

**Analysis of Liabilities
Of the
South Carolina Second Injury Fund**

Including

**Analysis of Current Liabilities
Analysis of Future Liabilities, and
Future Assessment Activity**

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Prepared by

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EXECUTIVE SUMMARY

Martin M. Simons was retained by The South Carolina Second Injury Fund to provide an actuarial estimate of the Fund's reimbursement liabilities as of June 30, 2007, and to present certain expectations relative to liabilities, assessments, and other criteria at significant dates - June 30, 2008, the last date of injury on acceptable claims; and June 30, 2020. These estimates include amounts payable and assessable by the Fund under the current laws of the State of South Carolina.

Presented below is a table indicating the estimated assessment and year end estimated unfunded liability for each fiscal year from 2008 through 2040. Assessments on the table below are calculated under the current South Carolina statutes relating to Second Injury Fund assessments. Unfunded liabilities are defined as Second Injury Fund liabilities that exceed the amount of funds available at that point in time to satisfy those liabilities.

Future South Carolina Second Injury Fund assessments and unfunded liabilities (2008-2040) under current statutory assessment procedure

Fiscal Year	Assessment	Unfunded Liabilities
2008	36,655,429	225,499,670
2009	29,929,610	188,209,864
2010	28,667,928	158,057,483
2011	15,953,458	129,551,525
2012	12,913,905	114,152,073
2013	8,216,897	102,064,766
2014	6,232,603	94,739,174
2015	7,138,616	89,552,480
2016	3,803,667	83,660,766
2017	5,479,997	80,917,538
2018	4,540,642	76,530,985
2019	4,903,460	72,978,608
2020	5,418,266	69,083,950
2021	4,922,109	64,570,683
2022	5,179,461	60,566,153
2023	4,905,962	56,209,453
2024	4,982,848	52,142,294
2025	4,617,051	47,909,937
2026	4,704,558	44,058,567
2027	3,985,478	39,899,012
2028	3,823,598	36,299,014
2029	3,680,859	32,740,742
2030	3,553,122	29,234,858
2031	3,437,239	25,788,922
2032	3,330,814	22,408,151
2033	3,232,020	19,096,005
2034	3,139,460	15,854,622
2035	3,052,066	12,685,153
2036	2,969,016	9,588,013
2037	2,889,680	6,563,068
2038	2,813,566	3,609,782
2039	2,740,294	727,325
2040	2,669,565	0

Under the current South Carolina statutory language, the estimated total liabilities at fiscal year end 2007 equal \$392,918,199 (Ultimate claims excluding ultimate claims for fiscal year 2008 minus paid at 6/30/2007) and the estimated 2008 assessment based upon fiscal year 2007 estimated experience is \$144,411,986. Since the Fund is expected to have a balance of \$55,986,062 at 6/30/2007, the unfunded liability at that date equals \$ 336,932,137.

Three alternative assessment procedures are presented in this analysis. These alternatives provide assessment procedures that are designed to allow the Fund to collect enough funds to cease collecting additional assessments at three specific dates; June 30, 2014, June 30, 2016, and June 30, 2020 respectively.

Exhibit 11 on page 23 provides details relating to these three alternative assessment procedures:

Alternative 1: Under this alternative, the annual assessment amount is defined as **the greater of** the assessment under the current South Carolina statutes or \$32,000,000. Under this scenario, it is estimated that the Fund will have obtained enough funds to account for all future claim payments at the end of fiscal year 2014 (at June 30, 2014).

Alternative 2: Under this alternative, the annual assessment amount is defined as **the greater of** the assessment under the current South Carolina statutes or \$22,000,000. Under this scenario, it is estimated that the Fund will have obtained enough funds to account for all future claim payments at the end of fiscal year 2016 (at June 30, 2016).

Alternative 3: Under this alternative, the annual assessment amount is defined as **the greater of** the assessment under the current South Carolina statutes or \$13,500,000. Under this scenario, it is estimated that the Fund will have obtained enough funds to account for all future claim payments at the end of fiscal year 2020 (at June 30, 2020).

INTRODUCTION TO ANALYSIS

This report fulfills all the requirements of the Actuarial Standards Board of the American Academy of Actuaries and other relevant criteria promulgated by actuarial bodies governing actuarial reports. Standard actuarial techniques have been used throughout this analysis. Actuarial judgment has been applied wherever necessary to model various aspects of the Fund's claim handling processes. An attempt has been made to disclose all such methods, databases, judgments, assumptions and techniques.

This analysis is based upon claim reimbursement and financial information obtained from Second Injury Fund staff. The data provided to the author has not been audited, although anomalies or apparent anomalies have been discussed with Fund Staff

The Fund's staff was helpful in explaining the probable reasons behind anomalies and apparent anomalies in the year-by-year results. The responses from the staff to specific questions relative to the claim reimbursement data were insightful and helpful in the completion of the steps necessary in arriving at the analysis results.

Please note that a great deal of valuable information can be gleaned from an understanding of the process used in this analysis. Descriptions of current and future

Fund activities are an integral part of this analysis, and a review of these descriptions will provide valuable information relative to the future management of the Fund.

In estimating the Fund's claim reimbursement liabilities, reasonable procedures and standard actuarial techniques and methodologies have been applied. Projected reimbursement liabilities are, by their very nature, subject to errors of estimation as ultimate liabilities are affected by events and conditions that have not yet occurred. It is assumed that historical loss patterns are generally good indicators of future loss payment patterns. Because of the limitation of the data supplied and the uncertainty of the statistical elements associated with forecasting, an actuary cannot guarantee that these estimates will prove to be adequate or not excessive.

