



Workers Compensation Self Insurance Fund

P.O. Box 241605, Montgomery, AL 36124-1605

November 8, 2011

Alabama Trucking Association
Workers' Compensation Fund Members

Dear Ladies and Gentlemen:

Enclosed you will find a copy of the Summarized Financial Statements of the Alabama Trucking Association Workers' Compensation Fund for the ten months ended October 31, 2011. These financial statements reflect the Fund has accumulated total profits, net of distributions, of \$18,233,318 set aside for future retrospective credits to be refunded as directed by State Requirements of the Alabama Department of Industrial Relations. The total amount of retrospective credits previously distributed back to participating members, since inception of the Fund, is \$44,901,395, which includes a distribution of \$5,684,077 on January 1, 2011 to respective participating members with their 2011 calendar year renewals.

This report includes the overall operations of the Fund which consists of both our Alabama and Cross Border programs. The claims losses reflected in the Consolidated Statement of Income and Deductions includes loss reserves which are required to pay incurred but not reported (IBNR) losses. These IBNR loss reserves are established at maximum conservative levels during the interim 2011 calendar year until year-end when they can be adjusted as determined by the Fund's independent Actuarial firm. As part of their year-end Actuarial analysis, they would determine the amounts of loss reserves required to pay IBNR losses resulting in the corresponding adjustment to IBNR loss reserves and Claims loss expense. In our reserving practices, the Board of Trustees maintains a very conservative approach so that the Fund is protected from the effects of irregular occurring claims losses. Even after having posted these higher IBNR reserves for losses, the combined overall operating profit for the ten months ended October 31, 2011 is \$5,231,735. The Board of Trustees is pleased to report this operating performance.

In closing, we always wish to take the opportunity to reinforce our loss control emphasis where we believe the best approach to curbing increases in your company's operating expenses is to strive to maximize your company's emphasis on loss control. To support you in obtaining this goal, we have three loss control engineers working in the field, our staff legal counsel and our website (www.atacompfund.org) dedicated to assisting our participating member companies in their loss control and safety program efforts. We encourage you to take advantage of these resources at no cost to you, and to remember to always **Work Safe / Work Smart**.

We hope this information will assist you in evaluating the strength and quality of our program.

Respectfully,

A handwritten signature in black ink that reads "Kimble E. Coaker".

Kimble E. Coaker, CPA
CEO and Administrator

Enclosures



BOARD OF TRUSTEES

Drew Linn, **Chairman**
Fund Member Trustee
President, Southland International Trucks, Inc.
P. O. Box 578
Birmingham, AL 35201-0578
Term: April 2009 – April 2012
(205) 942-6226
Fax: (205) 942-6311

Ken Adams
Fund Member Trustee
CEO, Southern Cal Transport, Inc.
148 41st Avenue West
Birmingham, AL 35207
Term: April 2010 – April 2013
(205) 323-0004
Fax: (205) 323-0003

Bruce MacDonald
Fund Member Trustee
President, Transport Refrigeration Sales & Service
500 Daniel Payne Drive
Birmingham, AL 35214
Term: April 2009 – April 2012
(205) 328-7278
Fax: (205) 328-6769

Rusty Sprouse
Fund Member Trustee
CFO, B & G Supply Company, Inc.
P. O. Box 748
Albertville, AL 35950
Term: April 2011 – April 2014
(256) 878-2928
Fax: (256) 878-1527

Frank Filgo
Ex-Officio
President and CEO, AL Trucking Association
P. O. Box 2339
Montgomery, AL 36102-2339
Term: July 2011 – July 2012
(256) 834-3983
Fax: (334) 262-6504

Gail Cooper
Ex-Officio
CEO, Boyd Bros. Transportation, Inc.
3275 Highway 30
Clayton, AL 36016
Term: July 2011 – July 2012
(334) 775-1400
Fax: (334) 775-9310

Beau Wicks, **Vice-Chairman**
Fund Member Trustee
President, Southeast Logistics
P. O. Box 1309
Tuscaloosa, AL 35403
Term: April 2010 – April 2013
(205) 759-1818
Fax: (205) 349-3104

