

***Required Supplementary Information  
(in thousands)***

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

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
1) Premiums and investment revenues (losses):										
Earned	\$ 69,172	\$ 63,037	\$ 72,706	\$ 81,209	\$ 85,663	\$ 104,345	\$ 105,385	\$ 112,083	\$ 52,429	\$ 103,488
Ceded	6,102	6,197	6,909	6,681	6,518	6,627	6,915	4,438	4,758	8,969
Net earned	63,070	56,840	65,797	74,528	79,145	97,718	98,470	107,645	47,671	94,519
2) Unallocated expenses, including administrative fees paid to third-party claims administrators	7,888	7,653	7,911	8,290	8,507	8,684	9,224	9,171	9,444	10,352
3) Estimated incurred claims and claims adjustment expense, end of policy year:										
Incurred	58,389	62,342	66,740	70,705	72,629	69,092	70,402	77,590	97,174	88,684
Ceded	-	-	-	-	596	-	593	-	1,000	-
Net incurred	58,389	62,342	66,740	70,705	72,033	69,092	69,809	77,590	96,174	88,684
4) Paid (cumulative) claims and claims adjustment expense as of:										
End of policy year	10,560	11,146	12,863	11,922	11,846	10,321	12,300	13,159	16,970	15,123
One year later	19,965	24,010	23,494	23,067	22,032	22,279	21,954	27,860	32,838	
Two years later	29,077	34,801	34,585	37,673	32,994	38,212	34,527	42,224		
Three years later	45,059	43,864	44,997	44,538	41,881	49,610	44,017			
Four years later	51,231	48,379	49,631	50,017	47,127	55,523				
Five years later	53,383	50,322	51,867	54,902	50,790					
Six years later	54,454	51,125	53,474	56,069						
Seven years later	63,242	51,423	54,173							
Eight years later	63,649	51,484								
Nine years later	64,809									
5) Reestimated ceded claims and expenses	-	-	2,782	-	596	-	-	-	1,000	-
6) Reestimated net incurred claims and allocated claims adjustment expense:										
End of policy year	58,389	62,342	66,740	70,705	72,033	69,092	69,809	77,590	96,174	88,684
One year later	57,772	65,545	64,655	65,589	65,418	69,463	63,910	74,521	92,937	
Two years later	61,216	62,727	62,537	65,151	62,380	72,909	63,711	73,834		
Three years later	61,249	59,235	59,700	62,032	58,836	69,754	58,465			
Four years later	59,741	55,907	57,468	62,533	59,061	67,669				
Five years later	64,041	55,374	57,241	61,465	48,275					
Six years later	65,836	54,240	56,798	59,482						
Seven years later	65,592	54,085	56,353							
Eight years later	73,072	54,069								
Nine years later	73,950									
7) (Decrease) increase in estimated net incurred claims and allocated claims adjustment expense from end of policy year	15,561	(8,273)	(10,387)	(11,223)	(23,758)	(1,423)	(11,344)	(3,756)	(3,237)	-

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

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

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

	2023				2022			
	Liability	Property	Mine Subsidence	Total	Liability	Property	Mine Subsidence	Total
Unpaid claims and claims adjustment expense liability at beginning of fiscal year	\$ 274,686	\$ 8,946	\$ 1,663	\$ 285,295	\$ 182,859	\$ 5,417	\$ 1,320	\$ 189,596
Incurred claims and claims adjustment expense:								
Provision for insured events of the current fiscal year	78,817	8,538	1,329	88,684	85,014	9,620	1,540	96,174
Increase in provision for insured events of prior fiscal years	80,394	1,628	547	82,569	70,067	878	1,003	71,948
Total incurred claims and claims adjustment expense	159,211	10,166	1,876	171,253	155,081	10,498	2,543	168,122
Payments:								
Claims and claims adjustment expense attributable to insured events of the current fiscal year	11,461	3,549	113	15,123	13,210	3,148	612	16,970
Claims and claims adjustment expense attributable to insured events of the prior fiscal years	66,006	7,069	1,670	74,745	50,044	3,821	1,588	55,453
Total claims and claims adjustment expense payments	77,467	10,618	1,783	89,868	63,254	6,969	2,200	72,423
Total unpaid claims and claims adjustment expense liability at end of the fiscal year	\$ 356,430	\$ 8,494	\$ 1,756	\$ 366,680	\$ 274,686	\$ 8,946	\$ 1,663	\$ 285,295

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
BRIM's proportionate (percentage) of the net pension (asset) liability	0.0991%	0.1018%	0.1008%	0.0995%	0.0964%	0.0767%	0.0833%	0.0836%	0.0994%
BRIM's proportionate share of the net pension (asset) liability	\$ 148	\$ (894)	\$ 533	\$ 214	\$ 249	\$ 331	\$ 766	\$ 467	\$ 367
BRIM's covered payroll	\$ 1,606	\$ 1,635	\$ 1,573	\$ 1,432	\$ 1,275	\$ 1,013	\$ 1,100	\$ 878	\$ 962
BRIM's proportionate share of the net pension's (asset) liability as a percentage of its covered payroll	-9.22%	54.68%	33.88%	14.94%	19.53%	32.68%	69.64%	53.19%	38.15%
Plan fiduciary net position as a percentage of the total pension (asset) liability *	98.24%	111.07%	92.89%	96.99%	96.33%	93.67%	86.11%	91.29%	93.98%

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

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

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

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily required contribution	\$ 154	\$ 156	\$ 158	\$ 152	\$ 142	\$ 138	\$ 123	\$ 149	\$ 127	\$ 133
Contributions in relation to the statutorily required contribution	(154)	(156)	(158)	(152)	(142)	(138)	(123)	(149)	(127)	(133)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,635	\$ 1,606	\$ 1,635	\$ 1,573	\$ 1,432	\$ 1,275	\$ 1,013	\$ 1,100	\$ 878	\$ 962
Contributions as a percentage of covered payroll	9.42%	9.71%	9.66%	9.66%	9.92%	10.82%	12.14%	13.55%	14.00%	14.50%

## **Notes to Required Supplementary Information – Schedule of Proportionate Share of the Net Pension Asset (Liability) in PERS and Schedule of Contributions to PERS**

### **1. Plan Amendment**

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

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

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

**2. Changes in Assumptions**

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

	<u>2021-2020</u>		
Projected salary increases:			
State	2.75 – 5.55%		
Non-state	3.60 – 6.75%		
Inflation rate	2.75%		
Mortality rates	Healthy males -108% of Pub 2010 Non-Annuitant, Scale MP-2018 Healthy females-122% or Pub 2010 Non-Annuitant, Scale MP-2018 Disabled males - 118% of Pub 2010 Disabled annuitant, Scale MP-2018 Disabled females - 117% of Pub 2010 Disabled annuitant, Scale MP-2018		
State	2.28 – 45.63%		
Non-state	2.50 – 35.88%		
Disability rates	0.005 – 0.54%		
	<u>2019</u>	<u>2018-2015</u>	
Projected salary increases:			
State	3.10 – 5.30%	3.00 - 4.60%	
Non-state	3.35 – 6.50%	3.00 - 4.60%	
Inflation rate	3.00%	3.00%	
Mortality rates	Healthy males -108% of Pub 2010 Non-Annuitant, Scale MP-2018 Healthy females-122% or Pub 2010 Non-Annuitant, Scale MP-2018 Disabled males - 118% of Pub 2010 Disabled annuitant, Scale MP-2018 Disabled females - 117% of Pub 2010 Disabled annuitant, Scale MP-2018	Healthy males-110% of RP-2000 Non-Annuitant, Scale AA Healthy females-101% or RP-2000 Non-Annuitant, Scale AA Disabled males - 96% of RP-2000 Disabled annuitant, Scale AA Disabled females - 107% of RP-2000 Disabled annuitant, Scale AA	
Withdrawal rates:			
State	2.275 – 45.63%	1.75 –35.10%	
Non-state	2.500 – 35.88%	2 – 35.80%	
Disability rates	0.005 – 0.54%	0 – .675%	

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
BRIM's proportionate (percentage) of the net OPEB (asset) liability	0.0179%	0.0204%	0.0256%	0.0236%	0.0219%	0.0208%
BRIM's proportionate share of the net OPEB liability (asset)	\$ 20	\$ (6)	\$ 113	\$ 391	\$ 470	\$ 512
State's proportionate share of the net OPEB liability (asset) associated with BRIM	7	(1)	25	80	97	105
Total	<u>\$ 27</u>	<u>\$ (7)</u>	<u>\$ 138</u>	<u>\$ 471</u>	<u>\$ 567</u>	<u>\$ 617</u>
BRIM's covered-employee payroll	\$ 1,036	\$ 1,081	\$ 1,109	\$ 1,040	\$ 905	\$ 812
BRIM's proportionate share of the net OPEB (asset) liability as a percentage of its covered-employee payroll	-1.93%	0.56%	10.19%	37.60%	51.93%	63.05%
Plan fiduciary net position as a percentage of the total OPEB (asset) liability *	93.59%	101.81%	73.49%	39.69%	30.98%	25.10%

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

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

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

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

	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 27	\$ 21	\$ 37	\$ 39	\$ 45	\$ 44	\$ 43	\$ 41
Contributions in relation to the statutorily required contribution	(27)	(21)	(37)	(39)	(45)	(44)	(43)	(41)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 906	\$ 1,036	\$ 1,081	\$ 1,109	\$ 1,040	\$ 905	\$ 812	\$ 670
Contributions as a percentage of covered-employee payroll	3%	2%	3%	4%	4%	5%	5%	5%

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

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

**West Virginia Board of Risk and Insurance Management**  
**Combining Statement of Net Position**  
**June 30, 2023**  
(in thousands)

	<b>Other Lines of Business</b>	<b>Mine Subsidence</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 24,728	\$ -	\$ 24,728
Advance deposits with carrier/trustee	235,648	-	235,648
Receivables, net	3,258	-	3,258
Restricted cash and cash equivalents	-	5,447	5,447
Restricted receivables, net	-	1,534	1,534
<b>Total current assets</b>	<b>263,634</b>	<b>6,981</b>	<b>270,615</b>
Noncurrent assets:			
Investments	154,103	-	154,103
Restricted investments	-	29,754	29,754
<b>Total non current assets</b>	<b>154,103</b>	<b>29,754</b>	<b>183,857</b>
<b>Total assets</b>	<b>417,737</b>	<b>36,735</b>	<b>454,472</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension	399	-	399
Other post-employment benefits	59	-	59
<b>Total deferred outflows of resources</b>	<b>458</b>	<b>-</b>	<b>458</b>
<b>LIABILITIES</b>			
Current liabilities:			
Estimated unpaid claims and claims adjustment expense	188,373	1,050	189,423
Unearned revenue	14,033	2,605	16,638
Agent commissions payable	1,646	-	1,646
Accrued expenses and other liabilities	669	-	669
<b>Total current liabilities</b>	<b>204,721</b>	<b>3,655</b>	<b>208,376</b>
Noncurrent liabilities:			
Estimated claims and claims adjustment expense, noncurrent	176,551	706	177,257
Compensated absences	180	11	191
Net pension liability	148	-	148
Net other post-employment benefits liability	20	-	20
<b>Total noncurrent liabilities</b>	<b>176,899</b>	<b>717</b>	<b>177,616</b>
<b>Total liabilities</b>	<b>381,620</b>	<b>4,372</b>	<b>385,992</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension	-	-	-
Other post-employment benefits	137	-	137
<b>Total deferred inflows of resources</b>	<b>137</b>	<b>-</b>	<b>137</b>
<b>NET POSITION</b>			
Restricted	-	32,363	32,363
Unrestricted	36,438	-	36,438
<b>Net position</b>	<b>\$ 36,438</b>	<b>\$ 32,363</b>	<b>\$ 68,801</b>

**West Virginia Board of Risk and Insurance Management**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**Year Ended June 30, 2023**  
(in thousands)

	<u>Other Lines of Business</u>	<u>Mine Subsidence</u>	<u>Total</u>
Operating revenues:			
Premiums	\$ 90,363	\$ 5,139	\$ 95,502
Less excess coverage/reinsurance premiums	<u>(8,969)</u>	<u>-</u>	<u>(8,969)</u>
Total operating revenues	<u>81,394</u>	<u>5,139</u>	<u>86,533</u>
Operating expenses:			
Claims and claims adjustment expense	169,377	1,876	171,253
General and administrative expense	<u>5,681</u>	<u>166</u>	<u>5,847</u>
Total operating expenses	<u>175,058</u>	<u>2,042</u>	<u>177,100</u>
Operating (loss) income	<u>(93,664)</u>	<u>3,097</u>	<u>(90,567)</u>
Nonoperating expenses:			
Investment income	4,708	3,278	7,986
Legislative appropriation	50,000	(50,000)	-
OPEB nonoperating loss	<u>(22)</u>	<u>-</u>	<u>(22)</u>
Net nonoperating income (expenses)	<u>54,686</u>	<u>(46,722)</u>	<u>7,964</u>
Decrease in net position	<u>\$ (38,978)</u>	<u>\$ (43,625)</u>	<u>\$ (82,603)</u>

West Virginia Board of Risk and Insurance Management  
 Form 7 - Deposits Disclosure  
 June 30, 2023  
 (in thousands)

	<u>Fair Value</u>
Cash with Treasurer	<u>\$ 967</u> <sup>(1)</sup>
<sup>(1)</sup> Agrees to audited statement of cash flows as follows:	
Cash with Treasurer	\$ 967 <sup>(2)</sup>
Cash equivalents with BTI	<u>29,208</u> <sup>(2)</sup>
	<u>\$ 30,175</u> <sup>(3)</sup>
<sup>(2)</sup> Agrees to Form 8-A	
<sup>(3)</sup> Agrees to audited statement of net position as follows:	
Cash and cash equivalents	\$ 24,728
Restricted cash and cash equivalents	<u>5,447</u>
	<u>\$ 30,175</u>

**West Virginia Board of Risk and Insurance Management**  
**Form 8 - Investments Disclosure**  
**June 30, 2023**  
(in thousands)

<u>Investment Pool</u>	<u>Amount Unrestricted</u>	<u>Amount Restricted</u>	<u>Amount Reported</u>	<u>Fair Value</u>
BTI and WVIMB Investment Pools:				
Cash liquidity	\$ 24,728 <sup>(1)</sup>	\$ 5,447 <sup>(1)</sup>	\$ 30,175 <sup>(3)</sup>	\$ 30,175
Long-term	<u>154,103 <sup>(1)</sup></u>	<u>29,754 <sup>(1)</sup></u>	<u>183,857 <sup>(3)</sup></u>	<u>183,857</u>
Total investments	<u>\$ 178,831 <sup>(1)</sup></u>	<u>\$ 35,201 <sup>(1)</sup></u>	<u>\$ 214,032</u>	<u>\$ 214,032</u>

<sup>(1)</sup> Agrees to audited statement of net position as follows:

Investments with BTI and WVIMB	\$ 178,831 <sup>(1)</sup>	\$ 35,201
Less investments classified as cash equivalents	<u>24,728</u>	<u>5,447</u>
Total investments	<u>\$ 154,103 <sup>(2)</sup></u>	<u>\$ 29,754 <sup>(2)</sup></u>

<sup>(2)</sup> Agrees to audited statement of net position

<sup>(3)</sup> Agrees to Form 8-A

**West Virginia Board of Risk and Insurance Management**  
**Form 8-A - Deposits and Investments Disclosure**  
**June 30, 2023**  
**(in thousands)**

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

Deposits:

Cash and cash equivalents as reported:

Noncurrent – restricted	\$ 5,447 <sup>(1)</sup>
Unrestricted	<u>24,728 <sup>(1)</sup></u>

Total cash and cash equivalents	30,175
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Less investments disclosed as cash equivalents	<u>967 <sup>(2)(3)</sup></u>
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Fair value of deposits as disclosed on Form 7	<u><u>\$ 29,208 <sup>(2)</sup></u></u>
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Investments:

Investments as reported:

Noncurrent – restricted	\$ 29,754 <sup>(1)</sup>
Noncurrent – unrestricted	<u>154,103 <sup>(1)</sup></u>

Total investments	183,857
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Add investments disclosed as cash equivalents	<u>-</u>
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Fair value of investments as disclosed on Form 8	<u><u>\$ 183,857 <sup>(3)</sup></u></u>
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<sup>(1)</sup> Agrees to audited statement of net position

<sup>(2)</sup> Agrees to Form 7

<sup>(3)</sup> Agrees to Form 8

**West Virginia Board of Risk and Insurance Management**  
**Form 9 - Schedule of Receivables (Other Than State Agencies)**  
**June 30, 2023**  
**(in thousands)**

	<u>Amount</u>
Accounts receivable (other than State agencies):	
Total accounts receivable as of June 30, 2023	\$ 4,792 <sup>(1)</sup>
Less allowance for doubtful accounts	<u>          - <sup>(2)</sup></u>
Net receivable	<u>\$ 4,792</u>
<sup>(1)</sup> Derived from the audited statement of net position as follows:	
Receivables	\$ 3,258 <sup>(2)</sup>
Restricted receivables	<u>1,534 <sup>(2)</sup></u>
	<u>\$ 4,792</u>

<sup>(2)</sup> Agrees to the audited statement of net position

West Virginia Board of Risk and Insurance Management  
 Form 10 - Schedule of Accounts Receivable From Other State Agencies  
 June 30, 2023  
 (in thousands)

<u>Receivable From</u>	<u>Amount</u>
Accounts receivable from other State agencies	\$ 24 <sup>(1)</sup>
<sup>(1)</sup> Premiums due from other State agencies	\$ 24
Premiums due from other entities	<u>3,234</u>
Total receivables	<u>\$ 3,258</u> <sup>(2)</sup>
<sup>(2)</sup> Agrees to audited statement of net position	

West Virginia Board of Risk and Insurance Management  
 Form 13 - Schedule of Changes in Long-Term Obligations - Compensated Absences  
 June 30, 2023  
 (in thousands)

<u>Type of Debt</u>	<u>Final Maturity Date</u>	<u>Balance June 30, 2022</u>	<u>Payments</u>	<u>Other Changes</u>	<u>Balance June 30, 2023</u>
Compensated absences – annual leave	Varies	<u>\$ 167</u>	<u>\$ -</u>	<u>\$ 24</u>	<u>\$ 191</u> <sup>(1)</sup>

<sup>(1)</sup> Agrees to audited statement of net position

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

### **Independent Auditor's Report**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the West Virginia Board of Risk and Insurance Management (BRIM), which comprise the statement of net position as of June 30, 2023, and the related statements of revenues, expenses and changes in position, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise BRIM's basic financial statements, and have issued our report thereon dated October 12, 2023.

#### **Report on Internal Control over Financial Reporting**

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

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

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

# FORVIS

## Report on Compliance and Other Matters

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

### ***Purpose of this Report***

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

FORVIS,LLP

Charleston, West Virginia  
October 12, 2023



# Attachment B

## Management Representation Letter

**FORVIS**

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

**West Virginia Board of Risk and Insurance Management**

**Report Date October 12, 2023**

Representation of:  
West Virginia Board of Risk and Insurance Management  
1124 Smith Street  
Suite 4300  
Charleston, West Virginia 25301

*Provided to:*  
**FORVIS, LLP**  
Certified Public Accountants  
500 Virginia Street East, Suite 800  
Charleston, West Virginia 25301

The undersigned ("We") are providing this letter in connection with FORVIS' audit of the financial statements of West Virginia Board of Risk and Insurance Management (BRIM), which comprise the Statements of Net Position as of June 30, 2023 and 2022, and the related Statements of Revenue, Expenses, and Changes in Net Position and Statements of Cash Flows for the years then ended, and the related notes to the financial statements.

Our representations are current and effective as of the date of FORVIS' report: October 12, 2023.

Our engagement with FORVIS is based on our contract for services dated: November 3, 2022.

### **Our Responsibility & Consideration of Material Matters**

We confirm that we are responsible for the fair presentation of the financial statements subject to FORVIS' report in conformity with accounting principles generally accepted in the United States of America.

We are also responsible for adopting sound accounting policies; establishing and maintaining effective internal control over financial reporting, operations, and compliance; and preventing and detecting fraud.

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

### **Confirmation of Matters Specific to the Subject Matter of FORVIS' Report**

We confirm, to the best of our knowledge and belief, the following:

#### ***Broad Matters***

1. We have fulfilled our responsibilities, as set out in the terms of our contract, for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.
2. We acknowledge our responsibility for the design, implementation, and maintenance of:
  - a. Internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.
  - b. Internal control to prevent and detect fraud.

