



Fund Year 2021
Annual Report to Members
June 23, 2022

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EXECUTIVE SUMMARIES – FUND YEAR 2021 IN REVIEW



June 23, 2022

Dear SILBA Members,

Throughout 2021, our industry and SILBA members have continued to operate during the pandemic while juggling mandated protocols, increased consumer demands, decreased product supplies, reduced workforce, and all while trying to maintain a safe and healthy work environment. I commend you all for the efforts you have made during this challenging time. Many are operating at all time high in customer demand, while balancing the difficulty of procuring product and filling the ranks of employment needs.

Concurrent with these challenges, members have continued to support SILBA, volunteering time as board members, committee members, and working alongside our third-party administrator, FutureComp, to help achieve the goals we set as a group.

In 2021, the Claim and Loss Control Committee continued to provide support and training as well as more resources to members. We continue to see more engagement and creative approaches through this committee's efforts, and it is critical to minimizing and mitigating losses. Members have experienced changes to our website, a new member safety checklist, and updated and improved forms for use by all.

SILBA saw an increase in losses from 2021 over the prior year. The group's loss ratio was 54%, which is strong when compared to commercial market alternatives. With 53 members and written premiums totaling \$4 million, the group, remained a strong program. Overall assets are \$6.1 million and the group's member dividends payable is \$500,000 as of December 31, 2021.

During 2021, the group took steps to resolve a number of claims to extinguish long term liabilities. Many of those claims were incurred in the 2016 through 2018 years, impacting overall results for those years. In the history of the SILBA group, and not unlike other similar programs, there are years that do not perform as well as others. The overall history of the program is strong, but the board, and members, must address the more difficult years in a straightforward and business minded manner. We see signs of improved results in more recent years and are optimistic many changes made in the last few years are beginning to take root. Continuation of this trend is dependent on member commitment to safety and prevention along with strong management by our administrative team.

Last year we moved our annual meeting to June, so members can be presented with finalized audited details of the previous fund year. This Annual Report will be something members can expect each year which will provide them with details of how the group performed in the previous fund year. Members will hear from FutureComp, our administrator; BDO, our certified public accounting firm; WillisTowersWatson,

our actuary; Opus Investments, our investment firm; all providing their independent perspective on the group's performance. We trust that this will assure members that SILBA continues to be the best alternative for your workers' compensation insurance needs.

Finally, let me close with SILBA is a member driven program that requires volunteers to maintain its success. We continue to need members to serve on our committees and our board. If you are interested in serving your peers in some capacity and learning more about workers' compensation and self-insurance groups, please let us know. Most of our meetings are quarterly, with a mix of virtual and in person meetings. We will be looking to fill both committee and board positions in the coming months. I, for example, have served as president for three years in addition to prior service as a trustee. We are looking for new leaders to give back and help. Having exposure to the SILBA Group as a committee member or trustee sets the foundation for further contributions in the future. SILBA is definitely worth that investment of time; just ask the current committee members or trustees.

Thank you all for your participation in SILBA and for making it another successful fund year!

Sincerely,

Debra D. Torres

Debra D. Torres
President
Board of Trustees



711 East Main Street, Suite 201
Chicopee, MA 01020
Toll Free: 855.874.0123
Fax: 413.739.9330

June 23, 2022

Dear SILBA Members:

The past year continued to be filled with challenges tied to the pandemic and overall economy. Despite shifting sands, there were some areas of consistency and SILBA proved to be one of them for our membership. If nothing else, SILBA remained a reliable and consistent partner for your workers' compensation insurance and continued to be there when Members needed us throughout 2021.

As we enter our fifth year as the Group Administrator, we continue to use our experience to improve services and program elements of an already well-run organization. Our experience partnering with nine other self-insurance groups throughout New England has helped identify areas to improve upon, add resources, or fine tune. We believe that the foundation is set for a strong future as we collectively move forward.

We are pleased to present SILBA Members with the Group's 2021 Fund Year Annual Report. The report, and Annual Meeting, offer an opportunity each year to pause, take stock, and recognize the incredibly positive success story SILBA is! Thanks to the diligence and active participation of Members, oversight by a member comprised volunteer Board of Trustees, and numerous committee members who give selflessly of their time to benefit the Group as a whole, SILBA has become a highly successful self-insurance group in Massachusetts. As the Group's Administrator, FutureComp is appreciative of the cooperation we receive each day in executing our duties on your behalf so that SILBA can meet its regulatory obligations efficiently and professionally.

The Fund Year 2021 Annual Report contains content from FutureComp as well as the Group's independent actuary, accountant, and investment asset manager. Independently, they each confirm the positive overall results that SILBA has experienced. The collaboration among Members, Trustees, Administrative Team, and Consultants has enabled SILBA to continue to meet Members' workers' compensation needs and expectations. We remain highly optimistic that this positive record will continue. We want to publicly thank the Group's key business partners, and especially the Board of Trustees, for the collaboration and professionalism brought to this effort each day. This success is not possible without the outstanding work of many people.

In Fund Year 2021, unlike other industries, Members continued to work during the pandemic while adapting to mandated protocols, increased customer sales, and a decreased workforce. Our team did not miss a beat in maintaining daily operations throughout and finding new ways to meet the changing demands forced upon us all. We are impressed that Members adapted to new work conditions, dealt with variations in claims trends, and through it all continued to maintain a healthy and safe work environment.

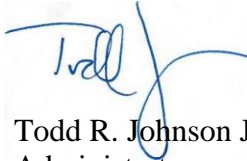
From a financial perspective, as of December 31, 2021, the Group's 2021 revenue was \$4.2 million, claim expenses (net) were \$3.4 million and operating expenses were \$995,000. The Group's year end resulted in a loss of (\$240,604). The Group experienced some adverse claim experience in older years, especially 2017 through 2018, which had an impact on overall results.

We are confident that we have addressed these challenges head on, and that more recent years are performing better. We believe that we can continue to improve upon these results in the future, so SILBA Members realize an even greater reduction in total cost of workers' compensation premium.

In addition to thanking the Members for their cooperation, the board for its leadership, and our other key business partners, we want to recognize the hard work of our dedicated FutureComp team, who comprise the backbone of the day-to-day execution of all things SILBA. Their collective efforts represent the best of our profession, and we are grateful to each of our colleagues who serve you as Members of SILBA.

As you review the Fund Year 2021 Annual Report, we encourage you to engage any of your FutureComp Administrative Team for follow up discussion or questions. We welcome your questions, comments, and thoughts on how we can continue to collaborate with you to improve what we do for you, and your fellow SILBA Members.

Very truly yours,



Todd R. Johnson JD, AIC, ARM, ARM-P
Administrator



Katherine I. Camire
Administrator

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MINUTES - JUNE 10, 2021



Annual Meeting
Thursday, February 10, 2021
Via WebEx

The meeting began at 1:04p.m.

Board Members Present: Linda Lyons, Wayne Moriarty, Tom McManus, Jay Torrissi, Debra Torres, John Hoell, Dave Perry, and John Mahoney

Board Members Absent: Jason Thacker

Members Present: See sign in sheet – based on the number of members on the Webex and proxies in hand, a quorum as defined by the Group bylaws was present

Other Attendees: David Gluck and Rita Ferris of NRLA; Kathy Camire, Todd Johnson, Maria Sullivan, Cheryl McCarthy, Deb Williams, Steve Grahn, Lori Corso, Kathy Leone, Ryan Foye, Sherry Shevlin, and Patrick Tyler of FutureComp; Emilie Dubois of Willis Towers Watson, Jacquelyn Weber, and Mike Rose of Opus Investments

Welcome/Introductions: Deb Torres, SILBA SIG President, welcomed all attendees to the meeting. Deb provided an overview of what has transpired with the group in 2020 and what the board will be working on in 2021. She outlined the new format for the annual meeting.

Approval of Minutes: Referring to the Annual Meeting Minutes from February 6, 2020, Deb asked for a motion to approve the minutes as presented.

A motion was made to approve the minutes as presented. The motion was seconded and approved unanimously by the membership.

Kathy Camire, Administrator thanked all Board of Trustees, Committee Members, and Future Comp Team members. She then introduced Jacqueline Weber and Mike Rose of Opus Investments to provide the membership with an overview of the group's investment portfolio.

Investment Report:

Jacquelyn Weber of OPUS reviewed the Group's portfolio indicating that the group currently holds \$5,954,900 in investments with unrealized gains of \$238,295. The average credit rating in the portfolio is AA- with a book yield of 2.44. The portfolio is currently outperforming the benchmark in corporate securities and underperforming slightly in Treasury and government related securities.

Actuary Report:

Emilie Dubois of Willis Towers Watson provided the membership with an overview of the group's largest liability, the reserves. SILBA's discounted net and undiscounted gross reserves are less than 5% below the actuarial estimate. This is well within the acceptable range. Emilie explained the specific risk factors that she considers for the group and how those affect the reserves. She also reviewed the change in estimated ultimate losses for policy years 2019 and prior. These increased by .7% with most of the increase being driven by the 2018 policy year. Emilie also noted that the last few years have been difficult ones for SILBA with the group seeing high loss ratios over 70% after years with loss ratios below 70%.

CPA Audit Report:

The CPA, BDO was unable to attend the annual meeting so Kathy Camire provided an overview of the audited financials. The financials are reported on a statutory basis and the admitted assets remained flat. There was a slight increase in Reserve for losses. Overall premiums were down slightly in the 2020 fund year. Losses and operating expenses remained stable. Income for the 2020 fund year was \$126,366. This was not an overly profitable year, but a good year considering the hardships so many endured in 2020.

Report of Administrators:

Todd Johnson went through the Administrators report highlighting all the positives of the 2020 fund year. The Group has 54 members and is in its 28th year of operation, writing \$4.3M in premium while still generating a profit. Todd also went through all the key program elements including best in class claims, medical management, loss control and underwriting. The group has provided major savings for members by returning dividends of nearly \$1.4M over the last 36 months.

Loss Control:

Deb Williams provided an overview of the accomplishments made in loss control during the 2020 fund year. She also detailed what has transpired so far in 2021 and what the members will continue to see throughout the remainder of the year. She reminded the membership of the upcoming CLCC meetings and trainings and invited everyone to become involved with the committee.

A motion was made by Deb Torres to accept the Annual Report as presented, in its entirety. The motion was seconded and approved unanimously by all those present.

Annual Election:

David Perry, Clerk nominated the following three trustees for re-election for term through June 30, 2023:

Debra D. Torres, North Atlantic Corporation
David Perry, Concord Lumber Corporation
Jason Thacker, Howe Lumber Company

He asked if there were any other nominations; there were none brought forward. Nominations were closed.

The membership unanimously voted the nominated trustees in to serve until 2024.

Dividends:

Todd Johnson announced that the dividend checks were mailed out and totaled \$280,477.

Adjournment:

There being no other business, the meeting was adjourned at 2:11 pm.

