

BWC Board of Directors

Board Meeting

Wednesday, February 23, 2011, 8:30 a.m.

William Green Building

30 West Spring Street, 2nd Floor (Mezzanine)

Columbus, Ohio 43215

Members Present: Nicholas Zuk, Chair
David Caldwell
Kenneth Haffey
James Hummel
Steven Lehecka
James Matesich
Mark Palmer
Thomas Pitts
Larry Price
Robert Smith
Dewey Stokes

Members Absent: None

Counsel Present: Janyce Katz, Assistant Attorney General
Jason Rafeld, General Counsel

Staff Present: Ann Shannon, Legal Counsel
Donald Berno, Board Liaison

Scribe: Jill Whitworth

CALL TO ORDER

Mr. Zuk called the meeting to order at 8:07 a.m.

ROLL CALL

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

REVIEW OF DECEMBER 16, 2010 MINUTES

Motion was made by Mr. Smith, seconded by Mr. Hummel, to approve the minutes. No changes were discussed. Roll call was taken and the motion to approve the minutes passed 11-0.

REVIEW MEETING AGENDA

The meeting agenda was reviewed by Mr. Zuk. Motion was made by Mr. Price, seconded by Mr. Hummel, to approve the agenda. Roll call was taken and the motion passed 11-0.

ADMINISTER OATH OF OFFICE TO NEW DIRECTORS

Mr. Zuk administered the oath of office to new directors Mr. Lehecka, Mr. Palmer and Mr. Stokes.

COMMITTEE REPORTS:

GOVERNANCE COMMITTEE

Mr. Price presented the Governance Committee report. The committee met earlier today and approved a recommendation to the Board Chair of new Committee assignments, except for the Medical Services & Safety Committee. Mr. Price also noted no recommendation would be made for the position of Board Vice Chair.

CHAIR RECOMMENDATIONS FOR COMMITTEE ASSIGNMENTS

Mr. Zuk moved that after consideration of the recommendations of the Governance Committee, the BWC Board of Directors approve the recommendations of the Governance Committee for the following new Board and Committee member assignments:

- For the AUDIT COMMITTEE: add Chairman Zuk and Director Stokes
- For the ACTUARIAL COMMITTEE: add Director Lehecka as Committee Chair
- For the INVESTMENT COMMITTEE: add Director Palmer as Committee Vice Chair
- For the GOVERNANCE COMMITTEE: Add Chairman Zuk

In all other respects, the Committee assignments as previously approved by the Board will remain the same.

The motion was seconded by Mr. Price and approved by 11-0 unanimous roll call vote.

ADJOURN

Motion was made by Mr. Haffey, seconded by Mr. Pitts, to adjourn the meeting at 8:17 am. Roll call was taken and the motion passed 11-0.

BWC Board of Directors
BOARD MEETING
Thursday, December 16, 2010, 9:00 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
Janyce Katz, Assistant Attorney General
Ron O'Keefe, Fiduciary Counsel
James Barnes, BWC Chief Counsel

Staff present: Marsha Ryan, Administrator
Tracy Valentino, Chief Fiscal & Planning Officer
John Pedrick, Chief Actuarial Officer

Scribe: Larry Rhodebeck, Staff Counsel

CALL TO ORDER

Mr. Lhota called the meeting to order at 9:00 a.m. and the roll call was taken. Mr. Lhota reported that all eleven members were present and constituted a quorum.

MINUTES OF NOVEMBER 19, 2010

Mr. Haffey moved to approve the minutes of November 19, 2010. Mr. Caldwell seconded and the motion was approved by a roll call vote of eleven ayes and no nays.

AGENDA

Mr. Lhota reserved the right to take a break at any appropriate time in the meeting.

Mr. Caldwell moved to approve the agenda. Mr. Smith seconded and the agenda was approved by a roll call vote of eleven ayes and no nays.

CHAIRMAN'S COMMENTS

Mr. Lhota reported that five committee meetings were held on December 15 and 16 and there was 96% attendance by directors at the meetings.

COMMITTEE REPORTS

ACTUARIAL COMMITTEE

Mr. Bryan reported that the Actuarial Committee met, but had no first or second readings on action items. Instead, the Actuarial Committee heard reports on employer programs created over the past three years. This fulfills the requirement of Ohio Administrative Code Rule 4123-17-61.1 requiring a report on group rating and the need to incorporate reports on all programs for effectiveness. Charts prepared by Employer Management Services show that despite reduction in the credibility table maximum rates, there is still wide-spread participation in group rating at a 51% credibility level. There should also be more emphasis on safety and hygiene programs as a pre-requisite to group rating. One unanswered question for report in January is the number of policies per group.

