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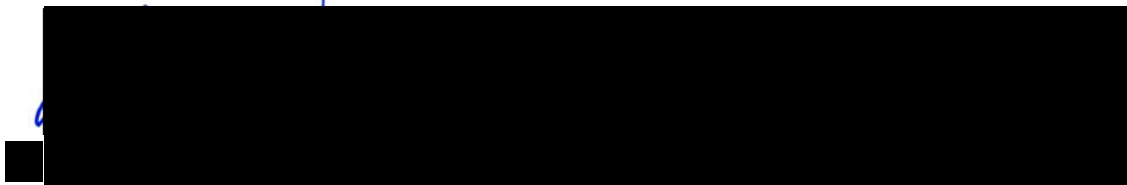
October 22, 2015

Michelle Earhart
Assistant Director for Financial Reporting
Department of Finance and Administration
312 Rosa L. Parks Avenue
14th Floor Tennessee Tower
Nashville, TN 37243

Dear Ms. Earhart:

We are pleased to provide you with our report documenting and describing our analysis of the Tennessee Second Injury Fund's unpaid loss liability (including attorney payments) as of June 30, 2015, as well as expected liabilities to be incurred for the upcoming fiscal year ending June 30, 2016.

 , if we can be of any further assistance.



Tennessee Second Injury Fund



Second Injury Fund Study – Reporting Year 2015

October 2015



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Tennessee Second Injury Fund

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Exhibits

Tennessee Second Injury Fund

Executive Summary

Purpose and Scope of the Current Study

The Tennessee Second Injury Fund (SIF) has engaged Pinnacle Actuarial Resources, Inc. (Pinnacle) to conduct an actuarial analysis of SIF's unpaid loss liability as of June 30, 2015. This analysis includes claims occurring prior to 7/1/15 that have been ordered into the SIF or that can be expected to be ordered into the SIF. Additionally, we are providing an estimate of liabilities for claims occurring in the 7/1/15-16 year.

For this study, we have analyzed the known claims and the reporting pattern of the ordered claims to estimate the number and ultimate value of all claims for the injury years 7/1/95-96 through 7/1/14-15. Data received from the SIF was reviewed and appeared to form a reasonable basis for our analysis. The SIF personnel have internally balanced the provided records to other financial records of the SIF. We have relied without audit or verification on the data supplied. We have assumed that it is accurate and complete. A specific audit of the data provided was beyond the scope of this project.

A previous study was conducted by Pinnacle in 2013. The methodologies, report, and exhibits in the 2015 study are similar to those employed and produced in the prior analysis.

Outstanding Liability

We have based our analysis on the claim data provided to us by the SIF as of June 30, 2015. Our estimated outstanding loss liability amounts consider both ordered claims and not yet ordered claims (IBNR) for injury years through 7/1/15-16.

The estimates provided in this report rely upon number of assumptions that we feel are reasonable based on our knowledge of the SIF and its claims. One important assumption is noted here as it is integral to our estimates of the SIF's outstanding liability. Our analysis assumes there will be no significant changes in the overall type of claims ordered in the future. That is, we assume the legal defense usage will remain fairly constant and that eligible claims will arise in a manner similar to historic experience. Furthermore, we believe the components in our analysis that are subject to the most uncertainty are the estimates of the future average weekly payment and the average number of weeks those payments will be made. These components are most influenced by factors outside the

SIF's control, including legal climate, as well as medical cost inflation. However, based on our understanding of the SIF and its claims and given our underlying assumptions, we believe that the estimates provided here are reasonable and appropriate.

The following Tables provide the estimate of required reserves as of June 30, 2015 and the estimate of expected losses associated with the 7/1/15-16 injury year. It is important to note that the estimate of 7/1/15-16 losses is provided so that the State can internally calculate the outstanding liabilities once the payment data is available for this year. The estimates provided herein are based on unique SIF data, accepted actuarial techniques and professional judgment.

Total Required Reserves	
For Known Claims	\$25,029,630
For Estimated IBNR Claims	\$12,571,766
Total Estimated Required Reserves	\$37,601,397

Injury Year 7/1/15-16 Projection Summary	
Number of Ordered Claims	50
Estimated Total Attorney Payments	\$313,458
Estimated Total Weekly Payments	\$2,776,417
Estimated Ultimate Losses for Injury Year 7/1/15-16	\$3,089,874

Qualification to Provide Statement of Actuarial Opinion

This report is provided to the Tennessee Department of Finance and Administration by John E. Wade, ACAS, MAAA and Laura A. Maxwell, FCAS, MAAA who meet the basic education standards of the Casualty Actuarial Society and the American Academy of Actuaries and continuing education standards of the American Academy of Actuaries to make this statement of actuarial opinion.

Introduction

Tennessee Second Injury Fund Background

It is our understanding that the SIF, created in 1947, is intended to encourage employers to hire people with disabilities. The SIF makes use of state appropriations (through a premium tax) to pay a portion of workers compensation claims in the event that an employee is permanently and totally disabled, where part of the disability is attributed to a prior disability. In order to qualify for participation in the SIF, the employee must be totally disabled and the employer must have prior knowledge of the original disability before the second injury occurred, or the employee has workers compensation awards which exceed 100%.

Unless otherwise ordered, Attorney's fees and Court costs are paid in a lump sum, while permanent disability benefits to an employee may be paid either by a lump sum, by periodic payments over a period of time, or by a combination of lump sum and periodic payments.

Effective July 1, 2005, the provision whereby benefits in excess of 100% of permanent disability are paid from the Second Injury Fund will apply only to injuries that occurred on or before June 30, 2005. In addition, effective July 1, 2005, the burden of proving the existence of previous awards for permanent disability shall be on the party making a claim against the Second Injury Fund.

Comparison of Results to the Prior Study

In Pinnacle's 2013 study for the SIF, the analysis was based on claim data valued as of June 30, 2013. At that time, the projected total undiscounted loss liability for injury years through 7/1/12-13 was approximately \$47.2 million while the estimated ultimate loss for injury year 7/1/13-14 was approximately \$6.1 million. As noted in the Executive Summary and later in this report, Pinnacle's comparable estimates as of June 30, 2015 are \$37.6 million in liabilities through the 6/30/14-15 injury year, and a \$3.1 million estimated ultimate loss for the 7/1/15-16 injury year. The reasons for the significant decreases are discussed later in this report.

Distribution & Use

This report is intended solely for the internal use of the Tennessee Second Injury Fund and its Board. It may also be provided to individuals in the legislature who sponsor or consider legislation to regarding the SIF. Any further use or distribution is not authorized without the prior written consent of Pinnacle. Any such distribution is under the condition that the entire report is distributed rather

than excerpts and that all recipients are made aware that Pinnacle is available to answer questions regarding the report. These third parties should place no reliance on this report or the data contained herein that would result in the creation of any duty or liability by Pinnacle.

Judgments as to conclusions, recommendations, methods, and data contained in this report should be made only after studying the report in its entirety. Furthermore, we are available to explain any matter presented herein, and it is assumed that the user of this report will seek such explanation as to any matter in question.

Reliances & Limitations

In developing this report, Pinnacle has relied upon data and information provided by the Tennessee Second Injury Fund. We have relied upon the accuracy of this data and information, without audit or verification. However, we did review certain elements of this data and information for reasonableness and consistency based on our knowledge of the insurance industry and other Funds similar to the Tennessee SIF. To the extent that any subsequent changes are noted that may have a material impact on our analysis, it is the responsibility of the SIF to notify us of these changes so that they may be properly reflected.

Estimates of future liabilities are subject to potential errors of estimation due to the fact that the ultimate liability for claims is subject to the outcome of events yet to occur, e.g., jury decisions and attitudes of claimants with respect to settlements. No assurances can be offered that the actual loss payment emergence will be identical to expected losses. It is possible that the historically based experience assumptions used in the analysis will not be fully predictive of future loss payment emergence. This variance in actual results from expected results may have a material impact on the estimated ultimate losses. We have not anticipated any extraordinary changes in the legal, social or economic environment, which might affect the cost, duration and frequency of claims.

