

Enterprise Report

January 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.*

December Financial Analysis

BWC's net assets increased by \$1.4 billion in December resulting in net assets of \$2.3 billion at December 31, 2008 compared to \$945 million at November 30, 2008.

<i>(\$ in millions)</i>	Fiscal YTD Nov. 30, 2008	Month Ended Dec. 31, 2008	Fiscal YTD Dec. 31, 2008
Operating Revenues	\$899.1	\$224.8	\$1,123.9
Operating Expenses	972.5	192.5	1,165.0
Operating Transfer Out to ODNR	(1.7)	-	(1.7)
Net Operating Gain (Loss)	(75.1)	32.3	(42.8)
Net Investment Income (Loss)	(1,483.5)	1,334.7	(148.8)
Increase (Decrease) in Net Assets	(1,558.6)	1,367.0	(191.6)
Net Assets End of Period	\$944.7	\$2,311.7	\$2,311.7

- o Premium and assessment income of \$230 million net of a \$4 million provision for uncollectible accounts receivable and a \$1 million reduction in other income resulted in operating revenues of \$225 million in December. The reduction to other income is due to penalties that have been voided for the late filing and payment of premiums.
- o Premium and assessment income in December increased \$32 million from the adjustment of accruals to actual premiums and assessments reported by private employers for the policy period ended June 30, 2008. Because private employers report and pay premiums after the coverage period has ended, amounts are accrued for estimated premiums and assessments earned during the period and compared to actual amounts reported resulting in semi-annual true-up adjustments.
- o Premium and assessment income in December included reductions of \$11 million from safety council performance bonuses. Employers participating in BWC's Safety Council Program were eligible for a 2% performance bonus for reducing either frequency or severity of claims by 10% or more below the previous year, or maintaining both frequency and severity at the previous year's level.
- o Benefits and compensation adjustment expenses of \$183 million along with other expenses of \$9 million resulted in operating expenses of \$192 million in December 2008.
- o A \$1.302 billion increase in portfolio market value along with interest and dividend income of \$33 million, resulted in net investment income of \$1.335 billion for the month after investment expenses. The increase in portfolio market value is comprised of \$24 million in net realized losses and \$1.326 billion in net unrealized gains.
- o Premium and assessment collections were \$36 million in December an expected decrease from the \$57.6 million collected in November.
- o Claim payments issued in December were \$165 million, including \$22 million in claim settlements.
- o A total of \$45 million was redeemed from investment managers during December. 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 \$192 million for fiscal year-to-date 2009 resulting in net assets of \$2.3 billion at December 31, 2008 compared to \$2.9 billion at December 31, 2007.

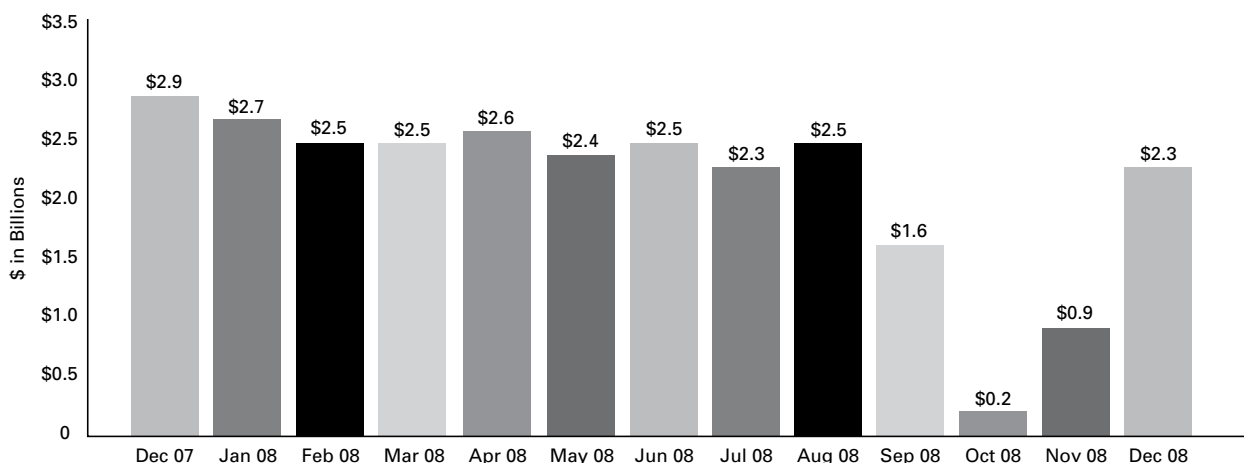
<i>(\$ in millions)</i>	Fiscal YTD Dec. 31, 2008	Projected FYTD Dec. 31, 2008	Fiscal YTD Dec. 31, 2007
Operating Revenues	\$1,124	\$1,107	\$1,169
Operating Expenses	1,165	1,309	1,603
Operating Transfer Out to ODNR	(2)	(3)	-
Net Operating Gain (Loss)	(43)	(205)	(434)
Net Investment Income (Loss)	(149)	523	1,012
Increase (Decrease) in Net Assets	(192)	318	578
Net Assets End of Period	\$2,312	\$2,821	\$2,883

- o BWC's operating revenues for fiscal year-to-date 2009 were \$1.1 billion, a decrease of \$45 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 The adjustment of private employer accruals to actual premiums and assessments for the coverage period ended June 30, 2008 has resulted in premium and assessment income being 3% higher than projected.
- o Benefit and compensation adjustment expenses have decreased by \$439 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 \$37 million in fiscal year 2009 compared to a \$382 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, excluding Ohio Hospital Association (OHA) settlements, have decreased by \$29 million for fiscal year-to-date 2009 compared to the same period in fiscal year 2008. Claim settlements have declined by almost \$41 million and permanent partial payments have declined by \$1.3 million. These declines were partially off-set by increased payments for percent permanent partial disability, permanent total disability benefits, and medical benefits. Over \$23 million has been paid this fiscal year in settlement of the OHA lawsuit.
- o Benefit and compensation adjustment expenses are \$147 million or 12% 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 \$149 million, comprised of \$146 million in net realized losses and \$422 million in net unrealized losses, partially off-set by \$421 million of interest and dividend income net of \$2 million in investment expenses.
- o Fiscal year-to-date premium collections are almost 5% higher than projected; contributing to the \$35 million favorable variance in cash used by operating activities.
- o A total of \$155.3 million has been redeemed from investment managers in fiscal year 2009 to meet operating cash flow needs. 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 \$17.4 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 While fiscal year-to-date 2009 premium receipts are 1.7% higher than this same period last year and almost 5% higher than projected, we are aware that these trends may not continue into this next collection cycle. Ohio's Office of Budget and Management indicates that Ohio employment has decreased by 28,500 jobs since December 2007. We expect the downturn in economic growth and increased unemployment to negatively impact premium collections.

