

**FLORIDA BIRTH RELATED NEUROLOGICAL  
INJURY COMPENSATION ASSOCIATION (NICA)  
ANALYSIS OF LOSS AND LAE RESERVES  
AS OF MARCH 31, 2023**

**Prepared: August 15, 2023**



# MADISON CONSULTING GROUP

Actuaries • Property/Casualty Consulting Services

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August 15, 2023

Melissa Jaacks, CPA  
Executive Director  
PO Box 14567  
Tallahassee, FL 32317-4567

Re: Florida Birth Related Neurological Injury Compensation Association Analysis of Loss and LAE Reserves as of March 31, 2023

Dear Ms. Jaacks:

Madison Consulting Group, Inc. is pleased to enclose a copy of the above captioned report.

We have enjoyed working on this project and hope you find it satisfactory. Please call if you have any questions or comments.

Mark  
Crawshaw  Digitally signed by  
Mark Crawshaw

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## **1 INTRODUCTION**

### **1.1 Scope**

The Florida Birth Related Neurological Injury Compensation Association (NICA) requested Madison Consulting Group (MCG) to estimate NICA’s liability for outstanding loss and loss adjustment expense (LAE) reserves as of March 31, 2023. This report documents our results and methodology.

### **1.2 Authors**

This report and analysis were prepared under the direction of Dr. Crawshaw and Ms. Everett. Dr. Crawshaw is a Fellow of the Casualty Actuarial Society. Ms. Everett is an Associate of the Casualty Actuarial Society. Both are Members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to make the actuarial opinions contained in this report.

## **2 BACKGROUND**

### **2.1 Overview of NICA’s Operations**

NICA was created by Florida Statute (“the Statute”).<sup>1</sup> The Statute replaces the traditional tort liability remedies for defined birth related injuries with a no-fault system<sup>2</sup> for participating health care providers. Claims must be filed within five years after birth.<sup>3</sup> Acceptance of claim (or not) into the NICA program is decided by an Administrative Law judge.<sup>4</sup> The Statute defines the benefits provided to claimants.

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<sup>1</sup> Florida Statutes 766.301 to 766.316

<sup>2</sup> Florida Statute 766.303

<sup>3</sup> Prior to the 1994 birth year, a claim had to be filed within seven years of birth.

<sup>4</sup> Florida Statute 766.304

NICA collects assessments from various medical care providers during each birth year and invests those funds until payments are required on behalf of the claimants.<sup>5</sup> NICA disburses funds on behalf of claimants to pay for their care. The Statute provides NICA very limited financial resources<sup>6</sup> for collecting additional funds in the event the funds collected from the medical care providers are not sufficient to pay its claims.

## **2.2 Overview of NICA’s Loss and LAE Reserves**

NICA’s loss and LAE<sup>7</sup> reserves represent an estimate of the value of all future payments necessary to satisfy the lifetime payments for all claimants born on, or before, the valuation date. These reserves form the vast majority of the liabilities on NICA’s balance sheet.

Due to the significant time over which the benefits will be paid out, the estimated impact of inflation and anticipated investment income must be considered in the establishing the loss and LAE reserve. In this report, as well as previous actuarial reports, the reserves are valued by inflating future payments and then discounting to present-value. In this process, it is assumed the discount rate exceeds the inflation rate by 1.5% per year. NICA’s actuaries have used this same assumption for many years. It is based on long-term comparison of investment returns versus inflation rate.

## **2.3 Categories of Claims**

The loss and LAE reserve is intended to provide for all unpaid claims for children born through the valuation date. These include claims accepted into NICA, claims in the adjudication process that may or may not ultimately be accepted, and claims that have not yet been reported (also

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<sup>5</sup> NICA also pays for expenses associated with the claims adjudication process, related litigation and administrative expenses.

<sup>6</sup> The Statute provides NICA some ability to assess the insurance industry, as well as collect additional funds from the Office of Insurance Regulation.

<sup>7</sup> Here “loss” refers to the cost of the benefits provided to claimants. Loss adjustment expense (LAE) refers to the other costs associated with paying benefits and adjudicating claims such as legal expenses, NICA’s administrative expenses etc.

referred to as IBNR claims). In this report, we use the following abbreviations and categories of claimant to develop claims:

**Table 1: Categories of Claims**

Category	Subcategory	Description
<b>AA Claims</b>		
AA		Claimant formally accepted into NICA when child was alive.
AA	AAA - Worksheet	Claimant is still alive and for whom NICA has full details and has established a worksheet with estimated life expectancy and projected lifetime benefits considering individual circumstances of the claimant and his/her family.
AA	AAA-Pipeline	Claimant is alive and is known to NICA. NICA expects claimant to become an AAA claim with a worksheet once claim adjudication and/or gathering of individual details is complete.
AA	AAD	Claimant was alive when accepted into NICA but is now deceased.
AA	AA-IBNR	Projected claims for living claimants which no petition has yet been filed.
<b>DA Claims</b>		
DA	DA-Reported	Claimant formally accepted when child was deceased or else is a deceased claimant that is expected to be accepted into NICA.
DA	DA-IBNR	Projected claims for deceased claimants for which no petition has yet been filed.
<b>Other Claims</b>		
Denied		Claimant has been denied or is expected to be denied acceptance into NICA.



## **2.4 NICA’s Case Reserves**

NICA develops its own estimates of its claim liabilities referred to as case reserves. These estimates are an important input into the actuarial reserve estimates presented in this report.

For each December 31 valuation, NICA prepares a master reserve worksheet summarizing NICA’s projected lifetime expense payments by expense category and year for each claimant, along with the claimant’s remaining life expectancy (as determined by Dr. Shavelle). The product of the expense payments and the remaining life expectancy determines NICA’s case reserve estimates for these claims at year end. During the year, NICA prepares similar information for additional claims as they are accepted into NICA.

The master worksheet (and any interim updates) includes all living claimants that have been accepted into NICA and for whom NICA has had sufficient time to gather information on the individual circumstances and needs of the claimant and their family. As of March 31, 2023, there are 232 open claims included in the master reserve worksheet.

In addition to the “AAA-worksheet” claims discussed above, NICA also provided case reserve estimates for other categories of claims for which it believes it will make future payments. These include case reserves for (a) deceased claimants in NICA’s program; (b) for living claimants (a.k.a., “AAA- pipeline”) that have already been or are expected to be accepted into NICA; and (c) for claimants that are expected to ultimately be denied acceptance into NICA.<sup>8</sup>

## **2.5 Senate Bill 1786**

In May 2021, the Florida Legislature passed Senate Bill 1786 (SB 1786), which resulted in increases to the financial obligations of NICA. This report includes consideration of the changes set forth in SB 1786.

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<sup>8</sup> We distinguished between the “AAA-pipeline” and “denied” category based on the magnitude of the case reserve established by NICA. In particular, “AAA-pipeline” claims are signaled via a case reserve of \$2.8 million.

## **2.6 Medicaid**

The estimates shown in this report were determined under the assumption that, on a prospective basis, Medicaid will no longer reimburse NICA claimants for expenses as defined in the Statute (effective August 31, 2021), and these expenses will fall on NICA.

The estimated payments used to project reserves include estimates of all payments that will prospectively be paid by NICA. In addition, because Medicaid has not yet implemented a procedure to transfer and/or bill claims to NICA, we have included an estimated provision for the period between August 31, 2021 and March 31, 2023 for potential future reimbursements due Medicaid.

## **2.7 Medicaid Settlement**

We understand that in late 2022, NICA settled litigation related to payments made by Medicaid in prior years to NICA claimants.

## **2.8 Threshold Standard**

The Statute sets forth a “threshold” financial standard that NICA must meet in order to continue accepting claimants. This standard is different from solvency standards more typically used for insurance companies that involve comparison of assets and liabilities. This threshold standard involves comparison of 80% of NICA’s available assets and funds that may become available in the subsequent twelve months, to its liabilities for filed claims excluding family care.

### 3 RECOMMENDATIONS AND CONCLUSIONS

#### **3.1 Recommended Reserve for Losses and LAE as of March 31, 2023**

The recommended reserve for losses and LAE (excluding risk margin) as March 31, 2023 is \$1.336 billion (Exhibit 1). This amount is an actuarial central estimate of expected outcomes valued using an annual interest discount rate that is 1.5% higher than the inflation rate.

#### **3.2 Comparison to Prior Reserves**

Exhibit 4 provides a time series for reserves and other loss related statistics beginning with the third quarter of 2016. Exhibits 2 and 3 summarize in graphical form, key statistics from Exhibit 4 that drive the loss reserves for NICA. We note the following:

1. The March 31, 2023 reserve for loss and loss adjustment expenses is \$1.336 billion (Exhibit 4, Sheet 3, Row 4). The reserve amount is driven by the number of outstanding AAA claims (i.e., number of living claimants) and the average reserve per outstanding AAA claim (see Exhibit 2). Reserves increased by about \$32.3 million, or about 2.5%, from the prior analysis as of December 31, 2022, primarily due to an increase in the number of living claimants.
2. The average reserve per outstanding AAA claim is shown on Exhibit 4, Row 10, and also graphically on Exhibit 2, Sheet 1. Through year-end 2020, prior to the passage of SB 1786, the average reserve per outstanding claim was running at about \$3.7 million per claim. Post-SB 1786, the average reserve has increased to about \$4.9 million per claim, an increase of approximately 32%.
3. The number of outstanding AAA claims are shown on Exhibit 4, Row 8 and also graphically on Exhibit 2, Sheet 2. It can be seen that the number of outstanding AAA claims have been increasing at a rate of 3.6% per year in recent years. In the quarter ending March 31, 2023, the number of outstanding AAA claims increased by six, or about 2.2%.
4. The aggregate claim payments per quarter are shown on Exhibit 4, Row 12 and graphically on Exhibit 3. Prior to passage of SB 1786, aggregate claim payments were running around

\$5 million per quarter but increased sharply in 2021 as SB 1786's retroactive payments were made to claimants. Since June 30, 2021, the aggregate payments have varied quite substantially by quarter as retroactive payments continue to be paid. We expect the quarterly payments to stabilize once all the retroactive payments have been made, and thereafter increase gradually. However, there is also a possibility of an additional one-time payment when final billing procedures with Medicaid are established and implemented.

5. Exhibit 4, Row 14 shows the claims incurred (i.e., aggregate amounts paid to claimants plus changes in reserves) per quarter. To be sustainable over the long-run, NICA needs to generate sufficient revenue (via its investments and charges to healthcare providers) to cover these costs plus its overhead costs.

### **3.3 Threshold Calculation**

Exhibit 6 provides a summary of the threshold calculation for NICA to continue accepting claims. Based on this calculation, NICA passes this standard as defined in the Statute.

## **4 CONDITIONS AND LIMITATIONS**

### **4.1 Data Sources**

Data for this analysis was provided to us by NICA and included:

1. A master reserve worksheet containing case reserves for each adjudicated claim showing life expectancy and projected future annual payments by category over the lifetime of the claimant. This worksheet is the basis of the case reserve development method.
2. Information on investments, claim adjustment expenses and numbers of participating healthcare providers.
3. The prior actuarial report evaluated as of December 31, 2022 and prior quarterly actuarial reports prepared by Turner Consulting.

