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Statement No. 30 of the
Governmental Accounting
Standards Board

Risk Financing Omnibus

an amendment of GASB Statement No. 10



Governmental Accounting Standards Board
of the Financial Accounting Foundation

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Summary

This Statement amends GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, for public entity risk pools and for entities other than pools.

For *public entity risk pools*, this Statement modifies the method for calculating a premium deficiency, and it requires recognition of a premium deficiency liability and expense for the amount by which the premium deficiency exceeds unamortized acquisition costs. It also requires disclosure in the notes to the financial statements about the type of reinsurance or excess insurance coverage for certain claims costs, and requires presentation of gross, ceded, and net premiums and claims costs in the ten-year revenue and claims development information. Furthermore, this Statement provides that claims development information should be reported consistently on an accident-year basis, a report-year basis, or a policy-year basis. It also allows presentation of additional percentage information.

For *entities other than pools*, this Statement includes specific, incremental claim adjustment expenditures/expenses and estimated recoveries (such as salvage and subrogation) in the determination of the liability for unpaid claims. Also, it requires disclosure of whether other claim adjustment expenditures/expenses are included in the liability for unpaid claims.

The provisions of this Statement are effective for financial statements for periods beginning after June 15, 1996. Earlier application is encouraged.

Unless otherwise specified, pronouncements of the GASB apply to financial reports of all state and local governmental entities, including general purpose governments, public benefit corporations and authorities, public employee retirement systems, utilities, hospitals and other healthcare providers, and colleges and universities. Paragraph 2 discusses the applicability of this Statement.

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an amendment of GASB Statement No. 10

February 1996



Governmental Accounting Standards Board
of the Financial Accounting Foundation
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Statement No. 30 of the Governmental Accounting Standards Board

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February 1996

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INTRODUCTION

1. GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, issued in November 1989, provides guidance for public entity risk pools and for state and local governmental entities other than pools. Since the release of that Statement and during development of the related *Guide to Implementation of GASB Statement 10 on Accounting and Financial Reporting for Risk Financing and Related Insurance Issues* (Implementation Guide), issued in November 1993, issues have been raised regarding specific provisions of that Statement. This Statement amends those provisions.

STANDARDS OF GOVERNMENTAL ACCOUNTING AND FINANCIAL REPORTING

Scope and Applicability

2. This Statement amends paragraphs 35, 36, 49f, 50, 57, and 77d(1) of Statement 10 for public entity risk pools and entities other than pools. This Statement applies to all state and local governmental entities.

Public Entity Risk Pools

3. Public entity risk pools in which there is some transfer or pooling (sharing) of risk should follow the amended accounting and financial reporting requirements set forth in paragraphs 4 through 7.

Premium Deficiency

4. Paragraph 35 of Statement 10 is superseded by the following:

A premium deficiency should be recognized if the sum of expected claims costs (including IBNR) and all expected claim adjustment expenses, expected dividends to policyholders or pool participants, and unamortized acquisition costs exceeds related unearned premiums.⁶

⁶ [Footnote 6 of Statement 10 remains unchanged.]

5. Paragraph 36 of Statement 10 is superseded by the following:

If a premium deficiency exists, unamortized acquisition costs should be expensed to the extent of the deficiency. Deficiencies in excess of unamortized acquisition costs should be recognized as a premium deficiency liability as of the balance sheet date and as a premium deficiency expense. The premium deficiency liability should be adjusted in future periods as expected costs become incurred so that no premium deficiency liability remains at the end of the period covered by the contracts. Deficiencies resulting from risk-sharing pool participation contracts also should be reported as revenue and assessments receivable at the time the pool determines that a deficiency is reasonably estimable, provided that the pool has an enforceable legal claim to the amounts and their collectibility is probable. (Appendix C provides examples of premium deficiency calculations.)

Disclosures

6. Paragraph 49f of Statement 10 is superseded by the following:

The nature and significance of excess insurance or reinsurance transactions to the pool's operations, including the type of coverage, reinsurance premiums ceded, and estimated amounts that are recoverable from excess insurers and reinsurers and that reduce the liabilities as of the balance sheet date for unpaid claims and claim adjustment expenses.

Required Supplementary Information

7. Paragraph 50 of Statement 10 is superseded by the following:

The following revenue and claims development information should be included as required supplementary information⁹ immediately after the notes to financial statements in separate pool financial reports.^a (This disclosure is illustrated in Appendix D.)

- a. A table that presents the following information:
- (1) Amount of gross premium (or required contribution) revenue and reported investment revenue, amount of premium (or required contribution) revenue ceded, and amount of net reported premium (or required contribution) revenue (net of excess insurance or reinsurance) and reported investment revenue for each of the past ten fiscal years including the latest fiscal year.
 - (2) Amount of reported unallocated claim adjustment expenses (see paragraph 23) and reported other costs (see paragraph 31) for each of the past ten fiscal years including the latest fiscal year.
 - (3) Total gross amount of incurred claims and allocated claim adjustment expenses (both paid and accrued before the effect of loss assumed by excess insurers or reinsurers), loss assumed by excess insurers or reinsurers (both paid and accrued), and total net amount of incurred claims and allocated claim adjustment expenses (both paid and accrued). Amounts should be presented as originally reported at the end of each of the past ten accident years (for occurrence-based policies or contracts), report years (for claims-made policies or contracts), or policy years including the latest year. Amounts should be limited to provisions for claims resulting from events that triggered coverage under the policy or participation contract in that year. If amounts are not presented on an accident-year basis or a report-year basis, they should be reported on a policy-year basis. The basis of reporting should be used consistently for all years presented.
 - (4) The cumulative net amount paid as of the end of the accident year, report year, or policy year (as appropriate) and each succeeding year for each of the incurred claims and allocated expense amounts presented in (3) above.
 - (5) The reestimated amount for loss assumed by excess insurers or reinsurers as of the end of the current year for each of the accident years, report years, or policy years (as appropriate) presented in (3).
 - (6) The reestimated amount for net incurred claims and claim adjustment expenses as of the end of each succeeding year for each of the accident years, report years, or policy years (as appropriate) presented in (3).
 - (7) The change in net incurred claims and claim adjustment expenses from the original estimate, based on the difference between the latest reestimated amount presented in (6) above for each of the accident years, report years, or policy years (as appropriate) and the original net incurred claims and claim adjustment amounts reported in (3).
- Percentage information (for example, the percentage of gross incurred claims and claim adjustment expenses assumed by excess insurers or reinsurers) may be presented but is not required. If presented, this information should not obscure or distort required elements of the table.
- b. In addition to the reconciliation of total claims liabilities (paragraph 49g), a reconciliation of claims liabilities by type of contract, including an analysis of changes in liabilities for claims and claim adjustment expenses for the current fiscal year and the prior year, in the same tabular format required by paragraph 49g.

