is independent and has no conflicted interest with any party with respects to this Work-Product.
  - d. That the Work-Product was prepared at the request of the Eligible User who is identified herein and may or may not be the ultimate user of such Work-Product.
  - e. That the Actuary has been engaged, as contemplated by the American Academy of Actuaries, by the Engager identified herein.
4. The actuary intends to be a fiduciary with respect to this Work-Product and will act accordingly, striving to meet any and all standards of conduct necessary to meet this end.
5. The professional liability for this Work-Product is assumed by Self-Funding Actuarial Services, Inc. which has in place an appropriate professional liability insurance policy. A PDF of the summary page of this policy is available at: [www.awpse.com/eando.pdf](http://www.awpse.com/eando.pdf) .

09/10/2009

Date

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Carlton Harker, FSA, MAAA  
Actuarial Work-Products, Inc.  
AAA Number 5293

# Work-Product Annual Actuarial Report Instructions and Parameters

## Basic Information

### Addressee No. 1

Administrators, Inc.  
414 Main Street  
Portland, OR 97114  
601-414-8888  
601-516-1414  
jsmith@admin.com

### Addressee No. 2

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### Addressee No. 3

XYZ Service Industries, Inc.  
PO Box 116  
Mobile, AL 34116  
604-160-1425  
604-280-8416  
bowner@abcco.com

Health Care Plan of: XYZ Health Care Plan - M,Rx

### Purpose of the Report

Recommended Funding

COBRA Premiums

### Involvement with Retiree Life

#### Reserves (FASB 106 or GASB 43/45)

Underlying Basis Thereto

Alternative Thereto

### Reporting IRS Form 1099

Self-Employed

Discrimination Testing

### Governmental Certifications

(MEWA, State Requirements)

Projected Plan Period: 07/01/2009 to 06/30/2010

## Additional Work-Products Requested

Plan-Specific Claim Reserves (Traditional)  
(Lag computer report up to current date is needed)

Monte Carlo I (Claim Fluctuation and Economic Value of  
Stop-Loss Data is needed)

Monte Carlo II (Economic Value of Plan Benefits)  
(Calendar Year Deductible, Copay, Out-of-Pocket by (a) Option,  
(b) In/Out Network, and Individual/Family are needed)

## Report Divisions (Risk Pools)

	<u>Final Report Division</u>
<b>Primary</b>	Plan A: ActivesCOBR Plan B: ActivesCOBR Plan C: Ret w/o Card Plan D: Ret w/o Card
<b>Secondary</b>	Plan A: Gold Option Plan B: Silver Option Plan C: High Option Plan D: Low Option
<b>Tertiary</b>	Plan A: M,Rx Plan B: M,Rx Plan C: M,Rx Plan D: M,Rx

## Requested Tiering

<u>Tier 1</u>	<u>Tier 2</u>	<u>Tier 3</u>	<u>Tier 4</u>
I	P/C	P/S	F

## Submitted Items with Final Report

Include Instructions/Parameters Only

## Comments

None

None

None

None

None

None

## Parameters

A. Internal Cost Percent: 3%

B. Claim Reserve Percent: 13%

C. Lasering Percent: 75%

D. Aggregating Specific Percent: 75%

E. Tier Factors

Tier 1: 1.00

Tier 2: 1.60

Tier 3: 1.80

Tier 4: 2.50

Tier 5: 0.00

F. Plan Relative Values	<u>Benefits</u>	<u>Fixed Costs</u>
Plan A:	100%	100%
Plan B:	85%	100%
Plan C:	150%	100%
Plan D:	120%	100%

G. Trending Percent: 11%

H. Monthly Bias Table: N/A

I. Aggregate Corridor Percent: 88%

J. Claims Run-in Percent: 0%

K. Plan Admendment Percent: 12%

L. Fixed Cost Increase Percent: 5%

M. Geographical Area: N/A

N. Inflationary Factor-Reserves: 8%

Plan Name: XYZ Health Care Plan - M,Rx

Valuation Date: 07/31/2009

Produced by: Actuarial-Work Products, Inc.

