State of West Virginia

Board of Risk and Insurance Management

(An enterprise fund of the primary government of West Virginia)

Comprehensive Annual Financial Report

For the Fiscal Years Ended June 30, 2015 and 2014

West Virginia Birds

The pictures shown throughout our report are of birds found in West Virginia. These birds are enjoyed by many people and add to the beauty of West Virginia.

On the Cover – Great Horned Owl – A Great Horned Owl at roost is an uncommon sight during daylight hours. They are nocturnal residents of forests where they can hunt open fields for small mammals and reptiles. A distinctive hooting call is heard in backyards and deep woods at night

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Earl Ray Tomblin
Governor

Jason Pizatella
Secretary Department of Administration

Mary Jane Pickens, Executive Director
West Virginia Board of Risk and Insurance Management

Prepared by
Stephen W. Schumacher, CPA, Chief Financial Officer
West Virginia Board of Risk and Insurance Management

State of West Virginia
Board of Risk and Insurance Management
(An enterprise fund of the primary government of West Virginia)

Comprehensive Annual Financial Report
For the Fiscal Years Ended June 30, 2015 and 2014

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STATISTICAL SECTION

Introductory Section

The Pileated Woodpecker – One of West Virginia's largest forest birds makes his presence known through rapid tapping as he searches for insects. The distinct rectangular shaped holes he leaves behind create shelter for many other species.

State of West Virginia
Board of Risk and Insurance Management

PRINCIPAL OFFICIALS

Earl Ray Tomblin, Governor

Secretary of Department of Administration
Jason Pizatella

Board of Directors
Bruce Martin, Chairperson
Bob Mitts, Vice Chairperson
James Wilson, Member
Dr. Ed McGee, Member

Executive Staff
Mary Jane Pickens, Executive Director
Stephen W. Schumacher, CPA, Chief Financial Officer

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

90 MACCORKLE AVENUE SW, Suite 203
SOUTH CHARLESTON, WV 25303

(304) 766-2646 ADMINISTRATION
(304) 744-7120 FAX
(800) 345-4669 TOLL FREE WV
www.state.wv.us/brim

Earl Ray Tomblin
Governor

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

Jason Pizatella
Cabinet Secretary

Formal Transmittal of Comprehensive Annual Financial Report (CAFR)

December 29, 2015

Honorable Earl Ray Tomblin, Governor
State of West Virginia

Board of Directors
West Virginia Board of Risk and Insurance Management

Mary Jane Pickens, Executive Director
West Virginia Board of Risk and Insurance Management

Ladies and Gentlemen:

The Comprehensive Annual Financial Report (CAFR) of the West Virginia Board of Risk and Insurance Management (BRIM) for the year ended June 30, 2015, is hereby respectfully submitted. This report was prepared by the Finance Department of BRIM. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with management of BRIM. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations and cash flows of BRIM. All disclosures necessary to enable the reader to gain an understanding of BRIM's financial activities have been included. The financial statements of BRIM have been prepared on an accrual basis in conformity with Generally Accepted Accounting Principles (GAAP) for governmental entities as prescribed or permitted by the Governmental Accounting Standards Board (GASB).

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. BRIM's MD&A can be found immediately following the report of the independent auditors.

Management is responsible for establishing and maintaining internal control designed to ensure that the assets of BRIM are protected from loss, theft or misuse and that the preparation of the financial statements is in conformity with GAAP. Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived from it, and (2) the valuation of costs and benefits requires estimates and judgments by management. Management of BRIM has established a comprehensive internal control framework that is designed to provide a reasonable basis for making representations concerning the finances of BRIM. Because the cost of internal control should not outweigh its benefits, BRIM's comprehensive framework of internal control has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

PROFILE OF BRIM

BRIM is reported as an enterprise fund operating as a single business segment, included in the primary government in the State of West Virginia's CAFR.

BRIM is governed by a board of up to five members appointed by the governor. 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 of Directors.

BRIM is charged with providing insurance coverage to all state agencies, which number 167. Additionally, BRIM provides these services to cities, counties, and non-profit organizations throughout the State under the provisions of Senate Bill 3 (SB 3). Currently, BRIM insures approximately 940 of these organizations. BRIM also provides a coal mine subsidence reinsurance program that allows homeowners and businesses to obtain insurance coverage up to $75,000 for collapses and damage caused by underground coal mines. Currently, BRIM underwrites over 15,000 commercial and personal mine subsidence policies annually.

In December 2001, the West Virginia Legislature passed House Bill 601 which authorized BRIM to provide medical malpractice and general liability coverage to private health care providers. This bill was created as a result of the medical malpractice insurance crisis created by private sector insurance companies non-renewing policies for health care providers on a national level, and in the State. The private physician part of this program was novated to the West Virginia Physician's Mutual Insurance Company on July 1, 2004.

All HB601 policies were non-renewed as of June 30, 2004. BRIM maintained the run-off of claims until 2015 when BRIM novated these potential claims to a third party. See further discussion of House Bill 601 program in the MD&A section.

Effective July 1, 2005, BRIM established an annual pre-funding trust program with a financial institution that covers all liability claims with loss dates occurring after June 30, 2005. With this program, a separate sub-account that coincides with the current claim and fiscal year is created within the trust account. The sub-account for the current claim/fiscal year is then fully funded by BRIM during the current fiscal year. This advance deposit funding ensures that each year's sub-account covers the total actuarially determined estimated liability claims costs for those liability claims with loss dates whose occurrence corresponds with that specific claim/fiscal year. The financial institution, acting as trustee, holds these funds within the sub-accounts in the trust to cover BRIM's estimated liability claims costs for all liability claims.

In fiscal year 2010, BRIM transferred the remaining advance deposits being held in accounts maintained by the insurance company, or carrier, into the existing BNY trust vehicle to fund all outstanding liability claims with loss dates before July 1, 2005. A sub-account was established with sufficient funding to cover the total actuarially determined estimated liability claims costs for all of those claims with loss dates whose occurrence are dated June 30, 2005 and earlier.

The funds, together with their earnings, are used to pay claims and claims adjustment expenses related to these liability claims. As escrow agent, the financial institution periodically transfers monies from the trust 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. BRIM is not indemnified by the carrier, and the carrier is compensated for claims handling by a negotiated fixed fee that is paid directly to the carrier.

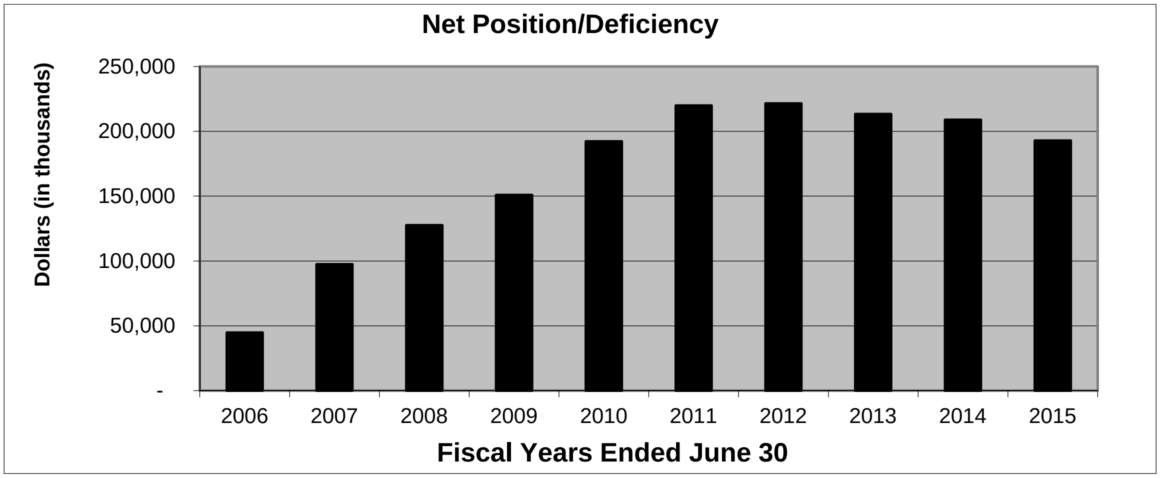
Property losses are retained by BRIM up to $1 million. Additional coverage is provided up to a limit of $400 million through various excess policies. This coverage provides reimbursement of loss at the stated or reported value less a $1,000 deductible. Under the mine subsidence program, ceding insurers pay BRIM a reinsurance premium. In exchange the ceding insurers are paid a commission for the business they placed with BRIM.

ASSESSING BRIM'S FINANCIAL CONDITION

Net Position

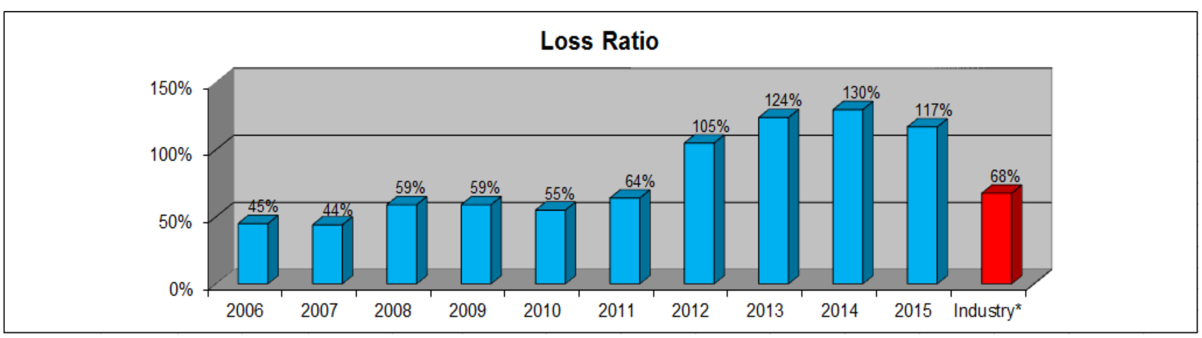
One of management's major goals was to eliminate the net position deficiency that existed in prior years. The deficiency in net position developed in the past due to several factors, including unanticipated losses and adverse loss development in state agency and Senate Bill 3 entity coverages for general liability and medical malpractice lines of business. Declining investment returns also were a contributing factor. In fiscal year 2004, management adopted a financial stability plan to address the deficiency in net position. In 2014 BRIM adopted a net position reserve policy. As of June 30, 2015, BRIM has a total of $192,820 reflected on the Statements of Net Position. Management anticipates that net position will continue to remain positive. For more detailed information see the MD&A included in the financial section of this report.

The chart below shows the net position/deficiency for the past ten years.



Combined Financial Ratio

The combined ratio is one of the key ratios used to measure underwriting performance. It is derived by adding the loss and expense ratio. A combined ratio below 100% indicates an underwriting profit and one above 100% indicates an underwriting loss. BRIM's combined ratio for 2015 reflects an underwriting loss and is higher than the industry average. Historically, BRIM's primary advantage over the commercial insurance market has been low administrative costs, which are kept at a relatively stable 5 to 10%, as compared to the insurance industry market rate of 28%. The lower administrative costs have enabled BRIM to keep this key financial ratio well below the industry average. Decreases in BRIM's claims reserves also have contributed to the lower combined ratios experienced by BRIM prior to 2012. But, based on the recent risk funding studies completed, BRIM saw an increase in claims reserves in both 2014 and 2015 when compared to overall reserve decreases seen from 2004 thru 2011. The increase in claims reserves since 2011, coupled with the reduced premiums billed for 2012, 2013, 2014 and 2015 had an unfavorable impact on BRIM's combined ratio for these fiscal years, in particular when compared to earlier years and the industry average. The BRIM combined ratios are shown in the chart below in blue and the industry is in red.



*The industry data shown above was obtained from Insurance Services Office

Investment Strategy

For several years prior to 2005, BRIM's investment returns had been declining. During this time BRIM was limited, by code, to certain low risk, short-term investments. In anticipation of revisions to be made to the state code that would become effective beginning in fiscal year 2005, BRIM and the West Virginia Investment Management Board (WVIMB) began working, in fiscal year 2004, on a solution to maximize returns. The WVIMB developed a suggested investment strategy with 20% in equities, 65% in fixed income securities and 15% in cash. This arrangement was finalized and approved by BRIM's Board with the actual investment transition not occurring until fiscal year 2005. As a result of these changes, BRIM's long-term investments are now managed by the WVIMB based on their recommendations. Also, beginning in 2006, BRIM's excess short-term cash funds have been managed by the West Virginia Board of Treasury Investments (BTI). Therefore, the cash portion of BRIM's investments is maintained in accounts with the BTI that are similar to the low-risk money market funds that were previously maintained by the State Treasurer's Office. The combined investment strategy is similar to those used by commercial insurers. Consequently, beginning in 2005, investment earnings have improved over those of the years prior to 2005.

The WVIMB also recommended that BRIM reallocate its funds managed by the WVIMB and BRIM's board approved the WVIMB's recommendation. Beginning in early 2009, the WVIMB repositioned one third of the funds previously held in fixed income securities into an approved group of well-established, fixed-income based hedge funds. In fiscal year 2011, BRIM accepted the WVIMB's additional recommendation to further diversify BRIM's holdings with the WVIMB by investing a small percentage in a Treasury Inflation Protection Securities (TIPS) pool as a hedge against inflation.

In the last quarter of 2014 the BRIM's board approved a recommendation by the WVIMB to reallocate BRIM's WVIMB investments. The new allocation for BRIM's funds is 65% fixed income, 30% equities and 5% in cash. In fiscal year 2015 investment returns were significantly lower due to market conditions.

BRIM On-Line

We invite you to visit BRIM's website at http://www.brim.wv.gov. The website is designed to inform the public about BRIM and to provide assistance to our insureds. Through the claim department section, insureds can find a claim submission form, instructions for submitting a claim and information on claim status. Our underwriting section contains information on adding exposures to the policy (such as autos or property) and contains annual renewal forms. The loss control division of BRIM maintains a wealth of risk management knowledge where you can view information on safety topics and check out the latest dates for loss control seminars. A variety of frequently asked questions on topics ranging from billing to underwriting can also be found on this site.

Audit

The financial statements of BRIM are prepared on the accrual basis of accounting in conformity with GAAP. BRIM is required by the Financial Accounting and Reporting Section (FARS) of the Department of Administration and by State Code to have an annual independent audit. The firm of Ernst & Young, LLP was selected to perform the financial statement audit for the fiscal year ended June 30, 2015. The report of independent auditors on the basic financial statements is included in the financial section of this report.

AWARDS AND ACKNOWLEDGEMENTS

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to BRIM for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2014. This was the twentieth consecutive year that BRIM has achieved this prestigious award. 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 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.

Acknowledgements

BRIM would like to thank the Governor, the Legislature, the Cabinet Secretary of Administration, and the Board of Directors of BRIM for their support and leadership.

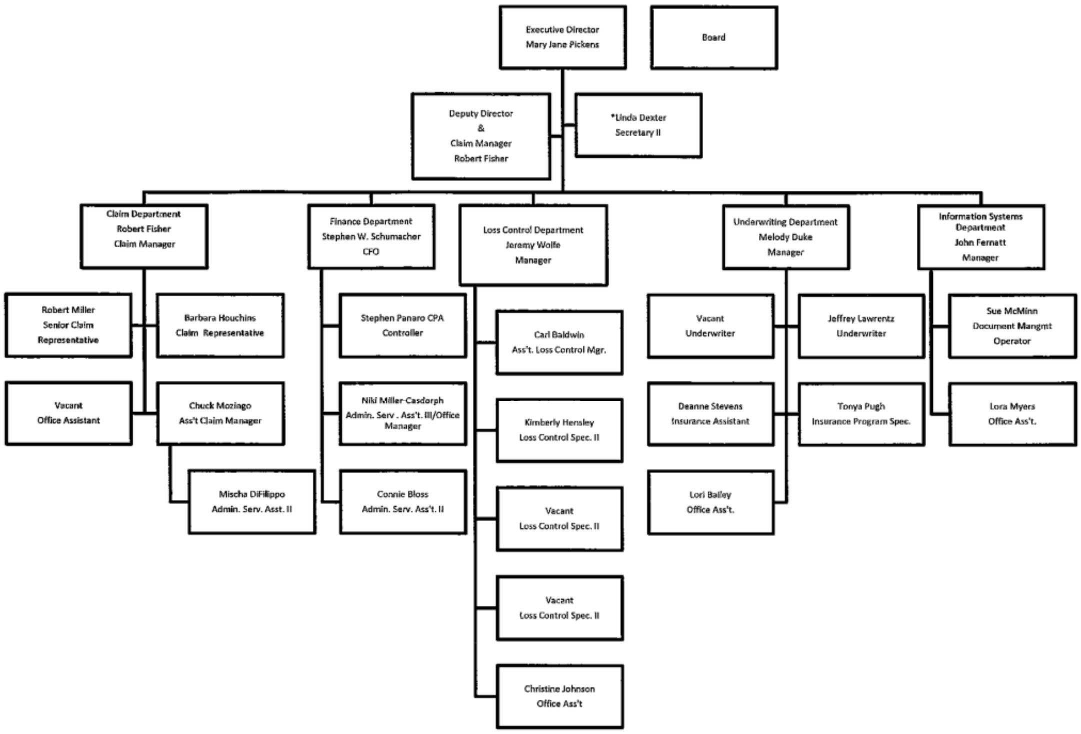
A special thank you is extended to the Executive Director, the Board of Directors' finance committee and the finance staff of BRIM. Their hard work and dedication made this report possible.

