



# GEORGIA SUBSEQUENT INJURY TRUST FUND

## ACTUARIAL VALUATION OF THE SUBSEQUENT INJURY TRUST FUND

### SUPPLEMENTAL REPORT

**July 29, 2013**



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Georgia Subsequent Injury Trust Fund  
*Supplemental Report of the  
Actuarial Valuation of the Subsequent Injury Trust Fund*

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**A. PURPOSE AND SCOPE**

Pinnacle Actuarial Resources, Inc. (Pinnacle) was retained by the State of Georgia Subsequent Injury Trust Fund (SITF or Fund) to provide an actuarial valuation of the statutory liabilities of the Fund. In addition, Pinnacle was asked to provide estimates of future assessments and the estimated time frame for the run-off of all claims for reimbursement against the Fund.

An analysis was conducted and report prepared (Original Report) documenting our findings and recommendations, and was presented to the SITF in December 2012. Due to the size of the indicated change in estimated liabilities as well as the increase in average outstanding reserve, the SITF asked Pinnacle to provide an additional analysis to validate our assumptions and conclusions. We suggested that an individual claim file review on a random sampling of claims could help validate the results. In addition, the SITF asked Pinnacle to:

- Confirm or adjust as appropriate our 2012 projections
- Recommend the time period of the assessment
- Recommend the form of the assessment

This Supplemental Report summarizes our findings from this additional analysis and our recommendations.

**B. QUALIFICATIONS TO PROVIDE ACTUARIAL SERVICES**

This report is provided to the SITF by John E. Wade, ACAS, MAAA and N. Terry Godbold, ACAS, MAAA, FCA, each of whom meets the basic and continuing education standards of the American Academy of Actuaries to perform actuarial services. Pinnacle is also well qualified to conduct this study by virtue of our prior work with subsequent or second injury trust funds in Georgia and other states.

**C. DISTRIBUTION AND USE**

All aspects of the Distribution and Use section of the Original Report apply to this Supplemental Report as well.

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**D. RELIANCES AND LIMITATIONS**

All aspects of the Reliances and Limitations section of the Original Report apply to this Supplemental Report as well. Additionally, this Supplemental Report should only be viewed and considered in conjunction with the Original Report. Data for the supplemental claims file review were provided to us by Kathy Cannon of the SITF and were valued as of May 16, 2013. Exhibits and discussion from the Original Report are not repeated in the Supplemental Report.

**E. CLAIMS REVIEW DESCRIPTION**

The purpose of the claim file activity review was to confirm our 2012 projections and, if necessary, make whatever adjustments were deemed appropriate. Initially we were to select approximately 100-125 open files spread over various five year period groupings. After an initial review we decided to expand the number of files to be reviewed by year and concentrated on the older years plus several of the newer years and one year in which we examined 100% of the open files. Exhibit 2 summarizes the results of our review.

Our approach was to review the reimbursement payment history and develop an annual future payment pattern separately for indemnity and medical. We then determined the remaining life expectancy based on the sex and age of the claimant, assuming remaining males would live to ages 82-86 and remaining females would live to ages 85-88.5. The selections of these ages were developed from the 1994 Group Annuity Mortality Table as published by the Society of Actuaries, the same table we used in our December, 2012 report. We assumed a medical inflation rate of 5% and an indemnity rate of 3%. Once we had determined the expected liability for claims reviewed we extrapolated the sum of the individual liabilities by year to arrive at an estimate for the entire accident year.

It is important to note that even though we reviewed the payment history and other information gleaned from the individual claims file under review, our projections should be thought of as estimates. Actual results for individual claims will likely develop differently than our projections on those claims, sometimes substantially, either in positive or negative directions. The assumption is that the projected average development on all claims in the sample combined is representative of the development that will be experienced on all claims still in the Fund, those sampled and those not sampled.

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Some observations from our sample review:

1. In our sample, the average age of a claimant at the time of injury was 47.6. The SITF calculated an average age at time of injury of 47.7 on all open claims with valid birth date records. If we reran the model assigning all records with unknown birth dates an average age of 47 at time of injury, the impact would be to decrease the estimated liabilities developed through the extended exposure method by \$48 million.
2. Our original model used several methods to estimate liabilities: extension of exposures and a loss development method. Our final selected claim liabilities under the original model were based on the loss development method. It appears from our sample review that for the older claims from 1980-1989 the loss development method appears to consistently understate the estimated liabilities. The extension of exposure method was closer to our sample review estimate but still below the estimate suggested by our sample review.
3. The reverse appears to be the case for accident year 1995 (for which we examined 100% of all open claims). The sample claim review would suggest that the loss development method produces an estimate for the 1995 accident year closer to the sample review estimate and that the extension of exposure method appears to understate the liabilities.
4. Our sampling for accident years 2002-2003 produced estimates much lower than either the extension of exposure method or the loss development method. For these years the loss development method produced results a little lower than the extension of exposure method. There is some concern of the sampling in these more recent years for two reasons: 1) there appears to be much more volatility between this method and the standard actuarial techniques used in our December 2012 analysis, and 2) the sample size represented in the more recent years was about 11% of the open files, while the older years utilized a sample size of 36% and 1995 was based on a sample size of 100%.

