

State of West Virginia

Board of Risk and Insurance Management

2020 Annual Report



August 28, 2020

Honorable Jim Justice, Governor
State of West Virginia

Governor Justice:

The Annual Report of the West Virginia Board of Risk and Insurance Management (BRIM) for the year ended June 30, 2020 is hereby respectfully submitted. This report was prepared by the staff of BRIM. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation rests with the management of BRIM. We believe the data, as presented, is accurate and that it is presented in a manner designed to fairly set forth the results of the operations of BRIM. All information necessary to enable the reader to gain an understanding of BRIM's operational activities has been included.

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

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

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

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

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

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

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

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

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

Financial Highlights

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

Internal Accounting Structure and Budgetary Control

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

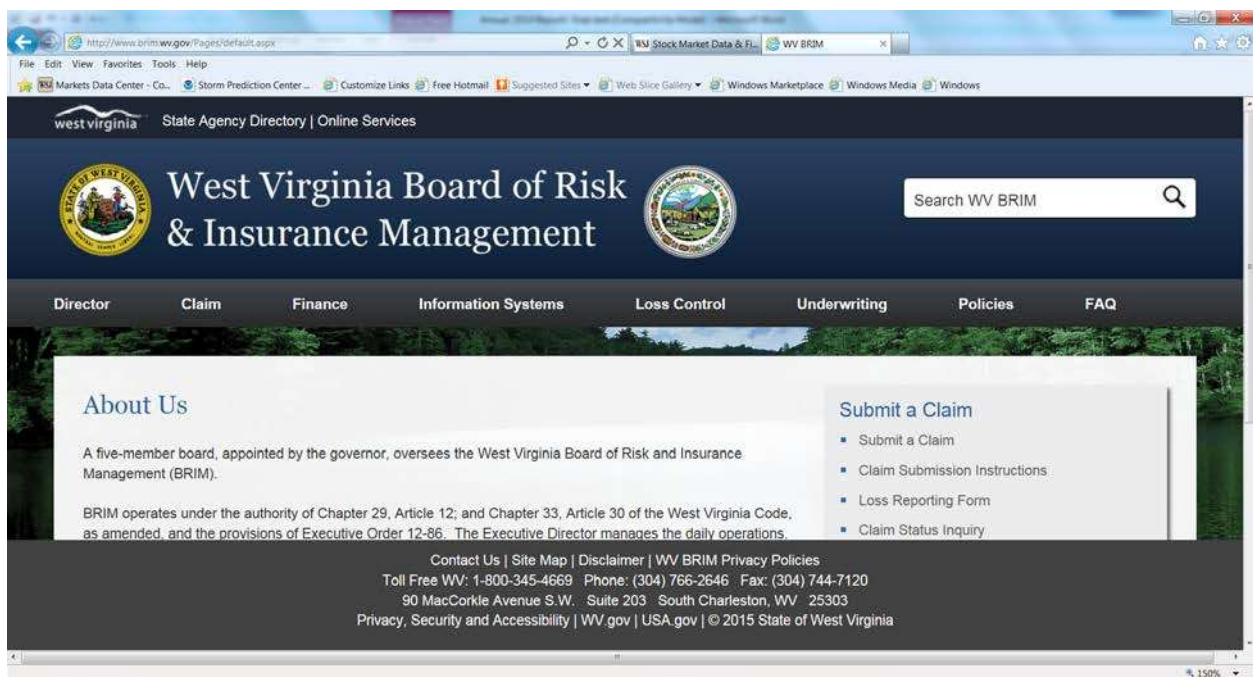
Internal controls have been put in place to ensure the assets and property of BRIM are protected from theft, loss or misuse and to provide adequate accounting data for preparing Generally Accepted Accounting Principles (GAAP) based financial statements.

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

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

BRIM On-Line

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



Results of Operations

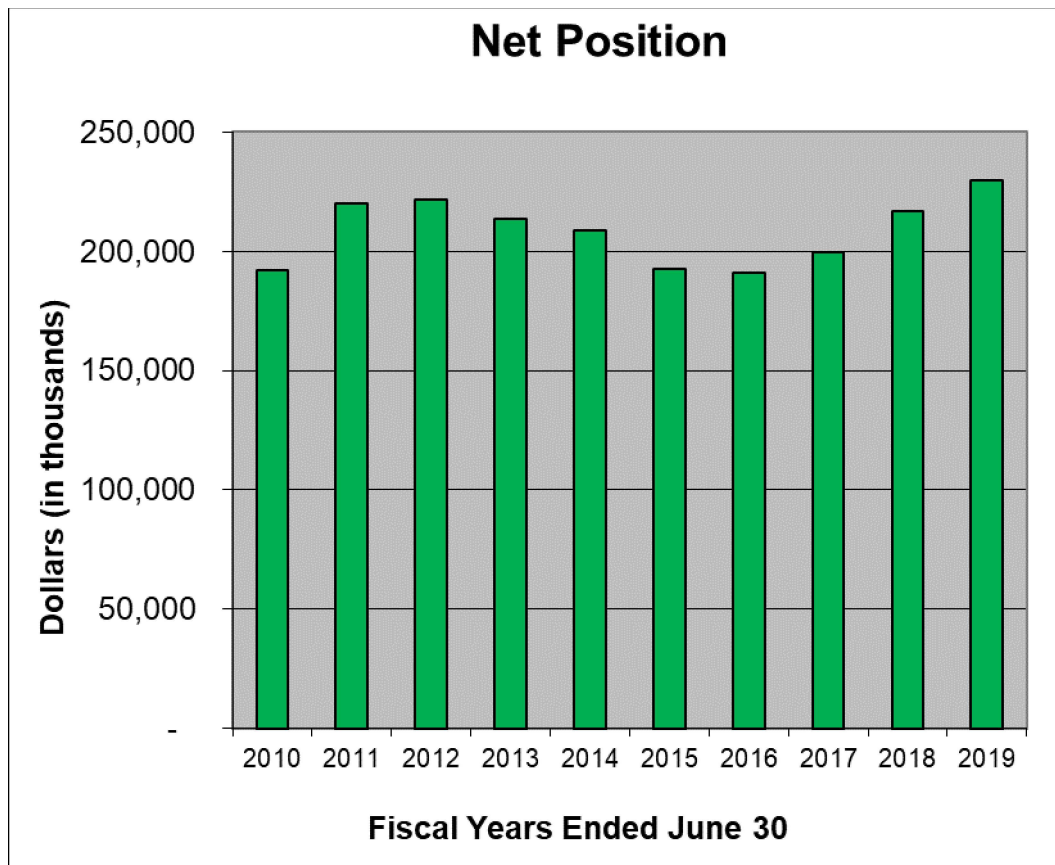
Below are audited results from operations of four most recent fiscal years ended June 30:

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
		(In thousands)		
Operating Revenues:				
Premiums	\$65,293	\$71,368	\$78,951	\$83,301
Less Excess Coverages	<u>(6,909)</u>	<u>(6,681)</u>	<u>(6,518)</u>	<u>(6,627)</u>
Net Operating Revenues	58,384	64,687	72,433	76,674
Operating Expenses:				
Claims & Claims Adjustment	63,753	59,149	57,393	80,169
General Administrative	<u>3,905</u>	<u>4,200</u>	<u>4,410</u>	<u>4,519</u>
Total Operating Expenses	67,658	63,349	61,803	84,688
Operating Income (Loss)	(9,274)	1,338	10,630	(8,014)
Non-Operating Revenues:				
Interest Income	7,413	9,841	6,712	21,044
OPEB Nonoperating Income				30
Appropriation Transfer	<u> </u>	<u>(2,810)</u>	<u> </u>	<u> </u>
Net Income	(1,861)	8,369	17,342	13,060
Net Position				
at beginning of year	<u>192,280</u>	<u>190,959</u>	<u>199,328</u>	<u>216,612</u>
Cumulative Effect Adoption of GASB 75	<u> </u>	<u> </u>	<u>(58)</u>	<u> </u>
Net Position at beginning of year – restated	<u>192,280</u>	<u>190,959</u>	<u>199,270</u>	<u>216,612</u>
Net Position				
at end of year	\$190,959	\$199,328	\$216,612	\$229,672

BRIM has worked diligently for the past several years to maintain positive net position and eliminate its unfunded liability. Favorable loss patterns and adequate funding have enabled BRIM to maintain positive net position from 2005 thru 2019. BRIM may occasionally experience some adverse loss development. Premiums continue to be

calculated on a basis consistent with exposure and loss trends. It is also important to note that BRIM has not received any state appropriations since 2005. BRIM will continue to closely monitor claims activity with our independent actuary and will bill premiums accordingly. Efforts are being undertaken to increase the emphasis on loss control by state agencies and Senate Bill #3 entities, including educational classes and seminars on sexual harassment, discrimination, liability deductibles, defensive driving classes, and personally meeting with Cabinet Secretaries to discuss loss histories of the agencies under their supervision.

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



West Virginia Patient Injury Compensation Fund

House Bill 2122, signed into law on April 8, 2003, created a patient injury compensation fund study board “to study the feasibility of establishing a patient injury compensation fund to reimburse claimants in medical malpractice actions for any portion of economic damages awarded which are uncollectible due to statutory limitations on damage awards

for trauma care and/or the elimination of joint and several liability of tortfeasor health care providers and health care facilities.”

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

Audit

BRIM is required by the Financial Accounting and Reporting Section (FARS) of the Department of Administration to have an annual independent audit. The firm of Dixon Hughes Goodman, LLP was selected to perform the audit for the fiscal year ended June 30, 2020. The June 30, 2020 report will be available near the end of October 2020.

Risk Management

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

Cash Management

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

Certificate of Achievement for Excellence in Financial Reporting

The West Virginia Board of Risk and Insurance Management's Comprehensive Annual Financial Report for the year ended June 30, 2019, from which the information on page(s) one through eight have been drawn, was submitted for the award the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers

Association of the United States and Canada (GFOA). Because of COVID-19 the GFOA is behind in issuing the Certificate of Achievement. They anticipate issuing these at the latest at the beginning of September. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Comprehensive Annual Financial Report

Since June 30, 1995, BRIM has issued a Comprehensive Annual Financial Report (CAFR). This report contains an introductory section, a financial section and a statistical section. The financial section will contain audited data for June 30, 2020. The CAFR for fiscal year 2020 will be issued before December 31, 2020. A copy of this report will be sent to the Governor's Office upon completion.

Acknowledgments

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

Sincerely,



Mary Jane Pickens
Executive Director

Listing of Coverages in Effect for Fiscal Year 2019

LIABILITY	LIMIT OF LIABILITY
Automobile Liability Policy No.: CA 774-22-73 & 774-22-74 Company: National Union Fire Insurance Co.	\$ 1,000,000 per occurrence
Cyber Liability Policy No.: UMR B1262F10687318 Company: Arthur J. Gallagher International	\$ 25,000,000 per occurrence
General Liability Policy No.: GL 461-16-38 & 461-16-39 Company: National Union Fire Insurance Co.	\$ 1,000,000 per occurrence
Aircraft Liability Policy No.: AV003380147-16 Company: National Union Fire Insurance Co.	\$ 1,000,000 per occurrence
Excess Liability-Bd. of Education Policy No.: 48409866 Company: The Insurance Company of the State of Penn	\$ 5,000,000 per occurrence or claim
PROPERTY	LIMIT OF LIABILITY
Blanket Property Policy No.: MAF760728-18 Company: Axis Insurance Company	\$ 25,000,000 primary layer 1,000,000 deductible
Policy No.: NHD900809 Company: RSUI	\$ 100,000,000 in excess of 25,000,000
Policy No.: 795006143 Company: Atlantic Speciality	\$ 75,000,000 in excess of 125,000,000
Policy No.: MAF733355-18 Company: Axis Insurance Company	\$ 200,000,000 in excess of 200,000,000
Policy No.: MAF760729-18 Company: Axis Insurance Company	\$ 10,000,000 flood with 1,000,000 deductible
Boiler and Machinery Policy No.: YB2L9L469170018 Company: Liberty Mutual Insurance	\$ 5,000,000 per equipment covered in excess of 1,000,000
Public Insurance Official Position Schedule Bond Bond No.: 106128156 Company: Travelers	Variable amounts as set by Statute

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

Top 10 State Agency Premiums for Fiscal Year 2019

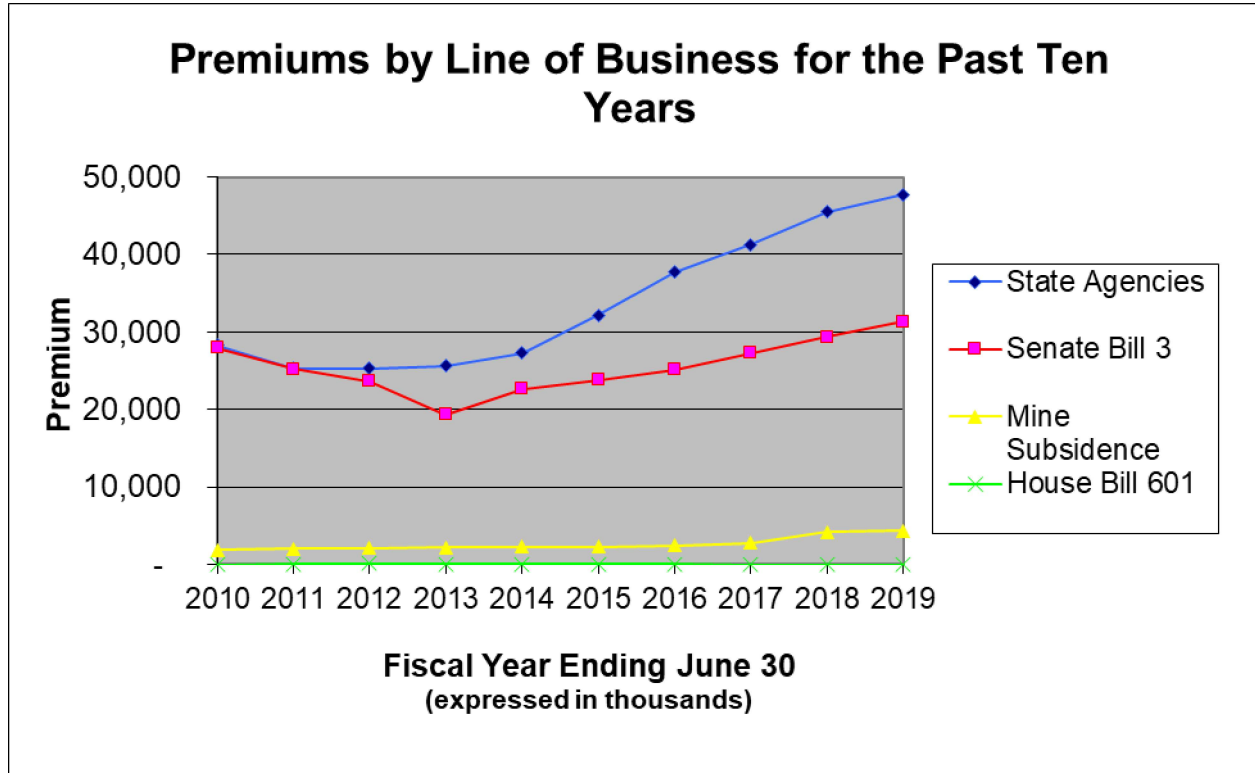
1 West Virginia University	\$10,282,604
2 Division of Highways	6,377,240
3 State Police	5,310,092
4 Department of Health & Human Resources	3,968,395
5 Division of Corrections	3,749,615
6 Marshall University	2,943,164
7 Regional Jail and Corrections Facility Authority	1,645,887
8 West Virginia University Medical Corp.	837,755
9 Supreme Court of Appeals	754,185
10 Division of Environmental Protection	659,394
Total Top Ten	\$36,528,331

Total State Premium Billing for 2019	\$49,264,498
% of top 10 in relation to all state agency billings	74.15%

Top 20 SB 3 Premiums for Fiscal Year 2019

1 Kanawha County Board of Education	\$1,659,014
2 Berkeley County Board of Education	878,112
3 City of St. Albans	817,714
4 Raleigh County Board of Education	714,007
5 Cabell County Board of Education	639,768
6 Harrison County Board of Education	558,904
7 Wayne County Board of Education	510,551
8 Putnam County Board of Education	509,459
9 Mingo County Commission	506,119
10 Monongalia County Board of Education	461,924
11 Logan County Board of Education	460,072
12 Mercer County Board of Education	449,817
13 Jefferson County Board of Education	446,668
14 Fayette County Board of Education	408,367
15 Marion County Board of Education	385,144
16 Mingo County Board of Education	382,028
17 Ohio County Commission	378,772
18 Logan County Commission	377,481
19 Kanawha Valley Regional Transportation	374,335
20 Wood County Board of Education	336,225
Total Top Twenty	\$11,254,481

Total SB 3 Premium Billing for 2019	\$32,615,319
% of top 20 in relation to total SB 3 billings	34.51%

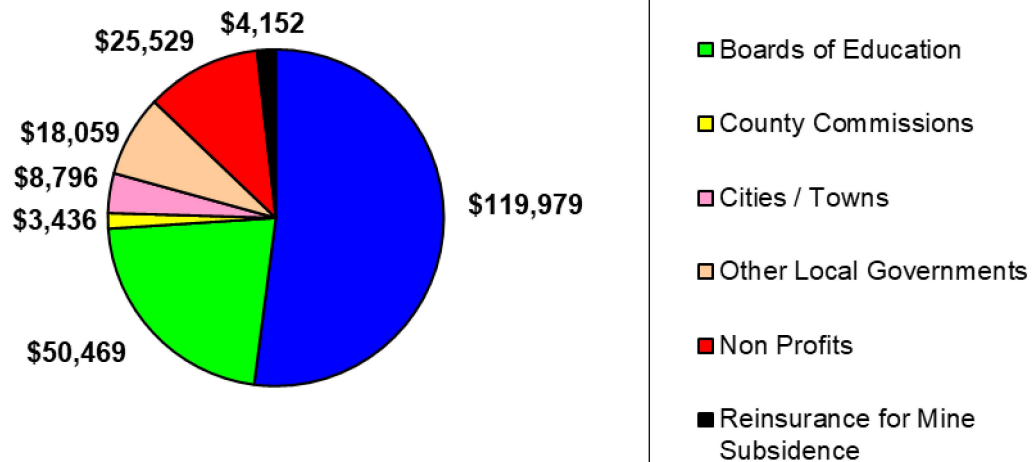


Fiscal Year	State Agencies	Senate Bill 3	Mine Subsidence	House Bill 601
2010	\$ 28,257	\$ 27,889	\$ 1,861	-
2011	\$ 25,239	\$ 25,233	\$ 2,032	\$ 34
2012	\$ 25,290	\$ 23,603	\$ 2,090	\$ 63
2013	\$ 25,607	\$ 19,345	\$ 2,142	\$ 40
2014	\$ 27,226	\$ 22,642	\$ 2,220	\$ 40
2015	\$ 32,118	\$ 23,781	\$ 2,261	\$ 44
2016	\$37,688	\$25,147	\$2,398	\$ 60
2017	\$41,304	\$27,305	\$2,759	
2018	\$45,516	\$29,306	\$4,129	
2019	\$47,713	\$31,286	\$4,302	

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

Source: BRIM's internal financial statements.