During the transition period when the ten years of information about claims liabilities and claim adjustment expenses may not be available, all information required by item a above should be presented only for as many years as that information is available. If changes in a pool's loss, expense, reinsurance, excess insurance, or other transactions materially affect pool revenue, expenses, or liabilities in a manner not fairly disclosed or presented in the tables above, the pool should expand these disclosures to show additional detail (such as separate information for each type of contract) to keep the schedules from being misleading or to keep trends from becoming obscured.

⁹ [Footnote 9 of Statement 10 remains unchanged.]

^a Pools that are included as part of a combined general government reporting entity and that do not issue separate financial reports should present the required supplementary information after the notes to the reporting entity's financial statements. However, if the reporting entity issues a comprehensive annual financial report, those pools may present the required supplementary information as statistical information.

Entities Other Than Pools

8. Entities other than pools should follow the amended accounting and financial reporting requirements set forth in paragraphs 9 and 10.

Liability and Expenditure/Expense Recognition and Measurement

9. Paragraph 57 of Statement 10 is superseded by the following, including the footnote:

Claims liabilities, including IBNR [incurred but not reported claims], should be based on the estimated ultimate cost of settling the claims (including the effects of inflation and other societal and economic factors), using past experience adjusted for current trends, and any other factors that would modify past experience. Claims liabilities should include specific, incremental claim adjustment expenditures/expenses.^b In addition, estimated recoveries on unsettled claims, such as salvage or subrogation, should be evaluated in terms of their estimated realizable value and deducted from the liability for unpaid claims. Estimated recoveries on settled claims also should be deducted from the liability for unpaid claims. Expenditures/expenses and liabilities may be estimated through a case-by-case review of all claims, the application of historical experience to the outstanding claims, or a combination of these methods. Estimates of IBNR losses should be based on historical experience. When historical experience is used, the outstanding claims should be stratified by amount *and* type of claim, and the strata should be sufficiently refined to ensure that the estimation is reasonable.

^b Incremental costs include those that are incurred only because of a claim. For example, the cost of outside legal assistance on a particular claim may be an incremental cost, whereas assistance from internal legal staff on a claim may not be incremental because the salary costs for internal staff normally will be incurred regardless of the claim. Entities may include other allocated or unallocated claim adjustment expenditures/expenses in claims liabilities. Disclosure is required if other claim adjustment expenditures/expenses are included. (See paragraph 77d(1).)

Disclosures

10. Paragraph 77d(1) of Statement 10 is superseded by the following:

The basis for estimating the liabilities for unpaid claims, including the effects of specific, incremental claim adjustment expenditures/expenses, salvage, and subrogation, and whether other allocated or unallocated claim adjustment expenditures/expenses are included.

EFFECTIVE DATE AND TRANSITION

11. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 1996. Earlier application is encouraged. Accounting changes adopted to conform to the provisions of this Statement should be applied retroactively, if practical, by restating financial statements for all prior periods presented. If restatement is not practical, the cumulative effect of applying this Statement, if any, should be reported as a restatement of beginning fund balance or retained earnings, as appropriate, for the earliest period restated. In the period this Statement is first applied, the financial statements should disclose the nature of any restatement and its effect. Also, the reason for not restating prior periods presented should be explained.

12. On implementation of this Statement, prior years in the table required by paragraph 7 should be restated, if necessary, so that all years are presented on the same basis. All prior years that have been presented since the implementation of Statement 10 should continue to be presented. However, the additional information required by paragraph 7 (gross and ceded amounts in revised lines 1 and 3 and in new line 5) may be presented prospectively.

The provisions of this Statement need not be applied to immaterial items.

This Statement was adopted by unanimous vote of the five members of the Governmental Accounting Standards Board:

Tom L. Allen, *Chairman*
Robert J. Freeman
Barbara A. Henderson
Edward M. Klasny
Paul R. Reilly

Appendix A

BACKGROUND INFORMATION

History of the Project

13. In September 1993, the Board added a project to its technical agenda to provide guidance on certain risk financing issues related to Statement 10. Those issues were identified during the preparation of the Statement 10 Implementation Guide but could not be addressed in that document, which is limited to clarifying, explaining, or elaborating on the standards in Statement 10. The results of the project are this Statement and a separate pronouncement, Interpretation No. 4, *Accounting and Financial Reporting for Capitalization Contributions to Public Entity Risk Pools*. A task force provided valuable input on the alternatives that the Board considered in both documents.

14. In August 1995, the Board issued an Exposure Draft (ED) of a proposed Statement, *Risk Financing Omnibus Statement*, which precedes this Statement. The Board received twenty-five comment letters on the ED, a large majority of which supported all or most of its provisions. Certain changes have been made to this Statement, however, as a result of respondent recommendations.

Issues

Public Entity Risk Pools

Premium Deficiency

15. Statement 10, paragraph 35, provided that a premium deficiency should be recognized "if the sum of expected claims costs (including IBNR) and all expected claim adjustment expenses, expected dividends to policyholders or pool participants, unamortized acquisition costs, and incurred policy maintenance costs exceeds related unearned premiums." Furthermore, footnote 6 referred to requirements in paragraph 49e to disclose whether anticipated investment income is considered in determining if a

premium deficiency exists. Some questioned the inclusion of *incurred* policy maintenance costs in the premium deficiency calculation, because the other components of the calculation are *expected* or *anticipated* amounts.

16. Statement 10, paragraph 36, provided the following for the recognition of a premium deficiency: “. . . unamortized acquisition costs should be expensed to the extent of the deficiency. Deficiencies resulting from risk-sharing pool participation contracts should also be reported as revenue and assessments receivable at the time the pool determines that a deficiency is reasonably estimable, provided the pool has an enforceable legal claim to the amounts and their collectibility is probable and reasonably estimable.” Statement 10 did not specifically address premium deficiencies that exceed unamortized acquisition costs.

