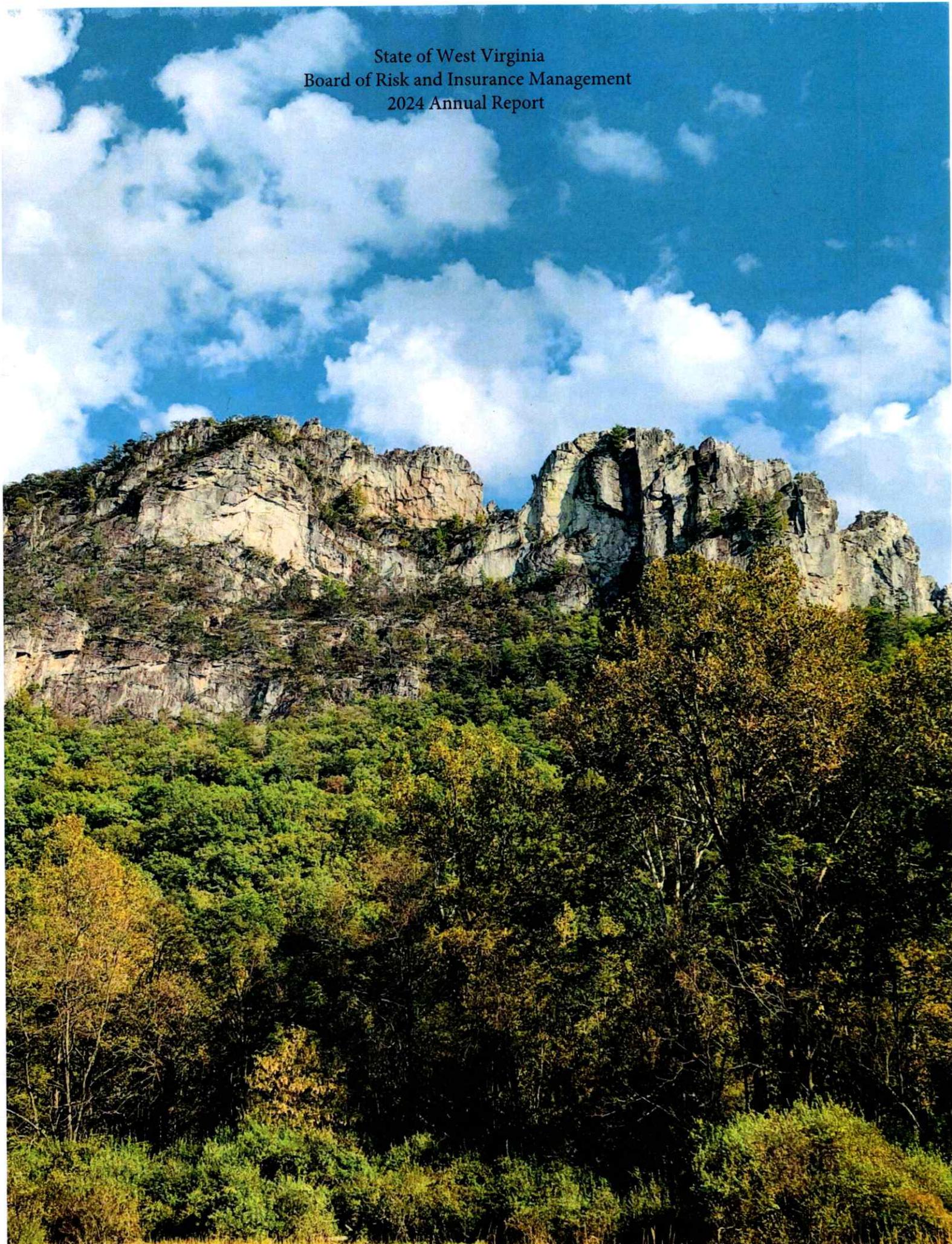


State of West Virginia
Board of Risk and Insurance Management
2024 Annual Report



August 29, 2024

Honorable Jim Justice, Governor
State of West Virginia

Governor Justice:

The Annual Report of the West Virginia Board of Risk and Insurance Management (BRIM) for the year ended June 30, 2024, is hereby respectfully submitted. This report was prepared by the staff of BRIM. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation rests with the management of BRIM. We believe the data, as presented, is accurate and that it is presented in a manner designed to fairly set forth the results of the operations of BRIM. All information necessary to enable the reader to gain an understanding of BRIM's operational activities has been included.

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

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

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

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

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

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

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

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

BRIM currently insures approximately 160 state agencies, approximately 1,000 non-state entities, plus provides mine subsidence reinsurance to approximately 15,000 home and business owners.

Financial Highlights

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

Internal Accounting Structure and Budgetary Control

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

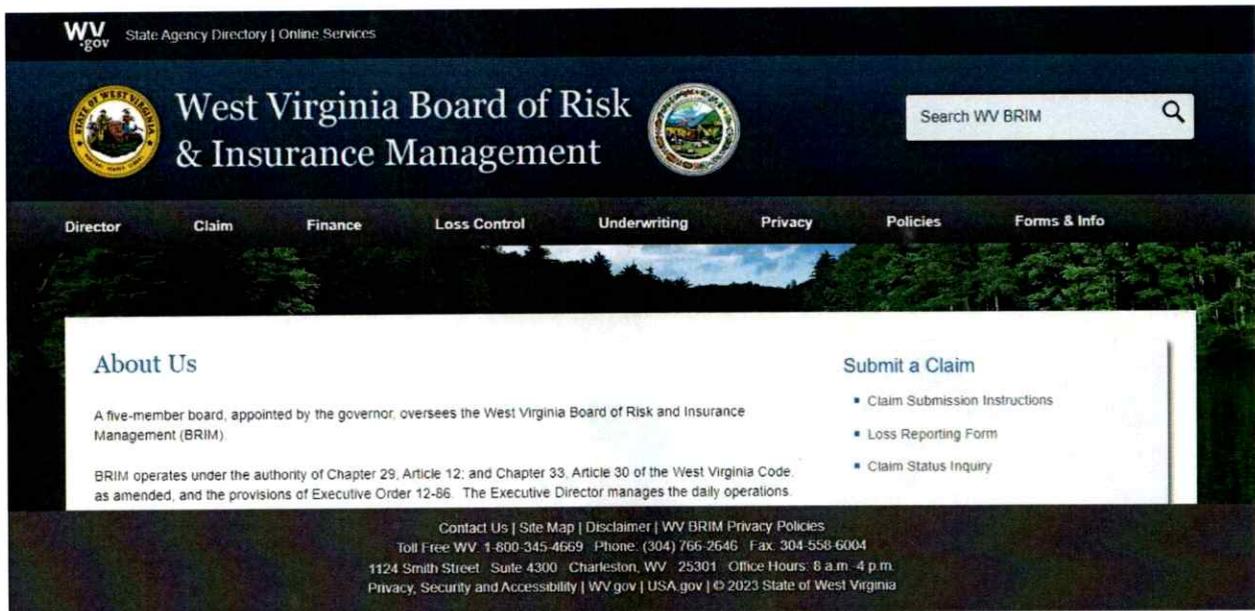
Internal controls have been put in place to ensure the assets and property of BRIM are protected from theft, loss or misuse and to provide adequate accounting data for preparing Generally Accepted Accounting Principles (GAAP) based financial statements.

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

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

BRIM On-Line

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



Results of Operations

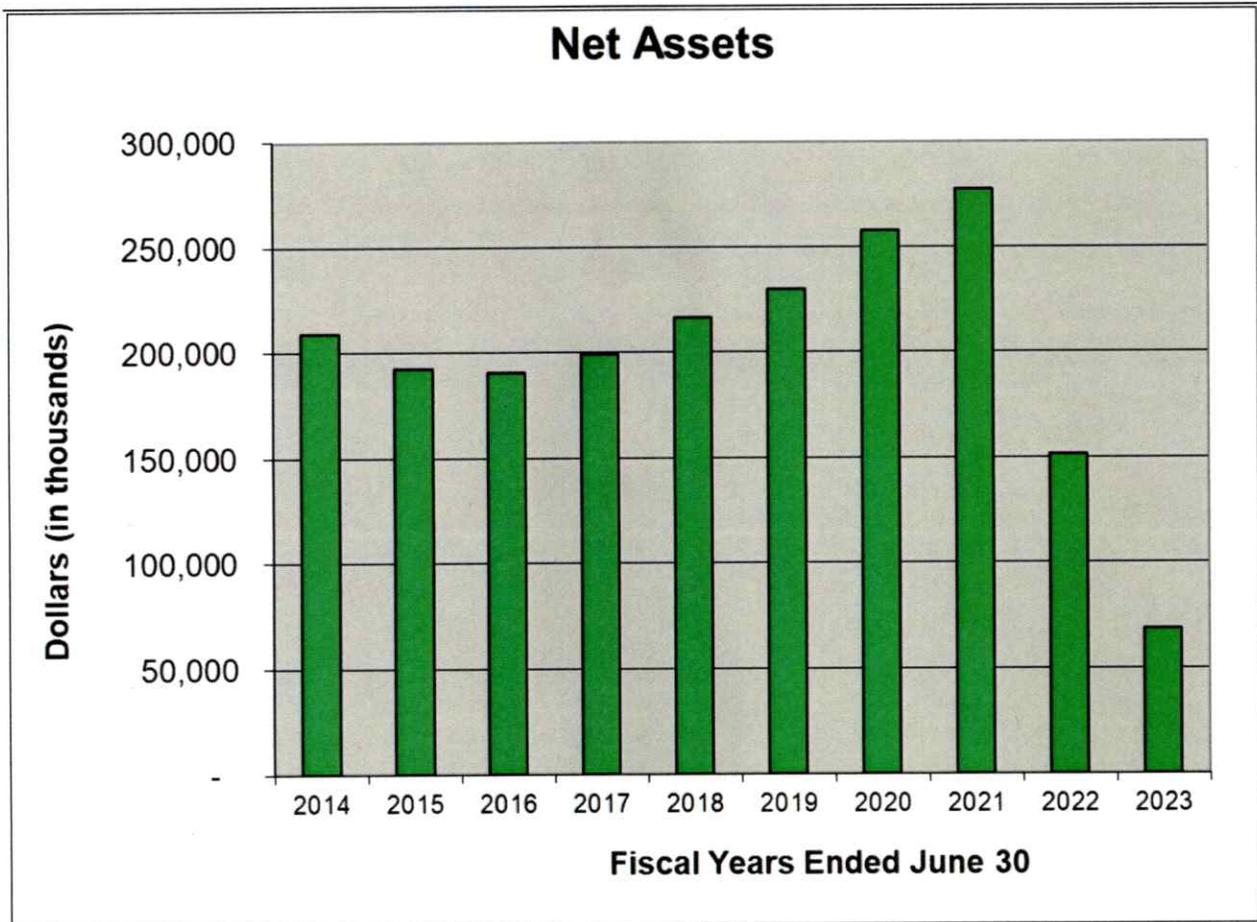
Below are audited results from operations of four most recent fiscal years ended June 30:

	2020	2021	2022	2023
	(In Thousands)			
Operating Revenues:				
Premiums	\$ 82,567	\$ 83,238	\$ 86,099	\$ 95,502
Less Excess Coverages	(6,915)	(4,438)	(4,758)	(8,969)
Net Operating Revenues	75,652	78,800	81,341	86,533
Operating Expenses:				
Claims & Claims Adjustment	65,349	70,259	168,122	171,253
General & Administrative	5,034	4,811	5,008	5,847
Total Operating Expenses	70,383	75,070	173,130	177,100
Operating Income (Loss)	5,269	3,730	(91,789)	(90,567)
Non-Operating Revenues				
Interest Income	22,818	28,845	(33,670)	7,986
OPEB Non-operating Income	24	11		
Appropriation Transfer		(13,500)	(6)	(22)
Net Income	28,111	19,086	(125,465)	(82,603)
Net Position at Beginning of Year	229,672	257,783	276,869	151,404
Net Position at End of Year	\$ 257,783	\$ 276,869	\$ 151,404	\$ 68,801

BRIM has worked diligently for the past several years to maintain a positive net position and eliminate its unfunded liability. Favorable loss patterns and adequate funding have enabled BRIM to maintain a positive net position from 2005 thru 2023. BRIM may occasionally experience some adverse loss development. Premiums continue to be calculated on a basis consistent with exposure and loss trends. It is also important to note that BRIM has not received any state appropriations since 2005. BRIM will continue to closely monitor claims activity with our independent actuary and will bill premiums accordingly. Efforts are being undertaken to increase the emphasis on loss control by state agencies and non-state entities, including educational classes and seminars on sexual harassment, discrimination, liability deductibles, defensive driving classes, and personally meeting with Cabinet Secretaries to discuss loss histories of the

agencies under their supervision.

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



Audit

BRIM is required by the Financial Accounting and Reporting Section (FARS) of the Department of Administration to have an annual independent audit. The firm of Forvis Mazars, LLP was selected to perform the audit for the fiscal year ended June 30, 2024. The June 30, 2024, report will be available near the end of October 2024.

Risk Management

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

Cash Management

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

Certificate of Achievement for Excellence in Financial Reporting

The West Virginia Board of Risk and Insurance Management's Annual Comprehensive Financial Report (ACFR) for the year ended June 30, 2023, from which the information on page(s) one through thirteen have been drawn, was submitted for the award the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA). BRIM's submission for the Certificate of Achievement for its 2023 ACFR has been reviewed and BRIM was awarded the Certificate of Achievement. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our 2024 Annual Comprehensive Financial Report will meet the Certificate of Achievement Program's requirements and we will be submitting it to the GFOA to determine its eligibility for another certificate.

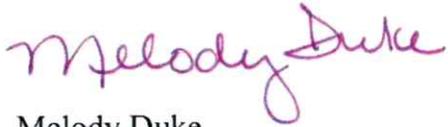
Annual Comprehensive Financial Report

Since June 30, 1995, BRIM has issued an Annual Comprehensive Financial Report (ACFR). This report contains an introductory section, a financial section, and a statistical section. The financial section will contain audited data for June 30, 2024. The ACFR for fiscal year 2024 will be issued before December 31, 2024. A copy of this report will be sent to the Governor's Office upon completion.

Acknowledgments

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

Sincerely,



Melody Duke
Executive Director

Listing of Coverages in Effect for Fiscal Year 2023

LIABILITY	LIMIT OF LIABILITY
LIABILITY	LIMIT OF LIABILITY
Automobile Liability Policy No.: CA 976-749 & 976-7480 Company: National Union Fire Insurance Co.	\$ 1,000,000 per occurrence
Cyber Liability (State) Policy No.: UMR B1262F10687322 Company: Arthur J. Gallagher International	\$ 25,000,000 per occurrence
Cyber Liability (Boards of Education) Policy No.: 01-340-73-82 Company: AIG Specialty Ins. Co.	\$ 6,000,000 per occurrence
General Liability Policy No. GL6882274 & 6882275 Company: National Union Fire Insurance Co.	\$ 1,000,000 per occurrence
Aircraft Liability Policy No.: AV003380147-20 Company: National Union Fire Insurance Co.	\$ 1,000,000 per occurrence
Unmanned Aircraft Liability Policy No.: UMO28176638-08 Company: National Union Fire Insurance Co.	\$ 1,000,000 per occurrence
Excess Liability-Bd. of Education Policy No.: 6882276 Company: The Insurance Company of the State of Penn	\$ 5,000,000 per occurrence or claim
PROPERTY	LIMIT OF LIABILITY
Blanket Property Policy No.: N1-A3-PP-000033-00 Company: Munich Re \$2,250,000	\$ 10,000,000 primary layer 1,000,000 deductible
Policy No.: 0313-4553-1A Company: AWAC \$1,750,000	
Policy No.: B0507UP2205413 Company: Houston Casualty \$ 500,000	
Policy No.: B0507UP2205413 Company: Dale \$ 1,000,000	
Policy No.: W32D71220101 Company: Beazley \$ 1,500,000	
Policy No.: 01613836481 Company: Lexington \$ 3,000,000	
Policy No.: N1-A3-PP-000033-00 Company: Munich Re \$2,250,000	\$ 10,000,000 in excess of 10,000,000
Policy No.: 0313-4553-1A Company: AWAC \$1,750,000	
Policy No.: B0507UP2205413	

Company: Houston Casualty	\$ 500,000	
Policy No.: B0507UP2205413 Company: Dale	\$ 1,000,000	
Policy No.: 73PRX22AED43 Company: Hallmark Insurance	\$ 4,500,000	
Policy No.: D39136570001 Company: Westchester	\$ 2,500,000	\$ 5,000,000 in excess of 20,000,000
Policy No.: 73PRX22AED43 Company: Axis	\$ 2,500,000	
Policy No.: NHD925986 Company: RSUI		\$ 100,000,000 in excess of 25,000,000
Policy No.: 0062502553 Company: Lexington		\$ 25,000,000 in excess of 125,000,000
Policy No.: 795019348000000 Company: Intact		\$ 25,000,000 in excess of 150,000,000
Policy No.: B0507UP2203382 Company: Chubb		\$ 125,000,000 in excess of 175,000,000
Boiler and Machinery Policy No.: YB2L9L469170032 Company: Liberty Mutual Insurance		\$ 5,000,000 per equipment covered in excess of 1,000,000
Public Insurance Official Position Schedule Bond Bond No.: 106128156 Company: Travelers		Variable amounts as set by Statute

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

Top 10 State Agency Premiums for Fiscal Year 2023

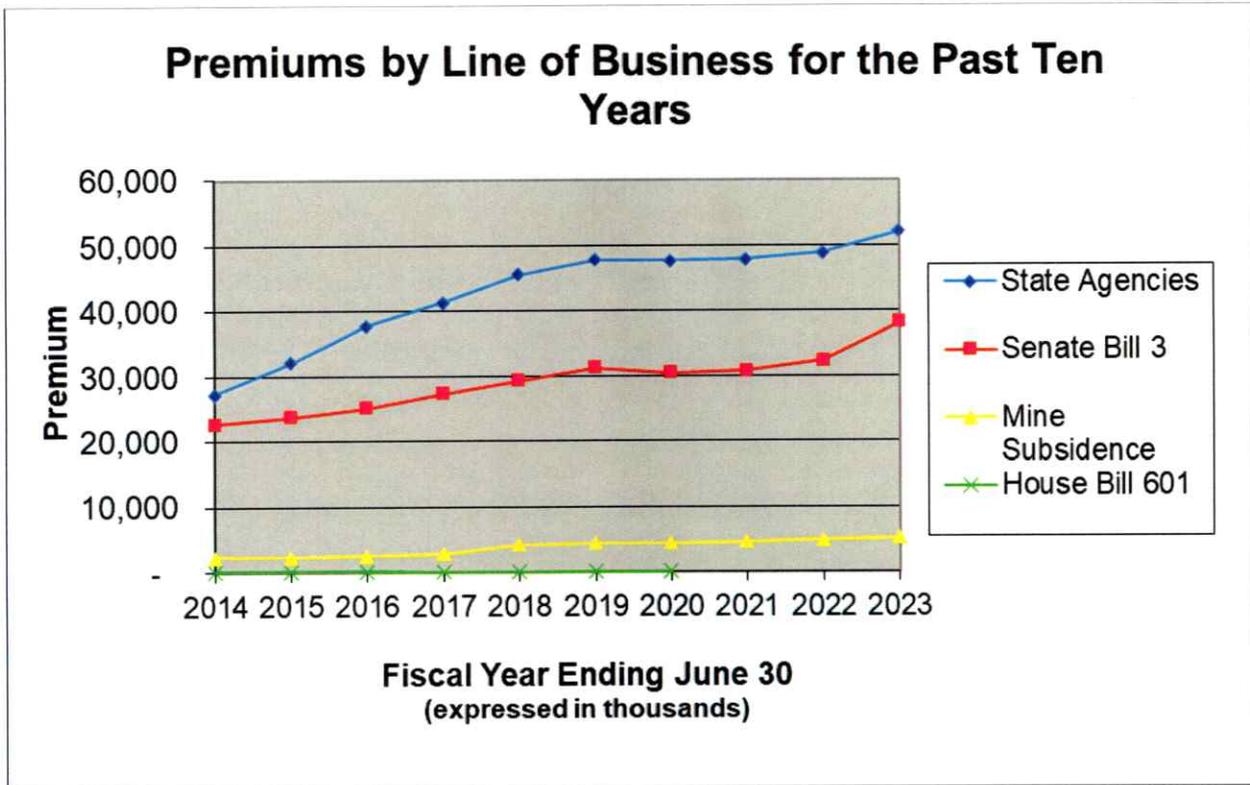
1 WEST VIRGINIA UNIVERSITY	\$11,338,820
2 HIGHWAYS, DIVISION OF	6,306,618
3 STATE POLICE, WEST VIRGINIA	5,595,196
4 CORRECTIONS, DIVISION OF	5,529,307
5 HEALTH & HUMAN RESOURCES, DEPARTMENT OF	4,288,974
6 MARSHALL UNIVERSITY	3,703,935
7 REGIONAL JAIL & CORR. FAC. AUTHORITY	2,545,862
8 WEST VIRGINIA UNIVERSITY MEDICAL CORP	1,065,763
9 SUPREME COURT OF APPEALS	716,410
10 WEST VIRGINIA PARKWAYS AUTHORITY	660,455
Total Top Ten	\$41,751,340

Total State Premium Billing for 2023	\$52,093,686
% of top 10 in relation to all state agency billings	80.15%

Top 20 SB 3 Premiums for Fiscal Year 2023

1 KANAWHA COUNTY BOARD OF EDUCATION	\$ 2,679,799
2 BERKELEY COUNTY BOARD OF EDUCATION	1,152,178
3 CABELL COUNTY BOARD OF EDUCATION	1,018,022
4 ST ALBANS, CITY OF	1,006,087
5 RALEIGH COUNTY BOARD OF EDUCATION	945,052
6 PUTNAM COUNTY BOARD OF EDUCATION	754,429
7 HARRISON COUNTY BOARD OF EDUCATION	735,865
8 WOOD COUNTY BOARD OF EDUCATION	684,341
9 MONONGALIA COUNTY BOARD OF EDUCATION	653,733
10 MERCER COUNTY BOARD OF EDUCATION	610,905
11 WAYNE COUNTY BOARD OF EDUCATION	598,975
12 JEFFERSON COUNTY BOARD OF EDUCATION	595,535
13 MARION COUNTY BOARD OF EDUCATION	556,304
14 FAYETTE COUNTY BOARD OF EDUCATION	547,548
15 KANAWHA VALLEY REGIONAL TRANSPORTATION	543,973
16 STAT EMS LLC	481,881
17 LOGAN COUNTY BOARD OF EDUCATION	445,147
18 OHIO COUNTY BOARD OF EDUCATION	409,882
19 MARSHALL COUNTY BOARD OF EDUCATION	406,042
20 MINGO COUNTY BOARD OF EDUCATION	399,244
Total Top Twenty	\$15,224,942

Total SB 3 Premium Billing for 2023	\$38,269,452
% of top 20 in relation to total SB 3 billings	39.78%

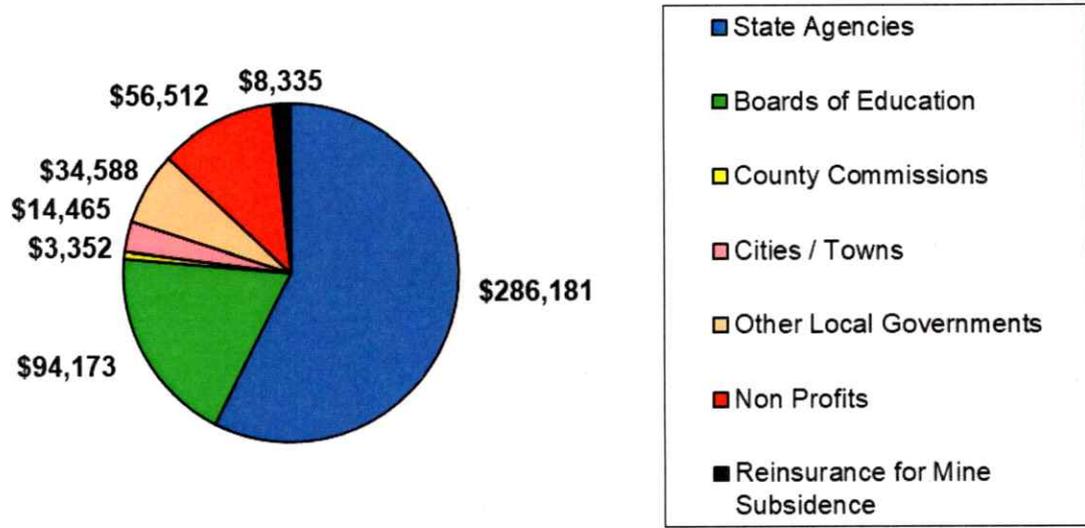


Fiscal Year	State Agencies	Non-State	Mine Subsidence	House Bill 601
2014	\$ 27,226	\$ 22,642	\$ 2,220	\$ 40
2015	\$ 32,118	\$ 23,781	\$ 2,261	\$ 44
2016	\$37,688	\$25,147	\$2,398	\$ 60
2017	\$41,304	\$27,305	\$2,759	-
2018	\$45,516	\$29,306	\$4,129	-
2019	\$47,713	\$31,286	\$4,302	-
2020	\$47,675	\$30,524	\$4,368	-
2021	\$47,884	\$30,782	\$4,572	-
2022	\$48,856	\$32,419	\$4,824	-
2023	\$52,094	\$38,269	\$5,139	-

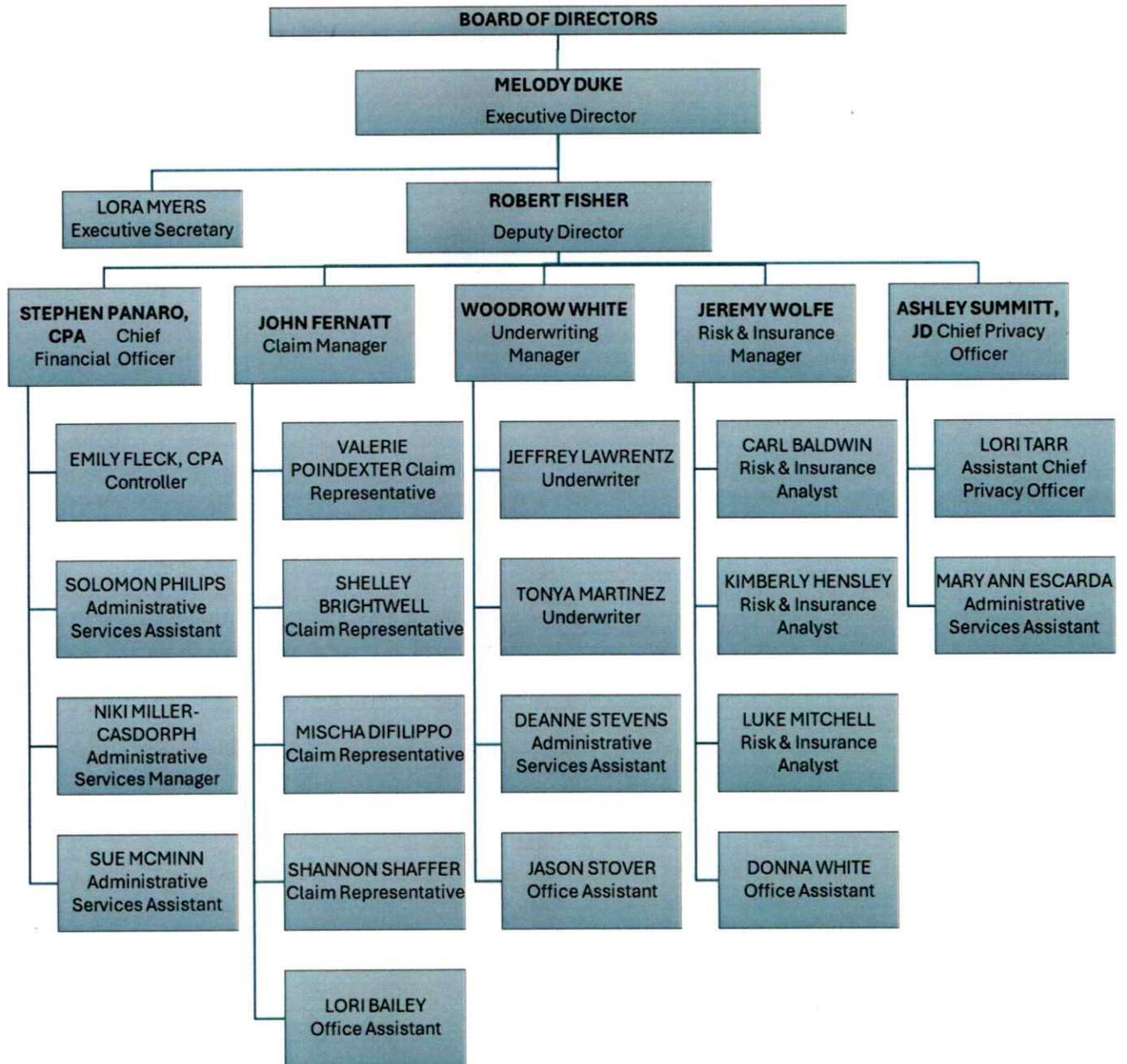
The chart above shows premiums by line of business for the past ten fiscal years, expressed in thousands of dollars. This chart illustrates a general upward trend of premiums for State Agencies and Non-State customers beginning in 2014 when premiums began increasing.

Source: BRIM’s internal financial statements.

Claims Dollars Incurred by Customer Type Fiscal Years 2014 Through 2023 (expressed in thousands)



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



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



Mark D. Scott
Cabinet Secretary

Melody Duke
Executive Director
Melody.A.Duke@wv.gov

AGENDA
BOARD MEETING OF THE
WEST VIRGINIA BOARD OF RISK AND INSURANCE MANAGEMENT
Tuesday, September 19, 2023 @ 1PM

Chairman Price

Call to Order

Chairman Price

Roll Call

Chairman Price

Approval of Board Minutes
June 27, 2023 Meeting

REPORTS

Tom Sauvageot
West Virginia Investment Management Board

Account/Investment Update

Scott Mountain/Robert Bayston
Insight Investment

Account/Investment Update

Melody Duke
Executive Director

Executive Director's Report

Stephen W. Panaro, CPA
Chief Financial Officer

Financial Report
PCard Report

JeremyC. Wolfe
Loss Control Manager

Loss Control Report

Ashley E. Summitt
Chief Privacy Officer

Privacy Report

EXECUTIVE SESSION
UNFINISHED BUSINESS
NEW BUSINESS
ADJOURNMENT

ldm

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



Mark D. Scott
Cabinet Secretary

Melody Duke
Executive Director
Melody.A.Duke@wv.gov

****DRAFT****

**MINUTES OF THE MEETING
WEST VIRGINIA BOARD OF RISK AND INSURANCE MANAGEMENT
June 27, 2023 @ 1PM**

(Meeting held in person & telephonically to practice social distancing guidelines for COVID-19 pandemic response)

BOARD MEMBERS: Joseph Price, Chairman
Gordon Lane, Jr., Vice Chairman
Leah Cooper, Member
Tom Clark, Member
Allan L. McVey, Board Secretary, Ex-Officio Member
Commissioner, WV Office of the Insurance Commissioner

BRIM PERSONNEL: Melody Duke, Executive Director
Robert Fisher, Deputy Director
Stephen W. Panaro, CPA, CFO
Jeremy Wolfe, Risk & Insurance Manager
Ashley Summit, Chief Privacy Officer
Woodrow White, Underwriting Manager
Emily Fleck, Controller
Shannon Shaffer, Claim Representative
Jason Stover, Office Assistant
Lora Myers, Recording Secretary

BRIM PROGRAM REPRESENTATIVES: Steve Fowler, BRIM Counsel
Chuck Waugh, AIG Claim Services
Brenda Samples, USI Insurance Services. LLC
Bob Ayers, USI Insurance Services. LLC
Janet Buckley, Assured Partners

GUESTS: Kelsey Knotts, WVU Risk Management
Donna Hadrych, WVU Health Sciences
Stacie Honaker, WVU Health Sciences

CALL TO ORDER

- Vice Chairman Lane called the board meeting of the West Virginia Board of Risk and Insurance Management to order on Tuesday, June 27, 2023 at 1:01PM. Chairman Price attended the meeting, joining remotely and slightly late due to a schedule conflict. The meeting was held in person and by remote access also.
- Vice Chairman Lane requested all board members and meeting attendees sign in to verify their attendance and remote joiners should verify with confirmation email.

APPROVAL OF MINUTES

- Vice Chairman Lane asked for a motion to approve the Minutes of the March 21, 2023, board meeting. Member Tom Clark moved the approval of the board meeting minutes from the prior meeting. The motion was seconded by Member Leah Cooper.
- No discussion, a vote took place and the MOTION ADOPTED.

REPORTS

Executive Director's Report

- Vice Chairman Lane called on Melody Duke for the Executive Director's Report.
- The Executive Director's Report began with a review of the Marshall University and West Virginia University Medical Malpractice Programs. The report included total deposits/disbursements to the escrow account for FY2023.
- Mrs. Duke reported on the State and Non State Liability Claim and Litigation Information. She discussed the charts outlined in her report and explained that indemnity payments, legal payments and indemnity reserves were up in May 2023 in comparison to the previous year due to some of the abuse claims.
- Six cases have been tried to verdict in 2023, three plaintiff verdicts and two defense verdicts, and a dismissed case. The Executive Director's Report also included details regarding trials, paid claims, outstanding claims, claims counts, duration and closing ratio.
- Regarding Insurance Renewals, BRIM has received several renewals for the upcoming year. The Board of Education Cyber renewal has two proposals; one from AIG (the current carrier) and the other from Starr. The Starr proposal offers a 35% premium reduction over the current premium and increased the sublimit. The current carrier has provided four options with limits from \$11,500,000 - \$25,000,000. We are reviewing to determine which option is the best. BRIM would like to purchase limits up to \$25,000,000.

The County Boards of Education Excess has received three proposals. We are currently evaluating and have returned to the market to determine if we can purchase layers to achieve an aggregate of at least \$15,000,000.

Additionally, BRIM has received preliminary indications on the property renewal. Last July 1, 2022, the incumbent primary carrier for the first \$25 million declined to renew the guarantee and had declined to be the primary. The renewal premium increased 107% going from \$4.1 million to \$8.5 million and the first \$25 million layer had 10 carriers versus 1 carrier. For the July 1, 2023, renewal, we have been provided with an estimated premium increase of 30 - 40% and we will have some new carriers as the market players have changed their participation.

- Mrs. Duke reported that BRIM will be implementing four endorsements for the 2023 liability policy for state and non-state insureds. The first is for all insureds and amends the Supplementary Payments section and includes attorney fees as part of the limit of liability. The second is for all insureds and adds "offense" as part of the limit of liability and deems "occurrence", "offense" and "loss" as related claims. This has always been the interpretation for coverage purposes but officially includes Section II Limits of Insurance. The third is for all non-state insureds and is a punitive damages exclusion for all claims, demands, actions or awards of punitive or exemplary damages. It should be noted that in the state code, punitive damages cannot be collected from political subdivisions. The final endorsement affects all non-state insureds with the exception of county boards of education. The endorsement includes definitions for abuse, claims of abuse, claimant, and interrelated claims of abuse, modifies the limit per occurrence to \$500,000 with an additional \$500,000 recovery for reasonable and necessary medical expenses actually incurred; however, psychiatric or psychological treatment are excluded. The endorsement provides for an annual aggregate per entity of \$3,000,000 and outlines time limits for reporting. The language will further tighten the claim to a single perpetrator and a "one" occurrence for interrelated claims.
- Legislative/Interim meetings were discussed during Mrs. Duke's presentation. She was asked to present a BRIM Insurance 101 for the April and May Interim Committees on Judiciary, Insurance and PEIA. Most of the questions from both committees were regarding abuse claim development and the participation of non-state entities in the BRIM program. In late May, Mrs. Duke met with Senator Tarr to discuss non-profit entities. Additional questions are expected concerning the non-state programs.
- Mrs. Duke reported that BRIM has received a draft on the Claim Audit performed on AIG Claims by Strategic Claims Direction. BRIM hopes to provide the board with the report as soon as possible. Year two will be an audit of the internal property and mine subsidence claims.
- The Risk Management Information System was reviewed during the report. A deadline of June 30, 2023, had been set for the full implementation of the Underwriting and Loss Control modules. The targeted date has been moved to September 30, 2023 due to some time setbacks. We are looking forward to moving from the legacy mainframe system.

- Mrs. Duke welcomed BRIM's new hire. Mary Ann Escarda joined our Privacy Department as a replacement for Lora Reynolds. She also welcomed Cole Burgan and Ryan Kirkpatrick who are both interns at BRIM this summer. Cole is completing an internship through Blue Ridge Community and Technical College and Ryan is participating in the Governor's Internship Program.
- Upcoming Board Meeting Schedule for 2023:
 - Tuesday, September 19, 2023 @ 1PM
 - Tuesday, December 12, 2023 @ 1PM
- Announcement was made during the Executive Director's report regarding STRIMA. This year STRIMA will be held from September 11 - 15, 2023 in Little Rock, Arkansas. Robert Fisher and Woodrow White will be attending on behalf of BRIM.
- The Executive Director's Report was received and filed, a copy is attached and made part of the record.

