

Enterprise Report

January 2011

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 20.*

December Financial Analysis

BWC's net assets increased by \$207 million in December resulting in net assets of \$5 billion at December 31, 2010 compared to \$4.8 billion at November 30, 2010.

<i>(\$ in millions)</i>	Month Ended Dec. 31, 2010	Month Ended Nov. 30, 2010	Month Ended Dec. 31, 2009
Operating Revenues	\$164	\$163	\$159
Operating Expenses	(191)	(211)	(195)
Operating Transfers	-	(3)	-
Net Operating Gain (Loss)	(27)	(51)	(36)
Net Investment Income (Loss)	234	(220)	(166)
Increase (Decrease) in Net Assets	207	(271)	(202)
Net Assets End of Period	\$5,020	\$4,813	\$3,950

- o Premium and assessment income net of the provision for uncollectible accounts receivable and ceded reinsurance premiums resulted in operating revenues of \$164 million in December. The accrual of ceded reinsurance premiums is netted against earned premiums in the Statement of Operations.
- o Benefits and compensation adjustment expenses of \$181 million along with other expenses of \$10 million resulted in operating expenses of \$191 million.

<i>(\$ in millions)</i>	Month Ended Dec. 31, 2010	Month Ended Nov. 30, 2010	Increase (Decrease)
Change in Reserves	\$22	\$22	\$ -
Net Benefit Payments	132	146	(14)
Payments for Comp Adjust Expenses	15	16	(1)
MCO Admin Payments	12	17	(5)
Other expenses	10	10	-
	\$191	\$211	\$(20)

- o The December decline in net benefit payments is the result of a \$2 million decrease in permanent partial benefit payments, a \$1 million decrease in settlements, a \$3 million decline in medical payments, the receipt of \$2 million in pharmacy rebates, and \$6 million billed in a medical provider fraud case.
- o The payment of the quarterly performance payment to managed care organizations in November resulted in the \$5 million decline in MCO administrative payments in December.
- o A \$168 million increase in the fair value of the investment portfolio in December along with interest and dividend income of \$67 million for the month, resulted in net investment income of \$234 million for the month after investment expenses of \$0.5 million. The increase in the fair value of the portfolio is comprised of \$20 million in net realized gains and \$148 million in net unrealized gains.
- o Cash and cash equivalents include \$95 million in money market holdings in the outside investment manager accounts. These funds are committed to covering a \$26 million net investment trade payable for transactions that will settle in January.
- o Premium and assessment receipts of \$47 million were collected in December. Additionally, \$165 million was redeemed from the investment portfolio to meet operating cash needs during December and early January prior to significant premium collections occurring at the end of January.

Fiscal Year-to-Year Comparisons

BWC's total net assets have increased by \$1.2 billion for fiscal year-to-date 2011 resulting in net assets of \$5 billion at December 31, 2010 compared to \$4 billion at December 31, 2009.

(\$ in millions)	Fiscal YTD Dec. 31, 2010	Projected FYTD Dec. 31, 2010	Fiscal YTD Dec. 31, 2009
Operating Revenues	\$956	\$945	\$1,071
Operating Expenses	(1,227)	(1,276)	(1,185)
Operating Transfers	(4)	(2)	(2)
Net Operating Gain (Loss)	(275)	(333)	(116)
Net Investment Income (Loss)	1,470	487	1,551
Increase (Decrease) in Net Assets	1,195	154	1,435
Net Assets End of Period	\$5,020	\$3,979	\$3,950

- o BWC's premium and assessment income for fiscal year-to-date 2011 is \$989 million compared to \$1,064 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.
- o Benefit and compensation adjustment expenses increased by \$26 million for fiscal year-to-date 2011 compared to prior fiscal year-to-date expenses.

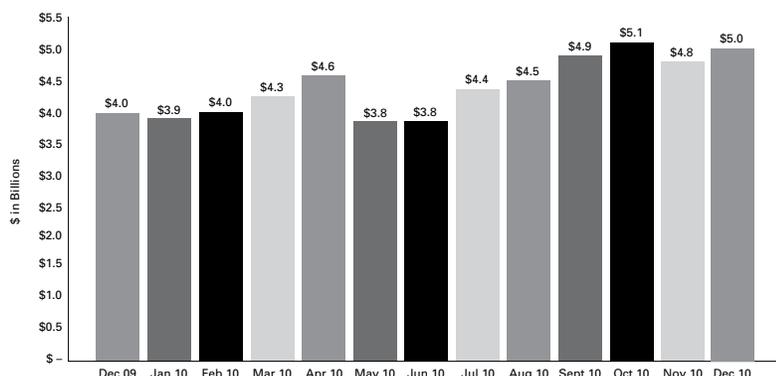
(\$ in millions)	Fiscal YTD Dec. 31, 2010	Fiscal YTD Dec. 31, 2009	Increase (Decrease)
Change in Reserves	\$130	\$35	\$95
Net Benefit Payments	859	909	(50)
Payments for Comp Adjust Expenses	95	117	(22)
MCO Admin Payments	84	81	3
	\$1,168	\$1,142	\$26

- o BWC's net investment income for fiscal year-to-date 2011 totaled \$1,470 million comprised primarily of \$924 million in net unrealized gains and \$203 million in net realized gains, along with \$347 million of interest and dividend income, net of \$4 million in investment expenses. This compares to last year's net investment income of \$1,551 million.
- o Declines in private employer payroll and premium rates have contributed to premium collections being \$135 million less than prior fiscal year-to-date collections.

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

- o Payroll reporting forms have been mailed to private employers for reporting payroll and paying premiums for the July through December 2010 policy period. Approximately 250,000 private employers will be expected to file reports and pay premiums by the February 28th deadline. This number is down from 252,000 private employers one year ago and is flat when compared to the January through June 2010 policy period.
- o An additional \$10 million was redeemed from the investment portfolio in early January 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.

Net Assets



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

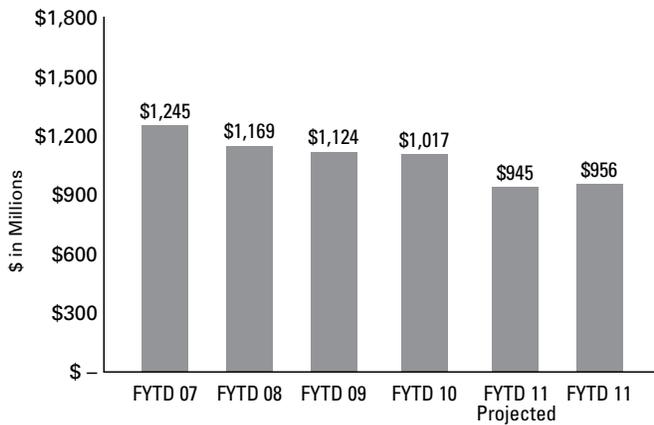
Statement of Operations

Fiscal year to date December 31, 2010

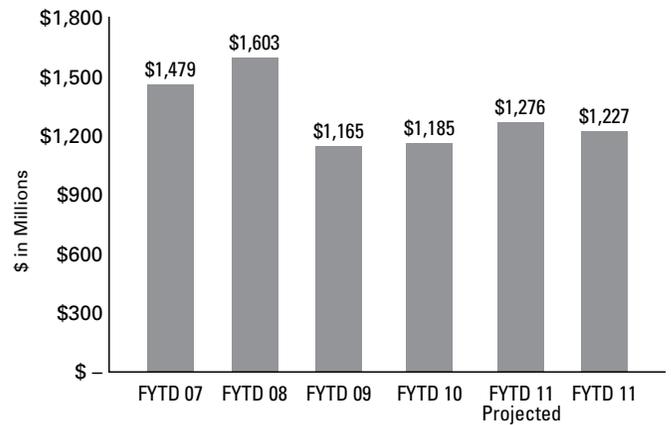
(in millions)

