

**Analysis of Liabilities
and
Estimate of future liabilities
And assessments
Of The
South Carolina Second Injury Fund**

**Calculated
As of
December 31, 2009**

Report prepared by

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South Carolina Second Injury Fund
 Analysis of Claim Liabilities
 Report of Liabilities
 And
 Estimate of future liabilities
 And assessments

Part 1 – Executive Summary

A. Total claim dollars reimbursed @12/31/2009 for accident years 1991 and beyond
 = \$1,486 million

B. Ultimate claim dollars to be paid by the Fund for accident yrs 1991 and beyond
 = \$1,781 million

C. SC Second Injury Fund Liabilities as of 12/31/2009 (B – A) = \$ 295 million

D. Estimated assessments and fiscal year end liabilities of the Fund as of December 31, 2009.

fiscal year	Next Year Assessment	Year end Liabilities
2010	108,122,319	245,476,323
2011	43,989,858	162,983,073
2012	990,772	114,033,894
2013	14,527,920	79,247,666
2014	8,967,068	55,147,124
2015	7,716,448	37,762,699
2016	5,227,347	25,484,186
2017	4,493,760	16,603,923
2018	2,905,108	10,333,824
2019	1,222,200	6,255,647
2020	0	4,159,570

Note: Year end liabilities cited above do not include Fund liabilities for “lifetime” claims. See explanations in the report and notes included with Exhibits 8 and 9.

Part 2 - INTRODUCTION

I have been retained by The South Carolina Second Injury Fund (the Fund) to provide an actuarial estimate of liabilities as of December 31, 2009 for Workers' Compensation claims and reimbursements. In addition, I have been retained to provide an estimate of the future liabilities and expected annual future assessments of the Fund. These estimates include amounts payable by and assessments payable to the Fund under the current Workers' Compensation laws of South Carolina. In addition, I have been retained by the Fund to provide an optional assessment procedure that will allow the Fund to collect enough by the end of fiscal year 2015 to cover its future liabilities, thereby eliminating the need for future assessments.

This report fulfills all requirements of the Actuarial Standards Board of The American Academy of Actuaries and other relevant criteria promulgated by actuarial bodies governing actuarial reports. I have used standard actuarial techniques herein and have applied actuarial judgment where necessary to model the actuarial aspects of the Fund's loss reserves.

In estimating liabilities, I have applied reasonable procedures and methodologies. Estimated loss reserves are 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 good indicators of future loss payments. In this current analysis, additional estimates have been performed relative to the expected future impact of previously passed legislation as well as actions on the part of insurance providers and claimants. Because of the limitation of the data supplied and the uncertainty of statistical elements associated with forecasting, these estimates can not be guaranteed not to be inadequate nor excessive.

The South Carolina Second Injury Fund operates on an annual cash flow basis. Funding is on a continuing basis through equitable assessments upon each insurance carrier (including insurers, self-insurers and the State Accident Fund). Before the Fund can reimburse an employer, a disabled worker must suffer a subsequent injury. This injury must combine with or aggravate the prior impairment, thus causing liability substantially greater than that which would have occurred from the subsequent injury alone.

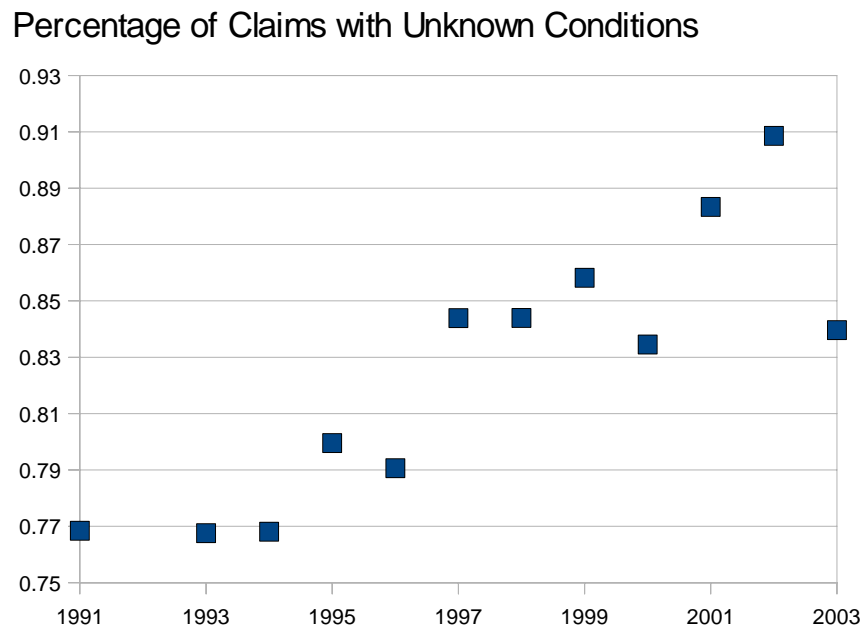
A major purpose of the Fund has been to provide protections to disabled employment seekers by providing protection to the employer who hires those with disabilities. The requirements for reimbursements by the Fund were previously expanded to include conditions where the employer "can prove that he did not have prior knowledge of the employee's pre-existing physical impairment, because existence of such condition was concealed by the employee or was unknown to the employee". This provision was eliminated through legislation passed in 2003. The effects of the 2003 legislation may be seen in the historical data which indicates a significant reduction in Fund reimbursements and subsequent assessments following the implementation.

This report will provide an estimate of the total liabilities of the South Carolina Second Injury Fund evaluated as of December 31, 2009. To assist in understanding and in the interest of full disclosure, all data and calculations used in this analysis may be found in this report.

