

State of West Virginia

Board of Risk and Insurance Management

2021 Annual Report



August 28, 2021

Honorable Jim Justice, Governor
State of West Virginia

Governor Justice:

The Annual Report of the West Virginia Board of Risk and Insurance Management (BRIM) for the year ended June 30, 2021 is hereby respectfully submitted. This report was prepared by the staff of BRIM. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation rests with the management of BRIM. We believe the data, as presented, is accurate and that it is presented in a manner designed to fairly set forth the results of the operations of BRIM. All information necessary to enable the reader to gain an understanding of BRIM's operational activities has been included.

The Annual Report contains discussions of the financial activities and highlights for the past several fiscal years, and BRIM's organization chart. The minutes of the Board of Directors meetings are attached as a supplement to this report.

BRIM is reported as an enterprise fund operating as a single business segment, included as a blended component unit of the primary government in the State's Comprehensive Annual Financial Report (CAFR). After applying the criteria set forth in generally accepted accounting principles, BRIM management has determined there are no organizations that should be considered component units of BRIM.

BRIM is governed by a five-member board appointed by the governor for terms of four years. BRIM operates by the authority granted in Chapter 29, Article 12; and Chapter 33, Article 30; of the West Virginia Code as amended, and the provisions of Executive Order 12-86. The day-to-day operations of BRIM are managed by the executive director, who is responsible for the implementation of policies and procedures established by the Board members.

BRIM is charged with providing insurance coverage to all state agencies. Additionally, BRIM provides these services to cities, counties, and non-profit organizations throughout the State under the provisions of Senate Bill #3 (SB#3). BRIM also provides a coal mine subsidence reinsurance program, which allows homeowners and businesses to obtain insurance coverage up to \$200,000 for collapses and damage caused by underground coal mines.

BRIM uses various means to cover its insureds. Although BRIM is not indemnified by an insurance company, it contracts with an insurance company that is compensated for claims handling with a flat fee. The primary methods used by BRIM to fund claims payments results in a more stable and predictable funding of claims and claims related expenses, allowing for better cash management for the organization.

Beginning in fiscal year 1996, liability claims were handled through a “Modified Paid Loss Retrospective” rating program, which required an up-front deposit to an insurance company. As losses occur, payments and reserves are established and charged against the deposit. When the amount of paid losses within a twelve-month period exceeds the amount of the deposit, a retrospective billing is produced, and BRIM pays that additional amount to the insurance company.

Beginning in fiscal year 2006, BRIM deposited monies with a financial institution, as trustee, to hold advance deposits in an escrow account for BRIM liability claims with loss dates after June 30, 2005. The funds held in escrow, together with their earnings, will be used to fund the payment of the claims and claims adjustment expenses related to these liability claims. Periodically, monies are transferred from the escrow account to the insurance company administering these claims in order to reimburse the insurance company for payments that they have issued on these claims and claims adjustment expenses on BRIM’s behalf.

Property losses are retained by BRIM up to \$1 million. Additionally, excess coverage is provided beyond the \$1 million retention up to a limit of \$400 million per occurrence. This coverage provides reimbursement of loss at the stated or reported value less a \$2,500 deductible. Under the mine subsidence program, participating insurers pay BRIM a reinsurance premium, which is equal to the gross premiums collected for mine subsidence coverage, less cancellations, less a 30% ceding commission.

BRIM currently insures approximately 160 state agencies, approximately 970 Senate Bill #3 entities, plus provides mine subsidence reinsurance to approximately 15,000 home and business owners.

Financial Highlights

The financial statements of BRIM are prepared on the accrual basis of accounting in conformity with generally accepted accounting principles. In 1993, the Governmental Accounting Standards Board (GASB) issued Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting." BRIM elected to implement the provisions of this Statement beginning in fiscal year 1994. As permitted by the Statement, BRIM has elected not to adopt Financial Accounting Standards Board (FASB) statements and interpretations issued after November 30, 1989, unless the GASB specifically adopts such FASB statements or interpretations.

Internal Accounting Structure and Budgetary Control

As mentioned, BRIM reports and meets the requirements of an enterprise fund. BRIM's assets and liabilities are accounted for in a single fund.

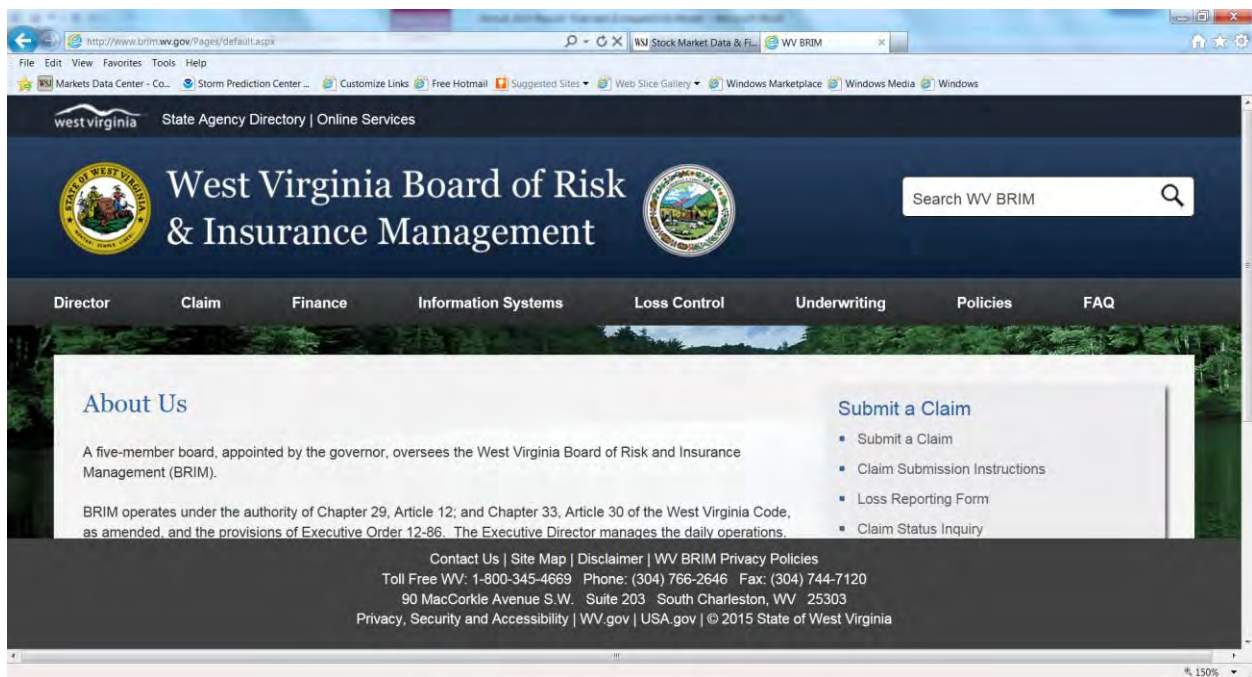
Internal controls have been put in place to ensure the assets and property of BRIM are protected from theft, loss or misuse and to provide adequate accounting data for preparing Generally Accepted Accounting Principles (GAAP) based financial statements.

Internal controls are established to provide reasonable assurance that objectives are met. Additionally, the concept of reasonable assurance should recognize that the cost to administer the control should not exceed the benefits derived from the control.

An annual budget is prepared prior to the start of each fiscal year for use as a management tool and for evaluating performance.

BRIM On-Line

We invite you to visit BRIM's website at <http://www.brim.wv.gov/Pages/default.aspx>. The website is designed to inform the public about our program and to provide assistance to our customers. One feature allows claimants to submit a claim electronically for faster processing and handling. Detailed instructions on how to fill out a renewal questionnaire are also found on-line. A variety of frequently asked questions on topics ranging from billing to underwriting can also be found on this site.



Results of Operations

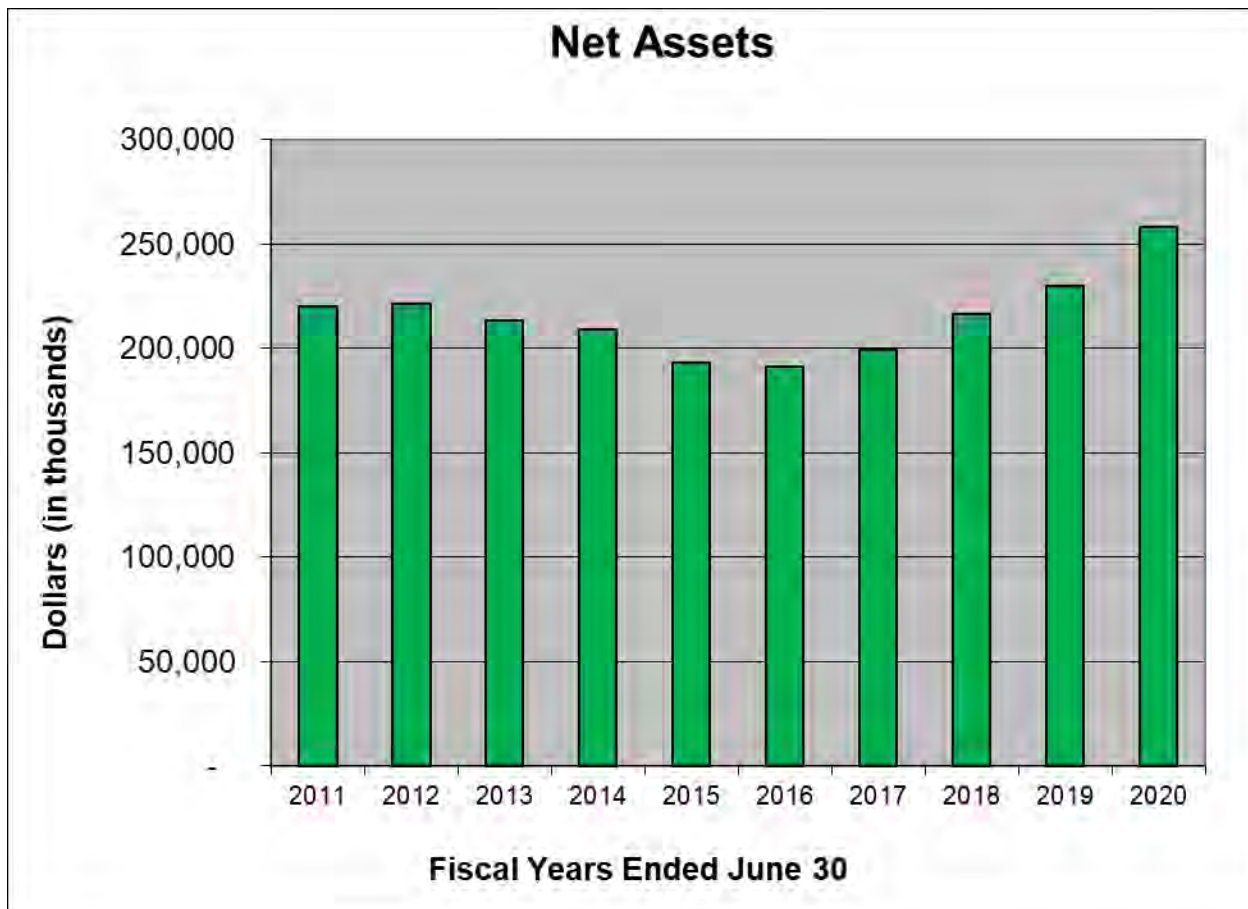
Below are audited results from operations of four most recent fiscal years ended June 30:

	2017	2018	2019	2020
	(In Thousands)			
Operating Revenues:				
Premiums	\$ 71,368	\$ 78,951	\$ 83,301	\$ 82,567
Less Excess Coverages	(6,681)	(6,518)	(6,627)	(6,915)
Net Operating Revenues	64,687	72,433	76,674	75,652
Operating Expenses:				
Claims & Claims Adjustment	59,149	57,393	80,169	65,349
General & Administrative	4,200	4,410	4,519	5,034
Total Operating Expenses	63,349	61,803	84,688	70,383
Operating Income (Loss)	1,338	10,630	(8,014)	5,269
Non-Operating Revenues				
Interest Income	9,841	6,712	21,044	22,818
OPEB Non-operating Income			30	24
Appropriation Transfer	(2,810)			
Net Income	8,369	17,342	13,060	28,111
Net Position at Beginning of Year	190,959	199,328	216,612	229,672
Cummulative Effect Adoption of GASB 75		(58)		
Net Position at Beginning of Year Restated	190,959	199,270	216,612	229,672
Net Position at End of Year	\$ 199,328	\$ 216,612	\$ 229,672	\$ 257,783

BRIM has worked diligently for the past several years to maintain positive net position and eliminate its unfunded liability. Favorable loss patterns and adequate funding have enabled BRIM to maintain positive net position from 2005 thru 2020. BRIM may occasionally experience some adverse loss development. Premiums continue to be calculated on a basis consistent with exposure and loss trends. It is also important to note that BRIM has not received any state appropriations since 2005. BRIM will continue to closely monitor claims activity with our independent actuary and will bill

premiums accordingly. Efforts are being undertaken to increase the emphasis on loss control by state agencies and Senate Bill #3 entities, including educational classes and seminars on sexual harassment, discrimination, liability deductibles, defensive driving classes, and personally meeting with Cabinet Secretaries to discuss loss histories of the agencies under their supervision.

The chart below shows the net assets for the past ten years. All years shown have a positive net position.



West Virginia Patient Injury Compensation Fund

House Bill 2122, signed into law on April 8, 2003, created a patient injury compensation fund study board “to study the feasibility of establishing a patient injury compensation fund to reimburse claimants in medical malpractice actions for any portion of economic damages awarded which are uncollectible due to statutory limitations on damage awards for trauma care and/or the elimination of joint and several liability of tortfeasor health care providers and health care facilities.”

On April 2, 2004, House Bill 4740 was signed into law, effective June 11, 2004 creating the West Virginia Patient Injury Fund. The fund is administered and operated by BRIM. Legislation passed in March 2016 transferred all remaining funds in the Medical Liability Fund to the West Virginia Patient Injury Fund, effective July 1, 2016, resulting in the closing of the Medical Liability Fund. This legislation also closed compensation to any claimants who filed with the Patient Injury Fund on or after July 1, 2016. Additional funding to pay any compensable claims filed as of June 30, 2016 was established by creation of assessments imposed on medical liability claims awards and settlements and fees charged to licensed physicians and hospitals.

Audit

BRIM is required by the Financial Accounting and Reporting Section (FARS) of the Department of Administration to have an annual independent audit. The firm of Dixon Hughes Goodman, LLP was selected to perform the audit for the fiscal year ended June 30, 2021. The June 30, 2021 report will be available near the end of October 2021.

Risk Management

BRIM is charged with providing loss control and risk management services to all insured entities throughout the State. BRIM accomplishes this task through a number of programs. All property insured by BRIM with a value of \$1 million or more is inspected annually. Additionally, BRIM holds various seminars and training programs for its insureds throughout the year. Topics include boiler operation, employment practices, and general loss prevention.

Cash Management

BRIM's cash and cash equivalents are managed by the Board of Treasury Investments according to the provisions of the Code of West Virginia. BRIM management monitors cash balances on both a daily and a monthly basis.

Certificate of Achievement for Excellence in Financial Reporting

The West Virginia Board of Risk and Insurance Management's Comprehensive Annual Financial Report for the year ended June 30, 2020, from which the information on page(s) one through eight have been drawn, was submitted for the award the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA). Because of COVID-19 the GFOA was behind in issuing the Certificate of Achievement. We just received notification that

BRIM was awarded the Certificate for 2020. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

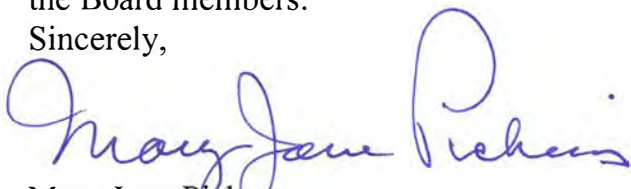
Comprehensive Annual Financial Report

Since June 30, 1995, BRIM has issued a Comprehensive Annual Financial Report (CAFR). This report contains an introductory section, a financial section and a statistical section. The financial section will contain audited data for June 30, 2021. The CAFR for fiscal year 2021 will be issued before December 31, 2021. A copy of this report will be sent to the Governor's Office upon completion.

Acknowledgments

This report would not be possible without the assistance of the BRIM staff and the support of the Board members.

Sincerely,



Mary Jane Pickens
Executive Director

Listing of Coverages in Effect for Fiscal Year 2020

LIABILITY	LIMIT OF LIABILITY
Automobile Liability Policy No.: CA 459-43-12 & 459-43-11 Company: National Union Fire Insurance Co.	\$ 1,000,000 per occurrence
Cyber Liability (State) Policy No.: UMR B1262F10687318 Company: Arthur J. Gallagher International	\$ 25,000,000 per occurrence
Cyber Liability (Boards of Education) Policy No.:01-420-80-92 Company: AIG Specialty Ins. Co.	\$ 6,000,000 per occurrence
General Liability Policy No.: CA 172-89-15 & 172-89-16 Company: National Union Fire Insurance Co.	\$ 1,000,000 per occurrence
Aircraft Liability Policy No.: AV003380147-18 Company: National Union Fire Insurance Co.	\$ 1,000,000 per occurrence
Unmanned Aircraft Liability Policy No.: UMO28176638-06 Company: National Union Fire Insurance Co.	\$ 1,000,000 per occurrence
Excess Liability-Bd. of Education Policy No.: XS1728940 Company: The Insurance Company of the State of Penn	\$ 5,000,000 per occurrence or claim
PROPERTY	LIMIT OF LIABILITY
Blanket Property Policy No.: MAF760728-20 Company: Axis Insurance Company	\$ 25,000,000 primary layer 1,000,000 deductible
Policy No.: NHD913889 Company: RSUI	\$ 100,000,000 in excess of 25,000,000
Policy No.: 795013012 Company: Atlantic Specialty	\$ 75,000,000 in excess of 125,000,000
Policy No.: UP2003382 Company: Chubb/Lloyds	\$ 200,000,000 in excess of 200,000,000
Policy No.: MAF760729-20 Company: Axis Insurance Company	\$ 10,000,000 flood with 1,000,000 deductible
Boiler and Machinery Policy No.: YB2L9L469170020 Company: Liberty Mutual Insurance	\$ 5,000,000 per equipment covered in excess of 1,000,000
Public Insurance Official Position Schedule Bond Bond No.: 106128156 Company: Travelers	Variable amounts as set by Statute

Source: Information compiled from the West Virginia Board of Risk and Insurance Management's internal data.

Top 10 State Agency Premiums for Fiscal Year 2020

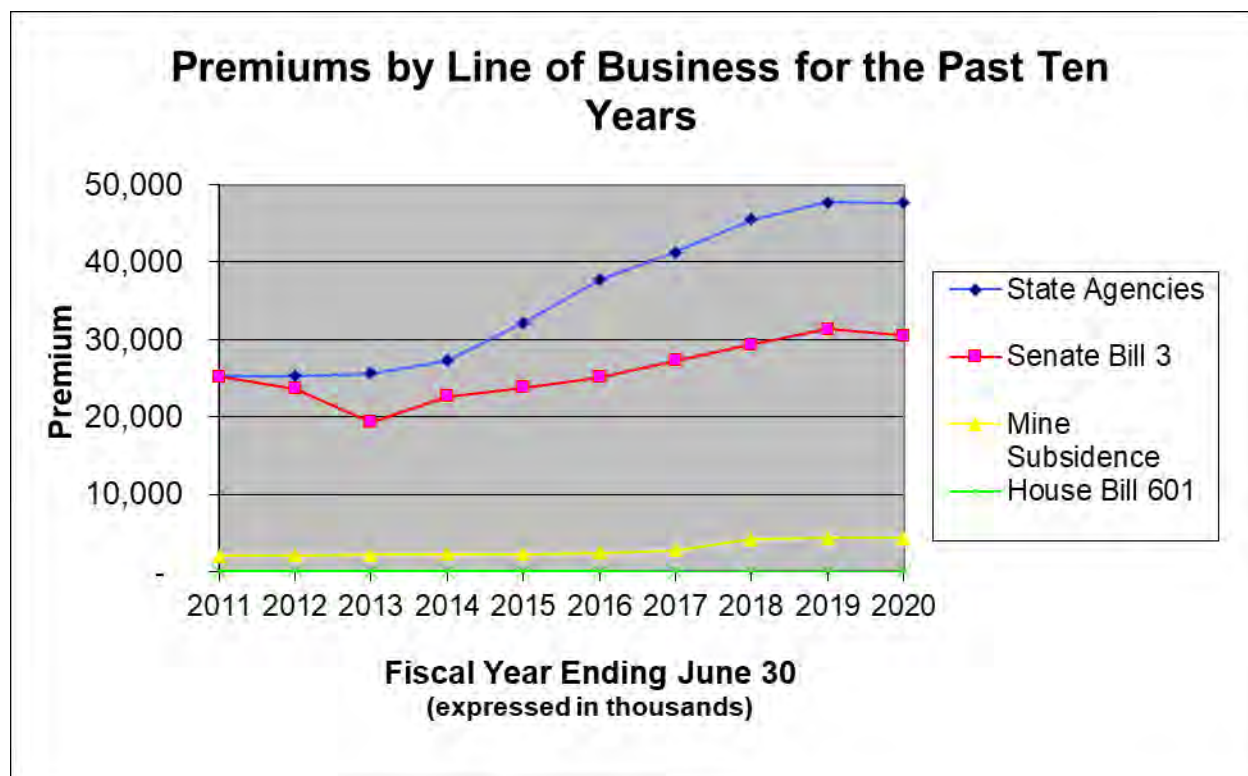
1 West Virginia University	\$10,360,538
2 Division of Highways	6,397,029
3 State Police	5,325,334
4 Division of Corrections	4,169,606
5 Department of Health & Human Resources	3,418,612
6 Marshall University	3,059,666
7 Regional Jail and Corrections Facility Authority	1,808,260
8 West Virginia University Medical Corp.	907,661
9 Supreme Court of Appeals	810,197
10 Parkways Authority	662,897
Total Top Ten	\$36,919,800

Total State Premium Billing for 2020	\$49,582,664
% of top 10 in relation to all state agency billings	74.46%

Top 20 SB 3 Premiums for Fiscal Year 2020

1 Kanawha County Board of Education	\$1,447,140
2 Berkeley County Board of Education	869,701
3 City of St. Albans	869,666
4 Raleigh County Board of Education	720,021
5 Cabell County Board of Education	602,818
6 Harrison County Board of Education	571,713
7 Putnam County Board of Education	525,136
8 Wayne County Board of Education	506,140
9 Jefferson County Board of Education	482,067
10 Monongalia County Board of Education	469,470
11 Mingo County Commission	463,739
12 Logan County Board of Education	433,297
13 Kanawha Valley Regional Transportation	424,152
14 Mercer County Board of Education	416,146
15 Fayette County Board of Education	396,753
16 Marion County Board of Education	391,020
17 Westbrook Health Services, Inc.	359,699
18 Ohio County Commission	320,122
19 Mingo County Board of Education	319,327
20 Wood County Board of Education	306,380
Total Top Twenty	\$10,894,507

Total SB 3 Premium Billing for 2020	\$32,359,936
% of top 20 in relation to total SB 3 billings	33.67%

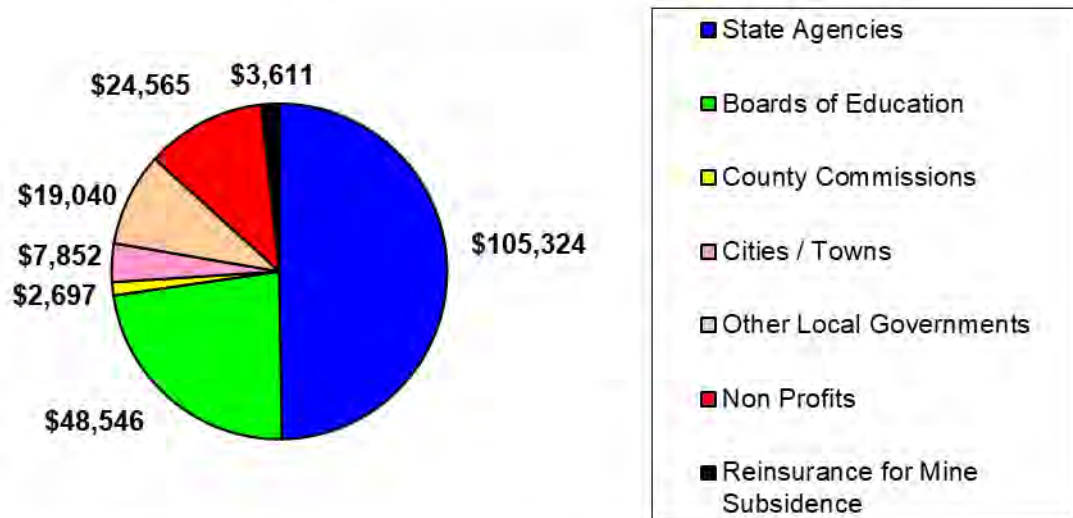


Fiscal Year	State Agencies	Senate Bill 3	Mine Subsidence	House Bill 601
2011	\$ 25,239	\$ 25,233	\$ 2,032	\$ 34
2012	\$ 25,290	\$ 23,603	\$ 2,090	\$ 63
2013	\$ 25,607	\$ 19,345	\$ 2,142	\$ 40
2014	\$ 27,226	\$ 22,642	\$ 2,220	\$ 40
2015	\$ 32,118	\$ 23,781	\$ 2,261	\$ 44
2016	\$37,688	\$25,147	\$2,398	\$ 60
2017	\$41,304	\$27,305	\$2,759	
2018	\$45,516	\$29,306	\$4,129	
2019	\$47,713	\$31,286	\$4,302	
2020	\$47,675	\$30,524	\$4,368	

The chart above shows premiums by line of business for the past ten fiscal years, expressed in thousands of dollars. This chart illustrates a general downward trend of premiums for State Agencies and Senate Bill 3 customers until 2014 when premiums began increasing.

Source: BRIM's internal financial statements.

Claims Dollars Incurred by Customer Type Fiscal Years 2011 Through 2020 (expressed in thousands)



Source: Information compiled from the West Virginia Board of Risk and Insurance Management's internal data.

STATE OF WEST VIRGINIA
DEPARTMENT OF ADMINISTRATION
BOARD OF RISK AND INSURANCE MANAGEMENT



Allan L. McVey
Cabinet Secretary

Mary Jane Pickens
Executive Director
Deputy Cabinet Secretary

AGENDA
BOARD MEETING OF THE
WEST VIRGINIA BOARD OF RISK AND INSURANCE MANAGEMENT
September 15, 2020

Meeting held telephonically to practice social distancing guidelines for the COVID-19 pandemic response. Notice to the public provided on BRIM's web page. The meeting meets Open Meeting laws requirements for public access.

Join meeting by phone: Dial-in number: +1 681-245-6817 Conference ID: 670 420 451#

Chairman Martin

Call to Order

Chairman Martin

Roll Call

Chairman Martin

Approval of Board Minutes
June 16, 2020 Meeting

REPORTS

Nate Pearson/Scott Mountain
BNY Mellon Investment Management

Account/Investment Update

Tom Sauvageot
West Virginia Investment Management Board

Account/Investment Update

Mary Jane Pickens
Executive Director

Executive Director's Report

Stephen W. Schumacher, CPA
Chief Financial Officer

Financial Report
PCard Report

Robert A. Fisher
Deputy Director/Claim Manager

Loss Control Report

Ashley E. Summitt
Chief Privacy Officer

Privacy Report

UNFINISHED BUSINESS

NEW BUSINESS

EXECUTIVE SESSION

ADJOURNMENT

Idm

STATE OF WEST VIRGINIA
DEPARTMENT OF ADMINISTRATION
BOARD OF RISK AND INSURANCE MANAGEMENT



Allan L. McVey
Cabinet Secretary

Mary Jane Pickens
Executive Director
Deputy Cabinet Secretary

**MINUTES OF THE MEETING
OF THE
WEST VIRGINIA BOARD OF RISK AND INSURANCE MANAGEMENT
June 16, 2020**

(meeting was held telephonically to practice social distancing guidelines for the COVID-19 pandemic response)

BOARD MEMBERS PRESENT:	Bruce R. Martin, CIC, CRM, Chairman Bob Mitts, CPCU, Vice Chairman James Wilson, Esq., Member Edward Magee, Ed.D., CPA, Member Gordon Lane, Jr., Member James A. Dodrill, Board Secretary, Ex-Officio Member Commissioner, WV Office of the Insurance Commissioner
BRIM PERSONNEL:	Mary Jane Pickens, Executive Director Robert Fisher, Deputy Director/Claims Manager Stephen W. Schumacher, CPA, CFO Ashley Summitt, Chief Privacy Officer Melody Duke, Deputy Director/Underwriting Manager Jeremy Wolfe, Risk & Insurance Manager John Fernatt, Senior Claim Representative Valerie Poindexter, Senior Claim Representative Stephen W. Panaro, CPA, Controller Lora Myers, Recording Secretary
BRIM PROGRAM REPRESENTATIVES:	Steve Fowler, Esq., BRIM Counsel Ed Poe, Esq., BRIM Counsel Chuck Waugh, AIG Claim Services Brenda Samples, USI Insurance Services, LLC Bob Ayers, USI Insurance Services, LLC
GUESTS:	Allan L. McVey, Secretary, Department of Administration Sandy Price, WVU Health Sciences Center Kelsey Richards, WVU Risk Management

CALL TO ORDER

- Chairman Martin called the board meeting of the West Virginia Board of Risk and Insurance Management to order on Tuesday, June 16, 2020.
- The meeting was held telephonically to practice social distancing guidelines for the COVID-19 pandemic response.
- Chairman Martin called roll for the board members; all were in attendance. He requested that all other board meeting attendees email Lora Myers confirming their participation on the call.

APPROVAL OF MINUTES

- Vice Chairman Bob Mitts moved the approval of the March 17, 2020 board meeting minutes. The motion was seconded by James Wilson.
- Jim Dodrill requested the date be corrected on the minutes. Date was listed as March 20, 2019 and needed to be corrected to March 17, 2020. Correction was noted and no additional vote was necessary.
- Being no discussion, a vote took place and the MOTION ADOPTED.

REPORTS

Executive Director's Report

- Chairman Martin called on Mary Jane Pickens to present the Executive Director's Report.
- Ms. Pickens reviewed the Medical Malpractice Program for Marshall University and West Virginia University.
- Ms. Pickens reviewed the State Agency/Senate Bill #3 Liability Claim and Litigation Information. Her report includes detailed information regarding trials, paid claims, outstanding claims, claim counts, closed claims and closing ratio.
- Reported on the COVID-19 Pandemic. BRIM staff were sent home on March 18, 2020, some staff returned to pick up equipment and supplies on March 24, 2020. BRIM experienced a few technology and operational issues initially but overall has had a mostly seamless transition to working from home.

- Ms. Pickens has attended webinars relating to the pandemic and particularly those focusing on reopening businesses safely.
- Attached is a draft of BRIM's Return to Work Plan which outlines the protocols we will be following when we return to the office.
- The Patient Injury Compensation Fund (PICF) was reviewed. The outstanding balance owed to claimants is \$4,139,549.17, unchanged since the March 2020 meeting. The most recent pro-rata distribution to claimants was \$2.1 million. The current balance of the fund is \$1,816,380.92.

START Back Here

The Risk Management Information System was discussed. BRIM continues to participate in weekly phone meetings with Asset Works to discuss progress. Robert, Melody and John met with the Asset Works team in person February 19 – 20 to work on several aspects of the system, the meeting was positive. Additional functionality regarding audit trails and ad hoc reporting should be developed by the end of March.

Mrs. Pickens reported on the status of RFP – Consultant Contract. The Willis Towers Watson team has not finalized its report, but it is expected before the end of March. We are aware already of several opinions from phone conversations and meetings. The general conclusion is that BRIM runs an efficient insurance program with an expense load of approximately 5%. This is very low and beneficial to WV state insureds. Willis tested BRIM's surplus using the Igloo platform (Igloo is WTW's capital adequacy financial modeling tool) and compared to 2 peer groups, we've been told the modeling illustrates that BRIM's expense ratio is much lower than the public entity peer group. Other ratios tested were in the strong range.

Ms. Pickens informed the Board that since the last meeting BRIM has received approval to add 2 positions. Until the creation of those positions, the agency had no unfilled positions until Mr. Mozingo's retirement at the end of December 2019. Underwriting and Privacy will be assigned the new positions.

BRIM is working toward the renewal of the Property policy, the Boards of Education excess policy, and the Cyber Liability policies for both State and Boards of Education. Negotiations are also being held for renewal of our agreement with AIG for the state and SB3 Liability and Auto programs. Continuing our efforts to procure the Excess Liability policy for the Boards of Education, and there are continued challenges with the excess market generally.

Ms. Pickens gave a detailed legislative update as follows:

*Responses to the SCR 52 study questions from the 2019 session were submitted on December 27, 2019. A bound copy was provided to the chairs of

the Banking and Insurance Committees in the House, Senate, and the Senate President's counsel. There have been no questions or discussion.

*SB 175 requires that Executive Branch state agencies maintain websites with specific information such as contract information for the agency and staff, an organizational chart, statutes/rules, FAQs, annual reports, and meeting minutes, etc. BRIM's website contains the necessary information, but we will be updating to make certain information is easily located.

*HB 4042 requires agencies that are exempt from some or all of the Purchasing Division requirements to adopt their own procedural rules on procurement. A procedural rule has been drafted and will be shared with Deputy General Counsel for the department soon. We are required to have these rules in place by September 1, 2020.

*HB 4496 was a Division of Corrections and Rehabilitation bill that BRIM supported. The bill passed early in the session and removed all references to the Division of Corrections in W.Va.Code § 29-12-5a, which is a section requiring BRIM to provide liability coverage to the Boards of Education and now Charter Schools that elect to get their coverage through BRIM. The Omnibus Education Bill (HB 206) from last summer inadvertently included Corrections in the requirement for the higher coverage limit of \$1.25 million for the Boards of Education/Charter Schools. Since there is no reason for Corrections to be included in that code section, the bill struck all such references.

*HB 4559 is perhaps the most significant bill from BRIM's perspective. The bill is part of a trend to reform statutes of limitation on claims for sexual abuse or molestation of minors. As introduced, the bill would have amended the time-period to bring a claim against a perpetrator from 4 years after reaching the age of majority to 10 years after reaching the age of majority. The bill was amended in Senate Judiciary to take the 4 years to 18 years after the age of majority and added that statute as for claims against persons who conceal, aid or abet. Additionally, a new subsection was added that applied these new statutes to claims and actions that had already expired under a different statute. The bill was discussed with Jo Ellen Cockley from Aon, her opinion was that the impact is very difficult to project.

*Other bills are affecting BRIM as a state agency relating to such things as records management, reorganization of DMAPS, and transferring the Parole Board to the Division of Corrections and Rehabilitation.

*BRIM's Rules – a project to focus on over the next few years is an update to all BRIM legislative and procedural rules. These rules have not been updated in many years, and it's a good time to make sure they reflect modern processes.

*BRIM's Website – SB 175, the Government information bill, and updates to our website. Before the bill passed, we met with WV Interactive and a representative from the Communications Hub at Commerce to begin the project. Another meeting took place March 11. The plan is to modernize the look, make certain all

information is easy to find and navigate, and that the Privacy Office's website and information is part of BRIM's format.

Ms. Pickens reported that Chuck Mozingo has retired since our last meeting. However, he is back working a couple days each week as a temporary employee. He will be overseeing our records management project, helping with claims, working with our summer interns, and other projects that come up. BRIM is happy to have him back.

Ms. Pickens reported that BRIM anticipates having two summer interns. We are hopeful that Solomon Phillips can return to work. We also wish to add another summer employee through the Governor's Internship Program. She also commented on a new employee who started yesterday in the Claims Department. Shelly Brightwell has a long history of claims experience for Nationwide from 1999 – 2017 in positions of Litigation Specialist/Coverage Specialist II, and later in the position of Large Loss Property Specialist III. She most recently worked as an independent adjuster and worked for AIG in the late 1990s. We're excited to have Shelly on our BRIM team. We are also happy to report that Melody Duke has been designated Deputy Director at BRIM in addition to her role as Underwriting Manager. She has taken on a larger role with implementation of our new technology system, a growing involvement with cyber liability incidents and more activities around policy language and renewal discussions.

In conclusion, Mrs. Pickens announced the Board Meeting dates for 2020:

Tuesday, June 16, 2020 @ 1PM
Tuesday, September 15, 2020 @ 1PM
Tuesday, December 15, 2020 @ 1PM

The Executive Director's Report was received and filed, a copy is attached and made part of the record.

Chairman Martin welcomed Shelly Brightwell to BRIM and congratulated Melody Duke.

BRIM Financial Report

Chairman Martin called on Mr. Schumacher to present the Chief Financial Officer's Report.

Mr. Schumacher told Chairman Martin that he sent the PCard signature sheet and asked if he could return it electronically. He discussed PCard activity for November, December, and January. A disk containing PCard activity for this period will be mailed to the Board.

Current Financial Results were mostly discussed in the Aon presentation by Ms. Cockley earlier in the meeting. The financial results presented are for the seven-month period ending January 31, 2020. The results reflected the actuarially estimated unpaid losses from Aon's risk study as of December 31, 2019, plus an estimated additional accrual for January. Premium revenue decreased slightly by \$0.5 million for FY'20. This decrease mirrors the overall projected decrease in loss pics factored into premiums

for the current year and includes any new business written and cancellations year to date.

Mr. Schumacher reported on lower mine subsidence claims payments YTD for FY'20 resulted in the net decrease in claims and claims adjustment expenses of \$0.4 million when compared to FY'19. Total combined investment earnings of \$14.4 million through January is likely near the high-water mark for investment returns for BRIM for this fiscal year.

Details regarding Financial Markets were reviewed by Mr. Schumacher. Stock market indexes reached record highs in mid-February. February 24, 2020, the Dow closed more than 1,000 points for the day primarily over concerns regarding the global economic impact spread of the coronavirus. By the end of February, major stock indexes are down close to 10% which is considered a market correction. Investors are unsure how long or deep any economic downturn from the pandemic will last, forcing a broad rethink of their willingness to own riskier assets such as stocks and corporate bonds. The stock market is down over 25% from its February peak putting the stock market well into bear territory (20%) and negatively impacting BRIM's equity returns for both February and March. With extremely low interest rates and the end of the eleven-year bull market for stocks, overall investment returns for BRIM for the last 5 months of the fiscal year will probably be flat at best.

The Chief Financial Officer's Report was received and filed, a copy is attached and made part of the record.

Loss Control Report

Mr. Fisher was called upon by the Chairman to present the Loss Control Report.

Mr. Fisher reported the Senate Bill #3 loss control questionnaires were due January 1st. Since then, we have been evaluating those questionnaires to apply credits and surcharges based on insured participation in our Standards of Participation program. To date we have completed 797 evaluations. We hope to have the evaluation process completed during March.

During spring and summer, we will focus our loss control consultation services toward insured state agencies. We hope these efforts will assist agencies in identifying the primary areas in which their claims occur. This presents an opportunity for us to advise on developing strategies to enable the insured to control or avoid preventable claims.

The West Virginia Economic Development Authority recently took ownership of the former Kaiser/Century Aluminum plant in Ravenswood. Mr. Fisher reported BRIM personnel will be inspecting the facility and possibly ask Aon to inspect as well.

Due to COVID-19, travel has been restricted for many. The restrictions are forcing the rescheduling of meetings by our loss control vendors. Aon and Liberty Mutual were scheduled for upcoming meetings and have postponed their visits until the situation is resolved.

Our partnership with the West Virginia Public Service Commission continues by contributing risk management news articles for inclusion in their quarterly newsletter, "The Pipeline". The newsletter is distributed to public utility organizations and public service districts in the state.

Mr. Fisher reported during the months of January and February, Aon conducted 71 inspections and 819 were conducted by Liberty Mutual Insurance. The reports are being processed.

The Loss Control Report was received and filed, a copy is attached and made part of the record.

Privacy Report

Ashley Summitt was called on by the Chairman to present the Privacy Report.

Ms. Summitt reported the Privacy Management Team meeting coincided with *International Privacy Day* on January 28, 2020 and was incorporated into the event. Topic for Data Privacy Day was Payment Card Industry Data Security Standards (PCI DSS). The WV Treasurer's Office's PCI liaisons were invited to attend. Presentations from Scott Koller of BakerHostetler and Kevin Patterson of Experis, the state's PCI compliance vendor, as well as a tabletop exercises filled the day with important information. Due to attendance by fifty-five PMT members and PCI liaisons, the events required relocation to the large training room in Building 7 at the State Capitol. On March 10, 2020, the PMT met with 23 in attendance from 15 agencies. Topics included WV Office of Technology onshore data storage requirements presented by Jennelle Harper-Jones and Danielle Cox of the WVOT, NIST Privacy Framework, and a Data Privacy Day recap.

Ms. Summitt reported on privacy trainings. During the fourth quarter of 2019, 772 members of the Executive Branch workforce took the online course *Think WV Privacy*; 887 members took the online course *WV Confidentiality Agreement*, and 300 members took the online course *HIPAA/HITECH*.

Training events by the SPO since December were discussed. Privacy Officer Orientation for the Departmental Privacy Officer for Veteran's Assistance was conducted on December 18, 2019. The training was several hours and included HIPAA training. Save The Date has been requested for the semi-annual Privacy Retreat which has been scheduled for September 16 – 18, 2020 at Pipestem Resort State Park.

Ms. Summitt explained a privacy impact assessment (PIA) which is a tool used to assess the privacy impact and risks to the personally identifiable information (PII) stored, used and exchanged by information systems. A PIA evaluates privacy implications when information systems are created, when existing systems are significantly modified, or new technology is purchased. Since December 17, 2019, 7 PIAs have been completed and submitted. Staff changes at the Office of Technology have resulted in procedural changes for reporting to our office their recommendations

for completing a PIA. State Privacy staff combined with WVOT staff are working to create a new PIA procedure. Currently, PIA completion is not mandatory for agencies.

The Vendor Management Team, comprised of staff from the WV Purchasing Division, WV Office of Technology, WV Cybersecurity Office, BRIM, and State Privacy Office, has restarted its bi-monthly meetings. The Privacy Office is currently amending its PIA procedures based on feedback from various agencies and will be incorporating it into the processes already established by Purchasing and the Office of Technology

Privacy Report was received and filed, a copy is attached and made part of the record.

UNFINISHED BUSINESS

There was no unfinished business to be discussed.

NEW BUSINESS

Discussion regarding COVID-19. Plans in place to have phones forwarded and answered during work from home period. Laptops, tablets, and computers available so all employees can work from home. A few issues still exist that need to be addressed such as mail and faxes.

June meeting will be held telephonically if we are not cleared of COVID-19.

ADJOURNMENT

Chairman Martin thanked everyone for attending. Meeting adjourned.

Board Chairman

Date

ldm



State of West Virginia

September 15, 2020

One-on-One Use Only

Biographies



Nate Pearson, CFA

Nate is an interest rate strategist and portfolio manager responsible for research and analysis of US government securities, inflation-linked bonds and interest rate derivatives. He joined the firm in 2005 as a liquid products trader. Previously, he worked at Darling Consulting Group as an analyst responsible for interest rate risk analysis and overall balance sheet management for institutional banking clients.

Nate has an MSF from Boston College and a BS from the University of New Hampshire. He is a member of the CFA® designation and has 17 years of investment experience.



Scott Mountain, CFA

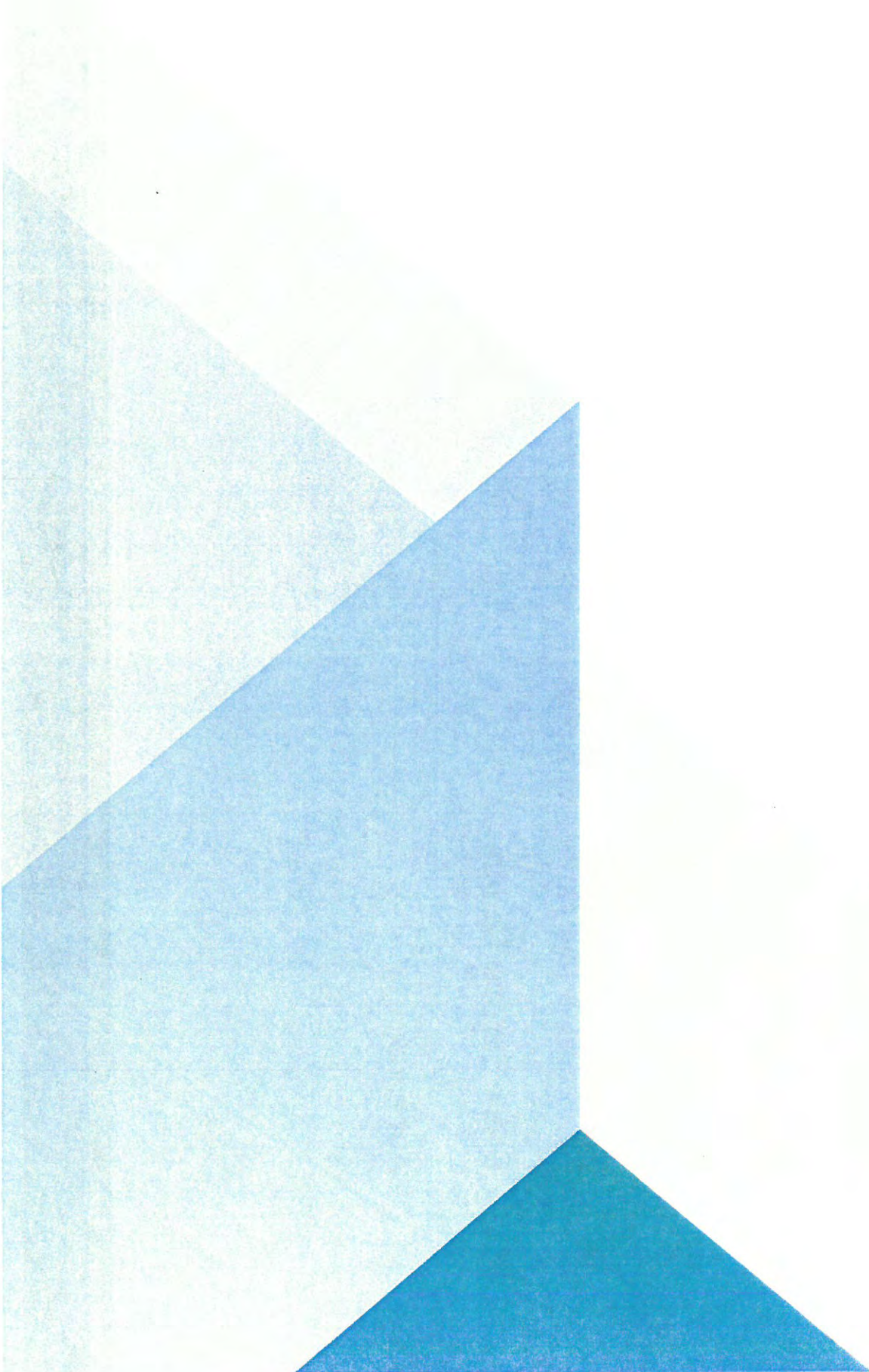
Scott is a senior relationship manager at the firm working with institutional clients and also serves as the relationship management team's channel lead for RIA, Taft-Hartley and non-US clients. He joined the firm from Lehman Brothers where he was responsible for client service, trading and middle market equity sales. Scott has been in the investment industry since 1997.

Scott has an MS in investment management from Boston University, and a BA from the University of Massachusetts at Amherst. Scott holds the CFA® designation and is a member of the CFA Institute.

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Agenda

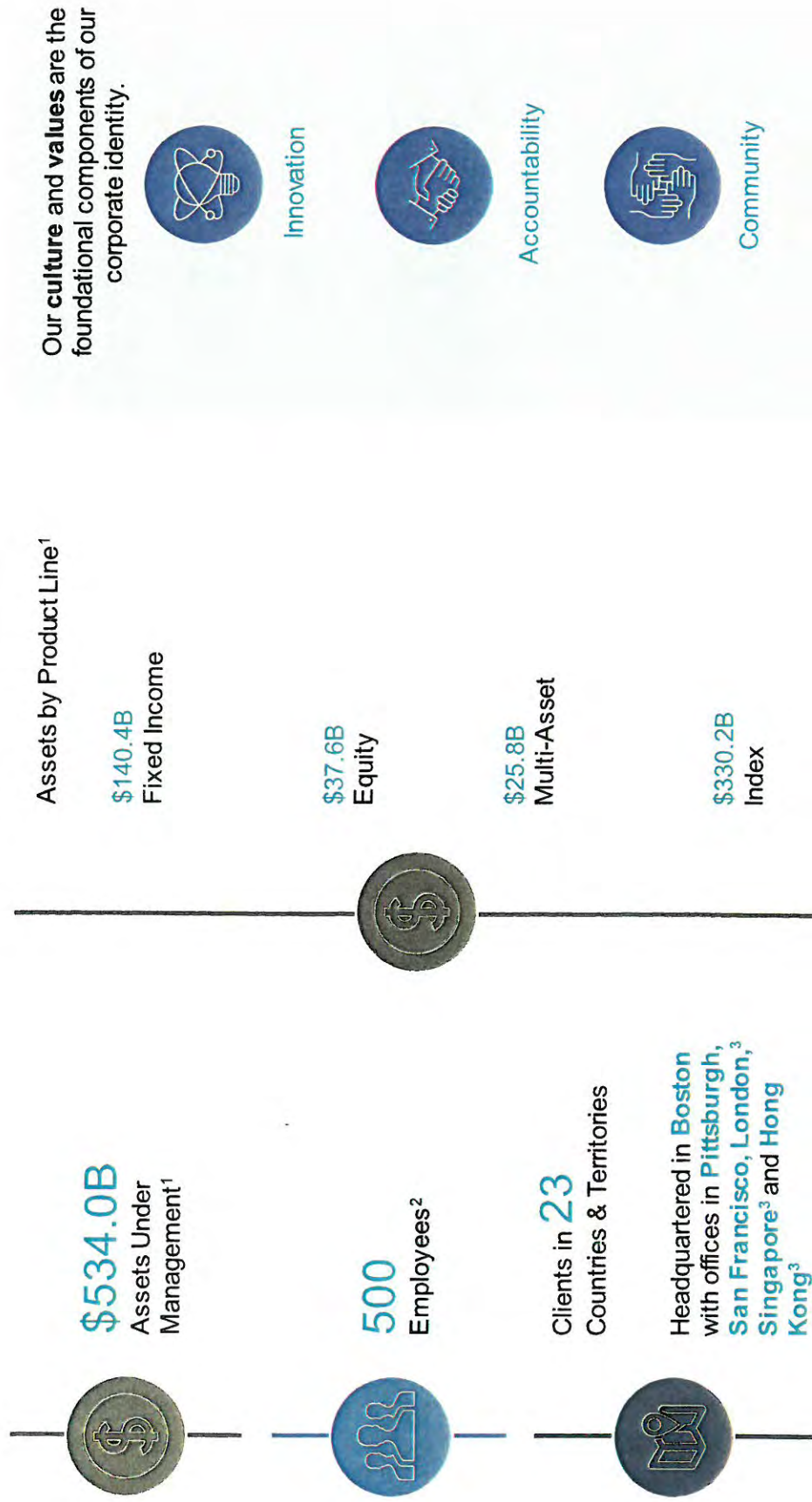
- I. Corporate Overview
- II. Market Environment
- III. Performance & Portfolio Review
- IV. Economic & Investment Outlook
- V. Client Service Update
- VI. Appendix



I

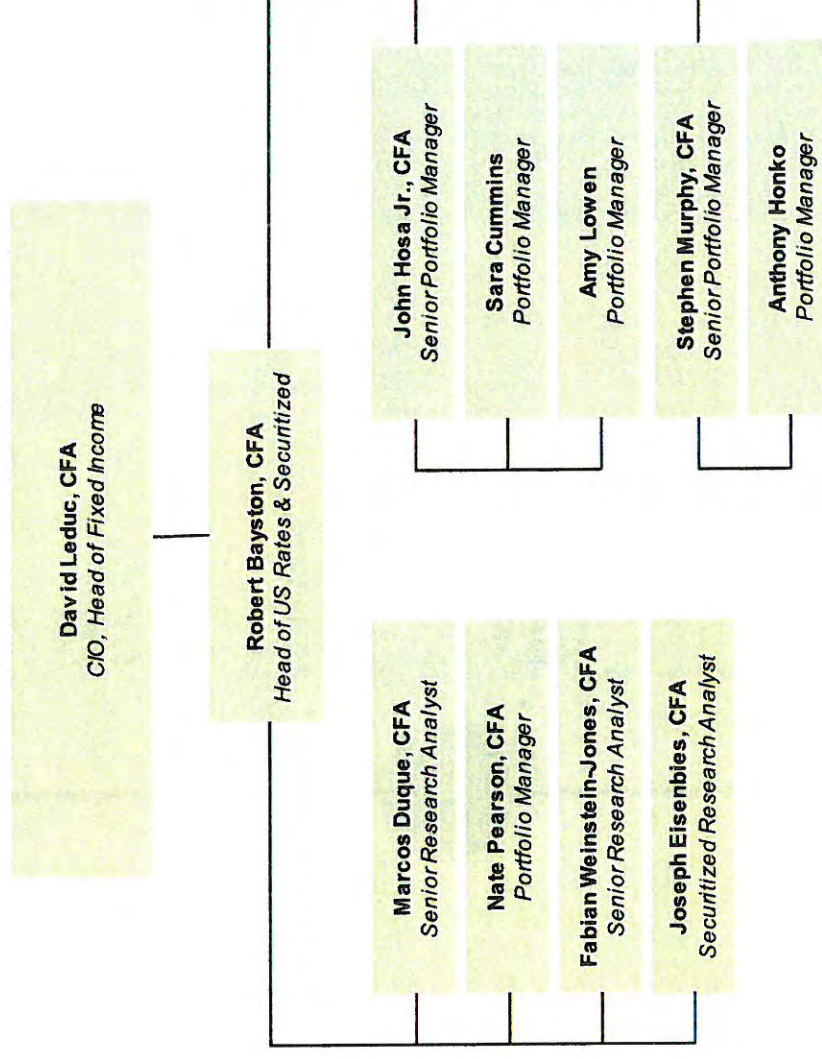
Mellon Overview

A global multi-specialist investment manager with a full spectrum of research-driven solutions

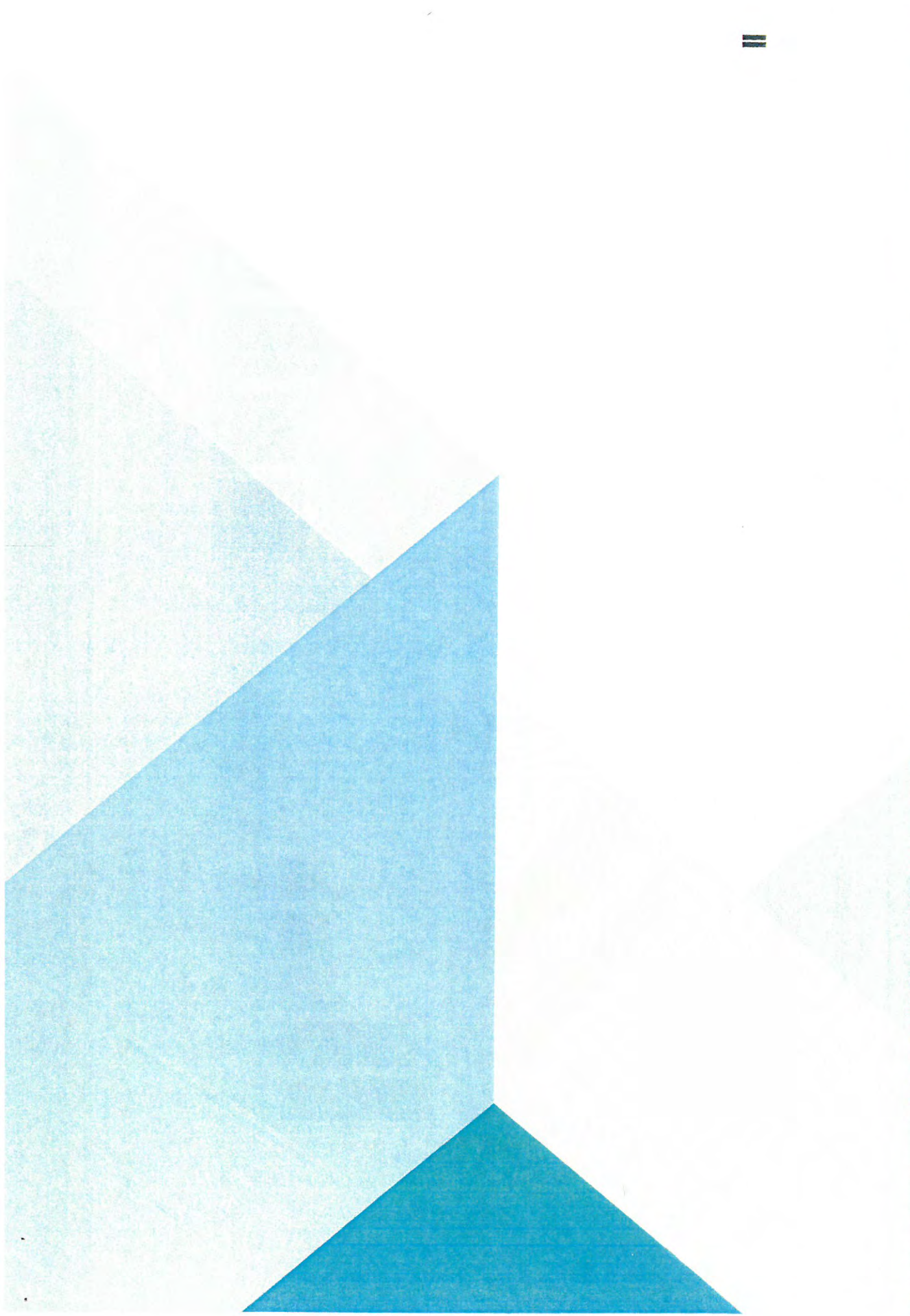


Data as of June 30, 2020. ¹Where applicable, assets include discretionary and non-discretionary assets, the notional value of overlay strategies, and assets managed by investment personnel acting in their capacity as officers of affiliated entities. ESG assets include assets managed in fundamental active strategies, custom ESG strategies, and assets managed in accordance with client directed SRI guidelines. ²Employee total includes employees of affiliated entities acting as dual officers and/or associated persons of Mellon. ³Location of affiliated entities providing services. Variations in totals due to rounding. See Additional Information in Disclosure Statements. [26178]

US Rates, Securitized & Cash



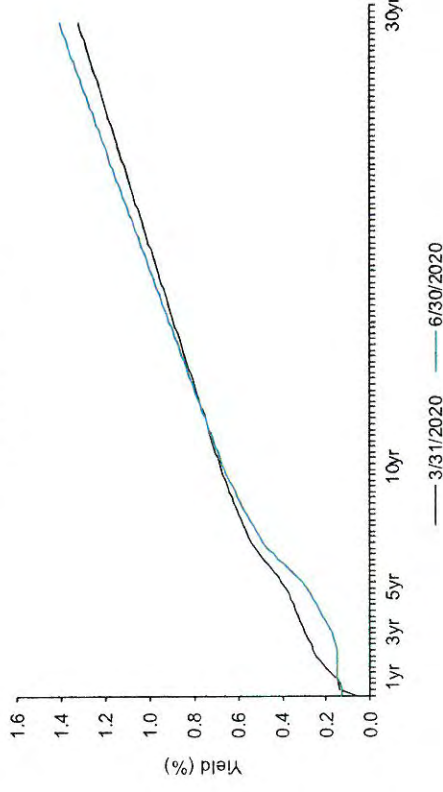
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Market Update – Q2 2020

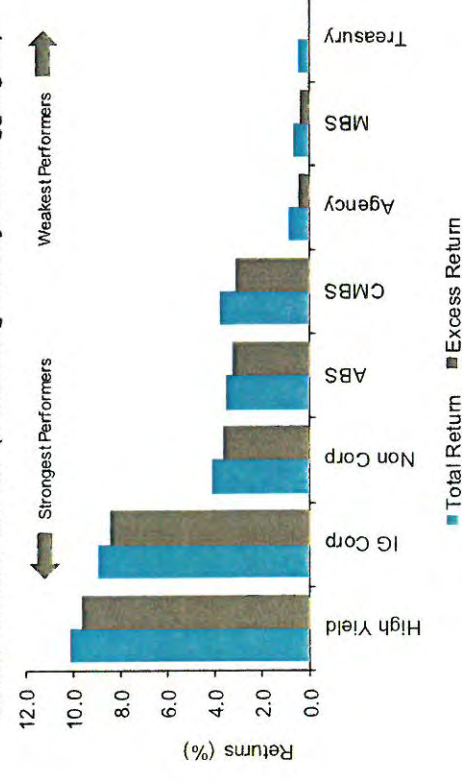
US Treasury Yields



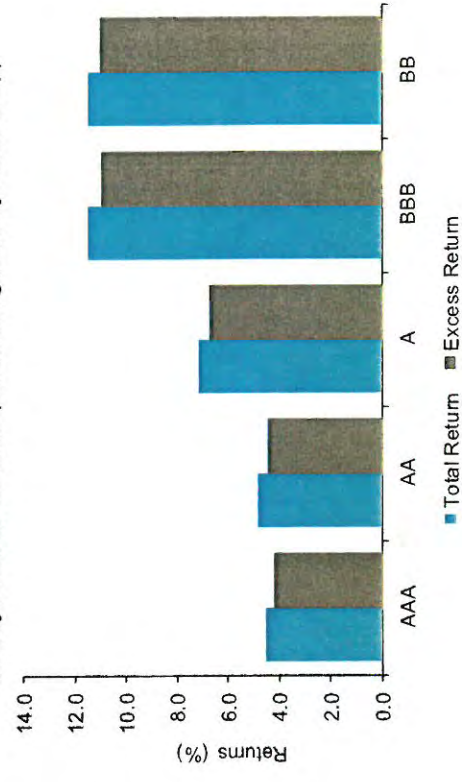
Yield Curve Changes

Maturity	6/30/20	3/31/20	Chg (bps)	High	Low
3 Month	0.13	0.06	7	0.19	0.04
6 Month	0.13	0.14	-1	0.24	0.09
1 Year	0.15	0.16	-1	0.22	0.11
3 Year	0.17	0.29	-12	0.35	0.17
5 Year	0.29	0.38	-9	0.47	0.27
10 Year	0.66	0.67	-1	0.90	0.57
30 Year	1.41	1.32	9	1.67	1.16

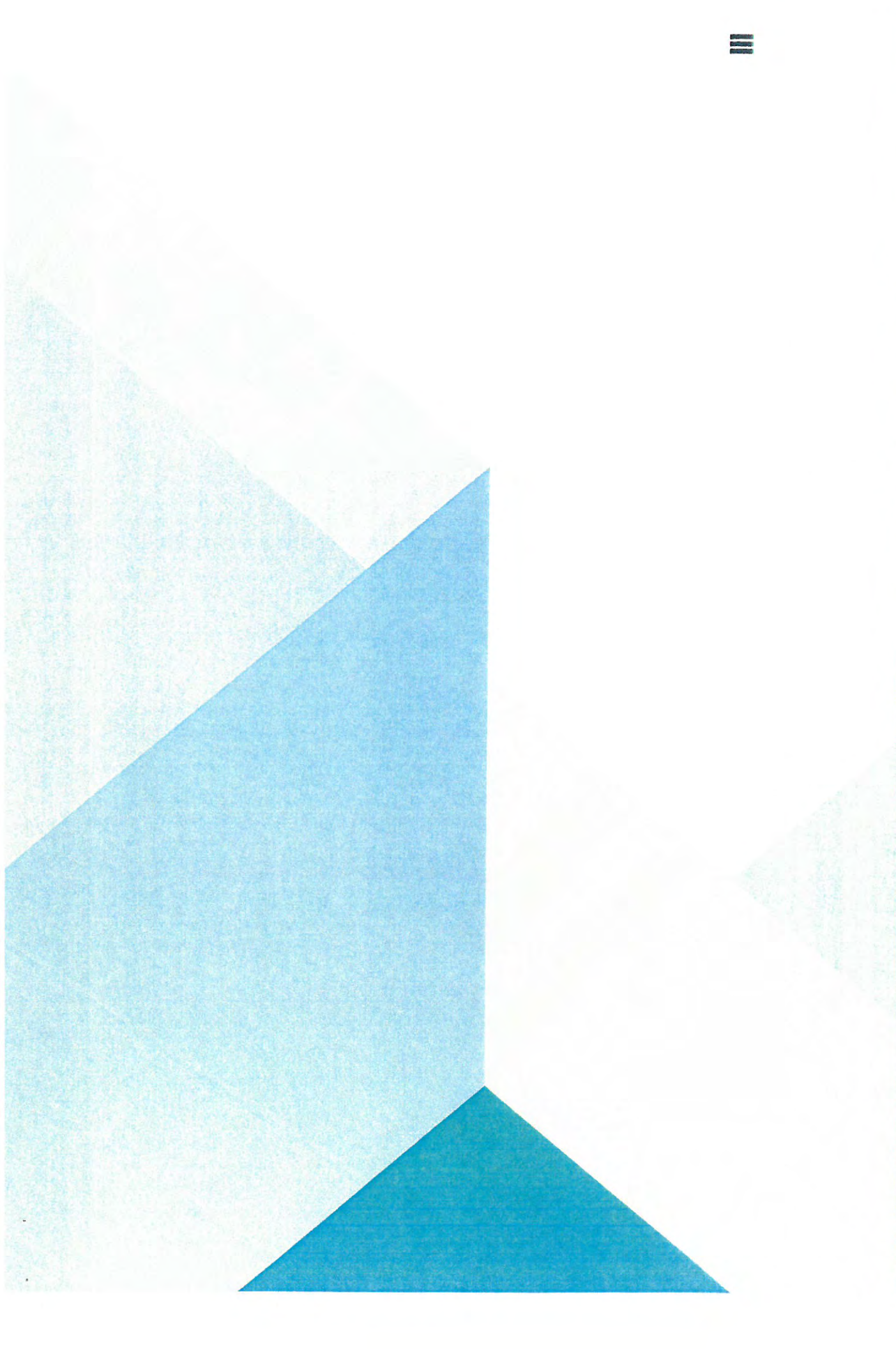
Sector Returns Q2 2020 (Bloomberg Barclays U.S. Aggregate)



Quality Returns Q2 2020 (Bloomberg Barclays U.S. Corp)



PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS. Performance results greater than one year are annualized. Source: Barclays POINT/Global Family of Indices. ©2020 Barclays Capital Inc. Used with permission. See additional information in disclosure statements. [25476]



State of West Virginia BRIM

State of West Virginia BRIM Market Values as of 6/30/2020	
State of West Virginia Retro-Natl Union	Market Value: \$1,605,521.35
State of West Virginia - BRIM 2005-06	Market Value: \$1,991,115.76
State of West Virginia - BRIM 2006-07	Market Value: \$2,838,862.45
State of West Virginia - BRIM 2007-08	Market Value: \$3,306,860.72
State of West Virginia - BRIM 2008-09	Market Value: \$5,007,867.41
State of West Virginia - BRIM 2009-10	Market Value: \$11,202,532.23
State of West Virginia - BRIM 2010-11	Market Value: \$12,580,581.57
State of West Virginia - BRIM 2011-12	Market Value: \$499,496.49
State of West Virginia - BRIM 2012-13	Market Value: \$8,497,248.22
State of West Virginia - BRIM 2013-14	Market Value: \$3,110,343.74
State of West Virginia - BRIM 2014-15	Market Value: \$17,732,639.52
State of West Virginia - BRIM 2015-16	Market Value: \$17,322,494.21
State of West Virginia - BRIM 2016-17	Market Value: \$9,137,091.83
State of West Virginia - BRIM 2017-18	Market Value: \$43,479,485.37
State of West Virginia - BRIM 2018-19	Market Value: \$58,427,150.88
State of West Virginia - BRIM 2019-20	Market Value: \$66,518,225.11
Total	Market Value: \$263,257,516.86

Source: Mellon Investments Corporation as of June 30, 2020

State of West Virginia BRIM

Portfolio Performance as of 6/30/2020

	YTD 2020 (%)**	6 Months (%)	1 Year (%)	3 Year (%)*	5 Year (%)*	Since Inception 8/31/05 (%)*
Total Return						
State of West Virginia - BRIM 2005-06	5.75	5.43	6.69	4.03	2.95	3.51
Barclays US Government Intermediate	5.88	5.75	7.01	4.09	2.97	3.52
Value Added	-0.13	-0.32	-0.32	-0.06	-0.02	-0.01
Market Value: \$1,991,115.76						
Total Return						
State of West Virginia - BRIM 2006-07	5.73	5.42	6.68	4.03	2.95	3.58
Barclays US Government Intermediate	5.88	5.75	7.01	4.09	2.97	3.65
Value Added	-0.15	-0.33	-0.33	-0.06	-0.02	-0.07
Market Value: \$2,838,862.45						
Total Return						
State of West Virginia - BRIM 2007-08	5.74	5.43	6.71	4.04	2.95	3.44
Barclays US Government Intermediate	5.88	5.75	7.01	4.09	2.97	3.48
Value Added	-0.14	-0.32	-0.30	-0.05	-0.02	-0.04
Market Value: \$3,306,860.72						
Total Return						
State of West Virginia - BRIM 2008-09	5.74	5.41	6.68	4.03	2.94	2.67
Barclays US Government Intermediate	5.88	5.75	7.01	4.09	2.97	2.71
Value Added	-0.14	-0.34	-0.33	-0.06	-0.03	-0.04
Market Value: \$5,007,867.41						

**Year-to-date performance as of August 31, 2020

* Annualized performance
Source: Mellon Investments Corporation as of June 30, 2020.