Claims Dollars Incurred by Customer Type Fiscal Years 2010 Through 2019 (expressed in thousands)



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

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



Mary Jane Pickens
Executive Director
Deputy Cabinet Secretary

AGENDA
BOARD MEETING OF THE
WEST VIRGINIA BOARD OF RISK AND INSURANCE MANAGEMENT
September 10, 2019

Chairman Martin

Call to Order

Chairman Martin

Approval of Board Minutes
June 18, 2019

REPORTS

Nate Pearson/Scott Mountain
Standish Mellon Asset Management

Account/Investment Update

Tom Sauvageot
West Virginia Investment Management Board

Account/Investment Update

Mary Jane Pickens
Executive Director

Executive Director's Report

Stephen W. Schumacher, CPA
Chief Financial Officer

Financial Report
PCard Report

Robert A. Fisher
Deputy Director/Claim Manager

Loss Control Report

Ashley Summitt
Chief Privacy Officer

Privacy Report

UNFINISHED BUSINESS

NEW BUSINESS

ADJOURNMENT

ldm

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



Allan L. McVey
Cabinet Secretary

Mary Jane Pickens
Executive Director
Deputy Cabinet Secretary

**MINUTES OF THE MEETING
OF THE
WEST VIRGINIA BOARD OF RISK AND INSURANCE MANAGEMENT
June 18, 2019**

**BOARD MEMBERS
PRESENT:**

Bruce R. Martin, CIC, CRM, Chairman
Bob Mitts, CPCU, Vice Chairman
James Wilson, Esq., Member (joined via phone)
James A. Dodrill, Board Secretary, Ex-Officio Member
Commissioner, West Virginia Office of the
Insurance Commissioner

BRIM PERSONNEL:

Mary Jane Pickens, Executive Director
Robert Fisher, Deputy Director/Claims Manager
Stephen W. Schumacher, CPA, CFO
Jeremy Wolfe, Loss Control Manager
Ashley Summitt, Chief Privacy Officer
Chuck Mazingo, Asst. Claims Manager
John Fernatt, Claim Representative
Valerie Poindexter, Claim Representative
Stephen W. Panaro, CPA, Controller
Erica Howell, Intern
Solomon Phillips, Intern
Lora Myers, Recording Secretary

**BRIM PROGRAM
REPRESENTATIVES:**

Steve Fowler, Esq., BRIM Counsel
Charles Waugh, AIG Claim Services
Brenda Samples, USI Insurance Services, LLC
Bob Ayers, USI Insurance Services, LLC

GUESTS:

Allan L. McVey, Secretary, Department of Administration
Sandy Price, WVU Health Sciences Center
Michael Gansor, WVU Risk Management

CALL TO ORDER

Chairman Martin called the meeting of the West Virginia Board of Risk and Insurance Management to order on Tuesday, June 18, 2019 at 1:00PM. The meeting was held in the Executive Conference Room at 1124 Smith Street, Suite 4600, Charleston, West Virginia. James Wilson joined the meeting via phone.

APPROVAL OF MINUTES

Vice Chairman Bob Mitts moved the approval of the March 19, 2019 Board Meeting minutes. The motion was seconded by James Wilson. Being no discussion, a vote took place and the MOTION ADOPTED.

REPORTS

Executive Director's Report

Chairman Martin called on Mary Jane Pickens to present the Executive Director's Report.

Ms. Pickens discussed the Medical Malpractice Program status for both Marshall University and West Virginia University. Mrs. Pickens reported on the State Agency/Senate Bill #3 Liability Claim and Litigation Information. No trials to report since the March 2019 Board meeting. The attached Executive Director's Report includes detailed information regarding paid claims, outstanding claims, claim counts and closed claims.

Mrs. Pickens gave a recap regarding the Patient Injury Compensation Fund (PICF). The second annual PICF report was filed at the end of December 2018. At the March 2019 Board meeting, Mrs. Pickens reported there was one claim still in litigation. At that point, we were waiting for the 30-day period to appeal our order to the Circuit Court, that period has ended with no appeal filed. The PICF total liability is established and we are approaching another pro-rata payment to claimants.

BRIM's vendor for Risk Management Information System (RMIS) has been purchased by AssetWorks. Expansion into risk management system development is the reason AssetWorks acquired our vendor. A few weeks ago, we met with an AssetWorks representative along with Dave Sumner from Emerson and feel positive regarding the transition. Our project will experience no turnover due to Asset Works retaining the Emerson staff. The Claims module is currently in use and we continue to make progress on both the Underwriting and Loss Control modules of the project. The new company is assisting us in providing a more robust reporting from the system, which had been a matter of contention with Emerson.

Mrs. Pickens reported on the status of BRIM RFPs. The Consultant RFP was published on March 22, 2019. On April 15, 2019, a pre-bid conference was held with eight potential bidders attending. We received four bids by the May 17, 2019, due date. Oral presentations were held with the vendors on May 23, 2019 and May 30, 2019. The

bids have been evaluated; however, we are not at a point where the contract can be awarded but we expect to announce by our goal date of July 1, 2019.

The Finance Department RFP for auditing services has been concluded. The incumbent, Dixon Hughes Goodman, was the successful bidder.

The Loss Control RFP for property inspection services has been concluded. The incumbent, Aon, was the successful bidder.

Mrs. Pickens reported on BRIM Policy renewals. The renewal of Property Coverage was detailed, total renewal premium for FY 2020 will be \$3,794,714, the renewal is a two-year proposal. At next renewal the proposal includes a 4% rate reduction with a 35% loss ratio.

BRIM is still awaiting further information from USI on renewal of the BOE Renewal of Boards of Education Excess Policy. The market is tightening considerably on this type of risk. Carriers are concerned about risks associated with schools such as busses, etc. Challenges are anticipated with both cost and terms for the excess coverage.

Cyber policies for Boards of Education and State Agencies have been renewed. The BOE cyber policy (AIG) July 1, 2019 renewal premium is reduced from last year. The state policy Underwriters at Lloyds) July 1, 2019. Business Interruption coverage was added this year and increased coverage for PCI (payment card) compliance regulatory assessments to \$5 million.

The Boiler & Machinery Insurance and Inspection contract with Liberty Mutual has been renewed. This is the second year Liberty Mutual will be providing this coverage and inspection services. The first year was a slow start with inspections but after working closely with the company all inspections will be completed this year and ensured they are back on a timely basis for the coming year. The annual premium is \$275,000 which is a \$62,500 per year savings from the prior carrier.

We are currently in the process of renewing the Aviation Fleet Policy. The producer assisting BRIM on this coverage approached the market and received multiple responses. AIG appears to continue to offer the best pricing and most flexibility in terms of coverages, pilot designations and aircraft usage. Coverage in the aviation market is currently shrinking and insurers are tightening underwriting minimums and increasing premiums.

Mrs. Pickens discussed several miscellaneous items. Jeremy Wolfe has been holding interviews for a third Risk & Insurance Analyst for the Loss Control Department. We have been working with the State Personnel Board to update the class specifications for all Loss Control positions. Hiring for this position will complete the mission to have a fully staffed Loss Control Department.

Mrs. Pickens introduced BRIM's two summer interns in attendance at the meeting. Solomon Phillips and Erica Howell are working with us through the Governor's Internship Program. Solomon is a Marshall student and Erica is a student from WVU.

Both Solomon and Erica are pursuing degrees in Political Science. Both interns are considering the possibility of law school after graduation. We are happy to have both interns with us. We have been impressed with their quick grasp of our work as well as their work ethic. They have been assisting with both claims and underwriting but hope that they have acquired a good feel for our agency and a little more about state government generally.

BRIM managed to extend Employee Recognition Week into a month this year. Rather than packing all activities into one week, we held events one day each week in May. Our "Road Trip" theme celebrated different states in our nation. The events, games and food were underwritten by our Hospitality Team and their fund-raising efforts. Additionally, BRIM celebrated Earth Day with a contest to see who could recycle or reuse items to most creatively and effectively. The results were featured in the DOA newsletter. A recycle bin has also been installed in the kitchen for plastics and cans.

In conclusion, Mrs. Pickens mentioned the dates for the upcoming board meetings. The September meeting was changed to September 10, 2019, to better accommodate STRIMA. There have been several notices of the meeting change. The last meeting for 2019 will be held on December 17, 2019. Both meetings will be held at 1PM in the BRIM Board Room.

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

BRIM Financial Report

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

Mr. Schumacher discussed PCard activity for February, March and April. A disk containing PCard activity for the period February – April 2019, was distributed to the Board.

Mr. Schumacher gave a detailed review of the current financial results for the ten months ending April 30, 2019. The results reflect the actuarially estimated unpaid losses from AON's Risk Funding Study as of March 31, 2019, plus additional accrual for April.

Net Premium revenue has increased by \$4 million for FY'19. The actuarially estimated retained IBNR is 4.2 million higher than the previous year, resulting in the year over year increase in claims liability for FY'19. Retained case reserves are higher by \$5.9 million, versus the prior year. Net claims payments for the first ten months of FY'19 are approximately \$0.9 million lower than at the same period last year.

The rate-setting committee for the Fed's is meeting today and tomorrow. Fed officials will consider whether a worsening of the trade tensions since their April 30 – May 1 meeting and the slowdown in hiring and industrial activity might warrant a rate decrease. If not this week, then later in the summer.

As short-term yields have decreased since last October, the market value of BRIM's bond holdings have increased. BRIM's fixed income earnings through April 30th total \$12.2 million and are the primary driver for better investment earnings overall verses the prior year. Annualized return on investments for the ten months ended April 30th is 4.1% this year, compared to 1.9% last year.

Higher premium revenue and much better investment returns were tempered by higher claims expense. BRIM's net position saw an improvement for the current fiscal year of \$11.9 million compared to last fiscal year improvement of \$9.7 million for the same period.

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

Loss Control Report

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

Mr. Fisher reported that we have successfully renewed contract for insurance loss control inspection services with Aon Global Risk Consulting. For boiler and air conditioning systems insurance and loss prevention inspection services we have renewed contract with Liberty Mutual Insurance.

Loss Control Questionnaires were sent to all state agencies in May. The deadline for submission to BRIM is August 1, 2019. Necessary information will be gathered for calculation of loss control credits or surcharges for fiscal year 2021.

Mr. Fisher informed the board that Lora Reynolds transferred back to our agency from the Office of Technology. She returned to her previous Office Assistant position on April 1, 2019, glad to have her back at BRIM. We have also advertised and conducted interviews for a vacant Risk and Insurance Analyst position. Will fill the position as soon as possible.

Mr. Fisher reported on inspections conducted during March, April and May. Aon conducted 118 inspections and 889 were conducted by Liberty Mutual Insurance. The reports are being processed. Since our prior report, our loss control technical staff have completed 5 Loss Control Visits and 8 Standards of Participation Visits.

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

Privacy Report

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

Ms. Summitt reported that the Privacy Management Team met May 21, 2019, for the bi-monthly PMT meeting. Twenty-six DPOs/APOs from 14 different Executive and Higher Education/Constitutional agencies attended. Melody Duke, BRIM's Underwriting

Manager, presented an overview of the state's cyber policy to the attendees. The next Privacy Management Team meeting is scheduled for July 16, 2019.

Ms. Summitt reported on privacy trainings. During the first quarter of 2019, 574 members of the Executive Branch workforce took the online course *Think WV Privacy*; 600 members took the online course *WV Confidentiality Agreement*; and 332 members took the online course *HIPAA/HITECH*. The State Privacy Office is working with the Office of Technology to refine the analysis of the training participants for more accurate numbers.

Training events by the SPO since March were discussed. May 15, 2019, State Privacy Office staff presented a 90-minute online privacy webinar entitled "Purchasing as a Privacy Powerhouse" to procurement staff from various agencies. May 30, 2019, State Privacy Office staff presented a training on PII to higher education procurement staff during a HEPC conference. June 17, 2019, State Privacy Office staff presented a new officer orientation and training to 7 DPOs/APOs.

Ms. Summitt explained a privacy impact assessment (PIA) which is a tool used to assess the privacy impact and risks to the personally identifiable information (PII) stored, used and exchanged by information systems. A PIA evaluates privacy implications when information systems are created, when existing systems are significantly modified, or new technology is purchased. Since March 11 PIAs have been completed and submitted. Staff changes at the Office of Technology have resulted in changes for reporting to our office their recommendations for completing a PIA. We are working on a process by which we are notified of these recommendations. Currently, PIA completion is not mandatory for agencies.

A final step for West Virginia's participation in the NGA Policy Academy, members of the WVOT Cyber Security Information Office and the State Privacy Office attended the National Governors Association's National Summit on State Cybersecurity in Shreveport, Louisiana on May 14-15. The WV Cyber Security Information Office presented the process of the passage of the SECURE WV Act. The Chief Privacy Officer is a member of the team creating the RFP for the vendor that will provide the security assessments for Executive Branch agencies as required by the Security WV Act.

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

UNFINISHED BUSINESS

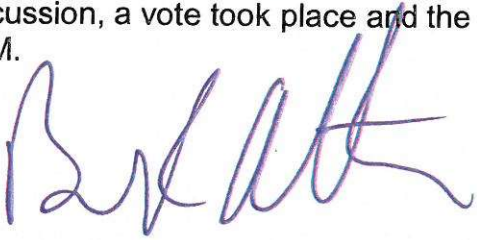
There was no unfinished business to be discussed.

NEW BUSINESS

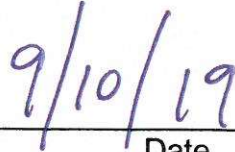
There was no new business to be discussed.

ADJOURNMENT

Chairman Martin thanked everyone for attending. James Wilson moved the adjournment meeting. The motion was seconded by Vice Chairman Bob Mitts. Being no discussion, a vote took place and the MOTION ADOPTED. Meeting adjourned at 1:30PM.



Board Chairman



Date

ldm



State of West Virginia

September 10, 2019

One-on-One Use Only

➤ BNY MELLON INVESTMENT MANAGEMENT

Biographies



Nate Pearson, CFA

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

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



Scott Mountain, CFA

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

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

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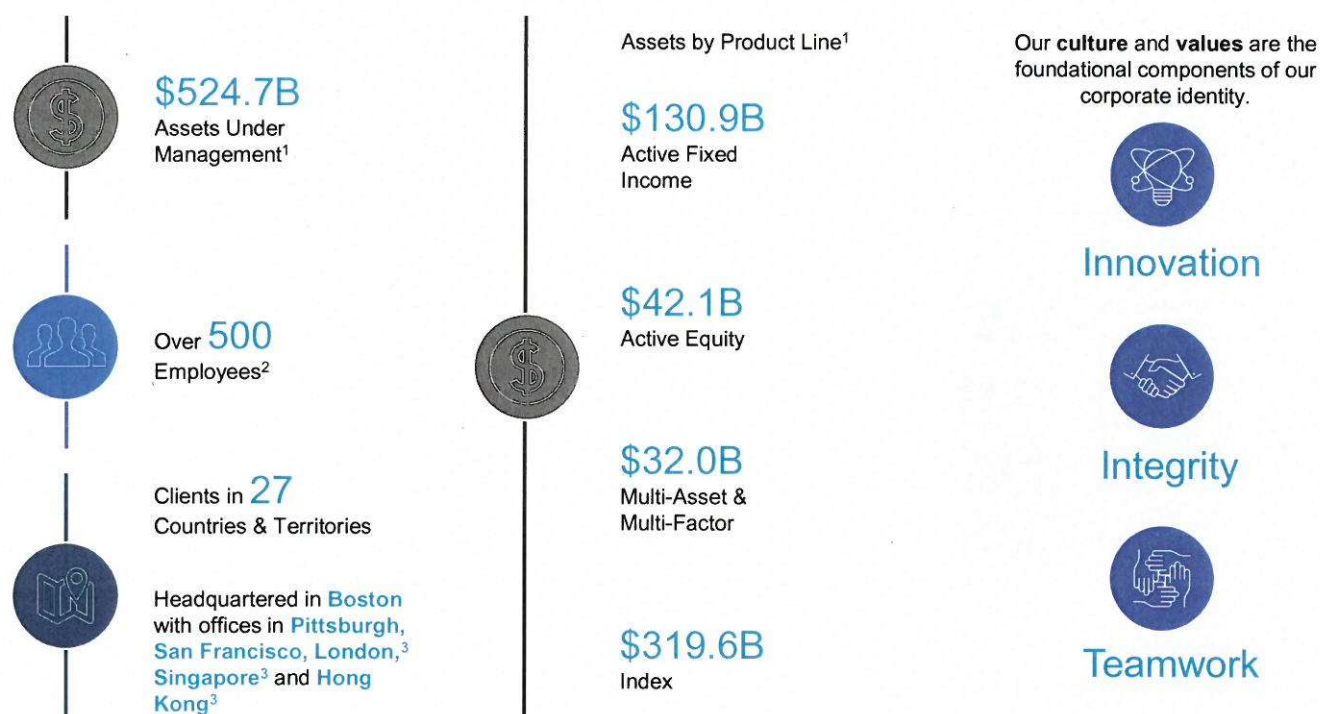
Agenda

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



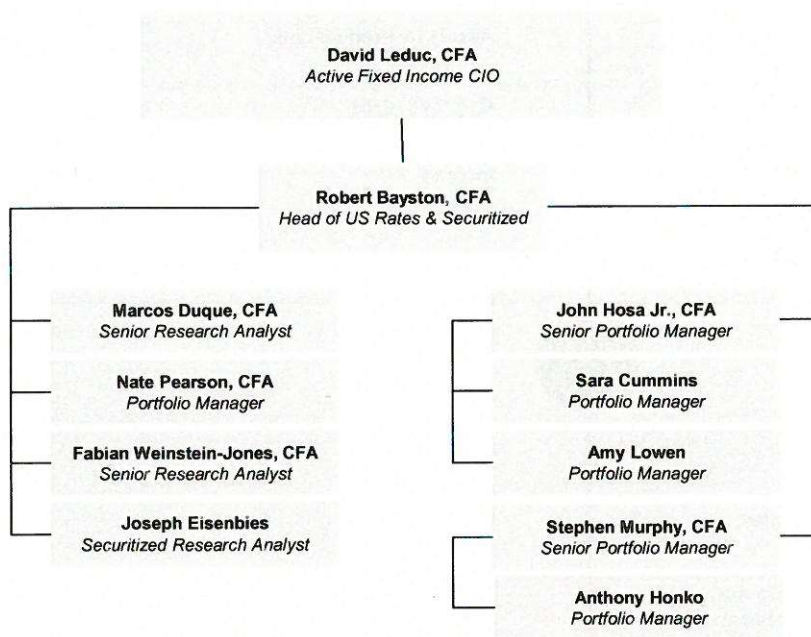
Mellon Overview

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

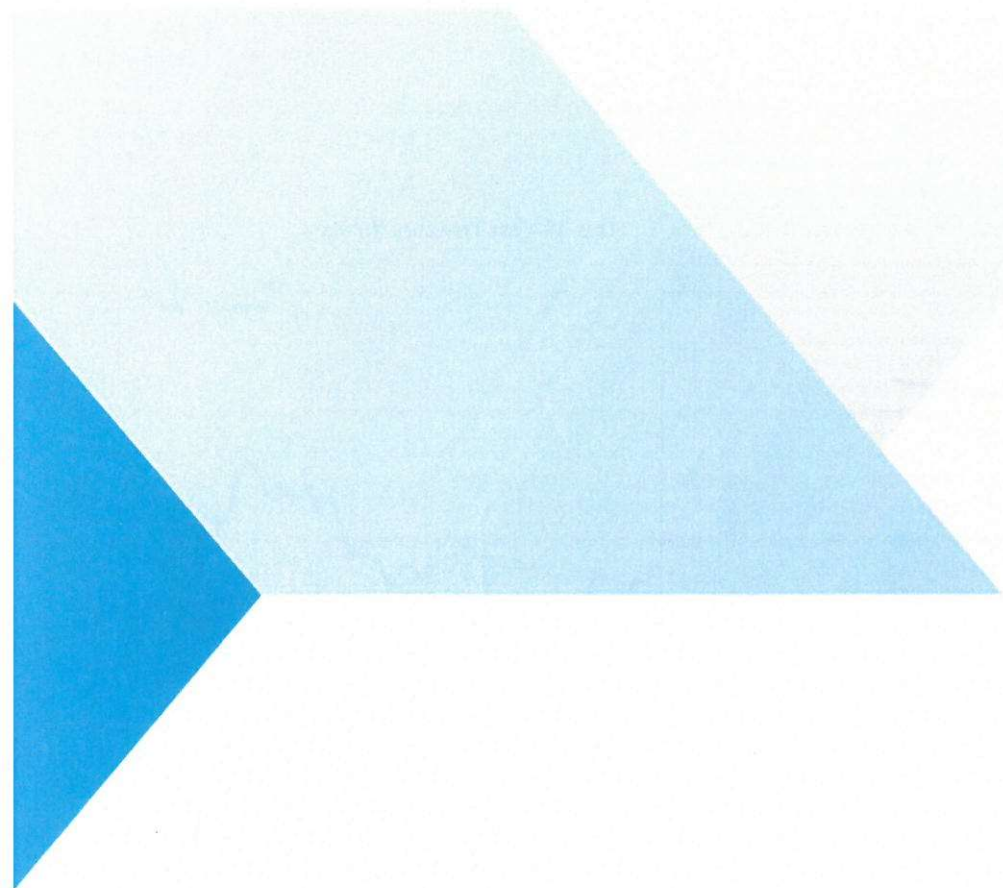


Data as of June 30, 2019. ¹Where applicable, assets include discretionary and non-discretionary assets, the notional value of overlay strategies, and assets managed by investment personnel acting in their capacity as officers of affiliated entities. ²Employee total includes employees of affiliated entities acting as dual officers and/or associated persons of Mellon. ³Location of affiliated entities providing services. No investment strategy or risk management technique can guarantee returns or eliminate risk in any market environment. [24340]

