

BWC Board of Directors

Board Meeting

Friday, November 21, 2008, 8:00 a.m.

William Green Building

30 West Spring Street, 2nd Floor (Mezzanine)

Columbus, Ohio 43215

Members Present: William Lhota, Chairman
Charles Bryan
David Caldwell
Alison Falls
Kenneth Haffey
James Harris
James Hummel
Thomas Pitts
Larry Price
Robert Smith
James Matesich

Members Absent: None

CALL TO ORDER

Mr. Lhota called the meeting to order at 8 a.m.

ROLL CALL

Roll call was taken by the scribe. All members were present.

OCTOBER 31, 2008 MINUTES

Motion was made by James Harris, seconded by Charles Bryan, to approve the minutes. Roll call was taken and the motion to approve the minutes passed 11-0.

The meeting agenda was reviewed. The Deep Dive section was deleted. The executive session purpose is to discuss pending litigation. Chairman Lhota announced the Board does not intend to conduct business subsequent to the executive session. Alison Falls noted the next meeting Thursday, December 18, not Friday as listed on the agenda.

COMMITTEE REPORTS:

ACTUARIAL COMMITTEE

Charles Bryan presented the Actuarial Committee report. The public employer taxing district manual class rates were discussed. These manual rates reflect the Board's decision to decrease PEC rates overall by 5%, with each class's rate varying according to its own claim experience. Mr. Bryan noted the recommended 5% rate reduction was also discussed in the context of its impact on net assets. The Board must decide if a net asset provision should be built into rates. For the next PA rate change discussion in the spring of 2009, the Committee hopes to provide better insight from the current asset-liability modeling. Motion was made by Mr. Bryan, seconded by Mr. Hummel, as follows: that the Bureau of Workers' Compensation Board of Directors approve changes to the public employer taxing district rules 4123-17-33 and 4123-17-34 of the Administrative Code. The motion consents to the Administrator adopting the public employer taxing district credibility tables and rate rules as presented at the Actuarial Committee. Roll call was taken and the motion passed 11-0.

Motion was made by Mr. Bryan and seconded by James Matesich as follows: that Workers' Compensation Board of Directors approve the amended charter of the Actuarial Committee as presented here today. Roll call was taken and the motion passed 11-0. Mr. Bryan deferred discussion of experience modifier caps for a later date, pending further discussion of a court decision. The Committee also reviewed the retrospective annual run-off of our liabilities, which was provided by Oliver Wyman. The report reviewed claims subsequent to December 31, 2002 through June 30, 2008. It appears the reserve estimate has been conservative – meaning our initial estimate of reserves was higher than subsequent estimates. This run-off only reviewed 7 years of claim payments.

A request for proposal for an actuarial consultant is being developed. The Committee hopes to bring it to the Board for approval during the first quarter of 2009. Reserves and pricing will be crucial components of the RFP. The current consultant is Oliver Wyman through the first quarter of 2009. If a different consultant is ultimately selected, the start date should be three out of six months before the current contract expires, December 31, 2009. Mr. Bryan noted that John Pedrick and Liz Bravender are doing an outstanding job, and have plans to expand their staff. The additional staff will allow greater focus on rates and reserves, and allow for additional analyses such as the impact of new legislation. The implementation of the MIRA reserving system is proceeding well. Mr. Bryan congratulated staff on what seems to date to be a successful transition and implementation of the new system.

AUDIT COMMITTEE

Kenneth Haffey presented the Audit Committee report. Mr. Haffey shared the report of the external auditor, Schneider Downs. The financial statements received an unqualified opinion, the internal control audit found no instances of noncompliance and no material weaknesses, and all the comments in the management letter were being

addressed by the Administration. The committee entered executive session to discuss personnel matters with Joe Montgomery of the Office of the Inspector General. Caren Murdock, Chief of Internal Audit, provided the committee with a quarterly summary update. During the past quarter, 4 audits have been completed. Ms. Murdock reviewed many of the material weaknesses from these audits. She noted the Audit Division was on track with their audit schedule.

Motion was made by Mr. Haffey, seconded by Robert Smith, as follows: that the Bureau of Workers' Compensation Board of Directors approves the amended charter of the Audit Committee as presented here today. Roll call was taken and the motion passed 11-0.

The committee had first readings on rules, including interstate jurisdiction by Michael Glass, Director of Underwriting and Premium Audit, and the ambulatory surgical center fee schedule by Fred Johnson, Director of Managed Care Services.

INVESTMENT COMMITTEE

Mr. Smith presented the Investment Committee report. Mr. Smith noted an extensive educational session conducted by Mercer Consulting on the Asset-Liability Modeling project.

Motion was made by Mr. Smith, seconded by Ms. Falls, as follows: that the Workers' Compensation Board of Directors approve the amended charter of the Investment Committee as presented here today. Roll call was taken and the motion passed 11-0.

Motion was made by Mr. Smith, seconded by Mr. Pitts, as follows: that the Workers' Compensation Board of Directors approve and adopt the recommendation of the Investment Committee to proceed to implement the Intermediate Duration Fixed Income Commingled Passive Index Investment with State Street Global Advisors, as originally approved in August 2008 for both the Public Work Relief Employees' Fund and the Marine Industry Fund, for the reasons set forth in the memorandum of the Chief Investment Officer dated November 10, 2008. Roll call was taken and the motion passed 11-0.

Motion was made by Mr. Smith, seconded by David Caldwell, as follows: that the Workers' Compensation Board of Directors approve and adopt the recommendation of the Investment Committee to suspend securities lending activity in the approved Intermediate Duration Fixed Income Commingled Passive Index Investment with State Street Global Advisors for both the Public Work Relief Employees' Fund and the Marine Industry Fund, for the reasons set forth in the memorandum of the Chief Investment Officer dated November 10, 2008. Roll call was taken and the motion passed 11-0.