Net Assets



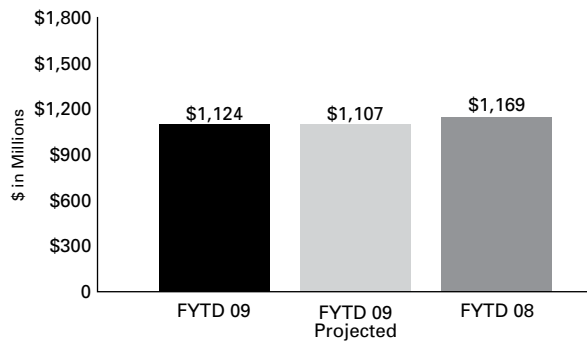
Statement of Operations

Fiscal year to date December 31, 2008

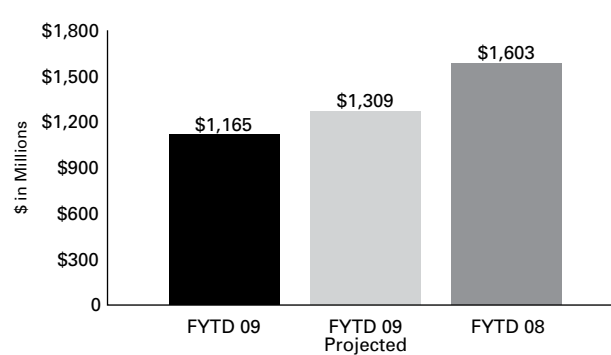
(in millions)

	Actual	Projected	Variance to Projected	Prior Yr. Actual	Year to Year Increase (Decrease)
Operating Revenues					
Premium & Assessment Income	\$1,158	\$1,127	\$31	\$1,194	\$(36)
Provision for Uncollectibles	(40)	(27)	(13)	(31)	(9)
Other Income	6	7	(1)	6	-
Total Operating Revenue	1,124	1,107	17	1,169	(45)
Operating Expenses					
Benefits & Compensation Adj. Expense	1,116	1,263	147	1,555	(439)
Other Expenses	49	46	(3)	48	1
Total Operating Expenses	1,165	1,309	144	1,603	(438)
Operating Transfers	(2)	(3)	1	-	(2)
Net Operating Gain (Loss)	(43)	(205)	162	(434)	391
Net Investment Income (Loss)	(149)	523	(672)	1,012	(1,161)
Increase (Decrease) in Net Assets	\$(192)	\$318	\$(510)	\$578	\$(770)

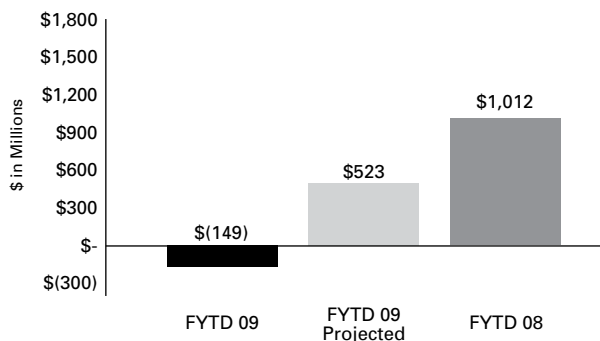
Operating Revenues



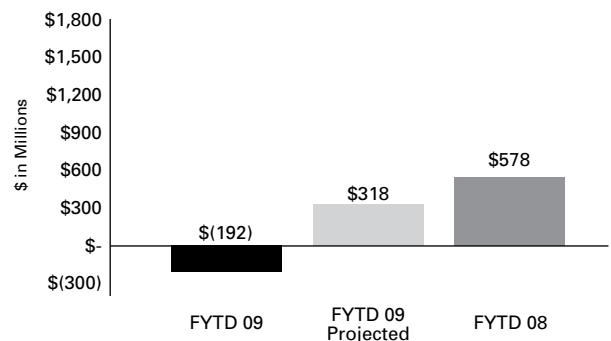
Operating Expenses



Net Investment Income (Loss)



Change in Net Assets



Statement of Operations – Combining Schedule

Fiscal year to date December 31, 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	\$916,351	\$45,432	\$773	\$114	\$435	\$9,639	\$185,353	\$1,158,097
Provision for Uncollectibles	(38,077)	(1,070)	-	-	-	283	(1,340)	(40,204)
Other Income	4,617	-	-	-	-	-	1,427	6,044
Total Operating Revenues	882,891	44,362	773	114	435	9,922	185,440	1,123,937
Operating Expenses:								
Benefits & Compensation Adj Expenses	929,114	43,138	478	(31)	206	12,037	131,211	1,116,153
Other Expenses	13,035	136	38	1	60	2	35,526	48,798
Total Operating Expenses	942,149	43,274	516	(30)	266	12,039	166,737	1,164,951
Net Operating Income (Loss) before Operating Transfers Out	(59,258)	1,088	257	144	169	(2,117)	18,703	(41,014)
Operating Transfers Out	(1,420)	-	(1,745)	-	-	-	1,420	(1,745)
Net Operating Income (Loss)	(60,678)	1,088	(1,488)	144	169	(2,117)	20,123	(42,759)
Investment Income:								
Investment Income	384,424	27,542	5,839	216	161	533	2,461	421,176
Net Realized Gains (Losses)	(134,579)	(9,085)	(1,833)	-	-	-	-	(145,497)
Net Unrealized Gains (Losses)	(391,436)	(24,377)	(6,506)	-	-	-	-	(422,319)
Total Realized & Unrealized Capital Gains (Losses)	(526,015)	(33,462)	(8,339)	-	-	-	-	(567,816)
Investment Manager & Operational Fees	(1,962)	(140)	(85)	-	-	-	-	(2,187)
Gain (Loss) on Disposal of Fixed Assets	-	-	-	-	-	-	(53)	(53)
Total Non-Operating Revenues, Net	(143,553)	(6,060)	(2,585)	216	161	533	2,408	(148,880)
Increase (Decrease) in Net Assets (Deficit)	(204,231)	(4,972)	(4,073)	360	330	(1,584)	22,531	(191,639)
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	\$2,002,691	\$843,755	\$175,266	\$19,710	\$13,761	\$7,335	\$(750,868)	\$2,311,650