US Rates, Securitized & Cash

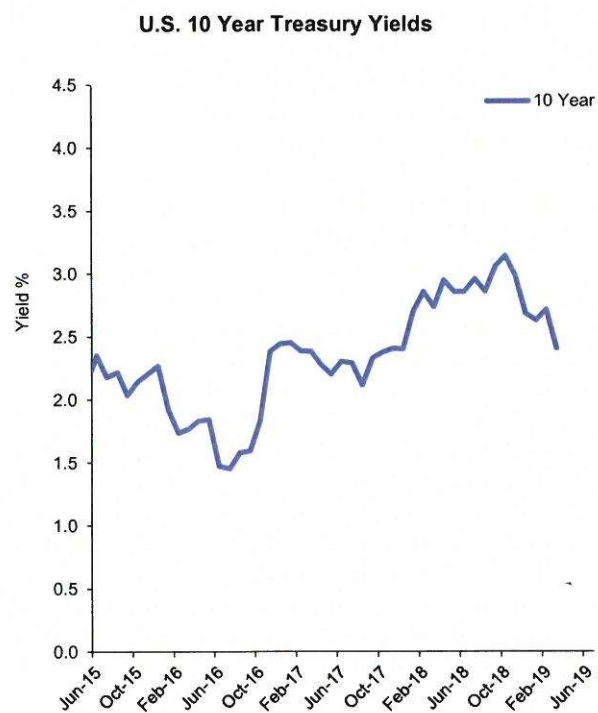
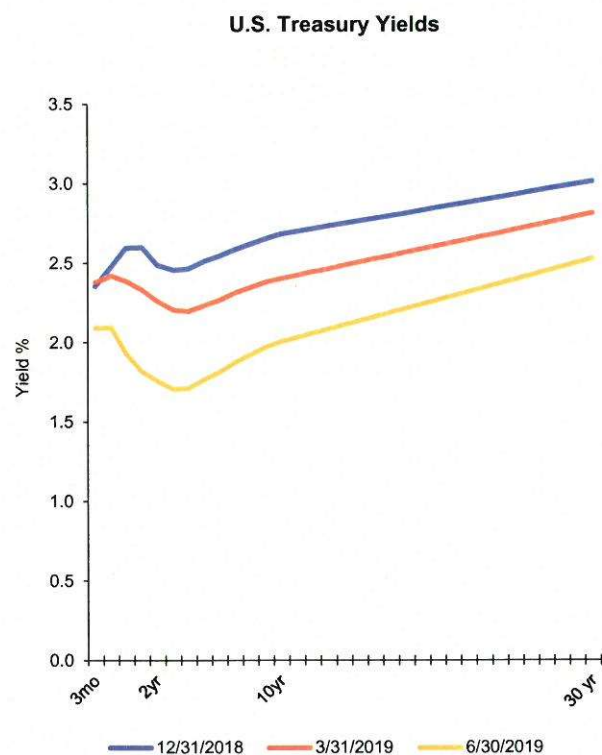


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II

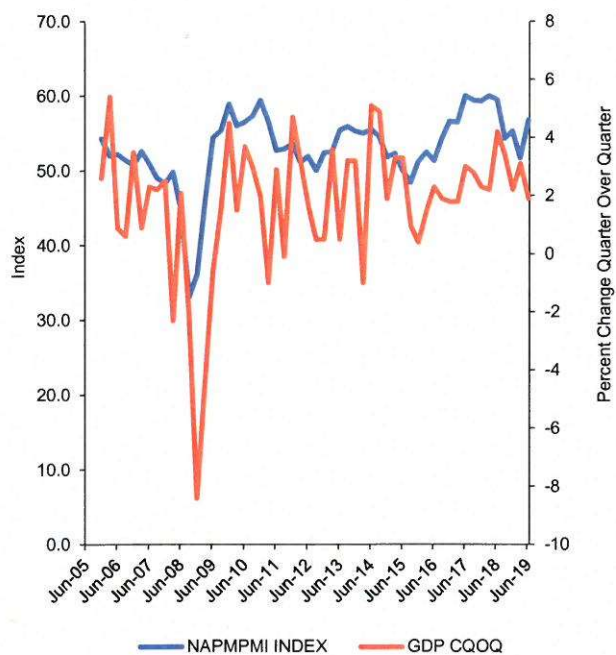
U.S. Treasury Yields



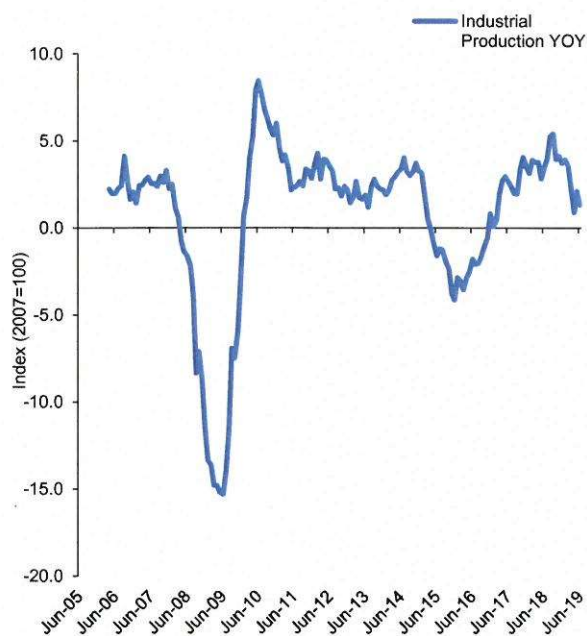
Source: Bloomberg as of June 30, 2019.

Real GDP & Manufacturing Activity

United States Purchasing Managers Index and Real GDP

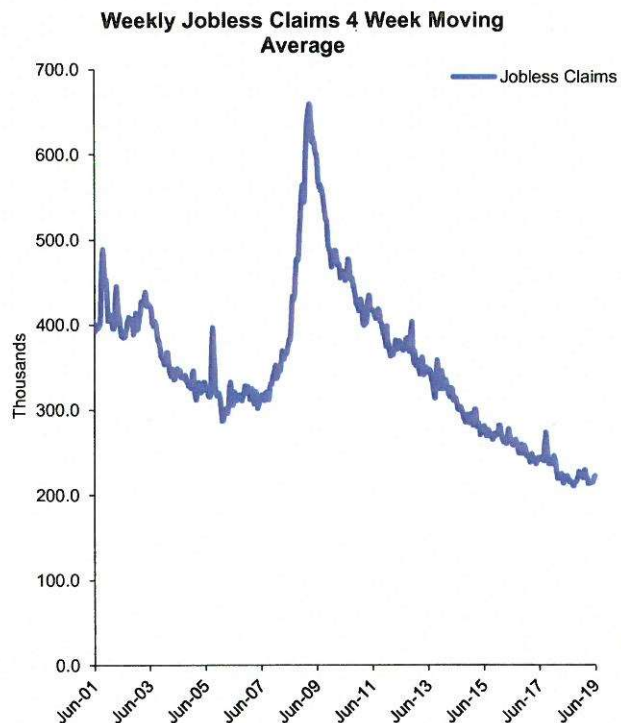
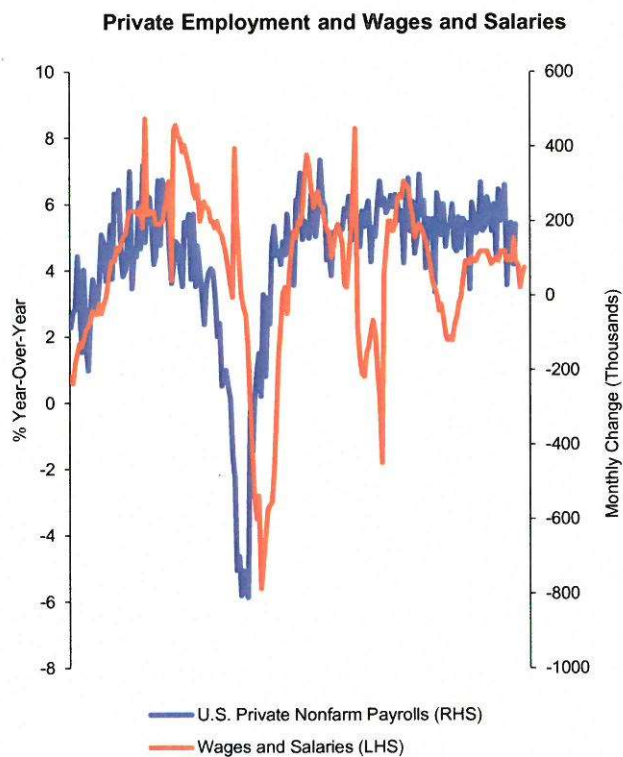


U.S. Industrial Production Year Over Year



Source: Bloomberg as of June 30, 2019.

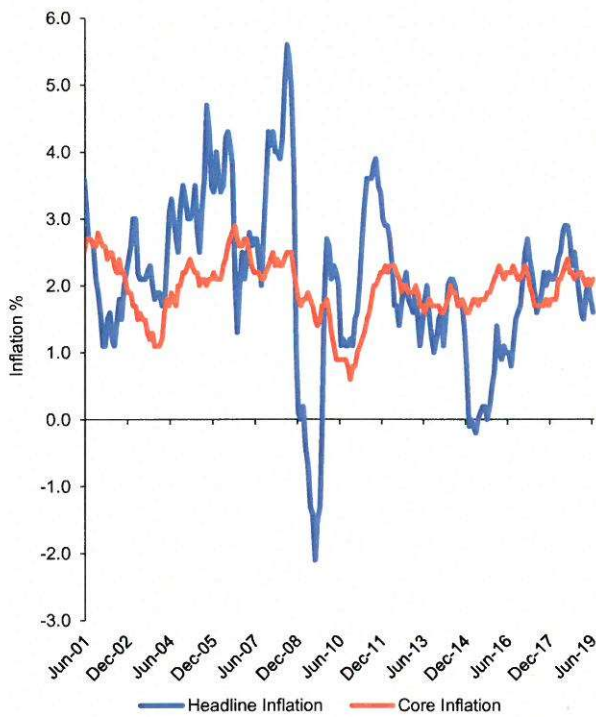
Employment



Source: Bloomberg as of June 30, 2019.

Core Inflation & Inflation Expectations

Headline Versus Core Inflation

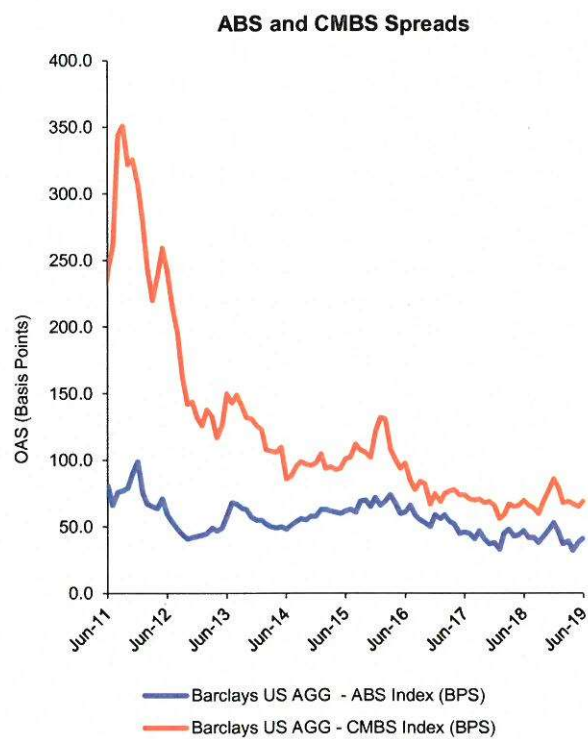
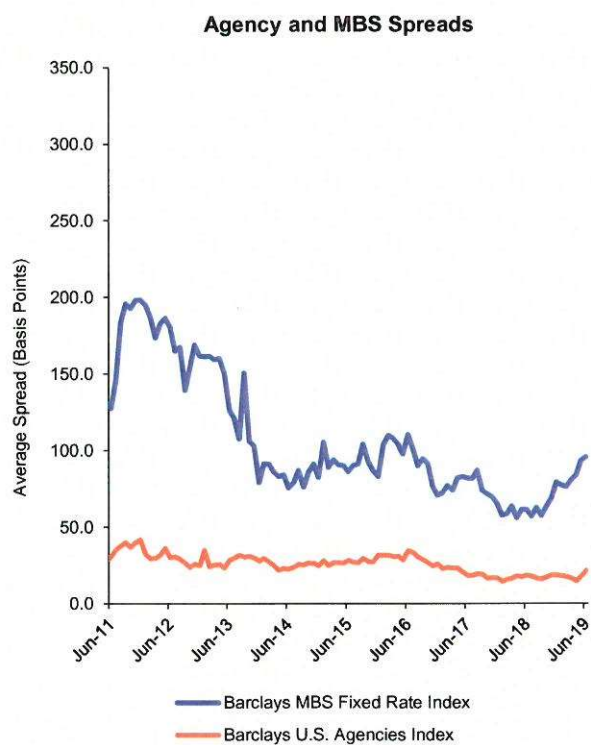


5 Year Forward Inflation Expectations



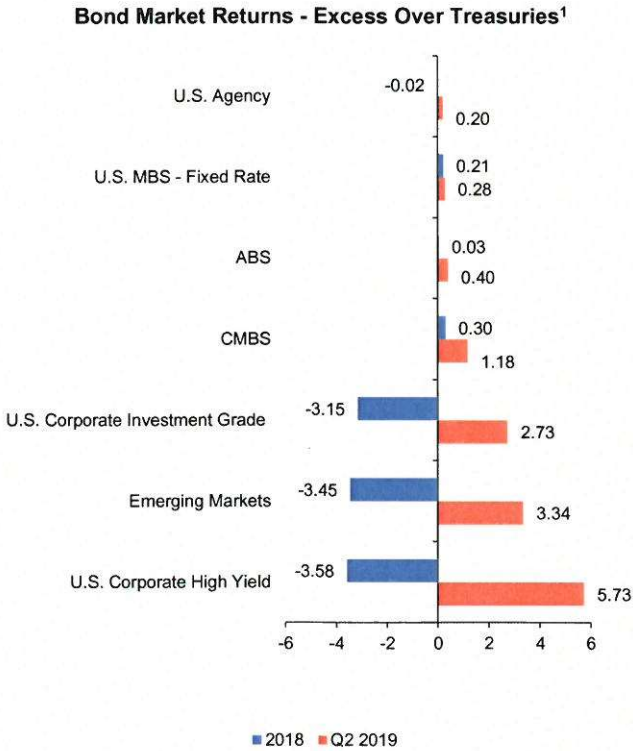
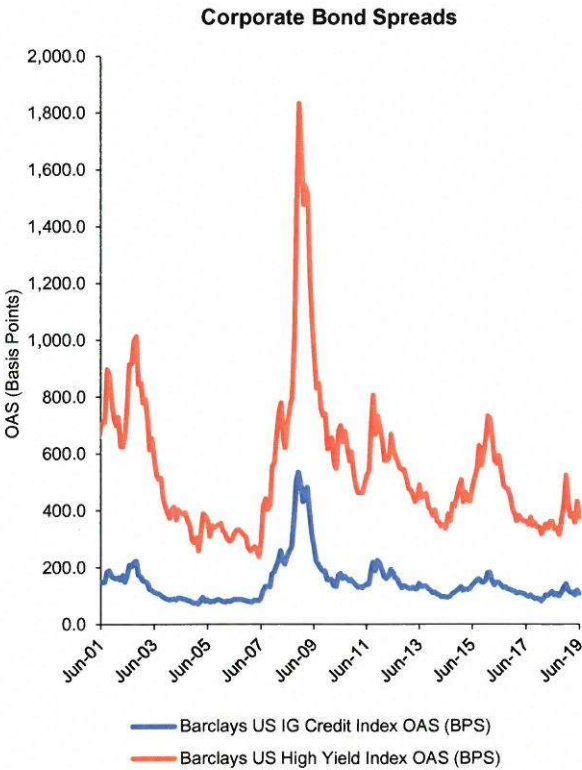
Source: Bloomberg as of June 30, 2019.

Agency/MBS Spreads & ABS/CMBS Spreads

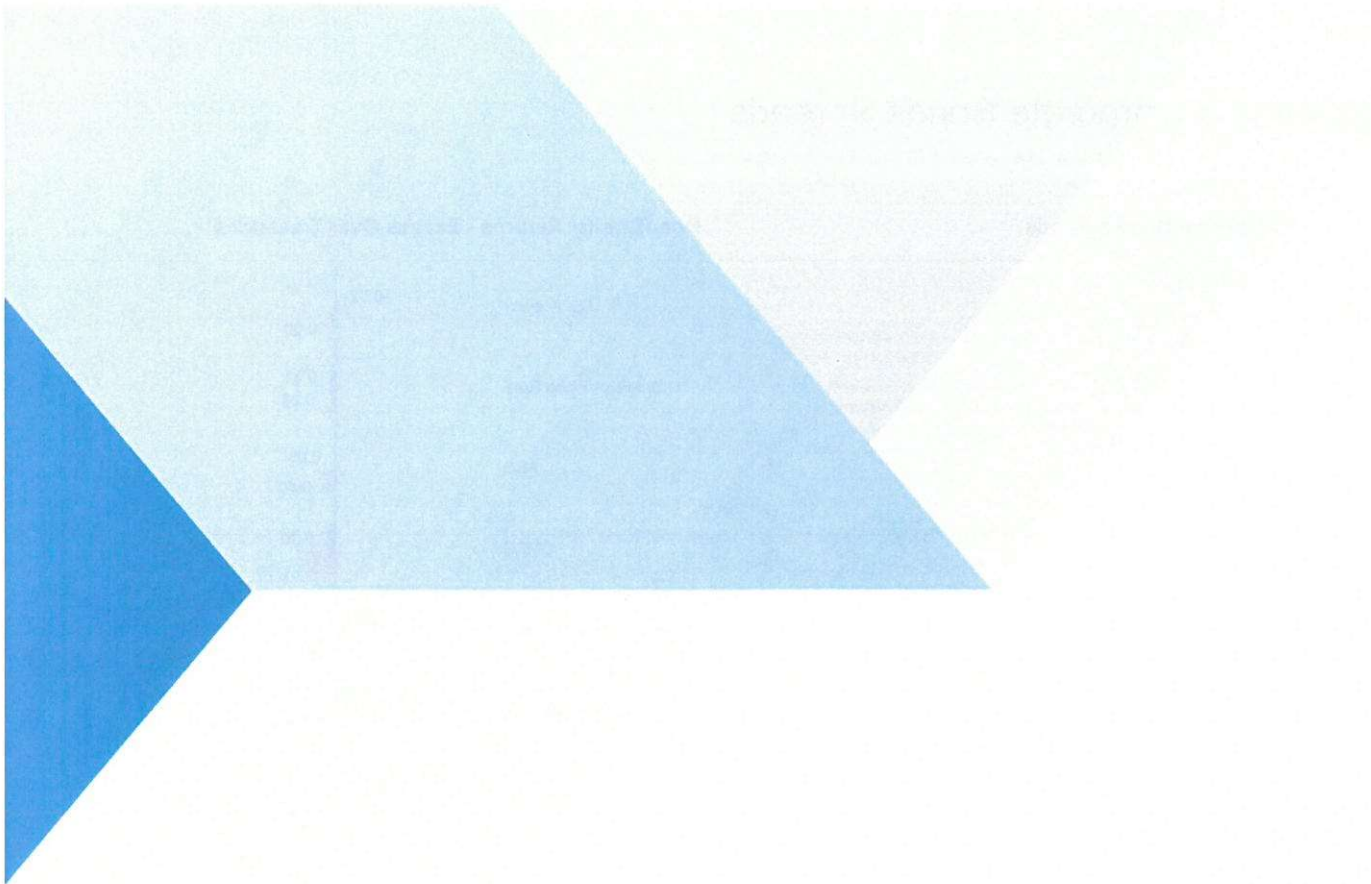


Source: Bloomberg as of June 30, 2019.