Respectfully Submitted,
Kathy Camire
Administrator

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FUND YEAR 2021 MEMBERSHIP

SILBA - Self-Insured Lumber Business Association
2021 Member List as if 12.31.21

Company Name	Address	City	State	Zip
Anderson & McQuaid Co., Inc.	170 Fawcett Street	Cambridge	MA	02138
Arlington Coal & Lumber Co.	41 Park Avenue	Arlington	MA	02174
Atlantic Plywood Corporation	8 Roessler Road	Woburn	MA	01801
Attleborough-Rehoboth Building	44 Park Street, Rte.118	Rehoboth	MA	02769
Belletetes, Inc.	245 Central Street	Winchendon	MA	01475
Biss Lumber Company, Inc.	523 Somerset Avenue	Taunton	MA	02730
Brockway-Smith Company	35 Upton Drive	Wilmington	MA	01887
Bucksworth Enterprises, Inc.	63 Myricks Street (Rte. 79)	Berkley	MA	02779-1813
Building Center, Inc of Gloucester	1 Harbor Loop	Gloucester	MA	01930-1080
Burnett & Moynihan, Inc.	43 Foster Street	Revere	MA	02151
Cape Cod Lumber	PO Box 2013	Abington	MA	02351
Chace Building Supply, Inc.	129 Washington Street	Foxboro	MA	02035
Chairtown Lumber Company	63 Coburn Avenue	Gardner	MA	01440
Chelmsford Lumber Company, Inc.	201 Boston Road	Chelmsford	MA	01824
Concord Lumber Corporation	PO BOX 1526	Littleton	MA	01460
Cooperative Reserve Supply Inc	1100 Iron Horse Park	Billerica	MA	01862
Dartmouth Building Supply Inc.	958 Reed Road	North Dartmouth	MA	02747
Denison-Cannon Company Inc.	P O Box 20	N. Billerica	MA	01862
Dettinger Lumber Co., Inc.	24 Warren Terrace	Pittsfield	MA	01201
Devon Lumber Co., Inc.	167 Devon Street	Dorchester	MA	02121
Doherty Lumber Co., Inc./dba DBS Lumber Company	78 Accord Park Drive	Norwell	MA	02061
Dorchester Door and Window	41 Hallet Street	Dorchester	MA	02124
E.C. Cottle, Inc.	256 Lambert's Cove Road	Vineyard Haven	MA	02568
F.D. Sterritt Lumber Co.	110 Arlington Street	Watertown	MA	02412
Fairview Millwork, Inc.	100 Pearl Street	Bridgewater	MA	02324
Falmouth Lumber, Inc.	670 Teaticket Hwy.	E. Falmouth	MA	02536
Gerrystone, Inc.	225B Merrimac Street	Woburn	MA	01801
Gilbert & Cole Building Products, Inc.	42 Bessom Street	Marblehead	MA	01945
Hingham Lumber Company, Inc.	165 Chief Justice Cushing Hwy	Cohasset	MA	02025
Howe Lumber Company, Inc.	225 West Main Street	East Brookfield	MA	01515
Island Lumber Company, Inc.	1 Poplis Road	Nantucket	MA	02554
Jackson Lumber & Millwork Company, Inc.	P.O. Box 449	Lawrence	MA	01842
John Foster Lumber Co., Inc. dba Pine Product	829 Webster Street	Marshfield	MA	02050
Johnson Lumber Company	133 Main Street	Salisbury	MA	01952
Keiver Willard Lumber Corp	11-13 Graf Road	Newburyport	MA	01950
Kelly Fradet Lumber Co., Inc.	587 North Main Street	East Longmeadow	MA	01028
Koopman Lumber Co., Inc.	665 Church Street	Whitinsville	MA	01588
Moore Lumber & Hardware, Inc.	22 West Main Street	Ayer	MA	01432
Moynihan-North Reading Lumber / Moynihan Lumber of Beverly, Inc.	164 Chestnut Street	North Reading	MA	01864
North Atlantic Corporation DBA Horner Millwork	1255 Grand Army Highway	Somerset	MA	02726
Northeast Treaters, Inc.	201 Springfield Road	Belchertown	MA	01007
Plywood Supply and Lumber, Inc.	1380 Main Street	Waltham	MA	02451
Ryan Seamless Gutter Systems	190 University Avenue	Westwood	MA	02090-2307
Squier & Company, Inc. / Squire Lumber & Hardware	5 Squier Avenue	Monson	MA	01057-0275
St. Denis Products, Inc. dba Lumber Center	44 Broad Street	Westfield	MA	01085
Sudbury Lumber Co., Inc.	28 Union Avenue	Sudbury	MA	01776
Taylor Lumber & Hardware Co, Inc.	2075 Ocean Street	Marshfield	MA	02050
Warren Trask Company	63 B Bedford Street	Lakeville	MA	02347
Wilmington Builders Supply Co.	334 Main Street	Wilmington	MA	01887
Yankee Pine Corporation	288 Newburyport Turnpike	Rowley	MA	01969

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**FUND YEAR 2021 BOARD OF TRUSTEES
COMMITTEE MEMBERS
SPONSORING ORGANIZATION**

FUND YEAR 2021
BOARD OF TRUSTEES

OFFICERS

			TERM
PRESIDENT:	DEBRA D. TORRES	NORTH ATLANTIC CORPORATION	2024
TREASURER:	JAY TORRISI	JACKSON LUMBER & MILLWORK COMPANY	2023
CLERK:	DAVID PERRY	CONCORD LUMBER CORPORATION	2024

TRUSTEES

JOHN HOELL	SHEPLEY WOOD PRODUCTS	2022
LINDA LYONS	BROCKWAY-SMITH COMPANY	2022
JOHN MAHONEY	FAIRVIEW MILLWORK, INC.	2023
TOM McMANUS	CAPE COD LUMBER	2022
WAYNE MORIARTY	ATLANTIC PLYWOOD	2023
JASON THACKER	HOWE LUMBER	2024

EXECUTIVE COMMITTEE MEMBERS

AUDIT / FINANCE & INVESTMENT COMMITTEE

JAY TORRISI, CHAIR	JACKSON LUMBER & MILLWORK COMPANY
JOHN MAHONEY	FAIRVIEW MILLWORK INC.
WAYNE MORIARTY	ATLANTIC PLYWOOD CORPORATION

NOMINATION COMMITTEE

DAVID PERRY	CONCORD LUMBER CORPORATION
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UNDERWRITING COMMITTEE

DEBRA D TORRES	NORTH ATLANTIC CORPORATION
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SPONSORING ASSOCIATION

NORTHEASTERN RETAIL LUMBER ASSOCIATION
ASSOCIATION REPRESENTATIVE – DAVID GLUCK, REGIONAL DIRECTOR

FUND YEAR 2021

CLAIMS & LOSS CONTROL COMMITTEE MEMBERS

MEMBER COMPANY	COMMITTEE MEMBER
ATLANTIC PLYWOOD CORPORATION	BRUCE CHAPIN
BROCKWAY-SMITH COMPANY	LINDA LYONS**{B}
BROCKWAY-SMITH COMPANY	JUSTIN WELLS
BROCKWAY-SMITH COMPANY	DAN CHRISTOPHER
BUILDING CENTER OF GLOUCESTER	RYAN WOUNDY
CAPE COD LUMBER	FRANK ATKINSON
CONCORD LUMBER CORPORATION	LEAH SMITH
CONCORD LUMBER CORPORATION	DAVID PERRY **{B}
DB&S LUMBER COMPANY	TIFFANY WESSLING
DARTMOUTH LUMBER	PATRICK MACCINI
FD STERRITT LUMBER	MICHELE FRAZEE
FAIRVIEW MILLWORKS	JOHN MAHONEY **{B}
HINGHAM LUMBER	NANCY ROACH
HOWE LUMBER	JASON THACKER**{B}
HOWE LUMBER	ADAM ROBBINS, SAFETY CO-CHAIR
JACKSON LUMBER	JAY TORRISI **{B}
JOHN FOSTER LUMBER	ROBERT NERGER
KEIVER-WILLARD LUMBER COMPANY	TOM SLATER
KOOPMAN LUMBER COMPANY	SHEILA TODD
MOYNIHAN LUMBER COMPANY	MICHAEL McNEIL
MOYNIHAN LUMBER COMPANY	MIKE RYGIEL
NORTH ATLANTIC CORPORATION	DEBRA D TORRES **{B}
NORTH ATLANTIC CORPORATION	BARBARA LAFERRIERE
NORTHEAST TREATERS	ROBERT COLLETTE
SHEPLEY WOOD PRODUCTS	JOHN HOWELL, SAFETY CHAIR
SHEPLEY WOOD PRODUCTS	JOHN HOELL **{B}

***Also a Board of Trustee Member*

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REPORT OF CERTIFIED PUBLIC ACCOUNTANT



Tel: 617-422-0700
Fax: 617-422-0909
www.bdo.com

One International Place
Boston, MA 02110

June 15, 2022

To the Trustees of Self-Insured Lumber Businesses Association, Inc.:

We have substantially completed our audit of the Self-Insured Lumber Businesses Association, Inc. as of December 31, 2021, and for the year then ended. We will be issuing a report with an unqualified opinion on the 2021 statutory basis financial statements. The audited financial statements will be delivered under a separate cover.

Attached is the required wrap-up communications as well as a summary of selected financial statement information related to Self-Insured Lumber Businesses Association, Inc. and the disclosures related to the 2021 audit.

Respectfully,

James Smith, Audit Partner, BDO USA, LLP

Patrick O'Halloran, Audit Director, BDO USA, LLP



REPORT TO THE BOARD OF TRUSTEES

SELF-INSURED LUMBER BUSINESSES ASSOCIATION, INC.

AUDIT WRAP UP:
YEAR ENDED **DECEMBER**
31, 2021



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FULL REPORT

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The following communication was prepared as part of our audit, has consequential limitations, and is intended solely for the information and use of those charged with governance (e.g., Board of Directors and Audit Committee) and, if appropriate, management of the Company, and is not intended and should not be used by anyone other than these specified parties.



Welcome

June 15, 2022

To the Board of Trustees

Self-insured Lumber Businesses Association, inc.

Professional standards require us to communicate with you regarding matters related to the audit, that are, in our professional judgment, significant and relevant to your responsibilities in overseeing the financial reporting process. On April 26, 2022 we presented an overview of our plan for the audit of the financial statements of Self-insured Lumber Businesses Association, inc. (the Company) as of and for the year ended December 31, 2021, including a summary of our overall objectives for the audit, and the nature, scope, and timing of the planned audit work.

This communication is intended to elaborate on the significant findings from our audit, including our views on the qualitative aspects of the Company's accounting practices and policies, management's judgments and estimates, financial statement disclosures, and other required matters.

We are pleased to be of service to the Company and look forward to meeting with you to discuss our audit findings, as well as other matters that may be of interest to you, and to answer any questions you might have.

Respectfully,
BDO, USA, LLP

BDO USA, LLP, a Delaware limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. BDO is the brand name for the BDO network and for each of the BDO Member Firms.

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Executive Summary

Status of Our Audit

We have substantially completed our audit of the financial statements as of and for the year ended December 31, 2021. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America. This audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

- ▶ The objective of our audit was to obtain reasonable - not absolute - assurance about whether the financial statements are free from material misstatements.
- ▶ The scope of the work performed was substantially the same as that described to you in our earlier Audit Planning communications.
- ▶ We expect to issue an unmodified opinion on the financial statements.
- ▶ Our responsibility for other information in documents containing the Company's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform procedures to corroborate such other information. However, in accordance with professional standards, we have read the information included by the Company and considered whether such information, or the manner of its presentation, was materially inconsistent with its presentation in the financial statements. Our responsibility also includes calling to management's attention any information that we believe is a material misstatement of fact. We have not identified any material inconsistencies or concluded there are any material misstatements of facts in the other information that management has chosen not to correct.
- ▶ All records and information requested by BDO were freely available for our inspection.
- ▶ Management's cooperation was excellent. We received full access to all information that we requested while performing our audit, and we acknowledge the full cooperation extended to us by all levels of Company personnel throughout the course of our work.



Results of the Audit

ACCOUNTING PRACTICES, POLICIES, ESTIMATES

The following summarizes the more significant required communications related to our audit concerning the Company's accounting practices, policies, estimates :

The Company's significant accounting practices and policies are those included in Note 2 to the financial statements. These accounting practices and policies are appropriate, comply with generally accepted accounting principles and industry practice, were consistently applied, and are adequately described within Note 2 to the financial statements.

- ▶ A summary of recently issued accounting pronouncements is included in Note 2 to the Company's financial statements.
- ▶ There were no changes in significant accounting policies and practices during 2021.

Significant estimates are those that require management's most difficult, subjective, or complex judgments, often as a result of the need to make estimates about the effects of matters that are inherently uncertain. The Company's significant accounting estimates, including a description of management's processes and significant assumptions used in development of the estimates, are disclosed in the Note 2 of the financial statements.

Significant Accounting Estimates

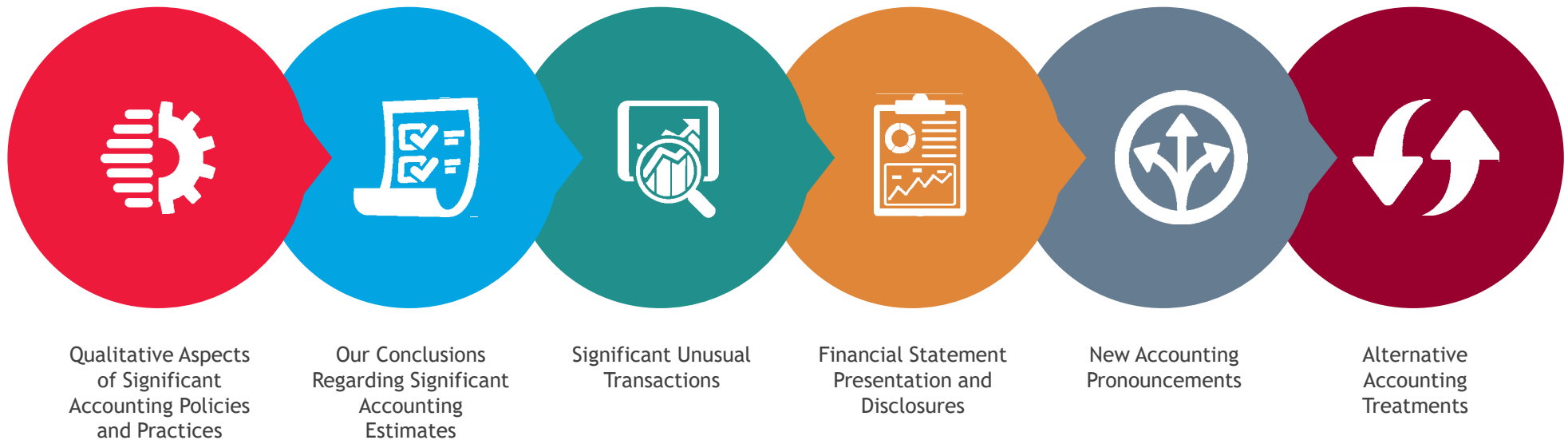
Reserves for Claims

- ▶ Management did not make any significant changes to the processes or significant assumptions used to develop the significant accounting estimates in 2021.

