BWC Board of Directors

Board Agenda

Friday, June 18, 2010
William Green Building
Level 2, Room 3
8:00 a.m. – 10:00 a.m.

Call to Order
Bill Lhota, Board Chair

Roll Call
Larry Rhodebeck, Scribe

Bill Lhota, Chair

- Approval of minutes of the May 28, 2010 Board meeting
- Review meeting agenda

Committee Reports

Actuarial Committee
Chuck Bryan, Committee Chair

1. Coal Workers' Pneumoconiosis Fund – Rule 4123-17-20
2. Administrative Cost Fund – Rule 4123-17-36
3. Safety & Hygiene Assessment – 4123-17-37
4. Self-Insured Assessments – Rule 4123-17-32
5. Public Employer Taxing Districts Credibility Table effective 1-1-2011 – Rule 4123-17-33.1 and Public Employer Taxing Districts Group Break-Even Factor – Rule 4123-17-64.2
6. Large Deductible - Rule 4123-17-72 Revision

Audit Committee
Ken Haffey, Committee Chair

1. Access to Confidential Personal Information, Rule 4123-10-01 through 4123-10-05

Governance Committee
Alison Falls, Committee Chair

Investment Committee
Bob Smith, Committee Chair

Medical Services and Safety Committee
James Harris, Committee Chair

Monthly Enterprise Report
Tracy Valentino, Chief, Fiscal & Planning Division

Administrator Briefing
Marsha P. Ryan, Administrator

Executive Session

Adjourn
Bill Lhota, Board Chair

Next Meeting: Thursday, July 29, 2010

*Not all agenda items have material.
**Agenda subject to change

Enterprise Report

June 2010

Ohio | Bureau of Workers' Compensation

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.*

Operating Transfers
This statement reports operating transfers that fund programs administered by other governmental entities as permitted or required by the Ohio Revised Code. *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.*

May Financial Analysis

BWC's net assets decreased by $882 million in May resulting in net assets of $3.8 billion at May 31, 2010 compared to $4.6 billion at April 30, 2010.

($ in millions)	Month Ended May 31, 2010	Month Ended Apr. 30, 2010	Month Ended May 31, 2009
Operating Revenues	$266	$158	$184
Operating Expenses	(680)	(222)	(189)
Operating Transfers	–	(1)	–
Net Operating Gain (Loss)	(414)	(65)	(5)
Net Investment Income (Loss)	(468)	400	355
Increase (Decrease) in Net Assets	(882)	335	350
Net Assets End of Period	$3,760	$4,642	$1,893

- o Premium and assessment income of $276 million net of a $10 million provision for uncollectible accounts receivable and net of $0.2 million in ceded reinsurance premiums resulted in operating revenues of $266 million in May. The accrual of ceded reinsurance premiums is netted against earned premiums in the Statement of Operations.
- o Premium and assessment income in May included a net increase of $105 million related to changes in unbilled premium receivables as a result of the actuarial analysis completed using payment data through March 31, 2010. The Ohio Revised Code allows state agencies, self-insured employers, and assessments for DWRF to be paid on a pay-as-you-go basis. Because BWC has the statutory authority to assess employers in future periods, an unbilled premium receivable equal to their share of the discounted reserves for compensation and compensation adjustment expenses is recorded in the statement of net assets. Changes in the unbilled premium receivable impact reported premiums and assessments in the statement of operations.
- o Benefits and compensation adjustment expenses of $638 million along with other expenses of $42 million resulted in operating expenses of $680 million. There is a net increase of $492 million in benefits and compensation adjustment expenses as a result of the recently completed actuarial analysis. The change in the discount rate from 4.5% to 4.0% increased reserves by $886 million, while changes in assumptions and lower than expected payments reduced reserves by $394 million. Benefit payments issued in May included two bi-weekly payment cycles compared to three in April reducing payments by approximately $23 million. In May, settlement payments declined by $4 million and medical payments declined by $7 million.
- o A study of administrative expenses to determine costs related to claims management resolution resulted in a reduction of the compensation adjustment expense allocation from 82% to 68.8%. This change shifted $35 million from compensation adjustment expenses to other expenses.
- o A $537 million decrease in the fair value of the investment portfolio in May along with interest and dividend income of $70 million for the month, resulted in net investment losses of $468 million for the month after investment expenses of $0.6 million. The decrease in the fair value of the portfolio is comprised of $653 million in net unrealized losses and $116 million in net realized gains.
- o Cash and cash equivalents include $264 million in money market holdings in the outside investment manager accounts. These funds are committed to covering a $217 million net investment trade payable for transactions that will settle in June.
- o Premium and assessment receipts of $292 million net of a $1.5 million reinsurance payment were collected in May. These receipts contained a significant portion of the $146 million second 50/50 payment plan installment which was due by June 1, 2010.

Fiscal Year-to-Year Comparisons

BWC's total net assets have increased by $1.2 billion for fiscal year-to-date 2010 resulting in net assets of $3.8 billion at May 31, 2010 compared to $1.9 billion at May 31, 2009.

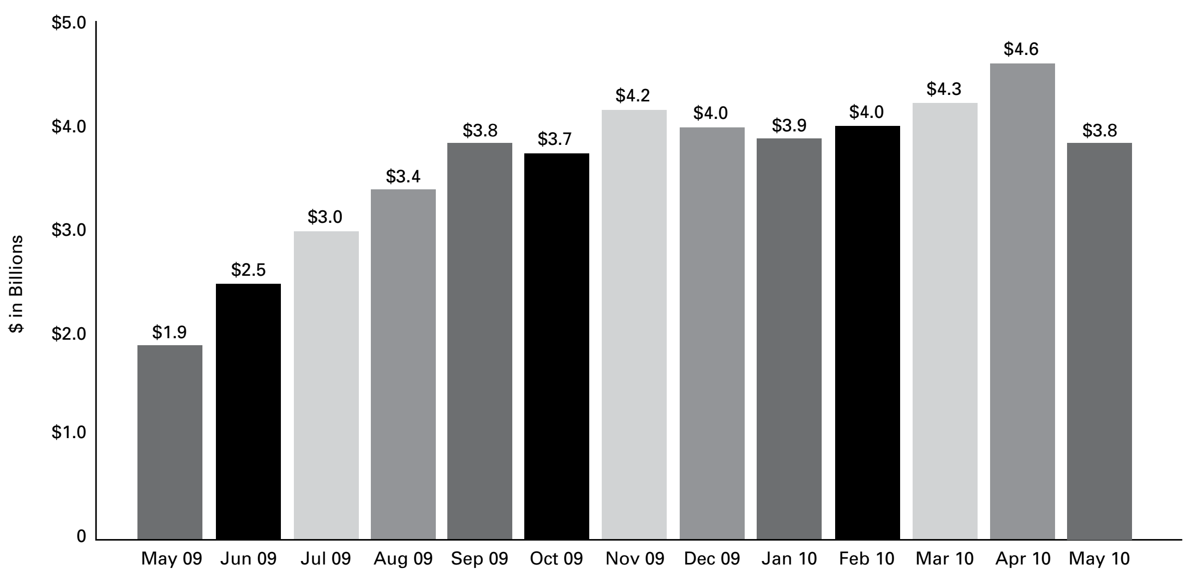
($ in millions)	Fiscal YTD May 31, 2010	Projected FYTD May 31, 2010	Fiscal YTD May 31, 2009
Operating Revenues	$1,978	$1,973	$1,987
Operating Expenses	(2,653)	(2,225)	(2,085)
Operating Transfers	(4)	(4)	(5)
Net Operating Gain (Loss)	(679)	(256)	(103)
Net Investment Income (Loss)	1,924	768	(507)
Increase (Decrease) in Net Assets	1,245	512	(610)
Net Assets End of Period	$3,760	$3,027	$1,893

- o BWC's premium and assessment income for fiscal year-to-date 2010 is $1.99 billion compared to $2.05 billion for the same period last year. Decreases in premium rates for private and state agency employers effective July 1, 2009 and January 1, 2010 for public employer taxing districts are off-set by increased unbilled receivables for DWRF and SIEGF.
- o Benefit and compensation adjustment expenses increased by $538 million for fiscal year-to-date 2010. The decline in the discount rate from 4.5% to 4.0% is the primary reason for the $550 million increase in reserves for compensation and compensation adjustment expenses in 2010. This increase has been partially off-set by lower payments for benefits and compensation adjustment expenses. While settlements and medical payments have decreased by over $73 million, there have been increases in temporary total and permanent total disability costs of approximately $11 million.
- o Other expenses have increased by $30 million as a result of the change in the compensation adjustment expense allocation from 82% to 68.8% and decreases in administrative spending.
- o BWC's net investment income for fiscal year-to-date 2010 totaled $1.9 billion, comprised of $413 million in net realized losses and $1,683 million in net unrealized gains, along with $659 million of interest and dividend income, $3 million from corporate actions and settlements, net of $7 million in investment expenses. This compares to last year's net investment loss of $507 million that primarily resulted from net unrealized losses.
- o Declines in private employer payroll and decreases in premium rates have contributed to premium collections being $305 million less than prior fiscal year-to-date collections.

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

- o The second 50/50 installment was due June 1, 2010. Coverage lapsed for 2,787 employers who failed to make this payment in a timely manner. These employers owed $8.6 million and represent approximately 14% of the employers participating in the 50/50 program. This percentage has remained stable each of the last three reporting periods.
- o Public employer taxing districts had until May 15th to report payroll and pay at least 45% of the premium due for the 2009 policy year. A total of 178 policies were lapsed for not reporting and making timely payment. This compares to 473 policies that were initially lapsed last year.

Net Assets



Total undiscounted reserves for compensation and compensation adjustment expense are $32.4 billion. See breakout by fund on page 13.

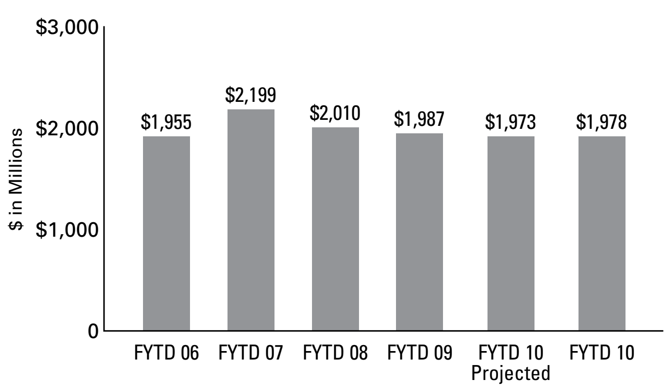
Statement of Operations

Fiscal year to date May 31, 2010

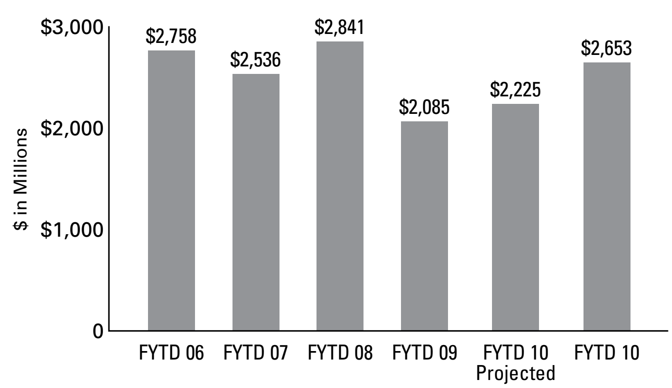
(in millions)