Sector Returns & Corporate Bonds Spreads



Source: Bloomberg as of June 30, 2019. ¹For a list of indices, please refer to disclosures at the end of this presentation.



State of West Virginia BRIM

State of West Virginia BRIM Market Values as of 6/30/2019		
State of West Virginia Retro-Natl Union	Market Value:	\$1,865,097.83
State of West Virginia - BRIM 2005-06	Market Value:	\$1,945,473.41
State of West Virginia - BRIM 2006-07	Market Value:	\$2,666,136.99
State of West Virginia - BRIM 2007-08	Market Value:	\$3,115,098.86
State of West Virginia - BRIM 2008-09	Market Value:	\$4,715,129.07
State of West Virginia - BRIM 2009-10	Market Value:	\$10,573,593.33
State of West Virginia - BRIM 2010-11	Market Value:	\$11,846,813.72
State of West Virginia - BRIM 2011-12	Market Value:	\$1,436,810.98
State of West Virginia - BRIM 2012-13	Market Value:	\$8,864,599.04
State of West Virginia - BRIM 2013-14	Market Value:	\$4,044,593.73
State of West Virginia - BRIM 2014-15	Market Value:	\$18,625,189.26
State of West Virginia - BRIM 2015-16	Market Value:	\$23,302,390.16
State of West Virginia - BRIM 2016-17	Market Value:	\$18,218,684.30
State of West Virginia - BRIM 2017-18	Market Value:	\$52,554,292.64
State of West Virginia - BRIM 2018-19	Market Value:	\$62,824,309.27
Total	Market Value:	\$226,598,212.59

Mellon Investments Corporation as of June 30, 2019

State of West Virginia BRIM

Portfolio Performance as of 6/30/2019					
	YTD 2019 (%)	1 Year (%)	3 Year (%)*	5 Year (%)*	Since Inception 8/31/05 (%)*
Total Return					
State of West Virginia – BRIM 2005-06	3.94	6.07	1.45	1.84	3.28
Barclays US Government Intermediate	3.96	6.15	1.34	1.94	3.27
Value Added	-0.02	-0.08	0.11	-0.11	0.01
Market Value: \$1,945,473.41					
	YTD 2019 (%)	1 Year (%)	3 Year (%)*	5 Year (%)*	Since Inception 8/31/06 (%)*
Total Return					
State of West Virginia - BRIM 2006-07	3.93	6.07	1.45	1.84	3.35
Barclays US Government Intermediate	3.96	6.15	1.34	1.94	3.37
Value Added	-0.03	-0.09	0.11	-0.10	-0.02
Market Value: \$2,666,136.99					
	YTD 2019 (%)	1 Year (%)	3 Year (%)*	5 Year (%)*	Since Inception 8/31/07 (%)*
Total Return					
State of West Virginia - BRIM 2007-08	3.94	6.07	1.45	1.84	3.17
Barclays US Government Intermediate	3.96	6.15	1.34	1.94	3.18
Value Added	-0.02	-0.08	0.12	-0.10	-0.01
Market Value: \$3,115,098.86					
	YTD 2019 (%)	1 Year (%)	3 Year (%)*	5 Year (%)*	Since Inception 3/31/09 (%)*
Total Return					
State of West Virginia - BRIM 2008-09	3.94	6.06	1.44	1.83	2.30
Barclays US Government Intermediate	3.96	6.15	1.34	1.94	2.30
Value Added	-0.03	-0.09	0.10	-0.11	0.00
Market Value: \$4,715,129.07					

*Annualized performance
Mellon Investments Corporation as of June 30, 2019

State of West Virginia BRIM

Portfolio Performance as of 6/30/2019					
	YTD 2019 (%)	1 Year (%)	3 Year (%)*	5 Year (%)*	Since Inception 9/30/09 (%)*
Total Return					
State of West Virginia - BRIM 2009-10	4.02	6.13	1.49	1.86	2.30
Barclays US Government Intermediate	3.96	6.15	1.34	1.94	2.31
Value Added	0.06	-0.03	0.15	-0.09	-0.02
Market Value: \$10,573,593.33					
	YTD 2019 (%)	1 Year (%)	3 Year (%)*	5 Year (%)*	Since Inception 10/31/09 (%)*
Total Return					
State of West Virginia Retro-Natl Union	3.95	6.08	1.45	1.83	2.24
Barclays US Government Intermediate	3.96	6.15	1.34	1.94	2.28
Value Added	-0.01	-0.08	0.11	-0.11	-0.04
Market Value: \$1,865,097.83					
	YTD 2019 (%)	1 Year (%)	3 Year (%)*	5 Year (%)*	Since Inception 9/30/10 (%)*
Total Return					
State of West Virginia - BRIM 2010-11	4.01	6.12	1.49	1.84	1.82
Barclays US Government Intermediate	3.96	6.15	1.34	1.94	1.85
Value Added	0.04	-0.03	0.15	-0.10	-0.03
Market Value: \$11,846,813.72					
	YTD 2019 (%)	1 Year (%)	3 Year (%)*	5 Year (%)*	Since Inception 9/30/11 (%)*
Total Return					
State of West Virginia - BRIM 2011-12	3.98	6.04	1.47	1.83	1.57
Barclays US Government Intermediate	3.96	6.15	1.34	1.94	1.61
Value Added	0.02	-0.12	0.13	-0.11	-0.04
Market Value: \$1,436,810.98					

*Annualized performance
Mellon Investments Corporation as of June 30, 2019

State of West Virginia BRIM

Portfolio Performance as of 6/30/2019					
	YTD 2019 (%)	1 Year (%)	3 Year (%)*	5 Year (%)*	Since Inception 8/31/12 (%)*
Total Return					
State of West Virginia - BRIM 2012-13	4.04	6.10	1.49	1.86	1.45
Barclays US Government Intermediate	3.96	6.15	1.34	1.94	1.45
Value Added	0.08	-0.05	0.15	-0.08	0.00
Market Value: \$8,864,599.04					
	YTD 2019 (%)	1 Year (%)	3 Year (%)*	5 Year (%)*	Since Inception 8/31/13 (%)*
Total Return					
State of West Virginia - BRIM 2013-14	4.07	6.07	1.49	1.86	1.81
Barclays US Government Intermediate	3.96	6.15	1.34	1.94	1.87
Value Added	0.10	-0.08	0.15	-0.08	-0.05
Market Value: \$4,044,593.73					
	YTD 2019 (%)	1 Year (%)	3 Year (%)*		Since Inception 8/31/14 (%)*
Total Return					
State of West Virginia - BRIM 2014-15	4.05	6.10	1.48		1.85
Barclays US Government Intermediate	3.96	6.15	1.34		1.95
Value Added	0.09	-0.05	0.15		-0.11
Market Value: \$18,625,189.26					
	YTD 2019 (%)	1 Year (%)	3 Year (%)*		Since Inception 8/31/2015 (%)*
Total Return					
State of West Virginia - BRIM 2015-16	4.06	6.11	1.48		1.96
Barclays US Government Intermediate	3.96	6.15	1.34		1.88
Value Added	0.10	-0.04	0.14		0.08
Market Value: \$23,302,390.16					

*Annualized performance
Mellon Investments Corporation as of June 30, 2019

State of West Virginia BRIM

Portfolio Performance as of 6/30/2019			
	YTD 2019 (%)	1 Year (%)	Since Inception 8/31/2016 (%)*
Total Return			
State of West Virginia - BRIM 2016-17	4.07	6.13	0.80
Barclays US Government Intermediate	3.96	6.15	0.67
Value Added	0.11	-0.02	0.13
Market Value: \$18,218,684.30			
	YTD 2019 (%)	1 Year (%)	Since Inception 8/31/2017 (%)
Total Return			
State of West Virginia - BRIM 2017-18	4.02	6.10	1.56
Barclays US Government Intermediate	3.96	6.15	1.49
Value Added	0.06	-0.05	0.07
Market Value: \$52,554,292.64			
	YTD 2019 (%)		Since Inception 8/31/2018 (%)
Total Return			
State of West Virginia - BRIM 2018-19	3.98		6.18
Barclays US Government Intermediate	3.96		6.18
Value Added	0.01		0.00
Market Value: \$62,824,309.27			

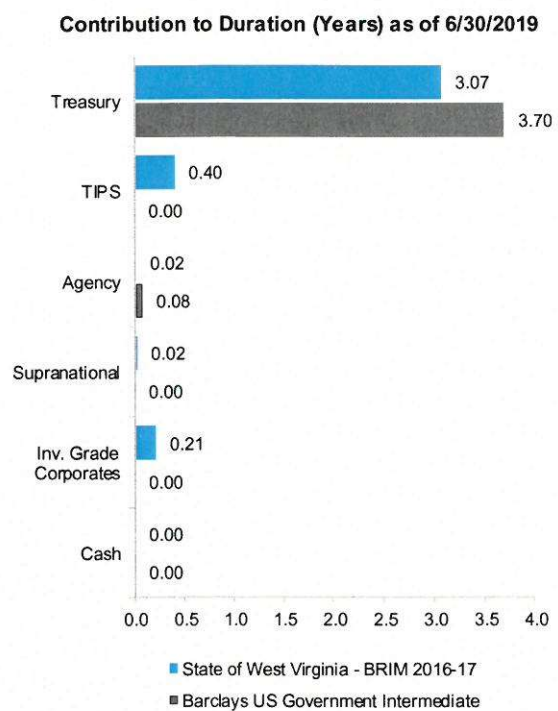
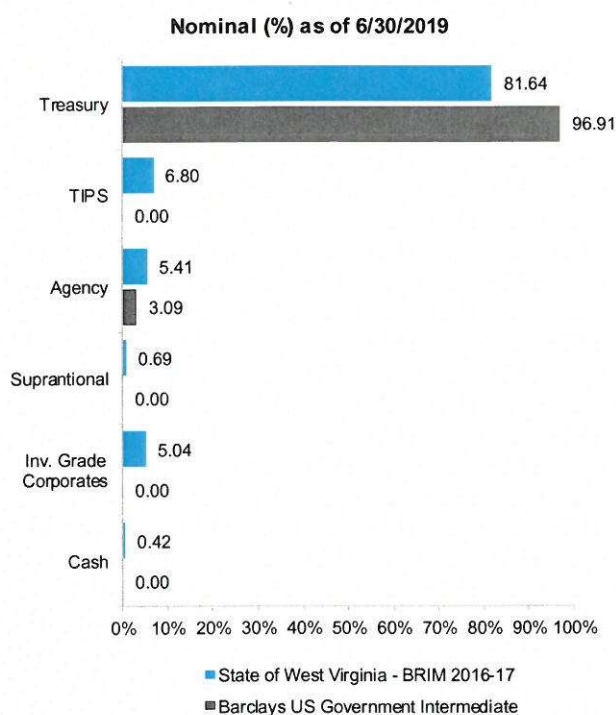
*Annualized performance
Mellon Investments Corporation as of June 30, 2019

State of West Virginia BRIM

Portfolio Characteristics as of 6/30/19																
	2005- 2006	2006- 2007	2007- 2008	2008- 2009	2009- 2010	Retro - Natl	2010- 2011	2011- 2012	2012- 2013	2013- 2014	2014- 2015	2015- 2016	2016- 2017	2017- 2018	2018- 2019	Index
Duration	3.76	3.75	3.75	3.75	3.74	3.74	3.75	3.77	3.75	3.76	3.75	3.77	3.72	3.76	3.76	3.77
Quality	AAA	AAA	AAA	AAA	AA+	AAA	AA+	AAA	AA	AA+	AA+	AA+	AA+	AA+	AA+	AA+
Yield to Worst	1.81	1.81	1.81	1.81	1.83	1.81	1.83	1.81	1.83	1.83	1.83	1.83	1.83	1.83	1.82	1.81
Average Maturity	4.00	3.99	3.99	3.99	3.99	3.97	3.99	4.01	3.99	3.99	3.99	4.02	3.95	4.01	4.01	4.06
Coupon	1.75	1.74	1.71	1.74	1.73	1.68	1.79	1.57	1.74	1.60	1.73	1.73	1.76	1.88	1.86	2.28

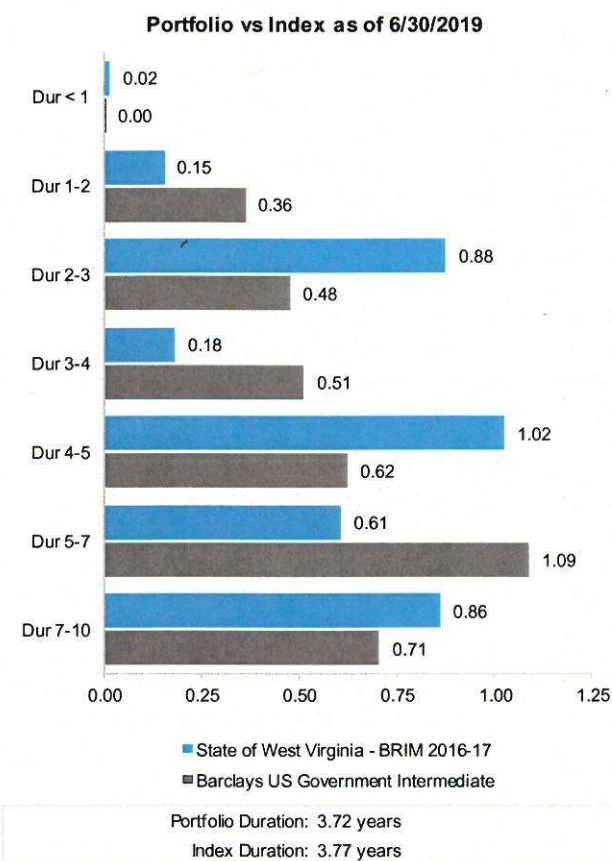
Mellon Investments Corporation as of June 30, 2019

State of West Virginia – BRIM 2016-17 Sector Distribution vs. Benchmark



Mellon Investments Corporation as of June 30, 2019

State of West Virginia – BRIM 2016-17 Duration



Mellon Investments Corporation as of June 30, 2019

Corporate Holdings as of June 30, 2019

Client Name	Pct %	Cusip	Security Name	Quantity	Market Value	Maturity	Duration	Yield to Worst	Coupon	Moody Rating	S&P Rating
STATE OF WEST VIRGINIA - BRIM 2009-10	0.50%	931142EM1	WAL-MART STORES	50,000	52,510	7/8/2026	6.22	2.34	3.05	Aa2	AA
	0.50%	89236TEW1	TOYOTA MOTOR CREDIT CORP	50,000	53,112	4/14/2025	5.23	2.38	3.40	Aa3	AA-
	0.48%	742718EU9	PROCTER & GAMBLE CO	50,000	50,701	8/11/2022	2.97	1.96	2.15	Aa3	AA-
	0.49%	037833DB3	APPLE INC	50,000	51,557	9/12/2027	7.15	2.59	2.90	Aa1	AA+
	0.54%	594918BB9	MICROSOFT CORP	55,000	57,133	2/12/2025	5.03	2.14	2.70	Aaa	AAA
	0.50%	89114QC48	TORONTO-DOMINION BANK	50,000	53,230	7/19/2023	3.72	2.23	3.50	Aa1	AA-
	0.52%	89114QBL1	TORONTO-DOMINION BANK	55,000	55,026	7/13/2021	1.96	2.20	1.80	Aa1	AA-
	0.48%	30231GAJ1	EXXON MOBIL CORP	50,000	50,841	3/6/2022	2.46	2.02	2.40	Aaa	AA+
STATE OF WEST VIRGINIA - BRIM 2010-11	0.48%	166764AT7	CHEVRON CORP	50,000	50,908	3/3/2022	2.45	1.99	2.41	Aa2	AA
	0.52%	037833DB3	APPLE INC	60,000	61,868	9/12/2027	7.15	2.59	2.90	Aa1	AA+
	0.51%	30231GAJ1	EXXON MOBIL CORP	60,000	61,010	3/6/2022	2.46	2.02	2.40	Aaa	AA+
	0.53%	931142EM1	WAL-MART STORES	60,000	63,012	7/8/2026	6.22	2.34	3.05	Aa2	AA
	0.51%	89114QBL1	TORONTO-DOMINION BANK	60,000	60,029	7/13/2021	1.96	2.20	1.80	Aa1	AA-
	0.58%	89114QC48	TORONTO-DOMINION BANK	65,000	69,198	7/19/2023	3.72	2.23	3.50	Aa1	AA-
	0.57%	594918BB9	MICROSOFT CORP	65,000	67,521	2/12/2025	5.03	2.14	2.70	Aaa	AAA
	0.54%	89236TEW1	TOYOTA MOTOR CREDIT CORP	60,000	63,734	4/14/2025	5.23	2.38	3.40	Aa3	AA-
STATE OF WEST VIRGINIA - BRIM 2012-2013	0.51%	742718EU9	PROCTER & GAMBLE CO	60,000	60,841	8/11/2022	2.97	1.96	2.15	Aa3	AA-
	0.52%	166764AT7	CHEVRON CORP	60,000	61,089	3/3/2022	2.45	1.99	2.41	Aa2	AA
	0.52%	166764AT7	CHEVRON CORP	45,000	45,817	3/3/2022	2.45	1.99	2.41	Aa2	AA
	0.51%	89114QBL1	TORONTO-DOMINION BANK	45,000	45,022	7/13/2021	1.96	2.20	1.80	Aa1	AA-
	0.51%	742718EU9	PROCTER & GAMBLE CO	45,000	45,631	8/11/2022	2.97	1.96	2.15	Aa3	AA-
	0.53%	931142EM1	WAL-MART STORES	45,000	47,259	7/8/2026	6.22	2.34	3.05	Aa2	AA
	0.53%	594918BB9	MICROSOFT CORP	45,000	46,745	2/12/2025	5.03	2.14	2.70	Aaa	AAA
	0.54%	89114QC48	TORONTO-DOMINION BANK	45,000	47,907	7/19/2023	3.72	2.23	3.50	Aa1	AA-
STATE OF WEST VIRGINIA - BRIM 2013-2014	0.52%	037833DB3	APPLE INC	45,000	46,401	9/12/2027	7.15	2.59	2.90	Aa1	AA+
	0.52%	30231GAJ1	EXXON MOBIL CORP	45,000	45,757	3/6/2022	2.46	2.02	2.40	Aaa	AA+
	0.54%	89236TEW1	TOYOTA MOTOR CREDIT CORP	45,000	47,800	4/14/2025	5.23	2.38	3.40	Aa3	AA-
	0.50%	742718EU9	PROCTER & GAMBLE CO	20,000	20,280	8/11/2022	2.97	1.96	2.15	Aa3	AA-
	0.51%	594918BB9	MICROSOFT CORP	20,000	20,776	2/12/2025	5.03	2.14	2.70	Aaa	AAA
	0.50%	30231GAJ1	EXXON MOBIL CORP	20,000	20,337	3/6/2022	2.46	2.02	2.40	Aaa	AA+
	0.49%	89114QBL1	TORONTO-DOMINION BANK	20,000	20,010	7/13/2021	1.96	2.20	1.80	Aa1	AA-
	0.53%	89114QC48	TORONTO-DOMINION BANK	20,000	21,292	7/19/2023	3.72	2.23	3.50	Aa1	AA-
STATE OF WEST VIRGINIA - BRIM 2013-2014	0.51%	037833DB3	APPLE INC	20,000	20,623	9/12/2027	7.15	2.59	2.90	Aa1	AA+
	0.53%	89236TEW1	TOYOTA MOTOR CREDIT CORP	20,000	21,245	4/14/2025	5.23	2.38	3.40	Aa3	AA-
	0.50%	166764AT7	CHEVRON CORP	20,000	20,363	3/3/2022	2.45	1.99	2.41	Aa2	AA
	0.50%	166764AT7	CHEVRON CORP	20,000	20,363	3/3/2022	2.45	1.99	2.41	Aa2	AA

