

# STATE ACCIDENT FUND

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# Agency Overview

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The South Carolina State Accident Fund (formerly the State Workers Compensation Fund) was established by Act of the General Assembly in 1947. The Fund is a highly specialized organization with only two programs, the State Accident Fund and the South Carolina Workers' Compensation Uninsured Employers' Fund.

## **The South Carolina State Accident Fund**

The State Accident Fund is charged with the administration of the workers' compensation program for all state agencies. Creation of SAF centralized the administration of workers' compensation claims within a single agency, as the State effectively "self-insured" its workers' compensation coverage in the same manner as most large private businesses. By self-insuring, SAF provides the State a more stable source of insurance coverage and pricing, thus protecting the many underwriting risks associated with varied government functions.

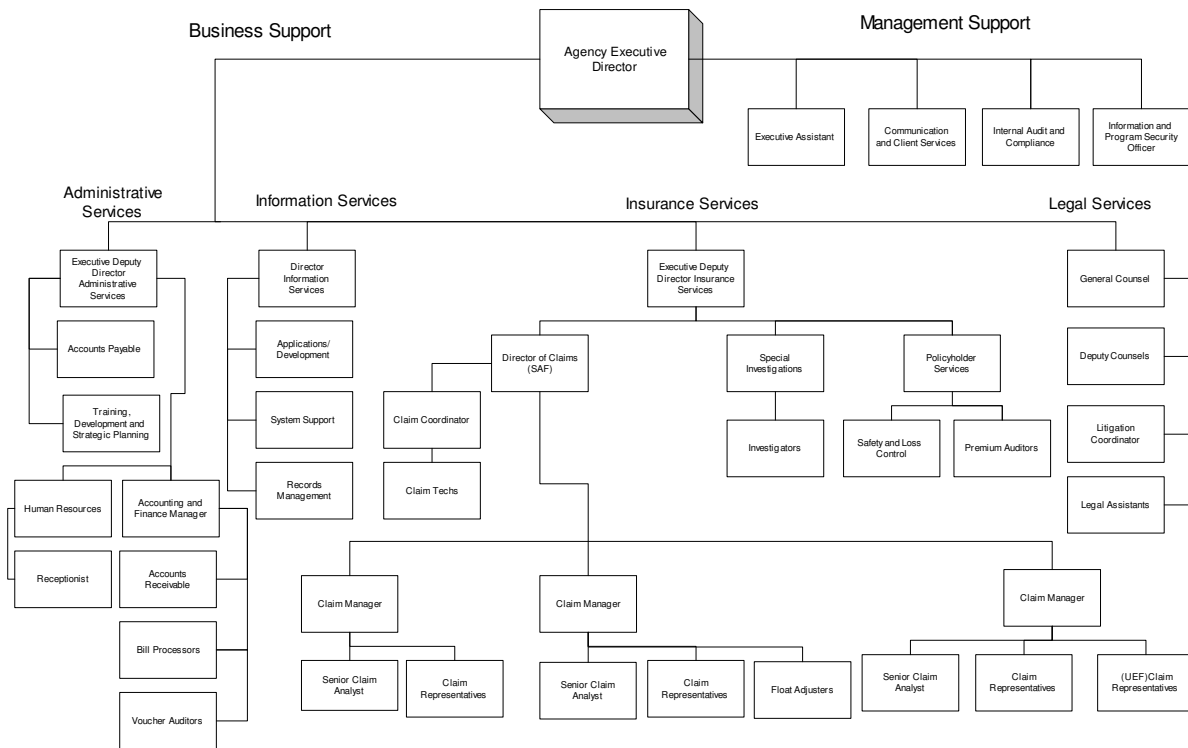
As set forth by statute, the agency determines rates and assesses premiums in the same manner as a private insurance company. It is funded entirely by the premiums it collects and **receives NO general funds**. Importantly, the Fund also provides coverage for hundreds of local governmental organizations which would otherwise be unable to procure coverage at a reasonable cost. In this way, the Fund provides county and municipal agencies a guaranteed alternative source of workers' compensation insurance coverage. Additionally, this guaranteed coverage at reasonable rates produces a moderating and stabilizing influence on the private market in general and enhances the business climate in South Carolina.