USER CODE: 063      USER NAME: sampleuser      COMPUTER: 648I SERV      VERSION: v20090704  
 STATUS: TRANSFER COMPLETED: 09/10/2009 REQUEST: REQUESTZZ      BROWSER: Mozilla/4.0 (compatIAM      IP ADDRESS: 64.129.139.100  
 ADDRESSEE 1 ID: T0001      ADDRESSEE 2 ID: E0001      ADDRESSEE 3 ID: P0006      PLAN ID: 001      VAL NUMBER: 01  
 XYZ Health Care Plan - M,Rx 07/31/2009      VAL DATE: 07/31/2009      PROJECTED RANGE: 07/01/2009 TO 06/30/2010

**INSTRUCTIONS**

PURPOSE: Funding, COBRA  
 OTHER WORK-PRODUCTS REQUESTED: none

PLAN	PRIMARY RISK POOL	SECONDARY RISK POOL	TERTIARY RISK POOL
A	ActivesCOBR	Gold Option	M,Rx
B	ActivesCOBR	Silver Option	M,Rx
C	Ret w/o Card	High Option	M,Rx
D	Ret w/o Card	Low Option	M,Rx

**PARAMETERS**

REQUESTED TIERS	TIER 1	TIER 2	TIER3	TIER4	TIERS5
	I	P/C	P/S	F	
	1.00	1.60	1.80	2.50	0.00

Internal Cost Percent: 3.00      Claim Reserve Percent: 13.00      Lasering Percent: 75.00

Aggregating Specific Percent: 75.00      Tier Factor Table:

RELATIVE VALUES	PLAN A	PLAN B	PLAN C	PLAN D
Benefits:	100	85	150	120
Fixed Costs:	100	100	100	100

Trending Percent: 11.00      Monthly Bias Table: N/A      Included with report: Instructions  
 Aggregate Corridor Percent: 88.00      Claims Run-in Percent: 0.00      Plan Amendment Percent: 12.00  
 Fixed Cost Increase Percent: 5.00      Geographic Area Table: N/A      Inflationary Factor Percent: 8.00

COMMENTS:      None  
                  None  
                  None  
                  None  
                  None  
                  None

**SUBMITTED DATA - RETROSPECTIVE**

Months of Experience: 10      Paid Claims: 12000000

AVERAGE EXPOSURE	TIER 1	TIER 2	TIER3	TIER4	TIERS5
	900	340	520	780	0

Lasering Amount: 800000      Aggregating Specific Cost: 300000      Plan Fixed Cost: 1.E+6

**SUBMITTED DATA - PROSPECTIVE**

AGG STOP-LOSS TERMS	TIER 1	TIER 2	TIER3	TIER4	TIER5
Census:	800	300	500	700	0
Agg Factor:	500	1000	1000	1000	0

SL Fixed Cost: 33      59      59      59      0  
 Admin. Fixed Cost: 15      15      15      15      0  
 Aggregate Terms: PAID

**SUBMITTED DATA - CENSUS**

PLAN	TIER 1	TIER 2	TIER3	TIER4	TIER5
A:	400	100	200	300	0
B:	200	100	100	200	0
C:	100	0	100	100	0
D:	100	100	100	100	0



Plan Name: XYZ Health Care Plan - M,Rx

Valuation Date: 07/31/2009

Produced by: Actuarial-Work Products, Inc.