Results of the Audit

QUALITATIVE ASPECTS OF THE COMPANY'S FINANCIAL REPORTING

A discussion was held regarding the quality of the Company's financial reporting, which included:



Results of the Audit

CORRECTED AND UNCORRECTED MISSTATEMENTS

There were no corrected misstatements, other than those that were clearly trivial, related to accounts and/or disclosures that we brought to the attention of management.

There were no uncorrected misstatements, other than those that were clearly trivial, related to accounts and/or disclosures that we presented to management.





Internal Control Over Financial Reporting

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

We are required to communicate, in writing, to those charged with governance all material weaknesses and significant deficiencies that have been identified in the Company's internal control over financial reporting. The definitions of control deficiency, significant deficiency and material weakness follow:

Category	Definition
Control Deficiency	A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.
Significant Deficiency	A deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.
Material Weakness	A deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Company's financial statements will not be prevented or detected and corrected on a timely basis.

In conjunction with our audit of the financial statements, we noted no material weaknesses.



Additional Required Communications

Other Required Communications

Following is a summary of other required items, along with specific discussion points as they pertain to the Company:

Requirement	Discussion Point
Significant changes to planned audit strategy or significant risks initially identified	There were no significant changes to the planned audit strategy or significant risks initially identified and previously communicated to those charged with governance as part of our Audit Planning communications.
Obtain information from those charged with governance relevant to the audit	There were no matters noted relevant to the audit, including, but not limited to: violations or possible violations of laws or regulations; risk of material misstatements, including fraud risks; or tips or complaints regarding the Company's financial reporting that we were made aware of as a result of our inquiry of those charged with governance.
If applicable, nature and extent of specialized skills or knowledge needed related to significant risks	There were no specialized skills or knowledge needed, outside of the core engagement team, to perform the planned audit procedures or evaluate audit results related to significant risks.

Other Required Communications

Following is a summary of other required items, along with specific discussion points as they pertain to the Company:

Requirement	Discussion Point
Consultations with other accountants	We are not aware of any consultations about accounting or auditing matters between management and other independent public accountants. Nor are we aware of opinions obtained by management from other independent public accountants on the application of generally accepted accounting principles.
Significant findings and issues arising during the audit in connection with the Company's related parties	We have evaluated whether the identified related party relationships and transactions have been appropriately identified, accounted for, and disclosed and whether the effects of the related party relationships and transactions, based on the audit evidence obtained, prevent the financial statements from achieving fair presentation.
Significant findings or issues arising during the audit that were discussed, or were the subject of correspondence, with management	There were no significant findings or issues arising during the audit that were discussed, or were the subject of correspondence, with management.

Other Required Communications

Following is a summary of other required items, along with specific discussion points as they pertain to the Company:

Requirement	Discussion Point
Disagreements with management	There were no disagreements with management about matters, whether or not satisfactorily resolved, that individually or in aggregate could be significant to the Company's financial statements or to our auditor's report.
Significant difficulties encountered during the audit	There were no significant difficulties encountered during the audit.
Matters that are difficult or contentious for which the auditor consulted outside the engagement team	There were no difficult or contentious matters that we consulted with others outside the engagement team that we reasonably determined to be relevant to those charged with governance regarding their oversight of the financial reporting process.
Representations requested from management	Please refer to the management representation letter

Independence

Our engagement letter to you dated March 10, 2022 describes our responsibilities in accordance with professional standards and certain regulatory authorities with regard to independence and the performance of our services. This letter also stipulates the responsibilities of the Company with respect to independence as agreed to by the Company. Please refer to that letter for further information.



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Self Insured Lumber Businesses Association, Inc.
Statutory Basis Statements of Admitted Assets and Liabilities

<i>December 31,</i>	2021	2020
Admitted Assets:		
Cash and cash equivalents (see Note 9)	\$ 1,184,516	\$ 1,273,252
Bonds, at amortized cost (fair value: 2021 - \$5,806,555; 2020 - \$5,878,482)	5,671,472	5,518,824
Total Cash and Invested Assets	6,855,988	6,792,076
Other Assets:		
Reinsurance recoverable	27,613	33,826
Accrued interest income	34,909	35,563
Other assets	-	1,224
Total Admitted Assets	\$ 6,918,510	\$ 6,862,689
Commitments and Contingencies (Notes 14 and 15)		
Liabilities:		
Reserve for losses and loss adjustment expenses, net of discount of \$747,273 and \$623,539 at December 31, 2021 and 2020, respectively	\$ 5,540,768	\$ 4,987,687
Accounts payable and accrued expenses	113,932	165,233
Advance premiums	805,881	770,108
Distributions due to members	415,962	897,694
Total Liabilities	\$ 6,876,543	\$ 6,820,722
Policyholders' Surplus	41,967	41,967
Total Liabilities and Policyholders' Surplus	\$ 6,918,510	\$ 6,862,689

See accompanying notes to statutory basis financial statements.

Self Insured Lumber Businesses Association, Inc.

Statutory Basis Statements of Operations

<i>Years ended December 31,</i>	2021	2020
Premiums Earned, net	\$ 3,610,717	\$ 3,921,888
Underwriting Expenses:		
Losses and loss adjustment expenses incurred	3,374,236	3,322,777
Other underwriting expenses incurred	651,856	670,633
Total Underwriting Expenses	4,026,092	3,993,410
Net Underwriting Loss	(415,375)	(71,522)
Net Investment Income	119,402	118,496
Net Realized Investment Gains	4,253	21,643
Net Investment Income	123,655	140,139
Other Income	55,306	57,749
(Loss) Income before Distributions to Members and Income Taxes	(236,414)	126,366
Assessment from (Distributions to) Members	240,604	(107,827)
Income before Income Tax Expense	4,190	18,539
Income Tax Expense	4,190	18,539
Net Income	\$ -	\$ -
Policyholders' Surplus, beginning of year	\$ 41,967	\$ 41,967
Change in Non-admitted Assets	-	-
Policyholders' Surplus, end of year	\$ 41,967	\$ 41,967

See accompanying notes to statutory basis financial statements.

Self Insured Lumber Businesses Association, Inc.

Statutory Basis Statements of Cash Flows

<i>Years ended December 31,</i>	2021	2020
Cash Flows from Operating Activities:		
Premiums collected	\$ 3,621,018	\$ 4,298,203
Losses and loss adjustment expenses paid, net of reinsurance	(2,821,155)	(3,182,221)
Other underwriting expenses paid	(635,339)	(690,982)
Net investment income	121,899	119,272
Distributions to members	(241,126)	(626,556)
Income taxes paid	(18,000)	(20,000)
Other cash provided	55,306	57,749
Net Cash Provided by (Used in) Operating Activities	82,603	(44,535)
Cash Flows from Investing Activities:		
Proceeds from sales of bonds	955,547	830,791
Purchase of bonds	(1,105,787)	(1,005,632)
Net Cash Used in Investing Activities	(150,240)	(174,841)
Cash Flows from Financing Activities:		
Other cash used	(21,099)	(36,414)
Net Cash Used in Financing Activities	(21,099)	(36,414)
Net Decrease in Cash and Cash Equivalents	(88,736)	(255,790)
Cash and Cash Equivalents, beginning of year	1,273,252	1,529,042
Cash and Cash Equivalents, end of year	\$ 1,184,516	\$ 1,273,252

See accompanying notes to statutory basis financial statements.

Self Insured Lumber Businesses Association, Inc.

Notes to Statutory Basis Financial Statements

4. Excess Insurance Coverage

The Group has purchased excess insurance for protection against unusually high losses. Specific excess insurance protects against large individual losses. Aggregate excess insurance protects against a high overall level of losses. For each accident that is in excess of a specific retention, the coverage takes effect subject to the limits as imposed by the various contracts. The specific retention levels for reinsurance contracts on individual worker's compensation accidents range from \$100,000 to \$700,000 for policy years ended December 31, 2000 to 2021.

The following table summarizes the reinsurance activity for the years ended December 31:

	Premiums Earned		Reserve for Losses and Loss Adjustment Expenses		Loss and Loss Adjustment Expenses Incurred	
	2021	2020	2021	2020	2021	2020
Direct	\$ 4,025,597	\$ 4,349,248	\$ 5,561,959	\$ 5,102,672	\$ 3,280,442	\$ 3,329,219
Ceded	(414,880)	(427,360)	(21,191)	(114,985)	93,794	(6,442)
	\$ 3,610,717	\$ 3,921,888	\$ 5,540,768	\$ 4,987,687	\$ 3,374,236	\$ 3,322,777

Excess insurance contracts do not relieve the Group from its obligations to its members. Failure of excess insurers to honor their obligations could result in losses to the Group. Accordingly, the Group evaluates the financial condition of its excess insurer to minimize exposure to significant losses from insolvency.

Nonaffiliated, unsecured, and aggregate reinsurance recoverables for paid and unpaid losses, including incurred but not reported losses, unpaid loss adjustment expenses, and unearned premiums that exceed 3% of the Group's undistributed dividends, are as follows:

<i>December 31,</i>	2021	2020
Midwest Employers Casualty Company	\$ 49,000	\$ 149,000

5. Bonds

Bonds are stated at amortized cost and consist of the following:

<i>December 31, 2021</i>	Amortization Cost	Unrealized Gains	Unrealized Losses	Fair Value
U.S. Government securities	\$ 3,118,311	\$ 57,133	\$ (10,804)	\$ 3,164,640
Corporate securities	2,553,161	104,439	(15,685)	2,641,915
	\$ 5,671,472	\$ 161,572	\$ (26,489)	\$ 5,806,555

Self Insured Lumber Businesses Association, Inc.

Notes to Statutory Basis Financial Statements

<i>December 31, 2020</i>	Amortization Cost	Unrealized Gains	Unrealized Losses	Fair Value
U.S. Government securities	\$ 3,336,553	\$ 149,985	\$ -	\$ 3,486,538
Corporate securities	2,182,271	209,673	-	2,391,944
	\$ 5,518,824	\$ 359,658	\$ -	\$ 5,878,482

The following tables represent the fair value and gross unrealized losses for securities where the estimated fair value had declined and remained below amortized cost by less than 12 months or 12 months or more:

<i>December 31, 2021</i>	Less Than 12 Months		12 Months or More		Total	
	Fair Market Value	Unrealized Losses	Fair Market Value	Unrealized Losses	Fair Market Value	Unrealized Losses
Description of Securities:						
U.S. Government securities	\$ 684,870	\$ 10,805	\$ -	\$ -	\$ 684,870	\$ 10,805
Corporate securities	589,508	15,684	-	-	590,508	15,684
Total Temporarily Impaired Securities	\$ 1,274,378	\$ 26,489	\$ -	\$ -	\$ 1,274,378	\$ 26,489

The following tables represent the number of securities where the estimated fair value had declined and remained below amortized cost by less than 12 months or 12 months or more:

<i>December 31, 2021</i>	Less Than 12 Months	12 Months or More	Total
Description of Securities:			
U.S. Government securities	12	-	12
Corporate securities	11	-	11
Total Temporarily Impaired Securities	23	-	23

The amortized cost and estimated fair value of bonds, by contractual maturity, are shown below. In some instances, actual maturities may differ from contractual maturities, because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

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Self Insured Lumber Businesses Association, Inc.

Notes to Statutory Basis Financial Statements

	December 31, 2021		December 31, 2020	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in one year or less	\$ 1,141,548	\$ 1,151,332	\$ 580,532	\$ 585,754
Due in one year through five years	2,360,259	2,449,813	3,043,538	3,218,878
Due after five years through ten years	2,169,665	2,205,410	1,834,762	2,013,104
Due after ten years	-	-	59,992	60,746
	\$ 5,671,472	\$ 5,806,555	\$ 5,518,824	\$ 5,878,482

Proceeds from sales of bonds during 2021 and 2020 were \$955,547 and \$830,791, respectively. There were \$4,253 and \$21,643 of gross realized gains in 2021 and 2020, respectively.

Net investment income was comprised of the following:

<i>Years ended December 31,</i>	2021	2020
Investment income on bonds	\$ 139,557	\$ 135,046
Investment income on cash and cash equivalents	480	1,394
Total investment income	140,037	136,440
Investment expense incurred	(20,635)	(17,944)
Net Investment Income	\$ 119,402	\$ 118,496

6. Reserve for Unpaid Losses and Loss Adjustment Expenses

The reserve for unpaid losses and loss adjustment expenses is based upon an evaluation of the Group's losses as prepared by the Group's independent actuary. This evaluation of the Group's losses is a significant estimate which is subject to change. These changes can be material in relation to the statutory basis financial statements taken as a whole. The reserve for unpaid losses and loss adjustment expenses includes an estimated provision for incurred but not reported losses ("IBNR") as well as reported losses. The IBNR provision totaled approximately \$3,208,000 and \$3,516,000 on an undiscounted basis as of December 31, 2021 and 2020, respectively.

