

State of West Virginia
Board of Risk and Insurance Management
2025 Annual Report



August 22, 2025

Honorable Patrick Morrissey, Governor
State of West Virginia

Governor Morrissey:

The Annual Report of the West Virginia Board of Risk and Insurance Management (BRIM) for the year ended June 30, 2025, is hereby respectfully submitted. This report was prepared by the staff of BRIM. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation rests with the management of BRIM. We believe the data, as presented, is accurate and that it is presented in a manner designed to fairly set forth the results of the operations of BRIM. All information necessary to enable the reader to gain an understanding of BRIM's operational activities has been included.

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

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

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

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

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

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

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

Property losses are retained by BRIM up to \$1 million. Additionally, excess coverage is provided beyond the \$1 million retention up to a limit of \$300 million per occurrence. This coverage provides reimbursement of loss at the stated or reported value less than a \$2,500 deductible. Under the mine subsidence program, participating insurers pay BRIM a reinsurance premium, which is equal to the gross premiums collected for mine subsidence coverage, less cancellations, less a 30% ceding commission.

BRIM currently insures approximately 160 state agencies, approximately 1,000 non-state entities, plus provides mine subsidence reinsurance to approximately 75,000 home and business owners.

Financial Highlights

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

Internal Accounting Structure and Budgetary Control

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

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

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

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

BRIM On-Line

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

Results of Operations

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

| | 2021 | 2022 | 2023 | 2024 |
|-----------------------------------|----------------|------------|-----------|------------|
| | (In Thousands) | | | |
| Operating Revenues: | | | | |
| Premiums | \$ 83,238 | \$ 86,099 | \$ 95,502 | \$ 115,334 |
| Less Excess Coverages | (4,438) | (4,758) | (8,969) | (14,989) |
| Net Operating Revenues | 78,800 | 81,341 | 86,533 | 100,345 |
| Operating Expenses: | | | | |
| Claims & Claims Adjustment | 70,259 | 168,122 | 171,253 | 104,272 |
| General & Administrative | 4,811 | 5,008 | 5,847 | 6,038 |
| Total Operating Expenses | 75,070 | 173,130 | 177,100 | 110,310 |
| Operating Income (Loss) | 3,730 | (91,789) | (90,567) | (9,965) |
| Non-Operating Revenues | | | | |
| Interest Income | 28,845 | (33,670) | 7,986 | 16,996 |
| OPEB Non-operating Income | 11 | | | |
| Appropriation Transfer | (13,500) | (6) | (22) | (19) |
| Net Income | 19,086 | (125,465) | (82,603) | 7,050 |
| Net Position at Beginning of Year | 257,783 | 276,869 | 151,404 | 68,801 |
| Net Position at End of Year | \$ 276,869 | \$ 151,404 | \$ 68,801 | \$ 75,851 |

BRIM has worked diligently for the past several years to maintain a positive net position and eliminate its unfunded liability. Favorable loss patterns and adequate funding have enabled BRIM to maintain a positive net position from 2005 through 2024. BRIM may occasionally experience some adverse loss development. Premiums continue to be calculated on a basis consistent with exposure and loss trends. It is also important to note that BRIM has not received any state appropriations since 2005. BRIM will continue to closely monitor claims activity with our independent actuary and will bill premiums accordingly. Efforts are being undertaken to increase the emphasis on loss control by state agencies and non-state entities, including educational classes and seminars on sexual harassment, discrimination, liability deductibles, defensive driving classes, and personally meeting with Cabinet Secretaries to discuss loss histories of the

agencies under their supervision.

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

Audit

BRIM is required by the Financial Accounting and Reporting Section (FARS) of the Department of Administration to have an annual independent audit. The firm of Forvis Mazars LLP was selected to perform the audit for the fiscal year ended June 30, 2025. The June 30, 2025, report will be available near the end of October 2025.

Risk Management

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

Cash Management

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

Certificate of Achievement for Excellence in Financial Reporting

The West Virginia Board of Risk and Insurance Management's Annual Comprehensive Financial Report (ACFR) for the year ended June 30, 2024, from which the information on page(s) one through thirteen have been drawn, was submitted for the award the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA). BRIM's submission for the Certificate of Achievement for its 2024 ACFR has been reviewed, and BRIM was awarded the Certificate of Achievement. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our 2025 Annual Comprehensive Financial Report will meet the Certificate of Achievement Program's requirements, and we will be submitting it to the GFOA to determine its eligibility for another certificate.

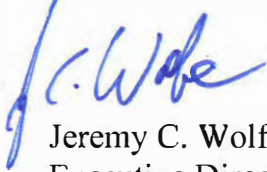
Annual Comprehensive Financial Report

Since June 30, 1995, BRIM has issued an Annual Comprehensive Financial Report (ACFR). This report contains an introductory section, a financial section, and a statistical section. The financial section will contain audited data for June 30, 2025. The ACFR for fiscal year 2025 will be issued before December 31, 2025. A copy of this report will be sent to the Governor's Office upon completion.

Acknowledgments

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

Sincerely,



Jeremy C. Wolfe
Executive Director

Listing of Coverages in Effect for Fiscal Year 2024

| LIABILITY | | LIMIT OF LIABILITY |
|--|--------------|------------------------------|
| Automobile Liability | | \$ 1,000,000 per occurrence |
| Policy No.: CA 728-11-87 & 728-11-88 | | |
| Company: National Union Fire Insurance Co. | | |
| Cyber Liability (State) | | \$ 25,000,000 per occurrence |
| Policy No.: UMR B1262F10687324 | | |
| Company: Arthur J. Gallagher International | | |
| Cyber Liability (Boards of Education) | | \$ 15,000,000 per occurrence |
| Policy No.: 1000635261231 | | |
| Company: Starr | | |
| General Liability | | \$ 1,000,000 per occurrence |
| Policy No GL 991-17-58 & 991-17-59 | | |
| Company: National Union Fire Insurance Co. | | |
| Aircraft Liability | | \$ 10,000,000 per occurrence |
| Policy No.: AV003380147-21 | | |
| Company: National Union Fire Insurance Co. | | |
| Unmanned Aircraft Liability | | \$ 1,000,000 per occurrence |
| Policy No.: UM028176638-09 | | |
| Company: National Union Fire Insurance Co. | | |
| Excess Liability-Bd. of Education | | \$ 5,000,000 per occurrence |
| Policy No.: N3-A3-RL-0000029-00 | | or claim |
| Company: The Princeton Excess and Surplus Lines Insurance Company | | |
| PROPERTY | | LIMIT OF LIABILITY |
| Blanket Property | | \$ 20,000,000 primary layer |
| Policy No.: N1-A3-PP-000033-01 | | 1,000,000 deductible |
| Company: Munich Re | \$ 4,500,000 | |
| Policy No.: 0313-4553-1A | | |
| Company: AWAC | \$ 3,500,000 | |
| Policy No.: B0507UP2205413 | | |
| Company: Lloyds of London | \$ 6,000,000 | |
| Policy No.: W32D71230201 | | |
| Company: Beazley | \$ 1,500,000 | |
| Policy No.: 061383648 | | |
| Company: Lexington | \$ 1,500,000 | |
| Policy No.: 061384442 | | \$ 10,000,000 in excess of |
| Company: Lexington | \$ 500,000 | 10,000,000 |
| Policy No.: D39136570002 | | \$ 10,000,000 in excess of |
| Company: Westchester | \$ 1,500,000 | 10,000,000 |
| Policy No.: MAF760728-23 | | \$ 10,000,000 in excess of |
| Company: Axis | \$ 1,000,000 | 10,000,000 |
| Policy No.: NHD935021 | | \$ 105,000,000 in excess of |
| Company: RSUI | | 20,000,000 |
| Policy No.: 0062502553 | | \$ 25,000,000 in excess of |
| Company: Lexington | | 125,000,000 |

| | | |
|--|---------------|--|
| Policy No.: 795023100 Company: Intact | \$ 6,000,000 | \$ 25,000,000 in excess of 150,000,000 |
| Policy No.: ESP1046649-00 Company: Arch | \$ 12,500,000 | \$ 25,000,000 in excess of 150,000,000 |
| Policy No.: BRPSLPTWV011100_080146_01 Company: Texas | \$ 5,000,000 | \$ 25,000,000 in excess of 150,000,000 |
| Policy No.: PX00WVY23 Company: Aspen | \$ 1,500,000 | \$ 25,000,000 in excess of 150,000,000 |
| Policy No.: B0507UP2303382 Company: Chubb | | \$ 125,000,000 in excess of 175,000,000 |
| Boiler and Machinery Policy No.: YB2L9L469170033 Company: Liberty Mutual Insurance | | \$ 5,000,000 per equipment covered in excess of 1,000,000 |
| Public Insurance Official Position Schedule Bond Bond No.: 106128156 Company: Travelers | | Variable amounts as set by Statute |

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

Top 10 State Agency Premiums for Fiscal Year 2024

| | |
|--|----------------------|
| 1 WEST VIRGINIA UNIVERSITY | \$ 14,299,986 |
| 2 DIVISION OF HIGHWAYS | 6,559,275 |
| 3 STATE POLICE, WEST VIRGINIA | 5,759,335 |
| 4 MARSHALL UNIVERSITY | 5,045,354 |
| 5 DIVISION OF CORRECTIONS | 4,819,520 |
| 6 DEPARTMENT OF HEALTH AND HUMAN RESOURC | 4,304,222 |
| 7 WEST VIRGINIA UNIVERSITY MEDICAL CORP. | 3,006,301 |
| 8 REGIONAL JAIL & CORR. FAC. AUTHORITY | 2,147,249 |
| 9 WEST VIRGINIA PARKWAYS AUTHORITY | 1,082,835 |
| 10 WEST VIRGINIA STATE PARKS | 899,796 |
| Total Top Ten | \$ 47,923,873 |

| | |
|--|----------------------|
| Total State Premium Billing for 2024 | \$ 61,892,620 |
| % of top 10 in relation to all state agency billings | 77.43% |

Top 20 SB 3 Premiums for Fiscal Year 2024

| | |
|---|----------------------|
| 1 KANAWHA COUNTY BOARD OF EDUCATION | \$ 3,772,642 |
| 2 BERKELEY COUNTY BOARD OF EDUCATION | 2,038,239 |
| 3 CABELL COUNTY BOARD OF EDUCATION | 1,737,609 |
| 4 RALEIGH COUNTY BOARD OF EDUCATION | 1,485,244 |
| 5 ST ALBANS, CITY OF | 1,297,376 |
| 6 WOOD COUNTY BOARD OF EDUCATION | 1,223,290 |
| 7 HARRISON COUNTY BOARD OF EDUCATION | 1,164,740 |
| 8 PUTNAM COUNTY BOARD OF EDUCATION | 1,156,808 |
| 9 MERCER COUNTY BOARD OF EDUCATION | 1,147,584 |
| 10 MONONGALIA COUNTY BOARD OF EDUCATION | 1,126,916 |
| 11 WAYNE COUNTY BOARD OF EDUCATION | 1,115,963 |
| 12 FAYETTE COUNTY BOARD OF EDUCATION | 1,013,367 |
| 13 JEFFERSON COUNTY BOARD OF EDUCATION | 877,794 |
| 14 MARION COUNTY BOARD OF EDUCATION | 852,040 |
| 15 OHIO COUNTY BOARD OF EDUCATION | 789,303 |
| 16 MINGO COUNTY BOARD OF EDUCATION | 723,551 |
| 17 LOGAN COUNTY BOARD OF EDUCATION | 700,583 |
| 18 MARSHALL COUNTY BOARD OF EDUCATION | 593,482 |
| 19 MASON COUNTY BOARD OF EDUCATION | 579,316 |
| 20 KANAWHA VALLEY REGIONAL TRANSPORTATION | 576,440 |
| Total Top Twenty | \$ 23,972,288 |

| | |
|--|----------------------|
| Total SB 3 Premium Billing for 2024 | \$ 55,930,351 |
| % of top 20 in relation to total SB 3 billings | 42.86% |

| Fiscal Year | State Agencies | Non-State | Mine Subsidence | House Bill 601 |
|--------------------|-----------------------|------------------|------------------------|-----------------------|
| 2015 | \$ 32,118 | \$ 23,781 | \$ 2,261 | \$44 |
| 2016 | \$37,688 | \$25,147 | \$2,398 | \$60 |
| 2017 | \$41,304 | \$27,305 | \$2,759 | \$0 |
| 2018 | \$45,516 | \$29,306 | \$4,129 | \$0 |
| 2019 | \$47,713 | \$31,286 | \$4,302 | \$0 |
| 2020 | \$47,675 | \$30,524 | \$4,368 | \$0 |
| 2021 | \$47,884 | \$30,782 | \$4,572 | \$0 |
| 2022 | \$48,856 | \$32,419 | \$4,824 | \$0 |
| 2023 | \$52,094 | \$38,269 | \$5,139 | \$0 |
| 2024 | \$58,434 | \$51,618 | \$4,909 | \$0 |

The chart above shows premiums by line of business for the past ten fiscal years, expressed in thousands of dollars. This chart illustrates a general upward trend of premiums for State Agencies and Non-State customers beginning in 2015 when premiums began increasing.

