

Enterprise Report

August 2019

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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.

Financial Analysis	<i>Pages 3 and 4</i>
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Statement of Operations	<i>Pages 5 and 6</i>
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This statement reports operating revenues and expenses, as well as net investment revenues for the current fiscal year-to-date, projected fiscal year-to-date, 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.

Statement of Investment Income	<i>Page 7</i>
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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 fiscal year-to-date, and prior fiscal year-to-date.

Administrative Cost Fund Budget Summary	<i>Pages 8 and 9</i>
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This statement reports actual fiscal year-to-date administrative expenses and budget fiscal year-to-date 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.

State Insurance Fund Administrative Expense Summary	<i>Page 10</i>
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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.

Operating Transfers	<i>Page 10</i>
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This statement reports operating transfers that fund programs administered by other governmental entities as permitted or required by the Ohio Revised Code.

Statement of Cash Flows	<i>Page 11</i>
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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.

Statement of Net Position	<i>Pages 12 and 13</i>
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This statement presents information reflecting BWC's assets, liabilities, and net position. Net position represents the amount of total assets less total liabilities. This statement would be referred to as a balance sheet in the private sector. A combining schedule presents this information by fund.

Financial Performance Metrics	<i>Page 14</i>
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Financial ratios reflecting BWC's performance are presented here. These financial ratios are insurance industry recognized financial metrics.

Operational Performance Metrics	<i>Pages 15 through 18</i>
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Measures reflecting BWC's operational performance are presented here.

July Financial Analysis

BWC's net position increased by \$122 million in July resulting in a net position of \$11 billion at July 31, 2019 compared to \$10.9 billion at June 30, 2019.

(\$ in millions)	Month Ended July 31, 2019	Month Ended June 30, 2019	Month Ended July 31, 2018
Operating Revenues	\$100	\$122	\$109
Operating Expenses	(129)	72	(140)
Policy Holder Dividend Expense	-	(1,500)	-
Net Operating Gain (Loss)	(29)	(1,306)	(31)
Net Investment Income (Loss)	151	842	373
Increase (Decrease) in Net Position	122	(464)	342
Net Position End of Period	\$11,049	\$10,927	\$10,269

- Premium and assessment income net of the provision for uncollectible accounts receivable and ceded reinsurance premiums resulted in operating revenues of \$100 million in July 2019. Changes in premium and assessment income reflect the impact of the average 20% reduction in private employer premium rates for coverage beginning July 1, 2019 and 12% reduction in public taxing district employer premium rates for coverage beginning January 1, 2019. This is partially offset by the impact of the small increases in administrative cost fund assessment rates.
- Benefits and compensation adjustment expenses of \$120 million and other expenses of \$9 million resulted in operating expenses of \$129 million in July 2019.

(\$ in millions)	Month Ended July 31, 2019	Month Ended June 30, 2019	Month Ended July 31, 2018
Net Benefit Payments	\$116	\$103	\$109
Payments for Comp Adjust Expenses	17	26	15
MCO Admin Payments	12	13	12
Change in Reserves	(25)	(233)	(10)
Other Expenses	9	19	14
	\$129	\$(72)	\$140

- Net benefit payments increased in July 2019 compared to June 2019 due to increases in lump sum settlements, temporary total payments, and other various changes in indemnity payment types, warrant cancellations, and billing adjustments.
- Payments for compensation adjustment expenses and other expenses have decreased in July from amounts for June. Year-end accruals for payroll were recorded in June 2019 to recognize the expense when incurred.
- Adjustments were recorded in June 2019 to reflect BWC's latest forecast of liabilities for unpaid losses and loss adjustment expenses based on data as of March 31, 2019. This forecast is developed by actuaries from BWC's Actuarial Division and Oliver Wyman.
- The Board of Directors approved a one-time premium dividend for private and public county taxing district employers in June 2019 totaling approximately \$1.5 billion. The June 2019 monthly expenses include this policy holder dividend expense.
- A \$107 million increase in the fair value of the investment portfolio in July 2019 along with interest and dividend income of \$49 million, resulted in a net investment income of \$151 million after investment expenses of \$5 million. During July 2019, net gains of \$23 million were realized from trading activities. These realized gains were previously recognized as an increase in the fair value of investments reported in prior periods. The change from adjusting the investment portfolio to market value for the month was an increase of approximately \$84 million.
- Cash and cash equivalents include \$178 million in money market holdings in the outside investment manager accounts committed to covering a \$188 million net investment trade payable for transactions that will settle in August 2019.
- Premium and assessment receipts of \$153 million were collected during July 2019 compared to \$255 million in June 2019 and \$92 million in July 2018.

Fiscal Year-to-Year Comparisons

BWC's net position has increased by \$122 million for fiscal year-to-date 2020 resulting in a net position of \$11 billion at July 31, 2019 compared to a net position of \$10.3 billion at July 31, 2018.

(\$ in millions)	FYTD July 31, 2019	Projected FYTD July 31, 2019	FYTD July 31, 2018
Operating Revenues	\$100	\$106	\$109
Operating Expenses	(129)	(128)	(140)
Net Operating Gain (Loss)	(29)	(22)	(31)
Net Investment Income (Loss)	151	118	373
Increase (Decrease) in Net Position	122	96	342
Net Position End of Period	\$11,049	\$11,023	\$10,269

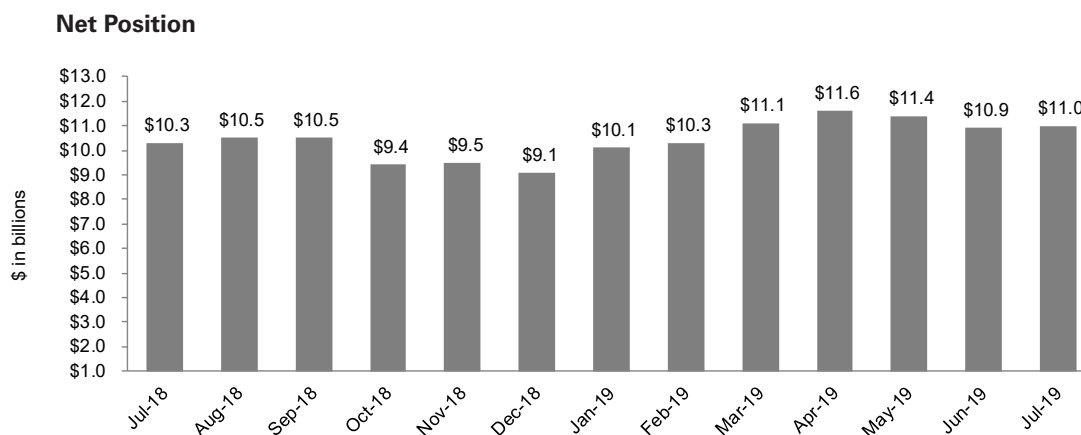
- Operating revenues decreased by \$9 million between fiscal year-to-date 2020 and 2019. Changes in premium and assessment income reflect the impact of the average 20% reduction in private employer premium rates for coverage beginning July 1, 2019 and 12% reduction in public taxing district employer premium rates for coverage beginning January 1, 2019. This is partially offset by the impact of the small increases in administrative cost fund assessment rates.
- Benefits and compensation adjustment expenses for fiscal year-to-date 2020 decreased by \$6 million compared to prior fiscal year-to-date expenses.

