

**NORTH CAROLINA
VOLUNTEER SAFETY WORKERS' COMPENSATION FUND**

**FUNDING ANALYSIS FOR FISCAL YEARS ENDING
JUNE 30, 2023 THROUGH JUNE 30, 2027**





MADISON CONSULTING GROUP

Actuaries • Property/Casualty Consulting Services

February 27, 2023

Mr. Robert Croom
Special Counsel
North Carolina Department of Insurance
1201 Mail Service Center
Raleigh, NC 27699-1201

RE: North Carolina Volunteer Safety Workers' Compensation Fund
Funding Analysis for Fiscal Years Ending
June 30, 2023 through June 30, 2027

Dear Mr. Croom:

Madison Consulting Group, Inc. is pleased to enclose a copy of the above captioned report. We have enjoyed working on this project and hope you find it satisfactory. Please call if you have any questions or comments.

Sincerely,

John Gleba, FCAS, MAAA

JG/ms
Enclosure

**NORTH CAROLINA VOLUNTEER SAFETY WORKERS' COMPENSATION FUND
FUNDING ANALYSIS FOR FISCAL YEARS ENDING JUNE 30, 2023
THROUGH JUNE 30, 2027**

INTRODUCTION

Madison Consulting Group (“MCG”) was retained by the North Carolina Department of Insurance (“NCDOI”) to prepare a Funding Study for the Volunteer Safety Worker’s Compensation Fund (the “Fund”). The objectives of the Study include the following (as outlined in North Carolina G.S. §58-87-10 (f)):

- (1) Calculate the amount required to meet the needs of the Fund, projecting at least five years into the future.
- (2) Report on the nature of the claims paid by the Fund and any claims-related trends that impact the financial status of the Fund.
- (3) Calculate how much revenue from the State and from member premiums would be required to meet the needs of the Fund for each of the following scenarios:
 - a. The Fund receives twenty percent (20%) of the net proceeds from the tax collected under G.S. §105-228.5(d)(3).
 - b. Member premiums do not change from the prior year.
 - c. Member premiums fully fund the Fund without any State support.

This report and attached exhibits provide the results of our analysis for Fund periods ending June 30, 2022 through June 30, 2027.

DISTRIBUTION AND USE

This report has been prepared for the internal use of the NCDOI in their determination of reasonable funding levels for the NC Volunteer Safety Workers’ Compensation Fund. It is our understanding that this report may be distributed to the North Carolina Legislature, the Department’s auditors and the Fund’s Third-Party Administrator (“TPA”). This report may also become a public document. It is

requested that all distributions of this report be made in its entirety. Any other use or distribution is not authorized without our prior consent.

ACKNOWLEDGEMENT OF QUALIFICATION

This report was prepared under the direction of John Gleba, FCAS, MAAA. Mr. Gleba is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

CONDITIONS AND LIMITATIONS

The Volunteer Safety Workers' Compensation Fund was created and began operations on July 1, 1996. The Fund provides workers' compensation coverage to smaller size fire departments, rescue squads, and EMS Units, a majority of which are volunteer. As of 2022, the Fund provides coverage for over 1,500 departments and 40,000 members.

Funding for the Fund is provided by both premiums collected from its members as well as contributions from the State of North Carolina. Historically, contributions from the State have varied from year to year. For fiscal period ending June 30, 2020, the state contributions were \$8,546,424. For fiscal period ending June 30, 2021, the state contributions were \$9,127,639. Estimated state contributions for fiscal year ending June 30, 2022 are \$10,258,433.

Member contributions are based on premium paid by members as a function of job classification. The table below list the current rates by job classification:

Current Rates by Job Classification

Code	Description	Rate Per Member
7704	Full-time Firefighter	\$ 1,000
7705	Full-time EMS/Rescue	1,000
7710	Part-time Firefighter	375
7711	Volunteer Firefighter	65
7713	Part-Time EMS/Rescue	500
7717	Volunteer EMS/ Rescue	85
7720	Administrative Secretary	200

Beginning in fiscal year 2022/2023 and continuing through the end of fiscal year 2023/2024, the State has suspended member premiums from being collected by the Fund. Absent additional legislation or future rate changes, member premiums should be reinstated beginning July 1, 2024 based on the rates shown above.

In addition to obligations associated with workers compensation losses and loss adjustment expenses ("LAE"), the Fund also incurs a small amount of additional expenses each year. These

expenses relate mostly to the fees charged the Fund's TPA for claims management, marketing, and underwriting of the Fund as well as miscellaneous services. Other expenses include agent commissions, actuarial fees and audit fees.

Excess Insurance

Prior to July 1, 2011, the Fund purchased excess insurance such that losses were capped through the application of a per occurrence self-insured retention ("SIR"). The amount of the retention varied over time. In 2010/2011 the SIR was \$1,500,000 per occurrence. Beginning July 1, 2011, the Fund has not purchased any additional excess insurance and all claims are retained up to statutory limits.

Investment Income

The Fund maintains certain assets to fulfill its obligations under its current operational structure. Any related investment gains or losses associated with the management of these assets is allocated back to the fund accordingly. Our analysis includes the effect of any potential investment income earned.

Allocated Loss Adjustment Expense

It is our understanding that all deductibles, retentions, and limits apply to losses (i.e., indemnity and medical) and allocated loss adjustment expenses ("ALAE") on a combined basis. That is, a \$1,500,000 per occurrence retention is met if the sum of losses and ALAE meets or exceeds \$1,500,000 on a combined basis. In this report, it is assumed that all references to "losses", "claims", or "liabilities" shall be understood to include both losses and ALAE on a combined basis, unless otherwise stated.

Data Sources

In performing our analysis, we relied, without audit or verification, on the following sources of data provided the NCDOI:

- Volunteer Safety Workers' Compensation Fund Analysis of Loss Reserves as of June 30, 2022, prepared by Allen Consulting;
- Volunteer Safety Workers' Compensation Fund Analysis of Indicated Rates for Fund Year July 1, 2022 through June 30, 2023, prepared by Allen Consulting;
- Statutory Financial Statements for the Fund for Fiscal Periods ending June 30, 2020, June 30, 2021, and June 30, 2022 (preliminary);
- Individual claim detail for the Fund, valued as of June 30, 2022;
- Aggregate loss summaries by fiscal year, provided by the Fund's TPA, valued as of June 30, 2022; and
- Report to the North Carolina General Assembly regarding the Volunteer Safety Workers Compensation Fund pursuant to HB 950, Session Law 2012-142 Part XX. Section 20.4(a) – Kevin Conley, FCAS, MAAA, Chief Actuary, North Carolina Division of Insurance.

The data provided by the NCDOI was supplemented by North Carolina workers' compensation industry data as reported in the National Council on Compensation Insurance's (NCCI's) Annual Statistical Bulletin (2022 Edition), other industry data, and additional proprietary data from similar programs. As part of our analysis, we have reviewed the data for reasonableness and consistency.

RESULTS AND CONCLUSIONS

Per the requirements of North Carolina G.S. §58-87-10 (f), we have the following results and conclusions.

For the purposes of this report, the “needs of the Fund” are determined to have been met if the Fund’s revenue (including member premiums, state contributions, and investment income), in combination with the beginning surplus, is sufficient to cover associated expenses (claim payments, reserve obligations, and related expenses). In this report, the terms “Net position” and “Surplus” are used interchangeably and should be assumed to be equivalent.

In addition, we believe that maintaining a risk margin or “cushion” in the Fund is reasonable and prudent given the inherent uncertainty associated with workers’ compensation claims. Based on discussion with the Department and with consideration to the size of the Fund, the level of annual losses, and the volatility associated with workers compensation insurance in general, we believe that the State should maintain a minimum surplus of \$25,000,000 at all times to ensure that the needs of the Fund will be met.

(1) Calculate the amount required to meet the needs of the Fund, projecting at least five years into the future.

As of June 30, 2022, the current Net Position of the Fund is \$55,965,568 based on unaudited financial statements. Scenario 1 shows that the Fund’s current surplus would be enough to sustain the Fund’s expenses over the next five years without any additional funding. Under this assumption, the Fund’s surplus would gradually decrease to approximately \$14.4 million by June 30, 2027. This is summarized below:

SCENARIO 1 - NO ADDITIONAL FUNDING

	Fund Year Ending				
	June 30, 2023	June 30, 2024	June 30, 2025	June 30, 2026	June 30, 2027
Beginning Net Position	\$ 55,965,568	\$ 48,195,525	\$ 40,161,731	\$ 31,847,014	\$ 23,253,630
Operating Revenue	-	-	-	-	-
Operating Expenses	8,770,043	9,033,794	9,314,717	9,593,384	9,870,250
Investment Income	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Net Income	(7,770,043)	(8,033,794)	(8,314,717)	(8,593,384)	(8,870,250)
Ending Net Position	\$ 48,195,525	\$ 40,161,731	\$ 31,847,014	\$ 23,253,630	\$ 14,383,380

Conclusion: The current surplus of the Fund as of June 30, 2022 is sufficient to meet the needs of the Fund for the next five years without the need for any additional funding (either through member premiums or state contributions).