While we reviewed the data for reasonableness, we did not audit the data. We are relying on NICA to ensure its accuracy.

## **4.2 Investment and Inflation Assumptions**

The reserve recommendations are presented on a present-value basis using an interest discount rate that is 1.5% greater than the future claims inflation. This is consistent with prior actuarial analyses.

## **4.3 Risk Margin**

NICA's loss and LAE reserves represent an actuarial central estimate of the present-value of all future payments necessary to satisfy the lifetime payments for all claimants born on, or before, the valuation date. Any such estimate involves the projection of future contingent events and actual payments will likely vary from projections.

To increase the likelihood that the estimates will reasonably provide for all future payments, we have continued NICA's past practice of estimating an additional explicit risk margin to account for likely variation in estimates caused by the following items.

1. The actual remaining years of life of known claims is likely to vary from their expected remaining life; and
2. The number and severity of pipeline and unreported claims are likely to vary from expected values included in our reserve estimates.

The resulting selected risk margin is \$75.5 million, consistent with recent prior analysis (Appendix I).

We note that the explicit risk margin only accounts for a small portion of the financial risk that NICA is exposed to. Much greater sources of risk are uncertainties in future claim cost inflation and discount rates to appropriately present-value the reserves. We have implicitly recognized some of this risk via our somewhat conservative selection of the future interest/inflation differential (See Section 4.2 above).

#### **4.4 Inherent Variability**

The development of reserves for NICA involves the projection of future contingent events. Actual results are likely to vary from projections. We have, however, used accepted actuarial methods and believe the results are reasonable.

### **5 ANALYSIS**

We analyzed liabilities for the various categories of claims as set forth in Section 2.3 above. The following subsections describe the analysis for each category. In general, the methodology involved updating our December 31, 2022 analysis for the passage of time.

#### **5.1 Analysis of AAA Claims With Worksheet**

We developed reserves for AAA claims with reserve worksheets based on their life expectancy and estimated future payments. The final selected estimate is shown in Appendix A and on Exhibit 1.

##### **5.11 Basis for Life Expectancy (AAA Claims With Reserve Worksheets)**

The mortality assumptions are unchanged from those described in our analysis as of December 31, 2022.

##### **5.12 Basis for Future Payments (AAA Claims With Reserve Worksheets)**

The future payments for each claim were developed based on the case reserve worksheet provided by NICA. In our December 31, 2022 analysis, we validated these projected payments using an aggregate actuarial model.

## **5.2 Analysis of AAA Pipeline Claims**

The number of outstanding pipeline claims is known and does not require estimation. We estimated the average reserve for each AAA pipeline claim based on the estimated average life expectancy at birth for current AA claims as described previously. We estimated the future annual payments based on the average payment model as described in our December 31, 2022 report (Appendix B).

## **5.3 Analysis of AA-IBNR and DA-IBNR Claims**

We estimated the reserve based on the estimated number claims (Appendix C) multiplied by the average projected reserve per claim (Appendix B).

## **5.4 Analysis of Other Claim Categories**

For the other categories of claims, we directly used NICA's estimates of future liabilities (see Exhibit 1).

## **5.5 Analysis of ULAE**

ULAE ("unallocated loss adjustment expenses") refers to those expenses incurred by NICA to administer the benefits separate and apart from the benefits themselves or legal fees. The reserves on Exhibit 1 include a provision for the estimated future ULAE. As shown in Appendix E, the ULAE reserve is 1.62% of total reserves *excluding ULAE*. This ULAE reserve ratio is selected in the December 31, 2022 report and is based on the methodology used in prior actuarial reports.

**NICA**  
SUMMARY OF SELECTED RESERVES AS OF MARCH 31, 2023  
(\$000'S)

Item	Unpaid Claim Count	Case Reserve	Projected Reserve	
			Nominal	Inflated and Discounted
(1)	(2)	(3)	(4)	(5)
AAA Claims With Worksheets (a)	232	\$ 1,252,508	\$ 1,519,913	\$ 1,072,273
AAA Claims Pipeline (b)	15	42,382	115,952	76,662
AAA Claims IBNR (b)	27	-	206,781	136,713
AAD Claims (c)	7	975	975	975
DA Claims Reported (c)	30	4,532	4,532	4,532
DA Claims IBNR (b)	9	-	3,784	3,784
Denied Claims (c)	26	447	447	447
Subtotal	346	\$ 1,300,844	\$ 1,852,383	\$ 1,295,386
Outstanding ULAE (d)				21,293
Medicaid Reimbursement - Aug 31, 2021 through Mar 31, 2023 (e)				19,000
<b>Total Reserve Excluding Risk Margin</b>				<b>\$ 1,335,679</b>
Risk Margin (f)				\$ 75,500
<b>Total Reserve Including Risk Margin</b>				<b>\$ 1,411,179</b>

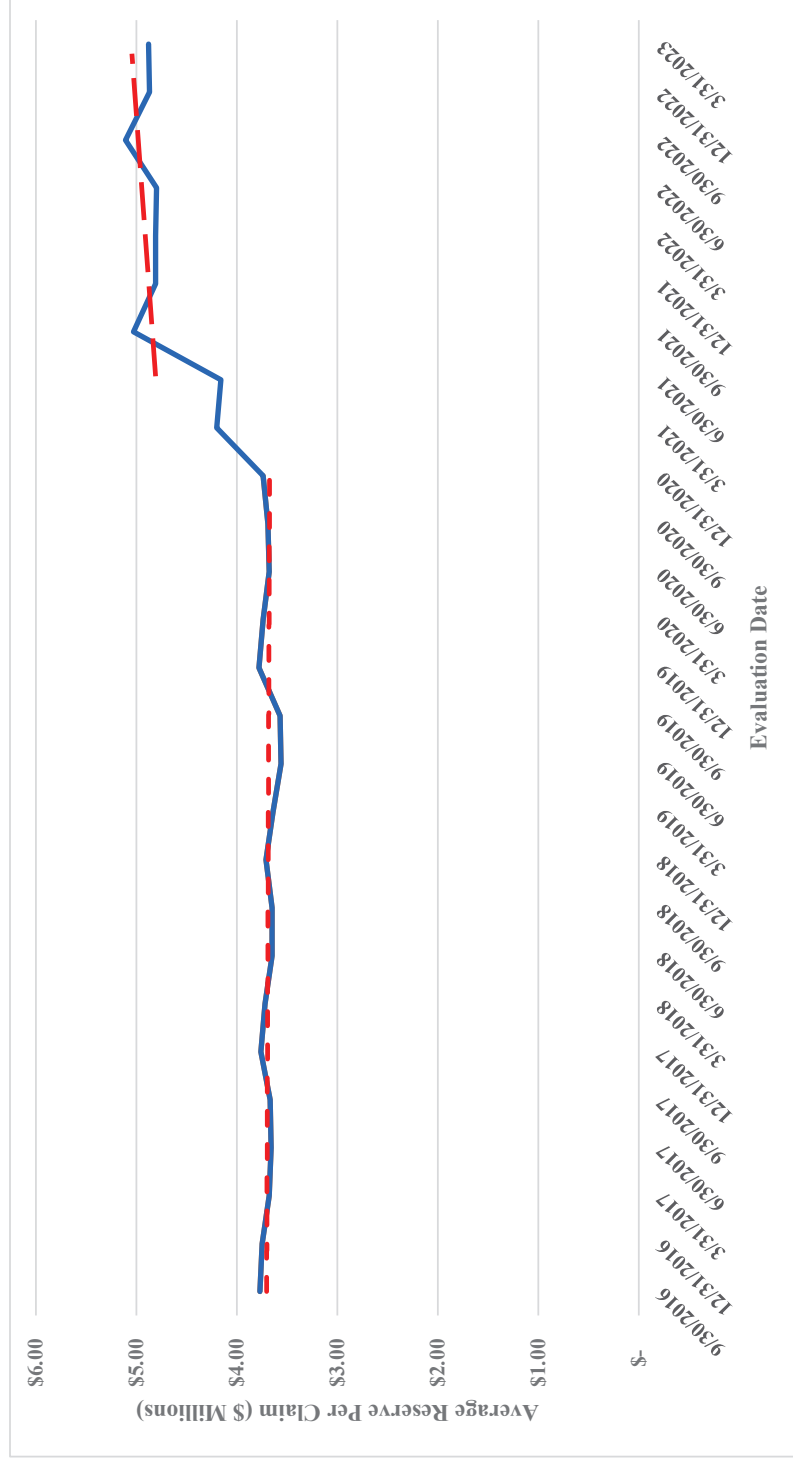
## Notes:

- (a) See Appendix A. (e) Assumes one million dollars a month, starting August 31, 2021.
- (b) See Appendix B, Sheet 1.
- (c) See Appendix F, Sheet 2. (f) See Appendix I.
- (d) See Appendix E.



## NICA

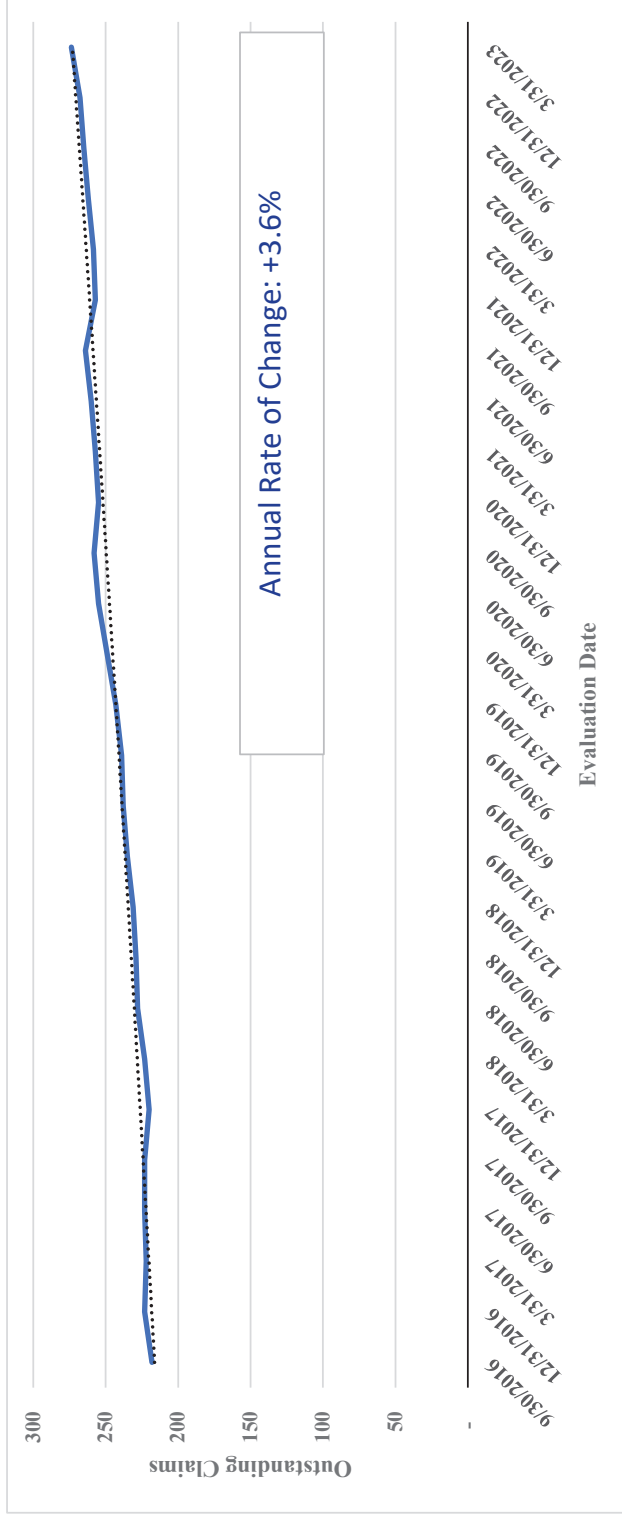
### SUMMARY OF AVERAGE RESERVE PER AAA CLAIM



Note: Based on Exhibit 4, Row (10). AAA claims relate to accepted, living claimants.

