

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 14, 2019

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, 2019 and 2018, 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 June 7, 2019, 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, 2018, and/or for expected retroactive insurance premium adjustments applicable to periods through June 30, 2018.
 - d. For pension obligations, post-employment benefits other than pensions and deferred compensation agreements attributable to employee services rendered through June 30, 2018.
 - 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, 2019 and 2018. 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, 2019 and 2018. We have estimated that a premium deficiency reserve is not necessary at June 30, 2019 or June 30, 2018.
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, 2019 and 2018, 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, 2019 and 2018.
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, 2019 and 2018.
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.

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

Appendix B

Financial Statements

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, 2019 and 2018



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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, 2019 and 2018, 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 conformity with U.S. generally accepted accounting principles; 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 auditor's 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, 2019 and 2018, 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, 2019 and 2018, 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 55 to 62 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 63 through 70 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 14, 2019, 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 14, 2019

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, 2019, 2018, and 2017. 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. 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, 2019, 2018, and 2017:

	2019	2018	2017	Change 2019 - 2018		Change 2017 - 2018	
				Amount	Percent	Amount	Percent
Cash and cash equivalents	\$ 46,278	\$ 40,594	\$ 36,459	\$ 5,684	14.0%	\$ 4,135	11.3%
Advance deposits with carrier/trustee	224,786	201,377	193,352	23,409	11.6	8,025	4.2
Receivables	4,335	2,777	1,914	1,558	56.1	863	45.1
Total current assets	275,399	244,748	231,725	30,651	12.5	13,023	5.6
Noncurrent investments	158,696	151,588	144,341	7,108	4.7	7,247	5.0
Total assets	434,095	396,336	376,066	37,759	9.5	20,270	5.4
Total deferred outflows of resources	438	482	458	(44)	(9.1)	24	5.2
Estimated unpaid claims and claims adjustment expense	62,656	50,453	47,713	12,203	24.2	2,740	5.7
Unearned premiums	10,179	10,022	9,174	157	1.6	848	9.2
Agent commissions payable	1,514	1,406	1,279	108	7.7	127	9.9
Accrued expenses	1,038	411	418	627	152.6	(7)	(1.7)
Total current liabilities	75,387	62,292	58,584	13,095	21.0	3,708	6.3
Estimated unpaid claims and claims adjustment expense, net of current portion	128,322	116,548	117,206	11,774	10.1	(658)	(0.6)
Compensated absences	124	122	107	2	1.6	15	14.0
Net pension liability	249	331	766	(82)	(24.8)	(435)	(56.8)
Net other post-employment benefits liability	470	512	496	(42)	(8.2)	16	3.2
Total noncurrent liabilities	129,165	117,513	118,575	11,652	9.9	(1,062)	(0.9)
Total liabilities	204,552	179,805	177,159	24,747	13.8	2,646	1.5
Total deferred inflows of resources	309	402	37	(93)	(23.1)	365	986.5
Net position:							
Restricted	72,466	66,865	61,063	5,601	8.4	5,802	9.5
Unrestricted	157,206	149,747	138,265	7,459	5.0	11,482	8.3
Net position	\$ 229,672	\$ 216,612	\$ 199,328	\$ 13,060	6.0%	\$ 17,284	8.7%
Premiums	\$ 83,301	\$ 78,951	\$ 71,368	\$ 4,350	5.5%	\$ 7,583	10.6%
Less excess coverage	(6,627)	(6,518)	(6,681)	109	1.7	(163)	(2.4)
Net operating revenues	76,674	72,433	64,687	4,241	5.9	7,746	12.0
Claims and claims adjustment expense	80,169	57,393	59,149	22,776	39.7	(1,756)	(3.0)
General and administrative	4,519	4,410	4,200	109	2.5	210	5.0
Total operating expenses	84,688	61,803	63,349	22,885	37.0	(1,546)	(2.4)
Operating income (loss)	(8,014)	10,630	1,338	(18,644)	(175.4)	9,292	694.5
Nonoperating revenues:							
Investment income	21,044	6,712	9,841	14,332	213.5	(3,129)	(31.8)
OPEB nonoperating income	30	-	-	30	100.0	-	-
SB 602 re-appropriation	-	-	(2,810)	-	-	2,810	100.0
Total nonoperating revenues, net	21,074	6,712	7,031	14,362	214.0	(319)	(4.5)
Changes in net position	13,060	17,342	8,369	(4,282)	(24.7)	8,973	107.2
Total net position - beginning	216,612	199,328	190,959	17,284	8.7	8,369	4.4
Cumulative effect of adoption of GASB 75	-	(58)	-	58	100.0	(58)	(100.0)
Total net position - beginning of year, restated	216,612	199,270	190,959	17,342	8.7	8,310	4.4
Total net position - end	\$ 229,672	\$ 216,612	\$ 199,328	\$ 13,060	6.0%	\$ 17,284	8.7%
Total revenues	\$ 97,748	\$ 79,145	\$ 71,718	\$ 18,603	23.5%	\$ 7,427	10.4%
Total expenses	\$ 84,688	\$ 61,803	\$ 63,349	\$ 22,885	37.0%	\$ (1,546)	(2.4)%

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

- Total assets increased by \$37,759 in 2019 and by \$20,270 in 2018. The increase in 2019 is the result of three significant changes; cash, advance deposits and noncurrent investments. 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. In 2018 the increase was the result of additional cash on hand and an increase in noncurrent investments as well as an increase in deposits with the carrier/trustee.
- Total liabilities increased by \$24,747 in 2019 and increased by \$2,646 in 2018. An increase in unpaid claims, unearned premium and accrued expenses and other liabilities are the primary components of this increase for the current year. In 2018, an increase in the estimated incurred but not recorded claims total resulted in outstanding claims liabilities increasing versus 2017.
- The improvements in total net position of \$13,060 in 2019 and \$17,284 in 2018 were due to several factors. While premium revenue increased in 2019 this was offset by an increase in claims and claims adjustment expense resulting in an operating loss for the year. Investment income of \$21,044, which was driven by our fixed income investments offset the operating loss resulting in a change of net position of \$13,060. GASB 75 was implemented in 2018 resulting in a reduction of net position of \$58. The increase in retained earnings in 2018 was a result of positive operating income due to increased premium revenues and lower claims and claims adjustment expense. Investment income of \$6,712 was less than 2017. 2017's net position was impacted by the transfer of \$2,810 from the Patient Injury Compensation Fund by order of Senate Bill (SB602). Increased premium revenue, positive operating income and investment income offset this transfer resulting in a positive change in net position. Both deferred inflows and outflows decreased in 2019 due to changes in pension activity for the year. In 2018 there was an increase in both deferred inflows and outflows. Also included within the net position category are restricted positions of \$72,466 in 2019, \$66,687 in 2018, and \$61,603 in 2017. This is comprised of funds that provide mine subsidence coverage to the general public per West Virginia Code.
- Total net operating revenues increased by \$4,241, \$7,746, and \$6,303 in 2019, 2018 and 2017, respectively. The increase in projected claims losses in recent years has required BRIM to increase premium rates to policyholders for 2019, 2018, and 2017.
- Unfavorable claims development for several prior years' reserves resulted in a combined increase in retained reserves and IBNR of \$23,977 in 2019. This increase was offset by a small reduction in net claims payments activity when compared to 2018, resulting in a net increase of claims and claims adjustment expense of \$22,776 for 2019. Claims and claims adjustment expense also decreased in 2018. G&A expenses increased slightly for both years.
- Net nonoperating revenues increased by \$14,362 in 2019 and decreased by \$319 in 2018. Year over year investment returns for 2019 improved by \$14,332 but deteriorated by \$3,129 for 2018. A State reappropriation of \$2,810 to the Patient Injury Fund, as required by SB602, resulted in the decrease in net nonoperating revenues for FY2017.
- Total revenues and total expenses from 2019 to 2018 and from 2018 to 2017 have fluctuated due to alterations in premium rates, the changes in the retained loss estimates, the variations in annual investment market returns and the impact of SB602. See the analysis of these individual components, as previously discussed, for additional information.

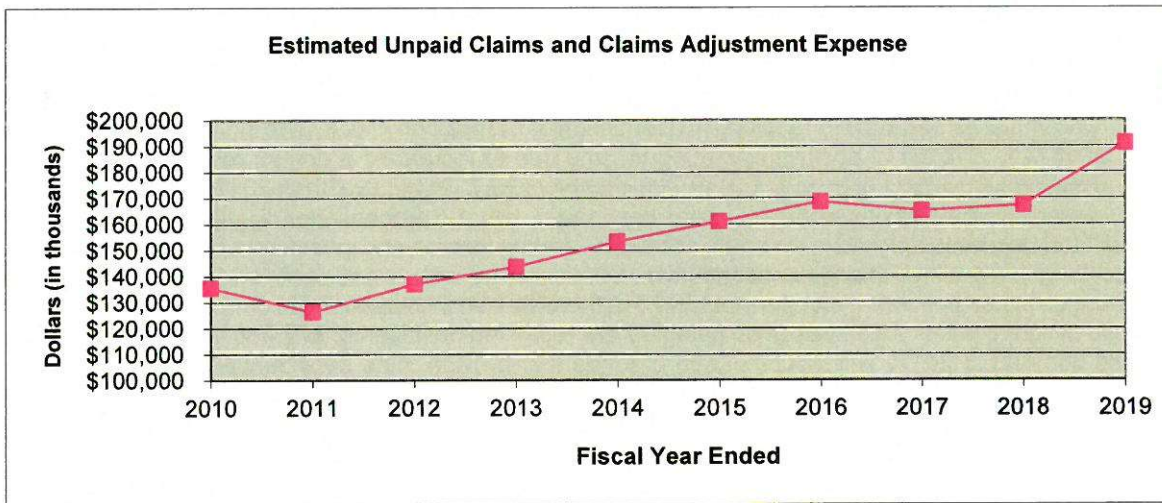
Overall analysis

The overall net position of BRIM improved 6.0% from the prior year compared with an increase of 8.7% from 2017 to 2018. Reserves increased in 2019 and investment earnings also increased. The effect of the increase in premium revenue and better investment returns offset the operating loss resulting in an increase in net position for the year. Total net position at June 30, 2019 was \$229,672. 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 2019, year over year actual reserves increased by \$13,682 while the projected IBNR total increased by \$10,295. Unfavorable claims development for several prior years' reserves resulted in the combined increase in 2019 of \$23,977. From fiscal year 2018 to 2019, the liability for unpaid claims increased from \$167,001 to \$190,978. The chart below shows the estimated unpaid claims and claims adjustment expense liability for fiscal years 2009 through 2019.

