



Status Report Workers' Compensation

Joint Committee on Government & Finance

1/13/09

Provided by the West Virginia Offices of the Insurance Commissioner



**OLD FUND/DEBT REDUCTION
FY2009 – FY2008
COMPARISON**

	YEAR TO DATE			
	FY2009	FY2008	Change	FY2008 Annual
Revenues				
Personal Income Tax	31,800,000	31,800,000	-	95,400,000
Severance Tax	47,592,925	44,870,498	2,722,427	124,294,765
Debt Reduction Surcharge	19,021,667	7,989,488	11,032,179	29,662,848
Self-Insured Debt Reduction Surcharge	3,568,861	3,231,941	336,920	7,477,936
Video Lottery	11,000,000	11,000,000	-	11,000,000
Employer Premium	1,812,560	529,722	1,282,838	2,679,526
Other Income - Return of Unclaimed Property	29,669	22,444	7,225	50,460
Total Revenues	114,825,683	99,444,093	15,381,590	270,565,535
Surplus Note Principal Payments	60,000,000	-	60,000,000	40,000,000
Investment / Interest Earnings (Losses)	(166,717,931)	6,245,224	(172,963,155)	7,402,971
Expenditures				
Public Employees Insurance	59,406	73,296	(13,890)	137,115
Payment of Claims	127,360,460	137,909,205	(10,548,745)	260,588,335
Contractual/Professional	10,081,134	10,786,541	(705,407)	23,957,894
Total Expenditures	137,501,000	148,769,042	(11,268,042)	284,683,344
Excess (Deficiency) of Revenues over Expenditures	(129,393,247)	(43,079,725)	(86,313,522)	33,285,162
Cash Beginning Balances	734,195,513	700,910,351	33,285,162	700,910,351
Cash Ending Balances	606,748,616	657,830,626	(51,082,010)	734,195,513

Old Fund Liability Estimate

(excluding LAE)
(discounted)

FY2009	December
Beginning Reserve Amount	2,350,136,836
Claim Payments	21,454,730
Estimated Ending Reserve Amount	2,338,213,195

Note:

The interim estimate of the Old Fund liabilities is derived using a formula that reduces the reserve amount at the beginning of each month by the amount of claims payments made during the month.

The formula makes an adjustment for the time value of money, assuming that claim payments are evenly distributed through the month. The estimate is updated monthly.

SCHEDULE OF NET ASSETS
Workers' Compensation Old Fund - Debt Reduction
(In Thousands)

	June 30, 2008	December 31, 2008	Change
Assets:			
Cash and Cash Equivalents	713,576	606,749	(106,827)
Receivables, Net:	24,256	24,256	0
Surplus Note	162,759	102,759	(60,000)
Total Assets	900,591	733,764	(166,827)
Liabilities:			
Estimated Liability for Unpaid Claims and			
Claim Adjustment Expense	2,407,700	2,338,213	(69,487)
Other Liabilities	490	490	0
Total Liabilities	2,408,190	2,338,703	(69,487)
Net Assets:			
Unrestricted	(1,507,599)	(1,604,939)	(97,340)
Total Net Assets	(1,507,599)	(1,604,939)	(97,340)

*Debt Reduction estimates are updated on a monthly basis. See note on "Old Fund Liability Estimate" sheet.

Workers' Compensation Old Fund Balances
Cash Basis
(\$)

	Calendar Year 2006	Calendar Year 2007	Calendar Year 2008
Revenue			
Statutory Transfers*	266,613,362	261,975,877	287,088,650
Collections	8,316,798	1,041,116	3,265,870
Investment Income	50,201,026	40,659,223	(168,342,828)
Total Revenue	325,131,186	303,676,215	122,011,692
Expenditures			
Claim Payments	(355,245,366)	(284,445,313)	(249,839,063)
Administrative/Other Expense	(21,630,179)	(24,710,582)	(23,576,238)
Total Expenditures	(376,875,545)	(309,155,895)	(273,415,301)

* Workers' Compensation
Commission Initial fund transfer
January 2006

	711,094,830
--	-------------

* Payments from BrickStreet
Insurance on Surplus Note

	100,015,205
--	-------------



Invested Balance with WVIMB at year end	647,444,812	635,908,034	591,375,200
--	-------------	-------------	-------------

Workers' Compensation Old Fund Benefit Payments
Average Monthly Payments
 (\$)

	Previous 12-Month Period <u>01/01/07 to 12/31/07</u>	Current 12-Month Period <u>01/01/08 to 12/31/07</u>
Claims benefits paid:		
Medical	(4,778,100.66)	(4,055,619.84)
Permanent Total Disability	(12,962,584.23)	(12,537,059.27)
Permanent Partial Disability	(2,093,710.40)	(850,278.97)
Temporary Total Disability	(429,278.81)	(213,032.47)
Settlement Agreements	(541,150.57)	(226,576.30)
Fatals	(2,876,238.97)	(2,774,153.55)
104 weeks	(444,486.99)	(472,620.53)
Total	<u>(24,125,550.62)</u>	<u>(21,129,340.93)</u>
Claims credits and overpayments	<u>421,774.57</u>	<u>307,952.48</u>
Total claims paid	(23,703,776.05)	(20,821,388.45)

Coal Workers Fund

	1st Quarter	2nd Quarter	Total
Revenues			
Investment Earnings (Losses)	(9,601,885)	(42,804,488)	(52,406,373)
Total Revenues	(9,601,885)	(42,804,488)	(52,406,373)
Expenditures			
Payment of Claims	3,259,857	2,974,861	6,234,717
Deposit Refunds	-	(359)	(359)
Total Expenditures	3,259,857	2,974,502	6,234,359
Excess (Deficiency) of Revenues over Expenditures	(12,861,742)	(45,778,990)	(58,640,731)
Cash Beginning Balances	261,695,430	248,833,689	261,695,430
Cash Ending Balances	248,833,689	203,054,699	203,054,699

UNINSURED

	1st Quarter	2nd Quarter	Total
Revenues			
Fines and Penalties	270,014	222,462	492,475
Investment Earnings (Losses)	45,653	33,134	78,787
Total Revenues	315,666	255,596	571,262
Expenditures			
Payment of Claims	184,161	230,905	415,066
Total Expenditures	184,161	230,905	415,066
Excess (Deficiency) of Revenues over Expenditures	131,505	24,691	156,197
Cash Beginning Balances	8,164,225	8,295,731	8,164,225
Cash Ending Balances	8,295,731	8,320,422	8,320,422

Self Insured Fund

	October 2008	November 2008	December 2008	2nd Quarter Total
Revenues				
Employer Premium Contributions	317,510.33	11,250.00	18,065.53	346,825.86
Investment Earnings (Losses)	10,275.09	7,445.79	4,998.48	22,719.36
Total Revenues	327,785.42	18,695.79	23,064.01	369,545.22
Expenditures				
Payment of Claims	3,886.75	377.44	844.20	5,108.39
Total Expenditures	3,886.75	377.44	844.20	5,108.39
Excess (Deficiency) of Revenues over Expenditures	323,898.67	18,318.35	22,219.81	364,436.83
Cash Beginning Balances	5,649,591.93	5,973,490.60	5,991,808.95	5,649,591.93
Cash Ending Balances	5,973,490.60	5,991,808.95	6,014,028.76	6,014,028.76