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August 4, 2026

Ms. Rochelle Garcia
Financial reporting & Audits Division Chief
Auditor-Controller/Treasurer-Tax Collector
Financial Reporting & Audits
2281 Tulare St., Room 105
Fresno, CA 93721

SJVIA – COUNTY OF TULARE
INCURRED BUT NOT REPORTED (IBNR) RESERVES AS OF JUNE 30, 2026

Dear Rochelle,

The enclosed information is based on the Medical, Prescription Drug, and Dental benefits that the **County of Tulare** provided employees and their respective dependents for the period July 1, 2025 to June 30, 2026. These benefits are made available to covered individuals through a self-funded group health insurance plan.

When funding in this manner, there is a lag between the time claims are incurred and payment for services are recorded. At any point in time, there exists a liability for incurred but unrecorded claims. Consequently, it is advisable for employers who choose to self-fund health benefits to reserve for this "run-out" claim liability.

Per your request, we estimated the **County of Tulare's** claim reserve as of June 30, 2026. This memo provides you with the results of this valuation and documents our calculations. This liability is derived based upon claims paid over the past 24 months.

Sources of Data

I have assumed the accuracy of the data reported, and do not have any information to attempt any type of audit of the data. The reports that were provided are as follows:

Claim Lag (BCBS): this report provides monthly paid (recorded) claims for the Medical and Prescription Drug coverage for the period 07/01/24 – 06/30/26 by their incurred month.

Claim Lag (Delta Dental): this report provides monthly paid (recorded) claims for the Dental Coverage for the period 07/01/24 – 06/30/26 by their incurred month.

Monthly Claims and Enrollment Report (BCBS): this report was provided for the period 07/01/24 – 06/30/26.

Monthly Claims and Enrollment Report (Delta Dental): this report was provided for the period 07/01/24 – 06/30/26.

Claims IBNR Methodology

In order to estimate the claims incurred but not reported (IBNR) as of June 30, 2026, we reviewed claims for medical, prescription drug and dental claims over a 24-month period paid through June 30, 2026 and utilized the Development or "Chain ladder" method to develop "completion factors" to calculate the total incurred claims for each month being examined. We then calculated the difference between the total incurred claims and total paid claims for each month and summed the result to determine the claims IBNR as of June 30, 2026.

Exhibits I, II and III below outlines the summary claim reserve estimates as of June 30, 2026

Exhibits I, II and III also outlines member count, the estimated Per Employee Per Month (PEPM) claim cost, the completion factors, the estimated incurred claims, paid claims, adjusted enrollment, adjusted incurred claims and the estimated claims incurred but not paid for Medical, Prescription Drug and Dental claims respectively.

Exhibits IV, V and VI contain claim lag information through June 30, 2026 for Medical, Prescription Drug, and Dental claims respectively. Note that the paid claims column on Exhibits I through III reflect claims that were incurred and paid within the period being examined.

Also included in our reserve calculation is a margin for adverse deviation. This is to reflect the fact that we recognize that the claims IBNR is an estimate of the true liability and that there is some uncertainty in our estimation, hence it is appropriate to include some margin for this uncertainty. We used a 15% margin for adverse deviation.

Per the administrative services contract, we used 6% of the claim reserve to calculate the other liability (expense) that would be used to pay the claim run out for medical and prescription drug claims, should the plan terminate their ASO agreement with Blue Cross Blue Shield.

Summary of Results

As of June 30, 2026:

	Reserve without margin	*Reserve with 15% margin*
Medical	$2,610,906	$3,002,542
Prescription Drug	$119,611	$137,553
Dental	$72,879	$83,811
Other Liability (expense)	$163,832	$188,406
Total IBNR Reserve	$2,967,228	$3,412,312

<u>Actuarial Certification</u>

I have no relationship with the employer or the plan that would objectively impair, or appear to impair, my ability to perform the work detailed in this report.

I certify that I am a member of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Please contact me if you have any questions regarding this valuation.

