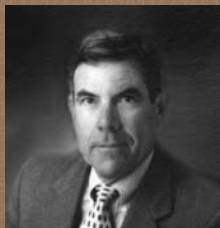


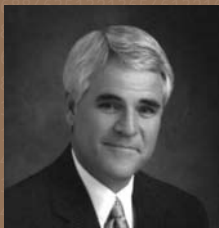
# BEHIND THE NUMBERS

## 2007 Workers Compensation Fund Annual Report

## WCF Board Members



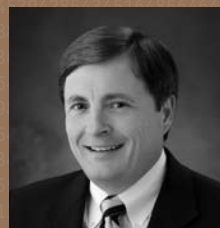
**Robert D. Myrick**  
Board Chair



**Judd A. Turner**  
Board Vice Chair



**Dallas H. Bradford**  
Board Member



**Roger A. Livingston**  
Board Member



**Ruth Lybbert**  
Board Member



**Robert B. Murray**  
Board Member



**Lane A. Summerhays**  
Board Member

## WCF Corporate Officers



**Lane A. Summerhays**  
President,  
Chief Executive Officer



**Ray D. Pickup**  
Senior Vice President,  
Chief Operating Officer



**Dan M. Hair**  
Senior Vice President, Chief  
Underwriting & Safety Officer



**Peggy J. Larsen**  
Senior Vice President,  
Chief Marketing Officer



**Dennis V. Lloyd**  
Senior Vice President,  
Chief Legal Counsel



**Debi A. Mofford**  
Senior Vice President,  
Chief Information Officer



**Robert H. Short**  
Senior Vice President of Claims



**Scott E. Westra**  
Senior Vice President,  
Chief Financial Officer

Dear Policyholders and Friends,

In 2007 Workers Compensation Fund (WCF) celebrated 90 years of serving Utah companies and their workers! Of those 90 years, 2007 may go down in the record books as one of our best years ever. It was a year of outstanding financial results leading to a 23% overall decrease in premium rates and to the return of nearly \$47 million in dividends to policyholders—the owners of our Company. 2007 produced better than expected underwriting results while realized capital gains increased from \$12.5 million in 2006 to \$40.8 million in 2007. These realized gains came from prudent management of WCF's investments in the stock and bond markets and from the sale of Company-owned real estate.

WCF is owned by its policyholders. The Board of Directors and Management keep this in mind as they strive to keep premiums as low as possible while maintaining the financial viability of the Company. When earnings from investments and operations are favorable, we return money to policyholders as dividends. We have paid a dividend in every year since 1992.

Workers compensation insurance costs in Utah are among the lowest in the country. These very favorable rates are partly the result of WCF's commitment to instill a "Be Careful Out There" attitude among Utah employers and their workers. Serious accidents and deaths have decreased. Everyone benefits from having a safer and healthier workforce.

Nationally, the workers compensation insurance industry enjoyed a record year in 2006 and while the ending results for 2007 have not yet been confirmed, it is expected to be another great year, reflecting the same kind of financial results industry-wide that WCF realized as a company. When the industry as a whole makes positive gains, policyholders can expect to see reductions in the premiums they pay for workers compensation insurance. But declining rates cannot lure us into complacency. We must all remain diligent in preventing accidents by educating and protecting our employees. By doing so, we help keep rates down and workers safe.

