



State of Hawaii

**Actuarial Study of the Self-Insured
Workers Compensation Program
Department of Education and
Department of Human Resources Development
as of June 30, 2008**

December 11, 2008



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1292-001

State of Hawaii
Department of Accounting and General Services
1151 Punchbowl Street, Room 320
Honolulu, HI 96813

Attn: Mr. Wayne Horie
Administrator of the Accounting Division

**Actuarial Study of the Self-Insured
Workers Compensation Program
as of June 30, 2008**

This study has been completed for the State of Hawaii for the specific objectives listed in the study. It contains the analysis and conclusions of our work.

Each section and appendix of the study is an integral part of the whole. We recommend a review of the entire study prior to reliance upon this study.

No key personnel have a relationship with the State of Hawaii that may impair our objectivity.

Please call if you have any questions. Thank you for the opportunity to be of service.

Respectfully submitted,

ARM TECH

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I. Background

The State of Hawaii (the State) self-insures its workers compensation exposures for the Department of Education (DOE) and the Department of Human Resources Development (HRD). The State retains all claim liabilities, up to the statutory limit. Claims are administered in-house.

Data

The State provided individual claim payments made during fiscal year 2008 and incurred amounts on claims open as of June 30, 2008, separately for DOE and HRD. The HRD data also included the department code for each claim. For valuations prior to June 30, 2008, we relied on individual claim detail and claim summaries provided by the State's auditor, Deloitte Consulting, LLP (Deloitte). Deloitte's HRD claim summary excluded claims arising from the transportation-airports and transportation-harbors departments. Such claims were included in our analysis, as directed by the State.

The State also provided payroll data for calendar years 1999 through 2007, as well as for 2008 through October 30. To estimate the fiscal year amounts, we assumed that payroll was distributed equally throughout the year. The HRD payroll was provided separately by department. Since the State has changed department groupings over time, we used the current payroll and department groupings to estimate the corresponding historical payroll.

We noted large reductions over time in the incurred amounts for DOE. We understand that the DOE is conducting a claim audit to review its case reserve methodology and adequacy. When the audit is complete, we will review that report and adjust our study conclusions if warranted.

II. Objectives

The specific objectives of this study are:

1. **Estimate Outstanding Losses.** Estimate outstanding losses (including allocated loss adjustment expenses [ALAE]) for DOE and HRD as of June 30, 2008.

The estimated outstanding losses are the cost of unpaid claims. The estimated outstanding losses include case reserves, the development of known claims and incurred but not reported (IBNR) claims. ALAE are the direct settlement expenses for specific claims, primarily legal expenses. The amounts are limited to the self-insured retention.

2. **Allocate the Estimated Outstanding Losses.** Allocate the estimated outstanding losses as of June 30, 2008 to the 21 departments managed by HRD.
3. **Affirm GASB Statement No. 10.** Provide a statement affirming the conclusions of this report are consistent with Governmental Accounting Standards Board (GASB) Statement No. 10.

III. Conclusions

We have reached the following conclusions:

1. Estimate Outstanding Losses

We estimate outstanding losses as of June 30, 2008 at various confidence levels to be as shown in Tables III-1A and III-1B.

**Table III-1A
Estimated Outstanding Losses
at Various Confidence Levels
June 30, 2008**

Confidence Level (1)	Estimated Outstanding Losses			Present Value of Estimated Outstanding Losses		
	DOE (2)	HRD (3)	Total (4)	DOE (5)	HRD (6)	Total (7)
(A)Expected	\$46,645,863	\$51,158,908	\$97,804,771	\$41,542,939	\$42,977,692	\$84,520,631
(B) 70%	53,642,742	58,832,744	112,475,486	47,774,380	49,424,346	97,198,726
(C) 80%	60,639,622	66,506,580	127,146,202	54,005,821	55,871,000	109,876,821
(D) 90%	69,968,795	76,738,362	146,707,157	62,314,409	64,466,538	126,780,947

Note: (A) is from Exhibits WC-DOE-10 and WC-HRD-10.
(B) to (D) are based on (A) and actuarial judgment.

The present value of the estimated outstanding losses is the amount of money, discounted for anticipated investment income, required to meet unpaid claims. It is calculated based on a 3.5% yield on investments.

GASB Statement No. 10 specifies that a liability for estimated outstanding unallocated loss adjustment expenses (ULAE) needs to be established for governmental entities. ULAE are primarily composed of future claims administration for open claims as of June 30, 2008. The estimated outstanding losses include the unpaid losses only. The estimated outstanding losses do not include outstanding ULAE. Based on our experience with other public self-insurance programs, we recommend a ULAE ratio of 7.5% of estimated outstanding losses.

2. Allocate the Estimated Outstanding Losses

The estimated outstanding losses as of June 30, 2008 are allocated to the 21 departments managed by HRD in Table III-2A.

**Table III-2A
Allocation of Estimated Outstanding Losses
As of June 30, 2008 - HRD**

Department (1)	Estimated Outstanding Losses (2)
(A) Accounting and General Services (DAGS)	\$2,593,601
(B) Agriculture (AGR)	676,364
(C) Attorney General (AG)	1,007,052
(D) Business and Economic Dev (DBEDT)	360,252
(E) Defense (DOD)	851,669
(F) Education-Libraries (DOE)	1,096,901
(G) Employer-Union Trust Fund (EUTF)	27,390
(H) Hawaii Community Dev Authority (HCDA)	6,187
(I) Hawaii Housing Finance Dev Corp (HHFDC)	95,957
(J) Hawaii Public Housing Auth (HPHA)	640,303
(K) Hawaiian Home Lands (DHHL)	124,182
(L) Health (DOH)	7,597,209
(M) Human Services (DHS)	5,388,120
(N) Labor (DLIR)	610,747
(O) Land and Natural Resources (DLNR)	2,862,972
(P) Other (Other)	1,379,651
(Q) Public Safety (DPS)	14,459,225
(R) Transportation - Admn (DOT-Adm)	226,099
(S) Transportation - Airports (DOT-Air)	5,586,686
(T) Transportation - Harbors (DOT-Har)	689,296
(U) Transportation - Highways (DOT-Hwy)	4,879,045
(V) Total	\$51,158,908

Note: (A) to (V) are from Exhibits WC-HRD-16.

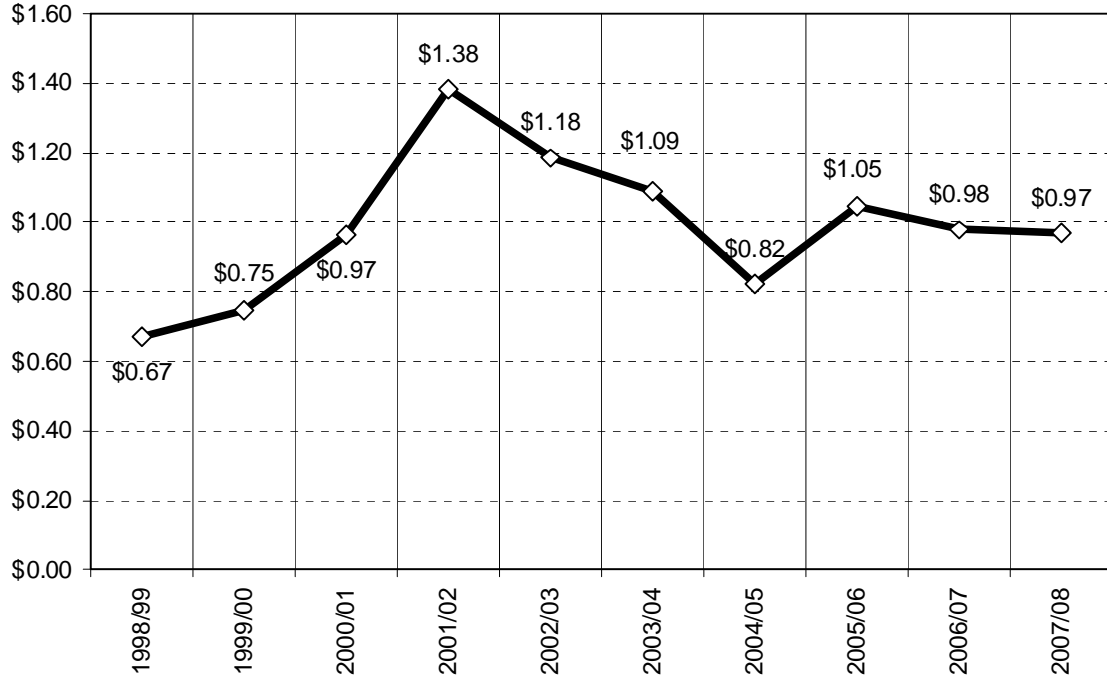
The HRD departments were specified by the State. The "Other" group includes budget and finance, commerce and consumer affairs, governor, human resources, legislature, lieutenant governor, and taxation.

The allocation is based on the reported case reserves and payroll by department and claim period. For the more recent claim periods, weight was given to both case reserves and payroll, whereas for the older claim periods, we relied entirely on the case reserves. The foregoing amounts are developed in Exhibits WC-HRD-13 through WC-HRD-16.

Loss Experience Trends

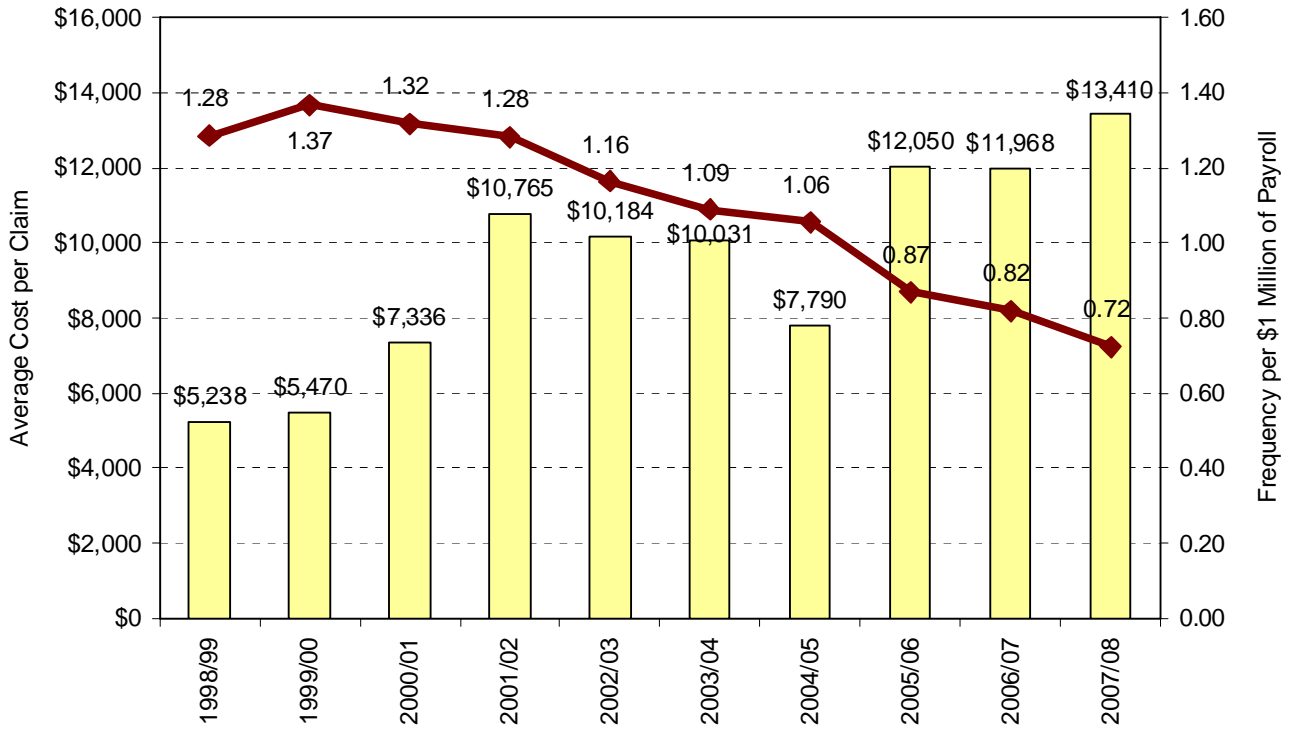
Graphs III-1A through III-1C show loss experience trends for DOE as measured by loss rate per \$100 of payroll and frequency and severity, respectively.

Graph III-1
Loss Rate per \$100 of Payroll
(DOE)



Note: Loss rates are based on Exhibit WC-DOE-9, column (8) and Exhibit WC-DOE-1, column (5).

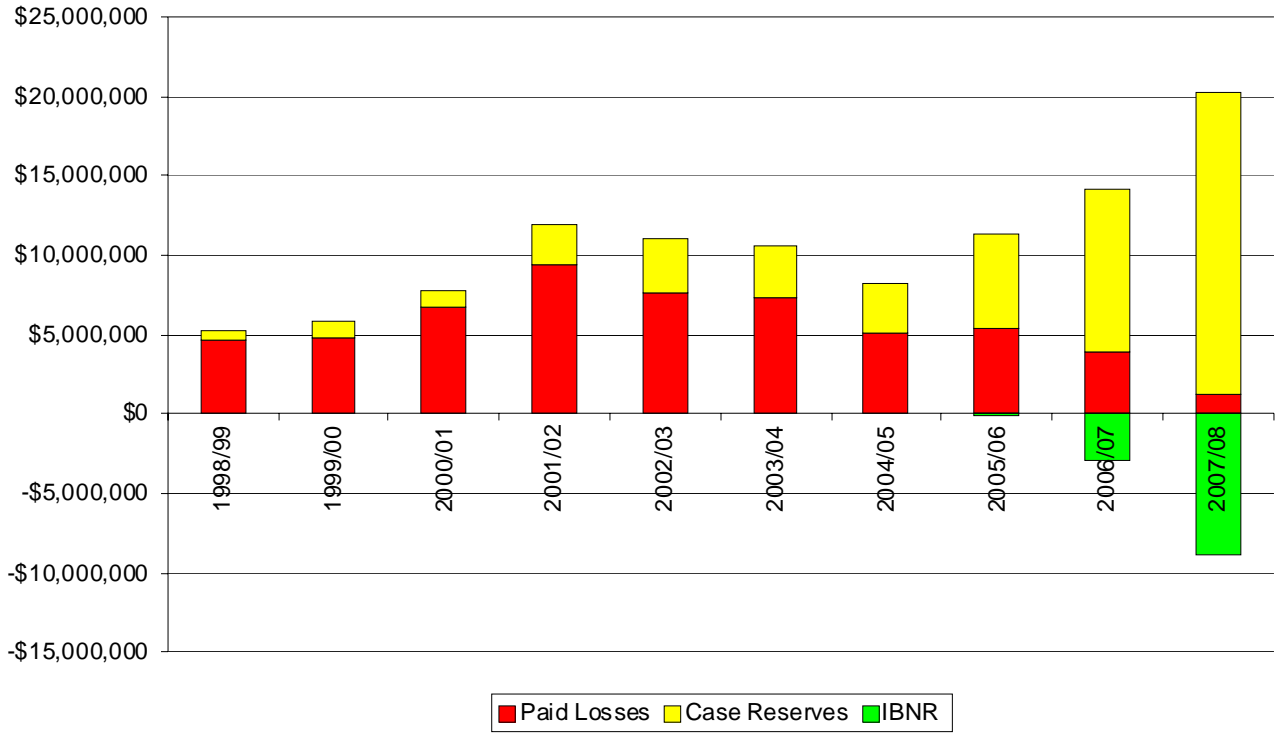
**Graph III-2
Frequency and Severity
(DOE)**



Note: Frequency amounts are from Exhibit WC-DOE-8, Section I, column (7).
Severity amounts are based on the projected claim counts in Exhibit WC-DOE-8 and the projected ultimate losses in Exhibit WC-DOE-9.

Graph III-3 shows the composition of the projected ultimate limited losses.

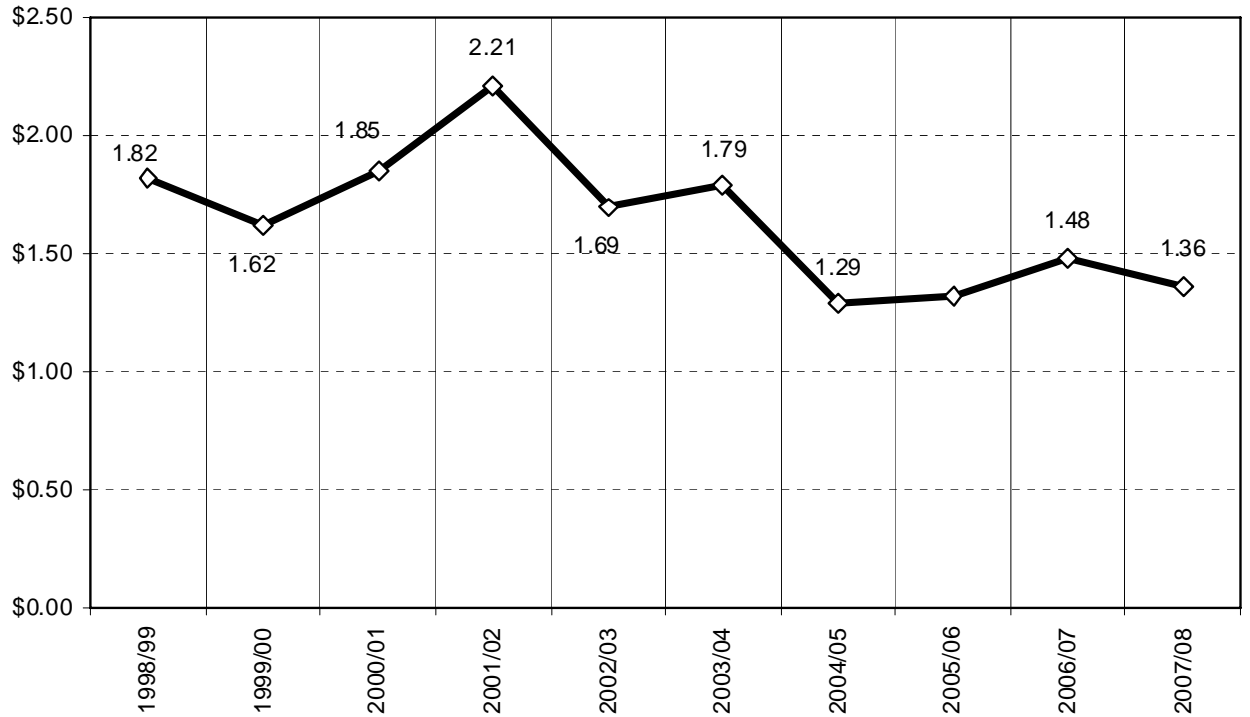
Graph III-3
Composition of Projected Ultimate Limited Losses
(DOE)



Note: Amounts are from Exhibit WC-DOE-10.