Beginning in fiscal year 1997, insurers and self insurers initiated a substantial increase in the submission of claims to the Fund for reimbursement (See exhibit 5b on page 16 of this report). During this time period, providers were pressing the Legislature to eliminate unknown condition claims from Fund reimbursements while simultaneously submitting substantial increases in claim reimbursement requests for unknown condition claims. The increased reimbursement activity produced the “spike” in Second Injury Fund reimbursements that can be seen on page 16.

Chart 1

Percentage of ultimate reimbursements by fiscal year that were for unknown condition claims



In addition, the spike consisted of a substantial percentage of claims with accident years more than four years prior to the reimbursements. In these cases, since the experience rating plan time period had expired, without a concerted effort on the part of agents, brokers and employers, the Fund reimbursements benefited the insurer, but not the industry insured employer who the Fund was designed and intended to benefit.

At my request, I received from the South Carolina Second Injury Fund, the following information, which is assumed to be accurate and is used in this analysis without audit.

1. Dollars and numbers of claims paid during each fiscal year from fiscal year 1991 to fiscal year 2010; separately provided by the year in which the accident occurred from 1991 to 2010.
2. Fiscal year claim dollars paid by the Fund from fiscal year 1991 through fiscal year 2010.
3. South Carolina Second Injury Fund Annual Reports and Audit Reports

In addition, the staff and employees of the South Carolina Second Injury Fund have been most helpful in providing the data needed, responding to requests for additional information and in answering questions that arose throughout the analysis. The staff is well versed on those elements of the Fund's operations that must be accounted for in order to provide an appropriate actuarial estimate of future liabilities and assessments.

The above cited information was used to produce a paid loss development analysis to determine the amount of the Fund's claim liabilities estimated as of December 31, 2009.

To account for the very high volatility of the effects of the spike in claim dollar reimbursements cited above, a one percent upward "safety" factor has been incorporated in the loss development calculations relating to each of the two fiscal years 2011 and 2020. (the initial and final full years of loss development).

Part 3 - PAID LOSS DEVELOPMENT ANALYSIS

The Second Injury Fund provided the information on Exhibits 1a and 1b. This two part exhibit presents the dollars of claims paid (reimbursements made) by the Fund for each fiscal year that were applicable to each specific accident year. Reading across the columns on Exhibit 1b, for example, to the column labeled "fypd2005" and then looking down that column to the number \$11,498,700, the exhibit tells us that in fiscal year 2005 there were \$11,498,700 paid for claims that occurred in 1999 (DOA 1999).

The individual fiscal year/accident year claim dollars from Exhibit 1a and 1b are accumulated over time for each accident year on Exhibits 2a and 2b. Exhibits 2a and 2b present the cumulative claim payments (reimbursements) by fiscal year for each accident year. Reading across the columns on Exhibit 2b, for example, to the column labeled "fypd2005" and then looking down that column to the number \$101,707,128, this exhibit tells us that by the end of fiscal year 2005, the Fund had paid a cumulative total (fiscal years 1999 through 2005) of \$101,707,128 for claims that occurred in 1999.

The cumulative claim dollars from Exhibits 2a and 2b are converted from cumulative dollars to factors designating the percentage increase in the cumulative accident year claim dollars for each fiscal year on Exhibits 3 and 4. At the bottom of Exhibit 4, loss development factors are selected based on the historical claim payment patterns derived in the previous exhibits. Reading across the penultimate row on Exhibit 4, for example, You will find the number 1.204 under the column labeled "72/60". This indicates that the dollars of claims at the sixth year of development (72 months after the beginning of the fiscal year) are expected to be 20.4% greater (1.204) than the dollars at the fifth year of development (60 months after the beginning of the fiscal year).

This process reveals a great deal of information about the patterns of Fund claim payments. From those patterns, we are able to estimate the future claim payment activity along with the future annual expected assessments associated with those claim payments. Through this process we are able to derive loss development factors (ldf) and by applying the loss development factors to the paid claim dollars we are able to estimate the ultimate claims by accident year. The ultimate claim dollars are the total amounts paid for a specific accident year after all claims for that accident year have been fully paid.

Exhibit 5a presents the estimates of the ultimate claim payments derived in this analysis for each

accident year from 1991 to the present. The information contained in Exhibit 5a is presented graphically on Exhibit 5b.

The dark bars to the right represent the ultimate claim dollars for each accident year from 1991 through accident year 2008, the last accident year acceptable by the Fund. The white bars to the left indicate the amount paid for a specific accident year as of 12/31/2009. The difference between the white and gray bars presents the amount still to be paid as of the date of this analysis. The amount still to be paid is called the Fund liability.

Referring to Exhibit 5a, the column labeled paid @12/31/09 presents the amount of Fund reimbursements for each accident year from 1991 to 2008. The number \$1,426,185,740 is the amount that the Fund had reimbursed for accident years 1991 thru 2008 as of 12/31/09.

The next column to the right on Exhibit 5a is labeled "ldf" and represents the factor that is applied to the paid losses to get the ultimate losses for each accident year. .

Included in the calculations used to derive these ultimate claim payment estimates is a factor of 1.01 found under the column labeled ">18yrs". As described earlier, this factor allows for a safety factor to account for future additions to the accident year claim dollars due to claim reimbursement activity beyond that which is determined from the historical data or otherwise accounted for in this analysis.

The product of the previous three columns (paid@12/31/09 x ldf x >18yrs) is the estimated ultimate claim dollars for each accident year.

The column labeled Liability @12/31/2009 is the Fund's liability for future claim reimbursements for each accident year as of 12/31/2009.