Respectfully, we hereby submit the West Virginia Board of Risk and Insurance Management Comprehensive Annual Financial Report for the year ended June 30, 2015.

Sincerely,

Stephen. W. Schumacher, CPA
Chief Financial Officer

Board of Risk and Insurance Management Organizational Chart



- Denotes Temporary Employment

June 30, 2015

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of West Virginia

Board of Risk & Insurance Management

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2014

Jeffrey R. Emer

Executive Director/CEO


STATE OF WEST VIRGINIA
JUNE 20 1863
MONTANI SEMPER LIBERI

Financial Section

The American Goldfinch – The American Goldfinch makes its home in West Virginia's fields and along roads where thistles and asters are plentiful. The vibrant color and distinctive song of the male makes him easy to spot at feeders and in flight.

Ernst & Young LLP
900 United Center
500 Virginia Street East
Charleston, WV 25301

Tel: +1 304 343 8971
Fax: +1 304 357 5994
ey.com

Report of Independent Auditors

The Board of Directors and Management
West Virginia Board of Risk and Insurance Management

Report on the Financial Statements

We have audited the accompanying financial statements of the West Virginia Board of Risk and Insurance Management (BRIM), an enterprise fund of the State of West Virginia, as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the BRIM's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BRIM as of June 30, 2015 and 2014, and the changes in the financial position and cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Basis of Presentation

As discussed in Note 2, the financial statements of BRIM are intended to present the financial position, and the changes in financial position and cash flows of only that portion of the business type activities of the State of West Virginia that is attributable to the transactions of BRIM. They do not purport to, and do not, present fairly the financial position of the State of West Virginia as of June 30, 2015 and 2014, and the changes in its financial position and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that Management's Discussion and Analysis on pages 16 to 23 and the supplemental schedule of Ten-Year Claims Development Information on page 62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on BRIM's basic financial statements. The introductory and statistical sections of this report are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated December 7, 2015, on our consideration of BRIM's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering BRIM's internal control over financial reporting and compliance.

Ernst & Young LLP

December 7, 2015

West Virginia Board of Risk and Insurance Management

Management's Discussion and Analysis

Year Ended June 30, 2015
(Dollars in Thousands)

OVERVIEW OF THE FINANCIAL STATEMENTS

Management of the West Virginia Board of Risk and Insurance Management (BRIM) provides this Management's Discussion and Analysis for readers of BRIM's financial statements. This narrative overview of the financial activities of BRIM is for the years ended June 30, 2015, 2014, and 2013. BRIM provides property and casualty insurance to the State of West Virginia (the State) agencies and Senate Bill 3 (SB3) entities, which include boards of education, and governmental and nonprofit organizations. BRIM also administers a coal mine subsidence reinsurance program that makes available to the general public dwelling insurance covering damage caused by the collapse of underground coal mines. From December 2001 until novation to a physician's mutual on July 1, 2004, BRIM's program was expanded to include providing medical malpractice insurance to private sector health care providers (referred to hereafter as the House Bill 601 Program). The hospitals that were non-renewed in 2003 are still being managed by BRIM for claims that were made during the period they were insured.

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

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

  The statement of net position reports a separate financial statement element called *deferred outflows of resources*. This financial statement element represents a consumption of net position that applies to a future period and so will *not* be recognized as an outflow of resources (expense) until that time. BRIM reports $127 as deferred outflow of resources on the statement of net position. The statement of net position reports a separate financial statement element called *deferred inflows of resources.* This financial statement element represents an acquisition of net position that applies to a future period and so will *not* be recognized as an inflow of resources (revenue) until that time. BRIM reports $270 as deferred inflows of resources on the statement of net position.

- *Statement of Revenues, Expenses, and Changes in Net Position* – This statement reflects the operating and nonoperating revenues and expenses for the operating year. Operating revenues primarily consist of premium income with major sources of operating expenses being claims loss and loss adjustment expense and general and administrative expenses. Nonoperating revenues primarily consist of investment income and appropriations from the State.

- *Statement of Cash Flows* – The statement of cash flows is presented on the direct method of reporting, which reflects cash flows from operating, noncapital financing, and investing activities. Cash collections and payments are reflected on this statement to arrive at the net increase or decrease in cash and cash equivalents for the year.

FINANCIAL HIGHLIGHTS

(Dollars in Thousands)

The following tables summarize the statements of net position and changes in net position as of and for the years ended June 30, 2015, 2014, and 2013:

				Change 2015–2014		Change 2014–2013	
	2015	**2014**	**2013**	**Amount**	**Percent**	**Amount**	**Percent**
Cash and cash equivalents	**$ 19,505**	$ 13,354	$ 19,723	$ 6,151	46.1 %	$ (6,369)	(32.3)%
Advance deposits with carrier/trustee	**204,219**	206,774	201,613	(2,555)	(1.2)	5,161	2.6
Receivables	**2,531**	3,611	4,001	(1,080)	(29.9)	(390)	(9.7)
Prepaid insurance	**–**	–	7	–	–	(7)	100.0
Total current assets	**226,255**	223,739	225,344	2,516	1.1	(1,605)	(0.7)
Noncurrent investments	**137,824**	147,378	139,875	(9,554)	(6.5)	7,503	5.4
Total assets	**364,079**	371,117	365,219	(7,038)	(1.9)	5,898	1.6
Deferred outflows of resources (pension expense)	**127**	–	–	127	100.0	–	–
Estimated claim expense	**47,890**	53,448	49,793	(5,558)	(10.4)	3,655	7.3
Unearned premiums	**7,659**	7,518	6,757	141	1.9	761	11.3
Agent commissions payable	**1,032**	939	861	93	9.9	78	9.1
Accrued expenses	**1,389**	469	603	920	196.2	(134)	(22.2)
Total current liabilities	**57,970**	62,374	58,014	(4,404)	(7.1)	4,360	7.5
Estimated claim expense	**113,070**	99,756	93,775	13,314	13.3	5,981	6.4
Compensated absences	**76**	76	64	–	–	12	18.7
Total noncurrent liabilities	**113,146**	99,832	93,839	13,314	13.3	5,993	6.4
Total liabilities	**171,116**	162,206	151,853	8,910	5.5	10,353	6.8
Deferred inflows of resources (pension expense)	**270**	–	–	270	100.0	–	–
Net position:							
Restricted	**55,428**	53,595	49,372	1,833	3.4	4,223	8.5
Unrestricted	**137,392**	155,316	163,994	(17,924)	(11.5)	(8,678)	(5.6)
Net position	**$ 192,820**	$ 208,911	$ 213,366	$ (16,091)	(7.7)	$ (4,455)	(2.1)

(Dollars in Thousands)

	2015	2014	2013	Change 2015–2014 Amount	Change 2015–2014 Percent	Change 2014–2013 Amount	Change 2014–2013 Percent
Premiums	**$ 58,204**	$ 52,128	$ 47,134	$ 6,076	11.7 %	$ 4,994	10.6 %
Less excess coverage	**(6,197)**	(6,102)	(5,825)	(95)	1.6	(277)	4.8
Net operating revenues	**52,007**	46,026	41,309	5,981	13.0	4,717	11.4
Claims and claims adjustment expense	**68,145**	61,626	54,018	6,519	10.6	7,608	14.1
General and administrative	**3,541**	3,898	3,275	(357)	(9.2)	623	19.0
Total operating expenses	**71,686**	65,524	57,293	6,162	9.4	8,231	14.4
Operating loss	**(19,679)**	(19,498)	(15,984)	181	0.9	(3,514)	22.0
Nonoperating revenues:							
Investment income	**4,833**	17,043	7,835	(12,210)	(71.6)	9,208	117.5
Appropriation transfer HB4261	**–**	(2,000)	–	2,000	(100.0)	(2,000)	(100.0)
Payment to transfer HB601 estimated future IBNR	**(750)**	–	–	(750)	100.0	–	–
Total nonoperating revenues, net	**4,083**	15,043	7,835	(10,960)	(72.9)	7,208	92.0
Changes in net position	**(15,596)**	(4,455)	(8,149)	(11,141)	250.1	3,694	(45.3)
Total net position – beginning	**208,911**	213,366	221,515	(4,455)	(2.1)	(8,149)	(3.7)
Cumulative effect of adoption of GASB 68	**(495)**	–	–	(495)	100.0	–	–
Total net position – beginning of year restated	**208,416**	213,366	221,515	(4,950)	(2.3)	(8,149)	(4.0)
Total net position – end	**$ 192,820**	$ 208,911	$ 213,366	$ (16,091)	(7.7)	$ (4,455)	(2.1)
Total revenues	**$ 56,090**	$ 61,069	$ 49,144	$ (4,979)	(8.2)	$ 11,925	24.3
Total expenses	**$ 71,686**	$ 65,524	$ 57,293	$ 6,162	9.4	$ 8,231	14.4

- Total assets decreased by $7,038 in 2015 and increased by $5,898 in 2014. The decrease in 2015 is due to a decrease in investment earnings offset partially by an increase in premium revenue. The increase in 2014 is due to increased premiums and higher investment earnings. This was offset by an increase in claims paid to claimants in 2014.

- Total liabilities increased $8,910 in 2015 and $10,353 in 2014. Estimated claims expense increased in 2015 and 2014, mostly from adverse development of both current and prior year reserve estimates, including an unanticipated increase in State general liability claims (primarily in 2010 and 2011 reserves) and a couple of large property loss occurrences that adversely impacted both the State and SB3 programs (2012 reserves).

(Dollars in Thousands)

- Several factors contributed to the $16,091 decrease in total net position for 2015 and the $4,455 decrease for 2014. In 2015, while revenue increased, investment earnings decreased significantly, $12,210, due to market conditions. BRIM also implemented GASB 68 in 2015, which resulted in an adjustment that reduced beginning retained earnings by $495. Total operating expenses for the year increased $6,162, which was caused wholly by the increase in claims expense. In 2014, the increase in estimated claims expense liability grew by a combined $9,636, based on the actuarial study. The investment returns of 2014 did not offset the increase in claims liability, which led to the decrease in net position. Also included within the net position category are restricted positions totaling $55,428 in 2015, $53,595 in 2014, and $49,372 in 2013 for programs that provide mine subsidence coverage to the general public per the West Virginia State Code and that provide medical malpractice tail coverage for the House Bill 601 Program.

- Total net operating revenues increased by $5,981 in 2015 and increased by $4,717 in 2014. The unfavorable claims trend developments in prior years' outstanding claims reserve has led BRIM to increase premium rates to policyholders for 2015 and 2014.

- Total operating expenses increased to $71,686 in 2015 from $65,524 in 2014. Claims and claims adjustment expense increased year over year by $6,519 while G&A expenses decreased by $357.

- Nonoperating revenues, net decreased by $10,960 in 2015 and increased $7,208 in 2014. The decreased investment returns reflect the lower interest rate environment decreasing overall yields on fixed-income securities that make up most of the investments being held, as well as a weaker stock market, which impacted the other investment holdings. Another component of the 2015 nonoperating revenues was the disposition of potential House Bill 601 Program claims to a third party. BRIM paid $750, based on the future estimated IBNR of these claims, to dispose of these liabilities.

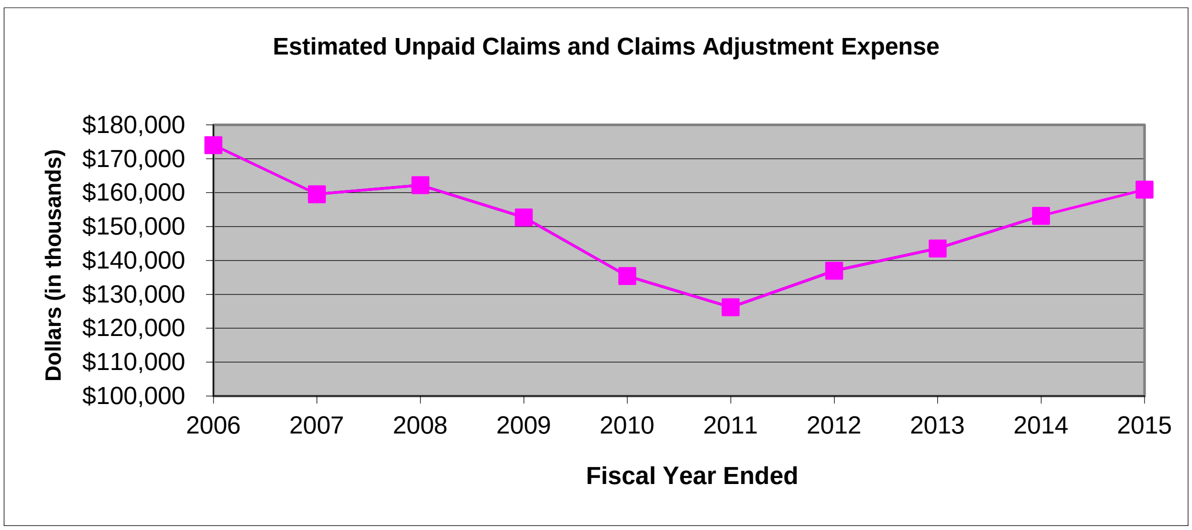
- Total revenues and total expenses from 2015 to 2014 and from 2014 to 2013 have fluctuated due to the year-over-year increases and reductions in premium rates, the changes in the retained loss estimates, and the variations in annual investment market returns. See the analysis of these individual components, as previously discussed, for additional information.

OVERALL ANALYSIS

The overall condition of BRIM deteriorated 7.7% from the prior year compared with a decrease of 2.1% from 2013 to 2014. Reserves increased, and there was also a decrease in investment earnings. The overall increase in claims and claims adjustment expense as well as the significant decrease in investment earnings caused the decrease of net position for the current year, reflecting a net position total of $192,820 at June 30, 2015. BRIM continues to adhere to a comprehensive financial stability and rating plan.

Unpaid Claims Liability

BRIM's most significant number on its statements of net position is the liability for estimated unpaid claims and claims adjustment expense. This liability consists of two parts: claims of which BRIM is aware that have been reserved and incurred but not reported (IBNR) claims, which are projected by an independent actuary. From fiscal year 2014 to 2015, the liability for unpaid claims increased from $153,204 to $160,960. The chart below shows the estimated unpaid claims and claims adjustment expense liability for fiscal years 2006 through 2015.



House Bills 601 and 2122

In December 2001, the West Virginia Legislature passed House Bill 601, which authorized BRIM to provide medical malpractice and general liability coverage to health care providers. This bill was created as a result of the medical malpractice insurance crisis created by private sector insurance companies' nonrenewing insurance policies for health care providers on a national level and in the State.

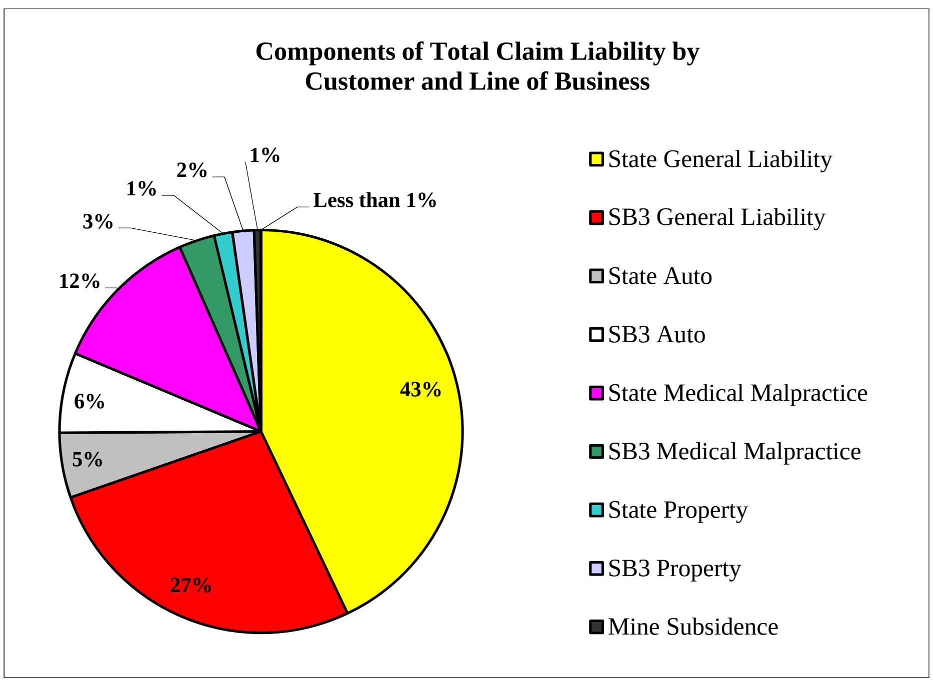
During the legislative session in early 2003, House Bill 2122 was enacted. This bill allowed for the physicians insured under House Bill 601 to novate into a physicians' mutual. On July 1, 2004, these physicians were novated to the West Virginia Physicians' Mutual Insurance

Company (WVPMIC). The hospitals and clinics that did not novate were not renewed by BRIM prior to June 30, 2004. Tail coverage was offered to all terminated insurers in House Bill 601. In March 2015, BRIM novated any potential future claims on the tail policies to a commercial carrier. BRIM paid the carrier $750 to assume the liability of these claims.

Results by Line of Business for BRIM

BRIM's lines of business are comprised of the State (state agencies), SB3 (for nonprofits, boards of education, and other governmental units), mine subsidence (for home and business owners), and House Bill 601 (medical malpractice for private physicians).