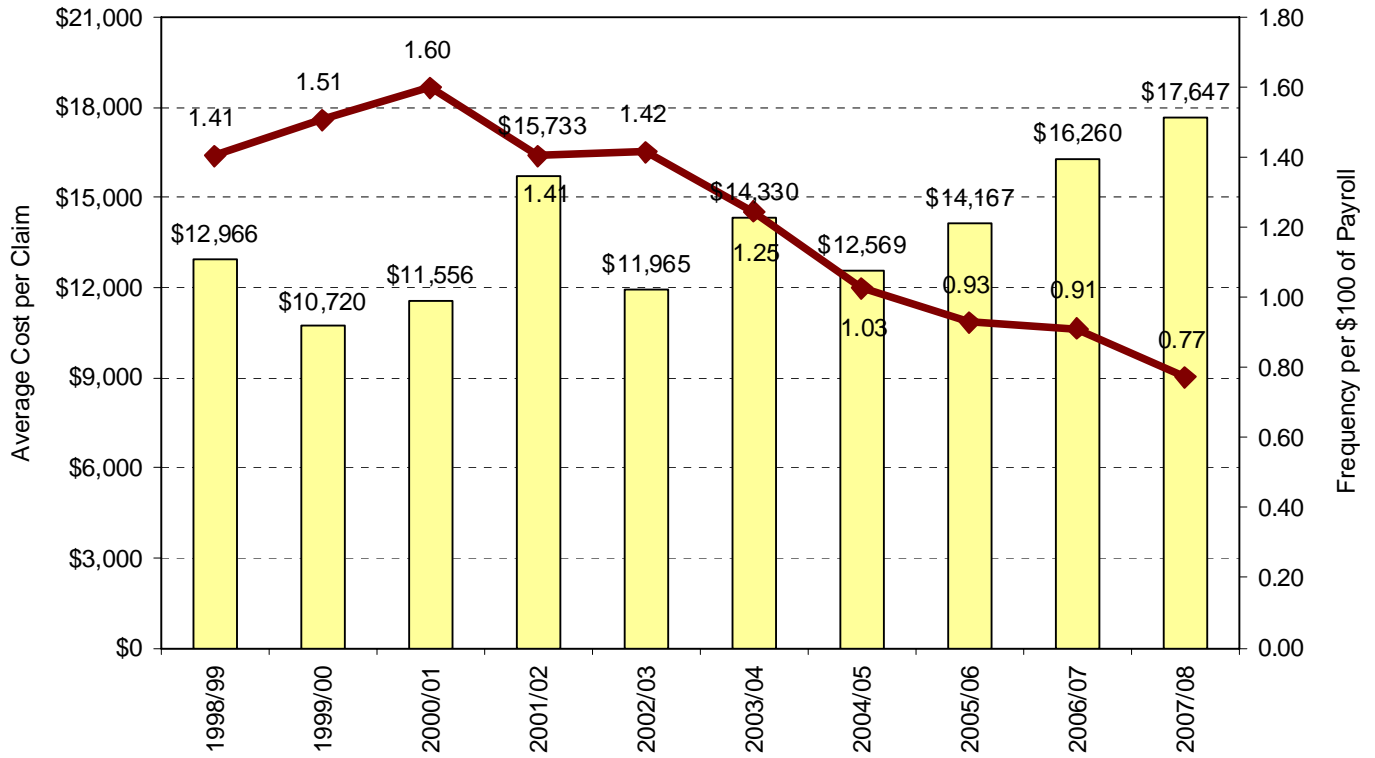
Graphs III-1A through III-1C show loss experience trends for HRD as measured by loss rate per \$100 of payroll and frequency and severity, respectively.

Graph III-1
Loss Rate per \$100 of Payroll
(HRD)



Note: Loss rates are based on Exhibit WC-HRD-9, column (8) and Exhibit WC-HRD-1, column (5).

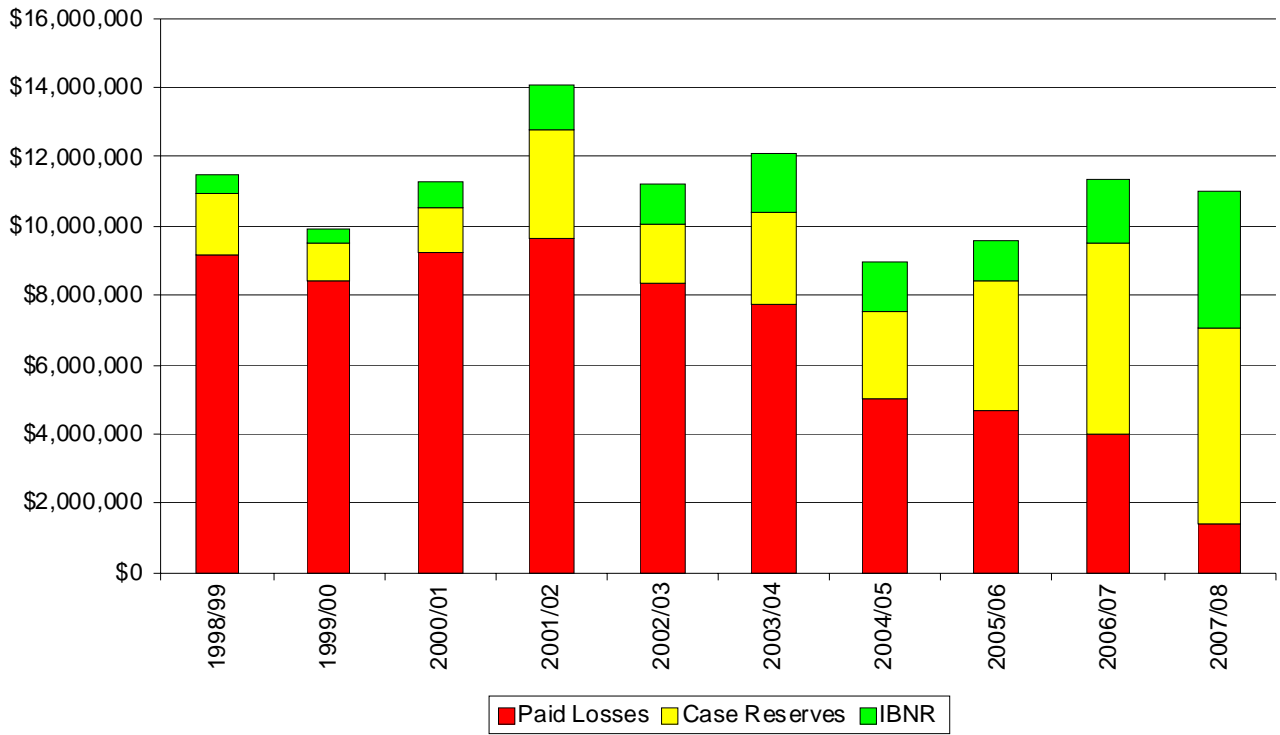
**Graph III-2
Frequency and Severity
(HRD)**



Note: Frequency amounts are from Exhibit WC-HRD-8, Section I, column (7).
Severity amounts are based on the projected claim counts in Exhibit WC-HRD-8 and the projected ultimate losses in Exhibit WC-HRD-9.

Graph III-3 shows the composition of the projected ultimate limited losses.

Graph III-3
Composition of Projected Ultimate Limited Losses
(HRD)



Note: Amounts are from Exhibit WC-HRD-10.

3. Affirm GASB Statement No. 10

We affirm the conclusions of this report are consistent with GASB Statement No. 10.

Appendix A
Conditions and Limitations

Conditions and Limitations

It is important to understand the conditions and limitations listed below. Each chapter and section is an integral part of the whole study. If there are questions, please contact ARM Tech for clarification.

- **Data Quality.** We relied upon data provided by the organization shown on the transmittal page or its designated agents. The data was used without verification or audit, other than checks for reasonableness. Unless otherwise stated, we assumed the data to be correct and complete.
- **Economic Environment.** Unless otherwise stated, we assumed the current economic conditions will continue in the foreseeable future.
- **Insurance Coverage.** Unless otherwise stated, we assumed no insurance coverage changes (including coverage provided by the organization to others) subsequent to the date this study was prepared. This includes coverage language, self-insured retention, limitations and similar issues.
- **Insurance Solvency.** Unless otherwise stated, we assumed all insurance purchased by the organization is from solvent sources payable in accordance with terms of the coverage document.
- **Interest Rate.** The exhibits specify the annual interest rate used.
- **Methodology.** In this study, different actuarial methods were applied. In some instances, the methods yield significantly disparate results. The estimates, projections and recommendations in this study reflect our judgments as to the best method or combination of methods that are most reliable and reflective of the exposure to loss.
- **Reproduction.** This study may only be reproduced in its entirety.
- **Risk and Variability.** Insurance is an inherently risky enterprise. Actual losses may vary significantly from our estimates, projections and recommendations. They may emerge higher or lower.

- **Statutory and Judicial Changes.** Legislatures and judiciaries may change statutes that govern indemnification. This includes benefit levels for workers compensation, immunities and limitations for liability, and other similar issues. Unless otherwise stated, we assumed no statutory changes subsequent to the date this study was prepared.
- **Supplemental Data.** In addition to the data provided by the organization, we supplemented our analysis with data from similar organizations and insurance industry statistics, as we deemed appropriate.
- **Usage.** This study has been prepared for the usage of the organization shown on the transmittal page. It was not prepared for and may not be appropriate for use by other organizations. Other organizations should obtain written permission from ARM Tech prior to use of this study.

Appendix B
Glossary of Actuarial Terms

Glossary of Actuarial Terms

Actuarial Methods (Most Common)

A major objective of an actuarial study is to statistically project ultimate losses. The following actuarial methods are the most common:

- Developed Paid Losses
- Developed Reported Incurred Losses
- Developed Case Reserves
- Frequency Times Severity Analysis
- Loss Rate Analysis

The following describes each method:

1. **Developed Paid Losses.** Paid losses represent the amounts actually paid to claimants (less excess insurance recoveries). As time goes on, loss payments continue until all claims are closed and there are no remaining payments expected. At this time, the ultimate losses for the claim period are known. This common process is called “paid loss development.”

Paid loss development is an extrapolation of actual dollars paid. It does not depend on case reserve estimates. A potential shortcoming of utilizing this method is that only a small fraction of total payments have been made for the most recent claim periods. Extrapolating ultimate losses based on small amounts of actual payments may be speculative. A second potential shortcoming is that payment patterns can change over time.

2. **Developed Reported Incurred Losses.** Reported incurred losses are paid losses plus case reserves. In most programs, total reported incurred losses underestimate the ultimate losses. Over time, as more information about a body of claims becomes known, they are adjusted either up or down until they are closed. Though many individual claims settle for less than what was estimated, these decreases are generally more than offset by increases in the cost of other claims for which new information has emerged.

The net effect is that total estimated costs are often revised upward over time. This normal process is called “reported incurred loss development.” Actuaries typically

review the development patterns of the recent past to make projections of the expected future loss development and, therefore, estimations of ultimate losses.

3. **Developed Case Reserves.** The developed case reserves method is a hybrid of the paid loss development and reported incurred loss development methods. It relies on the historical adequacy of case reserves to predict ultimate losses.
4. **Frequency Times Severity Analysis.** The frequency times severity analysis is an actuarial method that uses a preliminary projection of ultimate losses to project claims severity. The claims severity times the number of claims is a predictor of ultimate losses. The focus of the frequency times severity analysis is that ultimate losses each period are dependent on the number of claims.
5. **Loss Rate Analysis.** The loss rate analysis is based on the historical loss rates per exposure unit (such as payroll, vehicles or property value). The loss rates (projected ultimate losses divided by exposure units) are trended to reflect the effect of claim cost inflation and retention changes. The trended loss rates represent the rates that one would see if all of the claims had been handled in the claim cost environment that will be present in the upcoming period. The trended loss rate times the projected exposure units is a predictor of losses.
6. **Bornhuetter-Ferguson Method (B-F).** The B-F method is an actuarial method that weights a preliminary projection of ultimate losses with projections of ultimate losses determined by other actuarial methods (usually the developed paid losses and developed reported incurred losses methods). For less mature claim periods, the B-F method leans more heavily to the preliminary projection. It gradually converges to the projections of ultimate losses determined by the other actuarial methods as the claim periods mature.

Actuary

A specialist trained in mathematics, statistics, and finance who is responsible for rate, reserve, and dividend calculations and other statistical studies.

Allocated Loss Adjustment Expenses

Allocated loss adjustment expenses (ALAE) are the direct expenses to settle specific claims. These expenses are primarily legal expenses.

Governmental Accounting Standards Board (GASB) Statement No. 10 requires that ALAE be included in financial statements and that they be calculated by actuarial methods.

American Academy of Actuaries

A society concerned with the development of education in the field of actuarial science and with the enhancement of standards in the actuarial field. Members may use the designation MAAA (Member, American Academy of Actuaries).

Benefits

The financial reimbursement and other services provided insureds by insurers under the terms of an insurance contract. An example would be the benefits listed under a life or health insurance policy or benefits as prescribed by a workers compensation law.

Casualty Actuarial Society

A professional society for actuaries in areas of property and casualty insurance work. This society grants the designation of Associate of the Casualty Actuarial Society (ACAS) and Fellow of the Casualty Actuarial Society (FCAS).

Claim

Demand by an individual or entity to recover for a loss.

Claims Made

A policy written on this basis covers only those claims that are made during the policy period. Coverage for prior acts is provided back to what is known as the retroactive date, which is the effective date of the original claims made policy with the same insurer.

Composite Rate

A single rate with a single basis of premium (e.g., payroll or sales). For this single rate the insured is covered for a variety of hazards, such as premises and operations, completed operations, products liability, and automobile. Its primary value is to compute premium simply.

Confidence Level

A confidence level is the statistical certainty that an actuary believes funding will be sufficient. For example, an 80% confidence level means that the actuary believes funding will be sufficient in eight years out of ten.

Confidence levels are determined based on mathematical models. Coverages that are low frequency and high severity (such as excess liability) are subject to greater risk than coverages that are high frequency and low severity (such as automobile physical damage). Therefore, they need a greater margin to attain a given confidence level.

GASB Statement No. 10 requires public entities to use “expected” amounts as a liability in financial statements. Expected corresponds to approximately a 55% confidence level. Amounts above expected are prudent, but should be considered equity (not a liability).

Coverage

The scope of the protection provided under a contract of insurance.

Credibility

Credibility is the belief that the sample data is an accurate reflection of the larger population. Credibility is highest when the sample data is large and the standard deviation (discussed later) of the larger population is low.

Dates

There are at least three milestone dates in a claim. They are the date of injury or accident, the date of report and the date of closure. It is best if each of these dates is recorded. Some organizations may also keep the date a claim becomes a lawsuit, as opposed to a demand. ARM Tech recommends this additional level of detail, especially if the data is to be used for litigation management.

Deductible

The portion of an insured loss to be borne by the insured before he is entitled to recovery from the insurer. Deductibles may be expressed as a dollar amount, percentage or waiting period.

Disability

A condition that curtails a person's ability to carry on his normal pursuits. A disability may be partial or total, and temporary or permanent.

Dividend (Policyholder)

The return of part of the premium paid for a policy issued on a participating basis by either a mutual or a stock insurer.

Estimated Outstanding Losses

Estimated outstanding losses are the cost of claims that have occurred but have not yet been paid. They typically include indemnification and allocated loss adjustment expenses (ALAE), but not unallocated loss adjustment expenses (ULAE).

Estimated outstanding losses are calculated as projected ultimate losses less paid losses. Alternatively, they are the sum of case reserves and incurred but not reported (IBNR) claims.

Estimated outstanding losses are usually the largest single item listed as a liability on the balance sheet of a public entity's financial statement. GASB Statement No. 10 requires they be calculated by actuarial methods. Other common names for estimated outstanding losses are outstanding claims liabilities and unpaid claims.

Experience Rating

A method of adjusting the premium for a risk based on past loss experience for that risk compared to loss experience for an average risk.

Exposure Data

Exposure data refers to the activities of the organization. For example, payroll is the most common exposure measure for workers compensation. ARM Tech suggests collecting exposure data with the following characteristics:

- **Readily Available.** The exposure data should be easily obtained. It is best if it is a byproduct of other activities, although this is not always possible. If getting data is arduous, it may discourage collection.

- **Vary With Losses.** The exposure data should correlate directly with losses. The ideal situation is where exposure and expected losses move in tandem. The exposure base needs to be fitting to the coverage. For example, the number of employees may vary with property losses (more employees = more office space = more losses), but property value is a clearly superior exposure base for property losses.

Generally Accepted Accounting Principles (GAAP)

These principles are intended to produce financial results (in the insurance industry) consistent with those of other industries and to assure consistency in financial reporting.

Incurred But Not Reported

IBNR is really comprised of two distinct items. These are the development of known case reserves (incurred but not enough reported [IBNER] and incurred but not yet reported [IBNYR]).

IBNER are the actuary's estimate of the inadequacy of case reserves. Most claims settle at amounts close to what is set by the claims administrator. Some claims close favorably and some emerge as more expensive. On balance, case reserves tend to be too low (especially for recent years). IBNER is the actuary's estimate of the amount total case reserves will rise upon closure.

IBNYR refers to those claims that have occurred, but have not yet been reported. A classic example is medical malpractice claim reported several years after the medical procedure was performed.

Insurance Services Office (ISO)

An organization of the property and casualty insurance business designed to gather statistics, promulgate rates, and develop policy forms.

Investment Income

The return received by entities from their investment portfolios, including interest, dividends and realized capital gains on stocks. Realized capital gains means the profit realized on assets that have actually been sold for more their purchase price.

Limited

Most programs purchase excess insurance for catastrophic claims. For example, they may purchase coverage for claims above a \$500,000 per occurrence self-insured retention. “Limited” refers to an estimate or projection being limited to the self-insured retention. In contrast, “unlimited” means a loss projection not limited to the self-insured retention.

Other common names for limited are net of excess insurance or capped losses.

Loss Development

The difference between the amount of losses initially estimated by the insurer and the amount reported in an evaluation on a later date. Loss development is typically measured for paid losses, reported incurred losses and claim counts.

Manual Rates

Usually, the published rate for some unit of insurance. An example is in the workers compensation manual, where the rates shown apply to each \$100 of the payroll of the insured, \$100 being the “unit.”

National Council on Compensation Insurance (NCCI)

An association of workers compensation insurance companies whose main functions are collecting statistics and calculating rates, establishing policy wording, developing experience and retrospective rating plans, and serving as the filing organization for member companies.

Net

Many pooling programs assign deductibles to members. For example, each member may have a \$5,000 per claim deductible. “Net” refers to a loss estimate or projection that excludes amounts below member deductibles.

Occurrence

An event that results in an insured loss. In some lines of insurance, such as general liability, it is distinguished from accident in that the loss does not have to be sudden and fortuitous and can result from continuous or repeated exposure that results in bodily injury or property damage neither expected nor intended by the insured.

Pool

An organization of entities through which particular types of risks are written with the premiums, losses, and expenses shared in agreed amounts among the members belonging to the organization.

Premium

The price of insurance protection for a specified risk for a specified period of time.

Present Value

The amount of money that future amounts receivable are currently worth. For example, a Life Insurance policy may provide for payments to be made monthly for ten years. The present value of that money would be less than the total amount of the regular periodic payments for 10 years because of the amount of interest that a present lump sum could earn during the term than the payments otherwise would have been made.

Probability

The probability is the likelihood of an event. It is a measure of how likely a value or event is to occur. It can be measured from data by calculating the number of occurrences of the value or event divided by the total number of occurrences. This calculation can be converted to a percentage. For example, tossing a coin has a 50% probability of heads or tails.

Projected Losses Paid

Projected losses paid are the projected claims disbursements in a period, regardless of when the claim occurred. They typically include indemnification and ALAE, but not unallocated loss adjustment expenses (ULAE).

“Projected losses paid” is a cash-flow analysis that can be used in making investment decisions.

Projected Ultimate Losses

Projected ultimate losses are the accrual value of claims. They are the total amount that is expected to be paid in a particular claim period after all claims are closed. Projected ultimate

losses are the total loss costs for a particular period. They typically include indemnification and ALAE, but not ULAE.

Other common names for projected ultimate losses are expected losses, ultimate losses and total losses.

Rate

The cost of a given unit of insurance. For example, in life insurance, it is the price of \$1,000 of the face amount. In property insurance, it is the rate per \$100 of value to be insured. The premium is the rate multiplied by the number of units of insurance purchased.

Retrospective Rating

A method for which the final premium is not determined until the end of the coverage period, and is based on the insured's own loss experience for that same period. It is usually subject to a maximum and minimum premium. A plan of this type can be used in various types of insurance, especially workers compensation and liability, and is usually elected by only very large insureds.

Salvage

Property taken over by an entity to reduce its loss. Automobile physical damage losses can be reduced by the sale of recovered vehicles.

Schedule Rating

The application of debits or credits within established ranges for various characteristics of a risk according to an established schedule of items. Under liability and automobile insurance, the schedule rating plan allows credits and debits for various good or bad features of a particular commercial risk. An example in automobile schedule rating would be allowing credits for driver training classes or fleet maintenance programs.

Self-Insurance Retention (SIR)

That portion of a risk or potential loss assumed by an insured. It is often in the form of a per occurrence deductible.