Uncertainty

In estimating the required reserves for future loss payments and expenses, we have applied what we believe to be reasonable actuarial procedures and methodologies. It should be understood that the estimation of loss and expense liabilities involves future transactions that are very heavily dependent on future contingent events. Our estimates are subject to errors of estimation as events and conditions that have not yet occurred will affect ultimate levels of losses and expenses. In projecting loss payouts, we have assumed that historical patterns of payouts are predictive of future loss payouts. We have not anticipated any changes to the legal, social or economic climate, which might affect the frequency or cost of claims. Therefore, while we believe that the assumptions and methods that have

have been applied are reasonable, we cannot guarantee that the actual results will not be lower or higher than our estimates.

Risk of Material Adverse Deviation

The SIF provides benefits with risk factors that expose the SIF's reserves to levels of variability. We do not believe any such risk factors are unusual to the second injury workers compensation benefits provided. Other reserve risk considerations include the SIF's ability to collect state appropriations (premium tax), which can be impacted by legislative changes and various economic conditions. This list does not imply that additional factors will not be identified in the future as having a significant influence on the Fund's reserves.

Other Disclosures

In order to comply with the Actuarial Standards of Practice, we disclose the following items:

- Constraints: There were no significant constraints such as time or access to staff on our ability to provide this analysis.
- Sensitivity Analysis: In performing this analysis, the sensitivity of key variables was considered. A number of assumptions about model variables are made in our analysis. We view the key variables to include the selection of ordered claim count development factors and cost trend factors. The overall results are potentially sensitive to any of these variables. Reasonable alternative selections could change the results significantly in either direction. Our intent is neither to be overly optimistic nor conservative in making our selections.
- Our estimate of the Fund's unpaid liabilities is characterized as an actuarial central estimate. By that, we mean that it is not a statistically defined estimate (such as a mean, median, mode or nth percentile); rather it is an estimate that represents an expected value over the range of reasonably possible outcomes.
- Relevant Dates: Please note that for the purposes of this report, the accounting date (the date used to separate the paid versus unpaid claim estimates) and the valuation date (the date through which transactions are included in the data used to estimate the unpaid claim estimates) are both June 30, 2015. The review date (the cutoff date for including information to the actuary) was August 10, 2015.
- In many cases, we have relied upon one methodology in deriving our estimates. Given the data available to us in each case, we feel that the selected methodology was the only reliable method for projecting the future obligations of the SIF.

Data

The SIF provided a claim database for our analysis, and the descriptions of these data types follow:

Claim Data

The claim data provided by the SIF is evaluated as of June 30, 2015. The SIF is responsible for the obligation of two types of claims,

- A. ordered claims and
- B. incurred but not yet ordered claims (IBNR claims).

In addition to providing the total number claims made to the SIF, for claims that have been ordered to the SIF, the following information has been provided:

- Claim number
- Injury Date
- Award Date (Order Date)
- Employee total award
- Employee weekly payment
- Number of weeks of payment
- Employee paid to date
- Employee balance
- Attorney total award
- Attorney paid to date
- Attorney balance
- Claim status: Open/Closed

Data provided to us and our review did not account for any reinsurance programs that may be applicable or claim adjustment expense not included within the claims payment data.

Analysis and Results

The basic quantitative approach used to project the losses and expenses is summarized below in the same order as presented in the attached supporting exhibits.

Size of Loss Distribution – Exhibit 1

The data in the size of loss distribution in Exhibit 1 summarizes losses from a detailed claim listing valued as of June 30, 2015, providing a quick view of the values over the range of claims by size for the individual order years. This exhibit provides a perspective on the historical loss experience of the SIF and serves as the basic data for the analysis and projection of losses and claim counts.

Total Known Claims by Order Year – Exhibit 2

In Exhibit 2, all known claims are summarized by order year. The number of ordered and open claims are shown as well as total awarded amounts, total paid to date and known outstanding amounts in total for each year.

Page 2 of this Exhibit shows the same information from our 2013 analysis. Page 3 shows the difference from 2013 to 2015. For Order Years through 7/1/12-13, ignoring the two most recent Order Years, paid amounts are up \$5.7 million. Total Award Amounts are up by \$1.8 million. For Order Year 7/1/12-13, the Total Award Amount is up \$1.5 million. This change is attributed to the fact that in our last study there were four claims with injury dates prior to 7/1/13, but with order dates just after 6/30/13 that made it into the claims data file. As these were known claims at the time the data file was ran, we kept them in the analysis.

Claim Count Development Factors – Exhibit 3

Claim count development factors are selected by first defining claim count development patterns unique to the SIF through actuarial analysis of the historical claims for prior injury years. These unique patterns are considered in selecting claim count development factors. Exhibit 3 presents the claim count development history, development factors and selection of development factors for the projection of ultimate claim counts. Claim counts are shown by injury year and order year lag in months, both on an incremental and cumulative basis. Order year lag is the number of months after the date of injury that the claim is ordered to the SIF.

The calculation of development factors and selection of factors used to estimate ultimate claim counts is shown in Exhibit 3 as of different evaluation dates. For example, in Part B the Exhibit shows claims during the injury year ordered as of 12, 24, and 36 months after the beginning of that period. In general, the number of reported claims increases from one evaluation to the next as a result of additional claims ordered into a particular injury year.

Section C of Exhibit 3 displays the rates by which the numbers of claims develop from year to year (age-to-age factors). For example, the 24 to 36 month age-to-age factor for the 7/1/06-07 policy year is 2.706. This is the 36 month number of ordered claims, 46, divided by the 24 month number of ordered claims, 17. The age-to-age factor of 2.706 means that the cumulative number of ordered claims for the 7/1/06-07 injury year increased by 170.6 percent during the 24 to 36 month interval.

Section C of Exhibit 3 also shows the average of age-to-age factors from one evaluation to the next. The average is considered along with the weighted average, and the factors selected as most representative of SIF's expected claim count development are shown in the "Selected" line. Computation of claim count development factors is based on the selected age-to-age factors. The 36 month to ultimate claim count development factor, for instance, is found by multiplying the 24 to 36 month age-to-age factors by the 36 to ultimate claim count development factor. Because there has been development history as late as the 192 month to 204 month development period, and because the potential that new claims can be ordered into old order years, a small factor of 1.002 has been selected in the 204 month to 216 month development period. It is assumed that the tail factor after 216 months is 1.000, that is, there will be no more claim count development after 216 months.

Development of IBNR Claims – Exhibit 4

In Exhibit 4, claim count development factors are applied to the current number of known ordered claims based on the time that has passed between the beginning of the injury year and the date of the most recent evaluation. In most cases, the closer the evaluation date is to the injury year effective date, the larger the claim count development factor needed. Expected ultimate claim counts for each injury year are estimated by multiplying the claim count development factor by the current number of ordered claims for each injury year. We have selected an ultimate count of claims ordered for the 7/1/14-15 injury year of 50. There is very little data to use in deriving the estimate for the most recent injury year. An estimated count of 50 is very similar to the more reliable estimate for the 7/1/13-14 and most recent prior injury years.

It should be noted that while the exhibits display rounded whole numbers for projected claim counts for simplicity in viewing, our calculations carry significant fractional values. This explains why, for

example, there are estimated IBNR payments posted in the 7/1/31-32 Order Year of Exhibit 8, even though the estimated number of IBNR claims is listed as zero.

Development of Future Claims – Exhibit 5

Exhibit 5 shows the calculation of the number of IBNR claims expected to emerge from each of the injury years, and distributed through future order years based on the selected development pattern of the SIF claims as illustrated in Exhibit 4.

