Excess Insurance Organization, Inc.

FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2017

REPORT OF INDEPENDENT AUDITORS

EXCESS INSURANCE ORGANIZATION, INC.
June 30, 2017

Table of Contents

Page(s)

December 14, 2017

Members, Board of Directors
Excess Insurance Organization, Inc.

Ladies and Gentlemen:

The Excess Insurance Organization, Inc. (The Captive), is a Captive Insurance Company regulated by the Utah Insurance Department. The Captive, is reported as a blended component unit of CSAC-Excess Insurance Authority (the Authority), a California governmental Joint Powers Authority. Only the risks of the Authority, its parent company, are transferred to the Captive. This first year of operation, July 1, 2016 to June 30, 2017, for the Captive was an eventful one. The Captive took on the risk transferred from the Authority within fixed corridors (where the amount of coverage is a known dollar amount and there is no actuarial risk) in the Workers Compensation, Liability and Property programs. In the first quarter an opportunity arose to transfer additional risk from the Authority to the Captive when the Authority negotiated a commutation or buy back of the Primary Workers' Compensation claim liabilities from July, 1997 to June, 2004 from Munich Re. Please refer to page 12 of this report for more information on the commutation. In total, the Captive covered fixed risks of $83.4 million across all participating programs.

The initial purpose in forming the Captive was to provide a better rate of return on investments by matching the long term liabilities of the Authority with a more diversified portfolio of investments than what is afforded in the California regulatory framework. This has already proved beneficial as the total return on the Captive portfolio was 3.45% compared to a rate of return on the Authority portfolio of .22%. In October 2017, the Board met to formulate a strategic plan for evaluating member needs and opportunities for the captive going forward. Our sense of the insurance market is that more and more coverage will be written on a corridor basis which will increase the amount of risk that will be transferred to the Captive by the Authority. The Board discussed exploring other creative ways of utilizing the Captive which may include taking on actuarial risk in the future. With enhanced investment options we can reduce the cost of coverage to the Authority members.

Based upon our comprehensive framework of internal control, we believe our report is accurate in all material respects; that it fairly sets forth the financial position and results of operations of the Captive, and that all necessary disclosures for understanding the report have been included. Because the cost of control should not exceed the benefits to be derived, our objective is to provide reasonable, rather than absolute assurance, that our financial statements are free of any material misstatements.

Gilbert Associates Inc., Certified Public Accountants, has issued an unmodified opinion that the Captive's financial statements, for the fiscal year ended June 30, 2017, are fairly presented in conformity with Generally Accepted Accounting Principles. The independent auditor's report is presented in this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report. The MD&A provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

The preparation of this report would not have been possible without the best efforts of the finance and administrative departments and we thank them for their contribution. We commend the members of the Captive's Board of Directors for their support in maintaining the highest standards of professionalism in the management of the Captive's finances and operations.

Respectfully Submitted,

Michael Fleming
Chief Executive Officer

Puneet Behl, CPA
Chief Financial Officer

Gilbert Associates, Inc.
CPAs and Advisors
Relax. We got this.℠

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Excess Insurance Organization, Inc.
Salt Lake City, Utah

Report on the Financial Statements

We have audited the accompanying financial statements of Excess Insurance Organization, Inc. (the Captive) as of June 30, 2017, and the related notes to the financial statements, which collectively comprise the Captive's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

2880 GATEWAY OAKS DRIVE, SUITE 100, SACRAMENTO, CA 95833 • 101 PARKSHORE DRIVE, SUITE 100, FOLSOM, CA 95630
PHONE:916.646.6464 • FAX:916.929.6836 • GilbertCPA.com

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Captive as of June 30, 2017, and the changes in financial position and cash flow for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Captive's basic financial statements. The Letter of Transmittal, as listed in the table of contents, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. It has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we express no opinion on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2017, on our consideration of the Captive's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, and contracts and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Captive's internal control over financial reporting and compliance.

Gilbert Associates, Inc.

GILBERT ASSOCIATES, INC.
Sacramento, California

December 6, 2017

EXCESS INSURANCE ORGANIZATION, INC.
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2017

The following discussion and analysis provides an overview of the financial position of Excess Insurance Organization, Inc. (the Captive) at June 30, 2017 and its activities for the year then ended. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

The Captive, a component unit of CSAC Excess Insurance Authority (the Authority), provides insurance coverages to the Authority. As part of the Authority, the assets, liabilities, revenues and expenses and changes in net position of the Captive are included in the consolidated financial statements of the Authority. The Captive is a not for profit corporation formed under the State of Utah Revised Nonprofit Corporation Act and is governed by its Board of Directors and regulated by the State of Utah Insurance Department.

Insurance Activity

Effective July 1, 2016, the Captive provides coverages for corridors assumed by the Authority within the excess and reinsurance layers of the Authority's various programs. The Captive underwrites fixed corridors of the Authority providing coverages for certain lines of coverage within its property and casualty program including Workers' Compensation, General Liability and Property programs. In fiscal 2017, a loss portfolio was also transferred and covered by the Captive for the Authority's older claims in the workers' compensation program. All coverages provided are on an occurrence basis. Following is the breakdown of risks of the Authority covered by the Captive:

Programs	**Corridor Risk Covered by the Company**
Primary Workers Compensation Program	$ 15,582,419
Excess Workers Compensation Program	32,411,876
General Liability 1 Program	5,000,000
General Liability 2 Program	17,801,550
Property Program	12,600,000
Total	**$ 83,395,845**

Overview of the Financial Statements

The financial statements report information about the Captive as a whole in accordance with U.S. Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board, which have also been used in the preparation of the Annual Statement filed with the State of Utah Insurance Department. Financial statements include the Statement of Net Position, which provides information about the Captive's financial condition at June 30, 2017; the Statement of Revenues, Expenses and Changes in Net Position, which presents information regarding the results of operations and changes in net position for the year ended June 30, 2017; the

Statement of Cash Flows, which displays information pertaining to cash receipts and disbursements for the year ended June 30, 2017 and the notes to the financial statements.

