



South Carolina Second Injury Fund

Review of Unfunded Liabilities and Alternative Funding Methods

as of June 30, 2013

Audit, Advisory & CSS
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This report contains 28 pages
Exhibits comprise 7 pages
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A. Purpose and Scope

The South Carolina Second Injury Fund (the “Fund”) has requested KPMG LLP (“KPMG”) provide actuarial valuation and consulting services relating to the Fund’s liabilities and future funding. We understand that in accordance with workers compensation reform legislation enacted in 2007, the Fund will be terminated effective July 1, 2013. The Fund operates as a separate state agency under the South Carolina Budget and Control Board (the “Board”). KPMG’s analysis will be used by the Board to evaluate the Fund’s liabilities as of June 30, 2013.

The scope of this report provided by KPMG includes the following:

- Estimate the unfunded liability for the Fund as of June 30, 2013;
- Project cash flow needed to fund these liabilities on a fiscal year basis, including the cost to service outstanding claims in each year;
- Evaluate and compare various options for satisfying those liabilities after closure;

Our liability estimates are based on claims data evaluated as of November 30, 2012, as provided by the Fund, and additional information provided to us through February 7, 2013.

This analysis is intended to provide guidance on total liabilities, future cash flow estimates, and funding options for the Fund. The report should not be relied on for any other purpose.

B. Background

South Carolina’s Legislature created the Fund with a mission to encourage employers to hire workers with pre-existing medical conditions or disabilities by shifting the workers compensation risk of such workers to the Fund, and spreading the cost of second injury claims across the entire workers compensation system. The Fund operates as a separate state agency under the Board. Effective July 1, 2013, the Fund will terminate and the Board will determine the appropriate means to dissolve the Fund and oversee the run-off of the remaining unfunded liabilities at that date.

Fund Operation

Claims covered by the Fund include second injuries to workers that result in substantially greater disability or death when added to prior injuries or physical impairments. The Fund pays for all benefits after 78 weeks subsequent to the second injury, plus 50% of all medical payments over \$3,000 during the first 78 weeks. The Fund does not administer claims directly, but makes reimbursement payments to insurance carriers and self-insurers for payments submitted to the Fund. Due to the 78 week period prior to reimbursement by the Fund and the nature of second injuries, claims submitted to the Fund are larger than the average workers compensation claim and the costs and development patterns are more similar to excess claim coverage.

The Fund operates on an annual cash flow basis with fiscal years ending June 30 of each year. Funding occurs through assessments, with the total assessment amount for a given fiscal year based on the total paid reimbursements and expenses from the prior year, less the year ending cash balance. Prior to July 1, 2007 the annual Fund assessment amount was set at 175% of Fund payouts, minus the fiscal year-end cash balance, and the percentage was reduced to 135% of Fund payouts thereafter.

Each insurance carrier, self-insurer, and the State Accident Fund makes payments based on an assessment rate applied to normalized premium from the prior calendar year. Normalized premium equals gross paid workers compensation losses adjusted to include expenses. The following table summarizes the Fund’s reimbursements (payments) and assessments for the past ten fiscal periods, as well as the reimbursements in the first five months of the current year. The ending cash balance as of November 30, 2012 reflects the partial assessments collected in the year, as well as reimbursements paid to date. It does not reflect any operating expenses of the Fund for the year.

Table 1 Ten Year Reimbursement History

Fiscal Year Ending 6/30:	Reimbursement (\$000s)	Assessment (\$000s)¹	Ending Cash Balance (\$000s)
2003	\$111,147	\$133,347	
2004	116,616	127,584	
2005	166,947	253,305	
2006	147,814	188,476	
2007	118,224	110,982	
2008	113,232	104,887	49,957
2009	112,789	114,275	40,214
2010	103,089	89,377	52,078
2011	102,544	102,016	38,474
2012	100,892	98,351	39,693
2013 (11/30/12)	18,929		91,655

¹ Assessment is collected in the following fiscal year

2003 Law Change

In response to increasing reimbursements the state implemented a law change, effective June 25, 2003, affecting claim eligibility by removing the “unknown condition” qualification for reimbursement by the Fund. Prior to the law change a carrier submitted claims for acceptance by the Fund and received reimbursements for second injury claims, but the employer was not required to have prior knowledge of the pre-existing condition for the claim to qualify for reimbursement. With the 2003 law change any carrier submitting a claim to the Fund was required to demonstrate prior knowledge of the existing injury in order to qualify for reimbursement. The change had an impact primarily on the annual number of claims accepted for reimbursement and also on the average payment size per claim.

2007 Workers Compensation Reform Act (Act No. 111)

Despite the 2003 law change, reimbursements and assessments remained high; as shown in Table 1 above, the 2005 assessment spiked at over \$250 million. High assessments and other considerations contributed to the state’s decision to terminate the Fund. The 2007 Workers Compensation Reform Act (Act No. 111), effective July 1, 2007, included dissolution of the Fund and setting up a schedule for an orderly phase out. The following key dates summarize the timeline for conclusion of the Fund.

- July 1, 2007 – new notice requirements;
- July 1, 2007 – 175% assessment factor reduced to 135%;
- July 1, 2008 – no claims accepted with date of injury on or after this date;
- December 31, 2010 – last day to submit notice of a new claim;
- June 30, 2011 – all data to accept, compromise, or deny a claim must be received;
- December 31, 2011 – last day for the Fund to accept a claim for reimbursement;
- July 1, 2013 – Fund is terminated.

Before the Fund dissolves effective July 1, 2013, the Board will determine how to run-off the remaining unfunded liabilities associated with claims accepted for reimbursement through December 31, 2011.

C. Distribution of this Report

This report is intended solely to provide professional input and guidance to the Fund and the Board, and is for their internal use only. Any other use or further distribution of this report is subject to the Record of Negotiation dated November 26, 2012. Should further distribution of this actuarial report be authorized in the future, we require that the report be distributed in its entirety. In addition, it should be understood that we remain available to respond to any questions by authorized third parties with respect to this report or our work.

The analysis, advice, recommendations and information in this document were completed for the sole use of the Fund and the Board for the purposes discussed in this report and its use is limited to the scope of KPMG's engagement for the Board. It has been provided to third parties for informational purposes only and you are not authorized by KPMG to rely upon it and any such reliance by third parties shall be at their own risk. KPMG accepts no responsibility or liability in respect of the advice, recommendations or other information in such document to any person or organization other than the Board.

D. Executive Summary

D.1 Unfunded Liabilities as of November 30, 2012 and June 30, 2013

In the course of our review we used several generally accepted actuarial development methods and procedures to derive our reserve estimates. In deriving our estimates, we considered the relative strengths and weaknesses of each of the development methods after discussions with knowledgeable personnel at the Fund. The table below summarizes KPMG's total estimated unpaid losses through the evaluation date of November 30, 2012, and projected unpaid losses as of June 30, 2013. These estimates are not discounted for the time value of money, but are shown at their nominal amount.

Table 2 – Actuarial central estimate of June 30, 2013 estimated liability

Total Estimated Unpaid Loss (000s)		
	Unpaid as of 11/30/12	Unpaid as of 6/30/13
Indemnity	\$ 71,022	\$ 58,671
Medical *	<u>302,952</u>	<u>87,646</u>
Total	\$ 373,974	\$ 346,316
*Includes allocated loss adjustment expenses		

The unfunded liability as of June 30, 2013 is the unpaid amount above, less the funds available on June 30, 2013. We estimate the funds available will be \$91,673,000, leaving an estimated unfunded liability of \$254,643,000.

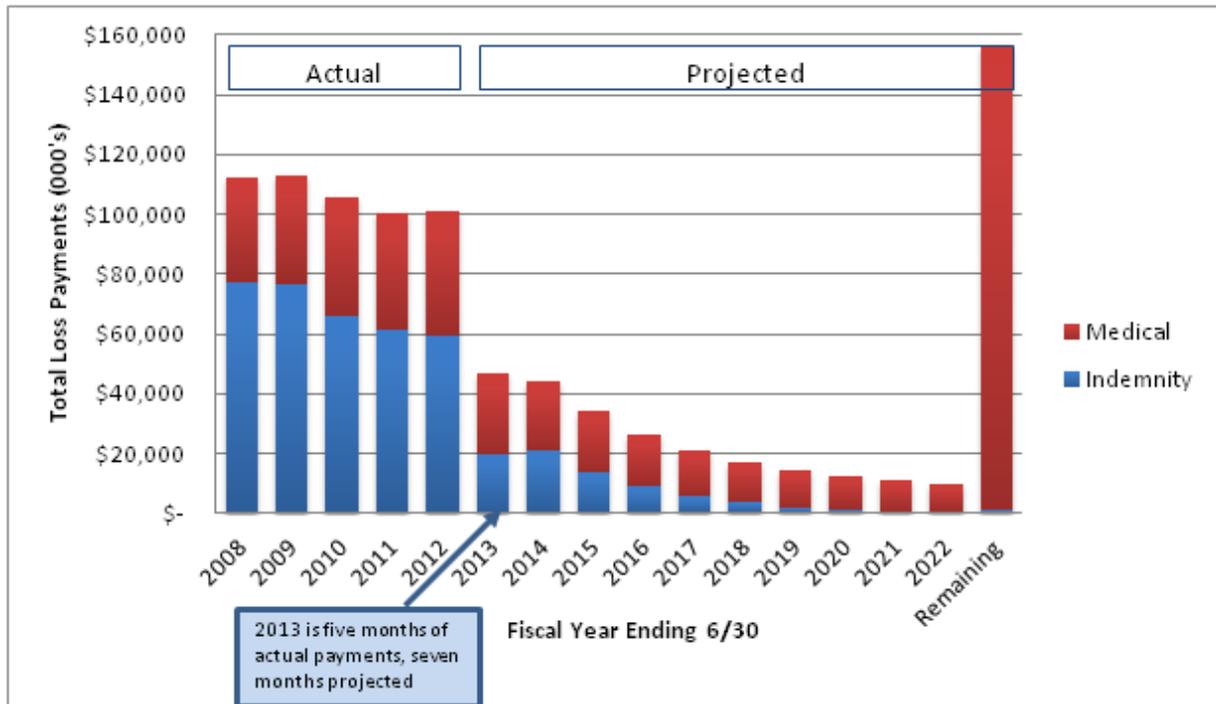
D.2 Cash Flow Projections 2013-2022

The table below lists actual and projected paid indemnity and medical losses (including allocated loss adjustment expenses) by fiscal period from 2008-2022. We included allocated loss adjustment expenses (ALAE) with medical losses, because the amounts were too small to forecast separately, but appeared to also have long payout patterns, similar to medical losses.

Table 3 – Actuarial central estimate of future reimbursement cash flows

Actual and Projected Cash Flow				
2008-2022				
Fiscal Year Ending		Medical &		Remaining
6/30:	Indemnity	ALAE	Total Paid	Unpaid
2008	\$ 77,088	\$ 35,130	\$ 112,218	
2009	76,814	35,943	112,757	
2010	65,865	39,679	105,544	
2011	61,105	38,974	100,078	
2012	59,244	42,012	101,255	
2013 (7/1/12-11/30/12)	7,621	11,308	18,929	\$ 373,974
2013 (12/1/12-6/30/13)	12,351	15,306	27,657	346,316
2014	21,143	23,065	44,209	302,108
2015	13,859	20,216	34,075	268,033
2016	9,098	17,444	26,542	241,491
2017	5,894	15,432	21,326	220,165
2018	3,480	13,752	17,233	202,932
2019	2,010	12,414	14,424	188,508
2020	1,207	11,210	12,417	176,091
2021	634	10,146	10,780	165,311
2022	409	9,256	9,666	155,646
Remaining	936	154,710	155,646	
Total (from 12/1/12)	\$ 71,022	\$ 302,952	\$ 373,974	

Payment patterns underlying the projected cash flows are based on the Fund's historical data by report year as well as our judgment of the impact of law changes on those payment patterns. The payment patterns also underlie our estimated ultimate Fund liabilities by year, and we believe they are reasonably predictive of future payment emergence. The 2013 partial year payment amounts are for the period from December 1, 2012 through the Fund closure date of June 30, 2013, since actual payments through November 30, 2012 were provided to us.



