

Enterprise Report

April 2009

Enterprise Report

BWC's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. The statements are prepared using the accrual basis of accounting and the economic resources measurement focus.

Statement of Operations

This statement reports operating revenues and expenses, as well as net investment revenues for the current fiscal year to date, projected, and prior fiscal year to date. A combining schedule for the statement of operations presents the current fiscal year to date revenue and expenses by fund. *Pages 5 and 6.*

Statement of Investment Income

This statement provides information on the sources of investment income, changes in investment fair value, and investment expenses. Information is presented for the current fiscal year to date, projected, and prior fiscal year to date. *Page 7.*

Administrative Cost Fund Budget Summary

This statement reports actual fiscal year to date administrative expenses and budget compared to the budget for the fiscal year and prior fiscal year to date expenses for BWC. The fiscal year budget is also compared to the agency appropriation. *Pages 8 and 9.*

State Insurance Fund Administrative Expense Summary

This statement reports administrative expenses that are permitted to be paid from the State Insurance Fund for the current and prior fiscal year to date along with the remaining open encumbrances for each of the contracts. *Page 10.*

Statement of Cash Flows

This statement presents cash flows from operating, capital and related financing activities, and investing activities. Cash collections and payments are reflected in this statement to arrive at the net increase or decrease in cash and cash equivalents. *Page 11.*

Statement of Net Assets

This statement presents information reflecting BWC's assets, liabilities, and net assets. Net assets represent the amount of total assets less liabilities. This statement would be referred to as a balance sheet in the private sector. A combining schedule presents this information by fund. *Pages 12 and 13.*

Financial Performance Metrics

Financial ratios reflecting BWC's performance are presented here. These financial ratios are insurance industry recognized financial metrics. *Page 14.*

Operational Performance Metrics

Measures reflecting BWC's operational performance are presented here. *Pages 15 through 17.*

Performance Metrics Glossary

Glossary provides definitions and information on calculations for each performance metric. *Page 18.*

March Financial Analysis

BWC's net assets increased by \$583 million in March resulting in net assets of \$1.5 billion at March 31, 2009 compared to \$940 million at February 28, 2009.

<i>(\$ in millions)</i>	Fiscal YTD Feb. 28, 2009	Month Ended Mar. 31, 2009	Fiscal YTD Mar. 31, 2009
Operating Revenues	\$1,474.3	\$178.4	\$1,652.7
Operating Expenses	1,502.3	180.2	1,682.5
Operating Transfers to ODNR & WCC	(3.3)	–	(3.3)
Net Operating Gain (Loss)	(31.3)	(1.8)	(33.1)
Net Investment Income (Loss)	(1,531.7)	584.6	(947.1)
Increase (Decrease) in Net Assets	(1,563.0)	582.8	(980.2)
Net Assets End of Period	\$940.3	\$1,523.1	\$1,523.1

- o Premium and assessment income of \$186 million net of a \$16 million provision for uncollectible accounts receivable along with other income of \$8 million resulted in operating revenues of \$178 million in March. Other income is primarily penalties billed to private employers for the late filing and payment of premiums that were due on February 28.
- o Benefits and compensation adjustment expenses of \$173 million along with other expenses of \$7 million resulted in operating expenses of \$180 million in March.
- o A \$510 million increase in portfolio market value in March along with interest and dividend income of \$75 million for the month, resulted in a net investment income of \$585 million for the month after investment expenses. The increase in portfolio market value is comprised of \$566 million in net unrealized gains and \$56 million in net realized losses.
- o Private employer premium payments for the six month period ended December 31, 2008 contributed to premium and assessment receipts of \$123 million in March. Collections were \$10 million less than projected for the month.
- o Claim payments issued in March were \$161 million, including \$13 million in claim settlements.
- o Principal and interest payments of \$18 million were made on the William Green Building bonds. These bonds mature in 2014, with a total of \$90.4 million in principal and interest remaining on the bonds.

Fiscal Year-to-Year Comparisons

BWC's total net assets have decreased by \$980 million for fiscal year-to-date 2009 resulting in net assets of \$1.5 billion at March 31, 2009 compared to \$2.5 billion at March 31, 2008.

<i>(\$ in millions)</i>	Fiscal YTD Mar. 31, 2009	Projected FYTD Mar. 31, 2009	Fiscal YTD Mar. 31, 2008
Operating Revenues	\$1,653	\$1,647	\$1,691
Operating Expenses	1,683	1,943	2,529
Operating Transfer Out to ODNR	(3)	(4)	–
Net Operating Gain (Loss)	(33)	(300)	(838)
Net Investment Income (Loss)	(947)	785	993
Increase (Decrease) in Net Assets	(980)	485	155
Net Assets End of Period	\$1,523	\$2,988	\$2,461

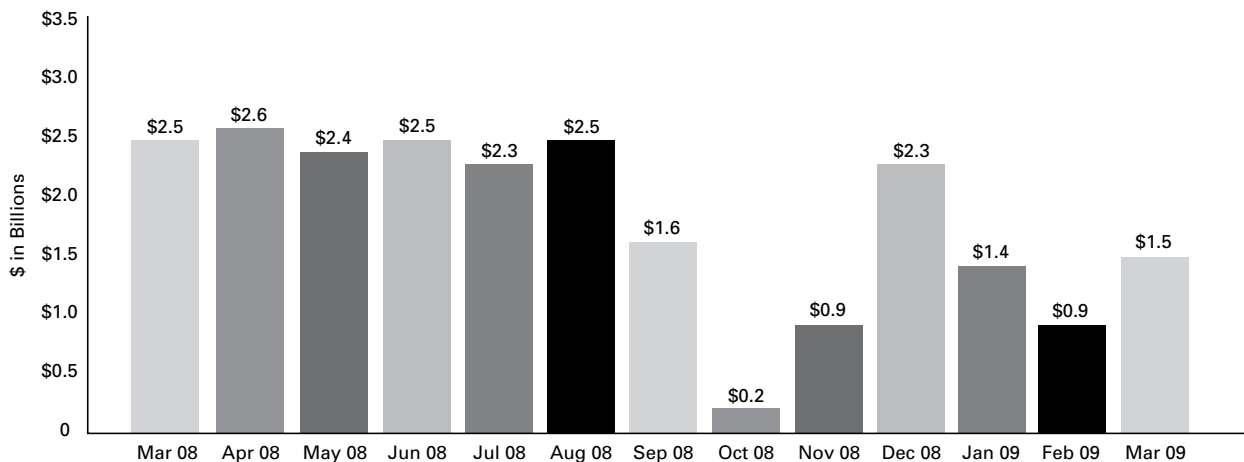
- o BWC's operating revenues for fiscal year-to-date 2009 were \$1.7 billion, a decrease of \$38 million compared to fiscal year-to-date 2008. The decrease is primarily due to declines in accruals for unbilled premium receivable because of lower than expected losses for state agencies, self-insured employers, and DWRP.