State of West Virginia BRIM

Portfolio Performance as of 6/30/2020

	YTD 2020 (%)**	6 Months (%)	1 Year (%)	3 Year (%)*	5 Year (%)*	Since Inception 9/30/09 (%)*
Total Return						
State of West Virginia - BRIM 2009-10	5.74	5.40	6.72	4.07	2.98	2.70
Barclays US Government Intermediate	5.88	5.75	7.01	4.09	2.97	2.74
Value Added	-0.14	-0.35	-0.29	-0.02	0.01	-0.04
Market Value: \$11,202,532.23						
Total Return						
State of West Virginia Retro-Natl Union	5.75	5.37	6.65	4.03	2.94	2.64
Barclays US Government Intermediate	5.88	5.75	7.01	4.09	2.97	2.71
Value Added	-0.13	-0.38	-0.36	-0.06	-0.03	-0.07
Market Value: \$1,605,521.35						
Total Return						
State of West Virginia - BRIM 2010-11	5.74	5.40	6.71	4.06	2.97	2.30
Barclays US Government Intermediate	5.88	5.75	7.01	4.09	2.97	2.37
Value Added	-0.14	-0.35	-0.30	-0.03	0.00	-0.07
Market Value: \$12,580,581.57						
Total Return						
State of West Virginia - BRIM 2011-12	6.06	5.61	6.90	4.11	2.99	2.16
Barclays US Government Intermediate	5.88	5.75	7.01	4.09	2.97	2.21
Value Added	0.18	-0.14	-0.11	0.02	0.02	-0.05
Market Value: \$499,496.49						

**Year-to-date performance as of August 31, 2020

*Annualized performance
Mellon Investments Corporation as of June 30, 2020.

State of West Virginia BRIM

Portfolio Performance as of 6/30/2020

	YTD 2020 (%)**	6 Months (%)	1 Year (%)	3 Year (%)*	5 Year (%)*	Since Inception 8/31/12 (%)*
Total Return						
State of West Virginia - BRIM 2012-13	5.75	5.40	6.72	4.07	2.98	2.10
Barclays US Government Intermediate	5.88	5.75	7.01	4.09	2.97	2.14
Value Added	-0.13	-0.35	-0.29	-0.02	0.01	-0.04
Market Value: \$8,497,248.22						
	YTD 2020 (%)**	6 Months (%)	1 Year (%)	3 Year (%)*	5 Year (%)*	Since Inception 8/31/13 (%)*
Total Return						
State of West Virginia - BRIM 2013-14	5.77	5.35	6.64	4.03	2.96	2.50
Barclays US Government Intermediate	5.88	5.75	7.01	4.09	2.97	2.60
Value Added	-0.11	-0.40	-0.37	-0.06	-0.01	-0.10
Market Value: \$3,110,343.74						
	YTD 2020 (%)**	6 Months (%)	1 Year (%)	3 Year (%)*	5 Year (%)*	Since Inception 8/31/14 (%)*
Total Return						
State of West Virginia - BRIM 2014-15	5.77	5.41	6.73	4.07	2.97	2.66
Barclays US Government Intermediate	5.88	5.75	7.01	4.09	2.97	2.79
Value Added	-0.11	-0.34	-0.28	-0.02	0.00	-0.13
Market Value: \$17,732,639.52						
	YTD 2020 (%)**	6 Months (%)	1 Year (%)	3 Year (%)*	5 Year (%)*	Since Inception 8/31/2015 (%)*
Total Return						
State of West Virginia - BRIM 2015-16	5.81	5.39	6.71	4.06		2.91
Barclays US Government Intermediate	5.88	5.75	7.01	4.09		2.91
Value Added	-0.07	-0.36	-0.30	-0.03		0.00
Market Value: \$17,322,494.21						

**Year-to-date performance as of August 31, 2020

* Annualized performance
Mellon Investments Corporation as of June 30, 2020.

State of West Virginia BRIM

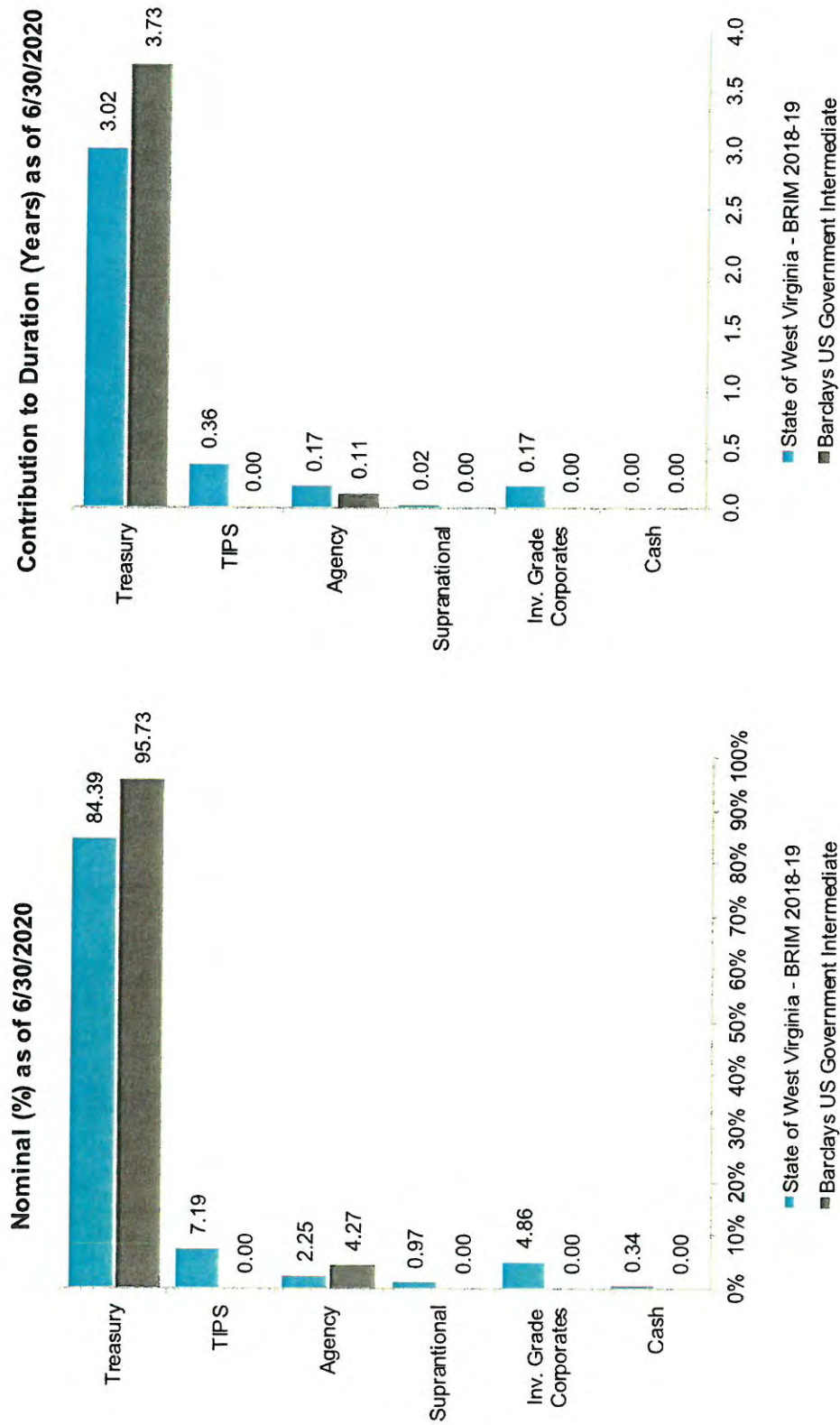
Portfolio Performance as of 6/30/2020

	YTD 2020 (%)**	6 Months (%)	1 Year (%)	3 Year (%)*	Since Inception 8/31/2016 (%)*
Total Return					
State of West Virginia - BRIM 2016-17	5.78	5.37	6.69	4.06	2.82
Barclays US Government Intermediate	5.88	5.75	7.01	4.09	2.82
Value Added	-0.10	-0.38	-0.32	-0.03	0.00
Market Value: \$9,137,091.83					
	YTD 2020 (%)**	6 Months (%)	1 Year (%)		Since Inception 8/31/2017 (%)*
Total Return					
State of West Virginia - BRIM 2017-18	5.84	5.46	6.79		4.02
Barclays US Government Intermediate	5.88	5.75	7.01		4.07
Value Added	-0.04	-0.29	-0.22		-0.05
Market Value: \$43,479,485.37					
	YTD 2020 (%)**	6 Months (%)	1 Year (%)		Since Inception 8/31/2018 (%)*
Total Return					
State of West Virginia - BRIM 2018-19	5.77	5.43	6.74		6.75
Barclays US Government Intermediate	5.88	5.75	7.01		6.89
Value Added	-0.11	-0.32	-0.27		-0.14
Market Value: \$58,427,150.88					
	YTD 2020 (%)**	6 Months (%)			Since Inception 8/31/2019 (%)
Total Return					
State of West Virginia - BRIM 2019-20	5.75	5.40			5.62
Barclays US Government Intermediate	5.88	5.75			5.71
Value Added	-0.13	-0.35			-0.09
Market Value: \$66,518,225.11					

**Year-to-date performance as of August 31, 2020

*Annualized performance
Mellon Investments Corporation as of June 30, 2020.

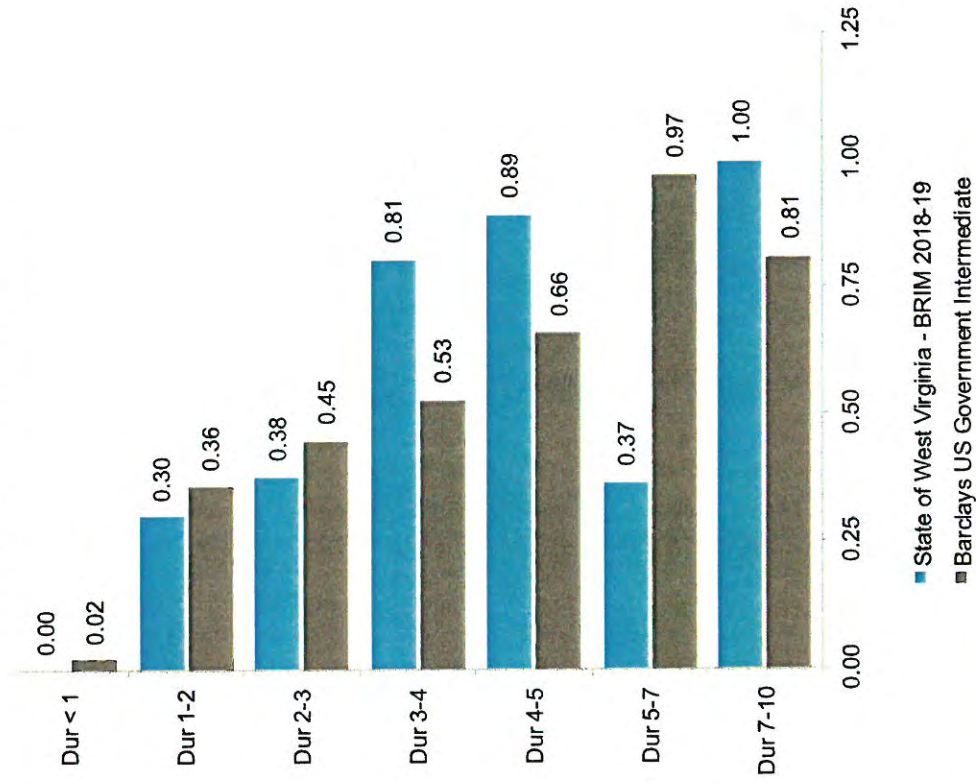
State of West Virginia – BRIM 2018-19 Sector Distribution vs. Benchmark



Source: Mellon Investments Corporation as of June 30, 2020.

State of West Virginia – BRIM 2018-19 Duration

Portfolio vs Index as of 6/30/2020



Portfolio Duration: 3.74 years
Index Duration: 3.84 years

Source: Mellon Investments Corporation as of June 30, 2020.

Corporate Holdings as of June 30, 2020

Client Name	Pct %	Cusip	Security Name	Quantity	Market Value	Maturity	Duration	Yield to Worst	Coupon	Moody Rating	S&P Rating
STATE OF WEST VIRGINIA - BRIM 2009-10	0.54	594918BB9	MICROSOFT CORP	55,000	60,953	11/12/2024	0.02	0.44	0.01	Aaa	AAA
	0.51	037833DB3	APPLE INC	50,000	57,099	6/12/2027	0.03	0.93	0.01	Aa1	AA+
	0.51	931142EM1	WAL-MART STORES	50,000	56,911	5/8/2026	0.03	0.64	0.02	Aa2	AA
	0.51	89236TEW1	TOYOTA MOTOR CREDIT CORP	50,000	56,618	4/14/2025	0.02	0.75	0.02	A1	A+
	0.50	89114QBL1	TORONTO-DOMINION BANK	55,000	55,844	7/13/2021	0.00	0.28	0.01	Aa1	AA-
	0.49	89114QC48	TORONTO-DOMINION BANK	50,000	54,629	7/19/2023	0.01	0.40	0.02	Aa1	AA-
	0.47	742718EU9	PROCTER & GAMBLE CO	50,000	52,508	8/11/2022	0.01	0.17	0.01	Aa3	AA-
	0.46	166764AT7	CHEVRON CORP	50,000	51,971	1/3/2022	0.01	0.33	0.01	Aa2	AA
	0.46	30231GAJ1	EXXON MOBIL CORP	50,000	51,960	1/6/2022	0.01	0.33	0.01	Aa1	AA
	0.57	594918BB9	MICROSOFT CORP	65,000	72,035	11/12/2024	0.02	0.44	0.02	Aaa	AAA
STATE OF WEST VIRGINIA - BRIM 2010-11	0.56	89114QC48	TORONTO-DOMINION BANK	65,000	71,018	7/19/2023	0.02	0.40	0.02	Aa1	AA-
	0.54	037833DB3	APPLE INC	60,000	68,519	6/12/2027	0.03	0.93	0.02	Aa1	AA+
	0.54	931142EM1	WAL-MART STORES	60,000	68,294	5/8/2026	0.03	0.64	0.02	Aa2	AA
	0.54	89236TEW1	TOYOTA MOTOR CREDIT CORP	60,000	67,941	4/14/2025	0.02	0.75	0.02	A1	A+
	0.50	742718EU9	PROCTER & GAMBLE CO	60,000	63,009	8/11/2022	0.01	0.17	0.01	Aa3	AA-
	0.49	166764AT7	CHEVRON CORP	60,000	62,365	1/3/2022	0.01	0.33	0.01	Aa2	AA
	0.49	30231GAJ1	EXXON MOBIL CORP	60,000	62,352	1/6/2022	0.01	0.33	0.01	Aa1	AA
	0.48	89114QBL1	TORONTO-DOMINION BANK	60,000	60,921	7/13/2021	0.00	0.28	0.01	Aa1	AA-
	0.60	037833DB3	APPLE INC	45,000	51,389	6/12/2027	0.04	0.93	0.02	Aa1	AA+
	0.60	931142EM1	WAL-MART STORES	45,000	51,220	5/8/2026	0.03	0.64	0.02	Aa2	AA
STATE OF WEST VIRGINIA - BRIM 2012-2013	0.60	89236TEW1	TOYOTA MOTOR CREDIT CORP	45,000	50,956	4/14/2025	0.03	0.75	0.02	A1	A+
	0.59	594918BB9	MICROSOFT CORP	45,000	49,871	11/12/2024	0.02	0.44	0.02	Aaa	AAA
	0.58	89114QC48	TORONTO-DOMINION BANK	45,000	49,166	7/19/2023	0.02	0.40	0.02	Aa1	AA-
	0.55	742718EU9	PROCTER & GAMBLE CO	45,000	47,257	8/11/2022	0.01	0.17	0.01	Aa3	AA-
	0.55	166764AT7	CHEVRON CORP	45,000	46,774	1/3/2022	0.01	0.33	0.01	Aa2	AA
	0.55	30231GAJ1	EXXON MOBIL CORP	45,000	46,764	1/6/2022	0.01	0.33	0.01	Aa1	AA
	0.54	89114QBL1	TORONTO-DOMINION BANK	45,000	45,691	7/13/2021	0.01	0.28	0.01	Aa1	AA-
	0.73	037833DB3	APPLE INC	20,000	22,840	6/12/2027	0.05	0.93	0.02	Aa1	AA+
	0.73	89236TEW1	TOYOTA MOTOR CREDIT CORP	20,000	22,647	4/14/2025	0.03	0.75	0.02	A1	A+
	0.71	594918BB9	MICROSOFT CORP	20,000	22,165	11/12/2024	0.03	0.44	0.02	Aaa	AAA
STATE OF WEST VIRGINIA - BRIM 2013-2014	0.70	89114QC48	TORONTO-DOMINION BANK	20,000	21,852	7/19/2023	0.02	0.40	0.02	Aa1	AA-
	0.67	742718EU9	PROCTER & GAMBLE CO	20,000	21,003	8/11/2022	0.01	0.17	0.01	Aa3	AA-
	0.67	166764AT7	CHEVRON CORP	20,000	20,788	1/3/2022	0.01	0.33	0.02	Aa2	AA
	0.67	30231GAJ1	EXXON MOBIL CORP	20,000	20,784	1/6/2022	0.01	0.33	0.02	Aa1	AA
	0.65	89114QBL1	TORONTO-DOMINION BANK	20,000	20,307	7/13/2021	0.01	0.28	0.01	Aa1	AA-
	0.73	037833DB3	APPLE INC	20,000	22,840	6/12/2027	0.05	0.93	0.02	Aa1	AA+

Mellon Investments Corporation as of June 30, 2020.

Corporate Holdings as of June 30, 2020

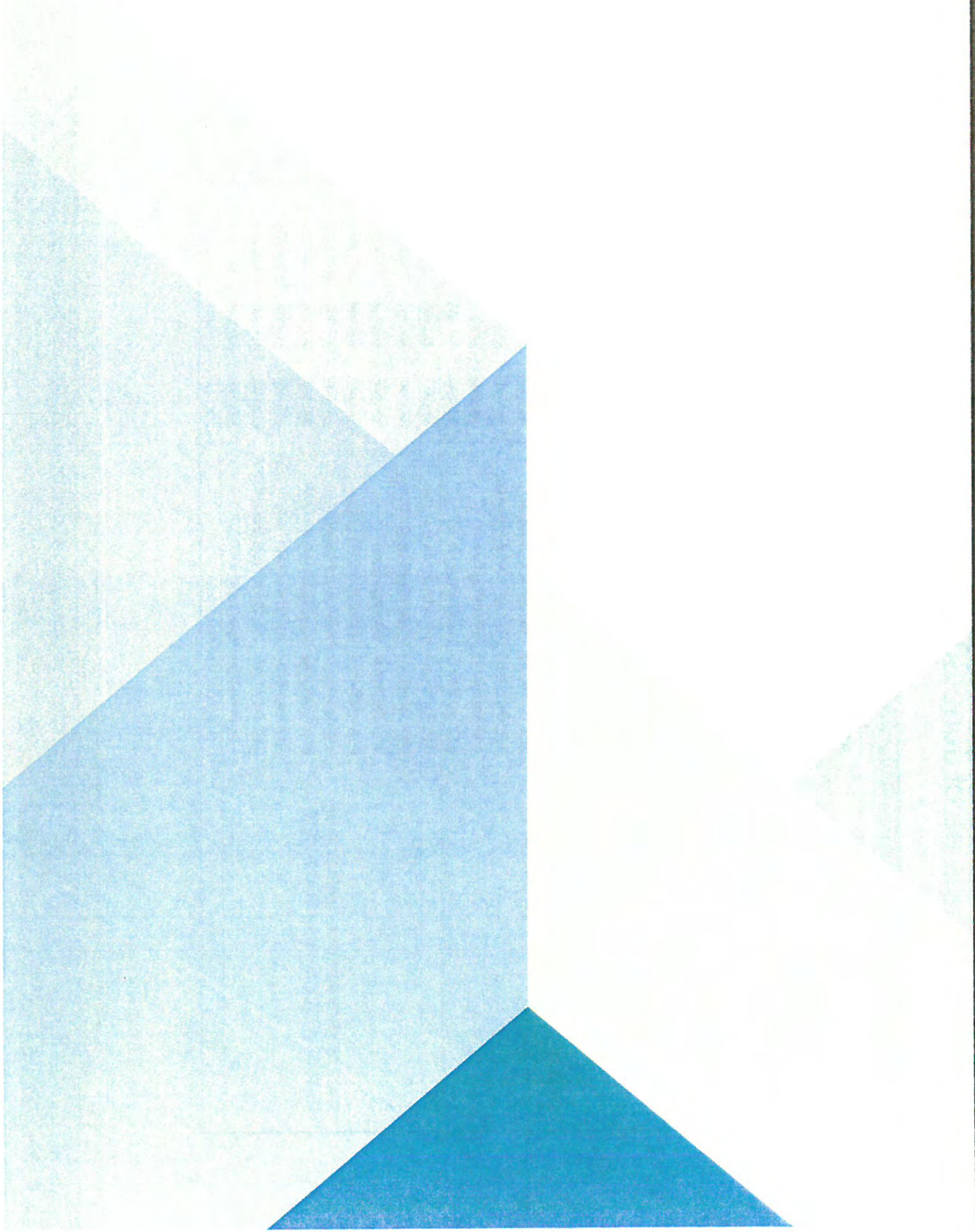
Client Name	Pct %	Cusip	Security Name	Quantity	Market Value	Maturity	Duration	Yield to Worst	Coupon	Moody Rating	S&P Rating
STATE OF WEST VIRGINIA - BRIM 2015-2016	0.90	037833DB3	APPLE INC	135,000	154,167	6/12/2027	0.06	0.93	0.03	Aa1	AA+
	0.88	594918BB9	MICROSOFT CORP	135,000	149,612	11/12/2024	0.04	0.44	0.02	Aaa	AAA
	0.87	931142EM1	WAL-MART STORES	130,000	147,970	5/8/2026	0.05	0.64	0.03	Aa2	AA
	0.86	89236TEW1	TOYOTA MOTOR CREDIT CORP	130,000	147,206	4/14/2025	0.04	0.75	0.03	A1	A+
	0.83	89114QC48	TORONTO-DOMINION BANK	130,000	142,036	7/19/2023	0.02	0.40	0.03	Aa1	AA-
	0.83	742718EU9	PROCTER & GAMBLE CO	135,000	141,771	8/11/2022	0.02	0.17	0.02	Aa3	AA-
	0.82	166764A77	CHEVRON CORP	135,000	140,322	1/3/2022	0.01	0.33	0.02	Aa2	AA
	0.82	30231GAJ1	EXXON MOBIL CORP	135,000	140,291	1/6/2022	0.01	0.33	0.02	Aa1	AA
STATE OF WEST VIRGINIA - BRIM 2014-2015	0.80	89114QBL1	TORONTO-DOMINION BANK	135,000	137,072	7/13/2021	0.01	0.28	0.01	Aa1	AA-
	0.90	037833DB3	APPLE INC	135,000	154,167	6/12/2027	0.06	0.93	0.03	Aa1	AA+
	0.88	594918BB9	MICROSOFT CORP	135,000	149,612	11/12/2024	0.04	0.44	0.02	Aaa	AAA
	0.87	931142EM1	WAL-MART STORES	130,000	147,970	5/8/2026	0.05	0.64	0.03	Aa2	AA
	0.86	89236TEW1	TOYOTA MOTOR CREDIT CORP	130,000	147,206	4/14/2025	0.04	0.75	0.03	A1	A+
	0.83	89114QC48	TORONTO-DOMINION BANK	130,000	142,036	7/19/2023	0.02	0.40	0.03	Aa1	AA-
	0.83	742718EU9	PROCTER & GAMBLE CO	135,000	141,771	8/11/2022	0.02	0.17	0.02	Aa3	AA-
	0.82	166764A77	CHEVRON CORP	135,000	140,322	1/3/2022	0.01	0.33	0.02	Aa2	AA
STATE OF WEST VIRGINIA - BRIM 2016-17	0.82	30231GAJ1	EXXON MOBIL CORP	135,000	140,291	1/6/2022	0.01	0.33	0.02	Aa1	AA
	0.80	89114QBL1	TORONTO-DOMINION BANK	135,000	137,072	7/13/2021	0.01	0.28	0.01	Aa1	AA-
	1.28	594918BB9	MICROSOFT CORP	100,000	110,823	11/12/2024	0.05	0.44	0.03	Aaa	AAA
	1.25	89236TEW1	TOYOTA MOTOR CREDIT CORP	95,000	107,574	4/14/2025	0.05	0.75	0.04	A1	A+
	1.22	742718EU9	PROCTER & GAMBLE CO	100,000	105,015	8/11/2022	0.02	0.17	0.03	Aa3	AA-
	1.20	166764A77	CHEVRON CORP	100,000	103,942	1/3/2022	0.02	0.33	0.03	Aa2	AA
	1.20	30231GAJ1	EXXON MOBIL CORP	100,000	103,919	1/6/2022	0.02	0.33	0.03	Aa1	AA
	1.20	89114QC48	TORONTO-DOMINION BANK	95,000	103,796	7/19/2023	0.03	0.40	0.04	Aa1	AA-
	1.18	89114QBL1	TORONTO-DOMINION BANK	100,000	101,535	7/13/2021	0.01	0.28	0.02	Aa1	AA-
	0.73	037833DB3	APPLE INC	55,000	62,809	6/12/2027	0.05	0.93	0.02	Aa1	AA+
	0.72	931142EM1	WAL-MART STORES	55,000	62,603	5/8/2026	0.04	0.64	0.02	Aa2	AA

Mellon Investments Corporation as of June 30, 2020.

Corporate Holdings as of June 30, 2020

Client Name	Pct %	Cusip	Security Name	Quantity	Market Value	Maturity	Duration	Yield to Worst	Coupon	Moody Rating	S&P Rating
STATE OF WEST VIRGINIA - BRIM 2017-18	0.74	037833DB3	APPLE INC	280,000	319,754	6/12/2027	0.05	0.93	0.02	Aa1	AA+
	0.71	594918BB9	MICROSOFT CORP	275,000	304,765	11/12/2024	0.03	0.44	0.02	Aaa	AAA
	0.69	931142EM1	WAL-MART STORES	260,000	295,939	5/8/2026	0.04	0.64	0.02	Aa2	AA
	0.67	89236TEW1	TOYOTA MOTOR CREDIT CORP	255,000	288,751	4/14/2025	0.03	0.75	0.02	A1	A+
	0.66	166764AT7	CHEVRON CORP	275,000	285,841	1/3/2022	0.01	0.33	0.02	Aa2	AA
	0.66	30231GAJ1	EXXON MOBIL CORP	275,000	285,779	1/6/2022	0.01	0.33	0.02	Aa1	AA
	0.66	89114QC48	TORONTO-DOMINION BANK	260,000	284,073	7/19/2023	0.02	0.40	0.02	Aa1	AA-
	0.65	89114QBL1	TORONTO-DOMINION BANK	275,000	279,221	7/13/2021	0.01	0.28	0.01	Aa1	AA-
	0.64	742718EU9	PROCTER & GAMBLE CO	265,000	278,290	8/11/2022	0.01	0.17	0.01	Aa3	AA-
	0.59	037833DB3	APPLE INC	300,000	342,593	6/12/2027	0.04	0.93	0.02	Aa1	AA+
STATE OF WEST VIRGINIA - BRIM 2018-19	0.56	931142EM1	WAL-MART STORES	285,000	324,395	5/8/2026	0.03	0.64	0.02	Aa2	AA
	0.56	89236TEW1	TOYOTA MOTOR CREDIT CORP	285,000	322,721	4/14/2025	0.02	0.75	0.02	A1	A+
	0.55	594918BB9	MICROSOFT CORP	290,000	321,388	11/12/2024	0.02	0.44	0.01	Aaa	AAA
	0.54	742718EU9	PROCTER & GAMBLE CO	300,000	315,046	8/11/2022	0.01	0.17	0.01	Aa3	AA-
	0.54	89114QC48	TORONTO-DOMINION BANK	285,000	311,387	7/19/2023	0.02	0.40	0.02	Aa1	AA-
	0.52	89114QBL1	TORONTO-DOMINION BANK	300,000	304,605	7/13/2021	0.00	0.28	0.01	Aa1	AA-
	0.52	166764AT7	CHEVRON CORP	290,000	301,432	1/3/2022	0.01	0.33	0.01	Aa2	AA
	0.52	30231GAJ1	EXXON MOBIL CORP	290,000	301,366	1/6/2022	0.01	0.33	0.01	Aa1	AA
	0.80	89114QBL1	TORONTO-DOMINION BANK	520,000	527,982	7/13/2021	0.01	0.28	0.01	Aa1	AA-
	0.72	30231GAJ1	EXXON MOBIL CORP	460,000	478,030	1/6/2022	0.01	0.33	0.02	Aa1	AA
STATE OF WEST VIRGINIA - BRIM 2019-20	0.68	166764AT7	CHEVRON CORP	435,000	452,149	1/3/2022	0.01	0.33	0.02	Aa2	AA
	0.58	742718EU9	PROCTER & GAMBLE CO	365,000	383,306	8/11/2022	0.01	0.17	0.01	Aa3	AA-
	0.50	89114QC48	TORONTO-DOMINION BANK	300,000	327,776	7/19/2023	0.01	0.40	0.02	Aa1	AA-
	0.48	594918BB9	MICROSOFT CORP	285,000	315,847	11/12/2024	0.02	0.44	0.01	Aaa	AAA
	0.47	89236TEW1	TOYOTA MOTOR CREDIT CORP	275,000	311,398	4/14/2025	0.02	0.75	0.02	A1	A+
	0.45	931142EM1	WAL-MART STORES	260,000	295,939	5/8/2026	0.02	0.64	0.01	Aa2	AA
	0.43	037833DB3	APPLE INC	250,000	285,494	6/12/2027	0.03	0.93	0.01	Aa1	AA+

Mellon Investments Corporation as of June 30, 2020.



IV

The Investment Map: July 2020

Economic Landscape

The coronavirus pandemic poses a generational threat to economic activity that will significantly lessen within the year.

Mitigation efforts, sometimes subject to overreach and insufficient, are contracting economic activity. The scale, scope and timing of the responses varies materially across the globe.

Advanced economies have in place or are set to commence unprecedented fiscal and monetary accommodation. This stimulus will likely remain after the pandemic fades.

The contraction in global demand pushed oil and other commodity prices lower, posing considerable challenges to emerging market (EM) and domestic providers.

Fixed Income Valuation

Developed market (DM) sovereign yields have been pulled down by the reasonable expectation that monetary policy will remain accommodative for several years.

However, some current valuations of DM sovereign yields probably owe to elevated safe haven premiums that may prove fleeting as the global economy improves.

Inflation-linked bonds are attractive, not the least of which is a hedge if better economic outcomes eventuate.

Investment grade (IG) credit valuations balance fundamental credit risk and forecast uncertainty against the benefit of extraordinary Federal Reserve (Fed) liquidity measures. Security selection offers the best opportunities.

Idiosyncratic opportunities among high yield (HY) and recent fallen angels remain, but are rarer as firms cope with the fallout from the pandemic.

MBS provide value, along with ABS and other higher-tier AAA structured assets, for accounts emphasizing quality.

High-quality municipal bonds present value for specific accounts with tax sensitivity.

While EM assets remain cheap, near-term fundamentals present significant challenges in light of the potential for record default and challenged recovery rates.

Maintain the risk budget but be open to idiosyncratic opportunities.

Investment Themes

Maintain overall neutral duration stance, favoring dollar-bloc duration and peripheral countries.

Maintain short US dollar exposure versus other G-10 currencies.

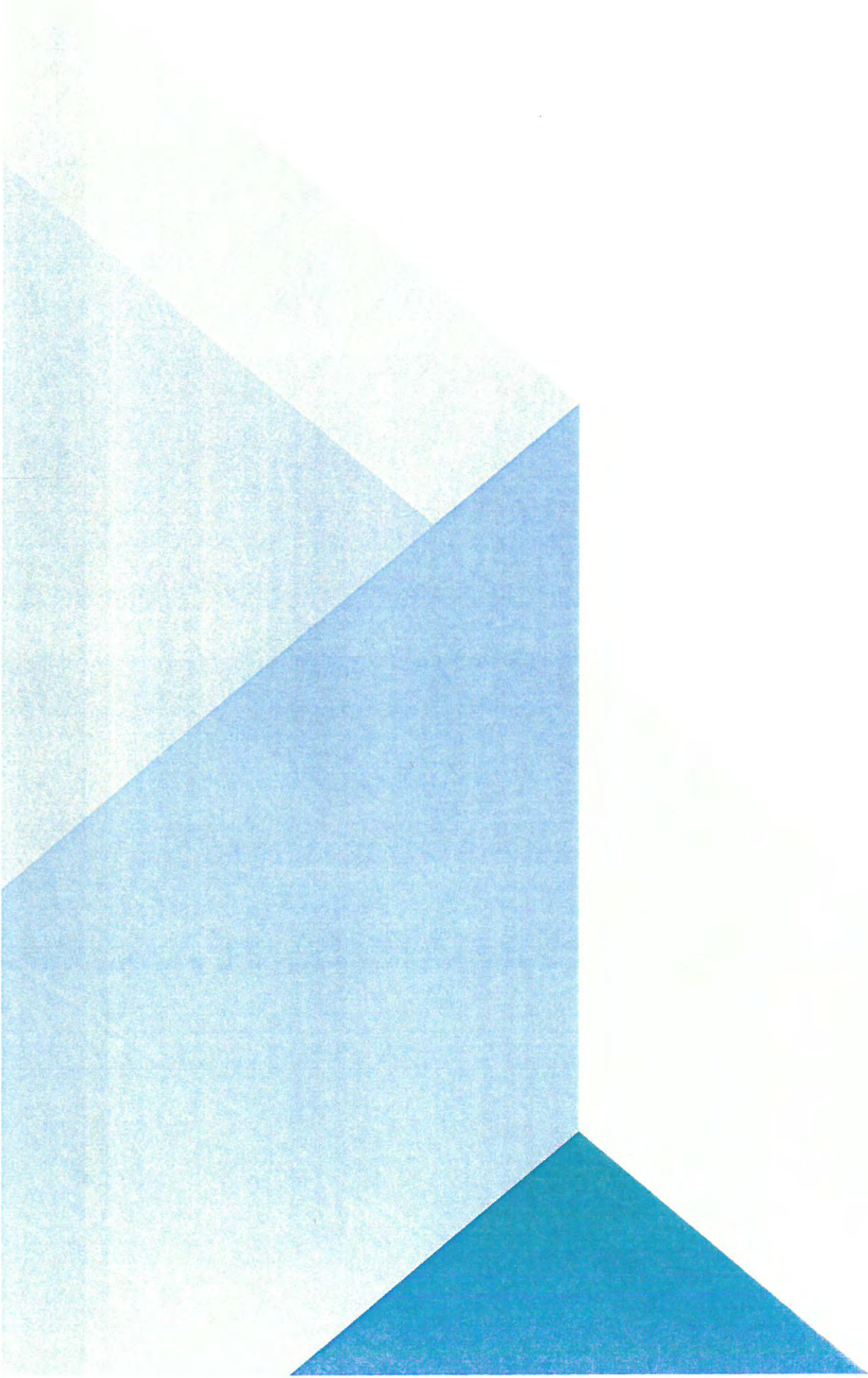
Maintain exposure to inflation-linked securities.

Maintain exposure to attractive idiosyncratic corporate risk in both IG and HY markets.

Maintain defensive position in both EM dollar and local currency exposure.

Maintain overweight in high-quality securitized products.

See Additional Information in Disclosure Statements. [26432]



V

West Virginia's Dedicated Team

Portfolio Management Team

Robert Bayston, CFA
*Managing Director
& Senior Portfolio Manager*
617-248-6353
rbayston@mellon.com

Nate Pearson, CFA
*Interest Rate Strategist &
Portfolio Manager*
617-248-6283
npearson@mellon.com

Client Service Team

Scott Mountain, CFA
Senior Relationship Manager
617-248-2122
smountain@mellon.com

John Cueva
Client Service Support Associate
617-248-6224
jcueva@mellon.com

Information Resources on www.mellon.com.

- **Fed Thoughts, Macro & Market Papers**

Our economists and macroeconomic analysts provide updates on global trends, market data, Fed policies and more.

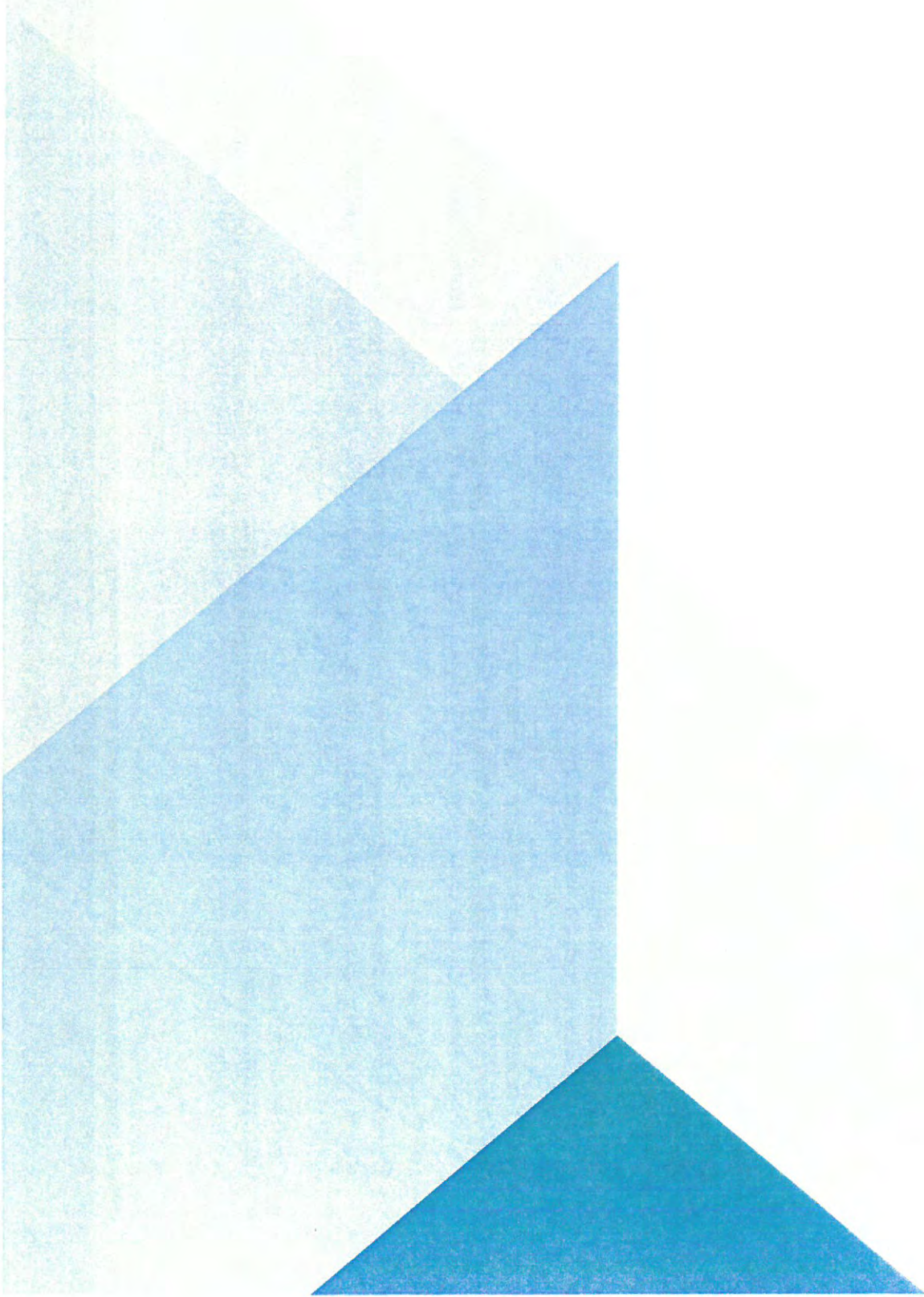
- **White Papers**

Our senior investment professionals present our thoughts on the economic trends facing global markets and often discuss possible solutions for investor challenges.

- **Commentaries**

We provide a written commentary discussing the salient performance drivers for the quarter.

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STANDISH GUIDELINE CHECKLIST

Account Name: STATE OF WEST VIRGINIA ACCOUNTS Account Number: 7447, 7448, 7452, 7451, 3261, 3259, 3559,
3795, 637, 3447, 100000, 100000, 101297, 101335, 102301,
102749

Relationship Manager: Anthony Criscuolo Date: 5/2014

Quality Rating:		
AGENCY:	DOWNGRADES TO BELOW MINIMUM QUALITY:	Prompt written notice of downgrades with managers position on the issue and intended action
Any NRSRC		Minimum Quality
S&P	X	Average Quality
Moodys	X	Short Term Securities
Duff & Phelps		Split Rated (Best/Worst/Middle)
Fitch	X	Concentrations
		AA-, as established by two or more of the nationally recognized bond ratings services;
		AA-
		Money Market Funds rated AAA by major ratings agency allowed
		MIDDLE

Investment Guidelines

INVESTMENTS	Type of Investment	Eligible	Prohibit	Comments	Date
General:	Tax-Exempt Securities		x		
	AMT Bonds		x		
Taxable Bonds	Treasuries	X			
	Agencies	X			
	TIPS	x			
	Corporates	X			
	Zero Coupon	x			
	Convertible Issues		x		
	Structured Notes		x		
	Surplus Notes		x		
	Preferred		x		
	Private Placement/144A		X		
	Preferred Stock		x		
Securitized:	Mortgage-Related Sec.		x		
	CMBs		x		
	Asset-Backed Sec.		x		
	CMOs		x		
	CDOs		x		
	IOs and/or POs		x		

Investment Guidelines

STANDISH GUIDELINE CHECKLIST

Account Name: STATE OF WEST VIRGINIA

Account Number: 7447, 7448, 7492, 3261, 3589, 3589, 3785, 437,
3647, 100000, 100550, 101287, 101835, 102301, 102748

Type of Investment		Eligible	Prohibited	Comments	Date
Foreign-Related:	By issue country		x		
	Non-Dollar		x		
	Emerging Markets		x		
	Yankee	x		Yankee Bonds Allowed meeting all other min guideline restrictions.	
Derivatives:	Futures		x		
	Options		x		
	Currency Forwards		x		
	Leverage		x		
	SWAPS		x		
Other:	Trade Finance		x		
	Repo /Reverse Repo	x			
	Equity		x		

Investment Guidelines

STANDISH GUIDELINE CHECKLIST

Account Name: STATE OF WEST VIRGINIA
 Account Number: 7447, 7448, 7482, 3261, 3899, 3795, 637,
 3647, 100000, 100550, 10125, 101235, 102301, 102745

Issuer / Obligor Restrictions	Weighted average	With the exception of U.S. Government obligations and its agencies as referred to under "Eligible Investments" the exposure to any individual issuer is limited to 4.9% of the net asset market value at the time of purchase.
Maturity Restrictions:	Issue	No individual security can exceed 10 years from the date of purchase.
Loss Restrictions		
Other Restrictions		
Duration Restrictions:	Portfolio	Averaged duration of the portfolio shall remain within a 25% range "versus the average duration of the Lehman Brothers Intermediate Government Index
	Issue	
Benchmark Index		Barclays Capital Intermediate Government Index
Qualified Institutional Buyer		
ERISA		
NOTES:		"Eligible Investments": The portfolio may invest in U.S. Government obligations or deposits issued or guaranteed as to interest and principal by the Government of the United States or any agency or instrumentality thereof. Corporate obligations, with credit ratings of AA- or above as established by 3 or more of the nationally recognized bond rating services, are allowable investments. Hybrids prohibited.

Please sign to verify guidelines:

Signature

Date

Important Disclosures

Mellon Investments Corporation ("Mellon") is a registered investment advisor and subsidiary of The Bank of New York Mellon Corporation ("BNY Mellon"). The Firm also includes assets managed by Mellon personnel acting as dual officers of affiliated companies. Prior to changing its legal name on January 2, 2019, the firm was defined as BNY Mellon Asset Management North America Corporation ("BNY Mellon AMNA") a registered investment advisor and subsidiary of The Bank of New York Mellon Corporation ("BNY Mellon"). The Firm was formed on January 31, 2018, through the merger of The Boston Company Asset Management, LLC ("TBCAM") and Standish Mellon Asset Management Company LLC ("Standish") into Mellon Capital Management Corporation ("Mellon Capital"). AUM, client and employee counts are as of December 31, 2018, unless noted otherwise. Firm Assets presented through December 31, 2018, include assets managed in overlay strategies. BNY Mellon Investment Management is one of the world's leading investment management organizations and one of the top U.S. wealth managers, encompassing BNY Mellon's affiliated investment management firms, wealth management services and global distribution companies. BNY Mellon is the corporate brand of The Bank of New York Mellon Corporation and may also be used as a generic term to reference the Corporation as a whole or its various subsidiaries generally.

This information is not provided as a sales or advertising communication. It does not constitute investment advice. It is not an offer to sell or a solicitation of an offer to buy any security. Many factors affect performance including changes in market conditions and interest rates and in response to other economic, political, or financial developments. Past performance is not a guide to or indicative of future results. Future returns are not guaranteed and a loss of principal may occur. There can be no assurance that the investment objectives outlined in this presentation will be achieved. This information is not intended to provide specific advice, recommendations or projected returns of any particular product. Some information contained herein has been obtained from third party sources and has not been verified by the Firm. The Firm makes no representations as to the accuracy or the completeness of any of the information herein.

The enclosed material is confidential and not to be reproduced or redistributed without the prior written consent of the Firm. Any statements of opinion constitute only current opinions of the Firm, which are subject to change and which the Firm does not undertake to update. Views expressed are subject to change rapidly as market and economic conditions dictate. Portfolio composition is also subject to change.

Mellon Investments (UK) Limited is an affiliate of the Firm located in London. Mellon Investments (UK) Limited provides investment management services and is authorized and regulated by the FCA and is a registered investment advisor with the SEC. Certain employees of Mellon Investments (UK) Limited may also act in the capacity as associated persons of the Firm and in such capacity may provide contracted research services to the Firm.

Employee of BNY Mellon Investment Management Singapore Pte. Limited who provides non-discretionary research services to the Firm and may also serve as sub-adviser to the Firm for certain client mandates. Rankings include assets managed by BNY Mellon Asset Management and BNY Mellon Wealth Management. Each ranking may not include the same mix of firms.

This portfolio data should not be relied upon as a complete listing of the Portfolio's holdings (or top holdings) as information on particular holdings may be withheld if it is in the client's best interest to do so. Portfolio holdings are subject to change without notice and may not represent current or future portfolio composition. The portfolio date is "as of" the date indicated.

There is no assurance that any securities discussed herein will remain in an account's portfolio at the time you receive this report or that securities sold have not been repurchased. The securities discussed do not represent an account's entire portfolio and in the aggregate may represent only a small percentage of an account's portfolio holdings.

It should not be assumed that any of the securities transactions or holdings discussed were or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein.

The allocation distribution and actual percentages may vary from time-to-time. The types of investments presented in the allocation chart will not always have the same comparable risks and returns. The actual performance of the portfolio will depend on the Investment Manager's ability to identify and access appropriate investments, and balance assets to maximize return while minimizing its risk. The actual investments in the portfolio may or may not be the same or in the same proportion as those shown above.

The Firm believes giving an proprietary Average Quality Credit rating to the holdings in a portfolio more accurately captures its characteristics versus using a single rating agencies ratings. The Firm has a ratings/number hierarchy whereby we assign a number between 0 (unrated bond) and 21 (S&P or Moody's AAA) to all bonds in a portfolio based on the ratings of one or more of the rating agencies (with the lower of the 2 available agencies

ratings prevailing), and then take a weighted numerical average of those bonds (with weighting based on each bonds percentage to the total portfolio assets). The resulting number is then compared back to the ratings/number hierarchy to determine a portfolio's average quality. For example, if Moody's AAA, S&P AAA= 21, Moody's A1, S&P A+= 17, Moody's Baa1 and S&P BBB+=14, Moody's B1 and S&P B+=7. The numeric average of the 4 equally weighted holdings is 14.75, rounded up to the next whole number of 15. 15 converts to an average credit rating of S&P A/Moody's A2.

To the extent the strategy invests in foreign securities, its performance will be influenced by political, social and economic factors affecting investments in foreign companies. Special risks associated with investments in foreign companies include exposure to currency fluctuations and controls, less liquidity, less developed or less efficient trading markets, less governmental supervision and regulation, lack of comprehensive company information, political instability, greater market volatility, and differing auditing and legal standards.

Further, investments in foreign markets can be affected by a host of factors, including political or social conditions, diplomatic relations, limitations on removal of funds or assets or imposition of (or change in) exchange control or tax regulations in such markets. Additionally, investments denominated in a foreign currency will be subject to changes in exchange rates that may have an adverse effect on the value, price or income of the investment.

These risks are magnified in emerging markets and countries since they generally have less diverse and less mature economic structures and less stable political systems than those of developed countries.

These benchmarks are broad-based indices which are used for illustrative purposes only and have been selected as they are well known and are easily recognizable by investors. Comparisons to benchmarks have limitations because benchmarks have volatility and other material characteristics that may differ from the portfolio. For example, investments made for the portfolio may differ significantly in terms of security holdings, industry weightings and asset allocation from those of the benchmark. Accordingly, investment results and volatility of the portfolio may differ from those of the benchmark. Also, the indices noted in this presentation are unmanaged, are not available for direct investment, and are not subject to management fees, transaction costs or other types of expenses that the portfolio may incur. In addition, the performance of the indices reflects reinvestment of dividends and, where applicable, capital gain distributions. Therefore, investors should carefully consider these limitations and differences when evaluating the comparative benchmark data performance.

The information regarding the index is included merely to show the general trends in the periods indicated and is not intended to imply that the portfolio was similar to the index in composition or risk.

The strategy may use alternative investment techniques (such as derivatives) which carry additional risks. The low initial margin deposits normally required to establish a position in such instruments may permit a high degree of leverage. As a result, a relatively small movement in the price of a contract may result in a profit or loss that is high in proportion to the amount of funds actually placed as initial margin and may result in a disproportionate loss exceeding any margin deposited. Transactions in over-the-counter derivatives may involve additional risk as there is no exchange on which to close out a position, only the original counterparty. Such transactions may therefore be difficult to liquidate, to value, or to assess the exposure. The strategy may at times use certain types of investment derivatives, such as options, futures, forwards and swaps. These instruments involve risks different from, and in certain cases, greater than, the risks presented by more traditional investments.

The Firm sector models use regression analysis such as multi-linear data inputs, panel data, and probit function. Variables that the models take into account are: PMI, US Core CPI, Fed Fund rate, 3-month Libor, 3-month T-bill rate, foreign purchases of US Government bonds, Commodity Indices, Capacity/Utilization, Deficit as a percent of GDP, S&P 500 return, Chicago Fed Index, IGOV, US output gap, Europe Core CPI, US unemployment rate, EU unemployment rate, and slope of the yield curve. Assumptions made are that samples are representative of the population for the inference prediction; regression residuals are approximately normally distributed, uncorrelated, and have constant volatility; no high degrees of multi-collinearity in the independent variables; variable sensitivity remains constant in the short term; and no structural shift in the short term.