Through November 30, 2012 the actual payments made on both the medical and indemnity (wage loss) portion of claims has been substantially lower than the past several years, however the difference was much more significant for indemnity. Based on statistics provided on timeliness of payments, we do not believe this is caused by a backlog in payments but rather reflects both a natural reduction in payments as claims age, as well as the potential that insurers may have attempted to settle outstanding claims prior to the closure of the Fund. This would have accelerated payments in 2011 and 2012. Additional observations on 2013 payments to date can be found in the Analysis section of this report (page 10).

Due to the existence of lifetime claims, the expected payout of the Fund continues well into the future, but at a diminishing rate. In addition, as fewer and fewer claims remain active, the projected cash flows become more dependent on each claim's characteristics. Periodic re-evaluations of the remaining claims should be undertaken to update the estimation of the remaining expected cash flows.

D.3 Alternative Funding Methods

KPMG has provided six options for satisfying the estimated \$346 million in unpaid liabilities as of June 30, 2013. The following list of options is by no means an exhaustive list, but is intended as a basis for discussion of the Board's potential options at Fund closure. Further discussion follows in the Observations sections (page 21).

D.3.a **Continued Assessment** – maintain the current annual assessment structure. This option would require assessments at low levels for medical through 2048. Due to the estimated Fund balance at June 30, 2013, we estimate no assessment would be needed in fiscal year 2014, but after funds are reduced below the threshold of 135% of the prior year's disbursements and expenses, assessments would begin again in 2015.

- D.3.b **3-Year Accelerated Assessment** – assess \$100 million per year for the next three years. With the Fund balance at June 30, 2013, this is expected to be sufficient to build an asset large enough to pay off the remaining liabilities, assuming continued investment income. A \$100 million assessment would be similar in size to assessment levels over the past 5 years.
- D.3.c **5-Year Accelerated Assessment** – assess \$60 million per year for the next five years. Similar to the 3-year method above, this builds a sufficiently large asset to pay all reimbursements, but with a smaller assessment in each year and a lower asset balance in earlier years.
- D.3.d **Fixed Percentage Accelerated Assessment** – assess 5% of the normalized premium per year until sufficient funds are accrued to fund the remaining liabilities. Based on recent years' normalized premiums, we believe a 5% assessment would generate between \$50 million and \$55 million per year, and so would continue for five years. This option, while similar to the 5-year method, would provide greater predictability of assessments for insurers and self-insurers. However, for the Fund, the level of assessments collected each year would be less certain than under the other accelerated assessment methods.
- D.3.e **Negotiated Settlement and Assessment** – Establish an independent commission or facility to reach a lump sum settlement amount for all remaining claims with each carrier and self-insured with open claims accepted by the Fund, within a given period of six to twelve months. Once settlement values are determined, use those amounts as the basis of a final assessment, and make payments for all negotiated settlements. If agreement on a settlement value cannot be reached within the time period, the claim reimbursement process would continue in its current method. This plan could significantly accelerate the payment and closure of claims accepted by the Fund, but may not extinguish the entire liability.
- D.3.f **Loss Portfolio Transfer** – An additional way to accelerate payment of the remaining liability would be to purchase a loss portfolio transfer (LPT) reinsurance contract. Such a contract would transfer all remaining reimbursement obligation to a reinsurance company or excess insurer in exchange for a premium payment. The premium charged would be based on the reinsurer's estimate of the present value of expected loss reimbursements, as well as a "risk premium" to cover the possibility that losses are higher than expected, as well as expense and profit provisions. Based on our estimate of the unpaid losses, the currently available funds are not sufficient to pay such a reinsurance premium. However, under the accelerated assessment options the available fund balance will increase over time and may in the future be sufficient to pay such a reinsurance premium. In addition, as time passes the remaining unpaid claims may become more predictable.

E. Qualifications

The actuaries providing this report, Scott Weinstein, FCAS, MAAA, Patricia Smolen, FCAS, MAAA, and Quentin Mostoller, ACAS, MAAA, meet the qualification standards of the American Academy of Actuaries to perform work of this nature.

F. Limitations of Our Work

The estimates in this report only include provision for liabilities relating to claims reported to the Fund through the December 31, 2010 cut-off date. The estimated unpaid liabilities are limited to regular reimbursement amounts anticipated under the Fund's current payment structure for claims qualifying within the Fund. The assumed administrative expenses are shown in the following tables for each option, and are based on anticipated reduction in costs over time. Actual administrative expenses may vary from this forecast.

Throughout our analysis, we relied on the available reimbursement (payment) claims data supplied by the Fund. Claims data were provided separately for indemnity and medical payments, as well as a small amount of expense payments allocated to individual claims. We received the data segmented by year of accident and also by year received (reported to the Fund).

Our estimates are based on generally accepted actuarial techniques applied in a consistent manner. While we have used our best professional judgment in all instances, estimates of future ultimate losses and loss expenses are inherently uncertain because of the random nature of insurance claims occurrences. They are also dependent upon contingent events and are affected by many additional factors. Furthermore, claim reserving procedures, settlement philosophy, current and perceived social and economic inflation, current and future court and jury attitudes, improvements in medical technology, and many other economic, legal, political, and social factors can have significant effects on ultimate claim costs. Therefore, we cannot warrant that actual developments will not vary from our estimates, perhaps significantly.

Analysis

A. Data Sources and Segmentation

In completing the accompanying actuarial analysis, we have relied upon historical indemnity and medical loss and ALAE data valued as of November 30, 2012 and claim count data prepared under the direction of Mr. Mike Harris, Deputy Director of the Fund. While we have reviewed the data for reasonableness and consistency, we have not audited or verified the underlying data. We are relying on the Fund's internal procedures to verify the accuracy of the data underlying our review. Should errors in the underlying data exist, the estimates in this analysis may require revision.

We were provided the following data for use in our analysis, valued as of November 30, 2012. Note that all the triangle loss and claims data (incremental payments and reported claims by age of the year) is for fiscal years 1992-2013, with all years 1991 and prior combined in a single row.

- Assessment history of the Fund, fiscal years 2000-2012;
- Historical fiscal year Fund revenue and expenses, 2008-2013;
- Fiscal year reimbursement (payment) history 2003-2013;
- Individual claim listing of all open claims as of November 30, 2012 containing individual claim payment histories;
- Fiscal/accident year annual paid loss triangles for indemnity, medical and ALAE payments;
- Fiscal/accident year annual reported claim triangles;
- Fiscal/report year annual paid loss triangles for indemnity, medical and ALAE payments;
- Fiscal/report year annual reported claims;

B. Loss Projection Methodology

The indemnity and medical loss experience was evaluated separately using the following generally accepted actuarial approaches:

- Paid Development Method
- Average Paid Claim Severity Method
- Seriatim Approach

These methods and their application will be discussed in more detail in this section of the report. Except where specifically noted in this report, the indicated liabilities are undiscounted for the time value of money.

B.1 Paid Development Method

The paid development method uses historical payment patterns to project actual payments as of a given valuation date to ultimate values. The Fund's historical payment patterns were used in estimating the expected ultimate payments for each accident year. The Fund provided paid data going back to fiscal year 1992, with all prior data combined in a single "Prior" line. We based our selection of the age-to-age development factors upon the factors suggested by applying various averaging methods and the trends in the Fund's data as well as actuarial judgment.

The Fund reimburses carriers for individual claim payments submitted to the Fund, and the Fund is not involved in claims handling procedures which are specific to each entity. As such, the Fund does not have knowledge of changes in claims handling practices that could affect the rate of claims settlement or other changes in claims handling practices. KPMG was provided paid loss triangles on an accident and report year basis, and we evaluated paid development for both types of segmentation.

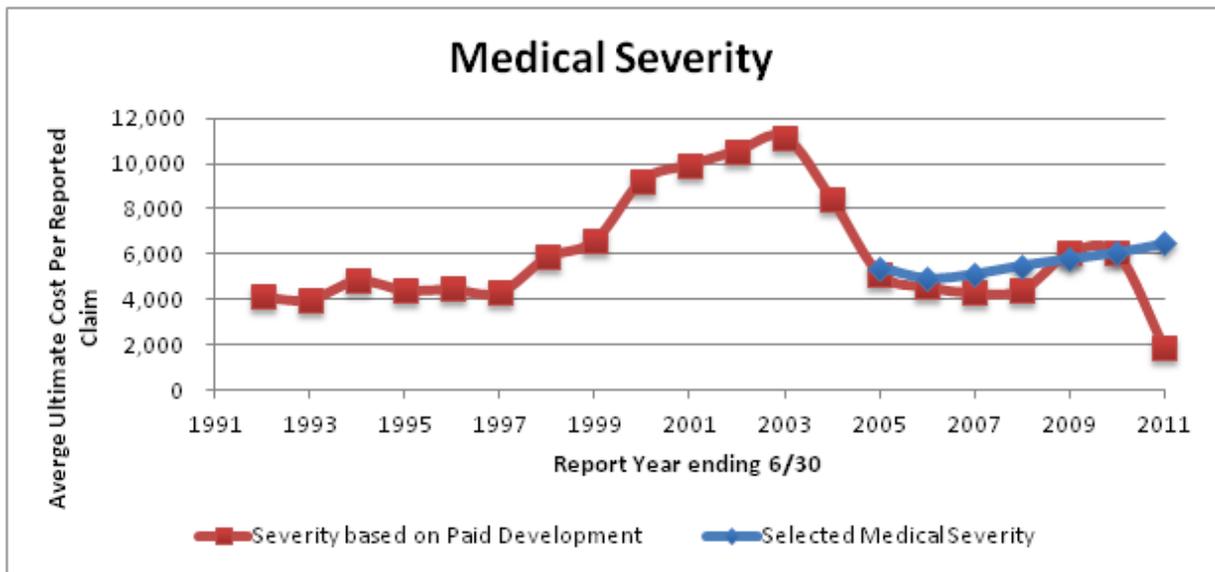
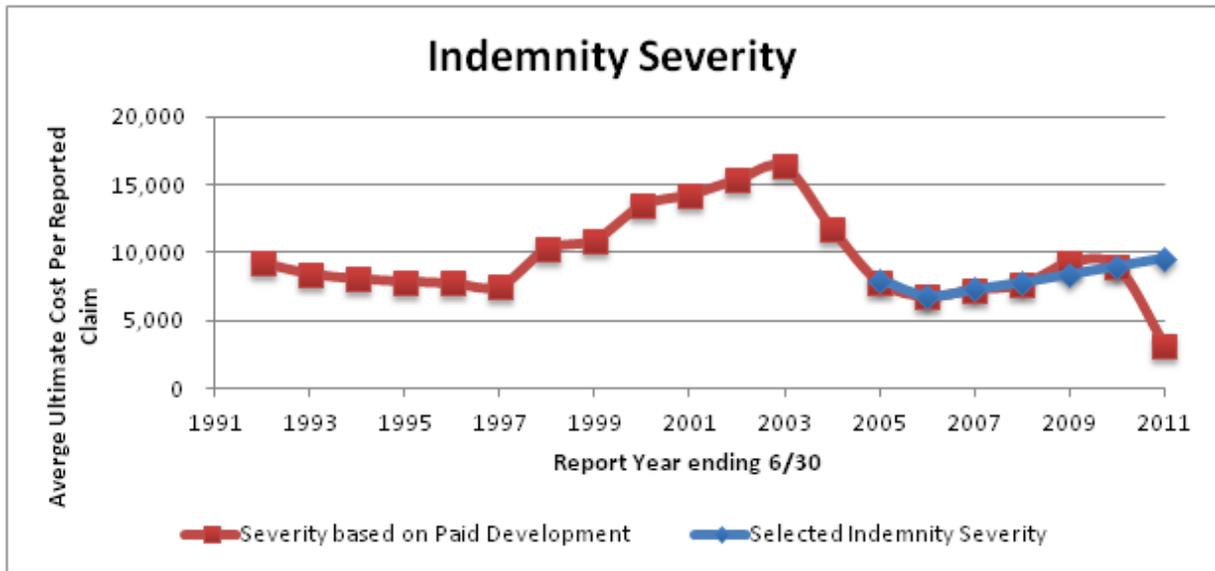
The Fund's final accident date is June 30, 2008, and no claims can be accepted with accident dates subsequent to that date. The Fund closed the reporting period on all claims effective December 31, 2010, and therefore the Fund is essentially in run-off with a fixed set of reported claims. Because no additional reporting of prior incurred claims is allowed, we believe that a fiscal/report year (report years ending June 30) approach provides a better approach to the estimation of unpaid liabilities and projection of cash flows than an accident year organization. While we examined liability estimates on an accident year basis as well, we have chosen to rely primarily on report year segmentation for liability estimates and cash flow projections.