Motion was made by Mr. Smith, seconded by Mr. Harris, as follows: that the Board of Directors approve and adopt the recommendation of the Investment Committee to amend current section IV.B of the Statement of Investment Policy and Guidelines to include language pertaining to exceptions to the implementation of required rebalancing

actions. The exact changes adopted as a result of this motion will be incorporated in section IV.B of the Statement of Investment Policy and Guidelines as set forth in the memorandum of the Chief Investment Officer dated November 10, 2008. Roll call was taken and the motion passed 11-0. This action does not represent a full revision of the portfolio rebalancing policy. Generally equities should represent between seventeen and twenty- three percent of total invested assets, as opposed to the approximately twelve percent portfolio allocation at present. However, current market liquidity restraints and transaction costs prevent a portfolio rebalance without incurring significant economic harm to the Bureau. At the Investment Committee meeting of yesterday, Ms. Falls voted against this recommendation. Ms. Falls indicated that she supports allowing the Bureau flexibility in making a portfolio rebalancing decision, and has now voted in favor of this motion, as presented to the Board.

Motion was made by Mr. Smith, seconded by Ms. Falls, as follows: that the Workers' Compensation Board of Directors adopt the recommendation of the Investment Committee to approve the annual report on the performance and value of each investment class, as prepared by the Chief Investment Officer and dated November 10, 2008, and to submit the report to the Governor and legislative leaders in fulfillment of the Board's obligation under Revised Code section 4121.12(F) (12). Roll call was taken and the motion passed 11-0.

Discussion was made of portfolio performance for the fourth quarter to date. Mr. Smith indicated that the estimated unaudited value of the bonds and stocks in the BWC portfolio declined by \$1.58 billion in October and increased by \$236 million in November through close of yesterday. Ms. Falls noted an excellent presentation by Mercer Consulting, with regard to asset allocation process. The asset liability modeling is only a tool, and she anticipated a robust discussion concerning the results. The process will result in either an affirmation or change to the current asset allocation strategy. The private equity sale is complete and was a success.

GOVERNANCE COMMITTEE

Ms. Falls presented the report. There was discussion of the annual review of the charter. The committee shall be the lead committee on rule review, except for the Actuarial Committee, which will continue to handle rate rules. There will be a transition of rule review from the Audit Committee to the Governance Committee in January of 2009. The Governance guidelines are a complete reference document, with the addition of ethics, conflicts of interest, as well as director education and orientation.

Motion was made by Ms. Falls, seconded by Mr. Price, as follows: that the Workers' Compensation Board of Directors approve the amended Governance Guidelines, as discussed here today, and approve the amended charter of the Governance Committee as presented here today. Roll call was taken and the motion passed 11-0.

Ms. Falls thanked Ann Shannon, Assistant Law Director, and Don Berno, Board Liaison for their support and work on the Governance Guidelines and Committee charters. The next committee meeting shall be January 2009. Mr. Price thanked staff and Ms. Falls

for their hard work on the Governance Guidelines and the charters. He further noted that these documents should be of great help to future members of the Board of Directors

MONTHLY ENTERPRISE REPORT

The enterprise report was presented by Tracy Valentino, Chief of Fiscal and Planning. Financial statements were reviewed and discussed at length. Financial materials included an adjustment due to the quarterly reserve adjustment by Oliver Wyman. Charles Bryan inquired as to whether securities were sold and repurchased. According to Bruce Dunn, Chief Investment Officer, the answer is no. Mr. Bryan made discussion of the recording of permanent and temporary impairment. Mr. Bryan inquired as to changing the amount recorded. There is no capping. Ms. Valentino noted there are marked to market entries. Mr. Bryan inquired as to details of entries with regard to net investment income. Mr. Bryan inquired as to who is eligible for safety discounts. All employers are, potentially. Mr. Bryan inquired with regard to short term change for medical inflation. John Pedrick, Chief Actuarial Officer, indicated that assumptions utilized were developed by consultants.

Cash disbursements from the OHA lawsuit continue. 50/50 premium program payments are due. Ms. Valentino and James Matesich entered into discussion regarding employer noncompliance and reinstatement. James Harris discussed resolution of noncomplying employer liability. Ms. Valentino and Mr. Dunn discussed the cash flow statement and cash redemption strategy. Mr. Dunn indicated that an effective cash redemption strategy has been developed by staff to withdraw sufficient cash from outside investment managers for the remainder of calendar 2008. Such cash to be redeemed will come from monthly interest income received on bonds and a specific equity holding corporate action regarding Anheuser Busch so as to preclude the need to have outside managers sell securities, likely at net losses, to meet the Bureau's liquidity needs. Revised financial projections are incorporated into the minutes for fiscal year 2009. Mr. Bryan wants the Actuarial Committee to become more familiar with reserve figures to determine accuracy for forecasting reserves. Mr. Pedrick discussed prior review of reserve statement and method for projecting 2009 reserves for June 30, 2009. Ms. Falls inquired as to what will the projected funding ratio will be. Ms. Falls requested this be included in future reports.

ADMINISTRATOR BRIEFING

Ms. Ryan noted in the Bureau is preparing budgeting information for the next fiscal biennium, and much work is being conducted regarding projected budget needs. The Bureau is finalizing the budget for the Governor and the Office of Budget and Management to review, and subsequently submitted to the General Assembly. The budget will be reduced in anticipation of decreases in employer reported payroll, and subsequent premium decreases. The Bureau is engaging in contingency planning to maintain expense ratios. Annual reports are being compiled since the audit report has been released by the Auditor of State. Contract negotiations with OCSEA shall begin the first week of December. During the lame duck session, the Bureau is anticipating passage of amendments to clarify funding of the Workers' Compensation Council. A

search warrant has been executed with regard to an investigation of a chiropractor, named Eric Bliss, suspected of possible billing misrepresentation. Future public forums will consider more focused topics. The Bureau is developing a tentative schedule, including a January 2009 topic of paperwork, forms, and communications. Future announcements will be made on the balance of the public forums. Mr. Bryan raised the issue of the forums serving as mechanisms for responses to individuals making comment. Ms. Ryan noted the Bureau conducts extensive evaluation and follow up. Mr. Berno indicated that extensive and detailed summaries are diligently put together. Mr. Price emphasized the importance of delivering important issues to the Administrator, and obtaining follow up on responses. Ms. Ryan noted that all forums have a video record maintained by the Bureau.

