

Report of Audit

on the

Financial Statements

of the

Statewide Insurance
Fund

for the

Years Ended
December 31, 2010 and 2009

**Annual
Financial Report**

of the

Statewide Insurance Fund

For the Years Ended December 31, 2010 and 2009

Prepared By

Statewide Insurance Fund

Fund Administrator

STATEWIDE INSURANCE FUND

DECEMBER 31, 2010 AND 2009

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STATEWIDE INSURANCE FUND

DECEMBER 31, 2010 AND 2009

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SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@scnco.com

INDEPENDENT AUDITOR'S REPORT

Executive Committee
Statewide Insurance Fund
30A Vreeland Road
Florham Park, New Jersey 07932

We have audited the balance sheets of the Statewide Insurance Fund (the "Fund") as of December 31, 2010 and 2009, and the related statements of revenue, expenses and changes in fund equity and cash flows for the years then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with U.S. generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As permitted by the Departments of Community Affairs and the Department of Banking and Insurance, State of New Jersey, we did not extend our audit to the underlying actuarial assumptions for Incurred But Not Reported (IBNR) reserve amounts, since they are prepared by the Fund's actuary.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we audited the IBNR reserves, the financial statements referred to above present fairly, in all material respects, the financial position of the fund at December 31, 2010 and 2009 and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

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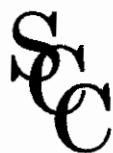
In accordance with Government Auditing Standards, we have also issued a report dated May 27, 2011, on our consideration of Statewide Insurance Fund's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and the required supplementary information, as listed in the foregoing table of contents, respectively, are not a required part of the basic financial statements but are supplementary information required by the U.S. Generally Accepted Accounting Principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information included in the accompanying Supplementary Data Section is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

May 27, 2011

A handwritten signature in cursive script that reads "Suplee, Clooney & Company". The signature is written in black ink and is positioned to the right of the date.



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CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@scnco.com

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

Executive Committee
Statewide Insurance Fund
30A Vreeland Road
Florham Park, New Jersey 07932

We have audited the financial statements of the Statewide Insurance Fund (the "Fund") as of and for the year ended December 31, 2010, and have issued our report thereon dated May 27, 2011. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Fund's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control over financial reporting.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Statewide Insurance Fund's financial statements will not be prevented, or detected and corrected on a timely basis.

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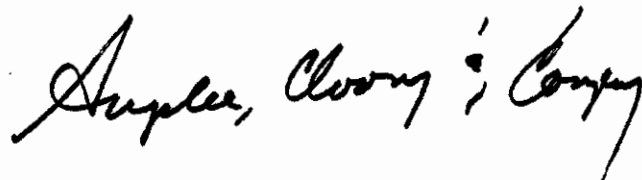
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Statewide Insurance Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 or other matters that are required to be reported under Government Auditing Standards.

This report is intended for the information of the Statewide Insurance Fund and state audit agencies and is not intended to be and should not be used by anyone other than these specified parties.

May 27, 2011

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FINANCIAL SECTION

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MANAGEMENT DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

In this section of the annual report, management of the Statewide Insurance Fund (the "Fund") presents a narrative discussion and analysis of the Fund's financial activities for the years ended December 31, 2010 and 2009. This section of the report should be read in conjunction with the Fund's audited financial statements and supplementary information for the years ended December 31, 2010 and 2009. The Fund's audited financial statements are presented in conformity with U.S. generally accepted accounting principles.

Audit Assurance

The opinion of our independent auditors, Suplee Clooney & Company is included in this report.

Financial Highlights

Total assets at year-end totaled \$29.6 million and liabilities totaled \$25.7 million. Total assets is comprised of \$16.2 million of Cash and Cash Equivalents, \$10.6 million in Investments and \$2.7 million of Reinsurance Receivables. Total Liabilities is comprised of Loss Reserves of \$25.7 million.

Revenues are comprised of assessments to participating members based on actuarial assumptions determined by the Fund's actuary. Assessments totaled \$17.7 million which is an increase of \$1.3 million or 7.9% over the prior year. Much of the increase is attributable to an increase in members. Operating Expenses total \$18.5 million which is an increase of \$1.3 million or 7.8% over prior year. The Fund's provision for claims and claim adjustment expenses increased \$905 thousand. The Fund's largest expenditures are provisions for claims and claim adjustment expenses and payments for insurance premiums.

Overview of Annual Financial Report

Management's Discussion and Analysis (MD&A) serves as an introduction to, and should be read in conjunction with, the basic audited financial statements and supplementary information. The MD&A represents management's examination and analysis of the Fund's financial condition and performance.

The financial statements report information about the Fund using full accrual accounting methods. The financial statements include a Balance Sheet; a Statement of Revenues, Expenses and Changes in Fund Equity; a Statement of Cash Flows; and Notes to the financial statements.

The Balance Sheet presents the financial position of the Fund on a full accrual historical cost basis. This statement presents information on all of the Fund's assets and liabilities, with the difference reported as fund equity. Over time, increases and decreases in fund equity is one indicator of whether the financial position of the Fund is improving or deteriorating. While the Balance Sheet provides information about the nature and amount of resources and obligations at year-end, the Statement of Revenues, Expenses and Changes in Fund Equity presents the results of the activities over the course of the fiscal year and information as to how the fund equity changed during the year. All changes in fund equity are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

The Statement of Cash Flows presents changes in cash and cash equivalents, resulting from operational, financing, and investing activities. This statement presents cash receipts and cash disbursement information, without consideration of the earnings event or when an obligation arises.

The Notes to the Financial Statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the Fund's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

Summary of Organization and Business

The Statewide Insurance Fund (the "Fund") was formed on April 1, 1994 in accordance with P.L. 1983, C.372, entitled "An Act Concerning Joint Insurance Funds for Local Units of Government", and the supplementing Chapter 10 of Title 40A of the New Jersey Statutes. The Fund is operated in accordance with regulations of the New Jersey Department of Banking and Insurance and the Division of Local Government Services of the Department of Community Affairs. The Fund was established for the purpose of providing low cost insurance coverage as well as providing stability in coverage. There are currently 67 members participating in the Fund.

Participating members must remain in the Fund for the full term of membership unless earlier terminated by a majority vote of the Fund Commissioners or the Executive Committee for nonpayment of assessments, non-compliance with risk management or underwriting standards, or other reasons subject to prior approval by the Commissioner or Banking and Insurance as reasons for termination.

The fund's bylaws provide for the termination and/or withdrawal of Fund members, however, termination or withdrawal does not relieve the members of obligations incurred during its period of membership.

All members' contributions to the Fund are based on actuarial assumptions for claims paid as determined by the Fund's actuary. The Commissioner of Banking and Insurance may order additional assessments to supplement the Fund's claim, loss retention or administrative accounts to assure the payment of the Fund's obligations.

An administrator is responsible for the overall administration of the Fund.