Severity Trend – Exhibit 6

Severity (inflation) trend factors are applied to the estimated average attorney payments and average weekly payments per claim. These factors adjust losses to reflect changes in the level of claim costs from the time when the losses originally were ordered into the SIF to the 7/1/15-16 order year. In Exhibit 6, the average attorney amount and average weekly payments awarded per claim are shown by order year.

Exhibit 6 details the historic values for the average attorney fees payments, as well as the selections of these averages for purposes of projecting into the future. An average attorney payment of \$7,000 per claim with an attorney award is selected for the projected ordered year beginning 7/1/15. It should be noted that our selected average attorney payment of \$7,000 is considerably lower than the 2013 selection of \$8,671 (\$8,500 trended forward by 1.0% for two years) and the 2011 selection of \$10,406 (\$10,000 forwarded by 1.0% for four years).

A review of the data in Exhibit 6 shows a sharp decline in the average attorney payments beginning in 2005 and even more so in recent years. It is possible that these declines are related to the changes in the SIF provisions that effective July 1, 2005, the provision whereby benefits in excess of 100% of permanent disability are paid from the Second Injury Fund will apply only to injuries that occurred on or before June 30, 2005. In addition, effective July 1, 2005, the burden of proving the existence of previous awards for permanent disability shall be on the party making a claim against the Second Injury Fund. As a result of the recent historical pattern, we have selected a much lower average attorney payment of \$7,000 moving forward. We would note that future studies will need to be mindful of the possible continuation of this pattern.

An inflation trend of 1.5% per year has been chosen as a reasonable trend for attorney fees. The trend percentage was chosen after consideration of the decline in average attorney fees as displayed in Exhibit 6, an analysis of Consumer Price Index data for legal fees from the US Government Bureau of

Labor Statistics, and the belief that the downward pressure on attorney fees will not be able to go on indefinitely.

An inflation trend of 3.0% per year has been chosen as a reasonable trend for average weekly payments, shown at the bottom of Exhibit 6. The trend percentage was chosen after the analysis of Consumer Price Index data for wages, and medical costs from the US Government Bureau of Labor Statistics. The calculated average is an estimate of the amount, which could be ordered during the 7/1/15-16 period. An average weekly payment of \$500 per claim is selected for the projected ordered year beginning 7/1/15. Finally we would note that the same type of decline as seen in the attorney fees is not yet obvious in the data for the average weekly payments. However, future studies will need to be mindful of the possible impact if this pattern does become consistent in the average weekly payments.

Expected Number of Weeks Awarded – Exhibit 7

The expected number of weeks awarded to the employee is selected based on the average number of weeks awarded historically per claim. The total number of weeks awarded and number of claims by order year are shown in Exhibit 7 to calculate the average number of weeks awarded per claim. The expected average number of weeks selected of 100 is based on the data provided with more weight given to the most recent years of data. Note that this is a modest change from the selection in the prior analysis of 105 weeks. There continues to be downward movement in the observed data. Similar to the above sections discussion on Attorney Payments, recent data indicating this decrease was appropriate, possibly as a result of the provisional changes mentioned above.

Estimated IBNR Reserve – Exhibit 8

Exhibit 8 shows the components of the calculation of IBNR reserves: the number of expected IBNR claims by order year from Exhibit 5, the expected average attorney payments and expected average weekly payments from Exhibit 6, trended forward for inflation, and the expected average number of weeks from Exhibit 7. The estimated IBNR reserve as of June 30, 2015 is the estimated amount needed for injuries occurring on or before June 30, 2015, but ordered after June 30, 2015. The total estimated estimated IBNR reserve is calculated by adding the estimated attorney payments and weekly payments that will be ordered after June 30, 2015.

Total Estimated Reserve – Exhibit 9

Exhibit 9 shows the outstanding awards for known claims as of June 30, 2015. This is the total amount awarded minus the total amount paid to the employee as detailed in Exhibit 2. The known reserves and the IBNR reserves are combined for the total required reserves \$37.6 million as of June 30, 2015. As can be seen, the reserves are down by \$9.6 million from the 2013 evaluation, a function of estimated 2015 ultimate claim counts and average payments being down slightly more than were estimated in 2013, and estimated average attorney awards being down significantly.

Estimated Liability for Injury Year 7/1/15-16 – Exhibit 10

Finally, Exhibit 10 provides the calculated estimated ultimate losses for the 7/1/15-16 injury year. The indicated pattern of claims ordered into the SIF is applied to the projected ultimate number of claims in order to determine the number of claims ordered by year for injury year 7/1/15-16. This calculation is similar to that for the IBNR reserves. The expected number of claims, attorney amount, number of weeks and weekly payment amount are used to estimate the ultimate losses for this period. The total expected number of 50 claims is selected judgmentally based on prior history and is distributed to year of order in the future based on the unique SIF claim reporting pattern in Exhibit 3. We have also estimated that 85.0% of the total ordered claims for a given injury year will result in an attorney award for a total of 42 such claims. See Exhibit 6 for support of this selection.

We have assumed the average attorney payment in the coming fiscal year will be \$7,000 with the average weekly benefit payment of \$500. These amounts are inflated over the period of time in which the benefits are ordered, by 1.5% annually for attorney payments and by 3.0% annually for average weekly benefit payments.

Total Estimated Liability for Injury Year 7/1/15-16 – Exhibit 11

The total estimated ultimate loss of \$3.1 million for injury year 7/1/15-16 is shown on Exhibit 11.

The State of Tennessee Second Injury Fund
Reserve as of 6/30/2015
Size of Loss Distribution