(2) Report on the nature of the claims paid by the Fund and any claims-related trends that impact the financial status of the Fund.

As noted above, the Fund provides workers’ compensation coverage to smaller size fire departments, rescue squads, and EMS Units, a majority of which are volunteer. Participation in the Fund has been fairly steady for the last twenty years, averaging between 40,000 and 45,000 members per year.

Ultimate losses for the fund have varied over past twenty years, from a low of about \$4.8 million in Fund year 2002/2003 to a high of about \$10.9 million in Fund year 2010/2011. Current projections based on data through June 30, 2022 indicate future loss levels in the range of \$8-9 million, assuming exposures (members) remains flat and a 3.1% loss trend.

At this rate, the Fund can expect annual loss and ALAE payments of between \$8.5 - \$9 million for the next five years. See Exhibit 3 for an estimate of future cash flows by year.

(3) Calculate how much revenue from the State and from member premiums would be required to meet the needs of the Fund for each of the following scenarios:

(a) The Fund receives twenty percent (20%) of the net proceeds from the tax collected under G.S. §105-228.5(d)(3).

Scenario 2 assumes that the State will continue to contribute 20% of net tax proceeds but no additional member premiums will be collected. We have estimated future state contributions based on a rolling average of contributions for the three immediately preceding years. Under this assumption, the Fund’s net surplus continues to grow to approximately \$62.1 million by June 30, 2027:

SCENARIO 2 - FUND RECEIVES 20% NET TAX PROCEEDS

	Fund Year Ending				
	June 30, 2023	June 30, 2024	June 30, 2025	June 30, 2026	June 30, 2027
Beginning Net Position	\$ 55,965,568	\$ 57,506,357	\$ 59,038,198	\$ 60,435,114	\$ 61,371,096
Operating Revenue	9,310,832	9,565,635	9,711,633	9,529,367	9,602,212
Operating Expenses	8,770,043	59,038,198	60,435,114	9,593,384	9,870,250
Investment Income	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Net Income	1,540,789	(48,472,563)	(49,723,481)	935,982	731,962
Ending Net Position	\$ 57,506,357	\$ 9,033,794	\$ 9,314,717	\$ 61,371,096	\$ 62,103,058

Conclusion: If the State continues to contribute 20% of net tax proceeds for the next five years, the Fund’s current surplus is expected to continue to accumulate to approximately \$62.1 million by year end June 30, 2027.

(b) Member premiums do not change from the prior year.

Scenario 3 assumes that member premiums in future years will continue at the same level as the most recently completed year (i.e., the 21/22 Fund year) and that no additional state contributions will be provided. Under this assumption, the Fund’s net surplus will decrease to approximately \$47.6 million by June 30, 2027:

SCENARIO 2 - FUND RECEIVES 20% NET TAX PROCEEDS

	Fund Year Ending				
	June 30, 2023	June 30, 2024	June 30, 2025	June 30, 2026	June 30, 2027
Beginning Net Position	\$ 55,965,568	\$ 57,506,357	\$ 59,038,198	\$ 60,435,114	\$ 61,371,096
Operating Revenue	9,310,832	9,565,635	9,711,633	9,529,367	9,602,212
Operating Expenses	8,770,043	59,038,198	60,435,114	9,593,384	9,870,250
Investment Income	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Net Income	1,540,789	(48,472,563)	(49,723,481)	935,982	731,962
Ending Net Position	\$ 57,506,357	\$ 9,033,794	\$ 9,314,717	\$ 61,371,096	\$ 62,103,058

Conclusion: If the Fund continues to collect member premiums at the same level as the most recently completed year and does not contribute any additional funds from tax revenue, the Fund’s surplus is projected to decrease to approximately \$47.6 million by year end June 30, 2027.

(c) Member premiums fully fund the Fund without any State support.

As noted under item (1) above, based on the Fund’s current surplus level as of June 30, 2022, the Fund can be fully supported for the next five years without any additional support from either member premiums or state contributions. However, we have assumed a scenario where some member premiums are collected every year, but at a lower level to ensure the Fund’s surplus does not decrease below a minimum amount. Based on discussions with the Department, the Department believes that, separate from our analysis, requiring members to pay a premium is important because payment of premiums helps identify individuals covered by the Fund and, because the premium is experience rated, it encourages member departments to maintain safety standards and exercise loss mitigation efforts.

Scenario 4 projects the Fund’s net surplus assuming that effective with Fund year 2022/2023, the Fund collects premium levels at 50% of the prior year, and that this level is maintained for the foreseeable future. Under this assumption, the Fund’s surplus would gradually decrease to approximately \$31.0 million by year end June 30, 2027:

SCENARIO 4: COLLECT MEMBER PREMIUMS AT 50% OF PRIOR YEAR COLLECTIONS					
	Fund Year Ending				
	June 30, 2023	June 30, 2024	June 30, 2025	June 30, 2026	June 30, 2027
Beginning Net Position	\$ 55,965,568	\$ 51,515,101	\$ 46,800,883	\$ 41,805,742	\$ 36,531,934
Operating Revenue	3,494,291	3,494,291	3,494,291	3,494,291	3,494,291
Operating Expenses	8,944,758	-	-	9,768,099	10,044,964
Investment Income	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Net Income	(4,450,467)	4,494,291	4,494,291	(5,273,808)	(5,550,674)
Ending Net Position	\$ 51,515,101	\$ 56,009,391	\$ 51,295,174	\$ 36,531,934	\$ 30,981,260

Conclusion: If the Fund were to continue to collect member premiums, but at a lower level than collected historically, the Fund would still be reasonably funded and the Fund’s surplus would decrease to approximately \$31.0 million at year end June 30, 2027. This amount, in our opinion, would still represent a reasonable financial position for the Fund.

ANALYSIS

The major steps in our analysis were as follows:

- (i) Ultimate losses and ALAE for future accident periods beginning July 1, 2022 were estimated based on historical experience of the Fund;
- (ii) Cash flow payments for future periods were estimated based on the ultimate losses in (i) and assumed payout patterns.
- (iii) Fiscal year payments and reserve balance were estimated for accident periods ending June 30, 2023, June 30, 2024, June 30, 2025, June 30, 2026, and June 30, 2027;
- (iv) Based on the expected loss payments and reserve balances, along with assumptions regarding future expenses and investment income, the net position of the Fund (surplus) was projected for the next five fund years under different revenue scenarios.

Each of these steps is discussed in more detail in the remaining sections.

Projection of Ultimate Losses and ALAE for Future Accident Periods

Exhibit 4 outlines the methodology for projecting ultimate losses and ALAE for periods after June 30, 2022. In Column (2), ultimate losses and ALAE from the Fund's latest actuarial reserve report (as of June 30, 2022) are adjusted to current benefit and cost levels based on assumed industry trends. Historical loss rates (loss costs) , adjusted to current level, are calculated by dividing the trended losses and ALAE by the headcount shown in Column (3).

Based on a review of averages, a selected current level loss cost of \$190 per headcount is shown in Line (15). In Column (16), future ultimate losses and ALAE are projected based on the selected loss cost and future expectations regarding trend and exposure growth.

Projected Cash Flow Payments

Exhibit 3 shows the estimated cash flow payments for the Fund. The ultimate losses and ALAE shown on Exhibit 4 are combined with estimated payment patterns to project future expected loss and ALAE payments by accident period. The payment pattern utilized came from the Fund's latest actuarial reserve report as of June 30, 2022.

Projection of Reserve Balance for Future Fund Periods

Exhibit 2, Sheets 1 through 5, outline the methodology to estimate future reserve balances for the fund at year ends June 30, 2023 through June 30, 2027. Estimated future loss and ALAE payments (from Exhibit 3) are combined with estimates of future ultimate losses (from Exhibit 2) to determine outstanding liabilities for the fund at future year ends. ULAE costs were estimated from the Fund's latest actuarial reserve report as of June 30, 2022.

Exhibit 1 provides a summary of the loss payments and reserve balance for years ending June 30, 2023 through June 30, 2027.

Projection Net Position (Surplus) of the Fund

Scenarios 1 through 4 present projections of the net position of the Fund under four different revenue assumptions:

Scenario 1 – No additional income is received through June 30, 2027, either from member premiums or state contributions.

Scenario 2 – The Fund continues to receive state contributions approximately equal to 20% of net tax proceeds, but no additional funding from member premiums.

Scenario 3 – The Fund receives member premiums at the same level as the most recent completed year (i.e., year ending June 30, 2022) but no additional funding from state contributions.

Scenario 4 – The Fund receives member premiums each year but at a lower level than collected historically, to ensure the Fund’s surplus remains above a reasonable level.

These exhibits also document remaining assumptions regarding future operating expenses and investment income.