The Firm claims compliance with the CFA Institute Asset Manager Code of Professional Conduct. This claim has not been verified by CFA Institute

BRIM

Investment Review

WV Investment Management Board

6/30/2020



Market Highlights

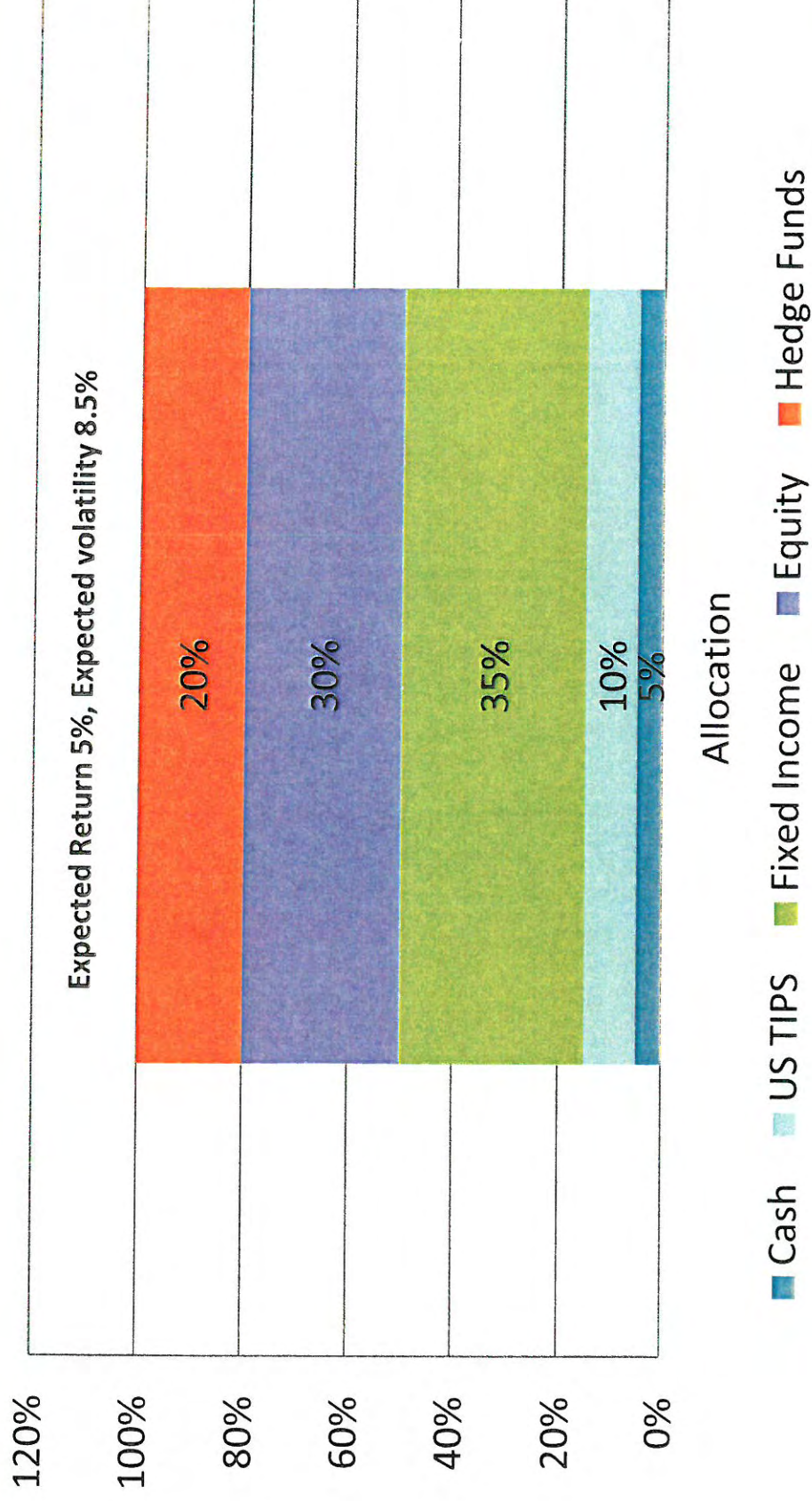
Pre-Global Pandemic

- Modest, but sustained economic growth
- Interest rates trended lower
- U.S. continued to outperform international
- Geo-political firestorms

Global Pandemic

- Global recession
- Near 0% interest rates (some negative)
- Substantial fiscal stimulus
- Equity market recovery significantly outpacing that of earnings and economic growth
- Significant uncertainty and risk

Asset Allocation



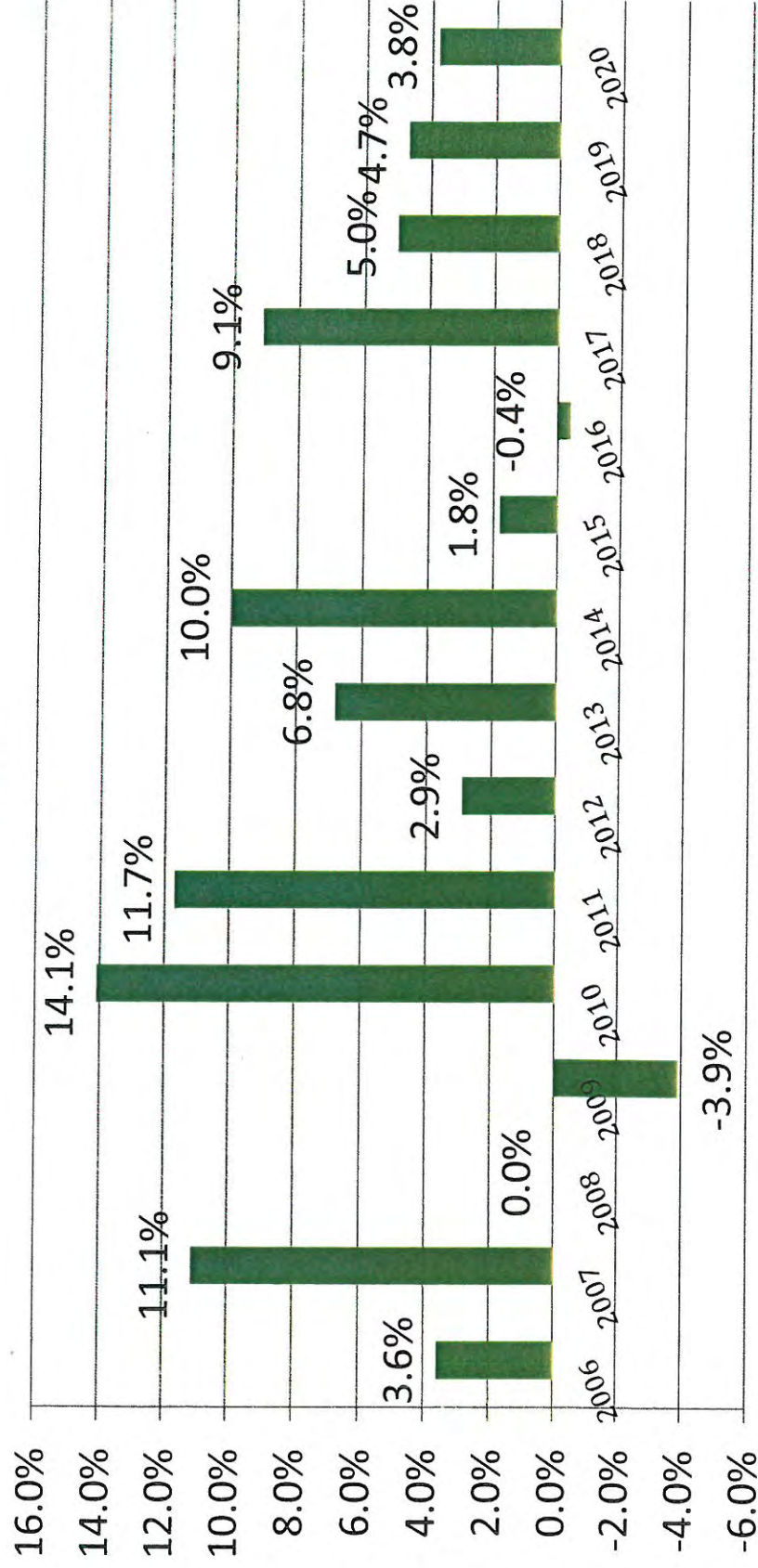
Portfolio Comments

- Positive absolute performance in a turbulent economic environment
- Relative performance was weak compared to a hypothetical policy index of 65% fixed income, 30% equities and 5% cash (75%/20%/5% prior to FY2015)
 - US TIPS as a diversifier to traditional fixed income was additive to performance in FY2020
 - Hedge funds as a diversifier to fixed income detracted from performance in FY2020
 - IMB long term strategies have worked very well but underperformed in FY2020

Performance by Fiscal Year

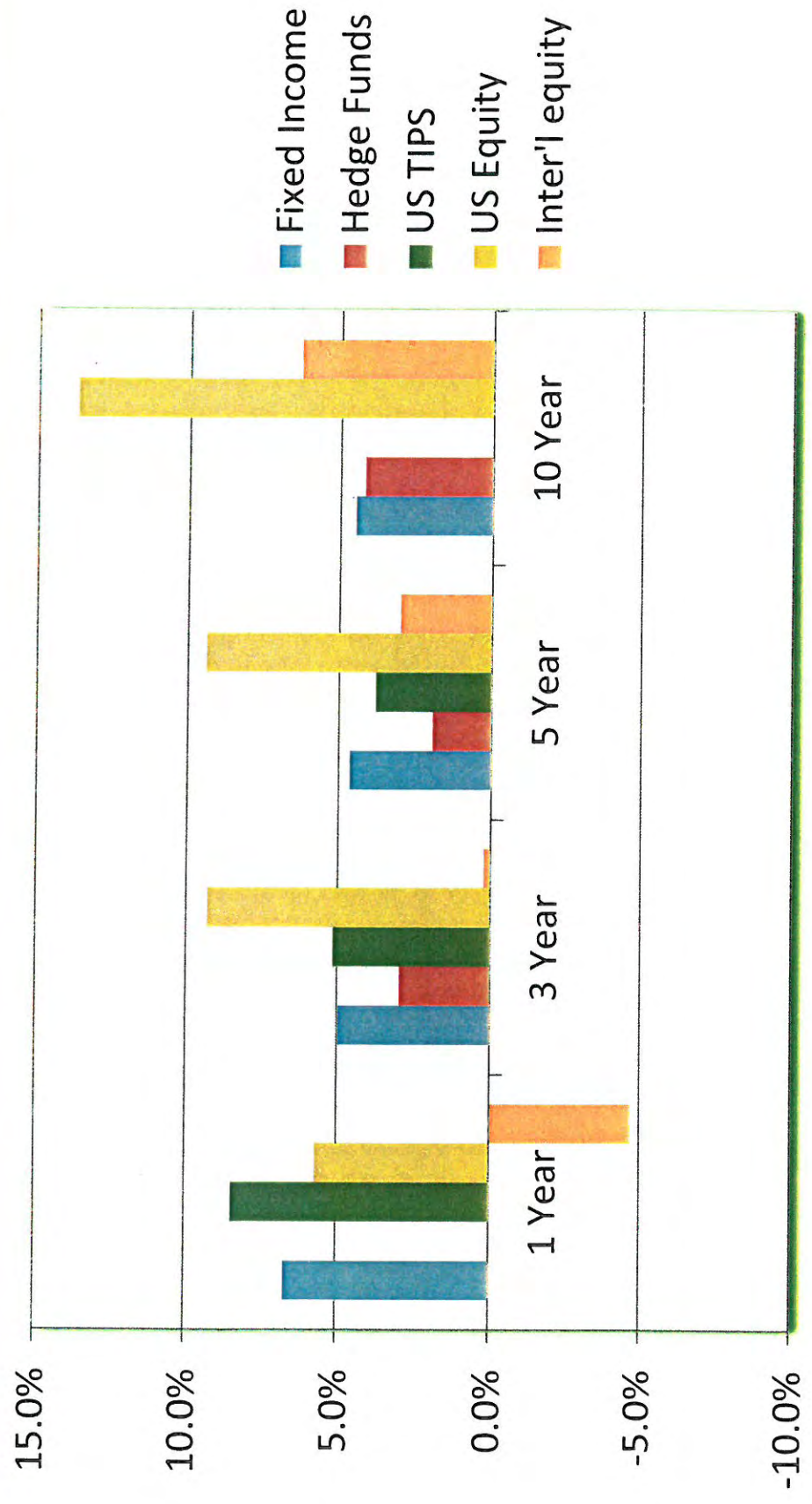
Years ending June 30

BRIM



Asset Class Performance

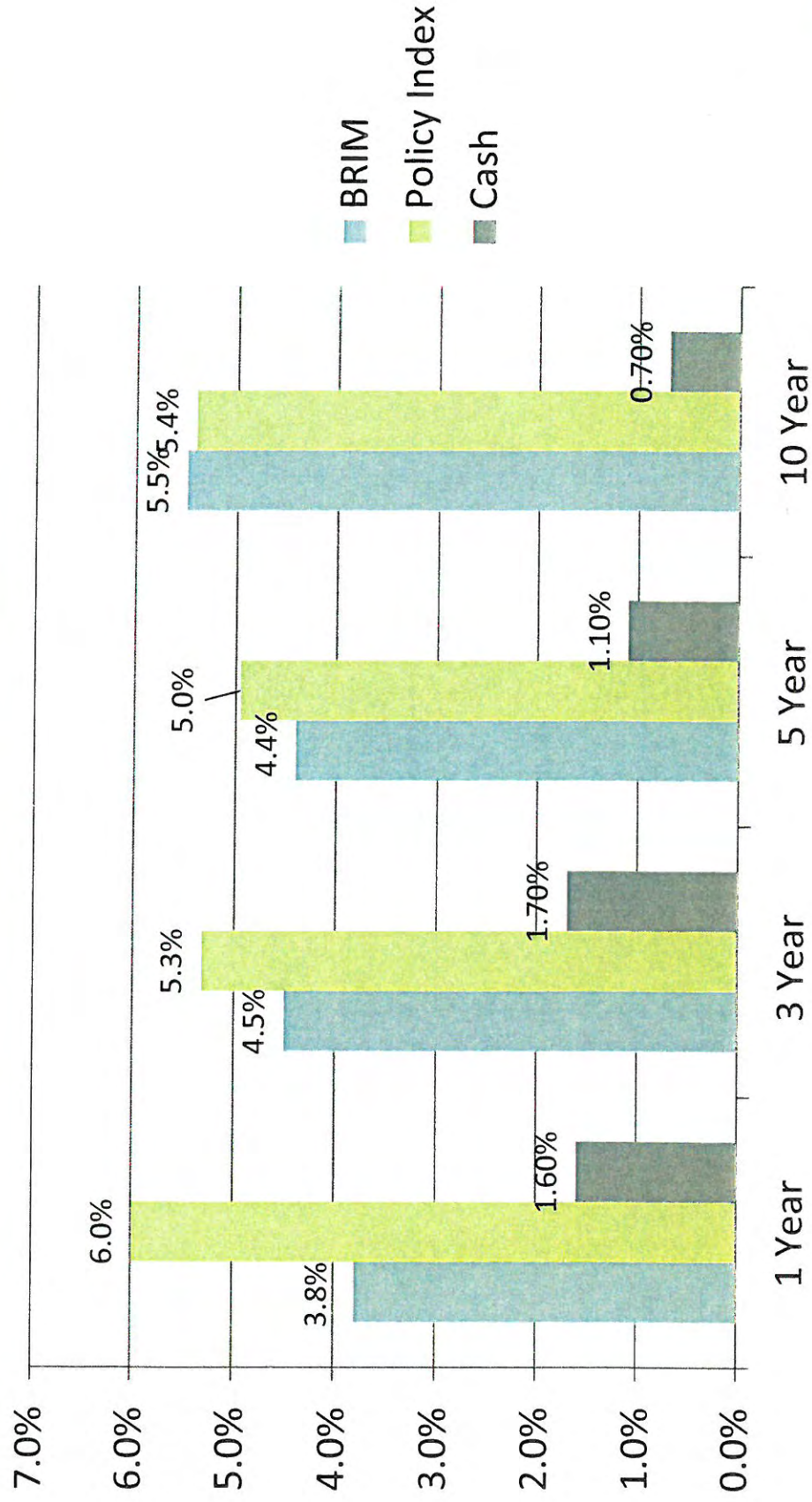
June 30, 2020



- TS1 HF 12/2019 10 yr > FI
Tom Sauvageot, 9/4/2020
- TS2 2015 HF 6% FI 1.3%
Tom Sauvageot, 9/4/2020
- TS3 Tom Sauvageot, 9/4/2020

Performance

June 30, 2020

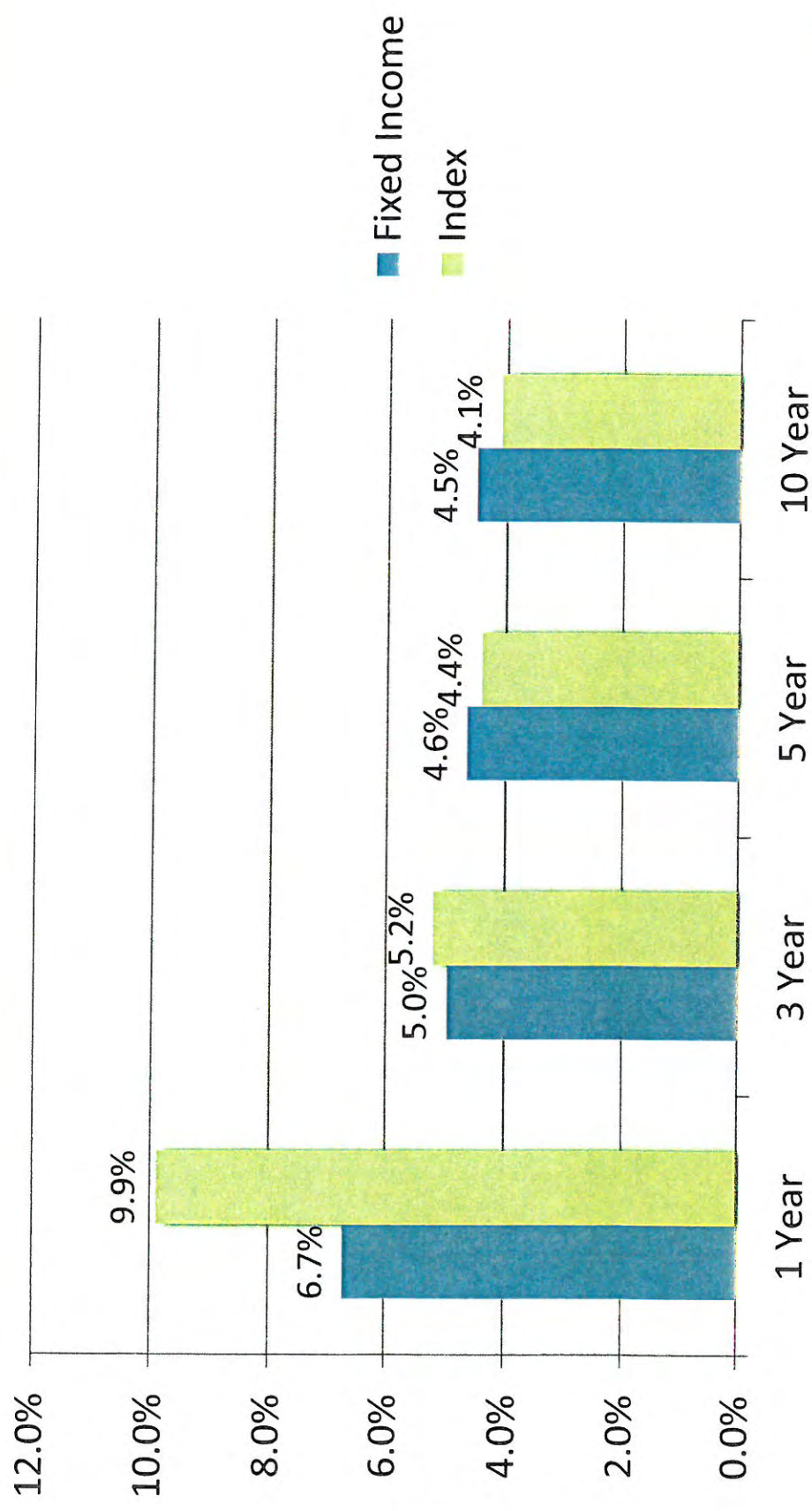


WVIMB Performance – Equities

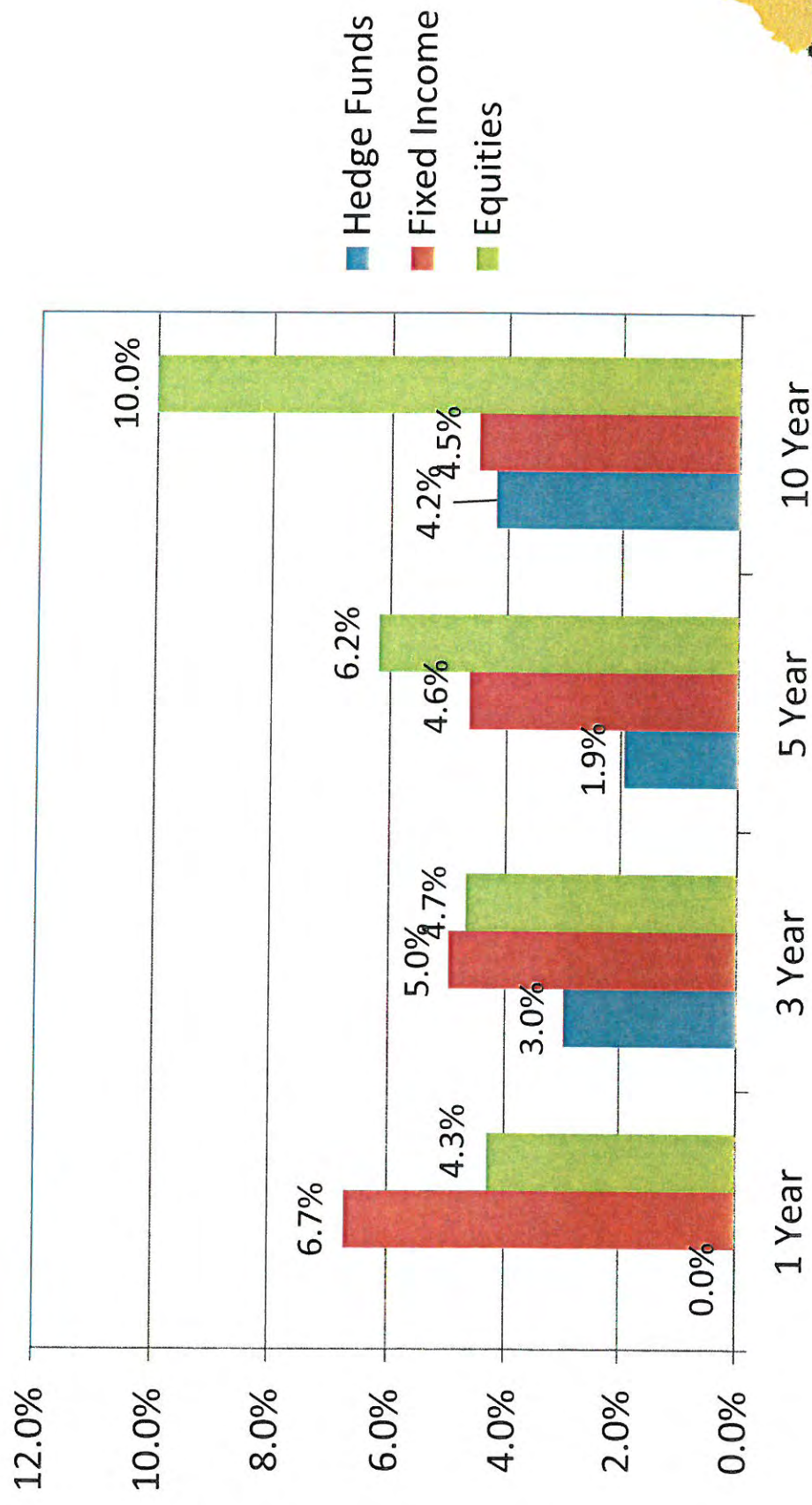
June 30, 2020



WVIMB Performance – Fixed Income



WVIMB Performance – Hedge Funds



STATE OF WEST VIRGINIA
DEPARTMENT OF ADMINISTRATION
BOARD OF RISK AND INSURANCE MANAGEMENT



Allan L. McVey
Cabinet Secretary

Mary Jane Pickens
Executive Director
Deputy Cabinet Secretary

**Executive Director's Report
September 15, 2020**

A. Marshall University and West Virginia University Medical Malpractice Program

- As of September 7, 2020, Marshall has deposited \$650,000.00 into the escrow account for FY 2021. The fiscal year-to-date cumulative interest totals \$750.61. Disbursements totaling \$642,778.19 have been paid thus far in FY 2021.
- As of September 7, 2020, a total of 421,450.31 has been deposited into WVU's escrow account for FY 2021. The fiscal year-to-date cumulative interest totals \$1,586.90. Disbursements totaling \$424,072.32 have been paid thus far in FY 2021.

B. State Agency/Senate Bill #3 Liability Claim & Litigation Information

TRIALS

Thus far in 2020, we have tried two cases to defense verdicts. **(New case in bold)**
Kara Ault vs. WV Division of Highways; 1/16/2020; Jefferson Co. Cir. Ct.; Plaintiff rear-ended Insured truck; Defense verdict

Frank Morgan vs. City of Logan; 7/31/2020; US. Dist. Ct. So. WV; Plaintiff alleged excessive force in his arrest by City of Logan police officers; Defense verdict

PAID CLAIMS (July 2020 Data)

YTD Indemnity payments total \$16,586,520 vs. PYTD payments of \$18,564,092, a decrease of 10.7%.

YTD Legal payments total \$11,821,883 vs. PYTD payments of \$9,272,758, an increase of 27.5%.

OUTSTANDING CLAIMS (July 2020 Data)

July 2020 Indemnity reserves total \$72,461,093 vs. July 2019 Indemnity reserves of \$62,655,136, an increase of 15.77 %.

July 2020 Expense reserves total \$25,492,140 vs. July 2019 Expense reserves of \$20,756,082, an increase of 22.8%.

CLAIMS COUNTS (July 2020 Data)

New claims YTD total 1606 vs. PYTD of 2502, a decrease of 35.8%.

Closed claims YTD total 1833 vs. PYTD of 2449, a decrease of 25.2%.

Open claims YTD total 1042 vs. PYTD of 1166, a decrease of 10.6 %.

DURATION – CLOSED CLAIMS (July 2020 Data)

YTD Duration of 167.106 Days vs. PYTD Duration of 117.135 Days, an increase of 42.7%.

CLOSING RATIO (July 2020 Data)

YTD Closing Ratio of 114.1% vs. PYTD Closing Ratio of 97.9%, an increase of 16.5

- C. COVID-19 Pandemic – We continue to work largely from home, with about half the staff in the office on Mondays and Tuesdays, and the other half in the office on Wednesdays and Thursdays. On Fridays we all work from home. We expect to continue with this schedule through the end of the calendar year. It has been a little inconvenient in some ways, but we've been able to work through the issues. We are fortunate to be a small agency with lots of contact with our staff, and we feel that the work is being performed well and nothing is being missed. We are doing daily health screenings, and everyone is following the protocols I've shared with the Board. I'm very proud of how well all BRIM staff has responded to the pandemic and the new ways we have to do our work and interact with each other.
- D. BRIM has been chosen as a pilot for the Office of Technology's new program to assess data security vulnerabilities among state agencies. The project arises from Legislation enacted in 2019 giving OT authority and funding to implement measures to improve data security. We are in the phase currently where we identify our technology-related assets, determine what types of events could interfere with the use or viability of those assets, and what the possible outcomes of those events could be. Ultimately, the project is designed to get agencies to identify the technology needed to fulfil their mission and to think about what is needed to protect it as well as how to recover from an event that harms or destroys it. This is all consistent with BRIM's role related to Continuation of Operations Plans in the Department.
- E. Patient Injury Compensation Fund (PICF) -- The outstanding balance owed to claimants is \$2,239,552.97 (down from \$4,139,549.17 at the time of the June Board meeting). The most recent pro-rata distribution made in August was in the amount of \$1.9 million. This distribution was for the fiscal year 2020 which ended on June 30, 2020. The September 3, 2020 balance in the fund is \$397,887.42. We will have one more annual pro-rata distribution in August 2021, and a final distribution in the early part of 2022 based on collections between July 1 and December 31, 2021. All funding streams are scheduled to end on December 31, 2021 and we expect all claims to be paid in full as well as all administrative expenses of the fund, and the fund should be closed on June 30, 2022.

F. Risk Management Information System Update – We continue to work on data reconciliation between the new system and our legacy system. Our vendor, Asset Works, has made this a priority over the past few months and we believe progress is being made. Asset Works continues to build out the Underwriting Module and Loss Control functions, and we will need to continue with workflow additions to the system. Our goal for switching to the new system remains the first of 2021.

G. Policy Renewals – The July 1 policy renewals were successfully completed. We are in a difficult market now for liability and property coverage and we don't expect it to improve any time soon. We were able to include the Board of Education excess liability policy in the trust rather than a risk transfer policy which we feel is beneficial overall for the BOEs. On cyber for the BOEs, we plan to gather more robust underwriting information this fall to be used when we go to market in the spring for the BOE cyber liability coverage. Unfortunately, our efforts to partner with the State Department of Education to work with the BOEs on cyber risk at meetings and conferences have been on hold during the pandemic.

The state and SB3 liability and auto policies and BOE excess liability policy are on BRIM's website and we plan to put the aviation policy and statutory bond on the website soon. We are still waiting on the he property policies and the boiler & machinery policy but we will have them on the website as soon as we can.

H. BRIM Rules Projects – We had 6 new rules this year. The rules were out for public comment in early July with the comment period ending on August 8. Our three procedural rules have been filed with the Secretary of State following the public comment period. We received no comments. The effective date of these rules will be September 18, 2020. These three rules are Series 3, the Board's Administrative Rule, Series 9, Procurement, and Series 10, Procedure for Providing Notice of Claims. The Legislative rules will be taken up by the Legislative Rule Making Review Committee probably in October. The Legislative rules are Series 1, Mine Subsidence, Series 2, Public Entities Insurance Program, and Series 5, Notice of Claim (Series 5 is being repealed to be replaced by Series 10 procedural rule). I have already been corresponding with committee counsel assigned to our Legislative rules concerning questions related to Series 2.

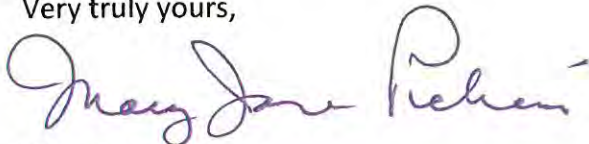
I. Website Updates – We initiated conversations with the Department of Commerce Communications Hub and WV Interactive before the Stay at Home Order, but the pandemic has interrupted this project. We are trying to reschedule a meeting to get this project back on track. It's been difficult to resume projects like this after losing momentum entirely during the shutdown.

J. Records Management – We've been able to make quite a bit of progress this summer with the review of old claim files, determination of which files are outside of the retention schedule and can be destroyed, and readying the ones that must be kept for scanning and electronic retention. We know this will take many months to complete. After the claim files, we plan to move on to Underwriting and Loss Control files. Chuck Mozingo is working with us on a temporary basis and has been overseeing this project with the help of Solomon Phillips and Jameson McHugh during his time with us this summer.

K. Miscellaneous

1. I reported in June that we hired a summer intern through the Governor's Internship Program, Jameson McHugh. Unfortunately, his summer internship was short because of the pandemic but he did great work and we appreciate his help. He left for law school about a month ago, and we wish him well and hope he stays in touch.
2. I've participated in a series of meetings and webinars this year relating to equity, diversity and inclusion generally as well as in the workplace. We are all aware of the tensions currently in this area and I want the Board to know that we do think about these issues at BRIM and are always working to ensure a work environment that everyone can feel comfortable in.
3. I want to inform the Board that one of our Privacy Office staff, Sue Haga, will retire at the end of October. We've enjoyed working with Sue over the past few years and wish her all the best as she enters this new chapter.
4. I want to congratulate Melody Duke on her appointment by the Governor to the PEIA Finance Board to represent the interests of state employees.
5. Upcoming Board Meeting schedule for 2020:
Tuesday, December 15, 2020 @ 1PM

Very truly yours,



Mary Jane Pickens
Executive Director

MJP/lm

STATE OF WEST VIRGINIA
DEPARTMENT OF ADMINISTRATION
BOARD OF RISK AND INSURANCE MANAGEMENT



Allan L. McVey
Cabinet Secretary

Mary Jane Pickens
Executive Director
Deputy Cabinet Secretary
MaryJane.Pickens@wv.gov

**Chief Financial Officer's Report
September 15, 2020**

A. P Card Report

CD copies contain the supporting detail for P card purchases for the months of May and June 2020. These totals are:

May	\$42,580.46
June	\$42,928.95

B. Audit Update

- Audit work has been completed remotely this year and no audit issues have been brought to BRIM's attention.
- BRIM will submit its draft of the June 30, 2020 audited financial statements by the September 15, 2020 deadline. The final financial statements will be submitted by the October 15, 2020 deadline.
- BRIM's audited financial statements will be released and available on BRIM's website shortly after the auditor's opinion has been issued.

C. Actuarial Results

- AON's risk fund study as of June 30, 2020 has been completed and reviewed.
- The current fiscal year saw a \$1.2 million decrease in the IBNR total vs. the prior year. Last year, unfavorable claims development for several prior years' reserves resulted in a net increase in the provision for insured events of prior years and a year over year increase in total IBNR of \$10.3 million.
- FY'20 retained case reserves increased by \$15.1 million when compared to last year. The net change in retained case reserves and IBNR produced a year over year increase in total retained reserves of \$13.9 million.
- For FY'19 the year over year total retained reserves increased by \$24.0 million, with IBNR increasing by \$10.3 million and retained case reserves increasing by \$13.7 million vs. FY'18, reflecting the negative impact of the unfavorable loss development last year.

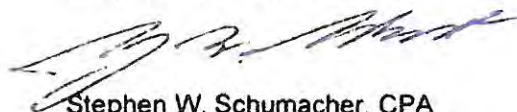
D. Financial Results

- Premium revenue for FY'20 is \$1.0 million lower than the prior year. The primary driver for the decreased premiums is the reduction in the actuarially estimated loss pics that were the basis for the FY'20 rates.
- Total net claims expense decreased when compared to FY'19. The year over year smaller overall increase of \$10.1 million in total retained reserves combined with smaller net claims payments of \$4.7 million for the current year provided the overall decrease in claims and claims adjustment expenses of \$14.8 million vs. last year.
- Investment income for FY'20 is \$1.7 million higher than for FY'19. Fixed income returns were the driver for BRIM's improved investment earnings for FY'20.

D. Financial Results (cont'd)

- The overall rate of return of 5.2% on all BRIM funds invested for the current fiscal year is comparable to last year's 5.4% return. The higher average amount of investable assets resulted in the \$1.7 million earnings improvement for FY'20 vs. FY'19.
- For trust funds the rate of return was 6.8% with earnings totaling \$16.2 million for FY'20. This compares to a 6.2% return in FY'19 with earnings of \$12.9 million.
- According to the July meeting minutes released in August, uncertainty and virus risks continue to weigh on the Federal Open Market Committee's economic outlook. In August, Federal Reserve officials agreed on a new framework governing how they will conduct policy over the long run including less emphasis on inflation's impact on the federal funds rate in the near-term. With the fed funds rate currently near zero, the Fed anticipates no increases thru 2022.
- As rates have trended lower across the short end of the yield curve in 2020, the lower reinvestment rate, currently about 0.25% for 3-5 year treasuries, will result in much lower returns for the trust in FY'21.
- BRIM's funds invested with the West Virginia Investment Management Board made about \$6.0 million or 3.8% vs. \$7.1 million or 4.7% last year. The strong rally in the equity markets over the last several months has stalled near-term and the markets have pulled back somewhat in recent weeks. The perception is that stocks, and in particular technology stocks, have gotten a little ahead of themselves recently. This has resulted in some profit taking and also created some volatility in the equity markets.
- BRIM's overall financial results provided for an improvement in net position of \$28.1 million for FY'20 versus an improvement in net position of \$13.1 million for FY'19. Adverse claims development hampered the overall results in FY'19.
- BRIM's current net position of \$257.8 million includes the mine subsidence program's restricted net position of \$78.6 million, leaving BRIM's unrestricted net position at \$179.2 as of June 30, 2020.
- Using only unrestricted net position, BRIM's loss reserve to net position ratio for FY'20 improved to 1.1 to 1.0. This compares to the FY'19 loss reserve to net position ratio of 1.2 to 1.0.

Respectfully submitted,



Stephen W. Schumacher, CPA
Chief Financial Officer

West Virginia Board of Risk and Insurance Management

Statements of Net Position

For the Twelve Months Ended June 30th

	2020	2019
	<i>(In Thousands)</i>	
Assets		
Current assets:		
Cash and cash equivalents	\$ 21,271	\$ 29,342
Advance deposits with insurance company and trustee	264,014	224,786
Receivables	3,052	3,221
Prepaid insurance	0	0
Restricted cash and cash equivalents	20,808	16,936
Premiums due from other entities	1,134	1,112
Total current assets	310,279	275,397
Noncurrent assets:		
Equity position in internal investments pools	104,382	100,600
Restricted investments	60,280	58,096
Total noncurrent assets	164,662	158,696
Total assets	474,941	434,093
Deferred Outflows of Resources	215	373
Deferred Outflows of Resources - OPEB	84	65
Liabilities		
Current liabilities:		
Estimated unpaid claims and claims adjustment expense	69,336	62,656
Unearned premiums	9,664	10,179
Agent commissions payable	1,486	1,514
Claims Payable	0	0
Accrued expenses and other liabilities	832	1,508
Total current liabilities	81,318	75,857
Estimated unpaid claims and claims adjustment expense net of current portion	135,460	128,322
Compensated absences	150	124
Net pension liability	214	249
Total noncurrent liabilities	135,824	128,694
Total liabilities	217,142	204,552
Deferred Inflows of Resources	145	200
Deferred Inflows of Resources - OPEB	171	109
Net position:		
Restricted by State code for mine subsidence coverage	72,466	66,866
Unrestricted	157,204	149,745
Net Assets (Deficiency)	28,112	13,059
Net position	\$ 257,782	\$ 229,670

Unaudited

West Virginia Board of Risk and Insurance Management

Statements of Revenues, Expenses, and Changes in Net Position

For the Twelve Months Ended June 30th

	2020	2019
	<i>(In Thousands)</i>	
Operating revenues		
Premiums	\$ 82,567	\$ 83,301
Less coverage/reinsurance programs	(6,915)	(6,627)
Net operating revenues	75,652	76,675
Operating expenses		
Claims and claims adjustment expense	65,349	80,169
General and administrative	5,009	4,519
Total operating expenses	70,358	84,689
Operating income (loss)	5,294	(8,014)
Nonoperating revenues		
Investment income	22,818	21,044
OPEB Non Operating Income	0	30
Net nonoperating revenues	22,818	21,073
Changes in net position	28,112	13,059
Total net position, beginning of year	229,670	216,611
Total net position, end of period	\$ 257,782	\$ 229,670

Unaudited

STATE OF WEST VIRGINIA
DEPARTMENT OF ADMINISTRATION
BOARD OF RISK AND INSURANCE MANAGEMENT



Allan L. McVey
Cabinet Secretary

Mary Jane Pickens
Executive Director
Deputy Cabinet Secretary
MaryJane.Pickens@wv.gov

**Loss Control Report to the Board
September 2020**

State Agency loss control questionnaires were due on August 1, 2020. Since then, we have been evaluating those questionnaires. The results will be used to calculate loss control credits and surcharges for next fiscal year's premium. As of early September, we have completed 139 evaluations.

Due to the COVID-19 pandemic, BRIM and Liberty Mutual have decided to not host the annual boiler safety and operational seminars this fall. As a substitute, we will be providing educational material to participating insured regarding maintenance and safety needs associated with boilers and air conditioning units. We hope to be able to resume in-person seminars in the fall of 2021.

Since it came into its possession, the West Virginia Economic Development Authority requested BRIM's assistance regarding the idled former Ravenswood Century Aluminum Plant and surrounding properties for potential liability risks. In July, Jeremy Wolfe inspected the facility and provided guidance to the Authority and identified twenty-six loss prevention recommendations to help the Authority reduce its liability loss potential. We currently await the Authority's corrective action plan in response to the submitted recommendations, and additional work may be warranted at this location in the future. It should be noted that we do not insure the property at this facility.

During the months of June and July Aon conducted 81 inspections and Liberty Mutual Insurance conducted 418. The reports are being processed according to established procedures. Both Aon and Liberty have completed all inspections for the last fiscal year, though some of the last reports are still being received and processed. We agreed to an extension of the deadlines due to the COVID-19 pandemic and the problems associated with travelling and getting into various facilities.

Since my last report, our loss control technical staff reports the following activity:

7 Loss Control Visits

These are standard loss control visits which focus on all coverage areas and which result in information and/or loss control recommendations being provided.

Insured Accounts Visited Include: West Virginia State Parks, West Virginia Economic Development Authority, West Virginia Department of Education, Ohio County Public Service District, West Virginia Educational Broadcasting Authority, Lottery Commission, and West Virginia Public Service Commission.

19 Standards of Participation Visits

These are visits which are designed to provide assistance to our insured who are seeking to become compliant with the BRIM Standards of Participation program.

Insured Accounts Visited Include: Town of Farmington, Mountain Cap of West Virginia, Barbour County Senior Center, Town of West Hamlin, City of Paden City, Town of Glasgow, West Virginia Board of Registration for Foresters, Town of Beverly, West Virginia Board of Dentistry, West Virginia Public Employees Insurance Agency, City of Williamson, West Virginia Division of Highways, Town of Clendenin, Williamson Health and Wellness Center, Town of Man, West Virginia Health Care Association, and the Town of Matewan.

As is the case each year, the number of loss control visits is markedly reduced during the period in which we evaluate loss control questionnaire submissions, no consultation visits have occurred during this reporting period.

Dated: *September 14, 2020*

Respectfully submitted,



Robert A. Fisher
Deputy Director *and* Claim Manager

STATE OF WEST VIRGINIA
DEPARTMENT OF ADMINISTRATION
BOARD OF RISK AND INSURANCE MANAGEMENT



Allan L. McVey
Cabinet Secretary

Mary Jane Pickens
Executive Director
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MaryJane.Pickens@wv.gov

Chief Privacy Officer's Report September 15, 2020

A. Privacy Management Team Meetings

- On September 22, 2020, the Privacy Management Team virtual meeting will be held via a Microsoft TEAMS platform. Use of this platform for members of the PMT will be a first. The topics for presentation will be a continued discussion of the newly published NIST Privacy Framework, and a presentation of COVID-19 and Public Health. The final PMT for the year will be held December 8, 2020.

B. Privacy Training

- During the Second Quarter of 2020, 349 members of the Executive Branch workforce completed the online course *Think WV Privacy*, which is a general privacy awareness training course.
- During the Second Quarter of 2020, 369 members of the Executive Branch workforce completed the online course *WV Confidentiality Agreement*, which is required of all workforce members.
- During the Second Quarter of 2020, 136 members of the Executive Branch workforce completed the online course *HIPAA/HITECH*, which is a general HIPAA training course.

The following training events were held by the SPO since the last board meeting:

- Privacy Officer Orientation for the Agency Privacy Officer for the West Virginia Department of Environmental Protection was conducted virtually, via Skype on June 25, 2020.
- On July 16, 2020, SPO staff did a live presentation online on *BRIM and Cyber Liability and Awareness* for the West Virginia Department of Education in their annual training for County Board of Education Treasurers. Approximately 110 participants logged onto the webinar.

C. Privacy Impact Assessments

- A privacy impact assessment (PIA) is a tool used to assess the privacy impact and risks to the personally identifiable information (PII) stored, used, and exchanged by information systems. A PIA evaluates privacy implications when information systems are created, when existing systems are significantly modified, or new technology is purchased.
- Since June 16, 2020 fourteen (14) PIAs have been completed and submitted. Staff changes at the West Virginia Office of Technology have resulted in procedural changes for reporting to our office their recommendations for completing a PIA. State Privacy staff, combined with WVOT and Purchasing staff, are working together to create a new PIA procedure.
- The PIA form has been updated to reflect some changes in the Software as a Service Addendum from WV OT. This document was presented for comment to the June 2, 2020 PMT meeting.
- At this point, PIA completion is not mandatory for agencies, but the Purchasing Division is requiring that agencies purchasing a technology/software product speak with the Privacy Office regarding the need for a Privacy Impact Assessment.
- The Vendor Management Team, comprised of staff from the WV Purchasing Division, WV Office of Technology, WV Cybersecurity Office, BRIM, and State Privacy Office, has restarted its bi-monthly meetings to provide an important method for coordination between agencies for vendor privacy and security issues. The Privacy Office is currently amending its PIA procedures based on feedback received from various agencies and will be incorporating it into the processes already established by Purchasing and the Office of Technology.

D. Privacy Office Personnel

- Sue Haga, the Administrative Secretary for the State Privacy Office, is retiring from state employment effective October 31, 2020. Sue has been employed with the State of West Virginia for twenty-five (25) years and over nine (9) years in the Privacy Office. The Privacy Office has made an offer to a candidate, which has been accepted. The process of onboarding the person is in process with a tentative start date at the end of September.

Very truly yours,

Ashley Summitt

Ashley Summitt, JD
Chief Privacy Officer
WV Executive Branch

STATE OF WEST VIRGINIA
DEPARTMENT OF ADMINISTRATION
BOARD OF RISK AND INSURANCE MANAGEMENT



Allan L. McVey
Cabinet Secretary

Mary Jane Pickens
Executive Director
Deputy Cabinet Secretary

AGENDA
BOARD MEETING OF THE
WEST VIRGINIA BOARD OF RISK AND INSURANCE MANAGEMENT
December 15, 2020

Meeting held telephonically to practice social distancing guidelines for the COVID-19 pandemic response. Notice to the public provided on BRIM's web page. The meeting meets Open Meeting laws requirements for public access.

Join meeting by phone: Dial-in number: +1 681-245-6817 Conference ID: 568 430 504#

Chairman Martin

Call to Order

Chairman Martin

Roll Call

Chairman Martin

Approval of Board Minutes
September 15, 2020 Meeting

REPORTS

Norman Mosrie, Partner
Dixon Hughes Goodman LLP

Audited Financial Report
Dixon Hughes Goodman LLP

Mary Jane Pickens
Executive Director

Executive Director's Report

Stephen W. Schumacher, CPA
Chief Financial Officer

Financial Report
PCard Report

Robert A. Fisher
Deputy Director/Claim Manager

Loss Control Report

Ashley E. Summitt
Chief Privacy Officer

Privacy Report

UNFINISHED BUSINESS

NEW BUSINESS

ADJOURNMENT

Idm

STATE OF WEST VIRGINIA
DEPARTMENT OF ADMINISTRATION
BOARD OF RISK AND INSURANCE MANAGEMENT



Allan L. McVey
Cabinet Secretary

Mary Jane Pickens
Executive Director
Deputy Cabinet Secretary

**MINUTES OF THE MEETING
OF THE
WEST VIRGINIA BOARD OF RISK AND INSURANCE MANAGEMENT
September 15, 2020**

(meeting was held telephonically to practice social distancing guidelines for the COVID-19 pandemic response)

**BOARD MEMBERS
PRESENT:** Bruce R. Martin, CIC, CRM, Chairman
Bob Mitts, CPCU, Vice Chairman
James Wilson, Esq., Member
Edward Magee, Ed.D., CPA, Member
Gordon Lane, Jr., Member
James A. Dodrill, Board Secretary, Ex-Officio Member
Commissioner, WV Office of the Insurance Commissioner

BRIM PERSONNEL: Mary Jane Pickens, Executive Director
Robert Fisher, Deputy Director/Claims Manager
Melody Duke, Deputy Director/Underwriting Manager
Stephen W. Schumacher, CPA, CFO
Jeremy Wolfe, Risk & Insurance Manager
Ashley Summitt, Chief Privacy Officer
John Fernatt, Senior Claim Representative
Valerie Poindexter, Senior Claim Representative
Lora Myers, Recording Secretary

**BRIM PROGRAM
REPRESENTATIVES:** Steve Fowler, Esq., BRIM Counsel
Ed Poe, Esq., BRIM Counsel
Chuck Waugh, AIG Claim Services
Brenda Samples, USI Insurance Services, LLC
Bob Ayers, USI Insurance Services, LLC

GUESTS: Allan L. McVey, Secretary, Department of Administration
Sandy Price, WVU Health Sciences Center
Kelsey Richards, WVU Risk Management
Nate Pearson, BNY Mellon Investment Management
Scott Mountain, BNY Mellon Investment Management
Tom Sauvageot, WV Investment Management Board

CALL TO ORDER

- Chairman Martin called the board meeting of the West Virginia Board of Risk and Insurance Management to order on Tuesday, September 15, 2020.
- The meeting was held telephonically to practice social distancing guidelines for the COVID-19 pandemic response.
- Chairman Martin called roll for the board members; all were in attendance.
- Chairman Martin complimented BRIM management and staff on the outstanding job during the pandemic to provide customer service.

APPROVAL OF MINUTES

- Member James Wilson moved the approval of the June 16, 2020 board meeting minutes. The motion was seconded by Vice Chairman Bob Mitts.
- Being no discussion, a vote took place and the MOTION ADOPTED.

REPORTS

BNY Mellon Investment Management

- Chairman Martin welcomed Nate Pearson and Scott Mountain to make presentation for BNY Mellon Investment Management.
- Mr. Pearson and Mr. Mountain introduced themselves. A handout had been emailed previously for reference during the presentation. The gentlemen provided a brief history regarding BNY Mellon Investment Management including review of the organizational chart.
- Mr. Pearson presented a nine-month review. Beginning of the year looking good with low unemployment and stocks at an all-time high. January and February beginning to show shift with the early pandemic discussion. The second quarter brought the largest decrease we have ever seen and a huge jump in unemployment.
- Presentation continued with review of the Portfolio Performance. Market Terms were reviewed. In March equities are back to near all-time highs. Economy beginning to normalize. Upcoming risks: election, COVID-19 and vaccine.
- The BNY Mellon Investment Management's presentation was received, a copy is attached and made part of the record.

West Virginia Investment Management Board Report

- Chairman Martin welcomed Tom Sauvageot to present for the West Virginia Investment Management Board.
- Mr. Sauvageot referred to the BRIM Investment Review – June 30, 2020, a handout that had been emailed previously for reference during the presentation. He discussed Market Highlights, Asset Allocation, Portfolio Comments and Performance.
- Regarding Equities, the 10-year period has an average of 10%. Mr. Sauvageot commented on the efforts our domestic stock markets will make to try to recover. Chairman Martin was in agreement regarding the market.
- The West Virginia “Investment Management Board presentation was received, a copy is attached and made part of the record.

Executive Director’s Report

- Chairman Martin called on Mary Jane Pickens to present the Executive Director’s Report.
- Ms. Pickens reviewed the Marshall University and West Virginia University Medical Malpractice Programs.
- Ms. Pickens reviewed the State Agency/Senate Bill #3 Liability Claim and Litigation Information. Her report includes detailed information regarding trials, paid claims, outstanding claims, claim counts, closed claims and closing ratio.
- Ms. Pickens thanked Chairman Martin for the kind comments to the BRIM staff regarding the customer service provided during the pandemic. She reported that the staff continues to work a great deal from home, with some staff in the office on Mondays and Tuesdays while other staff work from the office on Wednesdays and Thursdays. Everyone works from home on Fridays, this schedule will most likely be followed through the end of the year.
- BRIM has been selected as a pilot for the Office of Technology’s new program to assess data security vulnerabilities among state agencies. This project arises from 2019 Legislation giving OT authority and funding to put in place measures to improve data security. The Tax Department was also selected to pilot this program.

- The Patient Injury Compensation Fund (PICF) was reviewed. The outstanding balance owed to claimants is \$2,239,552.97 (down from \$4,139,549.17 at the June meeting). August distribution was in the amount of \$1.9 million. This distribution was for fiscal year 2020, unchanged since the March 2020 meeting. The September 3, 2020 fund balance is \$397,887.42. There will be an additional pro-rata distribution in August 2021. A final distribution will occur early in 2022 based on collections from July 1 – December 31, 2021. All funding streams are scheduled to end December 31, 2021, we expect all claims be paid and administrative expenses, and the fund should close June 30, 2022.
- Risk Management Information System updates were discussed. Continued work on data reconciliation between the new system and our legacy system. Asset Works has made this a priority and progress is being made. They continue building out the Underwriting Module and Loss Control functions. Our goal is switching to the new system first of the new year.
- Ms. Pickens reported on Policy Renewals. The July 1 policy renewals were completed successfully. We included Board of Education excess liability policy in the trust rather than a risk transfer policy which we feel is beneficial overall for the BOEs. Cyber for the BOEs, we plan to gather additional underwriting information to be used when we go to market in the spring for BOE cyber liability coverage. The State and SB3 liability and auto policies are on the BRIM website. We plan to add the aviation policy and statutory bond to the website as well. Property and Boiler & Machinery policy will be on the website as soon as possible.
- BRIM Rules Project was discussed. BRIM had six new rules this year. The rules were out for public comment in early July with the comment period ending August 8th. The three procedural rules have been filed with the Secretary of State, we received no comments. Effective date of the rules will be September 18, 2020. The Procedural Rules are: Series 3, the Board's Administrative Rule; Series 9, Procurement; and Series 10, Procedure for Providing Notice of Claims. Legislative Rules will be taken up by the Legislative Rule Making Review Committee. The Legislative Rules are: Series 1, Mine Subsidence; Series 2, Public Entities Insurance Program; and Series 5, Notice of Claim (Series 5 is being repealed to be replaced by Series 10 procedural rule).
- Website updates were presented. The pandemic has interrupted this project and we are working to reschedule a meeting to get this project resumed. It is difficult to get back on track after losing momentum during the shutdown.
- Records Management updates were reviewed. We have made a good deal of progress this summer with review of old claim files, determination of which files are outside the retention schedule and can be destroyed, readying the ones to be kept for scanning and electronic retention. This will take months to complete. After the claim files, we plan to move to

Underwriting and Loss Control files. Mr. Mozingo is working temporarily and has been overseeing the project. Solomon Phillips and Jameson McHugh have been assisting with this effort.

- BRIM hired Jameson McHugh through the Governor's Internship Program as a summer intern. Although the summer internship was short due to pandemic, we appreciate the work Jameson assisted with and wish him well as he enters law school. We are also continuing to have Solomon Phillips with us for a while. Solomon graduated from Marshall this spring and has agreed to work on records management and other projects through the summer.
- Ms. Pickens reported that she has attended a series of meetings and webinars relating to equity, diversity and inclusion generally and in the workplace. The Board should know that we are concerned about these issues and are always working to ensure a work environment that everyone feels comfortable in.
- Ms. Pickens reported that the Annual Report was submitted on time. She thanked Stephen Panaro and Lora Myers for their work on this project.
- Ms. Pickens announced that she was just informed this afternoon that for the 25th year in a row, BRIM has been awarded the Achievement in Excellence for the CAFAR. She thanked Steve Schumacher, Stephen Panaro, and staff for their work.
- Sue Haga, a member of our Privacy staff, will retire at the end of October. She has been an enormous asset for BRIM and will be missed. We wish her all the best in the next chapter of her journey.
- Congratulations reported for Melody Duke on her appointment by the Governor to the PEIA Finance Board as representative of the interests of state employees.
- In conclusion, Mrs. Pickens announced the last Board Meeting date for 2020 is Tuesday, December 15, 2020 at 1PM.
- The Executive Director's Report was received and filed, a copy is attached and made part of the record.

BRIM Financial Report

- Chairman Martin called on Mr. Schumacher to present the Chief Financial Officer's Report.
- Mr. Schumacher discussed PCard activity for May and June.

- Mr. Schumacher gave an audit update. Audit work has been completed remotely this year and no issues have been mentioned. BRIM will submit its draft of the June 30, 2020 audited financial statements by the deadline. The final financial statements will be submitted by the October 15, 2020 deadline. BRIM's audited financial statements will be on BRIM's website shortly after the auditor's opinion has been issued.
- Mr. Schumacher reported on the actuarial results. AON risk fund study as of June 30, 2020 has been finalized. The current fiscal year saw a \$1.2 million decrease in the IBNR total vs. the prior year. FY'20 retained case reserves increased by \$15.1million when compared to last year. FY'19 the year over year total retained reserves increased by \$24.0 million.
- Mr. Schumacher reported on current financial results. Premium revenue for FY'20 is \$1.0 million lower than the prior year. Total net claims expense decreased when compared to FY'19. Investment income for FY'20 is \$1.7 million higher than for FY'19. The overall rate of return is 5.2% on all BRIM funds invested for the current fiscal year is comparable to last year's return of 5.4%. For trust funds the rate of return was 6.8% with earnings totaling \$16.2 million.
- Mr. Schumacher also reported according to the July meeting minutes, uncertainty and virus risks continue to weigh on the Federal Open Market Committee's economic outlook. In August, Federal Reserve officials agreed on a new framework governing how they will conduct policy over the long run including less emphasis on inflation's impact on the federal fund rate in the near-term. With the fed funds rate currently near zero, the Fed anticipates no increase through 2022.
- Mr. Schumacher discussed BRIM's funds invested with the West Virginia Investment Management Board made approximately \$6.0 million or 3.8% vs. \$7.1 million or 4.7% last year. BRIM's overall financial results provided for an improvement in net position of \$28.1 million for FY'20 vs. an improvement in net position of \$13.1 million for FY'19. BRIM's current net position of \$257.8 million includes the mine subsidence program's restricted net position of \$78.6 million, leaving BRIM's unrestricted net position at \$179.2 million as of June 30, 2020.
- Mr. Schumacher thanked his staff of four including Stephen Panaro, Niki Casdorff-Miller and Connie Bloss on once again being awarded the Achievement in Excellence for the CAFAR.
- The Chief Financial Officer's Report was received and filed, a copy is attached and made part of the record.

Loss Control Report

- Mr. Fisher was called upon by the Chairman to present the Loss Control Report.

- Mr. Fisher reported loss control questionnaires were due on August 1, 2020. The results will be used to calculate loss control credits are surcharges for next fiscal year's premium. As early as September, we have completed 139 evaluations.
- Due to the pandemic, BRIM and Liberty Mutual have decided not to host the annual boiler safety and operational seminar in the fall. In substitution, we will provide educational material to participating insured regarding maintenance and safety needs. Hopefully, in-person seminars can resume in fall 2021.
- The West Virginia Economic Authority requested BRIM's assistance with the former Ravenswood Century Aluminum Plant and surrounding properties for potential liability risks. In July, Jeremy Wolfe inspected the facility; provided guidance to the Authority; and identified twenty-six prevention recommendations. Currently, we are awaiting the Authority's corrective action plan. BRIM does not insure the property at this facility.
- During the months of June and July, Aon conducted 81 inspections and Liberty Mutual conducted 418. We agreed to an extension of the deadlines due to the pandemic
- Mr. Fisher noted since his last report, the Loss Control technical staff reports 7 loss control visits and 19 Standards of Participation Visits.
- The Loss Control Report was received and filed, a copy is attached and made part of the record.

Privacy Report

- Ashley Summitt was called on by the Chairman to present the Privacy Report.
- Ms. Summitt reported the upcoming Privacy Management Team virtual meeting will be held September 22, 2020, via Microsoft TEAMS platform. The topics for presentation will be a continued discussion of the newly published NIST Privacy Framework, and a presentation of COVID-19 and Public Health. The final PMT meeting is scheduled for December 8, 2020.
- Ms. Summitt reported on privacy trainings. During the second quarter of 2020, 349 members of the Executive Branch workforce took the online course *Think WV Privacy*; 369 members took the online course *WV Confidentiality Agreement*; and 136 members took the online course *HIPAA/HITECH*.
- Training events by the SPO since June were discussed. Privacy Officer Orientation for the Agency Privacy Officer for the West Virginia Department of Environmental Protection was conducted virtually on June 25, 2020. SPO staff did a presentation online on BRIM and Cyber Liability

Awareness for the West Virginia Department of Education in their annual training for County Board of Education Treasurers. Approximately 110 participants logged in for the webinar on July 18, 2020.

- Since June 16, 2020, 14 PIAs have been completed and submitted. Staff changes at the Office of Technology have resulted in procedural changes for reporting to our office their recommendations for completing a PIA. State Privacy staff combined with WVOT and Purchasing staff are working to create a new PIA procedure.
- Sue Haga, Administrative Secretary for the State Privacy Office, is retiring effective October 31, 2020. Sue has been employed with the State of West Virginia for 25 years and over 9 years in the Privacy Office. The Privacy Office has made an offer to a candidate for employment which has been accepted. The new employee will tentatively start the end of September.
- Privacy Report was received and filed, a copy is attached and made part of the record.

EXECUTIVE SESSION

- Vice Chairman Bob Mitts moved to enter Executive Session. The motion was seconded by Member James Wilson. A vote took place and the MOTION ADOPTED.
- No action was taken during Executive Session

ADJOURNMENT

- Chairman Martin had to leave for another meeting and asked Vice Chairman Mitts to adjourn the meeting. Member James Wilson moved to adjourn the meeting. The motion was seconded by Member Gordon Lane. A vote took place and the MOTION ADOPTED.
- Meeting adjourned.

Board Chairman

Date

ldm

**Report to the
Board of Directors**

West Virginia Board of Risk and Insurance Management

June 30, 2020



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Appendix A - Management Representation Letter

Contacts

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Communication with Those Charged with Governance

October 9, 2020

Board of Directors
West Virginia Board of Risk and Insurance Management
Charleston, West Virginia

We have audited the basic financial statements of West Virginia Board of Risk and Insurance Management ("BRIM") as of and for the year ended June 30, 2020, and have issued our report thereon dated October 9, 2020. Professional standards require that we provide you with information about our responsibilities in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated February 20, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the West Virginia Board of Risk and Insurance Management are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2020. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Accounting estimates are an integral part of the financial statements prepared by management, and are based on management's knowledge and experience about past and current events, and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the estimated liabilities for claims payable are based on actuarial calculations by the West Virginia Board of Risk and Insurance Management's consulting actuaries. We evaluated the key factors and assumptions used to develop the estimates of the estimated liabilities for claims payable in determining that they are reasonable in relation to the financial statements taken as a whole. In addition, we engaged an independent actuary to review the calculation and methods used by the West Virginia Board of Risk and Insurance Management's consulting actuary.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statements users. The most sensitive disclosures affecting the financial statements were:

Note 3 of the financial statements includes disclosures related to the West Virginia Board of Risk and Insurance Management's investments with the West Virginia Investment Management Board and the West Virginia Board of Treasury Investments. Such disclosures include information on the various pools invested in and their respective risks (i.e. credit, custodial, concentration, interest rate).

The unpaid claims and claims adjustment expense liability disclosures in Notes 2 and 4 are particularly sensitive because of the various assumptions involved in the estimation process.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no corrected or uncorrected misstatements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audits.

Management Representations

We have requested certain written representations from management that are included in the management representation letter included at Appendix A.

Management Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the West Virginia Board of Risk and Insurance Management's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Significant Matters, Findings, or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the West Virginia Board of Risk and Insurance Management's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

With respect to the required supplementary information accompanying the basic financial statements as described below, we applied certain limited procedures in accordance with the auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The required supplementary information included with the basic financial statements is as follows:

- ◆ Management's Discussion and Analysis
- ◆ Ten-year Claim Development Information
- ◆ Reconciliation of Unpaid Claims and Claims Adjustment Expense Liability by Type of Contract
- ◆ Schedule of the BRIM's Proportionate Share of the Net Pension Liability
- ◆ Schedule of the BRIM's Contributions to PERS
- ◆ Schedule of the BRIM's Proportionate Share of the Net OPEB Liability
- ◆ Schedule of the BRIM's Contributions to RHBT

With respect to the other supplementary information accompanying the basic financial statements as described below, this information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The other supplementary financial information included with the basic financial statements is as follows:

- ◆ Combining Statement of Net Position
- ◆ Combining Statement of Revenues, Expenses, and Changes in Net Position
- ◆ Form 7, Deposits Disclosure
- ◆ Form 8, Investments Disclosure
- ◆ Form 8-A, Deposits and Investments Disclosure
- ◆ Form 9, Schedule of Receivables (Other than State Agencies)
- ◆ Form 10, Schedule of Accounts Receivable from Other State Agencies
- ◆ Form 13, Schedule of Changes in Long-Term Obligations – Compensated Absences

This information is intended solely for the use of the Board of Directors and management of West Virginia Board of Risk and Insurance Management, and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

Dixon Hughes Goodman LLP

Charleston, West Virginia

Appendix A

Management Representation Letter

STATE OF WEST VIRGINIA

DEPARTMENT OF ADMINISTRATION

BOARD OF RISK AND INSURANCE MANAGEMENT



Allan L. McVey
Cabinet Secretary

Mary Jane Pickens
Executive Director
Deputy Cabinet Secretary
MaryJane.Pickens@wv.gov

October 9, 2020

Dixon Hughes Goodman LLP
500 Virginia Street East
Suite 800
Charleston, West Virginia 25301

This representation letter is provided in connection with your audits of the financial statements of West Virginia Board of Risk and Insurance Management ("BRIM" or the "Agency"), which comprise the Statements of Net Position as of June 30, 2020 and 2019, and the related statements of Revenue, Expenses, and Changes in Net Position and Statement of Cash Flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of the date of this letter:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated February 20, 2020, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
3. West Virginia Board of Risk and Insurance Management is an agency of The State of West Virginia and, accordingly, is included as part of the primary government in the State's Comprehensive Annual Financial Report.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
5. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

6. The following have been properly accounted for and disclosed in the financial statements:
 - a. Related-party relationships and transactions, including sales, purchases, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties
 - b. Guarantees, whether written or oral, under which the Agency is contingently liable
 - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB 62, Accounting for Contingencies, and there are no accruals for loss contingencies included in the Statement of Net Position or gain contingencies reflected in earnings that are not in conformity with the provisions of GASB 62.
7. Significant estimates that may be subject to a material change in the near term have been properly disclosed in the financial statements. We understand that "near term" means the period within one year of the date of the financial statements. In addition, we have no knowledge of concentrations existing at the date of the financial statements that make the Agency vulnerable to the risk of severe impact that have not been properly disclosed in the financial statements.
8. We are responsible for making the accounting estimates included in the financial statements. Those estimates reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take. In that regard, adequate provisions have been made:
 - a. To reduce receivables to their estimated net collectable amounts.
 - b. Reduce investments, intangibles, and other assets that have permanently declined in value to their realizable values.
 - c. For risk retention, including uninsured losses or loss retentions (deductibles) attributable to events occurring through June 30, 2020, and/or for expected retroactive insurance premium adjustments applicable to periods through June 30, 2020.
 - d. For pension obligations, post-employment benefits other than pensions and deferred compensation agreements attributable to employee services rendered through June 30, 2020.
 - e. For any material loss to be sustained in the fulfillment of, or from the inability to fulfill, any service commitments.
9. Significant assumptions we used in making accounting estimates, including estimates of fair value, are reasonable.
10. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
11. There are no instances where any officer or employee of Agency has an interest in a company with which BRIM does business that would be considered a "conflict of interest." Such an interest would be contrary to BRIM policy.
12. There are no uncorrected misstatements or omitted disclosures.
13. We represent to you the following for the Agency's fair value measurements and disclosures:
 - a. The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - b. The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - c. The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
 - d. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
14. We are responsible for the estimation methods and assumptions used in measuring assets and liabilities reported or disclosed at fair value, including information obtained from brokers, pricing services or other third parties. Our valuation methodologies have been consistently applied from period to period. The fair value measurements reported or disclosed represent our best estimate of fair value as of the measurement date in accordance with

the requirements of Government Auditing Standards Board. In addition, our disclosures related to fair value measurements are consistent with the objectives outlined in GASB standards.

15. We have evaluated the fair value information provided to us by brokers, pricing services or other parties that has been used in the financial statements and believe this information to be reliable and consistent with the requirements of GASB standards.

Information Provided

16. We have provided you with:
- a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
17. All transactions have been recorded in the accounting records and are reflected in the financial statements.
18. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
19. We have no knowledge of any fraud or suspected fraud affecting the Agency involving:
- a. Management.
 - b. Employees who have significant roles in internal control.
 - c. Others when the fraud could have a material effect on the financial statements.
20. We have no knowledge of any allegations of fraud or suspected fraud affecting the Agency's financial statements received in communications from employees, former employees, analysts, regulators, short sellers, or others.
21. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices.
22. There are no known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing the financial statements.
23. We have disclosed to you the identity of the Agency's related parties and all the related party relationships and transactions of which we are aware.
24. The Agency has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
25. As part of your audit, you provided on consultation on accounting matters and assisted with preparation of the financial statements and related notes, and you have reviewed Agency's Comprehensive Annual Financial Report ("CAFR") prior to submission to the Government Finance Officers Association ("GFOA"). We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities. We have designated an individual with suitable skill, knowledge, or experience to oversee your services, have evaluated the adequacy and results of the services performed, have made all management decisions and performed all management functions, and accept responsibility for the results of those services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes. We have evaluated and maintained internal controls, including monitoring ongoing activities.

26. With respect to management's discussion and analysis, required supplementary information (the Ten-year Claims Development Information, the Schedule of Proportionate Share Of the Net Pension Liability in PERS, the Schedule of Proportionate Share of the Net OPEB Liability in RHBT, Schedule of Contributions to PERS, Schedule of Contributions to RHBT, and Reconciliation of Unpaid Claims and Claims Adjustment Expense Liability by Type of Contract), and the other supplementary information (Combining Statement of Net Position, Combining Statement of Revenues, Expenses, and Changes in Net Position, and Financial and Reporting Section of the State of WV closing book forms, accompanying the financial statements :
- a. Management's discussion and analysis is based on facts, decisions, or conditions currently known to management and does not contain forecasts or other prospective information.
 - b. We acknowledge our responsibility for presenting the supplementary information in accordance with accounting principles generally accepted in the United States of America, and we believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information. We believe the significant assumptions and interpretations are reasonable. The combining information is for purposes of additional analysis of the financial statements rather than to present the financial position and results of operations of each of the individual programs.
 - c. We are responsible for the fair presentation of the Closing Book Forms (the "supplementary information") in accordance with Financial Accounting and Reporting Section of the State of West Virginia (FARS). We believe the supplementary information, including its form and content, is fairly stated in all material respects in conformity with FARS criteria. There have been no changes in the methods or measurement or presentation of the supplementary information from those used in the prior period. There are no significant assumptions or interpretations underlying the measurement or presentation of the information.
 - d. If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.
27. We acknowledge our responsibility for the fair presentation of the introductory and statistical sections of the comprehensive annual financial report. We believe the introductory and statistical sections, including its form and content, is fairly stated in all material respects in conformity with the Government Finance Officers' Association criteria. There have been no changes in the methods of measurement or presentation of this information from those used in the prior period. There are no significant assumptions or interpretations underlying the measurement or presentation of the information.
28. Except for properties capitalized under capital leases, the Agency has satisfactory title to all assets appearing in the statements of net position. No security agreements have been executed under the provisions of the Uniform Commercial Code, and there are no liens or encumbrances on assets, nor has any asset been pledged. All assets to which the Agency has satisfactory title appear in the statement of net position.
29. Amounts due to and from American International Group (AIG) are properly presented net for financial purposes as we have a legal write of offset.
30. BRIM has certain cash equivalents in pools of the West Virginia Bureau of Treasury Investments (BTI) and West Virginia Investment Management Board (IMB). The management of these entities is not under BRIM's control.
- a. GASB 79 establishes criteria for making the election to measure investments at amortized cost for financial reporting purposes. BRIM participates in BTI's West Virginia Money Market Pool, which has been deemed to meet the criteria and is reported at amortized cost. The criteria specify that the pool must transact with their participants at a stable net asset value per share and meet requirements for portfolio maturity, portfolio quality, portfolio diversification, portfolio liquidity, and shadow pricing. The BTI does not place limitations on or restrictions on participant withdrawals from the pool, such as redemption notice periods, maximum transaction amounts, and any authority to impose liquidity fees or redemption gates. Accordingly, as a pool participant the Authority measures its investment in this pool at amortized cost that approximates market value. The earnings from these pooled investments have been properly distributed to investment pool participants based on their pro rata participation in the pools. The methods and assumptions used to

- determine recorded value at amortized cost of financial instruments are appropriate for financial statement measurement and disclosure purposes.
- b. Certain cash equivalents and investments are reported by IMB at fair value and are accounted for by BRIM accordingly, with changes in the fair value included in investment income. The methods and assumptions used to determine fair values are appropriate for financial statement measurement and disclosure purposes. The earnings from these pooled investments are distributed to investment pool participants based on their pro rata participation in the pools.
 - c. Adequate disclosures required under applicable GASB standards for deposits and investments have been included in the financial statements for risk disclosures. To our knowledge, none of the Agency's investments has permanently declined in value to an amount less than the carrying value in the financial statements.
31. Receivables represent valid claims against the debtors indicated and do not include amounts for goods shipped or services provided subsequent to the statement of net position dates, goods shipped on consignment, or other types of arrangements not constituting sales. All revenue recognized as of the statement of net position dates has been realized (or is realizable) and earned. Revenue has not been recognized before (1) persuasive evidence of an arrangement exists, (2) goods have been delivered or services rendered, (3) consideration to be received is fixed or determinable and (4) collectability is reasonably assured.
32. Adequate provision has been made for losses, costs and expenses that may be incurred subsequent to the statement of net position dates in respect of sales and services rendered prior to those dates and for uncollectible accounts, discounts, returns and allowances, etc., that may be incurred in the collection of receivables at those dates.
33. We have adequately disclosed a description of our major revenue-generating sources, the types of arrangements (including multiple-element arrangements), and a description of the applicable revenue recognition policies.
34. We have disclosed to you all sales terms (both expressed and implied), including all rights of return or price adjustments and warranty provisions. We have made available to you all significant contracts, communications (either written or oral), and other relevant information pertaining to arrangements with our customers, including distributors and resellers.
35. All claims identified in prior years as being on the detail of claims paid by an insurance company, which do not represent claims covered by the retrospective rating plans, have been excluded from the section of the retrospective rating report that summarizes claims paid during the current year. Thus, the summary of claims paid by an insurance company only represents claims actually paid through the retrospective rating plans and no adjustments for such items need to be made to claims paid during the determination of advanced deposits held with an insurance company or trustee.
36. The liabilities for unpaid claims (and claim adjustment expenses) include estimates of amounts due on reported claims and claims that have been incurred but that were not reported as of June 30, 2020 and 2019. Such estimates are based on actuarial projections applied to historical claim payment data. Such liabilities represent the Agency's best estimate of amounts that are reasonable and adequate to discharge the Agency's obligations for claims incurred but unpaid as of June 30, 2020 and 2019. We have estimated that a premium deficiency reserve is not necessary at June 30, 2020 or June 30, 2019.
37. The estimated liabilities for unpaid claims and claims adjustment expense and premium deficiency are continually reviewed and adjusted as necessary as experience develops or new information becomes known; such adjustments are included in current operations. We have made available to you all documentation and analyses used to develop management's best estimate. Although the estimate of the liability for unpaid claims and claims adjustments expenses and premium deficiency at June 30, 2020 and 2019, are reasonable in the circumstances, it is possible that the Agency's actual incurred claims and claims adjustment expenses will not conform to the assumptions inherent in the determination of the liability; accordingly, the ultimate settlement of claims and the related claims adjustment expenses may vary from the estimates included in the Agency's financial statements.
38. The loss reserve specialists used by management in estimating the loss and loss adjustment expense and premium deficiency reserves had a sufficient level of competence and experience in loss reserving, including knowledge about the type of insurance for which a reserve has been established and an understanding of the

appropriate methods for calculating such reserve estimates. We agree with the findings of specialists in evaluating the liability for unpaid claims and claims adjustment expense and premium deficiency analysis and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

39. The reinsurance contracts provided to you by the Agency represent all of the Agency's agreements with respect to its ceding and assuming reinsurance activities, and there are no modifications, either written or oral, of the terms of the Agency's reinsurance contracts or additional reinsurance agreements that have not been provided to you.
40. We have properly accounted for our pension liability and related accounts and disclosures in accordance with adoption of GASB Statement No. 68, Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27, and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68. We believe that the actuarial assumptions and methods used to measure the pension liability and cost for financial reporting purposes are appropriate in the circumstances. We also agree with and have also properly disclosed the State's proportionate share of the net pension liability associated with BRIM as of June 30, 2020 and 2019.
41. We have disclosed to you all significant pension benefits promised and have made available to you all significant summary plan descriptions, benefit communications and all other relevant information, including plan changes that constitute the plan. The actuarial assumptions and methods used to measure pension liabilities and costs for financial accounting purposes, including prescribed assumptions, are determined by State statute and the Consolidated Public Retirement Board.
42. We have properly accounted for our postemployment benefits other than pensions (OPEB) obligation and related accounts and disclosures in accordance with adoption of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions and GASB Statement No. 85, Omnibus 2017. We believe that the actuarial assumptions and methods used to measure the OPEB liability and cost for financial reporting purposes are appropriate in the circumstances. We also agree with and have also properly disclosed the State's proportionate share of the net OPEB liability associated with BRIM as of June 30, 2020 and 2019.
43. We have disclosed to you all significant postemployment benefits other than pensions promised and have made available to you all significant summary plan descriptions, benefit communications and all other relevant information, including plan changes that constitute the plan for each significant OPEB. The actuarial assumptions and methods used to measure OPEB liabilities and costs for financial accounting purposes, including prescribed assumptions, represent our best estimate of future conditions and are appropriate in the circumstances.
44. We do not plan to withdraw from the multiemployer pension or OPEB benefit plans.
45. We are responsible for compliance with and have complied with the laws, regulations, and provisions of contracts and grant agreements applicable to us.
46. We are not aware of any instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
47. We are not aware of any instances, that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
48. We are not aware of any instances, that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.

