

Enterprise Report

December 2008

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.*

November Financial Analysis

BWC's net assets increased by \$721 million in November 2008 resulting in net assets of \$945 million at November 30, 2008 compared to \$224 million at October 31, 2008.

<i>(\$ in millions)</i>	Fiscal YTD Oct. 31, 2008	Month Ended Nov. 30, 2008	Fiscal YTD Nov. 30, 2008
Operating Revenues	\$710	\$189	\$899
Operating Expenses	775	197	972
Operating Transfer Out to ODNR	(2)	–	(2)
Net Operating Gain (Loss)	(67)	(8)	(75)
Net Investment Income (Loss)	(2,212)	729	(1,483)
Increase (Decrease) in Net Assets	(2,279)	721	(1,558)
Net Assets End of Period	\$224	\$945	\$945

- o Premium and assessment income of \$197 million net of an \$8 million provision for uncollectible accounts receivable resulted in operating revenues of \$189 million in November.
- o Benefits and compensation adjustment expenses of \$189 million along with other expenses of \$8 million resulted in operating expenses of \$197 million in November 2008.
- o A \$668 million increase in portfolio market value along with interest and dividend income of \$61 million, resulted in net investment income of \$729 million for the month after investment expenses. The \$668 million increase in portfolio market value is comprised of \$1 million in net realized losses and \$669 million in net unrealized gains.
- o Premium and assessment collections were \$57.6 million in November an expected decrease from the \$148 million collected in October. Collections in November 2008 were only slightly lower than the \$58.2 million collected in November 2007.
- o Claim payments issued in November were \$151 million, including \$16 million in claim settlements and \$3 million in Ohio Hospital Association (OHA) lawsuit settlements.
- o A total of \$110.3 million was redeemed from investment managers during November. This cash is needed to support operations during December and January until there are sufficient cash inflows from employer premium payments. December is historically the low point for premium collections and while there are significant premium collections in January most payments are not made until the last week of the month.

Fiscal Year-to-Year Comparisons

BWC's total net assets have decreased by \$1.6 billion for fiscal year-to-date 2009 resulting in net assets of \$945 million at November 30, 2008 compared to \$3.0 billion at November 30, 2007.

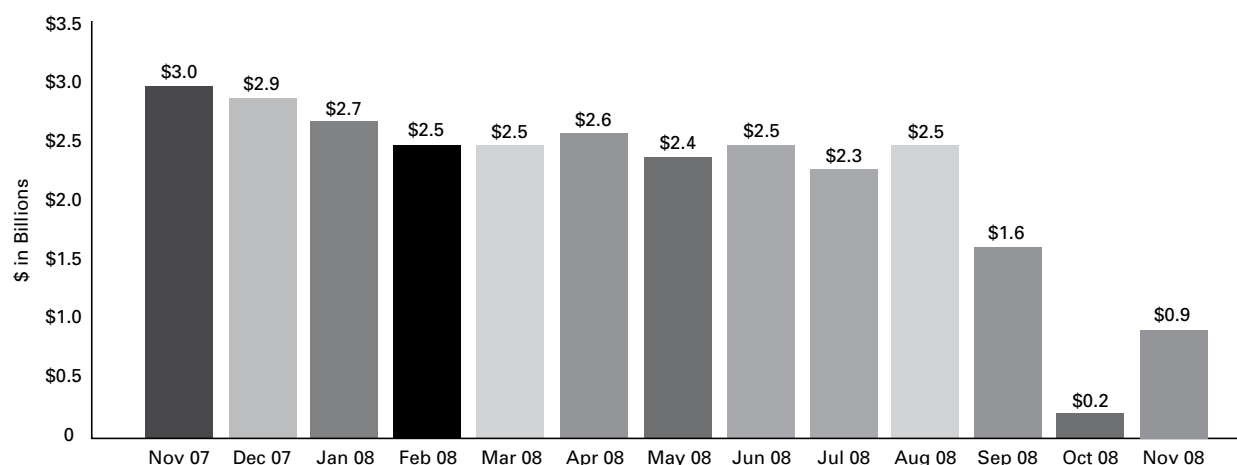
<i>(\$ in millions)</i>	Fiscal YTD Nov. 30, 2008	Projected FYTD Nov. 30, 2008	Fiscal YTD Nov. 30, 2007
Operating Revenues	\$899	\$907	\$980
Operating Expenses	972	1,087	1,337
Operating Transfer Out to ODNR	(2)	(3)	–
Net Operating Gain (Loss)	(75)	(183)	(357)
Net Investment Income (Loss)	(1,483)	436	1,065
Increase (Decrease) in Net Assets	(1,558)	253	708
Net Assets End of Period	\$945	\$2,756	\$3,014

- o BWC's operating revenues for fiscal year-to-date 2009 were \$899 million, a decrease of \$81 million compared to fiscal year-to-date 2008. The majority of this decrease is due to a \$59 million decline in accruals for unbilled premium receivable because of lower than expected losses for state agencies, self-insured employers and DWRP. The remaining decline is a result of rate decreases for administrative cost fund assessments and DWRP 1.
- o Premium and assessment income is on track with projections with a negative variance of only 0.5%.
- o Benefit and compensation adjustment expenses have decreased by \$365 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 almost \$31 million in fiscal year 2009 compared to a \$318 million increase in fiscal year 2008. The fiscal year 2009 reserve projections are based on payment trends through September 30, 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 have decreased by \$28 million for fiscal year-to-date 2009 compared to the same period in fiscal year 2008. Claim settlements have declined by almost \$33 million and medical payments have declined by \$2.5 million. These declines were partially off-set by increased payments for percent permanent partial disability and permanent total disability benefits.
- o Benefit and compensation adjustment expenses are \$116 million or 11% 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 \$1.5 billion, comprised of \$122 million in net realized losses and \$1,748 million in net unrealized losses, partially off-set by \$388 million of interest and dividend income net of \$1.9 million in investment expenses.
- o Fiscal year-to-date premium collections that are 3.6% higher than projected are contributing to the \$36 million favorable variance in cash used by operating activities.

