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STATE OF ALABAMA
Department of Finance
Division of Risk Management

Comprehensive Annual Report
For the Fiscal Year Ended September 30, 2013



Robert Bentley
Governor

Bill Newton
Acting Director of Finance

Ben M. Spillers
Risk Manager

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MESSAGE FROM THE RISK MANAGER

The 2013 Annual Report provides detailed statistical and financial data regarding the Division of Risk Management's performance in FY 2013. An important part of DORM's operation is successful investment of the equity of each trust fund. Strong investment returns help hold down premiums paid by our client agencies, and assure strong response when disaster strikes.

The Division of Risk Management provides the following services to our clients:

- **The State Insurance Fund (SIF)** provides quality property insurance for state properties, colleges and universities and most public school systems.
- **The General Liability Trust Fund (GLTF)** protects state employees who are subjected to lawsuits arising from the performance of their job duties.
- **The Educators Liability Trust Fund (ELTF)** protects employees of public K-12 schools who are subjected to lawsuits arising from the performance of their job duties.
- **The State Employee Injury Compensation Trust Fund (SEICTF)** covers state employees for lost time and medical expenses resulting from accidental injuries while on the job.
- **The Employee Assistance Program** provides counseling and referral for employees with problems that affect job performance.
- **Risk Management Services** delivers an array of skilled services designed to avoid loss, both human and financial.
- **The Alabama Equipment Maintenance Program (EMP)** allows all government agencies and departments to consolidate the care of electronic equipment under one comprehensive program.

The 2013 operations of each of these major areas are outlined in this report.

The constant operating philosophy of the Division is that we are a service organization whose objective is to best meet the needs of our client state agencies. Our staff is productive, professional and motivated. We all look forward to serving our clients even better in 2014.

Ben M. Spillers
Risk Manager

STATE INSURANCE FUND

The State Insurance Fund (SIF) was established in 1923 to provide secure, adequate and economical property insurance on State-owned properties. Our operation closely parallels that of private industry insurance companies in the following ways:

- We establish rates, premium discounts and experience credits to result in equitable premiums charged to the policyholders.
- We adjust and pay losses promptly, recognizing that the SIF has a high obligation to its policyholders due to the legislative act that brought us together.
- We purchase Excess Insurance to protect the State from disasters such as hurricanes and tornadoes.
- We survey properties for safety, loss prevention and property cost evaluations.
- We invest premiums collected to keep future costs low and to build fund equity.

SIF clients whose properties have been inspected are offered replacement cost value coverage for qualified buildings and contents. This valuable coverage provides replacement cost up to 115% of scheduled value in the event of a total loss. Other valuable coverages are Extra Expense, Electronic Data Processing, Builders Risk, Transit, GAP, and Equipment Breakdown Coverage which is provided by Travelers Insurance Company.

In FY13, the SIF received 849 claims and incurred over \$34 million in loss which was comparable to claims experience in FY12. However, our April 1, 2012 reinsurance renewal resulted in an increase in our wind retention from \$3.5M wind/tornadoes/\$10M Named Wind (hurricanes) per occurrence to \$20 million all wind per occurrence. This change in wind retention followed the catastrophic tornado event of April 27, 2011. The increased retention prevented the SIF from receiving financial assistance for its wind losses less than \$20 million this year.

Major claim events include the following:

December 25, 2012 – a rare Christmas Day tornado struck Mobile County Board of Education’s Murphy High School resulting in approximately \$13 million in damage. This same tornado also damaged the University of South Alabama’s Medical Center. Losses to the SIF totaled \$15.7 million.

February 19, 2013 – a fire caused extensive damage at Choctaw County Board of Education’s Choctaw County High School. The cause of the fire was undetermined but believed to be electrical. The school building sustained a total loss to a wing of the building resulting in approximately \$3 million in loss.

March 18, 2013 – a springtime windstorm caused scattered damage throughout the state resulting in loss to the SIF of \$4.5 million.



Murphy High School, Mobile County, Alabama

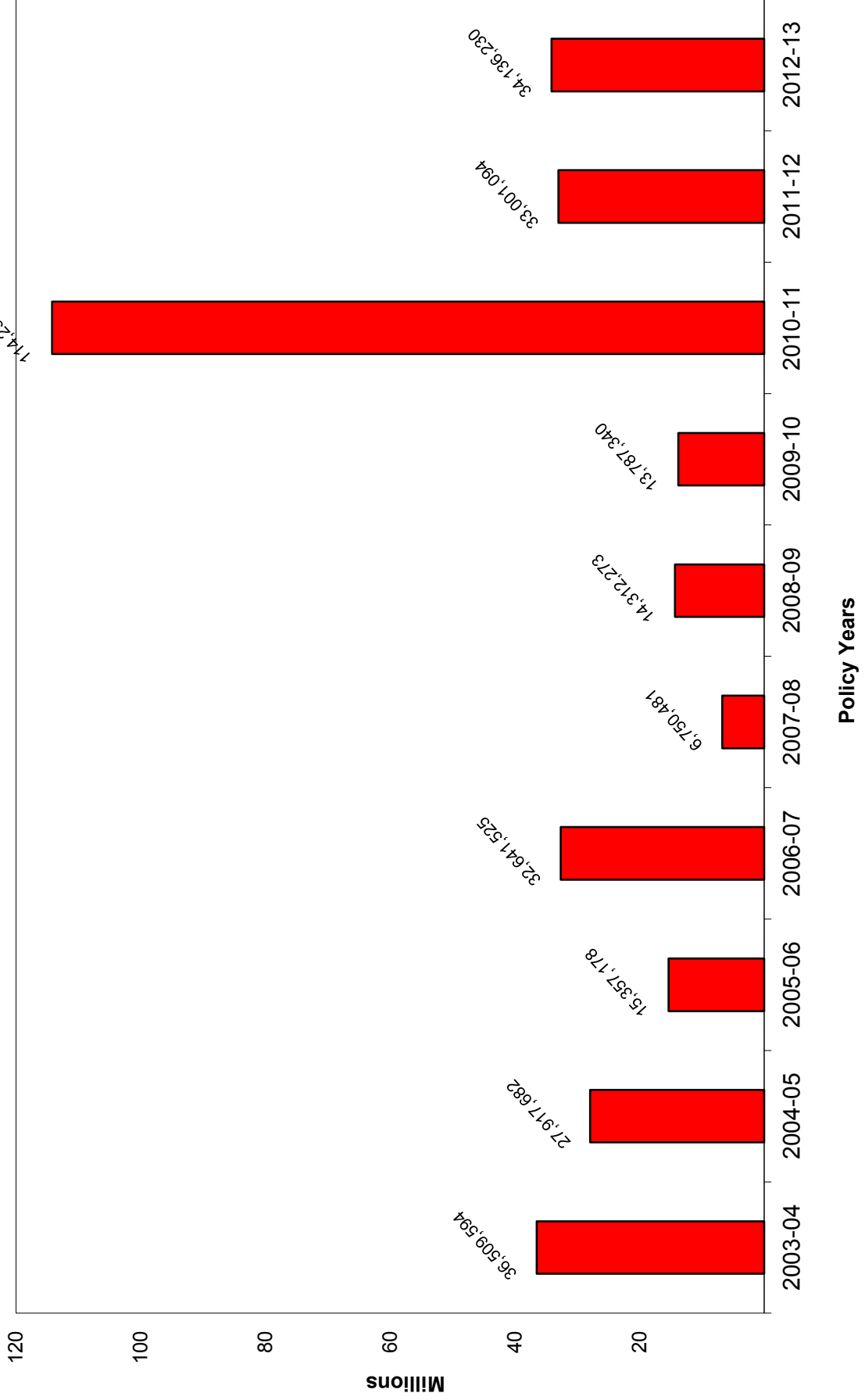
The SIF is on the right course and will continue its fundamental plan. We recognize the financial obligation arising from extraordinary growth in insured values. In 1995, we insured \$11.8 billion in values. Today, we insure approximately \$54 billion in values. This means our fund equity and financial structure must be adequate to meet the financial demands that are certain to occur in the future.

| Values Table | | | |
|---------------------|---------------------------------|--|-----------------|
| FY | Statewide Insured Values | Value Increase From Previous Year | Increase |
| 2013 | 53,925,561,216 | 4,878,651,165 | 9.05% |
| 2012 | 49,046,910,051 | 2,083,256,834 | 4.25% |
| 2011 | 46,963,653,217 | 591,832,324 | 1.26% |
| 2010 | 46,371,820,893 | 1,514,410,406 | 3.27% |
| 2009 | 44,857,410,487 | 2,889,032,251 | 6.44% |
| 2008 | 41,968,378,236 | 9,654,273,107 | 23.00% |
| 2007 | 32,314,105,129 | 3,085,136,998 | 9.55% |
| 2006 | 29,228,968,131 | 2,413,818,467 | 8.26% |

| Property Claims Summary Table | | | | |
|---|----------------|----------------|----------------------------------|-------------------|
| Incurred Losses as of September 30, 2013 | | | | |
| Perils | FY 2013 | FY 2012 | Incurred Losses - FY 2013 | |
| | | | Amount | % of Total |
| Fire | 27 | 27 | \$ 8,380,525 | 24.55% |
| Lightning | 285 | 307 | \$ 1,419,937 | 4.16% |
| Wind | 304 | 193 | \$ 21,334,743 | 62.50% |
| Burglary | 74 | 141 | \$ 865,166 | 2.53% |
| Vandalism | 13 | 20 | \$ 49,456 | 0.14% |
| Hail | 55 | 15 | \$ 578,070 | 1.69% |
| Vehicle | 18 | 19 | \$ 31,488 | 0.09% |
| Water | 61 | 56 | \$ 1,415,639 | 4.15% |
| Other | 12 | 25 | \$ 61,205 | 0.18% |
| Totals | 849 | 803 | \$ 34,136,229 | 100% |

| Claims Summary | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|
| | FY 2013 | FY 2012 | FY 2011 | FY 2010 | FY 2009 |
| Claims Handled | 849 | 803 | 1574 | 747 | 990 |
| Outside Adjusted | 569 | 515 | 1198 | 421 | 618 |
| Inside Adjusted | 280 | 288 | 376 | 326 | 372 |
| Average Claim Size | \$ 25,902 | \$ 28,417** | \$ 27,701* | \$ 22,936 | \$ 15,555 |
| *Removed 4-27-11 tornado for averaging purposes. | | | | | |
| **Removed 1-23-12 tornado for averaging purposes. | | | | | |
| ***Removed 12-25-12 tornado for averaging purposes. | | | | | |

History of Property Loss 2003-2013



GENERAL LIABILITY TRUST FUND

State employees are subject to being sued for their acts and omissions in the performance of their official duties. The General Liability Trust Fund (GLTF) defends and indemnifies eligible employees for up to \$1 million per occurrence. In the event a single occurrence, as declared by the Risk Manager, is later judicially determined to be more than one occurrence, the maximum liability of the GLTF is \$1.2 million. The GLTF does not cover the State of Alabama or its agencies; it covers employees who are sued individually and are at risk of having to pay damages from their personal assets.