Finally, to keep this report reasonably concise, we have not included source documentation or certain intermediate calculations and worksheets. We would be pleased to provide any or all this information upon request.

NC VOLUNTEER SAFETY WORKERS' COMPENSATION FUND
FUNDING ANALYSIS FOR FISCAL YEARS 2023-2027

STATEMENT OF REVENUE, SUPPORT, EXPENSES AND CHANGE IN NET POSITION

SCENARIO 1: FIVE YEAR PROJECTION (NO ADDITIONAL FUNDING)

Item	Values as of Year End:							
	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024	June 30, 2025	June 30, 2026	June 30, 2027
	Actual *			Estimated				
A. OPERATING REVENUE AND SUPPORT								
A1: Revenue - Member Contributions	\$ 7,130,015	\$ 7,007,614	\$ 6,988,581	\$ -	\$ -	\$ -	\$ -	\$ -
A2: Support - State of North Carolina Revenue	8,546,424	9,127,639	10,258,433	-	-	-	-	-
A3: Net Operating Revenue and Support [(A1) + (A2)]	\$ 15,676,439	\$ 16,135,253	\$ 17,247,014	\$ -	\$ -	\$ -	\$ -	\$ -
B. OPERATING EXPENSES								
B1: Losses and Loss Adjustment Expenses								
Losses and Loss Adjustment Expenses Paid, net	\$ 7,587,485	\$ 6,983,660	\$ 6,490,000	\$ 8,443,542	\$ 8,400,454	\$ 8,758,012	\$ 8,824,064	\$ 9,177,606
Change in Reserve for Losses and Loss Adjustment Expenses	677,560	(2,523,104)	(1,089,988)	98,501	405,340	320,585	533,200	456,524
Total Losses and Loss Adjustment Expenses	\$ 8,265,045	\$ 4,460,556	\$ 5,400,012	\$ 8,542,043	\$ 8,805,794	\$ 9,078,597	\$ 9,357,264	\$ 9,634,130
B2: Administrative Services	542,720	568,950	572,542	203,000	203,000	211,120	211,120	211,120
B3: Agent Commissions	341,399	416,081	350,085	-	-	-	-	-
B4: Other	38,390	21,250	22,398	25,000	25,000	25,000	25,000	25,000
B5: Total Operating Expenses [(B1) + (B2) + (B3) + (B4)]	\$ 9,187,554	\$ 5,466,837	\$ 6,345,037	\$ 8,770,043	\$ 9,033,794	\$ 9,314,717	\$ 9,593,384	\$ 9,870,250
C. OPERATING INCOME [(A3) + (B5)]	\$ 6,488,885	\$ 10,668,416	\$ 10,901,977	\$ (8,770,043)	\$ (9,033,794)	\$ (9,314,717)	\$ (9,593,384)	\$ (9,870,250)
D. NONOPERATING INCOME								
D1: Investment Income	\$ 2,060,720	\$ 137,404	\$ (1,724,186)	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
E. CHANGE IN NET POSITION [(C) + (D1)]	\$ 8,549,605	\$ 10,805,820	\$ 9,177,791	\$ (7,770,043)	\$ (8,033,794)	\$ (8,314,717)	\$ (8,593,384)	\$ (8,870,250)
F. NET POSITION - Beginning of Year	\$ 27,432,352	\$ 35,981,957	\$ 46,787,777	\$ 55,965,568	\$ 48,195,525	\$ 40,161,731	\$ 31,847,014	\$ 23,253,630
G. NET POSITION - End of Year [(E) + (F)]	\$ 35,981,957	\$ 46,787,777	\$ 55,965,568	\$ 48,195,525	\$ 40,161,731	\$ 31,847,014	\$ 23,253,630	\$ 14,383,380

* Based on actual financial statements provided by the Fund. June 30, 2022 financials are unaudited and represent preliminary balances.

Notes: A1: Assumes no additional member contributions after June 30, 2022.

A2: Assumes no additional State revenue after June 30, 2022.

B1: See Exhibit I.

B2: Current administrative fees are fixed for three years - assume a 4% increase in 2025. Claim service fees (ULAE) included in line B1.

B3: Agent commissions are 5% of member contributions in line A1.

B4: Assumes miscellaneous additional expenses of \$25,000 for the next five years.

D1: Assumes investment income of \$1,000,000 for the next five years, based on a minimum of \$1,000,000 or 2% of underlying assets.

F: For 2023, from June 30, 2022 financial statement. Subsequent years = ending net position from the year prior.

NC VOLUNTEER SAFETY WORKERS' COMPENSATION FUND
FUNDING ANALYSIS FOR FISCAL YEARS 2023-2027

STATEMENT OF REVENUE, SUPPORT, EXPENSES AND CHANGE IN NET POSITION

SCENARIO 2: FUND RECEIVES 20% NET TAX PROCEEDS

Item	Values as of Year End:								
	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024	June 30, 2025	June 30, 2026	June 30, 2027	
	Actual *			Estimated					
A. OPERATING REVENUE AND SUPPORT									
A1: Revenue - Member Contributions	\$ 7,130,015	\$ 7,007,614	\$ 6,988,581	\$ -	\$ -	\$ -	\$ -	\$ -	
A2: Support - State of North Carolina Revenue	8,546,424	9,127,639	10,258,433	9,310,832	9,565,635	9,711,633	9,529,367	9,602,212	
A3: Net Operating Revenue and Support [(A1) + (A2)]	\$ 15,676,439	\$ 16,135,253	\$ 17,247,014	\$ 9,310,832	\$ 9,565,635	\$ 9,711,633	\$ 9,529,367	\$ 9,602,212	
B. OPERATING EXPENSES									
B1: Losses and Loss Adjustment Expenses									
Losses and Loss Adjustment Expenses Paid, net	\$ 7,587,485	\$ 6,983,660	\$ 6,490,000	\$ 8,443,542	\$ 8,400,454	\$ 8,758,012	\$ 8,824,064	\$ 9,177,606	
Change in Reserve for Losses and Loss Adjustment Expenses	677,560	(2,523,104)	(1,089,988)	98,501	405,340	320,585	533,200	456,524	
Total Losses and Loss Adjustment Expenses	\$ 8,265,045	\$ 4,460,556	\$ 5,400,012	\$ 8,542,043	\$ 8,805,794	\$ 9,078,597	\$ 9,357,264	\$ 9,634,130	
B2: Administrative Services	542,720	568,950	572,542	203,000	203,000	211,120	211,120	211,120	
B3: Agent Commissions	341,399	416,081	350,085	-	-	-	-	-	
B4: Other	38,390	21,250	22,398	25,000	25,000	25,000	25,000	25,000	
B5: Total Operating Expenses [(B1) + (B2) + (B3) + (B4)]	\$ 9,187,554	\$ 5,466,837	\$ 6,345,037	\$ 8,770,043	\$ 9,033,794	\$ 9,314,717	\$ 9,593,384	\$ 9,870,250	
C. OPERATING INCOME [(A3) + (B5)]	\$ 6,488,885	\$ 10,668,416	\$ 10,901,977	\$ 540,789	\$ 531,841	\$ 396,916	\$ (64,018)	\$ (268,038)	
D. NONOPERATING INCOME									
D1: Investment Income	\$ 2,060,720	\$ 137,404	\$ (1,724,186)	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	
E. CHANGE IN NET POSITION [(C) + (D1)]	\$ 8,549,605	\$ 10,805,820	\$ 9,177,791	\$ 1,540,789	\$ 1,531,841	\$ 1,396,916	\$ 935,982	\$ 731,962	
F. NET POSITION - Beginning of Year	\$ 27,432,352	\$ 35,981,957	\$ 46,787,777	\$ 55,965,568	\$ 57,506,357	\$ 59,038,198	\$ 60,435,114	\$ 61,371,096	
G. NET POSITION - End of Year [(E) + (F)]	\$ 35,981,957	\$ 46,787,777	\$ 55,965,568	\$ 57,506,357	\$ 59,038,198	\$ 60,435,114	\$ 61,371,096	\$ 62,103,058	

* Based on actual financial statements provided by the Fund. June 30, 2022 financials are unaudited and represent preliminary balances.

Notes: A1: Assumes no additional member contributions after June 30, 2022.

A2: Represents a rolling average of three prior years funding.

B1: See Exhibit I.

B2: Current administrative fees are fixed for three years - assume a 4% increase in 2025. Claim service fees (ULAE) included in line B1.

B3: Agent commissions are 5% of member contributions in line A1.

B4: Assumes miscellaneous additional expenses of \$25,000 for the next five years.

D1: Assumes investment income of \$1,000,000 for the next five years, based on a minimum of \$1,000,000 or 2% of underlying assets.

F: For 2023, from June 30, 2022 financial statement. Subsequent years = ending net position from the year prior.