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

- o Cash disbursements will increase as payments are made to settle the remaining \$17.9 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 Additional funds will be redeemed from investment managers in December to meet operating cash flow needs during January. The redeemed funds will be from interest received during December.

Net Assets



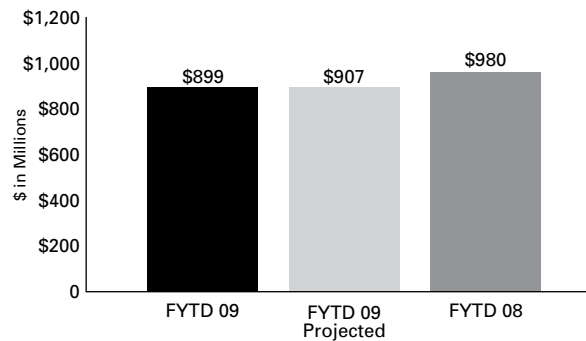
Statement of Operations

Fiscal year to date November 30, 2008

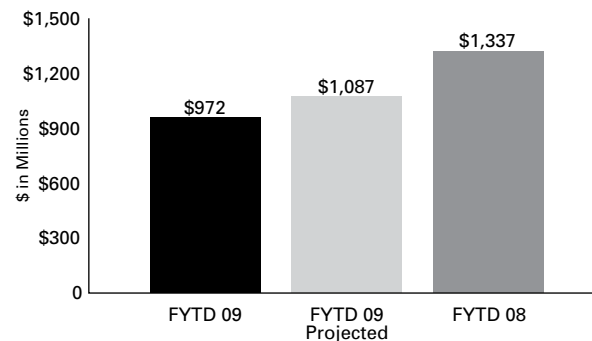
(in millions)

	Actual	Projected	Variance to Projected	Prior Yr. Actual	Year to Year Increase (Decrease)
Operating Revenues					
Premium & Assessment Income	\$928	\$933	\$(5)	\$1,008	\$(80)
Provision for Uncollectibles	(36)	(33)	(3)	(34)	(2)
Other Income	7	7	-	6	1
Total Operating Revenue	899	907	(8)	980	(81)
Operating Expenses					
Benefits & Compensation Adj. Expense	932	1,048	116	1,297	(365)
Other Expenses	40	39	(1)	40	-
Total Operating Expenses	972	1,087	115	1,337	(365)
Operating Transfers	(2)	(3)	1	-	(2)
Net Operating Gain (Loss)	(75)	(183)	108	(357)	282
Net Investment Income (Loss)	(1,483)	436	(1,919)	1,065	(2,548)
Increase (Decrease) in Net Assets	\$(1,558)	\$253	\$(1,811)	\$708	\$(2,266)

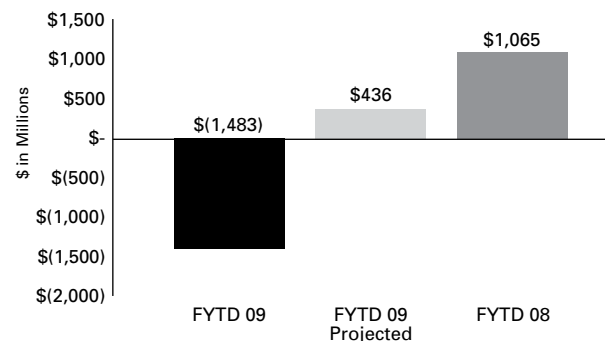
Operating Revenues



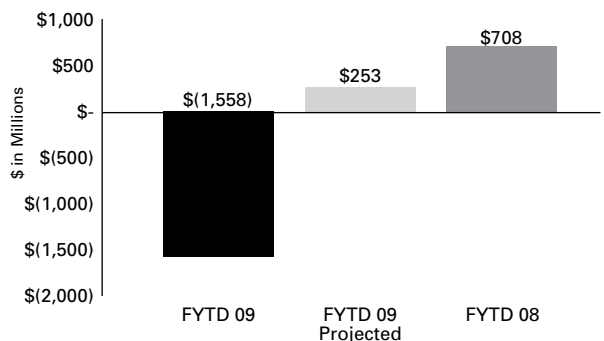
Operating Expenses



Net Investment Income (Loss)