The GLTF sets aside a monetary reserve for each covered claim in the amount of the ultimate expected loss. Defense of covered employees is conducted by the Office of the Attorney General, or by attorneys appointed by the Attorney General, in collaboration with the GLTF.

Employee Automobile Liability

The GLTF provides liability coverage for state employees operating more than 8,000 state-owned vehicles. These include trucks, tractor-trailer rigs, state trooper and other law enforcement cars, buses and service vehicles, as well as passenger cars. All claims are adjusted by the American Southern Insurance Company.

In addition, thousands of state employees regularly or occasionally use their personal autos in their state jobs. For these individuals, the GLTF coverage is excess of their personal auto insurance limits as mandated by our State Legislature.

| Auto Exposure Table | | | | | | |
|----------------------------|-----------------------|--------------|--------------|--------------|--------------|--------------|
| Number of Vehicles Insured | | | | | | |
| Class | Description | FY 2013 | FY 2012 | FY 2011 | FY 2010 | FY 2009 |
| 001 | Private Passenger | 1,779 | 1,875 | 2,002 | 1,998 | 2,003 |
| 002 | Pickups & Vans | 3,613 | 3,892 | 3,780 | 3,710 | 3,705 |
| 003 | Trucks & Tractors | 1,394 | 1,487 | 1,534 | 1,512 | 1,539 |
| 004 | Law Enforcement | 1,015 | 1,015 | 1,120 | 1,146 | 1,080 |
| 005 | Buses | 333 | 327 | 360 | 367 | 376 |
| 006 | Motorcycle | 26 | 28 | 28 | 22 | 21 |
| | Total Vehicles | 8,160 | 8,624 | 8,824 | 8,755 | 8,724 |

EDUCATORS LIABILITY TRUST FUND

Employees of Alabama's public K-12 schools are subject to being sued for their acts and omissions in the performance of their official duties. The Educators Liability Trust Fund (ELTF) defends and indemnifies eligible employees for up to \$1 million per occurrence. In the event a single occurrence, as declared by the Risk Manager, is later judicially determined to be more than one occurrence, the maximum liability of the ELTF is \$1.2 million. The ELTF does not cover the school board; it covers employees who are sued individually and are at risk of having to pay damages from their personal assets.

The ELTF sets aside a monetary reserve for each covered claim in the amount of the ultimate expected loss. Defense of covered employees is conducted by attorneys contracted with the Division of Risk Management.

The ELTF has been in effect since July 1, 2013. Because liability claims develop slowly, the current financial report is not reflective of the liabilities that will almost certainly be incurred by the fund over time.

STATE EMPLOYEE INJURY COMPENSATION TRUST FUND

The State Employee Injury Compensation Trust Fund (SEICTF) was created by the legislature on October 1, 1994. Its purpose is to provide benefits to eligible state employees for job-incurred injury. Benefits under SEICTF are administered by the Department of Finance, Division of Risk Management in accordance with the Alabama Administrative Code and include all reasonable medical expenses arising from job-incurred injury, lost wages (including benefits for time lost from the job), and benefits to dependents of employees who are fatally injured on the job. Specifically excluded from coverage are employees of the State Port Authority, educational institutions, and local boards of education. A key element in assuring effective and efficient operation of SEICTF was the creation of a statewide medical provider network with a focus on professionals who are experts in treating occupational injury. In 2013:

- Fewer than 1% of claims resulted in a formal hearing to address a claim dispute.
- Vocational benefits were paid to employees who could no longer perform the essential functions of their job within the permanent activity restrictions provided by the medical provider.
- Medical Case Management services were utilized to gain control over expenses, encourage safety and productivity, and promote high quality care to injured employees. Case Managers worked with the injured worker to:
 - ensure quality, necessity and cost effectiveness of health care
 - project a realistic duration of disability
 - coordinate effective communication among all parties
 - promote understanding and encourage compliance with the managed care initiative
 - ensure a safe and expeditious return to work
- Subrogation recoveries for the fiscal year exceeded \$125,000.00.

| Claims Frequency | | | | |
|--------------------------|--------------------|-------------|--------------------|-------------|
| | 2013 | 2012 | 2011 | 2010 |
| Indemnity | 265 | 284 | 266 | 282 |
| Medical Only | 1,438 | 1,588 | 1,931 | 1,941 |
| Incident Only | 943 | 959 | 995 | 1,070 |
| Total # of Claims | 2,646 [▼] | 2,831 | 3,192 [▼] | 3,293 |

Indemnity claims are those resulting in payments for lost time from work. Medical claims are those resulting in medical costs but no time off work. An incident claim is one where the claimant did not seek medical attention.

RISK MANAGEMENT SERVICES

Driver Training Courses for covered personnel are available to state agencies through DORM.

With the enactment of the Boiler & Pressure Law on February 5, 2004, mandatory boiler inspections must be performed, at a minimum of, every two years. The state charges a minimum inspection fee of \$60 per boiler, in addition to a fee for the certificate of compliance. As a benefit of your premium with Risk Management, we contract with Travelers Insurance Company to provide this valuable service for you, which saves you the inspection fee.

A Boiler Operator Training Course for boiler operators and maintenance personnel is conducted at no cost for agencies which participate in the State Insurance Fund. The course focuses on proper maintenance and safe operation of pressurized equipment.

More than 2,000 boilers and other items of pressurized equipment were inspected during 2013. These inspections assist agencies in identifying and correcting conditions that could result in sudden breakdown, property damage and personal injury.



THE EMPLOYEE ASSISTANCE PROGRAM

The State Employee Assistance Program (SEAP) provides services to 111 state agencies and departments covering 32,269 employees and their family members.

The Division of Risk Management has contracted with an external national vendor to provide our EAP services in order to expand and enhance the scope of the program. Our vendor is a preferred provider organization specializing in behavioral health care and comprised of high quality providers across the nation. The program is designed to help employees become more effective in their job performance by providing professional, confidential counseling and assistance with various personal and job related problems. Our EAP plan provides for up to three sessions per year for each employee and their family members.

SEAP deals with issues such as supervisor/employee conflict, personal financial management, marital and family disruptions, drug and alcohol abuse, and emotional and mental stressors. We also provide services which include critical incident stress debriefing (CISD); supervisor and employee training; referral to community resources, online resources, and 24/7 clinician access.

In FY-13

There were 540 total cases of treatment for a total of 1,244 counseling sessions.

Females represented 61% of clients and males 39%.

Family members of employees represented 19% and employees represented 81% of our total participation.

Emotional stress related problems were the most frequent primary issue for clients (39%), followed by relational issues (27%), depressive disorders (15%), anxiety/panic issues (10%), and other issues (7%).

We had 74% of our participants that were self-referred, 13% were supervisor referred, and 13% were family recommended.

We had 91% of our participants that were seen by a counselor, 7% by a psychologist, and 2% by a psychiatrist.

We had 17% of our participants that were age 51-60, 25% of the participants were age 41-50, 32% were 31-40, 13% were 21-30, 10% were less than 20, and 3% were 61 or older.

About 7% of our clients felt that their ability to cope with life problems and stressors was excellent before they had any counseling sessions and about 34% felt their abilities were good. However, after they finished their counseling sessions about 21% felt that their abilities to cope were excellent and about 71% felt that their abilities were good.

We provided 14 training sessions covering a wide variety of topics for our employees and participated in 2 Health Fair/Fitness Day events, 3 State Personnel Orientation sessions, 2 EAP Agency Awareness sessions, and 2 Agency Grief Counseling sessions.

THE ALABAMA EQUIPMENT MAINTENANCE PROGRAM (EMP)

The Alabama Equipment Maintenance Program (EMP) allows all government agencies and departments to consolidate the care of electronic equipment under one comprehensive program. By replacing existing service agreements with this program, agencies will gain a programmatic solution that delivers significant cost savings¹, enhanced equipment protection, the freedom to utilize the best service vendor for each and every maintenance action, program management tools and information, and achieve positive control over the financial and operational performance of their equipment maintenance portfolio.

Effective December 1, 2005, The Remi Group (TRG) assumed all administrative operations including payment for service events, management of the EMP, and decreasing the total state expenditures on equipment maintenance. Alabama state agencies can save 27% off vendor maintenance contracts.

The Remi Group's programs are backed by the full faith and credit of leading insurance providers and their financial standing is assured by years of successful operation, outstanding financial structure, and independent rating agencies such as A.M. Best.