Society of Actuaries (SOA)

A professional society for actuaries in areas of pensions, and life and health insurance work. The SOA grants the designation Associate of the Society of Actuaries (ASA) and Fellow of the Society of Actuaries (FSA).

Standard Premium

Most often used in connection with retrospective rating for Workers Compensation and General Liability Insurance. It is the premium of which the basic premium is a percentage and is developed by applying the regular rates to an insured's payroll.

State Fund

A fund set up by a state government to finance a mandatory insurance system, such as Workers Compensation or non-occupational disability benefits. Such a fund may be monopolistic, i.e., purchasers of the type of insurance required must place it in the state fund; or it may be competitive, i.e., an alternative to private insurance if the purchaser desires to use it.

Statutory Accounting Principles (SAP)

Those principles required by statute that must be followed by an insurance company or other similar entity when submitting its financial statement to the state insurance department. Such principles differ from (GAAP) in some important respects. For one thing SAP requires that expenses must be recorded immediately and cannot be deferred to track with premiums as they are earned and taken into revenue.

Unallocated Loss Adjustment Expenses

Unallocated loss adjustment expenses (ULAE) are the indirect expenses to settle claims. These expenses are primarily administration and claims handling expenses.

GASB Statement No. 10 requires that ULAE be included in financial statements and that they be calculated by actuarial methods.

Appendix C

Exhibits

Exhibits

The attached exhibits detail our analysis.

STATE OF HAWAII
WORKERS' COMPENSATION - DEPARTMENT OF EDUCATION

Exhibit WC-DOE-1

Data Summary as of June 30, 2008

Claim Period (1)	Specific Self-Insured Retention (2)	Aggregate Retention (3)	Months of Development 6/30/08 (4)	Payroll (000) (5)	Reported Claims 6/30/08 (6)	Open Claims 6/30/08 (7)	Unlimited Paid Losses 6/30/08 (8)	Unlimited Case Reserves 6/30/08 (9)	Unlimited Reported Incurred Losses 6/30/08 (10)
to 1988/89	Statutory	None	240.0	Not Provided	1,122	38	\$17,557,301	\$4,096,753	\$21,654,054
1989/90	Statutory	None	228.0	Not Provided	917	5	3,020,527	157,087	3,177,614
1990/91	Statutory	None	216.0	Not Provided	1,003	5	3,356,533	331,053	3,687,585
1991/92	Statutory	None	204.0	Not Provided	964	3	4,239,463	600,279	4,839,742
1992/93	Statutory	None	192.0	Not Provided	993	0	4,768,463	0	4,768,463
1993/94	Statutory	None	180.0	Not Provided	1,030	5	5,194,640	463,314	5,657,954
1994/95	Statutory	None	168.0	Not Provided	881	4	3,667,810	701,632	4,369,442
1995/96	Statutory	None	156.0	Not Provided	793	7	4,239,884	933,167	5,173,051
1996/97	Statutory	None	144.0	Not Provided	946	6	4,391,634	369,793	4,761,427
1997/98	Statutory	None	132.0	Not Provided	1,062	9	4,891,924	621,744	5,513,667
1998/99	Statutory	None	120.0	783,981	1,007	9	4,560,365	714,504	5,274,869
1999/00	Statutory	None	108.0	787,530	1,077	10	4,786,300	1,104,374	5,890,674
2000/01	Statutory	None	96.0	799,430	1,053	18	6,693,102	1,032,144	7,725,246
2001/02	Statutory	None	84.0	861,290	1,105	37	9,330,760	2,564,199	11,894,959
2002/03	Statutory	None	72.0	935,231	1,088	50	7,636,560	3,443,124	11,079,685
2003/04	Statutory	None	60.0	965,477	1,050	58	7,338,023	3,195,094	10,533,116
2004/05	Statutory	None	48.0	1,004,500	1,059	75	5,117,791	3,132,837	8,250,628
2005/06	Statutory	None	36.0	1,073,187	928	122	5,375,188	6,006,673	11,381,861
2006/07	Statutory	None	24.0	1,133,887	919	229	3,940,648	10,124,831	14,065,479
2007/08	Statutory	None	12.0	1,182,068	729	518	1,258,686	19,007,036	20,265,722
Total					19,726	1,208	\$111,365,602	\$58,599,636	\$169,965,238

(8), (9) and (10) are net of specific self insured retention.

Data was provided by the State.

STATE OF HAWAII
WORKERS' COMPENSATION - DEPARTMENT OF EDUCATION

Exhibit WC-DOE-2 (page 1)

Summary of Percent Losses Paid, Losses Reported and Claims Reported

Months of Development (1)	Percent Losses Paid (2)	Percent Losses Reported (3)	Percent Claims Reported (4)	Months of Development (5)	Percent Losses Paid (6)	Percent Losses Reported (7)	Percent Claims Reported (8)
360.0	100.0%	100.0%	100.0%	354.0	100.0%	100.0%	100.0%
348.0	100.0%	100.0%	100.0%	342.0	100.0%	100.0%	100.0%
336.0	100.0%	100.0%	100.0%	330.0	100.0%	100.0%	100.0%
324.0	100.0%	100.0%	100.0%	318.0	100.0%	100.0%	100.0%
312.0	100.0%	100.0%	100.0%	306.0	100.0%	100.0%	100.0%
300.0	100.0%	100.0%	100.0%	294.0	100.0%	100.0%	100.0%
288.0	100.0%	100.0%	100.0%	282.0	100.0%	100.0%	100.0%
276.0	100.0%	100.0%	100.0%	270.0	100.0%	100.0%	100.0%
264.0	100.0%	100.0%	100.0%	258.0	100.0%	100.0%	100.0%
252.0	100.0%	100.0%	100.0%	246.0	100.0%	100.0%	100.0%
240.0	100.0%	100.0%	100.0%	234.0	99.8%	100.0%	100.0%
228.0	99.5%	100.0%	100.0%	222.0	99.2%	100.0%	100.0%
216.0	98.9%	100.0%	100.0%	210.0	98.6%	100.0%	100.0%
204.0	98.2%	100.0%	100.0%	198.0	97.8%	100.0%	100.0%
192.0	97.4%	100.0%	100.0%	186.0	97.0%	100.0%	100.0%
180.0	96.6%	100.0%	100.0%	174.0	96.1%	100.0%	100.0%
168.0	95.6%	100.0%	100.0%	162.0	95.0%	100.0%	100.0%
156.0	94.5%	100.0%	100.0%	150.0	93.8%	100.0%	100.0%
144.0	93.2%	100.0%	100.0%	138.0	92.4%	100.0%	100.0%
132.0	91.6%	100.0%	100.0%	126.0	90.7%	100.0%	100.0%
120.0	89.8%	100.0%	100.0%	114.0	88.9%	100.0%	100.0%
108.0	88.1%	100.0%	100.0%	102.0	86.8%	100.0%	100.0%
96.0	85.5%	100.0%	100.0%	90.0	83.5%	100.0%	100.0%
84.0	81.4%	100.0%	100.0%	78.0	79.3%	100.0%	100.0%
72.0	77.2%	100.0%	100.0%	66.0	73.7%	100.0%	100.0%
60.0	70.2%	100.0%	100.0%	54.0	65.9%	100.0%	100.0%
48.0	61.5%	100.0%	99.9%	42.0	56.2%	100.0%	99.8%
36.0	50.9%	100.0%	99.7%	30.0	43.0%	113.7%	99.4%
24.0	35.1%	127.4%	99.1%	18.0	23.0%	152.2%	92.3%
12.0	11.0%	176.9%	85.4%	6.0	5.5%	88.5%	42.7%

(2) is from Exhibit WC-DOE-2 (page 2).

(3) is from Exhibit WC-DOE-2 (page 3).

(4) is from Exhibit WC-DOE-2 (page 4).

(6), (7) and (8) are interpolated, based on (2), (3) and (4), respectively.

STATE OF HAWAII
WORKERS' COMPENSATION - DEPARTMENT OF EDUCATION

Historical Unlimited Paid Losses (\$000) and Unlimited Paid Loss Development

I. Historical Unlimited Paid Losses (\$000)

Claim Period	Months of Development:																			
	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204	216	228	240
to 1988/89																	15,439	16,630	17,136	17,557
1989/90																2,950	2,978	3,002	3,021	
1990/91																3,292	3,350	3,353	3,357	
1991/92															4,011	4,169	4,195	4,239		
1992/93															4,608	4,766	4,768			
1993/94												5,042	5,116	5,181	5,195					
1994/95												3,595	3,641	3,658	3,668					
1995/96										3,808	3,908	4,022	4,240							
1996/97										4,172	4,292	4,350	4,392							
1997/98										4,474	4,724	4,798	4,892							
1998/99										4,148	4,295	4,499	4,560							
1999/00								4,346	4,476	4,593	4,786									
2000/01						5,514	5,949	6,480	6,693											
2001/02				6,985	8,016	8,892	9,331													
2002/03			4,982	6,123	6,806	7,637														
2003/04		3,663	5,249	6,314	7,338															
2004/05	966	2,919	4,258	5,118																
2005/06	1,039	3,698	5,375																	
2006/07	1,315	3,941																		
2007/08	1,259																			

II. Unlimited Paid Loss Development

Claim Period	Months of Development:																				
	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-168	168-180	180-192	192-204	204-216	216-228	228-240	240-Ult	
to 1988/89																	1.077	1.030	1.025		
1989/90																1.010	1.008	1.006			
1990/91															1.018	1.001	1.001				
1991/92															1.039	1.006	1.011				
1992/93															1.000	1.000	1.000				
1993/94												1.015	1.013	1.003							
1994/95												1.013	1.005	1.003							
1995/96										1.026	1.029	1.054									
1996/97									1.029	1.013	1.010										
1997/98									1.056	1.016	1.020										
1998/99									1.035	1.048	1.014										
1999/00								1.030	1.026	1.042											
2000/01					1.079	1.089	1.033														
2001/02				1.148	1.109	1.049															
2002/03			1.229	1.112	1.122																
2003/04		1.433	1.203	1.162																	
2004/05	3.021	1.458	1.202																		
2005/06	3.560	1.454																			
2006/07	2.996																				
2007/08																					
Average																					
All	3.192	1.448	1.211	1.140	1.103	1.056	1.031	1.049	1.019	1.020	1.017	1.024	1.017	1.014	1.008	1.007	1.029	1.018	1.025		
Wtd 3	3.180	1.448	1.212	1.141	1.105	1.057	1.032	1.049	1.019	1.020	1.017	1.024	1.017	1.012	1.007	1.007	1.056				
Last 3	3.192	1.448	1.211	1.140	1.103	1.056	1.031	1.049	1.019	1.020	1.017	1.024	1.017	1.014	1.008	1.007	1.029				
Last 5																					
x-hi,low																					
Similar Previous	2.524	1.388	1.148	1.061	1.037	1.023	1.015	1.105													
Selected	3.200	1.450	1.210	1.140	1.100	1.055	1.050	1.030	1.020	1.020	1.017	1.014	1.012	1.010	1.009	1.008	1.007	1.006	1.005	1.000	
Cumulative	9.122	2.851	1.966	1.625	1.425	1.296	1.228	1.170	1.136	1.113	1.091	1.073	1.058	1.046	1.035	1.026	1.018	1.011	1.005	1.000	
Percent	11.0%	35.1%	50.9%	61.5%	70.2%	77.2%	81.4%	85.5%	88.1%	89.8%	91.6%	93.2%	94.5%	95.6%	96.6%	97.4%	98.2%	98.9%	99.5%	100.0%	

Amounts are unlimited (gross of excess insurance).

Data was provided by the State.

STATE OF HAWAII
WORKERS' COMPENSATION - DEPARTMENT OF EDUCATION

Historical Unlimited Reported Incurred Losses (\$000) and Unlimited Reported Incurred Loss Development

I. Historical Unlimited Reported Incurred Losses (\$000)

Claim Period	Months of Development:																			
	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204	216	228	240
to 1988/89																	21,155	21,710	22,113	21,654
1989/90																3,807	3,081	3,150	3,178	
1990/91															3,680	3,674	3,708	3,688		
1991/92														4,894	4,665	4,991	4,840			
1992/93													5,774	5,197	5,015	4,768				
1993/94											6,326	6,087	5,864	5,658						
1994/95										4,416	4,769	4,747	4,369							
1995/96								4,474	5,221	5,303	5,173									
1996/97							5,049	5,537	4,933	4,737	4,761									
1997/98							5,285	5,285	5,594	5,514										
1998/99						4,954	5,150	5,381	5,275											
1999/00						5,273	5,640	5,900												
2000/01					7,364	7,457	8,126	7,725												
2001/02				10,524	11,935	12,536	11,895													
2002/03			10,684	11,073	11,806	11,080														
2003/04		13,333	10,706	10,982	10,533															
2004/05	17,283	12,278	9,393	8,251																
2005/06	17,337	14,520	11,382																	
2006/07	22,968	14,065																		
2007/08	20,266																			

II. Unlimited Reported Incurred Loss Development

Claim Period	Months of Development:																			
	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-168	168-180	180-192	192-204	204-216	216-228	228-240	240-Ult
to 1988/89																	1.026	1.019	0.979	
1989/90																0.809	1.022	1.009		
1990/91															0.998	1.009	0.995			
1991/92														0.953	1.070	0.970				
1992/93													0.900	0.965	0.951					
1993/94											0.962	0.963	0.965							
1994/95										1.080	0.995	0.920								
1995/96									1.167	1.016	0.975									
1996/97								0.891	0.960	1.005										
1997/98								1.047	1.059	0.986										
1998/99							1.040	1.045	0.980											
1999/00						1.070	1.046	0.998												
2000/01					1.013	1.090	0.951													
2001/02				1.134	1.050	0.949														
2002/03			1.036	1.066	0.938															
2003/04		0.803	1.026	0.959																
2004/05	0.710	0.765	0.878																	
2005/06	0.837	0.784																		
2006/07	0.612																			
2007/08																				
Average																				
All	0.720	0.784	0.980	1.053	1.001	1.036	1.012	1.030	0.977	1.038	1.034	0.978	0.928	0.961	1.006	0.929	1.014	1.014	0.979	
Wtd 3	0.710	0.784	0.985	1.052	0.999	1.016	1.003	1.028	0.975	1.031	1.032	0.976	0.929	0.961	1.006	0.932	1.022			
Last 3	0.720	0.784	0.980	1.053	1.001	1.036	1.012	1.030	0.977	1.038	1.034	0.978	0.928	0.961	1.006	0.929	1.014			
Last 5																				
x-hi,low																				
Similar Previous	1.349	1.092	1.028	1.010	1.008	1.022	1.002	1.059												
Selected	0.720	0.785	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Cumulative	0.565	0.785	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Percent	176.9%	127.4%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Amounts are unlimited (gross of excess insurance).

Data was provided by the State.

STATE OF HAWAII
 WORKERS' COMPENSATION - DEPARTMENT OF EDUCATION
 Historical Reported Claims and Reported Claim Development

I. Historical Reported Claims

Claim Period	Months of Development:																			
	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204	216	228	240
to 1988/89																				
1989/90																	1,119	1,119	1,119	1,122
1990/91																917	917	917	917	
1991/92															1,003	1,003	1,003	1,003		
1992/93														964	964	964	964			
1993/94												1,030	993	993	1,030	993				
1994/95												881	881	881						
1995/96										793	793	793	793	881						
1996/97									946	946	946	946								
1997/98								1,062	1,062	1,062	1,062									
1998/99								1,007	1,007	1,007	1,007									
1999/00							1,077	1,077	1,077	1,077										
2000/01							1,053	1,053	1,053											
2001/02				1,104			1,105	1,105												
2002/03			1,084	1,088	1,088															
2003/04		1,046	1,049	1,049	1,050															
2004/05	916	1,053	1,057	1,059																
2005/06	755	917	928																	
2006/07	822	919																		
2007/08	729																			

II. Reported Claim Development

Claim Period	Months of Development:																			
	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-168	168-180	180-192	192-204	204-216	216-228	228-240	240-Ult
to 1988/89																				
1989/90																	1,000	1,000	1,003	
1990/91																1,000	1,000	1,000		
1991/92														1,000	1,000	1,000				
1992/93														1,000	1,000	1,000				
1993/94												1,000	1,000	1,000						
1994/95											1,000	1,000	1,000							
1995/96										1,000	1,000	1,000								
1996/97									1,000	1,000	1,000									
1997/98								1,000	1,000	1,000										
1998/99								1,000	1,000	1,000										
1999/00						1,000	1,000	1,000												
2000/01					1,000	1,000	1,000													
2001/02				1,001	1,000	1,000														
2002/03			1,004	1,000	1,000															
2003/04		1,003	1,000	1,001																
2004/05	1,150	1,004	1,002																	
2005/06	1,215	1,012																		
2006/07	1,118																			
2007/08																				
Average																				
All	1.161	1.006	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.003	
Wtd 3	1.159	1.006	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
Last 3	1.161	1.006	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000			
Last 5																				
x-hi,low																				
Similar																				
Previous																				
Selected	1.160	1.006	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Cumulative	1.170	1.009	1.003	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Percent	85.4%	99.1%	99.7%	99.9%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Data was provided by the State.

STATE OF HAWAII
WORKERS' COMPENSATION - DEPARTMENT OF EDUCATION

Historical Ratio of Unlimited Paid Losses and Unlimited Reported Incurred Losses

I. Ratio of Unlimited Paid Losses to Unlimited Reported Incurred Losses

Claim Period	Months of Development:																				
	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204	216	228	240	
to 1988/89																					
1989/90																	73.0%	76.6%	77.5%	81.1%	
1990/91																77.5%	96.7%	95.3%			
1991/92															89.5%	91.2%	90.4%	91.0%			
1992/93														82.0%	89.4%	84.0%	87.6%				
1993/94												79.7%	79.8%	91.7%	95.1%	100.0%					
1994/95												81.4%	84.0%	88.4%	91.8%						
1995/96										85.1%	81.4%	74.9%	75.8%	82.0%							
1996/97											75.3%	87.0%	91.8%								
1997/98								88.6%	89.4%	85.8%	88.7%										
1998/99							83.7%	83.4%	83.6%	86.5%											
1999/00						82.4%	79.4%	77.8%	81.3%												
2000/01					74.9%	79.8%	79.7%	86.6%													
2001/02				66.4%	67.2%	70.9%	78.4%														
2002/03			46.6%	55.3%	57.7%	68.9%															
2003/04		27.5%	49.0%	57.5%	69.7%																
2004/05	5.6%	23.8%	45.3%	62.0%																	
2005/06	6.0%	25.5%	47.2%																		
2006/07	5.7%	28.0%																			
2007/08	6.2%																				
Average																					
All	5.9%	26.2%	47.1%	60.3%	67.3%	75.5%	80.3%	84.1%	82.4%	86.1%	84.2%	81.0%	80.7%	86.5%	91.4%	88.2%	86.9%	87.6%	86.3%	81.1%	
Last 3	6.0%	25.8%	47.2%	58.3%	64.8%	73.2%	79.2%	82.6%	84.7%	86.4%	85.1%	81.5%	81.0%	88.0%	92.1%	91.7%	91.6%	87.6%			
Last 5																					
x-hi,low																					
Implicit	6.2%	27.5%	50.9%	61.5%	70.2%	77.2%	81.4%	85.5%	88.1%	89.8%	91.6%	93.2%	94.5%	95.6%	96.6%	97.4%	98.2%	98.9%	99.5%	100.0%	

Developed Unlimited Paid Losses

Claim Period (1)	Months of Development 6/30/08 (2)	Unlimited Paid Losses 6/30/08 (3)	Percent Losses Paid (4)	Developed Unlimited Paid Losses (3)/(4) (5)
to 1988/89	240.0	\$17,557,301	100.0%	\$17,557,301
1989/90	228.0	3,020,527	99.5%	3,035,630
1990/91	216.0	3,356,533	98.9%	3,393,555
1991/92	204.0	4,239,463	98.2%	4,316,228
1992/93	192.0	4,768,463	97.4%	4,893,645
1993/94	180.0	5,194,640	96.6%	5,378,989
1994/95	168.0	3,667,810	95.6%	3,835,954
1995/96	156.0	4,239,884	94.5%	4,487,465
1996/97	144.0	4,391,634	93.2%	4,713,149
1997/98	132.0	4,891,924	91.6%	5,339,317
1998/99	120.0	4,560,365	89.8%	5,076,984
1999/00	108.0	4,786,300	88.1%	5,435,084
2000/01	96.0	6,693,102	85.5%	7,828,364
2001/02	84.0	9,330,760	81.4%	11,459,084
2002/03	72.0	7,636,560	77.2%	9,894,255
2003/04	60.0	7,338,023	70.2%	10,458,203
2004/05	48.0	5,117,791	61.5%	8,315,061
2005/06	36.0	5,375,188	50.9%	10,567,249
2006/07	24.0	3,940,648	35.1%	11,233,210
2007/08	12.0	1,258,686	11.0%	11,481,632

(3) is from Exhibit WC-DOE-1.