The aggregate data provided by the Fund combined all years prior to 1992 and we do not have older years' payment patterns on which to base development in the tail. The Fund's payment patterns differ from the typical workers compensation claim because payments begin after the first 78 weeks of payments by the carrier, and there is also a delay between the submission and acceptance and eventual reimbursement of claims to carriers. Carriers can at times also be delayed in requesting reimbursements for accepted claims, and may accumulate significant payments before requesting reimbursement. In addition, the Fund's claim population would not include minor claims. For these reasons industry aggregate tail development would not be appropriate for the Fund's claim population. We estimated the paid development tail factors, for medical and indemnity, based on the results of our seriatim approach using the remaining open claims. The seriatim approach is discussed on page 13.

B.2 Average Paid Claim Severity Method

The average paid claim severity method used the paid development methods as the basis for the older report years, but used a trended severity for more recent and immature years. As noted above, the reported claim population is closed for the Fund, and number of claims is fixed and cannot increase. For report years 2004 and prior, we used the results of the paid development method divided by the number of reported claims to provide an average cost per claim on an ultimate basis, which is a historical indicated severity.

In order to project severities to ultimate values for the most recent report years, 2005 and subsequent, the indicated paid severities from the paid development method were trended to current 2011 report year level and a 2011 report year claim severity was selected based on the trended averages. This selected 2011 claim severity was de-trended to older years, providing a selected trended severity for years 2006 through 2010 as well. These selected severities were multiplied by the total reported claims to estimate the ultimate losses for each year. The selected severities, and the severity based on the paid development method are shown graphically below.



It is clear that the 2003 reforms had a significant effect on the average cost per claim, with both indemnity and medical average cost dropping significantly. This may reflect that more claims were closed with no payment after the reforms. Since 2005 they show inflationary trends in average costs. The 2011 report year, the twelve months ending June 30, 2011 had fewer claims reported, due to the December 31, 2010 submission deadline, which implies only six months of reported claims rather than twelve. In addition, the cut-off for injuries occurring on or before June 30, 2008 would tend to decrease the number of claims first reported in 2011. For this reason, the severity based on the paid development methods is not considered credible for 2011.

C. Seriatim Approach

The seriatim or claim by claim approach is fundamentally different than the aggregate loss development approach described earlier. The Fund provided individual claim detail for all open claims, including characteristics such as injury date, age and sex of the injured worker, open, close and re-open dates of the claim and indicators of the claim status, such as in litigation or lifetime medical claim. For each claim we also received a history of individual medical and indemnity reimbursements.

Using the payment history and certain claim characteristics, we forecast future payments on an individual claim level. Many remaining open claims are lifetime medical claims. We assumed an annual medical inflation rate of 4%, and based future payments by quarter on the average inflation-adjusted payments for the past five years. If a single quarter had substantially higher payments than average, we gave such payments less weight in the forecast, since they may have represented an infrequent hospitalization or surgery. We forecast future payments based on the life expectancy of the injured worker. Since many second injury claimants have serious medical conditions, we used an impaired life expectancy by using a “rated age” of 10 years above their actual age. A similar method was applied to indemnity losses, with no assumed inflation. But many of the remaining open claims have exhausted the indemnity benefits, and in such cases we projected no additional payments.

A seriatim approach can provide useful information for mature claims, with established and relatively stable payment histories. However, for more recent claims, the payment history is less reliable as a source of projections, particularly if the medical condition has not stabilized. In addition, the judgmental medical inflation factor of 4% has a significant compounding impact on the expected future payment amounts when applied to fairly young claimant with a long life expectancy.

While the method is highly leveraged for recent report years, we were able to use it to project future payments in the “tail” period beyond the length of the aggregate data. Using the indicated future payments for report years 1993 and prior, we estimated a tail development factor for medical of 1.150 and for indemnity 1.000 at age 288 months or 24 years. This means that we expect that substantially all indemnity payments are made by 24 years, but that cumulative medical payments will increase an additional 15% after 24 years, on average. We note that relatively few claims are awarded “lifetime” indemnity benefits and most claims are subject to maximum benefit of 500 weeks of disability.

In total, the indemnity reserve indicated by the seriatim approach was much lower than the paid development method but the medical reserve was higher. However, for the oldest years, 1998 and prior, the indicated reserve was very similar for the two methods.

D. Unfunded Liabilities as of June 30, 2013

In the course of our review we used several generally accepted actuarial development methods and procedures to derive our reserve estimates. In deriving our estimates, we considered the relative strengths and weaknesses of each of the development methods after discussions with knowledgeable personnel at the Fund. The table below summarizes KPMG’s total estimated unpaid losses through the evaluation date of November 30, 2012, and projected unpaid losses as of June 30, 2013.

Table 4 – Actuarial central estimate of unpaid loss as of June 30, 2013

Total Estimated Unpaid Loss (000s)		
	Unpaid as of 11/30/12	Unpaid as of 6/30/13
Indemnity	\$ 71,022	\$ 58,671
Medical *	<u>302,952</u>	<u>287,646</u>
Total	\$ 373,974	\$ 346,316
*Includes allocated loss adjustment expenses		

As noted earlier, the funds available at June 30, 2013 are estimated at \$91,673,000 leaving an unfunded liability of \$254,643,000.

The following table further breaks out the June 30, 2013 unpaid liability between medical and indemnity by report year (claim received year). Note that medical includes allocated loss adjustment expenses, which are relatively small compared to other payments.

Table 5 – Actuarial central estimate of unpaid loss as of June 30, 2013, by report year

Total Estimated Unpaid Loss as of June 30, 2013 (000s)			
Report Year Ending 6/30:	Indemnity	Medical	Total
Prior	\$ 30	\$ 10,612	\$ 10,642
1992	14	2,688	2,702
1993	18	2,878	2,896
1994	24	4,042	4,067
1995	34	4,733	4,767
1996	55	5,314	5,369
1997	52	5,653	5,705
1998	93	7,988	8,081
1999	182	10,352	10,534
2000	604	15,331	15,935
2001	1,234	22,341	23,575
2002	1,776	28,034	29,810
2003	1,990	30,820	32,811
2004	2,775	28,697	31,471
2005	4,626	20,087	24,714
2006	6,213	22,677	28,890
2007	7,871	20,130	28,000
2008	11,829	22,616	34,445
2009	7,814	12,797	20,611
2010	4,525	4,984	9,509
2011	<u>6,911</u>	<u>4,872</u>	<u>11,783</u>
Total	\$ 58,671	\$ 287,646	\$ 346,316

Report Year Estimates

The Fund provided KPMG with paid loss data evaluated as of November 30, 2012 separately on a fiscal-accident year (date of injury) and fiscal-report year (date claim received) basis. We performed similar reserve evaluations on both sets of data and believe that the report year data provided a more reliable estimate of the unpaid liabilities for two main reasons. First, the claim reporting period ended December 31, 2010 with no additional claims submitted for reimbursement beyond this date, and there can be no additional new claims reported regardless of the date of injury. Typically, an accident year basis evaluation of reserves will implicitly include provision for emergence of some late reported claims, whereas a report year basis evaluation assumes that the reported book of claims will not change. In this case, the report year evaluation more closely matches the data given that the book of claims is fixed.

Second, both the 2003 law change and 2007 legislation closing the Fund had an impact on claim reporting patterns, potentially accelerating claims submitted for reimbursement as well as new claims with dates of injury under the June 30, 2008 cut-off date. We believe that a report year approach provides a more accurate liability estimate because there is additional data stratification in the report

year groupings through 2011 that is not available in the shorter number of accident periods, which run through only 2008.

Indemnity Loss

As shown above, total unpaid indemnity losses of \$58.7 million make up approximately 17% of the total unpaid losses as of June 30, 2013. Actual paid indemnity amounts decreased considerably in the current fiscal period compared to prior years. The following table lists actual paid indemnity amounts for the past five fiscal years and the five months ending November 30, 2012.

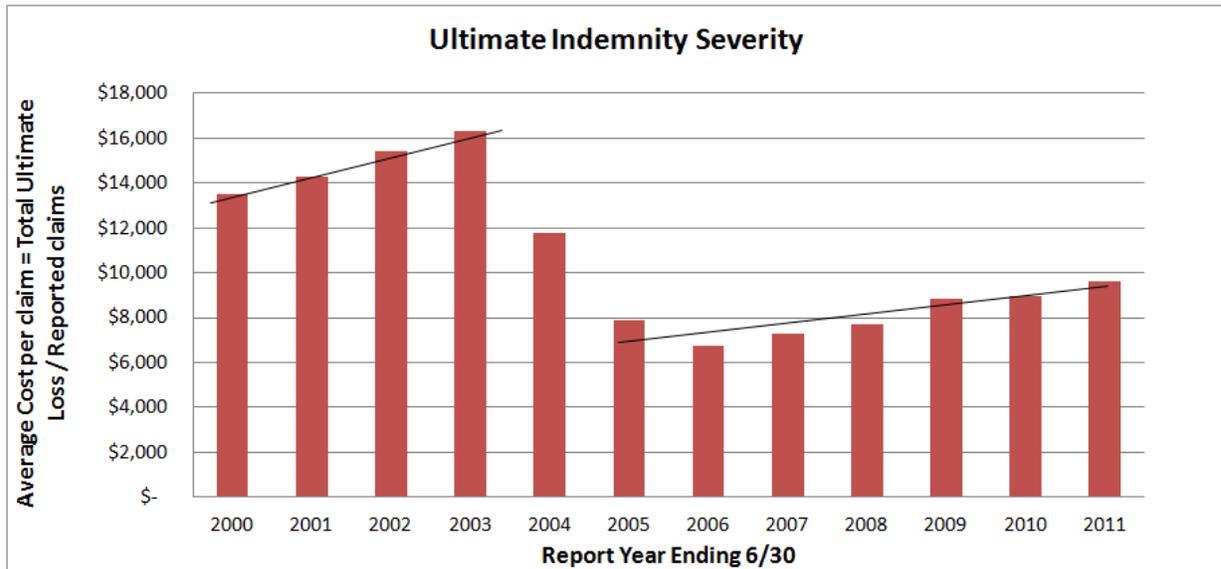
Table 6 – Historical Indemnity payments by fiscal year

Indemnity Paid Losses (000s)	
Fiscal Year Ending 6/30:	Indemnity Paid
2008	\$ 77,088
2009	76,814
2010	65,865
2011	61,105
2012	59,244
2013 (7/1/12-11/30/12)	7,621

We believe the 2007 Reform Act changed reimbursement patterns as companies accelerated submissions in order to receive payments before dissolution of the Fund. Most indemnity claims also tend to pay out within three years because there is no lifetime benefit on most claims and the Fund picks up indemnity payments after the first 78 weeks have already been paid. A slowdown in payments can be expected for several reasons, but the drop shown above is larger than we expected based on prior payment patterns. We performed a comparison of actual-to-expected paid indemnity loss during the period from July 1, 2012 – November 30, 2012 that showed actual payments of \$7.6 million were \$3.9 million below our expectation for the five month period.