Statement of Net Position

The Statement of Net Position presented in this management's discussion and analysis presents the financial position of the Captive at June 30, 2017 including all assets and liabilities of the Captive. The difference between total assets and total liabilities – net position – is one indicator of the current financial condition of the Captive, while the change in net position is an indication of whether the overall financial condition has improved or worsened during the year.

The Captive's assets, liabilities and net position at June 30, 2017 are summarized as follows:

	June 30, 2017
Cash and Cash Equivalents	$ 1,554,552
Investments	69,138,145
Other Assets	5,934,817
Total Assets	76,627,514
Accounts Payable	6,989,955
Claims Liabilities	60,641,734
Total Liabilities	67,631,689
Capital Stock	5,000,000
Unrestricted Net Position	3,995,825
Total Net Position	$ 8,995,825

Assets: The assets of the Captive totaled $76.6 million at June 30, 2017. The majority of assets are in cash or investments and are provided by current year operating activities, which includes the collection of premiums in the amount of $76.9 million in fiscal 2017 which could then be invested.

At June 30, 2017, all cash was held in bank, money market account or investment portfolios managed by Chandler Asset Management (CAM, or Chandler), a professional investment management firm.

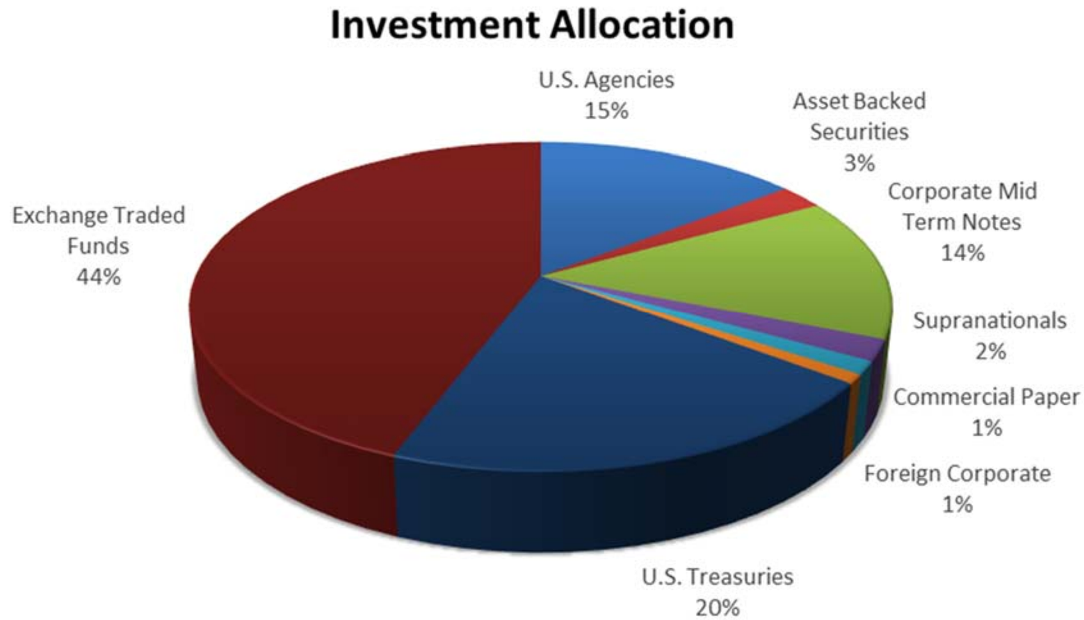
The basic investment objective of the Captive is to foster a prudent and systematic investment program designed to seek EIO objectives through a diversified investment program. The Captive investments are comprised of three portfolios- Liquidity, Core Fixed and Equity profiles separated not only to identify the cash flow needs of the Captive but, also to track the maturity and returns on different categories of investments separately. Total return strategies are employed to take advantage of disparities in the market to improve quality and yield, while maintaining liquidity.

The Liquidity Portfolio is structured to provide safety of principal, liquidity to meet the

Organization's cash needs, and generate a competitive return/yield.

The Core Fixed Income and Equity Portfolios are managed to an asset allocation target in line with the Organization's risk parameters and return objectives.

The Captive's investments at June 30, 2017 are summarized as follows:



Insurance premiums receivable totaled $3.2 million, at June 30, 2017 and were related to the Primary Workers Compensation and Property programs. Other Current Assets included investment income receivable and a prefunded deposit fronted by the Captive to the Authority for claim payments in the Property program.

Liabilities: The liabilities of the Captive totaled $67.6 million at June 30, 2017. The liabilities mainly comprise of the reserves for losses and loss adjustment expenses (LAE) incurred from current period operations and the Loss Portfolio transferred to the Captive in fiscal 2017. Accounts Payable relates to the claims paid by the Authority billed back to the Captive for the latter part of fiscal 2017.

The reserves for losses and LAE reported in the financial statements include case based reserves and supplemental amounts for incurred but not reported (IBNR) losses up to the discounted maximum limit of the corridor. The reserves for losses and LAE are stated on a discounted basis, meaning they reflect an adjustment for net present value. Unallocated loss adjustment expenses (ULAE) costs are not reserved by the Captive as they are paid by the Authority.

Management believes that its aggregate liability for unpaid losses and LAE at period-end represents its best estimate of the amount necessary to cover the ultimate cost of losses, based upon the available data and an actuarial analysis prepared by a consulting actuary.