Mr. Smith commented that the high-level of participation is less because of the good judgment of the Workers' Compensation Board in approving these programs, than of the widespread acceptance of them by employers. Mr. Bryan concurred in that comment.

Mr. Bryan continued that of the more than 1,000 employers who could opt for 100% cap increase, 337 elected not to during the second year, but the reasons are not clear. It could be because of the ten-step business plan requirement. The one-claim program is a hold-over from years in which employers could qualify for 95% premium discounts and could have a safe landing at 60% discount. The Actuarial Committee questions whether the one-claim program is still viable.

Group retrospective rating is a new program with wide appeal. The group elects to pay a portion of the premium up front and then pay losses. The program is complex because at the end of the first three years of participation, the group pays a lump sum based on reserves. BWC has offered deductible programs at various levels. There is little participation so far, but the program has great potential. Overall, BWC is making progress in giving employers greater choice.

Mr. Bryan finally reported that the Actuarial Committee also conducted a discussion on the 30% cap on base rate changes for classifications. An additional report is due in January.

INVESTMENT COMMITTEE

Mr. Smith reported that as of December 14, 2010 the BWC portfolio had \$19.391 billion in market value of invested assets, consisting of 66.9% in fixed income investments, 32.5% in equities, and 0.6% in cash. Total portfolio return for fiscal 2010 year-to-date through November was 6.4% led by equities which had returned 16.8%. Portfolio return for December 2010 through December 14 showed a slight loss of 0.7%.

The Investment Committee received a report from Bruce Dunn, Chief Investment Officer, on changes in the Investment Policy Statement from the beginning of fiscal year 2009 to the present. Mercer Investment Consulting also presented a report on portfolio sensitivity analysis. The report demonstrated how changes in interest rates affect the value of the State Insurance Fund. Mercer also presented a report on active vs. passive management of long-term credit investments. BWC is unique in that 100% of its investments are passively managed. Mercer reports that long credit makes the most sense of all BWC existing investment asset mandates for active management. Fees for active management would be modestly higher than passive management for long credit. In the opinion of Mr. Dunn, passive management requires purchase of investments regardless of their price, performance, and lack of liquidity. In January, Mr. Dunn will deliver his proposal on active management of long credit bonds and Mercer will provide their recommendation on how to proceed.

Mr. Pitts commended the reports of Mercer for helping him understand the intricacies of investment activity and the challenges faced by Mr. Dunn and Lee Damsel, Director of Investments.

MEDICAL SERVICES AND SAFETY COMMITTEE

Mr. Harris reported that the Medical Services and Safety Committee had four action items at its meeting. The first concerned fees for ambulatory surgical center services. BWC will apply a 1.3% adjustment factor. Orthopedic facilities will see a 12% increase, while pain management centers will see a 2% fee decrease. The total increase in payments is estimated to be \$677,000.

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 4123-6-37.3 of the Administrative Code, "Payment of Ambulatory Surgical Center Services." The motion consents to the Administrator amending Rule 4123-6-37.3 as presented here today. Mr. Hummel seconded and 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 recommended approval of the Outpatient Hospital Fee Schedule rule. BWC proposes a 2% adjustment to Medicare rates, which is an overall decrease of 8% in rates and \$1,000,000 increase in costs.

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 4123-6-37.2 of the Administrative Code, "Payment of Hospital Outpatient Services." The motion consents to the Administrator amending Rule 4123-6-37.2 as presented here today. Mr. Pitts seconded and 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 made a waiver of a second reading of a proposed emergency rule change for the Medical Services Provider Fee Schedule to avoid procedural problems of not having CPT codes that are identical to those of Medicare.

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 4123-6-08 of the Administrative Code, "Bureau Fee Schedule," as an emergency rule, to implement changes in the Healthcare Common Procedural Coding System by January 2, 2011. The motion consents to the Administrator amending Rule 4123-6-08 and enacting Appendix A to the rule as an emergency rule as presented at the Medical Services and Safety Committee. The motion consents to the Administrator requesting that the Governor declare an emergency for the adoption of the rule, and consents to the Administrator also filing the rule under the normal Chapter 119 rule making procedure. Ms. Falls seconded and the motion was approved by a roll call vote of eleven ayes and no nays.