FIDUCIARY RESPONSIBILITY

James Barnes, Chief Legal Officer, made a presentation on the importance of directors exercising fiduciary responsibility and avoiding conflicts of interest. Mr. Barnes emphasized the importance of making a determination as to whether directors should recuse themselves from executive session, in the event they may have a personal interest in the outcome of litigation involving the Bureau. Emphasis was placed on the duty of directors to exercise the utmost loyalty and care. Individual constituent interests are preempted by fiduciary duty to the fund. Ms. Falls inquired as to whether the duty integrates with the Governance Guidelines that includes perceived conflicts. Mr. Barnes answered yes. Mr. Matesich commented that since some directors are also employers, would there be a continuing conflict for such directors. Mr. Barnes emphasized the importance of determining whether or not the decision will have a direct impact on the director's interests. It is important to act solely in the interests of the workers' compensation system. Mr. Hummel raised this issue as well. Mr. Barnes noted that litigation may involve an attorney client privilege issue, and a director may possibly be deposed. The question is whether or not they are being deposed in their capacity as a director or in the capacity of an employer. Ms. Falls requested an extended break prior to entering into executive session. Mr. Harris noted that these issues have been handled well by Mr. Hummel and Mr. Matesich. Mr. Price noted the Board has received outstanding training with regard to fiduciary responsibility. The Board has further demonstrated such responsibility. The Board, Mr. Hummel, and Mr. Matesich have excelled at putting aside personal interests. According to Mr. Price, if a director can look at an issue objectively, then they do not have to recuse themselves. Mr. Matesich inquired, in the event a director excuses himself, how can the director make an informed decision without having the information. According to Mr. Barnes, the director must not participate in the decision making, in that event.

Mr. Lhota recessed the meeting at 9:45 am, and reconvened the meeting at 10:10 am.

John Williams, Assistant Attorney General noted the Ethics Commission and General Assembly acknowledge that a certain degree of conflict will exist in these circumstances; however, the expertise of such directors, by way of their background is essential. The specific issue today involves discussion of litigation strategy, and ultimately, there is very little for the Board to decide regarding this issue. The disclosure

of the information will be to assist the Board in making decisions as to how it moves forward, and conducts business, in light of pending litigation. Mr. Hummel noted that he understands his fiduciary duty and has no conflict.

Motion was made by Mr. Bryan, seconded by Mr. Caldwell, to enter executive session to discuss pending litigation. Roll call was taken and the motion passed 11-0.

Motion was made by Mr. Bryan, seconded by Mr. Pitts to adjourn executive session. Roll call was taken and the motion passed 11-0.

Motion was made by Mr. Matesich, seconded by Mr. Hummel to adjourn the meeting at 11:30 am. Roll call was taken and the motion passed 11-0.

Upon motion by Mr. Harris, seconded by Mr. Smith, the Board adjourned at 11:28 am. Roll call was taken, and the motion passed 11-0.

November 24 prepared by: Thomas Woodruff, Interim Director Self Insured Department.

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.

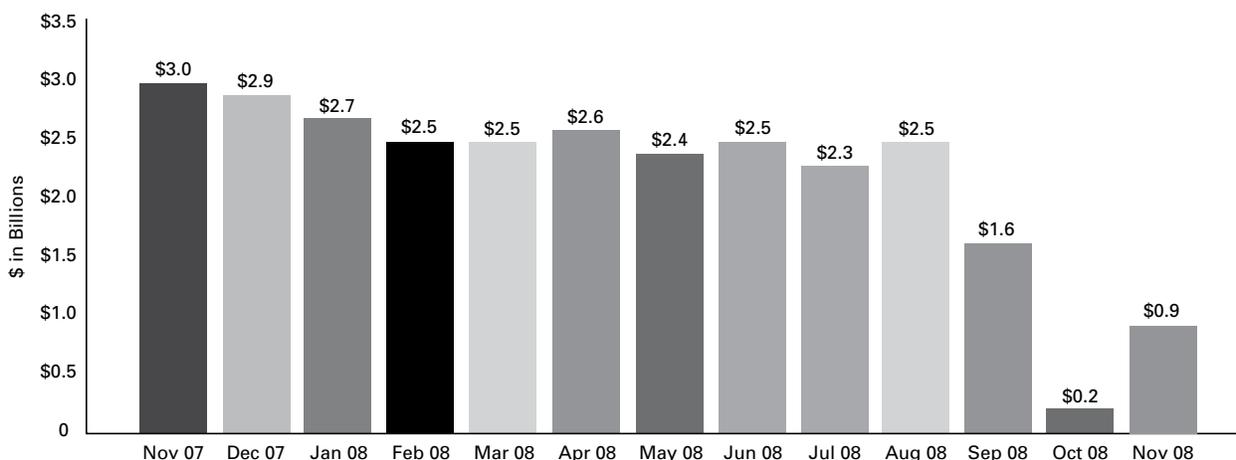
<i>(\$ in millions)</i>	Fiscal YTD Nov. 30, 2008	Projected FYTD Nov. 30, 2008	Fiscal YTD Nov. 30, 2007
Operating Revenues	\$899	\$907	\$980
Operating Expenses	972	1,087	1,337
Operating Transfer Out to ODNR	(2)	(3)	–
Net Operating Gain (Loss)	(75)	(183)	(357)
Net Investment Income (Loss)	(1,483)	436	1,065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