Reinsurance and Excess Insurance

17. Many of the requirements for public entity risk pools in Statement 10 are based on Financial Accounting Standards Board (FASB) Statement No. 60, *Accounting and Reporting by Insurance Enterprises*, as amended by FASB Statement No. 97, *Accounting and Reporting by Insurance Enterprises for Certain Long-Duration Contracts and for Realized Gains and Losses from the Sale of Investments*. FASB Statement No. 113, *Accounting and Reporting for Reinsurance of Short-Duration and Long-Duration Contracts*, further amended FASB Statement 60 to require gross reporting of reinsurance transactions. Questions were raised about the need for additional recognition or disclosure requirements for reinsurance and excess insurance.

Required Supplementary Information

18. As presented in the Exposure Draft that preceded Statement 10, the ten-year revenue and claims development table required by paragraph 50a of Statement 10 was to be similar to the ten-year table of information required for publicly traded commercial

insurers in Securities and Exchange Commission (SEC) Industry Guide 6, "Disclosures Concerning Unpaid Claims and Claim Adjustment Expenses of Property-Casualty Insurance Underwriters." That guide required presentation of information on unpaid claims and claim adjustment expenses as of the end of each fiscal year.

19. The Board decided that the table would be enhanced by the addition of a line for premiums earned and a line for unallocated claim adjustment expenses and other costs. However, that presentation was somewhat inconsistent with the information on unpaid claims and expenses because those amounts did not include claims that were incurred and paid in the same year. Thus, the Board decided to modify those lines by requiring all claims incurred and paid during the year to be reported, regardless of whether the claims were still unpaid at the end of the fiscal year.

20. After the Board had departed from the SEC Industry Guide 6 model, it decided to make other appropriate changes. Accordingly, it modified the period covered for claims and claim adjustment expenses from a fiscal-year basis to an accident-year basis because most pools already maintain information on this basis, and because it is consistent with the way information is reported by commercial insurers and some pools to state regulators on Schedule P. However, the policy year was finally chosen as the period on which to base reporting. Use of the accident-year basis caused some concern because, although it may be applicable to property and liability coverage, it is not quite appropriate for health claims.

21. For occurrence-based policies, a policy-year basis includes the actual periods covered in each policy, whether or not they are coextensive. As noted in the answer to question 60 in the Implementation Guide, the annual inception or renewal date of each policy should be used to determine the year in which that policy should be reported for purposes of the ten-year table. That question provides the following illustration:

. . . during 1993, the pool may have issued three different policies (contracts)—one started on January 1, another on March 1, and the third on June 1. Claims on all three policies will be included in the claims development for policy year 1993, even though the one-year period in each contract is different and some of the covered events may physically occur in 1994. If the claims for all three policies are consistently reported, the table will provide information on trends in loss development on claims.

Using an accident-year basis, however, would include the incidents that occurred during the same period for all policies, without regard to “boundaries” of individual policy years. Likewise, for claims-made policies, a report-year basis would include the claims that were reported during the same period for all policies, regardless of individual policy years.

Entities Other Than Pools

22. Paragraph 23 of Statement 10 requires pools to accrue a liability for claim adjustment expenses when the related liability for unpaid claims is accrued, and paragraph 22 provides that, for pools, "estimated recoveries on unsettled claims, such as salvage or subrogation, should be evaluated in terms of their estimated realizable value and deducted from the liability for unpaid claims. Estimated recoveries on settled claims also should be deducted from the liability for unpaid claims." Entities other than pools also incur costs, either internally or through a claims administrator, to settle claims. There are also occasions when entities other than pools have salvage or subrogation. Some questioned whether entities other than pools should use the guidance for pools in these situations.

Appendix B

BASIS FOR CONCLUSIONS

23. This appendix discusses factors considered significant by Board members in reaching the conclusions in this Statement. It includes discussion of the alternatives considered and the Board's reasons for accepting some and rejecting others. Individual Board members gave greater weight to some factors than to others.

Public Entity Risk Pools

Premium Deficiency

Maintenance Costs

24. The response to question 19 of the Implementation Guide provides the following guidance: "Because [incurred maintenance costs] are period costs and cannot be attributed to past or future events, the Board intended to emphasize that there should be no *expected* policy maintenance costs associated with a premium deficiency. Therefore, maintenance costs should not be used in the [premium deficiency] calculation." Accordingly, the Board is amending paragraph 35 of Statement 10 to delete the reference to incurred policy maintenance costs. (See paragraph 4 of this Statement.)

25. Respondents to the ED generally favored this amendment. Those who disagreed with the amendment believe that to be similar to the requirements for commercial insurers in FASB Statement 60, paragraph 33, all costs should be included in the premium deficiency calculation or that maintenance costs in particular should be retained as a component of the calculation. However, the Board is persuaded by those respondents that commented that maintenance costs are period costs and that these costs generally are not attributable to specific claims or events. For these reasons, it is not appropriate to include them in the premium deficiency calculation.

Recognition

26. The response to question 19 and the nonauthoritative illustration in Appendix 2 of the Implementation Guide indicate that deficiencies in excess of unamortized acquisition costs should be recognized as a liability. That guidance is consistent with FASB Statement 60, paragraph 34: “If the premium deficiency is greater than unamortized acquisition costs, a liability shall be accrued for the excess deficiency.”

27. The American Institute of Certified Public Accountants’ Statement of Position No. 78-6, *Accounting for Property and Liability Insurance Companies*, which was superseded by the issuance of FASB Statement 60, concluded that “a premium deficiency should first be recognized by writing off any unamortized deferred acquisition costs to the extent required. Should the premium deficiency be greater than the unamortized deferred acquisition costs, *a separate liability should be provided for the excess deficiency*. That method recognizes that an asset has been impaired and that the impairment should be recorded before any additional liabilities are recorded” (emphasis added).

28. The Board believes it is important to recognize a premium deficiency liability and expense so that it is obvious to financial statement users that a premium deficiency exists. (See paragraph 5 of this Statement.) Although recognition creates a liability for unpaid claims when such claims have not yet been incurred, the treatment is consistent with accounting guidance that preceded Statement 10. Respondents to the ED generally agreed with this requirement.

