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November 19, 2007

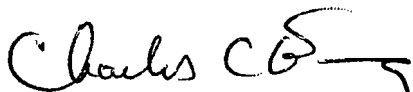
Eric Lloyd
Manager
Special Disability Trust Fund
Department of Financial Services
200 East Gaines Street, Larson Building
Tallahassee, FL 32399-4223

Dear Mr. Lloyd:

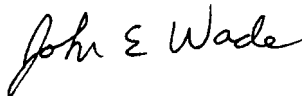
Enclosed is our final report for the Florida Department of Financial Services, Division of Workers Compensation (Division) on the actuarial valuation of the present and projected Workers Compensation liability of the Special Disability Trust Fund (SDTF or Fund) as of June 30, 2007, along with an estimate of future assessment rates and elapsed time until the Fund is its liabilities.

If you have any questions, or require anything further please call Chuck at (630) 262-0954 or John at (317) 889-5760.

Sincerely,



Charles C. Emma, FCAS, MAAA
Principal & Consulting Actuary



John E. Wade, ACAS, MAAA
Consulting Actuary

Report on the Actuarial Valuation

of the

Florida Department of Financial Services

Division of Workers Compensation

Special Disability Trust Fund

Actuarial Analysis

as of June 30, 2007

November, 2007

Pinnacle Actuarial Resources, Inc.

524 W. State St., Suite G

Geneva, IL 60134

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EXHIBITS

Florida Division of Workers' Compensation
Special Disability Trust Fund Actuarial Valuation as of June 30, 2007

I. BACKGROUND

Purpose & Scope

Pinnacle Actuarial Resources, Inc. (Pinnacle) was retained by the Florida Department of Financial Services, Division of Workers Compensation (Division) to provide an actuarial valuation of the statutory liabilities of Florida's Special Disability Trust Fund (SDTF or Fund) as of June 30, 2007, along with an estimate of future assessment rates and elapsed time until the Fund is current on its liabilities.

Fund History

The Special Disability Trust Fund was established as a mechanism to encourage the employment of workers with preexisting permanent physical conditions. The Fund reimburses insurance carriers and self insured employers for benefits they must pay because a preexisting permanent impairment has merged with a subsequent permanent impairment as a result of a work-related accident. As such the Fund reviews, adjusts, and settles requested reimbursements.

Accidents occurring on or after January 1, 1998 are excluded from reimbursement by the Fund. Accidents occurring before 1998 are still eligible to seek reimbursements. While most notices of pre-1998 claims have been submitted, there is still the potential for new claims to be submitted, for closed claims to be reopened, and for open but recently inactive claims to seek additional reimbursements. Hence the Fund is responsible for known and unknown future liabilities on eligible claims.

After a claim has been accepted, a request for reimbursement of additional expenses may be submitted annually. The Fund generates revenues to pay claims from two sources. The major source is an assessment established by Florida Statute applied to the estimated workers compensation net written premium of insurance carriers and self insureds. There is also a minor amount of revenue generated by flat fees for new notices and proof of claim submissions. This latter revenue has become negligible as the cutoff date for accidents is now nearly ten years old.

Currently the Fund establishes the amount it expects to disburse in the coming fiscal year based on past disbursements over the last three years and sets the assessment rate accordingly. However, there is a cap on the assessment rate and the fund has not been able to collect assessments sufficient to cover liabilities, so the fund is currently in a deficit position. Over the last couple years, revenues have exceeded annual approvals which will result in the fund becoming current within the 2007-2008 fiscal year. Absent any modification to the existing formula, in each ensuing year, collected assessments should outpace disbursements, allowing the fund to develop a surplus.

Methodology

Two different methods were used to establish estimated outstanding claims payments. Under the Average Payment method, individual known claim awards were extended for the expected duration of the claim. Pending, IBNR and future claim activity on open notices were determined by application of average claim payments and durations. (*IBNR, Incurred But Not Reported, claims represent accidents that have already occurred during the coverage period, but have not yet been notified to the fund.*) Under the Loss Development method, past payments were aggregated and development (age-to-age) patterns were established to project the payout on known and unknown claims. These analyses were conducted on a combined claim basis because information on claim type was not sufficient to allow a thorough review of the data by claim type. Claims data were segregated and analyzed within two different payment options. First and Final claims are defined as those claims where the approval of a claim is expected to be the only payment made. (There are situations where First and Final claims are reopened, but as a category, these are analyzed with the rest of the First and Final claims.) All other claims were considered not to be First and Final and were analyzed as a group.

Payout patterns were established based on future life/mortality expectations for the first method. The periodic payment schedules of the individual claims were used to estimate future payout patterns under the second method. These same patterns were applied to estimated pending, IBNR and future claims. Historic industry premium and Fund expenses were analyzed to estimate future annual changes to each of these items. Future interest earnings were calculated by multiplying the projected average fund balance by the selected interest rates. Note that while the Fund is in a deficit position, future interest earnings are limited because the opportunity to

earn investment income is restricted to the amount of time the Fund has monies available for investment. Also, in future years investment income will continue to keep pace with assessments.

Data

Electronic claims files were provided by the Division. These files contained Date of Accident, Date of Notice, Claim Status, Date of Request, Request Status, Amount of Request, Amount Approved, Year of Payment and other miscellaneous information. Claims noticed after Calendar Year 1995 have complete transactional information. Claims prior to 1995 are having their data updated as time permits. Claim types have not been recorded in sufficient detail to allow a confident review by claim type consistent with prior analyses.

One notable absence from the claim file was age of the injured worker. We have assigned an average age to each claim. The projected death date was then estimated using the 94 GAM tables to determine life expectancy.

Historic assessable compensation premiums were provided by the Division. Historic administrative costs and fund balances were also provided by the Division.

Distribution & Use

This report was prepared pursuant to and for the purposes stated in section 440.49(9)(e), Florida Statutes, for the Florida Department of Financial Services – Division of Workers’ Compensation – Special Disability Trust Fund. The Report will be distributed to the Governor of Florida, President of the Florida Senate, and the Speaker of the Florida House of Representatives. In addition, it will be available to the public from the Florida Department of Financial Services – Division of Workers’ Compensation by contacting Eric Lloyd, Manager – Special Disability Trust Fund, 200 East Gaines Street, Tallahassee, Florida, 32399-4223, and on the Internet at the Department’s Division of Workers’ Compensation homepage at <http://myfloridacfo.com/WC/>. This report is the property of the State of Florida and is a public record. The Department is authorized to distribute this report consistent with section 440.49, Florida Statutes, and applicable law. Pinnacle expects to receive notice of any Departmental reference to Pinnacle in relation to this report in any reports, accounts, or other published documents.

The exhibits attached in support of our findings are an integral part of this report. These sections have been prepared so that our actuarial assumptions and judgments are documented. Judgments about the conclusions drawn in this report should be made only after considering the report in its entirety. We remain available to answer any questions that may arise regarding this report. We assume that the user of this report will seek such explanation on any matter in question.

Our conclusions are predicated on a number of assumptions as to future conditions and events. Those assumptions, which are documented in subsequent sections of this report, must be understood in order to place our conclusions in their appropriate context. In addition, our work is subject to inherent limitations, which are also discussed in this report.

Reliances & Limitations

We have prepared this report in conformity with its intended use by persons technically competent in the areas addressed and for the stated purposes only. Judgments as to conclusions, 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.

Throughout our analysis we have, without audit or verification, relied on historical data and qualitative information provided by the Division. We have reviewed this data for consistency and believe it to be reasonable and accurate. However, we have made no attempt to audit or verify this information. The accuracy of our results is dependent upon the accuracy and completeness of this underlying data. Therefore, any material discrepancies discovered in this data by the Division or its auditor should be reported to us and this report amended, as warranted. It is noted that claims records do not include the age of an injured worker. Claims records for eligible accidents prior to 1995 are being updated for activity occurring before 1995 through the audit process. This adds to the potential uncertainty associated with calculating estimates of the liabilities.

There is a limitation upon the accuracy of these estimates and projections in that there is an inherent uncertainty in any estimate of loss reserves and financial projections. This is due to the fact that the ultimate liability for claims is subject to the outcome of events yet to occur, e.g., the likelihood of claimants bringing suit, the size of awards, changes in the standards of liability, and

the attitudes of claimants toward settlement of their claims. Also our financial projections are subject to a very high degree of uncertainty because they require prediction of future economic, legal, and judicial conditions. In our judgment, we have employed techniques and assumptions that are appropriate, and the conclusions presented herein are reasonable, given the information currently available. However, it should be recognized that future results will likely deviate, perhaps materially, from our estimates.

II. EXECUTIVE SUMMARY

The unfunded liability of the Special Disability Trust Fund is estimated to be \$2,214 Million as of June 30, 2007 on an undiscounted basis. The table below summarizes past valuations from previous actuarial analyses along with Pinnacle's estimates of future valuations for comparative purposes. Please note that for the future valuations, Net revenue reflects estimated fees, general revenue service charges, administrative expenses, and investment income, as well as approved payments and estimated assessments. Discounted liabilities reflect a 6.0% discount rate for all years.