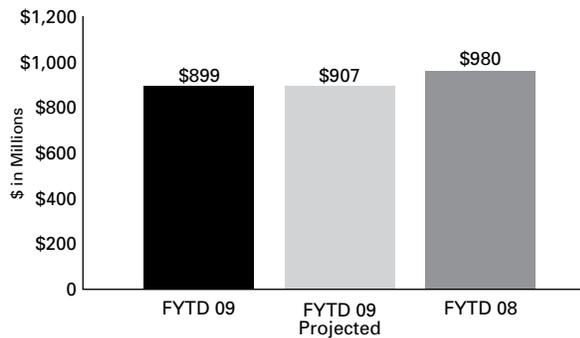
Statement of Operations

Fiscal year to date November 30, 2008

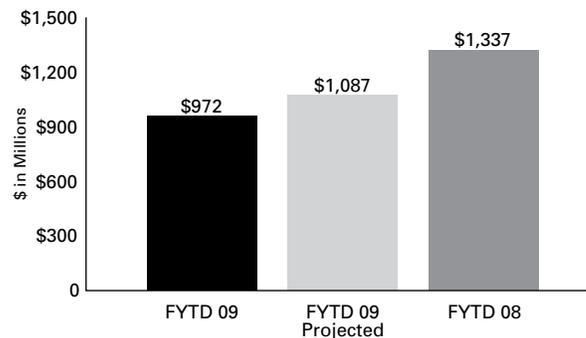
(in millions)

	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)

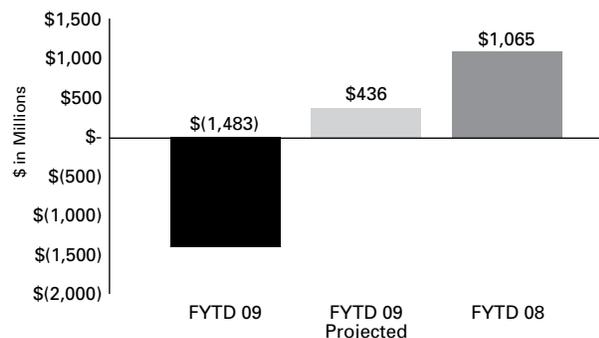
Operating Revenues



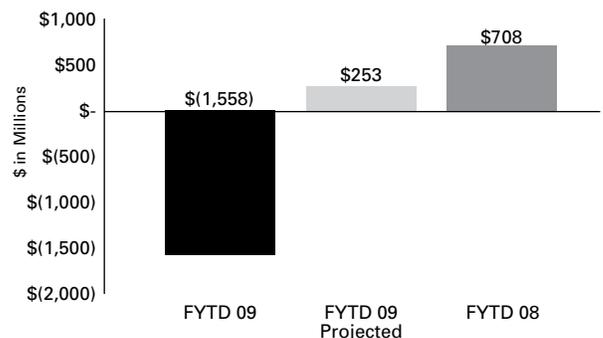
Operating Expenses



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.

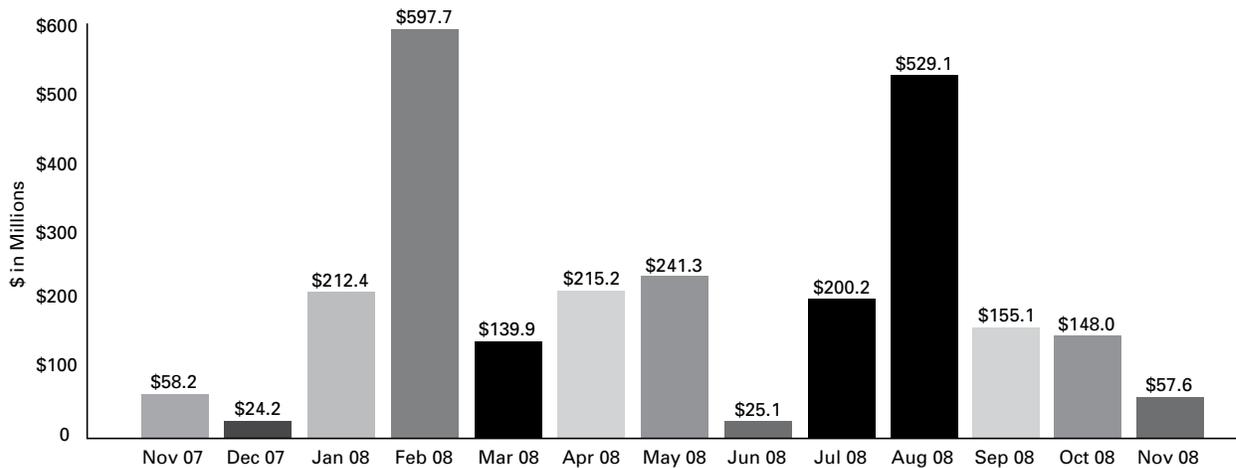
Statement of Cash Flows

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)

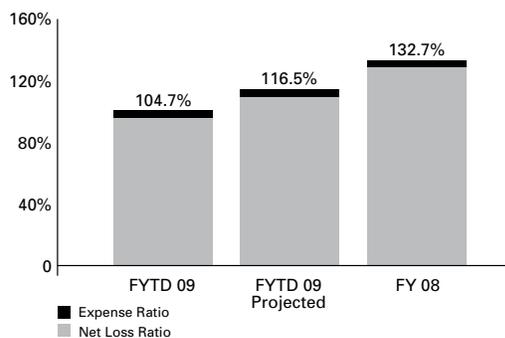
	State Insurance Fund Account	Disabled Workers' Relief Fund Account	Coal-Workers Pneumoconiosis Fund Account	Public Work Relief Employees' Fund Account	Marine Industry Fund Account	Self-Insuring Employers' Guaranty Fund Account	Administrative Cost Fund Account	Eliminations	Totals
Assets									
Bonds	\$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

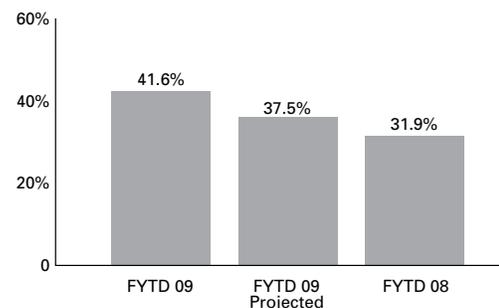
	Actual FY09 As of 11/30/08	Projected FY09 As of 11/30/08	Actual FY08 As of 11/30/07	Target
Loss Ratio	81.1%	90.0%	107.4%	
LAE Ratio - MCO	7.3%	8.9%	9.7%	
LAE Ratio - BWC	12.0%	13.5%	11.6%	
Net Loss Ratio	100.4%	112.4%	128.7%	120.0%
Expense Ratio	4.3%	4.1%	4.0%	5.0%
Combined Ratio	104.7%	116.5%	132.7%	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.