Change in Net Assets



Statement of Operations – Combining Schedule

Fiscal year to date November 30, 2008

(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	\$730,709	\$36,817	\$773	\$95	\$359	\$8,345	\$151,416	\$928,514
Provision for Uncollectibles	(34,029)	(1,015)	-	-	-	223	(1,310)	(36,131)
Other Income	5,071	-	-	-	-	-	1,648	6,719
Total Operating Revenues	<u>701,751</u>	<u>35,802</u>	<u>773</u>	<u>95</u>	<u>359</u>	<u>8,568</u>	<u>151,754</u>	<u>899,102</u>
Operating Expenses:								
Benefits & Compensation Adj Expenses	773,428	36,710	401	(15)	190	11,353	110,722	932,789
Other Expenses	10,129	115	30	1	56	1	29,333	39,665
Total Operating Expenses	<u>783,557</u>	<u>36,825</u>	<u>431</u>	<u>(14)</u>	<u>246</u>	<u>11,354</u>	<u>140,055</u>	<u>972,454</u>
Net Operating Income (Loss) before Operating Transfers Out	<u>(81,806)</u>	<u>(1,023)</u>	<u>342</u>	<u>109</u>	<u>113</u>	<u>(2,786)</u>	<u>11,699</u>	<u>(73,352)</u>
Operating Transfers Out	<u>(1,071)</u>	<u>-</u>	<u>(1,745)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,071</u>	<u>(1,745)</u>
Net Operating Income (Loss)	<u>(82,877)</u>	<u>(1,023)</u>	<u>(1,403)</u>	<u>109</u>	<u>113</u>	<u>(2,786)</u>	<u>12,770</u>	<u>(75,097)</u>
Investment Income:								
Investment Income	<u>354,548</u>	<u>25,462</u>	<u>5,394</u>	<u>193</u>	<u>144</u>	<u>475</u>	<u>2,071</u>	<u>388,287</u>
Net Realized Gains (Losses)	<u>(112,433)</u>	<u>(7,557)</u>	<u>(1,551)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(121,541)</u>
Net Unrealized Gains (Losses)	<u>(1,609,894)</u>	<u>(113,379)</u>	<u>(25,077)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,748,350)</u>
Total Realized & Unrealized Capital Gains (Losses)	<u>(1,722,327)</u>	<u>(120,936)</u>	<u>(26,628)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,869,891)</u>
Investment Manager & Operational Fees	<u>(1,713)</u>	<u>(115)</u>	<u>(72)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,900)</u>
Gain (Loss) on Disposal of Fixed Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(26)</u>	<u>(26)</u>
Total Non-Operating Revenues, Net	<u>(1,369,492)</u>	<u>(95,589)</u>	<u>(21,306)</u>	<u>193</u>	<u>144</u>	<u>475</u>	<u>2,045</u>	<u>(1,483,530)</u>
Increase (Decrease) in Net Assets (Deficit)	<u>(1,452,369)</u>	<u>(96,612)</u>	<u>(22,709)</u>	<u>302</u>	<u>257</u>	<u>(2,311)</u>	<u>14,815</u>	<u>(1,558,627)</u>
Net Assets (Deficit), Beginning of Period	<u>2,206,922</u>	<u>848,727</u>	<u>179,339</u>	<u>19,350</u>	<u>13,431</u>	<u>8,919</u>	<u>(773,399)</u>	<u>2,503,289</u>
Net Assets (Deficit), End of Period	<u>\$754,553</u>	<u>\$752,115</u>	<u>\$156,630</u>	<u>\$19,652</u>	<u>\$13,688</u>	<u>\$6,608</u>	<u>\$(758,584)</u>	<u>\$944,662</u>

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 November 30, 2008

(in thousands)

	Actual	Projected	Variance to Projected	Prior Yr. Actual	Year to Year Increase (Decrease)
Investment Income					
Bond Interest	\$354,279	\$317,455	\$36,824	\$285,159	\$69,120
Dividend Income-Domestic & International	29,481	28,750	731	22,739	6,742
Money Market/Commercial Paper Income	3,821	4,066	(245)	9,933	(6,112)
Misc. Income (Corp Actions, Settlements)	706	1,500	(794)	1,676	(970)
Private Equity	-	-	-	4,108	(4,108)
Securities Lending Income, Net of Fees	-	-	-	-	-
Total Investment Income	388,287	351,771	36,516	323,615	64,672
Realized & Unrealized Capital Gains and (Losses)					
Bonds - Net Realized Gains (Losses)	(63,218)	-	(63,218)	(77,029)	13,811
Stocks - Net Realized Gains (Losses)	(57,571)	-	(57,571)	41,794	(99,365)
Subtotal - Net Realized Gains (Losses)	(120,789)	-	(120,789)	(35,235)	(85,554)
Bonds - Net Unrealized Gains (Losses)	(849,849)	-	(849,849)	891,191	(1,741,040)
Stocks - Net Unrealized Gains (Losses)	(898,501)	86,250	(984,751)	(86,236)	(812,265)
Subtotal - Net Unrealized Gains (Losses)	(1,748,350)	86,250	(1,834,600)	804,955	(2,553,305)
Net Gain (Loss) - PE	(752)	-	(752)	(25,770)	25,018
Change in Portfolio Value	(1,869,891)	86,250	(1,956,141)	743,950	(2,613,841)
Investment Manager & Operational Fees	(1,900)	(2,304)	404	(2,526)	(626)
Net Investment Income (Loss)	\$(1,483,504)	\$435,717	\$(1,919,221)	\$1,065,039	\$(2,548,543)

Administrative Cost Fund Expense Analysis

November 2008

- o BWC Administrative Cost Fund expenses are approximately \$17.3 million (12.8%) less than budgeted and approximately 9% more than last fiscal year.
- o Changes in payroll within divisions 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. Payroll was paid three times in November 2008 and two times in November 2007, causing fiscal year 2009 total payroll to be greater than 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 November and more than fiscal year 2008.
- 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.
- o Positions not yet filled led to a reduction in the fiscal year 2009 budget as of November. The payroll budget will be increased as employees are hired.
- o BWC's current fiscal year 2009 budget is approximately \$23.7 million (7%) less than appropriated by the General Assembly.