***F. PROJECTED ULTIMATE LIABILITIES PRIOR TO CLAIMS CLOSURES***

We have revised our ultimate liability estimate as of 9/11/2012 to \$1,075,966,000 (Exhibit 1). This is a decrease of \$13,118,000 compared to our \$1,089,084,000 estimate made in December 2012.

The individual claim files review has led us to make these adjustments. In our review of the randomly selected claim files with various accident years from 1980 through 1989 and 1995, we found our manually calculated (ground up estimates) for those accident years were approximately \$25 million higher than our selected estimates. One of the major findings we noted for the 208 files we reviewed is

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that the average age of the beneficiary at the time of accident was approximately 47. Using this information in our extended exposure method created results closer to our paid development method for the 1980-1989 accident years. For accident year 1995 the 100% sample produced results midway between the paid development method and the extended exposure method. We therefore revised our selected ultimate liabilities for accident years 1995 and prior from relying only on the paid loss development method to relying also on the extended exposure method, with the calculated default age of 47 at the time of accident.

In our original selections for all years, we selected the paid development method, as it was between a low estimate of \$970 million (from the combined coverage, paid loss development method) and a high estimate of \$1,180 million (from our original extension of exposure method). The extension of exposure method is very similar to the ground up approach we applied in our sample of 208 claims, except in our sample we manually selected average claim payments per file by manually reviewing the payment activity and making judgment selections. Under the extension of exposure method, the average payments were objectively determined by averaging the historical payments.

The sampling technique for the more recent accident years produced significantly lower results than either of our methods. Given our concerns as described above we maintained our estimates for the 1996 and subsequent accident years set at the paid loss development method, which was lower than the extended exposure method. Exhibit 3 shows these final results.

***G. PROJECTED ULTIMATE LIABILITIES AFTER CLAIMS CLOSURES***

To test the impact of the effort to close claims from the time of the evaluation of the 2012 report through 6/26/2013, we reran our 2012 report (using the default age of 47 at date of injury) but limited the open claims to just those claims that were still open on 6/26/2013. The impact was to lower the estimated remaining liabilities based on the extended exposure method by \$159 million.

While the intent of the claims review was to determine if our methodologies were producing reasonable results, the scope of this engagement did not include conducting a complete analysis duplicating our 2012 study. However, we did take a simplistic approach to estimate what the liabilities might be at 6/26/2013 had we done a full analysis.

Our study already produced a 6/26/2013 estimate from the extended exposure method. Since our ultimate liability estimate relies on both the extended exposure method and on the paid loss

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development method, we needed to derive an estimate of the paid loss development of ultimate remaining liabilities at 6/26/2013. Our approach was to assume that the change in estimated outstanding liabilities at 6/26/2013 under the paid development method would be similar to the change we calculated under the extended exposure method. The extended exposure estimate decreased by 14.0% when we took into consideration the claims closed since 9/11/2012. We therefore applied a 14.0% adjustment factor to our estimates from the paid development method to account for claims closed after 9/11/2012. The 14.0% adjustment factor was applied to each accident year's estimate of medical and indemnity liabilities. The end result was a decrease in the paid development estimated liability of \$152 million. Exhibit 3B shows a summary of the results after the adjustment.

Again, we emphasize that it would be preferable to conduct a complete analysis similar to our 2012 study to develop a more accurate estimate. The results of the simplistic approach should be used with caution and an understanding that a full analysis could produce different results.

Combining the revised extended exposure estimates with the adjusted paid loss development estimates, the overall impact on our selections of removing the liabilities of claims closed since 9/11/2012 is a decrease of \$146 million, as displayed in Exhibits 1 and 3B. The end result is an estimated outstanding liability of approximately \$930 million as of 6/26/2013.

***H. SITF EXTENSION, ASSESSMENT TIME PERIOD AND ASSESSMENT FORM***

As long as payments are being made to individuals under the SITF, it could be argued that the SITF should continue in operation and assessments should be made or considered. However, at some point the annual payment process may become mostly clerical in nature. The SITF is currently scheduled to sunset, or discharge its duties/liabilities no later than December 31, 2020. However, at that time we estimate that the Fund may still have around \$500 million of remaining unpaid liability. It is estimated that those liabilities could be paid out over an additional 50 years. Estimated outstanding liabilities are expected to drop below \$200 million by the end of 2029 and then below \$100 million in 2033.

These estimates are derived from a cash flow exhibit that gives consideration to the reduced liabilities indicated by the rerun of the extended exposure method as of 6/26/2013. An approximate representation of what the cash flow exhibit would look like if we did a full analysis, assuming our paid loss development adjusted estimates are reasonable, is shown in Exhibit 4. This exhibit should be viewed with caution because of the many simplifying assumptions that went into its development.