Disclosures

29. Although Statement 10 generally treats reinsurance, excess insurance, and participation in excess pooling arrangements as being the same for accounting purposes, there are differences among the types of coverage, especially with regard to how risk is transferred. Therefore, the Board believes that disclosures about reinsurance, excess

insurance, and excess pooling arrangements should specify which type of coverage the pool is employing. (See paragraph 6 of this Statement.) Respondents to the ED did not object to these disclosures.

Required Supplementary Information

Additional Reporting for Reinsurance and Excess Insurance

Gross reporting in balance sheet

30. The Board considered amending Statement 10 to require gross reporting of reinsurance on the balance sheet, as required for commercial insurers under FASB Statement 113. However, the Board noted that gross reporting only for reinsurance is inconsistent with other insurance transactions where there is transfer of risk. That is, when any entity transfers risk to a commercial insurer, no claims liability is reported (except to the extent that the insurer is not able to fulfill its obligations). As long as risk has been transferred, the Board believes that reinsurance should not be treated differently.

31. According to GASB Concepts Statement No. 1, *Objectives of Financial Reporting*, paragraph 79c, "financial reporting should disclose legal or contractual restrictions on resources and risks of potential loss of resources." Paragraph 67 of that Statement also defines one of the characteristics of information in financial reporting—*consistency*: "Financial reports should be consistent over time; that is, there is a presumption that once an accounting principle or reporting method is adopted, *it will be used for all similar transactions and events . . .*" (emphasis added).

32. Some respondents to the ED disagreed with the Board's decision not to require gross reporting of reinsurance on the balance sheet. They believe that guidance similar to that in FASB Statement 113 should be adopted to promote comparability between public entity risk pools and commercial insurers. However, using Concepts Statement 1 as a basis, the Board believes that it would be inconsistent to require gross reporting for

reinsurance and excess insurance transactions while not requiring gross treatment for primary insurance used by an entity other than a pool. Furthermore, the Board believes that it is inappropriate at this time to change balance sheet reporting until it completes its project that will lead to a Concepts Statement on the elements of the financial statements. In the meantime, the Board believes that the disclosures required by Statement 10 and the recommended changes to the revenue and claims development information required in the ten-year table (discussed in paragraphs 33–35) will be sufficient to indicate a pool's use of and exposure to reinsurance and excess insurance.

Gross reporting in ten-year table

33. The Board believes that gross reporting of reinsurance and excess insurance activity in the ten-year revenue and claims development table should be required. (See paragraph 7 of this Statement.) Premium (or required contribution) and investment revenue information on line 1 should be presented in three lines: earned, ceded, and net. Estimated claim and expense information on line 3 should be reported in three lines: incurred, ceded, and net. A new line should be inserted before the triangle currently in line 5. The new line should show the reestimated amount of ceded claims and expenses.

34. The amounts in the revised line 1 should continue to be on a fiscal-year basis. The amounts in the revised line 3 and the new line 5 should be on an accident-year, a report-year, or a policy-year basis, as discussed in paragraphs 36 and 37 below. Those amounts should represent original estimates. The cumulative payments and reestimated claim amounts, currently on lines 4 and 5 (the triangles), respectively, should continue to be based on the net amount in line 3.

35. The Board believes that the required modifications to the current table format are minimal.¹ Furthermore, because the necessary information is already compiled for the notes to the financial statements and—for some pools—for Schedule P, the Board believes that the benefits of the revised table will outweigh the cost of compliance. This revised ten-year table will supplement the disclosures about reinsurance and excess insurance in the notes to the financial statements. It will also help users to see the extent to which reinsurance and excess insurance have been used and their cost to the pool. Respondents to the ED generally agreed with these modifications to the ten-year table.

Bases Other Than Policy-Year Basis

36. As noted in the answer to question 51 in the Implementation Guide, "the importance of the ten-year revenue and claims development table is to show trends in current claims and development in prior years' claims. It also shows, over time, how well a pool is performing its underwriting function and its claims estimation (loss reserving) function." This Statement amends Statement 10 to allow presentation of claim information on an accident-year basis (for occurrence-based policies) or report-year basis (for claims-made policies), as long as one basis is consistently applied. (See paragraph 7 of this Statement.) Respondents generally agreed with this provision.

37. Some respondents disagreed, however; they believe that only one basis should be allowed to provide for comparability between pools. Nevertheless, the Board believes that it is appropriate to allow the use of an accident-year basis for occurrence-based policies or contracts, a report-year basis for claims-made policies or contracts, or a policy-year basis for reporting claim information on the ten-year table, provided that the basis is consistently applied and all prior years presented are restated to the selected basis. The

¹It has also been suggested that certain percentages should be allowed to be presented on the ten-year table. For example, the percentage of premium revenue ceded could be displayed. The Board does not object to such presentations as long as they do not obscure the required elements; however, these presentations are not required.

Board believes that consistent use of any of the three accepted bases will provide users with the necessary trend information without impairing comparability. That is, the consistent use of accident years by one pool and policy years by another will not affect comparability between their ten-year tables any more than the use of a fiscal year ending June 30 by one and a calendar fiscal year by the other affects comparability between their balance sheets or operating statements. In addition, some pools already accumulate the required information on an accident-year basis for statutory reporting on Schedule P. Because this information is already available, the Board believes that the cost of preparation will be reduced without reducing benefits to users. Also, for many pools, accident years, report years, policy years, or fiscal years may cover the same period.

