



West Virginia Offices of the Insurance Commissioner

(A Special Revenue Fund and Enterprise Funds of the
State of West Virginia)

Financial Statements

Year Ended June 30, 2025

West Virginia Offices of the Insurance Commissioner

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Independent Auditor's Report

To the Members of the
West Virginia Offices of the Insurance Commissioner
Charleston, West Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the West Virginia Offices of the Insurance Commissioner, a special revenue fund and enterprise funds of the State of West Virginia, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the West Virginia Offices of the Insurance Commissioner's basic financial statements as listed in the table of contents.


In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, the business-type activities, and each major fund of the West Virginia Offices of the Insurance Commissioner at June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the West Virginia Offices of the Insurance Commissioner and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1, the financial statements of the West Virginia Offices of the Insurance Commissioner are intended to present the financial position, the changes in financial position, and, where applicable, cash flows of only that portion of the governmental activities, the business-type activities, and each major fund of the State of West Virginia that is attributable to the transactions of the West Virginia Offices of the Insurance Commissioner. They do not purport to, and do not present fairly the financial position of the State of West Virginia, as of June 30, 2025, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.



Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.


In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the West Virginia Offices of the Insurance Commissioner's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the West Virginia Offices of the Insurance Commissioner's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the West Virginia Offices of the Insurance Commissioner's ability to continue as a going concern for a reasonable period of time.



We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information


Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the unaudited required supplemental information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management, and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the West Virginia Offices of the Insurance Commissioner's basic financial statements. The other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2025 on our consideration of the West Virginia Offices of the Insurance Commissioner's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the West Virginia Offices of the Insurance Commissioner's internal control over financial reporting or on compliance. That report is an integral part



of an audit performed in accordance with *Government Auditing Standards* in considering the West Virginia Offices of the Insurance Commissioner's internal control over financial reporting and compliance.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Charleston, West Virginia

October 9, 2025



Management's Discussion & Analysis (Unaudited)

West Virginia Offices of the Insurance Commissioner

Management's Discussion & Analysis (MD&A)

(Unaudited)

June 30, 2025

This section of the West Virginia Offices of the Insurance Commissioner's annual financial report presents management's discussion and analysis of its financial performance for the fiscal years ended June 30, 2025 and June 30, 2024. Please read it in conjunction with the financial statements which follow this section.

Overview of the Financial Statements

The West Virginia Offices of the Insurance Commissioner's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America for governmental entities and insurance enterprises where applicable. The West Virginia Offices of the Insurance Commissioner (OIC), which is an agency of the State of West Virginia, is the governmental body charged with the regulation and oversight of the insurance industry within the State. In addition to serving as the entity that regulates the insurance market, the West Virginia Offices of the Insurance Commissioner is also charged with the administrative oversight of the current and former state-run workers' compensation related funds. The oversight, management and financial reporting responsibilities of the following funds are now duties of the West Virginia Offices of the Insurance Commissioner: the Old Fund, which consists of the assets and liabilities transferred from the former Workers' Compensation Fund, and the Coal Workers' Pneumoconiosis Fund, which was closed to future liabilities effective December 31, 2005. The West Virginia Offices of the Insurance Commissioner is also responsible for the administration of active proprietary funds including the Uninsured Employers' Fund, the Self-Insured Guaranty Fund, the Self-Insured Security Fund (all established by Senate Bill 1004), and the State Entities Workers' Compensation Program Fund (SEWC).

This annual report consists of four parts: management's discussion and analysis (this section), the basic financial statements, required supplemental information (unaudited), and other supplementary information.

The basic financial statements include two kinds of statements that present different views of the West Virginia Offices of the Insurance Commissioner. The statement of net position and the related statement of activities are government-wide financial statements that provide both long-term and short-term information about the West Virginia Offices of the Insurance Commissioner's overall financial status. The remaining statements are fund financial statements that focus on individual parts of the West Virginia Offices of the Insurance Commissioner's activities, reporting its operations in more detail than the government-wide statements. The financial statements also include notes that explain the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplemental information that presents budgetary comparisons and further explains and supports the information in the financial statements.

Government-Wide Statements

The statement of net position and the statement of activities together comprise the government-wide statements, which report information about the West Virginia Offices of the Insurance Commissioner as a whole using the full accrual basis of accounting similar to those used by private-sector companies. This means all revenues and expenses are recognized regardless of whether cash has been received or paid, and all assets and liabilities, including capital assets and long-term debt, are reported at the entity level.

The government-wide statements report the entity's net position – the difference between total assets and deferred outflows of resources, and total liabilities and deferred inflows of resources, and how they have changed from the prior year.

West Virginia Offices of the Insurance Commissioner

Management's Discussion & Analysis (MD&A)

(Unaudited)

June 30, 2025

The activities on the government-wide financial statements are divided into three categories:

1. Governmental activities – These are the activities that are necessary for the government to function and meet its intended purpose. In the financial statements of the West Virginia Offices of the Insurance Commissioner, the governmental funds include the main operating fund of the entity, which is primarily funded through fees and assessments.
2. Business-type activities – The West Virginia Offices of the Insurance Commissioner charges fees to customers to help it cover the costs of certain services it provides, and receives special revenues and assessments dedicated to fund specific liabilities. For the West Virginia Offices of the Insurance Commissioner, this consists of the Workers' Compensation related funds, and the State Entities Workers' Compensation Fund.
3. Component units – The West Virginia Offices of the Insurance Commissioner has no component units. However, the operating governmental fund of the West Virginia Offices of the Insurance Commissioner is a special revenue fund, and its proprietary funds are enterprise funds of the State of West Virginia.

Fund Financial Statements

The fund financial statements provide more detailed information about the West Virginia Offices of the Insurance Commissioner's major funds, not the West Virginia Offices of the Insurance Commissioner as a whole. Funds are accounting devices that governments use to keep track of specific sources of funding and spending for particular purposes. The West Virginia State Legislature has established these funds to control and manage money for the specific purposes stated in Chapter 23 of the West Virginia Code and to show that certain taxes, fees, assessments, and grants are used properly.

The West Virginia Offices of the Insurance Commissioner has two kinds of funds:

1. Governmental funds – Most of the West Virginia Offices of the Insurance Commissioner's basic services are included in the governmental fund, which focuses on (1) how cash and other financial assets may readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view to help determine whether there are more or fewer financial resources that may be spent in the near future to finance the West Virginia Offices of the Insurance Commissioner's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is included at the bottom of the governmental fund statement that provides a reconciliation to the government-wide statements.
2. Proprietary funds – Proprietary funds include enterprise funds and account for activities that are operated in a manner similar to private-sector businesses. Like the government-wide statements, proprietary fund statements are presented using the accrual basis of accounting and provide both long- and short-term financial information. Services for which the West Virginia Offices of the Insurance Commissioner charge customers a fee or receive special revenues are generally reported in proprietary funds. For the West Virginia Offices of the Insurance Commissioner, this consists of Workers' Compensation funds and the SEWC.

West Virginia Offices of the Insurance Commissioner

Management's Discussion & Analysis (MD&A)

(Unaudited)

June 30, 2025 (In Thousands)

The following tables summarize the financial position and results of operations of the West Virginia Offices of the Insurance Commissioner for the years ended June 30, 2025 and 2024.

Statement of Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Current Assets	\$ 77,670	\$ 57,683	\$ 1,182,508	\$ 1,175,108	\$ 1,260,178	\$ 1,232,791
Capital Assets, Net	254	143	-	-	254	143
Lease Assets-Building, Net	107	209	-	-	107	209
Subscription-Based Information Technology Assets (SBITA), Net	758	1,185	-	-	758	1,185
Other Long-Term Receivable	71	80	-	-	71	80
Other Long-Term Assets	921	281	-	-	921	281
Deferred Outflows of Resources	2,394	1,639	-	-	2,394	1,639
Total Assets and Deferred Outflows of Resources	<u>82,175</u>	<u>61,220</u>	<u>1,182,508</u>	<u>1,175,108</u>	<u>1,264,683</u>	<u>1,236,328</u>
Current Liabilities	934	1,178	104,352	112,260	105,286	113,438
Long-Term Liabilities	715	877	846,200	902,800	846,915	903,677
Deferred Inflows of Resources	1,325	559	-	-	1,325	559
Total Liabilities and Deferred Inflows of Resources	<u>2,974</u>	<u>2,614</u>	<u>950,552</u>	<u>1,015,060</u>	<u>953,526</u>	<u>1,017,674</u>
Net Position						
Invested in capital, lease, and SBITA assets, net of related debt	695	797	-	-	695	797
Restricted	1,081	391	231,956	160,048	233,037	160,439
Unrestricted	77,425	57,418	-	-	77,425	57,418
Total Net Position	<u>\$ 79,201</u>	<u>\$ 58,606</u>	<u>\$ 231,956</u>	<u>\$ 160,048</u>	<u>\$ 311,157</u>	<u>\$ 218,654</u>

West Virginia Offices of the Insurance Commissioner

Management's Discussion & Analysis (MDA)

(Unaudited)

For the Year Ended June 30, 2025 (In Thousands)

Statement of Activities and Changes in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Revenues						
Program Revenues						
Charges for Services	\$ 41,376	\$ 40,730	\$ 7,097	\$ 10,373	\$ 48,473	\$ 51,103
Total Operating Revenues	<u>41,376</u>	<u>40,730</u>	<u>7,097</u>	<u>10,373</u>	<u>48,473</u>	<u>51,103</u>
Expenses						
Program Expenses						
Workers' Compensation	-	-	39,926	72,545	39,926	72,545
State Entities Workers' Compensation Program Fund	-	-	8,171	7,549	8,171	7,549
General Government	20,866	20,877	-	-	20,866	20,877
Total Operating Expenses	<u>20,866</u>	<u>20,877</u>	<u>48,097</u>	<u>80,094</u>	<u>68,963</u>	<u>100,971</u>
Operating Income (loss)	<u>20,510</u>	<u>19,853</u>	<u>(41,000)</u>	<u>(69,721)</u>	<u>(20,490)</u>	<u>(49,868)</u>
Nonoperating Revenues						
Investment Earnings	30	33	112,872	105,070	112,902	105,103
Severance Tax	-	-	36	10	36	10
Total Nonoperating Revenues	<u>30</u>	<u>33</u>	<u>112,908</u>	<u>105,080</u>	<u>112,938</u>	<u>105,113</u>
Change in Net Position Before						
Interfund Transfers/on Behalf of Payments	20,540	19,886	71,908	35,359	92,448	55,245
Payments on Behalf of the WVOIC	55	(184)	-	-	55	(184)
Interfund Transfers	-	-	-	-	-	-
Change in Net Position	<u>20,595</u>	<u>19,702</u>	<u>71,908</u>	<u>35,359</u>	<u>92,503</u>	<u>55,061</u>
Net Position, Beginning of Year	58,606	38,904	160,048	124,689	218,654	163,593
Net Position, End of Year	<u>\$ 79,201</u>	<u>\$ 58,606</u>	<u>\$ 231,956</u>	<u>\$ 160,048</u>	<u>\$ 311,157</u>	<u>\$ 218,654</u>

West Virginia Offices of the Insurance Commissioner

Management's Discussion & Analysis (MD&A) (Unaudited) June 30, 2025

Financial Highlights (In Thousands)

The overall financial position of the West Virginia Offices of the Insurance Commissioner increased during fiscal year 2025, with an overall increase in net position of \$92,503. At June 30, 2025, the West Virginia Offices of the Insurance Commissioner's total net position was \$311,157.

The West Virginia Offices of the Insurance Commissioner's total assets and deferred outflows of resources increased by \$28,355 during the year.

The agency's total liabilities and deferred inflows of resources decreased by \$64,148 in fiscal year 2025. The decrease in liabilities and deferred inflows of resources was due to the overall reduction in outstanding claims liabilities due to proper claims management.

The total assets and deferred outflows of Governmental Activities experienced an increase of \$20,955. There were no transfers of operating funds to the Old Fund this fiscal year.

The total current assets of Business-Type Activities experienced an increase of \$7,400. Both current and non-current liabilities of the Business-Type Activities experienced decreases due to the \$64,300 decrease in claims liabilities.

As of June 30, 2025, the Workers' Compensation Old Fund has a positive net position of \$77,126. The change in net position is an increase of \$43,524 from the prior fiscal year. The fiscal year 2025 increase in the Old Fund's net position is primarily attributable to the decrease in outstanding claims liabilities. Consistent with expectations, the Workers' Compensation Old Fund's claims liabilities decreased by \$44,300 during fiscal year 2025.

This financial report is designed to provide a general overview of the West Virginia Offices of the Insurance Commissioner's operations. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Chief Financial Officer, West Virginia Offices of the Insurance Commissioner, 900 Pennsylvania Avenue, Charleston WV 25302.



Basic Financial Statements

West Virginia Offices of the Insurance Commissioner

Statement of Net Position

June 30, 2025 (In Thousands)

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 73,635	\$ 1,171,334	\$ 1,244,969
Receivables, net:			
Statutory allocations	-	36	36
Assessments	287	114	401
Employer surcharge	3,402	-	3,402
Premiums	-	10	10
Other	4	363	367
Prepaid assets	342	1,473	1,815
Loss reserve fund	-	9,178	9,178
Total current assets	77,670	1,182,508	1,260,178
NONCURRENT ASSETS			
Other receivables	71	-	71
Net pension asset, restricted	888	-	888
Net OPEB asset, restricted	33	-	33
Capital assets, net	254	-	254
Lease assets-building, net	107	-	107
SBITA assets, net	758	-	758
Total noncurrent assets	2,111	-	2,111
Total assets	79,781	1,182,508	1,262,289
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	2,170	-	2,170
Deferred outflows related to OPEB	224	-	224
Total deferred outflows of resources	2,394	-	2,394
Total assets and deferred outflows of resources	82,175	1,182,508	1,264,683
LIABILITIES			
CURRENT LIABILITIES			
Estimated liability for unpaid claims and claim			
Adjustment expense	-	104,300	104,300
Compensated absences	439	-	439
Accrued expenses and other liabilities	209	52	261
Short-term lease liability	56	-	56
Short-term SBITA liability	227	-	227
SBITA interest payable	3	-	3
Total current liabilities	934	104,352	105,286
NONCURRENT LIABILITIES			
Estimated liability for unpaid claims and claim			
Adjustment expense	-	846,200	846,200
Compensated absences	577	-	577
Long-term Lease liability	60	-	60
Long-term SBITA liability	78	-	78
Total noncurrent liabilities	715	846,200	846,915
Total liabilities	1,649	950,552	952,201
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension	1,115	-	1,115
Deferred inflows related to OPEB	210	-	210
Total deferred inflows of resources	1,325	-	1,325
Total liabilities and deferred inflows of resources	2,974	950,552	953,526
NET POSITION			
Invested in capital, lease, and SBITA assets, net of related debt	695	-	695
Restricted for:			
Bail bondsmen	160	-	160
Pension and OPEB	921	-	921
WC old fund	-	77,126	77,126
Coal workers' pneumoconiosis	-	54,461	54,461
Uninsured fund	-	19,167	19,167
Self-insured funds	-	71,008	71,008
State entities workers' compensation			
Program fund	-	10,194	10,194
Unrestricted	77,425	-	77,425
Total net position	\$ 79,201	\$ 231,956	\$ 311,157

West Virginia Offices of the Insurance Commissioner

Statement of Activities

For the Year Ended June 30, 2025 (In Thousands)

Functions/Programs	Expenses and Claims Provisions	Program Revenues	Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Governmental Activities	Business-Type Activities	Totals
Primary Government					
Governmental activities					
General government	\$ 20,212	\$ 41,376	\$ 21,164	\$ -	\$ 21,164
Depreciation, unallocated	125	-	(125)	-	(125)
Lease amortization, unallocated	529	-	(529)	-	(529)
Total governmental activities	20,866	41,376	20,510	-	20,510
Business-type activities					
Workers' compensation	39,926	701	-	(39,225)	(39,225)
State entities workers' compensation program fund	8,171	6,396	-	(1,775)	(1,775)
Total business-type activities	48,097	7,097	-	(41,000)	(41,000)
Total primary government	\$ 68,963	\$ 48,473	20,510	(41,000)	(20,490)
General revenues:					
Investment earnings			30	112,872	112,902
Severance tax			-	36	36
Total general revenues			30	112,908	112,938
Change in net position before on behalf payments			20,540	71,908	92,448
Payments on behalf of the WVOIC			55	-	55
Change in net position			20,595	71,908	92,503
Net position, beginning of year			58,606	160,048	218,654
Net position, end of Year			\$ 79,201	\$ 231,956	\$ 311,157

West Virginia Offices of the Insurance Commissioner

Statement of Net Position - Governmental Fund

June 30, 2025 (In Thousands)

	<u>Operating Fund</u>
ASSETS	
Cash and cash equivalents	\$ 73,635
Accounts receivable - assessments	287
Accounts receivable - employer surcharge	3,402
Accounts receivable - other	4
Prepaid assets	342
Total assets	<u><u>\$ 77,670</u></u>
LIABILITIES	
Compensated absences	\$ 439
Accrued expenses and other liabilities	209
Total liabilities	<u>648</u>
Fund balance	
Committed	77,022
Total fund balance	<u>77,022</u>
Total liabilities and fund balances	<u><u>\$ 77,670</u></u>
Total fund balance	\$ 77,022
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	254
Deferred outflows of resources are not financial resources and therefore are not reported in the funds	2,394
Arrears pay is not a financial resource and therefore is not reported in the funds	71
Net pension asset is not due and payable in the current period and therefore is not reported in the funds	888
Long-term compensated absences are not due and payable in the current period and therefore are not reported in the funds	(577)
Lease assets used in governmental activities are not financial resources and therefore are not reported in the funds	107
SBITA assets used in governmental activities are not financial resources and therefore are not reported in the funds	758
Interest payable for SBITA is not reported in these funds	(3)
Repayment of principal on the lease liability are not reported until due and payable therefore are not reported in the funds until paid	(116)
Repayment of principal on the SBITA liability are not reported until due and payable therefore are not reported in the funds until paid	(305)
OPEB asset is not due and payable in the current period and therefore are not reported in the funds	33
Deferred inflows of resources are not financial resources and therefore are not reported in the funds	<u>(1,325)</u>
Net position of governmental activities	<u><u>\$ 79,201</u></u>

West Virginia Offices of the Insurance Commissioner
Statement of Revenues, Expenditures and Changes in Fund Balance -
Governmental Fund
For the Year Ended June 30, 2025 (In Thousands)