Exhibit 1

Order Year		Size of Loss Range										Total	
		Lower	0	1,000	2,500	5,000	10,000	25,000	50,000	100,000	250,000		500,000
		Upper	1,000	2,500	5,000	10,000	25,000	50,000	100,000	250,000	500,000		Greater
7/1/95-96	a)		0	0	0	0	0	0	1	0	0	0	1
	b)		0	0	0	0	0	0	0	0	0	0	0
	c)		0	0	0	0	0	0	93,578	0	0	0	93,578
7/1/96-97	a)		0	0	0	2	2	3	2	1	1	0	11
	b)		0	0	0	0	0	0	0	0	1	0	1
	c)		0	0	0	6,099	15,012	42,338	83,174	127,848	396,303	0	859,736
7/1/97-98	a)		0	0	0	0	5	17	6	8	2	0	38
	b)		0	0	0	0	0	0	0	2	0	0	2
	c)		0	0	0	0	17,991	36,748	70,001	165,823	398,225	0	3,257,704
7/1/98-99	a)		0	0	0	3	9	11	20	16	3	0	62
	b)		0	0	0	0	0	0	1	2	2	0	5
	c)		0	0	0	6,807	17,237	36,697	72,310	130,534	326,639	0	5,093,885
7/1/99-00	a)		0	2	3	5	15	20	15	12	5	1	78
	b)		0	0	0	0	0	0	0	0	2	1	3
	c)		0	1,811	3,099	7,917	18,206	37,162	70,299	145,650	299,283	531,590	5,899,107
7/1/00-01	a)		0	1	1	8	11	21	19	9	2	1	73
	b)		0	0	0	0	0	0	1	0	1	1	3
	c)		0	1,535	4,230	8,209	19,184	37,543	70,315	151,324	288,099	686,832	5,031,812
7/1/01-02	a)		0	1	2	5	24	25	18	15	3	1	94
	b)		0	0	0	0	0	1	0	1	1	1	4
	c)		0	2,500	4,380	8,996	18,290	36,233	69,354	148,675	356,881	676,791	6,626,960
7/1/02-03	a)		0	1	3	12	49	35	28	27	8	1	164
	b)		0	0	0	0	0	0	0	7	4	1	12
	c)		0	1,500	4,623	8,043	18,722	34,535	67,866	145,738	322,572	513,610	11,167,371
7/1/03-04	a)		2	2	10	14	61	40	33	30	8	1	201
	b)		0	0	0	0	0	0	2	4	4	1	11
	c)		1,000	2,250	4,702	8,372	17,437	34,774	67,599	149,731	302,475	645,366	12,413,211
7/1/04-05	a)		2	5	7	19	56	60	31	34	5	1	220
	b)		0	0	0	0	0	2	1	8	3	1	15
	c)		1,000	1,959	4,644	8,201	19,012	35,158	68,990	144,383	332,147	545,307	12,628,054
7/1/05-06	a)		5	5	17	19	56	54	39	23	9	0	227
	b)		0	0	0	1	2	1	3	6	6	0	19
	c)		991	2,053	4,449	7,614	18,941	32,162	72,718	156,190	338,832	0	12,510,868
7/1/06-07	a)		2	6	10	25	51	44	27	23	7	2	197
	b)		0	0	0	0	0	1	1	8	4	2	16
	c)		1,000	2,250	4,210	8,222	17,681	35,571	70,839	150,652	369,172	616,779	11,925,425
7/1/07-08	a)		2	1	15	18	52	39	21	19	5	0	172
	b)		0	0	0	0	0	1	3	10	4	0	18
	c)		750	2,000	4,568	9,107	18,601	33,449	71,131	159,599	276,104	0	8,414,372
7/1/08-09	a)		1	1	26	20	30	19	19	15	3	0	134
	b)		0	0	0	1	0	0	4	6	3	0	14
	c)		1,000	2,500	4,422	8,079	18,181	34,819	74,817	156,443	424,000	0	6,527,203
7/1/09-10	a)		0	4	22	11	29	27	7	5	3	0	108
	b)		0	0	1	0	1	4	1	2	2	0	11
	c)		0	2,250	4,603	8,754	19,235	31,217	65,736	125,239	365,962	0	3,791,465
7/1/10-11	a)		1	7	22	15	36	23	6	6	2	1	119
	b)		0	0	0	0	0	0	1	2	1	1	5
	c)		1,000	1,957	4,647	8,204	18,302	30,304	76,903	146,432	380,973	663,948	4,361,753
7/1/11-12	a)		0	3	13	16	33	29	6	12	1	4	117
	b)		0	0	0	0	0	1	3	8	1	4	17
	c)		0	2,163	4,481	9,010	18,943	30,796	76,744	141,947	414,247	653,907	6,920,828
7/1/12-13	a)		1	3	27	20	41	43	6	11	3	0	155
	b)		0	0	0	0	1	8	4	10	3	0	26
	c)		800	2,500	4,685	8,990	20,510	30,977	76,676	147,558	334,384	0	5,573,851
7/1/13-14	a)		0	1	11	21	23	7	10	8	2	0	83
	b)		0	0	0	1	11	3	6	8	2	0	31
	c)		0	2,250	5,000	9,496	19,122	32,493	67,474	147,587	302,751	0	3,384,855
7/1/14-15	a)		0	1	8	3	12	3	3	0	0	0	30
	b)		0	1	3	1	10	2	3	0	0	0	20
	c)		0	2,500	4,851	10,000	17,770	30,000	67,231	0	0	0	576,239

Notes

- a) Number of Claims in Range
- b) Number of Open Claims in Range
- c) Average Value of Claims in Range

The State of Tennessee Second Injury Fund

Exhibit 2

Reserve as of 6/30/2015

Page 1

Claims by Order Year

<u>Order Year</u>	<u>Total Award Amount</u>	<u>Total Paid @ 6/30/2015</u>	<u>Total Outstanding Amount</u>	<u>Number of Claims Ordered</u>	<u>Number of Open Claims</u>
7/1/95-96	93,578	93,578	0	1	0
7/1/96-97	859,736	821,037	38,699	11	1
7/1/97-98	3,257,704	2,640,313	666,832	38	2
7/1/98-99	5,093,885	4,295,687	750,225	62	5
7/1/99-00	5,899,107	5,100,787	798,320	78	3
7/1/00-01	5,031,812	4,533,181	497,135	73	3
7/1/01-02	6,626,960	5,791,493	782,184	94	4
7/1/02-03	11,167,371	9,855,411	1,258,637	164	12
7/1/03-04	12,413,211	10,955,907	1,700,009	201	11
7/1/04-05	12,628,054	10,970,845	1,627,149	220	15
7/1/05-06	12,510,868	10,538,427	1,900,104	227	19
7/1/06-07	11,925,425	9,215,655	2,811,113	197	16
7/1/07-08	8,414,372	6,632,018	1,778,376	172	18
7/1/08-09	6,527,203	4,978,478	1,548,726	134	14
7/1/09-10	3,791,465	2,780,248	914,911	108	11
7/1/10-11	4,361,753	3,504,007	857,746	119	5
7/1/11-12	6,920,828	3,739,673	3,181,155	117	17
7/1/12-13	5,573,851	3,594,479	1,973,930	155	26
7/1/13-14	3,384,855	1,704,771	1,680,084	83	31
7/1/14-15	576,239	311,944	264,295	30	20
Total	\$ 127,058,276	\$ 102,057,938	\$ 25,029,630	2,284	233

Source: Data Provided by Tennessee Second Injury Fund

The State of Tennessee Second Injury Fund

Exhibit 2

Reserve as of 6/30/2013

Page 2

Claims by Order Year

<u>Order Year</u>	<u>Total Award Amount</u>	<u>Total Paid @ 6/30/2013</u>	<u>Total Outstanding Amount</u>	<u>Number of Claims Ordered</u>	<u>Number of Open Claims</u>
7/1/95-96	93,578	93,578	0	1	0
7/1/96-97	805,959	788,745	17,214	11	1
7/1/97-98	3,257,704	2,679,373	578,332	38	3
7/1/98-99	5,093,885	4,334,330	759,555	62	7
7/1/99-00	5,899,107	5,314,694	584,414	78	4
7/1/00-01	5,031,812	4,457,902	573,909	73	5
7/1/01-02	6,626,960	5,964,429	662,531	94	7
7/1/02-03	11,167,371	9,610,173	1,557,198	164	17
7/1/03-04	12,413,211	10,430,168	1,983,043	201	18
7/1/04-05	12,628,054	10,821,888	1,806,166	220	17
7/1/05-06	12,510,868	9,818,824	2,692,044	227	26
7/1/06-07	12,054,343	8,812,415	3,241,929	198	19
7/1/07-08	8,414,372	6,188,579	2,225,793	172	23
7/1/08-09	6,527,203	4,510,984	2,016,219	134	18
7/1/09-10	3,791,465	2,638,643	1,152,822	108	13
7/1/10-11	4,353,753	3,260,641	1,093,112	117	9
7/1/11-12	6,525,636	2,879,286	3,646,351	107	25
7/1/12-13	4,068,108	1,756,126	2,311,982	104	64
Total	\$ 121,263,390	\$ 94,360,778	\$ 26,902,612	2,109	276