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By 2020 annual loss payments may decrease to close to \$40 million. This is still a substantial amount, and likely lump sum settlements will still be sought by some claimants. Annual SITF payments are not expected to drop below \$10 million until sometime around 2037.

While dealing with such substantial liabilities it would seem reasonable to maintain the specialized services of the SITF to assure the best, most efficient handling of claims, in terms of operating costs and the potential to reduce actual payments through lump sum settlements. Sometime around 2037 it is estimated that the expense of operating the SITF will approach and pass 10% of the annual benefit payments. In 2033 the SITF operating expenses will probably be closer to 5% of the annual payments.

We also recommend that assessments continue as long as assets and projected investment income are less than outstanding liabilities, including projected administrative expenses. We estimate that the Fund will reach this balance point if the current form of assessments (\$100 million annually) is maintained through 2023. We do not recommend a change in the assessment formula since it is already in an acceptable, known format. Because of the volatility of the Fund payments and estimated liabilities, we do not believe it would be prudent to dissolve the assessment mechanism until outstanding liabilities can be much more accurately estimated.

To summarize, we recommend:

- the SITF continue in operation through 2030;
- the \$100 million annual assessments not sunset before December 31, 2023, or assets reach a level that would guarantee sufficient funds to cover the actuarially calculated outstanding liabilities of the time, and
- the form of assessment remain unchanged using the same formula currently in place, allowing for no assessments when the actuarial studies show the SITF to be fully funded.



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**I. CONCLUSIONS**

At the time of our 2012 report, the Fund had a large estimated outstanding liability of over \$1.1 billion dollars. Because of our ground-up review of 208 open claims, we believe a decrease from our original estimate of 1%, approximately \$13 million, could be made as of 9/11/2012.

Taking into consideration the claims closed since our last study, the estimated liability could drop an additional \$146 million, to approximately \$930 million as of 6/26/2013.

As indicated above, these estimates for 6/26/2013 are based on a simple approach. The generated results appear to be reasonable. Ideally the next time a full actuarial study is completed the paid development method will be able to be calculated just as it was in 2012. Regardless, the increase in claims closures will have to be accounted for in making final selections.

One of the concerns of the SITF Board of Directors last December was the size of our selected average open claim. At that time we indicated that we were using an average of \$70,000 medical and \$158,000 indemnity, or a total of \$228,000. In our ground up review of the 208 open claims, we estimated the average open claim to be closer to \$239,000. The \$228,000 average was only used to estimate the small amount of outstanding liability of \$5.5 million attributed to pending and currently inactive claims. We did not believe it necessary to revise this minor portion of our estimated liabilities.

It is very difficult to estimate future events. The degree of success that the SITF has in closing claims early for amounts less than the projected ultimate liabilities could change our estimates significantly. Final payments that are included in the data have already impacted our estimates, but to the extent the SITF has greater or lesser success in closing these claims, future estimates will vary accordingly. It will be important to continually monitor SITF payments and periodically develop estimates of outstanding liabilities.

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## **EXHIBITS**

Georgia Subsequent Injury Trust Fund  
Data as of 9/11/2012  
Executive Summary

**Supplemental Report**

		<u>Number</u>	<u>Amount</u>
<b>Estimates BEFORE Claims Closures from 9/11/12 to 6/26/13</b>			
Number of Outstanding and Future Claims			
(1)	Open/Accepted/Active	3,865	\$1,070,408,000
(2)	Pending	20	3,454,000
(3)	Inactive	11	1,876,000
(4)	IBNR	<u>1</u>	<u>228,000</u>
(5)	Total	3,897	\$1,075,966,000

<b>Estimates AFTER Claims Closures from 9/11/12 to 6/26/13</b>			
Number of Outstanding and Future Claims			
(6)	Open/Accepted/Active	2,909	\$924,426,000
(7)	Pending	20	3,454,000
(8)	Inactive	11	1,876,000
(9)	IBNR	<u>1</u>	<u>228,000</u>
(10)	Total	2,941	\$929,984,000

<b>Estimated IMPACT of Claims Closures from 9/11/12 to 6/26/13</b>			
Number of Closed Claims			
(11)	Closed	956	\$145,982,000

Footnotes

- (1) Count from Original Report. Amount from Exhibit 3A.  
 (2) - (4) Original Report  
 (5) (2) + (3) + (4)  
 (6) Count per 6/26/2013 data file provided by Client. Amount from Exhibit 3B.  
 (7) - (9) Original Report  
 (10) (7) + (8) + (9)  
 (11) (1) - (6)

**Supplemental Report**

Georgia Subsequent Injury Trust Fund  
 Data as of 5/16/2013  
 Claim Activity File Review