Mr. Harris acknowledged that Freddie Johnson, Director, Managed Care Services, and Ann Casto, Casto Consulting, provided the reports on the first two rules and that Mr. Johnson and Jean Stevens, Medical Policy Senior Analyst, gave the report on the third rule.

Mr. Harris also reported that Dr. Abe Al-Tarawneh, Superintendent, Division of Safety and Hygiene, presented the fiscal year 2010 Safety and Hygiene Division Annual Report. Mr. Harris moved that the Workers' Compensation Board of Directors approve the Administrator's recommendation to approve the BWC Division of Safety and Hygiene Annual Report for publication and release, as recommended by the Medical Services and Safety Committee. Mr. Hummel seconded and the motion was approved by a roll call vote of eleven ayes and no nays.

Mr. Harris reported that the committee had a first reading of the OSHA/PERRP Cranes and Derricks rule by Michael Rea, Industrial Safety Administrator. The rule makes changes for the Public Employer Risk Reduction Program. The Medical Services and Safety Committee also heard an abbreviated report from Bob Coury, Chief, Medical Services, on the Medical Services Division. Mr. Coury will return to the Medical Services and Safety Committee in January to provide additional details.

GOVERNANCE COMMITTEE

Ms. Falls reported that the Governance Committee had met this morning, but had no action items. The Governance Committee conducted a discussion on the self-assessment of the Workers' Compensation Board and four prior action items. There was an

introductory discussion on using more technology for the Workers' Compensation Board. Finally, the Governance Committee heard comments by Fiduciary Counsel Ron O'Keefe.

AUDIT COMMITTEE

Mr. Haffey reported the Audit Committee conducted a review of the Fiscal Year 2010 Comprehensive Annual Report, which consists of the BWC Annual Report, audited financial statements, the Safety and Hygiene Division Report, the 2010 Investment Class Annual Report, the Health Partnership Program (HPP) report, and the Industrial Commission Report. Each report was approved by their respective Workers' Compensation Board committees.

Tracy Valentino, Chief of Fiscal and Planning, conducted a review of the budget process, including an explanation of the narratives accompanying them and goals and objectives. The budget will be presented to the General Assembly in March, discussed by respective house committees, and enacted by the end of June.

Mr. Haffey moved that the Workers' Compensation Board of Directors approve the Administrator's recommendation to approve the BWC Annual Report for publication and release, as recommended by the Audit Committee. Mr. Smith seconded and the motion was approved by a roll call vote of eleven ayes and no nays.

The Audit Committee had a report from Tom Croyle, Chief Information Officer, on the Disaster Recovery Plan. BWC conducts tests of the computer system in the spring and autumn. There are tests of other systems throughout the year.

Caren Murdock, Chief of Internal Audit, presented a report on the Fiscal Year 2011 First Quarter Executive Summary. One consulting project and three audits were completed. There was a discussion of outstanding comments and review of management responses to comments. There will be a further review of comments in future meetings.

Ms. Murdock also conducted a discussion of ongoing projects. Three audits are in the planning phase, four are in fieldwork, three are in final phases, and four are completed for the December Quarterly Executive Summary. Three other projects were discussed: the annual risk assessment, the audit validation for the March Audit Committee meeting, and the Office of Budget and Management IT audit project for Cambridge.

MONTHLY ENTERPRISE REPORT

Ms. Valentino reported on the "You Are the Brand" recognition for the team which prepares the monthly *Enterprise Report*. A video covering the team and the report was presented and greeted with a round of applause from the Workers' Compensation Board and the public in attendance. The team works very hard to meet very tight timelines. The eight individuals from the Financial Reporting Department include: Barb Ingram, Vicky Congrove, Carl Juckett, Luke Boggs, Jigna Naik, Lee Arbuckle, Beverly Chatters, Cathy Phillips, and Joel Donchess.

Ms. Valentino next delivered the December *Enterprise Report*. BWC's net assets decreased by \$271 million in November resulting in net assets of \$4.8 billion at November 30, 2010 compared to \$5.1 billion at October 31, 2010. Premium and assessment income net of the provision for uncollectible accounts receivable and ceded reinsurance premiums resulted in operating revenues of \$163 million in November. Benefits and compensation adjustment expenses of \$201 million along with other expenses of \$10 million resulted in operating expenses of \$211 million. Permanent partial benefit payments increased by \$4 million in November primarily due to a change in paying scheduled loss awards in a lump sum payment rather than as bi-weekly scheduled payments.