	Actual	Projected	Variance to Projected	Prior Yr. Actual	Year to Year Increase (Decrease)
Operating Revenues					
Premium & Assessment Income	$1,990	$2,053	$(63)	$2,048	$(58)
Ceded Premiums	–	–	–	–	–
Provision for Uncollectibles	(26)	(96)	70	(79)	53
Other Income	14	16	(2)	18	(4)
Total Operating Revenue	1,978	1,973	5	1,987	(9)
Operating Expenses					
Benefits & Compensation Adj. Expense	2,538	2,138	(400)	2,000	538
Other Expenses	115	87	(28)	85	30
Total Operating Expenses	2,653	2,225	(428)	2,085	568
Operating Transfers	(4)	(4)	–	(5)	1
Net Operating Gain (Loss)	(679)	(256)	(423)	(103)	(576)
Net Investment Income (Loss)	1,924	768	1,156	(507)	2,431
Increase (Decrease) in Net Assets	$1,245	$512	$733	$(610)	$1,855

Operating Revenues



Operating Expenses



Statement of Operations – Combining Schedule

Fiscal year to date May 31, 2010

(in thousands)

	State Insurance Fund Account	Disabled Workers' Relief Fund Account	Coal–Workers Pneumoconiosis Fund Account	Public Work Relief Employees' Fund Account	Marine Industry Fund Account	Self–Insuring Employers' Guaranty Fund Account	Administrative Cost Fund Account	Totals
Operating Revenues:								
Premium & Assessment Income	$1,321,883	$257,531	$1,977	$257	$484	$137,410	$270,665	$1,990,207
Ceded Premiums	(637)	–	–	–	–	–	–	(637)
Provision for Uncollectibles	(40,272)	14,865	–	–	(3)	(118)	(210)	(25,738)
Other Income	8,819	–	–	–	–	–	5,029	13,848
Total Operating Revenues	1,289,793	272,396	1,977	257	481	137,292	275,484	1,977,680
Operating Expenses:								
Benefits & Compensation Adj Expenses	1,954,950	225,163	5,998	(830)	581	137,191	214,455	2,537,508
Other Expenses	22,234	252	74	1	84	1	93,033	115,679
Total Operating Expenses	1,977,184	225,415	6,072	(829)	665	137,192	307,488	2,653,187
Net Operating Income (Loss) before Operating Transfers Out	(687,391)	46,981	(4,095)	1,086	(184)	100	(32,004)	(675,507)
Operating Transfers Out	(150)	–	(2,924)	–	–	–	(600)	(3,674)
Net Operating Income (Loss)	(687,541)	46,981	(7,019)	1,086	(184)	100	(32,604)	(679,181)
Investment Income:								
Investment Income	594,959	49,515	10,608	564	422	53	5,449	661,570
Net Realized Gains (Losses)	(418,618)	4,662	734	–	–	–	–	(413,222)
Net Unrealized Gains (Losses)	1,578,015	84,569	18,300	984	735	–	–	1,682,603
Total Realized & Unrealized Capital Gains (Losses)	1,159,397	89,231	19,034	984	735	–	–	1,269,381
Investment Manager & Operational Fees	(6,095)	(262)	(140)	(8)	(6)	(2)	–	(6,513)
Gain (Loss) on Disposal of Fixed Assets	–	–	–	–	–	–	(180)	(180)
Total Non–Operating Revenues, Net	1,748,261	138,484	29,502	1,540	1,151	51	5,269	1,924,258
Increase (Decrease) in Net Assets (Deficit)	1,060,720	185,465	22,483	2,626	967	151	(27,335)	1,245,077
Net Assets (Deficit), Beginning of Period	2,191,888	835,859	166,383	19,406	15,570	6,935	(720,699)	2,515,342
Net Assets (Deficit), End of Period	$3,252,608	$1,021,324	$188,866	$22,032	$16,537	$7,086	$(748,034)	$3,760,419

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

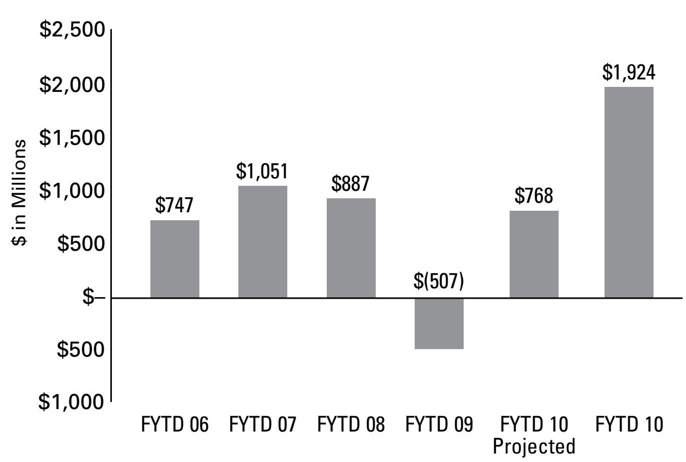
The deficit in net assets for the Administrative Cost Fund is a result of recognizing the actuarially estimated liabilities for loss adjustment expenses while funding for ACF is on a pay–as–you–go basis.

Statement of Investment Income

Fiscal year to date May 31, 2010

(in thousands)	Actual	Projected	Variance to Projected	Prior Yr. Actual	Year to Year Increase (Decrease)
Investment Income					
Bond Interest	$583,612	$563,510	$20,102	$586,298	$(2,686)
Dividend Income	73,909	86,390	(12,481)	68,868	5,041
Money Market/Commercial Paper Income	1,135	4,576	(3,441)	5,243	(4,108)
Misc. Income (Corp Actions, Settlements)	2,914	4,400	(1,486)	8,503	(5,589)
Total Investment Income	661,570	658,876	2,694	668,912	(7,342)
Realized & Unrealized Capital Gains and (Losses)					
Bonds – Net Realized Gains (Losses)	80,625	–	80,625	(153,629)	234,254
U.S. Equities – Net Realized Gains (Losses)	(472,479)	–	(472,479)	(88,551)	(383,928)
Non–U.S. Equities – Net Realized Gains (Losses)	(21,368)	–	(21,368)	–	(21,368)
Subtotal – Net Realized Gains (Losses)	(413,222)	–	(413,222)	(242,180)	(171,042)
Bonds – Net Unrealized Gains (Losses)	601,053	–	601,053	(189,955)	791,008
U.S. Equities – Net Unrealized Gains (Losses)	1,167,203	114,820	1,052,383	(739,922)	1,907,125
Non–U.S. Equities – Net Unrealized Gains (Losses)	(85,653)	–	(85,653)	(47)	(85,606)
Subtotal – Net Unrealized Gains (Losses)	1,682,603	114,820	1,567,783	(929,924)	2,612,527
Net Gain (Loss) – PE	–	–	–	134	(134)
Change in Portfolio Value	1,269,381	114,820	1,154,561	(1,171,970)	2,441,351
Investment Manager & Operational Fees	(6,513)	(5,278)	(1,235)	(4,436)	2,077
Net Investment Income (Loss)	$1,924,438	$768,418	$1,156,020	$(507,494)	$2,431,932

Net Investment Income (Loss)



Administrative Cost Fund Expense Analysis

May 2010

- o BWC Administrative Cost Fund expenses are approximately $27.6 million (10%) less than budgeted and approximately 6.5% less than last fiscal year.

- o Decreases in payroll, including Customer Service, Infrastructure and Technology, Special Investigations, Medical and Communications, are due to a decrease in staff as a result of hiring controls implemented by OBM, a July payroll period not requiring health care premium payments and employees use of cost savings days. Through May journal entries BWC staff have taken over 174,000 (96%) of the available 182,000 hours for a savings of approximately $5.2 million.

- o The timing of the receipt of invoices for payment in fiscal year 2010 contributed to actual expenditures being less than the amount budgeted through May. An evaluation of consultant resources in Infrastructure and Technology resulted in a reduction in the number of consultants and Personal Service costs. Consultant rates were also renegotiated, which contributed to the decrease in fiscal year 2010 from 2009. Wrapping up several court cases has resulted in the reduction of fiscal year 2010 Special Counsel costs. Moving BWC printing to DAS State Printing caused an increase in Inter Agency payments. The increase is partially offset by reductions in postage in the Communications line, lease payments, maintenance costs and equipment. A reduced number of safety grant applications resulted in lower expenditures in fiscal year 2010.

- o Various delays in project plans caused a delay in the completion of equipment purchases through May. Some purchase orders have been completed and payments will be made in future months. This is causing actual expenditures to be less than the budgeted year to date amount through May. Delays in project plans in fiscal year 2009 caused additional delays in equipment purchases resulting in an increase in equipment expenditures over fiscal year 2009.

- o Identification of additional costs savings, a payroll period not requiring health care premium payments in July, the use of cost savings days and the delay of approved projects until 2011 led to a reduction in the fiscal year 2010 budget as of May.

- o BWC's current fiscal year 2010 budget is approximately $41.2 million (12%) less than appropriated by the General Assembly.

Administrative Cost Fund Budget Summary

As of May 31, 2010

Expense Description	FTE's	Actual FY10	Budgeted FYTD10	FYTD10 Variance	FYTD10 Percentage Variance	FY10 Budget	FYTD09 Expenses	Increase (Decrease) in FY10	FYTD10 Percentage Increase (Decrease)
Payroll									
BWC Board of Directors	12	787,109	787,109	0	0.00%	846,031	859,057	(71,948)	-8.38%
Workers' Comp Council	0	0	0	0	0.00%	0	72,323	(72,323)	-100.00%
BWC Administration	15	1,315,625	1,315,625	0	0.00%	1,374,405	798,753	516,872	64.71%
Customer Service	1,418	101,899,412	101,925,098	25,686	0.03%	106,110,816	106,929,009	(5,029,597)	-4.70%
Medical	125	10,277,952	10,279,098	1,146	0.01%	10,693,389	11,340,392	(1,062,440)	-9.37%
Special Investigations	121	9,889,133	9,888,473	(660)	-0.01%	10,303,024	10,709,272	(820,139)	-7.66%
Fiscal and Planning	62	4,706,094	4,746,292	40,198	0.85%	4,929,525	4,832,966	(126,872)	-2.63%
Actuarial	22	1,952,945	1,954,826	1,881	0.10%	2,040,797	1,640,637	312,308	19.04%
Investments	11	1,200,031	1,201,813	1,782	0.15%	1,254,689	1,139,416	60,615	5.32%
Infrastructure & Technology	294	27,094,092	27,282,064	187,972	0.69%	28,545,026	28,538,851	(1,444,759)	-5.06%
Legal	81	6,432,529	6,432,528	(1)	0.00%	6,706,020	6,461,501	(28,972)	-0.45%
Communications	21	1,554,422	1,557,196	2,774	0.18%	1,623,201	2,345,521	(791,099)	-33.73%
Human Resources	63	4,810,829	4,811,061	232	0.00%	5,015,500	5,260,893	(450,064)	-8.55%
Internal Audit	14	1,226,323	1,227,785	1,462	0.12%	1,279,339	1,336,594	(110,271)	-8.25%
Ombuds Office	7	488,106	488,130	24	0.00%	509,220	551,147	(63,041)	-11.44%
Total Payroll	2,266	173,634,602	173,897,098	262,496	0.15%	181,230,982	182,816,332	(9,181,730)	-5.02%
Personal Services									
Information Technology		5,729,177	7,598,194	1,869,017	24.60%	8,305,015	9,465,509	(3,736,332)	-39.47%
Legal - Special Counsel		743,648	1,388,750	645,102	46.45%	1,515,000	1,170,127	(426,479)	-36.45%
Legal - Attorney General		4,201,572	4,621,850	420,278	9.09%	4,621,850	4,224,601	(23,029)	-0.55%
Other Personal Services		4,926,994	6,739,549	1,812,555	26.89%	7,344,796	5,373,912	(446,918)	-8.32%
Total Personal Services		15,601,391	20,348,343	4,746,952	23.33%	21,786,661	20,234,149	(4,632,758)	-22.90%
Maintenance									
William Green Rent		19,809,377	19,871,795	62,418	0.31%	19,871,795	20,578,304	(768,927)	-3.74%
Other Rent and Leases		9,469,388	12,633,303	3,163,915	25.04%	13,769,156	11,019,645	(1,550,257)	-14.07%
Software and Equipment Maintenance and Repairs		12,357,642	16,997,893	4,640,251	27.30%	18,539,264	13,620,138	(1,262,496)	-9.27%
Inter Agency Payments		4,418,673	4,476,321	57,648	1.29%	4,765,402	2,906,421	1,512,252	52.03%
Communications		2,726,324	6,040,738	3,314,414	54.87%	6,804,413	3,373,089	(646,765)	-19.17%
Safety Grants and Long Term Care Loan		2,365,588	5,833,337	3,467,749	59.45%	6,000,000	3,897,904	(1,532,316)	-39.31%
Supplies and Printing		943,526	2,141,502	1,197,976	55.94%	2,360,511	1,477,650	(534,124)	-36.15%
Other Maintenance		2,693,335	3,642,040	948,705	26.05%	3,958,225	2,917,439	(224,104)	-7.68%
Total Maintenance		54,783,853	71,636,929	16,853,076	23.53%	76,068,766	59,790,590	(5,006,737)	-8.37%
Equipment		2,642,218	8,417,818	5,775,600	68.61%	8,479,115	870,160	1,772,058	203.65%
Total Administrative Cost Fund Expenses		246,662,064	274,300,188	27,638,124	10.08%	287,565,524	263,711,231	(17,049,167)	-6.47%