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 December 31, 2008

(in thousands)

	Actual	Projected	Variance to Projected	Prior Yr. Actual	Year to Year Increase (Decrease)
Investment Income					
Bond Interest	\$378,203	\$380,946	\$(2,743)	\$349,929	\$28,274
Dividend Income—Domestic & International	35,655	34,500	1,155	28,818	6,837
Money Market/Commercial Paper Income	4,174	4,879	(705)	11,133	(6,959)
Misc. Income (Corp Actions, Settlements)	3,144	1,800	1,344	2,802	342
Private Equity	—	—	—	3,919	(3,919)
Securities Lending Income, Net of Fees	—	—	—	—	—
Total Investment Income	<u>421,176</u>	<u>422,125</u>	<u>(949)</u>	<u>396,601</u>	<u>24,575</u>
Realized & Unrealized Capital Gains and (Losses)					
Bonds – Net Realized Gains (Losses)	(77,712)	—	(77,712)	(67,376)	(10,336)
Stocks – Net Realized Gains (Losses)	(67,033)	—	(67,033)	(45,650)	(21,383)
Subtotal – Net Realized Gains (Losses)	<u>(144,745)</u>	<u>—</u>	<u>(144,745)</u>	<u>(113,026)</u>	<u>(31,719)</u>
Bonds – Net Unrealized Gains (Losses)	448,064	—	448,064	802,119	(354,055)
Stocks – Net Unrealized Gains (Losses)	(870,383)	103,500	(973,883)	(118,479)	(751,904)
Subtotal – Net Unrealized Gains (Losses)	<u>(422,319)</u>	<u>103,500</u>	<u>(525,819)</u>	<u>683,640</u>	<u>(1,105,959)</u>
Net Gain (Loss) – PE	(752)	—	(752)	(40,229)	39,477
Change in Portfolio Value	<u>(567,816)</u>	<u>103,500</u>	<u>(671,316)</u>	<u>530,385</u>	<u>(1,098,201)</u>
Investment Manager & Operational Fees	<u>(2,187)</u>	<u>(2,414)</u>	<u>227</u>	<u>(6,437)</u>	<u>(4,250)</u>
Net Investment Income (Loss)	<u>\$(148,827)</u>	<u>\$523,211</u>	<u>\$(672,038)</u>	<u>\$920,549</u>	<u>\$(1,069,376)</u>

Administrative Cost Fund Expense Analysis

December 2008

- o BWC Administrative Cost Fund expenses are approximately \$18.5 million (11.8%) less than budgeted and approximately 2% more than last fiscal year.
- o Changes in payroll within divisions, including BWC Administration, Customer Service, Human Resources 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.
- 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 December and more than fiscal year 2008. The Attorney General's office encountered issues with the new OAKS system in 2008 causing delays in issuing invoices. Second quarter 2008 invoices were not received at BWC until January 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 December. The payroll budget will be increased as employees are hired.
- o BWC's current fiscal year 2009 budget is approximately \$24.6 million (7%) less than appropriated by the General Assembly. BWC's appropriation was increased \$650,000 by the Controlling Board to allow for additional expenditures for the Workers' Compensation Council.