Regards,

USI Consulting Group

Adeniyi Olaiya, ASA, MAAA
Associate Vice President and Actuary

c: Mr. Daniel Duzyk, USI Insurance Services

APPENDIX **EXHIBIT I**

RESERVE ANALYSIS
TULARE MEDICAL CLAIMS
AS OF JUNE 30,2026

Month of Incurral	Enrollment	Estimated Incurred Claims	Estimated Incurred PEPM Claims	Completion Factor	Claims Paid to Date	Est. Claims Incurred but not paid	Adjusted Enrollment	Adjusted Incurred PEPM Claims	Adjusted Completion Factor	Adjusted Incurred Claims
Jun-26	3,304	2,019,691	611	41.75%	843,318	1,176,374	3,304	611	41.75%	2,019,691
May-26	3,293	2,076,085	630	73.81%	1,532,291	543,795	3,293	630	73.81%	2,076,085
Apr-26	3,306	2,167,775	656	82.11%	1,779,945	387,830	3,306	656	82.11%	2,167,775
Mar-26	3,294	2,427,116	737	88.94%	2,158,596	268,520	3,294	737	88.94%	2,427,116
Feb-26	3,314	1,974,090	596	94.58%	1,867,021	107,068	3,314	596	94.58%	1,974,090
Jan-26	3,334	2,348,975	705	98.37%	2,310,596	38,379	3,334	705	98.37%	2,348,975
Dec-25	3,263	2,950,467	904	99.19%	2,926,427	24,041	3,263	904	99.19%	2,950,467
Nov-25	3,253	2,538,048	780	99.06%	2,514,277	23,770	3,253	780	99.06%	2,538,048
Oct-25	3,263	2,557,482	784	99.33%	2,540,243	17,239	3,263	784	99.33%	2,557,482
Sep-25	3,280	2,058,815	628	99.53%	2,049,095	9,720	3,280	628	99.53%	2,058,815
Aug-25	3,284	1,964,464	598	99.63%	1,957,180	7,283	3,284	598	99.63%	1,964,464
Jul-25	3,298	2,133,606	647	99.82%	2,129,690	3,916	3,298	647	99.82%	2,133,606
Jun-25	3,281	1,866,862	569	99.92%	1,865,457	1,404	3,281	569	99.92%	1,866,862
May-25	3,286	2,063,611	628	99.99%	2,063,354	257	3,286	628	99.99%	2,063,611
Apr-25	3,285	2,020,611	615	99.94%	2,019,301	1,309	3,285	615	99.94%	2,020,611
Total		$33,167,698			$30,556,792	$2,610,906				$33,167,698

Initial Reserve Amount	$2,610,906
Margin for Adverse Deviation (15%)	$391,636
Reserve Amount as of June 30, 2026	$3,002,542
Other Claims Liability (6% admin charge for claims run out)	$180,153
Large Claim Adjustment	$3,142,223
12 months Claims Paid to date	$24,608,679
Add Large Claims Adjustment	$3,142,223
Claims Paid to date	$27,750,902
Reserve as a % of paid claims	10.82%

APPENDIX **EXHIBIT II**

RESERVE ANALYSIS
TULARE PRESCRIPTION DRUG CLAIMS
AS OF JUNE 30,2026

Month of Incurral	Enrollment	Estimated Incurred Claims	Estimated Incurred PEPM Claims	Completion Factor	Claims Paid to Date	Est. Claims Incurred but not paid	Adjusted Enrollment	Adjusted Incurred PEPM Claims	Adjusted Completion Factor	Adjusted Incurred Claims
Jun-26	3,304	1,525,775	462	98.7%	1,506,355	19,419	3,304	462	98.7%	1,525,775
May-26	3,293	1,231,599	374	98.7%	1,215,924	15,675	3,293	374	98.7%	1,231,599
Apr-26	3,306	1,529,356	463	98.8%	1,511,546	17,810	3,306	463	98.8%	1,529,356
Mar-26	3,294	1,486,267	451	98.9%	1,469,987	16,280	3,294	451	98.9%	1,486,267
Feb-26	3,314	1,260,996	381	99.1%	1,249,886	11,110	3,314	381	99.1%	1,260,996
Jan-26	3,334	1,292,995	388	99.2%	1,282,724	10,271	3,334	388	99.2%	1,292,995
Dec-25	3,263	1,557,233	477	99.4%	1,547,412	9,822	3,263	477	99.4%	1,557,233
Nov-25	3,253	1,390,014	427	99.5%	1,383,345	6,669	3,253	427	99.5%	1,390,014
Oct-25	3,263	1,499,654	460	99.7%	1,494,619	5,034	3,263	460	99.7%	1,499,654
Sep-25	3,280	1,571,895	479	99.7%	1,566,618	5,277	3,280	479	99.7%	1,571,895
Aug-25	3,284	1,398,751	426	99.8%	1,396,507	2,245	3,284	426	99.8%	1,398,751
Jul-25	3,298	1,394,283	423	100.0%	1,394,283	0	3,298	423	100.0%	1,394,283
Total		$17,138,816			$17,019,205	**$119,611**				$17,138,816

