

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

ABC Brokers, Inc.
PO Box 123
Winston-Salem, NC 27103
(336)777-7777
(336)77-7777

Addressee No. 2

Self-Funding Actuarial Svcs
8025 North Point, Ste 207W
Winston-Salem, NC 27116
336-759-2035
336-896-0392

Addressee No. 3

Test Health Plan
123 South Main Street
Baltimore, MD 21211
(410)777-7777
(410)777-7777

**RE: Annual Actuarial Report for the Health Care Plan of:
Excellent Service Company**

**Primary Risk Pool: Actives and COBRA
Secondary Risk Pool: Gold Option - Plan A
Tertiary Risk Pool: Medical and Rx**

Engager is Addressee Number 1

Eligible User is Addressee Number 2

Projected Plan Period: 01/01/2008 to 12/31/2008

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,

09/25/2008

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

Results of Computations

Lives Covered: Actives and COBRA

Plan Options: Gold Option - Plan A

Benefits Provided: Medical and Rx

Projected Costs: Claims (Paid Basis): \$1,794,048 Fixed: \$176,463

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

Claims Paid Basis: \$234,006 Claims Made Basis: \$545,234

Monthly Funding and COBRA Factors

Census Tier	I	P/C	P/S	F
Census Count (175)	42	39	19	75
Projected Claims	\$458	\$733	\$825	\$1,146
Lasering	\$8	\$8	\$8	\$8
Aggregating Specific	\$5	\$5	\$5	\$5
Fixed Costs	\$45	\$72	\$81	\$112

Additional Charges

Claim Reserve Chg	\$13	\$22	\$25	\$34
Employer Int Cost	\$13	\$22	\$24	\$34
COBRA Stat 2 %	\$10	\$17	\$19	\$27
Subtotal	\$38	\$61	\$69	\$96
COBRA Premiums	\$555	\$880	\$988	\$1,368

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**RE: Annual Actuarial Report for the Health Care Plan of:
Excellent Service Company**

**Primary Risk Pool: Actives and COBRA
Secondary Risk Pool: Silver Option - Plan B
Tertiary Risk Pool: Medical and Rx**

Engager is Addressee Number 1

Eligible User is Addressee Number 2

Projected Plan Period: 01/01/2008 to 12/31/2008

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,

09/25/2008

Carlton Harker, FSA, MAAA
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Results of Computations

Lives Covered: Actives and COBRA

Plan Options: Silver Option - Plan B

Benefits Provided: Medical and Rx

Projected Costs: Claims (Paid Basis): \$797,556 **Fixed:** \$112,068

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

Claims Paid Basis: \$104,029 **Claims Made Basis:** \$242,387

Monthly Funding and COBRA Factors

Census Tier	I	P/C	P/S	F
Census Count (125)	53	21	10	41
Projected Claims	\$320	\$513	\$577	\$802
Lasering	\$8	\$8	\$8	\$8
Aggregating Specific	\$5	\$5	\$5	\$5
Fixed Costs	\$45	\$72	\$81	\$112

Additional Charges

Claim Reserve Chg	\$9	\$15	\$17	\$24
Employer Int Cost	\$9	\$15	\$17	\$24
COBRA Stat 2 %	\$7	\$12	\$14	\$19
Subtotal	\$27	\$43	\$49	\$68
COBRA Premiums	\$406	\$642	\$721	\$996

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**RE: Annual Actuarial Report for the Health Care Plan of:
Excellent Service Company**

Primary Risk Pool: Retirees Without Card

Secondary Risk Pool: Plan C

Tertiary Risk Pool: Medical and Rx

Engager is Addressee Number 1

Eligible User is Addressee Number 2

Projected Plan Period: 01/01/2008 to 12/31/2008

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,

09/25/2008

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

Results of Computations

Lives Covered: Retirees Without Card

Plan Options: Plan C

Benefits Provided: Medical and Rx

Projected Costs: Claims (Paid Basis): \$429,559 **Fixed:** \$26,407

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

Claims Paid Basis: \$56,029 **Claims Made Basis:** \$130,548

Monthly Funding and COBRA Factors

Census Tier	I	P/C	P/S	F
Census Count (30)	10	0	16	4
Projected Claims	\$733	\$1,173	\$1,320	\$1,833
Lasering	\$8	\$8	\$8	\$8
Aggregating Specific	\$5	\$5	\$5	\$5
Fixed Costs	\$45	\$72	\$81	\$112