BRIM Financial Report

- Vice Chairman Lane called on Stephen Panaro to present the Chief Financial Officer's Report to the Board.
- Mr. Panaro reviewed the P-Card Report for February, March and April, 2023.
- Mr. Panaro reported on the Current Financial Results. The financial results presented are for the ten months ended April 30, 2023. The results reflect the actuarially estimated unpaid losses from AON's risk funding study as of March 31, 2023, plus an additional accrual for April.
- Net premium revenue through April has increased \$5.3 million compared to FY22. The increase reflects an increase in premiums based on the actuarial estimated loss pics.
- Retained case reserves are \$67 million higher this year compared to the prior year and actuarially estimated IBNR is \$30.5 million higher than the prior year. Combined total current and non-current claims liabilities (i.e., unpaid claims) are \$97.5 million higher than last year based on the March 31st AON actuarial study. Our reserve adjustment in the third quarter of this year was lower than the third quarter of this year was lower than the third quarter of last year due to a reduction in IBNR from the second quarter.
- Claims and claims adjustment expense of \$122.7 million is \$2.3 million dollars higher than last year due mostly to increased reserve adjustments during the current fiscal year.
- Investment income through April was \$9.8 million compared to investment losses through April 2022 of \$26.8 million. This is a positive year-over-year change of

\$38.6 million. Through April the Bank of New York trust gained \$2.2 million. Due to the short duration of the fixed income holdings in the trust (3.6 years) and increasing interest rates the returns in the trust have been fluctuating. Equity markets experienced volatility during FY22 and that trend is continuing in FY23. Our holdings with the WV Investment Management Board have increased \$5.8 million this fiscal year. \$6.8 million of that is due to investment income with a \$1 million withdrawal in September. In addition, we had \$745 thousand of interest income from the BTI through April.

- The combination of higher reinsurance premiums, increased claims expense, positive investment returns and a small increase in premium revenue resulted in a decrease in net position of \$45.3 million compared with a decrease in net position of \$84.3 million in FY22. The largest factor in this decrease was the reserve adjustments of \$62 million for the second quarter. The year-to-date negative change in net position is less than last year but is still significant.
- Our current net position of \$06.1 million includes the mine subsidence program's net position of \$31 million, leaving BRIM's unrestricted net position at \$75.1 million. This compares with a net position of \$192.5 million last year.
- Financial Markets review was covered in Mr. Panaro's report. Since our meeting in March, financial markets have continued to be volatile. The DJIA has experienced many peaks and valleys this year. with a year to date return of 2.5%. With the continued Federal Reserve rate increases and uncertainty in the economy this volatility is likely to continue.
- In testimony before Congress on June 22nd, Federal Reserve Chair Jerome Powell stated according to an article in The Wall Street Journal, the central bank didn't raise interest rates last week, slowing down the pace of increases . "We moved very quickly at the beginning; and we gradually slowed down. This is just a continuation of that, to give ourselves more time - to stretch out the time for making these decisions.
- Inflation and economic activity have not slowed as much as anticipated given the increase in interest rates. This casts doubt on how high the rates may climb. During their policy meeting the week of June 12th, Fed officials left the benchmark federal-funds rate in a range of between 5% and 5.25%. Most officials believe there will be two more increases this year taking interest rates to a 22 year high.
- Hiring continued to be strong in May with 339,000 jobs added. Through the first five months of 2023 job growth has averaged 312,000 jobs per month. Unemployment rose to 3.7 % in May following the April rate of 3.4% which tied January for the lowest rate in 53 years. The Consumer Price Index increased 4.0 percent from May 2022 - May 2023, the smallest 12 month increase since March 2021.
- Mr. Panaro reported that due to the increase in interest rates, the volatility of the stock market and inflation concerns BRIM's investment returns outlook continues to be uncertain.

- Mr. Panaro asked for questions, no questions.
- The Chief Financial Officer's Report was received and filed, a copy is attached and made part of the record.

Loss Control Report

- Vice Chairman Lane called on Jeremy Wolfe to present the Loss Control Report
- Mr. Wolfe reported that during the month of May, Loss Control Questionnaires were sent to all state agencies. The deadline for submission to BRIM is August 1, 2023. At that time, we will gather necessary information for calculating loss control credits or surcharges for fiscal year 2025.
- Evaluations of fiscal year 2024 Loss Control Questionnaires were discussed. Those evaluations yielded the following results. Sixty-seven percent of the state agency program received a form of a loss control credit. Fifty-five percent of the non-state entities received a form of a loss control credit. These results show that many of our insureds are instituting risk management programs to aid in the mitigation of insurable claims.
- BRIM has extended requests to renew our contracts for insurance loss control inspection services with Tawney Insurance and Safety Solutions and our boiler and air conditioning systems insurance and loss prevention inspection services with Liberty Mutual Insurance.
- Mr. Wolfe reported that during March, April and May 2023, Tawney conducted 184 inspections and Liberty Mutual Insurance conducted 626. These reports are being processed according to established procedures.
- Mr. Wolfe included in his report that the loss control technical staff reports the following activity: 22 Standards of Participation Visits and 21 Loss Control Visits. The Standards of Participation Visits provide assistance to our insured who are seeking compliance with the BRIM Standards of Participation program. Loss Control Visits focus on all average areas and which results in information and/or control recommendations being provided.
- Mr. Wolfe asked if there were any questions, no questions.
- The Loss Control Report was received and filed, a copy is attached and made part of the record.

Privacy Report

- Vice Chairman Lane called on Ashley Summitt to present the Privacy Report
- Ms. Summitt reported on Management Team Meetings. March 28, 2023, the Privacy Management Team met virtually with 71 attendees. The increase in attendance is due to a change in policy to invite all agency privacy officers, to

ensure a consistency of procedure and training. Topics presented were the National Cybersecurity Strategy by Jody Ogle (Cybersecurity and Infrastructure Security Agency), Risks of Chat GPT3, by Neil Chakrabarty (DEP's Chief Technology Officer). Due to the number of new officers attending the meeting who were unfamiliar with basic procedures and privacy, we reviewed the monthly privacy tips and how to share them as well as a basic review of incident reporting.

- The next Privacy Management Team meeting is September 26, 2023.
- The Chief Privacy Officer reported on Privacy Trainings. During the second quarter of 2023, 182 members of the Executive Branch workforce completed the online course *Privacy Awareness Training 2022*, which is a general privacy awareness training course. Also during the first quarter of 2023, 310 members of the Executive Branch workforce completed the online course, *WV Confidentiality Agreement*, which is required of all workforce members. During the same quarter, 417 members of the Executive Branch workforce completed the online course *HIPAA/HITECH*, a general training course and new *HIPAA Refresher Training (2021)* which was requested by PEIA.
- Ms. Summitt reported on the following training events held by the SPO since the last board meeting: June 7, 2023, the Chief Privacy Officer did a presentation on incident reporting/response for the WV Higher Education Policy Commission's annual meeting with the Data Management Committee.
- The State Privacy Office staff have been working on creating training modules for privacy officer orientation, which will enable officers to take the training at their own pace. This solution is an answer to the number of orientations required to keep up with training necessary for new privacy officers.
- Ms. Summitt's report also included information on Privacy Impact Assessments/Privacy Incident Response Assessments. A Privacy Impact Assessment (PIA) is a tool used to assess the privacy impact and risks to the personally identifiable information (PII) stored, used and exchanged by information systems. A PIA evaluates privacy implications when information systems are created, when existing systems are significantly modified or new technology is purchased.

Since March 26, 2023, twenty (20) PIAs have been completed and submitted.

The State Privacy Office has been meeting various members of the WV Office of Technology in an effort to find a solution to the uptick in agency requests for removable media to store data, mostly pictures/videos. The SPO is very concerned about the security of files contained on these removable storage devices. These files are considered sensitive due to the content of the pictures and videos. There is a limit to the amount of data that can be stored on Google Drive if files are not created in Google. There are some cloud storage options being reviewed by OT.

- Ms. Summitt reported on State Privacy Office Personnel. A new Administrative Assistant, Mary Ann Escarda, has been hired. She is an honors graduate from Glenville State College and was previously employed in management at the Starbucks Corporation. We are working to get Mary Ann acclimated to the Privacy Department. We are thrilled with her enthusiasm and desire to learn.

The State Privacy Office welcomes a summer IT/cybersecurity intern who is drafting a basic document in cybersecurity for the publication to and use by the Privacy Management Team and its privacy officers. Cole Burgan will graduate this summer from Blue Ridge Community and Technical College with an Associate's degree in IT and will continue on to get his Bachelor's degree in Cybersecurity from Shepherd University.

- Ms. Summitt asked for any questions, no questions.
- Privacy Report was received and filed, a copy is attached and made part of the record.

UNFINISHED BUSINESS

NEW BUSINESS

ADJOURNMENT

- Vice Chairman Lane asked for a motion to adjourn the BRIM board meeting. Member Tom Clark moved the meeting adjournment. The motion was seconded by Member Leah Cooper.
- No discussion, a vote took place and the MOTION ADOPTED.
- The meeting adjourned.

Board Chairman

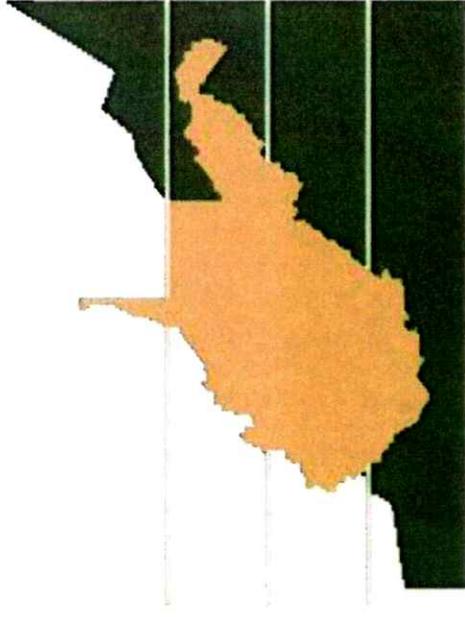
Date

BRIM

Investment Review

WV Investment Management Board

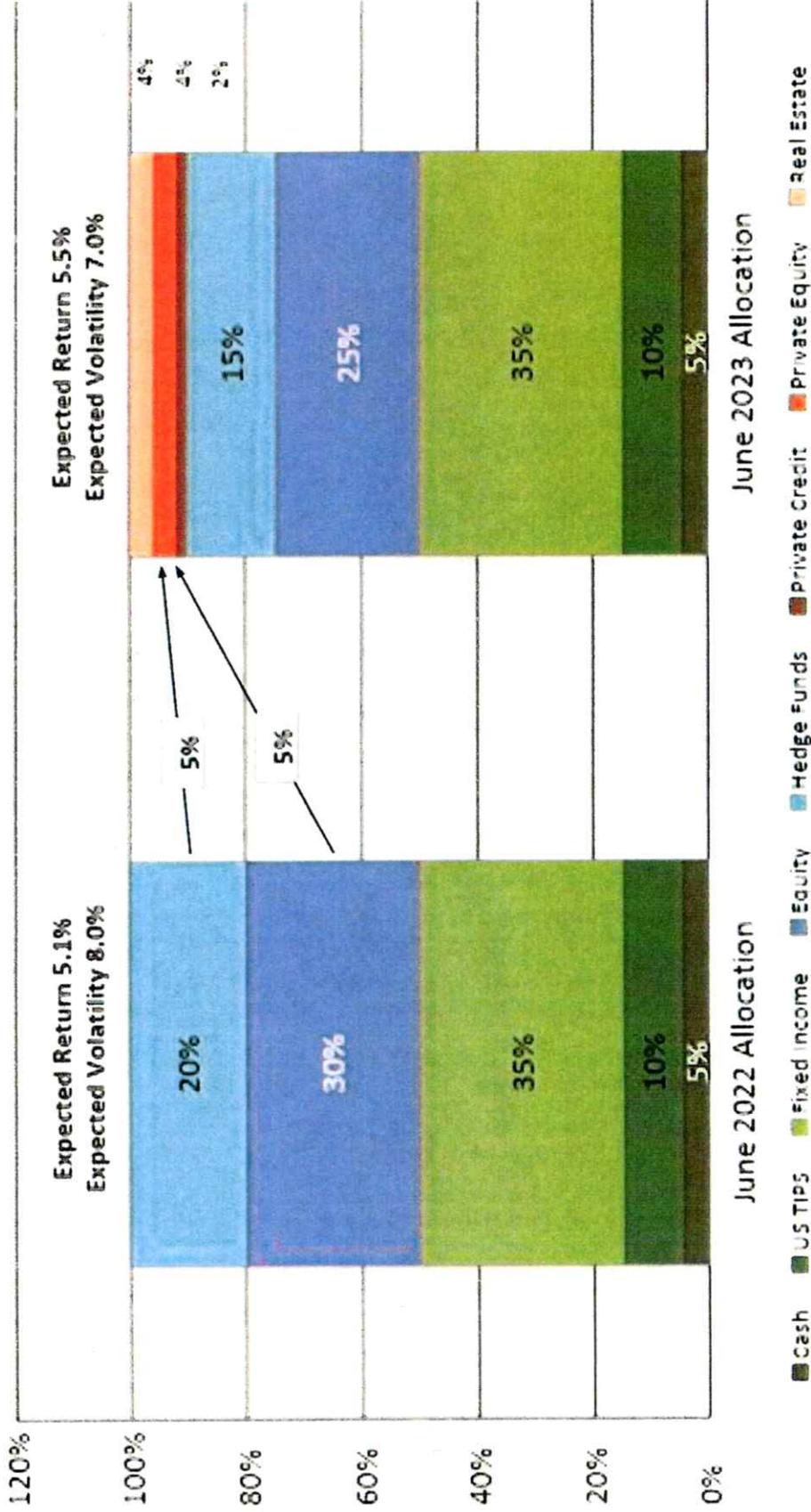
9/19/2023



Market Highlights

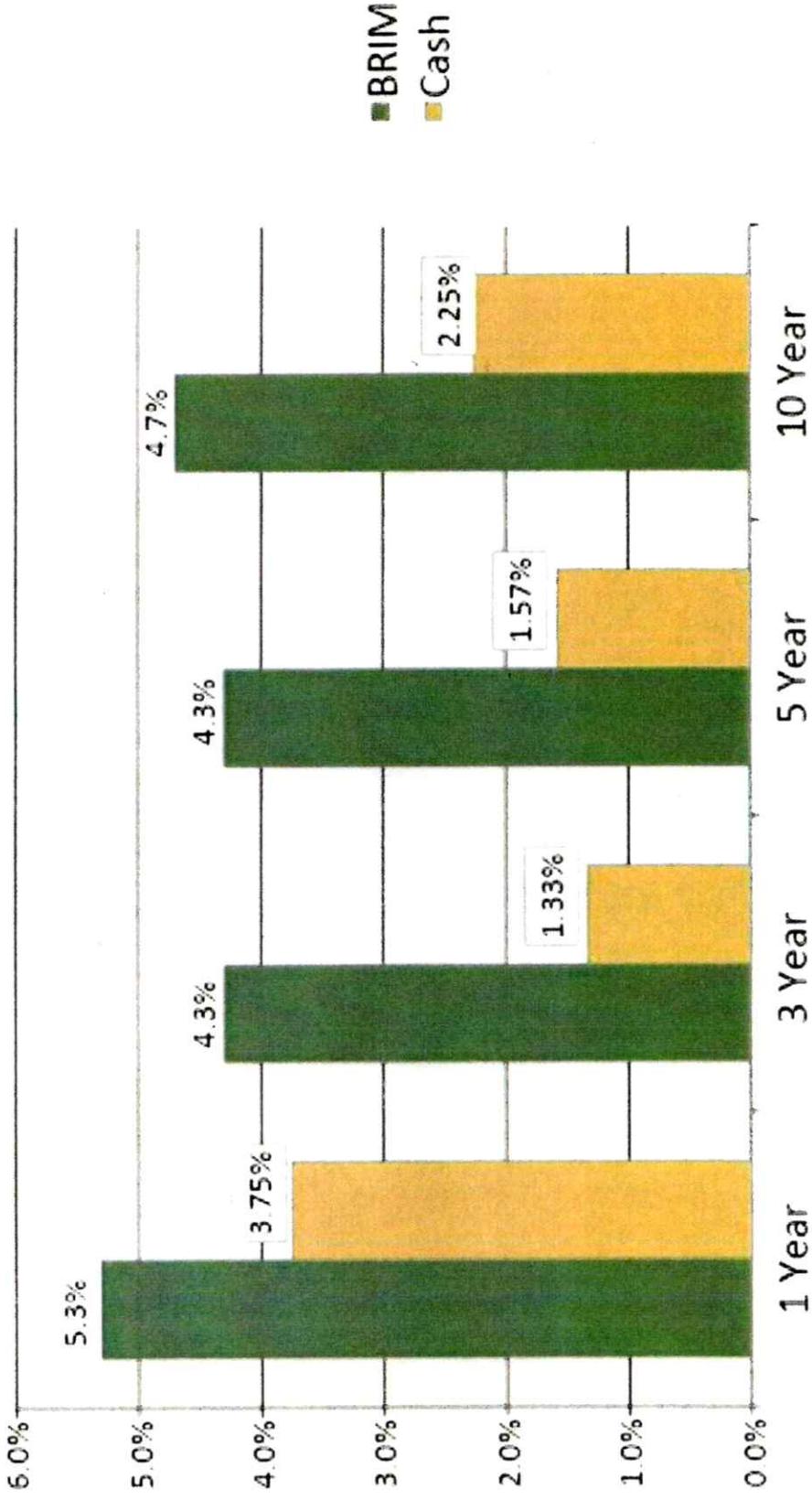
- The Federal Reserve has continued to hike rates in 2023, increasing the Fed Funds rate by 525 basis points since early 2022.
- Yields have continued to climb:
 - 2 year Treasury Yield: June 2022 – 2.92% | June 2023 – 4.87%
 - 10 year Treasury Yield: June 2022 – 2.98% | June 2023 – 3.81%
- After peaking in June of 2022, CPI has fallen from a multi-decade high of 9.1% to 3.0% in June 2023.
- Real GDP growth has remained in positive territory, growing at 2.5% year over year in June 2023.
- Despite significant pressure on banks in Q1, overall market volatility has trended lower.
- Risky assets have performed very well in while fixed income returns were flat.

Asset Allocation



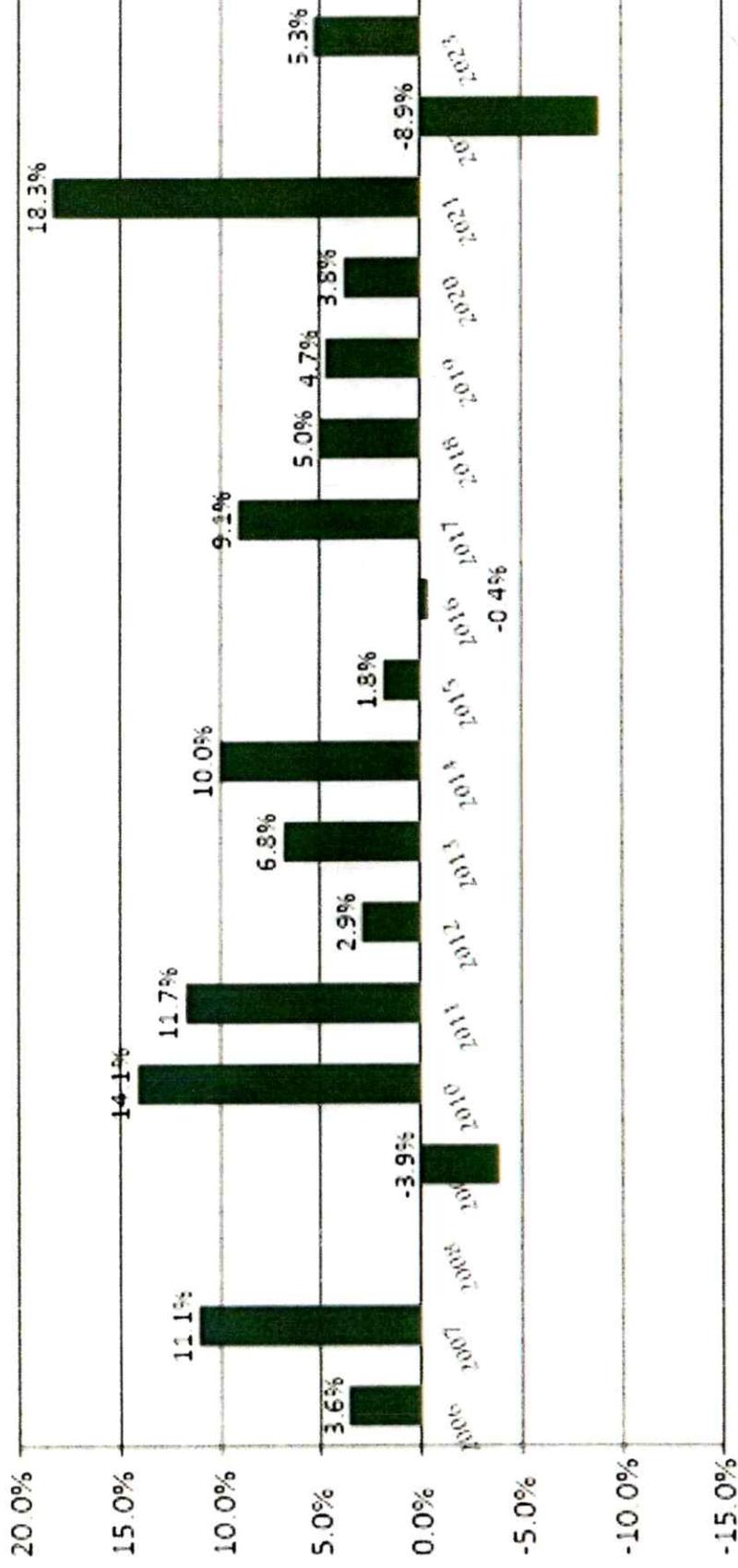
Performance

June 30, 2023



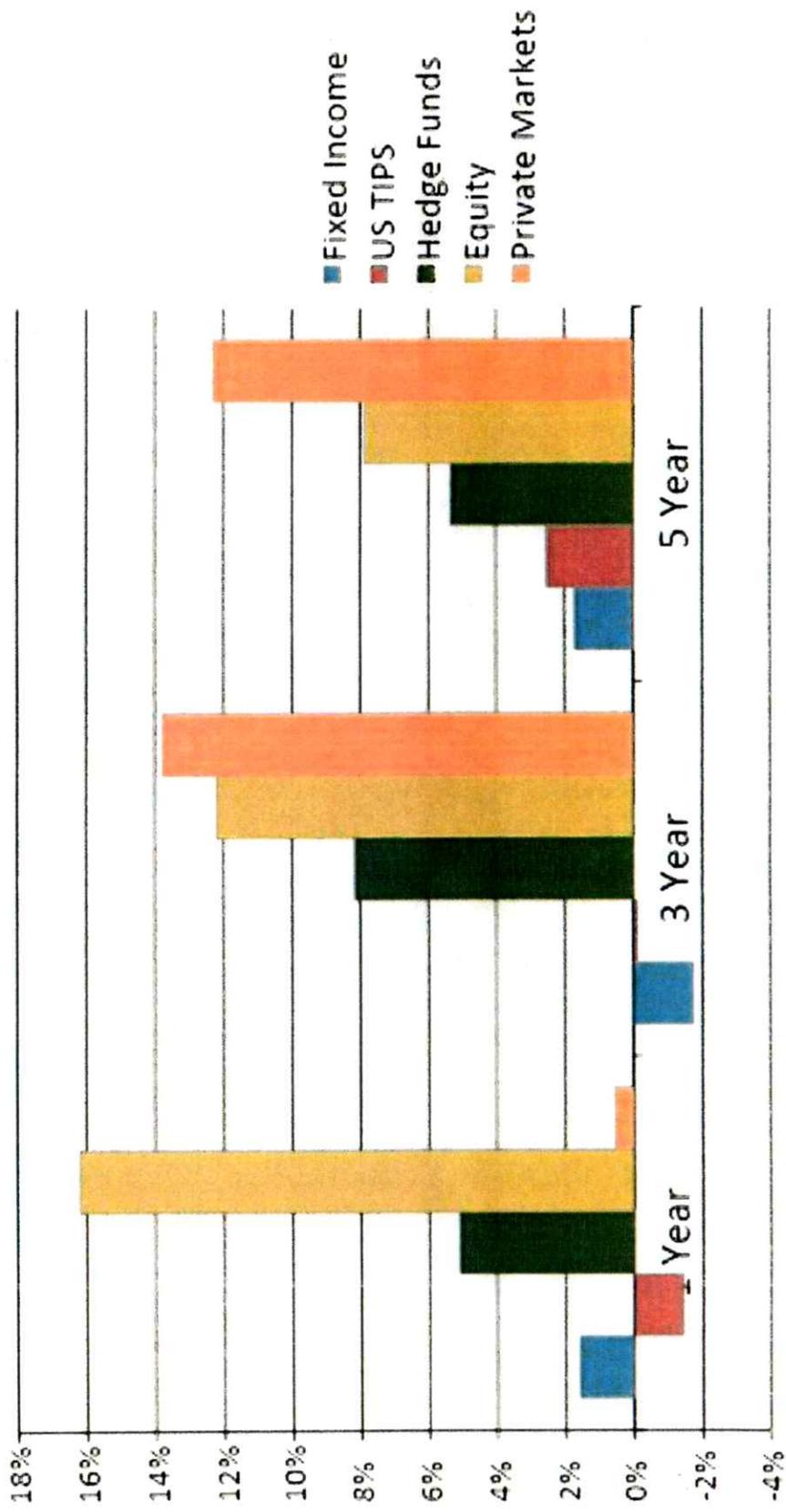
Performance by Fiscal Year

Years ending June 30



Asset Class Performance

June 30, 2023



Asset Class Performance

June 30, 2023

	Performance %			
	1 Year	3 Year	5 Year	10 Year
Large Cap Domestic Equity Composite	19.46	14.50	12.10	12.81
+/- S&P 500 Index	(0.13)	(0.10)	(0.21)	(0.05)
Non-Large Cap Domestic Equity Composite	24.46	15.07	7.33	9.93
+/- Russell 2500 Index	10.88	2.78	0.78	0.55
International Equity Composite	11.65	8.88	4.02	5.96
+/- MSCI/AC World ex US IMI Index (a)	(1.43)	1.03	0.15	0.63
Fixed Income Composite	1.61	(1.73)	1.76	2.46
+/- Bloomberg Universal (b)	1.65	1.70	0.78	0.66
Core Fixed Income Composite	(0.09)	(2.81)	1.61	2.12
+/- Bloomberg US Aggregate	0.85	1.16	0.84	0.60
Total Return Fixed Income Composite (c)	2.58	(1.19)	1.84	2.62
+/- Bloomberg Universal	2.62	2.24	0.86	0.82
TIPS Composite	(1.43)	(0.11)	2.55	2.11
+/- Bloomberg US TIPS 1-10 Yr (d)	0.11	0.06	0.09	0.04
Cash Composite	3.67	1.27	1.47	0.96
+/- FTSE 3 Month US T-Bill (e)	(0.08)	(0.06)	(0.10)	(0.03)
Private Equity Composite	4.63	21.77	20.67	18.51
+/- Russell 3000 + 3% (f, g)	(17.32)	4.88	6.28	3.15
Real Estate Composite	(5.17)	7.09	5.75	7.85
+/- NCREIF + 1% (f)	(4.54)	(1.07)	(1.96)	(1.49)
Hedge Fund Composite	5.15	8.21	5.38	4.85
+/- HFRI FOF + 1% (h)	0.57	2.20	1.08	0.85
Private Credit & Income Composite	2.06	7.15	6.12	
+/- SOFR + 4% (f, i)	(8.25)	(0.44)	0.44	



Asset Class Performance

June 30, 2023

Footnotes to Performance (Slide 7)

- (a) Prior to January 2014, the index was the MSCI ACW ex USA (Standard).
- (b) Prior to April 2008, the index was Bloomberg US Aggregate.
- (c) From October 2015 to March 2017, performance returns from the Opportunistic Income Pool were included in the Total Return Fixed Income Composite.
- (d) Prior to June 2023, the index was Bloomberg US TIPS.
- (e) Prior to January 2014, the index was FTSE 3 Month US T-Bill plus 15 basis points.
- (f) Private Equity, Real Estate, and Private Credit & Income consist primarily of private market investments. The time lag in determining the fair value of these investments makes the comparison to their public market benchmarks less meaningful over shorter time periods.
- (g) Prior to January 2014, the index was S&P 500 plus 500 basis points.
- (h) Prior to January 2014, the index was Libor plus 400 basis points.
- (i) From April 2017 to May 2023, the index was CS Leveraged Loan plus 200 basis points. Prior to April 2017, the index was CS Leveraged Loan plus 250 basis points.



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State of West Virginia - BRIM

As of August 31, 2023



➤ BNY MELLON | INVESTMENT MANAGEMENT



Biographies



Robert Bayston, CFA, Head of US Government and Mortgage Portfolios

Robert joined Insight in September 2021 following the transition of Mellon Investments' fixed income strategies to Insight. He has been in the investment industry since 1991. Robert is the Head of US Government and Mortgage Portfolios for fixed income. He is responsible for managing portfolios which focus on US interest rates and inflation strategies. In addition to his portfolio management responsibilities, Robert manages an investment team with similar mandates and oversees the US agency MBS research effort. Prior to his current role, he held several positions in fixed income research and trading. Robert received a BS from the University of Virginia's McIntire School of Commerce and an MS in Finance from Boston College. He is a CFA charterholder and is a member of the CFA Institute and the CFA Society Boston.



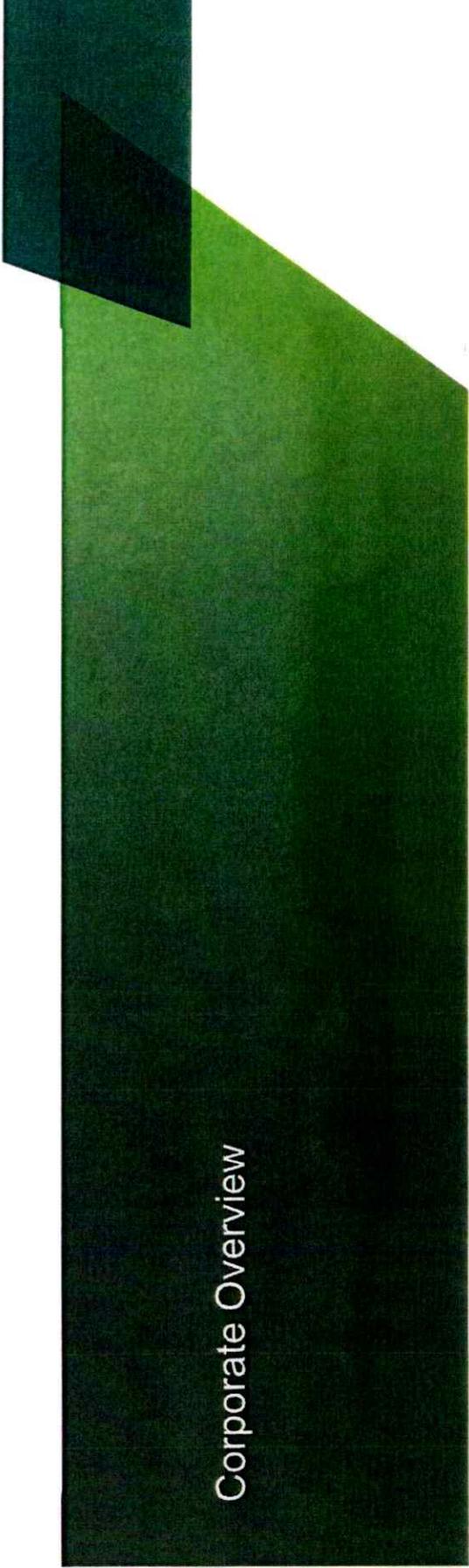
Scott Mountain, CFA, Senior Relationship Manager

Scott joined Insight in September 2021 following the transition of Mellon Investments' fixed income strategies to Insight. He has worked in the investment industry since 1997 and joined Mellon Investments in 2006. Scott is a senior relationship manager responsible for client relationships across our institutional fixed income portfolios. Scott joined Mellon Investments from Lehman Brothers where he was responsible for client service, trading and middle market equity sales. Scott has an MS in investment management from Boston University, and a BA from the University of Massachusetts at Amherst. He is also a CFA charterholder and is a member of the CFA Institute.



Agenda

- I Corporate Overview
- II. Portfolio Review
- III. Economic & Investment Outlook
- IV. Appendix



Corporate Overview

Insight Investment

Investment philosophy

- Maximizing the certainty of an outcome
- Experts in decumulation strategies
- Comprehensive range of capabilities for the whole journey

Client commitment

- Partnership with clients
- Focus on quality
- Doing only what we are good at

Organizational alignment

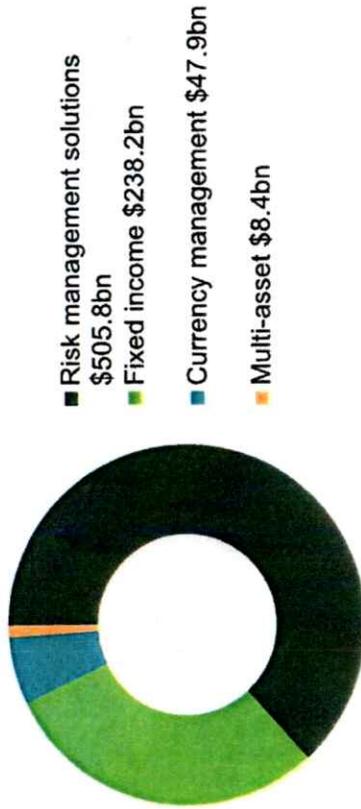
- Alignment of all stakeholders
- Clear set of priorities
- Ownership culture



Our credentials

- Specialist manager of risk solutions and active fixed income:
- \$800.7bn in assets under management
 - 286 investment professionals, 1,159 total staff¹
 - offices in London, New York, Boston, San Francisco, Dublin, Frankfurt, Manchester, Sydney and Tokyo

By investment solution



By client type



As of June 30, 2023. Assets under management (AUM) are represented by the value of the client's assets or liabilities Insight is asked to manage. These will primarily be the mark-to-market value of securities managed on behalf of clients, including collateral if applicable. Where a client mandate requires Insight to manage some or all of a client's liabilities (e.g. LDI strategies), AUM will be equal to the value of the client specific liability benchmark and/or the notional value of other risk exposure through the use of derivatives. Insight North America (INA) is part of 'Insight' or 'Insight Investment', the corporate brand for certain asset management companies operated by Insight Investment Management (Global) Limited (IMG), Insight Investment Management (Global) Limited (IIMG), Insight Investment International Limited (IIL) and Insight Investment Management (Europe) Limited (IIMEL). Advisory services referenced herein are available in the US only through INA. Legal entity Insight North America LLC's AUM is \$132.0bn as of June 30, 2023. Figures shown in USD. FX rates as per WM Reuters 4pm spot rates. ¹ Includes employees of Insight North America LLC and its affiliates, which provide asset management services as part of Insight, the corporate brand for certain companies operated by Insight Investment Management Limited (IIML).



Fixed income capabilities: specialist teams, global locations

David Leduc CEO, NORTH AMERICA		Alex Veroude CIO FIXED INCOME			
Brendan Murphy HEAD OF CORE FIXED INCOME, NORTH AMERICA	Peter Bentley CO-HEAD OF FIXED INCOME DEPUTY CIO FIXED INCOME	Lucy Speake CO-HEAD OF FIXED INCOME			
US MULTI SECTOR CREDIT Gautam Khanna/ Scott Zaleski +3	US IG CREDIT Erin Spalsbury +2	GLOBAL CREDIT Adam Whiteley +4	EURO AND UK CREDIT Bonnie Abdul Aziz/ Damien Hill +3	STRUCTURED CREDIT Shaheer Guirguis +19	US MUNICIPALS Dan Rabasco +13
US INSURANCE Kerry O'Brien +5	US GOVERNMENT AND MORTGAGES Robert Bayston +4	GLOBAL RATES AND MACRO RESEARCH Gareth Colesmith/ Isobel Lee +6	HIGH YIELD AND LOANS Uli Gerhard +3	MONEY MARKETS Chris Brown +4	
STRATEGIC CREDIT Adam Mossakowski +7	CORPORATE CREDIT ANALYSIS David Averre/ Dave Hamilton +17	EMERGING MARKETS Federico Garcia Zamora/ Rodica Glavan +6	ESG Rob Sawbridge +6		
IMPLEMENTATION +6	CURRENCY Francesca Fomasari +20	TRADING Nick Robinson +10	INVESTMENT SPECIALISTS April LaRusse +9	QUANTITATIVE +5	CONVERTIBLES Frank Campana/ James Doolin

As of August 2023. Staff numbers stated as of June 30, 2023. Located across London, New York, Denver, Boston and San Francisco. Includes employees of Insight North America LLC (INA) which provides asset management services as part of Insight, the corporate brand for certain companies operated by Insight Investment Management Limited (IIML).