Entities Other Than Pools

38. Paragraph 57 of Statement 10 provided that the claims liabilities of entities other than pools "should be based on the estimated ultimate cost of settling the claims. . . ." Thus, the Board believes that salvage and subrogation should be taken into account when determining the "ultimate cost," and appropriate disclosure should be made. Similarly, with regard to *specific, incremental* claim adjustment expenditures/expenses,² the Board believes that a liability should be accrued if it is probable and estimable using the criteria in paragraphs 53 through 58 of Statement 10. (See paragraph 9 of this Statement.) Respondents generally agreed with the requirements in the ED. However, some disagreed because they believe that the costs of determining specific, incremental claim adjustment expenditures/expenses will not exceed the benefits or because they believe that the treatment of claim adjustment expenditures/expenses should not be different for

²The glossary of Statement 10 provides the following definition of *claim adjustment expenses*: "Expenses incurred in the course of investigating and settling claims. Allocated claim adjustment expenses include costs associated directly with specific claims paid or in the process of settlement, such as legal and adjusters' fees. Unallocated claim adjustment expenses include other costs that cannot be associated with specific claims but are related to claims paid or in the process of settlement, such as salaries and other internal costs of the pool's claims department."

pools and entities other than pools. Nevertheless, the Board continues to believe that the difference in requirements for pools and entities other than pools is necessary and, more importantly, that these requirements for entities other than pools constitute an improvement in financial reporting. Because of the nature of entities other than pools, the cost of identifying other allocated or unallocated claim adjustment expenditures/expenses that are not specific and incremental may outweigh the benefits. For example, it may not be cost effective for these entities to allocate the compensation and benefit costs of employees whose efforts are not related to specific claims or who perform other functions in addition to those related to risk financing or risk management. On the other hand, the use of outside counsel on a claim (a specific, incremental cost) may easily be identified and should be included in the liability for unpaid claims for entities other than pools.

39. The Board also believes that an accrual should be permitted but not required for other allocated or unallocated claim adjustment expenditures/expenses. Paragraph 77 should be modified to require disclosure of the treatment of those other claim adjustment expenditures/expenses in estimating liabilities. (See paragraph 10 of this Statement.) An entity may have claim adjustment expenditures/expenses even when it uses commercial insurance or when it participates in a pool.

Appendix C

CALCULATION OF POOL PREMIUM DEFICIENCIES

40. Paragraphs 34 through 36 of Statement 10, as amended by paragraphs 4 and 5 of this Statement, require premium deficiencies to be calculated and reported for pools. Those amended paragraphs provide details on the types of costs that are required to be considered in this calculation. *The following illustrative calculations supersede those presented in Appendix C of Statement 10.*

Example I

Assume the following facts:

- For the premium deficiency calculation, policies are grouped consistent with the manner of acquiring, servicing, and measuring revenue and expense elements of the policies in the pool.
- Policyholder dividends are based on the experience of the entire pool, not on groups of policies. Therefore, if the overall pool experience is favorable, it is possible that dividends may be paid to policyholders with policies in a group where a premium deficiency exists.
- The pool considers anticipated investment income in its determination of a premium deficiency.
- All amounts are in thousands.

Following is a summary of significant amounts, determined as of the balance sheet date. All accrued amounts would be reported in the financial statements before the effect of the premium deficiency is recorded. (References are to paragraphs in Statement 10 that define these amounts.) Expected or anticipated amounts are related to events that are expected to occur (for example, claims filed against a claims-made policy or claims incurred against an occurrence-based policy) after the balance sheet date and through the expiration of policy terms.

<u>Component of Calculation</u>	<u>Statement 10 Reference</u>	<u>Accrued Amount</u>	<u>Expected or Antici- pated Amount</u>
Unearned premium	¶19	\$100	—
Unpaid claims costs (including IBNR claims costs)	¶22	75	\$90
Claim adjustment expenses	¶23	7	5
Policyholder dividends	¶32	0	5
Unamortized (capitalized) acquisition costs	¶28–¶30	10	—
Investment income	¶35, fn6	4	5

The calculation should be as follows:

Unearned premiums	\$100
Expected claims costs	\$90
Expected claim adjustment expenses	5
Expected policyholder dividends	5
Unamortized acquisition costs	10
Anticipated investment income	<u>(5)</u>
Total costs	<u>105</u>
Deficiency	<u>\$ (5)</u>

Because there are unamortized (capitalized) acquisition costs of \$10 in the pool, the deficiency should be recognized in this example by expensing \$5 of those costs when the deficiency is determined. If a deficiency did not exist, those acquisition costs would have been charged to expense over the course of the contract term in proportion to premium revenue recognized.

Example II

Assume the same facts as in the previous example, except that incurred claims costs are \$110 and expected claims costs are \$105.

<u>Component of Calculation</u>	<u>Statement 10 Reference</u>	<u>Accrued Amount</u>	<u>Expected or Anticipated Amount</u>
Unearned premium	¶19	\$100	—
Unpaid claims costs (including IBNR claims costs)	¶22	110	\$105
Claim adjustment expenses	¶23	7	5
Policyholder dividends	¶32	0	5
Unamortized (capitalized) acquisition costs	¶28–¶30	10	—
Investment income	¶35, fn6	4	5

The calculation should be as follows:

Unearned premiums		\$100
Expected claims costs	\$105	
Expected claim adjustment expenses	5	
Expected policyholder dividends	5	
Unamortized acquisition costs	10	
Anticipated investment income	(5)	
Total costs		<u>120</u>
Deficiency		<u>\$(20)</u>

In this example, the deficiency should be recognized in the pool by charging the entire amount of unamortized (capitalized) acquisition costs of \$10 to expense when the deficiency is determined. A premium deficiency liability of \$10 (\$20 – \$10) and a corresponding premium deficiency expense also should be recognized.

In addition, if (a) the premium deficiency is reasonably estimable, (b) the pool has a legal and enforceable right to assess policyholders for the deficiency, and (c) the collectibility of assessments is probable and reasonably estimable, then revenue and receivables for the assessments should be reported by the pool.

Appendix D

ILLUSTRATIVE NOTE DISCLOSURES AND REQUIRED SUPPLEMENTARY INFORMATION

41. This appendix illustrates disclosures required by Statement 10 (and only those required by Statement 10), as amended by this Statement. The facts assumed in these examples are illustrative only and are not intended to modify or limit the requirements of Statement 10 or to indicate the GASB's endorsement of the policies or practices shown. Application of the provisions of Statement 10, as amended by this Statement, may require disclosures and formats other than those illustrated here. *These illustrative note disclosures and the required supplementary information supersede those presented in Appendix D, Illustration 1, of Statement 10.*

Illustration 1a: Risk-Sharing Public Entity Risk Pool (with multiple types of contracts)

Illustration 1b: Risk-Sharing Public Entity Risk Pool (with single type of contract)

Illustration 1a: Risk-Sharing Public Entity Risk Pool (with multiple types of contracts)