Any increases or decreases in ultimate incurred losses on a net basis as compared to the prior year will result in a direct increase or decrease in the current year's net earnings. During the years ended December 31, 2021 and 2020, the Group experienced a net increase, respectively, in the estimate of ultimate incurred losses and loss adjustment expenses and change in reserve discount for prior years as a result of claim development. These amounts have been charged in 2021 and 2020 to losses and loss adjustment expenses.

For the years ended December 31, 2021 and 2020, the reserve for unpaid losses and loss adjustment expenses has been discounted to its net present value in the accompanying statutory basis financial statements. The reserves have been discounted utilizing interest rates and payout patterns based upon nationwide losses, both of which were promulgated by the IRS. The unpaid losses and loss

Self Insured Lumber Businesses Association, Inc.

Notes to Statutory Basis Financial Statements

adjustment expenses were discounted \$747,273 and \$623,539 at December 31, 2021 and 2020, respectively.

The following table sets forth a reconciliation of beginning and ending discounted reserves for losses and loss adjustment expenses:

<i>Years ended December 31,</i>	2021	2020
Gross Reserves for Losses and Loss Adjustment Expenses, beginning of year	\$ 5,102,672	\$ 4,955,674
Less Reinsurance Recoverable	(114,985)	(108,543)
Net Balance, beginning of year	4,987,687	4,847,131
Incurred Losses and Loss Adjustment Expense:		
Provision for insured events of the current year	3,299,611	3,147,052
Provision for insured events of prior years	74,625	175,725
Total Incurred Losses and Loss Adjustment Expenses	3,374,236	3,322,777
Losses and Loss Adjustment Expense Payments Related to:		
Current year	1,017,000	760,000
Prior years	1,804,155	2,422,221
Total Losses and Loss Adjustment Expense Payments	2,821,155	3,182,221
Net Balance, end of year	5,540,768	4,987,687
Reinsurance Recoverable	21,191	114,985
Gross Reserves for Losses and Loss Adjustment Expenses, end of year	\$ 5,561,959	\$ 5,102,672

7. Discounting of Loss Reserves

At December 31, 2021 and 2020, the loss reserves reflect a discount for the time value of money (as described in Note 2) in the amounts of \$861,644 and \$766,502, respectively. Loss reserves for unallocated loss adjustment expenses are also excluded from the calculated discounts in accordance with the prescribed policies of the IRS. The following table represents the present values (undiscounted) and discounted values of the loss reserves:

<i>December 31,</i>	2021	2020
Undiscounted loss reserves	\$ 6,288,041	\$ 5,611,226
Discount	(747,273)	(623,539)
Discounted Loss Reserves	\$ 5,540,768	\$ 4,987,687
Average Discount Rate	11.88%	10.92%

Self Insured Lumber Businesses Association, Inc.

Notes to Statutory Basis Financial Statements

At December 31, 2021, the amount of the discount related to accident years prior to the current accident year (2021) is \$448,889, and the discount recalculated using the prior year's rate is \$377,720. The change in the discount rate was due to maturing accident years and corresponding payout patterns.

The Tax Cut and Jobs Act ("TCJA"), signed into law on December 22, 2017, made several modifications to the discounting rules, used to determine unpaid losses and estimated salvage for non-life insurance companies, for years beginning after December 31, 2017.

As a result of the TCJA, the unpaid losses and expenses at the end of the preceding year (2017) must be recalculated under these new provisions, and the adjustment is to be spread over eight years beginning in 2018, and the seven succeeding years.

The recalculation of the unpaid losses using the new discount factors at December 31, 2017, resulted in an increase to the unpaid losses of \$228,739. The amount will be amortized over eight years beginning in 2018. The income amortization is \$28,592, which is netted within the losses and loss adjustments expense incurred on the statutory basis statements of operations for 2021 and 2020. The remaining unamortized discount of \$114,371 and \$142,963, at December 31, 2021 and 2020, is included in the net reserve for losses and loss adjustment expenses, respectively.

The discount rates used by the Group are based on rates and payout patterns prescribed by the IRS by accident year. The below table is the discount rates used by accident year:

<i>Years ended December 31,</i>	2021	2020
Accident Years:		
2004 - 2006	92.89%-95.57%	92.89%-95.57%
2007	91.58%	91.58%
2008	90.30%	90.30%
2009	89.04%	89.04%
2010	87.81%	87.81%
2011	86.59%	86.59%
2012	84.72%	84.72%
2013	84.10%	84.10%
2014	83.26%	83.26%
2015	82.89%	82.89%
2016	83.41%	83.41%
2017	83.97%	83.97%
2018	83.97%	85.45%
2019	84.82%	85.96%
2020	86.00%	87.56%
2021	88.39%	-

8. Income Taxes

Under applicable provisions of the Internal Revenue Code, the Group is liable for income taxes on earnings not ultimately distributed by the Board of Trustees. The Group files with the Internal Revenue Service as a property and casualty insurance company under the provisions of Subchapter L of the Internal Revenue Code.

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REPORT OF INVESTMENT ADVISOR



Investments in harmony with youSM

Self-Insured Lumber Business Association, Inc. (SILBA)
Annual Meeting
June 23, 2022

Investment Objective and Guidelines

INVESTMENT OBJECTIVES

- Preservation of capital.
- Maximization of investment income given liability, liquidity and other operating constraints.
- Outperform the Bloomberg US Intermediate Government/Credit Index (Benchmark) over a full market cycle.
- Realized gain and loss position to be net neutral at year-end.

INVESTMENT GUIDELINES

- The portfolio may be invested in the following sectors of the fixed income market; U.S. Treasuries, Agencies, local authority, or corporate bonds as permitted in Section 63 of Chapter 175 of the Massachusetts General Laws.
- The portfolio may be invested in securities rated investment grade by the major rating agencies: Moody's, Standard & Poor's, or Fitch, at the time of purchase; or issued or guaranteed by the U.S. Government or its agencies or instrumentalities at the time of purchase.
- The duration shall be maintained within a band of plus or minus 25% of the benchmark's duration.
- No more than 5% of the portfolio (at the time of purchase) may be invested in a single issuer (excluding obligations of the U.S. Government, its agencies, and instrumentalities).
- Zero-coupon bonds may not represent more than 5% of the portfolio market value.
- Cash will be managed as a sector of the long-term portfolio. Short-term securities must be rated a minimum of A1/P1 by the major rating agencies.
- Securities must be dollar-denominated.
- Realized losses are restricted to no more than \$5,000 per transaction without prior approval from the investment committee

Portfolio Summary

CLIENT

Self-Insured Lumber Business Association, Inc.
(SILBA)

PORTFOLIOS INCLUDED

SILBA - Fixed Income

PRIMARY BENCHMARK

Bloomberg US Aggregate Government & Credit -
Intermediate

ACCOUNTING BASIS

STAT

INCEPTION DATE

January 01, 2020

DATA AS OF

December 31, 2021

CHANGE IN MARKET VALUE FROM (01/01/2021)

Beginning Market Value	\$5,954,900
Net Contributions/Withdrawals	\$0
Income	\$139,561
Net Realized Gain/Loss	\$4,252
Unrealized Gain/Loss	-\$224,574
Ending Market Value	\$5,874,139

YOUR TEAM

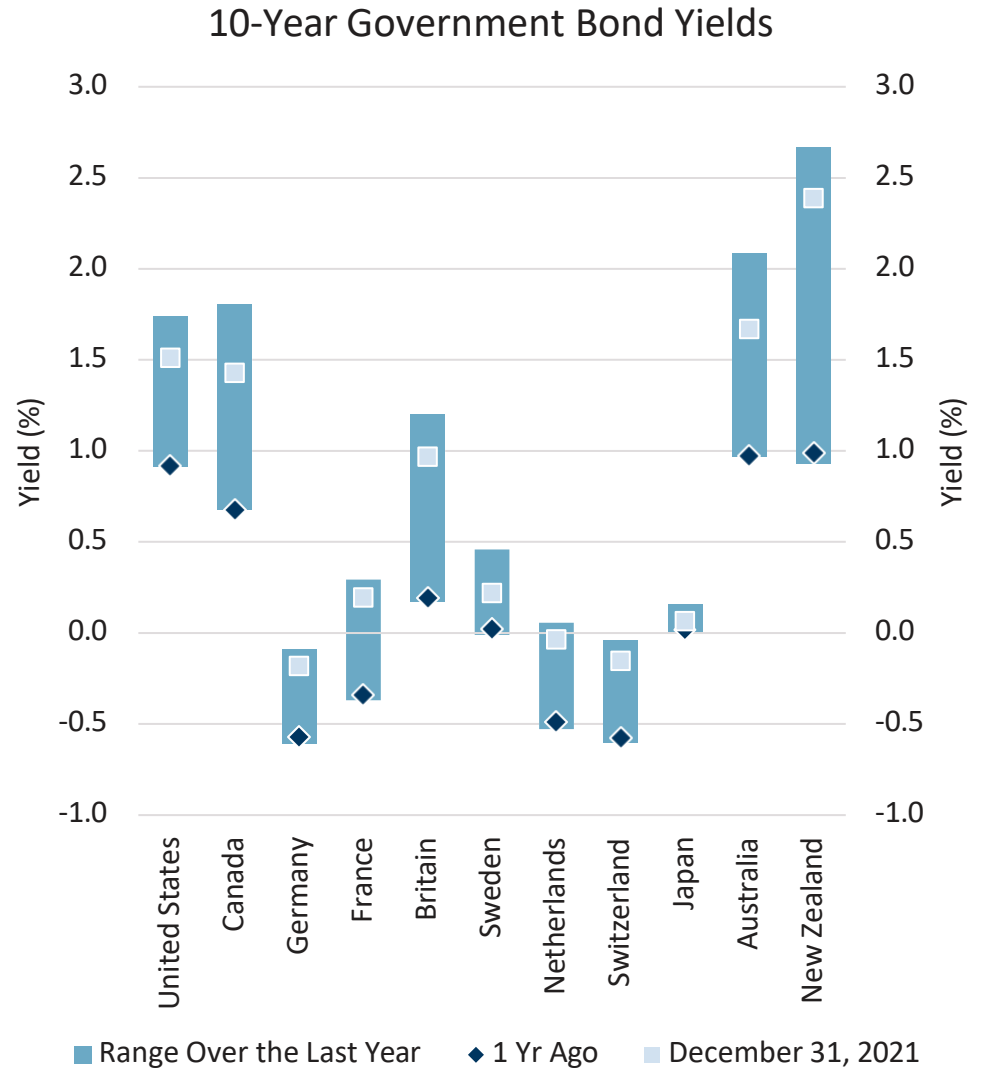
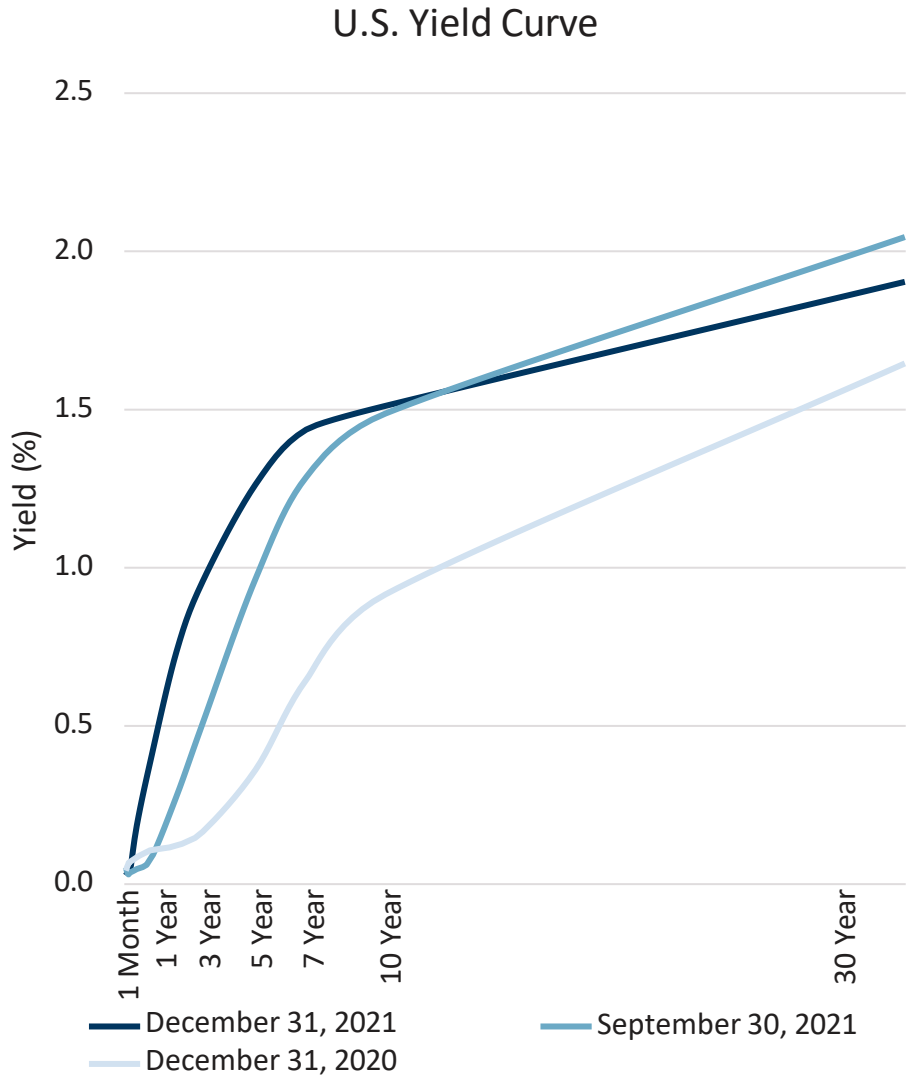
Michael Rose, Vice President, Portfolio Management