	Operating Fund
REVENUES	
Fees, assessments, and other	\$ 41,376
Investment earnings	30
Total revenues	41,406
EXPENDITURES	
General and administrative	21,263
Total expenditures	21,263
Excess of revenues over expenditures	20,143
Payments on behalf of the WVOIC	55
Net change in fund balance	20,198
Fund balance, beginning of year	56,824
Fund balance, end of year	\$ 77,022
Net change in fund balance	\$ 20,198
Amounts reported for governmental activities in the Statement of Activities are different because:	
Contributions to the pension plan in the current fiscal year are not included in the Statement of Activities	909
Contributions to OPEB in the current fiscal year are not included in the Statement of Activities	82
Pension expense does not require the use of current financial resources and therefore is not reported in governmental funds	(474)
Difference in net pension balance	(3)
OPEB expense does not require the use of current financial resources and therefore is not reported in governmental funds	155
Change in employer contributions are not included in the Statement of Activities	(39)
Arrears pay does not require the use of current financial resources and therefore are not reported in governmental funds	(9)
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenses over the life of the assets.	
Depreciation expense	(125)
Capital outlay for capital assets	237
Loss on sale of capital asset	-
Capital outlay for leased right-to-use assets were financed using lease financing. Government funds report financing while governmental activities report the payments when due and payable.	
Amortization expense	(529)
Rent expense	114
Interest expense	(40)
SBITA expenses do not require the use of current financial resources and therefore are not reported in governmental funds	242
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds	(123)
Change in net position of governmental activities	\$ 20,595

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

West Virginia Offices of the Insurance Commissioner

Statement of Net Position - Proprietary Funds

June 30, 2025 (In Thousands)

	Workers' Compensation	State Entities Workers' Compensation	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 1,162,496	\$ 8,838	\$ 1,171,334
Receivables, net:			
Statutory allocations	36	-	36
Assessments	114	-	114
Premiums	10	-	10
Other	58	305	363
Prepaid assets	-	1,473	1,473
Loss reserve fund	-	9,178	9,178
Total assets	1,162,714	19,794	1,182,508
LIABILITIES			
CURRENT LIABILITIES			
Estimated liability for unpaid claims and claim adjustment expense	98,400	5,900	104,300
Accrued expenses and other liabilities	52	-	52
Total current liabilities	98,452	5,900	104,352
NONCURRENT LIABILITIES			
Estimated liability for unpaid claims and claim adjustment expense	842,500	3,700	846,200
Total noncurrent liabilities	842,500	3,700	846,200
Total liabilities	940,952	9,600	950,552
NET POSITION			
Restricted for:			
WC old fund	77,126	-	77,126
Coal workers' pneumoconiosis	54,461	-	54,461
Uninsured fund	19,167	-	19,167
Self-insured funds	71,008	-	71,008
State entities workers' Compensation program fund	-	10,194	10,194
Total net position	\$ 221,762	\$ 10,194	\$ 231,956

West Virginia Offices of the Insurance Commissioner
Statement of Revenues, Expenses, and Changes in Fund Net Position -
Proprietary Funds
For the Year Ended June 30, 2025 (In Thousands)

	Workers'	State Entities	
	Compensation	Workers'	Total
	Compensation	Compensation	
OPERATING REVENUES			
Assessments	\$ 727	\$ -	\$ 727
Employer surcharge	(65)	-	(65)
Premium revenue, net	2	6,396	6,398
Other operating revenue	37	-	37
Total operating revenue	<u>701</u>	<u>6,396</u>	<u>7,097</u>
OPERATING EXPENSES AND CLAIMS			
Provisions			
Claims and claim adjustment provisions	35,765	7,706	43,471
General and administrative	4,161	465	4,626
Total operating expenses and claims provisions	<u>39,926</u>	<u>8,171</u>	<u>48,097</u>
Operating loss	<u>(39,225)</u>	<u>(1,775)</u>	<u>(41,000)</u>
NONOPERATING REVENUES			
Investment earnings	112,715	157	112,872
Severance tax, net	36	-	36
Total nonoperating revenues	<u>112,751</u>	<u>157</u>	<u>112,908</u>
Change in net position	73,526	(1,618)	71,908
Total net position - beginning of year	<u>148,236</u>	<u>11,812</u>	<u>160,048</u>
Total net position - end of year	<u><u>\$ 221,762</u></u>	<u><u>\$ 10,194</u></u>	<u><u>\$ 231,956</u></u>

West Virginia Offices of the Insurance Commissioner

Statement of Cash Flows - Proprietary Funds

For the Year Ended June 30, 2025 (In Thousands)

	Workers' Compensation	State Entities Workers' Compensation	Total
OPERATING ACTIVITIES			
Receipts from fees and assessments	\$ 38	\$ 16,912	\$ 16,950
Receipts from employers and policyholders	616	-	616
Receipts from other operating revenues	37	-	37
Payments to claimants and providers	(98,466)	(9,090)	(107,556)
Payments for premiums	-	(11,038)	(11,038)
Deposits into loss reserve fund	-	(6,074)	(6,074)
Withdrawals from loss reserve fund	-	9,090	9,090
Refunds for debt surcharge overpayments	5	-	5
Payments to suppliers	(4,244)	(2)	(4,246)
Net cash used in operating activities	(102,014)	(202)	(102,216)
INVESTING ACTIVITIES			
Investment earnings	112,715	282	112,997
Net increase in cash and cash equivalents	10,701	80	10,781
CASH AND CASH EQUIVALENTS - beginning of year	1,151,795	8,758	1,160,553
CASH AND CASH EQUIVALENTS - end of year	\$ 1,162,496	\$ 8,838	\$ 1,171,334
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES			
Operating loss	\$ (39,225)	\$ (1,775)	\$ (41,000)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH USED IN BY OPERATING ACTIVITIES			
Net cash (used in) provided by operating activities:			
Receivables, net	118	-	118
Loss reserve fund	-	3,233	3,233
Prepaid premiums	-	(60)	(60)
Estimated liability for claims and claim adjustment expenses	(62,700)	(1,600)	(64,300)
Accrued expenses and other liabilities	(207)	-	(207)
Net cash used in operating activities	\$ (102,014)	\$ (202)	\$ (102,216)



Notes to Financial Statements



West Virginia Offices of the Insurance Commissioner

Notes to Financial Statements

(Amounts in thousands)

June 30, 2025

Note 1 – Financial Reporting Entity

The West Virginia Offices of the Insurance Commissioner is a special revenue fund and enterprise funds of the State of West Virginia (the “State”) and, accordingly, is reported as such as part of the primary government in the State’s Annual Comprehensive Financial Report (ACFR). The West Virginia Offices of the Insurance Commissioner is responsible for the regulation and oversight of all insurance transactions conducted in the State. The mission of the West Virginia Offices of the Insurance Commissioner is to promote a competitive and solvent insurance market, with adequate consumer protection, by fairly and consistently administering the insurance laws of the State.

The West Virginia Offices of the Insurance Commissioner is also responsible for the administration and oversight of the remaining assets and liabilities of the former West Virginia Workers’ Compensation Commission (WCC).

West Virginia operated an exclusive state-managed workers’ compensation insurance fund from 1913 until 2005, which provided for the payment of benefits to all employees sustaining personal injuries in the course of and as a result of their covered employment. In order to address the substantial deficit in the workers’ compensation fund, a special session of the West Virginia Legislature was convened in January 2005. During the special session, the West Virginia Legislature enacted Senate Bill 1004, effective January 29, 2005, that established a framework for the privatization of workers’ compensation insurance in West Virginia and established a timeline for the transition to an open competitive market by July 1, 2008. Senate Bill 1004 also established a revenue stream dedicated to paying down the unfunded liability in the workers’ compensation fund. The residual assets and liabilities of the former Workers’ Compensation Fund are now reported in a fund known as the Workers’ Compensation Old Fund (Old Fund). Disbursements from the Old Fund are related to the liabilities and appropriate administrative expenses necessary for the administration of all claims, actual and incurred but not reported, for any claim with a date of injury on or before June 30, 2005.

The Coal Workers’ Pneumoconiosis Fund (CWPF) was established in 1973 to comply with the Federal Coal Mine Health and Safety Act of 1969 to provide benefits to coal miners who are totally disabled or to beneficiaries of coal miners who died as a result of coal-workers’ pneumoconiosis. The CWPF ceased operations as of December 31, 2005, and is in run-off status under the administrative oversight of the West Virginia Offices of the Insurance Commissioner.

The West Virginia Offices of the Insurance Commissioner is responsible for certain proprietary funds established for the purpose of maintaining an effective workers’ compensation system. Those funds established by Senate Bill 1004 consist of the Uninsured Employers’ Fund (UEF) and the Self-Insured Employers’ Funds (SI).

The UEF is the fund held by the West Virginia State Treasurer’s Office consisting of those funds transferred to it from the workers’ compensation fund and any other source, including assessments to carriers and employers. An injured worker may receive compensation from the UEF if he or she meets all jurisdictional and entitlement provisions of Chapter 23 of the West Virginia Code (the “Code”). The West Virginia Offices of the Insurance Commissioner has the right to recover all payments made on behalf of an employer that is found to be liable, including interest on any amounts paid. In addition, the West Virginia Offices of the Insurance Commissioner may impose an administrative fine of not more than \$10 (ten thousand dollars) against an employer if the employer fails to provide mandatory coverage.

The Self-Insured Guaranty Risk Pool is a fund held by the West Virginia State Treasurer’s Office consisting of those funds transferred to it from the guaranty pool created pursuant to 85 CSR §19 (2004) and any future funds collected through continued administration of that exempt legislative rule as administered by the West Virginia Offices of the Insurance

West Virginia Offices of the Insurance Commissioner

Notes to Financial Statements

(Amounts in thousands)

June 30, 2025

Commissioner. The fund covers claims liabilities of bankrupt or defaulted self-insured employers with dates of injury subsequent to July 1, 2004.

The Self-Insured Security Risk Pool is a fund held by the West Virginia State Treasurer's Office consisting of those funds paid into it through the West Virginia Offices of the Insurance Commissioner's administration of 85 CSR §19 (2004). The obligations of the fund are the claims liabilities of bankrupt or defaulted self-insured employers with dates of injury prior to July 1, 2004, provided that the default of the employer took place after the termination of the WCC on December 31, 2005.

The West Virginia Offices of the Insurance Commissioner utilizes the services of a third-party administrators to manage the claims activity of the workers' compensation related funds. As of December 1, 2021, the third-party administrator engaged to provide claims management services is Sedgwick Claims Management Services.

On March 12, 2011, the West Virginia Legislature passed HB 3163, which added a new section, §33-2-21a, to the *Code of West Virginia* in order to provide a means of managing workers' compensation coverage for persons directly employed by the State of West Virginia. The West Virginia Offices of the Insurance Commissioner was given the responsibility of administering the State Entities Workers' Compensation program (SEWC), a program established to provide workers' compensation coverage for state government entities and their employees. The SEWC functions as an insurance purchasing risk pool.

The Old Fund, the CWPF, the UEF, and the Self-Insured Employers' Funds are combined to comprise the Workers' Compensation Fund. For financial statement purposes, only the Workers' Compensation Fund is considered a reporting fund, and the statutorily created "funds" that comprise it are considered components of the fund. The Workers' Compensation Fund and the SEWC combine to comprise the proprietary funds reported in the financial statements. The West Virginia Offices of the Insurance Commissioner maintains an Operating Fund that is reported as the general fund for financial statement purposes. Certain general and administrative expenses of the other funds are paid from the Operating Fund. All transactions related to federal grants are also reported in the Operating Fund.

The financial statements of the West Virginia Offices of the Insurance Commissioner are intended to present the financial position and the changes in financial position and cash flows, where applicable, of only that portion of the financial reporting entity of the State of West Virginia that is attributable to the transactions of the West Virginia Offices of the Insurance Commissioner. They do not purport to, and do not, present the financial position of the State of West Virginia as of June 30, 2025, and the changes in its financial position and its cash flows for the year then ended.

Note 2 – Significant Accounting Policies

Basis of Presentation

The West Virginia Offices of the Insurance Commissioner operates certain enterprise funds in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB). An enterprise fund is used to account for the operations of state agencies providing goods or services to the general public on a user-charge basis, or for any activity, whose principal revenue sources meet any of the following criteria: debt backed solely by fees and charges; legal requirement to recover cost; or policy decision to recover cost. The effect of interfund activity has been eliminated from the government-wide financial statements.

West Virginia Offices of the Insurance Commissioner

Notes to Financial Statements

(Amounts in thousands)

June 30, 2025

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from management's estimates.

Basis of Accounting

The West Virginia Offices of the Insurance Commissioner uses the accrual basis of accounting for the government-wide financial statements and the enterprise funds. Under this method, revenues are recorded when earned and expenses are recorded when incurred.

Governmental fund financial statements are reported using the modified accrual basis of accounting. Under this method, revenues are recognized when they become both measurable and available to pay liabilities of the current period. For this purpose, revenues are generally considered available if received in the first 60 days after year end. Expenditures are generally recorded when the related liability is incurred, as under accrual accounting.

Budgetary Data

Pursuant to §5A-2-12 of the Code the West Virginia Offices of the Insurance Commissioner submits a detailed budgetary schedule of administrative expenses to the Secretary of the Department of Revenue prior to the beginning of each fiscal year. The budgetary schedule is prepared on the cash basis. All financial operations of the West Virginia Offices of the Insurance Commissioner, except for benefits and direct claims costs, are subject to a non-appropriated budget review and approval process in which the West Virginia Offices of the Insurance Commissioner submits a financial plan for approval in a manner authorized by statute.

Cash and Cash Equivalents

Cash on hand and held by the West Virginia State Treasurer for the benefit of the West Virginia Offices of the Insurance Commissioner on June 30, 2025, totaled \$79,474. Cash that is pooled with funds of other state agencies and invested by the West Virginia Investment Management Board (IMB) for the benefit of the West Virginia Offices of the Insurance Commissioner totals \$1,158,908, and cash pooled with funds of other state agencies and invested by the Board of Treasury Investments (BTI) was \$6,587. For purposes of the statement of cash flows, the West Virginia Offices of the Insurance Commissioner considers its share of the pooled deposits to be cash equivalents.

Loss Reserve Fund

In fiscal year 2025, the Loss Reserve Fund consists only of money on deposit with Encova and is utilized to pay claims and claim adjustment expenses of the SEWC for claims incurred on or after July 1, 2017, up to the retention level established by the insurance contract. The first loss adjustment with Encova for policy year 2017 occurred on December 31, 2021. The second loss adjustment with Encova for policy year 2018 occurred on December 31, 2022. The third loss adjustment with Encova for policy year 2019 occurred on December 31, 2023. The fourth loss adjustment with Encova for policy year 2020 occurred on December 31, 2024.

West Virginia Offices of the Insurance Commissioner

Notes to Financial Statements (Amounts in thousands)

June 30, 2025

Receivables

Net receivables at the date of the statement of net position represent management's best estimate of the net realizable value of taxes, fees, assessments, premiums, and related revenue due as of June 30, 2025. All premiums receivable balances due to the West Virginia Offices of the Insurance Commissioner consist of past premiums due from defaulted employers for periods of coverage prior to June 30, 2005, from the former Workers' Compensation Commission. Due to the age of these remaining premium receivables, only the actual subsequent receipts are recognized in the financial statements unless the employer has entered into a bona fide repayment agreement with the State or if the employer is subject to a court ordered restitution agreement. The West Virginia Offices of the Insurance Commissioner also recognizes a receivable for fines assessed against and claims reimbursement amounts billed to uninsured employers.

The net receivable also includes the current receivable due from other state agencies and from insurance carriers for the statutory transfers due and owing pursuant to the debt reduction provisions found in Senate Bill 1004.

Capital Assets

Capital assets, which consist primarily of buildings, office furniture, and equipment of the West Virginia Offices of the Insurance Commissioner, are reported in the applicable governmental or business-type activities columns in the statement of net position of the government-wide financial statements. In the capitalization policy adopted by the WV Offices of the Insurance Commissioner for financial reporting, assets costing in excess of five thousand dollars are capitalized. Such assets are recorded at historical costs or estimated historical cost if purchased or constructed. The costs of normal maintenance and repairs that do not add value to the asset or materially extend asset lives are not capitalized. Depreciation is computed for these assets using the straight-line method over the estimated economic useful lives ranging from 3-20 years. At June 30, 2025, cost of capital assets was \$484 with \$125 current depreciation expense and \$230 accumulated depreciation.

During fiscal year 2022, West Virginia Offices of the Insurance Commissioners implemented GASB Statement No. 87, *Leases*. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset. At June 30, 2025, the leased right-to-use assets were \$265 with \$158 accumulated amortization. During fiscal year 2023, West Virginia Offices of the Insurance Commissioners implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. It conveys control of the right to use another party's information technology software, alone or in combination with tangible capital assets, for a period of time in an exchange or exchange-like transaction. At June 30, 2025, the subscription assets were \$2,029 with \$1,271 accumulated amortization.

Long-Term Liabilities

At June 30, 2025, under GASB Statement No. 96, which establishes subscription-based information technology arrangement accounting requirements, \$78 was recorded for long-term lease liability. The amount due within one year is \$227. In addition, there was \$60 recorded for long-term liability from GASB Statement No. 87, which establishes lease accounting requirements. The amount due within one year was \$56.

Deferred Outflows of Resources

A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period. Balances of deferred outflows of resources may be presented in the statement of net position or governmental fund balance sheet as aggregations of different types of deferred amounts. At June 30, 2025, deferred outflows in the

West Virginia Offices of the Insurance Commissioner

Notes to Financial Statements

(Amounts in thousands)

June 30, 2025

statement of net position were composed of \$2,170 for Public Employees Retirement System (PERS) related to employer contributions made during the fiscal year and differences between expected and actual experience; and \$224 for Other Postemployment Benefits (OPEB) related to employer contributions made during the current fiscal year, and changes in proportion and differences between employer contributions and proportionate share of contributions.

Estimated Liability for Unpaid Claims and Claim Adjustment Expense

The liability for unpaid claims and claim adjustment expense represents management's estimate, developed in conjunction and with the assistance of the West Virginia Offices of the Insurance Commissioner's consulting actuary, of the ultimate net cost of all unpaid claims and claim adjustment expenses incurred as of the date of the statement of net position. Changes in estimates of such costs are recognized in results of operations in the period in which the changes in estimates are made.

Management believes the estimate of the liability for unpaid claims and claim adjustment expense is adequate. However, due to the inherent variability of the assumptions used to estimate this liability, the actual incurred losses and loss adjustment expenses may vary significantly from the estimated amount included in the West Virginia Offices of the Insurance Commissioner's financial statements.

Compensated Absences and Other Post-Employment Benefits

Employees fully vest in all earned but unused vacation, and the West Virginia Offices of the Insurance Commissioner accrues for obligations that may arise in connection with compensated absences for vacation at the current rate of employee pay. Under the provision of §5-16-13 of the Code, West Virginia Offices of the Insurance Commissioner employees, upon retirement, may apply their accumulated annual and/or sick leave toward extending their health care insurance coverage. Under the provisions of the same statute, employees may alternatively choose to apply their accumulated annual and/or sick leave toward additional credited service in the computation of their retirement benefits. The West Virginia Offices of the Insurance Commissioner accounts for compensated absences by accruing for employees' rights to receive compensation for vacation leave, or payments in lieu of accrued vacation or sick leave, as such benefits are earned, and payment becomes probable.