49. We have identified and disclosed to you, all provisions of laws and regulations that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
50. We have followed all applicable laws and regulations in adopting, approving and amending budgets, tax or debt limits and covenants and secondary market disclosures, deposits and investments, including collateral requirements on depository accounts and investments and tax levies and refunds.
51. BRIM does not have any component units or joint ventures.
52. The financial statements properly classify all funds and activities.
53. Components of net position (net investment in capital assets; restricted; and unrestricted), are properly classified and, if applicable, approved.
54. Expenses have been appropriately classified in or allocated to functions and programs, as applicable, in the statements of revenues, expenses and changes in net position, and allocations have been made on a reasonable basis.
55. Revenues are appropriately classified in the statements of revenues, expenses and changes in net position within program revenues, general revenues, contributions to term or permanent endowments or contributions to permanent fund principal.
56. Provisions for uncollectible receivables have been properly identified and recorded.
57. Interfund, internal and intra-entity activity and balances have been appropriately classified and reported.
58. There are no special or extraordinary items.
59. Risk disclosures associated with deposits and investment securities and derivatives transactions are presented in accordance with GASB requirements.
60. Investments, derivative transactions, and land and other real estate held by endowments are properly valued.
61. Our policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available, determines the fund balance classifications for financial reporting purposes.
62. We have made available to you all significant contracts, including amendments, and agreements and have communicated to you all significant oral agreements. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance, including all covenants, conditions or other requirements of all outstanding debt.
63. There are no risks and uncertainties related to significant estimates and current vulnerabilities due to material concentrations that have not been disclosed.
64. There are no unasserted claims or assessments, including those our lawyers have advised us of that are probable of assertion and must be disclosed in accordance with GASB Statement No. 62, Accounting for Contingencies.
65. There have been no violations or possible violations of laws or regulations in any jurisdiction whose effects should be considered for disclosure in the basic financial statements or as a basis for recording a loss contingency.
66. There have been no internal investigations or communications from regulatory agencies or government representatives concerning investigations or allegations of noncompliance with laws or regulations in any jurisdiction, noncompliance with or deficiencies in financial reporting practices, or other matters that could have a material effect on the basic financial statements.

67. There are no other liabilities or gain or loss contingencies considered material, individually or in the aggregate, that are required to be accrued or disclosed by GASB Statement No. 62, nor are there any accruals for loss contingencies included in the statement of net position or gain contingencies reflected in earnings that are not in conformity with the provisions of GASB Statement No. 62.
68. There are no oral or written guarantees, including guarantees of the debt of others.
69. We have not completed the process of evaluating the impact that will result from adopting Governmental Accounting Standards Board (GASB) No. 87, Leases as discussed in Note 2. Management is therefore unable to disclose the impact that adopting this GASB will have on its financial position or results of operation when the GASB is adopted.
70. We have disclosed all key information to you and updated the disclosures to the financial statements related to our planned response to the COVID-19 pandemic. We believe that we will have sufficient cash flows to meet our obligations as they become due through one year from the date of this letter.

We have evaluated subsequent events through the date of this letter, which is the date the financial statements were available to be issued. No events have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

West Virginia Board of Risk and Insurance Management


Mary Jane Pickens, Executive Director


Stephen W. Schumacher, Chief Financial Officer


Stephen W. Panaro, Controller

DHG

West Virginia Board of Risk and Insurance Management (an Enterprise Fund of the State of West Virginia)

**Financial Statements, Required Supplementary Information
and Other Supplementary Information**

Years Ended June 30, 2020 and 2019



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Independent Auditors' Report

Board of Directors and Management
West Virginia Board of Risk and Insurance Management
Charleston, West Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the West Virginia Board of Risk and Insurance Management (BRIM), an enterprise fund of the State of West Virginia, as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise BRIM's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BRIM, an enterprise fund of the State of West Virginia, as of June 30, 2020 and 2019, and the changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2, the financial statements of BRIM are intended to present the financial position, and the changes in financial position and cash flows of only that portion of the business type activities of the State of West Virginia that is attributable to the transactions of BRIM. They do not purport to, and do not present fairly the financial position of the State of West Virginia as of June 30, 2020 and 2019, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 to 9 and the required supplementary information on pages 58 to 65 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Financial Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise BRIM's basic financial statements. The accompanying schedules on pages 66 through 73 listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we also have issued our report dated October 9, 2020, on our consideration of BRIM's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering BRIM's internal control over financial reporting and compliance.

Dixon Hughes Goodman LLP

Charleston, West Virginia
October 9, 2020

Management's Discussion and Analysis
(in thousands)

Management's Discussion and Analysis (in thousands)

Overview of the financial statements

Management of the West Virginia Board of Risk and Insurance Management (BRIM) provides this Management's Discussion and Analysis for readers of BRIM's financial statements. This narrative overview of the financial activities of BRIM is for the years ended June 30, 2020, 2019, and 2018. BRIM provides property and casualty insurance to the State of West Virginia (the State) agencies and Senate Bill 3 (SB3) entities, which include boards of education and governmental and nonprofit organizations. In addition, BRIM provides cyber insurance to State agencies and boards of education. BRIM also administers a coal mine subsidence reinsurance program that makes available to the general public dwelling insurance covering damage caused by the collapse of underground coal mines.

As an enterprise fund, BRIM's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America for governmental entities. The three basic financial statements presented are as follows:

- *Statement of Net Position* - This statement presents information reflecting BRIM's assets, liabilities and net position and is categorized into current and noncurrent assets and liabilities. For purposes of the financial statements, current assets and liabilities are those assets and liabilities with immediate liquidity or that are collectible or becoming due within 12 months of the statement's date.

The statement of net position reports a separate financial statement element called *deferred outflows of resources*. This financial statement element represents a consumption of net position that applies to a future period and so will *not* be recognized as an outflow of resources (expense) until that time. The statement of net position reports a separate financial statement element called *deferred inflows of resources*. This financial statement element represents an acquisition of net position that applies to a future period and so will *not* be recognized as an inflow of resources (revenue) until that time.

- *Statement of Revenues, Expenses and Changes in Net Position* - This statement reflects the operating and nonoperating revenues and expenses for the operating year. Operating revenues primarily consist of premium income with major sources of operating expenses being claims loss and loss adjustment expense and general and administrative expenses. Nonoperating revenues primarily consist of investment income and funds transferred in/out as a result of various legislation.
- *Statement of Cash Flows* - The statement of cash flows is presented on the direct method of reporting, which reflects cash flows from operating, noncapital financing and investing activities. Cash collections and payments are reflected on this statement to arrive at the net increase or decrease in cash and cash equivalents for the year.

Effective July 1, 2017, BRIM adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, and GASB Statement No. 85, *Omnibus 2017*. BRIM determined that it was not practical to restate all periods presented and has recorded the cumulative effect of the decrease to beginning net position of implementing this change of \$58 as of July 1, 2017, which is the net other postemployment benefits (OPEB) liability of \$15, less deferred inflows of resources related to OPEB plan contributions of \$73 as of that date.

West Virginia Board of Risk and Insurance Management
Management's Discussion and Analysis
(in thousands)

Financial highlights

The following tables summarize the statements of net position and changes in net position as of and for the years ended June 30, 2020, 2019, and 2018:

	2020	2019	2018	Change 2020 - 2019		Change 2019 - 2018	
				Amount	Percent	Amount	Percent
Cash and cash equivalents	\$ 42,079	\$ 46,278	\$ 40,594	\$ (4,199)	(9.1)%	\$ 5,684	14.0%
Advance deposits with carrier/trustee	264,014	224,786	201,377	39,228	17.5	23,409	11.6
Receivables	4,186	4,335	2,777	(149)	(3.4)	1,558	56.1
Total current assets	310,279	275,399	244,748	34,880	12.7	30,651	12.5
Noncurrent investments	164,662	158,696	151,588	5,966	3.8	7,108	4.7
Total assets	474,941	434,095	396,336	40,846	9.4	37,759	9.5
Total deferred outflows of resources	299	438	482	(139)	(31.7)	(44)	(9.1)
Estimated unpaid claims and claims adjustment expense	69,336	62,656	50,453	6,680	10.7	12,203	24.2
Unearned premiums	9,664	10,179	10,022	(515)	(5.1)	157	1.6
Agent commissions payable	1,486	1,514	1,406	(28)	(1.8)	108	7.7
Accrued expenses	440	1,038	411	(598)	(57.6)	627	152.6
Total current liabilities	80,926	75,387	62,292	5,539	7.3	13,095	21.0
Estimated unpaid claims and claims adjustment expense, net of current portion	135,460	128,322	116,548	7,138	5.6	11,774	10.1
Compensated absences	150	124	122	26	21.0	2	1.6
Net pension liability	214	249	331	(35)	(14.1)	(82)	(24.8)
Net other post-employment benefits liability	391	470	512	(79)	(16.8)	(42)	(8.2)
Total noncurrent liabilities	136,215	129,165	117,513	7,050	5.5	11,652	9.9
Total liabilities	217,141	204,552	179,805	12,589	6.2	24,747	13.8
Total deferred inflows of resources	316	309	402	7	2.3	(93)	(23.1)
Net position:							
Restricted	78,617	72,466	66,865	6,151	8.5	5,601	8.4
Unrestricted	179,166	157,206	149,747	21,960	14.0	7,459	5.0
Net position	\$ 257,783	\$ 229,672	\$ 216,612	\$ 28,111	12.2%	\$ 13,060	6.0%
Premiums	\$ 82,567	\$ 83,301	\$ 78,951	\$ (734)	(0.9)%	\$ 4,350	5.5%
Less excess coverage	(6,915)	(6,627)	(6,518)	(288)	4.3	109	1.7
Net operating revenues	75,652	76,674	72,433	(1,022)	(1.3)	4,241	5.9
Claims and claims adjustment expense	65,349	80,169	57,393	(14,820)	(18.5)	22,776	39.7
General and administrative	5,034	4,519	4,410	515	11.4	109	2.5
Total operating expenses	70,383	84,688	61,803	(14,305)	16.9	22,885	37.0
Operating income (loss)	5,269	(8,014)	10,630	13,283	165.7	(18,644)	(175.4)
Nonoperating revenues:							
Investment income	22,818	21,044	6,712	1,774	8.4	14,332	213.5
OPEB nonoperating income	24	30	-	(6)	20.0	30	100.0
Total nonoperating revenues, net	22,842	21,074	6,712	1,768	8.4	14,362	214.0
Changes in net position	28,111	13,060	17,342	15,051	115.2	(4,282)	(24.7)
Total net position - beginning	229,672	216,612	199,328	13,060	6.0	17,284	8.7
Cumulative effect of adoption of GASB 75	-	-	(58)	-	0.0	58	100.0
Total net position - beginning of year, restated	229,672	216,612	199,270	13,060	6.0	17,342	8.7
Total net position - end	\$ 257,783	\$ 229,672	\$ 216,612	\$ 28,111	12.2%	\$ 13,060	6.0%
Total revenues	\$ 98,494	\$ 97,748	\$ 79,145	\$ 746	0.8%	\$ 18,603	23.5%
Total expenses	\$ 70,383	\$ 84,688	\$ 61,803	\$ (14,330)	(16.9)%	\$ 22,885	37.0%

West Virginia Board of Risk and Insurance Management
Management's Discussion and Analysis
(in thousands)

- Total assets increased by \$40,846 in 2020 and increased by \$37,759 in 2019. The increase in 2020 is the result of an increase in advance deposits and a decrease in cash and cash equivalents. Additional cash was held in 2019 and increased deposits were made to the trustee. The increase in noncurrent assets can be attributed to investment returns during the year.
- Total liabilities increased by \$12,589 in 2020 and increased by \$24,747 in 2019. An increase in unpaid claims, and decreases in unearned premium, accrued expenses and other liabilities are the components of this increase for the current year. The coronavirus (COVID-19) pandemic had an impact on the increase in outstanding reserves in 2020. Claims settlement activity slowed in the fourth quarter and the litigation of claims was delayed due to the courts being closed since mid-March. In 2019, an increase in the estimated incurred but not recorded claims total resulted in outstanding claims liabilities increasing versus 2018.
- The improvements in total net position of \$28,111 in 2020 and \$13,060 in 2019 were due to several factors. While premium revenue decreased in 2020 this was offset by a decrease in claims and claims adjustment expense resulting in operating income for the year. Investment income of \$22,818, which was driven by our fixed income investments and added to the operating income resulted in a change of net position of \$28,112. GASB 75 was implemented in 2018 resulting in a reduction of net position of \$58. The increase in net position in 2019 was due to positive investment income offsetting an operating loss. Investment income of \$21,044 was more than 2018. Deferred inflows increased from 2019 to 2020 and deferred outflows decreased due to changes in pension activity for the year. In 2019 there was a decrease in deferred inflows and deferred outflows. Also included within the net position category are restricted positions of \$78,617 in 2020, \$72,466 in 2019, and \$66,687 in 2018. This is comprised of funds that provide mine subsidence coverage to the general public per West Virginia Code.
- Total net operating revenues decreased by \$1,022, and increased by \$4,241, and \$7,746 in 2020, 2019, and 2018, respectively. The increase in projected claims losses in recent years has required BRIM to increase premium rates to policyholders for 2020, 2019, and 2018.
- Claims and claims adjustment expense decreased by \$14,820 for 2020. The coronavirus (COVID-19) pandemic slowed claims payment activity in the fourth quarter with overall claims payment activity down \$4,661 for the current year. Claims expense also benefited from favorable claims development of \$4,460 for several prior years. Net claims and claims adjustment expense increased by \$22,766 in 2019 with unfavorable claims development of \$11,077 for several prior years and an increase in claims payment activity contributing to the increase in expense. G&A expenses increased slightly for both years.
- Net nonoperating revenues increased by \$1,768 in 2020 and increased by \$14,362 in 2019. Year over year investment returns for 2020 improved by \$1,774 and improved by \$14,332 for 2019.
- Total revenues and total expenses from 2020 to 2019 and from 2019 to 2018 have fluctuated due to alterations in premium rates, the changes in the retained loss estimates and the variations in annual investment market returns. See the analysis of these individual components, as previously discussed, for additional information.

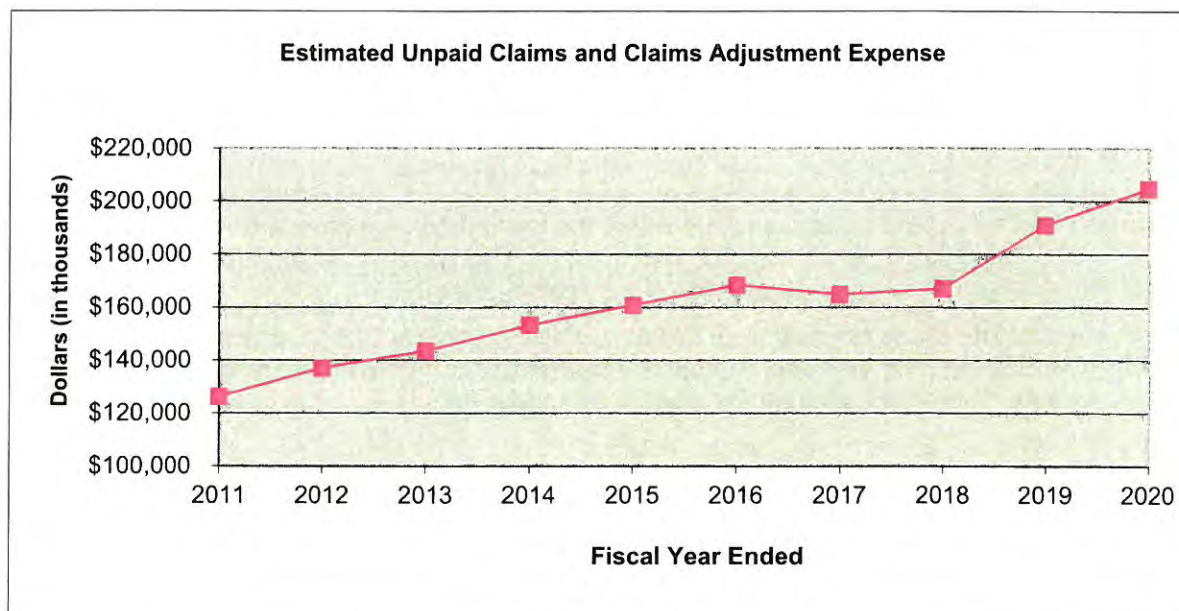
Overall analysis

The overall net position of BRIM improved 12.2% from the prior year compared with an increase of 6.0% from 2018 to 2019. Reserves increased in 2020 and investment earnings also increased. The effect of the slight decrease in premium revenue and better investment returns along with positive operating income resulted in an increase in net position for the year. Total net position at June 30, 2020 was \$257,783. BRIM continues to adhere to a comprehensive financial stability and rating plan.

West Virginia Board of Risk and Insurance Management
Management's Discussion and Analysis
(in thousands)

Unpaid Claims Liability

BRIM's most significant number on its statements of net position is the liability for estimated unpaid claims and claims adjustment expense. This liability consists of two parts: claims of which BRIM is aware that have been reserved and incurred but not reported (IBNR) claims, which are projected by an independent actuary. For 2020, year over year actual reserves increased by \$13,818 while the projected IBNR total decreased by \$1,242. Unfavorable claims development for several prior years' reserves resulted in the combined increase in 2020 of \$12,576. From fiscal year 2019 to 2020, the liability for unpaid claims increased from \$190,978 to \$204,796, respectively. The chart below shows the estimated unpaid claims and claims adjustment expense liability for fiscal years 2010 through 2020.

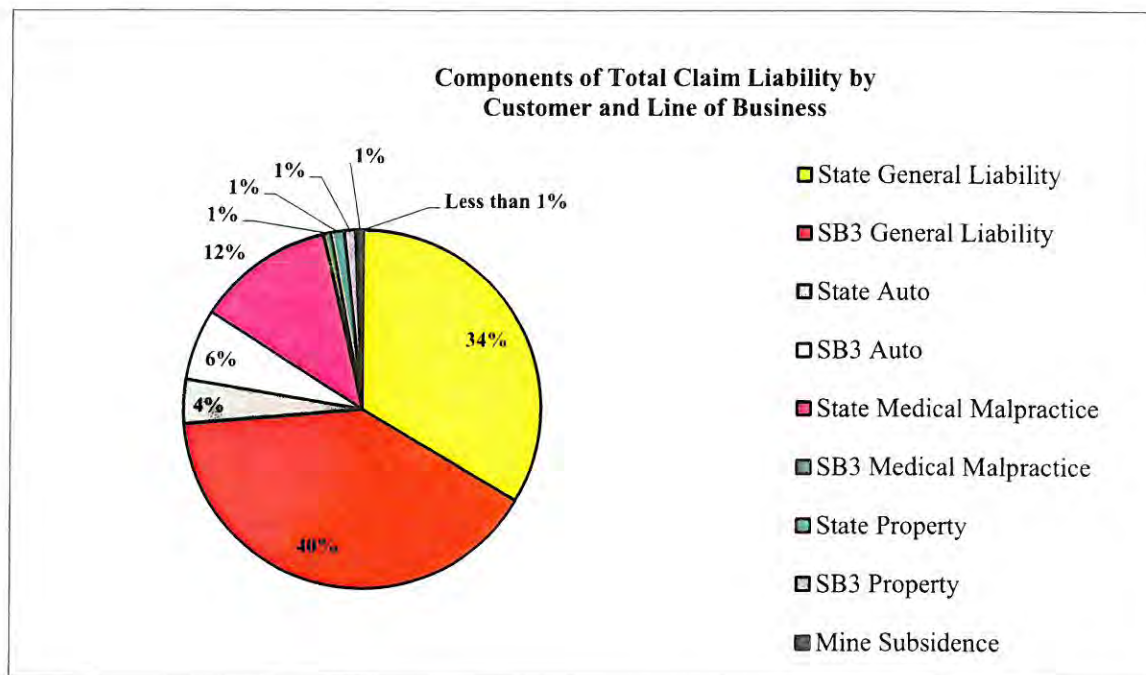


**West Virginia Board of Risk and Insurance Management
Management's Discussion and Analysis
(in thousands)**

Results by Line of Business for BRIM

BRIM's lines of business are comprised of the State (state agencies), SB3 (for nonprofits, boards of education and other governmental units) and mine subsidence (for home and business owners).

The following chart shows the breakdown by customer and line of business of the total estimated claim liability number, which is \$204,796. As demonstrated in the chart, the largest claim volume for BRIM relates to general liability for the State agencies and SB3 programs and the State agencies' medical malpractice coverage.



There is no long-term debt activity.

Economic factors and next year's rates

Management's Plan to Maintain Net Position by Line of Business

BRIM has had no deficiency in net position for the programs it has overseen for several years. Previously, however, a deficiency arose, primarily due to adverse claim development in the general liability and medical malpractice lines of business for the State and SB3. The following paragraphs describe the essential plans that BRIM continues to follow to ensure that all lines of business remain fiscally solvent and that the individual programs are financially sound.

Risk Management

BRIM continues pursuing an aggressive risk management plan to help identify the risks underlying the adverse losses that occurred in earlier years. Processes are in place to allow for better organization and for proper documentation of activities. BRIM has been working on ways to increase and improve communications, both within the agency and with its customers, and has been promoting interaction within the agency with regard to loss control utilization. In conjunction with the underwriting department, a system of credits and surcharges is in place, based on loss control efforts and cooperation, or lack thereof, on the part of BRIM's insurers.

Investment Returns

Investment income increased slightly this fiscal year due to better than expected returns in our fixed income investments. This follows positive returns in 2019, which were higher than the returns in 2018. In 2019 market conditions were more favorable for stocks and less favorable to fixed income investments. 2019's increase from the returns of 2018 was due primarily to fixed income losses offsetting the returns in equities markets. All BRIM funds held by the West Virginia Investment Management Board (WVIMB) inure to the benefit of program participants. BRIM reinvests the investment earnings on funds held by the WVIMB and occasionally withdraws monies from these funds, as needed, for operating and short-term cash requirements. BRIM had no withdrawals from the WVIMB in 2020 or 2019.

Premium Determination Process

BRIM has properly maintained premiums across all lines of business for the past several years based on relevant exposure data, claims loss history and investment returns. Charging proper premiums, consistent with the commercial industry, has enabled BRIM to adequately cover losses. Adverse claims development for several prior years resulted in a significant addition to prior years' reserves in 2020, increasing retained reserves and negatively impacting operating results but not as much as in 2019. Fiscal years 2019 saw negative operating income due to an increase in claims and claims adjustment expense over 2018. 2018 saw positive net operating results that benefited from prior years' reserve releases.

In addition, BRIM adopted a net assets reserve policy in 2014. The policy calculates a ratio of premiums to net position for comparison to a selected group of organizations with similar insurance operations. A range was established to assist BRIM's board in assessing BRIM's overall financial condition.

Economic conditions and other matters

As of March 2020, globally all sectors of industry were affected by the health crisis caused by the coronavirus ("COVID-19"), a respiratory disease declared to be a pandemic by the World Health Organization. Companies have undertaken and are generally in the process of making a diverse range of operational adjustments in response to the effects of COVID-19. Many states issued Stay-At-Home Orders, closed public spaces, and medical facilities delayed non-emergency procedures. Each of these steps were implemented as a measure of public safety and to prevent the healthcare sector from being overwhelmed with more patients than capacity would allow. The magnitude of the disruption of COVID-19, across all industry sectors, is still widely unknown.

Requests for information

This financial report is designed to provide BRIM's customers, governing officials, legislators, citizens and taxpayers with a general overview of BRIM's accountability for the money it receives. If you have any questions about this report or need additional information, contact the Office of the Chief Financial Officer at (304) 766-2646.

Basic Financial Statements
(in thousands)

West Virginia Board of Risk and Insurance Management
Statements of Net Position
June 30, 2020 and 2019
(in thousands)

	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 21,271	\$ 29,342
Advance deposits with insurance company and trustee	264,014	224,786
Receivables	3,052	3,223
Restricted cash and cash equivalents	20,808	16,936
Restricted receivables:		
Premiums due from other entities	1,134	1,112
Total current assets	<u>310,279</u>	<u>275,399</u>
Noncurrent assets:		
Equity position in investment pools	104,382	100,600
Restricted investments	60,280	58,096
Total noncurrent assets	<u>164,662</u>	<u>158,696</u>
Total assets	<u>474,941</u>	<u>434,095</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension	215	373
Other post-employment benefits	84	65
Total deferred outflows of resources	<u>299</u>	<u>438</u>
LIABILITIES		
Current liabilities:		
Estimated unpaid claims and claims adjustment expense	69,336	62,656
Unearned premiums	9,664	10,179
Agent commissions payable	1,486	1,514
Accrued expenses and other liabilities	440	1,038
Total current liabilities	<u>80,926</u>	<u>75,387</u>
Estimated unpaid claims and claims adjustment expense, net of current portion	135,460	128,322
Compensated absences	150	124
Net pension liability	214	249
Net post-employment benefits liability	391	470
Total noncurrent liabilities	<u>136,215</u>	<u>129,165</u>
Total liabilities	<u>217,141</u>	<u>204,552</u>
DEFERRED INFLOWS OF RESOURCES		
Pension	145	200
Other post-employment benefits	171	109
Total deferred inflows of resources	<u>316</u>	<u>309</u>
NET POSTION		
Restricted by State code for mine subsidence coverage	78,617	72,466
Unrestricted	179,166	157,206
Net position	<u>\$ 257,783</u>	<u>\$ 229,672</u>

See accompanying notes.

West Virginia Board of Risk and Insurance Management
Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2020 and 2019
(in thousands)

	<u>2020</u>	<u>2019</u>
Operating revenues:		
Premiums	\$ 82,567	\$ 83,301
Less excess coverage/reinsurance premiums	<u>(6,915)</u>	<u>(6,627)</u>
Net operating revenues	<u>75,652</u>	<u>76,674</u>
Operating expenses:		
Claims and claims adjustment expense	65,349	80,169
General and administrative	<u>5,034</u>	<u>4,519</u>
Total operating expenses	<u>70,383</u>	<u>84,688</u>
Operating income (loss)	<u>5,269</u>	<u>(8,014)</u>
Nonoperating revenues:		
Investment income	22,818	21,044
OPEB nonoperating income	<u>24</u>	<u>30</u>
Net nonoperating revenues	<u>22,842</u>	<u>21,074</u>
Increase in net position	28,111	13,060
Total net position, beginning of year	<u>229,672</u>	<u>216,612</u>
Total net position, end of year	<u>\$ 257,783</u>	<u>\$ 229,672</u>

West Virginia Board of Risk and Insurance Management
Statements of Cash Flows
Years Ended June 30, 2020 and 2019
(in thousands)

	<u>2020</u>	<u>2019</u>
Operating activities:		
Receipts from customers	\$ 75,286	\$ 75,273
Payments to employees	(1,987)	(1,854)
Payments to suppliers	(3,591)	(2,069)
Payments to claimants	(51,531)	(56,192)
Deposits to advance deposit with insurance company and trustee	(88,747)	(81,954)
Withdrawals from advance deposit with insurance company and trustee	49,519	58,544
	<u>49,519</u>	<u>58,544</u>
Net cash used in operating activities	<u>(21,051)</u>	<u>(8,252)</u>
Investing activities:		
Purchase of investments	(21,222)	(14,362)
Sale of investments	21,119	14,196
Net investment earnings	16,955	14,102
	<u>16,955</u>	<u>14,102</u>
Net cash provided by investing activities	<u>16,852</u>	<u>13,936</u>
Net (decrease) increase in cash and cash equivalents	(4,199)	5,684
Cash and cash equivalents, beginning of year	46,278	40,594
	<u>46,278</u>	<u>40,594</u>
Cash and cash equivalents, end of year	<u>\$ 42,079</u>	<u>\$ 46,278</u>
Cash and cash equivalents consist of:		
Cash and cash equivalents	\$ 21,271	\$ 29,342
Restricted cash and cash equivalents	20,808	16,936
	<u>\$ 42,079</u>	<u>\$ 46,278</u>

See accompanying notes.

West Virginia Board of Risk and Insurance Management
Statements of Cash Flows
Years Ended June 30, 2020 and 2019
(in thousands)

(Continued)

	<u>2020</u>	<u>2019</u>
Reconciliation of operating income (loss) to net cash used in operating activities:		
Operating income (loss)	<u>\$ 5,269</u>	<u>\$ (8,014)</u>
Adjustments to reconcile operating income (loss) to net cash used in operating activities:		
Pension and OPEB expense	247	44
Increase in advanced deposits	(39,228)	(23,409)
Decrease (increase) in premiums receivable, net	149	(1,558)
Increase in estimated liability for unpaid claims and claims adjustment expense	13,818	23,977
(Decrease) increase in other liabilities	(600)	737
(Decrease) increase in unearned premiums	(515)	157
Deferred outflows of resources - pension and OPEB contributions	<u>(191)</u>	<u>(186)</u>
Total adjustments	<u>(26,320)</u>	<u>(238)</u>
Net cash used in operating activities	<u><u>\$ (21,051)</u></u>	<u><u>\$ (8,252)</u></u>
Noncash activities:		
Increase in fair value of investments	<u><u>\$ 5,863</u></u>	<u><u>\$ 6,942</u></u>

See accompanying notes.

Notes to Financial Statements
(in thousands)

Notes to Financial Statements (in thousands)

1. General (Amounts Referenced in this Note Related to Insurance Coverages are Actual Dollars)

The West Virginia Board of Risk and Insurance Management (BRIM) was established in 1957 to provide for the development of the State of West Virginia's (the State and primary government) property and liability self-insurance program. Approximately 160 State agencies participate in the program. Beginning in 1980, county boards of education were authorized to participate in the liability portion of this program, with 55 county boards currently participating in the program. In fiscal year 1987, Senate Bill 3 (SB3) was enacted, allowing local governmental entities and nonprofit organizations to participate in the entire program. There are approximately 970 such entities participating in the program. In 1982, legislation was also enacted requiring BRIM to establish and administer a coal mine subsidence reinsurance program that makes available to the general public dwelling insurance covering damage up to a specific maximum caused by the collapse of underground coal mines.

BRIM operates under the authority granted by the Legislature in Chapter 29, Article 12, and Chapter 33, Article 30 of the West Virginia Code and the provisions of Executive Order 12-86. BRIM is an agency of the State operating within the Department of Administration and is governed by a five-person board of directors appointed by the Governor. Accordingly, BRIM is reported as an enterprise fund of the State, operating as a single business segment and is included in the State's Comprehensive Annual Financial Report.

BRIM uses a "modified" paid retrospective rating plan for its liability insurance program. Under the current plan, BRIM annually pays a "premium" deposit into a trust fund in the amount of the estimated losses for the current policy year. As claims are reported, they are paid from the trust funds established by the "premium" deposit. When paid losses exceed the amount of the "premium" deposit, including earnings, BRIM pays into the trust account an additional "premium" deposit estimated to be sufficient to fund any estimated remaining claims and claims adjustment expenses expected to be paid during the ensuing 12-month period. These payments are calculated through retrospective rating adjustments made subsequent to the current policy year. Therefore, the "premiums" paid by BRIM are advance deposits and BRIM is not indemnified by the insurance company for any losses. Under this plan, the insurance company is compensated for its claim-handling services by a fixed fee negotiated on a yearly basis.

From January 1, 1971 through June 30, 1976, the liability coverage provided by BRIM was limited to \$25 thousand per occurrence on general liability, automobile liability and medical malpractice claims. From July 1, 1976 through June 30, 1980, the liability coverage provided by BRIM was limited to \$100 thousand per occurrence. From July 1, 1982 through June 30, 1985, the liability coverage provided by BRIM was limited to \$6 million per occurrence. Since July 1, 1985, the liability coverage provided by BRIM is limited to a \$1 million indemnity per occurrence. In addition, the county boards of education are covered by an excess insurance policy providing up to \$5 million of coverage in excess of the underlying \$1 million limit. These limits only apply to incur indemnity claim losses. BRIM pays all allocated loss adjustment expenses, which are the costs incurred in the reporting, investigation, adjustment, defense and settlement of claims that are attributable to a specific, individual claim.

Prior to July 1, 1990, BRIM retained the first \$25 thousand of loss per event on property insurance claims. Losses in excess of \$25 thousand per event were also retained within an annual aggregate limit. From July 1, 1990 through June 30, 1991, the exposure retained by BRIM was \$1 million per event. From July 1, 1991 through June 30, 1996, the exposure retained by BRIM was \$2 million per event. Since July 1, 1996, the exposure retained by BRIM is \$1 million per event. BRIM has obtained excess coverage, through insurance companies, covering losses in excess of \$1 million, up to \$400 million per occurrence, subject to various sublimits for particular types of claims as specified in the policy. With the passage of House Bill 532 in March 2015, BRIM is required to retain the first \$1.5 million of medical malpractice liability for the state's medical schools and their related practice plans beginning July 1, 2015.

West Virginia Board of Risk and Insurance Management
Notes to Financial Statements
(in thousands)

The retained limit of \$1.5 million is indexed for inflation each year. On July 1, 2020 and 2019, the retained limit increased slightly.

In 1985, the coal mine subsidence program was legislatively expanded to include all types of building structures, and the maximum amount of insurance available was increased from \$50 thousand to \$75 thousand per structure. Additional legislation passed in March 2016 further expanded the amount of insurance available beginning October 1, 2016, from \$75,000 up to \$200,000 per structure.

In December 2001, the West Virginia Legislature passed House Bill 601, which authorized BRIM to provide medical malpractice and general liability coverage to private health care providers (the House Bill 601 Program). On July 1, 2004, all physicians novated to the newly formed West Virginia Physicians' Mutual Insurance Company (WVPMIC). BRIM maintained the hospital and facilities in the House Bill 601 Program that did not novate to WVPMIC. However, all policies were terminated as of June 30, 2004, and the program was in runoff mode only for existing claims and for any claims that may be submitted on any tail policies that were purchased. In 2015, BRIM transferred potential claims/IBNR run-off to a third-party for \$750. In July 2016, the remaining balance of the House Bill 601 funds of \$2.8 million were transferred to the Patient Injury Compensation Fund, which is discussed in the following paragraph.

In March 2004, the West Virginia Legislature passed House Bill 4740, creating a Patient Injury Compensation Fund. The purpose of this fund is to provide fair and reasonable compensation to claimants in medical malpractice actions for any portion of economic damages awarded that is uncollectible as a result of previously enacted tort reforms. This fund provides relief to claimants whose damages were limited because of caps for trauma care or as a result of joint and several liabilities. The capitalization of the fund comes from the State's tobacco settlement fund. The activity for this fund is not reflected in BRIM's financial statements. BRIM serves as third-party administrator for this fund and, accordingly, the activity for this fund is reflected in the State's financial statements. Senate Bill 602 passed in March 2016 and closed the Medical Liability Fund. All remaining funds were transferred to the Patient Injury Compensation Fund in July 2016. Therefore, there is no continuation of services previously provided by the Medical Liability Fund. This legislation also closed compensation to any claimants who filed with the Patient Injury Fund on or after July 1, 2016. Additional funding to pay any compensable claims filed as of June 30, 2016 was established by creation of assessments imposed on medical liability claims awards and settlements and fees charged to licensed physicians and hospitals. Although BRIM administers the Patient Injury Compensation Fund, it is a fiduciary fund, and is not part of these financial statements.

In the normal course of business, BRIM seeks to reduce the loss that may arise from catastrophes or other events that cause unfavorable operating results by reinsuring levels of risk in various areas of exposure with other insurance enterprises or reinsurers. Reinsurance permits recovery of a portion of losses from reinsurers; however, it does not discharge the primary liability of BRIM as direct insurer of the risks insured. BRIM does not report reinsured risks as liabilities unless it is probable that those risks will not be covered by reinsurers.

The funding of the property and liability insurance premiums for the State agencies comes from direct premium assessments on those agencies. SB3 entities are charged a premium to participate in the program. Under the mine subsidence line of business, the ceding insurers pay BRIM a reinsurance premium.

Pursuant to the West Virginia Code, BRIM submits a detailed budgetary schedule of administrative expenses to the secretary of the Department of Administration prior to the beginning of each fiscal year. The fundamental purpose of budgetary control is to plan for the expected level of operations and to provide management with a tool to control deviation from such plan. The budgetary schedule is prepared on a modified cash basis, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles (GAAP). Expenditures related to the general revenue appropriation amount, if any, are monitored by the State's budgetary review process in total on an unclassified basis. Each year's appropriation lapses at year-end. The remaining operations of BRIM are subject to a nonappropriated budgetary review process.

GAAP defines component units as legally separate organizations for which the elected officials of the primary government are financially accountable or other organizations for which the nature and significance of their

relationship with the State's financial statements would cause them to be misleading. BRIM has considered whether it has any component units as defined by GAAP and has determined that no such organizations meet the criteria set forth above.

2. Summary of Significant Accounting Policies

Basis of accounting

As an enterprise fund, BRIM's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting in conformity with GAAP. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. In its accounting and financial reporting, BRIM follows the pronouncements of the Governmental Accounting Standards Board.

BRIM distinguishes operating revenues and expenses from nonoperating revenues and expenses. Operating revenues and expenses generally result from providing services in connection with BRIM's principal ongoing operations. The principal operating revenues and expenses of BRIM relate to premium revenues and claims and administrative expenses. Premium contributions received covering future contract periods are deferred and recognized over the related contract period. Net investment earnings and finance charges are reported as nonoperating revenues.

The financial statements of BRIM are intended to present the financial position and the changes in financial position and cash flows of only that portion of the business-type activities of the State of West Virginia that is attributable to the transactions of BRIM. They do not purport to, and do not, present fairly the financial position of the State of West Virginia as of June 30, 2020 and 2019, and the changes in its financial position and its cash flows for the years then ended in conformity with GAAP.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from management's estimates.

Cash and cash equivalents

Cash equivalents are short-term investments with original maturities of 90 days or less. Cash and cash equivalents principally consist of interest-earning deposits in an investment pool maintained by the West Virginia Board of Treasury Investments (BTI). Such funds are available to BRIM with overnight notice.

Restricted cash and cash equivalents are cash and cash equivalents that are to be used for specific lines of business (i.e., mine subsidence coverage provided to the general public) based on restrictions provided in the State Code.

Advance deposits with insurance company and trustee

Advance deposits with the insurance company consist of monies on deposit that are utilized to fund claims and claims adjustment expenses as they are paid by the insurance company.

BRIM deposits monies with the Bank of New York Mellon (BNY), as trustee, to hold as advance deposits in an escrow account for BRIM liability claims. The monies held in escrow are invested in specific money market funds and short-term guaranteed or investment-grade fixed-income securities that are identified as "qualified assets" in the escrow agreement. The funds held in escrow, together with their earnings, will be used to fund the payment of the claims and claims adjustment expenses related to these liability claims. As an escrow agent, BNY periodically transfers monies from the escrow account to the insurance company administering these claims in order to reimburse the insurance company for payments that it has issued on these claims and claims adjustment expenses on BRIM's behalf.

Investments

BRIM invests in certain West Virginia Investment Management Board (WVIMB) investment pools. Some of these pools invest in longer-term securities and are subject to market fluctuation because of changes in interest rates. Investments are reported by WVIMB at fair value and are accounted for by BRIM accordingly, with changes in the fair value included in investment income. Income from these investments is prorated to BRIM at rates specified by WVIMB based on the balance of BRIM's deposits maintained in relation to the total deposits of all State agencies participating in the pool.

Restricted investments are investments that are to be used for specific lines of business (i.e., mine subsidence coverage provided to the general public) based on restrictions provided in the State Code.

Fair value measurements

GASB Statement No. 72 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. Fair value of an investment is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., the exit price).

GASB Statement No. 72 establishes a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical financial instruments (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GASB Statement No. 72 are:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities at the reporting date.
- Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not considered active; observable inputs other than observable quoted prices for the asset or liability; or inputs derived principally from or corroborated by observable market data.
- Level 3 - Unobservable pricing inputs for assets and liabilities.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgement and considers factors specific to the investment.

Fair value of the securities BRIM holds with the WVIMB are determined as follows:

- Equity securities are valued at the last sale price or official closing price reported in the market in which they are primarily traded.
- Open-end regulated investment companies or other commingled investment funds are valued at the net asset value of the fund as reported by the fund's administrator.
- Future contracts are valued at the last settlement price established each day by the exchange on which they traded.
- Fixed income securities are valued according to prices furnished by independent pricing services to the securities custodian. These services determine the security prices by a number of methods including, but not limited to, dealer quotes, live market trading levels when available, live feeds of trade execution data, spreads over U.S. Treasury securities and other models and formulae appropriated to the specific security type.

- Repurchase agreements and time deposits are valued at amortized cost, provided such amount approximates fair value.

Investments for which the fair value cannot be determined by one of the above listed processes are valued at fair value as determined in accordance with the WVIMB's established procedures.

Compensated absences

Employees fully vest in all earned but unused annual leave, and BRIM accrues for obligations that may arise in connection with compensated absences for vacation at the current rate of employee pay. In accordance with State personnel policies, employees vest in any remaining unused sick leave only upon retirement, at which time any unused compensated absence time can be converted into employer-paid premiums for postemployment health care coverage through BRIM or be converted into a greater retirement benefit under the State of West Virginia Public Employees Retirement System (PERS).

Unpaid claims and claims adjustment expense

Utilizing an external actuary, management establishes the unpaid claims and claims adjustment expense liability based on estimates of the ultimate cost of claims, including future claims adjustment expenses, that have been reported but not settled and of claims that have been incurred but not reported (IBNR). Such estimates are based on industry statistical loss reserve information as well as BRIM historical data, including case-basis estimates of losses reported, actuarial projections of loss development of IBNR claims and estimates of expenses for investigation and adjustment of all incurred and unadjusted losses (and estimates of expected salvage and subrogation receipts are deducted from the estimated liability). The length of time for which such costs must be estimated varies depending on the coverage involved. In the event a reinsurer is unable financially to satisfy an obligation, BRIM is responsible for such liability.

Management believes the estimate for unpaid claims and claims adjustment expense is a reasonable best estimate of BRIM's ultimate losses and loss adjustment expenses to be incurred to discharge BRIM's obligations. However, because actual claims costs depend on such complex factors as actual outcomes versus industry statistical information utilized in the estimation process, inflation, changes in doctrines of legal liability and damage awards, the process used in computing estimates of claims liability does not necessarily result in an exact amount, particularly for coverages such as general liability and medical malpractice. For instance, medical malpractice claims have a long payout period and claims may not be known for several years. Accordingly, BRIM's actual incurred losses and loss adjustment expenses may vary significantly from the estimated amounts reflected in BRIM's financial statements. Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency and other economic and social factors; such adjustments are included in current operations. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflects past inflation and on other factors that are considered to be appropriate modifiers of past experience. The claims and claims adjustment expense category on the statements of revenues, expenses, and changes in net position includes estimated incurred claim costs, allocated loss adjustment expenses and unallocated claims adjustment expenses.

Premium deficiency is defined as the amount by which expected claims costs (including IBNR claims) and all expected claims adjustment expenses exceed related unearned premiums. BRIM has estimated that a premium deficiency does not exist; however, the ultimate amount of incurred losses and loss adjustment expenses may vary significantly from the estimated amounts used in management's determination. In making this determination, management has taken into consideration anticipated investment income using an assumed 4% discount rate.

Deferred outflows of resources

A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period. Balances of deferred outflows of resources may be presented in the statements of net position as aggregations of different types of deferred amounts. Deferred outflows of resources related to pension in the

statements of net position were composed of \$152 and \$142 for the years ending June 30, 2020 and 2019, respectively, related to employer contributions to the PERS made during the current fiscal year subsequent to the measurement date. Deferred outflows of resources related to pension also consist of other amounts related to differences between projected and actual earnings on pension plan investments, differences between expected and actual experience related to pension, and changes in proportion and differences between BRIM's contributions and proportionate share of contributions. Deferred outflows of resources related to other post-employment benefits in the statements of net position were composed of \$39 and \$45 for the years ending June 30, 2020 and 2019, respectively, related to employer contributions to RHBT made during the current fiscal year subsequent to the measurement date.

Deferred inflows of resources

A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. Balances of deferred inflows of resources may be presented in the statements of plan net position as aggregations of different types of deferred amounts. Deferred inflows of resources related to pension in the statements of plan net position are composed of amounts related to differences between projected and actual earnings on pension investments, changes in proportion and differences between BRIM's contributions and proportionate share of contributions, differences in assumptions and differences between projected and actual earnings on pension plan investments related to pension. Deferred inflows of resources related to other-post employment benefits relate to differences between expected and actual experience, net differences between expected and actual earnings on OPEB plan investments, and changes in proportion and differences between employer contributions and proportionate share of contributions.

Receivables and premium income

Receivables represent the amount outstanding for premiums from the insured covered under BRIM's insurance program. Management maintains an allowance for doubtful accounts to reserve for estimated losses based on the length of time the amount has been past due. As of June 30, 2020 and 2019, management deemed allowance for doubtful accounts unnecessary.

Unearned premiums

Unearned premiums included premium revenues collected for future periods. These revenues will be recognized in the operating periods in which they are earned.

Restricted net position

Restricted net position is net position that is to be used for mine subsidence coverage provided to the general public based on restrictions provided in the State Code. When an expense is incurred for which both restricted and unrestricted net positions are available, BRIM first utilizes restricted net position for such purpose.

New accounting pronouncements

The GASB has issued Statement No. 87, *Leases*. A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange like transaction. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The provisions of No. 87 was effective for reporting periods beginning after December 15, 2019, however, with consideration for the COVID-19 pandemic, GASB postponed the effective date of Statement No. 87. In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which delayed the GASB 87 effective date by 18 months. This issuance now requires the adoption of GASB 87 for all fiscal years that begin subsequent to June 15, 2021.

BRIM has not yet determined the effect, if any, these statements will have on its financial statements.

Subsequent events

In preparing these financial statements, BRIM has evaluated events and transactions for potential recognition or disclosure through October 9, 2020, the date the financial statements were available for issuance.

3. Deposit and Investment Risk Disclosures

BRIM is mandated by statute to have its cash and investments managed by the WVIMB and BTI. However, BRIM currently does not have specific policies addressing limitations on specific risk types, such as credit risk, custodial credit risk, concentration of credit risk, interest rate risk, or foreign currency risk.

Cash equivalents

WEST VIRGINIA MONEY MARKET POOL

BRIM participates in BTI's West Virginia Money Market Pool, which has been deemed to meet the GASB 79 criteria to be reported at amortized cost. The criteria specify that the pool must transact with their participants at a stable net asset value per share and meet requirements for portfolio maturity, portfolio quality, portfolio diversification, portfolio liquidity and shadow pricing. The BTI does not place limitations on or restrictions on participant withdrawals from the pool, such as Deredemption notice periods, maximum transaction amounts and any authority to impose liquidity fees or redemption gates. Accordingly, as a pool participant, BRIM measures its investment in this pool at amortized cost that approximates fair value of \$40,930 and \$45,438 at June 30, 2020 and June 30, 2019, respectively. These deposits are reported as cash and cash equivalents. Investment income earned is pro-rated to BRIM at rates specified by the BTI based on the balance of the deposits maintained in relation to the total deposits of all state agencies participating in the pool. Such funds are available to BRIM with overnight notice. BTI's audited financial statements, including the West Virginia Money Market Pool, are available on their website www.wvbt.com.

Credit Risk and Interest Rate Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The WV Money Market Pool has been rated AAAM by Standard & Poor's. A fund rated "AAAM" has extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and/or liquidity risks. "AAAM" is the highest principal stability fund rating assigned by Standard & Poor's.

The BTI limits the exposure to credit risk in the West Virginia Money Market Pool by requiring all long-term corporate debt bonds to be rated A+ by Standard and Poor's (or its equivalent) or higher and short-term corporate debt be rated at least A-1 or higher by Standard and Poor's and P-1 by Moody's (or its equivalent). The pool must have at least 15% of its assets in U.S. Treasury obligations guaranteed as to repayment of interest and principal by the United States of America.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. All Consolidated Fund pools and accounts are subject to interest rate risk.

As of June 30, 2020 and 2019, the overall weighted-average maturity (WAM) of the investments of the West Virginia Money Market Pool cannot exceed 60 days. Maximum maturity of individual securities cannot exceed 397 days from date of purchase, except for government floating rate notes, which can be up to 762 days.

West Virginia Board of Risk and Insurance Management
Notes to Financial Statements
(in thousands)

The following table provides the WAM for the various asset types in the West Virginia Money Market Pool:

<u>Investment Type</u>	<u>2020</u>		<u>2019</u>	
	<u>Fair Value</u>	<u>WAM Days</u>	<u>Fair Value</u>	<u>WAM Days</u>
U.S. Treasury notes	\$ -	-	\$ 24,927	125
U.S. Treasury bills	1,017,343	37	329,390	34
Commercial Paper	2,695,856	52	2,236,198	57
Negotiable certificates of deposit	771,849	58	714,142	33
Repurchase agreements	445,700	1	473,200	3
Money market funds	218,603	1	178,619	3
	<u>\$ 5,149,351</u>	<u>44</u>	<u>\$ 3,956,476</u>	<u>42</u>

BRIM's amount invested in the West Virginia Money Market Pool of \$40,930 at June 30, 2020 and \$45,438 at June 30, 2019 is included in cash and cash equivalents representing approximately 1% of total investments in this pool.

The following table provides information on the weighted-average credit ratings of the West Virginia Money Market Pool's investments:

<u>Security Type</u>	<u>Credit Rating</u>		<u>2020</u>		<u>2019</u>	
	<u>Moody's</u>	<u>S&P</u>	<u>Carrying Value</u>	<u>Percent</u>	<u>Carrying Value</u>	<u>Percent</u>
Commercial paper	P-1	A-1+	\$ 861,472	16.73%	\$ 733,411	18.54%
	P-1	A-1	1,834,384	35.62	1,494,297	37.77
	P-2	A-1	-	-	8,490	0.21
U.S. Treasury notes	Aaa	AA+	-	-	24,927	0.63
U.S. Treasury bills	P-1	A-1+	1,017,343	19.76	329,390	8.33
Negotiable CDs	P-1	A-1+	302,738	5.88	179,251	4.53
	P-1	A-1	469,111	9.11	534,891	13.52
Money market funds	Aaa	AAAm	1,581	0.03	178,619	4.51
	NR	AAAm	217,022	4.21		
Repurchase agreements (underlying securities):						
U.S. Treasury bonds and notes*	Aaa	AA+	445,700	8.66	426,000	10.77
U.S. agency bonds and notes	Aaa	AA+	-	-	47,200	1.19
			<u>\$ 5,149,351</u>	<u>100.00%</u>	<u>\$ 3,956,476</u>	<u>100.00%</u>

*U.S. Treasury issues are explicitly guaranteed by the United States government and are not considered to have credit risk.

West Virginia Board of Risk and Insurance Management
Notes to Financial Statements
(in thousands)

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the WV Money Market Pool's investment in a single corporate issuer. West Virginia statutes prohibit the West Virginia Money Market Pool from investing more than 5% of its assets in securities issued by a single private corporation or association. At June 30, 2020 and 2019, the pool did not have investments in any one private corporation or association that represented more than 5% of assets.

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the WV Money Market Pool will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Repurchase agreements are required to be collateralized by at least 102% of their value, and the collateral is held in the name of the BTI. The BTI or its agent does not release cash or securities until the counterparty delivers its side of the transaction.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The WV Money Market's Pool does not hold securities subject to foreign currency risk.

Investments

WEST VIRGINIA INVESTMENT MANAGEMENT BOARD INVESTMENT POOLS

BRIM invests, along with other agencies, in the following WVIMB investment pools: Domestic Equity Pool, International Equity Pool, International Nonqualified Equity Pool, Short-Term Fixed Income Pool, Total Return Fixed Income Pool, Core Fixed Income Pool, Hedge Fund, and the Treasury Inflation Protection Securities (TIPS).

Investment Objectives

This fund's investment objective is to provide adequate liquidity to meet cash flow requirements and allow for growth of assets in an amount at least equal to inflation.

Asset Allocation

Based upon the WVIMB's determination of the appropriate risk tolerance for the fund, the WVIMB has adopted the following broad asset allocation guidelines for the assets managed for the Board of Risk and Insurance Management Fund. (Policy targets have been established on a fair value basis.)

Asset Class	Base Allocation		Strategic Allocation	
	2020	2019	2020	2019
Equity	20%	20%	30%	30%
Fixed Income	80%	80%	35%	35%
TIPS	0%	0%	10%	10%
Hedge Funds	0%	0%	20%	20%
Cash*	0%	0%	5%	5%
Combined total	100%	100%	100%	100%

*IMB Staff has authority to change the cash target up to 5 percent during a fiscal year, in consultation with the appropriate representative(s) from BRIM.

West Virginia Board of Risk and Insurance Management
Notes to Financial Statements
(in thousands)

Asset Value

Investments at cost, and as reported at fair value (actual asset allocation), are summarized as follows at June 30:

	2020		2019	
	Cost	Fair Value	Cost	Fair Value
Domestic Equity	\$ 24,013	\$ 25,684	\$ 21,358	\$ 23,121
International equity	19,619	19,416	16,420	16,400
International nonqualified	6,400	5,933	7,678	7,498
Total return fixed income	37,973	40,013	33,313	35,868
Core fixed income	15,491	16,907	14,278	15,508
Hedge fund	32,588	32,685	35,520	36,375
TIPS (Treasury Inflation Protection Securities)	14,851	16,161	15,323	16,062
Short-term fixed income	7,863	7,863	7,864	7,864
Total investments	<u>\$ 158,798</u>	<u>\$ 164,662</u>	<u>\$ 151,754</u>	<u>\$ 158,696</u>

Investment income is comprised of the following for the years ended June 30:

	2020	2019
Investment income:		
Interest income including realized gains/losses on sale of securities	\$ 16,954	\$ 14,102
Unrealized gain on investments	<u>5,864</u>	<u>6,942</u>
Total investment income	<u>\$ 22,818</u>	<u>\$ 21,044</u>

The calculation of realized gains and losses is independent of the calculation of the change in fair value of investments and realized gains and losses of the current year include unrealized amounts from prior years.

Asset class risk disclosures

DOMESTIC EQUITY POOL

The Pool's objective is to exceed, net of external investment management fees, the Russell 3000 Stock Index over three- to five-year periods. Assets are managed by AJO, BlackRock INTECH Investment Management, LLC, and Westfield Capital Management.

BRIM's amount invested in the domestic equity pool of \$25,684 and \$23,121 at June 30, 2020 and 2019, respectively, represents approximately 0.5% and 0.5%, respectively, of total investments in this pool.

Effective September 1, 2019, the IMB changed its custodian bank from the Bank of New York Mellon (BNYM) to Northern Trust (NT).

Credit Risk

As of June 30, 2020 the Pool's money market mutual fund investment and the Cash Collateral Account are exposed to credit risk. The money market mutual fund had the highest credit rating. The Cash Collateral Account is not rated.

As of June 30, 2019 the Pools Money market mutual fund investment and investments made with cash collateral for securities loaned are exposed to credit risk. The money market mutual fund has the highest credit rating. Credit risk from securities lending collateral investments are limited by requiring minimum ratings on debt instruments. Long-term debt instruments must be rated A or better by Moody's or Standard & Poor's at the time of purchase. Short-term debt instruments must be rated by P-1 b Moody's or A-1 by Standard & Poor's at the time of purchase. The WVIMB Reviews available ratings from Standard & Poor's' and Moody's.

At June 30, 2019, securities lending collateral investments consisted of time deposits and repurchase agreements.

West Virginia Board of Risk and Insurance Management
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(in thousands)

The following table provides the credit ratings indicative of the great degree of risk of the Pool's securities lending collateral investments as of June 30, 2019:

<u>Rating</u>	<u>Fair Value</u> <u>2019</u>
AAA /A-1	\$ 33,117
AA	151,145
A	5,340
BBB	2,428
B	226
Not applicable	50,048
Total securities lending collateral	<u>\$ 242,304</u>

**As of June 30, 2020, the Cash Collateral Account is no longer rated.*

Interest Rate Risk

The Pool is exposed to interest rate risk from its money market mutual fund investment and from investments made with cash collateral for securities loaned. As of June 30, 2020, the money market mutual fund has a weighted average maturity (WAM) of 53 days. Except for repurchase agreements that can have up to 95 days maturity, investments in the Cash Collateral Account are limited to overnight investments. As of June 30, 2020, the WAM for the Cash Collateral Account was 1 day. As of June 30, 2019, the money market mutual fund has a weighted average maturity (WAM) of 43 days. The WAM for securities lending collateral investments is not to exceed 90 days. As of June 30, 2019, the WAM for securities lending collateral was 1 day.

Concentration of Credit Risk

The Pool is restricted from investing more than 5% of the value of the Pool in any one company. At June 30, 2020 and 2019, the Pool was in compliance with this restriction and is not exposed to concentration of credit risk.

Custodial Credit Risk

As of June 30, 2020, securities on loan are collateralized to a minimum of 102%, and the collateral is held by the IMB's custodian in the name of IMB. The money market mutual fund, the Cash Collateral Account, and the comingled equity fund are not subject to custodial credit risk. All remaining securities are held by the IMBS's custodian in the name of IMB.

As of June 20, 2019, repurchase agreements, when held, are collateralized to a minimum of 102% and the collateral is held in the name of the WVIMB. Securities on loan are collateralized to a minimum of 102% and the collateral is held by the WVIMB's custodian in the name of the WVIMB. All remaining securities are held by the WVIMB's custodian in the name of the WVIMB.

At June 30, 2020 and 2019, the Pool held no securities that were subject to custodial credit risk.

Foreign Currency Risk

The Pool is exposed to no or minimal foreign currency risk.

West Virginia Board of Risk and Insurance Management
Notes to Financial Statements
(in thousands)

The table below summarizes the valuation of the investment securities in accordance with GASB Statement No. 72 fair value hierarchy levels as of June 30, 2020:

<u>Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Commingled equity fund	\$ 2,014,708	\$ -	\$ -	\$ 2,014,708
Common stock	2,588,810	-	-	2,588,810
Securities lending collateral	4,617	-	-	4,617
Rights	6	-	-	6
Money market mutual funds	<u>82,999</u>	<u>-</u>	<u>-</u>	<u>82,999</u>
Total	<u>\$ 4,691,140</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,691,140</u>

The table below summarizes the valuation of the investment securities in accordance with fair value hierarchy levels as of June 30, 2019:

<u>Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Commingled equity fund	\$ 1,937,693	\$ -	\$ -	\$ 1,937,693
Common stock	2,682,108	-	-	2,682,108
Securities lending collateral	27,792	-	-	27,792
Money market mutual funds	<u>-</u>	<u>242,304</u>	<u>-</u>	<u>242,304</u>
Total	<u>\$ 4,647,593</u>	<u>\$ 242,304</u>	<u>\$ -</u>	<u>\$ 4,889,897</u>

INTERNATIONAL EQUITY POOL

The Pool invests in the equities of international companies. The objective of the Pool is to outperform the international equity market as measured by the Morgan Stanley Capital International's All Country World Free Ex US Index over a full market cycle (three- to five-years), net of external investment management fees. As of June 30, 2020, assets are managed by Acadian Asset Management, LLC (Acadian), Allianz Global Investors (Allianz), Axiom International Investors, LLC (Axiom), Brandes Investment Partners, L.P. (Brandes), LSV Asset Management (LSV) and Oberweis Asset Management, Inc. (Oberweis).

Effective September 1, 2019, the IMB changed its custodian bank from the Bank of New York Mellon (BNYM) to Northern Trust (NT).

BRIM's amount invested in the International Equity Pool of \$19,416 and \$16,133 at June 30, 2020 and 2019, respectively, represents approximately 0.6% and 0.5%, respectively, of total investments in this pool.

Credit Risk

As of June 30, 2020, the Pool's money market mutual fund investment and the Cash Collateral Account are exposed to credit risk. The money market mutual fund has the highest credit rating. The Cash Collateral Account is not rated.

As of June 30, 2019, the Pool's money market mutual fund investments made with cash collateral for securities loaned are exposed to credit risk. The money market mutual fund has the highest credit rating. Credit risk from securities lending collateral investments are limited by requiring minimum ratings on debt instruments. Long- term debt instruments must be rated A or better by Moody's or Standard & Poor's at the time of purchase. Short- term debt instruments must be rated P-1 by Moody's or A-1 by Standard & Poor's at the time of purchase. The WVIMB reviews available ratings from Standard & Poor's and Moody's.

At June 30, 2019, securities lending collateral investments consisted of time deposits and repurchase agreements.

West Virginia Board of Risk and Insurance Management
Notes to Financial Statements
(in thousands)

The following table provides the credit ratings indicative of the greatest degree of risk of the Pool's securities lending collateral investments as of June 30, 2019:

<u>Rating</u>	<u>Fair Value 2019</u>
AAA/ A-1	\$ 9,678
AA	44,168
A	1,560
BBB	710
B	66
Not applicable	14,625
Total securities lending collateral	<u>\$ 70,807</u>

**As of June 30, 2020, the Cash Collateral Account is no longer rated.*

Interest Rate Risk

The pool is exposed to interest rate risk from its money market mutual fund investment and certain investments made with cash collateral for securities loaned. As of June 30, 2020, the money market mutual fund has a weighted average maturity (WAM) of 53 days. Except for repurchase agreements that can have up to 95 days to maturity, investments in the Cash Collateral Account are limited to overnight investments. As of June 30, 2020, the WAM for the Cash Collateral Account was 1 day.

As of June 30, 2019, the money market mutual fund has a weighted average maturity (WAM) of 43 days. The WAM for securities lending collateral investments is not to exceed 90 days. As of June 30, 2019, the WAM for securities lending collateral was 1 day.

Concentration of Credit Risk

The pool is restricted from investing more than 5% of the value of the pool in any one company. At June 30, 2020 and 2019, the Pool was in compliance with this restriction and is not exposed to concentration of credit risk.

Custodial Credit Risk

As of June 30, 2020, securities on loan are collateralized to a minimum of 102% for U.S. Dollar denominated loans and 105% for foreign denominated loans, and the collateral is held by the IMB's custodian in the name of IMB. The money market mutual fund, the Cash Collateral Account, and the comingled equity fund are not subject to custodial credit risk. All remaining securities are held by the IMB's custodian in the name of IMB.