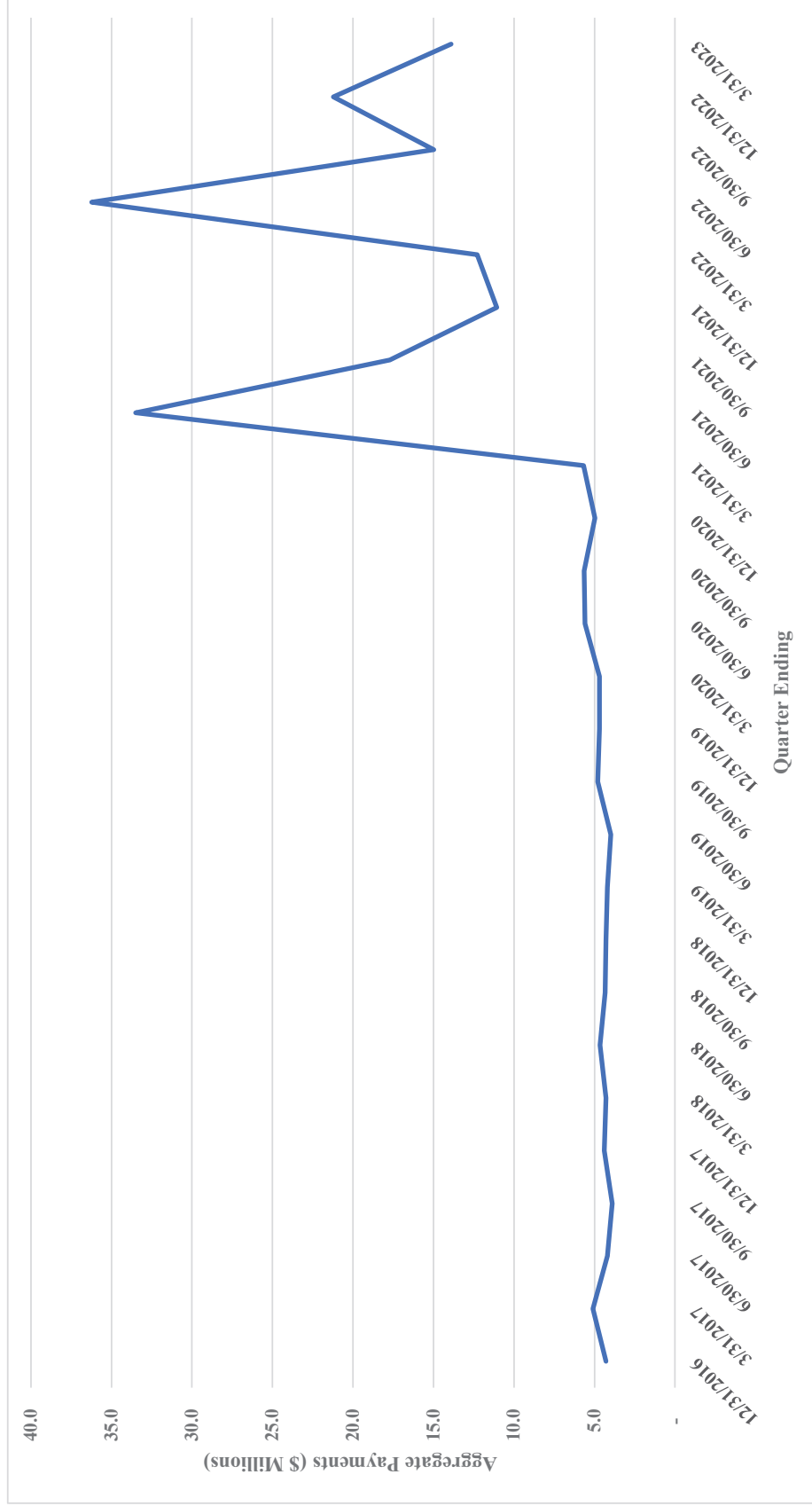
## NICA

### NUMBER OF OUTSTANDING AAA CLAIMS



Note: Based on Exhibit 4, Row (8). AAA claims relate to accepted, living claimants.

**NICA**  
PAYMENTS BY QUARTER FOR ALL CLAIMS



Note: Based on Exhibit 4, Row (12).

**NICA**  
SUMMARY OF CLAIM PAYMENTS AND RESERVES  
(\$ MILLIONS)

Item	9/30/2016	12/31/2016	3/31/2017	6/30/2017	9/30/2017	12/31/2017	3/31/2018	6/30/2018	9/30/2018
(1) Reserve for Future Benefits (a)	\$ 810.3	\$ 826.2	\$ 806.6	\$ 805.7	\$ 806.4	\$ 814.4	\$ 816.5	\$ 819.7	\$ 823.1
(2) ULAE Reserves (a)	11.1	11.1	11.1	11.1	12.7	12.8	12.8	12.7	12.6
(3) Estimated Reimbursement due to Medicaid (a)	-	-	-	-	-	-	-	-	-
(4) <b>Total Reserves</b>	<b>\$ 821.4</b>	<b>\$ 837.3</b>	<b>\$ 817.7</b>	<b>\$ 816.8</b>	<b>\$ 819.1</b>	<b>\$ 827.1</b>	<b>\$ 829.3</b>	<b>\$ 832.4</b>	<b>\$ 835.7</b>
(5) - Change in Quarter	15.9	(19.6)	(0.9)	2.4	2.1	8.0	2.1	3.1	3.3
(6) Number of Open Accepted Claims - AAA Claims (b)	187	193	189	190	191	191	193	198	198
(7) Number IBNR Claims Excluding DA (a)	31	30	33	33	32	29	30	30	31
(8) <b>Total Outstanding AAA Claims</b>	<b>218</b>	<b>223</b>	<b>222</b>	<b>223</b>	<b>223</b>	<b>220</b>	<b>223</b>	<b>228</b>	<b>229</b>
(9) - Change in Quarter	5.0	(1.0)	1.0	-	-	(3.0)	3.0	5.0	1.0
(10) Average Reserve per AAA Claim [(4) / (8)]	\$ 3.77	\$ 3.75	\$ 3.68	\$ 3.66	\$ 3.67	\$ 3.76	\$ 3.72	\$ 3.65	\$ 3.65
(11) Inception to Date Claim Payments (a)	\$ 200.9	\$ 205.2	\$ 210.3	\$ 214.5	\$ 218.4	\$ 222.8	\$ 227.1	\$ 231.8	\$ 236.1
(12) - Change in Quarter	4.3	5.1	4.2	3.9	4.4	4.3	4.3	4.7	4.3
(13) Inception to Date Incurred Expenses [(4) + (11)]	\$ 1,022.3	\$ 1,042.5	\$ 1,028.0	\$ 1,031.3	\$ 1,037.5	\$ 1,049.9	\$ 1,056.4	\$ 1,064.2	\$ 1,071.8
(14) <b>Claims Incurred in Quarter [(5) + (12)]</b>	<b>20.2</b>	<b>(14.5)</b>	<b>3.3</b>	<b>6.3</b>	<b>12.4</b>	<b>6.4</b>	<b>7.8</b>	<b>7.8</b>	<b>7.6</b>
(15) Average Number of Open Claims	190	191	191	190	191	191	192	196	198
(16) Average Paid Per Open Claim	\$ 0.023	\$ 0.027	\$ 0.022	\$ 0.022	\$ 0.020	\$ 0.023	\$ 0.022	\$ 0.024	\$ 0.022

**NICA**  
SUMMARY OF CLAIM PAYMENTS AND RESERVES  
(\$ MILLIONS)

Item	12/31/2018	3/31/2019	6/30/2019	9/30/2019	12/31/2019	3/31/2020	6/30/2020	9/30/2020	12/31/2020
(1) Reserve for Future Benefits (a)	\$ 843.3	\$ 841.4	\$ 836.0	\$ 840.1	\$ 903.8	\$ 917.1	\$ 924.7	\$ 938.6	\$ 937.6
(2) ULAE Reserves (a)	13.2	13.2	12.2	12.1	14.4	14.4	14.3	14.2	14.9
(3) Estimated Reimbursement due to Medicaid (a)	-	-	-	-	-	-	-	-	-
(4) <b>Total Reserves</b>	<b>\$ 856.5</b>	<b>\$ 854.6</b>	<b>\$ 848.2</b>	<b>\$ 852.2</b>	<b>\$ 918.1</b>	<b>\$ 931.5</b>	<b>\$ 939.0</b>	<b>\$ 952.8</b>	<b>\$ 952.5</b>
(5) - Change in Quarter	20.8	(1.9)	(6.4)	4.0	65.9	13.4	7.5	13.8	(0.3)
(6) Number of Open Accepted Claims - AAA Claims (b)	200	203	206	208	215	222	227	229	226
(7) Number IBNR Claims Excluding DA (a)	31	32	32	31	28	27	28	29	29
(8) <b>Total Outstanding AAA Claims</b>	<b>231</b>	<b>235</b>	<b>238</b>	<b>239</b>	<b>243</b>	<b>249</b>	<b>255</b>	<b>258</b>	<b>255</b>
(9) - Change in Quarter	2.0	4.0	3.0	1.0	4.0	6.0	6.0	3.0	(3.0)
(10) Average Reserve per AAA Claim [(4) / (8)]	\$ 3.71	\$ 3.64	\$ 3.56	\$ 3.57	\$ 3.78	\$ 3.74	\$ 3.68	\$ 3.69	\$ 3.74
(11) Inception to Date Claim Payments (a)	\$ 240.4	\$ 244.6	\$ 248.6	\$ 253.4	\$ 258.1	\$ 262.8	\$ 268.4	\$ 274.1	\$ 279.0
(12) <b>- Change in Quarter</b>	<b>4.3</b>	<b>4.2</b>	<b>4.0</b>	<b>4.8</b>	<b>4.7</b>	<b>4.7</b>	<b>5.6</b>	<b>5.7</b>	<b>5.0</b>
(13) Inception to Date Incurred Expenses [(4) + (11)]	\$ 1,096.9	\$ 1,099.2	\$ 1,096.8	\$ 1,105.6	\$ 1,176.2	\$ 1,194.3	\$ 1,207.4	\$ 1,226.9	\$ 1,231.6
(14) <b>Claims Incurred in Quarter [(5) + (12)]</b>	<b>25.1</b>	<b>2.3</b>	<b>(2.4)</b>	<b>8.8</b>	<b>70.6</b>	<b>18.1</b>	<b>13.1</b>	<b>19.5</b>	<b>4.7</b>
(15) Average Number of Open Claims	199	202	205	207	212	219	225	228	228
(16) Average Paid Per Open Claim	\$ 0.022	\$ 0.021	\$ 0.020	\$ 0.023	\$ 0.022	\$ 0.021	\$ 0.025	\$ 0.025	\$ 0.022