- o Benefit and compensation adjustment expenses have decreased by \$846 million in fiscal year 2009 due to a decrease in the change in reserves for compensation and compensation adjustment expenses. Reserves for compensation and compensation adjustment expenses have decreased by \$67 million in fiscal year 2009 compared to a \$644 million increase in fiscal year 2008. The fiscal year 2009 reserve projections are based on payment trends through December 31, 2008 and include a short-term medical inflation assumption of 6% compared to the 9% medical inflation rate used in the fiscal year 2008 actuarial audit.
- o Claim payments, excluding Ohio Hospital Association (OHA) settlements, have decreased by almost \$70 million for fiscal year-to-date 2009 compared to the same period in fiscal year 2008. Claim settlements have declined by \$79 million and permanent partial payments have declined by \$2 million. These declines were partially off-set by increased payments for percent permanent partial disability, and permanent total disability benefits. Over \$23 million has been paid this fiscal year in settlement of the OHA lawsuit.
- o Benefit and compensation adjustment expenses are \$261 million or almost 14% less than projected due to lower than projected disbursements for claims and claims adjustment expenses.
- o BWC's net investment loss for fiscal year-to-date 2009 totaled \$947 million, comprised of \$224 million in net realized losses and \$1.2 billion in net unrealized losses, partially off-set by \$521 million of interest and dividend income net of almost \$4 million in investment expenses.
- o Fiscal year-to-date premium collections were 1% higher than projected but were almost 2% below last fiscal year. Fiscal year-to-date claims disbursements were 1% lower than projected; contributing to the \$44 million favorable variance in cash provided by operating activities.
- o A total of \$265 million has been redeemed from investment managers in fiscal year 2009 to meet operating cash flow needs and anticipated portfolio rebalancing. These redemptions compare to the \$155 million that was redeemed during this same time frame last fiscal year.

Conditions expected to affect financial position or results of operations include:

- o Cash disbursements will increase as payments are made to settle the remaining \$14.7 million liability resulting from the Ohio Hospital Association lawsuit disputing fee schedules that were not adopted through the Ohio Revised Code Chapter 119 rules process.
- o The number of private employers participating in the 50/50 payment program increased by almost 20% this collection period compared to the collection period ended August 31, 2008. These employers will be paying \$176 million in premiums by June 1, 2009 to maintain active coverage.
- o Approximately \$47 million was billed to 29,000 private employer accounts that had not reported payroll for the July 1 through December 31, 2008 coverage period. The accounts will be certified to the Ohio Attorney General's office for collection on April 20th. The percentage of private employer accounts billed estimated premium is consistent with the percentage of employers billed last year.

Net Assets



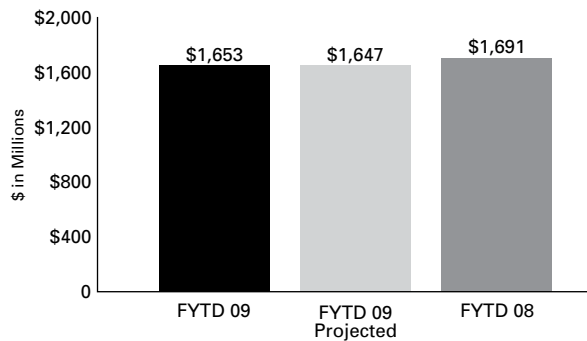
Statement of Operations

Fiscal year to date March 31, 2009

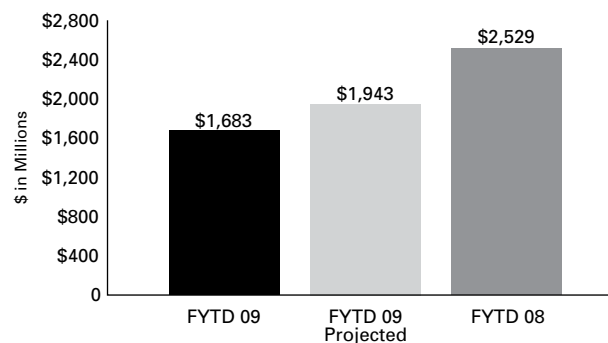
(in millions)

	Actual	Projected	Variance to Projected	Prior Yr. Actual	Year to Year Increase (Decrease)
Operating Revenues					
Premium & Assessment Income	\$1,700	\$1,682	\$18	\$1,732	\$(32)
Provision for Uncollectibles	(62)	(51)	(11)	(56)	(6)
Other Income	15	16	(1)	15	-
Total Operating Revenue	1,653	1,647	6	1,691	(38)
Operating Expenses					
Benefits & Compensation Adj. Expense	1,614	1,875	261	2,460	(846)
Other Expenses	69	68	(1)	69	-
Total Operating Expenses	1,683	1,943	260	2,529	(846)
Operating Transfers	(3)	(4)	1	-	(3)
Net Operating Gain (Loss)	(33)	(300)	267	(838)	805
Net Investment Income (Loss)	(947)	785	(1,732)	993	(1,940)
Increase (Decrease) in Net Assets	\$(980)	\$485	\$(1,465)	\$155	\$(1,135)

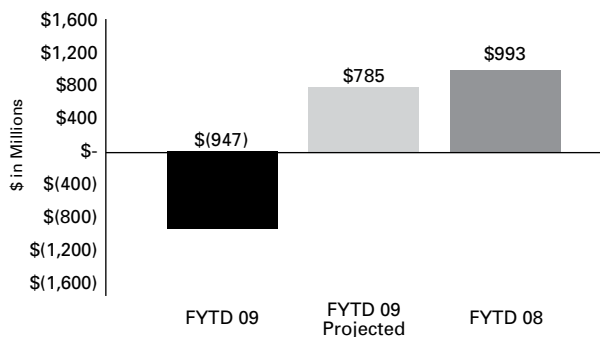
Operating Revenues



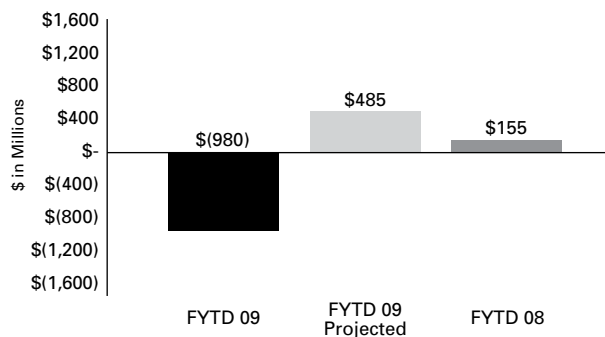
Operating Expenses



Net Investment Income (Loss)



Change in Net Assets



Statement of Operations – Combining Schedule

Fiscal year to date March 31, 2009

(in thousands)