Source: BRIM's internal financial statements.

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

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



John McHugh
Acting Cabinet Secretary

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

AGENDA
BOARD MEETING OF THE
WEST VIRGINIA BOARD OF RISK AND INSURANCE MANAGEMENT
TUESDAY, SEPTEMBER 17, 2024 @ 1PM
(meeting held in person and remotely)

Chairman Price

Call to Order

Chairman Price

Roll Call

Chairman Price

Approval of Board Minutes
June 25, 2024

REPORTS

Tom Sauvageot
West Virginia Investment Management Board

Account/Investment Update

Scott Mountain/Robert Bayston
Insight Investment

Account/Investment Update

Melody Duke
Executive Director

Executive Director's Report

Stephen W. Panaro, CPA
Chief Financial Officer

Financial Report
PCard Report

Jeremy C. Wolfe
Loss Control Manager

Loss Control Report

EXECUTIVE SESSION

UNFINISHED BUSINESS

NEW BUSINESS

ADJOURNMENT

ldm



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

Mark D. Scott
Cabinet Secretary

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

****DRAFT****

MINUTES OF THE MEETING
WEST VIRGINIA BOARD OF RISK AND INSURANCE MANAGEMENT
June 25, 2024 @ 1PM
(Meeting held in person & telephonically)

BOARD MEMBERS: Joseph Price, Chairman
(joined the meeting remotely and delayed)
Gordon Lane, Jr., Vice Chairman
(chaired the meeting in person for Chairman Price)
Leah Cooper, Member
Kristin Boggs, Member
Tom Clark, Member

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
Emily Fleck, Controller
Valerie Poindexter, Claim Representative
Katie Heindl, Claim Representative
Jason Stover, Office Assistant
Lora Myers, Recording Secretary

BRIM PROGRAM REPRESENTATIVES: Geoffrey Cullop, 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: Kelsey Knotts, WVU Risk Management
Stacie Honaker, WVU Health Sciences
Robert Fisher

CALL TO ORDER

- Vice-Chairman Lane called the board meeting of the West Virginia Board of Risk and Insurance Management to order on Tuesday, June 25, 2024 at 1:07PM. The meeting was held in person and telephonically.
- 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.

APPROVAL OF MINUTES

- A motion to approve the Minutes of the March 19, 2024, 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

Executive Director's Report

- Melody Duke was called on to present the Executive Director's Report. She began with an overview of the Marshall and West Virginia university Medical Malpractice Programs. Included in her report were total deposits/disbursements so far in FY2024.
- Mrs. Duke also reported on the State and Non-State Liability Claims and Litigation information, as well as trials, paid claims, outstanding claims, claim counts, duration and closing ratios.
- Insurance Renewals were discussed. BRIM is waiting on renewals for the upcoming fiscal year. Cyber and property brokers report the market is becoming more stable but to expect either a temperate increase in property. Cyber may be flat or slightly increased if we choose to increase limits.
- The Executive Director discussed the first strategic meeting with USI which was held March 28, 2024. The meeting went well and planning centered on variations or risk transfer products, information necessary to approach the market, claims made versus occurrence based policies and possible modifications to the AIG contract. The next meeting is scheduled for July 8, 2024.
- Also discussed, BRIM has been notified that five of the employees in the local Charleston AIG office have taken early retirement. Chuck Waugh, Keith Turner, Joe Manoni, Bret Hart and Ann Pauley will retire at the end of July,
- Mrs. Duke reported that 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 received three submissions. The ideas were provided to the Marketing folks and they will combine those ideas for us to review and make a final selection. Also, BRIM is working with WV Creative on an updated website. They have provided a shell, Jason Stover will be working on revamping content and transferring data to the new site.

- The Executive Director also announced the plans for the upcoming STRIMA conference. Melody Duke, John Fernatt and Woodrow White will be attending the conference in Colorado Springs, September 7 - 13, 2024. As the STRIMA Treasurer, Melody will be traveling on September 6th in order to attend the Saturday morning board meeting.
- BRIM welcomes Katie Heindl as a Claim Representative I. Katie replaces Shannon Shaffer who passed away suddenly last January. BRIM also made an offer for a Claim Representative II position to Bret Hart, a recent AIG retiree. This position is vacant due to Robert Fisher's retirement in January 2024.
- Reminder of the Upcoming Board Meeting schedule for 2024 includes the following:
 - 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 February, March and April 2024.
- Mr. Panaro reported on the financial results as follows:
- Presentation of the ten months ended April 30, 2024. The results reflect the actuarially estimated unpaid losses from AON's risk funding study as of March 31, 2023, and 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 lower 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 March 31st AON actuarial study. Our reserve change in the third quarter of \$3.3 million was due to small increases in retained case reserves and IBNR.
- Claims and claims adjustment expense of \$85.6 million is \$37.1 million dollars lower than last year due to decreased reserve adjustments during the current fiscal year.
- Investment income through April was \$8.8 million compared to investment income through April 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 July - March offsetting the losses of the other months. Because of the 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 the FY23 and that trend continues in FY24. We have earned \$4.3 million from investments with the West Virginia Investment Management Board. In addition we had \$1 million of interest income from the BTI through April.

- Also detailed in the report, the combination of higher reinsurance premiums, decreased claims expenses 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.
- Mr. Panaro continued his report with information on the Financial Markets.
- Financial markets have continued to be volatile since our last board meeting in March. The DJIA has had many peaks and valleys during this year, with a year to date return of 3.9%.
- The Federal Reserve met on June 12, 2024, and voted to hold interest rates steady. The 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 the year. The Fed also anticipates further rate cuts in 2025 and 2026.
- Hiring continues to be strong with 272,000 jobs added in May. 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 remains low and shows no signs of making a 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 rose 0.2% from April. Consumers are taking little comfort from the low inflation numbers due to the increases since 2021. The last four years prices are up 21% in the CPI compared with 7% in the four years prior.
- Due to the high interest rates, the volatility of the stock market and inflation concerns BRIM's investment returns outlook remains uncertain.
- 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 during the month of May, Loss Control Questionnaires were sent to all state agencies. The deadline for submission to BRIM is August 1, 2024. At that time, we will collect the necessary information for calculation of loss control credits or surcharges for the fiscal year 2026.
- The fiscal year 2025 Loss Control Questionnaire evaluations resulted in the following: Seventy-three percent of the state agency program received a form of a loss control credit and fifty-five percent of the non-state entities received a form of a loss control credit. This is promising and shows 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. Also, our boiler and air conditioning systems insurance and loss prevention inspection services with Liberty Mutual.
- March - May, Tawney conducted 269 inspections and Liberty Mutual Insurance Conducted 793. The reports are being processed.
- Since last reported, 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 trying to become compliant with the BRIM Standards of Participation Program.
21 Loss Control Visits - These are standard loss control visits which focus on all coverage and which result in information and/or loss control recommendations being provided.
- Mr. Wolfe asked if there were any questions, no questions. The Loss Control Report was received and filed, a copy is attached and made part of the record.

Privacy Report

- Ashley Summitt was asked to present the Privacy Report.
- Ms. Summitt reported on the Privacy Management Team. On March 26, 2024, the Privacy Management Team held a virtual meeting, 62 people attended.
- The State Privacy Office held the semi-annual Privacy Retreat, June 10 - 12. The event was held at the Pipestem Resort State Park with 61 attendees. The theme for the retreat was the *Importance of Partnerships in Protecting Data Privacy*. Cabinet Secretary Mark Scott was the keynote speaker detailing 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*.
- The Chief Privacy Officer reported on Privacy Trainings.
- 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 course *HIPAA/HITECH*, a general training course and new *HIPAA Refresher Training (2021)* which was requested by PEIA.
- During the Second Quarter of 2024, 466 members of the Executive Branch workforce completed the online course for Privacy Training.
- Ms. Summitt reported on the following training events held by the SPO since the last board meeting:
 1. The March 26th Privacy Management Team was held virtually.
 2. The semi-annual Privacy Retreat was held June 10 - 12, with 61 attendees at Pipestem State Resort.
 3. The Deputy CPO presented Purchasing as a Privacy Powerhouse during a webinar of procurement staff for the WV Division of Purchasing.

- Ms. Summitt's report also included information on Privacy Impact Assessments/Privacy Incident Response Assessments. A Privacy Impact Assessment (PIA) is a tool used to assess the privacy impact and risks to the personally identifiable information (PII) stored, used and exchanged by information systems. A PIA evaluates privacy implications when information systems are created, when existing systems are significantly modified or new technology is purchased. Since March 1, 2024, 118 PIAs have been submitted.
- 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) 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.
- 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
September 17, 2024**

A. Marshall University and West Virginia University Medical Malpractice Program

- As of September 12, 2024, Marshall has deposited \$660,000 into the escrow account for FY 2025. The fiscal year-to-date cumulative interest totals \$11,959.46. Disbursements totaling \$200,330.88 have been paid thus far in FY 2025.
- As of September 12, 2024, a total of \$1,246,511.12 has been deposited into WVU's escrow account for FY 2025. The fiscal year-to-date cumulative interest totals \$26,728.03. Disbursements totaling \$1,272,453.10 have been paid thus far in FY 2025.

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

TRIALS

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

7/25/2024 (501-920864) Insured: WV State Police; Plaintiff: Eugene Nabors, Jr.; U.S. Dist. Ct. – So. WV (Beckley); Defense Verdict. Plaintiff alleged injury resulting from the use of excessive force as well as false arrest. We made no offer on this case.

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.

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.

PAID CLAIMS (August 2024 Data)

August 2024 Indemnity payments total \$10,600,000 vs August 2023 payments of \$9,700,000 an increase of 10.1%.

August 2024 Legal payments total \$4,000,000 vs. August 2023 Legal payments of \$2,800,000 an increase of 42.0%.

OUTSTANDING CLAIMS (August 2024 Data)

August 2024 Indemnity reserves total \$97,200,000 vs. August 2023 Indemnity reserves of \$162,200,000, a decrease of 40.1%.

August 2024 Expense reserves total \$41,900,000 vs. August 2023 Expense reserves of \$34,900,000 an increase of 20.1%.

CLAIMS COUNTS (August 2024 Data)

August 2024 New claims of 427 vs. August 2023 of 424, an increase of 0.7%.

August 2024 Closed claims of 333 vs. August 2023 of 301, an increase of 10.6%.

August 2024 Open claims of 1300 vs. August 2023 of 1100, an increase of 9.1%.

DURATION – CREATE TO CLOSED DATE CLAIMS (August 2024 Data)

August 2024 Duration of 120 Days vs. August 2023 Duration of 146 Days, a decrease of 18.0%.