NC VOLUNTEER SAFETY WORKERS' COMPENSATION FUND
FUNDING ANALYSIS FOR FISCAL YEARS 2023-2027

STATEMENT OF REVENUE, SUPPORT, EXPENSES AND CHANGE IN NET POSITION

SCENARIO 3: MEMBER PREMIMS DO NOT CHANGE FROM PRIOR YEAR

Item	Values as of Year End:							
	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024	June 30, 2025	June 30, 2026	June 30, 2027
	Actual *			Estimated				
A. OPERATING REVENUE AND SUPPORT								
A1: Revenue - Member Contributions	\$ 7,130,015	\$ 7,007,614	\$ 6,988,581	\$ 6,988,581	\$ 6,988,581	\$ 6,988,581	\$ 6,988,581	\$ 6,988,581
A2: Support - State of North Carolina Revenue	8,546,424	9,127,639	10,258,433	-	-	-	-	-
A3: Net Operating Revenue and Support [(A1) + (A2)]	\$ 15,676,439	\$ 16,135,253	\$ 17,247,014	\$ 6,988,581	\$ 6,988,581	\$ 6,988,581	\$ 6,988,581	\$ 6,988,581
B. OPERATING EXPENSES								
B1: Losses and Loss Adjustment Expenses								
Losses and Loss Adjustment Expenses Paid, net	\$ 7,587,485	\$ 6,983,660	\$ 6,490,000	\$ 8,443,542	\$ 8,400,454	\$ 8,758,012	\$ 8,824,064	\$ 9,177,606
Change in Reserve for Losses and Loss Adjustment Expenses	677,560	(2,523,104)	(1,089,988)	98,501	405,340	320,585	533,200	456,524
Total Losses and Loss Adjustment Expenses	\$ 8,265,045	\$ 4,460,556	\$ 5,400,012	\$ 8,542,043	\$ 8,805,794	\$ 9,078,597	\$ 9,357,264	\$ 9,634,130
B2: Administrative Services	542,720	568,950	572,542	203,000	203,000	211,120	211,120	211,120
B3: Agent Commissions	341,399	416,081	350,085	349,429	349,429	349,429	349,429	349,429
B4: Other	38,390	21,250	22,398	25,000	25,000	25,000	25,000	25,000
B5: Total Operating Expenses [(B1) + (B2) + (B3) + (B4)]	\$ 9,187,554	\$ 5,466,837	\$ 6,345,037	\$ 9,119,472	\$ 9,383,223	\$ 9,664,146	\$ 9,942,813	\$ 10,219,679
C. OPERATING INCOME [(A3) + (B5)]	\$ 6,488,885	\$ 10,668,416	\$ 10,901,977	\$ (2,130,891)	\$ (2,394,642)	\$ (2,675,565)	\$ (2,954,232)	\$ (3,231,098)
D. NONOPERATING INCOME								
D1: Investment Income	\$ 2,060,720	\$ 137,404	\$ (1,724,186)	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
E. CHANGE IN NET POSITION [(C) + (D1)]	\$ 8,549,605	\$ 10,805,820	\$ 9,177,791	\$ (1,130,891)	\$ (1,394,642)	\$ (1,675,565)	\$ (1,954,232)	\$ (2,231,098)
F. NET POSITION - Beginning of Year	\$ 27,432,352	\$ 35,981,957	\$ 46,787,777	\$ 55,965,568	\$ 54,834,677	\$ 53,440,035	\$ 51,764,470	\$ 49,810,238
G. NET POSITION - End of Year [(E) + (F)]	\$ 35,981,957	\$ 46,787,777	\$ 55,965,568	\$ 54,834,677	\$ 53,440,035	\$ 51,764,470	\$ 49,810,238	\$ 47,579,140

* Based on actual financial statements provided by the Fund. June 30, 2022 financials are unaudited and represent preliminary balances.

Notes: A1: Beginning in 2023, assumes no change in member premiums (dollars) for the foreseeable future)

A2: Assumes no additional State revenue after June 30, 2022.

B1: See Exhibit I.

B2: Current administrative fees are fixed for three years - assume a 4% increase in 2025. Claim service fees (ULAE) included in line B1.

B3: Agent commissions are 5% of member contributions in line A1.

B4: Assumes miscellaneous additional expenses of \$25,000 for the next five years.

D1: Assumes investment income of \$1,000,000 for the next five years, based on a minimum of \$1,000,000 or 2% of underlying assets.

F: For 2023, from June 30, 2022 financial statement. Subsequent years = ending net position from the year prior.

NC VOLUNTEER SAFETY WORKERS' COMPENSATION FUND
FUNDING ANALYSIS FOR FISCAL YEARS 2023-2027

STATEMENT OF REVENUE, SUPPORT, EXPENSES AND CHANGE IN NET POSITION

SCENARIO 4: COLLECT MEMBER PREMIUMS AT 50% OF PRIOR YEAR COLLECTIONS

Item	Values as of Year End:								
	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024	June 30, 2025	June 30, 2026	June 30, 2027	
		Actual *				Estimated			
A. OPERATING REVENUE AND SUPPORT									
A1: Revenue - Member Contributions	\$ 7,130,015	\$ 7,007,614	\$ 6,988,581	\$ 3,494,291	\$ 3,494,291	\$ 3,494,291	\$ 3,494,291	\$ 3,494,291	\$ 3,494,291
A2: Support - State of North Carolina Revenue	8,546,424	9,127,639	10,258,433	-	-	-	-	-	-
A3: Net Operating Revenue and Support [(A1) + (A2)]	\$ 15,676,439	\$ 16,135,253	\$ 17,247,014	\$ 3,494,291	\$ 3,494,291	\$ 3,494,291	\$ 3,494,291	\$ 3,494,291	\$ 3,494,291
B. OPERATING EXPENSES									
B1: Losses and Loss Adjustment Expenses									
Losses and Loss Adjustment Expenses Paid, net	\$ 7,587,485	\$ 6,983,660	\$ 6,490,000	\$ 8,443,542	\$ 8,400,454	\$ 8,758,012	\$ 8,824,064	\$ 9,177,606	\$ 9,177,606
Change in Reserve for Losses and Loss Adjustment Expenses	677,560	(2,523,104)	(1,089,988)	98,501	405,340	320,585	533,200	456,524	456,524
Total Losses and Loss Adjustment Expenses	\$ 8,265,045	\$ 4,460,556	\$ 5,400,012	\$ 8,542,043	\$ 8,805,794	\$ 9,078,597	\$ 9,357,264	\$ 9,634,130	\$ 9,634,130
B2: Administrative Services	542,720	568,950	572,542	203,000	203,000	211,120	211,120	211,120	211,120
B3: Agent Commissions	341,399	416,081	350,085	174,715	174,715	174,715	174,715	174,715	174,715
B4: Other	38,390	21,250	22,398	25,000	25,000	25,000	25,000	25,000	25,000
B5: Total Operating Expenses [(B1) + (B2) + (B3) + (B4)]	\$ 9,187,554	\$ 5,466,837	\$ 6,345,037	\$ 8,944,758	\$ 9,208,508	\$ 9,489,432	\$ 9,768,099	\$ 10,044,964	\$ 10,044,964
C. OPERATING INCOME [(A3) + (B5)]	\$ 6,488,885	\$ 10,668,416	\$ 10,901,977	\$ (5,450,467)	\$ (5,714,218)	\$ (5,995,141)	\$ (6,273,808)	\$ (6,550,674)	\$ (6,550,674)
D. NONOPERATING INCOME									
D1: Investment Income	\$ 2,060,720	\$ 137,404	\$ (1,724,186)	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
E. CHANGE IN NET POSITION [(C) + (D1)]	\$ 8,549,605	\$ 10,805,820	\$ 9,177,791	\$ (4,450,467)	\$ (4,714,218)	\$ (4,995,141)	\$ (5,273,808)	\$ (5,550,674)	\$ (5,550,674)
F. NET POSITION - Beginning of Year	\$ 27,432,352	\$ 35,981,957	\$ 46,787,777	\$ 55,965,568	\$ 51,515,101	\$ 46,800,883	\$ 41,805,742	\$ 36,531,934	\$ 36,531,934
G. NET POSITION - End of Year [(E) + (F)]	\$ 35,981,957	\$ 46,787,777	\$ 55,965,568	\$ 51,515,101	\$ 46,800,883	\$ 41,805,742	\$ 36,531,934	\$ 30,981,260	\$ 30,981,260

* Based on actual financial statements provided by the Fund. June 30, 2022 financials are unaudited and represent preliminary balances.

Notes: A1: Beginning in 2023, assume that the Fund collects premium at a rate of 50% from the amounts collected at year end June 30, 2022.

A2: Assumes no additional State revenue after June 30, 2022.

B1: See Exhibit I.

B2: Current administrative fees are fixed for three years - assume a 4% increase in 2025. Claim service fees (ULAE) included in line B1.

B3: Agent commissions are 5% of member contributions in line A1.