Accident Year	# of Claims Open	# of Claims Reviewed	%	# of Claims W/O Birthdays	Average Age	Average Age At Injury	Average Life Expectancy	Gross-Reviewed Liabilities	Gross Ultimate Liabilities	Largest Claim	SITF #
1980	6	6	100%	0	87	54	4	\$155,590	\$155,590	\$53,633	1153
1981	7	7	100%	0	70	38	16	\$1,341,620	\$1,341,620	\$485,202	1342
1982	15	8	53%	0	75	44	12	\$1,411,083	\$2,645,780	\$603,598	2060
1983	17	9	53%	0	73	43	14	\$3,033,567	\$5,730,071	\$1,882,471	2679
1984	12	7	58%	7	79	50	8	\$516,997	\$886,280	\$165,462	4681
1985	27	7	26%	4	77	49	10	\$2,651,031	\$10,225,407	\$2,055,765	4675
1986	26	7	27%	6	77	50	11	\$604,805	\$2,246,419	\$395,494	4859
1987	35	8	23%	8	76	50	11	\$1,440,665	\$6,302,911	\$302,138	7115
1988	37	11	30%	7	75	50	12	\$2,803,412	\$9,429,659	\$598,961	6604
1989	45	11	24%	6	69	45	18	\$2,822,911	\$11,548,271	\$760,373	11306
1995	59	59	100%	20	65	47	23	\$21,381,152	\$21,381,152	\$9,431,987	72368
2002	256	30	12%	0	61	50	21	\$7,967,904	\$67,992,782	\$1,461,572	88376
2003	351	38	11%	0	59	49	23	\$7,973,346	\$73,648,540	\$2,883,374	105395
Totals	893	208	23%	58				\$54,104,084	\$213,534,482	\$9,431,987	

Assumptions: Medical Inflation is 5% and Indemnity Inflation is 3%  
 % column is calculated as # of claims reviewed divided by the # of files open  
 Life expectancy based on 1994 Group Annuity Mortality Table, as listed on the Society of Actuaries website  
 Reviewed liabilities based on individually selected average annual payments extended for number of years of expected remaining life  
 Ultimate liabilities is calculated as reviewed liabilities divided by % of open claims reviewed

Georgia Subsequent Injury Trust Fund  
Data as of 9/11/2012  
Selected Outstanding Liabilities

## Supplemental Report

As of 9/11/2012 (No adjustments for subsequent claims closures.)

Accident Year Ending 9/16/yy	Medical Outstanding Liability			Indemnity Outstanding Liability			Medical & Indemnity Outstanding Liability
	Paid Loss	Extended	Selected	Paid Loss	Extended	Selected	
	Development	Exposure		Development	Exposure		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1977	950	0	475	2,061	0	1,031	1,506
1978	7,909	122,973	65,441	9,563	40,880	25,221	90,662
1979	28,380	98,989	63,685	51,524	110,457	80,990	144,675
1980	24,760	77,953	51,357	53,256	130,223	91,740	143,096
1981	45,637	147,924	96,780	81,117	225,779	153,448	250,228
1982	92,811	573,515	333,163	196,993	519,325	358,159	691,322
1983	136,196	1,008,027	572,112	262,205	593,085	427,645	999,757
1984	301,737	691,229	496,483	429,188	493,358	461,273	957,756
1985	775,427	3,488,437	2,131,932	733,028	1,227,257	980,142	3,112,074
1986	1,208,560	976,726	1,092,643	992,986	719,443	856,215	1,948,858
1987	1,713,682	2,402,572	2,058,127	1,885,156	2,501,208	2,193,182	4,251,309
1988	3,588,295	3,053,692	3,320,994	3,363,525	2,483,296	2,923,410	6,244,404
1989	4,722,050	5,032,060	4,877,055	4,254,971	2,984,186	3,619,579	8,496,634
1990	6,175,879	6,755,949	6,465,914	6,106,888	4,893,868	5,500,378	11,966,292
1991	8,004,721	10,136,934	9,070,828	10,890,268	7,443,014	9,166,641	18,237,469
1992	8,580,938	12,572,092	10,576,515	11,495,022	5,842,525	8,668,773	19,245,288
1993	8,308,516	8,709,951	8,509,234	10,688,214	4,890,090	7,789,152	16,298,386
1994	7,177,861	5,077,966	6,127,914	15,169,386	3,757,057	9,463,222	15,591,135
1995	8,212,998	12,058,359	10,135,678	17,691,166	5,386,744	11,538,955	21,674,633
1996	9,072,672	15,907,927	9,072,672	23,786,710	7,986,787	23,786,710	32,859,381
1997	11,054,294	21,709,446	11,054,294	28,403,762	9,173,632	28,403,762	39,458,057
1998	14,217,284	31,028,203	14,217,284	33,047,078	12,687,758	33,047,078	47,264,362
1999	16,761,181	31,697,876	16,761,181	44,550,796	18,388,325	44,550,796	61,311,977
2000	18,274,884	32,708,445	18,274,884	52,625,494	24,678,004	52,625,494	70,900,378
2001	24,787,640	58,101,354	24,787,640	64,647,027	41,876,412	64,647,027	89,434,668
2002	31,329,608	69,314,605	31,329,608	75,026,487	43,556,788	75,026,487	106,356,095
2003	32,416,469	70,275,449	32,416,469	78,279,260	49,218,256	78,279,260	110,695,729
2004	36,757,164	77,923,652	36,757,164	83,308,762	44,815,055	83,308,762	120,065,926
2005	50,268,135	140,300,877	50,268,135	91,120,612	61,861,517	91,120,612	141,388,747
2006	39,387,930	105,031,319	39,387,930	80,938,730	46,837,515	80,938,730	120,326,660
Total	343,434,571	726,984,500	350,374,000	740,091,236	405,321,844	720,034,000	1,070,408,000