**NICA**  
SUMMARY OF CLAIM PAYMENTS AND RESERVES  
(\$ MILLIONS)

Item	3/31/2021	6/30/2021	9/30/2021	12/31/2021	3/31/2022	6/30/2022	9/30/2022	12/31/2022	3/31/2023
(1) Reserve for Future Benefits (a)	\$ 1,064.6	\$ 1,066.2	\$ 1,311.9	\$ 1,214.8	\$ 1,223.6	\$ 1,238.4	\$ 1,321.0	\$ 1,266.6	\$ 1,295.4
(2) ULAE Reserves (a)	15.0	14.9	14.8	20.2	20.2	20.2	20.2	20.8	21.3
(3) Estimated Reimbursement due to Medicaid (a)	-	-	-	-	-	-	14.0	16.0	19.0
(4) <b>Total Reserves</b>	<b>\$ 1,079.6</b>	<b>\$ 1,081.1</b>	<b>\$ 1,326.7</b>	<b>\$ 1,235.0</b>	<b>\$ 1,243.8</b>	<b>\$ 1,258.6</b>	<b>\$ 1,355.1</b>	<b>\$ 1,303.4</b>	<b>\$ 1,335.7</b>
(5) - Change in Quarter	127.1	1.5	245.6	(91.7)	8.8	14.8	96.5	(51.7)	32.3
(6) Number of Open Accepted Claims - AAA Claims (b)	228	233	235	230	232	233	238	241	247
(7) Number IBNR Claims Excluding DA (a)	29	27	29	27	27	29	27	27	27
(8) <b>Total Outstanding AAA Claims</b>	<b>257</b>	<b>260</b>	<b>264</b>	<b>257</b>	<b>259</b>	<b>262</b>	<b>265</b>	<b>268</b>	<b>274</b>
(9) - Change in Quarter	2.0	3.0	4.0	(7.0)	1.5	3.5	3.0	2.8	6.0
(10) Average Reserve per AAA Claim [(4) / (8)]	\$ 4.20	\$ 4.16	\$ 5.03	\$ 4.81	\$ 4.81	\$ 4.80	\$ 5.11	\$ 4.87	\$ 4.88
(11) Inception to Date Claim Payments (a)	\$ 284.7	\$ 318.2	\$ 335.9	\$ 347.0	\$ 359.3	\$ 395.5	\$ 410.5	\$ 431.7	\$ 445.6
(12) - Change in Quarter	5.7	33.5	17.7	11.1	12.3	36.2	15.0	21.2	13.9
(13) Inception to Date Incurred Expenses [(4) + (11)]	\$ 1,364.3	\$ 1,399.3	\$ 1,662.6	\$ 1,582.0	\$ 1,603.1	\$ 1,654.2	\$ 1,765.6	\$ 1,735.1	\$ 1,781.3
(14) <b>Claims Incurred in Quarter [(5) + (12)]</b>	<b>132.7</b>	<b>35.0</b>	<b>263.3</b>	<b>(80.6)</b>	<b>21.1</b>	<b>51.0</b>	<b>111.5</b>	<b>(30.5)</b>	<b>46.2</b>
(15) Average Number of Open Claims	227	231	234	233	231	233	236	240	244
(16) Average Paid Per Open Claim	\$ 0.025	\$ 0.145	\$ 0.076	\$ 0.048	\$ 0.053	\$ 0.156	\$ 0.063	\$ 0.088	\$ 0.057

## NICA

### SUMMARY OF RESERVES AS OF MARCH 31, 2023 - CURRENT DOLLARS

Birth Year	Paid Loss and ALAE (a)	Incurred Loss and ALAE (a)	Case Outstanding Loss & ALAE (a)	Indicated IBNR / Bulk Reserves (b)	Selected Total Outstanding Loss & ALAE (c)
(1)	(2)	(3)	(4)	(5)	(6)
1989	\$ 19,037,692.62	\$ 37,544,537.57	\$ 18,506,844.95	\$ 58,482.13	\$ 18,565,327.08
1990	9,280,577.60	20,881,387.95	11,600,810.35	274,873.62	11,875,683.97
1991	13,219,920.13	30,933,112.46	17,713,192.33	90,326.96	17,803,519.29
1992	21,720,772.44	65,804,696.48	44,083,924.04	399,199.08	44,483,123.12
1993	27,667,505.57	62,312,837.43	34,645,331.86	820,119.97	35,465,451.83
1994	11,311,980.91	32,137,943.39	20,825,962.48	56,989.86	20,882,952.34
1995	15,634,226.47	45,667,468.27	30,033,241.80	1,131,034.80	31,164,276.60
1996	14,470,961.45	44,453,645.60	29,982,684.15	2,012,872.54	31,995,556.69
1997	18,480,404.27	63,276,353.34	44,795,949.07	1,748,975.08	46,544,924.15
1998	30,326,226.58	88,325,980.52	57,999,753.94	4,441,915.84	62,441,669.78
1999	17,106,562.42	27,671,377.67	10,564,815.25	2,652,326.14	13,217,141.39
2000	9,775,891.17	23,037,893.53	13,262,002.36	1,663,981.00	14,925,983.36
2001	12,500,386.73	30,074,105.24	17,573,718.51	3,146,684.32	20,720,402.83
2002	27,615,316.46	92,515,111.19	64,899,794.73	9,330,391.96	74,230,186.69
2003	8,914,614.60	22,755,567.48	13,840,952.88	3,234,509.94	17,075,462.82
2004	9,911,170.90	54,309,128.79	44,397,957.89	3,803,584.11	48,201,542.00
2005	13,651,862.57	48,998,473.26	35,346,610.69	7,378,528.68	42,725,139.37
2006	17,093,253.12	77,643,818.33	60,550,565.21	10,268,536.01	70,819,101.22
2007	17,056,834.36	41,533,310.30	24,476,475.94	10,706,147.81	35,182,623.75
2008	12,370,475.44	68,231,599.34	55,861,123.90	10,042,686.58	65,903,810.48
2009	15,635,608.74	62,957,112.03	47,321,503.29	11,739,673.49	59,061,176.78
2010	7,040,195.22	35,496,474.82	28,456,279.60	4,379,030.75	32,835,310.35
2011	10,401,142.76	59,477,143.76	49,076,001.00	13,907,396.52	62,983,397.52
2012	6,968,357.38	46,322,866.18	39,354,508.80	7,738,299.57	47,092,808.37
2013	10,111,001.61	42,807,414.80	32,696,413.19	14,158,509.80	46,854,922.99
2014	11,830,472.95	38,776,785.06	26,946,312.11	19,023,190.20	45,969,502.31
2015	13,210,836.93	91,113,211.67	77,902,374.74	26,227,863.62	104,130,238.36
2016	5,043,072.11	50,609,948.11	45,566,876.00	11,102,045.33	56,668,921.33
2017	8,783,293.65	79,933,221.30	71,149,927.65	27,930,185.27	99,080,112.92
2018	12,999,003.41	116,363,953.82	103,364,950.41	44,956,635.69	148,321,586.10
2019	7,357,414.81	53,440,474.63	46,083,059.82	39,947,046.83	86,030,106.65
2020	6,049,442.87	56,054,838.30	50,005,395.43	42,392,534.13	92,397,929.56
2021	2,354,931.39	22,897,918.95	20,542,987.56	83,172,782.92	103,715,770.48
2022	699,529.43	12,115,131.72	11,415,602.29	105,091,113.10	116,506,715.39
2023	-	-	-	26,511,000.00	26,511,000.00
Total	\$ 445,630,939.07	\$ 1,746,474,843.29	\$ 1,300,843,904.22	\$ 551,539,473.66	\$ 1,852,383,377.88

- Notes: (a) Provided by NICA.  
 (b) [(6) - (4)]  
 (c) Nominal reserves from Exhibit 1 split by birth year.

## NICA

### SUMMARY OF RESERVES AS OF MARCH 31, 2023 - DISCOUNTED & INFLATED

Birth Year	Case Outstanding Loss & ALAE (a)	Indicated IBNR / Bulk Loss & ALAE	Total Outstanding Loss & ALAE (b)	Present Value Factor (c)
(1)	(7)	(8) = (9) - (7)	(9)	(10)
1989	\$ 13,951,564.82	\$ 44,087.32	\$ 13,995,652.14	0.7539
1990	9,362,629.17	221,841.38	9,584,470.55	0.8071
1991	13,699,208.94	69,857.98	13,769,066.93	0.7734
1992	33,152,552.64	300,210.77	33,452,763.41	0.7520
1993	25,798,105.37	610,689.53	26,408,794.90	0.7446
1994	14,596,954.27	39,944.30	14,636,898.57	0.7009
1995	22,023,810.01	829,404.15	22,853,214.16	0.7333
1996	22,738,642.07	1,526,547.39	24,265,189.46	0.7584
1997	32,022,596.82	1,250,263.14	33,272,859.96	0.7149
1998	43,265,292.87	3,313,475.95	46,578,768.82	0.7460
1999	8,305,776.30	2,085,188.15	10,390,964.45	0.7862
2000	9,803,725.29	1,230,071.61	11,033,796.90	0.7392
2001	13,286,286.46	2,378,992.77	15,665,279.23	0.7560
2002	47,994,799.43	6,900,026.30	54,894,825.73	0.7395
2003	10,537,866.24	2,462,607.41	13,000,473.65	0.7614
2004	30,710,285.92	2,630,957.85	33,341,243.77	0.6917
2005	24,905,451.83	5,198,959.31	30,104,411.13	0.7046
2006	43,261,175.13	7,336,495.26	50,597,670.39	0.7145
2007	19,004,727.29	8,312,774.28	27,317,501.57	0.7764
2008	38,444,953.73	6,911,615.70	45,356,569.43	0.6882
2009	33,100,557.09	8,211,694.59	41,312,251.68	0.6995
2010	18,150,582.44	2,793,125.45	20,943,707.89	0.6378
2011	33,193,635.99	9,406,574.46	42,600,210.45	0.6764
2012	26,647,563.54	5,239,725.66	31,887,289.20	0.6771
2013	23,642,515.71	10,237,905.56	33,880,421.27	0.7231
2014	19,852,547.39	14,015,230.86	33,867,778.26	0.7367
2015	53,888,693.82	18,143,032.44	72,031,726.25	0.6917
2016	29,958,305.03	7,299,128.00	37,257,433.03	0.6575
2017	48,370,996.46	18,988,225.81	67,359,222.27	0.6798
2018	69,520,017.79	30,236,420.57	99,756,438.36	0.6726
2019	31,661,742.16	27,445,944.38	59,107,686.55	0.6871
2020	32,675,731.42	27,701,152.00	60,376,883.42	0.6534
2021	13,694,517.61	55,445,252.87	69,139,770.48	0.6666
2022	7,604,284.66	70,004,430.73	77,608,715.39	0.6661
2023	-	17,736,000.00	17,736,000.00	0.6690
Total	\$ 918,828,095.72	\$ 376,557,853.92	\$ 1,295,385,949.64	

(11) Estimated Outstanding ULAE (d)	\$ 21,293,052.38
(12) Estimated Medicaid Reimbursement Expenses (e)	19,000,000.00
(13) Total Outstanding Loss & LAE (f)	\$ 1,335,679,002.02

- Notes: (a) [(10) x Exh 5, Sheet 1, Col (4)]. (d) See Appendix E.  
 (b) Reserves from Exhibit 1 by birth year. (e) See Exhibit 1.  
 (c) [(9) ÷ Exh 5, Sheet 1, Col (6)]. (f) [Col (9), Total + (11) + (12) + (13)].