CLOSING RATIO (August 2024 Data)

August 2024 Closing Ratio of 108.2% vs. August 2023 Closing Ratio of 118.7%, a decrease of 8.8%.

A. Insurance Renewals-

State Cyber – Renewed with incumbent, BRIT, with a slight premium increase of 16% for total limits of \$30,000,000 which is an increase of \$5,000,000 and addition of loss prevention services worth up to \$5,000.

BOE Cyber – Renewed with incumbent, Starr (\$10M primary) and Vantage (\$5M secondary layer). There was an increase in limits for the Teir 1 and Tier 2 for ransomware from \$2M/\$1M to \$4M/\$2M. The total premium is \$579,500 which is a decrease of 6.5% over the expiring policy.

Property – Renewed with a few carrier changes within the layers. Total increase in TIV from prior year is \$1.3B and the premium increase was only \$82,475 or slightly less than 1%.

B. Loss Ratio Cancellation Notices – BRIM reviewed the permissive accounts in the non-state program, cities/towns, other governmental and non-profit entities, for accounts that had exceeded 100% over the last five years. 62 accounts were identified, and a manual review of their claim history was conducted. Many of them had only one significant loss and was determined that this did not present a loss pattern trend. Some were borderline for a trending pattern, and it was decided that these accounts would receive a loss control visit to communicate the trending and potential for receiving a loss ratio cancellation notice next fiscal year. Seven accounts received a loss ratio cancellation notice to be effective October 14, 2024. These accounts were Tri-State Transit Authority, Logan-Mingo Area Mental Health, Cabell County Community Services Organization, HealthNet Aeromedical Services, Williamson Health and Wellness, City of Westover and

Monongalia County Urban Mass Transit. Three accounts, Tri-State Transit Authority, Logan-Mingo Area Mental Health, and Cabell County Community Services Organization remitted an appeal notice. We are working with counsel to retain the services of an independent hearing examiner to hear and decide on the appeal.

C. Liability Broker – BRIM met with USI for a second strategic meeting on July 8, 2024. We discussed the markets that they have currently provided applications, claims made versus occurrence-based policies and possible modifications to the AIG contract which could include renewing for 7-1-2025 without the non-state program. A comprehensive meeting will take place this fall or early in the new year so BRIM can provide the information gathered to all interested parties.

D. AIG Local Office – The five AIG employees who took the early retirement program, Chuck Waugh, Keith Turner, Joe Manoni, Bret Hart and Ann Pauley left at the end of July. Currently, Dan Rittenhouse has been named Assistant Vice President, Jo Jackson is the new Fast Track Manager replacing Keith Turner, and Bree Stewart is the new Casualty Admin Manager replacing Ann Pauley. The other positions are in works and we hope will be filled internally with a back fill from outside the agency.

E. STRIMA – Melody Duke, John Fernatt and Woodrow White attended the 2024 STRIMA Conference in Colorado Springs the week of September 7, 2024, through September 13, 2024. The educational sessions and states roundtables were very informative. The hot topic of conversation was AI and setting policies.

F. Personnel Changes – We have said a welcome to Bret Hart, Claim Representative II who joined our family August 12, 2024, and said a sad farewell to Ashley Summitt, Chief Privacy Officer who resigned August 16, 2024, for personal reasons. I will be starting the process to fill this void in the coming months. In the interim, Jeremy Wolfe will be supervising the Privacy employees and we will not have an individual privacy report but items of interest will be included in my director's report.

G. Upcoming Board Meeting schedule for 2023:

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



John McHugh
Acting Cabinet Secretary

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

Chief Financial Officer's Report
September 17, 2024

A. P-Card Report

Electronic copies mailed to the board contain the supporting details for P-card purchases for the months of May and June 2024. These totals are:

| | |
|------|-------------|
| May | \$44,893.90 |
| June | \$66,786.79 |

B. Current Financial Results

- The financial results presented are for the twelve months ending June 30th, 2024. The results reflect the actuarially estimated unpaid losses from AON's risk funding study as of June 30, 2024.
- Net premium revenue for FY23 has increased \$13.8 million compared to FY'23. The increase reflects an increase in premiums based on the actuarial estimated loss pics.
- Retained case reserves are \$39.5 million lower this year compared to the prior year and actuarially estimated IBNR is \$35.1 million lower than the prior year. Combined total current and non-current claims liabilities (i.e., unpaid claims) are \$74.6 million lower than last year based on the June 30th AON actuarial study. Our reserve adjustment in the fourth quarter of this year was lower than the fourth quarter of last year. The overall change in reserves this year was a decrease compared to an increase in the prior year.
- Claims and claims adjustment expense of \$104.3 million is \$67 million dollars lower than last year due primarily to claims payments made during the current fiscal year for claims reserved in the prior year therefore lowering the reserves.
- Investment income for FY24 was \$17 million compared to investment income of \$8 million in FY23. This is a positive year-over-year change of \$9 million. During FY24 the Bank of New York trust earned \$8.9 million. Because of the relatively short duration of the fixed income holdings in the trust (3.75 years) and changing yields the returns in the trust have been fluctuating. Equity markets experienced volatility during FY23 and that trend continued in FY24. Our earnings with the West Virginia Investment Management Board were \$6.8 million this fiscal year. Additionally, we had \$1.3 million of interest income from the BTI for FY24.
- The combination of higher reinsurance premiums, decreased claims expense, positive investment returns and an increase in premium revenue resulted in an increase in net position of \$7 million compared with a decrease in net position of \$82.6 million in FY'23. The largest factor in this change was a decrease in claims reserves of \$74.6 million for the year.

- Our current net position of \$75.8 million includes the mine subsidence program's net position of \$38 million, leaving BRIM's unrestricted net position at \$37.8 million. This compares with a net position of \$68.8 million last year.

C. Financial Markets

Financial markets have continued to be volatile since we had our last meeting in June. The DJIA has had many peaks and valleys this year, with a year to date return of 7.64%. With the uncertainty about the actions the Federal Reserve will take on interest rates and uncertainty in the economy this volatility is likely to continue.

The Federal Reserve has indicated in recent weeks that a rate reduction is all but certain at their next meeting after raising or holding rates steady during prior meetings. Currently rates range 5.25% and 5.5%. The report on unemployment for August will be a major factor in whether the Fed reduces rates a quarter-percentage or a half-point reduction. According to the report issued September 6th unemployment decreased to 4.2% in August from 4.3% in July. The July rate of 4.3% was the highest level in nearly 3 years. Employers added 142,000 jobs in August. This data had been highly anticipated due to its impact on the Fed's decision regarding rates. New York Fed President John Williams was quoted in The Wall Street Journal saying that the Fed could now focus on lowering rates "over time".

The consumer price index was 2.5% higher in August than last year, but was lower than the 2.9% increase in July over last July. The rate in August is a three year low and slightly lower than what was expected by economists. Core inflation, which includes food and energy costs, held steady at 3.2%.

Because of uncertainty regarding what action the Federal Reserve will take on interest rates, the volatility of the stock market and inflation concerns BRIM's investment returns outlook remains uncertain for FY25.

Respectfully submitted,


Stephen W. Panaro, CPA
Chief Financial Officer

West Virginia Board of Risk and Insurance Management

Statements of Net Position

For the Twelve Months Ended June 30th

| | 2024 | 2023 |
|--|----------------|-----------|
| | (In Thousands) | |
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 26,028 | \$ 24,728 |
| Advance deposits with insurance company and trustee | 257,498 | 235,648 |
| Receivables | 2,726 | 3,258 |
| Prepaid insurance | 00 | 0 |
| Restricted cash and cash equivalents | 8,563 | 5,447 |
| Premiums due from other entities | 1,539 | 1,534 |
| Total current assets | 296,354 | 270,616 |
| Noncurrent assets: | | |
| Equity position in internal investments pools | 58,221 | 154,103 |
| Restricted investments | 32,585 | 29,754 |
| Total noncurrent assets | 90,806 | 183,857 |
| Total assets | 387,160 | 454,472 |
| Deferred Outflows of Resources | 243 | 399 |
| Deferred Outflows of Resources - OPEB | 10 | 59 |
| Liabilities | | |
| Current liabilities: | | |
| Estimated unpaid claims and claims adjustment expense | 91,641 | 189,423 |
| Unearned premiums | 16,885 | 16,638 |
| Agent commissions payable | 1,797 | 1,646 |
| Claims Payable | 0 | 0 |
| Accrued expenses and other liabilities | 595 | 690 |
| Total current liabilities | 110,918 | 208,396 |
| Estimated unpaid claims and claims adjustment expense net of current portion | 200,425 | 177,257 |
| Compensated absences | 182 | 192 |
| Net pension liability | (4) | 148 |
| Total noncurrent liabilities | 200,603 | 177,596 |
| Total liabilities | 311,521 | 385,992 |
| Deferred Inflows of Resources | 0 | 0 |
| Deferred Inflows of Resources - OPEB | 64 | 137 |
| Net position: | | |
| Restricted by State code for mine subsidence coverage | 32,363 | 75,988 |
| Unrestricted | 36,438 | 75,415 |
| Net Assets (Deficiency) | 7,027 | (82,602) |
| Net position | \$ 75,828 | \$ 68,801 |

Unaudited

West Virginia Board of Risk and Insurance Management

Statements of Revenues, Expenses, and Changes in Net Position

For the Twelve Months Ended June 30th

| | 2024 | 2023 |
|---------------------------------------|-----------------------|------------------|
| | <i>(In Thousands)</i> | |
| Operating revenues | | |
| Premiums | 115,334 | \$ 95,502 |
| Less coverage/reinsurance programs | <u>(14,989)</u> | <u>(8,969)</u> |
| Net operating revenues | 100,345 | 86,533 |
| Operating expenses | | |
| Claims and claims adjustment expense | 104,272 | 171,253 |
| General and administrative | <u>6,038</u> | <u>5,845</u> |
| Total operating expenses | <u>110,310</u> | <u>177,098</u> |
| Operating income (loss) | (9,965) | (90,566) |
| Nonoperating revenues | | |
| Investment income | 16,973 | 7,986 |
| Legislative Appropriation | 0 | 0 |
| OPEB Non Operating Income | <u>19</u> | <u>(22)</u> |
| Net nonoperating revenues | <u>16,992</u> | <u>7,964</u> |
| Changes in net position | 7,027 | (82,602) |
| Total net position, beginning of year | 68,801 | 151,403 |
| Total net position, end of period | <u>\$ 75,828</u> | <u>\$ 68,801</u> |

Unaudited

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



John McHugh
Acting Cabinet Secretary

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

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

State Agency loss control questionnaires were due on August 1, 2024. Since that time, we have been evaluating those questionnaires. The results will be used to calculate loss control credits and surcharges for next fiscal year's premium. The evaluations yielded the following results. Seventy-six percent of the state agency program will receive a form of a loss control credit. This is a slight increase from fiscal year 2025 results of seventy-three percent.

BRIM and Liberty Mutual Insurance will sponsor two boiler safety and operational seminars in October. We are hopeful that these seminars will continue to attract large crowds and that what is learned at the seminars will help keep boiler losses minor to a minimum as they have been for many years. To date, approximately 78 individuals have registered for the seminars.

During the months of June, July, and August Tawney conducted 302 inspections and Liberty Mutual Insurance conducted 77. The reports are being processed according to established procedures.

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

12 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: Lauren's Wish Addition Triage Center, YMCA of Parkersburg, Davis Stuart, Inc., Concord University Research & Development, Eastern Panhandle Instructional Cooperartive, Central West Virginia Community Action, The Lifehouse, Inc, Youth Services System, Hope House Ministries, Kanawha Valley Fellowship Home, West Virginia Department of Health, and Covenant House, Inc.

12 Standards of Participation Visits

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

Insured Accounts Visited Include: West Virginia Air & Environmental Quality Board, West Virginia Department of Human Services, West Virginia Department of Health Facilities, West Virginia Office of Shared Administration, Aces Coalition of West Virginia, Inc., West Virginia Women's Alliance, Armstrong Public Service District, Mountaineer Development Corporation, Berkeley County Committee on Aging, Beckley Health Right, Campe Barbe Association, and Fayette County Health Department.