## Footnotes

- (1), (4) From Original Report  
(2), (5) Projected average future payments on all open claims based on claimant's mortality.  
Please see Original and Supplemental Report for more details.  
(3), (6) Average of Paid Development and Extended Exposure estimates through 1995. Paid Development thereafter  
(7) Columns (3) + (6)

**Georgia Subsequent Injury Trust Fund**  
**Data as of 9/11/2012**  
**Selected Outstanding Liabilities**

**Supplemental Report**

Adjstued for Claims Closures from 9/11/12 through 6/26/13

Accident Year Ending 9/16/yy	Medical Outstanding Liability			Indemnity Outstanding Liability			Medical & Indemnity Outstanding Liability
	Paid Loss	Extended	Selected	Paid Loss	Extended	Selected	
	Development	Exposure		Development	Exposure		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1977	817	0	409	1,773	0	886	1,295
1978	6,801	122,973	64,887	8,223	40,880	24,551	89,438
1979	24,403	94,022	59,212	44,304	110,457	77,380	136,592
1980	21,290	59,029	40,159	45,793	115,889	80,841	121,001
1981	39,241	147,924	93,583	69,749	177,439	123,594	217,177
1982	79,804	573,515	326,660	169,386	519,325	344,356	671,015
1983	117,110	948,072	532,591	225,460	512,411	368,935	901,526
1984	259,451	691,229	475,340	369,041	474,328	421,684	897,024
1985	666,757	3,398,727	2,032,742	630,300	997,761	814,030	2,846,772
1986	1,039,191	976,726	1,007,958	853,827	659,859	756,843	1,764,802
1987	1,473,524	2,369,776	1,921,650	1,620,967	2,439,241	2,030,104	3,951,754
1988	3,085,426	2,907,590	2,996,508	2,892,156	2,422,018	2,657,087	5,653,595
1989	4,060,295	4,852,907	4,456,601	3,658,673	2,629,967	3,144,320	7,600,921
1990	5,310,382	5,698,625	5,504,504	5,251,060	4,217,117	4,734,088	10,238,592
1991	6,882,928	9,945,238	8,414,083	9,364,090	6,838,085	8,101,087	16,515,170
1992	7,378,393	12,377,637	9,878,015	9,884,092	5,546,754	7,715,423	17,593,438
1993	7,144,149	7,512,440	7,328,294	9,190,352	4,206,906	6,698,629	14,026,924
1994	6,171,945	4,287,274	5,229,610	13,043,526	3,097,074	8,070,300	13,299,910
1995	7,062,016	11,841,482	9,451,749	15,211,900	5,041,838	10,126,869	19,578,618
1996	7,801,214	15,008,643	7,801,214	20,453,205	6,896,668	20,453,205	28,254,419
1997	9,505,129	20,577,400	9,505,129	24,423,217	8,490,280	24,423,217	33,928,346
1998	12,224,853	29,962,859	12,224,853	28,415,811	12,130,206	28,415,811	40,640,664
1999	14,412,244	25,486,362	14,412,244	38,307,381	13,404,195	38,307,381	52,719,625
2000	15,713,815	28,992,295	15,713,815	45,250,479	19,508,798	45,250,479	60,964,294
2001	21,313,863	51,586,116	21,313,863	55,587,297	33,548,775	55,587,297	76,901,160
2002	26,939,030	62,210,748	26,939,030	64,512,164	34,615,205	64,512,164	91,451,194
2003	27,873,577	58,713,826	27,873,577	67,309,088	38,356,904	67,309,088	95,182,665
2004	31,605,961	68,216,275	31,605,961	71,633,748	35,653,949	71,633,748	103,239,709
2005	43,223,484	123,851,802	43,223,484	78,350,834	49,712,299	78,350,834	121,574,318
2006	33,868,047	89,736,051	33,868,047	69,595,856	38,111,060	69,595,856	103,463,903
Total	295,305,139	643,147,562	304,296,000	636,373,749	330,475,687	620,130,000	924,426,000

Difference	-48,129,432	-83,836,938	-46,078,000	-103,717,487	-74,846,157	-99,904,000	-145,982,000
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**Footnotes**

- (1), (4) Paid Development from Original Report, uniformly adjusted based on extended exposure decreases for claims closures.
- (2), (5) Projected average future payments on all open claims based on claimant's mortality.
- Open Claims adjusted for claimm file closures through 6/26/2013. Please see Original and Supplemental Report for more details.
- (3), (6) Average of Paid Development and Extended Exposure estimates through 1995. Paid Development thereafter.
- (7) Columns (3) + (6)
- Difference Totals from Exhibit 3B minus Totals from Exhibit 3A. This is the estimate of the impact of the claims closures after 9/11/2012.