Summary – Part 3 - PAID LOSS DEVELOPMENT ANALYSIS

A. Total claim dollars reimbursed @12/31/2009 for accident years 1991 and beyond
= \$1,486 million

B. Ultimate claim dollars to be paid by the Fund for accident yrs 1991 and beyond
= \$1,781 million

C. SC Second Injury Fund Liabilities as of 12/31/2009 (B – A) = \$ 295 million

Part 4 - FUTURE ASSESSMENT AND LIABILITY ESTIMATES

Exhibit 6(a and b) presents the expected future claim payments for those accident years that still have claims to be paid (liabilities). The claim payment patterns determined in the loss development analysis in Part 3 are assumed to affect the future as they did in the past. Exhibits 6a and 6b present the amounts expected to be paid in each future fiscal year in the row labeled "FY Paid" at the bottom of each exhibit.

The future Fund claim dollar payments derived on Exhibits 6a and 6b are shown graphically on Exhibit 7. The sharp decline shown on Exhibit 7 shows the pattern of the expected claim dollar payments (reimbursements) through the end of fiscal year 2020 at which time, the remaining Fund liabilities at the end of fiscal year 2020 are estimated to be \$4,159,570.

Not included in the \$4,159,570 liabilities as of the end of fiscal year 2020, are liabilities associated with “lifetime” claims which are neither known at this time nor estimable using standard actuarial techniques. Following a review of lifetime claim activity with the Fund staff, it is estimated that the liability for lifetime claim dollars will be approximately \$10,000,000 at the end of fiscal year 2020. The liabilities of the Fund at the end of fiscal year 2020 are therefore estimated to be \$14,159,570. These liabilities will decrease very slowly over a period of up to several decades as these lifetime claimants receive medical expenses and the Fund reimburses providers for those lifetime medical payments for the life of any remaining lifetime claimants.

The expected reimbursements are used in Exhibit 8 to determine our best estimate of future Fund assessments by fiscal year. The following assumptions are used in completing Exhibit 8.

Assumption 1. Investment income from all sources has historically equated to slightly greater than 6% of the average Funds at the beginning and the end of the year. Exhibit 8 assumes that investment income each year will equal six percent of the average of the funds at the beginning and end of the fiscal year.

Assumption 2. Claims will be paid out over time based upon the claim payment patterns described in part 3 of this analysis.

Assumption 3. Future Fund expenses will decrease at a rate equal to one-half of the rate of decrease in the dollars of claims paid by fiscal year.

Assumption 4. Assessments are calculated in accordance with the current South Carolina statutory language at 1.35 times the prior year's paid claim dollar reimbursements and Fund expenses minus the remaining funds at the end of the prior year.

Highlights from Exhibit 8 are presented below

fiscal year	Next Year Assessment	Year end Liabilities
2010	108,122,319	245,476,323
2011	43,989,858	162,983,073
2012	990,772	114,033,894
2013	14,527,920	79,247,666
2014	8,967,068	55,147,124
2015	7,716,448	37,762,699
2016	5,227,347	25,484,186
2017	4,493,760	16,603,923
2018	2,905,108	10,333,824
2019	1,222,200	6,255,647
2020	0	4,159,570

In accordance with the calculations and assumptions contained in this analysis, at the end of fiscal year 2020, the Fund's liabilities will have decreased to \$4,159,570 (see notes relating to lifetime claims above). As is shown above, at the end of fiscal year 2020, although the remaining liabilities are \$4,159,570, the current assessment formula will derive a negative assessment amount and will have to be revised. As described in the notes accompanying Exhibits 8 and 9, the above Fund liabilities do not include the effects of future Fund reimbursements that are related to "lifetime" claims.

I was also asked to provide an estimate of an additional assessment calculation other than the calculation currently contained in the South Carolina statutes. If these optional assumptions are employed, a change would first be required in the statutory language relating to the derivation of Fund assessments.

Optional assessment calculation

Under the optional assessment calculation (see Exhibit 9), the current statutory assessment language would need to be amended to provide that the Fund assessment shall equal 1.35 times the prior year's reimbursements less the funds available at the beginning of the fiscal year **or \$25,000,000, whichever is greater.** Under this option, the Fund will have collected enough at the end of fiscal year 2015 to pay for all future liabilities, including those associated with "lifetime" Fund reimbursements.

The calculation used to arrive at these optional assessments results may be found on Exhibit 9. The results shown on Exhibit 9 **INCLUDE** the effects of future claim dollar reimbursements for lifetime claims.

Exhibit 1a

12/17/2009
8:09:09

SOUTH CAROLINA SECOND INJURY FUND PGRM: LCL617NP
CLAIMS MANAGEMENT SYSTEM USER: GLENROB
TOTAL AMOUNT PAID BY FISCAL YEAR

DOA- YEAR	fypd1991	fypd1992	fypd1993	fypd1994	fypd1995	fypd1996	fypd1997	fypd1998	fypd1999	fypd2000
1991	20,684	2,868,923	12,927,784	13,550,775	7,707,873	4,999,134	2,804,926	1,655,890	907,618	562,694
1992		160,949	4,382,313	13,267,743	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	17,827,071	17,292,321
1998								320,352	7,586,852	19,415,130
1999									348,480	7,861,114
2000										405,583
2001										
2002										
2003										
2004										
2005										
2006										
2007										
2008										
2009										
2010										
TOTAL	20,684	3,029,872	17,451,509	31,201,789	39,589,936	47,538,069	52,878,890	55,669,928	57,881,912	64,820,527