**NICA**  
THRESHOLD CALCULATION AS OF MARCH 31, 2023  
(\$000'S)

**A: Determination of Liabilities For Threshold Calculation**

(1) Total Reserve Excluding Risk Margin (a)	\$	1,335,679
(2) Family Care (AAA Claims With Worksheets) (b)	\$	128,862
(3) AAA IBNR Reserves (c)		136,713
(4) DA IBNR Reserves (c)		3,784
(5) Subtotal	\$	269,359
(6) Present Value Loss and LAE Reserves on Filed Claims [(1)-(5)]	\$	1,066,320

**B: Assets For Threshold Calculation**

(7) Invested Assets (e)	\$	1,306,235
(8) Cash (d)		5,582
(9) Income on Invested Funds (e)		64,587
(10) Future Assessments Health Care Providers (e)		36,000
(11) Potential Assessments against Insurance Companies (e)		28,815
(12) Transfers from Florida Office of Ins. Regulation		20,000
(13) Subtotal		1,461,219
(14) Assets for Threshold Calculation [(80% x (13)]		<b>1,168,976</b>

**C: Threshold Test**

(15) Assets Excess of Threshold [(14) - (6)]	<b>102,656</b>
(16) Pass/Fail	<b>Pass</b>

Notes:

- (a) See Exhibit 1.
- (b) See Appendix G, Sheet 1.
- (c) See Exhibit 1.
- (d) Provided by NICA.
- (e) Exhibit 6, Sheet 2.

**NICA**  
THRESHOLD CALCULATION AS OF MARCH 31, 2023  
(\$000'S)

1. Funds Available Within The Next 12 Months			
a. Income on Invested Funds (See 2 Below)	\$	64,587	
b. Future Assessments Health Care Providers		36,000	
c. Potential Assessments against Insurance Companies		28,815	
d. Total = (1a.)+(1b.)+(1c.)	\$	<u>129,402</u>	
2. Return On Invested Assets			
a. Investment at Current Market Value	\$	1,306,235	
b. Estimated Assessments in next 12 Months		36,000	
c. Estimated Expenditures next 12 Months		<u>(65,000)</u>	
d.. Subtotal		1,277,235	
e. Average Invested Assets = (2a. + 2d.) ÷ 2		1,291,735	
f. Expected Prospective Return (%)		5%	
g. Expected Prospective Return (\$)		64,587	
3. Assessments Against Insurance Companies.			
a. Assessment rate (From Florida Statute)		0.25%	
b. Net Direct Premium Written [= Total of 4(C)]	\$	<u>11,526,168</u>	
c. Assessment against insurance companies = (3a.) x (3b.)	\$	<u>28,815</u>	
4. Direct Premium Written - State Of Florida			
		<u>2022 Direct</u>	<u>%</u>
		<u>Written Premium</u>	<u>Liability</u>
		(A)	(B)
		(C)	(C)
Farmowners Multi-Peril	\$	26,278	5%
Homeowners Multi-Peril		14,254,342	5%
Commercial Multi-Peril - Liability		973,267	100%
Medical Professional Liability		884,598	100%
Other Liability		8,513,482	100%
Products Liability		325,740	100%
Aircraft		<u>230,099</u>	50%
Total	\$	<u>25,207,806</u>	
			<u>Liability</u>
			<u>Premium</u>
			(C)
	\$		1,314
			712,717
			973,267
			884,598
			8,513,482
			325,740
			<u>115,050</u>
	\$		<u>11,526,168</u>

Note: The direct premium written is from AM Best. The estimated percentage of premium attributable to liability is based on judgment.

**NICA**  
ANALYSIS OF RESERVES AS OF MARCH 31, 2023

SELECTED RESERVES FOR AAA CLAIMS WITH RESERVE WORKSHEETS  
(\$000'S)

Item	Number of Claims	Case Reserve	Projected Reserve	
			Nominal	Inflated and Discounted
(1)	(2)	(3)	(4)	(5)
<b>Scenario 1 (a)</b>				
Case Reserve	232	\$ 1,252,508	\$ 1,263,691	\$ 908,874
Supplement for Expected Development	-	-	-	-
<b>Total</b>	<b>232</b>	<b>\$ 1,252,508</b>	<b>\$ 1,263,691</b>	<b>\$ 908,874</b>
<b>Scenario 2 (a)</b>				
Case Reserve	232	\$ 1,252,508	\$ 1,263,691	\$ 908,874
Supplement for Expected Development	-	-	256,222	163,400
<b>Total</b>	<b>232</b>	<b>\$ 1,252,508</b>	<b>\$ 1,519,913</b>	<b>\$ 1,072,273</b>
<b>Selected (b)</b>				
Case Reserve	232	\$ 1,252,508	\$ 1,263,691	\$ 908,874
Supplement for Expected Development	-	-	256,222	163,400
<b>Total</b>	<b>232</b>	<b>\$ 1,252,508</b>	<b>\$ 1,519,913</b>	<b>\$ 1,072,273</b>

## Notes:

(a) Projected reserves are based on Case Reserve Method.

(b) Based on Scenario 2.

**NICA**  
ANALYSIS OF RESERVES AS OF DECEMBER 31, 2022

SELECTED RESERVES FOR AAA PIPELINE AND IBNR CLAIMS AND DA IBNR CLAIMS  
(\$000'S)

Birth Year	Number of Claims (a)	Projected Reserve	
		Nominal (b)	Inflated and Discounted (c)
(1)	(2)	(3)	(4)
<b>AAA Pipeline Claims</b>			
2017	1.0	\$ 7,730	\$ 5,111
2018	1.0	7,730	5,111
2019	1.0	7,730	5,111
2020	1.0	7,730	5,111
2021	7.0	54,111	35,775
2022	4.0	30,921	20,443
<u>2023</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	15.0	\$ 115,952	\$ 76,662
<b>AAA IBNR Claims</b>			
2017	0.3	\$ 2,319	\$ 1,533
2018	1.1	8,503	5,622
2019	1.9	14,687	9,710
2020	3.1	23,577	15,588
2021	6.2	47,927	31,687
2022	10.9	83,872	55,452
<u>2023</u>	<u>3.4</u>	<u>25,896</u>	<u>17,121</u>
Total	26.8	\$ 206,781	\$ 136,713
<b>DA IBNR Claims</b>			
2017	-	\$ -	\$ -
2018	0.1	31	31
2019	0.5	188	188
2020	1.0	417	417
2021	2.1	865	865
2022	4.0	1,668	1,668
<u>2023</u>	<u>1.5</u>	<u>615</u>	<u>615</u>
Total	9.1	\$ 3,784	\$ 3,784

Notes:

- (a) See Appendix C, Sheet 1 for IBNR counts and Appendix F, Sheet 2 for pipeline counts.  
(b) [(2) x Projected Reserve Per Claim in Appendix B, Sheet 2].

**NICA**  
ANALYSIS OF RESERVES AS OF MARCH 31, 2023  
  
PROJECTED RESERVE FOR IBNR OR PIPELINE CLAIMS  
(\$000'S)

Nominal			Inflated and Discounted		
Parental Award	Death Benefit	Other Benefits	Parental Award	Death Benefit	Other Benefits
(1)	(2)	(3)	(5)	(6)	(7)
Total			Total		
(4)			(8)		
AAA Claims (a)					
\$ 267	Included in (3) \$	7,463 \$	267	Included in (7) \$	4,844 \$
\$ 267	\$	50 \$	100 \$	50 \$	100 \$
DA Claims (b)					
\$ 267	\$	50 \$	417 \$	267 \$	50 \$
\$ 267	\$	100 \$	417 \$	50 \$	100 \$
			417		

Notes:  
(a) Projected based on Life Expectancy at Birth: 44.5 (See bottom chart of Appendix D, Sheet 5).  
(b) Future Payments (Actuarial projection from 9/30/2022 report).