Reserves for losses including IBNR and LAE by line of business at June 30, 2017 are summarized as follows:

Programs	Reserves and IBNR As of June 30, 2017		Percentage of Total
Primary Workers Compensation Program	$	10,202,970	17%
Excess Workers Compensation Program		26,905,422	45%
General Liability 1 Program		4,503,143	7%
General Liability 2 Program		16,516,162	27%
Property Program		2,514,037	4%
Total	**$**	**60,641,734**	**100%**

Net Position: Net position was in a surplus and totaled $9 million at June 30, 2017 out of which $5 million was the Capital Stock issued by the Captive for the paid in capital contributed by the Authority.

The Captive's unrestricted net position was in excess of the $250,000 minimum unimpaired paid-in capital and surplus required by the State of Utah Insurance Department (the Department) for single parent captive insurance companies at June 30, 2017. The Department may require additional capital based on the volume and type of risk to be retained. At inception, the Captive was capitalized with paid-in capital of $5 million based on its approved business plan.

All dividends currently require regulatory approval prior to payment. No dividends were declared or paid during the year ended June 30, 2017.

Statement of Revenues, Expenses and Changes in Net Position

The Statement of revenues, expenses and changes in net position for the year ended June 30, 2017 are summarized as follows:

	June 30, 2017
Operating Revenues:	
Contributions for Retained Risk	$ 76,851,052
Total Operating Revenues	76,851,052
Operating Expenses:	
Provisions for Claims	75,803,096
Other Expenses	115,328
Total Operating Expenses	75,918,424
Operating Income (Loss)	932,628
NonOperating Revenues (Expenses):	
Investment Income and Financing Fees	3,063,197
Total NonOperating Revenues (Expenses)	3,063,197
Changes in Net Position	3,995,825
Net Position	
Capital Stock	5,000,000
Ending Balance, June 30	$ 8,995,825

The Captive's net operating revenues totaled $76.9 million for the year ended June 30, 2017. During 2017, lines of coverage included: workers' compensation, general liability and property. Direct written premiums charged to the Authority are set based on fixed corridor risks of the Authority covered by the Captive, discounted at 8% for investment earnings expected to be earned over the life of the corridor.

Direct written premiums by line of business for the year ended June 30, 2017 are summarized as follows:

Programs	Direct Written Premium in fiscal 2017		Percentage of Total
Primary Workers Compensation Program	$	14,384,693	19%
Excess Workers Compensation Program		29,818,932	39%
General Liability 1 Program		4,600,000	6%
General Liability 2 Program		16,377,426	21%
Property Program		11,670,000	15%
Total	**$**	**76,851,051**	**100%**

The Captive's total net incurred losses and loss adjustment expenses (LAE) totaled $24.7 million, for the year ended June 30, 2017. Total incurred losses and LAE for the year ended June 30, 2017 by line of coverage are summarized as follows:

Programs	Incurred Losses, and LAE as of June 30, 2017		Percentage of Total
Primary Workers Compensation Program	$	9,466,192	38%
Excess Workers Compensation Program		7,543,841	31%
General Liability 1 Program		4,503,143	18%
General Liability 2 Program		463,897	2%
Property Program		2,672,476	11%
Total	**$**	**24,649,549**	**100%**

The Captive's other operating expenses totaled $115,328 for the year ended June 30, 2017. These expenses included feasibility study, licensing fees, travel, legal, supplies and reimbursement to the Authority for use of its staff to carry on the Captive's operations.

Non-operating revenues consist of investment income earned of $3.1 million during the year ended June 30, 2017. The investment expense for the year ended June 30, 2017 was $62,990 reducing the Total Non-operating revenue to $3.06 million.

Economic Factors that will Affect the Future

Investment Factors

The Captive faces many factors that can affect the value of investments. Some, such as custodial credit risk, concentration of credit risk and foreign currency risk may affect both equity and fixed-income securities. Equities securities respond to such factors as economic conditions, individual Captive earnings performance and market liquidity, while fixed-income securities are particularly sensitive to credit risks and changes in interest rates.

Alternative investment strategies and their underlying assets and rights are subject to an array of economic and market variances that can limit or erode value.

Expanded Business Plan

After July 1, 2016 the Captive obtained the following regulatory approval to expand its business plan subsequent to the initial approval of the business plan that will affect the Captive's future. From time to time, a regulatory approval may be sought for modification of pool limits, the Authority's carrier changes, or other changes to risk transferred to the Captive.

- Loss Portfolio Transfer

  Effective July 1, 2016, the Captive entered into a loss portfolio transfer (LPT) assuming $9.8 million of the Authority's liabilities, as determined by an independent actuary, for claims arising out of incidents that occurred between the period of July 1, 1997 to June 30, 2004 related to workers' compensation exposures, in exchange for $9 million in premium consideration. All premiums related to the LPT have been collected. The valuation of liabilities under this agreement were determined by an independent actuary using a discount of 4.3% based on the underlying exposures. The total discount on the transaction was $1.4 million. The transaction was approved by the Utah Insurance Department.