Mellon Investments Corporation as of June 30, 2019

Corporate Holdings as of June 30, 2019

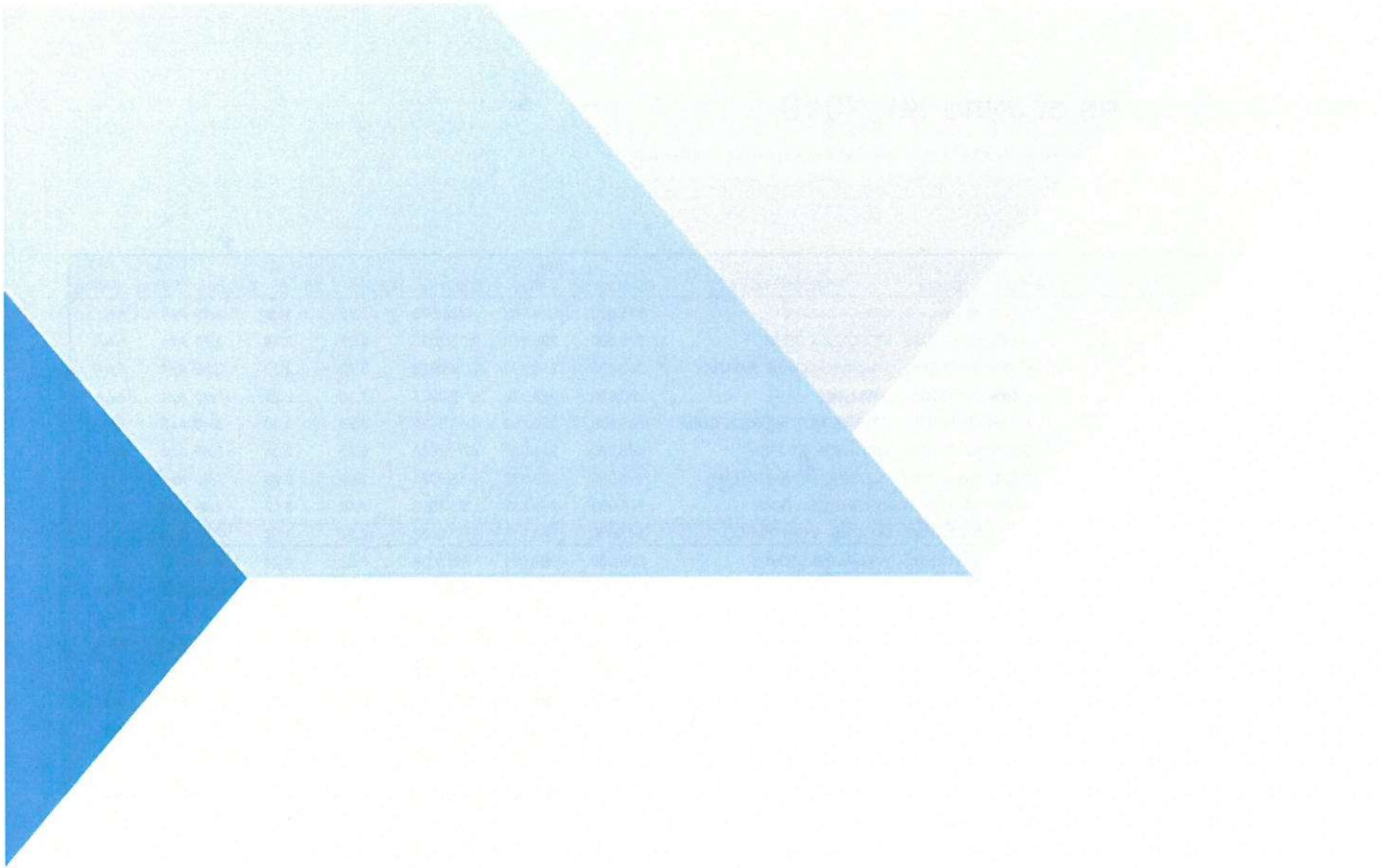
Client Name	Pct %	Cusip	Security Name	Quantity	Market Value	Maturity	Duration	Yield to Worst	Coupon	Moody Rating	S&P Rating
STATE OF WEST VIRGINIA - BRIM 2015-2016	0.58%	89114QBL1	TORONTO-DOMINION BANK	135,000	135,065	7/13/2021	1.96	2.20	1.80	Aa1	AA-
	0.59%	742718EU9	PROCTER & GAMBLE CO	135,000	136,893	8/11/2022	2.97	1.96	2.15	Aa3	AA-
	0.59%	89114QC48	TORONTO-DOMINION BANK	130,000	138,397	7/19/2023	3.72	2.23	3.50	Aa1	AA-
	0.59%	166764A77	CHEVRON CORP	135,000	137,451	3/3/2022	2.45	1.99	2.41	Aa2	AA
	0.59%	89236TEW1	TOYOTA MOTOR CREDIT CORP	130,000	138,090	4/14/2025	5.23	2.38	3.40	Aa3	AA-
	0.59%	30231GAJ1	EXXON MOBIL CORP	135,000	137,272	3/6/2022	2.46	2.02	2.40	Aaa	AA+
	0.59%	037833DB3	APPLE INC	135,000	139,204	9/12/2027	7.15	2.59	2.90	Aa1	AA+
	0.60%	594918BB9	MICROSOFT CORP	135,000	140,236	2/12/2025	5.03	2.14	2.70	Aaa	AAA
STATE OF WEST VIRGINIA - BRIM 2014-2015	0.59%	931142EM1	WAL-MART STORES	130,000	136,526	7/8/2026	6.22	2.34	3.05	Aa2	AA
	0.59%	594918BB9	MICROSOFT CORP	105,000	109,072	2/12/2025	5.03	2.14	2.70	Aaa	AAA
	0.53%	037833DB3	APPLE INC	95,000	97,958	9/12/2027	7.15	2.59	2.90	Aa1	AA+
	0.57%	30231GAJ1	EXXON MOBIL CORP	105,000	106,767	3/6/2022	2.46	2.02	2.40	Aaa	AA+
	0.54%	931142EM1	WAL-MART STORES	95,000	99,769	7/8/2026	6.22	2.34	3.05	Aa2	AA
	0.57%	166764A77	CHEVRON CORP	105,000	106,906	3/3/2022	2.45	1.99	2.41	Aa2	AA
	0.57%	742718EU9	PROCTER & GAMBLE CO	105,000	106,472	8/11/2022	2.97	1.96	2.15	Aa3	AA-
	0.57%	89114QC48	TORONTO-DOMINION BANK	100,000	106,459	7/19/2023	3.72	2.23	3.50	Aa1	AA-
STATE OF WEST VIRGINIA - BRIM 2016-17	0.51%	89236TEW1	TOYOTA MOTOR CREDIT CORP	90,000	95,601	4/14/2025	5.23	2.38	3.40	Aa3	AA-
	0.56%	89114QBL1	TORONTO-DOMINION BANK	105,000	105,050	7/13/2021	1.96	2.20	1.80	Aa1	AA-
	0.56%	30231GAJ1	EXXON MOBIL CORP	100,000	101,683	3/6/2022	2.46	2.02	2.40	Aaa	AA+
	0.58%	931142EM1	WAL-MART STORES	100,000	105,020	7/8/2026	6.22	2.34	3.05	Aa2	AA
	0.56%	742718EU9	PROCTER & GAMBLE CO	100,000	101,402	8/11/2022	2.97	1.96	2.15	Aa3	AA-
	0.57%	594918BB9	MICROSOFT CORP	100,000	103,879	2/12/2025	5.03	2.14	2.70	Aaa	AAA
	0.55%	89114QBL1	TORONTO-DOMINION BANK	100,000	100,048	7/13/2021	1.96	2.20	1.80	Aa1	AA-
	0.56%	166764A77	CHEVRON CORP	100,000	101,815	3/3/2022	2.45	1.99	2.41	Aa2	AA
	0.55%	89236TEW1	TOYOTA MOTOR CREDIT CORP	95,000	100,912	4/14/2025	5.23	2.38	3.40	Aa3	AA-
	0.57%	037833DB3	APPLE INC	100,000	103,114	9/12/2027	7.15	2.59	2.90	Aa1	AA+
	0.56%	89114QC48	TORONTO-DOMINION BANK	95,000	101,136	7/19/2023	3.72	2.23	3.50	Aa1	AA-

Mellon Investments Corporation as of June 30, 2019

Corporate Holdings as of June 30, 2019

Client Name	Pct %	Cusip	Security Name	Quantity	Market Value	Maturity	Duration	Yield to Worst	Coupon	Moody Rating	S&P Rating
STATE OF WEST VIRGINIA - BRIM 2017-18	0.53%	166764AT7	CHEVRON CORP	275,000	279,992	3/3/2022	2.45	1.99	2.41	Aa2	AA
	0.54%	594918BB9	MICROSOFT CORP	275,000	285,666	2/12/2025	5.03	2.14	2.70	Aaa	AAA
	0.53%	89114QC48	TORONTO-DOMINION BANK	260,000	276,793	7/19/2023	3.72	2.23	3.50	Aa1	AA-
	0.55%	037833DB3	APPLE INC	280,000	288,719	9/12/2027	7.15	2.59	2.90	Aa1	AA+
	0.52%	89236TEW1	TOYOTA MOTOR CREDIT CORP	255,000	270,869	4/14/2025	5.23	2.38	3.40	Aa3	AA-
	0.52%	931142EM1	WAL-MART STORES	260,000	273,052	7/8/2026	6.22	2.34	3.05	Aa2	AA
	0.52%	89114QBL1	TORONTO-DOMINION BANK	275,000	275,132	7/13/2021	1.96	2.20	1.80	Aa1	AA-
	0.53%	30231GAJ1	EXXON MOBIL CORP	275,000	279,627	3/6/2022	2.46	2.02	2.40	Aaa	AA+
STATE OF WEST VIRGINIA - BRIM 2018-19	0.51%	742718EU9	FROCTER & GAMBLE CO	265,000	268,716	8/11/2022	2.97	1.96	2.15	Aa3	AA-
	0.48%	931142EM1	WAL-MART STORES	285,000	299,307	7/8/2026	6.22	2.34	3.05	Aa2	AA
	0.49%	037833DB3	APPLE INC	300,000	309,342	9/12/2027	7.15	2.59	2.90	Aa1	AA+
	0.48%	594918BB9	MICROSOFT CORP	290,000	301,248	2/12/2025	5.03	2.14	2.70	Aaa	AAA
	0.47%	30231GAJ1	EXXON MOBIL CORP	290,000	294,880	3/6/2022	2.46	2.02	2.40	Aaa	AA+
	0.48%	89236TEW1	TOYOTA MOTOR CREDIT CORP	285,000	302,736	4/14/2025	5.23	2.38	3.40	Aa3	AA-
	0.48%	89114QC48	TORONTO-DOMINION BANK	285,000	303,408	7/19/2023	3.72	2.23	3.50	Aa1	AA-
	0.47%	166764AT7	CHEVRON CORP	290,000	295,264	3/3/2022	2.45	1.99	2.41	Aa2	AA
	0.48%	742718EU9	FROCTER & GAMBLE CO	300,000	304,206	8/11/2022	2.97	1.96	2.15	Aa3	AA-
	0.48%	89114QBL1	TORONTO-DOMINION BANK	300,000	300,144	7/13/2021	1.96	2.20	1.80	Aa1	AA-

Mellon Investments Corporation as of June 30, 2019



IV

The Investment Map: June 2019

Economic Landscape

The scale and scope of President Trump's disputes on trade pose a significant headwind to global economic growth.

While this creates a distinct negative risk to the economic outlook, our operating assumption is that political necessity will lead to compromise.

If so, the lessening of trade tensions supports aggregate demand, adding to pressure on resources and corporate margins and producing a modest pickup in inflation.

We expect the Federal Reserve (Fed) to ease policy less than the prevailing sentiment as long as politics does not derail economic expansion.

Other developed market central banks will remain dovish.

Fixed Income Valuation

Sovereign developed market yields are expensive.

Breakevens offer value and provide inexpensive protection to upside surprises to inflation.

The US dollar appears expensive against other developed and emerging market currencies.

Investment grade corporates are mostly fairly valued, but fundamentals are likely to soften.

High yield spreads are currently somewhat expensive and should similarly face a deterioration in fundamentals as earnings growth slows.

There is value in emerging markets local currency and US dollar-denominated debt.

While municipal securities have become rich, institutional investors are likely to find barbell strategies attractive.

Interest rate volatility is off its low and will likely rise further.

Securitized products are attractive for their high-quality carry.

Maintain a modest risk budget.

Investment Themes

Keep duration short to neutral in core developed market sovereign securities.

Maintain short US dollar exposure, where appropriate through option strategies given increased probability of tail risks.

Maintain modest exposure to breakevens.

Retain a slight overweight in emerging markets, both hard and local currency.

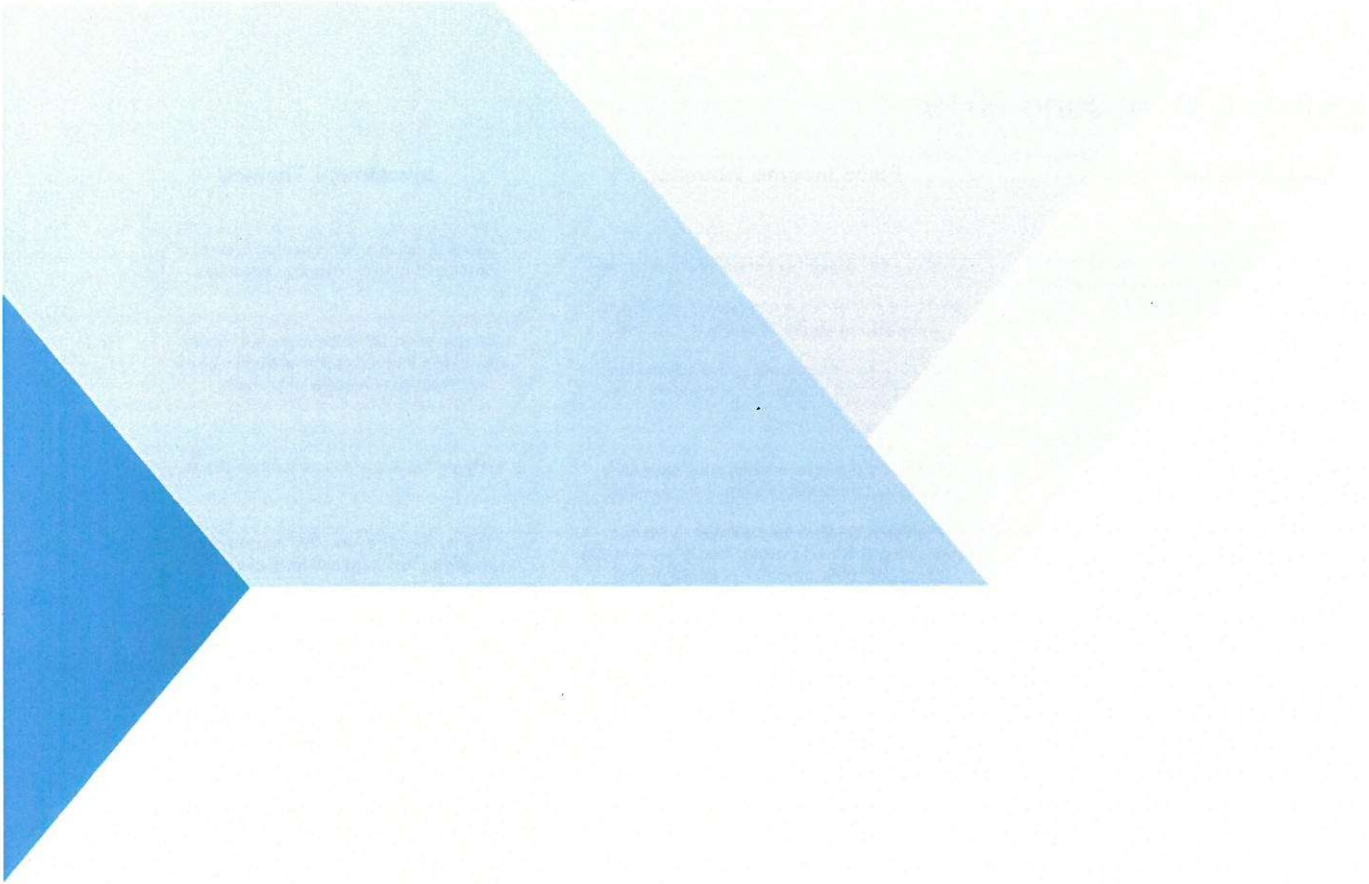
Maintain current credit exposure and look for opportunities to emphasize quality and shorten duration.

Multisector portfolios should be underweight municipal securities in light of valuations.

Be overweight securitized products, with an emphasis on ABS and CMBS.

Use option strategies with minimal cost to keep portfolios sufficiently convex.

[24357]



V

West Virginia's Dedicated Team

Portfolio Management Team

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& Senior Portfolio Manager
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Portfolio Manager
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Information Resources on www.mellon.com.

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

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

- **White Papers**

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

- **Commentaries**

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

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VI

Investment Guidelines

STANDISH GUIDELINE CHECKLIST

Account Name: STATE OF WEST VIRGINIA ACCOUNTS Account Number: 7447, 7449, 7492, 3261, 3599, 3599,
3799, 637, 3647, 100000, 100550, 101297, 101935, 102301,
102749

Relationship Manager: Anthony Criscuolo Date: 8/2014

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

Investment Guidelines

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

Investment Guidelines

STANDISH GUIDELINE CHECKLIST

Account Name: STATE OF WEST VIRGINIA

Account Number: 7447, 7448, 7492, 8261, 8599, 8599, 8795, 837,
3647, 100000, 100550, 101257, 101835, 102301, 102745

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

Investment Guidelines

STANDISH GUIDELINE CHECKLIST

Account Name: STATE OF WEST VIRGINIA

Account Number: 7447, 7448, 7492, 2261, 4589, 3559, 3795, 627,
3647, 100000, 100550, 101287, 101235, 102301, 102748

Issuer / Obligor Restrictions		With the exception of U.S. Government obligations and its agencies as referred to under "Eligible Investments" the exposure to any individual issuer is limited to 4.9% of the accounts market value at the time of purchase.
Maturity Restrictions:	Weighted average	
	Issue	No individual security can exceed 10 years from the date of purchase.
Loss Restrictions		
Other Restrictions		
Duration Restrictions:	Portfolio	Averaged duration of the portfolio shall remain within a 25% range versus the average duration of the Lehman Brothers Intermediate Government Index
	Issue	
Benchmark Index		Barclays Capital Intermediate Government Index
Qualified Institutional Buyer		
ERISA		
NOTES:		<p>"Eligible Investments": The portfolio may invest in U.S. Government obligations or deposits issued or guaranteed as to interest and principal by the government of the United States or any agency or instrumentality thereof. Corporate obligations, with credit ratings of AA- or above as established by 2 or more of the nationally recognized bond rating services, are allowable investments.</p> <p>Hybrids prohibited.</p>

Please sign to verify guidelines:

Signature

Date

Important Disclosures

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

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

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Employee of BNY Mellon Investment Management Singapore Pte. Limited who provides non-discretionary research services to the Firm and may also serve as sub-advisor to the Firm for certain client mandates.