	Actual	Projected	Variance to Projected	Prior Yr. Actual	Year to Year Increase (Decrease)
Operating Revenues					
Premium & Assessment Income	\$989	\$965	\$24	\$1,064	(75)
Ceded Premiums	(3)	(3)	-	-	(3)
Provision for Uncollectibles	(35)	(23)	(12)	1	(36)
Other Income	5	6	(1)	6	(1)
Total Operating Revenue	956	945	11	1,071	(115)
Operating Expenses					
Benefits & Compensation Adj. Expense	1,168	1,210	42	1,142	26
Other Expenses	59	66	7	43	16
Total Operating Expenses	1,227	1,276	49	1,185	42
Operating Transfers	(4)	(2)	(2)	(2)	(2)
Net Operating Gain (Loss)	(275)	(333)	58	(116)	(159)
Net Investment Income (Loss)	1,470	487	983	1,551	(81)
Increase (Decrease) in Net Assets	\$1,195	\$154	\$1,041	\$1,435	\$(240)

Operating Revenues



Operating Expenses



Statement of Operations – Combining Schedule

Fiscal year to date December 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	\$782,628	\$42,303	\$1,071	\$172	\$257	\$13,371	\$149,161	\$988,963
Ceded Premiums	(2,872)	-	-	-	-	-	-	(2,872)
Provision for Uncollectibles	(33,070)	(353)	(113)	-	-	50	(2,222)	(35,708)
Other Income	3,715	-	-	-	-	-	1,682	5,397
Total Operating Revenues	750,401	41,950	958	172	257	13,421	148,621	955,780
Operating Expenses:								
Benefits & Compensation Adj Expenses	1,011,017	39,070	524	13	25	12,435	105,094	1,168,178
Other Expenses	9,963	107	178	1	47	-	48,922	59,218
Total Operating Expenses	1,020,980	39,177	702	14	72	12,435	154,016	1,227,396
Net Operating Income (Loss) before Operating Transfers Out	(270,579)	2,773	256	158	185	986	(5,395)	(271,616)
Operating Transfers Out	-	-	(3,730)	-	-	-	(213)	(3,943)
Net Operating Income (Loss)	(270,579)	2,773	(3,474)	158	185	986	(5,608)	(275,559)
Investment Income:								
Investment Income	318,841	20,721	4,589	334	250	22	2,797	347,554
Net Realized Gains (Losses)	87,576	93,346	21,848	-	-	-	-	202,770
Net Unrealized Gains (Losses)	960,970	(25,939)	(11,405)	(22)	(17)	-	-	923,587
Total Realized & Unrealized Capital Gains (Losses)	1,048,546	67,407	10,443	(22)	(17)	-	-	1,126,357
Investment Manager & Operational Fees	(3,485)	(115)	(26)	(5)	(4)	-	-	(3,635)
Gain (Loss) on Disposal of Fixed Assets	-	-	-	-	-	-	(23)	(23)
Total Non-Operating Revenues, Net	1,363,902	88,013	15,006	307	229	22	2,774	1,470,253
Increase (Decrease) in Net Assets (Deficit)	1,093,323	90,786	11,532	465	414	1,008	(2,834)	1,194,694
Net Assets (Deficit), Beginning of Period	3,305,546	1,044,635	193,297	22,568	16,398	7,025	(764,390)	3,825,079
Net Assets (Deficit), End of Period	\$4,398,869	\$1,135,421	\$204,829	\$23,033	\$16,812	\$8,033	\$(767,224)	\$5,019,773

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

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

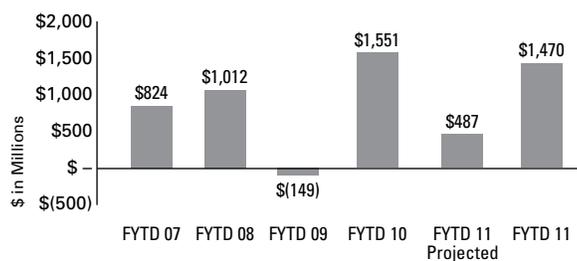
Statement of Investment Income

Fiscal year to date December 31, 2010

(in thousands)

	Actual	Projected	Variance to Projected	Prior Yr. Actual	Year to Year Increase (Decrease)
Investment Income					
Bond Interest	\$303,768	\$335,940	\$(32,172)	\$330,017	\$(26,249)
Dividend Income—Domestic & International	43,238	47,488	(4,250)	42,990	248
Money Market/Commercial Paper Income	187	786	(599)	921	(734)
Misc. Income (Corp Actions, Settlements)	361	2,400	(2,039)	2,182	(1,821)
Total Investment Income	<u>347,554</u>	<u>386,614</u>	<u>(39,060)</u>	<u>376,110</u>	<u>(28,556)</u>
Realized & Unrealized Capital Gains and (Losses)					
Bonds – Net Realized Gains (Losses)	160,944	–	160,944	91	160,853
Stocks – Net Realized Gains (Losses)	48,300	–	48,300	(589,577)	637,877
Non –U.S. Equities – Net Realized Gains (Losses)	(6,474)	–	(6,474)	(6,287)	(187)
Subtotal – Net Realized Gains (Losses)	<u>202,770</u>	<u>–</u>	<u>202,770</u>	<u>(595,773)</u>	<u>798,543</u>
Bonds – Net Unrealized Gains (Losses)	(269,719)	–	(269,719)	370,698	(640,417)
Stocks – Net Unrealized Gains (Losses)	791,970	103,812	688,158	1,329,456	(537,486)
Non –U.S. Equities – Net Unrealized Gains (Losses)	401,336	–	401,336	73,164	328,172
Subtotal – Net Unrealized Gains (Losses)	<u>923,587</u>	<u>103,812</u>	<u>819,775</u>	<u>1,773,318</u>	<u>(849,731)</u>
Change in Portfolio Value	<u>1,126,357</u>	<u>103,812</u>	<u>1,022,545</u>	<u>1,177,545</u>	<u>(51,188)</u>
Investment Manager & Operational Fees	<u>(3,635)</u>	<u>(3,702)</u>	<u>67</u>	<u>(2,974)</u>	<u>661</u>
Net Investment Income (Loss)	<u>\$1,470,276</u>	<u>\$486,724</u>	<u>\$983,552</u>	<u>\$1,550,681</u>	<u>\$(80,405)</u>

Net Investment Income (Loss)