CSAC EXCESS INSURANCE AUTHORITY
EXCESS INSURANCE ORGANIZATION, INC
STATEMENT OF NET POSITION
JUNE 30, 2017

	June 30, 2017
ASSETS:	
Current Assets:	
Cash in Banks	$ 278,916
Cash, Treasury	1,275,636
TOTAL CASH & CASH EQUIVALENTS	1,554,552
Investments	9,965,116
Accounts Receivable	
Due from Members	3,244,790
Investment Income Receivable	190,027
Prefund Deposit	2,500,000
TOTAL CURRENT ASSETS	17,454,485
Noncurrent Assets:	
Investments	59,173,029
TOTAL NONCURRENT ASSETS	59,173,029
TOTAL ASSETS	76,627,514
LIABILITIES:	
Current Liabilities:	
Accounts Payable	6,989,955
Claims Liabilties	10,500,000
TOTAL CURRENT LIABILITIES	17,489,955
Noncurrent Liabilities:	
Claims Reported	27,831,284
Claims Incurred But Not Reported	22,310,450
TOTAL NONCURRENT LIABILITIES	50,141,734
TOTAL LIABILITIES	67,631,689
NET POSITION:	
Capital Stock	5,000,000
Unrestricted	3,995,825
TOTAL NET POSITION	$ 8,995,825

CSAC EXCESS INSURANCE AUTHORITY
EXCESS INSURANCE ORGANIZATION, INC
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	June 30, 2017
OPERATING REVENUES:	
Contributions for Retained Risk	$ 76,851,052
TOTAL OPERATING REVENUES	76,851,052
OPERATING EXPENSES:	
Provision for Claims, Current Year	75,803,096
Progam Expense	
Actuarial & Consulting	25,000
Licensing Fees	5,250
Captive Meetings and Travel	17,517
Legal Counsel	16,025
Office Supplies, Websiting Hosting & Misc Expenses	5,088
Bank Fees	21,448
TOTAL OPERATING EXPENSES	75,893,424
TRANSFERS IN OR (OUT):	
Transfer Out for General Administration	(25,000)
TOTAL TRANSFERS	(25,000)
OPERATING INCOME(LOSS)	932,628
NONOPERATING REVENUES (EXPENSES):	
Investment Income	3,126,187
Investment Expenses	(62,990)
TOTAL NONOPERATING REVENUE (EXPENSES)	3,063,197
CHANGES IN NET POSITION	3,995,825
Capital Stock	5,000,000
NET POSITION, END OF YEAR	$ 8,995,825

CSAC EXCESS INSURANCE AUTHORITY
EXCESS INSURANCE ORGANIZATION, INC
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

		June 30, 2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts for Transferred Risk	$	71,106,262
Claims Paid		(15,161,362)
Internal Activities		(25,000)
Advance on claim payments		6,976,720
Payments to Suppliers		(77,093)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		62,819,527
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES:		
Purchase/Sale of Capital Stock		5,000,000
NET CASH PROVIDED (USED) BY CAPITAL & RELATED FINANCING ACTIVITIES		5,000,000
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Securities		(104,554,356)
Sales of Securities		37,481,907
Investment Earnings		870,464
Invesment Expense		(62,990)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES		(66,264,975)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		1,554,552
CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR		-
END OF YEAR	$	1,554,552
RECONCILIATION OF INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating Income (Loss)	$	932,628
Adjustments to reconcile operating income (loss) to net cash provided (used) by building fund activities		
Changes in Assets and Liabilities		
Accounts Receivable, Net		(3,244,790)
Prefund Deposit		(2,500,000)
Claims Liabilites		60,641,734
Accounts and Other Payables		6,989,955
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$	62,819,527
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Unrealized gain/(loss) on investments	$	2,065,696

(1) Organization

The Excess Insurance Organization, Inc. (the Captive), a component unit of the CSAC Excess Insurance Authority (the Authority), provides insurance coverage to the Authority. As part of the Authority, the assets, liabilities, revenues and expenses and changes in net position of the Captive are included in the consolidated financial statements of the Authority. The Captive is a not for profit corporation formed on June 24, 2016 under the State of Utah rules for nonprofit entities and is governed by its Board of Directors and regulated by the Utah Insurance Department.

The Authority is the sole member of the Captive. The Captive provides coverages for corridors assumed by the Authority within the excess and reinsurance layers of the Authority's various programs. The Captive underwrites fixed corridors of the Authority providing coverages for certain lines of coverage within its property and casualty program including Workers' Compensation, General Liability and Property programs. In fiscal 2017, a loss portfolio was also transferred and covered by the Captive for the Authority's older claims in the Workers' Compensation program. All coverages are provided on an occurrence basis and feature aggregate loss limits also knowns as corridors.

Effective July 1, 2016, the Captive underwrites the Authority's programs, providing coverage of $83.4 million to the corridors spread amongst various programs of the Authority as follows:

- The Captive retained $5.8 million for a corridor in the Authority's $10 thousand to $125 thousand layer in their Primary Workers Compensation program.
- The Captive retained $9.8 million for a Loss Portfolio Transfer for the period starting July 1, 1997 to June 30, 2004 in the Authority's first dollar to $125 thousand layer in their Primary Workers Compensation program.
- The Captive retained $22.0 million for a corridor in the Authority's members' self-insured retention to $5 million layer in their Excess Workers Compensation program's core tower.
- The Captive retained $10.4 million for a corridor in the Authority's members' self-insured retention to $2.5 million layer in their Excess Workers Compensation program's educational tower.
- The Captive retained $5.0 million for a corridor in the Authority's $5 million to $10 million layer in their General Liability 1 program. This corridor was spread over a period of two years from July 1, 2015 to June 30, 2017.
- The Captive retained $17.8 million for a corridor in the Authority's members' self-insured retention to $10 million layer in their General Liability 2 program.
- The Captive retained $10.0 million for a corridor in the Authority's

members' deductibles to $3 million layer in their Property program from March 31, 2016 to March 31, 2017.

- The Captive retained $10.4 million for a corridor in the Authority's members' deductibles to $3 million layer in their Property program from March 31, 2017 to March 31, 2018. A prorated risk of $2.6 million was recorded in fiscal 2017.

(2) Summary of significant account policies

A. *Basis of Presentation*

The accounts of the Captive are organized on the basis of governmental fund accounting. The Captive operates a single enterprise fund, which is considered a separate accounting entity. An enterprise fund is used to account for governmental activities where the intent is that the cost of providing goods or services is financed primarily through user charges.

