Washington State Department of
Labor & Industries

Industrial Insurance Fund

Statutory Financial Information Report

For the Fiscal Year Ended June 30, 2008



Washington State Department of
Labor & Industries

State of Washington

Industrial Insurance Fund

Statutory Financial Information Report

For the Fiscal Year Ended June 30, 2008

December 2008

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Office of Financial Management
Washington State Investment Board

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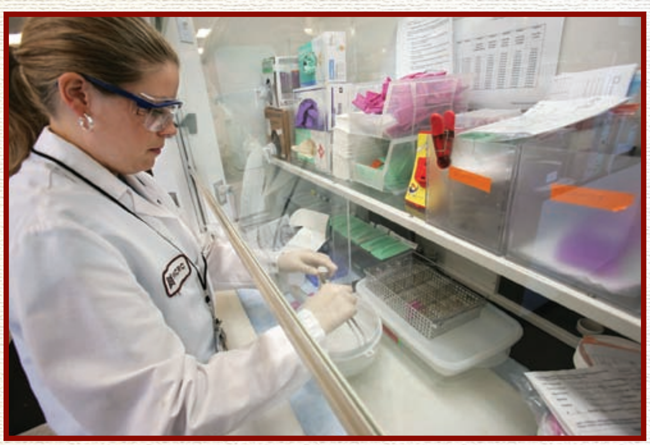
Statutory Financial Information Report
For the Fiscal Year Ended June 30, 2008

Washington State Department of
Labor & Industries

L&I Mission Statement:

We support the state's economic well-being by protecting the safety of Washington's workers, providing benefits to injured workers and ensuring fair wages and quality industry services.



Areas of Focus

- Improve speed, fairness and quality of workers' compensation claims operations.
- Reduce workplace injuries, illnesses and fatalities.
- Eliminate fraud and abuse by workers, employers and providers.
- Help solve the workforce shortage in construction through apprenticeship.
- Help vulnerable workers be safe on the job and receive the wages and benefits to which they are entitled.
- Recruit and retain a high-performance workforce.

Our Principles

- We understand and embrace our mission.
- We are committed to a knowledgeable, service-oriented, high-performing workforce.
- Ours is an organization with integrity.
- We are dedicated to providing high-quality and timely customer service.

Message from the Director and Assistant Director, Insurance Services

December 2008

In these difficult economic times, management of our resources is more important than ever. That applies to everyone—including us as manager of the state workers' compensation system. To illustrate how we have been doing this, we're pleased to share with you this *Statutory Financial Information Report for the Industrial Insurance Fund.*

Financially, our strategic objectives are to keep premium rates fair, stable and as low as possible while maintaining the solvency of the State Fund. In order to meet these objectives, the investment portfolio has been prudently managed to maximize earnings at conservatively low levels of risk. Also, the contingency reserve has been managed to be large enough to weather the tough economic times we are experiencing.

Our accomplishments over the past year show that we are striving to manage our resources as effectively as possible, such as enhancing services through technology improvements and making it easier for our customers to conduct business with us. We not only made good progress in expanding online tools and resources, but we also increased fraud recoveries, launched a safety initiative focused on young workers, and improved access to care for injured workers.

Preventing fraud and increasing compliance
We continue to work hard to combat fraud and abuse by workers, employers and health-care providers. For every dollar invested in fighting fraud and improving compliance, we bring in about $8. Between July 1, 2007, and June 30, 2008, our Fraud Prevention and Compliance Program collected $124.9 million.

Raising teens' awareness of job safety and health
Teens are twice as likely as adults to be injured on the job, especially when they are new to the world of work. Last spring, we launched a pilot project that brought a seriously injured young worker to five Washington schools to tell students how he was injured and why they need to pay attention to safety on the job. A total of 750 students from Bellingham, Mattawa, Seattle, Spokane and Tumwater heard speaker Nick Perry.

In 2009, we will expand the Young Workers Speakers Bureau to 20 schools and include outreach to parent groups.

Adding new features to the online Claim & Account Center
Launched in early 2005, the online Claim & Account Center has been a big hit. The center is a secure Web site to check the status of a workers' comp claim or employer account without having to contact L&I. In August, users viewed over 5 million pages within the Claim & Account Center.

With input from employers, we have added enhanced features for filing quarterly reports and the ability to view all or a subset of workers' claims in a single list. Our new Trend Reports helps users understand their account by providing data in charts and graphs. There's also a new cost-analysis calculator for estimating the effect of claims on rates.

Improving access to medical care

Employees who are injured on the job or develop work-related illnesses need timely access to the best health-care providers in our communities to help them recover. But in recent years, access to medical care has been an issue, particularly for long-term treatment. We've been working hard to persuade more health-care providers to treat injured workers.

We pay competitively for medical services and pay for paperwork unique to L&I. We also pay quickly – if providers bill electronically, we typically pay within 15 days. We've streamlined many processes and we now provide support to help health-care providers solve problems. And, we've made it easier to do business with us through the online Claim & Account Center.

We want to run one of the best worker's compensation systems in the nation in the quality of service, benefits and costs. Looking ahead, we want to continue to eliminate delays in the claims process in order to speed services to workers and avoid unnecessary costs to employers. We know that early management of new time-loss claims is crucial to preventing long-term disability and improving outcomes for injured workers and employers.

We are committed to working with our partners and customers to ensure mutual protection for workers and employers.

Sincerely,

Judy Schurke
Director

Robert J. Malooly
Assistant Director, Insurance Services

CPAs & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

Ms. Judy Schurke Director
The Washing Department of Labor and Industries
7273 Linderson Way SW
Tumwater, WA 98501

We have audited the accompanying combining statutory statement of admitted assets, liabilities and contingency reserve of The Washington State Department of Labor Industries Industrial Insurance Fund as of June 30, 2008, and the related combining statutory statements of operations, changes in contingency reserve, and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we do not express such an opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1 to the statutory financial statements, the Fund's prepared these financial statements using accounting practices prescribed or permitted by the Insurance Division of the State of Washington, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the statutory basis of accounting and accounting principles generally accepted in the United States, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of The Washington Department of Labor and Industries as of June 30, 2008, or the results of its operations or its cash flows for the year then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the admitted assets, liabilities, and contingency reserve of The Washington Department of Labor and Industries as of June 30, 2008, and the results of its operations and its cash flows for the year then ended, on the basis of accounting described in Note 1.

The accompanying statutory statement of admitted assets, liabilities and contingency reserve of The Washington State Department of Labor Industries Industrial Insurance Fund as of June 30, 2007, and the related statutory statements of operations, changes in contingency reserve, and cash flows for the year then ended were not audited by us and, accordingly, we do not express an opinion on them.

The accompanying introductory section, management discussion and analysis, and supplementary information listed in the accompanying table of contents is not a required part of the basic financial statements and was not subject to audit procedures applied in the audit of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit and, according, we express no opinion on it.

Eide Bailly, LLP

Fargo, North Dakota
December 17, 2008

Management's Discussion and Analysis

The state of Washington's Department of Labor and Industries administers the state Workers' Compensation Program, including the Industrial Insurance Fund.

This section of the State of Washington Industrial Insurance Fund (also known as the State Fund) Statutory Financial Information Report presents management's discussion and analysis of the financial performance of the Industrial Insurance Fund for the fiscal year that ended on June 30, 2008. This discussion should be read in conjunction with the accompanying statutory financial statements and notes to the statutory financial statements. The statutory financial statements, notes to the statutory financial statements, and this discussion are the responsibility of the Industrial Insurance Fund's management.

Some history and things that make the State of Washington Industrial Insurance Fund unique:

The state of Washington's "Workmen's Compensation Act" established the industrial insurance system in 1911, covering only extremely hazardous work. In 1923, Washington became the only state where workers paid a significant portion of the insurance premiums. Washington remained an exclusive State Fund and introduced self-insurance in 1971 when large employers that met certain financial and safety criteria were allowed to self insure.

Washington State, through Title 51 of the Revised Code of Washington, requires all employers, unless exempted, to secure coverage for job-related injuries and illnesses either by paying insurance premiums to the Industrial Insurance Fund or by self-insuring. Direct private insurance is not authorized, although self-insurers are permitted to reinsure up to 80 percent of their obligations.

Workplace Injuries:

During Fiscal Year 2008, Washington's workers' compensation system covered about 2.6 million workers employed by 171,000 employers. Employers reported a total of 3.3 billion hours. Nearly 137,000 claims were filed, though that figure is incomplete because workers have a year from the date of injury to file a claim. The vast majority of injured workers – 70 percent – were men, and nearly half of all injuries were to workers from 30 to 50 years of age. A total of 7,488,000 days were paid by the Industrial Insurance Fund for lost work. The most common injuries were to muscles, tendons, ligaments, and joints of back, and to fingers. Sixty-three fatal pensions were awarded.

Using the Statutory Financial Statements:

The accompanying statutory financial statements include the Combining Statutory Statement of Admitted Assets, Liabilities, and Contingency Reserve; Combining Statutory Statement of Operations and Changes in Contingency Reserves; and Combining Statutory Statement of Cash Flows. These financial statements have been prepared in conformity with the Statements of Statutory Accounting Principles (SSAP), as promulgated by the National Association of Insurance Commissioners, whereby the main purpose of SSAP-based information is to determine solvency. Solvency is defined as the availability of the Industrial Insurance Fund's admitted assets to satisfy its obligations to injured workers and beneficiaries. The Notes to the Statutory Financial Statements provide additional information that is essential to a full understanding of the data provided in the statutory financial statements.