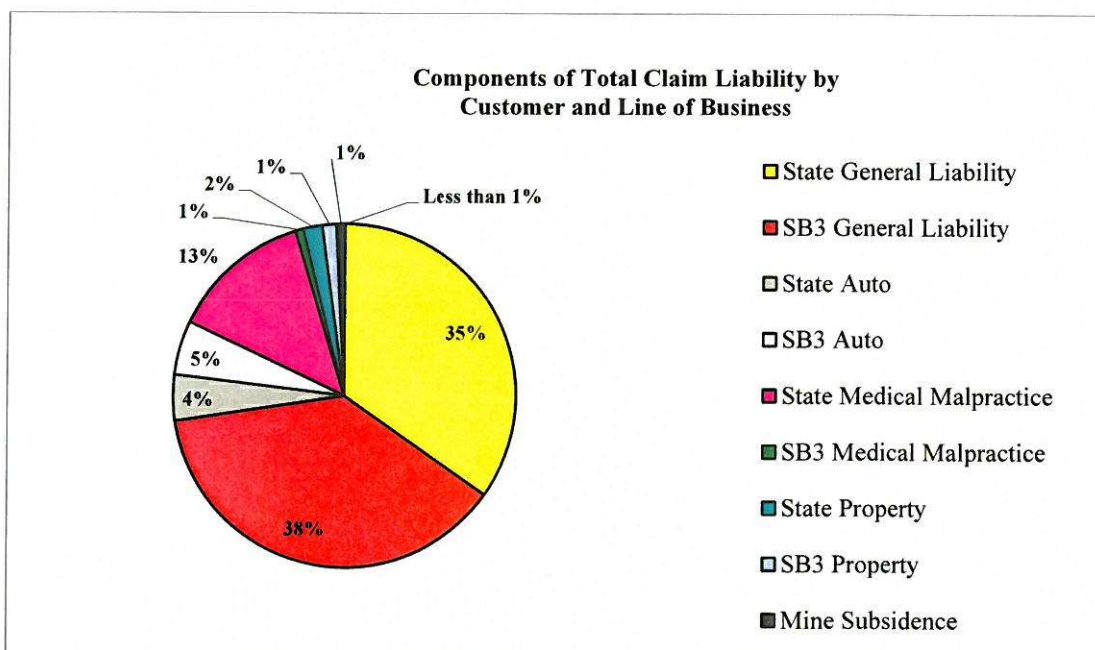


**West Virginia Board of Risk and Insurance Management
Management's Discussion and Analysis
(in thousands)**

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 \$190,978. 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.

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

Investment Returns

Investment income increased significantly this fiscal year due to better than expected returns in our fixed income investments. This follows positive returns in 2018 which were lower than the returns in 2017. In 2018 market conditions were more favorable for stocks and less favorable to fixed income investments. 2018's decrease from the returns of 2017 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 2019 or 2018.

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 2019, increasing retained reserves and negatively impacting operating results. Fiscal years 2018 and 2017 saw positive net operating results that benefited from prior years' reserve releases in 2018 and 2017 even with small increases in retained reserves for both years.

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

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.

West Virginia Board of Risk and Insurance Management
Statements of Net Position
June 30, 2019 and 2018
(in thousands)

	2019	2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 29,342	\$ 26,926
Advance deposits with insurance company and trustee	224,786	201,377
Receivables	3,223	1,899
Restricted cash and cash equivalents	16,936	13,668
Restricted receivables:		
Premiums due from other entities	1,112	878
Total current assets	275,399	244,748
Noncurrent assets:		
Equity position in investment pools	100,600	96,094
Restricted investments	58,096	55,494
Total noncurrent assets	158,696	151,588
Total assets	434,095	396,336
DEFERRED OUTFLOWS OF RESOURCES		
Pension	373	438
Other post-employment benefits	65	44
Total deferred outflows of resources	438	482
LIABILITIES		
Current liabilities:		
Estimated unpaid claims and claims adjustment expense	62,656	50,453
Unearned premiums	10,179	10,022
Agent commissions payable	1,514	1,406
Accrued expenses and other liabilities	1,038	411
Total current liabilities	75,387	62,292
Estimated unpaid claims and claims adjustment expense, net of current portion	128,322	116,548
Compensated absences	124	122
Net pension liability	249	331
Net post-employment benefits liability	470	512
Total noncurrent liabilities	129,165	117,513
Total liabilities	204,552	179,805
DEFERRED INFLOWS OF RESOURCES		
Pension	200	329
Other post-employment benefits	109	73
Total deferred inflows of resources	309	402
NET POSTION		
Restricted by State code for mine subsidence coverage	72,466	66,865
Unrestricted	157,206	149,747
Net position	\$ 229,672	\$ 216,612

See accompanying notes.

***Basic Financial Statements
(in thousands)***

West Virginia Board of Risk and Insurance Management
Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2019 and 2018
(in thousands)

	<u>2019</u>	<u>2018</u>
Operating revenues:		
Premiums	\$ 83,301	\$ 78,951
Less excess coverage/reinsurance premiums	<u>(6,627)</u>	<u>(6,518)</u>
Net operating revenues	<u>76,674</u>	<u>72,433</u>
Operating expenses:		
Claims and claims adjustment expense	80,169	57,393
General and administrative	<u>4,519</u>	<u>4,410</u>
Total operating expenses	<u>84,688</u>	<u>61,803</u>
Operating (loss) income	<u>(8,014)</u>	<u>10,630</u>
Nonoperating revenues:		
Investment income	21,044	6,712
OPEB nonoperating income	<u>30</u>	<u>-</u>
Net nonoperating revenues	<u>21,074</u>	<u>6,712</u>
Increase in net position	13,060	17,342
Total net position, beginning of year	<u>216,612</u>	<u>199,270</u>
Total net position, end of year	<u><u>\$ 229,672</u></u>	<u><u>\$ 216,612</u></u>

West Virginia Board of Risk and Insurance Management
Statements of Cash Flows
Years Ended June 30, 2019 and 2018
(in thousands)

	<u>2019</u>	<u>2018</u>
Operating activities:		
Receipts from customers	\$ 75,273	\$ 72,418
Payments to employees	(1,854)	(1,595)
Payments to suppliers	(2,069)	(2,752)
Payments to claimants	(56,192)	(55,311)
Deposits to advance deposit with insurance company and trustee	(81,954)	(64,543)
Withdrawals from advance deposit with insurance company and trustee	58,544	56,453
	<u>(8,252)</u>	<u>4,670</u>
Net cash (used in) provided by operating activities		
Investing activities:		
Purchase of investments	(14,362)	(13,357)
Sale of investments	14,196	11,757
Net investment earnings	14,102	1,065
	<u>13,936</u>	<u>(535)</u>
Net cash provided by (used in) investing activities		
Net increase in cash and cash equivalents	5,684	4,135
Cash and cash equivalents, beginning of year	40,594	36,459
	<u>46,278</u>	<u>40,594</u>
Cash and cash equivalents, end of year		
Cash and cash equivalents consist of:		
Cash and cash equivalents	\$ 29,342	\$ 26,926
Restricted cash and cash equivalents	16,936	13,668
	<u>\$ 46,278</u>	<u>\$ 40,594</u>

See accompanying notes.

West Virginia Board of Risk and Insurance Management
Statements of Cash Flows
Years Ended June 30, 2019 and 2018
(in thousands)

(Continued)

	<u>2019</u>	<u>2018</u>
Reconciliation of operating (loss) income to net cash (used in) provided by operating activities:		
Operating (loss) income	<u>\$ (8,014)</u>	<u>\$ 10,630</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Pension and OPEB expense	44	46
Increase in advanced deposits	(23,409)	(8,025)
Increase in premiums receivable, net	(1,558)	(864)
Increase in estimated liability for unpaid claims and claims adjustment expense	23,977	2,082
Increase in other liabilities	737	135
Increase in unearned premiums	157	848
Deferred outflows of resources - pension and OPEB contributions	<u>(186)</u>	<u>(182)</u>
Total adjustments	<u>(238)</u>	<u>(5,960)</u>
Net cash (used in) provided by operating activities	<u><u>\$ (8,252)</u></u>	<u><u>\$ 4,670</u></u>
Noncash activities:		
Increase in fair value of investments	<u><u>\$ 6,942</u></u>	<u><u>\$ 5,648</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 170 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 900 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, 2019 and 2018, 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.

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

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, 2019 and 2018, 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

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

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

BRIM measures certain investments at fair value for financial reporting purposes. Fair value is defined as the price 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. Fair value is a market-based measurement, not an entity-specific measurement. BRIM categorizes fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America.

The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

Level 1 inputs – Quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.

Level 2 inputs – Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs – Unobservable inputs for an asset or liability.

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.

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- 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

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statements of net position were composed of \$142 and \$138 for the years ending June 30, 2019 and 2018, 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 \$45 and \$44 for the years ending June 30, 2019 and 2018, 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.

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.

Reclassifications

Certain reclassifications have been made to the June 30, 2018, financial statement presentation to correspond to the current period's presentation. Such reclassifications had no impact on previously reported increase in net position or change in net position.

New accounting pronouncements

The GASB has issued Statement No. 87, Leases. The provisions of No. 87 are effective for periods beginning after December 15, 2019. 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 14, 2019, 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 redemption 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 \$45,438 and \$39,197 at June 30, 2019 and June 30, 2018, 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.

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.

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

<u>Investment Type</u>	<u>June 30, 2019</u>		<u>June 30, 2018</u>	
	<u>Fair Value</u>	<u>WAM Days</u>	<u>Fair Value</u>	<u>WAM Days</u>
Repurchase agreements (underlying securities):				
U.S. agency bonds and notes	\$ 47,200	3	\$ 227,800	3
U.S. Treasury bonds and notes	426,000	3	-	3
U.S. Treasury notes	24,927	125	90,330	73
U.S. Treasury bills	329,390	34	252,084	69
Commercial paper	2,236,198	57	1,868,900	36
Negotiable certificates of deposit	714,142	33	663,801	29
Corporate bonds and notes	-	-	18,078	21
Money market funds	178,619	3	143,067	3
Total rated investments	<u>\$ 3,956,476</u>		<u>\$ 3,264,060</u>	

BRIM's amount invested in the West Virginia Money Market Pool of \$45,438 at June 30, 2019 and \$39,197 at June 30, 2018 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>2019</u>		<u>2018</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+	\$ 733,411	18.54%	\$ 4733,172	14.50%
	P-1	A-1	1,494,297	37.77	1,351,128	41.39
	P-2	A-1	8,490	.21	44,600	1.37
Corporate bonds and notes	P-1	A-1	-	-	18,078	0.55
U.S. Treasury notes	Aaa	AA+	24,927	.63	90,330	2.77
U.S. Treasury bills	P-1	A-1+	329,390	8.33	52,084	7.72
Negotiable CDs	P-1	A-1+	179,251	4.53	205,501	6.30
	P-1	A-1	534,891	13.52	458,300	14.04
Money market funds	Aaa	AAAm	178,619	4.51	143,067	4.38
Repurchase agreements (underlying securities):						
U.S. Treasury bonds and notes	Aaa	AA+	426,000	10.77	227,800	-
U.S. agency bonds and notes	NR	A-1	47,200	1.19	-	6.98
			<u>\$ 3,956,476</u>	<u>100.00 %</u>	<u>\$ 3,264,060</u>	<u>100.00%</u>

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, 2019 and 2018, the pool did not have investments in any one private corporation or association that represented more than 5% of assets.

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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 achieve a total rate of return of at least 4.9% per annum, net of fees.

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.)