¹ The 2013 savings were \$1,588,273.91

**STATE INSURANCE FUND
STATEMENT OF NET ASSETS
UNAUDITED
AS OF SEPTEMBER 30, 2013**

| | <u>FY 2013</u> | <u>FY 2012</u> | <u>FY 2011</u> |
|---|----------------------|----------------------|----------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and Cash Equivalent | \$ 332,667 | \$ 3,036,518 | \$ 6,113,515 |
| Cash - Outside Bank Account | 43,461 | 7,845,079 | 4,357,633 |
| Cash - Correction | - | (54) | - |
| Cash - In Transit | 82 | - | 3,982 |
| Investments (Fair Value) | 4,603,967 | 7,619,844 | 30,833,842 |
| Accounts Receivable | 5,098 | 9,264 | 11,934 |
| Advances to Other Funds | 573,267 | 950,019 | 844,961 |
| Accounts Receivable - Reinsurance Recoveries | 1,193,365 | 136,143 | - |
| Accrued Interest Receivable | - | 110 | 111,840 |
| Prepaid Insurance | 11,959,198 | 13,047,133 | 7,761,982 |
| Total Current Assets | 18,711,105 | 32,644,056 | 50,039,689 |
| Noncurrent Assets | | | |
| Investments (Fair Value) | 74,939,037 | 75,672,003 | 50,976,191 |
| Investments - Real Estate | 10,386,096 | 11,056,291 | 9,706,881 |
| Advances to Other Funds - LT | 11,301,288 | 11,520,220 | 12,676,854 |
| Accounts Receivable - Reinsurance Recoveries - LT | - | - | - |
| Construction in Progress | 783,289 | - | 1,822,982 |
| Accrued Interest Receivable | 90,826 | 68,767 | - |
| Fixed Assets (Net) | 70,216 | 91,346 | 94,199 |
| Total Noncurrent Assets | 97,570,752 | 98,408,627 | 75,277,107 |
| Total Assets | 116,281,857 | 131,052,683 | 125,316,796 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Vouchers Payable | 256,017 | 205,348 | 175,519 |
| Unpaid Claims & Expenses | 18,327,786 | 9,359,315 | 10,017,627 |
| Total Current Liabilities | 18,583,803 | 9,564,663 | 10,193,146 |
| Long-term Liabilities | | | |
| Due to Other Funds | 17,200,000 | - | - |
| Unpaid Claims & Expenses - LT | 52,663,269 | 80,715,466 | 67,625,944 |
| Reinsurance Advance Payment | 20,447,812 | 25,028,552 | 22,271,694 |
| Estimated Recovery of Reserves | (52,663,269) | (77,759,893) | (63,534,237) |
| Claims Incurred But Not Reported | - | (823,336) | 467,279 |
| Total Long-term Liabilities | 37,647,812 | 27,160,789 | 26,830,680 |
| Total Liabilities | 56,231,615 | 36,725,452 | 37,023,826 |
| NET ASSETS | | | |
| Investment in Capital Assets | 853,505 | 91,346 | 1,917,181 |
| Reserved for Encumbrances | 1,798,082 | 1,076,772 | 940,252 |
| Unrestricted | 57,398,655 | 93,159,113 | 85,435,537 |
| TOTAL NET ASSETS | \$ 60,050,242 | \$ 94,327,231 | \$ 88,292,970 |

STATE INSURANCE FUND
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET ASSETS
UNAUDITED
FOR THE YEAR ENDED SEPTEMBER 30, 2013

| | <u>FY 2013</u> | <u>FY 2012</u> | <u>FY 2011</u> |
|---|----------------------|----------------------|----------------------|
| OPERATING REVENUES | | | |
| Earned Premiums | \$ 35,314,175 | \$ 30,566,484 | \$ 28,998,551 |
| Total Operating Revenues | <u>35,314,175</u> | <u>30,566,484</u> | <u>28,998,551</u> |
| OPERATING EXPENSES | | | |
| Operation: | | | |
| Loss and Adjustment Expenses | 47,912,664 | 9,735,967 | 21,555,938 |
| Incurred But Not Reported Expense | (823,336) | (1,290,615) | (115,754) |
| Actuarial Services | 120,963 | 202,645 | 151,436 |
| Appraisal Services | - | - | 63,990 |
| Program Consultants | 30,659 | 27,487 | 26,647 |
| Reinsurance Expense | <u>26,115,252</u> | <u>20,834,084</u> | <u>16,624,602</u> |
| Total Operations | 73,356,202 | 29,509,568 | 38,306,859 |
| Administration: | | | |
| Personnel Cost | 1,170,571 | 1,114,528 | 1,223,081 |
| Employee Benefits | 437,651 | 381,764 | 407,457 |
| Travel - In State | 60,727 | 35,146 | 43,830 |
| Travel - Out of State | 8,401 | 4,729 | 735 |
| Repairs & Maintenance | 1,285 | 250 | - |
| Rentals & Leases | 3,652 | 2,873 | 3,055 |
| Utilities & Communication | 28,195 | 26,202 | 25,405 |
| Services | 580,409 | 437,104 | 355,387 |
| Supplies, Materials & Operating Expense | 198,685 | 163,721 | 174,448 |
| Transportation Equipment Operations | 25,652 | 17,185 | 23,764 |
| Depreciation Expense | <u>52,264</u> | <u>53,429</u> | <u>80,507</u> |
| Total Administration | 2,567,492 | 2,236,931 | 2,337,669 |
| Total Operating Expenses | 75,923,694 | 31,746,499 | 40,644,528 |
| Operating Income (Loss) | (40,609,519) | (1,180,015) | (11,645,977) |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Investment Income | 5,443,921 | 6,165,238 | 1,402,855 |
| Other Income | 901,519 | 1,069,817 | 857,525 |
| Investment Expenses | <u>(364,775)</u> | <u>(301,034)</u> | <u>(276,792)</u> |
| Total Nonoperating Revenues (Expenses) | 5,980,665 | 6,934,021 | 1,983,588 |
| Income (Loss) Before Contributions and Transfers | (34,628,854) | 5,754,006 | (9,662,389) |
| Transfers Out - State Personnel | <u>(6,050)</u> | <u>(6,281)</u> | <u>(6,544)</u> |
| Increase (Decrease) in Net Assets | (34,634,904) | 5,747,725 | (9,668,933) |
| Total Net Assets, October 1, As Restated | <u>94,667,709</u> | <u>88,649,999</u> | <u>98,220,527</u> |
| Total Net Assets, September 30 | \$ 60,050,242 | \$ 94,327,231 | \$ 88,292,970 |

STATE INSURANCE FUND NOTES TO FINANCIAL STATEMENTS

The State Insurance Fund (SIF) was established in 1923 and is under the Code of Alabama 1975, Section 41-15-1 for the purpose of insuring direct physical loss on buildings and contents in which title in whole or in part is vested in the State of Alabama or any of its agencies or institutions or in which funds provided by the State have been used for the purchases of land, construction of buildings, purchase or maintenance of any equipment, machinery, furniture, fixtures or supplies in such buildings and public school buildings together with the contents of all such buildings. All covered property shall be insured for no more than its replacement cost and shall be insured for no less than 80 percent of its actual cash value. Salvage value coverage, used on property that is normally uninsurable, is determined by applying eight percent of the property's reconstruction value. City boards of education may insure school buildings and property either in the State Insurance Fund or with an insurance company, whichever in the opinion of such board provides the best coverage for such school buildings and property. The principles of private industry insurance companies are utilized to establish rates, premium discounts, and experience credits to result in equitable premiums charged to policyholders. Excess Insurance and reinsurance is acquired to assure the solvency of the fund.

Losses are recorded as current liabilities and expenses in the year reported. IBNR recognizes losses that have occurred but have not yet been reported. This liability and expense is determined by a professional actuary. The SIF has a \$10,000,000 cumulative loss annual deductible and a \$3,500,000 specific loss deductible for all perils except wind, and a \$20,000,000 specific loss deductible for wind losses. Excess insurance covers claims exceeding the deductible with a \$200,000,000 limit for named wind storms and a \$1,500,000,000 limit for all other perils. Second event wind coverage for \$19,000,000 in excess of \$1,000,000 is purchased to provide additional protection for the SIF. Payments received in fiscal years 2013 and 2012 for settlements in excess of deductibles total \$0 and \$18,500,000 respectively.

The following table presents the changes in claims liabilities for the past two years:

| | September 30, | |
|---|---------------|---------------|
| | 2013 | 2012 |
| Reported claims payable and estimated claims incurred but not reported at beginning of year | \$ 11,491,552 | \$ 14,576,613 |
| Incurred claims and adjustment expenses: | | |
| Provision for insured events of the current year | 30,709,983 | 10,502,458 |
| Increase (Decrease) in provision for insured events of prior years | 16,379,345 | (2,057,106) |
| Total incurred claims and adjustment expenses | 47,089,328 | 8,445,352 |
| Payments: | | |
| Claims and adjustment expenses attributable to insured events of the current year | (16,000,360) | (3,842,095) |
| Claims and adjustment expenses attributable to insured events of prior years | (24,252,734) | (7,688,318) |
| Total payments | (40,253,094) | (11,530,413) |
| Reported claims payable and estimated claims incurred but not reported at end of year | \$ 18,327,786 | \$ 11,491,552 |