Rankings include assets managed by BNY Mellon Asset Management and BNY Mellon Wealth Management. Each ranking may not include the same mix of firms.

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

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

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

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

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

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

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

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

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

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

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

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

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

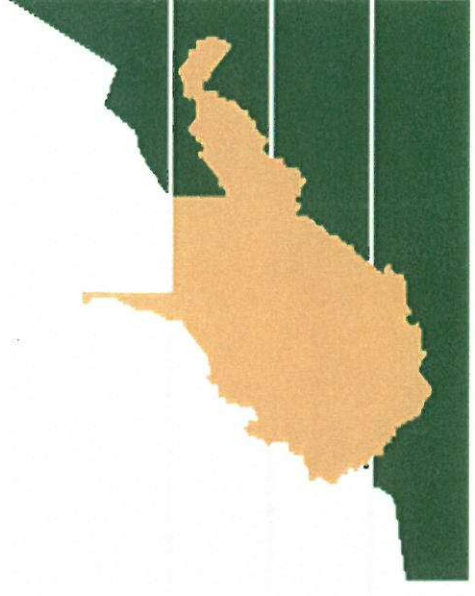
The Firm claims compliance with the CFA Institute Asset Manager Code of Professional Conduct. This claim has not been verified by CFA Institute

BRIM

Investment Review

WV Investment Management Board

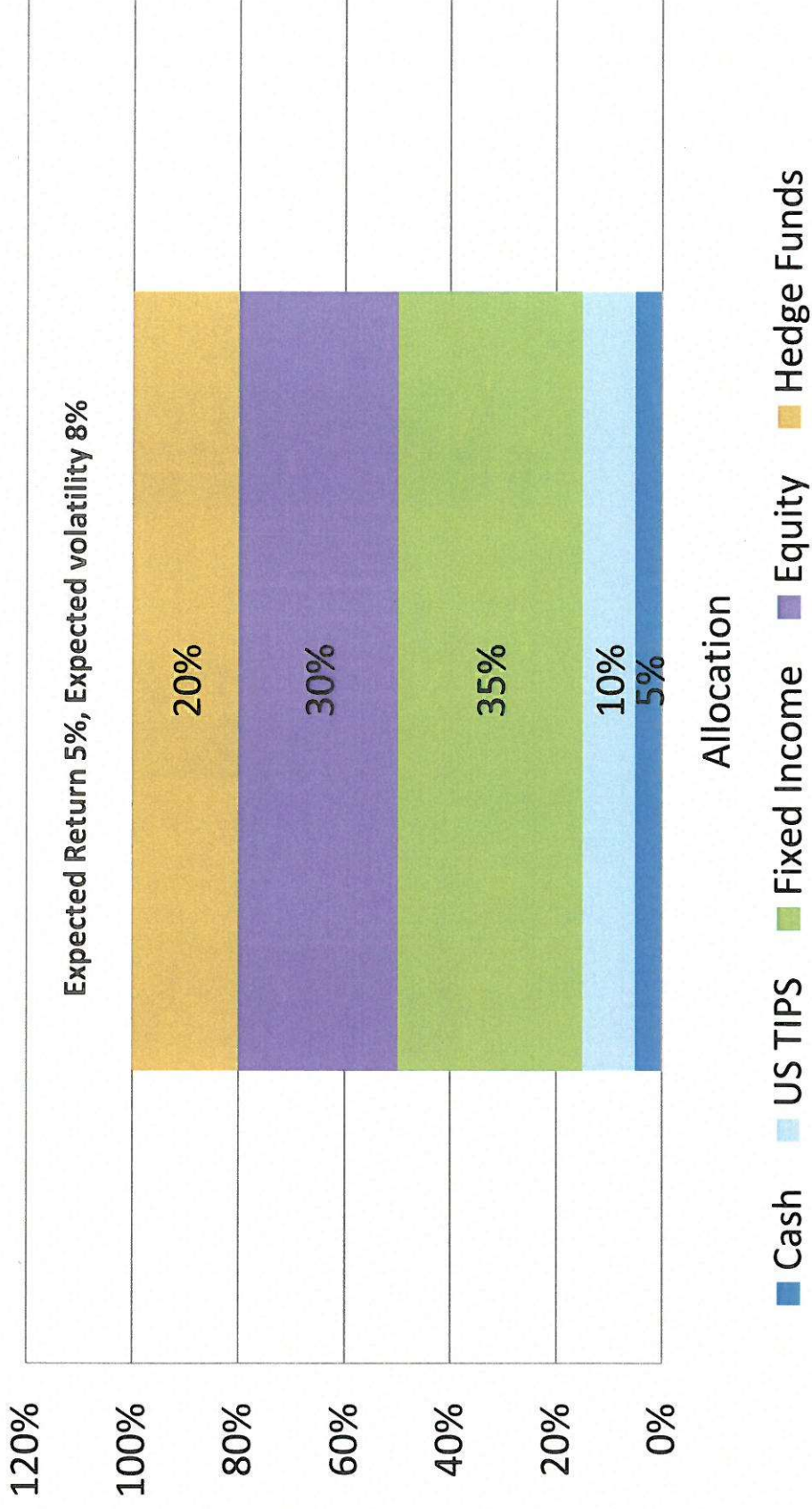
6/30/2019



Market Highlights

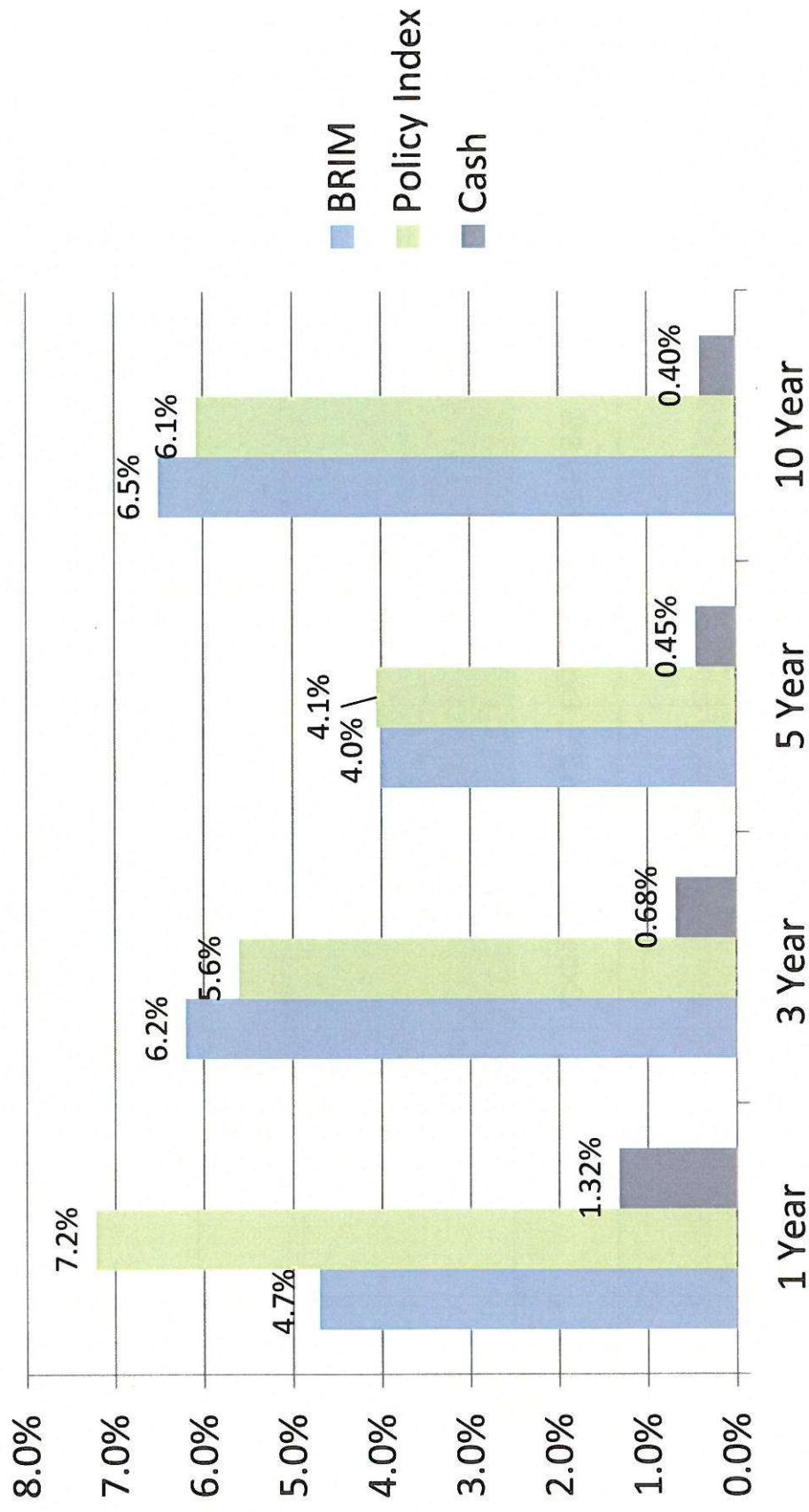
- Modest, but sustained economic growth
- Low interest rate, low inflation
- International economies have largely lagged the U.S., and currencies have weakened.
- Geo-political firestorms, Trade policy, and BREXIT
- Flat to inverted yield curve
- Heightened investor concern and uncertainty