ESTIMATE OF UNFUNDED LIABILITIES

(values in millions)

Valuation Date	Estimated Undiscounted Unfunded Liability	Estimated Discounted Unfunded Liability
09/30/99*	\$3,240	\$1,640
09/30/00*	2,750	1,550
09/30/01*	2,600	1,420
06/30/02*	2,390	1,210
06/30/03*	2,160	1,450
06/30/04*	2,060	1,360
06/30/05*	1,860	1,200
06/30/06*	1,690	1,090
06/30/07	2,214	1,231
06/30/08	1,902	980

*Estimates at 06/30/07 and subsequent reflect Pinnacle Actuarial Resources, Inc. analysis.

Estimates prior to 06/30/07 drawn from prior reports provided by other consulting actuarial firms.

The table above shows the advanced estimated undiscounted unfunded liabilities of \$1,902 Million as of June 30, 2008. Further, it is estimated that the SDTF will become current in its outstanding liabilities in Fiscal Year 06/30/08. That is, the Fund will move to a positive surplus as assessments overtake approved payments. The impact on future assessment rates is discussed later in this report.

The number of open claims has dropped a minor amount in the past 12 months to 6,718 as of 06/30/07. Additional data as provided by the Division is displayed in the following table.

Historic Claims Records

Item	FY 04-05	FY 05-06	FY 06-07
Number of Open Claims on file at year-end	8,342	7,032	6,718
Number of Notices filed in FY	6	8	5
Number of Newly Received Proofs of Claim Processed by the Fund in FY	15	9	6
Fee Revenues Received from 07/01 to 06/30	\$9,000	\$5,250	\$3,500
Fee Revenues Refunded from 07/01 to 06/30	\$0	\$0	\$0
Fee Revenues Applied to Pay Down Liability in FY	\$9,000	\$5,250	\$3,500
Average Time Required to Reimburse Accepted Claims Paid in FY	44.8 mos	42.1 mos	27.2 mos
Average Administrative Cost per Claim in FY	\$127.39	\$160.81	\$210.08

III. SPECIAL DISABILITY TRUST FUND ANALYSIS

1. Liability on Approved Claims as of June 30, 2007

Development Method

Two approaches were followed to determine the estimated liabilities on approved claims. The first approach is referred to as the Development Method and is calculated by comparing accumulated payments at successive annual valuation points to develop patterns of payment, often referred to as age-to-age factors or link ratios. As an example of this method, if claim payments have historically increased an average of 10% from the 120 month valuation to the 132 month valuation, then we can anticipate that ensuing accident year claim payments will increase 10% as they progress from their 120 month valuation to their 132 month valuation. Pinnacle analyzed the historic fund data separated into annual accident periods ending June 30 each year. Hence, for the Accident Year ending 06/30/1997, the historic data is considered to be 120 months old as of the 06/30/2007 valuation. Continuing the example described above, we would expect this accident period to have an additional 10% of claims payments from July 1, 2007 to June 30, 2008. Similar adjustments are made for future valuations until all claims are estimated to be closed.

As accident periods age, the SDTF development factors change reflecting fewer notices and a higher incidence of requests and approvals. In the SDTF data it is clear the more recent development is much less than earlier development periods and also appears to be quite stable. Pinnacle selected two different sets of development factors to augment our analysis of the claims that were not deemed to be First and Final. We looked at the most recent three year average development factors and we looked at development factors for the most recent period only. For the development approach we selected an average of these two estimates.

For First and Final claims the nature of the claim types led to development patterns distinctly different from the other claim types. These development patterns are much shorter-tailed, and because there is a great amount of variability within the historic patterns, more years were included in the selection of the anticipated development patterns.

Each Accident Year is evaluated separately. Since second injury workers compensation claims are, by nature, very long tailed, and since the data base is limited in the number of years of

evaluation that can be provided, tail factors must be applied to the developed payments to reflect the remaining exposure that is beyond the available historic patterns. Tail factors are selected based on the oldest available development factors and the anticipated remaining life expectancy of the injured worker.

The development method estimates ultimate liabilities for all the various stages of claims activity combined, including open, reopens, noticed but not approved, and IBNR. The calculations using the Development method are displayed in Exhibit 2.

The lack of a complete history of Approvals is an issue of concern with applying the Development method to the SDTF data base. The lack of history not only impacts the calculation and selection of development factors, it also impacts the estimate of payments approved to date. This latter figure is the base upon which the development factors are applied. To overcome this issue, we looked at the incremental approved payments for each of the three fiscal years ending 06/30/95, 06/30/96, and 06/30/97, separately. These payment periods were deemed to have complete approval histories. We applied estimated incremental development factors to each fiscal year payments to estimate the accumulated payments to date as of 06/30/94 and then selected a best estimate of the ultimate approvals as of 06/30/94 based on the three separate estimates.

Average Payment Method

Because of the above described lack of Approval history and the resulting potential variance in estimated results, an alternative method was used to provide a second estimate of future approved claim payments. This alternative is referred to as the Average Payment Method. Under this approach we extend every open claim by its anticipated payout pattern based on each claimant's date of accident, assumed age at accident date, assumed life expectancy, and the projected average annual payment of each claim. Claims were broken down between First and Final and Other-than-First-and-Final. Claims were not broken down by Permanent Total Disability, Wage Loss, and Unknown as in the past analysis because the coding in the claim file was not sufficient to warrant confidence in its predictive power.

The claim file included claims that have experienced approved payments, open claims that have been noticed and accepted without yet having reimbursement requests approved, and claims that

have been noticed and accepted but have yet to file a reimbursement request. In addition, due to past deficits in the fund's balance, there are existing pending approvals in the database for which payment has yet to be made. These are requests which have been approved but have yet to be paid due to the constraint on the fund's payout. Adjustments were also made for Incurred But Not Reported (IBNR) claims. Claims with a past approval history were assumed to have an average future annual payment based on the past average approved amounts. Open claims with a request history but not yet having an approval history were assumed to have average future annual payments determined by applying a ratio of approved amount to requested amount to the actual requested amount. The applied ratio was developed from the claims history of those claims that have approval amounts.

Age of claimant was not available in the claims file. Based on a review of national accident statistics, an age of 42 was assumed for all claimants as of their date of accident. By assuming an average age, projections on the entire claim file are expected to balance out for older and younger claimants. The expected life expectancy is based on the mortality table discussed below.

As open average claims payments are extended into the future, an adjustment must be made for inflationary pressures that will apply in the future. Based upon discussion with Division staff and on relevant insurance industry data, an annual inflation rate of 5.0% was selected to account for increased indemnity and medical costs.

At issue with this estimating technique is the calculation of each claims average annual payment. The approval history of the SDTF as reflected in the claims data base clearly shows that many claims have a sporadic request and approval history. While there may be several years between notice being filed and a first payment request being made, there are often gaps of one to several years between consecutive requests, and therefore approvals.

Another issue is the uncertainty introduced by "front end" loading of claim payments. Many claims will have large initial payments as the injured parties are nursed back to maximum medical improvement. After maximum medical improvement, the ongoing expenses are much smaller. As a result this method has the potential to produce liability estimates which may be too

high. Because of the many imprecisions within this method noted above, the variance in potential estimated outcomes can be quite large.

Selected Method

Selected ultimate losses, and therefore outstanding losses, were based upon a review of both methods discussed above. The Development approach was deemed to be more stable and was relied upon in the selection of the final estimates. The Average Payment method produced estimated liabilities somewhat higher than the Development method, although not unreasonably out of line with the Development method. Final selections are summarized in Exhibit 1. The overall liability for unfunded current and estimated future approvals is estimated to be \$2,214 Million as of 06/30/07 on an undiscounted basis.

At this point a brief discussion of Pinnacle's estimate of liabilities at 06/30/07 (\$2.2 Billion) compared to the prior actuary's estimate of liabilities at 06/30/06 (\$1.7 Billion) is in order. While both analyses relied on the development method, the prior study segmented and reviewed the historic claims data by claim type (permanent total, wage loss, and other), whereas Pinnacle reviewed the data for all claim types combined. In addition, both studies required estimates of prior approval and payment history be made on accident periods prior to 1995. The prior study based these estimates on claim activity in accident year 1995 while Pinnacle based these estimates on claim activity in accident years 1995-1997. Finally, the selection of the development factors used to age the accident year periods is heavily dependent upon the judgment of the analyst reviewing the data.

Pinnacle's estimate of unrecorded past payment history and our estimate of future development patterns lead to larger expected payments in later years than anticipated by the prior study. This was one reason a second methodology was employed to help estimate the liabilities. The Average Payment method produced estimated liabilities somewhat higher than the Development method. Pinnacle's final selection of estimated liabilities considered both methods and the results of the prior study.

2. Liability on Incurred But Not Reported Claims as of June 30, 2007 and Subsequent

IBNR counts were estimated and then treated in a similar fashion as those claims noticed but not approved. The estimated IBNR counts were derived from historic developments. As of

06/30/07 there is an estimated 5 IBNR claims. There are also claims that have been noticed but have not filed requests. It is anticipated that a portion of those notices will file future requests. The total provision for IBNR is made up of these anticipated requests and new notices and is listed in the Average Payment methodology in Exhibit 3. This provision is inherently included in the Development method shown in Exhibit 2.