3. We have provided you with:
  - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as financial records and related data, documentation, and other matters.
  - b. Additional information that you have requested from us for the purpose of the audit.
  - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
  - d. All minutes of directors' and committee of directors meetings held through the date of this letter or summaries of actions of recent meetings for which minutes have not yet been prepared. All unsigned copies of minutes provided to you are copies of our original minutes approved by the board, if applicable, and maintained as part of our records.
  - e. All significant contracts.
4. We have responded fully and truthfully to all your inquiries.

***Government Auditing Standards***

5. We acknowledge that we are responsible for compliance with applicable laws, regulations and provisions of contracts and grant agreements.
6. We have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that have a direct and material effect on the determination of amounts in our financial statements or other financial data significant to the audit objectives.
7. We are not aware of any violations or possible violations of laws, regulations, including those pertaining to adopting, approving, and amending budgets, and provisions of contracts and grant agreements, tax or debt limits and any related debt covenants whose effects should be considered for recognition and/or disclosure in the financial statements or for your reporting on noncompliance.
8. We have taken or will take timely and appropriate steps to remedy any fraud, abuse, illegal acts, or violations of provisions of contracts or grant agreements that you or other auditors report.
9. We have a process to track the status of audit findings and recommendations.
10. We have identified to you any previous financial audits, attestation engagements, performance audits, or other studies related to the objectives of your audit and the corrective actions taken to address any significant findings and recommendations made in such audits, attestation engagements, or other studies.
11. We have provided our views on any findings, conclusions, and recommendations, as well as our planned corrective actions with respect thereto, to you for inclusion in the findings and recommendations referred to in your report on internal control over financial reporting and on compliance and other matters based on your audit of the financial statements performed in accordance with *Government Auditing Standards*.

***Misappropriation, Misstatements, & Fraud***

12. We have informed you of all current risks of a material amount that are not adequately prevented or detected by our procedures with respect to:
  - a. Misappropriation of assets.
  - b. Misrepresented or misstated assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position or fund balance.
13. We have no knowledge of fraud or suspected fraud affecting the entity involving:
  - a. Management or employees who have significant roles in internal control over financial reporting, or
  - b. Others when the fraud could have a material effect on the financial statements.
14. We understand that the term "fraud" includes misstatements arising from fraudulent financial reporting and misstatements arising from misappropriation of assets. Misstatements arising from fraudulent financial reporting are intentional misstatements, or omissions of amounts or disclosures in financial statements to deceive financial statement users. Misstatements arising from misappropriation of assets involve the theft of an entity's assets where the effect of the theft causes the financial statements not to be presented in conformity with accounting principles generally accepted in the United States of America.
15. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, customers, analysts, other regulators, short-sellers, suppliers, or others.
16. We have assessed the risk that the financial statements may be materially misstated as a result of fraud and disclosed to you any such risk identified.

***Ongoing Operations***

17. We have evaluated whether there are conditions or events known or reasonably knowable, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern within one year of the date of this letter without consideration of potential mitigating effects of management's plans not yet fully implemented and concluded substantial doubt does not exist.
18. We acknowledge the current economic volatility presents difficult circumstances and challenges for our industry. Entities are potentially facing declines in the fair values of investments and other assets, declines in the volume of business, constraints on liquidity, difficulty obtaining financing or bonding, significant credit quality problems, including significant volatility in the values of real estate and other collateral supporting loans, etc. We understand the values of the assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments to asset values, allowances for accounts and notes or receivable, capital, net realizable value of inventory, etc., that could negatively impact the entity's ability to maintain sufficient liquidity.

We acknowledge that you have no responsibility for future changes caused by the current economic environment and the resulting impact on the entity's financial statements. Further, management and governance are solely responsible for all aspects of managing the entity, including questioning the quality and valuation of investments, inventory, and other assets; evaluating assumptions regarding defined benefit pension plan obligations, reviewing allowances for uncollectible amounts; or loan losses evaluating capital needs and liquidity plans; etc.

***Related Parties***

19. We have disclosed to you the identity of all of the entity's related parties and all the related-party relationships of which we are aware.

In addition, we have disclosed to you all related-party transactions and amounts receivable from or payable to related parties of which we are aware, including any modifications during the year that were made to related-party transaction agreements which existed prior to the beginning of the year under audit, as well as new related-party transaction agreements that were executed during the year under audit.

Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America.

20. We understand that the term related party refers to:

- Affiliates
- Entities for which investments are accounted for by the equity method
- Trusts for the benefits of employees, such as pension and profit-sharing trusts that are managed by or under the trusteeship of management
- Management and members of their immediate families
- Any other party with which the entity may deal if one party can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests.

Another party is also a related party if it can significantly influence the management or operating policies of the transacting parties or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

The term affiliate refers to a party that directly or indirectly controls, or is controlled by, or is under common control with, the entity.

21. Related party transactions asserted to or disclosed in the financial statements as arm's length were conducted on terms equivalent to those prevailing for comparable transactions with unrelated parties or, in the absence of comparable transactions, terms that would be offered in good faith to unrelated parties, and support regarding the assertion has been provided.

***Litigation, Laws, Rulings & Regulations***

22. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America.
23. We have no knowledge of communications, other than those specifically disclosed, from regulatory agencies, governmental representatives, employees, or others concerning investigations or allegations of noncompliance with laws and regulations, deficiencies in financial reporting practices, or other matters that could have a material adverse effect on the financial statements.

24. We have disclosed to you all known instances of violations or noncompliance or possible violations or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements or as a basis for recording a loss contingency.
25. There are no regulatory examinations currently in progress for which we have not received examination reports.

***Nonattest Services***

26. You have provided nonattest services, including the following, during the period of this engagement:
  - Assistance in preparing the financial statements and related notes and consultation on accounting matters
  - Assistance in preparing the Annual Comprehensive Financial Report (ACFR)
  - Advise about appropriate accounting principles and their application
27. With respect to these services:
  - a. We have designated a qualified management-level individual to be responsible and accountable for overseeing the nonattest services.
  - b. We have established and monitored the performance of the nonattest services to ensure they meet our objectives.
  - c. We have made any and all decisions involving management functions with respect to the nonattest services and accept full responsibility for such decisions.
  - d. We have evaluated the adequacy of the services performed and any findings that resulted.
  - e. Established and maintained internal controls, including monitoring ongoing activities.
  - f. When we receive final deliverables from you we will store those deliverables in information systems controlled by us. We have taken responsibility for maintaining internal control over these deliverables.

***Financial Statements & Reports***

28. We have reviewed and approved a draft of the financial statements and related notes referred to above, which you prepared in connection with your audit of our financial statements. We acknowledge that we are responsible for the fair presentation of the financial statements and related notes.
29. With respect to management's discussion and analysis, required supplementary information (the Ten-Year Claims Development Information, the Schedule of Proportionate Share of the Net Pension Asset (Liability) in PERS, the Schedule of Proportionate Share of the Net OPEB Asset (Liability) in RHBT, Schedule of Contributions to PERS, Schedule of Contributions to RHBT, and Reconciliation of Unpaid Claims and Claims Adjustment Expense Liability by Type of Contract), and the other supplementary information (Combining Statement of Net Position, Combining Statement of Revenues, Expenses, and Changes in Net Position, and Financial and Reporting Section of the State of WV closing book forms, accompanying the financial statements):
  - a. Management's discussion and analysis is based on facts, decisions, or conditions currently known to management and does not contain forecasts or other prospective information.

- b. We acknowledge our responsibility for the presentation of the supplementary information in accordance with the applicable criteria.
  - c. We believe the supplementary information is fairly presented, both in form and content, in accordance with the applicable criteria.
  - d. The methods of measurement and presentation of the supplementary information are unchanged from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
  - e. We believe the significant assumptions or interpretations underlying the measurement and/or presentation of the supplementary information are reasonable and appropriate.
  - f. We understand the combining information is for purposes of additional analysis of the financial statements rather than to present the financial position and results of operations of each of the individual programs.
  - g. We are responsible for the fair presentation of the Closing Book Forms (the "supplementary information") in accordance with Financial Accounting and Reporting Section of the State of West Virginia (FARS). We believe the supplementary information, including its form and content, is fairly stated in all material respects in conformity with FARS criteria. There have been no changes in the methods or measurement or presentation of the supplementary information from those used in the prior period. There are no significant assumptions or interpretations underlying the measurement or presentation of the information.
  - h. We are responsible for the fair presentation of the Closing Book Forms (the "supplementary information") in accordance with Financial Accounting and Reporting Section of the State of West Virginia (FARS). We believe the supplementary information, including its form and content, is fairly stated in all material respects in conformity with FARS criteria. There have been no changes in the methods or measurement or presentation of the supplementary information from those used in the prior period. There are no significant assumptions or interpretations underlying the measurement or presentation of the information.
30. With regard to other information that is presented in the form of our annual report:
- a. We confirm that BRIM's Annual Comprehensive Financial Report (ACFR) comprise the annual report for the entity.
  - b. We acknowledge we have not provided you with a draft of the annual report, as of the issuance date of your auditor's report. We will provide you with the final draft of the document that been approved by the Board of Directors, *prior to issuance*, in order for you to be able to complete your required procedures on such documents.

**Transactions, Records & Adjustments**

- 31. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- 32. The entity has appropriately reconciled its general ledger accounts to their related supporting information. All related reconciling items considered to be material were identified and included on the reconciliations and were appropriately adjusted in the financial statements. All intracompany (and intercompany) accounts have been eliminated or appropriately measured and considered for disclosure in the financial statements.

33. We have everything we need to keep our books and records.
34. We have disclosed any significant unusual transactions the entity has entered into during the period, including the nature, terms, and business purpose of those transactions.
35. There are no uncorrected misstatements or omitted disclosures.

***Governmental Accounting & Disclosure Matters***

36. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
37. With regard to deposit and investment activities:
  - a. All deposit, repurchase and reverse repurchase agreements, and investment transactions have been made in accordance with legal and contractual requirements.
  - b. Investments, derivative instrument transactions, and land and other real estate held by endowments are properly valued.
  - c. Disclosures of deposit and investment balances and risks in the financial statements are consistent with our understanding of the applicable laws regarding enforceability of any pledges of collateral.
  - d. We understand that your audit does not represent an opinion regarding the enforceability of any collateral pledges.
38. BRIM does not have any component units or joint ventures.
39. Components of net position (net investment in capital assets, restricted, and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
40. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
41. We have appropriately disclosed the entity's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance is available and have determined that net position is properly recognized under the policy.
42. The entity's ability to continue as a going concern was evaluated and that appropriate disclosures are made in the financial statements as necessary under GASB requirements.
43. The supplementary information required by the Governmental Accounting Standards Board, consisting of management's discussion and analysis, (budgetary comparisons, modified approach to infrastructure, pension, and other postemployment benefit information), has been prepared and is measured and presented in conformity with the applicable GASB pronouncements, and we acknowledge our responsibility for the information. The information contained therein is based on all facts, decisions, and conditions currently known to us and is measured using the same methods and assumptions as were used in the preparation of the financial statements. We believe the significant assumptions underlying the measurement and/or presentation of the information are reasonable and appropriate. There has been no change from the preceding period in the methods of measurement and presentation.

44. With regard to pension and other postretirement benefits (OPEB):
- a. We believe the actuarial assumptions and methods used to measure pension and OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.
  - b. We have provided you with the entity's most current pension and OPEB plan instrument for the audit period, including all plan amendments.
  - c. The participant data provided to you related to pension and OPEB plans are true copies of the data submitted or electronically transmitted to the plan's actuary.
  - d. The participant data that we provided the plan's actuary for the purposes of determining the actuarial present value of accumulated plan benefits and other actuarially determined amounts in the financial statements were complete.

**General Government Matters**

45. The financial statements properly classify all funds and activities in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as amended.
46. All funds that meet the quantitative criteria in in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as amended, and No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus—an Amendment of GASB Statements No. 21 and No. 34*, for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
47. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
48. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
49. We have appropriately disclosed that the entity is following either its established accounting policy regarding which governmental fund resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available or is following paragraph 18 of GASB Statement No. 54 to determine the fund balance classifications for financial reporting purposes and have determined that fund balance is properly recognized under the policy.
50. We have exercised due care in the preparation of the introductory and statistical sections included in our annual comprehensive financial report (ACFR) and are not aware of any information contained therein that is inconsistent with the information contained in our basic financial statements.

**Accounting & Disclosures**

51. All transactions entered into by the entity are final. We are not aware of any unrecorded transactions, side agreements or other arrangements (either written or oral) that are in place, other than list the nature of any existing side agreements or other arrangements.

52. Except as reflected in the financial statements, there are no:
- a. Plans or intentions that may materially affect carrying values or classifications of assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position or fund balance.
  - b. Material transactions omitted or improperly recorded in the financial records.
  - c. Material unasserted claims or assessments that are probable of assertion or other gain/loss contingencies requiring accrual or disclosure, including those arising from environmental remediation obligations.
  - d. Events occurring subsequent to the balance sheet date through the date of this letter, which is the date the financial statements were available to be issued, requiring adjustment or disclosure in the financial statements.
  - e. Agreements to purchase assets previously sold.
  - f. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, lines of credit or similar arrangements.
  - g. Guarantees, whether written or oral, under which the entity is contingently liable.
  - h. Known or anticipated asset retirement obligations.
53. Except as disclosed in the financial statements, the entity has:
- a. Satisfactory title to all recorded assets, and those assets are not subject to any liens, pledges, or other encumbrances.
  - b. Complied with all aspects of contractual agreements, for which noncompliance would materially affect the financial statements.
54. The loss reserve specialists used by management in estimating the loss and loss adjustment expense and premium deficiency reserves and pension and OPEB liabilities had a sufficient level of competence and experience in loss reserving, including knowledge about the type of insurance for which a reserve has been established and an understanding of the appropriate methods for calculating such reserve estimates. We agree with the findings of specialists in evaluating the liability for unpaid claims and claims adjustment expense and premium deficiency analysis and pension and OPEB liabilities and have adequately considered the qualification of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had impact on the independence or objectivity of the specialists.

***Revenue, Accounts Receivable, & Inventory***

55. Adequate provisions and allowances have been accrued for any material losses from:
- a. Uncollectible receivables.
  - b. Excess or obsolete inventories.

- c. Sales commitments, including those unable to be fulfilled.
- d. Purchase commitments in excess of normal requirements or at prices in excess of prevailing market prices.

**Estimates**

- 56. We have identified all accounting estimates that could be material to the financial statements and we confirm the appropriateness of the methods and the consistency in their application, the accuracy and completeness of data and the reasonableness of significant assumptions used by us in making the accounting estimates, including those measured at fair value reported in the financial statements.
- 57. Significant estimates that may be subject to a material change in the near term have been properly disclosed in the financial statements. We understand that "near term" means the period within one year of the date of the financial statements. In addition we have no knowledge of concentrations, which refer to volumes of business, revenues, available sources of supply, or markets, loans, investments, or deposits, existing at the date of the financial statements that would make the entity vulnerable to the risk of severe impact in the near term that have not been properly disclosed in the financial statements.

**Fair Value**

- 58. With respect to the fair value measurements of financial and nonfinancial assets and liabilities, if any, recognized in the financial statements or disclosed in the notes thereto:
  - a. The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated course of action.
  - b. The measurement methods and significant assumptions used in determining fair value are appropriate in the circumstances for financial statement measurement and disclosure purposes and have been consistently applied.
  - c. The significant assumptions appropriately reflect market participant assumptions.
  - d. The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
  - e. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

**Pension & Postretirement Benefits**

- 59. We believe the actuarial assumptions and methods used to measure pension and OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.
- 60. We are unable to determine the possibility of a withdrawal liability in a multiemployer benefit plan.
- 61. We do not intend to compensate for the elimination of postretirement benefit by granting an increase in pension benefits.

***GASB Statement 87, Leases***

62. In connection with the adoption of GASB Statement No. 87, *Leases* (GASB 87), we represent the following:
- a. We have identified a complete population of potential leases as of the implementation date.
  - b. We have reviewed all significant contracts to identify lease and nonlease components as of the earliest date of adoption. Allocation of contract prices between lease and nonlease components are based upon standalone prices or other reasonable factors.
  - c. Measurements of the lease assets and liabilities are based upon facts and circumstances that existed at the beginning of the period of implementation.
  - d. The estimates related to any options to extend or terminate the lease terms within the measurement of lease assets and liabilities agree to management's plans for the leases.
  - e. The discount rates for each lease are based upon what would be obtained by the entity for similar loans as an incremental rate.
  - f. The classification and accounting of related-party leases between entities, for which separate financial statements are issued, have been modified to recognize the substance of the transaction rather than only its legal form.
  - g. We have adequate controls in place to prevent and/or detect errors in lease assets and liabilities on a recurring basis.
  - h. We have determined the impact of adopting GASB 87 is not material to the financial statements.

***GASB Statement 96, Subscription-Based Information Technology Arrangements***

63. In connection with the adoption of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, (GASB 96), we represent the following:
- a. We have identified a complete population of potential subscription-based information technology arrangements (SBITAs) as of the implementation date.
  - b. We have reviewed all significant contracts to identify subscription and nonsubscription components as of the earliest date of adoption. Allocation of costs between subscription and nonsubscription components are based upon standalone prices or other reasonable factors.
  - c. Measurements of the subscription assets and liabilities are based upon facts and circumstances that existed at the beginning of the period of implementation.
  - d. The estimates related to any options to extend or terminate the SBITA terms within the measurement of subscription liability and an intangible right to use IT subscription asset agrees to management's plans for the SBITA.
  - e. The discount rates for each SBITA are based upon what would be obtained by the entity for similar payment amounts during the subscription term as an incremental rate.
  - f. We have adequate controls in place to prevent and/or detect errors in subscription assets and liabilities on a recurring basis.

- g. We have determined that the impact of adopting GASB 96 is not material to the material financial statements.

**Other Matters**

64. BRIM is an enterprise fund of The State of West Virginia and, accordingly, is included as part of the primary government in the State's Annual Comprehensive Financial Report.
65. Amounts due to and from American International Group (AIG) are properly presented net for financial purposes as we have a legal write of offset.
66. All claims identified in prior years as being on the detail of claims paid by an insurance company, which do not represent claims covered by the retrospective rating plans, have been excluded from the section of the retrospective rating report that summarizes claims paid during the current year. Thus, the summary of claims paid by an insurance company only represents claims actually paid through the retrospective rating plans and no adjustments for such items need to be made to claims paid during the determination of advanced deposits held with an insurance company or trustee.
67. The liabilities for unpaid claims (and claim adjustment expenses) include estimates of amounts due on reported claims and claims that have been incurred but that were not reported as of June 30, 2023 and 2022. Such estimates are based on actuarial projections applied to historical claim payment data. Such liabilities represent the BRIM's best estimate of amounts that are reasonable and adequate to discharge the BRIM's obligations for claims incurred but unpaid as of June 30, 2023 and 2022. We have estimated that a premium deficiency reserve is not necessary at June 30, 2023 or June 30, 2022.
68. The estimated liabilities for unpaid claims and claims adjustment expense and premium deficiency are continually reviewed and adjusted as necessary as experience develops or new information becomes known; such adjustments are included in current operations. We have made available to you all documentation and analyses used to develop management's best estimate. Although the estimate of the liability for unpaid claims and claims adjustments expenses and premium deficiency at June 30, 2023 and 2022, are reasonable in the circumstances, it is possible that the BRIM's actual incurred claims and claims adjustment expenses will not conform to the assumptions inherent in the determination of the liability; accordingly, the ultimate settlement of claims and the related claims adjustment expenses may vary from the estimates included in the BRIM's financial statements.
69. The reinsurance contracts provided to you by the BRIM represent all of the BRIM's agreements with respect to its ceding and assuming reinsurance activities, and there are no modifications, either written or oral, of the terms of the BRIM's reinsurance contracts or additional reinsurance agreements that have not been provided to you.
70. BRIM has certain cash equivalents in pools of the West Virginia Bureau of Treasury Investments (BTI) and West Virginia Investment Management Board (IMB). The management of these entities is not under BRIM's control.
  - a.. GASB 79 establishes criteria for making the election to measure investments at amortized cost for financial reporting purposes. BRIM participates in BTI's West Virginia Money Market Pool, which has been deemed to meet the criteria and is reported at amortized cost. The criteria specify that the pool must transact with their participants at a stable net asset value per share and meet requirements for portfolio maturity, portfolio quality, portfolio diversification, portfolio liquidity, and shadow pricing. The BTI does not place limitations on

or restrictions on participant withdrawals from the pool, such as redemption notice periods, maximum transaction amounts, and any authority to impose liquidity fees or redemption gates. Accordingly, as a pool participant the Authority measures its investment in this pool at amortized cost that approximates market value. The earnings from these pooled investments have been properly distributed to investment pool participants based on their pro rata participation in the pools. The methods and assumptions used to determine recorded value at amortized cost of financial instruments are appropriate for financial statement measurement and disclosure purposes.