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

Dated: 9/11/24

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'J.C. Wolfe', is written over a blue horizontal line.

Jeremy C. Wolfe
Deputy Director & Risk Manager

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



John McHugh
Acting Cabinet Secretary

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

AGENDA
BOARD MEETING OF THE
WEST VIRGINIA BOARD OF RISK AND INSURANCE MANAGEMENT
TUESDAY, DECEMBER 17, 2024 @ 1PM
(meeting held in person and remotely)

Chairman Price

Call to Order

Chairman Price

Roll Call

Chairman Price

Approval of Board Minutes
September 17, 2024

REPORTS

Norman Mosrie, Partner
Forvis Mazars

Audited Financial Report
June 30, 2024
Forvis Mazars

Melody Duke
Executive Director

Executive Director's Report

Stephen W. Panaro, CPA
Chief Financial Officer

Financial Report
PCard Report

Jeremy C. Wolfe
Loss Control Manager

Loss Control Report

FINISHED BUSINESS

NEW BUSINESS

ADJOURNMENT

ldm



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

John McHugh
Acting Cabinet Secretary

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

****DRAFT****

MINUTES OF THE MEETING
WEST VIRGINIA BOARD OF RISK AND INSURANCE MANAGEMENT
September 17, 2024 @ 1PM
(Meeting held in person & telephonically)

BOARD MEMBERS: Gordon Lane, Jr., Vice Chairman
(chaired the meeting in Chairman Price's absence)
Leah Cooper, Member
(joined remotely)
Kristin Boggs, Member
Tom Clark, Member
Allan L. McVey, Board Secretary, Ex-Officio Member
Commissioner, WV Office of the Insurance
Commissioner

BRIM PERSONNEL: Melody Duke, Executive Director
John L. Fernatt, Deputy Director/Claims Manager
Jeremy Wolfe, Deputy Director/Risk & Insurance Manager
Stephen W. Panaro, CPA, CFO
Woodrow White, Underwriting Manager
Emily Fleck, Controller
Jason Stover, Office Assistant
Lora Myers, Recording Secretary

BRIM PROGRAM REPRESENTATIVES: Steve Fowler, BRIM Counsel
Brenda Samples, USI Insurance Services. LLC
Bob Ayers, USI Insurance Services. LLC
Dave Stacy, USI Insurance Services, LLC

GUESTS: Trent Gregory, WV Investment Management Board
Robert Bayston, Insight Investment
Scott Mountain, Insight Investment
Sarah Long, CFO, WV Dept of Administration
Travis Tomblin
Kelsey Knotts, WVU Risk Management
Donna Hadrych, WVU Health Sciences
Stacie Honaker, WVU Health Sciences
Robert Fisher

CALL TO ORDER

- Vice-Chairman Lane called the board meeting of the West Virginia Board of Risk and Insurance Management to order on Tuesday, September 17, 2024 at 1:03PM. The meeting was held in person and telephonically.
- 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.

APPROVAL OF MINUTES

- A motion to approve the Minutes of the March 19, 2024, board meeting minutes was requested. Member Kristin Boggs moved the approval of the board meeting minutes from the prior meeting. Motion was seconded by Member Tom Clark.
- No discussion, a vote took place and the MOTION ADOPTED.

REPORTS

West Virginia Investment Management Board

- Trent Gregory presented at the meeting for the West Virginia Investment Management Board. Mr. Gregory presented due to the absence of Tom Sauvageot.
- Mr. Gregory presented the BRIM Investment Review dated 9/4/2024. The Investment Review included Market Highlights which covered how the economy has slowed and inflation has become more manageable. He also reported that consumer spending remains strong despite high interest rates and inflation. It was also noted that public equity and fixed income markets performed above expectations for FY 2024.
- Also discussed were Asset Allocation, Performance, Asset Class Performance as of June 30, 2024.
- Mr. Gregory offered to field any questions, no questions. The WV Investment Board - BRIM Investment Review was received, a copy is attached and made part of the record.

Insight Investment

- Scott Mountain and Robert Bayston were welcomed to review Insight Investment. The gentlemen expressed their appreciation to make an appearance at BRIM.
- A handout was emailed prior to the meeting. Mr. Bayston reviewed the report and made several comments regarding Market Update - YTD 2024 which was outlined on Page 11.
- Other areas outlined by Mountain and Bayston included Portfolio Performance, BRIM Representative Portfolio, Economic & Investment Outlook, Banks cautious with lending standards, US grappling with growing financial stress, and the US government's interest bill is going higher.
- The presenters asked for questions, no questions. The Insight Investment - State of WV - BRIM Review was received, a copy is attached and made part of the record.
-

Executive Director's Report

- Melody Duke was asked to give the Executive Director's Report. She started with an explanation of the Marshall and West Virginia university Medical Malpractice Programs. Included in her report were total deposits/disbursements so far in FY2025.
- Mrs. Duke reported on the State and Non-State Liability Claims and Litigation information, as well as trials, paid claims, outstanding claims, claim counts, duration and closing ratios.
- Insurance Renewals were discussed. State Cyber with a slight premium increase of 16% for total limits of \$30,000,000 which is an increase of \$5,000,000 and addition of loss prevention services worth up to \$5,000. BOE Cyber, there was an increase in limits for the Tier 1 and Tier 2 for ransomware. Total premium is \$579,500 which is a decrease of 6.5% over the expiring policy. Property renewed with a carrier changes within the layers. Total increase in TIV from prior year is \$1.3B and the premium increase was only \$82,475, slightly less than 1%.
- The Executive Director discussed the Loss Ratio Cancellation Notices, BRIM reviewed the permissive accounts in the non-state program, cities/towns, other governmental and non-profit entities, for accounts that had exceeded 100% over the last five years. Several accounts were identified and a manual review of their claim history was conducted. Many had only one significant loss and it was determined that this did not present a loss pattern trend.
- Mrs. Duke reported on the BRIM meeting for a second time on July 8, 2024. Discussion was also held regarding the markets and that they have currently provided applications, claims made versus occurrence-based policies. and possible modification to the AIG contract which could include renewing for July 1, 2025 without the non-state program. A meeting will take place so BRIM can provide information gathered to all parties.
- Also discussed, BRIM has been notified that five of the employees in the local Charleston AIG office have taken early retirement. Chuck Waugh, Keith Turner, Joe Manoni, Bret Hart and Ann Pauley retired at the end of July. Dan Rittenhouse is the new Assistant Vice President, Jo Jackson is the new Fast Track Manager replacing Keith Turner and Bree Stewart is the new Casualty Admin Manager replacing Ann Pauley.
- The Executive Director discussed the upcoming STRIMA Conference. Melody Duke, John Fernatt and Woodrow White will be attending the conference in Colorado Springs, September 7 - 13, 2024. The big topic was AI and setting policies.
- BRIM has several personnel changes. BRIM welcomes Bret Hart, Claim Representative II who joined us in August 2024. BRIM said a sad farewell to Ashley Summitt, Chief Privacy Officer who resigned in August 2024 for personal reasons. We will be looking to fill Ashley's position in the coming months. Until a new person is hired, Jeremy Wolfe will be supervising the Privacy staff.
- Reminder of the Upcoming Board Meeting schedule for 2024 includes the following:
 - 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.
- Mr. Panaro reviewed the P-Card Report for May and June 2024.

- Mr. Panaro reported on the financial results:
- Presentation of the twelve months ending June 30, 2024. The results reflect the actuarially estimated unpaid losses from AON's risk funding study as of June 30, 2024.
- Net premium revenue FY23 has increased \$13.8 million compared to FY22. The increase reflects an increase in premiums based on the actuarial estimated loss pics.
- Retained case reserves are \$39.5 million lower this year compared to the prior year and actuarially estimated IBNR is \$35.1 million lower than the prior year. Combined total current and non-current claims liabilities (i.e., unpaid claims) are \$74.6 million lower than last year based on June 30th AON actuarial study. Our reserve change in the fourth quarter of this year was lower than the fourth quarter of last year.
- Claims and claims adjustment expense of \$104.3 million is \$67 million dollars lower than last year due to claims payments made during the current fiscal year for claims reserved in the prior year; therefore, lowering the reserve.
- Investment income for FY24 was \$17 million compared to investment income of \$8 million in FY23. This is a positive year-over-year change of \$9 million. During FY24, the Bank of New York trust earned \$8.9 million. Due to the relatively short duration of the fixed income holdings in the trust (3.75 years) and changing yields the returns in the trust have been fluctuating. Equity markets experienced volatility during FY23 and that trend continued to FY24. Our earnings with the WV Investment Management Board were \$6.8 million this fiscal year.
- The combination of higher reinsurance premiums, decreased claims expense, positive investment returns and increased premium revenue resulted in an increase in net position of \$7 million compared with a decrease in net position of \$82.6 million in FY23. The largest factor in this change was a decrease in claims reserves of \$74.6 million for the year.
- Our current net position of \$75.8 million includes the mine subsidence program's net position of \$38 million, leaving BRIM's unrestricted net position at \$37.8 million. This compares with a net position of \$68.8 million last year.
- Mr. Panaro continued his report with information on the Financial Markets.
- Financial markets have continued to be volatile since our last board meeting in June. The DJIA has had many peaks and valleys during this year, with a year to date return of 7.64%.
- With the uncertainty regarding the actions, the Federal Reserve will take on interest rates and uncertainty in the economy this volatility is likely to continue. The Federal Reserve has indicated in recent weeks that a rate reduction is all but certain at their next meeting after raising or holding rates steady during prior meetings. The report on unemployment for August will be a major factor in whether the Fed reduces rates a quarter-percentage for a half-point reduction. According to the report issued September 6th unemployment decreased to 4.2% in August from 4.3% in July. The July rate of 4.3% was the highest level in nearly three years. Employers added a 142,000 jobs in August. This data had been highly anticipated due to its impact on the Fed's decision about rates.
- The Consumer Price Index was 2.5% higher in August than last year, but was lower than the 2.9% increase in July over last July. The rate in August is a three year low and slightly lower than what was expected. Core inflation, which includes food and energy costs held steady at 3.2%.

- Because of uncertainty regarding what action the Federal Reserve will take on interest rates, the volatility of the stock market and inflation concern BRIM's investment returns outlook remains uncertain.
- 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 State Agency Loss Control Questionnaires were due on August 1, 2024. Since that time, we have been evaluating those questionnaires. The results will be used to calculate loss control credits and surcharges for the next fiscal year's premium. The evaluations yielded the following results. Seventy-six percent of the state agency program will receive a form of a loss control credit. This is a slight increase from the FY25 results of 73%.
- BRIM and Liberty Mutual Insurance will sponsor two boiler safety and operational seminars in October. We are hopeful that these seminars will continue to attract large crowds and that what is learned will help keep boiler losses minor and to a minimum as they have been for many years.
- During the months of June, July and August Tawney conducted 302 inspections and Liberty Mutual Insurance conducted 77.
- Since last reported, our loss control technical staff reports the following activity:
12 Standards of Participation Visits - These are visits which are designed to provide assistance to our insured who are trying to become compliant with the BRIM Standards of Participation Program.
12 Loss Control Visits - These are standard loss control visits which focus on all coverage and which result in information and/or loss control recommendations being provided.
- As is the case each year, the number of loss control visits is reduced during the period in which we evaluate loss control questionnaire submissions.
- 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.