During fiscal year 2006, House Bill No. 4654 was established to create a trust fund for other postemployment benefits for the State. Effective July 1, 2007, the West Virginia Offices of the Insurance Commissioner was required to participate in this multiple employer cost-sharing plan, the Retiree Health Benefit Trust Fund, sponsored by the State. Details regarding this plan can be obtained by contacting Public Employees Insurance Agency (PEIA), 601 57th Street, SE, Suite 2, Charleston, WV 25304-2345, or <https://peia.wv.gov/>. See separate note on Other Post-Employment Benefits for additional information.

The West Virginia Offices of the Insurance Commissioner's full-time employees earn up to two vacation leave days for each month of service and are entitled to compensation for accumulated, unpaid vacation leave upon termination. Full-time employees also earn 1½ sick leave days for each month of service and are entitled to extend their health or life insurance coverage upon retirement in lieu of accumulated, unpaid sick leave. For employees hired prior to July 1, 1988, two days of accrued sick leave extend health insurance for one month of single coverage and three days extend health insurance for one month of family coverage. For employees hired after 1988, the employee shares the cost of the extended benefit coverage to the extent of 50 percent of the premium required for the extended coverage. Employees hired July 1, 2001, or later will no longer receive sick leave credit toward insurance premiums when they retire. The liability is now provided for under the multiple employer cost-sharing plan sponsored by the State. Employees hired prior to July 1, 2015 (Tier 1) have the option to receive additional service credit toward retirement for unused annual and sick leave.

West Virginia Offices of the Insurance Commissioner

Notes to Financial Statements (Amounts in thousands)

June 30, 2025

Employees hired on or after July 1, 2015 (Tier 2) are not eligible to convert unused annual or sick leave for additional service credit.

The West Virginia Offices of the Insurance Commissioner implemented GASB Statement No. 101, *Compensated Absences*. This Statement updated the recognition and measurement guidance for compensated absences and amended certain disclosure requirements as noted in the accompanying notes to combined financial statements. The implementation did not result in a material impact on the compensated absence liability for any prior period therefore no prior period restatements were deemed necessary by management.

The liability for compensated absences that includes amounts for leave that are attributable to services already rendered, that accumulates and is more likely than not to be used for time off or otherwise paid or settled. The liability for compensated absences is measured using employees' pay rates in effect as of the financial statement date. The liability also includes any salary-related payments that are directly and incrementally associated with payments for leave. Certain types of leave, such as parental leave, military leave, and jury duty leave, are not recognized until the leave commences. Additionally, leave expected to be converted to defined benefit postemployment benefit below is excluded from this liability.

The net change in the compensated absences liability for the year ended June 30, 2025, is as follows:

	Governmental Activities	Governmental Fund
Beginning Balance	\$ 892	\$ 436
Net Change	124	3
Ending Balance	<u>\$ 1,016</u>	<u>\$ 439</u>

Deferred Inflows of Resources

A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. Balances of deferred inflows of resources may be presented in the statement of net position or governmental fund balance sheet as aggregations of different types of deferred amounts. At June 30, 2025, deferred inflows in the statement of net position were composed of \$1,115 for PERS related to the difference between projected and actual earnings on pension plan investments, differences in assumptions, and changes in proportion, and differences between employer contributions and the proportionate share of contributions; and \$210 for OPEB related to the difference between projected and actual experience, changes in proportion, differences between employer contributions and proportionate share of contributions, and differences between projected and actual investment earnings.

Other Operating Revenue

Other operating revenue is comprised of monies received on bankruptcy recoveries, post audit payments, interest on premiums collected from reinstated accounts, certain penalties, and any other miscellaneous operating fees and revenue.

Net Position

The West Virginia Offices of the Insurance Commissioner displays net position in three components, if applicable: invested in capital, lease, and SBITA assets, net of related debt; restricted, and unrestricted.

- Invested in capital, lease, and SBITA assets, net of related debt – This component of net position consists of capital assets, including restricted capital assets (if any), net of accumulated depreciation and reduced by the outstanding

West Virginia Offices of the Insurance Commissioner

Notes to Financial Statements (Amounts in thousands)

June 30, 2025

balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

- Restricted net position – Restricted net position should be reported when constraints placed on the net position use are either externally imposed (for instance, by creditors, laws, or grantors) or imposed by law through constitutional provisions or enabling legislation. Such constraints limit the West Virginia Offices of the Insurance Commissioner’s ability to use the resources to pay current liabilities. In accordance with the respective enabling legislation, net assets accumulated for Bail Bondsmen, Old Fund, CWPF, Uninsured Employers’ Fund, Self-Insured Employers’ Funds, and the SEWC are restricted for payment of related expenses. Net position restricted for pension and OPEB is restricted to the payment of pension and OPEB benefits.
- Unrestricted net position – Unrestricted net position consists of net positions that do not meet the definition of “restricted” or “invested in capital assets, leases and SBITA’s, net of related debt.” In the governmental environment, net positions are often designated to indicate that management does not consider them to be available for general operations. These types of constraints on resources are internal and management can remove or modify them. Such internal designations are not reported on the face of the statement of net position.

Fund Balance

Fund balance classifications are based primarily on the extent to which the West Virginia Offices of the Insurance Commissioner is bound to honor constraints on the specific purposes for which the amounts in those funds can be spent. Fund balances may be categorized as follows:

- Non-spendable fund balances – These include amounts that cannot be spent because they are in a non-spendable form, such as inventory, or prepaid expense amounts, or they are legally or contractually required to be maintained intact, such as the corpus of a permanent fund.
- Restricted fund balances – These are restricted due to legal restrictions from creditors, grantors, or laws and regulations of other governments or by legally enforceable enabling legislation or constitutional provisions. When an expenditure occurs for which both unrestricted and restricted funds are available, management utilizes restricted funds first.
- Committed fund balances – These are amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the highest level of decision-making authority, which for the West Virginia Offices of the Insurance Commissioner is the Commissioner. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.
- Assigned fund balances – These are constrained by the intent to use funds for specific purposes but are neither restricted nor committed.
- Unassigned fund balance – This is the residual classification for the general operating fund. This classification represents a fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. In other funds, any negative fund balances would be unassigned.

West Virginia Offices of the Insurance Commissioner

Notes to Financial Statements (Amounts in thousands)

June 30, 2025

Newly Issued Statements by the GASB

In April 2024, the GASB issued **Statement No. 103**, *Financial Reporting Model Improvements*. This statement improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability as well as addresses certain application issues. The requirements of this Statement are effective for reporting periods beginning after June 15, 2025.

In September 2024, the GASB issued **Statement No. 104**, *Disclosure of Certain Capital Assets*. This statement requires certain information regarding capital assets to be presented by major class. Certain types of capital assets are to be disclosed separately in the capital assets note disclosures required by Statement No. 34. The requirements of this Statement are effective for reporting periods beginning after June 15, 2025.

Management has not determined the effects these new GASB Statements may have on prospective financial statements of the West Virginia Office of the Insurance Commissioner.

Note 3 – Cash and Cash Equivalents

The West Virginia Offices of the Insurance Commissioner is permitted by the Code to invest certain funds in excess of current disbursement needs with the West Virginia Investment Management Board (IMB). Investments are reported by the IMB at fair value and are accounted for by the West Virginia Offices of the Insurance Commissioner accordingly. Such funds are available to the West Virginia Offices of the Insurance Commissioner with overnight notice and are considered cash equivalents. Earnings for the IMB investment pools are determined monthly and distributed to pool participants at the beginning of the next month based on their pro rata participation in the pools.

During fiscal year 2025, stock holdings were limited to 30 percent of the Old Fund portfolio. The equity allocation was also limited to 30 percent of the Coal Worker's Pneumoconiosis Fund. Because the assets are held in the pools, no other disclosure related to credit or market risk is required. However, market risk exists as the assets of the pools may decline in value because of an increase in interest rates or a decline in stock prices. Such market risk is borne by the participants in the pools.

Invested assets of the Workers' Compensation Uninsured Employers' Fund, the Self-Insured Security Risk Pool and the Self-Insured Guaranty Risk Pool were invested 30 percent in equity securities and 70 percent in fixed income like securities and cash during fiscal year 2025.

In accordance with GASB No. 40, the following risk disclosure and other information is provided for the West Virginia Offices of the Insurance Commissioner funds being held by the IMB and the BTI in the following investment pools (amounts in thousands, except share data).

West Virginia Investment Management Board (IMB) Investments

The West Virginia Offices of the Insurance Commissioner is a participant in several IMB investment pools. The footnotes following this schedule represent the investment pools as a whole.

The following schedule provides the value of the West Virginia Offices of the Insurance Commissioner's balances in the various pools at June 30, 2025.

West Virginia Offices of the Insurance Commissioner

Notes to Financial Statements (Amounts in thousands)

June 30, 2025

Investment Pool	WC Old Fund	CWPF	Uninsured	Self-Insured Guaranty	Self-Insured Security
Core fixed income	\$ 83,032	\$ 20,314	\$ 2,098	\$ 4,352	\$ 5,296
Hedge fund	139,853	34,148	3,501	7,314	8,937
International equity	55,901	13,685	1,422	2,987	3,646
International nonqualified	25,487	6,223	638	1,333	1,628
Large cap domestic equity	129,040	31,509	3,224	6,746	8,251
Non-large cap domestic equity	20,447	4,998	511	1,063	1,303
Private markets	69,827	17,049	1,749	3,654	4,461
Short-term fixed income	34,473	8,506	1,045	2,102	2,432
TIPS	82,021	20,024	2,038	4,268	5,227
Total return fixed income	195,809	47,772	4,888	10,204	12,472
Total by Pool	<u>\$ 835,890</u>	<u>\$ 204,228</u>	<u>\$ 21,114</u>	<u>\$ 44,023</u>	<u>\$ 53,653</u>

Non-Large Cap Domestic Equity

Credit Risk –The Pool’s money market mutual fund investment and the Cash Collateral Account are exposed to credit risk. The money market mutual fund has the highest credit rating. The Cash Collateral Account is not rated.

Concentration of Credit Risk – The Pool is restricted from investing more than 5 percent of the value of the Pool in any one company. At June 30, 2025, the Pool was in compliance with this restriction and is not exposed to concentration of credit risk.

Custodial Credit Risk – The Pool is exposed to custodial credit risk from its uninsured and uncollateralized cash balances. At June 30, 2025, \$273 of the Pool’s cash balance was exposed to custodial credit risk. Securities on loan are collateralized to a minimum of 102 percent, and the collateral is held by the WVIMB’s custodian in the name of the WVIMB. The money market mutual fund and the Cash Collateral Account are not subject to custodial credit risk. All remaining securities are held by the WVIMB’s custodian in the name of the WVIMB and thus not subject to custodial credit risk.

Interest Rate Risk – The Pool is exposed to interest rate risk from its money market mutual fund investment and from the Cash Collateral Account. As of June 30, 2025, the money market mutual fund’s weighted average maturity (WAM) was 45 days. Except for repurchase agreements that can have up to 95 days to maturity, investments in the Cash Collateral Account are limited to overnight investments. As of June 30, 2025, the WAM for the Cash Collateral Account was 1 day.

Foreign Currency Risk – As of June 30, 2025, all of the Pool’s foreign investments were denominated in U.S. dollars. As such, the Pool was not exposed to foreign currency risk.

Large Cap Domestic Equity

The Pool holds shares of a commingled equity fund that invests in equities included in the S&P 500 Index. The value of this investment at June 30, 2025, was \$375,845. The Pool is exposed to credit risk and interest rate risk from its money market mutual fund investment. As of June 30, 2025, the money market mutual fund has the highest credit rating and has a weighted average maturity of 45 days. The Pool is not exposed to concentration of credit risk, custodial credit risk, or foreign currency risk.

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International Nonqualified

The Pool holds shares of commingled equity fund that invests in equities denominated in foreign currencies. The value of this investment at June 30, 2025, was \$204,179. This investment, although denominated in U.S. dollars, is exposed to foreign currency risk through the underlying investments. The Pool is not exposed to credit risk, interest rate risk, custodial credit risk, or concentration of credit risk.

International Equity

Credit Risk – The Pool’s money market mutual fund investment and Cash Collateral Account are exposed to credit risk. The money market mutual fund has the highest credit rating. The Cash Collateral Account is not rated.

Concentration of Credit Risk – The Pool is restricted from investing more than 5 percent of the value of the Pool in any one company. At June 30, 2025, the Pool was in compliance with this restriction and not exposed to concentration of credit risk.

Custodial Credit Risk – The Pool is exposed to custodial credit risk from its uninsured and uncollateralized cash balances. At June 30, 2025, \$34,900 of the Pool’s cash balance was exposed to custodial credit risk. Securities on loan are collateralized to a minimum of 102 percent for the U.S. Dollar denominated loans and 105 percent for foreign denominated loans, and the collateral is held by the WVIMB’s custodian in the name of the WVIMB. The money market mutual fund and the Cash Collateral Account are not subject to custodial credit risk. All remaining securities are held by the WVIMB’s custodian in the name of the WVIMB and thus not subject to custodial credit risk.

Interest Rate Risk – The Pool is exposed to interest rate risk from its money market mutual fund investment and from the Cash Collateral Account. As of June 30, 2025, the money market mutual fund’s weighted average maturity (WAM) was 45 days. Except for repurchase agreements that can have up to 95 days to maturity, investments in the Cash Collateral Account are limited to overnight investments. As of June 30, 2025, the WAM for the Cash Collateral Account was 1 day.

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Foreign Currency Risk – The Pool has equity investments, cash, and foreign currency spot contracts that are exposed to foreign currency risks. The amounts at fair value (in U.S. dollars) of equity investments, cash, and foreign currency spot contracts as of June 30, 2025, were as follows:

<u>Currency</u>	<u>Equity Investments</u>	<u>Cash</u>	<u>Foreign Currency Spot Contracts</u>	<u>Total</u>
Australian Dollar	\$ 64,165	\$ 366	\$ (2)	\$ 64,529
Brazilian Real	79,977	576	(3)	80,550
British Pound	191,633	2,155	7	193,795
Canadian Dollar	114,253	73	-	114,326
Chilean Peso	1,242	5	-	1,247
Chinese Yuan Offshore	64,643	34	-	64,677
Chinese Yuan Onshore	-	3	-	3
Czech Koruna	824	-	-	824
Danish Krone	19,648	7	-	19,655
Egyptian Pound	23	4	-	27
Emirati Dirham	52,663	1,676	-	54,339
Euro Currency Unit	455,760	4,282	(6)	460,036
Hong Kong Dollar	355,678	454	-	356,132
Hungarian Forint	19,745	5	-	19,750
Indian Rupee	257,288	3,967	-	261,255
Indonesian Rupiah	11,648	476	-	12,124
Israeli Shekel	16,547	6	-	16,553
Japanese Yen	293,441	7,984	13	301,438
Kuwaiti Dinar	9,550	238	-	9,788
Malaysian Ringgit	11,655	8	(1)	11,662
Mexican Peso	16,359	79	(7)	16,431
New Taiwan Dollar	285,029	145	11	285,185
New Zealand Dollar	79	-	-	79
Norwegian Krone	35,143	22	-	35,165
Philippine Peso	4,528	17	-	4,545
Polish Zloty	20,800	8	-	20,808
Qatari Riyal	1,606	-	-	1,606
Russian Ruble	-	6,951	-	6,951
Saudi Arabian Riyal	46,357	1,901	-	48,258
Singapore Dollar	13,586	6	-	13,592
South African Rand	19,868	4	(3)	19,869
South Korean Won	226,350	1,595	(15)	227,930
Swedish Krona	75,977	1,153	6	77,136
Swiss Franc	76,406	687	(2)	77,091
Thailand Baht	31,260	1	(4)	31,257
Turkish Lira	28,702	2	-	28,704
	<u>2,902,433</u>	<u>34,890</u>	<u>(6)</u>	<u>2,937,317</u>
U.S. Dollar	161,070	10	-	161,080
	<u>\$ 3,063,503</u>	<u>\$ 34,900</u>	<u>\$ (6)</u>	<u>\$ 3,098,397</u>

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Short-Term Fixed Income

Credit Risk – The WVIMB limits the exposure to credit risk in the Pool by requiring all corporate bonds to be rated AA or higher. Commercial paper must be rated A-1 by Standard & Poor’s and P-1 by Moody’s. Additionally, the Pool must hold at least 10 percent of its assets in United States Treasury issues or remedy any deviation within two business days. At June 30, 2025, the Pool held no corporate bonds or commercial paper and approximately 9 percent of its total assets in U.S. Treasury issues. In accordance with policy, the allocation to U.S. Treasury issues was remediated within two business days, resulting in an increase to 13 percent of its total assets by July 1, 2025. Repurchase agreements are collateralized by United States Treasury bonds. The WVIMB reviews available ratings from Standard & Poor’s, Moody’s, and Fitch, and reports the rating indicative of the greatest degree of risk. All of the Pool’s investments had the highest credit ratings as of June 30, 2025.

Concentration of Credit Risk – The Pool is restricted from investing more than 5 percent of the value of the Pool in any one corporate name. At June 30, 2025, the Pool was in compliance with this restriction and is not exposed to concentration of credit risk.

Custodial Credit Risk – The Pool is exposed to custodial credit risk from its uninsured and uncollateralized cash balances. As of June 30, 2025, \$19 of the Pool’s cash balance was exposed to custodial credit risk. Repurchase agreements are collateralized at 102 percent and the collateral is held in the name of the WVIMB. All remaining securities are held by the WVIMB’s custodian in the name of the WVIMB and thus not subject to custodial credit risk.

Interest Rate Risk – The Pool is exposed to interest rate risk from its fixed income investments. The WVIMB monitors interest rate risk of the Pool by limiting the weighted average maturity (WAM) of the investments of the Pool to 60 days. The maturity of floating rate notes is assumed to be the next interest rate reset date. The following table provides the WAM for the different asset types in the Pool as of June 30, 2025:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>WAM (days)</u>
Repurchase agreement	\$ 60,859	1
U.S. Government agency bonds	196,679	7
U.S. Treasury issues	24,960	15
Total investments	<u>\$ 282,498</u>	<u>6</u>

Foreign Currency Risk – The Pool is not subject to foreign currency risk.