Initial Reserve Amount	$119,611
Margin for Adverse Deviation (15%)	$17,942
Reserve Amount as of June 30, 2026	**$137,553**
Other Claims Liability (6% admin charge for claims run out)	$8,253
Claims Paid to date	$17,019,205
Reserve as % of paid claims	0.81%

APPENDIX **EXHIBIT III**

RESERVE ANALYSIS
TULARE DENTAL CLAIMS
AS OF JUNE 30,2026

Month of Incurral	Enrollment	Estimated Incurred Claims	Estimated Incurred PEPM Claims	Completion Factor	Claims Paid to Date	Est. Claims Incurred but not paid	Adjusted Enrollment	Adjusted Incurred PEPM Claims	Adjusted Completion Factor	Adjusted Incurred Claims
Jun-26	3,010	116,277	39	57.9%	67,359	48,919	3,010	39	57.9%	116,277
May-26	3,000	146,995	49	93.2%	136,933	10,062	3,000	49	93.2%	146,995
Apr-26	3,018	154,151	51	96.8%	149,207	4,944	3,018	51	96.8%	154,151
Mar-26	3,005	182,521	61	98.1%	179,087	3,434	3,005	61	98.1%	182,521
Feb-26	3,022	158,622	52	98.6%	156,434	2,189	3,022	52	98.6%	158,622
Jan-26	3,039	164,762	54	99.0%	163,117	1,645	3,039	54	99.0%	164,762
Dec-25	2,950	118,406	40	99.3%	117,621	785	2,950	40	99.3%	118,406
Nov-25	2,940	119,449	41	99.6%	119,004	445	2,940	41	99.6%	119,449
Oct-25	2,948	142,760	48	99.8%	142,536	225	2,948	48	99.8%	142,760
Sep-25	2,966	129,805	44	99.9%	129,665	140	2,966	44	99.9%	129,805
Aug-25	2,968	120,779	41	99.9%	120,688	92	2,968	41	99.9%	120,779
Jul-25	2,983	120,439	40	100.0%	120,439	0	2,983	40	100.0%	120,439
Total		$1,674,968			$1,602,088	**$72,879**				$1,674,968

Initial Reserve Amount	$72,879
Margin for Adverse Deviation (15%)	$10,932
Reserve Amount as of June 30, 2026	**$83,811**
Claims Paid to date	$1,602,088
Reserve as % of paid claims	5.23%

Exhibit IV

RESERVE ANALYSIS
TULARE MEDICAL CLAIMS
AS OF JUNE 30,2026

Dates Paid → / Incurred ↓	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25
Jul-24	703,911	632,660	160,519	58,802	37,782	5,305	5,541	75,405	110,791	(31,898)	507	156
Aug-24		971,439	561,385	62,474	177,432	25,182	3,505	1,123	2,713	14,653	4,027	123
Sep-24			790,904	836,234	932,231	317,787	14,774	5,647	3,080	22,067	(36)	549
Oct-24				811,579	872,174	207,185	11,868	(4,950)	72,908	3,175	315	(56)
Nov-24					791,560	749,259	78,337	11,670	21,818	(46,083)	5,251	(135)
Dec-24						946,126	725,617	560,817	16,636	360,798	4,028	1,609
Jan-25							745,953	725,408	839,686	19,970	11,150	72,045
Feb-25								542,307	708,388	32,906	10,033	54,858
Mar-25									745,174	607,232	32,463	34,910
Apr-25										822,470	921,871	128,328
May-25											879,459	950,768
Jun-25												962,465
Jul-25												
Aug-25												
Sep-25												
Oct-25												
Nov-25												
Dec-25												
Jan-26												
Feb-26												
Mar-26												
Apr-26												
May-26												
Jun-26												
Totals	703,911	1,604,099	1,512,809	1,769,090	2,811,179	2,250,846	1,585,595	1,917,427	2,521,193	1,805,289	1,869,069	2,205,621