Exhibit 1b

12/17/2009

8:09:09

SOUTH CAROLINA SECOND INJURY FUND
 CLAIMS MANAGEMENT SYSTEM
 TOTAL AMOUNT PAID BY FISCAL YEAR

PGRM: LCL617NP
 USER: GLENROB

DOA- YEAR	fypd2001	fypd2002	fypd2003	fypd2004	fypd2005	fypd2006	fypd2007	fypd2008	fypd2009
1991	332,547	229,460	628,074	292,398	151,320	313,263	94,327	87,603	82,277
1992	661,265	1,016,097	501,079	160,312	138,330	134,735	95,627	93,687	56,541
1993	1,350,132	1,253,610	520,340	651,664	513,832	411,216	297,582	295,773	300,841
1994	1,554,180	1,477,887	1,188,545	701,207	570,532	846,233	630,351	683,791	855,545
1995	3,716,051	1,925,266	2,045,604	1,063,736	1,132,115	1,105,961	721,556	500,862	425,219
1996	6,109,217	4,026,521	3,185,276	1,326,029	1,769,388	1,685,630	1,416,775	974,198	588,022
1997	12,067,327	7,381,547	5,961,617	2,585,868	2,168,533	2,505,009	1,899,503	1,449,092	1,219,195
1998	20,604,366	18,430,680	10,701,462	6,666,738	6,459,809	4,449,341	3,378,526	2,179,400	2,930,802
1999	25,352,249	28,560,877	16,697,735	11,387,972	11,498,700	7,888,844	4,999,326	3,380,095	4,431,684
2000	7,928,794	26,146,039	29,863,933	21,860,083	21,031,470	12,658,852	9,382,974	6,003,961	5,781,440
2001	142,870	9,222,804	29,919,595	36,232,990	35,101,289	22,282,846	14,021,776	11,012,397	10,094,415
2002		346,903	8,244,051	26,753,347	44,743,129	34,639,010	23,194,790	17,926,393	14,023,081
2003			125,898	6,057,020	38,142,275	45,760,183	34,539,741	25,626,669	17,860,752
2004				32,686	2,078,017	9,335,559	11,617,886	13,652,086	10,953,317
2005					100,773	1,539,559	8,889,181	14,214,406	16,137,037
2006						7,530	2,031,227	10,084,770	15,734,067
2007							12,782	2,429,451	9,240,403
2008								62,477	1,164,497

Exhibit 2a

Cumulative Amount Paid by Fiscal Year

DOA- YEAR	fypd1991	fypd1992	fypd1993	fypd1994	fypd1995	fypd1996	fypd1997	fypd1998	fypd1999	fypd2000
1991	20,684	2,889,606	15,817,390	29,368,165	37,076,038	42,075,172	44,880,099	46,535,989	47,443,608	48,006,302
1992		160,949	4,543,262	17,811,006	30,008,104	37,571,464	42,766,826	44,803,731	46,192,695	47,359,036
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	24,625,431	41,917,752
1998								320,352	7,907,203	27,322,333
1999									348,480	8,209,595
2000										405,583
2001										
2002										
2003										
2004										
2005										
2006										
2007										
2008										
2009										
TOTAL	20,684	3,050,556	20,502,065	51,703,853	91,293,790	138,831,859	191,710,749	247,380,677	305,262,589	370,083,116

Exhibit 2b

Cumulative Amount Paid by Fiscal Year

DOA- YEAR	fypd2001	fypd2002	fypd2003	fypd2004	fypd2005	fypd2006	fypd2007	fypd2008	fypd2009
1991	48,338,849	48,568,310	49,196,384	49,488,782	49,640,102	49,953,365	50,047,693	50,135,296	50,217,573
1992	48,020,301	49,036,398	49,537,477	49,697,789	49,836,118	49,970,854	50,066,481	50,160,168	50,216,708
1993	52,021,931	53,275,540	53,795,880	54,447,545	54,961,376	55,372,593	55,670,175	55,965,948	56,266,788
1994	51,628,537	53,106,424	54,294,969	54,996,176	55,566,708	56,412,941	57,043,292	57,727,083	58,582,628
1995	53,363,792	55,289,057	57,334,662	58,398,397	59,530,512	60,636,473	61,358,029	61,858,891	62,284,111
1996	52,577,836	56,604,357	59,789,632	61,115,662	62,885,049	64,570,679	65,987,454	66,961,652	67,549,674
1997	53,985,079	61,366,626	67,328,244	69,914,112	72,082,644	74,587,653	76,487,157	77,936,248	79,155,443
1998	47,926,699	66,357,379	77,058,841	83,725,579	90,185,388	94,634,729	98,013,255	100,192,655	103,123,457
1999	33,561,844	62,122,721	78,820,456	90,208,428	101,707,128	109,595,971	114,595,297	117,975,393	122,407,077
2000	8,334,377	34,480,416	64,344,349	86,204,431	107,235,901	119,894,753	129,277,726	135,281,688	141,063,127
2001	142,870	9,365,674	39,285,270	75,518,259	110,619,549	132,902,395	146,924,171	157,936,568	168,030,982
2002		346,903	8,590,954	35,344,301	80,087,430	114,726,440	137,921,230	155,847,623	169,870,704
2003			125,898	6,182,918	44,325,193	90,085,376	124,625,117	150,251,786	168,112,538
2004				32,686	2,110,703	11,446,263	23,064,148	36,716,234	47,669,551
2005					100,773	1,640,332	10,529,513	24,743,919	40,880,957
2006						7,530	2,038,757	12,123,527	27,857,594
2007								2,429,451	11,669,854
2008								62,477	1,226,974
2009									
TOTAL	449,902,115	549,919,805	659,503,016	775,275,065	940,874,576	1,086,438,348	1,203,649,496	1,314,306,607	1,426,185,740