(\$ in millions)	FYTD July 31, 2019	FYTD July 31, 2018	Increase (Decrease)
Net Benefit Payments	\$116	\$109	\$7
Payments for Comp Adjust Expenses	17	15	2
MCO Admin Payments	12	12	-
Change in Reserves	(25)	(10)	(15)
	\$120	\$126	\$(6)

- Net benefit payments increased in fiscal year-to-date 2020 compared to fiscal year-to-date 2019 due to an increase in lump sum settlement payments.
- The fiscal year-to-date 2020 change in reserves reflects BWC's forecast of liabilities for unpaid losses and loss adjustment expenses for fiscal year 2020 based on data as of March 31, 2019. This forecast is developed by actuaries from BWC's Actuarial Division and Oliver Wyman.

Conditions expected to affect financial position or results of operations:

- The payroll true-up period for private employers began on July 1, 2019. Through August 11, 2019, an average of 3,620 employers have completed true-up each day. Approximately 63.5% of employers have completed the process.
- In July 2019, installments totaling \$134.8 million were billed to private employers and \$3.3 million to public county taxing district employers on monthly and bimonthly installment plans. Payments are due by August 21, 2019.



Statement of Operations

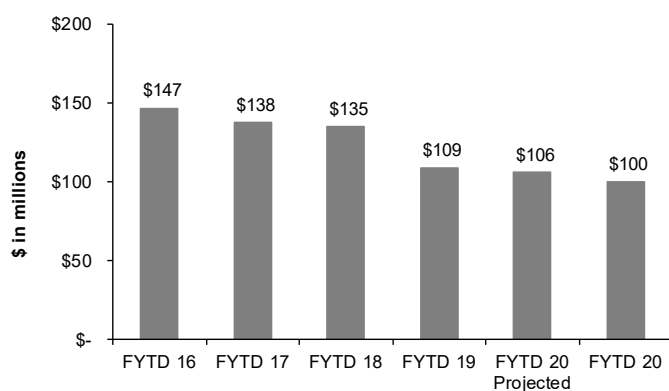
Fiscal Year to date July 31, 2019

Unaudited

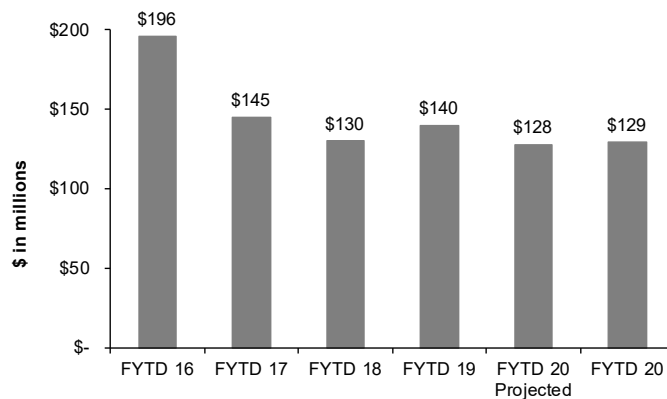
(in millions)

	Actual	Projected	Variance to Projected	Prior Yr. Actual	Year to Year Increase (Decrease)
<u>Operating Revenues</u>					
Premium & Assessment Income	\$109	\$110	\$(1)	\$122	\$(13)
Ceded Premiums	-	-	-	-	-
Provision for Uncollectibles	(10)	(5)	(5)	(14)	4
Other Income	1	1	-	1	-
Total Operating Revenues	100	106	(6)	109	(9)
<u>Operating Expenses</u>					
Benefits & Compensation Adj. Expense	120	115	(5)	126	(6)
Other Expenses	9	13	4	14	(5)
Total Operating Expenses	129	128	(1)	140	(11)
Net Operating Gain (Loss)	(29)	(22)	(7)	(31)	2
Net Investment Income (Loss)	151	118	33	373	(222)
Increase (Decrease) in Net Position	\$122	\$96	\$26	\$342	\$(220)

Operating Revenues



Operating Expenses



Statement of Operations – Combining Schedule

Fiscal Year to date July 31, 2019
Unaudited

(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	Total
Operating Revenues:								
Premium & Assessment Income	\$81,300	\$3,156	\$134	\$12	\$35	\$1,856	\$22,874	\$109,367
Ceded Premiums	(296)	-	-	-	-	-	-	(296)
Provision for Uncollectibles	(9,166)	2,618	-	-	-	(1,034)	(2,371)	(9,953)
Other Income	1,248	-	-	-	-	-	467	1,715
Total Operating Revenues	73,086	5,774	134	12	35	822	20,970	100,833
Operating Expenses:								
Benefits & Compensation Adj Expenses	97,182	6,210	(34)	7	(138)	1,952	14,466	119,645
Other Expenses	1,900	207	292	-	151	-	6,970	9,520
Total Operating Expenses	99,082	6,417	258	7	13	1,952	21,436	129,165
Net Operating Income (Loss) before Operating Transfers Out	(25,996)	(643)	(124)	5	22	(1,130)	(466)	(28,332)
Operating Transfers Out	(2,179)	-	-	-	-	-	1,967	(212)
Net Operating Income (Loss)	(28,175)	(643)	(124)	5	22	(1,130)	1,501	(28,544)
Investment Income:								
Investment Income	48,359	61	1	-	1	98	381	48,901
Net Realized Gains (Losses)	22,969	259	-	-	-	-	-	23,228
Net Unrealized Gains (Losses)	72,891	9,885	1,312	(5)	(8)	-	-	84,075
Total Realized & Unrealized Capital Gains (Losses)	95,860	10,144	1,312	(5)	(8)	-	-	107,303
Investment Manager & Operational Fees	(5,111)	(29)	(5)	-	-	-	-	(5,145)
Total Non-Operating Revenues, Net	139,108	10,176	1,308	(5)	(7)	98	381	151,059
Increase (Decrease) in Net Position (Deficit)	110,933	9,533	1,184	-	15	(1,032)	1,882	122,515
Net Position (Deficit), Beginning of Period	11,152,453	408,916	286,694	16,194	25,796	33,039	(996,524)	10,926,568
Net Position (Deficit), End of Period	\$11,263,386	\$418,449	\$287,878	\$16,194	\$25,811	\$32,007	\$(994,642)	\$11,049,083

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

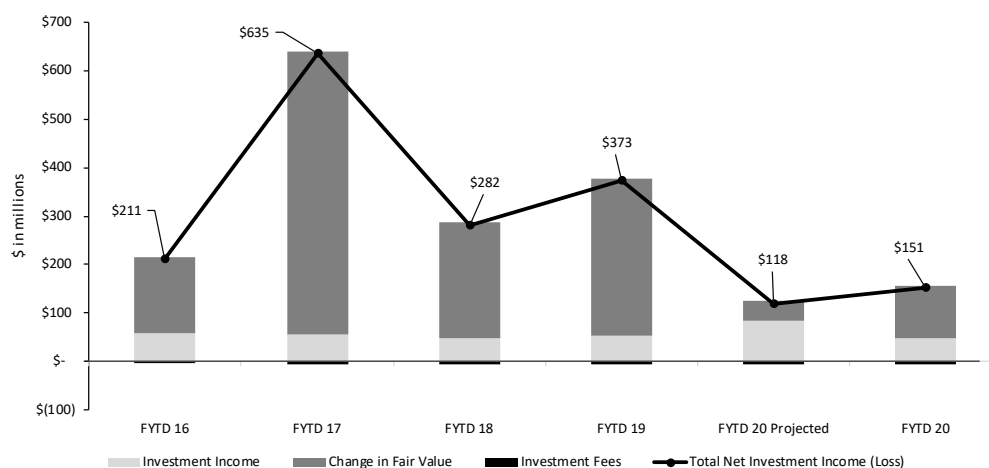
Fiscal Year to date July 31, 2019

Unaudited

(in thousands)