Additional Charges

Claim Reserve Chg	\$22	\$35	\$40	\$55
Employer Int Cost	\$22	\$35	\$39	\$55
COBRA Stat 2%	\$16	\$26	\$30	\$41
Subtotal	\$61	\$97	\$109	\$152
COBRA Premiums	\$852	\$1,356	\$1,524	\$2,112

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**RE: Annual Actuarial Report for the Health Care Plan of:
Excellent Service Company**

**Primary Risk Pool: Retirees With Card
Secondary Risk Pool: Plan D
Tertiary Risk Pool: Medical and Rx**

Engager is Addressee Number 1

Eligible User is Addressee Number 2

Projected Plan Period: 01/01/2008 to 12/31/2008

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,

09/25/2008

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

Results of Computations

Lives Covered: Retirees With Card

Plan Options: Plan D

Benefits Provided: Medical and Rx

Projected Costs: Claims (Paid Basis): \$184,851 Fixed: \$11,363

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

Claims Paid Basis: \$24,111 Claims Made Basis: \$56,178

Monthly Funding and COBRA Factors

Census Tier	I	P/C	P/S	F
Census Count (30)	15	0	15	0
Projected Claims	\$366	\$586	\$660	\$916
Lasering	\$8	\$8	\$8	\$8
Aggregating Specific	\$5	\$5	\$5	\$5
Fixed Costs	\$22	\$36	\$40	\$56

Additional Charges

Claim Reserve Chg	\$11	\$17	\$20	\$27
Employer Int Cost	\$11	\$17	\$19	\$27
COBRA Stat 2%	\$8	\$13	\$15	\$21
Subtotal	\$30	\$49	\$55	\$76
COBRA Premiums	\$433	\$685	\$769	\$1,063

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
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) laserling, 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.

09/25/2008

Date

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

Work-Product Annual Actuarial Report Instructions and Parameters

Basic Information

Addressee No. 1

ABC Brokers, Inc.
PO Box 123
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pgc512@yahoo.com

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abc@xyz.com

Health Care Plan of: Excellent Service Company

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: 01/01/2008 to 12/31/2008

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)

Final Report Division

Primary

Plan A: Actives and COBRA
 Plan B: Actives and COBRA
 Plan C: Retirees Without Card
 Plan D: Retirees With Card

Secondary

Plan A: Gold Option - Plan A
 Plan B: Silver Option - Plan B
 Plan C: Plan C
 Plan D: Plan D

Tertiary

Plan A: Medical and Rx
 Plan B: Medical and Rx
 Plan C: Medical and Rx
 Plan D: Medical and 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 Both Instructions/Parameters and Submitted Data

Comments

This is the hardest part of the process.

Items must balance with other items.

Cannot be programmed.

Problem is that A and B come from different sources.

Some are estimates.

The census data is inputted.

Parameters

A. Internal Cost Percent: 3%

B. Claim Reserve Percent: 15%

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:	70%	100%
Plan C:	160%	100%
Plan D:	80%	50%

G. Trending Percent: 12%

H. Monthly Bias Table: N/A

I. Aggregate Corridor Percent: 88%

J. Claims Run-in Percent: 15%

K. Plan Admendment Percent: -25%

L. Fixed Cost Increase Percent: 3%

M. Geographical Area: N/A

N. Inflationary Factor-Reserves: 8%

Work-Product

Annual Actuarial Report

Submitted Data and Computations

Health Care Plan of: Excellent Service Company

Primary Risk Pool: ALL

Secondary Risk Pool: ALL

Tertiary Risk Pool: ALL

Projected Claims

Retrospective

Months of Experience: 10

Paid Claims: \$1,875,000

<u>Tier</u>	<u>Ave.Exp</u>
1	100
2	50
3	50
4	100
5	0
Total	300

Benefits Included: Medical and Rx

Plan Amendment Factor: 0.75

Trending Factor: 1.12

Monthly Bias Factor: 1.00

Projected Claims: \$1,890,000

Monthly Cost Index: \$302

Prospective

Aggregate Stop-Loss Terms

<u>Tier</u>	<u>Census</u>	<u>Aggregate Factor</u>
1	120	\$400
2	60	\$900
3	60	\$900
4	120	\$900
5	0	\$0
Total	360	\$3,168,000