Fixed income group: specialist teams US Government and Mortgages Team and support

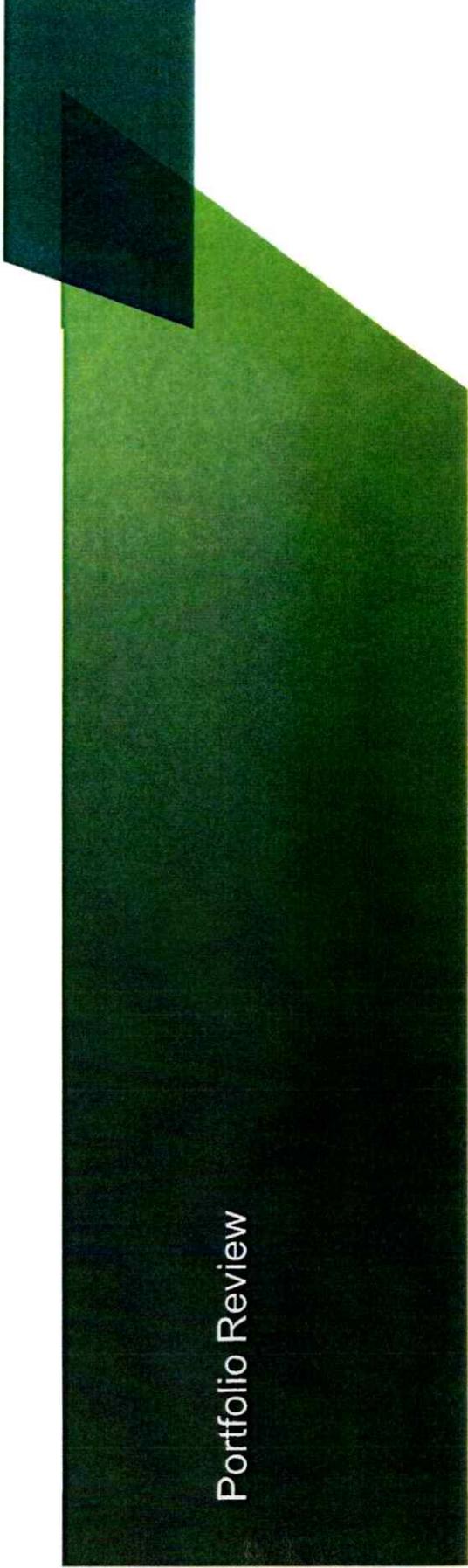
Alex Veroude
CIO FIXED INCOME

Peter Bentley, CO-HEAD OF FIXED INCOME/DEPUTY CIO, FIXED INCOME
Brendan Murphy, HEAD OF CORE FIXED INCOME, NORTH AMERICA

 Robert Bayston, CFA Head of US Government and Mortgage Portfolios	 Jason Celente, CFA, CTP Senior Portfolio Manager
 David Witthohn, CFA, CIPM Senior Portfolio Specialist	 Mary Donovan, CFA Senior Portfolio Manager
 Dmitri Artemiev Senior MBS Analyst	

CORPORATE CREDIT ANALYSIS (PUBLIC AND PRIVATE) David Avere/ Dave Hamilton +19	GLOBAL RATES AND MACRO RESEARCH Gareth Colesmith/ Isobel Lee +6	STRUCTURED CREDIT Shaheer Guirguis +20	TRADING Nick Robinson +10	MONEY MARKETS Chris Brown +4	ESG Robert Sawbridge +6
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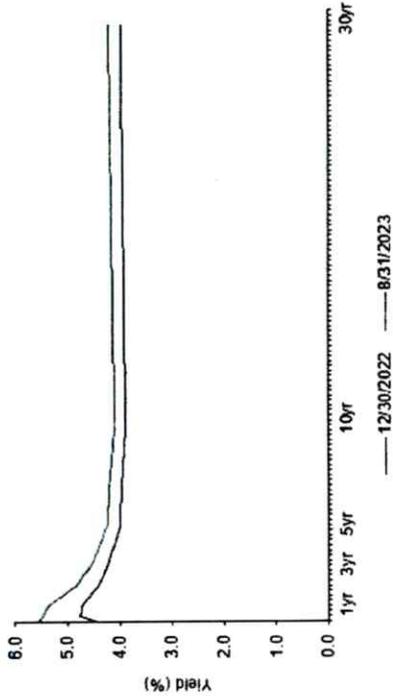
As at August 2023. All staff numbers quoted are as of March 31, 2023. Located in: New York, Boston and London. Includes employees of Insight North America LLC (INA) which provides asset management services as part of Insight, the corporate brand for certain companies operated by Insight Investment Management Limited (IIML).



Portfolio Review

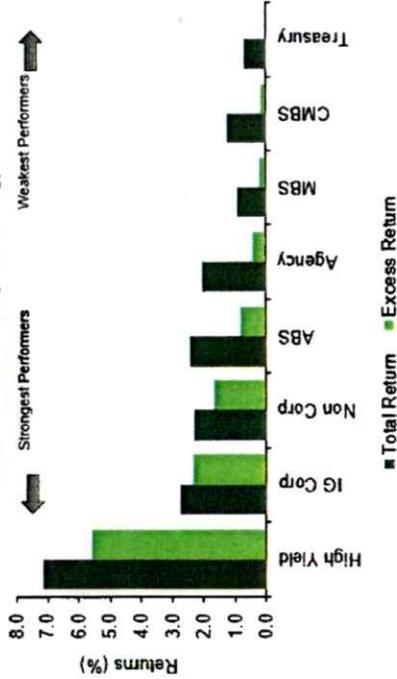
Market Update – YTD 2023

US Treasury Yields

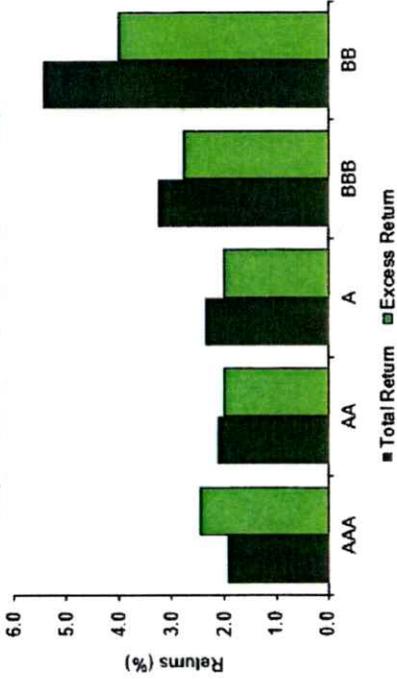


Maturity	8/31/2023	12/30/2022	Chg (bps)	High	Low
3 Month	5.56	4.42	114	5.61	4.42
6 Month	5.48	4.76	72	5.61	4.71
1 Year	5.37	4.73	64	5.44	4.19
3 Year	4.54	4.22	32	4.75	3.47
5 Year	4.23	3.99	24	4.49	3.29
10 Year	4.09	3.88	21	4.34	3.30
30 Year	4.20	3.97	23	4.45	3.54

Sector Returns YTD (Bloomberg)



Quality Returns YTD (Bloomberg U.S. Corp)



PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS. Source: Insight Investment, Bloomberg Barclays as of August 31, 2023.



Portfolio Performance

State of West Virginia BRIM Performance as of 08/31/2023

	Market Value	YTD %	1 Year %	3 Year %	5 Year %	Since Inception %
State of West Virginia - BRIM 2011-12	\$ 662,736	1.69	0.41	-2.36	1.08	1.02
State of West Virginia - BRIM 2012-13	\$ 4,732,422	1.25	-0.03	-2.58	0.90	0.81
State of West Virginia - BRIM 2013-14	\$ 3,975,832	1.31	0.06	-2.57	0.90	0.96
State of West Virginia - BRIM 2014-15	\$ 6,742,705	1.24	-0.06	-2.55	0.93	0.90
State of West Virginia - BRIM 2015-16	\$ 6,109,197	1.25	-0.04	-2.56	0.93	0.83
State of West Virginia - BRIM 2016-17	\$ 7,286,905	1.33	0.09	-2.52	0.95	0.51
State of West Virginia - BRIM 2017-18	\$ 15,558,955	1.33	0.07	-2.53	0.95	0.69
State of West Virginia - BRIM 2018-19	\$ 22,117,602	1.34	0.10	-2.53	0.93	1.02
State of West Virginia - BRIM 2019-20	\$ 30,355,249	1.33	0.09	-2.55		-0.48
State of West Virginia - BRIM 2020-21	\$ 34,403,036	1.27	0.02	-2.60		-2.56
State of West Virginia - BRIM 2021-22	\$ 54,282,375	1.23	-0.04			-3.62
State of West Virginia - BRIM 2022-23	\$ 72,237,441	1.32	0.00			-1.23
State of West Virginia - BRIM 2023-24	\$ 13,248,449					-0.19
Total	\$ 271,712,904					

Barclays US Gov Intermediate

1.27 -0.13 -2.83 0.77

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS. Source: Insight Investment as of August 31, 2023

BRIM Representative Portfolio (2019-20)

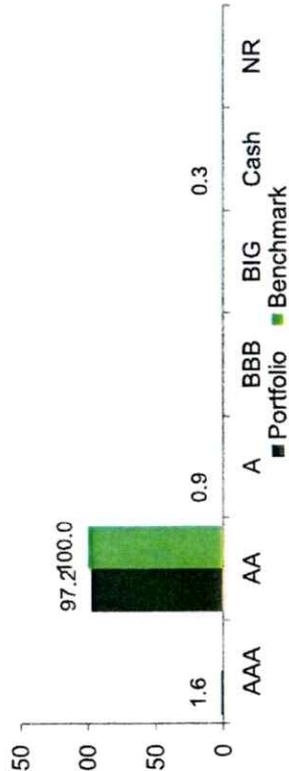
Portfolio characteristics as of August 31, 2023



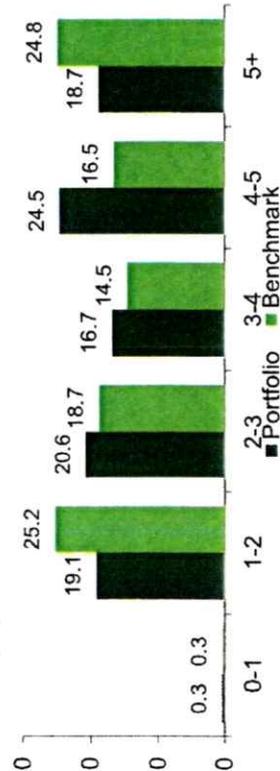
Summary

	Portfolio	Benchmark	Relative
Yield to worst (%)	4.5	4.6	0.0
Effective duration (years)	3.8	3.7	0.1
Average coupon	2.2	2.3	-0.1
Average life / Maturity	4.1	4.0	0.1
Average rating	AA+	AA+	

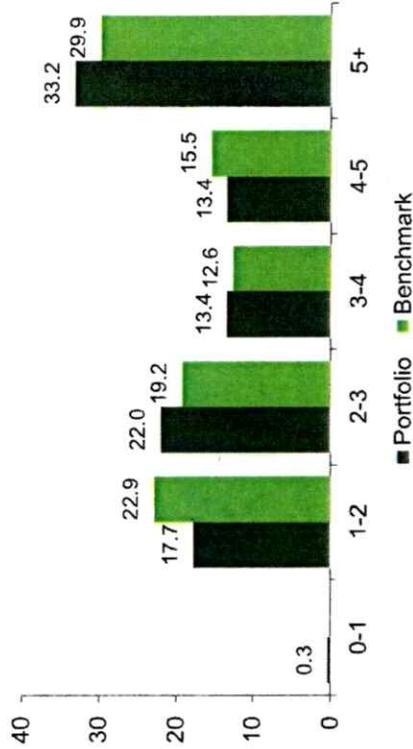
Rating (%)



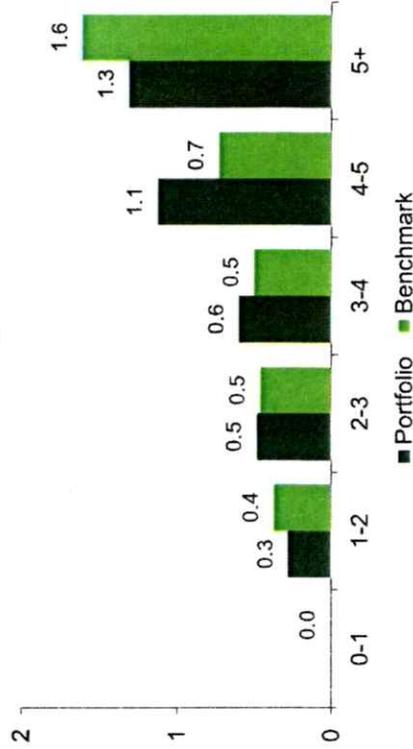
Duration (%)



Maturity (%)



Duration contribution to duration (years)



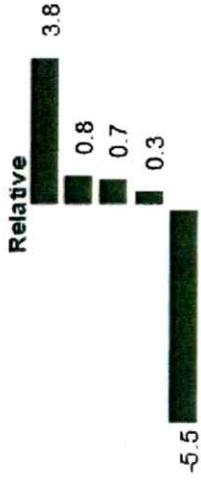
Approach used for credit rating: Average. All durations are effective duration.

BRIM Representative Portfolio (2019-20)

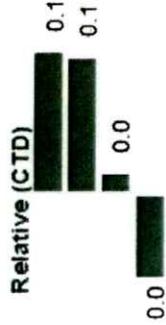
Portfolio allocation as of August 31, 2023



Sector (%)	Market Value	
	Portfolio	Benchmark
Industrial	3.8	-
Agency	3.7	3.0
Supranational	0.7	-
Cash and other	0.3	-
Treasury	91.5	97.0
Total	100.0	100.0



Sector	Contribution to duration (years)	
	Portfolio	Benchmark
Agency	0.2	0.1
Industrial	0.1	-
Supranational	0.0	-
Treasury	3.6	3.6
Total	3.8	3.7



BRIM Representative Portfolio (2019-20)

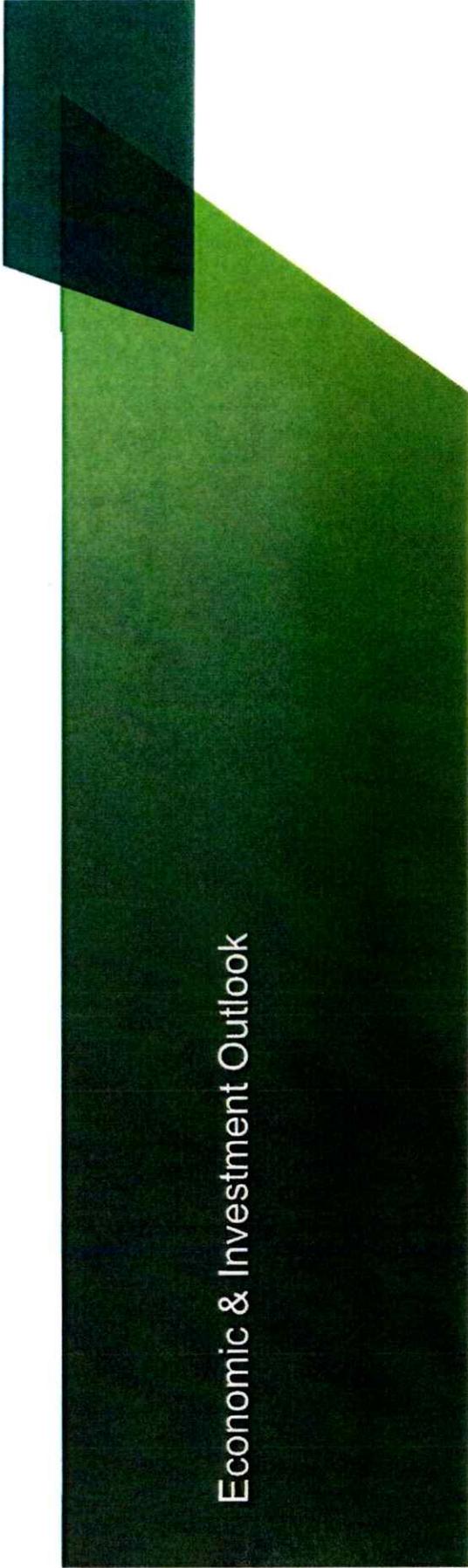
Corporate Holdings as of August 31, 2023



Client Name	Pct %	Cusip	Security Name	Quantity	Market Value	Maturity	Duration	Yield to Worst	Coupon	Moody Rating	S&P Rating
STATE OF WEST VIRGINIA - BRIM 2019-20	0.77	037833DB3	Apple Inc	250,000	233,987	9/12/2027	3.59	4.67	2.90	Aaa	AA+
	0.35	194162AM5	Colgate-Palmolive Co	113,000	108,913	8/15/2025	1.85	5.08	3.10	Aa3	AA-
	0.91	594918BB9	Microsoft Corp	285,000	275,636	2/12/2025	1.35	5.08	2.70	Aaa	AAA
	0.88	89236TEW1	Toyota Motor Credit Corp	275,000	266,857	4/14/2025	1.52	5.28	3.40	A1	A+
	0.82	931142EW9	Walmart Inc	255,000	249,397	9/9/2025	1.87	5.02	3.90	Aa2	AA

Source: Insight Investment as of August 31, 2022

P0000



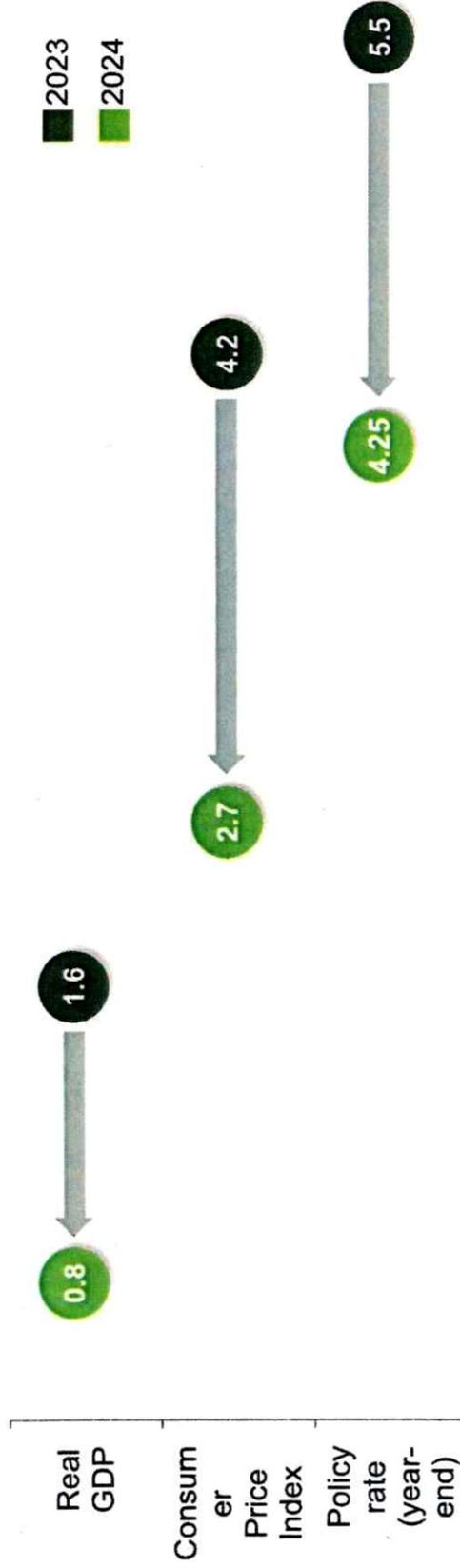
Economic & Investment Outlook

Key takeaways

The US economy is sending mixed signals with momentum diverging across various elements of the economy – manufacturing vs. services, better labor market balance vs. stubborn inflation, etc.

The persistently sticky inflation will likely force the Fed’s hand to hike interest rates by at least another 25 basis points

We continue to see risks stemming from tighter credit conditions, higher interest rates, and elevated inflation as skewed to the downside

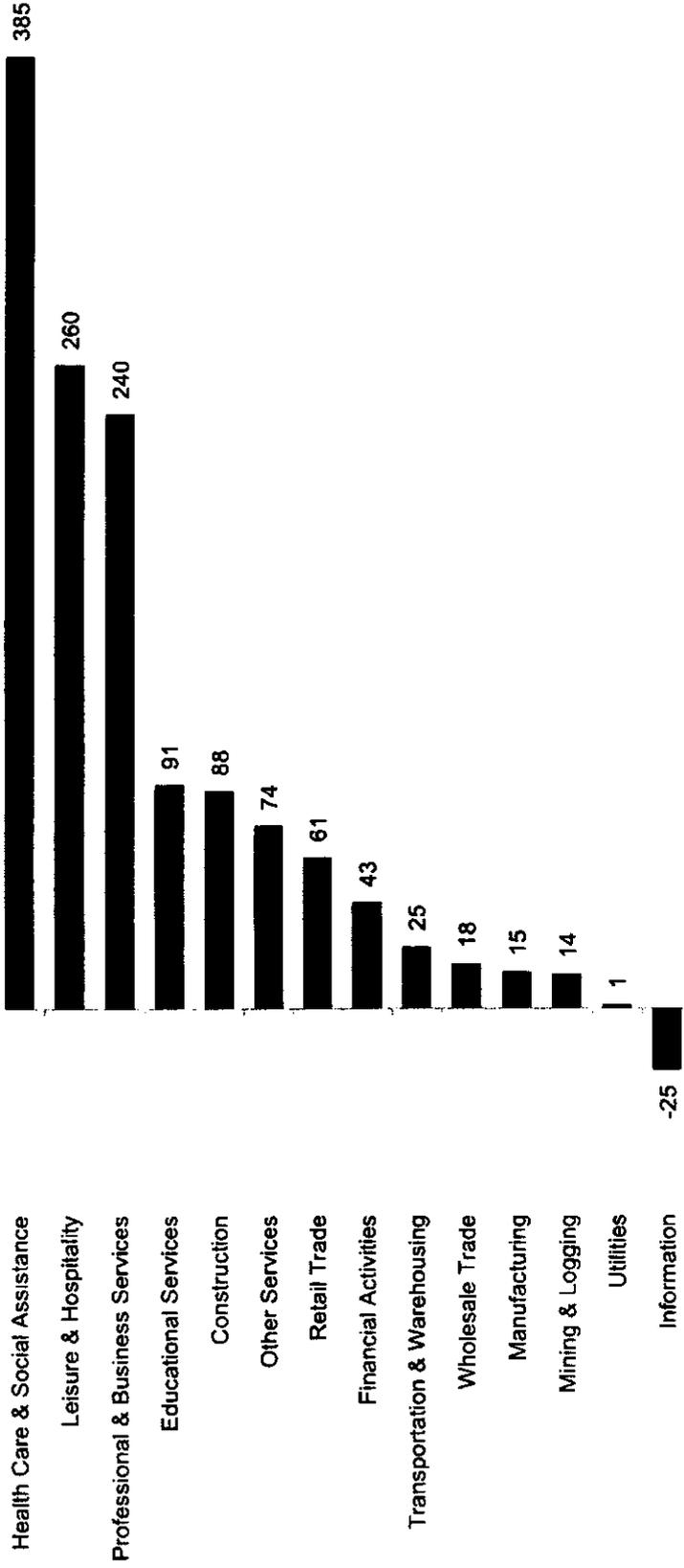


Any projections or forecasts contained herein are based upon certain assumptions considered reasonable. Projections are speculative in nature and some or all of the assumptions underlying the projections may not materialize or vary significantly from the actual results. Accordingly, the projections are only an estimate. Opinions expressed herein are as of the date stated and are subject to change without notice. Insight assumes no responsibility to update such information or to notify a client of any changes.



US labor market powers ahead

Private job creation, year-to-date job gains (thousands)

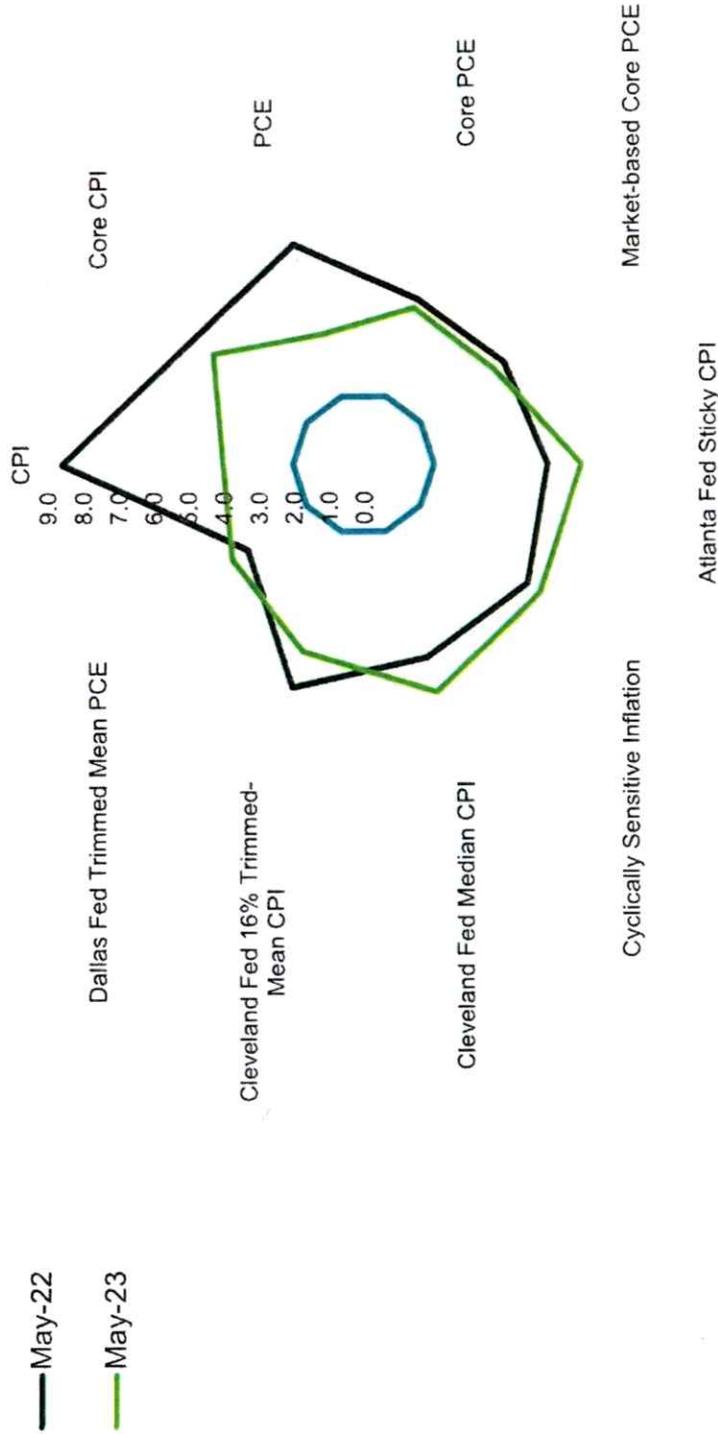


The US economy has so far defied fears of recession amid stronger-than-expected job growth

Source: Bureau of Labor Statistics, as of July 7, 2023.

Inflation refuses to go gentle into that good night

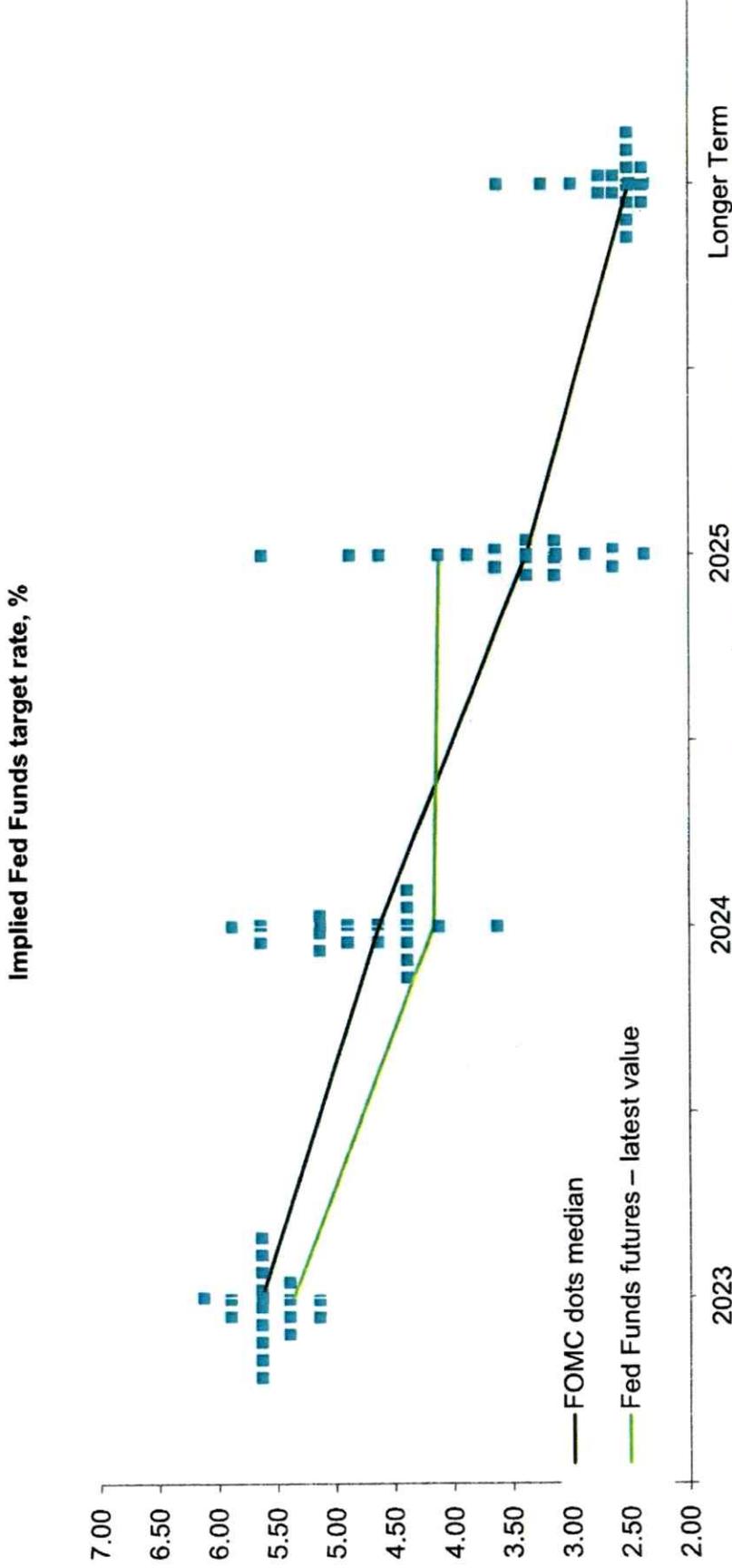
Inflation metrics (% year-over-year)



Despite an improvement in headline numbers, various measures of underlying inflation remain elevated

Source: Bureau of Economic Analysis, Bureau of Labor Statistics, Federal Reserve Bank of Cleveland, Federal Reserve Bank of Atlanta, Federal Reserve Bank of Dallas, as of July 3, 2023.

The Fed signals commitment to restoring price stability

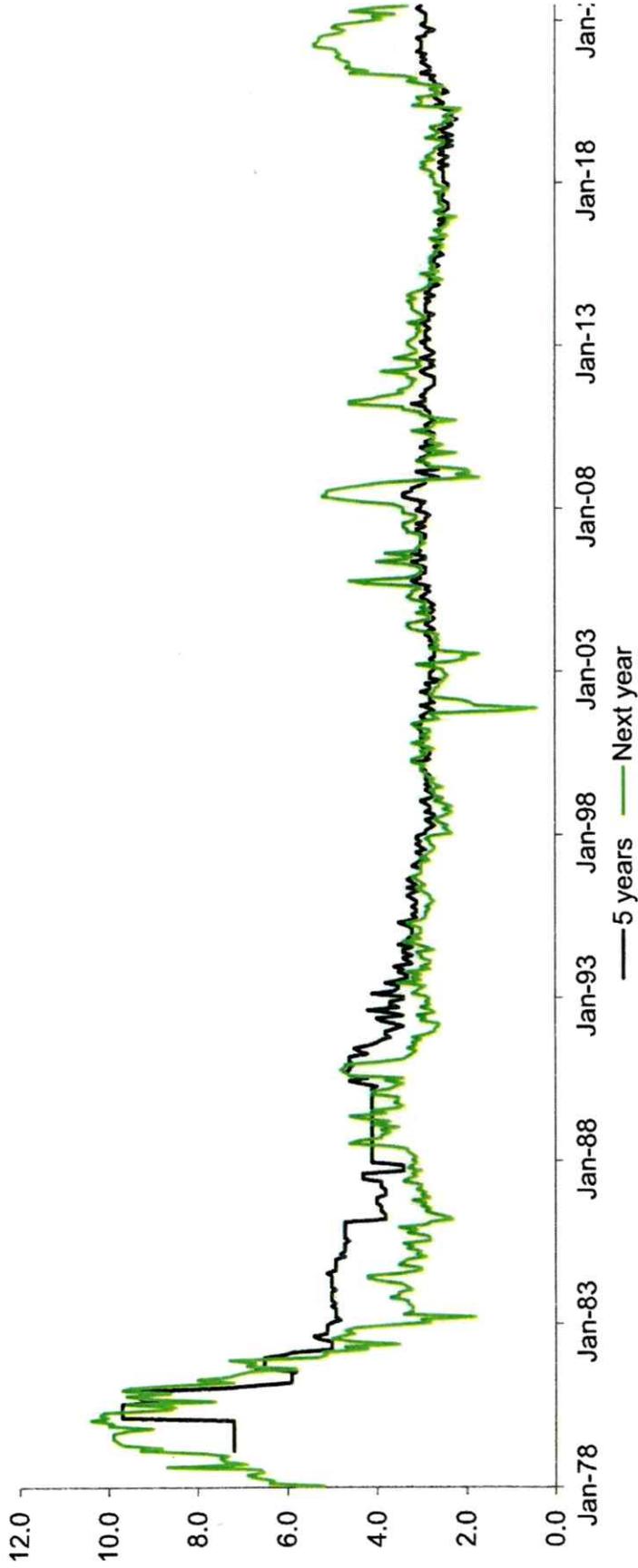


With inflation risks skewed to the upside, the Fed policymakers have leaned mostly hawkish and indicated a willingness to keep rates higher for longer

Source: Federal Reserve, Bloomberg as of June 14, 2023.

Near-term inflation expectations have moderated

Inflation expectations, %

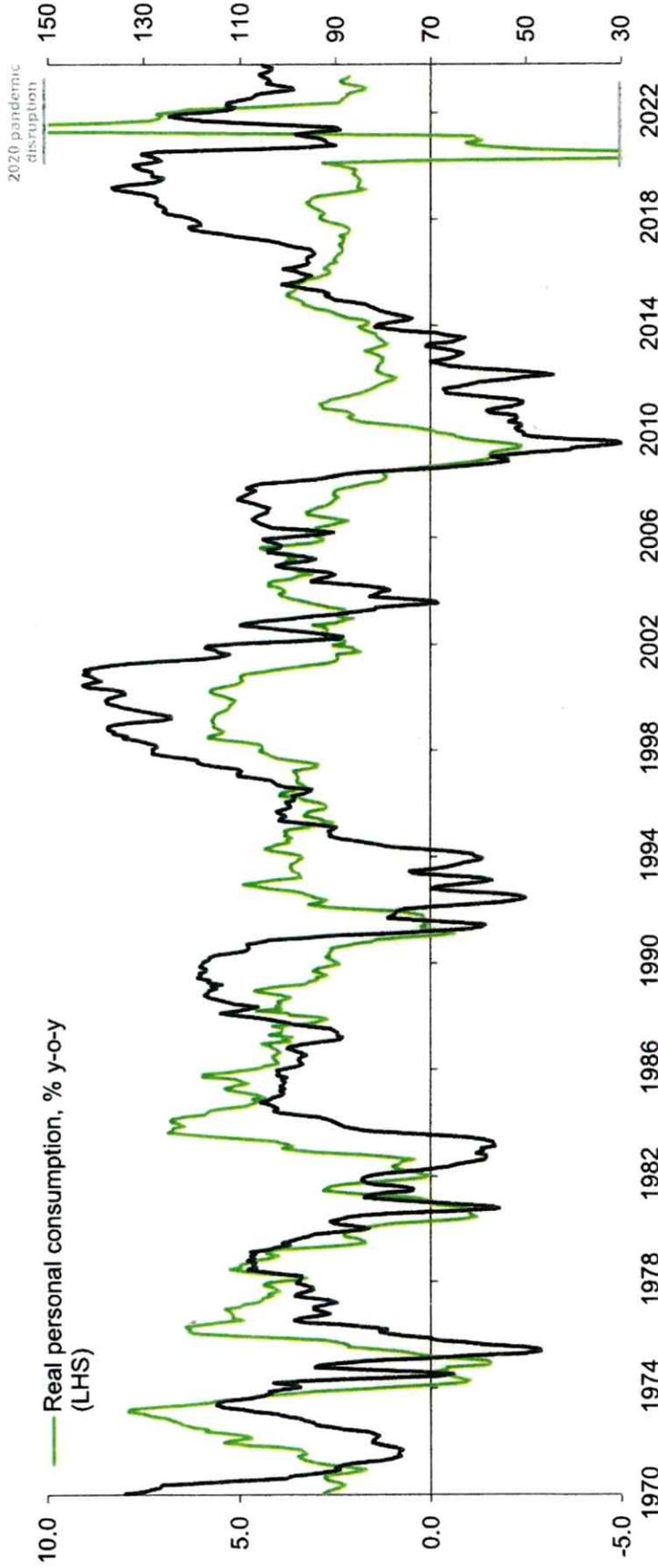


Even though long-term inflation expectations edged higher from the pre-pandemic level, they remain anchored

Source: University of Michigan, as of June 30, 2023.