The following coverages are offered by the Fund to its members:

- a) Workers' Compensation and Employers' Liability
- b) General Liability and Auto Liability
- c) Property Damage
- d) Boiler and Machinery
- e) Law Enforcement Liability
- f) Public Officials' Liability
- g) Employment Practice Liability
- h) Crime
- i) Umbrella Liability
- j) Environmental Impairment Liability
- k) Excess Liability

The Fund purchases insurance in accordance with its Risk Management Plan.

Financial Analysis

The following comparative condensed financial statements and other selected information serve as key financial data and indicators for management, monitoring and planning.

	<u>December 31,</u>		<u>Variance</u>	
	<u>2010</u>	<u>2009</u>	<u>Dollars</u>	<u>%</u>
<u>Assets</u>				
Cash and Cash Equivalents	\$ 16,239,606	\$ 18,985,562	\$ (2,745,956)	-14.5%
Investments	10,632,920	7,886,918	2,746,002	34.8%
Assessments Receivable	-	201,981	(201,981)	-100.0%
Reinsurance Receivable	2,675,434	3,000,159	(324,725)	-10.8%
Miscellaneous Receivables	81,952	86,667	(4,715)	-5.4%
Total Assets	\$ 29,629,912	\$ 30,161,287	\$ (531,375)	-1.8%
<u>Liabilities</u>				
Accounts and Other Liabilities	\$ 19,077	\$ 296,218	\$ (277,141)	-93.6%
Loss Reserves	25,696,755	25,699,311	(2,556)	0.0%
Total Liabilities	\$ 25,715,832	\$ 25,995,529	\$ (279,697)	-1.1%
<u>Fund Equity</u>				
Unrestricted	\$ 3,914,080	\$ 4,165,758	\$ (251,678)	-6.0%
Total Fund Equity	\$ 3,914,080	\$ 4,165,758	\$ (251,678)	-6.0%
Total Liabilities and Fund Equity	\$ 29,629,912	\$ 30,161,287	\$ (531,375)	-1.8%

Condensed Statement of Revenue, Expenses, and Changes in Fund Equity

	<u>December 31,</u>		<u>Variance</u>	
	<u>2010</u>	<u>2009</u>	<u>Dollars</u>	<u>%</u>
Operating Revenues	\$ 17,696,337	\$ 16,397,633	\$ 1,298,704	7.9%
Operating Expenses	18,513,438	17,168,050	1,345,388	7.8%
Operating Income (Loss)	\$ (817,101)	\$ (770,417)	\$ (46,684)	6.1%
Non Operating (Revenues) Expenses	565,423	570,044	(4,621)	-0.8%
Change in Fund Equity	\$ (251,678)	\$ (200,373)	\$ (51,305)	25.6%
Fund Equity, Beginning of Year	\$ 4,165,758	\$ 4,366,131	\$ (200,373)	-4.6%
Fund Equity Distribution	-	-	-	0.0%
Fund Equity, End of Year	\$ 3,914,080	\$ 4,165,758	\$ (251,678)	-6.0%

Contacting the Fund's Management

Any questions about the Fund's report or if additional information is needed, please contact the Fund Administrator of the Statewide Insurance Fund, 30A Vreeland Road, Florham Park, New Jersey 07932.

EXHIBIT A

STATEWIDE INSURANCE FUND
COMPARATIVE BALANCE SHEETS
DECEMBER 31, 2010 AND 2009

Assets	<u>2010</u>	<u>2009</u>
Cash and Cash Equivalents	\$ 16,239,606	\$ 18,985,562
Investments	10,632,920	7,886,918
Assessments Receivable	-	201,981
Reinsurance Receivable	2,675,434	3,000,159
Miscellaneous Receivables	<u>81,952</u>	<u>86,668</u>
Total Assets	<u>\$ 29,629,912</u>	<u>\$ 30,161,287</u>
Liabilities and Fund Equity		
Liabilities:		
Accounts Payable	\$ 19,077	\$ 33,982
State Examination Fees	-	385
Assessments Overpaid	-	26,320
Other Liabilities	-	235,532
Loss Reserves	<u>25,696,755</u>	<u>25,699,311</u>
Total Liabilities	<u>\$ 25,715,832</u>	<u>\$ 25,995,530</u>
Fund Equity:		
Retained Earnings - Unreserved	<u>\$ 3,914,080</u>	<u>\$ 4,165,758</u>
Total Fund Equity	<u>\$ 3,914,080</u>	<u>\$ 4,165,758</u>
Total Liabilities and Fund Equity	<u>\$ 29,629,912</u>	<u>\$ 30,161,287</u>

See Notes to Financial Statements

STATEWIDE INSURANCE FUND

COMPARATIVE STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN FUND EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Operating Revenue:		
Assessments - Participating Members - Current Fund Year	\$ 17,897,816	\$ 16,397,633
Supplemental Assessments		
Adjustments to Assessments - Prior Fund Years	(201,479)	-
Total Operating Revenue	<u>\$ 17,696,337</u>	<u>\$ 16,397,633</u>
Operating Expenses:		
Provision for Claims and Claim Adjustment Expense - Discounted	\$ 10,171,948	\$ 9,266,750
Insurance Premiums	5,246,917	4,984,977
Administration	3,094,573	2,916,322
Total Operating Expenses	<u>\$ 18,513,437</u>	<u>\$ 17,168,049</u>
Operating Income (Loss)	\$ (817,100)	\$ (770,417)
Non-operating Revenue:		
Other Income (Expense) Net	\$ 262,238	\$ 4,004
Interest Income	345,057	417,986
Unrealized Gains (Losses) on Investments	(41,873)	148,054
Net Income (Loss)	\$ (251,678)	\$ (200,373)
Fund Equity, Beginning of Year	4,165,758	4,366,131
Fund Equity Distribution to Participating Members	-	-
Fund Equity, End of Year	<u>\$ 3,914,080</u>	<u>\$ 4,165,758</u>

See Notes to Financial Statements

EXHIBIT C

STATEWIDE INSURANCE FUND

COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Cash Flows from Operating Activities:		
Operating Income (Loss)	\$ (817,100)	\$ (770,417)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by Operating Activities:		
Changes in Assets and Liabilities:		
(Increase)/Decrease in Assessments Receivable	201,981	5,640
(Increase)/Decrease in Reinsurance Receivable	324,724	7,502,693
(Increase)/Decrease in Miscellaneous Receivable	4,716	(63,775)
Increase/(Decrease) in Accounts Payable	(14,904)	(6,321)
Increase/(Decrease) in State Exam Fees	(385)	(60,615)
Increase/(Decrease) in Other Liabilities	386	-
Increase/(Decrease) in Loss Reserves	<u>(2,555)</u>	<u>(6,368,321)</u>
Net Cash Provided (Used) by Operating Activities	\$ <u>(303,137)</u>	\$ <u>238,885</u>
Cash Flows from Investing Activities:		
Investing Income	\$ 345,057	\$ 417,986
Sale/(Purchase) of Investments	<u>(2,787,876)</u>	<u>(175,269)</u>
Net Cash Provided (Used) by Investing Activities	\$ <u>(2,442,819)</u>	\$ <u>242,717</u>
Cash Flows from Noncapital Financing Activities:		
Fund Equity Distribution to Participating Members	\$ -	\$ -
Net Cash Provided (Used) by Noncapital Financing Activities	\$ -	\$ -
Net Increase in Cash and Cash Equivalents	\$ (2,745,957)	\$ 481,601
Cash and Cash Equivalents - Beginning of Year	<u>18,985,562</u>	<u>18,503,961</u>
Cash and Cash Equivalents - End of Year	<u>\$ 16,239,606</u>	<u>\$ 18,985,562</u>