The accompanying statutory financial statements report the financial position and results of operations for three out of the five Workers' Compensation Program funds including the Accident, Medical Aid, and Pension Reserve Funds. These three funds represent the Workers' Compensation Program Basic Plan, also known as the Industrial Insurance Fund or State Fund. The Industrial Insurance Fund is accounted for as an enterprise fund of the state of Washington, reporting business activities under the accrual basis of accounting much like a private business enterprise.

Financial Highlights (dollars in millions):

	Fiscal Year 2008 Ending June 30, 2008	Fiscal Year 2007 Ending June 30, 2007 (Unaudited)	$ Change increase (decrease)	% Change increase (decrease)
Total Admitted Assets	$11,525	$11,572	$ (47)	(0.4%)
Total Liabilities	9,923	9,478	445	4.7%
Total Revenues Earned	2,157	2,170	(13)	(0.6%)
Total Expenses Incurred	2,241	2,042	199	9.7%
Total Contingency Reserve	1,602	2,094	(492)	(23.5%)

Overview of the Financial Statements:

This discussion and analysis serves as an introduction to the Industrial Insurance Fund's financial statements, which consist of the following components:

The Combining Statutory Statement of Admitted Assets, Liabilities, and Contingency Reserve provides information about the Fund's admitted assets and liabilities, and reflects the contingency reserve as of June 30, 2008.

The Combining Statutory Statement of Operations and Changes in Contingency Reserve reflects revenues and expenses for the fiscal year.

The Combining Statutory Statement of Cash Flows reflects cash collections and cash payments to arrive at the net increase or decrease in cash during the fiscal year.

The Notes to the Statutory Financial Statements are an integral part of the financial statements and are essential to a full understanding of the Industrial Insurance Fund's financial position and results of operations presented in the financial statements.

The Supplementary Information section includes required supplemental information that presents ten years of claims development information. This section also includes the Actuarial Opinion from an independent actuarial firm who attested to the unpaid loss and loss adjustment expense liabilities.

Financial Position:

Industrial Insurance Fund's financial position at the end of the last two fiscal years is as follows (dollars in thousands):

Statutory Statement of Admitted Assets, Liabilities, and Contingency Reserve	June 30,2008	June 30, 2007 (Unaudited)
Admitted Assets		
Fixed income securities	$ 7,979,247	$ 8,266,702
Treasury Inflation-Protected Securities (TIPS)	1,567,230	510,267
Equities	1,335,048	2,057,449
Short-term investments	141,935	151,061
Unsettled trade receivables (payables)	(19,982)	4,371
Total Investments	11,003,478	10,989,850
Interest receivable	98,176	113,710
Cash	(27,544)	9,663
Premiums receivable, net	415,309	383,037
Other assets	35,797	75,948
Total Admitted Assets	$11,525,216	$11,572,208
Liabilities and Contingency Reserve		
Benefit (loss) liabilities	$ 9,330,953	$ 8,794,375
Claims administration (LAE) liabilities	419,411	414,332
Other liabilities	172,906	269,789
Total Liabilities	9,923,270	9,478,496
Contingency reserve	1,601,946	2,093,712
Total Liabilities and Contingency Reserve	$11,525,216	$11,572,208

Total admitted assets remained constant during Fiscal Year 2008, slightly decreasing by $47 million, or 0.4%. Cash decreased by $37 million as a result of the Accident Fund issuing $36.5 million in premium refunds (discussed below) on June 30, 2008, the last day of the fiscal year. Although the "book balance" for cash was reduced, the bank's "cash balance" was positive since none of the checks were paid by the bank by June 30.

Total benefit liabilities increased by $537 million during Fiscal Year 2008. This is a result of the Accident, Medical Aid, and Pension Reserve Fund benefit liabilities increasing by $206 million, $100 million, and $231 million, respectively. Non-pension benefit liabilities are discounted at 2.5 percent, while pension benefit liabilities are discounted at 6.5 percent.

Total liabilities other than benefits decreased by $92 million during Fiscal Year 2008. The retrospective rating adjustments liability decreased by $36 million due to a change in relative performance between the retro and non-retro which caused smaller refunds and more assessments. Accrued liabilities decreased by $67 million largely due to a decrease in the Pension Fund year-end experting accrual to zero out contingency reserve. The Claims Administration liability for the Industrial Insurance Fund increased by $5 million during Fiscal Year 2008.

Results of Operations:

Industrial Insurance Fund operating results and certain key financial ratios are presented in the following table (dollars in thousands):

Statutory Statement of Operations and Changes in Contingency Reserve	**FY 2008**	**FY 2007 (Unaudited)**
Net premiums earned – State Fund	$1,123,824	$1,294,870
Assumed premiums earned – Self-ins. pension reimb.	70,526	42,632
Total net premiums earned	1,194,350	1,337,502
Net investment income earned	537,559	529,987
Net investment realized gains	347,144	219,078
Other income incl. self-insured admin. exp. reimb.	78,181	83,914
Total Revenue Earned	**2,157,234**	**2,170,481**
Net benefits (losses) incurred	1,918,808	1,770,168
Claims administration expenses (LAE) incurred	130,197	138,252
Premium administration expenses incurred	28,878	25,651
Other administration expenses incurred	163,520	107,786
Total Expenses Incurred	**2,241,403**	**2,041,857**
Net Income (Loss)	**$ (84,169)**	**$ 128,624**
Loss ratio	160.6%	132.4%
Loss adjustment expense (LAE) ratio	10.9%	10.3%
Loss and LAE ratio	**171.5%**	**142.7%**
Underwriting expense ratio	9.6%	3.7%
Combined Ratio	**181.1%**	**146.4%**
Less: Net investment income ratio	45.0%	39.6%
Operating Ratio	**136.1%**	**106.8%**

The Industrial Insurance Fund's contingency reserve decreased by $492 million during Fiscal Year 2008, ending with a balance of $1.6 billion. This decrease is mainly the result of lower premiums earned due to the rate holiday and premium refunds (both discussed below), and $428 million in net investment unrealized losses.

Net premiums earned during Fiscal Year 2008 of $1.1 billion decreased by $171 million or 13.2 percent over Fiscal Year 2007. Although industrial insurance rates and the number of hours worked increased during Fiscal Year 2008, but the rate holiday and premium refunds during Fiscal Year 2008 resulted in the overall reduction of net premiums earned. Also, the level of retrospective rating adjustments earned decreased by $97 million in Fiscal Year 2008 as compared to the previous year, further minimizing the overall reduction in net premiums earned.

Despite the economic turmoil occurring in Fiscal Year 2008, net investment income earned of $538 million during the fiscal year remained nearly unchanged from the previous year, and net investment realized gains increased by $128 million. This increase is the result of a new asset allocation policy that was implemented during Fiscal Year 2008, prompting the sale of equities that were originally purchased at lower prices. The economic downturn was reflected in net investment unrealized losses for Fiscal Year 2008, totaling $429 million, which mostly includes losses in equities due to unfavorable stock market conditions partially offset by gains in the value of Treasury Inflation-Protected Securities (TIPS).

Benefits incurred during Fiscal Year 2008 totaled $1.9 billion, an increase of $149 million or 8.4% from Fiscal Year 2007. This increase is primarily the result of new claims reported in Fiscal Year 2008 and an unfavorable development in actuarially estimated loss liabilities for insured events of prior years in the Accident and Pension Reserve Funds.

The combined ratio of 181.1% for Fiscal Year 2008 expresses the total sum of all costs, which includes incurred expenses for benefits and administration, less other income (including self-insured administration expense assessments), as a percentage of total net premiums earned. The ratio is a recognized industry measure of underwriting performance. The Industrial Insurance Fund is expected to have a combined ratio above 100% because the rate setting process recognizes that significant investment income will be earned. The operating ratio for Fiscal Year 2008 is 136.1%. This reflects the combined ratio less the net investment income ratio and is another industry measure of overall financial performance. Ratios above 100% indicate that expenses are greater than premiums, net investment income earned, and other income. The operating ratio increased for Fiscal Year 2008 over the previous year. This resulted from higher net benefits incurred and fewer premiums earned in Fiscal Year 2008, the latter due to the rate holiday and premium refunds. The LAE ratio and underwriting expense ratio both continue to remain far below industry levels.

Rate holiday. Investment returns in prior years were higher than expected, and we had good success at controlling health-care costs. Therefore, we temporarily suspended the hourly rate employers and workers paid into the Medical Aid Fund for work performed from July 1 to December 31, 2007. Both employers and workers pay equally into the Medical Aid Fund. This fund pays for health care benefits for work-related injuries. The total reduction of premiums collected for Fiscal Year 2008 due to the rate holiday was $310 million.

Premium refunds. When we reviewed the result of the rate holiday, we determined that the members who enrolled in the retrospective premium rating plan received a higher benefit from the rate holiday. Under the retrospective premium rating plan, premiums are adjusted annually based on an individual employer's loss experience. We strive to be fair and equitable to all our customers, so we declared a premium refund to all non-retrospective plan members. The refund checks were issued on June 30, 2008, and totaled approximately $36.5 million.