Consumer confidence holds up

Personal consumption expenditures and consumer confidence, 3-month moving average

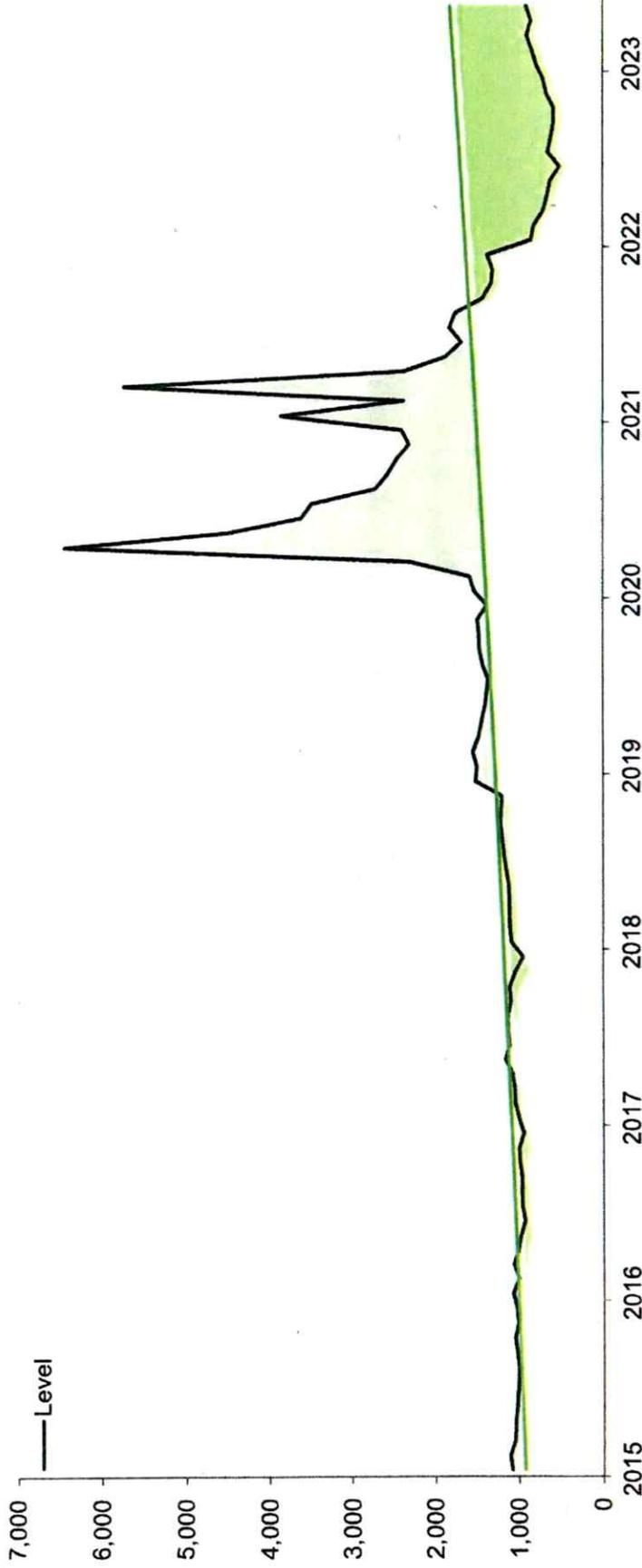


For the most part, Americans have maintained consumption, despite lingering concerns about the economy

Source: Bureau of Economic Analysis, Conference Board, as of July 5, 2023.

Pandemic-era savings helped cushion the impact of higher prices

Personal saving, \$ billion annual rate

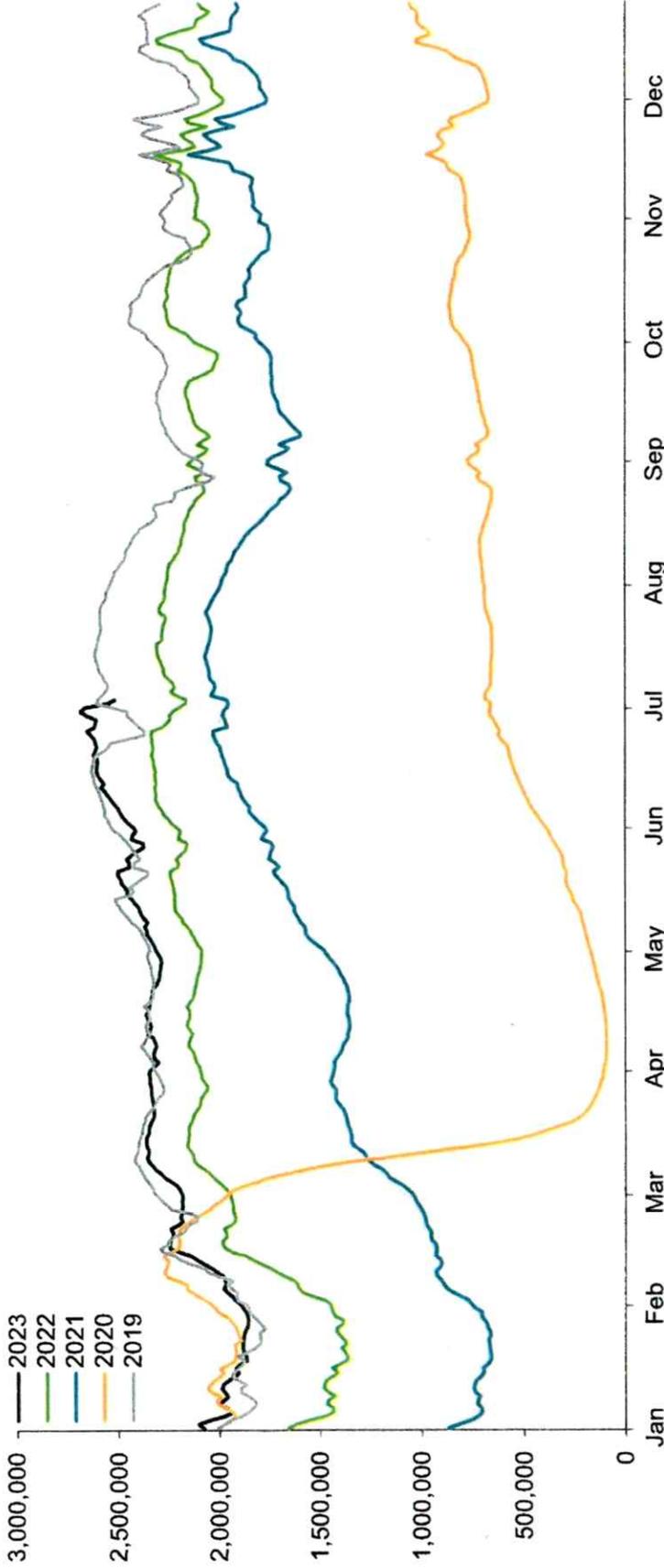


Americans accumulated more than \$2 trillion in savings during the pandemic and have used that stash to offset rising prices and maintain consumption

Source: New York Fed Consumer Credit Panel/Equifax, as of Q4 2022.

Travel has returned to the pre-pandemic levels

TSA checkpoint travel numbers, passengers, 7-day moving average

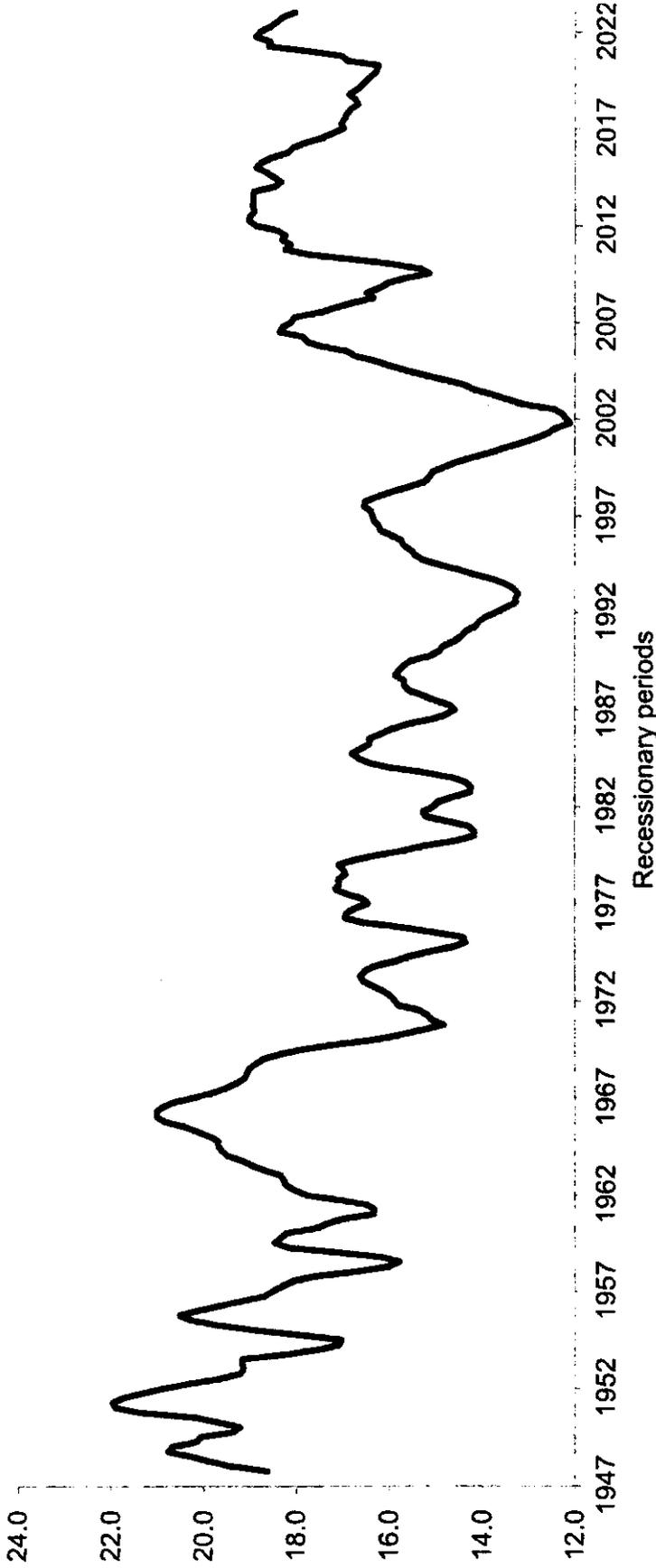


Despite concerns about the economy, consumers are still spending on discretionary items, including travel

Source: US Department of Homeland Security, as of July 3, 2023.

Corporations are facing deteriorating fundamentals

Non-financial corporate operating margin¹, % 4-quarter moving average



A combination of weaker demand and higher costs likely means lingering margin pressures

Source: Bureau of Economic Analysis, Insight Investment, as of Q4 2022. ¹ Calculated as net operating surplus as a % of gross value added.

Could this be a beginning of a new CAPEX Supercycle?

New investment announcements

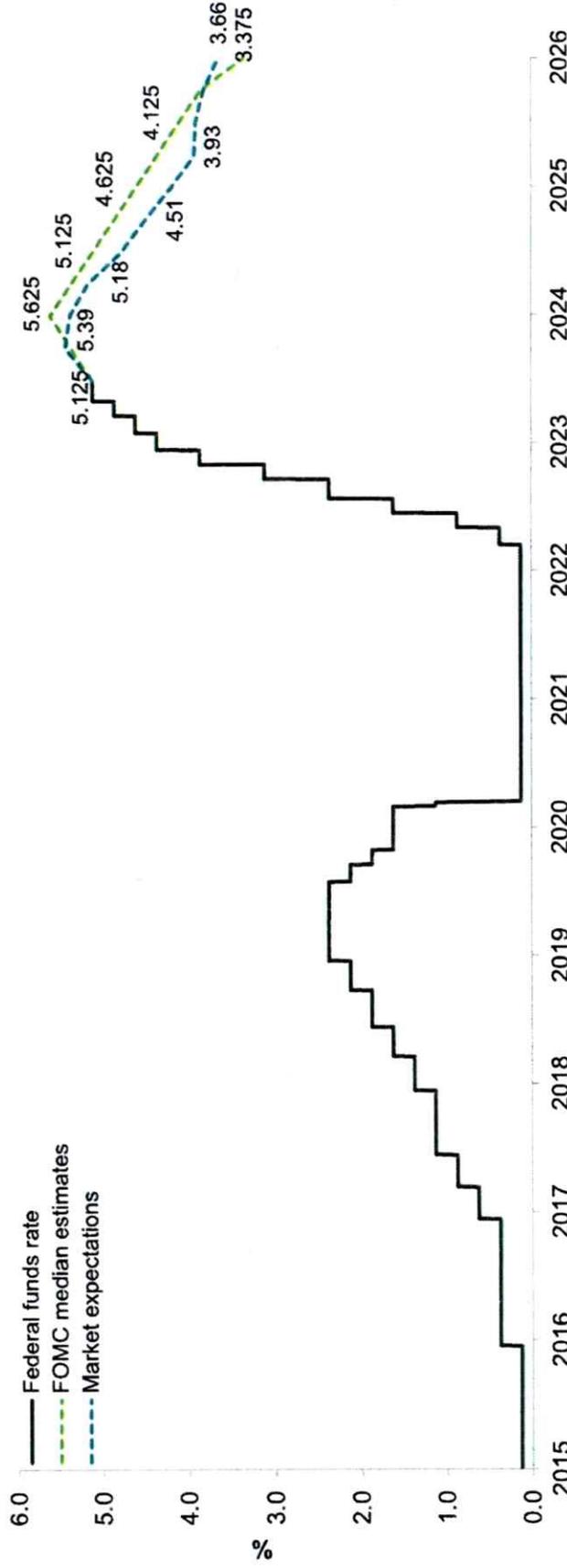


The new industrial policy has already sparked more than \$400 billion in new investments across multiple industries

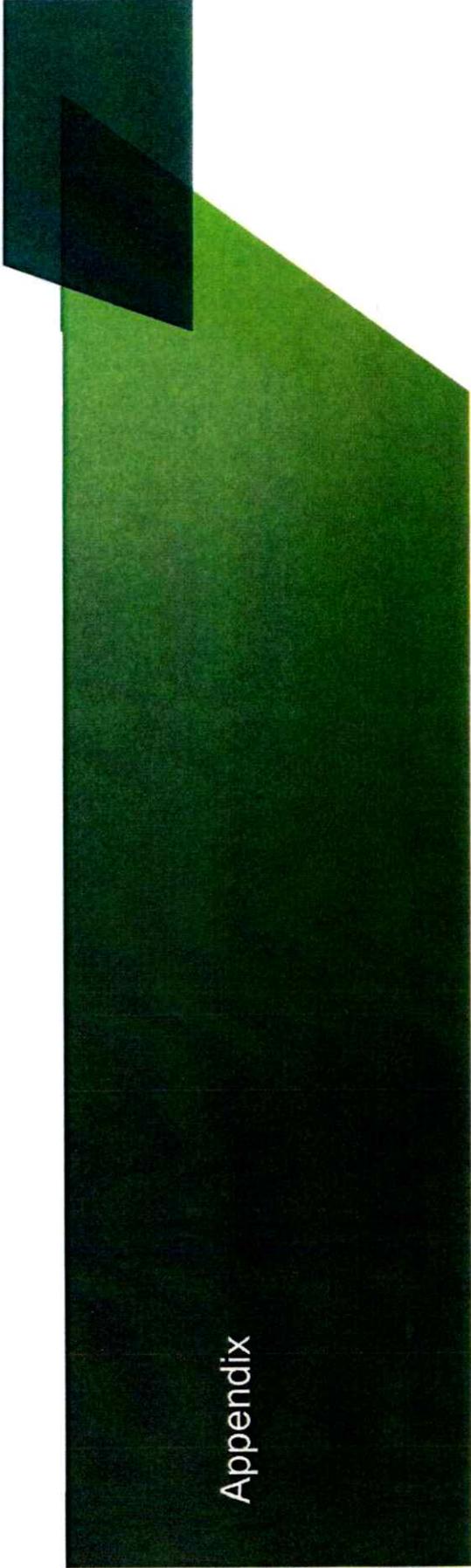
Source: The White House, as of May 30, 2022.

The Fed is calibrating to sufficiently restrictive territory

We expect that the Fed is nearing the end of the hiking cycle in 2023, but has guided to additional calibration. The market continues to expect the Fed to pivot sooner than their projections, but not until 2024. Balance sheet reduction has fully ramped to its \$1.1 trillion annual pace, and we view sales as unlikely for at least 12 months.



Source: Bloomberg, as of July 7, 2023. Opinions expressed herein are as of the date stated and are subject to change without notice. Insight assumes no responsibility to update such information or to notify a client of any changes. Any projections or forecasts contained herein are based upon certain assumptions considered reasonable. Projections are speculative in nature and some or all of the assumptions underlying the projections may not materialize or vary significantly from the actual results. Accordingly, the projections are only an estimate.



Appendix



Important disclosures

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Assets under management (AUM) represented by the value of the client's assets or liabilities Insight is asked to manage. These will primarily be the mark-to-market value of securities managed on behalf of clients, including collateral if applicable. Where a client mandate requires Insight to manage some or all of a client's liabilities (e.g. LDI strategies), AUM will be equal to the value of the client specific liability benchmark and/or the notional value of other risk exposures through the use of derivatives. Regulatory assets under management without exposures can be provided upon request. Unless otherwise specified, the performance shown herein is that of Insight Investment (or Global Investment Performance Standards (GIPS)), the 'firm' and not specifically of Insight North America. A copy of the GIPS composite disclosure page is available upon request.

Past performance is not a guide to future performance, which will vary. The value of investments and any income from them will fluctuate and is not guaranteed (this may partly be due to exchange rate changes). Future returns are not guaranteed and a loss of principal may occur.

All performance numbers used in the analysis are gross returns. The performance reflects the reinvestment of all dividends and income. INA charges management fees on all portfolios that they manage and these fees will reduce the returns on the portfolio. For example, assume that \$30 million is invested in an account with INA, and this account achieves a 5.0% annual return compounded monthly, gross of fees, for a period of five years. At the end of five years that account would have grown to \$35,500,760 before the deduction of management fees. Assuming management fees of 0.25% per year are deducted monthly from the account, the value at the end of the five year period would be \$35,022,447. Actual fees for new accounts are dependent on size and subject to negotiation. INA's investment advisory fees are discussed in Part 2A of its Form ADV. A full description of INA's advisory fees are described in Part 2A of Form ADV available from INA at www.adviserinfo.sec.gov.

Targeted returns intend to demonstrate that the strategy is managed in such a manner as to seek to achieve the target return over a normal market cycle based on what Insight has observed in the market, generally, over the course of an investment cycle. In no circumstances should the targeted returns be regarded as a representation, warranty or prediction that the specific deal will reflect any particular performance or that it will achieve or is likely to achieve any particular result or that investors will be able to avoid losses, including total losses of their investment.

The information shown is derived from a representative account deemed to appropriately represent the management styles herein. Each investor's portfolio is individually managed and may vary from the information shown. The mention of a specific security is not a recommendation to buy or sell such security. The specific securities identified are not representative of all the securities purchased, sold or recommended for advisory clients. It should not be assumed that an investment in the securities identified will be profitable.

Actual holdings will vary for each client and there is no guarantee that a particular client's account will hold any or all of the securities listed.

The quoted benchmarks within this presentation do not reflect deductions for fees, expenses or taxes. These benchmarks are unmanaged and cannot be purchased directly by investors. Benchmark performance is shown for illustrative purposes only and does not predict or depict the performance of any investment. There may be material factors relevant to any such comparison such as differences in volatility, and regulatory and legal restrictions between the indices shown and the strategy.

Transactions in foreign securities may be executed and settled in local markets. Performance comparisons will be affected by changes in interest rates. Investment returns fluctuate due to changes in market conditions. Investment involves risk, including the possible loss of principal. No assurance can be given that the performance objectives of a given strategy will be achieved.

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



Mark D. Scott
Cabinet Secretary

Melody Duke
Executive Director
Melody.A.Duke@wv.gov

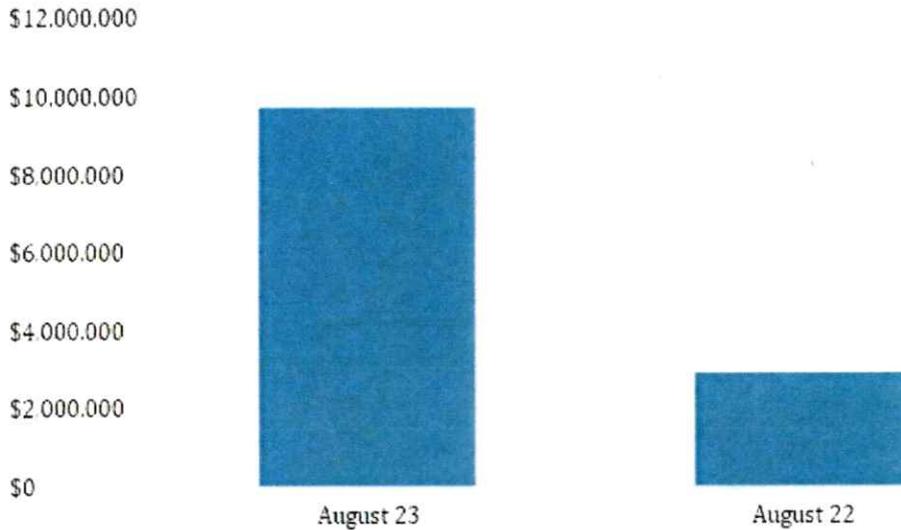
**Executive Director's Report
September 19, 2023**

A. Marshall University and West Virginia University Medical Malpractice Program

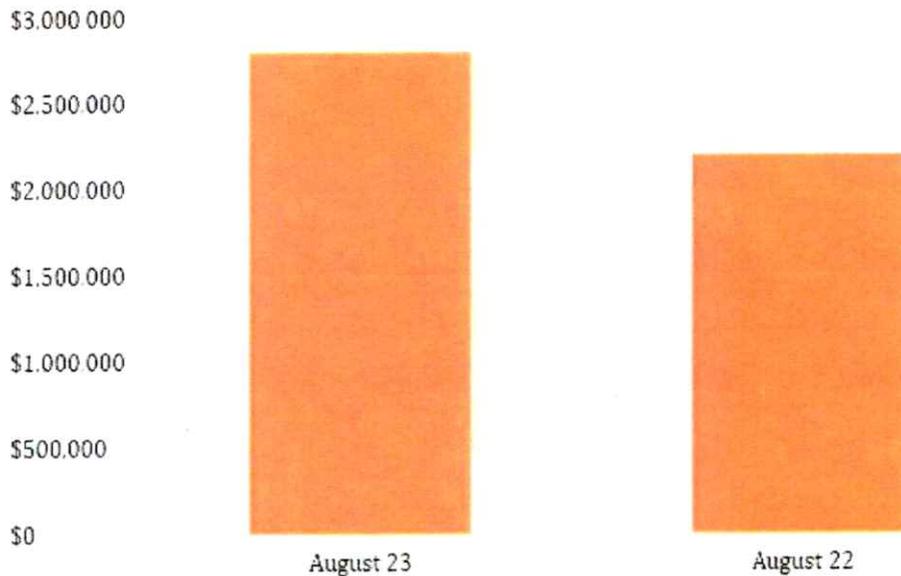
- As of September 13, 2023, Marshall has deposited \$0 into the escrow account for FY 2024. The fiscal year-to-date cumulative interest totals \$3,671.93. Disbursements totaling \$393,208.40 have been paid thus far in FY 2024.
- As of September 13, 2023, a total of \$722,209.78 has been deposited into WVU's escrow account for FY 2024. The fiscal year-to-date cumulative interest totals \$26,093.47. Disbursements totaling \$744,257.17 have been paid thus far in FY 2024.

B. State and Non-State Liability Claims & Litigation Information

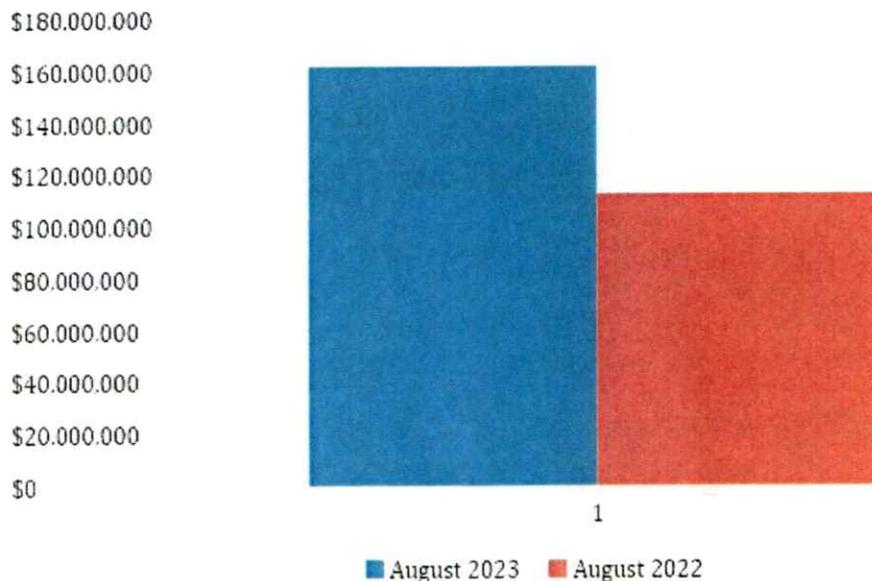
Indemnity Payments August
FY 24 vs FY 23



Legal Payments August FY 24 vs FY 23



Indemnity Reserves August FY 24 vs FY 23



TRIALS

We have tried eight cases to verdict so far in 2023, with four plaintiff verdicts, three defense verdicts and one case dismissed. **New cases are listed in bold print.**

1/18/2023 (501-965583) Insured: Goodwill Industries; Plaintiff: Ezekiel Singer; Kanawha Co. Mgt. Ct.; Case dismissed at end of trial. Plaintiff alleged he was terminated for filing OSHA violations but was discharged for multiple policy violations. Prior to trial, the demand was \$5,000 and no offer was made.

1/31/2023 (501-732213) Insured: Office of the WV Insurance Commissioner; Plaintiff: Rebecca Roush; Kanawha Co. Cir. Ct.; Plaintiff verdict of \$2.2 million. Plaintiff, a Chief Administrative Law

Judge for Workers' Compensation alleged gender discrimination when she was removed from her position. Demand was \$1,000,000. No offer was made. The case is currently on appeal.

2/13/2023 (501-487136) Insured: Boone Co. B.O.E.; Plaintiff: Angela Hill; Boone Co. Cir. Ct.; Defense verdict. Plaintiff alleged gender and age discrimination as the result of her not being hired for six administrative positions. The last demand was \$485,000. The last offer was \$20,000.

3/30/2023 (501-827681) Insured: Bluefield State University; Plaintiff: Sara Ballard; Mercer Co. Cir. Ct.; Plaintiff verdict of \$15,000. Plaintiff alleged she was discharged as the result of discrimination. Last demand was \$10,000. The last offer was \$2,000.

5/4/2023 (501-852072) Insured: Wyoming Co. B.O.E.; Plaintiff: Paige Hatfield; Wyoming Co. Cir. Ct.; Plaintiff verdict of \$30,000. Plaintiff was sent to alternative school as the result of threatening behavior. Demand was \$95,000. The offer was \$3,500.

5/25/2023 (501-550136) Insured: WV Fire Commission; Plaintiff: Tammy Wretchford; Hardy Co. Cir. Ct.; Defense verdict for Insured. Plaintiff alleged the insured maliciously indicated that the house fire was arson. Plaintiff's demand was \$7,000,000. No offer was made.

8/4/2023 (501-460874) Insured: WV Regional Jail Authority; Plaintiff: Michael McDonald; Cabell Co. Cir. Ct.; Defense Verdict. Plaintiff inmate was restrained in a chair for his violent outbursts. Plaintiff's demand was \$700,000. Offer was \$200,000. Plaintiff has appealed the verdict.

8/23/2023 (501-251936) Insured: WV Regional Jail Authority; Plaintiff: Ruben Castillo; Kanawha Co. Cir. Ct.; Plaintiff Verdict of \$50,000. Plaintiff alleges he was severely abused. Plaintiff's demand was \$624,000. Offer was \$10,000.

PAID CLAIMS (August 2023 Data)

August 2023 Indemnity payments total \$9,700,000 vs August 2022 payments of \$2,900,000 an increase of 234.5%.

August 2023 Legal payments total \$2,800,000 vs. August 2022 Legal payments of \$2,200,000 an increase of 27.3%.

OUTSTANDING CLAIMS (August 2023 Data)

August 2023 Indemnity reserves total \$162,200,000 vs. August 2022 Indemnity reserves of \$112,800,000 an increase of 43.8%.

August 2023 Expense reserves total \$34,900,000 vs. August 2022 Expense reserves of \$30,300,000 an increase of 15.2 %.

CLAIMS COUNTS (August 2023 Data)

August 2023 New claims of 252 vs. August 2022 of 305, a decrease of 17.4%.

August 2023 Closed claims of 322 vs. August 2022 of 274, an increase of 17.5%.

August 2023 Open claims of 1100 vs. February 2022 of 1100, the same amount.

DURATION – CREATE TO CLOSED DATE CLAIMS (August 2023 Data)

August 2023 Duration of 139 Days vs. August 2022 Duration of 94 Days, an increase of 47.2%.

CLOSING RATIO (August 2023 Data)

August 2023 Closing Ratio of 127.1% vs. August 2022 Closing Ratio of 89.8%, an increase of 41.5%.

A. Insurance Renewals – BRIM has completed the insurance renewals for FY24.

The Board of Education Cyber renewed at \$592,500 with total limits of \$15,000,000. The program has a new primary carrier, Starr, which has \$10,000,000 of the limit and Vantage Risk Specialty with the remaining \$5,000,000 in limit. The Ransomware sublimit changed to a two-tier approach and increased over the expiring policy of \$100,000. There is 18 BOE/Tech Centers in Tier 1 with \$3,000,000 in limit and co-insurance of 0% and Tier 2 with 44 BOE/Tech Centers with \$1,500,000 in limit and co-insurance of 25%. The expiring premium was \$575,000 for only \$10,000,000 in limits. The renewal is an increase of \$17,500 or 3%.

The State Cyber renewed at a cost of \$1,166,000 with limits of \$25,000,000 and no sublimit for Cyber Extortion. This is an increase of \$165,500 or 16% over the FY23 policy which had limits of only \$11,500,000 and had a sublimit for Cyber Extortion. The cyber market has improved over the last year.

The County Boards of Education Excess policy has been secured as a true transfer policy with Munich Re at a cost of \$2,933,868 and aggregate limit of \$15,000,000. The excess insurance for the Boards of Education had been included with the main liability policy in the trust program but due to market conditions and the increased frequency and severity of abuse claims it was necessary to eliminate this direct exposure to BRIM.

The property renewed at a cost of \$11,237,542 over the expiring of \$8,488,747. This is an increase of \$2,748,795 or 32%. There are a total of 16 carriers participating in various increments to reach the total policy limits of \$300,000,000 and TIV of \$25,237,172,430.

B. BRIM implemented four endorsements for the 2023 liability policy for both state and non-state insureds. The first is for all insureds, and it amends the Supplementary Payments section and includes attorney fees as part of the limit of liability opposed to the current form of being in addition to the limit. The second is for all insureds and adds “offenses” as part of the limit of liability and deems “occurrence”, “offense” and “loss” as related claims. This has always been the interpretation for coverage purposes but officially includes Section II Limits of Insurance. The third is for all non-state insureds and is a punitive damages exclusion for all claims, demands, actions or awards of punitive or exemplary damages. It should be noted that in the state code, punitive damages cannot be collected from political subdivisions. The final endorsement affects all non-state insureds, except county boards of education. The endorsement adds definitions for abuse, claims of abuse, claimant, and interrelated claims of abuse, modifies the limit per occurrence to \$500,000 with an additional \$500,000 recovery for reasonable and necessary medical expenses actually incurred but psychiatric or psychological treatment are excluded. The endorsement provides for an annual aggregate per entity of \$3,000,000 and provides time limitations on reporting. The language will further tighten the claim to a single perpetrator and a “one” occurrence for interrelated claims.

C. Upcoming Legislative Session – BRIM will have no proposed bills for the upcoming session, but we stand ready to respond to any inquiries or requests to attend meetings.

D. Risk Management Information System Update –We are a bit behind schedule and have moved the target implementation to January 2024. BRIM is looking forward to making the break from the legacy mainframe system.

E. STRIMA/DRJ – Robert Fisher and Woodrow White attended the STRIMA conference in Little Rock, Arkansas last week. The conference was informative about the market and other conditions facing our sister states. John Fernatt attended the Disaster Recovery Journal conference last week that was held in Phoenix, Arizona. This conference is dedicated to business resiliency and continuity. Finally, I have been asked to serve on the STRIMA board in the position of Treasurer.

F. Retirements/Internships – Long time employee, Sue McMinn will be retiring October 16, 2023, with 35 years of service. We are very sad to see her leave but know that she is leaving us to pursue a new future with her finance and soon to be husband. We will be having a reception on October 11th to recognize her dedication and service to BRIM.

We have retained Ryan Kirkpatrick from his summer Governor's Internship Program to continue with our record retention of Finance files. We have engaged Eric Sencindiver who is completing a Cyber Security Program through Blue Ridge Community and Technical College.

G. Upcoming Board Meeting schedule for 2023:

Tuesday, December 12, 2023 @ 1PM

Sincerely,



Melody Duke
Executive Director

MAD/lm

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



Mark D. Scott
Cabinet Secretary

Melody Duke
Executive Director
Melody.A.Duke@wv.gov

Chief Financial Officer's Report
September 19, 2023

A. P-Card Report

Electronic copies mailed to the board contain the supporting details for P-card purchases for the months of May and June 2023. These totals are:

May	\$68,178.35
June	\$50,029.79

B. Current Financial Results

- The financial results presented are for the twelve months ending June 30th, 2023. The results reflect the actuarially estimated unpaid losses from AON's risk funding study as of June 30, 2023.
- Net premium revenue for FY23 has increased \$5.3 million compared to FY'22. The increase reflects an increase in premiums based on the actuarial estimated loss pics.
- Retained case reserves are \$54.3 million higher this year compared to the prior year and actuarially estimated IBNR is \$27.1 million higher than the prior year. Combined total current and non-current claims liabilities (i.e., unpaid claims) are \$81.4 million higher than last year based on the June 30th AON actuarial study. Our reserve adjustment in the fourth quarter of this year was lower than the fourth quarter of last year. The overall increase in reserves this year was lower than in the prior year.
- Claims and claims adjustment expense of \$170.2 million is \$2.1 million dollars higher than last year due primarily to reserve adjustments during the current fiscal year.
- Investment income for FY23 was \$8 million compared to investment losses of \$33.7 million in FY22. This is a positive year-over-year change of \$41.7million. During FY23 the Bank of New York trust lost \$2.4 million. Because of the relatively short duration of the fixed income holdings in the trust (3.8 years) and increasing interest rates the returns in the trust have been fluctuating. Equity markets experienced volatility during FY22 and that trend continued in FY23. Our holdings with the West Virginia Investment Management Board have increased \$8.4 million this fiscal year. \$9.4 million of that is due to investment income with a \$1 million withdrawal in September. Additionally, we had \$989 thousand of interest income from the BTI for FY23.
- The combination of higher reinsurance premiums, increased claims expense, positive investment returns and a small increase in premium revenue resulted in a decrease in net position of \$81.6 million compared with a decrease in net position of \$125.5 million in FY'22. The largest factor in this decrease was the reserve

adjustments of \$81.4 million for the year. While the change in net position is less than last year it is still significant.

- Our current net position of \$69.8 million includes the mine subsidence program's net position of \$32.4 million, leaving BRIM's unrestricted net position at \$37.4 million. This compares with a net position of \$151.4 million last year.