The financial statements have been prepared in accordance with U. S. Generally Accepted Accounting Principles (GAAP), including all applicable statements of the Governmental Accounting Standards Board (GASB). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. As a non-profit entity with a governmental entity as its sole member, the Captive follows the accounting standard hierarchy established by the GASB for a special purpose entity engaged solely in business-types activities. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied. The accounting records are maintained using the economic resources measurement focus and the accrual basis of accounting.

B. *Cash and Cash Equivalents*

The Captive considers cash in bank and money market accounts to be cash and cash equivalents.

C. *Investments*

Investments are recorded (Note 4) at fair value. Investment income is recorded as earned.

D. *Receivables*

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Interest on investments is recorded in the year the interest is earned, and is considered 100% collectible. The June 30, 2017 balances in the receivable accounts are considered 100% collectible.

E. *Prepaid Expenses*

Payments for insurance and other services that extend to future accounting periods have been recorded as prepaid expenses.

F. ***Classification of Revenues***

The Captive has classified its revenue as either operating or non-operating revenues. Certain significant revenue streams relied upon for operations are recorded as non-operating revenues, as defined by GASB Statement 34 including investment income. Revenues and expenses are classified according to the following criteria:

- Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as insurance premiums, assessments for insured events, and administration fees.
- Non-operating revenues: Non-operating revenues include activities that have the characteristics of non-exchange transactions and other revenue sources described in GASB Statement 34, such as investment income and finance charges.

G. ***Expenses***

Expenses are recognized when goods or services are received, or in the case of claims, when the insured event occurs. Expense accrual entries include liabilities for reported claims and liabilities for claims incurred but not reported.

H. ***Contributions for Retained Risk***

The Captive currently retains all risk. Contributions for retained risk are collected from the Authority to fund the corridors and share in the cost of claims within those corridors.

Contributions for retained risk are collected in advance and recognized as revenues in the period for which insurance protection is provided. Workers' compensation program corridors are based on estimated payrolls and are adjusted in the subsequent fiscal year, based on actual payroll data.

I. ***Provision for Claims***

The reserves for losses and loss adjustment expenses (LAE) include case basis estimates of reported losses, plus supplemental amounts related to incurred but not reported losses. The reserves are based upon management's best estimate, claim adjusters' valuations and actuarial determinations, and are discounted to a present value using a 4.3% discount rate. Future adjustments to these amounts resulting from the continuous review process, as well as differences between estimates and ultimate losses, will be reflected in the statement of revenues, expenses and changes in net position when such adjustments become known. Given the complexity of the reserve process, the ultimate liability may be significantly more or less than such estimates indicate. Unallocated loss adjustment expenses are not reserved for by the Captive as they are paid for by the Authority.

J. ***Services***

Services donated by many officers and directors are important to the activities of the Captive. The financial statements do not recognize the value of these donated services, since there is no basis for measuring and valuing these services.

K. *Income Taxes*

The Captive is organized and operated substantially to provide insurance and reinsurance solely for its member, the Authority, a California Joint Powers Authority, which is itself a government under Section 115(1) of the Internal Revenue Code of 1986, as amended (or corresponding provisions of any future United States internal revenue law) (the "Code"). By so doing, the Captive provides an essential governmental function within the meaning of section 115(1) of the Code. Furthermore, the Captive is formed exclusively for the purposes for which a corporation maybe formed under the Utah Revised Nonprofit Corporation Act, and not for pecuniary profit or financial gain. The net earnings of the Captive may only accrue to the Authority or, if said organization ceased to exist or to qualify as an entity which may exclude its income from gross income under section 115 of the Code, to one or more state or local government, political subdivisions thereof, or entities which may exclude its income from gross income under section 115 of the Code. The Captive itself is intended to qualify as such an entity and is therefore not subject to Federal or State income taxes.

L. *Management Estimates*

The preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Although management believes these estimates and assumptions are reasonable, they are based upon information available at the time the estimate or judgment is made and actual amounts could differ from those estimates. The most significant areas that require management estimates relate to the reserves for losses and loss adjustment expenses.

(3) Cash

A. *Cash and Cash Equivalents*

The Captive's cash and cash equivalents at June 30, 2017 are reported at fair value and consist of the following:

	June 30, 2017
Cash in Bank, General Checking	278,916
Money Market	1,275,636
Total Cash and Cash Equivalents	$ 1,554,552

B. *Custodial Credit Risk*

The carrying amount of the Captive's total cash in banks was $278,916 at June 30, 2017. The bank balance was $278,916 at June 30, 2017 and was partially insured by the Federal Deposit Insurance Corporation (FDIC). As of June 30, 2017, $28,916 is in excess of FDIC insured amounts. Our investment policy does not address custodial credit risk.

(4) Investments

The investments in the financial statements are governed by the Captive's investment policy.

The Captive's investment policy identifies procedures that will foster a prudent and systematic investment program designed to seek the Captive's objectives through a diversified investment portfolio. An appropriate level of risk shall be maintained by purchasing investments within the context of a well-diversified portfolio. Adequate diversification between Equities and Fixed Income securities shall be applied to prevent an undue amount of investment risk with any one area. The Captive strives to achieve returns and control risk by meeting certain asset allocation targets set forth in the Captive's investment policy. The classes of investment that most adequately meet the above mentioned criteria shall be allowed for purchase. They are Equity and Fixed Income investments of US and non-US issuers, Real Estate Investment Trusts and Commodities. The investment policy also lists out some prohibited transactions such as direct short sales of individual securities, direct margin purchases, direct investment in commodities future contracts, direct investment in real estate or direct real estate lending and Hedge funds.

A. *Investment Credit Risk*

The Captive's investments at June 30, 2017 are summarized below. The credit quality rating used is Standard and Poor's, a nationally recognized rating agency.