Cash Flows and Liquidity:

Cash Flows - The primary sources of cash were from premiums collected and investment income. The primary uses of cash were for payments of benefits and administration expenses, and purchases of investments.

Cash flows of the Industrial Insurance Fund are summarized as follows (dollars in thousands):

Statutory Statement of Cash Flows	FY 2008	FY 2007 (Unaudited)
Operations		
Net premiums collected	$1,055,858	$1,335,337
Other reimbursements and income	102,805	113,631
Net benefits (losses) paid	(1,382,230)	(1,304,775)
Administration expenses paid	(255,721)	(249,159)
Cash provided by (used in) operations	(479,288)	(104,966)
Investment Activities		
Investment income	549,587	589,023
Net realized gains	347,143	219,079
Sales (purchases), net	(452,293)	(624,835)
Investment management expenses	(2,356)	(71,981)
Cash provided by (used in) investment activities	442,081	111,286
Change in Cash		
Net increase in cash	$ (37,207)	$ 6,320

During Fiscal Year 2008, the net out-flow of cash from operations increased $374 million compared to Fiscal Year 2007. This is the primarily the result of $279 million fewer net premiums collected (refer to rate holiday and premium refunds above) and a $77 million increase in benefit payments.

Cash provided by investment activities increased overall by $331 million in Fiscal Year 2008 over the prior period. Proceeds from investment income, net of investment management expenses, remained relatively constant, increasing by only $30 million in Fiscal Year 2008 as compared the previous fiscal year. Net investment realized gains were up by $128 million over the previous year due to implementation of the new asset allocation policy discussed above. In order to provide for the net cash used in operations, fewer investments were purchased from the investment proceeds generated during Fiscal Year 2008.

Liquidity - The Industrial Insurance Fund's operations require liquidity sufficient to meet both short-term and long-term requirements. Short-term liquidity requirements come from four basic elements. First, the department may reduce rates in order to reduce its contingency reserve resulting in negative cash flow. Second, workers' compensation claims are subject to some variation. Third, premiums are paid to the department once every three months. Finally, retrospective premium returns require an increased degree of liquidity.

The Industrial Insurance Fund has generally met its operating requirements by maintaining appropriate levels of liquidity in its investment portfolio and through utilization of positive cash flow. The Industrial Insurance Fund has the financial capacity to hold its fixed income portfolio to maturity and to match projected cash inflows from premiums and investment income from this portfolio with projected cash outflows for payment of benefits.

Future Plan:

Our strategic objectives are to keep premium rates fair, stable, and as low as possible while maintaining the solvency of the Industrial Insurance Fund. In order to meet these objectives, the investment portfolio has been prudently managed to maximize earnings at conservatively low levels of risk. Subsequent to June 30, 2008, due to the turmoil in capital market, the Industrial Insurance Fund sustained some losses in our investment portfolio, but we are still confident that we will continue to meet our strategic objectives. Refer to Note 14 on page 35 of this report.

Requests for Information:

This report is designed to provide a general overview of the Industrial Insurance Fund and to illustrate the Fund's financial position and results of operations to interested parties. If you have any questions about this report or need additional financial information, please contact the Chief Accounting Officer at the Department of Labor and Industries, P.O. Box 44833, Olympia, Washington 98504-4833.

The Industrial Insurance Fund Statutory Financial Information Report is also available at the Department of Labor and Industries' website at http://www.lni.wa.gov/ClaimsIns/Insurance/Learn/StateFund/Reports/Default.asp.

Statutory Financial Statements

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State of Washington Industrial Insurance Fund
Combining Statutory Statements of Admitted Assets, Liabilities, and Contingency Reserve
As of June 30, 2008, and 2007
(amounts rounded to the nearest $1,000)

	Accident Fund	Medical Aid Fund	Pension Reserve Fund	Total June 30, 2008	(unaudited) Total June 30, 2007
Admitted Assets					
Cash and Investments					
Investments, net:					
Fixed income @ amortized cost	$ 3,323,572,000	$ 2,439,383,000	$ 2,216,292,000	$ 7,979,247,000	$ 8,266,702,000
Treasury Inflation-Protected Securities @ par	460,887,000	821,263,000	285,080,000	1,567,230,000	510,267,000
Equities @ fair value	450,404,000	600,861,000	283,783,000	1,335,048,000	2,057,449,000
Short term @ fair value	59,068,000	33,739,000	49,128,000	141,935,000	151,061,000
Unsettled trade receivables (payables), net	(9,993,000)	8,000	(9,997,000)	(19,982,000)	4,371,000
Total investments	4,283,938,000	3,895,254,000	2,824,286,000	11,003,478,000	10,989,850,000
Interest receivable	39,336,000	30,978,000	27,862,000	98,176,000	113,710,000
Cash	(30,094,000)	1,998,000	552,000	(27,544,000)	9,663,000
Total Cash and Investments	4,293,180,000	3,928,230,000	2,852,700,000	11,074,110,000	11,113,223,000
Other Assets					
Premiums receivable, net, incl. earned but unbilled	240,177,000	175,132,000	-	415,309,000	383,037,000
Land, buildings, and improvements, net	7,968,000	7,967,000	-	15,935,000	13,685,000
Self Insurance receivables, net	2,872,000	2,823,000	3,211,000	8,906,000	8,523,000
Miscellaneous receivables, net	3,655,000	1,358,000	5,943,000	10,956,000	53,740,000
Total Other Assets	254,672,000	187,280,000	9,154,000	451,106,000	458,985,000
Total Admitted Assets	$ 4,547,852,000	$ 4,115,510,000	$ 2,861,854,000	$ 11,525,216,000	$ 11,572,208,000
Liabilities and Contingency Reserve					
Liabilities					
Benefits	$ 3,460,037,000	$ 3,011,436,000	$ 2,859,480,000	$ 9,330,953,000	$ 8,794,375,000
Other Liabilities					
Claims administration	164,560,000	254,851,000	-	419,411,000	414,332,000
Retrospective rating adjustments	124,054,000	-	-	124,054,000	159,748,000
Accrued liabilities	18,456,000	19,962,000	2,374,000	40,792,000	108,005,000
Unapplied cash	4,693,000	3,367,000	-	8,060,000	2,036,000
Total Other Liabilities	311,763,000	278,180,000	2,374,000	592,317,000	684,121,000
Total Liabilities	3,771,800,000	3,289,616,000	2,861,854,000	9,923,270,000	9,478,496,000
Contingency Reserve	776,052,000	825,894,000	-	1,601,946,000	2,093,712,000
Total Liabilities and Contingency Reserve	$ 4,547,852,000	$ 4,115,510,000	$ 2,861,854,000	$ 11,525,216,000	$ 11,572,208,000

The Notes to the Statutory Financial Statements are an integral part of this statement.

The source of this financial information is the Washington State Agency Financial Reporting System (AFRS) with adjustments for insurance reporting.

State of Washington Industrial Insurance Fund
Combining Statutory Statements of Operations and Changes in Contingency Reserve
For the Fiscal Years Ended June 30, 2008, and 2007
(amounts rounded to the nearest $1,000)

	Accident Fund	Medical Aid Fund	Pension Reserve Fund	Total June 30, 2008	(Unaudited) Total June 30, 2007
Revenues					
Net standard premiums earned	$ 889,354,000	$ 332,546,000	$ -	$ 1,221,900,000	$ 1,489,888,000
Less net retrospective rating adjustments	(98,076,000)	-	-	(98,076,000)	(195,018,000)
Net premiums earned	791,278,000	332,546,000	-	1,123,824,000	1,294,870,000
Net investment income earned	219,027,000	174,173,000	144,359,000	537,559,000	529,987,000
Net fixed income investment realized gains	80,903,000	5,881,000	56,757,000	143,541,000	110,742,000
Net equity investment realized gains	44,260,000	135,181,000	24,162,000	203,603,000	108,336,000
Self-insured administration expense assessments	12,961,000	12,024,000	-	24,985,000	25,459,000
Self-insured 2nd injury pension reserve assessments	-	-	55,615,000	55,615,000	38,025,000
Self-insured cash funded & bonded pension reimbursements	-	-	14,911,000	14,911,000	4,607,000
Fines, penalties, and interest	39,759,000	2,973,000	84,000	42,816,000	50,260,000
Other income	7,924,000	2,456,000	-	10,380,000	8,195,000
Total Revenues Earned	1,196,112,000	665,234,000	295,888,000	2,157,234,000	2,170,481,000
Expenses					
Net benefits incurred	770,300,000	666,215,000	482,293,000	1,918,808,000	1,770,168,000
Claims administration expenses incurred	51,522,000	78,675,000	-	130,197,000	138,252,000
Premium: Administration expenses incurred	14,109,000	14,769,000	-	28,878,000	25,651,000
Bad debts expense incurred	45,937,000	9,934,000	-	55,871,000	6,599,000
General insurance administration expenses incurred	14,381,000	7,815,000	-	22,196,000	16,459,000
Self-insured administration expenses incurred	9,293,000	10,946,000	-	20,239,000	23,001,000
Other administration expenses incurred	41,932,000	23,019,000	263,000	65,214,000	61,727,000
Total Administration Expenses Incurred	177,174,000	145,158,000	263,000	322,595,000	271,689,000
Total Expenses Incurred	947,474,000	811,373,000	482,556,000	2,241,403,000	2,041,857,000
Net Income (Loss) Before Transfers	248,638,000	(146,139,000)	(186,668,000)	(84,169,000)	128,624,000
Transfers In (Out)					
Pension funding transfers	(246,053,000)	-	246,053,000	-	-
Pension funding actuarial adjustment	(988,000)	-	988,000	-	-
Net Transfers In (Out)	(247,041,000)	-	247,041,000	-	-
Net Income (Loss)	1,597,000	(146,139,000)	60,373,000	(84,169,000)	128,624,000
Other Changes In Contingency Reserve					
Equities unrealized gains (losses)	(106,440,000)	(303,842,000)	(63,430,000)	(473,712,000)	252,129,000
Treasury Inflation-Protected Securities unrealized gains	15,306,000	20,933,000	8,708,000	44,947,000	20,267,000
Change in nonadmitted assets	24,585,000	2,234,000	(5,651,000)	21,168,000	(16,618,000)
Change in contingency reserve, net	(64,952,000)	(426,814,000)	-	(491,766,000)	384,402,000
Beginning contingency reserve, July 1	841,004,000	1,252,708,000	-	2,093,712,000	1,709,310,000
Ending contingency reserve, June 30	$ 776,052,000	$ 825,894,000	$ -	$ 1,601,946,000	$ 2,093,712,000