Administrative Cost Fund Budget Summary

As of December 31, 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	13	555,015	554,169	(846)	-0.15%	954,467	406,638	148,377	36.49%
Workers' Comp Council	1	57,800	57,800	0	0.00%	73,832	0	57,800	100.00%
BWC Administration	6	399,081	399,081	0	0.00%	743,997	274,689	124,392	45.28%
Customer Service	1,483	60,089,234	60,156,223	66,989	0.11%	111,886,975	62,967,603	(2,878,369)	-4.57%
Medical	149	6,355,026	6,362,768	7,742	0.12%	12,020,729	5,680,122	674,904	11.88%
Special Investigations	134	6,064,876	6,065,499	623	0.01%	11,416,864	5,997,046	67,830	1.13%
Fiscal and Planning	67	2,666,989	2,678,673	11,684	0.44%	5,035,877	2,368,072	298,917	12.62%
Actuarial	19	891,940	892,547	607	0.07%	1,706,065	826,171	65,769	7.96%
Investments	10	620,867	621,803	936	0.15%	1,260,051	535,088	85,779	16.03%
Infrastructure & Technology	304	16,189,141	16,232,930	43,789	0.27%	30,247,390	15,670,550	518,591	3.31%
Legal	78	3,592,683	3,592,503	(180)	-0.01%	6,788,865	3,331,007	261,676	7.86%
Communications	28	1,447,836	1,445,964	(1,872)	-0.13%	2,564,310	1,474,221	(26,385)	-1.79%
Human Resources	67	2,966,771	2,967,461	690	0.02%	5,545,739	1,937,784	1,028,987	53.10%
Internal Audit	14	702,945	703,260	315	0.04%	1,388,650	833,631	(130,686)	-15.68%
Ombuds Office	10	300,428	300,727	299	0.10%	614,281	199,461	100,967	50.62%
Early Retirement Expenses				0	0.00%		101,311	(101,311)	-100.00%
Total Payroll	2,383	102,900,632	103,031,408	130,776	0.13%	192,248,092	102,603,394	297,238	0.29%
Personal Services									
Information Technology		4,821,903	6,865,462	2,043,559	29.77%	13,509,987	6,166,472	(1,344,569)	-21.80%
Legal - Special Counsel		538,712	785,167	246,455	31.39%	1,566,244	701,720	(163,008)	-23.23%
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		<u>2,754,938</u>	<u>4,660,045</u>	<u>1,905,107</u>	<u>40.88%</u>	<u>8,060,814</u>	<u>1,688,452</u>	<u>1,066,486</u>	<u>63.16%</u>
Total Personal Services		10,230,232	14,532,717	4,302,485	29.61%	27,581,130	9,480,298	749,934	7.91%
Maintenance									
William Green Rent		504,537	521,437	16,900	3.24%	18,904,714	963,080	(458,543)	-47.61%
Other Rent and Leases		7,605,637	8,664,093	1,058,456	12.22%	13,641,182	6,719,823	885,814	13.18%
Software and Equipment Maintenance and Repairs		8,985,128	10,440,728	1,455,600	13.94%	19,604,579	8,253,057	732,071	8.87%
Inter Agency Payments		1,334,421	2,015,284	680,863	33.78%	3,658,452	1,675,247	(340,826)	-20.34%
Communications		1,894,342	3,603,158	1,708,816	47.43%	6,977,279	1,766,371	127,971	7.24%
Safety Grants and Long Term Care Loan		1,666,145	3,000,000	1,333,855	44.46%	6,000,000	1,073,048	593,097	55.27%
Supplies and Printing		663,180	1,566,949	903,769	57.68%	3,187,164	762,005	(98,825)	-12.97%
Other Maintenance		<u>1,611,233</u>	<u>1,879,160</u>	<u>267,927</u>	<u>14.26%</u>	<u>3,753,663</u>	<u>1,644,734</u>	<u>(33,501)</u>	<u>-2.04%</u>
Total Maintenance		24,264,623	31,690,809	7,426,186	23.43%	75,727,033	22,857,365	1,407,258	6.16%
Equipment									
		<u>736,694</u>	<u>7,441,362</u>	<u>6,704,668</u>	<u>90.10%</u>	<u>9,680,865</u>	<u>519,964</u>	<u>216,730</u>	<u>41.68%</u>
Total Administrative Cost Fund Expenses		138,132,181	156,696,296	18,564,115	11.85%	305,237,120	135,461,021	2,671,160	1.97%

Total Agency Appropriation 329,860,479
 Budget to Appropriation Variance 24,623,359
 Percentage Variance 7.46%

State Insurance Fund

Administrative Expense Summary

As of December 31, 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	\$4,476,182
Wilshire Associates Inc.	0	0	0	2/24/08	272,083
JP Morgan Chase - Performance Reporting	59,833	23,901	83,734	6/30/08	0
Mercer Investment Consulting	197,915	323,578	521,493	6/30/09	0
Other Investment Expenses	101,509	351,501	453,010	6/30/08	74,176
	634,448	698,980	1,333,428		4,822,441
Actuarial Expenses					
Mercer Oliver Wyman	449,444	1,058,013	1,507,457	12/31/09	309,395
Oliver Wyman Consulting	100,494	1,853,865	1,954,359	12/31/09	0
Deloitte Consulting LLP	1,545,169	4,925	1,550,094	12/31/08	0
AON Risk Consultants	0	0	0	6/30/07	263,599
	2,095,107	2,916,803	5,011,910		572,994
Ohio Rehabilitation Services	605,407	0	605,407	6/30/09	0
TOTAL	\$3,334,962	\$3,615,783	\$6,950,745		\$5,395,435

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.

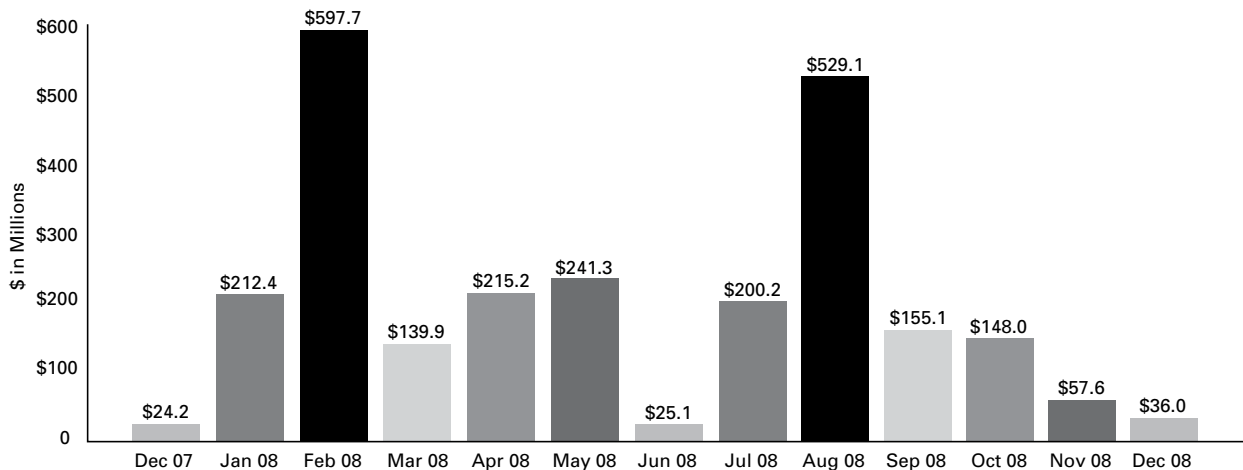
Statement of Cash Flows

Fiscal year to date December 31, 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	\$1,126	\$1,073	\$53	\$1,107	\$19
Cash Receipts - Other	12	15	(3)	14	(2)
Cash Disbursements for Claims	(1,095)	(1,101)	6	(1,098)	3
Cash Disbursements for Other	<u>(246)</u>	<u>(225)</u>	<u>(21)</u>	<u>(234)</u>	<u>(12)</u>
Net Cash Provided (Used) by Operating Activities	(203)	(238)	35	(211)	8
Net Cash Flows from Noncapital Financing Activities	(2)	(3)	1	-	(2)
Net Cash Flows from Capital and Related Financing Activities	(4)	(2)	(2)	(4)	-
Net Cash Provided (Used) by Investing Activities	<u>99</u>	<u>165</u>	<u>(66)</u>	<u>199</u>	<u>(100)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(110)	(78)	(32)	(16)	(94)
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	\$268	\$300	\$(32)	\$312	\$(44)