	State Insurance Fund Account	Disabled Workers' Relief Fund Account	Coal-Workers Pneumoconiosis Fund Account	Public Work Relief Employees' Fund Account	Marine Industry Fund Account	Self-Insuring Employers' Guaranty Fund Account	Administrative Cost Fund Account	Totals
Operating Revenues:								
Premium & Assessment Income	\$1,345,579	\$59,937	\$1,375	\$106	\$614	\$14,960	\$277,616	\$1,700,187
Provision for Uncollectibles	(57,757)	(2,644)	–	–	–	(87)	(1,945)	(62,433)
Other Income	12,726	–	–	–	–	–	2,202	14,928
Total Operating Revenues	1,300,548	57,293	1,375	106	614	14,873	277,873	1,652,682
Operating Expenses:								
Benefits & Compensation Adj Expenses	1,352,245	55,061	685	(85)	261	17,537	188,340	1,614,044
Other Expenses	16,971	250	60	–	103	1	51,078	68,463
Total Operating Expenses	1,369,216	55,311	745	(85)	364	17,538	239,418	1,682,507
Net Operating Income (Loss) before Operating Transfers Out	(68,668)	1,982	630	191	250	(2,665)	38,455	(29,825)
Operating Transfers Out	(2,581)	–	(3,106)	–	–	–	2,238	(3,449)
Net Operating Income (Loss)	(71,249)	1,982	(2,476)	191	250	(2,665)	40,693	(33,274)
Investment Income:								
Investment Income	475,006	33,974	7,213	457	342	619	3,555	521,166
Net Realized Gains (Losses)	(203,870)	(17,209)	(3,105)	–	–	–	–	(224,184)
Net Unrealized Gains (Losses)	(1,146,724)	(75,679)	(17,558)	(236)	(177)	–	–	(1,240,374)
Total Realized & Unrealized Capital Gains (Losses)	(1,350,594)	(92,888)	(20,663)	(236)	(177)	–	–	(1,464,558)
Investment Manager & Operational Fees	(3,290)	(207)	(123)	(1)	–	(2)	–	(3,623)
Gain (Loss) on Disposal of Fixed Assets	–	–	–	–	–	–	(70)	(70)
Total Non-Operating Revenues, Net	(878,878)	(59,121)	(13,573)	220	165	617	3,485	(947,085)
Increase (Decrease) in Net Assets (Deficit)	(950,127)	(57,139)	(16,049)	411	415	(2,048)	44,178	(980,359)
Net Assets (Deficit), Beginning of Period	2,206,922	848,727	179,339	19,350	13,431	8,919	(773,399)	2,503,289
Net Assets (Deficit), End of Period	\$1,256,795	\$791,588	\$163,290	\$19,761	\$13,846	\$6,871	\$(729,221)	\$1,522,930

This report shows operating activity for each of the funds administered by BWC.

The deficit in net assets for the Administrative Cost Fund is a result of recognizing the actuarially estimated liabilities for loss adjustment expenses while funding for ACF is on a pay-as-you-go basis.

Statement of Investment Income

Fiscal year to date March 31, 2009

(in thousands)

	Actual	Projected	Variance to Projected	Prior Yr. Actual	Year to Year Increase (Decrease)
Investment Income					
Bond Interest	\$453,236	\$571,419	\$(118,183)	\$554,699	\$(101,463)
Dividend Income—Domestic & International	55,067	51,750	3,317	45,825	9,242
Money Market/Commercial Paper Income	4,882	7,319	(2,437)	14,733	(9,851)
Misc. Income (Corp Actions, Settlements)	7,981	2,700	5,281	3,859	4,122
Private Equity	—	—	—	3,920	(3,920)
Securities Lending Income, Net of Fees	—	—	—	—	—
Total Investment Income	<u>521,166</u>	<u>633,188</u>	<u>(112,022)</u>	<u>623,036</u>	<u>(101,870)</u>
Realized & Unrealized Capital Gains and (Losses)					
Bonds – Net Realized Gains (Losses)	(138,465)	—	(138,465)	(67,173)	(71,292)
Stocks – Net Realized Gains (Losses)	(85,853)	—	(85,853)	42,407	(128,260)
Subtotal – Net Realized Gains (Losses)	<u>(224,318)</u>	<u>—</u>	<u>(224,318)</u>	<u>(24,766)</u>	<u>(199,552)</u>
Bonds – Net Unrealized Gains (Losses)	(60,191)	—	(60,191)	903,513	(963,704)
Stocks – Net Unrealized Gains (Losses)	(1,180,183)	155,250	(1,335,433)	(449,408)	(730,775)
Subtotal – Net Unrealized Gains (Losses)	<u>(1,240,374)</u>	<u>155,250</u>	<u>(1,395,624)</u>	<u>454,105</u>	<u>(1,694,479)</u>
Net Gain (Loss) – PE	134	—	134	(49,587)	49,721
Change in Portfolio Value	<u>(1,464,558)</u>	<u>155,250</u>	<u>(1,619,808)</u>	<u>379,752</u>	<u>(1,844,310)</u>
Investment Manager & Operational Fees	<u>(3,623)</u>	<u>(3,668)</u>	<u>45</u>	<u>(9,703)</u>	<u>(6,080)</u>
Net Investment Income (Loss)	<u>\$947,015</u>	<u>\$784,770</u>	<u>\$(1,731,785)</u>	<u>\$993,085</u>	<u>\$(1,940,100)</u>

Administrative Cost Fund Expense Analysis

March 2009

- o BWC Administrative Cost Fund expenses are approximately \$23.9 million (10%) less than budgeted and approximately 1% less than last fiscal year.
- o Changes in payroll within divisions, including BWC Administration, Customer Service, Medical and Ombuds Office, varied due to vacant management positions that were filled in fiscal year 2009, vacancies resulting from the fiscal year 2008 Early Retirement Incentive, hiring controls implemented by OBM and positions moving due to reorganization. BWC's early retirement offering that ended January 31, 2008, resulted in Early Retirement Expenses in fiscal year 2008.
- o The timing of the receipt of invoices for payment in fiscal year 2009 caused actual expenditures to be less than the amount budgeted through March. A closer evaluation of projects and the need for IT consultants continues to cause a reduction in IT personal services.
- o Restrictions implemented for all state agencies concerning the purchase of equipment led to BWC more closely evaluating equipment needs and the reduction of equipment purchases in fiscal year 2008 and 2009.
- o Positions not yet filled led to a reduction in the fiscal year 2009 budget as of March. The payroll budget will be increased as employees are hired.
- o BWC's current fiscal year 2009 budget is approximately \$28 million (8.5%) less than appropriated by the General Assembly.