THE PROCESS

A report was requested from the Second Injury Fund separating claim payments to indicate the amounts of claim reimbursement dollars paid during each fiscal year for claims that arose from accidents that occurred during each prior year. The report produced by the Fund is reproduced as Exhibits 1-A and 1-B of this report.

Refer to Exhibit 1-A: The underlined number "13,280,458" found under the year 1994 in the fourth column indicates that claims totaling \$13,280,458 were paid during fiscal year 1994 for accidents that occurred during 1992. The information on this exhibit is used to estimate future claim payments based upon the patterns of claim payments in the past. This actuarial technique is known as loss development. In this case, the factors are used to determine estimates of the Fund's future liabilities; for an insurance company, such an analysis would be referred to as a loss reserve analysis.

The first step in the "development" process is to convert the information on Exhibits 1-A and 1-B into **cumulative** payments made during each fiscal year for claims that occurred in all prior years combined. The resulting cumulative claim payments (calculated directly from Exhibits 1-A and 1-B) are reproduced in Exhibits 2-A and 2-B. The incremental dollar differences from Exhibits 2-A and 2-B are then converted to decimal changes. Exhibits 3-A and 3-B present the incremental fiscal year pattern of claim payments for each accident year during the life of the claim. These are called loss development factors.

The material from Exhibits 3-A and 3-B provides the basis for estimating future Fund claim payments from historical claim payment patterns. Exhibits 4-A and 4-B present loss development factors for each year during the life of the claims (that is, until no more will be paid in the future for that particular accident year). The factors used to produce estimates of the total amount of future Fund payments are determined at the bottom of these exhibits based upon an analysis of these historical loss development factors for each accident year.

Exhibit 5 calculates estimates of the ultimate claims to be eventually paid by the Fund for each accident year. The estimates produced on Exhibit 5 assume that there will be no claims accepted by the South Carolina Second Injury Fund with accident dates after 6/30/2008.

Exhibit 5 indicates that the Fund will eventually have paid **\$1,550,223,812** in total claim reimbursements for accidents that occurred in or subsequent to 1992.

Exhibits 6-A and 6-B present the estimated cumulative claim payments for Second Injury Fund claims due to accidents that occurred from 1992 through 2008. According to this exhibit (see lower right entry on Exhibit 6-B) there will be **1,517,401,355** paid for all Fund claims at the end of fiscal year 2023 (at June 30, 2023).

There will be \$1,550,223,812 eventually paid for all claims that occurred in 1992 or later (from Exhibit 5) and there will be \$1,517,401,355 paid on those same claims at the end of fiscal year 2023, leaving the difference of \$32,822,457 still to be paid subsequent to 2023.

Exhibit 7 includes the following additional assumptions as well as an estimate of the date when (under the current South Carolina statutes), the Fund will have paid all or nearly all of the claims for which it is legally obligated to pay.

- (1) Estimates are included to allow for additional payments the Fund will make that are related to accidents that occurred prior to 1992. These are long term claims.
- (2) It is assumed that the Fund will have the financial ability to close the Fund following fiscal year 2040.

The relationship between the cumulative claim payments and the ultimate claims to be paid by the Fund may be seen on Chart 1 at the end of this analysis. A graphical depiction of the claim payments for each fiscal year may be seen on Chart 2 at the end of this analysis.

The rightmost column on Exhibit 7 presents the estimated amount of future Fund Liabilities at the end of each fiscal year from 2008 through 2040.

Exhibit 8, requested and received from the Fund staff, presents the historical annual assessments, expenses, reimbursements (claims paid), and year end Fund balances for fiscal years 1997 and forward. This information is used to estimate future assessment needs and amounts.

ANALYSIS RESULTS

Under the current South Carolina statutory language, the estimated total liabilities at fiscal year end 2007 equal \$392,918,199 (Ultimate claims excluding ultimate claims for fiscal year 2008 minus paid at 6/30/2007) and the estimated 2008 assessment based upon fiscal year 2007 estimated experience is \$144,411,986. Since the Fund is expected to have a balance of \$55,986,062 at 6/30/2007, the unfunded liability at that date equals \$ 336,932,137.

The rightmost column on Exhibit 9 presents the estimated assessments that will be needed (based upon current South Carolina law) for each year from 2008 through 2040.

Annual assessments produced above are used to estimate the amount of unfunded Fund liabilities for each fiscal year from 2008 through 2040 on Exhibit 10.

A graphical depiction of these future estimated assessments and unfunded liabilities may be seen on Charts 3 and 4, respectively.

Exhibit 11 presents three different alternatives for allowing the Fund to satisfy its claim payment responsibilities at the end of three separate time periods (with no subsequent assessments necessary), as follows:

- (1) If the annual assessment is defined as the greater of the assessment under the current law or \$32,000,000, then the Fund will have sufficient funds to pay all future claims at the end of fiscal year 2014.**
- (2) If the annual assessment is defined as the greater of the assessment under the current law or \$22,000,000, then the Fund will have sufficient funds to pay all future claims at the end of fiscal year 2016.**
- (3) If the annual assessment is defined as the greater of the assessment under the current law or \$13,500,000, then the Fund will have sufficient funds to pay all future claims at the end of fiscal year 2020.**