As of June 30, 2019, repurchase agreements, when held, are collateralized to a minimum of 102% and the collateral is held in the name of the WVIMB. Securities on loan are collateralized to a minimum of 102% for U.S. Dollar denominated loans and 105% for foreign denominated loans, and the collateral is held by WVIMB's custodian in the name of WVIMB. All remaining securities are held by the WVIMB's custodian in the name of WVIMB.

At June 30, 2020 and 2019, the Pool held no securities that were subject to custodial credit risk.

Foreign Currency Risk

The Pool has equity investments, cash and foreign currency spot contracts that are exposed to foreign currency risks.

The amounts at fair value (in U.S. dollars) of equity investments, cash and foreign currency spot contracts as of June 30, 2020 are as follows:

West Virginia Board of Risk and Insurance Management
Notes to Financial Statements
(in thousands)

<u>Currency</u>	2020			
	<u>Equity Investments</u>	<u>Cash</u>	<u>Foreign Currency Spot Contracts</u>	<u>Total</u>
Australian Dollar	\$ 82,579	\$ 373	\$ -	\$ 82,952
Brazil Real	61,732	397	-	62,129
British Pound	189,226	409	-	189,635
Canadian Dollar	93,508	70	-	93,578
Chilean Peso	5,906	-	-	5,906
Chinese Yuan	12,809	3,460	-	16,269
Czech Koruna	40	-	-	40
Danish Krone	10,965	3	-	10,968
Emirati Dirham	8,021	10	-	8,031
Euro Currency Unit	354,338	4,828	-	359,166
Hong Kong Dollar	404,086	2,525	-	406,611
Hungarian Forint	14,000	32	-	14,032
Indian Rupee	104,809	1,694	-	106,503
Indonesian Rupiah	30,263	36	-	30,299
Israeli Shekel	7,399	2	-	7,401
Japanese Yen	365,408	2,270	-	367,678
Malaysian Ringgit	10,968	4	-	10,972
Mexican Peso	39,362	42	-	39,404
New Taiwan Dollar	119,629	404	-	120,033
New Zealand Dollar	289	26	-	315
Norwegian Krone	16,412	196	-	16,608
Philippine Peso	7,480	8	-	7,488
Polish Zloty	1,337	-	-	1,337
Qatari Riyal	125	6	-	131
Singapore Dollar	12,316	211	-	12,527
South African Rand	29,989	56	-	30,045
South Korean Won	183,138	1,747	-	184,885
Swedish Krona	79,152	29	-	79,181
Swiss Franc	100,002	46	1	100,049
Thailand Baht	36,076	6	-	36,082
Turkish Lira	11,034	1,711	-	12,745
Total	2,392,398	20,601	1	2,413,000
U.S. Dollar	981,212	-	-	981,212
Total	<u>\$ 3,373,610</u>	<u>\$ 20,601</u>	<u>\$ 1</u>	<u>\$ 3,394,212</u>

West Virginia Board of Risk and Insurance Management
Notes to Financial Statements
(in thousands)

Currency	2019			
	Equity Investments	Cash	Foreign Currency Spot Contracts	Total
Australian Dollar	\$ 126,545	\$ 975	\$ -	\$ 127,520
Brazil Real	135,983	682	(2)	136,663
British Pound	284,807	2,169	(2)	286,974
Canadian Dollar	125,313	2,518	-	127,831
Chilean Peso	6,037	-	-	6,037
Danish Krone	4,586	-	-	4,586
Egyptian Pound	926	-	-	926
Emirati Dirham	1,689	10	3	1,699
Euro Currency Unit	463,116	6,782	-	469,901
Hong Kong Dollar	365,906	2,136	-	368,042
Hungarian Forint	11,477	41	-	11,518
Indian Rupee	89,501	946	-	90,447
Indonesian Rupiah	41,637	38	-	41,675
Israeli Shekel	17,395	31	-	17,426
Japanese Yen	380,550	2,595	-	383,145
Malaysian Ringgit	19,851	290	-	20,141
Mexican Peso	55,332	486	-	55,818
New Taiwan Dollar	91,450	553	-	92,003
New Zealand Dollar	553	50	-	603
Norwegian Krone	20,443	463	-	20,896
Pakistan Rupee	1,413	-	-	1,413
Philippine Peso	17,899	4	-	17,903
Polish Zloty	1,027	1,570	-	2,597
Qatari Riyal	756	51	-	807
Singapore Dollar	21,213	540	-	27,753
South African Rand	44,180	448	-	44,628
South Korean Won	201,839	2,128	(1)	203,966
Swedish Krona	71,775	2,166	-	73,941
Swiss Franc	95,408	42	-	95,450
Thailand Baht	60,524	(3)	-	60,521
Turkish Lira	21,677	293	-	21,970
Total	2,780,798	28,004	(2)	2,808,800
US. Dollar	413,517	1,018	-	414,535
Total	<u>\$ 3,194,315</u>	<u>\$ 29,022</u>	<u>\$ (2)</u>	<u>\$ 3,223,335</u>

Fair Value Measurements

The tables below summarize the valuation of the investment securities in accordance with the fair value hierarchy levels as of June 30:

Assets	2020			
	Level 1	Level 2	Level 3	Total
Common stock	\$ 2,741,429	\$ -	\$ -	\$ 2,741,429
Securities lending collateral	19,475	-	-	19,475
Preferred stock	42,854	-	-	42,854
Rights	41	-	-	41
Money market mutual fund	37,694	-	-	37,694
	<u>\$ 2,841,493</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,841,493</u>
Comingled equity fund				589,286
Total				<u>\$ 3,430,779</u>

West Virginia Board of Risk and Insurance Management
Notes to Financial Statements
(in thousands)

The Pool's comingled equity fund in investment was measured at the NAV as of June 20, 2020. The fund invests primarily in Chinese A-Shared publicly listed equity securities. The IMB defines the investment style as growth at a reasonable price with limited concentration to any single issuer or sector. Redemptions can be made daily with five international business days advance written notice of the withdrawal date, subject to maximum withdrawal restrictions. The fund will pay withdrawal proceeds within thirty days following the withdrawal date.

Assets	2019			
	Level 1	Level 2	Level 3	Total
Common stock	\$ 3,142,466	\$ -	\$ -	\$ 3,142,466
Securities lending collateral	-	70,807	-	70,807
Preferred stock	51,666	-	-	51,666
Rights	183	-	-	183
Money market mutual fund	26,048	-	-	26,048
Total	<u>\$ 3,220,363</u>	<u>\$ 70,807</u>	<u>\$ -</u>	<u>\$ 3,291,170</u>

INTERNATIONAL NON-QUALIFIED POOL

The Pool invests in The Silchester International Investors International Value Equity Trust (Silchester). The Pool's objective is to produce investment returns that exceed the Morgan Stanley Capital International's Europe Australasia Far East Index by 200 basis points on an annualized basis over three- to five-year periods, net of external investment management fees. The Pool exists for participants who are not "qualified" (as defined by the *Internal Revenue Code*). Silchester invests in a diversified developed country, non-U.S. equity, bottom-up value-oriented portfolio of securities with limited exposure to emerging markets and no unreasonable concentration exposure to any single issuer or country. Redemptions from Silchester can be made monthly with ten days advance written notice. Redemptions will generally be made within seven business days following month-end.

Effective September 1, 2019, the IMB changed its custodian bank from the Bank of New York Mellon (BNYM) to Northern Trust (NT).

BRIM's amount invested in the International Nonqualified Pool of \$5,933 and \$7,763 at June 30, 2020 and 2019, respectively, represents approximately 3.6% and 3.7%, respectively, of total investments in this pool.

Investment Risk

The Pool invests in a collective trust fund that invests in equities denominated in foreign currencies. The value of this Pool at June 30, 2020 and 2019, was \$163,136 and \$210,181, respectively. This investment, although denominated in U.S. dollars, is exposed to foreign currency risk through the underlying investments. The Pool is not exposed to credit risk, interest rate risk, custodial credit risk, or concentration of credit risk.

Fair Value Measurements

U.S. GAAP does not require the Pool to categorize within the fair value hierarchy table investments for which fair value is measured using the net asset value per share practical expedient. The investment in Silchester is valued using the net asset value per share. As Silchester is the only investment in the pool, a fair value hierarchy table is not presented.

TOTAL RETURN FIXED INCOME POOL

This main objective of the Pool is to generate investment income, provide stability, and enhance diversification but not at the expense of total return. The Pool's investment objective is to outperform the Bloomberg Barclays U.S. Universal Bond Index over three- to five-year periods, net of external investment management fees. Dodge & Cox, Franklin Templeton Investments, and Western Asset Management Company manage the Pool.

West Virginia Board of Risk and Insurance Management
Notes to Financial Statements
(in thousands)

Effective September 1, 2019, the IMB changed its custodian bank from the Bank of New York Mellon (BNYM) to Northern Trust (NT).

BRIM's amount invested in the Total Return Fixed Income Pool of \$40,013 and \$35,870, at June 30, 2020 and 2019, respectively, represented approximately 1.9% and 1.6%, respectively, of total investments in the Pool.

Credit Risk

The Pool is exposed to credit risk from its fixed income investments, money market mutual fund investment, and certain investments made with cash collateral for securities loaned. The WVIMB limits the exposure to credit risk in the Pool by maintaining at least an average rating of investment grade as defined by the nationally recognized statistical rating organization. The WVIMB reviews available ratings from Standard & Poor's, Moody's and Fitch, and reports the rating indicative of the greatest degree of risk. The money market mutual fund has the highest credit rating.

The following tables provides credit ratings of the Pool's fixed income investments as of June 30:

<u>Rating</u>	<u>Fair Value</u>	
	<u>2020</u>	<u>2019</u>
AAA/ A-1	\$ 21,874	\$ 14,485
AA	738,758	685,964
A	164,334	105,271
BBB	526,344	553,241
BB	294,094	320,377
B	171,134	204,230
CCC	16,181	13,962
CC	3,822	-
D	4,354	1,050
Withdrawn	6,148	7,324
Not rated	73,473	55,807
Total fixed income investments	<u>\$ 2,020,516</u>	<u>\$ 1,961,711</u>

As of June 30, 2019, credit risk from securities lending collateral investments are limited by requiring minimum ratings on debt instruments. Long-term debt instruments must be rated A or better by Moody's or Standard & Poor's at the time of purchase. Short-term debt instruments must be rated P-1 by Moody's or A-1 by Standard & Poor's at the time of purchase. The WVIMB reviews available ratings from Standard & Poor's and Moody's and reports the rating indicative of the greatest degree of risk.

At June 30, 2019, securities lending collateral investments consisted of time deposits and repurchase agreements.

The following table provides credit ratings of the Pool's securities lending collateral investments as of June 30, 2019:

<u>Rating</u>	<u>Fair Value</u>
	<u>2019</u>
AAA/ A-1	\$ 12,154
AA	55,470
A	1,960
BBB	891
B	83
Not applicable	18,368
Total securities lending collateral	<u>\$ 88,926</u>

*As of June 30, 2020, the Cash Collateral Account is no longer rated.

West Virginia Board of Risk and Insurance Management
Notes to Financial Statements
(in thousands)

Interest Rate Risk

As of June 30, 2020, the Pool is exposed to interest rate risk from its fixed income investments, money market mutual fund investment, and Cash Collateral Account investment. The money market mutual fund has a weighted average maturity (WAM) of 53 days. Except for repurchase agreements that can have up to 95 days to maturity, investments in the Cash Collateral Account are limited to overnight investments. As of June 30, 2020, the WAM for the Cash Collateral Account was 1 day.

As of June 30, 2019, the pool was exposed to interest rate risk from its fixed income investments, money market mutual fund investment and certain investments made with cash collateral for securities loaned. As of June 30, 2019, the money market mutual fund has a weighted average maturity (WAM) of 43 days. The WAM for securities lending collateral investments is not to exceed 90 days.

The WVIMB monitors interest risk of the Pool by evaluating the effective duration of the investments in the Pool. Effective duration is a method of disclosing interest rate risk that measures the expected change in the price of a fixed income security for a 1% change in interest rates. The effective duration calculation takes into account the most likely timing of variable cash flows, which is particularly useful for measuring interest rate risk of callable bonds, commercial and residential mortgage-backed securities, asset-backed securities and collateralized mortgage obligations.

The following table provides the weighted average effective duration for the various asset types in the Pool as of June 30:

Investment Type	2020		2019	
	Fair Value	Effective Duration (Years)	Fair Value	Effective Duration (Years)
Commingled debt funds	\$ 206,712	3.1	\$ 214,489	2.9
Corporate asset backed issues	54,349	1.2	72,659	(0.1)
Corporate ABS residual	-	0.0	3,835	1.9
Corporate CMO	59,639	0.9	40,069	1.1
Corporate CMO interest-only	138	0.5	-	-
Foreign asset backed issues	28,152	0.5	27,005	1.0
Foreign corporate bonds	264,553	5.3	271,117	5.4
Foreign government bond	251,488	5.1	317,462	5.1
Municipal bonds	33,423	9.9	34,254	9.9
Repurchase agreement	-	0.0	8,000	0.0*
Short term investments	-	0.0	6,083	0.0*
U.S. corporate bonds	495,554	9.4	402,522	7.0
U.S. Government agency bonds	1,530	0.0*	9,464	0.2
U.S. Government agency CMO	77,429	1.7	57,221	1.1
U.S. Government agency CMO interest-only	6,955	6.8	5,786	4.8
U.S. Government agency MBS	222,696	2.0	293,479	1.8
U.S. Government agency TBA	2,599	0.7	106	1.4
U.S. Treasury bonds	209,690	14.4	157,216	15.6
U.S. Treasury inflation-protected securities	105,609	18.8	40,944	20.6
Total investments	<u>\$ 2,020,516</u>		<u>\$ 1,961,711</u>	

*Rounds to less than 0.05

The Pool invests in commercial and residential mortgage-backed securities, asset-backed securities, and collateralized mortgage obligations. The cash flows from these securities are based on the payment of the underlying collateral. The effective duration and yield to maturity of these securities are dependent on estimated prepayment assumptions that consider historical experience, market conditions and other criteria. Actual prepayments may vary with changes in interest rates. Rising interest rates often result in a slower rate of

prepayments while declining rates tend to lead to faster prepayments. As a result, the fair values of these securities are highly sensitive to interest rate changes. The Pool held \$451,957 and \$500,160 of these securities at June 30, 2020 and 2019, respectively, representing approximately 22% and 25% of the value of the Pool's securities.

Concentration of Credit Risk

The Pool is restricted from investing more than 5% of the value of the Pool in any one corporate name. At June 30, 2020 and 2019, the Pool was in compliance with this restriction and is not exposed to concentration of credit risk.

Custodial Credit Risk

At June 20, 2020, securities on loan are collateralized to a minimum of 102% for U.S. Dollar denominated loans and 105% for foreign denominated loans, and the collateral is held by the IMB's custodian in the name of IMB. Investments in commingled debt funds, money market mutual funds, and the Cash Collateral Account are not subject to custodial credit risk.

At June 30, 2019, securities on loan were collateralized to a minimum of 102% and the collateral is held by the WVIMB's custodian in the name of the WVIMB. Investments in commingled funds are held in an account in the name of the WVIMB.

At June 30, 2020 and 2019, the Pool held no securities that were subject to custodial credit risk. Repurchase agreements, when held, are collateralized at 102% and the collateral is held in the name of the WVIMB. All remaining securities are held by the WVIMB's custodian in the name of the WVIMB.

Foreign Currency Risk

The Pool has foreign fixed income, foreign equity investments, and cash that are denominated in foreign currencies and exposed to foreign currency risks. The Pool also has foreign denominated derivative instruments. Additionally, the Pool has indirect exposure to foreign currency risk through its ownership interests in certain of the commingled debt funds. Approximately \$42,799 and \$32,063, or 21% and 15%, respectively, of the commingled investment pools hold substantially all of their investments in foreign currencies as of June 30, 2020 and 2019. This represents approximately 2.0%, respectively, of the value of the Pool's securities at June 30, 2020 and 2019.

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(in thousands)

The amounts at fair value (in U.S. dollars) of investments and cash denominated in foreign currencies as of June 30, are as follows:

Currency	2020			
	Foreign Fixed Income	Foreign Equity Investments	Cash	Total
Argentine Peso	\$ 5,597	\$ -	\$ 1,770	\$ 7,367
Australian Dollar	-	-	2,350	2,350
Belarusian Ruble	1,819	-	-	1,819
Brazil Real	30,899	-	52	30,951
British Pound	15,154	-	2,690	17,844
Canadian Dollar	-	-	(858)	(858)
Colombian Peso	4,620	-	-	4,620
Deutsche Mark	640	-	-	640
Dominican Peso	2,923	-	-	2,923
Egyptian Pound	2,647	-	3	2,650
Euro Currency Unit	5,948	-	3,823	9,771
Ghana Cedi	2,357	-	-	2,357
Indonesian Rupiah	2,713	-	-	2,713
Japanese Yen	49,050	-	6,419	55,469
Kazakhstani Tenge	681	-	-	681
Kenyan Shilling	3,001	-	-	3,001
Mexican Peso	21,785	6	(2,107)	19,684
New Zealand Dollar	-	-	758	758
Peruvian Nuevo Sol	1,812	-	-	1,812
Russian Ruble	31,249	-	856	32,105
South African Rand	5,707	-	1	5,708
Swedish Krona	-	-	477	477
Turkish Lira	-	-	1	1
Uruguayan Peso	5,050	-	-	5,050
Total foreign denominated investments	193,652	6	16,235	209,893
U.S. Dollar	350,541	-	34,398	384,939
Total	\$ 544,193	\$ 6	\$ 50,633	\$ 594,832

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(in thousands)

Currency	2019			
	Foreign Fixed Income	Foreign Equity Investments	Cash	Total
Argentine Peso	\$ 8,380	\$ -	\$ 1,503	\$ 9,883
Australian Dollar	-	-	1,704	1,704
Belarusian Ruble	2,048	-	-	2,048
Brazil Real	47,752	-	24	47,776
British Pound	-	-	2,988	2,988
Canadian Dollar	-	-	1,411	1,411
Colombian Peso	5,209	-	-	5,209
Deutsche Mark	1,013	-	-	1,013
Dominican Peso	3,801	-	-	3,801
Egyptian Pound	2,104	-	126	2,230
Euro Currency Unit	5,967	-	12,929	18,896
Georgian Lari	1,796	-	-	1,796
Ghana Cedi	2,469	-	-	2,469
Indonesian Rupiah	2,779	-	-	2,779
Japanese Yen	51,443	-	6,077	57,520
Kenyan Shilling	3,171	-	-	3,171
Kazakhstani Tenge	1,841	-	-	1,841
Mexican Peso	44,765	-	1,943	46,708
New Zealand Dollar	-	-	791	791
Peruvian Nuevo Sol	1,846	-	-	1,846
Russian Ruble	28,094	-	1,796	29,890
Swedish Krona	-	-	483	483
Turkish Lira	3,190	-	-	3,190
Uruguayan Peso	7,479	-	-	7,479
South African Rand	6,726	14	2	6,742
Total foreign denominated investments	231,873	14	31,507	263,394
U.S. Dollar	383,711	-	28,425	412,136
Total	<u>\$ 615,584</u>	<u>\$ 14</u>	<u>\$ 59,932</u>	<u>\$ 675,530</u>

Fair Value Measurements

U.S. GAAP does not require the Pool to categorize within the fair value hierarchy table investments for which fair value is measured using the net asset value per share as the practical expedient. The tables that follow set forth information about the level within the fair value hierarchy at which the Pool's assets and liabilities are measured at June 30. All of the Pool's investments in other funds were valued using the net asset value per share, as such they have not been categorized in the fair value hierarchy.

West Virginia Board of Risk and Insurance Management
Notes to Financial Statements
(in thousands)

Assets	2020			
	Level 1	Level 2	Level 3	Total
Corporate ABS residual	\$ -	\$ 1,943	\$ -	\$ 1,943
Corporate asset backed issues	-	54,349	-	54,349
Corporate CMO	-	59,639	-	59,639
Corporate CMO interest-only	-	138	-	138
Corporate preferred securities	10,307	-	-	10,307
Foreign asset backed issues	-	28,152	-	28,152
Foreign corporate bonds	-	264,553	-	264,553
Foreign currency forward contracts	-	1,054	-	1,054
Foreign government bonds	-	251,488	-	251,488
Futures contracts	1,457	-	-	1,457
Money market mutual fund	80,424	-	-	80,424
Municipal bonds	-	33,423	-	33,423
Options contracts purchased	94	347	-	441
Securities lending collateral	4,029	-	-	4,029
Swaps	-	24,789	-	24,789
U.S. corporate bonds	-	495,554	-	495,554
U.S. Government agency bonds	-	1,530	-	1,530
U.S. Government agency CMO	-	77,429	-	77,429
U.S. Government agency CMO interest-only	-	6,955	-	6,955
U.S. Government agency MBS	-	222,696	-	222,696
U.S. Government agency TBAs	-	2,599	-	2,599
U.S. Treasury bonds	-	209,690	-	209,690
U.S. Treasury inflation protected securities	-	105,609	-	105,609
Total	<u>\$ 96,311</u>	<u>\$ 1,841,937</u>	<u>\$ -</u>	<u>1,938,248</u>
Commingled debt funds				<u>206,712</u>
Total				<u>\$ 2,144,960</u>
Liabilities	Level 1	Level 2	Level 3	Total
Foreign currency forward contracts	\$ -	\$ (2,323)	\$ -	\$ (2,323)
Futures contracts	(12,609)	-	-	(12,609)
Options contracts written	(525)	(354)	-	(879)
Securities sold short	-	(526)	-	(526)
Swaps	-	(40,804)	-	(40,804)
Total	<u>\$ (13,134)</u>	<u>\$ (44,007)</u>	<u>\$ -</u>	<u>\$ (57,141)</u>

West Virginia Board of Risk and Insurance Management
Notes to Financial Statements
(in thousands)

Assets	2019			
	Level 1	Level 2	Level 3	Total
Corporate asset backed issues	\$ -	\$ 72,659	\$ -	\$ 72,659
Corporate ABS residual	-	3,835	-	3,835
Corporate CMO	-	40,069	-	40,069
Corporate preferred security	9,979	-	-	9,979
Foreign asset backed issues	-	27,005	-	27,005
Foreign corporate bonds	-	271,117	-	271,117
Foreign currency forward contracts	-	378	-	378
Foreign equity investments	14	-	-	14
Foreign government bonds	-	317,462	-	317,462
Future contracts	9,647	-	-	9,647
Money market mutual fund	41,138	-	-	41,138
Municipal bonds	-	34,254	-	34,254
Options contracts purchased	558	530	-	1,088
Repurchase agreement	-	8,000	-	8,000
Securities lending collateral	-	88,926	-	88,926
Short term investments	-	6,083	-	6,083
Swaps	-	3,683	-	3,683
U.S. corporate bonds	-	402,522	-	402,522
U.S. Government agency bond	-	9,464	-	9,464
U.S. Government agency CMO	-	57,221	-	57,221
U.S. Government agency CMO interest-only	-	5,786	-	5,786
U.S. Government agency MBS	-	293,479	-	293,479
U.S. Government agency TBAs	-	106	-	106
U.S. Treasury bonds	-	157,216	-	157,216
U.S. Treasury inflation protected securities	-	40,944	-	40,944
Total	<u>\$ 61,336</u>	<u>\$ 1,840,739</u>	<u>\$ -</u>	<u>1,902,075</u>
Commingled debt funds				<u>214,489</u>
Total				<u>\$ 2,116,564</u>
Liabilities	Level 1	Level 2	Level 3	Total
Foreign currency forward contracts	\$ -	\$ (2,357)	\$ -	\$ (2,357)
Future contracts	(15,161)	-	-	(15,161)
Options contracts written	(1,081)	(73)	-	(1,154)
Swaps	-	(20,337)	-	(20,337)
Total	<u>\$ (16,242)</u>	<u>\$ (22,767)</u>	<u>\$ -</u>	<u>\$ (39,009)</u>

The Pool's investments in commingled debt funds were measured at the NAV as of June 30, 2020 and 2019. These commingled debt funds invest in certain niche sectors, particularly ones that are not a significant percentage to the Pool, to provide economies of scale and efficiencies in establishing and managing a diversified portfolio that would be otherwise difficult to achieve. These funds offer daily liquidity.

West Virginia Board of Risk and Insurance Management
Notes to Financial Statements
(in thousands)

CORE FIXED INCOME POOL

The main objective of this Pool is to generate investment income, provide stability, and enhance diversification but not at the expense of total return. This Pool's investment objective is to outperform the Bloomberg Barclays U.S. Aggregate Bond Index over three- to five-year periods, net of external investment management fees. JP Morgan Investment Advisors, Inc. manages this Pool.

Effective September 1, 2019, the IMB changed its custodian bank from the Bank of New York Mellon (BNYM) to Northern Trust (NT).

BRIM's amount invested in the Core Fixed Income Pool of \$16,907 and \$15,508 at June 30, 2020 and 2019, respectively, and represented approximately 1.8% and 1.6%, respectively, of total investments in this Pool.

Credit Risk

The Pool is exposed to credit risk from its fixed income investments, money market mutual fund investment, and certain investments made with cash collateral for securities loaned. The WVIMB limits the exposure to credit risk in the Pool by maintaining at least an average rating of investment grade as defined by the nationally recognized statistical rating organizations. The WVIMB reviews available ratings from Standard & Poor's, Moody's, and Fitch, and reports the rating indicative of the greatest degree of risk. The money market mutual fund has the highest credit rating.

The following table provides credit ratings for the Pool's fixed income investments as of June 30:

Rating	Fair Value	
	2020	2019
AAA	\$ 47,882	\$ 61,950
AA	535,867	518,002
A	83,021	93,012
BBB	171,799	141,310
BB	5,281	10,003
B	768	600
CCC	241	562
D	94	146
Withdrawn	11,132	3,013
Not rated	63,019	45,328
Total fixed income investments	<u>\$ 919,104</u>	<u>\$ 873,926</u>

Credit risk from securities lending collateral investments are limited by requiring minimum ratings on debt instruments. Long-term debt instruments must be rated A or better by Moody's or Standards & Poor's at the time of purchase. Short-term debt instruments must be rated P-1 by Moody's or A-1 by Standard & Poor's at the time of purchase. The WVIMB reviews available ratings from Standard & Poor's, Moody's, Fitch and reports the rating indicative of the greatest degree of risk.

At June 30, 2019, securities lending collateral investments consisted of time deposits and repurchase agreements.

West Virginia Board of Risk and Insurance Management
Notes to Financial Statements
(in thousands)

The following table provides credit ratings of the Pool's securities lending collateral investments as of June 30, 2019:

<u>Rating</u>	<u>Fair Value</u> <u>2019</u>
AAA/ A-1	\$ 7,859
AA	35,868
A	1,267
BBB	576
B	54
Not applicable	11,877
Total securities lending collateral	<u>\$ 57,501</u>

**As of June 30, 2020, the Cash Collateral Account is no longer rated.*

Interest Rate Risk

The Pool is exposed to interest rate risk from its fixed income investments, money market mutual fund investment and investments made with cash collateral for securities loaned. As of June 30, 2020, the money market mutual fund has a weighted average maturity (WAM) of 53 days. Except for repurchase agreements that can have up to 95 days to maturity, investments in the Cash Collateral Account are limited to overnight investments. The WAM for the Cash Collateral Account is 1 day.

As of June 30, 2019, the WAM for securities lending collateral investments is not to exceed 90 days. As of June 30, 2019, the money market mutual fund has a weighted average maturity (WAM) of 43 days. The WAM for securities lending collateral investments is not to exceed 90 days.

The WVIMB monitors interest rate risk of the Pool by evaluating the effective duration of the investments in the Pool. Effective duration is a method of disclosing interest rate risk that measures the expected change in the price of a fixed income security for a 1% change in interest rates. The effective duration calculation takes into account the most likely timing of variable cash flows, which is particularly useful for measuring interest rate risk of callable bonds, commercial and residential mortgage-backed securities, asset-backed securities and collateralized mortgage obligations.

The Pool invests in commercial and residential mortgage-backed securities, asset-backed securities, and collateralized mortgage obligations. The cash flows from these securities were based on the payment of the underlying collateral. The effective duration and yield to maturity of these securities are dependent on estimated prepayment assumptions that consider historical experience, market conditions and other criteria. Actual prepayments may vary with changes in interest rates. Rising interest rates often result in a slower rate of prepayments while declining rates tend to lead to faster prepayments. As a result, the fair values of these securities are highly sensitive to interest rate changes. At June 30, 2020 and 2019, the Pool held \$444,501 and \$425,431, respectively, of these securities. This represents approximately 48% and 49%, respectively, of the value of the Pool's fixed income securities.

West Virginia Board of Risk and Insurance Management
Notes to Financial Statements
(in thousands)

The following table provides the weighted average effective duration for the Pool's fixed income investments as of June 30:

Investment Type	2020		2019	
	Fair Value	Effective Duration (Years)	Fair Value	Effective Duration (Years)
Corporate asset backed issues	\$ 104,830	1.6	\$ 122,361	1.6
Corporate CMO	46,117	3.4	33,139	3.2
Corporate CMO interest-only	212	(13.6)	303	(2.8)
Corporate CMO principle only	64	4.6	74	3.5
Foreign asset backed issues	2,168	2.8	2,698	3.3
Foreign corporate bonds	61,479	6.5	59,221	5.8
Foreign government bond	5,870	9.3	3,125	8.0
Municipal bonds	12,331	14.5	10,261	13.0
U.S. corporate bonds	189,911	9.3	165,080	7.7
U.S. Government agency bonds	3,100	0.5	5,257	1.2
U.S. Government agency CMO	98,050	4.4	109,465	4.7
U.S. Government agency CMO interest-only	2,144	8.8	2,153	12.7
U.S. Government agency CMO principle only	4,409	5.2	5,062	6.2
U.S. Government agency MBS	180,583	4.6	150,176	4.4
U.S. Government agency TBAs	5,924	3.1	-	-
U.S. Treasury bonds	201,453	7.8	205,102	9.1
U.S. Treasury inflation-protected securities	459	0.9	449	1.9
Total fixed income investments	<u>\$ 919,104</u>		<u>\$ 873,926</u>	

Concentration of Credit Risk

The Pool is restricted from investing more than 5% of the value of the Pool in any one corporate name. At June 30, 2020 and 2019, the Pool was in compliance with this restriction and is not exposed to concentration of credit risk.

Custodial Credit Risk

As of June 30, 2020, securities on loan are collateralized to a minimum of 102%, and the collateral is held by the IMB's custodian in the name of IMB. The money market mutual fund and the Cash Collateral Account are not subject to custodial credit risk. All remaining securities are held the by IMB's custodian in the name of IMB.

At June 30, 2020, repurchase agreements, when held, are collateralized at 102% and the collateral is held in the name of the WVIMB. Securities on loans are collateralized to a minimum of 102% and the collateral is held by the WVIMB's custodian in the name of the WVIMB. All remaining securities are held by the WVIMB's custodian in the name of the WVIMB.

At June 30, 2020 and 2019, the Pool help no securities that were subject to custodial credit risk.

Foreign Currency Risk

None of the securities held by the Pool are exposed to foreign currency risk.

West Virginia Board of Risk and Insurance Management
Notes to Financial Statements
(in thousands)

Fair Value Measurements

The tables below summarize the valuation of the investment securities in accordance with GASB Statement No.72 fair value hierarchy levels as of June 30:

Assets	2020			
	Level 1	Level 2	Level 3	Total
Corporate asset backed issues	\$ -	\$ 104,830	\$ -	\$ 104,830
Corporate CMO	-	46,117	-	46,117
Corporate CMO interest-only	-	212	-	212
Corporate CMO principal-only	-	64	-	64
Foreign asset backed issues	-	2,168	-	2,168
Foreign corporate bonds	-	61,479	-	61,479
Foreign government bonds	-	5,870	-	5,870
Money market mutual fund	10,949	-	-	10,949
Municipal bonds	-	12,331	-	12,331
Securities lending collateral	4,868	-	-	4,868
U.S. corporate bonds	-	189,911	-	189,911
U.S. Government agency bonds	-	3,100	-	3,100
U.S. Government agency CMO	-	98,050	-	98,050
U.S. Government agency CMO interest-only	-	2,144	-	2,144
U.S. Government agency CMO principal-only	-	4,409	-	4,409
U.S. Government agency MBS	-	180,583	-	180,583
U.S. Government agency TBAs	-	5,924	-	5,924
U.S. Treasury bonds	-	201,453	-	201,453
U.S. Treasury inflation protected securities	-	459	-	459
Total	\$ 15,817	\$ 919,104	\$ -	\$ 934,921

Assets	2019			
	Level 1	Level 2	Level 3	Total
Corporate asset backed issues	\$ -	\$ 122,361	\$ -	\$ 122,361
Corporate CMO	-	33,139	-	33,139
Corporate CMO interest - only	-	303	-	303
Corporate CMO principal - only	-	74	-	74
Foreign assets backed issues	-	2,698	-	2,698
Foreign corporate bonds	-	59,221	-	59,221
Foreign government bonds	-	3,125	-	3,125
Money market mutual fund	55,686	-	-	55,686
Municipal bonds	-	10,261	-	10,261
Securities lending collateral	-	57,501	-	57,501
U.S. corporate bonds	-	165,080	-	165,080
U.S. Government agency bond	-	5,257	-	5,257
U.S. Government agency CMO	-	109,465	-	109,465
U.S. Government agency CMO interest-only	-	2,153	-	2,153
U.S. Government agency CMO principal-only	-	5,062	-	5,062
U.S. Government agency MBS	-	150,176	-	150,176
U.S. Treasury bonds	-	205,102	-	205,102
U.S. Treasury inflation protected securities	-	449	-	449
Total	\$ 55,686	\$ 931,427	\$ -	\$ 987,113

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Notes to Financial Statements
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HEDGE FUND POOL

This Pool was established to hold the WVIMB's investments in hedge funds. The objective of the Pool is to reduce risk through diversification of participants' assets. The primary performance benchmark is the Hedge Funds Research, Inc. Fund of Funds Composite Index plus 100 basis points. The secondary benchmark is the Citigroup 90-Day Treasury Bill Index plus 500 basis points. Albourne America, LLC has been retained by the WVIMB to provide consulting services for this investment strategy.

Effective September 1, 2019, the IMB changed its custodian bank from the Bank of New York Mellon (BNYM) to Northern Trust (NT).

BRIM's amount invested in the Hedge Fund Pool of \$32,685 and \$36,375 at June 30, 2020 and 2019, respectively, represented approximately 1.6% and 1.5%, respectively, of total investments in this Pool.

Investment Risk

The Pool holds shares in hedge funds and shares of money market fund with the highest credit rating. As of June 30, 2020 and 2019, the money market mutual fund has the highest credit rating and has a weighted average maturity of 53 and 43 days, respectively. The investments in hedge funds might be indirectly exposed to foreign currency risk, credit risk and/or custodial credit risk. The Pool is restricted from investing more than 10% of the value of the Pool with any single manager. At June 30, 2020 and 2019, the Pool was in compliance with this restriction and is not exposed to concentration of credit risk.

Fair Value Measurements

U.S. GAAP does not require the Pool to categorize within the fair value hierarchy table investments for which fair value is measured using the net asset value per share (NAV) as the practical expedient for the year ended June 30, 2020 and 2019. The majority of the Pool's investments in hedge funds were valued using the NAV per share; as such, they have not been categorized in the fair value hierarchy for 2020 and 2019.

The tables that follow sets forth information about the level within the fair value hierarchy at which the Pool's assets and liabilities are measured at June 30.

		2020			
Assets		Level 1	Level 2	Level 3	Total
Money market mutual fund		\$ 12	\$ -	\$ -	\$ 12
Hedge funds					1,893,312
Total					<u>\$ 1,893,324</u>

		2019			
Assets		Level 1	Level 2	Level 3	Total
Money market mutual fund		\$ 656	\$ -	\$ -	\$ 656
Hedge funds					2,081,618
Total					<u>\$ 2,082,274</u>

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(in thousands)

The following tables present information on investments measured at the NAV as of June 30:

2020			
Hedge Fund Strategies	Fair Value	Redemption Frequency	Redemption Notice Period
Directional ^(a)	\$ 200,974	Mthly/Qtly	5 to 30 days
Equity long/short ^(b)	205,201	Mthly/Qtly	30 to 60 days
Event-driven ^(c)	70,232	Qtly/Every 2 years	45 to 180 days
Long-biased ^(d)	77,581	Mthly	90 days
Multi-strategy ^(e)	1,049,030	Mthly/Qtly/Semi-ann/Ann	30 to 95 days
Relative-value ^(f)	290,294	Weekly/Quarterly	5 to 60 days
Total investments measured at the NAV	\$ 1,893,312		

2019			
Hedge Fund Strategies	Fair Value	Redemption Frequency	Redemption Notice Period
Directional ^(a)	\$ 154,484	Mthly/Qtly	3 to 60 days
Equity long/short ^(b)	272,424	Mthly/Qtly/Every 3 yrs	30 to 60 days
Event-driven ^(c)	37,715	Qtly	65 days
Long-biased ^(d)	61,426	Mthly	90 days
Multi-strategy ^(e)	1,265,338	Mthly/Qtly/Ann	3 to 95 days
Relative-value ^(f)	290,231	Wkly/Mthly/Qtly	5 to 60 days
Total investments measured at the NAV	\$ 2,081,618		

- (a) Directional strategies employ various techniques to forecast the direction of segments of the market and then invest in either long or short positions. The segments may be geographic economies, industry sectors, currency, or asset class. The investments may be in physical securities or derivatives. The strategies may be trend-following or mean-reverting and may be specific to that segment or universally applied across them.
- (b) An equity long/short strategy involves taking long positions in stocks that are expected to increase in value and short positions in stocks that are expected to decrease in value. At June 30, 2019, investments representing approximately 60% of the fair value of the investments in this strategy are subject to maximum withdrawal restrictions. The percentage of investments subject to maximum withdrawal restrictions at June 30, 2020 was not disclosed.
- (c) Event-driven funds maintain positions in companies currently or prospectively involved in various corporate transactions including, but not limited to, mergers, restructurings, financial distress, tender offers, shareholder buybacks, debt exchanges, security issuance or other capital structure adjustments. Security types can range from most senior in the capital structure to most junior or subordinated, and frequently involve additional derivative securities. Event-driven exposure includes a combination of sensitive to equity markets, credit markets and company-specific developments. At June 30, 2020, all of the funds in this investment strategy are subject to maximum withdrawal restrictions. At June 30, 2019, the sole fund in this investment strategy is subject to maximum withdrawal restrictions.
- (d) Long-biased strategies employ analytical techniques in which the investment thesis is predicated on assessment of the valuation characteristics on the underlying companies with the goal of identifying undervalued companies. Long-biased strategies may vary the investment level or the level of long exposure over market cycles, but the primary distinguishing characteristic is that the manager maintains consistent long exposure.
- (e) Multi-strategy managers combine several strategies within the same fund in order to provide diversification benefits to reduce return volatility and decrease asset-class and single-strategy risks. These funds typically add incremental returns through active allocation adjustments based on market opportunities. Risk is managed

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through a combination of quantitative and qualitative constraints including, but not limited to, active risk, liquidity risk, currency risk, manager risk, derivatives risk and leverage risk. Investments representing approximately 35% in 2020 and 43% in 2019 of the fair value of the investments in this strategy are subject to maximum withdrawal restrictions.

- (f) Relative-value funds maintain positions in which the investment thesis is predicated on the realization of a valuation discrepancy in the relationship between multiple securities. Managers employ a variety of fundamental and quantitative techniques to establish investment insights and security types range broadly across equity, fixed income, derivative or other security types. Fixed Income strategies are typically quantitatively driven to measure the existing relationship between instruments and, in some cases, identify attractive positions in which the risk-adjusted spread between these instruments represents an attractive opportunity. Investments representing approximately 40% in 2020 and 37% in 2019 of the fair value of the instruments in this strategy are subject to maximum withdrawal restrictions.

TREASURY INFLATION PROTECTION SECURITIES (TIPS)

The pool was established to offer an additional level of diversification over and above the nominal fixed income securities in an attempt to mitigate the risk of inflation. The main objective for the Pool is to generate a return that exceeds the rate of inflation over a market cycle, to provide investment income and stability of principal, and to diversify interest rate exposure. The Pool's performance is measured against the Bloomberg Barclays U.S. Treasury Inflation Protection Index on an annualized basis over rolling three- to five-year periods, gross of fees. Assets were managed by State Street Global Advisors through April 2, 2018. Effective April 4, 2018, the Pool invests in the BlackRock U.S. Treasury Inflation Protected Securities Fund B (BlackRock). BlackRock invests primarily in a portfolio of debt securities with the objective of closely approximating the total rate of return for all outstanding U.S. Treasury Inflation Protected Securities with a maturity of one year or greater.

Effective September 1, 2019, the IMB changed its custodian bank from the Bank of New York Mellon (BNYM) to Northern Trust (NT).

BRIM's amount invested in the TIPS Pool of \$16,161 and \$16,062 at June 30, 2020 and 2019, respectively, represented approximately 5.6% and 4.0% respectively, of total investments in this pool.

Credit Risk

The Pool invests in a commingled bond fund that holds primarily U.S. Treasury inflation protected securities. This investment is exposed to credit and interest rate risk. This fund is not rated by a nationally recognized statistical rating organization. Effective duration is a method of disclosing interest rate risk that measures the expected change in the price of a fixed income security for a 1% change in interest rates. As of June 30, 2020 and 2019, the fund had an effective duration of 7.68 and 7.48 years, respectively. At June 30, 2020 and 2019, the Pool is not exposed to concentration of credit risk, custodial risk, or foreign currency risk.

Interest Rate Risk

Interest rate risk of the money market mutual fund is measured by weighted average maturity (WAM). As of June 30, 2020, the fund's WAM was 53 days. As of June 30, 2019, the pool did not disclose WAM in days.

Fair Value Measurements

The table below summarizes the valuation of the investment securities in accordance with fair value hierarchy levels as of June 30:

Assets	2020		
	Level 1	Level 2	Level 3
Comingled bond fund	\$ 290,665	\$ -	\$ -
Money Market Mutual Fund	2	-	-
Total	\$ 290,667	\$ -	\$ -

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(in thousands)

Assets	2019			
	Level 1	Level 2	Level 3	Total
Comingled bond fund	\$ 397,843	\$ -	\$ -	\$ 397,843
Money Market Mutual Fund	5,500	-	-	5,500
Total	<u>\$ 403,343</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 403,343</u>

SHORT-TERM FIXED INCOME POOL

The main objective of this Pool is to maintain sufficient liquidity to meet the daily disbursements requested by participants and to invest any contributions until the time the money is transferred to other WVIMB operated investment pools without sustaining capital losses while earning a small return above inflation. The Pool's benchmark, net of external investment management fees, is the Citigroup ninety-day Treasury Bill Index. JP Morgan Investment Advisors, Inc. manages the Pool.

Effective September 1, 2019, the IMB changed its custodian bank from the Bank of New York Mellon (BNYM) to Northern Trust (NT).

BRIM's amount invested in the Short-Term Fixed Income Pool of \$7,863 and \$7,864 at June 30, 2020 and 2019, respectively, represented approximately 1.3% and 4.2%, respectively, of total investments in this Pool.

Credit Risk

The WVIMB limits the exposure to credit risk in the Pool by requiring all corporate bonds to be rated AA or higher. Commercial paper must be rated A-1 by Standard & Poor's and P-1 by Moody's. Additionally, the Pool must have at least 15% of its assets in United States Treasury issues. The WVIMB reviews available ratings from Standard & Poor's, Moody's, and Fitch, and reports the rating indicative of the greatest degree of risk. All of the Pool's investments had the highest credit ratings as of June 30, 2020 and 2019.

Interest Rate Risk

As of June 30, 2020 and 2019, the weighted average maturity (WAM) of the investments of the Pool is not to exceed 60 days. The maturity of floating rate notes is assumed to be the next interest rate reset date. The following table provides the WAM for the different asset types in the Pool as of June 30:

Investment Type	2020 Carrying Value	WAM (Days)	2019 Carrying Value	WAM (Days)
Repurchase agreement	\$ 75,658	1	\$ 45,000	1
Money market mutual fund	25,896	1	-	-
U.S. Government agency bonds	265,950	48	91,095	10
U.S. Treasury bonds	<u>274,978</u>	<u>27</u>	<u>49,955</u>	<u>16</u>
Total investments	<u>\$ 642,482</u>		<u>\$ 186,050</u>	

Concentration of Credit Risk

The Pool is restricted from investing more than 5% of the value of the Pool in any one corporate name. At June 30, 2020 and 2019, the Pool was in compliance with this restriction and is not exposed to concentration of credit risk.

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Custodial Credit Risk

At June 30, 2020 and 2019, the Pool held no investments that were subject to custodial credit risk. Repurchase agreements are collateralized at 102% and the collateral is held in the name of the WVIMB. All remaining investments are held by the WVIMB's custodian in the name of the WVIMB.

Foreign Currency Risk

The Pool has no investments that are subject to foreign currency risk.

Fair Value Measurements

The tables below summarize the valuation of the investment securities in accordance with fair value hierarchy levels as of June 30:

Assets	2020			
	Level 1	Level 2	Level 3	Total
Repurchase agreement	\$ -	\$ 75,658	\$ -	\$ -
Money market mutual fund	25,896			
U.S. Government agency bonds	-	265,950	-	-
U.S. Treasury bills	-	274,978	-	-
Total	<u>\$ 25,896</u>	<u>\$ 616,586</u>	<u>\$ -</u>	<u>\$ -</u>

Assets	2019			
	Level 1	Level 2	Level 3	Total
Repurchase agreement	\$ -	\$ 45,000	\$ -	\$ 45,000
U.S. Government agency bonds	-	91,095	-	91,095
U.S. Treasury bills	-	49,955	-	49,955
Total	<u>\$ -</u>	<u>\$ 186,050</u>	<u>\$ -</u>	<u>\$ 186,050</u>

Advanced deposits

INSURANCE COMPANY AND TRUSTEE

BRIM deposits monies with BNY, as trustee, to hold as advance deposits in an escrow account for BRIM liability claims. The monies held in escrow are invested in specific money market funds and short-term guaranteed or investment-grade fixed income securities that are identified as "qualified assets" in the escrow agreement. The BNY advance deposit balance at June 30, 2020 and 2019 of \$264,014 and \$224,786, respectively, are presented net of amounts due to AIG for claims funding. At June 30, 2020 and 2019, amounts payable to AIG were \$0 and \$1,781, respectively.

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The following table provides information on the weighted-average credit ratings of the cash liquidity pool's investments as of June 30:

Security Type	2020				2019			
	Moody's	S&P	Fair Value	Percent of Assets	Moody's	S&P	Fair Value	Percent of Assets
Corporate bonds and notes								
Aa1	A1	A+	\$ 1,456	0.56	A1	A+	\$ -	- %
	AA+	1,446	0.55	Aa1	AA+	1,111	0.49	
	Aa1	AA	1,588	0.61	Aa1	AA	2,188	0.97
	Aa1	AA-	3,114	1.19	Aa1	AA-	-	-
	Aa2	AA	2,960	1.13	Aa2	AA	2,165	0.96
	Aa2	AA-	-	0.00	Aa2	AA-	-	0.00
	Aa3	AA-	1,500	0.57	Aa3	AA-	2,172	0.97
	Aa3	A+	-	0.00	Aa3	A+	-	0.00
	Aaa	AA+	2,656	1.01	Aaa	AA+	1,089	0.48
	Aaa	AAA	4,032	1.54	Aaa	AAA	2,225	0.99
			18,752	7.16			10,950	4.86
U.S. Treasury bonds and notes	Aaa	NR	238,616	91.15	Aaa	NR	206,546	91.69
	NR	NR	-	0.00	NR	NR	-	0.00
U.S. Agency-debenture	NR	NR	2,909	1.11	NR	NR	7,204	3.20
Money market funds	NR	NR	1,514	0.58	NR	NR	565	0.25
Total rated investments			\$ 261,791	100.00%			\$ 225,265	100.00 %

Concentration of Credit Risk

As per the Investment Guidelines, at the time of purchase, no more than 4.9% of its advance deposit assets can be held in securities issued by a single private corporation or association.

Custodial Credit Risk

At June 30, 2020 and 2019, advanced deposits include no securities that were subject to custodial credit risk.

Interest Rate Risk

The following table provides the WAM for the various asset types in the advanced deposits as of June 30:

Investment Type	2020		2019	
	Fair Value	WAM Years	Fair Value	WAM Years
Corporate bonds and notes	\$ 16,096	3.5	\$ 9,844	4.6
U.S. Treasury bonds	238,616	3.8	207,652	3.7
U.S. Agency debenture	5,565	7.4	7,204	0.3
Money market funds	1,514	0.0	565	0.7
Total rated investments	\$ 261,791		\$ 225,265	

Foreign Currency Risk

None of the advanced deposits includes interest holds in foreign currency or interests valued in foreign currency.

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Fair Value Measurements

The table below summarizes the valuation of the investment securities in accordance with fair value hierarchy levels as of June 30:

Assets	2020			
	Level 1	Level 2	Level 3	Total
Corporate bonds and notes	\$ 16,096	\$ -	\$ -	\$ 16,096
U.S. Treasury bonds	238,616	-	-	238,616
U.S. Agency debenture	5,565	-	-	5,565
Money market funds	1,514	-	-	1,514
Total	<u>\$ 261,791</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 261,971</u>

Assets	2019			
	Level 1	Level 2	Level 3	Total
Corporate bonds and notes	\$ 9,844	\$ -	\$ -	\$ 9,844
U.S. Treasury bonds	207,652	-	-	207,652
U.S. Agency debenture	7,204	-	-	7,204
Money market funds	565	-	-	565
Total	<u>\$ 225,265</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 225,265</u>

The fair value tables above do not include cash and cash equivalents at June 30, 2020 and 2019 of \$2,223 and \$1,302, respectively.

4. Unpaid Claims and Claims Adjustment Expense Liability

BRIM establishes an estimated liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claims adjustment expenses.

The following represents changes in the estimated liability for the fiscal and policy years ended June 30:

	2020	2019
Unpaid claims and claims adjustment expense liability at beginning of year	<u>\$ 190,978</u>	<u>\$ 167,001</u>
Incurring claims and claims adjustment expense:		
Provision for insured events of the current year	69,809	69,092
(Decrease) increase in provision for insured events of prior years	<u>(4,460)</u>	<u>11,077</u>
Total incurred claims and claims adjustment expense	<u>65,349</u>	<u>80,169</u>
Payments:		
Claims and claims adjustment expense attributable to insured events of the current year	(12,300)	(10,321)
Claims and claims adjustment expense attributable to insured events of prior years	<u>(39,231)</u>	<u>(45,871)</u>
Total payments	<u>(51,531)</u>	<u>(56,192)</u>
Total unpaid claims and claims adjustment expense liability at end of year	<u>\$ 204,796</u>	<u>\$ 190,978</u>

If the unpaid claims and claims adjustment expense liability were discounted using a 4% discount factor for 2020 and 2019 to take into consideration the time value of money, the result would be a decrease in the liability and an increase in net position of approximately \$16,424 and \$15,500 for fiscal years 2020 and 2019, respectively. The overall unpaid claim liability number includes a provision for allocated and unallocated claims adjustment expense. Unfavorable claims development for insured events of prior years was the primary reason for the overall increase in the reserves from the prior year.

5. Pension Plan

Plan description

All full-time BRIM employees are eligible to participate in PERS, a multiple-employer defined benefit cost-sharing public employee retirement system administered by the West Virginia Consolidated Public Retirement Board (CPRB). Chapter 5, Article 10 of the West Virginia Code assigns the authority to establish and amend benefit provisions to the PERS Board of Trustees. Benefits under PERS include deferred retirement, early retirement, death and disability benefits and have been established and may be amended by action of the State Legislature. The CPRB issues a publicly available financial report that includes financial statements for PERS that may be obtained at www.wvretirement.com.

Benefits provided

Employees are eligible for normal retirement at age 60 with five or more years of credited service, of at least age 55 with age and service equal to 80 or greater. For all employees hired on or after July 1, 2015, qualification for normal retirement is age 62 with ten years of service or at least age 55 with age and service equal to 80 or greater. The straight-life annuity retirement benefit, established by State statute, is equivalent to 2% of the employee's final average salary multiplied by years of service. Final average salary is the average of the three consecutive highest annual earnings out of the last fifteen years of earnings. For all employees hired on or after July 1, 2015, average salary is the average of the five consecutive highest annual earnings out of the last fifteen years of earnings. Terminated members with at least five years of contributory service who do not withdraw their accumulated contributions may elect to receive their retirement annuity beginning at age 62. For all employees hired on or after July 1, 2015 who have separated from employment with a participating PERS agency prior to retirement, the retirement age increases to age 64.

Contributions

While contribution rates are legislatively determined, actuarial valuations are performed to assist PERS and the State Legislature in determining contribution rates. Current funding policy requires employer contributions of 10%, 10% and 11% for the years ended June 30, 2020, 2019 and 2018, respectively. As permitted by legislation, BRIM has elected to pay 100% of all costs relating to the Plan, including the employee's 4.5% contribution for employees hired on or before February 6, 2012. Beginning February 7, 2012, new hires are required to pay the employee's contribution of 4.5%. For all employees hired on or after July 1, 2015, the employee contribution increased to 6.0%. BRIM's contributions to the Plan were \$152, \$142 and \$138 for the fiscal years ended June 30, 2020, 2019 and 2018, respectively.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

The West Virginia Consolidated Public Retirement Board (WVCPRB) administers this cost-sharing multiple-employer plan. At June 30, 2020 and 2019, BRIM reported a liability of \$214 and \$249 for its proportionate share of the net pension liability. The net pension liability reported at June 30, 2020 was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018, rolled forward to the measurement date of June 30, 2019. BRIM's proportion of the net pension liability was based on BRIM's share of contributions to the pension plan relative to the contributions of all employers participating in PERS for the year ended June 30, 2019. At June 30, 2020, BRIM's proportionate share was 0.0995%, which was an increase of 0.0031% from its proportionate share as of June 30, 2019.

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For the years ended June 30, 2020 and 2019, BRIM recognized pension expense of \$220 and \$5, respectively. At June 30, 2020 and 2019, BRIM reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 77	\$ -	\$ 146
Differences between expected and actual experience	8	19	12	1
Difference in assumptions	-	39	-	-
Changes in proportion and differences between BRIM's contributions and proportionate share of contributions	55	10	219	53
BRIM's contributions made subsequent to the measurement date of June 30, 2019 and 2018	<u>152</u>	<u>-</u>	<u>142</u>	<u>-</u>
Total	<u>\$ 215</u>	<u>\$ 145</u>	<u>\$ 373</u>	<u>\$ 200</u>

Employer contributions to PERS made during the fiscal year, subsequent to the pension liability measurement date, are recorded as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the following year. The net difference between projected and actual investment earnings on pension plan investments is amortized over a five-year period. All other deferred outflows of resources and deferred inflows of resources relating to pension amounts reported in the financial statements are amortized and included in pension expense over the average remaining service life, rounded to the nearest whole year, of four years.

These other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension as of June 30, 2020 will be recognized in pension expense as follows:

Year ending June 30:

2021	\$ (12)
2022	\$ (101)
2023	\$ (2)
2024	\$ 33

Actuarial assumptions and methods

The total pension liabilities for financial reporting purposes were determined by actuarial valuation as of July 1, 2018, and rolled forward to June 30, 2019, using the actuarial assumptions and methods described, as follows:

	2020	2019
Inflation	3.0%	3.0%
Salary increase	3.1-6.5%, avg., including inflation	3.0-4.6%, avg., including inflation
Investment rate of return	7.5%, net of pension plan investment expense	7.5%, net of pension plan investment expense

Mortality rates were based on 110% of the RP-2000 Healthy Annuitant table, projected with Scale AA on a fully generational basis for healthy males, 101% of RP-2000 Healthy Annuitant table, projected with Scale AA on a fully generational basis for healthy females, 96% of RP-2000 Disabled Annuitant table, projected with Scale AA on a

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fully generational basis for disabled males, and 107% of RP-2000 Disabled Annuitant table, projected with Scale AA on a fully generational basis for disabled females.

The actuarial assumptions used in the valuations were based on the results from an actual experience study for the period July 1, 2013 through June 30, 2018.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of long-term geometric rates of return for each major asset class included in the system's target asset allocation as of June 30, 2019 and 2018, are summarized below:

Asset Class	Long-Term Expected Rate of Return
Domestic equity	5.8%
International equity	7.7%
Fixed income	3.3%
Real estate	6.1%
Private equity	8.8%
Hedge funds	4.4%

Discount rate

The discount rate used to measure the total pension liability was 7.5% for both valuations. The projection of cash flows used to determine the discount rate assumed that State contributions will continue to follow the current funding policy. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current system members. Therefore, the long-term expected rate of return on system investments was applied to all periods of projected benefit payments to determine the total pension liability. In the event of benefit payments that are not covered by the system's fiduciary net position, a municipal bond rate of 2.79% at June 30, 2019 and 2.71% at June 30, 2018 is to be used to discount the benefit payments not covered by the system's fiduciary net position. The municipal bond rate equals the S&P Municipal Bond 20 Year High Grade Index at the measurement date, June 30, 2019.

Sensitivity of BRIM'S proportionate share of the net pension liability to changes in the discount rate

The following presents BRIM's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what BRIM's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
BRIM's proportionate share of net pension liability (asset)	\$ (997)	\$ (214)	\$ 448

6. Other Post-Employment Benefits

Plan description

BRIM participates in the West Virginia Other Postemployment Benefit Plan (the Plan) is a cost-sharing, multiple employer, defined benefit other post-employment benefit plan and covers the retirees of State agencies, colleges and universities, county boards of education, and other government entities as set forth in the West Virginia Code Section 5-16D-2 (the Code). The financial activities of the Plan are accounted for in the West Virginia Retiree Health Benefit Trust Fund (RHBT), a fiduciary fund of the State of West Virginia. The Plan is administered by a combination of the West Virginia Public Employees Insurance Agency (PEIA) and the RHBT staff. Plan benefits are established and revised by PEIA and the RHBT management with approval of the Finance Board. The Finance Board is comprised of nine members. Finance Board members are appointed by the Governor, serve a term of four years and are eligible for reappointment. The State Department of Administration cabinet secretary serves as Chairman of the Board. Four members represent labor, education, public employees and public retirees. Four remaining members represent the public-at-large.

The Plan had approximately 43,000 policyholders and 64,000 covered lives at June 30, 2019.

BRIM currently has approximately 18 employees eligible to receive RHBT benefits.

Active employees who retire are eligible for PEIA health and life benefits, provided they meet the minimum eligibility requirements of the applicable State retirement system and if their last employer immediately prior to retirement: is a participating employer under the Consolidated Public Retirement Board (CPRB) and, as of July 1, 2008 forward, is a participating employer with the Public Employees Insurance Agency (PEIA). Active employees who, as of July 1, 2008, have ten years or more of credited service in the CPRB and whose employer at the time of their retirement does participate with CPRB, but does not participate with PEIA will be eligible for PEIA retiree coverage provided: they otherwise meet all criteria under this heading and their employer agrees, in writing, upon a form prescribed by PEIA, that the employer will pay to PEIA the non-participating retiree premium on behalf of the retiree or retirees, or that the retiree agrees to pay the entire unsubsidized premium themselves. Active employees who are members of the Teacher's Defined Contribution Retirement plan must be either: 55 years of age and have 12 or more years of credited service; or be at least 60 years of age with five years of service; and their last employer immediately prior to retirement must be a participating employer under that, or the CPRB system to qualify to continue PEIA insurance benefits upon retirement. Employees who participate in non-State retirement systems but that are CPRB system affiliated, contracted, or approved (such as TIAA-CREF and similar plans), or are approved, in writing, by the PEIA Director must, in the case of education employees, meet the minimum eligibility requirements of the State Teacher's Retirement System, and in all other cases meet the minimum eligibility requirements of the Public Employees Retirement System to be eligible for PEIA benefits as a retiree.

For additional financial information, which may be used for disclosure by participating employers, please refer to the audited financial statements of the RHBT. The RHBT audited financial statements and actuarial reports can be found on the PEIA website at www.peia.wv.gov. If you have any questions about this report or need additional information, contact the Chief Financial Officer, Jason Haught, at (304) 558-7850, ext. 52642 or the RHBT Controller, Jennifer Priddy, at (304) 558-7850, ext. 52681. You can also submit your questions in writing to West Virginia Public Employees Insurance Agency, 601 57th Street, SE Suite 2, Charleston, WV 25304..

Benefits provided

The Plan provides the following benefits:

- Medical and prescription drug insurance
- Life insurance

The medical and prescription drug insurance is provided through two options:

- Self-Insured Preferred Provider Benefit Plan – primarily for non-Medicare-eligible retirees and spouses
- External Managed Care Organizations – primarily for Medicare-eligible retirees and spouses

Contributions

Contributions into RHBT include paygo, retiree leave conversion billings, and other matters, including billing adjustments. Paygo premiums are established by the Finance Board annually. All participating employers are required by statute to contribute to RHBT this premium at the established rate for every active policyholder per month. Paygo rates were \$168 and \$183 for the years ending June 30, 2020 and 2019, respectively. Paygo rates were \$177 for January 2018 through June 2018. Other contributions such as retiree leave conversion differ by agency and are only recorded as utilized by plan participants. BRIM's contributions to RHBT were \$39, \$45 and \$44 for the fiscal years ended June 30, 2020, 2019 and 2018, respectively.

Members retired before July 1, 1997 pay retiree healthcare contributions at the highest sponsor subsidized rate, regardless of their actual years of service. Members retired between July 1, 1997 and June 30, 2010, pay a subsidized rate depending on the member's years of service. Members hired on or after July 1, 2010, pay retiree healthcare contributions with no sponsor provided implicit or explicit subsidy.

Retiree leave conversion contributions from the employer depend on the retiree's date of hire and years of service at retirement as described below:

- Members hired before July 1, 1988, may convert accrued sick or leave days into 100% of the required retiree healthcare contribution.
- Members hired from July 1, 1988, to June 30, 2001, may convert accrued sick or leave days into 50% of the required retiree healthcare contribution.

The conversion rate is two days of unused sick and annual leave days per month for single healthcare coverage and three days of unused sick and annual leave days per month for family healthcare coverage.

OPEB liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB

At June 30, 2020 and 2019, BRIM reported a liability of \$391 and \$470 for its proportionate share of the net OPEB liability. The net OPEB liability reported at June 30, 2020 was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to the measurement date of June 30, 2019. For fiscal year 2019, the net OPEB liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017 and rolled forward to the measurement date of June 30, 2018. BRIM's proportion of the net OPEB liability was based on BRIM's share of contributions to the OPEB plan relative to the contributions of all employers participating in RHBT for the year ended June 30, 2019. At June 30, 2020, BRIM's proportionate share was 0.0236%, which was an increase of 0.0017% from its proportionate share as of June 30, 2019.

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At June 30, 2020 and 2019, BRIM reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between expected and actual earnings on OPEB investments	\$ 2	\$ 6	\$ -	\$ 9
Differences between expected and actual experience	-	46	-	7
Changes in assumptions	-	79	-	47
Changes in proportion and differences between BRIM's contributions and proportionate share of contributions	43	29	21	46
Reallocation of opt-out employer changes in proportionate share	-	11	-	-
BRIM's contributions made subsequent to the measurement date of June 30, 2018 and 2017	39	-	44	-
Total	\$ 84	\$ 171	\$ 65	\$ 109

Employer contributions to RHBT made during the fiscal year, subsequent to the net OPEB liability measurement date, are recorded as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the following year.

The net difference between projected and actual investment earnings on OPEB Plan investments are recognized in OPEB expense using a systematic and rational method over a closed five-year period. Differences between actual and expected experience relating to OPEB amounts are recognized in OPEB expense using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the OPEB Plan determined as of the beginning of the measurement period. The average of the expected remaining lives is 4.6370 years.

These other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ending June 30:

2021	\$ (51)
2022	\$ (34)
2023	\$ (25)
2024	\$ (4)

OPEB Contributions by Non-employer Contributing Entities in a Special Funding Situation

The State of West Virginia is a non-employer contributing entity that provides funding through SB 419, effective July 1, 2012, amended by West Virginia Code §11-21-96. The State provides a supplemental pre-funding source dedicating \$30 million annually to the RHBT Fund from annual collections of the Personal Income Tax Fund and dedicated for payment of the unfunded liability of the RHBT. The \$30 million transferred pursuant to this Code shall be transferred until the Governor certifies to the Legislature that an independent actuarial study has determined that the unfunded liability of RHBT has been provided for in its entirety or July 1, 2037, whichever date is later. This funding is to the advantage of all RHBT contributing employers.

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The State is a non-employer contributing entity that provides funding through West Virginia State Code §11B-2-32. The Financial Stability Fund is a plan to transfer an annual amount of \$5 million to the RHBT from special revenue funds to be used to lower retiree premiums, to help reduce benefit cuts, to help reduce premium increases or any combination thereof. The \$5 million transferred pursuant to this Code shall be transferred annually into the RHBT through June 30, 2020. This funding is to the advantage of all RHBT contributing employers.

For the years ended June 30, 2020 and 2019, BRIM recognized OPEB expense of \$28 and \$47.

For the years ended June 30, 2020 and 2019, BRIM recognized revenue of \$24 and \$30, respectively, for support provided by the State under a special funding situation.