Premium and Assessment Receipts



Statement of Net Assets

As of December 31, 2008

(in millions)

	Actual	Prior Yr. Actual	Year to Year Increase (Decrease)
Assets			
Bonds	\$14,320	\$13,940	\$380
Stocks	2,266	3,242	(976)
Private Equities	–	43	(43)
Cash & Cash Equivalents	268	312	(44)
Total Cash and Investments	16,854	17,537	(683)
Accrued Premiums	4,641	4,930	(289)
Other Accounts Receivable	141	120	21
Investment Receivables	229	233	(4)
Other Assets	114	117	(3)
Total Assets	<u>21,979</u>	<u>22,937</u>	<u>(958)</u>
Liabilities			
Reserve for Compensation and Compensation Adj. Expense	\$19,398	\$19,653	\$(255)
Accounts Payable	34	57	(23)
Investment Payable	8	108	(100)
Other Liabilities	227	236	(9)
Total Liabilities	<u>19,667</u>	<u>20,054</u>	<u>(387)</u>
Net Assets	<u>\$2,312</u>	<u>\$2,883</u>	<u>\$(571)</u>

Statement of Net Assets – Combining Schedule

As of December 31, 2008

(in thousands)

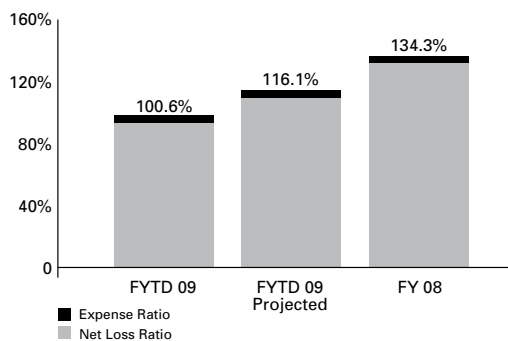
	State Insurance Fund Account	Disabled Workers' Relief Fund Account	Coal-Workers Pneumoconiosis Fund Account	Public Work Relief Employees' Fund Account	Marine Industry Fund Account	Self-Insuring Employers' Guaranty Fund Account	Administrative Cost Fund Account	Eliminations	Totals
Assets									
Bonds	\$13,165,631	\$ 954,774	\$ 199,747	\$ -	\$ -	\$ -	\$ -	\$ -	\$14,320,152
Stocks	2,089,076	143,751	32,788	-	-	-	-	-	2,265,615
Private Equities	311	-	-	-	-	-	-	-	311
Cash & Cash Equivalents	<u>159,271</u>	<u>7,841</u>	<u>4,018</u>	<u>22,769</u>	<u>17,100</u>	<u>55,695</u>	<u>1,538</u>	<u>-</u>	<u>268,232</u>
Total Cash & Investments	\$15,414,289	\$ 1,106,366	\$ 236,553	\$ 22,769	\$ 17,100	\$ 55,695	\$ 1,538	\$ -	\$16,854,310
Accrued Premiums	2,133,319	1,547,093	-	292	-	673,051	287,344	-	4,641,099
Other Accounts Receivable	114,826	20,530	24	-	-	(1,083)	6,727	-	141,024
Interfund Receivables	11,587	50,567	-	-	60	426	79,979	(142,619)	-
Investment Receivables	211,605	14,319	3,005	23	17	57	-	-	229,026
Other Assets	<u>25,728</u>	<u>22</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,851</u>	<u>-</u>	<u>113,601</u>
Total Assets	\$17,911,354	\$ 2,738,897	\$ 239,582	\$ 23,084	\$ 17,177	\$ 728,146	\$ 463,439	\$ (142,619)	\$21,979,060
Liabilities									
Reserve for Compensation & Compensation Adj. Expense	\$15,632,619	\$ 1,884,539	\$ 62,800	\$ 3,364	\$ 3,206	\$ 717,895	\$1,093,958	\$ -	\$19,398,381
Accounts Payable	33,780	-	-	-	-	-	472	-	34,252
Investment Payable	6,885	236	691	-	-	-	-	-	7,812
Interfund Payables	129,305	10,297	77	10	14	2,916	-	(142,619)	-
Other Liabilities	<u>106,074</u>	<u>70</u>	<u>748</u>	<u>-</u>	<u>196</u>	<u>-</u>	<u>119,877</u>	<u>-</u>	<u>226,965</u>
Total Liabilities	15,908,663	1,895,142	64,316	3,374	3,416	720,811	1,214,307	(142,619)	19,667,410
Net Assets	\$ 2,002,691	\$ 843,755	\$ 175,266	\$ 19,710	\$ 13,761	\$ 7,335	\$ (750,868)	\$ -	\$ 2,311,650