Aggregate Terms: PAID

Benefits Included: Medical and Rx

Aggregate Corridor Factor: 0.88

Claims Run-in Percent: 1.15

Projected Claims: \$3,206,016

Monthly Cost Index: \$428

Projected Paid Claims To Be Used: \$3,206,016

Projected Fixed Costs

Retrospective

Months of Experience: 10

Paid Fixed Costs: \$159,000

Average Exposure:	Tier 1	100
	Tier 2	50
	Tier 3	50
	Tier 4	100
	Tier 5	0
	Total	300

Adjustment Factor: 1.32

Projected Fixed Costs: \$209,880

Monthly Cost Index: \$33

Prospective

<u>Tier</u>	<u>Census</u>	<u>Monthly Fixed Cost Factor</u>			<u>Total</u>	<u>Annualized</u>
		<u>Stop-Loss</u>	<u>Admin.</u>			
Tier 1	120	\$40	\$20	\$60	\$86,400	
Tier 2	60	\$60	\$20	\$80	\$57,600	
Tier 3	60	\$60	\$20	\$80	\$57,600	
Tier 4	120	\$60	\$20	\$80	\$115,200	
Tier 5	0	\$0	\$0	\$0	\$0	
Total	360					\$316,800
Adjustment Factor						1.03
Projected Fixed Costs						\$326,304
Monthly Cost Index						\$43

Projected Fixed Costs To Be Used: \$326,304

Additional Plan Sponsor-Assumed Risk

	<u>Amount</u>	<u>Monthly Cost</u>
Lasering	\$46,700	\$8
Aggregating Specific	\$28,800	\$5

Census and Exposure

<u>Plan</u>	<u>Descrip.</u>	<u>Tier 1</u>	<u>Tier 2</u>	<u>Tier 3</u>	<u>Tier 4</u>	<u>Tier 5</u>	<u>Total</u>
A	Census	42	39	19	75	0	175
	Exposure	42	62	34	188	0	326
B	Census	53	21	10	41	0	125
	Exposure	53	34	18	103	0	207
C	Census	10	0	16	4	0	30
	Exposure	10	0	29	10	0	49
D	Census	15	0	15	0	0	30
	Exposure	15	0	27	0	0	42
Total	Census	120	60	60	120	0	360
	Exposure	120	96	108	300	0	624

Development of Plan Factors

<u>Claims</u>				<u>Fixed Costs</u>			
<u>Plan</u>	<u>Exposure</u>	<u>Rel.Val</u>	<u>Extension</u>	<u>Plan</u>	<u>Exposure</u>	<u>Rel.Val</u>	<u>Extension</u>
A	326	100%	326	A	326	100%	326
B	207	70%	145	B	207	70%	207
C	49	160%	78	C	49	160%	49
D	42	80%	34	D	42	80%	21
Total	624		583	Total	624		603
Adjustment			1.07	Adjustment			1.03

<u>Plan Total</u>		<u>Plan Total</u>	
Projected Claims	\$3,206,016	Projected Fixed Costs	\$326,304
Exposure	624	Exposure	624
Ind.Monthly Claims FF	\$458	Ind.Monthly Fix.Cost FF	\$45

<u>Plan</u>	<u>Ind.Cl.FF</u>	<u>PPC</u>	<u>Plan</u>	<u>Ind.FC.FF</u>	<u>PFC</u>
A	\$458	\$1,794,048	A	\$45	\$176,463
B	\$320	\$797,556	B	\$45	\$112,068
C	\$733	\$429,559	C	\$45	\$26,407
D	\$366	\$184,851	D	\$22	\$11,363
Total		\$3,206,016	Total		\$326,304

Calculation Audit

A. Maximum Plan Costs (Worst-Case Scenario)

Projected Paid Claims (Prospective)	\$3,643,200
Lasering	\$46,700
Aggregating Specific	\$28,800
Projected Paid Fixed Costs (Prospective)	\$316,800
Total	\$4,045,004

B. Total Anticipated Plan Annualized Income on the Assumption That All Covered Persons Elected The COBRA Option	\$3,859,042
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C. Ratio of B to A	0.95
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Plan Name: Excellent Service Company

Valuation Date: 01/31/2008

Produced by: Actuarial-Work Products, Inc.