**STATE INSURANCE FUND
INVESTMENT NOTES**

| | September 30, | | |
|-------------------------------------|----------------------|----------------------|------------------------|
| | <u>2013</u> | <u>2012</u> | <u>% Change</u> |
| Investments | | | |
| Money Market | \$ 4,603,967 | \$ 4,620,334 | (0.4) |
| Commercial Paper | - | 2,999,510 | (100.0) |
| Time Deposits | 25,730,040 | 27,920,999 | (7.8) |
| US Treasury Securities | 1,588,586 | 1,636,128 | (2.9) |
| US Agency Securities | 3,058,085 | 3,079,720 | (0.7) |
| State & Local Gov Securities | 494,301 | 762,102 | (35.1) |
| Mortgage Backed Securities | 27,785 | 38,147 | (27.2) |
| Domestic Corporate Stocks | 24,658,054 | 20,792,397 | 18.6 |
| Domestic Corporate Bonds | 15,858,408 | 18,594,056 | (14.7) |
| International Stocks | 165,671 | 223,474 | (25.9) |
| Mutual Funds | <u>3,358,107</u> | <u>2,624,980</u> | 27.9 |
| | 79,543,004 | 83,291,847 | (4.5) |
| Real Estate Investments | <u>10,386,096</u> | <u>11,056,291</u> | (6.1) |
| Total Investments | <u>\$ 89,929,100</u> | <u>\$ 94,348,138</u> | (4.7) |
| Investment Income | | | |
| Interest Income | \$ 1,315,447 | \$ 1,169,074 | 12.5 |
| Change in Fair Value of Investments | 2,505,942 | 3,635,322 | (31.1) |
| Gain(Loss) on Sale of Investments | 495,788 | 244,300 | 102.9 |
| Stock Dividends | 641,831 | 483,322 | 32.8 |
| Amortization/Depr Income | (670,195) | (670,905) | (0.1) |
| Rental Income | <u>1,155,108</u> | <u>1,304,125</u> | (11.4) |
| Total Investment Income | <u>\$ 5,443,921</u> | <u>\$ 6,165,238</u> | (11.7) |

**STATE INSURANCE FUND
RETURN ON EQUITY (ROE)**

| Fiscal Year | Fund Equity | Net Revenue | | Underwriting Net Revenue | | Investment Net Revenue | |
|---------------------------------|--------------------|--------------------|-------------|---------------------------------|--------|-------------------------------|-------------|
| 2013 | 60,050,242 | (34,634,904) | -57.7% | (40,615,569) | -67.6% | 5,079,146 | 8.5% |
| 2012 | 94,327,231 | 5,747,725 | 6.1% | (1,186,296) | -1.3% | 5,861,204 | 6.2% |
| 2011 | 88,292,970 | (9,668,933) | -11.0% | (11,652,521) | -13.2% | 1,126,063 | 1.3% |
| 2010 | 98,155,070 | 3,225,462 | 3.3% | (695,277) | -0.7% | 3,021,018 | 3.1% |
| 2009 | 94,994,097 | (1,881,383) | -2.0% | (3,191,872) | -3.4% | (236,263) | -0.2% |
| 2008 | 97,066,369 | 35,833,917 | 36.9% | 35,224,669 | 36.3% | (112,914) | -0.1% |
| 2007 | 95,934,998 | (15,385,426) | -16.0% | (23,827,475) | -24.8% | 7,117,257 | 7.4% |
| 2006 | 85,128,007 | (14,296,962) | -16.8% | (20,822,082) | -24.5% | 5,215,709 | 6.1% |
| 2005 | 89,697,124 | 2,880,592 | 3.2% | (4,558,757) | -5.1% | 6,597,855 | 7.4% |
| 2004 | 89,671,432 | 5,619,706 | 6.3% | (4,022,841) | -4.5% | 5,949,886 | 6.6% |
| Average Return On Equity | | | 2.3% | | | -3.8% | 4.4% |

**STATE INSURANCE FUND LOSS EXPERIENCE
BY FISCAL YEAR**

| | <u>FY 2013</u> | <u>FY 2012</u> | <u>FY 2011</u> | <u>FY 2010</u> | <u>FY 2009</u> |
|--------------------------------|-----------------------------|----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Earned Premium | \$ 35,314,175 | \$ 30,566,484 | \$ 28,998,551 | \$ 29,231,612 | \$ 32,662,515 |
| Less Reinsurance Cost | <u>26,115,252</u> | <u>20,834,084</u> | <u>16,624,602</u> | <u>16,803,212</u> | <u>17,021,507</u> |
| Net Premium | <u>\$ 9,198,923</u> | <u>\$ 9,732,400</u> | <u>\$ 12,373,949</u> | <u>\$ 12,428,400</u> | <u>\$ 15,641,008</u> |
| | | | | | |
| Claims and Expenses Paid | \$ 40,253,094 | \$ 11,530,413 | \$ 16,955,189 | \$ 12,552,356 | \$ 11,463,188 |
| Claims and Expenses Unpaid | 7,659,570 | (1,794,446) | 4,600,749 | (1,983,630) | 4,973,747 |
| Loss Incurred But Not Reported | <u>(823,336)</u> | <u>(1,290,615)</u> | <u>(115,754)</u> | <u>(226,349)</u> | <u>(543,284)</u> |
| Net Losses | <u>\$ 47,089,328</u> | <u>\$ 8,445,352</u> | <u>\$ 21,440,184</u> | <u>\$ 10,342,377</u> | <u>\$ 15,893,651</u> |
| | | | | | |
| Loss Ratio | 511.9% | 86.8% | 173.3% | 83.2% | 101.6% |

*Loss Ratio = Net Losses divided by Net Premium

STATE INSURANCE FUND
Underwriting Revenues and Expenditures
Other Revenues and Expenditures
Ten Year Income Summary

| | 2012-13 | 2011-12 | 2010-11 | 2009-10 | 2008-09 | 2007-08 | 2006-07 | 2005-06 | 2004-05 | 2003-04 |
|----------------------------------|------------------------|---------------------|-----------------------|---------------------|-----------------------|----------------------|------------------------|------------------------|---------------------|---------------------|
| UNDERWRITING REVENUES: | | | | | | | | | | |
| Earned Premium | \$ 35,314,175 | \$ 30,566,484 | \$ 28,998,551 | \$ 29,231,612 | \$ 32,662,515 | \$ 31,948,049 | \$ 24,080,167 | \$ 22,892,071 | \$ 21,110,177 | \$ 19,854,768 |
| UNDERWRITING EXPENSES: | | | | | | | | | | |
| Claims and Expenses Paid | 40,253,094 | 11,530,413 | 16,955,189 | 12,552,356 | 11,463,188 | 15,945,572 | 26,232,909 | 29,920,695 | 12,130,803 | 10,218,105 |
| Claims and Expenses Unpaid | 7,659,570 | (1,794,446) | 4,600,749 | (1,963,630) | 4,973,747 | (38,849,241) | 5,827,009 | 1,682,262 | 7,287,315 | (1,956,008) |
| IBNR Expenses | (823,336) | (1,290,615) | (115,754) | (226,349) | (543,284) | 344,707 | (803,521) | (424,750) | (3,745,955) | 5,281,406 |
| Net Claims | 47,089,328 | 8,445,352 | 21,440,184 | 10,342,377 | 15,893,651 | (22,558,962) | 31,256,397 | 31,178,207 | 15,672,163 | 13,543,503 |
| Reinsurance Premium | 26,115,252 | 20,834,084 | 16,624,602 | 16,803,212 | 17,021,507 | 16,582,458 | 15,066,930 | 11,097,719 | 8,866,003 | 9,354,929 |
| Actuarial Services | 120,963 | 202,645 | 151,436 | 65,305 | 84,475 | 15,576 | 46,413 | 28,917 | 13,250 | 12,600 |
| Appraisal Services | - | - | 63,990 | 265,085 | 525,570 | 619,960 | - | - | - | - |
| Program Consultants | 30,659 | 27,487 | 26,647 | 29,151 | 23,319 | 93,888 | 43,697 | 7,857 | - | - |
| Supplies-Software | - | - | - | - | - | - | 33,433 | - | - | - |
| Administrative Expenses | 2,573,542 | 2,243,212 | 2,344,213 | 2,421,759 | 2,305,865 | 1,970,460 | 1,460,772 | 1,401,453 | 1,117,518 | 966,577 |
| Total Underwriting Expense | 75,929,744 | 31,752,780 | 40,651,072 | 29,926,889 | 35,854,387 | (3,276,620) | 47,907,642 | 43,714,153 | 25,668,934 | 23,877,609 |
| Net Underwriting Revenues | (40,615,569) | (1,186,296) | (11,652,521) | (695,277) | (3,191,872) | 35,224,669 | (23,827,475) | (20,822,082) | (4,558,757) | (4,022,841) |
| OTHER REVENUES: | | | | | | | | | | |
| Investment Income | 5,443,921 | 6,165,238 | 1,402,855 | 3,257,146 | 97,536 | (442,905) | 7,544,754 | 5,789,560 | 6,901,808 | 6,196,585 |
| Other Income | 901,519 | 1,069,817 | 857,525 | 899,721 | 1,546,752 | 1,382,144 | 1,324,792 | 1,309,411 | 841,494 | 3,692,660 |
| Total Other Revenues | 6,345,440 | 7,235,055 | 2,260,380 | 4,156,867 | 1,644,288 | 939,239 | 8,869,546 | 7,098,971 | 7,743,302 | 9,889,245 |
| OTHER EXPENSES: | | | | | | | | | | |
| Investment Expenses | 364,775 | 301,034 | 276,792 | 236,128 | 333,799 | 329,991 | 427,497 | 573,851 | 303,953 | 246,698 |
| Legal Defense Fees | - | - | - | - | - | - | - | - | - | - |
| Total Other Expenses | 364,775 | 301,034 | 276,792 | 236,128 | 333,799 | 329,991 | 427,497 | 573,851 | 303,953 | 246,698 |
| Net Other Revenues | 5,980,665 | 6,934,021 | 1,983,588 | 3,920,739 | 1,310,489 | 609,248 | 8,442,049 | 6,525,120 | 7,439,349 | 9,642,547 |
| NET REVENUES | \$ (34,634,904) | \$ 5,747,725 | \$ (9,668,933) | \$ 3,225,462 | \$ (1,881,383) | \$ 35,833,917 | \$ (15,385,426) | \$ (14,296,962) | \$ 2,880,592 | \$ 5,619,706 |