Investments	Credit Quality Rating	June 30, 2017 Fair Value	%
U.S. Treasury Notes	AA+	$ 14,129,412	21%
U.S. Agencies	AA+ to A-1+	9,998,328	14%
Asset Backed Securities	AAA	1,231,526	2%
Asset Backed Securities	NR*	464,893	1%
Corporate Notes	AAA to A+	2,342,625	3%
Corporate Notes	A to BBB	7,461,053	11%
Supranationals	AAA to A-1+	1,426,529	2%
Commercial Paper	A-1+ to A-1	876,481	1%
Foreign Corporate Notes	AAA to A	609,085	1%
International Equity	NR	1,617,182	2%
International Real Estate	NR	560,088	1%
Large Cap US Equity	NR	12,865,679	19%
Mid Cap US Equity	NR	1,545,198	2%
Real Estate	NR	1,494,811	2%
Emerging Market Equity	NR	620,943	1%
Small Cap US Equity	NR	11,894,313	17%
Total Investments		$ 69,138,146	100%

NR - Not Rated

NR* - Not rated by Standard & Poor's. However, rated Aaa by Moody's.

B. *Investment Interest Rate Risk*

The Captive's investment policy limits the interest rate sensitivity of the fixed income portfolio by stipulating the overall duration of the portfolio must be maintained within a range of +/- 20% of the duration as specified by the Captive and consistent with the appropriate index.

Maturities of investments held at June 30, 2017 consist of the following:

	Investment Maturities			
	Fair Value	Less than 1 Year	One to Five Years	Time to Maturity
U.S. Agencies	$ 9,998,328	$ 4,443,434	$ 5,554,894	1.80
Asset Backed Securities	1,696,419	69,551	$ 1,626,868	1.99
Corporate Mid Term Notes	9,803,677	608,644	$ 9,195,033	4.75
Supranationals	1,426,529	275,801	$ 1,150,728	3.29
Commercial Paper	876,481	829,638	$ 46,843	0.02
Foreign Corporate	609,085	-	$ 609,085	5.76
U.S. Treasuries	14,129,412	3,738,048	$ 10,391,364	3.79
Totals	$ 38,539,931	$ 9,965,116	$ 28,574,815	1.92

*Excludes ETF

The Captive recognizes all investments at fair value in accordance with GASB Statement 31 and GASB Statement 72. Fair value equals estimated market values obtained from the Interactive Data Corporation (IDC) pricing system, a leading provider of financial information to global markets. The calculation of realized gains and losses is independent of the calculation of the change in the fair value of investments. Investment income includes $2,065,696 of unrealized gain for the year ended June 30, 2017.

The calculation of unrealized gains and losses are shown in the following tables:

	June 30, 2017
Fair Value at June 30, 2017	$ 69,138,145
Add: Proceeds of Investments Disposed Of	37,481,907
Less: Cost of Investments Purchased	(104,554,356)
Less Fair Value at July 1, 2016	-
Change in Fair Value	$ 2,065,696

	Beginning Fair Value At July 1, 2016	Purchases	Dispositions	Subtotal	Ending Fair Value At June 30, 2017	Change in Fair Value
Asset Backed Securities	$ -	$ 2,450,372	$ 1,104,837	$ 1,345,535	$ 1,696,419	$ 350,884
U.S. Govt Agencies	-	20,685,487	10,547,533	10,137,954	9,998,328	(139,626)
Commercial Paper	-	4,899,927	4,023,446	876,481	876,481	-
Emerging Mkt Equity	-	561,232	-	561,232	620,943	59,711
Foreign Corporate	-	406,180	400,304	5,876	5,876	-
Intl Equity	-	3,648,314	2,310,140	1,338,174	2,220,391	882,217
Intl Real Estate	-	561,480	-	561,480	560,088	(1,392)
Large Cap US Equity	-	11,871,333	-	11,871,333	12,865,679	994,346
Mid Cap US Equity	-	1,400,689	-	1,400,689	1,545,198	144,509
Negotiable CD	-	1,050,000	1,050,000	-	-	-
Real Estate	-	3,642,943	2,079,578	1,563,365	1,494,811	(68,554)
Small Cap US Equity	-	10,958,880	-	10,958,880	11,894,313	935,433
Supranationals	-	2,400,423	950,000	1,450,423	1,426,529	(23,894)
US Corporate	-	15,973,833	5,195,566	10,778,267	9,803,677	(974,590)
US Treasury	-	24,043,263	9,820,503	14,222,760	14,129,412	(93,348)
Totals	$ -	$ 104,554,356	$ 37,481,907	$ 67,072,449	$ 69,138,145	$ 2,065,696

C. *Concentration of Credit Risk*

The Captive’s investment policy places long-term asset allocation targets stated below:

	Captive’s Target
Equities	0% - 50%
Fixed Income	50% - 100%

1. The equity allocation limitation are specific to the surplus funds of the Captive.
2. The asset manager will be responsible for determining the asset allocation within the targets and rebalance as necessary.
3. The Fixed Income allocation includes the liquidity portion to meet short-term cash flow requirements. The liquidity portfolio will maintain cash and cash equivalents of $250,000 as required by the Utah Insurance Department.
4. It is further noted the maximum amount of equity exposure, at time of purchase, will be limited to 40% of the aggregated surplus of the CSAC EIA and the EIO.

The investments in the Captive’s portfolio as of June 30, 2017 conform to these guidelines.

D. *Fair Value Measurements*

Fair value is defined in the accounting standards as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Assets and liabilities reported at fair value are organized into a hierarchy based on the levels of inputs observable in the marketplace that are used to measure fair value. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, liquidity statistics and other factor specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity’s assumptions about how market participants would value the financial instrument.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis.