(4) is from Exhibit WC-DOE-2.

Developed Unlimited Reported Incurred Losses

Claim Period (1)	Months of Development 6/30/08 (2)	Unlimited Reported Incurred Losses 6/30/08 (3)	Percent Losses Reported (4)	Developed Unlimited Reported Incurred Losses (3)/(4) (5)
to 1988/89	240.0	\$21,654,054	100.0%	\$21,654,054
1989/90	228.0	3,177,614	100.0%	3,177,614
1990/91	216.0	3,687,585	100.0%	3,687,585
1991/92	204.0	4,839,742	100.0%	4,839,742
1992/93	192.0	4,768,463	100.0%	4,768,463
1993/94	180.0	5,657,954	100.0%	5,657,954
1994/95	168.0	4,369,442	100.0%	4,369,442
1995/96	156.0	5,173,051	100.0%	5,173,051
1996/97	144.0	4,761,427	100.0%	4,761,427
1997/98	132.0	5,513,667	100.0%	5,513,667
1998/99	120.0	5,274,869	100.0%	5,274,869
1999/00	108.0	5,890,674	100.0%	5,890,674
2000/01	96.0	7,725,246	100.0%	7,725,246
2001/02	84.0	11,894,959	100.0%	11,894,959
2002/03	72.0	11,079,685	100.0%	11,079,685
2003/04	60.0	10,533,116	100.0%	10,533,116
2004/05	48.0	8,250,628	100.0%	8,250,628
2005/06	36.0	11,381,861	100.0%	11,381,861
2006/07	24.0	14,065,479	127.4%	11,041,401
2007/08	12.0	20,265,722	176.9%	11,454,186

(3) is from Exhibit WC-DOE-1.

(4) is from Exhibit WC-DOE-2.

STATE OF HAWAII
WORKERS' COMPENSATION - DEPARTMENT OF EDUCATION

Exhibit WC-DOE-5

Developed Unlimited Case Reserves

Claim Period (1)	Months of Development 6/30/08 (2)	Percent Losses Paid (3)	Percent Losses Reported (4)	Percent Losses Reserved 6/30/08 [(4)-(3)]/ [100.0%-(3)] (5)	Unlimited Paid Losses 6/30/08 (6)	Unlimited Case Reserves 6/30/08 (7)	Developed Unlimited Case Reserves (6)+(7)/(5) (8)
to 1988/89	240.0	100.0%	100.0%	100.0%	\$17,557,301	\$4,096,753	\$21,654,054
1989/90	228.0	99.5%	100.0%	100.0%	3,020,527	157,087	3,177,614
1990/91	216.0	98.9%	100.0%	100.0%	3,356,533	331,053	3,687,585
1991/92	204.0	98.2%	100.0%	100.0%	4,239,463	600,279	4,839,742
1992/93	192.0	97.4%	100.0%	100.0%	4,768,463	0	4,768,463
1993/94	180.0	96.6%	100.0%	100.0%	5,194,640	463,314	5,657,954
1994/95	168.0	95.6%	100.0%	100.0%	3,667,810	701,632	4,369,442
1995/96	156.0	94.5%	100.0%	100.0%	4,239,884	933,167	5,173,051
1996/97	144.0	93.2%	100.0%	100.0%	4,391,634	369,793	4,761,427
1997/98	132.0	91.6%	100.0%	100.0%	4,891,924	621,744	5,513,667
1998/99	120.0	89.8%	100.0%	100.0%	4,560,365	714,504	5,274,869
1999/00	108.0	88.1%	100.0%	100.0%	4,786,300	1,104,374	5,890,674
2000/01	96.0	85.5%	100.0%	100.0%	6,693,102	1,032,144	7,725,246
2001/02	84.0	81.4%	100.0%	100.0%	9,330,760	2,564,199	11,894,959
2002/03	72.0	77.2%	100.0%	100.0%	7,636,560	3,443,124	11,079,685
2003/04	60.0	70.2%	100.0%	100.0%	7,338,023	3,195,094	10,533,116
2004/05	48.0	61.5%	100.0%	100.0%	5,117,791	3,132,837	8,250,628
2005/06	36.0	50.9%	100.0%	100.0%	5,375,188	6,006,673	11,381,861
2006/07	24.0	35.1%	127.4%	142.2%	3,940,648	10,124,831	11,061,366
2007/08	12.0	11.0%	176.9%	186.4%	1,258,686	19,007,036	11,455,581

(3) and (4) are from Exhibit WC-DOE-2.

(6) and (7) are from Exhibit WC-DOE-1.

STATE OF HAWAII
WORKERS' COMPENSATION - DEPARTMENT OF EDUCATION

Exhibit WC-DOE-6

Preliminary Projected Ultimate Unlimited Losses to 2007/08

Claim Period (1)	Developed Unlimited Paid Losses (2)	Developed Unlimited Reported Incurred Losses (3)	Developed Unlimited Case Reserves (4)	Preliminary Projected Ultimate Unlimited Losses (5)
to 1988/89	\$17,557,301	\$21,654,054	\$21,654,054	\$21,654,054
1989/90	3,035,630	3,177,614	3,177,614	3,177,614
1990/91	3,393,555	3,687,585	3,687,585	3,687,585
1991/92	4,316,228	4,839,742	4,839,742	4,839,742
1992/93	4,893,645	4,768,463	4,768,463	4,768,463
1993/94	5,378,989	5,657,954	5,657,954	5,657,954
1994/95	3,835,954	4,369,442	4,369,442	4,369,442
1995/96	4,487,465	5,173,051	5,173,051	5,173,051
1996/97	4,713,149	4,761,427	4,761,427	4,761,427
1997/98	5,339,317	5,513,667	5,513,667	5,513,667
1998/99	5,076,984	5,274,869	5,274,869	5,274,869
1999/00	5,435,084	5,890,674	5,890,674	5,890,674
2000/01	7,828,364	7,725,246	7,725,246	7,725,246
2001/02	11,459,084	11,894,959	11,894,959	11,894,959
2002/03	9,894,255	11,079,685	11,079,685	11,079,685
2003/04	10,458,203	10,533,116	10,533,116	10,533,116
2004/05	8,315,061	8,250,628	8,250,628	8,250,628
2005/06	10,567,249	11,381,861	11,381,861	11,218,939
2006/07	11,233,210	11,041,401	11,061,366	11,087,749
2007/08	11,481,632	11,454,186	11,455,581	11,460,233

(2) is from Exhibit WC-DOE-3.

(3) is from Exhibit WC-DOE-4.

(4) is from Exhibit WC-DOE-5.

(5) is based on (2) to (4) and actuarial judgment.

Bornhuetter - Ferguson Analysis

I. A-priori Loss Rate

Claim Period (1)	Preliminary Projected Ultimate Unlimited Losses (2)	Payroll (000) (3)	Unlimited Loss Rate per \$100 of Payroll (2)/(3)/10 (4)	Loss Rate Trend (2008/09 = 1.000) (5)	Trended Unlimited Loss Rate per \$100 of Payroll (4)X(5) (6)	Projected A-priori Loss Rate per \$100 of Payroll (7)/(5) (8)
1998/99	\$5,274,869	\$783,981	\$0.67	1.498	\$1.01	\$0.75
1999/00	5,890,674	787,530	0.75	1.473	1.10	0.77
2000/01	7,725,246	799,430	0.97	1.436	1.39	0.78
2001/02	11,894,959	861,290	1.38	1.353	1.87	0.83
2002/03	11,079,685	935,231	1.18	1.302	1.54	0.87
2003/04	10,533,116	965,477	1.09	1.254	1.37	0.90
2004/05	8,257,071	1,004,500	0.82	1.209	0.99	0.93
2005/06	11,218,939	1,073,187	1.05	1.160	1.21	0.97
2006/07	11,087,749	1,133,887	0.98	1.089	1.07	1.03
2007/08	11,460,233	1,182,068	0.97	1.028	1.00	1.10

(7) Projected 2008/09 a-priori loss rate per \$100 of Payroll \$1.13

II. Bornhuetter - Ferguson Analysis Based on Unlimited Paid Losses

Claim Period (1)	Unlimited Paid Losses 6/30/08 (2)	Percent Losses Paid (3)	Projected A-priori Loss Rate per \$100 of Payroll (4)	Payroll (000) (5)	B-F Unpaid Losses [100.0%-(3)] X(4)X(5)X10 (6)	B-F Ultimate Unlimited Paid Losses (2)+(6) (7)
2003/04	\$7,338,023	70.2%	\$0.90	\$965,477	\$2,589,086	\$9,927,109
2004/05	5,117,791	61.5%	0.93	1,004,500	3,601,457	8,719,249
2005/06	5,375,188	50.9%	0.97	1,073,187	5,125,396	10,500,584
2006/07	3,940,648	35.1%	1.03	1,133,887	7,617,439	11,558,087
2007/08	1,258,686	11.0%	1.10	1,182,068	11,539,919	12,798,605

III. Bornhuetter - Ferguson Analysis Based on Unlimited Reported Incurred Losses

Claim Period (1)	Unlimited Reported Incurred Losses 6/30/08 (2)	Percent Losses Reported (3)	Projected A-priori Loss Rate per \$100 of Payroll (4)	Payroll (000) (5)	B-F Unreported Losses [100.0%-(3)] X(4)X(5)X10 (6)	B-F Ultimate Unlimited Reported Losses (2)+(6) (7)
2003/04	\$10,533,116	100.0%	\$0.90	\$965,477	\$0	\$10,533,116
2004/05	8,250,628	100.0%	0.93	1,004,500	0	8,250,628
2005/06	11,381,861	100.0%	0.97	1,073,187	0	11,381,861
2006/07	14,065,479	127.4%	1.03	1,133,887	-3,213,672	10,851,807
2007/08	20,265,722	176.9%	1.10	1,182,068	-9,970,517	10,295,205

Section I, (2) is from Exhibit WC-DOE-6.

#VALUE!

Section I, (5) is from Exhibit WC-DOE-11.

Section I, (7) is based on Section I, (6) and actuarial judgment.

Sections II and III, (2) are from Exhibit WC-DOE-1.

Sections II and III, (3) are from Exhibit WC-DOE-2.

Sections II and III, (4) are from Section I, (8).

Frequency Times Severity Analysis

I. Projected Ultimate Claims

Claim Period (1)	Months of Development 6/30/08 (2)	Reported Claims 6/30/08 (3)	Percent Claims Reported (4)	Projected Ultimate Claims (3)/(4) (5)	Payroll (000) (6)	Frequency per \$1M of Payroll (5)/(6)X1,000 (7)
1998/99	120.0	1,007	100.0%	1,007	\$783,981	1.28
1999/00	108.0	1,077	100.0%	1,077	787,530	1.37
2000/01	96.0	1,053	100.0%	1,053	799,430	1.32
2001/02	84.0	1,105	100.0%	1,105	861,290	1.28
2002/03	72.0	1,088	100.0%	1,088	935,231	1.16
2003/04	60.0	1,050	100.0%	1,050	965,477	1.09
2004/05	48.0	1,059	99.9%	1,060	1,004,500	1.06
2005/06	36.0	928	99.7%	931	1,073,187	0.87
2006/07	24.0	919	99.1%	927	1,133,887	0.82
2007/08	12.0	729	85.4%	853	1,182,068	0.72

II. Frequency Times Severity

Claim Period (1)	Preliminary Projected Ultimate Unlimited Losses (2)	Projected Ultimate Claims (3)	Average Severity (2)/(3) (4)	Severity Trend (2008/09 = 1.000) (5)	Trended Average Claim Severity (4)X(5) (6)	De-Trended Projected 2008/09 Average Claim Severity (7)/(5) (8)	Frequency Times Severity (3)X(8) (9)
1998/99	\$5,274,869	1,007	\$5,238	2.014	\$10,548	\$6,804	\$6,851,374
1999/00	5,890,674	1,077	5,470	1.922	10,510	7,130	7,678,750
2000/01	7,725,246	1,053	7,336	1.819	13,347	7,531	7,930,254
2001/02	11,894,959	1,105	10,765	1.665	17,919	8,231	9,094,827
2002/03	11,079,685	1,088	10,184	1.555	15,834	8,812	9,587,001
2003/04	10,533,116	1,050	10,032	1.454	14,585	9,424	9,894,927
2004/05	8,257,071	1,060	7,790	1.361	10,599	10,069	10,673,311
2005/06	11,218,939	931	12,050	1.267	15,271	10,812	10,065,601
2006/07	11,087,749	927	11,961	1.156	13,823	11,855	10,989,953
2007/08	11,460,233	853	13,435	1.059	14,227	12,938	11,036,391
(7) Projected 2008/09 average claim severity					\$13,701		

Section I, (3) is from Exhibit WC-DOE-1.

Section I, (4) is from Exhibit WC-DOE-2.

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Section II, (2) is from Exhibit WC-DOE-6.

Section II, (3) is from Section I, (5).

Section II, (5) is from Exhibit WC-DOE-11.

Section II, (7) is based on (6) and actuarial judgment.

STATE OF HAWAII
WORKERS' COMPENSATION - DEPARTMENT OF EDUCATION

Exhibit WC-DOE-9

Projected Ultimate Unlimited Losses to 2007/08

Claim Period (1)	Developed Unlimited Paid Losses (2)	Developed Unlimited Reported Incurred Losses (3)	Developed Unlimited Case Reserves (4)	B-F Ultimate Unlimited Paid Losses (5)	B-F Ultimate Unlimited Reported Losses (6)	Frequency Times Severity (7)	Projected Ultimate Unlimited Losses (8)
to 1988/89	\$17,557,301	\$21,654,054	\$21,654,054				\$21,654,000
1989/90	3,035,630	3,177,614	3,177,614				3,178,000
1990/91	3,393,555	3,687,585	3,687,585				3,688,000
1991/92	4,316,228	4,839,742	4,839,742				4,840,000
1992/93	4,893,645	4,768,463	4,768,463				4,768,463
1993/94	5,378,989	5,657,954	5,657,954				5,658,000
1994/95	3,835,954	4,369,442	4,369,442				4,369,000
1995/96	4,487,465	5,173,051	5,173,051				5,173,000
1996/97	4,713,149	4,761,427	4,761,427				4,761,000
1997/98	5,339,317	5,513,667	5,513,667				5,514,000
1998/99	5,076,984	5,274,869	5,274,869				5,275,000
1999/00	5,435,084	5,890,674	5,890,674				5,891,000
2000/01	7,828,364	7,725,246	7,725,246				7,725,000
2001/02	11,459,084	11,894,959	11,894,959				11,895,000
2002/03	9,894,255	11,079,685	11,079,685				11,080,000
2003/04	10,458,203	10,533,116	10,533,116	9,927,109	10,533,116	9,894,927	10,533,000
2004/05	8,315,061	8,250,628	8,250,628	8,719,249	8,250,628	10,673,311	8,257,000
2005/06	10,567,249	11,381,861	11,381,861	10,500,584	11,381,861	10,065,601	11,219,000
2006/07	11,233,210	11,041,401	11,061,366	11,558,087	10,851,807	10,989,953	11,094,000
2007/08	11,481,632	11,454,186	11,455,581	12,798,605	10,295,205	11,036,391	11,439,000

(2) is from Exhibit WC-DOE-3.

(3) is from Exhibit WC-DOE-4.

(4) is from Exhibit WC-DOE-5.

(5) and (6) are from Exhibit WC-DOE-7.

(7) is from Exhibit WC-DOE-8.

(8) is based on (2) to (7) and actuarial judgment.

STATE OF HAWAII
WORKERS' COMPENSATION - DEPARTMENT OF EDUCATION

Exhibit WC-DOE-10

Estimated Outstanding Losses as of June 30, 2008

Claim Period (1)	Unlimited Paid Losses 6/30/08 (2)	Unlimited Case Reserves 6/30/08 (3)	Unlimited Reported Incurred Losses 6/30/08 (4)	Projected Ultimate Unlimited Losses (5)	Estimated IBNR 6/30/08 (5)-(4) (6)	Estimated Outstanding Losses 6/30/08 (3)+(6) (7)	Present Value Factor (8)	Present Value of Estimated Outstanding Losses 6/30/08 (7)X(8) (9)
to 1988/89	\$17,557,301	\$4,096,753	\$21,654,054	\$21,654,000	(54)	\$4,096,699	1.00	\$4,096,699
1989/90	3,020,527	157,087	3,177,614	3,178,000	386	157,473	0.98	154,788
1990/91	3,356,533	331,053	3,687,585	3,688,000	415	331,468	0.97	320,791
1991/92	4,239,463	600,279	4,839,742	4,840,000	258	600,537	0.95	572,656
1992/93	4,768,463	0	4,768,463	4,768,463	0	0	0.94	0
1993/94	5,194,640	463,314	5,657,954	5,658,000	46	463,360	0.93	429,646
1994/95	3,667,810	701,632	4,369,442	4,369,000	(442)	701,190	0.91	641,502
1995/96	4,239,884	933,167	5,173,051	5,173,000	(51)	933,116	0.90	843,802
1996/97	4,391,634	369,793	4,761,427	4,761,000	(427)	369,366	0.89	330,433
1997/98	4,891,924	621,744	5,513,667	5,514,000	333	622,077	0.89	551,402
1998/99	4,560,365	714,504	5,274,869	5,275,000	131	714,635	0.88	627,988
1999/00	4,786,300	1,104,374	5,890,674	5,891,000	326	1,104,700	0.87	959,758
2000/01	6,693,102	1,032,144	7,725,246	7,725,000	(246)	1,031,898	0.86	892,387
2001/02	9,330,760	2,564,199	11,894,959	11,895,000	41	2,564,240	0.87	2,225,416
2002/03	7,636,560	3,443,124	11,079,685	11,080,000	315	3,443,439	0.87	2,979,905
2003/04	7,338,023	3,195,094	10,533,116	10,533,000	(116)	3,194,978	0.87	2,781,714
2004/05	5,117,791	3,132,837	8,250,628	8,257,000	6,372	3,139,209	0.87	2,740,442
2005/06	5,375,188	6,006,673	11,381,861	11,219,000	(162,861)	5,843,812	0.87	5,106,198
2006/07	3,940,648	10,124,831	14,065,479	11,094,000	(2,971,479)	7,153,352	0.88	6,280,366
2007/08	1,258,686	19,007,036	20,265,722	11,439,000	(8,826,722)	10,180,314	0.88	9,007,046
Total	\$111,365,602	\$58,599,636	\$169,965,238	\$158,011,463	(\$11,953,775)	\$46,645,863		\$41,542,939

(2), (3) and (4) are net of specific self insured retention and aggregate retention.

(5) is from Exhibit WC-DOE-9.

(8) is based on a 3.5% interest rate and the payout pattern in Exhibit WC-DOE-2.