C. Financial Markets

Financial markets have continued to be volatile since we had our last meeting in June. The DJIA has had many peaks and valleys this year, with a year to date return of 5.3%. With the continued rate increases by the Federal Reserve and uncertainty in the economy this volatility is likely to continue.

The Federal Reserve has raised interest rates at 11 of their last 12 meetings. The last increase came at their July meeting increasing rates to a range of between 5.25% and 5.5%. This put interest rates at a 22-year high. Fed officials appear to agree to hold interest rates steady when they next meet September 19th and 20th.

August saw an increase in consumer prices driven by an increase in energy costs. The consumer price index rose 0.6% in August from the previous month. Core prices, which exclude food and energy items, rose by 0.3% in August after even lower increases in June and July. In August, on an annual basis, prices were up 3.7% compared with 3.2% in July. Annual core inflation edged lower in August to 4.3% from 4.7% in July.

Unemployment rose to 3.8% in August, which is an 18-month high. Employers added 187,000 jobs in August. According to Steve Blitz, chief U.S. economist at TS Lombard, some of these increases are "backfilling" in the retail, accommodation, food services, healthcare and social services which are hiring to return to normal staffing levels. These were the job sectors most impacted by the lockdowns. If the sectors whose hiring is backfilling are excluded private sector job gains in August were 52,000.

Because of increasing interest rates, the volatility of the stock market and inflation concerns BRIM's investment returns outlook remains uncertain for FY24.

Respectfully submitted,


Stephen W. Panaro, CPA
Chief Financial Officer

West Virginia Board of Risk and Insurance Management

Statements of Net Position

For the Twelve Months Ended June 30th

	<u>2023</u>	<u>2022</u>
	<i>(In Thousands)</i>	
Assets		
Current assets:		
Cash and cash equivalents	\$ 24,728	\$ 14,544
Advance deposits with insurance company and trustee	236,648	243,344
Receivables	3,258	3,069
Prepaid insurance	00	0
Restricted cash and cash equivalents	5,447	13,585
Premiums due from other entities	<u>1,536</u>	<u>1,222</u>
Total current assets	271,617	275,763
Noncurrent assets:		
Equity position in internal investments pools	154,103	110,524
Restricted investments	<u>29,754</u>	<u>64,938</u>
Total noncurrent assets	183,857	175,463
Total assets	<u>455,474</u>	<u>451,226</u>
Deferred Outflows of Resources	399	434
Deferred Outflows of Resources - OPEB	59	61
Liabilities		
Current liabilities:		
Estimated unpaid claims and claims adjustment expense	189,423	103,306
Unearned premiums	16,638	12,208
Agent commissions payable	1,646	1,496
Claims Payable	0	52
Accrued expenses and other liabilities	<u>689</u>	<u>557</u>
Total current liabilities	208,396	117,619
Estimated unpaid claims and claims adjustment expense net of current portion	177,257	181,989
Compensated absences	192	167
Net pension liability	<u>148</u>	<u>(894)</u>
Total noncurrent liabilities	177,597	181,262
Total liabilities	<u>385,993</u>	<u>298,882</u>
Deferred Inflows of Resources	0	1,156
Deferred Inflows of Resources - OPEB	137	280
Net position:		
Restricted by State code for mine subsidence coverage	75,988	80,155
Unrestricted	75,415	196,713
Net Assets (Deficiency)	<u>(81,601)</u>	<u>(125,465)</u>
Net position	<u>\$ 69,802</u>	<u>\$ 151,403</u>

Unaudited

West Virginia Board of Risk and Insurance Management

Statements of Revenues, Expenses, and Changes in Net Position

For the Twelve Months Ended June 30th

	2023	2022
	<i>(In Thousands)</i>	
Operating revenues		
Premiums	\$ 95,502	\$ 86,099
Less coverage/reinsurance programs	(8,969)	(4,758)
Net operating revenues	86,533	81,341
 Operating expenses		
Claims and claims adjustment expense	170,253	168,122
General and administrative	5,845	5,009
Total operating expenses	176,098	173,131
 Operating income (loss)	(89,565)	(91,790)
 Nonoperating revenues		
Investment income	7,986	(33,670)
Legislative Appropriation	0	0
OPEB Non Operating Income	(22)	(6)
Net nonoperating revenues	7,964	(33,675)
Changes in net position	(81,601)	(125,465)
 Total net position, beginning of year	151,403	276,868
 Total net position, end of period	\$ 69,802	\$ 151,403

Unaudited



Mark D. Scott
Cabinet Secretary

Melody Duke
Executive Director
Melody.A.Duke@wv.gov

Loss Control Report to the Board September 2023

State Agency loss control questionnaires were due on August 1, 2022. Since that time, we have been evaluating those questionnaires. The results will be used to calculate loss control credits and surcharges for next fiscal year's premium. The evaluations yielded the following results. Seventy-three percent of the state agency program will receive a form of a loss control credit. This is a slight increase from fiscal year 2024 results of sixty-seven percent.

BRIM and Liberty Mutual Insurance will sponsor two boiler safety and operational seminars in October. We are hopeful that these seminars will continue to attract large crowds and that what is learned at the seminars will help keep boiler losses minor to a minimum as they have been for many years. To date, approximately 123 individuals have registered for the seminars.

During the months of June, July, and August Tawney conducted 278 inspections and Liberty Mutual Insurance conducted 310. The reports are being processed according to established procedures.

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

18 Loss Control Visits

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

Insured Accounts Visited Include: Westbrook Health Services, West Virginias For Life, Italian Heritage Festival, Eastern Panhandle Transit Authority, Kanawha Valley Senior Services, Harrison County Senior Citizens Center, Cabell County Solid Waste Authority, Central West Virginia Transit Authority, Webster County Senior Citizens, Inc., Berkeley County Development Authority, City of Logan, Cabell County Community Services Organization, Raleigh County Board of Education, Cabell County Board of Education, Healthnet Aeromedical Services, Williamson Health & Wellness Center, Berkeley County Board of Education, and Wayne County Board of Education.

11 Standards of Participation Visits

These are visits which are designed to provide assistance to our insured Participation program.

Insured Accounts Visited Include: West Virginia Deaf Service Center, City of St. Albans, West Virginia Division of Labor, Hungry Lamb Food Initiative, West Virginia Division of Juvenile Services, Mid-Ohio Valley Fellowship Home, Mid-Ohio Valley Transit Authority, Monongalia County Urban Mass Transit Authority, Tri-River Transit Authority, Concord University, and Dunbar Recreation Center.

As is the case each year, the number of loss control visits is markedly reduced during the period in which we evaluate loss control questionnaire submissions.

Dated: 9/13/23

Respectfully submitted,



Jeremy C. Wolfe
Risk & Insurance Manager



Chief Privacy Officer's Report September 19, 2023

A. Management Team Meetings

- On June 6, 2023, the Privacy Management Team met virtually with 72 attendees. The increase in attendance is due to a policy change to invite not only departmental privacy officers, but all agency privacy officers, to ensure a consistency of procedure and training. The topics presented were the National Cybersecurity Strategy discussed by Jody Ogle (Cybersecurity and Infrastructure Security Agency), Risks of Chat GPT3, discussed by Neil Chakrabarty (DEP's Chief Technology Officer). Because we had so many new officers attend the meeting, who perhaps were not as familiar with some of the basic procedures around privacy, we went over the purpose of monthly privacy tips and how to share them, and a basic overview of incident reporting.
- The next Privacy Management Team is September 26, 2023. Subjects that will be covered will be: an update on Retention Policies and Processes, Crime and Privacy - WV Fusion Center, Update on the State's Cyber Coverage, and Incident Management and the need for Data Preservation.
- The State Privacy Office has begun planning for our next Privacy Retreat for 2024. This is tentatively scheduled for June 10-12, 2024 and will be located at a West Virginia State Park. Our tentative theme for the retreat is the *Importance of Partnerships in Protecting Data Privacy*, with a very exciting keynote speaker, **Cabinet Secretary Mark Scott**, on our confirmed list.

B. Privacy Training

- During the Third Quarter of 2023, 225 members of the Executive Branch workforce completed the online course *Privacy Awareness Training 2022*, which is a general privacy awareness training.
- During the Third Quarter of 2023, 469 members of the Executive Branch workforce completed the online course *WV Confidentiality Agreement*, which is required of all workforce members.
- During the Third Quarter of 2023, the Executive Branch workforce completed 412 the online courses *HIPAA/HITECH*, which is a general HIPAA training course and a new *HIPAA Refresher Training (2021)* which PEIA has requested.

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

- July 25 -27, 2023, the CPO attended the National Association of Chief Information Officers (NASCIO) Annual Summit for Chief Privacy Officers.
- On August 30, 2023, the CPO presented the Purchasing annual webinar to agency procurement officers, entitled "Purchasing as a Privacy Powerhouse."
- The State Privacy Office created an introductory slide show for new employees to the Department of Administration for the DOA's intranet resource that introduces the State Privacy Program to new DOA employees.

C. Privacy Impact Assessments/ Privacy Incident Response Assessments

- A privacy impact assessment (PIA) is a tool used to assess the privacy impact and risks to the personally identifiable information (PII) stored, used, and exchanged by information systems. A PIA evaluates privacy implications when information systems are created, when existing systems are significantly modified, or new technology is purchased.
- Since June 30, 2023, 7 PIAs have been completed and submitted.
- The Privacy Office has added a new section providing detailed information and explanations regarding the Privacy Impact Assessment to all of our comprehensive orientations and presentations. Hopefully the new explanations of the PIA process will help smooth the review process of these important documents.

D. State Privacy Office Personnel

- The State Privacy Office has taken on an IT/cybersecurity intern for the fall who is creating an online recorded module regarding the HIPAA Security Rule as an orientation for new and refresher privacy officers of the State's HIPAA covered entities. Eric Sencindiver will graduate in December from Blue Ridge Community and Technical College with an Associate's degree in IT.

Very truly yours,

Ashley Summitt

Ashley Summitt, JD
Chief Privacy Officer
WV Executive Branch

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



Mark D. Scott
Cabinet Secretary

Melody Duke
Executive Director
Melody.A.Duke@wv.gov

AGENDA
BOARD MEETING OF THE
WEST VIRGINIA BOARD OF RISK AND INSURANCE MANAGEMENT
Tuesday, December 12, 2023

Chairman Price

Call to Order

Chairman Price

Roll Call

Chairman Price

Approval of Board Minutes
September 19, 2023

REPORTS

Norman Mosrie, Partner
FORVIS, LLP

Audited Financial Report
June 30, 2023
FORVIS, LLP

Robert A. Fisher
Deputy Director

Executive Director's Report
(Presenting for Melody Duke)

Stephen W. Panaro, CPA
Chief Financial Officer

Financial Report
PCard Report

Jeremy C. Wolfe
Loss Control Manager

Loss Control Report

Ashley E. Summit
Chief Privacy Officer

Privacy Report

UNFINISHED BUSINESS

NEW BUSINESS

ADJOURNMENT

ldm

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



Mark D. Scott
Cabinet Secretary

Melody Duke
Executive Director
Melody.A.Duke@wv.gov

****DRAFT****

**MINUTES OF THE MEETING
WEST VIRGINIA BOARD OF RISK AND INSURANCE MANAGEMENT
September 19, 2023 @ 1PM**

(Meeting held in person & telephonically to practice social distancing guidelines for COVID-19 pandemic response)

BOARD MEMBERS: Joseph Price, Chairman
Gordon Lane, Jr., Vice Chairman
Leah Cooper, Member
Kristin Boggs, Member
Tom Clark, Member
Allan L. McVey, Board Secretary, Ex-Officio Member
Commissioner, WV Office of the Insurance Commissioner

BRIM PERSONNEL: Melody Duke, Executive Director
Robert Fisher, Deputy Director
Stephen W. Panaro, CPA, CFO
Jeremy Wolfe, Risk & Insurance Manager
Ashley Summit, Chief Privacy Officer
Woodrow White, Underwriting Manager
John L. Fernatt, Deputy Claims Manager
Emily Fleck, Controller
Valerie C. Poindexter, Claim Representative
Shannon Shaffer, Claim Representative
Jason Stover, Office Assistant
Lora Myers, Recording Secretary

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

GUESTS: Kelsey Knotts, WVU Risk Management
Donna Hadrych, WVU Health Sciences
Stacie Honaker, WVU Health Sciences
Tom Sauvageot, WV Investment Management Board
Ryan Owens, WV Investment Management Board

GUESTS (continued): Scott Mountain, Insight Investment
Robert Bayston, Insight Investment
Peter Shirley, Director, WV Legislature Division
of Regulatory and Fiscal Affairs
Elizabeth Schindzielorz, Counsel, WV Senate Committee
on the Judiciary

CALL TO ORDER

- Vice Chairman Lane (assisting Chairman Price) called the board meeting of the West Virginia Board of Risk and Insurance Management to order on Tuesday, September 19, 2023 at 1:07PM. The meeting was held in person and by remote access as well.
- Vice Chairman Lane requested all board members and meeting attendees sign in to verify their attendance and remote joiners should verify with confirmation email.

APPROVAL OF MINUTES

- Vice Chairman Lane asked for a motion to approve the Minutes of the June 27, 2023, board meeting. Chairman Price moved the approval of the board meeting minutes from the prior meeting. The motion was seconded by Member Leah Cooper.
- No discussion, a vote took place and the MOTION ADOPTED.

REPORTS

West Virginia Investment Management Board

- Tom Sauvageot was welcomed to present for the West Virginia Investment Management Board. Mr. Sauvageot was joined by Ryan Owens. Mr. Sauvageot extended his appreciation for the opportunity to present.
- Mr. Sauvageot reviewed the BRIM Investment Review which was emailed prior to the Board Meeting. The Investment Review covered Market Highlights which showed inflation down and positive growth. He reported that risky assets have performed well while fixed income returns were flat.
- Asset Allocation; Performance; and Asset Class Performance were discussed and reviewed. The past three year period has been steady. The private additions have been a good addition.
- Mr. Sauvageot and Mr. Owens asked for any questions, no questions. The WV Investment Management Board - BRIM Investment Review was received, a copy is attached and made part of the record.

Insight Investment

- Scott Mountain and Robert Bayston were welcomed to present for Insight Investment. Mr. Mountain thanked BRIM for the opportunity to make an appearance and to meet with Stephen Panaro and Melody Duke who work together on a daily basis.
- A handout which was emailed prior to the meeting was reviewed. The first section detailed was the Corporate Overview which included detailed biographies. Investment philosophy was also outlined as well as Client commitment.
- Mr. Bayston directed the group to Page 9 and reviewed it thoroughly. This section is the Market Update - YTD 2023. The Portfolio Performance section was also reviewed and was positive.
- The Economic & Investment Outlook section of the handout was discussed. Key takeaways include: the US economy is sending mixed messages with momentum diverging across various elements of the economy; sticky inflation will likely force the Feds to hike interest rates; and we continue to see tighter credit conditions and higher interest rates. Predictions see an increase in the labor market.
- Mr. Mountain and Mr. Bayston offered to answer questions, no questions. The Insight Investment - State of WV - BRIM Review was received, a copy is attached and made part of the record.

Executive Director's Report

- Melody Duke began her Executive Director's Report by thanking our guests for their reports from WV Investment Management Board and Insight Investment.
- The Executive Director's Report began with a review of the Marshall University and West Virginia University Medical Malpractice Programs. The report included total deposits/disbursements to the escrow account for FY2024.
- Mrs. Duke reported on the State and Non State Liability Claim and Litigation Information. She reviewed charts provided in her report and explained indemnity payments, legal payments and indemnity reserves.
- Eight cases have been tried to verdict in 2023, four plaintiff verdicts and three defense verdicts, and a dismissed case. The Executive Director's Report also included details regarding trials, paid claims, outstanding claims, claims counts, duration and closing ratio.
- Insurance Renewals have been completed by BRIM for FY24. The Board of Education Cyber renewed at \$592,500 with limits of \$15,000,000. The new primary carrier is Starr. The Ransomware sublimit changed to a two-tier approach and increased over the expiring policy of \$100,000. There are 18 BOE/Tech Centers in Tier 1 with \$3,000,000 in limit and co-insurance of 0%. Tier

2 has 44 BOE/Tech Centers with \$1,500,000 in limit and co-insurance of 25%. The expiring premium was \$575,000 for only \$10,000,000 in limits. The renewal is an increase of \$17,500 or 3%.

- The State Cyber renewed at a cpst of \$1,166,000 with limits of \$25,000,000 and no sublimit for Cyber Extortion. This is an increase of \$165,500 or 16% over the FY23 policy which had limits of \$11,500,000 and had a sublimit for Cyber Extortion. The cyber market has made improvements in the last year.
- The County Boards of Education Excess policy has been secured as a true transfer policy with Munich Re at a cost of \$2,933,868 and aggregate limit of \$15,000,000. The excess insurance for the Boards of Education had been included with the main liability policy in the trust program but due to market conditions and the increased frequency and severity of abuse claims it was necessary to eliminate this direct exposure to BRIM.
- The property renewed at a cost \$11,237,542 over the expiring of \$8,488,747. This is an increase of 32%. A total of 16 carriers are participating in various increments to reach total policy limits of \$300,000,000.
- Mrs. Duke reported BRIM has implemented four endorsements for the 2023 liability policy for state and non-state insureds. The first is for all insureds and amends the Supplementary Payments section and includes attorney fees as part of the limit of liability. The second is for all insureds and adds "offenses" as part of the limit of liability and deems "occurrence", "offense" and "loss" as related claims. This has always been the interpretation for coverage purposes but officially includes Section II Limits of Insurance. The third is for all non-state insureds and is a punitive damages exclusion for all claims, demands, actions or awards of punitive or exemplary damages. It should be noted that in the state code, punitive damages cannot be collected from political subdivisions. The final endorsement affects all non-state insureds with the exception of county boards of education. The endorsement includes definitions for abuse, claims of abuse, claimant, and interrelated claims of abuse, modifies the limit per occurrence to \$500,000 with an additional \$500,000 recovery for reasonable and necessary medical expenses actually incurred; however, psychiatric or psychological treatment are excluded. The endorsement provides for an annual aggregate per entity of \$3,000,000 and outlines time limits for reporting. The language will further tighten the claim to a single perpetrator and a "one" occurrence for interrelated claims.
- During the upcoming Legislative Session, BRIM will have no proposed bills for the upcoming session, but we are ready to respond to any requests to attend meetings.
- The Risk Management Information System was updated during the Executive Director's Report. We have fallen a little behind schedule and have moved the target implementation to January 2024. BRIM is anxiously awaiting breaking away from the mainframe system.

- STRIMA was attended this year in Little Rock, Arkansas by Robert Fisher and Woodrow White. The conference was very informative about the market and other conditions facing our sister states. The Disaster Recovery Journal conference was held in Phoenix, Arizona and attended by John Fernatt. The conference focused on business resiliency and continuity. Additionally, Mrs. Duke announced that she has been asked to serve on the STRIMA board as the Treasurer.
- Mrs. Duke informed the board of our long time employee, Sue McMinn's upcoming retirement. She will be leaving us on October 16, 2023 with 35 years of service. We will be sad to see her go but wish her the best future with her approaching marriage. We will be celebrating Sue with a reception on October 11, 2023, to recognize her service and dedication to our agency.
- Ryan Kirkpatrick from the summer Governor's Internship Program has been retained to continue with our record retention of Finance files. We have engaged Eric Sencindiver who is completing a Cyber Security Program through Blue Ridge Community and Technical College.
- Upcoming Board Meeting Schedule for 2023:

Tuesday, December 12, 2023 @ 1PM
- The Executive Director's Report was received and filed, a copy is attached and made part of the record.

BRIM Financial Report

- Stephen Panaro was called upon to present the Chief Financial Officer's Report to the Board.
- Mr. Panaro reviewed the P-Card Report for May and June, 2023.
- Mr. Panaro reported on the Current Financial Results. The financial results presented are for the twelve months ended June 30, 2023. The results reflect the actuarially estimated unpaid losses from AON's risk funding study as of June 30, 2023.
- Net premium revenue for FY23 has increased \$5.3 million compared to FY22. The increase reflects an increase in premiums based on the actuarial estimated loss pics.
- Retained case reserves are \$54.3 million higher this year compared to the prior year and actuarially estimated IBNR is \$27.1 million higher than the prior year. Combined total current and non-current claims liabilities (i.e., unpaid claims) are \$81.4 million higher than last year based on the June 30th AON actuarial study. Our reserve adjustment in the fourth quarter was lower than the fourth quarter of last year.

- Claims and claims adjustment expense of \$170.2 million is \$2.1 million dollars higher than last year due mostly to reserve adjustments during the current fiscal year.
- Investment income for FY23 was \$8 million compared to investment losses of \$33.7 million in FY22. This is a positive year-over-year change of \$41.7 million. During FY23 the Bank of New York trust lost \$24 million. Due to the short duration of the fixed income holdings in the trust (3.8 years) and increasing interest rates the returns in the trust have been fluctuating. Equity markets experienced volatility during FY22 and the trend continued in FY23. Holdings with the WV Investment Management Board have increased \$8.4 million this fiscal year. \$9.4 million of that is due to investment income with a \$1 million withdrawal in September. Also, we had \$989 thousand of interest income from the BTI for FY23.
- The combination of higher reinsurance premiums, increased claims expense, positive investment returns and a small increase in premium revenue resulted in a decrease in net position of \$81.6 million compared with a decrease in net position of \$125.5 million in FY22. The largest factor in this decrease was the reserve adjustments of \$81.4 million for the year.
- Our current net position of \$69.8 million includes the mine subsidence program's net position of \$32.4 million, leaving BRIM's unrestricted net position at \$37.4 million. This compares with a net position of \$151.4 million last year.
- Mr. Panaro reviewed the Financial Markets. Since our last meeting financial markets have continued to be volatile. The DJIA has experienced many peaks and valleys this year. with a year to date return of 5.3%. With the continued Federal Reserve rate increases and uncertainty in the economy, volatility will likely continue.
- The Federal Reserve has raised interest rates at 11 of their last 12 meetings. The last increase during the July meeting increased rates to a range of between 6.25% and 5.5%. This put interest rates at a 22 year high. Feds appear to agree to hold interest rates steady when they next meet.
- During August an increase in consumer prices was driven by an increase in energy costs. The consumer price index rose .06% in August from the previous month. Core prices, which exclude food and energy items, rose by 0.3% in August after even lower increases in June and July. Annual core inflation edged lower in August to 4.3% from 4.7% in July.
- Unemployment rose to 3.8% in August, which is an 18 month high. Employers added 187,000 jobs in August. According to Steve Blitz, chief U. S. economist at TS Lombard, some of the increases are backfilling in the retail, accommodation, food services, healthcare, and social services which are hiring to get back to normal staffing levels. These were the job sectors most impacted by the lockdowns.

- Due to increasing interest rates, the volatility of the stock market and inflation concerns BRIM's investment returns outlook remains uncertain for FY24.
- Mr. Panaro asked for questions, no questions. The Chief Financial Officer's Report was received and filed, a copy is attached and made part of the record.

Loss Control Report

- Jeremy Wolfe was called upon to present the Loss Control Report
- Mr. Wolfe reported that State agency loss control questionnaires were due on August 1st. Since then, the questionnaires have been in the evaluation process. The results will be used to calculate loss control credits and surcharges for premiums for the following fiscal year. 73% of the state agency program will receive a form of a loss control credit. This is a slight increase from the prior year results at 67%.
- BRIM and Liberty Mutual Insurance will sponsor two boiler safety and operational seminars during October. We hope these seminars will continue to attract large groups. We are also hopeful that the information obtained from the seminars will help keep boiler losses to a minimum as they have been for many years. Approximately 123 people have registered for the seminar.
- Mr. Wolfe reported that during June, July and August 2023, Tawney conducted 278 inspections and Liberty Mutual Insurance conducted 310. These reports are being processed.
- Mr. Wolfe included in his report that our loss control technical staff reports the following activity:
 - 18 Loss Control Visits - these are standard visits which focus on all average areas and which result in information and/or loss control recommendations being provided.
 - 11 Standards of Participation Visits - these are visits which are designed to provide assistance to our insured Participation program.
- The number of loss control visits is notably reduced each year during the evaluation of the loss control questionnaires. Mr. Wolfe asked if there were any questions, no questions. The Loss Control Report was received and filed, a copy is attached and made part of the record.

Privacy Report

- Ashley Summitt was asked to present the Privacy Report
- Ms. Summitt reported on Management Team Meetings. June 6, 2023, the Privacy Management Team met virtually with 72 attendees. The increase in attendance is due to a change in policy to invite all agency privacy officers, to ensure a consistency of procedure and training. Topics presented were the National

Cybersecurity Strategy by Jody Ogle (Cybersecurity and Infrastructure Security Agency), Risks of Chat GPT3, by Neil Chakrabarty (DEP's Chief Technology Officer). Due to the number of new officers attending the meeting who were unfamiliar with basic procedures and privacy, we reviewed the monthly privacy tips and how to share them as well as a basic review of incident reporting.

- The next Privacy Management Team meeting is September 26, 2023. Subjects to be covered will be an update on Retention Policies and Processes; Crime and Privacy - WV Fusion Center; Update on the State's Cyber Coverage; and Incident Management and the need for Data Preservation.
- The State Privacy Office has started planning for the next Privacy Retreat for 2024. This is tentatively scheduled for June 10 - 12, 2024 at a West Virginia State Park. Tentatively our theme will be Importance of Partnerships in Protecting Data Privacy. We have an exciting keynote speaker, Cabinet Secretary Mark Scott on our list.
- The Chief Privacy Officer reported on Privacy Trainings. During the third quarter of 2023, 225 members of the Executive Branch workforce completed the online course *Privacy Awareness Training 2022*, which is a general privacy awareness training course. Also during the third quarter of 2023, 469 members of the Executive Branch workforce completed the online course, *WV Confidentiality Agreement*, which is required of all workforce members. During the same quarter, 412 members of the Executive Branch workforce completed the online course *HIPAA/HITECH*, a general training course and new *HIPAA Refresher Training (2021)* which was requested by PEIA.
- Ms. Summitt reported on the following training events held by the SPO since the last board meeting:

July 25 - 27, 2023, the CPO attended the National Association of Chief Information Officers (NASCIO) Annual Summit for Chief Privacy Officers.

On August 30, 2023, the CPO presented the Purchasing Annual Webinar to agency procurement officers, entitled "Purchasing as a Privacy Powerhouse."

The State Privacy Office created an introductory slide show for new employees to the Department of Administration for the DOA's intranet resource that introduces the State Privacy Program to new employees.

- Ms. Summitt's report also included information on Privacy Impact Assessments/Privacy Incident Response Assessments. A Privacy Impact Assessment (PIA) is a tool used to assess the privacy impact and risks to the personally identifiable information (PII) stored, used and exchanged by information systems. A PIA evaluates privacy implications when information systems are created, when existing systems are significantly modified or new technology is purchased.

- Since June 30, 2023, 7 PIAs have been completed and submitted.
- The Privacy Office has added a new section providing detailed information and explanation regarding the Privacy Impact Assessment to all of our comprehensive orientations and presentations. Hopefully, the new explanations of PIA processes will smooth the review process of these documents.
- Ms. Summitt reported on State Privacy Office Personnel. A new Administrative Assistant, Mary Ann Escarda, has been hired. She is an honors graduate from Glenville State College and was previously employed in management at the Starbucks Corporation. We are working to get Mary Ann acclimated to the Privacy Department. We are thrilled with her enthusiasm and desire to learn.
- The Chief Privacy Officer reported that the State Privacy Office has taken on an IT/cybersecurity intern for the fall who is creating an on-line recorded module regarding the HIPAA Security Rule as an orientation for new and refresher privacy officers of the state's HIPAA covered entities. Eric Sencindiver will graduate in December from Blue Ridge Community and Technical College with an Associate's degree in IT.
- Ms. Summitt asked for any questions, no questions. Privacy Report was received and filed, a copy is attached and made part of the record.

EXECUTIVE SESSION

- Vice Chairman Lane asked for a motion to go into Executive Session. Chairman Price moved the meeting into Executive Session. The motion was seconded by Member Leah Cooper.
- Vice Chairman Lane asked for a motion to return to the BRIM board meeting. Chairman Price moved the meeting return to the BRIM board meeting. The motion was seconded by Member Leah Cooper.

UNFINISHED BUSINESS

NEW BUSINESS

ADJOURNMENT

- Vice Chairman Lane asked for a motion to adjourn the BRIM board meeting. Chairman Price moved the meeting adjournment. The motion was seconded by Member Tom Clark.
- No discussion, a vote took place and the MOTION ADOPTED. The meeting adjourned.

Board Chairman

Date



Report to the Board of Directors

West Virginia Board of Risk and Insurance Management

Results of the 2023 Financial Statement Audit, Including Required Communications

June 30, 2023

Required Communications Regarding Our Audit Strategy & Approach (AU-C 260)

The following matters are required communications we must make to you, including these responsibilities:
Overview & Responsibilities

Scope of Our Audit &
Inherent Limitation to
Reasonable Assurance

Your & Our
Responsibilities

Extent of Our
Communication &
Distribution Restriction

Independence Matters

FORVIS

FORVIS is a trademark of FORVIS, LLP, registration of which is pending with the U.S. Patent and Trademark Office

West Virginia Board of Risk and Insurance Management

1

Report Date October 12, 2023

Matter	Discussion
<p>Scope of Our Audit</p>	<p>This report covers audit results related to your financial statements and supplementary information</p> <ul style="list-style-type: none"> • As of and for the year ended June 30, 2023 • Conducted in accordance with our contract dated November 3, 2022
<p>Our Responsibilities</p>	<p>FORVIS is responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management, with the oversight of those charged with governance, are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).</p>
<p>Audit Scope and Inherent Limitations to Reasonable Assurance</p>	<p>An audit performed in accordance with auditing standards generally accepted in the United States of America (GAAS) and <i>Government Auditing Standards</i> issued by the <i>Comptroller General of the United States (GAGAS)</i> is designed to obtain reasonable, rather than absolute, assurance about the financial statements. The scope of our audit tests was established in relation to the financial statements taken as a whole and did not include a detailed audit of all transactions.</p>
<p>Extent of Our Communication</p>	<p>In addition to areas of interest and noting prior communications made during other phases of the engagement, this report includes communications required in accordance with GAAS that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process, including audit approach, results, and internal control. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance.</p>
<p>Independence</p>	<p>The engagement team, others in our firm, as appropriate, and our firm, have complied with all relevant ethical requirements regarding independence.</p>





Matter	Discussion
Your Responsibilities	Our audit does not relieve management or those charged with governance of your responsibilities. Your responsibilities and ours are further referenced in our contract.
Distribution Restriction	This communication is intended solely for the information and use of the following and is not intended to be, and should not be, used by anyone other than these specified parties: <ul style="list-style-type: none">• Board of Directors• Management of West Virginia Board of Risk and Insurance Management• State of West Virginia Financial Accounting & Reporting Division



Government Auditing Standards

Matter	Discussion
Additional GAGAS Reporting	<p>We also provided reports as of June 30, 2023, on the following as required by GAGAS:</p> <ul style="list-style-type: none">• Internal control over financial reporting and on compliance and other matters based on an audit of the financial statements performed in accordance with GAGAS
Reporting Limitations	<p>Our consideration of internal control over financial reporting and our tests of compliance were not designed with an objective of forming an opinion on the effectiveness of internal control or on compliance, and accordingly, we do not express such an opinion.</p>



Other Information Accompanying the Audited Financial Statements

The audited financial statements are presented along with management's Annual Comprehensive Financial Report. Management, or those charged with governance, is responsible for preparing the Annual Comprehensive Financial Report.

We were not engaged to audit the information contained in the Annual Comprehensive Financial Report and as a result our opinion does not provide assurance as to the completeness and accuracy of the information contained therein.

As part of our procedures, we will read the entire report to determine if financial information discussed in sections outside the financial statements materially contradicts the audited financial statements. If we identify any such matters, we bring them to management's attention and review subsequent revisions.

Drafts of management's Annual Comprehensive Financial Report were not available to us as of the date we issued our auditor's report.

We have requested that management provide the document(s) to us when available, in order to allow us to complete our required procedures on the information. We will have no obligation to reissue our report upon completion of these procedures to include the results of our procedures performed on the final document.

However, if we identify material inconsistencies that indicate that the audited financial statements were misstated, then we will be required to evaluate the nature and magnitude of the misstatement to determine if a restatement of the previously issued financial statements is warranted.

FORVIS

FORVIS is a trademark of FORVIS, LLP, registration of which is pending with the U.S. Patent and Trademark Office.



Auditor Objectives Related to Other Information

Our objectives related to the other information accompanying the audited financial statements were to:

- Consider whether a material inconsistency exists between the other information and the financial statements
- Remain alert for indications that
 - A material inconsistency exists between the other information and the auditor's knowledge obtained in the audit, or
 - A material misstatement of fact exists or the other information is otherwise misleading
- Respond appropriately when we identify that such material inconsistencies appear to exist or when we otherwise become aware that other information appears to be materially misstated. Potential responsive actions would include requesting management to correct the identified inconsistency
- Include the appropriate communication in our auditor's report, disclosing the procedures performed on the Other Information, as well as the results obtained
 - We will read the other information when available for material inconsistencies.

Qualitative Aspects of Significant Accounting Policies and Practices

The following matters are detailed in the following pages and included in our assessment:

Significant Accounting
Policies

Unusual Policies or
Methods

Alternative Accounting
Treatments

Management Judgments
& Accounting Estimates

Financial Statement
Disclosures

Our Judgment About the
Quality of the Entity's
Accounting Principles

FORVIS

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West Virginia Board of Risk and Insurance Management

Significant Accounting Policies

Significant accounting policies are described in Note 2 of the audited financial statements.

With respect to new accounting standards adopted during the year, we call to your attention the following topics detailed in the following pages:

- Management considered the impact of adopting GASB 96 related to subscription arrangements and determined that the impact of adoption was not material.

Unusual Policies or Methods

With respect to significant unusual accounting policies or accounting methods used for significant unusual transactions (significant transactions outside the normal course of business or that otherwise appear to be unusual due to their timing, size, or nature):

- No matters are reportable

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. Significant areas of such estimates for which we are prepared to discuss management's estimation process and our procedures for testing the reasonableness of those estimates include:

- Management's estimate of the estimated liabilities for claims payable is based on actuarial calculations and assumptions. We evaluated the key factors and assumptions used to develop the estimated liabilities for claims payable in determining that it is reasonable in relation to the financial statements taken as a whole. In addition, we engaged an independent actuary to review the calculation and methods used by BRIM's consulting actuary.

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West Virginia Board of Risk and Insurance Management



Financial Statement Disclosures

The following areas involve particularly sensitive financial statement disclosures for which we are prepared to discuss the issues involved and related judgments made in formulating those disclosures:

- Note 3 of the financial statements includes disclosures related to the West Virginia Board of Risk and Insurance Management's investments with the West Virginia Investment Management Board and the West Virginia Board of Treasury Investments. Such disclosures include information on the various pools invested in and their respective risks (i.e., credit, custodial, concentration, interest rate).
- The unpaid claims and claims adjustment expense liability disclosures in Notes 2 and 4 are particularly sensitive because of the various assumptions involved in the estimation process.

Our Judgment About the Quality of the Entity's Accounting Principles

During the course of the audit, we made the following observations regarding the Entity's application of accounting principles:

- No matters are reportable

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West Virginia Board of Risk and Insurance Management



Adjustments Identified by Audit

During the course of any audit, an auditor may propose adjustments to financial statement amounts. Management evaluates our proposals and records those adjustments that, in its judgment, are required to prevent the financial statements from being materially misstated.

A misstatement is a difference between the amount, classification, presentation, or disclosure of a reported financial statement item and that which is required for the item to be presented fairly in accordance with the applicable financial reporting framework.

Proposed & Recorded Adjustments

Auditor-proposed and management-recorded entries include the following:

- No matters are reportable

Uncorrected Misstatements

- No uncorrected misstatements

Other Required Communications

Disagreements with Management

The following matters involved disagreements which if not satisfactorily resolved would have caused a modified auditor's opinion on the financial statements:

- No matters are reportable

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West Virginia Board of Risk and Insurance Management

Consultation with Individuals Outside of the Engagement Team

During our audit, we encountered the following matters, for which we consulted the views of individuals outside of the engagement team:

- No matters are reportable

Consultation with Other Accountants

During our audit, we became aware that management had consulted with other accountants about the following auditing or accounting matters:

- No matters are reportable

Significant Issues Discussed with Management

During the Audit Process

During the audit process, the following issues were discussed or were the subject of correspondence with management:

- Business conditions affecting the Entity
- Business plans and strategies that may affect the risks of material misstatement
- Transactions with related parties
- Significant increase in abuse claims resulting in significant increase in estimated unpaid claims and claims adjustment expense reserves and related claims and claims adjustment expense



Difficulties Encountered in Performing the Audit

Our audit requires cooperative effort between management and the audit team. During our audit, we found significant difficulties in working effectively on the following matters:

- No matters are reportable

Other Material Communications

Listed below are other material communications between management and us related to the audit:

- Management representation letter (see Attachments)

We orally communicated to management other deficiencies in internal control identified during our audit that are not considered material weaknesses or significant deficiencies.