See Notes to Financial Statements

STATEWIDE INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

(1) ORGANIZATION AND DESCRIPTION OF THE FUND

The Statewide Insurance Fund (the "Fund") was formed on April 1, 1994 in accordance with P.L. 1983, C.372, entitled "An Act Concerning Joint Insurance Funds for Local Units of Government", and the supplementing Chapter 10 of Title 40A of the New Jersey Statutes. The Fund is operated in accordance with regulations of the New Jersey Department of Banking and Insurance and the Division of Local Government Services of the Department of Community Affairs. The Fund was established for the purpose of providing low cost insurance coverage as well as providing stability in coverage. There are currently 67 members participating in the Fund.

Participating members must remain in the Fund for the full term of membership unless earlier terminated by a majority vote of the Fund Commissioners or the Executive Committee for nonpayment of assessments, non-compliance with risk management or underwriting standards, or other reasons subject to prior approval by the Commissioner of Banking and Insurance as reasons for termination.

The fund's bylaws provide for the termination and/or withdrawal of Fund members, however, termination or withdrawal does not relieve the members of obligations incurred during its period of membership.

All members' contributions to the Fund are based on actuarial assumptions for claims paid as determined by the Fund's actuary. The Commissioner of Banking and Insurance may order additional assessments to supplement the Fund's claim, loss retention or administrative accounts to assure the payment of the Fund's obligations.

An administrator is responsible for the overall administration of the Fund.

The following coverages are offered by the Fund to its members:

- a) Workers' Compensation and Employers' Liability
- b) General Liability and Auto Liability
- c) Property Damage
- d) Boiler and Machinery
- e) Law Enforcement Liability
- f) Public Officials' Liability
- g) Employment Practice Liability
- h) Crime
- i) Umbrella Liability
- j) Environmental Impairment Liability
- k) Excess Liability

The Fund purchases insurance in accordance with its Risk Management Plan.

STATEWIDE INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Government Accounting Standards Board establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. The Fund has determined that there were no additional entities required to be included in the reporting entity under the criteria as described above, in the current year. In addition, the Fund is not includable in any other reporting entity on the basis of such criteria.

Basis of Presentation, Fund Accounting

The financial statements of the Fund have been prepared in accordance with generally accepted accounting principles applicable to enterprise funds of State and Local Governments on a going concern basis. The focus of an enterprise fund is the measurement of economic resources, that is, the determination of net income, financial position and cash flows.

Enterprise Funds are used to account for activities that are operated in a manner similar to private business enterprises.

Accrual Basis of Accounting

The Fund uses the accrual basis of accounting, whereby income is recorded as earned and expenses are recognized as incurred.

Cash and Cash Equivalents

For purposes of reporting cash, the fund considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

Income Taxes

The Fund is a tax-exempt organization and is not subject to either federal or state income taxes.

STATEWIDE INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assessments

The gross claim fund assessment is determined by the actuary and, when combined with expense and premium projections, constitutes the Fund's budget. Assessments for participating members are determined by underwriting criteria established by the Fund.

Unpaid Claims Liabilities

The Fund establishes claims liabilities based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Estimated amounts of salvage and subrogation and reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount, particularly for coverages such as general liability. Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made. The Fund does not discount estimated claims liabilities.

In accordance with practices prescribed or permitted by the Departments of Community Affairs and Banking and Insurance, State of New Jersey, the accountants' audit procedures were not extended to the underlying actuarial assumptions for Incurred But Not Reported (IBNR) Reserve amounts since they are prepared by the Fund's Actuary.

Reinsurance

The Fund uses reinsurance agreements to reduce its exposure to large losses on certain types of insured events. Reinsurance permits recovery of a portion of losses from reinsurers, although it does not discharge the primary liability of the Fund as direct insurer of the risks reinsured.

STATEWIDE INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prepaid Expenses

Prepaid expenses consist of the unexpired portion of insurance policies purchased to provide additional insurance coverage.

Deferred Revenue

Deferred revenue represents the unearned assessments of participating members.

Administrative Expenses

Administrative expenses are comprised mainly of compensation for services rendered by servicing organizations and appointed officials pursuant to written fee guidelines submitted and approved by a majority of the Executive Committee.

Claims Case Reserves

Case reserves include estimated unpaid claim costs for claimants and allocated claim adjustment expenses as reported by the service agents.

Claims Incurred But Not Reported (IBNR) Reserve

In order to recognize claims incurred but not reported, a reserve is calculated by the Fund's actuary.

IBNR reserves include:

- a. Known loss events that are expected to later be presented as claims,
- b. Unknown loss events that are expected to become claims, and
- c. Expected future development on claims already reported.

Liabilities for unpaid IBNR losses calculations represent the estimated liability on expected future development on claims already reported to the Fund plus claims incurred but not yet reported and unknown loss events that are expected to become claims. The liabilities for claims and related adjustment expenses are evaluated using Fund and industry data, case basis evaluations and other statistical analyses, and represent estimates of the ultimate net cost of all losses incurred through December 31, 2010. These liabilities are subject to variability between estimated ultimate losses determined as described and the actual experience as it emerges including the impact of future changes in claim severity and frequency and other factors.

STATEWIDE INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subrogation

Subrogation and all other recoverable claim amounts, excluding excess insurance, are recognized upon receipt of cash only.

Reinsurers Obligation for Payment

The Fund's financial statements include all paid losses, reserves on reported losses and incurred but not reported losses which equal the total claim liability for the Fund. The total claim liability will include losses in excess of the Fund's retentions and, therefore, the financial statements include an accounts receivable (Reinsurers Obligation for Payment) that will be paid by the Fund's reinsurers for those liabilities in excess of the Fund's retention limits.

Discount

The Fund has elected to report the estimated liability for IBNR and claims reserves on a discounted basis based on a projected 2.75% annual interest rate. As with all projections, there is an uncertainty as to whether the underlying assets and claims payments will support the projected discount.

STATEWIDE INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

(3) CASH AND CASH EQUIVALENTS

The Fund considers cash in banks and Short-Term Investments with original maturities of three months or less as cash and cash equivalents.