3. Future Cash Flow Analysis

The Cash Flow Analysis is shown in Exhibit 5. There are many aspects to projecting cash flows. These are discussed below, as well as determining when the Fund will reach a surplus position.

a. Projected Assessments and Assessment Rate

Assessments are determined by applying the Assessment Rate to the subject net written premium. The net written premium is developed from the insurance carriers writing workers compensation insurance. The assessment rate is also applied to the estimated net written premium that would have been developed by those entities self insuring their workers compensation exposure.

Recent historic premiums were reviewed, and even though premium rates have been declining, overall premium levels have been increasing, possibly reflecting a shift in the industry exposure into higher-rated classifications. Such an increase has been attributed to the increase exposure to construction classifications following recent hurricane activity in the state. If this is the case, then we might also expect this shifting exposure to abate, or even possibly reverse itself as storm activities have lessened in recent years. We have selected an assumed modest annual increase in premium of 2%. See Exhibit 5, Page 3.

The Assessment Rate is set annually according to Florida Statute 440.49(9), which states, "*The annual assessment shall be calculated to produce during the ensuring fiscal year an amount which, when combined with that part of the balance in the fund on June 30 of the current fiscal year which is in excess of \$100,000, is equal to the average of:*

- a. The sum of disbursements from the fund during the immediate past 3 calendar years, and*
- b. Two times the disbursements of the most recent calendar year."*

The Assessment Rate is capped at 4.52%, and has been at that level since the inception of the cap in 1994. The assessment rate is calculated in the cash flow Exhibit 5, Page 1.

b. Projected Notice and Proof Fees

Notification fees are set at \$250/notice and Proof of Claim fees are set at \$500/proof, as established by Florida Statute 449.49(9). Pinnacle estimates that there will be 3 new notices/proofs in Fiscal Year ending 06/30/08, and 1 notice/proof in each of the following two fiscal years. The table in the Executive Summary above also shows that these fees have been declining to negligible amounts, as would be expected since eligible dates of accident must have occurred prior to 1998. All such fees have been applied against the Fund's outstanding liability in the recent past and continue to do so in our projected cash flow analysis. This adjustment has an insignificant impact on the outstanding liability or projected assessment rate.

c. Projected Investment Income

Investment income is earned on the surplus within the Fund and the cash balances reflecting the timing differences of revenues and payments. While negative investment income has not been attributed to the past deficits, projected future surplus has been subjected to investment returns. The investment rate was set at 3.5% following analysis of past returns provided by the Division. Again, this projected income is minor compared to assessments. Estimated investment returns are contained in the cash flow Exhibit 5, Page 1.

d. Projected Approved Claim Payments

The analysis to establish claim liabilities discussed above is carried further to estimate future payout patterns to spread the ultimate liabilities across the estimated lifetime of each claim. See a summary of projected approved payments in Exhibit 4.

e. Projected Administrative Expense

Administrative expense is made up primarily of fixed expense and therefore is subject to normal inflationary pressures, even though the number of claims being processed by the SDTF is declining. An analysis was made of recent expense history and an annual inflationary factor of 5% was selected to increase expenses each year. See Exhibit 5, Page 4.

f. Projected General Revenue Service Charges

The General Revenue Service Charge is expected to continue at 7.3% for purposes of future cash flow projections. The Revenue Service Charge is applied to assessments, fees, and investment income displayed in the cash flow exhibits.

g. Projected Cash Flows

The projected cash flows can be observed in Exhibit 5, Page 1. Net revenue is calculated each year as the sum of assessments, fees, and any investment income, less the sum of anticipated approved payments, administrative expenses, and general revenue service charges. The Net revenue is added to the beginning Fund Balance to determine the ending Fund Balance. The beginning Fund Balance on 07/01/07 was provided by the Division.

h. Projected Timing to Surplus Position

The projected timing for the Fund to enter a Surplus position where claims can be paid as payments are approved falls out of the cash flow analysis. A review of Exhibit 5 shows that this point should be reached in Fiscal Year ending 06/30/08. The fund had a cash balance of \$17.9 Million at 06/30/07, but also had unpaid approved payments of \$67.9 Million, resulting in a fund deficit of \$50.0 Million. Anticipated approved payments from 07/01/07 to 06/30/08 are \$82.1 Million. Coupling this with an expected Revenue Service Charge of \$18.2 Million and Administrative Expenses of \$1.1 Million would lead to a deficit of \$150.3 Million by 06/30/08. However, offsetting anticipated assessments of \$244.5 Million and Investment income of \$4.6 Million lead to an expected surplus of \$97.7 Million at 06/30/08.

i. Estimated Fund Liability as of 06/30/08

The estimated Fund Liability as of 06/30/08 for outstanding claim payments is displayed in a table in the Executive Summary above. All anticipated future payments after 06/30/08 are accumulated to arrive at the undiscounted estimated liability of \$1,902 Million. The discounted liability is estimated to be \$980 Million and is derived by assuming the average payment date of each future Fiscal Year is the midpoint of the Fiscal Year and discounting the entire estimated payment amount back to 06/30/08, using a 6% discount rate. Hence, the anticipated Fiscal Year ending 06/30/09 payments are discounted for a half year, the anticipated Fiscal Year ending 06/30/10 payments are discounted for one and a half years, and so forth.

4. Adjusted Assessment Formula, Alternative Scenarios

a. Assessment Formula Based on Amounts Approved

Additional Cash Flow exhibits have been prepared showing the impact of using alternate assessment formulas. The impacts of changing the assessment formula so that it is based on amounts approved rather than amounts disbursed are shown on Exhibit 6, Pages 1 and 2 for such a change to occur on 07/01/08.

Because the Fund is so close to becoming current, this alternate scenario does not have much of an impact on the timing of the Fund becoming current, although the assessment rate is noticeably reduced over the next few years. See Exhibit 8

b. Assessment Formula Based on Amounts Requested

The impacts of changing the assessment formula so that it is based on amounts requested rather than amounts disbursed are shown on Exhibit 7, Pages 1 and 2 for such a change to occur on 07/01/08. Projected requested amounts were derived from projected approved amounts by applying an estimated ratio of requested-to-approved factor derived from historic experience.

Because the Fund is presently close to being fully funded, this alternate scenario does not have much of an impact on the timing of the Fund becoming current, although the assessment rate is noticeably reduced over the next few years. See Exhibit 8.

A comparison of projected assessment rates under each scenario is displayed in Exhibit 8.

5. Mortality Table Notes

We used the 1994 Group Annuity Mortality tables for this study. The Group Annuity tables are derived from the working population, as opposed to the entire population, therefore reflecting a better estimation of workers compensation claimants. The 1994 GAM tables include margins for random variations in mortality rates and contingencies for other factors such as smaller blocks of business, mix of employment types (white-collar versus blue-collar, higher-income versus lower-income, etc.) and geographic concentration of risk. The margins were established so that the use of the GAM tables would produce reserves adequate to cover various business characteristics and random variations.

IV. CONCLUDING REMARKS

The estimated liabilities of the Fund in this report are substantially higher than prior estimates. Our analysis was done independently of prior actuarial studies. We did not perform a peer review of the previous actuarial report. Treatment of the incomplete data files and interpretation of certain data fields (such as type of claim) may play a significant part in these differences. Assumptions about assessable premium growth, investment income, and administrative expense inflation also play roles in varying estimates from the prior report. We have relied on the data provided and employed standard actuarial techniques to derive our estimates. We have provided the Division with estimates we believe are appropriate.

EXHIBITS

- 1 Summary
- 2 Development Method
- 3 Average Payment Method
- 4 Projected Payments
- 5 Cash Flow
- 6 Cash Flow, Assessment Formula based on Approved Amounts
- 7 Cash Flow, Assessment Formula based on Requested Amounts
- 8 Summary of Alternative Assessment Rates

**Florida Division of Workers' Compensation
Special Disability Trust Fund
Estimated Liabilities Summary**

Accident Year Ending	Development Method (1)	Average Paid Method (2)	Selected (3)
6/30/1975 *	3,162,418	7,640,080	3,162,418
6/30/1976	3,208,864	3,591,051	3,208,864
6/30/1977	2,831,602	4,131,459	2,831,602
6/30/1978	5,165,872	4,836,537	5,165,872
6/30/1979	5,962,085	5,982,354	5,962,085
6/30/1980	13,901,770	10,640,407	13,901,770
6/30/1981	23,067,824	19,314,306	23,067,824
6/30/1982	30,988,350	29,399,801	30,988,350
6/30/1983	39,570,443	36,952,523	39,570,443
6/30/1984	51,769,422	52,435,996	51,769,422
6/30/1985	93,511,582	89,630,787	93,511,582
6/30/1986	140,111,917	120,958,323	140,111,917
6/30/1987	151,169,494	152,054,650	151,169,494
6/30/1988	188,645,619	189,560,565	188,645,619
6/30/1989	240,614,666	265,481,233	240,614,666
6/30/1990	249,525,660	290,757,832	249,525,660
6/30/1991	215,238,968	265,191,595	215,238,968
6/30/1992	170,228,345	211,056,883	170,228,345
6/30/1993	157,536,555	190,931,948	157,536,555
6/30/1994	105,171,826	153,892,034	105,171,826
6/30/1995	77,156,393	107,588,085	77,156,393
6/30/1996	80,161,782	139,044,622	80,161,782
6/30/1997	77,935,115	124,504,529	77,935,115
7/01/97 - 12/31/97	37,088,724	61,454,622	37,088,724
IBNR	included above	2,010,886	included above
Total	2,163,725,297	2,539,043,107	2,163,725,297
		Cash Balance @ 6/30/2007	17,925,564
		Outstanding Approvals @ 6/30/2007	67,900,522
		Estimated Total Unfunded Liability @ 6/30/2007	2,213,700,255
* Includes Prior Fiscal Years			
(1) Exhibit 2, Page 1, Column (5)			
(2) Exhibit 3, Column (2)			
(3) Judgment			