Administrative Cost Fund Expense Analysis

December 2010

- o BWC Administrative Cost Fund expenses through fiscal year to date (FYTD) December 2010 are approximately \$8.1 million (6%) less than budgeted and approximately the same as last fiscal year.
- o Decreases in payroll through FYTD December 2010 are a result of decreases in staffing as a result of retirements and hiring controls. As of December 2010, there were approximately 170 less full time equivalent positions compared to the same time last year. 35 employees retired in December 2010, with an additional 15 employees scheduled to retire in January. Payroll changes within the Fiscal and Planning and Information Technology divisions are the result of Office Services and Facilities departments moving between divisions. Through December 2010 journal entries BWC staff have taken 121,000 (68%) of the available 176,000 hours for a savings of approximately \$3.6 million, which is about the same as last fiscal year.
- o The timing of the receipt of invoices for payment in fiscal year 2011 contributed to actual expenditures being less than the amount budgeted through December. 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.
- o Identification of additional costs savings and reevaluation of approved projects resulted in a \$16 million reduction in the fiscal year 2011 budget.
- o BWC's current fiscal year 2011 budget is approximately \$60 million (18%) less than appropriated by the General Assembly.

Administrative Cost Fund Budget Summary

As of December 31, 2010

Expense Description	FTE's	Actual FY11	Budgeted FYTD11	FYTD11 Variance	FYTD11 Percentage Variance	FY11 Budget	FYTD10 Expenses	Increase (Decrease) in FY11	FYTD11 Percentage Increase (Decrease)
Payroll									
BWC Board of Directors	8	488,881	488,881	0	0.00%	943,354	494,491	(5,610)	-1.13%
BWC Administration	12	755,210	755,446	236	0.03%	1,374,515	725,624	29,586	4.08%
Customer Service	1,337	55,170,116	55,167,254	(2,862)	-0.01%	103,192,305	56,808,978	(1,638,862)	-2.88%
Medical	116	5,197,293	5,197,293	0	0.00%	9,849,778	5,826,812	(629,519)	-10.80%
Special Investigations	121	5,491,632	5,489,370	(2,262)	-0.04%	10,366,603	5,509,839	(18,207)	-0.33%
Fiscal and Planning	104	3,917,237	3,908,329	(8,908)	-0.23%	7,559,096	2,658,924	1,258,313	47.32%
Actuarial	21	1,015,151	1,015,109	(42)	0.00%	1,968,339	1,106,981	(91,830)	-8.30%
Investments	10	632,156	632,156	0	0.00%	1,203,910	661,445	(29,289)	-4.43%
Information Technology	231	13,192,224	13,215,667	23,443	0.18%	25,015,769	15,077,870	(1,885,646)	-12.51%
Legal	78	3,603,734	3,604,081	347	0.01%	7,066,100	3,567,861	35,873	1.01%
Communications	18	779,038	779,338	300	0.04%	1,448,497	856,183	(77,145)	-9.01%
Human Resources	65	2,668,628	2,668,395	(233)	-0.01%	5,177,911	2,643,626	25,002	0.95%
Internal Audit	13	655,408	655,408	0	0.00%	1,239,891	685,149	(29,741)	-4.34%
Ombuds Office	7	272,485	272,485	0	0.00%	515,435	284,730	(12,245)	-4.30%
Total Payroll	2,141	93,839,193	93,849,212	10,019	0.01%	176,921,503	96,908,513	(3,069,320)	-3.17%
Personal Services									
Information Technology		2,592,252	3,709,710	1,117,458	30.12%	8,036,531	2,864,362	(272,110)	-9.50%
Legal - Special Counsel		657,106	531,542	(125,564)	-23.62%	1,060,032	365,371	291,735	79.85%
Legal - Attorney General		2,614,490	2,310,925	(303,565)	-13.14%	4,621,850	2,156,499	457,991	21.24%
Other Personal Services		2,871,734	4,228,530	1,356,796	32.09%	8,271,829	2,260,060	611,674	27.06%
Total Personal Services		8,735,582	10,780,707	2,045,125	18.97%	21,990,242	7,646,292	1,089,290	14.25%
Maintenance									
William Green Rent		1,552,110	1,554,697	2,587	0.17%	19,049,395	1,930,362	(378,252)	-19.59%
Other Rent and Leases		5,207,176	5,757,185	550,009	9.55%	9,736,249	5,424,521	(217,345)	-4.01%
Software and Equipment Maintenance and Repairs		8,565,868	9,733,854	1,167,986	12.00%	14,693,447	7,543,086	1,022,782	13.56%
Inter Agency Payments		2,590,130	2,353,536	(236,594)	-10.05%	4,717,920	1,974,686	615,444	31.17%
Communications		1,386,748	1,977,687	590,939	29.88%	4,067,924	1,406,644	(19,896)	-1.41%
Safety Grants and Long Term Care Loan		1,345,355	1,990,000	644,645	32.39%	4,000,000	432,678	912,677	210.94%
Supplies and Printing		452,135	717,815	265,680	37.01%	1,417,848	429,883	22,252	5.18%
Other Maintenance		1,352,055	1,732,592	380,537	21.96%	3,514,804	1,477,874	(125,819)	-8.51%
Total Maintenance		22,451,577	25,817,366	3,365,789	13.04%	61,197,587	20,619,734	1,831,843	8.88%
Equipment		194,469	2,871,339	2,676,870	93.23%	8,065,603	250,087	(55,618)	-22.24%
Total Administrative Cost Fund Expenses		125,220,821	133,318,624	8,097,803	6.07%	268,174,935	125,424,626	(203,805)	-0.16%

Total Agency Appropriation 328,602,765
Budget to Appropriation Variance 60,427,830
Percentage Variance 18.39%

State Insurance Fund

Administrative Expense Summary

As of December 31, 2010

	Actual FYTD 2011	Encumbrance Balance	FYTD Actual & Encumbrance	Actual FYTD 2010
Investment Administrative Expenses				
JP Morgan Chase - Performance Reporting	\$55,208	\$47,460	\$102,668	\$41,458
Mercer Investment Consulting	285,833	292,748	578,581	202,916
Other Investment Expenses	<u>264,136</u>	<u>146,913</u>	<u>411,049</u>	<u>198,902</u>
	605,177	487,121	1,092,298	443,276
Actuarial Expenses				
Oliver Wyman - Actuarial Services	0	0	0	496,743
Deloitte Consulting - Actuarial Services	<u>798,610</u>	<u>1,556,242</u>	<u>2,354,852</u>	<u>234,965</u>
	798,610	1,556,242	2,354,852	731,708
Reinsurance Expenses				
Towers Watson	4,578,357	0	4,578,357	0
Ohio Rehabilitation Services	<u>605,407</u>	<u>0</u>	<u>605,407</u>	<u>605,407</u>
TOTAL	<u>\$6,587,551</u>	<u>\$2,043,363</u>	<u>\$8,630,914</u>	<u>\$1,780,391</u>