**PROJECTED CLAIMS - RETROSPECTIVE**

Paid Claims	Plan Amendment	Trending	Monthly Bias	Annualize	Proj Claims
12000000	1.12	1.11	1.00	1.20	17902080
TIER 1	TIER 2	TIER 3	TIER 4	TIER 5	TOTAL
900	340	520	780	0	
1.00	1.60	1.80	2.50	0.00	
900	544	936	1950	0	4330

RETROSPECTIVE MONTHLY COST INDEX = 17902080 / ( 12 \* 4330 ) = 345

**PROJECTED CLAIMS - PROSPECTIVE**

TIER 1	TIER 2	TIER 3	TIER 4	TIER 5	TOTAL
800	300	500	700	0	
500	1000	1000	1000	0	
4800000	3600000	6000000	8400000	0	22800000 annualized
Claims	Agg Cor Fac	Run-In Fac	Equals	Proj Claims	
22800000	0.88	1.00	=	20064000	
TIER 1	TIER 2	TIER 3	TIER 4	TIER 5	TOTAL
800	300	500	700	0	
1.00	1.60	1.80	2.50	0.00	
800	480	900	1750	0	3930

PROSPECTIVE MONTHLY COST INDEX = 20064000 / ( 12 \* 3930 ) = 425 **PROJECTED CLAIMS = 20064000 (Prospective Method)**

**MISC FACTORS (Risk Assumed by the Plan Sponsor)**

Laser Factor	Agg Spec Factor
22	8

**FIXED COSTS - RETROSPECTIVE**

Adjustment Factor	Plan Fixed Cost	Projected Fixed Costs
1.32	1300000	1716000 = (1.32 * 1300000 )

RETROSPECTIVE MONTHLY COST INDEX = 1716000 / ( 12 \* 4330 ) = 33

**FIXED COSTS - PROSPECTIVE**

TIER 1	TIER 2	TIER 3	TIER 4	TIER 5	TOTAL
33	59	59	59	0	
15	15	15	15	0	
48	74	74	74	0	
460800	266400	444000	621600	0	1792800 annualized
Adjustment Factor	Projected Fixed Costs				
1.05	1882440				

PROSPECTIVE MONTHLY COST INDEX = 1882440 / ( 12 \* 3930 ) = 40 **PROJECTED FIXED COSTS = 1882440 (Prospective Method)**

Plan Name: XYZ Health Care Plan - M,Rx

Valuation Date: 07/31/2009

Produced by: Actuarial-Work Products, Inc.

**EXPOSURE**

	TIER 1	TIER 2	TIER 3	TIER 4	TIER 5	TOTAL
A: Census	400	100	200	300	0	1000
Factor	1.00	1.60	1.80	2.50	0.00	
Exposure	400	160	360	750	0	1670
B: Census	200	100	100	200	0	600
Factor	1.00	1.60	1.80	2.50	0.00	
Exposure	200	160	180	500	0	1040
C: Census	100	0	100	100	0	300
Factor	1.00	1.60	1.80	2.50	0.00	
Exposure	100	0	180	250	0	530
D: Census	100	100	100	100	0	400
Factor	1.00	1.60	1.80	2.50	0.00	
Exposure	100 *	160 *	180 *	250 *	0 *	690
GT: Census	800	300	500	700	0	2300
Exposure	800	480	900	1750	0	3930

**BENEFIT PLAN FACTORS**

	PLAN A	PLAN B	PLAN C	PLAN D	TOTAL
Exposure	1670	1040	530	690	3930
Rel. Value	1.00	0.85	1.50	1.20	
Extension	1670	884	795	828	4177

ADJUSTMENT = 0.94087 = 3930 / 4177

FUNDING FACTOR = 400 = 20064000 / (3930 \* 12)

	PLAN A	PLAN B	PLAN C	PLAN D	TOTAL
Factor	400 *	400	400	400	
Rel. Value	1.00	0.85	1.50	1.20	
Fund.Fac.	400	340	600	480	
Proj.Paid	8021757	4246248	3818741	3977254	20064000

**FIXED COSTS PLAN FACTORS**

	PLAN A	PLAN B	PLAN C	PLAN D	TOTAL
Exposure	1670	1040	530	690	3930
Rel. Value	1.00	1.00	1.00	1.00	
Extension	1670	1040	530	690	3930