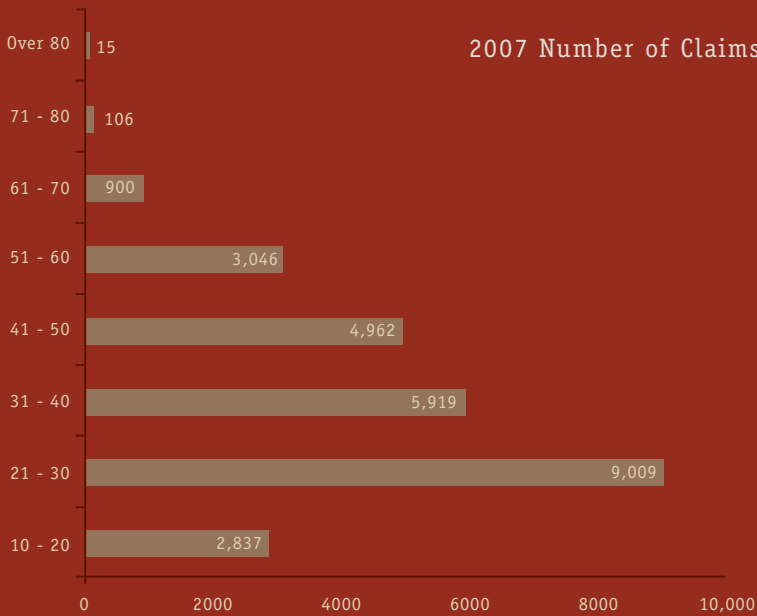
In June 2007, WCF was recognized by Utah Business Magazine along with eleven other Utah-based companies as one of Utah's Most Admired Companies. We are committed to providing the best service and value for your workers compensation insurance premium. No other company can match our capabilities and commitment to excellence. Together we can keep premiums low and prevent accidents. Thank you for your business and for your trust.