BRIM's reported liability for its proportionate share of the WV OPEB Plan's net OPEB liability that reflected a reduction for the State of WV OPEB support provided to BRIM. The amount recognized BRIM as its proportionate share of the net OPEB liability, the related State of WV support, and the total portion of the net OPEB liability that was associated with BRIM as of June 30 was as follows.

	<u>2020</u>	<u>2019</u>
BRIM's proportionate share of the net OPEB liability:	\$ 391	\$ 470
State of WV's special funding proportionate share of the net OPEB		
Liability associated with BRIM	<u>80</u>	<u>97</u>
Total portion of the net OPEB liability associated with BRIM	<u>\$ 471</u>	<u>\$ 567</u>

Actuarial assumptions

The net OPEB liability was determined by an actuarial valuation as of June 30, 2018, rolled forward to June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation 2.75%

Salary increases Dependent upon pension system ranging from 3.00% to 6.50%, including inflation

Investment rate of return 7.15%, net of OPEB plan investment expense, including inflation

Healthcare cost trend rates

Trend rate for pre-Medicare per capita costs of 8.5% for plan year end 2020, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year 2028. Trend rate for Medicare per capita costs of 3.1% for plan year ended 2020, 9.5% for plan year end 2021, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year end 2031.

Actuarial cost method Entry Age Normal Cost Method

Amortization method..... Level percentage of payroll over a 21-year closed period

Remaining amortization period.. 20 years closed as of June 30, 2018

RP-2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis for PERS and TRS. RP-2014 Healthy Annuitant Mortality Table projected with scale MP-2016 on a fully generational basis for Troopers A and B. Pre-Retirement: RP-2000 Non- Annuitant Mortality Table projected with Scale AA on a fully generational basis for PERS and TRS. RP-2014 Employee Mortality Table projected with Scale MP-2016 on a fully generational basis for Troopers A and B.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 – June 30, 2015.

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Certain assumptions have been changed since the prior actuarial valuation of June 30, 2017 and a measurement date of June 30, 2019. The net effect of assumptions changes was approximately \$236 million. The assumption changes that most significantly impacted the Net OPEB Liability were an approximate 11.8 million decrease in the per capita claims costs for Pre-Medicare and Medicare, as well as an approximate \$224.2 million decrease due to capped subsidy costs implemented in December 2019. Certain other assumption changes were noted but did not materially impact the Net OPEB Liability.

The long-term expected rate of return of 7.15% on OPEB plan investments was determined by a combination of an expected long-term rate of return of 7.50% for long-term assets invested with the WV Investment Management Board and an expected short-term rate of return of 3.0% for assets invested with the West Virginia Board of Treasury Investments.

Long-term pre-funding assets are invested with the WVIMB. The strategic asset allocation consists of 55% equity, 15% fixed income, 10% private equity, 10% hedge fund and 10% real estate invested. Short-term assets used to pay current year benefits and expenses are invested with the WVBTI.

The long-term rate of return on OPEB plan investments was determined using a building block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages. Target asset allocations, capital market assumptions ("CMA"), and a 10-year forecast of nominal geometric returns by major asset class were provided by the plan's investment advisors, including the West Virginia Investment Management Board ("WV-IMB"). The projected nominal return for the Money Market Pool held with the West Virginia Board of Treasury Investments ("WV-BTI") was estimated based on WV-IMB assumed inflation of 2.0% plus a 25 basis point spread.

The target allocation and estimates of annualized real returns assuming a 10-year horizon are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real return
Global Equity	49.5%	4.8%
Core plus fixed income	13.5	2.1
Core real estate	9.0	4.1
Hedge fund	9.0	2.4
Private equity	9.0	6.8
Cash and cash equivalents	10.0	0.3
Total allocation	100.0%	

Single discount rate

A single discount rate of 7.15% was used to measure the OPEB liability. The single discount rate was based on the expected rate of return on OPEB plan investment of 7.15% and a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date to the extent benefits are effectively financed on a pay-as-you-go basis. The long-term municipal bond rate used to develop the single discount rate was 3.62% as of the beginning of the year and 3.13% as of the end of the year. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made in accordance with the prefunding and investment policies. Future pre-funding assumptions include a \$30 million annual contribution from the State through 2037. Based on those assumptions, and that the Plan is expected to be fully funded by fiscal year ended June 30, 2033, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. Discount rates are subject to change between measurement dates. The discount rate used to measure the total OPEB liability did not change for the June 30, 2018 valuation from the June 30, 2017 valuation.

Sensitivity of BRIM'S proportionate share of the net OPEB liability to changes in the discount rate

The following presents BRIM's proportionate share of the net OPEB liability calculated using the discount rate of 7.15%, as well as what BRIM's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.15%) or one percentage point higher (8.15%) than the current rate:

	<u>1% Decrease (6.15%)</u>	<u>Current Discount Rate (7.15%)</u>	<u>1% Increase (8.15%)</u>
BRIM's proportionate share of net OPEB liability	\$ 467	\$ 391	\$ 328

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates.

The following presents BRIM's proportionate share of the net OPEB liability of the Plan, as well as what the BRIM's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Net OPEB liability	\$ 316	\$ 391	\$ 483

7. Lease Arrangement

On October 1, 2019, BRIM entered into a lease with the West Virginia Department of Administration for 13,364 square feet at the Albert Summers building located at 1124 Smith Street, Charleston, WV for an annual rental of \$222. This lease expires on August 31, 2022.

Operating lease expense approximated \$222 for both the years ended June 30, 2020 and 2019, respectively, relating to these arrangements. Future minimum lease payments under these operating lease arrangements are as follows for years ending June 30:

2021	\$ 222
2022	\$ 222
2023	\$ 37

8. Transactions with Primary Government and Component Units

Premium revenues derived from billings to State entities, which are funded by special revenue funds and component units of the primary government, approximated \$47,675 and \$47,713 for the years ended June 30, 2020 and 2019, respectively.

BRIM is required by Senate Bill 1002 to remit amounts equal to the gross premium tax attributable to premiums collected by BRIM. These amounts are to be placed in a separate account known as "the Premium Tax Savings Fund" (the Fund) maintained by the State Treasurer. The balance in this fund was \$3,258 and \$9,362 at June 30, 2020 and 2019, respectively. The Fund is not included in BRIM's financial statements but is included in the general fund of the State.

9. Reinsurance (Amounts Referenced in this Note Related to Insurance Coverages are Actual Dollars)

BRIM has entered into two reinsurance agreements for excess coverage with unrelated insurance companies wherein the company assumes the liability over BRIM's limit for a ceded premium. BRIM obtains an excess policy from the commercial market, which gives boards of education a liability limit of up to \$5 million in excess of BRIM's \$1 million self-insured limit. BRIM also purchases an excess policy on all State and SB3 insured property over and above BRIM's \$1 million self-insured limit. These reinsurance agreements have been accounted for as a transfer

of risk in the accompanying financial statements; however, BRIM is not relieved of its primary obligation to the insureds in the reinsurance transaction. BRIM had \$593 reinsurance recoveries for the fiscal year ended June 30, 2020, and \$0 for the fiscal year ended June 30, 2019.

10. Risk Management (*Amounts Referenced in this Note Related to Insurance Coverages are Actual Dollars*)

BRIM is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to and illnesses of employees; medical liabilities; and natural disasters.

BRIM is a participant in the self-insured public entity risk pool it administers. Coverage is in the amount of \$1 million per occurrence for general liability and property damage. Health insurance coverage for BRIM's employees is obtained through its participation in health insurance coverage offered by the West Virginia Public Employees Insurance Agency (PEIA). PEIA provides the following basic employee benefit coverage to all participants: hospital, surgical, group major medical, basic group life, accidental death and prescription drug coverage for active and retired employees of the State and various related State and non-State agencies. BRIM has coverage for job-related injuries through a statewide workers' compensation policy with a third-party insurer.

There have been no significant reductions in insurance coverage from the prior year. Additionally, the amount of settlements has not exceeded insurance coverage in the past three years.

11. COVID-19 Pandemic

On March 13, 2020, the President of the United States declared a national emergency with respect to the global coronavirus disease ("COVID-19"), a respiratory disease declared to be a pandemic by the World Health Organization. In response to COVID-19, the federal government and a large number of state governments, including West Virginia, have imposed strict measures to curtail aspects of public life in an effort to control further spreading of COVID-19, including closures of schools, non-life essential businesses and stay at home guidelines.

The spread of the virus may disrupt the BRIM's business along with the business of BRIM's participants. The economic uncertainty caused by the virus has not been fully determined but could have a significant impact on BRIM's financial condition, results of operations, and future cash flows. It is not currently possible to predict the impact on BRIM associated with COVID-19, and, therefore, the financial statements do not reflect any adjustments as a result of the subsequent increase in economic uncertainty.

Required Supplementary Information
(in thousands)

West Virginia Board of Risk and Insurance Management
Ten-Year Claims Development Information
Fiscal and Policy Year Ended June 30
(in thousands)

The table below illustrates how BRIM's earned revenues (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by BRIM as of the end of each of the last ten years. The rows of the table are defined as follows: (1) This line shows the total of each fiscal year's premium revenues and investment revenues. (2) This line shows each fiscal year's other operating costs of BRIM including overhead and unallocated claims expense not allocable to individual claims. (3) This line shows BRIM's incurred claims and claims adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year). (4) This section of rows shows the cumulative amounts paid as of the end of successive years for each policy year. (5) This line shows the latest reestimated amount of losses assumed by reinsurers for each year. (6) This section of rows shows how each policy year's incurred claims increased or decreased as of the end of successive years. This annual reestimation results from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known. (7) This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years. The columns of the table show data for successive policy years.

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
1) Premiums and investment revenues:										
Earned	\$ 71,320	\$ 64,361	\$ 54,969	\$ 69,172	\$ 63,037	\$ 72,706	\$ 81,209	\$ 85,663	\$ 104,345	\$ 105,385
Ceded	6,075	5,386	5,825	6,102	6,197	6,909	6,681	6,518	6,627	6,915
Net earned	65,245	58,975	49,144	63,070	56,840	65,797	74,528	79,145	97,718	98,470
2) Unallocated expenses, including administrative fees paid to third-party claims administrators	7,867	7,562	7,240	7,888	7,653	7,911	8,290	8,507	8,684	9,224
3) Estimated incurred claims and claims adjustment expense, end of policy year:										
Incurred	53,728	60,176	57,276	58,389	62,342	66,740	70,705	72,629	69,092	70,402
Ceded	-	2,312	-	-	-	-	-	596	-	593
Net incurred	53,728	57,864	57,276	58,389	62,342	66,740	70,705	72,033	69,092	69,809
4) Paid (cumulative) claims and claims adjustment expense as of:										
End of policy year	10,757	10,156	10,870	10,560	11,146	12,863	11,922	11,846	10,321	12,300
One year later	18,034	20,830	18,936	19,965	24,010	23,494	23,067	22,032	22,279	
Two years later	26,398	30,577	30,649	29,077	34,801	34,585	37,673	32,994		
Three years later	34,305	43,021	40,132	45,059	43,864	44,997	44,538			
Four years later	39,497	48,351	48,853	51,231	48,379	49,631				
Five years later	42,538	51,004	52,093	53,383	50,322					
Six years later	43,031	53,155	53,802	54,454						
Seven years later	43,383	54,121	54,126							
Eight years later	43,877	55,578								
Nine years later	43,877									
5) Reestimated ceded claims and expenses	-	248	-	-	-	2,782	-	596	-	-
6) Reestimated net incurred claims and allocated claims adjustment expense:										
End of policy year	53,728	57,864	57,276	58,389	62,342	66,740	70,705	72,033	69,092	69,809
One year later	52,844	58,812	56,883	57,772	65,545	64,655	65,589	65,418	69,463	
Two years later	50,289	61,106	63,767	61,216	62,727	62,537	65,151	62,380		
Three years later	48,480	62,460	61,150	61,249	59,235	59,700	62,032			
Four years later	47,980	57,109	58,836	59,741	55,907	57,468				
Five years later	46,321	56,003	58,016	64,041	55,374					
Six years later	44,680	56,093	63,918	65,836						
Seven years later	43,910	63,858	60,909							
Eight years later	44,768	62,409								
Nine years later	45,971									
7) (Decrease) increase in estimated net incurred claims and allocated claims adjustment expense from end of policy year	(7,757)	4,545	3,633	7,447	(6,968)	(9,272)	(8,673)	(9,653)	371	-

Note: The above financial data is summarized for individual contract periods. Subsequent premium and related expense adjustments and reserve developments are recorded in the year incurred for fiscal year financial reporting, but are included in the applicable contract year for purposes of the above schedule. Accordingly, components of the change in net position as determined on a contract-year basis will differ from those included in BRIM's fiscal year financial statements.

West Virginia Board of Risk and Insurance Management
Reconciliation of Unpaid Claims and Claims Adjustment Expense Liability by Type of Contract
Fiscal and Policy Year Ended June 30
(in thousands)

The table below presents the changes in unpaid claims and claims adjustment expense liability for BRIM's lines of business:

	2020				2019			
	Liability	Property	Mine Subsidence	Total	Liability	Property	Mine Subsidence	Total
Unpaid claims and claims adjustment expense liability at beginning of fiscal year	\$ 183,378	\$ 6,022	\$ 1,578	\$ 190,978	\$ 160,195	\$ 5,512	\$ 1,294	\$ 167,001
Included claims and claims adjustment expense:								
Provision for insured events of the current fiscal year	63,552	5,307	950	69,809	63,601	4,490	1,001	69,092
Increase (decrease) in provision for insured events of prior fiscal years	(6,888)	2,834	(406)	(4,460)	10,806	(277)	548	11,077
Total incurred claims and claims adjustment expense	56,664	8,141	544	65,349	74,407	4,213	1,549	80,169
Payments:								
Claims and claims adjustment expense attributable to insured events of the current fiscal year	9,694	2,507	99	12,300	9,056	1,081	184	10,321
Claims and claims adjustment expense attributable to insured events of the prior fiscal years	31,533	7,162	536	39,231	42,168	2,622	1,081	45,871
Total claims and claims adjustment expense payments	41,227	9,669	635	51,531	51,224	3,703	1,265	56,192
Total unpaid claims and claims adjustment expense liability at end of the fiscal year	\$ 198,815	\$ 4,494	\$ 1,487	\$ 204,796	\$ 183,378	\$ 6,022	\$ 1,578	\$ 190,978

West Virginia Board of Risk and Insurance Management
Schedule of Proportionate Share of the Net Pension Liability in PERS
Last Six Fiscal Years
(in thousands except percentages)

	2020	2019	2018	2017	2016	2015
BRIM's proportionate (percentage) of the net pension liability	0.0995%	0.0964%	0.0767%	0.0833%	0.0836%	0.0994%
BRIM's proportionate share of the net pension liability	\$ 214	\$ 249	\$ 331	\$ 766	\$ 467	\$ 367
BRIM's covered payroll	\$ 1,432	\$ 1,275	\$ 1,013	\$ 1,100	\$ 878	\$ 962
BRIM's proportionate share of the net pension's liability as a percentage of its covered payroll	14.94%	19.53%	32.68%	69.64%	53.19%	38.15%
Plan fiduciary net position as a percentage of the total pension liability *	96.99%	96.33%	93.67%	86.11%	91.29%	93.98%

* This is the same percentage for all participant employers in the PERS plan.

Note 1: All amounts presented are as of the measurement date, which is one year prior to the fiscal year end date.

West Virginia Board of Risk and Insurance Management
Schedule of Contributions to PERS
Last Eight Fiscal Years
(in thousands except percentages)

	2020	2019	2018	2017	2016	2015	2014	2013
Statutorily required contribution	\$ 152	\$ 142	\$ 138	\$ 123	\$ 149	\$ 127	\$ 133	\$ 129
Contributions in relation to the statutorily required contribution	(152)	(142)	(138)	(123)	(149)	(127)	(133)	(129)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,573	\$ 1,432	\$ 1,275	\$ 1,013	\$ 1,100	\$ 878	\$ 962	\$ 1,014
Contributions as a percentage of covered payroll	9.66%	9.92%	10.82%	12.14%	13.55%	14.00%	14.50%	14.00%

Notes to Required Supplementary Information – Schedule of Proportionate Share of the Net Pension Liability in PERS and Schedule of Contributions to PERS

1. Trend Information Presented

The accompanying schedules of BRIM's proportionate share of the net pension liability and contributions to PERS are required supplementary information to be presented for 10 years. However, until a full 10-year trend is compiled, information is presented in the schedules for those years for which information is available.

2. Plan Amendment

The PERS was amended to make changes that apply to new employees hired on or after July 1, 2015, as follows:

- For employees hired prior to July 1, 2015, qualification for normal retirement is age 60 with five years of service or at least age 55 with age and service equal to 80 or greater. For employees hired on or after July 1, 2015, qualification for normal retirement is 62 with 10 years of service or at least age 55 with age and service equal to 80 or greater.
- The straight life annuity retirement benefit is equivalent to 2% of average salary multiplied by years of service. For employees hired prior to July 1, 2015, average salary is the average of the three consecutive highest annual earnings out of the last fifteen years of earnings. For all employees hired on or after July 1, 2015, average salary is the average of the five consecutive highest annual earnings out of the last fifteen years of earnings.
- For employees hired prior to July 1, 2015, terminated members with at least five years of contributory service who do not withdraw their accumulated contributions may elect to receive their retirement annuity beginning at age 62. For all employees hired on or after July 1, 2015, this age increases to 64.
- For all employees hired prior to July 1, 2015, employees are required to contribute 4.5% of annual earnings. All employees hired on or after July 1, 2015, are required to contribute 6% of annual earnings.

West Virginia Board of Risk and Insurance Management
Notes to Required Supplementary Information – Schedule of Proportionate Share of the Net
Pension Liability in PERS and Schedule of Contributions to PERS
(in thousands)

3. Changes in Assumptions

A summary of changes in key actuarial valuation assumptions utilized in the actuarial valuation are as follows:

	2018	2017
Projected salary increases:		
State	3.0 - 4.6%	3.0 - 4.6%
Non-state	3.0 - 4.6%	3.0 - 4.6%
Inflation rate	3.0%	3.0%
Mortality rates	Healthy males -110% of RP-2000 Non-Annuitant, Scale AA Healthy females-101% or RP-2000 Non-Annuitant, Scale AA Disabled males - 96% of RP-2000 Disabled annuitant, Scale AA Disabled females - 107% of RP-2000 Disabled annuitant, Scale AA	Healthy males -110% of RP-2000 Non-Annuitant, Scale AA Healthy females-101% or RP-2000 Non-Annuitant, Scale AA Disabled males - 96% of RP-2000 Disabled annuitant, Scale AA Disabled females - 107% of RP-2000 Disabled annuitant, Scale AA
Withdrawal rates:		
State	1.75 - 35.1%	1.75 - 35.1%
Non-state	2 - 35.8%	2 - 35.8%
Disability rates	0 - .675%	0 - .675%
	2016	2015
Projected salary increases:		
State	3.0 - 4.6%	3.0 - 4.6%
Non-state		3.35 - 6.0%
Inflation rate		1.90%
Mortality rates	Healthy males -110% of RP-2000 Non-Annuitant, Scale AA Healthy females-101% or RP-2000 Non-Annuitant, Scale AA Disabled males - 96% of RP-2000 Disabled annuitant, Scale AA Disabled females - 107% of RP-2000 Disabled annuitant, Scale AA	Healthy males -110% of RP-2000 Non-Annuitant, Scale AA Healthy females-101% or RP-2000 Non-Annuitant, Scale AA Disabled males - 96% of RP-2000 Disabled annuitant, Scale AA Disabled females - 107% of RP-2000 Disabled annuitant, Scale AA
Withdrawal rates:		
State	1.75 - 35.1%	1.75 - 35.1%
Non-state	2 - 35.8%	2 - 35.8%
Disability rates	0 - .675%	0 - .675%

West Virginia Board of Risk and Insurance Management
Schedule of Proportionate Share of the Net OPEB Liability in RHBT
Last Three Fiscal Years
(in thousands except percentages)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
BRIM's proportionate (percentage) of the net OPEB liability	0.0236%	0.0219%	0.0208%
BRIM's proportionate share of the net OPEB liability	\$ 391	\$ 470	\$ 512
State's proportionate share of the net OPEB liability associated with BRIM	<u>80</u>	<u>97</u>	<u>105</u>
Total	<u>\$ 471</u>	<u>\$ 567</u>	<u>\$ 617</u>
BRIM's covered-employee payroll	\$ 1,040	\$ 905	\$ 812
BRIM's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	37.60%	51.93%	63.05%
Plan fiduciary net position as a percentage of the total OPEB liability *	39.69%	30.98%	25.10%

* This is the same percentage for all participant employers in the OPEB plan.

Note 1: All amounts presented are as of the measurement date, which is one year prior to the fiscal year end date.

Note 2: The accompanying schedules of BRIM's proportionate share of the net OPEB liability is required supplementary information to be presented for 10 years. However, until a full 10-year trend is compiled, information is presented in the schedule for those years for which information is available.

West Virginia Board of Risk and Insurance Management
Schedule of Contributions to RHBT
Last Five Fiscal Years
(in thousands except percentages)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily required contribution	\$ 39	\$ 45	\$ 44	\$ 43	\$ 41
Contributions in relation to the statutorily required contribution	<u>(39)</u>	<u>(45)</u>	<u>(44)</u>	<u>(43)</u>	<u>(41)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	<u>\$ 1,109</u>	<u>\$ 1,040</u>	<u>\$ 905</u>	<u>\$ 812</u>	<u>\$ 870</u>
Contributions as a percentage of covered-employee payroll	<u>4%</u>	<u>4%</u>	<u>5%</u>	<u>5%</u>	<u>5%</u>

Note 1: The accompanying schedules of BRIM's contributions to RHBT is required supplementary information to be presented for 10 years. However, until a full 10-year trend is compiled, information is presented in the schedule for those years for which information is available.

***Other Supplementary Information
(in thousands)***

West Virginia Board of Risk and Insurance Management
Combining Statement of Net Position
June 30, 2020
(in thousands)

	Other Lines of Business	Mine Subsidence	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 21,271	\$ -	\$ 21,271
Advance deposits with carrier/trustee	264,014	-	264,014
Receivables, net	3,052	-	3,052
Prepaid insurance:			
Restricted cash and cash equivalents	-	20,808	20,808
Restricted receivables, net	-	1,134	1,134
Total current assets	288,337	21,942	310,279
Noncurrent assets:			
Investments	104,382	-	104,382
Restricted investments	-	60,280	60,280
Total non current assets	104,382	60,280	164,662
Total assets	392,719	82,222	474,941
DEFERRED OUTFLOWS OF RESOURCES			
Pension	215	-	215
Other post-employment benefits	84	-	84
Total deferred outflows of resources	299	-	299
LIABILITIES			
Current liabilities:			
Estimated unpaid claims and claims adjustment expense	68,430	906	69,336
Unearned revenue	7,556	2,108	9,664
Agent commissions payable	1,486	-	1,486
Accrued expenses and other liabilities	438	2	440
Total current liabilities	77,910	3,016	80,926
Noncurrent liabilities:			
Estimated claims and claims adjustment expense, noncurrent	134,879	581	135,460
Compensated absences	142	8	150
Net pension liability	214	-	214
Net other post-employment benefits	391	-	391
Total noncurrent liabilities	135,626	589	136,215
Total liabilities	213,536	3,605	217,141
DEFERRED INFLOWS OF RESOURCES			
Pension	145	-	145
Other post-employment benefits	171	-	171
Total deferred inflows of resources	316	-	316
NET POSITION			
Restricted	-	78,617	78,617
Unrestricted	179,166	-	179,166
Net position	\$ 179,166	\$ 78,617	\$ 257,783

See auditors' report on other financial information.

West Virginia Board of Risk and Insurance Management
Combining Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2020
(in thousands)

	Other Lines of Business	Mine Subsidence	Total
Operating revenues:			
Premiums	\$ 78,199	\$ 4,368	\$ 82,567
Less excess coverage/reinsurance premiums	(6,915)	-	(6,915)
Total operating revenues	71,284	4,368	75,652
Operating expenses:			
Claims and claims adjustment expense	64,803	546	65,349
General and administrative expense	4,873	161	5,034
Total operating expenses	69,676	707	70,383
Operating income	1,608	3,661	5,269
Nonoperating revenues:			
Investment income	20,329	2,489	22,818
OPEB nonoperating income	24	-	24
Net nonoperating revenues	20,353	2,489	22,842
Increase in net position	\$ 21,961	\$ 6,150	\$ 28,111

West Virginia Board of Risk and Insurance Management
Form 7 - Deposits Disclosure
June 30, 2020
(in thousands)

	<u>Fair Value</u>
Cash with Treasurer	<u>\$ 1,149</u> ⁽¹⁾
⁽¹⁾ Agrees to audited statement of cash flows as follows:	
Cash with Treasurer	\$ 1,149 ⁽²⁾
Cash equivalents with BTI	<u>40,930</u> ⁽²⁾
	<u>\$ 42,079</u> ⁽³⁾
⁽²⁾ Agrees to Form 8-A	
⁽³⁾ Agrees to audited statement of net position as follows:	
Cash and cash equivalents	\$ 21,271
Restricted cash and cash equivalents	<u>20,808</u>
	<u>\$ 42,079</u>

West Virginia Board of Risk and Insurance Management

Form 8 - Investments Disclosure

June 30, 2020

(in thousands)

Investment Pool	Amount Unrestricted	Amount Restricted	Amount Reported	Fair Value
BTI and WVIMB Investment Pools:				
Cash liquidity	\$ 20,331 ⁽¹⁾	\$ 20,599 ⁽¹⁾	\$ 40,930 ⁽³⁾	\$ 40,930
Long-term	104,382 ⁽¹⁾	60,280 ⁽¹⁾	164,662 ⁽³⁾	164,662
Total investments	<u>\$ 124,713 ⁽¹⁾</u>	<u>\$ 80,879 ⁽¹⁾</u>	<u>\$ 205,592</u>	<u>\$ 205,592</u>

⁽¹⁾ Agrees to audited statement of net position as follows:

Investments with BTI and WVIMB	\$ 124,713 ⁽¹⁾	\$ 80,879
Less investments classified as cash equivalents	20,331	20,599
Total investments	<u>\$ 104,382 ⁽²⁾</u>	<u>\$ 60,280 ⁽²⁾</u>

⁽²⁾ Agrees to audited statement of net position

⁽³⁾ Agrees to Form 8-A

West Virginia Board of Risk and Insurance Management
Form 8-A - Deposits and Investments Disclosure
June 30, 2020
(in thousands)

Reconciliation of cash and cash equivalents and investments as reported in the financial statements to the amounts disclosed in the footnotes:

Deposits:

Cash and cash equivalents as reported:

Noncurrent – restricted	\$ 20,808 ⁽¹⁾
Unrestricted	<u>21,271 ⁽¹⁾</u>

Total cash and cash equivalents 42,079

Less investments disclosed as cash equivalents 1,149 ⁽²⁾⁽³⁾

Fair value of deposits as disclosed on Form 7 \$ 40,930 ⁽²⁾

Investments:

Investments as reported:

Noncurrent – restricted	\$ 60,280 ⁽¹⁾
Noncurrent – unrestricted	<u>104,382 ⁽¹⁾</u>

Total investments 164,662

Add investments disclosed as cash equivalents -

Fair value of investments as disclosed on Form 8 \$ 164,662 ⁽³⁾

⁽¹⁾ Agrees to audited statement of net position

⁽²⁾ Agrees to Form 7

⁽³⁾ Agrees to Form 8

West Virginia Board of Risk and Insurance Management
Form 9 - Schedule of Receivables (Other Than State Agencies)
June 30, 2020
(in thousands)

	<u>Amount</u>
Accounts receivable (other than State agencies):	
Total accounts receivable as of June 30, 2019	\$ 4,186 ⁽¹⁾
Less allowance for doubtful accounts	<u>- ⁽²⁾</u>
Net receivable	<u><u>\$ 4,186</u></u>
⁽¹⁾ Derived from the audited statement of net position as follows:	
Receivables	\$ 3,052 ⁽²⁾
Restricted receivables	<u>1,134 ⁽²⁾</u>
	<u><u>\$ 4,186</u></u>

⁽²⁾ Agrees to the audited statement of net position

West Virginia Board of Risk and Insurance Management
Form 10 - Schedule of Accounts Receivable From Other State Agencies
June 30, 2020
(in thousands)

<u>Receivable From</u>	<u>Amount</u>
Accounts receivable from other State agencies	<u>\$ 1 ⁽¹⁾</u>
⁽¹⁾ Premiums due from other State agencies	\$ 1
Premiums due from other entities	<u>3,051</u>
Total receivables	<u>\$ 3,052 ⁽²⁾</u>

⁽²⁾ Agrees to audited statement of net position

West Virginia Board of Risk and Insurance Management
Form 13 - Schedule of Changes in Long-Term Obligations - Compensated Absences
June 30, 2020
(in thousands)

<u>Type of Debt</u>	<u>Final Maturity Date</u>	<u>Balance June 30, 2019</u>	<u>Payments</u>	<u>Other Changes</u>	<u>Balance June 30, 2020</u>
Compensated absences – annual leave	Varies	<u>\$ 124</u>	<u>\$ -</u>	<u>\$ 26</u>	<u>\$ 150</u> ⁽¹⁾

⁽¹⁾ Agrees to audited statement of net position

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors and Management
West Virginia Board of Risk and Insurance Management
Charleston, West Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the West Virginia Board of Risk and Insurance Management (BRIM), which comprise the statement of net position as of June 30, 2020, and the related statements of revenues, expenses and changes in position, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise BRIM's basic financial statements, and have issued our report thereon dated October 9, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered BRIM's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of BRIM's internal control. Accordingly, we do not express an opinion on the effectiveness of BRIM's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether BRIM's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dixon Hughes Goodman LLP

Charleston, West Virginia
October 9, 2020

DHG

STATE OF WEST VIRGINIA
DEPARTMENT OF ADMINISTRATION
BOARD OF RISK AND INSURANCE MANAGEMENT



Allan L. McVey
Cabinet Secretary

Mary Jane Pickens
Executive Director
Deputy Cabinet Secretary

**Executive Director's Report
December 15, 2020**

- A. Marshall University and West Virginia University Medical Malpractice Program
- As of December 4, 2020, Marshall has deposited \$1,375,000.00 into the escrow account for FY 2021. The fiscal year-to-date cumulative interest totals \$1,344.75. Disbursements totaling \$1,894,125.91 have been paid thus far in FY 2021.
 - As of December 4, 2020, a total of \$1,379,277.35 has been deposited into WVU's escrow account for FY 2021. The fiscal year-to-date cumulative interest totals \$2,864.60. Disbursements totaling \$1,690,062.03 have been paid thus far in FY 2021.

B. State Agency/Senate Bill #3 Liability Claim & Litigation Information

TRIALS

Thus far in 2020, we have tried three cases to defense verdicts. **(New case in bold)**

Kara Ault vs. WV Division of Highways; 1/16/2020; Jefferson Co. Cir. Ct.; Plaintiff rear-ended Insured truck; Defense verdict

Frank Morgan vs. City of Logan; 7/31/2020; US. Dist. Ct. So. WV; Plaintiff alleged excessive force in his arrest by City of Logan police officers; Defense verdict

Isabella Renaud vs. Jefferson County B.O.E.; 11/16/2020; Jefferson Co. Cir. Ct.;
Plaintiff's minor tripped over another student in gym class and sustained a fractured skull; Defense verdict.

PAID CLAIMS (October 2020 Data)

YTD Indemnity payments total \$28,099,279 vs. PYTD payments of \$26,124,353, an increase of 7.5%.

YTD Legal payments total \$16,795,357 vs. PYTD payments of \$14,193,436, an increase of 18.3%.

OUTSTANDING CLAIMS (October 2020 Data)

October 2020 Indemnity reserves total \$81,899,987 vs. October 2019 Indemnity reserves of \$66,214,280, an increase of 23.7%.

October 2020 Expense reserves total \$26,865,006 vs. October 2019 Expense reserves of \$22,130,216, an increase of 21.4%

CLAIMS COUNTS (October 2020 Data)

New claims YTD total 2336 vs. PYTD of 3515, a decrease of 33.5%.

Closed claims YTD total 2639 vs. PYTD of 3425, a decrease of 22.9%.

Open claims YTD total 969 vs. PYTD of 1186, a decrease of 18.3 %.

DURATION – CLOSED CLAIMS (October 2020 Data)

YTD Duration of 144.543 Days vs. PYTD Duration of 107.314 Days, an increase of 34.7%.

CLOSING RATIO (October 2020 Data)

YTD Closing Ratio of 113% vs. PYTD Closing Ratio of 97.4%, an increase of 16%.

- C. COVID-19 Pandemic – The week before Thanksgiving I decided to have all BRIM staff return to remote work, and only come in the office when needed to perform a specific task and then return home. Given the uptick in COVID-19 cases in our state and anticipated travel over the holidays, I thought it was best to work from home until January when we can reevaluate. Secretary McVey is also urging DOA agencies to limit time spent in the office during this time. Some managers are in the office a day or two during the week, and others as needed.
- D. Patient Injury Compensation Fund (PICF) -- The outstanding balance owed to claimants is \$2,239,552.97. The most recent pro-rata distribution made in August was in the amount of \$1.9 million. This distribution was for the fiscal year 2020 which ended on June 30, 2020. The December 4, 2020 balance in the fund is \$722,270.50. We will have one more annual pro-rata distribution in August 2021, and a final distribution in the early part of 2022 based on collections between July 1 and December 31, 2021. All funding streams are scheduled to end on December 31, 2021 and we expect all claims to be paid in full as well as all administrative expenses of the fund, and the fund should be closed on June 30, 2022.
- E. Risk Management Information System Update – We continue to work on data reconciliation between the new system and our legacy system. Our vendor, Asset Works, has worked with us to develop reports that will function similarly to current reports we use to identify data errors that we then correct. Between now and the end of January, we will reconcile the months of July, August, September, and October of 2020 and if each month results in fewer mismatches and no new errors are identified, I plan to begin relying on the new system as the system of record in the quarter starting in April of 2021. Asset Works continues to build out the Underwriting Module and Loss Control functions, and we will need to continue with workflow additions to the system.
- F. BRIM Rules Projects – As previously discussed, we had 6 new rules projects this year. The three procedural rules were effective on September 18, 2020. These three rules are Series 3, the Board's Administrative Rule, Series 9, Procurement, and Series 10, Procedure for Providing Notice of Claims. The Legislative rules were on the Legislative Rule Making Review Committee's agenda in November. All three rules were approved by the Committee. The Legislative rules are Series 1, Mine Subsidence, Series 2, Public Entities Insurance Program, and Series 5, Notice of Claim (Series 5 is being repealed to

be replaced by Series 10 procedural rule). Technical modifications were made to the Public Entities rule and the modified rule was filed on November 30th.

- G. Website Updates – We initiated conversations with the Department of Commerce Communications Hub and WV Interactive before the Stay at Home Order, but the pandemic interrupted this project. We had a call with WV Interactive on December 14th to resume discussions. Our goal is to improve the website's appearance, make it easier to navigate and locate information, and more fully integrate the State Privacy Office into the website.
- H. Records Management – As of mid-November, BRIM staff (under the guidance of Chuck Mozingo who is working on a temporary assignment) have scanned approximately 640 liability files (one "rack" in the claim file room) and are beginning to scan a second rack of liability files. We have retrieved the oldest 50 boxes of claim files from Iron Mountain. They were mine subsidence files and the records team has organized those files for scanning. Chuck has organized his team to scan from home, return boxes of scanned files to BRIM, get more boxes and repeat. Once all claim files have been either destroyed or scanned (depending on the requirements in BRIM's record retention schedule), Chuck and his team will move on to Underwriting files.
- I. Miscellaneous
 - 1. Since the September Board meeting, we have had some personnel changes. Sue Haga, one of our State Privacy Office staff, retired at the end of October. We were able to celebrate her many years of public service to the state with a socially distanced and mask-wearing event in the parking lot near the Morris Street end. Sue's replacement is Tara Taylor, who will be working with the Privacy Management team, preparing training materials, helping with privacy incident response, and many other critical tasks. She comes to us after many years at Concord University and we look forward to working with Tara as an important member of the State Privacy Office and BRIM team.
 - 2. A second personnel change is the permanent hiring of Solomon Phillips. The Board will recall that Solomon first came to BRIM as a summer intern in 2019 and returned to work over Christmas break last year and again this summer as a temporary employee following graduation from Marshall University. We were able to hire Solomon as a full-time employee this fall, and he is working in the Underwriting Department but presently focusing most of his time on our records management project. We've enjoyed having Solomon here at BRIM and believe he will grow into a valuable BRIM team member.
 - 3. BRIM met every deadline associated with its independent audit and submission of financial information to the Department's Finance Division for the state's Comprehensive Annual Financial Report, or CAFR. BRIM also received, for the 25th consecutive year, the GFOA (Government Finance Officers Association) award for excellence in financial reporting for fiscal year 2019.
 - 4. BRIM provided training in October and November at the request of the Glenville State College Board of Governors, USI, and the DOA Purchasing Division. On October 21st, Robert Fisher and Melody Duke presented to the Glenville State College Board of Governors, providing information about BRIM generally in addition to specific information about cyber liability insurance and addressing questions unique to the

Board of Governors. Melody and Jeremy Wolfe presented to well over 100 attendees at the virtual conference of the WV School Business Officials on October 27th, sharing information on cyber liability and Loss Control. And Robert and Melody presented at a Purchasing Division training on basics of insurance and insurance certificates. BRIM has partnered with the Purchasing Division regularly to focus on insurance requirements for vendors doing business with the state.

5. Upcoming Board Meeting schedule for 2021:

Tuesday, March 16, 2021 @ 1PM

Tuesday, June 15, 2021 @ 1PM

Tuesday, September 21, 2021 @ 1PM

Tuesday, December 21, 2021 @ 1PM

Very truly yours,



Mary Jane Pickens
Executive Director

MJP/ldm

STATE OF WEST VIRGINIA
DEPARTMENT OF ADMINISTRATION
BOARD OF RISK AND INSURANCE MANAGEMENT



Allan L. McVey
Cabinet Secretary

Mary Jane Pickens
Executive Director
Deputy Cabinet Secretary
MaryJane.Pickens@wv.gov

**Chief Financial Officer's Report
December 15, 2020**

A. P Card Report

CD copies contain the supporting detail for P card purchases for the months of July, August, September and October 2020. These totals are:

July	\$29,427.78
August	\$38,000.36
September	\$51,508.34
October	\$44,461.61

B. Highlights of Management Discussion & Analysis for June 30, 2020

- IBNR decreased \$1.2 million vs. FY'19 while retained case reserves increased \$15.1 million for FY'20. The overall net increase of \$13.9 million in retained reserves resulted in the higher outstanding claims liability at year-end.
- A \$4.5 million decrease in the provision for insured events of prior fiscal years helped operating results for the current fiscal year (FY'20). Conversely, an \$11.1 million increase in FY'19 for the provision for insured events of prior fiscal years negatively impacted BRIM's operating results for last fiscal year. The combined effect on year over year operating results was a favorable swing of \$15.6 million.
- The impact of the Covid-19 pandemic affected claims processing and settlement activity in the second half of the FY'20. This was reflected in reduced claims payments versus the prior year. Lower net payments of \$9.0 million improved BRIM's operating results for the current fiscal year vs. the prior.
- Including restricted funds, BRIM's investment income was \$22.8 million in FY'20 compared to \$21.0 million in FY'19, providing a \$1.8 million year over year increase.
- The overall return on BRIM funds invested, including restricted funds, was 5.2% for both FY'20 and FY'19, exceeding BRIM's target rate of return of 4%.

C. Current Financial Results for the Four Months Ended October 31, 2020

- The current results reflect the actuarially estimated unpaid losses from AON's risk funding study as of September 30 for both years, plus an additional accrual for October.
- Net premium revenue for the first four months of FY'20 was reduced by a credit that was provided to insureds for the estimated impact of Covid-19 pandemic on the utilization and exposure of owned and leased vehicles covered by the policy. Otherwise, the actuarially projected loss pics for both years remained about the same.
- FY'20 thru October reflects accruals increasing claims liabilities by \$2.7 million for the current year vs. a \$3.9 million increase for the same period last year.
- Net claims payments for the first four months of FY'20 are approximately \$3.4 million higher than last year. Reserve increases along with the net claims payments made year-to-date are included in claims and claims adjustment expenses.

C. Current Financial Results for the Four Months Ended October 31, 2020 (cont'd)

- Equity returns are the primary driver for the current year's investment returns. A combination of fixed income and equity returns provided the better overall investment income for the first four months last year.
- The short end of the yield curve will minimize the returns realized on BIM's fixed income holdings for the foreseeable future as the Federal Reserve has indicated that the fed funds rate will remain near zero through at least 2022.
- In the prior fiscal year, positive operating results together with investment income through October 31 resulting in an increase of \$8.5 million to BRIM's net position.
- The current year's negative operating results were offset by investment earnings and provided the overall increase of \$5.3 million to BRIM's net position.

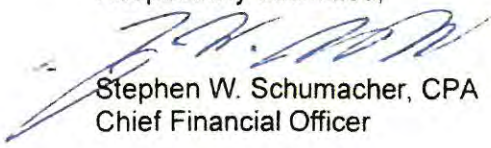
D. Premium to Net Asset Reserve Ratio

- On August 27, 2013, the Board approved a premium to net asset reserve ratio policy. The policy established a process to help guide BRIM's Board in assessing BRIM's overall financial condition. A calculated composite benchmark establishes a target range of net assets to assist BRIM in maintaining an adequate level of capital to help stabilize rates from year to year and to assist in monitoring BRIM's financial stability.
- The net asset reserve policy formulates a composite benchmark by combining a group of external insurance entities premiums to net assets to calculate a net asset ratio. This is then used as a basis to evaluate BRIM's premium to net assets ratio.
- A range of premium to net assets is used as a guide to help evaluate the current risk level for BRIM's calculated ratio and how BRIM is tracking versus similar type insurance entities that comprise the benchmark study.
- The attached range exhibit shows that BRIM has a higher risk than the calculated composite of the benchmark group of entities. However, BRIM does fall between the highest and lowest ratio of entities within the benchmark study.
- The premium to net asset ratio indicates that BRIM would need an additional \$83 million in net assets to fall near the middle of the range for a comparable level of risk to the benchmark. BRIM's net position (i.e. capital) is about 32% below the calculated mid-point for the level of net premium generated by BRIM for FY'20 vs. the composite benchmark. This compares to last year's 25% shortfall.
- Any premium increases without a pro-rata increase in net assets adversely affects BRIM's risk level relative to the benchmark.

E. Other Financial Ratios

- The premium to net asset ratio, also known as the premium to surplus ratio, is only one measure of financial stability/strength and should be considered in conjunction with other useful benchmarks to gauge BRIM's overall financial position and stability.
- BRIM's loss reserve to surplus ratio for FY'20 (.79 to 1.0) is slightly better than the ratio for private carriers for the first half of 2020 (.81 to 1.0).
- BRIM's loss ratio of 86% vs. the industry average of 69% is higher than the industry average for the first half of 2020 primarily due to some adverse claim development.
- BRIM's expense ratio of 7% is very favorable versus the industry average of 29% for the first half of 2020.
- BRIM's combined ratio of 93% was better than the industry average of 98%, based on property and casualty industry results as reported by ISO for the first half of 2020.

Respectfully submitted,


Stephen W. Schumacher, CPA
Chief Financial Officer

West Virginia Board of Risk and Insurance Management

Statements of Net Position

For the Four Months Ended October 31st

	2020	2019
	<i>(In Thousands)</i>	
Assets		
Current assets:		
Cash and cash equivalents	\$ 23,232	\$ 26,851
Advance deposits with insurance company and trustee	267,641	235,669
Receivables	3,907	3,848
Prepaid insurance	1,569	4,604
Restricted cash and cash equivalents	22,211	18,209
Premiums due from other entities	1,134	1,112
Total current assets	319,694	290,293
Noncurrent assets:		
Equity position in internal investments pools	108,100	102,629
Restricted investments	62,428	59,268
Total noncurrent assets	170,528	161,897
Total assets	490,222	452,190
Deferred Outflows of Resources	215	373
Deferred Outflows of Resources - OPEB	84	65
Liabilities		
Current liabilities:		
Estimated unpaid claims and claims adjustment expense	69,336	62,656
Unearned premiums	16,201	15,388
Agent commissions payable	773	719
Claims Payable	0	605
Accrued expenses and other liabilities	2,302	2,199
Total current liabilities	88,613	81,567
Estimated unpaid claims and claims adjustment expense net of current portion	138,191	132,192
Compensated absences	151	124
Net pension liability	214	249
Total noncurrent liabilities	138,556	132,564
Total liabilities	227,169	214,131
Deferred Inflows of Resources	145	200
Deferred Inflows of Resources - OPEB	171	109
Net position:		
Restricted by State code for mine subsidence coverage	78,616	72,466
Unrestricted	179,166	157,204
Net Assets (Deficiency)	5,254	8,518
Net position	\$ 263,036	\$ 238,188

Unaudited

(BRIM Net Premium/Net Position)

Premium or Operating Revenue	Net Assets	Premium to Net Asset Ratio (PNAR)	Type of Insured Entities
\$ 24,457,351	\$ 67,703,147	0.361	Local Governments
\$ 11,559,023	\$ 34,735,001	0.333	Community Centers
\$ 4,523,927	\$ 10,330,671	0.438	Municipalities
\$ 12,883,070	\$ 49,598,649	0.260	Local Governments
\$ 29,067,980	\$ 129,318,468	0.225	Municipalities and Special Districts
\$ 5,083,127	\$ 22,294,308	0.228	Water Districts and River Authorities
<u>\$ 87,574,478</u>	<u>\$ 313,980,244</u>	0.279	Combined Entities

Entity Count Per Above	6	Number of Similar Organizations Included in Analysis
$(0.438 - 0.225)/2 = .107$	0.107	Average of the Range Between the Highest & Lowest PNAR
\$ 87,574,000	\$ 313,980,000	0.279
\$ 71,284,000	\$ 179,166,000	0.398

Combined PNAR of Similar Organizations (Average Risk)

BRIM's Premium Revenue, NAR and Calculated PNAR

Actual Premium Levels	Low Risk (PNAR	Less Risk (PNAR	Average Risk		More Risk		High Risk
	Factor & NAR \$ Level)	Factor & NAR \$ Level)	PNAR Factor & NAR \$ Level)	(PNAR Factor & NAR \$ Level)	(PNAR Factor & NAR \$ Level)	(PNAR Factor & NAR \$ Level)	(PNAR Factor & NAR \$ Level)
	0.122	0.172	0.222	0.272	0.322	0.372	0.422
\$ 87,500,000	\$ 717,200,000	\$ 508,700,000	\$ 394,100,000	\$ 314,000,000	\$ 271,700,000	\$ 235,200,000	\$207,300,000
\$ 85,000,000	\$ 696,700,000	\$ 494,200,000	\$ 382,900,000	\$ 312,500,000	\$ 264,000,000	\$ 228,500,000	\$201,400,000
\$ 82,500,000	\$ 676,200,000	\$ 479,700,000	\$ 371,600,000	\$ 303,300,000	\$ 256,200,000	\$ 221,800,000	\$195,500,000
\$ 80,000,000	\$ 655,700,000	\$ 465,100,000	\$ 360,400,000	\$ 294,100,000	\$ 248,400,000	\$ 215,100,000	\$189,600,000
\$ 77,500,000	\$ 635,200,000	\$ 450,600,000	\$ 349,100,000	\$ 284,900,000	\$ 240,700,000	\$ 208,300,000	\$183,600,000
\$ 75,000,000	\$ 614,800,000	\$ 436,000,000	\$ 337,800,000	\$ 275,700,000	\$ 232,900,000	\$ 201,600,000	\$177,700,000
\$ 72,500,000	\$ 594,300,000	\$ 421,500,000	\$ 326,600,000	\$ 266,500,000	\$ 225,200,000	\$ 194,900,000	\$171,800,000
\$ 70,000,000	\$ 573,800,000	\$ 407,000,000	\$ 315,300,000	\$ 257,400,000	\$ 217,400,000	\$ 188,200,000	\$165,900,000
\$ 67,500,000	\$ 553,300,000	\$ 392,400,000	\$ 304,100,000	\$ 248,200,000	\$ 209,600,000	\$ 181,500,000	\$160,000,000
\$ 65,000,000	\$ 532,800,000	\$ 377,900,000	\$ 292,800,000	\$ 239,000,000	\$ 201,900,000	\$ 174,700,000	\$154,000,000
\$ 62,500,000	\$ 512,300,000	\$ 363,400,000	\$ 281,500,000	\$ 229,800,000	\$ 194,100,000	\$ 168,000,000	\$148,100,000
\$ 60,000,000	\$ 491,800,000	\$ 348,800,000	\$ 270,300,000	\$ 220,600,000	\$ 186,300,000	\$ 161,300,000	\$142,200,000
\$ 57,500,000	\$ 471,300,000	\$ 334,300,000	\$ 259,000,000	\$ 211,400,000	\$ 178,600,000	\$ 154,600,000	\$136,300,000
\$ 55,000,000	\$ 450,800,000	\$ 319,800,000	\$ 247,700,000	\$ 202,200,000	\$ 170,800,000	\$ 147,800,000	\$130,300,000
\$ 52,500,000	\$ 430,300,000	\$ 305,200,000	\$ 236,500,000	\$ 193,000,000	\$ 163,000,000	\$ 141,100,000	\$124,400,000
\$ 50,000,000	\$ 409,800,000	\$ 290,700,000	\$ 225,200,000	\$ 183,800,000	\$ 155,300,000	\$ 134,400,000	\$118,500,000
\$ 47,500,000	\$ 389,300,000	\$ 276,200,000	\$ 214,000,000	\$ 174,600,000	\$ 147,500,000	\$ 127,700,000	\$112,600,000
\$ 45,000,000	\$ 368,900,000	\$ 261,600,000	\$ 202,700,000	\$ 165,400,000	\$ 139,800,000	\$ 121,000,000	\$106,600,000
\$ 42,500,000	\$ 348,400,000	\$ 247,100,000	\$ 191,400,000	\$ 156,300,000	\$ 132,000,000	\$ 114,200,000	\$100,700,000
\$ 40,000,000	\$ 327,900,000	\$ 232,600,000	\$ 180,200,000	\$ 147,100,000	\$ 124,200,000	\$ 107,500,000	\$ 94,800,000
			Net Premium	\$ 71,300,000			
			Calculated N.A.	\$ 262,100,000			



Allan L. McVey
Cabinet Secretary

Mary Jane Pickens
Executive Director
Deputy Cabinet Secretary

Loss Control Report to the Board December 2020

We completed the evaluations of state agencies' fiscal year 2022 loss control questionnaire submissions. Approximately 120 agencies will be receiving a premium credit for their participation in our Standards of Participation program that is designed to help our insured reduce and control losses through active risk management initiatives.

In October, we sent out loss control questionnaires to our senate bill #3 insured. The completed questionnaires and supporting documentation are due to BRIM on January 1, 2020. We've already received several hundred responses and are beginning our evaluations. We are about three weeks ahead of where we normally are in the process.

During the months of October and November, Aon conducted 197 inspections and Liberty conducted 921. The reports are being processed according to established procedures.

Since my last report, our loss control technical staff reports the following activity:

11 Loss Control Visits

These are standard loss control visits which focus on all coverage areas and which result in information and/or loss control recommendations being provided.

Insured Accounts Visited Include: West Virginia School of Osteopathic Medicine, West Virginia Department of Agriculture, Tax Department, West Virginia Department of Natural Resources, West Virginia Parkways Authority, Shepherd University, West Virginia Division of Environmental Protection, West Virginia State Parks, and Blue Ridge Community and Technical College.

22 Standards of Participation Visits

These are visits which are designed to provide assistance to our insured who are seeking to become compliant with the BRIM Standards of Participation program.

Charleston Urban Renewal Authority, Mountain Health Network, City of Sistersville, Elk River Trail Foundation, Inc., Town of Poca, Town of Iaegar, Town of Gilbert, Town of Rivesville, City of Fairmont Sewer and Water Board, Mingo County Housing Authority, City of Westover, Wetzel County Hope and Memories, Highland School, Inc., Martinsburg Housing Authority, West Virginia University Alumni Association, Town of Marlinton, West Virginia State Fire Commission, Town of Monongah, West Virginia Board of Social Work, Workforce West Virginia, and West Virginia Board of Hearing Aide Dealers.

Dated: *December 14, 2020*

Respectfully submitted,



Robert A. Fisher
Deputy Director and Claim Manager

STATE OF WEST VIRGINIA
DEPARTMENT OF ADMINISTRATION
BOARD OF RISK AND INSURANCE MANAGEMENT



Allan L. McVey
Cabinet Secretary

Mary Jane Pickens
Executive Director
Deputy Cabinet Secretary
MaryJane.Pickens@wv.gov

**Chief Privacy Officer's Report
December 15, 2020**

A. Privacy Management Team Meetings

- On December 8, 2020, the Privacy Management Team virtual meeting was held via a Microsoft TEAMS platform. We had 28 attendees from 16 different agencies, representing the Executive Branch, the Judicial Branch and WV constitutional officers. The topics for presentation was a final discussion of the newly published NIST Privacy Framework, and the annual presentation of 2020 HIPAA Preemption Analysis by the law firm Pullen, Fowler, Flanagan, Brown and Poe, PLLC. The next PMT for the year will be held January 26, 2021, where the State Privacy Office will commemorate Data Privacy Day virtually.

B. Privacy Training

- During the Third Quarter of 2020, 1019 members of the Executive Branch workforce completed the online course *Think WV Privacy*, which is a general privacy awareness training course.
- During the Third Quarter of 2020, 1194 members of the Executive Branch workforce completed the online course *WV Confidentiality Agreement*, which is required of all workforce members.
- During the Third Quarter of 2020, 180 members of the Executive Branch workforce completed the online course *HIPAA/HITECH*, which is a general HIPAA training course.

The following training events were held by the SPO since the last board meeting:

- Comprehensive orientation and training of the State Privacy Office's new Administrative Assistant in general privacy, incident response management and HIPAA.
- Planning for the State Privacy Office's annual commemoration of International Data Privacy Day will be held (virtually) on January 26, 2021. Due to the event

being conducted via TEAMS, the format and content is being amended from the day long events which we previously have provided.

C. Privacy Impact Assessments

- A privacy impact assessment (PIA) is a tool used to assess the privacy impact and risks to the personally identifiable information (PII) stored, used, and exchanged by information systems. A PIA evaluates privacy implications when information systems are created, when existing systems are significantly modified, or new technology is purchased.
- Since September 16, 2020, fourteen (14) PIAs have been completed and submitted. Staff changes at the West Virginia Office of Technology have resulted in procedural changes for reporting to our office their recommendations for completing a PIA. State Privacy staff, combined with WVOT and Purchasing staff, are working together to create a new PIA procedure.
- At this point, PIA completion is not mandatory for agencies, but the Purchasing Division is requiring that agencies purchasing a technology/software product speak with the Privacy Office regarding the need for a Privacy Impact Assessment.

D. Privacy Office Personnel

- Tara Taylor, the new Administrative Assistant for the State Privacy Office, began her employment at the end of September. The majority of her orientation and training has been conducted digitally online and despite those hurdles she is doing quite well with tremendous enthusiasm for the job.
- The Chief Privacy Officer passed the IAPP (International Association of Privacy Professionals) CIPP/U.S. (Certified Information Privacy Professional -United States credential) exam, a requirement of the position.

Very truly yours,

Ashley Summitt

Ashley Summitt, JD
Chief Privacy Officer
WV Executive Branch

STATE OF WEST VIRGINIA
DEPARTMENT OF ADMINISTRATION
BOARD OF RISK AND INSURANCE MANAGEMENT



Allan L. McVey
Cabinet Secretary

Mary Jane Pickens
Executive Director
Deputy Cabinet Secretary

AGENDA
BOARD MEETING OF THE
WEST VIRGINIA BOARD OF RISK AND INSURANCE MANAGEMENT
March 16, 2021

Meeting held telephonically to practice social distancing guidelines for the COVID-19 pandemic response. Notice to the public provided on BRIM's web page. The meeting meets Open Meeting laws requirements for public access.

Join meeting by phone: Dial-in number: +1 681-245-6817 Conference ID: 668 436 606#

Chairman Martin

Call to Order

Chairman Martin

Roll Call

Chairman Martin

Approval of Board Minutes
December 15, 2020 Meeting

REPORTS

Jo Ellen Cockley, FCAS, MAAA
Associate Director & Actuary

Risk Funding Study
as of June 30, 2020

Mary Jane Pickens
Executive Director

Executive Director's Report

Stephen W. Schumacher, CPA
Chief Financial Officer

Financial Report
PCard Report

Robert A. Fisher
Deputy Director/Claim Manager

Loss Control Report

Ashley E. Summitt
Chief Privacy Officer

Privacy Report

UNFINISHED BUSINESS

NEW BUSINESS

ADJOURNMENT

ldm

STATE OF WEST VIRGINIA
DEPARTMENT OF ADMINISTRATION
BOARD OF RISK AND INSURANCE MANAGEMENT



Allan L. McVey
Cabinet Secretary

Mary Jane Pickens
Executive Director
Deputy Cabinet Secretary

**MINUTES OF THE MEETING
OF THE
WEST VIRGINIA BOARD OF RISK AND INSURANCE MANAGEMENT
December 15, 2020**

(meeting was held telephonically to practice social distancing guidelines for the COVID-19 pandemic response)

**BOARD MEMBERS
PRESENT:** Bruce R. Martin, CIC, CRM, Chairman
Bob Mitts, CPCU, Vice Chairman
Edward Magee, Ed.D., CPA, Member
Gordon Lane, Jr., Member
Joseph Price, Member
James A. Dodrill, Board Secretary, Ex-Officio Member
Commissioner, WV Office of the Insurance Commissioner

BRIM PERSONNEL: Mary Jane Pickens, Executive Director
Robert Fisher, Deputy Director/Claims Manager
Melody Duke, Deputy Director/Underwriting Manager
Stephen W. Schumacher, CPA, CFO
Jeremy Wolfe, Risk & Insurance Manager
Ashley Summitt, Chief Privacy Officer
John Fernatt, Senior Claim Representative
Stephen W. Panaro, CPA, Controller
Lora Myers, Recording Secretary

**BRIM PROGRAM
REPRESENTATIVES:** Steve Fowler, Esq., BRIM Counsel
Ed Poe, Esq., BRIM Counsel
Chuck Waugh, AIG Claim Services
Brenda Samples, USI Insurance Services, LLC
Bob Ayers, USI Insurance Services, LLC

GUESTS: Allan L. McVey, Secretary, Department of Administration
Sandy Price, WVU Health Sciences Center
Kelsey Richards, WVU Risk Management
Norman Mosrie, Partner, Dixon Hughes Goodman LLP

CALL TO ORDER

- Chairman Martin called the board meeting of the West Virginia Board of Risk and Insurance Management to order on Tuesday, December 15, 2020 @ 1:03PM.
- The meeting was held telephonically to practice social distancing guidelines for the COVID-19 pandemic response.
- Chairman Martin called roll for the board members; all were in attendance.
- Chairman Martin complimented BRIM management and staff on the outstanding job during the pandemic to provide customer service.

APPROVAL OF MINUTES

- Member Edward Magee moved the approval of the September 15, 2020 board meeting minutes. The motion was seconded by Vice Chairman Bob Mitts.
- Being no discussion, a vote took place and the MOTION ADOPTED.

REPORTS

Dixon Hughes Goodman LLP

- Chairman Martin welcomed Norman Mosrie to present the Audited Financial Report June 30, 2020 for Dixon Hughes Goodman LLP.
- Mr. Mosrie introduced himself and commented he was glad to be joining the group virtually. He referenced the Report to the Board of Directors, Financial Statements and Required Supplementary Information.
- Mr. Mosrie reviewed the Independent Auditors' Report. There were no audit adjustments. BRIM was given a clean opinion
- Presentation included review of Page 14 – Notes to Financial Statements. Advance Deposit and Claims Reserves were most effected by the pandemic. Premiums were mostly flat. Reserves were adjusted due to the Miracle Meadows cases.
- Mr. Mosrie presented a run through of all Financial Statements and offered explanation or to answer any questions.

- Mr. Schumacher commented on the fluctuation over the past years. Payments of adverse claims due to Miracle Meadows were mentioned.
- Chairman Martin thanked Mr. Mosrie for his presentation. He also complimented the BRIM Finance team and thanked them for their assistance with the audit.
- The Dixon Hughes Goodman LLP Audited Financial Report presentation was received, a copy is attached and made part of the record.

Executive Director's Report

- Chairman Martin called on Mary Jane Pickens to present the Executive Director's Report.
- Ms. Pickens welcomed new board member, Joseph Price, to the BRIM Board of Directors.
- Ms. Pickens reviewed the Marshall University and West Virginia University Medical Malpractice Programs. She explained for the benefit of the new board member that these agreements had been in place for many years and are always part of the Executive Director's Report.
- Ms. Pickens reviewed the State Agency/Senate Bill #3 Liability Claim and Litigation Information. Her report includes detailed information regarding trials, paid claims, outstanding claims, claim counts, closed claims and closing ratio.
- Ms. Pickens reported during the March 2020 board meeting we first discussed how to handle the staff working from home. Mid-year, the staff returned to the office with certain departments in the office on Mondays and Tuesdays while others work from the office on Wednesdays and Thursdays; everyone working from home on Fridays. Just before Thanksgiving, all BRIM staff returned to remote work, only coming to the office to perform a specific task. We are hopeful that we will be able to return to the office at least part time in 2021.
- The Patient Injury Compensation Fund (PICF) was reviewed. The outstanding balance owed to claimants is \$2,239,552.97. August distribution was in the amount of \$1.9 million. This distribution was for fiscal year 2020. The December 4, 2020 fund balance is \$722,270.50. There will be an additional pro-rata distribution in August 2021. A final distribution will occur early in 2022 based on collections from July 1 – December 31, 2021. All funding streams are scheduled to end December 31, 2021, we expect all claims be paid and administrative expenses. The fund should close June 30, 2022.

- Risk Management Information System updates were discussed. Continued work on data reconciliation. Asset Works has worked with us to develop reports that will function similarly to current reports used in identifying data errors to then be corrected. By the end of January, we will reconcile July through October 2020 and if each month shows fewer mismatches and no new errors are identified, the plan is to rely on the new system starting April 2021. Our vendor continues working to build the Underwriting Module and Loss Control functions.
- BRIM Rules Project was discussed. BRIM had six new rules projects this year. Three procedural rules were effective on September 18, 2020. These three rules are: Series 3, the Board's Administrative Rule; Series 9, Procurement; and Series 10, Procedure for Providing Notice of Claims. Legislative Rules will be taken up by the Legislative Rule Making Review Committee. The Legislative Rules are: Series 1, Mine Subsidence; Series 2, Public Entities Insurance Program; and Series 5, Notice of Claim (Series 5 is being repealed to be replaced by Series 10 procedural rule).
- Website updates were presented. A call was held December 14th with WV Interactive to resume discussions started before the pandemic interrupted this project. The goal is to improve the website appearance, make it easier to navigate and locate information, and more fully integrate the State Privacy Office into the website
- Records Management updates were reviewed. Mid-November, BRIM staff (working with guidance from Chuck Mozingo who is with us on a temporary work assignment) have scanned approximately 640 liability files. The oldest 50 boxes of claim files have been retrieved from Iron Mountain. These files were mine subsidence and the records team has organized those for scanning. Once all claims files have been either destroyed or scanned (according to the BRIM record retention schedule), the team will move to Underwriting files. This effort is being made to reduce storage costs and make certain we only store what is necessary.
- Personnel changes have occurred at BRIM since the September 2020 board meeting. Sue Haga, a member of the Privacy Office, retired at the end of October. Fortunately, we celebrated her many years in public service with the state with a socially distanced, mask-wearing event in our parking lot. Tara Taylor has been hired to fill the vacancy in the Privacy Office. She will be preparing training materials, helping with privacy incident response and many other tasks. Tara is joining BRIM after many years at Concord University and we are happy to have her join our team. An additional personnel change is the permanent hiring of Solomon Phillips. Solomon is a Marshall graduate and has been with BRIM as both a summer intern and a temporary. Solomon is working for the Underwriting Department but is currently assisting with the records management project. We believe Solomon is a good fit at BRIM and will grow to be a valuable team member.

- BRIM has met all deadlines associated with its independent audit and submission of financial information to the Department of Finance Division for the state's CAFR. BRIM received the GFOA (Government Finance Officers Association) award for excellence in financing reporting for the 25th consecutive year
- Training was provided by BRIM in October at the request of the Glenville State College Board of Governors, USI, and the DOA Purchasing Division. Presentations were made by Robert Fisher and Melody Duke providing information about BRIM generally. Cyber Insurance and Loss Control presentations were made by Melody Duke and Jeremy Wolfe to well over 100 attendees at the virtual conference of the WV Business Officials on October 27th. Robert and Melody presented at a Purchasing Division training on basics of insurance and insurance certificates. BRIM has been partnering with the Purchasing Division regularly to focus on insurance requirements for vendors doing business with the state.
- Ms. Pickens announced upcoming Board Meeting dates for 2021:
 - Tuesday, March 16, 2021 at 1PM
 - Tuesday, June 15, 2021 at 1PM
 - Tuesday, September 21, 2021 at 1PM
 - Tuesday, December 21, 2021 at 1PM
- The Executive Director's Report was received and filed, a copy is attached and made part of the record.