The following chart shows the breakdown by customer and line of business of the total estimated claim liability number, which is $160,960. As demonstrated in the chart, the largest claim volume for BRIM relates to general liability for the State agencies and SB3 programs and the State agencies' medical malpractice coverage.



There is no long-term debt activity.

ECONOMIC FACTORS AND NEXT YEAR'S RATES

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

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

Risk Management

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

Investment Returns

Investment income decreased for fiscal year 2015 and increased for 2014. The market conditions in 2015 were not as favorable as 2014, and investment income was significantly lower. The increase in 2014 was due to a slightly more favorable interest rate environment and a stronger stock market. All BRIM funds held by the West Virginia Investment Management Board (WVIMB) inure to the benefit of program participants. BRIM reinvests the investment earnings on funds held by the WVIMB and occasionally withdraws monies from these funds, as needed, for operating and short-term cash requirements. In 2015 and 2014, BRIM withdrew $12 million and $6 million, respectively, of its funds from the WVIMB for operational purposes.

Premium Determination Process

BRIM has properly maintained premiums across all lines of business for the past several years based on relevant exposure data, claims loss history, and investment returns. Charging proper premiums, consistent with the commercial industry, has enabled BRIM to adequately cover losses. Although fiscal year 2013 benefited from prior years' reserve releases, both 2015 and 2014 saw overall net increases in retained claims reserves. If this recent claim trend persists over the next several fiscal years and future investment returns continue to decline, it may require that premiums increase to allow for a sufficient level of funding to adequately sustain the operation of all programs and to help ensure that no premium deficiency develops.

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

Effective July 1, 2014, BRIM adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* – an amendment of GASB Statement No. 27, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* – an amendment of GASB Statement No. 68. BRIM determined that it was not practical to restate all periods presented and has recorded the cumulative effect of the decrease to beginning net position of implementing this change of $495 as of July 1, 2014, which is the net pension liability of $628 less deferred outflows of resources related to pension plan contributions of $133 as of that date. BRIM further determined that it was not practical to determine the amounts of all deferred inflows of resources and deferred outflows of resources related to pensions as of July 1, 2014, and these amounts are not reported.

REQUESTS FOR INFORMATION

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

West Virginia Board of Risk and Insurance Management

Statements of Net Position

	June 30	
	2015	**2014**
	(In Thousands)	
Assets		
Current assets:		
Cash and cash equivalents	**$ 11,286**	$ 6,132
Advance deposits with insurance company and trustee	**204,219**	206,774
Receivables	**1,934**	2,901
Restricted cash and cash equivalents	**8,219**	7,222
Restricted receivables:		
Premiums due from other entities	**597**	710
Total current assets	**226,255**	223,739
Noncurrent assets:		
Equity position in internal investment pools	**89,199**	99,641
Restricted investments	**48,625**	47,737
Total noncurrent assets	**137,824**	147,378
Total assets	**364,079**	371,117
Deferred outflows of resources	**127**	–
Liabilities		
Current liabilities:		
Estimated unpaid claims and claims adjustment expense	**47,890**	53,448
Unearned premiums	**7,659**	7,518
Agent commissions payable	**1,032**	939
Accrued expenses and other liabilities	**1,389**	469
Total current liabilities	**57,970**	62,374
Estimated unpaid claims and claims adjustment expense, net of current portion	**113,070**	99,756
Compensated absences	**76**	76
Total noncurrent liabilities	**113,146**	99,832
Total liabilities	**171,116**	162,206
Deferred inflows of resources	**270**	–
Net position:		
Restricted by State code for House Bill 601 Program and mine subsidence coverage	**55,428**	53,595
Unrestricted	**137,392**	155,316
Net position	**$ 192,820**	$ 208,911

See accompanying notes.

West Virginia Board of Risk and Insurance Management

Statements of Revenues, Expenses, and Changes in Net Position

	Year Ended June 30	
	2015	**2014**
	(In Thousands)	
Operating revenues		
Premiums	**$ 58,204**	$ 52,128
Less excess coverage/reinsurance premiums	**(6,197)**	(6,102)
Net operating revenues	**52,007**	46,026
Operating expenses		
Claims and claims adjustment expense	**68,145**	61,626
General and administrative	**3,541**	3,898
Total operating expenses	**71,686**	65,524
Operating loss	**(19,679)**	(19,498)
Nonoperating revenues		
Investment income	**4,833**	17,043
Appropriation transfer HB4261	**–**	(2,000)
Payment to transfer HB601 estimated future IBNR	**(750)**	–
Net nonoperating revenues	**4,083**	15,043
Changes in net position	**(15,596)**	(4,455)
Total net position, beginning of year	**208,911**	213,366
Cumulative effect of adoption of GASB 68	**(495)**	–
Net position at beginning of year as restated	**208,416**	213,366
Total net position, end of year	**$ 192,820**	$ 208,911

See accompanying notes.

West Virginia Board of Risk and Insurance Management

Statements of Cash Flows

	Year Ended June 30	
	2015	**2014**
	(In Thousands)	
Operating activities		
Receipts from customers	**$ 53,376**	$ 47,200
Payments to employees	**(1,014)**	(1,391)
Payments to suppliers	**(1,662)**	(2,567)
Payments to claimants	**(60,389)**	(51,990)
Deposits to advance deposit with insurance company and trustee	**(60,857)**	(59,407)
Withdrawals from advance deposit with insurance company and trustee	**63,411**	54,245
Net cash used in operating activities	**(7,135)**	(13,910)
Noncapital financing activities		
Appropriation transfer HB4261	**–**	(2,000)
Cumulative effective of GASB 68 adoption	**(350)**	–
Payment to transfer HB601 estimated future IBNR	**(750)**	–
Net cash used in noncapital financing activities	**(1,100)**	(2,000)
Investing activities		
Purchase of investments	**(22,064)**	(30,636)
Sale of investments	**32,417**	34,926
Net investment earnings	**4,033**	5,251
Net cash provided by investing activities	**14,386**	9,541
Net increase (decrease) increase in cash and cash equivalents	**6,151**	(6,369)
Cash and cash equivalents, beginning of year	**13,354**	19,723
Cash and cash equivalents, end of year	**$ 19,505**	$ 13,354
Cash and cash equivalents consist of:		
Cash and cash equivalents	**$ 11,286**	$ 6,132
Restricted cash and cash equivalents	**8,219**	7,222
	$ 19,505	$ 13,354

West Virginia Board of Risk and Insurance Management

Statements of Cash Flows (continued)

	Year Ended June 30	
	2015	**2014**
	(In Thousands)	
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	**$ (19,679)**	$ (19,498)
Adjustments to reconcile operating loss to net cash used in operating activities		
Decrease (increase) in advanced deposits	**2,555**	(5,161)
Decrease in premiums receivable, net	**1,080**	406
Decrease in prepaid insurance	**–**	7
Increase in estimated liability for unpaid claims and claims adjustment expense	**7,756**	9,637
Increase (decrease) in other liabilities	**1,012**	(63)
Increase in unearned premiums	**141**	762
Total adjustments	**12,544**	5,588
Net cash used in operating activities	**$ (7,135)**	$ (13,910)
Noncash activities		
Increase in fair value of investments	**$ 9,554**	$ 11,792

See accompanying notes.

1. General ***(Amounts referenced in this note related to insurance coverages are actual dollars)***

The West Virginia Board of Risk and Insurance Management (BRIM) was established in 1957 to provide for the development of the State of West Virginia's (the State and primary government) property and liability self-insurance program. Approximately 161 State agencies participate in the program. Beginning in 1980, county boards of education were authorized to participate in the liability portion of this program, with 55 county boards currently participating in the program. In fiscal year 1987, Senate Bill 3 (SB3) was enacted, allowing local governmental entities and nonprofit organizations to participate in the entire program. There are approximately 900 such entities participating in the program. In 1982, legislation was also enacted requiring BRIM to establish and administer a coal mine subsidence reinsurance program that makes available to the general public dwelling insurance covering damage up to a specific maximum caused by the collapse of underground coal mines.

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

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

From January 1, 1971 through June 30, 1976, the liability coverage provided by BRIM was limited to $25 thousand per occurrence on general liability, automobile liability, and medical malpractice claims. From July 1, 1976 through June 30, 1980, the liability coverage provided by BRIM was limited to $100 thousand per occurrence. From July 1, 1982 through June 30, 1985,

1. General ***(Amounts referenced in this note related to insurance coverages are actual dollars)*** **(continued)**

the liability coverage provided by BRIM was limited to $6 million per occurrence. Since July 1, 1985, the liability coverage provided by BRIM is limited to a $1 million indemnity per occurrence. In addition, the county boards of education are covered by an excess insurance policy providing up to $5 million of coverage in excess of the underlying $1 million limit. These limits only apply to incur indemnity claim losses. BRIM pays all allocated loss adjustment expenses, which are the costs incurred in the reporting, investigation, adjustment, defense, and settlement of claims that are attributable to a specific, individual claim.

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

In 1985, the coal mine subsidence program was legislatively expanded to include all types of building structures, and the maximum amount of insurance available was increased from $50 thousand to $75 thousand per structure.

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

1. General *(Amounts referenced in this note related to insurance coverages are actual dollars)* (continued)

In March 2004, the West Virginia Legislature passed House Bill 4740, creating a Patient Injury Compensation Fund. The purpose of this fund is to provide fair and reasonable compensation to claimants in medical malpractice actions for any portion of economic damages awarded that is uncollectible as a result of previously enacted tort reforms. This fund provides relief to claimants whose damages were limited because of caps for trauma care or as a result of joint and several liabilities. The capitalization of the fund comes from the State's tobacco settlement fund. The activity for this fund is not reflected in BRIM's financial statements. BRIM serves as third-party administrator for this fund and, accordingly, the activity for this fund is reflected in the State's financial statements.

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

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

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

1. General *(Amounts referenced in this note related to insurance coverages are actual dollars)* (continued)

GAAP defines component units as legally separate organizations for which the elected officials of the primary government are financially accountable or other organizations for which the nature and significance of their relationship with the State's financial statements would cause them to be misleading. BRIM has considered whether it has any component units as defined by GAAP and has determined that no such organizations meet the criteria set forth above.

2. Summary of Significant Accounting Policies

Basis of Accounting

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

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

The financial statements of BRIM are intended to present the financial position and the changes in financial position and cash flows of only that portion of the business-type activities of the State of West Virginia that is attributable to the transactions of BRIM. They do not purport to, and do not, present fairly the financial position of the State of West Virginia as of June 30, 2015 and 2014, and the changes in its financial position and its cash flows for the years then ended in conformity with GAAP.

Use of Estimates

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

2. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

Cash equivalents are short-term investments with original maturities of 90 days or less. Cash and cash equivalents principally consist of interest-earning deposits in certain investment pools maintained by the West Virginia Board of Treasury Investments (BTI). Such funds are available to BRIM with overnight notice. Interest income from these investments is prorated to BRIM at rates specified by the BTI based on the balance of BRIM's deposits maintained in relation to the total deposits of all State agencies participating in the pool. The book carrying value of the amounts on deposit with the BTI, which approximates estimated fair value, was $16,147 and $11,286 at June 30, 2015 and 2014, respectively.

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

Advance Deposits With Insurance Company and Trustee

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

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

2. Summary of Significant Accounting Policies (continued)

Investments

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

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

Compensated Absences

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

Unpaid Claims and Claims Adjustment Expense

Utilizing an external actuary, management establishes the unpaid claims and claims adjustment expense liability based on estimates of the ultimate cost of claims, including future claims adjustment expenses, that have been reported but not settled and of claims that have been incurred but not reported (IBNR). Such estimates are based on industry statistical loss reserve information as well as BRIM historical data, including case-basis estimates of losses reported, actuarial projections of loss development of IBNR claims, and estimates of expenses for investigation and adjustment of all incurred and unadjusted losses (and estimates of expected

2. Summary of Significant Accounting Policies (continued)

salvage and subrogation receipts are deducted from the estimated liability). The length of time for which such costs must be estimated varies depending on the coverage involved. In the event a reinsurer is unable financially to satisfy an obligation, BRIM is responsible for such liability.

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

Premium deficiency is defined as the amount by which expected claims costs (including IBNR claims) and all expected claims adjustment expenses exceed related unearned premiums. BRIM has determined that a premium deficiency does not exist. In making this determination, management has taken into consideration anticipated investment income, using an assumed 4% discount rate.

Receivables and Premium Income

Receivables represent the amount outstanding for premiums from the insured covered under BRIM's insurance program. Management maintains an allowance for doubtful accounts to reserve for estimated losses based on the length of time the amount has been past due.

2. Summary of Significant Accounting Policies (continued)

Unearned Premiums

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

Restricted Net Position

Restricted net position is net position that is to be used for the House Bill 601 Program and mine subsidence coverage provided to the general public based on restrictions provided in the State Code. When an expense is incurred for which both restricted and unrestricted net positions are available, BRIM first utilizes restricted net position for such purpose.

3. Deposit and Investment Risk Disclosures

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

Cash Equivalents

West Virginia Money Market Pool (formerly the Cash Liquidity Pool)

The BTI administers the pool and limits the exposure to credit risk by requiring all corporate bonds held by the West Virginia Money Market Pool to be rated AA- by Standard & Poor's (or its equivalent) or higher. Commercial paper must be rated A-1 by Standard & Poor's and P-1 by Moody's. Additionally, the pool must have at least 15% of its assets in U.S. Treasury issues.

(Dollars in Thousands)

3. Deposit and Investment Risk Disclosures (continued)

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

	June 30, 2015				June 30, 2014			
Security Type	**Moody's**	**S&P**	**Fair Value**	**Percent of Pool Assets**	**Moody's**	**S&P**	**Fair Value**	**Percent of Pool Assets**
Commercial paper	**P-1**	**A-1+**	**$ 186,737**	**9.88%**	P-1	A-1+	$ 234,951	11.99%
	P-1	**A-1**	**660,027**	**34.91**	P-1	A-1	772,107	39.40
Corporate bonds and notes	**Aa3**	**NR**	**10,000**	**0.53**			–	–
	Aa3	**AA-**	**10,000**	**0.53**	Aa3	AA-	20,000	1.02
	Aa3	**A+**	**10,005**	**0.53**			–	–
			30,005	**1.59**			20,000	1.02
U.S. agency bonds	**Aaa**	**AA+**	**81,994**	**4.34**	Aaa	AA+	82,765	4.22
U.S. Treasury notes	**Aaa**	**AA+**	**229,760**	**12.15**	Aaa	AA+	185,065	9.45
U.S. Treasury bills	**P-1**	**A-1+**	**92,059**	**4.87**	P-1	A-1+	104,995	5.36
Negotiable certificates of deposit	**NR**	**AA-**	**–**	**–**	NR	AA-	10,000	0.51
	Aa2	**AA-**	**10,000**	**0.53**			–	–
	P-1	**A-1+**	**51,000**	**2.70**	P-1	A-1+	28,000	1.43
	P-1	**A-1**	**142,000**	**7.51**	P-1	A-1	144,000	7.35
U.S. agency discount notes	**P-1**	**A-1+**	**304,342**	**16.10**	P-1	A-1+	207,484	10.59
Money market funds	**Aaa**	**AAAm**	**90,017**	**4.76**	Aaa	AAAm	39	–
Repurchase agreements:								
U.S. Treasury notes	**Aaa**	**AA+**	**1,323**	**0.07**	Aaa	AA+	93,284	4.76
U.S. agency notes	**Aaa**	**AA+**	**11,200**	**0.59**	Aaa	AA+	76,900	3.92
			12,523	**0.66**			170,184	8.68
			$ 1,890,464	**100.00%**			$ 1,959,590	100.00%

Concentration of Credit Risk

West Virginia statutes prohibit the West Virginia Money Market Pool from investing more than 5% of its assets in securities issued by a single private corporation or association. At June 30, 2015 and 2014, the pool did not have investments in any one private corporation or association that represented more than 5% of assets.

(Dollars in Thousands)

3. Deposit and Investment Risk Disclosures (continued)

Custodial Credit Risk

At June 30, 2015 and 2014, the West Virginia Money Market Pool held no securities that were subject to custodial credit risk. Repurchase agreements are collateralized at 102%, and the collateral is held in the name of the BTI. The BTI or its agent does not release cash or securities until the counterparty delivers its side of the transaction.

Interest Rate Risk

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

The overall weighted-average maturity (WAM) of the investments of the West Virginia Money Market Pool cannot exceed 60 days. Maximum maturity of individual securities cannot exceed 397 days from date of purchase, except for government floating rate notes, which can be up to 762 days. The following table provides the WAM for the various asset types in the West Virginia Money Market Pool:

	June 30, 2015		June 30, 2014	
Investment Type	**Fair Value**	**WAM Days**	**Fair Value**	**WAM Days**
Repurchase agreements	**$ 12,523**	**1**	$ 170,184	1
U.S. Treasury notes	**229,760**	**75**	185,065	47
U.S. Treasury bills	**92,059**	**123**	104,995	44
Commercial paper	**846,764**	**30**	1,007,058	33
Certificates of deposit	**203,005**	**51**	182,000	51
U.S. agency discount notes	**304,342**	**60**	207,484	38
Corporate bonds and notes	**30,000**	**75**	20,000	17
U.S. agency bonds/notes	**81,994**	**58**	82,765	74
Money market funds	**90,017**	**1**	39	1
Total rated investments	**$ 1,890,464**	**47**	$ 1,959,590	36

BRIM's amount invested in the West Virginia Money Market Pool of $16,147 is included in cash and cash equivalents at June 30, 2015, and $11,286 at June 30, 2014, represents approximately 1% of total investments in this pool.