Deposits

New Jersey statutes permit the deposit of public funds in institutions which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA) or the State of New Jersey Cash Management Fund. GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a banking institution that is a member of the Federal Reserve System.

Custodial Credit Risk is the risk that in the event of a bank failure, the deposits may not be returned. The Fund does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2010, based upon the coverage provided by FDIC and NJGUPA, no amount of the bank balance was exposed to custodial credit risk.

The Fund had the following cash and cash equivalents at December 31:

	<u>2010</u>	<u>2009</u>
Checking Accounts	<u>\$16,239,606</u>	<u>\$18,985,562</u>
TOTAL	<u>\$16,239,606</u>	<u>\$18,985,562</u>

The carrying amount of Statewide Insurance Fund's cash and cash equivalents at cost at December 31, 2010 and 2009 was \$16,239,606 and \$18,985,562, respectively. The bank balances were \$16,529,831 and \$19,192,838, respectively. Of the bank balance, \$250,000.00 was covered by federal depository insurance and \$16,279,831 and \$18,942,838 was covered by the collateral pool maintained by the banks as required by New Jersey statutes.

STATEWIDE INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

(4) INVESTMENTS

New Jersey statutes permit the Fund to purchase the following types of investments:

Bonds or other obligations of the United States or obligations guaranteed by the United States.

Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal Land Bank, Federal National Mortgage Associates or any United States Bank for Cooperatives which have a maturity date not greater than twelve months from the date of purchase.

Bonds or other obligations, having a maturity date not more than twelve months from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local unit.

Among the Fund's investment objectives are preservation of principal, diversification, and maximization of interest yield. The Fund invests in certificates of deposit and government securities with the intent of holding them until maturity. Investments are reported at fair value based on year-end quoted market prices.

	<u>December 31, 2010</u>		<u>December 31, 2009</u>	
	<u>COST</u>	<u>FAIR VALUE</u>	<u>COST</u>	<u>FAIR VALUE</u>
Certificates of Deposit	\$9,008,624	\$9,008,624	\$6,265,554	\$6,265,554
U.S. Treasury Bonds, Reserves, Time Deposits	<u>1,642,575</u>	<u>1,624,296</u>	<u>1,592,301</u>	<u>1,621,364</u>
	<u>\$10,651,199</u>	<u>\$10,632,920</u>	<u>\$7,857,855</u>	<u>\$7,886,918</u>

Based upon the limitation set forth by New Jersey Statutes and existing investment practices, the Fund is generally not exposed to credit risks and interest rate risks for its investments, nor is it exposed to foreign currency risk for its deposits and investments.

STATEWIDE INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

(5) PERMANENT FUND TRANSFERS

Permanent intertrust fund transfers are made upon the expressed approval of the Executive Committee, following prior written notification to the Commissioner of Banking and Insurance and the Department of Community Affairs.

Interyear fund transfers require prior approval of the Departments of Banking and Insurance and Community Affairs. The fund may seek approval from the Executive Committee to make interyear fund transfers at any time from a claims or loss retention trust account from any year which has been completed for at least 12 months. The interyear fund transfer may be in any amount subject to the limitation that after the transfer, the remaining net current surplus must exceed 35 percent of unpaid claims for that fiscal year. Claims must be undiscounted, the IBNR reserve must be certified by an actuary and the membership for each fiscal year involving interyear fund transfers must be identical between fiscal years.

All fund transfers are recognized at the time actual transfers take place.

(6) FUND EQUITY DISTRIBUTION PAYABLE

During 2010 and 2009 the Fund did not declare a distribution of fund equity. Distributions are approved by the State Department of Banking and Insurance.

(7) RETURN OF SURPLUS

Refunds are recognized upon authorization of the Executive Committee with state approvals. Any monies for a Fund year in excess of the amount necessary to fund all obligations for that fiscal year as certified by the Fund's actuary may be declared to be refundable by the Fund no less than sixty months after the end of the fiscal year. The initial and any subsequent refund for any year from a Claim or Loss Retention Account is subject to the limitation that after the refund, the remaining net current surplus must exceed thirty-five percent of unpaid claims for that fiscal year. In later years, the Fund can seek annual approval for payment of refunds from a Claim or Loss Retention Trust Fund Account remaining from any year which has been completed for at least thirty-six months or longer and may include such refund payments with initial refund payments from the preceding year. A full and final refund is not allowed until all case reserves and IBNR reserves are closed.

STATEWIDE INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

(8) MINIMUM SURPLUS REQUIREMENTS

The State of New Jersey has no statutory minimum surplus requirements.

(9) DEFICIT FUND BALANCE

The Fund will liquidate any deficit in a fund balance by transferring from another fund or by assessing members for additional contributions, in accordance with applicable New Jersey statutes and regulations.

(10) SUPPLEMENTAL ASSESSMENTS

The Fund Commissioners or Executive Committee shall by majority vote levy upon the participating municipalities additional assessments wherever needed or so ordered by the Commissioner of Banking and Insurance to assure the payment of the Fund's obligations. Supplemental assessments to cover a deficit are recognized as revenue upon approval whether or not actually received.

(11) LOSS RESERVES

The liability for unpaid losses and loss adjustment expenses represents an estimate of the ultimate net cost of all losses and loss adjustment expenses incurred but not yet paid as of December 31, 2010. This estimate is based on the estimated ultimate cost of settling the claims considering the historical experience of the Fund, various other industry statistics, including the effects of inflation and other societal or economic factors, and the Fund's self-insured retention level. Management believes that the liability for unpaid losses is adequate to cover the ultimate cost of reported and unreported claims incurred but not yet paid. However, the ultimate cost may be more or less than the estimated liability. The Fund has created a loss reserve for any reported and potential unreported losses which have taken place but in which the Fund has not received notices or reports of losses. Amounts to be reimbursed from the reinsurers are shown on the balance sheets as reinsurance receivable.

STATEWIDE INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

(12) CHANGES IN UNPAID CLAIMS LIABILITIES

As discussed in Note 2, the Fund establishes a liability for both reported and unreported insured events, which includes estimates of future payments of losses and related allocated claim adjustment expenses.

The following represents changes in those aggregate discounted reported and unreported liabilities for the Fund for years 2010 and 2009 for all open Fund years:

	<u>2010</u>	<u>2009</u>
Total unpaid claims and claim adjustment expenses all Fund years - beginning of year	\$25,699,311	\$32,067,632
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fund year	9,771,848	9,535,403
Changes in provision for insured events of prior fund years	<u>624,585</u>	<u>(268,652)</u>
Total incurred claims and claim adjustment expenses all Fund years	<u>\$36,095,744</u>	<u>\$41,334,383</u>
Payments:		
Claims and claim adjustment expenses:		
Attributable to insured events of current fund year	\$ 3,006,432	\$ 3,011,826
Attributable to insured events of prior fund years	<u>7,392,557</u>	<u>12,623,246</u>
Total Payments all Fund years	<u>10,398,989</u>	<u>15,635,072</u>
Total unpaid claims and claim adjustment expenses all Fund years - end of year	<u>\$25,696,755</u>	<u>\$25,699,311</u>

STATEWIDE INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

(13) **SUBSEQUENT EVENTS**

The Fund has evaluated subsequent events occurring after the financial statement date through May 27, 2011, which is the date the financial statements were available to be issued. Based on this evaluation, the Fund has determined that no subsequent events have occurred which require disclosure in the financial statements.

