

CITY OF BOSTON HISTORIC RESERVES

| As of: | 6/30/2014 | 6/30/2015 | 6/30/2016 | 6/30/2017 | 6/30/2018 | 6/30/2019 | 6/30/2020* | 6/30/2021 |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|
| IBNR Reserve | \$24,312,000 | \$22,552,000 | \$24,730,000 | \$23,881,000 | \$19,890,000 | \$27,135,000 | \$22,843,000 | \$28,329,000 |
| Catastrophic Claims Reserve | | | | | | | | |
| Targeted Reserve | \$31,100,000 | \$32,352,000 | \$34,442,000 | \$33,706,000 | \$34,463,000 | \$41,718,000 | \$39,026,000 | \$43,029,000 |
| Surplus Reserve | \$44,063,000 | \$30,540,000 | \$14,394,000 | \$22,884,000 | \$46,930,000 | \$40,658,000 | \$61,894,000 | \$51,327,000 |
| Total Catastrophic Reserve | \$75,163,000 | \$62,892,000 | \$48,836,000 | \$56,590,000 | \$81,393,000 | \$82,376,000 | \$100,920,000 | \$94,356,000 |

Incurred But Not Reported (IBNR) Reserve = to account for the time lag from when services occur and when the claims are paid.

Target Reserve = to protect the health plan from the risk of unexpected unfavorable claims experience. The City's policy is to maintain reserves equal to 5% to 15% of total expenses.

Surplus Reserve = reserve in excess of the IBNR reserve and the target reserve of 10% (mid-point of the City's policy).

*The reserve as of June 30, 2020 was restated in the beginning balance of the FY 2021 Trust financials. This exhibit reflects the restated amount.