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 December 31, 2010

	FYTD 2011	FYTD 2010	Source
Workers' Compensation Council	\$ -	\$ 325,000	Administrative Cost Fund
Ohio Dept. of Natural Resources			
Mine Safety Fund	1,450,000	965,461	Coal Workers' Pneumoconiosis Fund
Strip Mining Admin Fund	2,280,000	-	Coal Workers' Pneumoconiosis Fund
Ohio Inspector General	<u>212,500</u>	<u>212,500</u>	Administrative Cost Fund
TOTAL	<u>\$ 3,942,500</u>	<u>\$1,502,961</u>	

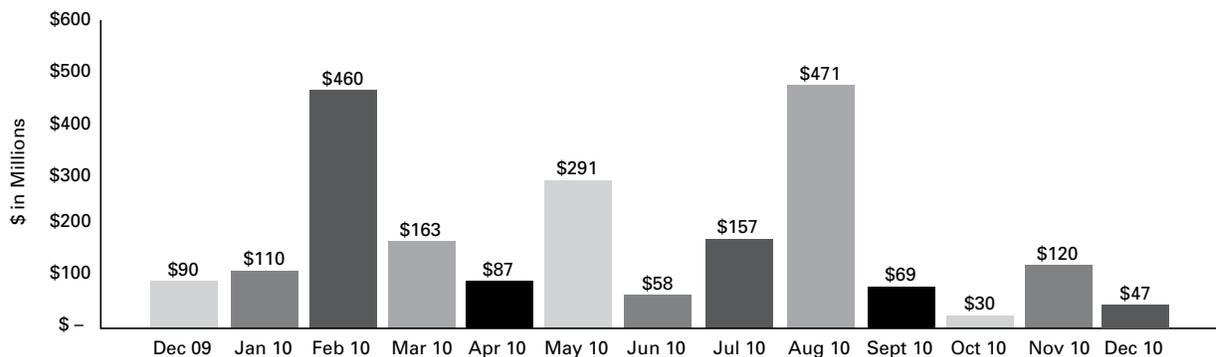
Statement of Cash Flows

Fiscal year to date December 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	\$894	\$909	\$(15)	\$1,029	\$(135)
Cash Receipts - Other	18	15	3	34	(16)
Cash Disbursements for Claims	(1,002)	(1,054)	52	(1,040)	38
Cash Disbursements for Other	(198)	(220)	22	(214)	16
Net Cash Provided (Used) by Operating Activities	(288)	(350)	62	(191)	(97)
Net Cash Flows from Noncapital Financing Activities	(4)	(2)	(2)	(2)	(2)
Net Cash Flows from Capital and Related Financing Activities	(4)	(1)	(3)	(3)	(1)
Net Cash Provided (Used) by Investing Activities	104	60	44	977	(873)
Net Increase (Decrease) in Cash and Cash Equivalents	(192)	(293)	101	781	(973)
Cash and Cash Equivalents, Beginning of Period	436	436	-	504	(68)
Cash and Cash Equivalents, End of Period	\$244	\$143	\$101	\$1,285	\$(1,041)

Premium and Assessment Receipts



Statement of Net Assets

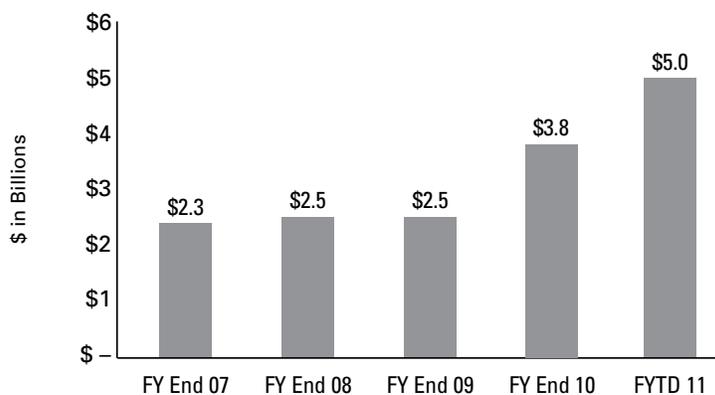
As of December 31, 2010

(in millions)

	Actual	Prior Yr. Actual	Year to Year Increase (Decrease)
Assets			
Bonds	\$13,403	\$12,462	\$941
U.S. Equities	4,379	3,882	497
Non-U.S. Equities	2,052	1,700	352
Cash & Cash Equivalents	<u>244</u>	<u>1,285</u>	<u>(1,041)</u>
Total Cash and Investments	20,078	19,329	749
Accrued Premiums	4,750	4,675	75
Other Accounts Receivable	110	109	1
Investment Receivables	217	1,061	(844)
Other Assets	<u>100</u>	<u>103</u>	<u>(3)</u>
Total Assets	<u>25,255</u>	<u>25,277</u>	<u>(22)</u>
Liabilities			
Reserve for Compensation and Compensation Adj. Expense	\$19,935	\$19,282	\$653
Accounts Payable	22	25	(3)
Investment Payable	96	1,833	(1,737)
Other Liabilities	<u>182</u>	<u>187</u>	<u>(5)</u>
Total Liabilities	<u>20,235</u>	<u>21,327</u>	<u>(1,092)</u>
Net Assets	\$5,020	\$3,950	\$1,070

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 December 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	\$ 12,247,380	\$ 894,030	\$ 217,391	\$ 25,181	\$ 18,814	\$ -	\$ -	\$ -	\$13,402,796
U.S. Equities	4,048,268	292,186	38,700	-	-	-	-	-	4,379,154
Non-U.S. Equities	1,884,921	144,556	21,886	-	-	-	-	-	2,051,363
Private Equities	35	-	-	-	-	-	-	-	35
Cash & Cash Equivalents	193,294	284	109	375	448	47,879	2,039	-	244,428
Total Cash & Investments	18,373,898	1,331,056	278,086	25,556	19,262	47,879	2,039	-	20,077,776
Accrued Premiums	1,856,598	1,789,473	-	346	-	862,302	241,573	-	4,750,292
Other Accounts Receivable	85,416	17,775	59	-	1	454	6,535	-	110,240
Interfund Receivables	15,435	44,408	4	-	23	504	121,332	(181,706)	-
Investment Receivables	216,503	-	-	-	-	2	-	-	216,505
Other Assets	25,495	22	-	-	-	-	74,276	-	99,793
Total Assets	\$ 20,573,345	\$ 3,182,734	\$ 278,149	\$ 25,902	\$ 19,286	\$ 911,141	\$ 445,755	\$ (181,706)	\$25,254,606
Liabilities									
* Reserve for Compensation & Compensation Adj. Expense	\$ 15,803,652	\$ 2,033,352	\$ 72,400	\$ 2,852	\$ 2,352	\$ 899,948	\$1,120,502	\$ -	19,935,058
Accounts Payable	21,719	-	-	-	-	-	794	-	22,513
Investment Payable	95,690	-	-	-	-	-	-	-	95,690
Interfund Payables	164,393	13,919	214	14	6	3,160	-	(181,706)	-
Other Liabilities	89,022	42	706	3	116	-	91,683	-	181,572
Total Liabilities	16,174,476	2,047,313	73,320	2,869	2,474	903,108	1,212,979	(181,706)	20,234,833
Net Assets	\$ 4,398,869	\$ 1,135,421	\$ 204,829	\$ 23,033	\$ 16,812	\$ 8,033	\$(767,224)	\$ -	\$ 5,019,773