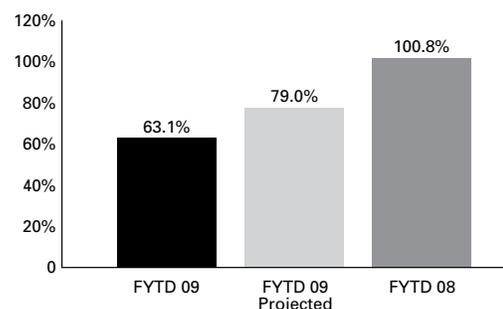
Combined Ratio



Investment Income Ratio

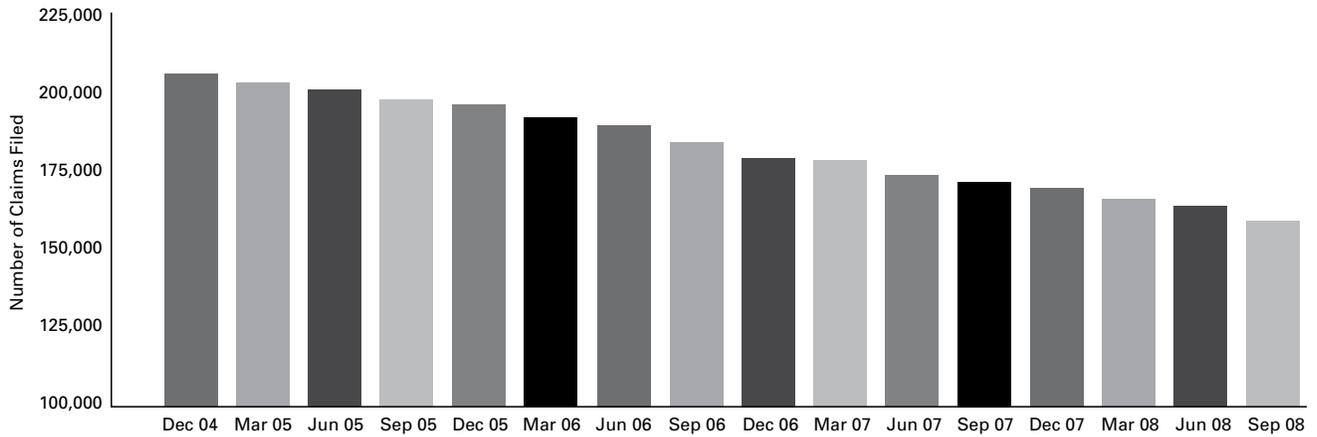


Operating Ratio

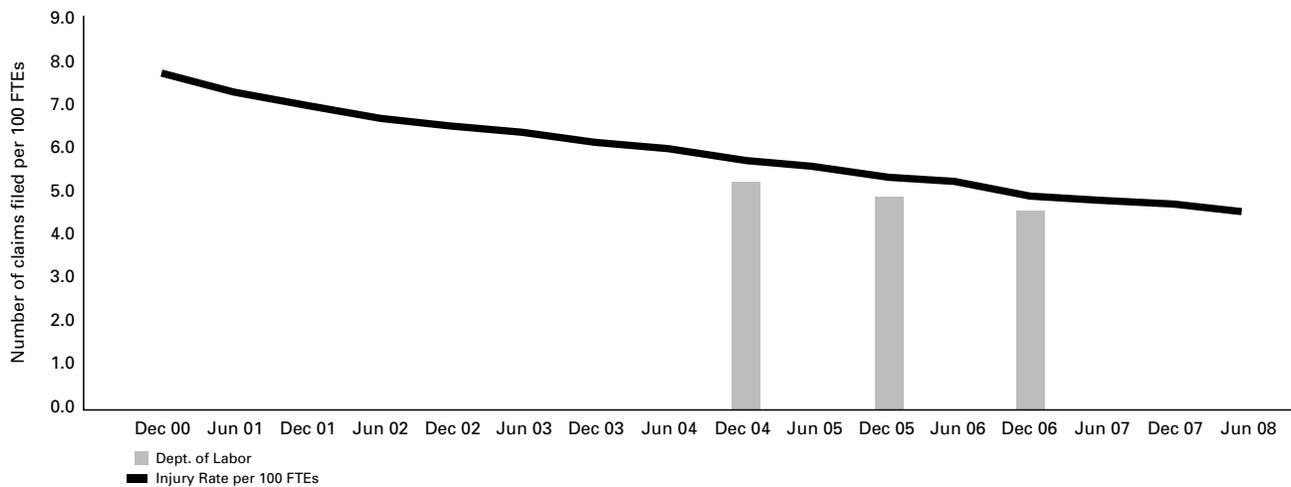


Operational Performance Metrics