	Actual	Projected	Variance to Projected	Prior Yr. Actual	Year to Year Increase (Decrease)
Investment Income					
Bond Interest	\$42,307	\$40,192	\$2,115	\$45,115	\$(2,808)
Dividend Income-Domestic & International	5,643	8,743	(3,100)	5,835	(192)
Money Market/Commercial Paper Income	691	302	389	1,224	(533)
Misc. Income (Corp Actions, Settlements)	259	-	259	6	253
Real Estate	1	34,252	(34,251)	75	(74)
Total Investment Income	48,901	83,489	(34,588)	52,255	(3,354)
Realized & Unrealized Capital Gains and (Losses)					
Bonds - Net Realized Gains (Losses)	9,826	-	9,826	(3,947)	13,773
U.S. Equities - Net Realized Gains (Losses)	13,402	-	13,402	19,373	(5,971)
Non -U.S. Equities - Net Realized Gains (Losses)	-	-	-	-	-
Real Estate - Net Realized Gains (Losses)	-	-	-	-	-
Subtotal - Net Realized Gains (Losses)	23,228	-	23,228	15,426	7,802
Bonds - Net Unrealized Gains (Losses)	50,961	3,690	47,271	51,429	(468)
U.S. Equities - Net Unrealized Gains (Losses)	65,839	12,428	53,411	190,275	(124,436)
Non -U.S. Equities - Net Unrealized Gains (Losses)	(32,724)	14,042	(46,766)	68,780	(101,504)
Real Estate - Net Unrealized Gains (Losses)	(1)	10,184	(10,185)	-	(1)
Subtotal - Net Unrealized Gains (Losses)	84,075	40,344	43,731	310,484	(226,409)
Change in Portfolio Value	107,303	40,344	66,959	325,910	(218,607)
Investment Manager & Operational Fees	(5,145)	(5,541)	396	(5,448)	(303)
Net Investment Income (Loss)	\$151,059	\$118,292	\$32,767	\$372,717	\$(221,658)

Net Investment Income (Loss)

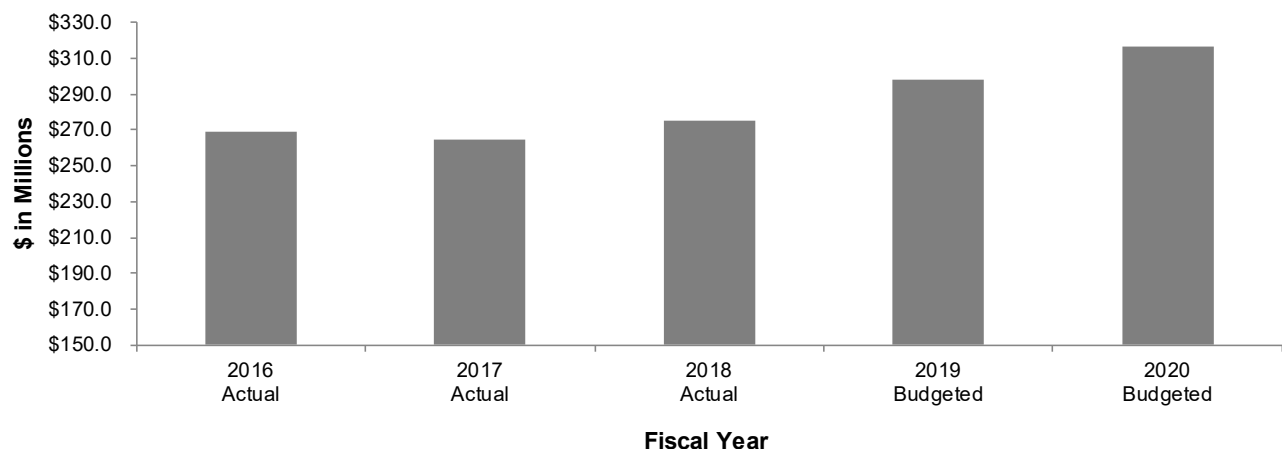


Administrative Cost Fund Expense Analysis

July 2019

- Actual fiscal year 2020 to date (FYTD) Administrative Cost Fund expenses are approximately \$3.1 million or 15.6% less than budgeted fiscal year to date and approximately \$7.1 million or 29.5% less than actual expense amounts at this time last fiscal year.
- Fiscal Year 2020 Actual to Budget Variance Highlights:
 - The BWC biennial budget was not passed by the General Assembly and signed by the Governor until July 22nd. Prior to the budget bill being signed, BWC was operating on a 30 day continuing resolution budget, with appropriations based on one-twelfth of the annual fiscal year 2019 amounts. This has delayed purchase order creation and expenditure processing.
 - The timing between the encumbrance of funds, receipt of invoices, and processing of payments for goods and services contributes to variances between actual expenditures and budgeted amounts in the expense categories of Personal Services, Maintenance, and Equipment, as well as the Safety Programs.
- The BWC Budget Department reviews historical spending trends and works with divisional liaisons throughout the fiscal year to update and more accurately project the monthly budget amounts based on the expected timing of expenditures.
- FY2020 Actual to FY2019 Actual Variance Highlights:
 - Payroll has decreased by \$5.9 million in fiscal year 2020 compared to fiscal year 2019. There were three pay periods during July 2019 and two pay periods in July 2020.
 - The current employee count for fiscal year 2020 is 1,769 compared to 1,763 for this month in fiscal year 2019.
 - The number of large variances is primarily attributable to operating with the 30 day continuing resolution budget for most of July 2019.
 - The amount of Safety Grants processed this fiscal year to date is above the amount processed at this time last fiscal year.
- BWC's current fiscal year 2020 Budget is approximately \$3.8 million or 1.2% less than the amount appropriated by the General Assembly.

Administrative Spending Trends



NOTE: 2016 – 2018 are actual spending. 2019 and 2020 are the current annual budgeted amount.