**State of Alabama
State Insurance Fund
Ten Year Loss Development**

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

| | Fiscal and Accident Year Ended | | | | | | | | | |
|--|--------------------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
| 1. Premiums and investment revenue: | | | | | | | | | | |
| Earned | \$26,051,353 | \$28,011,985 | \$28,681,631 | \$31,624,921 | \$31,505,144 | \$32,760,051 | \$32,488,658 | \$30,401,406 | \$36,731,722 | \$40,758,096 |
| Ceded | <u>9,354,929</u> | <u>8,866,003</u> | <u>11,097,719</u> | <u>15,066,930</u> | <u>16,582,458</u> | <u>17,021,507</u> | <u>16,803,212</u> | <u>16,624,602</u> | <u>20,834,084</u> | <u>26,115,252</u> |
| Net Earned | 16,696,424 | 19,145,982 | 17,583,912 | 16,557,991 | 14,922,686 | 15,738,544 | 15,685,446 | 13,776,804 | 15,897,638 | 14,642,844 |
| 2. Unallocated expenses | 1,225,875 | 1,434,721 | 2,012,079 | 2,011,812 | 3,029,874 | 3,273,028 | 3,009,975 | 2,863,078 | 2,774,378 | 3,089,939 |
| 3. Estimated losses and expenses, end of accident year: | | | | | | | | | | |
| Incurred | 19,112,695 | 15,806,047 | 17,978,395 | 34,750,795 | 9,843,167 | 15,974,858 | 17,531,067 | 113,642,633 | 38,861,612 | 33,467,018 |
| Ceded | <u>5,857,254</u> | <u>990,374</u> | <u>89,424</u> | <u>23,972,792</u> | - | - | <u>5,781,067</u> | <u>91,228,189</u> | <u>28,359,154</u> | <u>2,757,035</u> |
| Net incurred | 13,255,441 | 14,815,673 | 17,888,971 | 10,778,003 | 9,843,167 | 15,974,858 | 11,750,000 | 22,414,444 | 10,502,458 | 30,709,983 |
| 4. Net paid (cumulative) as of: | | | | | | | | | | |
| End of accident year | 2,956,081 | 2,229,160 | 6,244,752 | 4,616,761 | 2,840,393 | 5,134,855 | 6,493,216 | 9,192,688 | 3,842,095 | 16,000,360 |
| One year later | 8,431,874 | 10,067,705 | 12,391,469 | 14,467,870 | 6,256,552 | 11,681,390 | 10,177,985 | 16,880,437 | 22,702,692 | |
| Two years later | 9,549,266 | 12,021,218 | 14,930,417 | 15,892,504 | 6,613,211 | 14,306,765 | 10,241,179 | 22,069,924 | | |
| Three years later | 10,301,094 | 12,137,602 | 14,976,699 | 16,159,863 | 6,710,410 | 14,310,211 | 10,858,760 | | | |
| Four years later | 10,347,363 | 12,095,726 | 15,160,229 | 16,159,438 | 6,749,906 | 14,312,273 | | | | |
| Five years later | 10,230,661 | 12,093,526 | 15,158,793 | 16,158,466 | 6,749,906 | | | | | |
| Six years later | 10,230,661 | 12,091,326 | 15,158,792 | 16,157,689 | | | | | | |
| Seven years later | 10,230,661 | 12,089,126 | 15,158,793 | | | | | | | |
| Eight years later | 10,230,661 | 12,087,126 | | | | | | | | |
| Nine years later | 10,230,661 | | | | | | | | | |
| 5. Reestimated ceded losses and expenses | 26,157,604 | 15,667,844 | 87,300 | 16,293,046 | - | - | 2,928,580 | 90,962,467 | 514,360 | 2,757,035 |
| 6. Reestimated net incurred losses and expenses: | | | | | | | | | | |
| End of accident year | 13,255,441 | 14,815,673 | 17,888,971 | 10,778,003 | 9,843,167 | 15,974,858 | 11,750,000 | 22,414,444 | 10,502,458 | 30,709,983 |
| One year later | 10,602,396 | 13,800,922 | 16,170,317 | 16,661,283 | 7,534,616 | 14,850,000 | 10,750,000 | 21,000,000 | 32,434,640 | |
| Two years later | 10,662,436 | 13,247,344 | 15,133,071 | 16,119,961 | 7,239,999 | 14,605,689 | 10,883,007 | 22,900,000 | | |
| Three years later | 10,622,839 | 12,291,649 | 15,160,229 | 16,159,863 | 7,072,120 | 14,527,550 | 10,858,760 | | | |
| Four years later | 10,347,363 | 12,095,726 | 15,160,229 | 16,159,438 | 6,749,906 | 14,312,273 | | | | |
| Five years later | 10,230,661 | 12,093,526 | 15,158,793 | 16,158,466 | 6,749,906 | | | | | |
| Six years later | 10,230,661 | 12,091,326 | 15,158,792 | 16,157,689 | | | | | | |
| Seven years later | 10,230,661 | 12,089,126 | 15,158,793 | | | | | | | |
| Eight years later | 10,230,661 | 12,087,126 | | | | | | | | |
| Nine years later | 10,230,661 | | | | | | | | | |
| 7. Increase (decrease) in estimated net incurred losses and expenses from end of accident year | (3,024,780) | (2,728,547) | (2,730,178) | 5,379,686 | (3,093,261) | (1,662,585) | (891,240) | 485,556 | 21,932,182 | - |

**GENERAL LIBILITY TRUST FUND
STATEMENT OF NET ASSETS
UNAUDITED
SEPTEMBER 30, 2013**

| ASSETS | <u>FY 2013</u> | <u>FY 2012</u> | <u>FY 2011</u> |
|------------------------------------|----------------------|----------------------|----------------------|
| Current Assets | | | |
| Cash and Cash Equivalent | \$ 1,545,845 | \$ 1,812,799 | \$ 621,527 |
| Cash - Outside Bank Account | 15,230,515 | 1,436,602 | 43,035 |
| Investments (Fair Value) | 1,418,341 | 31,201,478 | 36,866,946 |
| Interfund Vouchers Receivable | 1,870 | - | 235 |
| Accounts Receivable | - | 979,002 | 543,702 |
| Accrued Interest Receivable | - | 6,012 | 1,013 |
| Prepaid Insurance | - | - | - |
| Total Current Assets | <u>18,196,571</u> | <u>35,435,893</u> | <u>38,076,458</u> |
| Noncurrent Assets | | | |
| Investments (Fair Value) | 16,293,226 | 5,901,218 | 4,695,357 |
| Advance to Other Funds - LT | 10,000,000 | | |
| Accounts Receivable | - | 18,143 | 18,143 |
| Accrued Interest Receivable | 98,444 | 94,218 | 76,857 |
| Total Noncurrent Assets | <u>26,391,670</u> | <u>6,013,579</u> | <u>4,790,357</u> |
| TOTAL ASSETS | 44,588,241 | 41,449,472 | 42,866,815 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Vouchers Payable | 82,983 | 60,771 | 329,193 |
| Unpaid Claims & Expenses | 2,354,603 | 2,384,415 | 2,096,779 |
| Total Current Liabilities | <u>2,437,586</u> | <u>2,445,186</u> | <u>2,425,972</u> |
| Long-term Liabilities | | | |
| Unpaid Claims & Expenses - LT | 7,882,800 | 7,982,606 | 7,074,488 |
| Estimated Recovery of Reserves | - | - | (54,836) |
| Claims Incurred But Not Reported | 16,908,470 | 17,283,140 | 19,430,476 |
| Total Long-term Liabilities | <u>24,791,270</u> | <u>25,265,746</u> | <u>26,450,128</u> |
| Total Liabilities | 27,228,856 | 27,710,932 | 28,876,100 |
| NET ASSETS | | | |
| Reserve for Encumbrances | 249,858 | 284,833 | 452,069 |
| Unrestricted | 17,109,527 | 13,453,707 | 13,538,646 |
| TOTAL NET ASSETS | <u>\$ 17,359,385</u> | <u>\$ 13,738,540</u> | <u>\$ 13,990,715</u> |

GENERAL LIABILITY TRUST FUND
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET ASSETS
UNAUDITED
FOR THE YEAR ENDED SEPTEMBER 30, 2013

| | <u>FY 2013</u> | <u>FY 2012</u> | <u>FY 2011</u> |
|---|----------------------|----------------|----------------|
| OPERATING REVENUES | | | |
| Earned Premiums | \$ 8,550,756 | \$ 9,117,114 | \$ 14,081,440 |
| Total Operating Revenues | 8,550,756 | 9,117,114 | 14,081,440 |
| OPERATING EXPENSES | | | |
| Operations: | | | |
| Loss and Adjustment Expenses | 4,021,517 | 7,599,106 | 7,357,464 |
| Incurred But Not Reported Expense | (374,670) | (2,147,336) | (252,266) |
| Actuarial Services | 12,769 | 15,163 | 16,689 |
| Program Consultants | 7,188 | 3,927 | 3,807 |
| Reinsurance Expense | 465,000 | 3,517,217 | 3,858,871 |
| Total Operations | 4,131,804 | 8,988,077 | 10,984,565 |
| Administration: | | | |
| Personnel Costs | 440,701 | 380,916 | 379,508 |
| Employee Benefits | 132,880 | 116,765 | 125,231 |
| Travel - In State | - | - | - |
| Travel - Out of State | - | - | 177 |
| Repair & Maintenance | 545 | - | - |
| Rentals & Leases | 4,629 | 4,473 | 4,392 |
| Utilities & Communication | 2,652 | 2,394 | 2,298 |
| Services | 153,833 | 128,360 | 111,492 |
| Supplies, Materials & Operating Expense | 77,040 | 61,294 | 63,749 |
| Transportation Equipment Operations | - | - | - |
| Total Administration | 812,280 | 694,202 | 686,847 |
| Total Operating Expenses | 4,944,084 | 9,682,279 | 11,671,412 |
| Operating Income (Loss) | 3,606,672 | (565,165) | 2,410,028 |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Investment Income | 9,040 | 415,231 | 231,178 |
| Other Income | - | 96 | 480 |
| Investment Expenses | - | (63) | (221) |
| Total Nonoperating Revenues (Expenses) | 9,040 | 415,264 | 231,437 |
| Income (Loss) Before Contributions and Transfers | 3,615,712 | (149,901) | 2,641,465 |
| Transfers Out - State Personnel | (1,590) | (1,593) | (1,617) |
| Increase (Decrease) in Net Assets | 3,614,122 | (151,494) | 2,639,848 |
| Total Net Assets, October 1, As Restated | 13,722,468 | 13,847,571 | 11,388,009 |
| Total Net Assets, September 30 | \$ 17,359,385 | \$ 13,738,540 | \$ 13,990,715 |