3. Deposit and Investment Risk Disclosures (continued)

Foreign Currency Risk

None of the West Virginia Money Market Pool holds interest in foreign currency or interests valued in foreign currency.

Investments

Board of Risk and Insurance Management Fund

This fund was specifically designed for BRIM by WVIMB based on BRIM's unique cash flow needs. BRIM is the only State agency participating in this fund and owns 100% of the total assets in the fund. The fund invests, along with other agencies, in the following WVIMB investment pools: Domestic Large Cap Equity Pool, Domestic Non-Large Cap Equity Pool, International Equity Pool, International Nonqualified Equity Pool, Short-Term Fixed Income Pool, Total Return Fixed Income Pool, Core Fixed Income Pool, Hedge Fund, and the Treasury Inflation Protection Securities (TIPS).

Investment Objectives

This fund's investment objective is to achieve a total rate of return of at least 4.9% per annum, net of fees.

Asset Allocation

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

Asset Class	Policy Target
Domestic equity	15%
International equity	15
Fixed income	70
Combined total	100%

(Dollars in Thousands)

3. Deposit and Investment Risk Disclosures (continued)

Asset Value

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

	2015		**2014**	
	Cost	**Fair Value**	**Cost**	**Fair Value**
Large cap domestic	**$ 15,532**	**$ 16,733**	$ 14,351	$ 16,904
Non-large cap domestic	**3,757**	**3,963**	4,583	5,566
International equity	**15,646**	**14,540**	14,093	16,614
International nonqualified	**5,303**	**5,317**	4,101	5,303
Total return fixed income	**35,090**	**34,012**	34,557	36,014
Core fixed income	**14,725**	**14,631**	15,483	15,649
Hedge fund	**26,201**	**27,815**	27,046	29,331
TIPS (Treasury Inflation Protection Securities)	**13,788**	**13,686**	14,158	14,783
Short-term fixed income	**6,981**	**6,981**	7,214	7,214
Total investments	**$ 137,023**	**$ 137,678**	$ 135,586	$ 147,378

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

	2015	**2014**
Investment income:		
Interest income including realized gains/losses on sale of securities	**$ 1,658**	$ 1,726
Unrealized gain on investments	**3,175**	15,317
Total investment income	**$ 4,833**	$ 17,043

WVIMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year were included as unrealized gain on investment in the prior year.

3. Deposit and Investment Risk Disclosures (continued)

Asset Class Risk Disclosures

Domestic Large Cap Equity Pool

This pool holds equity securities of U.S. companies, exchange-traded stock index futures, and money market funds with the highest credit rating. At June 30, 2015 and 2014, this pool did not hold securities of any one issuer in excess of 5% of the value of the pool in accordance with West Virginia statutes. BRIM's amount invested in the large cap domestic pool of $16,733 and $16,904 at June 30, 2015 and 2014, respectively, represents approximately 0.5% of total investments in this pool.

Domestic Non-Large Cap Equity Pool

This pool holds equity securities of U.S. companies and money market funds with the highest credit rating. At June 30, 2015 and 2014, this pool did not hold securities of any one issuer in excess of 5% of the value of the pool in accordance with West Virginia statutes. BRIM's amount invested in the non-large cap domestic pool of $3,963 and $5,566 at June 30, 2015 and 2014, respectively, represents approximately 0.5% of total investments in this pool.

International Equity Pool

This pool has both equity securities and cash that are denominated in foreign currencies and are exposed to foreign currency risks. The amounts (in U.S. dollars) of the securities and cash denominated in foreign currencies are as follows:

(Dollars in Thousands)

3. Deposit and Investment Risk Disclosures (continued)

	June 30, 2015			June 30, 2014		
Currency	**Equity Securities**	**Cash**	**Total**	**Equity Securities**	**Cash**	**Total**
Australian dollar	**$ 71,411**	**$ 21**	**$ 71,432**	$ 90,022	$ 674	$ 90,696
Brazil cruzeiros real	**113,460**	**829**	**114,289**	95,376	1,232	96,608
British pound	**272,285**	**1,049**	**273,334**	280,040	379	280,419
Canadian dollar	**130,182**	**62**	**130,244**	115,598	423	116,021
Czech koruna	**11,113**	–	**11,113**	14,240	1	14,241
Danish krone	**24,755**	**1**	**24,756**	11,957	–	11,957
Egyptian pound	**3,762**	**–**	**3,762**	–	–	–
Emirati dirham	**3,773**	**–**	**3,773**	3,497	–	3,497
Euro	**410,970**	**(51)**	**410,919**	435,175	924	436,099
Hong Kong dollar	**267,032**	**979**	**268,011**	235,280	658	235,938
Hungarian forint	**9,379**	**106**	**9,485**	14,797	1	14,798
Indian rupee	**49,212**	**1,019**	**50,231**	89,933	1,126	91,059
Indonesian rupiah	**19,720**	**39**	**19,759**	12,473	92	12,565
Israeli shekel	**19,243**	**3**	**19,246**	12,876	103	12,979
Japanese yen	**401,766**	**2,410**	**404,176**	321,007	3,116	324,123
Malaysian ringgit	**12,366**	**252**	**12,618**	6,529	98	6,627
Mexican peso	**35,498**	**5**	**35,503**	32,670	–	32,670
New Taiwan dollar	**70,408**	**2,623**	**73,031**	47,308	1,960	49,268
New Zealand dollar	**1,056**	**57**	**1,113**	7,678	108	7,786
Norwegian krone	**26,742**	**34**	**26,776**	37,343	38	37,381
Pakistani rupee	**5,610**	**–**	**5,610**	5,669	–	5,669
Philippine peso	**8,810**	**–**	**8,810**	9,975	30	10,005
Polish zloty	**10,753**	**71**	**10,824**	10,717	9	10,726
Qatari riyal	**300**	**9**	**309**	2,789	–	2,789
Singapore dollar	**13,923**	**151**	**14,074**	20,246	1,220	21,466
South African rand	**48,901**	**551**	**49,452**	49,744	404	50,148
South Korean won	**174,570**	**1,238**	**175,808**	207,761	951	208,712
Swedish krona	**48,637**	**1**	**48,638**	41,954	245	42,199
Swiss franc	**97,333**	**14**	**97,347**	86,527	22	86,549
Thailand baht	**25,382**	**29**	**25,411**	22,984	4	22,988
Turkish lira	**45,967**	**–**	**45,967**	61,288	101	61,389
Total	**$ 2,434,319**	**$ 11,502**	**$ 2,445,821**	$ 2,383,453	$ 13,919	$ 2,397,372

This table excludes securities held by the pool that are denominated in U.S. dollars. The market value of these U.S. dollar denominated securities is $527,419 and $462,603 at June 30, 2015 and 2014, respectively. BRIM's amount invested in the international equity pool of $14,540 and $16,614 at June 30, 2015 and 2014, respectively, represents approximately 0.6% of total investments in this pool.

International Nonqualified Equity Pool

This pool holds a collective trust fund that invests in equities denominated in foreign currencies. The value of this investment at June 30, 2015 and 2014, was $153,554 and $153,093, respectively. This investment, although denominated in U.S. dollars, is exposed to foreign

(Dollars in Thousands)

3. Deposit and Investment Risk Disclosures (continued)

currency risk through the underlying investments. BRIM's amount invested in the international nonqualified equity pool of $5,317 and $5,303 at June 30, 2015 and 2014, respectively, represents approximately 3.5% of total investments in this pool.

<u>Total Return Fixed Income Pool</u>

Credit Risk

WVIMB limits the exposure to credit risk in the Total Return Fixed Income Pool by maintaining at least an average rating of investment grade as defined by the Nationally Recognized Statistical Rating Organizations. The following table provides the weighted-average credit ratings of the asset types in the fixed income pool:

	June 30, 2015				June 30, 2014			
Security Type	**Moody's**	**S&P**	**Fair Value**	**Percent of Assets**	**Moody's**	**S&P**	**Fair Value**	**Percent of Assets**
Corporate bonds	**Baa**	**BBB**	**$ 578,292**	**24.2%**	Baa2	BBB	$ 571,567	24.8%
U.S. Treasury issues	**Aaa**	**AA**	**113,459**	**4.7**	Aaa	AA	183,531	7.9
Corporate asset-backed issues	**A**	**AA**	**116,267**	**4.8**	Baa2	A-	73,955	3.2
Corporate CMO	**B**	**B**	**101,927**	**4.2**	Caa1	B	63,110	2.7
Corporate CMO interest only	**C**	**NR**	**7,706**	**0.3**	C1	NR	7,955	0.4
Corporate preferred security	**Ba**	**BB**	**10,430**	**0.4**	Ba1	BB	10,512	0.5
U.S. Government Agency MBS	**Aaa**	**AA**	**298,744**	**12.4**	Aaa	AA	290,820	12.6
U.S. Treasury TIPS	**Aaa**	**AA**	**20,616**	**0.9**	Aaa	AA	14,276	0.6
U.S. Government CMO Agency	**Aaa**	**AA**	**80,795**	**3.4**	Aaa	AA	89,517	3.9
U.S. Government CMO interest only	**Aaa**	**AA**	**3,819**	**0.2**	Aaa	AA	11,490	0.5
Municipal bonds	**A**	**A**	**51,734**	**2.2**	A1	A	53,510	2.3
Short-term issue	**Aaa**	**AAA**	**102,153**	**4.3**	Aaa	AAA	37,727	1.7
Time deposits	**P-1**	**A-1**	**7,174**	**0.3**	–	–	–	–
U.S. Government Agency discount note	**Aaa**	**AA**	**2,579**	**0.1**	Aaa	AA	2,469	0.1
U.S. Government Agency TBAs	**Aaa**	**AA**	**884**	**–**	Aaa	AA	888	–
Foreign government bond	**Baa**	**BBB**	**212,335**	**8.8**	Baa2	BBB	192,350	8.3
Foreign asset-backed issues	**A**	**A**	**20,876**	**0.9**	A2	A	17,691	0.8
Foreign corporate bonds	**Baa**	**BB**	**286,053**	**11.9**	Baa3	BBB	245,728	10.6
Total rated investments			**2,015,843**	**84.0**			$ 1,867,096	80.9%
Common stock			**7,266**	**0.3**				
Corporate CMO residuals			**21,983**	**0.9**				
Investments in other funds			**356,277**	**14.8**				
Option contracts purchased			**1,114**	**–**				
Total investments			**$ 2,402,483**	**100.0%**				

3. Deposit and Investment Risk Disclosures (continued)

At June 30, 2014, unrated securities include commingled investment pools of $418,593, investments made with cash collateral for securities loaned valued at $23,881, and option contract purchased valued at $341. These unrated securities represent 19.2% of the fair value of the pool's investments.

Concentration of Credit Risk

West Virginia statutes prohibit the Total Return Fixed Income Pool from investing more than 5% of its assets in securities issued by a single private corporation or association. At June 30, 2015 and 2014, the fixed income pool did not have investments in any one private corporation or association that represented more than 5% of assets.

Custodial Credit Risk

At June 30, 2015 and 2014, the Total Return Fixed Income Pool held no securities that were subject to custodial credit risk. Repurchase agreements are collateralized at 102%, and the collateral is held in the name of the WVIMB. Investments in commingled funds are held in the name of the WVIMB. All remaining securities are held by the WVIMB's custodian in the name of the WVIMB. Securities lending collateral is invested in the lending agent's collateral reinvestment fund.

(Dollars in Thousands)

3. Deposit and Investment Risk Disclosures (continued)

Interest Rate Risk

WVIMB monitors interest rate risk of the Total Return Fixed Income Pool by assessing the modified duration of the investments in the pool. The following table provides the weighted-average modified duration for the various asset types in the fixed income pools:

	June 30, 2015		June 30, 2014	
Investment Type	**Fair Value**	**Modified Duration (Years)**	**Fair Value**	**Modified Duration (Years)**
Investments in other funds	**$ 356,277**	**3.2**	$ 418,593	4.2
Corporate bonds	**578,249**	**6.6**	571,567	6.3
U.S. Treasury bonds	**111,398**	**4.2**	183,531	10.5
U.S. Treasury TIPS	**20,616**	**14.0**	14,276	17.5
U.S. Government Agency TBAs	**884**	**2.1**	888	2.2
Corporate asset-backed issues	**115,952**	**2.2**	73,955	1.4
Corporate CMO	**101,802**	**1.8**	63,110	1.5
Corporate CMO interest only	**7,706**	**18.8**	7,955	25.7
Corporate preferred security	**10,428**	**0.3**	–	–
U.S. Government Agency MBS	**292,921**	**2.6**	290,820	2.2
U.S. Government Agency discount notes	**2,566**	**4.3**	2,469	5.3
U.S. Government Agency CMO	**80,795**	**2.1**	89,517	2.4
U.S. Government Agency CMO interest only	**3,816**	**2.2**	11,490	(1.3)
Repurchase agreements	**14,948**	**–**	–	–
Municipal bonds	**51,734**	**8.4**	53,510	9.0
Investments made with cash collateral for securities loaned	**–**	**–**	23,881	–
Short-term issues	**102,153**	**–**	37,727	–
Time deposits	**7,173**	**–**	–	–
Foreign asset-backed issues	**20,849**	**1.6**	17,691	0.7
Foreign corporate bonds	**285,960**	**6.0**	245,728	6.0
Foreign government bond	**212,324**	**6.3**	192,350	6.5
Total assets	**$ 2,378,551**	**4.5**	$ 2,299,058	5.2

The Total Return Fixed Income Pool invests in commercial and residential mortgage-backed, asset-backed securities and collateralized mortgage obligations. The cash flows from these securities are based on the payment of the underlying collateral. The modified duration and yield to maturity of these securities are dependent on estimated prepayment assumptions that consider historical experience, market conditions, and other criteria. Actual prepayments may vary with

3. Deposit and Investment Risk Disclosures (continued)

changes in interest rates. Rising interest rates often result in a slower rate of prepayments while declining rates tend to lead to faster prepayments. As a result, the fair values of these securities are highly sensitive to interest rate changes. At June 30, 2015 and 2014, the Total Return Fixed Income Pool held $623,846 and $462,892, respectively, of these securities. This represents approximately 26% and 20%, respectively, of the value of the fixed income pools.

BRIM's amount invested in the Total Return Fixed Income Pool of $34,118 and $36,014 at June 30, 2015 and 2014, respectively, represents approximately 1.4% and 1.6%, respectively, of total investments in this pool for both years.

Foreign Currency Risk

The pool has foreign government bonds and foreign corporate bonds that are denominated in foreign currencies that are exposed to foreign currency risks. The pool also has foreign-denominated futures contracts and foreign exchange forward contracts. Additionally, the pool has indirect exposure to foreign currency risk through its ownership interest in certain of the commingled investment pools. Approximately $124,768, or 35%, at June 30, 2015, and $186,841, or 45%, at June 30, 2014, of the commingled investment pools hold substantially all of their investments in foreign currencies. West Virginia statute limits the amount of international securities to no more than 30% of the total assets managed by the WVIMB. At June 30, 2015 and 2014, the WVIMB was in compliance with this limitation.

Core Fixed Income Pool

WVIMB limits the exposure to credit risk in the Core Fixed Income Pool by maintaining at least an average rating of investment grade as defined by the Nationally Recognized Statistical Rating Organizations. The following table provides the weighted-average credit ratings of the asset types in the Core Fixed Income Pool:

(Dollars in Thousands)

3. Deposit and Investment Risk Disclosures (continued)

	June 30, 2015				June 30, 2014			
Security Type	**Moody's**	**S&P**	**Fair Value**	**Percent of Assets**	**Moody's**	**S&P**	**Fair Value**	**Percent of Assets**
U.S. corporate bonds	**A**	**A**	**$ 222,329**	**20.4%**	A3	A	$ 203,346	19.1%
U.S. Treasury bonds	**Aaa**	**AA**	**204,400**	**18.7**	Aaa	AA	165,535	15.6
Corporate asset-backed issues	**A**	**A**	**76,880**	**7.0**	A2	AA	42,858	4.0
Corporate CMO	**A**	**A**	**87,661**	**8.0**	A2	AA	108,098	10.2
Corporate CMO principal only	**B**	**AA**	**278**	**–**	Ba2	AA	389	–
Corporate CMO interest only	**Ba**	**AAA**	**1,198**	**0.1**	Ba3	AAA	1,607	0.2
Foreign asset-backed issues	**Aa**	**AA**	**2,813**	**0.3**	Aa1	AA	3,394	0.3
Foreign government bonds	**Aa**	**A**	**7,814**	**0.7**	Aa2	AA	10,356	1.0
Foreign corporate bonds	**A**	**A**	**46,435**	**4.3**	A2	A	41,750	3.9
U.S. Government Agency MBS	**Aaa**	**AA**	**194,546**	**17.8**	Aaa	AA	200,083	18.8
U.S. Government Agency CMO	**Aaa**	**AA**	**144,364**	**13.2**	Aaa	AA	164,375	15.4
U.S. Government Agency CMO principal only	**Aaa**	**AA**	**10,501**	**1.0**	Aaa	AA	12,688	1.2
U.S. Government Agency CMO interest only	**Aaa**	**AA**	**6,921**	**0.6**	Aaa	AA	8,997	0.8
U.S. Government Agency bonds	**Aaa**	**AA**	**21,742**	**2.0**	Aaa	AA	24,449	2.3
Municipal bonds	**Aa**	**AA**	**8,646**	**0.8**	Aa2	AA	8,378	0.8
Preferred stock	**A**	**A**	**2**	**–**	–	–	–	–
Short-term issue	**Aaa**	**AAA**	**41,293**	**3.8**	Aaa	AAA	33,771	3.2
Time deposits	**P-1**	**A-1**	**7,044**	**0.6**			–	–
U.S. Treasury inflation protected security	**Aaa**	**AA**	**415**	**–**				
Total rated investments			**1,084,867**	**99.3**			1,030,074	96.8
Common stock			**7,134**	**0.7**			–	–
Total investments			**$ 1,092,001**	**100.0%**			$ 1,030,074	96.8%

This table includes investments received as collateral for repurchase agreements with a fair value of $15,496 as compared to the amortized cost of the repurchase agreements of $14,676.