<u>Asset Class</u>	<u>Base Allocation</u>	<u>Strategic Allocation</u>
Domestic equity	10%	15%
International equity	10%	15%
Fixed income	80%	35%
TIPS	0%	10%
Hedge funds	0%	20%
Cash	0%	5%
Combined total	100%	100%

Asset Value

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

	<u>2019</u>		<u>2018</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Domestic Equity	\$ 21,358	\$ 23,121	\$ 19,202	\$ 22,317
International equity	16,420	16,400	13,482	14,604
International nonqualified	7,678	7,498	6,986	7,495
Total return fixed income	33,313	35,868	35,789	35,032
Core fixed income	14,278	15,508	15,781	15,310
Hedge fund	35,520	36,375	32,003	33,820
TIPS (Treasury Inflation Protection Securities)	15,323	16,062	15,067	15,381
Short-term fixed income	7,864	7,864	7,629	7,629
Total investments	<u>\$ 151,754</u>	<u>\$ 158,696</u>	<u>\$ 145,941</u>	<u>\$ 151,588</u>

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

	<u>2019</u>	<u>2018</u>
Investment income:		
Interest income including realized gains/losses on sale of securities	\$ 14,102	\$ 1,065
Unrealized gain on investments	<u>6,942</u>	<u>5,648</u>
Total investment income	<u>\$ 21,044</u>	<u>\$ 6,713</u>

Asset class risk disclosures

DOMESTIC EQUITY POOL

On July 1, 2017, the WVIMB created the Domestic Equity Pool (Pool) to invest in U.S. equities of small-, mid-, and large-cap growth and value stocks. On July 1, 2017, the assets and liabilities of \$3,546,187 from the Large Cap Domestic Equity Pool and \$720,632 from the Non-Large Cap Domestic Equity Pool, were transferred in-kind to the 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 \$23,121 and \$22,317 at June 30, 2019 and 2018, respectively, represents approximately 0.5% and 0.5%, respectively, of total investments in this pool.

Credit Risk

The Pool's 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 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. The WVIMB discloses the ratings of the securities underlying the repurchase agreements.

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

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:

<u>Rating</u>	<u>Fair Value</u>	
	<u>2019</u>	<u>2018</u>
AAA / A-1	\$ 33,117	\$ 47,082
AA	151,145	5,064
A	5,340	5,288
BBB	2,428	7,219
B	226	-
Not applicable	<u>50,048</u>	<u>110,807</u>
Total securities lending collateral	<u>\$ 242,304</u>	<u>\$ 175,460</u>

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, 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

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days. As of June 30, 2019, the WAM for securities lending collateral was 1 day. As of June 30, 2018, the money market mutual fund has a weighted average maturity (WAM) of 39 days. The WAM for securities lending collateral investments is not to exceed 90 days. As of June 30, 2018, the WAM for securities lending collateral was 2 days.

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, 2019 and 2018, the Pool was in compliance with this restriction and is not exposed to concentration of credit risk.

Custodial Credit Risk

At June 30, 2019 and 2018, the Pool held no securities that were subject to custodial credit risk. 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.

Foreign Currency Risk

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

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, 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
Money market mutual fund	27,792	-	-	27,792
Securities lending collateral	-	242,304	-	242,304
Total	<u>\$ 4,647,593</u>	<u>\$ 242,304</u>	<u>\$ -</u>	<u>\$ 4,889,897</u>

The table below summarizes the valuation of the investment securities in accordance with fair value hierarchy levels as of June 30, 2018:

<u>Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Commingled equity fund	\$ 1,924,392	\$ -	\$ -	\$ 1,924,392
Common stock	2,533,416	-	-	2,533,416
Money market mutual fund	55,540	-	-	55,540
Securities lending collateral	-	175,460	-	175,460
Total	<u>\$ 4,513,348</u>	<u>\$ 175,460</u>	<u>\$ -</u>	<u>\$ 4,688,808</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. Assets are managed by Acadian Asset Management, LLC, Axiom International Investors, LLC, Brandes Investment Partners, L.P., LSV Asset Management, and Oberweis Asset Management, Inc.

BRIM's amount invested in the International Equity Pool of \$16,133 and \$14,337 at June 30, 2019 and 2018, respectively, represents approximately 0.5% and 0.5%, respectively, of total investments in this pool.

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Credit Risk

The Pool's 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 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.

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:

<u>Rating</u>	<u>Fair Value</u>	
	<u>2019</u>	<u>2018</u>
AAA / A-1	\$ 9,678	\$ 20,359
AA	44,168	2,190
A	1,560	2,287
BBB	710	3,122
B	66	-
Not applicable	14,625	47,916
Total securities lending collateral	<u>\$ 70,807</u>	<u>\$ 75,874</u>

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, 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. As of June 30, 2018, the money market mutual fund has a weighted average maturity (WAM) of 39 days. The WAM for securities lending collateral investments is not to exceed 90 days. As of June 30, 2018, the WAM for securities lending collateral was 2 days.

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, 2019 and 2018, the Pool was in compliance with this restriction and is not exposed to concentration of credit risk.

Custodial Credit Risk

At June 30, 2019 and 2018, the Pool held no securities that were subject to custodial credit risk. 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.

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, 2019 are as follows:

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<u>Currency</u>	2019			
	<u>Equity Investments</u>	<u>Cash</u>	<u>Foreign Currency Spot Contracts</u>	<u>Total</u>
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	-	1,699
Euro Currency Unit	463,116	6,782	3	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	20,433	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	-	21,753
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
U.S. 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>

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<u>Currency</u>	2018			
	<u>Equity Investments</u>	<u>Cash</u>	<u>Foreign Currency Spot Contracts</u>	<u>Total</u>
Australian Dollar	\$ 90,582	\$ 1	\$ -	\$ 90,583
Brazil Real	98,891	494	(20)	99,365
British Pound	275,749	493	115	276,357
Canadian Dollar	110,687	226	-	110,913
Chilean Peso	4,661	-	-	4,661
Czech Koruna	3,051	-	-	3,051
Danish Krone	19,525	9	1	19,535
Egyptian Pound	1,733	-	-	1,733
Emirati Dirham	-	10	-	10
Euro Currency Unit	434,429	4,008	80	438,517
Hong Kong Dollar	356,625	5,338	(1)	361,962
Hungarian Forint	6,907	28	-	6,935
Indian Rupee	79,014	12,993	-	92,007
Indonesian Rupiah	15,318	93	-	15,411
Israeli Shekel	12,605	27	-	12,632
Japanese Yen	402,074	5,651	(40)	407,685
Malaysian Ringgit	28,119	1,284	(2)	29,401
Mexican Peso	47,526	140	-	47,666
New Taiwan Dollar	100,384	855	-	101,239
New Zealand Dollar	357	5	-	362
Norwegian Krone	25,384	307	(4)	25,687
Pakistan Rupee	2,949	-	-	2,949
Philippine Peso	6,761	5,082	-	11,843
Polish Zloty	4,150	73	(34)	4,189
Qatari Riyal	1,249	40	-	1,289
Singapore Dollar	15,955	207	2	16,164
South African Rand	46,338	10	(55)	46,293
South Korean Won	209,540	1,846	(1)	211,385
Swedish Krona	39,199	129	1	39,329
Swiss Franc	85,297	62	6	85,365
Thailand Baht	53,440	2	(9)	53,433
Turkish Lira	24,459	16	(6)	24,469
Total	2,602,958	39,429	33	2,642,420
U.S. Dollar	337,370	-	-	337,370
Total	<u>\$ 2,940,328</u>	<u>\$ 39,429</u>	<u>\$ 33</u>	<u>\$ 2,979,790</u>

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(in thousands)

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:

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

<u>Assets</u>	2018			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common stock	\$ 2,875,697	\$ -	\$ -	\$ 2,875,697
Investments made with cash collateral for securities loaned	-	75,874	-	75,874
Preferred stock	61,720	-	-	61,720
Rights	2,911	-	-	2,911
Money market mutual fund	26,558	-	-	26,558
Total	<u>\$ 2,966,886</u>	<u>\$ 75,874</u>	<u>\$ -</u>	<u>\$ 3,042,760</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.

BRIM's amount invested in the Short-Term Fixed Income Pool of \$7,864 and \$7,629 at June 30, 2019 and 2018, respectively, represented approximately 4.2% and 3.5%, 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, 2019 and 2018.

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(in thousands)

Interest Rate Risk

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, 2019:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>WAM (Days)</u>
Repurchase agreement	\$ 45,000	1
U.S. government agency bonds	91,095	10
U.S. Treasury bonds	49,955	16
Total investments	<u>\$ 186,050</u>	

The following table provides the WAM for the different asset types in the Pool as of June 30, 2018:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>WAM (Days)</u>
Commercial paper	\$ 22,171	26
Repurchase agreement	40,000	2
U.S. government agency bonds	106,794	46
U.S. Treasury bonds	49,326	79
Total investments	<u>\$ 218,291</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, 2019 and 2018, the Pool was in compliance with this restriction and is not exposed to concentration of credit risk.

Custodial Credit Risk

At June 30, 2019 and 2018, 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:

<u>Assets</u>	<u>2019</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
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>

West Virginia Board of Risk and Insurance Management
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Assets	2018			
	Level 1	Level 2	Level 3	Total
Commercial paper	\$ -	\$ 22,171	\$ -	\$ 22,171
Repurchase agreement	-	40,000	-	40,000
U.S. Government agency bonds	-	106,794	-	106,794
U.S. Treasury bonds	-	49,326	-	49,326
Total	\$ -	\$ 218,291	\$ -	\$ 218,291

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.

BRIM's amount invested in the International Nonqualified Pool of \$7,763 and \$7,761 at June 30, 2019 and 2018, respectively, represents approximately 3.7% and 3.6%, 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, 2019 and 2018 was \$210,181 and \$215,417, 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.

BRIM's amount invested in the Total Return Fixed Income Pool of \$35,870 and \$35,033, at June 30, 2019 and 2018, respectively, represented approximately 1.6% and 1.5%, 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.

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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>2019</u>	<u>2018</u>
AAA / A-1	\$ 14,485	\$ 22,196
AA	685,964	889,097
A	105,271	104,870
BBB	553,241	587,744
BB	320,377	314,638
B	204,230	296,262
CCC	13,962	12,274
CC	-	3,716
C	-	403
D	1,050	3,982
Withdrawn	7,324	85
Not rated	55,807	38,996
Total fixed income investments	<u>\$ 1,961,711</u>	<u>\$ 2,274,263</u>

Securities lending collateral investments consisted of time deposits and repurchase agreements. 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. The WVIMB discloses the ratings of the securities underlying the repurchase agreements.

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

<u>Rating</u>	<u>Fair Value</u>	
	<u>2019</u>	<u>2018</u>
AAA / A-1	\$ 12,154	\$ 41,003
AA	55,470	4,410
A	1,960	4,605
BBB	891	6,287
B	83	-
Not applicable	18,368	96,503
Total securities lending collateral	<u>\$ 88,926</u>	<u>\$ 152,808</u>

Interest Rate Risk

The Pool is 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. As of June 30, 2019, the AM for securities lending collateral was 1 day. As of June 30, 2018, the money market mutual fund has a weighted average maturity (WAM) of 39 days. The WAM for securities lending collateral investments is not to exceed 90 days. As of June 30, 2018, the AM for securities lending collateral was 2 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,

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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	2019		2018	
	Fair Value	Effective Duration (Years)	Fair Value	Effective Duration (Years)
Commingled bond funds	\$ -	-	\$ 304,379	2.5
Commingled debt funds	214,489	2.9	-	0.0
Corporate asset backed issues	72,659	(0.1)	36,072	0.9
Corporate ABS residual	3,835	1.9	5,487	2.8
Corporate CMO	40,069	1.1	71,666	1.0
Foreign asset backed issues	27,005	1.0	19,588	1.6
Foreign corporate bonds	271,117	5.4	296,352	5.6
Foreign government bond	317,462	5.1	263,976	5.3
Municipal bonds	34,254	9.9	44,629	9.6
Repurchase agreement	8,000	0.0*	10,000	0.0
Short term investments	6,083	0.0*	-	0.0
U.S. corporate bonds	402,522	7.0	401,582	6.9
U.S. Government agency bonds	9,464	0.2	2,721	1.3
U.S. Government agency CMO	57,221	1.1	51,608	1.4
U.S. Government agency CMO interest-only	5,786	4.8	5,664	2.8
U.S. Government agency MBS	293,479	1.8	326,082	3.7
U.S. Government agency TBA	106	1.4	8,974	6.4
U.S. Treasury bonds	157,216	15.6	407,697	8.5
U.S. Treasury inflation-protected securities	40,944	20.6	17,786	17.2
Total fixed income investments	<u>\$ 1,961,711</u>		<u>\$ 2,274,263</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 \$500,160 and \$525,141 of these securities at June 30, 2019 and 2018, respectively, representing approximately 25% and 23% of the value of the Pool's fixed income 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, 2019 and 2018, the Pool was in compliance with this restriction and is not exposed to concentration of credit risk.