BRIM Financial Report

- Chairman Martin called on Mr. Schumacher to present the Chief Financial Officer's Report.
- Mr. Schumacher discussed PCard activity for July, August, September, and October. He commented that some expenses during this period were for "work from home" necessities.
- Mr. Schumacher reported on Highlights of Management Discussion and Analysis for June 30, 2020. IBNR decreased \$1.2 million vs. FY'19 while retained case reserves increased \$15.1 million for FY'20. A \$4.5 million decrease in the provision for insured events of prior fiscal years helped operating results for the current fiscal year (FY'20).
- The impact of the pandemic affected claims processing and settlement activity in the last half of FY'20. This was reflected in lower claims payments versus the prior year. Lower net payments of \$9.0 million improved BRIM's operating results for the current fiscal year.

- Overall return on BRIM funds invested, including restricted fund, was 5.2% for both FY'20 and FY'19, exceeding BRIM's target rate of return of 4%.
- Mr. Schumacher reported on Current Financial Results for the Four Months Ended October 31, 2020. The current results reflect the actuarially estimated unpaid losses from AON's risk funding study as of September 30 for both years, plus additional accrual for October.
- FY'20 thru October reflects accruals increasing claims liabilities by \$2.7 million for the current year vs. \$3.9 million increase for the same period last year. Net claims payments for the first four months of FY'20 are approximately \$3.4 million higher than last year. Reserve increases along with the net claim payments made year-to-date are included in claims and claims adjustment expenses. Stock markets began to rally with the hopeful end of the pandemic.
- Mr. Schumacher explained equity returns are the primary driver for the current year's investment returns. A combination of fixed income and equity returns provided the better overall investment income for the first four months last year. The short end of the yield curve will minimize the returns realized on BRIM's fixed income holdings for the foreseeable future as the Federal Reserve has indicated that the fed funds rate will remain near zero through at least 2022.
- Explanation was made regarding the prior fiscal year, positive operating results together with investment income through October 31 resulting in an increase of \$8.5 million to BRIM's net position. The current year's negative operating results were offset by investment earnings and provided the overall increase of \$5.3 million to BRIM's net position.
- Mr. Schumacher reported on premium to net asset reserve ratio. On August 27, 2013, the Board approved a premium to net asset reserve ratio policy. The policy established a process to help guide BRIM's Board in assessing BRIM's overall financial condition. A calculated composite benchmark establishes a target range of net assets to assist BRIM in maintaining an adequate level of capital to help stabilize rates from year to year and to assist in monitoring BRIM's stability.
- Mr. Schumacher also reported a range of premium to net assets is used as a guide to help evaluate the current risk level for BRIM's calculated ratio and how BRIM is tracking versus similar type insurance entities that comprise the benchmark study. Any premium increases without a pro-rata increase in net assets adversely affects BRIM's risk level relative to the benchmark.
- The Chief Financial Officer's Report was received and filed, a copy is attached and made part of the record.

Loss Control Report

- Mr. Fisher was called upon by the Chairman to present the Loss Control Report.
- Mr. Fisher began his report with the history of the Loss Control Department. The process deals with the questionnaires to offer premium credits. Evaluations were completed of agency fiscal year 2022 loss control questionnaires. Approximately, 120 agencies will be receiving premium credit for their participation in our Standards of Participation program.
- Mr. Fisher reported that in October we sent out loss control questionnaires to our senate bill #3 insured. The completed questionnaires and supporting documents are due on January 1, 2021.
- During the months of October and November, Aon conducted 197 inspections and Liberty conducted 921. The reports are being processed according to established procedures.
- Mr. Fisher reported on Loss Control Visits and Standards of Participation Visits.
- The Loss Control Report was received and filed, a copy is attached and made part of the record.

Privacy Report

- Ashley Summitt was called on by the Chairman to present the Privacy Report.
- Ms. Summitt reported on the most recent Privacy Management Team meeting, which was held on December 8, 2020 via Microsoft Teams platform. Attending were 28 individuals from 16 agencies, representing the Executive Branch, the Judicial Branch and WV constitutional officers. The topics for presentation was a final discussion on the newly published NIST Privacy Framework, and the annual presentation of 2020 HIPAA Preemption Analysis by the law firm Pullen, Fowler, Flanagan, Brown and Poe, PLLC. The upcoming PMT will be held on January 26, 2021, where the State Privacy Office will hold a virtual Privacy Data Day.
- Ms. Summitt reported on privacy trainings. During the third quarter of 2020, 1,019 members of the Executive Branch workforce took the online course *Think WV Privacy*; 1,194 members took the online course *WV Confidentiality Agreement*; and 180 members took the online course *HIPAA/HITECH*.
- Discussion regarding the training events held by the SPO since the last board meeting. Comprehensive orientation and training of the State

Privacy Office's new Administrative Assistant in general privacy, incident response management and HIPAA. Planning for the State Privacy Office's annual commemoration of International Data Privacy Day.

- Ms. Summitt explained a privacy impact assessment (PIA) which is a tool used to assess the privacy impact and risks to the personally identifiable information (PII) stored, used and exchanged by information systems. A PIA evaluates privacy implications when information systems are created, when existing systems are significantly modified, or new technology is purchased.
- Since September 16, 2020, 14 PIAs have been completed and submitted. Staff changes at the Office of Technology have resulted in procedural changes for reporting to our office their recommendations for completing a PIA. State Privacy staff combined with WVOT staff and Purchasing staff, are working to create a new PIA procedure.
- PIA completion is not mandatory for agencies, but the Purchasing Division is requiring that agencies purchasing a technology/software product speak with the Privacy Officer regarding the need for a Privacy Impact Assessment.
- Ms. Summitt announced that Tara Taylor is the new Administrative Assistant for the State Privacy Office. Most of her orientation and training has been conducted digitally online and despite those hurdles she is doing well with tremendous enthusiasm for the job.
- Ms. Summitt also reported that she passed the IAP (International Association of Privacy Professionals) CIPP/U.S. (Certified Information Privacy Professional – United States credential) exam, required of the position.
- Privacy Report was received and filed, a copy is attached and made part of the record.

UNFINISHED BUSINESS

NEW BUSINESS

ADJOURNMENT

Chairman Martin complimented the staff for handling the "work from home" situation so well. Meeting adjourned at 2:02PM.

Board Chairman

Date

State of West Virginia Board of Risk and Insurance Management

Risk Funding Study as of June 30, 2020

Presented March 16, 2021



Market Update

Aon
Empower Results®

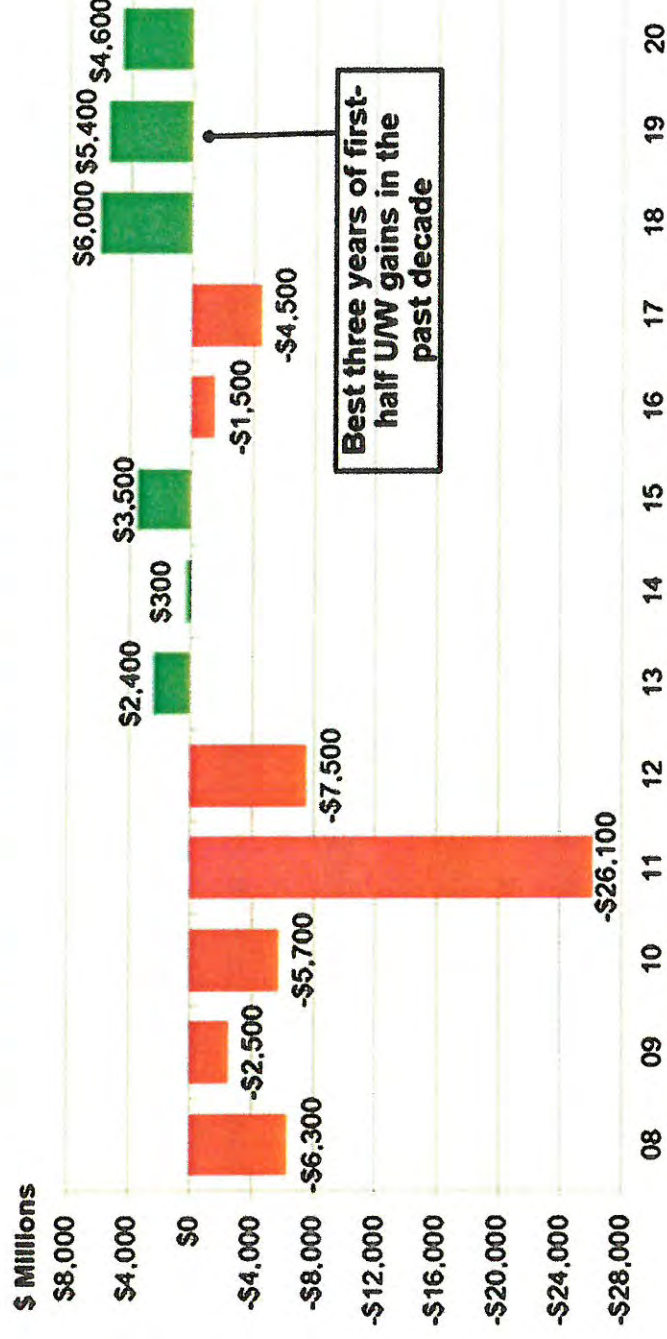


Property/Casualty Marketplace Overview

- Policyholder Surplus is over \$825 Billion as of 6/30/20
 - Growth in surplus largely due to positive contributions insurance operations as well as investment income
 - Fewer non-catastrophe losses in first half of 2020 compared to 2019
 - Net investment income for first half 2020 was slightly lower compared to first half 2019
 - ♦ Bond yields and stock dividends lower in first half 2020 compared to first half 2019
 - ♦ Realized capital losses in first half 2020, compared to realized capital gains in first half of 2019
 - ♦ Unrealized investment losses in 1Q 2020 offset by well performing stock market in 2Q 2020
- Underwriting gain through the first half of 2020
 - Decrease in non-catastrophe losses in first half of 2020 compared to first half 2019 (decrease in auto liability claims due to fewer miles driven)
 - Partially offset by increase in first half 2020 catastrophe losses compared to first half 2019 (winter storms)

Property/Casualty Marketplace Overview

Net Underwriting Gains & Losses, 1st Halves of Each Year, 2008-2020



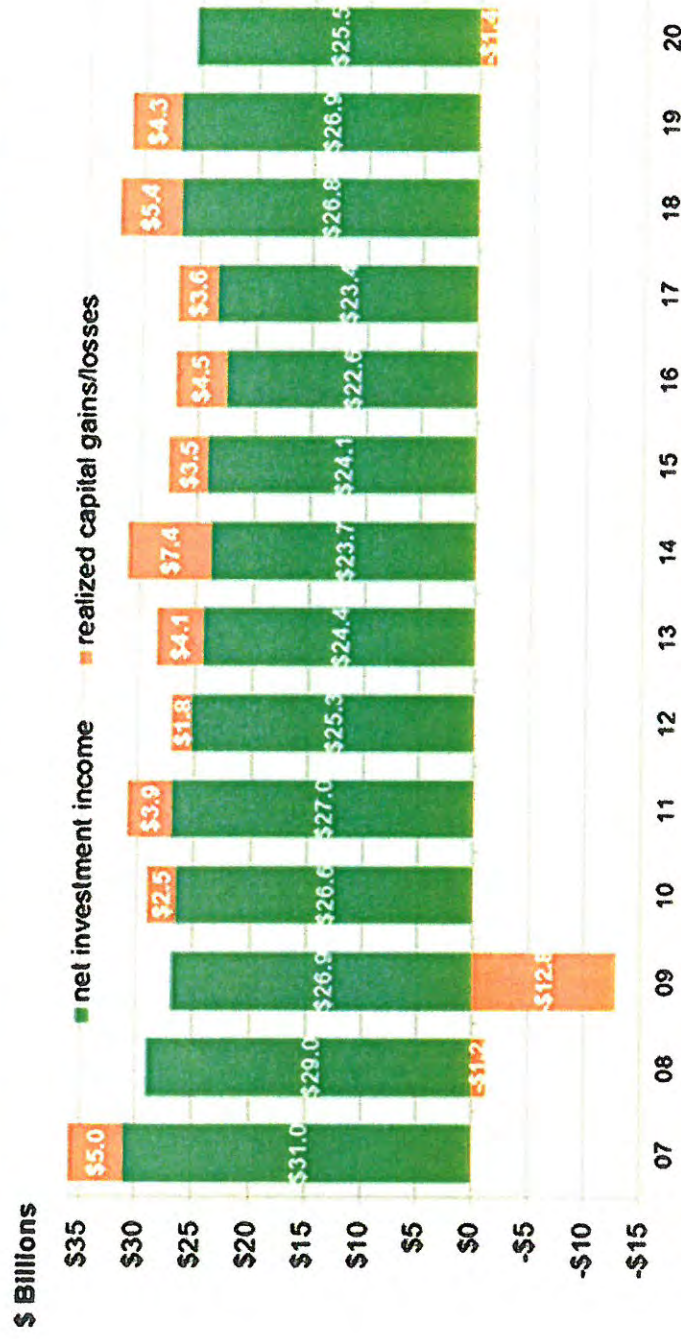
Net underwriting results in the first half of the year have been quite variable, but gains in 6 of the last 8 years.

Sources: ISO/PCI, Insurance Information Institute



Property/Casualty Marketplace Overview

Net Investment Gains Vary Mainly With Realized Capital Gains/Losses, 1st Halves, 2007-2020

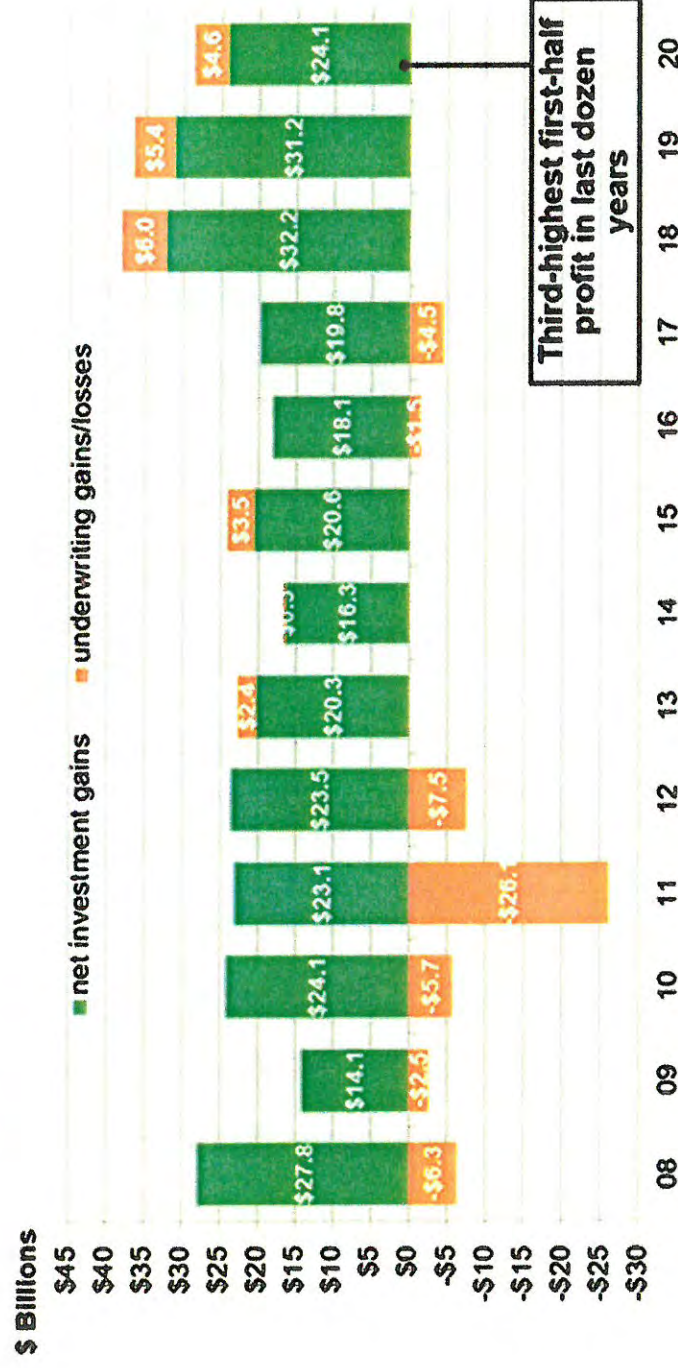


In the first half of the year, net investment income has been steady but realized capital gains/losses have been variable.

Sources: ISO/PCI, Insurance Information Institute

Property/Casualty Marketplace Overview

Sources of Profit (before taxes), 1st Halves, 2007-2020



Despite weakening investment results, the first half of 2020 produced the third-best profit in the last dozen years.

Sources: ISO/APCIA, Insurance Information Institute



Property/Casualty Marketplace Overview

- Finished the year with strong capital despite a challenging 2020
 - Firm commercial lines pricing but rate increases offset by lower payroll and sales
 - Higher than expected catastrophe activity
 - Reduced auto frequency
 - Cost of civil unrest
 - Impact of social inflation
 - Rising reinsurance costs
 - Continued low interest rate environment
 - Cost of litigation around business interruption claims from Covid pandemic
 - Combined Ratio < 100%

Primary Casualty Market Overview Themes: Q4 2020



Pricing

In Q4, rates followed the trends of Q3, except for Excess WC which rose considerably. GL and AL rates were still up from Q3, driven by increased primary limits (accommodating umbrella). WC rates were up slightly, facing pricing pressure from reduced exposures.

- Average WC rates rose between +1% to +3%, while Excess WC rates rose to +11%
- AL/ GL rates were in the +10 to +20% range
- Outlook: We expect GL, AL rate change averages to remain at current levels, while WC will remain at 0-5%. Reduced exposures for many clients will continue to put upward pressure on rate.
- In many cases, carriers will still compete aggressively for new primary business both on rate and collateral.



Collateral

The COVID-19 pandemic and corresponding recession have caused financial challenges for many clients, and this has resulted in increased scrutiny around the credits carriers (or states for self-insurance) are providing.

- For clients with minimal or no financial deterioration, credit ratio has mostly remained flat.
- With reduced credit ratings, paid loss credits have decreased, but this headwind is often offset by decreased exposures.
- Surety collateral has been more difficult for customers with lower credit ratings.
- Outlook: We expect carriers to cautiously examine the credits they are providing relative to financial strength.



Limits/ Retentions

Umbrella markets are requiring higher attachment points into the umbrella, causing limits (and in some cases, retentions) to increase to accommodate this requirement.

- Most clients maintained similar retention levels, but 25% of our clients were required to increase primary limits for GL, AL, and/ or EL.
- Outlook: This trend likely to continue as adverse liability losses prompt excess markets to raise their attachment points.



Coverage

Enhancements available on a case by case basis. Distinct issues with Opioids, Abuse and Molestation, Cannabis, Cumulative Trauma, and COVID-19/Communicable Diseases. However, more so than the excess, coverage can still be found on case by case basis.

- Coverage/program design enhancements may be available; insurers continue to restrict coverage for established and emerging risks including developing responses to COVID-19
- Outlook: Reasonable coverage/program design enhancements continue to be achievable; underwriter scrutiny around emerging risks will continue; more focus on potential accumulation of limits at risk on a single loss scenario.



Capacity

Continues to be at near historic levels, driven by the profitability of Workers Compensation, and sheltered from some of the adverse large loss activity impacting the excess casualty because of program structure.

- While primary capacity is at near historic levels, there is pressure on the Auto Liability marketplace, especially for clients with large fleets in the "buffer" layers.
- Outlook: With increases in primary limits, we are seeing more facultative reinsurance in the primary lines. Capacity remains abundant and carriers report aggressive growth goals.

Aon Risk Solutions Proprietary & Confidential | Q4 2020

Umbrella/Excess Casualty Market Overview Themes: Q4 2020



Pricing

In Q4, Umbrella and Excess rates continued their dramatic rise—as markets drive premium increases and reductions in capacity contributing to less competition for lead and excess layers.

- For our Q4 renewals, median and average rate changes were 46% and 61% respectively for the whole tower, based on equivalent program structure. For our most challenging 20% of programs, average rate increase was 173%, up from 147% last quarter. For the other 80% of clients, rate increases averaged 38%.

- Outlook: We expect rate increases to continue in 2021. As clients reduce the size of their towers this is leading to some competition in excess layers. We are watching if carriers with large blocks of capacity in high excess layers seek to reduce in 2021 which would offset some of this competition.

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Limits

Many more clients reduced Umbrella/Excess limits in Q3 and Q4 than in Q2. In some cases limits were reduced due to available capacity and in other cases due to pricing.

- In Q4, 34% of all clients reduced their limits. This was down from 41% in Q3, and the steady-state of 5-10% in the quarters preceding Q2.
- While not common, more clients are taking a self-assumed layer or share within the tower.

- Outlook: We expect to only see the purchase of additional limits in a limited number of situations (exposure growth, risk specific issues, etc.). Outweighed by the clients reducing their total limits purchased due to availability or pricing.



Retentions

Over 25% of clients increased AL or GL retentions in Q4. Challenging loss history, difficult exposures or low attachments may require increases.

- While most clients maintained umbrella attachment points for their major underlying lines, 28% of clients saw an increase in their AL attachment and 28% for GL either at umbrella carriers insistence or from client increasing retentions to reduce premium costs.

- Outlook: We expect that these trends will continue for the foreseeable future. However, we are seeing greater client interest in alternative risk financing to move risk transfer layers up.



Coverage

Enhancements available on a case by case basis. Distinct issues with Opioids, Abuse and Molestation, Wildfires, CBD, Cumulative Trauma, and COVID-19/Communicable Diseases

- Coverage/program design enhancements may be available; insurers continue to restrict coverage for established and emerging risks.
- More carriers seeking Communicable Disease exclusions this quarter.
- Outlook: Reasonable coverage/program design enhancements continue to be achievable; however, underwriter scrutiny around emerging risks will continue; more focus will be seen regarding accumulation of limits at risk on a potential single loss scenario.



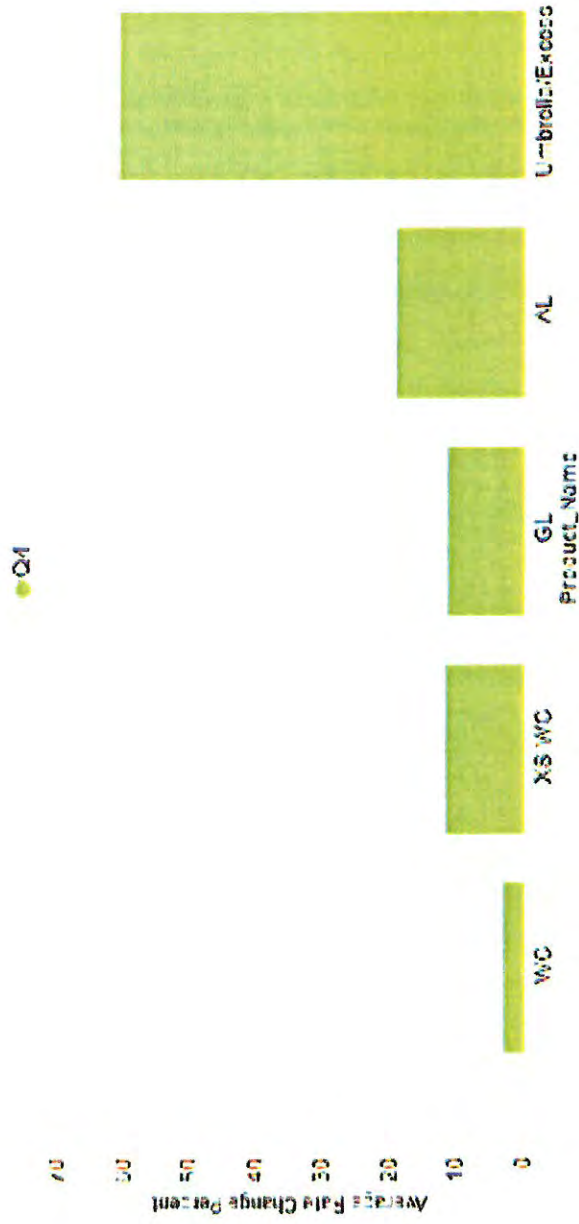
Capacity

Continues to be adequate for most classes, but there was a notable decrease in umbrella/excess capacity from Q4 2018 forward. Limited additional capacity entering the market in 2021

- Excess capacity continues its downward trend as a result of market appetite and loss trends. Carriers often not deploying their total available capacity on risks. Short limits are now common, particularly in lower layers or challenged classes further exacerbating rate increases.
- Outlook: Market consolidation and loss activity trends may continue to impact excess limits as markets manage total capacity deployed on individual risks as well as loss challenged classes.



Q4 2020 Year-over-Year Rate Change Summary by Product



- Boxes represent 'Average' or 'Mean' level
- Reflects year-over-year rate change by line of business for Aon's National Casualty / complex casualty clients
- For Umbrella/Excess, accounts with material changes in attachment points and/or reduced limits have been adjusted for efficacy of the report

Aon Risk Solutions Proprietary & Confidential | Q4 2020

Medical Malpractice

- Aon 2020 Hospital Professional Benchmark Study – 21st Year
 - Includes \$20.6 billion of incurred loss and approximately 99,000 claims
- Benchmark Highlights:
 - Nationwide Cost of Risk increasing at 3% per year
 - Frequency has been stable and expected to show 0% growth
 - Modest severity trend growing at 3% per year
 - Court closures due to COVID-19 caused large reduction in medical malpractice trials during 2020
 - Increasing frequency of large claims
 - Increasing use of telemedicine
 - ♦ Claim volume related to telemedicine still relatively low
 - ♦ Proper claim coding and proactive risk management key to minimizing medical malpractice liability related to telemedicine
- West Virginia
 - Claim frequency and severity are similar to national averages and have been stable

2020 / 2021 Medical Professional Liability Market Update



Capacity	Coverage	Limits	Retention	Pricing	Losses
Overall capacity stable but deployed more selectively and cautiously	Generally consistent with expiring	In line with expiring or increasing to fit exposure changes and threat of large loss activity	Pressure to increase	Increasing	Large loss activity increasing across the United States; frequency stable

- Capacity and carrier appetite far more selective as market conditions harden, evidenced by **shortened limits** (preference for \$10M-\$15M v. \$25M), **pressure on attachments and premium increases**
 - Many carriers reluctant to provide capacity in certain lines of business and jurisdictions (AIG, CNA, Allied World, Hiscox, XL) or full exit (Swiss Re, Zurich, QBE); CNA lacks treaty to achieve capacity; Alestria, Arcadia, American Family, CapSpecialty entry
 - Expect longer response times from markets flooded with quotation requests
- Insurers less willing to maintain coverage in-force:
 - Watch:** **Opioid/Narcotic Abuse, COVID-19/Pandemic exclusions or limitations; TBI / CTE if applicable to exposure (eg, university athletic programs)**
 - Changes in healthcare delivery yield evolving exposures including increased use of extenders, telemedicine, EMR, and value-based care models that are as yet fully understood but no less in need of coverage, perhaps affecting multiple coverage lines
- Insureds continue to purchase limits commensurate with exposures
 - Consideration for limits additions due to M&A and growing threat of loss
 - Reliance on peer data and large loss reports are often used in limits determination
 - Organization-specific "material loss" must be considered
- Pressure to increase attachment due to loss trend and social inflation
 - Increases driven by loss activity / threat of drop down are more frequent
 - Markets less willing to maintain retentions where there is loss activity, even in exchange for premium
 - Per occurrence and aggregate retentions likely to be re-evaluated
- Premium increases, both real and rate (up 5-35%) even with consistent exposure and absent losses – even higher with losses
 - Pricing increases imposed through premium, higher attachment, shortened limit, or all
 - Overlying carriers likely to take rate in excess of underlying regardless of layer loss activity**
 - Most incumbents support renewal though are typically committed to rate increase and are less or unwilling to negotiate
 - Positive M&A effects on pricing are not as evident
- "Frequency of Severity" – real or perceived – evidenced in higher underwriter loss ratios
 - Loss activity increasing not only in traditionally problematic venues but nationwide
 - Increased perception in the strength and organization of plaintiff bar and inability to defend against it, particularly certain notable players
 - Batch Claims, Opioid epidemic, abuse are top of mind in addition to traditional threats including birth related, neuro and sepsis
 - Privacy Claims are on the rise

COVID-19 Update

- P&C Insurance Industry Impacts:
 - Fewer jury trials for liability claims due to court closures
 - Higher claims activity in workers compensation
 - Primarily for healthcare entities
 - Varies by state due to differing presumption statutes
 - Lower claims in Auto due to stay-at-home orders and social distancing actions
 - Continued litigation around business interruption coverage
 - Uncertainty related to new (or potential) federal and state legislation

- Visit [Aon.com](https://www.aon.com) to read the latest thought leadership on how to understand and mitigate the risk of COVID-19

Risk Funding Study As of 6/30/2020

Aon
Empower Results®



6/30/20 Retained Unpaid Loss Estimates

Definitions

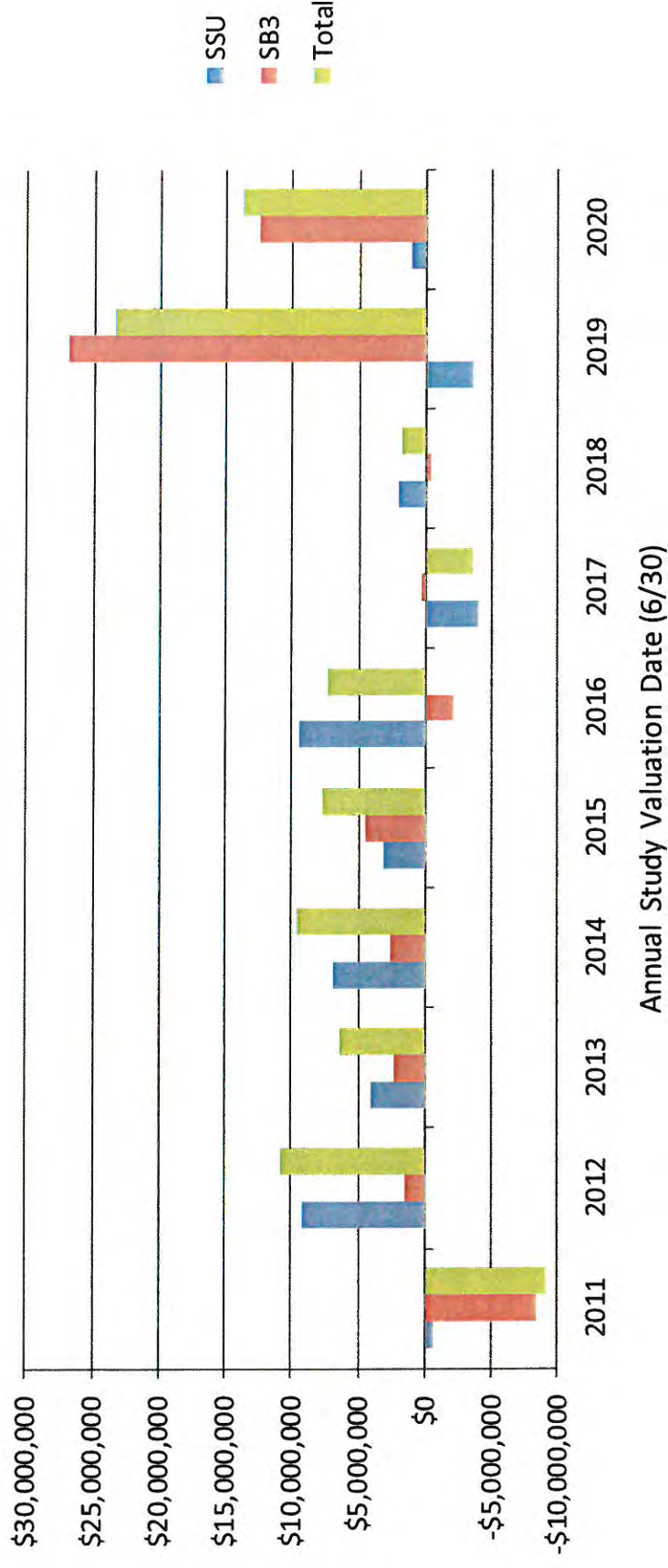
- Unpaid Loss = Ultimate Loss – Paid Loss
- Unpaid Loss = Case Reserves + IBNR
- IBNR = Incurred But Not Reported

Results

- Estimated unpaid loss increased \$13.7 million (7.2%) from 6/30/2019
 - SB3 general liability increased \$9.8 million
 - SB3 automobile liability increased \$3.4 million
 - SSU general liability increased \$2.3 million

Historical Changes in Unpaid Loss

Historical Change in Retained Unpaid Loss Compared to Prior Annual Actuarial Review
Total SSU and SB3



Retained Ultimate Loss Changes Between 6/30/19 and 6/30/20 Studies (For Policy Periods 18/19 and Prior)

Policy Inception	Change in Auto SSU Ult	Change in Auto SB3 Ult	Change in GL SSU Ult	Change in GL SB3 Ult	Change in Prop SSU Ult	Change in Prop SB3 Ult	Change in MM SSU Ult	Change in MM SB3 Ult	Change in MS Ult	Total SSU Change	Total SB3 Change	Overall Total Change
7/1/2005 & Prior	0	0	0	5,531,651	0	671	(55,805)	0	0	(55,805)	5,532,322	5,476,517
7/1/2006	0	0	245	1,072,845	0	0	0	0	0	245	1,072,845	1,073,090
7/1/2007	0	0	0	0	0	693	0	0	750	0	693	1,443
7/1/2008	0	0	(240,000)	0	0	0	0	0	0	(240,000)	0	(240,000)
7/1/2009	0	0	140,000	204,523	0	0	0	0	5,000	140,000	204,523	349,523
7/1/2010	0	0	0	1,202,380	0	0	0	0	0	0	1,202,380	1,202,380
7/1/2011	0	242,368	(150,000)	(1,303,773)	0	0	(238,061)	0	0	(388,061)	(1,061,405)	(1,449,466)
7/1/2012	(660,631)	658,131	(260,000)	(2,618,068)	0	(238)	(120,800)	0	(5,998)	(1,041,431)	(1,960,175)	(3,007,604)
7/1/2013	(2)	(1,312)	100,000	1,483,110	(30,280)	10,093	(197,000)	(6,291)	(13,567)	(127,282)	1,485,601	1,344,752
7/1/2014	(94,331)	(51,168)	120,000	(282,435)	(7,013)	(32,074)	(135,000)	(21,604)	(30,003)	(116,344)	(387,282)	(533,629)
7/1/2015	(335,548)	44,642	(270,000)	(72,782)	(9,567)	(69,325)	(1,470,000)	(41,586)	(8,004)	(2,085,114)	(139,051)	(2,232,169)
7/1/2016	(230,000)	391,143	400,000	(868,696)	(46,762)	(141,945)	(2,540,000)	(34,125)	(49,929)	(2,416,762)	(653,622)	(3,120,313)
7/1/2017	(410,000)	1,498,255	(2,900,000)	(797,265)	275,524	(6,665)	(250,000)	(380,204)	(67,132)	(3,284,476)	314,121	(3,037,487)
7/1/2018	(700,000)	801,000	(2,070,000)	2,016,000	669,000	9,250	(265,000)	48,750	(138,350)	(2,366,000)	2,875,000	370,650
Total	(2,430,511)	3,583,058	(5,129,755)	5,567,490	850,902	(229,539)	(5,271,666)	(435,060)	(307,233)	(11,981,030)	8,485,949	(3,802,314)

- GL SB3 ultimate losses for prior policy years increased due to the further emergence of claims related to alleged abuse at one particular insured
- Auto SB3 ultimate losses for prior policy years were increased due to higher-than-projected loss emergence between 6/30/19 and 6/30/20
- For Auto SSU, GL SSU, and MM SSU, ultimate losses for prior policy years were reduced due to better-than-projected loss emergence between 6/30/19 and 6/30/20

SB3 General Liability – Abuse Claims

- As of 6/30/20, there were 30 open claims related to the alleged abuse at a particular insured ranging from policy/accident years 1998/99 through 2013/14. The average incurred value of these claims was approximately \$700,000.
- 9 claims related to alleged abuse at this insured were filed between 6/30/19 and 6/30/20. BRIM claims personnel do not expect additional claims to be filed.
- 6/30/20 IBNR estimates include an \$8.1 million provision to allow each of the existing open abuse claims to develop to the \$1M limit.

Impact of Ultimate Loss Changes For Prior Policy Periods On BRIM's Financial Statements

- Incurred Loss = (Ultimate Losses for Current Policy Period) + (Changes in Ultimate Losses for Prior Policy Periods)
- If changes in ultimate losses for prior policy years are negative, then the incurred losses are reduced (conversely, positive changes to prior policy year ultimate losses increases the incurred losses)
- Per slide 11, in the 6/30/20 risk funding study, prior policy year ultimate losses were reduced by \$3.8M
 - Increases due to SB3 were more than offset by reductions to SSU
- Prior policy year ultimate changes in the 6/30/19 risk funding study was positive
- Prior policy year ultimate changes in the 6/30/16 through 6/30/18 risk funding studies were negative

June 30, 2020 Risk Funding Study – Financial Impact

Coverage	Program	6/30/19 Retained Unpaid Losses	Paid in Period 7/1/19 - 6/30/20	Accrued in Period 7/1/19 - 6/30/20	Rollforward 6/30/20 Retained Unpaid Losses	Actual 6/30/20 Retained Unpaid Losses	Actuarial Adjustment Between 6/30/19 and 6/30/20 Reviews	Change in Unpaid Between 6/30/19 and 6/30/20 Reviews
Automobile	SSU	8,148,145	5,884,026	7,103,499	9,367,617	8,133,608	(1,234,010)	(14,537)
Automobile	SB3	9,616,505	6,408,551	6,648,494	9,856,447	12,983,012	3,126,564	3,366,507
Automobile	Total	17,764,649	12,292,577	13,751,993	19,224,065	21,116,619	1,892,554	3,351,970
General Liability	SSU	65,640,919	14,137,577	23,115,739	74,619,081	67,900,891	(6,718,190)	2,259,972
General Liability	SB3	71,620,278	10,201,899	15,106,714	76,525,093	81,409,198	4,884,105	9,788,920
General Liability	Total	137,261,196	24,339,476	38,222,454	151,144,174	149,310,089	(1,834,085)	12,048,892
Property	SSU	3,432,195	4,055,632	2,627,168	2,003,731	2,389,465	385,734	(1,042,729)
Property	SB3	2,530,039	3,386,821	3,248,301	2,391,519	2,058,679	(332,840)	(471,360)
Property	Total	5,962,233	7,442,452	5,875,469	4,395,250	4,448,144	52,894	(1,514,089)
Medical Malpractice	SSU	25,126,361	3,248,693	8,250,889	30,128,557	25,106,002	(5,022,555)	(20,359)
Medical Malpractice	SB3	1,406,957	223,328	578,648	1,762,277	1,314,070	(448,207)	(92,887)
Medical Malpractice	Total	26,533,318	3,472,020	8,829,537	31,890,834	26,420,072	(5,470,762)	(113,246)
Mine Subsidence		1,491,846	676,784	1,104,329	1,919,392	1,403,329	(516,063)	(88,517)
Subtotal SSU	SSU	102,347,619	27,325,927	41,097,295	116,118,987	103,529,966	(12,589,021)	1,182,347
Subtotal SB3	SB3	85,173,778	20,220,599	25,582,157	90,535,336	97,764,958	7,229,622	12,591,180
Grand Total		189,013,243	48,223,309	67,783,781	208,573,715	202,698,253	(5,875,462)	13,685,010

Loss Funding

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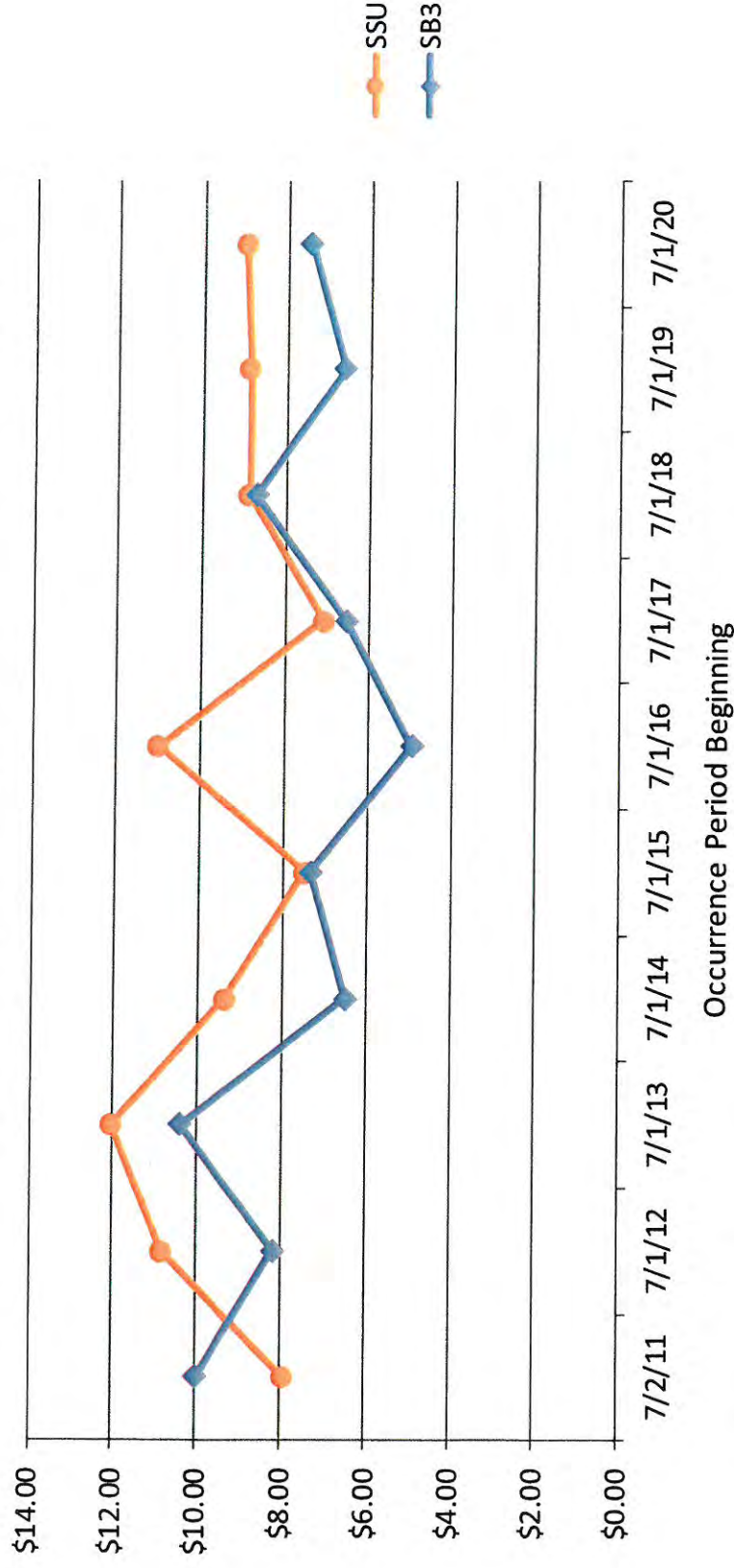


Comparison of Premium and Ultimate Losses

		SSU			SB3		
Occurrence Period		Charged Premium	Projected Ultimate Retained Loss	Difference	Charged Premium	Projected Ultimate Retained Loss	Difference
7/1/1998	6/30/1999	21,526,869	24,797,499	(3,270,630)	23,070,990	18,136,095	4,934,895
7/1/1999	6/30/2000	20,982,952	29,141,242	(8,158,290)	22,677,285	21,093,510	1,583,775
7/1/2000	6/30/2001	20,018,978	19,322,348	696,630	20,951,525	18,857,867	2,093,658
7/1/2001	6/30/2002	27,130,323	20,981,325	6,148,998	26,524,921	25,037,105	1,487,816
7/1/2002	6/30/2003	36,181,360	16,646,030	19,535,330	37,843,695	21,928,315	15,915,380
7/1/2003	6/30/2004	36,011,418	20,092,315	15,919,103	35,793,345	28,120,926	7,672,419
7/1/2004	6/30/2005	46,715,999	23,050,488	23,665,511	41,269,868	21,281,479	19,988,388
7/1/2005	6/30/2006	39,985,777	17,656,836	22,328,941	40,920,237	23,666,841	17,253,396
7/1/2006	6/30/2007	39,091,169	20,409,584	18,681,585	39,480,713	18,159,881	21,320,832
7/1/2007	6/30/2008	36,258,662	22,826,063	13,432,599	34,852,156	18,135,416	16,716,740
7/1/2008	6/30/2009	31,595,637	24,204,916	7,390,721	28,901,791	16,416,039	12,485,752
7/1/2009	6/30/2010	28,257,070	21,005,472	7,251,598	27,889,296	16,632,831	11,256,465
7/1/2010	6/30/2011	25,239,238	22,897,724	2,341,514	25,232,989	18,672,484	6,560,505
7/1/2011	6/30/2012	25,296,014	28,257,494	(2,961,480)	23,769,617	29,824,961	(6,055,344)
7/1/2012	6/30/2013	25,645,800	29,217,390	(3,571,590)	19,306,565	27,203,659	(7,897,094)
7/1/2013	6/30/2014	27,255,798	32,081,061	(4,825,263)	22,654,784	29,323,672	(6,668,889)
7/1/2014	6/30/2015	32,118,612	28,463,411	3,655,201	23,780,631	22,430,315	1,350,316
7/1/2015	6/30/2016	37,539,189	27,446,127	10,093,061	24,839,798	25,474,350	(634,552)
7/1/2016	6/30/2017	41,308,635	37,038,683	4,269,951	27,305,131	20,141,031	7,164,100
7/1/2017	6/30/2018	45,525,708	32,716,874	12,808,834	29,303,814	24,063,371	5,240,443
7/1/2018	6/30/2019	47,713,061	35,711,000	12,002,061	31,281,103	28,723,500	2,557,603
7/1/2019	6/30/2020	47,671,801	40,462,000	7,209,801	30,667,674	24,206,500	6,461,174
Total		739,070,069	574,425,882	164,644,187	638,317,927	497,530,150	140,787,778

General Liability

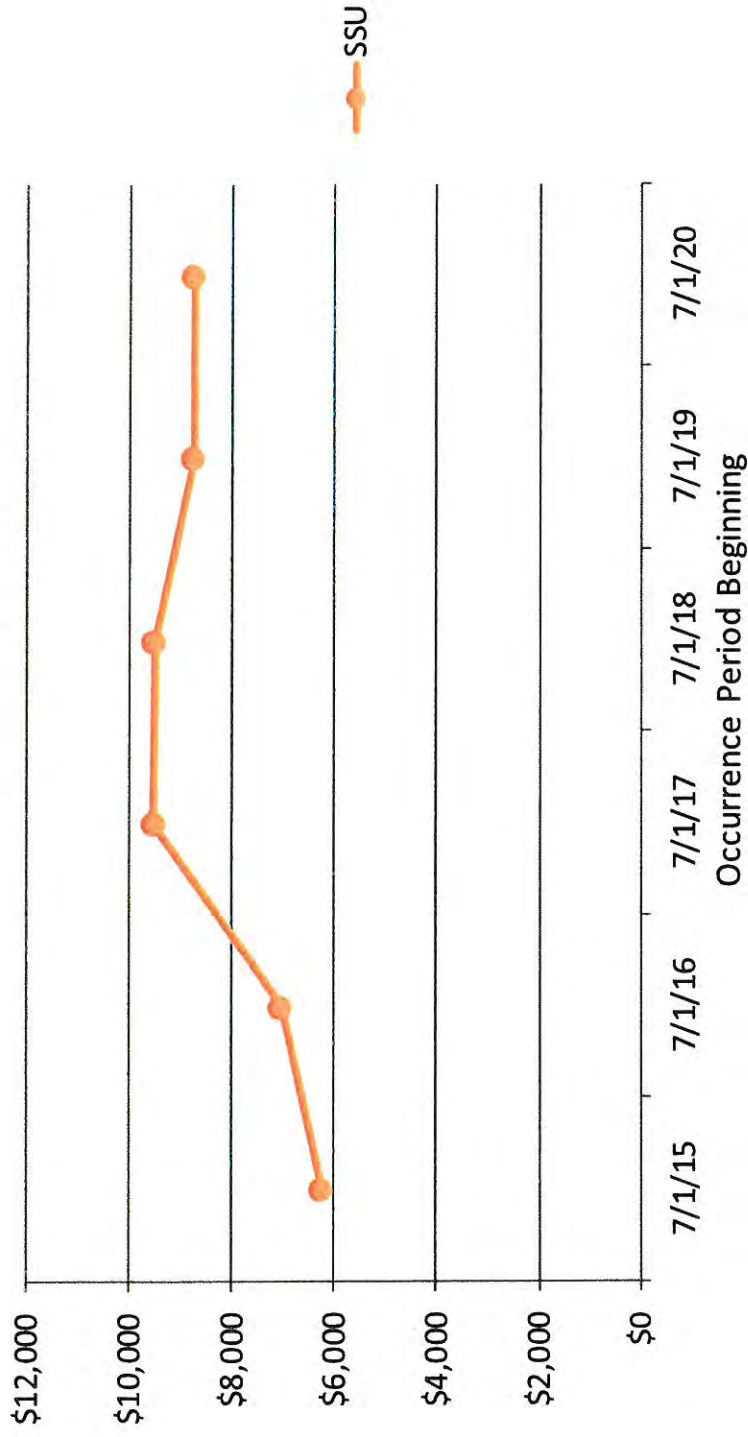
GL Loss Rate Per \$1,000 Payroll at 2020/21 Cost Level



Note: Loss rates are on a retained basis, and gross of any deductibles.
Loss rate beginning 7/1/20 reflects \$6.25M limits/self-funded excess for BOE's.

Medical Malpractice

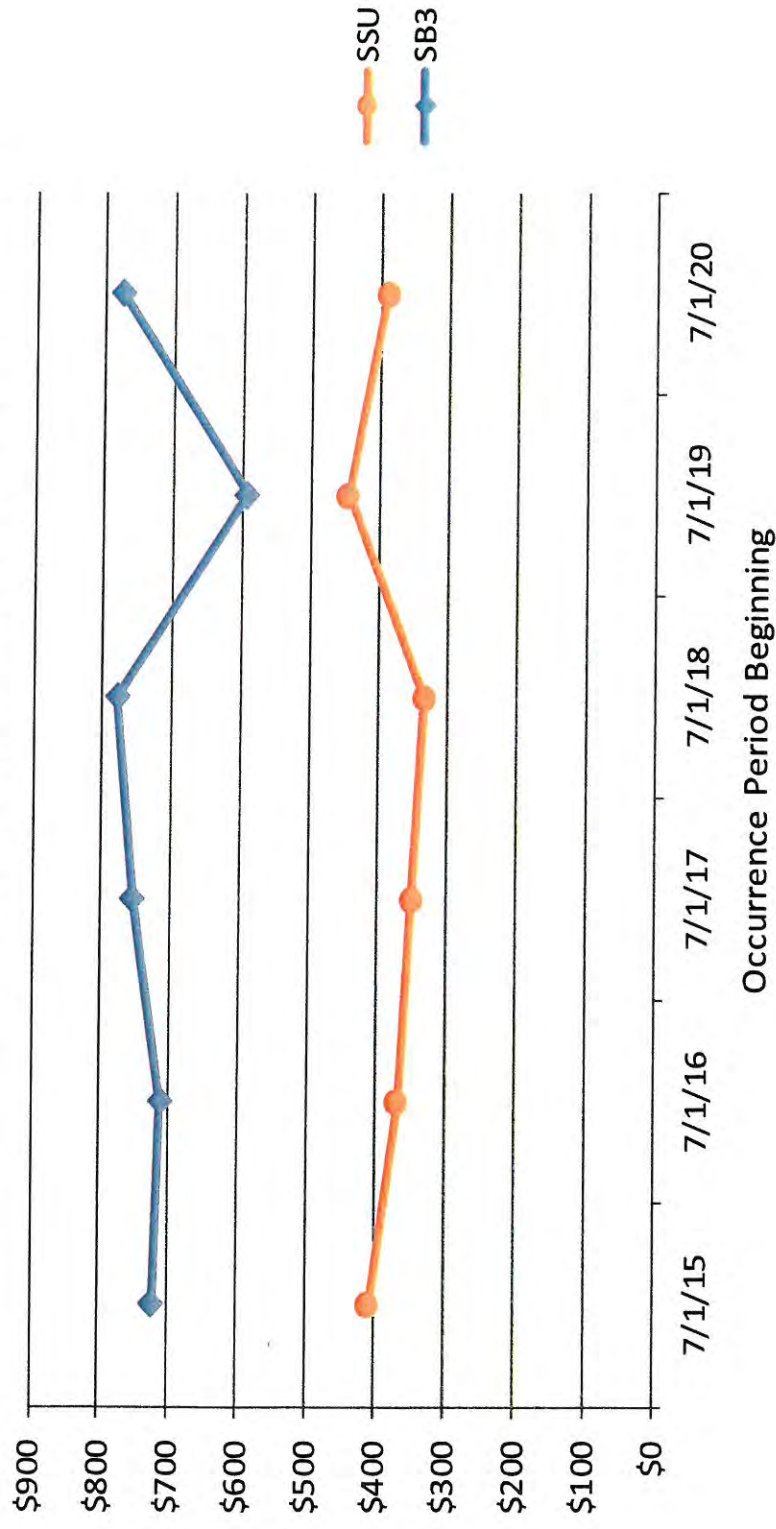
MM Loss Rate Per Base Class Physician FTE 2020/21 Cost Level



Note: Loss rates are on a retained basis, and gross of any deductibles.
The limit for the medical schools increased effective 7/1/15 to \$1.5 million and increases each year in line with the CPI.

Automobile

Auto Loss Rate Per Vehicle at 2020/21 Cost Level

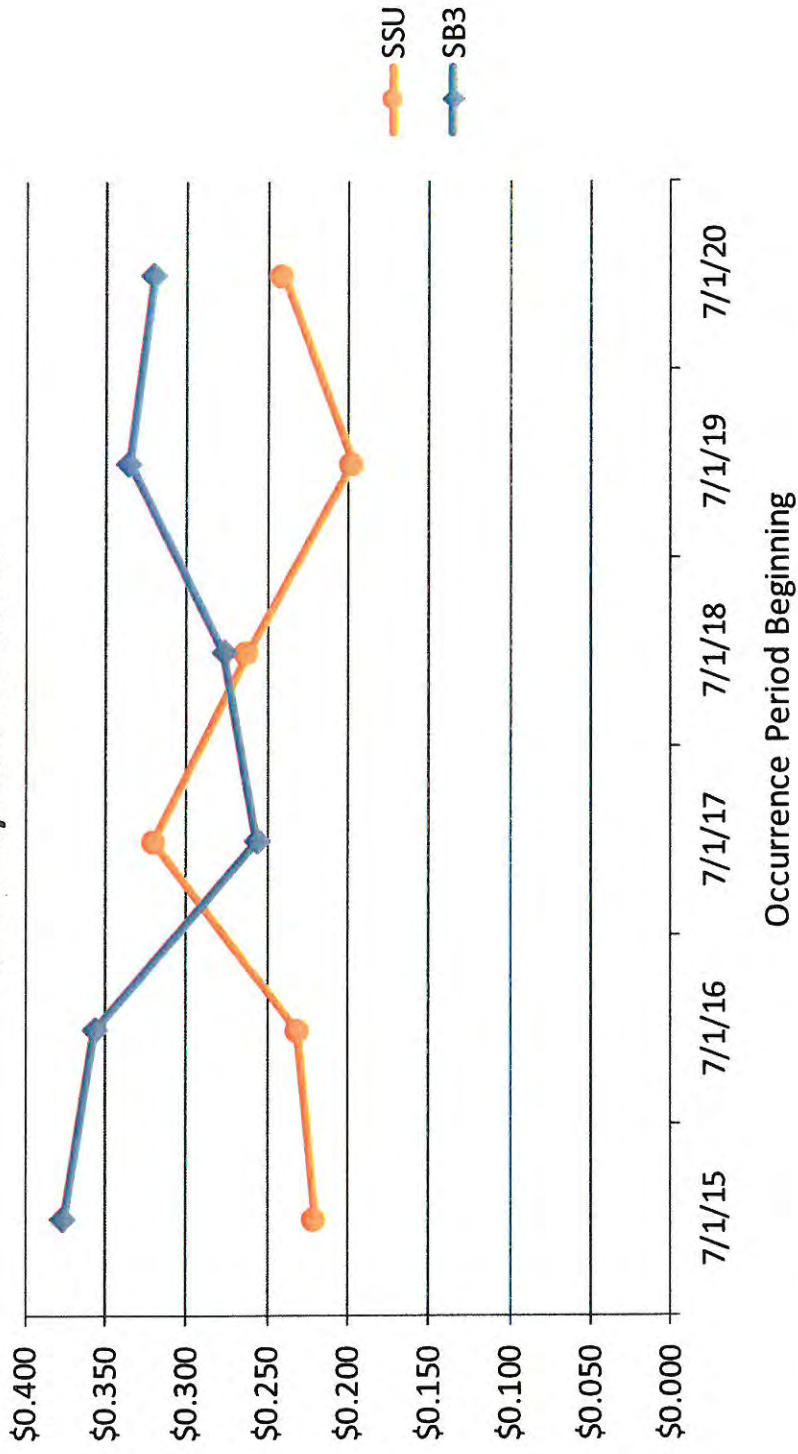


Note: Loss rates are on a retained basis, and gross of any deductibles.

Loss rate beginning 7/1/20 reflects \$6.25M limits/self-funded excess for BOE's.

Property

Property Loss Rate Per \$1,000 Property Values
at 2020/21 Cost Level



Note: Loss rates are on a retained basis, and gross of any deductibles.

Mine Subsidence

- BRIM mine subsidence program coverage increased from \$75,000 per occurrence to \$200,000 per occurrence effective 10/1/16
- As a result of this increased coverage, 10 claims since 10/1/16 are valued above \$75,000 as of 6/30/20
- Mine Subsidence continues to perform at a favorable loss ratio (average = 23% over the past 10 years)

SSU Fiscal Year 2021/22 Rating

- Total costs to allocate increased approximately \$380,000 compared to 2020/21
 - Loss forecasts decreased approximately \$650,000 from 2020/21 (due to favorable loss emergence for general liability)
 - Expense forecasts increased just over \$1M from 2020/21 (dues to increases to excess property premiums and G&A expense)
- Modest rate increases (2021/22 compared to 2020/21) for auto liability and property
- Rate decrease for general liability
- Working on finalizing the SB3 rating analysis for 2021/22

Interim Study as of 12/31/2020

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December 31, 2020 Interim Analysis

- Unpaid loss estimates decreased \$18.9M (9.3%) between 6/30/20 and 12/31/20
- Decrease driven by SB3 General Liability (-\$28.1M)
 - 27 claims related to alleged abuse at one particular insured were settled, paid and closed in December 2020 for \$1 million indemnity (plus expenses) each
 - These claims had been case reserved for \$700,000 each as of 6/30/20. IBNR estimates had provided for an additional \$300,000 for each claim to reach the \$1 million program limit.
 - BRIM claims personnel do not expect additional abuse claims to be filed related to this insured.
- Partially offset by increases in SSU General Liability and SSU Medical Malpractice
 - SSU General Liability (\$5.1M)
 - Lower than expected loss payments
 - Several large claim increases/reopened claims
 - SSU Medical Malpractice (\$2.9M)
 - Lower than expected paid losses
 - Several large newly reported claims
- Relatively modest changes to unpaid losses for other coverages
- Accrual of first 6 months of current 20/21 program year

December 31, 2020 Interim Analysis - Results

Coverage	Program	6/30/20 Retained Unpaid Losses	Paid in Period 7/1/20 - 12/31/20	Accrued in Period 7/1/20-12/31/20	Rollforward 12/31/20 Retained Unpaid Losses	Actual 12/31/20 Retained Unpaid Losses	Actuarial Adjustment Between 6/30/20 and 12/31/20 Reviews	Change in Unpaid Between 6/30/20 and 12/31/20 Reviews
Automobile	SSU	8,133,608	3,112,058	3,802,137	8,823,687	7,797,475	(1,026,212)	(336,132)
Automobile	SB3	12,983,012	2,885,740	3,814,978	13,912,249	13,936,608	24,358	953,596
Automobile	Total	21,116,619	5,997,798	7,617,115	22,735,936	21,734,083	(1,001,853)	617,464
General Liability	SSU	67,900,891	8,369,194	11,604,471	71,136,168	72,994,168	1,858,000	5,093,277
General Liability	SB3	81,409,198	35,295,142	7,881,012	53,995,068	53,304,465	(690,603)	(28,104,733)
General Liability	Total	149,310,089	43,664,336	19,485,483	125,131,236	126,298,633	1,167,397	(23,011,456)
Property	SSU	2,389,465	1,130,283	1,699,433	2,958,615	3,061,431	102,815	671,965
Property	SB3	2,058,679	1,477,294	1,630,545	2,211,929	2,103,086	(108,843)	44,407
Property	Total	4,448,144	2,607,577	3,329,977	5,170,544	5,164,517	(6,027)	716,373
Medical Malpractice	SSU	25,106,002	1,807,248	4,397,636	27,696,389	28,010,567	314,178	2,904,565
Medical Malpractice	SB3	1,314,070	88,398	275,335	1,501,007	1,240,324	(260,683)	(73,745)
Medical Malpractice	Total	26,420,072	1,895,646	4,672,971	29,197,396	29,250,892	53,495	2,830,820
Mine Subsidence		1,403,329	246,824	562,273	1,718,778	1,351,934	(366,844)	(51,395)
Subtotal SSU	SSU	103,529,966	14,418,784	21,503,677	110,614,859	111,863,641	1,248,782	8,333,675
Subtotal SB3	SB3	97,764,958	39,746,574	13,601,870	71,620,254	70,584,484	(1,035,770)	(27,180,475)
Grand Total		202,698,253	54,412,182	35,667,820	183,953,891	183,800,058	(153,833)	(18,898,195)

Questions & Discussion



STATE OF WEST VIRGINIA
DEPARTMENT OF ADMINISTRATION
BOARD OF RISK AND INSURANCE MANAGEMENT



Allan L. McVey
Cabinet Secretary

Mary Jane Pickens
Executive Director
Deputy Cabinet Secretary

**Executive Director's Report
March 16, 2021**

A. Marshall University and West Virginia University Medical Malpractice Program

- As of March 2, 2021, Marshall has deposited \$2,075,000.00 into the escrow account for FY 2021. The fiscal year-to-date cumulative interest totals \$1,666.44. Disbursements totaling \$2,059,584.79 have been paid thus far in FY 2021.
- As of March 2, 2021, a total of \$1,684,574.82 has been deposited into WVU's escrow account for FY 2021. The fiscal year-to-date cumulative interest totals \$3,594.48. Disbursements totaling \$3,224,081.29 have been paid thus far in FY 2021.

B. State Agency/Senate Bill #3 Liability Claim & Litigation Information

TRIALS

Thus far, in 2021, we have tried no cases to verdict.

In 2020, we tried four cases to verdict, with three defense verdicts and one plaintiff verdict. (New case in bold)

Kara Ault vs. WV Division of Highways; 1/16/2020; Jefferson Co. Cir. Ct.; Plaintiff rear-ended Insured truck; Defense verdict.

Frank Morgan vs. City of Logan; 7/31/2020; US. Dist. Ct. So. WV; Plaintiff alleged excessive force in his arrest by City of Logan police officers; Defense verdict.

Isabella Renaud vs. Jefferson County B.O.E.; 11/16/2020; Jefferson Co. Cir. Ct.; Plaintiff's minor tripped over another student in gym class and sustained a fractured skull; Defense verdict.

Michelle Hargrave vs. Town of Northfork; 11/17/20; McDowell Co. Cir.Ct.; Plaintiff was charged with Federal Tax Lien in her position with the Insured; Plaintiff verdict, with judgment, pre-judgment and post-judgement interest, totaled \$45,666.00.

PAID CLAIMS (February 2021 Data)

YTD Indemnity payments total \$4,431,347 vs. PYTD payments of \$5,712,447, a decrease of 22.4%.

YTD Legal payments total \$2,595,188 vs. PYTD payments of \$3,183,570, a decrease of 18.5 %.

OUTSTANDING CLAIMS (February 2021 Data)

February 2021 Indemnity reserves total \$61,522,950 vs. February 2020 Indemnity reserves of \$68,064,977, a decrease of 9.6%.

February 2021 Expense reserves total \$26,674,023 vs. February 2020 Expense reserves of \$23,861,754, an increase of 11.8%.

CLAIMS COUNTS (February 2021 Data)

New claims YTD total 532 vs. PYTD of 608, a decrease of 12.5%.

Closed claims YTD total 538 vs. PYTD of 600, a decrease of 10.3%.

Open claims YTD total 985 vs. PYTD of 1152, a decrease of 14.5%.

DURATION – CLOSED CLAIMS (February 2021 Data)

YTD Duration of 118.757 Days vs. PYTD Duration of 125.252 Days, a decrease of 5.2%.

CLOSING RATIO (February 2021 Data)

YTD Closing Ratio of 101.1% vs. PYTD Closing Ratio of 98.7%, an increase of 2.4%.