Total Agency Appropriation	328,821,765
Budget to Appropriation Variance	41,256,241
Percentage Variance	12.55%

State Insurance Fund
Administrative Expense Summary

As of May 31, 2010

	Actual FYTD 2010	Encumbrance Balance	FYTD Actual & Encumbrance	Actual FYTD 2009
Investment Administrative Expenses				
UBS Securities LLC	$0	$0	$0	$275,191
JP Morgan Chase - Performance Reporting	70,083	20,668	90,751	86,958
Mercer Investment Consulting	447,916	88,577	536,493	435,413
Other Investment Expenses	360,495	18,172	378,667	218,498
	878,494	127,417	1,005,911	1,016,060
Actuarial Expenses				
Oliver Wyman - Actuarial Services	744,628	0	744,628	945,630
Shoenfelt Consulting Inc	0	0	0	6,369
Deloitte Consulting - Comprehensive Study	0	0	0	1,550,095
Deloitte Consulting - Actuarial Services	1,082,363	642,387	1,724,750	0
	1,826,991	642,387	2,469,378	2,502,094
Reinsurance Expenses				
Towers Watson	1,526,119	0	1,526,119	0
Ohio Rehabilitation Services	605,407	605,407	1,210,814	605,407
TOTAL	$4,837,011	$1,375,211	$6,212,222	$4,123,561

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.

Operating Transfers

As of May 31, 2010

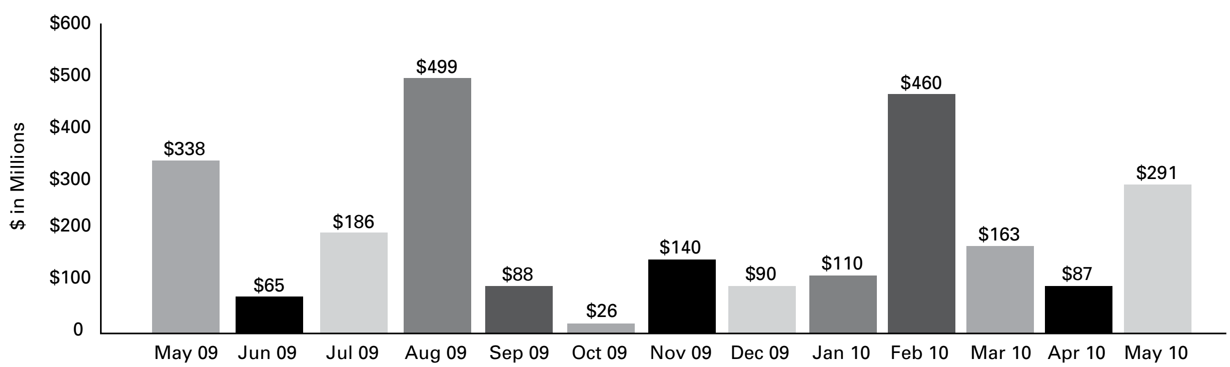
	FYTD 2010	FYTD 2009	Source
Workers' Compensation Council	$325,000	$343,166	Administrative Cost Fund
Ohio Dept. of Natural Resources	2,923,427	4,539,970	Coal Workers' Pneumoconiosis Fund
Ohio Inspector General	425,000	0	Administrative Cost Fund
TOTAL	$3,673,427	$4,883,136	

Statement of Cash Flows

Fiscal year to date May 31, 2010

(in millions)	Actual	Projected	Variance to Projected	Prior Yr. Actual	Year to Year Increase (Decrease)
Cash Flows from Operating Activities:					
Cash Receipts from Premiums, Net of Reinsurance	$2,140	$2,160	$(20)	$2,445	$(305)
Cash Receipts – Other	52	31	21	30	22
Cash Disbursements for Claims	(1,889)	(1,905)	16	(1,958)	69
Cash Disbursements for Other	(367)	(423)	56	(400)	33
Net Cash Provided (Used) by Operating Activities	(64)	(137)	73	117	(181)
Net Cash Flows from Noncapital Financing Activities	(4)	(4)	–	(5)	1
Net Cash Flows from Capital and Related Financing Activities	(22)	(20)	(2)	(22)	–
Net Cash Provided (Used) by Investing Activities	254	163	91	169	85
Net Increase (Decrease) in Cash and Cash Equivalents	164	2	162	259	(95)
Cash and Cash Equivalents, Beginning of Period	504	504	–	378	126
Cash and Cash Equivalents, End of Period	$668	$506	$162	$637	$31

Premium and Assessment Receipts



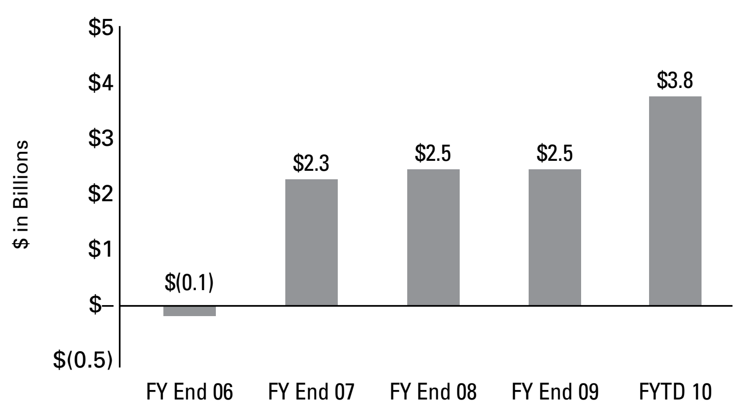
Statement of Net Assets

As of May 31, 2010

(in millions)	Actual	Prior Yr. Actual	Year to Year Increase (Decrease)
Assets			
Bonds	$13,044	$12,795	$249
U.S. Equities	3,863	3,452	411
Non–U.S. Equities	1,526	–	1,526
Private Equities	–	–	–
Cash & Cash Equivalents	668	637	31
Total Cash and Investments	19,101	16,884	2,217
Accrued Premiums	4,436	4,137	299
Other Accounts Receivable	195	248	(53)
Investment Receivables	210	350	(140)
Other Assets	100	109	(9)
Total Assets	24,042	21,728	2,314
Liabilities			
Reserve for Compensation and Compensation Adj. Expense	$19,796	$19,354	$442
Accounts Payable	41	57	(16)
Investment Payable	274	218	56
Other Liabilities	171	206	(35)
Total Liabilities	20,282	19,835	447
Net Assets	$3,760	$1,893	$1,867

Total undiscounted reserves for compensation and compensation adjustment expense are $32.4 billion.
See breakout by fund on page 13.

Net Assets (Deficit)



Statement of Net Assets – Combining Schedule

As of May 31, 2010

(in thousands)

	State Insurance Fund Account	Disabled Workers' Relief Fund Account	Coal–Workers Pneumoconiosis Fund Account	Public Work Relief Employees' Fund Account	Marine Industry Fund Account	Self–Insuring Employers' Guaranty Fund Account	Administrative Cost Fund Account	Eliminations	Totals
Assets									
Bonds	$11,840,290	$ 956,515	$ 204,427	$ 24,547	$ 18,340	$ –	$ –	$ –	$13,044,119
U.S. Equities	3,550,927	257,393	54,622	–	–	–	–	–	3,862,942
Non–U.S. Equities	1,526,212	–	–	–	–	–	–	–	1,526,212
Private Equities	35	–	–	–	–	–	–	–	35
Cash & Cash Equivalents	607,086	7,956	1,401	109	511	49,852	942	–	667,857
Total Cash & Investments	$17,524,550	$ 1,221,864	$ 260,450	$ 24,656	$ 18,851	$ 49,852	$ 942	$ –	$19,101,165
Accrued Premiums	1,631,260	1,759,752	–	294	–	840,155	204,866	–	4,436,327
Other Accounts Receivable	170,559	16,398	229	3	2	163	7,975	–	195,329
Interfund Receivables	14,208	59,375	–	–	8	952	162,269	(236,812)	–
Investment Receivables	191,206	14,808	4,352	–	–	4	–	–	210,370
Other Assets	25,257	22	–	–	–	–	74,208	–	99,487
Total Assets	$19,557,040	$ 3,072,219	$ 265,031	$ 24,953	$ 18,861	$ 891,126	$ 450,260	$ (236,812)	$24,042,678
Liabilities									
Reserve for Compensation & Compensation Adj. Expense	$15,691,567	$ 2,034,542	$ 73,916	$ 2,900	$ 2,158	$ 878,989	$1,112,583	$ –	$19,796,655
Accounts Payable	36,764	–	–	–	–	–	4,049	–	40,813
Investment Payable	266,784	5,630	1,396	–	–	–	–	–	273,810
Interfund Payables	221,029	10,606	94	17	15	5,051	–	(236,812)	–
Other Liabilities	88,288	117	759	4	151	–	81,662	–	170,981
Total Liabilities	16,304,432	2,050,895	76,165	2,921	2,324	884,040	1,198,294	(236,812)	20,282,259
Net Assets	$ 3,252,608	$ 1,021,324	$ 188,866	$ 22,032	$ 16,537	$ 7,086	$(748,034)	$ –	$ 3,760,419

The undiscounted reserves for compensation and compensation adjustment expenses are as follows:

(in thousands)

SIF	$24,950,000
DWRF	3,517,000
CWPF	175,000
PWRE	5,000
MIF	4,000
SIEGF	1,900,000
ACF	1,800,000
Total	$32,351,000

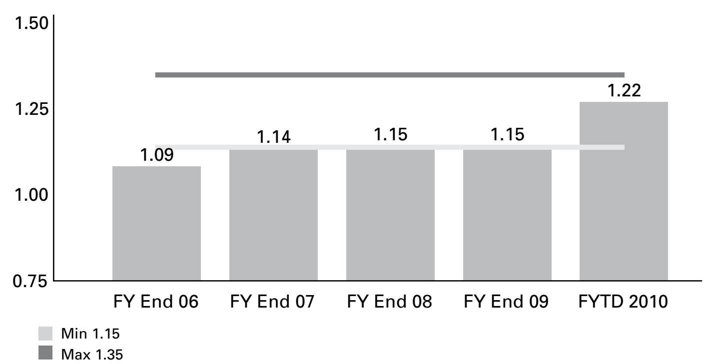
Financial Performance Metrics

	Actual FY10 As of 5/31/10	Projected FY10 As of 5/31/10	Actual FY09 As of 5/31/09	Guidelines
Funding Ratio (State Insurance Fund)	**1.22**	**1.19**	**1.11**	**1.15 to 1.35**
Net Leverage Ratio (SIF)	**5.23**	**6.42**	**10.81**	**3.0 to 7.0**
Loss Ratio	107.4%	84.5%	78.8%	
LAE Ratio - MCO	11.4%	7.3%	7.2%	
LAE Ratio - BWC	8.7%	12.3%	11.6%	
Net Loss Ratio	127.5%	104.1%	97.6%	102.5%
Expense Ratio	5.8%	4.2%	4.2%	7.5%
Combined Ratio	133.3%	108.3%	101.8%	110.0%
Net Investment Income Ratio	32.9%	31.8%	32.4%	
Operating Ratio (Trade Ratio)	100.4%	76.5%	69.4%	90.0%