UNFINISHED BUSINESS

NEW BUSINESS

ADJOURNMENT

- There was a request for a motion to adjourn the BRIM board meeting. Member Tom Clark moved the meeting adjournment. The motion was seconded by Member Kristin Boggs.
- 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



John McHugh
Acting Cabinet Secretary

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

**Executive Director's Report
December 17, 2024**

A. Marshall University and West Virginia University Medical Malpractice Program

- As of December 8, 2024, Marshall has deposited \$1,210,000 into the escrow account for FY 2025. The fiscal year-to-date cumulative interest totals \$27,997.99. Disbursements totaling \$914,157.96 have been paid thus far in FY 2025.
- As of December 8, 2024, a total of \$3,710,906.17 has been deposited into WVU's escrow account for FY 2025. The fiscal year-to-date cumulative interest totals \$61,629.05. Disbursements totaling \$3,787,179.83 have been paid thus far in FY 2025.

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

TRIALS

We have three cases to verdict so far in 2024, with two defense verdicts and one mistrial due to a hung jury. No additional trials are scheduled for 2024.

8/18/2024 (501-752982) Insured: WV Regional Jail Authority; Plaintiff: Estate of Zachary Bailey; Kanawha Co. Cir. Ct. Settled during trial. Plaintiff was an inmate at North Central Regional Jail; plaintiff was alleged to have died because of the use of excessive and unnecessary force by Correctional Officers. This case settled for \$1,000,000 after one day of testimony.

7/25/2024 (501-920864) Insured: WV State Police; Plaintiff; Eugene Nabors, Jr.; U.S. Dist. Ct. – So. WV (Beckley); Defense Verdict. The plaintiff alleged injury resulting from the use of excessive force as well as false arrest. We made no offer on this case.

2/22/2024 (501-920311) Insured: Marshall University; Plaintiff: Hannah Cyrus; Cabell Co. Cir. Ct. Defense Verdict. The plaintiff alleged failure to 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.

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.

PAID CLAIMS (November 2024 Data)

November 2024 Indemnity payments total \$3,400,000 vs November 2023 payments of \$69,900,000 a decrease of 95.1%. This is attributable to abuse claims paid in November 2023.

November 2024 Legal payments total \$1,800,000 vs. November 2023 Legal payments of \$2,000,000 an increase of 11.1%.

OUTSTANDING CLAIMS (November 2024 Data)

November 2024 Indemnity reserves total \$106,300,000 vs. November 2023 Indemnity reserves of \$90,000,000, an increase of 15.3%.

November 2024 Expense reserves total \$43,100,000 vs. November 2023 Expense reserves of \$36,800,000 an increase of 14.6%.

CLAIMS COUNTS (August 2024 Data)

November 2024 New claims of 732 vs. November 2023 of 699, an increase of 4.5%.

November 2024 Closed claims of 262 vs. November 2023 of 301, a decrease of 12.9%.

November 2024 Open claims of 1,400 vs. November 2023 of 1,200, an increase of 16.6%.

DURATION – CREATE TO CLOSED DATE CLAIMS (August 2024 Data)

November 2024 Duration of 122 Days vs. November 2023 Duration of 178 Days, a decrease of 31.4%.

CLOSING RATIO (August 2024 Data)

November 2024 Closing Ratio of 91.6% vs. November 2023 Closing Ratio of 109.9%, a decrease of 16.6%.

Joint Committee on Insurance and PEIA

BRIM was asked to present to the Joint Committee on Insurance and PEIA on Monday, December 9, 2024. Jeremy and I presented on the history of BRIM, loss control and the impact of SB 875. Some questions centered on premium rating and reserves.

Transition Team for Governor Elect Morrissey – I met with members of governor elect Morrissey's transition team Thursday, December 12, 2024. The meeting lasted for an hour and 15 minutes and was general in nature. Questions centered on BRIM and what we do as a state agency.

Liability Broker Update – BRIM received questions from an interested insurance carrier and will have responses to USI by end of week of December 16, 2024. We additionally expect to have information from USI before the end of the month regarding reinsurance. USI is compiling a white paper to aid in explanation of reinsurance and the results from their market search.

Loss Ratio Cancellation Notices – BRIM held an appeal hearing for Tri-State Transit Authority on Friday, September 20, 2024. From the hearing BRIM decided to rescind the cancellation notice effective October 14, 2024, and issue a non-renewal notice in January 2025 to be effective July 1, 2024. Additionally, rescission notices were sent to Logan-Mingo Area Mental Health and Williamson Health and Wellness after a re-review indicated these entities did not meet the loss ratio criteria. The remaining entities were cancelled with BRIM Cabell County Community Services Organization, HealthNet Aeromedical Services, City of Westover and Monongalia County Urban Mass Transit.

Liability Policy Changes/Premium Rating Review

BRIM is analyzing possible liability policy limit caps in some coverage areas and increasing deductibles for auto, liability and property. Additionally, BRIM is working with our actuaries to modify aspects of the premium calculation for both the state and non-state.

Claim Audit Services

BRIM is starting to work on Part 2 of the Claims Audit with vendor, Strategic Claims Direction. The focus of Part 2 is in-house property and mine subsidence claims.

Speaking Engagement

BRIM was asked to present to a meeting of Chief Financial Officers and Procurement Officers that the Higher Education Planning Commission held on November 8, 2024. Jeremy Wolfe, Woodrow White and Emily Fleck provided general information about insurance, including coverage, loss control and finance relating to BRIM.

Upcoming Board Meeting schedule for 2025:

Tuesday, March 18, 2025 @ 1PM

Tuesday, June 17, 2025 @ 1PM

Tuesday, September 16, 2025 @ 1PM

Tuesday, December 16, 2025 @ 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 December 17, 2024

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 2024. These totals are:

| | |
|-----------|-------------|
| July | \$36,635.61 |
| August | \$45,650.34 |
| September | \$70,833.16 |
| October | \$35,912.25 |

B. Audit Update

We completed our audit prior to the deadline of October 15th and submitted the financial statements and footnotes on October 2nd. 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, 2024. The results reflect the actuarially estimated unpaid losses from AON's risk funding study as of September 30, 2024, plus an additional accrual for October.
- Net premium revenue through October has increased \$3.2 million compared to FY24. The increase reflects an increase in premiums based on the actuarial estimated loss pics.
- Retained case reserves are \$62.5 million lower this year compared to the prior year and actuarially estimated IBNR is \$8.2 million lower than the prior year. Combined total current and non-current claims liabilities (i.e., unpaid claims) are \$70.7 million lower than last year through October. Our reserve adjustment in the first quarter of this year was a reduction in reserves of \$5.3 million compared with a small increase in reserves in the fourth quarter of FY24.
- Claims and claims adjustment expense of \$33.7 million is \$20.5 million dollars lower than last year due to lower claims expenses during the current fiscal year.
- Investment gains through October were \$9.1 million compared to investment losses through October of 2023 of \$5.4 million. This is a positive year-over-year change of \$14.5 million. Through October the Bank of New York trust has earned \$5.7 million. Because of the relatively short duration of the fixed income holdings in the trust (3.6 years) and decreasing interest rates the returns in the trust have been positive year to date. Equity markets experienced volatility during FY24 and that trend is continuing in FY25. Our returns with the West Virginia Investment Management Board were positive through October of this year with gains of \$2.8 million. We also earned \$614,000 of interest 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 \$10.1 million compared with a decrease in net position of \$28.1 million in FY24. The largest factor in this increase was the decrease in claims and claims adjustment expenses. The overall impact is a year-over-year positive change of \$38.2 million.
- Our current net position of \$85.9 million includes the mine subsidence program's net position of 39.9 million, leaving BRIM's unrestricted net position at \$46 million. This compares with a net position of \$40.6 million last year and a net position at June 30, 2024 of \$75.8 million.

D. Financial Markets

The financial markets have continued to fluctuate since our last board meeting. The Dow Jones Industrial Average closed at 43,914 last week. The yields on US Treasury Notes have fluctuated this year. The 10-year note had a yield of just over 4% at the beginning of January increasing to a yield of 4.4% last week. This is down from the year-to-date high yield of over 4.6% in May.

The Federal Reserve cut interest rates at its meeting in September a half percentage-point and lowered the rate again at its meeting November by a quarter point. The Fed is anticipated to cut rates another quarter point at their meeting in December. The reduction in November brought the benchmark rate to a range of 4.5% to 4.75%. Core inflation, which excludes the food and energy categories, was 3.3% in November as expected according to The Wall Street Journal. In November prices increased 2.7% for the 12-month period, compared to 2.4% in September and 2.6% in October.

Because of the uncertainty with interest rates, the volatility of the stock market and inflation concerns BRIM's investment returns outlook remains uncertain for FY25.

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

| | 2024 | 2023 |
|--|-----------------------|-----------|
| | <i>(In Thousands)</i> | |
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 21,818 | \$ 15,843 |
| Advance deposits with insurance company and trustee | 259,348 | 239,163 |
| Receivables | 25,396 | 5,069 |
| Prepaid insurance | 11,467 | 8,604 |
| Restricted cash and cash equivalents | 10,076 | 6,168 |
| Premiums due from other entities | 1,539 | 1,534 |
| Total current assets | 329,645 | 276,382 |
| Noncurrent assets: | | |
| Equity position in internal investments pools | 60,050 | 85,789 |
| Restricted investments | 33,607 | 29,074 |
| Total noncurrent assets | 93,657 | 114,863 |
| Total assets | 423,302 | 391,244 |
| Deferred Outflows of Resources | 243 | 399 |
| Deferred Outflows of Resources - OPEB | 10 | 59 |
| Liabilities | | |
| Current liabilities: | | |
| Estimated unpaid claims and claims adjustment expense | 91,641 | 155,023 |
| Unearned premiums | 23,723 | 22,066 |
| Agent commissions payable | 1,673 | 1,090 |
| Claims Payable | 108 | 0 |
| Accrued expenses and other liabilities | 23,103 | 2,366 |
| Total current liabilities | 140,249 | 180,545 |
| Estimated unpaid claims and claims adjustment expense net of current portion | 197,102 | 170,054 |
| Compensated absences | 182 | 192 |
| Net pension liability | (4) | 148 |
| Total noncurrent liabilities | 197,280 | 170,393 |
| Total liabilities | 337,529 | 350,938 |
| Deferred Inflows of Resources | 0 | 0 |
| Deferred Inflows of Resources - OPEB | 64 | 137 |
| Net position: | | |
| Restricted by State code for mine subsidence coverage | 38,026 | 32,363 |
| Unrestricted | 37,826 | 36,438 |
| Net Assets (Deficiency) | 10,111 | (28,174) |
| Net position | \$ 85,963 | \$ 40,627 |

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

| | 2024 | 2023 |
|---------------------------------------|-----------------------|------------------|
| | <i>(In Thousands)</i> | |
| Operating revenues | | |
| Premiums | 41,362 | \$ 38,554 |
| Less coverage/reinsurance programs | <u>(4,586)</u> | <u>(4,966)</u> |
| Net operating revenues | 36,776 | 33,588 |
| Operating expenses | | |
| Claims and claims adjustment expense | 33,700 | 54,241 |
| General and administrative | 2,113 | 2,126 |
| Total operating expenses | <u>35,813</u> | <u>56,367</u> |
| Operating income (loss) | 963 | (22,779) |
| Nonoperating revenues | | |
| Investment income | 9,148 | (5,395) |
| Legislative Appropriation | 0 | 0 |
| OPEB Non Operating Income | 0 | 0 |
| Net nonoperating revenues | <u>9,148</u> | <u>(5,395)</u> |
| Changes in net position | 10,111 | (28,174) |
| Total net position, beginning of year | 75,852 | 68,801 |
| Total net position, end of period | <u>\$ 85,963</u> | <u>\$ 40,627</u> |

Unaudited

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



John McHugh
Acting Cabinet Secretary

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

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

BRIM and Liberty Mutual Insurance sponsored two boiler safety and operational seminars in October. Approximately 87 individuals participated in the seminars. The level of interest from our insured continues to be at high levels.

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.

BRIM participated in a presentation at the West Virginia High Education Policy Commission's Chief Financial Officer's Conference at Concord University. BRIM provided content relating to its Finance Department, Underwriting Department, and Loss Control Department.

