



# Ohio Bureau of Workers' Compensation Comparison of Workers Compensation Fund Policies and Procedures

California SCIF	Colorado SCIF (Pinnacle Assurance)	Maryland	New York NYSIF
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<b>Board</b>	Five Member Board of Directors appointed by the Governor. Board members are required to be policyholders or employees of policyholders. There are three ex-officio members on the board including the Director of the State Dept of Industrial Regulations, a Senate Designee and an Assembly Designee.	Nine Member Board appointed by Governor and approved by Senate	13 Commissioners appointed by the Governor and confirmed by the Senate
<b>Funding</b>	Funded through policyholder premiums and investment income. Do not receive any taxpayer revenue and are exempt from corporate income taxes.	Funding is from premiums and investment income.	Funded through a budget submitted to the Governor and approved by the Legislature. The Board recovers expended funds through an assessment levied on State's covered employers.
<b>Investment Committee</b>	Subset of the Board of Directors	4 members	4 members of the Board
<b>Frequency of Meetings Board Investment Committee</b>	Bi-monthly not specified	Monthly Quarterly	Monthly Weekly
<b>Investment Policy</b>	Yes	Yes	Yes
<b>Manager Guidelines</b>	Yes	Yes	Yes
<b>Monitor Investments vs. Peers vs. Benchmark</b>	Yes Yes	Yes Yes	No Yes

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<b>Internal Asset Mgmt</b>	No	No	Yes	Yes
<b>External Asset Mgmt</b>	Yes	Yes	Yes	Yes
<b>Outside Consultant</b>	Yes	Yes	Yes	Yes
<b>Year Ending 2004 Data:</b>				
<b>Duration of Portfolio</b>	4.07	5.4	4.9	7.2
<b>Duration of Liabilities</b>	4.02	4.5	4.9	8.1
<b>Return</b>	3.84%	6.65%	5.13%	n/a
<b>Benchmarks</b>				
<b>Equity</b>	-	S&P 500, S&P 600	-	-
<b>Fixed Income</b>	Custom	LB Government/Credit	-	LB Aggregate
<b>Asset Allocation Targets</b>				
<b>Equity</b>	0%	30% of Surplus	0%	-
<b>Fixed Income</b>	100%	5% - 100%	100%	-
<b>Comments</b>	Very stringent guidelines, no equity allowed.	Pinnacle Assurance operates as a political subdivision of the state. Subject to high-level oversight by the legislature through annual audits.	No equity investments.	Board is overseer to Investment Committee. Monthly meetings contain review of activity. When asset allocation and manager selection/termination decisions occur Board has final say.

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	North Dakota WSI	Ohio BWC	Oregon SAIF	Washington WSIB
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**Board**

The WSI has an 11 person Board. When a vacancy arises the WSI Board submits a list of 3 people to the governor for his selection.

The BWC is a state agency managed by an administrator/CEO and advised by an eleven member Workers' Compensation Oversight Commission. Five members are appointed by the governor. There are two investment experts appointed one by the State Treasurer and one jointly by the Ohio Senate President and Ohio House Speaker, lastly there are 4 non-voting legislative members.

Five Member Board of Directors appointed by the Governor, subject to confirmation by the State Senate.

Board is comprised of 15 members 10 of which are voting members. The 10 voting members include 3 ex-officio members, 2 legislators, and five members from different plans in the public employee pension system in Washington.

**Funding**

Funded through policyholder premiums and investment income.

Direct Premiums paid by employers

Direct Premiums paid by employers

Funding comes from earnings on assets invested by WSIB. There is a biennial budget approved from the Legislature that covers departmental operations and comes from the earnings on investments.

**Investment Committee**

There is no individual investment committee. Consists of 4 members appointed by the Chairperson of the WCOCC. At least 2 members are investment experts and at least 2 members are voting members of WCOCC.

State Treasury governs investment of all State Funds including Workers Comp under the direction of the Oregon Investment Council.

State Treasury governs investment of all State Funds including Workers Compensation under the direction of the Washington State Investment Board and the Public Markets Committee.