The Notes to the Statutory Financial Statements are an integral part of this statement.

The source of this financial information is the Washington State Agency Financial Reporting System (AFRS) with adjustments for insurance reporting.

State of Washington Industrial Insurance Fund
Combining Statutory Statements of Cash Flows
For the Fiscal Years Ended June 30, 2008, and 2007
(amounts rounded to the nearest $1,000)

	Accident Fund	Medical Aid Fund	Pension Reserve Fund	Total June 30, 2008	(Unaudited) Total June 30, 2007
Standard premiums collected	$ 883,701,000	$ 305,927,000	$ -	$ 1,189,628,000	$ 1,527,200,000
Less retrospective rating adjustments	(133,770,000)	-	-	(133,770,000)	(191,863,000)
Net premiums collected	749,931,000	305,927,000	-	1,055,858,000	1,335,337,000
Self-insured admin. expense reimbursements	12,667,000	11,869,000	-	24,536,000	24,058,000
Self-insured 2nd injury pension reserve reimb.	-	-	41,823,000	41,823,000	-
Self-insured cash funded & bonded pension reimb.	-	-	10,677,000	10,677,000	12,890,000
Fines, penalties, and interest	25,980,000	2,723,000	96,000	28,799,000	26,397,000
Other income (expenses)	1,781,000	(4,346,000)	(465,000)	(3,030,000)	1,145,000
Fund transfers in (out)	(224,981,000)	-	224,981,000	-	49,141,000
Operating Cash Flow In	565,378,000	316,173,000	277,112,000	1,158,663,000	1,448,968,000
Benefits paid	535,004,000	566,035,000	281,191,000	1,382,230,000	1,304,775,000
Claims administration expenses	51,579,000	73,539,000	-	125,118,000	123,498,000
Premium administration expenses	13,306,000	13,917,000	-	27,223,000	25,399,000
General insurance administration expenses	13,758,000	7,555,000	-	21,313,000	16,266,000
Self-insured administration expenses	8,841,000	10,442,000	-	19,283,000	22,507,000
Other administration expenses	40,351,000	22,433,000	-	62,784,000	61,489,000
Total Administration Expenses Paid	127,835,000	127,886,000	-	255,721,000	249,159,000
Operating Cash Flow Out	662,839,000	693,921,000	281,191,000	1,637,951,000	1,553,934,000
Net Operating Cash Flow (Out)	(97,461,000)	(377,748,000)	(4,079,000)	(479,288,000)	(104,966,000)
Investment income - bonds	219,377,000	159,388,000	143,059,000	521,824,000	557,340,000
Investment income - equities	6,640,000	16,930,000	4,193,000	27,763,000	31,683,000
Net realized gains on investments	125,163,000	141,061,000	80,919,000	347,143,000	219,079,000
Net (purchases) sales of investments	(289,517,000)	61,282,000	(224,058,000)	(452,293,000)	(624,835,000)
Investment expenses - fund managers and WSIB	(891,000)	(886,000)	(579,000)	(2,356,000)	(71,981,000)
Net Investment Cash Flow In	60,772,000	377,775,000	3,534,000	442,081,000	111,286,000
Net Cash Flow In (Out)	(36,689,000)	27,000	(545,000)	(37,207,000)	6,320,000
Beginning cash, July 1	6,595,000	1,971,000	1,097,000	9,663,000	3,343,000
Ending cash, June 30	$ (30,094,000)	$ 1,998,000	$ 552,000	$ (27,544,000)	$ 9,663,000

The Notes to the Statutory Financial Statements are an integral part of this statement.

The source of this financial information is the Washington State Agency Financial Reporting System (AFRS) with adjustments for insurance reporting.

Notes to the Statutory Financial Statements

For the Fiscal Year ended June 30, 2008

Index to the Notes to the Statutory Financial Statements

Note 1 - Summary of Significant Accounting Policies

1.A. Nature of Operations

The state of Washington's Department of Labor and Industries (L&I) administers the state Workers' Compensation Program. The agency is the exclusive writer of workers' compensation in the state of Washington for all businesses except the self-insured.

Washington's "Workers' Compensation Act" established the industrial insurance system in 1911. Initially it only covered workers in hazardous jobs. In 1923, Washington became the only state where workers paid a significant portion of the insurance premiums. Washington remained an exclusive state industrial insurance provider, also known as the State Fund, until 1971 when the system underwent a major overhaul. It was expanded to cover almost all workers, and allowed large employers that met certain financial and safety criteria to self insure.

In Fiscal Year 2008, 171,000 employers were insured and an estimated 2.6 million workers were covered by the Workers' Compensation Program. Employers have reported 3,340 million hours worked.

1.B. Basis of Presentation

The accompanying statutory financial statements are based on Statements of Statutory Accounting Principles (SSAP) as promulgated by the National Association of Insurance Commissioners. These standards are required to be used by property and casualty insurance enterprises in the United States when reporting its financial position to state insurance regulators. The SSAP are very conservative in nature and are designed to protect injured workers and covered employers to ensure that, in the event of liquidation, sufficient amounts have been set aside to provide for outstanding claims of injured workers. This accounting basis is used to present insurance solvency and the adequacy of premium rates.

The principal SSAP followed by the Industrial Insurance Fund varies in some respects from Generally Accepted Accounting Principles (GAAP) as promulgated by the Governmental Accounting Standards Board. Some of the most significant differences between the SSAP and GAAP are as follows:

- SSAP investment securities are principally carried at amortized cost, whereas GAAP carries such securities at the estimated fair value with changes in fair value reflected in net income.

- SSAP assets designated as “nonadmitted assets” are excluded from total admitted assets. These assets consist primarily of premiums in collections that have been outstanding for over 90 days, office furniture and equipment, and prepaid expenses - the changes of which are credited or charged directly to the contingency reserve. Under GAAP, premium receivables are presented net of allowances for doubtful accounts, furniture and equipment are presented net of accumulated depreciation, and actual costs for prepaid expenses are presented in their entirety.

- SSAP allows certain electronic data processing equipment assets to be admitted and presented net of accumulated depreciation. However, no material amounts were present or included in Land, Buildings, and Improvements. Under GAAP, computer equipment and software purchases meeting the state’s capitalization criteria are recorded as assets less accumulated depreciation.

- The focus of SSAP accounting is solvency, and therefore it is concerned with assets that can be used immediately to cover benefit liabilities. GAAP accounting is focused on “going concern” which means that an entity has the ability to survive for the next twelve months, and therefore assets and liabilities are presented in the order of liquidity and classified as current and noncurrent.

- The Statutory Statement of Operations and Changes in Contingency Reserve presents premiums earned and investment income as the primary revenue sources, and expenses are presented as activities. GAAP presentations separate operating income from investment income since investment activity is not normally a primary revenue source. GAAP also presents expenses by object rather than by activity, and the net effect of revenues and expenses as a change in fund equity.

- Both SSAP and GAAP require the Statement of Cash Flows to be prepared using the “Direct Method.” However, the Statutory Statement of Cash Flows differs in certain aspects from the presentation required by GAAP. On the SSAP Statement of Cash Flows, *Cash Flows In* includes operating transfers and other income. *Cash Flows Out* is categorized by losses and administration expenses. The GAAP Statement of Cash Flows includes a reconciliation between operating income from the Statement of Operations and cash flows from operating activities.

- The aggregate effects of the foregoing differences between GAAP and SSAP have not been determined on the accompanying Statutory Financial Statements.

1.C. Description of the Industrial Insurance Fund

Washington State, through Title 51 of the Revised Code of Washington (RCW), requires all employers, unless exempted, to secure coverage for job-related injuries and illnesses either by paying insurance premiums to the Industrial Insurance Fund or by self insuring. Direct private insurance is not authorized, although self-insurers are permitted to reinsure up to 80 percent of their obligations.