Exhibit 3 year to year factors

DOA- YEAR	24/12	36/24	48/36	60/48	72/60	84/72	96/84	108/96	120/108	132/120	144/132	156/144	168/156	180/168	192/180	204/192	216/204	228/216	
1991	139.704	5.474	1.857	1.262	1.135	1.067	1.037	1.020	1.012	1.007	1.005	1.013	1.006	1.003	1.006	1.002	1.002	1.002	
1992		28.228	3.920	1.685	1.252	1.138	1.048	1.031	1.025	1.014	1.021	1.010	1.003	1.003	1.003	1.002	1.002	1.001	
1993			30.105	4.394	1.837	1.251	1.109	1.036	1.025	1.027	1.024	1.010	1.012	1.009	1.007	1.005	1.005	1.005	
1994				19.851	3.608	1.755	1.309	1.095	1.040	1.031	1.029	1.022	1.013	1.010	1.015	1.011	1.012	1.015	
1995					28.688	3.842	1.719	1.219	1.116	1.075	1.036	1.037	1.019	1.019	1.019	1.012	1.008	1.007	
1996						43.077	3.416	1.768	1.266	1.131	1.077	1.056	1.022	1.029	1.027	1.022	1.015	1.009	
1997							42.388	3.622	1.702	1.288	1.137	1.097	1.038	1.031	1.035	1.025	1.019	1.016	
1998								24.683	3.455	1.754	1.385	1.161	1.087	1.077	1.049	1.036	1.022	1.029	
1999									23.558	4.088	1.851	1.269	1.144	1.127	1.078	1.046	1.029	1.038	
2000										20.549	4.137	1.866	1.340	1.244	1.118	1.078	1.046	1.043	
2001											65.554	4.195	1.922	1.465	1.201	1.106	1.075	1.064	
2002												24.765	4.114	2.266	1.433	1.202	1.130	1.090	
2003													49.110	7.169	2.032	1.383	1.206	1.119	
2004														64.574	5.423	2.015	1.592	1.298	
2005															16.277	6.419	2.350	1.652	
2006																270.752	5.947	2.298	
2007																	25.000	4.803	
2008																			19.639
2009																			

Exhibit 4

Loss Development Factor Derivation

DOA- YEAR	24/12	36/24	48/36	60/48	72/60	84/72	96/84	108/96	120/108	132/120	144/132	156/144	168/156	180/168	192'180
1991	139.704	5.474	1.857	1.262	1.135	1.067	1.037	1.020	1.012	1.007	1.005	1.013	1.006	1.003	1.006
1992	28.228	3.920	1.685	1.252	1.138	1.048	1.031	1.025	1.014	1.021	1.010	1.003	1.003	1.003	1.002
1993	30.105	4.394	1.837	1.251	1.109	1.036	1.025	1.027	1.024	1.010	1.012	1.009	1.007	1.005	1.005
1994	19.851	3.608	1.755	1.309	1.095	1.040	1.031	1.029	1.022	1.013	1.010	1.015	1.011	1.012	1.015
1995	28.688	3.842	1.719	1.219	1.116	1.075	1.036	1.037	1.019	1.019	1.019	1.012	1.008	1.007	1.001
1996	43.077	3.416	1.768	1.266	1.131	1.077	1.056	1.022	1.029	1.027	1.022	1.015	1.009	1.002	
1997	42.388	3.622	1.702	1.288	1.137	1.097	1.038	1.031	1.035	1.025	1.019	1.016	1.004		
1998	24.683	3.455	1.754	1.385	1.161	1.087	1.077	1.049	1.036	1.022	1.029	1.005			
1999	23.558	4.088	1.851	1.269	1.144	1.127	1.078	1.046	1.029	1.038	1.007				
2000	20.549	4.137	1.866	1.340	1.244	1.118	1.078	1.046	1.043	1.015					
2001	65.554	4.195	1.922	1.465	1.201	1.106	1.075	1.064	1.018						
2002	24.765	4.114	2.266	1.433	1.202	1.130	1.090	1.017							
2003	49.110	7.169	2.032	1.383	1.206	1.119	1.034								
2004	64.574	5.423	2.015	1.592	1.298	1.068									
2005	16.277	6.419	2.350	1.652	1.132										
2006	270.752	5.947	2.298	1.243											
2007	25.000	4.803	1.398												
2008	19.639	2.332													
2009															
mean all	52.028	4.464	1.887	1.351	1.163	1.085	1.053	1.034	1.025	1.020	1.015	1.011	1.007	1.005	1.006
Mean 5	74.226	4.985	2.019	1.461	1.208	1.108	1.071	1.045	1.032	1.026	1.019	1.013	1.008	1.006	1.006
5 x hilo	44.441	5.391	2.115	1.469	1.204	1.114	1.077	1.047	1.033	1.025	1.023	1.014	1.008	1.005	1.005
selected	50.000	5.391	2.298	1.469	1.204	1.114	1.077	1.047	1.033	1.025	1.023	1.014	1.008	1.005	1.005
ldf	1547.682	30.954	5.742	2.499	1.701	1.412	1.267	1.177	1.124	1.088	1.061	1.037	1.023	1.015	1.010