Administrative Cost Fund Budget Summary

As of November 30, 2008

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	14	474,492	474,225	(267)	-0.06%	860,332	260,583	213,909	82.09%
Workers' Comp Council	1	47,919	47,919	0	0.00%	55,915	0	47,919	100.00%
BWC Administration	5	345,792	345,792	0	0.00%	796,824	203,890	141,902	69.60%
Customer Service	1,482	51,426,210	51,423,129	(3,081)	-0.01%	111,808,299	49,186,155	2,240,055	4.55%
Medical	140	5,427,861	5,434,125	6,264	0.12%	12,098,326	4,440,158	987,703	22.24%
Special Investigations	143	5,185,301	5,186,511	1,210	0.02%	11,447,194	4,712,061	473,240	10.04%
Fiscal and Planning	68	2,258,393	2,275,612	17,219	0.76%	4,993,557	1,858,771	399,622	21.50%
Actuarial	19	761,765	762,563	798	0.10%	1,720,092	643,056	118,709	18.46%
Investments	10	531,433	532,213	780	0.15%	1,301,813	422,429	109,004	25.80%
Infrastructure & Technology	307	13,852,211	13,905,212	53,001	0.38%	30,397,381	12,304,711	1,547,500	12.58%
Legal	78	3,062,702	3,062,521	(181)	-0.01%	6,790,695	2,604,530	458,172	17.59%
Communications	30	1,255,243	1,253,372	(1,871)	-0.15%	2,606,797	1,156,865	98,378	8.50%
Human Resources	67	2,541,644	2,542,335	691	0.03%	5,559,142	1,503,527	1,038,117	69.05%
Internal Audit	14	600,148	600,313	165	0.03%	1,411,212	656,199	(56,051)	-8.54%
Ombuds Office	10	253,804	254,103	299	0.12%	628,658	146,274	107,530	73.51%
Early Retirement Expenses		0	0	0	0.00%	0	101,311	(101,311)	-100.00%
Total Payroll	2,388	88,024,918	88,099,945	75,027	0.09%	192,476,237	80,200,520	7,824,398	9.76%
Personal Services									
Information Technology		4,054,332	5,754,793	1,700,461	29.55%	13,517,609	4,744,264	(689,932)	-14.54%
Legal - Special Counsel		93,042	653,581	560,539	85.76%	1,564,843	214,346	(121,304)	-56.59%
Legal - Attorney General		2,114,679	2,222,043	107,364	4.83%	4,444,085	923,654	1,191,025	128.95%
Other Personal Services		2,244,508	4,046,851	1,802,343	44.54%	8,015,546	1,362,784	881,724	64.70%
Total Personal Services		8,506,561	12,677,268	4,170,707	32.90%	27,542,083	7,245,048	1,261,513	17.41%
Maintenance									
William Green Rent		504,537	521,437	16,900	3.24%	18,904,714	579,422	(74,885)	-12.92%
Other Rent and Leases		7,225,397	7,868,015	642,618	8.17%	13,676,719	6,912,273	313,124	4.53%
Software and Equipment Maintenance and Repairs		7,866,925	8,796,102	929,177	10.56%	19,647,056	6,862,343	1,004,582	14.64%
Inter Agency Payments		1,153,832	1,786,220	632,388	35.40%	3,630,452	1,503,430	(349,598)	-23.25%
Communications		1,535,731	2,960,436	1,424,705	48.12%	6,977,919	1,408,122	127,609	9.06%
Safety Grants and Long Term Care Loan		1,383,848	3,000,000	1,616,152	53.87%	6,000,000	985,766	398,082	40.38%
Supplies and Printing		589,143	1,253,506	664,363	53.00%	3,187,164	563,728	25,415	4.51%
Other Maintenance		1,419,795	1,586,529	166,734	10.51%	3,753,663	1,373,024	46,771	3.41%
Total Maintenance		21,679,208	27,772,245	6,093,037	21.94%	75,777,687	20,188,108	1,491,100	7.39%
Equipment									
		60,237	7,065,101	7,004,864	99.15%	9,720,856	489,733	(429,496)	-87.70%
Total Administrative Cost Fund Expenses		118,270,924	135,614,559	17,343,635	12.79%	305,516,863	108,123,409	10,147,515	9.39%

Total Agency Appropriation 329,210,479
 Budget to Appropriation Variance 23,693,616
 Percentage Variance 7.20%

State Insurance Fund

Administrative Expense Summary

As of November 30, 2008

	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	\$927,915
Wilshire Associates Inc.	0	0	0	2/24/08	272,083
JP Morgan Chase - Performance Reporting	43,583	40,151	83,734	6/30/08	0
Mercer Investment Consulting	197,915	323,578	521,493	6/30/09	0
Other Investment Expenses	<u>101,510</u>	<u>351,500</u>	<u>453,010</u>	6/30/08	<u>74,176</u>
	618,199	715,229	1,333,428		1,274,174
Actuarial Expenses					
Oliver Wyman	426,258	1,081,199	1,507,457	12/31/09	258,837
Deloitte Consulting LLP	1,416,755	133,339	1,550,094	12/31/08	0
AON Risk Consultants	<u>0</u>	<u>0</u>	<u>0</u>		<u>263,599</u>
	1,843,013	1,214,538	3,057,551		522,436
Ohio Rehabilitation Services					
	<u>605,407</u>	<u>0</u>	<u>605,407</u>	6/30/09	<u>0</u>
TOTAL	\$3,066,619	\$1,929,767	\$4,996,386		\$1,796,610

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.

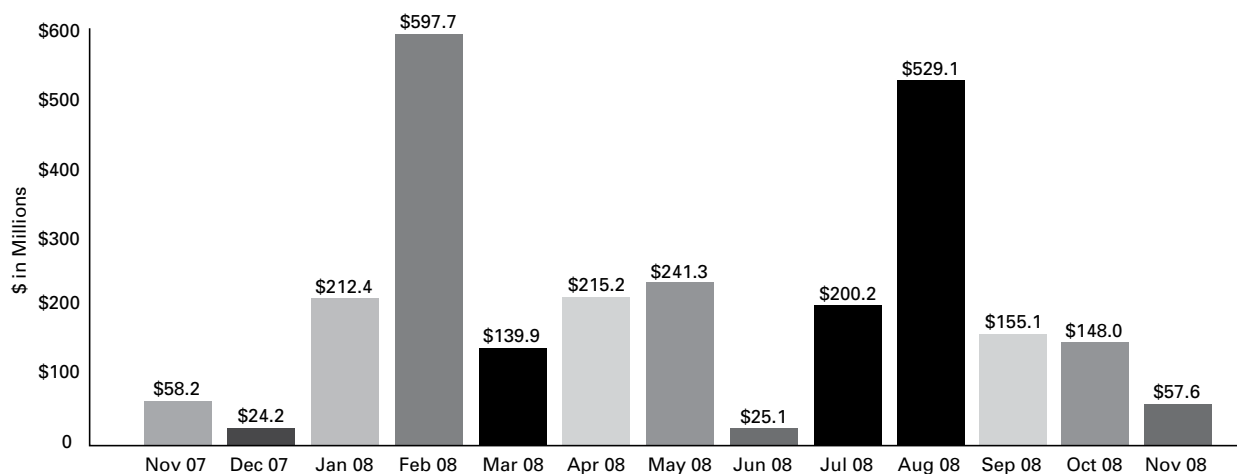
Statement of Cash Flows

Fiscal year to date November 30, 2008

(in millions)