Public Insurance Fund
Notes to Financial Statements
Year Ended December 31, 19X8

Description of the Fund

The Public Insurance Fund (Fund) was organized in October 19W7 to provide a program of property and casualty and employee health and accident coverage for its member organizations. In accordance with Local Law XX-123(a)[k], all political subdivisions in the State of A are eligible to participate. The program's general objectives are to formulate, develop, and administer, on behalf of the member political subdivisions, a program of insurance; to obtain lower costs for that coverage; and to develop a comprehensive loss control program. Political subdivisions joining the Fund must remain

members for a minimum of three years; a member may withdraw from the Fund after that time by giving six months' notice. Subdivisions applying for membership in the Fund may do so on approval of a two-thirds vote of the board of the Fund. Fund underwriting and rate-setting policies have been established after consultation with actuaries. Fund members are not subject to a supplemental assessment in the event of deficiencies. Annual premium increases are limited to 20 percent of the prior year's premium. If the assets of the Fund were to be exhausted, members would not be responsible for the Fund's liabilities. Fund members currently include nine cities with populations ranging from 60,000 to 140,000 and four counties with populations ranging from 90,000 to 120,000 people.

A. Summary of Significant Accounting Policies

1. *Basis of accounting* [not illustrated].
2. *Valuation of investments* [not illustrated].
3. *Unpaid claims liabilities.* The Fund establishes claims liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Estimated amounts of salvage and subrogation and reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount, particularly for coverages such as general liability. Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.
4. *Deferred policy acquisition costs.* Acquisition costs, which consist primarily of salaries, inspection and medical exam fees, and certain underwriting expenses, vary with, and are primarily related to, the issuance of new insurance

policies. These costs are deferred and amortized on a straight-line basis over the life of the insurance contract. Deferred acquisition costs are reviewed periodically to determine if they are recoverable from future income, including investment income. If the deferred costs are not recoverable, they are charged to expense in the period of the review. Amortization of deferred costs in 19X8 was \$133,000.

5. *Reinsurance.* The Fund uses reinsurance agreements to reduce its exposure to large losses on all types of insured events. Reinsurance permits recovery of a portion of losses from reinsurers, although it does not discharge the primary liability of the Fund as direct insurer of the risks reinsured. The Fund does not report reinsured risks as liabilities unless it is probable that those risks will not be covered by reinsurers. Premiums ceded to reinsurers during 19X8 were \$1,004,000, and the amount deducted from claims liabilities as of December 31, 19X8, for reinsurance was \$377,000.

B. Unpaid Claims Liabilities

As discussed in Note A, the Fund establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses, both allocated and unallocated. The following represents changes in those aggregate liabilities for the Fund during the past two years (in thousands):

	<u>19X8</u>	<u>19X7</u>
Unpaid claims and claim adjustment expenses at beginning of year	<u>\$1,421</u>	<u>\$1,189</u>
Incurred claims and claim adjustment expenses:		
Provision for insured events of current year	1,282	900
Increases in provision for insured events of prior years	<u>649</u>	<u>540</u>
Total incurred claims and claim adjustment expenses	<u>1,931</u>	<u>1,440</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current year	641	450
Claims and claim adjustment expenses attributable to insured events of prior years	<u>904</u>	<u>758</u>
Total payments	<u>1,545</u>	<u>1,208</u>
Total unpaid claims and claim adjustment expenses at end of year	<u>\$1,807</u>	<u>\$1,421</u>

At year-end 19X8, \$718,000 of unpaid claims and claim adjustment expenses are presented at their net present value of \$576,000. These claims are discounted at annual rates ranging from 8½ to 11 percent. Unpaid claims expenses of \$249,000 are not reported in the 19X8 year-end balances because the Fund has purchased annuities in claimants' names to settle those claims.

Note: The tables that follow should be presented immediately after the Fund's notes to financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Reconciliation of Claims Liabilities by Type of Contract

The schedule below presents (in thousands) the changes in claims liabilities for the past two years for the Fund's two types of contracts: property and casualty and employee health and accident benefits.

	<u>Property and Casualty</u>		<u>Employee Health and Accident</u>	
	<u>19X8</u>	<u>19X7</u>	<u>19X8</u>	<u>19X7</u>
Unpaid claims and claim adjustment expenses at beginning of fiscal year	<u>\$762</u>	<u>\$713</u>	<u>\$ 659</u>	<u>\$ 476</u>
Incurred claims and claim adjustment expenses:				
Provision for insured events of current fiscal year	513	360	769	540
Increases in provision for insured events of prior fiscal years	<u>389</u>	<u>324</u>	<u>260</u>	<u>216</u>
Total incurred claims and claim adjustment expenses	<u>902</u>	<u>684</u>	<u>1,029</u>	<u>756</u>
Payments:				
Claims and claim adjustment expenses attributable to insured events of current fiscal year	256	180	385	270
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>542</u>	<u>455</u>	<u>362</u>	<u>303</u>
Total payments	<u>798</u>	<u>635</u>	<u>747</u>	<u>573</u>
Total unpaid claims and claim adjustment expenses at end of fiscal year	<u>\$ 866</u>	<u>\$ 762</u>	<u>\$ 941</u>	<u>\$ 659</u>

Ten-Year Claims Development Information

The following table illustrates how the Fund's earned revenue (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 past ten years. The rows of the table are defined as follows: (1) This line shows the total of each fiscal year's gross earned contribution revenue and investment revenue, contribution revenue ceded to reinsurers, and net earned contribution revenue and reported investment revenue. (2) This line shows each fiscal year's other operating costs of the Fund including overhead and claims expense not allocable to individual claims. (3) This line shows the Fund's gross incurred claims and allocated claim adjustment expenses, claims assumed by reinsurers, and net incurred claims and allocated adjustment expenses (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called *policy year*). (4) This section of ten rows shows the cumulative net amounts paid as of the end of successive years 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 accident year. (6) This section of ten rows shows how each policy year's net incurred claims increased or decreased as of the end of successive years. (This annual reestimation results 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 net incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of net claims cost is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and reestimated amounts commonly is used to evaluate the accuracy of net incurred claims currently recognized in less mature policy years. The columns of the table show data for successive policy years.