In order to determine if the reduction in payments could be caused by operational changes at the Fund resulting in a slowdown or backlog in payments, the Fund provided statistics showing that the timeliness of payments, the lag between the request for reimbursement and the actual payment date, was comparable this year to prior fiscal years. This information supports that no backlog in payments exists and that the reduction in total indemnity payments is due to exogenous factors.

The slowdown in payments, the 2003 law change, and 2007 Reform Act all introduce uncertainty into our paid indemnity development methods, and we therefore relied on longer term average development factors in more recent years. However, we also considered the behavioral impact that closure of the Fund may have had on speeding up requests for reimbursement in 2010 and 2011. In our ultimate loss selections we gave the severity approach additional weight in more recent years. The graph below shows KPMG’s ultimate report year average loss severities from 2000-2011.



The law change went into effect in 2003, so the average reported claims in 2004 and 2005 reflect many claims with dates of accident prior to the law change. By report year 2006 the claim severities appear to have settled in a lower trajectory with severity increases on the order of 7% per year that are consistent with increases prior to the 2003 law change.

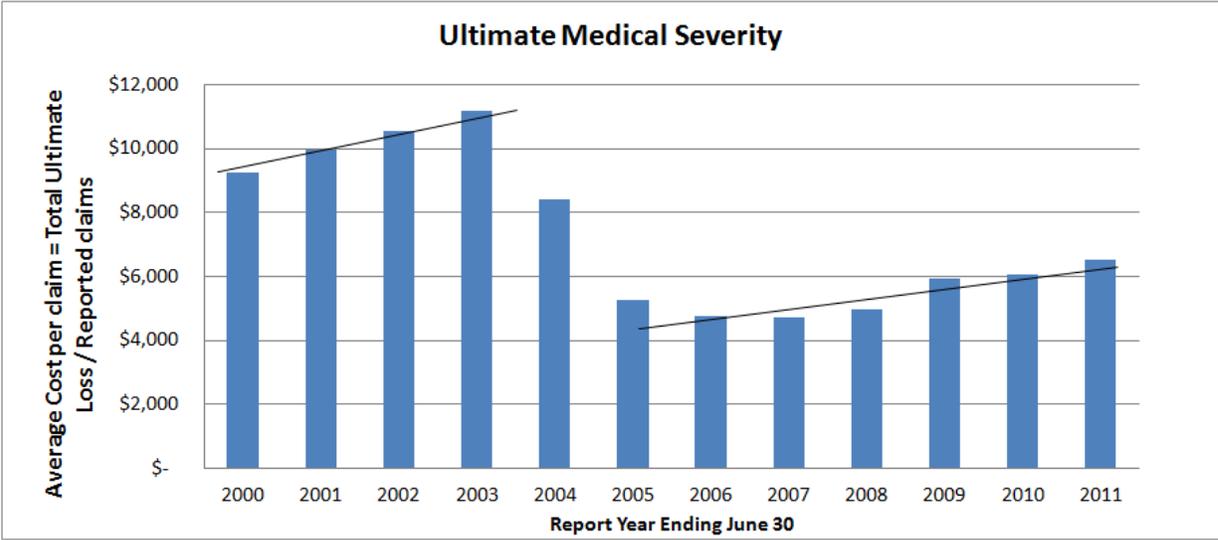
Medical Loss

Unpaid medical losses of \$287.6 million comprise the majority of the future payments at 83% of the total unpaid losses as of June 30, 2013. As shown below, medical payments increased steadily from 2008 to 2012, with a drop in the current fiscal year, but the drop is not as pronounced as for indemnity. This is to be expected because medical payments can continue for the remaining life of the claimant and therefore have a longer duration. A comparison of actual-to-expected paid medical loss in the current five month period indicate that actual payments of \$11.3 million are roughly equal to our expectation for the period, based on the runoff of the report years.

Table 7 – Historical Medical payments by fiscal year

Medical Paid Losses (000s)	
Fiscal Year Ending 6/30:	Medical Paid
2008	\$ 35,130
2009	35,943
2010	39,679
2011	38,974
2012	42,012
2013 (7/1/12-11/30/12)	11,308

KPMG’s selected ultimate medical loss estimates display a similar pattern to indemnity, and medical severities also appear to be increasing at about 7% per year as well.



E. Cash Flow Projections

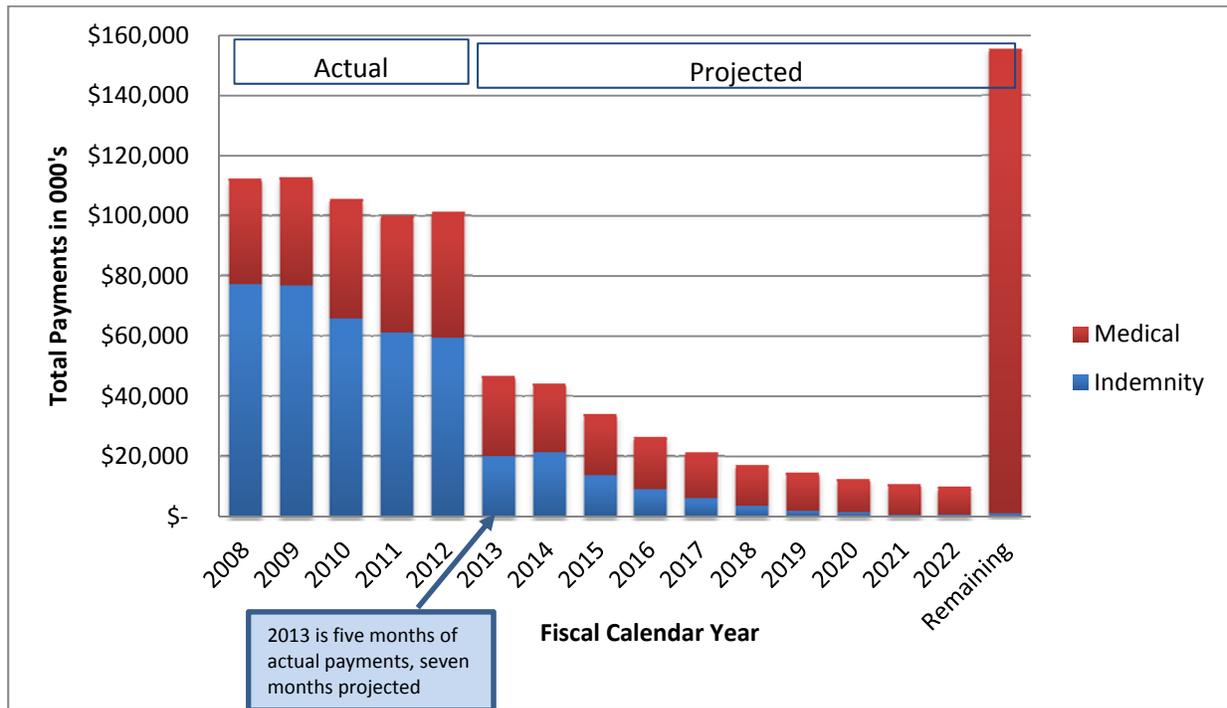
Projected cash flows are based on the indicated unpaid indemnity and medical losses as of November 30, 2012, projected to June 30, 2013 by individual fiscal/report period. We project remaining cash flows into the future fiscal periods by report year based on indicated loss payment patterns from our analysis. The projections are performed separately for indemnity and medical.

The table below lists actual and projected paid indemnity and medical losses (including ALAE) by fiscal period from 2008-2022, showing both historical and forecasted years.

Table 8 – Actuarial central estimate of future reimbursement cash flows

Actual and Projected Cash Flow 2008-2022 (000s)				
Fiscal Year Ending 6/30:	Indemnity	Medical & ALAE	Total Paid	Remaining Unpaid
2008	\$ 77,088	\$ 35,130	\$ 112,218	
2009	76,814	35,943	112,757	
2010	65,865	39,679	105,544	
2011	61,105	38,974	100,078	
2012	59,244	42,012	101,255	
2013 (7/1/12-11/30/12)	7,621	11,308	18,929	\$ 373,974
2013 (12/1/12-6/30/13)	12,351	15,306	27,657	346,316
2014	21,143	23,065	44,209	302,108
2015	13,859	20,216	34,075	268,033
2016	9,098	17,444	26,542	241,491
2017	5,894	15,432	21,326	220,165
2018	3,480	13,752	17,233	202,932
2019	2,010	12,414	14,424	188,508
2020	1,207	11,210	12,417	176,091
2021	634	10,146	10,780	165,311
2022	409	9,256	9,666	155,646
Remaining	936	154,710	155,646	
Total (from 12/1/12)	\$ 71,022	\$ 302,952	\$ 373,974	

Payment patterns underlying the projected cash flows are based on the Fund's historical data by report year as well as our judgment of the impact of law changes on those payment patterns. The payment patterns also underlie our estimated ultimate Fund liabilities by year, and we believe they are reasonably predictive of future payment emergence. The 2013 partial year payment amounts are for the period from December 1, 2012 through the Fund closure date of June 30, 2013, since actual payments through November 30, 2012 were provided to us.



Through November 30, 2012 the actual payments made on both the medical and indemnity (wage loss) portion of claims has been substantially lower than the past several years, however the difference was much more significant for indemnity. Based on statistics provided on timeliness of payments, we do not believe this is caused by a backlog in payments but rather reflects both a natural reduction in payments as claims age, as well as the potential that insurers may have attempted to settle outstanding claims prior to the closure of the Fund. This would have accelerated payments in 2011 and 2012. Additional observations on 2013 payments to date can be found in the Analysis section of this report (page 10).

Due to the existence of lifetime claims, the expected payout of the Fund continues well into the future, but at a diminishing rate. In addition, as fewer and fewer claims remain active, the projected cash flows become more dependent on each claim’s characteristics. Periodic re-evaluations of the remaining claims should be undertaken to update the estimate of the remaining expected cash flows.

Alternative Funding Methods

KPMG has provided six options for satisfying the estimated \$346 million in unpaid liabilities as of June 30, 2013, including discussion of the potential for reinsurance in the form of a Loss Portfolio Transfer. The following list of options is by no means an exhaustive list, but is intended as a basis for discussion of the Board's potential options at Fund closure.

Option 1: Continued Assessment at 135%

Maintain the current annual assessment structure, at 135% of the prior year reimbursements, less the fiscal year end cash balance. The table below shows expected disbursements for the next ten years and the remaining estimated unpaid liability for 2023 and beyond. The estimated payment window extends to 2048, primarily for lifetime medical payments. Note that there is no expected assessment in the year ending June 30, 2014 because the year-end cash balance in 2013 exceeds 135% of the total 2013 payments. In 2015 we anticipate a \$13 million assessment, since significant cash balance is still expected at the end of fiscal year 2014, but the assessment would then increase in 2016.