Georgia Subsequent Injury Trust Fund

Extended Exposure Method of Estimating Accepted Outstanding Liabilities  
Comparison Before and After Claims Closure

Accident Year Ending 9/16/yy	Medical Amount 9/11/2012	Medical Amount 6/26/2013	Medical Amount Difference	Medical Percentage Difference	Indemnity Amount 9/11/2012	Indemnity Amount 6/26/2013	Indemnity Amount Difference	Indemnity Percentage Difference	Combined Amount 9/11/2012	Combined Amount 6/26/2013	Combined Amount Difference	Combined Percentage Difference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
1977	0	0	0	0.0%	0	0	0	0.0%	0	0	0	0.0%
1978	122,973	122,973	0	0.0%	40,880	40,880	0	0.0%	163,853	163,853	0	0.0%
1979	98,989	94,022	-4,967	-5.0%	110,457	110,457	0	0.0%	209,446	204,479	-4,967	-2.4%
1980	77,953	59,029	-18,925	-24.3%	130,223	115,889	-14,334	-11.0%	208,176	174,918	-33,258	-16.0%
1981	147,924	147,924	0	0.0%	225,779	177,439	-48,340	-21.4%	373,703	325,363	-48,340	-12.9%
1982	573,515	573,515	0	0.0%	519,325	519,325	0	0.0%	1,092,841	1,092,841	0	0.0%
1983	1,008,027	948,072	-59,955	-5.9%	593,085	512,411	-80,674	-13.6%	1,601,112	1,460,483	-140,629	-8.8%
1984	691,229	691,229	0	0.0%	493,358	474,328	-19,030	-3.9%	1,184,586	1,165,556	-19,030	-1.6%
1985	3,488,437	3,398,727	-89,710	-2.6%	1,227,257	997,761	-229,496	-18.7%	4,715,694	4,396,488	-319,206	-6.8%
1986	976,726	976,726	0	0.0%	719,443	659,859	-59,584	-8.3%	1,696,169	1,636,585	-59,584	-3.5%
1987	2,402,572	2,369,776	-32,796	-1.4%	2,501,208	2,439,241	-61,967	-2.5%	4,903,780	4,809,016	-94,763	-1.9%
1988	3,053,692	2,907,590	-146,102	-4.8%	2,483,296	2,422,018	-61,278	-2.5%	5,536,988	5,329,608	-207,380	-3.7%
1989	5,032,060	4,852,907	-179,153	-3.6%	2,984,186	2,629,967	-354,219	-11.9%	8,016,246	7,482,874	-533,372	-6.7%
1990	6,755,949	5,698,625	-1,057,324	-15.7%	4,893,868	4,217,117	-676,752	-13.8%	11,649,817	9,915,741	-1,734,076	-14.9%
1991	10,136,934	9,945,238	-191,696	-1.9%	7,443,014	6,838,085	-604,929	-8.1%	17,579,948	16,783,322	-796,626	-4.5%
1992	12,572,092	12,377,637	-194,455	-1.5%	5,842,525	5,546,754	-295,771	-5.1%	18,414,617	17,924,391	-490,226	-2.7%
1993	8,709,951	7,512,440	-1,197,511	-13.7%	4,890,090	4,206,906	-683,184	-14.0%	13,600,041	11,719,347	-1,880,695	-13.8%
1994	5,077,966	4,287,274	-790,692	-15.6%	3,757,057	3,097,074	-659,983	-17.6%	8,835,023	7,384,348	-1,450,675	-16.4%
1995	12,058,359	11,841,482	-216,876	-1.8%	5,386,744	5,041,838	-344,906	-6.4%	17,445,102	16,883,320	-561,782	-3.2%
1996	15,907,927	15,008,643	-899,284	-5.7%	7,986,787	6,896,668	-1,090,119	-13.6%	23,894,714	21,905,310	-1,989,404	-8.3%
1997	21,709,446	20,577,400	-1,132,045	-5.2%	9,173,632	8,490,280	-683,353	-7.4%	30,883,078	29,067,680	-1,815,398	-5.9%
1998	31,028,203	29,962,859	-1,065,344	-3.4%	12,687,758	12,130,206	-557,552	-4.4%	43,715,961	42,093,065	-1,622,896	-3.7%
1999	31,697,876	25,486,362	-6,211,514	-19.6%	18,388,325	13,404,195	-4,984,130	-27.1%	50,086,201	38,890,557	-11,195,644	-22.4%
2000	32,708,445	28,992,295	-3,716,150	-11.4%	24,678,004	19,508,798	-5,169,206	-20.9%	57,386,449	48,501,093	-8,885,355	-15.5%
2001	58,101,354	51,586,116	-6,515,238	-11.2%	41,876,412	33,548,775	-8,327,637	-19.9%	99,977,766	85,134,890	-14,842,875	-14.8%
2002	69,314,605	62,210,748	-7,103,857	-10.2%	43,556,788	34,615,205	-8,941,582	-20.5%	112,871,392	96,825,953	-16,045,439	-14.2%
2003	70,275,449	58,713,826	-11,561,622	-16.5%	49,218,256	38,356,904	-10,861,352	-22.1%	119,493,705	97,070,730	-22,422,975	-18.8%
2004	77,923,652	68,216,275	-9,707,377	-12.5%	44,815,055	35,653,949	-9,161,106	-20.4%	122,738,708	103,870,225	-18,868,483	-15.4%
2005	140,300,877	123,851,802	-16,449,074	-11.7%	61,861,517	49,712,299	-12,149,218	-19.6%	202,162,394	173,564,101	-28,598,293	-14.1%
2006	105,031,319	89,736,051	-15,295,268	-14.6%	46,837,515	38,111,060	-8,726,455	-18.6%	151,868,834	127,847,110	-24,021,724	-15.8%
Total	726,984,500	643,147,562	-83,836,938	-11.5%	405,321,844	330,475,687	-74,846,157	-18.5%	1,132,306,344	973,623,248	-158,683,095	-14.0%