- b. Certain cash equivalents and investments are reported by IMB at fair value and are accounted for by BRIM accordingly, with changes in the fair value included in investment income. The methods and assumptions used to determine fair values are appropriate for financial statement measurement and disclosure purposes. The earnings from these pooled investments are distributed to investment pool participants based on their pro rata participation in the pools.
- c. Adequate disclosures required under applicable GASB standards for deposits and investments have been included in the financial statements for risk disclosures. To our knowledge, none of the BRIM's investments has permanently declined in value to an amount less than the carrying value in the financial statements.

Stephen W. Panaro

Stephen W. Panaro (Oct 12, 2023 10:24 EDT)

Stephen W. Panaro, CFO

Emily Fleck

Emily Fleck (Oct 12, 2023 10:48 EDT)

Emily Fleck, Controller

Melody Duke

Melody Duke, Executive Director

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

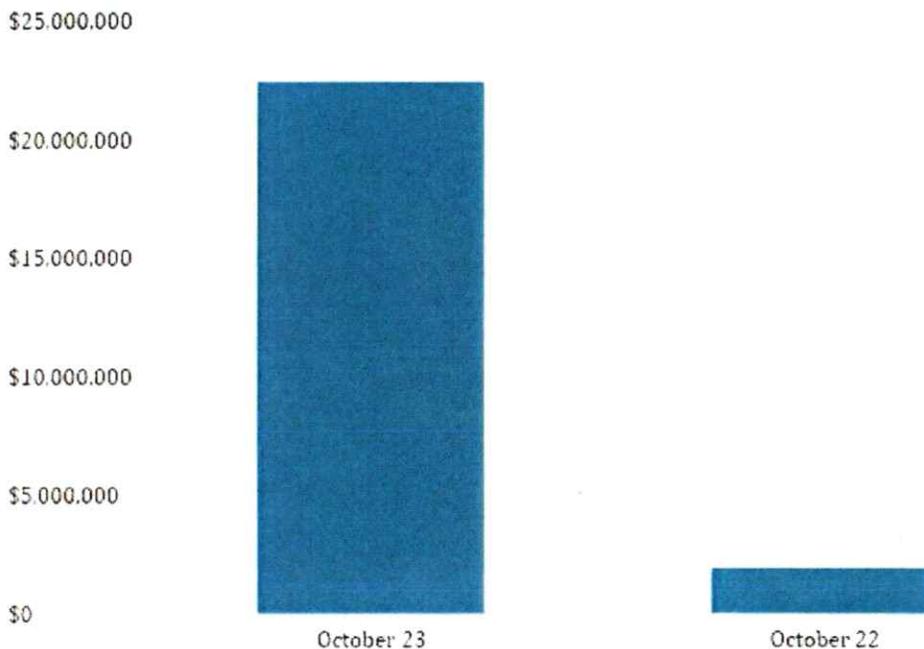
**Executive Director's Report  
December 12, 2023**

**A. Marshall University and West Virginia University Medical Malpractice Program**

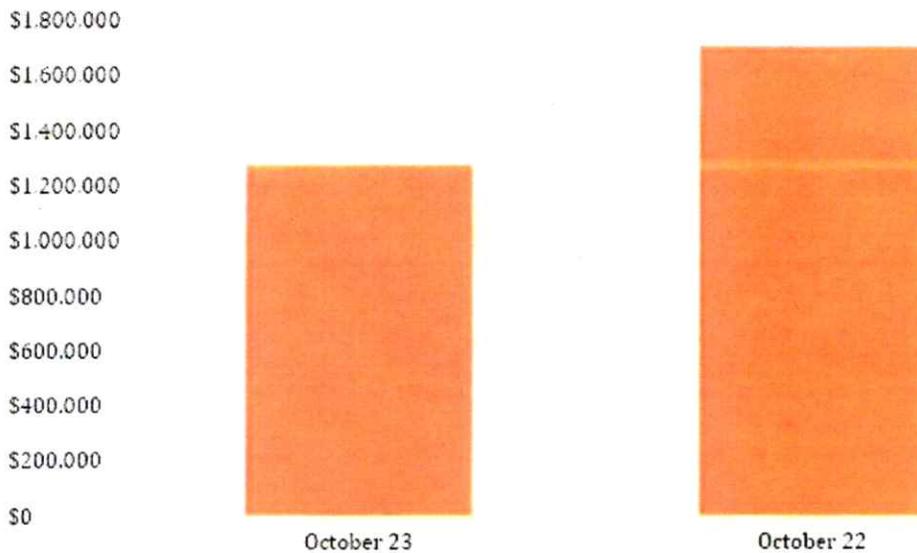
- As of November 22, 2023, Marshall has deposited \$1,250,000 into the escrow account for FY 2024. The fiscal year-to-date cumulative interest totals \$11,618.91. Disbursements totaling \$764,414.30 have been paid thus far in FY 2024.
- As of November 22, 2023, a total of \$2,183,329.83 has been deposited into WVU's escrow account for FY 2024. The fiscal year-to-date cumulative interest totals \$51,164.34. Disbursements totaling \$4,210,749.01 have been paid thus far in FY 2024.

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

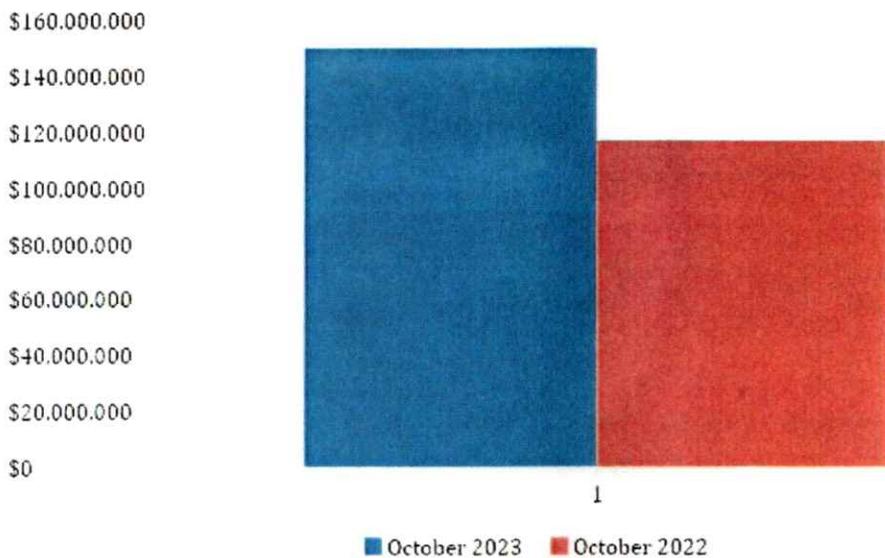
Indemnity Payments October  
FY 24 vs FY 23



### Legal Payments October FY 24 vs FY 23



### Indemnity Reserves October 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 Wratford; 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. The offer was \$200,000. Plaintiff has appealed the verdict.

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

9/27/2023 (501-954170) Insured: WV State Police; Plaintiff: Douglas Randolph; U.S. Dist. Ct. So. WV; Defense Verdict. Plaintiff alleged excessive force when arrested. Plaintiff's demand was \$10,000. Offer was \$1,000.

10/25/2023 (501-700303) Insured: Shepherd University; Plaintiff: Mengyang Li; U.S. Dist. Ct. No. WV; Directed Verdict. Plaintiff claimed discrimination and was ultimately terminated. Plaintiff's demand was \$500,000. The offer was \$65,000 and \$120,000 from the Insured. Dr. Li will most likely appeal.

#### **PAID CLAIMS (October 2023 Data)**

October 2023 Indemnity payments total \$22,416,913 vs October 2022 payments of \$1,901,634 an increase of 1078.8%.

October 2023 Legal payments total \$1,277,302 vs. October 2022 Legal payments of \$1,701,437 a decrease of 24.9%.

#### **OUTSTANDING CLAIMS (October 2023 Data)**

October 2023 Indemnity reserves total \$150,217,124 vs. October 2022 Indemnity reserves of \$116,931,699 an increase of 28.5%.

October 2023 Expense reserves total \$37,754,942 vs. October 2022 Expense reserves of \$30,966,482 an increase of 5.9%.

### **CLAIMS COUNTS (October 2023 Data)**

October 2023 New claims of 298 vs. October 2022 of 311, a decrease of 4.2%.

October 2023 Closed claims of 357 vs. October 2022 of 314, an increase of 13.6%.

October 2023 Open claims of 1193 vs. October 2022 of 1048, an increase of 13.8%.

### **DURATION – CREATE TO CLOSED DATE CLAIMS (October 2023 Data)**

October 2023 Duration of 147 Days vs. October 2022 Duration of 132 Days, an increase of 11.3%.

### **CLOSING RATIO (October 2023 Data)**

October 2023 Closing Ratio of 119.8% vs. October 2022 Closing Ratio of 101%, an increase of 18.6%.

C. Upcoming Legislative Session – BRIM does not have any bills or proposals for the 2024 Legislative Session. We do stand ready to be available, if requested, to be present for any hearings. We have had an inquiry from Senator Trump, Chair of Senate Judiciary for information related to my testimony earlier this year. We have provided the requested information and will respond promptly to future inquiries.

D. Broker RFP – BRIM released a broker RFP for services. The successful broker will approach the market on BRIM's behalf related to our liability and auto program and hopefully provide pricing for a true transfer product, fronting arrangement and/or another alternative program. This RFP will not affect the cyber, property or board of education programs.

E. Risk Management Information System Update –We have hit a roadblock with reports that had been created for our loss control department and feel that we need to focus attention on those and so the Underwriting rollout has been postponed.

F. BRIM met every deadline associated with its independent audit and submission of financial information to the Department's Finance Division. BRIM Finance Department is currently working on the ACFR (previously CAFR), Annual Comprehensive Financial Report and plans on submitting it next week. BRIM also received, for the 28<sup>th</sup> consecutive year, the GFOA (Government Finance Officers Association) award for excellence in reporting for fiscal year 2022.

G. Retirements/Changes – Long time employee, Robert Fisher will be retiring January 16, 2024, with 27 years of service. We are very sad to see him leave but it will not be for long. I am working to bring Robert back as a state temporary to assist with the legislative session and training of the all dreaded FOIA's. With this change, I would also like to announce a change in my senior leadership team. I have asked two folks, John Fernatt and Jeremy Wolfe to serve as Deputy Directors as well as their current managerial positions of Claim Manager for John and Loss Control Manager for Jeremy. Finally, to reduce office space, I plan to meet with the General Services Division about plans to bring the three privacy employees across the hall. With this, all of BRIM would occupy the same side of the building. We will retain the kitchen and back file room.

H. Upcoming Board Meeting schedule for 2024:

Tuesday, March 19, 2024 @ 1PM

Tuesday, June 25, 2024 @ 1PM

Tuesday, September 17, 2024 @ 1PM

Tuesday, December 17, 2024 @ 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  
December 12, 2023

**A. P-Card Report**

CD copies mailed to the board contain the supporting detail for P-card purchases for the months of July through October 2022. These totals are:

July	\$49,352.99
August	\$56,421.29
September	\$56,849.92
October	\$80,843.75

**B. Audit Update**

We completed our audit prior to the deadline of October 16<sup>th</sup> and submitted the financial statements and footnotes on October 12<sup>th</sup>. I would like to thank everyone at Brim that helped with the audit.

**C. Current Financial Results**

- The financial results presented are for the four months ending October 31st, 2023. The results reflect the actuarially estimated unpaid losses from AON's risk funding study as of September 30, 2023, plus an additional accrual for October.
- Net premium revenue through October has increased \$4.9 million compared to FY22. The increase reflects an increase in premiums based on the actuarial estimated loss pics.
- Retained case reserves are \$51.7 million higher this year compared to the prior year and actuarially estimated IBNR is \$17 million lower than the prior year. Combined total current and non-current claims liabilities (i.e., unpaid claims) are \$34.7 million higher than last year through October. Our reserve adjustment in the first quarter of this year was a reduction in reserves of \$7.7 million compared with an increase in reserves in the fourth quarter of FY23.
- Claims and claims adjustment expense of \$54.2 million is \$26.4 million dollars higher than last year due to higher claims payments during the current fiscal year.
- Investment losses through October were \$5.4 million compared to investment losses through October of 2022 of \$12.8 million. This is a positive year-over-year change of \$7.4 million. Through October the Bank of New York trust has lost \$2.8 million with losses occurring in September and October. Because of the relatively short duration of the fixed income holdings in the trust (3.6 years) and previously increasing interest rates the returns in the trust have been negative. Equity markets experienced volatility during FY23 and that trend is continuing in FY24. Our returns with the West Virginia Investment Management Board were negative through October of this year with losses of \$3 million. These negative returns were

partially offset by \$409,000 of interest earned with the West Virginia Board of Treasury Investments.

- The combination of higher reinsurance premiums, increased claims expense, negative investment returns and a small increase in premium revenue resulted in a decrease in net position of \$28.0 million compared with a decrease in net position of \$13.7 million in FY'23. The largest factor in this decrease was the increased claims and claims adjustment expenses. The overall impact is a year-over-year negative change of \$14.3 million.
- Our current net position of \$40.8 million includes the mine subsidence program's net position of 32.2 million, leaving BRIM's unrestricted net position at \$8.6 million. This compares with a net position of \$137.7 million last year and a net position at June 30, 2023 of \$68.8 million.

#### **D. Financial Markets**

The financial markets have continued to fluctuate since our last board meeting. The Dow Jones Industrial Average closed at 36,248 last Friday. The yields on US Treasury Notes have declined since the end of October. With the 10-year Note going from a high of almost 5% in October to a yield of just under 4.25% at the end of last week.

It appears that the Fed is on track to hold interest rates steady at their meeting this week. Their last increase was in July to a range of between 5.25% and 5.5%, a 22 year high. According to The Wall Street Journal, Fed officials aren't likely to consider when to cut rates at their meeting this week. The Fed is trying to balance between moving too slowly to reduce rates and hurting the economy and lowering rates prematurely and have inflation settle above their goal of 2% inflation. Core inflation, which excludes the food and energy categories, was down to 3.5% in October. On a three-month annualized basis, it was 2.4%.

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

#### **E. Retirement and New Employee**

In October, Sue McMinn retired after 35 years of service with BRIM. We were sad to see Sue retire but she has earned a much-deserved rest. At the beginning of December Cathy Harless came to our department. Cathy has several years' experience with both the retirement board and DNR. We are happy to have Cathy in our department.

Respectfully submitted,

  
Stephen W. Panaro, CPA  
Chief Financial Officer

West Virginia Board of Risk and Insurance Management

Statements of Net Position

For the Four Months Ended October 31st

	2023	2022
	<i>(In Thousands)</i>	
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 15,843	\$ 11,784
Advance deposits with insurance company and trustee	246,175	242,004
Receivables	5,099	2,837
Prepaid insurance	8,777	5,629
Restricted cash and cash equivalents	6,168	14,772
Premiums due from other entities	1,534	1,222
<b>Total current assets</b>	<b>283,597</b>	<b>278,247</b>
<b>Noncurrent assets:</b>		
Equity position in internal investments pools	85,789	107,012
Restricted investments	29,074	63,441
<b>Total noncurrent assets</b>	<b>114,863</b>	<b>170,453</b>
<b>Total assets</b>	<b>398,460</b>	<b>448,700</b>
<b>Deferred Outflows of Resources</b>	<b>399</b>	<b>434</b>
Deferred Outflows of Resources - OPEB	59	61
<b>Liabilities</b>		
<b>Current liabilities:</b>		
Estimated unpaid claims and claims adjustment expense	155,023	103,306
Unearned premiums	22,066	17,602
Agent commissions payable	1,090	795
Claims Payable	00	100
Accrued expenses and other liabilities	9,432	1,903
<b>Total current liabilities</b>	<b>187,611</b>	<b>123,705</b>
Estimated unpaid claims and claims adjustment expense net of current portion	170,054	187,105
Compensated absences	192	167
Net pension liability	148	(894)
<b>Total noncurrent liabilities</b>	<b>170,394</b>	<b>186,378</b>
<b>Total liabilities</b>	<b>358,005</b>	<b>310,084</b>
<b>Deferred Inflows of Resources</b>	<b>00</b>	<b>1,156</b>
Deferred Inflows of Resources - OPEB	137	280
<b>Net position:</b>		
Restricted by State code for mine subsidence coverage	32,363	75,988
Unrestricted	36,438	75,415
Net Assets (Deficiency)	(28,025)	(13,728)
<b>Net position</b>	<b>\$ 40,776</b>	<b>\$ 137,675</b>

*Unaudited*

West Virginia Board of Risk and Insurance Management

Statements of Revenues, Expenses, and Changes in Net Position

For the Four Months Ended October 31st

	<u>2023</u>	<u>2022</u>
	<i>(In Thousands)</i>	
<b>Operating revenues</b>		
Premiums	\$ 38,448	\$ 32,142
Less coverage/reinsurance programs	(4,793)	(3,340)
Net operating revenues	<u>33,655</u>	<u>28,802</u>
<b>Operating expenses</b>		
Claims and claims adjustment expense	54,163	27,801
General and administrative	2,122	1,910
Total operating expenses	<u>56,285</u>	<u>29,711</u>
Operating income (loss)	(22,630)	(909)
<b>Nonoperating revenues</b>		
Investment income	(5,395)	(12,819)
Legislative Appropriation	0	0
OPEB Non Operating Income	0	0
Net nonoperating revenues	<u>(5,395)</u>	<u>(12,819)</u>
Changes in net position	(28,025)	(13,728)
Total net position, beginning of year	68,801	151,403
Total net position, end of period	<u>\$ 40,776</u>	<u>\$ 137,675</u>

*Unaudited*



**Loss Control Report to the Board  
December 2023**

BRIM and Liberty Mutual Insurance sponsored two boiler safety and operational seminars in October. Approximately 120 individuals participated in the seminars. The level of interest from our insured is returning to pre COVID-19 levels in terms of attendance.

In October, we sent out loss control questionnaires to our senate bill #3 insured. The completed questionnaires and supporting documentation are due to BRIM on January 1, 2023

During the months September, October and November, Tawney conducted 106 inspections and Liberty conducted 877. The reports are being processed according to established procedures.

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

**28 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:** Jefferson County Board of Education, Ohio County Board of Education, Mercer County Board of Education, Fayette County Board of Education, Marshall County Board of Education, Monongalia County Board of Education, Logan County Board of Education, Wood County Board of Education, Harrison County Board of Education, Logan County Commission, Wetzel County Board of Education, Upshur County Board of Education, Jefferson County Fair Association, Brooke County Board of Education, Strong Through Our Plan, Jackson County Board of Education, Marion County Board of Education, Putnam County Board of Education, Housing Development Corporation, Fairmont State University, Boone County Board of Education, Kanawha County Board of Education, Roane-Jackson Technical Center, Catamount Children's Center, Hancock County Board of Education, Taylor County Board of Education, and McDowell County Board of Education.

**10 Standards of Participation Visits**

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

**Insured Accounts Visited Include:** West Virginia Public Service Commission, Barbour County Board of Education, West Liberty University, Doolin Run Fun, The Aracoma Story, Inc., Pocahontas County Senior Citizens, City of Ravenswood, Romney Public Housing Authority, West Virginia Can't Wait, and Cherry River Foundation.

Dated: December 7, 2023

Respectfully submitted,



Jeremy C. Wolfe  
Risk & Insurance Manager



## Chief Privacy Officer's Report December 12, 2023

### A. Management Team Meetings

- On September 26, 2023, the Privacy Management Team met virtually with 76 attendees. The topics presented were an update on the new Cybersecurity Training, a presentation regarding Incident Management - Data Protection, an update on Retention Policies and Processes, a presentation on DHS - Crime and Privacy, an update on the Cyber Coverage changes for 2023-2024 and a template of a Non-Disclosure Statement that can be used members of the PMT.
- On December 5, 2023, the Privacy Management Team had its last meeting of the year with 69 people attending. The topics presented were the annual privacy law update, both federal and state, presented by Pullen, Fowler, Flanagan, Brown and Poe; a presentation of the HIPAA Security Rule by our cybersecurity intern Eric Sencindiver, and discussions regarding the plans for Data Privacy Week and the Privacy Retreat in June.
- The next Privacy Management Team is March 26, 2023.
- The State Privacy Office has begun planning for our next Privacy Retreat for 2024. We can confirm that the event will be June 10-12, 2024 and will be located at the Pipestem Resort State Park. Our tentative theme for the retreat is the *Importance of Partnerships in Protecting Data Privacy*, and speakers are being booked. The invitation to attend the Retreat is being opened to all privacy officer members of the Privacy Management Team.