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West Virginia Board of Risk and Insurance Management



Attachments

Audited Financial Statements (Attachment A)

The audited financial statements are included herein for your reference.

Management Representation Letter (Attachment B)

As a material communication with management, included herein is a copy of the representation letter provided by management at the conclusion of our engagement.

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West Virginia Board of Risk and Insurance Management



Attachment A

Audited Financial Statements

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West Virginia Board of Risk and Insurance Management

Report Date October 12, 2023



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

**Independent Auditor's Report, Financial Statements,
Required Supplementary Information, and Other
Supplementary Information**

Years Ended June 30, 2023 and 2022



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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

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, 2023 and 2022, and the related notes to the financial statements, which collectively comprise BRIM's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BRIM, an enterprise fund of the State of West Virginia, as of June 30, 2023 and 2022, and the revenues, expenses, and changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of BRIM and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about BRIM's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 BRIM's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about BRIM's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4 to 9 and the required supplementary information on pages 60 to 67 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who 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 of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise BRIM's basic financial statements. The accompanying schedules on pages 68 through 75 listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we also have issued our report dated October 12, 2023, 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 solely 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 effectiveness of BRIM's 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.

FORVIS, LLP

Charleston, West Virginia
October 12, 2023

Management's Discussion and Analysis
(in thousands)

Management's Discussion and Analysis (in thousands)

Overview of the financial statements

Management of the West Virginia Board of Risk and Insurance Management (BRIM) provides this Management's Discussion and Analysis for readers of BRIM's financial statements. This narrative overview of the financial activities of BRIM is for the years ended June 30, 2023, 2022, and 2021. BRIM provides property and casualty insurance to the State of West Virginia (the State) agencies and Senate Bill 3 (SB3) entities, which include boards of education and governmental and nonprofit organizations. In addition, BRIM provides cyber insurance to State agencies and boards of education. BRIM also administers a coal mine subsidence reinsurance program that makes available to the general public dwelling insurance covering damage caused by the collapse of underground coal mines.

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

- *Statement of Net Position* - This statement presents information reflecting BRIM's assets, liabilities and net position and is categorized into current and noncurrent assets and liabilities. For purposes of the financial statements, current assets and liabilities are those assets and liabilities with immediate liquidity or that are collectible or becoming due within 12 months of the statement's date.
- The statement of net position reports a separate financial statement element called *deferred outflows of resources*. This financial statement element represents a consumption of net assets that applies to future periods and so will *not* be recognized as an outflow of resources (expense) until that time. The statement of net position reports a separate financial statement element called *deferred inflows of resources*. This financial statement element represents an acquisition of net assets that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time.
- *Statement of Revenues, Expenses and Changes in Net Position* - This statement reflects the operating and nonoperating revenues and expenses for the operating year. Operating revenues primarily consist of premium income with major sources of operating expenses being claims loss and loss adjustment expense and general and administrative expenses. Nonoperating revenues primarily consist of investment income and funds transferred in/out as a result of various legislation.
- *Statement of Cash Flows* - The statement of cash flows is presented on the direct method of reporting, which reflects cash flows from operating, noncapital financing and investing activities. Cash collections and payments are reflected on this statement to arrive at the net increase or decrease in cash and cash equivalents for the year.

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

Financial highlights

The following tables summarize the statements of net position and changes in net position as of and for the years ended June 30, 2023, 2022, and 2021:

	2023	2022	2021	Change 2023 - 2022		Change 2022 - 2021	
				Amount	Percent	Amount	Percent
Cash and cash equivalents	\$ 30,175	\$ 28,129	\$ 30,131	\$ 2,046	7.3%	\$ (2,002)	(6.6)%
Advance deposits with carrier/trustee	235,648	243,344	251,189	(7,696)	(3.2)	(7,845)	(3.1)
Receivables	4,792	4,291	2,856	501	11.7	1,435	50.2
Total current assets	270,615	275,764	284,176	(5,149)	(1.9)	(8,412)	(3.0)
Noncurrent investments	183,857	175,462	194,840	8,395	4.8	(19,378)	(9.9)
Total assets	454,472	451,226	479,016	3,246	0.7	(27,790)	(5.8)
Total deferred outflows of resources	458	495	553	(37)	(7.5)	(58)	(10.5)
Estimated unpaid claims and claims adjustment expense	189,423	103,306	61,326	86,117	83.4	41,980	68.5
Unearned revenue	16,638	12,208	10,079	4,430	36.3	2,129	21.1
Agent commissions payable	1,646	1,496	1,462	150	10.1	34	2.3
Accrued expenses and other	669	615	359	54	8.8	256	71.3
Total current liabilities	208,376	117,625	73,226	90,751	77.2	44,399	60.6
Estimated unpaid claims and claims adjustment expense, net of current portion	177,257	181,989	128,270	(4,732)	(2.6)	53,719	41.9
Compensated absences	191	167	172	24	14.4	(5)	(2.9)
Net pension liability (asset)	148	(894)	533	1,042	116.6	(1,427)	(267.7)
Net other post-employment benefits liability (asset)	20	(6)	113	26	(433.3)	(119)	(105.3)
Total noncurrent liabilities	177,616	181,256	129,088	(3,640)	(2.0)	52,168	40.4
Total liabilities	385,992	298,881	202,314	87,111	29.1	96,567	47.7
Total deferred inflows of resources	137	1,436	386	(1,299)	(90.5)	1,050	272.0
Net position:							
Restricted	32,363	75,988	80,155	(43,625)	(57.4)	(4,167)	(5.2)
Unrestricted	36,438	75,416	196,714	(38,978)	(51.7)	(121,298)	(61.7)
Net position	\$ 68,801	\$ 151,404	\$ 276,869	\$ (82,603)	(54.6)%	\$ (125,465)	(45.3)%
Premiums	\$ 95,502	\$ 86,099	\$ 83,238	\$ 9,403	10.9%	\$ 2,861	3.4%
Less excess coverage	(8,969)	(4,758)	(4,438)	(4,211)	88.5	(320)	7.2
Net operating revenues	86,533	81,341	78,800	5,192	6.4	2,541	3.2
Claims and claims adjustment expense	171,253	168,122	70,259	3,131	1.9	97,863	139.3
General and administrative	5,847	5,008	4,811	839	16.8	198	4.1
Total operating expenses	177,100	173,130	75,070	3,970	2.3	98,060	130.6
Operating (loss) income	(90,567)	(91,789)	3,730	1,222	(1.3)	(95,519)	(2,560.8)
Nonoperating revenues (expenses):							
Investment (loss) income	7,986	(33,670)	28,845	41,656	123.7	(62,515)	(216.7)
Legislative appropriation to the State	-	-	(13,500)	-	0.0	13,500	(100.0)
OPEB nonoperating (loss) income	(22)	(6)	11	(16)	266.7	(17)	(154.5)
Total nonoperating revenues (expenses), net	7,964	(33,676)	15,356	41,640	123.6	(49,032)	(319.3)
(Decrease) increase in net position	(82,603)	(125,465)	19,086	42,862	34.2	(144,551)	(757.4)
Total net position - beginning	151,404	276,869	257,783	(125,465)	(45.3)	19,086	7.4
Total net position - end	\$ 68,801	\$ 151,404	\$ 276,869	\$ (82,603)	(54.6)%	\$ (125,465)	(45.3)%
Total revenues	\$ 94,497	\$ 47,665	\$ 94,156	\$ 46,832	98.3%	\$ (46,491)	(49.4)%
Total expenses	\$ 177,100	\$ 173,130	\$ 75,070	\$ 3,970	2.3%	\$ 98,060	130.6%

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

- Total assets increased by \$3,246 in 2023 and decreased by \$27,790 in 2022. The increase in 2023 is the result of an increase in cash and cash equivalents and accounts receivables. Increased deposits were made to the trustee. The increase in noncurrent assets can be attributed to investment returns during the year. The decrease in 2022 is the result of losses in returns on advance deposits and noncurrent investments. Increased deposits were made to the trustee.
- Total liabilities increased by \$87,111 in 2023 and increased by \$96,567 in 2022. Increases in unpaid claims, accrued expenses and other liabilities are the components of this increase for the current year. The impact of a number of large claims related to several earlier years and the current year resulted in the increase. Increases in unpaid claims, accrued expenses and other liabilities are the components of the increase in 2022. The impact of a number of large claims related to several earlier years for one insured were paid out in 2022, resulting in the increase.
- The decline in total net position of \$82,603 in 2023 and the decline of \$125,465 in 2022 were due to several factors. While premium revenue increased slightly in 2023 and our reinsurance expense increased \$4,211, the large increase in claims and claims adjustment expense resulted in a significant operating income loss. The investment gain of \$7,986 was driven by increasing interest rates and improved returns in the equities market. The combination of these changes resulted in the decrease of net position of \$82,603 for 2023. The decrease in net position in 2022 was due to significant investment losses and an operating loss driven primarily by increasing reserves for claims. Investment losses of \$33,670 compared to investment income in 2021 of \$28,845. Deferred inflows decreased and deferred outflows slightly decreased from 2022 to 2023 due to the net changes in pension and OPEB activity for the year. In 2022 deferred inflows increased and deferred outflows decreased due to changes in pension activity for the year. Also included within the net position category are restricted positions of \$32,363 in 2023, \$78,988 in 2022, and \$80,155 in 2021. This is comprised of funds that provide mine subsidence coverage to the general public per West Virginia Code.
- Total net operating revenues increased by \$5,192 and increased by \$2,541 in 2022. The increase in projected claims losses in recent years has required BRIM to implement small increases in premium rates to policyholders.
- Claims and claims adjustment expense increased by \$3,131 for 2023. 2023 continued the trend of high claims expense driven by increasing reserves. Net claims and claims adjustment expense increased by \$97,863 in 2022. Claims expense increased in 2023 from unfavorable claims development of several prior years and the current year resulting in an unfavorable impact of \$3,131 for 2023. In 2022, claims expense increased due to unfavorable claims development of several prior years resulting in a unfavorable impact of \$71,948. Further, approximately \$7,450 of the increase in claims in 2022 resulted from the change in BOE excess liability coverage being self-funded beginning in 2022. Net nonoperating revenues increased by \$41,640 in 2023 from the nonoperating loss in 2022 and decreased by \$49,032 in 2022. This increase for 2023 was the result of investment income. Year over year investment returns for 2023 improved by \$41,656 and declined by \$62,515 for 2022.
- Total revenues and total expenses from 2023 to 2022 and from 2022 to 2021 have fluctuated due to alterations in premium rates, the changes in the retained loss estimates and the variations in annual investment market returns. See the analysis of these individual components, as previously discussed, for additional information.

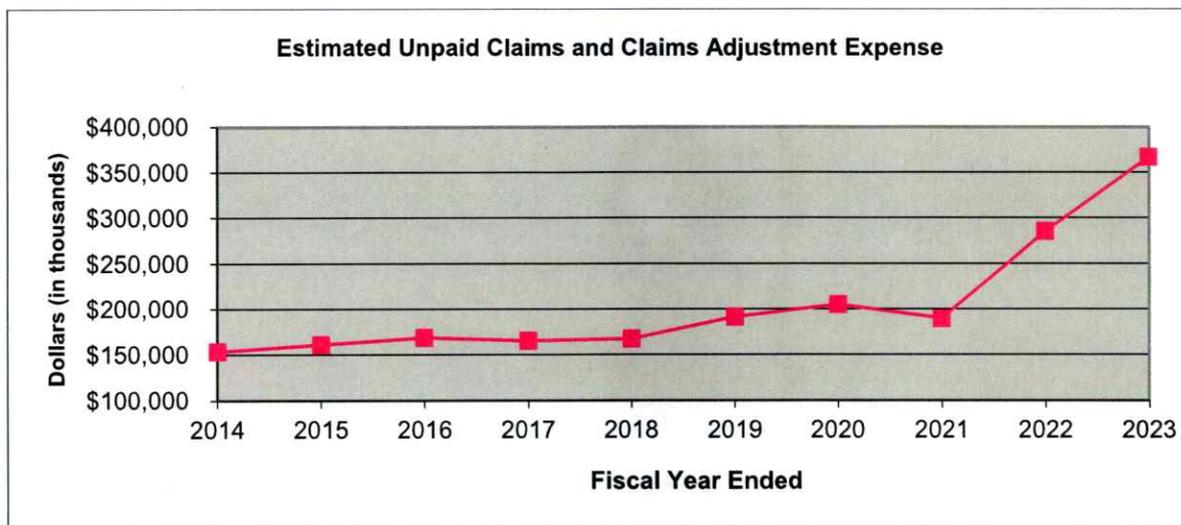
Overall analysis

The overall net position of BRIM declined 54.6% from the prior year compared with a decline of 45.3% from 2021 to 2022. Claims reserves increased in 2023 and investment earnings increased. The effect of the slight increase in premium revenue, increased/decreased claims and claims adjustment expense and investment gains resulted in an overall decrease in net position for the year. Total net position at June 30, 2023 was \$68,801.

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

Unpaid Claims Liability

BRIM's most significant number on its statements of net position is the liability for estimated unpaid claims and claims adjustment expense. This liability consists of two parts: claims of which BRIM is aware that have been reserved and incurred but not reported (IBNR) claims, which are projected by an independent actuary. For 2023, year over year actual reserves increased by \$54.3 while the projected IBNR total increased by \$27.1. Unfavorable claims development for the current year and several prior years' reserves resulted in the combined increase in 2023 of \$81.4. The majority of this increase is caused by abuse claims from several prior years which were filed in FY23. These claims and anticipated future claims are driving the increase in both actual reserves and IBNR. From fiscal year 2022 to 2023, the liability for unpaid claims increased from \$285,295 to \$366,680, respectively. The chart below shows the estimated unpaid claims and claims adjustment expense liability for fiscal years 2014 through 2023.

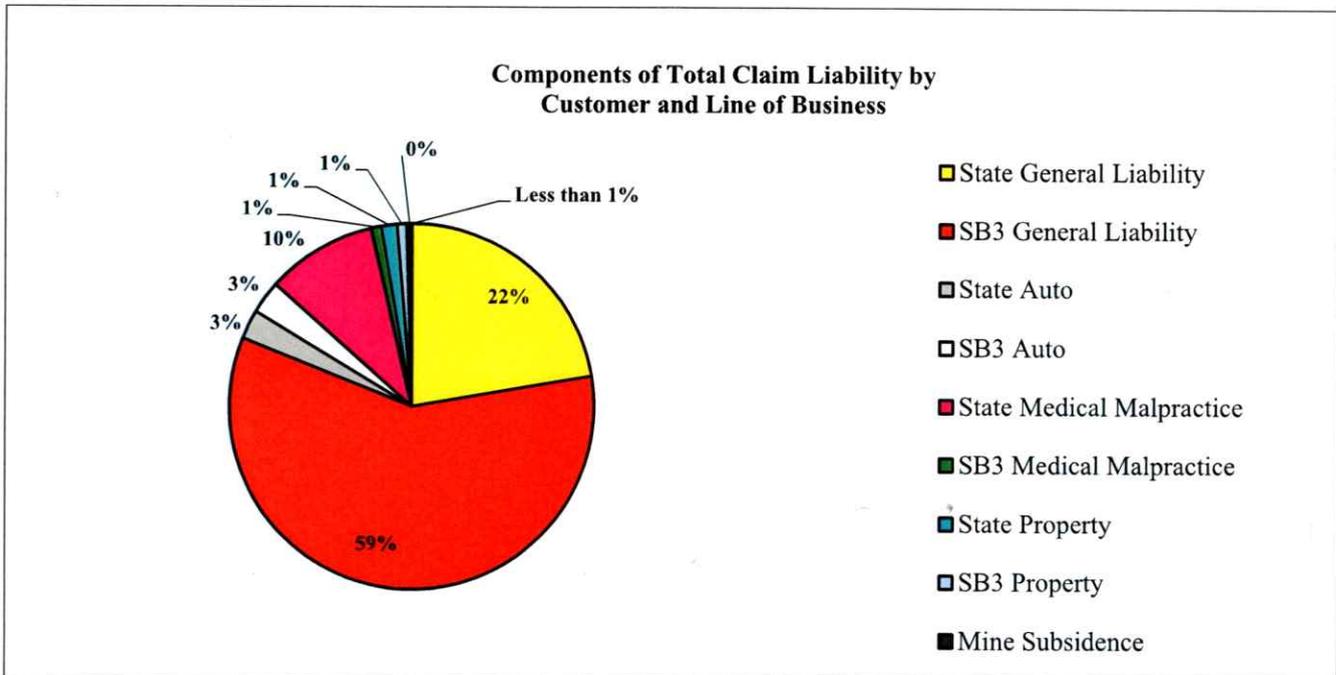


Results by Line of Business for BRIM

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

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

The following chart shows the breakdown by customer and line of business of the total estimated claim liability number, which is \$366,680. 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

Prior to FY22, BRIM has had no deficiency in net position for the programs it has overseen for several years. During FY23 and FY22, due to adverse claims development, the net position of the SB3 program became a retained deficit of \$90,811 and \$52,733, respectively. Previously, however, a deficiency arose, primarily due to adverse claim development in the general liability and medical malpractice lines of business for the State and SB3. The following paragraphs describe the essential plans that BRIM continues to follow to ensure that all lines of business remain fiscally solvent and that the individual programs are financially sound.

Risk Management

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

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

Investment Returns

Investment income improved this fiscal year despite rising interest rates and a volatile equities market. In 2023, market conditions were more favorable for both stocks and fixed income investments. In 2022, BRIM had significant losses in both equity and fixed income investments. In 2022, market conditions were volatile for both stock and fixed income investments. All BRIM funds held by the West Virginia Investment Management Board (WVIMB) inure to the benefit of program participants. BRIM reinvests the investment earnings on funds held by the WVIMB and occasionally withdraws monies from these funds, as needed, for operating and short-term cash requirements. BRIM had one withdrawal from the WVIMB in 2023 and 2022.

Premium Determination Process

BRIM has properly maintained premiums across all lines of business for the past several years based on relevant exposure data, claims loss history and investment returns. Charging proper premiums, consistent with the commercial industry, has enabled BRIM to adequately cover losses. Adverse claims development for several prior years resulted in a significant addition to prior years' reserves in 2023, 2022, and 2021, increasing retained reserves and negatively impacting operating results.

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

Economic conditions and other matters

Inflation prompted the Federal Reserve to increase interest rates several times during FY23 and it is anticipated that the Fed may continue to increase rates but at a slower pace in FY24. Rising interest rates and the volatility of the equities markets impacted BRIM's investment returns in FY23 and could impact operations in the future as well.

Requests for information

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

Basic Financial Statements
(in thousands)

West Virginia Board of Risk and Insurance Management
Statements of Net Position
June 30, 2023 and 2022
(in thousands)

	<u>2023</u>	<u>2022</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 24,728	\$ 14,544
Advance deposits with insurance company and trustee	235,648	243,344
Receivables	3,258	3,069
Restricted cash and cash equivalents	5,447	13,585
Restricted receivables:		
Premiums due from other entities	1,534	1,222
	<u>270,615</u>	<u>275,764</u>
Total current assets		
Noncurrent assets:		
Equity position in investment pools	154,103	110,524
Restricted investments	29,754	64,938
	<u>183,857</u>	<u>175,462</u>
Total noncurrent assets		
	<u>454,472</u>	<u>451,226</u>
Total assets		
DEFERRED OUTFLOWS OF RESOURCES		
Pension	399	434
Other post-employment benefits	59	61
	<u>458</u>	<u>495</u>
Total deferred outflows of resources		
LIABILITIES		
Current liabilities:		
Estimated unpaid claims and claims adjustment expense	189,423	103,306
Unearned premiums	16,638	12,208
Agent commissions payable	1,646	1,496
Accrued expenses and other liabilities	669	615
	<u>208,376</u>	<u>117,625</u>
Total current liabilities		
Estimated unpaid claims and claims adjustment expense, net of current portion	177,257	181,989
Compensated absences	191	167
Net pension liability (asset)	148	(894)
Net post-employment benefits liability (asset)	20	(6)
	<u>177,616</u>	<u>181,256</u>
Total noncurrent liabilities		
	<u>385,992</u>	<u>298,881</u>
Total liabilities		
DEFERRED INFLOWS OF RESOURCES		
Pension	-	1,156
Other post-employment benefits	137	280
	<u>137</u>	<u>1,436</u>
Total deferred inflows of resources		
NET POSITION		
Restricted by State code for mine subsidence coverage	32,363	75,988
Unrestricted	36,438	75,416
	<u>\$ 68,801</u>	<u>\$ 151,404</u>
Net position		

See accompanying notes.

West Virginia Board of Risk and Insurance Management
Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2023 and 2022
(in thousands)

	<u>2023</u>	<u>2022</u>
Operating revenues:		
Premiums	\$ 95,502	\$ 86,099
Less excess coverage/reinsurance premiums	(8,969)	(4,758)
Net operating revenues	<u>86,533</u>	<u>81,341</u>
Operating expenses:		
Claims and claims adjustment expense	171,253	168,122
General and administrative	5,847	5,008
Total operating expenses	<u>177,100</u>	<u>173,130</u>
Operating loss	<u>(90,567)</u>	<u>(91,789)</u>
Nonoperating revenues (expenses):		
Investment income (loss)	7,986	(33,670)
OPEB nonoperating loss	(22)	(6)
Net nonoperating revenues (expenses)	<u>7,964</u>	<u>(33,676)</u>
Decrease in net position	<u>(82,603)</u>	<u>(125,465)</u>
Total net position, beginning of year	<u>151,404</u>	<u>276,869</u>
Total net position, end of year	<u>\$ 68,801</u>	<u>\$ 151,404</u>

West Virginia Board of Risk and Insurance Management
Statements of Cash Flows
Years Ended June 30, 2023 and 2022
(in thousands)

	<u>2023</u>	<u>2022</u>
Operating activities:		
Receipts from customers	\$ 90,462	\$ 82,035
Payments to employees	(2,187)	(2,058)
Payments to suppliers	(3,648)	(3,109)
Payments to claimants	(89,868)	(72,423)
Deposits to advance deposit with insurance company and trustee	(82,248)	(77,228)
Withdrawals from advance deposit with insurance company and trustee	87,547	68,709
	<u>87,547</u>	<u>68,709</u>
Net cash provided by (used in) operating activities	<u>58</u>	<u>(4,074)</u>
Investing activities:		
Purchase of investments	(50,812)	(13,996)
Sale of investments	51,459	15,983
Net investment earnings	1,341	85
	<u>1,341</u>	<u>85</u>
Net cash provided by investing activities	<u>1,988</u>	<u>2,072</u>
Net increase (decrease) in cash and cash equivalents	2,046	(2,002)
Cash and cash equivalents, beginning of year	<u>28,129</u>	<u>30,131</u>
Cash and cash equivalents, end of year	<u>\$ 30,175</u>	<u>\$ 28,129</u>
Cash and cash equivalents consist of:		
Cash and cash equivalents	\$ 24,728	\$ 14,544
Restricted cash and cash equivalents	<u>5,447</u>	<u>13,585</u>
	<u>\$ 30,175</u>	<u>\$ 28,129</u>

West Virginia Board of Risk and Insurance Management
Statements of Cash Flows
Years Ended June 30, 2023 and 2022
(in thousands)

(Continued)

	<u>2023</u>	<u>2022</u>
Reconciliation of operating loss to net cash provided by (used in) operating activities:		
Operating loss	<u>\$ (90,567)</u>	<u>\$ (91,789)</u>
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Pension and OPEB expense	(35)	(267)
Change in advanced deposits, net	5,299	(8,519)
Increase in premiums receivable, net	(501)	(1,435)
Increase in estimated liability for unpaid claims and claims adjustment expense	81,385	95,699
Increase in other liabilities	228	285
Increase in unearned premiums	4,430	2,129
Deferred outflows of resources - pension and OPEB contributions	<u>(181)</u>	<u>(177)</u>
Total adjustments	<u>90,625</u>	<u>87,715</u>
Net cash provided by (used in) operating activities	<u>\$ 58</u>	<u>\$ (4,074)</u>
Noncash activities:		
Increase (decrease) in fair value of investments	<u>\$ 6,645</u>	<u>\$ (33,755)</u>

Notes to Financial Statements
(in thousands)

Notes to Financial Statements **(in thousands)**

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

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

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

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

From January 1, 1971 through June 30, 1976, the liability coverage provided by BRIM was limited to \$25 thousand per occurrence on general liability, automobile liability and medical malpractice claims. From July 1, 1976 through June 30, 1980, the liability coverage provided by BRIM was limited to \$100 thousand per occurrence. From July 1, 1982 through June 30, 1985, the liability coverage provided by BRIM was limited to \$6 million per occurrence. Since July 1, 1985, the liability coverage provided by BRIM is limited to a \$1 million indemnity per occurrence. Effective July 1, 2020 SB508 required BRIM to provide insurance coverage of \$1.25 million to county boards of education. In addition, the county boards of education are provided excess coverage up to \$5 million in excess of the underlying \$1.25 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

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

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. The retained limit of \$1.5 million is indexed for inflation each year. On July 1, 2023, 2022 and 2021, the retained limit increased slightly.

In 1985, the coal mine subsidence program was legislatively expanded to include all types of building structures, and the maximum amount of insurance available was increased from \$50 thousand to \$75 thousand per structure. Additional legislation passed in March 2016 further expanded the amount of insurance available beginning October 1, 2016, from \$75,000 up to \$200,000 per structure. In March 2021, the West Virginia Legislature passed HB204 that transferred \$13.5 million from the Mine Subsidence Fund to the State General Revenue Fund to be available for appropriation during the fiscal year ending June 30, 2021. In February 2023, the West Virginia Legislature passed HB3542 that transferred \$50 million from the mine subsidence fund to the BRIM unrestricted fund to be available for operational expenditure during the fiscal year ending June 30, 2023. This transfer resulted in a corresponding decrease in restricted net position and increase in unrestricted net position during the year ended June 30, 2023.

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

In March 2004, the West Virginia Legislature passed House Bill 4740, creating a Patient Injury Compensation Fund. The purpose of this fund is to provide fair and reasonable compensation to claimants in medical malpractice actions for any portion of economic damages awarded that is uncollectible as a result of previously enacted tort reforms. This fund provides relief to claimants whose damages were limited because of caps for trauma care or as a result of joint and several liabilities. The capitalization of the fund comes from the State's tobacco settlement fund. The activity for this fund is not reflected in BRIM's financial statements. BRIM serves as third-party administrator for this fund and, accordingly, the activity for this fund is reflected in the State's financial statements. Senate Bill 602 passed in March 2016 and closed the Medical Liability Fund. All remaining funds were transferred to the Patient Injury Compensation Fund in July 2016. Therefore, there is no continuation of services previously provided by the Medical Liability Fund. This legislation also closed compensation to any claimants who filed with the Patient Injury Fund on or after July 1, 2016. Additional funding to pay any compensable claims filed as of June 30, 2016 was established by creation of assessments imposed on medical liability claims awards and settlements and fees charged to licensed physicians and hospitals. Senate Bill 576 passed in March of 2018 mandated that any funds remaining in the Patient Injury Compensation Fund as of June 30, 2022, that will not be used for claims payments or administrative costs, be transferred to the General Reserve Fund. Although BRIM administers the Patient Injury Compensation Fund, it is a fiduciary fund of the State of West Virginia and is not part of these financial statements.

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

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

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

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

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

2. Summary of Significant Accounting Policies

Basis of accounting

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

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

The financial statements of BRIM are intended to present the financial position and the changes in financial position and cash flows of only that portion of the business-type activities of the State of West Virginia that is attributable to the transactions of BRIM. They do not purport to, and do not, present fairly the financial position of the State of West Virginia as of June 30, 2023 and 2022, 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.

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

Cash and cash equivalents

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

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

Advance deposits with insurance company and trustee

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

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

Investments

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

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

Fair value measurements

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

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

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

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

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

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

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

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

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

Compensated absences

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

Unpaid claims and claims adjustment expense

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

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

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

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

Deferred outflows of resources

A deferred outflow of resources is a consumption of net assets by the government that is applicable to a future reporting period. Balances of deferred outflows of resources may be presented in the statements of net position as aggregations of different types of deferred amounts. Deferred outflows of resources related to pension in the statements of net position were composed of \$154 and \$156 for the years ending June 30, 2023 and 2022, respectively, related to employer contributions to the PERS made during the current fiscal year subsequent to the measurement date. Deferred outflows of resources related to pension also consist of other amounts related to differences between projected and actual earnings on pension plan investments, differences between expected and actual experience related to pension, and changes in proportion and differences between BRIM's contributions and proportionate share of contributions. Deferred outflows of resources related to other post-employment benefits in the statements of net position were composed of \$27 and \$21 for the years ending June 30, 2023 and 2022, respectively, related to employer contributions to RHBT made during the current fiscal year subsequent to the measurement date.

Deferred inflows of resources

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

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

Receivables and premium income

Receivables represent the amount outstanding for premiums from the insured covered under BRIM's insurance program. Management maintains an allowance for doubtful accounts to reserve for estimated losses based on the length of time the amount has been past due. As of June 30, 2023 and 2022, management deemed allowance for doubtful accounts unnecessary.

Unearned premiums

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

Restricted net position

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

Subsequent events

In preparing these financial statements, BRIM has evaluated events and transactions for potential recognition or disclosure through October 12, 2023, the date the financial statements were available for issuance.

3. Deposit and Investment Risk Disclosures

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

Cash equivalents

WEST VIRGINIA MONEY MARKET POOL

BRIM participates in BTI's West Virginia Money Market Pool, which has been deemed to meet the GASB 79 criteria to be reported at amortized cost. The criteria specify that the pool must transact with their participants at a stable net asset value per share and meet requirements for portfolio maturity, portfolio quality, portfolio diversification, portfolio liquidity and shadow pricing. The BTI does not place limitations on or restrictions on participant withdrawals from the pool, such as redemption notice periods, maximum transaction amounts and any authority to impose liquidity fees or redemption gates. Accordingly, as a pool participant, BRIM measures its investment in this pool at amortized cost that approximates fair value of \$29,208 and \$25,113 at June 30, 2023 and June 30, 2022, respectively. These deposits are reported as cash and cash equivalents. Investment income earned is pro-rated to BRIM at rates specified by the BTI based on the balance of the deposits maintained in relation to the total deposits of all state agencies participating in the pool. Such funds are available to BRIM with overnight notice. BTI's audited financial statements, including the West Virginia Money Market Pool, are available on their website www.wvbt.com.

Credit Risk and Interest Rate Risk

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

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

The BTI limits the exposure to credit risk in the West Virginia Money Market Pool by requiring all long-term corporate debt bonds to be rated A+ or higher by Standard and Poor's (or its equivalent) and short-term corporate debt be rated at least A-1 or higher by Standard and Poor's (or its equivalent).

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

Security Type	Credit Rating		2023		2022	
	Moody's	S&P	Carrying Value	Percent	Carrying Value	Percent
Corporate Bonds and Notes		A-1	\$ 50,000	0.50%	\$ -	- %
Commercial paper	P-1	A-1+	2,281,084	23.14	1,956,052	24.01
	P-1	A-1	4,522,938	45.88	3,849,657	47.27
U.S. Treasury notes*	Aaa	AA+	-	0.0	37,503	0.47
Negotiable CDs	P-1	A-1+	553,000	5.61	208,000	2.55
	P-1	A-1	1,397,000	14.17	1,141,000	14.01
		A+	-	0.0	117,500	1.44
Money market funds	NR	AAAm	220,607	2.24	217,659	2.67
Cash	NR	A-1+	-	0.0	824	-
Repurchase agreements (underlying securities):						
U.S. Treasury bills and notes*	Aaa	AA+	512,000	5.19	117,400	1.44
U.S. Agency bonds and notes	Aaa	AA+	322,500	3.27	500,000	6.14
			<u>\$ 9,859,129</u>	<u>100.00%</u>	<u>\$ 8,145,595</u>	<u>100.00%</u>

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

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

As of June 30, 2023 and 2022, the overall weighted-average maturity (WAM) of the investments of the West Virginia Money Market Pool cannot exceed 60 days. Maximum maturity of individual securities cannot exceed 397 days from date of purchase, except for government floating rate notes, which can be up to 762 days.

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

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

<u>Investment Type</u>	<u>2023</u>		<u>2022</u>	
	<u>Fair Value</u>	<u>WAM Days</u>	<u>Fair Value</u>	<u>WAM Days</u>
Corporate bonds and notes	\$ 50,000	15	\$ -	-
U.S. Treasury notes	-	-	37,503	1
U.S. Treasury bills	-	-	-	-
Commercial Paper	6,804,022	25	5,805,709	23
Negotiable certificates of deposit	1,950,000	56	1,466,500	25
Repurchase agreements	834,500	3	617,400	1
Cash	-	-	824	1
Money market funds	220,607	3	217,659	1
	<u>\$ 9,859,129</u>	<u>29</u>	<u>\$ 8,145,595</u>	<u>21</u>

BRIM's amount invested in the West Virginia Money Market Pool of \$29,208 at June 30, 2023 and \$25,113 at June 30, 2022 is included in cash and cash equivalents representing approximately 1% of total investments in this pool.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the WV Money Market Pool's investment in a single corporate issuer. West Virginia statutes prohibit the West Virginia Money Market Pool from investing more than 5% of its assets in securities issued by a single private corporation or association. At June 30, 2023 and 2022, the pool did not have investments in any one private corporation or association that represented more than 5% of assets.

Custodial Credit Risk

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

Foreign Currency Risk

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

Investments

WEST VIRGINIA INVESTMENT MANAGEMENT BOARD INVESTMENT POOLS

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

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

Investment Objectives

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

Asset Allocation

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

<u>Asset Class</u>	<u>Base Allocation</u>		<u>Strategic Allocation</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Equity	20%	20%	25%	30%
Fixed Income	80%	80%	35%	35%
TIPS	0%	0%	10%	10%
Private Markets				
Private Credit and Income	0%	0%	2%	0%
Private Equity	0%	0%	4%	0%
Real Estate	0%	0%	4%	0%
Hedge Funds	0%	0%	15%	20%
Cash*	0%	0%	5%	5%
Combined total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

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

Asset Value

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

	<u>2023</u>		<u>2022</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Large Cap Domestic Equity Pool	\$ 22,990	\$ 25,376	\$ 27,379	\$ 24,673
Non-Large Cap Domestic Equity Pool	3,756	4,573	5,654	4,357
International equity	11,180	11,755	18,758	14,252
International nonqualified	5,517	6,641	7,557	6,879
Total return fixed income	43,798	44,343	51,886	45,767
Core fixed income	18,304	18,737	21,324	19,777
Hedge fund	26,710	28,108	34,195	34,743
TIPS (Treasury Inflation Protection Securities)	18,202	17,832	18,880	17,796
Private Markets	17,215	17,349	-	-
Short-term fixed income	7,143	9,143	7,219	7,218
Total investments	<u>\$ 174,815</u>	<u>\$ 183,857</u>	<u>\$ 192,852</u>	<u>\$ 175,462</u>

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

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

	<u>2023</u>	<u>2022</u>
Investment (loss) income:		
Interest income including realized gains (losses) on sale of securities	\$ 1,342	\$ 85
Unrealized (loss) gain on investments	<u>6,644</u>	<u>(33,755)</u>
Total (loss) investment income	<u>\$ 7,986</u>	<u>\$ (33,670)</u>

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

Asset class risk disclosures

LARGE CAP DOMESTIC EQUITY POOL

On July 1, 2020, the WVIMB created the Large Cap Domestic Equity Pool to invest in U.S. equities of large-cap growth and value stocks. On July 1, 2020, a portion of the assets and liabilities from the Domestic Equity Pool were transferred in-kind to the Large Cap Domestic Equity Pool.

The Pool's objective is to equal or exceed, net of external investment management fees, the S&P 500 Stock Index over three- to five-year periods. The Pool invests in the BlackRock Equity Index Fund B (BlackRock).

At June 30, 2023 and 2022, BRIM's amount invested in the Large Cap Domestic Equity Pool of \$25,376 and \$24,673, respectively, represents approximately 8.0% and 7.9%, respectively, of total investments in this pool.

Investment Risk

At June 30, 2023, the Pool invested in a commingled equity fund that invests in equities included in the S&P 500 Index. The Pool is exposed to credit risk and interest rate risk from its money market mutual fund investment. As of June 30, 2023, the money market mutual fund has the highest credit rating and has a weighted average maturity of 12 days. The Pool is not exposed to concentration of credit risk, custodial credit risk, or foreign currency risk.

At June 30, 2022, the Pool invested in a commingled equity fund that invests in equities included in the S&P 500 Stock Index. The Pool is not exposed to credit risk, concentration of credit risk, custodial credit risk, interest rate risk, or foreign currency risk.