Jeremy Wolfe served as a panelist at the 2024 West Virginia Digital Government Summit. The panel discussed cybersecurity costs and navigating financial impacts of such costs. Jeremy presented on costs associated with cyber liability claims and the importance of risk assessments within cyber security programs.

During the months September, October and November, Tawney conducted 220 inspections and Liberty conducted 759. The reports are being processed according to established procedures.

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

16 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: Lillian James Learning Center, Inc, Grant County Board of Education, Sobrania, Inc, West Virginia Voluntary Organizations Active In Disasters, Greenbrier Senior Housing, Little Kanawha Transit Authority, Romney Unity Apartments, Kanawha County Public Service District, City of Williamson Housing Development, West Virginia University Medical Corporation, Tucker County Senior Citizens, Town of Barrackville, Hampshire County Board of Education, West Virginia Public

Employee Grievance Board, and Logan-Mingo Area Mental Health.

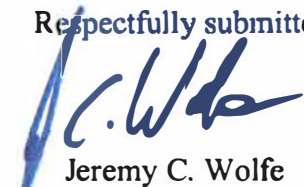
16 Standards of Participation Visits

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: Town of Monongah, Webster County Board of Education, Summers County Board of Education, Upshur County Board of Education, Community Action of Southeastern West Virginia, West Virginia Professional Charter School Board, Lemma Village, Inc, Friends of Hansford, Inc, Little Eagle Child Care Center, Inc, Milton Housing Authority, Clay Senior and Community Services, Inc, AFL-CIO Appalachian Council, Inc, Boys and Girls Club of Parkersburg, West Virginia County Music Hall of Fame and Museum, and City of Sistersville.

Dated: December 11, 2024

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'J.C. Wolfe', is written over the typed name.

Jeremy C. Wolfe
Deputy Director / Risk Manager

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



Eric Householder
Cabinet Secretary

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

The board meeting was not held due to a lack of a quorum

AGENDA
BOARD MEETING OF THE WEST VIRGINIA
BOARD OF RISK AND INSURANCE MANAGEMENT
TUESDAY, MARCH 18, 2025 @ 1PM
(meeting held in person and remotely)

Chairman Price

Call to Order

Chairman Price

Roll Call

Chairman Price

Approval of Board Minutes
December 17, 2024

REPORTS

Jo Ellen Cockley, FCAS, MAA
Director & Actuary - Global Risk Consulting
Aon

Risk Funding Study
As of 6/30/2024

Melody Duke
Executive Director

Executive Director's Report

Stephen W. Panaro, CPA
Chief Financial Officer

Financial Report
PCard Report

Jeremy C. Wolfe
Loss Control Manager

Loss Control Report

FINISHED BUSINESS

NEW BUSINESS

ADJOURNMENT

ldm

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

Eric Householder
Cabinet Secretary



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

AGENDA
BOARD MEETING OF THE WEST VIRGINIA
BOARD OF RISK AND INSURANCE MANAGEMENT
TUESDAY, JUNE 17, 2025 @ 1PM
(meeting held in person and remotely)

Vice - Chairman Lane

Call to Order

Vice - Chairman Lane

Roll Call

Vice - Chairman Lane

Approval of Board Minutes
December 17, 2024

REPORTS

Jo Ellen Cockley, FCAS, MAA
Director & Actuary - Global Risk Consulting
Aon

Risk Funding Study
As of 6/30/2024

Melody Duke
Acting Executive Director

Executive Director's Report

Stephen W. Panaro, CPA
Chief Financial Officer

Financial Report
PCard Report

Jeremy C. Wolfe
Loss Control Manager

Loss Control Report

David C. Dyer
Chief Privacy Officer

Privacy Report

UNFINISHED BUSINESS

NEW BUSINESS

ADJOURNMENT

ldm



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

John McHugh
Acting 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 17, 2024 @ 1PM
(Meeting held in person & telephonically)

BOARD MEMBERS: Gordon Lane, Jr., Vice Chairman
(chaired the meeting in Chairman Price's absence)
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
Woodrow White, Underwriting Manager
Emily Fleck, Controller
Jason Stover, Office Assistant
Lora Myers, Recording Secretary

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

GUESTS: Norman Mosrie, Partner, Forvis Mazars
Eric Nelson, WV Senate
Sarah Long, CFO, WV Dept of Administration
Kelsey Knotts, WVU Risk Management
Donna Hadrych, WVU Health Sciences
Stacie Honaker, WVU Health Sciences
Samuel Ollis, Big I WV
Robert Fisher

CALL TO ORDER

- Vice-Chairman Lane called the board meeting of the West Virginia Board of Risk and Insurance Management to order on Tuesday, December 17, 2024 at 1:02PM. The meeting was held both in person and telephonically.
- Vice-Chairman Lane requested the sign-in sheet be signed by all board members and meeting attendees to verify attendance. 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 17, 2024, board meeting minutes was requested. Member Kristin Boggs moved the approval of the board meeting minutes from the prior meeting. Motion was seconded by Member Leah Cooper.
- No discussion, a vote took place and the MOTION ADOPTED.

REPORTS

Forvis Mazars

- Norman Mosrie presented at the meeting for Forvis Mazars. Mr. Mosrie presented the Audited Financial Report - June 30, 2024. Mr. Mosrie thanked the board for the opportunity to present. Mr. Mosrie reviewed the Forvis Mazars Report to the Board of Directors - Results of the 2024 Financial Statements Audit including Required Communications. Copies of the report were provided electronically prior to the meeting and on site for those attending in person.
- Mr. Mosrie commented that the audit went very well. He thanked Stephen Panaro, Emily Fleck and Melody Duke for their assistance and commented on his appreciation of the BRIM team. There were no reportable matters observed during the audit. He also reported that no audit adjustments were made.
- Mr. Mosrie shared a brief overview of the Statement of Net Position (page 10). He also reported that cash is stable and the market had a good year. The big impact was FY24 due to paid claims for Miracle Meadows. The Statement of Cash Flows (page 12) was also reviewed. Net cash position increases were reported. Notes to Financial Statements (page 52) were briefly discussed and Mr. Mosrie noted that some old claims are still being figured in.
- Mr. Panaro thanked Mrs. Fleck for her hard work on the audit. He also commented on very seasoned staff we have in Mr. Mosrie's team and how that relationship makes the processes for the audit run very smoothly.
- Mr. Mosrie offered to address any questions, no questions. Forvis Mazars Audited Financial Report - June 30, 2024 was received, a copy is attached and made part of the record.

Executive Director's Report

- Melody Duke was called upon to present the Executive Director's Report. She reported on the Marshall and West Virginia University Medical Malpractice Programs. Included in her report were total deposits/disbursements up to this point for FY2025.
- Mrs. Duke reported on the State and Non-State Liability Claims and Litigation information, as well as trials, paid claims, outstanding claims, claim counts,

duration and closing ratios. So far in 2024, we have three cases to verdict - two defense verdicts and one mistrial. No additional trials are scheduled for 2024.

- Mrs. Duke reported that BRIM was asked to present to the Joint Committee on Insurance and PEIA. The presentation was on Monday, December 9, 2024. Melody and Jeremy discussed the history of BRIM, loss control and the impact of SB875. Some questions centered on premium rating and reservers.
- Mrs. Duke met with members of governor elect Morrissey's transition team on Thursday, December 12, 2024. The meeting was general and went on for over an hour. Questions were mostly about what BRIM does as a state agency.
- A liability broke update was provided. BRIM received questions from an interested insurance carrier and will have responses to USI by the end of the December 16th week. We expect to have information from USI before the end of the month regarding reinsurance. USI is compiling a white paper to aid in the explanation of reinsurance and the results from their market search.
- The Executive Director discussed the Loss Ratio Cancellation Notices, BRIM held an appeal hearing for Tri-State Transit Authority on Friday, September 20, 2024. BRIM decided to rescind the cancellation notice effective October 14, 2024, and issue a non-renewal notice in January 2025 to be effective July 1, 2024. Additionally, rescission notices were sent to Logan-Mingo Health and Williamson Health and Wellness after a re-review indicated these entities did not meet the loss ration criteria. The following entities were cancelled with BRIM: Cabell County Community Services Organization, HealthNet Aeromedical Services, City of Westover, and Monongalia County Urban Mass Transit.
- Also reported, BRIM is analyzing possible liability policy limit caps in some coverage areas and increasing deductibles for auto, liability and property, BRIM is also working with our actuaries to modify aspects of the premium calculations for both state and non-state.
- Claim Audit Services review, BRIM is beginning to work on Part 2 of the Claims Audit with vendor, Strategic Claims Direction. The focus of Part 2 in in-house property and mine-subsidence claims.
- BRIM was asked to present in a meeting of Chief Financial Officers and Procurement Officers. The meeting was held by the Higher Education Planning Commission on November 8, 2024. Jeremy Wolfe, Woodrow White and Emily Fleck provided general information about insurance, including coverage, loss control and finance relating to BRIM.
- Announcement of the Upcoming Board Meeting schedule for 2025 includes the following:

Tuesday, March 18, 2025 @ 1PM

Tuesday, June 17, 2025 @ 1PM

Tuesday, September 16, 2025 @ 1PM

Tuesday, December 16, 2025 @ 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. Mr. Panaro reviewed the P-Card Report for July through October 2024.

- Mr. Panaro commented that we completed our audit prior to the deadline for submission of October 15th. The financial statements and footnotes were submitted on October 2nd.
- Mr. Panaro reported on the financial results:
- Presentation of the four months ending October 31, 2024. The results reflect the actuarially estimated unpaid losses from AON's risk funding study as of June 30, 2024, as well as an accrual for October.
- Net premium revenue through October has increased \$3.2 million compared to FY24. The increase reflects an increase in premiums based on the actuarial estimated loss pics.
- Retained case reserves are \$62.5 million lower this year compared to the prior year and actuarially estimated IBNR is \$8.2 million lower than the prior year. Combined total current and non-current claims liabilities (i.e., unpaid claims) are \$70.7 million lower than last year through October. Our reserve adjustment in the first quarter of this year was a reduction in reserves of \$5.3 million compared with a small increase in reserves in the fourth quarter of FY24.
- Claims and claims adjustment expense of \$33.7 million is \$20.5 million dollars lower than last year due to lower claims expenses during the current fiscal year.
- Investment gains through October were \$9.1 million compared to investment losses through October of 2023 of \$5.4 million. This is a positive year-over-year change of \$14.5 million. Through October, the Bank of New York trust has earned \$5.7 million. Due to the relatively short duration of the fixed income holdings in the trust (3.6 years) and decreasing interest rates the returns in the trust have been positive year to date. Equity markets experienced volatility during FY24 and that trend continued to FY25. Our returns with the WV Investment Management Board were positive through October of this year with gains of \$2.8 million. We also earned \$614,000 of interest with the WV 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 \$10.1 million compared with a decrease in net position of \$28.1 million in FY24. The largest factor in this change was a decrease in claims and claims adjustment expenses. The overall impact is a year-over-year positive change of \$38.2 million.
- Our current net position of \$85.9 million includes the mine subsidence program's net position of \$39.9 million, leaving BRIM's unrestricted net position at \$46 million. This compares with a net position of \$40.6 million last year and a net position at June 30, 2024 of \$75.8 million.
- Mr. Panaro continued his report with information on the Financial Markets. The financial markets have continued to fluctuate since our last board meeting. The DJIA closed at 43,914 last week. The yields on US Treasury Notes have fluctuated this year. The 10-year note had a yield of just over 4% and increased to a yield of 4.4% last week. This is down from year-to-date high yield of over 4.6% in May.
- The Federal Reserve cut interest rates at its meeting in September a half percentage point and lowered the rate again at its November by a quarter point. The Fed is anticipated to cut rates another quarter point at the December meeting. The reduction in November brought the benchmark rate to a range of 4.5% to 4.75%. Core inflation, which excludes food and energy categories, was 3.3% in November.