Asset Allocation



Performance

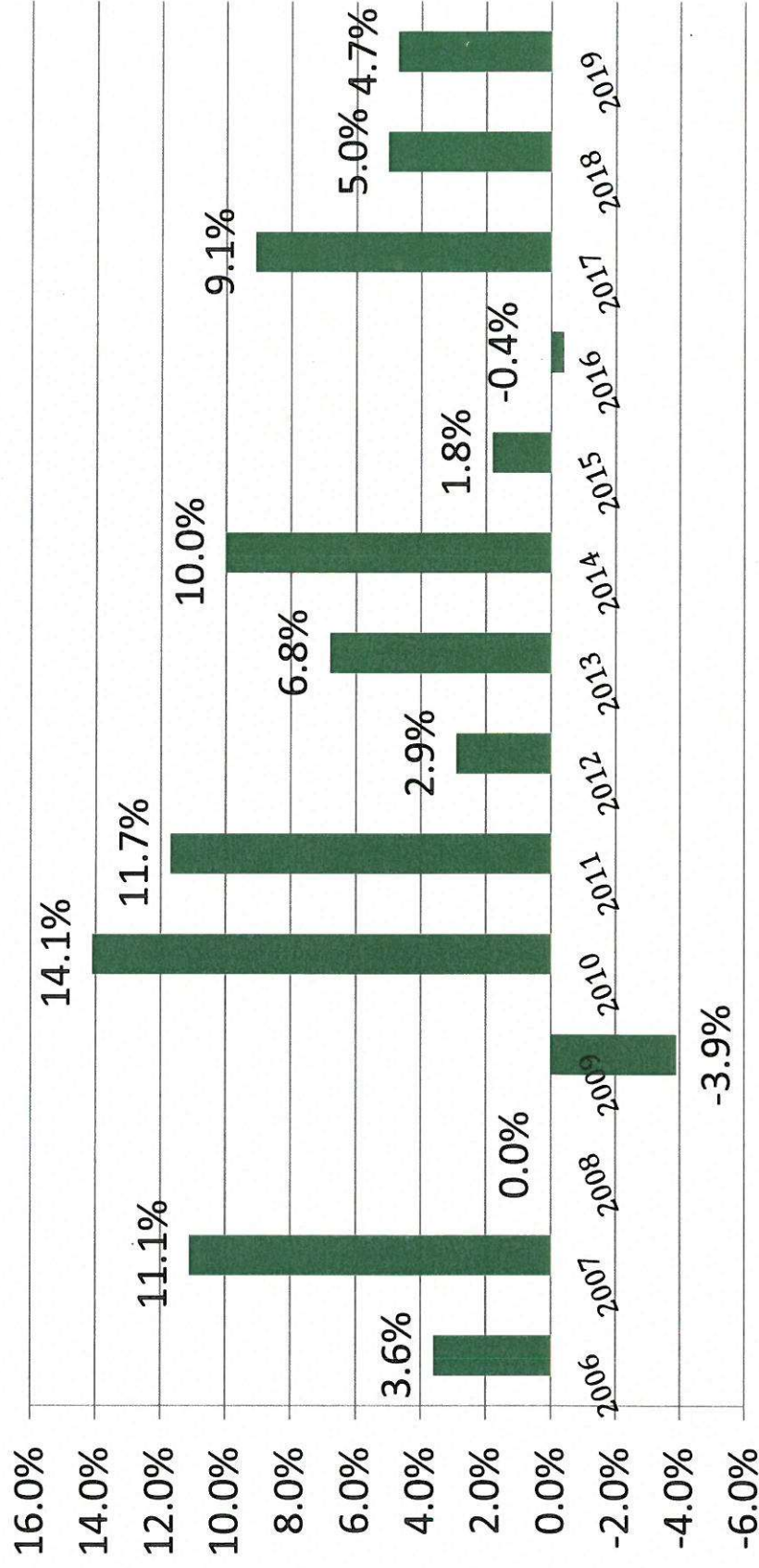
June 30, 2019



Performance by Fiscal Year

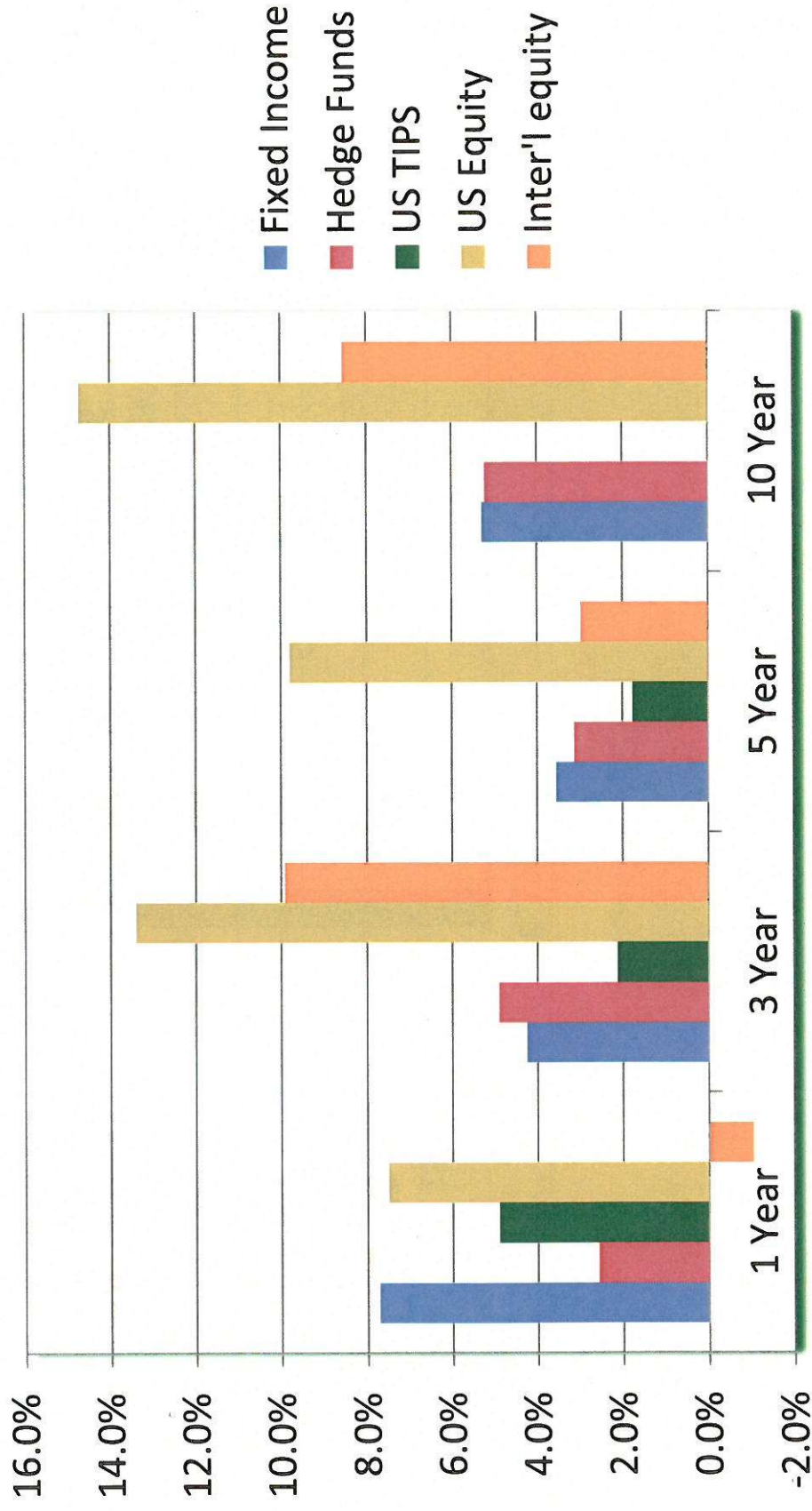
Years ending June 30

BRIM



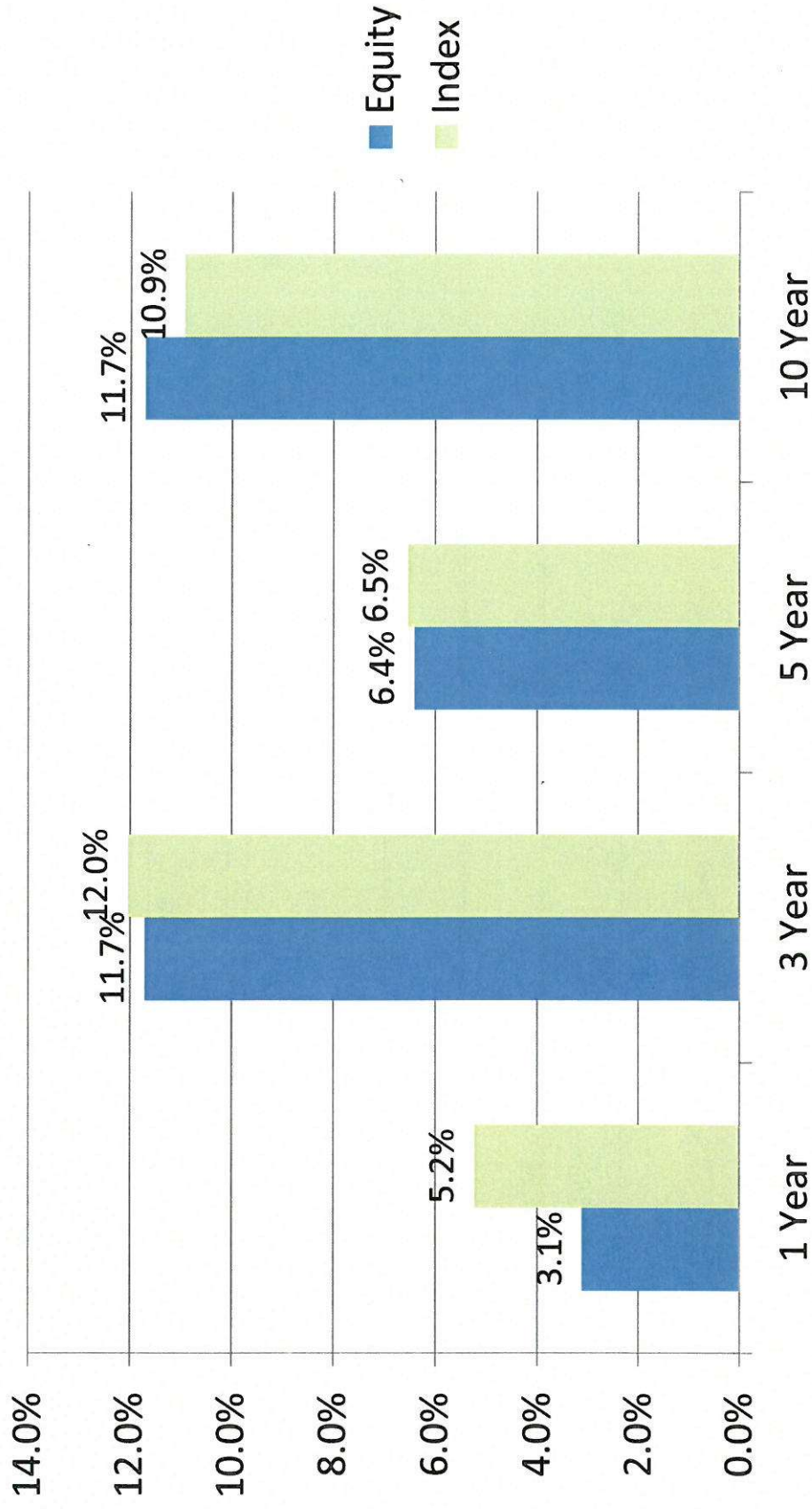
Asset Class Performance

June 30, 2019

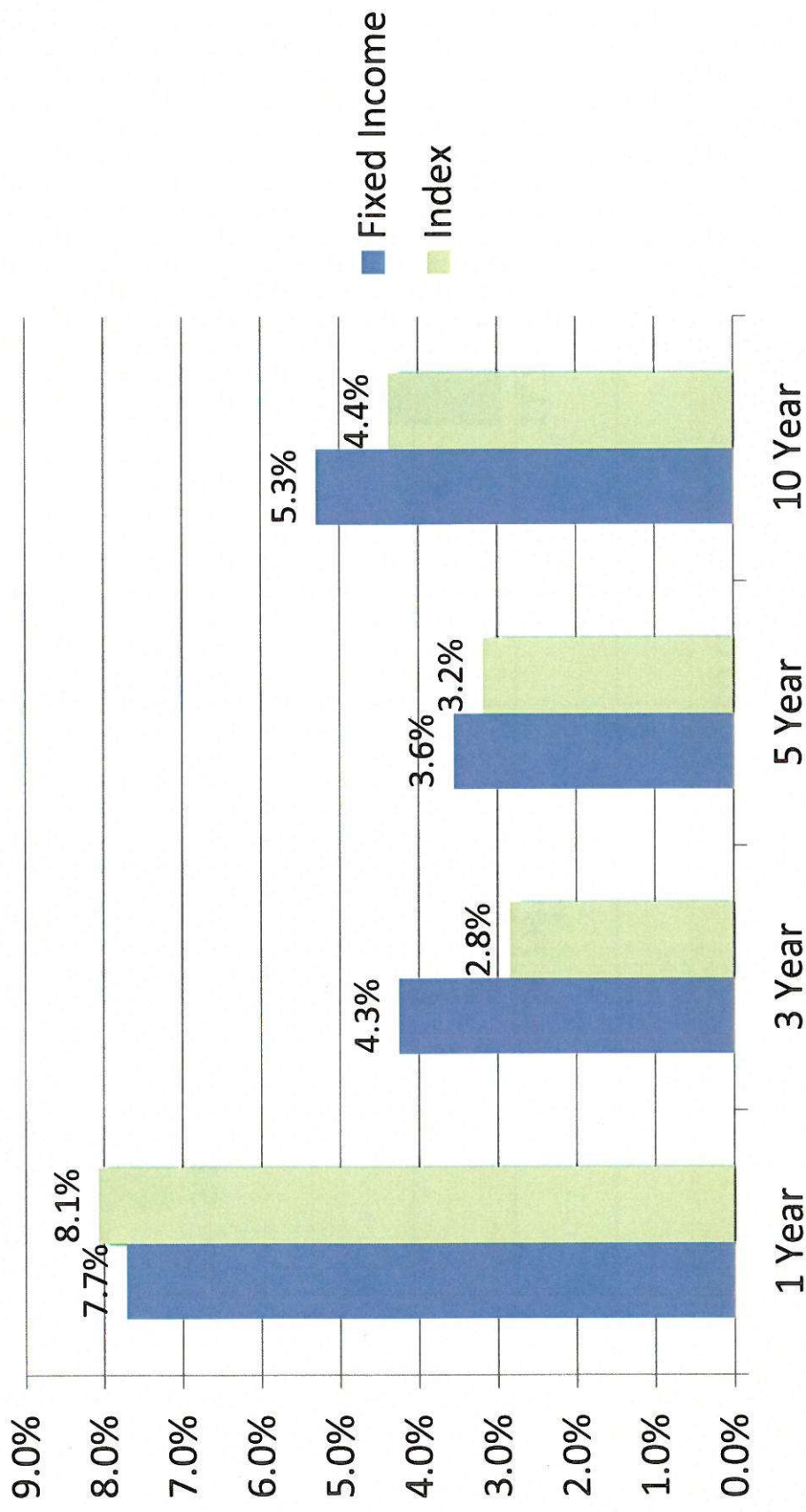


WVIMB Performance – Equities

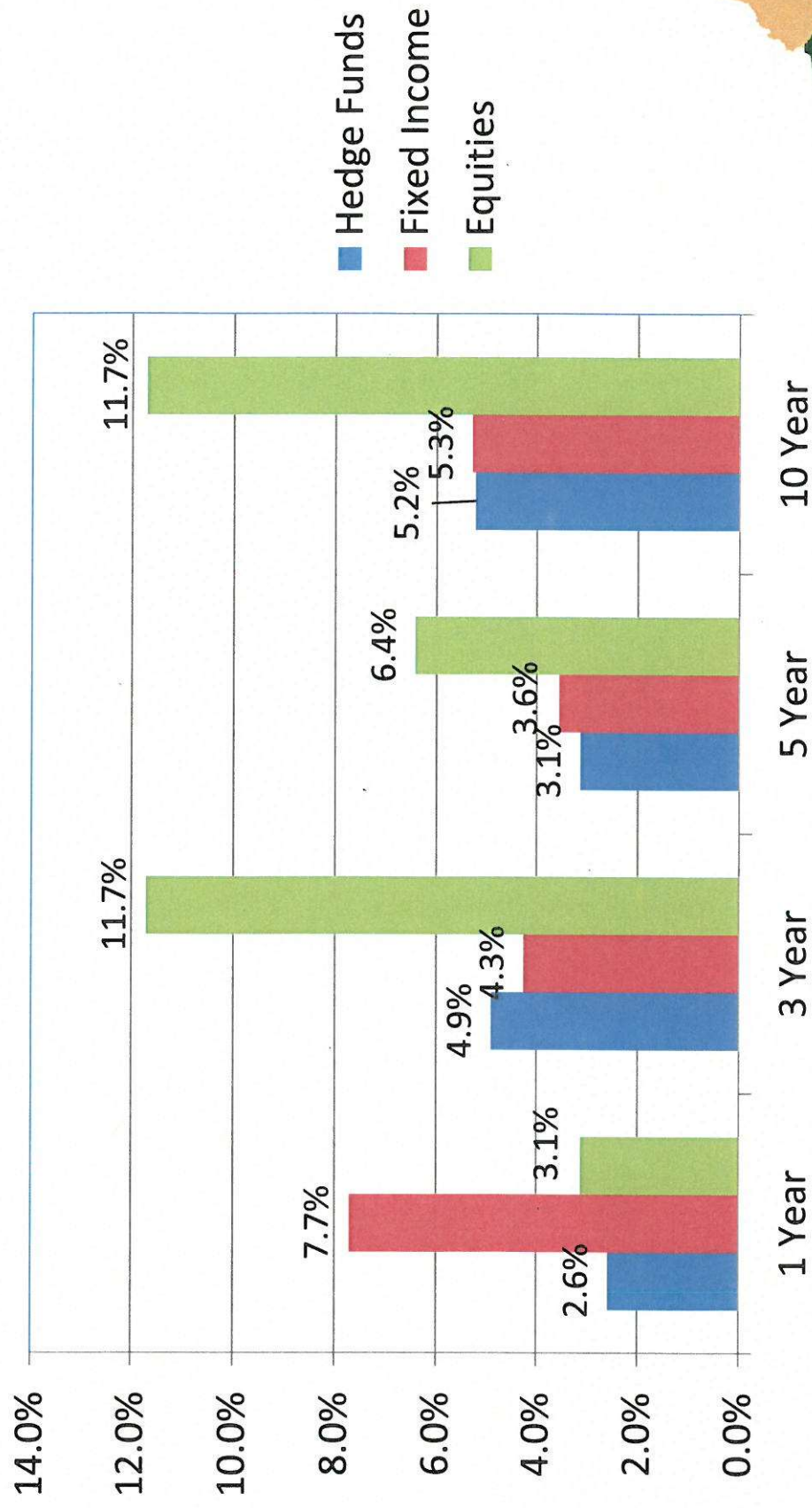
June 30, 2019



WVIMB Performance – Fixed Income



WVIMB Performance – Hedge Funds



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



Allan L. McVey
Cabinet Secretary

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

Executive Director's Report

September 10, 2019

A. Marshall University and West Virginia University Medical Malpractice Program

- As of September 4, 2019, Marshall has deposited \$350,000.00 into the escrow account for FY 2020. The fiscal year-to-date cumulative interest totals \$6,201.95. Disbursements totaling \$326,236.75 have been paid thus far in FY 2020.
- As of September 4, 2019, a total of \$597,310.94 has been deposited into WVU's escrow account for FY 2020. The fiscal year-to-date cumulative interest totals \$11,933.13. Disbursements totaling \$609,486.75 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.

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 is appealing verdict to Harrison Co. Cir. Ct.

PAID CLAIMS (July 2019 Data)

YTD Indemnity payments total \$18,564,096 vs. PYTD payments of \$24,338,658, a decrease of 23.73%.

YTD Legal payments total \$9,272,762 vs. PYTD payments of \$8,848,875, an increase of 4.79%.

OUTSTANDING CLAIMS (July 2019 Data)

July 2019 Indemnity reserves total \$62,655,737 vs. July 2018 Indemnity reserves of \$47,365,455, an increase of 32.28%.

July 2019 Expense reserves total \$20,756,080 vs. July 2018 Expense reserves of \$19,102,707, an increase of 8.66%.

CLAIMS COUNTS (August 2019 Data)

New claims YTD total 2829 vs. PYTD of 2706, an increase of 4.5%.

Closed claims YTD total 2853 vs. PYTD of 3005, a decrease of 5.06%.

Open claims YTD total 1224 vs. PYTD of 1084, an increase of 12.9%.

DURATION – CLOSED CLAIMS (July 2019 Data)

YTD Duration of 110.157 Days vs. PYTD Duration of 112.669 Days, a decrease of 2.23%.

CLOSING RATIO (August 2019 Data)

YTD Closing Ratio of 100.85% vs. PYTD Closing Ratio of 111%, a decrease of 9.14%.

C. Patient Injury Compensation Fund (PICF)

We are in the process of making a pro rata distribution of funds to claimants from the PICF. The payments have been pending in the State Auditor's Office for a few weeks now. With all litigation of claims final, we now have a sum certain remaining to be paid. The distribution for FY 2019 (which we make at the conclusion of each FY, after all administrative and legal costs of the fund have been paid) is \$2.1 million. There are 15 claims receiving pro rata distributions. The funding sources for the PICF will terminate on December 31, 2021. The balance remaining after the current distribution is \$ 4,139,549. If the funding sources continue to perform as they have been, we are hopeful that all claims will be paid in full by June 30, 2022.

D. Risk Management Information System Update

We have continued to work with AssetWorks, which acquired Emerson (the original vendor) earlier this year. We have recently learned that one of the vendor's team leads, Dave Sumner, is retiring in about 3 months. To plan for a personnel transition, we have scheduled an all-day meeting with the AssetWorks team for October 3rd. We believe we've been able to conclude some data differences between AIG data, the mainframe system data, and the new system data, and that puts us another step closer to reliance on the new system as a data source for our actuaries as well as for Loss Control activities. We are beginning the reconciliation of data for property and mine subsidence, and we will be testing the Underwriting module extensively in the next few weeks.

E. RFP – Consultant Contract

Eight potential bidders attended the pre-bid conference and 4 submitted bids. At the conclusion of the bid evaluation process, we awarded the Consultant contract to Willis Towers Watson on July 1, 2019. On July 17, we met with the Willis team to launch the project. We have provided information and responded to questions concerning our program, coverages, and policies. On August 7 and September 4, we had conference calls with the Willis team to provide additional information. Our goal is to have a report by December 1st.

Jeff Johnson, Senate counsel, has been designated as BRIM's contact from the Senate to provide updates on the project and for us to respond to any questions the Senate leadership may have concerning the project. I've provided Jeff with copies of the RFP and the 2 addenda we issued, as well as some general information about the goals of the project. The House has not designated a staff contact to date.

F. Records Management

In August, we provided an inventory of both paper and electronic records to the DOA Secretary's designee overseeing the Records Management Program for the state. As reported previously, we are stepping up efforts to destroy paper records that have reached their respective retention schedules. Our next step has been to scan paper records that have not yet reached their retention schedule destruction dates and destroy the paper versions. We've received one bid for imaging services and the cost is significant enough for us to reconsider our goal of simply scanning all paper records that haven't exceeded the retention schedule. In the interest of using agency funds wisely, we've formed a committee of myself, Robert, Melody, and Sue Haga to develop a plan that could combine scanning, paper storage, and destruction depending on the type and age of the records.

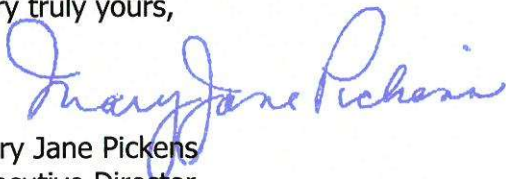
G. Policy Renewals

- a. At the last Board meeting, I reported on renewals. We are now reviewing the new policies and we expect to have the liability and auto policies, as well as the boiler & machinery policy, up on the website as early as next week. The property policy should be available on the website later this month. Most other policies are ready to go up on the website.
- b. Renewal of Boards of Education Excess Policy: At the last Board meeting we were still awaiting further information from USI on renewal of the BOE Excess Liability Policy. We ultimately accepted the quote from AIG however the terms are not as favorable as in the past. We now have a \$10 million aggregate. We explored other options however we felt that the AIG proposal presented the best balance of cost and coverage while meeting the statutory requirement. We expect these challenges around cost and coverage terms to continue with the Boards of Ed excess.

H. Miscellaneous

- a. At the June Board meeting, I shared plans for a new hire in our Loss Control Department. That process concluded successfully with the hire of Luke Mitchell. We are excited to have Luke on board, and I'm sure there will be more information about Luke in the Loss Control report. We expect that with Luke's hire we will be able to reach out and assist many more of our insured and be even more proactive.
- b. BRIM's Annual Report was filed by August 31, as required by statute. A copy was delivered to the Governor, Legislative Auditor, and State Budget Director.
- c. Summer Interns – Our 2 summer interns that we hired through the Governor's internship program, Solomon Phillips and Erica Howell, have completed their summer jobs here and returned to college. While they were here this summer, they helped with claims and underwriting areas primarily. They were bright, capable people and we hated to see them leave but we wish them well and hope they will visit us when they are back in town.
- d. STRIMA is the week of September 23rd. Attending this year will be Robert, Melody, and me. John Fernatt and Chuck Mozingo are also attending because they've been asked to present BRIM's Active Shooter Training as one of the conference sessions this year.
- e. The next Board meeting will be Tuesday, December 17, 2019 @ 1PM.

Very truly yours,



Mary Jane Pickens
Executive Director

MJP/ldm

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



Mary Jane Pickens
Executive Director
Deputy Cabinet Secretary

**Chief Financial Officer's Report
September 10, 2019**

A. P Card Report

CD copies contain the supporting detail for P card purchases for the months of May and June 2019. These totals are:

May	\$34,445.20
June	\$28,249.58

B. Audit Update

- Audit field work has been completed and no audit issues have been brought to BRIM's attention.
- BRIM will submit its draft of the June 30, 2019 audited financial statements by the September 15, 2019 draft deadline. The final financial statements will be submitted by the October 15, 2019 deadline.
- BRIM's audited financial statements will be released and available on BRIM's website shortly after the auditor's opinion has been issued.

C. Actuarial Results

- AON's risk fund study as of June 30, 2019 has been completed and reviewed.
- During the current fiscal year unfavorable claims development for several prior years' reserves resulted in a net increase in the provision for insured events of prior years of \$11.1 million. Favorable loss development had resulted in a net decrease in the prior years' provision for insured events of \$14.6 million for last fiscal year.
- The unfavorable loss development this year relates to several policy years prior that are outside the loss history look back period that will be included in rating periods going forward and therefore it is anticipated that these costs will not be recovered through future rates.
- Both retained reserves and IBNR year were higher by \$13.7 million and \$10.3 million respectively at June 30, 2019, resulting in a year over year increase in total retained incurred of \$24.0 million.

D. Financial Results

- Premium revenue for FY'19 is \$4.2 million higher than the prior year. The primary driver for the increased premiums is the increase in the actuarially projected claims costs that were included in the FY'19 rates.
- Total net claims expense increased by \$22.8 million when compared to FY'18, driven by the adverse development previously discussed. These losses will be absorbed by existing BRIM funding and are already reflected in BRIM's net position at June 30.
- Investment income for FY'19 was \$14.4 million higher than the prior year's investment income. The investment earnings increase can be attributed to better fixed income returns for the current year versus the prior year.

D. Financial Results (cont'd)

- The overall rate of return on all BRIM funds invested for the current fiscal year was 5.2%; a significant improvement over FY'18's return of 1.8%.
- For trust funds the rate of return was 6.2% with earnings totaling \$12.9 million for FY'19. This compares to a negative (0.5%) return in FY'18 with losses totaling \$1.1 million.
- The Fed reduced rates by a quarter-point in late July; the first rate cut since the 2008 financial crisis. Tariff issues and slowing global growth continue to weigh on the Fed's outlook for lowering rates. The Fed may reduce rates by as much as a half-point at its meeting next week.
- As short-term rates trend lower this year, the lower reinvestment rate (currently about 1.5%) for 3 to 5 year treasuries will result in much lower returns for the trust in FY'20.
- The funds invested with the West Virginia Investment Management Board made about \$7.1 million or 4.7% vs. \$7.2 million or 5.0% last year. The recent volatility in the equity markets is a reflection of the uncertainty among investors of the perceived potential return versus the risk in stocks when compared to the relative safety of treasuries.
- BRIM's overall financial results provided for an improvement in net position of \$12.9 million for FY'19 versus an increase in net position of \$17.4 million for FY'18. Adverse claims development in FY'19 was offset by much better overall investment returns when compared to FY'18.
- BRIM's current net position of \$229.5 million includes the mine subsidence program's restricted net position of \$72.4 million, leaving BRIM's unrestricted net position at \$157.1 at June 30, 2019.
- Using only unrestricted net position, BRIM's loss reserve to surplus ratio deteriorated slightly for FY'19 to 1.2 to 1.0. This compares to the FY'18 loss reserve to surplus ratio of 1.1 to 1.0.