Total Return Fixed Income

Credit Risk – The Pool is exposed to credit risk from its fixed income investments, money market mutual fund investment, and Cash Collateral Account investment. The WVIMB limits the exposure to credit risk in the Pool by maintaining at least an average long-term credit rating of BBB (investment grade) and/or a short-term credit rating of A-2 (Tier II) as defined by a nationally recognized statistical rating organization. The WVIMB reviews available ratings from Standard & Poor’s, Moody’s, and Fitch, and reports the rating indicative of the greatest degree of risk. The Pool held some securities in which the aforementioned rating agencies withdrew their credit rating and other securities that did not receive a credit rating. These securities have been listed as withdrawn or not rated, as applicable, in the table below. Credit ratings can be withdrawn for a variety of reasons including incorrect or insufficient information is available from the issuer to support the rating, bankruptcy or default, the size of a structured security falls below a level specified in the rating agencies methodology, or for business reasons of the rating agency. Business reasons generally do not reflect any concerns about a security’s creditworthiness and the absence or lack of a rating does not necessarily indicate a greater degree of risk. The

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money market mutual fund has the highest credit rating. The Cash Collateral Account is not rated. The following table provides credit ratings for the Pool's fixed income investments as of June 30, 2025:

Rating	Fair Value
<i>Long-term</i>	
AAA	\$ 105,314
AA	1,435,706
A	178,020
BBB	449,691
BB	277,841
B	121,504
CCC	38,987
CC	4,640
D	1,781
<i>Short-term</i>	
A-1	121,105
Total rated	\$ 2,734,589
Not rated	93,534
Withdrawn	13,838
Total fixed income investments	\$ 2,841,961

Concentration of Credit Risk – The Pool is restricted from investing more than 5 percent of the value of the Pool in any one corporate name. At June 30, 2025, the Pool was in compliance with this restriction and not exposed to concentration of credit risk.

Custodial Credit Risk – The Pool is exposed to custodial credit risk from its uninsured and uncollateralized cash balances, including cash pledged as collateral on derivative instruments. At June 30, 2025, \$15,111 of the Pool's cash balance was exposed to custodial credit risk. Repurchase agreements, when held, are collateralized to a minimum of 102 percent and the collateral is held in the name of the WVIMB. Securities on loan are collateralized to a minimum of 102 percent for U.S. dollar denominated loans and 105 percent for foreign denominated loans, and the collateral is held by the WVIMB's custodian in the name of the WVIMB. Investments in commingled debt funds, money market mutual funds, and the Cash Collateral Account are not subject to custodial credit risk. All remaining securities are held by the WVIMB's custodian, or by the counterparty if the securities were pledged as non-cash collateral on derivative instruments, in the name of the WVIMB and thus not subject to custodial credit risk.

Interest Rate Risk – The Pool is exposed to interest rate risk from its fixed income investments, money market mutual fund investment, and Cash Collateral Account investment. As of June 30, 2025, the money market mutual fund had a weighted average maturity (WAM) of 45 days. Except for repurchase agreements that can have up to 95 days to maturity, investments in the Cash Collateral Account are limited to overnight investments. As of June 30, 2025, the WAM for the Cash Collateral Account was 1 day.

The WVIMB monitors interest rate risk of the Pool by evaluating the effective duration of the investments in the Pool. Effective duration is a method of disclosing interest rate risk that measures the expected change in the price of a fixed income security for a 1 percent change in interest rates. The effective duration calculation makes assumptions regarding the most likely timing of variable cash flows, which is particularly useful for measuring interest rate risk of callable bonds, commercial and residential mortgage-backed securities, asset-backed securities, collateralized mortgage obligations, and

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variable-rate debt. The following table provides the weighted average effective duration for the various asset types in the Pool as of June 30, 2025:

Investment Type	Fair Value	Effective Duration (Years)
Bank loans	\$ 3,636	0.7
Commingled debt funds	174,575	3.0
Corporate ABS	116,565	1.7
Corporate CMO	105,219	1.4
Foreign ABS	103,589	(0.1)
Foreign corporate bonds	256,842	3.9
Foreign government bonds	198,138	4.7
Municipal bonds	17,027	5.8
Repurchase agreement	37,000	0.0*
U.S. corporate bonds	328,356	4.0
U.S. Government agency bonds	2,581	0.3
U.S. Government agency CMO	89,309	1.8
U.S. Government agency CMO IO	9,516	2.4
U.S. Government agency MBS	557,768	6.1
U. S. Government agency TBAs	278,624	4.7
U.S. Treasury issues	547,374	8.7
U.S. Treasury inflation protected securities (TIPS)	15,842	13.0
Total fixed income investments	<u>\$ 2,841,961</u>	

*Rounds to less than 0.05

The Pool invests in commercial and residential mortgage-backed securities, asset-backed securities, and collateralized mortgage obligations. The cash flows from these securities are based on the payment of the underlying collateral. The effective duration and yield to maturity of these securities are dependent on estimated prepayment assumptions that consider historical experience, market conditions and other criteria. Actual prepayments may vary with changes in interest rates. Rising interest rates often result in a slower rate of prepayments while declining rates tend to lead to faster prepayments. As a result, the fair values of these securities are highly sensitive to interest rate changes. At June 30, 2025, the Pool held \$1,260,588 of these securities, which represents approximately 44 percent of the value of the Pool's fixed income securities.

Foreign Currency Risk – The Pool has foreign fixed income investments, foreign equity investments, foreign currency spot contracts, and cash that is denominated in foreign currencies that are exposed to foreign currency risk. Additionally, the Pool has indirect exposure to foreign currency risk through its ownership interests in certain commingled debt funds. Approximately \$42,379, or 24 percent, of the commingled debt funds hold substantially all of their investments in securities denominated in foreign currencies. This represents approximately 1 percent of the value of the Pool's fixed income securities.

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The amounts at fair value (in U.S. dollars) of investments and cash denominated in foreign currencies as of June 30, 2025, are as follows:

Currency	Foreign Fixed Income	Foreign Common Stock	Foreign Currency Spot Contracts	Cash	Net Cash Due To/From Brokers	Total
Australian Dollar	\$ -	\$ -	\$ -	\$ 1,191	\$ 938	\$ 2,129
Brazilian Real	51,677	-	-	1	-	51,678
British Pound	-	147	-	797	656	1,600
Canadian Dollar	-	-	-	1,095	-	1,095
Colombian Peso	3,720	-	-	-	-	3,720
Dominican Peso	3,246	-	-	-	-	3,246
Egyptian Pound	3,957	-	-	-	-	3,957
Euro Currency Unit	33,594	-	(3)	3,645	-	37,236
Jamaican Dollar	1,385	-	-	-	-	1,385
Japanese Yen	6,396	-	-	1,298	-	7,694
Kazakhstani Tenge	4,750	-	-	-	-	4,750
Mexican Peso	5,863	-	-	1	-	5,864
Nigerian Naira	2,089	-	-	-	-	2,089
New Zealand Dollar	-	-	-	750	-	750
Polish Zloty	3,337	-	-	-	-	3,337
South African Rand	4,376	-	-	670	-	5,046
Swedish Krona	-	-	-	470	-	470
Turkish Lira	2,652	-	-	-	-	2,652
Uruguayan Peso	1,014	-	-	-	-	1,014
Uzbekistani Som	3,924	-	-	-	-	3,924
Total foreign denominated investments	\$ 131,980	\$ 147	\$ (3)	\$ 9,918	\$ 1,594	\$ 143,636
U.S. Dollar	430,225	-	-	(680)	(5,134)	424,411
Total	<u>\$ 562,205</u>	<u>\$ 147</u>	<u>\$ (3)</u>	<u>\$ 9,238</u>	<u>\$ (3,540)</u>	<u>\$ 568,047</u>

Core Fixed Income

Credit Risk – The Pool is exposed to credit risk from its fixed income investments, money market mutual fund investment, and Cash Collateral Account investment. The WVIMB limits the exposure to credit risk in the Pool by maintaining at least an average credit rating of BBB (investment grade) as defined by a nationally recognized statistical rating organization. The WVIMB reviews available ratings from Standard & Poor’s, Moody’s, and Fitch, and reports the rating indicative of the greatest degree of risk. The Pool held some securities in which the aforementioned rating agencies withdrew their credit rating and other securities that did not receive a credit rating. These securities have been listed as withdrawn or not rated, as applicable, in the table below. Credit ratings can be withdrawn for a variety of reasons including incorrect or insufficient information is available from the issuer to support the rating, bankruptcy or default, the size of the structured security falls below a level specified in the rating agencies methodology, or for business reasons of the rating agency. Business reasons generally do not reflect any concerns about a security’s creditworthiness and the absence or lack of a rating does not necessarily indicate a greater degree of risk. The money market mutual fund has the highest credit rating. The Cash

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Collateral Account is not rated. The following table provides credit ratings for the Pool's fixed income investments as of June 30, 2025:

Rating	Fair Value
AAA	\$ 80,792
AA	1,390,202
A	210,315
BBB	417,554
BB	9,905
B	203
CCC	106
Total rated	2,109,077
Not rated	121,334
Withdrawn	16,076
Total fixed income investments	\$ 2,246,487

Concentration of Credit Risk – The Pool is restricted from investing more than 5 percent of the value of the Pool in any one corporate name. At June 30, 2025, the Pool was in compliance with this restriction and not exposed to concentration of credit risk.

Custodial Credit Risk – At June 30, 2025, the Pool held no securities that were subject to custodial credit risk. Securities on loan are collateralized to a minimum of 102 percent, and the collateral is held by the WVIMB's custodian in the name of the WVIMB. The money market mutual fund and the Cash Collateral Account are not subject to custodial credit risk. All remaining securities are held by the WVIMB's custodian in the name of the WVIMB and thus not subject to custodial credit risk.

Interest Rate Risk – The Pool is exposed to interest rate risk from its fixed income investments, money market mutual fund investment, and Cash Collateral Account investment. As of June 30, 2025, the money market mutual fund has a weighted average maturity (WAM) of 45 days. Except for repurchase agreements that can have up to 95 days to maturity, investments in the Cash Collateral Account are limited to overnight investments. As of June 30, 2025, the WAM for the Cash Collateral Account was 1 day.

The WVIMB monitors interest rate risk of the Pool by evaluating the effective duration of the investments in the Pool. Effective duration is a method of disclosing interest rate risk that measures the expected change in the price of a fixed income security for a 1 percent change in interest rates. The effective duration calculation makes assumptions regarding the most likely timing of variable cash flows, which is particularly useful for measuring interest rate risk of callable bonds, commercial and residential mortgage-backed securities, asset-backed securities, collateralized mortgage obligations, and

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variable-rate debt. The following table provides the weighted average effective duration for the Pool's fixed income investments as of June 30, 2025:

Investment Type	Fair Value	Effective Duration (Years)
Corporate ABS	\$ 227,337	2.0
Corporate CMO	102,426	2.2
Corporate CMO IO	90	0.6
Corporate CMO PO	1,512	0.0*
Foreign ABS	2,469	0.0*
Foreign corporate bonds	199,174	4.2
Foreign government bonds	10,746	7.7
Municipal bonds	8,429	8.1
U.S. corporate bonds	370,172	7.6
U.S. Government agency CMO	111,974	5.0
U.S. Government agency CMO IO	1,026	8.5
U.S. Government agency CMO PO	1,520	5.0
U.S. Government agency MBS	509,204	6.0
U.S. Treasury issues	700,408	8.7
Total fixed income investments	\$ 2,246,487	

*Rounds to less than 0.05

The Pool invests in commercial and residential mortgage-backed securities, asset-backed securities, and collateralized mortgage obligations. The cash flows from these securities are based on the payment of the underlying collateral. The effective duration and yield to maturity of these securities are dependent on estimated prepayment assumptions that consider historical experience, market conditions and other criteria. Actual prepayments may vary with changes in interest rates. Rising interest rates often result in a slower rate of prepayments while declining rates tend to lead to faster prepayments. As a result, the fair values of these securities are highly sensitive to interest rate changes. At June 30, 2025, the Pool held \$957,559 of these securities. This represents approximately 43 percent of the value of the Pool's fixed income securities.

Foreign Currency Risk –As of June 30, 2025, all of the Pool's foreign investments were denominated in U.S. dollars. As such, the Pool was not exposed to foreign currency risk.

TIPS

Credit Risk – The WVIMB limits the exposure to credit risk in the Pool's fixed income investments by primarily investing in U.S. TIPS. The Pool is exposed to credit risk from its money market mutual fund investment. The WVIMB reviews available credit ratings from Standard & Poor's, Moody's, and Fitch, and reports the rating indicative of the greatest degree of risk. As of June 30, 2025, all of the Pool's U.S. TIPS investments had a credit rating of AA. The money market mutual fund has the highest credit rating.

Concentration of Credit Risk – The Pool is not exposed to concentration of credit risk.

Custodial Credit Risk – At June 30, 2025, the Pool held no securities that were subject to custodial credit risk. Securities on loan are collateralized to a minimum of 102 percent and the collateral is held by the WVIMB's custodian in the name of

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the WVIMB. The money market mutual fund is not subject to custodial credit risk. All remaining securities are held by the WVIMB's custodian in the name of the WVIMB and thus not subject to custodial credit risk.

Interest Rate Risk – The Pool is exposed to interest rate risk through its fixed income investments and money market mutual fund investment. The WVIMB monitors the interest rate risk of U.S. TIPS by evaluating the effective duration. Effective duration is a method of disclosing interest rate risk that measures the expected change in the price of a fixed income security for a 1 percent change in interest rates. As of June 30, 2025, the effective duration for the U.S. TIPS investments was 3.6 years. As of June 30, 2025, the money market mutual fund had a weighted average maturity of 45 days.

Foreign Currency Risk – The pool is not subject to foreign currency risk.

Hedge Fund

The Pool holds investments in hedge funds that might be indirectly exposed to foreign currency risk, credit risk, interest rate risk, and/or custodial credit risk. The Pool is restricted from investing more than 10 percent of the value of the Pool with any single manager. At June 30, 2025, the Pool was in compliance with this restriction and is not exposed to concentration of credit risk.

Private Markets

Credit Risk – The Pool is exposed to credit risk from its fixed income investments, money market mutual fund investment, investments in unrated private credit & income funds, and the Cash Collateral Account investment. The WVIMB limits the exposure to credit risk in the Pool by maintaining at least an average rating of BBB (investment grade) as defined by a nationally recognized statistical rating organization. The WVIMB reviews available ratings from Standard & Poor's and Moody's, and reports the rating indicative of the greatest degree of risk. The money market mutual fund has the highest credit rating. The Cash Collateral Account is not rated. Credit risk associated with the unrated private credit & income funds are limited by requiring that underlying fund holdings are at least 90 percent collateralized by one or more assets of the borrower.

The following table provides credit ratings for the Pool's fixed income investments as of June 30, 2025:

<u>Rating</u>	<u>Fair Value</u>
A	\$ 518
BBB	12,441
BB	1,204
CC	109
Total fixed income investments	<u>\$ 14,272</u>

Concentration of Credit Risk – The Pool's investments in alternative investment funds may be indirectly exposed to concentration of credit risk.

Custodial Credit Risk – The Pool is exposed to custodial credit risk from its uninsured and uncollateralized cash balances. As of June 30, 2025, \$1,451 of the Pool's cash balance was exposed to custodial credit risk. Securities on loan are collateralized to a minimum of 102 percent for U.S. dollar denominated loans and 105 percent for foreign denominated loans, and the collateral is held by the WVIMB's custodian in the name of the WVIMB. The money market mutual fund and the Cash Collateral Account are not subject to custodial credit risk. The alternative investments are not considered

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securities for the purposes of custodian credit risk. All remaining securities are held by the WVIMB's custodian in the name of the WVIMB and thus not subject to custodial credit risk.

Interest Rate Risk – The Pool is exposed to interest rate risk through its investments in U.S. corporate bonds, private credit & income funds, the money market mutual fund, and the Cash Collateral Account investment. The WVIMB monitors interest rate risk of U.S. corporate bonds by evaluating the effective duration. Effective duration is a method of disclosing interest rate risk that measures the expected change in the price of a fixed income security for a 1 percent change in interest rates. The effective duration calculation makes assumptions regarding the most likely timing of variable cash flows, which is particularly useful for measuring interest rate risk of callable bonds and variable-rate debt. As of June 30, 2025, the effective duration for U.S. corporate bonds was 4.1 years. The WVIMB manages interest rate risk of the private credit & income funds by investing primarily in funds that originate or invest in loans that have variable or floating interest rates. Most of these investments have relatively short durations and final maturities within three-to-five years. As of June 30, 2025, the money market mutual fund has a weighted average maturity (WAM) of 45 days. Except for repurchase agreements that can have up to 95 days to maturity, investments in the Cash Collateral Account are limited to overnight investments. As of June 30, 2025, the WAM for the Cash Collateral Account was 1 day.

Foreign Currency Risk – The Pool holds foreign common stock, real estate limited partnerships and funds, and cash that is denominated in foreign currencies that are exposed to foreign currency risks. The investments in private credit & income funds and private equity partnerships may be indirectly exposed to foreign currency risk.

The amounts at fair value (in U.S. dollars) of investments and cash denominated in foreign currencies as of June 30, 2025, are as follows:

Currency	Foreign Common Stock	Real Estate Limited Partnerships and Funds	Cash	Total
Australian Dollar	\$ 6,471	\$ -	\$ -	\$ 6,471
British Pound	4,998	-	-	4,998
Canadian Dollar	1,779	78,290	-	80,069
Euro Currency Unit	8,452	105,373	-	113,825
Hong Kong Dollar	3,172	-	-	3,172
Japanese Yen	10,201	-	6	10,207
Singapore Dollar	3,504	-	31	3,535
Swedish Krona	445	-	-	445
Swiss Franc	680	-	-	680
	Total	183,663	37	223,402
U.S. Dollar	616	2,100,717	1,414	2,102,747
	Total	\$ 2,284,380	\$ 1,451	\$ 2,326,149

Board of Treasury (BTI) Investments

The West Virginia Offices of the Insurance Commissioner is a participant in the BTI WV Money Market Pool. At June 30, 2025, the Operating Fund has \$650 and SEWC Fund has \$5,937 in this pool. The following footnote information pertains to the pool as a whole.

The BTI is charged with managing the individual investment pools and accounts of the Consolidated Fund under authority of West Virginia State Code Chapter 12, Article 6C, West Virginia Treasury Investments Act. The West Virginia Legislature

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established the BTI as a public corporation of the State of West Virginia, to make short-term operating funds of the State more accessible to state government and to allow the WVIMB, which had managed the Consolidated Fund, to focus on the State's long-term trust investments. The BTI operates on a fiscal year that begins July 1 and ends June 30. The Consolidated Fund provides for the investment of monies not currently needed to fund state governmental operations, as well as providing the opportunity for local governments to participate in large investment pools, and for those funds statutorily required to be invested in the Consolidated Fund. The West Virginia State Treasurer's Office provides direct administrative and management services to the BTI. The BTI does not directly employ a staff but reimburses the Treasurer's Office for all personnel expenses of Treasury employees assigned to administer and manage the BTI.