Loss Rate and Severity Trend

I. Benefit Level Changes

Effective Date (1)	Benefit Level Change (2)	Cumulative Benefit Level Change (3)
07/01/98	1.004	1.004
01/01/99	1.007	1.011
07/01/99	0.992	1.002
01/01/00	1.005	1.007
06/01/01	1.035	1.042
01/01/02	1.016	1.059
01/01/03	1.022	1.082
01/01/04	1.014	1.097
01/01/05	1.020	1.119
01/01/06	1.024	1.146
01/01/07	1.063	1.218
01/01/08	1.016	1.238

II. Loss Rate and Severity Trend

Claim Period (1)	Benefit Trend (2008/09 = 1.000) (2)	Residual Trend (2008/09 = 1.000) (3)	Retention Index (2008/09 = 1.000) (4)	Loss Rate Trend (2008/09 = 1.000) (2)X(3)X(4) (5)	Wage Trend (2008/09 = 1.000) (6)	Severity Trend (2008/09 = 1.000) (5)X(6) (7)
1998/99	1.229	1.219	1.000	1.498	1.344	2.014
1999/00	1.232	1.195	1.000	1.473	1.305	1.922
2000/01	1.226	1.172	1.000	1.436	1.267	1.819
2001/02	1.178	1.149	1.000	1.353	1.230	1.665
2002/03	1.156	1.126	1.000	1.302	1.194	1.555
2003/04	1.136	1.104	1.000	1.254	1.159	1.454
2004/05	1.117	1.082	1.000	1.209	1.126	1.361
2005/06	1.093	1.061	1.000	1.160	1.093	1.267
2006/07	1.047	1.040	1.000	1.089	1.061	1.156
2007/08	1.008	1.020	1.000	1.028	1.030	1.059
2008/09	1.000	1.000	1.000	1.000	1.000	1.000
2009/10	1.000	0.980	1.000	0.980	0.971	0.952

Section I, (2) and (3) reflect NCCI data.

Section II, (2) is based on Section I, (2).

Section II, (3) is based on 2% trend per actuarial judgment.

Section II, (4) is based on industry statistics and actuarial judgment.

Section II, (6) is based on 3% trend.

STATE OF HAWAII
WORKERS' COMPENSATION - DEPARTMENT OF EDUCATION

Exhibit WC-DOE-12

List of Large Claims
Unlimited Reported Incurred Losses Greater Than or Equal to \$500,000

Claim Number (1)	Date of Loss (2)	Claim Period (3)	Specific Self-Insured Retention (4)	Unlimited Paid Losses 6/30/08 (5)	Unlimited Case Reserves 6/30/08 (6)	Unlimited Reported Incurred Losses 6/30/08 (7)
17400146	12/21/1973	to 1988/89	Statutory	\$408,575	\$506,425	\$915,000
27427219	9/26/1974	to 1988/89	Statutory	794,230	136,510	930,740
27603779	9/10/1975	to 1988/89	Statutory	630,360	0	630,360
17600217	10/14/1975	to 1988/89	Statutory	453,727	251,273	705,000
48301928	9/9/1983	to 1988/89	Statutory	332,928	203,815	536,743
48500171	1/8/1985	to 1988/89	Statutory	562,946	313,929	876,875
49210103	6/16/1992	1991/92	Statutory	202,966	302,822	505,788
79510305	9/14/1995	1995/96	Statutory	325,432	174,914	500,346
29541833	11/20/1995	1995/96	Statutory	541,384	357,991	899,375
29641632	11/19/1996	1996/97	Statutory	404,909	191,969	596,878
29941299	11/18/1999	1999/00	Statutory	227,096	425,358	652,454
70110304	11/15/2001	2001/02	Statutory	224,435	329,413	553,848
70510161	6/8/2005	2004/05	Statutory	267,155	256,595	523,750

The claim(s) indicated by a "*" have been limited in development.

(1) through (7) were provided by the State.

STATE OF HAWAII
WORKERS' COMPENSATION - DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT

Exhibit WC-HRD-1

Data Summary as of June 30, 2008

Claim Period (1)	Specific Self-Insured Retention (2)	Aggregate Retention (3)	Months of Development 6/30/08 (4)	Payroll (000) (5)	Reported Claims 6/30/08 (6)	Open Claims 6/30/08 (7)	Unlimited Paid Losses 6/30/08 (8)	Unlimited Case Reserves 6/30/08 (9)	Unlimited Reported Incurred Losses 6/30/08 (10)
to 1988/89	Statutory	None	240.0	Not Provided	1,427	44	\$23,237,128	\$2,087,240	\$25,324,368
1989/90	Statutory	None	228.0	Not Provided	648	4	3,921,724	188,955	4,110,679
1990/91	Statutory	None	216.0	Not Provided	723	9	6,217,469	421,143	6,638,612
1991/92	Statutory	None	204.0	Not Provided	788	7	6,740,901	492,106	7,233,007
1992/93	Statutory	None	192.0	Not Provided	891	4	7,286,953	49,958	7,336,911
1993/94	Statutory	None	180.0	Not Provided	903	12	8,143,836	532,994	8,676,830
1994/95	Statutory	None	168.0	Not Provided	815	10	5,907,313	149,897	6,057,209
1995/96	Statutory	None	156.0	Not Provided	739	12	6,384,798	1,354,651	7,739,449
1996/97	Statutory	None	144.0	Not Provided	778	11	7,203,128	1,023,690	8,226,819
1997/98	Statutory	None	132.0	Not Provided	895	19	7,618,582	903,315	8,521,897
1998/99	Statutory	None	120.0	630,092	886	32	9,176,442	1,733,637	10,910,079
1999/00	Statutory	None	108.0	615,848	928	27	8,414,030	1,073,425	9,487,456
2000/01	Statutory	None	96.0	608,944	974	37	9,228,389	1,307,262	10,535,651
2001/02	Statutory	None	84.0	636,709	895	48	9,665,076	3,113,106	12,778,183
2002/03	Statutory	None	72.0	663,892	940	54	8,357,915	1,706,686	10,064,601
2003/04	Statutory	None	60.0	676,496	842	90	7,725,011	2,640,344	10,365,354
2004/05	Statutory	None	48.0	694,624	711	80	4,993,346	2,543,757	7,537,103
2005/06	Statutory	None	36.0	727,583	672	112	4,656,146	3,796,988	8,453,135
2006/07	Statutory	None	24.0	767,992	684	229	4,014,344	5,519,268	9,533,612
2007/08	Statutory	None	12.0	808,020	540	353	1,374,927	5,705,888	7,080,815
Total					16,679	1,194	\$150,267,458	\$36,344,312	\$186,611,770

(8), (9) and (10) are net of specific self insured retention.

Data was provided by the State.

Summary of Percent Losses Paid, Losses Reported and Claims Reported

Months of Development (1)	Percent Losses Paid (2)	Percent Losses Reported (3)	Percent Claims Reported (4)	Months of Development (5)	Percent Losses Paid (6)	Percent Losses Reported (7)	Percent Claims Reported (8)
360.0	99.9%	100.0%	100.0%	354.0	99.8%	100.0%	100.0%
348.0	99.8%	100.0%	100.0%	342.0	99.8%	100.0%	100.0%
336.0	99.7%	100.0%	100.0%	330.0	99.7%	100.0%	100.0%
324.0	99.6%	100.0%	100.0%	318.0	99.5%	100.0%	100.0%
312.0	99.4%	100.0%	100.0%	306.0	99.3%	100.0%	100.0%
300.0	99.2%	100.0%	100.0%	294.0	99.0%	100.0%	100.0%
288.0	98.9%	100.0%	100.0%	282.0	98.6%	100.0%	100.0%
276.0	98.4%	100.0%	100.0%	270.0	98.0%	100.0%	100.0%
264.0	97.7%	100.0%	100.0%	258.0	97.2%	100.0%	100.0%
252.0	96.7%	100.0%	100.0%	246.0	96.0%	100.0%	100.0%
240.0	95.2%	100.0%	100.0%	234.0	95.1%	100.0%	100.0%
228.0	95.0%	99.9%	100.0%	222.0	94.9%	99.9%	100.0%
216.0	94.8%	99.8%	100.0%	210.0	94.6%	99.8%	100.0%
204.0	94.4%	99.7%	100.0%	198.0	94.2%	99.7%	100.0%
192.0	93.9%	99.6%	100.0%	186.0	93.6%	99.5%	100.0%
180.0	93.4%	99.4%	100.0%	174.0	93.0%	99.3%	100.0%
168.0	92.7%	99.1%	100.0%	162.0	92.2%	98.9%	100.0%
156.0	91.8%	98.7%	100.0%	150.0	91.1%	98.5%	100.0%
144.0	90.4%	98.3%	100.0%	138.0	89.6%	98.1%	100.0%
132.0	88.8%	97.8%	100.0%	126.0	87.8%	97.2%	100.0%
120.0	86.7%	96.7%	100.0%	114.0	85.4%	96.0%	100.0%
108.0	84.1%	95.2%	100.0%	102.0	82.7%	94.3%	100.0%
96.0	81.3%	93.4%	100.0%	90.0	79.7%	92.4%	100.0%
84.0	78.2%	91.4%	100.0%	78.0	76.0%	90.3%	100.0%
72.0	73.7%	89.3%	100.0%	66.0	71.3%	88.3%	100.0%
60.0	68.9%	87.2%	99.9%	54.0	65.9%	86.2%	99.8%
48.0	62.9%	85.1%	99.7%	42.0	58.1%	82.7%	99.5%
36.0	53.3%	80.3%	99.2%	30.0	45.9%	76.6%	98.5%
24.0	38.5%	73.0%	97.7%	18.0	27.1%	62.5%	92.1%
12.0	15.7%	52.1%	86.5%	6.0	7.9%	26.1%	43.2%

(2) is from Exhibit WC-HRD-2 (page 2).

(3) is from Exhibit WC-HRD-2 (page 3).

(4) is from Exhibit WC-HRD-2 (page 4).

(6), (7) and (8) are interpolated, based on (2), (3) and (4), respectively.

STATE OF HAWAII
WORKERS' COMPENSATION - DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT

Historical Unlimited Paid Losses (\$000) and Unlimited Paid Loss Development

I. Historical Unlimited Paid Losses (\$000)

Claim Period	Months of Development:																			
	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204	216	228	240
to 1988/89																22,003	22,288	22,621	22,910	23,237
1989/90															3,748	3,784	3,846	3,891	3,922	
1990/91														5,873	5,945	6,021	6,117	6,217		
1991/92													6,421	6,519	6,580	6,674	6,741			
1992/93													7,209	7,224	7,263	7,271	7,287			
1993/94										7,723		7,900	8,030	8,061	8,144					
1994/95										5,549		5,731	5,784	5,829	5,907					
1995/96								5,646		5,972		6,129	6,259	6,385						
1996/97								6,528		6,720		6,932	7,079	7,203						
1997/98								6,644		7,069		7,352	7,619							
1998/99							6,314	8,021		8,581		8,921	9,176							
1999/00					6,897	7,388		7,576		8,112		8,334	8,414							
2000/01				7,292		8,147		8,777		9,013		9,228								
2001/02			6,477		7,889		8,619		9,149		9,665									
2002/03			6,232	7,183		7,864		8,358												
2003/04	1,728	4,531	4,091	5,769		7,725														
2004/05	1,329	3,214	4,384	4,993																
2005/06	1,444	3,365	4,656																	
2006/07	1,553	4,014																		
2007/08	1,375																			

II. Unlimited Paid Loss Development

Claim Period	Months of Development:																				
	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-168	168-180	180-192	192-204	204-216	216-228	228-240	240-Ult	
to 1988/89																1.013	1.015	1.013	1.014		
1989/90															1.009	1.016	1.012	1.008			
1990/91														1.012	1.013	1.016	1.016				
1991/92														1.015	1.009	1.014	1.010				
1992/93														1.005	1.001	1.002					
1993/94										1.023		1.016	1.004	1.010							
1994/95										1.033		1.009	1.008	1.013							
1995/96									1.058	1.026		1.021	1.020								
1996/97									1.029	1.032		1.021	1.017								
1997/98									1.052	1.064		1.040	1.036								
1998/99								1.086	1.070	1.040		1.029									
1999/00					1.099			1.071	1.027	1.040		1.010									
2000/01					1.077			1.027	1.024												
2001/02			1.218	1.117	1.092			1.062	1.056												
2002/03		1.375	1.153	1.095	1.063																
2003/04	2.368	1.410	1.220	1.098																	
2004/05	2.418	1.364	1.139																		
2005/06	2.331	1.384																			
2006/07	2.584																				
2007/08																					
Average																					
All	2.425	1.383	1.182	1.101	1.075	1.060	1.043	1.036	1.040	1.029	1.018	1.012	1.009	1.008	1.010	1.014	1.014	1.010	1.014		
Wtd 3	2.449	1.388	1.173	1.095	1.067	1.050	1.040	1.036	1.033	1.028	1.016	1.015	1.007	1.007	1.009	1.014	1.015				
Last 3	2.444	1.386	1.171	1.095	1.067	1.051	1.040	1.038	1.033	1.028	1.016	1.015	1.008	1.007	1.010	1.014	1.014				
Last 5																					
x-hi,low																					
Similar Previous	2.524	1.388	1.148	1.061	1.037	1.023	1.015	1.105													
Selected	2.450	1.385	1.180	1.095	1.070	1.060	1.040	1.035	1.030	1.025	1.018	1.015	1.010	1.007	1.006	1.005	1.004	1.003	1.002	1.050	
Cumulative	6.361	2.597	1.875	1.589	1.451	1.356	1.279	1.230	1.188	1.154	1.126	1.106	1.089	1.079	1.071	1.065	1.059	1.055	1.052	1.050	
Percent	15.7%	38.5%	53.3%	62.9%	68.9%	73.7%	78.2%	81.3%	84.1%	86.7%	88.8%	90.4%	91.8%	92.7%	93.4%	93.9%	94.4%	94.8%	95.0%	95.2%	

Amounts are unlimited (gross of excess insurance).

Data was provided by the State.

STATE OF HAWAII
WORKERS' COMPENSATION - DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT

Historical Unlimited Reported Incurred Losses (\$000) and Unlimited Reported Incurred Loss Development

I. Historical Unlimited Reported Incurred Losses (\$000)

Claim Period	Months of Development:																				
	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204	216	228	240	
to 1988/89																					
1989/90																24,259	24,340	24,254	24,391	25,324	
1990/91															3,908	3,911	4,043	4,047	4,111		
1991/92														6,471	6,492	6,561	6,622	6,639			
1992/93													6,906	6,937	7,059	7,077	7,233				
1993/94										7,903	7,246	7,276	7,306	7,306	7,337						
1994/95										5,875	6,002	5,968	5,973	6,057							
1995/96								6,847	7,174	7,489	7,550	7,739									
1996/97							8,074	8,166	8,338	8,442	8,227										
1997/98							7,864	7,856	8,377	8,416	8,522										
1998/99						8,889	9,580	10,076	10,726	10,910											
1999/00					8,434	9,029	9,342	9,441	9,487												
2000/01				8,384	9,302	9,915	10,192	10,536													
2001/02			9,367	10,728	12,456	12,702	12,778														
2002/03			8,499	9,713	9,811	10,065															
2003/04	3,887	6,853	7,095	9,209	10,475	10,365															
2004/05	3,867	6,726	7,764	7,537																	
2005/06	5,236	8,560	8,453																		
2006/07	8,476	9,534																			
2007/08	7,081																				

II. Unlimited Reported Incurred Loss Development

Claim Period	Months of Development:																				
	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-168	168-180	180-192	192-204	204-216	216-228	228-240	240-Ult	
to 1988/89																					
1989/90																1.003	0.996	1.006	1.038		
1990/91															1.001	1.034	1.001	1.016			
1991/92														1.004	1.018	1.011	1.003				
1992/93														1.004	1.002	1.022					
1993/94										1.020	1.015	1.004	1.000	1.057							
1994/95										1.022	0.994	1.001	1.014								
1995/96									1.048	1.044	1.008	1.025									
1996/97									1.011	1.021	1.012	0.975									
1997/98								0.999	1.066	1.005	1.013										
1998/99								1.078	1.052	1.065	1.017										
1999/00					1.071	1.035	1.011	1.005													
2000/01				1.109	1.066	1.028	1.034														
2001/02			1.145	1.161	1.020	1.006															
2002/03		1.240	1.143	1.010	1.026																
2003/04	1.826	1.298	1.137	0.990																	
2004/05	1.739	1.154	0.971																		
2005/06	1.635	0.988																			
2006/07	1.125																				
2007/08																					
Average																					
All	1.581	1.170	1.099	1.068	1.046	1.037	1.024	1.037	1.023	1.023	0.999	1.011	1.007	1.019	1.005	1.017	1.000	1.011	1.038		
Wtd 3	1.412	1.136	1.088	1.056	1.035	1.021	1.032	1.044	1.015	1.022	0.991	1.015	1.007	1.026	1.006	1.020	0.998				
Last 3	1.500	1.147	1.084	1.054	1.037	1.023	1.032	1.045	1.014	1.023	0.992	1.014	1.007	1.025	1.006	1.022	1.000				
Last 5																					
x-hi,low																					
Similar Previous	1.349	1.092	1.028	1.010	1.008	1.022	1.002	1.059													
Selected	1.400	1.100	1.060	1.025	1.024	1.023	1.022	1.020	1.015	1.012	1.005	1.004	1.004	1.003	1.002	1.001	1.001	1.001	1.001	1.000	
Cumulative	1.919	1.370	1.246	1.175	1.147	1.120	1.095	1.071	1.050	1.034	1.022	1.017	1.013	1.009	1.006	1.004	1.003	1.002	1.001	1.000	
Percent	52.1%	73.0%	80.3%	85.1%	87.2%	89.3%	91.4%	93.4%	95.2%	96.7%	97.8%	98.3%	98.7%	99.1%	99.4%	99.6%	99.7%	99.8%	99.9%	100.0%	

Amounts are unlimited (gross of excess insurance).

Data was provided by the State.

STATE OF HAWAII
WORKERS' COMPENSATION - DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT

Historical Reported Claims and Reported Claim Development

I. Historical Reported Claims

Claim Period	Months of Development:																			
	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204	216	228	240
to 1988/89																				
1989/90																1,423	1,424	1,426	1,427	1,427
1990/91																648	648	648	648	648
1991/92																723	723	723	723	723
1992/93																788	788	788	788	788
1993/94																891	891	891	891	891
1994/95																903	903	903	903	903
1995/96																815	815	815	815	815
1996/97																739	739	739	739	739
1997/98																777	777	777	777	777
1998/99																894	894	895	895	895
1999/00																885	885	886	886	886
2000/01																928	928	928	928	928
2001/02																974	974	974	974	974
2002/03																889	891	894	895	895
2003/04																889	891	894	895	895
2004/05																709	819	836	842	842
2005/06																622	698	710	711	711
2006/07																602	666	672	672	672
2007/08																594	684	684	684	684

II. Reported Claim Development

Claim Period	Months of Development:																			
	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-168	168-180	180-192	192-204	204-216	216-228	228-240	240-Ult
to 1988/89																				
1989/90																1.001	1.001	1.001	1.000	1.000
1990/91																1.000	1.000	1.000	1.000	1.000
1991/92																1.000	1.000	1.000	1.000	1.000
1992/93																1.000	1.000	1.000	1.000	1.000
1993/94																1.000	1.000	1.000	1.000	1.000
1994/95																1.001	1.000	1.000	1.000	1.000
1995/96																1.000	1.000	1.000	1.000	1.000
1996/97																1.000	1.001	1.000	1.000	1.000
1997/98																1.000	1.001	1.000	1.000	1.000
1998/99																1.000	1.000	1.000	1.000	1.000
1999/00																1.000	1.000	1.000	1.000	1.000
2000/01																1.009	1.000	1.000	1.000	1.000
2001/02																1.002	1.003	1.001	1.000	1.000
2002/03																1.012	1.002	1.000	1.000	1.000
2003/04																1.155	1.021	1.007	1.000	1.000
2004/05																1.122	1.017	1.001	1.000	1.000
2005/06																1.106	1.009	1.000	1.000	1.000
2006/07																1.152	1.000	1.000	1.000	1.000
2007/08																1.152	1.000	1.000	1.000	1.000
Average																				
All																1.134	1.012	1.006	1.001	1.003
Wtd 3																1.127	1.016	1.007	1.002	1.004
Last 3																1.127	1.016	1.007	1.002	1.003
Last 5																1.127	1.016	1.007	1.002	1.003
x-hi,low																1.127	1.016	1.007	1.002	1.003
Similar																				
Previous																				
Selected																1.130	1.015	1.005	1.002	1.001
Cumulative																1.156	1.023	1.008	1.003	1.001
Percent																86.5%	97.7%	99.2%	99.7%	99.9%

Data was provided by the State.