Fair Value Measurements

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

<u>Assets</u>	<u>2023</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Commingled equity fund	\$ 313,924	\$ -	\$ -	\$ 313,924
Money market mutual fund	<u>3,104</u>	<u>-</u>	<u>-</u>	<u>3,104</u>
Total	<u>\$ 317,028</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 317,028</u>

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

<u>Assets</u>	2022			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Commingled equity fund	\$ 308,837	\$ -	\$ -	\$ 308,837
Total	<u>\$ 308,837</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 308,837</u>

NON-LARGE CAP DOMESTIC EQUITY POOL

On July 1, 2020, the WVIMB created the Non-Large Cap Domestic Equity Pool to invest in U.S. equities of small- and mid-cap growth and value stocks. On July 1, 2020, a portion of the assets and liabilities from the Domestic Equity Pool were transferred in-kind to the Non-Large Cap Domestic Equity Pool.

The Pool's objective is to exceed, net of external investment management fees, the Russell 2500 Index over three- to five-year periods. Assets are managed by Cooper Creek Partners Management LLC and Westfield Capital Management, LLC.

BRIM's amount invested in the Non-Large Cap Domestic Equity Pool of \$4,573 and \$4,357 at June 30, 2023 and 2022, respectively, represents approximately 0.4% and 0.5% of total investments in this pool, respectively.

Credit Risk

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

Concentration of Credit Risk

The Pool is restricted from investing more than 5% of the value of the Pool in any one company. At June 30, 2023 and 2022, the Pool was in compliance with this restriction and is not exposed to concentration of credit risk.

Custodial Credit Risk

At June 30, 2023 and 2022, the Pool held no securities that were subject to custodial credit risk. Securities on loan are collateralized to a minimum of 102%, and the collateral is held by the WVIMB's custodian in the name of the WVIMB. The money market mutual fund and the Cash Collateral Account are not subject to custodial credit risk. All remaining securities are held by the WVIMB's custodian in the name of the WVIMB.

Interest Rate Risk

The Pool is exposed to interest rate risk from its money market mutual fund investment and from the Cash Collateral Account. As of June 30, 2023 and 2022, the money market mutual fund's WAM was 12 days and 41 days, respectively. Except for repurchase agreements that can have up to 95 days to maturity, investments in the Cash Collateral Account are limited to overnight investments. As of June 30, 2023 and 2022, the WAM for the Cash Collateral Account was 3 days and 1 day, respectively.

West Virginia Board of Risk and Insurance Management
Notes to Financial Statements
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Foreign Currency Risk

At times during the year the Pool holds securities and cash denominated in foreign currencies. As of June 30, 2023, there was no exposure to foreign currency risk. As of June 30, 2022, the amounts at fair value (in U.S. dollars) of equity investments and cash were as follows:

<u>Currency</u>	<u>Equity Investments</u>	<u>Cash</u>	<u>Total</u>
Canadian Dollar	\$ 12,624	\$ 1	\$ 12,625

Fair Value Measurements

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

<u>Assets</u>	<u>2023</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Domestic common stock	\$ 893,976	\$ -	\$ -	\$ 893,976
Foreign common stock	72,687	-	-	72,687
Money market mutual fund	76,212	-	-	76,212
Securities lending collateral	-	112,669	-	112,669
Total	<u>\$ 1,042,875</u>	<u>\$ 112,669</u>	<u>\$ -</u>	<u>\$ 1,155,544</u>

<u>Assets</u>	<u>2022</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Domestic common stock	\$ 735,883	\$ -	\$ -	\$ 735,883
Foreign common stock	70,780	-	-	70,780
Money market mutual fund	56,338	-	-	56,338
Securities lending collateral	168,389	-	-	168,389
Total	<u>\$ 1,031,390</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,031,390</u>

INTERNATIONAL EQUITY POOL

The Pool invests in the equities of international companies. The objective of the Pool is to outperform the international equity market as measured by the Morgan Stanley Capital International's All Country World Free Ex US Index over a full market cycle (three- to five-years), net of external investment management fees. Assets were managed by Acadian Asset Management, LLC, Axiom International Investors, LLC (Axiom), LSV Asset Management, and Oberweis Asset Management, Inc.

BRIM's amount invested in the International Equity Pool of \$11,755 and \$14,252 at June 30, 2023 and 2022, respectively, represents approximately 0.4% and 0.5%, respectively, of total investments in this pool.

Credit Risk

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

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

Concentration of Credit Risk

The pool is restricted from investing more than 5% of the value of the pool in any one company. At June 30, 2023 and 2022, the Pool was in compliance with this restriction and is not exposed to concentration of credit risk.

Custodial Credit Risk

At June 30, 2023 and 2022, the Pool held no securities that were subject to custodial credit risk. Securities on loan are collateralized to a minimum of 102% for U.S. Dollar denominated loans and 105% for foreign denominated loans, and the collateral is held by the WVIMB's custodian in the name of WVIMB. The money market mutual fund, the Cash Collateral Account, and the comingled equity fund are not subject to custodial credit risk. All remaining securities are held by the WVIMB's custodian in the name of WVIMB.

Interest Rate Risk

The pool is exposed to interest rate risk from its money market mutual fund investment and the Cash Collateral Account. As of June 30, 2023 and 2022, the money market mutual fund has a WAM of 12 days and 41 days, respectively. Except for repurchase agreements that can have up to 95 days to maturity, investments in the Cash Collateral Account are limited to overnight investments. As of June 30, 2023 and 2022, the WAM for the Cash Collateral Account was 3 days and 1 day, respectively.

West Virginia Board of Risk and Insurance Management
Notes to Financial Statements
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Foreign Currency Risk

The Pool has equity investments, cash and foreign currency spot contracts that are exposed to foreign currency risks. The amounts at fair value (in U.S. dollars) of equity investments, cash and foreign currency spot contracts as of June 30, 2023 and 2022 are as follows:

<u>Currency</u>	2023			
	<u>Equity Investments</u>	<u>Cash</u>	<u>Foreign Currency Spot Contracts</u>	<u>Total</u>
Australian Dollar	\$ 74,474	\$ 40	\$ -	\$ 74,514
Brazilian Real	90,245	855	-	91,100
British Pound	183,367	969	7	184,343
Canadian Dollar	115,980	358	-	116,338
Chilean Peso	2,296	-	-	2,296
Chinese Yuan Onshore	-	3	-	3
Chinese Yuan Offshore	75,886	121	(1)	76,006
Danish Krone	24,169	7	-	24,176
Egyptian Pound	19	4	-	23
Emirati Dirham	16,587	23	-	16,610
Euro Currency Unit	382,739	706	1	383,446
Hong Kong Dollar	281,730	1,855	-	283,585
Hungarian Forint	5,326	342	-	5,668
Indian Rupee	138,619	54	-	138,673
Indonesian Rupiah	39,173	84	-	39,257
Israeli Shekel	2,761	47	-	2,808
Japanese Yen	287,680	3,678	1	291,359
Kuwaiti Dinar	2,374	4	-	2,378
Malaysian Ringgit	6,313	9	-	6,322
Mexican Peso	38,024	129	2	38,155
New Taiwan Dollar	172,630	193	-	172,823
New Zealand Dollar	34	-	-	34
Norwegian Krone	20,875	580	-	21,455
Philippine Peso	4,357	17	-	4,374
Polish Zloty	11,996	-	-	11,996
Russian Ruble*	-	2,193	-	2,193
Qatari Riyal	1,774	-	-	1,774
Saudi Arabian Riyal	34,136	39	-	34,175
Singapore Dollar	14,854	167	-	15,021
South African Rand	16,149	3	-	16,152
South Korean Won	201,905	74	(4)	201,975
Swedish Krona	55,008	148	-	55,156
Swiss Franc	73,182	34	2	73,218
Thailand Baht	39,670	4	(8)	39,666
Turkish Lira	10,002	43	-	10,045
Total	<u>2,424,334</u>	<u>12,783</u>	<u>-</u>	<u>2,437,117</u>
U.S. Dollar	<u>265,786</u>	<u>201</u>	<u>-</u>	<u>265,987</u>
Total	<u>\$ 2,690,120</u>	<u>\$ 12,984</u>	<u>\$ -</u>	<u>\$ 2,703,104</u>

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

<u>Currency</u>	2022			
	<u>Equity Investments</u>	<u>Cash</u>	<u>Foreign Currency Spot Contracts</u>	<u>Total</u>
Australian Dollar	\$ 90,137	\$ 29	\$ 5	\$ 90,171
Brazil Real	78,683	1,115	-	79,798
British Pound	194,576	147	-	194,723
Canadian Dollar	129,401	141	-	129,542
Chilean Peso	5,467	-	-	5,467
Chinese Yuan	120,727	722	-	121,449
Czech Koruna	1,699	-	-	1,699
Danish Krone	20,568	9	-	20,577
Egyptian Pound	97	-	-	97
Emirati Dirham	13,466	-	-	13,466
Euro Currency Unit	374,162	159	1	374,322
Hong Kong Dollar	381,161	2,424	-	383,585
Hungarian Forint	4,479	125	3	4,607
Indian Rupee	78,210	9,176	-	87,386
Indonesian Rupiah	33,130	170	-	33,300
Israeli Shekel	4,825	-	-	4,825
Japanese Yen	251,857	1,273	-	253,130
Kuwaiti Dinar	7,046	-	-	7,046
Malaysian Ringgit	18,173	77	-	18,250
Mexican Peso	36,527	58	1	36,586
New Taiwan Dollar	147,963	156	-	148,119
New Zealand Dollar	400	-	-	400
Norwegian Krone	31,337	365	1	31,703
Philippine Peso	2,658	44	(2)	2,700
Polish Zloty	6,195	-	-	6,195
Qatari Riyal	2,975	-	-	2,975
Saudi Arabian Riyal	24,285	25	-	24,310
Singapore Dollar	22,532	396	3	22,931
South African Rand	27,755	86	-	27,841
South Korean Won	170,253	1,773	(10)	172,016
Swedish Krona	43,995	33	-	44,028
Swiss Franc	79,781	50	-	79,831
Thailand Baht	50,316	331	-	50,647
Turkish Lira	5,234	133	-	5,367
Total	2,460,070	19,017	2	2,479,089
U.S. Dollar	234,752	-	-	234,752
Total	<u>\$ 2,694,822</u>	<u>\$ 19,017</u>	<u>\$ 2</u>	<u>\$ 2,713,841</u>

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

Fair Value Measurements

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

<u>Assets</u>	2023			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Common stock	\$ 2,609,089	\$ -	\$ -	\$ 2,612,653
ETF	54,997	-	-	54,997
Money market mutual fund	20,511	-	-	20,511
Preferred stock	26,034	-	-	22,470
Securities lending collateral	-	108,807	-	108,807
Total	<u>\$ 2,710,631</u>	<u>\$ 108,807</u>	<u>\$ -</u>	<u>\$ 2,819,438</u>

<u>Assets</u>	2022			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Common stock	\$ 2,629,469	\$ -	\$ -	\$ 2,629,469
ETF	39,823	-	-	39,823
Securities lending collateral	57,625	-	-	57,625
Preferred stock	25,530	-	-	25,530
Money market mutual fund	42,808	-	-	42,808
Total	<u>\$ 2,795,255</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,795,255</u>

INTERNATIONAL NON-QUALIFIED POOL

The Pool invests in a commingled equity fund, specifically The Silchester International Investors International Value Equity Trust (Silchester). The Pool's objective is to produce investment returns that exceed the Morgan Stanley Capital International's Europe Australasia Far East Index by 200 basis points on an annualized basis over three- to five-year periods, net of external investment management fees. The Pool exists for participants who are not "qualified" (as defined by the Internal Revenue Code). Silchester invests in a diversified portfolio of equity securities of companies incorporated in any country other than the United States, with limited exposure to emerging markets and no unreasonable concentration exposure to any single issuer or country. Redemptions from Silchester can be made monthly with ten days advance written notice. Redemptions will generally be made within seven business days following month-end. Subscriptions and redemptions may be subject to anti-dilution levies to offset costs such as stamp duty, brokerage commissions, foreign exchange costs, bid-offer spreads, and market impact charges.

BRIM's amount invested in the International Nonqualified Pool of \$6,641 and \$6,879 at June 30, 2023 and 2022, respectively, represents approximately 3.3% and 3.7%, respectively, of total investments in this pool.

Investment Risk

The Pool invests in a commingled equity fund that invests in equities denominated in foreign currencies. The value of this investment at June 30, 2023, was \$203,149. This investment, although denominated in U.S. dollars, is exposed to foreign currency risk through the underlying investments. The Pool is not exposed to credit risk, interest rate risk, custodial credit risk, or concentration of credit risk.

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Fair Value Measurements

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

TOTAL RETURN FIXED INCOME POOL

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

BRIM's amount invested in the Total Return Fixed Income Pool of \$44,343 and \$45,767, at June 30, 2023 and 2022, respectively, represented approximately 1.9% and 1.7%, respectively, of total investments in the Pool.

Credit Risk

The Pool is exposed to credit risk from its fixed income investments, money market mutual fund investment, and Cash Collateral Account Investment. The WVIMB limits the exposure to credit risk in the Pool by maintaining at least an average rating of investment grade as defined by a nationally recognized statistical rating organization. The WVIMB reviews available ratings from Standard & Poor's, Moody's, and Fitch, and reports the rating indicative of the greatest degree of risk. The Pool holds some securities that have not received a rating from the aforementioned rating organizations. These securities have been listed as not rated in the table below. The absence or lack of a rating does not necessarily indicate a greater degree of risk. The money market mutual fund has the highest credit rating. The Cash Collateral Account is not rated. The following tables provides credit ratings of the Pool's fixed income investments as of June 30:

<u>Rating</u>	<u>Fair Value</u>	
	<u>2023</u>	<u>2022</u>
AAA	\$ 32,765	\$ 23,494
AA	917,161	900,769
A	130,017	127,999
BBB	610,127	602,737
BB	329,773	344,804
B	125,669	218,720
CCC	25,396	22,657
CC	8,310	7,342
C	-	546
D	2,223	-
Withdrawn	16,811	15,762
A-1	<u>4,632</u>	<u>-</u>
Total rated	2,202,884	2,264,830
Not rated	<u>49,260</u>	<u>62,443</u>
Total fixed income investments	<u>\$ 2,252,144</u>	<u>\$ 2,327,273</u>

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Concentration of Credit Risk

The Pool is restricted from investing more than 5% of the value of the Pool in any one corporate name. At June 30, 2023 and 2022, the Pool was in compliance with this restriction and is not exposed to concentration of credit risk.

Custodial Credit Risk

At June 30, 2023 and 2022, except for posted collateral on cleared derivatives and over-the-counter derivative instruments, the Pool held no securities that were subject to custodial credit risk. Repurchase agreements, when held, are collateralized to a minimum of 102% and the collateral is held in the name of the WVIMB. Securities on loan are collateralized to a minimum of 102% for U.S. Dollar denominated loans and 105% for foreign denominated loans, and the collateral is held by the WVIMB's custodian in the name of the WVIMB. Investments in commingled debt funds, money market mutual funds, and the Cash Collateral Account are not subject to custodial credit risk. All remaining securities are held by the WVIMB's custodian in the name of the WVIMB.

Interest Rate Risk

As of June 30, 2023 and 2022, the Pool is exposed to interest rate risk from its fixed income investments, money market mutual fund investment, and Cash Collateral Account investment. At June 30, 2023 and 2022, the money market mutual fund has a WAM of 12 days and 41 days, respectively. Except for repurchase agreements that can have up to 95 days to maturity, investments in the Cash Collateral Account are limited to overnight investments. As of June 30, 2023 and 2022, the WAM for the Cash Collateral Account was 3 days and 1 day, respectively.

The WVIMB monitors interest risk of the Pool by evaluating the effective duration of the investments in the Pool. Effective duration is a method of disclosing interest rate risk that measures the expected change in the price of a fixed income security for a 1% change in interest rates. The effective duration calculation takes into account the most likely timing of variable cash flows, which is particularly useful for measuring interest rate risk of callable bonds, commercial and residential mortgage-backed securities, asset-backed securities and collateralized mortgage obligations. The following table provides the weighted average effective duration for the various asset types in the Pool as of June 30:

Investment Type	2023		2022	
	Fair Value	Effective Duration (Years)	Fair Value	Effective Duration (Years)
Bank loans	\$ 2,661	2.0	\$ 2,980	2.3
Commingled debt funds	155,511	3.6	242,023	2.9
Corporate asset backed issues	53,142	1.3	76,488	0.6
Corporate CMO	68,964	1.2	81,472	1.2
Foreign asset backed issues	70,488	(0.2)	87,664	0.0
Foreign corporate bonds	320,507	4.7	352,447	5.0
Foreign government bond	252,975	5.5	194,192	6.2
Municipal bonds	20,121	7.6	22,293	8.2
Repurchase agreement	4,300	0.0	-	-
U.S. corporate bonds	441,684	5.6	458,781	6.7
U.S. Government agency bonds	3,359	0.1	28,382	4.2
U.S. Government agency CMO	83,390	0.8	76,540	1.0
U.S. Government agency CMO interest-only	3,697	2.6	4,565	3.0
U.S. Government agency MBS	460,235	5.8	315,433	5.8
U.S. Government agency TBA	35,738	6.4	46,508	5.6
U.S. Treasury bonds	263,621	14.5	337,505	14.0
U.S. Treasury inflation protected securities (TIPS)	11,751	8.8	-	-
Total fixed income investments	\$ 2,252,144		\$ 2,327,273	

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The Pool invests in commercial and residential mortgage-backed securities, asset-backed securities, and collateralized mortgage obligations. The cash flows from these securities are based on the payment of the underlying collateral. The effective duration and yield to maturity of these securities are dependent on estimated prepayment assumptions that consider historical experience, market conditions and other criteria. Actual prepayments may vary with changes in interest rates. Rising interest rates often result in a slower rate of prepayments while declining rates tend to lead to faster prepayments. As a result, the fair values of these securities are highly sensitive to interest rate changes. The Pool held \$775,654 and \$688,670 of these securities at June 30, 2023 and 2022, respectively, representing approximately 34% and 30% of the value of the Pool's securities, respectively.

Foreign Currency Risk

The Pool has foreign fixed income, foreign equity investments, and cash that are denominated in foreign currencies and exposed to foreign currency risks. The Pool also has foreign denominated derivative instruments. Additionally, the Pool has indirect exposure to foreign currency risk through its ownership interests in certain of the commingled debt funds. Approximately \$35,599 and \$46,178, or 23% and 19%, respectively, of the commingled investment pools hold substantially all of their investments in foreign currencies as of June 30, 2023 and 2022. This represents approximately 2% of the value of the Pool's securities at June 30, 2023 and 2022.

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

<u>Currency</u>	<u>2023</u>				
	<u>Foreign Fixed Income</u>	<u>Common Stock</u>	<u>Cash</u>	<u>Cash Due To/From Broker</u>	<u>Total</u>
Argentine Peso	\$ 57	\$ -	\$ 15	\$ -	\$ 72
Australian Dollar	-	-	355	929	1,284
Brazilian Real	64,585	-	757	-	65,342
British Pound	-	620	2,086	(40)	2,666
Canadian Dollar	-	-	1,090	-	1,090
Colombian Peso	3,964	-	-	-	3,964
Dominican Peso	3,849	-	-	-	3,849
Euro Currency Unit	23,734	-	1,035	225	24,994
Georgian Lari	769	-	-	-	769
Hungarian Forint	3,227	-	-	-	3,227
Indonesian Rupiah	22,386	-	2,163	-	24,549
Japanese Yen	2,717	-	1,376	(1,480)	2,613
Kazakhstani Tenge	3,517	-	-	-	3,517
Mexican Peso	43,251	-	1,631	1,650	46,532
New Zealand Dollar	-	-	728	-	728
Peruvian Nuevo Sol	2,486	-	-	-	2,486
Polish Zloty	3,037	-	-	-	3,037
Russian Ruble*	5,586	-	772	-	6,358
South African Rand	9,288	-	1,306	-	10,594
Swedish Krona	-	-	405	-	405
Uruguayan Peso	4,933	-	-	-	4,933
Uzbekistani Som	3,202	-	-	-	3,202
Total	<u>\$ 200,588</u>	<u>\$ 620</u>	<u>\$ 13,719</u>	<u>\$ 1,284</u>	<u>\$ 216,211</u>
U.S. Dollar	<u>446,043</u>	<u>-</u>	<u>(100)</u>	<u>10,021</u>	<u>455,964</u>
Total	<u>\$ 646,631</u>	<u>\$ 620</u>	<u>\$ 13,619</u>	<u>\$ 11,305</u>	<u>\$ 672,175</u>

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Currency	2022				
	Foreign Fixed Income	Common Stock	Cash	Cash Due To/From Broker	Total
Argentine Peso	\$ 86	\$ -	\$ 711	\$ -	\$ 797
Australian Dollar	-	-	670	936	1,606
British Pound	-	792	4,614	63	5,469
Canadian Dollar	-	-	1,105	-	1,105
Colombian Peso	5,163	-	-	-	5,163
Dominican Peso	3,626	-	-	-	3,626
Egyptian Pound	2,504	-	-	-	2,504
Euro Currency Unit	17,556	-	1,852	(1,138)	18,270
Georgia Lari	545	-	-	-	545
Ghana Cedi	1,362	-	-	-	1,362
Indonesian Rupiah	23,886	-	2,207	-	26,093
Japanese Yen	3,314	-	1,349	(2,145)	2,518
Kazakhstani Tenge	3,661	-	-	-	3,661
Kenyan Shilling	2,156	-	-	-	2,156
Mexican Peso	46,668	-	1,492	3,241	51,401
New Zealand Dollar	-	-	732	-	732
Peruvian Nuevo Sol	2,290	-	-	-	2,290
Russian Ruble	5,657	-	1,263	-	6,920
South African Rand	11,837	-	748	-	12,585
Swedish Krona	-	-	426	-	426
Turkish Lira	1,231	-	-	-	1,231
Uruguayan Peso	4,207	-	-	-	4,207
Uzbekistan Som	4,409	-	-	-	4,409
Total foreign denominated investments	140,158	792	17,169	957	159,076
U.S. Dollar	497,125	-	-	66,708	563,833
Total	\$ 637,283	\$ 792	\$ 17,169	\$ 67,665	\$ 722,909

Fair Value Measurements

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

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Assets	2023			
	Level 1	Level 2	Level 3	Total
Bank loans	\$ -	\$ 2,661	\$ -	\$ 2,661
Corporate ABS residual	-	1,236	-	1,236
Corporate asset backed issues	-	53,142	-	53,142
Corporate CMO	-	68,964	-	68,964
Corporate preferred securities	11,069	-	-	11,069
Foreign asset backed issues	-	70,488	-	70,488
Foreign corporate bonds	-	320,507	-	320,507
Foreign currency forward contracts	-	930	-	930
Foreign equity investments	620	-	-	620
Foreign government bonds	-	252,975	-	252,975
Futures contracts	11,309	-	-	11,309
Money market mutual fund	26,041	-	-	26,041
Municipal bonds	-	20,121	-	20,121
Options contracts purchased	1,892	403	-	2,295
Repurchase agreement	-	4,300	-	4,300
Securities lending collateral	-	91,316	-	91,316
Swaps	-	33,493	-	33,493
U.S. corporate bonds	-	441,684	-	441,684
U.S. Government agency bonds	-	3,359	-	3,359
U.S. Government agency CMO	-	83,390	-	83,390
U.S. Government agency CMO IO	-	3,697	-	3,697
U.S. Government agency MBS	-	460,235	-	460,235
U.S. Government agency TBAs	-	35,738	-	35,738
U.S. Treasury issues	-	263,621	-	263,621
U.S. TIPS	-	11,751	-	11,751
Total	<u>\$ 50,931</u>	<u>\$ 2,224,011</u>	<u>\$ -</u>	<u>\$ 2,274,942</u>
Commingled debt funds				<u>155,511</u>
Total				<u>\$ 2,430,453</u>
Liabilities	Level 1	Level 2	Level 3	Total
Foreign currency forward contracts	\$ -	\$ (2,635)	\$ -	\$ (2,635)
Futures contracts	(11,516)	-	-	(11,516)
Options contracts written	(5,509)	(528)	-	(6,037)
Swaps	-	(37,702)	-	(37,702)
Total	<u>\$ (17,025)</u>	<u>\$ (40,865)</u>	<u>\$ -</u>	<u>\$ (57,890)</u>

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Assets	2022			
	Level 1	Level 2	Level 3	Total
Bank loans	\$ -	\$ 2,980	\$ -	\$ 2,980
Corporate ABS residual	-	1,803	-	1,803
Corporate asset backed issues	-	76,488	-	76,488
Corporate CMO	-	81,472	-	81,472
Corporate preferred securities	10,423	-	-	10,423
Foreign asset backed issues	-	87,664	-	87,664
Foreign corporate bonds	-	352,447	-	352,447
Foreign currency forward contracts	-	2,774	-	2,774
Foreign equity investments	792	-	-	792
Foreign government bonds	-	194,192	-	194,192
Futures contracts	12,032	-	-	12,032
Money market mutual fund	130,798	-	-	130,798
Municipal bonds	-	22,293	-	22,293
Options contracts purchased	4,358	3,872	-	8,230
Securities lending collateral	125,567	-	-	125,567
Swaps	-	48,417	-	48,417
U.S. corporate bonds	-	458,781	-	458,781
U.S. Government agency bonds	-	28,382	-	28,382
U.S. Government agency CMO	-	76,540	-	76,540
U.S. Government agency CMO interest-only	-	4,565	-	4,565
U.S. Government agency MBS	-	315,433	-	315,433
U.S. Government agency TBAs	-	46,508	-	46,508
U.S. Treasury bonds	-	337,505	-	337,505
Total	<u>\$ 283,970</u>	<u>\$ 2,142,116</u>	<u>\$ -</u>	2,426,086
Commingled debt funds				<u>242,023</u>
Total				<u>\$ 2,668,109</u>
Liabilities	Level 1	Level 2	Level 3	Total
Foreign currency forward contracts	\$ -	\$ (553)	\$ -	\$ (553)
Futures contracts	(27,233)	-	-	(27,233)
Options contracts written	(16,803)	(6,950)	-	(23,753)
Swaps	-	(44,968)	-	(44,968)
Total	<u>\$ (44,036)</u>	<u>\$ (52,471)</u>	<u>\$ -</u>	<u>\$ (96,507)</u>

The Pool's investments in commingled debt funds were measured at the NAV as of June 30, 2023 and 2022. These commingled debt funds invest in certain niche sectors, particularly ones that are not a significant percentage to the Pool, to provide economies of scale and efficiencies in establishing and managing a diversified portfolio that would be otherwise difficult to achieve. These funds offer daily liquidity.

CORE FIXED INCOME POOL

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

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BRIM's amount invested in the Core Fixed Income Pool of \$18,737 and \$19,777 at June 30, 2023 and 2022, respectively, and represented approximately 1.0% and 1.7%, respectively, of total investments in this Pool.

Credit Risk

The Pool is exposed to credit risk from its fixed income investments, money market mutual fund investment, and Cash Collateral Account investment. The WVIMB limits the exposure to credit risk in the Pool by maintaining at least an average rating of BBB (investment grade) as defined by a nationally recognized statistical rating organization. The WVIMB reviews available ratings from Standard & Poor's, Moody's, and Fitch, and reports the rating indicative of the greatest degree of risk. The Pool holds some securities that have not received a rating from the aforementioned rating organizations. These securities have been listed as not rated in the table below. The absence or lack of a rating does not necessarily indicate a greater degree of risk. The money market mutual fund has the highest credit rating. The Cash Collateral Account is not rated.

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

<u>Rating</u>	<u>Fair Value</u>	
	<u>2023</u>	<u>2022</u>
AAA	\$ 43,966	\$ 27,651
AA	1,147,027	582,782
A	185,813	87,108
BBB	277,969	220,969
BB	10,142	10,347
B	672	506
CCC	120	151
D	-	32
Withdrawn	<u>1,516</u>	<u>2,160</u>
Total rated	1,667,225	931,706
Not rated	<u>105,782</u>	<u>113,887</u>
Total fixed income investments	<u>\$ 1,773,007</u>	<u>\$ 1,045,593</u>

Concentration of Credit Risk

The Pool is restricted from investing more than 5% of the value of the Pool in any one corporate name. At June 30, 2023 and 2022, the Pool was in compliance with this restriction and is not exposed to concentration of credit risk.

Custodial Credit Risk

At June 30, 2023 and 2022, the Pool held no securities that were subject to custodial credit risk. Securities on loan are collateralized to a minimum of 102%, and the collateral is held by the WVIMB's custodian in the name of the WVIMB. The money market mutual fund and the Cash Collateral Account are not subject to custodial credit risk. All remaining securities are held by the WVIMB's custodian in the name of the WVIMB.

Interest Rate Risk

The Pool is exposed to interest rate risk from its fixed income investments, money market mutual fund investment and Cash Collateral Account investment. As of June 30, 2023 and 2022, the money market mutual fund had a WAM of 12 days and 41 days, respectively. Except for repurchase agreements that can have up to 95 days to maturity, investments in the Cash Collateral Account are limited to overnight investments. As of June 30, 2023 and 2022, the WAM for the Cash Collateral Account was 3 days and 1 day, respectively.

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

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

Investment Type	2023		2022	
	Fair Value	Effective Duration (Years)	Fair Value	Effective Duration (Years)
Corporate asset backed issues	\$ 166,971	2.0	\$ 126,155	2.3
Corporate CMO	77,010	2.4	95,908	2.2
Corporate CMO interest-only	123	1.7	141	(0.1)
Corporate CMO principal-only	23	1.7	28	2.5
Foreign asset backed issues	2,281	(0.1)	2,441	0.0*
Foreign corporate bonds	121,780	4.4	75,517	5.6
Foreign government bonds	3,213	11.7	2,731	11.7
Municipal bonds	9,834	9.4	9,051	10.8
U.S. corporate bonds	278,937	8.0	178,510	7.7
U.S. Government agency CMO	112,612	5.1	98,468	4.4
U.S. Government agency CMO interest-only	1,393	7.7	2,246	7.1
U.S. Government agency CMO principal-only	1,770	5.0	2,246	5.0
U.S. Government agency MBS	386,105	6.0	166,732	5.1
U.S. Treasury bonds	610,955	8.2	285,419	8.7
Total fixed income investments	\$ 1,773,007		\$ 1,045,593	

*Rounds to less than 0.05

The Pool invests in commercial and residential mortgage-backed securities, asset-backed securities, and collateralized mortgage obligations. The cash flows from these securities are based on the payment of the underlying collateral. The effective duration and yield to maturity of these securities are dependent on estimated prepayment assumptions that consider historical experience, market conditions and other criteria. Actual prepayments may vary with changes in interest rates. Rising interest rates often result in a slower rate of prepayments while declining rates tend to lead to faster prepayments. As a result, the fair values of these securities are highly sensitive to interest rate changes. At June 30, 2023 and 2022, the Pool held \$748,288 and \$494,365, respectively, of these securities. This represents approximately 42% and 47%, respectively, of the value of the Pool's fixed income securities.

Foreign Currency Risk

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

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Fair Value Measurements

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

<u>Assets</u>	2023			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Corporate asset backed issues	\$ -	\$ 166,971	\$ -	\$ 166,971
Corporate CMO	-	77,010	-	77,010
Corporate CMO IO	-	123	-	123
Corporate CMO PO	-	23	-	23
Foreign asset backed issues	-	2,281	-	2,281
Foreign corporate bonds	-	121,780	-	121,780
Foreign government bonds	-	3,213	-	3,213
Money market mutual fund	40,206	-	-	40,206
Municipal bonds	-	9,834	-	9,834
Securities lending collateral	-	85,912	-	85,912
U.S. corporate bonds	-	278,937	-	278,937
U.S. Government agency CMO	-	112,612	-	112,612
U.S. Government agency CMO IO	-	1,393	-	1,393
U.S. Government agency CMO PO	-	1,770	-	1,770
U.S. Government agency MBS	-	386,105	-	386,105
U.S. Treasury issues	-	610,955	-	610,955
Total	<u>\$ 40,206</u>	<u>\$ 1,858,919</u>	<u>\$ -</u>	<u>\$ 1,899,125</u>

<u>Assets</u>	2022			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Corporate asset backed issues	\$ -	\$ 126,155	\$ -	\$ 126,155
Corporate CMO	-	95,908	-	95,908
Corporate CMO interest-only	-	141	-	141
Corporate CMO principal-only	-	28	-	28
Foreign asset backed issues	-	2,441	-	2,441
Foreign corporate bonds	-	75,517	-	75,517
Foreign government bonds	-	2,731	-	2,731
Money market mutual fund	13,437	-	-	13,437
Municipal bonds	-	9,051	-	9,051
Securities lending collateral	59,920	-	-	59,920
U.S. corporate bonds	-	178,510	-	178,510
U.S. Government agency CMO	-	98,468	-	98,468
U.S. Government agency CMO interest-only	-	2,246	-	2,246
U.S. Government agency CMO principal-only	-	2,246	-	2,246
U.S. Government agency MBS	-	166,732	-	166,732
U.S. Treasury bonds	-	285,419	-	285,419
Total	<u>\$ 73,357</u>	<u>\$ 1,045,593</u>	<u>\$ -</u>	<u>\$ 1,118,950</u>

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HEDGE FUND POOL

The Pool was established to hold the WVIMB's investments in hedge funds. The objective of the Pool is to reduce risk through diversification of participants' assets. The primary performance benchmark is the Hedge Funds Research, Inc. Fund of Funds Composite Index plus 100 Basis points. The secondary benchmark is the FTSE 3 Month US T-Bill Index plus 500 basis points. Albourne America, LLC has been retained by the WVIMB to provide consulting services for this investment strategy.

BRIM's amount invested in the Hedge Fund Pool of \$28,108 and \$34,743 at June 30, 2023 and 2022, respectively, represented approximately 1.1% and 1.5%, respectively, of total investments in this Pool.

Investment Risk

The Pool holds shares in hedge funds and shares of money market fund with the highest credit rating. As of June 30, 2023 and 2022, the money market mutual fund has the highest credit rating and has a weighted average maturity of 12 days and 41 days, respectively. The investments in hedge funds might be indirectly exposed to foreign currency risk, credit risk, interest rate risk, and/or custodial credit risk. The Pool is restricted from investing more than 10% of the value of the Pool with any single manager. At June 30, 2023 and 2022, the Pool was in compliance with this restriction and is not exposed to concentration of credit risk.

Fair Value Measurements

U.S. GAAP does not require the Pool to categorize within the fair value hierarchy table investments for which fair value is measured using the net asset value per share (NAV) as the practical expedient for the year ended June 30, 2023 and 2022. All of the Pool's investments in hedge funds were valued using the NAV. As such, they have not been categorized in the fair value hierarchy for 2023 and 2022.

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

<u>Assets</u>	2023			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Money market mutual fund	<u>\$ 5,795</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,795</u>
Hedge funds				<u>2,471,798</u>
Total				<u>\$ 2,477,593</u>

<u>Assets</u>	2022			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Money market mutual fund	<u>\$ 316</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 316</u>
Hedge funds				<u>2,281,790</u>
Total				<u>\$ 2,282,106</u>

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

<u>Hedge Fund Strategies</u>	<u>2023</u>		
	<u>Fair Value</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Directional ^(a)	\$ 165,411	Mthly	5 to 10 days
Equity long/short ^(b)	465,886	Quarterly	45 to 90 days
Event-driven ^(c)	149,664	Quarterly	180 days
Long-biased ^(d)	81,963	Mthly	90 days
Multi-strategy ^(e)	1,300,872	Mthly/Qtly/Semi-annually	45 to 90 days
Relative-value ^(f)	<u>254,724</u>	Weekly, Quarterly	5 to 60 days
	2,418,520		
In liquidation ^(g)	<u>53,278</u>		
Total investments measured at the NAV	<u>\$ 2,471,798</u>		

<u>Hedge Fund Strategies</u>	<u>2022</u>		
	<u>Fair Value</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Directional ^(a)	\$ 262,986	Mthly/Qtly	5 to 30 days
Equity long/short ^(b)	414,512	Quarterly	45 to 90 days
Event-driven ^(c)	128,252	Quarterly	180 days
Long-biased ^(d)	77,743	Mthly	90 days
Multi-strategy ^(e)	1,115,440	Mthly/Qtly/Semi-annually	45 to 95 days
Relative-value ^(f)	<u>229,844</u>	Weekly, Quarterly	5 to 60 days
	2,228,777		
In liquidation ^(g)	<u>53,013</u>		
Total investments measured at the NAV	<u>\$ 2,281,790</u>		

^(a) Directional strategies employ various techniques to forecast the direction of segments of the market and then invest in either long or short positions. The segments may be geographic economies, industry sectors, currency, or asset class. The investments may be in physical securities or derivatives. The strategies may be trend-following or mean-reverting and may be specific to that segment or universally applied across them.

^(b) An equity long/short strategy involves taking long positions in stocks that are expected to increase in value and short positions in stocks that are expected to decrease in value. At June 30, 2023 and 2022, investments representing approximately 67% and 64%, respectively, of the fair value of the investments in this strategy were subject to maximum withdrawal restrictions.