	Actual	Projected	Variance to Projected	Prior Yr. Actual	Year to Year Increase (Decrease)
Cash Flows from Operating Activities:					
Cash Receipts from Premiums	\$1,090	\$1,052	\$38	\$1,082	\$8
Cash Receipts - Other	11	12	(1)	13	(2)
Cash Disbursements for Claims	(918)	(930)	12	(928)	10
Cash Disbursements for Other	(198)	(185)	(13)	(205)	7
Net Cash Provided (Used) by Operating Activities	(15)	(51)	36	(38)	23
Net Cash Flows from Noncapital Financing Activities	(2)	(3)	1	-	(2)
Net Cash Flows from Capital and Related Financing Activities	(3)	(2)	(1)	(4)	1
Net Cash Provided (Used) by Investing Activities	42	6	36	57	(15)
Net Increase (Decrease) in Cash and Cash Equivalents	22	(50)	72	15	7
Cash and Cash Equivalents, Beginning of Period	378	378	-	328	50
Cash and Cash Equivalents, End of Period	\$400	\$328	\$72	\$343	\$57

Premium and Assessment Receipts



Statement of Net Assets

As of November 30, 2008

(in millions)

	Actual	Prior Yr. Actual	Year to Year Increase (Decrease)
Assets			
Bonds	\$13,089	\$14,093	\$(1,004)
Stocks	2,240	3,236	(996)
Private Equities	–	89	(89)
Cash & Cash Equivalents	400	343	57
Total Cash and Investments	15,729	17,761	(2,032)
Accrued Premiums	4,425	4,752	(327)
Other Accounts Receivable	150	120	30
Investment Receivables	270	183	87
Other Assets	115	118	(3)
Total Assets	20,689	22,934	(2,245)
Liabilities			
Reserve for Compensation and Compensation Adj. Expense	\$19,405	\$19,589	\$(184)
Accounts Payable	44	40	4
Investment Payable	69	56	13
Other Liabilities	226	235	(9)
Total Liabilities	19,744	19,920	(176)
Net Assets	\$945	\$3,014	\$(2,069)

Statement of Net Assets – Combining Schedule

As of November 30, 2008

(in thousands)

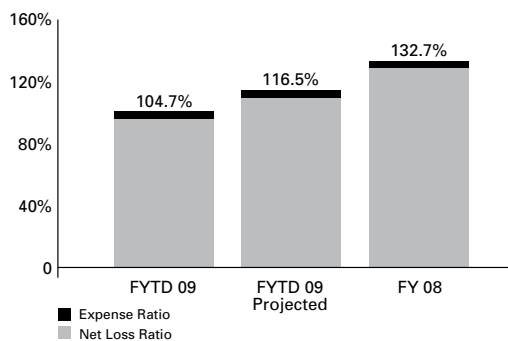
	State Insurance Fund Account	Disabled Workers' Relief Fund Account	Coal-Workers Pneumoconiosis Fund Account	Public Work Relief Employees' Fund Account	Marine Industry Fund Account	Self-Insuring Employers' Guaranty Fund Account	Administrative Cost Fund Account	Eliminations	Totals
Assets									
Bonds	\$12,037,756	\$ 869,549	\$ 181,655	\$ –	\$ –	\$ –	\$ –	\$ –	\$13,088,960
Stocks	2,065,239	141,845	32,341	–	–	–	–	–	2,239,425
Private Equities	311	–	–	–	–	–	–	–	311
Cash & Cash Equivalents	<u>285,463</u>	<u>8,709</u>	<u>3,345</u>	<u>22,780</u>	<u>17,073</u>	<u>57,223</u>	<u>5,665</u>	<u>–</u>	<u>400,258</u>
Total Cash & Investments	\$14,388,769	\$ 1,020,103	\$ 217,341	\$ 22,780	\$ 17,073	\$ 57,223	\$ 5,665	\$ –	\$15,728,954
Accrued Premiums	1,956,937	1,539,065	–	273	–	672,057	256,930	–	4,425,262
Other Accounts Receivable	124,908	19,244	24	–	–	(1,629)	7,212	–	149,759
Interfund Receivables	12,261	57,964	–	–	24	352	103,416	(174,017)	–
Investment Receivables	244,806	19,724	5,171	29	22	74	–	–	269,826
Other Assets	<u>25,767</u>	<u>22</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>88,918</u>	<u>–</u>	<u>114,707</u>
Total Assets	\$16,753,448	\$ 2,656,122	\$ 222,536	\$ 23,082	\$ 17,119	\$ 728,077	\$ 462,141	\$ (174,017)	\$20,688,508
Liabilities									
Reserve for Compensation & Compensation Adj. Expense	\$15,636,566	\$ 1,886,291	\$ 62,800	\$ 3,390	\$ 3,202	\$ 718,076	\$1,094,215	\$ –	\$19,404,540
Accounts Payable	35,887	–	–	–	–	–	7,860	–	43,747
Investment Payable	59,612	7,492	2,298	–	–	–	–	–	69,402
Interfund Payables	160,316	10,180	73	40	15	3,393	–	(174,017)	–
Other Liabilities	<u>106,514</u>	<u>44</u>	<u>735</u>	<u>–</u>	<u>214</u>	<u>–</u>	<u>118,650</u>	<u>–</u>	<u>226,157</u>
Total Liabilities	15,998,895	1,904,007	65,906	3,430	3,431	721,469	1,220,725	(174,017)	19,743,846
Net Assets	\$ 754,553	\$ 752,115	\$ 156,630	\$ 19,652	\$ 13,688	\$ 6,608	\$ (758,584)	\$ –	\$ 944,662