**GENERAL LIABILITY TRUST FUND
NOTES TO FINANCIAL STATEMENTS**

The General Liability Trust Fund (GLTF) was established in 1984 to protect state employees from personal financial liability resulting from lawsuits that are based on alleged negligence while acting within the line and scope of state employment. Claims are investigated and defended through the Office of the Attorney General. Auto Liability is fully reinsured and the re-insurer, American Southern Insurance Company, handles all claims. The GLTF is managed much like a commercial insurance company, with exposure evaluated and commensurate premiums assigned to state agencies. Investment activities are an essential part of the General Liability Trust Fund's ability to maintain lower-cost employee liability coverage. Funds in excess of those needed for immediate operations are invested to maximize return and keep premiums down.

Losses are recorded as current liabilities and expenses in the year reported. IBNR recognizes losses that have occurred but have not yet been reported. This liability and expense is determined by a professional actuary. Excess insurance was procured effective January 15, 2011. The coverage will aggregate paid losses in excess of \$500,000 per claim. When these losses exceed \$3,000,000 in a policy year, claims in excess of the \$500,000 deductible will be reimbursed up to a maximum recovery of \$10,000,000 in any policy year. Payments received in fiscal years 2013, 2012, and 2011 for settlements in excess of deductibles for old claims (prior to April 2002) totaled \$979,002, \$0 and \$198,644, respectively.

The following table presents the changes in claims liabilities for the past two years:

| | September 30, | |
|---|-----------------------------|-----------------------------|
| | <u>2013</u> | <u>2012</u> |
| Reported claims payable and estimated claims incurred but not reported at beginning of year | \$ 27,650,161 | \$ 28,546,907 |
| Incurred claims and adjustment expenses: | | |
| Provision for insured events of the current year | 7,000,000 | 7,600,000 |
| Increase (Decrease) in provision for insured events of prior years | <u>(3,353,153)</u> | <u>(2,148,230)</u> |
| Total incurred claims and adjustment expenses | 3,646,847 | 5,451,770 |
| Payments: | | |
| Claims and adjustment expenses attributable to insured events of the current year | (604,465) | (607,602) |
| Claims and adjustment expenses attributable to insured events of prior years | <u>(3,546,670)</u> | <u>(5,740,914)</u> |
| Total payments | (4,151,135) | (6,348,516) |
| Reported claims payable and estimated claims incurred but not reported at end of year | <u>\$ 27,145,873</u> | <u>\$ 27,650,161</u> |

**GENERAL LIBILITY TRUST FUND
INVESTMENT NOTES**

| | September 30, | | <u>% Change</u> |
|-------------------------------------|----------------------|----------------------|------------------------|
| | <u>2013</u> | <u>2012</u> | |
| Investments | | | |
| Money Market Funds | \$ 1,418,341 | \$ 2,205,430 | (35.7) |
| Commercial Paper | - | 28,996,048 | (100.0) |
| US Treasury Securities | 297,260 | 311,395 | (4.5) |
| Mortgage Backed Securities | 26,806 | 33,364 | (19.7) |
| Domestic Corporate Bonds | <u>15,969,160</u> | <u>5,556,459</u> | 187.4 |
| Total Investments | <u>\$ 17,711,567</u> | <u>\$ 37,102,696</u> | (52.3) |
| Investment Income | | | |
| Interest Income | \$ 337,671 | \$ 329,526 | 2.5 |
| Change in Fair Value of Investments | (242,171) | 85,705 | (382.6) |
| Gain(Loss)on Sale of Investments | <u>(86,460)</u> | - | 100.0 |
| Total Investment Income | <u>\$ 9,040</u> | <u>\$ 415,231</u> | (97.8) |

GENERAL LIABILITY TRUST FUND
Underwriting Revenues and Expenses
Other REVENUES and Expenses
Ten Year Income Summary

| | <u>2012-13</u> | <u>2011-12</u> | <u>2010-11</u> | <u>2009-10</u> | <u>2008-09</u> | <u>2007-08</u> | <u>2006-07</u> | <u>2005-06</u> | <u>2004-05</u> | <u>2003-04</u> |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| UNDERWRITING REVENUES: | | | | | | | | | | |
| Earned Premium | \$ 8,550,756 | \$ 9,117,114 | \$ 14,081,440 | \$ 13,286,552 | \$ 13,452,191 | \$ 13,537,260 | \$ 12,590,391 | \$ 9,226,426 | \$ 8,876,441 | \$ 8,570,498 |
| UNDERWRITING EXPENSES: | | | | | | | | | | |
| Claims and Expenses Paid | 4,151,135 | 6,348,516 | 8,284,923 | 4,305,162 | 7,659,525 | 6,401,802 | 7,997,593 | 9,238,380 | 9,736,438 | 7,076,796 |
| Claims and Expenses Unpaid | (129,618) | 1,250,590 | (927,459) | 1,885,098 | (2,032,005) | (643,542) | (1,301,463) | (4,513,421) | 1,591,690 | (101,060) |
| IBNR Expenses | (374,670) | (2,147,336) | (252,266) | (879,202) | 3,336,687 | 1,345,152 | (3,160,995) | 3,413,026 | 3,711,003 | (116,919) |
| Net Claims | 3,646,847 | 5,451,770 | 7,105,198 | 5,311,058 | 8,964,207 | 7,103,412 | 3,535,135 | 8,137,985 | 15,039,131 | 6,858,817 |
| Reinsurance Premium | 465,000 | 3,517,217 | 3,858,871 | 3,276,588 | 3,249,806 | 1,897,004 | 3,915,990 | 3,723,333 | 2,876,805 | 3,609,850 |
| Actuarial Services | 12,769 | 15,163 | 16,689 | 13,801 | 12,708 | 13,683 | 13,494 | 13,313 | 11,000 | 10,500 |
| Program Consultants | 7,188 | 3,927 | 3,807 | 4,165 | 3,331 | 16,237 | 29,622 | 18,417 | - | - |
| Interest Expense | - | - | - | - | - | 15,000 | 45,000 | - | - | - |
| Administrative Expenses | 813,870 | 695,795 | 688,464 | 621,858 | 693,374 | 781,799 | 825,075 | 698,461 | 591,506 | 506,908 |
| Total Underwriting Expenses | 4,945,674 | 9,683,872 | 11,673,029 | 9,227,470 | 12,923,426 | 9,827,135 | 8,364,316 | 12,591,509 | 18,518,442 | 10,986,075 |
| Net Underwriting Revenues | 3,605,082 | (566,758) | 2,408,411 | 4,059,082 | 528,765 | 3,710,125 | 4,226,075 | (3,365,083) | (9,642,001) | (2,415,577) |
| OTHER REVENUES: | | | | | | | | | | |
| Investment Income | 9,040 | 415,231 | 231,178 | 478,624 | 754,184 | 1,315,627 | 1,007,298 | 1,037,065 | 1,158,129 | 1,003,052 |
| Other Income | - | 96 | 480 | 6,048 | - | 5,446 | 250,464 | 3,387 | 1,935,522 | 1,254,458 |
| Total Other Revenues | 9,040 | 415,327 | 231,658 | 484,672 | 754,184 | 1,321,073 | 1,257,762 | 1,040,442 | 3,093,651 | 2,257,510 |
| OTHER EXPENSES: | | | | | | | | | | |
| Investment Expenses | - | 63 | 221 | - | - | - | - | - | - | - |
| | - | 63 | 221 | - | - | - | - | - | - | - |
| NET REVENUES | \$ 3,614,122 | \$ (151,494) | \$ 2,639,848 | \$ 4,543,754 | \$ 1,282,949 | \$ 5,031,198 | \$ 5,483,837 | \$ (2,324,641) | \$ (6,548,350) | \$ (168,067) |

**State of Alabama
 Department of Finance
 Division of Risk Management
 Education Liability Trust Fund
 Statement of Net Assets
 September 30, 2013
 Final Statement**

| | <u>SEPTEMBER FY 2013</u> | <u>SEPTEMBER FY 2012</u> | <u>SEPTEMBER FY 2011</u> |
|------------------------------------|------------------------------|------------------------------|------------------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash | \$ 481,451.54 | \$ - | \$ - |
| Due from Other Funds - Premiums | - | - | - |
| Prepaid Insurance | - | - | - |
| Total Current Assets | <u>481,451.54</u> | <u>-</u> | <u>-</u> |
| | | | |
| TOTAL ASSETS | 481,451.54 | - | - |
| | | | |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Vouchers Payable | 2,585.06 | - | - |
| Unearned Premiums | - | - | - |
| Unpaid Claims & Expenses | - | - | - |
| Total Current Liabilities | <u>2,585.06</u> | <u>-</u> | <u>-</u> |
| | | | |
| Long-term Liabilities | | | |
| Unpaid Claims & Expenses - LT | - | - | - |
| Claims Incurred But Not Reported | 400,000.00 | - | - |
| Total Long-term Liabilities | <u>400,000.00</u> | <u>-</u> | <u>-</u> |
| | | | |
| Total Liabilities | 402,585.06 | - | - |
| | | | |
| NET ASSETS | | | |
| Reserved for Pre-Encumbrances | - | - | - |
| Reserved for Encumbrances | 68,520.00 | - | - |
| Unrestricted | 10,346.48 | - | - |
| TOTAL NET ASSETS | <u>\$ 78,866.48</u> | <u>\$ -</u> | <u>\$ -</u> |