**Florida Division of Workers' Compensation
Special Disability Trust Fund
Estimated Liabilities at 06/30/2007
Summary of Development Methods**

Accident Year Ending	Other Than F&F Three Year Avg Method (1)	Other Than F&F Most Recent LDFs Method (2)	Other Than F&F Selected (3)	First & Final (4)	Total Estimated Liabilities (5)
6/30/1975 *	3,806,532	2,518,303	3,162,418	0	3,162,418
6/30/1976	4,133,491	2,284,238	3,208,864	0	3,208,864
6/30/1977	3,732,170	1,931,033	2,831,602	0	2,831,602
6/30/1978	6,698,442	3,633,302	5,165,872	0	5,165,872
6/30/1979	7,700,216	4,223,953	5,962,085	0	5,962,085
6/30/1980	18,514,871	9,288,670	13,901,770	0	13,901,770
6/30/1981	30,479,375	15,656,274	23,067,824	0	23,067,824
6/30/1982	41,037,451	20,939,250	30,988,350	0	30,988,350
6/30/1983	51,687,601	27,355,469	39,521,535	48,908	39,570,443
6/30/1984	67,153,442	36,105,844	51,629,643	139,779	51,769,422
6/30/1985	120,699,593	65,316,186	93,007,890	503,693	93,511,582
6/30/1986	178,843,639	98,098,707	138,471,173	1,640,744	140,111,917
6/30/1987	194,398,123	103,741,383	149,069,753	2,099,741	151,169,494
6/30/1988	241,959,308	129,318,064	185,638,686	3,006,933	188,645,619
6/30/1989	309,455,264	163,819,057	236,637,160	3,977,506	240,614,666
6/30/1990	317,840,398	169,940,169	243,890,284	5,635,376	249,525,660
6/30/1991	273,560,215	144,838,883	209,199,549	6,039,419	215,238,968
6/30/1992	211,767,910	111,017,347	161,392,628	8,835,717	170,228,345
6/30/1993	193,295,291	100,688,223	146,991,757	10,544,798	157,536,555
6/30/1994	126,580,425	66,955,715	96,768,070	8,403,756	105,171,826
6/30/1995	94,808,055	48,868,376	71,838,215	5,318,178	77,156,393
6/30/1996	99,000,950	50,653,348	74,827,149	5,334,633	80,161,782
6/30/1997	95,516,858	48,614,759	72,065,809	5,869,306	77,935,115
06/30/97 - 12/31/97	45,928,485	23,159,272	34,543,879	2,544,845	37,088,724
Total	2,738,598,105	1,448,965,822	2,093,781,964	69,943,334	2,163,725,297
* Includes Prior Fiscal Years					
(1) Exhibit 2, Page 2, Column (4)					
(2) Exhibit 2, Page 3, Column (4)					
(3) Average (1) and (2)					
(4) Exhibit 2, Page 24, Column (4)					
(5) = (3) + (4)					

**Florida Division of Workers' Compensation
Special Disability Trust Fund
Estimated Liabilities at 06/30/2007
Other than First and Final using 3 Year Average LDFs**

Accident Year Ending	Estimated Approved Payments @ 06/30/07 (1)	Age to Ultimate Factors (2)	Estimated Ultimate Approved @ 06/30/07 (3)	Estimated Approved Liabilities @ 06/30/07 (4)
6/30/1975 *	22,723,099		26,529,631	3,806,532
6/30/1976	12,525,998	1.3300	16,659,489	4,133,491
6/30/1977	9,107,464	1.4098	12,839,634	3,732,170
6/30/1978	13,857,861	1.4834	20,556,303	6,698,442
6/30/1979	14,145,242	1.5444	21,845,458	7,700,216
6/30/1980	29,330,805	1.6312	47,845,676	18,514,871
6/30/1981	44,230,487	1.6891	74,709,861	30,479,375
6/30/1982	54,214,385	1.7569	95,251,836	41,037,451
6/30/1983	62,155,838	1.8316	113,843,439	51,687,601
6/30/1984	74,871,610	1.8969	142,025,052	67,153,442
6/30/1985	124,179,560	1.9720	244,879,154	120,699,593
6/30/1986	168,761,042	2.0597	347,604,681	178,843,639
6/30/1987	167,190,818	2.1627	361,588,941	194,398,123
6/30/1988	192,483,979	2.2570	434,443,287	241,959,308
6/30/1989	230,237,014	2.3441	539,692,278	309,455,264
6/30/1990	222,159,747	2.4307	540,000,145	317,840,398
6/30/1991	178,443,831	2.5330	452,004,046	273,560,215
6/30/1992	130,426,932	2.6237	342,194,842	211,767,910
6/30/1993	111,139,902	2.7392	304,435,192	193,295,291
6/30/1994	68,288,984	2.8536	194,869,409	126,580,425
6/30/1995	47,818,709	2.9827	142,626,763	94,808,055
6/30/1996	45,815,494	3.1609	144,816,444	99,000,950
6/30/1997	40,906,734	3.3350	136,423,592	95,516,858
06/30/97 - 12/31/97	18,698,356	3.4563	64,626,841	45,928,485
Total	2,083,713,891		4,822,311,996	2,738,598,105

* Includes Prior Fiscal Years
(1) Provided by SDTF. Approved Payments prior to FY 1994 estimated from development patterns.
(2) Based on Pinnacle analysis of SDTF development patterns.
(3) = (1) x (2)
(4) = (3) - (1)

**Florida Division of Workers' Compensation
Special Disability Trust Fund
Estimated Liabilities at 06/30/2007
Other than First and Final using Most Recent LDFs**

Accident Year Ending	Estimated Approved Payments @ 06/30/07 (1)	Age to Ultimate Factors (2)	Estimated Ultimate Approved @ 06/30/07 (3)	Estimated Approved Liabilities @ 06/30/07 (4)
6/30/1975 *	22,723,099		25,241,402	2,518,303
6/30/1976	12,525,998	1.1824	14,810,236	2,284,238
6/30/1977	9,107,464	1.2120	11,038,497	1,931,033
6/30/1978	13,857,861	1.2622	17,491,163	3,633,302
6/30/1979	14,145,242	1.2986	18,369,196	4,223,953
6/30/1980	29,330,805	1.3167	38,619,475	9,288,670
6/30/1981	44,230,487	1.3540	59,886,761	15,656,274
6/30/1982	54,214,385	1.3862	75,153,635	20,939,250
6/30/1983	62,155,838	1.4401	89,511,306	27,355,469
6/30/1984	74,871,610	1.4822	110,977,454	36,105,844
6/30/1985	124,179,560	1.5260	189,495,746	65,316,186
6/30/1986	168,761,042	1.5813	266,859,748	98,098,707
6/30/1987	167,190,818	1.6205	270,932,201	103,741,383
6/30/1988	192,483,979	1.6718	321,802,043	129,318,064
6/30/1989	230,237,014	1.7115	394,056,071	163,819,057
6/30/1990	222,159,747	1.7649	392,099,916	169,940,169
6/30/1991	178,443,831	1.8117	323,282,713	144,838,883
6/30/1992	130,426,932	1.8512	241,444,278	111,017,347
6/30/1993	111,139,902	1.9060	211,828,125	100,688,223
6/30/1994	68,288,984	1.9805	135,244,699	66,955,715
6/30/1995	47,818,709	2.0220	96,687,084	48,868,376
6/30/1996	45,815,494	2.1056	96,468,842	50,653,348
6/30/1997	40,906,734	2.1884	89,521,493	48,614,759
06/30/97 - 12/31/97	18,698,356	2.2386	41,857,628	23,159,272
Total	2,083,713,891		3,532,679,713	1,448,965,822

* Includes Prior Fiscal Years
(1) Provided by SDTF. Approved Payments prior to FY 1994 estimated from development patterns.
(2) Based on Pinnacle analysis of SDTF development patterns.
(3) = (1) x (2)
(4) = (3) - (1)

**Florida Division of Workers' Compensation
Special Disability Trust Fund
Estimated Liabilities at 06/30/2007
First and Final using Selected LDFs**