Respectfully submitted,



Stephen W. Schumacher, CPA
Chief Financial Officer

West Virginia Board of Risk and Insurance Management

Statements of Net Position

For the Twelve Months Ended June 30th

	2019	2018
	<i>(In Thousands)</i>	
Assets		
Current assets:		
Cash and cash equivalents	\$ 29,342	\$ 26,927
Advance deposits with insurance company and trustee	224,786	201,377
Receivables	3,221	1,899
Prepaid insurance	0	0
Restricted cash and cash equivalents	16,936	13,668
Premiums due from other entities	1,112	878
Total current assets	275,397	244,748
Noncurrent assets:		
Equity position in internal investments pools	100,600	96,094
Restricted investments	58,096	55,494
Total noncurrent assets	158,696	151,588
Total assets	434,093	396,336
Deferred Outflows of Resources	231	438
Deferred Outflows of Resources - OPEB	21	44
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
Claims Payable	0	0
Accrued expenses and other liabilities	1,508	922
Total current liabilities	75,857	62,803
Estimated unpaid claims and claims adjustment expense net of current portion	128,322	116,548
Compensated absences	124	122
Net pension liability	249	331
Total noncurrent liabilities	128,695	117,001
Total liabilities	204,552	179,805
Deferred Inflows of Resources	200	330
Deferred Inflows of Resources - OPEB	109	73
Net position:		
Restricted by State code for mine subsidence coverage	66,866	61,059
Unrestricted	149,745	138,211
Net Assets (Deficiency)	12,872	17,341
Net position	\$ 229,483	\$ 216,611

Unaudited

West Virginia Board of Risk and Insurance Management

Statements of Revenues, Expenses, and Changes in Net Position

For the Twelve Months Ended June 30th

	2019	2018
	<i>(In Thousands)</i>	
Operating revenues		
Premiums	\$ 83,301	\$ 78,951
Less coverage/reinsurance programs	(6,627)	(6,518)
Net operating revenues	76,674	72,432
Operating expenses		
Claims and claims adjustment expense	80,169	57,393
General and administrative	4,706	4,410
Total operating expenses	84,875	61,803
Operating income (loss)	(8,201)	10,629
Nonoperating revenues		
Investment income	21,043	6,712
OPEB Non Operating Income	30	0
Net nonoperating revenues	21,073	6,712
Changes in net position	12,872	17,341
Total net position, beginning of year	216,611	199,270
Total net position, end of period	\$ 229,483	\$ 216,611

Unaudited

STATE OF WEST VIRGINIA

DEPARTMENT OF ADMINISTRATION

BOARD OF RISK AND INSURANCE MANAGEMENT



Allan L. McVey
Cabinet Secretary

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

Loss Control Report to the Board September 2019

We are delighted to introduce to you our new Risk and Insurance Analyst: Mr. Luke Mitchell. Luke began working on July 8, 2019 and has completed the onboarding training process and is now actively engaged with our insured during consultation visits. We anticipate many accomplishments from him during his career at BRIM.

State Agency loss control questionnaires were due on August 1, 2019. Since that time, we have been evaluating those questionnaires. The results will be used to calculate loss control credits and surcharges for next fiscal year's premium.

BRIM and Liberty Mutual Insurance will sponsor two boiler safety and operational seminars this fall. We are hopeful that these seminars will continue to attract large crowds and that what is learned at the seminars will help keep boiler losses minor to a minimum as they have been for many years.

During the months of July, August, and September Aon conducted 203 inspections and Liberty Mutual Insurance conducted 262. The reports are being processed according to established procedures.

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

9 Loss Control Visits

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

Insured Accounts Visited Include: City of Williamson, Central West Virginia Transit Authority, Moundsville Housing Authority, Charleston/Kanawha Housing Authority, Tri-State Transit Authority, Cabell County Board of Education, Marion County Board of Education, Preston County Board of Education, and Monongalia County Board of Education.

10 Standards of Participation Visits

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

Insured Accounts Visited Include: Western Animal Rescue Alliance, Clay County Services Unlimited, Town of Grant Town, Town of Pax, Point Pleasant Housing Authority, Wetzel County Convention & Visitors Bureau, East Cabell County Humanities Organization, West Virginia Division of Labor, Doddridge County Board of Education, and Chief Logan Recreational Center.

2 Presentation Visits

These are visits during which we provide active training and/or outreach to a group of individuals.

Training Provided To: West Virginia Rural Water Association's annual conference and Raleigh County Board of Education.

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

Dated: *September 9, 2019*

Respectfully submitted,



Robert A. Fisher
Deputy Director *and* Claim Manager



Mary Jane Pickens
Executive Director
Deputy Cabinet Secretary

Chief Privacy Officer's Report September 10, 2019

A. Privacy Management Team Meetings

- Since the June 18, 2019 BRIM board meeting, the Privacy Management Team met on July 16, 2019 for its bi-monthly PMT meeting. Twenty-seven DPOs/APOs from 16 different Executive and Higher Education/Constitutional agencies attended. Speakers from the WV Treasurer's Office and the WV Office of Technology presented on the importance of compliance with the Payment Card Industry Data Security Standards.
- The next Privacy Management Team meeting is scheduled for September 17, 2019.

B. Privacy Training

- During the Second Quarter of 2019, 864 members of the Executive Branch workforce took the online course *Think WV Privacy*, which is a general privacy awareness training course.
- During the Second Quarter of 2019, 737 members of the Executive Branch workforce took the online course *WV Confidentiality Agreement*, which is required of all workforce members.
- During the Second Quarter of 2019, 422 members of the Executive Branch workforce took the online course *HIPAA/HITECH*, which is a general HIPAA training course.
- The State Privacy Office is investigating an update for the privacy training online course.

The following training events were held by the SPO since June:

- June 17, 2019 – State Privacy Office staff presented a new privacy officer orientation training to 7 DPOs/APOs.
- July 24, 2019- State Privacy Office staff presented new privacy officer orientation and HIPAA training to 13 DPOs/APOs of the WV DHHR.
- Upcoming: On September 18-19, 2019 State Privacy Office staff will present “Purchasing – A Privacy Powerhouse” on two occasions to procurement officers statewide at the 2019 West Virginia Agency Purchasing Conference. As a component of this training, staff have created a redaction component that will be made available statewide as an ongoing resource to members of the Executive Branch.

C. Privacy Impact Assessments

- A privacy impact assessment (PIA) is a tool used to assess the privacy impact and risks to the personally identifiable information (PII) stored, used, and exchanged by information systems. A PIA evaluates privacy implications when information systems are created, when existing systems are significantly modified, or new technology is purchased.
- Since June, 4 PIAs have been completed and submitted. Staff changes at the West Virginia Office of Technology have resulted in procedural changes for reporting to our office their recommendations for completing a PIA. State Privacy staff, combined with WVOT staff, are working together to create a new PIA procedure.
- At this point, PIA completion is not mandatory for agencies.
- The Vendor Management Team, comprised of staff from the WV Purchasing Division, WV Office of Technology, WV Cybersecurity Office, BRIM, and State Privacy Office, has restarted its bi-monthly meetings to establish procedures, including a possible agency requirement to complete Privacy Impact Assessments, to ensure vendor compliance.

Very truly yours,

Ashley Summitt

Ashley Summitt, JD
Chief Privacy Officer
WV Executive Branch

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



Mary Jane Pickens
Executive Director
Deputy Cabinet Secretary

AGENDA
BOARD MEETING OF THE
WEST VIRGINIA BOARD OF RISK AND INSURANCE MANAGEMENT
December 17, 2019

Chairman Martin

Call to Order

Chairman Martin

Approval of Board Minutes
September 10, 2019 Meeting

REPORTS

Norman Mosrie, Partner
Dixon Hughes Goodman LLP

Audited Financial Report
June 30, 2018
Dixon Hughes Goodman LLP

Mary Jane Pickens
Executive Director

Executive Director's Report

Stephen W. Schumacher, CPA
Chief Financial Officer

Financial Report
PCard Report

Robert A. Fisher
Deputy Director/Claim Manager

Loss Control Report

Ashley E. Summitt
Chief Privacy Officer

Privacy Report

UNFINISHED BUSINESS

NEW BUSINESS

ADJOURNMENT

ldm

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



Allan L. McVey
Cabinet Secretary

Mary Jane Pickens
Executive Director
Deputy Cabinet Secretary

**MINUTES OF THE MEETING
OF THE
WEST VIRGINIA BOARD OF RISK AND INSURANCE MANAGEMENT
September 10, 2019**

**BOARD MEMBERS
PRESENT:**

Bruce R. Martin, CIC, CRM, Chairman
Bob Mitts, CPCU, Vice Chairman
James Wilson, Esq., Member
Edward Magee, Ed.D., CPA, Member
James A. Dodrill, Board Secretary, Ex-Officio Member
Commissioner, West Virginia Office of the
Insurance Commissioner

BRIM PERSONNEL:

Mary Jane Pickens, Executive Director
Robert Fisher, Deputy Director/Claims Manager
Stephen W. Schumacher, CPA, CFO
Jeremy Wolfe, Loss Control Manager
Ashley Summitt, Chief Privacy Officer
Chuck Mozingo, Asst. Claims Manager
Melody Duke, Underwriting Manager
Valerie Poindexter, Claim Representative
Stephen W. Panaro, CPA, Controller
Luke Mitchell, Risk & Insurance Analyst I
Lora Myers, Recording Secretary

**BRIM PROGRAM
REPRESENTATIVES:**

Steve Fowler, Esq., BRIM Counsel
Charles Waugh, AIG Claim Services
Brenda Samples, USI Insurance Services, LLC
Bob Ayers, USI Insurance Services, LLC

GUESTS:

Allan L. McVey, Secretary, Department of Administration
Sandy Price, WVU Health Sciences Center
Michael Gansor, WVU Risk Management
Tom Sauvageot, WV Investment Management Board
Nate Pearson, Standish Mellon Asset Management
Scott Mountain, Standish Mellon Asset Management

CALL TO ORDER

Chairman Martin called the meeting of the West Virginia Board of Risk and Insurance Management to order on Tuesday, September 10, 2019 at 1:03PM. Chairman Martin thanked the Board and BRIM staff for the donation made in honor and memory of his father's recent passing. The meeting was held in the Executive Conference Room at 1124 Smith Street, Suite 4600, Charleston, West Virginia.

APPROVAL OF MINUTES

James Wilson moved the approval of the June 18, 2019 Board Meeting minutes. The motion was seconded by Vice Chairman Bob Mitts. Being no discussion, a vote took place and the MOTION ADOPTED.

REPORTS

Standish Mellon Asset Management

Chairman Martin called on Nate Pearson and Scott Mountain to make their presentation for Standish Mellon Asset Management.

Mr. Pearson introduced himself and Mr. Mountain to the group. Mr. Mountain presented highlights of the Mellon Overview. Mr. Pearson reviewed the handout provided and reported a positive economic picture. He commented that he didn't see much in the way of a recession. Trend growth appears moderate and with stable rates we shouldn't experience loss. Chairman Martin thanked the gentlemen for the good news.

The Standish Mellon Asset Management's presentation was received, a copy is attached and made part of the record.

West Virginia Investment Management Board

Chairman Martin introduced Tom Sauvageot from the West Virginia Investment Management Board to present his report.

Mr. Sauvageot referred to the BRIM Investment Review – June 30, 2019 which the Board received as a handout. Market Highlights were discussed, modest but sustained economic growth has been experienced. Asset Allocation was reviewed. The good news is we are not expecting a recession and are celebrating strong returns. The bad news is bond portfolio yield. Trade uncertainty has had an effect on the market. Being no questions from the Board, the West Virginia Investment Management Board presentation concluded. Chairman Martin thanked Mr. Sauvageot for his report.

The West Virginia Investment Management Board's presentation was received, a copy is attached and made part of the record.

Executive Director's Report

Chairman Martin called on Mary Jane Pickens to present the Executive Director's Report.

Ms. Pickens discussed the Medical Malpractice Programs for both Marshall University and West Virginia University. Mrs. Pickens reported on the State Agency/Senate Bill #3 Liability Claim and Litigation Information. To date in 2019, we have tried two cases to a defense verdict. The attached Executive Director's Report includes detailed information regarding paid claims, outstanding claims, claim counts and closed claims.

Mrs. Pickens gave a recap regarding the Patient Injury Compensation Fund (PICF). We are in the process of making a pro rata distribution of funds to claimants from PICF. Payment are pending in the State Auditor's Office. All claims litigation is final, we now have a sum remaining to be paid. The distribution for FY2019 is \$2.1 million. There are 15 claims receiving pro rata distributions. The funding sources for the PICF will terminate on December 31, 2021. The balance remaining after the current distribution is \$4,139,549. If the funding sources continue to perform as they have been, we are hopeful that all claims will be paid in full by June 30, 2022.

An update on the Risk Management Information System was discussed. We continue to work with AssetWorks, which acquired Emerson (original vendor) earlier this year. One of the vendor's leads, Dave Sumner, is retiring. An all-day meeting with the AssetWorks team has been scheduled for October 3rd to plan for the personnel transition. Some data differences between AIG data, the mainframe system data, and the new data system seem to have been concluded. This gets us closer to reliance on the new system as a data source for our actuaries as well as for Loss Control activities. We are beginning the reconciliation of data for property and mine subsidence, and we will be testing the Underwriting module extensively in the next few weeks.

Mrs. Pickens reported on the status of BRIM RFPs. Eight potential bidders attended the pre-bid conference and four submitted bids for the Consultant RFP. On July 1, 2019, we awarded the contract to Willis Towers Watson. On July 17, we met with the Willis team to launch the project. We have responded to questions and supplied information regarding our program, coverages and policies. On August 7 and September 4, we held conference calls with Willis to provide additional information.

Jeff Johnson, Senate counsel, has been designated as BRIM's contact from the Senate to provide updates on the project. We will also respond to Mr. Johnson with answers to any questions Senate leadership may have concerning the project. The House has not designated a staff contact.

Records Management was discussed. In August, we provided an inventory of both paper and electronic records to the DOA Secretary's designee in charge of Records Management Program. We are stepping up our efforts to destroy paper records that have reached their respective retention schedules. The next step is scanning paper records that have not reached their retention schedule destruction dates and destroy the paper versions. We have received one bid for imaging services and the

cost is significant enough for us to reconsider our goal of simply scanning all paper records that are not in excess of the retention schedule. A committee has been formed to initiate a plan that combines scanning, paper storage and destruction depending on the type and age of the record.

BRIM Policy renewals were discussed at the last Board meeting. We are in the process of reviewing the new policies and expect to have the liability and auto policies as well as the boiler and machinery policy on the website next week. The property policy should be available on the website later this month.

At the last meeting BRIM was still awaiting further information from USI on renewal of the BOE Renewal of Boards of Education Excess Policy. We accepted the quote from AIG; however, the terms are not as favorable as in the past. Other options were explored but the AIG proposal presented the best balance of cost and coverage while meeting the statutory requirements.

Mrs. Pickens introduced the new hire for the Loss Control Department. Luke Mitchell is a Risk & Insurance Analyst I. With Luke on staff, we expect to be able to reach out and assist more insured and be more proactive.

BRIM's Annual Report was filed by August 31, as required by statute. A copy was hand delivered to the Governor, Legislative Auditor, and State Budget Director.

Our two summer interns completed their summer positions and returned to school. While at BRIM this summer, Solomon Phillips and Erica Howell assisted in claims and underwriting primarily. They were bright, dependable people and wish them both well in their future endeavors.

Mrs. Pickens announced that STRIMA would be held the week of September 23rd. Attending will be myself, Robert and Melody. John Fernatt and Chuck Mozingo will be attending to present BRIM's Active Shooter Training as one of the conference sessions this year.

In conclusion, Mrs. Pickens announced the next Board meeting will be held Tuesday, December 17, 2019 @ 1PM.

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

BRIM Financial Report

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

Mr. Schumacher discussed PCard activity for May and June. A disk containing PCard activity for the period May – June 2019, was distributed to the Board.

Mr. Schumacher presented an Audit Update. The audit field work has been completed and no audit issues have been brought up. BRIM will submit its draft of the

June 30, 2019 audited financial statements by the deadline of September 15, 2019. The final financial statements will be submitted by the October 15, 2019 deadline. BRIM's audited financial statements will be released and available on the website after the auditor's opinion has been issued.

Mr. Schumacher discussed the Actuarial Results. AON's risk fund study of June 30, 2019 has been completed. Retained reserves and IBNR year were higher by \$13.7 million and \$10.3 million respectively at June 30, 2019, resulting in a year over year increase in total retained incurred of \$24.0 million.

Financial Results were discussed and reviewed by Mr. Schumacher. Premium revenue for FY19 is \$4.2 million higher than the prior year. Total net claims expense increased by \$22.8 million when compared to FY18. Investment income for FY19 was \$14.4 million higher than the prior year's investment income. The overall rate of return on all BRIM funds invested for the current fiscal year was a 5.2%, a significant improvement over FY18 return of 1.8%.

The Fed reduced rates by a quarter-point in late July; the final rate cut since the 2008 financial crisis. Tariff issues and slow global growth continued to weigh on the Fed's outlook for lower rates.

As short-term rates trend lower this year; the lower reinvestment rate for 3 to 5 year treasuries will result in a much lower return for the trust in FY20. BRIM's overall financial results provided for an improvement in net position of \$12.9 million for FY19 versus an increase in the net position of \$17.4 million for FY18. Adverse claims development in FY19 was offset by much better overall investment returns when compared to FY18. BRIM's current net position of \$229.5 million includes the mine subsidence program's restricted net position of \$72.4 million, leaving BRIM's unrestricted net position at \$157.1 at June 30, 2019.

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

Loss Control Report

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

Mr. Fisher introduced Luke Mitchell our new Risk & Insurance Analyst. Mr. Mitchell began working July 8, 2019. He has completed the onboarding training process and is engaged with our insured during visits. We welcome Luke.

State Agency loss control questionnaires were discussed. The questionnaires were due August 1, 2019. We have been evaluating questionnaires. Results will be used to calculate loss control credits and surcharges for the next fiscal year's premium.

Mr. Fisher discussed BRIM and Liberty Mutual Insurance will sponsor two boiler safety and operational seminars this fall. It is our hope that these seminars will continue to attract large crowds and the education received will help keep boiler losses to a minimum as they have been for years.

Mr. Fisher reported on inspections conducted during July, August and September. Aon conducted 203 inspections and 262 were conducted by Liberty Mutual Insurance. The reports are being processed. Since our prior report, our loss control technical staff have completed 9 Loss Control Visits and 10 Standards of Participation Visits.

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

Privacy Report

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

Ms. Summitt reported that the Privacy Management Team met July 16, 2019, for the bi-monthly PMT meeting. Twenty-seven DPOs/APOs from 16 different Executive and Higher Education/Constitutional agencies attended. Speakers from the WV Treasurer's Office and the WV Office of Technology presented on the importance of compliance with the Payment Card Industry Data Security Standards. The next Privacy Management Team meeting is scheduled for September 17, 2019.

Ms. Summitt reported on privacy trainings. During the second quarter of 2019, 864 members of the Executive Branch workforce took the online course *Think WV Privacy*; 737 members took the online course *WV Confidentiality Agreement*; and 422 members took the online course *HIPAA/HITECH*. The State Privacy Office is investigating an update for the privacy training online course, trying to make it more current.

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Ms. Summitt explained a privacy impact assessment (PIA) which is a tool used to assess the privacy impact and risks to the personally identifiable information (PII) stored, used and exchanged by information systems. A PIA evaluates privacy implications when information systems are created, when existing systems are significantly modified, or new technology is purchased. Since June 4 PIAs have been completed and submitted. Staff changes at the Office of Technology have resulted in procedural changes for reporting to our office their recommendations for completing a PIA. We are working on a process by which we are notified of these recommendations. Currently, PIA completion is not mandatory for agencies.

The Vendor Management Team, comprised of staff from the WV Purchasing Division, WV Office of Technology, WV Cybersecurity Office, BRIM, and State Privacy Office, has restarted its bi-monthly meetings to establish procedures, including a

possible agency requirement to complete Privacy Impact Assessments, to ensure vendor compliance.

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

UNFINISHED BUSINESS

There was no unfinished business to be discussed.

NEW BUSINESS

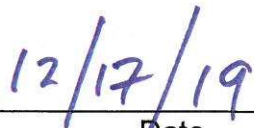
There was no new business to be discussed.

ADJOURNMENT

Chairman Martin thanked everyone for attending. James Wilson moved the adjournment meeting. The motion was seconded by Vice Chairman Bob Mitts. Being no discussion, a vote took place and the MOTION ADOPTED. Meeting adjourned at 2:04PM.



Board Chairman



Date

ldm

**Report to the
Board of Directors**

West Virginia Board of Risk and Insurance Management

June 30, 2019

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Communication with Those Charged with Governance

October 14, 2019

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

We have audited the basic financial statements of the West Virginia Board of Risk and Insurance Management ("BRIM") as of and for the year ended June 30, 2019, and have issued our report thereon dated October 15, 2019. Professional standards require that we provide you with information about our responsibilities in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 7, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the West Virginia Board of Risk and Insurance Management are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2019. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

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

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

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

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

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

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

Management Consultations with Other Accountants

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

Other Significant Matters, Findings, or Issues

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

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

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

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

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

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

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

Sincerely,

Dixon Hughes Goodman LLP

Charleston, West Virginia