STATE OF HAWAII
 WORKERS' COMPENSATION - DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT

Historical Ratio of Unlimited Paid Losses and Unlimited Reported Incurred Losses

I. Ratio of Unlimited Paid Losses to Unlimited Reported Incurred Losses

Claim Period	Months of Development:																			
	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204	216	228	240
to 1988/89																				
1989/90																90.7%	91.6%	93.3%	93.9%	91.8%
1990/91															95.9%	96.7%	95.1%	96.1%	95.4%	
1991/92															91.6%	91.8%	92.4%	93.7%		
1992/93														93.0%	94.0%	93.2%	94.3%	93.2%		
1993/94													99.5%	99.3%	99.4%	99.5%	99.3%			
1994/95												97.7%	98.0%	98.2%	98.2%	93.9%				
1995/96										82.5%	94.5%	95.5%	96.9%	97.6%	97.5%					
1996/97										82.3%	83.3%	81.8%	82.9%	82.5%						
1997/98										84.6%	84.4%	87.4%	89.4%							
1998/99								80.3%	80.9%	82.3%	83.1%	83.9%	87.6%							
1999/00								83.1%	83.9%	84.6%	84.4%	87.4%	89.4%							
2000/01								83.7%	85.2%	86.8%	88.3%	88.7%								
2001/02								86.8%	88.3%	88.4%	87.6%									
2002/03								88.5%	88.4%	87.6%										
2003/04								87.6%	73.5%	69.2%	72.0%	75.6%								
2004/05								69.1%	87.0%	87.6%	73.5%	69.2%	72.0%	75.6%						
2005/06								73.5%	69.2%	72.0%	75.6%									
2006/07								81.8%	83.9%	86.8%	88.3%	88.7%								
2007/08								83.1%	83.7%	84.6%	84.4%	87.4%	89.4%							
								83.9%	85.2%	86.8%	88.3%	88.7%								
								86.8%	88.3%	88.4%	87.6%									
								88.5%	88.4%	87.6%										
								88.4%	87.6%											
								87.6%	73.5%	69.2%	72.0%	75.6%								
								73.5%	69.2%	72.0%	75.6%									
								69.1%	87.0%	87.6%	73.5%	69.2%	72.0%	75.6%						
								87.0%	87.6%	73.5%	69.2%	72.0%	75.6%							
								73.5%	69.2%	72.0%	75.6%									
								69.1%	87.0%	87.6%	73.5%	69.2%	72.0%	75.6%						
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								73.5%	69.2%	72.0%	75.6%									
								69.1%	87.0%	87.6%	73.5%	69.2%	72.0%	75.6%						
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								73.5%	69.2%	72.0%	75.6%									
								69.1%	87.0%	87.6%	73.5%	69.2%	72.0%	75.6%						
								87.0%	87.6%	73.5%	69.2%	72.0%	75.6%							
								73.5%	69.2%	72.0%	75.6%									
								69.1%	87.0%	87.6%	73.5%	69.2%	72.0%	75.6%						
								87.0%	87.6%	73.5%	69.2%	72.0%	75.6%							
								73.5%	69.2%	72.0%	75.6%									
								69.1%	87.0%	87.6%	73.5%	69.2%	72.0%	75.6%						
								87.0%	87.6%	73.5%	69.2%	72.0%	75.6%							
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								69.1%	87.0%	87.6%	73.5%	69.2%	72.0%	75.6%						
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								69.1%	87.0%	87.6%	73.5%	69.2%	72.0%	75.6%						
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								73.5%	69.2%	72.0%	75.6%									
								69.1%	87.0%	87.6%	73.5%	69.2%	72.0%	75.6%						
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								73.5%	69.2%	72.0%	75.6%									
								69.1%	87.0%	87.6%	73.5%	69.2%	72.0%	75.6%						
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								69.1%	87.0%	87.6%	73.5%	69.2%	72.0%	75.6%						
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								69.1%	87.0%	87.6%	73.5%	69.2%	72.0%	75.6%						
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								73.5%	69.2%	72.0%	75.6%									
								69.1%	87.0%	87.6%	73.5%	69.2%	72.0%	75.6%						
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								73.5%	69.2%	72.0%	75.6%									
								69.1%	87.0%	87.6%	73.5%	69.2%	72.0%	75.6%						
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								73.5%	69.2%	72.0%	75.6%									
								69.1%	87.0%	87.6%	73.5%	69.2%	72.0%	75.6%						
								87.0%	87.6%	73.5%	69.2%	72.0%	75.6%							
								73.5%	69.2%	72.0%	75.6%									
								69.1%	87.0%	87.6%	73.5%	69.2%	72.0%	75.6%						
								87.0%	87.6%	73.5%	69.2%	72.0%	75.6%							
								73.5%	69.2%	72.0%	75.6%									
								69.1%	87.0%	87.6%	73.5%	69.2%	72.0%	75.6%						
								87.0%	87.6%	73.5%	69.2%	72.0%	75.6%							
								73.5%	69.2%	72.0%	75.6%									

Developed Unlimited Paid Losses

Claim Period (1)	Months of Development 6/30/08 (2)	Unlimited Paid Losses 6/30/08 (3)	Percent Losses Paid (4)	Developed Unlimited Paid Losses (3)/(4) (5)
to 1988/89	240.0	\$23,237,128	95.2%	\$24,398,984
1989/90	228.0	3,921,724	95.0%	4,126,046
1990/91	216.0	6,217,469	94.8%	6,561,023
1991/92	204.0	6,740,901	94.4%	7,141,831
1992/93	192.0	7,286,953	93.9%	7,758,963
1993/94	180.0	8,143,836	93.4%	8,723,379
1994/95	168.0	5,907,313	92.7%	6,371,991
1995/96	156.0	6,384,798	91.8%	6,955,906
1996/97	144.0	7,203,128	90.4%	7,965,146
1997/98	132.0	7,618,582	88.8%	8,576,193
1998/99	120.0	9,176,442	86.7%	10,588,113
1999/00	108.0	8,414,030	84.1%	9,999,667
2000/01	96.0	9,228,389	81.3%	11,351,355
2001/02	84.0	9,665,076	78.2%	12,364,041
2002/03	72.0	8,357,915	73.7%	11,333,368
2003/04	60.0	7,725,011	68.9%	11,208,407
2004/05	48.0	4,993,346	62.9%	7,933,239
2005/06	36.0	4,656,146	53.3%	8,729,061
2006/07	24.0	4,014,344	38.5%	10,423,300
2007/08	12.0	1,374,927	15.7%	8,746,543

(3) is from Exhibit WC-HRD-1.

(4) is from Exhibit WC-HRD-2.

Developed Unlimited Reported Incurred Losses

Claim Period (1)	Months of Development 6/30/08 (2)	Unlimited Reported Incurred Losses 6/30/08 (3)	Percent Losses Reported (4)	Developed Unlimited Reported Incurred Losses (3)/(4) (5)
to 1988/89	240.0	\$25,324,368	100.0%	\$25,324,368
1989/90	228.0	4,110,679	99.9%	4,114,790
1990/91	216.0	6,638,612	99.8%	6,651,896
1991/92	204.0	7,233,007	99.7%	7,254,728
1992/93	192.0	7,336,911	99.6%	7,366,303
1993/94	180.0	8,676,830	99.4%	8,729,013
1994/95	168.0	6,057,209	99.1%	6,111,918
1995/96	156.0	7,739,449	98.7%	7,825,829 *
1996/97	144.0	8,226,819	98.3%	8,344,703 *
1997/98	132.0	8,521,897	97.8%	8,711,135
1998/99	120.0	10,910,079	96.7%	11,286,177
1999/00	108.0	9,487,456	95.2%	9,961,730
2000/01	96.0	10,535,651	93.4%	11,283,570
2001/02	84.0	12,778,183	91.4%	13,777,299 *
2002/03	72.0	10,064,601	89.3%	11,269,594
2003/04	60.0	10,365,354	87.2%	11,884,908
2004/05	48.0	7,537,103	85.1%	8,858,088
2005/06	36.0	8,453,135	80.3%	10,530,747
2006/07	24.0	9,533,612	73.0%	13,064,463
2007/08	12.0	7,080,815	52.1%	13,584,554

(3) is from Exhibit WC-HRD-1.

(4) is from Exhibit WC-HRD-2.

STATE OF HAWAII
WORKERS' COMPENSATION - DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT

Exhibit WC-HRD-5

Developed Unlimited Case Reserves

Claim Period (1)	Months of Development 6/30/08 (2)	Percent Losses Paid (3)	Percent Losses Reported (4)	Percent Losses Reserved 6/30/08 [(4)-(3)]/ [100.0%-(3)] (5)	Unlimited Paid Losses 6/30/08 (6)	Unlimited Case Reserves 6/30/08 (7)	Developed Unlimited Case Reserves (6)+(7)/(5) (8)
to 1988/89	240.0	95.2%	100.0%	100.0%	\$23,237,128	\$2,087,240	\$25,324,368
1989/90	228.0	95.0%	99.9%	98.0%	3,921,724	188,955	4,114,570
1990/91	216.0	94.8%	99.8%	96.2%	6,217,469	421,143	6,655,310
1991/92	204.0	94.4%	99.7%	94.7%	6,740,901	492,106	7,260,731
1992/93	192.0	93.9%	99.6%	93.4%	7,286,953	49,958	7,340,418
1993/94	180.0	93.4%	99.4%	91.0%	8,143,836	532,994	8,729,533
1994/95	168.0	92.7%	99.1%	87.7%	5,907,313	149,897	6,078,183
1995/96	156.0	91.8%	98.7%	84.3%	6,384,798	1,354,651	7,854,905 *
1996/97	144.0	90.4%	98.3%	82.4%	7,203,128	1,023,690	8,281,164 *
1997/98	132.0	88.8%	97.8%	80.5%	7,618,582	903,315	8,740,090
1998/99	120.0	86.7%	96.7%	75.0%	9,176,442	1,733,637	11,487,779
1999/00	108.0	84.1%	95.2%	70.0%	8,414,030	1,073,425	9,948,033
2000/01	96.0	81.3%	93.4%	64.6%	9,228,389	1,307,262	11,253,317
2001/02	84.0	78.2%	91.4%	60.4%	9,665,076	3,113,106	14,156,486 *
2002/03	72.0	73.7%	89.3%	59.3%	8,357,915	1,706,686	11,237,279
2003/04	60.0	68.9%	87.2%	58.9%	7,725,011	2,640,344	12,210,791
2004/05	48.0	62.9%	85.1%	59.8%	4,993,346	2,543,757	9,250,092
2005/06	36.0	53.3%	80.3%	57.7%	4,656,146	3,796,988	11,234,796
2006/07	24.0	38.5%	73.0%	56.0%	4,014,344	5,519,268	13,862,221
2007/08	12.0	15.7%	52.1%	43.2%	1,374,927	5,705,888	14,584,725

(3) and (4) are from Exhibit WC-HRD-2.

(6) and (7) are from Exhibit WC-HRD-1.

STATE OF HAWAII
WORKERS' COMPENSATION - DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT

Exhibit WC-HRD-6

Preliminary Projected Ultimate Unlimited Losses to 2007/08

Claim Period (1)	Developed Unlimited Paid Losses (2)	Developed Unlimited Reported Incurred Losses (3)	Developed Unlimited Case Reserves (4)	Preliminary Projected Ultimate Unlimited Losses (5)
to 1988/89	\$24,398,984	\$25,324,368	\$25,324,368	\$25,324,368
1989/90	4,126,046	4,114,790	4,114,570	4,114,570
1990/91	6,561,023	6,651,896	6,655,310	6,655,310
1991/92	7,141,831	7,254,728	7,260,731	7,260,731
1992/93	7,758,963	7,366,303	7,340,418	7,340,418
1993/94	8,723,379	8,729,013	8,729,533	8,729,533
1994/95	6,371,991	6,111,918	6,078,183	6,078,183
1995/96	6,955,906	7,825,829	7,854,905	7,854,905
1996/97	7,965,146	8,344,703	8,281,164	8,281,164
1997/98	8,576,193	8,711,135	8,740,090	8,740,090
1998/99	10,588,113	11,286,177	11,487,779	11,487,779
1999/00	9,999,667	9,961,730	9,948,033	9,948,033
2000/01	11,351,355	11,283,570	11,253,317	11,256,343
2001/02	12,364,041	13,777,299	14,156,486	14,080,648
2002/03	11,333,368	11,269,594	11,237,279	11,246,973
2003/04	11,208,407	11,884,908	12,210,791	12,080,438
2004/05	7,933,239	8,858,088	9,250,092	8,961,605
2005/06	8,729,061	10,530,747	11,234,796	9,590,545
2006/07	10,423,300	13,064,463	13,862,221	11,639,317
2007/08	8,746,543	13,584,554	14,584,725	10,881,781

(2) is from Exhibit WC-HRD-3.

(3) is from Exhibit WC-HRD-4.

(4) is from Exhibit WC-HRD-5.

(5) is based on (2) to (4) and actuarial judgment.

Bornhuetter - Ferguson Analysis

I. A-priori Loss Rate

Claim Period (1)	Preliminary Projected Ultimate Unlimited Losses (2)	Payroll (000) (3)	Unlimited Loss Rate per \$100 of Payroll (2)/(3)/10 (4)	Loss Rate Trend (2008/09 = 1.000) (5)	Trended Unlimited Loss Rate per \$100 of Payroll (4)X(5) (6)	Projected A-priori Loss Rate per \$100 of Payroll (7)/(5) (8)
1998/99	\$11,487,779	\$630,092	\$1.82	1.498	\$2.73	\$1.12
1999/00	9,948,033	615,848	1.62	1.473	2.38	1.14
2000/01	11,256,343	608,944	1.85	1.436	2.65	1.16
2001/02	14,080,648	636,709	2.21	1.353	2.99	1.24
2002/03	11,246,973	663,892	1.69	1.302	2.21	1.28
2003/04	12,080,438	676,496	1.79	1.254	2.24	1.33
2004/05	8,961,605	694,624	1.29	1.209	1.56	1.38
2005/06	9,590,545	727,583	1.32	1.160	1.53	1.44
2006/07	11,639,317	767,992	1.52	1.089	1.65	1.54
2007/08	10,881,781	808,020	1.35	1.028	1.38	1.63

(7) Projected 2008/09 a-priori loss rate per \$100 of Payroll \$1.67

II. Bornhuetter - Ferguson Analysis Based on Unlimited Paid Losses

Claim Period (1)	Unlimited Paid Losses 6/30/08 (2)	Percent Losses Paid (3)	Projected A-priori Loss Rate per \$100 of Payroll (4)	Payroll (000) (5)	B-F Unpaid Losses [100.0%-(3)] X(4)X(5)X10 (6)	B-F Ultimate Unlimited Paid Losses (2)+(6) (7)
2003/04	\$7,725,011	68.9%	\$1.33	\$676,496	\$2,804,118	\$10,529,129
2004/05	4,993,346	62.9%	1.38	694,624	3,561,521	8,554,867
2005/06	4,656,146	53.3%	1.44	727,583	4,896,490	9,552,636
2006/07	4,014,344	38.5%	1.54	767,992	7,250,905	11,265,249
2007/08	1,374,927	15.7%	1.63	808,020	11,079,652	12,454,579

III. Bornhuetter - Ferguson Analysis Based on Unlimited Reported Incurred Losses

Claim Period (1)	Unlimited Reported Incurred Losses 6/30/08 (2)	Percent Losses Reported (3)	Projected A-priori Loss Rate per \$100 of Payroll (4)	Payroll (000) (5)	B-F Unreported Losses [100.0%-(3)] X(4)X(5)X10 (6)	B-F Ultimate Unlimited Reported Losses (2)+(6) (7)
2003/04	\$10,365,354	87.2%	\$1.33	\$676,496	\$1,153,606	\$11,518,961
2004/05	7,537,103	85.1%	1.38	694,624	1,433,218	8,970,321
2005/06	8,453,135	80.3%	1.44	727,583	2,070,391	10,523,526
2006/07	9,533,612	73.0%	1.54	767,992	3,187,116	12,720,729
2007/08	7,080,815	52.1%	1.63	808,020	6,293,867	13,374,682

Section I, (2) is from Exhibit WC-HRD-6.

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Section I, (5) is from Exhibit WC-HRD-11.

Section I, (7) is based on Section I, (6) and actuarial judgment.

Sections II and III, (2) are from Exhibit WC-HRD-1.

Sections II and III, (3) are from Exhibit WC-HRD-2.

Sections II and III, (4) are from Section I, (8).

Frequency Times Severity Analysis

I. Projected Ultimate Claims

Claim Period (1)	Months of Development 6/30/08 (2)	Reported Claims 6/30/08 (3)	Percent Claims Reported (4)	Projected Ultimate Claims (3)/(4) (5)	Payroll (000) (6)	Frequency per \$1M of Payroll (5)/(6)X1,000 (7)
1998/99	120.0	886	100.0%	886	\$630,092	1.41
1999/00	108.0	928	100.0%	928	615,848	1.51
2000/01	96.0	974	100.0%	974	608,944	1.60
2001/02	84.0	895	100.0%	895	636,709	1.41
2002/03	72.0	940	100.0%	940	663,892	1.42
2003/04	60.0	842	99.9%	843	676,496	1.25
2004/05	48.0	711	99.7%	713	694,624	1.03
2005/06	36.0	672	99.2%	677	727,583	0.93
2006/07	24.0	684	97.7%	700	767,992	0.91
2007/08	12.0	540	86.5%	624	808,020	0.77

II. Frequency Times Severity

Claim Period (1)	Preliminary Projected Ultimate Unlimited Losses (2)	Projected Ultimate Claims (3)	Average Severity (2)/(3) (4)	Severity Trend (2008/09 = 1.000) (5)	Trended Average Claim Severity (4)X(5) (6)	De-Trended Projected 2008/09 Average Claim Severity (7)/(5) (8)	Frequency Times Severity (3)X(8) (9)
1998/99	\$11,487,779	886	\$12,966	2.014	\$26,110	\$9,293	\$8,233,889
1999/00	9,948,033	928	10,720	1.922	20,600	9,739	9,037,448
2000/01	11,256,343	974	11,557	1.819	21,025	10,287	10,019,377
2001/02	14,080,648	895	15,733	1.665	26,189	11,242	10,061,859
2002/03	11,246,973	940	11,965	1.555	18,604	12,036	11,313,703
2003/04	12,080,438	843	14,330	1.454	20,834	12,872	10,851,104
2004/05	8,961,605	713	12,569	1.361	17,102	13,754	9,806,316
2005/06	9,590,545	677	14,166	1.267	17,952	14,768	9,997,738
2006/07	11,639,317	700	16,628	1.156	19,216	16,193	11,335,409
2007/08	10,881,781	624	17,439	1.059	18,467	17,673	11,027,719
(7) Projected 2008/09 average claim severity					\$18,714		

Section I, (3) is from Exhibit WC-HRD-1.

Section I, (4) is from Exhibit WC-HRD-2.

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Section II, (2) is from Exhibit WC-HRD-6.

Section II, (3) is from Section I, (5).

Section II, (5) is from Exhibit WC-HRD-11.

Section II, (7) is based on (6) and actuarial judgment.