USER CODE: 002 USER NAME: pcasteven COMPUTER: 648: main VERSION: v20080923a
 STATUS: TRANSFER COMPLETE REQUESTED: 09/25/2008 REQUEST: REQUESTZZ BROWSER: Mozilla/4.0 (compatiAM) IP ADDRESS: 75.183.28.226
 ADDRESSEE 1 ID: B0001 ADDRESSEE 2 ID: EC001 ADDRESSEE 3 ID: P0001 PLAN ID: 001 VAL NUMBER: 01
 Excellent Service Company 01/31/2008 VAL DATE: 01/31/2008 PROJECTED RANGE: 01/01/2008 TO 12/31/2008

INSTRUCTIONS

PURPOSE: Funding, COBRA

OTHER WORK-PRODUCTS REQUESTED: Claim Reserves, Monte Carlo I, Monte Carlo II

PLAN	PRIMARY RISK POOL	SECONDARY RISK POOL	TERTIARY RISK POOL
A	Actives and COBRA	Gold Option - Plan A	Medical and Rx
B	Actives and COBRA	Silver Option - Plan B	Medical and Rx
C	Retirees Without Card	Plan C	Medical and Rx
D	Retirees With Card	Plan D	Medical and Rx

PARAMETERS

REQUESTED TIERS	TIER 1	TIER 2	TIER3	TIER4	TIER5
	I	P/C	P/S	F	
	1.00	1.60	1.80	2.50	0.00

Internal Cost Percent: 3.00

Claim Reserve Percent: 15.00

Laserling Percent: 75.00

Aggregating Specific Percent: 75.00

Tier Factor Table:

RELATIVE VALUES	PLAN A	PLAN B	PLAN C	PLAN D
Benefits:	100	70	160	80
Fixed Costs:	100	100	100	50

Trending Percent: 12.00

Monthly Bias Table: N/A

Included with report: Both

Aggregate Corridor Percent: 88.00

Claims Run-in Percent: 15.00

Plan Amendment Percent: -25.00

Fixed Cost Increase Percent: 3.00

Geographic Area Table: N/A

Inflationary Factor Percent: 8.00

COMMENTS: This is the hardest part of the process.
 Items must balance with other items.
 Cannot be programmed.
 Problem is that A and B come from different sources.
 Some are estimates.
 The census data is inputted.

SUBMITTED DATA - RETROSPECTIVE

Months of Experience: 10

Paid Claims: 1875000

AVERAGE EXPOSURE	TIER 1	TIER 2	TIER3	TIER4	TIER5
	100	50	50	100	0

Laserling Amount: 46700

Aggregating Specific Cost: 28800

Plan Fixed Cost: 159000

SUBMITTED DATA - PROSPECTIVE

AGG STOP-LOSS TERMS	TIER 1	TIER 2	TIER3	TIER4	TIER5
Census:	120	60	60	120	0
Agg Factor:	400	900	900	900	0
SL Fixed Cost:	40	60	60	60	0
Admin. Fixed Cost:	20	20	20	20	0

Aggregate Terms: PAID

SUBMITTED DATA - CENSUS

PLAN	TIER 1	TIER 2	TIER3	TIER4	TIER5
A:	42	39	19	75	0
B:	53	21	10	41	0
C:	10	0	16	4	0
D:	15	0	15	0	0

Plan Name: Excellent Service Company

Valuation Date: 01/31/2008

Produced by: Actuarial-Work Products, Inc.

PROJECTED CLAIMS - RETROSPECTIVE

Paid Claims	Plan Amendment	Trending	Monthly Bias	Annualize	Proj Claims
1875000	0.75	1.12	1.00	1.20	1890000
TIER 1	TIER 2	TIER 3	TIER 4	TIER 5	TOTAL
100	50	50	100	0	
1.00	1.60	1.80	2.50	0.00	
100	80	90	250	0	520

RETROSPECTIVE MONTHLY COST INDEX = $1890000 / (12 * 520) = 303$ **PROJECTED CLAIMS - PROSPECTIVE**

TIER 1	TIER 2	TIER 3	TIER 4	TIER 5	TOTAL
120	60	60	120	0	
400	900	900	900	0	
576000	648000	648000	1296000	0	3168000 annualized