(14) **LITIGATION, CLAIMS AND CONTINGENT LIABILITIES**

In the ordinary conduct of its business, the Fund may be a party to litigation. At December 31, 2010, in the opinion of management based upon consultation with legal counsel, there were no matters pending or threatened which would have a material adverse effect on the financial position of the Fund.

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SUPPLEMENTARY INFORMATION

STATEWIDE INSURANCE FUND

HISTORICAL YEAR OPERATING RESULTS ANALYSIS

FUND YEARS: CLOSED YEARS, 2006, 2007, 2008, 2009 AND 2010

DECEMBER 31, 2010

<u>Underwriting Income:</u>			
Regular Contributions	\$	197,958,450.36	
Supplemental Contributions		1,660,000.00	
Other Income		439,470.99	
<u>Total Income</u>			\$ 200,057,921.35
<u>Incurred Liabilities:</u>			
Claims:			
Paid	\$	91,303,759.89	
Case Reserves		17,936,592.19	
IBNR Reserve		8,406,103.00	
Discount		(645,940.00)	
Subtotal			\$ 117,000,515.08
Less Excess Insurance:			
Received	\$	10,786,395.35	
Recoverable		2,675,434.17	
Subrogation		3,110,242.09	
Subtotal			16,572,071.61
Limited Incurred Claims	\$		100,428,443.47
Expenses:			
Excess Insurance Premiums	\$	66,596,804.46	
Administrative		35,430,296.68	
Subtotal Expenses			102,027,101.14
<u>Total Incurred Liabilities</u>			<u>202,455,544.61</u>
<u>Underwriting Surplus/(Deficit)</u>	\$		(2,397,623.26)
<u>Investment Income</u>			<u>6,537,551.97</u>
<u>Gross Operating Surplus/(Deficit)</u>	\$		4,139,928.71
<u>Return of Surplus:</u>			
Paid	\$	225,848.25	
Authorized and Unpaid		-	
Subtotal Return of Surplus			<u>225,848.25</u>
<u>Net Current Surplus/(Deficit)</u>	\$		<u>3,914,080.44</u>

See Notes to Financial Statements

STATEWIDE INSURANCE FUND

HISTORICAL BALANCE SHEET

FUND YEARS: CLOSED YEARS, 2006, 2007, 2008, 2009 AND 2010

DECEMBER 31, 2010

Assets:

Cash and Investments	\$	<u>26,872,526.09</u>	
			\$ 26,872,526.09
Receivables:			
Excess Insurance	\$	2,675,434.17	
Miscellaneous Receivable		81,952.62	
Assessments		-	
Other		-	
Total Receivables		<u>2,757,386.79</u>	
Other Assets			
<u>Total Assets</u>			\$ <u>29,629,912.88</u>

Liabilities:

Claims:

Case Reserves	\$	17,936,592.19	
IBNR Reserve		8,406,103.00	
Discount Reserve		<u>(645,940.00)</u>	
Subtotal Claims			\$ 25,696,755.19

Expenses (Unpaid):

Excess Insurance	\$		
Administrative		19,077.25	
State Examination Fees		-	
Subtotal Expenses		<u>19,077.25</u>	

Other Liabilities:

Assessment Overpayments	\$	-	
Unallocated		-	
Authorized Return of Surplus		-	
Miscellaneous Liabilities		-	
Subtotal		<u>-</u>	

Total Liabilities 25,715,832.44

Net Current Surplus/(Deficit) \$ 3,914,080.44

See Notes to Financial Statements

STATEWIDE INSURANCE FUND

FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS

DECEMBER 31, 2010

	CLOSED YEARS		2006 FUND YEAR		2007 FUND YEAR	
	Workers Comp	All Lines	Workers Comp	All Lines	Workers Comp	All Lines
Underwriting Income						
Regular Contributions (Earned)	\$ 71,415,703.12	\$ 31,331,237.36	\$ 102,748,940.48	\$ 10,695,484.54	\$ 8,424,849.00	\$ 11,337,341.00
Supplemental Contributions	1,660,000.00		1,660,000.00			
Other Income (Except Investments)	359,358.01	34,080.78	393,438.79	5,368.07	26,320.36	1,110.00
Total Income	\$ 73,435,061.13	\$ 31,365,316.14	\$ 104,800,379.27	\$ 10,895,484.54	\$ 8,451,169.38	\$ 11,338,451.00
Incurred Liabilities						
Claims Paid	\$ 43,807,371.29	\$ 17,361,523.09	\$ 61,188,894.38	\$ 5,895,384.16	\$ 6,222,091.99	\$ 2,057,388.81
Case Reserves	4,777,572.82	52,465.14	4,630,037.96	1,493,416.24	2,167,834.62	132,808.73
IBNR Reserves	640,119.00	66,383.00	728,502.00	414,444.00	509,529.00	262,323.00
Discount	(86,218.00)	(3,790.00)	(90,006.00)	(50,406.00)	(76,940.00)	(9,027.00)
Subtotal	\$ 49,138,847.11	\$ 17,488,581.23	\$ 66,837,428.34	\$ 7,752,838.42	\$ 8,822,515.61	\$ 2,444,284.54
Excess Insurance Received	\$ 1,976,732.54	\$ 6,030,330.35	\$ 10,009,082.89	\$ -	\$ -	\$ 185,138.75
Reinsurers Obligation for Payment	2,272,522.78	198,695.36	2,471,218.14	82,631.89		4,231.17
Subrogation	1,577,971.25	548,155.67	2,126,126.92	164,395.38	119,419.30	181,870.11
Subtotal	\$ 5,828,226.57	\$ 8,777,181.38	\$ 14,606,407.95	\$ 247,027.07	\$ 119,419.30	\$ 371,240.03
Limited Incurred Claims	\$ 43,309,620.54	\$ 8,721,399.85	\$ 52,031,020.39	\$ 7,505,811.35	\$ 8,703,098.31	\$ 2,073,054.51
Expenses:						
Excess Insurance Premiums	\$ 18,160,984.85	\$ 17,620,414.52	\$ 35,781,299.17	\$ 791,678.00	\$ 803,347.00	\$ 8,261,706.24
Administrative Expenses	14,125,984.41	4,987,571.87	19,123,556.28	1,758,601.69	1,741,294.82	1,664,202.90
Total Incurred Liabilities	\$ 75,596,489.60	\$ 31,339,386.24	\$ 106,935,875.84	\$ 10,056,281.04	\$ 11,247,738.23	\$ 9,998,983.85
Underwriting Surplus/(Deficit)	\$ (2,161,428.47)	\$ 25,931.90	\$ (2,135,496.57)	\$ (1,423,453.97)	\$ (1,798,568.87)	\$ (457,081.52)
Investment Income	\$ 3,797,695.87	\$ 712,247.23	\$ 4,509,943.10	\$ 448,224.02	\$ 344,553.55	\$ 241,872.10
Unrealized Gains (Losses) on Investments	8,320.78	4,043.86	12,364.44	7,968.43	9,056.45	10,520.03
Gross Operating Surplus (Deficit)	\$ 1,844,588.18	\$ 742,222.79	\$ 2,388,810.97	\$ (967,281.52)	\$ (1,442,868.87)	\$ 1,591,879.48
Return of Surplus	225,848.25	-	225,848.25	-	-	-
Net Current Surplus (Deficit)	\$ 1,418,739.93	\$ 742,222.79	\$ 2,160,962.72	\$ (967,281.52)	\$ (1,442,868.87)	\$ 1,591,879.48