B4: Assumes miscellaneous additional expenses of \$25,000 for the next five years.

D1: Assumes investment income of \$1,000,000 for the next five years, based on a minimum of \$1,000,000 or 2% of underlying assets.

F: For 2023, from June 30, 2022 financial statement. Subsequent years = ending net position from the year prior.

NC VOLUNTEER SAFETY WORKERS' COMPENSATION FUND
FUNDING ANALYSIS FOR FISCAL YEARS 2023-2027

STATEMENT OF LOSS AND LOSS ADJUSTMENT EXPENSES

Item	June 30, 2023	June 30, 2024	June 30, 2025	June 30, 2026	June 30, 2027
			<i>Estimated</i>		
(1) Losses and Allocated Loss Adjustment Expenses Paid, net (a)	\$ 8,139,042	\$ 8,095,954	\$ 8,441,332	\$ 8,507,384	\$ 8,860,926
(2) <u>Unallocated Loss Adjustment Expenses Paid (a)</u>	<u>304,500</u>	<u>304,500</u>	<u>316,680</u>	<u>316,680</u>	<u>316,680</u>
(3) Losses and Loss Adjustment Expenses Paid, net [(1) + (2)]	\$ 8,443,542	\$ 8,400,454	\$ 8,758,012	\$ 8,824,064	\$ 9,177,606
(4) Beginning Loss and ALAE Reserve (b)	\$ 18,159,822	\$ 18,252,862	\$ 18,644,495	\$ 18,954,239	\$ 19,469,408
(5) Beginning ULAE Reserve (b)	633,389	638,850	652,557	663,398	681,429
(6) Ending Loss and ALAE Reserve (b)	18,252,862	18,644,495	18,954,239	19,469,408	19,910,494
(7) <u>Ending ULAE Reserve (b)</u>	<u>638,850</u>	<u>652,557</u>	<u>663,398</u>	<u>681,429</u>	<u>696,867</u>
(8) Change in Reserve for Losses and Loss Adjustment Expenses [(6) + (7) - (4) - (5)]	\$ 98,501	\$ 405,340	\$ 320,585	\$ 533,200	\$ 456,524

Note: (a) See Exhibit 2.

(b) Beginning loss reserve at 6/30/2022 provided by the State. Remaining figures from Exhibit 2.

NC VOLUNTEER SAFETY WORKERS' COMPENSATION FUND
FUNDING ANALYSIS FOR FISCAL YEARS 2023-2027

ESTIMATED RESERVES AS OF JUNE 30, 2023

Accident Period	Selected Ultimate Losses and ALAE (a)	Est Paid Losses and ALAE btw 7/1/22 and 6/30/23 (b)	Paid Losses and ALAE as of 6/30/22 (c)	Paid Losses and ALAE as of 6/30/23 (d)	Estimated Unpaid Losses and ALAE as of 6/30/23 (e)
(1)	(2)	(3)	(4)	(5)	(6)
7/1/2002 - 6/30/2003	\$ 4,846,890	\$ -	\$ 4,846,890	\$ 4,846,890	\$ (0)
7/1/2003 - 6/30/2004	5,614,040	-	5,614,040	5,614,040	0
7/1/2004 - 6/30/2005	5,117,000	-	5,006,903	5,006,903	110,097
7/1/2005 - 6/30/2006	5,787,570	-	5,787,570	5,787,570	(0)
7/1/2006 - 6/30/2007	6,981,000	-	6,865,510	6,865,510	115,490
7/1/2007 - 6/30/2008	7,816,000	57,668	7,612,144	7,669,812	146,188
7/1/2008 - 6/30/2009	6,568,866	-	6,568,866	6,568,866	0
7/1/2009 - 6/30/2010	9,031,412	-	9,031,412	9,031,412	0
7/1/2010 - 6/30/2011	10,906,000	71,019	10,589,019	10,660,038	245,962
7/1/2011 - 6/30/2012	9,097,937	-	9,097,937	9,097,937	(0)
7/1/2012 - 6/30/2013	7,791,000	117,933	7,304,813	7,422,746	368,254
7/1/2013 - 6/30/2014	6,809,000	114,624	6,207,386	6,322,011	486,989
7/1/2014 - 6/30/2015	6,297,000	45,418	6,006,024	6,051,442	245,558
7/1/2015 - 6/30/2016	7,642,000	107,847	6,822,733	6,930,580	711,420
7/1/2016 - 6/30/2017	5,611,000	38,560	5,288,443	5,327,002	283,998
7/1/2017 - 6/30/2018	9,554,000	313,000	8,173,842	8,486,842	1,067,158
7/1/2018 - 6/30/2019	5,988,000	265,051	4,490,027	4,755,078	1,232,922
7/1/2019 - 6/30/2020	9,594,000	580,606	6,696,949	7,277,555	2,316,445
7/1/2020 - 6/30/2021	7,005,000	1,269,074	3,819,527	5,088,601	1,916,399
7/1/2021 - 6/30/2022	7,561,000	2,904,112	1,628,857	4,532,969	3,028,031
7/1/2022 - 6/30/2023	8,232,081	2,254,130	-	2,254,130	5,977,951
Total	\$ 153,850,796	\$ 8,139,042	\$ 127,458,893	\$ 135,597,934	\$ 18,252,862
(7) ULAE Reserves as a % of Loss and ALAE Reserve (f)					3.5%
(8) ULAE Reserves [(6) Total × (7)]					\$ 638,850

Notes: (a) From the Fund's June 30, 2022 reserve study through 6/30/2022
Beginning July 1, 2022 and subsequent, see Exhibit 4.
(b) See Exhibit 3, Sheet 1, Column (3).
(c) Provided by the State. Losses are net of excess insurance.
(d) [(3) + (4)]
(e) [(2) - (5)]
(f) Based on the June 30, 2022 Reserve Study

NC VOLUNTEER SAFETY WORKERS' COMPENSATION FUND
FUNDING ANALYSIS FOR FISCAL YEARS 2023-2027

ESTIMATED RESERVES AS OF JUNE 30, 2024

Accident Period	Selected Ultimate Losses and ALAE (a)	Est Paid Losses and ALAE btw 7/1/23 and 6/30/24 (b)	Paid Losses and ALAE as of 6/30/23 (c)	Paid Losses and ALAE as of 6/30/24 (d)	Estimated Unpaid Losses and ALAE as of 6/30/24 (e)
(1)	(2)	(3)	(4)	(5)	(6)
7/1/2002 - 6/30/2003	\$ 4,846,890	\$ -	\$ 4,846,890	\$ 4,846,890	\$ (0)
7/1/2003 - 6/30/2004	5,614,040	-	5,614,040	5,614,040	0
7/1/2004 - 6/30/2005	5,117,000	-	5,006,903	5,006,903	110,097
7/1/2005 - 6/30/2006	5,787,570	-	5,787,570	5,787,570	(0)
7/1/2006 - 6/30/2007	6,981,000	-	6,865,510	6,865,510	115,490
7/1/2007 - 6/30/2008	7,816,000	-	7,669,812	7,669,812	146,188
7/1/2008 - 6/30/2009	6,568,866	-	6,568,866	6,568,866	0
7/1/2009 - 6/30/2010	9,031,412	-	9,031,412	9,031,412	0
7/1/2010 - 6/30/2011	10,906,000	64,178	10,660,038	10,724,216	181,784
7/1/2011 - 6/30/2012	9,097,937	-	9,097,937	9,097,937	(0)
7/1/2012 - 6/30/2013	7,791,000	60,329	7,422,746	7,483,075	307,925
7/1/2013 - 6/30/2014	6,809,000	118,128	6,322,011	6,440,139	368,861
7/1/2014 - 6/30/2015	6,297,000	46,786	6,051,442	6,098,228	198,772
7/1/2015 - 6/30/2016	7,642,000	111,045	6,930,580	7,041,625	600,375
7/1/2016 - 6/30/2017	5,611,000	37,385	5,327,002	5,364,387	246,613
7/1/2017 - 6/30/2018	9,554,000	127,571	8,486,842	8,614,413	939,587
7/1/2018 - 6/30/2019	5,988,000	279,609	4,755,078	5,034,687	953,313
7/1/2019 - 6/30/2020	9,594,000	409,871	7,277,555	7,687,426	1,906,574
7/1/2020 - 6/30/2021	7,005,000	384,071	5,088,601	5,472,672	1,532,328
7/1/2021 - 6/30/2022	7,561,000	1,206,350	4,532,969	5,739,319	1,821,681
7/1/2022 - 6/30/2023	8,232,081	2,926,538	2,254,130	5,180,668	3,051,413
7/1/2023 - 6/30/2024	8,487,587	2,324,093	-	2,324,093	6,163,494
Total	\$ 162,338,383	\$ 8,095,954	\$ 135,597,934	\$ 143,693,888	\$ 18,644,495

