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August 24, 2012

Mr. Christopher Carlson, FCAS, MAAA
Chief Actuary
Ohio Bureau of Workers' Compensation
30 West Spring Street
Columbus, Ohio 43266-0581

Dear Mr. Carlson:

We are pleased to provide you with the enclosed GASB runoff exhibits. Exhibit 1 displays the change in the Bureau of Workers' Compensation ("BWC") discounted reserves for each of the most recent two Fiscal Years. Exhibit 2 displays the original and re-estimate of the ultimate loss and loss adjustment expense ("LAE") for each of the most recent 10 fiscal accident years.

Please note that the unpaid loss and LAE displayed in Exhibit 1 reflects BWC's selected unpaid loss and LAE to be recorded in the Company's June 30, 2012 financial statements of \$19,705 million, which is \$39 million lower than the Deloitte Consulting point estimate of \$19,744 million. The difference resides in the Coal-Workers Pneumoconiosis Fund ("CWPF") where the BWC selected a recorded reserve of \$111 million compared to the Deloitte Consulting point estimate of \$150 million. The BWC CWPF selected reserve is within the Deloitte Consulting reasonable range from \$102 million to \$197 million.

It has again been our pleasure to be of service to you in this regard.

Sincerely,

Robert S. Miccolis, FCAS, MAAA
Director

William Van Dyke, ACAS, MAAA
Specialist Leader

Ohio Bureau of Workers' Compensation
GASB Change in Unpaid Loss and LAE
(\$ Millions)

EXHIBIT 1

	2012	2011
Unpaid Loss and LAE at Beginning of Year:	19,950	19,804
Incurred Loss and LAE - Current Fiscal Accident Year:	1,800	1,863
<i>Nominal Basis:</i>	2,767	2,837
<i>Amount of Discount (4.0% @ 2011 & 2012):</i>	(968)	(974)
<i>Change in Discount Rate (no change from 2011 to 2012):</i>	-	-
Incurred Loss and LAE - Prior Fiscal Accident Years:	(584)	(254)
<i>Nominal Basis:</i>	(862)	(352)
<i>Amount of Discount (4.0% @ 2011 & 2012):</i>	278	97
<i>Change in Discount Rate (no change from 2011 to 2012):</i>	-	-
Incurred Loss and LAE - Interest Accretion:	738	745
Incurred Loss and LAE - Total:	1,954	2,354
<i>Nominal Basis</i>	1,905	2,485
<i>Amount of Discount (4.0% @ 2011 & 2012):</i>	(690)	(877)
<i>Change in Discount Rate (no change from 2011 to 2012):</i>	-	-
<i>Interest Accretion</i>	738	745
Fiscal Year Loss and LAE Payments:	(2,199)	(2,208)
<i>Current Fiscal Accident Year:</i>	(386)	(400)
<i>Prior Fiscal Accident Years:</i>	(1,813)	(1,808)
Total Change in Unpaid Loss and LAE:	(245)	146
Unpaid Loss and LAE at End of Year:	19,705	19,950

Ohio Bureau of Workers' Compensation
GASB Change in Ultimate Incurred Loss & LAE - All Funds
Evaluated as of June 30, 2012 (\$ Millions)

EXHIBIT 2

	<u>Fiscal/Accident Years</u>										
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Discounted Ultimate Incurred - Original:	1,800	1,863	1,870	2,139	2,219	2,327	2,270	2,392	2,335	2,405	2,233
Amount of Discount - Original:	968	974	985	1,472	1,892	2,099	2,147	2,227	2,447	2,544	2,374
Nominal Ultimate Incurred - Original:	2,767	2,837	2,854	3,611	4,111	4,426	4,417	4,619	4,782	4,949	4,607
<u>Paid (cumulative) as of:</u>											
End of period	386	400	384	458	415	423	417	449	449	470	441
One year later		643	632	721	768	760	757	800	819	842	826
Two years later			769	873	940	946	948	992	1,016	1,052	1,029
Three years later				985	1,072	1,073	1,092	1,140	1,166	1,206	1,185
Four years later					1,180	1,177	1,202	1,261	1,292	1,334	1,308
Five years later						1,274	1,295	1,363	1,402	1,453	1,421
Six years later							1,383	1,449	1,496	1,556	1,525
Seven years later								1,525	1,572	1,642	1,614
Eight years later									1,639	1,714	1,686
Nine years later										1,782	1,749
Ten years later											1,808
<u>Re-estimated Nominal Ultimate Incurred as of:</u>											
One year later		2,680	2,701	2,865	3,607	3,946	4,087	4,456	4,604	4,653	4,469
Two years later			2,596	2,794	2,948	3,460	3,879	4,085	4,369	4,497	4,384
Three years later				2,730	2,909	2,909	3,410	3,929	4,138	4,297	4,228
Four years later					2,862	2,877	2,899	3,502	3,842	4,108	4,080
Five years later						2,812	2,877	2,977	3,489	3,772	3,817
Six years later							2,839	2,984	3,042	3,479	3,565
Seven years later								2,960	3,054	3,106	3,340
Eight years later									3,032	3,118	3,055
Nine years later										3,096	3,061
Ten years later											3,031
Total Change in Ultimate Incurred:		(157)	(259)	(881)	(1,249)	(1,614)	(1,578)	(1,659)	(1,750)	(1,853)	(1,576)

Notes:

- Discounted ultimate incurred loss and LAE is discounted based on the prevailing discount rate at the time of the original evaluation. For example, 2010 through 2012 are based on a 4.0% discount rate while 2009 is based on a 4.5% discount rate
- Ultimate incurred loss and LAE excludes liability associated with active working miners within the CWPB since they are not yet assignable to fiscal accident year. The June 30, 2012 active miners nominal and discounted liability are \$126.5 million and \$35.3 million, respectively.