**Analysis of Liabilities
Of the
South Carolina Second Injury Fund**

EXHIBITS

Exhibit 1 (A and B)	Accident year claim payments by fiscal year
Exhibit 2 (A and B)	Cumulative accident year claim payments by fiscal year
Exhibit 3 (A and B)	Historical development factors
Exhibit 4 (A and B)	Loss development factor selections
Exhibit 5	Ultimate claims by accident year
Exhibit 6-A	Accident year cumulative claims by fiscal year (2008-2015)
Exhibit 6-B	Accident year cumulative claims by fiscal year (2016-2023)
Exhibit 7	Claims paid, ult. claims and remaining liabilities (2008-2040)
Exhibit 8	Financial information
Exhibit 9	Future financial information, including future assessments
Exhibit 10	Unfunded liabilities (2008-2040)
Exhibit 11	Three alternative payouts

**Exhibit 1-A
South Carolina
Second Injury Fund**

**Fiscal Year Claims Paid by Accident Year
1992-2000**

PGRM: LCL617NP

DOA- YEAR	1992	1993	1994	1995	1996	1997	1998	1999	2000
1992	160,949	4,408,081	<u>13,280,458</u>	12,197,098	7,563,360	5,195,363	2,036,905	1,388,964	1,166,342
1993		141,412	4,115,816	14,450,680	15,655,189	8,623,091	4,698,217	1,728,692	1,258,701
1994			267,454	5,041,699	13,846,978	14,457,920	10,372,773	4,165,829	1,921,706
1995				192,586	5,332,348	15,701,863	15,265,457	7,993,534	5,161,953
1996					141,061	5,935,342	14,682,360	15,934,872	9,774,984
1997						160,386	6,637,974	17,877,590	17,293,519
1998							320,352	7,586,852	19,420,020
1999								348,480	7,861,114
2000									405,583
2001									
2002									
2003									
2004									
2005									
2006									
2007									
TOTAL	160,949	4,549,493	17,663,728	31,882,064	42,538,935	50,073,964	54,014,038	57,024,813	64,263,921

Exhibit 1-B
South Carolina
Second Injury Fund

Fiscal Year Claims Paid by Accident Year
2000-2007

DOA- YEAR	2001	2002	2003	2004	2005	2006	2007 *
1992	748,323	1,019,211	501,978	161,211	139,800	141,835	28,153
1993	1,350,132	1,253,610	520,340	651,664	513,832	411,216	287,328
1994	1,554,180	1,477,887	1,188,545	701,207	570,532	846,233	570,938
1995	3,716,051	1,925,266	2,045,604	1,063,736	1,132,115	1,105,961	903,730
1996	6,109,217	4,026,521	3,185,276	1,326,029	1,769,388	1,685,630	1,417,321
1997	12,073,359	7,482,336	5,963,295	2,585,868	2,168,533	2,505,009	1,521,845
1998	20,604,366	18,451,957	10,718,010	6,701,017	6,463,689	4,452,399	3,716,426
1999	25,355,706	28,599,896	16,698,584	11,387,748	11,501,698	7,893,333	4,834,026
2000	7,928,794	26,146,039	29,863,524	21,860,083	21,031,413	12,804,665	9,146,132
2001	142,870	9,245,467	30,115,171	36,233,945	35,101,289	22,282,917	13,880,135
2002		346,903	8,244,051	26,753,347	44,750,758	34,775,170	24,874,261
2003			125,898	6,057,020	38,142,125	45,759,733	35,292,510
2004				32,686	2,078,017	9,311,292	9,415,720
2005					100,773	1,541,059	6,301,646
2006						7,530	800,000
2007							23,000
TOTAL	79,582,998	99,975,092	109,170,276	115,515,560	165,463,962	145,523,983	113,013,170

*note: 2007 estimated from paid amounts through 3/7/2007

**Exhibit 2-A
South Carolina
Second Injury Fund**

**Cumulative Claims Paid by Accident Year
1992-2000**

source: Exhibit 1-A

DOA- YEAR	1992	1993	1994	1995	1996	1997	1998	1999	2000
1992	160,949	4,569,030	17,849,488	30,046,586	37,609,946	42,805,308	44,842,213	46,231,177	47,397,518
1993		141,412	4,257,228	18,707,909	34,363,098	42,986,189	47,684,406	49,413,098	50,671,799
1994			267,454	5,309,153	19,156,130	33,614,050	43,986,823	48,152,652	50,074,358
1995				192,586	5,524,933	21,226,797	36,492,254	44,485,788	49,647,741
1996					141,061	6,076,402	20,758,763	36,693,635	46,468,619
1997						160,386	6,798,360	24,675,950	41,969,469
1998							320,352	7,907,203	27,327,223
1999								348,480	8,209,595
2000									405,583
2001									
2002									
2003									
2004									
2005									
2006									
2007									
TOTAL	160,949	4,710,442	22,374,170	54,256,234	96,795,169	146,869,132	200,883,170	257,907,983	322,171,904