**State of Alabama
Department of Finance
Division of Risk Management
Education Liability Trust Fund
Statement of Revenues, Expenses, and Changes in Net Assets
For the Period October 1, 2012 – September 30, 2013
Final Statement**

| | SEPTEMBER <u>FY 2013</u> | SEPTEMBER <u>FY 2012</u> | SEPTEMBER <u>FY 2011</u> |
|---|-----------------------------|-----------------------------|-----------------------------|
| OPERATING REVENUES | | | |
| Earned Premiums | \$ 500,000.00 | \$ - | \$ - |
| Total Operating Revenues | <u>500,000.00</u> | <u>-</u> | <u>-</u> |
| OPERATING EXPENSES | | | |
| Operations: | | | |
| Change in Reserve - Unpaid Claims | 400,000.00 | - | - |
| Change in Reserve - Unpaid Claim Expense | - | - | - |
| Settlements | - | - | - |
| Attorney Fees | - | - | - |
| Court Reporters | - | - | - |
| Professional Services | - | - | - |
| Other Claims Expense | - | - | - |
| Actuarial Services | 1,980.00 | - | - |
| Program Consultants | - | - | - |
| Reinsurance Expense | - | - | - |
| Total Operations | <u>401,980.00</u> | <u>-</u> | <u>-</u> |
| Administration: | | | |
| Personnel Costs | 12,986.10 | - | - |
| Employee Benefits | 6,167.42 | - | - |
| Travel - In State & Per Diem | - | - | - |
| Travel - Out of State | - | - | - |
| Repair & Maintenance | - | - | - |
| Rentals & Leases | - | - | - |
| Utilities & Communication | - | - | - |
| Services | - | - | - |
| Supplies, Materials, & Operating Expense | - | - | - |
| Transportation Equipment Operations | - | - | - |
| Total Administration | <u>19,153.52</u> | <u>-</u> | <u>-</u> |
| Total Operating Expenses | <u>421,133.52</u> | <u>-</u> | <u>-</u> |
| Operating Income (Loss) | <u>78,866.48</u> | <u>-</u> | <u>-</u> |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Miscellaneous Fees | - | - | - |
| Prior Year Refund | - | - | - |
| Total Nonoperating Revenues (Expenses) | <u>-</u> | <u>-</u> | <u>-</u> |
| Income (Loss) Before Contributions and Transfers | <u>78,866.48</u> | <u>-</u> | <u>-</u> |
| Transfers In - Intra Fund | 21,000.00 | - | - |
| Transfers Out - Intra Fund | (21,000.00) | - | - |
| Transfers Out - State Personnel | - | - | - |
| Increase (Decrease) in Net Assets | <u>78,866.48</u> | <u>-</u> | <u>-</u> |
| Total Net Assets, October 1, as Restated | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Net Assets, September 30 | <u>\$ 78,866.48</u> | <u>\$ -</u> | <u>\$ -</u> |

STATE EMPLOYEE INJURY COMPENSATION TRUST FUND
STATEMENT OF NET ASSETS
UNAUDITED
SEPTEMBER 30, 2013

| ASSETS | <u>FY 2013</u> | <u>FY 2012</u> | <u>FY 2011</u> |
|------------------------------------|----------------------|----------------------|----------------------|
| Current Assets | | | |
| Cash and Cash Equivalent | \$ 906,919 | \$ 941,857 | \$ 686,898 |
| Cash - Outside Bank Account | 7,983,438 | 3,143,234 | 123,038 |
| Cash - In Transit | - | - | 150 |
| Investments (Fair Value) | 1,184,494 | 24,262,593 | 26,221,816 |
| Accounts Receivable | - | 373,433 | 376,502 |
| Due From Other Funds | - | - | - |
| Accrued Interest Receivable | 338,977 | 5,470 | 41,805 |
| Prepaid Expense | - | - | - |
| Total Current Assets | 10,413,828 | 28,726,587 | 27,450,209 |
| Noncurrent Assets | | | |
| Investments (Fair Value) | 17,805,782 | 5,862,120 | 5,660,366 |
| Advance to Other Funds | 7,200,000 | - | - |
| Accrued Interest Receivable | 116,459 | 44,577 | - |
| Total Noncurrent Assets | 25,122,241 | 5,906,697 | 5,660,366 |
| TOTAL ASSETS | 35,536,069 | 34,633,284 | 33,110,575 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Vouchers Payable | 780,076 | 351,604 | 892,043 |
| Self-Insured Deposits | 120,000 | 120,000 | 120,000 |
| Unpaid Claims & Expenses | 1,963,367 | 1,127,863 | 1,423,812 |
| Total Current Liabilities | 2,863,443 | 1,599,467 | 2,435,855 |
| Long-term Liabilities | | | |
| Unpaid Claims & Expenses - LT | 6,961,028 | 6,391,227 | 7,475,013 |
| Claims Incurred But Not Reported | 10,347,637 | 10,843,453 | 11,392,604 |
| Total Long-term Liabilities | 17,308,665 | 17,234,680 | 18,867,617 |
| Total Liabilities | 20,172,108 | 18,834,147 | 21,303,472 |
| NET ASSETS | | | |
| Reserved for Encumbrances | 2,146,089 | 2,002,278 | 1,537,782 |
| Unrestricted | 13,217,872 | 13,796,859 | 10,269,321 |
| TOTAL NET ASSETS | \$ 15,363,961 | \$ 15,799,137 | \$ 11,807,103 |

STATE EMPLOYEE INJURY COMPENSATION TRUST FUND
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
UNAUDITED
FOR THE YEAR ENDED SEPTEMBER 30, 2013

| | <u>FY 2013</u> | <u>FY 2012</u> | <u>FY 2011</u> |
|---|----------------------|----------------------|----------------------|
| OPERATING REVENUES | | | |
| Earned Premiums | \$ 7,353,662 | \$ 7,745,888 | \$ 8,685,743 |
| Earned Premiums - EAP | 223,485 | 231,919 | 232,022 |
| Administrative Fees - Self Insured Agencies | <u>290,220</u> | <u>283,435</u> | <u>309,488</u> |
| Total Operating Revenues | 7,867,367 | 8,261,242 | 9,227,253 |
| OPERATING EXPENSES | | | |
| Operations: | | | |
| Loss and Adjustment Expenses | 5,985,931 | 2,421,660 | 3,211,624 |
| Incurred But Not Reported Expense | (495,816) | (549,151) | 1,667,627 |
| Actuarial Services | 28,635 | 26,213 | 68,648 |
| Medical Services | 186,249 | 248,336 | 163,461 |
| Program Consultants | 22,630 | 42,987 | 272,292 |
| EAP Expenses | 155,070 | 158,565 | 189,132 |
| Other Non-Claim Operational Expenses | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Operations | 5,882,699 | 2,348,610 | 5,572,784 |
| Administration: | | | |
| Personnel Costs | 1,670,443 | 1,590,084 | 1,516,151 |
| Employee Benefits | 583,134 | 553,350 | 551,909 |
| Travel - In State | 1,534 | 1,372 | 7,609 |
| Travel - Out of State | - | - | 385 |
| Repair & Maintenance | 1,114 | 119 | 480 |
| Rentals & Leases | 5,872 | 4,352 | 4,491 |
| Utilities & Communication | 22,804 | 20,892 | 20,911 |
| Services | 190,972 | 164,558 | 181,539 |
| Supplies, Materials & Operating Expense | 92,715 | 88,984 | 89,549 |
| Transportation Equipment Operations | <u>1,180</u> | <u>1,050</u> | <u>3,336</u> |
| Total Administration | 2,569,768 | 2,424,761 | 2,376,360 |
| Total Operating Expenses | 8,452,467 | 4,773,371 | 7,949,144 |
| Operating Income (Loss) | (585,100) | 3,487,871 | 1,278,109 |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Investment Income | 8,351 | 513,494 | 199,342 |
| Miscellaneous Fees | 121 | - | - |
| Court Ordered Settlements | - | 90 | 263 |
| Reimbursement Not Otherwise Classified | - | 63 | - |
| Investment Expense | <u>-</u> | <u>(63)</u> | <u>(221)</u> |
| Total Nonoperating Revenues (Expenses) | 8,472 | 513,584 | 199,384 |
| Income (Loss) Before Contributions and Transfers | (576,628) | 4,001,455 | 1,477,493 |
| Transfers In | - | - | - |
| Transfers Out - State Personnel | <u>(8,565)</u> | <u>(7,800)</u> | <u>(8,214)</u> |
| Increase (Decrease) in Net Assets | (585,193) | 3,993,655 | 1,469,279 |
| Total Net Assets, October 1, As Restated | <u>15,799,592</u> | <u>11,729,908</u> | <u>10,331,130</u> |
| Total Net Assets, September 30 | \$ 15,363,961 | \$ 15,799,137 | \$ 11,807,103 |

**STATE EMPLOYEE INJURY COMPENSATION TRUST FUND
NOTES TO FINANCIAL STATEMENTS**

The State Employee Injury Compensation Trust Fund (SEICTF) was created by the legislature on October 1, 1994. Its purpose is to provide benefits to eligible state employees for job-incurred injury. Benefits under SEICTF are administered by the Department of Finance, Division of Risk Management in accordance with the Alabama Administrative Code and include all reasonable medical expenses arising from a job-incurred injury, lost wages (including benefits for time lost from the job), and benefits to dependents of employees who are fatally injured on the job. Specifically excluded from coverage are employees of the State Port Authority, educational institutions, and local boards of education. A key element in assuring effective and efficient operation of SEICTF was the creation of a statewide medical provider network with a focus on professionals who are experts in treating occupational injury.