Custodial Credit Risk

At June 30, 2019 and 2018, the Pool held no securities that were subject to custodial credit risk. 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 the WVIMB's custodian in the name of the WVIMB.

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Investments in commingled debt funds are held in an account 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 \$32,063 and \$84,695, or 15% and 28%, respectively, of the commingled investment pools hold substantially all of their investments in foreign currencies as of June 30, 2019 and 2018. This represents approximately 2% and 3%, respectively, of the value of the Pool's securities at June 30, 2019 and 2018.

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

<u>Currency</u>	2019			
	<u>Foreign Fixed Income</u>	<u>Foreign Equity Investments</u>	<u>Cash</u>	<u>Total</u>
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	-	-	1,141	1,141
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
Kazakhstani Tenge	1,841	-	-	1,841
Kenyan Shilling	3,171	-	-	3,171
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
South African Rand	6,726	14	2	6,742
Swedish Krona	-	-	483	483
Turkish Lira	3,190	-	-	3,190
Uruguayan Peso	7,479	-	-	7,479
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>

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	2018			
<u>Currency</u>	<u>Foreign Fixed Income</u>	<u>Foreign Equity Investments</u>	<u>Cash</u>	<u>Total</u>
Argentine Peso	\$ 8,328	\$ -	\$ 824	\$ 9,152
Azerbaijani Manat	640	-	-	640
Brazil Real	26,048	-	12	26,060
Colombian Peso	5,376	-	-	5,376
Deutsche Mark	1,390	-	-	1,390
Dominican Peso	1,771	-	-	1,771
Egyptian Pound	3,671	-	1,129	4,800
Euro Currency Unit	-	-	9,688	9,688
British Pound	-	-	1,174	1,174
Georgian Lari	2,085	-	-	2,085
Ghana Cedi	2,758	-	-	2,758
Indonesian Rupiah	1,756	-	-	1,756
Indian Rupee	581	-	-	581
Japanese Yen	50,279	-	194	50,473
Kenyan Shilling	2,784	-	-	2,784
Kazakhstani Tenge	1,758	-	-	1,758
Mexican Peso	41,777	-	3,600	45,377
New Zealand Dollar	-	-	797	797
Peruvian Nuevo Sol	1,726	-	-	1,726
Russian Ruble	27,247	-	-	27,247
Swedish Krona	-	-	1,021	1,021
Turkish Lira	3,916	-	-	3,916
Ugandan Shilling	736	-	-	736
Uruguayan Peso	8,218	-	-	8,218
South African Rand	6,174	14	-	6,188
Total foreign denominated investments	199,019	14	18,439	217,472
U.S. Dollar	380,897	-	25,524	406,421
Total	<u>\$ 579,916</u>	<u>\$ 14</u>	<u>\$ 43,963</u>	<u>\$ 623,893</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
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Assets	2019			
	Level 1	Level 2	Level 3	Total
Corporate ABS residual	\$ -	\$ 3,835	\$ -	\$ 3,835
Corporate asset backed issues	-	72,659	-	72,659
Corporate CMO	-	40,069	-	40,069
Corporate preferred securities	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
Futures 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 bonds	-	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	\$ 61,336	\$ 1,840,739	\$ -	\$ 1,902,075
Commingled debt funds				214,489
Total				\$ 2,116,564
Liabilities				
	Level 1	Level 2	Level 3	Total
Foreign currency forward contracts	\$ -	\$ (2,357)	\$ -	\$ (2,357)
Futures contracts	(15,161)	-	-	(15,161)
Options contracts written	(1,081)	(73)	-	(1,154)
Swaps	-	(20,337)	-	(20,337)
Total	\$ (16,242)	\$ (22,767)	\$ -	\$ (39,009)

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Assets	2018			
	Level 1	Level 2	Level 3	Total
Corporate asset backed issues	\$ -	\$ 36,072	\$ -	\$ 36,072
Corporate ABS residual	-	5,487	-	5,487
Corporate CMO	-	71,666	-	71,666
Corporate preferred security	10,886	-	-	10,886
Foreign asset backed issues	-	19,588	-	19,588
Foreign corporate bonds	-	296,352	-	296,352
Foreign currency forward contracts	-	4,057	-	4,057
Foreign equity investments	14	-	-	14
Foreign government bonds	-	263,976	-	263,976
Future contracts	1,631	-	-	1,631
Money market mutual fund	33,322	-	-	33,322
Municipal bonds	-	44,629	-	44,629
Options contracts purchased	1,887	6,106	-	7,993
Repurchase agreement	-	10,000	-	10,000
Securities lending collateral	-	152,808	-	152,808
Swaps	-	1,599	-	1,599
U.S. corporate bonds	-	401,582	-	401,582
U.S. Government agency bond	-	2,721	-	2,721
U.S. Government agency CMO	-	51,608	-	51,608
U.S. Government agency CMO interest-only	-	5,664	-	5,664
U.S. Government agency MBS	-	326,082	-	326,082
U.S. Government agency TBAs	-	8,974	-	8,974
U.S. Treasury bonds	-	407,697	-	407,697
U.S. Treasury inflation protected securities	-	17,786	-	17,786
Total	\$ 47,740	\$ 2,134,454	\$ -	2,182,194
Commingled debt funds				304,379
Total				\$ 2,486,573

Liabilities	Level 1	Level 2	Level 3	Total
Foreign currency forward contracts	\$ -	\$ (642)	\$ -	\$ (642)
Future contracts	(5,673)	-	-	(5,673)
Options contracts written	(2,363)	(18)	-	(2,381)
Security sold short	-	(489)	-	(489)
Swaps	-	(7,413)	-	(7,413)
Total	\$ (8,036)	\$ (8,562)	\$ -	\$ (16,598)

The Pool's investments in commingled debt funds were measured at the NAV as of June 30, 2019 and 2018. 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.

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.

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BRIM's amount invested in the Core Fixed Income Pool of \$15,508 and \$15,310 at June 30, 2019 and 2018, respectively, and represented approximately 1.6% and 1.5%, 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	
	2019	2018
AAA	\$ 61,950	\$ 54,135
AA	518,002	609,075
A	93,012	129,011
BBB	141,310	169,116
BB	10,003	10,953
B	600	1,877
CCC	562	1,091
C	-	4
D	146	193
Withdrawn	3,013	325
Not rated	45,328	51,231
Total fixed income investments	<u>\$ 873,926</u>	<u>\$ 1,027,011</u>

Securities lending collateral investments consisted of time deposits and repurchase agreements. 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 and Moody's. The WVIMB discloses the ratings of the securities underlying the repurchase agreements.

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

Rating	Fair Value	
	2019	2018
AAA / A-1	\$ 7,859	\$ 20,620
AA	35,868	2,218
A	1,267	2,316
BBB	576	3,162
B	54	-
Not applicable	11,877	48,528
Total securities lending collateral	<u>\$ 57,501</u>	<u>\$ 76,844</u>

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, 2019, the money market mutual

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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. As of June 30, 2018, the money market mutual fund has a weighted average maturity (WAM) of 39 days. The WAM for securities lending collateral investments is not to exceed 90 days. As of June 30, 2018, the WAM for securities lending collateral was 2 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, 2019 and 2018, the Pool held \$425,431 and \$469,549, respectively, of these securities. This represents approximately 49.0% and 46.0%, respectively, of the value of the Pool's fixed income securities.

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

Investment Type	2019		2018	
	Fair Value	Effective Duration (Years)	Fair Value	Effective Duration (Years)
Corporate asset backed issues	\$ 122,361	1.6	\$ 137,199	2.0
Corporate CMO	33,139	3.2	39,165	3.2
Corporate CMO interest-only	303	(2.8)	396	(6.5)
Corporate CMO principal-only	74	3.5	107	3.3
Foreign asset backed issues	2,698	3.3	3,499	3.6
Foreign corporate bonds	59,221	5.8	64,249	5.4
Foreign government bonds	3,125	8.0	5,887	8.2
Municipal bonds	10,261	13.0	9,007	12.9
U.S. corporate bonds	165,080	7.7	205,614	6.5
U.S. Government agency bonds	5,257	1.2	18,746	2.2
U.S. Government agency CMO	109,465	4.7	104,772	4.3
U.S. Government agency CMO interest-only	2,153	12.7	2,337	15.8
U.S. Government agency CMO principal only	5,062	6.2	5,683	6.7
U.S. Government agency MBS	150,176	4.4	176,391	4.3
U.S. Treasury bonds	205,102	9.1	253,524	8.8
U.S. Treasury inflation protected security	449	1.9	435	2.2
Total	<u>\$ 873,926</u>		<u>\$ 1,027,011</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, 2019 and 2018, 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, 2019 and 2018, the Pool held no securities that were subject to custodial credit risk. Repurchase agreements, when held, are collateralized to a minimum of 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.

Foreign Currency Risk

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

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	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 asset 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 bonds	-	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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Assets	2018			
	Level 1	Level 2	Level 3	Total
Corporate asset backed issues	\$ -	\$ 137,199	\$ -	\$ 137,199
Corporate CMO	-	39,165	-	39,165
Corporate CMO interest - only	-	396	-	396
Corporate CMO principal - only	-	107	-	107
Foreign assets backed issues	-	3,499	-	3,499
Foreign corporate bonds	-	64,249	-	64,249
Foreign government bonds	-	5,887	-	5,887
Money market mutual fund	17,736	-	-	17,736
Municipal bonds	-	9,007	-	9,007
Securities lending collateral	-	76,844	-	76,844
U.S. corporate bonds	-	205,614	-	205,614
U.S. Government agency bond	-	18,746	-	18,746
U.S. Government agency CMO	-	104,772	-	104,772
U.S. Government agency CMO interest-only	-	2,337	-	2,337
U.S. Government agency CMO principal-only	-	5,683	-	5,683
U.S. Government agency MBS	-	176,391	-	176,391
U.S. Treasury bonds	-	253,524	-	253,524
U.S. Treasury inflation protected securities	-	435	-	435
Total	\$ 17,736	\$ 1,103,855	\$ -	\$ 1,121,591

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 400 basis points. Albourn America, LLC has been retained by the WVIMB to provide consulting services for this investment strategy.

BRIM's amount invested in the Hedge Fund Pool of \$36,375 and \$33,820 at June 30, 2019 and 2018, respectively, represented approximately 1.5% and 1.5%, respectively, of total investments in this Pool.