**Exhibit 2-B
South Carolina
Second Injury Fund**

**Cumulative Claims Paid by Accident Year
2000-2007**

source: Exhibit 1-B

DOA- YEAR	2001	2002	2003	2004	2005	2006	2007
1992	48,145,841	49,165,053	49,667,031	49,828,242	49,968,042	50,109,877	50,138,030
1993	52,021,931	53,275,540	53,795,880	54,447,545	54,961,376	55,372,593	55,659,920
1994	51,628,537	53,106,424	54,294,969	54,996,176	55,566,708	56,412,941	56,983,879
1995	53,363,792	55,289,057	57,334,662	58,398,397	59,530,512	60,636,473	61,540,204
1996	52,577,836	56,604,357	59,789,632	61,115,662	62,885,049	64,570,679	65,988,001
1997	54,042,828	61,525,164	67,488,459	70,074,327	72,242,859	74,747,868	76,269,714
1998	47,931,589	66,383,546	77,101,556	83,802,574	90,266,262	94,718,662	98,435,088
1999	33,565,301	62,165,196	78,863,781	90,251,528	101,753,226	109,646,559	114,480,585
2000	8,334,377	34,480,416	64,343,940	86,204,022	107,235,435	120,040,100	129,186,232
2001	142,870	9,388,337	39,503,508	75,737,452	110,838,742	133,121,659	147,001,794
2002		346,903	8,590,954	35,344,301	80,095,060	114,870,229	139,744,491
2003			125,898	6,182,918	44,325,043	90,084,776	125,377,286
2004				32,686	2,110,703	11,421,995	20,837,715
2005					100,773	1,641,832	7,943,478
2006						7,530	807,530
2007							
TOTAL	401,754,902	501,729,993	610,900,270	726,415,830	891,879,792	1,037,403,775	1,150,393,945

Exhibit 3-A

**South Carolina
Second Injury Fund**

**Year to Year Historical Development
Factors
1992-2000**

source: Exhibit 2-A

DOA- YEAR	1992	1993	1994	1995	1996	1997	1998	1999	2000
1992	1.000	28.388	3.907	1.683	1.252	1.138	1.048	1.031	1.025
1993		1.000	30.105	4.394	1.837	1.251	1.109	1.036	1.025
1994			1.000	19.851	3.608	1.755	1.309	1.095	1.040
1995				1.000	28.688	3.842	1.719	1.219	1.116
1996					1.000	43.077	3.416	1.768	1.266
1997						1.000	42.388	3.630	1.701
1998							1.000	24.683	3.456
1999								1.000	23.558
2000									1.000
2001									
2002									
2003									
2004									
2005									
2006									
2007									

Exhibit 3-B

**South Carolina
Second Injury Fund**

**Year to Year Historical Development
Factors**

source: Exhibit 2-B

2000-2007

DOA- YEAR	2001	2002	2003	2004	2005	2006	2007
1992	1.016	1.021	1.010	1.003	1.003	1.003	1.001
1993	1.027	1.024	1.010	1.012	1.009	1.007	1.005
1994	1.031	1.029	1.022	1.013	1.010	1.015	1.010
1995	1.075	1.036	1.037	1.019	1.019	1.019	1.015
1996	1.131	1.077	1.056	1.022	1.029	1.027	1.022
1997	1.288	1.138	1.097	1.038	1.031	1.035	1.020
1998	1.754	1.385	1.161	1.087	1.077	1.049	1.039
1999	4.089	1.852	1.269	1.144	1.127	1.078	1.044
2000	20.549	4.137	1.866	1.340	1.244	1.119	1.076
2001	1.000	65.712	4.208	1.917	1.463	1.201	1.104
2002		1.000	24.765	4.114	2.266	1.434	1.217
2003			1.000	49.110	7.169	2.032	1.392
2004				1.000	64.574	5.411	1.824
2005					1.000	16.292	4.838
2006						1.000	107.242
2007							1.000

**South Carolina
Second Injury Fund**

**Loss Development Factor Selections
through 10 years** source: Exhibit 3-A

	1 to 2	2 to 3	3 to 4	4 to 5	5 to 6	6 to 7	7 to 8	8 to 9	9 to 10
DOA- YEAR									
1992	28.388	3.907	1.683	1.252	1.138	1.048	1.031	1.025	1.016
1993	30.105	4.394	1.837	1.251	1.109	1.036	1.025	1.027	1.024
1994	19.851	3.608	1.755	1.309	1.095	1.040	1.031	1.029	1.022
1995	28.688	3.842	1.719	1.219	1.116	1.075	1.036	1.037	1.019
1996	43.077	3.416	1.768	1.266	1.131	1.077	1.056	1.022	1.029
1997	42.388	3.630	1.701	1.288	1.138	1.097	1.038	1.031	1.035
1998	24.683	3.456	1.754	1.385	1.161	1.087	1.077	1.049	1.039
1999	23.558	4.089	1.852	1.269	1.144	1.127	1.078	1.044	
2000	20.549	4.137	1.866	1.340	1.244	1.119	1.076		
2001	65.712	4.208	1.917	1.463	1.201	1.104			
2002	24.765	4.114	2.266	1.434	1.217				
2003	49.110	7.169	2.032	1.392					
2004	64.574	5.411	1.824						
2005	16.292	4.838							
2006	107.242								
2007									
all ave	39.266	4.301	1.844	1.322	1.154	1.081	1.050	1.033	1.026
5 year	52.397	5.148	1.981	1.380	1.193	1.107	1.065	1.037	1.029
5xhilo	46.150	4.941	1.920	1.398	1.193	1.107	1.070	1.037	1.029
selection	45.000	5.000	1.920	1.390	1.200	1.100	1.065	1.030	1.026
sel>2004	46.000	7.000	2.100	1.350	1.200	1.100	1.065	1.030	1.026
ldf	937.891	20.842	4.168	2.171	1.562	1.302	1.183	1.111	1.079
ldf>2004	1425.190	30.982	4.426	2.108	1.561	1.301	1.183	1.111	1.078