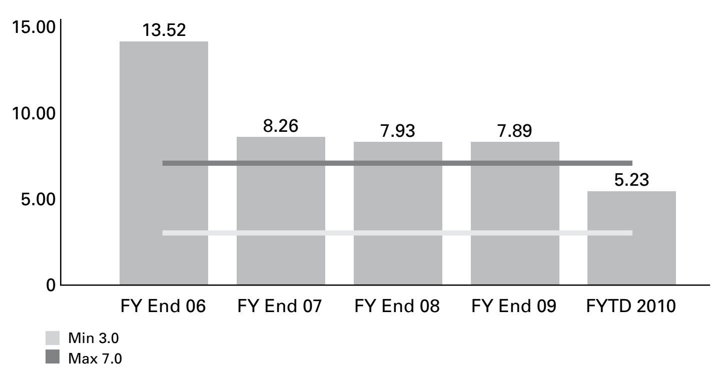
Guidelines represent long–term goals for the agency. Business practices, peer group results, and historical data were considered in the establishment of the guidelines.

Reserves for compensation and compensation adjustment expenses are discounted at 4.0% in fiscal year 2010 actual results and 4.5% in fiscal year 2010 projections and in fiscal year 2009.

Funding Ratio

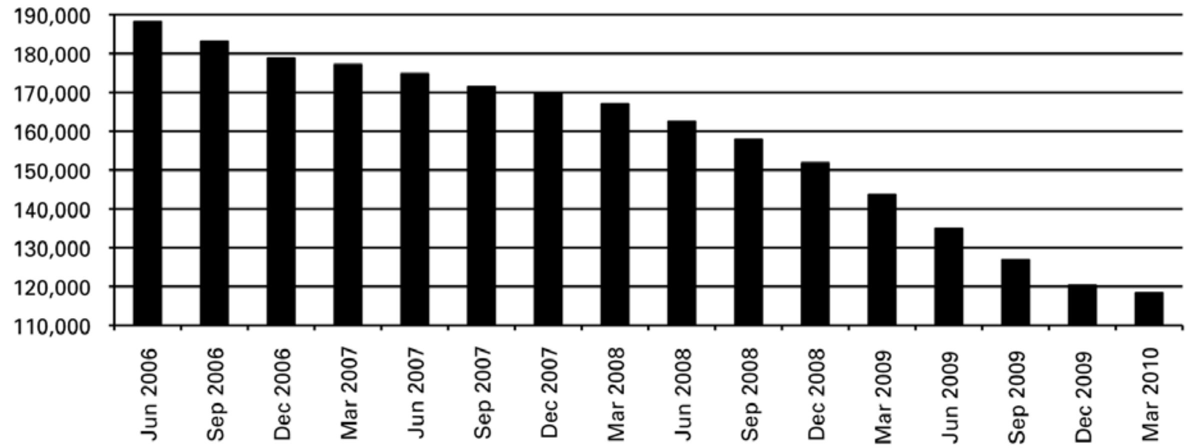


Net Leverage Ratio

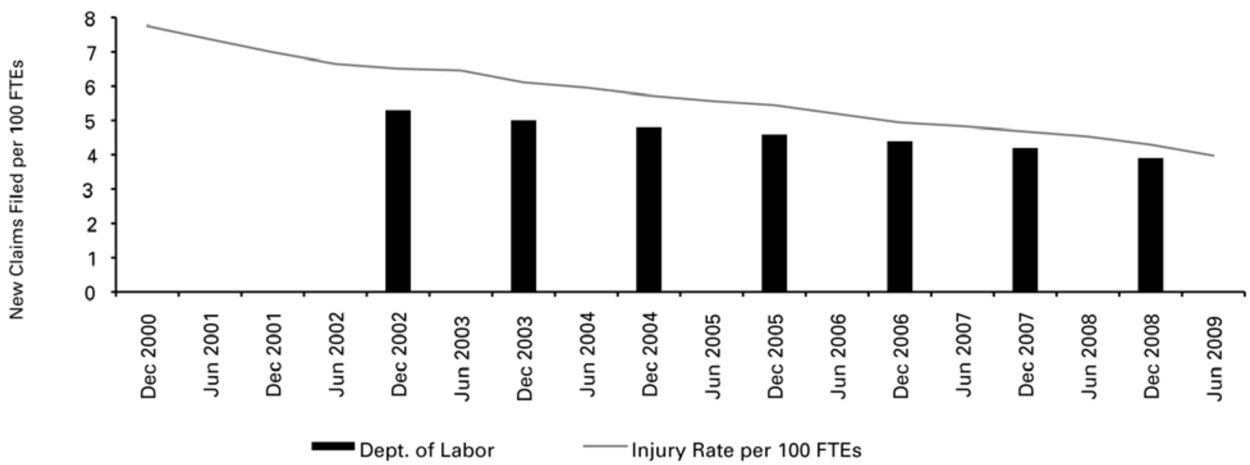


Operational Performance Metrics

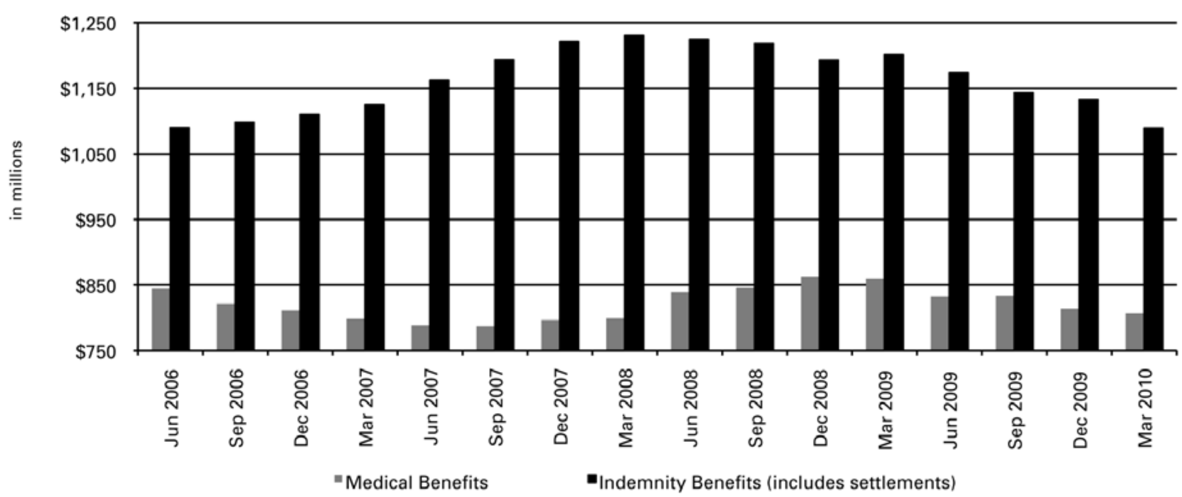
New Claims Filed - *Twelve months ended*