Accident Year Ending	Estimated Approved Payments @ 06/30/07 (1)	Age to Ultimate Factors (2)	Estimated Ultimate Approved @ 06/30/07 (3)	Estimated Approved Liabilities @ 06/30/07 (4)
6/30/1975 *	705,039		705,039	0
6/30/1976	3,604	1.0000	3,604	0
6/30/1977	39,000	1.0000	39,000	0
6/30/1978	24,117	1.0000	24,117	0
6/30/1979	202,423	1.0000	202,423	0
6/30/1980	6,089,435	1.0000	6,089,435	0
6/30/1981	1,006,722	1.0000	1,006,722	0
6/30/1982	7,909,211	1.0000	7,909,211	0
6/30/1983	4,890,783	1.0100	4,939,691	48,908
6/30/1984	13,977,929	1.0100	14,117,708	139,779
6/30/1985	25,059,330	1.0201	25,563,023	503,693
6/30/1986	40,510,208	1.0405	42,150,953	1,640,744
6/30/1987	51,842,902	1.0405	53,942,643	2,099,741
6/30/1988	59,067,164	1.0509	62,074,098	3,006,933
6/30/1989	70,822,576	1.0562	74,800,082	3,977,506
6/30/1990	84,459,063	1.0667	90,094,439	5,635,376
6/30/1991	78,038,348	1.0774	84,077,767	6,039,419
6/30/1992	100,218,755	1.0882	109,054,473	8,835,717
6/30/1993	106,463,699	1.0990	117,008,497	10,544,798
6/30/1994	76,372,502	1.1100	84,776,258	8,403,756
6/30/1995	43,902,258	1.1211	49,220,436	5,318,178
6/30/1996	40,307,577	1.1323	45,642,210	5,334,633
6/30/1997	40,852,232	1.1437	46,721,538	5,869,306
06/30/97 - 12/31/97	17,034,913	1.1494	19,579,758	2,544,845
Total	869,799,789		939,743,123	69,943,334

* Includes Prior Fiscal Years
(1) Provided by SDTF. Approved Payments prior to FY 1994 estimated from development patterns.
(2) Based on Pinnacle analysis of SDTF development patterns.
(3) = (1) x (2)
(4) = (3) - (1)

**Florida Division of Workers' Compensation
Special Disability Trust Fund
Estimated Liabilities at 06/30/2007
Average Payment Method**

Accident Year Ending	Approved Amounts @ 6/30/07 (1)	Undiscounted Liabilities on Expected Future Approved Amounts (2)	IBNR Liabilities Undiscounted (3)
6/30/1975 *	12,361,571	7,640,080	
6/30/1976	6,797,097	3,591,051	
6/30/1977	4,816,672	4,131,459	
6/30/1978	7,588,003	4,836,537	
6/30/1979	6,809,774	5,982,354	
6/30/1980	16,587,792	10,640,407	
6/30/1981	24,146,952	19,314,306	
6/30/1982	30,642,408	29,399,801	
6/30/1983	35,328,077	36,952,523	
6/30/1984	49,025,863	52,435,996	
6/30/1985	84,609,702	89,630,787	
6/30/1986	119,784,318	120,958,323	
6/30/1987	131,832,285	152,054,650	
6/30/1988	173,502,492	189,560,565	
6/30/1989	242,292,882	265,481,233	
6/30/1990	267,297,209	290,757,832	
6/30/1991	239,904,893	265,191,595	
6/30/1992	227,353,181	211,056,883	
6/30/1993	218,266,052	190,931,948	
6/30/1994	145,873,135	153,892,034	
6/30/1995	92,895,972	107,588,085	
6/30/1996	87,051,072	139,044,622	
6/30/1997	82,961,907	124,504,529	
7/01/97 - 12/31/97	36,666,061	61,454,622	
Total	2,344,395,370	2,537,032,220	2,010,886
* Includes Prior Fiscal Years			
(1) Provided by SDTF			
(2) Based on extending every noticed claim out for life expectancy. Using adjusted averages for un-requested, un-approved.			
(3) Based on new notice estimates and estimated new first requests on claims already noticed.			

**Florida Division of Workers' Compensation
Special Disability Trust Fund
Projected Payments**

Fiscal Year Ending	Other Than F&F Development 3 Year Method (1)	Other Than F&F Development 1 Year Method (2)	Other Than F&F Selected Dev Method (3)	F&F Selected Development Method (4)	Total Development Method (5)	Future Payments on Existing Claims (Average Payment Method) (6)	Future Payments on Notices Currently w/o Requests (Avg Payment Method) (7)	Total Average Payment Method (8)	Selected Total Undiscounted (9)	Selected Total Discounted at 6% as of 6/30/07 (10)	Selected Total Discounted at 6% as of 6/30/08 (11)
6/30/2007									67,900,522	67,900,522	
6/30/2008	88,091,094	60,456,775	74,273,934	7,845,809	82,119,743	61,411,145	16,202	61,427,350	82,119,743	79,761,746	
6/30/2009	91,884,164	61,671,642	76,777,903	7,809,497	84,587,399	64,485,193	22,461	64,511,660	84,587,399	77,508,061	82,158,545
6/30/2010	95,856,888	63,779,301	79,818,094	7,566,504	87,384,599	67,351,482	26,502	67,377,984	87,384,599	75,538,826	80,071,156
6/30/2011	99,988,524	66,356,075	83,172,299	7,126,863	90,299,162	70,719,056	29,902	70,748,958	90,299,162	73,639,901	78,058,295
6/30/2012	103,947,242	67,454,517	85,700,890	6,863,272	92,564,152	74,255,009	33,201	74,288,210	92,564,152	71,214,173	75,487,023
6/30/2013	108,582,793	68,232,665	88,407,729	6,121,201	94,528,930	77,965,770	36,686	78,002,456	94,528,930	68,609,220	72,725,773
6/30/2014	114,265,809	69,118,478	91,692,143	5,742,169	97,434,312	81,861,385	40,444	81,901,828	97,434,312	66,715,048	70,717,950
6/30/2015	119,317,434	70,684,082	95,000,758	5,514,320	100,515,079	85,950,674	44,587	85,995,461	100,515,079	64,928,778	68,824,504
6/30/2016	125,982,643	71,129,166	98,555,905	4,448,058	103,003,962	90,241,199	49,154	90,290,353	103,003,962	62,770,282	66,536,498
6/30/2017	133,741,125	70,248,053	101,994,589	3,394,172	105,388,761	94,678,325	54,160	94,732,488	105,388,761	60,588,273	64,223,570
6/30/2018	140,501,151	70,425,542	105,463,347	2,704,630	108,167,977	99,329,379	59,667	99,389,046	108,167,977	58,666,087	62,186,052
6/30/2019	145,207,766	70,325,470	107,766,618	2,184,855	109,951,473	103,715,785	65,567	103,781,293	109,951,473	56,257,911	59,633,386
6/30/2020	147,353,167	69,938,213	108,645,690	1,321,693	109,967,383	108,531,557	71,967	108,603,524	109,967,383	53,081,180	56,266,051
6/30/2021	148,290,097	67,773,735	108,031,916	643,843	108,675,759	113,128,468	78,849	113,207,317	108,675,759	49,488,410	52,457,715
6/30/2022	144,859,614	63,956,418	104,408,016	462,589	104,870,605	118,180,341	86,466	118,266,807	104,870,605	45,052,483	47,755,632
6/30/2023	136,322,841	59,431,015	97,876,928	193,859	98,070,787	123,486,227	94,850	123,581,077	98,070,787	39,746,487	42,131,276
6/30/2024	124,940,728	54,146,242	89,543,485	0	89,543,485	125,992,715	102,307	126,095,022	89,543,485	34,236,331	36,290,511
6/30/2025	112,589,704	48,233,443	80,411,573	0	80,411,573	129,365,362	110,366	129,475,728	80,411,573	29,004,536	30,744,808
6/30/2026	98,961,185	42,598,346	70,779,766	0	70,779,766	132,554,017	118,832	132,672,849	70,779,766	24,085,220	25,530,333
6/30/2027	85,711,653	37,442,776	61,577,215	0	61,577,215	124,785,200	120,523	124,905,723	61,577,215	19,767,678	20,953,739
6/30/2028	74,030,914	30,840,776	52,435,845	0	52,435,845	120,894,219	122,714	121,016,933	52,435,845	15,880,275	16,833,092
6/30/2029	64,272,816	25,476,354	44,874,585	0	44,874,585	112,989,770	121,805	113,111,576	44,874,585	12,821,072	13,590,336
6/30/2030	53,845,158	21,720,420	37,782,789	0	37,782,789	101,044,624	116,532	101,161,157	37,782,789	10,183,851	10,794,882
6/30/2031	44,227,403	19,015,380	31,621,392	0	31,621,392	85,945,516	106,600	86,052,178	31,621,392	8,040,687	8,523,128
6/30/2032	36,230,133	16,583,581	26,406,857	0	26,406,857	51,856,027	78,142	51,934,769	26,406,857	6,334,656	6,714,735
Subsequent	99,596,060	81,926,861	90,761,461	0	90,761,461	116,348,011	202,401	116,550,412	90,761,461	16,722,405	17,725,749
Total	2,738,598,105	1,448,965,326	2,093,781,716	69,943,334	2,163,725,049	2,537,071,273	2,010,886	2,539,082,159	2,231,625,571	1,248,544,098	1,166,934,740

(1) Derived from Exhibit 2, Page 2
 (2) Derived from Exhibit 2, Page 3
 (3) Average (1) and (2)
 (4) Derived from Exhibit 2, Page 4
 (5) = (3) + (4)

(6) Derived from Exhibit 3
 (7) Derived from Exhibit 3
 (8) = 6 + 7

(9) = (5)
 (10) = (9) / (1.06)^(# Years to 6/30/07)
 (11) = (9) / (1.06)^(# Years to 6/30/08)

PINNACLE ACTUARIAL RESOURCES, INC.