Financial Performance Metrics

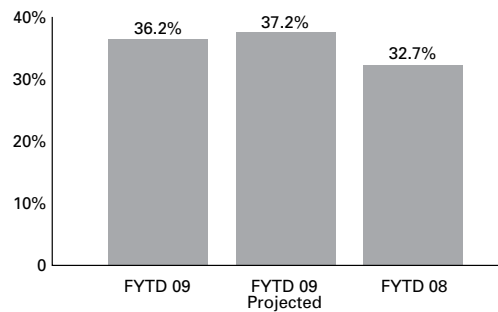
	Actual FY09 As of 12/31/08	Projected FY09 As of 12/31/08	Actual FY08 As of 12/31/07	Target
Loss Ratio	78.1%	90.1%	108.2%	
LAE Ratio - MCO	6.9%	8.4%	9.7%	
LAE Ratio - BWC	11.4%	13.5%	12.4%	
Net Loss Ratio	96.4%	112.0%	130.3%	120.0%
Expense Ratio	4.2%	4.1%	4.0%	5.0%
Combined Ratio	100.6%	116.1%	134.3%	125.0%
Net Investment Income Ratio	36.2%	37.2%	32.7%	
Operating Ratio (Trade Ratio)	64.4%	78.9%	101.6%	100.0%
Operating Cashflow Ratio	115.9%	113.7%	112.3%	118.0%
Total Reserves to Net Assets	8 to 1	7 to 1	7 to 1	7 to 1
Investments to Loss Reserves	86.9%	91.3%	89.2%	110.0%
Equities to Net Assets	0.98 to 1	1.17 to 1	1.12 to 1	
Bonds to Net Assets	6.2 to 1	5.0 to 1	4.8 to 1	
Funding Ratio (State Insurance Fund)	1.14	1.17	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.