Mr. Bryan asked whether the scheduled loss awards are paid at face value, or in discounted amount. Ms. Valentino replied that by statute, the award must be paid in the full amount. Mr. Pitts added that these payments are the result of a recent rule change approved by the Workers' Compensation Board. The lump-sum payment puts cash in hand of the most severely injured of injured workers, those who suffer, for example, from amputations or quadriplegia.

Ms. Valentino further reported that two payroll cycles in November, compared to three in October, contributed to the decline in payments for compensation adjustment expenses and other expenses. As required by Senate Bill 181 of the 128th General Assembly, a transfer of \$2.28 million was made from the Coal Workers' Pneumoconiosis Fund to the Ohio Department of Natural Resources (ODNR) Strip Mining Administration Fund. A quarterly transfer of \$725,000 was made to the ODNR Mine Safety Fund.

Mr. Harris asked for confirmation the first payment was in a lump-sum for what the coal operators would not pay for and that the second payment will be in quarterly installments. Ms. Valentino confirmed the payment schedule.

Ms. Valentino also reported that a \$276 million decline in the fair value of the investment portfolio in November along with interest and dividend income of \$56 million for the month resulted in net investment losses of \$220 million for the month after investment expenses of \$0.6 million. The decrease in the fair value of the portfolio is comprised of \$17 million in net realized gains and \$293 million in net unrealized losses. Cash and cash equivalents include \$147 million in money market holdings in the outside investment manager accounts. These funds are committed to covering a \$67 million net investment trade payable for transactions that will settle in December. Premium and assessment receipts of \$120 million were collected in November. These receipts contained a significant portion of the \$133 million second 50/50 payment plan installment which was due by December 1, 2010.

BWC's total net assets have increased by \$988 million for fiscal year-to-date 2011 resulting in net assets of \$4.8 billion at November 30, 2010 compared to \$4.2 billion at November 30, 2009. BWC's premium and assessment income for fiscal year-to-date 2011 is \$815 million compared to \$921 million for fiscal year-to-date 2010 reflecting decreased payroll and premium rates for private and state agency employers effective July 1, 2010 and January 1, 2010 for public employer taxing districts. Benefit and compensation adjustment expenses increased by \$33 million for fiscal year-to-date 2011 compared to

prior fiscal year-to-date expenses. BWC's net investment income for fiscal year-to-date 2011 totaled \$1,236 million comprised primarily of \$776 million in net unrealized gains and \$183 million in net realized gains, along with \$280 million of interest and dividend income, net of \$3 million in investment expenses. This compares to last year's net investment income of \$1,716 million. Declines in private employer payroll and premium rates have contributed to premium collections being \$92 million less than prior fiscal year-to-date collections.

The second 50/50 installment was due December 1, 2010. Coverage lapsed for 2,743 employers who failed to make this payment in a timely manner. These employers owe almost \$14 million and represent approximately 12% of the employers participating in the 50/50 program. This percentage has remained stable each of the last four reporting periods. Accounts remaining unpaid will be certified to the Attorney General for collection on December 18th.

Mr. Price asked what percentage of the \$14 million employers owe is eventually paid. Ms. Valentino replied she did not have that information, but would research it for the next meeting.

Ms. Valentino estimated that during December and early January approximately \$200 million will be redeemed from the investment portfolio to meet operating cash needs until there are sufficient cash flows from employer premium payments. Significant premium collections do not occur until the last week of January.

BWC Administrative Cost Fund expenses through fiscal year to date (FYTD) November 2010 are approximately \$8.3 million (7.2%) less than budgeted and approximately 1% less than last fiscal year. Decreases in payroll through FYTD November 2010 are a result of decreases in staffing as a result of hiring controls. As of November 2010, there were 2,196 full time equivalent positions compared to 2,319 last year. Payroll changes within the Fiscal and Planning and Information Technology divisions are the result of Office Services and Facilities departments moving between divisions.

Through November 2010 journal entries BWC staff have taken 77,000 (44%) of the available 175,700 hours of cost-savings days for a savings of approximately \$3.2 million. As of November 2009, staff had used 56% of the hours available for a savings of \$2.1 million. Fiscal year 2011 usage is expected to increase in December due to the holidays.