Level 1 – Prices based on unadjusted quoted prices in active markets that are accessible for identical assets or liabilities are classified as Level 1.

Level 2 – Quoted prices in the markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly are classified as Level 2.

Level 3 – Investments classified as Level 3 have significant unobservable inputs, as they trade infrequently or not at all. The inputs into the determination of fair value of these investments are based upon the best information in the circumstance and may require significant management judgment.

The asset's or liability's fair value measurement level within a fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Cash and cash equivalents are not measured at fair value and, thus, are not subject to the fair value disclosure requirements.

Following is a description of the valuation methodologies used for assets measured at fair value:

U. S. Agency Bonds, U.S. Treasury Notes, Asset Backed Securities, Corporate Mid Term Notes, Foreign Corporate Notes, Supranationals and Commercial Paper are valued using Level 2 inputs. International equity, International real estate, Large cap equity, Mid cap equity, Real Estate, Emerging market equity and Small cap US equity are valued using Level 1 inputs.

The following table sets forth by level, within the fair value hierarchy, the Authority's assets at fair value as of June 30, 2017.

Investment type	Assets at Fair Value as of June 30, 2017		
	Level 1	Level 2	Level 3
US Agencies	$ -	$ 9,998,328	$ -
Asset Backed Securities	-	1,696,419	-
Corporate Medium Term Notes	-	9,803,677	-
Foreign Corporate Notes	-	609,085	-
Supranationals	-	1,426,529	-
Commercial Paper	-	876,481	-
US Treasuries	-	14,129,412	-
International Equity	1,617,182	-	-
International Real Estate	560,088	-	-
Large Cap US Equity	12,865,679	-	-
Mid Cap US Equity	1,545,198	-	-
Real Estate	1,494,811	-	-
Emerging Market Equity	620,943	-	-
Small Cap US Equity	11,894,313	-	-
Total	$ 30,598,214	$ 38,539,931	$ -

E. *Foreign Currency Risk*

Per the investment policy, fixed income investments must be denominated in US dollars but investments can be made in both US and non-US issuers. The equity portion of the portfolio has exposure to international investments and is thus exposed to some foreign currency risk, however all returns are converted back into US dollars.

(5) Reserves for Losses and Loss Adjustment Expenses

The Captive establishes claim liabilities based on estimates of the ultimate cost of claims (including claims adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. Claim liabilities are recomputed periodically using a variety of actuarial and statistical techniques. Claim liability estimates reflect recent settlements, claims frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claims cost is implicit in the calculation because reliance is placed both on actual historic data that reflects past inflation, and on other factors that are considered to be approximate modifiers of past experience. Adjustments to claim liabilities are charged, or credited, to expense in the period in which they are made.

The claim liabilities in all programs are established at a level which includes investment income on monies set aside to pay claims, that is, on a discounted basis. Total claim liabilities at June 30, 2017 of $68,234,483, have been presented at the net present value of $60,641,734, using a 4.3% discount rate.

Annually, the actuaries and staff evaluate the discount rate to be used for the actuarial valuation of claim liabilities. This is of particular importance for the Excess Workers' Compensation Program and the General Liability 1 Program, because claim liabilities are paid over a longer period of time. The rates in each program could vary because of the claims payout pattern. The following represents undiscounted and discounted claims liabilities as of June 30, 2017 by each line of coverage:

	Claims Liabilities As of June 30, 2017	
Programs	**Undiscounted**	**Discounted**
Primary Workers Compensation Program	$ 11,695,678	$ 10,202,970
Excess Workers Compensation Program	31,169,735	26,905,422
General Liability 1 Program	5,000,000	4,503,143
General Liability 2 Program	17,801,550	16,516,162
Property Program	2,567,520	2,514,037
Total	**$ 68,234,483**	**$ 60,641,734**

The following represents changes in those aggregate liabilities on a discounted basis for the Captive in its first year:

	June 30, 2017
Unpaid claims and claim adjustment expenses at the beginning of the fiscal year	$ -
Incurred claims and claim adjustment expenses:	
Provision for claims of the current fiscal year	75,803,096
Provision for claims of the prior fiscal years	-
Total incurred claims and claim adjustment expenses	75,803,096
Payments:	
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	15,161,362
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	-
Total Payments	15,161,362
Total unpaid claims and claim adjustment expenses at the end of the fiscal year	$ 60,641,734
Current Claim Liabilities	$ 10,500,000
Noncurrent Claim Liabilities	50,141,734
Total Claim Liabilities	$ 60,641,734

(6) Net Position

Net Position represents the capital stock of $5,000,000, and unrestricted net position of $3,995,825 as of June 30, 2017, for a total of $8,995,825. The unrestricted net position balances are available for future operations or distribution.

(7) Related Party Transactions

All premiums written, losses and loss adjustment expenses incurred result from insurance coverage provided to the Authority. Total premiums written were $76,851,052 out of which $3,244,789 was unpaid by the Authority to the Captive as of June 30, 2017. Unpaid amounts as of June 30, 2017 are reported as due from Members in the statements of net position.

Various payments were made by the Authority on behalf of the Captive, including claim payments and services overhead allocations in the amount of $12,686,362 for the year ended June 30, 2017, of which $6,976,720 is unpaid as of June 30, 2017. Unpaid amounts as of June 30, 2017 are reported as due to the Authority in the statements of net position.

(8) Service Agreements

The Captive has no employees. The Authority provides regulatory, accounting, records retention and other related services. Expenses under this agreement are included in the Statements of Revenues, Expenses and Changes in Net Position transfers out for general administration and totaled $25,000 for the year ended June 30, 2017.