STATE OF HAWAII
WORKERS' COMPENSATION - DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT

Exhibit WC-HRD-9

Projected Ultimate Unlimited Losses to 2007/08

Claim Period (1)	Developed Unlimited Paid Losses (2)	Developed Unlimited Reported Incurred Losses (3)	Developed Unlimited Case Reserves (4)	B-F Ultimate Unlimited Paid Losses (5)	B-F Ultimate Unlimited Reported Losses (6)	Frequency Times Severity (7)	Projected Ultimate Unlimited Losses (8)
to 1988/89	\$24,398,984	\$25,324,368	\$25,324,368				\$25,324,368
1989/90	4,126,046	4,114,790	4,114,570				4,115,000
1990/91	6,561,023	6,651,896	6,655,310				6,655,000
1991/92	7,141,831	7,254,728	7,260,731				7,261,000
1992/93	7,758,963	7,366,303	7,340,418				7,340,000
1993/94	8,723,379	8,729,013	8,729,533				8,730,000
1994/95	6,371,991	6,111,918	6,078,183				6,078,000
1995/96	6,955,906	7,825,829	7,854,905				7,855,000
1996/97	7,965,146	8,344,703	8,281,164				8,281,000
1997/98	8,576,193	8,711,135	8,740,090				8,740,000
1998/99	10,588,113	11,286,177	11,487,779				11,488,000
1999/00	9,999,667	9,961,730	9,948,033				9,948,000
2000/01	11,351,355	11,283,570	11,253,317				11,256,000
2001/02	12,364,041	13,777,299	14,156,486				14,081,000
2002/03	11,333,368	11,269,594	11,237,279				11,247,000
2003/04	11,208,407	11,884,908	12,210,791	10,529,129	11,518,961	10,851,104	12,080,000
2004/05	7,933,239	8,858,088	9,250,092	8,554,867	8,970,321	9,806,316	8,962,000
2005/06	8,729,061	10,530,747	11,234,796	9,552,636	10,523,526	9,997,738	9,591,000
2006/07	10,423,300	13,064,463	13,862,221	11,265,249	12,720,729	11,335,409	11,382,000
2007/08	8,746,543	13,584,554	14,584,725	12,454,579	13,374,682	11,027,719	11,012,000

(2) is from Exhibit WC-HRD-3.

(3) is from Exhibit WC-HRD-4.

(4) is from Exhibit WC-HRD-5.

(5) and (6) are from Exhibit WC-HRD-7.

(7) is from Exhibit WC-HRD-8.

(8) is based on (2) to (7) and actuarial judgment.

STATE OF HAWAII
WORKERS' COMPENSATION - DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT

Exhibit WC-HRD-10

Estimated Outstanding Losses as of June 30, 2008

Claim Period (1)	Unlimited Paid Losses 6/30/08 (2)	Unlimited Case Reserves 6/30/08 (3)	Unlimited Reported Incurred Losses 6/30/08 (4)	Projected Ultimate Unlimited Losses (5)	Estimated IBNR 6/30/08 (5)-(4) (6)	Estimated Outstanding Losses 6/30/08 (3)+(6) (7)	Present Value Factor (8)	Present Value of Estimated Outstanding Losses 6/30/08 (7)X(8) (9)
to 1988/89	\$23,237,128	\$2,087,240	\$25,324,368	\$25,324,368	\$0	\$2,087,240	0.92	\$1,917,689
1989/90	3,921,724	188,955	4,110,679	4,115,000	4,321	193,276	0.89	172,297
1990/91	6,217,469	421,143	6,638,612	6,655,000	16,388	437,531	0.87	379,816
1991/92	6,740,901	492,106	7,233,007	7,261,000	27,993	520,099	0.85	441,393
1992/93	7,286,953	49,958	7,336,911	7,340,000	3,089	53,047	0.83	44,179
1993/94	8,143,836	532,994	8,676,830	8,730,000	53,170	586,164	0.82	480,663
1994/95	5,907,313	149,897	6,057,209	6,078,000	20,791	170,688	0.81	138,184
1995/96	6,384,798	1,354,651	7,739,449	7,855,000	115,551	1,470,202	0.81	1,183,528
1996/97	7,203,128	1,023,690	8,226,819	8,281,000	54,181	1,077,871	0.81	870,157
1997/98	7,618,582	903,315	8,521,897	8,740,000	218,103	1,121,418	0.81	907,688
1998/99	9,176,442	1,733,637	10,910,079	11,488,000	577,921	2,311,558	0.82	1,883,970
1999/00	8,414,030	1,073,425	9,487,456	9,948,000	460,544	1,533,969	0.82	1,256,085
2000/01	9,228,389	1,307,262	10,535,651	11,256,000	720,349	2,027,611	0.82	1,663,750
2001/02	9,665,076	3,113,106	12,778,183	14,081,000	1,302,817	4,415,923	0.82	3,621,961
2002/03	8,357,915	1,706,686	10,064,601	11,247,000	1,182,399	2,889,085	0.82	2,382,733
2003/04	7,725,011	2,640,344	10,365,354	12,080,000	1,714,646	4,354,990	0.83	3,596,620
2004/05	4,993,346	2,543,757	7,537,103	8,962,000	1,424,897	3,968,654	0.83	3,285,631
2005/06	4,656,146	3,796,988	8,453,135	9,591,000	1,137,865	4,934,853	0.84	4,133,801
2006/07	4,014,344	5,519,268	9,533,612	11,382,000	1,848,388	7,367,656	0.85	6,272,106
2007/08	1,374,927	5,705,888	7,080,815	11,012,000	3,931,185	9,637,073	0.87	8,345,441
Total	\$150,267,458	\$36,344,312	\$186,611,770	\$201,426,368	\$14,814,598	\$51,158,908		\$42,977,692

(2), (3) and (4) are net of specific self insured retention and aggregate retention.

(5) is from Exhibit WC-HRD-9.

(8) is based on a 3.5% interest rate and the payout pattern in Exhibit WC-HRD-2.

Loss Rate and Severity Trend

I. Benefit Level Changes

Effective Date (1)	Benefit Level Change (2)	Cumulative Benefit Level Change (3)
07/01/98	1.004	1.004
01/01/99	1.007	1.011
07/01/99	0.992	1.002
01/01/00	1.005	1.007
06/01/01	1.035	1.042
01/01/02	1.016	1.059
01/01/03	1.022	1.082
01/01/04	1.014	1.097
01/01/05	1.020	1.119
01/01/06	1.024	1.146
01/01/07	1.063	1.218
01/01/08	1.016	1.238

II. Loss Rate and Severity Trend

Claim Period (1)	Benefit Trend (2008/09 = 1.000) (2)	Residual Trend (2008/09 = 1.000) (3)	Retention Index (2008/09 = 1.000) (4)	Loss Rate Trend (2008/09 = 1.000) (2)X(3)X(4) (5)	Wage Trend (2008/09 = 1.000) (6)	Severity Trend (2008/09 = 1.000) (5)X(6) (7)
1998/99	1.229	1.219	1.000	1.498	1.344	2.014
1999/00	1.232	1.195	1.000	1.473	1.305	1.922
2000/01	1.226	1.172	1.000	1.436	1.267	1.819
2001/02	1.178	1.149	1.000	1.353	1.230	1.665
2002/03	1.156	1.126	1.000	1.302	1.194	1.555
2003/04	1.136	1.104	1.000	1.254	1.159	1.454
2004/05	1.117	1.082	1.000	1.209	1.126	1.361
2005/06	1.093	1.061	1.000	1.160	1.093	1.267
2006/07	1.047	1.040	1.000	1.089	1.061	1.156
2007/08	1.008	1.020	1.000	1.028	1.030	1.059
2008/09	1.000	1.000	1.000	1.000	1.000	1.000
2009/10	1.000	0.980	1.000	0.980	0.971	0.952

Section I, (2) and (3) reflect NCCI data.

Section II, (2) is based on Section I, (2).

Section II, (3) is based on 2% trend per actuarial judgment.

Section II, (4) is based on industry statistics and actuarial judgment.

Section II, (6) is based on 3% trend.

STATE OF HAWAII
WORKERS' COMPENSATION - DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT

Exhibit WC-HRD-12

List of Large Claims
Unlimited Reported Incurred Losses Greater Than or Equal to \$500,000

Claim Number (1)	Date of Loss (2)	Claim Period (3)	Specific Self-Insured Retention (4)	Unlimited Paid Losses 6/30/08 (5)	Unlimited Case Reserves 6/30/08 (6)	Unlimited Reported Incurred Losses 6/30/08 (7)
78002792	6/6/1980	to 1988/89	Statutory	\$814,101	\$0	\$814,101
28205862	2/11/1982	to 1988/89	Statutory	530,427	0	530,427
28837021	12/7/1988	to 1988/89	1,016,750	489,999	526,751	1,016,750
48910086	4/13/1989	to 1988/89	Statutory	661,959	279,846	941,806
28940954	5/29/1989	to 1988/89	Statutory	426,376	488,496	914,872
28941329	8/12/1989	1989/90	Statutory	439,682	105,445	545,127
29041103	7/2/1990	1990/91	Statutory	437,285	273,175	710,460
29141212	12/26/1990	1990/91	Statutory	619,509	43,247	662,756
19110379	8/27/1991	1991/92	Statutory	544,811	219,675	764,486
29240929	6/13/1992	1991/92	Statutory	473,667	170,579	644,246
99210095	7/2/1992	1992/93	Statutory	624,137	0	624,137
99210099	7/14/1992	1992/93	Statutory	541,177	0	541,177
29341335	8/9/1993	1993/94	Statutory	371,280	350,557	721,837
29540578	4/24/1995	1994/95	Statutory	621,647	1,673	623,320
99610067	6/13/1996	1995/96	1,129,468	394,223	735,245 *	1,129,468 *
29640900	7/18/1996	1996/97	Statutory	605,452	0	605,452
19710013	1/14/1997	1996/97	1,341,237	572,082	769,155 *	1,341,237 *
99710115	12/23/1997	1997/98	Statutory	396,253	136,208	532,461
29840200	3/5/1998	1997/98	Statutory	532,354	146,001	678,355
29840831	7/26/1998	1998/99	Statutory	365,880	401,325	767,205
29840987	9/18/1998	1998/99	Statutory	415,683	112,341	528,024
79910138	2/14/1999	1998/99	Statutory	394,230	164,571	558,801
10010277	12/20/2000	2000/01	Statutory	342,343	177,056	519,399
10110169	8/12/2001	2001/02	2,211,249	1,202,816	1,008,433 *	2,211,249 *
20641024	10/30/2006	2006/07	Statutory	258,269	423,263	681,532

The claim(s) indicated by a "*" have been limited in development to the reported incurred amount, based on judgement.

(1) through (7) were provided by the State.

STATE OF HAWAII
WORKERS' COMPENSATION - DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT

Allocation of Estimated Outstanding Losses
Case Reserve Distribution

I. Case Reserves as of 06/30/08

Department (1)	to 1997/98 (2)	1998/99 (3)	1999/00 (4)	2000/01 (5)	2001/02 (6)	2002/03 (7)	2003/04 (8)	2004/05 (9)	2005/06 (10)	2006/07 (11)	2007/08 (12)	Total (13)
Accounting and General Services (DAGS)	\$187,901	\$13,253	\$128,578	\$5,563	\$434,842	\$136,153	\$14,106	\$154,292	\$175,770	\$288,620	\$252,497	\$1,791,574
Agriculture (AGR)	73,368	0	42,107	0	0	0	159,217	12,483	26,402	16,446	107,019	437,044
Attorney General (AG)	344,874	0	2,280	56,494	13,907	4,423	0	109,901	39,948	35,848	90,679	698,353
Business and Economic Dev (DBEDT)	1,360	0	0	0	0	0	187,409	0	0	0	0	188,769
Defense (DOD)	75,406	0	0	0	2	0	145,307	81,928	104,725	16,460	165,305	589,132
Education-Libraries (DOE)	0	0	0	6,318	0	0	154,801	84,502	35,068	70,655	368,477	719,821
Employer-Union Trust Fund (EUTF)	0	0	0	0	0	0	0	0	0	18,821	0	18,821
Hawaii Community Dev Authority (HCDA)	0	0	0	0	0	0	0	0	0	0	0	0
Hawaii Housing Finance Dev Corp (HHFDC)	0	0	0	0	0	0	0	0	0	70,188	0	70,188
Hawaii Public Housing Auth (HPHA)	15,000	0	0	0	0	0	17,047	73,647	22,071	96,780	218,821	443,366
Hawaiian Home Lands (DHHL)	0	0	0	0	0	0	0	53,571	0	0	9,637	63,207
Health (DOH)	894,770	471,835	36,060	224,711	309,378	298,116	554,993	478,831	843,716	658,585	425,127	5,196,123
Human Services (DHS)	958,146	112,655	179,732	117,812	436,055	195,655	165,986	65,056	427,058	409,299	785,065	3,852,518
Labor (DLIR)	34,943	0	0	0	78,508	0	39,120	0	74,944	64,490	72,173	364,177
Land and Natural Resources (DLNR)	424,831	43,858	0	51,820	182,231	38,099	213,586	149,063	291,961	260,554	420,979	2,076,982
Other (Other)	83,210	752	6,578	0	63,422	29,250	7,080	203,627	70,191	103,959	189,803	757,871
Public Safety (DPS)	2,683,889	773,229	316,737	492,470	1,392,022	308,503	638,541	534,391	878,206	1,363,641	1,369,675	10,751,305
Transportation - Admn (DOT-Adm)	0	0	0	0	0	0	29,182	0	29,145	39,677	53,455	151,459
Transportation - Airports (DOT-Air)	1,049,389	114,136	49,333	138,346	129,507	224,162	115,958	208,315	527,498	798,958	868,483	4,224,085
Transportation - Harbors (DOT-Har)	28,120	13,726	1,760	114,167	13,865	61,204	47,241	34,072	13,131	94,088	30,002	451,376
Transportation - Highways (DOT-Hwy)	348,744	190,192	310,261	99,560	59,366	411,122	150,770	300,080	237,154	1,112,202	278,691	3,498,142
Total	\$7,203,950	\$1,733,637	\$1,073,425	\$1,307,262	\$3,113,106	\$1,706,686	\$2,640,344	\$2,543,757	\$3,796,988	\$5,519,268	\$5,705,888	\$36,344,312

II. Distribution of Case Reserves as of 06/30/08

Department (1)	to 1997/98 (2)	1998/99 (3)	1999/00 (4)	2000/01 (5)	2001/02 (6)	2002/03 (7)	2003/04 (8)	2004/05 (9)	2005/06 (10)	2006/07 (11)	2007/08 (12)	Average (13)
Accounting and General Services (DAGS)	2.6%	0.8%	12.0%	0.4%	14.0%	8.0%	0.5%	6.1%	4.6%	5.2%	4.4%	5.3%
Agriculture (AGR)	1.0%	0.0%	3.9%	0.0%	0.0%	0.0%	6.0%	0.5%	0.7%	0.3%	1.9%	1.3%
Attorney General (AG)	4.8%	0.0%	0.2%	4.3%	0.4%	0.3%	0.0%	4.3%	1.1%	0.6%	1.6%	1.6%
Business and Economic Dev (DBEDT)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	7.1%	0.0%	0.0%	0.0%	0.0%	0.6%
Defense (DOD)	1.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.5%	3.2%	2.8%	0.3%	2.9%	1.4%
Education-Libraries (DOE)	0.0%	0.0%	0.0%	0.5%	0.0%	0.0%	5.9%	3.3%	0.9%	1.3%	6.5%	1.7%
Employer-Union Trust Fund (EUTF)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%	0.0%	0.0%
Hawaii Community Dev Authority (HCDA)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Hawaii Housing Finance Dev Corp (HHFDC)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.3%	0.0%	0.1%
Hawaii Public Housing Auth (HPHA)	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.6%	2.9%	0.6%	1.8%	3.8%	0.9%
Hawaiian Home Lands (DHHL)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.1%	0.0%	0.0%	0.2%	0.2%
Health (DOH)	12.4%	27.2%	3.4%	17.2%	9.9%	17.5%	21.0%	18.8%	22.2%	11.9%	7.5%	15.4%
Human Services (DHS)	13.3%	6.5%	16.7%	9.0%	14.0%	11.5%	6.3%	2.6%	11.2%	7.4%	13.8%	10.2%
Labor (DLIR)	0.5%	0.0%	0.0%	0.0%	2.5%	0.0%	1.5%	0.0%	2.0%	1.2%	1.3%	0.8%
Land and Natural Resources (DLNR)	5.9%	2.5%	0.0%	4.0%	5.9%	2.2%	8.1%	5.9%	7.7%	4.7%	7.4%	4.9%
Other (Other)	1.2%	0.0%	0.6%	0.0%	2.0%	1.7%	0.3%	8.0%	1.8%	1.9%	3.3%	1.9%
Public Safety (DPS)	37.3%	44.6%	29.5%	37.7%	44.7%	18.1%	24.2%	21.0%	23.1%	24.7%	24.0%	29.9%
Transportation - Admn (DOT-Adm)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.1%	0.0%	0.8%	0.7%	0.9%	0.3%
Transportation - Airports (DOT-Air)	14.6%	6.6%	4.6%	10.6%	4.2%	13.1%	4.4%	8.2%	13.9%	14.5%	15.2%	10.0%
Transportation - Harbors (DOT-Har)	0.4%	0.8%	0.2%	8.7%	0.4%	3.6%	1.8%	1.3%	0.3%	1.7%	0.5%	1.8%
Transportation - Highways (DOT-Hwy)	4.8%	11.0%	28.9%	7.6%	1.9%	24.1%	5.7%	11.8%	6.2%	20.2%	4.9%	11.6%
Total	100.0%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

STATE OF HAWAII
WORKERS' COMPENSATION - DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT

Allocation of Estimated Outstanding Losses
Payroll Distribution

I. Payroll

Department (1)	to 1997/98 (2)	1998/99 (3)	1999/00 (4)	2000/01 (5)	2001/02 (6)	2002/03 (7)	2003/04 (8)	2004/05 (9)	2005/06 (10)	2006/07 (11)	2007/08 (12)	Total (13)
Accounting and General Services (DAGS)		\$39,728,378	\$38,523,183	\$38,381,298	\$41,772,276	\$44,800,786	\$45,649,754	\$41,808,740	\$38,913,904	\$40,765,946	\$42,841,646	\$413,185,912
Agriculture (AGR)		13,352,174	13,045,871	12,834,223	13,246,482	13,665,070	13,577,695	13,751,501	14,568,627	15,668,809	16,714,853	140,425,307
Attorney General (AG)		23,517,546	23,316,772	23,809,832	25,371,539	26,746,040	27,474,631	28,452,207	30,053,742	31,970,760	34,339,114	275,052,183
Business and Economic Dev (DBEDT)		22,836,535	22,205,939	21,477,879	22,244,886	17,316,540	11,611,232	12,208,826	13,641,211	14,171,006	13,918,592	171,632,645
Defense (DOD)		7,913,249	7,836,787	7,741,879	7,845,606	8,088,807	8,354,094	8,657,865	9,674,784	11,549,449	13,143,167	90,805,686
Education-Libraries (DOE)		17,074,756	16,585,356	16,301,090	17,242,017	17,875,257	17,796,047	18,735,145	20,162,012	21,316,976	22,440,700	185,529,356
Employer-Union Trust Fund (EUTF)		871,072	858,418	852,473	880,545	898,471	906,199	987,271	1,053,334	1,051,896	1,087,566	9,447,245
Hawaii Community Dev Authority (HCDA)		2,258,558	2,196,192	2,124,186	2,200,044	1,712,625	1,148,364	1,192,672	1,294,482	1,365,750	1,432,464	16,925,336
Hawaii Housing Finance Dev Corp (HHFDC)		1,731,612	1,715,329	1,728,349	1,833,784	2,085,880	2,286,184	2,400,900	2,288,570	2,312,504	2,796,036	21,179,149
Hawaii Public Housing Auth (HPHA)		7,896,153	7,821,901	7,881,273	8,362,056	9,511,613	10,424,997	11,020,323	11,148,248	11,649,642	12,264,512	97,980,718
Hawaiian Home Lands (DHHL)		4,996,799	4,982,286	5,006,961	5,204,731	5,493,198	5,679,174	6,095,296	6,777,739	7,427,409	7,966,085	59,629,680
Health (DOH)		121,111,070	118,724,818	117,293,017	122,269,334	129,360,925	134,961,933	142,375,650	151,422,872	156,853,428	162,506,312	1,356,879,360
Human Services (DHS)		59,636,731	59,075,939	59,524,350	63,155,531	71,837,710	78,736,164	81,635,077	84,991,137	87,996,571	91,751,060	738,340,270
Labor (DLIR)		31,275,409	30,485,511	29,942,160	31,577,756	32,500,077	31,003,373	29,671,046	29,240,702	29,175,844	30,000,805	304,872,682
Land and Natural Resources (DLNR)		27,866,986	27,050,947	26,561,218	27,594,784	28,475,884	28,466,798	29,216,617	31,700,301	34,912,141	37,791,340	299,637,016
Other (Other)		66,134,494	65,173,716	64,722,403	66,853,658	68,214,649	68,801,386	71,385,515	75,657,282	80,842,118	86,135,371	713,920,592
Public Safety (DPS)		91,193,245	87,852,435	86,388,134	89,898,128	93,129,686	96,419,849	98,982,201	104,002,312	112,553,442	119,349,759	979,769,191
Transportation - Admn (DOT-Adm)		4,716,270	4,596,632	4,491,427	4,636,100	4,793,306	4,846,326	5,171,078	5,323,153	5,380,039	5,778,456	49,732,787
Transportation - Airports (DOT-Air)		39,453,408	38,452,595	37,572,515	38,782,760	40,097,850	40,541,384	41,430,948	43,615,600	46,556,224	48,830,506	415,333,791
Transportation - Harbors (DOT-Har)		8,344,169	8,132,503	7,946,371	8,202,331	8,480,465	8,574,270	8,846,478	9,373,314	9,836,950	10,246,368	87,983,218
Transportation - Highways (DOT-Hwy)		38,183,643	37,215,040	36,363,285	37,534,579	38,807,344	39,236,603	40,598,271	42,679,813	44,635,373	46,684,798	401,938,750
Total		\$630,092,260	\$615,848,167	\$608,944,322	\$636,708,927	\$663,892,184	\$676,496,457	\$694,623,631	\$727,583,138	\$767,992,277	\$808,019,511	\$6,830,200,875