Exhibit IV

RESERVE ANALYSIS
TULARE MEDICAL CLAIMS
AS OF JUNE 30,2026

Dates
Paid →

Incurred	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	**Totals**
Jul-24	(3,382)	625	901	2,511	654	1,897	2,019	(52)	(23)	0	4,250	0	1,768,882
Aug-24	1,175	696	1,396	(896)	2,371	425	1,680	167	259	18,543	3,200	(40)	1,853,031
Sep-24	219	(317)	1,483	7,674	(117)	0	638	787	1,776	(36)	811	0	2,936,153
Oct-24	677	1,259	529	(5,787)	(991)	(200)	(550)	825	6,394	3,339	(2,270)	(29)	1,977,396
Nov-24	12,907	1,248	1,227	18,405	222	3,701	199	101	35	592	423	2	1,650,738
Dec-24	5,441	1,755	(51,358)	5,085	8,668	(153)	(172)	(33)	3,301	697	1,083	213	2,590,158
Jan-25	85,056	1,556	(16,296)	95,068	8,196	983	(474)	536	125	0	750	3,190	2,592,901
Feb-25	3,770	10,318	453	561	561	109	24	6,505	175	26	0	0	1,370,995
Mar-25	361,065	690,260	2,858	330	359	575	9,127	(87)	512	(507)	(33)	0	2,484,239
Apr-25	53,665	39,425	1,718	7,836	35,605	1,451	(6,286)	7,450	258	16,221	0	(10,710)	2,019,301
May-25	33,341	55,661	8,739	21,598	16,241	116,269	(33,239)	7,765	(7,958)	7,975	3,948	2,786	2,063,354
Jun-25	604,172	166,669	121,617	1,410	7,868	2,870	259	(7,556)	1,033	(233)	894	3,989	1,865,457
Jul-25	935,350	773,317	244,747	77,735	888	11,988	70,752	2,205	1,227	4,350	2,441	4,689	2,129,690
Aug-25		904,300	674,914	236,872	46,533	3,974	44	1,196	(1,057)	88,853	(334)	1,884	1,957,180
Sep-25			884,902	882,035	129,624	14,363	112,089	12,440	(653)	12,320	221	1,753	2,049,095
Oct-25				1,067,020	847,629	36,824	118,372	424,769	34,837	1,035,777	2,825	208	3,568,261
Nov-25					1,014,188	675,607	170,780	414,015	414,535	100,407	12,994	(288,249)	2,514,277
Dec-25						1,069,102	757,153	302,049	791,943	4,120	3,850	(1,790)	2,926,427
Jan-26							759,696	890,576	403,199	165,245	70,242	2,135,844	4,424,801
Feb-26								791,800	721,709	292,256	62,952	(1,694)	1,867,021
Mar-26									1,190,249	752,723	161,944	53,680	2,158,596
Apr-26										1,047,814	643,773	88,358	1,779,945
May-26											1,011,706	520,585	1,532,291
Jun-26												843,318	843,318
Totals	2,093,456	2,646,773	1,877,828	2,417,458	2,118,501	1,939,786	1,962,110	2,855,457	3,561,874	3,550,482	1,985,670	3,357,986	52,923,507

Exhibit V

RESERVE ANALYSIS
TULARE PRESCRIPTION DRUG CLAIMS
AS OF JUNE 30,2026

Dates Paid → / Incurred ↓	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25
Jul-24	1,213,094	(12,760)	1,315									
Aug-24		1,294,263	(54,391)									
Sep-24			1,268,925	(50,734)		(13)						
Oct-24				1,265,130	(57,869)	(24)	0					
Nov-24					1,157,395	(44,624)		0				
Dec-24						1,179,029	(39,180)	(489)				
Jan-25							1,210,666	(33,302)	8			
Feb-25								1,125,300	(27,441)			
Mar-25									1,258,471	(54,102)		(2)
Apr-25										1,345,100	(57,653)	(9)
May-25											1,414,110	(68,652)
Jun-25												1,472,250
Jul-25												
Aug-25												
Sep-25												
Oct-25												
Nov-25												
Dec-25												
Jan-26												
Feb-26												
Mar-26												
Apr-26												
May-26												
Jun-26												
Totals	1,213,094	1,281,503	1,215,848	1,214,396	1,099,526	1,134,369	1,171,486	1,091,509	1,231,039	1,290,998	1,356,456	1,403,587