**Florida Division of Workers' Compensation
Special Disability Trust Fund
Estimated Annual Cash Flows**

Fiscal Year Ending	Fund (Deficit) / Surplus at Beg of Year (1)	Unpaid Approved Payments (2)	Approved Payments During Year (3)	Applicable Capped Assessment Revenue (4)	Filing Fee Revenue (5)	Investment Income (6)	Total Gross Revenue (7)	Admin Expenses (8)	General Revenue Charge (9)	Net Revenue (10)	Cash Paid Out During Year (11)	Fund (Deficit) / Surplus at End of Year (12)
6/30/2008	17,925,564	67,900,522	82,119,743	244,532,000	1,500	4,574,620	249,108,120	1,126,822	18,184,893	229,796,406	150,020,265	97,701,705
6/30/2009	97,701,705	-	84,587,399	249,422,640	500	7,445,121	256,868,261	1,183,163	18,751,383	236,933,715	84,587,399	250,048,021
6/30/2010	250,048,021	-	87,384,599	157,534,526	500	11,285,552	168,820,578	1,242,321	12,323,902	155,254,355	87,384,599	317,917,777
6/30/2011	317,917,777	-	90,299,162	0	-	11,127,122	11,127,122	1,304,437	812,280	9,010,405	90,299,162	236,629,020
6/30/2012	236,629,020	-	92,564,152	0	-	8,282,016	8,282,016	1,369,659	604,587	6,307,770	92,564,152	150,372,639
6/30/2013	150,372,639	-	94,528,930	74,288,787	-	6,443,025	80,731,812	1,438,142	5,893,422	73,400,248	94,528,930	129,243,957
6/30/2014	129,243,957	-	97,434,312	101,312,623	-	6,140,657	107,453,280	1,510,049	7,844,089	98,099,142	97,434,312	129,908,786
6/30/2015	129,908,786	-	100,515,079	106,652,744	-	6,249,235	112,901,979	1,585,551	8,241,844	103,074,583	100,515,079	132,468,291
6/30/2016	132,468,291	-	103,003,962	110,857,834	-	6,405,647	117,263,480	1,664,829	8,560,234	107,038,418	103,003,962	136,502,746
6/30/2017	136,502,746	-	105,388,761	113,714,693	-	6,591,741	120,306,435	1,748,070	8,782,370	109,775,995	105,388,761	140,889,980
6/30/2018	140,889,980	-	108,167,977	115,871,670	-	6,778,757	122,650,427	1,835,474	8,953,481	111,861,472	108,167,977	144,583,475
6/30/2019	144,583,475	-	109,951,473	118,662,019	-	6,951,689	125,613,708	1,927,247	9,169,801	114,516,660	109,951,473	149,148,663
6/30/2020	149,148,663	-	109,967,383	120,028,290	-	7,131,949	127,160,239	2,023,610	9,282,697	115,853,932	109,967,383	155,035,212
6/30/2021	155,035,212	-	108,675,759	117,922,977	-	7,302,054	125,225,031	2,124,790	9,141,427	113,958,814	108,675,759	160,318,266
6/30/2022	160,318,266	-	104,870,605	113,273,666	-	7,409,678	120,683,345	2,231,030	8,809,884	109,642,431	104,870,605	165,090,092
6/30/2023	165,090,092	-	98,070,787	104,810,181	-	7,437,441	112,247,622	2,342,581	8,194,076	101,710,965	98,070,787	168,730,269
6/30/2024	168,730,269	-	89,543,485	91,623,152	-	7,348,871	98,972,023	2,459,710	7,224,958	89,287,355	89,543,485	168,474,139
6/30/2025	168,474,139	-	80,411,573	76,458,504	-	7,091,746	83,550,250	2,582,696	6,099,168	74,868,386	80,411,573	162,930,952
6/30/2026	162,930,952	-	70,779,766	62,274,258	-	6,665,370	68,939,629	2,711,830	5,032,593	61,195,205	70,779,766	153,346,391
6/30/2027	153,346,391	-	61,577,215	49,539,445	-	6,120,947	55,660,393	2,847,422	4,063,209	48,749,762	61,577,215	140,518,939
6/30/2028	140,518,939	-	52,435,845	39,135,395	-	5,500,715	44,636,111	2,989,793	3,258,436	38,387,882	52,435,845	126,470,976
6/30/2029	126,470,976	-	44,874,585	30,025,898	-	4,858,642	34,884,540	3,139,283	2,546,571	29,198,686	44,874,585	110,795,077
6/30/2030	110,795,077	-	37,782,789	23,880,255	-	4,207,541	28,087,796	3,296,247	2,050,409	22,741,140	37,782,789	95,753,428
6/30/2031	95,753,428	-	31,621,392	19,170,475	-	3,601,794	22,772,269	3,461,059	1,662,376	17,648,834	31,621,392	81,780,871
6/30/2032	81,780,871	-	26,406,857	15,364,216	-	3,047,979	18,412,195	3,634,112	1,344,090	13,433,993	26,406,857	68,808,007

(1) Prior Year Column (13). For FY Ending 6/30/08, provided by SDTF.

(2) = [(2) + (3) - (12)] from prior Fiscal Year. For FY Ending 6/30/08, provided by SDTF.

(3) From Exhibit 4, Column (9)

(4) Based on Florida Statute 440.49(9), subject to a minimum value of \$0 and a maximum of 4.52% of premium.

(5) Based on projected notices/proofs of 3, 1, 1 over next 3 years.

(6) Based on recent Fund Investment History.

(7) = (5) + (6) + (7)

(8) See Exhibit 5, Page 4, for beginning value and selected annual inflation rate.

(9) = (8) x 0.073.

(10) = (8) - (9) - (10)

(11) = (20) + (3), limited to (1) + (11). FY Ending 6/30/08 limited to appropriation of \$270,500,000.

(12) = (1) + (11) - (12)

PINNACLE ACTUARIAL RESOURCES, INC.

**Florida Division of Workers' Compensation
Special Disability Trust Fund
Estimated Annual Premium and Assessments**

Fiscal Year Ending	Projected Premium Base (1)	Uncapped Annual Assessment Rate (2)	Capped Annual Assessment Rate (3)	Capped Assessment Revenue (4)
6/30/2008	5,410,000,000	10.34%	4.52%	244,532,000
6/30/2009	5,518,200,000	8.16%	4.52%	249,422,640
6/30/2010	5,628,564,000	2.80%	2.80%	157,534,526
6/30/2011	5,741,135,280	0.00%	0.00%	-
6/30/2012	5,855,957,986	0.00%	0.00%	-
6/30/2013	5,973,077,145	1.24%	1.24%	74,288,787
6/30/2014	6,092,538,688	1.66%	1.66%	101,312,623
6/30/2015	6,214,389,462	1.72%	1.72%	106,652,744
6/30/2016	6,338,677,251	1.75%	1.75%	110,857,834
6/30/2017	6,465,450,796	1.76%	1.76%	113,714,693
6/30/2018	6,594,759,812	1.76%	1.76%	115,871,670
6/30/2019	6,726,655,008	1.76%	1.76%	118,662,019
6/30/2020	6,861,188,109	1.75%	1.75%	120,028,290
6/30/2021	6,998,411,871	1.68%	1.68%	117,922,977
6/30/2022	7,138,380,108	1.59%	1.59%	113,273,666
6/30/2023	7,281,147,710	1.44%	1.44%	104,810,181
6/30/2024	7,426,770,665	1.23%	1.23%	91,623,152
6/30/2025	7,575,306,078	1.01%	1.01%	76,458,504
6/30/2026	7,726,812,199	0.81%	0.81%	62,274,258
6/30/2027	7,881,348,443	0.63%	0.63%	49,539,445
6/30/2028	8,038,975,412	0.49%	0.49%	39,135,395
6/30/2029	8,199,754,920	0.37%	0.37%	30,025,898
6/30/2030	8,363,750,019	0.29%	0.29%	23,880,255
6/30/2031	8,531,025,019	0.22%	0.22%	19,170,475
6/30/2032	8,701,645,520	0.18%	0.18%	15,364,216

(1) Apply Selected Trend to 7/1/2007-6/30/2008 Premium Base Estimated by Client
(2) = (2) / (1)
(3) = (4) / (1)
(4) Exhibit 4, Page 1, Column (4)

**Florida Division of Workers' Compensation
Special Disability Trust Fund
Estimated Annual Premium and Assessments**

Fiscal Year Ending	Assessable Premium (1)	Annual Change (2)
6/30/2004	4,305,652,440	
6/30/2005	5,176,012,911	20.2%
6/30/2006	5,288,647,839	2.2%
6/30/2007	5,224,861,314	-1.2%
6/30/2008	5,410,000,000	3.5%
Selected		2.0%
<p>(1) Provided by SDTF (07-08 Estimated) (2) = (1) / Prior (1)</p>		

**Florida Division of Workers' Compensation
Special Disability Trust Fund
Historic Administrative Expenses**

Fiscal Year Ending	Administrative Expense (1)	Annual Change (2)
6/30/2004	930,301	
6/30/2005	1,071,215	15.1%
6/30/2006	1,060,023	-1.0%
6/30/2007	1,073,163	1.2%
6/30/2008	1,126,822	
Annual Change 04-07		4.9%
Selected		5.0%
(1) Provided by SDTF (07-08 Estimated)		
(2) = (1) / Prior (1)		