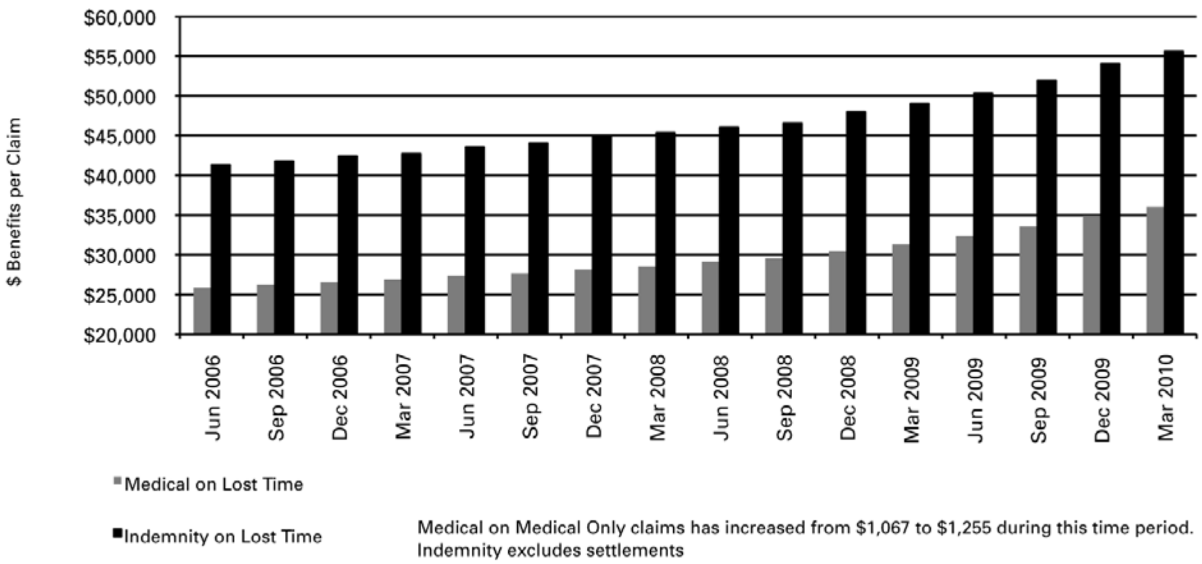
Frequency - *Reported semi-annually*



Benefit Payments - *Twelve months ended*

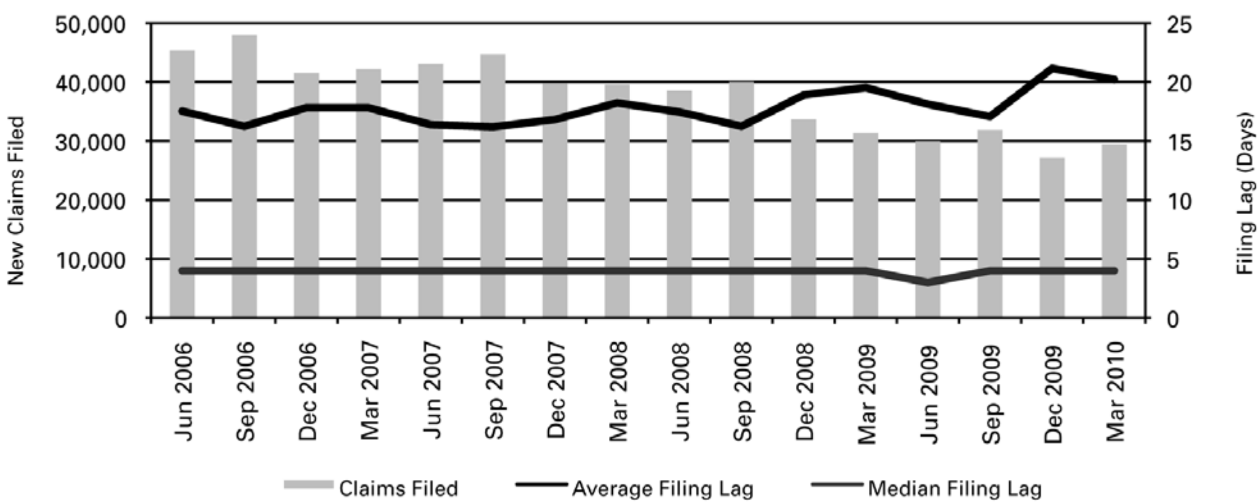


Severity

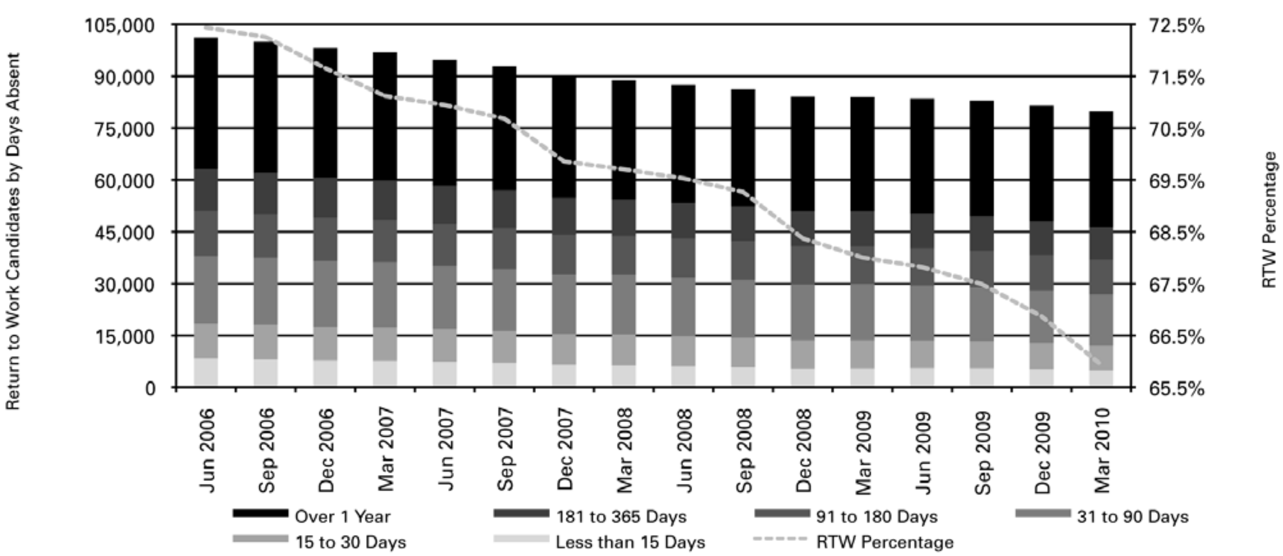


Medical on Medical Only claims has increased from $1,067 to $1,255 during this time period.
Indemnity excludes settlements

Claim Filing Lag



Return to work

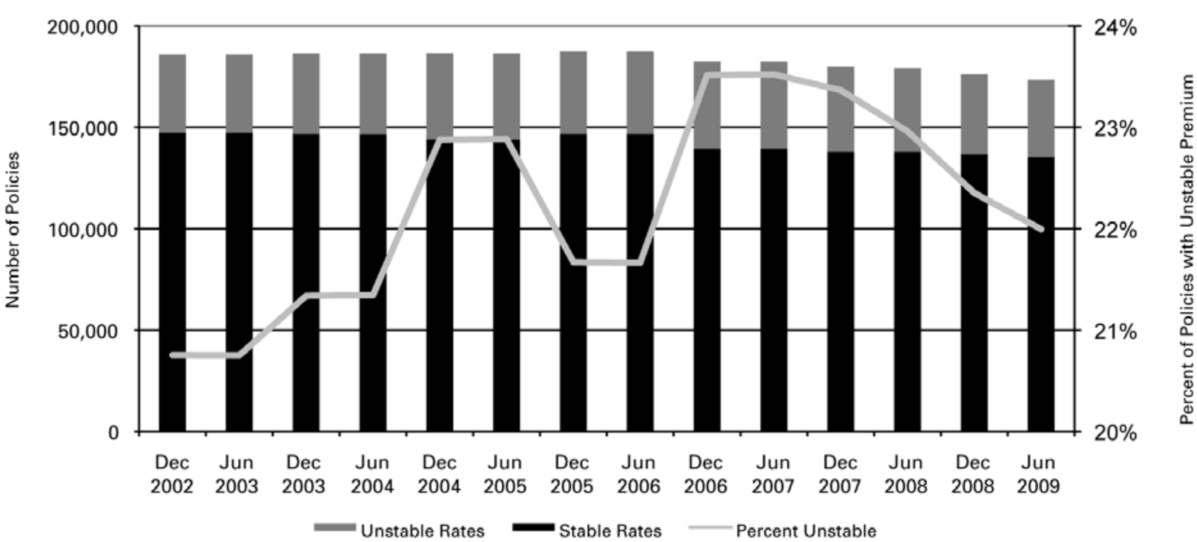


Aggregate Reported Payroll- *Twelve months ended*

($ 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
Dec 2008	$94,580	$19,778	$7,065	$134	$5
Jun 2009	$91,066	$19,778	$7,194	$150	$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.

Net Leverage Ratio
Measures the combination of BWC's exposure to pricing errors and errors in estimating its liabilities in relation to net assets. Premium income plus reserves for compensation and compensation adjustment expense divided by net assets.

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.

BWC Board of Directors

BOARD MEETING

Friday, May 28, 2010, 8:00 A.M.
William Green Building
30 West Spring St. 2nd Floor (Mezzanine)
Columbus, Ohio 43215

Members Present:	William Lhota, Chair James Harris, Vice Chair Charles Bryan David Caldwell Alison Falls Ken Haffey James Hummel Jim Matesich Thomas Pitts Larry Price Robert Smith
Member Absent:	None
Counsel Present:	John Williams, Assistant Attorney General
Scribe:	Larry Rhodebeck, Staff Counsel

CALL TO ORDER
Mr. Lhota called the meeting to order at 8:00 a.m. and the roll call was taken. Mr. Lhota reported that all eleven members were present and constituted a quorum.

OATH OF OFFICE
Mr. Lhota reported that Mr. Bryan, Ms. Falls, Mr. Harris, and he had each been reappointed to new terms of office, to expire 2013. Mr. Lhota had been sworn in at an earlier time by Governor Strickland. Mr. Lhota administered the oaths of office to Mr. Bryan, Ms. Falls, and Mr. Harris.

MINUTES OF APRIL 30, 2010
Mr. Bryan requested that page 2, paragraph 5, second sentence, be amended to read "Preceding the approval of the Administrator's proposal to reduce overall rates for private employers by 3.9% was a discussion of the rationale of the recommendation." On page 3, paragraph 4, the last sentence should read, "The proposal failed in committee for want of a motion."

Mr. Lhota requested that page 7, paragraph 2, the second sentence should read, "Ms. Ryan replied that she gave status reports to the insurance committees of both chambers." Also, the last two sentences should be deleted, and replaced with, "Ms. Ryan reported she had delivered the same information about the comprehensive study to the Workers' Compensation Council."

Ms. Falls requested that page 5, paragraph 3, first sentence, be changed to read, "Ms. Falls reported that the early part of the meeting was held to discuss personnel matters in executive session." She also requested that the paragraph 7, first sentence be changed to read, "Ms. Falls reported that the Governance Committee meeting received a report on the competitiveness task force." She also requested that from the fourth sentence to the end of the paragraph read, "The Governance Committee also discussed the role of the Workers' Compensation Board in the BWC risk oversight process. This included a discussion on a new rule of the Securities and Exchange Commission on disclosure of the Board's role in risk oversight. The rule is for publicly traded companies, and is not required for BWC, but reflects industry best practices."

Mr. Matesich moved to adopt the minutes as amended. Mr. Caldwell seconded and the minutes were approved by a roll call of eleven ayes and no nays.

AGENDA

Mr. Lhota added as an action item approval of the rule on the Coal Workers' Pneumoconiosis Fund; deleted approval of the rule on sponsorship certification requirements; added approval of the Internal Audit Division Charter; and added delegation of authority to Chairman to meet with the Governor regarding the Administrator's annual evaluation.

Mr. Caldwell moved to adopt the amended agenda. Mr. Hummel seconded and the amended agenda was adopted by a roll call vote of eleven ayes and no nays.

CHAIRMAN'S COMMENTS

Mr. Lhota reported that the committees of the Workers' Compensation Board on May 27 had a 96.4% attendance rate. Of 55 opportunities, only two directors were absent from a committee meeting.

Mr. Lhota recognized Mr. Pitts for his participation in the Competitive Task Force. He also congratulated Mr. Pitts for his recent recognition as an outstanding alumnus of The University of Akron School of Law.

ACTUARIAL COMMITTEE

Mr. Bryan reported that the Actuarial Committee approved a recommendation to the board for private employer base rates and had a long discussion on variability. Increases in rates are capped at 30%. The Actuarial Committee requested that for 2011 rates staff look at ways to minimize variability and yet be actuarially sound.

Upon the recommendation of the Actuarial Committee, Mr. Bryan moved that the Bureau of Workers' Compensation Board of Directors approve the Administrator's recommendation to amend private employer rates Rules 4123-17-05 and 4123-17-06 of the Administrative Code, effective July 1, 2010. This motion consents to the Administrator amending private employer rates Rules 4123-17-05 and 4123-17-06 as presented at the Actuarial Committee. Mr. Hummel seconded and the motion was approved by a roll call vote of eleven ayes and no nays.

Mr. Bryan reported that the Actuarial Committee approved a recommendation that the board reduce the premium rates for the Marine Industry Fund. Many things are changing in that program.

Upon recommendation of the Actuarial Committee, Mr. Bryan moved that the Bureau of Workers' Compensation Board of Directors approve the Administrator's recommendation to amend Rule 4123-17-19 of the Administrative Code, "Employer Contribution to the Marine Industry Fund," effective July 1, 2010. This motion consents to the Administrator amending Rule 412-17-19 as presented at the Actuarial Committee. Mr. Caldwell seconded and the motion was approved by a roll call vote of eleven ayes and no nays.

Mr. Bryan also reported that the Actuarial Committee had approved a recommendation that the board approve the rule on rates for the Disabled Workers' Relief Fund (DWRF). Although the rates are not changed, BWC is required to file rate rules and the Workers' Compensation Board is required to approve them.

Upon the recommendation of the Actuarial Committee, Mr. Bryan moved that the Bureau of Workers' Compensation Board of Directors approve the Administrator's recommendation to retain without change Rule 4123-176-29 of the Administrative Code, "Disabled Workers' Relief Fund; Employers' Assessments and Self-Insurers' Payments." This motion consents to the Administrator retaining without change Rule 4123-17-29 as presented at the Actuarial Committee. Mr. Pitts seconded and the motion was approved by a roll call vote of eleven ayes and no nays.

Mr. Bryan reported that the Actuarial Committee had approved a recommendation to amend the rule on sponsorship certification to make it apply irrespective of the policy year involved and other changes.

Upon the recommendation of the Actuarial Committee, Mr. Bryan moved that the Bureau of Workers' Compensation Board of Directors approve the Administrator's recommendation to amend Rule 4123-17-61.1 of the Administrative Code, "Sponsorship Certification Requirements." The motion consents to the Administrator amending Rule 4123-16-61.1 as presented at the Actuarial Committee. Mr. Matesich seconded and the motion was approved by a roll call of eleven ayes and no nays.

Mr. Bryan stated there were discussions on several issues. The discussion on reserves was a major issue for the Actuarial Committee because reduction of the discount rate from 4.5% to 4.0% has led to an increase of $500 million in reserves. The entire background of the Deloitte Consulting reserve study is contained in five volumes, or can be obtained on a CD-ROM.