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

(in thousands)

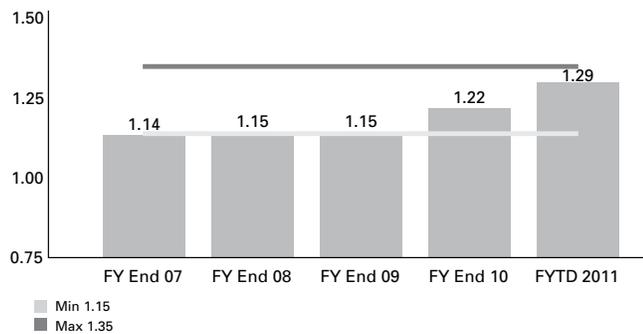
SIF	\$24,955,950
DWRF	3,499,850
CWPF	181,850
PWRE	4,600
MIF	3,550
SIEGF	1,959,800
ACF	1,796,750
Total	\$32,402,350

Financial Performance Metrics

	Actual FY11 As of 12/31/10	Projected FY11 As of 12/31/10	Actual FY10 As of 12/31/09	Guidelines
Funding Ratio (State Insurance Fund)	1.29	1.23	1.24	1.15 to 1.35
Net Leverage Ratio (SIF)	3.77	4.82	4.62	3.0 to 7.0
Loss Ratio	98.3%	104.7%	88.5%	
LAE Ratio - MCO	9.2%	9.1%	7.7%	
LAE Ratio - BWC	10.6%	11.7%	11.1%	
Net Loss Ratio	118.1%	125.5%	107.3%	102.5%
Expense Ratio	6.0%	6.8%	4.1%	7.5%
Combined Ratio	124.1%	132.3%	111.4%	110.0%
Net Investment Income Ratio	34.8%	39.7%	35.1%	
Operating Ratio (Trade Ratio)	89.3%	92.6%	76.3%	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.

Funding Ratio



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.

Loss Ratio

Measures loss experience – Compensation benefit expenses divided by premium and assessment income.

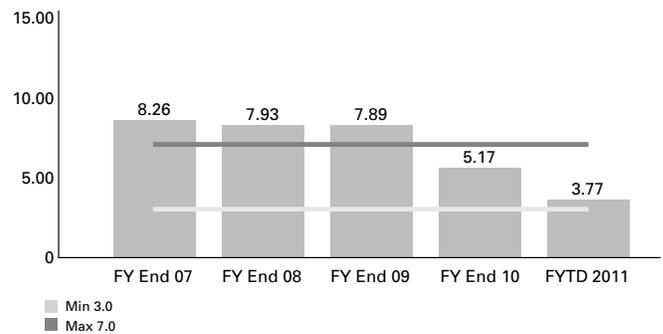
LAE Ratio

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 and LAE ratios.

Net Leverage Ratio



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.

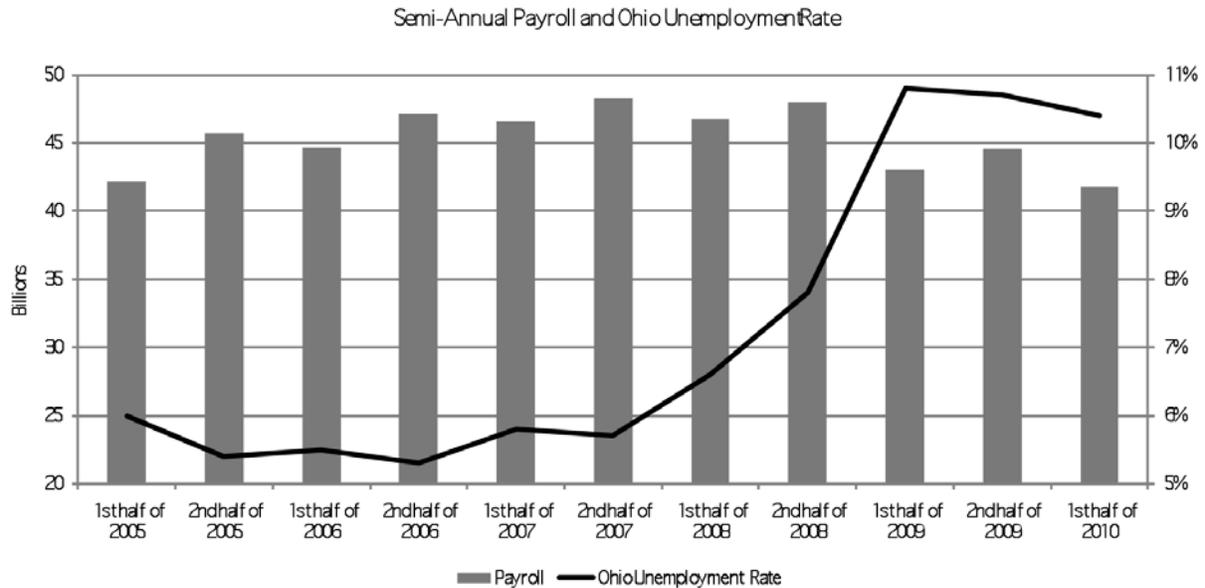
Operating Ratio

Measures overall profitability from underwriting and investing activities – Combined ratio less net investment income ratio.

Operational Performance Metrics

Spotlight on Private Employer Payroll

Private employer reported payroll has declined from a high of \$95 billion for the twelve months ended June 2008 to \$86 billion for the twelve month period ended June 30, 2010 (see aggregate reported payroll chart on page 20). The overall declines in reported payroll correspond to the reported unemployment rates for Ohio during this period.

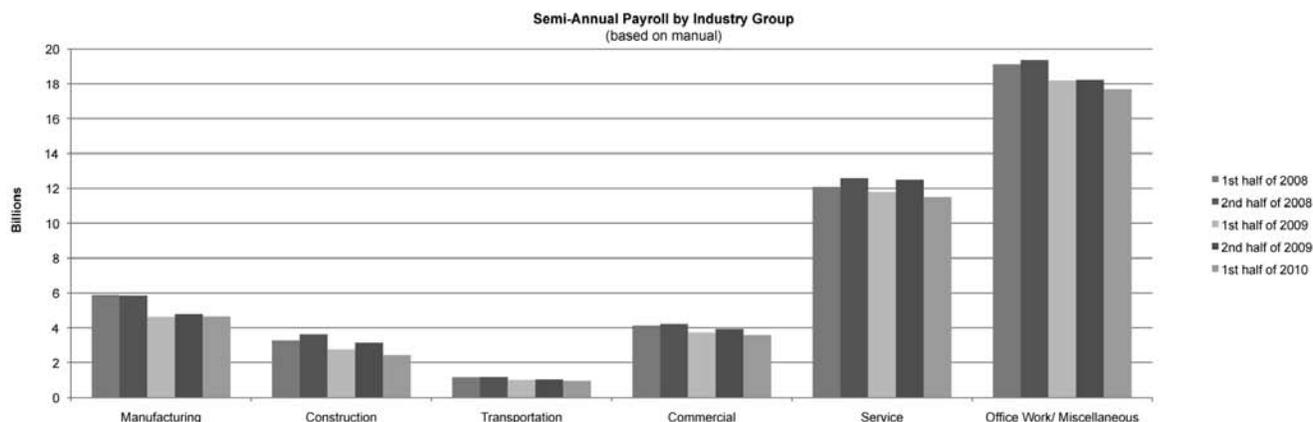


As one might expect, reported payroll has seasonal trends with increased payroll reported for the second half of the calendar year primarily due to payroll in agriculture, extraction, construction, and service industries. Employers report payroll in arrears after the conclusion of the coverage period.