The BTI is authorized by the Code Chapter 12, Article 6C, Section 9, to invest in United States government and agency obligations, commercial paper, corporate bonds, repurchase agreements, asset-backed securities, and investments in accordance with the Linked Deposit Program, which is a program using financial institutions in the State to reduce loan costs to small businesses by offsetting interest reductions on the loans with certificates of deposit, loans approved by the Legislature, and any other programs authorized by the Legislature. In addition to the restrictions in investment types, at no time shall more than seventy-five percent of the Consolidated Fund be invested in any bond, note, debenture, commercial paper or other evidence of indebtedness of any private corporation or association and at no time shall more than five percent be invested in securities issued by a single private corporation or association.

The BTI has adopted an investment policy in accordance with the "Uniform Prudent Investor Act." The "prudent investor rule" guides those with responsibility for investing the money for others. Such fiduciaries must act as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments. The BTI's investment policy is to invest assets in a manner that strives for maximum safety, provides adequate liquidity to meet all operating requirements, and achieves the highest possible investment return consistent with the primary objectives of safety and liquidity. The BTI recognizes that risk, volatility, and the possibility of loss in purchasing power are present to some degree in all types of investments. Due to the short-term nature of the Consolidated Fund, the BTI believes that it is imperative to review and adjust the investment policy in reaction to interest rate market fluctuations/trends on a regular basis and has adopted a formal review schedule. Investment policies have been established for each investment pool and account of the Consolidated Fund.

The WV Money Market Pool is one of the pools in the Consolidated Fund. It consists of the operating funds of the State, funds held by State agencies and funds from local governments who desire the opportunity to invest with the State. Its purpose is to provide for the investment of all surplus funds and to supply the daily cash needs of the State. The pool is co-managed by Federated Hermes and UBS Global Asset Management.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Two of the BTI's pools, the WV Money Market and WV Government Money Market Pools, have been rated AAAM by Standard & Poor's. A fund rated AAAM has extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and/or liquidity risks. AAAM is the highest principal stability fund rating assigned by Standard & Poor's. Neither the BTI itself nor any other Consolidated Fund pool or account has been rated for credit risk by any organization. Of the Consolidated Fund pools and accounts, six are subject to credit risk: WV Money Market Pool, WV Government Money Market Pool, WV Short Term Bond Pool, WV Term Deposit Account, Loan Pool, and School Fund Account.

The BTI limits the exposure to credit risk in the WV Money Market Pool by requiring all long-term corporate debt be rated A+ or higher by Standard & Poor's (or its equivalent) and short-term corporate debt be rated at A-1 or higher by Standard & Poor's (or its equivalent).

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The following table provides information on the credit ratings of the WV Money Market Pool's investments (in thousands):

Security Type	Rating	Carrying Value (In Thousands)	Percent of Pool Assets
Corporate Bonds and Notes	A-1+	\$ 35,000	0.40%
Commercial Paper	A-1+	3,314,070	38.42
	A-1	2,751,539	31.90
Negotiable certificates of deposit	A-1+	841,000	9.75
	A-1	696,010	8.07
Money market funds	AAAm	3,691	0.04
Repurchase agreements (underlying securities)			
U.S. Treasury bonds and notes*	AA+	846,600	9.81
U.S. Agency bonds and notes	AA+	138,500	1.61
		\$ 8,626,410	100.00%

* U.S. Treasury issues are explicitly guaranteed by the United States government and are not considered to have credit risk.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. All Consolidated Fund pools and accounts are subject to interest rate risk.

The overall weighted average maturity of the investments of the WV Money Market Pool cannot exceed 60 days. Maximum maturity of individual securities cannot exceed 397 days from date of purchase, except for government floating rate notes, which can be up to 762 days. The following table provides information on the weighted average maturities for the various asset types in the WV Money Market Pool:

Security Type	Carrying Value (In Thousands)	WAM (Days)
Corporate bonds and notes	\$ 35,000	1
Commercial paper	6,065,609	46
Negotiable certificates of deposit	1,537,010	49
Repurchase agreements	985,100	1
Money market funds	3,691	1
	\$ 8,626,410	41

Other risks of investing can include concentration of credit risk, custodial credit risk, and foreign currency risk.

Concentration of credit risk is the risk of loss attributed to the magnitude of a Consolidated Fund pool or account's investment in a single corporate issuer. The BTI investment policy prohibits those pools and accounts permitted to hold corporate securities from investing more than 5 percent of their assets in any one corporate name or one corporate issue.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the BTI will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Repurchase agreements are required to be collateralized by at least 102 percent of their value, and the collateral is held in the name of the BTI. The BTI or its agent does not release cash or securities until the counterparty delivers its side of the transaction.

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Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. None of the Consolidated Fund's investment pools or accounts holds interests in foreign currency or interests valued in foreign currency.

Remaining portions of cash and cash equivalents consist of cash on deposit with the West Virginia State Treasurer's Office (STO). The agency does not have any external bank accounts. The State Treasurer has statutory responsibility for the daily cash management activities of the State's agencies, departments, boards and commissions in accordance with West Virginia Code. Cash and cash equivalents are carried at amortized cost. All deposits with the STO are available with overnight notice.

The following table presents a summary of cash and cash equivalents reported by each Fund of the West Virginia Offices of the Insurance Commissioner as of June 30, 2025, by each State deposit/investment institution:

Fund	STO	WV IMB	BTI	Total
Operating	\$ 72,985	\$ -	\$ 650	\$ 73,635
Old Fund	3,092	835,890	-	838,982
Uninsured	39	21,114	-	21,153
Self-Insured Guaranty	101	44,023	-	44,124
Self-Insured Security	105	53,653	-	53,758
CWP	251	204,228	-	204,479
SEWC	2,901	-	5,937	8,838
Total cash and cash equivalents	<u>\$ 79,474</u>	<u>\$ 1,158,908</u>	<u>\$ 6,587</u>	<u>\$ 1,244,969</u>

Cash and cash equivalents per government-wide Statement of Net Position as of June 30, 2025:

Governmental Activities	\$ 73,635
Business-Type Activities	1,171,334
	<u>\$ 1,244,969</u>

Note 4 – Leases

The West Virginia Offices of the Insurance Commissioner has lease agreements for its current central office building and various hearing and field offices throughout West Virginia with various terms under long-term, non-cancelable lease agreements. The leases have monthly installments ranging between \$2 and \$4 plus interest ranging from 4.00% to 6.50% with due dates ranging from December 2026 to September 2027.

Future annual minimum lease payments on leases for years subsequent to June 30, 2025, are as follows:

Fiscal Year Ended	Principal	Interest	Total Payments
June 30,			
2026	\$ 56	\$ 5	\$ 61
2027	49	2	51
2028	11	-	11
	<u>\$ 116</u>	<u>\$ 7</u>	<u>\$ 123</u>

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Note 5 – Subscription-based Information Technology Arrangements (SBITAs)

The West Virginia Offices of the Insurance Commissioner has subscription-based information technology arrangements for our legal offices throughout West Virginia with various terms. The arrangements have installments ranging between \$3 and \$205 plus interest of 6.50% with due dates ranging from March 2026 to June 2028. The total amount of subscription assets at June 30 was \$2,029. Amortization expense associated with these arrangements totaled \$427. Interest expense associated with these arrangements totaled \$30.

Future annual minimum lease payments on leases for years subsequent to June 30, 2025, are as follows:

Fiscal Year Ended				
June 30,	Principal	Interest	Total Payments	
2026	\$ 227	\$ 19	\$ 246	
2027	38	4	42	
2028	40	2	42	
	\$ 305	\$ 25	\$ 330	

Note 6 – Estimated Liability for Unpaid Claims and Claim Adjustment Expenses

GASB standards state “the practice of presenting claims liabilities at the discounted present value of estimated future cash payments (discounting) is neither mandated nor prohibited.” GASB standards provide that, if discounting is used, the pool should use a rate that is determined by considering such factors as the pool’s expected settlement rate for those liabilities and its expected investment yield rate. West Virginia Offices of the Insurance Commissioner’s management has elected to use discounting for the Workers’ Compensation Funds. The estimated liabilities for unpaid claims and claim adjustment expenses (claims liability) for the Old Fund have been discounted using a rate of 3.0 percent at June 30, 2025. The 3.0 percent discount rate assumption was consistent with fiscal year 2024. The claims liabilities of the Coal Workers’ Pneumoconiosis Fund, the Uninsured Employers’ Fund and the Self-Insured Employers’ Funds have been discounted at 3.0 percent at June 30, 2025, as in prior years. Based on the composition and characteristics of the SEWC Fund, the claim liabilities for this proprietary fund are presented on an undiscounted basis.

The impact of discounting on the stated value of the liabilities is significant. At June 30, 2025, the total undiscounted claim liability for the West Virginia Offices of the Insurance Commissioner’s Workers’ Compensation Funds approximated \$1.154 billion, and the total discounted claims liability for the West Virginia Offices of the Insurance Commissioner’s Workers’ Compensation Funds approximated \$941 million, which yields a discount amount of \$213 for fiscal year 2025. If the West Virginia Offices of the Insurance Commissioner did not elect to use discounting in their presentation of the liabilities in their financial statements, the net position of the West Virginia Offices of the Insurance Commissioner’s Workers’ Compensation Funds would be a balance of \$9.

The following schedule represents the reconciliation of the unpaid claims liability for the West Virginia Offices of the Insurance Commissioner’s Workers’ Compensation Funds, at June 30, 2025, including an analysis of changes in aggregate liabilities for claims and claim adjustment expenses for the year then ended. Losses include claim adjustment expenses. Discounting has been applied at 3.0 percent for the Old Fund, the CWPF, UEF, and SI Funds.

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Unpaid claims and claim adjustment expenses at beginning of year	\$ 1,003,600
Claims and claim adjustment expenses:	
Provision for insured events of the current fiscal year	231
Changes in provision for insured events of prior fiscal years	6,892
Amortization of discount	28,642
Total claims and claim adjustment expenses	<u>35,765</u>
Payments:	
Claims and claim adjustment expenses attributable to insured events of current year	1
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	(98,466)
Total payments	<u>(98,465)</u>
Unpaid claims and claim adjustment expenses at end of the year	<u>\$ 940,900</u>

The following schedule represents the reconciliation of the unpaid claims liability for SEWC at June 30, 2025, including an analysis of changes in aggregate liabilities for claim and claim adjustment expenses for the year then ended. Liabilities are presented on an undiscounted basis.

Unpaid claims and claim adjustment expenses at beginning of year	\$ 11,200
Commuted liabilities	(803)
Unpaid claims and claims adjustment expense adjusted for commuted liabilities	<u>10,397</u>
Claims and claim adjustment expenses:	
Provision for insured events of the current fiscal year	9,200
Changes in provision for insured events of prior fiscal years	(1,494)
Subtotal claims and claim adjustment expenses	<u>7,706</u>
Commuted liabilities expense	803
Total claims and claim adjustment expenses	<u>8,509</u>
Payments:	
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	(3,812)
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	(5,279)
Subtotal incremental claim payments	<u>(9,091)</u>
Commuted loss reserve fund value	(215)
Total claim payments and commuted loss reserve fund	<u>(9,306)</u>
Unpaid claims and claim adjustment expenses at end of the year	<u>\$ 9,600</u>

Note 7 – Pension Plan

Plan Description – The West Virginia Offices of the Insurance Commissioner contributes to the West Virginia Public Employees Retirement System (PERS), a cost-sharing multiple-employer defined benefit pension plan administered by the West Virginia Consolidated Public Retirement Board (CPRB). PERS also provides delayed retirement, early retirement, death, and disability benefits. CPRB issues a publicly available financial report that includes financial statements and required supplemental information for PERS. That report can be obtained by writing to CPRB, 601 57th Street, SE, Suite 5, Charleston, West Virginia 25304 or by calling (304) 558-3570.

Benefits provided – Benefits are provided through PERS using a two-tiered system. Effective July 1, 2015, PERS implemented the second tier, Tier II. Employees hired, for the first time, on or after July 1, 2015, are considered Tier II members. Tier I and Tier II members are subject to different regulations.

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Tier I: Employees who retire at or after age 60 with five or more years of credited service, or at least age 55 with age and service equal to 80 years or greater, are entitled to a retirement benefit established by State statute, payable monthly for life, in the form of a straight-life annuity equal to two percent of the employee's final average salary multiplied by years of service. Final average salary is the average of the highest annual compensation received by an employee during any period of three consecutive years of credited service included within fifteen years of credited service immediately preceding the termination date of employment with a participating public employer or, if the employee has less than three years of credited service, the average of the annual rate of compensation received by the employee during the total years of credited service. Terminated members with at least five years of contributory service who do not withdraw their accumulated contributions may elect to receive their retirement annuity beginning at age 62.

Tier II: Employees who retire at or after age 62 with ten or more years of credited service are entitled to a retirement benefit established by State statute, payable monthly for life, in the form of a straight-life annuity equal to two percent of the employee's final average salary multiplied by years of service. Final average salary is the average of the highest annual compensation received by an employee during any period of five consecutive years of credited service included within fifteen years of credited service immediately preceding the termination date of employment with a participating public employer. Terminated members with at least ten years of contributory service who do not withdraw their accumulated contributions may elect to receive their retirement annuity beginning at age 64.

Contributions – While contribution rates are legislatively determined, actuarial valuations are performed to assist PERS and the State Legislature in determining contribution rates. The funding policy required employer contributions of 9% for the years ended June 30, 2025, 2024, and 2023. The employee contribution rate is 4.5% and 6.0% for Tier I and Tier II employees, respectively. The West Virginia Offices of the Insurance Commissioner's contribution to the Plan, excluding the employee's contribution paid by the West Virginia Offices of the Insurance Commissioner, was \$909, \$938 and \$910 for fiscal years ended June 30, 2025, 2024 and 2023, respectively.

Pension Liabilities (Assets), Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2025, the West Virginia Offices of the Insurance Commissioner reported a net pension asset of \$888 for its proportionate share of the net pension asset. The June 30, 2025, net pension asset was measured as of June 30, 2024, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2023, rolled forward to the measurement date of June 30, 2024. The West Virginia Offices of the Insurance Commissioner's proportion of the net pension asset was based on a projection of the West Virginia Offices of the Insurance Commissioner's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2024, the West Virginia Offices of the Insurance Commissioner's proportionate share was 0.54%, which was a decrease of .04% from its proportionate share of 0.58% measured as of June 30, 2023.

For the year ended June 30, 2025, the West Virginia Offices of the Insurance Commissioner recognized pension expense of \$474. At June 30, 2025, the West Virginia Offices of the Insurance Commissioner reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 1,034
Differences between expected and actual experience	1,206	-
Change in assumptions	-	81
Changes in proportion and differences between the West Virginia Offices of the Insurance Commissioner's contributions and proportionate share of contributions	55	-
The West Virginia Offices of the Insurance Commissioner's contributions subsequent to the measurement date as of June 30, 2024	909	-
	\$ 2,170	\$ 1,115

The West Virginia Offices of the Insurance Commissioner reported \$909 as deferred outflows of resources related to pensions resulting from West Virginia Offices of the Insurance Commissioner contributions subsequent to the measurement date will be recognized as an increase in the net pension asset in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amortization
2026	\$ (415)
2027	1,308
2028	(378)
2029	(369)
	\$ 146

Actuarial assumptions and methods – The total pension liability reported as of June 30, 2025, was determined by actuarial valuations as of July 1, 2023, with measurements dates of June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurements unless otherwise specified:

Inflation	2.75%
Salary increases	2.75 – 7.37%, average, including inflation
Investment rate of return	7.25%, net of pension plan investment expense

Mortality rates were based on 100% of Pub-2010 General Employees table, below-median, headcount weighted, projected generationally with scale MP-2021 for active members; 111% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected generationally with scale MP-2021 for retired healthy males; 118% of Pub-2010 General Retiree Female table, below-median, headcount weighted, projected generationally with scale MP-2021 for retired healthy females; 119% of Pub-2010 General/Teachers Disabled Male table, headcount weighted, projected generationally with scale MP-2021 for disabled males; 124% of Pub-2010 General/Teachers Disabled Female table, headcount weighted, projected generationally with scale MP-2021 for disabled females; 109% of Pub-2010 Contingent Survivor Male Table, below-median, headcount weighted, projected generationally with Scale MP-2021 for Beneficiary Males; and 121% of

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Pub-2010 Contingent Survivor Female Table, below-median, headcount weighted, projected generationally with Scale MP-2021 for Beneficiary Females. Experience studies, which was based on the years 2018-2023, was used for the 2023 actuarial valuations that was rolled forward to the measurement date of June 30, 2024.

Long-term expected rates of return – The long-term rates of return on pension plan investments were determined using the building block method in which estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and by adding expected inflation. Best estimates of long-term geometric rates of return are summarized in the following table and were used for all defined benefit plans for the year ending June 30, 2024:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	22.5 %	6.5 %
International Equity	22.5	9.1
Fixed Income	15.0	4.3
Real Estate	12.0	5.8
Private Equity	12.0	9.2
Private Credit	6.0	9.8
Hedge Funds	10.0	4.6
	100.0 %	

Discount rate – The discount rate used to measure the total pension liability was 7.25%. The projections of cash flows used to determine the discount rates assumed that employer contributions will continue to follow the current funding policies. Based on those assumptions, the fiduciary net position of each defined benefits pension plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rates of return on pension plan investments were applied to all periods of projected benefit payments to determine the total pension liabilities of each plan.

Sensitivity of the West Virginia Offices of the Insurance Commissioner’s proportionate share of the net pension asset (liability) to changes in the discount rate – Regarding the sensitivity of the net pension asset (liability) to changes in the discount rate, the following table presents the Commissioner’s net pension asset (liability) calculated using the current discount rate of 7.25% as well as the Commissioner’s net pension asset (liability) if it was calculated using a discount rate that is one percentage point lower or one percentage point higher as of June 30, 2024 (in thousands):

	Net Pension Asset (Liability)		
	1% Decrease 6.25%	Discount Rate 7.25%	1% Increase 8.25%
	Commissioner’s proportionate share of the net pension asset (liability)	\$ (4,521)	\$ 888

Pension plan fiduciary net position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued PERS financial report available at the Consolidated Public Retirement Board’s website at www.wvretirement.com.