Mr. Bryan asked Mr. Matesich to lead the discussion of the next item. Mr. Matesich reported that the Actuarial Committee acted on the rule for the Coal Workers'

Pneumoconiosis Fund and waived second reading in order to approve it. The Actuarial Committee approved the rule in a vote of three directors in favor and two against to pass it on to the Workers' Compensation Board.

Mr. Lhota noted that under Roberts' Rules of Order, if Mr. Matesich moved to approve the Coal Workers Fund rule, then he would have to vote for it.

Upon the recommendation of the Actuarial Committee, Mr. Caldwell moved that the Bureau of Workers' Compensation Board of Directors approve the Administrator's recommendation to retain without change Rule 4123-17-20 of the Administrative Code, "Employers' Contribution to the Coal Workers' Pneumoconiosis Fund." This motion consents to the Administrator retaining without change Rule 4123-17-20 as presented at the Actuarial Committee. Mr. Bryan seconded.

Mr. Lhota asked Mr. Harris to act as chair for further proceedings on the motion so that Mr. Lhota could engage in full discussion of the matter as a member director.

Mr. Hummel stated that there are two recommendations from Deloitte Consulting. One is to retain a moratorium on collection of premiums from old subscribers and retain the current premium rate. The other is to lower the rate by 20% and charge all subscribers. He opposed waiver of the second reading because he did not fully understand the recommendation.

Mr. Smith stated that the recommendation of Deloitte was also to review the program thoroughly and that he supported the waiver of the second reading and would vote yes.

Mr. Price reported that the rules require a second reading to understand the issues being presented. He did not understand them and believed there was no urgency to pass the motion today. He did not pursue some of his questions at yesterday's meeting because he thought there would be a second reading at the June Actuarial Committee meeting.

Mr. Caldwell reported he voted to waive the second reading and approve. Deloitte and BWC staff reported no additional information would be available.

Mr. Matesich stated Deloitte and BWC staff did not have enough information and he wanted more historical background on why older employers had not paid premiums since 1999. The issue was not fairly reviewed.

Mr. Bryan reported that Mr. Pitts, Mr. Caldwell and he had voted for approval; Mr. Matesich and Mr. Hummel voted against. He was for the motion because staff reported no additional information would be available by the June meeting.

Mr. Matesich added that the availability of information was not justification for the waiver of the second reading. The Board has a responsibility to investigate and question further.

Ms. Falls stated that from a governance perspective, the Actuarial Committee followed its guidelines. But she concurred with Mr. Matesich's remarks on the distinction, noting that it is the Board's responsibility to perform due diligence.

Mr. Hummel stated he needs to know more historic information and understand more clearly the reasoning of the Deloitte recommendation.

Ms. Ryan added the vote was on the limited issue of approving a rate for July 1. It is clear the Coal Workers' Fund needs a great deal of work to research why a moratorium was set in 1999. BWC does not have information on the full impact of national health care reform and would not have additional information for the June meeting. The recommendation is to keep the rate flat and move forward.

Mr. Price agreed that proper protocol was followed. There were two recommendations in place before the Actuarial Committee: one from Deloitte and one from the Administrator.

Mr. Lhota stated he will vote to return the matter to the Actuarial Committee. There was no compelling reason to act this month and he concurred with Mr. Price. He had raised the issue of payment to the Ohio Department of Natural Resources (ODNR) on the safety inspection fee, which will be $3.4 million per year. He didn't have a sense that Deloitte was aware of the transfers. Mr. Lhota had asked whether this information will impact Deloitte's recommendations. He further indicated that his questions on this matter remain unanswered, and that he would like to revisit these questions.

Mr. Harris commended the Workers' Compensation Board for its spirited and diverse discussion.

In a roll call vote, five votes for the motion: Mr. Harris, Mr. Bryan, Mr. Caldwell, Mr. Pitts, and Mr. Smith. Six voted against the motion: Mr. Lhota, Ms. Falls, Mr. Haffey, Mr. Hummel, Mr. Matesich, and Mr. Price. Mr. Harris ruled that the motion failed.

Mr. Lhota moved to send the rule back to the Actuarial Committee. Mr. Price seconded and the motion was approved by a roll call vote of eleven ayes and no nays.

Mr. Lhota resumed the chair for the remainder of the meeting.

Mr. Bryan indicated the report of the Actuarial Committee was concluded.

AUDIT COMMITTEE

Mr. Haffey reported Tracy Valentino, Chief, Fiscal & Planning, presented a second reading on the administrative budget. By striking duplicated items, the budget was reduced from $284.7 million to $284 million, which is approximately $44 million less than the fiscal year 2011 appropriation.

Mr. Haffey moved that the Bureau of Workers' Compensation Board of Directors approve the Administrator's recommendation for the Fiscal Year 2011 annual administrative budget, as recommended by the Audit Committee. This motion consents to a Fiscal Year 2011 budget of $284 million dollars for the operation of the BWC and Bureau of Workers' Compensation Board of Directors. Mr. Smith seconded and the motion was approved by a roll call vote of eleven ayes and no nays.

Mr. Haffey reported that James Barnes, General Counsel, and Ken Cain, Staff Counsel, presented rules on confidential personal information. The rules derived from a 2008 incident in which employees of other agencies disclosed confidential information. The statute was effective April 7, 2009, and requires rules on access. The requirement to log all access is cumbersome. Mr. Cain reviewed details of the rules. "Confidential personal information" is defined as non-public records.

Confidential records are also covered by the BWC Public Records Grid. Mr. Harris had inquired why the number of reported employees of an employer was a confidential record. Under the provisions of Ohio Revised Code § 4123.26, every employer must make an annual report of the number of its employees and such report is confidential. For the foreseeable future, logging in will be manual, but system changes will require modification.

Mr. Haffey reported that Caren Murdock, Chief of Internal Audit, provided an executive report on the Internal Audit Division Charter. A charter is required by the Institute of Internal Audit and covers five topics: authority, professional standards, accountability, independence, and responsibility. The Actuarial Committee waived a second reading.

Mr. Haffey moved that the Workers' Compensation Board of Directors approve the Audit Committee recommendation to approve the Internal Audit Division Charter as presented here today. The approval will fulfill the requirements of the Institute of Internal Auditors International Professional Practices Framework and will be documented as such in the meeting minutes. Mr. Matesich seconded and motion was approved by a roll call vote of eleven ayes and no nays.

Mr. Haffey reported that the Audit Committee received its monthly report on current projects. The fiscal year 2011 audit plan is completed and will be presented in June. The quarterly executive summary will be made in July because of the full agenda for June. The pending projects include the temporary disability payment process, DWRF rates, manual rate adjustments for employers, the premium audit process, investment personal trade policy compliance, and the Public Employer Risk Reduction Program. There was also a report on the external audit by Schneider Downs. An executive session covered a litigation update and the external audit.

Mr. Haffey indicated the report of the Audit Committee was concluded.

INVESTMENT COMMITTEE

Mr. Smith reported that the portfolio value is was $18.96 billion on May 27, 2010 and allocated at 69.5% to bonds, 28.7% to stocks, and 1.8% to cash. In the fiscal year-to-date, through April, the portfolio had a total return of 14.0% which is an increase in investment income of $2.4 billion. In May, equities declined by 8.1%, and bonds were flat. Mercer Consulting gave a presentation on capital markets and the quarterly performance of the portfolio. Bruce Dunn, Chief Investment Officer, reported on the SIF investment transition, which was completed at the end of May. This is the first time in one year that there has been no SIF investment in transition. Mercer also reported on their data base and the use of active and passive managers. Mr. Dunn also reported on his recommendation on which asset classes are more appropriate for active versus passive management. There were no votes. In June, the Investment Committee will discuss the use of minority and emerging managers. The Workers' Compensation Board should strive for high standards and a level playing field.

Mr. Price stated that the Mercer presentation on active versus passive management was excellent. The report by Mr. Dunn was exceptional and clear on where investment policy may go.

Mr. Caldwell also stated that the reports were good. However, he is not yet comfortable with the proposal to invest in private equities.

Ms. Falls stated that as the Workers' Compensation Board progresses towards alternative classes and active management, there will be significant issues, including governance, oversight and resources. She appreciates the assurance from the Committee Chair that the Board will have sufficient time to discuss these and other issues as we consider moving some of the portfolio from passive to active management.

Mr. Smith indicated the report of the Investment Committee was concluded.

MEDICAL SERVICES & SAFETY COMMITTEE

Mr. Harris reported that the Medical Services & Safety Committee met and took two actions.

Upon the recommendation of the Medical Services and Safety Committee, Mr. Harris moved that the Bureau of Workers' Compensation Board of Directors approve the Administrator's recommendation to amend Rule 4123-17-68 of the Administrative Code, "Group Experience and Group Retrospective Safety Program Requirements." The motion consents to the Administrator amending Rule 4123-17-68 as presented at the Medical Services and Safety Committee. Mr. Pitts seconded the motion.

Mr. Hummel stated that he supported the motion. There was a change between the first and second reading which mandates that sponsor keep records of employers and employer participation in safety training. The amendment does not impose consequences on employers who do not complete training. Mr. Hummel requested that the issue of training and consequences in this rule be reexamined at a later time. Mr. Harris also reported that Abe Al-Tarawneh, Superintendent of Safety & Hygiene, and his staff had presented the rule.

The motion was approved by a roll call vote of eleven ayes and no nays.

Mr. Harris reported that Ron Suttles, Management Analyst Supervisor, Employer Services, and Kathy Arnett, Management Analyst Supervisor, provided a report on changes to the $15,000 medical only program.

Upon the recommendation of the Medical Services and Safety Committee, Mr. Harris moved that the Bureau of Workers' Compensation Board of Directors approve the Administrator's recommendation to amend Rule 4123-17-59 of the Administrative Code, "Fifteen Thousand Dollar Medical-Only Program." The motion consents to the

Administrator amending Rule 4123-17-59 as presented at the Medical Services and Safety Committee. Mr. Hummel seconded the motion.

Mr. Pitts stated that he favors adoption. The Deloitte Study recommends examination of whether the program is needed.

The motion was approved by a roll call vote of eleven ayes and no nays.

Mr. Harris further reported that the Medical Services and Safety Committee continued a discussion on the pharmacy benefits program with Dr. Robert Balchick, Medical Director; Johnnie Hanna, Pharmacy Program Director; and Christine Sampson, Pharmacy Program Operations Manager. Mr. Harris believed the presentation was very informative and there are good things on the horizon for the pharmacy program. Mr. Al-Tarawneh and Michael Rea, Industrial Safety Administrator, provided a report on investigation of fatalities. There was a follow-up report on the MCO public forums. Mr. Harris asked the directors to contact Don Berno, Board Liaison, or Robert Coury, Chief, Medical Services and Compliance, with comments or questions.

Mr. Harris indicated the report of the Medical Services and Safety Committee was concluded.

GOVERNANCE
Ms. Falls reported that the Governance Committee had a discussion of a modification to its Governance Guidelines regarding delegation of authority to individual directors. The guidelines provide room for judgment and need to specify tasks and time-frames. They will require report after action is taken. Ms. Falls thanked Ann Shannon, Legal Counsel, and Mr. Berno for their work on this project. If approved, the revisions will be inserted into the Governance Guidelines under the section entitled " Board Governance- General."

Ms. Falls moved that the Workers' Compensation Board of Directors approve the amendments to the Governance Guidelines regarding Delegation of Authority, as recommended by the Governance Committee. Mr. Haffey seconded and the motion was approved by a roll call vote of eleven ayes and no nays.

Ms. Falls reported that the fiscal year 2010 Workers' Compensation Board and Committees' self-assessment process continued with the evaluation form being presented and a discussion on the changes. The form contains a summary of Workers' Compensation Board of Directors duties. Ron O'Keefe, Fiduciary Counsel, provided a memorandum on the self-assessment. The forms are to be submitted electronically directly to Mr. O'Keefe by June 7.