The statute provides five benefit funds to make compensation payments to injured workers or to medical providers for rehabilitation services to injured workers. The Accident, Medical Aid, and Pension Reserve Funds are required to be self-sustaining by insurance premiums. The accompanying Statutory Financial Information statements report on the financial position and results of operations of these three funds known collectively as the Industrial Insurance Fund.

The Accident Fund pays compensation directly to injured workers for lost wages during temporary disability and for permanent partial disability awards. The Accident Fund also pays to the Pension Reserve Fund the present value of pensions awarded to survivors of fatally injured workers and to workers who are permanently and totally disabled. Accident Fund benefit liabilities are discounted to the present value assuming a 2.5 percent annual interest rate, at June 30, 2008.

Revenues for this fund are from employer paid premiums, calculated on the basis of hours worked, and reported net of refunds. However, employers may elect to have their premiums retrospectively rated with an adjustment for actual losses incurred. This may result in either a rebate of premiums paid or an assessment of additional premiums due. All retrospective premium adjustments are financed entirely through the Accident Fund. The adjustment calculation considers both the Accident and Medical Aid Funds' experience and premiums together; however, no retrospective premium adjustments are made through the Medical Aid Fund.

The Medical Aid Fund pays for the cost of medical and vocational rehabilitation services to injured workers. Revenues for this fund usually arise from equal contributions from employers and employees. Employers are required to withhold half of the medical aid premium from their employees' wages. Medical Aid Fund benefit liabilities are discounted to the present value assuming a 2.5 percent annual interest rate, at June 30, 2008.

The Pension Reserve Fund pays benefits to all permanently disabled pensioners including disabled employees of self-insured employers, their dependents, and surviving dependents of fatalities. These benefit liabilities are discounted to the present value assuming a 6.5 percent annual interest rate, at June 30, 2008. Funding for pension payments is generated from transfers from the Accident Fund and reimbursement payments from self-insured employers that are invested in securities selected to cover payments for the expected life of the injured worker or survivor.

The three funds described above are maintained on an actuarially solvent basis, except that a cash-flow basis is used for the components of the Pension Reserve Fund when self-insured employers guarantee related benefits with a surety bond.

The Supplemental Pension Fund and the Second Injury Fund are a part of the Workers' Compensation Program; however income, expenses, assets, or future claim liabilities related to these two funds are not part of the Industrial Insurance Fund and are not included in this report.

1.D. Use of Estimates in Preparation of Financial Information

The preparation of financial information in conformity with SSAP requires management to make estimates and assumptions that affect the reported amounts of admitted assets, liabilities, and contingency reserve at the date of the financial information, and the reported amounts of revenues and expenses during the reporting period. Future premium income is not offset against claims liabilities because the claims liabilities come from coverage periods for which premiums have, in general, already been fully earned. The obligation to pay claims expenses and claims administration liabilities is not contingent upon any future premiums for future coverage periods. Although management records its best estimate of its liability for claims and settlement expenses, actual results could differ materially from those estimates.

Management's estimates are based on subjective as well as objective factors and, as a result, judgment is required to estimate amounts, particularly loss and loss adjustment expense liabilities, at the date of the financial information. Management's judgment is based on its knowledge and experience about past and current events and circumstances and its assumptions about conditions it expects to exist in the future. Factors relevant to the estimation of loss and loss adjustment expense liabilities include the estimation of the ultimate frequency and severity of losses, the level of inflation to future medical costs over long periods of time, the future legal environment, and the amount of future expenses required to investigate and settle claims. Management's estimates are reviewed after the fiscal year end by a nationally recognized qualified consulting actuarial firm. The statement of the independent actuarial firm's opinion is included in the Supplementary Information section of this report.

Note 2 – Investments

2.A. Summary of Investment Policies

Under RCW 43.33A.030, trusteeship over the Industrial Insurance Fund's investments is vested in the Washington State Investment Board (WSIB). The Legislature established a standard of care for investment of these funds in RCW 43.33A.140. Additionally, the WSIB must comply with other state laws, such as the Ethics in Public Service Act, RCW 42.52, as it makes investment decisions and seeks to meet its investment objectives.

In accordance with state laws, the Industrial Insurance Fund's investments are to be managed to limit fluctuations in industrial insurance premiums and, subject to this purpose, achieve a maximum return at a prudent level of risk. Based on this requirement, the order of the objectives is to:

- Maintain solvency of the funds.
- Maintain premium rate stability.
- Ensure sufficient assets are available to fund the expected liability payments.
- Subject to those above, achieve a maximum return at a prudent level of risk.

Eligible Investments – Eligible investments include:

- U.S. Equities.
- International Equities.
- U.S. Treasuries and Government Agencies.
- Credit Bonds.
- Mortgage-Backed Securities rated BBB- or higher by Standard & Poor's and Baa3 or higher by Moody's Investor's Service (Moody's).
- Asset-Backed Securities rated BBB- or higher by Standard & Poor's and Baa3 or higher by Moody's.
- Commercial Mortgage-Backed Securities rated BBB- or higher by Standard & Poor's and Baa3 or higher by Moody's.
- Investment Grade Non-U.S. Dollar Bonds.

Investment Restrictions - To meet stated objectives, investments of the Industrial Insurance Fund are subject to the following constraints:

- Asset allocation between equity and fixed income investments must fall within prescribed limits as shown below and are to be reviewed every three to four years or sooner if there are significant changes in funding levels or the liability durations.

Fund	Fixed Income Target	Equity Target	Equity Range
Accident	90%	10%	8% - 12%
Medical Aid	85%	15%	12% - 18%
Pension Reserve	90%	10%	8% - 12%

- No corporate fixed income issue cost shall exceed 3 percent of the fund's market value at the time of purchase, nor shall its market value exceed 6 percent of the fund's market value at any time.

- Equity investments are allocated 60% to U.S. and 40% to international equities. The benchmark and structure for U.S. equities is the broad U.S. stock market as defined by the Dow Jones Wilshire 5000. The benchmark and structure for international equities is the Morgan Stanley Capital International All Country World Ex US Investable Market Index (MSCI ACW Ex US IMI). Both portfolios are 100 percent passively managed in commingled index funds. The commingled funds may use futures for hedging or establishing a long position.

- The fixed income portfolios' structure varies depending upon the required duration target. The duration targets are reviewed every three years, or sooner, if there are significant changes in the funding levels or the liability durations. The target durations and duration ranges by fund are:

Fund	Target Duration	Duration Range
Accident	7 Years	5.6 to 8.4
Medical Aid	6 Years	4.8 to 7.2
Pension Reserve	7 Years	5.6 to 8.4

- Sector allocation of fixed income investments must be managed within the prescribed ranges. These targets are long-term in nature. Deviations may occur in the short term as a result of interim market conditions. However, if a range is exceeded, the portfolios must be rebalanced as soon as it is practical to the target allocations.

- Total holdings of below investment grade credit bonds (rated BB+ or below by Standard & Poor's or rated Ba1 or below by Moody's) should not exceed five percent of total fixed income holdings.

  The target allocations for fixed income sectors are as follows:

U.S. Treasuries and Government Agencies	5 – 25%
Credit Bonds	20 – 70%
Asset-Backed Securities	0 – 10%
Commercial Mortgage-Backed Securities	0 – 10%
Mortgage-Backed Securities	0 – 25%

2.B. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The Industrial Insurance Fund's fixed income investments are actively managed to exceed the return of the Comparable Market Index, with volatility as measured by duration to be similar to or less than the index. As of June 30, 2008, the durations of the various fixed income classes were within the duration targets of the Comparable Market Index.

The Industrial Insurance Fund's investments include U.S. agencies and corporate debt variable-rate securities, most of which reset periodically to the market interest rate. Because these securities frequently reprice to prevailing market rates, interest rate risk is substantially reduced at each periodic reset date.

The following schedule presents the Industrial Insurance Fund's investments by type and provides information about the interest rate risks associated with the investments as of June 30, 2008. The schedule displays various asset classes held by maturity in years and credit ratings. Variable-rate securities are presented according to the length of time until the next reset date rather than the stated maturity.

(expressed in thousands)		Maturity				
		Less than			More than	Credit
Investment Type	Fair Value	1 year	1-5 years	6-10 years	10 years	Rating
Mortgages:						
Collateralized Mortgage Obligations	$ 1,751,792	$ 175	$ 226,682	$ 330,563	$ 1,194,372	Aaa
Pass Throughs	1,620	22	1,598	-	-	Aaa
Commercial Mortgage Backed Securities	619,962	25,976	234,718	358,214	1,054	Multiple
Corporate Bonds - Domestic	5,128,611	138,985	1,447,294	1,469,347	2,072,985	Multiple
Government Securities - Domestic:						
US Government Treasuries	422,431	61,506	360,925	-	-	Aaa
Treasury Inflation-Protected Securities	1,583,736	-	413,038	648,540	522,158	Aaa
	9,508,152	$ 226,664	$ 2,684,255	$ 2,806,664	$ 3,790,569	
Commingled Index Funds - Domestic	807,227					
Commingled Index Funds - Foreign	527,822					
Money Market Funds	176,006					
Total	$ 11,019,207					

Investments with multiple credit ratings are presented using the Moody's rating scale as follows:

(expressed in thousands)	Investment Type		
Moody's Equivalent Credit Rating	Corporate Bonds - Domestic	Commercial Mortgage Backed Securities	Total
Aaa	$ 564,147	$ 557,966	$ 1,122,113
Aa1	51,286	61,996	113,282
Aa2	256,431	-	256,431
Aa3	666,720	-	666,720
A1	615,433	-	615,433
A2	666,720	-	666,720
A3	615,433	-	615,433
Baa1	461,575	-	461,575
Baa2	820,578	-	820,578
Baa3	410,288	-	410,288
Total	$ 5,128,611	$ 619,962	$ 5,748,573

(NOTE: The preceding two investment schedules were prepared by the WSIB on a GAAP basis for the Workers' Compensation Program as a whole and include the Supplemental Pension Fund which is not part of the Industrial Insurance Fund. Investments of the Supplemental Pension Fund account for only 0.8% of the Workers' Compensation Program total investments. These investment schedules are not available for the Industrial Insurance Fund prepared on a SSAP basis.)