Financial Performance Metrics

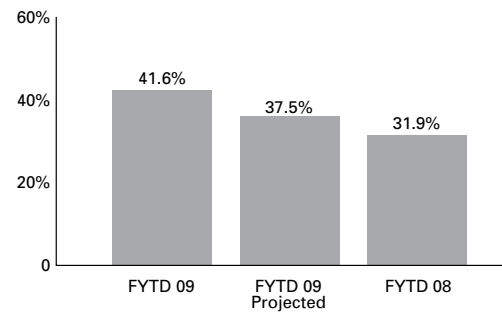
	Actual FY09 As of 11/30/08	Projected FY09 As of 11/30/08	Actual FY08 As of 11/30/07	Target
Loss Ratio	81.1%	90.0%	107.4%	
LAE Ratio - MCO	7.3%	8.9%	9.7%	
LAE Ratio - BWC	12.0%	13.5%	11.6%	
Net Loss Ratio	100.4%	112.4%	128.7%	120.0%
Expense Ratio	4.3%	4.1%	4.0%	5.0%
Combined Ratio	104.7%	116.5%	132.7%	125.0%
Net Investment Income Ratio	41.6%	37.5%	31.9%	
Operating Ratio (Trade Ratio)	63.1%	79.0%	100.8%	100.0%
Operating Cashflow Ratio	134.9%	126.8%	125.4%	118.0%
Total Reserves to Net Assets	21 to 1	7 to 1	7 to 1	7 to 1
Investments to Loss Reserves	81.1%	91.0%	90.7%	110.0%
Equities to Net Assets	2.37 to 1	1.19 to 1	1.07 to 1	
Bonds to Net Assets	13.86 to 1	5.1 to 1	4.7 to 1	
Funding Ratio (State Insurance Fund)	1.05		1.18	

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.