The ending cash balances anticipate approximately 1.5% in annual investment income on average cash balances for the year, as well as ongoing expenses for the Fund. The table below displays the estimated cash flows through 2022, but at June 30, 2022 the estimated unpaid loss is \$156 million of which \$150 million is unfunded. With this option, assessments continue at low levels through 2048.

Table 9 – Option 1

Continued Assessments 2014-2048 (\$000s)						
Fiscal Year Ending 6/30:	Expected Collected Assessment	Administrative Costs	Interest on Cash Balances	Total Paid Losses	Cash Balance Beginning	Cash Balance Ending
2013	\$ 98,351	\$ 835	\$ 956	\$ 46,586	\$ 39,693	\$ 91,673
2014	-	800	1,045	44,209	91,673	47,709
2015	13,052	760	556	34,075	47,709	26,483
2016	20,545	720	349	26,542	26,483	20,114
2017	16,689	680	264	21,326	20,114	15,061
2018	14,646	650	203	17,233	15,061	12,028
2019	12,113	620	160	14,424	12,028	9,258
2020	11,051	590	125	12,417	9,258	7,427
2021	10,133	560	103	10,780	7,427	6,323
2022	8,987	530	86	9,666	6,323	5,200
Remaining Unpaid				\$155,646		
Remaining Unfunded				\$150,446		

We anticipate the annual Fund administrative costs to decrease from approximately \$800,000 in 2014 to \$530,000 in 2022, due to less claim and reimbursement activity.

As the number of claims remaining open decreases, it is possible that the total paid losses may not decrease smoothly as shown in this estimate, but would show more random variation from year to year. This raises the possibility that there may not be sufficient cash balances to fund reimbursements in a given fiscal year.

Option 2: 3-Year Accelerated Assessment

Assessments of \$100 million per year for the next three years are anticipated to adequately fund the estimated losses. Reimbursement payments are unaffected by this option, but assessments at this level for three years, plus the Fund balance at June 30, 2013, is expected to be sufficient to build an asset large enough to pay off the remaining liabilities, assuming continued investment income at approximately 1.5% of average cash balances. A \$100 million assessment is similar in size to assessment levels over the past 5 years. The table below shows that the remaining cash balance at year-end 2022 is larger than the remaining payments. Building up a cash balance may also facilitate other options for extinguishing the remaining liability, such as a loss portfolio transfer.

We also show the present value (“PV”), using a 1.5% discount rate, of the remaining unpaid losses at each year end. The present value uses our anticipated payment patterns and the 1.5% discount rate was selected because it is close to the recent interest the Fund has earned on average cash balances. The 1.5% rate is between the current 7-year and 10-year Treasury bill rates, and therefore is close to a risk-free rate for long duration liabilities.

Table 10 – Option 2

3-Year Accelerated Assessments 2014-2016 (\$000s)							PV (1.5%)
Fiscal Year Ending 6/30:	Expected Collected Assessment	Administrative Costs	Interest on Cash Balances	Total Paid Losses	Cash Balance Beginning	Cash Balance Ending	Year ending Unpaid Losses
2013	\$ 98,351	\$ 835	\$ 956	\$ 46,586	\$ 39,693	\$ 91,673	\$ 295,375
2014	100,000	800	1,801	44,209	91,673	148,465	255,267
2015	100,000	760	2,736	34,075	148,465	216,366	224,766
2016	100,000	720	3,820	26,542	216,366	292,925	201,398
2017		650	4,261	21,326	292,925	275,210	182,933
2018		620	4,024	17,233	275,210	261,381	168,316
2019		590	3,837	14,424	261,381	250,204	156,309
2020		560	3,683	12,417	250,204	240,910	146,144
2021		530	3,555	10,780	240,910	233,155	137,475
2022		500	3,447	9,666	233,155	226,436	129,799
Remaining Unpaid				\$155,646			
Remaining Unfunded				\$(70,791)			

Note that the remaining unpaid amount of \$156 million is less than the cash balance of \$226 million at year-end 2022. Our total paid loss estimate is based on a central expected liability estimate projected to June 30, 2013. Given the magnitude of the reserve and the uncertainty around continued long term medical payments, the actual paid amounts could be larger or smaller than our expectation, and this funding option does include some additional margin for claims emergence.

The administrative costs are similar to Option 1, but we have assumed a slight additional reduction in 2017 due to the elimination of assessment billing and collection.

This option would require that a significant Fund balance be securely maintained and invested to have enough funds on hand to pay all claims until they close.

During fiscal year 2016, we expect the cash balance will exceed the present value of the remaining unpaid losses.

Option 3: 5-Year Accelerated Assessment

While similar to Option 2, this option assumes a \$60 million assessment per year for the next 5 years. As shown below, this option also is anticipated to provide sufficient assets to pay all claims, but it does not build a cash balance as quickly, and the assessment rate will be lower in each of the five years.

Table 11 – Option 3

5-Year Accelerated Assessments 2014-2018 (\$000s)							PV (1.5%)
Fiscal Year Ending 6/30:	Expected Collected Assessment	Adminis- trative Costs	Interest on Cash Balances	Total Paid Losses	Cash Balance Beginning	Cash Balance Ending	Year ending Unpaid Losses
2013	\$ 98,351	\$ 835	\$ 956	\$ 46,586	\$ 39,693	\$ 91,673	\$ 295,375
2014	60,000	800	1,499	44,209	91,673	108,163	255,267
2015	60,000	760	1,825	34,075	108,163	135,153	224,766
2016	60,000	720	2,290	26,542	135,153	170,182	201,398
2017	60,000	680	2,859	21,326	170,182	211,035	182,933
2018	60,000	650	3,508	17,233	211,035	256,660	168,316
2019		590	3,766	14,424	256,660	245,412	156,309
2020		560	3,611	12,417	245,412	236,046	146,144
2021		530	3,482	10,780	236,046	228,218	137,475
2022		500	3,372	9,666	228,218	221,424	129,799
Remaining Unpaid				\$155,646			
Remaining Unfunded				\$(65,779)			

While the total assessments are the same as Option 2 (\$300 million) this option has a slightly lower expected cash balance at the end of 2022 due to lower total investment income. In addition, the administrative costs are slightly higher in 2017 and 2018 due to the costs of making assessments.

During fiscal year 2017 the cash balance is expected to exceed the present value of the remaining unpaid losses.

Option 4: Fixed Percentage Accelerated Assessment

Some carriers and self-insureds have expressed a desire to have greater predictability in the level of assessments. This option provides that by using a fixed 5% of normalized premium as the annual assessment for the next five years. The expected assessments are slightly lower than Option 3, but would be expected to continue for five years, if a 5% rate is used.

While this option provides greater predictability for each entity, there is slightly more uncertainty for the Fund. If there was a dramatic change in normalized premium for the state as a whole, the actual assessment collected could increase or decrease from this forecast. We estimated that normalized premium would increase at 0.5% per year, which has been the average change over the past six years.

Since at a 5% rate, we estimated the total assessment is slightly lower than Option 3, the cash balance is lower as well.

Table 12 – Option 4

5-Year Fixed Percentage Accelerated Assessments 2014-2018 (\$000s)							PV (1.5%)
Fiscal Year Ending 6/30:	Expected Collected Assessment	Administrative Costs	Interest on Cash Balances	Total Paid Losses	Cash Balance Beginning	Cash Balance Ending	Year ending Unpaid Losses
2013	\$ 98,351	\$ 835	\$ 956	\$ 46,586	\$ 39,693	\$ 91,673	\$ 295,375
2014	51,125	800	1,432	44,209	91,673	99,221	255,267
2015	51,381	760	1,625	34,075	99,221	117,392	224,766
2016	51,638	722	1,958	26,542	117,392	143,724	201,398
2017	51,896	686	2,398	21,326	143,724	176,006	182,933
2018	52,155	652	2,919	17,233	176,006	213,195	168,316
2019	-	589	3,109	14,424	213,195	201,291	156,309
2020	-	560	2,944	12,417	201,291	191,258	146,144
2021	-	532	2,805	10,780	191,258	182,751	137,475
2022	-	505	2,685	9,666	182,751	175,265	129,799
Remaining Unpaid				\$155,646			
Remaining Unfunded				\$(19,619)			

With slightly lower anticipated assessments, the cash balance is not expected to exceed the present value of the remaining unpaid losses until 2018. However, the collected assessment could be larger than the forecast here.

Option 5: Negotiated “Buy Back” Settlement and Assessment

Set up a process to reach an agreement with each carrier or self-insured to “buy back” their claim(s) and no longer submit requests for reimbursement. These lump sum settlement amounts for all remaining open claims accepted by the Fund would be based on the claim specifics and the expected present value of future reimbursements. These negotiations should have a window in which they must be completed, perhaps six to twelve months, so that the funding level needed for negotiated settlements can be determined. Once settlement values are determined, use those amounts as the basis of a “final” assessment, and make payments for all negotiated settlements after assessing to have enough funds to pay the “buy backs”. If agreement on a settlement value cannot be reached within the allotted time period, the claim reimbursement process would continue in its current method for the remaining claims. This plan could significantly accelerate the payment and closure of claims accepted by the Fund, but may not extinguish the entire liability.

This option would have a substantial impact on the expected cash outflows and total expected payments of the Fund, which are beyond the scope of this report. The option would also include significant administrative costs in reaching negotiated settlement values.

Option 6: Transfer of the Liability to the Reinsurance Market

The remaining liability of the Fund could be transferred to the reinsurance market through a Loss Portfolio Transfer (LPT). Generally, a reinsurer would require a reinsurance premium payment significantly greater than the estimated liability in order to provide a “risk premium” for the probability that losses may exceed expectations, as well as expense and profit considerations.

Purchase of an LPT may not relieve the Fund of all expense obligations. Negotiations with a reinsurer would include whether they would review the appropriateness of individual reimbursement requests (e.g. medical expense only for the second injury and in conformance with the medical fee schedule) from insurers and self-insurers or whether the Fund would retain that role. Even if the Fund retained that responsibility, the reinsurer may review any significant payments for appropriateness. The Fund also currently reviews settlement amounts with individual claimants, for appropriateness of those settlements. It would need to be determined if that review and implicit approval function would remain with the Fund or be transferred to the reinsurer.

In negotiation of appropriate premium with a reinsurer, historical information would need to be provided. In addition, the reinsurer may request individual claim file reviews at the insurer or self-insured to gain a better understanding of the liability assumed. Provision of such information may entail significant time or expense.

Exhibits

The accompanying exhibits provide the details of our analysis and should be considered an integral part of this study.