II. Payroll Distribution

Department (1)	to 1997/98 (2)	1998/99 (3)	1999/00 (4)	2000/01 (5)	2001/02 (6)	2002/03 (7)	2003/04 (8)	2004/05 (9)	2005/06 (10)	2006/07 (11)	2007/08 (12)	Average (13)
Accounting and General Services (DAGS)		6.3%	6.3%	6.3%	6.6%	6.7%	6.7%	6.0%	5.3%	5.3%	5.3%	6.1%
Agriculture (AGR)		2.1%	2.1%	2.1%	2.1%	2.1%	2.0%	2.0%	2.0%	2.0%	2.1%	2.1%
Attorney General (AG)		3.7%	3.8%	3.9%	4.0%	4.0%	4.1%	4.1%	4.1%	4.2%	4.2%	4.0%
Business and Economic Dev (DBEDT)		3.6%	3.6%	3.5%	3.5%	2.6%	1.7%	1.8%	1.9%	1.8%	1.7%	2.6%
Defense (DOD)		1.3%	1.3%	1.3%	1.2%	1.2%	1.2%	1.2%	1.3%	1.5%	1.6%	1.3%
Education-Libraries (DOE)		2.7%	2.7%	2.7%	2.7%	2.7%	2.6%	2.7%	2.8%	2.8%	2.8%	2.7%
Employer-Union Trust Fund (EUTF)		0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Hawaii Community Dev Authority (HCDA)		0.4%	0.4%	0.3%	0.3%	0.3%	0.2%	0.2%	0.2%	0.2%	0.2%	0.3%
Hawaii Housing Finance Dev Corp (HHFDC)		0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Hawaii Public Housing Auth (HPHA)		1.3%	1.3%	1.3%	1.3%	1.4%	1.5%	1.6%	1.5%	1.5%	1.5%	1.4%
Hawaiian Home Lands (DHHL)		0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.9%	0.9%	1.0%	1.0%	0.9%
Health (DOH)		19.2%	19.3%	19.3%	19.2%	19.5%	20.0%	20.5%	20.8%	20.4%	20.1%	19.8%
Human Services (DHS)		9.5%	9.6%	9.8%	9.9%	10.8%	11.6%	11.8%	11.7%	11.5%	11.4%	10.7%
Labor (DLIR)		5.0%	5.0%	4.9%	5.0%	4.9%	4.6%	4.3%	4.0%	3.8%	3.7%	4.5%
Land and Natural Resources (DLNR)		4.4%	4.4%	4.4%	4.3%	4.3%	4.2%	4.2%	4.4%	4.5%	4.7%	4.4%
Other (Other)		10.5%	10.6%	10.6%	10.5%	10.3%	10.2%	10.3%	10.4%	10.5%	10.7%	10.5%
Public Safety (DPS)		14.5%	14.3%	14.2%	14.1%	14.0%	14.3%	14.2%	14.3%	14.8%	14.8%	14.3%
Transportation - Admn (DOT-Adm)		0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%
Transportation - Airports (DOT-Air)		6.3%	6.2%	6.2%	6.1%	6.0%	6.0%	6.0%	6.0%	6.1%	6.0%	6.1%
Transportation - Harbors (DOT-Har)		1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%
Transportation - Highways (DOT-Hwy)		6.1%	6.0%	6.0%	5.9%	5.8%	5.8%	5.8%	5.9%	5.8%	5.8%	5.9%
Total		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

STATE OF HAWAII
WORKERS' COMPENSATION - DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT

Allocation of Estimated Outstanding Losses
Weighted Distribution as of June 30, 2008

I. Selected Weights

Item (1)	to 1997/98 (2)	1998/99 (3)	1999/00 (4)	2000/01 (5)	2001/02 (6)	2002/03 (7)	2003/04 (8)	2004/05 (9)	2005/06 (10)	2006/07 (11)	2007/08 (12)
A. Case Reserves	100%	100%	100%	100%	100%	100%	90%	80%	70%	60%	50%
B. Payroll	0%	0%	0%	0%	0%	0%	10%	20%	30%	40%	50%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

II. Weighted Distribution

Department (1)	to 1997/98 (2)	1998/99 (3)	1999/00 (4)	2000/01 (5)	2001/02 (6)	2002/03 (7)	2003/04 (8)	2004/05 (9)	2005/06 (10)	2006/07 (11)	2007/08 (12)
Accounting and General Services (DAGS)	2.6%	0.8%	12.0%	0.4%	14.0%	8.0%	1.2%	6.1%	4.8%	5.3%	4.9%
Agriculture (AGR)	1.0%	0.0%	3.9%	0.0%	0.0%	0.0%	5.6%	0.8%	1.1%	1.0%	2.0%
Attorney General (AG)	4.8%	0.0%	0.2%	4.3%	0.4%	0.3%	0.4%	4.3%	2.0%	2.1%	2.9%
Business and Economic Dev (DBEDT)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	6.6%	0.4%	0.6%	0.7%	0.9%
Defense (DOD)	1.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.1%	2.8%	2.3%	0.8%	2.3%
Education-Libraries (DOE)	0.0%	0.0%	0.0%	0.5%	0.0%	0.0%	5.5%	3.2%	1.5%	1.9%	4.6%
Employer-Union Trust Fund (EUTF)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%	0.1%
Hawaii Community Dev Authority (HCDA)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.1%
Hawaii Housing Finance Dev Corp (HHFDC)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.9%	0.2%
Hawaii Public Housing Auth (HPHA)	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.7%	2.6%	0.9%	1.7%	2.7%
Hawaiian Home Lands (DHHL)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	1.9%	0.3%	0.4%	0.6%
Health (DOH)	12.4%	27.2%	3.4%	17.2%	9.9%	17.5%	20.9%	19.2%	21.8%	15.3%	13.8%
Human Services (DHS)	13.3%	6.5%	16.7%	9.0%	14.0%	11.5%	6.8%	4.4%	11.4%	9.0%	12.6%
Labor (DLIR)	0.5%	0.0%	0.0%	0.0%	2.5%	0.0%	1.8%	0.9%	2.6%	2.2%	2.5%
Land and Natural Resources (DLNR)	5.9%	2.5%	0.0%	4.0%	5.9%	2.2%	7.7%	5.5%	6.7%	4.7%	6.0%
Other (Other)	1.2%	0.0%	0.6%	0.0%	2.0%	1.7%	1.3%	8.5%	4.4%	5.3%	7.0%
Public Safety (DPS)	37.3%	44.6%	29.5%	37.7%	44.7%	18.1%	23.2%	19.7%	20.5%	20.7%	19.4%
Transportation - Admn (DOT-Adm)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.1%	0.1%	0.8%	0.7%	0.8%
Transportation - Airports (DOT-Air)	14.6%	6.6%	4.6%	10.6%	4.2%	13.1%	4.6%	7.7%	11.5%	11.1%	10.6%
Transportation - Harbors (DOT-Har)	0.4%	0.8%	0.2%	8.7%	0.4%	3.6%	1.7%	1.3%	0.6%	1.5%	0.9%
Transportation - Highways (DOT-Hwy)	4.8%	11.0%	28.9%	7.6%	1.9%	24.1%	5.7%	10.6%	6.1%	14.4%	5.3%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

STATE OF HAWAII
WORKERS' COMPENSATION - DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT

Exhibit WC-HRD-16

Allocation of Estimated Outstanding Losses
As of June 30, 2008

I. Allocated IBNR

Department (1)	to 1997/98 (2)	1998/99 (3)	1999/00 (4)	2000/01 (5)	2001/02 (6)	2002/03 (7)	2003/04 (8)	2004/05 (9)	2005/06 (10)	2006/07 (11)	2007/08 (12)	Total (13)
Accounting and General Services (DAGS)	\$13,396	\$4,418	\$55,165	\$3,066	\$181,979	\$94,327	\$19,815	\$86,294	\$55,129	\$97,241	\$191,198	\$802,028
Agriculture (AGR)	5,231	0	18,066	0	0	0	96,498	11,236	12,374	18,389	77,527	239,320
Attorney General (AG)	24,587	0	978	31,130	5,820	3,064	6,964	60,922	22,480	37,982	114,771	308,698
Business and Economic Dev (DBEDT)	97	0	0	0	0	0	112,476	5,009	6,400	13,643	33,858	171,483
Defense (DOD)	5,376	0	0	0	1	0	87,044	40,266	26,508	14,426	88,917	262,537
Education-Libraries (DOE)	0	0	0	3,481	0	0	94,986	45,554	16,816	34,719	181,524	377,080
Employer-Union Trust Fund (EUTF)	0	0	0	0	0	0	230	405	494	4,794	2,646	8,569
Hawaii Community Dev Authority (HCDA)	0	0	0	0	0	0	291	489	607	1,315	3,485	6,197
Hawaii Housing Finance Dev Corp (HHFDC)	0	0	0	0	0	0	579	985	1,074	16,330	6,802	25,770
Hawaii Public Housing Auth (HPHA)	1,069	0	0	0	0	0	12,606	37,524	9,860	30,662	105,215	196,937
Hawaiian Home Lands (DHHL)	0	0	0	0	0	0	1,439	26,507	3,180	7,150	22,698	60,935
Health (DOH)	63,790	157,290	15,471	123,824	129,473	206,536	358,580	272,987	248,032	283,340	541,763	2,401,086
Human Services (DHS)	68,309	37,554	77,112	64,919	182,487	135,550	116,969	62,645	129,460	166,959	493,637	1,536,502
Labor (DLIR)	2,491	0	0	0	32,855	0	30,723	12,173	29,440	41,046	97,842	246,570
Land and Natural Resources (DLNR)	30,287	14,620	0	28,555	76,263	26,395	132,048	78,785	76,118	85,966	236,953	785,990
Other (Other)	5,932	251	2,822	0	26,542	20,265	21,576	120,537	50,220	98,717	274,917	621,779
Public Safety (DPS)	191,341	257,762	135,893	271,369	582,553	213,732	397,642	280,082	233,019	382,364	762,163	3,707,921
Transportation - Admn (DOT-Adm)	0	0	0	0	0	0	18,284	2,122	8,611	13,152	32,471	74,640
Transportation - Airports (DOT-Air)	74,813	38,048	21,166	76,234	54,198	155,301	78,049	110,348	131,118	205,362	417,965	1,362,601
Transportation - Harbors (DOT-Har)	2,005	4,576	755	62,910	5,803	42,402	29,784	18,898	7,152	28,376	35,261	237,921
Transportation - Highways (DOT-Hwy)	24,863	63,402	133,115	54,861	24,844	284,827	98,064	151,129	69,773	266,455	209,571	1,380,903
Total	\$513,587	\$577,921	\$460,544	\$720,349	\$1,302,817	\$1,182,399	\$1,714,646	\$1,424,897	\$1,137,865	\$1,848,388	\$3,931,185	\$14,814,598

II. Case Reserves

Department (1)	to 1997/98 (2)	1998/99 (3)	1999/00 (4)	2000/01 (5)	2001/02 (6)	2002/03 (7)	2003/04 (8)	2004/05 (9)	2005/06 (10)	2006/07 (11)	2007/08 (12)	Total (13)
Accounting and General Services (DAGS)	\$187,901	\$13,253	\$128,578	\$5,563	\$434,842	\$136,153	\$14,106	\$154,292	\$175,770	\$288,620	\$252,497	\$1,791,574
Agriculture (AGR)	73,368	0	42,107	0	0	0	159,217	12,483	26,402	16,446	107,019	437,044
Attorney General (AG)	344,874	0	2,280	56,494	13,907	4,423	0	109,901	39,948	35,848	90,679	698,353
Business and Economic Dev (DBEDT)	1,360	0	0	0	0	0	187,409	0	0	0	0	188,769
Defense (DOD)	75,406	0	0	0	2	0	145,307	81,928	104,725	16,460	165,305	589,132
Education-Libraries (DOE)	0	0	0	6,318	0	0	154,801	84,502	35,068	70,655	368,477	719,821
Employer-Union Trust Fund (EUTF)	0	0	0	0	0	0	0	0	0	18,821	0	18,821
Hawaii Community Dev Authority (HCDA)	0	0	0	0	0	0	0	0	0	0	0	0
Hawaii Housing Finance Dev Corp (HHFDC)	0	0	0	0	0	0	0	0	0	70,188	0	70,188
Hawaii Public Housing Auth (HPHA)	15,000	0	0	0	0	0	17,047	73,647	22,071	96,780	218,821	443,366
Hawaiian Home Lands (DHHL)	0	0	0	0	0	0	0	53,571	0	0	9,637	63,207
Health (DOH)	894,770	471,835	36,060	224,711	309,378	298,116	554,993	478,831	843,716	658,585	425,127	5,196,123
Human Services (DHS)	958,146	112,655	179,732	117,812	436,055	195,655	165,986	65,056	427,058	409,299	785,065	3,852,518
Labor (DLIR)	34,943	0	0	0	78,508	0	39,120	0	74,944	64,490	72,173	364,177
Land and Natural Resources (DLNR)	424,831	43,858	0	51,820	182,231	38,099	213,586	149,063	291,961	260,554	420,979	2,076,982
Other (Other)	83,210	752	6,578	0	63,422	29,250	7,080	203,627	70,191	103,959	189,803	757,871
Public Safety (DPS)	2,683,889	773,229	316,737	492,470	1,392,022	308,503	638,541	534,391	878,206	1,363,641	1,369,675	10,751,305
Transportation - Admn (DOT-Adm)	0	0	0	0	0	0	29,182	0	29,145	39,677	53,455	151,459
Transportation - Airports (DOT-Air)	1,049,389	114,136	49,333	138,346	129,507	224,162	115,958	208,315	527,498	798,958	868,483	4,224,085
Transportation - Harbors (DOT-Har)	28,120	13,726	1,760	114,167	13,865	61,240	34,072	13,131	13,131	94,088	30,002	451,376
Transportation - Highways (DOT-Hwy)	348,744	190,192	310,261	99,560	59,366	411,122	150,770	300,080	237,154	1,112,202	278,691	3,498,142
Total	\$7,203,950	\$1,733,637	\$1,073,425	\$1,307,262	\$3,113,106	\$1,706,886	\$2,640,344	\$2,543,757	\$3,796,988	\$5,519,268	\$5,705,888	\$36,344,312

III. Allocated Estimated Outstanding Losses

Department (1)	to 1997/98 (2)	1998/99 (3)	1999/00 (4)	2000/01 (5)	2001/02 (6)	2002/03 (7)	2003/04 (8)	2004/05 (9)	2005/06 (10)	2006/07 (11)	2007/08 (12)	Total (13)
Accounting and General Services (DAGS)	\$201,297	\$17,671	\$183,743	\$8,629	\$616,821	\$230,480	\$33,920	\$240,586	\$230,899	\$385,860	\$443,696	\$2,593,601
Agriculture (AGR)	78,599	0	60,173	0	0	0	255,715	23,719	38,776	34,835	184,546	676,364
Attorney General (AG)	369,461	0	3,258	87,624	19,727	7,487	6,964	170,823	62,428	73,829	205,450	1,007,052
Business and Economic Dev (DBEDT)	1,457	0	0	0	0	0	299,885	5,009	6,400	13,643	33,858	360,252
Defense (DOD)	80,782	0	0	0	3	0	232,350	122,194	131,233	30,886	254,222	851,669
Education-Libraries (DOE)	0	0	0	9,799	0	0	249,787	130,055	51,884	105,374	550,001	1,096,901
Employer-Union Trust Fund (EUTF)	0	0	0	0	0	0	230	405	494	23,615	2,646	27,390
Hawaii Community Dev Authority (HCDA)	0	0	0	0	0	0	291	489	607	1,315	3,485	6,197
Hawaii Housing Finance Dev Corp (HHFDC)	0	0	0	0	0	0	579	985	1,074	16,330	6,802	25,770
Hawaii Public Housing Auth (HPHA)	16,069	0	0	0	0	0	29,653	111,171	31,931	127,442	324,037	640,303
Hawaiian Home Lands (DHHL)	0	0	0	0	0	0	1,439	90,078	3,180	7,150	22,698	98,345
Health (DOH)	958,561	629,125	51,532	348,535	438,851	504,652	913,573	751,818	1,091,747	941,925	966,890	7,597,209
Human Services (DHS)	1,026,454	150,210	256,844	182,731	618,542	331,205	282,955	127,701	556,518	576,258	1,278,702	5,388,120
Labor (DLIR)	37,434	0	0	0	111,363	0	69,843	12,173	104,383	105,536	170,015	610,747
Land and Natural Resources (DLNR)	455,118	58,479	0	80,375	258,494	64,494	345,634	227,847	368,080	346,519	657,932	2,862,972
Other (Other)	89,142	1,003	9,400	0	89,964	49,515	28,656	324,163	120,411	202,676	464,720	1,379,615
Public Safety (DPS)	2,875,229	1,030,991	452,630	763,840	1,974,575	522,235	1,036,183	814,473	1,111,225	1,746,005	2,131,839	14,459,225
Transportation - Admn (DOT-Adm)	0	0	0	0	0	0	47,466	2,122	37,556	52,829	85,926	226,099
Transportation - Airports (DOT-Air)	1,124,202	152,184	70,499	214,580	183,704	379,463	194,007	318,663	658,616	1,004,320	1,286,448	5,586,686
Transportation - Harbors (DOT-Har)	30,125	18,301	2,516	177,077	19,668	103,606	77,025	52,970	20,283	122,464	65,262	689,296
Transportation - Highways (DOT-Hwy)	373,607	253,594	443,376	154,421	84,211	695,948	248,834	451,209	306,926	1,378,657	488,262	4,879,045
Total	\$7,717,537	\$2,311,558	\$1,533,969	\$2,027,611	\$4,415,923	\$2,889,085	\$4,354,989	\$3,968,654	\$4,934,853	\$7,367,656	\$9,637,073	\$51,158,908

Section I = Exhibit WC-HRD-10, (6) x Exhibit WC-HRD-15, Section II.

Section III = Section I + Section II