Investment Risk

The Pool holds shares in hedge funds and shares of a money market fund. As of June 30, 2019 and 2018, the money market mutual fund has the highest credit rating and has a weighted average maturity of 43 and 39 days, respectively. The investments in hedge funds might be indirectly exposed to foreign currency risk, credit risk, interest rate 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, 2019 and 2018, 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, 2019 and 2018. All of the Pool's investments in hedge funds were valued using the NAV. As such, they have not been categorized in the fair value hierarchy.

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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.

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

Assets	2018			
	Level 1	Level 2	Level 3	Total
Money market mutual fund	<u>\$ 52,364</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,364</u>
Hedge funds				<u>2,078,624</u>
Total				<u>\$ 2,130,988</u>

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

Hedge Fund Strategies	2019 Fair Value	2018 Fair Value	Redemption Frequency	Redemption Notice Period
Directional ^(a)	<u>\$ 154,484</u>	<u>\$ 222,419</u>	Mthly/Qtly	3 to 60 days
Equity long/short ^(b)	<u>272,424</u>	<u>277,653</u>	Mthly/Qtly/Every 3 yrs	30 to 60 days
Event-driven ^(c)	<u>37,715</u>	<u>46,183</u>	Qtly	65 days
Long-biased ^(d)	<u>61,426</u>	<u>60,818</u>	Mthly	90 days
Multi-strategy ^(e)	<u>1,265,338</u>	<u>1,198,457</u>	Mthly/Qtly/Ann	3 to 95 days
Relative-value ^(f)	<u>290,231</u>	<u>273,094</u>	Wkly/Mthly/Qtly	5 to 60 days
Total investments measured at the NAV	<u>\$ 2,081,618</u>	<u>\$ 2,078,624</u>		

^(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. Investments representing approximately 60% in 2019 and 62.0% in 2018 of the fair value of the investments in this strategy are subject to maximum withdrawal restrictions.

^(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 sensitivities to equity markets, credit markets and company-specific developments. 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.

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- (e) Multi-strategy funds 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 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 43% in 2019 and 48% in 2018 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 37% in 2019 and 36% in 2018 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.

BRIM's amount invested in the TIPS Pool of \$16,062 and \$15,381 at June 30, 2019 and 2018, respectively, represented approximately 4.0% and 3.9% 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, 2019, the fund had an effective duration of 7.48 years. As of June 30, 2018, the fund had an effective duration of 7.66 years. At June 30, 2019 and 2018, the Pool is not exposed to concentration of credit risk, custodial risk, or foreign currency risk.

Fair Value Measurements

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

	2019			
	Level 1	Level 2	Level 3	Total
Assets				
Commingled 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>
	2018			
	Level 1	Level 2	Level 3	Total
Assets				
Commingled bond fund	\$ 391,265	\$ -	\$ -	\$ 391,265

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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, 2019 and 2018 of \$224,786 and \$201,377, respectively, are presented net of amounts due to AIG for claims funding. At June 30, 2019 and 2018, amounts payable to AIG were \$1,781 and \$2,917, respectively.

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

Security Type	2019				2018			
	Moody's	S&P	Fair Value	Percent of Assets	Moody's	S&P	Fair Value	Percent of Assets
Corporate bonds and notes	Aa1	AA+	\$ 1,111	0.49%	Aa1	AA+	\$ 1,009	0.50 %
	Aa1	AA-	2,188	0.97	Aa1	AA-	-	0.00
	Aa2	AA	2,165	0.96	Aa2	AA	-	0.00
	Aa2	AA-	-	0.00	Aa2	AA-	1,987	0.98
	Aa3	AA-	2,172	0.97	Aa3	AA-	-	0.00
	Aa3	A+	-	0.00	Aa3	A+	2,011	0.99
	Aaa	AA+	1,089	0.48	Aaa	AA+	-	0.00
	Aaa	AAA	2,225	0.99	Aaa	AAA	3,032	1.49
			10,950	4.86			8,039	3.96
U.S. Treasury bonds and notes	Aaa	NR	206,546	91.69	Aaa	NR	182,423	89.71
	NR	NR	-	0.00	NR	NR	813	0.40
U.S. Agency-debenture	NR	NR	7,204	3.20	NR	NR	11,269	5.54
Money market funds	NR	NR	565	0.25	NR	NR	795	0.39
Total rated investments			\$ 225,265	100.00%			\$ 203,339	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, 2019 and 2018, 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	2019		2018	
	Fair Value	WAM Years	Fair Value	WAM Years
Corporate bonds and notes	\$ 9,844	4.6	\$ 7,045	5.3
U.S. Treasury bonds	207,652	3.7	184,230	3.9
U.S. Agency debenture	7,204	0.3	11,269	1.3
Money market funds	565	0.7	795	-
Total rated investments	\$ 225,265		\$ 203,339	

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	2019			Total
	Level 1	Level 2	Level 3	
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>

Assets	2018			Total
	Level 1	Level 2	Level 3	
Corporate bonds and notes	\$ 7,045	\$ -	\$ -	\$ 7,045
U.S. Treasury bonds	184,230	-	-	184,230
U.S. Agency debenture	11,269	-	-	11,269
Money market funds	795	-	-	795
Total	<u>\$ 203,339</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 203,339</u>

The fair value tables above do not include cash and cash equivalents at June 30, 2019 and 2018 of \$1,302 and \$955, 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:

	2019	2018
Unpaid claims and claims adjustment expense liability at beginning of year	<u>\$ 167,001</u>	<u>\$ 164,919</u>
Incurred claims and claims adjustment expense:		
Provision for insured events of the current year	69,092	72,033
Increase (decrease) in provision for insured events of prior years	<u>11,077</u>	<u>(14,640)</u>
Total incurred claims and claims adjustment expense	<u>80,169</u>	<u>57,393</u>
Payments:		
Claims and claims adjustment expense attributable to insured events of the current year	(10,321)	(11,846)
Claims and claims adjustment expense attributable to insured events of prior years	<u>(45,871)</u>	<u>(43,465)</u>
Total payments	<u>(56,192)</u>	<u>(55,311)</u>
Total unpaid claims and claims adjustment expense liability at end of year	<u>\$ 190,978</u>	<u>\$ 167,001</u>

If the unpaid claims and claims adjustment expense liability were discounted using a 4% discount factor for 2019 and 2018 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 \$15,500 and \$13,821 for fiscal years 2019 and 2018, respectively. The overall unpaid claim liability number includes a provision for allocated and unallocated claims adjustment expense.

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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%, 11% and 12% for the years ended June 30, 2019, 2018 and 2017, 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 \$142, \$138 and \$123 for the fiscal years ended June 30, 2019, 2018 and 2017, 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, 2019 and 2018, BRIM reported a liability of \$249 and \$331 for its proportionate share of the net pension liability. The net pension liability reported at June 30, 2019 was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017, rolled forward to the measurement date of June 30, 2018. 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, 2018. At June 30, 2019, BRIM's proportionate share was 0.0964%, which was an increase of 0.0197% from its proportionate share as of June 30, 2018.

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For the years ended June 30, 2019 and 2018, BRIM recognized pension expense of \$5 and \$17, respectively. At June 30, 2019 and 2018, BRIM reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2019		2018	
	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	\$ -	\$ 146	\$ -	\$ 80
Differences between expected and actual experience	12	1	29	-
Difference in assumptions	-	-	-	17
Changes in proportion and differences between BRIM's contributions and proportionate share of contributions	219	53	271	232
BRIM's contributions made subsequent to the measurement date of June 30, 2018 and 2017	142	-	138	-
Total	<u>\$ 373</u>	<u>\$ 200</u>	<u>\$ 438</u>	<u>\$ 329</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 will be recognized in pension expense as follows:

Year ending June 30:

2020	\$ 61
2021	\$ 20
2022	\$ (66)
2023	\$ 16

Actuarial assumptions and methods

The total pension liability in the actuarial valuations was determined using the following actuarial assumptions:

	2019	2018
Inflation	3.0%	3.0%
Salary increase	3.0-4.6%, 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 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.

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The actuarial assumptions used in the valuations were based on the results from an actual experience study for the period July 1, 2009 through June 30, 2014.

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, 2018 and 2017 are summarized below:

Asset Class	Long-Term Expected Rate of Return
Domestic equity	4.5%
International equity	8.6%
Fixed income	3.3%
Real estate	6.0%
Private equity	6.4%
Hedge funds	4.0%

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 2.71% at June 30, 2018 and 3.13% at June 30, 2017 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, 2018.

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)	\$ 1,002	\$ 249	\$ (388)

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

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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, 2018.

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 GASB 75 Audited Schedules of Employer OPEB Allocations and OPEB Amounts by Employer, RHBT audited financial statements and actuarial reports can be found on the PEIA website at www.peia.wv.gov.

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 \$183 and \$177 for the years ending June 30, 2019 and June 30, 2018, respectively. Paygo rates were \$135 for January 2017 through June 2017 and \$196 for the period July 2016 through December 2016. Other contributions such as retiree leave conversion differ by agency and are only recorded as utilized by

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

plan participants. BRIM's contributions to RHBT were \$45, \$44 and \$43 for the fiscal years ended June 30, 2019, 2018 and 2017, 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

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*. At June 30, 2019 and 2018, BRIM reported a liability of \$470 and \$512 for its proportionate share of the net OPEB liability. The net OPEB liability reported at June 30, 2019 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, rolled forward to the measurement date of June 30, 2018. For fiscal year 2018, the net OPEB liability was measured as of June 30, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2016 and rolled forward to the measurement date of June 30, 2017. 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, 2018. At June 30, 2019, BRIM's proportionate share was 0.0219%, which was an increase of 0.0011% from its proportionate share as of June 30, 2018.

At June 30, 2019 and 2018, BRIM reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2019		2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB investments	\$ -	\$ 9	\$ -	\$ -
Differences between expected and actual experience	-	7	-	8
Difference in assumptions	-	47	-	1
Changes in proportion and differences between BRIM's contributions and proportionate share of contributions	21	46	-	64
BRIM's contributions made subsequent to the measurement date of June 30, 2018 and 2017	44	-	44	-
Total	<u>\$ 65</u>	<u>\$ 109</u>	<u>\$ 44</u>	<u>\$ 73</u>

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

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:

2020	\$	(29)
2021	\$	(29)
2022	\$	(24)
2023	\$	(6)

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

The State of West Virginia is a nonemployer 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.

The State is a nonemployer 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, 2019 and 2018, BRIM recognized OPEB expense of \$47 and \$30.

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

At June 30, 2019, the BRIM reported a 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 was as follows.

	<u>2019</u>	<u>2018</u>
BRIM's proportionate share of the net OPEB liability:	\$ 470	\$ 512
State of WV's special funding proportionate share of the net OPEB		
Liability associated with BRIM	<u>97</u>	<u>105</u>
Total portion of the net OPEB liability associated with BRIM	<u>\$ 567</u>	<u>\$ 617</u>

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

Actuarial assumptions

The net OPEB liability was determined by an actuarial valuation as of June 30, 2017, rolled forward to June 30, 2018, 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	Actual trend used for fiscal year 2018. For fiscal years on and after 2019, trend starts at 8.00% and 10.00% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend of 4.50%. Excess trend rate of 0.13% and 0.00% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims costs beginning in 2022 to account for the Excise Tax.
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, 2017

Mortality rates were based on the 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 a 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, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2010 – June 30, 2015.