Administrative Cost Fund Budget Summary

As of July 31, 2019
Unaudited

Expense Description	FTE's	FYTD 2020 Actual Expenses	FYTD 2020 Budget	FYTD 2020 Budget to Actual Variance	FYTD 2020 Variance (%)	Fiscal Year 2020 Total Budget	FYTD 2019 Actual Expenses	FYTD 2020 to FYTD 2019 Actual Expense Variance	Actual Expense Variance (%)
Payroll									
BWC Board of Directors	12	\$71,973	\$71,973	\$-	0.00%	\$882,394	\$80,339	\$(8,366)	-10.41%
BWC Administration	8	83,256	83,256	-	0.00%	1,208,437	107,968	(24,712)	-22.89%
Claims Services	662	4,595,321	4,596,104	783	0.02%	58,676,218	6,658,888	(2,063,567)	-30.99%
Employer Services Admin.	212	1,572,453	1,582,283	9,830	0.62%	19,948,046	2,325,418	(752,965)	-32.38%
Safety & Hygiene	163	1,480,450	1,497,806	17,356	1.16%	19,523,596	2,102,392	(621,942)	-29.58%
Medical Services	111	833,047	832,182	(865)	-0.10%	11,485,138	949,147	(116,100)	-12.23%
Special Investigations	119	1,035,311	1,035,759	448	0.04%	12,844,861	1,456,753	(421,442)	-28.93%
Fiscal and Planning	96	691,680	693,869	2,189	0.32%	8,863,759	980,681	(289,001)	-29.47%
Actuarial	20	172,117	172,117	-	0.00%	2,556,218	268,904	(96,787)	-35.99%
Investments	7	90,838	90,838	-	0.00%	1,209,096	131,704	(40,866)	-31.03%
Information Technology	188	1,960,127	1,967,821	7,694	0.39%	25,692,133	2,544,592	(584,465)	-22.97%
Strategy	4	59,688	59,688	-	0.00%	771,384	332,758	(273,070)	-82.06%
Legal	84	705,477	705,477	-	0.00%	9,036,006	966,336	(260,859)	-26.99%
Communications	21	154,596	154,596	-	0.00%	2,046,326	213,037	(58,441)	-27.43%
Human Resources	44	360,950	361,088	138	0.04%	5,012,507	528,645	(167,695)	-31.72%
Internal Audit	11	96,072	96,747	675	0.70%	1,560,305	175,012	(78,940)	-45.11%
Ombuds Office	7	55,763	55,763	-	0.00%	680,330	78,272	(22,509)	-28.76%
Total Payroll	1,769	\$14,019,119	\$14,057,367	\$38,248	0.27%	\$181,996,754	\$19,900,846	\$(5,881,727)	-29.56%
Personal Services									
Information Technology		\$3,194	\$601,445	\$598,251	99.47%	\$13,817,651	\$6,135	\$(2,941)	-47.94%
Legal - Special Counsel		782	50,410	49,628	98.45%	3,542,188	-	782	100%
Legal - Attorney General		-	-	-	0.00%	4,621,850	1,038,500	(1,038,500)	-100.00%
Other Personal Services		22,433	526,478	504,045	95.74%	7,434,265	55,482	(33,049)	-59.57%
Total Personal Services		\$26,409	\$1,178,333	\$1,151,924	97.76%	\$29,415,954	\$1,100,117	\$(1,073,708)	-97.60%
Maintenance									
Rent and Leases		\$3,131	\$4,192	\$1,061	25.31%	\$5,476,203	\$2,214	\$917	41.42%
Software and Equipment Maintenance and Repairs		44,420	1,188,174	1,143,754	96.26%	32,613,683	416,575	(372,155)	-89.34%
Inter Agency Payments		694,129	328,215	(365,914)	-111.49%	20,000,446	269,013	425,116	158.03%
Communications		121,448	395,823	274,375	69.32%	3,226,134	450,786	(329,338)	-73.06%
Supplies and Printing		43,993	373,155	329,162	88.21%	2,857,416	338,310	(294,317)	-87.00%
Other Maintenance		172,459	211,568	39,109	18.49%	2,747,891	217,325	(44,866)	-20.64%
Total Maintenance		\$1,079,580	\$2,501,127	\$1,421,547	56.84%	\$66,921,773	\$1,694,223	\$(614,643)	-36.28%
Equipment		\$-	\$-	\$-	0.00%	\$1,243,000	1,198	\$(1,198)	-100.00%
Safety Programs									
Safety Grants		\$1,774,994	\$1,250,000	\$(524,994)	-42.00%	\$20,000,000	\$1,259,492	\$515,502	40.93%
Health and Wellness Prog		-	502,689	502,689	100.00%	6,000,000	5,184	(5,184)	-100.00%
Safety Awareness & Educ		-	125,000	125,000	100.00%	1,500,000	-	-	0.00%
Research Grants		-	-	-	0.00%	2,000,000	-	-	0.00%
Substance Use Recovery & Workplace Safety Program		-	416,666	416,666	100.00%	5,000,000	-	-	0.00%
Safety and Health Center of Excellence		-	-	-	0.00%	2,000,000	-	-	0.00%
Total Safety Programs		\$1,774,994	\$2,294,355	\$519,361	22.64%	\$36,500,000	\$1,264,676	\$510,318	40.35%
Total Administrative Cost Fund Expenses		\$16,900,102	\$20,031,182	\$3,131,080	15.63%	\$316,077,481	\$23,961,060	\$(7,060,958)	-29.47%

Total Agency Appropriation \$319,841,506
Budget to Appropriation Variance \$3,764,025
Percentage Variance 1.18%

State Insurance Fund

Administrative Expense Summary

As of July 31, 2019
Unaudited

	Actual FYTD 2020	Encumbrance Balance FYTD 2020	FYTD 2020 Actual & Encumbrance	Actual FYTD 2019
Investment Administrative Expenses				
JP Morgan Chase - Performance Reporting	\$0	\$620,444	\$620,444	\$0
RVK, Inc.-Investment Consulting	50,000	621,000	671,000	50,000
Other Investment Expenses	25,070	49,194	74,264	85,210
	<u>75,070</u>	<u>1,290,638</u>	<u>1,365,708</u>	<u>135,210</u>
Actuarial Expenses				
Oliver Wyman	162,739	1,271,521	1,434,260	267,170
Milliman Inc.	-	176,481	176,481	-
	<u>162,739</u>	<u>1,448,002</u>	<u>1,610,741</u>	<u>267,170</u>
Reinsurance Expenses				
JLT Re	886,641	1,773,281	2,659,922	-
Other States Coverage				
Overland Solutions Inc.	1,027	54,022	55,049	-
Acrisure/United States Insurance Services, Inc.	2,200	3,625,986	3,628,186	319,512
	<u>3,227</u>	<u>3,680,008</u>	<u>3,683,235</u>	<u>319,512</u>
TOTAL	<u>\$1,127,677</u>	<u>\$8,191,929</u>	<u>\$9,319,606</u>	<u>\$721,892</u>

The above expenses are paid from the non-appropriated State Insurance Fund.

The investment administrative expenses 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 July 31, 2019
Unaudited

	FYTD 2020	FYTD 2019	Source
Ohio Inspector General	<u>\$212,500</u>	<u>\$212,500</u>	Administrative Cost Fund
Total	<u>\$212,500</u>	<u>\$112,500</u>	