**NICA**  
ANALYSIS OF IBNR CLAIMS

SELECTED ULTIMATE CLAIM COUNTS

Birth Year	DA Claims			AA Claims		
	Reported Count (a)	IBNR (b)	Ultimate Count (c)	Reported Count (a)	IBNR (d)	Ultimate Count (e)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
2012	4	0.0	4	7	0.0	7
2013	3	0.0	3	8	0.0	8
2014	3	0.0	3	10	0.0	10
2015	6	0.0	6	14	0.0	14
2016	4	0.0	4	7	0.0	7
2017	2	0.0	2	13	0.3	13
2018	9	0.1	9	18	1.1	19
2019	4	0.5	4	11	1.9	13
2020	4	1.0	5	9	3.1	12
2021	7	2.1	9	7	6.2	13
2022	2	4.0	6	4	10.9	15
2023	0	1.5	1	0	3.4	3
Total	48	9.1	57	108	26.8	135

Notes: (a) Based on data provided by NICA.  
 (b) Based on Sheet 2a.  
 (c) [ (2) + (3) ]  
 (d) Based on Sheet 3a.  
 (e) [ (5) + (6) ]

**NICA**  
ANALYSIS OF IBNR CLAIMS  
DA CLAIMS

REPORTED CLAIM COUNT DEVELOPMENT

Birth Year	Age of Development (Months)											
	3	6	9	12	15	18	21	24	27	30	33	36
2016-2	1	-	1	1	1	1	1	1	1	1	1	1
2016-3	-	-	1	1	1	1	1	1	1	1	1	1
2016-4	1	1	1	1	1	1	1	1	1	1	1	1
2017-1	-	-	-	-	-	-	-	-	-	-	-	-
2017-2	-	-	-	2	2	2	2	2	2	2	2	2
2017-3	-	-	-	-	-	-	-	-	-	-	-	-
2017-4	-	-	-	-	-	-	-	-	-	-	-	-
2018-1	-	-	-	-	-	-	-	-	-	1	2	1
2018-2	1	-	-	-	-	1	1	1	2	2	2	2
2018-3	-	-	-	1	1	1	1	1	1	1	1	2
2018-4	-	-	2	3	4	4	4	4	4	4	4	4
2019-1	-	-	-	-	-	1	1	1	1	1	3	2
2019-2	-	-	-	-	-	-	-	-	-	-	-	-
2019-3	-	-	-	-	-	1	1	1	1	1	1	1
2019-4	-	-	-	1	-	-	-	-	-	1	1	1
2020-1	-	-	-	-	-	-	1	1	1	1	1	1
2020-2	-	-	-	1	1	1	1	1	1	2	2	2
2020-3	-	-	-	-	-	-	-	-	-	-	-	-
2020-4	-	-	-	-	1	1	1	1	1	1	-	-
2021-1	-	-	1	1	1	1	1	1	1	-	-	-
2021-2	-	1	2	3	3	3	3	3	3	-	-	-
2021-3	-	-	-	-	-	-	1	-	-	-	-	-
2021-4	-	-	-	1	1	2	-	-	-	-	-	-
2022-1	-	-	-	1	1	-	-	-	-	-	-	-
2022-2	-	-	1	1	-	-	-	-	-	-	-	-
2022-3	-	-	-	-	-	-	-	-	-	-	-	-
2022-4	-	-	-	-	-	-	-	-	-	-	-	-
2023-1	-	-	-	-	-	-	-	-	-	-	-	-

Birth Year	Incremental Claim Counts											
	3-6	6-9	9-12	12-15	15-18	18-21	21-24	24-27	27-30	30-33	33-36	36-39
2016-2	(1)	1	-	-	-	-	-	-	-	-	-	-
2016-3	-	1	-	-	-	-	-	-	-	-	-	-
2016-4	-	-	-	-	-	-	-	-	-	-	-	-
2017-1	-	-	-	-	-	-	-	-	-	-	-	-
2017-2	-	-	2	-	-	-	-	-	-	-	-	-
2017-3	-	-	-	-	-	-	-	-	-	-	-	-
2017-4	-	-	-	-	-	-	-	-	-	-	-	-
2018-1	-	-	-	-	-	-	-	-	1	1	(1)	-
2018-2	(1)	-	-	-	1	-	-	1	-	-	-	-
2018-3	-	-	1	-	-	-	-	-	-	-	1	-
2018-4	-	2	1	1	-	-	-	-	-	-	-	-
2019-1	-	-	-	-	1	-	-	-	-	2	(1)	-
2019-2	-	-	-	-	-	-	-	-	-	-	-	-
2019-3	-	-	-	-	1	-	-	-	-	-	-	-
2019-4	-	-	1	(1)	-	-	-	-	1	-	-	-
2020-1	-	-	-	-	-	1	-	-	-	-	-	-
2020-2	-	-	1	-	-	-	-	-	1	-	-	-
2020-3	-	-	-	-	-	-	-	-	-	-	-	-
2020-4	-	-	-	1	-	-	-	-	-	-	-	-
2021-1	-	1	-	-	-	-	-	-	-	-	-	-
2021-2	1	1	1	-	-	-	-	-	-	-	-	-
2021-3	-	-	-	-	-	1	-	-	-	-	-	-
2021-4	-	-	1	-	1	-	-	-	-	-	-	-
2022-1	-	-	1	-	-	-	-	-	-	-	-	-
2022-2	-	1	-	-	-	-	-	-	-	-	-	-
2022-3	-	-	-	-	-	-	-	-	-	-	-	-
2022-4	-	-	-	-	-	-	-	-	-	-	-	-
2023-1	-	-	-	-	-	-	-	-	-	-	-	-
Avg All	-0.037	0.269	0.360	0.042	0.174	0.091		0.050	0.158	0.167	-0.059	
Avg Latest 2												
Avg Latest 3												
Avg Latest 5												
Prior Selected												
Selected Incremental	0.200	0.200	0.175	0.150	0.100	0.100	0.075	0.075	0.075	0.050	0.050	0.050
Cumulative	1.475	1.275	1.075	0.900	0.750	0.650	0.550	0.475	0.400	0.325	0.275	0.225

Notes: Counts provided by NICA.

**NICA**  
ANALYSIS OF IBNR CLAIMS  
DA CLAIMS

REPORTED CLAIM COUNT DEVELOPMENT

Birth Year	Age of Development (Months)											
	39	42	45	48	51	54	57	60	63	66	69	72
2016-2	1	1	1	1	1	1	1	1	1	1	1	1
2016-3	1	1	1	1	1	1	1	1	1	1	1	1
2016-4	1	1	1	1	1	1	1	1	1	1	1	1
2017-1	-	-	-	-	-	-	-	-	-	-	-	-
2017-2	2	2	2	2	2	2	2	2	2	2	2	2
2017-3	-	-	-	-	-	-	-	-	-	-	-	-
2017-4	-	-	-	-	-	-	-	-	-	-	-	-
2018-1	1	1	1	1	1	1	1	1	1	1	1	1
2018-2	2	2	2	2	2	2	2	2	2	2	2	2
2018-3	2	2	2	2	2	2	2	2	2	2	2	2
2018-4	4	4	4	4	4	4	4	4	4	4	4	4
2019-1	2	2	2	2	2	2	2	2	2	2	2	2
2019-2	-	-	-	-	-	-	-	-	-	-	-	-
2019-3	1	1	1	1	1	1	1	1	1	1	1	1
2019-4	1	1	1	1	1	1	1	1	1	1	1	1
2020-1	1	1	1	1	1	1	1	1	1	1	1	1
2020-2	-	-	-	-	-	-	-	-	-	-	-	-
2020-3	-	-	-	-	-	-	-	-	-	-	-	-
2020-4	-	-	-	-	-	-	-	-	-	-	-	-
2021-1	-	-	-	-	-	-	-	-	-	-	-	-
2021-2	-	-	-	-	-	-	-	-	-	-	-	-
2021-3	-	-	-	-	-	-	-	-	-	-	-	-
2021-4	-	-	-	-	-	-	-	-	-	-	-	-
2022-1	-	-	-	-	-	-	-	-	-	-	-	-
2022-2	-	-	-	-	-	-	-	-	-	-	-	-
2022-3	-	-	-	-	-	-	-	-	-	-	-	-
2022-4	-	-	-	-	-	-	-	-	-	-	-	-
2023-1	-	-	-	-	-	-	-	-	-	-	-	-

Birth Year	Link Ratios											
	39-42	42-45	45-48	48-51	51-54	54-57	57-60	60-63	63-66	66-69	69-72	72-75
2016-2	-	-	-	-	-	-	-	-	-	-	-	-
2016-3	-	-	-	-	-	-	-	-	-	-	-	-
2016-4	-	-	-	-	-	-	-	-	-	-	-	-
2017-1	-	-	-	-	-	-	-	-	-	-	-	-
2017-2	-	-	-	-	-	-	-	-	-	-	-	-
2017-3	-	-	-	-	-	-	-	-	-	-	-	-
2017-4	-	-	-	-	-	-	-	-	-	-	-	-
2018-1	-	-	-	-	-	-	-	-	-	-	-	-
2018-2	-	-	-	-	-	-	-	-	-	-	-	-
2018-3	-	-	-	-	-	-	-	-	-	-	-	-
2018-4	-	-	-	-	-	-	-	-	-	-	-	-
2019-1	-	-	-	-	-	-	-	-	-	-	-	-
2019-2	-	-	-	-	-	-	-	-	-	-	-	-
2019-3	-	-	-	-	-	-	-	-	-	-	-	-
2019-4	-	-	-	-	-	-	-	-	-	-	-	-
2020-1	-	-	-	-	-	-	-	-	-	-	-	-
2020-2	-	-	-	-	-	-	-	-	-	-	-	-
2020-3	-	-	-	-	-	-	-	-	-	-	-	-
2020-4	-	-	-	-	-	-	-	-	-	-	-	-
2021-1	-	-	-	-	-	-	-	-	-	-	-	-
2021-2	-	-	-	-	-	-	-	-	-	-	-	-
2021-3	-	-	-	-	-	-	-	-	-	-	-	-
2021-4	-	-	-	-	-	-	-	-	-	-	-	-
2022-1	-	-	-	-	-	-	-	-	-	-	-	-
2022-2	-	-	-	-	-	-	-	-	-	-	-	-
2022-3	-	-	-	-	-	-	-	-	-	-	-	-
2022-4	-	-	-	-	-	-	-	-	-	-	-	-
2023-1	-	-	-	-	-	-	-	-	-	-	-	-

Avg All  
Avg Latest 2  
Avg Latest 3  
Avg Latest 5

Prior Selected

Selected Incremental	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.000	0.000	0.000	0.000	0.000
Cumulative	0.175	0.150	0.125	0.100	0.075	0.050	0.025	0.000	0.000	0.000	0.000	0.000

Notes: Counts provided by NICA.



**NICA**  
ANALYSIS OF IBNR CLAIMS  
AA CLAIMS

REPORTED CLAIM COUNT DEVELOPMENT

Birth Year	Age of Development (Months)											
	3	6	9	12	15	18	21	24	27	30	33	36
2016-2	-	-	-	-	-	-	-	-	-	-	-	-
2016-3	-	-	-	-	-	-	-	-	-	-	-	-
2016-4	-	-	-	1	1	1	1	1	1	1	2	2
2017-1	-	-	-	-	1	2	2	2	3	3	3	3
2017-2	-	1	1	1	2	1	1	2	2	2	2	2
2017-3	-	-	1	-	1	2	2	2	3	4	6	6
2017-4	-	-	-	-	1	1	1	2	3	2	2	2
2018-1	-	1	1	2	3	3	3	4	7	6	6	6
2018-2	-	1	1	1	2	3	3	3	6	5	5	5
2018-3	-	1	1	1	1	2	2	2	3	3	4	4
2018-4	-	-	-	-	2	2	2	2	2	2	2	2
2019-1	-	-	-	2	4	4	4	4	5	6	5	5
2019-2	-	1	-	-	-	2	1	1	1	2	1	1
2019-3	-	1	1	2	2	2	2	3	3	3	3	3
2019-4	-	-	-	-	1	1	1	2	2	2	2	2
2020-1	-	-	-	-	1	1	2	2	2	2	2	2
2020-2	-	-	-	-	-	-	-	-	-	-	-	-
2020-3	-	-	-	-	3	4	4	4	5	4	4	-
2020-4	-	-	3	3	2	2	2	2	2	2	-	-
2021-1	-	-	-	-	-	1	1	2	3	-	-	-
2021-2	-	-	-	-	-	-	-	1	-	-	-	-
2021-3	-	-	-	-	-	1	1	-	-	-	-	-
2021-4	-	-	-	1	2	2	-	-	-	-	-	-
2022-1	-	-	1	-	1	-	-	-	-	-	-	-
2022-2	-	-	-	1	-	-	-	-	-	-	-	-
2022-3	-	1	2	-	-	-	-	-	-	-	-	-
2022-4	-	-	-	-	-	-	-	-	-	-	-	-
2023-1	-	-	-	-	-	-	-	-	-	-	-	-