Certain assumptions have been changed since the prior measurement date. The assumption changes that most significantly impacted the Net OPEB Liability are as follows: the inclusion of waived annuitants increased the liability by approximately \$17 million; a 15% reduction in the retirement rate assumption decreased the liability by approximately \$68 million; a change in certain healthcare-related assumptions decreased the liability by approximately \$232 million; and an update to the mortality tables increased the liability by approximately \$25 million. 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 BTI.

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

The long-term rates of return on OPEB plan investments are determined using a building block method in which estimates of expected future real rates of return (expected returns, net of OPEB 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 weighting the expected future real rates of return by the target asset allocation percentages and by adding expected inflation. Best estimates of long-term geometric rates are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Large Cap Domestic	17.0%
Non-Large Cap Domestic	22.0%
International Qualified	24.6%
International Non-Qualified	24.3%
International Equity	26.2%
Short-Term Fixed	0.5%
Total Return Fixed Income	6.7%
Core Fixed Income	0.1%
Hedge Fund	5.7%
Private Equity	19.6%
Real Estate	8.3%
Opportunistic Income	4.8%
Cash	0.0%

Discount rate

The discount rate used to measure the OPEB liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that RHBT contributions would be made at rates equal to the actuarially determined contribution rates, in accordance with prefunding and investment policies. 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.

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:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
BRIM's proportionate share of net OPEB liability	\$ 552	\$ 470	\$ 401

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

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	\$ 389	\$ 470	\$ 569

7. Lease Arrangement

On October 1, 2016, 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, 2019.

Operating lease expense approximated \$222 for both the years ended June 30, 2019 and 2018, respectively, relating to these arrangements. Future minimum lease payments under these operating lease arrangements are as follows for years ending June 30:

2020	\$ 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 \$47,713 and \$45,516 for the years ended June 30, 2019 and 2018, 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 \$9,362 and \$6,149 at June 30, 2019 and 2018, 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 \$0 reinsurance recoveries for the fiscal year ended June 30, 2019, and \$160 for the fiscal year ended June 30, 2018.

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.

***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.

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
1) Premiums and investment revenues:										
Earned	\$ 83,088	\$ 71,320	\$ 64,361	\$ 54,969	\$ 69,172	\$ 63,037	\$ 72,706	\$ 81,209	\$ 85,663	\$ 104,345
Ceded	6,257	6,075	5,386	5,825	6,102	6,197	6,909	6,681	6,518	6,627
Net earned	76,831	65,245	58,975	49,144	63,070	56,840	65,797	74,528	79,145	97,718
2) Unallocated expenses, including administrative fees paid to third-party claims administrators	8,043	7,867	7,562	7,240	7,888	7,653	7,911	8,290	8,507	8,684
3) Estimated incurred claims and claims adjustment expense, end of policy year:										
Incurred	51,388	53,728	60,176	57,276	58,389	62,342	66,740	70,705	72,629	69,092
Ceded	-	-	2,312	-	-	-	-	-	596	-
Net incurred	51,388	53,728	57,864	57,276	58,389	62,342	66,740	70,705	72,033	69,092
4) Paid (cumulative) claims and claims adjustment expense as of:										
End of policy year	9,965	10,757	10,156	10,870	10,560	11,146	12,863	11,922	11,846	10,321
One year later	17,009	18,034	20,830	18,936	19,965	24,010	23,494	23,067	22,032	
Two years later	25,606	26,398	30,577	30,649	29,077	34,801	34,585	37,673		
Three years later	32,612	34,305	43,021	40,132	45,059	43,864	44,997			
Four years later	38,174	39,497	48,351	48,853	51,231	48,379				
Five years later	39,821	42,538	51,004	52,093	53,383					
Six years later	40,798	43,031	53,155	53,802						
Seven years later	41,554	43,383	54,121							
Eight years later	41,774	43,877								
Nine years later	41,940									
5) Reestimated ceded claims and expenses	-	-	248	-	-	-	2,762	-	596	-
6) Reestimated net incurred claims and allocated claims adjustment expense:										
End of policy year	51,388	53,728	57,864	57,276	58,389	62,342	66,740	70,705	72,033	69,092
One year later	46,571	52,844	58,812	56,883	57,772	65,545	64,655	65,589	65,418	
Two years later	47,102	50,289	61,106	63,767	61,216	62,727	62,537	65,151		
Three years later	46,116	48,480	62,460	61,150	61,249	59,235	59,700			
Four years later	44,171	47,980	57,109	58,836	59,741	55,907				
Five years later	43,567	46,321	56,003	58,016	64,041					
Six years later	42,762	44,680	56,093	63,918						
Seven years later	43,117	43,910	63,858							
Eight years later	42,302	44,768								
Nine years later	42,116									
7) (Decrease) increase in estimated net incurred claims and allocated claims adjustment expense from end of policy year	(9,272)	(8,960)	5,994	6,642	5,652	(6,435)	(7,040)	(5,554)	(6,615)	-

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:

	2019				2018			
	Liability	Property	Mine Subsidence	Total	Liability	Property	Mine Subsidence	Total
Unpaid claims and claims adjustment expense liability at beginning of fiscal year	\$ 160,195	\$ 5,512	\$ 1,294	\$ 167,001	\$ 159,676	\$ 4,225	\$ 1,018	\$ 164,919
Incurring claims and claims adjustment expense:								
Provision for insured events of the current fiscal year	63,601	4,490	1,001	69,092	65,237	5,623	1,173	72,033
Increase (decrease) in provision for insured events of prior fiscal years	10,806	(277)	548	11,077	(12,667)	(1,816)	(158)	(14,641)
Total incurred claims and claims adjustment expense	74,407	4,213	1,549	80,169	52,570	3,807	1,015	57,392
Payments:								
Claims and claims adjustment expense attributable to insured events of the current fiscal year	9,056	1,081	184	10,321	9,927	1,613	306	11,846
Claims and claims adjustment expense attributable to insured events of the prior fiscal years	42,168	2,622	1,081	45,871	42,124	907	433	43,464
Total claims and claims adjustment expense payments	51,224	3,703	1,265	56,192	52,051	2,520	739	55,310
Total unpaid claims and claims adjustment expense liability at end of the fiscal year	\$ 183,378	\$ 6,022	\$ 1,578	\$ 190,978	\$ 160,195	\$ 5,512	\$ 1,294	\$ 167,001

See notes to required supplementary information.

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

	2019	2018	2017	2016	2015
BRIM's proportionate (percentage) of the net pension liability	0.0964%	0.0767%	0.0833%	0.0836%	0.0994%
BRIM's proportionate share of the net pension liability	\$ 249	\$ 331	\$ 766	\$ 467	\$ 367
BRIM's covered payroll	\$ 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	19.53%	32.68%	69.64%	53.19%	38.15%
Plan fiduciary net position as a percentage of the total pension liability *	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 Seven Fiscal Years
(in thousands except percentages)

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

See notes to required supplementary information.

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:

	2017	2016
Projected salary increases:		
State	3.0 - 4.6%	3.0 - 4.6%
Non-state	3.0 - 4.6%	
Inflation rate	3.0%	
Mortality rates		
Healthy males -110% of RP-2000		Healthy males -110% of RP-2000
Non-Annuitant, Scale AA		Non-Annuitant, Scale AA
Healthy females-101% or RP-2000		Healthy females-101% or RP-2000
Non-Annuitant, Scale AA		Non-Annuitant, Scale AA
Disabled males - 96% of RP-2000		Disabled males - 96% of RP-2000
Disabled annuitant, Scale AA		Disabled annuitant, Scale AA
Disabled females - 107% of RP-2000		Disabled females - 107% of RP-2000
Disabled annuitant, Scale AA		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%
	2015	2014
Projected salary increases:		
State	3.0 - 4.6%	4.25 - 6.0%
Non-state	3.35 - 6.0%	4.25 - 6.0%
Inflation rate	1.90%	2.20%
Mortality rates		
Healthy males -110% of RP-2000		Healthy males -1983 GAM
Non-Annuitant, Scale AA		Healthy females -1971 GAM
Healthy females-101% or RP-2000		Disabled males -1971 GAM
Non-Annuitant, Scale AA		Disabled females – Revenue Ruling 96-7
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 - 26%
Non-state	2 - 35.8%	2 - 31.2%
Disability rates	0 - .675%	0 - .8%

West Virginia Board of Risk and Insurance Management
Schedule of Proportionate Share of the Net OPEB Liability in RHBT
As of and for the Years Ended June 30, 2019 and 2018
(in thousands except percentages)

	<u>2019</u>	<u>2018</u>
BRIM's proportionate (percentage) of the net OPEB liability	0.0219%	0.0208%
BRIM's proportionate share of the net OPEB liability	\$ 470	\$ 512
State's proportionate share of the net OPEB liability associated with BRIM	<u>97</u>	<u>105</u>
Total	<u>\$ 567</u>	<u>\$ 617</u>
BRIM's covered-employee payroll	\$ 905	\$ 812
BRIM's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	51.93%	63.05%
Plan fiduciary net position as a percentage of the total OPEB liability *	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 Four Fiscal Years
(in thousands except percentages)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily required contribution	\$ 45	\$ 44	\$ 43	\$ 41
Contributions in relation to the statutorily required contribution	<u>(45)</u>	<u>(44)</u>	<u>(43)</u>	<u>(41)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	<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>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, 2019
(in thousands)

	Other Lines of Business	Mine Subsidence	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 29,342	\$ -	\$ 29,342
Advance deposits with carrier/trustee	224,786	-	224,786
Receivables, net	3,223	-	3,223
Prepaid insurance:			
Restricted cash and cash equivalents	-	16,936	16,936
Restricted receivables, net	-	1,112	1,112
Total current assets	257,351	18,048	275,399
Noncurrent assets:			
Investments	100,600	-	100,600
Restricted investments	-	58,096	58,096
Total non current assets	100,600	58,096	158,696
Total assets	357,951	76,144	434,095
DEFERRED OUTFLOWS OF RESOURCES			
Pension	373	-	373
Other post-employment benefits	65	-	65
Total deferred outflows of resources	438	-	438
LIABILITIES			
Current liabilities:			
Estimated unpaid claims and claims adjustment expense	61,658	998	62,656
Unearned revenue	8,090	2,089	10,179
Agent commissions payable	1,514	-	1,514
Accrued expenses and other liabilities	1,038	-	1,038
Total current liabilities	72,300	3,087	75,387
Noncurrent liabilities:			
Estimated claims and claims adjustment expense, noncurrent	127,738	584	128,322
Compensated absences	117	7	124
Net pension liability	249	-	249
Net other post-employment benefits	470	-	470
Total noncurrent liabilities	128,574	591	129,165
Total liabilities	200,874	3,678	204,552
DEFERRED INFLOWS OF RESOURCES			
Pension	200	-	200
Other post-employment benefits	109	-	109
Total deferred inflows of resources	309	-	309
NET POSITION			
Restricted	-	72,466	72,466
Unrestricted	157,206	-	157,206
Net position	\$ 157,206	\$ 72,466	\$ 229,672

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, 2019
(in thousands)

	Other Lines of Business	Mine Subsidence	Total
Operating revenues:			
Premiums	\$ 78,999	\$ 4,302	\$ 83,301
Less excess coverage/reinsurance premiums	(6,627)	-	(6,627)
Total operating revenues	72,372	4,302	76,674
Operating expenses:			
Claims and claims adjustment expense	78,620	1,549	80,169
General and administrative expense	4,396	123	4,519
Total operating expenses	83,016	1,672	84,688
Operating (loss) income	(10,644)	2,630	(8,014)
Nonoperating revenues:			
Investment income	18,073	2,971	21,044
OPEB nonoperating income	30	-	30
Net nonoperating revenues	18,103	2,971	21,074
Increase in net position	\$ 7,459	\$ 5,601	\$ 13,060