ADJUSTMENT = 1.00000 = 3930 / 3930

FUNDING FACTOR = 40 = 20064000 / (3930 \* 12)

	PLAN A	PLAN B	PLAN C	PLAN D	TOTAL
Factor	40 *	40	40	40	
Rel. Value	1.00	1.00	1.00	1.00	
Fund.Fac.	40	40	40	40	
Proj.Paid	799917	498152	253866	330505	1882440

Plan Name: XYZ Health Care Plan - M,Rx

Valuation Date: 07/31/2009

Produced by: Actuarial-Work Products, Inc.

**FINAL RESULTS-Plan A: TIER 1 (Individual)**

CLAIM RESERVE-Paid Basis = 1042828 = (8021757 \* 0.13000) / 1.00000  
 CLAIM RESERVE-Made Basis = 2429790 = 1042828 \* 2.33  
 CLAIM RESERVE Made Percent % = 30.29 = (2429790 / 8021757) \* 100  
 ADD.CHARGES-C.RES. CHANGE = 12 = (2429790 / (1670 \* 12)) \* .1  
 ADD.CHARGES-INTERNAL COSTS = 12 = (8021757 \* 0.03000) / (1670 \* 12)  
 ADD.CHARGES-COBRA.STAT. 2% = 10 = (400 + 22 + 8 + 40 + 12 + 12 + ) \* .02  
 ADD.CHARGES-SUB-TOTAL = 34 = 12 + 12 + 10  
 COBRA PREMIUM = 504 = 400 + 21.73913 + 8.15217 + 40 + 34

**FINAL RESULTS-Plan A: OTHER TIERS**

	TIER 1	TIER 2	TIER 3	TIER 4	TIER 5
Ben-FF-Tier 1	400	400	400	400	0
Factor	1.00	1.60	1.80	2.50	0.00
Ben-Fun.Fac.	400	640	721	1001	0
FC-FF-Tier 1	40	40	40	40	0
Factor	1.00	1.60	1.80	2.50	0.00
FC-Fun.Fac.	40	64	72	100	0
AC-CR-Tier 1	12	12	12	12	0
Factor	1.00	1.60	1.80	2.50	0.00
AC-CR	12	19	22	30	0
AC-IC-Tier 1	12	12	12	12	0
Factor	1.00	1.60	1.80	2.50	0.00
AC-IC	12	19	22	33	0
AC-2%-Tier 1	10	10	10	10	0
Factor	1.00	1.60	1.80	2.50	0.00
AC-2%	10	16	18	25	0
AC-SUBTOTAL	34	54	61	85	0
Ben-Fun.Fac.	400	640	721	1001	0
Las.Factor	22	22	22	22	0
AS.Factor	8	8	8	8	0
FC-Fun.Fac.	40	64	72	100	0
AC-SUBTOTAL	34	54	61	85	0
COBRA.PREM	504	789	883	1215	0

Plan Name: XYZ Health Care Plan - M,Rx

Valuation Date: 07/31/2009

Produced by: Actuarial-Work Products, Inc.

**FINAL RESULTS-Plan B: TIER 1 (Individual)**

CLAIM RESERVE-Paid Basis = 552012 = (4246248 \* 0.13000) / 1.00000  
 CLAIM RESERVE-Made Basis = 1286188 = 552012 \* 2.33  
 CLAIM RESERVE Made Percent % = 30.29 = (1286188 / 4246248) \* 100  
 ADD.CHARGES-C.RES. CHANGE = 10 = (1286188 / (1040 \* 12)) \* .1  
 ADD.CHARGES-INTERNAL COSTS = 10 = (4246248 \* 0.03000) / (1040 \* 12)  
 ADD.CHARGES-COBRA.STAT. 2% = 9 = (340 + 22 + 8 + 40 + 10 + 10 + ) \* .02  
 ADD.CHARGES-SUB-TOTAL = 29 = 10 + 10 + 9  
 COBRA PREMIUM = 439 = 340 + 21.73913 + 8.15217 + 40 + 29