**Exhibit 4-B
South Carolina
Second Injury Fund**

**Loss Development Factor Selections
11 through 16 years**

source: Exhibit 3-B

	10 to 11	11 - 12	12 to 13	13 to 14	14 to 15	15 to 16
DOA- YEAR						
1992	1.021	1.010	1.003	1.003	1.003	1.001
1993	1.010	1.012	1.009	1.007	1.005	
1994	1.013	1.010	1.015	1.010		
1995	1.019	1.019	1.015			
1996	1.027	1.022				
1997	1.020					
1998						
1999						
2000						
2001						
2002						
2003						
2004						
2005						
2006						
2007						
all ave	1.018	1.015	1.011	1.007	1.004	1.001
5 year	1.018	1.015	1.011	1.007	1.004	1.001
5xhilo	1.018	1.015	1.011	1.007	1.004	1.001
selection	1.018	1.010	1.011	1.007	1.004	1.001
sel>2004	1.018	1.010	1.011	1.007	1.004	1.001
ldf	1.051	1.033	1.023	1.012	1.005	1.001
ldf>2004	1.051	1.032	1.022	1.011	1.005	1.001

**Exhibit 5
South Carolina
Second Injury Fund**

Ultimate Claims by Accident Year

Acc yr	Paid through 6/30/2007	Development to 16th Report	Paid as of 16th Report	Ultimate Paid for acc yrs 1992 forward
1992	\$50,138,030	1.000	\$50,138,030	\$52,644,932
1993	\$55,659,920	1.001	\$55,715,580	\$58,501,359
1994	\$56,983,879	1.005	\$57,269,811	\$60,133,301
1995	\$61,540,204	1.012	\$62,269,741	\$65,383,228
1996	\$65,988,001	1.023	\$67,484,978	\$70,859,227
1997	\$76,269,714	1.033	\$78,779,937	\$82,718,934
1998	\$98,435,088	1.051	\$103,489,367	\$108,663,835
1999	\$114,480,585	1.079	\$123,488,068	\$129,662,472
2000	\$129,186,232	1.111	\$143,531,299	\$150,707,864
2001	\$147,001,794	1.183	\$173,941,266	\$182,638,329
2002	\$139,744,491	1.302	\$181,889,392	\$190,983,862
2003	\$125,377,286	1.562	\$195,827,097	\$205,618,452
2004	\$20,837,715	2.108	\$43,918,514	\$46,114,440
2005	\$7,943,478	4.426	\$35,158,273	\$36,916,186
2006	\$1,224,681	30.982	\$37,943,546	\$39,840,723
2007	\$23,000	1,425.190	\$32,779,366	\$34,418,334
2008	\$0		\$32,779,366	\$34,418,334
Total	\$1,150,834,096		\$1,476,403,630	\$1,550,223,812

NOTE: Ultimate claims for accident year 2008 are assumed to equal ultimate claims for accident year 2007

**Exhibit 6-A
South Carolina
Second Injury Fund**

**Accident Year
Cumulative Claims by Fiscal Year
2008-2015**

Accident YEAR	2008	2009	2010	2011	2012	2013	2014	2015
1992	50,288,030	50,438,030	50,588,030	50,738,030	50,888,030	51,038,030	51,188,030	51,338,030
1993	55,858,192	56,025,192	56,192,192	56,359,192	56,526,192	56,693,192	56,860,192	57,027,192
1994	57,383,935	57,612,655	57,783,992	57,955,328	58,126,664	58,298,001	58,469,337	58,640,674
1995	62,145,141	62,580,871	62,802,326	62,988,621	63,174,916	63,361,211	63,547,506	63,733,801
1996	66,896,237	67,553,213	68,026,253	68,266,370	68,468,267	68,670,165	68,872,062	69,073,960
1997	77,268,100	78,330,871	79,099,426	79,652,601	79,933,041	80,168,730	80,404,419	80,640,108
1998	100,501,422	101,816,049	103,215,507	104,227,270	104,955,226	105,323,806	105,633,420	105,943,033
1999	117,826,524	120,298,758	121,871,190	123,545,151	124,755,041	125,625,222	126,065,246	126,434,691
2000	133,491,227	137,391,408	140,272,770	142,104,907	144,055,414	145,464,795	146,478,064	146,989,768
2001	157,077,298	162,310,004	167,050,451	170,552,102	172,778,011	175,147,823	176,859,697	178,089,956
2002	154,263,106	164,834,374	170,323,571	175,296,150	178,884,709	181,163,765	183,647,118	185,414,662
2003	151,038,607	166,728,331	178,151,537	184,081,947	189,453,942	193,420,893	195,940,966	198,624,193
2004	29,095,817	35,046,373	38,682,403	41,328,152	42,699,389	43,940,966	44,856,551	45,436,509
2005	15,356,662	21,450,945	25,846,318	28,536,134	30,496,167	31,516,237	32,440,843	33,124,983
2006	6,236,923	12,088,409	16,916,406	20,413,205	22,568,043	24,148,483	24,986,454	25,749,619
2007	1,133,067	5,763,404	11,163,803	15,615,754	18,836,972	20,818,737	22,270,022	23,036,190
2008		1,133,067	5,763,404	11,163,803	15,615,754	18,836,972	20,818,737	22,270,022
Total	1,235,860,288	1,301,401,956	1,353,749,580	1,392,824,716	1,422,215,779	1,443,637,028	1,459,338,665	1,471,567,391