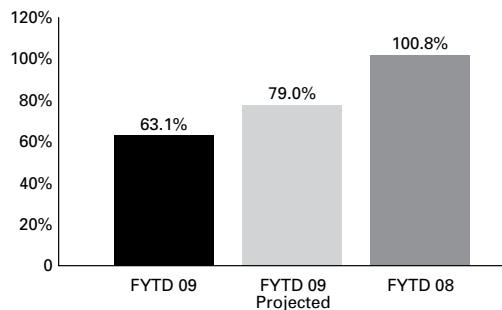
Combined Ratio



Investment Income Ratio

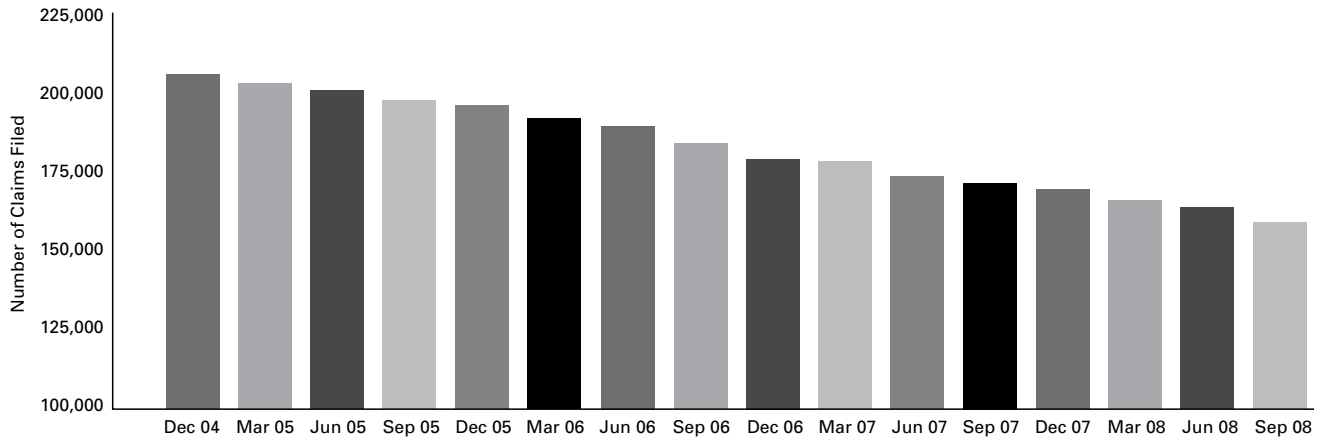


Operating Ratio

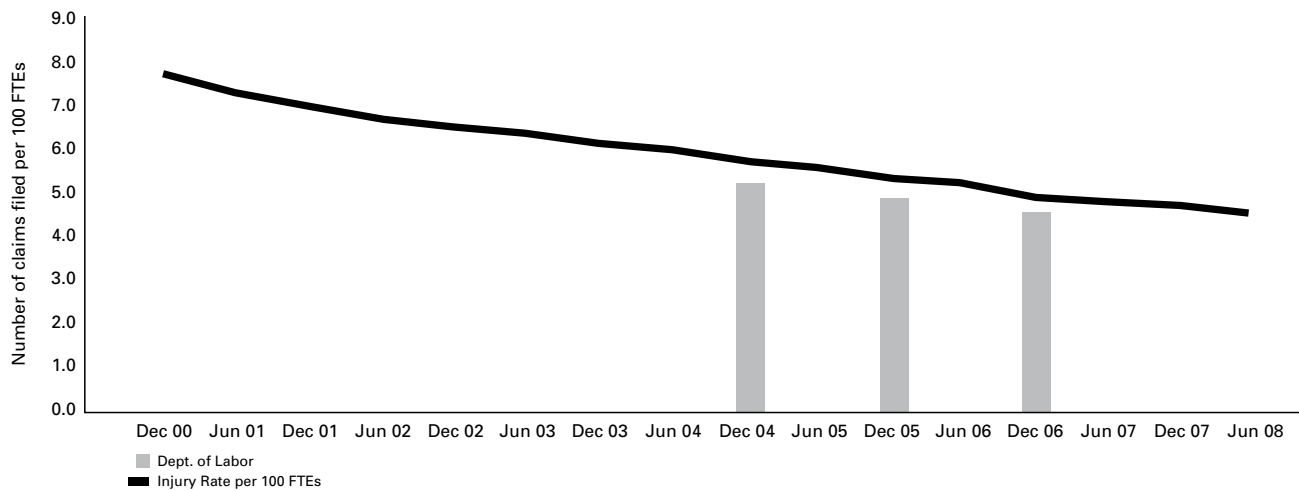


Operational Performance Metrics

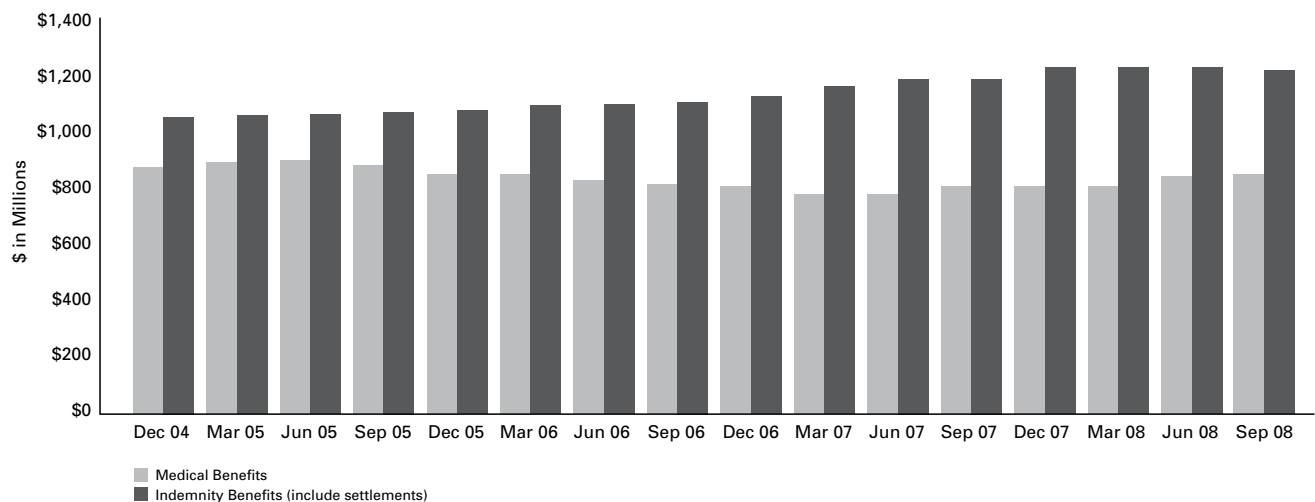
New Claims Filed - Twelve months ended



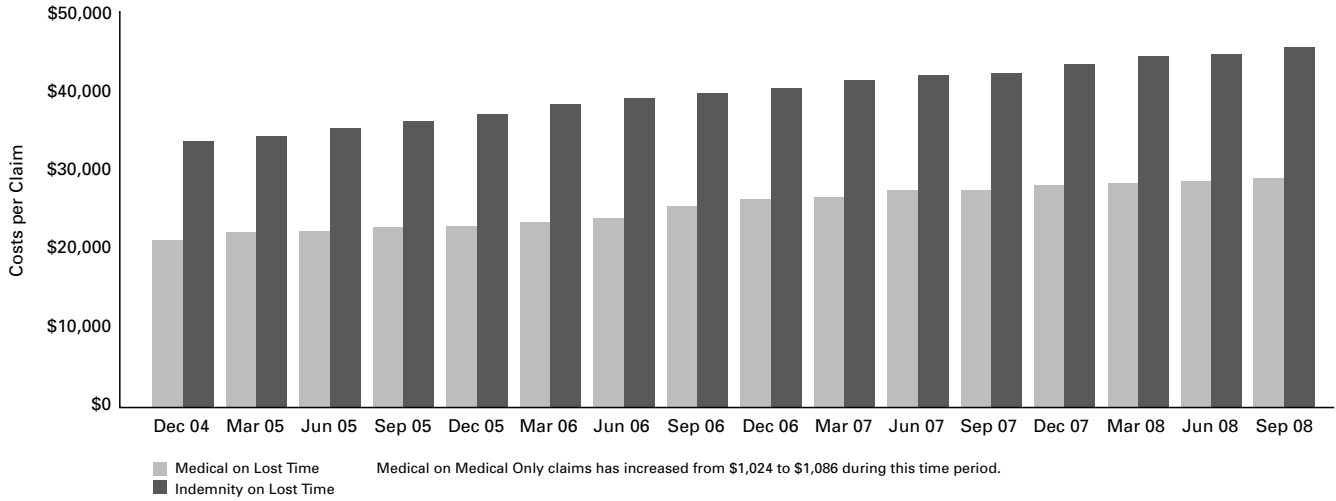