**FINAL RESULTS-Plan B: OTHER TIERS**

	TIER 1	TIER 2	TIER 3	TIER 4	TIER 5
Ben-FF-Tier 1	340	340	340	340	0
Factor	1.00	1.60	1.80	2.50	0.00
Ben-Fun.Fac.	340	544	612	851	0
FC-FF-Tier 1	40	40	40	40	0
Factor	1.00	1.60	1.80	2.50	0.00
FC-Fun.Fac.	40	64	72	100	0
AC-CR-Tier 1	10	10	10	10	0
Factor	1.00	1.60	1.80	2.50	0.00
AC-CR	10	16	19	26	0
AC-IC-Tier 1	10	10	10	10	0
Factor	1.00	1.60	1.80	2.50	0.00
AC-IC	10	16	18	26	0
AC-2%-Tier 1	9	9	9	9	0
Factor	1.00	1.60	1.80	2.50	0.00
AC-2%	9	14	16	22	0
AC-SUBTOTAL	29	47	52	73	0
Ben-Fun.Fac.	340	544	612	851	0
Las.Factor	22	22	22	22	0
AS.Factor	8	8	8	8	0
FC-Fun.Fac.	40	64	72	100	0
AC-SUBTOTAL	29	47	52	73	0
COBRA.PREM	439	685	767	1053	0

Plan Name: XYZ Health Care Plan - M,Rx

Valuation Date: 07/31/2009

Produced by: Actuarial-Work Products, Inc.

**FINAL RESULTS-Plan C: TIER 1 (Individual)**

CLAIM RESERVE-Paid Basis =  $496436 = (3818741 * 0.13000) / 1.00000$   
 CLAIM RESERVE-Made Basis =  $1156697 = 496436 * 2.33$   
 CLAIM RESERVE Made Percent % =  $30.29 = (1156697 / 3818741) * 100$   
 ADD.CHARGES-C.RES. CHANGE =  $18 = (1156697 / (530 * 12)) * .1$   
 ADD.CHARGES-INTERNAL COSTS =  $18 = (3818741 * 0.03000) / (530 * 12)$   
 ADD.CHARGES-COBRA.STAT. 2% =  $14 = (600 + 22 + 8 + 40 + 18 + 18 + ) * .02$   
 ADD.CHARGES-SUB-TOTAL =  $50 = 18 + 18 + 14$   
 COBRA PREMIUM =  $721 = 600 + 21.73913 + 8.15217 + 40 + 50$

**FINAL RESULTS-Plan C: OTHER TIERS**

	TIER 1	TIER 2	TIER 3	TIER 4	TIER 5
Ben-FF-Tier 1	600	600	600	600	0
Factor	1.00	1.60	1.80	2.50	0.00
Ben-Fun.Fac.	600	961	1081	1501	0
FC-FF-Tier 1	40	40	40	40	0
Factor	1.00	1.60	1.80	2.50	0.00
FC-Fun.Fac.	40	64	72	100	0
AC-CR-Tier 1	18	18	18	18	0
Factor	1.00	1.60	1.80	2.50	0.00
AC-CR	18	29	33	45	0
AC-IC-Tier 1	18	18	18	18	0
Factor	1.00	1.60	1.80	2.50	0.00
AC-IC	18	29	32	45	0
AC-2%-Tier 1	14	14	14	14	0
Factor	1.00	1.60	1.80	2.50	0.00
AC-2%	14	23	25	35	0
AC-SUBTOTAL	50	81	91	126	0
Ben-Fun.Fac.	600	961	1081	1501	0
Las.Factor	22	22	22	22	0
AS.Factor	8	8	8	8	0
FC-Fun.Fac.	40	64	72	100	0
AC-SUBTOTAL	50	81	91	126	0
COBRA.PREM	721	1135	1273	1757	0

Plan Name: XYZ Health Care Plan - M,Rx

Valuation Date: 07/31/2009

Produced by: Actuarial-Work Products, Inc.