(7) ULAE Reserves as a % of Loss and ALAE Reserve (f) 3.5%

(8) ULAE Reserves [(6) Total × (7)] \$ 652,557

- Notes: (a) From the Fund's June 30, 2022 reserve study through 6/30/2022
Beginning July 1, 2022 and subsequent, see Exhibit 4.
(b) See Exhibit 3, Sheet 1, Column (4).
(c) See Sheet 1, Column (5).
(d) [(3) + (4)]
(e) [(2) - (5)]
(f) Based on the June 30, 2022 Reserve Study

NC VOLUNTEER SAFETY WORKERS' COMPENSATION FUND
FUNDING ANALYSIS FOR FISCAL YEARS 2023-2027

ESTIMATED RESERVES AS OF JUNE 30, 2025

Accident Period	Selected Ultimate Losses and ALAE (a)	Est Paid Losses and ALAE btw 7/1/24 and 6/30/25 (b)	Paid Losses and ALAE as of 6/30/24(c)	Paid Losses and ALAE as of 6/30/25 (d)	Estimated Unpaid Losses and ALAE as of 6/30/25 (e)
(1)	(2)	(3)	(4)	(5)	(6)
7/1/2002 - 6/30/2003	\$ 4,846,890	\$ -	\$ 4,846,890	\$ 4,846,890	\$ (0)
7/1/2003 - 6/30/2004	5,614,040	-	5,614,040	5,614,040	0
7/1/2004 - 6/30/2005	5,117,000	110,097	5,006,903	5,117,000	-
7/1/2005 - 6/30/2006	5,787,570	-	5,787,570	5,787,570	(0)
7/1/2006 - 6/30/2007	6,981,000	-	6,865,510	6,865,510	115,490
7/1/2007 - 6/30/2008	7,816,000	-	7,669,812	7,669,812	146,188
7/1/2008 - 6/30/2009	6,568,866	-	6,568,866	6,568,866	0
7/1/2009 - 6/30/2010	9,031,412	-	9,031,412	9,031,412	0
7/1/2010 - 6/30/2011	10,906,000	65,191	10,724,216	10,789,407	116,593
7/1/2011 - 6/30/2012	9,097,937	-	9,097,937	9,097,937	(0)
7/1/2012 - 6/30/2013	7,791,000	68,990	7,483,075	7,552,065	238,935
7/1/2013 - 6/30/2014	6,809,000	60,428	6,440,139	6,500,567	308,433
7/1/2014 - 6/30/2015	6,297,000	48,216	6,098,228	6,146,444	150,556
7/1/2015 - 6/30/2016	7,642,000	114,388	7,041,625	7,156,013	485,987
7/1/2016 - 6/30/2017	5,611,000	38,494	5,364,387	5,402,881	208,119
7/1/2017 - 6/30/2018	9,554,000	123,686	8,614,413	8,738,099	815,901
7/1/2018 - 6/30/2019	5,988,000	113,962	5,034,687	5,148,649	839,351
7/1/2019 - 6/30/2020	9,594,000	432,383	7,687,426	8,119,809	1,474,191
7/1/2020 - 6/30/2021	7,005,000	271,130	5,472,672	5,743,802	1,261,198
7/1/2021 - 6/30/2022	7,561,000	365,088	5,739,319	6,104,407	1,456,593
7/1/2022 - 6/30/2023	8,232,081	1,215,666	5,180,668	6,396,334	1,835,747
7/1/2023 - 6/30/2024	8,487,587	3,017,372	2,324,093	5,341,465	3,146,122
7/1/2024 - 6/30/2025	8,751,078	2,396,243	-	2,396,243	6,354,835
Total	\$ 171,089,461	\$ 8,441,332	\$ 143,693,888	\$ 152,135,222	\$ 18,954,239

(7) ULAE Reserves as a % of Loss and ALAE Reserve (f) 3.5%

(8) ULAE Reserves [(6) Total × (7)] \$ 663,398

- Notes: (a) From the Fund's June 30, 2022 reserve study through 6/30/2022
Beginning July 1, 2022 and subsequent, see Exhibit 4.
(b) See Exhibit 3, Sheet 1, Column (5).
(c) See Sheet 2, Column (5).
(d) [(3) + (4)]
(e) [(2) - (5)]
(f) Based on the June 30, 2022 Reserve Study

NC VOLUNTEER SAFETY WORKERS' COMPENSATION FUND
FUNDING ANALYSIS FOR FISCAL YEARS 2023-2027

ESTIMATED RESERVES AS OF JUNE 30, 2026

Accident Period	Selected Ultimate Losses and ALAE (a)	Est Paid Losses and ALAE btw 7/1/25 and 6/30/26 (b)	Paid Losses and ALAE as of 6/30/25(c)	Paid Losses and ALAE as of 6/30/26 (d)	Estimated Unpaid Losses and ALAE as of 6/30/26 (e)
(1)	(2)	(3)	(4)	(5)	(6)
7/1/2002 - 6/30/2003	\$ 4,846,890	\$ -	\$ 4,846,890	\$ 4,846,890	\$ (0)
7/1/2003 - 6/30/2004	5,614,040	-	5,614,040	5,614,040	0
7/1/2004 - 6/30/2005	5,117,000	-	5,117,000	5,117,000	-
7/1/2005 - 6/30/2006	5,787,570	-	5,787,570	5,787,570	(0)
7/1/2006 - 6/30/2007	6,981,000	-	6,865,510	6,865,510	115,490
7/1/2007 - 6/30/2008	7,816,000	-	7,669,812	7,669,812	146,188
7/1/2008 - 6/30/2009	6,568,866	-	6,568,866	6,568,866	0
7/1/2009 - 6/30/2010	9,031,412	-	9,031,412	9,031,412	0
7/1/2010 - 6/30/2011	10,906,000	32,983	10,789,407	10,822,390	83,610
7/1/2011 - 6/30/2012	9,097,937	-	9,097,937	9,097,937	(0)
7/1/2012 - 6/30/2013	7,791,000	62,344	7,552,065	7,614,409	176,591
7/1/2013 - 6/30/2014	6,809,000	69,104	6,500,567	6,569,671	239,329
7/1/2014 - 6/30/2015	6,297,000	24,665	6,146,444	6,171,109	125,891
7/1/2015 - 6/30/2016	7,642,000	117,884	7,156,013	7,273,897	368,103
7/1/2016 - 6/30/2017	5,611,000	39,653	5,402,881	5,442,534	168,466
7/1/2017 - 6/30/2018	9,554,000	127,354	8,738,099	8,865,453	688,547
7/1/2018 - 6/30/2019	5,988,000	110,491	5,148,649	5,259,140	728,860
7/1/2019 - 6/30/2020	9,594,000	176,229	8,119,809	8,296,038	1,297,962
7/1/2020 - 6/30/2021	7,005,000	286,021	5,743,802	6,029,823	975,177
7/1/2021 - 6/30/2022	7,561,000	257,729	6,104,407	6,362,136	1,198,864
7/1/2022 - 6/30/2023	8,232,081	367,907	6,396,334	6,764,241	1,467,840
7/1/2023 - 6/30/2024	8,487,587	1,253,397	5,341,465	6,594,862	1,892,725
7/1/2024 - 6/30/2025	8,751,078	3,111,044	2,396,243	5,507,287	3,243,791
7/1/2025 - 6/30/2026	9,022,553	2,470,579	-	2,470,579	6,551,974
Total	\$ 180,112,014	\$ 8,507,384	\$ 152,135,222	\$ 160,642,606	\$ 19,469,408
(7) ULAE Reserves as a % of Loss and ALAE Reserve (f)					3.5%
(8) ULAE Reserves [(6) Total × (7)]					\$ 681,429

Notes: (a) From the Fund's June 30, 2022 reserve study through 6/30/2022
Beginning July 1, 2022 and subsequent, see Exhibit 4.
(b) See Exhibit 3, Sheet 1, Column (6).
(c) See Sheet 3, Column (5).
(d) [(3) + (4)]
(e) [(2) - (5)]
(f) Based on the June 30, 2022 Reserve Study