Since 1943, availability, affordability, and service have been the key benefits of the South Carolina State Fund. Its mission today remains to *"Provide a cost effective guaranteed workers' compensation market for state agencies, other governmental entities and, when in the best interest of the State, businesses in the private sector."*

## **The Workers' Compensation Uninsured Employers' Fund**

On July 1, 2013, the administration of the South Carolina Uninsured Employers' Fund (UEF) was transferred to the Director of the State Accident Fund in accordance with the dissolution of the Second Injury Fund as set forth in S.C. Code Ann. 42-7-200. The UEF's mission is to *"Ensure payment of workers' compensation benefits to injured employees whose employers have failed to acquire workers' compensation coverage through a policy of insurance or self-insuring in accordance with the provisions of the law."* The UEF is **funded entirely** by taxes on insurers providing coverage in the state and receives no general funds.

# State Accident Fund



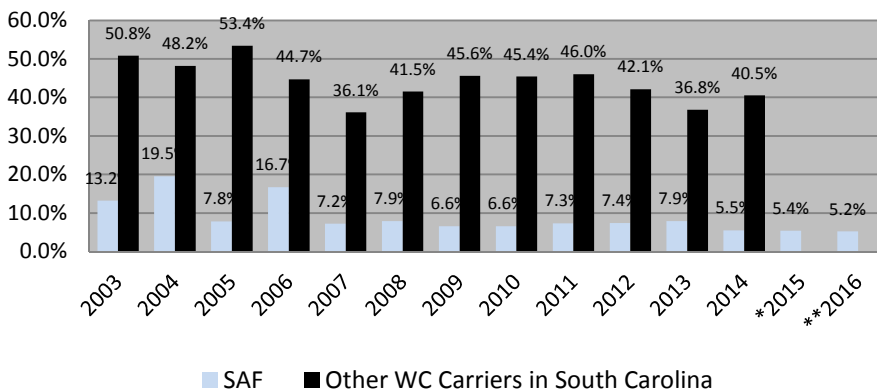
**Total FTEs:**            92  
**Currently Filled:**       67  
**Vacant:**                    25

# Executive Summary of Accountability Report

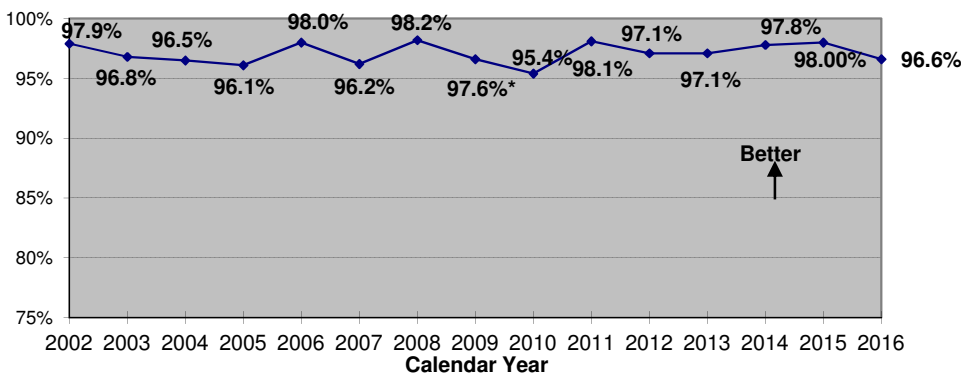
The agency's major achievements during the period covered by this report are summarized below:

- The agency remained financially self-sustaining. (See comparison chart below.)
- Customer satisfaction scores remained high. (See survey results chart below.)
- Retention rates for voluntary accounts remained high.
- The agency's claim and administrative costs continued to be less than the private sector.
- Even though the agency has no marketing function, it gained 9 new accounts during the reporting period.
- The agency continued to explore and expand efforts to control costs through vendor partnerships for medical management, pharmacy bill cost containment programs and subrogation services. During the reporting period, the actual and/or estimated saving from these programs were:
  - Medical Services / Charge Review \$ 1,706,651
  - Pharmacy Services \$ 4,443,114
  - Subrogation Recoveries \$ 1,218,658
  - Physical Therapy Services \$ 518,037
  - Second Injury Fund Recoveries \$ 3,093,109

## Administrative Cost Ratio Comparison



## Results of Annual Customer Survey



# Financial Overview

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## Expenditures and Appropriations

|                                   | FY 13-14                  | FY 14-15                   | FY 15-16                  | FY 16-17                  |
|-----------------------------------|---------------------------|----------------------------|---------------------------|---------------------------|
| <b>Total Expenditures</b>         | <b>\$4,934,374</b>        | <b>\$5,059,308</b>         | <b>\$4,703,502</b>        |                           |
| <b><i>Total Authorization</i></b> | <b><i>\$9,961,540</i></b> | <b><i>\$10,036,601</i></b> | <b><i>\$9,974,138</i></b> | <b><i>\$9,959,480</i></b> |

The State Accident Fund is funded totally by “Other Funds”.