Jacquelyn Weber, Portfolio Manager

Karen Wambach, Senior Portfolio Administrator

Economic Outlook

Front-end of U.S. yield curve shifted up in response to evolving central bank policy



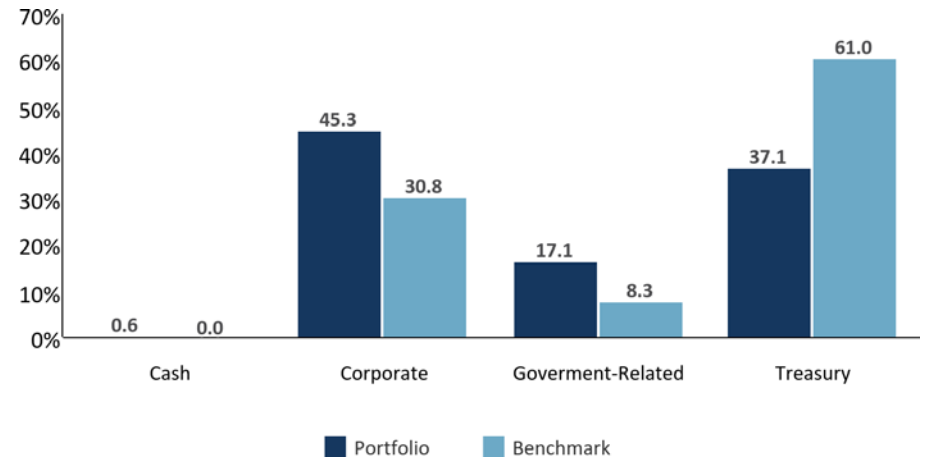
Source: Opus, Bloomberg, Federal Reserve

Portfolio Positioning Fixed Income

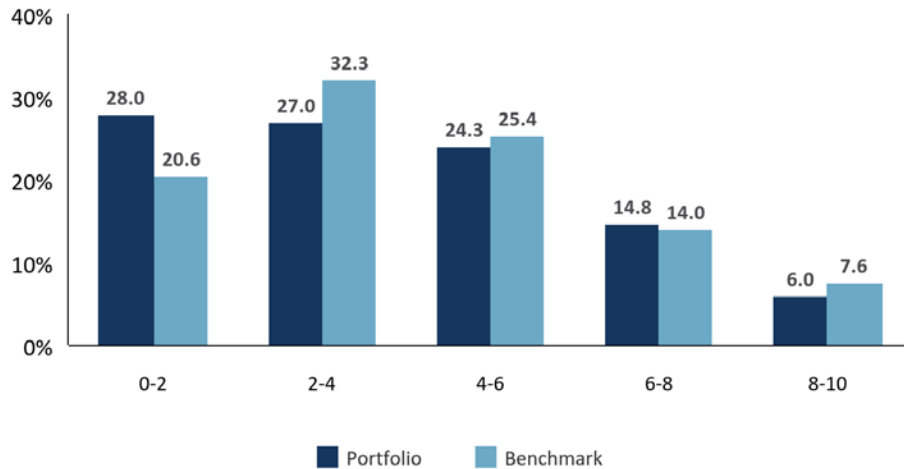
PORTFOLIO CHARACTERISTICS

	VALUE
Market Value + Accrued	5,874,139.43
Market Value	5,839,230.50
Book Value	5,704,146.99
Unrealized Gain/Loss	135,083.51
Accrued Total	34,908.93
Yield	1.29
Book Yield	2.36
Effective Duration	3.74
Effective Convexity	0.21
Average Credit Rating	AA-

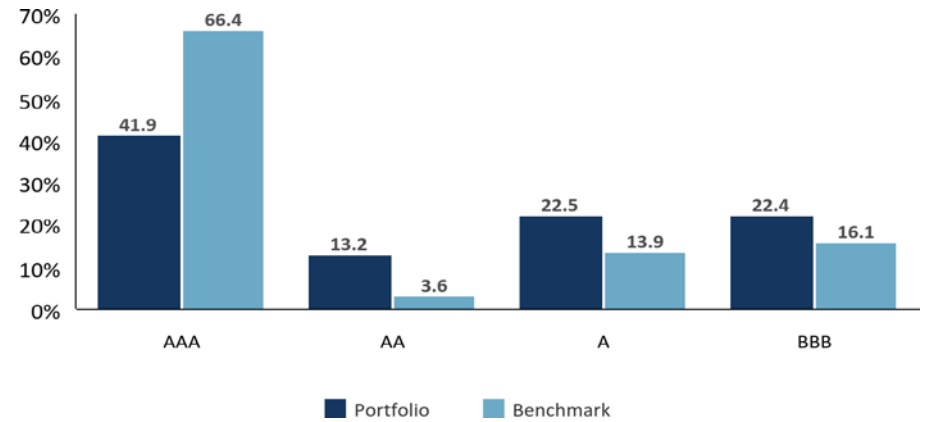
INDUSTRY SECTOR



DURATION EXPOSURE



CREDIT RATING EXPOSURE



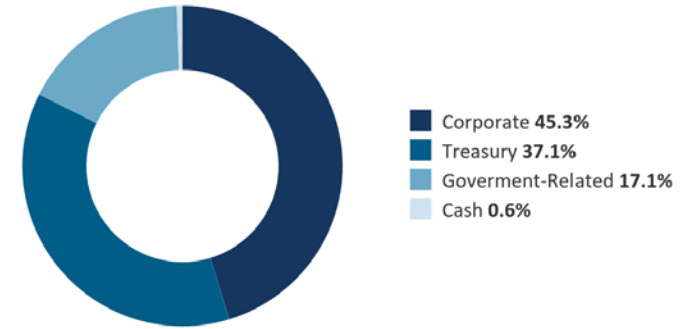
Source: Opus, Bloomberg
 Benchmark- Bloomberg US Aggregate Government & Credit - Intermediate
 Note: Percentages shown may not sum to total due to rounding.

Portfolio Overview

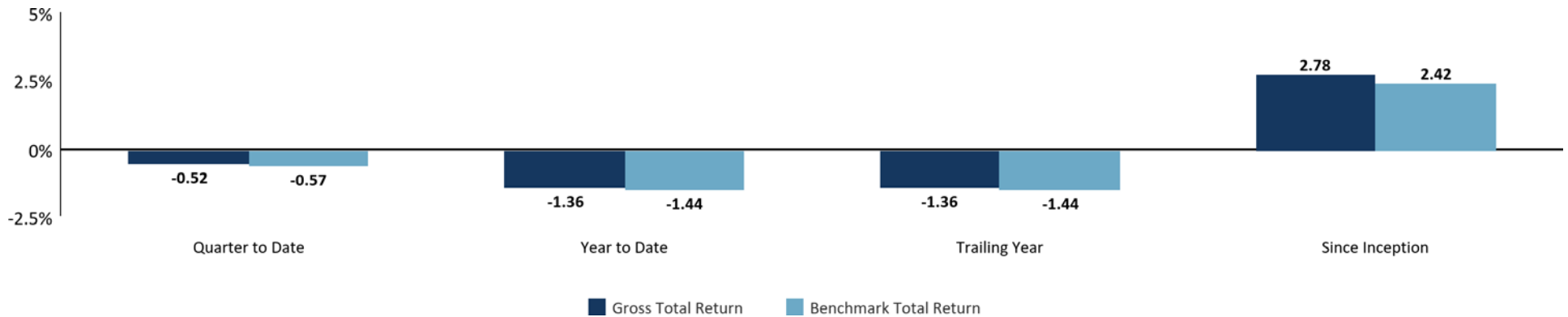
PORTFOLIO CHARACTERISTICS

	VALUE
Market Value + Accrued	\$5,874,139.43
Book Value	\$5,704,146.99
Unrealized Gain/Loss	\$135,083.51
Accrued Total	\$34,908.93
Distinct Securities	164

ASSET ALLOCATION



TOTAL RETURNS/HISTORICAL PERFORMANCE



The performance returns for your account throughout this report are gross returns (unless noted), presented before management and any custodial fees, but after all trading expenses. Past performance is not an indicator of future results. Please refer to the important performance disclosures at the end of this presentation

Source: Opus, Bloomberg

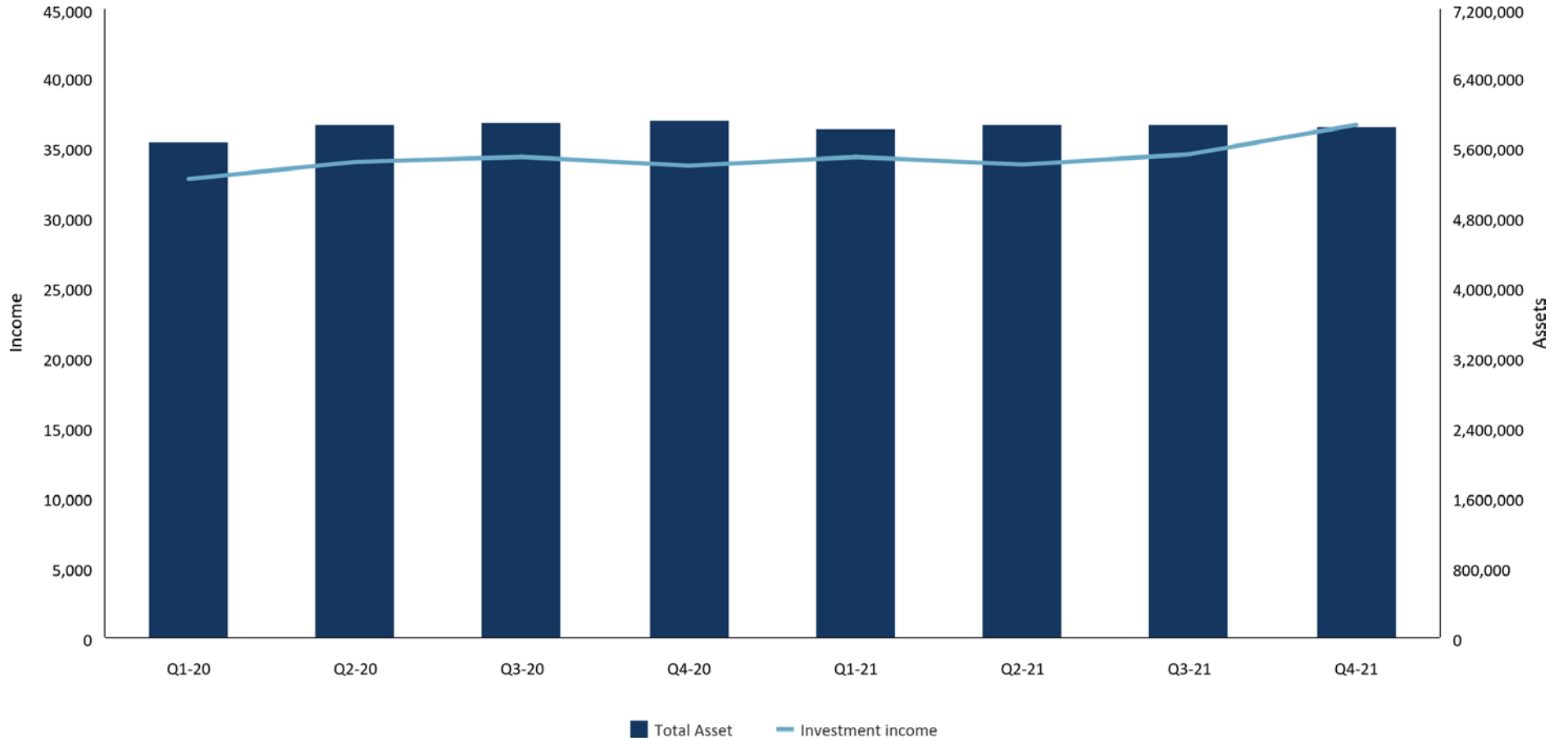
Benchmark- Bloomberg US Aggregate Government & Credit - Intermediate

Note: Percentages shown may not sum to total due to rounding.