NC VOLUNTEER SAFETY WORKERS' COMPENSATION FUND
FUNDING ANALYSIS FOR FISCAL YEARS 2023-2027

ESTIMATED RESERVES AS OF JUNE 30, 2027

Accident Period	Selected Ultimate Losses and ALAE (a)	Est Paid Losses and ALAE btw 7/1/26 and 6/30/27 (b)	Paid Losses and ALAE as of 6/30/26(c)	Paid Losses and ALAE as of 6/30/27 (d)	Estimated Unpaid Losses and ALAE as of 6/30/27 (e)
(1)	(2)	(3)	(4)	(5)	(6)
7/1/2002 - 6/30/2003	\$ 4,846,890	\$ -	\$ 4,846,890	\$ 4,846,890	\$ (0)
7/1/2003 - 6/30/2004	5,614,040	-	5,614,040	5,614,040	0
7/1/2004 - 6/30/2005	5,117,000	-	5,117,000	5,117,000	-
7/1/2005 - 6/30/2006	5,787,570	-	5,787,570	5,787,570	(0)
7/1/2006 - 6/30/2007	6,981,000	115,490	6,865,510	6,981,000	-
7/1/2007 - 6/30/2008	7,816,000	-	7,669,812	7,669,812	146,188
7/1/2008 - 6/30/2009	6,568,866	-	6,568,866	6,568,866	0
7/1/2009 - 6/30/2010	9,031,412	-	9,031,412	9,031,412	0
7/1/2010 - 6/30/2011	10,906,000	-	10,822,390	10,822,390	83,610
7/1/2011 - 6/30/2012	9,097,937	-	9,097,937	9,097,937	(0)
7/1/2012 - 6/30/2013	7,791,000	63,328	7,614,409	7,677,737	113,263
7/1/2013 - 6/30/2014	6,809,000	62,447	6,569,671	6,632,118	176,882
7/1/2014 - 6/30/2015	6,297,000	28,206	6,171,109	6,199,315	97,685
7/1/2015 - 6/30/2016	7,642,000	60,304	7,273,897	7,334,201	307,799
7/1/2016 - 6/30/2017	5,611,000	40,864	5,442,534	5,483,398	127,602
7/1/2017 - 6/30/2018	9,554,000	131,188	8,865,453	8,996,641	557,359
7/1/2018 - 6/30/2019	5,988,000	113,768	5,259,140	5,372,908	615,092
7/1/2019 - 6/30/2020	9,594,000	170,862	8,296,038	8,466,900	1,127,100
7/1/2020 - 6/30/2021	7,005,000	116,576	6,029,823	6,146,399	858,601
7/1/2021 - 6/30/2022	7,561,000	271,885	6,362,136	6,634,021	926,979
7/1/2022 - 6/30/2023	8,232,081	259,719	6,764,241	7,023,960	1,208,121
7/1/2023 - 6/30/2024	8,487,587	379,326	6,594,862	6,974,188	1,513,399
7/1/2024 - 6/30/2025	8,751,078	1,292,308	5,507,287	6,799,595	1,951,483
7/1/2025 - 6/30/2026	9,022,553	3,207,554	2,470,579	5,678,133	3,344,420
7/1/2026 - 6/30/2027	9,302,012	2,547,101	-	2,547,101	6,754,911
Total	\$ 189,414,026	\$ 8,860,926	\$ 160,642,606	\$ 169,503,532	\$ 19,910,494

(7) ULAE Reserves as a % of Loss and ALAE Reserve (f) 3.5%

(8) ULAE Reserves [(6) Total × (7)] \$ 696,867

- Notes: (a) From the Fund's June 30, 2022 reserve study through 6/30/2022
Beginning July 1, 2022 and subsequent, see Exhibit 4.
(b) See Exhibit 3, Sheet 1, Column (7).
(c) See Sheet 4, Column (5).
(d) [(3) + (4)]
(e) [(2) - (5)]
(f) Based on the June 30, 2022 Reserve Study

NC VOLUNTEER SAFETY WORKERS' COMPENSATION FUND
FUNDING ANALYSIS FOR FISCAL YEARS 2023-2027

CASH FLOW EXHIBIT

Accident Period (1)	Total Unpaid Losses and ALAE as of 6/30/2022 (a) (2)	Reserve Payout in Period (b)								
		7/1/2022 - 6/30/2023 (3)	7/1/2023 - 6/30/2024 (4)	7/1/2024 - 6/30/2025 (5)	7/1/2025 - 6/30/2026 (6)	7/1/2026 - 6/30/2027 (7)	7/1/2027 - 6/30/2028 (8)	7/1/2028 - 6/30/2029 (9)	7/1/2029 - 6/30/2030 (10)	
7/1/2002 - 6/30/2003	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7/1/2003 - 6/30/2004	-	-	-	-	-	-	-	-	-	-
7/1/2004 - 6/30/2005	110,097	-	-	110,097	-	-	-	-	-	-
7/1/2005 - 6/30/2006	-	-	-	-	-	-	-	-	-	-
7/1/2006 - 6/30/2007	115,490	-	-	-	-	115,490	-	-	-	-
7/1/2007 - 6/30/2008	203,856	57,668	-	-	-	-	146,188	-	-	-
7/1/2008 - 6/30/2009	-	-	-	-	-	-	-	-	-	-
7/1/2009 - 6/30/2010	-	-	-	-	-	-	-	-	-	-
7/1/2010 - 6/30/2011	316,981	71,019	64,178	65,191	32,983	-	-	-	-	-
7/1/2011 - 6/30/2012	-	-	-	-	-	-	-	-	-	-
7/1/2012 - 6/30/2013	486,187	117,933	60,329	68,990	62,344	63,328	32,040	-	-	-
7/1/2013 - 6/30/2014	601,614	114,624	118,128	60,428	69,104	62,447	63,433	32,093	-	-
7/1/2014 - 6/30/2015	290,976	45,418	46,786	48,216	24,665	28,206	25,489	25,891	13,099	-
7/1/2015 - 6/30/2016	819,267	107,847	111,045	114,388	117,884	60,304	68,961	62,319	63,302	-
7/1/2016 - 6/30/2017	322,557	38,560	37,385	38,494	39,653	40,864	20,904	23,905	21,603	-
7/1/2017 - 6/30/2018	1,380,158	313,000	127,571	123,686	127,354	131,188	135,197	69,160	79,089	-
7/1/2018 - 6/30/2019	1,497,973	265,051	279,609	113,962	110,491	113,768	117,193	120,774	61,782	-
7/1/2019 - 6/30/2020	2,897,051	580,606	409,871	432,383	176,229	170,862	175,929	181,225	186,764	-
7/1/2020 - 6/30/2021	3,185,473	1,269,074	384,071	271,130	286,021	116,576	113,025	116,377	119,880	-
7/1/2021 - 6/30/2022	5,932,143	2,904,112	1,206,350	365,088	257,729	271,885	110,814	107,439	110,625	-
7/1/2022 - 6/30/2023	8,232,081	2,254,130	2,926,538	1,215,666	367,907	259,719	273,984	111,670	108,268	-
7/1/2023 - 6/30/2024	8,487,587	-	2,324,093	3,017,372	1,253,397	379,326	267,780	282,488	115,136	-
7/1/2024 - 6/30/2025	8,751,078	-	-	2,396,243	3,111,044	1,292,308	391,102	276,093	291,258	-
7/1/2024 - 6/30/2026	9,022,553	-	-	-	2,470,579	3,207,554	1,332,398	403,235	284,658	-
7/1/2026 - 6/30/2027	9,302,012	-	-	-	-	2,547,101	3,306,903	1,373,667	415,725	-
Total	\$ 61,955,133	\$ 8,139,042	\$ 8,095,954	\$ 8,441,332	\$ 8,507,384	\$ 8,860,926	\$ 6,581,341	\$ 3,186,336	\$ 1,871,189	

Notes: (a) Provided by the State through 06/30/22. Prospective years from Exhibit 4.
(b) Based on payment patterns from Fund's June 30, 2022 reserve study.

NC VOLUNTEER SAFETY WORKERS' COMPENSATION FUND
FUNDING ANALYSIS FOR FISCAL YEARS 2023-2027

CASH FLOW EXHIBIT

Accident Year (1)	Reserve Payout in Period (b)								
	7/1/2030 - 6/30/2031 (11)	7/1/2031 - 6/30/2032 (12)	7/1/2032 - 6/30/2033 (13)	7/1/2033 - 6/30/2034 (14)	7/1/2034 - 6/30/2035 (15)	7/1/2035 - 6/30/2036 (16)	7/1/2036 - 6/30/2037 (17)	7/1/2037 - 6/30/2038 (18)	7/1/2038 - 6/30/2039 (19)
7/1/2002 - 6/30/2003	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7/1/2003 - 6/30/2004	-	-	-	-	-	-	-	-	-
7/1/2004 - 6/30/2005	-	-	-	-	-	-	-	-	-
7/1/2005 - 6/30/2006	-	-	-	-	-	-	-	-	-
7/1/2006 - 6/30/2007	-	-	-	-	-	-	-	-	-
7/1/2007 - 6/30/2008	-	-	-	-	-	-	-	-	-
7/1/2008 - 6/30/2009	-	-	-	-	-	-	-	-	-
7/1/2009 - 6/30/2010	-	-	-	-	-	-	-	-	-
7/1/2010 - 6/30/2011	83,611	-	-	-	-	-	-	-	-
7/1/2011 - 6/30/2012	-	-	-	-	-	-	-	-	-
7/1/2012 - 6/30/2013	-	-	81,222	-	-	-	-	-	-
7/1/2013 - 6/30/2014	-	-	-	81,356	-	-	-	-	-
7/1/2014 - 6/30/2015	-	-	-	-	33,207	-	-	-	-
7/1/2015 - 6/30/2016	32,027	-	-	-	-	81,189	-	-	-
7/1/2016 - 6/30/2017	21,944	11,102	-	-	-	-	28,144	-	-
7/1/2017 - 6/30/2018	71,471	72,599	36,731	-	-	-	-	93,112	-
7/1/2018 - 6/30/2019	70,652	63,846	64,854	32,812	-	-	-	-	83,179
7/1/2019 - 6/30/2020	95,539	109,255	98,731	100,289	50,740	-	-	-	-
7/1/2020 - 6/30/2021	123,544	63,199	72,272	65,311	66,341	33,565	-	-	-
7/1/2021 - 6/30/2022	113,955	117,438	60,075	68,700	62,083	63,062	31,906	-	-
7/1/2022 - 6/30/2023	111,479	114,835	118,345	60,539	69,231	62,562	63,549	32,152	-
7/1/2023 - 6/30/2024	111,629	114,939	118,399	122,018	62,418	71,380	64,504	65,522	33,150
7/1/2024 - 6/30/2025	118,710	115,094	118,508	122,075	125,806	64,356	73,596	66,506	67,556
7/1/2024 - 6/30/2026	300,293	122,393	118,665	122,184	125,862	129,709	66,352	75,879	68,570
7/1/2026 - 6/30/2027	293,475	309,594	126,184	122,340	125,968	129,760	133,726	68,408	78,229
Total	\$ 1,548,329	\$ 1,214,295	\$ 1,013,986	\$ 897,625	\$ 721,657	\$ 635,583	\$ 461,777	\$ 401,579	\$ 330,683