### B. Privacy Training

- There was a technical problem with the continued operation of the State Privacy Office's training on KnowBe4, which resulted in the training not being available for new state employees since July 1, 2023. The Privacy Office has worked with the Cybersecurity Office to rectify this problem and to enroll all missing new employees in this required training. The training is now available.
- During the Fourth Quarter of 2023, 185 members of the Executive Branch workforce completed the online course *WV Confidentiality Agreement*, which is required of all workforce members.
- An update to the Executive Branch Confidentiality Agreement was made with a change in format and frequency. It has been approved to require the Confidentiality Agreement to be signed by state employees every year. The agreement will be housed in the KnowBe4 training platform along with the other trainings that are regularly required.

- During the Fourth Quarter of 2023, the Executive Branch workforce completed 889 of the online courses *HIPAA/HITECH*, which is a general HIPAA training course and a new *HIPAA Refresher Training (2021)* which PEIA has requested.
- The Privacy Office has added a new HIPAA training course to the KnowBe4 platform available to all employees of covered state agencies.

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

- The State Privacy Office hosted the Privacy Management Team meeting on September 26, 2023.
- The CPO was part of a panel discussion at the West Virginia Digital Summit on October 17, 2023. The panel was entitled *Unleashing the Power of Data: Overcoming Access Challenges*.
- The State Privacy Office hosted a Privacy Management Team meeting on December 5, 2023.

### **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 September 30, 2023, 14 PIAs have been completed and submitted.

### **D. State Privacy Office Projects**

- The State Privacy Office is preparing for our annual celebration of Data Privacy Day (January 28th). In the past we have celebrated the day with a single training event for the Privacy Management Team, but within the last year, we have decided to broaden the scope of this celebration. Instead of celebrating a single day only with members of the Privacy Management Team, the Privacy Office is planning for Data Privacy Week (January 22-26) and to prepare trainings and resources made available to all state employees of the Executive Branch.

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](mailto:Melody.A.Duke@wv.gov)

**AGENDA**  
**BOARD MEETING OF THE**  
**WEST VIRGINIA BOARD OF RISK AND INSURANCE MANAGEMENT**  
**Tuesday, March 19, 2024 @ 1PM**

Chairman Price

Call to Order

Chairman Price

Roll Call

Chairman Price

Approval of Board Minutes  
December 12, 2023

**REPORTS**

Terry C. Pfeifer, Senior Consultant  
Aon

Risk Funding Study  
As of 6/30/2023

Melody Duke  
Executive Director

Executive Director Report

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  
December 12, 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  
Kristin Boggs, Member  
Tom Clark, Member  
Allan L. McVey, Board Secretary, Ex-Officio Member  
Commissioner, WV Office of the Insurance Commissioner

**BRIM PERSONNEL:** 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  
Jason Stover, Office Assistant  
Lora Myers, Recording Secretary

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

**GUESTS:** Mark D. Scott, Secretary, Department of Administration  
Norman Mosrie, FORVIS, LLP  
Donna Hadrych, WVU Health Sciences  
Elizabeth Schindzielorz, Counsel, WV Senate Committee  
on the Judiciary

## **CALL TO ORDER**

- Chairman Price called the board meeting of the West Virginia Board of Risk and Insurance Management to order on Tuesday, December 12, 2023 at 1:03PM. The meeting was held in person and by remote access.
- Chairman Price requested all board members and meeting attendees sign in to verify their attendance and remote participants should verify with confirmation email to Lora Myers at Lora.D.Myers@wv.gov.

## **APPROVAL OF MINUTES**

- A motion to approve the Minutes of the September 19, 2023, board meeting minutes was requested. Chairman Price moved the approval of the board meeting minutes from the prior meeting. The motion was seconded by Vice Chairman Lane.
- No discussion, a vote took place and the MOTION ADOPTED.

## **REPORTS**

### **FORVIS, LLP**

- Norman Mosrie, Partner, with FORVIS, LLP was welcomed to present the Audited Financial Report - June 30, 2023. Mr. Mosrie thanked the board for the opportunity to present.
- Mr. Mosrie reviewed the Report to the Board of Directors - Results of the 2023 Financial Statement Audit, Including Required Communications. Copies of the report were distributed electronically prior to the meeting as well as handouts distributed to those attending in person.
- Many topics were reviewed by Mr. Mosrie which included Significant Accounting Policies; Unusual Policies or Methods; Management Judgments and Accounting Estimates; and Financial Statement Disclosures. During the course of the audit, no reportable matters were observed.
- Attachment A - Audited Financial Statements were reviewed. The Independent Auditor's Report was also presented. Attachment B - Management Representation Letter was thoroughly reviewed. No reportable items were found which is good. A spike in abuse claims was the primary driver of the increase. Mr. Mosrie discussed his long history with BRIM and stated that the increase was no fault of management.
- Mr. Panaro thanked Mr. Mosrie and his FORVIS staff for all their help and guidance during the audit. Mr. Panaro also recognized Emily Fleck, BRIM Controller, for keeping all information updated and current.

- Mr. Mosrie wished the board a happy holiday season and then asked for any questions, no questions. FORVIS LLP Audited Financial Report - June 30, 2023. was received, a copy is attached and made part of the record.

### **Executive Director's Report**

- Melody Duke was not present for the meeting. In her absence, Deputy Director Robert Fisher presented the Executive Director's Report. Mr. Fisher began the Executive Director's Report with a review of the Marshall University and West Virginia University Medical Malpractice Programs. The report included total deposits/disbursements to the escrow accounts for FY2024 thus far.
- Mr. Fisher reported on the State and Non State Liability Claim and Litigation Information. The charts provided were reviewed and explained including 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.
- During the upcoming Legislative Session, BRIM does not have any bills or proposals for the 2024 Legislative Session starting January 9, 2024. BRIM is available and ready, if requested, to be present for any hearings. We have had an inquiry from Senator Trump, Chair of Senate Judiciary, for information related to testimony earlier this year. Requested information has been provided and we will promptly respond to any future inquiries.
- Mr. Fisher reported on BRIM releasing a broker RFP for services. The successful broker will approach the market on BRIM's behalf related to our liability and auto program and hopefully provide pricing for a true transfer product, fronting arrangement and/or another alternative program. This RFP will not affect the cyber, property or board of education programs. Bids for this RFP are due January 5, 2024.
- An update on the Risk Management Information System was reported on during the Executive Director's Report. The claim component is fully operational; however, we have a roadblock with reports that had been created for the loss control department. We are holding back on the Underwriting rollout in order to focus more on the loss control issues.
- Mr. Fisher stated that BRIM met every deadline associated with its independent audit and submission of financial information to the Department's Finance Division. Our Finance Department is working on the ACFR, Annual Comprehensive Financial Report and plans to submit it the following week. Also, for the 28th consecutive year, BRIM received the GFOA (Government Finance Officers Association) award for excellence in reporting for fiscal year 2022.
- Mr. Fisher informed the board of his upcoming retirement on January 16, 2024 with 27 years of service. Mrs. Duke included in her report that Robert will be

missed at BRIM but has been working to bring Robert back in as a temporary employee. Mr. Fisher also announced that with his retirement brings change in senior leadership. Mrs. Duke has asked John Fernatt and Jeremy Wolfe to serve as Deputy Directors as well as continue with their current managerial positions.

- Mr. Fisher took a moment to personally thank the board for the opportunity to work with everyone and offered his help in any way possible. Chairman Price thanked Robert for his service and assured him he would be missed.
- In an effort to reduce office space, plans are underway to meet with the General Services Division regarding moving the three privacy employees across the hall. With this move, all BRIM staff would occupy the same side of the building and BRIM will retain the kitchen and back file room.
- Upcoming Board Meeting Schedule for 2024:
  - Tuesday, March 19, 2024 @ 1PM
  - Tuesday, June 25, 2024 @ 1PM
  - Tuesday, September 17, 2024 @ 1PM
  - Tuesday, December 17, 2024 @ 1PM
- The Executive Director's Report was received and filed, a copy is attached and made part of the record.

### **BRIM Financial Report**

- Chairman Price called on Stephen Panaro to present the Chief Financial Officer's Report to the Board.
- Mr. Panaro reviewed the P-Card Report for July - October, 2023.
- The Financial Report included an update on the audit. The audit was completed prior to the October 16th deadline and was submitted October 12th. Mr. Panaro thanked everyone at BRIM who helped with the audit.
- Mr. Panaro reported on the Current Financial Results. The financial results presented are for the four months ended October 31, 2023. The results reflect the actuarially estimated unpaid losses from AON's risk funding study as of September 30, 2023, plus an additional accrual for October.
- Net premium revenue through October has increased \$4.9 million compared to FY22. The increase reflects an increase in premiums based on the actuarial estimated loss pics.
- Retained case reserves are \$51.7 million higher this year compared to the prior year and actuarially estimated IBNR is \$17 million lower than the prior year. Combined total current and non-current claims liabilities (i.e., unpaid claims) are \$34.7 million higher than last year through October. Our reserve adjustment in

the first quarter was a reduction in reserves of \$7.7 million compared with an increase in reserves in the fourth quarter of FY23.

- Claims and claims adjustment expense of \$54.2 million is \$26.4 million dollars higher than last year due to higher claims payments during the current fiscal year.
- Investment losses through October were \$5.4 million compared to investment losses through October 2022 of \$12.8 million. This is a positive year-over-year change of \$7.4 million. Through October the Bank of New York trust has lost \$2.8 million with losses occurring in September and October. Because of the relatively short duration of the fixed income holdings in the trust (3.6 years) and previously increasing interest rates the returns in the trust have been negative. Equity markets experienced volatility during FY23 and continued in FY24. Returns with the West Virginia Investment Management Board were negative through October with losses of \$3 million. These negative returns were partially offset by \$409,000 of interest earned with the West Virginia Board of Treasury Investments.
- The combination of higher reinsurance premiums, increased claims expense, negative investment returns and a small increase in premium revenue resulted in a decrease in net position of \$28 million compared with a decrease in net position of \$13.7 million in FY23. The largest factor in this decrease was the increased claims and claims adjustment expenses. The overall impact is a year-over-year negative change of \$14.3 million.
- Our current net position of \$40.8 million includes the mine subsidence program's net position of \$32.2 million, leaving BRIM's unrestricted net position at \$8.6 million. This compares to a net position of \$137.7 million last year and a net position at June 30, 2023 of \$68.8 million.
- Mr. Panaro reviewed the Financial Markets which have continued to fluctuate since our last board meeting. The yields on US Treasury Notes have declined since the end of October. With the 10-year Note going from a high of almost 5% in October to a yield of just under 4.25% at the end of the last week.
- The Fed appears to be on track to hold interest rates steady at their meeting this week. Their last increase was in July to a range of between 5.25% and 5.5%, a 22 year high. According to the Wall Street Journal, Fed officials aren't likely to consider when to cut rates at their meeting this week. The Fed is trying to balance between moving too slowly to reduce rates and hurting the economy and lowering rates prematurely and have inflation settle above their goal of 2% inflation. Core inflation, which excludes the food and energy categories, was down to 3.5% in October.
- Mr. Panaro reported on employee changes in the Finance Department. In October, Sue McMinn retired after 35 years of service with BRIM. We were sad to see Sue retire but wish her much happiness. Cathy Harless came to our department in early December. Cathy has several years experience with both the retirement board and DNR. We welcome Cathy to our department.

- 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**

- Chairman Price called on Jeremy Wolfe to present the Loss Control Report
- Mr. Wolfe reported that BRIM and Liberty Mutual Insurance sponsored two boiler safety and operational seminars in October. Approximately 120 individuals participated in the seminars. The level of interest from our insured is increasing as in pre COVID-19 levels regarding attendance.
- Mr. Wolfe reported that during September, October and November 2023, Tawney conducted 106 inspections and Liberty Mutual Insurance conducted 877. These reports are being processed.
- Mr. Wolfe included in his report that our loss control technical staff reports the following activity:
  - 28 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.
  - 10 Standards of Participation Visits - these are visits which are designed to provide assistance to our insured Participation program.
- 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**

- Chairman Price called on Ashley Summitt to present the Privacy Report
- Ms. Summitt reported on Management Team Meetings. On September 26, 2023, the Privacy Management Team met virtually with 76 attendees. Topics presented were an update on the new Cybersecurity Training, a presentation regarding Incident Management - Data Protection, an update on Retention Policies and Processes, a presentation on DHS - Crime and Privacy, an update on Cyber Coverage changes for 2023-2024 and a template of a Non-Disclosure Statement that can be used by members of the PMT.
- On December 5, 2023, the Privacy Management Team had its last meeting of the year with 69 people attending. The topics presented were the annual privacy law update, both federal and state, presented by Pullen, Fowler, Flanagan, Brown and Poe; a presentation of the HIPAA Security Rule by our cybersecurity intern Eric Sencindiver, and discussions regarding plans for Data Privacy Week and the Privacy Retreat in June.
- The next Privacy Management Team meeting is March 26, 2024.

- Ms. Summitt reported that the State Privacy Office is planning our next Privacy Retreat for 2024. The event will be June 10 - 12, 2024 and will be located at Pipestem Resort State Park. Tentatively the theme for the retreat is the Importance of Partnerships in Protecting Data Privacy, speakers are being booked and invitation for attending the retreat is being opened to all privacy officer members of the Data Management Team.
- The Chief Privacy Officer reported on Privacy Trainings. There was a technical issue with the continued operation of the State Privacy Office's training on KnowBe4, this resulted in the training being unavailable for new employees since July 1, 2023. The Privacy Office has worked with the Cybersecurity Office to rectify this problem and to enroll all missing new employees in this training which is now available.
- During the Fourth Quarter of 2023, 185 members of the Executive Branch workforce completed the online course *WV Confidentiality Agreement*, which is required of all workforce members.
- An update to the Executive Branch Confidentiality Agreement was made with a change in format and frequency. It has been approved to require the Confidentiality Agreement to be signed by state employees every year. The agreement will be housed in the KnowBe4 training platform along with other trainings that are regularly required.
- During the Fourth Quarter of 2023, the Executive Branch workforce completed 889 of the online course *HIPAA/HITECH*, a general training course and new *HIPAA Refresher Training (2021)* which was requested by PEIA.
- The Privacy Office has added a new HIPAA training course to the KnowBe4 platform and is available to all employees of covered state agencies.
- Ms. Summitt reported on the following training events held by the SPO since the last board meeting:

The State Privacy Office hosted the Privacy Management Team meeting on September 26, 2023.

The CPO was part of a panel discussion at the West Virginia Digital Summit on October 17, 2023. The panel was entitled *Unleashing the Power of Data: Overcoming Access Challenges*.

The State Privacy Office hosted the Privacy Management Team meeting on December 5, 2023.

- 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, 14 PIAs have been completed and submitted.
- Ms. Summitt reported on State Privacy Office Projects. The State Privacy Office is preparing for our annual celebration of Data Privacy Day on January 28th. In the past we have celebrated the day with a single training event for the Privacy Management Team, but within the last year, we have decided to broaden the scope of this celebration. Instead of celebrating a single day only with members of the Privacy Management Team, the Privacy Office is planning for Data Privacy Week, January 22nd - 26th, and to prepare trainings and resources made available to all state employees of the Executive Branch.
- 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**

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

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Board Chairman

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Date

**State of West Virginia  
Board of Risk and Insurance Management**

*Actuarial Discussion*

Presented March 19, 2024

**AON**

Risk Funding Study  
As of 6/30/2023

AON



## 6/30/23 Retained Unpaid Loss Estimates – Goal/Scope

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- Programs
  - State Spending Units (SSU)
  - Senate Bill 3 Entities (SB3)
  
- Coverages Evaluated
  - Automobile
  - General Liability
  - Property
  - Medical Malpractice
  - Mine Subsidence (standalone program separate from SSU and SB3)
  
- Estimated unpaid losses on an unlimited and retained basis as of 6/30/23 for occurrences 6/30/23 and prior
  
- Projected policy/occurrence year 7/1/23-24 and 7/1/24-25 ultimate retained losses
  - 7/1/24-25 ultimate retained loss forecast used in subsequent rating analyses
  
- Projected retained losses to be paid from 7/1/23-24
  
- Projected retained losses to be reported from 7/1/23-24
  
- Determination if a premium deficiency exists for any program/coverage

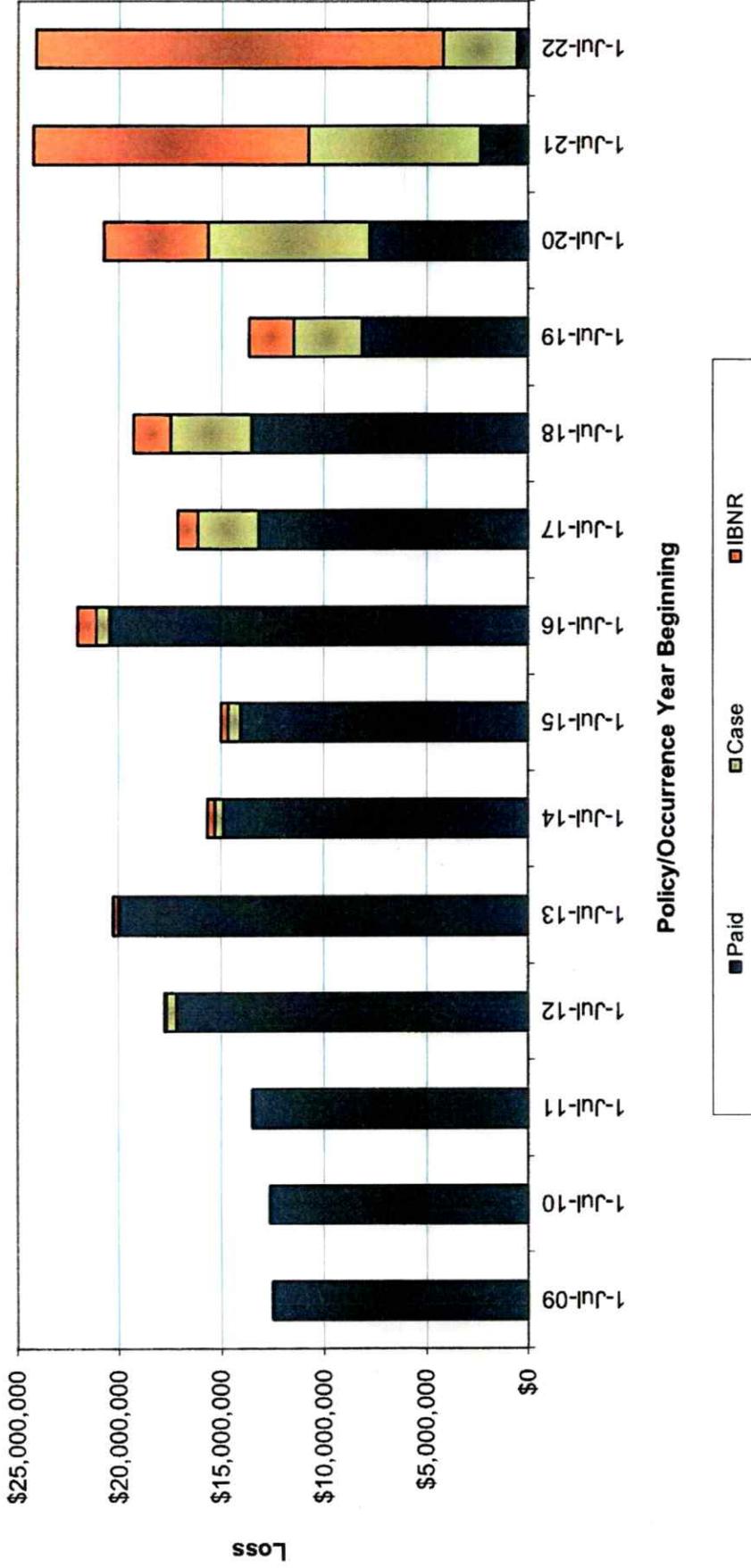
# 6/30/23 Retained Unpaid Loss Estimates - Definitions

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- Unpaid Loss = Ultimate Loss – Paid Loss
  - Paid loss is included in data provided to actuary
  - Ultimate losses are actuarially determined through several actuarial projection methods
    - Ultimate losses represent the estimated total dollar amount of claims associated with occurrences 6/30/23 and prior, regardless of when they are paid
  
- Equivalently: Unpaid Loss = Case Reserves + IBNR
  - Case reserves are set by claim adjusters, and included in data provided to actuary
  - IBNR is actuarially determined
  
- IBNR = Incurred But Not Reported
  - Two Components
    1. Provision for incidents which have already occurred, but have not yet been reported as claims (sometimes called “pure” IBNR)
    2. Provision for further development on known claims (sometimes called IBNER: Incurred But Not Enough Reported)
  