Source: Data Provided by Tennessee Second Injury Fund

The State of Tennessee Second Injury Fund

Exhibit 2

Change From Prior Analysis

Page 3

Claims by Order Year

<u>Order Year</u>	<u>Total Award Amount</u>	<u>Total Paid</u>	<u>Total Outstanding Amount</u>	<u>Number of Claims Ordered</u>	<u>Number of Open Claims</u>
7/1/95-96	0	0	0	0	0
7/1/96-97	53,777	32,292	21,485	0	0
7/1/97-98	0	(39,059)	88,501	0	(1)
7/1/98-99	0	(38,643)	(9,330)	0	(2)
7/1/99-00	0	(213,906)	213,906	0	(1)
7/1/00-01	0	75,279	(76,775)	0	(2)
7/1/01-02	0	(172,936)	119,653	0	(3)
7/1/02-03	0	245,238	(298,561)	0	(5)
7/1/03-04	0	525,739	(283,034)	0	(7)
7/1/04-05	0	148,957	(179,016)	0	(2)
7/1/05-06	0	719,602	(791,939)	0	(7)
7/1/06-07	(128,918)	403,240	(430,816)	(1)	(3)
7/1/07-08	0	443,438	(447,416)	0	(5)
7/1/08-09	0	467,493	(467,493)	0	(4)
7/1/09-10	0	141,605	(237,911)	0	(2)
7/1/10-11	8,000	243,366	(235,366)	2	(4)
7/1/11-12	395,192	860,388	(465,196)	10	(8)
7/1/12-13	1,505,743	1,838,353	(338,052)	51	(38)
Total	\$ 1,833,793	\$ 5,680,446	\$ (3,817,361)	62	(94)

Source: Data Provided by Tennessee Second Injury Fund

The State of Tennessee Second Injury Fund
Reserve as of 6/30/2015
Reported Claim Counts by Injury Year and Order Year

A. Incremental Claim Counts

Injury Year	Order Year Lag																			Total	
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18		19
7/1/95-96	0	10	30	28	8	2	6	1	1	2	1	0	1	0	0	0	0	0	0	0	90
7/1/96-97	2	7	18	21	11	8	9	4	1	1	1	0	1	0	0	0	1	0	0	85	
7/1/97-98	1	15	31	22	12	16	8	4	4	2	3	0	0	0	0	1	0	0	119		
7/1/98-99	1	17	32	23	16	9	4	4	1	0	0	1	0	0	0	1	0	109			
7/1/99-00	1	5	33	47	36	22	14	4	3	1	0	0	0	1	1	0	168				
7/1/00-01	1	12	58	68	36	10	8	7	3	4	2	1	1	1	0	212					
7/1/01-02	0	14	52	53	38	17	7	1	3	0	0	2	0	0	187						
7/1/02-03	3	23	69	68	37	20	9	5	4	1	0	1	0	240							
7/1/03-04	0	26	68	58	34	21	3	4	5	1	2	0	222								
7/1/04-05	3	19	51	38	21	19	8	4	1	8	0	172									
7/1/05-06	0	18	41	40	21	16	11	5	3	0	155										
7/1/06-07	0	17	29	31	15	13	7	5	0	117											
7/1/07-08	1	7	17	24	25	11	14	0	99												
7/1/08-09	1	3	31	29	21	20	0	105													
7/1/09-10	1	13	20	34	8	1	77														
7/1/10-11	2	7	35	5	5	54															
7/1/11-12	1	25	8	10	44																
7/1/12-13	9	5	11	25																	
7/1/13-14	1	3	4																		
7/1/14-15	0	0																			
Total																					2,284

B. Cumulative Claim Counts

Injury Year	Order Year Age in Months																			
	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204	216	228	240
7/1/95-96	0	10	40	68	76	78	84	85	86	88	89	89	90	90	90	90	90	90	90	90
7/1/96-97	2	9	27	48	59	67	76	80	81	82	83	83	84	84	84	84	85	85	85	85
7/1/97-98	1	16	47	69	81	97	105	109	113	115	118	118	118	118	118	119	119	119	119	119
7/1/98-99	1	18	50	73	89	98	102	106	107	107	107	108	108	108	108	109	109	109	109	109
7/1/99-00	1	6	39	86	122	144	158	162	165	166	166	166	166	166	167	168	168	168	168	168
7/1/00-01	1	13	71	139	175	185	193	200	203	207	209	210	211	212	212	212	212	212	212	212
7/1/01-02	0	14	66	119	157	174	181	182	185	185	185	187	187	187	187	187	187	187	187	187
7/1/02-03	3	26	95	163	200	220	229	234	238	239	239	240	240	240	240	240	240	240	240	240
7/1/03-04	0	26	94	152	186	207	210	214	219	220	222	222	222	222	222	222	222	222	222	222
7/1/04-05	3	22	73	111	132	151	159	163	164	172	172	172	172	172	172	172	172	172	172	172
7/1/05-06	0	18	59	99	120	136	147	152	155	155	155	155	155	155	155	155	155	155	155	155
7/1/06-07	0	17	46	77	92	105	112	117	117	117	117	117	117	117	117	117	117	117	117	117
7/1/07-08	1	8	25	49	74	85	99	99	99	99	99	99	99	99	99	99	99	99	99	99
7/1/08-09	1	4	35	64	85	105	105	105	105	105	105	105	105	105	105	105	105	105	105	105
7/1/09-10	1	14	34	68	76	77	77	77	77	77	77	77	77	77	77	77	77	77	77	77
7/1/10-11	2	9	44	49	54	54	54	54	54	54	54	54	54	54	54	54	54	54	54	54
7/1/11-12	1	26	34	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44
7/1/12-13	9	14	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25
7/1/13-14	1	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
7/1/14-15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

The State of Tennessee Second Injury Fund
Reserve as of 6/30/2015
Reported Claim Counts by Injury Year and Order Year

C. Age to Age Factors

Injury Year	Order Year Development Period in Months																			
	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-Ult.
7/1/95-96		4.000	1.700	1.118	1.026	1.077	1.012	1.012	1.023	1.011	1.000	1.011	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
7/1/96-97	4.500	3.000	1.778	1.229	1.136	1.134	1.053	1.013	1.012	1.012	1.000	1.012	1.000	1.000	1.000	1.012	1.000	1.000	1.000	
7/1/97-98	16.000	2.938	1.468	1.174	1.198	1.082	1.038	1.037	1.018	1.026	1.000	1.000	1.000	1.000	1.008	1.000	1.000	1.000	1.000	
7/1/98-99	18.000	2.778	1.460	1.219	1.101	1.041	1.039	1.009	1.000	1.000	1.009	1.000	1.000	1.000	1.009	1.000				
7/1/99-00	6.000	6.500	2.205	1.419	1.180	1.097	1.025	1.019	1.006	1.000	1.000	1.000	1.006	1.006	1.000					
7/1/00-01	13.000	5.462	1.958	1.259	1.057	1.043	1.036	1.015	1.020	1.010	1.005	1.005	1.005	1.000						
7/1/01-02		4.714	1.803	1.319	1.108	1.040	1.006	1.016	1.000	1.000	1.011	1.000	1.000							
7/1/02-03	8.667	3.654	1.716	1.227	1.100	1.041	1.022	1.017	1.004	1.000	1.004	1.000								
7/1/03-04		3.615	1.617	1.224	1.113	1.014	1.019	1.023	1.005	1.009	1.000									
7/1/04-05	7.333	3.318	1.521	1.189	1.144	1.053	1.025	1.006	1.049	1.000										
7/1/05-06		3.278	1.678	1.212	1.133	1.081	1.034	1.020	1.000											
7/1/06-07		2.706	1.674	1.195	1.141	1.067	1.045	1.000												
7/1/07-08	8.000	3.125	1.960	1.510	1.149	1.165	1.000													
7/1/08-09	4.000	8.750	1.829	1.328	1.235	1.000														
7/1/09-10	14.000	2.429	2.000	1.118	1.013															
7/1/10-11	4.500	4.889	1.114	1.102																
7/1/11-12	26.000	1.308	1.294																	
7/1/12-13	1.556	1.786																		
7/1/13-14	4.000																			
All Yr. Avg.	9.683	3.792	1.693	1.240	1.122	1.067	1.027	1.016	1.012	1.007	1.003	1.004	1.002	1.001	1.004	1.003	1.000	1.000	1.000	
All Yr. Wght. Avg.	9.786	3.348	1.681	1.240	1.119	1.058	1.026	1.016	1.012	1.006	1.004	1.002	1.002	1.001	1.004	1.002	1.000	1.000	1.000	
3 Yr. Wght. Avg.	4.000	2.102	1.438	1.188	1.136	1.071	1.028	1.009	1.017	1.003	1.005	1.002	1.004	1.002	1.005	1.003	1.000			
Prior @6/30/11	14.000	3.750	1.725	1.235	1.125	1.050	1.025	1.017	1.010	1.010	1.005	1.005	1.002	1.000	1.000	1.000				
Prior @6/30/13	14.000	3.750	1.750	1.250	1.130	1.055	1.025	1.017	1.005	1.005	1.005	1.005	1.002	1.002	1.002	1.002	1.001	1.000		
Selected	14.000	3.500	1.700	1.250	1.130	1.055	1.025	1.016	1.010	1.005	1.004	1.004	1.002	1.002	1.002	1.002	1.002	1.000	1.000	1.000
Age to Ult.	133.597	9.543	2.726	1.604	1.283	1.135	1.076	1.050	1.033	1.023	1.018	1.014	1.010	1.008	1.006	1.004	1.002	1.000	1.000	1.000