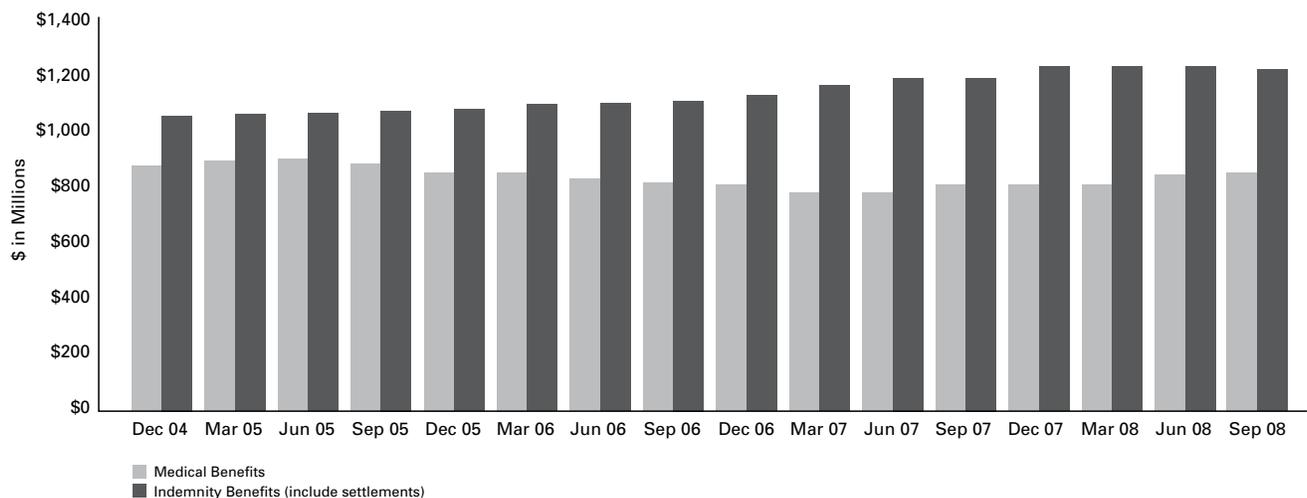
New Claims Filed - Twelve months ended



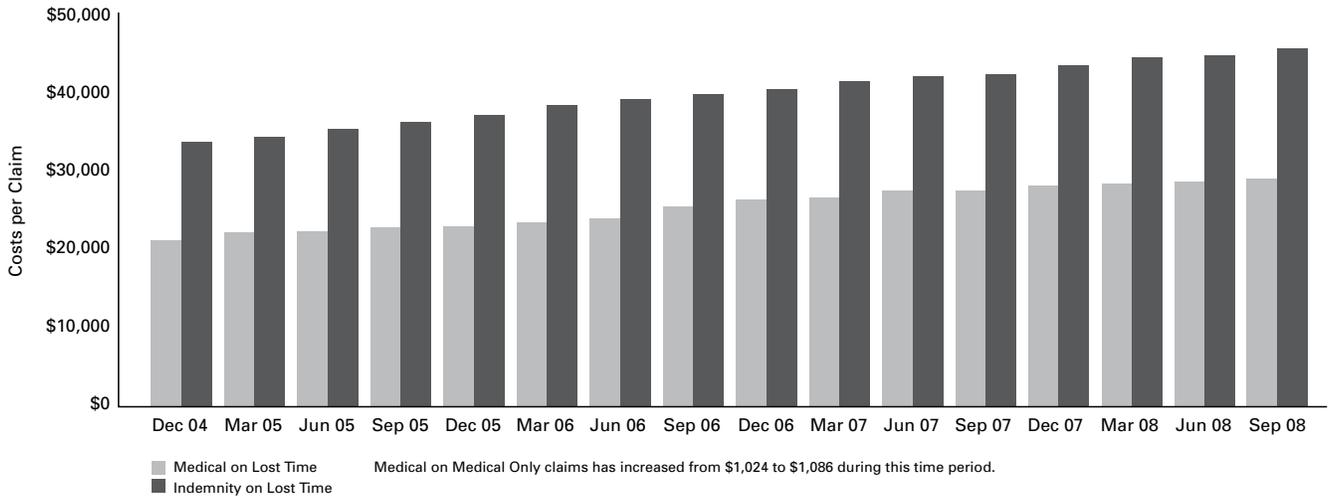
Frequency - Reported semi-annually



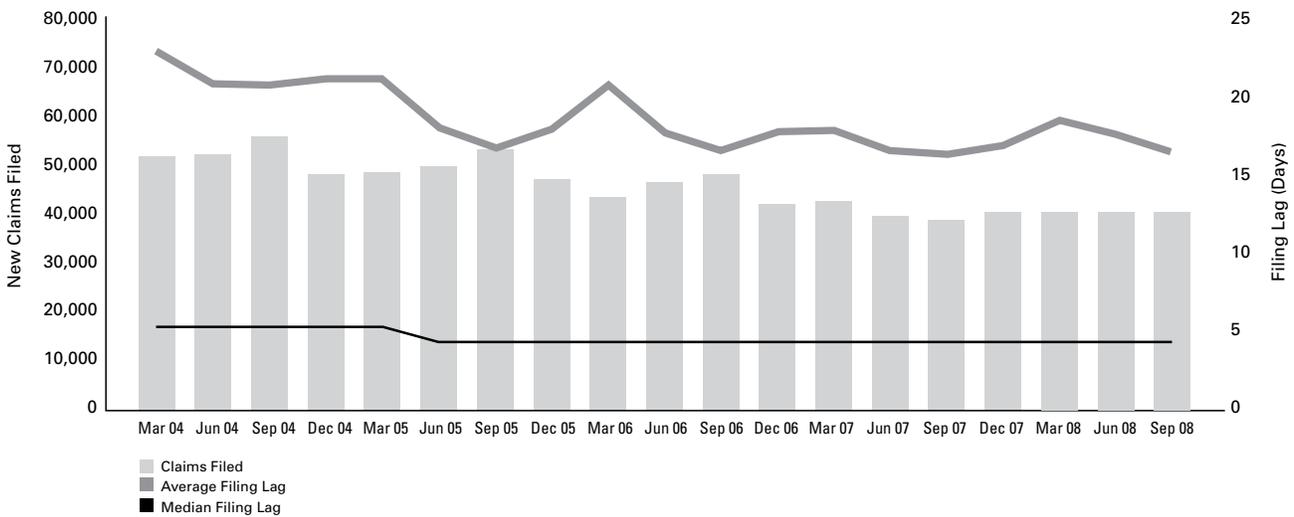
Benefit Payments - Twelve months ended