- C. COVID-19 Pandemic – BRIM staff continues to work primarily remotely, with the freedom to come into the office as needed to perform certain tasks, or when internet is unreliable at home, etc. The Board will recall that during the summer and fall, we were coming into the office in shifts to allow for social distancing. Before Thanksgiving, however, we returned to mostly remote work due to the uptick in infections and the upcoming holiday season. The management team has now been fully vaccinated as part of Governor Justice's vaccination plan, and as more state employees are able to be fully vaccinated, we expect to begin bringing staff back to in-office work. Until then we will continue to work remotely, which has been successful here at BRIM.
- D. Patient Injury Compensation Fund (PICF) – Patient Injury Compensation Fund (PICF) -- The outstanding balance owed to claimants is \$2,239,552.97. The most recent pro-rata distribution made in August was in the amount of \$1.9 million. This distribution was for the fiscal year 2020 which ended on June 30, 2020. The March 5, 2021 balance in the fund is \$955,399.38. We will have one more annual pro-rata distribution in August 2021, and a final distribution in the early part of 2022 based on collections between July 1 and December 31, 2021. All funding streams are scheduled to end on December 31, 2021 and we expect all claims to be paid in full as well as all administrative expenses of the fund, and the fund should be closed on June 30, 2022.
- E. On February 10 we met with representatives from Gallagher to review cyber liability program and prepare for going to market for coverage for FY 2022. The outlook is not entirely positive, as the Board likely knows. The cyber insurance market shifted in 2020 from a long period of flat to falling cyber insurance premiums to a marketplace where underwriters are regularly seeking rate increases in a range of about 25% to 50% for the public space. The increase in both frequency and severity of ransomware claims started in 2019 and continued in 2020. This is now the "cybercrime of choice" and figures for ransomware demands are reaching the seven and eight figure range. The remote

workforce has been a concern with markets. In WV's favor is our very prompt reporting of incidents and the level of oversight and modernization from our Office of Technology. We have gathered updated applications from our Boards of Education and updated revenues. We expect the Boards of Education to be the most challenging part of the book of business, but we will continue in the coming weeks to work toward the 7-1-2021 renewal.

- F. Also, on February 10 we met with USI and RT Specialty representatives to prepare for property insurance renewals for 7-1-2021. The property market is hardening but there is some increased capacity. We have been able to secure multi-year pricing in the past, and that is proving to be more challenging going forward. As part of our effort to review the market we've had meetings with our peers in the states of Wisconsin and Montana and we plan to speak to a few other states. We can report back that our challenges in West Virginia are not unique, but we always appreciate interaction and input from other state risk managers. Another update relating to the property program relates to insurance appraisals – this service will need to be bid out, and the RFP is ready to be issued later in the Spring.
- G. BRIM was asked by the Fleet Management Division to reassign one of its two vehicles to Fleet to be used in the Capitol Motor Pool. This is an initiative that is supported by the Governor's Office as a way to reduce the number of vehicles that are owned by state agencies that are considered "underutilized" based on a rule requirement of 1,100 miles per month. The Fleet Management Division is implementing a Kiosk system designed to automate and streamline renting vehicles from the Motor Pool and dispensing keys. The goal is to save money across state government through more efficient sharing of state-owned vehicles.
- H. Risk Management Information System Update – At the December Board meeting I told the Board that we planned to focus on data reconciliation between the new system and our legacy system for the months of July through the end of 2020. Melody Duke is processing the "kick outs" from the new report designed by Asset Works so that they may be corrected going forward. Stephen Panaro is working on the monthly summary comparison report. I remain optimistic that we will begin to rely on the new system by the end of the current fiscal year. Asset Works will continue to build out Underwriting and Loss Control modules – the recent focus has been on reconciliation of claim data.
- I. BRIM Rules Projects – SB 126 is the Department of Administration rules bundle. BRIM's 3 rules and one Purchasing Division rule are included in the bundle. The bill completed legislative action on _____. The BRIM rules include Series 1, Mine Subsidence; Series 2, Public Entities Insurance Program; and Series 5, Procedures for Providing Written Notification of Claims of Potential Liability to the State or its Employees. This last rule, Series 5, is being repealed in light of the promulgation in 2020 of a replacement procedural rule. The other two legislative rules are being amended. Another bill, SB 296, which repeals outdated and unneeded rules, repeals BRIM's Series 4. This is a very old rule (1992) that discontinued a medical professional liability insurance program through BRIM for OB-GYNs and family practitioners following survey responses to gauge level of interest in the program. The survey determined that there was insufficient interest in either a primary or excess insurance program, and the rule therefore terminated it. The

rule is now irrelevant and is repealed by SB 296. With the passage of these bills and the final filing of Series 1 and 2, the BRIM's rules will have been updated as needed.

- J. Website Updates – We have continued to work with WV Interactive on a completely new and updated BRIM website. It will fully incorporate the State Privacy Office and will be easier for the public to use and navigate. We anticipate receiving a proposal from WV Interactive in the coming weeks.
- K. Records Management – Our Team working on scanning and paper file destruction completed scanning all liability files in the claim file room the first week of January. This included approximately 876 liability claim folders as well as the accompanying extra volumes to those files, for a total of approximately 1,010 files. Additionally, the total number of liability claim files triaged and destroyed without scanning was 2,310, bringing the total liability claims processed to over 3,300.

With the on-premises liability files completed by that first week of January, our team pulled the oldest 50 claim boxes from Iron Mountain. It turned out that the boxes contained approximately 1500 very old mine subsidence claim files. Virtually all files contained photos which, without going into detail, required time consuming steps to scan and document the subject of the photos. The team continues to work through this cumbersome process with the photos. To summarize, about 1,020 of the old mine subsidence claim files in the first 50 boxes have been fully scanned, with about 480 files to go. The target date to fully complete processing of those first 50 boxes is mid-April.

In a week or so the Team will request the next oldest 50 boxes from Iron Mountain. The mine subsidence claim files are the most difficult to scan, so this project will speed up if the old boxes contain liability or property claim files (many of which will be old enough to simply destroy under the provisions of BRIM's approved record retention schedule).

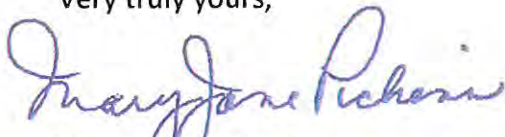
- L. Upcoming Board Meeting schedule for 2021:

Tuesday, June 15, 2021 @ 1PM

Tuesday, September 21, 2021 @ 1PM

Tuesday, December 21, 2021 @ 1PM

Very truly yours,



Mary Jane Pickens
Executive Director

MJP/ldm

STATE OF WEST VIRGINIA
DEPARTMENT OF ADMINISTRATION
BOARD OF RISK AND INSURANCE MANAGEMENT



Allan L. McVey
Cabinet Secretary

Mary Jane Pickens
Executive Director
Deputy Cabinet Secretary
MaryJane.Pickens@wv.gov

**Chief Financial Officer's Report
March 16, 2021**

A. P Card Report

CD copies contain the supporting detail for P card purchases for the months of November and December 2020 and January 2021. These totals are:

November	\$35,367.71
December	\$47,427.13
January	\$18,868.92

B. Current Financial Results

- The financial results presented are for the seven months ending January 31, 2021. The results reflect the actuarially estimated IBNR from AON's risk funding study as of December 31, 2020, plus an estimated additional accrual for January.
- Retained case reserves are \$6.3 million lower this year vs. the prior year and the current year actuarially estimated retained IBNR is also \$6.8 million lower than the prior year. Combined, total current and non-current estimated claims liabilities (i.e., unpaid claims) are \$13.1 million lower than last year.
- Premium revenue is down by \$1.5 million for FY'21. The decrease mirrors the reduction for FY'21 vs. FY'20 resulting from the annualized credits issued in the first quarter of FY'21 to insureds for the estimated impact of the Covid-19 pandemic on the reduced utilization and exposure of owned and leased vehicles covered by their policy.
- Higher net claims payments YTD for FY'21 combined with the net change in estimated claims liabilities resulted in an increase in claims and claims adjustment expenses of \$3.1 million for the first seven months of FY'21 when compared to FY'20.
- Investments results reflect market values as of January 31, 2021.
- Equity market returns were \$16.3 million for the first seven months of the fiscal year and fixed income returns were \$2.5 million with a total combined investment earnings of \$18.8 million versus last fiscal year's investment returns of \$14.4 million.
- Lower premium revenue and higher claims expense were offset by improved investment earnings for FYTD'21. The better investment returns through January of this year helped to improve BRIM's net position by \$17.0 million year vs. \$15.8 million last year.

C. Financial Markets

- On February 24th, 2020, the Dow dropped more than 1,000 points for the day, primarily over concerns about the global economic impact of the spread of the coronavirus. By the end of February 2020, all the major stock indexes were down close to 10%. In late March, the stock market losses deepened further with the major indexes down around 30% from their recent highs set in early February of last year.

C. Financial Markets (cont'd)

- All the major U.S. stock indexes are now up around 35% since last March's lows and are at or near record highs.
- The yield on the 10-year Treasury has risen near-term to around 1.6%. With this recent back up in rates, investors are becoming somewhat more cautious about taking on more risk in stocks.
- Two weeks ago, the Federal Reserve reiterated their stance that they will continue to maintain the fed funds rate near zero for the foreseeable future and that they will continue to support liquidity in the financial markets through additional bond purchases.
- With a relatively short duration for fixed income holdings in the trust, funds are currently being reinvested at a 0.5% rate. Extremely low short-term interest rates will continue to dampen the overall returns for BRIM's fixed income investments.

Respectfully submitted,



Stephen W. Schumacher, CPA
Chief Financial Officer

West Virginia Board of Risk and Insurance Management

Statements of Net Position

For the Seven Months Ended January 31st

	2021	2020
	<i>(In Thousands)</i>	
Assets		
Current assets:		
Cash and cash equivalents	\$ 20,717	\$ 26,640
Advance deposits with insurance company and trustee	244,336	243,891
Receivables	6,978	4,457
Prepaid insurance	1,831	2,878
Restricted cash and cash equivalents	23,112	19,263
Premiums due from other entities	1,134	1,112
Total current assets	298,107	298,240
Noncurrent assets:		
Equity position in internal investments pools	116,811	105,538
Restricted investments	67,458	60,948
Total noncurrent assets	184,269	166,486
Total assets	482,376	464,727
Deferred Outflows of Resources	215	373
Deferred Outflows of Resources - OPEB	84	65
Liabilities		
Current liabilities:		
Estimated unpaid claims and claims adjustment expense	69,336	62,656
Unearned premiums	17,384	15,662
Agent commissions payable	794	795
Claims Payable	00	253
Accrued expenses and other liabilities	2,783	3,036
Total current liabilities	90,297	82,402
Estimated unpaid claims and claims adjustment expense net of current portion	116,870	136,653
Compensated absences	150	124
Net pension liability	214	249
Total noncurrent liabilities	117,234	137,026
Total liabilities	207,531	219,428
Deferred Inflows of Resources	145	200
Deferred Inflows of Resources - OPEB	171	109
Net position:		
Restricted by State code for mine subsidence coverage	78,617	72,466
Unrestricted	179,166	157,204
Net Assets (Deficiency)	17,046	15,758
Net position	\$ 274,829	\$ 245,429

Unaudited

West Virginia Board of Risk and Insurance Management

Statements of Revenues, Expenses, and Changes in Net Position

For the Seven Months Ended January 31st

	2021	2020
	<i>(In Thousands)</i>	
Operating revenues		
Premiums	\$ 46,589	\$ 48,139
Less coverage/reinsurance programs	(2,607)	(4,038)
Net operating revenues	43,982	44,101
Operating expenses		
Claims and claims adjustment expense	42,876	39,819
General and administrative	2,864	2,955
Total operating expenses	45,740	42,773
Operating income (loss)	(1,758)	1,328
Nonoperating revenues		
Investment income	18,804	14,431
Net nonoperating revenues	18,804	14,431
Changes in net position	17,046	15,758
Total net position, beginning of year	257,783	229,670
Total net position, end of period	\$ 274,829	\$ 245,429

Unaudited

STATE OF WEST VIRGINIA
DEPARTMENT OF ADMINISTRATION
BOARD OF RISK AND INSURANCE MANAGEMENT



Allan L. McVey
Cabinet Secretary

Mary Jane Pickens
Executive Director
Deputy Cabinet Secretary

**Loss Control Report to the Board
March 2021**

Senate Bill #3 loss control questionnaires were due on January 1, 2021. Since then, we evaluated those questionnaires to determine and apply credits or surcharges based on insured participation in our Standards of Participation program. We completed the evaluations in February

Aon has been partnering with us on a project that identifies locations that are situated in flood zones. Aon gathers this information during its scheduled inspections. We plan to visit with affected insureds this spring to review their flood mitigation plans and to make any needed recommendations. We have identified 90 locations with total insured values in excess of \$680,000,000.

In addition to our normal consultation services, we plan to concentrate on insureds who operate day care facilities or similar operations that deal with the care of children. During the coming spring and summer, we will meet with these insureds and will conduct abuse/molestation risk assessments in an attempt to identify primary areas of weakness if they exist. Past experience has proven that claims emanating from these operations are both emotionally charged and financially expensive when poor procedures are in place.

During the months of January and February Liberty conducted 727 inspections. The reports are being processed according to established procedures. Aon is in the process of transitioning to a new reporting format and we expect to receive their completed inspection reports during the month of March.

As is the case each year, the number of loss control visits is markedly reduced during the period in which we evaluate loss control questionnaire submissions. No consultation visits occurred during this reporting period.

Dated: *March 15, 2021*

Respectfully submitted,

A handwritten signature in blue ink that reads "Robert A. Fisher".

Robert A. Fisher
Deputy Director and Claim Manager

STATE OF WEST VIRGINIA
DEPARTMENT OF ADMINISTRATION
BOARD OF RISK AND INSURANCE MANAGEMENT



Allan L. McVey
Cabinet Secretary

Mary Jane Pickens
Executive Director
Deputy Cabinet Secretary
MaryJane.Pickens@wv.gov

Chief Privacy Officer's Report March 16, 2021

A. Privacy Management Team Meetings

- On January 26, 2021, the Privacy Management Team held a virtual meeting via Microsoft TEAMS platform in celebration of *International Data Privacy Day*. We had over 80 attendees, broadening our attendance base by encouraging Agency Privacy Officers (APOs), not normally invited to participate in PMT meetings, to attend. The topic for presentation was a panel discussion entitled "*A Holistic Approach to Cyber Risk Management*", led by Arthur J. Gallagher & Company Vice President John Farley, with expert panelists John Clarke, Cyber Risk Management Consultant, Michael Bruemmer, Vice President at Experian, Tom Owns, Director of the Cyber Liability Practice at Arthur J. Gallagher, Johny Mongan, Arthur J. Gallagher Cyber Expert, and Scott Koller, Partner at Baker Hostetler. Erica Connick, Arthur J. Gallagher Vice President, was instrumental in forming this expert panel. Because of the level of content for this panel discussion, the State Privacy Office was able to apply for and be approved for 1.8 CLE credits from the West Virginia State Bar, with 11 attendees taking advantage of the credit. The next PMT for the year will be held March 23, 2021, using a virtual format.

B. Privacy Training

- During the Fourth Quarter of 2020, 778 members of the Executive Branch workforce completed the online course *Think WV Privacy*, which is a general privacy awareness training course.
- During the Fourth Quarter of 2020, 717 members of the Executive Branch workforce completed the online course *WV Confidentiality Agreement*, which is required of all workforce members.
- During the Fourth Quarter of 2020, 140 members of the Executive Branch workforce completed the online course *HIPAA/HITECH*, which is a general HIPAA training course.

The following training events were held by the SPO since the last board meeting:

- An RFQ was awarded in conjunction with WVOT's Cyber Security Office, to replace outdated privacy and security online training for the state employees. State Privacy Office staff have spent time constructing a training and working to customize it from the vendor's vast library of privacy and security training modules.
- Two new departmental privacy officers (DPOs) who needed special attention to the processing of a large number of complex incidents, have required long sessions of incident response management trainings, providing much more instruction in incident management than DPOs normally would receive.

C. Privacy Impact Assessments

- A privacy impact assessment (PIA) is a tool used to assess the privacy impact and risks to the personally identifiable information (PII) stored, used, and exchanged by information systems. A PIA evaluates privacy implications when information systems are created, when existing systems are significantly modified, or new technology is purchased.
- Since December 15, 2020, fourteen (14) PIAs have been completed and submitted. Staff changes at the West Virginia Office of Technology have resulted in procedural changes for reporting to our office their recommendations for completing a PIA. State Privacy staff, combined with WVOT and Purchasing staff, are working together to create a new PIA procedure.
- At this point, PIA completion is not mandatory for agencies, but the Purchasing Division is requiring that agencies purchasing a technology/software product speak with the Privacy Office regarding the need for a Privacy Impact Assessment.

D. Privacy Office Personnel

- The State Privacy Office has interviewed a law student from WVU for a summer legal internship project.

Very truly yours,

Ashley Summitt

Ashley Summitt, JD
Chief Privacy Officer
WV Executive Branch

STATE OF WEST VIRGINIA
DEPARTMENT OF ADMINISTRATION
BOARD OF RISK AND INSURANCE MANAGEMENT



Allan L. McVey
Cabinet Secretary

Mary Jane Pickens
Executive Director
Deputy Cabinet Secretary

AGENDA
BOARD MEETING OF THE
WEST VIRGINIA BOARD OF RISK AND INSURANCE MANAGEMENT
June 15, 2021

Meeting held telephonically to practice social distancing guidelines for the COVID-19 pandemic response. Notice to the public provided on BRIM's web page. The meeting meets Open Meeting laws requirements for public access.

Join meeting by phone: Dial-in number: +1 681-245-6817 Conference ID: 952 993 670#

Mary Jane Pickens
Executive Director

Call to Order

Mary Jane Pickens
Executive Director

Roll Call

Mary Jane Pickens
Executive Director

Election of Officers

Newly Elected Chairperson

Approval of Board Minutes
March 16, 2021 Meeting

REPORTS

Mary Jane Pickens
Executive Director

Executive Director's Report

Stephen W. Schumacher, CPA
Chief Financial Officer

Financial Report
PCard Report

Jeremy C. Wolfe
Loss Control Manager

Loss Control Report

Ashley E. Summitt
Chief Privacy Officer

Privacy Report

UNFINISHED BUSINESS

NEW BUSINESS

ADJOURNMENT

Idm

STATE OF WEST VIRGINIA
DEPARTMENT OF ADMINISTRATION
BOARD OF RISK AND INSURANCE MANAGEMENT



Allan L. McVey
Cabinet Secretary

Mary Jane Pickens
Executive Director
Deputy Cabinet Secretary

**MINUTES OF THE MEETING
OF THE
WEST VIRGINIA BOARD OF RISK AND INSURANCE MANAGEMENT
March 16, 2021**

(meeting was held telephonically to practice social distancing guidelines for the COVID-19 pandemic response)

BOARD MEMBERS PRESENT:	Bruce R. Martin, CIC, CRM, Chairman Bob Mitts, CPCU, Vice Chairman Edward Magee, Ed.D., CPA, Member Gordon Lane, Jr., Member Joseph Price, Member James A. Dodrill, Board Secretary, Ex-Officio Member Commissioner, WV Office of the Insurance Commissioner
BRIM PERSONNEL:	Mary Jane Pickens, Executive Director Robert Fisher, Deputy Director/Claims Manager Melody Duke, Deputy Director/Underwriting Manager Stephen W. Schumacher, CPA, CFO Jeremy Wolfe, Risk & Insurance Manager Ashley Summitt, Chief Privacy Officer John Fernatt, Senior Claim Representative Stephen W. Panaro, CPA, Controller Lora Myers, Recording Secretary
BRIM PROGRAM REPRESENTATIVES:	Steve Fowler, Esq., BRIM Counsel Ed Poe, Esq., BRIM Counsel Chuck Waugh, AIG Claim Services Brenda Samples, USI Insurance Services, LLC Bob Ayers, USI Insurance Services, LLC
GUESTS:	Kelsey Richards, WVU Risk Management Dr. John David, Professor Emeritus WVU Southern Appalachian Labor School

CALL TO ORDER

- Chairman Martin called the board meeting of the West Virginia Board of Risk and Insurance Management to order on Tuesday, March 16, 2021 @ 1:03PM.
- The meeting was held telephonically to practice social distancing guidelines for the COVID-19 pandemic response.
- Chairman Martin called roll for the board members; all were in attendance.

APPROVAL OF MINUTES

- Member Edward Magee moved the approval of the September 15, 2020 board meeting minutes. The motion was seconded by Member Gordon Lane, Jr.
- Being no discussion, a vote took place and the MOTION ADOPTED.

REPORTS

Aon Risk Solutions

- Chairman Martin welcomed Jo Ellen Cockley to present the Aon Risk Funding Study Report as of June 30, 2020 for Aon Risk Solutions.
- Ms. Cockley introduced herself and commented she was glad to be part of the meeting. She referenced the Risk Funding Study as of June 30, 2020, which was emailed prior to the meeting.
- Review of Property/Casualty Marketplace Overview. Explained that a decrease in non-catastrophic losses in first half of 2020. Decrease in auto liability claims due to fewer miles driven. Finished the year with strong capital despite a challenging 2020.
- Presentation included review of Medical Malpractice. West Virginia claim frequency and severity are comparable to the national averages and have been stable.
- Review of Page 12 – COVID-19 Update. Higher claims activity in Workers Compensation, primarily for healthcare. Continued litigation regarding business interruption coverage.
- Presentation included review of Unpaid Loss. Estimated unpaid loss increased \$13.7 million (7.2%) from 6/30/2019. Loss Funding was discussed in detail. Mine Subsidence was reviewed and continues to perform at a favorable loss ratio (average = 23% over the past 10 years). Highlights from the Interim Study were also reviewed.

- Ms Cockley completed her report and asked for any questions, no questions. Chairman Martin thanked Ms. Cockley for her presentation.
- The Aon Risk Solutions Report presentation was received, a copy is attached and made part of the record.

Executive Director's Report

- Chairman Martin called on Mary Jane Pickens to present the Executive Director's Report.
- Ms. Pickens reviewed the Marshall University and West Virginia University Medical Malpractice Programs.
- Ms. Pickens reviewed the State Agency/Senate Bill #3 Liability Claim and Litigation Information. In 2020, four cases were tried to verdict, three defense verdicts and one plaintiff verdict. Her report also details information regarding trials, paid claims, outstanding claims, claim counts, closed claims and closing ratio.
- Ms. Pickens reported on the handling of the COVID-19 Pandemic by BRIM. BRIM staff continues to work primarily from home. The BRIM Management Team has been fully vaccinated. As more employees are fully vaccinated, we expect to bring staff back to the office full-time.
- The Patient Injury Compensation Fund (PICF) was reviewed. The outstanding balance owed to claimants is \$2,239,552.97. The most recent pro-rata distribution was made in August in the amount of \$1.9 million. This distribution was for fiscal year 2020. The March 5, 2021 fund balance is \$955,399.38. There will be an additional pro-rata distribution in August 2021. A final distribution will occur early in 2022 based on collections from July 1 – December 31, 2021. All funding streams are scheduled to end December 31, 2021, we expect all claims be paid in full as well as administrative expenses. Closing for the fund should be June 30, 2022.
- BRIM staff met with representatives from Gallagher on February 10, 2021, to review the cyber liability program and prepare for going to market coverage for FY2022. Outlook is not entirely positive, the cyber insurance market shifted in 2020 from a long period of flat to falling cyber insurance premiums to a marketplace where underwriters are seeking rate increases of 25% to 50% for the public space. Increase in both frequency and severity of ransomware claims started in 2019 continuing the following year. Now the "cybercrime of choice", figures for ransomware demands are reaching eight figures. The remote workforce has been a concern with markets. To West Virginia's favor, is our prompt reporting of incidents and the level of oversight and modernization from our Office of Technology. Board of Education have submitted updated applications; however, are

expected to be the most challenging part of the book of business. We will continue working toward the July 1, 2021 renewal.

- Additionally, on February 10, 2021, BRIM staff met with USI and RT Specialty representatives to prepare for property insurance renewals for July 1, 2021. The property market is hardening but there is increased capacity. We have been able to secure multi-year pricing in the past, that is proving to be more challenging. In our efforts to review the market, we've have been meeting with our peers in Wisconsin and Montana and plan to meet with a few other states. Challenges in West Virginia are not unique, but the interaction and input from other risk managers is appreciated. Additional update relating to the property program is insurance appraisals, this service will be bid out and the RFP is ready to be issued later this Spring.
- Fleet Management Division asked BRIM to reassign one of two vehicles to Fleet for use in the Capitol Motor Pool. This is an initiative that is supported by the Governor's Office to reduce the number of vehicles owned by state agencies and are considered underutilized based on the rule of 1,100 miles per month. Fleet is implementing a Kiosk system designed to automate renting vehicles from the Motor Pool and dispensing keys. The goal is to save money across state government through efficient sharing of vehicles.
- Risk Management Information System updates were discussed. Melody Duke is processing the "kick outs" from the new report designed by Asset Works so they can be corrected going forward. Stephan Panaro is working on the monthly summary comparison report. Asset Works will continue to build Underwriting and Loss Control modules. Recently, the focus has been on reconciliation of claim data.
- BRIM Rules Projects were reviewed. SB 126 is the Department of Administration rules bundle. BRIM's three rules and one Purchasing Division rule are included. The bill completed legislative action on March 11, 2021. The BRIM rules include Series 1, Mine Subsidence; Series 2, Public Entities Insurance Program; and Series 5, Procedures for Providing Written Notification of Claims of Potential Liability to the State or its Employees. Series 5 is being repealed in light of promulgation in 2020 of a replacement procedural rule. Two other legislative rules are being amended. Another bill, SB 296, which repeals outdated and unneeded rules, repeals BRIM's Series 4. An old rule (1992) that discontinued a medical professional liability insurance program through BRIM for OB-GYNs and family practitioners following survey responses to gauge level of interest in either primary or excess insurance program, the rule therefore terminated it. The rule is now irrelevant and is repealed by SB 296. With the passage of these bills and the final filling of Series 1 and 2, BRIM's rules will have been updated.
-

- Website updates were presented. BRIM has continued to work with WV Interactive on a completely new website. It will fully incorporate the State Privacy Office and will improve website appearance, make it easier to navigate and locate information.
- Records Management updates were discussed. Our team working on scanning and paper file destruction completed scanning all liability files in the claim file room the first week of January. This included approximately 876 liability claim folders as well as the accompanying extra volumes to those files. The oldest 50 boxes of claim files have been retrieved from Iron Mountain. These files were mine subsidence and contain photos which require time consuming steps to scan and document the subject of the photos. The team continues to work through this process. The target date to fully complete processing of those 50 boxes is mid-April. This effort is being made to reduce storage costs and store only what is necessary.
- Ms. Pickens announced upcoming Board Meeting dates for 2021:

Tuesday, June 15, 2021 at 1PM
 Tuesday, September 21, 2021 at 1PM
 Tuesday, December 21, 2021 at 1PM
- The Executive Director's Report was received and filed, a copy is attached and made part of the record.

BRIM Financial Report

- Chairman Martin called on Mr. Schumacher to present the Chief Financial Officer's Report.
- Mr. Schumacher discussed PCard activity for November 2020, December 2020 and January 2021.
- Mr. Schumacher told the board that Ms. Cockley's report covered much of the current information. He reviewed the current financial results in detail. The results reflect the actuarially estimated IBNR from Aon's risk funding study as of December 31, 2020, plus an estimated additional accrual for January. Retained case reserves are \$6.3 million lower this year vs. the prior year and the current year actuarially estimated retained IBNR is also \$6.8 million lower than the prior year. Combined, total current and non-current estimated claims liabilities are \$13.1 million lower than last year.
- Premium revenue is down by \$1.5 million for FY'21. The decrease mirrors the reduction for FY'21 vs. FY'20 resulting from the annualized credits issued in the first quarter of FY'21 to insureds for the estimated impact of the Covid-19 pandemic on the reduced utilization and exposure of owned and leased vehicles covered by their policy.

- Investment results reflect market values as of January 31, 2021.
- Lower premium revenue and higher claims expense were offset by improved investment earnings for FYTD'21. The better investment returns through January of this year helped improve BRIM's net position by \$17.0 million this year vs. \$15.8 million last year.
- Mr. Schumacher reported on Financial Markets. All the major US stock indexes are now up around 35% since last March's lows and are at near record highs. The yield on the 10-year Treasury has risen near-term to around 1.6%. With recent back up in rates, investors are becoming more cautious about taking on more risks in stocks. The Federal Reserve is keeping their stance that they will continue to support liquidity in the financial markets through additional bond purchases.
- With a relatively short duration for fixed income holdings in the trust, funds are currently being reinvested at a 0.5% rate. Extremely low short-term interest rates will continue to dampen the overall returns for BRIM's fixed income investments.
- Mr. Schumacher asked for questions regarding the Financial Report. No questions, Chairman Martin thanked Mr. Schumacher for his report.
- The Chief Financial Officer's Report was received and filed, a copy is attached and made part of the record.

Loss Control Report

- Mr. Fisher was called upon by the Chairman to present the Loss Control Report.
- Mr. Fisher stated that Senate Bill #3 loss control questionnaires were due January 1, 2021. Then questionnaires are evaluated to determine and apply credits or surcharges based on insured participation in our Standards of Participation program. Evaluations were completed in February.
- BRIM has been partnering with Aon on a project that identifies locations that are situated in flood zones. Aon gathers information during scheduled inspections. We plan to visit with affected insured this spring to review their flood mitigation plans and make any necessary recommendations. There have been 90 locations identified with a total insured value exceeding \$680,000,000.
- In addition to our normal consultation services, we plan to concentrate on insured who operate day care facilities or similar operations that deal with the care of children. We will meet with these insured and will conduct abuse/molestation risk assessments attempting to identify primary areas of weakness.

- During the months of January and February, Liberty conducted 727 inspections. The reports are being processed according to established procedures. Aon is in the process of transitioning to a new reporting format and we expect their completed inspection reports in March.
- The number of loss control visits reduces during the period when loss control questionnaires are evaluated. No consultation visits occurred during this period.
- The Loss Control Report was received and filed, a copy is attached and made part of the record.

Privacy Report

- Ashley Summitt was called on by the Chairman to present the Privacy Report.
- Ms. Summitt reported on the most recent Privacy Management Team meeting, which was held virtually on January 26, 2021. This meeting was in celebration of International Data Privacy Day. There were over 80 in attendance. The increased attendance was due to encouraging Agency Privacy Officers (APOs) to attend. A panel discussion entitled “*A Holistic Approach to Cyber Risk Management*”, led by Arthur J. Gallagher & Company Vice President John Farley, with expert panelists John Clarke, Cyber Risk Management Consultant, Michael Bruemmer, Vice President of Experian, Tom Owns, Director of Cyber Liability Practice at Arthur J. Gallagher, Johnty Morgan, Arthur J. Gallagher Cyber Expert, and Scott Koller, Partner at Baker Hostetler, Erica Connick, Arthur J. Gallagher Vice President, was instrumental in forming this expert panel. Due to the level of content for the panel discussion, the State Privacy Office was able to apply and be approved for 1.8 CLE credits from the West Virginia State Bar, with 11 attendees taking advantage of the credit. The next PMT for the year will be held March 23, 2021.
- Ms. Summitt reported on privacy trainings. During the fourth quarter of 2020, 778 members of the Executive Branch workforce took the online course *Think WV Privacy*; 717 members took the online course *WV Confidentiality Agreement*; and 140 members took the online course *HIPAA/HITECH*.
- Discussion regarding the training events held by the SPO since the last board meeting. An RFQ was awarded in conjunction with WVOT’s Cyber Security Office, to replace outdated privacy and security online training for state employees. State Privacy Office staff have spent time constructing a training and working to customize it from the vendor’s vast library of privacy and security training modules

- Two new departmental privacy officers (DPOs) who needed special attention to the processing of a large number of complex incidents, have required long sessions of incident response management trainings, providing much more instruction in incident management than DPOs normally would receive.
- Ms. Summitt explained a privacy impact assessment (PIA) which is a tool used to assess the privacy impact and risks to the personally identifiable information (PII) stored, used and exchanged by information systems. A PIA evaluates privacy implications when information systems are created, when existing systems are significantly modified, or new technology is purchased.
- Since December 15, 2020, 14 PIAs have been completed and submitted. Staff changes at the Office of Technology have resulted in procedural changes for reporting to our office their recommendations for completing a PIA. State Privacy staff combined with WVOT staff and Purchasing staff, are working to create a new PIA procedure.
- PIA completion is not mandatory for agencies, but the Purchasing Division is requiring that agencies purchasing a technology/software product speak with the Privacy Officer regarding the need for a Privacy Impact Assessment.
- Ms. Summitt reported that the State Privacy Office has interviewed a law student from WVU for a summer legal internship project. Hopeful that the position works out and we have some projects for him to undertake.
- Privacy Report was received and filed, a copy is attached and made part of the record.

UNFINISHED BUSINESS

NEW BUSINESS

- Member Joseph Price moved to go to Executive Session. The motion was seconded by Member Gordon Lane, Jr.
- Being no discussion, a vote took place and the MOTION ADOPTED.
- Met in Executive Session to discuss a claim, no action was taken. Moved back to Public Session.

ADJOURNMENT

- Member Gordon Lane, Jr. moved to adjourn meeting. The motion was seconded by Member Joseph Price.
- Being no discussion, a vote took place and the MOTION ADOPTED.


Board Chairman

6/15/21
Date

ldm

STATE OF WEST VIRGINIA
DEPARTMENT OF ADMINISTRATION
BOARD OF RISK AND INSURANCE MANAGEMENT



Allan L. McVey
Cabinet Secretary

Mary Jane Pickens
Executive Director
Deputy Cabinet Secretary

**Executive Director's Report
June 15, 2021**

A. Marshall University and West Virginia University Medical Malpractice Program

- As of June 6, 2021, Marshall has deposited \$2,075,000.00 into the escrow account for FY2021. The fiscal year-to-date cumulative interest totals \$1,909.77. Disbursements totaling \$2,910,438.23 have been paid thus far in FY 2021.
- As of June 6, 2021, a total of \$3,597,824.33 has been deposited into WVU's escrow account for FY 2021. The fiscal year-to-date cumulative interest totals \$4,207.71. Disbursements totaling \$4,541,665.46 have been paid thus far in FY 2021.

B. State Agency/Senate Bill #3 Liability Claim & Litigation Information

TRIALS

Thus far, in 2021, we have tried two cases to plaintiff's verdicts.

Larissa Kessler & Daniel Sindledacker vs. Potomac Center; 5/14/2021; Hardy Co. Cir. Ct.; Plaintiffs alleged abuse at facility. Although no evidence of abuse of plaintiffs, others were abused there. Demand was \$2 million. Offer was \$200,000. Plaintiff verdict for \$3.5 million. Case will be appealed.

Rocky Cutright vs. Upshur Co. B.O.E.; 5/21/2021; Upshur Co. Cir. Ct.; Insured driver lost control and drove through the Plaintiff's yard and struck his house. The case was tried on damages. The last demand was \$99,000 and the last offer was \$60,000. Plaintiff verdict for \$116,000, with credit for \$5,000 advance payment.

PAID CLAIMS (May 2021 Data)

YTD Indemnity payments total \$15,917,577 vs. PYTD payments of \$12,265,191, an increase of 29.78%.

YTD Legal payments total \$6,956,960 vs. PYTD payments of \$8,832,853, a decrease of 21.24 %.

OUTSTANDING CLAIMS (May 2021 Data)

May 2021 Indemnity reserves total \$59,049,413 vs. May 2020 Indemnity reserves of \$71,323,675, a decrease of 17.21%.

May 2021 Expense reserves total \$26,687,342 vs. May 2020 Expense reserves of \$24,234,963, an increase of 10.12%.

CLAIMS COUNTS (May 2021 Data)

New claims YTD total 1503 vs. PYTD of 1232, an increase of 22%.

Closed claims YTD total 1582 vs. PYTD of 1394, an increase of 13.5%.

Open claims YTD total 955 vs. PYTD of 1010, a decrease of 5.4%.

DURATION – CLOSED CLAIMS (May 2021 Data)

YTD Duration of 106.113 Days vs. PYTD Duration of 136.284 Days, a decrease of 22.14%.

CLOSING RATIO (May 2021 Data)

YTD Closing Ratio of 105.3% vs. PYTD Closing Ratio of 113.1%, a decrease of 6.9%.

- C. COVID-19 Pandemic – On June 1st, BRIM staff returned to the split shift, 2-days-in, 3-days-remote schedule we maintained last summer and fall. On June 22nd, we will all return to the office full time. We have a schedule for return of equipment used in home offices during the pandemic to ensure inventory accuracy and we will evaluate computers to confirm they have received the updates and patches they should have received. Pursuant to CDC guidelines and the Governor's orders, masks and social distancing are optional for those of us who are fully vaccinated. Anyone who isn't fully vaccinated must still wear a mask and social distance, however this could change before June 22nd based on updated orders from the Governor.
- D. Patient Injury Compensation Fund (PICF) – Patient Injury Compensation Fund (PICF) -- The outstanding balance owed to claimants is \$2,239,553. After the close of the current fiscal year, we will pay any outstanding administrative costs of the fund and then make a distribution to claimants. The pro-rata distribution made in August of 2020 was in the amount of \$1.9 million and we expect a similar distribution this year. The balance of the fund as of June 8, 2021 is \$1,812,560. The final distribution will be made in the early part of calendar 2022 based on collections between July 1, 2021 and December 31, 2021. All funding streams are scheduled to end on December 31, 2021 and we continue to expect all claims to be paid in full as well as all administrative expenses of the fund, and the fund should be closed on June 30, 2022.

- E. We were able to bind cyber liability coverage for the Boards of Education last week. Unfortunately, we were unable to renew on the same policy terms as the expiring policy. AIG will continue to be the insurer on the Boards of Education, but we will have lower coverage limits, a new ransomware sublimit and a significantly higher premium for the 7/1 renewal. We are still working on some outstanding items due for renewal of the state cyber liability policy, but we expect to have the same coverage limit with a 45% premium increase. Significantly, the retention at BRIM on the state policy will go from \$1 million to \$2.5 million. These changes are due to the quickly changing underwriting landscape for cyber liability coverage. The cyber insurance market shifted in 2020 from a long period of flat to falling cyber insurance premiums to a marketplace where underwriters are regularly seeking rate increases in a range of about 25% to 50% for the public space. The increase in both frequency and severity of ransomware claims started in 2019 and continued in 2020. This is now the "cybercrime of choice" and figures for ransomware demands are reaching the seven and eight figure range. In WV's favor is our very prompt reporting of incidents and the level of oversight and modernization from our Office of Technology.
- F. We have received a proposal for renewal of the property policy that is under review. The premium will increase in the middle layers. As reported in the March meeting, we were prepared for a harder market this renewal. We continue to be concerned about losing the rate lock-in on the bottom (\$25 million) layer after this renewal. We are also evaluating a proposal for a separate crime policy that we have received. We will make final decisions in the coming days.
- G. 2021 Legislative Session – Senate Bill 126, which authorized BRIM's rule amendments, is the only bill that directly affected our agency. There were bills that will affect claims and the court system. Attached is a list prepared by Misty Peal, Deputy General Counsel and Legislative Liaison, of bills she tracked for the Department of Administration. While the list encompasses legislation potentially affecting the whole department, some of them are of interest to BRIM as well.
- H. Property Appraisal RFP – The Request for Proposals for property appraisal services was released on June 7. Below are the relevant dates relating to this RFP:
- | | |
|------------------------------------------------|----------------|
| RFP Released to Public | 6/7/2021 |
| Vendor's Written Questions Submission Deadline | 6/28/2021 |
| Addendum Issued | 7/12/2021 |
| Bid Due Date | 8/6/2021 |
| Oral Presentation | 8/16 – 20/2021 |
| Contract Award Target Date | 9/1/2021 |

I. Other Procurement Efforts:

BRIM released an Expression of Interest for Engineering and Geotechnical Services on 4/29/21 for services related to Mine Subsidence claim investigations. We received 8 responses, some of which from firms that are able to provide core drilling subsurface investigation. The review committee is in the process of reviewing the responses from all firms. We expect to award multiple contracts by July 1, 2021.

BRIM also released an RFP for Independent Claim Adjusting Services on 4/29/21 for services related to property and mine subsidence claim investigations. We received 6 responses. The review committee is in the process of individually scoring each submission. Once the technical scoring is completed, the committee will open the cost proposals. We intend to have contracts awarded by July 1, 2021.

The pandemic has caused us to evaluate whether rebid of the property and liability inspection contract, the boiler and machinery insurance and inspection contract, and the actuarial services contract, is in the best interest of BRIM's insurance programs and the state. We have secured agreements from Aon and Liberty Mutual to extend these contracts for one year on the same terms, conditions, and cost as the expiring contract. Given the disruption to inspection schedules and the insurance markets due to the pandemic, we determined that a one-year extension of the current contracts would preserve the efficiency and quality of these services during the still-uncertain coming months. We will plan to bid these contracts next fiscal year.

- J. Risk Management Information System Update – We continue to move forward on reconciliation of the data between the legacy system and the new system. The process developed by the vendor to identify mismatched liability claims or policy level data that does not match is working based on the months that have been reconciled so far. We still need to reconcile the April and May liability claim data. If it continues to look good, we anticipate ending double entry of claim data on July 1. The property and mine subsidence data have been clean, and we haven't had the same issues as we had with the liability claim data.
- K. Website Updates – We have signed a statement of work with WV Interactive, following our approval of the new website prototypes for computer and mobile devices. We have divided the content among a few of us on the management team and in a few weeks, we will have the content outlined. We expect the WV Interactive work to take place over the summer.
- L. Records Management – Our Team working on scanning and paper file destruction completed scanning all liability files in the claim file room the first week of January 2021. Once the file room was completed, the team moved to the boxes stored off-site at Iron Mountain.

As of June 9th, the team had triaged and destroyed a total of 4,393 liability claim files pursuant to the retention policy. This is up from 2,301 since the March board meeting. A record of all destroyed liability claim files is maintained in a spreadsheet by claim number. A total of 250 boxes have been retrieved from Iron Mountain and we believe about 600 claim files remain there. The team has also scanned a total of 1,310 mine subsidence claims files. This number is up from 1,020 as of the March board meeting.

We expect the pace to pick up quite a bit on the remaining claim files at Iron Mountain due to the age of the files the team is now working on.

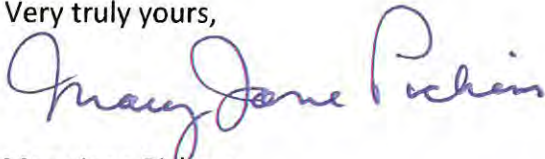
Meanwhile, Underwriting staff is organizing underwriting files to get them ready for scanning or destruction, as appropriate under the record retention schedule. Underwriting has completed the review and purge of approved file retention of all 1,000 + active files along with 50 of the boxes from Iron Mountain. There are approximately 230 boxes left in storage.

M. STRIMA – Sec. McVey has approved travel for the director, Robert Fisher, and Melody Duke to attend STRIMA in Boise, Idaho this year. The conference is from August 29 – September 2, 2021. If we are able to obtain a scholarship from STRIMA, Steve Schumacher plans to attend this year as well. The conference agenda looks great and will cover many topics of interest to all states. I have attached the agenda for the Board's information.

N. Upcoming Board Meeting schedule for 2021:

Tuesday, September 21, 2021 @ 1PM
Tuesday, December 21, 2021 @ 1PM

Very truly yours,



Mary Jane Pickens
Executive Director

MJP/Idm

Bill #		Effective In	Date
<u>SCR14</u>	Creating WV Women's Suffrage Memorial		Complete
<u>HR26</u>	Requesting the JCGF study the extent COVID-19 revealed efficiencies/inefficiencies in the executive branch		Complete
<u>HCR98</u>	For WV PEIA Finance Board to examine how they can enhance reimbursement rates to providers		Complete
<u>11</u>	Declaring work stoppage or strike by public employees to be unlawful	90 Days	June 2, 2021
<u>34</u>	Creating exemption to state sales and use tax for rental and leasing of equipment	Date Certain	July 1, 2021
<u>126</u>	DOA Rules Bundle	Passage	March 11, 2021
<u>270</u>	Providing for collection of tax by hotel marketplace facilitators	90 Days	June 7, 2021
<u>272</u>	Relating to WV Employment Law Worker Classification Act	90 Days	June 9, 2021
<u>275</u>	Relating generally to WV Appellate Reorganization Act of 2021	90 Days	June 30, 2021
<u>277</u>	Creating COVID-19 Immunity Act	Passage	March 11, 2021
<u>280</u>	Relating to e-commerce modernization	90 Days	June 6, 2021
<u>296</u>	Relating generally to repealing certain rules (BRIM)	90 Days	June 8, 2021
<u>305</u>	Providing exemption from consumers sales and service tax for certain aircraft maintenance	90 Days	June 21, 2021
<u>389</u>	Relating to State Resiliency Office plan for emergency and disaster response, recovery, and resiliency	90 Days	July 4, 2021
<u>390</u>	Reorganizing Health Care Aut. under DHHR and clarifying responsibilities for all-payer claims database	Passage	March 26, 2021
<u>398</u>	Relating to moratorium on PEIA coverage with exceptions	Passage	April 10, 2021
<u>421</u>	Authorizing Workforce West Virginia to hire at-will employees	90 Days	July 4, 2021
<u>429</u>	Exempting Division of Emergency Mgt from Purchasing Division requirements for certain contracts	90 Days	July 1, 2021
<u>458</u>	Relating to possession of firearms by individuals during state of emergency	90 Days	July 8, 2021
<u>460</u>	Relating to Deputy Sheriff Retirement System Act	90 Days	July 7, 2021
<u>463</u>	Consolidating Inspect. Gen of former Workers' Comp Fraud & Abuse Unit and Dir of Insurance Fraud Unit	90 Days	July 1, 2021
<u>470</u>	Limiting release of certain personal information maintained by state agencies	90 Days	July 9, 2021
<u>472</u>	Updating criteria for regulating certain occupations and professions	90 Days	July 4, 2021
<u>478</u>	Permitting use of established federal marketplace programs to purchase supplies	90 Days	July 9, 2021
<u>486</u>	Relating to powers and duties of Chief Technology Officer	90 Days	July 7, 2021
<u>517</u>	Relating to sunset provisions of legislative rules	Passage	March 25, 2021
<u>587</u>	Making contract consummation with state more efficient	Passage	April 2, 2021
<u>613</u>	Adding classification and base salaries of certain civilian employees of State Police Forensic Laboratory	Date Certain	July 1, 2021
<u>657</u>	Relating to free expression on state institution of higher education campuses	90 Days	July 8, 2021
<u>714</u>	Relating to Physician Assistant Practice Act	90 Days	July 8, 2021
<u>718</u>	Relating generally to Coal Severance Tax Rebate	Passage	April 10, 2021
<u>2002</u>	Relating to Broadband	Date Certain	May 27, 2021
<u>2005</u>	Relating to health care costs	90 Days	July 7, 2021
<u>2006</u>	Relating to the West Virginia Contractor Licensing Act	90 Days	June 15, 2021
<u>2008</u>	Amending requirements for licensure - elevator mechanics, crane operators, HVAC, electricians, and plumbers	90 Days	June 16, 2021
<u>2011</u>	Eliminating any time requirements for part time personnel to work during a working year	Passage	March 16, 2011

<u>2014</u>	Relating to role of the Legislature in appropriating federal funds	Passage	March 31, 2022
<u>2019</u>	Elevating Economic Development and Tourism Departments	90 Days	May 27, 2021
<u>2022</u>	Budget Bill	Passage	April 10, 2021
<u>2024</u>	Expand use of telemedicine to all medical personnel	Passage	March 30, 2021
<u>2026</u>	Relating to modernization of collection of income taxes by adopting uniform provisions relating to mobile workforce.	90 Days	June 28, 2021
<u>2260</u>	Relating to procurement of child placing services	Passage	March 31, 2021
<u>2263</u>	Update the regulation of pharmacy benefit managers	90 Days	June 28, 2021
<u>2266</u>	Relating to expanding certain insurance coverages for pregnant women	Passage	April 10, 2021
<u>2290</u>	Initiating a State Employment First Policy to facilitate integrated employment of disabled persons	90 Days	June 28, 2021
<u>2366</u>	Requiring agencies who approved proposed rule affecting fees or special revenues to provide fiscal note	90 Days	July 4, 2021
<u>2499</u>	Tax reduction for arms and ammo manufacturing	90 Days	June 30, 2021
<u>2573</u>	Relating generally to the transparency and accountability of state grants to reduce waste, fraud, and abuse	90 Days	July 9, 2021
<u>2667</u>	To create a cost saving program for state buildings regarding energy efficiency.	90 days	July 9, 2021
<u>2694</u>	Create the 2nd Amendment Preservation Act	90 Days	July 9, 2021
<u>2720</u>	Creating a Merit-Based Personnel System within DOT	Date Certain	Jan. 1, 2022
<u>2747</u>	Transferring the Parole Board to the Office of Administrative Hearings	90 Days	July 9, 2021
<u>2760</u>	Relating to economic development incentive tax credits	90 Days	July 9, 2021
<u>2763</u>	Creating WV Cyber Incident Reporting	90 Days	July 5, 2021
<u>2789</u>	Supplementing and amending the appropriations to Public Defender Services	Passage	March 22, 2021
<u>2804</u>	Expiring funds to the unappropriated surplus balance in the State Fund, General Rev (BRIM Mine Sub.)	Passage	March 22, 2021
<u>2854</u>	Relating to WV Municipal Police Officers and Firefighters Retirement System	90 Days	June 22, 2021
<u>2855</u>	Relating to Natural Resources Police Officers Retirement System	90 Days	June 22, 2021
<u>2877</u>	Expand direct health care agreements beyond primary care to include more medical care services	90 Days	July 4, 2021
<u>2884</u>	Making changes to FOIA law to protect public utility customer databases from disclosure, with exceptions	90 Days	July 8, 2021
<u>2933</u>	Anti-Discrimination Against Israel Act	Date Certain	July 1, 2022
<u>2957</u>	Repeal outdated code sections (alt fuel vehicles)	90 Days	July 4, 2021
<u>3191</u>	Requiring employers to send notifications when retirees are hired as temporary, part-time employees	90 Days	July 6, 2021
<u>3215</u>	Amending the requirements to become an elected prosecutor	90 Days	July 9, 2021
<u>3311</u>	Relating to the cost of medical records	90 Days	July 8, 2021

The STRIMA conference does not only provide an avenue to work with our sister states and compare our insurance programs, but it also provides many educational sessions on current market trends. The insurance product purchase has become very challenging around many lines of coverage. The STRIMA conference allows for states to brainstorm creatively to manage the risk facing their states while combining the perspective of the insurance marketplace to navigate the insurance purchasing solutions. For the 2021 Conference, the sessions are geared around many of the issues facing risk managers. Find below information on the multifaceted educational sessions.

Cascading Crises - Managing Risk in Adversity - Today's Risk Managers are facing complex challenges that include pandemics, natural disasters, and civil unrest. Learn how to prepare for and manage concurrent events, while protecting your assets and prioritizing available resources.

Virtual Medicine in the World of Occupational Injuries - Virtual care has grown exponentially and is now available from the onset of the claim, through pain management and return to work. Learn how implementing telemedicine impacts direct and indirect costs without compromising the quality of care.

Captive Insurance Strategies - Is captive insurance a solution for you? This session will focus on evaluating and implementing captive insurance options and solutions in an increasingly disruptive insurance market.

Effectively Managing Social Media Risk - The escalating use of social media has impacted the public's perception of state government. In this session we will learn how to avoid liability while balancing employee rights to free speech.

FEMA - Do's and Don'ts - Risk Managers and consultants will discuss the impact that catastrophic events have had on their states and how they managed the FEMA process. Learn how to manage disaster preparation and the extensive federal requirements during national disasters and emergencies.

Insurance Marketplace - Impacts and Predictions - Market conditions have led to volatile insurance premium increases to state governments. This session will focus on impacts to multiline property and casualty rates and coverage. What can you do to position your program for success?

The Talent Gap - Igniting the Next Generation's Career Path in Risk and Insurance - In the wave of retirees exiting the risk and insurance industry, how will you navigate the talent gap? This session will help you attract, train, and retain new talent while minimizing the loss of institutional knowledge.

Skyrocketing Liability Claims and How They are Affecting the Market - Public entities across the nation are grappling with skyrocketing liability verdicts, which ultimately increase the cost of risk. Attend this session to discuss the impact of plaintiffs' use of Reptile Theory, the 24-hour news cycle, the impact of new generations on jury pools, and the increased utilization of litigation funding. Explore opportunities to minimize the impact of these factors on overall costs of risk.

Protect Yourself - Insurance Requirements in Contracts - This session will explain how to establish insurance requirements in your agreements with contractors, tenants, and vendors and how to monitor their compliance with those requirements. It will discuss types of insurance coverages, minimum limits, and hold harmless language that should be required in every contract.

Real Property Appraisals, COPE, and Secondary Modifiers - In a hardening property insurance market, an accurately valued building and property inventory is essential. Learn how building data elements are utilized by insurance underwriters and carriers in catastrophic modeling and premium rates.

STATE OF WEST VIRGINIA
DEPARTMENT OF ADMINISTRATION
BOARD OF RISK AND INSURANCE MANAGEMENT



Allan L. McVey
Cabinet Secretary

Mary Jane Pickens
Executive Director
Deputy Cabinet Secretary
MaryJane.Pickens@wv.gov

**Chief Financial Officer's Report
June 15, 2021**

A. P-Card Report

CD copies mailed to the board contain the supporting detail for P-card purchases for the months of February, March and April 2021. These totals are:

February	\$34,820.85
March	\$41,914.48
April	\$36,047.90

B. Current Financial Results

- The financial results presented are for the ten months ended April 30, 2021. The results reflect the actuarially estimated unpaid losses from AON's risk funding study as of March 31, 2021, plus an estimated additional accrual for April.
- Net premium revenue for FY'21 has decreased by \$1.1 million vs. FY'20. The decrease reflects the annualized credits issued in the first quarter of FY'21 to insureds for the estimated impact of the Covid-19 pandemic on the reduced utilization and exposure of owned and leased vehicles covered by their policy.
- Retained case reserves are \$10.1 million lower this year vs. the prior year and the actuarially estimated retained IBNR is also \$1.9 million lower than the prior year. Combined, total current and non-current estimated claims liabilities (i.e., unpaid claims) are \$12.0 million lower than last year.
- Net claims payments for the first ten months of FY'21 are approximately \$19.6 million higher than the same period last year.
- The \$12.0 million decrease in the retained unpaid reserves this year combined with the overall increase of net claims payments totaling \$19.6 million for FY'21 resulted in a net overall claims expense increase of \$7.6 million for this year vs. the prior year.
- BRIM's fixed income earnings through April 30th total \$0.6 million. Equity market investment earnings year-to-date total \$24.5 million for a combined total investment return of \$25.1 million.
- Annualized return on investments for the ten months ended April 30 is 6.5% this year compared to 3.9% last year. The recovery in the equity markets is the underlying driver of the overall returns for the current year.
- House bill 2804, passed by the legislature March 22, 2021, transferred \$13.5 million from the Mine Subsidence Fund to the General Revenue Fund to be available for appropriation during the fiscal year ending June 30, 2021.


B. Current Financial Results (cont'd)

- Slightly lower premium revenue, higher claims expense and the transfer of the funds from the Mine Subsidence Fund were offset by better investment returns. This resulted in the increase to BRIM's net position for the current fiscal year to date of \$8.1 million compared to last year's improvement of \$17.4 million for the same period.

C. Financial Markets

- The Fed's belief is that the recent uptick in inflation is transitory and that the federal funds rate will remain unchanged at least into next year. However, their course on monetary policy and liquidity has started to transition. The Fed announced that the sale of \$13.8 billion of corporate bonds and exchanges traded funds held by the Fed should be completed by the end of this year. Later this summer they will also most likely start talking about initiating a program to reduce the roughly \$8.0 trillion of Treasury debt and agency mortgage-backed securities being held by the Fed.
- All the major stock market indexes are near record highs and short-term interest rates have increased slightly from their recent lows in late July 2020.
- As the economy recovers, investors continue to favor the potentially higher returns in the equity markets.

Respectfully submitted,



Stephen W. Schumacher, CPA
Chief Financial Officer

West Virginia Board of Risk and Insurance Management

Statements of Net Position

For the Ten Months Ended April 30th

	2021	2020
	<i>(In Thousands)</i>	
Assets		
Current assets:		
Cash and cash equivalents	\$ 26,678	\$ 25,603
Advance deposits with insurance company and trustee	246,146	257,899
Receivables	1,578	5,805
Prepaid insurance	732	1,151
Restricted cash and cash equivalents	10,543	20,142
Premiums due from other entities	1,134	1,112
Total current assets	286,812	311,712
Noncurrent assets:		
Equity position in internal investments pools	121,594	99,680
Restricted investments	70,220	57,565
Total noncurrent assets	191,814	157,245
Total assets	478,626	468,958
Deferred Outflows of Resources	215	373
Deferred Outflows of Resources - OPEB	84	65
Liabilities		
Current liabilities:		
Estimated unpaid claims and claims adjustment expense	69,336	62,656
Unearned premiums	17,018	15,350
Agent commissions payable	1,123	1,124
Claims Payable	238	12
Accrued expenses and other liabilities	3,985	3,225
Total current liabilities	91,700	82,367
Estimated unpaid claims and claims adjustment expense net of current portion	120,631	139,275
Compensated absences	150	124
Net pension liability	214	249
Total noncurrent liabilities	120,995	139,648
Total liabilities	212,695	222,015
Deferred Inflows of Resources	145	200
Deferred Inflows of Resources - OPEB	171	109
Net position:		
Restricted by State code for mine subsidence coverage	78,617	72,466
Unrestricted	179,166	157,204
Net Assets (Deficiency)	8,131	17,402
Net position	\$ 265,914	\$ 247,072

Unaudited

West Virginia Board of Risk and Insurance Management

Statements of Revenues, Expenses, and Changes in Net Position

For the Ten Months Ended April 30th

	2021	2020
	<i>(In Thousands)</i>	
Operating revenues		
Premiums	\$ 67,813	\$ 68,935
Less coverage/reinsurance programs	(3,705)	(5,764)
Net operating revenues	64,108	63,171
Operating expenses		
Claims and claims adjustment expense	63,445	55,825
General and administrative	4,163	4,184
Total operating expenses	67,608	60,009
Operating income (loss)	(3,500)	3,162
Nonoperating revenues		
Investment income	25,131	14,240
Legislative appropriation	(13,500)	0
Net nonoperating revenues	11,631	14,240
Changes in net position	8,131	17,402
Total net position, beginning of year	257,783	229,670
Total net position, end of period	\$ 265,914	\$ 247,072

Unaudited

STATE OF WEST VIRGINIA
DEPARTMENT OF ADMINISTRATION
BOARD OF RISK AND INSURANCE MANAGEMENT



Allan L. McVey
Cabinet Secretary

Mary Jane Pickens
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**Loss Control Report to the Board
June 2021**

During the month of May, we sent out Loss Control Questionnaires to all state agencies. The deadline for submission to BRIM is August 1, 2021. At that time, we will gather the necessary information for calculation of loss control credits or surcharges for fiscal year 2023.

As a result of the ongoing Coronavirus disease (COVID-19)/pandemic. We have offered to extend our contracts for insurance loss control inspection services with Aon Global Risk Consulting and Liberty Mutual Insurance. These extensions will be for a term of one year under the same terms, conditions, and pricing. We believe this approach is necessary for the continuation of these unique and complex services during this ongoing declared national and state emergency.

May 5, 2021, Jeremy Wolfe conducted a virtual presentation for the West Virginia Association of School Business Officials. His presentation touched on BRIM's Standards of Participation program and Cyber Liability Risk Management.

During the months of March, April, and May Aon conducted 152 inspections and Liberty Mutual Insurance conducted 684. The reports are being processed according to established procedures.

Since my last report, our loss control technical staff reports the following activity:

12 Standards of Participation Visits

These are visits which are designed to provide assistance to our insured who are seeking to become compliant with the BRIM Standards of Participation program.

Insured Accounts Visited Include: West Virginia Public Transit Association, Linwood Alive, West Virginia Auditor's Office, Bluefield Arts & Revitalization Corporation, Central West Virginia Outreach Center, Inc., One Unique Recovery House, Habitat for Humanity of the Tri-State, Inc., Friends of the Alban Arts & Conference Center, Potomac Valley Transit Authority, C-K AutumnFest, Inc., Mountain State Railroad & Logging Historical Association, and Sprouting Farms Corporation.

9 Loss Control Visits

These are standard loss control visits which focus on all coverage areas and which result in information and/or loss control recommendations being provided.

Insured Accounts Visited Include: Seneca High Adventure Christian Camp, City of Montgomery, City of War, Cabell Wayne Association of the Blind, Jefferson County Fair Association, Monongalia County Urban Mass Transit Authority, Doddridge County Senior Citizens, and New River Community & Technical College, Bob Burdette Center.

18 Flood Mitigation Visits

These visits assist insured in developing and implementing a Flood Preparedness and Mitigation Plan as a result of insured location(s) being located in high risk areas prone to flooding.

Insured Accounts Visited Include: Putnam County Board of Education, Cabell Cabell County Board of Education, Preston County Board of Education, Raleigh County Board of Education, Jackson County Board of Education, Mingo County Board of Education, Fayette County Board of Education, West Virginia Department of Health & Human Resources, McDowell County Board of Education, Ohio County Board of Education, Marion County Board of Education, Mercer County Board of Education, Bridgevalley Community & Technical College, City of Williamson Housing Authority, Town of Marlinton, Southern West Virginia Community & Technical College, and Morgan County Board of Education.

Dated: June 8, 2021

Respectfully submitted,



Jeremy C. Wolfe
Risk & Insurance Manager

STATE OF WEST VIRGINIA
DEPARTMENT OF ADMINISTRATION
BOARD OF RISK AND INSURANCE MANAGEMENT



Allan L. McVey
Cabinet Secretary

Mary Jane Pickens
Executive Director
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Chief Privacy Officer's Report June 15, 2021

A. Privacy Management Team Meetings

- On March 23, 2021, the Privacy Management Team held a virtual meeting via Microsoft TEAMS platform with 32 members attending, representing 26 agencies. The presentation included a legislative update on HB276, a bill which requires major cybersecurity incidents at the city and county level be reported to the WVOT. Lori Tarr also gave a thorough presentation on the processes involved with incident management, entitled *The Who, What, When, Why and How Approach to Recognizing, Reporting and Investigating Incidents*.
- On June 8, 2021, the Privacy Management Team held a virtual meeting via Microsoft TEAMS platform with a presentation by the US HHS Office of Civil Rights entitled "An Update on Health Information Policy". The presenters from the Philadelphia HHS branch office were Diana Vincenzo, Amy Kaplan and Deborah Kolodner. Forty-eight attendees from both HIPAA-covered and non-covered agencies attended.
- The next Privacy Management Team meeting is scheduled for July 13th.

B. Privacy Training

- During the First Quarter of 2021, 0 members of the Executive Branch workforce completed the online course *Think WV Privacy*, which is a general privacy awareness training course. *The Privacy Office has completed the work to customize a new privacy training to replace this outdated and nonfunctioning one.*
- During the First Quarter of 2021, 228 members of the Executive Branch workforce completed the online course *WV Confidentiality Agreement*, which is required of all workforce members.
- During the First Quarter of 2021, 115 members of the Executive Branch workforce completed the online course *HIPAA/HITECH*, which is a general HIPAA training course.

The following training events were held by the SPO since the last board meeting:

- On April 28th, Privacy Staff presented virtually a privacy webinar entitled *Purchasing as a Privacy Powerhouse*, for the annual WV Purchasing Division conference.
- State Privacy Office attended virtually the WV Digital Government Summit on May 11th.
- State Privacy Office staff attended virtually the Privacy and Security Academy conference on May 25-26.
- State Privacy Office staff has finalized the customization of its new privacy training and is making the thirty-minute online training available to all members of the Executive Branch and available to other state agencies not comprising the State's Executive Branch.
- The State Privacy Office's summer intern was trained initially on privacy by receiving the standard privacy officer orientation training.

C. Privacy Impact Assessments

- A privacy impact assessment (PIA) is a tool used to assess the privacy impact and risks to the personally identifiable information (PII) stored, used, and exchanged by information systems. A PIA evaluates privacy implications when information systems are created, when existing systems are significantly modified, or new technology is purchased.
- Since March 16, 2021, seventeen (18) PIAs have been completed and submitted. Staff changes at the West Virginia Office of Technology have resulted in procedural changes for reporting to our office their recommendations for completing a PIA. State Privacy staff, combined with WVOT and Purchasing staff, are working together to create a new PIA procedure.
- At this point, PIA completion is not mandatory for agencies, but the Purchasing Division is requiring that agencies purchasing a technology/software product speak with the Privacy Office regarding the need for a Privacy Impact Assessment.

D. Privacy Office Personnel

- The State Privacy Office has hired a law student from WVU for a summer legal internship project. His name is Brandon Chinn from Southington, Ohio and beginning his third year of law school at WVU. Next year, he will complete his combined JD and MPA degree. His internship with BRIM and the State Privacy Office will satisfy his internship requirement needed for his MPA degree.

Very truly yours,

Ashley Summitt

Ashley Summitt, JD
Chief Privacy Officer
WV Executive Branch