**FINAL RESULTS-Plan D: TIER 1 (Individual)**

CLAIM RESERVE-Paid Basis = 517043 = (3977254 \* 0.13000) / 1.00000  
 CLAIM RESERVE-Made Basis = 1204710 = 517043 \* 2.33  
 CLAIM RESERVE Made Percent % = 30.29 = (1204710 / 3977254) \* 100  
 ADD.CHARGES-C.RES. CHANGE = 15 = (1204710 / (690 \* 12)) \* .1  
 ADD.CHARGES-INTERNAL COSTS = 14 = (3977254 \* 0.03000) / (690 \* 12)  
 ADD.CHARGES-COBRA.STAT. 2% = 12 = (480 + 22 + 8 + 40 + 15 + 14 + ) \* .02  
 ADD.CHARGES-SUB-TOTAL = 41 = 15 + 14 + 12  
 COBRA PREMIUM = 591 = 480 + 21.73913 + 8.15217 + 40 + 41

**FINAL RESULTS-Plan D: OTHER TIERS**

	TIER 1	TIER 2	TIER 3	TIER 4	TIER 5
Ben-FF-Tier 1	480	480	480	480	0
Factor	1.00	1.60	1.80	2.50	0.00
Ben-Fun.Fac.	480	769	865	1201	0
FC-FF-Tier 1	40	40	40	40	0
Factor	1.00	1.60	1.80	2.50	0.00
FC-Fun.Fac.	40	64	72	100	0
AC-CR-Tier 1	15	15	15	15	0
Factor	1.00	1.60	1.80	2.50	0.00
AC-CR	15	23	26	36	0
AC-IC-Tier 1	14	14	14	14	0
Factor	1.00	1.60	1.80	2.50	0.00
AC-IC	14	23	26	36	0
AC-2%-Tier 1	12	12	12	12	0
Factor	1.00	1.60	1.80	2.50	0.00
AC-2%	12	19	21	29	0
AC-SUBTOTAL	41	65	73	101	0
Ben-Fun.Fac.	480	769	865	1201	0
Las.Factor	22	22	22	22	0
AS.Factor	8	8	8	8	0
FC-Fun.Fac.	40	64	72	100	0
AC-SUBTOTAL	41	65	73	101	0
COBRA.PREM	591	927	1039	1432	0

Plan Name: XYZ Health Care Plan - M,Rx

Valuation Date: 07/31/2009

Produced by: Actuarial-Work Products, Inc.

CALCULATION AUDIT

WORST CASE - PROJECTED PAID CLAIMS = 22800000 = 22800000 \* 1 (Prospective Method)

WORST CASE - MAXIMUM PLAN COSTS = 25782440 = 22800000 + 800000 + 300000 + 1792800 (Prospective Method)

	TIER 1	TIER 2	TIER 3	TIER 4	TIER 5	TOTAL
A: COB.Prem	504	789	883	1215	0	
Census	400	100	200	300	0	1000
Ann.Ext.x12	2419740	946374	2120375	4375599	0	9862088
B: COB.Prem	439	685	767	1053	0	
Census	200	100	100	200	0	600
Ann.Ext.x12	1054023	821696	919925	2527449	0	5323092
C: COB.Prem	721	1135	1273	1757	0	
Census	100	0	100	100	0	300
Ann.Ext.x12	864680	0	1527729	2107897	0	4500306
D: COB.Prem	591	927	1039	1432	0	
Census	100	100	100	100	0	400
Ann.Ext.x12	708833	1112611	1247204	1718279	0	4786927
Total,Ann.Ext						24472414

Ratio: Total,Ann.Ext / WORST CASE = 0.94919 = 24472414 / 25782440