Reported Payroll - Percentage by Reporting Period

Calendar Year	1st Half	2nd Half
2005	48.0%	52.0%
2006	48.6%	51.4%
2007	49.1%	50.9%
2008	49.4%	50.6%
2009	49.1%	50.9%

Payroll is reported to BWC by manual classification. Manual classifications are arranged into 10 industry groups based on similar hazards. The payroll reported by industry group for the six largest industry groups for the last five semi-annual reporting periods is as follows:

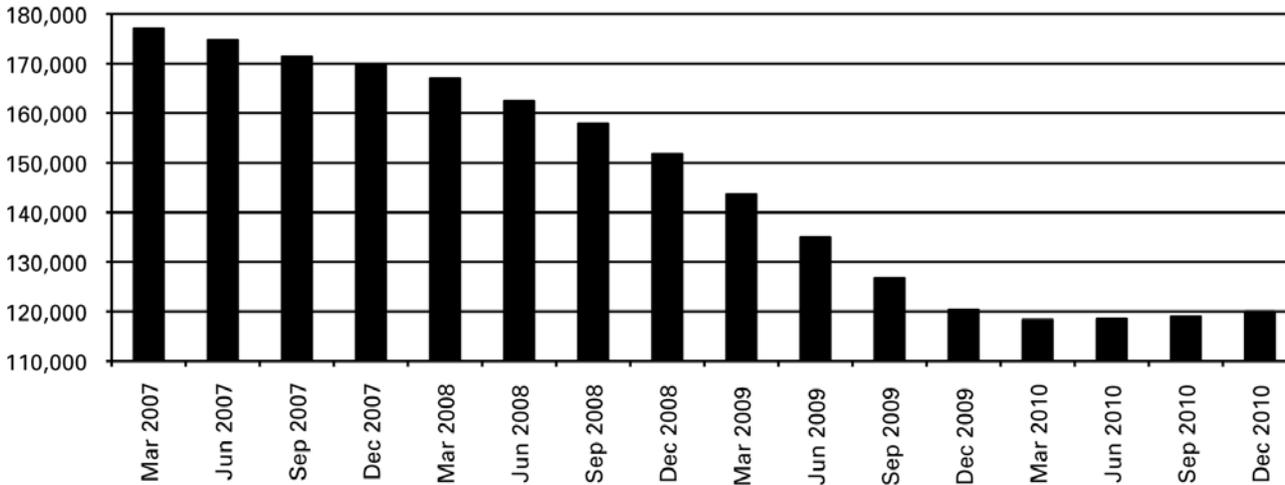


Comparing payroll reported by industry group for the first half of 2008, first half of 2009 and first half of 2010, payroll has declined for all groups with the exception of payroll reported for the extraction industry group.

Reported Payroll - \$ in millions

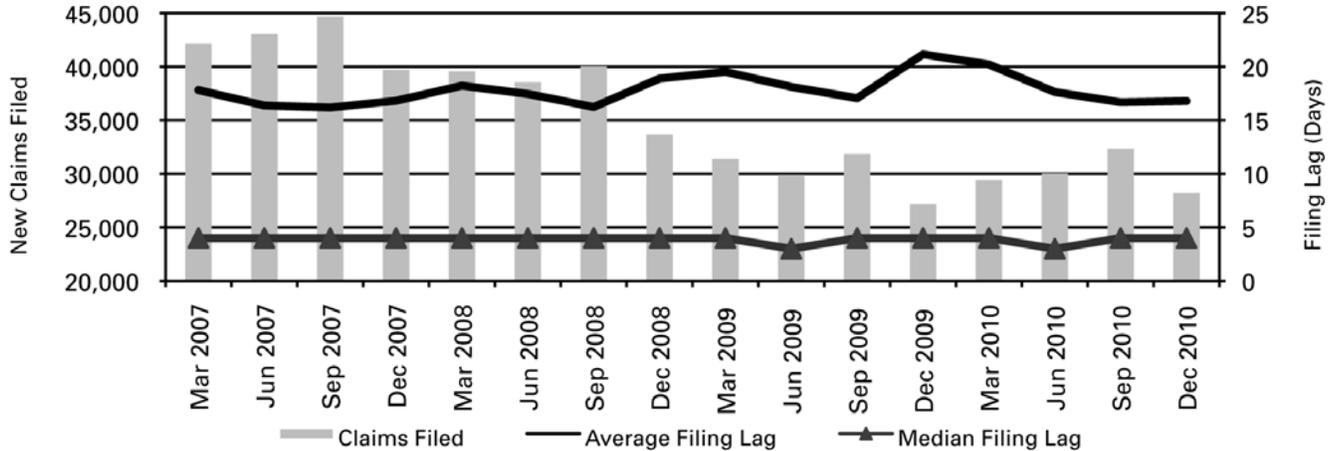
	1 st Half 2008	1 st Half 2009	1 st Half 2010	% Change 2008 -2009	% Change 2009 - 2010
Agriculture	\$173	\$166	\$165	-4.3%	-0.5%
Extraction	\$141	\$145	\$144	2.6%	-0.6%
Manufacturing	\$5,892	\$4,633	\$4,650	-21.4%	0.4%
Construction	\$3,261	\$2,753	\$2,449	-15.6%	-11.0%
Transportation	\$1,175	\$1,011	\$951	-13.9%	-5.9%
Utility	\$342	\$257	\$254	-24.8%	-1.4%
Commercial	\$4,133	\$3,735	\$3,595	-9.6%	-3.7%
Service	\$12,093	\$11,778	\$11,513	-2.6%	-2.2%
High Risk Commercial/Service	\$444	\$413	\$416	-6.8%	0.7%
Office Work/Miscellaneous	\$19,112	\$18,196	\$17,666	-4.8%	-2.9%
Total	\$46,767	\$43,091	\$41,808	-7.9%	-3.0%