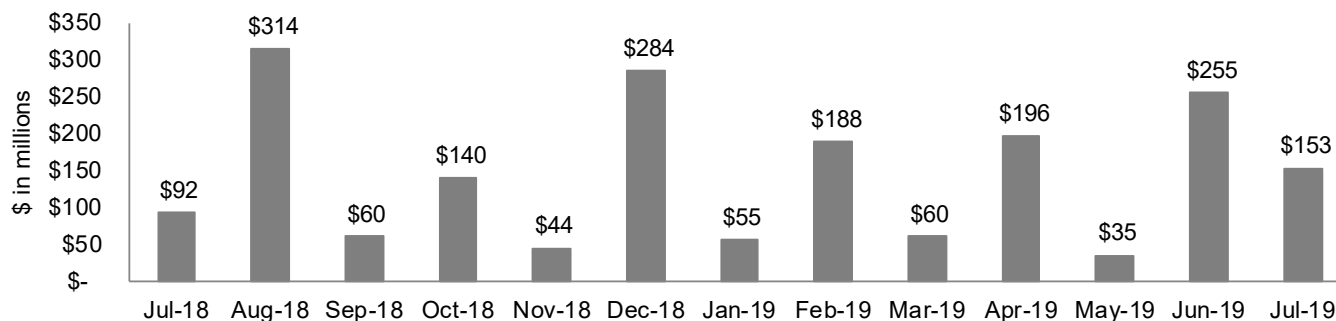
Statement of Cash Flows

Fiscal Year to date July 31, 2019
Unaudited

(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	\$153	\$81	\$72	\$92	\$61
Cash Receipts - Other	2	3	(1)	3	(1)
Cash Disbursements for Claims	(134)	(114)	(20)	(128)	(6)
Cash Disbursements for Other	(50)	(79)	29	(763)	713
Net Cash Provided (Used) by Operating Activities	(29)	(109)	80	(796)	767
Net Cash Flows from Noncapital Financing Activities	-	-	-	-	-
Net Cash Flows from Capital and Related Financing Activities	(1)	-	(1)	-	(1)
Net Cash Provided (Used) by Investing Activities	(17)	-	(17)	(87)	70
Net Increase (Decrease) in Cash and Cash Equivalents	(47)	(109)	62	(883)	836
Cash and Cash Equivalents, Beginning of Period	428	428	-	1,317	(889)
Cash and Cash Equivalents, End of Period	\$381	\$319	\$62	\$434	\$(53)

Premium and Assessment Receipts



Statement of Net Position

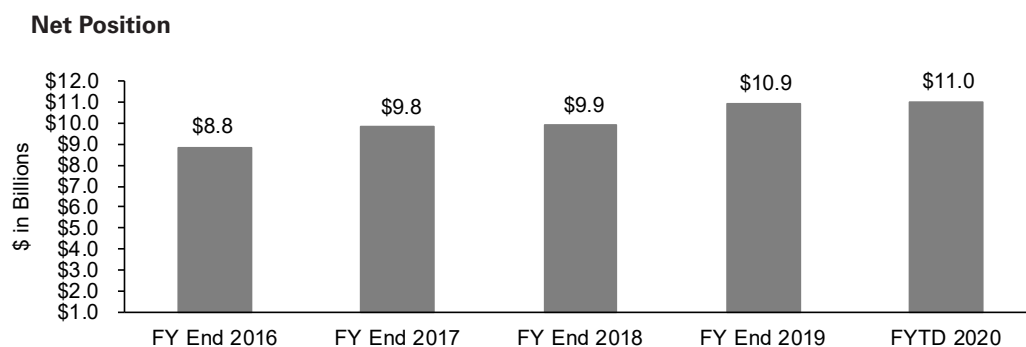
As of July 31, 2019

Unaudited

(in millions)

	Actual	Prior Yr. Actual	Year to Year Increase (Decrease)
Assets			
Bonds	\$15,282	\$13,250	\$2,032
U.S. Equities	5,792	6,708	(916)
Non-U.S. Equities	2,649	2,947	(298)
Real Estate	3,490	3,256	234
Cash & Cash Equivalents	381	434	(53)
Total Cash and Investments	27,594	26,595	999
Accrued Premiums	1,782	1,946	(164)
Other Accounts Receivable	222	357	(135)
Investment Receivables	349	261	88
Other Assets	117	136	(19)
Total Assets	30,064	29,295	769
Deferred Outflow of Resources	66	66	-
Liabilities			
Reserve for Compensation and Compensation Adj. Expense	14,989	15,903	(914)
Unearned Premiums	1,142	1,320	(178)
Group Retrospective Credit Payable	561	451	110
Net Pension Liability	163	163	-
Net OPEB Liability	111	111	-
Policy Holder Dividend Payable	1,500	490	1,010
Contingent Liabilities	4	4	-
Accounts Payable	45	207	(162)
Investment Payable	416	304	112
Other Liabilities	73	62	11
Total Liabilities	19,004	19,015	(11)
Deferred Inflow of Resources	77	77	-
Net Position	\$11,049	\$10,269	\$780

Total undiscounted reserves for compensation and compensation adjustment expense are \$24.7 billion. See breakout by fund on page 13.



Statement of Net Position – Combining Schedule

As of July 31, 2019
Unaudited

(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	Total
Assets									
Bonds	\$13,687,772	\$1,249,508	\$300,056	\$17,669	\$26,683	\$-	\$-	\$-	\$15,281,688
U.S. Equities	5,372,516	366,338	53,559	-	-	-	-	-	5,792,413
Non-U.S. Equities	2,440,973	178,667	29,153	-	-	-	-	-	2,648,793
Real Estate	3,490,323	-	-	-	-	-	-	-	3,490,323
Cash & Cash Equivalents	321,524	2,412	427	179	375	50,614	5,403	-	380,934
Total Cash & Investments	25,313,108	1,796,925	383,195	17,848	27,058	50,614	5,403	-	27,594,151
Accrued Premiums	1,184,059	12,484	190	170	-	390,227	195,060	-	1,782,190
Other Accounts Receivable	166,998	15,646	105	-	3	7,048	32,887	-	222,687
Interfund Receivables	10,223	463,432	-	-	145	151	113,760	(587,711)	-
Investment Receivables	348,398	9	1	-	1	98	-	-	348,507
Net Pension Asset	-	-	-	-	-	-	819	-	819
Other Assets	18,598	22	-	-	-	-	96,864	-	115,484
Total Assets	27,041,384	2,288,518	383,491	18,018	27,207	448,138	444,793	(587,711)	30,063,838
Deferred Outflow of Resources	-	-	-	-	-	-	66,462	-	66,462
Liabilities									
* Reserve for Compensation and Compensation Adj. Expense	11,704,928	1,839,400	94,800	1,700	1,200	412,500	934,192	-	14,988,720
Unearned Premiums	927,180	22,099	364	60	178	-	191,960	-	1,141,841
Group Retrospective Credit Payable	561,021	-	-	-	-	-	-	-	561,021
Net Pension Liability	-	-	-	-	-	-	162,718	-	162,718
Net OPEB Liability	-	-	-	-	-	-	111,078	-	111,078
Policy Holder Dividend Payable	1,500,000	-	-	-	-	-	-	-	1,500,000
Contingent Liabilities	4,500	-	-	-	-	-	-	-	4,500
Accounts Payable	44,376	-	231	54	-	-	24	-	44,685
Investment Payable	415,685	-	-	-	-	-	-	-	415,685
Interfund Payables	575,432	8,454	171	7	15	3,631	1	(587,711)	-
Other Liabilities	44,876	116	47	3	3	-	28,551	-	73,596
Total Liabilities	15,777,998	1,870,069	95,613	1,824	1,396	416,131	1,428,524	(587,711)	19,003,844
Deferred Inflow of Resources	-	-	-	-	-	-	77,373	-	77,373
Net Position	\$11,263,386	\$418,449	\$287,878	\$16,194	\$25,811	\$32,007	\$(994,642)	\$-	\$11,049,083

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

(in thousands)