Footnotes

- (1), (5), (9) Original Report adjusted for a default age of 47 at time of accident
- (2), (6), (10) Projected average future payments on all open claims based on claimant's mortality.
- Open Claims adjusted for claim file closures through 6/26/2013. Please see Original and Supplemental Report for more details.
- (3), (7), (11) Difference between evaluation at 6/26/2013 and evaluation at 9/11/2012
- (4), (8), (12) Amount of Difference divided by amount at 9/11/2012

**Georgia Subsequent Injury Trust Fund**  
**Data as of 9/11/2012**

**Cash Flow, Reflecting adjustments for claims closed from 9/11/2012 through 6/26/2013**

**0.20% Investment Rate of Return, Gradually Rising - \$100,000,000 Assessments Until Fully Funded**

Calendar Year	Fund Begin Balance	Medical Paid Losses	Indemnity Paid Losses	Total Paid Losses	SITF Expenses	Assessment Revenue	Investment Income	Fund End Balance	Assessment For Next Year
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
2014	\$40,000,000	\$38,313,614	\$59,417,973	\$97,731,587	\$2,268,413	\$100,000,000	55,032	\$40,055,032	\$100,000,000
2015	40,055,032	38,674,616	59,079,655	97,754,271	2,245,729	100,000,000	82,731	40,137,763	100,000,000
2016	40,137,763	24,976,506	37,858,099	62,834,605	2,223,272	100,000,000	180,568	75,260,454	100,000,000
2017	75,260,454	20,608,117	31,226,163	51,834,280	2,201,039	100,000,000	429,075	121,654,210	100,000,000
2018	121,654,210	18,776,467	29,265,226	48,041,693	2,179,028	100,000,000	805,293	172,238,781	100,000,000
2019	172,238,781	17,213,427	28,061,831	45,275,258	2,157,238	100,000,000	1,304,413	226,110,698	100,000,000
2020	226,110,698	15,813,993	27,775,400	43,589,393	2,135,666	100,000,000	1,930,159	282,315,799	100,000,000
2021	282,315,799	14,361,947	27,693,383	42,055,330	2,114,309	100,000,000	2,686,527	340,832,687	100,000,000
2022	340,832,687	13,021,748	27,616,773	40,638,521	2,093,166	100,000,000	3,580,415	401,681,414	25,000,000
2023	401,681,414	12,038,382	28,027,302	40,065,684	1,593,166	25,000,000	4,308,251	389,330,815	
2024	389,330,815	11,220,908	28,302,954	39,523,862	1,529,439		4,446,330	352,723,843	
2025	352,723,843	10,563,189	28,196,898	38,760,087	1,468,262		4,347,047	316,842,541	
2026	316,842,541	9,923,036	27,670,790	37,593,826	1,409,531		4,187,116	282,026,299	
2027	282,026,299	9,171,682	26,874,767	36,046,449	1,353,150		3,975,020	248,601,720	
2028	248,601,720	8,370,233	25,447,937	33,818,169	1,299,024		3,489,497	216,974,024	
2029	216,974,024	7,710,271	24,089,136	31,799,407	1,247,063		3,027,699	186,955,252	
2030	186,955,252	7,093,774	22,533,558	29,627,332	1,197,181		2,591,311	158,722,050	
2031	158,722,050	6,430,307	20,337,890	26,768,197	1,149,293		2,186,997	132,991,557	
2032	132,991,557	5,717,942	17,990,254	23,708,197	649,293		1,825,314	110,459,381	
2033	110,459,381	4,922,246	15,839,089	20,761,335	623,322		1,507,458	90,582,182	
2034	90,582,182	4,057,848	13,850,769	17,908,617	598,389		1,228,975	73,304,151	
2035	73,304,151	3,122,309	11,669,901	14,792,210	574,453		991,686	58,929,174	
2036	58,929,174	2,310,159	9,356,512	11,666,671	551,475		798,252	47,509,280	
2037	47,509,280	1,628,606	7,001,760	8,630,366	529,416		648,730	38,998,228	
2038	38,998,228	1,111,884	4,821,924	5,933,808	508,239		540,550	33,096,731	