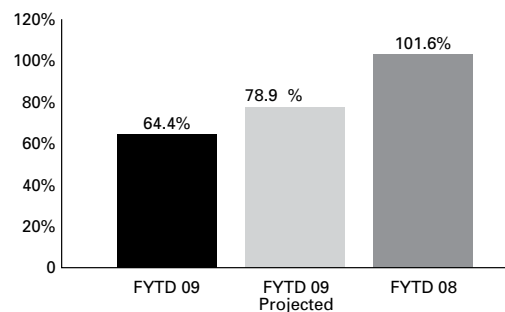
Combined Ratio



Investment Income Ratio

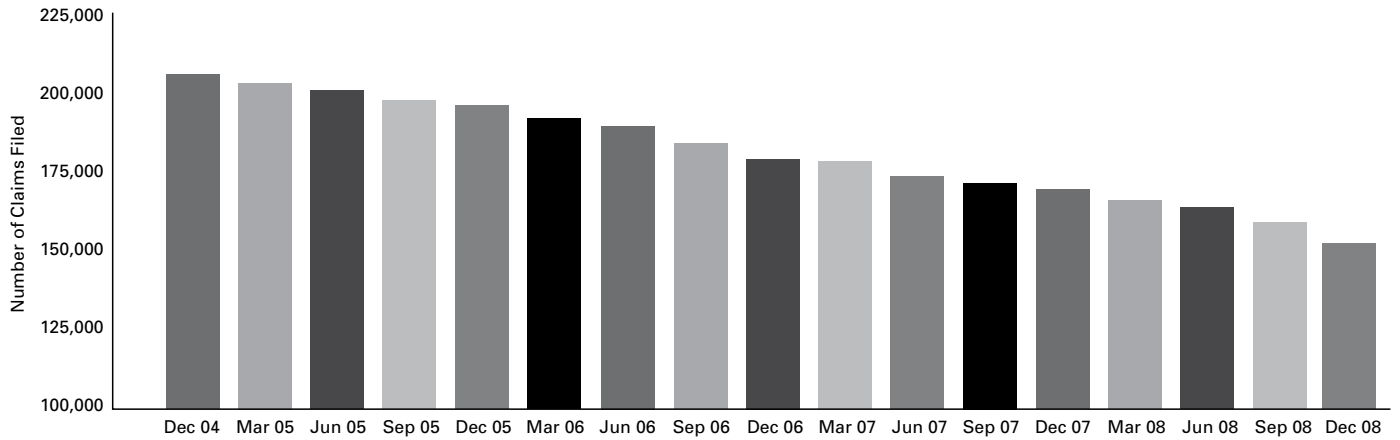


Operating Ratio

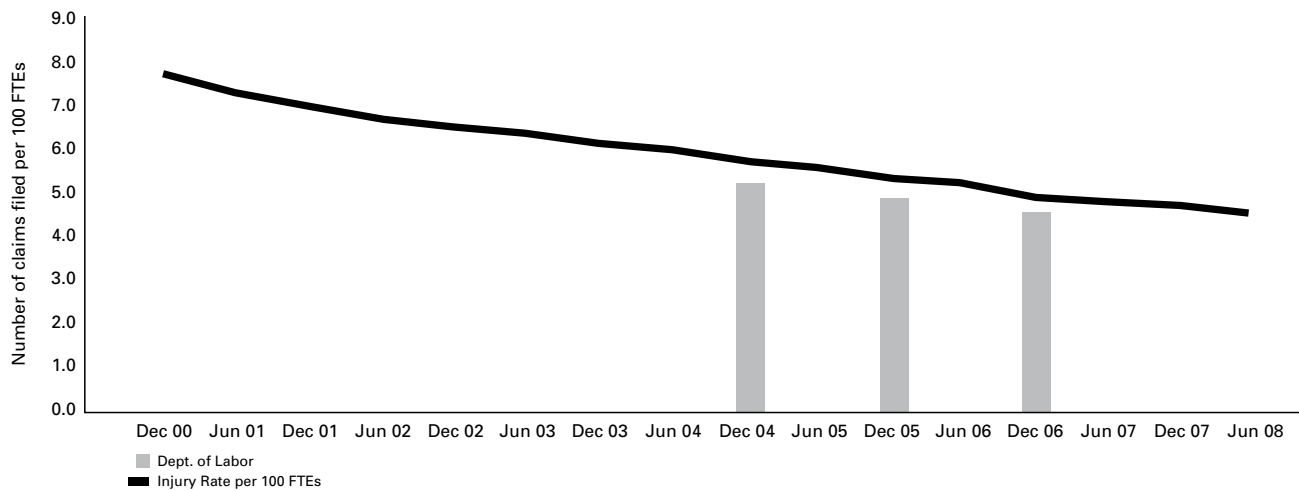


Operational Performance Metrics

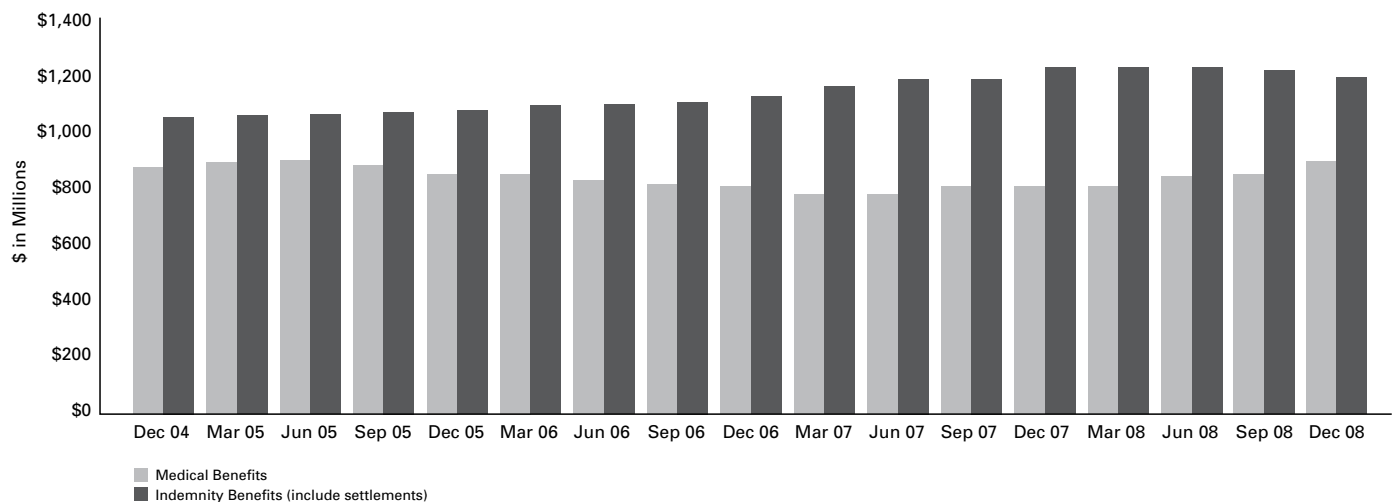
New Claims Filed - Twelve months ended



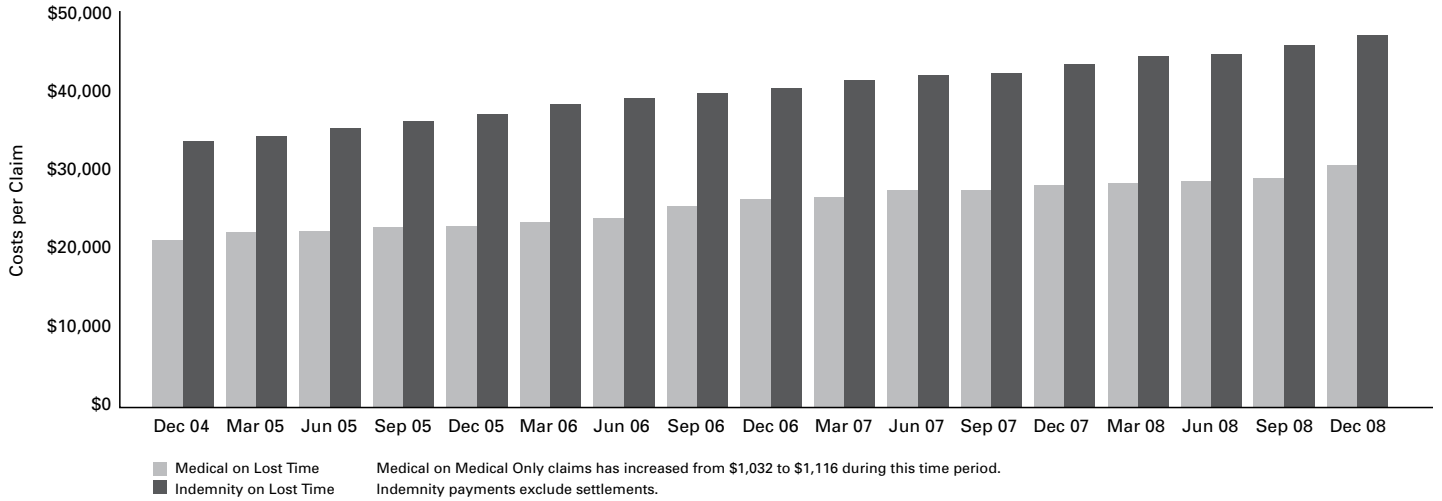