**Frequency of Meetings  
Board  
Investment Committee**

Quarterly  
-

Quarterly  
Quarterly

Quarterly  
Quarterly

Quarterly  
Quarterly

**Investment Policy**

Yes

Yes

Yes

Yes

**Manager Guidelines**

Guidelines are set by the State Investment Board.

Yes, broad guidelines in investment policy. In addition each manager will have their own guidelines attached to their contracts

Yes, incorporated in the Investment Policy

Yes, incorporated in the Investment Policy

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	North Dakota WSI	Ohio BWC	Oregon SAIF	Washington WSIB
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<b>Monitor Investments vs. Peers vs. Benchmark</b>	Yes Yes	Yes Yes	Yes Yes	Yes Yes
<b>Internal Asset Mgmt External Asset Mgmt</b>	No Yes	No Yes	No Yes	Yes - Fixed Income Only Yes
<b>Outside Consultant</b>	Yes	Yes	Yes	Yes
<b>2004 Data</b>				
<b>Duration of Portfolio</b>	-	4.23	4.15	7.17
<b>Duration of Liabilities</b>	8.4	10	12.2	9.86
<b>Return</b>	7.85%	10.27%	5.44%	10.3%
<b>Benchmarks</b>				
<b>Equity</b>	S&P 500, Russell 2000, EAFE	Wilshire 5000, MSCI ACWI	Russell 3000 Index	85% Wilshire 5000/15 % EAFE
<b>Fixed Income</b>	LB Aggr, LB TIPS, ML T-Bills	LB Aggregate	Custom Benchmark	Depending on required duration target of Fund
<b>Asset Allocation Targets</b>				
<b>Equity</b>	21%	0%	15%	0% - 30% (Depending on Fund)
<b>Fixed Income</b>	79%	96%	85%	70% - 100%
<b>Other</b>	-	1% - Cash, 3% Alternatives	-	-
<b>Comments</b>				
WSI is required to invest its assets through the State Investment Board. In addition, the State Investment Board is used to select and monitor the money managers as well as to provide oversight regarding performance versus peers and benchmarks.	Labor & Industry Fund represent 15% of total Funds managed by WSIB.			

U.S. Allocation Summary  
AASCF Asset Allocation Summary  
Listed by Size of Total Investment Portfolio in 2004

Portfolio Composition in 2004 (\$000)

	Total						
	Investment Portfolio	Bonds	Mortgages	Real Estate	Equities	Cash & Equivalents	Other
California	17,913,897	16,428,679	0	0	0	1,485,218	0
Ohio	16,353,623	7,884,223	0	0	5,852,456	1,617,907	999,037
New York	9,366,244	8,347,821	0	13,267	966,628	38,528	0
Washington	8,828,384	6,923,024	0	0	1,656,180	249,180	0
Oregon	2,980,389	2,348,204	602	19,395	374,798	231,692	6,121
Arizona	2,872,804	2,182,194	156,595	24,294	339,968	189,622	0
Texas	2,425,166	1,636,334	0	0	726,361	62,471	0
Pennsylvania	1,623,924	1,274,823	0	0	187,356	159,813	1,932
Colorado	1,613,614	1,292,728	0	23,702	140,698	142,925	13,560
Puerto Rico	1,188,828	763,975	0	0	375,396	49,457	0
Maryland	1,140,131	963,651	0	0	0	176,480	0
North Dakota	1,139,827	828,548	95	0	269,823	41,361	0
West Virginia	1,088,093	1,022,336	0	0	55,010	10,747	0
Utah	1,001,398	705,881	7,278	28,124	204,499	37,968	0
Oklahoma	873,976	624,955	0	0	150,742	98,279	0
Louisiana	802,291	596,014	0	0	183,882	22,395	0
Montana	591,913	499,090	0	0	72,138	20,685	0
Maine	489,240	426,836	0	0	46,002	13,736	2,666
Rhode Island	425,423	347,904	0	14,771	53,467	9,052	229
Kentucky	270,967	238,154	0	0	20,759	12,054	0
Missouri	230,083	196,198	0	1,651	14,008	18,226	0
Minnesota	190,306	178,291	0	0	5,820	6,170	25
Hawaii	130,795	111,250	0	0	10,856	8,689	0
Total	73,541,316	55,821,114	# 164,570	# 125,204	# 11,706,846	4,702,656	# 1,023,570