**South Carolina Second Injury Fund
Workers Compensation
Reserve Analysis as of November 30, 2012**

Summary of Ultimate Loss (000's)

Fiscal Year	Ultimate Loss 11/30/12			Paid Loss 11/30/12			Unpaid Loss 11/30/12			Projected Paid Loss 6/30/13			Projected Unpaid Loss 6/30/13		
	Imdemnity	Medical	Total	Imdemnity	Medical	Total	Imdemnity	Medical	Total	Imdemnity	Medical	Total	Imdemnity	Medical	Total
Prior	\$ 161,228	\$ 72,510	\$ 233,738	\$ 161,187	\$ 61,491	\$ 222,678	\$ 41	\$ 11,018	\$ 11,059	\$ 161,198	\$ 61,898	\$ 223,096	\$ 30	\$ 10,612	\$ 10,642
1992	39,302	17,587	56,889	39,286	14,770	54,056	16	2,817	2,833	39,289	14,898	54,187	14	2,688	2,702
1993	37,221	17,697	54,918	37,199	14,719	51,918	21	2,978	3,000	37,202	14,820	52,022	18	2,878	2,896
1994	38,657	23,285	61,942	38,629	19,151	57,779	28	4,134	4,163	38,633	19,242	57,875	24	4,042	4,067
1995	45,017	25,434	70,452	44,977	20,656	65,633	40	4,778	4,819	44,983	20,701	65,684	34	4,733	4,767
1996	47,917	27,698	75,615	47,852	22,174	70,027	65	5,524	5,589	47,862	22,384	70,247	55	5,314	5,369
1997	47,485	27,398	74,883	47,424	21,611	69,035	61	5,788	5,849	47,433	21,745	69,178	52	5,653	5,705
1998	63,791	36,510	100,301	63,682	28,293	91,974	109	8,218	8,327	63,698	28,522	92,220	93	7,988	8,081
1999	73,229	44,288	117,517	73,015	33,568	106,583	214	10,719	10,934	73,047	33,936	106,983	182	10,352	10,534
2000	87,976	60,347	148,323	87,284	44,407	131,691	691	15,940	16,632	87,372	45,016	132,388	604	15,331	15,935
2001	114,887	80,083	194,971	113,277	56,950	170,227	1,610	23,133	24,743	113,653	57,743	171,396	1,234	22,341	23,575
2002	137,710	94,481	232,192	135,377	64,918	200,296	2,333	29,563	31,896	135,935	66,447	202,382	1,776	28,034	29,810
2003	137,319	93,941	231,260	134,664	61,984	196,648	2,654	31,958	34,612	135,328	63,121	198,449	1,990	30,820	32,811
2004	106,898	76,473	183,370	102,810	46,581	149,391	4,088	29,892	33,980	104,123	47,776	151,899	2,775	28,697	31,471
2005	70,006	46,827	116,833	64,224	25,627	89,850	5,783	21,200	26,983	65,380	26,740	92,120	4,626	20,087	24,714
2006	67,844	47,417	115,261	60,379	23,689	84,069	7,465	23,728	31,193	61,631	24,740	86,371	6,213	22,677	28,890
2007	58,275	37,670	95,945	49,051	15,983	65,034	9,224	21,687	30,911	50,404	17,540	67,945	7,871	20,130	28,000
2008	59,478	38,367	97,845	45,417	13,595	59,011	14,061	24,772	38,833	47,648	15,751	63,400	11,829	22,616	34,445
2009	30,505	20,508	51,013	21,197	6,465	27,662	9,309	14,042	23,351	22,691	7,711	30,402	7,814	12,797	20,611
2010	10,529	7,126	17,655	5,177	1,627	6,804	5,352	5,499	10,851	6,004	2,142	8,147	4,525	4,984	9,509
2011	8,534	5,779	14,313	679	216	895	7,855	5,563	13,418	1,624	906	2,530	6,911	4,872	11,783
Total	\$ 1,443,809	\$ 901,425	\$ 2,345,234	\$ 1,372,787	\$ 598,474	\$ 1,971,261	\$ 71,022	\$ 302,952	\$ 373,974	\$ 1,385,138	\$ 613,780	\$ 1,998,918	\$ 58,671	\$ 287,646	\$ 346,316

* Note: Medical Loss includes expenses



**South Carolina Second Injury Fund
Workers Compensation
Reserve Analysis as of November 30, 2012**

Summary of Ultimate Indemnity Loss (000's)

Report Year Ending 6/30:	Paid Indemnity as of 6/30/12	Paid Indemnity CDF	Paid Method Ultimate	Paid Indemnity as of 11/30/12	11/30/12 Paid CDF	Paid Method Ultimate	Ultimate Claims	Indicated Severity	Selected Severity	Frequency/Se verity Ultimate	Indicated Accident Year Ultimate	Selected Ultimate Indemnity Loss	Ultimate Indemnity Severity	Indicated Unpaid Indemnity as of 6/30/12	Total Paid Indemnity as of 11/30/12	Indicated Unpaid Indemnity as of 11/30/12	Projected Paid Indemnity as of 6/30/13
Prior	161,180	1.0003	161,232	161,187	1.0003	161,228	21,856	7,377	7,377	161,228	161,228	7,377	7,377	47	161,187	41	161,198
1992	39,286	1.0005	39,305	39,286	1.0004	39,302	4,254	9,239	9,239	39,302	39,302	9,239	9,239	16	39,286	16	39,289
1993	37,199	1.0006	37,223	37,199	1.0006	37,221	4,419	8,423	8,423	37,221	37,221	8,423	8,423	21	37,199	21	37,202
1994	38,629	1.0008	38,660	38,629	1.0007	38,657	4,797	8,059	8,059	38,657	38,657	8,059	8,059	28	38,629	28	38,633
1995	44,977	1.0010	45,020	44,977	1.0009	45,017	5,735	7,850	7,850	45,017	45,017	7,850	7,850	40	44,977	40	44,983
1996	47,843	1.0011	47,895	47,852	1.0010	47,902	6,209	7,717	7,717	47,917	47,917	7,717	7,717	74	47,852	65	47,862
1997	47,424	1.0014	47,492	47,424	1.0013	47,485	6,332	7,499	7,499	47,485	47,485	7,499	7,499	61	47,424	61	47,433
1998	63,674	1.0016	63,778	63,682	1.0016	63,780	6,215	10,264	10,264	63,791	63,791	10,264	10,264	117	63,682	109	63,698
1999	72,984	1.0026	73,174	73,015	1.0022	73,174	6,710	10,913	10,913	73,229	73,229	10,913	10,913	245	73,015	214	73,047
2000	87,257	1.0035	87,564	87,284	1.0031	87,557	6,520	13,493	13,493	87,976	87,976	13,493	13,493	719	87,284	691	87,372
2001	113,222	1.0064	113,942	113,277	1.0051	113,860	8,055	14,263	14,263	114,887	114,887	14,263	14,263	1,665	113,277	1,610	113,653
2002	135,207	1.0117	136,783	135,377	1.0094	136,649	8,949	15,388	15,388	137,710	137,710	15,388	15,388	2,504	135,377	2,333	135,935
2003	134,176	1.0222	137,150	134,664	1.0177	137,041	8,419	16,311	16,311	137,319	137,319	16,311	16,311	3,142	134,664	2,654	135,328
2004	102,589	1.0532	108,048	102,810	1.0398	106,898	9,092	11,757	11,757	106,898	106,898	11,757	11,757	4,309	102,810	4,088	104,123
2005	63,803	1.0904	69,569	64,224	1.0742	68,989	8,878	7,771	8,000	71,024	70,006	7,885	7,885	6,204	64,224	5,783	65,380
2006	59,323	1.1426	67,785	60,379	1.1197	67,607	10,012	6,753	6,800	68,082	67,844	6,776	6,776	8,522	60,379	7,465	61,631
2007	47,902	1.2167	58,280	49,051	1.1839	58,070	8,011	7,249	7,300	58,480	58,275	7,274	7,274	10,373	49,051	9,224	50,404
2008	43,279	1.3561	58,690	45,417	1.2930	58,724	7,722	7,605	7,800	60,232	59,478	7,702	7,702	16,198	45,417	14,061	47,648
2009	19,713	1.6429	32,387	21,197	1.5087	31,980	3,456	9,253	8,400	29,030	30,505	8,827	8,827	10,792	21,197	9,309	22,691
2010	4,825	2.4063	11,610	5,177	2.0250	10,484	1,175	8,922	9,000	10,575	10,529	8,961	8,961	5,704	5,177	5,352	6,004
2011	675	6.5697	4,436	679	4.1112	2,791	889	3,140	9,600	8,534	8,534	8,534	8,534	7,859	679	7,855	1,624
Total	1,365,166		1,440,023	1,372,787		1,434,416	147,705			1,444,594	1,462,722	1,443,809	205,579	78,643	1,372,787	71,022	1,385,138



**South Carolina Second Injury Fund
Workers Compensation
Reserve Analysis as of November 30, 2012
Report Year Evaluation**

Paid Indemnity Loss (\$000s)																								
Report Year Ending	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204	216	228	240	252	264	276	300
1991	71,013	98,830	123,924	139,043	147,232	151,830	154,759	156,067	157,868	159,048	159,518	159,917	160,273	160,286	160,614	160,787	160,802	160,829	160,846	161,083	161,167	161,180	161,187	
1992	925	9,693	22,301	29,372	33,232	35,836	36,865	37,567	38,332	38,540	38,742	39,033	39,167	39,167	39,286	39,286	39,286	39,286	39,286	39,286	39,286	39,286	39,286	
1993	959	8,779	19,522	28,430	32,185	34,194	35,246	35,853	36,210	36,911	37,094	37,114	37,146	37,150	37,150	37,164	37,170	37,177	37,185	37,199	37,199	37,199	37,199	
1994	1,118	9,864	20,405	29,533	33,335	34,960	35,896	36,629	37,177	38,180	38,251	38,496	38,574	38,574	38,592	38,602	38,607	38,618	38,629	38,629	38,629	38,629	38,629	
1995	1,243	11,136	25,070	35,078	38,612	40,663	42,097	42,913	43,867	44,382	44,458	44,912	44,932	44,947	44,947	44,947	44,947	44,977	44,977	44,977	44,977	44,977	44,977	
1996	875	9,332	22,718	32,207	37,126	41,130	43,170	44,735	45,814	46,784	47,208	47,664	47,752	47,780	47,787	47,812	47,812	47,812	47,812	47,812	47,812	47,812	47,812	
1997	1,325	10,817	23,105	32,690	37,837	41,502	44,070	44,953	45,781	46,402	47,057	47,081	47,377	47,406	47,418	47,424	47,424	47,424	47,424	47,424	47,424	47,424	47,424	
1998	1,522	13,228	29,171	41,104	50,332	55,194	57,872	59,869	61,607	62,364	62,819	63,134	63,399	63,525	63,674	63,682	63,682	63,682	63,682	63,682	63,682	63,682	63,682	
1999	1,580	13,338	32,288	48,002	57,140	60,924	64,860	67,701	69,486	70,630	71,872	72,448	72,826	72,984	73,015	73,015	73,015	73,015	73,015	73,015	73,015	73,015	73,015	
2000	1,718	15,506	37,626	55,017	64,862	74,870	79,578	82,675	84,441	86,295	86,986	87,199	87,257	87,284	87,284	87,284	87,284	87,284	87,284	87,284	87,284	87,284	87,284	
2001	2,382	17,344	43,556	67,088	85,192	95,173	101,611	105,020	108,279	111,202	112,724	113,222	113,277	113,277	113,277	113,277	113,277	113,277	113,277	113,277	113,277	113,277	113,277	
2002	1,540	18,208	46,690	77,935	99,893	112,783	121,507	127,948	130,545	133,304	135,207	135,377	135,377	135,377	135,377	135,377	135,377	135,377	135,377	135,377	135,377	135,377	135,377	
2003	798	12,700	48,610	78,700	98,875	113,920	123,556	128,004	131,592	134,176	134,664	134,664	134,664	134,664	134,664	134,664	134,664	134,664	134,664	134,664	134,664	134,664	134,664	
2004	838	14,129	38,032	59,630	75,466	87,027	93,943	98,447	102,589	102,810	102,810	102,810	102,810	102,810	102,810	102,810	102,810	102,810	102,810	102,810	102,810	102,810	102,810	
2005	297	6,808	17,540	30,764	42,921	51,863	58,669	63,803	64,224	64,224	64,224	64,224	64,224	64,224	64,224	64,224	64,224	64,224	64,224	64,224	64,224	64,224	64,224	
2006	345	4,619	17,355	31,059	42,988	50,998	59,323	60,379	60,379	60,379	60,379	60,379	60,379	60,379	60,379	60,379	60,379	60,379	60,379	60,379	60,379	60,379	60,379	
2007	0	4,206	15,864	27,434	37,303	47,902	49,051	49,051	49,051	49,051	49,051	49,051	49,051	49,051	49,051	49,051	49,051	49,051	49,051	49,051	49,051	49,051	49,051	
2008	360	4,633	14,780	30,026	43,279	45,417	45,417	45,417	45,417	45,417	45,417	45,417	45,417	45,417	45,417	45,417	45,417	45,417	45,417	45,417	45,417	45,417	45,417	
2009	358	4,866	11,016	19,713	21,197	21,197	21,197	21,197	21,197	21,197	21,197	21,197	21,197	21,197	21,197	21,197	21,197	21,197	21,197	21,197	21,197	21,197	21,197	
2010	65	1,717	4,825	5,177	5,177	5,177	5,177	5,177	5,177	5,177	5,177	5,177	5,177	5,177	5,177	5,177	5,177	5,177	5,177	5,177	5,177	5,177	5,177	
2011	115	675	679	679	679	679	679	679	679	679	679	679	679	679	679	679	679	679	679	679	679	679	679	679