Losses are recorded as current liabilities and expenses in the year reported. IBNR recognizes losses that have occurred but have not been reported. This liability and expense is determined by a professional actuary.

The following table presents the changes in claims liabilities for the past two years:

| | September 30, | |
|---|----------------------|----------------------|
| | <u>2013</u> | <u>2012</u> |
| Reported claims payable and estimated claims incurred but not reported at beginning of year | \$ 18,362,543 | \$ 20,291,429 |
| Incurred claims and claim adjustment expenses: | | |
| Provision for insured events of the current year | 4,600,000 | 4,500,000 |
| Increase (Decrease) in provision for insured events of prior years | <u>890,115</u> | <u>(2,627,491)</u> |
| Total incurred claims and adjustment expenses | 5,490,115 | 1,872,509 |
| Payments: | | |
| Claims and adjustment expenses attributable to insured events of the current year | (1,429,341) | (1,720,226) |
| Claims and adjustment expenses attributable to insured events of prior years | <u>(3,151,285)</u> | <u>(2,081,169)</u> |
| Total payments | (4,580,626) | (3,801,395) |
| Reported claims payable and estimated claims incurred but not reported at end of year | <u>\$ 19,272,032</u> | <u>\$ 18,362,543</u> |

The Department of Transportation finances its own risk for state employee injury compensation. This table does not include the changes in claims liabilities for the Department of Transportation.

**STATE EMPLOYEE INJURY COMPENSATION TRUST FUND
INVESTMENT NOTES**

| | September 30, | | |
|-------------------------------------|----------------------|----------------------|-----------------|
| | <u>2013</u> | <u>2012</u> | <u>% Change</u> |
| Investments | | | |
| Money Market Funds | \$ 1,184,494 | \$ 9,265,638 | (87.2) |
| Commercial Paper | - | 14,996,955 | (100.0) |
| US Treasury Securities Long Term | 297,260 | 311,395 | (4.5) |
| Domestic Corporate Bonds | <u>17,508,522</u> | <u>5,550,725</u> | 215.4 |
| Total Investments | <u>\$ 18,990,276</u> | <u>\$ 30,124,713</u> | (37.0) |
| Investment Income | | | |
| Interest Income | \$ 391,448 | \$ 304,308 | 28.6 |
| Change in Fair Value of Investments | (336,717) | 209,186 | (261.0) |
| Gain(Loss) on Sale of Investments | <u>(46,380)</u> | <u>-</u> | (100.0) |
| Total Investment Income | <u>\$ 8,351</u> | <u>\$ 513,494</u> | (98.4) |

STATE EMPLOYEE INJURY COMPENSATION TRUST FUND
Underwriting Revenues and Expenses
Other Revenues and Expenses
Ten Year Income Summary

| | <u>2012-13</u> | <u>2011-12</u> | <u>2010-11</u> | <u>2009-10</u> | <u>2008-09</u> | <u>2007-08</u> | <u>2006-07</u> | <u>2005-06</u> | <u>2004-05</u> | <u>2003-04</u> |
|---|---------------------|---------------------|---------------------|---------------------|-------------------|-----------------------|---------------------|-------------------|---------------------|-------------------|
| UNDERWRITING REVENUES: | | | | | | | | | | |
| Earned Premiums | \$ 7,353,662 | \$ 7,745,888 | \$ 8,685,743 | \$ 9,172,759 | \$ 7,717,034 | \$ 7,587,499 | \$ 3,384,120 | \$ 3,253,101 | \$ 2,936,164 | \$ 2,924,803 |
| Earned Premiums - EAP | 223,485 | 231,919 | 232,022 | - | - | - | - | - | - | - |
| Administrative Fees - Self Insured Agencies | 290,220 | 283,435 | 309,488 | 315,152 | 316,015 | 308,530 | 1,248,844 | 1,266,809 | 1,384,356 | 1,618,303 |
| | <u>7,867,367</u> | <u>8,261,242</u> | <u>9,227,253</u> | <u>9,487,911</u> | <u>8,033,049</u> | <u>7,896,029</u> | <u>4,632,964</u> | <u>4,519,910</u> | <u>4,320,520</u> | <u>4,543,106</u> |
| UNDERWRITING EXPENSES: | | | | | | | | | | |
| Claims and Expenses Paid | 4,580,626 | 3,801,395 | 4,035,964 | 4,558,230 | 3,929,439 | 6,757,163 | 691,505 | 2,365,646 | (1,957,819) | (285,448) |
| Claims and Expenses Unpaid | 1,405,305 | (1,379,735) | (824,340) | (1,137,343) | 1,292,376 | 2,820,984 | (416,595) | 748,010 | 2,317,106 | 891,349 |
| IBNR Expenses | (495,816) | (549,151) | 1,667,627 | 2,119,918 | (97,498) | 1,536,267 | (2,190,402) | (98,137) | (1,213,691) | 883,634 |
| Net Claims | <u>5,490,115</u> | <u>1,872,509</u> | <u>4,879,251</u> | <u>5,540,805</u> | <u>5,124,317</u> | <u>11,114,414</u> | <u>(1,915,492)</u> | <u>3,015,519</u> | <u>(854,404)</u> | <u>1,489,535</u> |
| Reinsurance Premium | - | - | - | - | - | - | - | - | - | 105,843 |
| Actuarial Services | 28,635 | 26,213 | 68,648 | 37,179 | 52,436 | 41,054 | 22,986 | 36,468 | 47,388 | - |
| Medical Services | 186,249 | 248,336 | 163,461 | 470,239 | 704,383 | 970,597 | 1,096,107 | 1,031,917 | 905,595 | 1,877,427 |
| Program Consultants | 22,630 | 42,987 | 272,292 | 70,069 | 6,662 | 11,662 | 9,118 | 1,525 | - | - |
| EAP Expenses | 155,070 | 158,565 | 189,132 | 224,940 | - | - | - | - | - | - |
| Administrative Expenses | <u>2,578,333</u> | <u>2,432,561</u> | <u>2,384,574</u> | <u>2,300,694</u> | <u>2,248,590</u> | <u>1,927,346</u> | <u>1,529,687</u> | <u>1,199,884</u> | <u>1,175,745</u> | <u>1,110,856</u> |
| Total Underwriting Expenses | 8,461,032 | 4,781,171 | 7,957,358 | 8,643,926 | 8,136,388 | 14,065,073 | 742,406 | 5,285,313 | 1,274,324 | 4,477,818 |
| Net Underwriting Revenues | (593,665) | 3,480,071 | 1,269,895 | 843,985 | (103,339) | (6,169,044) | 3,890,558 | (765,403) | 3,046,196 | 65,288 |
| OTHER REVENUES: | | | | | | | | | | |
| Investment Income | 8,351 | 513,494 | 199,342 | 399,581 | 508,059 | 1,189,892 | 1,030,081 | 1,016,978 | 870,503 | 734,468 |
| Other Income | 121 | 153 | 263 | 213 | 96 | 16,200 | 45,420 | - | 219,399 | 66,590 |
| Total Other Revenues | <u>8,472</u> | <u>513,647</u> | <u>199,605</u> | <u>399,794</u> | <u>508,155</u> | <u>1,206,092</u> | <u>1,075,501</u> | <u>1,016,978</u> | <u>1,089,902</u> | <u>801,058</u> |
| OTHER EXPENSES: | | | | | | | | | | |
| Other Non-Claim Operational Expenses | - | - | - | 397 | - | 4,110,184 | 628 | 350 | 915 | - |
| Investment Expenses | - | 63 | 221 | - | - | - | - | - | - | - |
| | - | 63 | 221 | 397 | - | 4,110,184 | 628 | 350 | 915 | - |
| NET REVENUES | <u>\$ (585,193)</u> | <u>\$ 3,993,655</u> | <u>\$ 1,469,279</u> | <u>\$ 1,243,382</u> | <u>\$ 404,816</u> | <u>\$ (9,073,136)</u> | <u>\$ 4,965,431</u> | <u>\$ 251,225</u> | <u>\$ 4,135,183</u> | <u>\$ 866,346</u> |

NOTES

NOTES

NOTES

STAFF

RISK MANAGER..... Ben M. Spillers

ADMINISTRATIVE Marilyn Tucker
Laura Robinson
Fran Lewis

INFORMATION SYSTEMS Clint Witherington
Edward Morgan
Thomas Davis
Sharon Henderson

LEGAL Hank Draughon

CLAIMS Kim Huggins
Hugh Gale
Teresa Nobles
Dorothy Roberts
Starla Sanders
Erik Smith
Leigh Warner

EMPLOYEE ASSISTANCE..... Sam Boswell

LOSS CONTROL Robert Smith
Elizabeth Fralish
Robert Borth
Ronnie Daniels
Danny Dean
Chris Langston
Michael McCoy
Harper Pruett
Rusty Taylor
Sylvia Williams

UNDERWRITING Max Graham
Dale Whittle
Casey Dunn
Regina Roughton
Amber Shaffer
Patsi Sims
Pamela Watkins
Heather Whorton

EMPLOYEE INJURY..... Carol Singletary Beth Ledbetter
Kimberly Alexander Melanie Longpre
Paula Ansari Terri Loving
Pam Bailey Rosanna McHargue
Paula Cole Tina Paulk
Jill Cowart Voncille Pompey
Gina Dismukes Tammy Sasser
Ife Dixon Sirena Sheridan
April Emfinger Kim Sides
Marie Fussell Carol Singletary
Kristi Griffith Dorothy Tarver
Suzanne Hill Beverly Taylor
Georgia Ivey Jana Valdakias

PUBLIC INFORMATION SPECIALIST Melanie Cleveland