The timing of the receipt of invoices for payment in fiscal year 2011 contributed to actual expenditures being less than the amount budgeted through November. Purchase orders have been completed in Personal Services, Maintenance and Equipment categories to encumber the fiscal year 2011 budgeted amounts. Payments in Other Personal Services and Special Counsel were greater for FYTD 2011 than FYTD 2010 due to timing of invoice payments and additional contract hours for Special Counsel services. Changes to the Safety Grant Program in fiscal year 2010 caused a reduction in activity for that fiscal year. Identification of additional costs savings and evaluation of approved projects resulted in a \$14 million reduction in the fiscal year 2011 budget.

Page 10 reports the administrative expenses paid to vendors from the State Insurance Fund: JPMorgan Chase, Mercer, Oliver Wyman, Deloitte Consulting, and Towers Watson. BWC disbursed payments to ODNR for the Mine Safety Fund and Strip Mining Administration Fund. BWC has a memorandum of understanding (MOU) with ODNR to report expenditures of the two funds.

Pages 12 and 14 show net assets for the State Insurance Fund are \$4.2 billion and \$4.8 billion for the combined funds.

Mr. Bryan asked the Workers' Compensation Board whether the undiscounted reserve should be used in the Statement of Net Assets because it gives a clearer picture of ultimate BWC liabilities. Mr. Smith concurred that the undiscounted reserve should be used. Also, the state pension funds are proposing to change their reporting to undiscounted reserves. Ms. Valentino added that proposal would not necessarily apply to BWC and would require a change to the Government Accounting Standards (GASB). Mr. Bryan added that if BWC were a private insurance carrier it could only discount a portion of its reserve. Ms. Valentino replied that there is a vast difference of GASB standards and statutory accounting rules for insurance companies.

Ms. Valentino continued with the Statement of Net Assets – Combining Schedule, The reserve for compensation and compensation adjustment expense is slightly less than \$20 billion. With respect to Financial Performance Metrics, both the Funding Ratio and the Net Leverage ratio are within the guidelines. Ms. Valentino added that the metrics were selected based on recommendations of the Deloitte Study required by HB100. They were also selected in consultation with John Pedrick, Chief Actuarial Officer,

Concerning the Operational Performance Metrics on pages 15—18, the most notable is that the decline in the number of the new claims filed has leveled off. Ms. Valentino announced that the January report will include information on payroll and premium reporting.

Ms. Falls commented that the first *Enterprise Report* was issued in August 2007. The present version is much improved in the level of discussion and information. Mr. Bryan reminded the Workers' Compensation Board that Ms. Falls was instrumental in making these improvements. Also, in the future, the net asset level will be one of the most important issues facing the Board. The Deloitte Study emphasized net assets as a measure of compliance with the fiduciary responsibility created under HB 100. Net assets will be an important focus in the next three to four months. Net assets are not excess money, but rather a basis for the directors to fulfill their fiduciary responsibility.

Mr. Smith added net assets also play a role in rate stability. Mr. Bryan added that in a pricing strategy, the insurer first sets the net assets and then selects pricing of its products. If net assets are inadequate, then the insurer must raise prices or reduce benefits. Mr. Pedrick added that if an insurer is undercapitalized, then it is quicker to raise prices.

Mr. Price stated that because he hears so much about excess assets, the net asset level should be an issue of discussion at Workers' Compensation Board committee meetings.

Mr. Haffey volunteered to work with the chairs of the Actuarial Committee and Investment Committee for appropriate forums for discussion on net asset levels.

ADMINISTRATOR'S BRIEFING

Ms. Ryan delivered the Administrator's Report for December. The Ohio Senate Insurance, Commerce, and Labor Committee met on December 18 and unanimously approved all four pending nominations to the Workers' Compensation Board: Mr. Lhota, Ms. Falls, Mr. Bryan, and Mr. Harris. The Senate next meets on December 21. The 129th General Assembly will convene on January 3, 2011.

Ms. Ryan reported that in attendance were Kim Wheeler, legislative aide to Senator Steve Buehrer, and Janyce Katz, Assistant Attorney General. Ms. Wheeler will be provided with a copy of all hand-outs from this month's meeting. Ms. Katz is the successor to retiring Assistant Attorney General John Williams.