Unrated securities include investments made with cash collateral for securities loaned valued at $34,417, or 3.2%, of the fair value of the pool's investments at June 30, 2014.

Concentration of Credit Risk

West Virginia statutes prohibit the Total Return Fixed Income Pool from investing more than 5% of its assets in securities issued by a single private corporation or association. At June 30, 2015

(Dollars in Thousands)

3. Deposit and Investment Risk Disclosures (continued)

and 2014, the Core Fixed Income Pool did not have investments in any one private corporation or association that represented more than 5% of assets.

Custodial Credit Risk

At June 30, 2015 and 2014, the Core Fixed Income Pool held no securities that were subject to custodial credit risk. All remaining securities are held by the WVIMB's custodian in the name of the WVIMB.

Interest Rate Risk

WVIMB monitors interest rate risk of the Core Fixed Income Pool by assessing the modified duration of the investments in the pool. The following table provides the weighted-average modified duration for the various asset types in the core fixed income pools:

	June 30, 2015		June 30, 2014	
Investment Type	**Fair Value**	**Modified Duration (Years)**	**Fair Value**	**Modified Duration (Years)**
Corporate bonds	**$ 222,273**	**6.1**	$ 203,346	6.3
U.S. Treasury issues	**202,383**	**7.2**	165,535	7.6
Corporate asset-backed issues	**76,574**	**2.0**	42,858	1.3
Corporate CMO	**87,539**	**2.0**	108,098	2.1
Corporate CMO principal only	**278**	**3.2**	389	2.8
Corporate CMO interest only	**1,198**	**(8.5)**	1,607	(4.0)
Foreign asset-backed issues	**2,786**	**0.1**	3,394	–
Foreign government bonds	**7,800**	**8.7**	10,356	6.6
Foreign corporate bonds	**46,346**	**5.7**	41,750	6.3
U.S. Government Agency MBS	**188,831**	**4.8**	200,083	4.8
U.S. Government Agency bonds	**21,730**	**4.7**	24,449	5.2
U.S. Government Agency CMO	**144,364**	**3.7**	164,375	3.5
U.S. Government Agency CMO principal only	**10,501**	**7.4**	12,688	6.8
U.S. Government Agency CMO interest only	**6,919**	**7.6**	8,997	1.8
Municipal bonds	**8,646**	**13.9**	8,378	14.6
Repurchase agreements	**14,676**	**–**	–	–
Time deposits	**7,044**	**–**	–	–
U.S. Treasury inflation protected security	**415**	**5.4**	–	–
Investments made with cash collateral for securities loaned	**–**	**–**	34,417	–
Short-term issue	**41,293**	**–**	33,771	–
Total assets	**$ 1,091,596**	**4.8**	$ 1,064,491	4.9

3. Deposit and Investment Risk Disclosures (continued)

The Core Fixed Income Pool invests in commercial and residential mortgage-backed securities, asset-backed securities, and collateralized mortgage obligations. The cash flows from these securities are based on the payment of the underlying collateral. The modified duration and yield to maturity of these securities are dependent on estimated prepayment assumptions that consider historical experience, market conditions, and other criteria. Actual prepayments may vary with changes in interest rates. Rising interest rates often result in a slower rate of prepayments while declining rates tend to lead to faster prepayments. As a result, the fair values of these securities are highly sensitive to interest rate changes. At June 30, 2015 and 2014, the Core Fixed Income Pool held $518,979 and $542,489, respectively, of these securities. This represents approximately 48% and 51%, respectively, of the value of the fixed income pool.

BRIM's amount invested in the Core Fixed Income Pool of $14,671 and $15,649 at June 30, 2015 and 2014, respectively, represents approximately 1.3% and 1.5%, respectively, of total investments in this pool.

Foreign Currency Risk

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

<u>Hedge Fund</u>

The Hedge Fund holds shares in various commingled institutional funds and shares of a money market fund with the highest credit rating. The commingled institutional funds are not rated by any of the nationally recognized statistical rating agencies, and thus, any credit risk cannot be accurately reported. The pool is not exposed to interest rate risk, custodial credit risk, or concentration of credit risk. The pool is indirectly exposed to foreign currency risk, as certain of the funds have investments denominated in foreign currencies. At June 30, 2014, the funds were indirectly exposed to foreign currency risk. The dollar amount of the funds invested in foreign currencies was not disclosed by the WVIMB in its financial statement footnotes for this fund. BRIM's amount invested in the Hedge Fund of $27,815 and $29,331 at June 30, 2015 and 2014, respectively, represents approximately 1.7% and 1.9%, respectively, of total investments in this pool.

(Dollars in Thousands)

3. Deposit and Investment Risk Disclosures (continued)

Treasury Inflation Protection Securities (TIPS)

The TIPS pool invests in U.S. Treasury inflation-protected securities, and its objective is to match the performance of the Barclays Capital U.S. TIPS bond index on an annualized basis.

Credit Risk

WVIMB limits the exposure to credit risk in the TIPS pool by maintaining at least an average rating of investment grade as defined by the Nationally Recognized Statistical Rating Organizations. The following table provides the weighted-average credit ratings of the asset types in the TIPS pool:

	June 30, 2015				June 30, 2014			
Security Type	**Moody's**	**S&P**	**Fair Value**	**Percent of Assets**	**Moody's**	**S&P**	**Fair Value**	**Percent of Assets**
U.S. Treasury inflation-protected securities	**Aaa**	**AA**	**$ 427,774**	**99.9%**	Aaa	AA	$ 601,027	100.0%
Short-term issue	**Aaa**	**AAA**	**228**	**0.1**	Aaa	AAA	244	–
Total rated investments			**$ 428,002**	**100.0%**			$ 601,271	100.0%

Concentration of Credit Risk

West Virginia statutes prohibit the TIPS pool from investing more than 5% of its assets in securities issued by a single private corporation or association. At June 30, 2015 and 2014, the pool did not have investments in any one private corporation or association that represented more than 5% of assets.

Custodial Credit Risk

At June 30, 2015 and 2014, the TIPS pool held no securities that were subjected to custodial credit risk. All securities are held by the WVIMB's custodian in the name of the WVIMB. Securities lending collateral is invested in the lending agent's collateral reinvestment fund.

(Dollars in Thousands)

3. Deposit and Investment Risk Disclosures (continued)

Interest Rate Risk

WVIMB monitors interest rate risk of the TIPS pool by assessing the modified duration of the investments in the pool. The following table provides the weighted-average modified duration for the various asset types in the TIPS pool:

	June 30, 2015		June 30, 2014	
Investment Type	**Fair Value**	**Modified Duration (Years)**	**Fair Value**	**Modified Duration (Years)**
U.S. Treasury inflation-protected securities	**$ 427,774**	**7.9**	$ 601,027	7.8
Short-term issue	**228**	**–**	244	–
Total assets	**$ 428,002**	**7.9**	$ 601,271	7.8

BRIM's amount invested in the TIPS pool of $13,543 and $14,783 at June 30, 2015 and 2014, respectively, represents approximately 3.2% and 2.4%, respectively, of total investments in this pool.

Foreign Currency Risk

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

Advanced Deposits

Insurance Company and Trustee

BRIM deposits monies with BNY, as trustee, to hold as advance deposits in an escrow account for BRIM liability claims. The monies held in escrow are invested in specific money market funds and short-term guaranteed or investment-grade fixed income securities that are identified as "qualified assets" in the escrow agreement.

(Dollars in Thousands)

3. Deposit and Investment Risk Disclosures (continued)

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

	June 30, 2015				June 30, 2014			
Security Type	**Moody's**	**S&P**	**Fair Value**	**Percent of Assets**	**Moody's**	**S&P**	**Fair Value**	**Percent of Assets**
Corporate bonds and notes	**Aaa**	**AAA**	**$ 1,982**	**0.97%**	Aaa	AAA	$ –	– %
	Aa1	**AA+**	**1,028**	**0.50**	Aa1	AA+	1,218	0.59
	Aa1	**AA**	**784**	**0.39**	Aa1	AA	–	–
	Aa1	**AA-**	**2,088**	**1.02**	Aa1	AA-	2,381	1.15
	Aa2	**AA**	**–**	**–**	Aa2	AA	1,152	0.56
	Aa2	**AA-**	**2,106**	**1.03**	Aa2	AA-	2,424	1.17
	Aa3	**AA-**	**2,096**	**1.03**	Aa3	AA-	1,139	0.55
			10,084	**4.94**			8,314	4.02
Collateralized mortgage obligations	**Aaa**	**AA+**	**–**	**–**	Aaa	AA+	13,776	6.66
			–	**–**			13,776	6.66
U.S. Treasury bonds and notes	**Aaa**	**NR**	**167,196**	**81.87**	Aaa	AA+	177,871	86.03
U.S. Agency bonds	**Aaa**	**AA+**	**15,587**	**7.63**	Aaa	AA+	6,456	3.12
Agency-backed securities	**NR**	**NR**	**10,878**	**5.33**	Aaa	AA+	–	–
Money market funds	**Aaa**	**AAA**	**474**	**0.23**	Aaa	AAA	357	0.17
Total rated investments			**$ 204,219**	**100.00%**			$ 206,774	100.00%

Concentration of Credit Risk

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

Custodial Credit Risk

At June 30, 2015 and 2014, advanced deposits include no securities that were subject to custodial credit risk.

(Dollars in Thousands)

3. Deposit and Investment Risk Disclosures (continued)

Interest Rate Risk

The following table provides the WAM for the various asset types in the advanced deposits:

	June 30, 2015		June 30, 2014	
Investment Type	**Fair Value**	**WAM Years**	**Fair Value**	**WAM Years**
Corporate bonds and notes	**$ 10,084**	**5.0**	$ 8,314	3.2
U.S. Treasury bonds	**167,196**	**3.7**	177,871	3.1
U.S. agency bonds	**15,587**	**4.3**	6,456	5.3
Collateralized mortgage obligations	**–**	**–**	13,776	3.8
Agency-backed securities	**10,878**	**4.3**	–	–
Money market funds	**474**	**–**	357	–
Total rated investments	**$ 204,219**	**3.6**	$ 206,774	3.2

Foreign Currency Risk

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

(Dollars in Thousands)

4. Unpaid Claims and Claims Adjustment Expense Liability

BRIM establishes an estimated liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claims adjustment expenses. The following represents changes in the estimated liability for the fiscal and policy years ended June 30:

	2015	2014
Unpaid claims and claims adjustment expense liability at beginning of year	**$ 153,204**	$ 143,568
Incurred claims and claims adjustment expense:		
Provision for insured events of the current year	**62,342**	58,389
Increase in provision for insured events of prior years	**5,803**	3,237
Total incurred claims and claims adjustment expense	**68,145**	61,626
Payments:		
Claims and claims adjustment expense attributable to insured events of the current year	**(11,146)**	(10,560)
Claims and claims adjustment expense attributable to insured events of prior years	**(49,243)**	(41,430)
Total payments	**(60,389)**	(51,990)
Total unpaid claims and claims adjustment expense liability at end of year	**$ 160,960**	$ 153,204

If the unpaid claims and claims adjustment expense liability were discounted using a 4% discount factor for 2015 and 2014 to take into consideration the time value of money, the result would be a decrease in the liability and an increase in net position of approximately $14,209 and $13,692 for fiscal years 2015 and 2014, respectively. The overall unpaid claim liability number includes a provision for allocated and unallocated claims adjustment expense.

5. Employee Benefit Plans

Pension Benefits

All full-time BRIM employees are eligible to participate in PERS, a cost-sharing, multiple-employer public employee retirement system. Employees who retire at or after age 60 with 5 or more years of contributory service or who retire at or after age 55 and have completed 25 years of credited service are eligible for retirement benefits as established by State statute. Retirement benefits are payable monthly for life, in the form of a straight-line annuity equal to 2% of the employee's final average salary of the past three years, multiplied by the number of years of the employee's credited service at the time of retirement. PERS also provides deferred retirement, early retirement, and death and disability benefits, and issues an annual report that can be obtained by contacting PERS.

Covered employees are required to contribute 4.5% of their salary to PERS. Beginning July 1, 2015, the employee contribution rate for new hires increases to 6%. BRIM is required to contribute 14.0% of covered employees' salaries to PERS for 2015, 14.5% for 2014, and 14.5% for 2013. The required employee and employer contribution percentages are determined by actuarial advisement within ranges set by statute. As noted below, BRIM contributed the proper, required amounts.

Contributions

Although contributions are not actuarially determined, actuarial valuations are performed to assist the Legislature in establishing appropriate contribution rates. Current funding policy requires contributions consisting of member contributions of 4.5% of covered payroll and employer contributions of 14.0%, 14.5%, and 14.0% for the years ended June 30, 2015, 2014, and 2013, respectively.

During the years ended 2015, 2014, and 2013, BRIM's contributions to PERS required and made were approximately $127, $133, and $129, respectively.

(Dollars in Thousands)

5. Employee Benefit Plans (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, BRIM reported a liability of $254 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013, rolled forward to the measurement date of June 30, 2014. BRIM's proportion of the net pension liability was based on BRIM's share of contributions to the pension plan relative to the contributions of all employers participating in PERS for the year ended June 30, 2014. At June 30, 2014, the BRIM's proportion was 0.024%, which was a decrease of 0.045% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, BRIM recognized pension expense of $28. At June 30, 2015, BRIM reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ –	$ 269
Changes in proportion and differences between BRIM's contributions and proportionate share of contributions	–	1
BRIM's contributions made subsequent to the measurement date of June 30, 2014	127	–
Total	$ 127	$ 270

(Dollars in Thousands)

5. Employee Benefit Plans (continued)

$127 reported as deferred outflows of resources related to pensions resulting from BRIM's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:		
2016	$	68
2017		68
2018		68
2019		67

Actuarial Assumptions

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	2.20%
Salary increases	4.25%–6.00%, average, including inflation
Investment rate of return	7.50%, net of pension plan investment expense

Mortality rates were based on the 1983 GAM for healthy males, 1971 GAM for healthy females, 1971 GAM for disabled males, and Revenue Ruling 96-7 for disabled females.

The actuarial assumptions used in the June 30, 2014, valuation were based on the results of an actuarial experience study for the period July 1, 2004 through June 30, 2009.

(Dollars in Thousands)

5. Employee Benefit Plans (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	15.0%	2.9%–4.8%
Domestic equity	27.5	7.6%
International equity	27.5	8.5%
Real estate	10.0	6.8%
Private equity	10.0	9.9%
Hedge funds	10.0	5.0%
Total	100.0%	

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will continue to be made at statutorily required rates, which are determined annually based on actuarial valuations. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. Although discount rates are subject to change between measurement dates, there were no changes in the discount rate in the current period.

(Dollars in Thousands)

5. Employee Benefit Plans (continued)

Sensitivity of BRIM's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
BRIM's proportionate share of net pension liability	$ 716	$ 253	$ (141)

Pro forma effects of retroactive application of GASB 68 cannot be reasonably estimated for individual prior periods due to the presentation of the amounts in prior year financial statements of PERS. Within the financial statements, BRIM is included with other agencies that are administered under the Department of Administration and, therefore, no separate amounts are disclosed allowing the calculation of the effect of GASB 68 for prior periods.

The Consolidated Public Retirement Board (CPRB) administers PERS under the direction of the Governor, State Auditor, State Treasurer, Secretary of the Department of Administration, and ten members appointed by the Governor. CPRB prepares separately issued financial statements covering the retirement systems, which can be obtained from the Consolidated Public Retirement Board, 4101 MacCorkle Avenue S.E., Charleston, West Virginia 25304.

5. Employee Benefit Plans (continued)

Other Postemployment Benefits (OPEB)

BRIM participates in a cost-sharing, multiemployer, defined benefit other postemployment benefit plan that covers the retirees of State agencies, colleges and universities, county boards of education, and other government entities as set forth in the West Virginia Code. Financial activities of the OPEB plan are accounted for in the RHBT. The plan provides the following retiree group insurance coverage to participants: medical and prescription drug coverage through a self-insured preferred provider benefit plan and through external managed care organizations, basic group life, accidental death, and prescription drug coverage for retired employees of the State, and various related State and non-State agencies, and their dependents. Details regarding this plan and a copy of the RHBT financial report can be obtained by contacting Public Employees Insurance Agency, 601 57th Street, S.E., Suite 2, Charleston, West Virginia 25304 or by calling (888) 680-7342.

Upon retirement, an employee may apply unused sick leave and/or annual leave to reduce his or her future insurance premiums paid to the RHBT. Substantially all employees hired prior to July 1, 2001, may become eligible for these benefits if they reach normal retirement age while working for BRIM. According to West Virginia State Code, employees hired prior to June 30, 1988, can receive health care credit against 100% of their health care coverage. Employees hired between June 30, 1988 and June 30, 2001, can receive health care credit against 50% of their health care cost. Employees hired July 1, 2001, or later may not convert sick leave into a health care benefit. The conversion of sick leave into OPEB health care benefits is now required to be accounted for as part of the OPEB obligation.