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Note 8 – Other Postemployment Benefits

As related to the implementation of GASB 75, following are the West Virginia Offices of the Insurance Commissioner’s net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, revenues, and the OPEB expense and expenditures for the fiscal year ended June 30, 2025:

Net OPEB asset (liability)	\$	33
Deferred outflows of resources		224
Deferred inflows of resources		(210)
Revenues		(55)
OPEB expense		100
Contributions made by the West Virginia Offices of the Insurance Commissioner		82

Plan Description – The West Virginia Other Postemployment Benefit (OPEB) Plan (the Plan) is a cost-sharing, multiple employer, defined benefit other postemployment benefit plan and covers the retirees of State agencies, colleges and universities, county boards of education, and other government entities as set forth in the Code. Financial activities of the Plan are accounted for in the West Virginia Retiree Health Benefit Trust Fund (RHBT), a fiduciary fund of the State established July 1, 2006, as an irrevocable trust. The Plan is administered by a combination of the West Virginia Public Employees Insurance Agency (PEIA) and the RHBT staff. Plan benefits are established and revised by PEIA and the RHBT management with the approval of the Finance Board. The plan provides medical and prescription drug insurance, as well as life insurance benefits to certain retirees of State agencies, colleges and universities, county boards of education, and other government entities who receive pension benefits under the PERS, STRS, TDCRS, TIAA-CREF, Plan G, Troopers Plan A, or Troopers Plan B pension systems, as administered by the West Virginia Consolidated Public Retirement Board (CPRB). The plan is closed to new entrants.

Plan fiduciary net position – The Plan’s fiduciary net position has been determined on the same basis used by the Plan. The RHBT is accounted for as a fiduciary fund, and its financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting in conformity with GAAP for fiduciary funds as prescribed or permitted by the GASB. The primary sources of revenue are plan members and employer contributions. Members’ contributions are recognized in the period in which the contributions are due. Employer contributions and related receivables to the trust are recognized pursuant to a formal commitment from the employer or statutory or contractual requirement when there is a reasonable expectation of collection. Benefits and refunds are recognized when due and payable.

RHBT is considered a component unit of the State of West Virginia for financial reporting purposes, and, as such, its financial report is also included in the State of West Virginia’s Annual Comprehensive Financial Report. RHBT issues publicly available financial statements and required supplementary information for the OPEB plan. Details regarding this plan and a copy of the RHBT financial report may be obtained by contacting PEIA at 601 57th Street SE, Suite 2, Charleston, West Virginia 25304-2345, or by calling (888) 680-7342.

Benefits provided – The Plan provides the following benefits:

- Medical and prescription drug insurance
- Life insurance

The medical and prescription drug insurance is provided through two options:

- Self-Insured Preferred Provider Benefit Plan – primarily for non-Medicare-eligible retirees and spouses

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- External Managed Care Organizations – primarily for Medicare-eligible retirees and spouses

Contributions – Employer contributions from the RHBT billing system represent what the employer was billed during the respective year for its portion of the pay-as-you-go (paygo) premiums, retiree leave conversion billings, and other matters, including billing adjustments.

Paygo premiums are established by the PEIA Finance Board annually. All participating employers are required by statute to contribute this premium to the RHBT at the established rate for every active policyholder per month. The paygo rate for fiscal year 2025 was \$34 per active health policy per month. In fiscal year 2024, there was no subsidization of the retirees' healthcare from paygo premiums. RHBT had significant savings with the Humana contract renewal beginning fiscal years 2022 through 2025. RHBT experienced favorable investment returns in fiscal year 2021, resulting in an excess in the premium stabilization reserve. RHBT passed on these savings to PEIA active employers by not billing paygo in fiscal year 2024. The 5-year financial plan originally had paygo to be billed at \$20 million for fiscal year 2024. The paygo rate for fiscal year 2023 was \$70 per active health policy per month.

Members retired before July 1, 1997, pay retiree healthcare contributions at the highest sponsor subsidized rate, regardless of their actual years of service. Members retired between July 1, 1997, and June 30, 2010, pay a subsidized rate depending on the member's years of service. Members hired on or after July 1, 2010, pay retiree healthcare contributions with no sponsor provided implicit or explicit subsidy.

Retiree leave conversion contributions from the employer depend on the retiree's date of hire and years of service at retirement as described below:

- Members hired before July 1, 1988, may convert accrued sick or annual leave days into 100% of the required retiree healthcare contribution.
- Members hired from July 1, 1988, to June 30, 2001, may convert accrued sick or annual leave days into 50% of the required retiree healthcare contribution.

The conversion rate is two days of unused sick and annual leave days per month for single healthcare coverage and three days of unused sick and annual leave days per month for family healthcare coverage.

Contributions by non-employer contributing entities in special funding situations

The State of West Virginia is a non-employer contributing entity that provides funding through SB419, effective July 1, 2012, amended by West Virginia Code §11-21-96 (the Code). The State provides a supplemental pre-funding source dedicating \$30 million annually to the RHBT Fund from annual collections of the Personal Income Tax Fund and dedicated for payment of the unfunded liability of the RHBT. The \$30 million transferred pursuant to this Code shall be transferred until the Governor certifies to the Legislature that an independent actuarial study has determined that the unfunded liability of RHBT has been provided for in its entirety or July 1, 2037, whichever date is earlier. Under the current policy, the OPEB Plan is considered fully funded at a funded ratio, on a present value of benefits, of more than 120%. This funding is to the advantage of all RHBT contributing employers.

The West Virginia Offices of the Insurance Commissioner's contributions to the OPEB plan for the years ended June 30, 2025, 2024 and 2023 were \$82, \$31 and \$161, respectively.

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Actuarial Assumptions – The total OPEB asset for financial reporting purposes was determined by an actuarial valuation as of June 30, 2023, and a measurement date of June 30, 2024. The following actuarial assumptions were used and applied to all periods included in the measurement, unless otherwise specified:

- Actuarial cost method: Entry age normal.
- Asset valuation method: Investments are reported at fair (market) value.
- Amortization method: Level percentage of payroll.
- Remaining amortization period: 20-year closed periods as of June 30, 2017.
- Investment rate of return: 7.40%, net of OPEB plan investment expense, including inflation.
- Healthcare cost trend rates: Trend rates for pre-Medicare and Medicare per capita costs start at 5.0% medical and 8.0% drug. The trends increase over four years to 7.0% and 9.5%, respectively. The trends then decrease linearly for 5 years until ultimate trend rate of 4.5% is reached in plan year end 2033.
- Projected salary increases: Dependent upon pension plan participation and attained age, ranging from 2.75-5.18%, including inflation.
- Inflation rate: 2.50%.

Mortality rates

Post retirement mortality rates were based on Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 108% for females for Teachers' Retirement System (TRS), Pub-2010 General Below-Median Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 106% for males and 113% for females for PERS, and Pub-2010 Public Safety Healthy Retire Mortality Tables projected with scale MP-2021 and scaling factors 100% for males and females for West Virginia Death, Disability, and Retirement Fund (Trooper A) and West Virginia State Police Retirement System (Trooper B). Pre-retirement mortality rates were based on Pub-2010 General Employee Mortality Tables projected with MP-2021 and scaling factors of 100% for males and females for TRS, Pub-2010 Below-Median Income General Employee Mortality Tables projected with MP-2021 for PERS, and Pub-2010 Public Safety Employee Mortality Tables projected with scale MP-2021 for Troopers A and B.

Experience studies are performed at least once every five-year period. The most recent experience study covered the period from July 1, 2015 to June 30, 2020.

The projections of the net OPEB liability are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The projection of the net OPEB liability does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost-sharing between the employer and plan members in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial estimated liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. However, the preparation and any estimate of future postemployment costs requires consideration of a broad array of complex social and economic events. Future changes in the healthcare reform, changes in reimbursement methodology, the emergence of new and expensive medical procedures and prescription drugs options, changes in the investment rate of return, and other matters increase the level of uncertainty in such estimates. As such, the estimate of postemployment program costs contains considerable uncertainty and variability, and actual experience may vary significantly from the current estimated net OPEB liability.

Long-term expected rates of return – The long-term expected rate of return of 7.40% on OPEB plan investments was determined by a combination of an expected long-term rate of return of 7.60% for long-term assets invested with the WV Investment Management Board and an expected short-term rate of return of 2.75% for assets invested with the WV Board

West Virginia Offices of the Insurance Commissioner

Notes to Financial Statements

(Amounts in thousands)

June 30, 2025

of Treasury Investments (BTI). Long-term pre-funding assets are invested with the WVIMB. The strategic asset allocation consists of 45% equity, 15% fixed income, 6% private credit and income, 12% private equity, 10% hedge fund and 12% real estate invested. Short-term assets used to pay current year benefits and expenses are invested with the WVBTI.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage (CMA). The plan's investment advisors, including the WVIMB, provided target asset allocations, capital market assumptions, and forecast returns. The projected return for the Money Market Pool held with the WVBTI was estimated based on the WVIMB assumed inflation of 2.50% plus a 25-basis point spread. The target allocation and estimates of annualized long-term expected real returns assuming a 10-year horizon are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Return
Equity	45 %	7.4 %
Fixed Income	15	3.9
Real Estate	12	7.7
Private Credit and Income	6	7.4
Hedge Funds	10	4.5
Private Equity	12	10.0

Discount rate – The discount rate used to measure the total OPEB liability was 7.40%. The projection of cash flows used to determine the discount rate assumed that RHBT contributions will continue to follow the current funding policies. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Other key assumptions – Members hired on or after July 1, 2010, or pay 100% of the costs of coverage, resulting in no implicit or explicit employer costs. Consequently, these members are excluded from the actuarial valuation.

Sensitivity of the net OPEB asset (liability) to changes in the discount rate – The following presents the West Virginia Offices of the Insurance Commissioner's proportionate share of the net OPEB asset (liability) as of June 30, 2025 calculated using the discount rate of 7.40%, as well as what the West Virginia Offices of the Insurance Commissioner's net OPEB asset (liability) would be if it were calculated using a discount rate that is one percentage point lower (6.40%) or one percentage point higher (8.40%) than the current discount rate.

	1% Decrease (6.40%)	Current Discount Rate (7.40%)	1% Increase (8.40%)
Commissioner's proportionate share of the Net OPEB asset (liability)	\$ (142)	\$ 33	\$ 178

Sensitivity of the net OPEB asset (liability) to changes in the healthcare cost trend rate – The following presents the West Virginia Offices of the Insurance Commissioner's proportionate share of the net OPEB asset (liability) as of June 30, 2025 calculated using the healthcare cost trend rate, as well as what the West Virginia Offices of the Insurance Commissioner's

West Virginia Offices of the Insurance Commissioner

Notes to Financial Statements (Amounts in thousands)

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net OPEB asset (liability) would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current rate.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Commissioner's proportionate share of the Net OPEB asset (liability)	\$ 256	\$ 33	\$ (238)

OPEB Asset, OPEB Expense (Revenues), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The June 30, 2025 net OPEB asset, deferred inflows of resources, deferred outflows of resources and OPEB expense were determined by an actuarial valuation date as of June 30, 2023, rolled forward to a measurement date of June 30, 2024.

At June 30, 2025, the West Virginia Offices of the Insurance Commissioner's proportionate share of the net OPEB asset was \$135. Of this amount, the West Virginia Offices of the Insurance Commissioner recognized \$33 as its proportionate share on the statement of net position. The remainder of \$102 denotes the West Virginia Offices of the Insurance Commissioner's proportionate share of net OPEB asset attributable to the special funding.

The allocation percentage assigned to each participating employer and non-employer contributing entity is based on its proportionate share of employer and non-employer contributions to OPEB for the fiscal year ended June 30, 2024. Employer contributions are recognized when due. At the June 30, 2024 measurement date, the West Virginia Offices of the Insurance Commissioner's proportion was 0.0781%, a decrease of 0.0828% from its proportion of .1609% calculated as of June 30, 2023.

For the year ended June 30, 2025, the West Virginia Offices of the Insurance Commissioner recognized OPEB expense of \$100. Of this amount, \$155 was recognized as the West Virginia Offices of the Insurance Commissioner's proportionate share of OPEB expense and \$55 as the amount of OPEB expense attributable to special funding from a non-employer contributing entity. The West Virginia Offices of the Insurance Commissioner also recognized revenue of (\$55) for support provided by the State.

At June 30, 2025, deferred outflows of resources and deferred inflows of resources related to OPEB are as follows.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 33
Changes in assumptions	12	38
Changes in proportion and difference between employer contributions and proportionate share of contributions	17	102
Net difference between projected and actual investment earnings	113	37
Reallocation of opt-out employer change in proportionate share	-	
Contributions after the measurement date	82	-
	\$ 224	\$ 210

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(Amounts in thousands)

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The West Virginia Offices of the Insurance Commissioner will recognize the \$82 reported as deferred outflows of resources resulting from OPEB contributions after the measurement date as a reduction of the net OPEB asset in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended	Amortization
June 30,	
2026	\$ (96)
2027	27
2028	7
2029	(6)
	<u>\$ (68)</u>

Payables to the OPEB Plan – The West Virginia Offices of the Insurance Commissioner did not report any amounts payable for normal contributions to the OPEB plan as of June 30, 2025.

Note 9 – Commitments and Contingencies

Contingent Liability for Self-Insured Employers

An employer who has been granted self-insured status for workers' compensation insurance coverage must post security with the West Virginia Offices of the Insurance Commissioner for an actuarially determined amount of their liabilities incurred with dates of injury prior to July 1, 2004. Payments made for claims of employees of defaulted self-insured employers for injuries prior to July 1, 2004, will be made from the Self-Insured Security Pool established by Senate Bill 1004. The assets of the Security Pool consist of the proceeds received from the security held by the West Virginia Offices of the Insurance Commissioner and any necessary assessments made to active self-insured employers for the default of a self-insured employer.

Payments for the injuries of defaulted self-insured employers incurred after July 1, 2004, will be made by the Self-Insured Guaranty Pool; however, any self-insured employer who fails the analytical financial review will also be required to post security to the Guaranty Pool on any workers' compensation liabilities incurred after July 1, 2004. The Self-Insured Guaranty Pool is funded through quarterly assessments to self-insured employers and the proceeds received from the security held.

To the extent a self-insured employer cannot meet its obligations under the Law, the two self-insured pools discussed above remain contingently liable for all policy benefits. The only sources of revenue permitted under the Law to fund the Security Pool, and the Guaranty Pool must be obtained from self-insured employers. Self-insured employers are considered joint and severally liable for the obligations of a defaulted self-insured employer. The amount has not been included in the estimated liabilities for unpaid claims and claim adjustment expenses because the likelihood of future self-insurer defaults cannot be estimated.

Risk Management

The West Virginia Offices of the Insurance Commissioner is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to and illnesses of employees; and natural disasters.

West Virginia Offices of the Insurance Commissioner

Notes to Financial Statements

(Amounts in thousands)

June 30, 2025

The West Virginia Offices of the Insurance Commissioner has obtained health coverage for its employees through its participation in PEIA. In exchange for the payment of premiums to PEIA, the West Virginia Offices of the Insurance Commissioner has transferred its risk related to health coverage for employees. Additionally, the West Virginia Offices of the Insurance Commissioner obtained coverage for job-related injuries through participation in the SEWC. The SEWC is a public entity risk pool formulated to facilitate the purchase of workers' compensation insurance for all state agencies. Effective October 1, 2011, workers' compensation insurance for the SEWC was purchased from Zurich. The Zurich contract finalized December 31, 2020, with the final true-up for policy year 2016. Encova is the current workers' compensation insurance carrier. See Note 11 for additional information about the SEWC.

The West Virginia Offices of the Insurance Commissioner participates in the West Virginia State Board of Risk and Insurance Management (WVBRIM), a public entity risk pool, to obtain coverage for general liability and property damage. WVBRIM is a state agency established by the Legislature in 1957 to provide property and liability insurance coverage for state and local governmental entities including the West Virginia Offices of the Insurance Commissioner. This coverage is offered in exchange for an annual premium.

There have been no significant reductions in insurance coverage from the prior year. Additionally, the amount of settlements has not exceeded insurance coverage in the past three years.

During the normal course of operations, the West Virginia Offices of the Insurance Commissioner incurs certain routine claims. The legal counsel for the West Virginia Offices of the Insurance Commissioner has evaluated the potential loss for these claims and has determined that the insurance coverage provided by WVBRIM is adequate to cover potential losses from these claims.

The West Virginia Offices of the Insurance Commissioner is also involved in various other litigation, challenging certain settlements, interpretations of provisions of the State code, and other matters. It is not possible at the present time to estimate the ultimate legal and financial liability, if any, with respect to these lawsuits. Depending on the amount and timing of such resolution, an unfavorable resolution of some or all these matters could materially affect the future financial position, results of operations, or cash flows in a particular period.

Premium Advance Deposits

Unclaimed property on deposit with or held by state agencies comes under the purview of the West Virginia State Treasurer's Office who sees that proceeds from such property are deposited in the State's general revenue fund. In March 1999, the West Virginia State Legislature adopted legislation per WV Code §23-3-4 that states that advance deposits by employers with no activity for a period of five years are presumed abandoned and are subject to the custody of the State as unclaimed property. However, these funds are to be held by the West Virginia State Treasurer's Office in an account separate from other unclaimed property funds. They become the property of and owned exclusively by the West Virginia Offices of the Insurance Commissioner ninety days after the West Virginia State Treasurer's Office has advertised the property and they remain unclaimed. Effective June 8, 2022, WV Codes §23-3-1 to §23-3-6 were repealed by Acts 2022, therefore these funds are no longer transferred back to the West Virginia Offices of the Insurance Commissioner unless requested prior to the transfer to general revenue.

Note 10 – State Entities Workers' Compensation Program Fund

On March 12, 2011, the West Virginia legislature passed HB 3163, an amendment to the *Code of West Virginia*, adding a new section designated §33-2-21a, in order to establish a program to provide workers' compensation coverage of state

West Virginia Offices of the Insurance Commissioner

Notes to Financial Statements (Amounts in thousands)

June 30, 2025

government entities and their employees. HB 3163 established the SEWC and defined participants and exceptions thereto. It also designated the West Virginia Offices of the Insurance Commissioner to manage workers' compensation risks of state entities participating in the program. Code §33-2-21a further authorized the West Virginia Offices of the Insurance Commissioner to assess fees, surcharges, and premiums.

The SEWC is a public entity risk pool and is further defined as an insurance purchasing pool, which is an arrangement by which government entities pool funds or resources to purchase commercial insurance products.

From July 1, 2011, through September 30, 2011, the SEWC purchased workers' compensation insurance from Encova Insurance Company (EIC) on a guaranteed cost basis. On October 1, 2011 through June 30, 2017, the SEWC entered into a high deductible insurance coverage policy with Zurich.