Birth Year	Incremental Claim Counts											
	3-6	6-9	9-12	12-15	15-18	18-21	21-24	24-27	27-30	30-33	33-36	36-39
2016-2	-	-	-	-	-	-	-	-	-	-	-	-
2016-3	-	-	-	-	-	-	-	-	-	-	-	-
2016-4	-	-	1	-	-	-	-	-	-	1	-	-
2017-1	-	-	-	1	1	-	-	1	-	-	-	-
2017-2	1	-	-	1	(1)	-	1	-	-	-	-	-
2017-3	-	1	(1)	1	1	-	-	1	1	2	-	-
2017-4	-	-	-	1	-	-	1	1	(1)	-	-	-
2018-1	1	-	1	1	-	-	1	3	(1)	-	-	(1)
2018-2	1	-	-	1	1	-	-	3	(1)	-	-	-
2018-3	1	-	-	-	1	-	-	1	-	1	-	(1)
2018-4	-	-	-	2	-	-	-	-	-	-	-	-
2019-1	-	-	2	2	-	-	-	1	1	(1)	-	-
2019-2	1	(1)	-	-	2	(1)	-	-	1	(1)	-	-
2019-3	1	-	1	-	-	-	1	-	-	-	-	-
2019-4	-	-	-	1	-	-	1	-	-	-	-	-
2020-1	-	-	-	1	-	1	-	-	-	-	-	1
2020-2	-	-	-	-	-	-	-	-	-	-	-	-
2020-3	-	-	-	3	1	-	-	1	(1)	-	-	-
2020-4	-	3	-	(1)	-	-	-	-	-	-	-	-
2021-1	-	-	-	-	1	-	1	1	-	-	-	-
2021-2	-	-	-	-	-	-	1	-	-	-	-	-
2021-3	-	-	-	-	1	-	-	-	-	-	-	-
2021-4	-	-	1	1	-	-	-	-	-	-	-	-
2022-1	-	1	(1)	1	-	-	-	-	-	-	-	-
2022-2	-	-	1	-	-	-	-	-	-	-	-	-
2022-3	1	1	-	-	-	-	-	-	-	-	-	-
2022-4	-	-	-	-	-	-	-	-	-	-	-	-
2023-1	-	-	-	-	-	-	-	-	-	-	-	-
Avg All	0.259	0.192	0.200	0.667	0.348		0.333	0.650	-0.053	0.111		-0.063
Avg Latest 2	0.500	0.500		1.000	0.500		1.000	0.500	-0.500			0.500
Avg Latest 3	0.333	0.667	0.333	0.667	0.333		0.667	0.667	-0.333			0.333
Avg Latest 5	0.200	0.400	0.200	0.400	0.400		0.400	0.400	-0.200			0.200

Prior Selected

Selected Incremental	0.250	0.250	0.250	0.300	0.300	0.300	0.300	0.300	0.150	0.150	0.100	0.100
Cumulative	3.350	3.100	2.850	2.600	2.300	2.000	1.700	1.400	1.100	0.950	0.800	0.700

Notes: Counts provided by NICA.

**NICA**  
ANALYSIS OF IBNR CLAIMS  
AA CLAIMS

REPORTED CLAIM COUNT DEVELOPMENT

Birth Year	Age of Development (Months)												
	39	42	45	48	51	54	57	60	63	66	69	72	
2016-2	-	-	-	-	-	1	-	-	-	-	-	-	-
2016-3	-	1	1	1	1	1	1	1	1	1	1	2	2
2016-4	2	2	2	2	2	2	2	2	2	2	2	2	2
2017-1	3	4	3	2	2	2	2	2	2	2	2	2	2
2017-2	2	2	2	2	3	3	3	3	3	3	3	3	3
2017-3	6	7	7	7	7	6	6	6	6	6	5	5	
2017-4	2	2	2	2	2	2	2	2	3	3			
2018-1	5	5	4	4	5	5	5	5	5				
2018-2	5	5	5	5	5	5	5	5					
2018-3	3	4	4	4	5	6	6						
2018-4	2	2	2	2	2	2							
2019-1	5	5	5	5	5								
2019-2	1	1	1	1									
2019-3	3	3	3										
2019-4	2	2											
2020-1	3												
2020-2													
2020-3													
2020-4													
2021-1													
2021-2													
2021-3													
2021-4													
2022-1													
2022-2													
2022-3													
2022-4													
2023-1													

Birth Year	Link Ratios											
	39-42	42-45	45-48	48-51	51-54	54-57	57-60	60-63	63-66	66-69	69-72	72-75
2016-2	-	-	-	-	1	(1)	-	-	-	-	-	-
2016-3	1	-	-	-	-	-	-	-	-	1	-	1
2016-4	-	-	-	-	-	-	-	-	-	-	-	-
2017-1	1	(1)	(1)	-	-	-	-	-	-	-	-	-
2017-2	-	-	-	1	-	-	-	-	-	-	-	-
2017-3	1	-	-	-	(1)	-	-	-	(1)	-	-	-
2017-4	-	-	-	-	-	-	-	1	-	-	-	-
2018-1	-	(1)	-	1	-	-	-	-	-	-	-	-
2018-2	-	-	-	-	-	-	-	-	-	-	-	-
2018-3	1	-	-	1	1	-	-	-	-	-	-	-
2018-4	-	-	-	-	-	-	-	-	-	-	-	-
2019-1	-	-	-	-	-	-	-	-	-	-	-	-
2019-2	-	-	-	-	-	-	-	-	-	-	-	-
2019-3	-	-	-	-	-	-	-	-	-	-	-	-
2019-4	-	-	-	-	-	-	-	-	-	-	-	-
2020-1												
2020-2												
2020-3												
2020-4												
2021-1												
2021-2												
2021-3												
2021-4												
2022-1												
2022-2												
2022-3												
2022-4												
2023-1												

Avg All	0.267	-0.143	-0.077	0.250	0.091	-0.100		0.125	-0.143	0.167		0.250
Avg Latest 2					0.500			0.500	-0.500			
Avg Latest 3				0.333	0.333			0.333	-0.333			0.333
Avg Latest 5				0.400	0.200			0.200	-0.200	0.200		0.250

Prior Selected												
Selected Incremental	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050
Cumulative	0.600	0.550	0.500	0.450	0.400	0.350	0.300	0.250	0.200	0.150	0.100	0.050

Notes: Counts provided by NICA.

**NICA**  
REVIEW OF LIFE EXPECTANCY

Not applicable for interim analyses.

Included in year-end analyses only when life expectancies are refreshed.

**NICA**  
ANALYSIS OF RESERVES AS OF MARCH 31, 2023

ANALYSIS OF UNALLOCATED LOSS ADJUSTMENT EXPENSE (ULAE) RESERVE  
(\$000'S)

Evaluation Date	Total Reserves excluding ULAE Expense (a)	ULAE Reserve (b)	Ratio of ULAE Reserve to Total Reserve excl. ULAE (c)
(1)	(2)	(3)	(4)
6/30/2020	\$ 924,652	\$ 14,310	1.55%
9/30/2020	938,594	14,209	1.51%
12/31/2020	937,583	14,948	1.59%
3/31/2021	1,064,600	15,000	1.41%
6/30/2021	1,066,200	14,900	1.40%
9/30/2021	1,311,888	14,766	1.13%
12/31/2021	1,214,800	20,200	1.66%
3/31/2022	1,223,639	20,200	1.65%
6/30/2022	1,238,437	20,200	1.63%
9/30/2022	1,334,973	20,162	1.51%
12/31/2022	1,282,621	20,779	1.62%
(5) Selected (d)			1.62%
(6) Total Loss Reserve Excluding ULAE as of 3/31/2023 (e)		\$ 1,314,386	
(7) Indicated ULAE Reserve (f)		\$ 21,293	

## Notes:

(a) Prior reserve analyses; See Exhibit 4; Exclude ULAE Reserves.

(b) Prior reserve analyses; See Exhibit 4, Row (2).

(c) = (3) ÷ (2)

(d) See Appendix E in December 31, 2022 report.

(e) See Exhibit 1; Excludes ULAE Reserves and Risk Margin.

(f) = (5) x (6)

## NICA

### LOSS AND COUNT SUMMARY BY BIRTH YEAR AS OF MARCH 31, 2023 CURRENT DOLLARS (\$000'S)

Birth Year	Paid Loss and ALAE	Reported Loss and ALAE	Case Outstanding Loss & ALAE	Open Accepted Claim Counts		
				AAA	AAD	DA
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1989	\$ 19,038	\$ 37,545	\$ 18,507	3	-	-
1990	9,281	20,881	11,601	3	-	-
1991	13,220	30,933	17,713	4	-	-
1992	21,721	65,805	44,084	9	-	-
1993	27,668	62,313	34,645	7	-	-
1994	11,312	32,138	20,826	3	-	-
1995	15,634	45,667	30,033	5	-	-
1996	14,471	44,454	29,983	6	-	-
1997	18,480	63,276	44,796	8	-	-
1998	30,326	88,326	58,000	11	-	-
1999	17,107	27,671	10,565	3	-	-
2000	9,776	23,038	13,262	3	-	-
2001	12,500	30,074	17,574	4	-	-
2002	27,615	92,515	64,900	12	-	-
2003	8,915	22,756	13,841	3	-	-
2004	9,911	54,309	44,398	5	-	-
2005	13,652	48,998	35,347	7	-	-
2006	17,093	77,644	60,551	9	-	-
2007	17,057	41,533	24,476	7	-	-
2008	12,370	68,232	55,861	9	-	-
2009	15,636	62,957	47,322	10	-	-
2010	7,040	35,496	28,456	5	-	-
2011	10,401	59,477	49,076	10	-	-
2012	6,968	46,323	39,355	7	-	-
2013	10,111	42,807	32,696	7	-	-
2014	11,830	38,777	26,946	8	-	-
2015	13,211	91,113	77,902	14	-	-
2016	5,043	50,610	45,567	7	-	-
2017	8,783	79,933	71,150	12	-	-
2018	12,999	116,364	103,365	17	-	-
2019	7,357	53,440	46,083	10	-	-
2020	6,049	56,055	50,005	8	-	-
2021	2,355	22,898	20,543	7	-	1
2022	700	12,115	11,416	4	-	-
2023	-	-	-	-	-	-
Total	\$ 445,631	\$ 1,746,475	\$ 1,300,844	247	-	1

Note: Data provided by NICA.