See Notes to Financial Statements

STATEWIDE INSURANCE FUND

FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS

DECEMBER 31, 2010

	2008 FUND YEAR		2009 FUND YEAR		2010 FUND YEAR		TOTAL ALL FUND YEARS	
	Workers Comp	All Lines	Workers Comp	All Lines	Workers Comp	All Lines	Workers Comp	All Lines
Underwriting Income								
Regular Contributions (Earned)	\$ 9,586,967.00	\$ 11,273,951.00	\$ 20,830,918.00	\$ 7,889,864.58	\$ 16,387,632.58	\$ 6,835,866.60	\$ 17,897,815.76	\$ 81,463,835.06
Supplemental Contributions	4,003.80	576.00	4,578.80		4,328.98	8,653.97	40,983.77	1,660,000.00
Other Income (Except Investments)	9,590,970.80	11,274,527.00	20,835,497.80	7,890,864.58	16,397,632.58	6,844,520.58	17,906,468.73	81,503,928.85
Total Income	\$ 19,177,937.60	\$ 22,549,054.00	\$ 41,671,574.40	\$ 15,781,729.16	\$ 32,799,594.14	\$ 13,698,841.15	\$ 35,813,337.46	\$ 163,767,857.71
Incurred Liabilities								
Claims Paid	\$ 4,588,766.19	\$ 1,069,000.71	\$ 5,657,766.90	\$ 936,606.48	\$ 5,147,404.27	\$ 1,993,531.76	\$ 3,256,432.33	\$ 24,586,016.69
Case Reserves	2,187,805.60	514,937.68	2,702,743.48	167,133.27	2,737,938.96	2,886,302.32	3,685,780.39	16,063,618.49
IBNR Reserves	507,509.00	810,390.00	1,317,899.00	752,210.00	1,174,493.00	2,321,705.00	3,436,534.00	5,415,589.00
Discount	(78,165.00)	(22,762.00)	(100,921.00)	(23,684.00)	(133,877.00)	(133,950.00)	(186,703.00)	(1,200,250.00)
Subtotal	\$ 7,205,915.99	\$ 2,171,536.39	\$ 9,377,452.38	\$ 1,832,505.75	\$ 9,536,060.23	\$ 7,047,586.08	\$ 10,171,443.72	\$ 29,339,354.19
Excess Insurance Received								
Reinsurance Obligation for Payment								
Subtotal	\$ 18,068.12	\$ 197,182.02	\$ 215,250.14	\$ 21,080.42	\$ 21,080.42	\$ 96,272.78	\$ 96,272.78	\$ 320,276.70
Limited Incurred Claims	\$ 7,187,847.87	\$ 1,974,354.37	\$ 9,162,202.24	\$ 1,716,294.18	\$ 9,414,894.62	\$ 7,047,586.08	\$ 9,771,847.53	\$ 18,977,867.88
Expense:								
Excess Insurance Premiums	\$ 643,379.00	\$ 5,899,236.92	\$ 6,541,615.92	\$ 4,409,844.62	\$ 4,972,312.60	\$ 579,379.00	\$ 5,408,899.38	\$ 21,541,335.83
Administrative Expenses	1,639,889.57	1,869,493.57	3,509,383.14	1,466,789.64	2,923,721.64	1,656,021.51	3,094,836.44	22,292,714.10
Total Incurred Liabilities	\$ 9,271,116.44	\$ 8,772,084.86	\$ 19,243,201.30	\$ 7,593,738.44	\$ 17,310,819.06	\$ 9,183,786.59	\$ 18,245,583.35	\$ 77,180,939.00
Underwriting Surplus/(Deficit)	\$ 9,906,821.16	\$ 13,776,969.14	\$ 22,428,373.10	\$ 8,188,000.72	\$ 15,488,775.08	\$ 4,515,054.56	\$ 17,567,754.13	\$ 86,586,918.71
Investment Income	214,630.84	140,515.50	355,146.34	83,536.93	121,181.31	58,723.02	18,471.05	1,484,006.20
Unrealized Gains (Losses) on Investments	18,930.72	13,859.28	32,789.86	6,809.48	27,151.80	(1,674.93)	(3,349.86)	43,337.87
Gross Operating Surplus (Deficit)	\$ 323,415.92	\$ 1,859,613.90	\$ 1,900,028.92	\$ 440,690.00	\$ (764,943.27)	\$ (62,555.38)	\$ (265,269.41)	\$ 5,860,333.83
Return of Surplus								
Net Current Surplus (Deficit)	\$ 323,415.92	\$ 1,859,613.90	\$ 1,900,028.92	\$ 440,690.00	\$ (764,943.27)	\$ (62,555.38)	\$ (265,269.41)	\$ 5,854,473.45

See Notes to Financial Statements

STATEWIDE INSURANCE FUND

FUND YEAR CLAIMS ANALYSIS

DECEMBER 31, 2010

	2006 FUND YEAR			2007 FUND YEAR		
	Workers Comp	All Lines	Total	Workers Comp	All Lines	Total
Paid Claims	\$ 5,895,384.18	\$ 1,898,397.03	\$ 7,793,781.21	\$ 6,222,091.99	\$ 2,057,388.81	\$ 8,279,480.80
Case Reserves	1,493,416.24	206,329.81	1,699,746.05	2,167,834.62	132,609.73	2,300,444.35
IBNR Reserve	414,444.00	162,609.00	577,053.00	509,529.00	262,323.00	771,852.00
Discount	(50,406.00)	(9,254.00)	(59,660.00)	(76,940.00)	(8,027.00)	(84,967.00)
Subtotal	\$ 7,752,838.42	\$ 2,258,081.84	\$ 10,010,920.26	\$ 8,822,515.61	\$ 2,444,294.54	\$ 11,266,810.15
Excess Insurance:						
Received	\$ -	\$ 342,193.71	\$ 342,193.71	\$ -	\$ 185,138.75	\$ 185,138.75
Recoverable	82,631.69	-	82,631.69	-	4,231.17	4,231.17
Subrogation	164,395.38	149,361.61	313,756.99	119,419.30	181,870.11	301,289.41
Subtotal	\$ 247,027.07	\$ 491,555.32	\$ 738,582.39	\$ 119,419.30	\$ 371,240.03	\$ 490,659.33
Incurred Claims	\$ 7,505,811.35	\$ 1,766,526.52	\$ 9,272,337.87	\$ 8,703,096.31	\$ 2,073,054.51	\$ 10,776,150.82
Number of Claims	198	329		220	405	
Cost/Claim	\$ 37,908.14	\$ 5,369.38		\$ 39,559.53	\$ 5,118.65	