Income Summary

TOTAL ASSETS VS INCOME



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All investments are subject to risks. Past performance is not an indicator of future results. It should not be assumed that any of the securities transactions or holdings discussed were or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein. Asset allocation cannot assure a profit nor protect against a loss.

Any indices included in this report are for purposes of comparing your returns to the returns on a broad-based index of securities. Index returns do not reflect advisory fees, transaction cost and other expenses that the client would pay which would reduce the return. The indices assume reinvestment of dividends. You cannot directly invest in an index.

As noted, a client's actual investment return will be reduced by the separate account manager's fees, Opus's advisory fees, and/or any other fees as described in Part 2 of Form ADV of each separate account manager and Opus (which can be obtained upon request) as well as any other applicable expenses incurred during the management of the portfolio. As an example, an account with an initial \$10,000.00 investment on January 1, 2000 earning a recurring 1.25% quarterly gross return (5.09% annualized) and paying a 0.25% quarterly management fee (1.0% annualized fee) would have grown to \$12,820.37 on a gross of fees basis but only \$12,201.90 on a net of fees basis by December 31, 2004 (5 years).

All returns reflect the reinvestment of interest, dividends, and realized capital gains and losses.

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REPORT OF ACTUARY



Self-Insured Lumber Businesses Association, Inc.

Unpaid Loss and LAE as of
December 31, 2021

By: Emilie R. Dubois, FCAS, MAAA
June 23, 2022

Unpaid Loss and Loss Adjustment Expense as of December 31, 2021

SILBA's carried reserves on the balance sheet are consistent with our estimates

Estimated Unpaid Loss and LAE as of December 31, 2021 (\$000s)		
	Actuarial Indicated	Carried in Financials
Undiscounted		
▪ Gross of Excess Insurance	\$6,309	\$6,311
▪ Ceded Excess Insurance	23	23
▪ Net of Excess Insurance	6,286	6,288
Discounted		
▪ Net of Excess Insurance	\$5,423	\$5,426

- Our analysis is based on data as of December 31, 2021
- LAE = Loss Adjustment Expense (expenses related to claim handling and settlement, including attorney fees and the cost of claim adjusting)
- Ceded amounts are ceded to reinsurers and are not SILBA's responsibility

SILBA-Specific Risk Factors

Discussion of key risks is part of our review



Risk of Material Adverse Deviation

For SILBA, we believe those risks do create a significant risk to the reserves

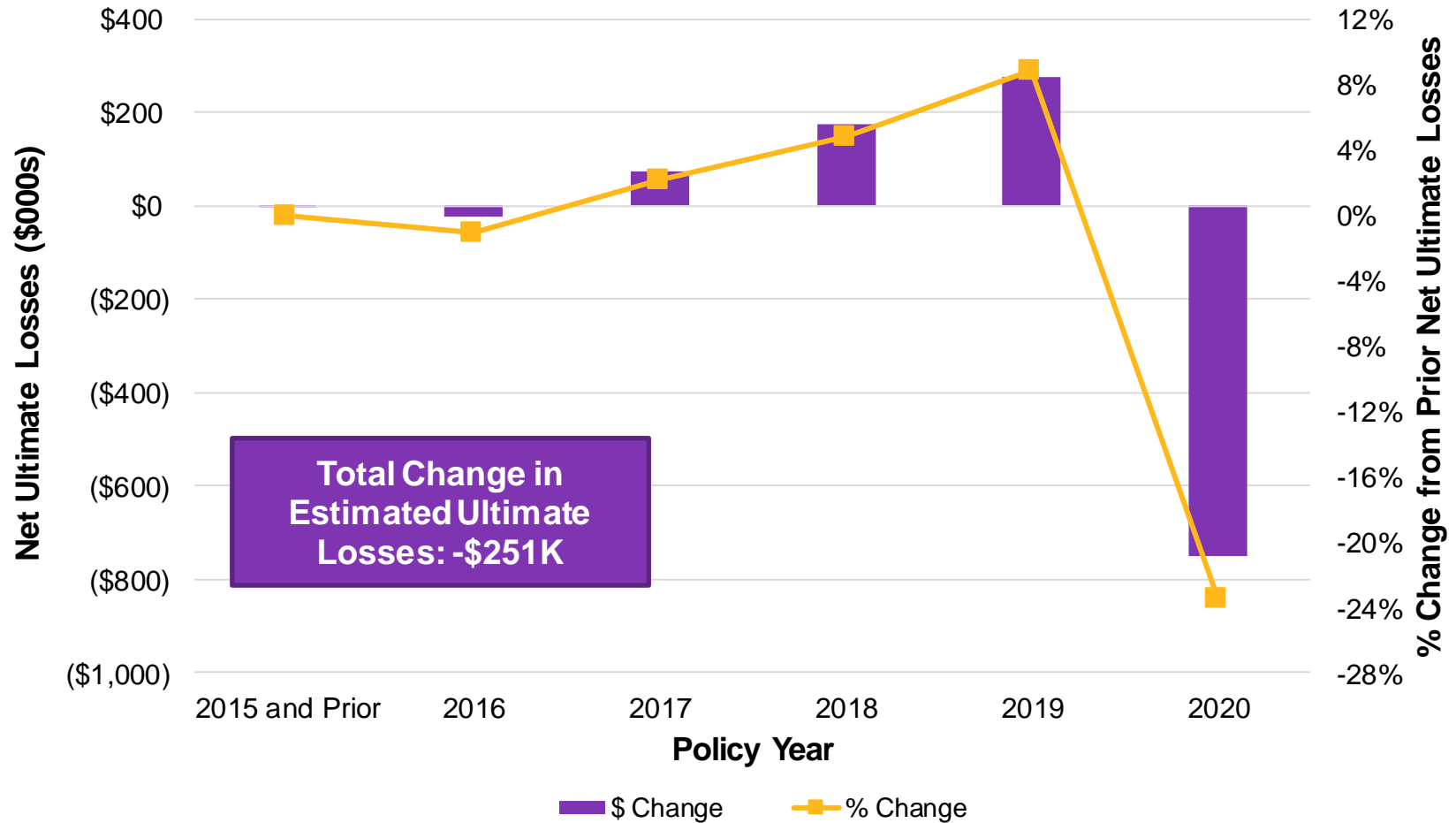
- The MA DOI requires that we evaluate whether there are significant risks and uncertainties associated with SILBA's loss and LAE reserves that could result in material adverse development
 - Defining material for a company requires actuarial judgment
 - Our definition of material (\$69k or 15% of the sum of declared and unpaid policyholder dividends and surplus) takes SILBA's overall financial condition into consideration, as well as thresholds commonly considered by regulators

We do see a *significant* risk of material adverse deviation

- It would not be surprising to see losses coming in more than \$69K above what's booked in the financial statements given the risks SILBA faces
 - Workers' compensation carries significant uncertainties
 - Relatively high per-occurrence retentions mean it would only take development on a single claim
 - Small volume of business SILBA writes annually makes the loss experience volatile
 - COVID-19 impacts add uncertainty to our analysis
 - Greater than usual potential for higher-than-expected inflation

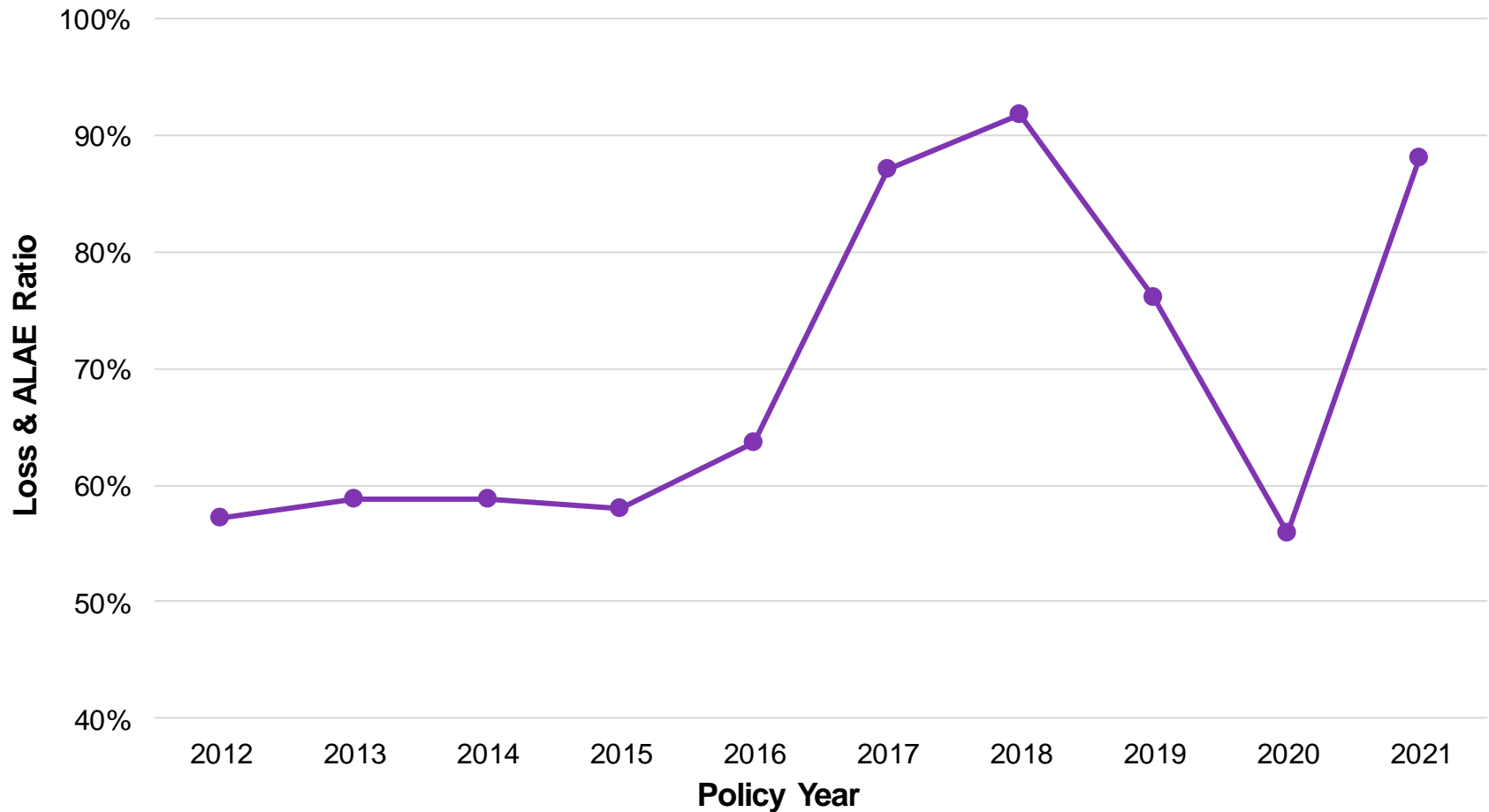
Change in Estimates for Policy Years 2020 and Prior

Net ultimate losses decreased by 0.4%, driven by the 2020 policy year



Estimated Ultimate Loss Ratios

Loss ratios for SILBA have generally been higher in the last few years after several years of loss ratios below 70%



Appendix

Reliances, Limitations, Distribution and Qualification Statement

Reliances and Limitations

- Under separate cover, an actuarial report dated April 5, 2022 (the Report) has been provided to FutureComp
- The Report contains a complete description of the reliances and limitations on our workproduct
- The reliances and limitations noted in the Report apply to this presentation as well

Distribution

- No further distribution of this presentation or reference, either oral or written, to WTW, our analysis or findings related to this presentation may be made without our prior written consent