Ms. Falls moved that the Workers' Compensation Board of Directors adopt the recommendation of the Governance Committee and approve the Board Self-Assessment Process and Form. Mr. Smith seconded and the motion was approved by a roll call vote of eleven ayes and no nays.

Ms. Falls further reported that the Securities and Exchange Commission rule on a board's role in the oversight process. She thanked Mr. Lhota and Mr. Haffey for their reports on their experience as members of private boards. She noted that each Committee of the Board will be asked to review its own role in risk oversight and to integrate that into the respective committee charters. Ms. Falls referred the issue to the Audit Committee to tie-together the responsibilities of the Workers' Compensation Board on oversight.

In June, the Governance Committee will review the structure of standing committees. Some have three members, others have five. The consensus is that five members on each committee make the most sense. She requested Board feedback on committee constituency and requested volunteers to fill out committees.

Mr. Lhota deferred further reporting on the delegation of authority to meet with the Governor regarding the Administrator's evaluation until after the executive session. The executive session will be called to discuss personnel matters.

Ms. Falls indicated the report of the Governance Committee was concluded.

MONTHLY ENTERPRISE REPORT

Ms. Valentino provided the Enterprise Report for May. On April 1, BWC entered into a contract of reinsurance for $6 million in premiums. Ceded premiums are accrued each month in the amount of $0.5 million. Premium income in April included reductions of almost $12 million for discounts earned by employers participating in the premium discount program. Benefit payments issued in April included three bi-weekly cycles. A $347 million increase in the fair market value of the investment portfolio in April along with interest and dividend income of $54 million for the month, resulted in net investment income of $400 million for the month after investment expenses of $0.7 million. The increase in the fair value of the portfolio is comprised of $344 million in net unrealized gains and $3 million in net realized gains. Cash and cash equivalents include $372 million in money market holdings in the outside investment manager accounts. These funds are committed to covering a $275 million net investment trade payable for transactions that will settle the following month. Premium and assessment receipts of $87 million were collected in April. Receipts in April 2010 are just $2 million lower than collections during the same period last year, reflecting timing differences in the payment of premiums. BWC has contracted with a pharmacy rebate administrator to pursue rebates available from drug manufacturers based on utilization of and payment for their products. The pharmacy rebate administrator is paid ten percent of the rebates collected. In April, before payment of the pharmacy rebate administrator's fee, BWC received $1.3 million for rebates collected during the first quarter of 2010.

BWC total net assets have increased by $2.1 billion for the fiscal year-to-date 2010, resulting in net assets of $4.6 billion at April 30, 2010, compared to $1.5 billion at April 30, 2009. BWC premium and assessment income for fiscal year-to-date 2010 is $1.7 billion, compared to $1.9 billion for the same period last year. Decreases in premium rates for private and state agency employers effective July 1, 2009, and January 1, 2010, for public employer taxing districts are off-set by increased unbilled receivables for DWRF and the Self-Insuring Employers' Guaranty Fund (SIEGF).

Mr. Hummel asked if the reduction is due to less payroll or fewer employers. Ms. Valentino replied that there was a 5% reduction in payroll, or $4 billion, and fewer employers as well, so it’s a combination of both.

Ms. Valentino further reported that benefit and compensation adjustment expenses increased by $80 million for fiscal year-to-date 2010. Reserves for compensation and compensation adjustment expense for DWRF and SIEGF have increased by $59 million in 2010. This increase has been partially off-set by lower payments for benefits and compensation adjustment expense. Declines in private employer payroll and decreases in premium rates have contributed to premium collections being $258 million less than prior fiscal year-to-date collections.

The approximately 20,200 employers participating in the 50/50 payment program will be paying $146 million in premiums by June 1, 2010 to maintain active coverage. This is down from the almost 20,700 employers that participated last year that owed $176 million for the second installment. As of May 7, 12,000 private employers with estimated premiums of $7.6 million remained in a lapse status for failing to report payroll for the July to December 2009 policy period. Last year at this time, coverage remained in a lapsed status for 14,000 private employer accounts with estimated premiums of $12.7 million for failure to report payroll for the July to December 2008 policy period. Public employer taxing districts had until May 15 to report payroll and pay at least 45% of the premium due for the 2009 policy year. As of May 7, 74% of public employer taxing districts had filed their report compared to 65% at this same time last year.

Mr. Harris asked what conclusion BWC draws from comparison of compliance of different classes of employers. Ms. Valentino replied that public employer taxing districts have incentives to pay earlier. Ms. Ryan added that this is one effect of the enhanced compliance program initiated in 2008.

Ms. Valentino further reported that BWC Administrative Cost Fund (ACF) expenses are approximately $23.6 million (9%) less than budgeted and approximately 7% less than last fiscal year. Decreases in payroll, including Customer Service, Infrastructure and Technology, Special Investigations, Medical, and Communications are due to decrease in staff as a result of hiring controls implemented by the Office of Budget and Management, a July payroll period not requiring health care premium payments, and employee use of cost savings days. Through April, BWC staff have taken over 167,000 (92%) of the available 182,000 hours for a savings of approximately $5 million. The BWC current fiscal year 2010 budget is approximately $40.6 million (12%) less than appropriated by the General Assembly. In addition to the May public employer taxing district and 50/50 payments, BWC will post adjustments to reserves at the end of May using the 4% discount rate, so the information to Schneider Downs will require fewer adjustments.

Mr. Haffey commented that this was a change from when the Workers' Compensation Board began and is an improvement. Ms. Valentino replied that was true in part. When BWC closes books on June 30, there will be a large audit adjustment following the Deloitte reserve report.

Mr. Bryan asked if $4.6 billion in net assets are needed if the change in the discount rate leads to an increase in liabilities of $500 million. Ms. Valentino replied that the net asset balance of that size was needed.

Ms. Ryan thanked the Workers' Compensation Board for consenting to booking adjustments earlier because it saves on explaining the adjustments to the General Assembly.

Ms. Valentino drew the attention of the Workers' Compensation Board to the individual fund balances set forth on page 13. Page 14 reports the Funding Ratio, 1.28, and the Net Leverage Ratio, 4.05; both are within guidelines and both will change with the lowering of the discount rate, but still be within the guidelines.

Mr. Smith requested footnotes in the May Enterprise Report on every change affected by the discount rate. Ms. Valentino replied that would be possible.

Mr. Haffey asked if Ms. Valentino knew of anything that would affect the ACF. Ms. Valentino replied she did not, and expected to finish the fiscal year 9 to 10% below the budget.

Mr. Lhota asked the directors to review the Legislative Report for updates since the last meeting.

ADMINISTRATOR BRIEFING
Ms. Ryan delivered her monthly report. The Competitiveness Task Force met on May 27 and received a report from Ann Nelson of the Employers' Insurance Company of Nevada. Employers' was spun off from the former monopolistic state insurance fund.

Mr. Pitts reported that he was representing Mr. Lhota and the Workers' Compensation Board at the meeting of the Competitiveness Task Force. Ray Mazzotta, Chief Operating Officer, served as Ms. Ryan's representative. Mr. Pitts stated that Ms. Nelson described the Nevada situation in the early 1990s as the Nevada Fund had an unfunded liability of $2 billion, when the state government budget was less than $1 billion. The Nevada Fund had 1,000 employees, but was managing a program only 20% the size of Ohio. Reforms were tried, and in 1995 it was decided to privatize the Nevada Fund. Little explanation was given, but according to the governor, workers' compensation was not deemed a core competency of Nevada government. The period 1995 to 1999 was a transition period and most of Ms. Nelson's presentation was on the hurdles. Nevada is now open to 240 carriers, although six companies dominate. Until recently, AIG was the largest carrier. As for the constitutional issue, the trust fund is deemed to still exist, but is unfunded. According to Ms. Nelson, before privatization employers hated the workers' compensation system. She was asked about employers fleeing the state, but inasmuch as the largest industry is gaming, they did not. There were anecdotal stories about employers who did not enter. There were many questions on group rating structure. The normal group discount is 7%, but some employers qualify for as high as 20%. The next meeting of the Competitiveness Task Force is June 17.

Mr. Mazzotta further reported that one reason for change was premium rates. An Oregon study showed Nevada was in the upper one-third among states. Now the rates are in the middle third, which is comparable to Ohio. There is no state entity. Employers unable to find a carrier enter an assigned risk pool which has rates 12% higher than standard markets. The six largest companies have one-half of the market. In the late 1990s, the $2 billion deficit was eliminated by shifting the burden to reinsurance. That would be difficult today. Employers' Insurance Company is still highly staffed.

Mr. Bryan asked about reports on the distribution costs and applicability of the federal income tax. Mr. Mazzotta replied there was little discussion on these, but assumed the costs were standard. The insurance company now uses independent agents to sell coverage.

Mr. Haffey asked what the financial oversight of the companies is. Mr. Mazzotta reported that it has shifted to the Nevada Department of Insurance. One company is a consortium of construction companies. Nevada has experienced no insurance company failure in ten years.

Mr. Hummel asked what the reports from injured workers were. Mr. Pitts replied that Nevada reduced benefits in the 1990s. In 1999, they were restored and there were increases. This was the quid pro quo for labor acquiescing to the change. Claims have reduced in frequency and increased in severity, which follows Ohio trends. The costs are driven by injuries to older workers, pharmacy costs, and durable medical goods. Adjudicating is similar to the Ohio Industrial Commission, with few changes.

Mr. Matesich asked what the assessment for the Nevada Industrial Commission is. Mr. Pitts replied he heard no report.

Mr. Lhota asked how Nevada dealt with the constitutional issue. Mr. Pitts reported that 2 ½ pages of the enabling statute dealt with the constitutional issues. The overall answer was to deplete the fund, but keep it in existence.

Ms. Ryan further reported on legislation. SB181 covers several coal mining issues, including the transfer from the Coal Workers' Fund to ODNR. It has passed the House of Representatives. SB238 prohibits workers' compensation benefits for ~~illegal aliens~~undocumented workers. It passed the Senate on May 27. ~~A bill~~HB 495 on unnecessary boards, including the Workers' Compensation Council, which it defunds, was introduced in the House and is expected to pass next week. The House Insurance committee has scheduled a hearing on HB259, which concerns investment authority. It may be scheduled for substitute language, not passage. John Pedrick, Chief Actuary, testified on HB246, the rebuttable presumption on first-responders and occupational disease claims.

Mr. Harris asked if there were any new provisions in SB181 on BWC. Ms. Ryan replied there were no new ones.

Mr. Haffey referred to the legislative update distributed to the Directors. He asked what does a check mark in the House legislation mean regarding the Workers' Compensation

Board. Ms. Ryan replied a check mark means the Workers' Compensation ~~Council~~ Board is not a defunded board.

Mr. Caldwell asked if SB 238 has any chance of passage. Ms. Ryan replied that it had much media attention and testimony, but was up to the chair of the House of Representatives Insurance Committee to act.

Finally, Ms. Ryan reported that the General Assembly will recess in three weeks for summer.

Ms. Ryan next reported on capital projects. The contractors have finished construction of new revolving doors and water abatement. The elevator reconstruction is nearly complete. This is a huge accomplishment for Tom Croyle, Chief of IT, and his staff. The next project will be replacement of the chillers. The Request for Proposal will be issued in July or August for permits and work will run through the next year.

Cost reductions have been accomplished through reduction of square footage in Dayton, Hamilton, Lima, and Toledo. Other offices being examined for space reduction in the near future will include Garfield Heights, Portsmouth, Youngstown, and Mansfield. Savings will amount to $500,000.

CHAIRMAN'S COMMENTS

The next meetings are June 17 and 18. The deadline for submitting material to the printer is June 4.

The Workers' Compensation Board will have a twenty minutes recess and reconvene in executive session at 10:20 a.m. to discuss Administrator Ryan's performance review. After coming out of executive session, the action item will be approval of the second agenda item of the Governance Committee.