Frequency - Reported semi-annually



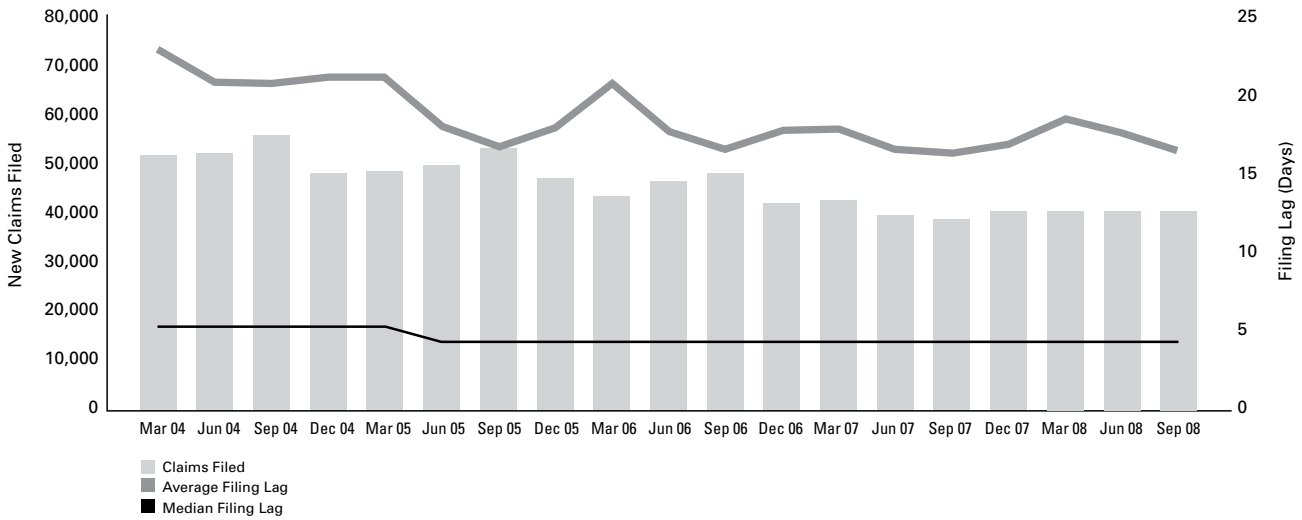
Benefit Payments - Twelve months ended



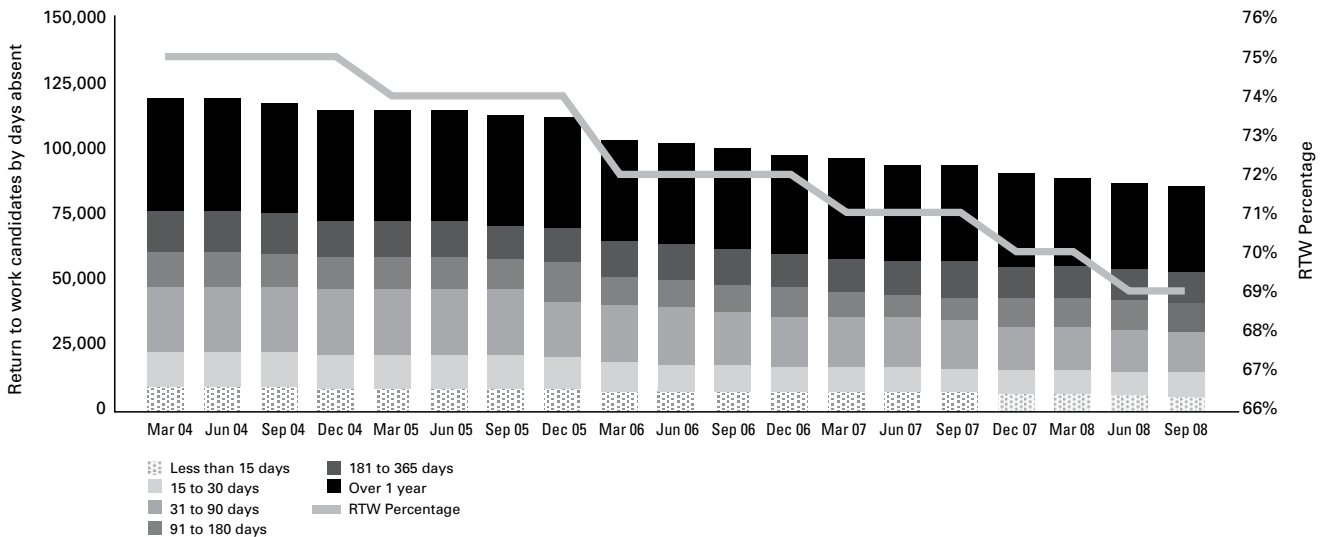
Severity



Claim Filing Lag



Return to work

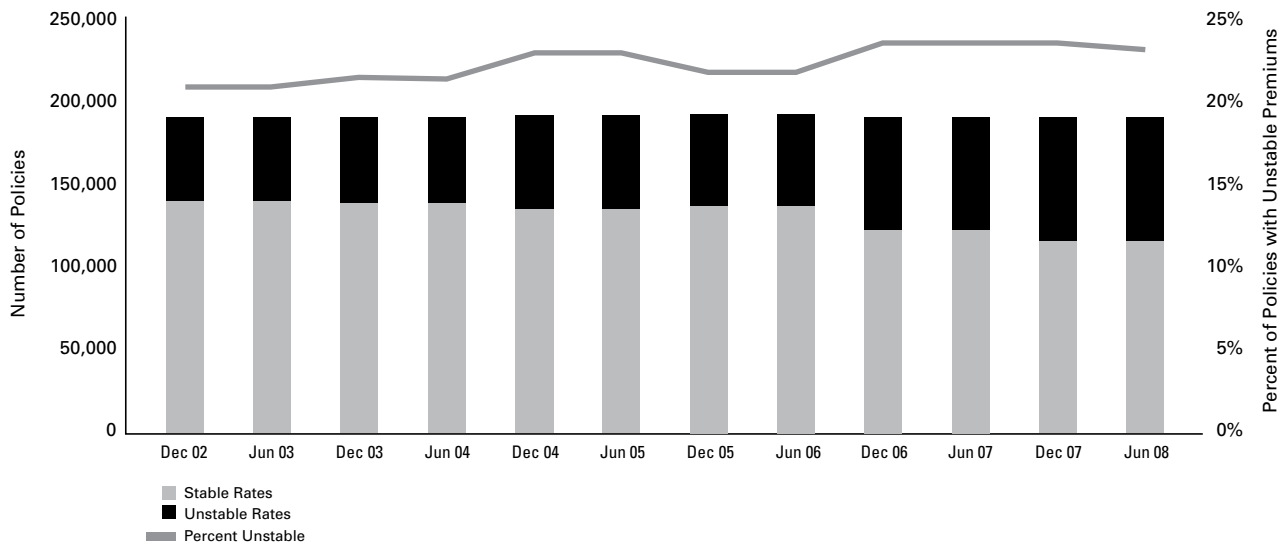


Aggregate Reported Payroll – Twelve Months Ending

(\$ 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.