- Ultimate Losses = Paid Losses + Case Reserves + IBNR

# 6/30/23 Retained Unpaid Loss Estimates – Example

## GL SSU Net Ultimate Loss Components



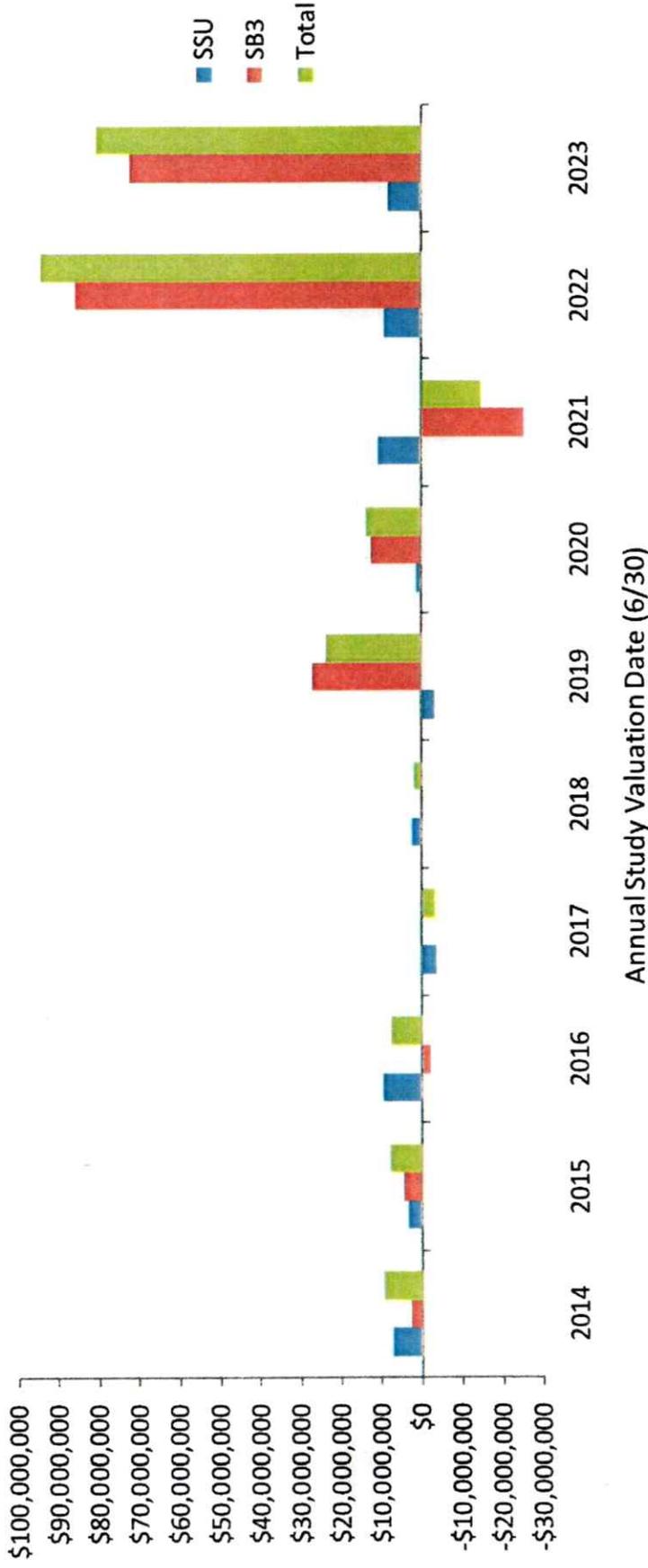
## 6/30/23 Retained Unpaid Loss Estimates - Results

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- Estimated unpaid loss increased \$80.6 million (28.5%) from 6/30/2022
- SB3 general liability increased \$72.6 million
  - Between 6/30/2022 and 6/30/2023, 86 new claims reported related to alleged abuse at a particular insured for incidents from 2001 through 2014
  - 142 reported claims for this insured as of 6/30/2023
    - 97 open as of 6/30/2023
  - 9 additional claims reported just after the 6/30/2023 valuation of loss data used in analysis
  - Settlements reached on 97 claims in July and August 2023 (more on this later)
- SSU general liability increased \$3.6 million
  - 3 wrongful conviction claims from policy/occurrence years 7/1/06-07 and 7/1/07-08
    - Each valued at \$1 million indemnity (plus expenses)
    - Lower than expected loss payments
- SSU medical malpractice increased \$4.0 million
  - 2 new large claims reported
    - \$1.9 million claim (indemnity + expenses) from policy/occurrence year 7/1/22-23
    - \$1.4 million claim from policy/occurrence year 7/1/20-21
    - Lower than expected claims payments

# Historical Changes in Unpaid Loss

**Historical Change in Retained Unpaid Loss Compared to Prior Annual Actuarial Review  
Total SSU and SB3**



- Large increases/decreases in SB3 unpaid losses from 2019-2023 primarily due to the reporting and payment of abuse claims



# Retained Ultimate Loss Changes Between 6/30/22 and 6/30/23 Studies

Policy Inception	Change in Auto SSU Ult	Change in Auto SB3 Ult	Change in GL SSU Ult	Change in GL SB3 Ult	Change in Prop SSU Ult	Change in Prop SB3 Ult	Change in MM SSU Ult	Change in MM SB3 Ult	Change in MS Ult	Total SSU Change	Total SB3 Change	Overall Total Change
Prior	0	0	1,923,715	76,892,302	0	797	0	0	0	1,923,715	76,893,100	78,816,815
7/1/2010	0	0	8,688	4,604,915	0	0	(73,770)	0	0	(65,082)	4,604,915	4,539,834
7/1/2011	(0)	0	0	3,820,760	0	0	0	0	0	(0)	3,820,760	3,820,760
7/1/2012	0	0	(230,000)	5,908,632	0	0	0	0	0	(230,000)	5,908,632	5,678,632
7/1/2013	0	0	(110,000)	987,649	0	1,133	0	0	0	(110,000)	988,782	878,782
7/1/2014	0	(54,275)	(30,000)	581,734	(500,000)	0	(14,031)	0	0	(544,031)	527,458	(16,573)
7/1/2015	(2,154)	(18,217)	(200,000)	(305,122)	0	2,337	70,000	0	7,065	(132,154)	(321,002)	(446,091)
7/1/2016	0	1,170	(1,190,000)	(603,484)	0	(10,166)	(170,000)	0	(9,998)	(1,360,000)	(612,481)	(1,982,478)
7/1/2017	(90,000)	(333,649)	1,980,000	(285,055)	(2,848)	(4,966)	(930,000)	0	(7,992)	957,152	(623,671)	325,490
7/1/2018	(120,000)	(858,670)	620,000	(576,533)	0	(69,677)	(960,000)	(99,643)	(20,221)	(460,000)	(1,604,523)	(2,084,744)
7/1/2019	(300,000)	69,513	(1,970,000)	(640,630)	(32,261)	30,745	(2,350,000)	(40,027)	(12,967)	(4,652,261)	(580,398)	(5,245,626)
7/1/2020	(640,000)	(746,196)	(1,490,000)	(4,009,136)	29,243	421,797	3,870,000	894,007	(71,414)	1,769,243	(3,439,527)	(1,741,697)
7/1/2021	1,000,000	(823,979)	(750,000)	(4,960,000)	(468,450)	(335,600)	(270,000)	(139,397)	360,020	(488,450)	(6,258,976)	(6,387,406)
7/1/2022	(538,216)	(518,664)	(250,032)	(436,515)	(641,616)	1,184,592	636,951	727,942	(235,478)	(792,913)	957,355	(71,036)
Total	(690,370)	(3,282,967)	(1,687,629)	80,979,517	(1,615,932)	1,220,994	(190,850)	1,342,882	9,016	(4,184,781)	80,260,426	76,084,661
Total Excl Prior	(690,370)	(3,282,967)	(3,611,344)	4,087,215	(1,615,932)	1,220,196	(190,850)	1,342,882	9,016	(6,108,496)	3,367,326	(2,732,154)
Total Excl Latest	(152,154)	(2,764,303)	(1,437,597)	81,416,033	(974,316)	36,401	(827,801)	614,940	244,494	(3,391,868)	79,303,071	76,155,697

- Large changes in GL SB3 ultimate losses for policy/occurrence years beginning 7/1/13 and prior due to emergence of abuse claims at a particular insured



- Incurred Loss (in a Calendar Year) = (Ultimate Losses for Current Policy Period) + (Changes in Ultimate Losses for Prior Policy Periods)
- If changes in ultimate losses for prior policy years are negative, then the incurred losses are reduced (conversely, positive changes to prior policy year ultimate losses increases the incurred losses)
- Per previous slide, in the 6/30/23 risk funding study, prior policy year ultimate losses were increased by \$76.2 million
  - Driven by GL SB3
  - Partially offset by modest reductions to other coverages

# June 30, 2023 Risk Funding Study – Financial Impact

Coverage	Program	6/30/22 Retained Unpaid Losses	Paid in Period 7/1/22 - 6/30/23	Accrued in Period 7/1/22 - 6/30/23	Rollforward 6/30/23 Retained Unpaid Losses	Actual 6/30/23 Retained Unpaid Losses	Actuarial Adjustment Between 6/30/22 and 6/30/23 Reviews	Change in Unpaid Between 6/30/22 and 6/30/23 Reviews
Automobile	SSU	8,199,014	5,783,517	7,738,216	10,153,714	9,355,030	(798,684)	1,156,015
Automobile	SB3	12,080,218	1,269,650	8,064,399	18,874,967	10,604,452	(8,270,515)	(1,475,766)
Automobile	Total	20,279,232	7,053,166	15,802,615	29,028,680	19,959,482	(9,069,199)	(319,750)
General Liability	SSU	77,369,613	70,938,170	24,350,032	30,781,475	81,018,287	50,236,812	3,648,674
General Liability	SB3	140,755,596	18,866,173	27,520,781	149,410,204	213,362,368	63,952,165	72,606,772
General Liability	Total	218,125,209	89,804,343	51,870,813	180,191,679	294,380,655	114,188,977	76,255,446
Property	SSU	5,894,034	6,103,525	4,385,616	4,176,125	5,336,538	1,160,413	(557,496)
Property	SB3	2,963,152	3,478,285	3,609,408	3,094,275	3,072,181	(22,094)	109,029
Property	Total	8,857,185	9,581,809	7,995,023	7,270,399	8,408,719	1,138,320	(448,466)
Medical Malpractice	SSU	31,462,512	(45,107,062)	11,283,049	87,852,624	35,445,610	(52,407,013)	3,983,098
Medical Malpractice	SB3	2,099,847	(1,816,634)	836,596	4,753,077	3,115,701	(1,637,376)	1,015,853
Medical Malpractice	Total	33,562,359	(46,923,696)	12,119,645	92,605,701	38,561,311	(54,044,390)	4,998,951
Line Subsidence		1,569,080	2,386,470	1,490,438	673,048	1,657,505	984,457	88,425
Subtotal SSU		122,925,173	37,718,149	47,756,913	132,963,937	131,155,465	(1,808,472)	8,230,292
Subtotal SB3		157,898,813	21,797,474	40,031,183	176,132,522	230,154,702	54,022,180	72,255,889
Grand Total		282,393,066	61,902,093	89,278,534	309,769,507	362,967,672	53,198,165	80,574,606



Loss Funding

AON



# Comparison of Premium and Ultimate Losses

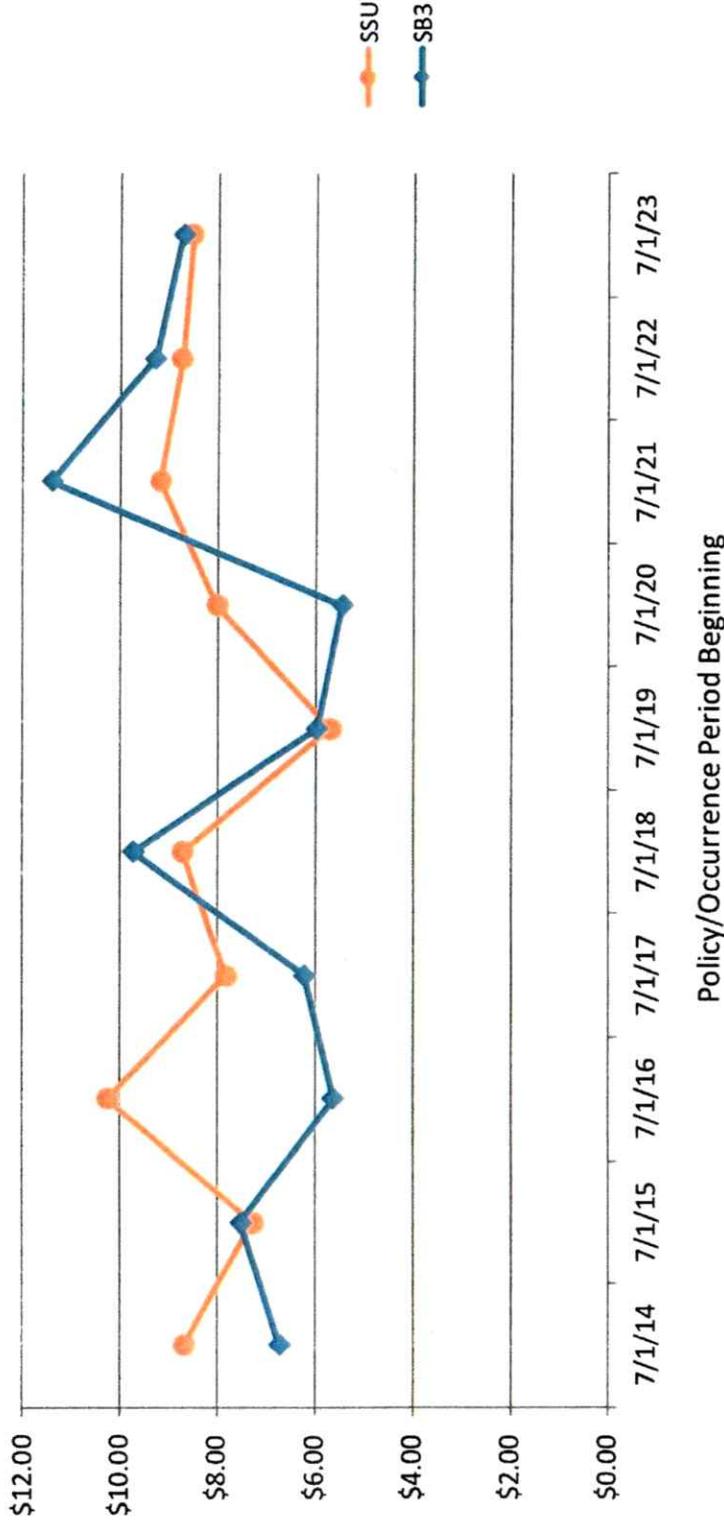
Policy/Occurrence Period	SSU			SB3		
	Charged Premium	Projected Ultimate Retained Loss	Difference	Charged Premium	Projected Ultimate Retained Loss	Difference
7/1/1998	21,526,869	24,907,202	(3,380,333)	23,070,990	18,069,572	5,001,418
7/1/1999	20,982,952	29,173,913	(8,190,961)	22,677,285	21,101,221	1,576,064
7/1/2000	20,018,978	19,341,481	677,497	20,951,525	22,866,535	(1,915,010)
7/1/2001	27,130,323	21,716,023	5,414,300	26,524,921	31,663,794	(5,138,873)
7/1/2002	36,181,360	16,612,849	19,568,511	37,843,695	33,062,558	4,781,137
7/1/2003	36,011,418	20,023,245	15,988,173	35,793,345	35,866,148	(72,803)
7/1/2004	46,715,999	23,045,729	23,670,269	41,269,868	33,276,587	7,993,281
7/1/2005	39,985,777	17,721,629	22,264,148	40,920,237	39,014,457	1,905,780
7/1/2006	39,091,169	22,755,917	16,335,252	39,480,713	34,634,315	4,846,398
7/1/2007	36,258,662	24,090,981	12,167,681	34,852,156	40,336,309	(5,484,153)
7/1/2008	31,595,637	24,173,229	7,422,408	28,901,791	27,975,831	925,960
7/1/2009	28,257,070	23,069,649	5,187,421	27,889,296	27,296,985	592,311
7/1/2010	25,239,238	23,435,672	1,803,566	25,232,989	27,413,826	(2,180,837)
7/1/2011	25,296,014	28,677,437	(3,381,423)	23,769,617	38,842,072	(15,072,455)
7/1/2012	25,645,800	28,435,352	(2,789,552)	19,306,565	36,073,635	(16,767,070)
7/1/2013	27,255,798	31,156,864	(3,901,066)	22,654,784	38,361,127	(15,706,343)
7/1/2014	32,118,612	26,814,921	5,303,691	23,780,631	22,794,212	986,419
7/1/2015	37,539,189	26,660,961	10,878,228	24,839,798	25,145,289	(305,491)
7/1/2016	41,308,635	34,096,048	7,212,586	27,305,131	20,459,044	6,846,088
7/1/2017	45,525,708	32,050,960	13,474,748	29,303,814	21,578,324	7,725,490
7/1/2018	47,713,061	32,910,339	14,802,722	31,281,103	29,739,794	1,541,309
7/1/2019	47,671,801	31,674,973	15,996,828	30,667,674	22,110,187	8,557,487
7/1/2020	47,883,785	45,079,243	2,804,542	30,781,385	26,380,665	4,400,720
7/1/2021	48,856,179	50,428,800	(1,572,621)	32,440,548	40,291,870	(7,851,322)
7/1/2022	52,093,686	46,964,000	5,129,686	38,267,207	40,988,537	(2,721,330)
<b>Total</b>	<b>887,903,719</b>	<b>705,017,419</b>	<b>182,886,300</b>	<b>739,807,067</b>	<b>755,342,893</b>	<b>(15,535,826)</b>

**Note:**

\* SB3 premiums and losses for policy periods 7/1/20 thru 6/30/23 reflect higher limits and self-insured excess coverage for BOE's.

# General Liability

GL Loss Rate Per \$1,000 Payroll at 2023/24 Cost Level

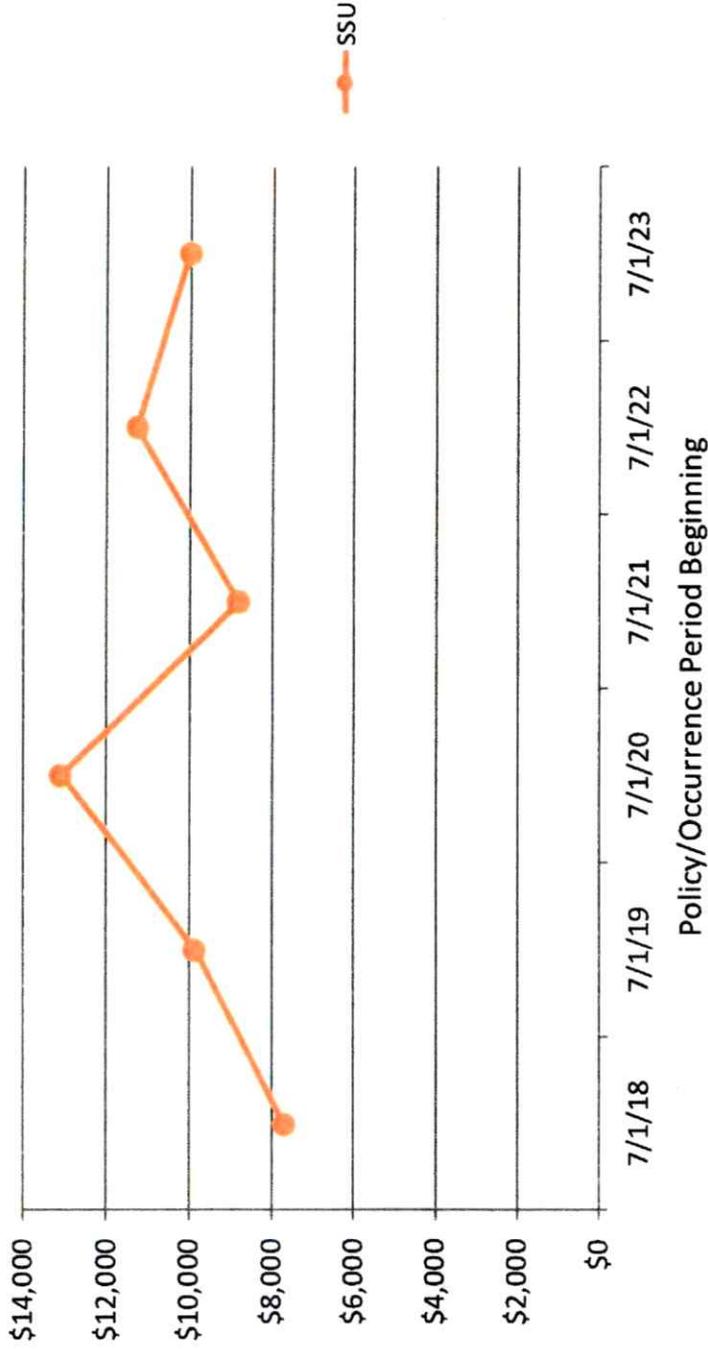


- Notes:
- Loss rates are on a retained basis, and gross of any deductibles.
  - Loss rates for policy/occurrence periods beginning 7/1/20 thru 7/1/22 reflect \$6.25M limits/self-funded excess for BOE's.