Administrative Cost Fund Budget Summary

As of March 31, 2009

Expense Description	FTE's	Actual FY09	Budgeted FYTD09	FYTD09 Variance	FYTD09 Percentage Variance	FY09 Budget	FYTD08 Expenses	Increase (Decrease) in FY09	FYTD09 Percentage Variance
Payroll									
BWC Board of Directors	12	715,032	712,391	(2,641)	-0.37%	896,756	576,039	138,993	24.13%
Workers' Comp Council		72,323	72,323	0	0.00%	80,339	0	72,323	100.00%
BWC Administration	10	610,246	610,246	0	0.00%	831,862	449,319	160,927	35.82%
Customer Service	1,481	85,451,056	85,546,564	95,508	0.11%	111,426,001	88,626,747	(3,175,691)	-3.58%
Medical	137	9,073,187	9,083,488	10,301	0.11%	11,891,628	8,108,851	964,336	11.89%
Special Investigations	139	8,625,865	8,627,438	1,573	0.02%	11,226,192	8,610,480	15,385	0.18%
Fiscal and Planning	67	3,845,130	3,873,588	28,458	0.73%	5,026,505	3,755,069	90,061	2.40%
Actuarial	20	1,294,831	1,295,438	607	0.05%	1,717,987	1,195,418	99,413	8.32%
Investments	11	898,843	900,247	1,404	0.16%	1,219,370	758,357	140,486	18.53%
Infrastructure & Technology	297	22,921,071	23,037,110	116,039	0.50%	29,971,003	22,422,944	498,127	2.22%
Legal	76	5,151,892	5,151,711	(181)	0.00%	6,752,979	4,771,705	380,187	7.97%
Communications	24	1,945,040	1,943,168	(1,872)	-0.10%	2,413,313	2,113,697	(168,657)	-7.98%
Human Resources	66	4,212,394	4,213,084	690	0.02%	5,502,223	4,034,412	177,982	4.41%
Internal Audit	16	1,042,812	1,043,302	490	0.05%	1,405,928	1,183,015	(140,203)	-11.85%
Ombuds Office	10	436,596	436,895	299	0.07%	593,672	305,268	131,328	43.02%
Early Retirement Expenses				0	0.00%		230,212	(230,212)	-100.00%
Total Payroll	2,366	146,296,318	146,546,993	250,675	0.17%	190,955,758	147,141,533	(845,215)	-0.57%
Personal Services									
Information Technology		7,666,964	10,216,840	2,549,876	24.96%	13,539,105	10,448,216	(2,781,252)	-26.62%
Legal - Special Counsel		783,738	1,180,493	396,755	33.61%	1,571,015	892,644	(108,906)	-12.20%
Legal - Attorney General		3,225,701	3,333,064	107,363	3.22%	4,444,085	3,139,623	86,078	2.74%
Other Personal Services		4,506,013	6,539,735	2,033,722	31.10%	8,194,073	3,076,695	1,429,318	46.46%
Total Personal Services		16,182,416	21,270,132	5,087,716	23.92%	27,748,278	17,557,178	(1,374,762)	-7.83%
Maintenance									
William Green Rent		20,578,304	20,686,500	108,196	0.52%	20,686,500	20,237,720	340,584	1.68%
Other Rent and Leases		8,460,105	9,436,487	976,382	10.35%	11,910,383	7,949,865	510,240	6.42%
Software and Equipment Maintenance and Repairs		11,576,274	15,309,799	3,733,525	24.39%	19,604,579	11,835,341	(259,067)	-2.19%
Inter Agency Payments		2,327,883	2,848,281	520,398	18.27%	3,660,962	2,444,826	(116,943)	-4.78%
Communications		2,816,269	5,280,558	2,464,289	46.67%	6,962,294	2,735,692	80,577	2.95%
Safety Grants and Long Term Care Loan		3,177,106	4,500,000	1,322,894	29.40%	6,000,000	3,036,830	140,276	4.62%
Supplies and Printing		1,133,188	2,398,035	1,264,847	52.75%	3,188,306	1,307,261	(174,073)	-13.32%
Other Maintenance		2,371,531	2,825,759	454,228	16.07%	3,748,322	2,353,596	17,935	0.76%
Total Maintenance		52,440,660	63,285,419	10,844,759	17.14%	75,761,346	51,901,131	539,529	1.04%
Equipment									
		827,653	8,560,993	7,733,340	90.33%	9,680,865	1,168,562	(340,909)	-29.17%
Total Administrative Cost Fund Expenses		215,747,047	239,663,537	23,916,490	9.98%	304,146,247	217,768,404	(2,021,357)	-0.93%

Total Agency Appropriation 332,360,479
 Budget to Appropriation Variance 28,214,232
 Percentage Variance 8.49%

State Insurance Fund

Administrative Expense Summary

As of March 31, 2009

	Actual FYTD 2009	Encumbrance Balance	FYTD Actual & Encumbrance	Encumbrance Closing Date	Actual FYTD 2008
Investment Administrative Expenses					
UBS Securities LLC	\$275,191	\$0	\$275,191	6/30/08	\$4,939,588
Wilshire Associates Inc.	0	0	0		480,368
JP Morgan Chase - Performance Reporting	70,249	31,085	101,334	6/30/08	208,971
Mercer Investment Consulting	316,664	204,829	521,493	6/30/09	0
Other Investment Expenses	162,050	310,259	472,309	6/30/09	211,049
	824,154	546,173	1,370,327		5,839,976
Actuarial Expenses					
Mercer Oliver Wyman	480,620	1,026,837	1,507,457	12/31/09	617,328
Oliver Wyman Consulting	231,659	1,722,700	1,954,359	12/31/09	0
Deloitte Consulting LLP	1,550,095	0	1,550,095	12/31/08	0
AON Risk Consultants	0	0	0		263,599
	2,262,374	2,749,537	5,011,911		880,927
Ohio Rehabilitation Services	605,407	0	605,407	6/30/09	0
TOTAL	\$3,691,935	\$3,295,710	\$6,987,645		\$6,720,903

The above expenses are paid from the non-appropriated State Insurance Fund.

The investment administrative expense are included in the investment expenses reported on the statement of investment income on page 7.

The encumbrance balance is the amount remaining on the contract and may extend beyond the end of this fiscal year.

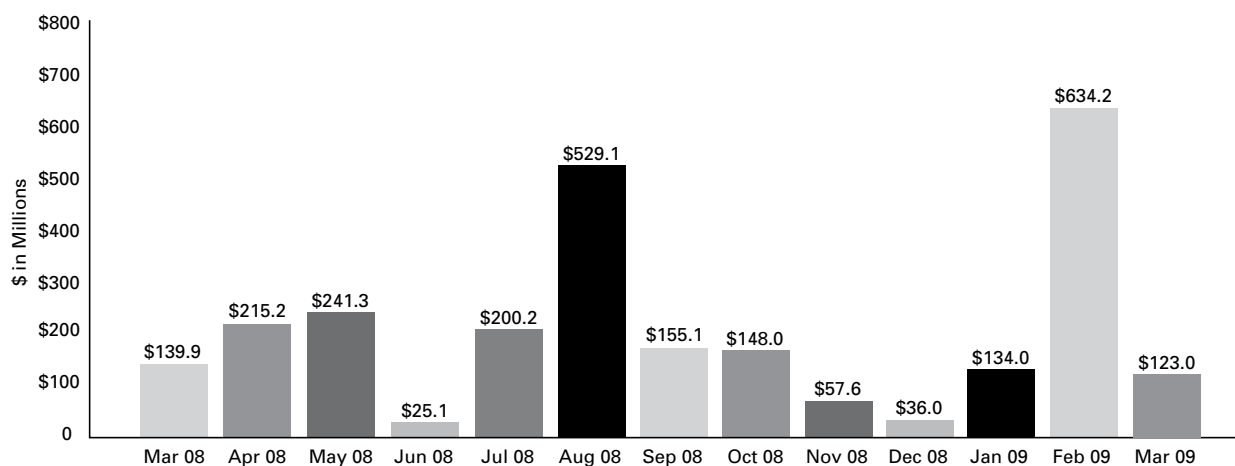
Statement of Cash Flows

Fiscal year to date March 31, 2009

(in millions)