- Because of uncertainty with interest rates, the volatility of the stock market and inflation concerns BRIM's investment returns outlook remains uncertain for FY25..
- 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.
- BRIM and Liberty Mutual Insurance sponsored two boiler safety and operational seminars in October. Approximately 87 individuals participated in the seminars. The level of interest from our insureds continues to be at high levels.
- In October, we sent out loss control questionnaires to our senate bill #3 insureds. The completed questionnaires and supporting documents are due on January 1.
- BRIM participated in a presentation at the West Virginia Higher Education Policy Commission's Chief Financial Officer's conference at Concord University. BRIM provided content relating to its Finance Department, Underwriting Department, and Loss Control Department.
- Mr. Wolfe reported that he served as a panelist at the 2024 West Virginia Digital Government Summit. The panel discussed cyber security costs and navigating financial impacts of such costs. Mr. Wolfe presented on costs associated with cyber liability claims and the importance of risk assessments within cyber security programs.
- During September, October and November, Tawney conducted 220 inspections and Liberty conducted 759. The reports are being processed according to established procedures.
- Since last reported, our loss control technical staff reports the following activity: 16 Standards of Participation Visits and 16 Loss Control Visits.
- 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.

UNFINISHED BUSINESS

NEW BUSINESS

ADJOURNMENT

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



Eric Householder
Cabinet Secretary

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

Executive Director's Report
June 17, 2025

A. Marshall University and West Virginia University Medical Malpractice Program

- As of April 17, 2025, Marshall has deposited \$2,145,000 into the escrow account for FY 2025. The fiscal year-to-date cumulative interest totals \$45,557.89. Disbursements totaling \$1,535,969.35 have been paid thus far in FY 2025.
- As of April 17, 2025, a total of \$7,216,365.79 has been deposited into WVU's escrow account for FY 2025. The fiscal year-to-date cumulative interest totals \$103,196.81. Disbursements totaling \$5,547,934.02 have been paid thus far in FY 2025.

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

TRIALS

No cases have been tried in 2025 to date.

There are no trials scheduled for June.

PAID CLAIMS (May 2025 Data)

May 2025 Indemnity payments total \$1,900,000 vs May 2024 indemnity payments of \$2,100,000 a decrease of 9.52%.

May 2025 Legal payments total \$1,400,000 vs. May 2024 Legal payments of \$2,100,000 a decrease of 33.33%.

OUTSTANDING CLAIMS RESERVES (May 2025 Data)

May 2025 Indemnity reserves total \$89,000,000 vs. May 2024 Indemnity reserves of \$104,500,000, a decrease 14.83%.

May 2025 Expense reserves total \$47,600,000 vs. May 2024 Expense reserves of \$41,700,000 an increase of 14.147%.

CLAIMS COUNTS (May 2025 Data)

May 2025 New claims of 685 vs. May 2024 of 654, an increase of 4.74%.

May Closed claims of 379 vs. May 2024 of 302, an increase of 25.49%.

May 2025 Open claims of 1500 vs. May 2024 of 1200, an increase of 25.00%.

DURATION – CREATE TO CLOSED DATE CLAIMS (May 2025 Data)

May 2025 Duration of 108 Days vs. May 2024 Duration of 124 Days, for a decrease 12.90%.

CLOSING RATIO (May 2025 Data)

May 2025 Closing Ratio of 127.6% vs. May 2024 Closing Ratio of 108.8%, an increase of 17.27%.

Legislative Session

There were a couple of bills affecting BRIM, one was an extension of the non-state permissive entities moratorium and the second was to change the statute of limitations for sexual abuse back to age 20. Neither bill was passed.

Loss Ratio Analysis for the Non-State Program – BRIM completed the loss ratio analysis for non-renewal effective July 1, 2025. There was only one insured that received a notice and that was Tri-State Transit Authority (TTA). TTA did submit an appeal, and a hearing was held Tuesday, March 11, 2025. From the hearing BRIM decided to rescind the non-renewal notice effective July 1, 2025, and they will be renewed with a premium increase. TTA provided BRIM documents of their Articles of Agreement, Operator's Handbook, Public Transportation Agency Safety Plan, TTA Policies and Work Rules for Non-Management Employees, the Safety, Security and Emergency Preparedness Plan, example driver run notes, and operator seniority checklist. TTA explained the hiring and discipline process, accident analysis and upcoming live video monitoring. It was also established that the Tri State Transit Authority provided important, if not vital, infrastructure in and around the City of Huntington and Cabell County for public bus service.

Liability Endorsements

BRIM has completed an endorsement for the state and non-state programs for a \$500,000 limitation of coverage for excessive force claims made by person(s) taken into custody. The endorsement defines excessive force, claimant and person(s) taken into custody and understanding of the limit of liability. This along with adding the abuse endorsement to the state program (non-state added for FY2025) has been provided to AIG with an effective date of July 1, 2025.

Insurance and Contract Renewals

BRIM is awaiting insurance renewals for the upcoming fiscal year. The brokers for cyber and property report that the market is stabilizing and expect either a flat too small decrease in property and that the cyber may be flat for or slight increase if we want to increase our limits. The crime renewal will be up slightly as there was an increase in state employee counts. We are additionally in the early stage of re-negotiating an AIG 5-year contract renewal. This will be the first time that many of the management staff have encountered this type of negotiation. I was part of the 2021-2025 renewal but am eager to complete this renewal.

Risk Management Software Program

A major accomplishment with our eRims software came in early May as we went live with the Underwriting module. This has been a few years in the works and while we are working through some glitches with our programmers are excited to reach this goal. The final two modules, Loss Control and Finance, are in development stages, and we hope to have those completed by the end of the calendar year.

AIG – Charleston Office

Last year, around this time, the AIG Charleston Office experienced 5 tenured individuals that decided to take an early retirement buyout. They additionally had another individual to resign leaving a six person hole in their workflow. I am excited to announce that they have filled all six positions and are once again fully staffed.

STRIMA – John Fernatt, Woodrow White and Shelley Brightwell will be attending the 2025 STRIMA Conference this fall in Jekyll Island, Georgia the week of September 6, 2024, through September 12, 2025.

BRIM Staff Changes

Long time employee, Lori Tarr retired February 28, 2025, with 30 years of service. We are very sad to see her leave and appreciate her tenure with the state. BRIM recently hired David Dyer as the Chief Privacy Officer, which replaces Ashley Summitt who resigned from state service in August 2024. Additional changes at BRIM are the promotion of Shelley Brightwell as the Deputy Claim Manager and the promotion of Mary Ann Escarda as the Deputy Chief Privacy Officer.

The final staff change, as you all know, has been my decision to accept the Director position with the Division of Finance which is housed under the Department of Administration like BRIM. The Governor's Office has decided to retain me as Acting Executive Director of BRIM until a replacement can be named.

Upcoming Board Meeting schedule for 2025:

Tuesday, September 16, 2025 @ 1PM

Tuesday, December 16, 2025 @ 1PM

Sincerely,



Melody Duke
Acting Executive Director

MAD/ldm

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



Eric Householder
Cabinet Secretary

Melody Duke
Executive Director
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Chief Financial Officer's Report
June 17, 2025

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 2025. These totals are:

| | |
|----------|-------------|
| February | \$30,543.85 |
| March | \$30,851.39 |
| April | \$21,112.11 |

B. Current Financial Results

- The financial results presented are for the ten months ended April 30th, 2025. The results reflect the actuarially estimated unpaid losses from AON's risk funding study as of March 31, 2025, plus an additional accrual for April.
- Net premium revenue through April has increased \$7.7 million compared to FY24. The increase reflects an increase in premiums based on the actuarial estimated loss picks.
- Retained case reserves are \$23.4 million higher this year compared to the prior year and actuarially estimated IBNR is \$11.2 million lower than the prior year. Combined total current and non-current claims liabilities (i.e., unpaid claims) are \$12.2 million higher than last year based on the March 31st AON actuarial study. Our reserve change in the third quarter of this year of \$3.9 million was due to small increases in both retained case reserves and IBNR.
- Claims and claims adjustment expense of \$87.4 million is \$1.8 million dollars higher than last year due primarily to small increases in reserve adjustments during the current fiscal year.
- Investment income through April was \$21.7 million compared to investment income through April of 2024 of \$8.8 million. This is a positive year-over-year change of \$13 million. Through April the Bank of New York trust has gained \$15.1 million. Because of the relatively short duration of the fixed income holdings in the trust (3.7 years) and current interest rates the returns in the trust have been positive. Equity markets experienced volatility during FY24 and that trend continues in FY25. We have earned \$5.2 million from our investments with the West Virginia Investment Management Board. Additionally, we had \$1.2 million of interest income from the BTI through April and \$234 thousand of interest income from our cash collateral account with AIG.
- The combination of higher reinsurance premiums, marginally higher claims expenses than the prior year, positive investment returns and increased premium revenue resulted in an increase in net position of \$20.4 million compared with an

increase in net position of \$1.8 million in FY24. The largest factor in this increase over the prior year has been increased investment returns during the current fiscal year. The year-to-date positive change in retained earnings is a marked improvement from FY24.

- Our current net position of \$96.3 million includes the mine subsidence program's net position of \$42.5 million, leaving BRIM's unrestricted net position at \$53.8 million. This compares with a net position of \$70.6 million last year.

C. Financial Markets

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

The Federal Reserve is meeting on June 17th and 18th and is expected to hold interest rates steady. The Fed has said that they will make interest rate decisions based on "careful, objective and nonpolitical analysis" according to The Wall Street Journal. The uncertainty over trade policy and its impact on hiring and investment is the main reason that the Fed has held rates steady.

Hiring slowed in May with 139,000 jobs added. The unemployment rate remained at 4.2%. The increase in jobs was more than the labor department anticipated. The consumer price index increased 2.4% from May 2024 to May 2025, the change from April 2024 to April 2025 was 2.3%. Core prices which exclude food and energy items rose 0.1% from April. This was below the 0.3% gain that economists had expected.

Because of high interest rates, the volatility of the stock market and inflation concerns BRIM's investment returns outlook remains uncertain for the remainder of FY25.

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

| | 2025 | 2024 |
|--|-----------------------|-----------|
| | <i>(In Thousands)</i> | |
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 24,093 | \$ 27,090 |
| Advance deposits with insurance company and trustee | 284,055 | 252,569 |
| Receivables | 59,923 | 23,380 |
| Prepaid insurance | 3,088 | 2,447 |
| Restricted cash and cash equivalents | 11,809 | 8,226 |
| Premiums due from other entities | 1,539 | 1,534 |
| Total current assets | 384,507 | 315,246 |
| Noncurrent assets: | | |
| Equity position in internal investments pools | 40,314 | 56,636 |
| Restricted investments | 34,517 | 31,656 |
| Total noncurrent assets | 74,831 | 88,292 |
| Total assets | 459,338 | 403,538 |
| Deferred Outflows of Resources | 243 | 399 |
| Deferred Outflows of Resources - PEB | 10 | 59 |
| Liabilities | | |
| Current liabilities: | | |
| Estimated unpaid claims and claims adjustment expense | 75,991 | 189,423 |
| Unearned premiums | 23,361 | 21,767 |
| Agent commissions payable | 1,369 | 1,353 |
| Claims Payable | 0 | 47 |
| Accrued expenses and other liabilities | 54,626 | 22,599 |
| Total current liabilities | 155,347 | 235,189 |
| Estimated unpaid claims and claims adjustment expense net of current portion | 207,697 | 97,705 |
| Compensated absences | 182 | 192 |
| Net pension liability | (4) | 148 |
| Total noncurrent liabilities | 207,875 | 98,044 |
| Total liabilities | 363,222 | 333,233 |
| Deferred Inflows of Resources | 0 | 0 |
| Deferred Inflows of Resources - PEB | 64 | 137 |
| Net position: | | |
| Restricted by State code for mine subsidence coverage | 38,026 | 32,363 |
| Unrestricted | 37,826 | 36,438 |
| Net Assets (Deficiency) | 20,453 | 1,825 |
| Net position | \$ 96,305 | \$ 70,627 |

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

| | 2025 | 2024 |
|---------------------------------------|-----------------------|-----------|
| | <i>(In Thousands)</i> | |
| Operating revenues | | |
| Premiums | 104,080 | \$ 95,846 |
| Less coverage/reinsurance programs | (12,965) | (12,451) |
| Net operating revenues | 91,115 | 83,394 |
| Operating expenses | | |
| Claims and claims adjustment expense | 87,412 | 85,570 |
| General and administrative | 5,011 | 4,766 |
| Total operating expenses | 92,423 | 90,336 |
| Operating income (loss) | (1,308) | (6,942) |
| Nonoperating revenues | | |
| Investment income | 21,761 | 8,767 |
| OPEB Non Operating Income | 0 | 0 |
| Net nonoperating revenues | 21,761 | 8,767 |
| Changes in net position | 20,453 | 1,825 |
| Total net position, beginning of year | 75,852 | 68,801 |
| Total net position, end of period | \$ 96,305 | \$ 70,627 |

Unaudited

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



Eric Householder
Cabinet Secretary

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

Loss Control Report to the Board
June 2025

Non-state agency loss control questionnaires were due on January 1, 2024. 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 have completed the evaluations and approximately 55% or 521 insured entities within the non-state insurance program will be receiving a form of a premium credit.