# Medical Malpractice

## MM Loss Rate Per Base Class Physician FTE 2023/24 Cost Level

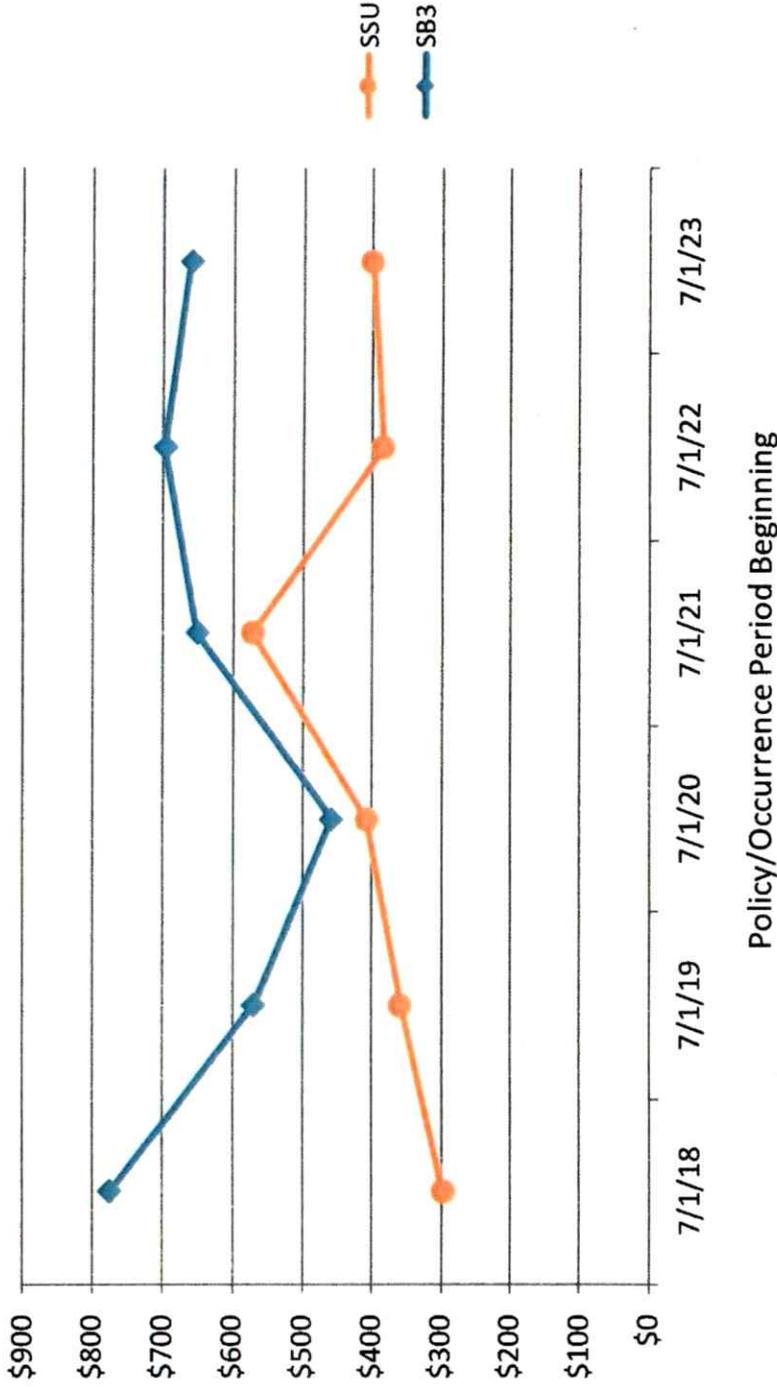


Notes: - Loss rates are on a retained basis, and gross of any deductibles.  
- The limit for the medical schools increased effective 7/1/15 to \$1.5 million and increases each year in line with the CPI.



# Automobile

## Auto Loss Rate Per Vehicle at 2023/24 Cost Level

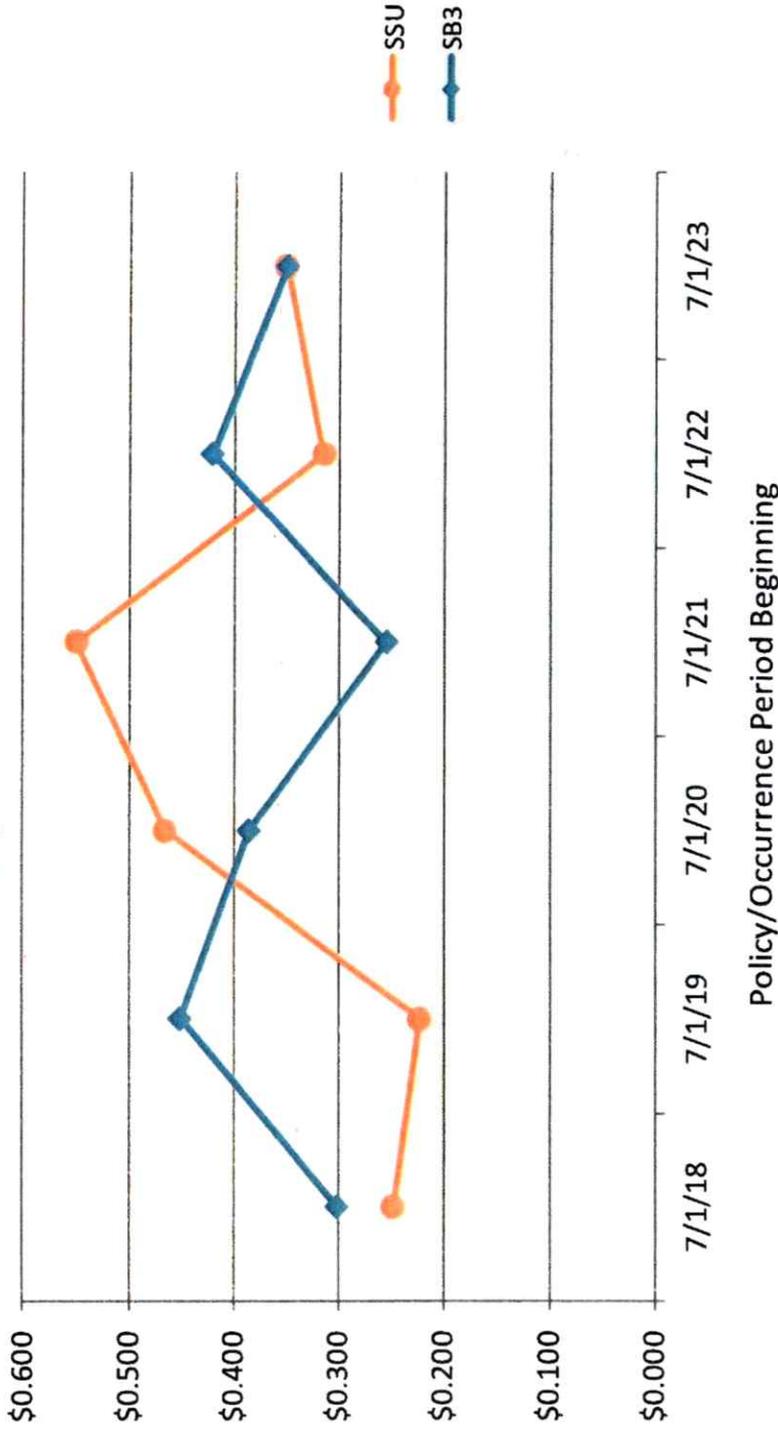


- Notes:
- Loss rates are on a retained basis, and gross of any deductibles.
  - Loss rates for policy/occurrence periods beginning 7/1/20 thru 7/1/22 reflect \$6.25M limits/self-funded excess for BOE's.



# Property

### Property Loss Rate Per \$1,000 Property Values at 2023/24 Cost Level



Note: Loss rates are on a retained basis, and gross of any deductibles.



Interim Study  
as of 12/31/2023

AON



## December 31, 2023 Interim Analysis – Overview of Results

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- Unpaid loss estimates decreased \$82.6 million (22.7%) between 6/30/23 and 12/31/23
- Decrease driven by SB3 General Liability (\$95.6 million decrease)
  - In July/August 2023, settlements were reached on 97 claims/suits alleging abuse at a particular insured location (previously noted)
    - Most of these settlements were paid prior to 12/31/23
    - 10 claims remain unpaid as of 12/31/23
      - Case reserved for \$1 million indemnity each, plus expenses
- SSU General Liability increased \$7.7 million
  - Four class-action lawsuit claims of \$1 million each
  - Three newly reported wrongful conviction claims (\$900,000 to \$1 million each)
- SSU Medical Malpractice increased \$5.7 million
  - SSU Medical Malpractice increase driven by several newly reported claims of \$1 million or larger

# December 31, 2023 Interim Analysis – Table of Results by Coverage

## COMPARISON OF RETAINED UNPAID LOSS & ALAE (NET OF DEDUCTIBLES) 12/31/2023 vs. 6/30/2023

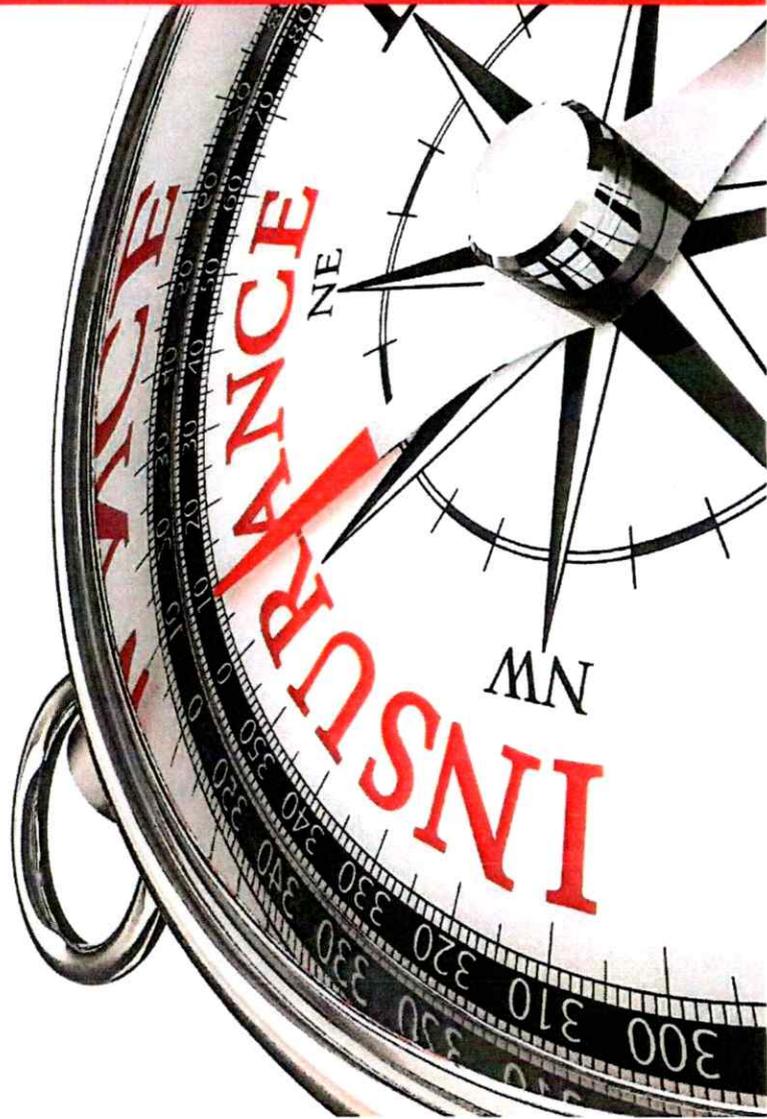
(1) Line of Business	(2) Entity	(3) Retained Case Reserves at 12/31/2023	(4) Retained IBNR at 12/31/2023	(5) Retained Unpaid at 12/31/2023	(6) Retained Case Reserves at 6/30/2023	(7) Retained IBNR at 6/30/2023	(8) Retained Unpaid at 6/30/2023	(9) Dollar Change	(10) Percent Change
								Change from 6/30/2023 to 12/31/2023 in Retained Unpaid Loss	
Automobile	SSU	2,550,625	5,921,143	8,471,768	4,180,801	5,174,229	9,355,030	(883,261)	-9.4%
Automobile	SB3	6,332,631	5,261,823	11,594,454	4,592,296	6,012,156	10,604,452	990,002	9.3%
General Liability	SSU	42,015,791	46,752,169	88,767,960	35,333,833	45,684,454	81,018,287	7,749,673	9.6%
General Liability	SB3 x Insured 1	25,883,525	45,715,803	71,599,328	29,521,423	43,391,297	72,912,720	(1,313,392)	-1.8%
General Liability	SB3 Insured 1	10,158,944	36,000,000	46,158,944	76,099,648	64,350,000	140,449,648	(94,290,704)	-67.1%
Property	SSU	1,855,317	2,640,580	4,495,897	3,897,010	1,439,528	5,336,538	(840,641)	-15.8%
Property	SB3	1,856,276	1,221,730	3,078,006	2,077,476	994,705	3,072,181	5,825	0.2%
Medical Malpractice	SSU	20,342,253	20,762,738	41,104,991	13,015,988	22,429,622	35,445,610	5,659,381	16.0%
Medical Malpractice	SB3	1,727,454	1,656,085	3,383,539	1,613,084	1,502,617	3,115,701	267,839	8.6%
Mine Subsidence		371,000	1,374,975	1,745,975	498,600	1,158,905	1,657,505	88,470	5.3%
Subtotal - SSU		66,763,986	76,076,630	142,840,616	56,427,632	74,727,833	131,155,465	11,685,151	8.9%
Subtotal - SS3 x Insured 1		35,799,886	53,855,442	89,655,328	37,804,279	51,900,775	89,705,054	(49,726)	-0.1%
Subtotal - SS3 Incl. Insured 1		45,958,830	89,855,442	135,814,272	113,903,927	116,250,775	230,154,702	(94,340,430)	-41.0%
Subtotal - SSU + SB3 x Insured 1		102,563,872	129,932,072	232,495,944	94,231,911	126,628,608	220,860,519	11,635,425	5.3%
Subtotal - SSU + SB3 Incl. Insured 1		112,722,816	165,932,072	278,654,888	170,331,559	190,978,608	361,310,167	(82,655,279)	-22.9%
Total		113,093,816	167,307,047	280,400,862	170,830,159	192,137,513	362,967,672	(82,566,810)	-22.7%
Total x Insured 1		102,934,872	131,307,047	234,241,918	94,730,511	127,787,513	222,518,024	11,723,894	5.3%

### Notes

The above values reflect BRIM's total retained unpaid loss (i.e. including self-funded SB3 BOE excess).

Rating

AON



## Medical Professional Liability Market Update

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- Aon 2023 HPL/PPL benchmark report of losses limited to \$5M - findings
  - Claim frequency for hospital professional liability is slightly declining
  - Claim severity, including defense costs, is growing at an annual rate of 5.0%
  - West Virginia loss costs 60% higher than countrywide average
- Dramatic increase in the use of telemedicine caused by COVID-19 pandemic
  - Some health systems report that 15-30% of patient visits were via telemedicine from October 2020 through January 2022
  - Increase in telemedicine appears to be sustained, even as the pandemic has abated
  - Rapid adoption of telemedicine, often with little formal training for clinicians, raises patient safety and risk management concerns

# Property & Casualty Market Update

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- Primary Casualty Market
  - Q3 2023 renewals
    - General liability rate increases of 2.5%
    - Auto Liability rate increases of 9.0%
  - Inflation Impact
    - Increasing inflation trends have led to even greater monitoring of actuarial reserves, as well as organizations increasingly exploring Loss Portfolio Transfer solutions
  - An economic slowdown could have negative impact on rates if exposures begin to decrease
  - Insurance markets have leveraged other lines to help win or retain primary casualty
- Umbrella/Excess Casualty Market
  - 9.9% average rate increase for Q3 2023 renewals
    - 3<sup>rd</sup> consecutive quarter of average rate increases
  - Mounting concerns of market deterioration
    - Average verdict size for commercial auto lawsuits above \$1 million has increased 1,000% since 2010
  - Many insureds increased their limits with more market capacity currently available
- Property Market
  - Rates increased approximately 12.5% for Q2 2023 renewals
    - 24th consecutive quarter of positive rate increases
    - Driven by inflation and increase in frequency of extreme weather events
  - Some insureds opting for increased retentions as a cost control mechanism

## Policy Year 7/1/24-25 Rating for BRIM

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- Currently working on the SSU and SB3 rating analyses for 7/1/24-25 policy year
- Particular attention is being paid to General Liability given the recent loss emergence
- Effective with the 7/1/24-25 rating, we will be experience-weighting property losses in the rating calculation (historically had been only exposure-weighted)

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## Questions & Discussion

# AON

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**  
**March 19, 2024**

**2024 Legislative Session**

**SB685/HB5593** - Continuing and updating Board of Risk and Insurance Management/ Relating to the creation, composition, qualifications, and compensation of the State Board of Risk and Insurance Management – The bill changes the qualifications to 10 years of insurance industry experience. This bill passed in the House on 2/23/2024 and passed in the Senate 2/28/2024 with a title amendment but the House did not concur on the title amendment before the session ended on 3/9/2024.

**SB686/HB5643** - Prohibiting actions for damages or attorney's fees in cases involving Board of Risk and Insurance Management/Relating to actions for damages or attorney's fees in cases involving Board of Risk Management and Insurance - This provides that no action for damages or attorney's fees under *Shamblin v. Nationwide Mut. Ins. Co.*, 183 W. Va. 585 (1990) shall be awardable or cognizable against the board or any person employed by the board or any entity with which the board has contracted to administer the board's programs. The amendments to this section enacted by the Legislature during the 2024 Regular Session apply retrospectively to all pending claims and actions. This bill passed in the Senate on 2/27/2024 and was assigned to House Finance on 2/29/2024 but did not leave the committee before the session ended.

**SB795/HB5688** - Limiting liability for accredited academic hospitals/Relating to accredited academic hospitals - This would create the ability for nonprofit accredited academic hospitals to seek professional liability coverage with BRIM. I am not sure that the intent is for all eligible hospitals to seek BRIM coverage or maybe just one but the way the bill is currently written is not clear and does need input from BRIM. Neither SB nor HB made it out of committee.

**SB839** - Providing County boards of education options for obtaining liability insurance coverage. - This would allow BOE's to obtain liability insurance in the marketplace for coverage at the \$1.25M underlying and \$5M excess requirement. This bill did not make it out of committee.

**SB875** - The bill places a moratorium until July 1, 2025, on providing new or additional property or liability coverage to certain entities to which coverage is permissive and not mandatory. The prohibited entities include political subdivisions, charitable or public service organizations, and emergency medical services. The language exempts county boards of education, public charter schools, and certain other persons and entities from the moratorium. It authorizes BRIM to non-renew insurance coverage to any entity for which such coverage is permissive under state code.

The Bill creates two new sections §29-12-15 and §29-12-16 relating to liability or other insurance coverage provided by the BRIM. First, §29-12-15 places a moratorium on providing new coverage until July 1, 2025. Second, §29-12-16 relates to the non-renewal of policies for permissive non-governmental entities.

Insurance agents and industry representatives have contacted BRIM and OIC to express concerns about the inability to obtain coverage elsewhere and the lack of available options. OIC received concerns specifically from the Economic Development Authority and insurers of EMS and ambulance companies. **This bill passed the House and Senate and is waiting on the Governor's signature.**

**SB583** - The Bill creates a new section, §55-7-32, relating to employer liability and damages in civil actions based upon negligence in the operation of commercial motor vehicles.

It defines "Commercial motor vehicle" to include a truck tractor, road tractor, trailer, semitrailer. Additionally, the definition does not include a vehicle serving as a common carrier of passengers, a commercial motor vehicle, a school bus, or other vehicle that is primarily engaged in transporting passengers.