Fiscal and Policy Year Ended (in Thousands of Dollars)

	19W9	19X0	19X1	19X2	19X3	19X4	19X5	19X6	19X7	19X8
1. Required contribution and investment revenue:										
Earned	\$908	\$957	\$1,357	\$1,493	\$1,479	\$1,595	\$1,811	\$1,993	\$2,192	\$2,411
Ceded	366	387	559	615	624	686	754	830	913	1,004
Net earned	542	570	798	878	855	909	1,057	1,163	1,279	1,407
2. Unallocated expenses	64	68	81	91	70	81	92	110	123	131
3. Estimated claims and end of policy year:										
Incurred	287	303	453	503	569	651	780	909	1,092	1,512
Ceded	52	54	96	111	129	148	168	186	210	251
Net incurred	235	249	357	392	440	503	612	723	882	1,261
4. Net paid (cumulative) as of:										
End of policy year	118	124	179	196	220	251	306	361	450	641
One year later	177	186	268	294	330	377	459	542	675	
Two years later	254	268	385	422	474	542	660	779		
Three years later	304	321	461	506	568	649	790			
Four years later	359	379	545	597	671	766				
Five years later	404	427	614	673	756					
Six years later	445	469	674	740						
Seven years later	473	499	717							
Eight years later	473	499								
Nine years later	473									

5.	Reestimated ceded claims and expenses	104	109	160	174	184	195	211	217	234	251
6.	Reestimated net incurred claims and expenses:										
	End of policy year	235	249	357	392	440	503	612	723	882	1,261
	One year later	294	311	447	490	550	628	765	898	1,102	
	Two years later	338	357	513	563	632	722	874	1,028		
	Three years later	380	401	577	632	710	811	982			
	Four years later	422	446	641	703	789	902				
	Five years later	449	474	682	748	840					
	Six years later	468	494	710	779						
	Seven years later	473	499	717							
	Eight years later	473	499								
	Nine years later	473									
7.	Increase in estimated net incurred claims and expenses from end of policy year	238	250	360	387	400	399	370	305	220	0

Illustration 1b: Risk-Sharing Public Entity Risk Pool (with single type of contract)

Note: The following example uses these assumptions:

- The pool reports no liabilities at net present value.
- The pool provides only one type of coverage and has only one class of participants.

Association of Municipalities Workers' Compensation Program
Notes to Financial Statements
Years Ended December 31, 19X3 and 19X2

A. Summary of Significant Accounting Policies

1. *Description of the program.* The Association of Municipalities Workers' Compensation Program (the Program) provides workers' compensation coverage to member cities pursuant to RS 9-K of the state statutes. The Program is fully funded by its member cities. Members include 545 cities with populations of 113 to 73,000. The Program is governed by a Board of Directors that is elected from and by representatives of member cities. Any member may withdraw from the Program by giving twelve months' written notice to the Board of Directors. Cities may be admitted by a vote of the Board of Directors. Rate-setting policies are established by the Board of Directors in consultation with independent actuaries. Member cities are subject to a supplemental assessment in the event of deficiencies. The Board of Directors may distribute returns of contributions to member cities in the event of a surplus.
2. *Cash equivalents* [not illustrated].
3. *Investments* [not illustrated].
4. *Premiums.* Premiums are recognized on a pro rata basis over the term of the policy. Premiums applicable to the unexpired terms of the policies in force are reported as unearned at the balance sheet date.
5. *Unamortized acquisition costs.* Acquisition costs, which consist primarily of salaries and certain underwriting expenses, vary with, and are primarily related to, the issuance of new policies. These costs are deferred and amortized on a straight-line basis over the life of the policies. Unamortized acquisition costs are reviewed periodically to determine if they are recoverable from future income, including anticipated investment income. If the unamortized costs are not recoverable, they are charged to expense. Amortization of acquisition costs was \$1,596,000 in 19X3 and \$1,380,000 in 19X2.
6. *Losses and loss adjustment expenses.* The provision for losses and loss adjustment expenses includes paid and unpaid claims and expenses associated with settling claims, including legal fees. The liability for unpaid losses and loss adjustment expenses is based on claims adjusters' evaluations of individual

claims and management's evaluation and an actuarial review of experience with respect to the probable number and nature of claims arising from losses that have been incurred but have not yet been reported. The liability represents the estimated ultimate cost of settling the claims, including the effects of inflation and other societal and economic factors. Any adjustments resulting from the settlement of losses will be reflected in earnings at the time the adjustments are determined.

B. Reinsurance Ceded

In the ordinary course of business, the Program reinsures certain risks with commercial insurers through contractual agreements, commonly referred to as reinsurance ceded. These agreements serve to limit the Program's potential losses for large aggregate and individual losses. A contingent liability exists with respect to reinsurance ceded to the extent that any reinsurer is unable to meet its obligation assumed under the reinsurance agreements.

The following reinsurance balances were deducted from unearned premiums and unpaid claims liabilities, respectively, in the Program's financial statements (in thousands):

	<u>19X3</u>	<u>19X2</u>
Reinsurance premiums ceded	\$1,100	\$1,050
Losses recoverable from reinsurers	3,950	4,400

C. Annuities

In the current and prior fiscal years, the Program has purchased several annuities in claimants' names to fund future payments to these claimants. The Program believes there is no material contingent liability related to these annuities. Accordingly, the amounts of \$1,425,000 and \$650,000 have not been reported as an asset or as a liability on the balance sheet as of December 31, 19X3, and December 31, 19X2, respectively.

D. Unpaid Loss Liabilities

As discussed in Note A, the Program establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and

related loss adjustment expenses. The following represents changes in those aggregate liabilities for the Program during the past two years (in thousands):

	<u>19X3</u>	<u>19X2</u>
Unpaid losses and loss adjustment expenses at beginning of fiscal year	\$43,780	\$36,090
Incurred losses and loss adjustment expenses:		
Provision for insured events of current year	20,125	15,490
Increases (decreases) in provision for insured events of prior fiscal years	<u>(225)</u>	<u>685</u>
Total incurred losses and loss adjustment expenses	<u>19,900</u>	<u>16,175</u>
Payments:		
Losses and loss adjustment expenses attributable to insured events of current fiscal year	3,315	2,700
Losses and loss adjustment expenses attributable to insured events of prior fiscal years	<u>7,110</u>	<u>5,785</u>
Total payments	<u>10,425</u>	<u>8,485</u>
Losses satisfied with annuity contracts in claimants' names	<u>(835)</u>	<u>0</u>
Unpaid losses and loss adjustment expenses at end of fiscal year	<u>\$52,420</u>	<u>\$43,780</u>

Note: The table that follows should be presented in a separate section immediately after the Program's notes to financial statements. A reconciliation of claims liabilities by type of contract is not required because there is only one type of contract. Only the reconciliation in Note D is necessary.