2.C. Credit Risk

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Industrial Insurance Fund's investment policy mitigates credit risk by limiting holdings of below investment grade fixed income securities. The rated debt investments of the Industrial Insurance Fund as of June 30, 2008, were rated by Moody's and/or an equivalent national rating organization.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The Industrial Insurance Fund's policy states that the cost of no corporate fixed income issue shall exceed 3 percent of the fund's market value at the time of purchase, nor shall its market value exceed 6 percent of the fund's market value at any time. There was no concentration of credit risk as of June 30, 2008.

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of failure of the custodian, the Industrial Insurance Fund would not be able to recover its investment securities or collateral securities that are in the possession of the custodian. The Industrial Insurance Fund has no formal policy regarding custodial credit risk. However, as all of the Industrial Insurance Fund's investments are registered and held in the state of Washington's name, they are not subject to custodial credit risk.

2.D. Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Industrial Insurance Fund does not have a formal policy to limit foreign currency risk. The Industrial Insurance Fund had $527.8 million invested in an international commingled equity index fund at June 30, 2008. As such, no currency denomination is presented.

2.E. Accounting for Investments in Accordance with SSAP Requirements

- Short-term investments and investments in money market funds are carried at cost, which approximates market. Bonds are principally carried at amortized cost.
- Realized gains and losses on sales or maturity of investments are determined on the basis of specific identification and are included in net income.
- Declines in fair value of investments that are deemed to be other than temporary are included in investment income as a realized loss. Subsequent recoveries in value are reflected as increases in unrealized gains and included as a component of contingency reserve.
- All equity holdings are in the form of index funds. Securities are divided with 60 percent held in US Equity Market Fund B and 40 percent held in MSCI ACW Ex US IMI for international equities as of the fiscal year that ended on June 30, 2008. Equities are carried and reported at fair or market value.
- Fixed income securities are reported at amortized cost which adjusts for any premiums or discounts with the respective interest payment or when traded. Unrealized gains or losses on these securities are not recognized until matured or traded. Generally, these securities are purchased to provide income and are held until maturity. Carrying the value at amortized cost avoids wide swings in value because of changing interest rates.

2.F. Bonds

At June 30, 2008, and June 30, 2007 (unaudited), the amortized cost and estimated fair value of bonds are as follows:

June 30, 2008	Book Adjusted Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Esimated Fair Value
U.S. Government Obligations	$ 3,708,803,000	$ 22,396,000	$ (126,940,000)	$ 3,604,259,000
All other Government Obligations	154,496,000	3,775,000	(56,000)	158,215,000
Public Utilities	891,122,000	16,207,000	(50,452,000)	856,876,000
Industrial and Miscellaneous	4,792,056,000	85,220,000	(163,996,000)	4,713,280,000
	$ 9,546,477,000	$ 127,598,000	$ (341,444,000)	$ 9,332,631,000

June 30, 2007	Book Adjusted Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Esimated Fair Value
U.S. Government Obligations	$ 3,248,140,000	$ 26,637,000	$ (98,156,000)	$ 3,176,622,000
All other Government Obligations	156,778,000	1,668,000	(4,551,000)	153,896,000
Public Utilities	872,120,000	24,296,000	(36,779,000)	859,636,000
Industrial and Miscellaneous	4,499,931,000	113,287,000	(130,654,000)	4,482,562,000
	$ 8,776,969,000	$ 165,888,000	$ (270,140,000)	$ 8,672,716,000

Gross unrealized losses on investment securities available for sale and the fair value of the related securities aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, at June 30, 2008, and June 30, 2007 (unaudited), were as follows:

	Less than 12 months		12 Months or Longer		Total	
June 30, 2008	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Government Obligations	$ 1,077,467,000	$ (79,993,000)	$ 1,376,903,000	$ (46,693,000)	$ 2,454,369,000	$ (126,686,000)
All other Government Obligations	0	0	19,931,000	(56,000)	19,931,000	(56,000)
Public Utilities	119,716,000	(4,625,000)	519,496,000	(45,827,000)	639,212,000	(50,452,000)
Industrial and Miscellaneous	686,311,000	(17,370,000)	2,050,352,000	(146,626,000)	2,736,664,000	(163,996,000)
	$ 1,883,493,000	$ (101,988,000)	$ 3,966,683,000	$ (239,203,000)	$ 5,850,176,000	$ (341,191,000)

	Less than 12 months		12 Months or Longer		Total	
June 30, 2007	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Government Obligations	$ 536,833,000	$ (43,294,000)	$ 1,958,824,000	$ (54,862,000)	$ 2,495,657,000	$ (98,156,000)
All other Government Obligations	52,735,000	(2,160,000)	68,045,000	(2,390,000)	120,780,000	(4,551,000)
Public Utilities	83,842,000	(3,829,000)	487,695,000	(32,950,000)	571,537,000	(36,779,000)
Industrial and Miscellaneous	755,523,000	(16,492,000)	2,307,582,000	(114,163,000)	3,063,105,000	(130,654,000)
	$ 1,428,934,000	$ (65,775,000)	$ 4,822,146,000	$ (204,365,000)	$ 6,251,080,000	$ (270,140,000)

Gross unrealized losses related to bonds at June 30, 2008, decreased and are comprised of investments backed by the U.S. government, other government, corporate, and mortgage-backed securities with an aggregate amortized cost of $9,538,517,000 and fair value of $9,332,631,000. Management believes that these unrealized losses are related to the interest rate environment and not a result of other than temporary impairments.

The amortized cost and estimated fair value of bonds at June 30, 2008, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Costs	Estimated Fair Value
Due less than one year	$ 235,757,000	$ 237,212,000
Due over one year through five years	2,574,737,000	2,529,927,000
Due over five years through ten years	2,279,102,000	2,233,811,000
Due over ten years through fifteen years	357,372,000	359,129,000
Due over fifteen years through twenty years	785,331,000	761,949,000
Due over twenty years through twenty-five years	1,640,192,000	1,576,900,000
Due over twenty-five years through thirty-five years	1,372,248,000	1,340,917,000
Due over thirty five years	301,739,000	292,787,000
	$ 9,546,477,000	$ 9,332,631,000

Note 3 -Cash

Cash consists of cash in banks, cash on deposit with the State Treasurer, and cash on hand. L&I has a cash management agreement with the Washington State Treasurer's Office, the WSIB, and the Office of Financial Management. Cash balances at the end of each day are invested.

Note 4 – Premiums Receivable, Net

All employers in Washington State are subject to Title 51 of the Revised Code of Washington and are required to provide workers' compensation insurance by paying premiums to the Industrial Insurance Fund, or by electing and qualifying to be self insured. Premiums are normally calculated using each employer's reported payroll hours and insurance rates based on the employer's risk classification(s) and past employee injury experience.

In addition to its regular premium plans, the Industrial Insurance Fund offers a retrospective premium rating plan under which an employer's premiums are adjusted annually for up to three years following the plan year based on the employer's loss experience. The first of the three annual adjustments to the original premiums is paid or collected from the associations and employers approximately 10 months after the end of each plan year they are enrolled.

Employers' workers' compensation insurance premiums are due within 30 days following each calendar quarter in which payroll hours are reported. A premium receivable is established for each employer not fully paying or not reporting its payroll hours as of the due date set each quarter. Additionally, an allowance for uncollectible premiums is established based on an evaluation of outstanding premium receivables. Further, for reporting in accordance with SSAP, all premium receivables exceeding 90 days in age are adjusted as nonadmitted assets in the current period. However, collection efforts are continued until the premiums are collected or all legal means are exhausted.

Note 5 - Land, Buildings, and Improvements, Net

Purchased or constructed assets with a value of $5,000 or greater are capitalized and depreciated over the estimated useful lives of the assets in accordance with the state of Washington's State Administrative and Accounting Manual. However, for insurance reporting, not all capitalized assets are admitted for reporting purposes. These nonadmitted assets are adjusted from the respective fund's contingency reserve and current purchases are immediately expensed. For Fiscal Year 2008, the Accident and Medical Aid Funds admitted only the investment in land, buildings, and improvements other than buildings, net of accumulated depreciation.

Additionally, per SSAP No. 40 (4) & (6), buildings are reported net of encumbrances, which, for the Industrial Insurance Fund, are the general obligation bonds issued for the construction of the building housing most of the Industrial Insurance Fund's employees.