Age-to-Age Factors																								
Accident Yr	12 - 24	24 - 36	36 - 48	48 - 60	60 - 72	72 - 84	84 - 96	96 - 108	108 - 120	120 - 132	132 - 144	144 - 156	156 - 168	168 - 180	180 - 192	192 - 204	204 - 216	216 - 228	228 - 240	240 - 252	252 - 264	264 - 276	276 - 288	To Ult
1991	1.392	1.254	1.122	1.059	1.031	1.019	1.008	1.012	1.007	1.003	1.003	1.002	1.000	1.002	1.001	1.000	1.000	1.000	1.001	1.001	1.001	1.000	1.000	
1992	10.474	2.301	1.317	1.131	1.078	1.029	1.019	1.020	1.005	1.008	1.003	1.003	1.000	1.003	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1993	9.158	2.224	1.456	1.132	1.062	1.031	1.017	1.010	1.019	1.005	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1994	8.824	2.069	1.447	1.129	1.049	1.027	1.026	1.024	1.012	1.002	1.006	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1995	8.957	2.251	1.399	1.101	1.053	1.019	1.022	1.012	1.002	1.010	1.000	1.000	1.000	1.000	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1996	10.666	2.434	1.418	1.153	1.108	1.050	1.036	1.024	1.021	1.009	1.010	1.002	1.001	1.000	1.001	1.000	1.001	1.000	1.001	1.001	1.000	1.000	1.000	
1997	8.164	2.136	1.415	1.157	1.097	1.062	1.020	1.018	1.014	1.014	1.001	1.006	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1998	8.694	2.205	1.409	1.225	1.097	1.049	1.035	1.029	1.012	1.007	1.005	1.004	1.002	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1999	8.444	2.421	1.487	1.190	1.066	1.065	1.044	1.026	1.016	1.018	1.008	1.005	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
2000	9.025	2.427	1.462	1.179	1.154	1.063	1.039	1.021	1.022	1.008	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
2001	7.281	2.511	1.540	1.270	1.117	1.068	1.034	1.031	1.027	1.014	1.004	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
2002	11.824	2.564	1.669	1.282	1.129	1.077	1.053	1.020	1.021	1.014	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
2003	15.908	3.828	1.619	1.256	1.152	1.085	1.036	1.028	1.020	1.004	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
2004	16.869	2.692	1.568	1.266	1.153	1.079	1.048	1.042	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
2005	22.903	2.577	1.754	1.395	1.208	1.131	1.088	1.007	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
2006	13.374	3.757	1.790	1.384	1.186	1.163	1.018	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
2007		3.772	1.729	1.360	1.284	1.024	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
2008	12.851	3.190	2.032	1.441	1.049	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
2009	13.611	2.264	1.790	1.075	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
2010	26.518	2.811	1.073	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
2011	5.894	1.005	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	

Averages Ex Ante 1																									
	12 - 24	24 - 36	36 - 48	48 - 60	60 - 72	72 - 84	84 - 96	96 - 108	108 - 120	120 - 132	132 - 144	144 - 156	156 - 168	168 - 180	180 - 192	192 - 204	204 - 216	216 - 228	228 - 240	240 - 252	252 - 264	264 - 276	276 - 288	To Ult	
Simple Avg																									
Latest 3	15.341	2.755	1.850	1.395	1.226	1.125	1.057	1.030	1.023	1.012	1.005	1.003	1.002	1.001	1.000	1.000	1.000	1.000	1.001	1.000	1.000	1.000	1.000		



**South Carolina Second Injury Fund
Workers Compensation
Reserve Analysis as of November 30, 2012**

Summary of Ultimate Medical Loss (000's) *

Report Year Ending 6/30:	Paid Medical as of 6/30/12	6/30/12 Paid CDF	Paid Method Ultimate	Paid Medical as of 11/30/12	11/30/12 Paid CDF	Paid Method Ultimate	Ultimate Claims	Indicated Severity	Selected Severity	Frequency/Sev erity Ultimate	Indicated Accident Year Ultimate	Selected Ultimate Medical Loss	Ultimate Medical Severity	Indicated Unpaid Medical as of 6/30/12	Total Paid Medical as of 11/30/12	Indicated Unpaid Medical as of 11/30/12	Projected Paid Medical as of 6/30/13
Prior	61,303	1.1840	72,585	61,491	1.1792	72,510	21,856	3,318	3,318	72,510		72,510	3,318	11,207	61,491	11,018	61,898
1992	14,757	1.1956	17,644	14,770	1.1907	17,587	4,254	4,134	4,134	17,587		17,587	4,134	2,830	14,770	2,817	14,898
1993	14,677	1.2073	17,719	14,719	1.2023	17,697	4,419	4,005	4,005	17,697		17,697	4,005	3,020	14,719	2,978	14,820
1994	19,004	1.2222	23,227	19,151	1.2159	23,285	4,797	4,854	4,854	23,285		23,285	4,854	4,281	19,151	4,134	19,242
1995	20,429	1.2380	25,292	20,656	1.2313	25,434	5,735	4,435	4,435	25,434		25,434	4,435	5,005	20,656	4,778	20,701
1996	22,055	1.2566	27,714	22,174	1.2487	27,689	6,209	4,461	4,461	27,698		27,698	4,461	5,643	22,174	5,524	22,384
1997	21,408	1.2761	27,319	21,611	1.2678	27,398	6,332	4,327	4,327	27,398		27,398	4,327	5,991	21,611	5,788	21,745
1998	27,975	1.3007	36,388	28,293	1.2902	36,504	6,215	5,875	5,875	36,510		36,510	5,875	8,535	28,293	8,218	28,522
1999	33,140	1.3315	44,127	33,568	1.3183	44,255	6,710	6,600	6,600	44,288		44,288	6,600	11,148	33,568	10,719	33,936
2000	43,774	1.3683	59,894	44,407	1.3525	60,060	6,520	9,256	9,256	60,347		60,347	9,256	16,573	44,407	15,940	45,016
2001	55,831	1.4128	78,877	56,950	1.3936	79,367	8,055	9,942	9,942	80,083		80,083	9,942	24,253	56,950	23,133	57,743
2002	63,892	1.4680	93,795	64,918	1.4442	93,753	8,949	10,558	10,558	94,481		94,481	10,558	30,589	64,918	29,563	66,447
2003	60,801	1.5467	94,044	61,984	1.5125	93,752	8,419	11,158	11,158	93,941		93,941	11,158	33,140	61,984	31,958	63,121
2004	45,449	1.7171	78,039	46,581	1.6417	76,473	9,092	8,411	8,411	76,473		76,473	8,411	31,023	46,581	29,892	47,776
2005	24,874	1.8361	45,670	25,627	1.7838	45,713	8,878	5,149	5,400	47,941		46,827	5,274	21,953	25,627	21,200	26,740
2006	22,403	2.0092	45,012	23,689	1.9323	45,775	10,012	4,572	4,900	49,059		47,417	4,736	25,014	23,689	23,728	24,740
2007	15,116	2.2795	34,456	15,983	2.1576	34,484	8,011	4,305	5,100	40,856		37,670	4,702	22,554	15,983	21,687	17,540
2008	12,854	2.7264	35,045	13,595	2.5203	34,263	7,722	4,437	5,500	42,471		38,367	4,969	25,513	13,595	24,772	15,751
2009	5,721	3.7265	21,321	6,465	3.2436	20,970	3,456	6,068	5,800	20,045		20,508	5,934	14,786	6,465	14,042	7,711
2010	1,495	4.9519	7,401	1,627	4.3546	7,085	1,175	6,030	6,100	7,168		7,126	6,065	5,632	1,627	5,499	2,142
2011	208	11.4184	2,374	216	7.7314	1,668	889	1,877	6,500	5,779		5,779	6,500	5,571	216	5,563	906
Total	587,166		887,945	598,474		885,722	147,705			911,050	899,749	901,425	129,513	314,260	598,474	302,952	613,780



**South Carolina Second Injury Fund
Workers Compensation
Reserve Analysis as of November 30, 2012
Report Year Evaluation**

		Paid Medical Loss (\$000s)*																										
Report Year Ending	6/30:	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204	216	228	240	252	264	276	300			
1991	18,541	26,233	33,743	38,719	42,481	44,728	46,686	48,111	49,647	50,472	51,382	52,489	53,595	54,275	55,167	55,925	56,703	57,789	58,680	59,606	60,435	61,303	61,491					
1992	611	4,097	7,865	9,778	10,977	12,215	12,653	13,228	13,852	13,464	13,836	14,020	14,108	14,322	14,408	14,486	14,554	14,616	14,675	14,757	14,770							
1993	941	4,766	8,532	11,015	11,862	12,521	12,885	13,066	13,256	13,384	13,543	13,708	13,862	14,029	14,132	14,206	14,356	14,457	14,574	14,677	14,719							
1994	1,621	6,356	11,107	13,267	14,426	14,977	15,332	15,799	16,114	16,310	16,474	16,685	17,200	17,487	17,741	17,986	18,252	18,708	19,004	19,151								
1995	1,493	6,568	10,824	13,315	14,500	15,122	15,727	16,296	16,643	16,846	17,289	17,765	18,163	18,572	19,095	19,411	20,047	20,429	20,656									
1996	1,184	5,771	10,016	12,562	14,194	15,149	16,061	16,904	17,604	18,245	18,838	19,443	20,201	20,837	21,328	21,729	22,055	22,174										
1997	1,050	5,410	9,422	11,461	12,817	14,138	14,948	15,353	16,102	16,929	17,802	18,482	19,066	19,781	20,652	21,408	21,611											
1998	1,385	7,485	12,212	15,319	17,788	19,067	20,056	21,081	22,247	23,245	24,450	25,276	26,117	26,922	27,975	28,293												
1999	1,415	6,899	12,277	16,156	18,897	20,513	22,280	23,917	25,405	26,968	29,068	30,335	31,820	33,140	33,568													
2000	1,646	8,433	15,899	20,537	23,952	28,499	31,489	34,155	35,997	38,320	40,322	42,256	43,774	44,407														
2001	1,726	10,801	19,198	25,440	31,843	36,798	40,594	43,216	45,991	48,958	52,825	55,831	56,950															
2002	2,097	9,933	20,067	30,664	37,823	42,695	47,167	51,833	55,749	59,735	63,892	64,918																
2003	1,060	8,370	22,304	32,730	39,279	44,768	49,161	53,469	57,166	60,801	61,984																	
2004	600	8,519	16,903	23,451	28,441	32,537	36,762	40,499	45,449	46,581																		
2005	344	2,885	6,234	10,031	13,844	18,144	21,780	24,874	25,627																			
2006	235	2,116	6,102	9,603	13,620	17,806	22,403	23,689																				
2007	118	1,784	4,518	7,941	11,398	15,116																						
2008	156	1,349	4,644	8,350	12,954	13,595																						
2009	127	1,496	3,149	5,721	6,465																							
2010	174	588	1,495	1,627																								
2011	40	208	216																									