Notes: (a) Provided by the State through 06/30/22. Prospective years from Exhibit 4.
(b) Based on payment patterns from Fund's June 30, 2022 reserve study.

NC VOLUNTEER SAFETY WORKERS' COMPENSATION FUND
FUNDING ANALYSIS FOR FISCAL YEARS 2023-2027

CASH FLOW EXHIBIT

Accident Year (1)	Reserve Payout in Period (b)									
	7/1/2039 - 6/30/2040 (20)	7/1/2040 - 6/30/2041 (21)	7/1/2041 - 6/30/2042 (22)	7/1/2042 - 6/30/2043 (23)	7/1/2043 - 6/30/2044 (24)	7/1/2044 - 6/30/2045 (25)	7/1/2045 - 6/30/2046 (26)	7/1/2046 - 6/30/2047 (27)	7/1/2047 - 6/30/2048 (28)	
7/1/2002 - 6/30/2003	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7/1/2003 - 6/30/2004	-	-	-	-	-	-	-	-	-	-
7/1/2004 - 6/30/2005	-	-	-	-	-	-	-	-	-	-
7/1/2005 - 6/30/2006	-	-	-	-	-	-	-	-	-	-
7/1/2006 - 6/30/2007	-	-	-	-	-	-	-	-	-	-
7/1/2007 - 6/30/2008	-	-	-	-	-	-	-	-	-	-
7/1/2008 - 6/30/2009	-	-	-	-	-	-	-	-	-	-
7/1/2009 - 6/30/2010	-	-	-	-	-	-	-	-	-	-
7/1/2010 - 6/30/2011	-	-	-	-	-	-	-	-	-	-
7/1/2011 - 6/30/2012	-	-	-	-	-	-	-	-	-	-
7/1/2012 - 6/30/2013	-	-	-	-	-	-	-	-	-	-
7/1/2013 - 6/30/2014	-	-	-	-	-	-	-	-	-	-
7/1/2014 - 6/30/2015	-	-	-	-	-	-	-	-	-	-
7/1/2015 - 6/30/2016	-	-	-	-	-	-	-	-	-	-
7/1/2016 - 6/30/2017	-	-	-	-	-	-	-	-	-	-
7/1/2017 - 6/30/2018	-	-	-	-	-	-	-	-	-	-
7/1/2018 - 6/30/2019	-	-	-	-	-	-	-	-	-	-
7/1/2019 - 6/30/2020	128,627	-	-	-	-	-	-	-	-	-
7/1/2020 - 6/30/2021	-	85,087	-	-	-	-	-	-	-	-
7/1/2021 - 6/30/2022	-	-	80,881	-	-	-	-	-	-	-
7/1/2022 - 6/30/2023	-	-	-	81,506	-	-	-	-	-	-
7/1/2023 - 6/30/2024	-	-	-	-	84,036	-	-	-	-	-
7/1/2024 - 6/30/2025	34,179	-	-	-	-	86,644	-	-	-	-
7/1/2024 - 6/30/2026	69,652	35,240	-	-	-	-	89,332	-	-	-
7/1/2026 - 6/30/2027	70,693	71,809	36,331	-	-	-	-	92,099	-	-
Total	\$ 303,151	\$ 192,135	\$ 117,212	\$ 81,506	\$ 84,036	\$ 86,644	\$ 89,332	\$ 92,099	\$ -	\$ -

Notes: (a) Provided by the State through 06/30/22. Prospective years from Exhibit 4.
(b) Based on payment patterns from Fund's June 30, 2022 reserve study.

NC VOLUNTEER SAFETY WORKERS' COMPENSATION FUND
FUNDING ANALYSIS FOR FISCAL YEARS 2023-2027

ESTIMATED ULTIMATE LOSSES FOR FUTURE FUND YEARS

Accident Period	Selected Ultimate Losses and ALAE (a)	Headcount (b)	Factor to Adjust to Current Level		Indicated Loss Rate (e)
			Benefit Factor (c)	Loss Trend Factor (d)	
(1)	(2)	(3)	(4)	(5)	(6)
7/1/2002 - 6/30/2003	\$ 4,846,890	41,732	1.017	1.786	\$ 210.96
7/1/2003 - 6/30/2004	5,614,040	41,951	1.011	1.732	234.33
7/1/2004 - 6/30/2005	5,117,000	42,539	1.007	1.680	203.50
7/1/2005 - 6/30/2006	5,787,570	42,988	1.005	1.630	220.55
7/1/2006 - 6/30/2007	6,981,000	43,829	1.002	1.581	252.32
7/1/2007 - 6/30/2008	7,816,000	44,480	0.998	1.533	268.84
7/1/2008 - 6/30/2009	6,568,866	45,042	0.996	1.487	215.99
7/1/2009 - 6/30/2010	9,031,412	45,422	0.993	1.442	284.71
7/1/2010 - 6/30/2011	10,906,000	45,860	0.991	1.399	329.70
7/1/2011 - 6/30/2012	9,097,937	43,477	1.003	1.357	284.82
7/1/2012 - 6/30/2013	7,791,000	42,799	1.003	1.316	240.28
7/1/2013 - 6/30/2014	6,809,000	42,787	1.009	1.277	205.05
7/1/2014 - 6/30/2015	6,297,000	42,492	1.018	1.238	186.76
7/1/2015 - 6/30/2016	7,642,000	42,512	1.025	1.201	221.29
7/1/2016 - 6/30/2017	5,611,000	42,882	1.024	1.165	156.10
7/1/2017 - 6/30/2018	9,554,000	43,891	1.021	1.130	251.14
7/1/2018 - 6/30/2019	5,988,000	43,672	1.016	1.096	152.68
7/1/2019 - 6/30/2020	9,594,000	44,739	1.012	1.063	230.69
7/1/2020 - 6/30/2021	7,005,000	44,562	1.006	1.031	163.04
7/1/2021 - 6/30/2022	7,561,000	42,414	1.001	1.000	178.44
Total	\$ 145,618,715	870,070			\$ 225.15
(7) Average All					\$ 224.56
(8) Average Latest 10					198.55
(9) Average Latest 5					195.20
(10) Average Latest 3					190.72
(11) Weighted Average All					225.15
(12) Weighted Average Latest 10					198.59
(13) Weighted Average Latest 5					195.39
(14) Weighted Average Latest 3					190.98
(15) Selected Current Level Loss Cost					\$ 190.00

Accident Year	Projected Funding Amount (g)	Projected Headcount (f)	Trend Factor (d)	Curr. Level Loss Cost (19)
(1)	(16)	(17)	(18)	(19)
7/1/2022 - 6/30/2023	\$ 8,232,081	42,024	1.031	\$ 190.00
7/1/2023 - 6/30/2024	8,487,587	42,024	1.063	190.00
7/1/2024 - 6/30/2025	8,751,078	42,024	1.096	190.00
7/1/2024 - 6/30/2026	9,022,553	42,024	1.130	190.00
7/1/2026 - 6/30/2027	9,302,012	42,024	1.165	190.00

- Notes: (a) Provided by the TPA.
(b) Provided by the State.
(c) Based on NCCI benefit level changes in North Carolina.
(d) Based on an assumed annual loss trend of 3.1%.
(e) $[(2) \times (4) \times (5)] \div (3)$
(f) Based on an assumed annual exposure trend of 0.0%.
(g) $[(17) \times (18) \times (19)]$