During the month of May, we sent out loss control questionnaires to all state agencies. The deadline for submission to BRIM is August 1, 2025. At that time, we will gather the necessary information for calculation of loss control credits or surcharges for fiscal year 2026.

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.

We have renewed our contract 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.

For the year 2024, the Department completed 102 consultation visits. We are pleased with the specialists' efforts, as these visits remain the keystone of our risk management efforts.

During the months of December, January, February, March, April, and May Tawney conducted 239 inspections and Liberty Mutual Insurance conducted 1,501. The reports are being processed according to established procedures.

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

12 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: City of Glenville, Tucker County Board of Education, Martinsburg Housing Authority, Cabell-Huntington Coalition for the Homeless, West Virginia Credentialing Board, Inc., McDowell County Board of Education, Cedar Lakes

Conference Center, Division of Multimodal Transportation Facilities, REACHH-Family Resource Center, Hancock County Health Department, Izaak Walton League of America, and Office of Inspector General.

24 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: Norborne Pre-School & Daycare Center, Inc., West Virginia Real Estate Appraiser Licensing & Certification Board, West Virginia Municipal Pension Oversight Board, Lincoln County Board of Education, Ohio County Public Service District, Office of Technology, Preston County Health Department, Braxton County Convention & Visitors Bureau, Taylor County Board of Education, Greater Paw Paw Sanitary District, Oral Fishing Club, Community Networks, Inc., Division of Purchasing, Milan Puskar Health Right, Hancock County Board of Education, Calhoun County Board of Education, Office of Attorney General, West Virginia Board of Osteopathic Medicine, West Virginia Fleet Management Office, Land Division/Department of Agriculture, West Virginia Auditor's Office, Wood County Board of Education, Shepherd University, and Cabell County Board of Education.

Dated: June 10, 2025

Respectfully submitted,



Jeremy C. Wolfe
Deputy Director / Risk Manager

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



Eric Householder
Cabinet Secretary

Melody Duke
Executive Director

**Chief Privacy Officer's Report
June 17, 2025**

A. Privacy Office Updates

- On 05/05/2025 I, David Dyer was hired as the new Chief Privacy Officer. Additionally, Mary Ann Escarda was promoted to Deputy Chief Privacy Officer. Interviews are being held for the Administrative Position.

B. Management Team Meetings

- A privacy calendar was created to help manage reports, projects and privacy meetings. Planning is in progress for upcoming PMT meetings.

C. Privacy Training

- A Privacy Management Team Meeting is scheduled for Sep 23, 2025 .

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

- The Deputy CPO presented *Purchasing as a Privacy Powerhouse* during a webinar of procurement staff for the WV Division of Purchasing.
May 14, 2025

D. 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, 2025, There have been no new PIA's. However, 3 are being actively reviewed.

- A Privacy Impact and Risk Assessment (PIRA) is a tool used by agencies to evaluate how their systems, processes, or projects may affect the privacy of

individuals. It helps identify what personal data is being collected, how it is used, stored, or shared, and assesses the potential risks of unauthorized access, disclosure, or misuse. The PIRA process ensures agencies take appropriate steps to protect sensitive information and comply with applicable privacy laws and policies.

The primary goal of a PIRA is to proactively manage privacy risks before they become issues. It provides a structured way to document privacy considerations, recommend safeguards, and support transparency and accountability in how data is handled. PIRAs are essential for maintaining public trust and ensuring agencies remain in compliance with state and federal data protection standards.

Since March 1, 2025, 41 PIRAs have been submitted. Of that, 10 remain open and the SPO is working with Agency and Department Privacy Officers to close.

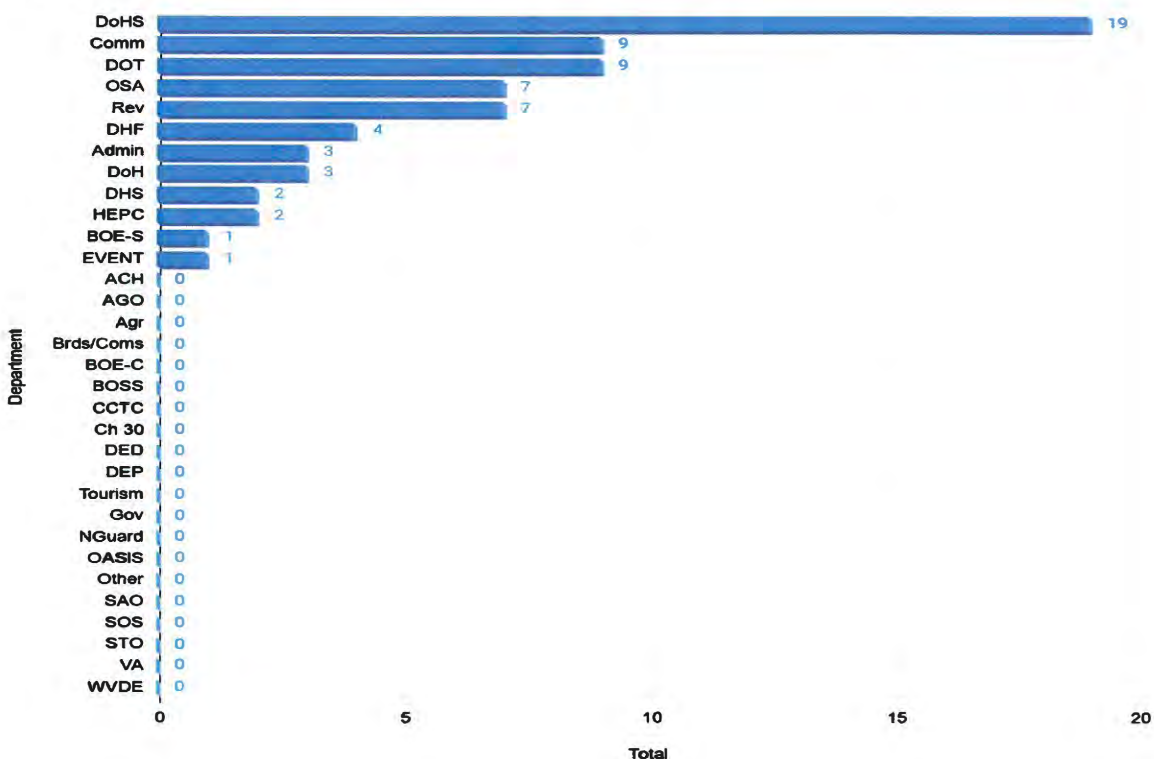
E. Privacy Trends and Analysis as of Jan 1, 2025

Departmental Breakdown

Departments with Highest Incident Reports:

1. Department of Health and Human Services (DoHS): 19
2. Commerce (Comm): 9
3. Department of Transportation (DOT): 9

Total vs. Department



Others with moderate counts: OSA, Revenue, Health Facilities, etc.

Incident Trends

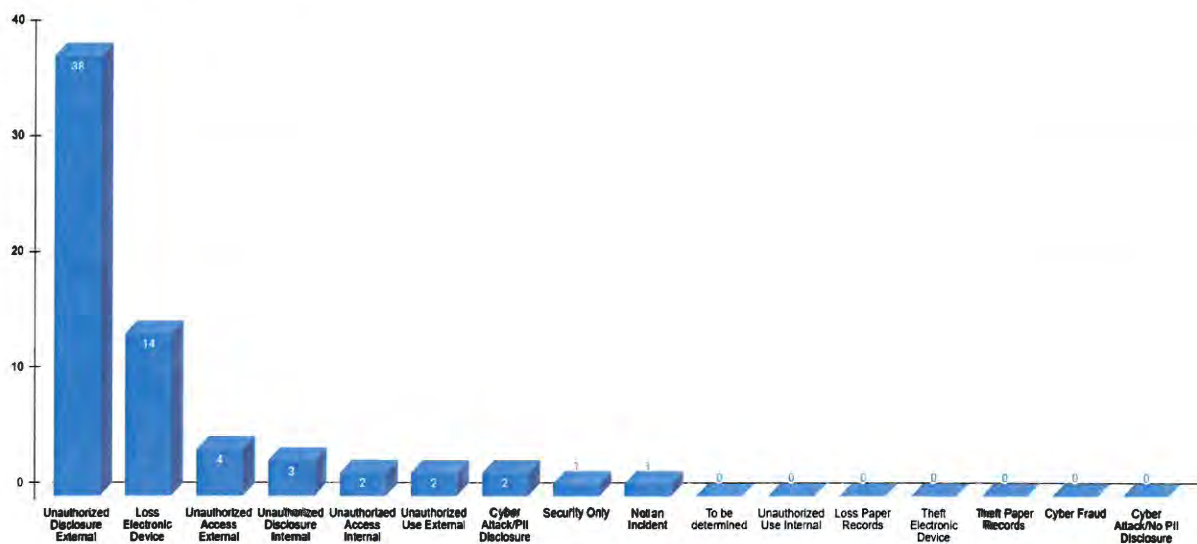
Unauthorized external disclosures and electronic device losses dominate the risk landscape.

Recommendation: Enhance awareness training on handling personal identifiable information (PII), especially during external communication or device transport.

Department Focus

DoHS leads with 19 incidents, significantly more than other departments.

Recommendation: Conduct a targeted privacy risk assessment in DoHS and potentially offer enhanced privacy workshops or technology solutions to mitigate recurring issues.



Agencies with high incident counts often reflect strong internal awareness and reporting procedures. Conversely, agencies with zero reported incidents are also a concern, as this may indicate a lack of awareness, underreporting, or unfamiliarity with privacy responsibilities. These agencies will be prioritized for outreach and education.

F. Moving Forward

- Implement data-driven outreach to agencies that lag in PIRA submission or resolution.
- Launch monthly dashboards to monitor the lifecycle and aging of privacy assessments by department.
- Begin developing key performance indicators to evaluate program effectiveness.
- Draft an operations manual for the SPO by the end of July.

G. Conclusion

Following the departure of the previous Chief Privacy Officer, the State Privacy Office has focused on re-establishing structure, rebuilding momentum, and addressing the backlog of privacy assessments and submissions. These early months have been dedicated to catching up on delayed work, reconnecting with agency partners, and re-aligning the office with our strategic goals and executive order.

At the same time, we are laying a strong foundation for a more efficient and proactive office, one that not only reacts to incidents but helps prevent them through training. From implementing standardized tracking tools to strengthening agency outreach and initiating targeted training, we are working to ensure the Privacy Office is a resource for every department, not just a requirement.

The goal moving forward is clear: build a privacy program that is responsive, consistent, and rooted in collaboration and accountability.

Very Respectfully,

David Dyer

David Dyer, CPM
Chief Privacy Officer
WV Executive Branch