**Exhibit 6-B
South Carolina
Second Injury Fund**

**Accident Year
Cumulative Claims by Fiscal Year
2016-2023**

Accident YEAR	2016	2017	2018	2019	2020	2021	2022	2023
1992	51,488,030	51,638,030	51,788,030	51,938,030	52,088,030	52,238,030	52,388,030	52,538,030
1993	57,194,192	57,361,192	57,528,192	57,695,192	57,862,192	58,029,192	58,196,192	58,363,192
1994	58,812,010	58,983,347	59,154,683	59,326,020	59,497,356	59,668,692	59,840,029	60,011,365
1995	63,920,096	64,106,391	64,292,686	64,478,981	64,665,276	64,851,570	65,037,865	65,224,160
1996	69,275,858	69,477,755	69,679,653	69,881,550	70,083,448	70,285,345	70,487,243	70,689,141
1997	80,875,798	81,111,487	81,347,176	81,582,865	81,818,554	82,054,243	82,289,933	82,525,622
1998	106,252,646	106,562,260	106,871,873	107,181,487	107,491,100	107,800,713	108,110,327	108,419,940
1999	126,804,135	127,173,579	127,543,024	127,912,468	128,281,912	128,651,356	129,020,801	129,390,245
2000	147,419,176	147,848,585	148,277,993	148,707,402	149,136,810	149,566,219	149,995,627	150,425,036
2001	178,340,012	178,860,399	179,380,787	179,901,174	180,421,561	180,941,948	181,462,335	181,982,723
2002	186,679,258	187,328,306	187,872,472	188,416,638	188,960,804	189,504,970	190,049,136	190,593,302
2003	200,561,247	201,952,115	202,651,442	203,237,306	203,823,170	204,409,034	204,994,897	205,580,761
2004	46,054,257	46,498,945	46,816,974	46,974,670	47,106,062	47,237,455	47,368,848	47,500,241
2005	33,561,417	34,025,845	34,362,499	34,605,606	34,710,790	34,815,975	34,921,159	35,026,344
2006	26,322,677	26,699,421	27,098,730	27,396,593	27,620,074	27,733,591	27,847,108	27,960,626
2007	23,733,199	24,254,820	24,595,436	24,956,774	25,224,616	25,423,929	25,536,280	25,634,348
2008	23,036,190	23,733,199	24,254,820	24,595,436	24,956,774	25,224,616	25,423,929	25,536,280
Total	1,480,330,198	1,487,615,676	1,493,516,468	1,498,788,190	1,503,748,529	1,508,436,880	1,512,969,740	1,517,401,355

Exhibit 7

Fiscal Year	Second Injury Fund			Claims Paid by Fiscal Year			Remaining Liability
	Claims Paid 1992 & after	Claims Paid* < 1992	Total Claims Paid in year	Cumulative Paid inc	Ultimate Paid Excluding *	Ultimate Paid incl.pre-1992	
2008	85,466,343	400,000	85,866,343	1,236,260,288	1,575,785,629	1,578,170,629	341,910,341
2009	65,541,668	350,000	65,891,668	1,301,751,956	1,575,785,629	1,578,170,629	276,418,673
2010	52,347,624	310,000	52,657,624	1,354,059,580	1,575,785,629	1,578,170,629	224,111,049
2011	39,075,136	280,000	39,355,136	1,393,104,716	1,575,785,629	1,578,170,629	185,065,913
2012	29,391,063	240,000	29,631,063	1,422,455,779	1,575,785,629	1,578,170,629	155,714,850
2013	21,421,249	200,000	21,621,249	1,443,837,028	1,575,785,629	1,578,170,629	134,333,601
2014	15,701,637	160,000	15,861,637	1,459,498,665	1,575,785,629	1,578,170,629	118,671,964
2015	12,228,726	130,000	12,358,726	1,471,697,391	1,575,785,629	1,578,170,629	106,473,238
2016	8,762,807	110,000	8,872,807	1,480,330,198	1,575,785,629	1,578,170,629	97,840,431
2017	7,285,477	90,000	7,375,477	1,487,615,676	1,575,785,629	1,578,170,629	90,554,953
2018	5,900,793	60,000	5,960,793	1,493,516,468	1,575,785,629	1,578,170,629	84,654,161
2019	5,271,721	30,000	5,301,721	1,498,788,190	1,575,785,629	1,578,170,629	79,382,439
2020	4,960,339	15,000	4,975,339	1,503,748,529	1,575,785,629	1,578,170,629	74,422,100
2021	4,688,351	10,000	4,698,351	1,508,436,880	1,575,785,629	1,578,170,629	69,733,749
2022	4,532,860		4,532,860	1,512,969,740	1,575,785,629	1,578,170,629	65,200,889
2023	4,431,615		4,431,615	1,517,401,355	1,575,785,629	1,578,170,629	60,769,274
2024	4,320,824		4,320,824	1,521,722,179	1,575,785,629	1,578,170,629	56,448,450
2025	4,212,804		4,212,804	1,525,934,982	1,575,785,629	1,578,170,629	52,235,647
2026	4,107,484		4,107,484	1,530,042,466	1,575,785,629	1,578,170,629	48,128,163
2027	4,004,796		4,004,796	1,534,047,262	1,575,785,629	1,578,170,629	44,123,367
2028	3,904,677		3,904,677	1,537,951,939	1,575,785,629	1,578,170,629	40,218,690
2029	3,807,060		3,807,060	1,541,758,999	1,575,785,629	1,578,170,629	36,411,630
2030	3,711,883		3,711,883	1,545,470,882	1,575,785,629	1,578,170,629	32,699,747
2031	3,619,086		3,619,086	1,549,089,968	1,575,785,629	1,578,170,629	29,080,661
2032	3,528,609		3,528,609	1,552,618,577	1,575,785,629	1,578,170,629	25,552,052
2033	3,440,394		3,440,394	1,556,058,970	1,575,785,629	1,578,170,629	22,111,659
2034	3,354,384		3,354,384	1,559,413,354	1,575,785,629	1,578,170,629	18,757,275
2035	3,270,524		3,270,524	1,562,683,878	1,575,785,629	1,578,170,629	15,486,751
2036	3,188,761		3,188,761	1,565,872,639	1,575,785,629	1,578,170,629	12,297,990
2037	3,109,042		3,109,042	1,568,981,682	1,575,785,629	1,578,170,629	9,188,947
2038	3,031,316		3,031,316	1,572,012,998	1,575,785,629	1,578,170,629	6,157,631
2039	2,955,533		2,955,533	1,574,968,531	1,575,785,629	1,578,170,629	3,202,098
2040	2,881,645		2,881,645	1,577,850,176	1,575,785,629	1,578,170,629	320,453