Carl Carson
Fund Member Trustee
President, Carl Carson Truck Center, Inc.
P. O. Box 320680
Birmingham, AL 35232-0680
Term: April 2011 – April 2014
(205) 592-9966
Fax: (205) 592-8005

Scott Smith
Fund Member Trustee
Vice President, P & S Transportation, Inc.
P. O. Box 8250
Ensley, AL 35218
Term: April 2011 – April 2014
(205) 296-9588
Fax: (205) 326-8901

Steve Tucker
Fund Member Trustee
President, Barnett Transportation, Inc.
1547 51st Avenue
Tuscaloosa, AL 35401
Term: April 2011 – April 2013
(205) 759-5113
Fax: (205) 759-2707

Jack Brim
Ex-Officio
Vice President of Operations, BR Williams Trucking, Inc.
P. O. Box 3310
Oxford, AL 36203
Term: July 2011 – July 2012
(256) 831-5580
Fax: (256) 831-8059

Bill Ward
Ex-Officio
President/Owner, Ward International Trucks, LLC
P. O. Box 5375
Mobile, AL 36605
Term: July 2011 – July 2012
(251) 433-5616
Fax: (251) 433-5617



Workers Compensation Self Insurance Fund

P.O. Box 241605, Montgomery, AL 36124-1605

BALANCE SHEET

October 31, 2011

ASSETS

Assets:

Cash	\$ 7,812,929.57
Prepaid Expenses and Deposits	320,073.27
Accounts Receivable (net of allowance)	888,412.01
Certificates of Deposit and Investments	59,353,189.71
Deferred Tax Asset (net of liability)	120,488.07
Building and Fixed Assets (net of depreciation)	<u>1,275,296.92</u>

Total Assets \$ 69,770,389.55

LIABILITIES, RESERVES AND MEMBERS' EQUITY

Liabilities:

Accounts Payable and Escrow	\$ 1,559,525.79
Unearned Contributions	<u>3,562,909.94</u>

Total Liabilities 5,122,435.73

Reserves:

Reserves for Aggregate Losses	\$ 4,831,191.00
Actuarial Reserves for Claim Losses	<u>41,482,396.61</u>

Total Reserves 46,313,587.61

Members' Equity:

Unrealized Gain/(Loss) on Investments	\$ 101,048.43
Retrospective Refund to Members	<u>18,233,317.78</u>

Total Members' Equity 18,334,366.21

Total Liabilities, Reserves and Members' Equity \$ 69,770,389.55



CONSOLIDATED STATEMENT OF INCOME AND DEDUCTIONS
For the Ten Months Ended October 31, 2011

Income:		
Contributions		\$ 26,683,912.00
Cross Border Premium		4,098,506.44
Investments and Gain/(Loss) on Sale		4,511,631.16
Other		<u>54,091.98</u>
Total Income		35,348,141.58
Deductions:		
Claim Losses (net of reinsurance)	\$ <u>22,988,213.13</u>	
Total Claim Losses		22,988,213.13
Operating Expenses:		
Administrative	\$ 1,485,992.34	
Cross Border Admin. Fees	1,270,536.80	
Brokerage Expenses	1,478,955.87	
Claims Service Fee	1,208,160.04	
Excess Loss Insurance	821,974.96	
Professional Services	462,289.36	
Royalties	<u>400,284.55</u>	
Total Operating Expenses		<u>7,128,193.92</u>
Total Deductions		<u>30,116,407.05</u>
Excess Income Before Income Taxes		5,231,734.53
Provision for Income Taxes (deferred)		<u>0.00</u>
Excess Income		5,231,734.53
Prior Years' Excess Income		<u>57,902,977.75</u>
Excess Income Before Retrospective Refund Distribution		63,134,712.28
Retrospective Refund Distributed to Members		<u>44,901,394.50</u>
Excess Income Held for Future Retrospective Refund		<u>\$ 18,233,317.78</u>