	Actual	Projected	Variance to Projected	Prior Yr. Actual	Year to Year Increase (Decrease)
Cash Flows from Operating Activities:					
Cash Receipts from Premiums	\$2,018	\$1,993	\$25	\$2,057	\$(39)
Cash Receipts – Other	20	22	(2)	20	–
Cash Disbursements for Claims	(1,591)	(1,611)	20	(1,635)	44
Cash Disbursements for Other	<u>(336)</u>	<u>(337)</u>	<u>1</u>	<u>(357)</u>	<u>21</u>
Net Cash Provided (Used) by Operating Activities	111	67	44	85	26
Net Cash Flows from Noncapital Financing Activities	(3)	(4)	1	–	(3)
Net Cash Flows from Capital and Related Financing Activities	(22)	(21)	(1)	(22)	–
Net Cash Provided (Used) by Investing Activities	<u>268</u>	<u>167</u>	<u>101</u>	<u>161</u>	<u>107</u>
Net Increase (Decrease) in Cash and Cash Equivalents	354	209	145	224	130
Cash and Cash Equivalents, Beginning of Period	<u>378</u>	<u>378</u>	<u>–</u>	<u>328</u>	<u>50</u>
Cash and Cash Equivalents, End of Period	\$732	\$587	\$145	\$552	\$180

Premium and Assessment Receipts



Statement of Net Assets

As of March 31, 2009

(in millions)

	Actual	Prior Yr. Actual	Year to Year Increase (Decrease)
Assets			
Bonds	\$13,025	\$13,939	\$(914)
Stocks	2,701	3,242	(541)
Private Equities	–	21	(21)
Cash & Cash Equivalents	732	552	180
Total Cash and Investments	16,458	17,754	(1,296)
Accrued Premiums	4,038	4,272	(234)
Other Accounts Receivable	415	415	–
Investment Receivables	250	287	(37)
Other Assets	111	115	(4)
Total Assets	21,272	22,843	(1,571)
Liabilities			
Reserve for Compensation and Compensation Adj. Expense	\$19,369	\$19,916	\$(547)
Accounts Payable	37	56	(19)
Investment Payable	137	120	17
Other Liabilities	206	290	(84)
Total Liabilities	19,749	20,382	(633)
Net Assets	\$1,523	\$2,461	\$(938)

Statement of Net Assets – Combining Schedule

As of March 31, 2009

(in thousands)

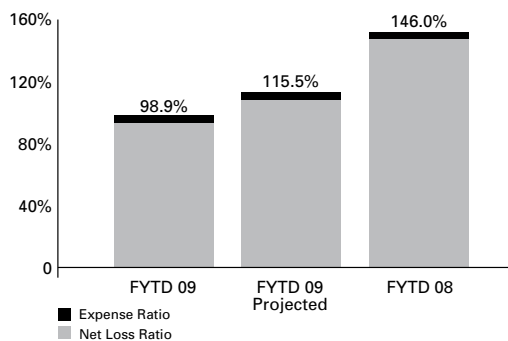
	State Insurance Fund Account	Disabled Workers' Relief Fund Account	Coal-Workers Pneumoconiosis Fund Account	Public Work Relief Employees' Fund Account	Marine Industry Fund Account	Self-Insuring Employers' Guaranty Fund Account	Administrative Cost Fund Account	Eliminations	Totals
Assets									
Bonds	\$ 11,943,637	\$ 858,449	\$ 182,953	\$ 22,642	\$ 16,916	\$ -	\$ -	\$ -	\$13,024,597
Stocks	2,473,637	187,979	39,542	-	-	-	-	-	2,701,158
Private Equities	197	-	-	-	-	-	-	-	197
Cash & Cash Equivalents	<u>658,991</u>	<u>10,893</u>	<u>2,821</u>	<u>127</u>	<u>332</u>	<u>54,518</u>	<u>3,950</u>	<u>-</u>	<u>731,632</u>
Total Cash & Investments	\$15,076,462	\$ 1,057,321	\$ 225,316	\$ 22,769	\$ 17,248	\$ 54,518	\$ 3,950	\$ -	\$16,457,584
Accrued Premiums	1,635,656	1,518,197	-	251	-	670,320	213,333	-	4,037,757
Other Accounts Receivable	327,684	24,931	-	(7)	-	(661)	63,253	-	415,200
Interfund Receivables	12,960	66,308	625	40	49	2,314	101,148	(183,444)	-
Investment Receivables	229,371	17,432	3,585	-	-	23	-	-	250,411
Other Assets	<u>25,540</u>	<u>22</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>85,090</u>	<u>-</u>	<u>110,652</u>
Total Assets	\$17,307,673	\$ 2,684,211	\$ 229,526	\$ 23,053	\$ 17,297	\$ 726,514	\$ 466,774	\$ (183,444)	\$21,271,604
Liabilities									
Reserve for Compensation & Compensation Adj. Expense	\$15,617,673	\$ 1,871,453	\$ 62,800	\$ 3,284	\$ 3,222	\$ 717,168	\$1,092,917	\$ -	\$19,368,517
Accounts Payable	36,195	-	-	-	-	-	490	-	36,685
Investment Payable	124,399	9,842	2,622	-	-	-	-	-	136,863
Interfund Payables	169,606	11,261	65	8	29	2,475	-	(183,444)	-
Other Liabilities	<u>103,005</u>	<u>67</u>	<u>749</u>	<u>-</u>	<u>200</u>	<u>-</u>	<u>102,588</u>	<u>-</u>	<u>206,609</u>
Total Liabilities	16,050,878	1,892,623	66,236	3,292	3,451	719,643	1,195,995	(183,444)	19,748,674
Net Assets	\$ 1,256,795	\$ 791,588	\$ 163,290	\$ 19,761	\$ 13,846	\$ 6,871	\$ (729,221)	\$ -	\$ 1,522,930

Financial Performance Metrics

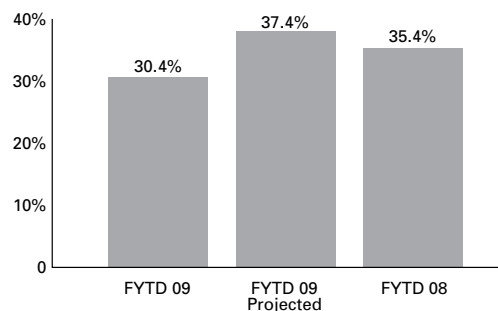
	Actual FY09 As of 3/31/09	Projected FY09 As of 3/31/09	Actual FY08 As of 3/31/08	Target
Loss Ratio	76.8%	90.1%	116.9%	
LAE Ratio - MCO	7.0%	8.4%	12.1%	
LAE Ratio - BWC	11.1%	13.0%	13.0%	
Net Loss Ratio	94.9%	111.5%	142.0%	120.0%
Expense Ratio	4.0%	4.0%	4.0%	5.0%
Combined Ratio	98.9%	115.5%	146.0%	125.0%
Net Investment Income Ratio	30.4%	37.4%	35.4%	
Operating Ratio (Trade Ratio)	68.5%	78.1%	110.6%	100.0%
Operating Cashflow Ratio	134.4%	135.8%	135.6%	118.0%
Total Reserves to Net Assets	13 to 1	6 to 1	8 to 1	7 to 1
Investments to Loss Reserves	85.0%	94.2%	89.2%	110.0%
Equities to Net Assets	1.77 to 1	1.13 to 1	1.32 to 1	
Bonds to Net Assets	8.6 to 1	4.8 to 1	5.7 to 1	
Funding Ratio (State Insurance Fund)	1.09	1.18	1.15	

Target measures represent long-term goals for the agency. Business practices, peer group results, and historical data were considered in the establishment of the targets.