^(c) Event-driven funds maintain positions in companies currently or prospectively involved in various corporate transactions including, but not limited to, mergers, restructurings, financial distress, tender offers, shareholder buybacks, debt exchanges, security issuance or other capital structure adjustments. Security types can range from most senior in the capital structure to most junior or subordinated, and frequently involve additional derivative securities. Event-driven exposure includes a combination of sensitivities to equity markets, credit markets and company-specific developments. The sole fund in this investment strategy is subject to maximum withdrawal restrictions.

^(d) Long-biased funds employ analytical techniques in which the investment thesis is predicated on assessment of the valuation characteristics on the underlying companies with the goal of identifying undervalued companies. Long-biased strategies may vary the investment level or the level of long exposure over market cycles, but the primary distinguishing characteristic is that the manager maintains consistent long exposure.

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- (e) Multi-strategy managers combine several strategies within the same fund in order to provide diversification benefits to reduce return volatility and decrease asset-class and single-strategy risks. These funds typically add incremental returns through active allocation adjustments based on market opportunities. Risk is managed through a combination of quantitative and qualitative constraints including, but not limited to, active risk, liquidity risk, currency risk, manager risk, derivatives risk and leverage risk. Investments representing approximately 86% in 2023 and 82% in 2022 of the fair value of the investments in this strategy are subject to maximum withdrawal restrictions.
- (f) Relative-value funds maintain positions in which the investment thesis is predicated on the realization of a valuation discrepancy in the relationship between multiple securities. Managers employ a variety of fundamental and quantitative techniques to establish investment insights and security types range broadly across equity, fixed income, derivative or other security types. Fixed Income strategies are typically quantitatively driven to measure the existing relationship between instruments and, in some cases, identify attractive positions in which the risk-adjusted spread between these instruments represents an attractive opportunity. Investments representing approximately 59% in 2023 and 2022, respectively, of the fair value of the instruments in this strategy are subject to maximum withdrawal restrictions.
- (g) Funds currently in liquidation are no longer managed to a defined strategy. As the remaining underlying assets of these funds are monetized, their proceeds are distributed to shareholders. The timing of these future distributions is unknown.

PRIVATE MARKETS POOL

The objective of the Pool is to enhance the diversification and stability of the portfolio, while generating a higher level of income than generally available in the public fixed income markets and to provide for long-term growth of participants' assets and risk-reduction through diversification. The Pool primarily holds the WVIMB's investments in private credit & income funds, private equity funds, real estate investment trusts (REITs), and real estate limited partnerships and funds. Franklin Park, StepStone Group, LP, and Verus have been retained by the WVIMB to provide consulting services related to the selection of limited partnerships and funds. Publicly traded assets are managed by CBRE Investment Management and Security Capital Research & Management, Inc.

BRIM's amount invested in the Private Markets Pool of \$17,349 and \$0 at June 30, 2023 and 2022, respectively, represented approximately 0.3% and 0% respectively, of total investments in this pool.

Credit Risk

The Pool is exposed to credit risk from its fixed income investments, money market mutual fund investment, investments in unrated private credit & income funds, and the Cash Collateral Account. The WVIMB limits the exposure to credit risk in the Pool by maintaining at least an average rating of BBB (investment grade) as defined by a nationally recognized statistical rating organization. The WVIMB reviews available ratings from Standard & Poor's and Moody's, and reports the rating indicative of the greatest degree of risk. The money market mutual fund has the highest credit rating. The Cash Collateral Account is not rated. Credit risk associated with the unrated private credit & income funds are limited by requiring that underlying fund holdings are at least 90 percent collateralized by one or more assets of the borrower.

The following table provides credit ratings for the Pool's fixed income investments as of June 30, 2023:

<u>Rating</u>	<u>Fair Value</u>
A	\$ 265
BBB	9,348
BB	1,887
CC	<u>83</u>
Total fixed income investments	<u>\$ 11,583</u>

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(in thousands)

Interest Rate Risk

The Pool is exposed to interest rate risk through its investments in U.S. corporate bonds, private credit & income funds, the money market mutual fund, and the Cash Collateral Account. The WVIMB monitors interest rate risk of U.S. corporate bonds by evaluating the effective duration. Effective duration is a method of disclosing interest rate risk that measures the expected change in the price of a fixed income security for a 1 percent change in interest rates. The effective duration calculation takes into account the most likely timing of variable cash flows, which is particularly useful for measuring interest rate risk of callable bonds. As of June 30, 2023, the effective duration for U.S. corporate bonds was 5.2 years. The WVIMB manages interest rate risk of the private credit & income funds by investing primarily in funds that originate or invest in loans that have variable or floating interest rates, most of these investments have relatively short durations, and final maturities within three- to five-years. As of June 30, 2023, the money market mutual fund has a weighted average maturity (WAM) of 12 days. Except for repurchase agreements that can have up to 95 days to maturity, investments in the Cash Collateral Account are limited to overnight investments. As of June 30, 2023, the WAM for the Cash Collateral Account was 3 days.

Foreign Currency Risk

The Pool holds foreign common stock, real estate limited partnerships and funds, and cash that is denominated in foreign currencies that are exposed to foreign currency risks. The investments in private credit & income funds and private equity partnerships might be indirectly exposed to foreign currency risk.

The amounts at fair value (in U.S. dollars) of investments and cash denominated in foreign currencies as of June 30, 2023, are as follows:

<u>Currency</u>	<u>Foreign Common Stock</u>	<u>Real Estate Limited Partnerships and Funds</u>	<u>Cash</u>	<u>Total</u>
Australian Dollar	\$ 3,685	\$ -	\$ -	\$ 3,685
British Pound	3,974	-	-	3,974
Canadian Dollar	1,664	61,089	-	62,753
Euro Currency Unit	5,974	122,566	-	128,540
Hong Kong Dollar	4,620	-	-	4,620
Japanese Yen	8,340	-	28	8,368
Singapore Dollar	2,857	-	-	2,857
Swedish Krona	955	-	-	955
Swiss Franc	1,136	-	-	1,136
Total	\$ 33,205	\$ 183,655	\$ 28	\$ 216,888
U.S. Dollar	2,006	2,016,618	(18)	2,018,606
Total	\$ 35,211	\$ 2,200,273	\$ 10	\$ 2,235,494

Fair Value Measurements

U.S. GAAP does not require the Pool to categorize within the fair value hierarchy table investments for which fair value is measured using the net asset value per share (NAV) as a practical expedient. The table that follows sets forth information about the level within the fair value hierarchy at which the Pool's assets and liabilities are measured at June 30, 2023. All of the Pool's investments in private credit & income funds, private equity partnerships, real estate limited partnerships and funds, and other private funds were valued using the NAV, and as such, they have not been categorized in the fair value hierarchy table.

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<u>Assets</u>	2023			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Foreign common stock	\$ 35,211	\$ -	\$ -	\$ 35,211
Money market mutual fund	102,222	-	-	102,222
Securities lending collateral	-	12,799	-	12,799
U.S. common stock	165,185	-	-	165,185
U.S. corporate bonds	-	11,583	-	11,583
U.S. preferred stock	10,577	-	-	10,577
Total	\$ 313,195	\$ 24,382	\$ -	\$ 337,577
Private credit & income funds				905,767
Private equity partnerships				2,762,811
Real estate limited partnerships and funds				2,200,273
Total				\$ 6,206,428

The following table presents information on investments measured at the NAV as of June 30, 2023:

<u>Strategies</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Contractual Termination Date Range</u>	<u>Redemption Frequency^(a)</u>	<u>Redemption Notice Period</u>
Private credit & income funds:					
Core debt ^(b)	\$ 549,338	\$ 128,749	N/A	Quarterly	45 days
Opportunistic debt ^(c)	146,939	147,895	2026 to 2031	N/A	N/A
Specialty credit ^(d)	209,490	176,298	2023 to 2032	N/A	N/A
Private equity partnerships:					
Corporate finance - buyout ^(e)	1,826,637	526,529	2023 to 2035	N/A	N/A
Corporate finance - distressed debt ^(f)	32,076	16,263	2024	N/A	N/A
Corporate finance - growth equity ^(g)	156,717	72,879	2023 to 2031	N/A	N/A
Corporate finance - hard assets ^(h)	137,442	37,235	2023 to 2033	N/A	N/A
Corporate finance - mezzanine ⁽ⁱ⁾	1,886	480	N/A	N/A	N/A
Corporate finance - structured capital ^(j)	81,780	21,967	2023 to 2028	N/A	N/A
Corporate finance - turnaround ^(k)	102,132	106,394	2024 to 2032	N/A	N/A
Venture capital ^(l)	424,141	51,214	2024 to 2034	N/A	N/A
Real estate limited partnerships and funds:					
Core ^(m)	1,210,979	7,500	N/A	Quarterly	45-60 days
Opportunistic ⁽ⁿ⁾	297,442	286,576	2023 to 2034	N/A	N/A
Value ^(o)	691,852	579,621	2023 to 2065	Quarterly	90 days
Total	\$ 5,868,851	\$ 2,159,600			

^(a) Investments without standard redemption frequencies cannot be redeemed until termination of the partnership.

^(b) Core debt funds are primarily senior-secured commercial loans that are on the more conservative end of the spectrum of the private credit market. This may also include funds that invest in senior real estate mortgages and other debt that is structured such that it is considered to have a core risk/return profile. The returns on core private credit investments are expected to be derived from contractual income.

^(c) Opportunistic debt funds is a broad classification that includes different types of debt strategies that have the highest risk-return profile in the private credit market. This may include strategies that invest in distressed debt, complex capital solutions, special situation loans, or market dislocations. It also includes specialized financing to specific industries that are underserved by the general debt markets. The returns on these assets are generally derived from both contractual income and an equity component.

^(d) Specialty credit funds typically invest in asset-backed loans collateralized by commercial or consumer receivables, assets, or loans, as well as other specialty types of commercial loans. This also includes real estate debt funds that invest in mezzanine or other subordinated real estate debt, and/or target higher risk properties than a typical core fund. Specialty Credit investments are typically in the mid-range of the risk return spectrum of the private credit market.

^(e) Corporate Finance - Buyout funds acquire controlling or influential interests in companies.

^(f) Corporate Finance - Distressed Debt funds acquire the debt of companies experiencing operational or financial distress usually converting the debt to equity and exercising control of the business.

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- (g) Corporate Finance - Growth Equity funds invest in companies to expand or restructure operations, enter new markets, or finance an acquisition.
- (h) Corporate Finance – Hard Assets funds acquire controlling or influential interests in companies operating in natural resources or infrastructure.
- (i) Corporate Finance - Mezzanine funds acquire or issue subordinated debentures frequently in businesses controlled by the General Partner, but in another fund.
- (j) Corporate Finance – Structured Capital funds combine common equity, preferred equity, fixed-income, and/or customized debt instruments to offer capital appreciation with downside protection.
- (k) Corporate Finance - Turnaround funds acquire the debt and or equity of companies experiencing operational or financial distress in order to radically reorganize and improve the business.
- (l) Venture Capital funds make investments in early stage through late stage companies, frequently start-ups in technology or healthcare.
- (m) Core funds are more conservative real estate investments that use a very modest level of financing to acquire and hold high-quality, stable properties typically located in major markets. Assets within these strategies tend to have high occupancy rates, higher credit tenants, and staggered lease terms, with a number of long-term leases expiring in five-to-ten years.
- (n) Opportunistic funds have higher risk/return profiles and have broad strategies to achieve these types of returns. Common strategies are properties that need significant rehabilitation or a total redevelopment to transition to a different type of property (for example, converting an office building to condominiums). It may also include new development, distressed debt strategies, and more complex transactions, as well as a more traditional value-add strategy that is financed with a higher amount of leverage.
- (o) Value funds typically use more leverage than core funds and target higher return opportunities by acquiring properties that the manager believes they can add value through capital renovations to the physical facility or enhanced leasing and management activities. Most of these properties have in-place cash flow, which is expected to increase as the business plans are implemented. This could include making physical improvements to the asset that will allow it to command higher rents, increasing efforts to lease vacant space at the property to quality tenants, or improving the management of the property and thereby increasing customer satisfaction or lowering operating expenses where possible.

TREASURY INFLATION PROTECTION SECURITIES (TIPS)

The pool was established to offer an additional level of diversification over and above the nominal fixed income securities in an attempt to mitigate the risk of inflation. The main objective for the Pool is to generate a return that exceeds the rate of inflation over a market cycle, to provide investment income and stability of principal, and to diversify interest rate exposure. Through May 31, 2023, the Pool's performance was measured against the Bloomberg U.S. Treasury Inflation Protection Index on an annualized basis over rolling three- to five-year periods, gross of fees. As of June 1, 2023, the Pool's performance is measured against the Bloomberg 1-10 Year Treasury Inflation Protected Securities Index on an annualized basis over rolling three- to five-year periods, gross of fees. Assets were invested in the BlackRock U.S. Treasury Inflation Protected Securities Fund B (BlackRock) through May 24, 2023. Effective May 25, 2023, assets are managed by Northern Trust Investments, Inc.

BRIM's amount invested in the TIPS Pool of \$17,832 and \$17,796 at June 30, 2023 and 2022, respectively, represented approximately 4.4% and 4.0% respectively, of total investments in this pool.

Credit Risk

The WVIMB limits the exposure to credit risk in the Pool's fixed income investments by primarily investing in United States Treasury inflation protected securities (U.S. TIPS). The Pool is exposed to credit risk from its money market mutual fund investment. The WVIMB reviews available ratings from Standard & Poor's, Moody's, and Fitch, and reports the rating indicative of the greatest degree of risk. As of June 30, 2023, all of the Pool's U.S. TIPS investments had a credit rating of AA. The money market mutual fund has the highest credit rating. As of June 30, 2022, the commingled bond fund was rated AA. Effective duration is a method of disclosing interest rate risk that measures the expected change in the price of a fixed income security for a 1% change in interest rates. As of June 30, 2023 and 2022, the fund had an effective duration of 2.5 years and 6.89 years, respectively.

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Fair Value Measurements

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

<u>Assets</u>	2023			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Money market mutual fund	\$ 128	\$ -	\$ -	\$ 128
U.S. TIPS	-	396,200	-	396,200
Total	\$ 128	\$ 396,200	\$ -	\$ 396,328

<u>Assets</u>	2022			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Comingled bond fund	\$ 440,765	\$ -	\$ -	\$ 440,765
Total	\$ 440,765	\$ -	\$ -	\$ 440,765

SHORT-TERM FIXED INCOME POOL

The main objective of the Pool is to maintain sufficient liquidity to meet the daily disbursements requested by participants and to invest any contributions until the time the money is transferred to other WVIMB operated investment pools without sustaining capital losses while earning a small return above inflation. The Pool's benchmark, net of external investment management fees, is the FTSE 3 Month US T-Bill Index. JP Morgan Investment Advisors, Inc. manages the Pool.

BRIM's amount invested in the Short-Term Fixed Income Pool of \$9,143 and \$7,218 at June 30, 2023 and 2022, respectively, represented approximately 4.9% and 5.0%, respectively, of total investments in this Pool.

Credit Risk

The WVIMB limits the exposure to credit risk in the Pool by requiring all corporate bonds to be rated AA or higher. Commercial paper must be rated A-1 by Standard & Poor's and P-1 by Moody's. Additionally, the Pool must have at least 10% of its assets in United States Treasury issues. At June 30, 2023, the Pool held approximately 37 percent of its total assets in U.S. Treasury issues. Repurchase agreements are collateralized by United States Treasury bonds. The WVIMB reviews available ratings from Standard & Poor's, Moody's, and Fitch, and reports the rating indicative of the greatest degree of risk. All of the Pool's investments had the highest credit ratings as of June 30, 2023 and 2022.

Concentration of Credit Risk

The Pool is restricted from investing more than 5% of the value of the Pool in any one corporate name. At June 30, 2023 and 2022, the Pool was in compliance with this restriction and is not exposed to concentration of credit risk.

Custodial Credit Risk

At June 30, 2023 and 2022, the Pool held no investments that were subject to custodial credit risk. Repurchase agreements are collateralized at 102% and the collateral is held in the name of the WVIMB. All remaining investments are held by the WVIMB's custodian in the name of the WVIMB.

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Interest Rate Risk

The Pool is exposed to interest rate risk from its fixed income investments and money market mutual fund investments. The WVIMB monitors interest rate risk of the Pool by limiting the WAM of the investments of the Pool to 60 days. The maturity of floating rate notes is assumed to be the next interest rate reset date.

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

<u>Investment Type</u>	<u>2023 Carrying Value</u>	<u>WAM (Days)</u>	<u>2022 Carrying Value</u>	<u>WAM (Days)</u>
Repurchase agreement	\$ 22,771	3	\$ 35,461	1
U.S. Government agency bonds	94,933	8	93,991	1
U.S. Treasury bills	68,905	13	15,983	38
Total investments	<u>\$ 186,609</u>	9	<u>\$ 145,435</u>	5

Foreign Currency Risk

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

Fair Value Measurements

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

<u>Assets</u>	<u>2023</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Repurchase agreement	\$ -	\$ 22,771	\$ -	\$ 22,771
U.S. Government agency bonds	-	94,933	-	94,933
U.S. Treasury issues	-	68,905	-	68,905
Total	<u>\$ -</u>	<u>\$ 186,609</u>	<u>\$ -</u>	<u>\$ 186,609</u>

<u>Assets</u>	<u>2022</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Repurchase agreement	\$ -	\$ 35,461	\$ -	\$ 35,461
U.S. Government agency bonds	-	93,991	-	93,991
U.S. Treasury bonds	-	15,983	-	15,983
Total	<u>\$ -</u>	<u>\$ 145,435</u>	<u>\$ -</u>	<u>\$ 145,435</u>

Advanced deposits

INSURANCE COMPANY AND TRUSTEE

BRIM deposits monies with BNY, as trustee, to hold as advance deposits in an escrow account for BRIM liability claims. The monies held in escrow are invested in specific money market funds and short-term guaranteed or investment-grade fixed income securities that are identified as "qualified assets" in the escrow agreement. The BNY advance deposit balance at June 30, 2023 and 2022 of \$235,648 and \$243,344, respectively, are presented net of amounts due to AIG for claims funding. At June 30, 2023 and 2022, amounts payable to AIG were \$28,137 and \$3,317, respectively.

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The following table provides information on the weighted-average credit ratings of the advance deposits as of June 30:

Security Type	2023				2022			
	Moody's	S&P	Fair Value	Percent of Assets	Moody's	S&P	Fair Value	Percent of Assets
Corporate bonds and notes	A1	A+	\$ 1,045	0.40%	A1	A+	\$ 1,072	0.43 %
	Aa1	AA+	-	0.00	Aa1	AA+	-	0.00
	Aa2	AA	1,327	0.51	Aa2	AA	-	0.00
	Aa2	AA-	-	0.00	Aa2	AA-	1,128	0.46
	Aa3	AA-	542	0.21	Aa3	AA-	1,215	0.49
	Aaa	AA+	980	0.37	Aaa	AA+	3,456	1.41
	Aaa	AAA	2,010	0.77	Aaa	AAA	3,475	1.42
	WR	AA-	1,124	0.43	WR	AA-	-	0.00
			7,028	2.69			10,346	4.21
U.S. Treasury bills and notes	Aaa	NR	239,058	91.18	Aaa	NR	214,976	87.57
	NR	NR	10,409	3.97	NR	NR	16,992	6.92
			249,467	95.15			231,968	94.49
U.S. Agency-debenture	NR	NR	2,290	0.87	NR	NR	2,362	0.96
	Aaa	AA+	2,418	.92	Aaa	AA+	-	0.00
			4,708	1.79			2,362	0.96
Money market funds	NR	NR	969	0.37	NR	NR	838	0.34
Total rated investments			\$ 262,172	100.00%			\$ 245,514	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, 2023 and 2022, advanced deposits include no securities that were subject to custodial credit risk.

Interest Rate Risk

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

Investment Type	2023		2022	
	Fair Value	WAM Years	Fair Value	WAM Years
Corporate bonds and notes	\$ 7,028	1.86	\$ 7,898	1.90
U.S. Treasury bills	249,467	3.39	231,968	3.80
U.S. Agency debenture	4,708	4.31	4,810	5.31
Money market funds	969	0.04	838	0.3
Total rated investments	\$ 262,172		\$ 245,514	

Foreign Currency Risk

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

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Fair Value Measurements

The table below summarizes the valuation of the advance deposits with an insurance company and trustee in accordance with fair value hierarchy levels as of June 30:

<u>Assets</u>	<u>2023</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Corporate bonds and notes	\$ 7,028	-	-	7,028
U.S. Treasury bills	249,467	-	-	249,467
U.S. Agency debenture	4,708	-	-	4,708
Money market funds	969	-	-	969
Total	<u>262,172</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 262,172</u>

<u>Assets</u>	<u>2022</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Corporate bonds and notes	\$ 7,898	-	-	7,898
U.S. Treasury bills	231,968	-	-	231,968
U.S. Agency debenture	4,810	-	-	4,810
Money market funds	838	-	-	838
Total	<u>\$ 245,514</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 245,514</u>

The fair value tables above do not include a net escrow liability of \$26,524 and \$2,170 at June 30, 2023 and 2022, respectively.

4. Unpaid Claims and Claims Adjustment Expense Liability

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

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

	<u>2023</u>	<u>2022</u>
Unpaid claims and claims adjustment expense liability at beginning of year	<u>\$ 285,295</u>	<u>\$ 189,596</u>
Incurred claims and claims adjustment expense:		
Provision for insured events of the current year	88,684	96,174
Increase (decrease) in provision for insured events of prior years	<u>82,569</u>	<u>71,948</u>
Total incurred claims and claims adjustment expense	<u>171,253</u>	<u>168,122</u>
Payments:		
Claims and claims adjustment expense attributable to insured events of the current year	(15,123)	(16,970)
Claims and claims adjustment expense attributable to insured events of prior years	<u>(74,745)</u>	<u>(55,453)</u>
Total payments	<u>(89,868)</u>	<u>(72,423)</u>
Total unpaid claims and claims adjustment expense liability at end of year	<u>\$ 366,680</u>	<u>\$ 285,295</u>

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If the unpaid claims and claims adjustment expense liability were discounted using a 4% discount factor for 2023 and 2022 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 \$26,801 and \$36,219 for fiscal years 2023 and 2022, respectively. The overall unpaid claim liability number includes a provision for allocated and unallocated claims adjustment expense. Unfavorable claims development for insured events of prior years was the primary reason for the overall increase in the reserves from the prior year.

5. Pension Plan

Plan description

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

Benefits provided

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

Contributions

While contribution rates are legislatively determined, actuarial valuations are performed to assist PERS and the State Legislature in determining contribution rates. Current funding policy requires employer contributions of 10%, 10% and 10% for the years ended June 30, 2023, 2022 and 2021, respectively. As permitted by legislation, BRIM has elected to pay 100% of all costs relating to the Plan, including the employee's 4.5% contribution for employees hired on or before February 6, 2012. Beginning February 7, 2012, new hires are required to pay the employee's contribution of 4.5%. For all employees hired on or after July 1, 2015, the employee contribution increased to 6.0%. BRIM's contributions to the Plan were \$154, \$157 and \$158 for the fiscal years ended June 30, 2023, 2022 and 2021, respectively.

Net Pension asset (liability), pension expense (expense offset), and deferred outflows of resources and deferred inflows of resources related to pensions

The West Virginia Consolidated Public Retirement Board (WVCPRB) administers this cost-sharing multiple-employer plan. At June 30, 2023 and 2022, BRIM reported a liability of \$(148) and an asset of \$894 for its proportionate share of the net pension asset (liability). The net pension asset (liability) reported at June 30, 2023 was measured as of June 30, 2022 and the total pension asset (liability) used to calculate the net pension asset (liability) was determined by an actuarial valuation as of July 1, 2021, rolled forward to the measurement date of June 30, 2022. BRIM's proportion of the net pension asset (liability) was based on BRIM's share of contributions to

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the pension plan relative to the contributions of all employers participating in PERS for the year ended June 30, 2022. At June 30, 2023, BRIM's proportionate share was 0.0991%, which was a decrease of 0.0028% from its proportionate share as of June 30, 2022.

For the years ended June 30, 2023 and 2022, BRIM recognized pension expense of \$75 and pension expense offset of \$(146), respectively. At June 30, 2023 and 2022, BRIM reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>2023</u>		<u>2022</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 89	\$ -	\$ -	\$ 1,145
Differences between expected and actual experience	57	-	102	3
Difference in assumptions	97	-	170	8
Changes in proportion and differences between BRIM's contributions and proportionate share of contributions	2	-	6	-
BRIM's contributions made subsequent to the measurement date of June 30, 2022 and 2021	<u>154</u>	<u>-</u>	<u>156</u>	<u>-</u>
Total	<u>\$ 399</u>	<u>\$ -</u>	<u>\$ 434</u>	<u>\$ 1,156</u>

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

These other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension as of June 30, 2023 will be recognized in pension expense (expense offset) as follows:

Year ending June 30:

2024	\$ 96
2025	\$ 8
2026	\$ (93)
2027	\$ 234

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Actuarial assumptions and methods

The total pension asset (liabilities) for financial reporting purposes were determined by actuarial valuation using the actuarial assumptions and methods described, as follows:

	<u>2023</u>	<u>2022</u>
Valuation date:	July 1, 2021 rolled forward to June 30, 2022	July 1, 2020 rolled forward to June 30, 2021
Inflation	2.75%	2.75%
Salary increase	2.75-6.75%, avg., including inflation	2.75-6.75%, avg., including inflation
Investment rate of return	7.25%, net of pension plan investment expense	7.25%, net of pension plan investment expense

Mortality rates were based on 108% of the Pub-2010 General Retiree Male table, below-median, headcount weighted, projected with scale MP-2018 for retired healthy males, 122% of Pub-2010 General Retiree Female table, below-median, headcount weighted, projected with scale MP-2018 for retired healthy females, 118% of Pub-2010 General/Teachers Disabled Male table, below-median, headcount weighted, projected with scale MP-2018 for disabled males and 117% of Pub-2010 General/Teachers Disabled Female table, below-median, headcount weighted, projected with scale MP-2018 for disabled females.

The economic actuarial assumptions used in the valuations were based on the results from an actual experience study for the period July 1, 2015 through June 30, 2020.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of long-term geometric rates of return for each major asset class included in the system's target asset allocation as of June 30, 2022 and 2021, are summarized below:

<u>Asset Class</u>	<u>2022</u> <u>Long-Term</u> <u>Expected Rate</u> <u>of Return</u>	<u>2021</u> <u>Long-Term</u> <u>Expected Rate</u> <u>of Return</u>
Domestic equity	5.3%	5.1%
International equity	6.1%	5.2%
Core fixed income	2.2%	1.5%
Real estate	6.5%	5.8%
Private equity	9.5%	9.3%
Hedge funds	3.8%	3.8%

Discount rate

The discount rate used to measure the total pension asset (liability) for the June 30, 2023 and 2022 reporting was 7.25%. The projection of cash flows used to determine the discount rate assumed that State contributions will continue to follow the current funding policy. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current system members. Therefore, the long-term expected rate of return on system investments was applied to all periods of projected benefit payments to determine the total pension asset (liability). In the event of benefit payments that are not covered by the system's fiduciary net position, a municipal bond rate of 4.09% at June 30, 2022 and 2.18% at June 30, 2021 is to be used

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to discount the benefit payments not covered by the system's fiduciary net position. The municipal bond rate equals the S&P Municipal Bond 20 Year High Grade Index at the measurement date, June 30, 2022.

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

The following presents BRIM's proportionate share of the net pension asset (liability) calculated using the discount rate of 7.25%, as well as what BRIM's proportionate share of the net pension asset (liability) would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
BRIM's proportionate share of net pension asset (liability) as of June 30, 2023	\$ (1,044)	\$ (148)	\$ 620
	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
BRIM's proportionate share of net pension asset (liability) as of June 30, 2022	\$ (10)	\$ 894	\$ 1,657

6. Other Post-Employment Benefits

Plan description

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

The Plan had approximately 43,000 policyholders and 64,000 covered lives at June 30, 2022. BRIM currently has approximately 17 employees eligible to receive RHBT benefits.

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

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years of age with five years of service; and their last employer immediately prior to retirement must be a participating employer under that, or the CPRB system to qualify to continue PEIA insurance benefits upon retirement. Employees who participate in non-State retirement systems but that are CPRB system affiliated, contracted, or approved (such as TIAA-CREF and similar plans), or are approved, in writing, by the PEIA Director must, in the case of education employees, meet the minimum eligibility requirements of the State Teacher's Retirement System, and in all other cases meet the minimum eligibility requirements of the Public Employees Retirement System to be eligible for PEIA benefits as a retiree.

For additional financial information, which may be used for disclosure by participating employers, please refer to the audited financial statements of the RHBT. The RHBT audited financial statements and actuarial reports can be found on the PEIA website at www.peia.wv.gov. If you have any questions about this report or need additional information, contact the RHBT Controller, Jennifer Priddy, at (304) 352-0298, ext. 20298. You can also submit your questions in writing to West Virginia Public Employees Insurance Agency, 601 57th Street, SE Suite 2, Charleston, West Virginia 25304.

Benefits provided

The Plan provides the following benefits:

- Medical and prescription drug insurance
- Life insurance

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

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

Contributions

Contributions into RHBT include paygo, retiree leave conversion billings, and other matters, including billing adjustments. Paygo premiums are established by the Finance Board annually. All participating employers are required by statute to contribute to RHBT this premium at the established rate for every active policyholder per month. Paygo rates were \$114 for the year ended June 30, 2023. Paygo rates were \$116 from July 2021 to January 2022 and \$48 from February 2022 to June 30, 2022. For the year ended June 30, 2021 the rate was \$160. Other contributions such as retiree leave conversion differ by agency and are only recorded as utilized by plan participants. BRIM's contributions to RHBT were \$27, \$21 and \$37 for the fiscal years ended June 30, 2023, 2022 and 2021, respectively.

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

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

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

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

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

At June 30, 2023 and 2022, BRIM reported a liability of \$(20) and an asset of \$6 for its proportionate share of the net OPEB asset (liability). The net OPEB asset (liability) reported at June 30, 2023 was measured as of June 30, 2022 and the total OPEB asset (liability) used to calculate the net OPEB asset (liability) was determined by an actuarial valuation as of June 30, 2021. For fiscal year 2022, the net OPEB asset (liability) was measured as of June 30, 2021 and the total OPEB asset (liability) used to calculate the net OPEB asset (liability) was determined by an actuarial valuation as of June 30, 2020. BRIM's proportion of the net OPEB asset (liability) as of June 30, 2023 and 2022 was based on BRIM's share of contributions to the OPEB plan relative to the contributions of all employers participating in RHBT for the year ended June 30, 2022 and 2021, respectively. At June 30, 2023, BRIM's proportionate share was 0.0179%, which was a decrease of 0.0025% from its proportionate share as of June 30, 2022.

At June 30, 2023 and 2022, BRIM reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2023		2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between expected and actual earnings on OPEB investments	\$ 3	\$ -	\$ -	\$ 42
Differences between expected and actual experience	-	25	-	42
Changes in assumptions	-	51	-	127
Changes in proportion and differences between BRIM's contributions and proportionate share of contributions	14	61	40	66
Reallocation of opt-out employer changes in proportionate share	15	-	-	3
BRIM's contributions made subsequent to the measurement date of June 30, 2022 and 2021	<u>27</u>	<u>-</u>	<u>21</u>	<u>-</u>
Total	<u>\$ 59</u>	<u>\$ 137</u>	<u>\$ 61</u>	<u>\$ 280</u>

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

The net difference between projected and actual investment earnings on OPEB Plan investments are recognized in OPEB expense using a systematic and rational method over a closed five-year period. Differences between actual and expected experience relating to OPEB amounts are recognized in OPEB expense using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the OPEB Plan determined as of the beginning of the measurement period. The average of the expected remaining lives is 3.573 years.

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

Year ending June 30:

2024	\$	(80)
2025	\$	(34)
2026	\$	(1)
2027	\$	10

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

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

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

For the years ended June 30, 2023 and 2022, BRIM recognized OPEB revenue of \$120 and \$121, respectively.

For the years ended June 30, 2023 and 2022, BRIM recognized revenue of \$22 and \$5, respectively, for support provided by the State under a special funding situation.

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

	<u>2023</u>	<u>2022</u>
BRIM's proportionate share of the net OPEB asset (liability):	\$ (20)	\$ 6
State of West Virginia's special funding proportionate share of the net OPEB asset (liability) associated with BRIM	<u>(7)</u>	<u>1</u>
Total portion of the net OPEB asset (liability) associated with BRIM	<u>\$ (27)</u>	<u>\$ 7</u>

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Actuarial assumptions

The net OPEB asset (liability) measured as of June 30, 2022 applicable to Plan Employer's fiscal year ended June 30, 2023 financial reporting was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions:

Inflation	2.25%
Salary increases	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation.
Investment rate of return	6.65%, net of OPEB plan investment expense, including inflation.
Healthcare cost trend rates	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2023 and 2022,, decreasing by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2032. Trend rate for Medicare per capita costs of 8.83% for plan year end 2023. 31.11% for plan year end 2022, decreasing gradually each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2032.
Actuarial cost method	Entry Age Normal Cost Method.
Amortization method.....	Level percentage of payroll over a 20-year closed period beginning June 30, 2017.

Postretirement: Pub-2010 General Healthy Retiree Mortality Tables (100% males, 108% females) projected with MP-2021 for TRS. Pub-2010 General Below Median Healthy Retiree Tables (106% males, 113% females) projected with MP-2021 for PERS. Pub-2010 Public Safety Healthy Retiree Mortality Tables (100% males, 100% females) projected with Scale MP-2021 for Troopers A and B. Pre-Retirement: Pub-2010 General Employee Mortality Tables (100% males, 100% females) projected with Scale MP-2021 for TRS. Pub-2010 Below-Median Income General Employee Mortality Tables projected with Scale MP-2021 for PERS. Pub- 2010 Public Safety Employee Mortality Tables projected with Scale MP-2021 for Troopers A & B.

The long-term expected rate of return of 6.65% on OPEB plan investments was determined by a combination of an expected long-term rate of return of 7.00% for long-term assets invested with the West Virginia Investment Management Board and an expected short-term rate of return of 2.50% for assets invested with the BTI.

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

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

The long-term rates of return on OPEB plan investments are determined using a building block method in which estimates of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. Target asset allocations, capital market assumptions (CMA), and forecast returns were provided by the Plan's investment advisors, including WVIMB. The projected return for the Money Market Pool held with the BTI was estimated based on WVIMB assumed inflation of 2.0% plus a 25-basis point spread.

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

<u>Asset Class</u>	<u>Long-Term Expected Real return</u>
Global Equity	4.8%
Core Plus Fixed Income	2.1%
Core Real Estate	4.1%
Hedge Fund	2.4%
Private Equity	6.8%

Single discount rate

A single discount rate of 6.65% was used to measure the total OPEB liability. This single discount rate was based on the expected rate of return on OPEB plan investments of 6.65%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made in accordance with the prefunding and investment policies. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB asset (liability).

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

The following presents BRIM's proportionate share of the net OPEB asset (liability) calculated using the discount rate of 6.65%, as well as what BRIM's proportionate share of the net OPEB asset (liability) would be if it were calculated using a discount rate that is one percentage point lower (5.65%) or one percentage point higher (7.65%) than the current rate:

	<u>1% Decrease (5.65%)</u>	<u>Current Discount Rate (6.65%)</u>	<u>1% Increase (7.65%)</u>
BRIM's proportionate share of net OPEB asset (liability) as of June 30, 2023	\$ (51)	\$ (20)	\$ 7
	<u>1% Decrease (5.65%)</u>	<u>Current Discount Rate (6.65%)</u>	<u>1% Increase (7.65%)</u>
BRIM's proportionate share of net OPEB asset (liability) as of June 30, 2022	\$ (32)	\$ 6	\$ 38

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

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

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Net OPEB asset (liability) as of June 30, 2023	\$ (11)	\$ (20)	\$ 57
	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Net OPEB asset (liability) as of June 30, 2022	\$ 45	\$ 6	\$ (41)

7. Lease Arrangement

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

On April 29, 2022, BRIM signed a new lease with the West Virginia Department of Administration, a related party, effective September 1, 2022 for 12,882 square feet at the Albert Summers building located at 1124 Smith Street, Charleston, West Virginia for an annual rent of \$228. This lease expires on June 30, 2025.

8. Transactions with Primary Government and Component Units

Premium revenues derived from billings to State entities, which are funded by special revenue funds and component units of the primary government, approximated \$52,094 and \$48,856 for the years ended June 30, 2023 and 2022, respectively.

BRIM is required by Senate Bill 1002 to remit amounts equal to the gross premium tax attributable to premiums collected by BRIM. These amounts are to be placed in a separate account known as "the Premium Tax Savings Fund" (the Fund) maintained by the State Treasurer. The balance in this fund was \$13,206 and \$9,610 at June 30, 2023 and 2022, respectively. The Fund is not included in BRIM's financial statements but is included in the general fund of the State.

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

BRIM has entered into various 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 \$1.25 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 \$1,007 reinsurance and recoveries for the fiscal year ended June 30, 2023, and \$80 for the fiscal year ended June 30, 2022.

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

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

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

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