Legislation requires the RHBT to determine, through an actuarial study, the Annual Required Contribution (ARC), which shall be sufficient to maintain the RHBT in an actuarially sound manner. The ARC is allocated to respective cost-sharing employers, including BRIM, who are required by law to fund at least the minimum annual premium component of the ARC. Revenues collected by RHBT shall be used to fund current OPEB health care claims and administrative expenses with residual funds held in trust for future OPEB costs. BRIM records expense for its allocated ARC and a liability for the ARC that has not been paid. BRIM's OPEB expense for fiscal years 2015 and 2014 was approximately $40 and $63, respectively, of which approximately $407 and $388 remained unpaid as of June 30, 2015 and 2014, respectively, and is recorded in accrued expenses and other liabilities on the statements of net position. For fiscal years 2015 and 2014, BRIM's OPEB contribution was approximately $40 and $54, respectively,

(Dollars in Thousands)

5. Employee Benefit Plans (continued)

of the total required contribution of $40 and $63, respectively, for both years. The actual contribution represents 74% and 85% of the total required contribution for 2015 and 2014, respectively. BRIM's policy is to fund at least the minimum annual premium component of the ARC. There are currently 26 employees eligible to receive such benefits.

6. Lease Arrangement

In December 2011, the State renewed the lease arrangement on behalf of BRIM for office space occupied by BRIM with a monthly lease payment of $12 and a term beginning on January 1, 2012, and ending on December 31, 2016.

Operating lease expense approximated $139 and $135 for the years ended June 30, 2015 and 2014, respectively, relating to these arrangements. Future minimum lease payments under these operating lease arrangements are as follows for years ending June 30:

2016	$139
2017	70

7. Transactions With Primary Government and Component Units

Premium revenues derived from billings to State entities, which are funded by special revenue funds and component units of the primary government, approximated $32,119 and $27,226 for the years ended June 30, 2015 and 2014, respectively.

BRIM is required by Senate Bill 1002 to remit amounts equal to the gross premium tax attributable to premiums collected by BRIM. These amounts are to be placed in a separate account known as "the Premium Tax Savings Fund" (the Fund) maintained by the State Treasurer. Amounts deposited by BRIM into the Fund approximated $2,198 and $1,812 for the years ended June 30, 2015 and 2014, respectively. The Fund is not included in BRIM's financial statements, but is included in the general fund of the State.

In 2014, a transfer of $2,000 to the Patient Injury Compensation Fund as authorized by House Bill 4261 was made.

8. Reinsurance (Amounts referenced in this note related to insurance coverages are actual dollars)

BRIM has entered into two reinsurance agreements for excess coverage with unrelated insurance companies wherein the company assumes the liability over BRIM's limit for a ceded premium. BRIM obtains an excess policy from the commercial market, which gives boards of education a liability limit of up to $5 million in excess of BRIM's $1 million self-insured limit. BRIM also purchases an excess policy on all State and SB3 insured property over and above BRIM's $1 million self-insured limit. These reinsurance agreements have been accounted for as a transfer of risk in the accompanying financial statements. However, BRIM is not relieved of its primary obligation to the insureds in the reinsurance transaction. BRIM had one reinsurance recovery for the fiscal year ended June 30, 2015, of $1,200 and $1,000 for the fiscal year ended June 30, 2014.

9. Risk Management *(Amounts referenced in this note related to insurance coverages are actual dollars)*

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

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

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

Required Supplementary Information

West Virginia Board of Risk and Insurance Management

Ten-Year Claims Development Information (Unaudited)

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

	Fiscal and Policy Year Ended June 30									
	2006	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
					(In Thousands)					
1) Premiums and investment revenues:										
Earned	$ 89,690	$ 98,270	$ 83,499	$ 69,739	$ 83,088	$ 71,320	$ 64,361	$ 54,969	$ 69,172	**$ 63,037**
Ceded	4,145	6,151	6,394	5,944	6,257	6,075	5,386	5,825	6,102	**6,197**
Net earned	85,545	92,119	77,105	63,795	76,831	65,245	58,975	49,144	63,070	**56,840**
2) Unallocated expenses, including administrative fees paid to third-party claims administrators	8,894	8,536	8,045	7,840	8,043	7,867	7,562	7,240	7,888	**7,653**
3) Estimated incurred claims and claims adjustment expense, end of policy year:										
Incurred	58,491	59,678	59,246	56,194	51,388	53,728	60,176	57,276	58,389	**62,342**
Ceded	172	3,597	2,000	300	–	–	2,312	–	–	–
Net incurred	58,319	56,081	57,246	55,894	51,388	53,728	57,864	57,276	58,389	**62,342**
4) Paid (cumulative) claims and claims adjustment expense as of:										
End of policy year	10,097	12,416	8,352	9,753	9,965	10,757	10,156	10,870	10,560	**11,146**
One year later	17,547	16,942	18,097	19,069	17,009	18,034	20,830	18,936	19,965	
Two years later	23,291	24,345	26,240	25,457	25,606	26,398	30,577	30,649		
Three years later	31,901	30,733	33,488	32,126	32,612	34,305	43,021			
Four years later	37,202	35,469	38,077	36,501	38,174	39,497				
Five years later	39,306	37,636	39,518	39,349	39,821					
Six years later	40,739	40,076	41,403	42,577						
Seven years later	40,886	41,334	43,674							
Eight years later	42,730	42,030								
Nine years later	43,245									
5) Reestimated ceded claims and expenses	172	3,597	2,000	300	–	–	2,312	–	–	–
6) Reestimated net incurred claims and allocated claims adjustment expense:										
End of policy year	58,319	56,081	57,246	55,894	51,388	53,728	57,864	57,276	58,389	**62,342**
One year later	51,183	53,924	57,108	48,432	46,571	52,844	58,812	56,883	57,772	
Two years later	47,726	48,330	51,881	46,176	47,102	50,289	61,106	63,767		
Three years later	45,490	44,898	46,708	45,328	46,116	48,480	62,460			
Four years later	44,898	43,179	45,459	44,112	44,171	47,980				
Five years later	43,237	42,181	44,323	46,551	43,567					
Six years later	42,839	42,862	44,349	45,424						
Seven years later	43,061	43,340	45,098							
Eight years later	43,548	42,566								
Nine years later	43,605									
7) (Decrease) increase in estimated net incurred claims and allocated claims adjustment expense from end of policy year	(14,714)	(13,515)	(12,148)	(10,470)	(7,821)	(5,748)	4,596	6,491	(617)	–

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

West Virginia Board of Risk and Insurance Management

Reconciliation of Unpaid Claims and Claims Adjustment Expense Liability by Type of Contract (Unaudited)

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

	Fiscal and Policy Year Ended June 30									
	2015					**2014**				
	Liability	**Property**	**Mine Subsidence**	**House Bill 601**	**Total**	**Liability**	**Property**	**Mine Subsidence**	**House Bill 601**	**Total**
	(In Thousands)									
Unpaid claims and claims adjustment expense liability at beginning of fiscal year	**$ 146,833**	**$ 5,510**	**$ 861**		**$ 153,204**	$ 137,984	$ 4,703	$ 881	$ –	$ 143,568
Incurred claims and claims adjustment expense:										
Provision for insured events of the current fiscal year	**55,686**	**5,960**	**696**		**62,342**	52,067	5,686	636	–	58,389
(Decrease) increase in provision for insured events of prior fiscal years	**8,020**	**(2,053)**	**(164)**		**5,803**	4,960	(1,422)	(301)	–	3,237
Total incurred claims and claims adjustment expense	**63,706**	**3,907**	**532**	**–**	**68,145**	57,027	4,264	335	–	61,626
Payments:										
Claims and claims adjustment expense attributable to insured events of the current fiscal year	**(9,404)**	**(1,664)**	**(78)**		**(11,146)**	(8,541)	(1,968)	(51)	–	(10,560)
Claims and claims adjustment expense attributable to insured events of the prior fiscal years	**(46,187)**	**(2,617)**	**(439)**		**(49,243)**	(39,637)	(1,489)	(304)	–	(41,430)
Total claims and claims adjustment expense payments	**(55,591)**	**(4,281)**	**(517)**	**–**	**(60,389)**	(48,178)	(3,457)	(355)	–	(51,990)
Total unpaid claims and claims adjustment expense liability at end of the fiscal year	**$ 154,948**	**$ 5,136**	**$ 876**	**$ –**	**$ 160,960**	$ 146,833	$ 5,510	$ 861	$ –	$ 153,204

Statistical Section

The Great Egret – The Great Egret is somewhat rare in West Virginia, but their migration habits bring them to the lakes and rivers of the Mountain State. They wade the water's edge seeking fish, frogs and other wetland snacks.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Statistical Section Narrative

Financial Trends – This schedule contains trend information to help the reader understand how BRIM's financial performance and well-being have changed over time.

Schedule 1 – Comparative Statement of Net Position and Changes in Net Position (Deficiency) Last Ten Fiscal Years

Revenue Capacity Information – These schedules contain trend information to help the reader understand BRIM's capacity to raise revenue and the sources of those revenues.

Schedule 2 – Premiums by Line of Business for the Past Ten Years
Schedule 3 – Top 10 State Agency Premiums and Top 20 Senate Bill 3 Premiums for Fiscal Year 2015 and Fiscal Year 2006
Schedule 4 – Investment Income and Premium Revenue

Demographic and Economic Information – These schedules offer indicators to help the reader understand the environment within which BRIM's financial activities take place.

Schedule 5 – Principal Employers Current Year and Nine Years Ago
Schedule 6 – Demographic and Economic Indicators Calendar Years 2005 through 2014

Operating Information – These schedules assist the reader in evaluating the size, efficiency, and effectiveness of BRIM.

Schedule 7 – Full-Time Equivalent Employees Fiscal Years 2006 through 2015
Schedule 8 – Claims Dollars Incurred by Customer Type Fiscal Years 2006 through 2015
Schedule 9 – Type of Losses Incurred by Coverage Fiscal Years 2006 through 2015
Schedule 10 – Industry Averages Compared to BRIM
Schedule 11 – Projected Ultimate Retained Losses for State Agencies and Senate Bill 3
Schedule 12 – Listing of Coverages in Effect for Fiscal Year 2015

SCHEDULE 1

Comparative Statement of Net Position and Changes in Net Position (Deficiency)
Last Ten Fiscal Years
(Expressed in Thousands)

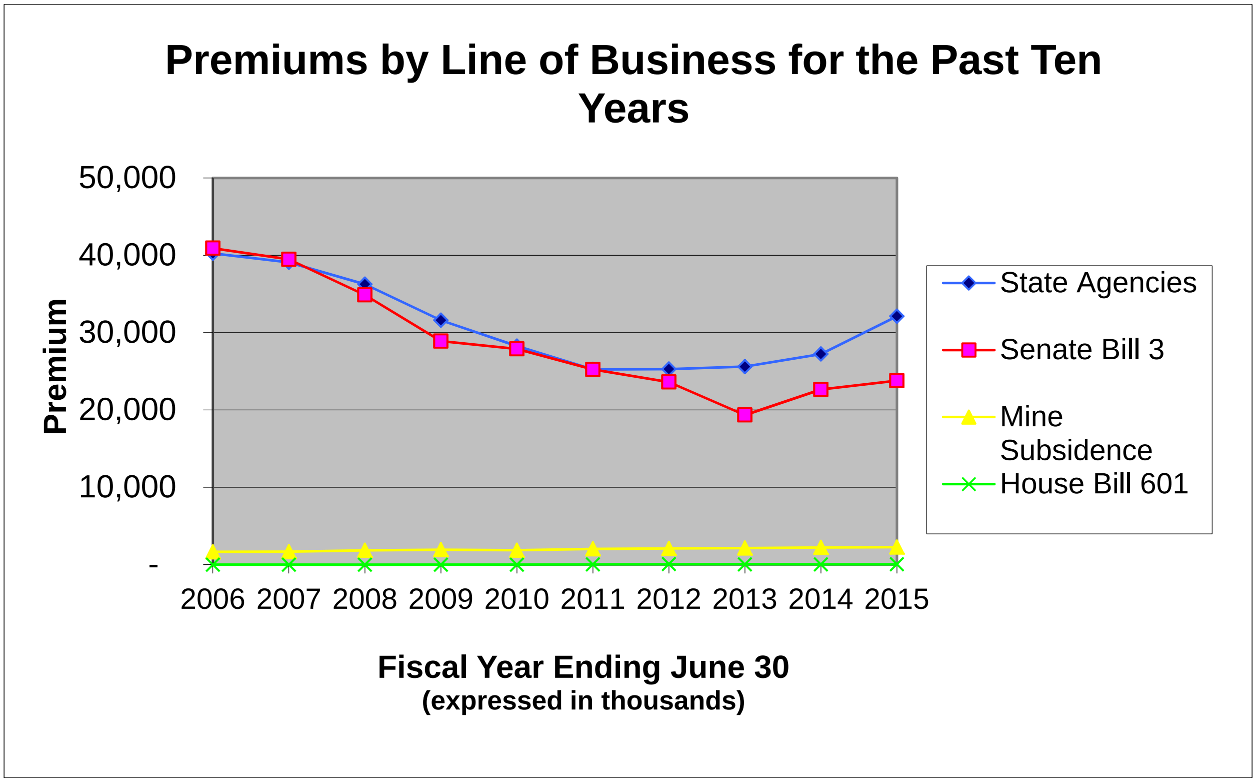
	2015	2014	2013	2012	2011
Operating Revenues					
Premiums	$ 58,204	$ 52,128	$ 47,134	$ 51,046	$ 52,538
Less Excess Coverage/Reinsurance Premiums	(6,197)	(6,102)	(5,825)	(5,386)	(6,075)
Net Operating Revenues	52,007	46,026	41,309	45,660	46,463
Operating Expenses					
Claims and Claims Adjustment Expense	68,145	61,626	54,018	53,396	33,598
General and Administrative	3,541	3,898	3,275	3,892	4,026
Total Operating Expenses	71,686	65,524	57,293	57,288	37,624
Operating Income (loss)	(19,679)	(19,498)	(15,984)	(11,628)	8,839
Nonoperating Revenues (Expenses)					
Interest Income	4,833	17,043	7,835	13,315	18,782
Financing Income	--	--	--	--	--
On behalf contributions	--	--	--	--	--
Appropriations from State of West Virginia	--	--	--	--	--
Distribution to Physicians' Mutual	--	--	--	--	--
Appropriation transfer HB4261		(2,000)	--	--	--
Payment to transfer HB601 estimated future IBNR	(750)		--	--	--
Total Nonoperating Revenue	4,083	15,043	7,835	13,315	18,782
Change in Net Assets (Deficiency)	(15,596)	(4,455)	(8,149)	1,687	27,621
Net Assets (Deficiency) at Year-End					
Restricted	55,428	53,595	49,372	45,599	43,061
Unrestricted	137,392	155,316	163,994	175,916	176,767
Total Net Assets (Deficiency)	$ 192,820	$ 208,911	$ 213,366	$ 221,515	$ 219,828

Source: Compiled from BRIM's internal accounting records

	2010	2009	2008	2007	2006
Operating Revenues					
Premiums	$ 58,007	$ 62,427	$ 72,986	$ 80,248	$ 82,824
Less Excess Coverage/Reinsurance Premiums	(6,257)	(5,944)	(6,394)	(6,151)	(4,145)
Net Operating Revenues	51,750	56,483	66,592	74,097	78,679
Operating Expenses					
Claims and Claims Adjustment Expense	31,668	36,604	42,982	35,136	37,076
General and Administrative	3,946	3,894	4,247	4,305	4,180
Total Operating Expenses	35,614	40,498	47,229	39,441	41,256
Operating Income (loss)	16,136	15,985	19,363	34,656	37,423
Nonoperating Revenues (Expenses)					
Interest Income	25,081	7,312	10,512	18,022	6,866
Financing Income	32	31	30	25	28
On behalf contributions	--	--	30	--	--
Appropriations from State of West Virginia	--	--	--	--	--
Distribution to Physicians' Mutual	--	--	--	--	--
Appropriation transfer HB4261	--	--	--	--	--
Payment to transfer HB601 estimated future IBNR	--	--	--	--	--
Total Nonoperating Revenue	25,113	7,343	10,572	18,047	6,894
Change in Net Assets (Deficiency)	41,249	23,328	29,935	52,703	44,317
Net Assets (Deficiency) at Year-End					
Restricted	38,420	33,924	33,634	31,117	26,277
Unrestricted	153,787	117,034	93,996	66,430	18,567
Total Net Assets (Deficiency)	$ 192,207	$ 150,958	$ 127,630	$ 97,547	$ 44,844

Source: Compiled from BRIM's internal accounting records

SCHEDULE 2



Fiscal Year	State Agencies	Senate Bill 3	Mine Subsidence	House Bill 601
2006	$40,252	$40,920	$1,652	-
2007	$39,091	$39,481	$1,676	-
2008	$36,259	$34,875	$1,852	-
2009	$31,596	$28,902	$1,929	-
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	$23,779	$2,263	$44

The chart above shows premiums by line of business for the past ten fiscal years, expressed in thousands of dollars. This chart illustrates the recent increases in premium revenue collected from State Agencies and Senate Bill 3 customers. The recent increases are due to a reduction in the premium offsets that began in 2009 to reduce annual premiums billed. These offsets have been given for premiums billed based on prior year reserve declines.