SIF	\$18,562,466
DWRF	3,715,700
CWPF	233,300
PWRE	2,700
MIF	1,700
SIEGF	714,400
ACF	1,485,442
Total	\$24,715,708

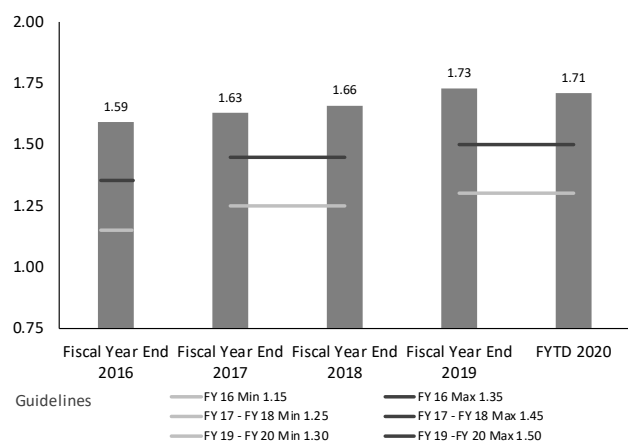
Financial Performance Metrics

Unaudited

	Actual FY20 As of 7/31/19	Projected FY20 As of 7/31/19	Actual FY19 As of 7/31/18	Guidelines
Simple Funding Ratio (State Insurance Fund)	1.71	1.71	1.68	1.30 to 1.50
Net Leverage Ratio (State Insurance Fund)	1.05	1.05	1.18	3.0 to 7.0
Loss Ratio	87.4%	78.9%	82.4%	
LAE Ratio - MCO	9.8%	9.4%	9.6%	
LAE Ratio - BWC	12.7%	16.6%	11.3%	
Net Loss Ratio	109.9%	104.9%	103.3%	130.0%
Expense Ratio	8.7%	11.6%	11.5%	7.5%
Combined Ratio	118.6%	116.5%	114.8%	136.0%
Net Investment Income Ratio	40.2%	75.9%	38.4%	40.0%
Operating Ratio (Trade Ratio)	78.4%	40.6%	76.4%	96.0%

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

Simple Funding Ratio



Simple Funding Ratio

Provides an indication of financial strength and security – Total assets divided by total 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.

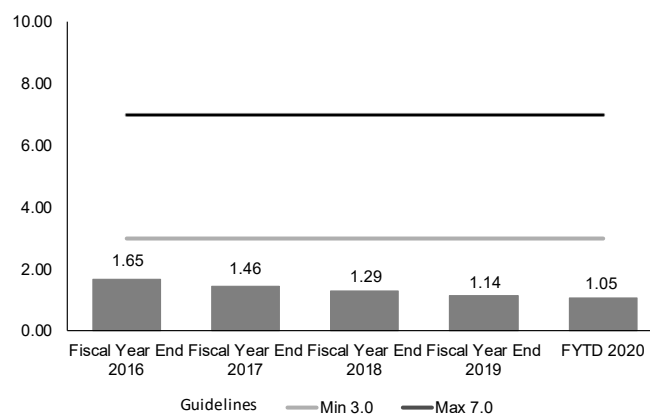
LAE Ratio

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

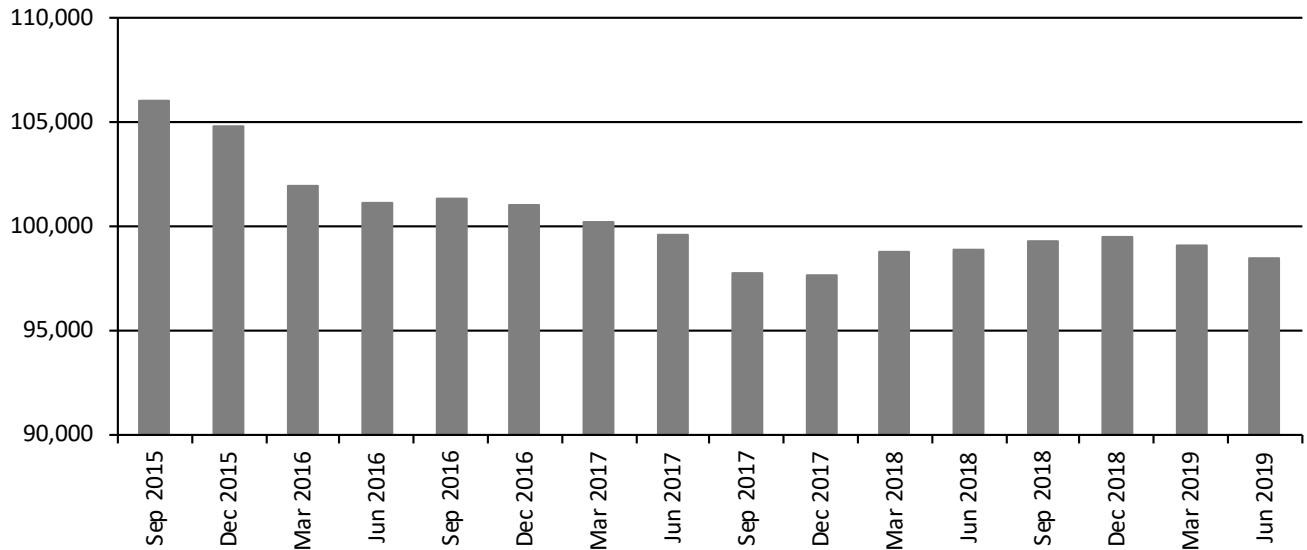
Measures the investment income component of profitability – Interest and dividend income less investment expenses divided by premium and assessment income. This ratio does not include realized or unrealized capital gains and losses.