Exhibit 5a Loss Development to Ultimate by Accident Year

acc yr	Paid @ fy 2010	ldf	>18yrs	Ultimate	Liability @6/30/2010
1991	50,297,573	1.00	1.01	50,800,549	502,976
1992	50,302,092	1.00	1.01	50,805,113	503,021
1993	56,532,714	1.00	1.01	57,098,041	565,327
1994	59,023,911	1.00	1.01	59,614,150	590,239
1995	62,410,970	1.01	1.01	63,665,430	1,254,460
1996	67,971,551	1.01	1.01	69,305,856	1,334,305
1997	79,984,681	1.01	1.01	81,961,271	1,976,590
1998	104,697,898	1.02	1.01	108,158,731	3,460,833
1999	125,036,475	1.04	1.01	130,973,342	5,936,867
2000	147,376,926	1.06	1.01	157,964,839	10,587,913
2001	176,568,036	1.09	1.01	193,953,363	17,385,327
2002	178,370,366	1.12	1.01	202,460,898	24,090,532
2003	184,802,963	1.18	1.01	219,648,639	34,845,676
2004	57,065,055	1.27	1.01	73,042,495	15,977,440
2005	56,573,161	1.41	1.01	80,678,161	24,105,000
2006	47,503,916	1.70	1.01	81,596,951	34,093,035
2007	25,152,480	2.50	1.01	63,479,035	38,326,555
2008	5,966,972	5.74	1.01	34,603,347	28,636,375
	1,535,637,741			1,779,810,211	244,172,470

The information on Exhibit 5a is reproduced in Chart form on Exhibit 5b, following

Exhibit 5b Graphical Presentation of paid to date and ultimate claim dollars paid by accident year