Source: BRIM's internal financial statements.

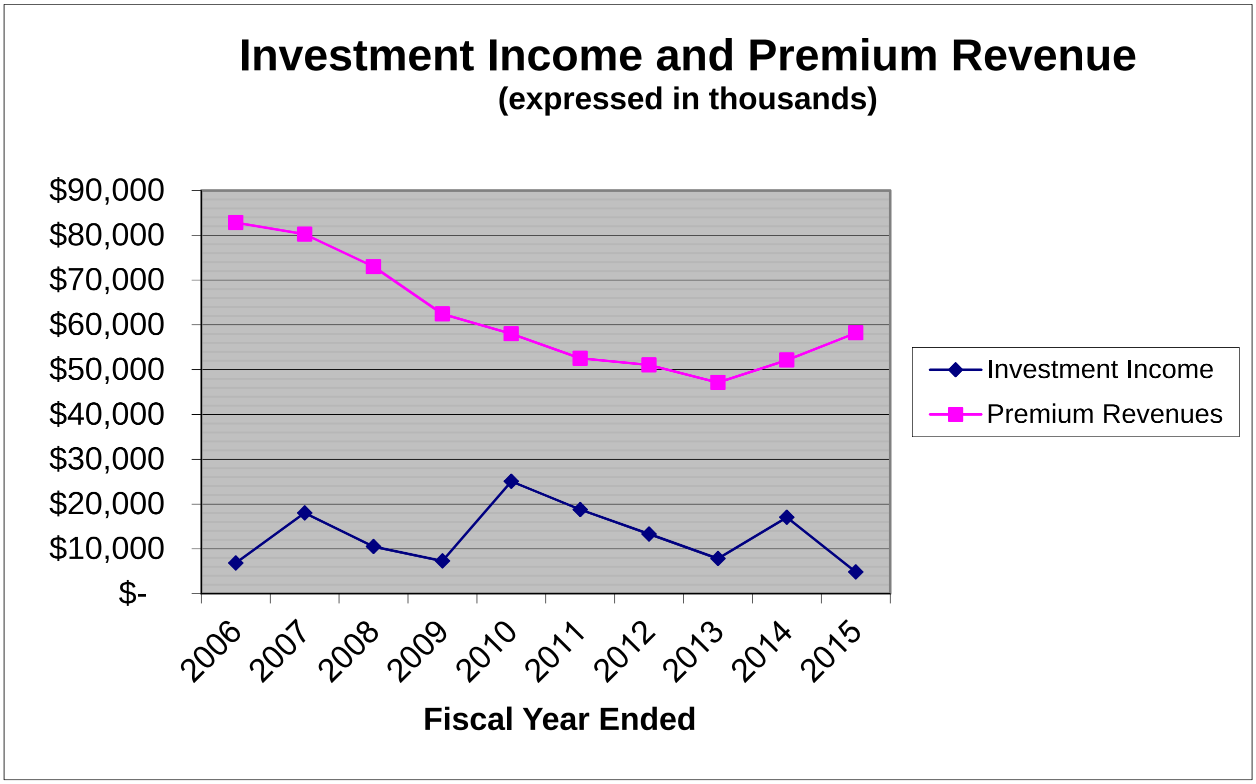
SCHEDULE 3

	Top 10 State Agency Premiums for Fiscal Year 2015		Top 10 State Agency Premiums for Fiscal Year 2006	
1	WEST VIRGINIA UNIVERSITY	6,012,720	PUBLIC SAFETY DIVISION	7,163,044
2	STATE POLICE, WEST VIRGINIA	5,498,551	WEST VIRGINIA UNIVERSITY	6,177,380
3	HIGHWAYS, DIVISION OF	4,905,838	DIVISION OF HIGHWAYS	5,332,863
4	HEALTH & HUMAN RESOURCES, DEPARTMENT OF	3,329,566	DEPARTMENT OF HEALTH AND HUMAN RESOURCES	5,032,730
5	MARSHALL UNIVERSITY	1,968,509	MARSHALL UNIVERSITY	2,654,190
6	CORRECTIONS, DIVISION OF	1,231,479	CORRECTIONS DIVISION	1,174,486
7	REGIONAL JAIL & CORR. FAC. AUTHORITY	583,248	WV STATE PARKS	786,387
8	WEST VIRGINIA PARKWAYS AUTHORITY	556,765	WEST VIRGINIA PARKWAYS AUTHORITY	702,690
9	GENERAL SERVICES DIVISION	532,337	DIVISION OF ENVIRONMENTAL PROTCTION	693,697
10	PARKS, WEST VIRGINIA STATE	494,670	DEPARMTENT OF NATURAL RESOURCES	659,625
	Total Top Ten	$ 25,113,685	Total Top Ten	$30,377,092
	Total State Premium Billing for 2015	**$ 33,255,477**	Total State Premium Billing for 2006	**$39,770,841**
	% of top 10 in relation to all state agency billings	**75.52%**	% of top 10 in relation to all state agency billings	**76.38%**

	Top 20 SB 3 Premiums for Fiscal Year 2015		Top 20 SB 3 Premiums for Fiscal Year 2006	
1	KANAWHA COUNTY BOARD OF EDUCATION	1,611,593	KANAWHA COUNTY BOARD OF EDUCATION	1,758,550
2	RALEIGH COUNTY BOARD OF EDUCATION	724,035	RALEIGH COUNTY BOARD OF EDUCATION	715,649
3	ST ALBANS, CITY OF	597,412	BERKELEY COUNTY BOARD OF EDUCATION	631,459
4	BERKELEY COUNTY BOARD OF EDUCATION	595,280	CABELL COUNTY BOARD OF EDUCATION	621,336
5	PUTNAM COUNTY BOARD OF EDUCATION	492,963	HARRISON COUNTY BOARD OF EDUCATION	558,603
6	HARRISON COUNTY BOARD OF EDUCATION	448,215	WOOD COUNTY BOARD OF EDUCATION	549,332
7	MERCER COUNTY BOARD OF EDUCATION	430,606	CITY OF BECKLEY	547,627
8	WAYNE COUNTY BOARD OF EDUCATION	406,699	MONONGALIA COUNTY BOARD OF EDUCATION	540,948
9	WOOD COUNTY BOARD OF EDUCATION	387,613	MERCER COUNTY BOARD OF EDUCATION	527,556
10	MINGO COUNTY COMMISSION	371,405	CITY OF ST. ALBANS	518,713
11	CABELL COUNTY BOARD OF EDUCATION	359,644	PRESTERA CENTER FOR MENTAL HEALTH	518,279
12	MARION COUNTY BOARD OF EDUCATION	355,378	MINGO COUNTY BOARD OF EDUCATION	515,945
13	LOGAN COUNTY BOARD OF EDUCATION	347,156	MONONGALIA COUNTY COMMISSION	491,965
14	MONONGALIA COUNTY BOARD OF EDUCATION	330,801	WHEELING PARK COMMISSION	489,756
15	JEFFERSON COUNTY BOARD OF EDUCATION	307,799	BOONE COUNTY COMMISSION	436,165
16	MINGO COUNTY BOARD OF EDUCATION	296,178	PUTNAM COUNTY BOARD OF EDUCATION	427,342
17	OHIO COUNTY BOARD OF EDUCATION	284,425	WAYNE COUNTY BOARD OF EDUCATION	399,352
18	GREENBRIER COUNTY BOARD OF EDUCATION	275,406	WEST VIRGINIA UNIVERSITY MEDICAL CORPORATION	395,309
19	FAYETTE COUNTY BOARD OF EDUCATION	272,117	MARION COUNTY BOARD OF EDUCATION	383,996
20	MARSHALL COUNTY BOARD OF EDUCATION	269,200	FAYETTE COUNTY BOARD OF EDUCATION	374,441
	Total Top Twenty	$ 9,163,925	Total Top Twenty	$11,402,323
	Total SB 3 Premium Billing for 2015	**$ 25,503,715**	Total SB 3 Premium Billing for 2006	**$45,547,634**
	% of top 20 in relation to total SB 3 billings	**35.93%**	% of top 20 in relation to total SB 3 billings	**25.03%**

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

SCHEDULE 4



Fiscal Year	Investment Income	Premium Revenue
2006	$6,866	$82,824
2007	$18,022	$80,248
2008	$10,512	$72,986
2009	$7,312	$62,427
2010	$25,081	$58,007
2011	$18,782	$52,538
2012	$13,315	$51,046
2013	$7,835	$47,134
2014	$17,043	$52,128
2015	$4,833	$58,204

This chart illustrates BRIM's higher investment earnings in five of the last six most recent years as a result of BRIM's new investment strategy, as previously discussed, being implemented during a period of lower premium revenues due to reductions being given in premiums. Returns decreased in 2015 due to overall poor market conditions. Amounts are expressed in thousands of dollars.

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

SCHEDULE 5

Principal Employers
Current Year and Nine Years Ago

Estimated as of June 30, 2015			Estimated as of June 30, 2006		
Major West Virginia Employers	Number of Employees	Percentage of Total Employed	Major West Virginia Employers	Number of Employees	Percentage of Total Employed
Local Government	75,000 - 79,999	9.89%	Local Government	70,000 - 74,999	9.70%
State Government	40,000 - 44,999	5.51%	State Government	40,000 - 44,999	5.47%
Federal Government	20,000 - 24,999	3.03%	Federal Government	20,000 - 24,999	2.89%
Wal-Mart Associates, Inc.	10,000 - 13,000	1.83%	Wal-Mart Associates, Inc.	10,000 - 13,000	1.83%
West Virginia United Health System	7,000 - 9,999	1.30%	West Virginia United Health System	3,000 - 5,999	0.79%
Charleston Area Medical Center, Inc.	5,000 - 6,999	0.92%	Charleston Area Medical Center, Inc.	3,000 - 5,999	0.79%
Kroger	3,000 - 4,999	0.66%	Kroger	3,000 - 5,999	0.79%
Mylan Pharmaceuticals, Inc.	3,000 - 4,999	0.66%	CSX	3,000 - 5,999	0.79%
Murray American Energy, Inc	1,000 - 2,999	0.39%	American Electric Power	1,000 - 2,999	0.39%
St. Mary's Medical Center, Inc.	1,000 - 2,999	0.39%	Lowe's Home Centers, Inc.	1,000 - 2,999	0.39%
Lowe's Home Centers, Inc.	1,000 - 2,999	0.39%	Consolidation Coal Company	1,000 - 2,999	0.39%
Cabell Huntington Hospital, Inc.	1,000 - 2,999	0.39%	Verizon	1,000 - 2,999	0.39%
Res-Care Inc.	1,000 - 2,999	0.39%	St. Mary's Medical Center, Inc.	1,000 - 2,999	0.39%
Actual Total	**195,510**			**188,600**	

Source: Workforce West Virginia Research, Information, and Analysis Office

SCHEDULE 6

Demographic and Economic Indicators
Calendar Years 2005-2014

	2014	2013	2012	2011	2010
Population					
West Virginia	1,852,994	1,854,304	1,855,413	1,855,364	1,852,994
Change	-0.07%	-0.06%	0.00%	0.13%	1.83%
National	317,297,938	316,128,839	313,914,040	311,591,917	308,745,538
Change	0.37%	0.71%	0.75%	0.92%	0.57%
Total Personal Income					
West Virginia (in millions)	66,729	65,268	63,968	62,178	59,417
Change	2.24%	2.03%	2.88%	4.65%	3.27%
National (in millions)	14,680,500	14,090,700	13,401,869	12,981,741	12,353,577
Change	4.19%	5.14%	3.24%	5.08%	3.67%
Per Capita Personal Income*					
West Virginia	36,644	35,533	34,477	33,513	32,042
Change	3.13%	3.06%	2.88%	4.59%	2.91%
National	46,038	44,402	42,693	41,663	39,937
Change	3.68%	4.00%	2.47%	4.32%	2.81%
Median Age	**41.9**	41.0	41.3	41.1	41.3
Educational Attainment					
9th Grade or Less	6.2%	6.2%	3.0%	6.8%	6.1%
Some High School, No Diploma	10.2%	10.2%	5.0%	11.3%	10.7%
High School Diploma	44.1%	44.1%	40.1%	41.3%	41.6%
Some College, No Degree	13.4%	13.4%	26.3%	17.6%	18.3%
Associate, Bachelor's or Graduate Degree	26.1%	26.1%	25.6%	23.0%	23.3%
Labor Force and Employment (people in thousands)					
Civilian Labor Force	789	796.0	805.0	799.9	782.3
Employed	737	744.7	746.0	736.1	711.1
Unemployed	52	51.3	59.0	63.8	71.2
Unemployment Rate	6.6	6.5%	7.3%	8.0%	9.1%
Nonfarm Wage and Salary Workers Employed in West Virginia					
Goods Producing Industries (people in thousands)					
Mining	30.3	31.8	33.7	33.6	29.9
Construction	33.7	34.3	35.6	33	32.6
Manufacturing-Durable Goods	28.7	29.1	29.6	30	29.6
Manufacturing-NonDurable Goods	19.1	19.3	19.6	19.5	19.5
Total Goods Producing Industrie	**111.8**	**114.5**	**118.5**	**116.1**	**111.6**
Non-Goods Producing Industries (people in thousands)					
Trade	109.4	110.3	111.0	109.9	109.2
Service	388.9	384.5	381.7	376.2	372.5
State and Local Government	128.6	130.5	130.7	128.3	128.3
Federal Government	23.3	23.3	23.3	23.5	24.3
Total Non-Goods Producing Indu	**650.2**	**648.6**	**646.7**	**637.9**	**634.3**
Total Nonfarm Wage and Salary Em	**762.0**	**763.1**	**765.2**	**754.0**	**745.9**

*Per capita personal income is calculated by dividing total personal income by population.
**Various population, personal income and per capita personal income figures have been amended from last year's schedule.
Sources: Workforce West Virginia Research, Information, and Analysis Office, the Census, Survey of Current Business and the West Virginia Center on Budget & Policy

Demographic and Economic Indicators
Calendar Years 2005-2014

	2009	2008	2007	2006	2005
Population					
West Virginia	1,819,777	1,814,873	1,811,198	1,807,237	1,803,920
Change	0.27%	0.20%	0.22%	0.18%	0.03%
National	307,006,550	304,374,846	301,579,895	298,593,212	295,753,151
Change	0.86%	0.93%	1.00%	0.96%	0.92%
Total Personal Income					
West Virginia (in millions)	57,535	57,576	54,100	51,862	48,139
Change	-0.07%	6.43%	4.32%	7.73%	3.53%
National (in millions)	11,916,773	12,451,660	11,900,562	11,256,516	10,476,669
Change	-4.30%	4.63%	5.72%	7.44%	5.52%
Per Capita Personal Income*					
West Virginia	31,137	31,286	29,497	28,372	26,443
Change	-0.48%	6.07%	3.97%	7.29%	2.55%
National	38,846	40,947	39,506	37,725	35,452
Change	-5.13%	3.65%	4.72%	6.41%	4.64%
Median Age	40.5	40.6	40.4	40.7	40.7
Educational Attainment					
9th Grade or Less	6.5%	6.6%	7.0%	7.1%	10.0%
Some High School, No Diploma	10.7%	11.1%	11.8%	11.9%	14.8%
High School Diploma	41.0%	40.9%	41.1%	42.7%	39.4%
Some College, No Degree	18.5%	18.5%	16.7%	16.1%	16.6%
Associate, Bachelor's or Graduate Degree	23.2%	22.9%	23.4%	22.2%	19.2%
Labor Force and Employment (people in thousands)					
Civilian Labor Force	797.9	806.0	813.0	810.0	798.0
Employed	734.6	772.0	778.0	773.0	759.0
Unemployed	63.3	34.0	35.0	37.0	39.0
Unemployment Rate	7.9%	4.3%	4.3%	4.6%	4.9%
Nonfarm Wage and Salary Workers Employed in West Virginia					
Goods Producing Industries (people in thousands)					
Mining	29.6	30.7	27.5	28.1	25.9
Construction	34.1	38.4	38.7	39.2	36.8
Manufacturing-Durable Goods	30.9	35.2	37.2	38.4	38.8
Manufacturing-NonDurable Goods	19.8	21.1	21.8	22.6	23
Total Goods Producing Industrie	**114.4**	**125.4**	**125.2**	**128.3**	**124.5**
Non-Goods Producing Industries (people in thousands)					
Trade	110.0	114.4	116.2	115.5	113.6
Service	369.9	374	369.5	367.8	364.9
State and Local Government	126.3	123.7	122.6	122.4	121.7
Federal Government	23.6	22.9	22.5	22.1	21.9
Total Non-Goods Producing Indu	**629.8**	**635**	**630.8**	**627.8**	**622.1**
Total Nonfarm Wage and Salary Em	**744.2**	**760.4**	**756**	**756.1**	**746.6**

*Per capita personal income is calculated by dividing total personal income by population.
Various population, personal income and per capita personal income figures
have been amended from last year's schedule.