Reconciliation of GAAP Capital Assets to SSAP Financial Information Admitted Capital Assets
(amounts in thousands)

Capital Asset	**Accident Fund**			
	GAAP Book Value	Nonadmitted	Encumbrance	SSAP Admitted
Land	$ 1,602	$ -	$ -	$ 1,602
Art	18	(18)	-	-
Building, net	20,790	-	(14,777)	6,013
Improvements other than buildings, net	353	-	-	353
Leasehold improvements, net	191	(191)	-	-
Equipment and software, net	9,306	(9,306)	-	-
Software under development	2,214	(2,214)	-	-
Subtotal	34,474	(11,729)	(14,777)	7,968
	Medical Aid Fund			
	GAAP Book Value	Nonadmitted	Encumbrance	SSAP Admitted
Land	1,602	-	-	1,602
Art	18	(18)	-	-
Building, net	20,791	-	(14,777)	6,014
Improvements other than buildings, net	351	-	-	351
Leasehold improvements, net	191	(191)	-	-
Equipment and software, net	7,992	(7,992)	-	-
Software under development	1,973	(1,973)	-	-
Subtotal	32,918	(10,174)	(14,777)	7,967
Total Capital Assets	$ 67,392	$ (21,903)	$ (29,554)	$ 15,935

Note 6 – Operating Leases

The Industrial Insurance Fund leases land, office facilities, office and computer equipment, and other assets under a variety of operating lease agreements. Although lease terms vary, most leases are subject to appropriation from the state Legislature to continue the obligation. If the possibility of not receiving funding from the Legislature is remote, leases are considered noncancelable for financial reporting purposes. Certain operating leases are renewable for specified periods. In most cases, management expects that the leases will be renewed or replaced by other leases.

The following schedule presents future minimum payments for operating leases as of June 30, 2008:

Operating Leases (by Fiscal Year)	Accident Fund	Medical Aid Fund	Total
2009	$ 3,748,826	$ 3,726,178	$ 7,475,004
2010	3,379,157	3,346,019	6,725,176
2011	2,874,829	2,850,464	5,725,293
2012	1,932,245	1,907,498	3,839,743
2013	705,439	687,813	1,393,252
2014-2018	733,363	685,505	1,418,868
Total Future Minimum Lease Payments	$ 13,373,859	$ 13,203,477	$ 26,577,336

The total operating lease rental expenses for Fiscal Year 2008 was $9,938,288.

Note 7 – Estimated Future Benefits

Liabilities for unpaid benefits and claims administration expenses in the Accident and Medical Aid Funds are provided based primarily on the development patterns of paid-to-date losses for older accident periods. For more recent accident periods, selections of several common actuarial techniques are used. These estimates are continually under review, and as changes to these liabilities become necessary, such adjustments are reflected in current income.

For insurance reporting purposes under SSAP requirements, these estimates are calculated and presented net of all recoveries. Reporting under GAAP requirements, these estimates are presented at the discounted present value without an adjustment for recoveries. Recoveries include overpayments and successful subrogation against third parties. Recoveries may be in the form of cash or a deduction against continuing benefits.

The benefit liability in the Pension Reserve Fund is determined from individual claims transferred to this fund using actuarial pension annuity tables. Such liabilities are necessarily based on estimates and, while management believes that the amount is adequate, the ultimate liability may be in excess of or less than the amounts provided.

Claims Liability Development by Program
(expressed in thousands)

Program/ Category	Undiscounted Liabilities	Discount Rate	SSAP Liabilities	Overpayment Adjustments	GAAP Liabilities
Accident	$ 5,863,963	2.5%	$3,460,037	$71,386	$3,531,423
Medical Aid	4,518,363	2.5%	3,011,436	51,101	3,062,537
Pensions	5,741,120	6.5%	2,859,480	8,268	2,867,748
Subtotal Benefit Liability	16,123,446		9,330,953	130,755	9,461,708`
Claims Admin. Expense (CAE)	477,578	2.5%	419,411	-	419,411
Total Benefits and CAE Liabilities	$16,601,024		$9,750,364	$130,755	$9,881,119

Note 8 – Claims

The following schedule, expressed in thousands, presents the changes in claims liabilities for the past two fiscal years for the workers' compensation basic benefit plan (representing the Accident Fund, Medical Aid Fund, and Pension Reserve Fund):

	Basic Plan	
	FY 2008	FY 2007 (Unaudited)
Unpaid claims and claim adjustment expenses at beginning of fiscal year	$ 9,208,707	$ 8,728,560
Incurred claims and claim adjustment expenses:		
Provision for insured events of the current year	1,683,124	1,643,251
Increase in provision for insured events of prior years	365,881	265,169
Total incurred claims and claim adjustment expenses	2,049,005	1,908,420
Payments:		
Claims and claim adjustment expenses attributable:		
To events of the current year	309,598	294,881
To insured events of prior years	1,197,750	1,133,392
Total payments	1,507,348	1,428,273
Total unpaid claims and claim adjustment expenses at fiscal year end	$ 9,750,364	$ 9,208,707
Current portion	$ 1,468,827	
Long-term portion	8,281,537	

A description of the risks to which the Industrial Insurance Fund is exposed and the ways risks are handled are presented in Note 7. At June 30, 2008, $16.6 billion of unpaid claims and claim adjustment expenses are presented at their net present and settlement value of $9.8 billion. These claims are discounted at assumed interest rates of 2.5 percent (Accident Fund and Medical Aid Fund) and 6.5 percent (Pension Reserve Fund) to arrive at a settlement value that is net of third party recoveries.

Note 9 – Reinsurance

Management maintains an agreement with a reinsurance broker to purchase reinsurance at reasonable rates. Current rates exceed what are considered reasonable rates. Therefore, the Industrial Insurance Fund does not carry any catastrophic reinsurance coverage for its workers' compensation program. However, management remains in contact with the broker and will purchase reinsurance coverage when it becomes available at reasonable rates.

Note 10 – State Fund Employee Compensated Absences and Retirement Plan

10.A. Employee Compensated Absences

Industrial Insurance Fund employees accrue vested annual leave at a variable rate based on years of service. In general, accrued annual leave cannot exceed 30 days at the employee's anniversary date.

Employees accrue sick leave at the rate of one day per month without limitation on the amount that can be accumulated. Sick leave is not vested, i.e., the Industrial Insurance Fund does not pay employees for unused sick leave upon termination except upon employee death or retirement. At death or retirement, the Industrial Insurance Fund is liable for 25 percent of the employee's accumulated sick leave. In addition, the Industrial Insurance Fund has a "sick leave buyout option" in which each January, employees who accumulate sick leave in excess of 60 days may redeem sick leave earned but not taken during the previous year at the rate of one day's pay in exchange for each four days of sick leave.

It is the Industrial Insurance Fund's policy to liquidate unpaid compensated absences leave outstanding at June 30 with future resources rather than advance funding it with currently available expendable financial resources.

The Industrial Insurance Fund recognizes the expense and accrues a liability for annual leave and estimated sick leave buyout, including related payroll taxes and benefits as applicable, as the leave is earned.

10.B. Employee Retirement Plan

Industrial Insurance Fund employees participate in the Washington State Public Employees' Retirement System (PERS) administered by the Department of Retirement Systems. PERS is a cost-sharing multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans, and Plan 3 is a combination defined benefit/defined contribution plan. PERS participants who joined the system by September 30, 1977, are Plan 1 members. Those who joined on or after October 1, 1977, and by February 28, 2002, are Plan 2 members unless they exercise an option to transfer their membership to Plan 3. PERS participants joining the system on or after March 1, 2002, have the irrevocable option of choosing membership in either PERS Plan 2 or PERS Plan 3.

Under PERS, the employee and employer contribute a percentage of the employee's compensation. The Industrial Insurance Fund contributed $8,328,658 to this plan during the fiscal year ended June 30, 2008.

An actuarial valuation of the PERS plan for the Industrial Insurance Fund as a stand-alone entity is not available. Pension note disclosures for PERS are included in the Comprehensive Annual Financial Report for the state of Washington. A copy of this report may be obtained by contacting the Accounting Division of the Office of Financial Management at PO Box 43113, Olympia, Washington 98507-3113, or online at www.ofm.wa.gov/cafr.

Note 11 – Related Party Transactions

The Industrial Insurance Fund has transfers of expenditures and cash within the Accident, Medical Aid, and Pension Reserve Funds, and the Supplemental Pension Fund and the Second Injury Fund from the Workers' Compensation Program.

Note 2.A and Note 3 include descriptions of related party relationships between the Department of Labor and Industries and the Washington State Investment Board and Office of the State Treasurer, respectively.

Note 12 – Commitments and Contingencies

Effective July 1, 1992, the Washington State Legislature required the Industrial Insurance Fund under RCW 48.22.070 to participate in an assigned risk pool providing workers' compensation coverage under the United States Longshoreman and Harbor Workers' Act. The Industrial Insurance Fund is obligated to participate 50 percent in the underwriting losses or surpluses of the assigned risk pool. This participation is scheduled to continue indefinitely due to amending legislation passed in 1997. However, the Industrial Insurance Fund has not made any payments to this risk pool since enactment of this indefinite commitment.

Note 13 – Summary of Significant Litigation

The Industrial Insurance Fund is party to numerous routine legal proceedings that normally occur in operations. At any given point, there may be numerous lawsuits that could impact expenses. There is a recurring volume of tort and other claims for compensation and damages against the Industrial Insurance Fund. The collective impact of these claims, however, is not likely to have a material impact on Industrial Insurance Fund financial position, revenues, or expenses.

