



To All Fund Members,

It is my pleasure to present your 2010 renewal package. As we bring the 2009 year to a close and look forward to the 2010 year ahead, I am proud to report that your Fund is financially strong and will continue to offer your workers' compensation coverage at the lowest possible cost. We accomplish this through a focused effort in loss prevention, claim and financial management.

Preventing accidents is our most effective way to control your coverage costs. During the past ten years, through strict underwriting and proactive loss control, we have seen our claim frequency rate reduced by over 50%. These lower claim rates have enabled us to keep coverage costs low through very competitive pricing.

When an accident occurs and your employee is injured, our experienced claim adjusters go to work with you, the injured employee and their doctor to manage the claim to a successful resolution. Our access to one of the largest preferred provider organizations (PPO) in Alabama, AlaMed, can result in medical savings of 10 to 15%. The skyrocketing cost of prescriptions is also brought under control through our pharmacy benefit management (PBM) program, which results in savings up to 20%.

The premier insurance rating organization, A.M. Best Company, has again designated this Fund with an A- (Excellent) rating based on its overall financial and administrative operations. The 2009 Rating indicated a sound balance sheet, excellent operating performance and significant leading market position in Alabama. Less than 10 group funds in the United States have achieved an A. M. Best Rating.

Like most businesses, your Fund has not been immune to the economic downturn. Member companies have overall lower payrolls, which results in lower contributions. Even though we have a conservative and diversified investment portfolio managed by an experienced investment team, it is still not totally shielded from the decline in investment returns. The value of investments impacts what is returned to eligible members through the Retro Credit at renewal. While there is over \$70 million in the retrospective return reserves, these funds are being held for 2010 to maintain and build the value for future inclusion in the retro distribution formula. Preserving the financial stability of the Fund is first and foremost in navigating these difficult and challenging times.

From its inception in 1978, the Alabama Self-Insured Worker's Compensation Fund has grown to be the leading workers' compensation provider in Alabama representing over 3700 businesses. This growth has been accomplished by providing excellent service in conjunction with competitive pricing and a financially secure program. We look forward to continued success in 2010 and beyond.

Respectfully,

Freda Bacon  
Fund Administrator