Operating Ratio

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

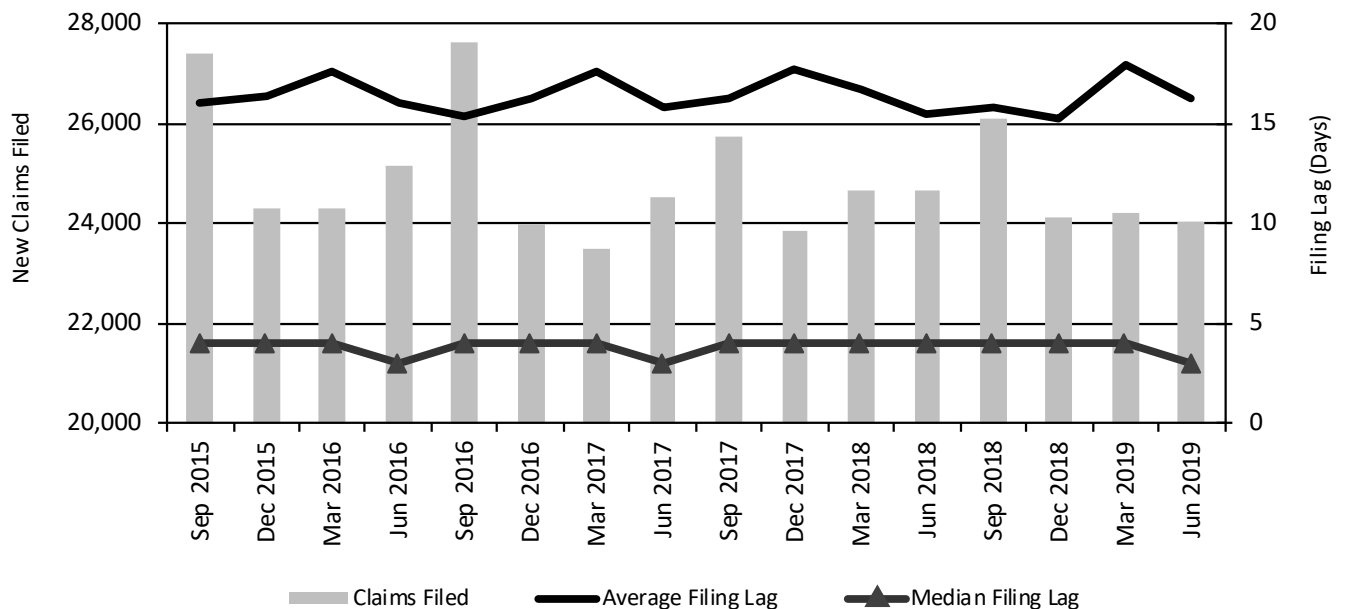
Operational Performance Metrics

New Claims Filed – Twelve months ended



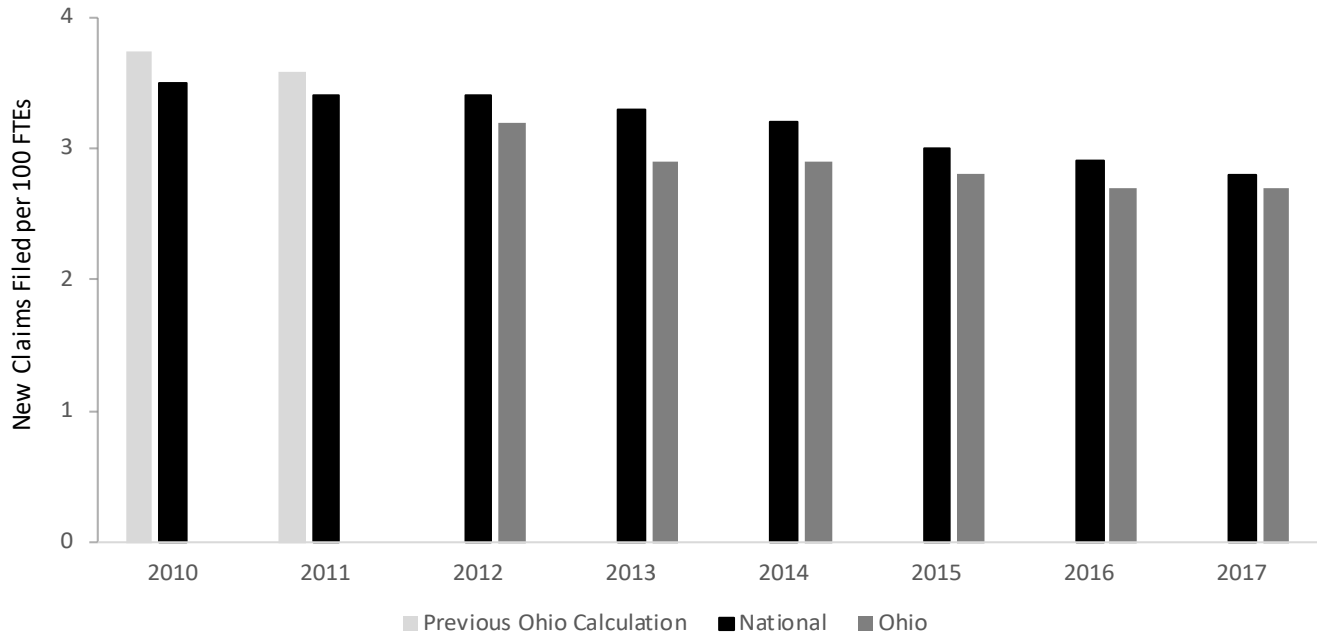
New Claims Filed measures the number of new State Insurance Fund claims filed in rolling twelve month periods measured quarterly. Over the past four years, the number of new claims filed peaked at 106,071 in the twelve months ended September 30, 2015, and has since trended downward to a low of 97,650 in the twelve months ended December 31, 2017 and was at 98,464 in the twelve months ended June 30, 2019.

Claim Filing Lag – Reported quarterly



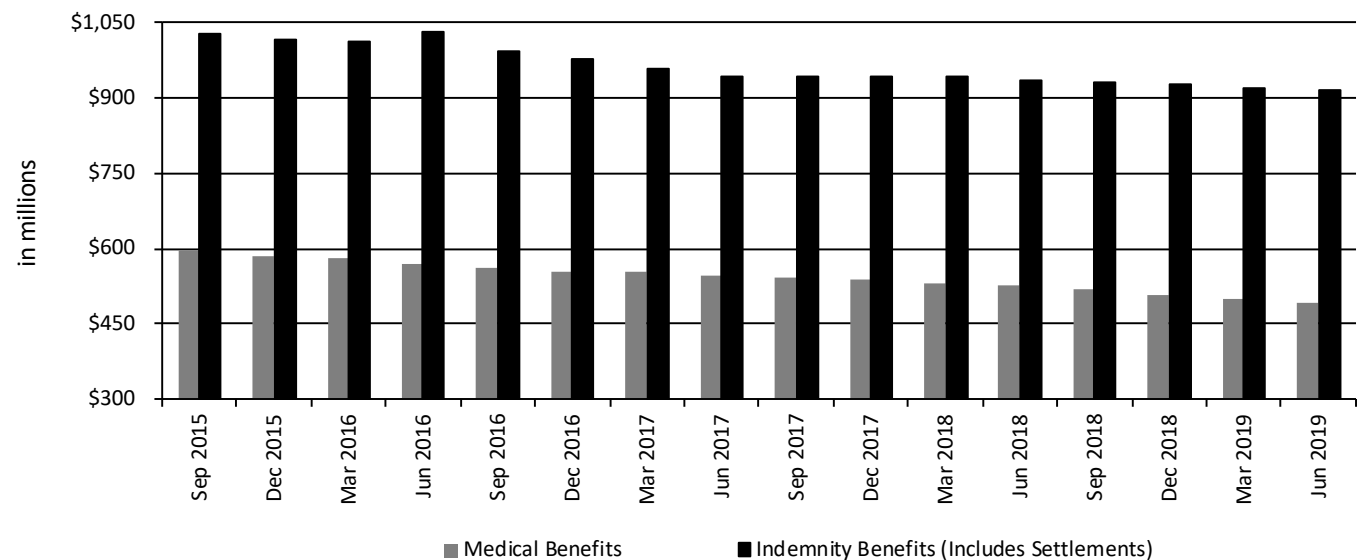
Claim Filing Lag measures the average and median number of days from the date of injury to the date of claim filing. Average claim filing lag has varied from a low of 15.22 days in the quarter ended December 31, 2018 to a high of 17.94 days in the quarter ended March 31, 2019 and was at 16.30 days in the quarter ended June 30, 2019. The median claim filing lag has varied between three and four days. Numbers of new claims filed per quarter are also provided and peaked at 27,603 in the quarter ended September 30, 2016, reached a low of 23,496 in the quarter ended March 31, 2017 and were at 24,012 in the quarter ended June 30, 2019.