Note 14 – Subsequent Events

Subsequent to June 30, 2008, the Industrial Insurance Fund's investment in Lehman Brothers Holdings, Inc. was sold in September 2008 resulting in a loss of $37,603,600. This realized loss is not reflected in the accompanying financial statements since the loss arose subsequent to June 30, 2008.

The Industrial Insurance Fund also invests in a commingled index fund which held securities issued by American International Group, Inc., Washington Mutual, Inc., and Lehman Brothers Holdings, Inc. Management estimates that the Industrial Insurance Fund's share of the commingled fund's losses arising subsequent to June 30, 2008, from American International Group, Inc., Washington Mutual, Inc., and Lehman Brothers Holdings, Inc. securities amount to $2,452,979, $194,203, and $622,945, respectively.

Also subsequent to June 30, 2008, the Industrial Insurance Fund sustained other unrealized losses on investments due to turmoil within the capital markets. WSIB concluded that the decline in fair value is deemed to be temporary. Since the unrealized losses arose subsequent to June 30, 2008, they are not reflected in the accompanying financial statements.

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Supplementary Information

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State of Washington Industrial Insurance Fund - Basic Plan
Claims Development Information (Schedule P)

Fiscal Years 1999 through 2008 (expressed in millions)

The table below illustrates how the Industrial Insurance Fund Basic Plan earned revenues (net of reinsurance) and investment income compare to the related costs of losses (net of loss assumed by re-insurers) and other expenses assumed by the Fund as of the end of each of the last ten fiscal years. The Industrial Insurance Fund has not purchased reinsurance since September 30, 2002, and has never had a qualifying event that generated a recovery.

The rows of the table are defined as follows:

1. This line shows each fiscal year's earned contribution revenues and investment revenues.
2. This line shows the Basic Plan's incurred claims (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year).
3. This section shows the cumulative amounts paid as of the end of successive years for each policy year.
4. This section shows how each policy year's incurred claims increased or decreased as of the end of successive years. Annual re-estimation results from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims not previously known.
5. This line compares the latest re-estimated incurred claims amount to the amount originally established (line 2) and shows whether this latest estimate of claims cost is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and re-estimates is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

The columns of the table show data for successful fiscal years (FYs 1999 through 2007 unaudited).

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
1. Net earned required contribution and investment revenues	$ 927	$ 1,057	$ 1,449	$ 1,197	$ 2,111	$ 1,337	$ 2,452	$ 1,392	$ 2,406	$ 1,747
2. Estimated incurred claims and expenses, end of policy year	1,732	1,902	1,925	2,124	2,284	2,505	2,308	2,141	2,196	2,256
3. Paid (cumulative) as of:										
End of policy year	205	218	230	226	233	244	260	278	295	310
One year later	438	473	494	500	501	528	556	589	625	
Two years later	564	608	646	653	650	681	715	754		
Three years later	643	706	747	756	751	784	821			
Four years later	707	777	825	834	824	860				
Five years later	758	837	890	896	882					
Six years later	800	889	943	949						
Seven years later	840	933	989							
Eight years later	876	974								
Nine years later	908									
4. Re-estimated incurred claims and expenses:										
End of policy year	1,732	1,902	1,925	2,124	2,284	2,505	2,308	2,141	2,196	2,256
One year later	1,690	1,838	1,963	2,158	2,277	2,203	1,989	2,053	2,234	
Two years later	1,694	1,913	2,067	2,277	2,045	1,971	1,939	2,055		
Three years later	1,770	1,977	2,226	2,079	1,853	1,864	1,954			
Four years later	1,794	2,088	2,039	1,906	1,767	1,886				
Five years later	1,839	1,881	1,864	1,859	1,788					
Six years later	1,682	1,778	1,835	1,879						
Seven years later	1,578	1,755	1,858							
Eight years later	1,560	1,745								
Nine years later	1,567									
5. Increase (decrease) in estimated incurred claims and expenses from end of policy year	(165)	(157)	(67)	(245)	(496)	(619)	(354)	(86)	38	

Source: Washington State Department of Labor and Industries

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IDENTIFICATION

I, David F. Mohrman, am associated with the Tillinghast business of Towers Perrin. I am a member of the American Academy of Actuaries and meet its qualification standards for signing statements of actuarial opinion regarding property and casualty insurance company statutory Annual Statements. I am a Fellow of the Casualty Actuarial Society. My firm has been retained to render an opinion on the reserves for unpaid loss and loss adjustment expense liabilities at June 30, 2008 recorded in the consolidated balance sheet of the State of Washington Industrial Insurance Fund (the "Fund") and I have been assigned responsibility for that project.

SCOPE

I have examined the reserves listed in Exhibit A, as shown in the Financial Statement of the Fund as prepared, as of June 30, 2008.

My examination of the loss and loss adjustment expense reserves was based upon data and related information prepared by the Fund. In this regard, I relied on Sharon Elias, Financial Services Program Manager, and William Vasek, Chief Actuary of the Washington State Department of Labor and Industries, as to the accuracy and completeness of the data. I evaluated the data used directly in my analysis for reasonableness and consistency. My evaluation did not reveal any data points materially affecting my analysis that fell outside of the range of reasonable possibilities. In performing this evaluation, I have assumed that the Fund (a) used its best efforts to supply accurate and complete data and (b) did not knowingly provide any inaccurate data. In other respects, my examination included the use of such actuarial assumptions and methods and such tests of calculations as I considered necessary.

My review was limited to the items in Exhibit A, and did not include an analysis of any income statement items or other balance sheet items.

RELEVANT COMMENTS

The Fund has no ceded or assumed reinsurance.

The Fund has represented to me that it has no unearned premium for long duration contracts, defined as single or fixed premium policies with coverage periods of thirteen months or greater which are non-cancelable and not subject to premium increase.

I have reviewed the Fund’s exposure to asbestos and environmental claims. In my opinion, the chance of material liability related to asbestos and environmental claims is remote, since the Fund covers workers compensation for all insured employers in the State of Washington, and the Fund did not write lines of business which are typically exposed to such losses.

I believe that there are significant risks and uncertainties that could result in material adverse deviation in the loss and loss adjustment expense reserves. In consideration of the use of this opinion for purposes of monitoring the Contingency Reserve of the Fund, I consider $320,000,000 to be material for this Fund, calculated as 20% of the Contingency Reserve. I have identified the major risks and uncertainties as reserve leverage, reserve discounting, and medical inflation. The absence of other risks and uncertainties from this listing does not imply that additional factors will not be identified in the future as having been a significant influence on the Fund's reserves.

Due to the relative size of the Fund's surplus and loss and LAE reserves, small changes to reserves could have a material impact on the Contingency Reserve.

Changes to the interest rates for discounting could result in material changes to reserves and, therefore, the Contingency Reserve.

Future medical payments for workers compensation claims are subject to inflation. Small differences in the rate of medical inflation from expectations could result in the reserves being inadequate or redundant for covering future medical payments.

Loss (and loss adjustment expense) reserves have been discounted to present value based on an actuarially derived projected payment pattern and a 2.5% interest rate for the Accident and Medical Aid Funds, and 6.5% for the Pension Reserve Fund. I am not expressing an opinion on this rate. The amount of discount is $6,850,660,000.

Reserves are established net of anticipated salvage and subrogation.

OPINION

In my opinion, the amounts recorded in the Financial Statement for the sum of items 1 and 2 on Exhibit A:

a) are in accordance with NAIC requirements;

b) are consistent with amounts computed in accordance with the Casualty Actuarial Society Statement of Principles Regarding Property and Casualty Loss and Loss Adjustment Expense Reserves and relevant standards of practice promulgated by the Actuarial Standards Board; and

c) make a reasonable provision for all unpaid loss and loss expense obligations of the Fund under the terms of its contracts and agreements.

VARIABILITY

In evaluating whether the reserves make a reasonable provision for unpaid losses and loss expenses, it is necessary to project future loss and loss adjustment expense payments. Actual future losses and loss adjustment expenses will not develop exactly as projected and may, in fact, vary significantly from the projections.

Further, my projections make no provision for extraordinary future emergence of new classes of losses or types of losses not sufficiently represented in the Fund's historical data base or which are not yet quantifiable.

An actuarial report, including underlying workpapers supporting the findings expressed in this statement of actuarial opinion, has been provided to the Fund to be retained for a period of seven years at its administrative offices and available for regulatory examination.

This statement of opinion is solely for the use of, and only to be relied upon by the Fund and the Agency.

Date: November 5, 2008

David F. Mohrman, FCAS, MAAA
Principal
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Exhibit A: SCOPE

		Accident Fund Column 1 Amount	Medical Aid Fund Column 2 Amount	Pension Reserve Fund Column 3 Amount	Total Column 4 Amount
1.	Reserve for Unpaid Losses	$3,460,037,000	$3,011,436,000	$2,859,480,000	$9,330,953,000
2.	Reserve for Unpaid Loss Adjustment Expenses	$164,560,000	$254,851,000	$0	$419,411,000

Industrial Insurance Fund Statutory Financial Information Report

Other formats for persons with disabilities are available on request.
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