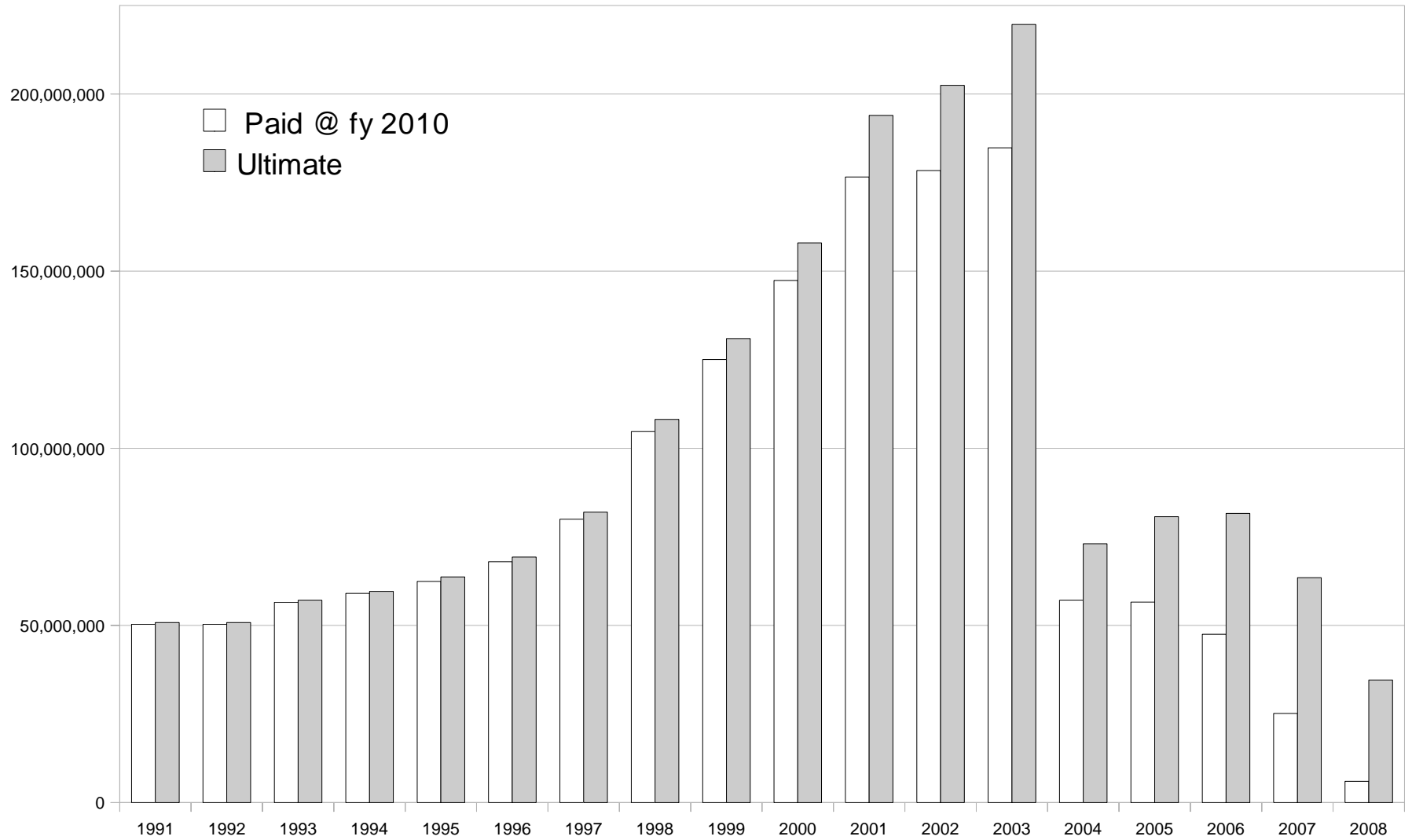


Exhibit 6a

Future Claims Paid

	fy2011	fy2012	fy2013	fy2014	fy2015	fy2016	fy2017	fy2018
acc yr								
1991	50,800,549	50,800,549	50,800,549	50,800,549	50,800,549	50,800,549	50,800,549	50,800,549
1992	50,805,113	50,805,113	50,805,113	50,805,113	50,805,113	50,805,113	50,805,113	50,805,113
1993	57,383,531	57,670,449	57,958,801	57,098,041	57,098,041	57,098,041	57,098,041	57,098,041
1994	59,614,150	59,614,150	59,614,150	59,614,150	59,614,150	59,614,150	59,614,150	59,614,150
1995	63,350,255	63,665,430	63,665,430	63,665,430	63,665,430	63,665,430	63,665,430	63,665,430
1996	68,961,051	69,305,856	69,305,856	69,305,856	69,305,856	69,305,856	69,305,856	69,305,856
1997	81,187,152	81,553,503	81,961,271	81,961,271	81,961,271	81,961,271	81,961,271	81,961,271
1998	106,605,863	107,137,179	107,620,628	108,158,731	108,158,731	108,158,731	108,158,731	108,158,731
1999	128,050,318	129,092,918	129,736,307	130,321,733	130,973,342	130,973,342	130,973,342	130,973,342
2000	152,312,525	154,439,427	155,696,890	156,472,871	157,178,944	157,964,839	157,964,839	157,964,839
2001	182,762,779	187,013,304	189,624,770	191,168,716	192,121,486	192,988,421	193,953,363	193,953,363
2002	186,156,114	190,779,452	195,216,421	197,942,436	199,554,105	200,548,668	201,453,630	202,460,898
2003	195,448,091	201,959,675	206,975,507	211,789,148	214,746,586	216,495,077	217,574,071	218,555,860
2004	62,069,377	64,994,786	67,160,164	68,828,141	70,428,881	71,412,355	71,993,802	72,352,614
2005	63,660,787	68,557,943	71,789,166	74,180,906	76,023,249	77,791,327	78,877,610	79,519,840
2006	57,789,610	64,385,778	69,338,704	72,606,725	75,025,704	76,889,028	78,677,240	79,775,895
2007	37,325,632	44,957,913	50,089,458	53,942,628	56,485,013	58,366,878	59,816,466	61,207,621
2008	13,848,093	20,346,746	24,507,213	27,304,493	29,404,913	30,790,803	31,816,635	32,606,827
cumulative	1,618,130,991	1,667,080,170	1,701,866,398	1,725,966,940	1,743,351,365	1,755,629,878	1,764,510,141	1,770,780,240
fy paid	82,493,250	48,949,179	34,786,228	24,100,542	17,384,425	12,278,513	8,880,263	6,270,099

Exhibit 6b

Future Claims Paid

	fy2019	fy2020	fy2021	fy2022	fy2023	fy2024	fy2025
acc yr							
1991	50,800,549	50,800,549	50,800,549	50,800,549	50,800,549	50,800,549	50,800,549
1992	50,805,113	50,805,113	50,805,113	50,805,113	50,805,113	50,805,113	50,805,113
1993	57,098,041	57,098,041	57,098,041	57,098,041	57,098,041	57,098,041	57,098,041
1994	59,614,150	59,614,150	59,614,150	59,614,150	59,614,150	59,614,150	59,614,150
1995	63,665,430	63,665,430	63,665,430	63,665,430	63,665,430	63,665,430	63,665,430
1996	69,305,856	69,305,856	69,305,856	69,305,856	69,305,856	69,305,856	69,305,856
1997	81,961,271	81,961,271	81,961,271	81,961,271	81,961,271	81,961,271	81,961,271
1998	108,158,731	108,158,731	108,158,731	108,158,731	108,158,731	108,158,731	108,158,731
1999	130,973,342	130,973,342	130,973,342	130,973,342	130,973,342	130,973,342	130,973,342
2000	157,964,839	157,964,839	157,964,839	157,964,839	157,964,839	157,964,839	157,964,839
2001	193,953,363	193,953,363	193,953,363	193,953,363	193,953,363	193,953,363	193,953,363
2002	202,460,898	202,460,898	202,460,898	202,460,898	202,460,898	202,460,898	202,460,898
2003	219,648,639	219,648,639	219,648,639	219,648,639	219,648,639	219,648,639	219,648,639
2004	72,679,100	73,042,495	73,042,495	73,042,495	73,042,495	73,042,495	73,042,495
2005	79,916,161	80,276,777	80,678,161	80,678,161	80,678,161	80,678,161	80,678,161
2006	80,425,439	80,826,273	81,190,996	81,596,951	81,596,951	81,596,951	81,596,951
2007	62,062,329	62,567,647	62,879,479	63,163,219	63,479,035	63,796,430	64,115,412
2008	33,365,166	33,831,080	34,106,536	34,276,520	34,431,191	34,603,347	34,776,363
cumulative	1,774,858,417	1,776,954,494	1,778,307,890	1,779,167,569	1,779,638,055	1,780,127,606	1,780,619,605
fy paid	4,078,177	2,096,078	1,353,396	859,679	470,487	489,551	491,999

Exhibit 7 – Graphical presentation of future Fund reimbursements (from Exhibits 6a and 6b)