**Exhibit 8
South Carolina
Second Injury Fund**

Financial Information

source: SIF

<u>Fiscal Year</u>	<u>Assessment</u>	<u>Expenses</u>	<u>Reimbursements</u>	<u>Invest Income</u>	<u>Balance</u>
1997	62,434,856	1,224,156	58,154,248	3,351,536	41,524,163
1998	57,786,719	1,230,002	59,317,656	4,189,711	48,171,684
1999	66,570,312	1,275,961	62,748,149	4,044,044	45,471,881
2000	72,184,571	1,327,899	67,167,003	3,985,591	47,681,509
2001	103,205,113	1,426,380	81,144,779	4,326,042	41,294,415
2002	141,170,367	1,442,097	101,810,790	3,039,086	39,522,186
2003	133,346,631	1,587,686	111,146,547	3,762,647	63,938,277
2004	127,584,449	1,571,555	116,616,089	4,490,321	79,243,928
2005	177,313,526	1,631,138	166,947,142	3,641,605	41,706,952
2006	94,237,836	1,582,559	147,638,623	3,374,400	72,661,396
2007*		1,500,000	113,013,170	3,600,000	55,986,062

* 2007 fiscal year values estimated from information through 3/07/2007.

Exhibit 9 Fiscal year	South Carolina Funds at Beginning	Second Injury Fund			<u>Future financial Information</u>			
		Claims Paid	Expenses	Investment Income	Assessment Received	Balance at year end	Assessment	
2008	55,986,062	\$85,866,343	\$1,600,000	\$3,478,966	144,411,986	116,410,671	36,655,429	
2009	116,410,671	\$65,891,668	\$1,616,000	\$2,650,377	36,655,429	88,208,809	29,929,610	
2010	88,208,809	\$52,657,624	\$1,468,944	\$2,041,716	29,929,610	66,053,566	28,667,928	
2011	66,053,566	\$39,355,136	\$1,483,633	\$1,631,663	28,667,928	55,514,388	15,953,458	
2012	55,514,388	\$29,631,063	\$1,498,470	\$1,224,464	15,953,458	41,562,777	12,913,905	
2013	41,562,777	\$21,621,249	\$1,513,454	\$926,856	12,913,905	32,268,835	8,216,897	
2014	32,268,835	\$15,861,637	\$1,375,730	\$684,425	8,216,897	23,932,790	6,232,603	
2015	23,932,790	\$12,358,726	\$1,389,487	\$503,578	6,232,603	16,920,757	7,138,616	
2016	16,920,757	\$8,872,807	\$1,403,382	\$396,480	7,138,616	14,179,664	3,803,667	
2017	14,179,664	\$7,375,477	\$1,263,044	\$292,605	3,803,667	9,637,415	5,479,997	
2018	9,637,415	\$5,960,793	\$1,275,675	\$242,230	5,479,997	8,123,176	4,540,642	
2019	8,123,176	\$5,301,721	\$1,159,588	\$201,324	4,540,642	6,403,832	4,903,460	
2020	6,403,832	\$4,975,339	\$1,171,184	\$177,382	4,903,460	5,338,150	5,418,266	
2021	5,338,150	\$4,698,351	\$1,064,606	\$169,607	5,418,266	5,163,066	4,922,109	
2022	5,163,066	\$4,532,860	\$1,075,252	\$157,674	4,922,109	4,634,736	5,179,461	
2023	4,634,736	\$4,431,615	\$977,404	\$154,644	5,179,461	4,559,822	4,905,962	
2024	4,559,822	\$4,320,824	\$987,178	\$148,376	4,905,962	4,306,156	4,982,848	
2025	4,306,156	\$4,212,804	\$897,345	\$146,854	4,982,848	4,325,710	4,617,051	
2026	4,325,710	\$4,107,484	\$906,319	\$140,638	4,617,051	4,069,596	4,704,558	
2027	4,069,596	\$4,004,796	\$686,536	\$141,533	4,704,558	4,224,354	3,985,478	
2028	4,224,354	\$3,904,677	\$520,051	\$134,571	3,985,478	3,919,676	3,823,598	
2029	3,919,676	\$3,807,060	\$393,939	\$128,613	3,823,598	3,670,889	3,680,859	
2030	3,670,889	\$3,711,883	\$298,409	\$123,433	3,680,859	3,464,889	3,553,122	
2031	3,464,889	\$3,619,086	\$226,045	\$118,859	3,553,122	3,291,739	3,437,239	
2032	3,291,739	\$3,528,609	\$171,229	\$114,761	3,437,239	3,143,902	3,330,814	
2033	3,143,902	\$3,440,394	\$129,706	\$111,038	3,330,814	3,015,654	3,232,020	
2034	3,015,654	\$3,354,384	\$98,252	\$107,615	3,232,020	2,902,653	3,139,460	
2035	2,902,653	\$3,270,524	\$74,426	\$104,435	3,139,460	2,801,597	3,052,066	
2036	2,801,597	\$3,188,761	\$56,378	\$101,452	3,052,066	2,709,977	2,969,016	
2037	2,709,977	\$3,109,042	\$42,706	\$98,635	2,969,016	2,625,880	2,889,680	
2038	2,625,880	\$3,031,316	\$32,350	\$95,956	2,889,680	2,547,850	2,813,566	
2039	2,547,850	\$2,955,533	\$24,505	\$93,396	2,813,566	2,474,773	2,740,294	
2040	2,474,773	\$2,881,645	\$18,563	\$90,939	2,740,294	2,405,798	2,669,565	