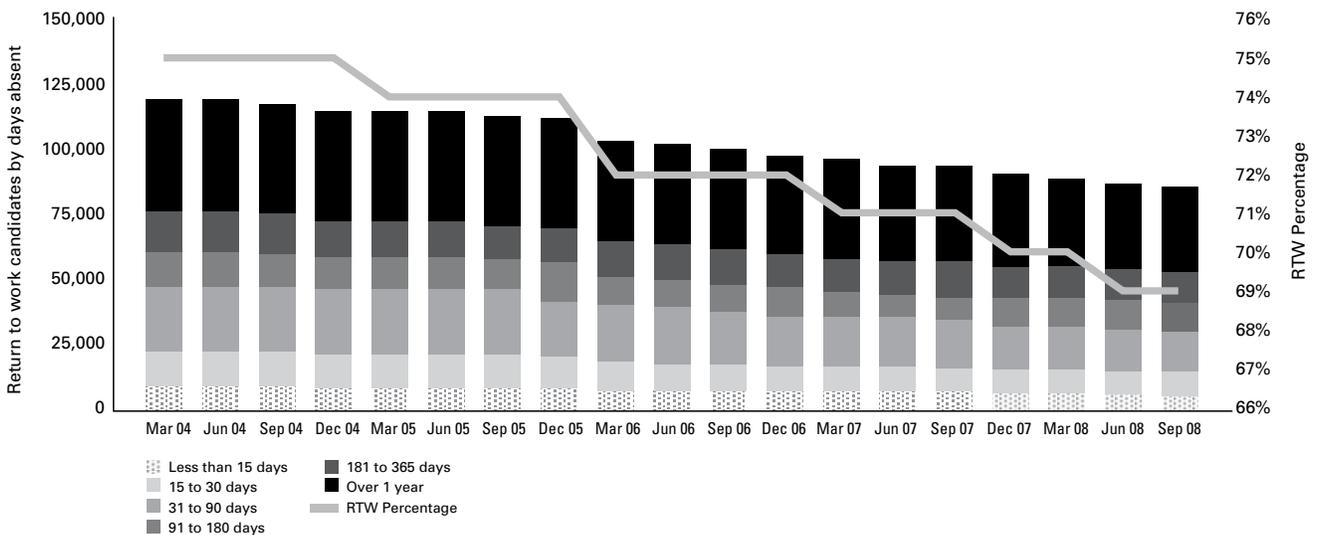
Severity



Claim Filing Lag



Return to work

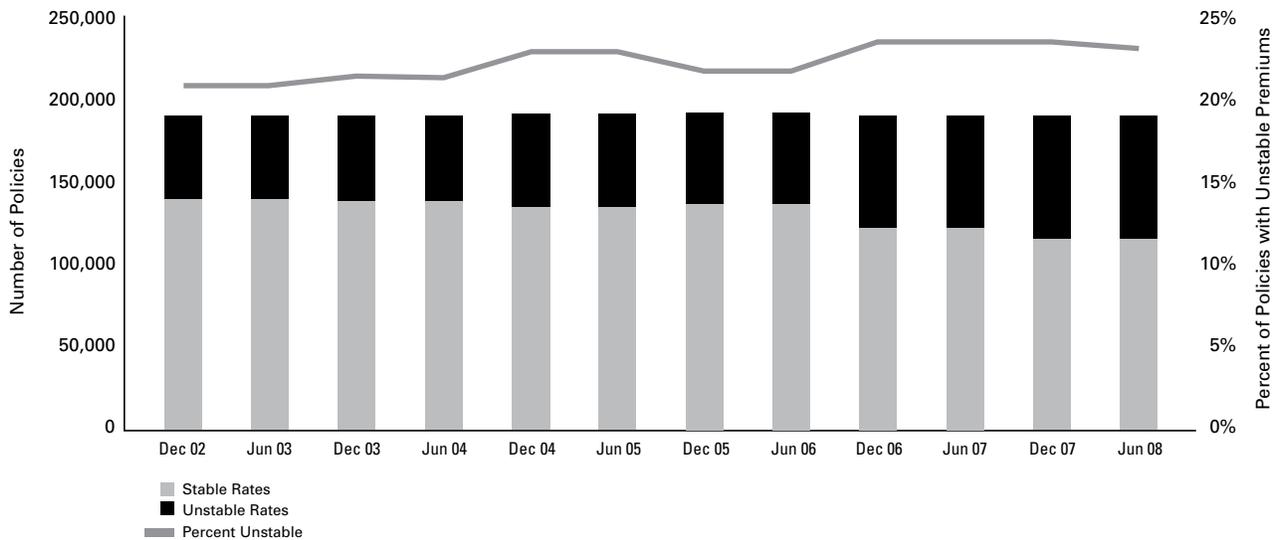


Aggregate Reported Payroll – Twelve Months Ending

(\$ 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.