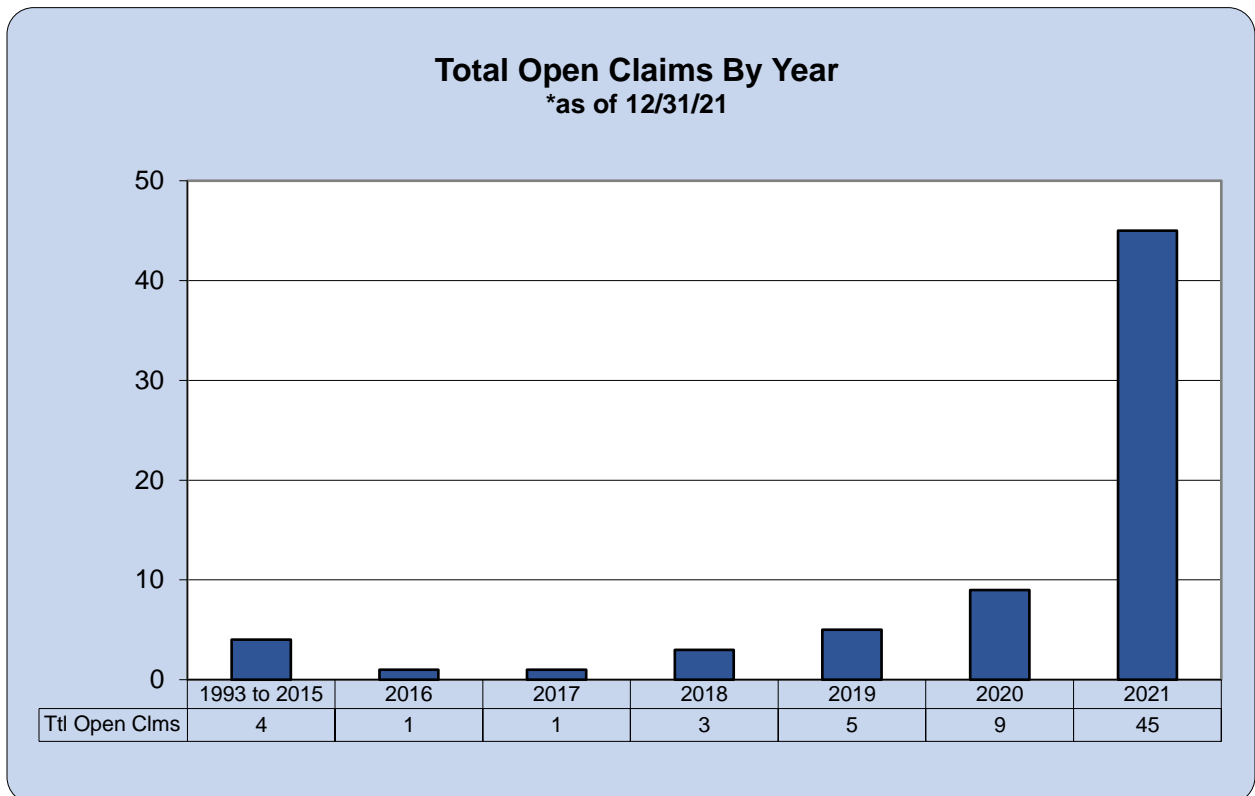
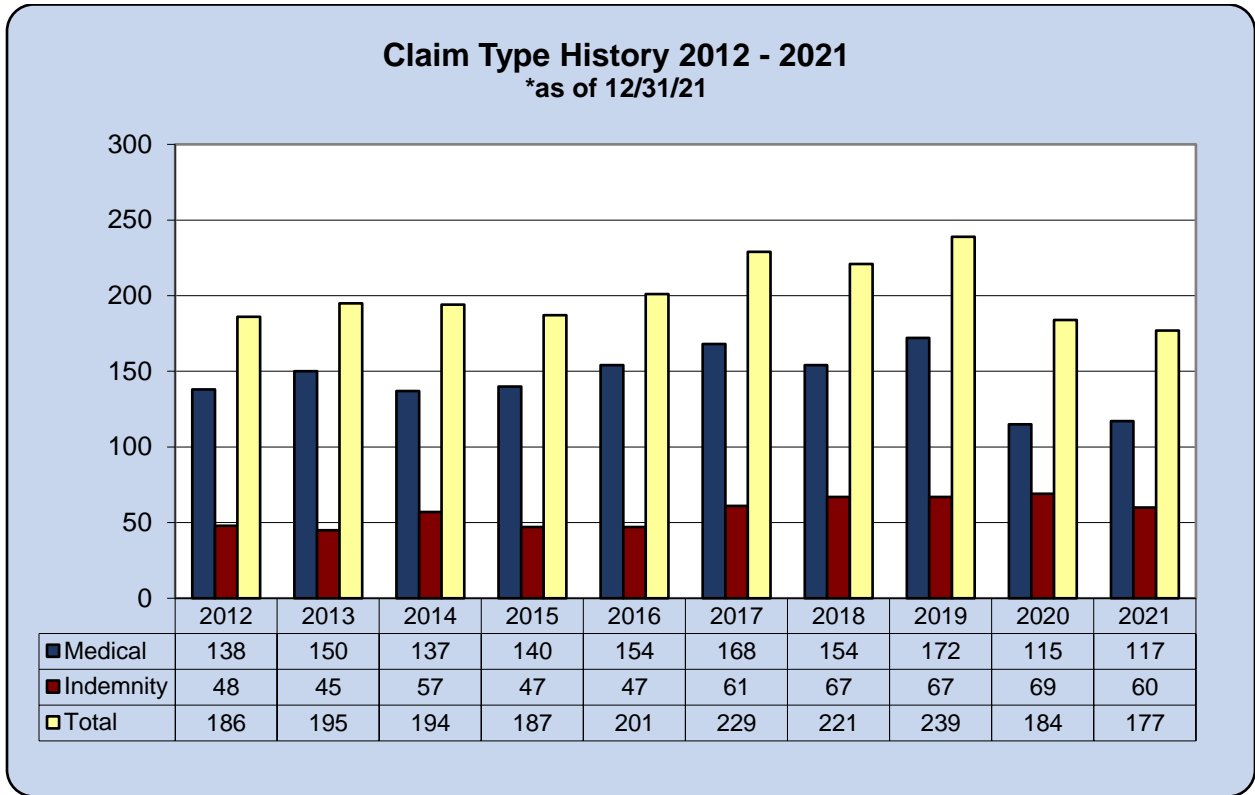
Qualification Statement

- I am a member of the American Academy of Actuaries and am qualified to render the actuarial opinion contained in the Report and presentation

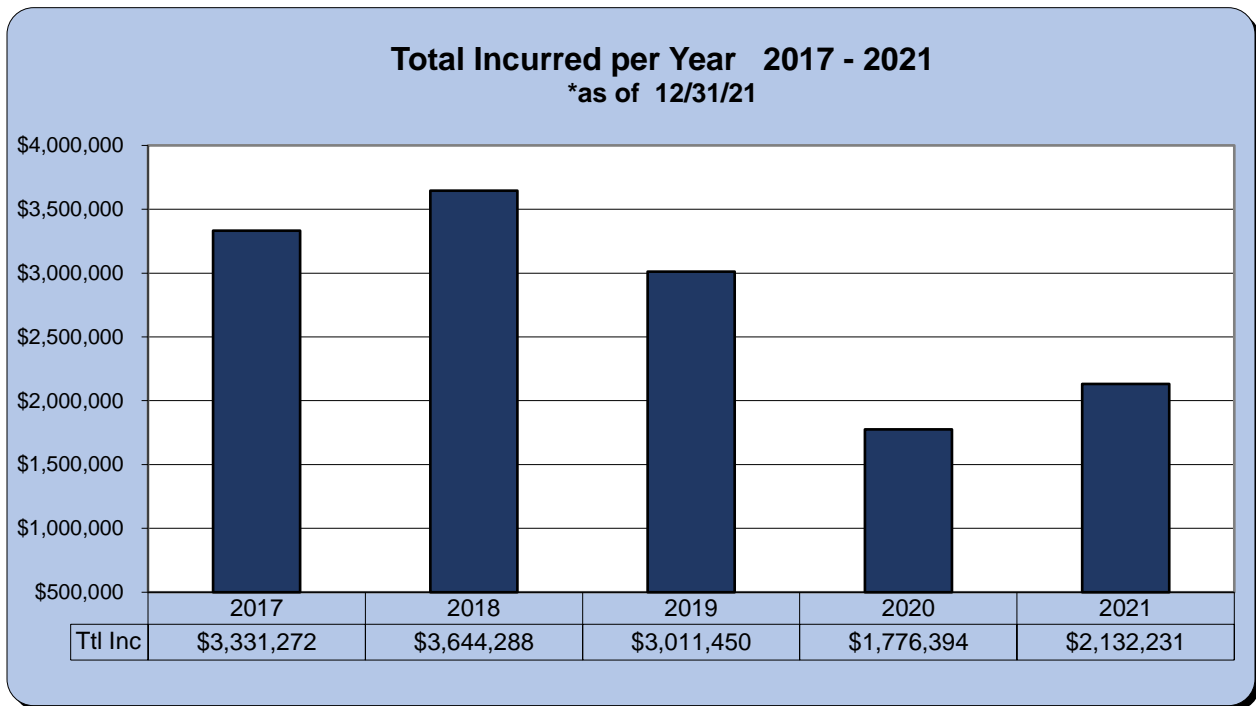
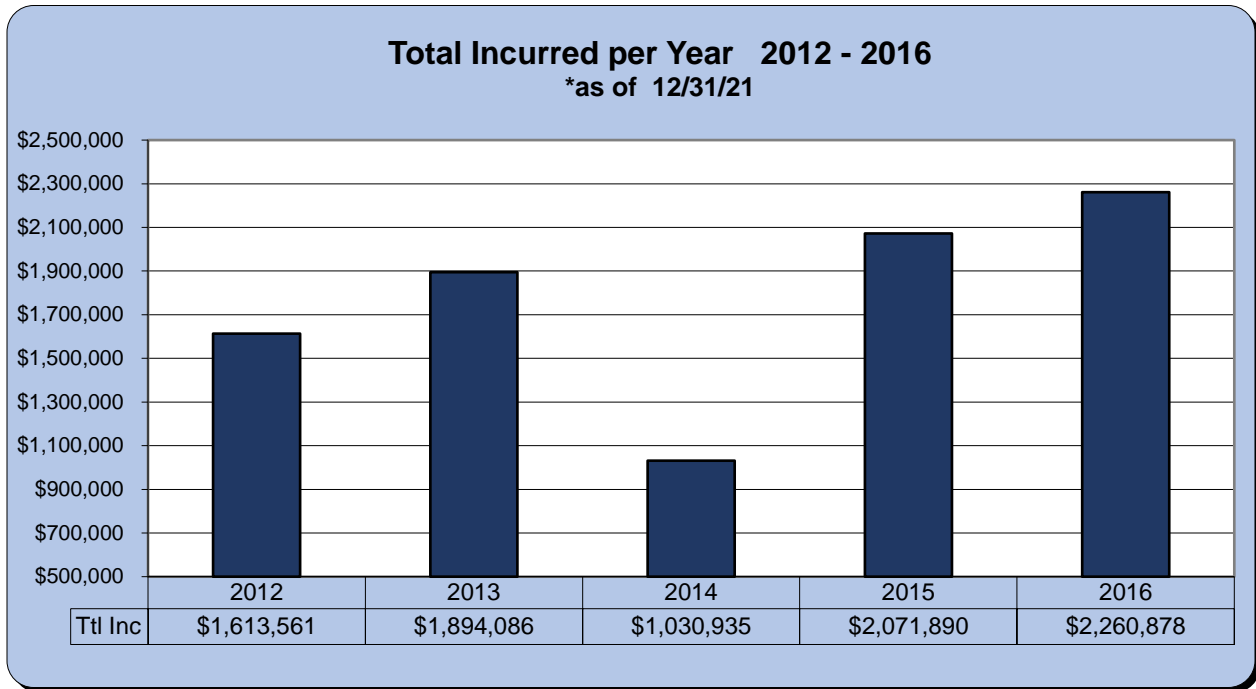
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2021 CLAIMS OVERVIEW SUMMARY

SILBA Fund Year 2021 Annual Report Claims Overview as of December 31, 2021



SILBA Fund Year 2021 Annual Report Claims Overview as of December 31, 2021



A total of 177 claims were reported in 2021, resulting in a total incurred cost of \$2,132,231. Medical-only claims reported were up slightly (4) from what was reported in 2020. Lost-time claims were down by six from what was reported in 2020. In total, resulting a minor decrease from the 2020 year.

Total incurred costs were up 42.5% from 2020 as of December 31, 2021. The Group has minimal claims open for the years 1993 to 2018 (9). As of December 31, 2021, 98% of all 2019 claims have been closed and 95% of all 2020 claims have been closed.

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2021 SAFETY COMMITTEE & LOSS CONTROL REVIEW

FutureComp®

**Board of Directors
Loss Control Annual
Status Report**



**Current As of
December 31, 2021**

Prepared by:

**Debra Williams
Senior Loss Control Consultant
FutureComp**

Date Submitted:

June 23, 2021

Table of Contents

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Conclusion	Page 7 -8

Introduction

The purpose of this report is to provide a brief overview of SILBA’s workers’ compensation outcomes for 2021 while illustrating trends over the past five fund years (2017-2021).

The goal of our partnership (SILBA, FutureComp, and the Loss Control Department) is to identify loss trends, focus on those loss trends, implement controls, and achieve the greatest results.