Claims	Agg Cor Fac	Run-In Fac	Equals	Proj Claims
3168000	0.88	1.15	=	3206016

TIER 1	TIER 2	TIER 3	TIER 4	TIER 5	TOTAL
120	60	60	120	0	
1.00	1.60	1.80	2.50	0.00	
120	96	108	300	0	624

PROSPECTIVE MONTHLY COST INDEX = $3206016 / (12 * 624) = 428$ **PROJECTED CLAIMS = 3206016 (Prospective Method)****MISC FACTORS (Risk Assumed by the Plan Sponsor)**

Laser Factor	Agg Spec Factor
8	5

FIXED COSTS - RETROSPECTIVE

Adjustment Factor	Plan Fixed Cost	Projected Fixed Costs
1.32	159000	$209880 = (1.32 * 159000)$

RETROSPECTIVE MONTHLY COST INDEX = $209880 / (12 * 520) = 34$ **FIXED COSTS - PROSPECTIVE**

TIER 1	TIER 2	TIER 3	TIER 4	TIER 5	TOTAL
40	60	60	60	0	
20	20	20	20	0	
60	80	80	80	0	
86400	57600	57600	115200	0	316800 annualized

Adjustment Factor	Projected Fixed Costs
1.03	326304

PROSPECTIVE MONTHLY COST INDEX = $326304 / (12 * 624) = 44$ **PROJECTED FIXED COSTS = 326304 (Prospective Method)**

Plan Name: Excellent Service Company

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EXPOSURE

	TIER 1	TIER 2	TIER 3	TIER 4	TIER 5	TOTAL
A: Census	42	39	19	75	0	175
Factor	1.00	1.60	1.80	2.50	0.00	
Exposure	42	62	34	188	0	326
B: Census	53	21	10	41	0	125
Factor	1.00	1.60	1.80	2.50	0.00	
Exposure	53	34	18	103	0	207
C: Census	10	0	16	4	0	30
Factor	1.00	1.60	1.80	2.50	0.00	
Exposure	10	0	29	10	0	49
D: Census	15	0	15	0	0	30
Factor	1.00	1.60	1.80	2.50	0.00	
Exposure	15 *	0 *	27 *	0 *	0 *	42
GI: Census	120	60	60	120	0	360
Exposure	120	96	108	300	0	624

BENEFIT PLAN FACTORS

	PLAN A	PLAN B	PLAN C	PLAN D	TOTAL
Exposure	326	207	49	42	624
Rel. Value	1.00	0.70	1.60	0.80	
Extension	326	145	78	34	583

$$\text{ADJUSTMENT} = 1.07079 = 624 / 583$$

$$\text{FUNDING FACTOR} = 458 = 3206016 / (624 * 12)$$

	PLAN A	PLAN B	PLAN C	PLAN D	TOTAL
Factor	458 *	458	458	458	
Rel. Value	1.00	0.70	1.60	0.80	
Fund.Fac.	458	321	734	367	
Proj.Paid	1794049	797557	429559	184851	3206016

FIXED COSTS PLAN FACTORS

	PLAN A	PLAN B	PLAN C	PLAN D	TOTAL
Exposure	326	207	49	42	624
Rel. Value	1.00	1.00	1.00	0.50	
Extension	326	207	49	21	603

$$\text{ADJUSTMENT} = 1.03483 = 624 / 603$$

$$\text{FUNDING FACTOR} = 45 = 3206016 / (624 * 12)$$

	PLAN A	PLAN B	PLAN C	PLAN D	TOTAL
Factor	45 *	45	45	45	
Rel. Value	1.00	1.00	1.00	0.50	
Fund.Fac.	45	45	45	23	
Proj.Paid	176464	112069	26407	11364	326304

Plan Name: Excellent Service Company

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FINAL RESULTS-Plan A: TIER 1 (Individual)

CLAIM RESERVE-Paid Basis = 234006 = (1794049 * 0.15000) / 1.15000
 CLAIM RESERVE-Made Basis = 545235 = 234006 * 2.33
 CLAIM RESERVE Made Percent % = 30.39 = (545235 / 1794049) * 100
 ADD.CHARGES-C.RES. CHANGE = 14 = (545235 / (326 * 12)) * .1
 ADD.CHARGES-INTERNAL COSTS = 14 = (1794049 * 0.03000) / (326 * 12)
 ADD.CHARGES-COBRA.STAT. 2% = 11 = (458 + 8 + 5 + 45 + 14 + 14 +) * .02
 ADD.CHARGES-SUB-TOTAL = 39 = 14 + 14 + 11
 COBRA PREMIUM = 555 = 458 + 8.10764 + 5.00000 + 45 + 39