Sources: Workforce West Virginia Research, Information, and Analysis
Office, the Census, Survey of Current Business and
the West Virginia Center on Budget & Policy

SCHEDULE 7

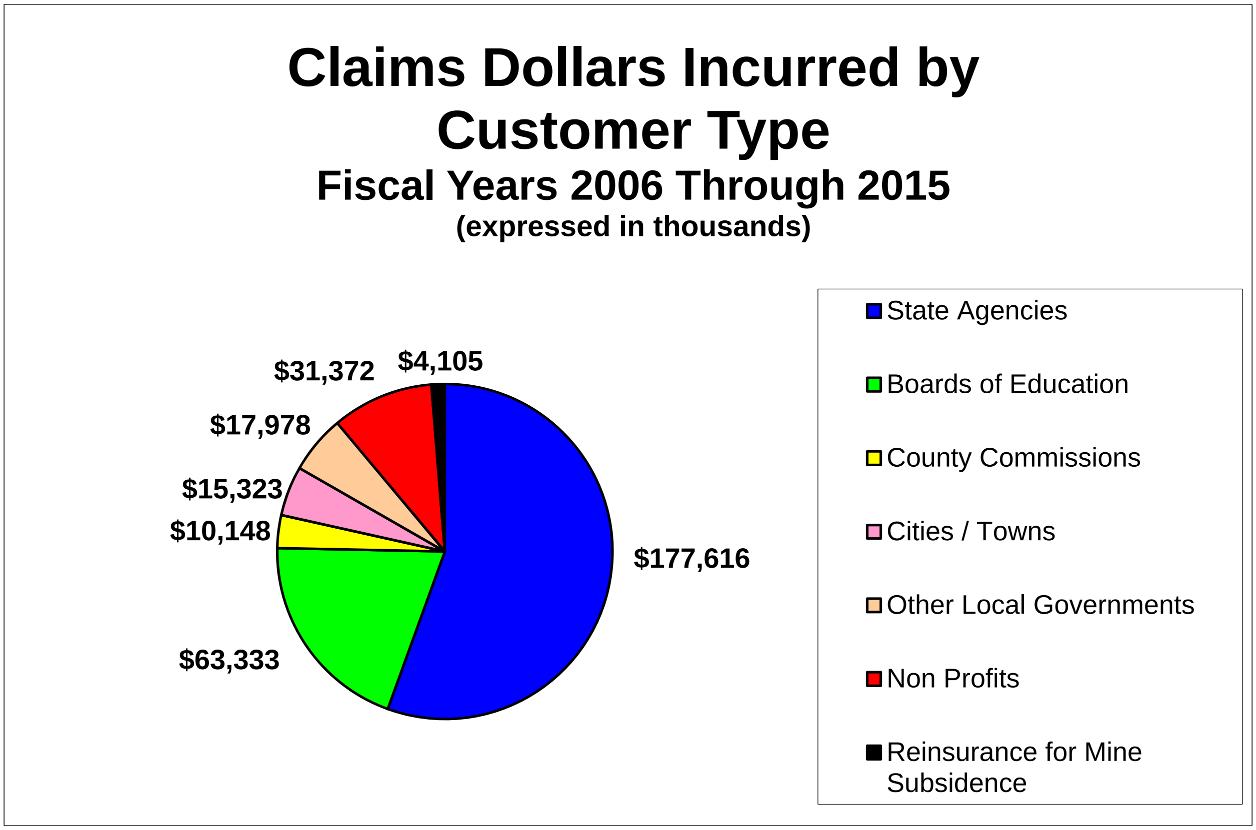
Full-time Equivalent Employees as of Fiscal Year-End*

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Administration	1	2	2	2	2	2	2	2	2	2
Finance	4	3	3	3	3	3	3	3	3	3
Claims	5	5	5	5	5	5	5	5	5	5
Underwriting	5	5	5	5	6	6	6	5	6	6
Loss Control	4	3	3	4	6	6	4	4	6	5
Information Systems	3	2	2	2	2	2	2	2	2	2
Medical Professional	--	--	--	--	--	--	--	--	--	--
Total Employees	22	20	20	21	24	24	22	21	24	23

* A full time employee is scheduled to work 2,080 hours per year (including vacation and sick leave). Full time equivalent employment is calculated by dividing total labor hours by 2,080.

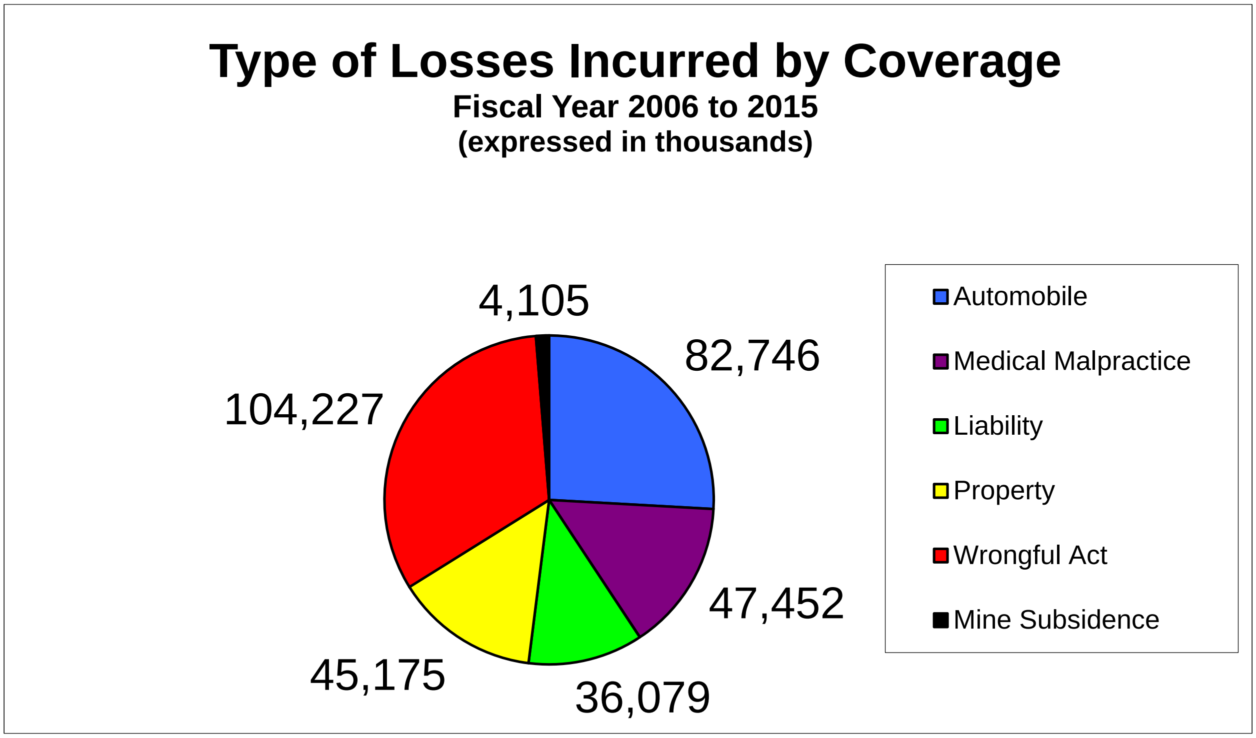
Source: Information compiled from the West Virginia Board of Risk and Insurance Management's internal data.

SCHEDULE 8



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

SCHEDULE 9



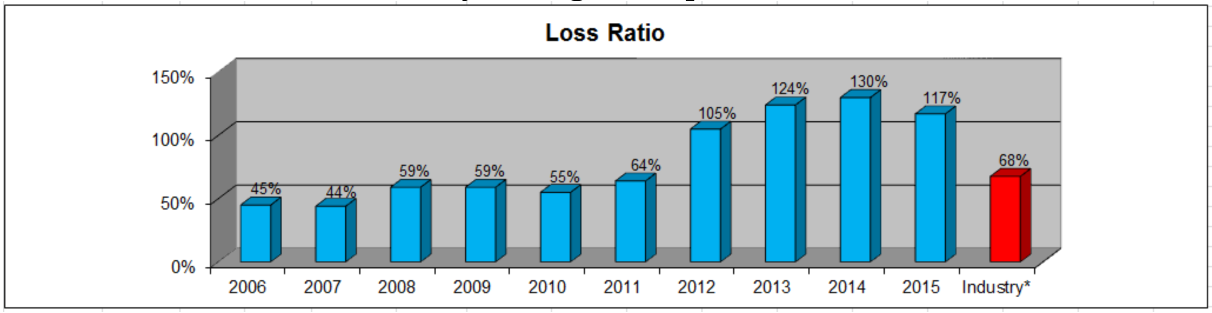
Loss Category

Automobile refers to injuries and physical damage claims resulting from the use of automobiles.
Medical Malpractice refers to claims arising out of professional medical encounters.
Liability refers to incidents such as slips and falls, highway maintenance, alleged negligence in the oversight of property and programs.
Property refers to damage to dwellings and structures covered under the policy.
Wrongful acts generally fall in the personal injury area and refer to things such as alleged employment discrimination, defamation, and civil rights' violations.
Mine subsidence is dwelling insurance up to a specified maximum for damage caused by the collapse of underground coal mines.

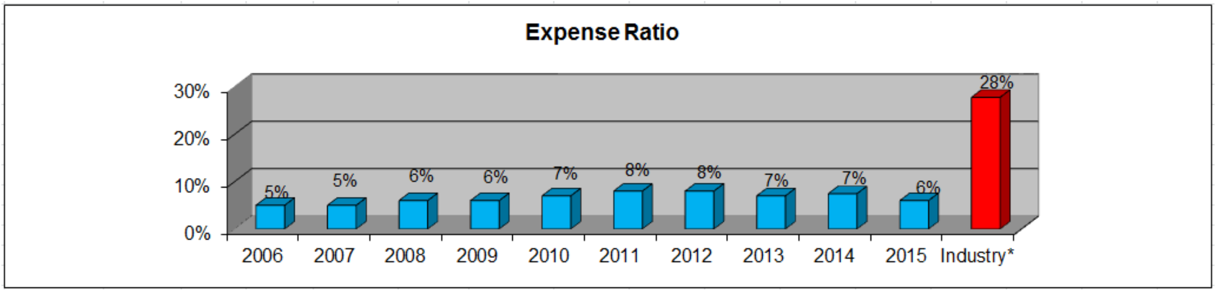
Source: Information compiled from the West Virginia Board of Risk and Insurance Management's internal data.

SCHEDULE 10

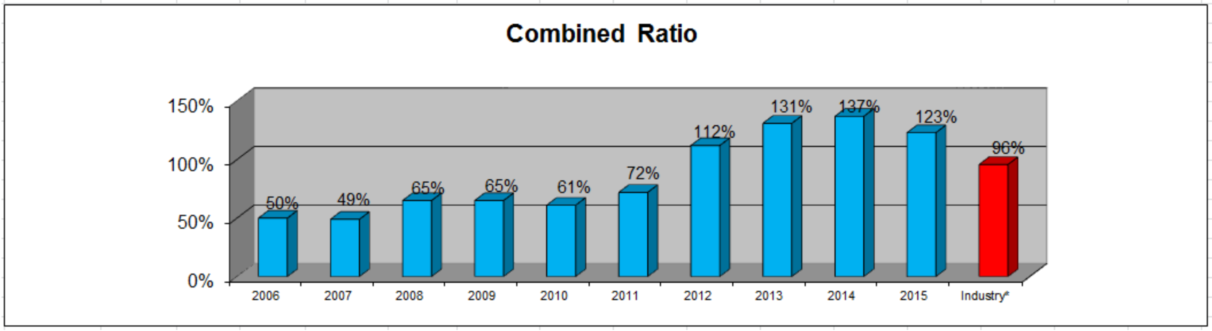
Industry Averages Compared to BRIM



The loss ratio expresses the relationship between losses and premiums in percentage terms.



The expense ratio expresses the relationship between total general and administrative expenses and premiums in percentage terms.

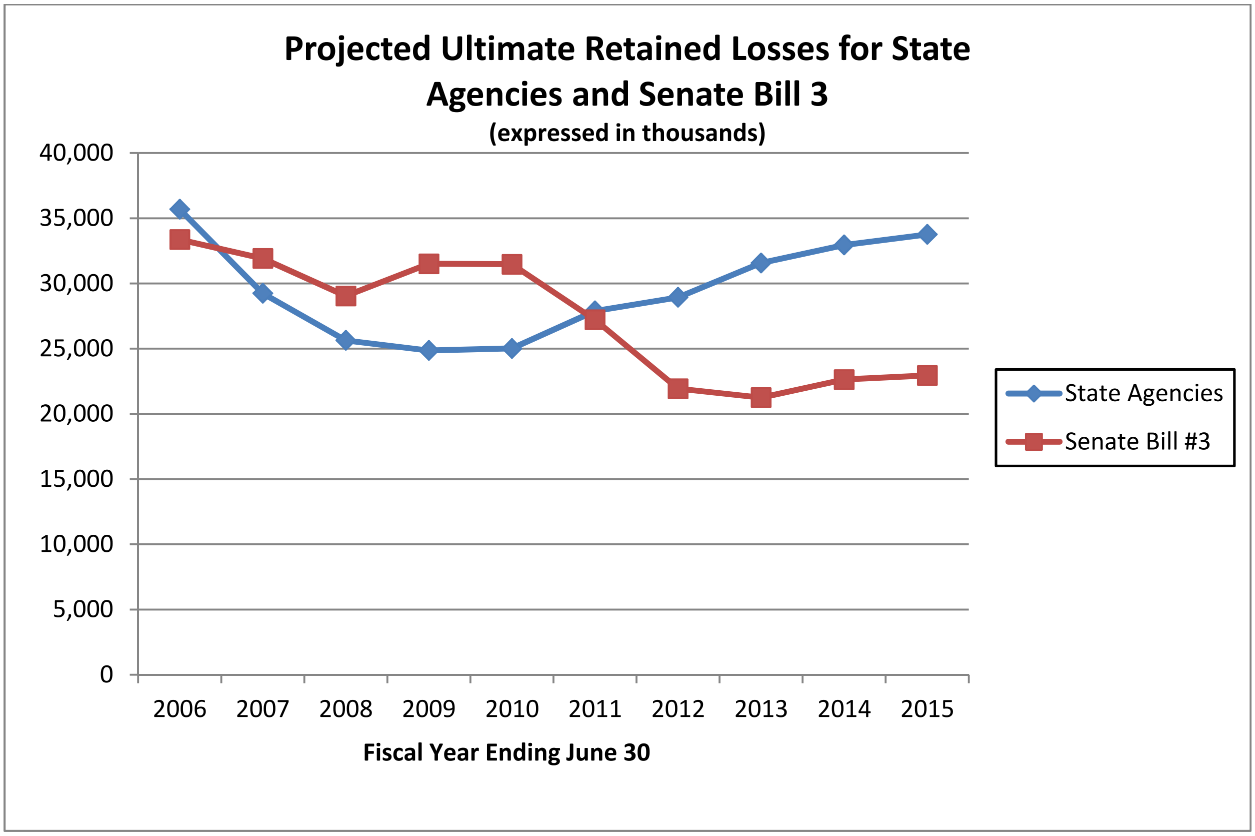


The combined ratio is used to measure underwriting performance. It is derived by adding the loss and expense ratio. A combined ratio below 100% indicates an underwriting profit and one above 100% indicates an underwriting loss.

BRIM's ratios are shown in blue and the industry ratios are shown in red.

*** Source: Insurance Services Office**

SCHEDULE 11



Fiscal Year	State Agencies	Senate Bill 3
2006	$35,689	$33,369
2007	$29,243	$31,916
2008	$25,631	$29,041
2009	$24,863	$31,508
2010	$25,011	$31,468
2011	$27,894	$27,216
2012	$28,937	$21,932
2013	$31,571	$21,250
2014	$32,952	$22,631
2015	$33,762	$22,943

The projections indicate a downward trend for both State Agencies and Senate Bill 3 programs for fiscal years 2007 and 2008. The overall projections level out for fiscal years 2009 and 2010. However, the projections for fiscal years 2011, 2012, 2013, 2014 and 2015 show State Agencies increasing while Senate Bill 3 decreases further in 2011, 2012, 2013, 2014 with a slight increase in 2015 due to current development estimates in the actuarial model. All projections are listed at their nominal value, expressed in thousands of dollars. Source: Taken from each of the corresponding independent actuarial reports from AON that provides the estimates for each fiscal year's projected losses as shown.

SCHEDULE 12

Listing of Coverages in Effect for Fiscal Year 2015

LIABILITY	LIMIT OF LIABILITY
Automobile Liability Policy No.: CA 321-94-72 Company: National Union Fire Insurance Co.	$ 1,000,000 per occurrence
Cyber Liability Policy No.: F106873314 Company: Arthur J. Gallagher International	$ 25,000,000 per occurrence
General Liability Policy No.: GL 726-69-30 Company: National Union Fire Insurance Co.	$ 1,000,000 per occurrence
Aircraft Liability Policy No.: AV003380147-12 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.: MAF760728-14 Company: Axis Insurance Company	$ 25,000,000 primary layer 1,000,000 deductible
Policy No.: NHD388577 Company: RSUI	$ 100,000,000 in excess of 25,000,000
Policy No.: 795002076 Company: One Beacon	$ 75,000,000 in excess of 125,000,000
Policy No.: MAF733355-14 Company: Axis Insurance Company	$ 200,000,000 in excess of 200,000,000
Policy No.: MAF760729-14 Company: Axis Insurance Company	$ 10,000,000 flood with 1,000,000 deductible
Boiler and Machinery Policy No.: FBP2280385 Company: Hartford Steam Boiler Company	$ 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.


STATE OF WEST VIRGINIA
JUNE 20 1863
MONTANI SEMPER LIBERI