REQUIRED SUPPLEMENTAL INFORMATION

EXCESS INSURANCE ORGANIZATION, INC.
RECONCILIATION OF UNPAID CLAIMS LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Primary Workers' Compensation	Excess Workers' Compensation	General Liability 1	General Liability 2	Property	Total June 30, 2017
Unpaid Claims and Claim Adjustment Expenses at the						
A. Beginning of the Fiscal Year	$ -	$ -	$ -	$ -	$ -	$ -
Incurred Claims and Claim Adjustment Expenses:						
Provision for Claims						
Current Fiscal Year	14,089,711	28,147,563	4,503,143	16,516,162	12,546,517	75,803,096
Prior Fiscal Years	-	-	-	-	-	-
B. Total Incurred	14,089,711	28,147,563	4,503,143	16,516,162	12,546,517	75,803,096
Payments:						
Attributable to insured events of the						
Current Fiscal Year	3,886,741	1,242,141	-	-	10,032,480	15,161,362
Prior Fiscal Years	-	-	-	-	-	-
C. Total Payments	3,886,741	1,242,141	-	-	10,032,480	15,161,362
Total Unpaid Claims and Claim Claim Adjustment Expenses at						
D. End of the Fiscal Year (A+B-C)	$ 10,202,970	$ 26,905,422	$ 4,503,143	$ 16,516,162	$ 2,514,037	$ 60,641,734
Claims Reported	$ 9,466,192	$ 7,543,841	$ 4,503,143	$ 463,897	$ 2,672,476	$ 24,649,548
Claims Incurred But Not Reported	736,778	19,361,581	-	16,052,265	(158,439)	35,992,186
Unallocated Loss Adjustment Expenses	-	-	-	-	-	-
Total Claim Liabilities	$ 10,202,970	$ 26,905,422	$ 4,503,143	$ 16,516,162	$ 2,514,037	$ 60,641,734
Current Claim Liabilities	$ 5,064,724	$ 1,232,709	$ -	$ 1,688,530	$ 2,514,037	$ 10,500,000
Noncurrent Claim Liabilities	5,138,246	25,672,713	4,503,143	14,827,632	-	50,141,734
Total Claim Liabilities	$ 10,202,970	$ 26,905,422	$ 4,503,143	$ 16,516,162	$ 2,514,037	$ 60,641,734

EXCESS INSURANCE ORGANIZATION, INC.
REQUIRED SUPPLEMENTAL INFORMATION
NOTES TO EARNED PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2017

The following schedule illustrates how the Fund's earned premiums (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Fund as of the end of each of the last 10 years. The rows of the schedule are defined as follows:

1. This line shows the total of each fiscal year's earned premium, revenues ceded to reinsurers and stop-loss policies, and investment revenues. The total revenues are net of dividends returned to members.

2. This line shows the liability for unallocated loss adjustment expenses not allocated to individual claims.

3. This line shows the Fund's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event occurred that triggered coverage under the contract (called policy year).

4. This section of rows shows the cumulative amounts paid as of the end of each successive year for each policy year.

5. This line shows the latest reestimated amount of claims assumed by reinsurers as of the end of the current year for each policy year.

6. This section of rows shows how each policy year's incurred claims increased or decreased as of the end of each successive year. These annual reestimations result from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims not previously known.

7. This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought.

As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

The columns of the schedule show data for successive policy years.

EXCESS INSURANCE ORGANIZATION, INC.
SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT
FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2017

POLICY YEAR	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017*
Earned Premiums	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 76,851,052
Less Ceded	-	-	-	-	-	-	-	-	-	-
Supplemental Assessments	-	-	-	-	-	-	-	-	-	-
Dividends Declared	-	-	-	-	-	-	-	-	-	-
Investment Earnings	-	-	-	-	-	-	-	-	-	3,126,187
1. Total Revenues Available For Payment of Claims	-	-	-	-	-	-	-	-	-	79,977,239
2. Unallocated Loss Adjustment Expense			-	-	-	-	-	-	-	-
3. Estimated Incurred Claims	-	-	-	-	-	-	-	-	-	75,803,096
Less Ceded Claims	-	-	-	-	-	-	-	-	-	-
Net Incurred Claims and Expenses, End of Policy Year	-	-	-	-	-	-	-	-	-	75,803,096
4. Cumulative Paid Claims as of:										
End of the Policy Year	-	-	-	-	-	-	-	-	-	15,161,362
One Year Later	-	-	-	-	-	-	-	-	-	-
Two Years Later	-	-	-	-	-	-	-	-	-	-
Three Years Later	-	-	-	-	-	-	-	-	-	-
Four Years Later	-	-	-	-	-	-	-	-	-	-
Five Years Later	-	-	-	-	-	-	-	-	-	-
Six Years Later	-	-	-	-	-	-	-	-	-	-
Seven Years Later	-	-	-	-	-	-	-	-	-	-
Eight Years Later	-	-	-	-	-	-	-	-	-	-
Nine Years Later	-	-	-	-	-	-	-	-	-	-
5. Reestimated Ceded Claims and Expenses	-	-	-	-	-	-	-	-	-	-
6. Reestimated Incurred Claims and Expenses										
End of the Policy Year	-	-	-	-	-	-	-	-	-	75,803,096
One Year Later	-	-	-	-	-	-	-	-	-	-
Two Years Later	-	-	-	-	-	-	-	-	-	-
Three Years Later	-	-	-	-	-	-	-	-	-	-
Four Years Later	-	-	-	-	-	-	-	-	-	-
Five Years Later	-	-	-	-	-	-	-	-	-	-
Six Years Later	-	-	-	-	-	-	-	-	-	-
Seven Years Later	-	-	-	-	-	-	-	-	-	-
Eight Years Later	-	-	-	-	-	-	-	-	-	-
Nine Years Later	-	-	-	-	-	-	-	-	-	-
7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

*Excess Insurance Organization, Inc. established July 1, 2016