New Claims Filed - Twelve months ended



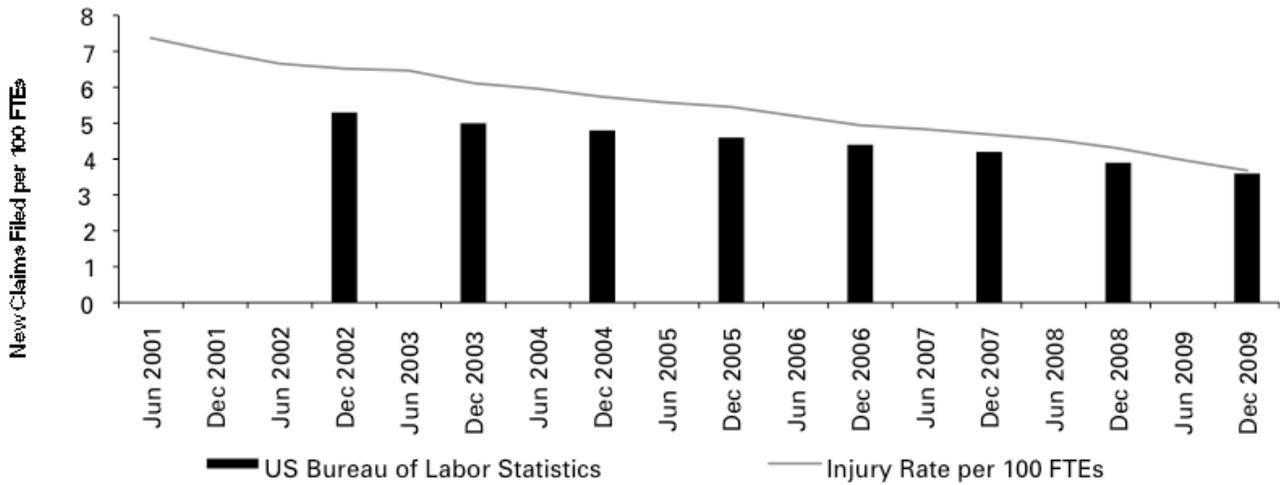
New Claims Filed measures the number of new State Insurance Fund claims filed in rolling twelve month periods measured quarterly. A steady downward trend was in place from the twelve months ended March 31, 2007 through the twelve months ended December 31, 2009 (from 177,107 new claims to 120,279 new claims). The trend has been relatively flat over the past four quarters with 120,015 new claims filed in the twelve months ended December 31, 2010.

Claim Filing Lag - Reported quarterly



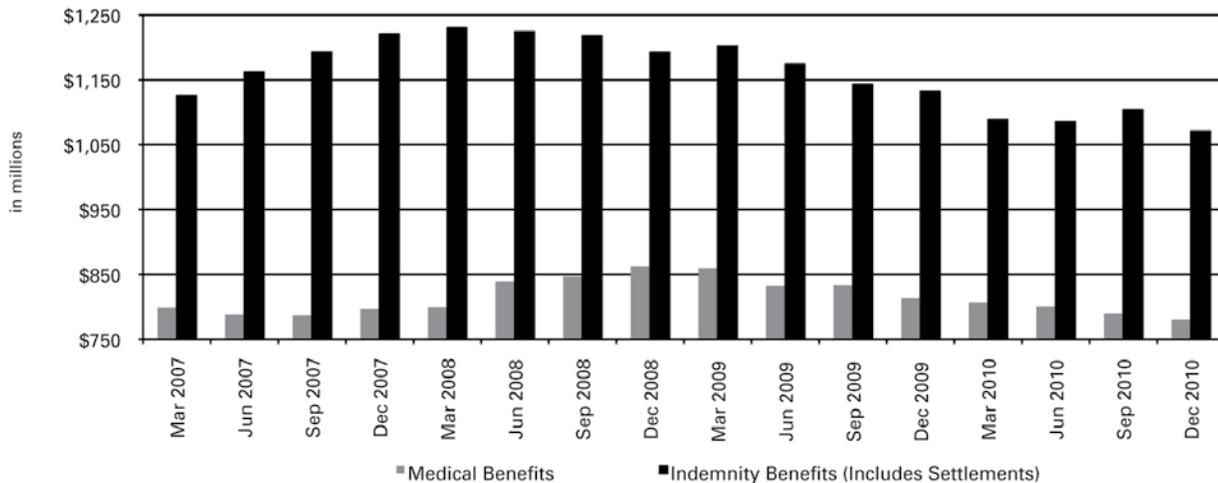
Claim Filing Lag measures the average and median number of days from the date of injury to the date of claim filing. Average claim filing lag has varied from 16.19 days to 21.16 days from the quarter ended March 31, 2006 through the quarter ended December 31, 2010. The median claim filing lag has varied between three and four days over the same time period. Numbers of new claims filed per quarter are also provided and peaked at 44,656 in the quarter ended September 30, 2007, trended down to a low of 27,173 in the quarter ended December 31, 2009 and were at 28,235 in the quarter ended December 31, 2010.

Frequency - Reported semi-annually



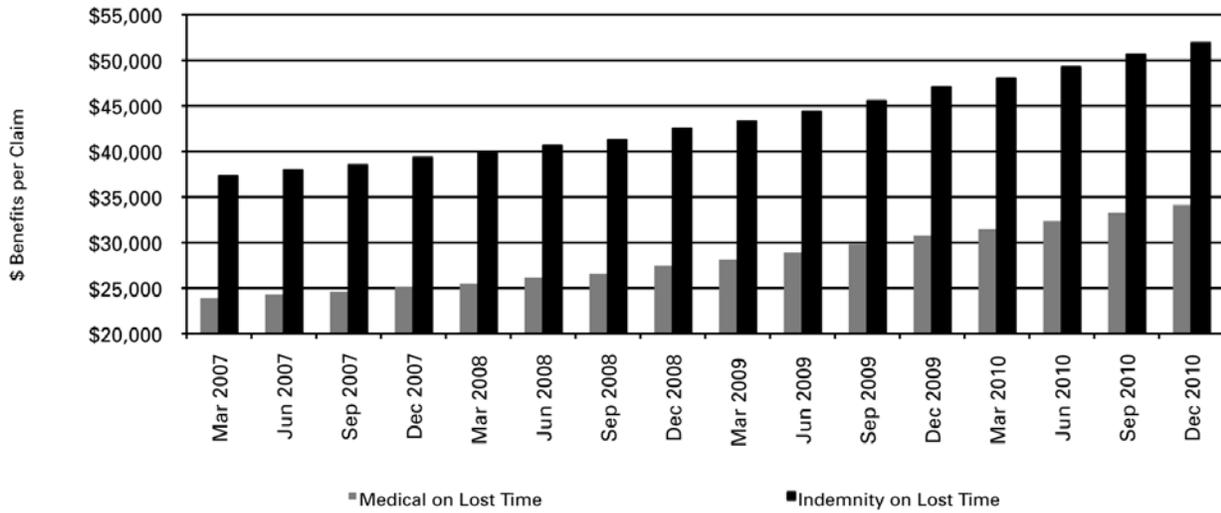
Frequency measures the number of injuries reported per 100 workers covered by the State Insurance Fund updated semi-annually. The US Bureau of Labor Statistics figure decreased from 5.3 injuries per 100 workers in 2002 to 3.6 injuries per 100 workers in 2009. The BWC figure decreased from 6.52 injuries per 100 workers in 2002 to 3.68 injuries per 100 workers as of December 2009 and June 2010. Numbers of employees for BWC statistics are calculated by dividing reported payroll by the statewide average weekly wage.