The State of Tennessee Second Injury Fund

Exhibit 4

Reserve as of 6/30/2015

Development of IBNR Claims

Injury Year	Total Reported Claims (1)	Total Claims Ordered to SIF (2)	Months of Dev. (3)	Claim Dev. Factor (4)	Estimated Ult. Claims Ordered (5)	Selected Ult. Claims Ordered (6)	Estimated IBNR Claims (7)
7/1/95-96	40,497	90	240	1.000	90	90	0
7/1/96-97	39,908	85	228	1.000	85	85	0
7/1/97-98	40,503	119	216	1.000	119	119	0
7/1/98-99	40,780	109	204	1.002	109	109	0
7/1/99-00	47,079	168	192	1.004	169	169	1
7/1/00-01	45,299	212	180	1.006	213	213	1
7/1/01-02	43,760	187	168	1.008	189	189	2
7/1/02-03	47,722	240	156	1.010	242	242	2
7/1/03-04	114,182	222	144	1.014	225	225	3
7/1/04-05	127,570	172	132	1.018	175	175	3
7/1/05-06	128,423	155	120	1.023	159	159	4
7/1/06-07	130,060	117	108	1.033	121	121	4
7/1/07-08	124,108	99	96	1.050	104	104	5
7/1/08-09	107,010	105	84	1.076	113	113	8
7/1/09-10	101,764	77	72	1.135	87	87	10
7/1/10-11	102,324	54	60	1.283	69	69	15
7/1/11-12	102,992	44	48	1.604	71	71	27
7/1/12-13	99,059	25	36	2.726	68	68	43
7/1/13-14	99,320	4	24	9.543	38	38	34
7/1/14-15	97,021	0	12	133.597	0	50	50
Total	1,679,381	2,284			2,446	2,496	212

Notes

- (1) Provided by Tennessee Second Injury Fund
- (2) Exhibit 3
- (4) Exhibit 3
- (5) = Col (2) x Col (4)
- (6) Judgmental selection
- (7) = Col (6) - Col (2)

The State of Tennessee Second Injury Fund
Reserve as of 6/30/2015
Development of Future Claims

Exhibit 5

Percentage of Claim Counts Ordered after 6/30/2015

Injury Year	Claims Ordered		Projected % of Ultimate Claims Ordered During:																		Total		
	as of 6/30/2015	Prior to 6/30/2015	7/1/15-16	7/1/16-17	7/1/17-18	7/1/18-19	7/1/19-20	7/1/20-21	7/1/21-22	7/1/22-23	7/1/23-24	7/1/24-25	7/1/25-26	7/1/26-27	7/1/27-28	7/1/28-29	7/1/29-30	7/1/30-31	7/1/31-32	7/1/32-33		7/1/33-34	
7/1/95-96	90	100.0%																					100.0%
7/1/96-97	85	100.0%	0.0%																				100.0%
7/1/97-98	119	100.0%	0.0%	0.0%																			100.0%
7/1/98-99	109	99.8%	0.2%	0.0%	0.0%																		100.0%
7/1/99-00	168	99.6%	0.2%	0.2%	0.0%	0.0%																	100.0%
7/1/00-01	212	99.4%	0.2%	0.2%	0.2%	0.0%	0.0%																100.0%
7/1/01-02	187	99.2%	0.2%	0.2%	0.2%	0.2%	0.0%	0.0%															100.0%
7/1/02-03	240	99.0%	0.2%	0.2%	0.2%	0.2%	0.2%	0.0%	0.0%														100.0%
7/1/03-04	222	98.6%	0.4%	0.2%	0.2%	0.2%	0.2%	0.2%	0.0%	0.0%													100.0%
7/1/04-05	172	98.2%	0.4%	0.4%	0.2%	0.2%	0.2%	0.2%	0.2%	0.0%	0.0%												100.0%
7/1/05-06	155	97.7%	0.5%	0.4%	0.4%	0.2%	0.2%	0.2%	0.2%	0.2%	0.0%	0.0%											100.0%
7/1/06-07	117	96.8%	1.0%	0.5%	0.4%	0.4%	0.2%	0.2%	0.2%	0.2%	0.2%	0.0%	0.0%										100.0%
7/1/07-08	99	95.2%	1.5%	1.0%	0.5%	0.4%	0.4%	0.2%	0.2%	0.2%	0.2%	0.2%	0.0%	0.0%									100.0%
7/1/08-09	105	92.9%	2.3%	1.5%	1.0%	0.5%	0.4%	0.4%	0.2%	0.2%	0.2%	0.2%	0.2%	0.0%	0.0%								100.0%
7/1/09-10	77	88.1%	4.8%	2.3%	1.5%	1.0%	0.5%	0.4%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.0%	0.0%							100.0%
7/1/10-11	54	77.9%	10.1%	4.8%	2.3%	1.5%	1.0%	0.5%	0.4%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.0%	0.0%	0.0%					100.0%
7/1/11-12	44	62.4%	15.6%	10.1%	4.8%	2.3%	1.5%	1.0%	0.5%	0.4%	0.4%	0.2%	0.2%	0.2%	0.2%	0.2%	0.0%	0.0%	0.0%				100.0%
7/1/12-13	25	36.7%	25.7%	15.6%	10.1%	4.8%	2.3%	1.5%	1.0%	0.5%	0.4%	0.4%	0.2%	0.2%	0.2%	0.2%	0.2%	0.0%	0.0%	0.0%			100.0%
7/1/13-14	4	10.5%	26.2%	25.7%	15.6%	10.1%	4.8%	2.3%	1.5%	1.0%	0.5%	0.4%	0.4%	0.2%	0.2%	0.2%	0.2%	0.2%	0.0%	0.0%	0.0%		100.0%
7/1/14-15	0	0.7%	9.7%	26.2%	25.7%	15.6%	10.1%	4.8%	2.3%	1.5%	1.0%	0.5%	0.4%	0.4%	0.2%	0.2%	0.2%	0.2%	0.2%	0.0%	0.0%	0.0%	100.0%