In July 2017, the SEWC Program transitioned insurance coverage from Zurich to Encova Insurance Company. The SEWC maintains a two hundred fifty-thousand-dollar deductible limit and loss reserve fund structure with Encova. Encova also provides claim management services for claims occurring on and after July 1, 2017. Beginning eighteen months after the policy inception date and at a minimum annually thereafter, adjustments to the Loss Reserve Fund are calculated in accordance with a formula as set forth in the contract. During fiscal year 2022, the SEWC Loss Reserve Fund received a credit of \$106 from Encova in accordance with the adjustment formula. During fiscal year 2023, the SEWC Loss Reserve Fund paid \$920 to Encova in accordance with the adjustment formula. During fiscal year 2024, the SEWC Loss Reserve Fund received a credit of \$2,122 from Encova in accordance with the adjustment formula. During fiscal year 2025, the SEWC Loss Reserve Fund received a credit of \$2,426 from Encova in accordance with the adjustment formula. After the fourth and final valuation and adjustment to the Loss Reserve Fund for each policy period, the transfer of risk to Encova is complete. Accordingly, the liabilities and Loss Reserve Fund amounts associated with the finalized policy period are then commuted to Encova. At June 30, 2022, the OIC commuted \$113 from the Loss Reserve Fund to Encova for policy year 2017. At June 30, 2023, the OIC commuted \$312 from the Loss Reserve Fund to Encova for policy year 2018. At June 30, 2024, the OIC commuted \$346 from the Loss Reserve Fund to Encova for policy year 2019. At June 30, 2025, the OIC commuted \$215 from the Loss Reserve Fund to Encova for policy year 2020.

Premiums received from pool participants were \$16,913 while premiums paid for insurance coverage were \$10,517 during the year ended June 30, 2025, resulting in net premiums of \$6,396. The Loss Reserve Fund balance at June 30, 2025, was \$9,178.



Required Supplemental Information (Unaudited)

West Virginia Offices of the Insurance Commissioner
Supplemental Revenue and Reserve Development Information (Unaudited)
June 30, 2025

GASB standards require the presentation of ten years supplemental revenue and reserve development information, if available. The table on the following page illustrates how the West Virginia Offices of the Insurance Commissioner's earned revenues and investment income compared to related costs of loss and other expenses assumed (on a discounted basis) as of the end of each of the last 10 years, as available. SEWC information is presented for six years.

The rows of the table are defined as follows:

1. This line shows the total of each fiscal year's total income which includes operating revenues, statutory allocations, and investment income.
2. This line shows each fiscal year's other operating costs.
3. This line shows 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).
4. This section of 10 rows shows the cumulative amounts paid as of the end of successive years for each policy year.
5. This section of 10 rows shows how each policy years incurred claims increased or decreased as of the end of successive years. This annual re-estimation results from new information received on known claims, re-evaluation of existing information on known claims, emergence of new claims not previously known, as well as amortization of discount.
6. This line compares the latest re-estimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought.

As data for individual policy years mature, the correlation between original estimates and re-estimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years. The columns of the table show data for successive policy years.

The supplemental revenue and reserve development information has been prepared by the West Virginia Offices of the Insurance Commissioner's consulting actuary using assumptions and other data furnished by the West Virginia Offices of the Insurance Commissioner. Such information has not been audited and is presented on the basis discussed above, which may differ from the form of presentation used in the financial statements.

West Virginia Offices of the Insurance Commissioner
Supplemental Revenue and Reserve Development Information
Workers' Compensation Fund, Coal Workers' Pneumoconiosis Fund, Self Insured Funds, Uninsured Fund
(Unaudited)
(In Millions)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Operating revenues	\$ 106.0	\$ 35.8	\$ 35.9	\$ 18.2	\$ 1.8	\$ 2.6	\$ 1.1	\$ 1.0	\$ 1.0	\$ 1.0
Statutory allocations	122.2	8.2	3.9	(0.8)	(2.3)	20.0	-	-	-	-
Investment income (loss)	19.9	135.0	76.9	67.5	53.4	228.7	(126.0)	58.0	104.7	112.7
Total income (1)	248.1	179.0	116.7	84.9	52.9	251.3	(124.9)	59.0	105.7	113.7
Other expenses (2)	11.0	10.3	9.6	8.4	7.7	6.9	5.6	4.6	4.5	4.2
Original incurred loss (3)	1.3	0.5	0.2	0.0	0.0	0.0	1.0	2.2	0.2	0.2
Cumulative payments (4):										
Year 1	0.4	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Year 2	0.9	0.5	0.2	0.0	0.0	0.1	0.0	0.1	0.0	
Year 3	1.2	0.6	0.3	0.0	0.1	0.1	0.0	0.1		
Year 4	1.4	0.6	0.4	0.0	0.1	0.3	0.0			
Year 5	1.5	0.6	0.4	0.0	0.1	0.4				
Year 6	1.6	0.7	0.4	0.0	0.1					
Year 7	1.6	0.7	0.4	0.0						
Year 8	1.7	0.7	0.4							
Year 9	1.7	0.6								
Year 10	1.7									
Re-estimated incurred claims and expenses (5):										
Year 1	1.3	0.5	0.2	0.0	0.1	0.1	0.2	0.2	0.3	0.2
Year 2	1.4	0.7	0.4	0.0	0.2	2.0	0.1	0.4	0.2	
Year 3	1.5	0.7	0.4	0.0	0.1	1.9	0.2	0.3		
Year 4	1.6	0.7	0.4	0.0	0.2	1.5	0.2			
Year 5	1.8	0.7	0.4	0.0	0.1	1.5				
Year 6	1.8	0.7	0.4	0.0	0.1					
Year 7	1.9	0.7	0.4	0.0						
Year 8	1.9	0.7	0.4							
Year 9	1.9	0.6								
Year 10	1.9									
(Decrease) increase in estimated incurred claims and expense from end of policy year (6)	\$ 0.6	\$ 0.1	\$ 0.2	\$ -	\$ 0.1	\$ 1.5	\$ (0.8)	\$ (1.9)	\$ -	\$ -

West Virginia Offices of the Insurance Commissioner
Supplemental Reconciliation of Claims Liabilities by Type of Contract Information
Workers' Compensation Fund
(Unaudited)
(In Thousands)

The table below presents WC Old Fund changes in claims liabilities discounted at 3.5 percent. The CWPF, Uninsured Employers Fund and the Self-Insured Funds are discounted at 3 percent. Losses include claim adjustment expenses.

	Year Ended June 30, 2025				
	WC Old Fund	CWPF	UEF	Self-Insured Funds	Total
Unpaid claims and claim adjustment expenses at beginning of year	\$ 806,200	\$ 163,300	\$ 2,200	\$ 31,900	\$ 1,003,600
Claims and claim adjustment expenses					
Provision for insured events of the current fiscal year	-	-	231	-	231
Changes in provision for insured events of prior fiscal years	11,716	(1,208)	(350)	(3,266)	6,892
Amortization of discount	23,009	4,650	65	918	28,642
Total claims and claim adjustment expenses	<u>34,725</u>	<u>3,442</u>	<u>(54)</u>	<u>(2,348)</u>	<u>35,765</u>
Payments					
Claims and claim adjustment expenses attributable to insured events of current fiscal year	-	-	1	-	1
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	(79,025)	(16,742)	(47)	(2,652)	(98,466)
Total payments	<u>(79,025)</u>	<u>(16,742)</u>	<u>(46)</u>	<u>(2,652)</u>	<u>(98,465)</u>
Total unpaid claims and claim adjustment expenses at end of the year	<u><u>\$ 761,899</u></u>	<u><u>\$ 150,001</u></u>	<u><u>\$ 2,100</u></u>	<u><u>\$ 26,900</u></u>	<u><u>\$ 940,900</u></u>

West Virginia Offices of the Insurance Commissioner
Supplemental Revenue and Reserve Development Information - State Entities
Workers' Compensation Program
(Unaudited)
(In Thousands)

	Years Ended June 30					
	2020	2021	2022	2023	2024	2025
Premium revenue earned	\$ 14,320	\$ 16,640	\$ 18,557	\$ 16,849	\$ 18,532	\$ 16,913
Premiums paid to insurance companies	(6,846)	(7,710)	(8,332)	(7,975)	(9,103)	(\$10,517)
Total income/net premiums (1)	7,474	8,930	10,225	8,874	9,429	6,396
Other expenses (2)	433	498	476	400	440	465
Original incurred loss (3)	10,888	10,250	12,550	8,750	8,600	9,200
Cumulative payments (4)						
Year 1	3,287	3,079	3,746	2,365	2,892	3,812
Year 2	7,110	6,499	7,932	5,538	6,383	
Year 3	7,961	7,361	9,351	6,746		
Year 4	8,114	7,697	9,817			
Re-estimated incurred claims and expenses (5)						
Year 1	10,888	10,250	12,550	8,750	8,600	9,200
Year 2	10,246	9,610	11,250	8,600	8,500	
Year 3	9,364	8,782	11,000	8,100		
Year 4	8,801	8,500	10,600			
(Decrease) increase in estimated incurred claims and expense from end of policy year (6)	\$ (2,087)	\$ (1,750)	\$ (1,950)	\$ (650)	\$ (100)	\$ -

*See page 52 for notes to this schedule

West Virginia Offices of the Insurance Commissioner

Supplemental Reconciliation of Claims Liabilities by Type of Contract Information - State Entities Workers' Compensation Program (Unaudited) (In Thousands)

The table below presents State Entities Workers' Compensation changes in claims liabilities, including claim adjustment expenses.

	Year Ended June 30, 2025
Unpaid claims and claim adjustment expenses at beginning of year	\$ 11,200
Commuted liabilities	(803)
Unpaid claims and claims adjustment expense adjusted for commuted liabilities	10,397
Claims and claim adjustment expenses	
Provision for insured events of the current fiscal year	9,200
Changes in provision for insured events of prior fiscal years	(1,494)
Subtotal claims and claim adjustment expenses	7,706
Commuted liabilities expense	803
Total claims and claim adjustment expenses	8,509
Payments	
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	(3,812)
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	(5,279)
Subtotal incremental claim payments	(9,091)
Commuted loss reserve fund value	(215)
Total claim payments and commuted loss reserve fund	(9,306)
Total unpaid claims and claim adjustment expenses at end of year	\$ 9,600

West Virginia Offices of the Insurance Commissioner

Required Supplemental Information - Budgetary Comparison Schedule - Operating Fund (Unaudited)

For the Year Ended June 30, 2025

(In Thousands)

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget
Revenues:				
2025 Revenue	\$ 42,395	\$ 42,395	\$ 41,326	\$ (1,069)
Total revenue available for appropriation	<u>42,395</u>	<u>42,395</u>	<u>41,326</u>	<u>(1,069)</u>
Expenditures:				
Personal services	17,439	16,858	10,726	6,132
Employee benefits	7,579	7,378	3,365	4,013
Contractual and professional	6,339	8,478	2,399	6,079
Other	9,042	7,685	4,971	2,714
Total expenditures charged to appropriation	<u>40,399</u>	<u>40,399</u>	<u>21,461</u>	<u>18,938</u>
Excess of revenue over expenditures	1,996	1,996	19,865	17,869
Interfund transfer	-	-	-	-
Budgetary fund balance, beginning of year	61,440	61,289	52,461	(8,828)
Budgetary fund balance, end of year	<u>\$ 63,436</u>	<u>\$ 63,285</u>	<u>\$ 72,326</u>	<u>\$ 9,041</u>

Note to Budgetary Comparison Schedule:

Budgetary Reporting and GAAP

Because the budgetary basis differs from accounting principles generally accepted in the United States, budget and actual amounts in the accompanying Budgetary Comparison Schedule are presented on the budgetary basis. A more detailed budgetary basis report is produced for internal purposes to demonstrate budgetary compliance and is available at the West Virginia Offices of the Insurance Commissioner. A reconciliation that compares the total revenues and total expenditures on a budgetary basis for the year ended June 30, 2025, to comparable amounts presented in conformity with accounting principles generally accepted in the United States is set forth in the schedule on page 58.

West Virginia Offices of the Insurance Commissioner

Required Supplemental Information - Budgetary Comparison Schedule - Budget-to-GAAP Reconciliation - Operating Fund

For the Year Ended June 30, 2025

(Unaudited)

(In Thousands)

	<u>Operating Funds</u>
SOURCES/INFLOWS OF RESOURCES	
Actual amounts (budgetary basis) "total revenue available for appropriation" from the budgetary comparison schedule	\$ 41,326
Differences-budget to GAAP:	
Reversal of prior year accruals	(3,620)
Accruals booked for current year	<u>3,700</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances-governmental fund	<u><u>\$ 41,406</u></u>
USES/OUTFLOWS OF RESOURCES	
Actual amounts (budgetary basis) "total expenditures charged to appropriations" from the budgetary comparison schedule	\$ 21,461
Differences-Budget to GAAP:	
Reversal of prior year accruals	(825)
Accruals booked for current year	<u>627</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance governmental fund	<u><u>\$ 21,263</u></u>

West Virginia Offices of the Insurance Commissioner
Schedule of Proportionate Share of the Net Pension Liability (Asset)
Public Employee Retirement System (PERS)
(In Thousands)

	June 30:									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Employer's proportion of the net pension liability (asset)(percentage)	0.5396%	0.5781%	0.6543%	0.6914%	0.7253%	0.7586%	0.8030%	0.8573%	0.8749%	0.9164%
Employer's proportionate share of the net pension liability (asset)	\$ (888)	\$ (26)	\$ 974	\$ (6,069)	\$ 3,835	\$ 1,631	\$ 2,074	\$ 3,700	\$ 8,042	\$ 5,118
Employer's covered payroll*	\$ 10,008	\$ 10,183	\$ 10,594	\$ 11,011	\$ 11,296	\$ 11,091	\$ 11,100	\$ 11,781	\$ 12,110	\$ 12,429
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(8.87%)	(0.26%)	9.19%	(55.12%)	33.95%	14.71%	18.68%	31.41%	66.41%	41.18%
Plan fiduciary net position as a percentage of the total pension liability **	101.85%	100.05%	98.24%	111.07%	92.89%	96.99%	96.33%	93.67%	86.11%	91.29%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30. (measurement date)

** This will be the same percentage for all participant employers in the Employer's plan.

West Virginia Offices of the Insurance Commissioner

Schedule of Contributions

Public Employee Retirement System (PERS)

Last Ten Fiscal Years

(In Thousands)

	June 30:									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 909	\$ 938	\$ 910	\$ 1,043	\$ 1,090	\$ 1,134	\$ 1,120	\$ 1,230	\$ 1,420	\$ 1,636
Contributions in relation to the contractually required contribution	(909)	(938)	(910)	(1,043)	(1,090)	(1,134)	(1,120)	(1,230)	(1,420)	(1,636)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 10,147	\$ 10,008	\$ 10,183	\$ 10,594	\$ 11,011	\$ 11,296	\$ 11,091	\$ 11,100	\$ 11,781	\$ 12,110
Contributions as a percentage of covered payroll	9%	9%	9%	10%	10%	10%	10%	11%	12%	14%

West Virginia Offices of the Insurance Commissioner
Note to the Required Supplementary Pension Information
Public Employee Retirement System (PERS)
Changes in Assumptions

Amounts reported reflect changes in assumptions to more closely reflect actual experience. Significant changes in assumptions are related to projected salary increases, inflation rate, and mortality tables.

June 30:	Projected Salary Increases			Discount Rate	Mortality Rates	Withdrawal Rates		
	State	Nonstate	Inflation rate			State	Nonstate	Disability Rates
2024	2.75% - 6.86%	3.57% - 7.37%	2.75%	7.25%	Active-100% of Pub-2010 General Employees table, below-median, headcount weighted, projected generationally with scale MP-2021; Retired healthy males-111% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected generationally with scale MP-2021; Retired healthy females-118% of Pub-2010 General Retiree Female table, below-median, headcount weighted, projected generationally with scale MP-2021; Disabled males-119% of Pub-2010 General / Teachers Disabled Male table, headcount weighted, projected generationally with scale MP-2021; Disabled females-124% of Pub-2010 General / Teachers Disabled Female table, headcount weighted, projected generationally with scale MP-2021; Beneficiary males-109% of Pub-2010 Contingent Survivor Male table, below-median, headcount weighted, projected generationally with scale MP-2021; Beneficiary females-121% of Pub-2010 Contingent Survivor Female table, below-median, headcount weighted, projected generationally with scale MP-2021	2.28 - 45.63%	3.25 - 31.63%	0.004 - 0.250%
2023	2.75% - 5.55%	3.60% - 6.75%	2.75%	7.25%	Active-100% of Pub-2010 General Employees table, below-median, headcount weighted, projected generationally with scale MP-2018; Retired healthy males-108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected generationally with scale MP-2018; Retired healthy females-122% of Pub-2010 General Retiree Female table, below-median, headcount weighted, projected generationally with Scale MP-2018; Disabled males-118% of Pub-2010 General / Teachers Disabled Male table, headcount weighted, projected generationally with scale MP-2018; Disabled females-117% of Pub-2010 General / Disabled Teachers Disabled Female table, below-median, headcount weighted, projected generationally with scale MP-2018; Beneficiary Males - 112% of Pub-2010 Contingent Survivor Male Table, below-median, headcount weighted, projected generationally with Scale MP-2018; Beneficiary Females -115% of Pub-2010 Contingent Survivor Female Table, below-median, headcount weighted, projected generationally with Scale MP-2018	2.28-45.63%	2.50%-35.88%	0.005%-0.540%
2022	2.75% - 5.55%	3.60% - 6.75%	2.75%	7.25%	Active-100% of Pub-2010 General Employees table, below-median, headcount-weighted, projected generationally with scale MP-2018; Healthy Male Retirees-108% of Pub-2010 General Retiree Male Table, below-median, headcount-weighted, projected generationally with scale MP-2018; Healthy Female Retirees-122% of Pub-2010 General Retiree Female Table, below-median, headcount-weighted, projected generationally with scale MP-2018; Disabled Males-118% of Pub-2010 General / Teachers Disabled Male Table, headcount-weighted, projected generationally with scale MP-2018; Disabled Females-117% of Pub-2010 General / Disabled Teachers Disabled Female Table, headcount-weighted, projected generationally with scale MP-2018; Beneficiary Males- 112% of Pub-2010 Contingent Survivor Male Table, below-median, headcount weighted, projected generationally with Scale MP-2018; Beneficiary Females - 115% of Pub-2010 Contingent Survivor Female Table, below-median, headcount weighted, projected generationally with Scale MP-2018	2.28-45.63%	2.50%-35.88%	0.005%-0.540%
2021	2.75% - 5.55%	3.60% - 6.75%	2.75%	7.25%	Active-100% of Pub-2010 General Employees table, below-median, headcount weighted, projected with scale MP-2018; Retired healthy males-108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected with scale MP-2018; Retired healthy females-122% of Pub-2010 General Retiree Female table, below-median, headcount weighted, projected with scale MP-2018; Disabled males-118% of Pub-2010 General / Teachers Disabled Male table, headcount weighted, projected with scale MP-2018; Disabled females-117% of Pub-2010 General / Disabled Teachers Disabled Female table, headcount weighted, projected with scale MP-2018	2.28-45.63%	2.5-35.88%	0.005-0.540%
2020	3.1% - 5.3%	3.35% - 6.5%	3.00%	7.50%	Active-100% of Pub-2010 General Employees table, below-median, headcount weighted, projected with scale MP-2018; Retired healthy males-108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected with scale MP-2018; Retired healthy females-122% of Pub-2010 General Retiree Female table, below-median, headcount weighted, projected with scale MP-2018; Disabled males-118% of Pub-2010 General / Teachers Disabled Male table, headcount weighted, projected with scale MP-2018; Disabled females-117% of Pub-2010 General / Disabled Teachers Disabled Female table, headcount weighted, projected with scale MP-2018	2.28-45.63%	2.5-35.88%	0.005-0.540%
2019	3.1% - 5.3%	3.35% - 6.5%	3.00%	7.50%	Active-100% of Pub-2010 General Employees table, below-median, headcount weighted, projected with scale MP-2018; Retired healthy males-108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected with scale MP-2018; Retired healthy females-122% of Pub-2010 Annuitant, Scale AA fully generational General Retiree Female table, below-median, headcount weighted, projected with scale MP-2018; Disabled males-118% of Pub-2010 General / Teachers Disabled Male table, below-median, headcount weighted, projected with scale MP-2018; Disabled females-118% of Pub-2010 General / Disabled Teachers Disabled Female table, below-median, headcount weighted, projected with scale MP-2018	2.28-45.63%	2-35.88%	0.005-0.540%
2018	3.00% - 4.6%	3.35% - 6.0%	3.00%	7.50%	Active-100% of RP-2000 Non-Annuitant, Scale AA fully generational Retired healthy males-110% of RP-2000 Healthy Annuitant, Scale AA fully generational Retired healthy females-101% of RP-2000 Healthy Annuitant, Scale AA fully generational Disabled Males-96% of RP2000 Disabled Annuitant, Scale AA fully generational Disabled Females-107% of RP-2000 Disabled Annuitant, Scale AA fully generational	1.75-35.10%	2-35.88%	0.007-.675%
2017	3.00% - 4.6%	3.35% - 6.0%	3.00%	7.50%	Active-100% of RP-2000 Non-Annuitant, Scale AA fully generational Retired healthy males-110% of RP-2000 Healthy Annuitant, Scale AA fully generational Retired healthy females-101% of RP-2000 Healthy Annuitant, Scale AA fully generational Disabled Males-96% of RP2000 Disabled Annuitant, Scale AA fully generational Disabled Females-107% of RP-2000 Disabled Annuitant, Scale AA fully generational	1.75-35.10%	2-35.88%	0.007-.675%
2016	3.00% - 4.6%	3.35% - 6.0%	3.00%	7.50%	Active-100% of RP-2000 Non-Annuitant, Scale AA fully generational Retired healthy males-110% of RP-2000 Healthy Annuitant, Scale AA fully generational Retired healthy females-101 % of RP-2000 Healthy Annuitant, Scale AA fully generational Disabled Males-96% of RP2000 Disabled Annuitant, Scale AA fully generational Disabled Females-107% of RP-2000 Disabled Annuitant, Scale AA fully generational	1.75-35.10%	2-35.88%	0.007-.675%
2015	3.00% - 4.6%	3.35% - 6.0%	1.90%	7.50%	Healthy males - 110% of RP-2000 Non-Annuitant, Scale AA; Healthy females - 101% of RP-2000 Non-Annuitant, Scale AA; Disabled males - 96% of RP-2000 Disabled Annuitant, Scale AA; Disabled females - 107% of RP-2000 Disabled Annuitant, Scale AA	1.75-35.1%	2-35.88%	0-.675%