West Virginia Board of Risk and Insurance Management
Form 7 - Deposits Disclosure
June 30, 2019
(in thousands)

		Fair Value	
Cash with Treasurer		<u>\$ 840</u>	⁽¹⁾
⁽¹⁾ Agrees to audited statement of cash flows as follows:			
Cash with Treasurer		\$ 840	⁽²⁾
Cash equivalents with BTI		<u>45,438</u>	⁽²⁾
		<u>\$ 46,278</u>	⁽³⁾
⁽²⁾ Agrees to Form 8-A			
⁽³⁾ Agrees to audited statement of net position as follows:			
Cash and cash equivalents	\$ 29,342		
Restricted cash and cash equivalents	<u>16,936</u>		
	<u>\$ 46,278</u>		

West Virginia Board of Risk and Insurance Management
Form 8 - Investments Disclosure
June 30, 2019
(in thousands)

<u>Investment Pool</u>	<u>Amount Unrestricted</u>	<u>Amount Restricted</u>	<u>Amount Reported</u>	<u>Fair Value</u>
BTI and WVIMB Investment Pools:				
Cash liquidity	\$ 28,644 ⁽¹⁾	\$ 16,794 ⁽¹⁾	\$ 45,438 ⁽³⁾	\$ 45,438
Long-term	<u>100,600 ⁽¹⁾</u>	<u>58,096 ⁽¹⁾</u>	<u>158,696 ⁽³⁾</u>	<u>158,696</u>
Total investments	<u>\$ 129,244 ⁽¹⁾</u>	<u>\$ 74,890 ⁽¹⁾</u>	<u>\$ 204,134</u>	<u>\$ 204,134</u>

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

Investments with BTI and WVIMB	\$ 129,244 ⁽¹⁾	\$ 74,890
Less investments classified as cash equivalents	<u>28,644</u>	<u>16,794</u>
Total investments	<u>\$ 100,600 ⁽²⁾</u>	<u>\$ 58,096 ⁽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, 2019
(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	\$ 16,936 ⁽¹⁾
Unrestricted	29,342 ⁽¹⁾

Total cash and cash equivalents	46,278
---------------------------------	--------

Less investments disclosed as cash equivalents	45,438 ⁽²⁾⁽³⁾
------------------------------------------------	--------------------------

Fair value of deposits as disclosed on Form 7	\$ 840 ⁽²⁾
-----------------------------------------------	-----------------------

Investments:

Investments as reported:

Noncurrent – restricted	\$ 58,096 ⁽¹⁾
Noncurrent – unrestricted	100,600 ⁽¹⁾

Total investments	158,696
-------------------	---------

Add investments disclosed as cash equivalents	-
-----------------------------------------------	---

Fair value of investments as disclosed on Form 8	\$ 158,696 ⁽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, 2019
(in thousands)

	<u>Amount</u>
Accounts receivable (other than State agencies):	
Total accounts receivable as of June 30, 2019	\$ 4,335 ⁽¹⁾
Less allowance for doubtful accounts	<u>- ⁽²⁾</u>
Net receivable	<u><u>\$ 4,335</u></u>
⁽¹⁾ Derived from the audited statement of net position as follows:	
Receivables	\$ 3,223 ⁽²⁾
Restricted receivables	<u>1,112 ⁽²⁾</u>
	<u><u>\$ 4,335</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, 2019
(in thousands)

<u>Receivable From</u>	<u>Amount</u>
Accounts receivable from other State agencies	\$ 5 ⁽¹⁾
⁽¹⁾ Premiums due from other State agencies	\$ 5
Premiums due from other entities	3,218
Total receivables	\$ 3,223 ⁽²⁾

⁽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, 2019
(in thousands)

<u>Type of Debt</u>	<u>Final Maturity Date</u>	<u>Balance June 30, 2018</u>	<u>Payments</u>	<u>Other Changes</u>	<u>Balance June 30, 2019</u>
Compensated absences – annual leave	Varies	<u>\$ 122</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 124</u> ⁽¹⁾

⁽¹⁾ Agrees to audited statement of net position

**Report of Independent Auditors 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 auditing standards generally accepted in the United States 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, 2019, 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, and have issued our report thereon dated October 14, 2019.

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) to determine the 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 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 determination of financial statement amounts. 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 result 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 14, 2019

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
MaryJane.Pickens@wv.gov

Executive Director's Report

December 17, 2019

A. Marshall University and West Virginia University Medical Malpractice Program

- As of December 6, 2019, Marshall has deposited \$725,000.00 into the escrow account for FY 2020. The fiscal year-to-date cumulative interest totals \$13,719.60. Disbursements totaling \$742,755.52 have been paid thus far in FY 2020.
- As of December 6, 2019, a total of \$1,068,505.02 has been deposited into WVU's escrow account for FY 2020. The fiscal year-to-date cumulative interest totals \$26,335.44. Disbursements totaling \$1,546,028.95 have been paid thus far in FY 2020.

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

TRIALS

Thus far in 2019, we have tried two cases to a defense verdict. Both cases have been reported in prior Board meetings.

Timothy York vs. WV Dept. of Health & Human Services (501-233817) McDowell Co. Cir. Ct.; Plaintiff alleged during internship at insured hospital, he lacked sufficient hours to keep his grant. He left for another position, making more money. Demand was \$80,000. Offer was \$5,000. Defense verdict on 1/31/2019.

Monongahela Power vs. WV Div. of Highways (501-672784) Harrison Co. Mag. Ct.; Insured employee was mowing and struck the plaintiff's unmarked guy wire. Demand was \$2,408.91. There was no offer. Defense Verdict on 6/27/2019. **Plaintiff's appeal to the Harrison Co. Cir. Ct. ended in dismissal.**

PAID CLAIMS (October 2019 Data)

YTD Indemnity payments total \$26,124,353 vs. PYTD payments of \$35,815,126, a decrease of 27.06%.

YTD Legal payments total \$14,193,436 vs. PYTD payments of \$13,166,588, an increase of 7.8%.

OUTSTANDING CLAIMS (October 2019 Data)

October 2019 Indemnity reserves total \$66,214,280 vs. October 2018 Indemnity reserves of \$46,946,770, an increase of 41.04%.

October 2019 Expense reserves total \$22,130,216 vs. October 2018 Expense reserves of \$18,691,398, an increase of 18.4%.

CLAIMS COUNTS (October 2019 Data)

New claims YTD total 3460 vs. PYTD of 3406, an increase of 1.6%.

Closed claims YTD total 3522 vs. PYTD of 3600, a decrease of 2.17%.

Open claims YTD total 1186 vs. PYTD of 1065, an increase of 11.4%.

DURATION – CLOSED CLAIMS (October 2019 Data)

YTD Duration of 110.005 Days vs. PYTD Duration of 126.495 Days, a decrease of 13.04%.

CLOSING RATIO (October 2019 Data)

YTD Closing Ratio of 101.8% vs. PYTD Closing Ratio of 105.7%, a decrease of 3.7%.

- C. Patient Injury Compensation Fund (PICF) -- The outstanding balance owed to claimants is \$4,139,549.17. The last pro-rata distribution to claimants was in the amount of \$2.1 million. We continue to believe that the funding streams should be adequate to retire all claims in full by June 30, 2022. The funding sources are to terminate on December 31, 2021 and we will then have 6 months to pay all administrative expenses of the fund as well as claims and any balance will then be transferred to general revenue.
- D. Risk Management Information System Update – Progress continues to be made. The Claims Module is fully functional and at this point only small changes are being made. We are hopeful that we can successfully reconcile the data with the mainframe at the end of the year and if so, we will begin to rely solely on the new system. We are getting closer to reconciliation of the property and mine subsidence data – so far it looks positive. Testing continues on the Underwriting and Loss Control modules.
- E. RFP – Consultant Contract – The Willis Towers Watson team was in our office on October 2, 2019, to continue discussions as part of their review of BRIM's programs. We continue to work with them and have provided quite a bit of information over the past several months. They are currently drafting the report. We have extended the due date in light of the additional time it is taking for completion of the review and preparation of the report.
- F. Budget Discussions – We were finally successful in receiving approval for a budget amendment to the FY 2020 budget to increase our personal services line. We are also seeking approval for 2 additional positions. Currently we have no open positions and could only fill a position if it is vacated by a current employee. While we don't anticipate agency growth, we do need a couple open positions in the event we need to have a period of transition before a long-time employee leaves, and the additional budget and positions will enable us to plan better for continuity purposes.

- G. BRIM was asked to present to a meeting of Chief Financial Officers and Procurement Officers that the Higher Education Planning Commission held on November 12, 2019 in Lewisburg. Robert Fisher and Melody Duke gave the presentation and it appeared to be very well-received. The presentation provided general information about insurance, its purpose, and how it fits into procurement processes and management of vendors doing business with higher education institutions. Melody went over a typical certificate of coverage, pointing out the information contained in each part of the certificate and its significance.
- H. Property Policy Meeting – On December 4, 2019, we reviewed our property policy for possible changes for FY 20-21. Some of the issues discussed were interaction of the Property Policy with the flood coverage under the Difference in Conditions Policy, consideration of a sublimit for time element/extra expense coverage and incorporating this coverage into the DIC policy and clarifying some terms. We wanted to get an early start on discussions for renewal on July 1 and in the next few months we will continue to work on the policy language with the carriers.
- I. Miscellaneous
1. As you all know, Chuck Mazingo is embarking on a well-deserved retirement at the end of this month. While his departure will be painful for us personally, we wish him all the best. We also anticipate that he will be returning in a few weeks on a limited basis to continue to help out for as long as it continues to work for Chuck and BRIM.
 2. We are happy to have Solomon Phillips, one of our summer interns, back with us for his Christmas break from Marshall. Solomon will be helping out primarily with the Underwriting Department until mid-January when he has to return to Huntington to finish up his degree.
 3. There have been a few lawsuits in the northern part of the state filed against carriers that have sold mine subsidence coverage to homeowners who have later filed claims that were denied. These are first party bad faith claims. We do not feel that there was anything unusual in the handling of the claims, but we wanted to mention them to the Board because we have received a few subpoenas for claim files and we could be involved in further discovery as the cases progress.

Upcoming Board Meeting schedule for 2020:

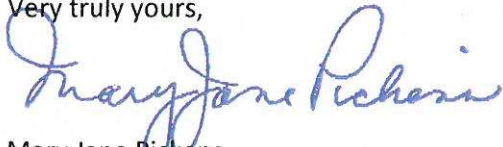
Tuesday, March 17, 2020 @ 1PM

Tuesday, June 16, 2020 @ 1PM

Tuesday, September 15, 2020 @ 1PM

Tuesday, December 15, 2020 @ 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 17, 2019**

A. P Card Report

CD copies contain the supporting detail for P card purchases for the months of July, August, September and October 2019. These totals are:

July	\$44,423.31
August	\$27,454.74
September	\$72,293.08
October	\$22,278.66

B. Highlights of Management Discussion & Analysis for June 30, 2019

- 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 FY'19. The increase is an indication of the recent adverse claims development occurring for several prior years.
- FY'18 and FY'17 saw decreases for provisions for insured events of prior fiscal years of \$14.6 million and \$11.6 million respectively, resulting in a positive impact on BRIM's operating results for both previous fiscal years.
- Including restricted funds, BRIM's investment earnings for FY'19, FY'18 and FY'17 are \$21.0 million, \$6.7 million and \$9.8 million respectively.
- The overall return on BRIM funds invested, including restricted funds, was 5.2% for FY'19, exceeding BRIM's target rate of return of 4%. The higher return helped to offset the unfavorable claims development that impacted claims reserves in FY'19.
- The overall returns on all BRIM funds invested was 1.8% for FY'18 and 2.7% for FY'17; well below BRIM's target rate.