The final version established a monetary cap of \$5 million per injured or killed person. Some state agencies own vehicles that would qualify as a commercial motor vehicle. Currently constitutional immunity applies to any award against the state for more than \$1M. If constitutional immunity is challenged in court and a judge determines the new \$5M cap applies to non-economic damages, it exceeds the current limits of \$1M. The code is confusing and unclear. It states the cap for compensatory damages for noneconomic loss is \$5M per occurrence. However, it goes on to state that the limitation only applies if the defendant does not have commercial insurance of at least \$3M per occurrence.

The section creates a new exposure. BRIM is unsure how many of the currently insured "heavy vehicles" would qualify as a commercial motor vehicle. BRIM would have to create a new exposure classification and provide an inventory survey for each insured. It will be nearly impossible to complete by July 1, 2024. **This bill passed the House and Senate and is waiting on the Governor's signature.**

**Broker RFP** – BRIM released a broker RFP for services. BRIM awarded the contract to USI and a planning meeting is scheduled March 28, 2024. USI will approach the market on BRIM's behalf related to our liability and auto program and hopefully provide pricing for a true transfer product, fronting arrangement and/or another alternative program.

**Employee Changes** – BRIM welcomes Catherine Harless in the Finance Department and congratulates Shelley Brightwell on her promotion from Insurance Claims Representative 2 to Insurance Claims Representative Supervisor.

**Branding** – BRIM will be starting the process of branding our agency through a logo and other publications/awareness to aid in communication with the legislature and the public. We are excited about this process and opportunity to provide relevant information about BRIM.

**Upcoming Board Meeting schedule for 2024:**

Tuesday, June 25, 2024 @ 1PM  
Tuesday, September 17, 2024 @ 1PM  
Tuesday, December 17, 2024 @ 1PM

Sincerely,



Melody Duke  
Executive Director

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  
March 19, 2024

**A. P-Card Report**

CD copies mailed to the board contain the supporting detail for P-card purchases for the months of November through January. These totals are:

November	\$78,983.08
December	\$80,827.72
January	\$48,414.71

**B. Current Financial Results**

- The financial results presented are for the seven months ending January 31st, 2024. The results reflect the actuarially estimated unpaid losses from AON's risk funding study as of December 31, 2023, plus an additional accrual for January.
- Net premium revenue through January has increased \$9.4 million compared to FY23. The increase reflects an increase in premiums based on the actuarial estimated loss pics.
- Retained case reserves are \$32.3 million lower this year compared to the prior year and actuarially estimated IBNR is \$36.6 million lower than the prior year. Combined total current and non-current claims liabilities (i.e., unpaid claims) are \$68.9 million lower than last year through January. Our reserve adjustment in the second quarter of this year was a reduction in reserves due to claims previously part of our reserves being settled compared with an increase in reserves in the second quarter of FY23.
- Claims and claims adjustment expense of \$60.4 million is \$44.5 million dollars lower than last year due to lower claims payments during the current fiscal year.
- Investment income through January was \$12.4 million compared to investment income through January of 2023 of \$5.6 million. This is a positive year-over-year change of \$6.8 million. Through January the Bank of New York trust earned \$8.6 million. Equity markets experienced volatility during FY23 and that trend continues in FY24. Our returns with the West Virginia Investment Management Board were positive through January with income of \$3.2 million. We also earned \$662,000 from our accounts with the West Virginia Board of Treasury Investments.
- The combination of higher reinsurance premiums, lower claims expense, positive investment returns and a small increase in premium revenue resulted in an increase in net position of \$8.1 million compared with a decrease in net position of \$52.2 million in FY23. The largest factor in this increase was the decreased claims and claims adjustment expenses. The overall impact is a year-over-year positive change of \$60.3 million.

- Our current net position of \$76.9 million includes the mine subsidence program's net position of 35.7 million, leaving BRIM's unrestricted net position at \$41.2 million. This compares with a net position of \$99.2 million last year and a net position at June 30, 2023 of \$68.8 million.

### C. Financial Markets

The financial markets have continued to fluctuate since our last board meeting. The Dow Jones Industrial Average has been fluctuating between 38,000 and 39,000 at the beginning of March. The yields on US Treasury Notes have declined since the beginning of March. With the 10-year Note currently yielding just over 4%.

In testimony before Congress on March 6<sup>th</sup>, Fed Chairman Powell stated that "We believe that our policy rate is likely at its peak for this tightening cycle." He also stated that "If the economy evolves broadly as expected, it will be appropriate to begin dialing back policy restraint at some point this year." Core inflation, which excludes the food and energy categories was 2.8% in January. Core inflation was 3.6% in September.

Because of the uncertainty with 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 Seven Months Ended January 31st

	2024	2023
	<i>(In Thousands)</i>	
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 17,770	\$ 14,770
Advance deposits with insurance company and trustee	256,615	254,387
Receivables	28,333	2,735
Prepaid insurance	6,328	3,316
Restricted cash and cash equivalents	7,396	16,023
Premiums due from other entities	1,534	1,222
Total current assets	<u>317,976</u>	<u>292,454</u>
Noncurrent assets:		
Equity position in internal investments pools	55,898	113,570
Restricted investments	31,287	67,329
Total noncurrent assets	<u>87,185</u>	<u>180,899</u>
Total assets	<u>405,161</u>	<u>473,353</u>
Deferred Outflows of Resources	399	434
Deferred Outflows of Resources - OPEB	59	61
<b>Liabilities</b>		
Current liabilities:		
Estimated unpaid claims and claims adjustment expense	189,423	103,306
Unearned premiums	21,692	17,700
Agent commissions payable	997	820
Claims Payable	0	0
Accrued expenses and other liabilities	21,737	2,624
Total current liabilities	<u>233,850</u>	<u>124,451</u>
Estimated unpaid claims and claims adjustment expense net of current portion	94,369	249,468
Compensated absences	192	167
Net pension liability	148	(894)
Total noncurrent liabilities	<u>94,709</u>	<u>248,741</u>
Total liabilities	<u>328,559</u>	<u>373,192</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	32,363	75,988
Unrestricted	36,436	75,415
Net Assets (Deficiency)	8,124	(52,183)
Net position	<u>\$ 76,923</u>	<u>\$ 99,220</u>

Unaudited

# West Virginia Board of Risk and Insurance Management

## Statements of Revenues, Expenses, and Changes in Net Position

For the Seven Months Ended January 31st

	<u>2024</u>	<u>2023</u>
	<i>(In Thousands)</i>	
<b>Operating revenues</b>		
Premiums	\$ 68,072	\$ 55,823
Less coverage/reinsurance programs	(8,494)	(5,653)
Net operating revenues	<u>59,578</u>	<u>50,169</u>
<b>Operating expenses</b>		
Claims and claims adjustment expense	60,362	104,878
General and administrative	3,535	3,071
Total operating expenses	<u>63,897</u>	<u>107,949</u>
Operating income (loss)	(4,319)	(57,780)
<b>Nonoperating revenues</b>		
Investment income	12,443	5,597
Legislative Appropriation	0	0
OPEB Non Operating Income	0	0
Net nonoperating revenues	<u>12,443</u>	<u>5,597</u>
Changes in net position	8,124	(52,183)
Total net position, beginning of year	68,799	151,403
Total net position, end of period	<u>\$ 76,923</u>	<u>\$ 99,220</u>

*Unaudited*

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



Mark D. Scott  
Cabinet Secretary

Melody Duke  
Executive Director  
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**Loss Control Report to the Board  
March 2024**

Non-state agency loss control questionnaires were due on January 1, 2023. Since that time, we have been evaluating those questionnaires to apply credits or surcharges based on insured participation in our Standards of Participation program. We hope to complete the evaluation process during the month of March. To date, we have completed 807 evaluations.

This spring, we will concentrate our loss control consultation services toward insured entities who operate treatment facilities and/or shelters, focusing on the exposures of physical and sexual abuse. Abuse risk management assessments will be conducted and loss prevention recommendations will be issued based upon assessment results. We hope these efforts will assist the insured in identifying the primary areas in which claims could occur and provide an opportunity for us to give advice as to developing specific strategies and methods to enable the insured to control and/or avoid preventable claims.

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

For the year 2023, the Department completed 134 consultation visits which was the largest total since 2011. We are pleased with the specialists' efforts, as these visits remain the keystone of our risk management efforts.

During the months of December, January and February, Tawney conducted 225 inspections and Liberty Mutual Insurance conducted 796. The reports are being processed according to established procedures.

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

Dated: March 11, 2024

Respectfully submitted,

A handwritten signature in blue ink that reads "J.C. Wolfe".

Jeremy C. Wolfe  
Risk & Insurance Manager



## Chief Privacy Officer's Report March 19, 2024

### A. Management Team Meetings

- On March 26, 2024, the Privacy Management Team will have its next meeting to be held virtually. The agenda includes a Cybersecurity Update, Basic Processes for a Virtual Private Network, an explanation of the Office of Technology's Litigation Hold Access process, an incident checklist overview, and discussions about Data Privacy Week and the upcoming Privacy Retreat.
- The State Privacy Office is planning for our next Privacy Retreat. The two and half day event will be June 10-12, 2024 and will be located at the Pipestem Resort State Park. Our theme for the retreat is the *Importance of Partnerships in Protecting Data Privacy*, and speakers are being confirmed.

### B. Privacy Training

- During the First Quarter of 2024, 352 members of the Executive Branch workforce completed the online course *WV Confidentiality Agreement*, which is required of all workforce members.
- During the First Quarter of 2024, the Executive Branch workforce completed 107 of the online courses *HIPAA/HITECH*, which is a general HIPAA training course and a new *HIPAA Refresher Training (2021)* which PEIA has requested.
- During the First Quarter of 2024, 2975 members of the Executive Branch workforce completed the online course for Cybersecurity, which is required for all workforce members.
- As a result of participation in Data Privacy Week, 16,873 members of the Executive Branch workforce completed the additional privacy training that was offered during that week.

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

- During Data Privacy Week (January 22-27, 2024), the State Privacy Office disseminated, through members of the Privacy Management Team, emails to all state employees of the Executive Branch different topics of data privacy each day of the week. These emails contained substantive articles and videos, plus activities and puzzles. Small privacy prizes were given to the first ten people to successfully complete the puzzles.

### **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 January 1, 2024, 13 PIAs have been completed and submitted.

### **D. State Privacy Office Projects**

- The State Privacy Office has been meeting with the Departmental Privacy Officer for the WV Department of Health and Human Resources (WV DHHR) regularly to formulate a plan to provide technical support to DHHR with a needed HIPAA Hybrid analysis for each of the three new Cabinet-level departments that were formed out of the previous structure of the WV DHHR. This project will hopefully be completed by the end of this year.

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  
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**AGENDA**  
**BOARD MEETING OF THE**  
**WEST VIRGINIA BOARD OF RISK AND INSURANCE MANAGEMENT**  
**Tuesday, June 25, 2024 @ 1PM**

Chairman Price

Call to Order

Chairman Price

Roll Call

Chairman Price

Approval of Board Minutes  
March 19, 2024

**REPORTS**

Melody Duke  
Executive Director

Executive Director Report

Stephen W. Panaro, CPA  
Chief Financial Officer

Financial Report  
PCard Report

Jeremy C. Wolfe  
Deputy Director/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**  
**March 19, 2024 @ 1PM**  
(Meeting held in person & telephonically)

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

**BRIM PERSONNEL:** Melody Duke, Executive Director  
John L. Fernatt, Deputy Director/Claims Manager  
Jeremy Wolfe, Deputy Director/Risk & Insurance Manager  
Stephen W. Panaro, CPA, CFO  
Ashley Summit, Chief Privacy Officer  
Woodrow White, Underwriting Manager  
Emily Fleck, Controller  
Valerie Poindexter, 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  
Dave Stacy, USI Insurance Services, LLC  
Janet Buckley, Assured Partners

**GUESTS:** Mark D. Scott, Secretary, Department of Administration  
Terry C. Pfeifer, Senior Consultant, Aon  
Kelsey Knotts, WVU Risk Management  
Donna Hadrych, WVU Health Sciences  
Stacie Honaker, WVU Health Sciences  
Suzette Raines Ashley, Ashley Insurance  
Danielle Ellis, Ellis Insurance

**GUESTS  
CONTINUED:**

Mary Howard, Pollen8  
Hollie McGraw, Pollen8  
David Radar  
John Gianola  
Robert Fisher  
Jordan Bice  
(2 guests joined remotely and were not identified)

**CALL TO ORDER**

- Vice-Chairman Lane called the board meeting of the West Virginia Board of Risk and Insurance Management to order on Tuesday, March 19, 2024 at 1:03PM. The meeting was held in person as well as by remote access.
- Vice-Chairman Lane requested all board members and meeting attendees sign in to verify their attendance. Remote participants should verify with confirmation email to Lora Myers at [Lora.D.Myers@wv.gov](mailto:Lora.D.Myers@wv.gov).

**APPROVAL OF MINUTES**

- A motion to approve the Minutes of the December 12, 2023, board meeting minutes was requested. Member Kristin Boggs 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**

**Aon**

- Terry C. Pfeifer, Senior Consultant with Aon was welcomed to present the Risk Funding Study - June 30, 2023. Mr. Pfeifer joined remotely and thanked the board for the opportunity to present.
- Mr. Pfeifer made reference to the handout of the Risk Funding Study the board received in their packet. He reviewed the Retained Unpaid Loss Estimates - Goal/Scope, Definitions, Examples and Results which includes information on the programs and coverages outlined in the report. Mr. Pfeifer reported estimated unpaid loss increased \$80.6 million (28.5%) from 6/30/2022. i
- Additionally, Mr. Pfeifer reviewed the graph which represented historical changes in unpaid loss. He discussed the impact of ultimate loss changes on BRIM's financial statements.
- The Loss Funding portion of the report was reviewed. The General Liability, Medical Malpractice, Automobile and Property information and graphs were explained in detail.
- Mr. Pfeifer also thoroughly reviewed the Interim Study as of 12/31/2023. An overview of results was outlined as well as a table of results by coverage.

- The Ratings portion of the report was discussed including the Medical Professional Liability Market Update, the Property & Casualty Market Update and the Policy Year 7/1/24 - 25 Rating for BRIM.
- Mr. Pfeifer offered to answer any questions regarding the presentation. There were no questions. Mr. Pfeifer thanked the board for their time. The Risk Funding Study Report - June 30, 2023, was received, a copy is attached and made part of the record.

### **Executive Director's Report**

- Melody Duke was asked to present the Executive Director's Report. She began with an overview/detailed explanation (wording and content as outlined in her report) of the 2024 Legislative Session as follows:

**SB685/HB5593** - *Continuing and updating Board of Risk and Insurance Management relating to the creation, composition, qualifications and compensation of the State Board of Risk and Insurance Management - The bill changes the qualifications to 10 years of insurance industry experience. This bill passed in the House on 2/23/2024 and passed in the Senate 2/28/2024 with a title amendment but the House did not concur on the title amendment before the session ended on 3/9/2024.*

**SB686/HB5643** - *Prohibiting actions for damages or attorney's fees in cases involving Board of Risk and Insurance Management/Relating to actions for damages or attorney's fees in cases involving Board of Risk Management and Insurance - This provides that no action for damages or attorney fees under Shamblin v. Nationwide Mut. Ins. Co., 183 W. Va. 585 (1990) shall be awardable or cognizable against the board or any person employed by the board or any entity with which the board has contracted to administer the board programs. The amendments to this section enacted by the Legislature during the 2024 Regular Session apply retrospectively to all pending claims and actions. This bill passed in the Senate on 2/27/2024 and was assigned to House Finance on 2/29/2024 but did not leave the committee before the session ended.*

**SB795/HB5688** - *Limiting liability for accredited academic hospitals/Relating to accredited academic hospitals - This would create the ability for nonprofit accredited academic hospitals to seek professional liability coverage with BRIM. I am not sure that the intent is for all eligible hospitals to seek BRIM coverage or maybe just one but the way the bill is currently written is not clear and does need input from BRIM. Neither SB nor HB made it out of committee.*

**SB839** - *Providing County boards of education options for obtaining liability insurance coverage. This would allow BOE's to obtain liability insurance in the marketplace for coverage at the \$1.25M underlying and \$5M excess requirement. This bill did not make it out of committee.*

**SB875** - *The bill places a moratorium until July 1, 2025, on providing new or additional property or liability coverage to certain entities to which coverage is permissive and not mandatory. The prohibited entities include political subdivisions, charitable or public service organizations, and*

*emergency medical services. The language exempts county boards of education, public charter schools, and certain other persons and entities from the moratorium. It authorizes BRIM to non-renew insurance coverage to any entity for which such coverage is permissive under state code.*

*The Bill creates two new sections §29-12-15 and §29-12-16 relating to liability or other insurance coverage provided by the BRIM. First, §29-12-15 places a moratorium on providing new coverage until July 1, 2025. Second, §29-12-16 relates to the non-renewal of policies for permissive non-governmental entities.*

*Insurance agents and industry representatives have contacted BRIM and OIC to express concerns about the inability to obtain coverage elsewhere and the lack of available options. OIC received concerns specifically from the Economic Development Authority and insurers of EMS and ambulance companies. This bill passed the House and Senate and is waiting on the Governor's signature.*

**SB583** - *The Bill creates a new section, §55-7-32, relating to employer liability and damages in civil actions based upon negligence in the operation of commercial motor vehicles.*

*It defines Commercial motor vehicle to include a truck tractor, road tractor, trailer, semitrailer. Additionally, the definition does not include a vehicle serving as a common carrier of passengers, a commercial motor vehicle, a school bus, or other vehicle that is primarily engaged in transporting passengers.*

*The final version established a monetary cap of \$5 million per injured or killed person. Some state agencies own vehicles that would qualify as a commercial motor vehicle. Currently constitutional immunity applies to any award against the state for more than \$1M. If constitutional immunity is challenged in court and a judge determines the new \$5M cap applies to non-economic damages, it exceeds the current limits of \$1M. The code is confusing and unclear. It states the cap for compensatory damages for noneconomic loss is \$5M per occurrence. However, it goes on to state that the limitation only applies if the defendant does not have commercial insurance of at least \$3M per occurrence.*

*The section creates a new exposure. BRIM is unsure how many of the currently insured "heavy vehicles" would qualify as a commercial motor vehicle. BRIM would have to create a new exposure classification and provide an inventory survey for each insured. It will be nearly impossible to complete by July 1, 2024. **This bill passed the House and Senate and is waiting on the Governor's signature.***

- Next, Mrs. Duke also reported on the Broker RFP that BRIM released and was awarded to USI. A planning meeting is scheduled for March 28, 2024. USI will approach the market on BRIM's behalf related to our liability and auto program and hopefully provide pricing for a true transfer product, fronting arrangement and/or another alternative program.
- The Executive Director also announced that BRIM has recently experienced some employee changes. BRIM welcomes Catherine Harless in the Finance Department and congratulates Shelley Brightwell on her promotion from

Insurance Claims Representative 2 to Insurance Claims Representative Supervisor.

- BRIM will be starting the process of branding our agency through a logo and other publications/awareness to aid in communication with the legislature and the public. We are excited about this process and opportunity to provide relevant information regarding BRIM.
- Reminder of the Upcoming Board Meeting schedule for 2024 includes the following:

Tuesday, June 25, 2024 @ 1PM

Tuesday, September 17, 2024 @ 1PM

Tuesday, December 17, 2024 @ 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 asked to present the Chief Financial Officer's Report to the Board.
- Mr. Panaro reviewed the P-Card Report for November 2023 - January 2024.
- Mr. Panaro reported on the financial results as follows:
- Presentation of the seven months ending January 31, 2024. The results reflect the actuarially estimated unpaid losses from AON's risk funding study as of December 31, 2023, and accruals for January.
- Net premium revenue through January has increased \$9.4 million compared to FY23. The increase reflects an increase in premiums based on the actuarial estimated loss pics.
- Retained case reserves are \$32.3 million lower this year compared to the prior year and actuarially estimated IBNR is \$36.6 million lower than the prior year. Combined total current and non-current claims liabilities (i.e., unpaid claims) are \$68.9 million lower than last year through January. Our reserve adjustment in the second quarter of this year was a reduction in reserves due to claims previously part of our reserves being settled compared with an increase in reserves in the second quarter of FY23.
- Claims and claims adjustment expense of \$60.4 million is \$44.5 million dollars lower than last year due to lower claims payments during the current fiscal year.
- Presentation also included information regarding the Investment income through January was \$12.4 million compared to investment income through January of 2023 of \$5.6 million. This is a positive year-over-year change of \$6.8 million. Through January the Bank of New York trust earned \$8.6 million. Equity markets experienced volatility during FY23 and that trend continues in FY24. Our returns with the West Virginia Investment Management Board were positive through January with income of \$3.2 million. We also earned \$662,000 from our accounts with the West Virginia Board of Treasury Investments.
- The report also detailed the combination of higher reinsurance premiums, lower claims expense, positive investment returns and a small increase in premium revenue resulted in an increase in net position of \$8.1 million compared with a decrease in net position of \$52.2 million in FY23. The largest factor in this increase was the decreased claims and claims adjustment expenses. The overall impact is a year-over-year positive change of \$60.3 million.