Projection of Claim Counts Ordered after 6/30/2015

Injury Year	Claims Ordered	Selected Ult. Claims																			Total		
	as of 6/30/2015	as of 6/30/2015	7/1/15-16	7/1/16-17	7/1/17-18	7/1/18-19	7/1/19-20	7/1/20-21	7/1/21-22	7/1/22-23	7/1/23-24	7/1/24-25	7/1/25-26	7/1/26-27	7/1/27-28	7/1/28-29	7/1/29-30	7/1/30-31	7/1/31-32	7/1/32-33		7/1/33-34	
7/1/95-96	90	90																					90
7/1/96-97	85	85	0																				85
7/1/97-98	119	119	0	0																			119
7/1/98-99	109	109	0	0	0																		109
7/1/99-00	168	169	0	0	0	0																	169
7/1/00-01	212	213	0	0	0	0	0																213
7/1/01-02	187	189	0	0	0	0	0	0															189
7/1/02-03	240	242	0	0	0	0	0	0	0														242
7/1/03-04	222	225	1	0	0	0	0	0	0	0													225
7/1/04-05	172	175	1	1	0	0	0	0	0	0	0												175
7/1/05-06	155	159	1	1	1	0	0	0	0	0	0	0											159
7/1/06-07	117	121	1	1	0	0	0	0	0	0	0	0	0										121
7/1/07-08	99	104	2	1	1	0	0	0	0	0	0	0	0	0									104
7/1/08-09	105	113	3	2	1	1	0	0	0	0	0	0	0	0	0								113
7/1/09-10	77	87	4	2	1	1	0	0	0	0	0	0	0	0	0	0							87
7/1/10-11	54	69	7	3	2	1	1	0	0	0	0	0	0	0	0	0	0						69
7/1/11-12	44	71	11	7	3	2	1	1	0	0	0	0	0	0	0	0	0	0					71
7/1/12-13	25	68	18	11	7	3	2	1	1	0	0	0	0	0	0	0	0	0	0				68
7/1/13-14	4	38	10	10	6	4	2	1	1	0	0	0	0	0	0	0	0	0	0	0			38
7/1/14-15	0	50	5	13	13	8	5	2	1	1	0	0	0	0	0	0	0	0	0	0	0	0	50
Total	2,284	2,496	64	53	37	22	13	8	5	3	2	2	1	1	1	0	0	0	0	0	0	0	2,496

The State of Tennessee Second Injury Fund
Reserve as of 6/30/2015
Expected Average Weekly and Attorney Payments

Exhibit 6

Expected Average Attorney Payment

Order Year	Total Attorney Awarded (1)	Number of Attorney Awards (2)	Average Attorney Award (3)	1.5% Inflation Factor (4a)	Trended Avg. Atty. Award (5)	% of Claims w/ Atty. Payment (6)
7/1/95-96	0	0	0	1.347	0	0.0%
7/1/96-97	81,260	9	9,029	1.327	11,981	81.8%
7/1/97-98	308,391	23	13,408	1.307	17,529	60.5%
7/1/98-99	556,731	43	12,947	1.288	16,676	69.4%
7/1/99-00	706,707	61	11,585	1.269	14,702	78.2%
7/1/00-01	637,885	58	10,998	1.250	13,750	79.5%
7/1/01-02	783,953	72	10,888	1.232	13,412	76.6%
7/1/02-03	1,175,422	105	11,194	1.214	13,585	64.0%
7/1/03-04	1,425,607	145	9,832	1.196	11,755	72.1%
7/1/04-05	1,784,667	170	10,498	1.178	12,366	77.3%
7/1/05-06	1,480,771	172	8,609	1.161	9,991	75.8%
7/1/06-07	1,483,912	163	9,104	1.143	10,409	82.7%
7/1/07-08	1,201,926	151	7,960	1.126	8,967	87.8%
7/1/08-09	903,675	103	8,774	1.110	9,737	76.9%
7/1/09-10	456,610	79	5,780	1.093	6,320	73.1%
7/1/10-11	582,644	97	6,007	1.077	6,471	81.5%
7/1/11-12	796,349	102	7,807	1.061	8,286	87.2%
7/1/12-13	717,962	139	5,165	1.046	5,401	89.7%
7/1/13-14	500,070	76	6,580	1.030	6,779	91.6%
7/1/14-15	91,709	28	3,275	1.015	3,324	93.3%
Average					10,072	74.9%
3 Year Average					5,168	91.5%
Weighted Average					10,147	78.6%
Prior Selected as of 6/30/11 (Trended)					10,614	75.0%
Prior Selected as of 6/30/13 (Trended)					8,757	80.0%
Selected					7,000	85.0%

Expected Average Weekly Payment

Order Year	Total Weekly Payments (1)	Number of Claims (2)	Average Weekly Payment (3)	3.0% Inflation Factor (4b)	Trended Avg. Wkly. Payment (5)
7/1/95-96	292	1	292	1.806	528
7/1/96-97	3,076	11	280	1.754	490
7/1/97-98	11,062	38	291	1.702	496
7/1/98-99	19,682	62	317	1.653	525
7/1/99-00	24,817	78	318	1.605	511
7/1/00-01	24,133	73	331	1.558	515
7/1/01-02	30,419	94	324	1.513	489
7/1/02-03	59,324	164	362	1.469	531
7/1/03-04	70,887	201	353	1.426	503
7/1/04-05	86,784	220	394	1.384	546
7/1/05-06	88,442	227	390	1.344	524
7/1/06-07	80,406	197	408	1.305	533
7/1/07-08	68,515	172	398	1.267	505
7/1/08-09	58,494	134	437	1.230	537
7/1/09-10	49,046	108	454	1.194	542
7/1/10-11	53,254	119	448	1.159	519
7/1/11-12	62,953	117	538	1.126	606
7/1/12-13	67,449	155	435	1.093	476
7/1/13-14	36,590	83	441	1.061	468
7/1/14-15	14,137	30	471	1.030	485
Average Excluding 7/1/14-15					518
3 Year Average Excluding 7/1/14-15					516
Weighted Average Excluding 7/1/14-15					521
Prior Selected as of 6/30/11 (Trended)					542
Prior Selected as of 6/30/13 (Trended)					546
Selected					500

Notes

- (1) Provided by Tennessee Second Injury Fund
- (2) Provided by Tennessee Second Injury Fund
- (3) = Col (1) / Col (2)
- (4a) Trend factor to 7/1/15-16 level at annual rate of 1.5%
- (4b) Trend factor to 7/1/15-16 level at annual rate of 3.0%
- (5) = Col (3) x Col (4)
- (6) = Col (2) attorney awards / Col (2) number of claims

The State of Tennessee Second Injury Fund

Exhibit 7

Reserve as of 6/30/2015

Expected Number of Weeks Awarded per Claim

<u>Order Year</u>	<u>Total Weeks Awarded</u> (1)	<u>Number of Claims</u> (2)	<u>Average Number of Weeks</u> (3)
7/1/95-96	320	1	320
7/1/96-97	2,791	11	254
7/1/97-98	11,593	38	305
7/1/98-99	15,559	62	251
7/1/99-00	15,533	78	199
7/1/00-01	13,366	73	183
7/1/01-02	17,921	94	191
7/1/02-03	28,897	164	176
7/1/03-04	30,471	201	152
7/1/04-05	29,534	220	134
7/1/05-06	29,789	227	131
7/1/06-07	26,219	197	133
7/1/07-08	19,392	172	113
7/1/08-09	13,638	134	102
7/1/09-10	9,157	108	85
7/1/10-11	8,064	119	68
7/1/11-12	14,515	117	124
7/1/12-13	12,367	155	80
7/1/13-14	7,694	83	93
7/1/14-15	1,241	30	41
		Average	157
		3 Year Average	71
		7 Year Average	85
		Weighted Average	135
		Prior Selected as of 6/30/11	110
		Prior Selected as of 6/30/13	105
		Selected	100

Notes

- (1) Provided by Tennessee Second Injury Fund
 (2) Provided by Tennessee Second Injury Fund
 (3) = Col (1) / Col (2)