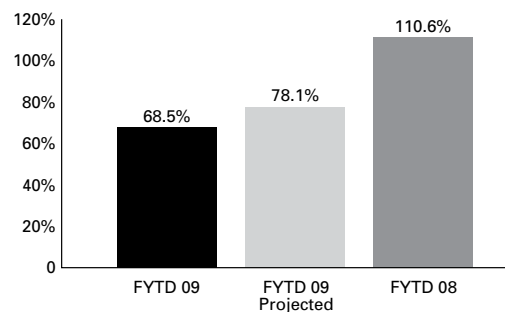
Combined Ratio



Investment Income Ratio

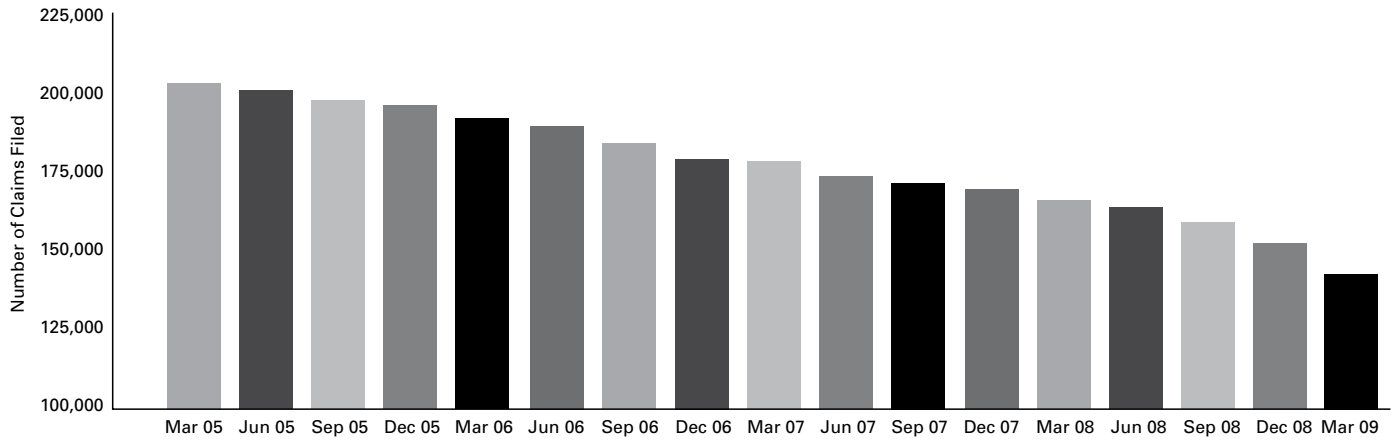


Operating Ratio

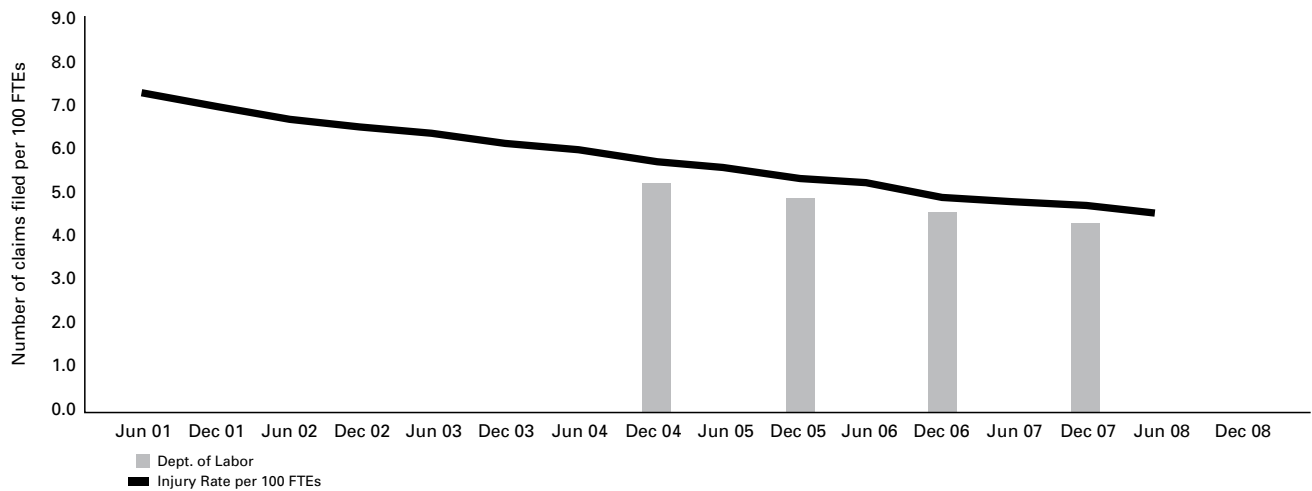


Operational Performance Metrics

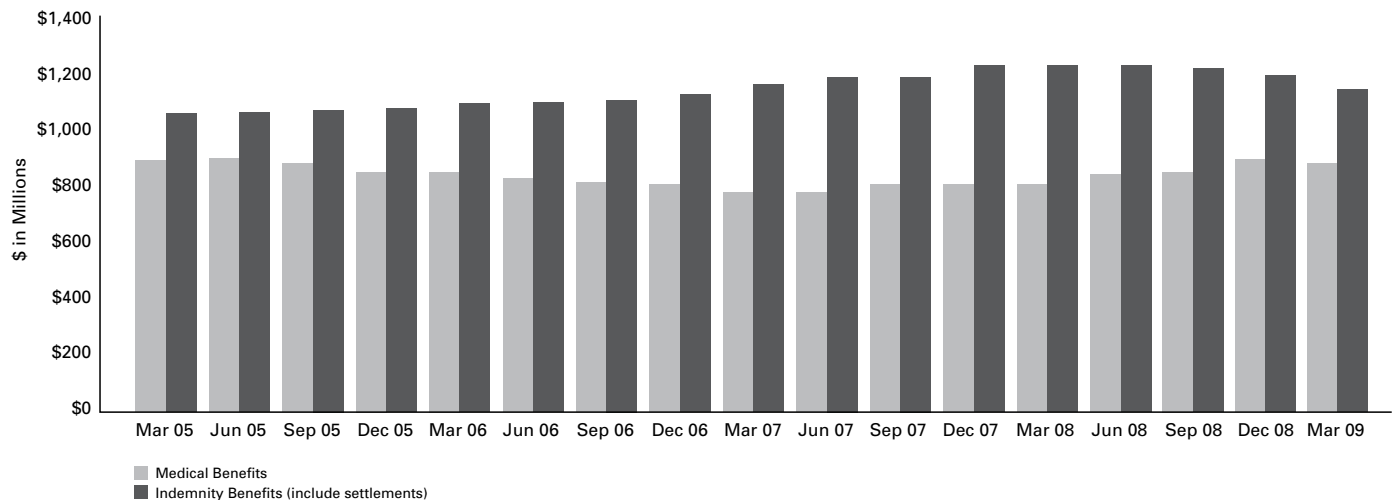
New Claims Filed - Twelve months ended



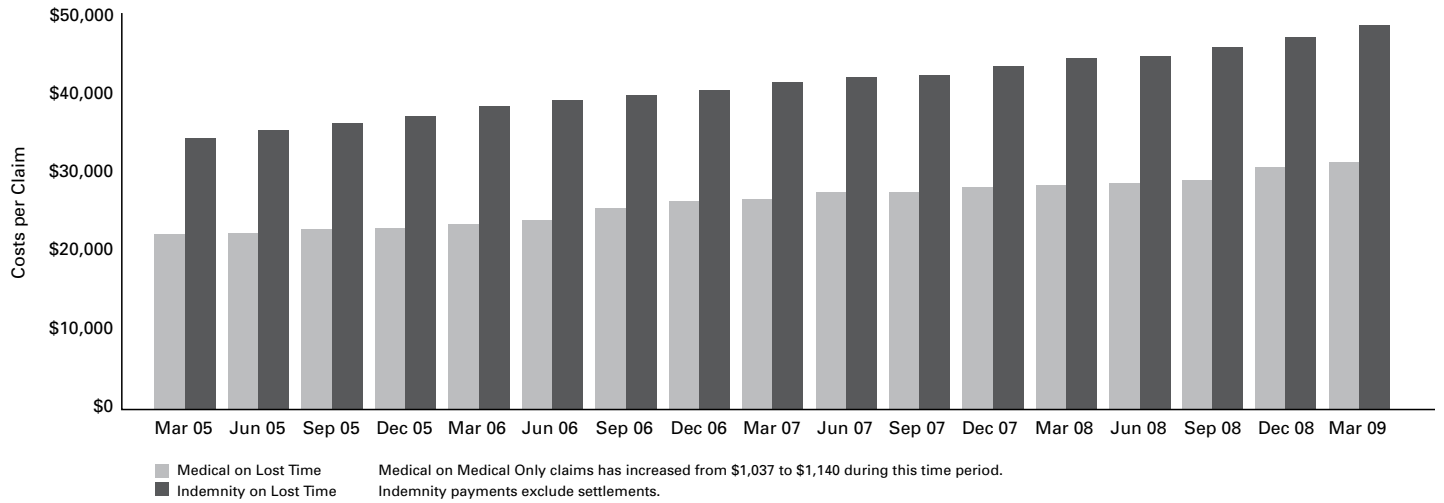
Frequency - Reported semi-annually



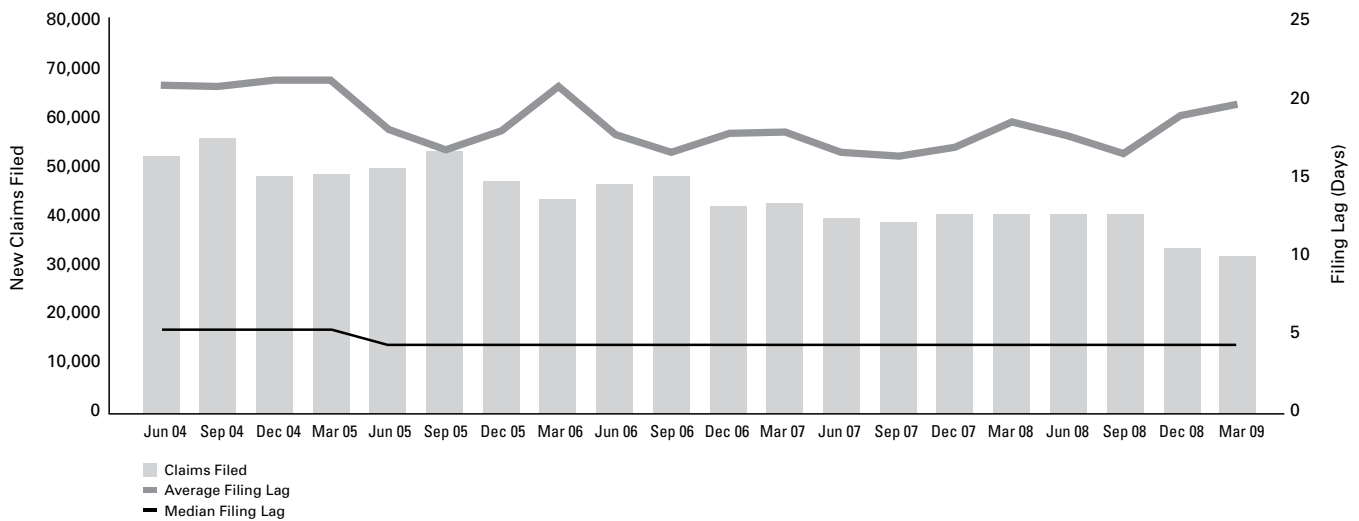
Benefit Payments - Twelve months ended



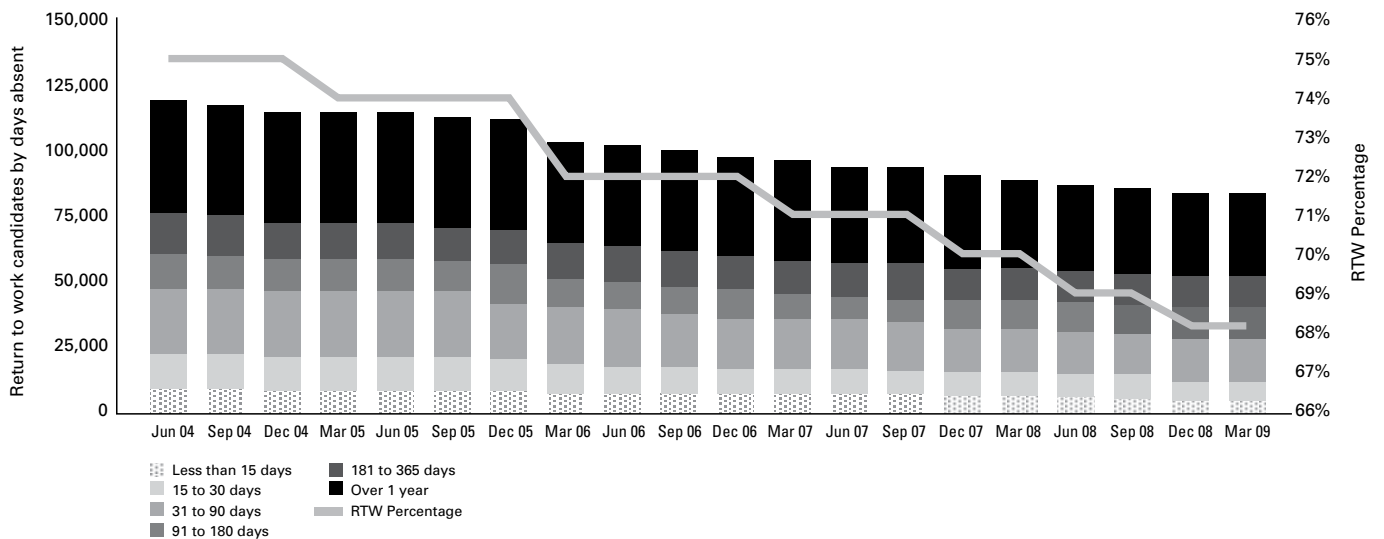
Severity



Claim Filing Lag



Return to work

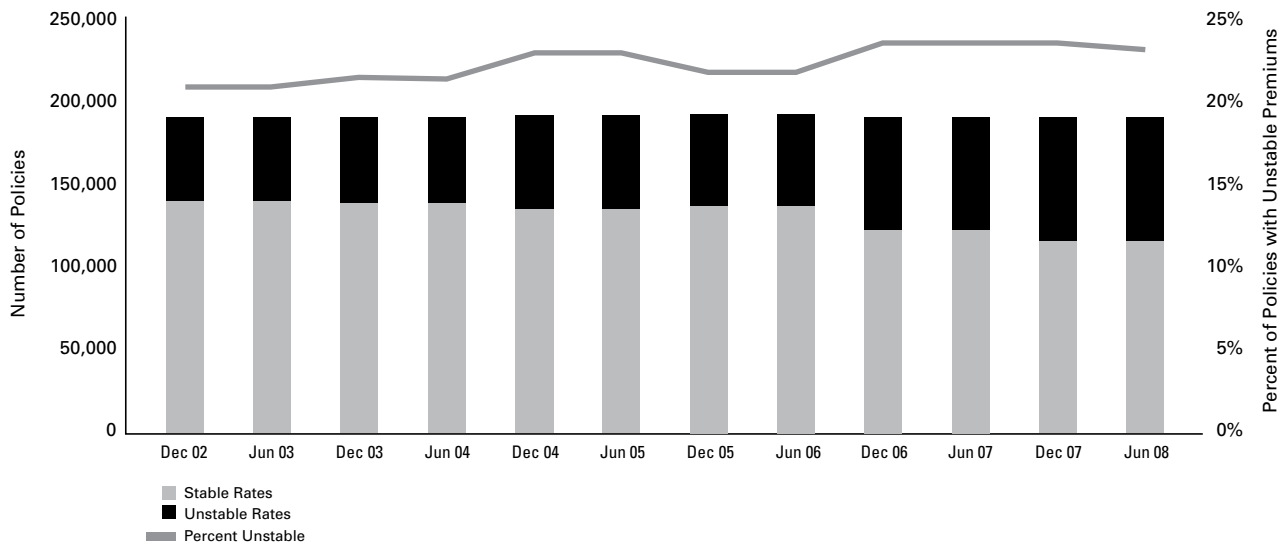


Aggregate Reported Payroll – Twelve Months Ending

(\$ in millions)	Private	PEC	PES	Black Lung	Marine
Dec 2002	\$82,400	\$17,611	\$5,823	\$64	\$3
Jun 2003	\$83,090	\$17,611	\$5,924	\$51	\$4
Dec 2003	\$83,304	\$18,022	\$6,005	\$59	\$4
Jun 2004	\$83,741	\$18,022	\$6,076	\$73	\$3
Dec 2004	\$85,492	\$18,545	\$6,184	\$84	\$3
Jun 2005	\$86,530	\$18,545	\$6,266	\$82	\$4
Dec 2005	\$87,902	\$18,594	\$6,388	\$87	\$4
Jun 2006	\$90,414	\$18,594	\$6,524	\$98	\$5
Dec 2006	\$91,830	\$18,946	\$6,654	\$98	\$5
Jun 2007	\$93,636	\$18,946	\$6,788	\$100	\$4
Dec 2007	\$94,890	\$19,427	\$6,914	\$107	\$4
Jun 2008	\$95,027	\$19,427	\$7,032	\$117	\$5

PEC employers report payroll only once per year, while other employers report twice per year. Therefore, the same PEC payroll is presented twice in each fiscal year in the above table.

Premium Stability



Performance Metrics Glossary

Loss Ratio