Mr. Pitts announced that he will retire at the executive session. He would also not be eligible to vote on the remaining items of the public session.

EXECUTIVE SESSION

Mr. Lhota moved to enter executive session pursuant to Ohio Revised Code §121.22 to discuss personnel matters. Ms. Falls seconded and the motion was approved by a roll call vote of eleven ayes and no nays.

Return to Open Meeting

Executive Session concluded at 12:12 pm. Director Pitts was not in attendance. Mr. Lhota asked Ms. Falls to lead the discussion on delegation of authority for the Chair to meet with the Governor concerning the Administrator's evaluation.

Ms. Falls moved that the workers' compensation board of directors delegate authority to chairman William Lhota to meet with the Governor of Ohio regarding the administrator's performance as required by Ohio revised code section 4121.12(f)(15), to be performed as soon as possible within the governor's schedule. Furthermore, Chairman Lhota shall provide an explanation and account of the meeting with the Governor to the full board of directors at its next board meeting. Mr. Caldwell seconded the motion.

Ms. Falls stated she was comfortable with the delegation of authority because the process has provided fiduciary counsel oversight for all qualified directors input, and the Directors can agree or disagree with the delegation. Responding to a request from Ms. Falls, James Barnes, BWC General Counsel, opined the statute requires the Governor to entertain the thoughts and concerns of the Board regarding the Administrator's performance. Director Smith noted unlike most boards, the BWC Board does not have hire/fire authority, so the duty is to report to the Governor if the Administrator is not doing a good job. Mr. Barnes also pointed out there is precedence for the Board to delegate Board responsibilities to individual Directors. Director Caldwell noted the motion is very precise in the duty delegated and reporting the completion of the meeting at the next subsequent Board meeting. The motion passed 9-1 (Mr. Price voting no, and Mr. Pitts not voting because he is a non-qualified Director for this issue.)

Mr. Price stated that he did not believe it was appropriate for an individual Director to share the Board's opinion of the Administrator's performance.

ADJOURNMENT

Mr. Smith moved to adjourn the meeting. Mr. Caldwell seconded and Mr. Lhota adjourned the meeting at 12:27 pm after the motion was approved by a roll call vote of ten ayes and no nays.

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June 3, 2010

LEGISLATIVE AFFAIRS UPDATE FOR BWC BOARD OF DIRECTORS JUNE 2010

A check mark indicates recent activity. The General Assembly adjourned for summer recess June 4.

SB 181—(Stewart) Provide certain immunities to land owners who provide access to abandoned mine land for purposes of reclamation or acid mine drainage abatement. Provide immunity to non-profit organizations that provide funding or services for reclamation purposes. Designate that methane gas emitted from an abandoned mine constitutes a renewable energy resource for the purposes of the law governing the promotion of renewable energy usage and to make various appropriations and changes to Ohio's tax code.

- ✓ **The following amendment affecting the Pneumoconiosis Fund was voted out of both chambers during the June 3 – 4 session.**

  Section 4. Beginning July 1, 2010, and ending December 31, 2010, the Administrator of the Bureau of Workers' Compensation shall transfer a portion of the investment earnings credited to the Coal-Workers Pneumoconiosis Fund created in section 4131.03 of the Revised Code in an amount not to exceed $2.28 million to the Strip Mining Administration Fund (Fund 5260) for the purposes specified in section 1513.181 of the Revised Code. Transfers from the Coal-Workers Pneumoconiosis Fund to the Strip Mining Administration Fund (Fund 5260) are prohibited after December 31, 2010.

House Bill 495—(Book, Dodd)—In addition to agency, commission, and board consolidation, the bill retains the Workers' Compensation Council but eliminates its funding and requires the General Assembly to review the Council and its funding.

- ✓ Funding for the Workers' Compensation Council was eliminated. The bill is now in the Senate.
- ✓ Passed by unanimous vote in the House on June 3. Amendment to re-fund the de-funded Workers' Compensation Council defeated by a vote of 53 – 43.
- ✓ "Renewed" BWC Board of Directors, BWC Board Nominating Committee, Labor-Management Government Advisory Council, and Industrial Commission Nominating Council.

SR 118—(Sen. Grendell, R-Chesterland)—Created a task force to review the feasibility of allowing employers the option to obtain private insurance to insure their obligations under the workers' compensation system of Ohio.

- Task Force met on April 15. Presentations provided by Chairman Lhota, Director Smith and Administrator Ryan.
- Met May 27th. Presentation provided by Ann Nelson, VP Corporate and Public Affairs, Employer's Insurance Company.
- ✓ Next meeting, June 17.

SB 238—(Sen. Seitz, R-Cincinnati)--Prohibits illegal and unauthorized aliens from receiving compensation and benefits under Ohio's Workers' Compensation Law.

- Provides that within 28 days after an employee or claimant receives notification of a claim from BWC, the claimant shall submit a copy of documentation that demonstrates the claimant's identity and authority to work in accordance with the Immigration Reform and Control Act.
- Provides that an illegal or unauthorized alien is barred from bringing suit in civil court for personal injury sustained or occupational disease contracted in the course of employment caused by the wrongful act or omission or neglect of the employer ***except*** if the employer employed the illegal or unauthorized alien knowing that the person was not authorized to work under the Immigration Reform and Control Act.
- Permits, in all instances, an illegal or unauthorized alien to bring a claim against an employer for intentional tort.
- ✓ Passed out of the Senate May 27 by a party-line vote of 21 - 12. Assigned to House Insurance Committee.

HB 523—(Reps. Phillips, D-Athens, Driehaus, D-Cincinnati)—Introduced May 24. To create a generally uniform definition of employee for specified labor laws and to create a uniform standard to determine whether an individual performing services for an employer is an employee of that employer.

- Sponsor testimony provided on May 25.
- Legislation is largely modeled after recommendations made Attorney General's Worker Misclassification Group.

SB 268 – (Gilmore)—Legislation would adopt recommendations from the bipartisan Sunset Review Committee to abolish or consolidate dozens of state boards and commissions in an effort to reduce the size of state government and save Ohio taxpayer dollars.

- Assigned to Senate State and Local Government and Veterans' Affairs Committee on May 26.

SB 3—(Sen. Faber, R-Celina)--Requires a rule-making agency to prepare a cost-benefit report for, and regulatory flexibility analysis of, rules that may have any adverse impact on small businesses and submit them to the new Ohio Small Business Ombudsperson in the Office of Small Business, to create the Small Business Regulatory Review Board to review objections to those rules and make recommendations to the Joint Committee on Agency Rule Review regarding the rules.

- Passed full Senate on March 11, 2009. Pending in House State Government Committee since that time.
- On April 20, 2010, House State Government Committee voted unanimously to amend out all existing sections of SB 3 and replace those sections with HB 230 (Rep. Moran, D-Hudson) in its entirety.
- HB 230 enacts the Common Sense Regulation Act to improve state agency regulatory processes, especially as they relate to small businesses and to require state departments to develop customer service training programs.
- Referred to Conference Committee May 19. Senate conferees appointed May 25: Senator Hughes (R-Columbus), Faber (R-Celina), and Kearney (D-Cincinnati). House conferees have not yet been named.

HB 246—(Reps. Yuko, D-Elyria and Stewart, D-Columbus)— To provide that a firefighter, police officer, or public emergency medical services worker who is disabled as a result of specified types of cancer or certain contagious or infectious diseases is presumed for purposes of the laws governing workers' compensation and the Ohio Police and Fire Pension Fund to have incurred the disease while performing official duties as a firefighter, police officer, or public emergency medical services worker.

- Proponent testimony provided in House Aging and Disability Services Committee on March 2. Testifying in support were John Piskura a firefighter, Mark Drum from the FOP, Lawrence Petrick and Jim Carney from the Association of Professional Firefighters,
- Written Opponent testimony provided jointly by the Ohio Municipal League and Township Association
- 3rd Hearing testimony in House Aging and Disability Services Committee on March 3. Proponent testimony provided by Gaylynn Jordan, vice president of the Dayton Firefighters IAFF Local #136
- 4th Hearing Proponent Testimony on May 18. John Pedrick, BWC Chief Actuary, provided testimony at the request of Chairwoman Newcomb regarding the cost to the system and public employers if the bill, as introduced, were to become law.

SB 94—(Sen. Patton, R-Strongsville)--To provide that a firefighter, police officer, or public emergency medical services worker who is disabled as a result of specified types of cancer or certain contagious or infectious diseases is presumed for purposes of the laws governing workers' compensation and the Ohio Police and Fire Pension Fund to have incurred the disease while performing official duties as a firefighter, police officer, or public emergency medical services worker.

- Deloitte reviewed for financial impacts to the State Insurance Fund.
- Proponent Testimony provided to the Senate Insurance, Commerce, and Labor committee on February 9
- Impact statement provided to Workers' Compensation Council February 17.

HB 216—(Rep. Carney, D-Columbus)--To establish certain financial capacity requirements for professional employer organizations (PEOs), clarify rights and liabilities of professional employer organizations and client employers, and make other changes to the professional employer organization law. This legislation is intended to update Ohio's PEO statutes and better harmonize ORC with laws in neighboring states.

- Passed in House on March 3 by 96 – 0 vote.
- Assigned to Senate Insurance, Commerce and Labor committee on March 4.
- Sponsor testimony in Senate Insurance, Commerce, and Labor committee May 18.
- Not currently scheduled for further consideration.

Senate Bill 4—(Schaffer)— Requires the Auditor of State to conduct performance audits of the Bureau of Workers' Compensation, the Environmental Protection Agency, the Department of Natural Resources, the Department of Agriculture, and the Department of Health.

- Passed by unanimous vote in Senate on January 27.
- Assigned to House Finance and Appropriations Committee on January 28.

HB 259--(Rep. Batchelder, R-Medina)—To specify the classes of investments in which BWC may invest the assets of the State Insurance Fund and other funds (Pneumoconiosis Fund, Marine Industry Fund, etc.). Require criminal background checks for contracted for investment consultants

- If enacted, this legislation would significantly reduce the influence of the Investment Committee and Board in formulating and adjusting BWC investment policy as appropriate. And, significantly limit BWC's ability to maximize the full potential of investment portfolio.

SB 195--(Sen. Patton, R-Strongsville)-- To create a uniform standard to determine whether an individual performing services for an employer is an employee of that employer. The legislation is intended to address the independent contractor misclassification issue.

- No recent activity.

HB 249—(Rep. Heard, D-Columbus)--To redefine the definition of "journalist" (R.C. 149.43(B)(9) to include "trade and business association newsletter". Permits access to bulk lists of claimant contact information under R.C. 4123.88.

- No recent activity.
- The Ohio Association for Justice, NFIB, and the OMA are opposed to the bill.

<u>WORKERS' COMPENSATION COUNCIL:</u>

- Full council met on January 27.
- Met on March 15 to discuss "personnel issues". Full Council convened an executive session for the duration of the meeting.
- ✓ No meetings on the calendar at this time.

FY 2011 Committee Assignments
As Recommended by the Governance Committee
June 18, 2010

Director	Actuarial	Audit	Governance	Investment	MS&S
Bryan, Charles	X (Chair)				
Caldwell, David	X			X	
Falls, Alison			X (Chair)	X (Vice-Chair)	X (new)
Haffey, Kenneth		X (Chair)	X (new)	X	
Harris, James (Board Vice-chair)		X			X (chair)
Hummel, James	X				X (Vice-chair)
Lhota, William (Board Chair)		X	X		
Matesich, James	X (Vice-chair)	X			X (new)
Pitts, Thomas	X		X (new)		X
Price, Larry			X (Vice-chair)	X	
Smith, Robert		X (Vice-chair)		X (Chair)	