See Notes to Financial Statements

STATEWIDE INSURANCE FUND

FUND YEAR CLAIMS ANALYSIS

DECEMBER 31, 2010

	2008 FUND YEAR		2009 FUND YEAR		2010 FUND YEAR	
	Workers Comp	All Lines	Workers Comp	All Lines	Workers Comp	All Lines
Paid Claims	\$ 4,588,766.19	\$ 1,069,000.71	\$ 4,210,597.79	\$ 936,806.48	\$ 1,983,531.76	\$ 1,262,900.57
Case Reserves	2,187,805.80	514,937.68	2,570,886.69	167,153.27	2,866,302.32	799,478.07
IBNR Reserve	507,509.00	610,360.00	1,022,283.00	752,210.00	2,321,705.00	1,114,629.00
Discount	(78,165.00)	(22,762.00)	(100,013.00)	(23,664.00)	(133,950.00)	(52,753.00)
Subtotal	\$ 7,205,915.99	\$ 2,171,536.39	\$ 7,703,554.48	\$ 1,832,505.75	\$ 7,047,589.08	\$ 3,124,254.64
Excess Insurance:						
Received	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Recoverable	-	-	-	21,080.42	-	250,000.00
Subrogation	18,068.12	197,182.02	6,964.04	93,131.15	-	96,272.75
Subtotal	\$ 18,068.12	\$ 197,182.02	\$ 6,964.04	\$ 114,211.57	\$ -	\$ 53,723.44
Incurred Claims	\$ 7,187,847.87	\$ 1,974,354.37	\$ 7,696,590.44	\$ 1,718,294.18	\$ 7,047,589.08	\$ 2,724,256.45
Number of Claims	439	392	585	275	127	278
Cost/Claim	\$ 16,373.23	\$ 5,036.62	\$ 13,156.56	\$ 6,248.34	\$ 55,492.83	\$ 9,799.49

See Notes to Financial Statements

SCHEDULE E

STATEWIDE INSURANCE FUND
STATEMENT OF EXPENDITURES
FUND YEAR - 2006
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Workers Comp</u>	<u>All Lines</u>	<u>Total</u>
Premiums:			
Workers Compensation Excess	\$ 791,678.00	\$	\$ 791,678.00
Professional Liability and All Lines		6,035,945.95	6,035,945.95
	<u>\$ 791,678.00</u>	<u>\$ 6,035,945.95</u>	<u>\$ 6,827,623.95</u>
Administrative Expenses:			
Third Party Administrator	\$ 454,769.00	\$ 244,999.95	\$ 699,768.95
Loss Control	100,800.00	28,500.00	129,300.00
Administration	494,597.00	414,663.00	909,260.00
Treasurer	22,680.00	19,320.00	42,000.00
Actuary	46,000.00	40,300.00	86,300.00
Auditor	7,200.00	5,300.00	12,500.00
Attorney	45,500.00	15,500.00	61,000.00
Risk Management - Agent Commissions	522,379.49	832,912.68	1,355,292.17
Insurance	5,309.34	10,386.99	15,696.33
Payroll Audit	7,000.00	-	7,000.00
Miscellaneous	15,413.68	117.05	15,530.73
Administrative Consultant	18,000.00	-	18,000.00
Contingent	2,500.00	2,500.00	5,000.00
Marketing	16,653.18	-	16,653.18
	<u>\$ 1,758,801.69</u>	<u>\$ 1,614,499.67</u>	<u>\$ 3,373,301.36</u>
TOTAL	<u>\$ 2,550,479.69</u>	<u>\$ 7,650,445.62</u>	<u>\$ 10,200,925.31</u>

See Notes to Financial Statements

SCHEDULE E

STATEWIDE INSURANCE FUND

STATEMENT OF EXPENDITURES

FUND YEAR - 2007

FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Workers Comp</u>	<u>All Lines</u>	<u>Total</u>
Premiums:			
Workers Compensation Excess	\$ 803,347.00	\$	\$ 803,347.00
Professional Liability and All Lines		6,261,706.24	6,261,706.24
	<u>\$ 803,347.00</u>	<u>\$ 6,261,706.24</u>	<u>\$ 7,065,053.24</u>
Administrative Expenses:			
Third Party Administrator	\$ 425,000.00	\$ 279,999.96	\$ 704,999.96
Loss Control	104,520.00	30,240.00	134,760.00
Administration	494,597.00	460,373.00	954,970.00
Treasurer	23,850.00	21,150.00	45,000.00
Actuary	43,930.70	28,435.00	72,365.70
Attorney	45,000.00	15,000.00	60,000.00
Risk Management - Agent Commissions	559,316.09	809,949.44	1,369,265.53
Insurance	3,600.00	3,650.00	7,250.00
Payroll Audit	7,000.00		7,000.00
Miscellaneous	11,550.33	12,366.85	23,917.18
Administrative Consultant	18,000.00		18,000.00
Contingent	4,930.80	3,038.65	7,969.45
Marketing			-
	<u>\$ 1,741,294.92</u>	<u>\$ 1,664,202.90</u>	<u>\$ 3,405,497.82</u>
TOTAL	<u>\$ 2,544,641.92</u>	<u>\$ 7,925,909.14</u>	<u>\$ 10,470,551.06</u>