FINAL RESULTS-Plan A: OTHER TIERS

	TIER 1	TIER 2	TIER 3	TIER 4	TIER 5
Ben-FF-Tier 1	458	458	458	458	0
Factor	1.00	1.60	1.80	2.50	0.00
Ben-Fun.Fac.	458	734	825	1146	0
FC-FF-Tier 1	45	45	45	45	0
Factor	1.00	1.60	1.80	2.50	0.00
FC-Fun.Fac.	45	72	81	113	0
AC-CR-Tier 1	14	14	14	14	0
Factor	1.00	1.60	1.80	2.50	0.00
AC-CR	14	22	25	35	0
AC-IC-Tier 1	14	14	14	14	0
Factor	1.00	1.60	1.80	2.50	0.00
AC-IC	14	22	25	34	0
AC-2%-Tier 1	11	11	11	11	0
Factor	1.00	1.60	1.80	2.50	0.00
AC-2%	11	17	20	27	0
AC-SUBTOTAL	39	62	69	96	0
Ben-Fun.Fac.	458	734	825	1146	0
Ins.Factor	8	8	8	8	0
AS.Factor	5	5	5	5	0
FC-Fun.Fac.	45	72	81	113	0
AC-SUBTOTAL	39	62	69	96	0
COBRA PREM	555	881	989	1368	0

Plan Name: Excellent Service Company

Valuation Date: 01/31/2008

Produced by: Actuarial-Work Products, Inc.

FINAL RESULTS-Plan B: TIER 1 (Individual)

CLAIM RESERVE-Paid Basis = 104029 = (797557 * 0.15000) / 1.15000
 CLAIM RESERVE-Made Basis = 242388 = 104029 * 2.33
 CLAIM RESERVE Made Percent % = 30.39 = (242388 / 797557) * 100
 ADD.CHARGES-C.RES. CHANGE = 10 = (242388 / (207 * 12)) * .1
 ADD.CHARGES-INTERNAL COSTS = 10 = (797557 * 0.03000) / (207 * 12)
 ADD.CHARGES-COBRA.STAT. 2% = 8 = (321 + 8 + 5 + 45 + 10 + 10 +) * .02
 ADD.CHARGES-SUB-TOTAL = 27 = 10 + 10 + 8
 COBRA PREMIUM = 406 = 321 + 8.10764 + 5.00000 + 45 + 27

FINAL RESULTS-Plan B: OTHER TIERS

	TIER 1	TIER 2	TIER 3	TIER 4	TIER 5
Ben-FF-Tier 1	321	321	321	321	0
Factor	1.00	1.60	1.80	2.50	0.00
Ben-Fun.Fac.	321	513	578	802	0
FC-FF-Tier 1	45	45	45	45	0
Factor	1.00	1.60	1.80	2.50	0.00
FC-Fun.Fac.	45	72	81	113	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	18	24	0
AC-IC-Tier 1	10	10	10	10	0
Factor	1.00	1.60	1.80	2.50	0.00
AC-IC	10	15	17	24	0
AC-2%-Tier 1	8	8	8	8	0
Factor	1.00	1.60	1.80	2.50	0.00
AC-2%	8	13	14	20	0
AC-SUBTOTAL	27	44	49	68	0
Ben-Fun.Fac.	321	513	578	802	0
Las.Factor	8	8	8	8	0
AS.Factor	5	5	5	5	0
FC-Fun.Fac.	45	72	81	113	0
AC-SUBTOTAL	27	44	49	68	0
COBRA.PREM	406	642	721	997	0

Plan Name: Excellent Service Company

Valuation Date: 01/31/2008

Produced by: Actuarial-Work Products, Inc.