Frequency – Reported annually



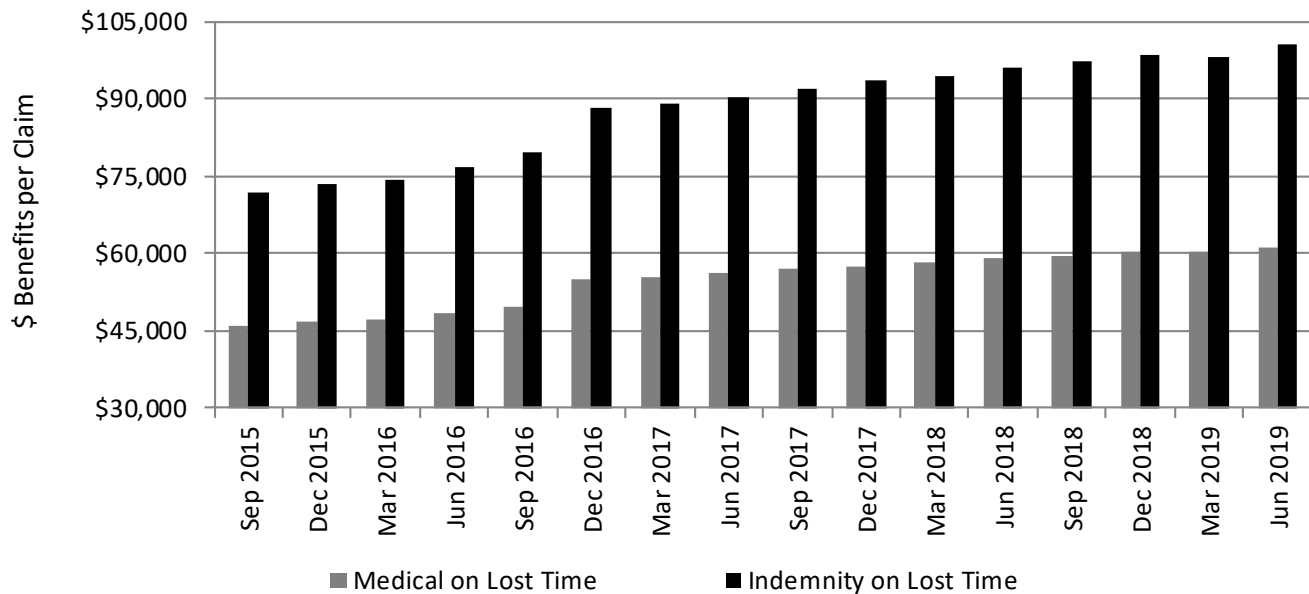
Frequency measures the number of injuries reported per 100 workers updated annually. The national figure calculated by the US Bureau of Labor Statistics (BLS) decreased from 3.5 injuries per 100 workers in 2010 to 2.8 injuries per 100 workers in 2017. The light gray columns represent the methodology previously employed in this chart which calculated the total number of employees covered by the State Insurance Fund (SIF) by dividing total reported payroll by the statewide average weekly wage. That figure decreased from 3.7 injuries per 100 workers in 2010 to 3.6 injuries per 100 workers in 2011. The dark gray columns represent the Ohio figure as calculated by the BLS for 2012 through 2017 (3.2 injuries per 100 workers in 2012 trending down to 2.7 injuries per 100 workers in 2017) and include SIF and Self-Insured workers.

Benefit Payments – Twelve months ended



Benefit Payments measures medical and indemnity payments for rolling twelve-month periods updated quarterly. Indemnity payments include settlements and peaked at \$1.032 billion in the twelve months ended June 30, 2016 and have since trended down to a low of \$917 million in the twelve months ended June 30, 2019. Medical payments peaked at \$596 million in the twelve months ended September 30, 2015 and have decreased to \$490 million in the twelve months ended June 30, 2019.

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



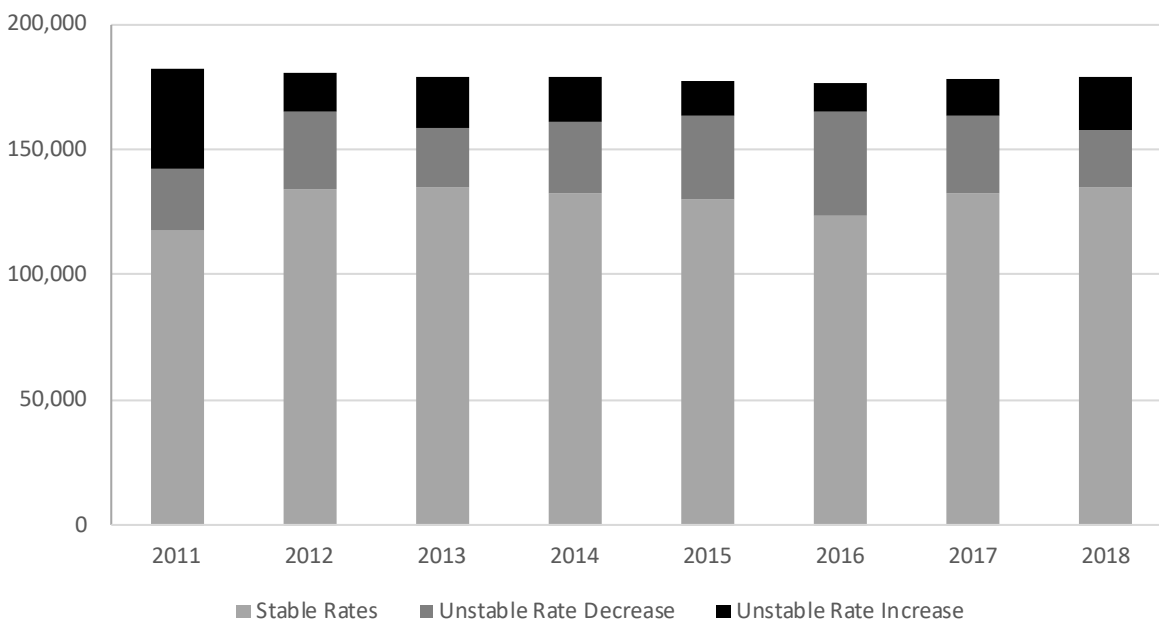
Severity measures the average cost of medical and indemnity expenses per active lost time claim. Indemnity amounts exclude settlements. Average medical expenses per active lost time claim have increased from \$45,900 as of September 30, 2015 to \$61,140 as of June 30, 2019. Average indemnity expenses per active lost time claim have increased from \$71,934 to \$100,323 over the same period. Medical expenses on Medical Only claims (not reflected in chart) have decreased from \$1,085 to \$1,068 during this period. The appropriate closure of a significant number of active claims during the conversion to PowerSuite decreased the denominator in the Severity calculation and contributed to the increase in the quarter ended December 31, 2016.

Aggregate Reported Payroll – Twelve months ended

(\$ in millions)	Private	PEC	PES	Black Lung	Marine
2011	\$89,216	\$18,525	\$7,270	\$162	\$5
2012	\$93,882	\$17,706	\$7,596	\$149	\$5
2013	\$96,132	\$17,376	\$7,610	\$173	\$7
2014	\$100,760	\$17,495	\$7,574	\$173	\$10
2015	\$106,974	\$17,919	\$7,734	\$153	\$11
2016	\$109,301	\$18,268	\$8,091	\$92	\$12
2017	\$115,084	\$18,662	\$8,259	\$84	\$11
2018	\$121,687	\$19,336	\$8,388	\$109	\$12

Aggregate Reported Payroll measures annual reported payroll by employer type. All employer types have a June 30th year-end with the exception of PEC employers which have a December 31st year-end. The bulk of payroll is reported by Private employers which increased from \$89.216 billion for the twelve months ending June 30, 2011 to \$121.687 billion in the twelve months ending June 30, 2018.

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 a partial year of coverage in the first or second year of the calculation, employers that paid the minimum \$120 premium in one or both years of the calculation, and employers with zero payroll are excluded. The 2016 period had lowest percentage of employers with unstable increases in the past eight years at 3.5%.