2039	33,096,731	793,301	3,224,542	4,017,843	487,910		465,901	29,056,879	
2040	29,056,879	610,697	2,244,289	2,854,986	468,393		413,723	26,147,223	
2041	26,147,223	462,876	1,643,575	2,106,451	449,658		375,520	23,966,635	
2042	23,966,635	307,827	1,076,231	1,384,058	431,671		348,135	22,499,040	
2043	22,499,040	223,747	734,131	957,877	414,405		329,282	21,456,040	
2044	21,456,040	223,782	734,466	958,248	397,828		313,646	20,413,609	
2045	20,413,609	223,758	734,719	958,477	381,915		298,033	19,371,249	
2046	19,371,249	223,544	734,675	958,219	366,639		282,421	18,328,812	
2047	18,328,812	223,148	734,191	957,339	351,973		266,807	17,286,307	
2048	17,286,307	222,796	733,758	956,554	337,894		251,187	16,243,046	
2049	16,243,046	222,247	733,050	955,297	324,378		235,555	15,198,925	
2050	15,198,925	221,494	731,870	953,364	311,403		219,911	14,154,069	
2051	14,154,069	220,556	730,569	951,125	298,947		204,255	13,108,252	
2052	13,108,252	218,862	728,692	947,554	286,989		188,590	12,062,299	
2053	12,062,299	216,063	726,081	942,144	275,510		172,934	11,017,579	
2054	11,017,579	212,644	722,493	935,138	264,489		157,304	9,975,256	
2055	9,975,256	207,864	716,472	924,335	253,910		141,736	8,938,747	
2056	8,938,747	200,567	708,093	908,659	243,753		126,289	7,912,623	
2057	7,912,623	192,059	698,376	890,435	234,003		111,014	6,899,198	
2058	6,899,198	182,157	684,622	866,779	224,643		95,968	5,903,744	
2059	5,903,744	171,218	665,660	836,878	215,657		81,238	4,932,447	
2060	4,932,447	160,993	647,930	808,923	207,031		66,854	3,983,347	
2061	3,983,347	152,333	630,552	782,886	198,750		52,789	3,054,501	
2062	3,054,501	144,926	608,728	753,654	190,800		39,051	2,149,097	
2063	2,149,097	137,173	583,512	720,685	183,168		25,692	1,270,937	
2064	1,270,937	129,006	552,216	681,222	175,841		12,790	426,664	
2065	426,664	119,694	516,597	636,291	168,807		438	-377,996	
2066	-377,996	109,061	475,057	584,118	162,055		0	-1,124,170	
2067	-1,124,170	97,991	424,247	522,238	155,573		0	-1,801,981	
2068	-1,801,981	86,176	366,372	452,548	149,350		0	-2,403,879	
2069	-2,403,879	71,912	300,588	372,500	143,376		0	-2,919,755	
2070	-2,919,755	56,519	231,580	288,099	137,641		0	-3,345,495	
2071	-3,345,495	41,741	164,529	206,270	132,135		0	-3,683,900	
Total		\$353,689,726	\$724,206,074	\$1,077,895,800	\$47,216,382	\$1,025,000,000	\$56,471,508		

**Footnotes**

- (1) Prior year Col (8). Calendar Year 2014 approximated from historic patterns and discussion with the Fund
- (2) Approximated liabilities of Exhibit 3B, spread by payout patterns developed in Original Report, including backlog of payment:
- (3) Approximated liabilities of Exhibit 3B, spread by payout patterns developed in Original Report, including backlog of payment:
- (4) Col (2) + Col (3)
- (5) Client data reduced by 1% annually, with a one time drop of \$500,000 in 2023, followed by annual reductions of 4%
- (6) Prior year Col (9). For Calendar Year ending 2014, provided by client
- (7) Estimated Average Fund balance times assumed interest rate,  
where interest rate is 0.20% in 2014 and climbs 0.10% annually until a maximum of 1.50% is reached
- (8) Col (1) - Col (4) - Col (5) + [Col (6) + Col (7)]
- (9) \$100,000,000 until estimated Fund balance after last claim is closed is zero