## NICA

### LOSS AND COUNT SUMMARY BY AS OF MARCH 31, 2023 OTHER CLAIMS

Birth Year	Case Outstanding - Current Dollars (000's)				Count of Claims with Case Reserves			
	AAA-Pipeline	AAD	DA	Denied	AAA-Pipeline	AAD	DA	Denied
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1989	\$ -	\$ 200	\$ 205	\$ -	-	1	1	-
1990	-	-	-	-	-	-	-	-
1991	-	-	-	-	-	-	-	-
1992	-	270	75	-	-	1	1	-
1993	-	3	-	-	-	1	-	-
1994	-	200	-	-	-	1	-	-
1995	-	-	200	-	-	-	1	-
1996	-	-	455	-	-	-	2	-
1997	-	-	209	-	-	-	3	-
1998	-	-	400	-	-	-	2	-
1999	-	-	445	-	-	-	2	-
2000	-	17	200	-	-	1	1	-
2001	-	-	200	-	-	-	1	-
2002	-	-	190	-	-	-	1	-
2003	-	-	380	-	-	-	2	-
2004	-	-	190	-	-	-	1	-
2005	-	-	-	-	-	-	-	-
2006	-	-	-	-	-	-	-	-
2007	-	95	-	-	-	1	-	-
2008	-	-	-	-	-	-	-	-
2009	-	190	-	-	-	1	-	-
2010	-	-	20	-	-	-	1	-
2011	-	-	-	-	-	-	-	-
2012	-	-	95	-	-	-	1	-
2013	-	-	53	-	-	-	1	-
2014	-	-	-	-	-	-	-	-
2015	-	-	380	27	-	-	2	2
2016	-	-	-	-	-	-	-	-
2017	2,839	-	5	52	1	-	1	4
2018	2,836	-	18	92	1	-	1	4
2019	2,762	-	111	18	1	-	1	2
2020	2,845	-	1	99	1	-	1	7
2021	19,730	-	699	113	7	-	2	5
2022	11,370	-	0	45	4	-	1	2
2023	-	-	-	-	-	-	-	-
Total	\$ 42,382	\$ 975	\$ 4,532	\$ 447	15	7	30	26

Note: Data provided by NICA.

## NICA

ANALYSIS OF RESERVES AS OF MARCH 31, 2023  
RESERVES BY BIRTH YEAR FOR AAA CLAIMS WITH WORKSHEETS ONLY  
INFLATED AND DISCOUNTED (\$000'S)

Birth Year	Nursing Care	Medical	All Other	Total	Family Care
(1)	(2)	(3)	(4)	(5)	(6)
1989	\$ 11,032	\$ 283	\$ 2,276	\$ 13,591	\$ -
1990	8,084	188	1,312	9,584	-
1991	10,825	320	2,624	13,769	-
1992	26,557	746	5,804	33,108	-
1993	21,753	649	4,003	26,406	-
1994	11,602	350	2,485	14,437	-
1995	17,403	1,601	3,649	22,653	-
1996	19,206	488	4,117	23,810	-
1997	25,984	800	6,280	33,064	-
1998	36,964	1,209	8,005	46,179	-
1999	8,196	193	1,557	9,946	-
2000	8,996	249	1,572	10,816	-
2001	12,417	316	2,732	15,465	-
2002	45,240	1,049	8,415	54,705	3,971
2003	9,971	310	2,340	12,620	2,317
2004	24,012	3,822	5,317	33,151	3,179
2005	24,419	1,024	4,661	30,104	4,170
2006	40,108	1,762	8,728	50,598	8,596
2007	22,727	513	3,982	27,223	3,828
2008	35,608	1,268	8,481	45,357	7,606
2009	33,065	989	7,068	41,122	7,794
2010	16,570	610	3,745	20,924	4,342
2011	34,692	1,053	6,855	42,600	7,144
2012	24,831	767	6,194	31,792	6,524
2013	28,120	677	5,030	33,827	5,260
2014	27,292	921	5,655	33,868	4,415
2015	57,504	1,489	12,632	71,624	13,053
2016	30,088	840	6,329	37,257	6,153
2017	47,270	1,261	12,127	60,658	11,778
2018	74,034	1,851	12,998	88,883	14,807
2019	36,483	963	6,522	43,969	8,436
2020	30,493	860	7,808	39,161	5,487
2021	-	-	-	-	-
2022	-	-	-	-	-
2023	-	-	-	-	-
Total	\$ 861,547	\$ 29,422	\$ 181,305	\$ 1,072,273	\$ 128,862
2002-2023	\$ 642,529	\$ 22,029	\$ 134,888	\$ 799,445	\$ 128,862

Notes: Based on Case Reserve Method.

## NICA

ANALYSIS OF RESERVES AS OF MARCH 31, 2023  
RESERVES BY BENEFIT TYPE FOR AAA CLAIMS WITH WORKSHEETS ONLY  
INFLATED AND DISCOUNTED (\$000'S)

Benefit Type	Reserves
1) Family Care	\$ 128,862
2) Nursing Care By Others	507,341
3) Nursing Care By Parents	225,343
4) Medical	29,422
5) Psychotherapeutic	1,651
6) Equipment & Supplies	52,906
7) Therapy	19,617
8) Insurance Premium	31,227
9) Miscellaneous Other	3,026
10) Travel & Transport	11,131
11) Vehicle Related Costs	43,347
12) Housing Remaining	11,528
13) Parental Awards Remaining	3,365
14) Death Benefit	3,506
Total	\$ 1,072,273
Subtotals:	
15) Nursing Care Total (a)	\$ 861,547
16) Medical Total (b)	29,422
17) Other Total (c)	166,412
18) Retrospective Remaining (d)	14,893
Total	\$ 1,072,273

Notes:

- (a) = [(1) + (2) + (3)]  
 (b) = [(4)]  
 (c) = [Sum [(5) through (11), (14)]  
 (d) = [(12) + (13)]



## NICA

### SUMMARY OF HISTORICAL INFLATION AND INVESTMENT RETURNS

Year	CPI All Items % Change (a)	Actual Investment Return (b)	Investment Return Less CPI (4) = (3) - (2)
(1)	(2)	(3)	(4) = (3) - (2)
1991	3.1%	5.9%	2.8%
1992	2.9%	3.3%	0.4%
1993	2.7%	3.1%	0.4%
1994	2.7%	3.6%	0.9%
1995	2.5%	7.0%	4.4%
1996	3.3%	5.8%	2.5%
1997	1.7%	6.1%	4.4%
1998	1.6%	6.2%	4.6%
1999	2.7%	4.5%	1.9%
2000	3.4%	13.1%	9.7%
2001	1.6%	4.0%	2.4%
2002	2.4%	-8.5%	-10.9%
2003	1.9%	20.0%	18.1%
2004	3.3%	10.3%	7.0%
2005	3.4%	8.9%	5.5%
2006	2.5%	12.8%	10.2%
2007	4.1%	8.7%	4.6%
2008	0.1%	-27.2%	-27.3%
2009	2.7%	20.0%	17.3%
2010	1.5%	13.4%	11.9%
2011	3.0%	-0.1%	-3.1%
2012	1.7%	10.9%	9.1%
2013	1.5%	12.6%	11.1%
2014	0.8%	5.6%	4.9%
2015	0.7%	-1.8%	-2.6%
2016	2.1%	6.7%	4.6%
2017	2.1%	13.8%	11.7%
2018	1.9%	-6.7%	-8.6%
2019	2.3%	21.1%	18.9%
2020	1.4%	14.1%	12.7%
2021	7.0%	6.0%	-1.0%
2022	6.8%	-23.3%	-30.1%
<u>Averages (c):</u>			
2010-2022	2.5%	4.9%	2.4%
2000-2009	2.5%	5.2%	2.7%
1991-1999	2.6%	5.0%	2.5%
1991-2022	2.5%	5.0%	2.5%

## Notes:

- (a) Ibbotson's 2022 SBBI Yearbook, Stocks, Bonds, Bills, and Inflation.
- (b) NICA Investment Recap Summary; Ratio of Sum of Interest Income and Unrealized Gain/Loss to the Market Value Beginning Balance.
- (c) Geometric average over the given time period.

**NICA**  
SUMMARY OF RESERVES AS OF MARCH 31, 2023  
CALCULATION OF RISK MARGIN

1. Risk: Time Lived Varying from Remaining Loss Expectancy (RLE)

a. Number of Outstanding AA Claims	232	AAA-Worksheet Claim Count
b. Assumed Average CV of RLE	0.5	Based on AAA-Worksheet Claims
c. CV of Aggregate RLE	3%	= (b.) ÷ sqrt(a.)
d. Aggregate Reserve - Nominal	1,519,913	Exhibit 1, Column (4)
e. Variance	2,489,369,602	= [(c.) x (d.)]^2

2. Risk: Cost of IBNR and Pipeline AA Claims

a. Expected Number of Claims	41.75	Exhibit 1, Col (2): AAA IBNR+AAA Pipeline
b. Variance of Number of Claims	41.75	Assumes Poisson Distribution
c. CV Claim Severity	1	Based on judgment
d. CV of Aggregate Reserve	22%	= sqrt[(1.0 + (c.) x (c.)) ÷ (b.)]
e. Aggregate Reserve - Nominal	322,733	Exhibit 1, Col (4): AAA IBNR+AAA Pipeline
f. Variance	4,989,537,211	= [(d.) x (e.)]^2

3. Risk: Cost of Outstanding for Other Claims

a. Number of Outstanding Other Claims	63	Exhibit 1, Col (2): AAD+DA Reported+Denied)
b. Assumed Severity CV	1	Based on judgment
c. CV of Aggregate Reserve	13%	= (b.) ÷ sqrt(a.)
d. Aggregate Reserve - Nominal	5,954	Exhibit 1, Col (4): AAD+DA Reported+Denied)
e. Variance	562,616	= [(c.) x (d.)]^2

4. Risk: Cost of IBNR DA Claims

a. Expected Number of Claims	9.075	Exhibit 1
b. Variance of Number of Claims	9.075	Assumes Poisson Distribution
c. CV claim Severity	1	Based on judgment
d. CV of Aggregate Reserve	47%	= sqrt[(1.0 + (c.) x (c.)) ÷ (b.)]
e. Aggregate Reserve - Nominal	3,784	Exhibit 1
f. Variance	3,155,627	= [(d.) x (e.)]^2

5. Risk Margin

a. Total Variance	7,482,625,056	= 1(e.) + 2(f.) + 3(e.) + 4(f.)
b. Standard Deviation	86,502	= sqrt(a.)
c. Aggregate Reserve - Nominal	1,852,383	Exhibit 1, Col(4)
d. Aggregate Reserve - Discounted	1,295,386	Exhibit 1, Col(5)
e. Average Discount	0.70	= (d.) ÷ (c.)
f. Standard Deviation - Discounted Reserves	60,492	= (b.) x (e.)
g. Z: 90th percentile of standard normal	1.28	90th percentile of standard normal distribution
h. 90% confidence level	77,524	= (f.) x (g.)
Minimum Risk Margin	75,500	Previous Risk Margin
Selected Risk Margin	75,500	