Frequency - Reported semi-annually



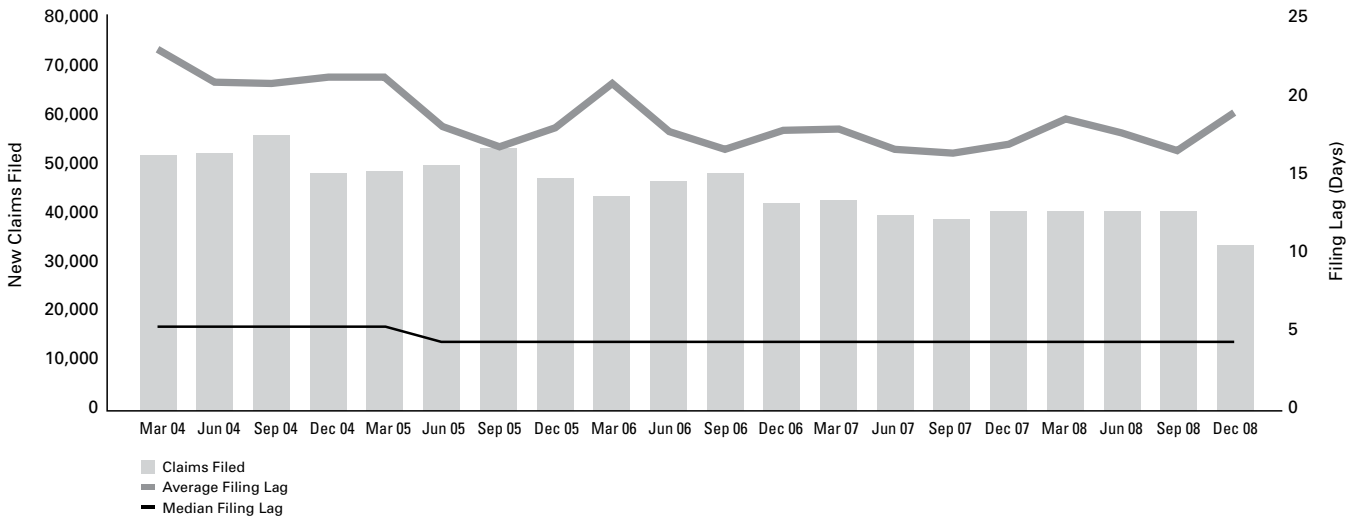
Benefit Payments - Twelve months ended



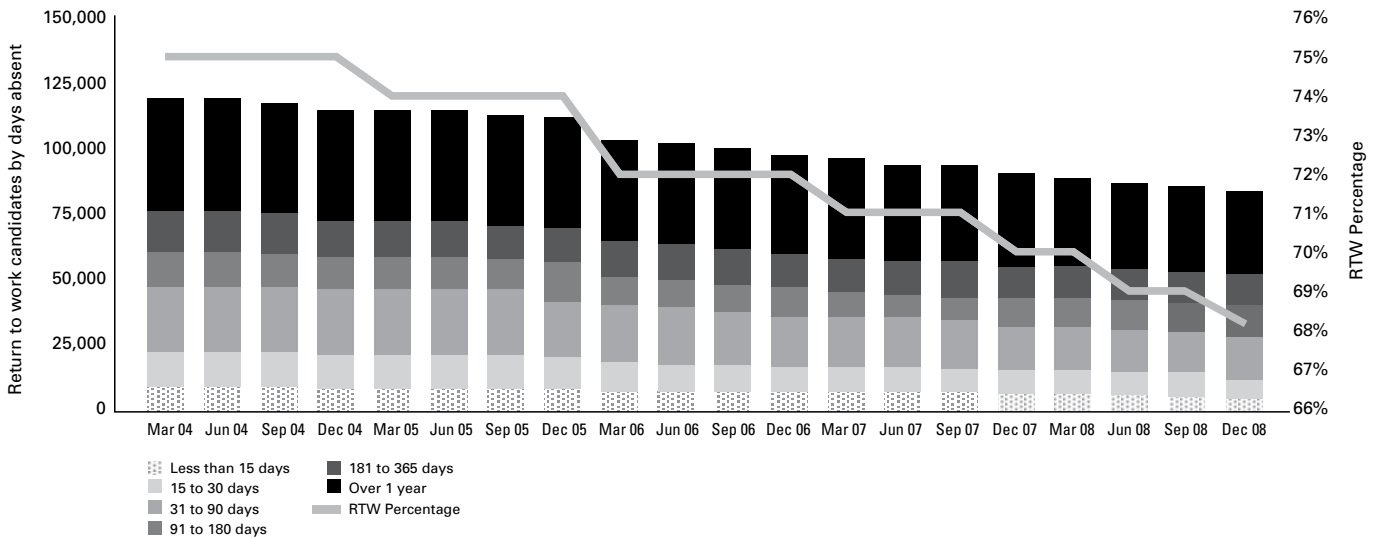
Severity



Claim Filing Lag



Return to work

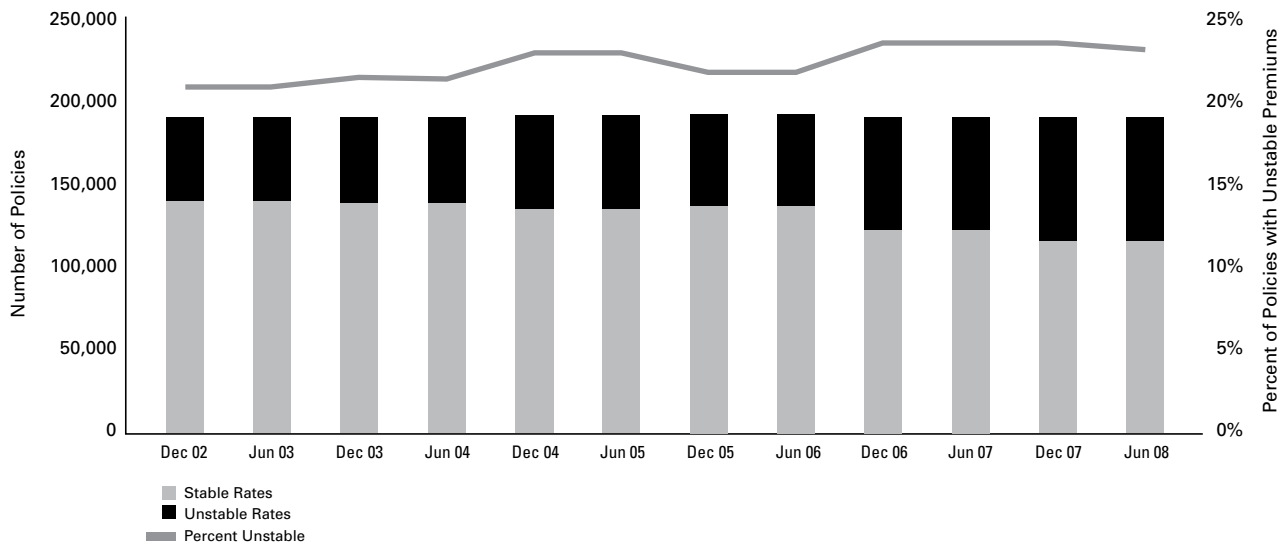


Aggregate Reported Payroll – Twelve Months Ending

(\$ 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.