- Our current net position of \$76.9 million includes the mine subsidence program's net position of 35.7 million, leaving BRIM's unrestricted net position at \$41.2 million. This compares with a net position of \$99.2 million last year and a net position at June 30, 2023 of \$68.8 million.

Mr. Panaro's report also included information regarding the Financial Markets as follows:

- The financial markets have continued to fluctuate since we last met. The Dow Jones Industrial Average has been fluctuating between 38,000 and 39,000 during the beginning of March. The yields on US Treasury Notes have declined since the beginning of March. With the 10-year Note currently yielding just over 4%.
- In testimony before Congress on March 6th, Fed Chairman Powell stated that "We believe that our policy rate is likely at its peak for this tightening cycle." He also stated that "If the economy evolves broadly as expected, it will be appropriate to begin dialing back policy restraint at some point this year." Core inflation, which excludes the food and energy categories, was 2.8% in January. Core inflation was 3.6% in September.
- Because of the uncertainty with 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 (including financials) was received and filed, a copy is attached and made part of the record.

### **Loss Control Report**

- Jeremy Wolfe was asked to present the Loss Control Report.
- Mr. Wolfe reported that Non-state agency loss control questionnaires were due on January 1 2023. Since that time, we have been evaluating those questionnaires to apply credits or surcharges based on insured participation in our Standards of Participation program. We hope to complete the evaluation process during March; to date, we have completed 807 evaluations.
- During the spring, we will concentrate our loss control consultation services toward insured entities who operate treatment facilities and/or shelters focusing on the exposures of physical and sexual abuse. Abuse risk management assessments will be conducted and loss prevention recommendations will be made based on assessment results. We hope these efforts will assist the insured in identifying the primary areas in which claims could occur and provide an opportunity for us to give advice as to developing specific strategies and methods to enable the insured to control and/or avoid preventable claims
- Mr. Wolfe also reported BRIM is continuing their partnership with the West Virginia Public Service Commission by contributing risk management news articles for their quarterly newsletter The Pipeline. This newsletter is distributed to public utility organizations and public service districts throughout the state.
- For the year 2023, the Department completed 134 consultation visits which was the largest total since 2011. We are pleased with the specialists' efforts as these visits remain the keystone of our risk management efforts

- During the months of December January and February Tawney conducted 225 inspections and Liberty Mutual Insurance conducted 796. The reports are being processed according to established procedures.
- 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. On March 26, 2024, the Privacy Management Team will meet virtually. The agenda includes a Cybersecurity Update, Basic Processes for a Virtual Private Network, and explanation of the Office of Technology's Litigation Hold Access process, an incident checklist overview and discussions about Data Privacy Week and the upcoming Privacy Retreat.
- Plans are underway for the Privacy Office upcoming retreat. The event will be held at Pipestem Resort State Park, June 10 - 12, 2024. The theme for the retreat is the *Importance of Partnership in Protecting Data Privacy*.
- The Chief Privacy Officer reported on Privacy Trainings.
- During the First Quarter of 2024, 352 members of the Executive Branch workforce completed the online course *WV Confidentiality Agreement*, which is required of all workforce members.
- During the First Quarter of 2024, the Executive Branch workforce completed 107 of the online course *HIPAA/HITECH*, a general training course and new *HIPAA Refresher Training (2021)* which was requested by PEIA.
- During the First Quarter of 2024, 2975 members of the Executive Branch workforce completed the online course of Cybersecurity, which is required for all workforce members.
- As a result of Data Privacy Week participation, 16,873 members of the Executive Branch workforce completed the additional privacy training offered during that week.
- Ms. Summitt reported on the following training events held by the SPO since the last board meeting:

During Data Privacy Week (January 22 - 27, 2024), the State Privacy Office disseminated, through members of the Privacy Management Team, emails to all state employees of the Executive Branch different topics of data privacy each day. These emails contained substantive articles and videos as well as activities and puzzles. Small privacy prizes were awarded to the first ten people to successfully complete the puzzle.

- 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.

- Ms. Summitt reported on State Privacy Office Projects. The State Privacy Office has been meeting with the Departmental Privacy Officer for the WV Department of Health and Human Resources (WV DHHR) regularly to formulate a plan to provide technical support to DHHR with a needed HIPAA Hybrid analysis for each of the three new Cabinet level departments that were formed from the previous structure of the WV DHHR. This project will hopefully be completed by year's end.
- 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**

- There was a request for a motion to adjourn the BRIM board meeting. Member Kristin Boggs 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

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  
June 25, 2024**

A. Marshall University and West Virginia University Medical Malpractice Program

- As of June 6, 2024, Marshall has deposited \$1,873,000 into the escrow account for FY 2024. The fiscal year-to-date cumulative interest totals \$52,941.22. Disbursements totaling \$1,767,998.43 have been paid thus far in FY 2024.
- As of June 6, 2024, a total of \$7,949,654.79 has been deposited into WVU's escrow account for FY 2024. The fiscal year-to-date cumulative interest totals \$135,815.91. Disbursements totaling \$8,095,101.28 have been paid thus far in FY 2024.

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

**TRIALS**

We have tried two cases to verdict so far in 2024, with one defense verdict and one mistrial due to a hung jury.

2/14/2024 (501-939820) Insured: WV Division of Corrections; Plaintiff: Joshua Short; U.S. Dist. Ct. – So. WV (Beckley); Mistrial due to hung jury. Inmate Joshua Short alleged injury as the result of excessive force. Last Demand was \$49,000 and last offer was \$5,000. **This case was settled for \$15,000 on May 2, 2024.**

2/22/2024 (501-920311) Insured: Marshall University; Plaintiff: Hannah Cyrus; Cabell Co. Cir. Ct. Defense Verdict. Plaintiff alleged failure to timely diagnose ectopic pregnancy caused her pain and suffering, but she gave birth to a healthy child. We made no offer on this medical malpractice case.

**PAID CLAIMS (May 2024 Data)**

May 2024 Indemnity payments total \$6,300,000 vs May 2023 payments of \$11,500,000 a decrease of 45.2%.

May 2024 Legal payments total \$2,100,000 vs. May 2023 Legal payments of \$2,100,000 an increase of 0%.

### **OUTSTANDING CLAIMS (May 2024 Data)**

May 2024 Indemnity reserves total \$104,500,000 vs. May 2023 Indemnity reserves of \$152,800,000 a decrease of 31.6%.

May 2024 Expense reserves total \$41,700,000 vs. May 2023 Expense reserves of \$33,900,000 an increase of 23%.

### **CLAIMS COUNTS (May 2024 Data)**

May 2024 New claims of 271 vs. May 2023 of 336, a decrease of 19.3%.

May 2024 Closed claims of 359 vs. May 2023 of 366, a decrease of 1.9%.

May 2024 Open claims of 1200 vs. February 2023 of 1200, an increase of 0%.

### **DURATION – CREATE TO CLOSED DATE CLAIMS (May 2024 Data)**

May 2024 Duration of 114 Days vs. May 2023 Duration of 128 Days, a decrease of 10.9 %.

### **CLOSING RATIO (May 2024 Data)**

May 2024 Closing Ratio of 131.4% vs. May 2023 Closing Ratio of 108%, an increase of 21.6 %.

A. Insurance Renewals – BRIM is awaiting insurance renewals for the upcoming fiscal year. The brokers for cyber and property report that the market is stabilizing some but to expect either a temperate increase in property and that the cyber may be flat for or slight increase if we would want to increase our limits.

B. Liability Broker – BRIM met with USI for the first strategic meeting on March 28, 2024. Planning centered on variations of risk transfer products, information needed to approach the market, claims made versus occurrence-based policies and possible modifications to the AIG contract. A follow-up meeting is scheduled for Monday, July 8, 2024.

C. AIG Local Office – BRIM has received notification that five of the employees in the local Charleston Office have taken advantage of an early retirement program offered to them by AIG corporate. Chuck Waugh, Keith Turner, Joe Manoni, Bret Hart and Ann Pauley will be retiring at the end of July.

D. Branding/Website – BRIM met with the Department of Commerce's Marketing and Communications Division for assistance with the development of a BRIM logo. We asked our employees for logo ideas, and we received three submissions. These were provided to the Marketing folks, and they will combine those ideas and anything that are able to create for us to review and select a final logo. Additionally, BRIM is working with WV Creative on an updated website. They have provided a shell and Jason Stover will be working on revamping content and transferring date to the new site.

E. STRIMA – Melody Duke, John Fernatt and Woodrow White will be attending the 2024 STRIMA Conference this fall in Colorado Springs the week of September 7, 2024, through September 13, 2024. As Treasurer for STRIMA, I will be leaving on September 6, 2024, to attend the Saturday board meeting.

F. New Hire – We have said a welcome to new hire Katie Heindl in the Claims Department as a Claim Representative I. Katie replaces Shannon Shaffer who passed suddenly this past January. BRIM has also made an offer for a Claim Representative II position to recent AIG retiree Bret Hart. This position is from the vacancy created when Robert retired in January

G. Upcoming Board Meeting schedule for 2023:

Tuesday, September 19, 2023 @ 1PM

Tuesday, December 12, 2023 @ 1PM

Sincerely,



Melody Duke  
Executive Director

MAD/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

Chief Financial Officer's Report  
June 25, 2024

**A. P-Card Report**

Electronic copies mailed to the board contain the supporting details for P-card purchases for the months of February through April 2024. These totals are:

February	\$50,869.52
March	\$80,546.68
April	\$27,911.28

**B. Current Financial Results**

- The financial results presented are for the ten months ended April 30th, 2024. The results reflect the actuarially estimated unpaid losses from AON's risk funding study as of March 31, 2024, plus an additional accrual for April.
- Net premium revenue through April has increased \$11.2 million compared to FY23. The increase reflects an increase in premiums based on the actuarial estimated loss pics.
- Retained case reserves are \$65.3 million lower this year compared to the prior year and actuarially estimated IBNR is \$4.2 million higher than the prior year. Combined total current and non-current claims liabilities (i.e., unpaid claims) are \$61.1 million lower than last year based on the March 31<sup>st</sup> AON actuarial study. Our reserve change in the third quarter of this year of \$3.3 million was due to small increases in both retained case reserves and IBNR.
- Claims and claims adjustment expense of \$85.6 million is \$37.1 million dollars lower than last year due primarily to decreased reserve adjustments during the current fiscal year.
- Investment income through April was \$8.8 million compared to investment income through April of 2023 of \$9.8 million. This is a negative year-over-year change of \$1 million. Through April the Bank of New York trust has gained \$3.5 million with income in July, August, November, December, January, and March offsetting the losses of the other months. Because of the relatively short duration of the fixed income holdings in the trust (3.7 years) and fluctuating bond prices the returns in the trust have been inconsistent. Equity markets experienced volatility during FY23 and that trend continues in FY24. We have earned \$4.3 million from our investments with the West Virginia Investment Management Board. Additionally, we had \$1 million of interest income from the BTI through April.

- The combination of higher reinsurance premiums, decreased claims expense than the prior year, positive investment returns and increased premium revenue resulted in an increase in net position of \$1.8 million compared with a decrease in net position of \$45.3 million in FY23. The largest factor in this increase over the prior year has been the lower reserve adjustments during the current fiscal year. The year-to-date positive change in retained earnings, while not significant, is a marked improvement from FY23.
- Our current net position of \$70.6 million includes the mine subsidence program's net position of \$37 million, leaving BRIM's unrestricted net position at \$33.6 million. This compares with a net position of \$106 million last year.

### C. Financial Markets

Financial markets have continued to be volatile since we had our last meeting in March. The DJIA has had many peaks and valleys this year, with a year to date return of 3.9%. With the continued uncertainty in the economy this volatility is likely to continue.

At their June 12<sup>th</sup> meeting the Federal Reserve voted to hold interest rates steady. Federal Reserve Chair Jerome Powell noted that the May Consumer Price Index was "certainly a better inflation report than almost anybody expected." It is anticipated that the Fed will cut interest rates one time in the remainder of this year. He also stated that the Fed anticipates further rates cuts in 2025 and 2026.

Hiring continued to be strong in May with 272,000 jobs added. Unemployment rose to 4% in May following April's rate of 3.9% this was the first time in more than two years the unemployment rate was at 4%. The unemployment rate was as low as 3.4% last year. The unemployment rate remains low by historical standards and shows no signs of making a big jump. The consumer price index increased 3.3% from May 2023 to May 2024, the change from April 2023 to April 2024 was 3.4%. Core prices which exclude food and energy items rose 0.2% from April. This was the lowest increase since 2021. Consumers are taking little comfort from the lower inflation numbers due to the increases since 2021. Over the last four years prices are up 21% in the CPI compared with 7% in the four years before that.

Because of high 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 Ten Months Ended April 30th

	2024	2023
	<i>(In Thousands)</i>	
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 27,090	\$ 25,172
Advance deposits with insurance company and trustee	252,569	256,664
Receivables	23,370	5,984
Prepaid insurance	2,447	1,326
Restricted cash and cash equivalents	8,226	4,746
Premiums due from other entities	1,534	1,222
<b>Total current assets</b>	<b>315,236</b>	<b>295,115</b>
<b>Noncurrent assets:</b>		
Equity position in internal investments pools	56,636	151,987
Restricted investments	31,656	29,312
<b>Total noncurrent assets</b>	<b>88,292</b>	<b>181,300</b>
<b>Total assets</b>	<b>403,528</b>	<b>476,415</b>
Deferred Outflows of Resources	399	434
Deferred Outflows of Resources - OPEB	59	61
<b>Liabilities</b>		
<b>Current liabilities:</b>		
Estimated unpaid claims and claims adjustment expense	189,423	103,306
Unearned premiums	21,767	17,607
Agent commissions payable	1,353	1,195
Claims Payable	47	0
Accrued expenses and other liabilities	22,599	3,042
<b>Total current liabilities</b>	<b>235,189</b>	<b>125,151</b>
Estimated unpaid claims and claims adjustment expense net of current portion	97,705	244,991
Compensated absences	192	167
Net pension liability	148	(894)
<b>Total noncurrent liabilities</b>	<b>98,045</b>	<b>244,264</b>
<b>Total liabilities</b>	<b>333,234</b>	<b>369,416</b>
Deferred Inflows of Resources	0	1,156
Deferred Inflows of Resources - OPEB	137	280
<b>Net position:</b>		
Restricted by State code for mine subsidence coverage	32,363	75,988
Unrestricted	36,438	75,415
Net Assets (Deficiency)	1,816	(45,345)
<b>Net position</b>	<b>\$ 70,617</b>	<b>\$ 106,058</b>

*Unaudited*

West Virginia Board of Risk and Insurance Management

Statements of Revenues, Expenses, and Changes in Net Position

For the Ten Months Ended April 30th

	2024	2023
	<i>(In Thousands)</i>	
<b>Operating revenues</b>		
Premiums	\$ 95,836	\$ 79,834
Less coverage/reinsurance programs	(12,451)	(7,643)
Net operating revenues	83,385	72,191
<b>Operating expenses</b>		
Claims and claims adjustment expense	85,570	122,718
General and administrative	4,766	4,601
Total operating expenses	90,336	127,319
Operating income (loss)	(6,951)	(55,128)
<b>Nonoperating revenues</b>		
Investment income	8,767	9,783
Legislative Appropriation	0	0
OPEB Non Operating Income	0	0
Net nonoperating revenues	8,767	9,783
Changes in net position	1,816	(45,345)
Total net position, beginning of year	68,801	151,403
Total net position, end of period	\$ 70,617	\$ 106,058

*Unaudited*

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](mailto:Melody.A.Duke@wv.gov)

**Loss Control Report to the Board  
June 2024**

During the month of May, we sent out Loss Control Questionnaires to all state agencies. The deadline for submission to BRIM is August 1, 2024. At that time, we will gather the necessary information for calculation of loss control credits or surcharges for fiscal year 2026.

The evaluations of fiscal year 2025 Loss Control Questionnaires yielded the following results. Seventy-three 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 are promising and show that many of our insured are instituting risk management programs to aid in the mitigation of insurable claims.

We have 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.

During the months of March, April, and May Tawney conducted 269 inspections and Liberty Mutual Insurance conducted 793. The reports are being processed according to established procedures.

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

**25 Standards of Participation Visits**

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

**Insured Accounts Visited Include:** Augusta Heritage Center, Elkins Main Street, Morgan County Partnership, Homeownership Center, Randolph County Housing Authority, West Virginia Jobs Investment Trust, West Virginia Division of Forestry, Glenville State University, West Virginia Board of Physical Therapy, West Virginia Board of Optometry, Logan County Housing Authority, Calhoun County Livestock Program, Town of Pine Grove, Town of Pine Grove, Town of Meadow Bridge, Project Rainbow, A New Beginning Pregnancy Resource Center, Light Up Capon Bridge, Inc., Town of Renick, Normantown Historical Community Center, West Virginians 4

Affordable Health Care, Global Capital of World Peace, Ohio Valley ADC, Ohio Valley Industrial & Business Development, Town of Gauley Bridge, Town of Oakvale, and Mineral County Homeless Coalition.

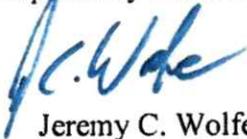
**21 Loss Control Visits**

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:** Florence Crittenton Programs, Hardy County Child Care Center, John W. Hereford Boys & Girls Club, North Central West Virginia Community Action Association, Roane County Patch, Hero House, Inc., Branches Domestic Violence Shelter of Huntington West Virginia, Inc., Appalachian South Folk Life Center, Inc., Rea of Hope Fellowship Home, Sound Mind, Genesis Youth Center, Inc., Concord University Research & Development, Pollen 8, Community Resources, Mountainheart Community Services, Recovery Group of Southern West Virginia, Bartlett House, Inc., Upshur County Human Resources, Inc., Northern Panhandle Head Start, and Tug Valley Recovery Association, Inc.

Dated: June 18, 2024

Respectfully submitted,



Jeremy C. Wolfe  
Deputy Director / Risk Manager



## Chief Privacy Officer's Report June 25, 2024

### A. Management Team Meetings

- On March 26, 2024, the Privacy Management Team held a meeting virtually, with 62 people attending. The agenda included a Cybersecurity Update, Basic Processes for a Virtual Private Network, an explanation of the Office of Technology's Litigation Hold Access process, an incident checklist overview, and discussions about Data Privacy Week and the upcoming Privacy Retreat.
- The State Privacy Office held its semi-annual Privacy Retreat on June 10-12, 2024. The two and half day event was held at the Pipestem Resort State Park with 61 people attending. The theme for the retreat was the *Importance of Partnerships in Protecting Data Privacy*, and Cabinet Secretary Mark Scott as the keynote speaker describing the work he has done with developing leaders for the Department of Administration and how that relates to teamwork. Other presentations included *Teamwork Makes the Dream Work*, *Protecting Privacy in 2024: Leveraging Your Partners in the 2024 Landscape*, *WV Office of Technology: Data Privacy, and Privacy Risks and Our Vendor Partners*.

### B. Privacy Training

- During the Second Quarter of 2024, 461 members of the Executive Branch workforce completed the online course *WV Confidentiality Agreement*, which is required of all workforce members.
- During the Second Quarter of 2024, the Executive Branch workforce completed 288 of the online courses *HIPAA/HITECH*, which is a general HIPAA training course and a new *HIPAA Refresher Training (2021)* which PEIA has requested.
- During the Second Quarter of 2024, 466 members of the Executive Branch workforce completed the online course for Privacy Training.

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

- The March 26, Privacy Management Team was held virtually with people attending.
- The semi-annual Privacy Retreat was held June 10-12 at Pipestem State Resort with 61 people attending in person.
- The Deputy CPO presented *Purchasing as a Privacy Powerhouse* during a webinar of procurement staff for the WV Division of Purchasing.

### **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 March 1, 2024, 18 PIAs have been completed and submitted.

### **D. State Privacy Office Projects**

- The State Privacy Office has been meeting with the Departmental Privacy Officer for the WV Department of Health and Human Resources (WV DHHR) and the Bureau for Medical Service's Assistant General Counsel, regularly to begin the process for documenting and interviewing managers in relation to HIPAA application to programs within the former DHHR.

Very truly yours,

**Ashley Summitt**

Ashley Summitt, JD  
Chief Privacy Officer  
WV Executive Branch