Exhibit V

RESERVE ANALYSIS
TULARE PRESCRIPTION DRUG CLAIMS
AS OF JUNE 30,2026

Dates Paid → / Incurred ↓	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	**Totals**
Jul-24													1,201,649
Aug-24		1,542											1,241,414
Sep-24													1,218,178
Oct-24													1,207,237
Nov-24		12											1,112,783
Dec-24													1,139,359
Jan-25		19							138		26,817		1,204,346
Feb-25		84									25,930		1,123,874
Mar-25		12							320				1,204,700
Apr-25									89		25,930		1,313,457
May-25									4		25,930		1,371,392
Jun-25	(95,187)	24									25,930		1,403,017
Jul-25	1,434,974	(68,516)	9						71		27,745		1,394,283
Aug-25		1,469,061	(71,498)	(1,063)					6				1,396,507
Sep-25			1,601,538	(62,698)	(4)				36		27,745		1,566,618
Oct-25				1,507,810	(56,749)	1			15,813		27,745		1,494,619
Nov-25					1,409,080	(53,216)	(264)				27,745		1,383,346
Dec-25						1,620,910	(73,506)	0		7			1,547,412
Jan-26							1,299,840	(58,054)	4,765	2,193	33,979	0	1,282,724
Feb-26								1,323,116	(82,161)	49	8,882	0	1,249,886
Mar-26									1,513,325	(57,604)	14,266	0	1,469,987
Apr-26										1,573,813	(57,923)	(4,344)	1,511,546
May-26											1,300,978	(85,054)	1,215,924
Jun-26												1,506,355	1,506,355
Totals	1,339,787	1,402,239	1,530,049	1,444,049	1,352,327	1,567,695	1,226,070	1,265,062	1,452,407	1,518,459	1,541,701	1,416,957	31,760,612

Exhibit VI

RESERVE ANALYSIS
TULARE DENTAL CLAIMS
AS OF JUNE 30,2026

Dates

Paid Incurred	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25
Jul-24	53,825	60,086	1,826	984	600	225			901			
Aug-24		78,638	57,415	3,529	694	2,644	327	175	724	174		
Sep-24			62,844	38,164	4,177	596	174		366	268	1,395	
Oct-24				96,214	42,542	2,951	3,166	958			269	
Nov-24					70,883	50,755	4,313	707	409	1,522	1,431	230
Dec-24						65,086	35,366	1,826	1,724	837	1,392	1,907
Jan-25							82,644	43,900	17,442	1,192	3,055	689
Feb-25								67,515	55,501	1,471	1,789	265
Mar-25									70,579	55,041	7,250	2,408
Apr-25										63,478	65,965	4,364
May-25											85,855	46,693
Jun-25												75,589
Jul-25												
Aug-25												
Sep-25												
Oct-25												
Nov-25												
Dec-25												
Jan-26												
Feb-26												
Mar-26												
Apr-26												
May-26												
Jun-26												
Totals	53,825	138,724	122,086	138,891	118,896	122,256	125,990	115,081	147,646	123,983	168,401	132,146

Exhibit VI

RESERVE ANALYSIS
TULARE DENTAL CLAIMS
AS OF JUNE 30,2026

Dates Paid → Incurred ↓	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	**Totals**
Jul-24	156	190											118,793
Aug-24		129											144,448
Sep-24													107,984
Oct-24	137												146,237
Nov-24	704		93		185								131,233
Dec-24	825			182									109,145
Jan-25	427	1,537	1,930		248	229	69						153,363
Feb-25	693	372	480	226	114			44		123			128,592
Mar-25	1,287	227	152										136,945
Apr-25	1,921	317	310	320	120	191			750	495			138,231
May-25	4,791	889	755	102	600	235							139,920
Jun-25	53,000	1,778	374	276	839	355						175	132,386
Jul-25	82,225	34,069	1,864	363	1,114		214		248	116	227		120,439
Aug-25		71,406	44,573	2,559	570	101	794		102	297	93	193	120,688
Sep-25			65,727	54,974	1,240	1,919	1,890	1,868	1,095	953			129,665
Oct-25				88,671	43,182	4,053	5,905	110	191	152	270		142,536
Nov-25					73,182	39,425	3,437	1,726	241	346	560	88	119,004
Dec-25						76,767	33,576	4,085	1,641	594		958	117,621
Jan-26							89,134	59,697	9,673	3,653	300	660	163,117
Feb-26								81,981	62,683	9,657	1,086	1,027	156,434
Mar-26									95,423	67,192	13,948	2,524	179,087
Apr-26										91,527	49,962	7,718	149,207
May-26											87,038	49,895	136,933
Jun-26												67,359	67,359
Totals	146,166	110,914	116,258	147,672	121,394	123,275	135,019	149,511	172,048	175,104	153,483	130,596	3,189,365