

J. RICHARD HOGUE, F.S.A.
Actuarial Consulting

June 8, 2010

Mr. H. Brent Howatt
Executive Director
Redwood Empire Schools' Insurance Group
5760 Skylane Blvd., #100
Windsor, CA 95492

Dear Brent:

I have attached a copy of my actuarial valuation report relating to the Redwood Empire Schools' Insurance Group self-funded dental plan.

Please call me if there are any questions. Thank you.

Sincerely,



J. Richard Hogue, F.S.A.

JRH:wp

Attachment

**REDWOOD EMPIRE SCHOOLS' INSURANCE
GROUP**

SELF-FUNDED DENTAL PLAN

ACTUARIAL VALUATION

Prepared By

J. RICHARD HOGUE, F.S.A.

As of December 31, 2009

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June 8, 2010

Mr. H. Brent Howatt
Executive Director
Redwood Empire Schools' Insurance Group
5760 Skylane Blvd., #100
Windsor, CA 95492

Dear Brent:

I have attached a copy of my actuarial valuation report relating to the Redwood Empire Schools' Insurance Group self-funded dental plan.

The purpose of this valuation was to (1) estimate the required reserves as of December 31, 2009 and (2) project the funding requirements for the three fiscal years starting with the 2010/11 fiscal year as required by Section 17566(e) of the California Education Code.

In preparing this report, I relied on the staff of Redwood Empire Schools' Insurance Group of for the following information:

- Current plan provisions
- Prior dental claims information
- Employee census data
- Assets, accounts payable and other liabilities as of 12/31/09

Please call me if you have any questions on this report.

Sincerely,



J. Richard Hogue, F.S.A.

JRH:wp

Attachment

REDWOOD EMPIRE SCHOOLS' INSURANCE GROUP
 SELF-FUNDED DENTAL PLAN
 ACTUARIAL VALUATION

As of December 31, 2009

A. Introduction

Redwood Empire Schools' Insurance Group (RESIG) consists of 24 member school districts organized for the purpose of providing self insured dental coverage to member employees and dependants.

Under Section 17566(e) of the California Education Code, an actuarial valuation of the cost of the benefits provided by the RESIG must be made once every three years.

The purpose of this valuation is to satisfy such requirement by performing the following calculations:

1. Estimate of the required reserves as of December 31, 2009
2. Projection of funding requirements for the fiscal years ending 6/30/11, 6/30/12 and 6/30/13.

B. Financial Results

1. As of 12/31/09 - The financial status of the plan as of as of 12/31/09 was as follows:

Liabilities:

	Incurred-But-Not-	
	Reported Claims	\$160,000
	Accounts payable	0
	Other liabilities	0
	Total liabilities	\$160,000

Assets:

		324,733
Net Liability/(Asset)		(164,733)

2. For fiscal years ending 6/30/11, 6/30/12 and 6/30/13 - See Exhibit A on page 4.

C. Basis of Calculations

1. Prior claims information - The amount of claims paid for the 12 months ending 12/31/09 was \$2,344,468.

Such claims information split by month paid and month incurred was provided by RESIG.

2. Current census data

- a. As of 12/20/09 - as shown in the following table:

<u>Enrollment Category</u>	<u>Number</u>
Member	2,109
Spouse	1,378
Child	1,753

- b. Average number of members during 2009 - 2,020
3. Expenses - 8.35% of claims
4. Assets allocated to the Plan as of 12/31/09 - \$324,733
5. Annual trend rates
- a. Low - 4%
- b. Medium - 6%
- c. High - 8%
6. IBNR reserve
- a. As of 12/31/09 - Based on claims experience for 18 months ending 3/31/10
- b. As of 6/30/11, 6/30/12 and 6/30/13 - 6.75% of projected claims paid during the prior 12 months

D. Plan summary - A comprehensive dental program with the following general cost sharing provisions:

1. Coinsurance:

- a. Dentures and Bridges - 50%
- b. Dental accident - 0%
- c. All other covered services - graded by year of coverage as shown in the following table (assuming the participant visits a dentist during each year):

<u>Year of coverage</u>	<u>Coinsurance percentage</u>
1	30%
2	20%
3	10%
4+	0%

2. Annual limits per individual - \$1,500

Exhibit A
 Projected Costs for the Following Plan Years:
 2010/11, 2011/12 and 2012/13

	Low	Medium	High
Information for 2010/11			
Total costs for year:			
Claims	\$2,438,200	\$2,485,100	\$2,532,000
Increase in reserves	4,600	7,700	10,900
Administration costs	203,600	207,500	211,400
Total	<u>\$2,646,400</u>	<u>\$2,700,300</u>	<u>\$2,754,300</u>
Monthly cost per contract:	\$109	\$111	\$114

Information for 2011/12			
Total costs for year:			
Claims	\$2,535,800	\$2,634,200	\$2,734,600
Increase in reserves	6,600	10,100	13,700
Administration costs	211,700	220,000	228,300
Total	<u>\$2,754,100</u>	<u>\$2,864,300</u>	<u>\$2,976,600</u>
Monthly cost per contract:	\$114	\$118	\$123

Information for 2012/13			
Total costs for year:			
Claims	\$2,637,200	\$2,792,300	\$2,953,400
Increase in reserves	6,800	10,700	14,800
Administration costs	220,200	233,200	246,600
Total	<u>\$2,864,200</u>	<u>\$3,036,200</u>	<u>\$3,214,800</u>
Monthly cost per contract:	\$118	\$125	\$133