**Florida Division of Workers' Compensation
Special Disability Trust Fund
Estimated Annual Cash Flows**
Assessment Formula Based on Amounts Approved starting July 1, 2008

Fiscal Year Ending	Fund (Deficit) / Surplus at Beg of Year (1)	Unpaid Approved Payments (2)	Approved Payments During Year (3)	Applicable Capped Assessment Revenue (4)	Filing Fee Revenue (5)	Investment Income (6)	Total Gross Revenue (7)	Admin Expenses (8)	General Revenue Charge (9)	Net Revenue (10)	Cash Paid Out During Year (11)	Fund (Deficit) / Surplus at End of Year (12)
6/30/2008	17,925,564	67,900,522	82,119,743	241,366,117	1,500	4,523,262	245,890,879	1,126,822	17,950,034	226,814,023	150,020,265	94,719,322
6/30/2009	94,719,322	-	84,587,399	137,349,931	500	5,522,638	142,873,069	1,183,163	10,429,734	131,260,172	84,587,399	141,392,095
6/30/2010	141,392,095	-	87,384,599	75,961,080	500	6,159,269	82,120,850	1,242,321	5,994,822	74,883,707	87,384,599	128,891,203
6/30/2011	128,891,203	-	90,299,162	84,858,085	-	5,864,975	90,723,059	1,304,437	6,622,783	82,795,839	90,299,162	121,387,880
6/30/2012	121,387,880	-	92,564,152	96,644,726	-	5,792,426	102,437,152	1,369,659	7,477,912	93,589,581	92,564,152	122,413,309
6/30/2013	122,413,309	-	94,528,930	102,248,116	-	5,918,018	108,166,135	1,438,142	7,896,128	98,831,865	94,528,930	126,716,245
6/30/2014	126,716,245	-	97,434,312	103,840,335	-	6,093,193	109,933,528	1,510,049	8,025,148	100,398,332	97,434,312	129,680,264
6/30/2015	129,680,264	-	100,515,079	106,881,266	-	6,244,943	113,126,210	1,585,551	8,258,213	103,282,445	100,515,079	132,447,631
6/30/2016	132,447,631	-	103,003,962	110,878,493	-	6,405,259	117,283,752	1,664,829	8,561,714	107,057,210	103,003,962	136,500,878
6/30/2017	136,500,878	-	105,388,761	113,716,561	-	6,591,706	120,308,267	1,748,070	8,782,504	109,777,694	105,388,761	140,889,811
6/30/2018	140,889,811	-	108,167,977	115,871,839	-	6,778,754	122,650,592	1,835,474	8,953,493	111,861,626	108,167,977	144,583,460
6/30/2019	144,583,460	-	109,951,473	118,662,034	-	6,951,689	125,613,723	1,927,247	9,169,802	114,516,674	109,951,473	149,148,661
6/30/2020	149,148,661	-	109,967,383	120,028,291	-	7,131,949	127,160,240	2,023,610	9,282,698	115,853,933	109,967,383	155,035,211
6/30/2021	155,035,211	-	108,675,759	117,922,977	-	7,302,054	125,225,031	2,124,790	9,141,427	113,958,814	108,675,759	160,318,266
6/30/2022	160,318,266	-	104,870,605	113,273,666	-	7,409,678	120,683,345	2,231,030	8,809,884	109,642,431	104,870,605	165,090,092
6/30/2023	165,090,092	-	98,070,787	104,810,181	-	7,437,441	112,247,622	2,342,581	8,194,076	101,710,965	98,070,787	168,730,269
6/30/2024	168,730,269	-	89,543,485	91,623,152	-	7,348,871	98,972,023	2,459,710	7,224,958	89,287,355	89,543,485	168,474,139
6/30/2025	168,474,139	-	80,411,573	76,458,504	-	7,091,746	83,550,250	2,582,696	6,099,168	74,868,386	80,411,573	162,930,952
6/30/2026	162,930,952	-	70,779,766	62,274,258	-	6,665,370	68,939,629	2,711,830	5,032,593	61,195,205	70,779,766	153,346,391
6/30/2027	153,346,391	-	61,577,215	49,539,445	-	6,120,947	55,660,393	2,847,422	4,063,209	48,749,762	61,577,215	140,518,939
6/30/2028	140,518,939	-	52,435,845	39,135,395	-	5,500,715	44,636,111	2,989,793	3,258,436	38,387,882	52,435,845	126,470,976
6/30/2029	126,470,976	-	44,874,585	30,025,898	-	4,858,642	34,884,540	3,139,283	2,546,571	29,198,686	44,874,585	110,795,077
6/30/2030	110,795,077	-	37,782,789	23,880,255	-	4,207,541	28,087,796	3,296,247	2,050,409	22,741,140	37,782,789	95,753,428
6/30/2031	95,753,428	-	31,621,392	19,170,475	-	3,601,794	22,772,269	3,461,059	1,662,376	17,648,834	31,621,392	81,780,871
6/30/2032	81,780,871	-	26,406,857	15,364,216	-	3,047,979	18,412,195	3,634,112	1,344,090	13,433,993	26,406,857	68,808,007

- (1) Prior Year Column (13). For FY Ending 6/30/08, provided by SDTF.
- (2) = [(2) + (3) - (12)] from prior Fiscal Year. For FY Ending 6/30/08, provided by SDTF.
- (3) From Exhibit 4, Column (9)
- (4) Based on Florida Statute 440.49(9) using Amounts Approved, subject to a minimum value of \$0 and a maximum of 4.52% of premium.
- (5) Based on projected notices/proofs of 3, 1, 1 over next 3 years.
- (6) Based on recent Fund Investment History.
- (7) = (5) + (6) + (7)
- (8) See Exhibit 5, Page 4, for beginning value and selected annual inflation rate.
- (9) = (8) x 0.073.
- (10) = (8) - (9) - (10)
- (11) = (20) + (3), limited to (1) + (11). FY Ending 6/30/08 limited to appropriation of \$270,500,000.
- (12) = (1) + (11) - (12)

PINNACLE ACTUARIAL RESOURCES, INC.

**Florida Division of Workers' Compensation
Special Disability Trust Fund
Estimated Annual Premium and Assessments**
Assessment Formula Based on Amounts Approved starting July 1, 2008

Fiscal Year Ending	Projected Premium Base (1)	Uncapped Annual Assessment Rate (2)	Capped Annual Assessment Rate (3)	Capped Assessment Revenue (4)
6/30/2009	5,518,200,000	2.49%	2.49%	137,349,931
6/30/2010	5,628,564,000	1.35%	1.35%	75,961,080
6/30/2011	5,741,135,280	1.48%	1.48%	84,858,085
6/30/2012	5,855,957,986	1.65%	1.65%	96,644,726
6/30/2013	5,973,077,145	1.71%	1.71%	102,248,116
6/30/2014	6,092,538,688	1.70%	1.70%	103,840,335
6/30/2015	6,214,389,462	1.72%	1.72%	106,881,266
6/30/2016	6,338,677,251	1.75%	1.75%	110,878,493
6/30/2017	6,465,450,796	1.76%	1.76%	113,716,561
6/30/2018	6,594,759,812	1.76%	1.76%	115,871,839
6/30/2019	6,726,655,008	1.76%	1.76%	118,662,034
6/30/2020	6,861,188,109	1.75%	1.75%	120,028,291
6/30/2021	6,998,411,871	1.68%	1.68%	117,922,977
6/30/2022	7,138,380,108	1.59%	1.59%	113,273,666
6/30/2023	7,281,147,710	1.44%	1.44%	104,810,181
6/30/2024	7,426,770,665	1.23%	1.23%	91,623,152
6/30/2025	7,575,306,078	1.01%	1.01%	76,458,504
6/30/2026	7,726,812,199	0.81%	0.81%	62,274,258
6/30/2027	7,881,348,443	0.63%	0.63%	49,539,445
6/30/2028	8,038,975,412	0.49%	0.49%	39,135,395
6/30/2029	8,199,754,920	0.37%	0.37%	30,025,898
6/30/2030	8,363,750,019	0.29%	0.29%	23,880,255
6/30/2031	8,531,025,019	0.22%	0.22%	19,170,475
6/30/2032	8,701,645,520	0.18%	0.18%	15,364,216

(1) Apply Stated Trend to 7/1/2007-6/30/2008 Premium Base Estimated by Client
(2) = (2) / (1)
(3) = (4) / (1)
(4) Exhibit 6, Page 1, Column (4)

**Florida Division of Workers' Compensation
Special Disability Trust Fund
Estimated Annual Cash Flows**
Assessment Formula Based on Amounts Requested starting July 1, 2008