There were no other factors that affected trends in the amounts reported. Additional information can be obtained from the CPRB Comprehensive Annual Financial Report for the year ended June 30, 2022.

West Virginia Offices of the Insurance Commissioner
Schedule of Proportionate Share of the Net OPEB Liability (Asset)
June 30, 2025
(In Thousands)

	June 30:							
	2025	2024	2023	2022	2021	2020	2019	2018
Employer's proportion of the net OPEB liability (asset) (percentage)								
	0.0781%	0.1609%	0.1847%	0.2181%	0.2237%	0.2437%	0.2577%	0.2561%
Employer's proportionate share of the net OPEB liability (asset)	\$ (33)	\$ (255)	\$ 206	\$ (65)	\$ 988	\$ 4,043	\$ 5,530	\$ 6,297
State's proportionate share of the net OPEB liability (asset)	(102)	(109)	70	(13)	218	827	1,143	1,294
Total proportionate share of the net OPEB liability (asset)	<u>\$ (135)</u>	<u>\$ (364)</u>	<u>\$ 276</u>	<u>\$ (78)</u>	<u>\$ 1,206</u>	<u>\$ 4,870</u>	<u>\$ 6,673</u>	<u>\$ 7,591</u>
Employer's covered-employee payroll	\$ 8,705	\$ 8,908	\$ 9,659	\$ 9,934	\$ 10,224	\$ 10,417	\$ 10,456	\$ 11,027
Employer's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	(0.38%)	(2.86%)	2.13%	(0.65%)	9.66%	38.81%	52.89%	57.11%
Plan fiduciary net position as a percentage of the total OPEB liability	102.19%	109.66%	93.59%	101.81%	73.49%	39.69%	30.98%	25.10%

* The amounts presented were determined as of the prior fiscal year ending June 30. (measurement date)

West Virginia Offices of the Insurance Commissioner

Schedule of OPEB Contributions
(In Thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 82	\$ 31	\$ 161	\$ 217	\$ 398	\$ 432	\$ 502	\$ 528
Contributions in relation to the statutorily required contribution	<u>(82)</u>	<u>(31)</u>	<u>(161)</u>	<u>(217)</u>	<u>(398)</u>	<u>(432)</u>	<u>(502)</u>	<u>(528)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered-employee payroll	\$ 8,983	\$ 8,705	\$ 8,908	\$ 9,659	\$ 9,934	\$ 10,224	\$ 10,417	\$ 10,456
Contributions as a percentage of covered-employee payroll	0.91%	0.36%	1.81%	2.25%	4.01%	4.23%	4.82%	5.05%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, West Virginia Offices of the Insurance Commissioner should present information for those years for which information is available.

West Virginia Offices of the Insurance Commissioner
Note to the Required Supplementary Pension Information
Other Post Employment Benefit Plan
Changes in Assumptions

Actuarial Changes Other Postemployment Benefits Plan

The actuarial assumptions used in the total OPEB liability (asset) calculation can change from year to year. Please see table below which summarizes the actuarial assumptions used for the respective measurement dates.

	Inflation Rate	Salary Increases	Investment Rate of Return & Discount Rate	Mortality Rates	Healthcare Cost Trend Rates
2024	2.50%	Rates based on 2015-2020 OPEB experience study and dependent on pension plan participation and attained age, and range from 2.75% to 5.18%, including inflation	7.40%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 108% for females for TRS; Pub-2010 General Below-Median Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 106% for males and 113% for females for PERS; Pub-2010 Public Safety Healthy Retiree Mortality Tables projected with scale MP-2021 and scaling factors of 100% for males and females for Trooper A and Trooper B; Pre-Retirement: Pub-2010 General Employee Mortality Tables projected with MP-2021 and scaling factors of 100% for males and females for TRS; Pub-2010 Below-Median Income General Employee Mortality Tables projected with MP-2021 for PERS; Pub-2010 Public Safety Employee Mortality Tables projected with scale MP-2021 for Trooper A and Trooper B	Trend rate for pre-Medicare and Medicare per capita costs of 5.0% medical and 8.0% drug. The trends increase over four years to 7.0% and 9.5%, respectively. The trends then decrease linearly for 5 years until ultimate trend rate of 4.5% is reached in plan year end 2033.
2023	2.50%	Rates based on 2015-2020 OPEB experience study and dependent on pension plan participation and attained age, and range from 2.75% to 5.18%, including inflation	7.40%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 108% for females for TRS; Pub-2010 General Below-Median Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 106% for males and 113% for females for PERS; Pub-2010 Public Safety Healthy Retiree Mortality Tables projected with scale MP-2021 and scaling factors of 100% for males and females for Trooper A and Trooper B; Pre-Retirement: Pub-2010 General Employee Mortality Tables projected with MP-2021 for TRS; Pub-2010 Below-Median Income General Employee Mortality Tables projected with MP-2021 for PERS; Pub-2010 Public Safety Employee Mortality Tables projected with scale MP-2021 for Troopers A & B.	Trend rate for pre-Medicare per capita costs of 7.0% medical and 8.0% drug. The trends increase over four years to 9.0% and 9.5%, respectively. The trends then decrease linearly for 5 years until ultimate trend rate of 4.50% is reached in plan year end 2032.
2022	2.25%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	6.65%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Healthy Retiree Mortality Tables (100% males, 108% females) projected with MP-2021 for TRS. Pub-2010 General Below Median Healthy Retiree Mortality Tables (106% males, 113% females) projected with MP-2021 for PERS. Pub-2010 Public Safety Healthy Retiree Mortality Tables (100% males, 100% females) projected with Scale MP-2021 for Troopers A and B. Pre-Retirement: Pub-2010 General Employee Mortality Tables (100% males, 100% females) projected with Scale MP-2021 for TRS. Pub-2010 Below-Median Income General Employee Mortality Tables projected with Scale MP-2021 for PERS. Pub-2010 Public Safety Employee Mortality Tables projected with Scale MP-2021 for Troopers A & B.	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2023, decreasing by 0.50% for two years then by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 2032. Trend rate for Medicare per capita costs of 8.83% for plan year end 2023, decreasing ratably each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2032.
2021	2.25%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	6.65%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Below-Median Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 106% for males and 113% for females; Pre-Retirement: Pub-2010 Below-Median Income General Employee Mortality Tables projected with MP-2019	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2020, decreasing by 0.50% for one year then by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 2032. Trend rate for Medicare per capita costs of 31.11% for plan year end 2022, 9.15% for plan year end 2023, decreasing ratably each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2036.
2020	2.25%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	6.65%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 Below-Median Income General Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 106% for males and 113% for females; Pre-Retirement: Pub-2010 Below-Median Income General Employee Mortality Tables projected with MP-2019	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2022, 6.5% for plan year end 2023, decreasing by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 2032. Trend rate for Medicare per capita costs of 31.11% for plan year end 2022, 9.15% for plan year end 2023, 8.40% for plan year end 2024, decreasing gradually each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2036.
2019	2.75%	Dependent upon pension system. Ranging from 3.0% to 6.5%, including inflation	7.15%, net of OPEB plan investment expense, including inflation	Post-Retirement: RP-2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis; Pre-Retirement: RP-2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis	Trend rate for pre-Medicare per capita costs of 8.5% for plan year end 2020, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year 2028. Trend rate for Medicare per capita costs of 3.1% for plan year end 2020. 9.5% for plan year end 2021, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year end 2031.
2018	2.75%	Dependent upon pension system. Ranging from 3.0% to 6.5%, including inflation	7.15%, net of OPEB plan investment expense, including inflation	Post-Retirement: RP-2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis; Pre-Retirement: RP-2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis	Actual trend used for fiscal year 2018. For fiscal years on and after 2019, trend starts at 8.0% and 10.0% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend rate of 4.50%. Excess trend rate of 0.13% and 0.00% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims costs beginning in 2022 to account for the Excise Tax.
2017	2.75%	Dependent upon pension system. Ranging from 3.0% to 6.5%, including inflation	7.15%, net of OPEB plan investment expense, including inflation	Post-Retirement: RP-2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis; Pre-Retirement: RP-2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis	Actual trend used for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.5% and 9.75% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend rate of 4.50%. Excess trend rate of 0.14% and 0.29% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims costs beginning in 2020 to account for the Excise Tax.



Other Supplementary Information

West Virginia Offices of the Insurance Commissioner
Schedule of Net Position - Workers' Compensation Information
June 30, 2025 (In Thousands)

	<u>WC Old Fund Debt Reduction</u>	<u>Coal Workers' Pneumoconiosis</u>	<u>Uninsured Fund</u>	<u>Self-Insured Funds</u>	<u>Total</u>
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 838,982	\$ 204,479	\$ 21,153	\$ 97,882	\$ 1,162,496
Receivables, net:					
Statutory allocations	36	-	-	-	36
Assessments	-	-	114	-	114
Premiums	10	-	-	-	10
Other	-	32	-	26	58
Total current assets	<u>839,028</u>	<u>204,511</u>	<u>21,267</u>	<u>97,908</u>	<u>1,162,714</u>
Total assets	<u>839,028</u>	<u>204,511</u>	<u>21,267</u>	<u>97,908</u>	<u>1,162,714</u>
LIABILITIES					
CURRENT LIABILITIES:					
Estimated liability for unpaid claims and claim adjustment expense	78,000	16,500	500	3,400	98,400
Accrued expenses and other liabilities	2	50	-	-	52
Total current liabilities	<u>78,002</u>	<u>16,550</u>	<u>500</u>	<u>3,400</u>	<u>98,452</u>
NONCURRENT LIABILITIES:					
Estimated liability for unpaid claims and claim adjustment expense	683,900	133,500	1,600	23,500	842,500
Total noncurrent liabilities	<u>683,900</u>	<u>133,500</u>	<u>1,600</u>	<u>23,500</u>	<u>842,500</u>
Total liabilities	<u>761,902</u>	<u>150,050</u>	<u>2,100</u>	<u>26,900</u>	<u>940,952</u>
NET POSITION					
Restricted for:					
WC Old fund	77,126	-	-	-	77,126
Coal workers' pneumoconiosis	-	54,461	-	-	54,461
Uninsured fund	-	-	19,167	-	19,167
Self-insured fund	-	-	-	71,008	71,008
Total net position	<u>\$ 77,126</u>	<u>\$ 54,461</u>	<u>\$ 19,167</u>	<u>\$ 71,008</u>	<u>\$ 221,762</u>

West Virginia Offices of the Insurance Commissioner

Schedule of Revenues, Expenses, and Change in Fund Net Position - Workers' Compensation Information

For the Year Ended June 30, 2025

(In Thousands)

	WC Old Fund Debt Reduction	Coal Workers' Pneumoconiosis	Uninsured Fund	Self-Insured Funds	Total
OPERATING REVENUES					
Assessments	\$ -	\$ -	\$ 614	\$ 113	\$ 727
Employer surcharge	(65)	-	-	-	(65)
Premium revenue, net	2	-	-	-	2
Other operating revenue	37	-	-	-	37
Total operating revenue	<u>(26)</u>	<u>-</u>	<u>614</u>	<u>113</u>	<u>701</u>
OPERATING EXPENSES AND CLAIMS PROVISION					
Claims and claim adjustment provision	34,725	3,442	(54)	(2,348)	35,765
General and administration	3,460	698	3	-	4,161
Total operating expenses and claims provision	<u>38,185</u>	<u>4,140</u>	<u>(51)</u>	<u>(2,348)</u>	<u>39,926</u>
Operating (loss) income	<u>(38,211)</u>	<u>(4,140)</u>	<u>665</u>	<u>2,461</u>	<u>(39,225)</u>
NONOPERATING REVENUES					
Investment earnings	81,699	19,835	1,946	9,235	112,715
Severance tax, net	36	-	-	-	36
Total nonoperating revenues	<u>81,735</u>	<u>19,835</u>	<u>1,946</u>	<u>9,235</u>	<u>112,751</u>
Change in net position	43,524	15,695	2,611	11,696	73,526
Total net position - beginning of year	<u>33,602</u>	<u>38,766</u>	<u>16,556</u>	<u>59,312</u>	<u>148,236</u>
Total net position - end of year	<u><u>\$ 77,126</u></u>	<u><u>\$ 54,461</u></u>	<u><u>\$ 19,167</u></u>	<u><u>\$ 71,008</u></u>	<u><u>\$ 221,762</u></u>

West Virginia Offices of the Insurance Commissioner

Schedule of Cash Flows - Workers' Compensation Information

For the Year Ended June 30, 2025

(In Thousands)

	WC Old Fund Debt Reduction	Coal Workers' Pneumoconiosis	Uninsured Fund	Self-Insured Funds	Total
OPERATING ACTIVITIES					
Receipts (Payments) from fees and assessments	\$ (65)	\$ -	\$ (16)	\$ 119	\$ 38
Receipts from employers	2	-	614	-	616
Receipts from other operating revenue	37	-	-	-	37
Payments to claimants and providers	(79,025)	(16,743)	(46)	(2,652)	(98,466)
Refunds for debt surcharge overpayments	5	-	-	-	5
Payments to suppliers	(3,536)	(704)	(3)	(1)	(4,244)
Net cash (used in) provided by operating activities	<u>(82,582)</u>	<u>(17,447)</u>	<u>549</u>	<u>(2,534)</u>	<u>(102,014)</u>
INVESTING ACTIVITIES					
Investment earnings	81,699	19,835	1,946	9,235	112,715
Net cash provided by investing activities	<u>81,699</u>	<u>19,835</u>	<u>1,946</u>	<u>9,235</u>	<u>112,715</u>
Net increase (decrease) in cash and cash equivalents	(883)	2,388	2,495	6,701	10,701
CASH AND CASH EQUIVALENTS - beginning of year	<u>839,865</u>	<u>202,091</u>	<u>18,658</u>	<u>91,181</u>	<u>1,151,795</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 838,982</u>	<u>\$ 204,479</u>	<u>\$ 21,153</u>	<u>\$ 97,882</u>	<u>\$ 1,162,496</u>
RECONCILIATION OF OPERATING (LOSS) INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating income (loss)	\$ (38,211)	\$ (4,140)	\$ 665	\$ 2,461	\$ (39,225)
ADJUSTMENTS TO RECONCILE OPERATING (LOSS) INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Net change in assets and liabilities					
Receivables, net	136	(7)	(16)	5	118
Estimated liability for claims and claim adjustment expenses	(44,300)	(13,300)	(100)	(5,000)	(62,700)
Accrued expenses and other liabilities	(207)	-	-	-	(207)
Net cash (used in) provided by operating activities	<u>\$ (82,582)</u>	<u>\$ (17,447)</u>	<u>\$ 549</u>	<u>\$ (2,534)</u>	<u>\$ (102,014)</u>



Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Members of the
West Virginia Offices of the Insurance Commissioner
Charleston, West Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the West Virginia Offices of the Insurance Commissioner, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the West Virginia Offices of the Insurance Commissioner's basic financial statements, and have issued our report thereon dated October 9, 2025.

Report on Internal Control over Financial Reporting

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

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

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



Report on Compliance and Other Matters

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

Purpose of this Report

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

Brown, Edwards & Company, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

Charleston, West Virginia
October 9, 2025