

# COMMONWEALTH OF VIRGINIA



**SCOTT A. WHITE**  
**COMMISSIONER OF INSURANCE**  
**STATE CORPORATION COMMISSION**  
**BUREAU OF INSURANCE**

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June 1, 2025

Ms. Dawn McCoy, MPPP  
Executive Director  
Virginia Birth-Related Neurological Injury Compensation Fund  
7501 Boulders View Drive, Suite 600  
Richmond, Virginia, 23218

Dear Ms. McCoy:

Section 38.2-5021 of the Code of Virginia requires the State Corporation Commission Bureau of Insurance (Bureau) to conduct an actuarial valuation, at least biennially, of the assets and liabilities of the Virginia Birth-Related Neurological Injury Compensation Fund (the Fund). As a result of this periodic review, the Bureau is providing an update that the Fund continues to not be able to be maintained on an actuarially sound basis subject to the maximum assessments permitted by § 38.2-5020.

By law, the Bureau is required to promptly notify the Speaker of the House of Delegates, the President of the Senate, the Board of Directors of the Program, and the Virginia Workers' Compensation Commission; this notification was initially provided in December of 2001, and the Bureau's periodic mandated actuarial valuation since that time has not altered this determination. A copy of the most recent report is attached.

The report details the findings of an actuarial valuation performed on behalf of the Bureau by Pinnacle Actuarial Resources, Inc. (Pinnacle). The primary findings in the Pinnacle report this year include the following:

- As of December 31, 2023, the Fund was not actuarially sound and had a total estimated deficit of \$106.2 million. This represents a significant increase from the \$103.0 million deficit forecasted in the prior report primarily due to actual inflation rates exceeding projections and adjustments to future claim payment assumptions.
- The report forecasts that the Fund deficit will grow to \$112.6 million at the end of 2024, \$122.3 million at the end of 2025, and \$135.4 million at the end of 2026, consistent with estimated assessment revenues and expected investment income not being quite sufficient to keep pace with calendar year benefits payments and additional unpaid benefits liabilities associated with new eligible Program participants.
- Despite the actuarial unsoundness, Pinnacle estimates that the Fund currently has sufficient assets to continue paying Program benefits for many years into the future. There does not appear to be a material risk of a cash shortfall for decades. The Fund is

anticipated to have sufficient assets to continue paying expected future benefits and related administrative expenses for admitted claimants as of December 31, 2023, for at least 50 years.

The report concludes that assessments to the Fund by participating and non-participating physicians, participating hospitals, and liability insurers be continued at the maximum level permitted by law to address the growing deficit.

After you have had an opportunity to review the attached report, I will be glad to discuss the findings with you in more detail and answer any questions you may have.

Cordially,

A handwritten signature in black ink, appearing to read "Scott A. White", with a stylized, flowing script.

Scott A. White  
Commissioner of Insurance

Attachment