The State of Tennessee Second Injury Fund

Exhibit 8

Reserve as of 6/30/2015
 Estimated IBNR Required Reserves

Expected Reserve for IBNR Attorney Payments

Order Year	Expected Number of IBNR Claims (1)	Exp. IBNR Claims w/ Atty. Pmt. (2)	Average Attorney Payment (3)	Total Atty. Pmt. Reserve (4)
7/1/15-16	64	55	7,000	382,103
7/1/16-17	53	45	7,105	319,207
7/1/17-18	37	31	7,212	226,367
7/1/18-19	22	19	7,320	136,684
7/1/19-20	13	11	7,430	84,610
7/1/20-21	8	7	7,541	49,583
7/1/21-22	5	4	7,654	30,638
7/1/22-23	3	3	7,769	21,013
7/1/23-24	2	2	7,885	14,772
7/1/24-25	2	1	8,004	10,535
7/1/25-26	1	1	8,124	8,016
7/1/26-27	1	1	8,246	6,044
7/1/27-28	1	1	8,369	4,196
7/1/28-29	0	0	8,495	3,267
7/1/29-30	0	0	8,622	2,288
7/1/30-31	0	0	8,752	1,313
7/1/31-32	0	0	8,883	759
7/1/32-33	0	0	9,016	0
7/1/33-34	0	0	9,151	0
Total	212	181		\$ 1,301,396

Expected Reserve for IBNR Weekly Payments

Order Year	Expected Number of IBNR Claims (1)	Average Weekly Payment (5)	Expected Weekly Payments (6)	Expected Number of Weeks (7)	Total Weekly Pmt. Reserve (8)
7/1/15-16	64	500	32,110	100	3,210,953
7/1/16-17	53	515	27,221	100	2,722,052
7/1/17-18	37	530	19,589	100	1,958,881
7/1/18-19	22	546	12,003	100	1,200,286
7/1/19-20	13	563	7,540	100	753,982
7/1/20-21	8	580	4,484	100	448,373
7/1/21-22	5	597	2,811	100	281,149
7/1/22-23	3	615	1,957	100	195,675
7/1/23-24	2	633	1,396	100	139,589
7/1/24-25	2	652	1,010	100	101,028
7/1/25-26	1	672	780	100	78,009
7/1/26-27	1	692	597	100	59,685
7/1/27-28	1	713	420	100	42,050
7/1/28-29	0	734	332	100	33,223
7/1/29-30	0	756	236	100	23,615
7/1/30-31	0	779	138	100	13,752
7/1/31-32	0	802	81	100	8,068
7/1/32-33	0	826	0	100	0
7/1/33-34	0	851	0	100	0
Total	212				\$ 11,270,370

Notes

- (1) Exhibit 5. Counts displayed as rounded, but calculations use unrounded values.
- (2) Based on data from Exhibit 6
- (3) Exhibit 6 Selected, trended at an annual rate of 1.5%
- (4) = Col (2) x Col (3)
- (5) Exhibit 6 Selected, trended at an annual rate of 3.0%
- (6) = Col (1) x Col (5)
- (7) Exhibit 7 Selected
- (8) = Col (6) x Col (7)

The State of Tennessee Second Injury Fund

Exhibit 9

Reserve as of 6/30/2015

Total Estimated Required Reserves

Reserve for Known Claims					
	<u>@ 6/30/2015</u>	<u>@ 6/30/2013</u>	<u>@ 6/30/2011</u>	<u>Difference 2013</u>	<u>Difference 2011</u>
Number of Open Claims	233	276	314	(43)	(81)
Outstanding Awards	\$ 25,029,630	\$ 26,902,612	\$ 28,566,783	\$ (1,872,982)	\$ (3,537,153)

Total Required Reserves					
	<u>@ 6/30/2015</u>	<u>@ 6/30/2013</u>	<u>@ 6/30/2011</u>	<u>Difference 2013</u>	<u>Difference 2011</u>
Known Claims	\$ 25,029,630	\$ 26,902,612	\$ 28,566,783	\$ (1,872,982)	\$ (3,537,153)
IBNR Claims					
Attorney Costs	\$ 1,301,396	\$ 2,168,427	\$ 3,478,929	\$ (867,030)	\$ (2,177,532)
Ordered Benefits	\$ 11,270,370	\$ 18,138,466	\$ 25,777,155	\$ (6,868,096)	\$ (14,506,785)
Total	\$ 12,571,766	\$ 20,306,893	\$ 29,256,083	\$ (7,735,126)	\$ (16,684,317)
Total Reserves	\$ 37,601,397	\$ 47,209,505	\$ 57,822,866	\$ (9,608,108)	\$ (20,221,469)

Source: Known Claims Provided by Tennessee Second Injury Fund
 IBNR Claims derived in Exhibit 8.

The State of Tennessee Second Injury Fund

Exhibit 10

Reserve as of 6/30/2015

Estimated Liability For Injury Year 7/1/15-16

Expected Reserve for Attorney Payments

Order Year	Expected Number of Claims (1)	Expected Claims w/ Atty. Pmt. (2)	Average Attorney Payment (3)	Total Atty. Pmt. Reserve (4)
7/1/15-16	0	0	7,000	2,227
7/1/16-17	5	4	7,105	29,383
7/1/17-18	13	11	7,212	80,295
7/1/18-19	13	11	7,320	79,870
7/1/19-20	8	7	7,430	49,220
7/1/20-21	5	4	7,541	32,473
7/1/21-22	2	2	7,654	15,757
7/1/22-23	1	1	7,769	7,670
7/1/23-24	1	1	7,885	5,107
7/1/24-25	0	0	8,004	3,291
7/1/25-26	0	0	8,124	1,687
7/1/26-27	0	0	8,246	1,377
7/1/27-28	0	0	8,369	1,403
7/1/28-29	0	0	8,495	715
7/1/29-30	0	0	8,622	727
7/1/30-31	0	0	8,752	739
7/1/31-32	0	0	8,883	752
7/1/32-33	0	0	9,016	765
7/1/33-34	0	0	9,151	0
7/1/34-35	0	0	9,289	0
Total	50	42		\$ 313,458

Expected Reserve for Weekly Payments

Order Year	Expected Number of Claims (1)	Average Weekly Payment (5)	Expected Weekly Payments (6)	Expected Number of Weeks (7)	Total Weekly Pmt. Reserve (8)
7/1/15-16	0	500	187	100	18,713
7/1/16-17	5	515	2,506	100	250,567
7/1/17-18	13	530	6,948	100	694,840
7/1/18-19	13	546	7,014	100	701,372
7/1/19-20	8	563	4,386	100	438,608
7/1/20-21	5	580	2,936	100	293,648
7/1/21-22	2	597	1,446	100	144,598
7/1/22-23	1	615	714	100	71,422
7/1/23-24	1	633	483	100	48,258
7/1/24-25	0	652	316	100	31,563
7/1/25-26	0	672	164	100	16,418
7/1/26-27	0	692	136	100	13,596
7/1/27-28	0	713	141	100	14,060
7/1/28-29	0	734	73	100	7,270
7/1/29-30	0	756	75	100	7,503
7/1/30-31	0	779	77	100	7,743
7/1/31-32	0	802	80	100	7,992
7/1/32-33	0	826	82	100	8,248
7/1/33-34	0	851	0	100	0
7/1/34-35	0	877	0	100	0
Total	50				\$ 2,776,417

Notes

- (1) Total judgmentally selected Distribution based on development pattern in Exhibit 5 Counts displayed as rounded, but calculations use unrounded values.
- (2) Based on data from Exhibit 6
- (3) Exhibit 6 Selected, trended at an annual rate of 1.5%
- (4) = Col (2) x Col (3)
- (5) Exhibit 6 Selected, trended at an annual rate of 3.0%
- (6) = Col (1) x Col (5)
- (7) Exhibit 7 Selected
- (8) = Col (6) x Col (7)

The State of Tennessee Second Injury Fund

Exhibit 11

Reserve as of 6/30/2015

Estimated Liability For Injury Year 7/1/15-16

Injury Year 7/1/15-16 Projection Summary		
Number of Ordered Claims		50
Estimated Attorney Payments	\$	313,458
Estimated Weekly Payments	\$	2,776,417
Estimated Ultimate Liability	\$	3,089,874

Source: Exhibit 10