Measures loss experience – Compensation benefit expenses divided by premium and assessment income.

LAE Ratio

Measures loss adjustment experience – Loss adjustment expenses divided by premium and assessment income.

Net Loss Ratio

Measures underlying profitability or total loss experience – Sum of the loss ratio and the LAE ratios.

Expense Ratio

Measures operational efficiency – Other administrative expenses divided by premium and assessment income.

Combined Ratio

Measures overall underwriting profitability – Sum of net loss and expense ratios.

Net Investment Income Ratio

Measures the investment income component of profitability – Interest and dividend income less investment expenses divided by premium and assessment income. This ratio does not include realized or unrealized capital gains and losses.

Operating Ratio

Measures overall profitability from underwriting and investing activities – Combined ratio less net investment income ratio.

Operating Cash Flow Ratio

Measures the relationship between operating receipts and disbursements – Collections from operating activities (premiums, interest and dividends net of investment expenses) divided by operating disbursements.

Total Reserves to Net Assets

Measures the relationship between future claims and claim adjustment liabilities and net assets – Total reserves divided by premium and assessment income.

Investments to Loss Reserves

Measures the relationship of the investment portfolio to total reserves – Total cash and investments dividend by total loss reserves.

Equities to Net Assets

Measures the exposure of net assets to BWC's investment in equities – Equities divided by net assets.

Bonds to Net Assets

Measures the exposure of net assets to BWC's investment in bonds – Bonds divided by net assets.

Funding Ratio

Provides an indication of financial strength and security – Funded assets divided by funded liabilities.

New Claims Filed

Measures the number of new State Insurance Fund claims filed for rolling twelve month periods measured quarterly.

Frequency

Measures the number of injuries reported per 100 workers covered by the State Insurance Fund updated semi-annually.

Benefit Payments

Measures the dollar amount of medical and indemnity payments for rolling twelve month periods updated quarterly.

Severity

Measures the average cost of medical and indemnity expenses per lost time claim.

Claim Filing Lag

Measures the average and median number of days from the date of injury to the date of claim filing.

Return to Work Rates

Measures the percentage of injured workers who have returned to work relative to the claim population eligible to return to work.

Aggregate Reported Payroll

Measures reported payroll by employer type for a rolling twelve month period, updated semi-annually.

Premium Stability

Measures the number of employers whose premium rate changed more than 5 percent and total premium changed more than \$500 from the prior year.