Fiscal Year Ending	Fund (Deficit) / Surplus at Beg of Year (1)	Unpaid Approved Payments (2)	Approved Payments During Year (3)	Applicable Capped Assessment Revenue (4)	Filing Fee Revenue (5)	Investment Income (6)	Total Gross Revenue (7)	Admin Expenses (8)	General Revenue Charge (9)	Net Revenue (10)	Cash Paid Out During Year (11)	Fund (Deficit) / Surplus at End of Year (12)
6/30/2008	17,925,564	67,900,522	82,119,743	234,737,299	1,500	4,415,726	239,154,524	1,126,822	17,458,280	220,569,422	150,020,265	88,474,721
6/30/2009	88,474,721	-	84,587,399	150,788,758	500	5,522,089	156,311,347	1,183,163	11,410,728	143,717,456	84,587,399	147,604,778
6/30/2010	147,604,778	-	87,384,599	85,469,002	500	6,530,956	92,000,457	1,242,321	6,716,033	84,042,103	87,384,599	144,262,282
6/30/2011	144,262,282	-	90,299,162	91,713,496	-	6,514,174	98,227,670	1,304,437	7,170,620	89,752,614	90,299,162	143,715,733
6/30/2012	143,715,733	-	92,564,152	98,531,606	-	6,604,511	105,136,117	1,369,659	7,674,937	96,091,522	92,564,152	147,243,104
6/30/2013	147,243,104	-	94,528,930	102,369,591	-	6,789,032	109,158,623	1,438,142	7,968,579	99,751,902	94,528,930	152,466,076
6/30/2014	152,466,076	-	97,434,312	103,696,791	-	6,992,108	110,688,899	1,510,049	8,080,290	101,098,560	97,434,312	156,130,324
6/30/2015	156,130,324	-	100,515,079	106,704,710	-	7,167,831	113,872,541	1,585,551	8,312,695	103,974,294	100,515,079	159,589,540
6/30/2016	159,589,540	-	103,003,962	110,761,709	-	7,353,331	118,115,040	1,664,829	8,622,398	107,827,814	103,003,962	164,413,391
6/30/2017	164,413,391	-	105,388,761	113,594,874	-	7,566,670	121,161,545	1,748,070	8,844,793	110,568,682	105,388,761	169,593,313
6/30/2018	169,593,313	-	108,167,977	115,686,299	-	7,780,366	123,466,665	1,835,474	9,013,067	112,618,125	108,167,977	174,043,461
6/30/2019	174,043,461	-	109,951,473	118,440,422	-	7,979,194	126,419,616	1,927,247	9,228,632	115,263,736	109,951,473	179,355,724
6/30/2020	179,355,724	-	109,967,383	119,718,667	-	8,184,173	127,902,841	2,023,610	9,336,907	116,542,324	109,967,383	185,930,665
6/30/2021	185,930,665	-	108,675,759	117,345,100	-	8,374,020	125,719,120	2,124,790	9,177,496	114,416,834	108,675,759	191,671,740
6/30/2022	191,671,740	-	104,870,605	112,308,185	-	8,491,387	120,799,572	2,231,030	8,818,369	109,750,174	104,870,605	196,551,309
6/30/2023	196,551,309	-	98,070,787	103,326,772	-	8,514,519	111,841,291	2,342,581	8,164,414	101,334,296	98,070,787	199,814,817
6/30/2024	199,814,817	-	89,543,485	89,455,650	-	8,401,668	97,857,318	2,459,710	7,143,584	88,254,024	89,543,485	198,525,356
6/30/2025	198,525,356	-	80,411,573	73,610,914	-	8,097,343	81,708,258	2,582,696	5,964,703	73,160,859	80,411,573	191,274,642
6/30/2026	191,274,642	-	70,779,766	58,942,258	-	7,603,346	66,545,604	2,711,830	4,857,829	58,975,945	70,779,766	179,470,821
6/30/2027	179,470,821	-	61,577,215	45,946,776	-	6,977,020	52,923,796	2,847,422	3,863,437	46,212,937	61,577,215	164,106,543
6/30/2028	164,106,543	-	52,435,845	35,498,273	-	6,267,278	41,765,551	2,989,793	3,048,885	35,726,873	52,435,845	147,397,571
6/30/2029	147,397,571	-	44,874,585	26,476,733	-	5,533,496	32,010,230	3,139,283	2,336,747	26,534,200	44,874,585	129,057,187
6/30/2030	129,057,187	-	37,782,789	20,570,960	-	4,793,030	25,363,990	3,296,247	1,851,571	20,216,172	37,782,789	111,490,569
6/30/2031	111,490,569	-	31,621,392	16,191,545	-	4,104,269	20,295,814	3,461,059	1,481,594	15,353,160	31,621,392	95,222,338
6/30/2032	95,222,338	-	26,406,857	12,705,536	-	3,475,300	16,180,836	3,634,112	1,181,201	11,365,523	26,406,857	80,181,004

- (1) Prior Year Column (13). For FY Ending 6/30/08, provided by SDTF.
 (2) = [(2) + (3) - (12)] from prior Fiscal Year. For FY Ending 6/30/08, provided by SDTF.
 (3) From Exhibit 4, Column (9)
 (4) Based on Florida Statute 440.49(9) using Amounts Requested, subject to a minimum value of \$0 and a maximum of 4.52% of premium.
 (5) Based on projected notices/proofs of 3, 1, 1 over next 3 years.
 (6) Based on recent Fund Investment History.
 (7) = (5) + (6) + (7)
 (8) See Exhibit 5, Page 4, for beginning value and selected annual inflation rate.
 (9) = (8) x 0.073.
 (10) = (8) - (9) - (10)
 (11) = (20 + (3), limited to (1) + (11). FY Ending 6/30/08 limited to appropriation of \$270,500,000.
 (12) = (1) + (11) - (12)

PINNACLE ACTUARIAL RESOURCES, INC.

**Florida Division of Workers' Compensation
Special Disability Trust Fund
Estimated Annual Premium and Assessments**
Assessment Formula Based on Amounts Requested starting July 1, 2008

Fiscal Year Ending	Projected Premium Base (1)	Uncapped Annual Assessment Rate (2)	Capped Annual Assessment Rate (3)	Capped Assessment Revenue (4)
6/30/2009	5,518,200,000	2.73%	2.73%	150,788,758
6/30/2010	5,628,564,000	1.52%	1.52%	85,469,002
6/30/2011	5,741,135,280	1.60%	1.60%	91,713,496
6/30/2012	5,855,957,986	1.68%	1.68%	98,531,606
6/30/2013	5,973,077,145	1.71%	1.71%	102,369,591
6/30/2014	6,092,538,688	1.70%	1.70%	103,696,791
6/30/2015	6,214,389,462	1.72%	1.72%	106,704,710
6/30/2016	6,338,677,251	1.75%	1.75%	110,761,709
6/30/2017	6,465,450,796	1.76%	1.76%	113,594,874
6/30/2018	6,594,759,812	1.75%	1.75%	115,686,299
6/30/2019	6,726,655,008	1.76%	1.76%	118,440,422
6/30/2020	6,861,188,109	1.74%	1.74%	119,718,667
6/30/2021	6,998,411,871	1.68%	1.68%	117,345,100
6/30/2022	7,138,380,108	1.57%	1.57%	112,308,185
6/30/2023	7,281,147,710	1.42%	1.42%	103,326,772
6/30/2024	7,426,770,665	1.20%	1.20%	89,455,650
6/30/2025	7,575,306,078	0.97%	0.97%	73,610,914
6/30/2026	7,726,812,199	0.76%	0.76%	58,942,258
6/30/2027	7,881,348,443	0.58%	0.58%	45,946,776
6/30/2028	8,038,975,412	0.44%	0.44%	35,498,273
6/30/2029	8,199,754,920	0.32%	0.32%	26,476,733
6/30/2030	8,363,750,019	0.25%	0.25%	20,570,960
6/30/2031	8,531,025,019	0.19%	0.19%	16,191,545
6/30/2032	8,701,645,520	0.15%	0.15%	12,705,536

(1) Apply Stated Trend to 7/1/2007-6/30/2008 Premium Base Estimated by Client
(2) = (2) / (1)
(3) = (4) / (1)
(4) Exhibit 7, Page 1, Column (4)

**Florida Division of Workers' Compensation
Special Disability Trust Fund
Summary of Estimated Uncapped Annual Assessment Rates**

Fiscal Year Ending	Based on Disbursements (1)	Based on Approvals starting 07/01/08 (2)	Based on Requests starting 07/01/08 (3)
6/30/2009	8.16%	2.49%	2.73%
6/30/2010	2.80%	1.35%	1.52%
6/30/2011	0.00%	1.48%	1.60%
6/30/2012	0.00%	1.65%	1.68%
6/30/2013	1.24%	1.71%	1.71%
6/30/2014	1.66%	1.70%	1.70%
6/30/2015	1.72%	1.72%	1.72%
6/30/2016	1.75%	1.75%	1.75%
6/30/2017	1.76%	1.76%	1.76%
6/30/2018	1.76%	1.76%	1.75%
6/30/2019	1.76%	1.76%	1.76%
6/30/2020	1.75%	1.75%	1.74%
6/30/2021	1.68%	1.68%	1.68%
6/30/2022	1.59%	1.59%	1.57%
6/30/2023	1.44%	1.44%	1.42%
6/30/2024	1.23%	1.23%	1.20%
6/30/2025	1.01%	1.01%	0.97%
6/30/2026	0.81%	0.81%	0.76%
6/30/2027	0.63%	0.63%	0.58%
6/30/2028	0.49%	0.49%	0.44%
6/30/2029	0.37%	0.37%	0.32%
6/30/2030	0.29%	0.29%	0.25%
6/30/2031	0.22%	0.22%	0.19%
6/30/2032	0.18%	0.18%	0.15%

(1) Exhibit 5, Page 2, Column (3)
(2) Exhibit 6, Page 2, Column (3)
(3) Exhibit 7, Page 2, Column (3)