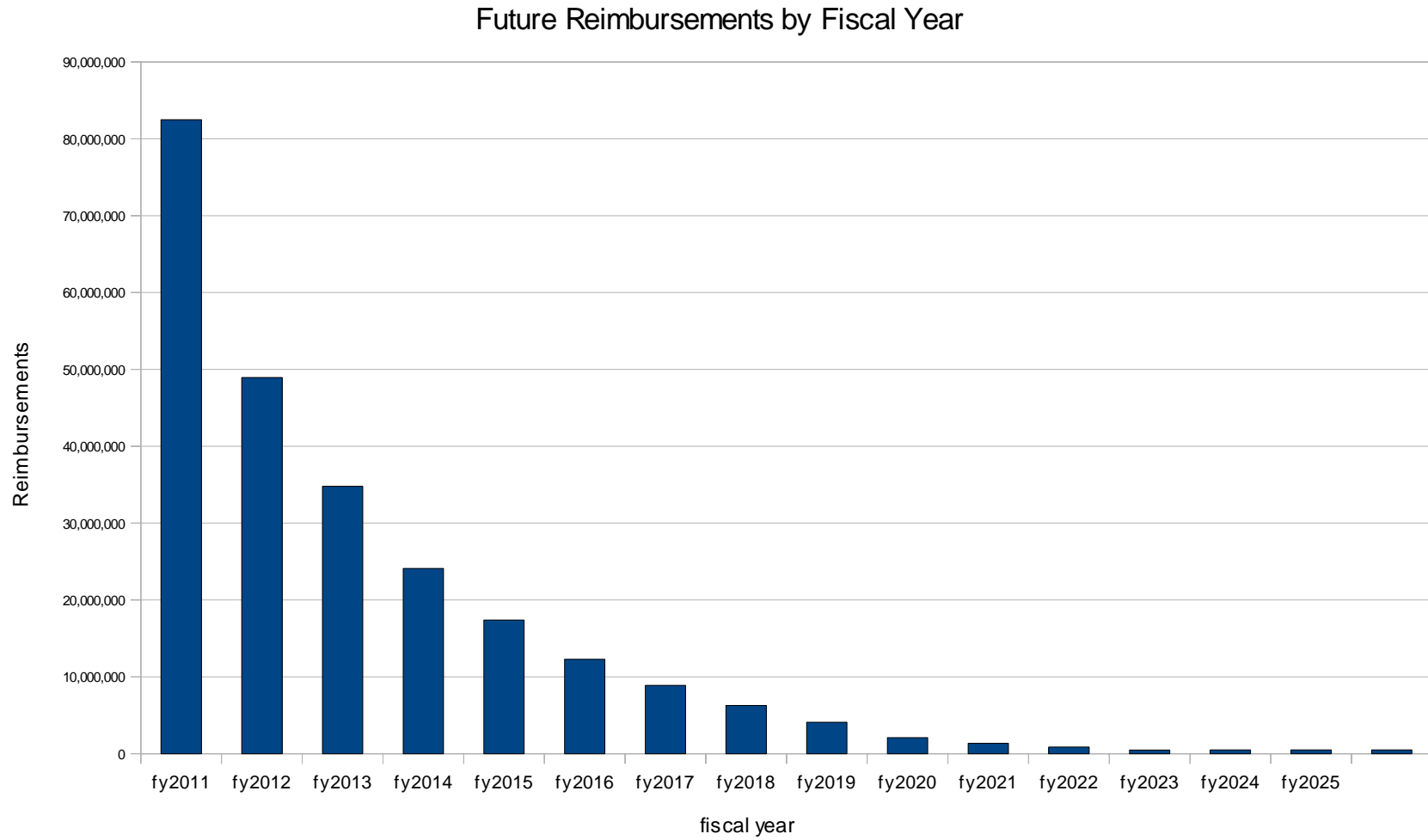


Exhibit 8 Actuarial Estimates of Future Fund Expenses, Investment Income, Ending Funds and Assessments through FY 2020

fiscal year	Funds at start of year	Assessments expected	Claims Paid	SIF expenses	Investment income	Funds at end of year	Next Year Assessment	Year End Liabilities
2010	\$40,213,992	\$110,822,838	\$109,452,002	\$1,760,402	\$2,190,000	\$42,014,426	108,122,319	245,476,323
2011	\$42,014,426	\$108,122,319	\$82,493,250	\$1,543,603	\$3,360,000	\$69,459,893	43,989,858	162,983,073
2012	\$69,459,893	\$43,989,858	\$48,949,179	\$1,229,767	\$3,480,000	\$66,750,805	990,772	114,033,894
2013	\$66,750,805	\$990,772	\$34,786,228	\$1,051,856	\$1,950,000	\$33,853,493	14,527,920	79,247,666
2014	\$33,853,493	\$14,527,920	\$24,100,542	\$890,301	\$1,380,000	\$24,770,570	8,967,068	55,147,124
2015	\$24,770,570	\$8,967,068	\$17,384,425	\$766,250	\$1,200,000	\$16,786,963	7,716,448	37,762,699
2016	\$16,786,963	\$7,716,448	\$12,278,513	\$653,724	\$660,000	\$12,231,174	5,227,347	25,484,186
2017	\$12,231,174	\$5,227,347	\$8,880,263	\$563,261	\$240,000	\$8,254,997	4,493,760	16,603,923
2018	\$8,254,997	\$4,493,760	\$6,270,099	\$480,481	\$210,000	\$6,208,176	2,905,108	10,333,824
2019	\$6,208,176	\$2,905,108	\$4,078,177	\$396,497	\$180,000	\$4,818,610	1,222,200	6,255,647
2020	\$4,818,610	\$1,222,200	\$2,096,078	\$300,143	\$168,000	\$3,812,589	0	4,159,570

Notes:

- 1) At year end 2020, the current assessment formula produces a negative assessment amount and will require revision.
- 2) Due to the unknown amount of time for future payments, an upward adjustment must be made to account for “lifetime” claims” of which there are currently more than 1,700 actively receiving Fund reimbursements. Exhibit 8 has not been adjusted for these lifetime claims since the current assessment formula does not allow for them to be included in the assessment calculations. Therefore, the year-end liabilities shown for the end of fiscal year 2020 are estimated to be \$10,000,000 more than those which have been derived above.