Benefit Payments - Twelve months ended



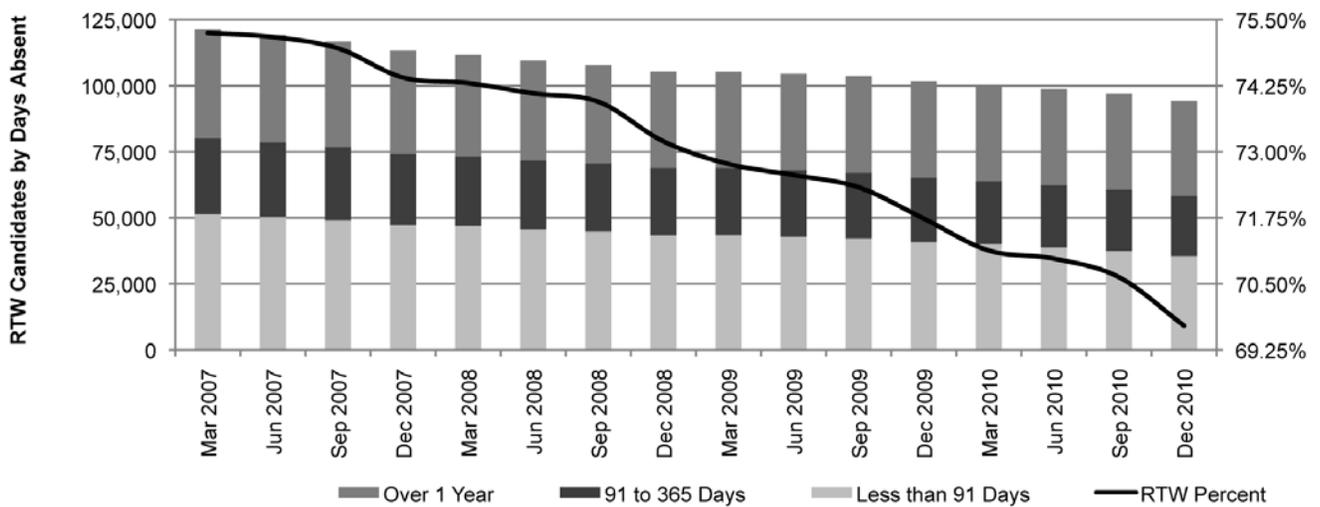
Benefit Payments measures the dollar amount of medical and indemnity payments for rolling twelve month periods updated quarterly. Indemnity payments include settlements and peaked at \$1.230 billion in the twelve months ended March 31, 2008 and have trended down to \$1.071 billion in the twelve months ended December 31, 2010. Medical payments peaked at \$863 million in the twelve months ended December 30, 2008 and have decreased to \$781 million in the twelve months ended December 31, 2010.

Severity - Cumulative from date of injury through end of reporting quarter



Severity measures the average cost of medical and indemnity expenses per active lost time claim. Indemnity amounts exclude settlements. BWC changed the definition of active claims in October 2010 from claims receiving payment or filing an application for benefits within thirteen months to twenty-four months. This change in definition increased the number of active claims by over 40%. Prior quarters have been re-stated to present an accurate quarter to quarter comparison. Average medical expenses per active lost time claim have increased from \$23,917 as of March 31, 2007 to \$34,118 as of December 31, 2010. Average indemnity expenses per active lost time claim have increased from \$37,329 to \$51,901 over the same period. Medical expenses on Medical Only claims (not reflected in chart) have increased from \$949 to \$1,139 during this period.

Return to Work - Reported quarterly



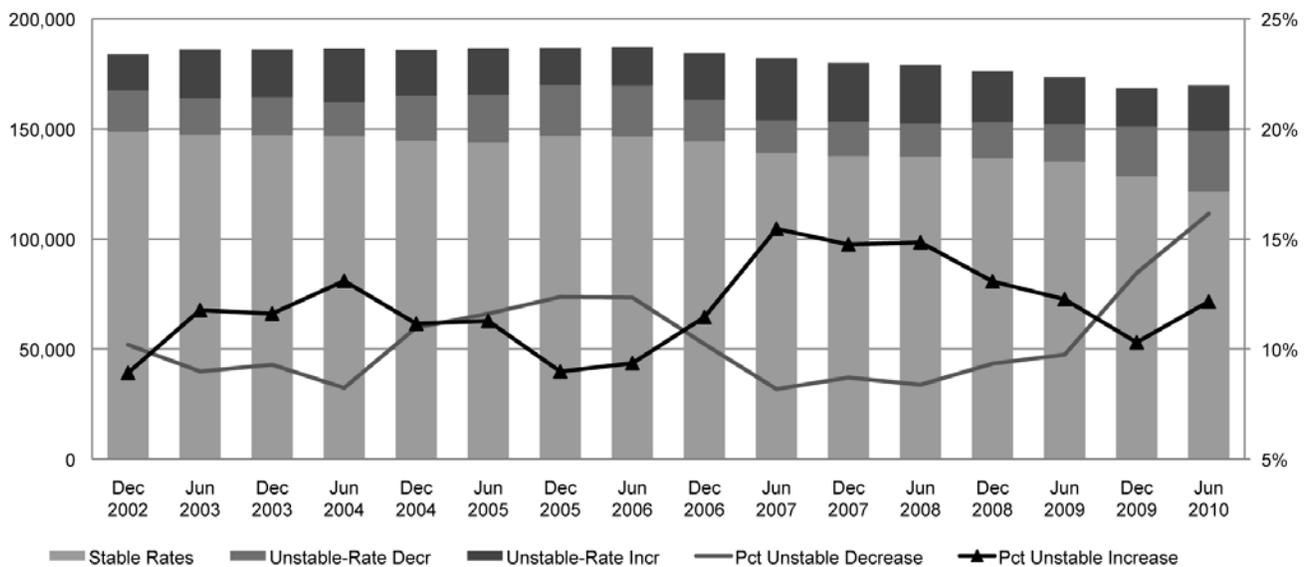
Return to Work (RTW) measures the percentage of injured workers with active claims who have returned to work relative to the claim population that has received temporary income replacement benefits. Prior quarters have been re-stated to present an accurate quarter to quarter comparison based on the new definition of active claims. The total number of active claims receiving temporary income replacement benefits has dropped from 121,409 as of March 31, 2007 to 94,234 as of December 31, 2010. The RTW rate has dropped from 75.2% to 69.7% over the same period.

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
Dec 2009	\$87,696	\$19,759	\$7,384	\$139	\$4
Jun 2010	\$86,408	\$19,753	\$7,161	\$153	\$4

Aggregate Reported Payroll measures reported payroll by employer type for a rolling twelve month period, updated semi-annually. 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. The bulk of payroll is reported by Private employers which rose steadily from December 2002 through June 2008 but has decreased over the past four reporting periods.

Premium Stability



Premium Stability measures the number of employers whose premium rate changed more than five percent and total premium changed more than \$500 from the previous year broken down into the number of employers that experienced increases versus decreases. Employers with significant payroll changes (> \$10,000, at least 20% of first or second year payroll and > \$500 premium change) are excluded. December 2009 was the first payroll period since June 2006 where the percentage of employers with unstable rate decreases exceeded those with unstable rate increases. This trend continued in June 2010.