Ms. Ryan commented that among the greatest gifts she has had was a strong senior team to address the public's business. Another gift was a strong board, for guidance, and with a reach across the state of Ohio. These will be great gifts to Senator Buehrer when he becomes Administrator of BWC.

Ms. Ryan next read a prepared statement: Four years ago a few bad apples and many bad decisions had rendered Ohio's Bureau of Workers' Compensation an embarrassment. And now it is a source of pride. We created an independent board of directors and a deputy inspector general position to watch over the BWC. We made perfectly clear our expectation that the BWC meet the highest standard of integrity. And it has. Because of our commitment to professionalism and following best business practices, we have kept faith with injured workers and employers. In fact, Bureau of Workers' Compensation rates are now at a 20-year low.

Ms. Ryan reported those were the words of Governor Strickland in his farewell address of December 15.

CHAIRMAN'S COMMENTS

Mr. Lhota stated he would take this opportunity to reflect on the past eleven months. The Workers' Compensation Board has:

- Approved creation of a large deductible program
- Obtained re-insurance coverage for catastrophic events
- Completed a re-allocation of our portfolio
- Completed asset allocation studies for the Public Workers' Relief and Marine Industry Funds
- Reviewed and updated our discount rate
- Reviewed and updated our financial metrics
- Approved the Administrative budget
- Approved a variety of public and private employer base rate reductions
- Approved a Confidential Personal Information rule

- Approved five different fee schedules for treatment of injured workers
- Completed ethics training
- Approved several changes to the Investment Policy Statement
- Closely monitored the implementation of the recommendations of the Comprehensive Study
- Reviewed and updated our Governance Guidelines and Committee Charters
- Approved simplification and understandability to many rules.

Mr. Lhota added that all in all, it was not a bad year's work. Mr. Lhota also stated that he would hold this board and staff up with any corporate or non-profit board on which he has served.

Mr. Lhota then designated Mr. Harris as chair for further conduct of the meeting.

Mr. Lhota thanked AAG Williams for his counsel on compliance with the Sunshine Laws. He welcomed AAG Katz as Mr. Williams' replacement.

Mr. Lhota stated that he first came to know Marsha Ryan when he was on staff at American Electric Power (AEP) and she worked for the Ohio Public Utilities Commission. Because of her much-admired business skills, she was hired by AEP to run its customer conservation program. She served AEP well in many other capacities in other states. When Governor Strickland took office in 2007, Mr. Lhota reported he was asked who would make an excellent BWC Administrator and he recommended Ms. Ryan. Later he was asked to submit his name as a Workers' Compensation Board director and to his surprise he was selected as both a member and chair.

Mr. Lhota moved that the Workers' Compensation Board adopt the following resolution:

Whereas, your commitment to stable costs has resulted in the lowest premium rates in 20 years;

Whereas, your commitment to better services has resulted in significantly improved customer service, operational improvements and efficiencies;

Whereas, your commitment to accurate rates has resulted in actuarially sound methods of establishing rates for private and public employers;

Whereas, your commitment to safe workplaces has resulted in a greater focus on collaborative research and accident prevention;

Whereas, your leadership has resulted in improved transparency for governance and financial reporting;

Whereas, your coordinated efforts with the self-insured community has protected the solvency of the Self-insuring Employers Guaranty Fund and resolved the challenges of bankruptcies during the economic downturn of 2008;

Therefore, be it resolved the Board of Directors for the Ohio Bureau of Workers' Compensation expresses their sincere gratitude and admiration to Marsha P. Ryan for setting the highest standards of ethics, integrity,

transparency, fiscally sound practices and excellence at the Bureau of Workers' Compensation.

Mr. Bryan seconded and the resolution was approved by a unanimous roll call vote. Mr. Lhota then presented a framed copy of the resolution and photograph of Governor Strickland, Administrator Ryan, and the Workers' Compensation Board of Directors from the November 19 meeting. The Workers' Compensation Board and all those in attendance then gave a standing ovation.

Ms. Ryan thanked the Workers' Compensation Board for its recognition.

ADJOURNMENT

Mr. Lhota asked if there was any other business. Hearing none, and upon motion by Mr. Matesich and second by Mr. Smith, the Directors voted 11-0 to adjourn at 10:25 a.m. and Mr. Lhota adjourned the meeting.

H:\Word\ldr\WCB 1210.doc
December 22, 2010