	Fiscal Year	Remaining Liability	Ending Balance	Assessment	Unfunded Liability
Exhibit 10	2008	341,910,341	116,410,671	36,655,429	225,499,670
South Carolina	2009	276,418,673	85,359,809	32,778,610	191,058,864
Second Injury Fund	2010	224,111,049	66,053,566	28,667,928	158,057,483
	2011	185,065,913	55,514,388	15,953,458	129,551,525
	2012	155,714,850	41,562,777	12,913,905	114,152,073
	2013	134,333,601	32,268,835	8,216,897	102,064,766
	2014	118,671,964	23,932,790	6,232,603	94,739,174
	2015	106,473,238	16,920,757	7,138,616	89,552,480
	2016	97,840,431	14,179,664	3,803,667	83,660,766
	2017	90,554,953	9,637,415	5,479,997	80,917,538
	2018	84,654,161	8,123,176	4,540,642	76,530,985
	2019	79,382,439	6,403,832	4,903,460	72,978,608
	2020	74,422,100	5,338,150	5,418,266	69,083,950
	2021	69,733,749	5,163,066	4,922,109	64,570,683
	2022	65,200,889	4,634,736	5,179,461	60,566,153
	2023	60,769,274	4,559,822	4,905,962	56,209,453
	2024	56,448,450	4,306,156	4,982,848	52,142,294
	2025	52,235,647	4,325,710	4,617,051	47,909,937
	2026	48,128,163	4,069,596	4,704,558	44,058,567
	2027	44,123,367	4,224,354	3,985,478	39,899,012
	2028	40,218,690	3,919,676	3,823,598	36,299,014
	2029	36,411,630	3,670,889	3,680,859	32,740,742
	2030	32,699,747	3,464,889	3,553,122	29,234,858
	2031	29,080,661	3,291,739	3,437,239	25,788,922
	2032	25,552,052	3,143,902	3,330,814	22,408,151
	2033	22,111,659	3,015,654	3,232,020	19,096,005
	2034	18,757,275	2,902,653	3,139,460	15,854,622
	2035	15,486,751	2,801,597	3,052,066	12,685,153
	2036	12,297,990	2,709,977	2,969,016	9,588,013
	2037	9,188,947	2,625,880	2,889,680	6,563,068
	2038	6,157,631	2,547,850	2,813,566	3,609,782
	2039	3,202,098	2,474,773	2,740,294	727,325
	2040	320,453	2,405,798	2,669,565	

**Exhibit 11
South Carolina
Second Injury Fund**

Future Assessments - Three Alternative Payouts

Fiscal Year	Unfunded Liability	alternative 1		alternative 2		alternative 3	
		assessment	cumulative excess*	assessment	cumulative excess*	assessment	cumulative excess*
2008	225,499,670	36,655,429	0	36,655,429	0	36,655,429	0
2009	188,209,864	32,000,000	2,101,217	29,929,610	0	29,929,610	0
2010	158,057,483	32,000,000	5,545,937	28,667,928	0	28,667,928	0
2011	129,551,525	32,000,000	21,997,776	22,000,000	6,136,569	15,953,458	0
2012	114,152,073	32,000,000	42,027,980	22,000,000	15,542,046	13,500,000	594,821
2013	102,064,766	32,000,000	67,426,033	22,000,000	29,996,629	13,500,000	5,974,430
2014	94,739,174	32,000,000	95,599,866	22,000,000	46,898,689	13,500,000	13,529,266
2015	89,552,480			22,000,000	63,388,306	13,500,000	20,391,243
2016	83,660,766			22,000,000	83,757,216	13,500,000	30,843,683
2017	80,917,538					13,500,000	39,908,408
2018	76,530,985					13,500,000	50,198,416
2019	72,978,608					13,500,000	60,428,903
2020	69,083,950					13,500,000	70,443,835

note: (1) When cumulative excess equals unfunded liability, then future assessments will not be needed.
 (2) Calculations on this exhibit include additional investment income that will be earned on excess funds.
*The calculations assume an investment yield of 3.0% on excess funds held.

**Analysis of Liabilities
of the
South Carolina Second Injury Fund**

CHARTS

Chart 1 Paid to Ultimate

Chart 2 Claims Paid

Chart 3 Unfunded liabilities (current law)

Chart 4 Assessments (current law)