C. Current Financial Results for the Four Months Ended October 31, 2019

- 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 is comparable to FY'19. The actuarially projected loss pics for both years remained about the same.
- FY'20 thru October reflects accruals increasing claims liabilities by \$3.9 million for the current year vs. a \$0.4 million increase for the same period last year.
- Net claims payments for the first four months of FY'20 are approximately \$2.1 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.
- Positive equity returns together with solid fixed income results are the reason for the current year-to-date investment earnings improvement versus the negative investment returns for the same period last fiscal year. This amounts to a year over year favorable swing of \$9.5 million in investment returns for the four months.
- The Federal Reserve's rate setting committee met last week and voted 10-0 to leave rates unchanged in a range 1.5 to 1.75. They could go through 2020 without a change.

C. Current Financial Results (cont'd)

- In the prior fiscal year, positive operating results weren't sufficient to offset the investment losses through October 31 resulting in a decrease of \$0.9 million to BRIM's net position for the first four months of FY'19.
- The current year saw negative operating results that, when combined with solid investment earnings, resulted in an overall increase of \$2.9 million to BRIM's net position for the first four months of FY'20.

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 assumed a higher risk than the calculated composite of the benchmark group of entities. The premium to net asset ratio indicates that BRIM would need an additional \$53 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 25% below the calculated mid-point for the level of net premium generated by BRIM for FY'19 vs. the composite benchmark. This is a significant improvement over last year's 31% shortfall.
- It should be noted that premium revenue can vary considerably from year to year. BRIM has had to increase its premium revenue in several previous years as increases in projected loss pics impacted the premiums charged to its' insureds. Premium increases without a pro-rata increase in net assets would adversely affect BRIM's risk level relative to the benchmark.

E. Other Financial Ratios

- The premium to net asset 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'19 (.83 to 1.0) is slightly higher than the ratio for private carriers for the first half of 2019 (.80 to 1.0).
- BRIM's loss ratio of 105% vs. the industry average of 70% is significantly higher than the industry average for the first half of 2019 due to BRIM's adverse claims development in FY'19.
- BRIM's expense ratio of 6% is very favorable versus the industry average of 27% for the first half of 2019.
- BRIM's combined ratio of 111% underperformed the industry average of 97%, based on property and casualty industry results as reported by ISO for the first half of 2019.

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

	2019	2018
	<i>(In Thousands)</i>	
Assets		
Current assets:		
Cash and cash equivalents	\$ 26,855	\$ 28,135
Advance deposits with insurance company and trustee	229,970	201,534
Receivables	3,848	4,390
Prepaid insurance	4,604	4,249
Restricted cash and cash equivalents	18,207	14,759
Premiums due from other entities	1,112	878
Total current assets	284,596	253,946
Noncurrent assets:		
Equity position in internal investments pools	102,629	94,215
Restricted investments	59,268	54,409
Total noncurrent assets	161,897	148,623
Total assets	446,493	402,569
Deferred Outflows of Resources	373	438
Deferred Outflows of Resources - OPEB	65	44
Liabilities		
Current liabilities:		
Estimated unpaid claims and claims adjustment expense	62,656	50,453
Unearned premiums	15,388	15,568
Agent commissions payable	719	1,147
Claims Payable	605	99
Accrued expenses and other liabilities	2,135	2,141
Total current liabilities	81,503	69,408
Estimated unpaid claims and claims adjustment expense net of current portion	132,192	117,041
Compensated absences	124	122
Net pension liability	249	331
Total noncurrent liabilities	132,565	117,494
Total liabilities	214,068	186,901
Deferred Inflows of Resources	200	330
Deferred Inflows of Resources - OPEB	109	73
Net position:		
Restricted by State code for mine subsidence coverage	72,466	66,866
Unrestricted	157,205	149,745
Net Assets (Deficiency)	2,885	(864)
Net position	\$ 232,556	\$ 215,747

Unaudited

West Virginia Board of Risk and Insurance Management

Statements of Revenues, Expenses, and Changes in Net Position

For the Four Months Ended October 31st

	2019	2018
	<i>(In Thousands)</i>	
Operating revenues		
Premiums	\$ 27,510	\$ 27,671
Less coverage/reinsurance programs	<u>(2,311)</u>	<u>(2,378)</u>
Net operating revenues	25,199	25,293
 Operating expenses		
Claims and claims adjustment expense	27,507	21,879
General and administrative	<u>1,561</u>	<u>1,490</u>
Total operating expenses	<u>29,068</u>	<u>23,369</u>
 Operating income (loss)	(3,869)	1,923
 Nonoperating revenues		
Investment income	6,754	(2,787)
 Net nonoperating revenues	<u>6,754</u>	<u>(2,787)</u>
Changes in net position	2,885	(864)
 Total net position, beginning of year	229,671	216,611
 Total net position, end of period	<u><u>\$ 232,556</u></u>	<u><u>\$ 215,747</u></u>

Unaudited

External Benchmark Comparison (FY'19)

(BRIM Net Premium/Net Position)

Step 1: Calculation of the Average Premium to Net Assets Ratio (PNAR) - Similar Organizations

Premium or Operating Revenue	Net Assets	Premium to Net Asset Ratio (PNAR)	Type of Insured Entities
\$ 23,396,705	\$ 57,443,253	0.407	Local Governments
\$ 10,605,573	\$ 23,658,484	0.448	Community Centers
\$ 4,378,464	\$ 8,386,628	0.522	Municipalities
\$ 12,436,160	\$ 46,052,440	0.270	Local Governments
\$ 31,394,499	\$ 99,330,713	0.316	Municipalities and Special Districts
\$ 5,243,879	\$ 19,027,767	0.276	Water Districts and River Authorities
\$ 87,455,280	\$ 253,899,285	0.344	Combined Entities

Step 2: Derivation of Statistics

Entity Count Per Above (0.522 - 0.270)/2 = .126	6 0.126	Number of Similar Organizations With Data Available Average of the Range Between the Highest & Lowest PNAR
\$ 87,455,000	\$ 253,899,000	0.344
\$ 72,372,000	\$ 157,206,000	0.460

Combined PNAR of Similar Organizations (Average Risk)
BRIM's Premium Revenue, NAR and Calculated PNAR

Step 3: Matrix of Net Assets Risk Ratings for Various Premium Levels (\$ rounded to nearest 100,000)

Actual Premium Levels	Low Risk (PNAR Factor & NAR \$ Level) 0.194	Less Risk (PNAR Factor & NAR \$ Level) 0.244	-----<----- Average Risk (PNAR Factor & NAR \$ Level) 0.294	----->----- Average Risk (PNAR Factor & NAR \$ Level) 0.344	----->----- Average Risk (PNAR Factor & NAR \$ Level) 0.394	More Risk (PNAR Factor & NAR \$ Level) 0.444	High Risk (PNAR Factor & NAR \$ Level) 0.494
\$ 87,500,000	\$ 451,000,000	\$ 358,600,000	\$ 297,600,000	\$ 254,000,000	\$ 222,100,000	\$ 197,100,000	\$ 177,100,000
\$ 85,000,000	\$ 438,100,000	\$ 348,400,000	\$ 289,100,000	\$ 247,100,000	\$ 215,700,000	\$ 191,400,000	\$ 172,100,000
\$ 82,500,000	\$ 425,300,000	\$ 338,100,000	\$ 280,600,000	\$ 239,800,000	\$ 209,400,000	\$ 185,800,000	\$ 167,000,000
\$ 80,000,000	\$ 412,400,000	\$ 327,900,000	\$ 272,100,000	\$ 232,600,000	\$ 203,000,000	\$ 180,200,000	\$ 161,900,000
\$ 77,500,000	\$ 399,500,000	\$ 317,600,000	\$ 263,600,000	\$ 225,300,000	\$ 196,700,000	\$ 174,500,000	\$ 156,900,000
\$ 75,000,000	\$ 386,600,000	\$ 307,400,000	\$ 255,100,000	\$ 218,000,000	\$ 190,400,000	\$ 168,900,000	\$ 151,800,000
\$ 72,500,000	\$ 373,700,000	\$ 297,100,000	\$ 246,600,000	\$ 210,800,000	\$ 184,000,000	\$ 163,300,000	\$ 146,800,000
\$ 70,000,000	\$ 360,800,000	\$ 286,900,000	\$ 238,100,000	\$ 203,500,000	\$ 177,700,000	\$ 157,700,000	\$ 141,700,000
\$ 67,500,000	\$ 347,900,000	\$ 276,600,000	\$ 229,600,000	\$ 196,200,000	\$ 171,300,000	\$ 152,000,000	\$ 136,600,000
\$ 65,000,000	\$ 335,100,000	\$ 266,400,000	\$ 221,100,000	\$ 189,000,000	\$ 165,000,000	\$ 146,400,000	\$ 131,600,000
\$ 62,500,000	\$ 322,200,000	\$ 256,100,000	\$ 212,600,000	\$ 181,700,000	\$ 158,600,000	\$ 140,800,000	\$ 126,500,000
\$ 60,000,000	\$ 309,300,000	\$ 245,900,000	\$ 204,100,000	\$ 174,400,000	\$ 152,300,000	\$ 135,100,000	\$ 121,500,000
\$ 57,500,000	\$ 296,400,000	\$ 235,700,000	\$ 195,600,000	\$ 167,200,000	\$ 145,900,000	\$ 129,500,000	\$ 116,400,000
\$ 55,000,000	\$ 283,500,000	\$ 225,400,000	\$ 187,100,000	\$ 159,900,000	\$ 139,600,000	\$ 123,900,000	\$ 111,300,000
\$ 52,500,000	\$ 270,600,000	\$ 215,200,000	\$ 178,600,000	\$ 152,600,000	\$ 133,200,000	\$ 118,200,000	\$ 106,300,000
\$ 50,000,000	\$ 257,700,000	\$ 204,900,000	\$ 170,100,000	\$ 145,300,000	\$ 126,900,000	\$ 112,600,000	\$ 101,200,000
\$ 47,500,000	\$ 244,800,000	\$ 194,700,000	\$ 161,600,000	\$ 138,100,000	\$ 120,600,000	\$ 107,000,000	\$ 96,200,000
\$ 45,000,000	\$ 232,000,000	\$ 184,400,000	\$ 153,100,000	\$ 130,800,000	\$ 114,200,000	\$ 101,400,000	\$ 91,100,000
\$ 42,500,000	\$ 219,100,000	\$ 174,200,000	\$ 144,600,000	\$ 123,500,000	\$ 107,900,000	\$ 95,700,000	\$ 86,000,000
\$ 40,000,000	\$ 206,200,000	\$ 163,900,000	\$ 136,100,000	\$ 116,300,000	\$ 101,500,000	\$ 90,100,000	\$ 81,000,000

Net Premium \$ 72,400,000
Calculated N.A. \$ 210,500,000