See Notes to Financial Statements

SCHEDULE E

STATEWIDE INSURANCE FUND
STATEMENT OF EXPENDITURES

FUND YEAR - 2008

FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Workers Comp</u>	<u>All Lines</u>	<u>Total</u>
Premiums:			
Workers Compensation Excess	\$ 643,379.00	\$	\$ 643,379.00
Professional Liability and All Lines		<u>5,898,236.92</u>	<u>5,898,236.92</u>
	<u>\$ 643,379.00</u>	<u>\$ 5,898,236.92</u>	<u>\$ 6,541,615.92</u>
Administrative Expenses:			
Third Party Administrator	\$ 425,000.00	\$ 279,999.96	\$ 704,999.96
Loss Control	68,610.00	70,110.00	138,720.00
Administration	450,916.00	537,316.70	988,232.70
Treasurer	20,000.00	27,000.00	47,000.00
Actuary	38,498.75	37,101.25	75,600.00
Auditor	14,500.00	-	14,500.00
Attorney	13,570.00	49,430.00	63,000.00
Risk Management - Agent Commissions	573,716.00	823,302.99	1,397,018.99
Insurance	2,634.95	3,700.00	6,334.95
Payroll Audit	7,500.00	-	7,500.00
Miscellaneous	247.87		247.87
Administrative Consultant	14,950.00	19,950.00	34,900.00
Contingent	-	20,715.52	20,715.52
Marketing	9,746.00	30,867.15	40,613.15
	<u>\$ 1,639,889.57</u>	<u>\$ 1,899,493.57</u>	<u>\$ 3,539,383.14</u>
TOTAL	<u>\$ 2,283,268.57</u>	<u>\$ 7,797,730.49</u>	<u>\$ 10,080,999.06</u>

See Notes to Financial Statements

SCHEDULE E

STATEWIDE INSURANCE FUND
STATEMENT OF EXPENDITURES
FUND YEAR - 2009
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Workers Comp</u>	<u>All Lines</u>	<u>Total</u>
Premiums:			
Workers Compensation Excess	\$ 562,668.18	\$	\$ 562,668.18
Professional Liability and All Lines		4,409,644.62	4,409,644.62
	<u>\$ 562,668.18</u>	<u>\$ 4,409,644.62</u>	<u>\$ 4,972,312.80</u>
Administrative Expenses:			
Third Party Administrator	\$ 421,500.00	\$ 241,499.64	\$ 662,999.64
Loss Control	64,800.00	74,550.00	139,350.00
Administration	387,120.00	404,473.00	791,593.00
Treasurer	20,000.00	27,000.00	47,000.00
Actuary	37,800.00	46,360.00	84,160.00
Auditor	7,850.00	7,850.00	15,700.00
Attorney	13,570.00	51,097.00	64,667.00
Risk Management - Agent Commissions	479,288.00	589,270.00	1,068,558.00
Insurance	3,700.00	3,700.00	7,400.00
Payroll Audit	7,500.00	-	7,500.00
Miscellaneous	9,800.00	20,000.00	29,800.00
Contingent	4,994.00	-	4,994.00
	<u>\$ 1,457,922.00</u>	<u>\$ 1,465,799.64</u>	<u>\$ 2,923,721.64</u>
TOTAL	<u>\$ 2,020,590.18</u>	<u>\$ 5,875,444.26</u>	<u>\$ 7,896,034.44</u>

See Notes to Financial Statements

SCHEDULE E

STATEWIDE INSURANCE FUND

STATEMENT OF EXPENDITURES

FUND YEAR - 2010

FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Workers Comp</u>	<u>All Lines</u>	<u>Total</u>
Premiums:			
Workers Compensation Excess	\$ 579,379.00	\$	\$ 579,379.00
Professional Liability and All Lines		4,829,520.38	4,829,520.38
	<u>\$ 579,379.00</u>	<u>\$ 4,829,520.38</u>	<u>\$ 5,408,899.38</u>
Administrative Expenses:			
Third Party Administrator	\$ 419,750.00	\$ 224,749.94	\$ 644,499.94
Loss Control	67,200.00	80,800.00	148,000.00
Administration	408,800.00	413,809.00	822,609.00
Treasurer	25,000.00	25,000.00	50,000.00
Actuary	35,250.30	43,083.70	78,334.00
Auditor	7,850.00	7,850.00	15,700.00
Attorney	13,570.00	51,430.01	65,000.01
Risk Management - Agent Commissions	528,296.00	624,716.10	1,153,012.10
MSA Reporting	5,000.00	-	5,000.00
Insurance	3,668.52	3,657.52	7,326.04
Payroll Audit	7,500.00	-	7,500.00
Miscellaneous	31,446.48	21,446.48	52,892.96
Contingent	5,490.21	9,472.18	14,962.39
	<u>\$ 1,558,821.51</u>	<u>\$ 1,506,014.93</u>	<u>\$ 3,064,836.44</u>
TOTAL	<u>\$ 2,138,200.51</u>	<u>\$ 6,335,535.31</u>	<u>\$ 8,473,735.82</u>

See Notes to Financial Statements

STATEWIDE INSURANCE FUND

STATE REQUIRED SUPPORTING SCHEDULE - YEAR END

ANALYSIS OF CASH AND INVESTMENTS

DECEMBER 31, 2010

<u>BANK</u>	<u>ACCOUNT OR INVESTMENT NUMBER</u>	<u>AMOUNT</u>
Valley National Bank	040889963	\$ 16,529,830.62
Valley National Bank	040889971	-
Valley National Bank	040889998	-
Valley National Bank	040890481	-
Valley National Bank - Certificate of Deposit	527416	508,750.01
Valley National Bank - Certificate of Deposit	74093738	276,354.69
Valley National Bank - Certificate of Deposit	74199137	1,537,396.07
Valley National Bank - Investment Management Account	55-00-7702	1,624,296.49
Investors Savings Bank - Certificate of Deposit	0026104340	4,000,000.00
Investors Savings Bank - Certificate of Deposit	0026104408	558,817.08
Investors Savings Bank - Certificate of Deposit	0026104409	510,233.80
Investors Savings Bank - Certificate of Deposit	0026104410	526,653.54
Investors Savings Bank - Certificate of Deposit	0026104411	500,000.00
Investors Savings Bank - Certificate of Deposit	0026104412	590,418.33
		<u>\$ 27,162,750.63</u>
Less: Outstanding Checks		(290,224.68)
Plus: Outstanding Deposits		-
Plus: Net Due To/From Bank		<u>0.14</u>
		<u>\$ 26,872,526.09</u>

See Notes to Financial Statements

STATEWIDE INSURANCE FUND

STATE REQUIRED SUPPORTING SCHEDULE - YEAR END REPORT

ANALYSIS OF ACCOUNTS RECEIVABLE

DECEMBER 31, 2010

Assessments	\$	-
Reinsurance		2,675,434.17
Accrued Interest Receivable		81,952.62
Miscellaneous		-
		<hr/>
	\$	<u>2,757,386.79</u>

ANALYSIS OF PREPAID EXPENSES

DECEMBER 31, 2010

Prepaid Insurance	\$	-
Prepaid Expenses		-
		<hr/>
	\$	<u>-</u>

ANALYSIS OF EXPENSES PAYABLE

DECEMBER 31, 2010

General and Administrative Expenses:		
Audit	\$	15,400.00
General Expenses		3,677.25
		<hr/>
	\$	<u>19,077.25</u>

See Notes to Financial Statements

COMMENTS AND RECOMMENDATIONS

STATEWIDE INSURANCE FUND

DECEMBER 31, 2010

COMMENTS AND RECOMMENDATIONS

NONE