* Note - Includes Expense

		Age-to-Age Factors																										
Accident Yr	12 - 24	24 - 36	36 - 48	48 - 60	60 - 72	72 - 84	84 - 96	96 - 108	108 - 120	120 - 132	132 - 144	144 - 156	156 - 168	168 - 180	180 - 192	192 - 204	204 - 216	216 - 228	228 - 240	240 - 252	252 - 264	264 - 276	276 - 288	To Ult				
1991	1.415	1.286	1.147	1.097	1.053	1.044	1.031	1.032	1.017	1.018	1.022	1.021	1.013	1.016	1.014	1.014	1.019	1.015	1.016	1.014	1.014	1.003						
1992	6.701	1.920	1.243	1.123	1.113	1.036	1.026	1.019	1.009	1.008	1.028	1.013	1.006	1.015	1.006	1.005	1.004	1.004	1.004	1.006	1.001							
1993	5.066	1.790	1.291	1.077	1.056	1.029	1.014	1.015	1.010	1.012	1.012	1.011	1.012	1.007	1.005	1.011	1.007	1.008	1.007	1.008	1.003							
1994	3.920	1.748	1.195	1.087	1.038	1.024	1.030	1.020	1.012	1.010	1.013	1.031	1.017	1.015	1.014	1.015	1.025	1.016	1.008									
1995	4.399	1.648	1.230	1.089	1.043	1.040	1.021	1.012	1.026	1.022	1.022	1.022	1.028	1.028	1.017	1.033	1.019	1.011										
1996	4.872	1.736	1.254	1.130	1.067	1.060	1.052	1.041	1.036	1.032	1.032	1.039	1.031	1.024	1.019	1.015	1.005											
1997	5.152	1.741	1.216	1.118	1.103	1.057	1.027	1.049	1.051	1.052	1.038	1.032	1.038	1.031	1.044	1.032	1.009											
1998	5.405	1.631	1.254	1.161	1.072	1.052	1.051	1.045	1.045	1.052	1.034	1.033	1.031	1.044	1.032	1.009												
1999	4.876	1.779	1.316	1.170	1.086	1.086	1.073	1.062	1.062	1.078	1.044	1.049	1.042	1.039	1.011													
2000	5.122	1.885	1.292	1.166	1.190	1.105	1.085	1.054	1.065	1.052	1.048	1.036	1.014															
2001	6.259	1.777	1.325	1.252	1.156	1.103	1.065	1.064	1.065	1.079	1.057	1.020																
2002	4.736	2.020	1.528	1.233	1.129	1.105	1.099	1.076	1.072	1.070	1.016																	
2003	7.899	2.665	1.467	1.200	1.140	1.098	1.088	1.069	1.064	1.019																		
2004	14.190	1.984	1.387	1.213	1.155	1.120	1.102	1.122	1.025																			
2005	8.380	2.160	1.609	1.380	1.311	1.200	1.142	1.030																				
2006	8.998	2.884	1.574	1.522	1.218	1.258	1.057																					
2007	15.090	2.532	1.758	1.435	1.326	1.057																						
2008	8.661	3.443	1.798	1.539	1.058																							
2009	11.742	2.105	1.817	1.130																								
2010	3.378	2.540	1.089																									
2011	5.176	1.038																										
		1.093	1.226	1.341	1.144	1.143	1.143	1.074																				

		Averages Ex Ante 1																										
	12 - 24	24 - 36	36 - 48	48 - 60	60 - 72	72 - 84	84 - 96	96 - 108	108 - 120	120 - 132	132 - 144	144 - 156	156 - 168	168 - 180	180 - 192	192 - 204	204 - 216	216 - 228	228 - 240	240 - 252	252 - 264	264 - 276	276 - 288	To Ult				
Simple Avg																												
Latest 3	6.765	2.696	1.791	1.499	1.285	1.193	1.110	1.089	1.067	1.067	1.049	1.039	1.037	1.036	1.024	1.021	1.017	1.009	1.009	1.010	1.014							
Latest 5	8.809	2.701	1.711	1.418	1.230	1.156	1.099	1.077	1.065	1.066	1.044	1.038	1.033	1.030	1.018	1.016	1.015	1.011	1.009	1.010	1.014							
Medial Avg																												
Latest 5x1	8.526	2.652	1.722	1.446	1.228	1.142	1.096	1.070	1.064	1.067	1.043	1.036	1.033	1.030	1.016	1.013	1.015	1.012	1.007	1.010	1.014							
Volume Wtd																												
All Yrs	3.557	1.821	1.345	1.199	1.128	1.092	1.069	1.059	1.048	1.048	1.036	1.030	1.024	1.024	1.016	1.016	1.017	1.013	1.012	1.012	1.014							
Latest 3	6.708	2.705	1.788	1.501	1.281	1.177	1.103	1.086	1.067	1.068	1.051	1.039	1.037	1.036	1.024	1.021	1.018	1.010	1.012	1.012	1.014							
Latest 5	8.811	2.715	1.690	1.367	1.196	1.135	1.094	1.077	1.066	1.068	1.047	1.038	1.034	1.031	1.019	1.017	1.017	1.013	1.012	1.012	1.014							
1992-2003	5.230	1.882	1.329	1.170	1.113	1.079	1.066	1.055	1.052	1.054	1.039	1.033	1.028	1.027	1.017	1.017	1.015	1.010	1.006									
2004-2008	11.455	2.306	1.546	1.367	1.228	1.177	1.117	1.122																				

		Development Factor Selection																										
	12 - 24	24 - 36	36 - 48	48 - 60	60 - 72	72 - 84	84 - 96	96 - 108	108 - 120	120 - 132	132 - 144	144 - 156	156 - 168	168 - 180	180 - 192	192 - 204	204 - 216	216 - 228	228 - 240	240 - 252	252 - 264	264 - 276	276 - 288	To Ult				
Selected	8.811	2.306	1.329	1.367	1.196	1.135	1.084	1.069	1.059	1.054	1.039	1.0																

**South Carolina Second Injury Fund
Workers Compensation
Reserve Analysis as of November 30, 2012**

Paid Indemnity Loss (\$000s) in Fiscal/Calendar Year ending 6/30:														
Fiscal/Calendar Year Ending 6/30:	Unpaid as of 6/30/12	Unpaid as of 11/30/12	2013 (Partial)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023 & Remaining	
Prior	47	41	11	21	9	0	0	0	0	0	0	0	0	0
1992	16	16	3	7	5	2	0	0	0	0	0	0	0	0
1993	21	21	3	6	6	4	2	0	0	0	0	0	0	0
1994	28	28	4	6	6	6	4	2	0	0	0	0	0	0
1995	40	40	6	9	6	6	6	4	2	0	0	0	0	0
1996	74	65	10	14	10	8	8	8	5	2	0	0	0	0
1997	61	61	9	13	10	7	5	5	5	4	2	0	0	0
1998	117	109	16	23	17	13	10	7	7	7	5	2	0	0
1999	245	214	32	46	34	26	19	14	11	11	11	7	3	3
2000	719	691	87	151	113	85	64	48	36	27	27	27	27	27
2001	1,665	1,610	376	325	227	170	128	96	72	54	40	40	40	81
2002	2,504	2,333	557	789	260	182	136	102	77	58	43	32	32	97
2003	3,142	2,654	664	900	484	160	112	84	63	47	35	26	26	79
2004	4,309	4,088	1,313	1,300	667	359	118	83	62	47	35	26	26	79
2005	6,204	5,783	1,156	2,641	930	477	257	85	59	44	33	25	25	75
2006	8,522	7,465	1,252	2,426	2,162	761	390	210	69	48	36	27	27	82
2007	10,373	9,224	1,353	2,645	2,040	1,819	640	328	177	58	41	31	31	92
2008	16,198	14,061	2,232	3,537	2,787	2,149	1,916	675	346	186	61	43	43	129
2009	10,792	9,309	1,495	2,514	1,585	1,249	963	858	302	155	83	28	28	77
2010	5,704	5,352	827	1,489	977	616	485	374	334	117	60	32	32	41
2011	7,859	7,855	945	2,283	1,522	999	630	496	383	341	120	62	62	75
Total	78,643	71,022	12,351	21,143	13,859	9,098	5,894	3,480	2,010	1,207	634	409	409	936
Remaining Unpaid			58,671	37,527	23,668	14,570	8,677	5,196	3,186	1,979	1,345	936		0

**South Carolina Second Injury Fund
Workers Compensation
Reserve Analysis as of November 30, 2012**

			Paid Medical Loss (\$000s) in Fiscal/Calendar Year ending 6/30:										
Fiscal/Calendar Year Ending 6/30:	Unpaid as of 6/30/12	Unpaid as of 11/30/12	2013 (Partial)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023 & Remaining
Prior	11,207	11,018	406	601	607	382	384	387	389	392	394	396	6,680
1992	2,830	2,817	128	143	144	145	92	92	93	93	94	94	1,697
1993	3,020	2,978	100	144	145	147	148	93	94	94	95	96	1,822
1994	4,281	4,134	92	191	192	194	196	198	125	126	126	127	2,567
1995	5,005	4,778	45	264	211	213	215	217	219	138	139	140	2,979
1996	5,643	5,524	210	289	280	224	226	228	230	232	146	147	3,311
1997	5,991	5,788	135	330	290	280	224	226	228	231	233	147	3,464
1998	8,535	8,218	229	450	440	386	374	299	302	305	308	311	4,815
1999	11,148	10,719	368	663	546	534	468	453	362	366	369	373	6,217
2000	16,573	15,940	609	1,094	912	751	734	644	624	498	503	508	9,063
2001	24,253	23,133	793	1,674	1,475	1,230	1,012	990	868	841	672	678	12,901
2002	30,589	29,563	1,529	2,210	1,935	1,705	1,422	1,169	1,144	1,004	972	776	15,697
2003	33,140	31,958	1,137	2,574	2,227	1,950	1,718	1,432	1,178	1,153	1,011	979	16,598
2004	31,023	29,892	1,195	2,009	2,229	1,928	1,688	1,487	1,240	1,020	998	876	15,220
2005	21,953	21,200	1,113	1,507	1,301	1,443	1,249	1,093	963	803	661	646	10,422
2006	25,014	23,728	1,051	1,928	1,556	1,344	1,491	1,290	1,129	995	830	682	11,433
2007	22,554	21,687	1,557	1,880	1,551	1,252	1,081	1,200	1,038	909	801	668	9,750
2008	25,513	24,772	2,156	2,431	1,886	1,555	1,256	1,084	1,203	1,041	911	803	10,446
2009	14,786	14,042	1,246	1,453	1,219	946	780	630	544	603	522	457	5,642
2010	5,632	5,499	515	671	490	411	319	263	212	183	203	176	2,056
2011	5,571	5,563	690	560	580	424	356	276	228	184	159	176	1,931
Total	314,260	302,952	15,306	23,065	20,216	17,444	15,432	13,752	12,414	11,210	10,146	9,256	154,710
Remaining Unpaid		Remaining	287,646	264,580	244,364	226,920	211,488	197,736	185,322	174,112	163,966	154,710	0