SILBA Frequency & Severity by Type of Claim

Figure 1:

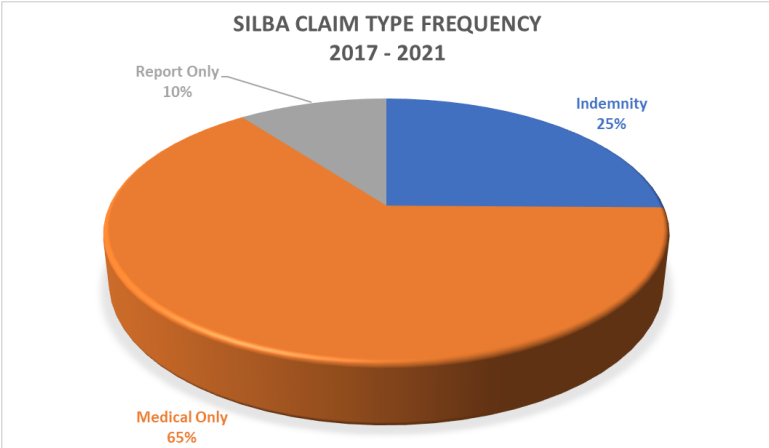


Figure 2:

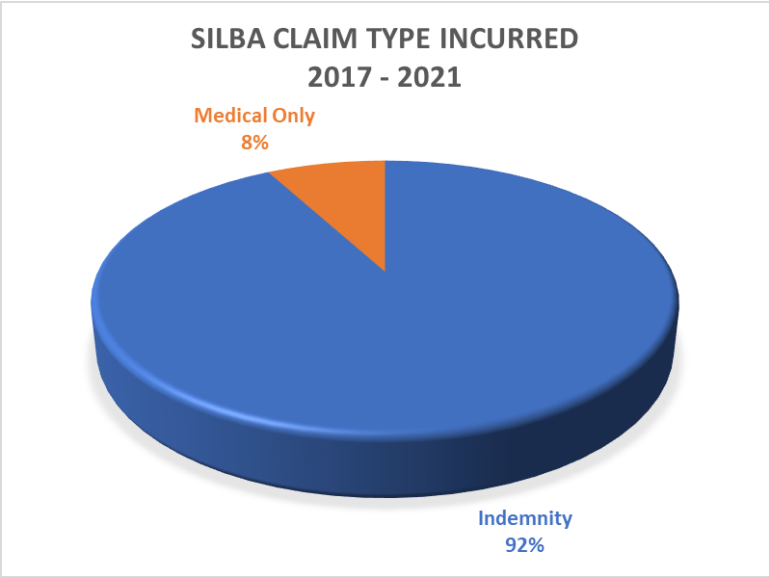


Figure 1 and 2 illustrates the number of workers’ compensation claims reported during the past five fund years, 2017-2021 with an as of date of December 31, 2021, broken out by type of claim. Of the 1170 claims, 65% (755) are “medical only” - no loss time, or alternative duty, 25% (295), are indemnity claims - hospitalization, loss time, and/or alternative duties, and 10% (120) are “report only” - no medical treatment of any kind.

These trends are in line with workers' compensation norms. When looking at the total cost of claims for the past five fund years \$13.90 mil, 92% (\$12.80 mil) of all claims are Indemnity claims - hospitalization, loss time and /or alternative duties.

These numbers are indicative of the importance of a "Return to Work/Alternative/Light Duty Program" and reducing the dollar amount associated with indemnity claims. By improving our written programs, increasing our training, and strengthening our members safety culture, FutureComp is confident we can reduce the loss dollars associate with SILBA's indemnity claims.

SILBA Loss Program Overview

Figure 3:



Figure 3 looks at SILBA's overall Loss Ratio for the past five fund years. A Loss Ratio represents your total premium divided by your loss dollars. FutureComp would like to see SILBA maintain a loss ratio of 60% or less. SILBA is moving in a positive direction. However, FutureComp feels it prudent to remind SILBA, one or two big claims can spike your loss ratio for the entire year. During this time frame it is also important to remember 2021 claims are still green and the loss ratio has the potential to increase, however FutureComp is still pleased with 2021 loss ratio.

Figure 4:



Figure 5:



Figures 4 and 5 represent the loss statistics for SILBA for the past five fund years, 2017-2021, with an as of date of December 31, 2021. Currently, SILBA is averaging 234 claims and \$2.78 mil in total incurred loss dollars over the past five fund years. SILBA appears to be trending downward since 2018, keeping in perspective the older the fund year the more mature the claims. Overall, 2021 was a positive year for SILBA. FutureComp expects that SILBA can manage the claims that are still open within 2021 and continue this positive trend.

Frequency and Severity Trends – by Accident Type

Figure 6:

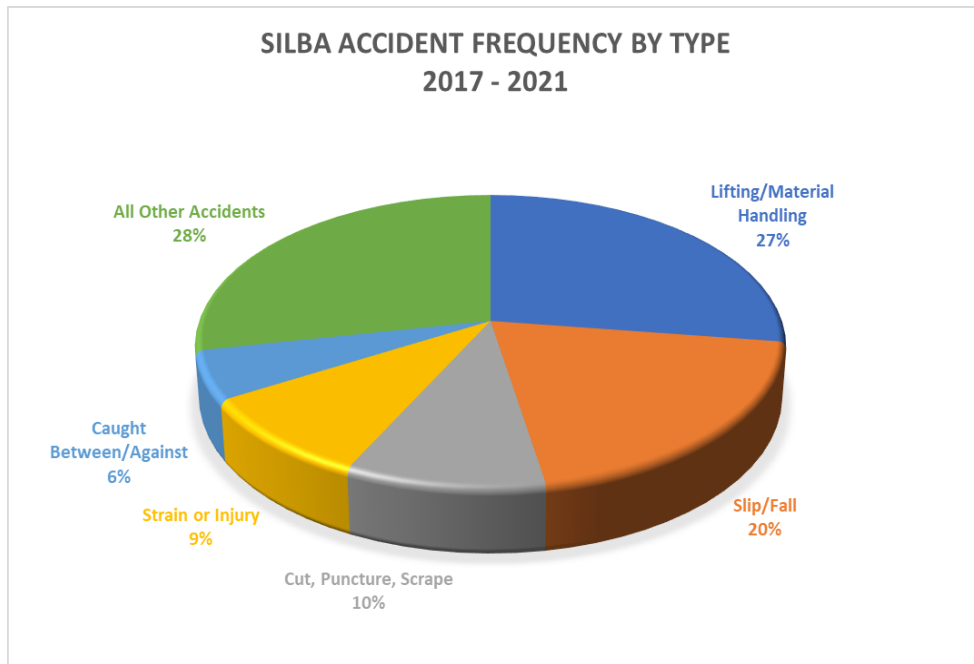
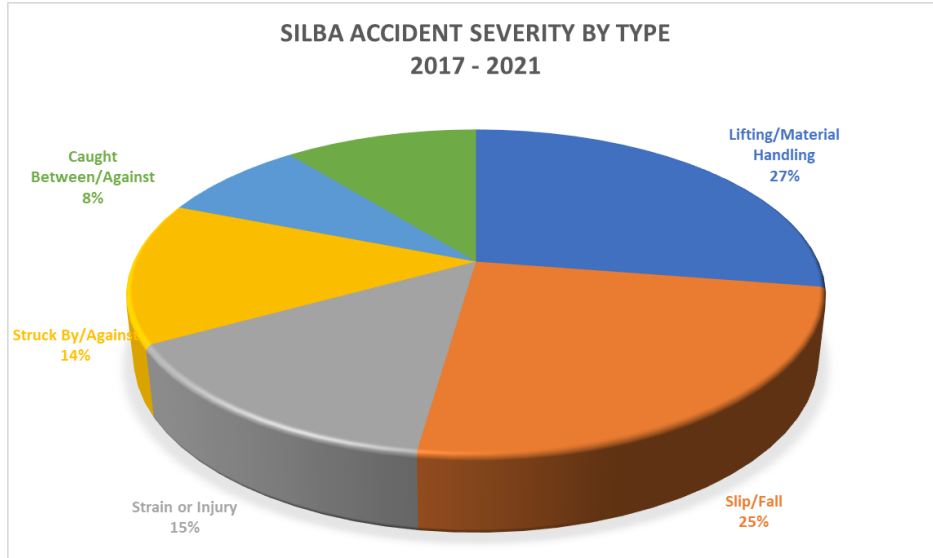


Figure 7



Figures 6 & 7 identifies that Lifting/Material Handling continue to not only be the leader in frequency it also leads in loss dollars. This is concerning as lifting along with strains are some of the leading causes of Musculoskeletal injuries.

Musculoskeletal injuries can be one or both acute (rapid onset) and/or chronic (long lasting) with the potential of a long-drawn-out expensive workers' compensation claim. These trends continue to be consistent with previous reports and it is imperative we reduce our exposure. We continue to recommend reviewing lifting practices and incorporating a lifting limit or two person lifting requirements for the bigger items.

Monthly Frequency and Severity Trends

Figure 8:

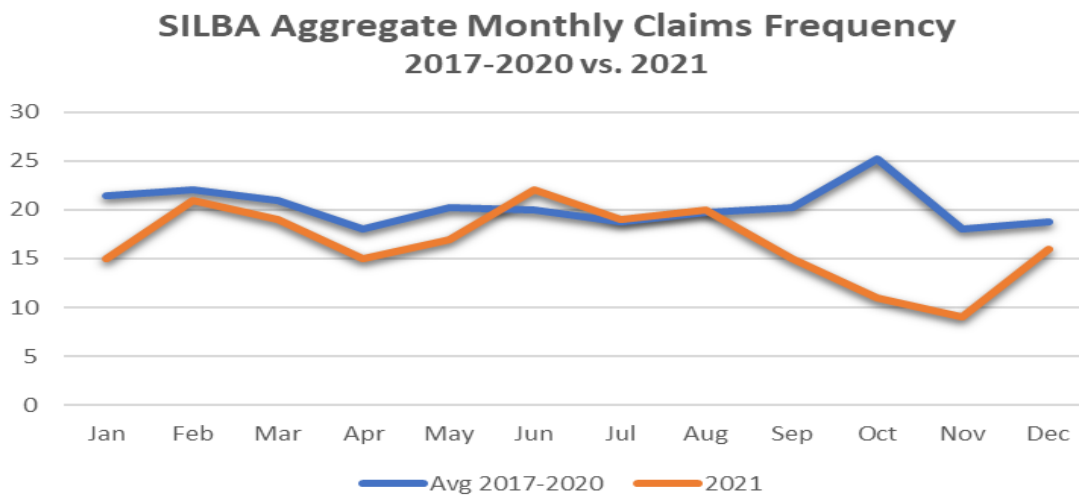
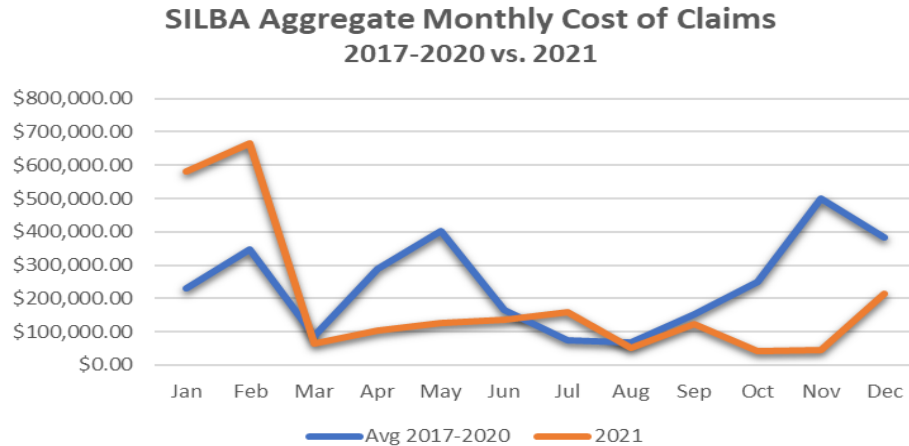


Figure 9:



Figures 8 and 9 look at in which months accidents are happening and which months have the costliest accidents. Future Comp averaged 2017-2020 data and compared it to the trends of 2021. Figure 8 identifies 2021 accidents are consistent as to when they are happening when compared to 2017-2020 except for October, the average shows an uptick while 2021 took a positive downward trend. When looking at Figure 9, overall, the severity of 2021 accident costs are lower when compared to the average of 2017-2020. The severity of accidents is consistent with New England weather and industry peaks.

Conclusions

Future Comp Loss Control is pleased with the overall performance of SILBA over the last five fund years. SILBA's trending is staying consistent with the previous fund years.

SILBA, Future Comp, and the State have met many challenges through the 2020-2021 pandemic. With all these challenges SILBA has continued to hold steady and maintain a strong safety foundation. SILBA continues to maintain a positive safety foundation, even with a shortage in workforce, as well as a shortage in some materials, accompanied by an increase in demand. Even with these challenges SILBA and Future Comp Loss Control were able to roll out the Member Safety Checklist, revealing what we suspected. SILBA needs to improve their OSHA compliant documents and training. It also revealed the lack of safety committees within our membership. Allowing the CLCC to set some goals related to documentation and improving SILBA's overall safety culture within the individual membership.

It is noticeably clear that the majority of SILBA's members are incorporating safety into their daily operations. This is keeping your workers' compensation trends consistent from year to year, as your safety partner Future Comp is pleased with this trend.

If there are any questions, concerns, or comments about this communication, please contact me,

Debra L Williams

Deb Williams

Senior Loss Control Consultant

FutureComp

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June 2022

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FUND YEAR 2021

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