REQUIRED SUPPLEMENTARY INFORMATION

Ten-Year Loss Development Information

The following table illustrates how the Program's earned revenue (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Program as of the end of each of the previous ten years. The rows of the table are defined as follows: (1) This line shows the total of each fiscal year's gross earned premiums and reported investment revenue, amounts of premiums ceded, and reported premiums (net of reinsurance) and reported investment revenue. (2) This line shows each fiscal year's other operating costs of the Program including overhead and loss adjustment expenses not allocable to individual claims. (3) This line shows the Program's gross incurred losses and allocated loss adjustment expense, losses assumed by reinsurers, and net incurred losses and loss adjustment expense (both paid and accrued) as originally reported at the end of the year in which the event that triggered coverage occurred (called *accident year*). (4) This section of ten rows shows the cumulative net amounts paid as of the end of successive years for each accident year. (5) This line shows the latest reestimated amount of losses assumed by reinsurers for each accident year. (6) This section of ten rows shows how each accident year's net incurred losses increased or decreased as of the end of successive years. (This annual reestimation results from new information received on known losses, reevaluation of existing information on known losses, and emergence of new losses not previously known.) (7) This line compares the latest reestimated net incurred losses

amount to the amount originally established (line 3) and shows whether this latest estimate of losses is greater or less than originally thought. As data for individual accident years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of net incurred losses currently recognized in less mature accident years. The columns of the table show data for successive accident years.

Fiscal and Accident Year Ended (in Thousands of Dollars)

	19W4	19W5	19W6	19W7	19W8	19W9	19X0	19X1	19X2	19X3
1. Premiums and investment revenue:										
Earned	\$3,880	\$3,221	\$3,680	\$6,377	\$15,285	\$16,784	\$17,567	\$20,421	\$25,411	\$31,110
Ceded	360	376	405	688	1,426	1,700	1,750	2,198	2,423	3,011
Net earned	3,520	2,845	3,275	5,689	13,859	15,084	15,817	18,223	22,988	28,099
2. Unallocated expenses	235	253	322	522	1,089	1,203	1,148	1,295	1,557	1,783
3. Estimated losses and expenses, end of accident year:										
Incurred	1,436	1,863	2,266	3,067	7,183	11,787	12,604	15,566	18,297	23,260
Ceded	130	175	204	267	639	1,088	1,201	1,366	1,708	2,258
Net incurred	1,306	1,688	2,062	2,800	6,544	10,699	11,403	14,200	16,589	21,002
4. Net paid (cumulative) as of:										
End of accident year	310	846	388	724	1,355	1,987	2,179	2,177	2,599	3,201
One year later	799	1,205	1,055	1,326	3,020	3,802	4,503	4,639	5,998	
Two years later	943	1,655	1,422	1,839	3,954	5,088	6,074	6,091		
Three years later	1,222	2,341	1,615	2,174	4,386	5,802	7,225			
Four years later	1,401	2,777	1,777	2,444	5,140	6,420				
Five years later	1,588	2,843	1,870	2,687	5,411					
Six years later	1,623	3,011	1,993	2,711						
Seven years later	1,706	3,125	2,065							
Eight years later	1,789	3,189								
Nine years later	1,795									
5. Reestimated ceded losses and expenses	219	368	300	379	812	996	1,372	1,354	1,708	2,258

6.	Reestimated net incurred losses and expenses:										
	End of accident year	1,306	1,688	2,062	2,800	6,544	10,699	11,403	14,200	16,589	21,002
	One year later	1,356	2,231	2,522	4,521	8,501	11,295	13,388	13,568	16,759	
	Two years later	1,488	2,602	3,521	4,066	8,668	11,148	12,703	13,342		
	Three years later	1,785	4,534	2,830	4,189	8,014	10,423	13,254			
	Four years later	2,421	3,349	2,965	3,903	7,862	10,178				
	Five years later	2,039	3,827	2,918	3,799	7,923					
	Six years later	2,001	3,988	2,965	3,625						
	Seven years later	2,204	3,916	2,988							
	Eight years later	2,276	3,754								
	Nine years later	2,183									
7.	Increase (decrease) in estimated net incurred losses and expenses from end of accident year	877	2,066	926	825	1,379	(521)	1,851	(858)	170	0

Appendix E

CODIFICATION INSTRUCTIONS

42. The sections that follow update the June 30, 1995, *Codification of Governmental Accounting and Financial Reporting Standards* for the effects of this Statement. Only the paragraph number of this Statement is listed if the paragraph will be cited in full in the Codification.

* * *

CLAIMS AND JUDGMENTS

SECTION C50

Sources: [Add the following:] GASB Statement 30

.114 [Replace current Codification paragraph with GASBS 30, ¶9, including related footnote and excluding bracketed explanation of IBNR, and renumber subsequent footnotes.] [GASBS 30, ¶9]

.136 [Replace subparagraph (1) of subparagraph d with GASBS 30, ¶10.] [GASBS 10, ¶77; GASBS 30, ¶10]

* * *

PUBLIC ENTITY RISK POOLS

SECTION Po20

Sources: [Add the following:] GASB Statement 30

.131 [Replace current Codification paragraph with GASBS 30, ¶4, retaining footnote.] [GASBS 30, ¶4]

.132 [Replace current Codification paragraph with GASBS 30, ¶5. Change cross-reference.] [GASBS 30, ¶5]

.145 [Replace subparagraph f with GASBS 30, ¶6.] [GASBS 10, ¶49; GASBS 30, ¶6]

.146 [Replace current Codification paragraph with GASBS 30, ¶7, including related footnote, and renumber subsequent footnotes. Change cross-references.] [GASBS 30, ¶7]

.901 [Replace Examples I and II with GASBS 30, Appendix C.] [GASBS 30, Appendix C]

.902 [Replace first illustration of current Codification paragraph with GASBS 30, Appendix D.] [GASBS 30, Appendix D]