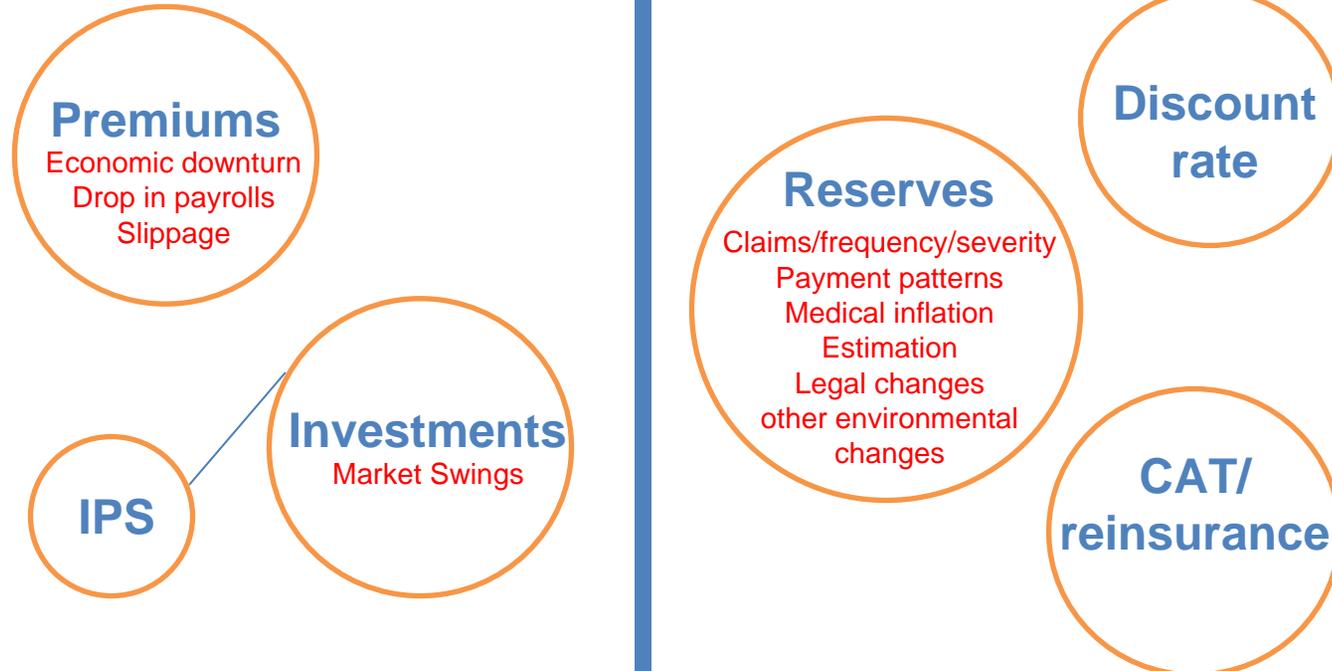
Premium Stability

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



Assets

Liabilities



RC 4123.34: "...fix and maintain...the lowest possible rates of premium consistent with the maintenance of a solvent state insurance fund..."



Month	Assets (Investments and Premiums)	Liabilities (Discount Rate, Reserves, Catastrophic Event)
January	Continue discussion and review of Asset/Liability Model	Review draft Discount Rate policy
February	Approve Asset/Liability Model	Approve Discount Rate policy Quarterly reserve review (including risks)
March	Private Employer overall rate change (1 st reading) First draft Investment Policy Statement	Approve discount rate
April	Private Employer overall rate change (2 nd reading) Second draft Investment Policy Statement	CAT event/reinsurance
May	“Shocks” to the system: investments, payroll drop, etc. Private Employer rates by class (1 st reading)	Annual reserve review including discussion of risks and assumptions
June	Private Employer rates by class (2 nd reading)	

Approve Net Asset Policy, which should include:

- A range for a funding ratio, and
- Strategies for maintaining/strengthening/or reducing the funding ratio



Funding ratio (FR) =

$$\frac{\text{Assets}}{\text{Liabilities}}$$

Assets / Premiums
/ Investments

Liabilities / Discount Rate
/ Reserves
/ CAT

Pending legislation in the 127th impacting BWC

HB 79 (Rep. Batchelder-R-Medina)

- Current provisions of bill impacting BWC investment policy eliminated from bill
- Bill approved and amended by the Ohio Senate to provide the following:
 - Appropriation and spending authority to Workers' Compensation Council
 - Changes to R.C. 4123.29(A)(4)(c)—Group-rating
 - BWC September 2009 reporting requirements to General Assembly regarding rate reform and group-rating progress.
- 12/3--Sponsor testimony provided by Rep. Batchelder (R-Medina)
- 12/10--Proponent, Opponent, Interested Party testimony
 - Proponent testimony provided by the Ohio Manufacturers Association, the National Association of Independent Business/Ohio, and the Ohio Chamber of Commerce
 - Opponent testimony provided by Stuart Garson, Connie Nahra of Aladdin Baking Company, Lisa Miller of Do-Cut Sales, Glenn Gable of Freeway Lanes, Eileen Clement of Clement Ambulance
 - Interested party testimony provided by James Barnes, BWC Chief Legal Counsel
- 12/16--All testimony. Bill voted out of committee by 7-1 vote (Sen. Dale Miller-D-Cleveland)
 - Proponent testimony provided by Comprehensive Risk Management, the Council of Small Enterprises
- 12/16—Passed Senate by vote of 31-1
- 12/16/-12/17—Possible House concurrence vote

Workers' Compensation Council—Rep. Bill Batchelder—Chair

Last meeting on 12/11 to discuss HB 79.

Proponent Testimony: Ohio Chamber of Commerce, National Federation of Independent Business/Ohio

Interested Party: James Barnes, BWC Chief Legal Counsel

Opponent Testimony: Stuart Garson, Lisa Miller of Do-Cut-Sales, Connie Nahra of Aladdin Baking, Eileen Clement of Clement Ambulance

Pending Legislation in the 127th General Assembly—Active bills

HB 648 (Jones-R-Springboro)—State confidential database use

- Requires state agencies to adopt rules governing access to the confidential personal information that they keep,
- To create a civil action for harm resulting from an intentional violation of these rules, to impose a criminal penalty for such an intentional violation
- Passed House on 12/10 by a vote of 69-26
- Pending in Senate Judiciary-Criminal Justice. First hearing—All testimony—Possible vote on 12/17

Enacted legislation currently under rule development:

SB 334 (Sen. Faber-R-Celina) – Interstate Jurisdiction and HB 397/SB 290 (Szollosi, Wagoner)

- First-reading of rules provided to BWC Board of Director's audit committee.
- Second reading in Board Audit Committee and full Board of Directors' vote possible at December 2008 meeting.