FINAL RESULTS-Plan C: TIER 1 (Individual)

CLAIM RESERVE-Paid Basis = 56029 = (429559 * 0.15000) / 1.15000
 CLAIM RESERVE-Made Basis = 130549 = 56029 * 2.33
 CLAIM RESERVE Made Percent % = 30.39 = (130549 / 429559) * 100
 ADD.CHARGES-C.RES. CHANGE = 22 = (130549 / (49 * 12)) * .1
 ADD.CHARGES-INTERNAL COSTS = 22 = (429559 * 0.03000) / (49 * 12)
 ADD.CHARGES-COBRA.STAT. 2% = 17 = (734 + 8 + 5 + 45 + 22 + 22 +) * .02
 ADD.CHARGES-SUB-TOTAL = 61 = 22 + 22 + 17
 COBRA PREMIUM = 853 = 734 + 8.10764 + 5.00000 + 45 + 61

FINAL RESULTS-Plan C: OTHER TIERS

	TIER 1	TIER 2	TIER 3	TIER 4	TIER 5
Ben-FF-Tier 1	734	734	734	734	0
Factor	1.00	1.60	1.80	2.50	0.00
Ben-Fun.Fac.	734	1174	1320	1834	0
FC-FF-Tier 1	45	45	45	45	0
Factor	1.00	1.60	1.80	2.50	0.00
FC-Fun.Fac.	45	72	81	113	0
AC-CR-Tier 1	22	22	22	22	0
Factor	1.00	1.60	1.80	2.50	0.00
AC-CR	22	36	40	56	0
AC-IC-Tier 1	22	22	22	22	0
Factor	1.00	1.60	1.80	2.50	0.00
AC-IC	22	35	40	55	0
AC-2%-Tier 1	17	17	17	17	0
Factor	1.00	1.60	1.80	2.50	0.00
AC-2%	17	27	30	42	0
AC-SUBTOTAL	61	98	110	153	0
Ben-Fun.Fac.	734	1174	1320	1834	0
Las.Factor	8	8	8	8	0
AS.Factor	5	5	5	5	0
FC-Fun.Fac.	45	72	81	113	0
AC-SUBTOTAL	61	98	110	153	0
COBRA.PREM	853	1357	1524	2112	0

Plan Name: Excellent Service Company

Valuation Date: 01/31/2008

Produced by: Actuarial-Work Products, Inc.

FINAL RESULTS-Plan D: TIER 1 (Individual)

CLAIM RESERVE-Paid Basis = 24111 = (184851 * 0.15000) / 1.15000
 CLAIM RESERVE-Made Basis = 56179 = 24111 * 2.33
 CLAIM RESERVE Made Percent % = 30.39 = (56179 / 184851) * 100
 ADD.CHARGES-C.RES. CHANGE = 11 = (56179 / (42 * 12)) * .1
 ADD.CHARGES-INTERNAL COSTS = 11 = (184851 * 0.03000) / (42 * 12)
 ADD.CHARGES-COBRA.STAT. 2% = 8 = (367 + 8 + 5 + 23 + 11 + 11 +) * .02
 ADD.CHARGES-SUB-TOTAL = 31 = 11 + 11 + 8
 COBRA PREMIUM = 433 = 367 + 8.10764 + 5.00000 + 23 + 31

FINAL RESULTS-Plan D: OTHER TIERS

	TIER 1	TIER 2	TIER 3	TIER 4	TIER 5
Ben-FF-Tier 1	367	367	367	367	0
Factor	1.00	1.60	1.80	2.50	0.00
Ben-Fun.Fac.	367	587	660	917	0
FC-FF-Tier 1	23	23	23	23	0
Factor	1.00	1.60	1.80	2.50	0.00
FC-Fun.Fac.	23	36	41	56	0
AC-CR-Tier 1	11	11	11	11	0
Factor	1.00	1.60	1.80	2.50	0.00
AC-CR	11	18	20	28	0
AC-IC-Tier 1	11	11	11	11	0
Factor	1.00	1.60	1.80	2.50	0.00
AC-IC	11	18	20	28	0
AC-2%-Tier 1	8	8	8	8	0
Factor	1.00	1.60	1.80	2.50	0.00
AC-2%	8	14	15	21	0
AC-SUBTOTAL	31	49	55	77	0
Ben-Fun.Fac.	367	587	660	917	0
Las.Factor	8	8	8	8	0
AS.Factor	5	5	5	5	0
FC-Fun.Fac.	23	36	41	56	0
AC-SUBTOTAL	31	49	55	77	0
COBRA.PREM	433	685	769	1063	0