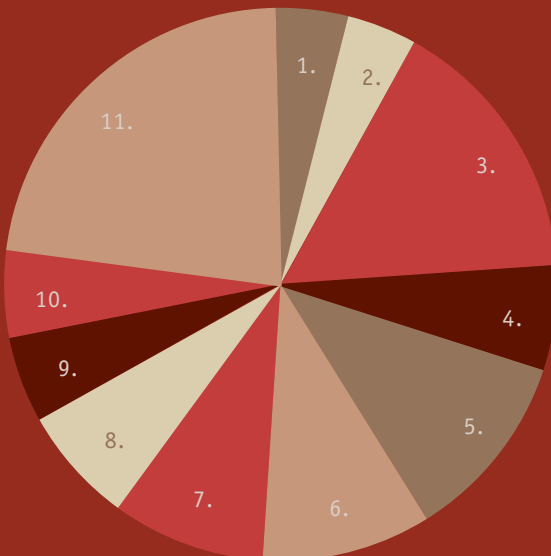
Lane A. Summerhays  
President & CEO



Robert D. Myrick  
Chair, Board of Directors

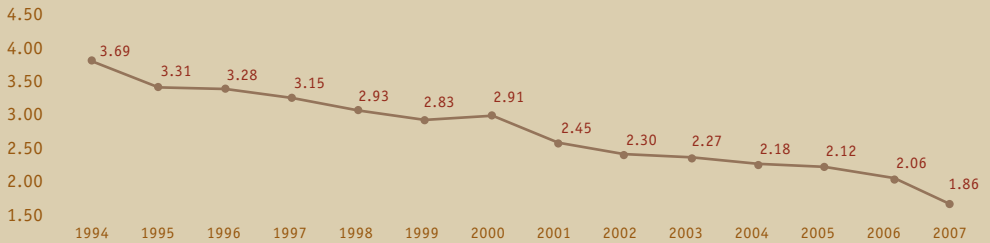


### Number of Claims Incurred by Industry

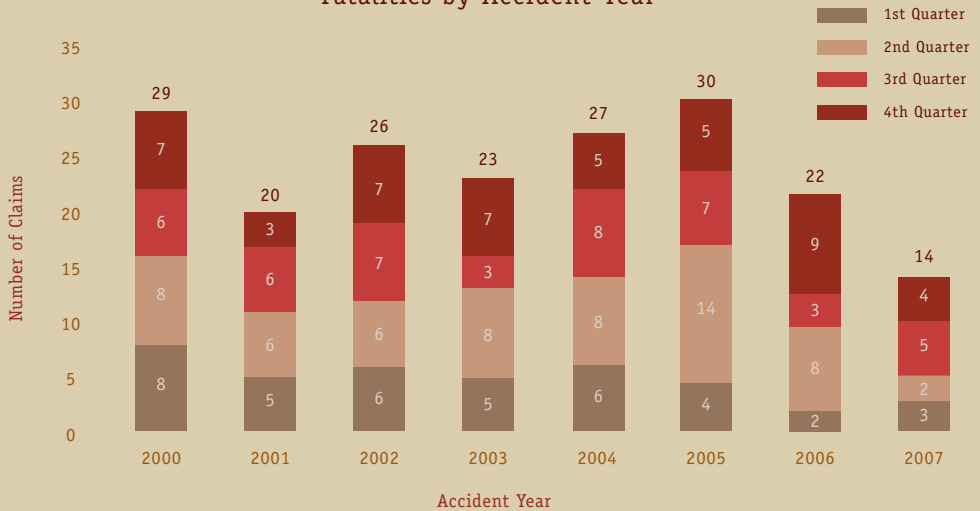


1. Accommodation & Food Service - 4%
2. Administrative and Support - 4%
3. Construction - 16%
4. Educational Services - 6%
5. Health Care & Social Assistance - 11%
6. Metal & Machinery Mfg. - 10%
7. Public Administration - 9%
8. Retail Trade - 7%
9. Wholesale Trade - 5%
10. Wood, Plastics & Chemical Mfg. - 5%
11. Miscellaneous - 23%

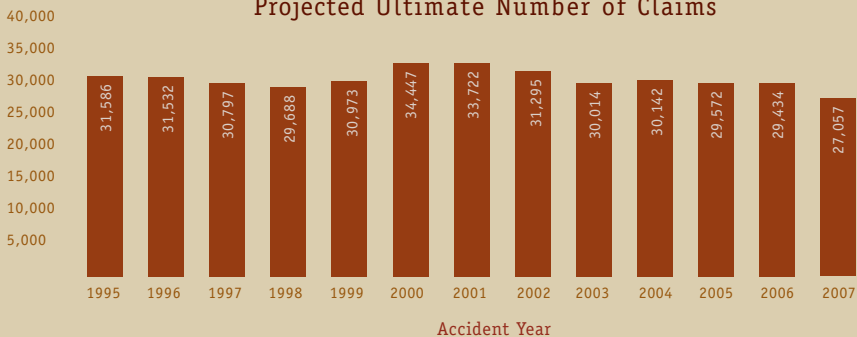
## Claims per Millions of Dollars of Inflation Adjusted Payroll

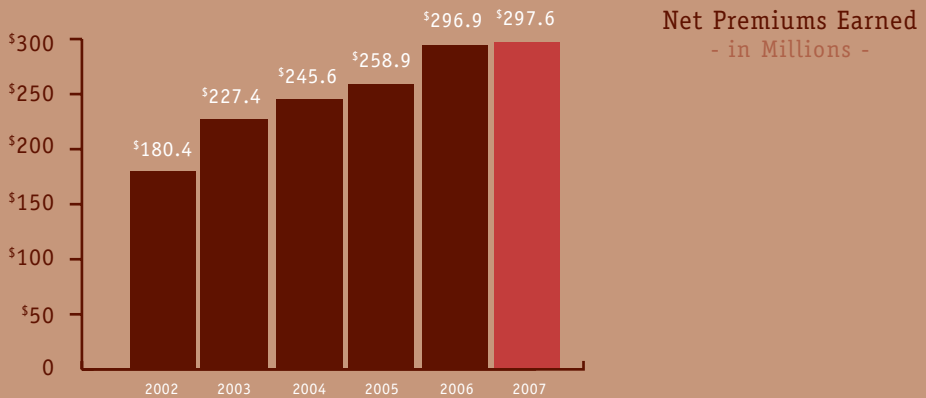
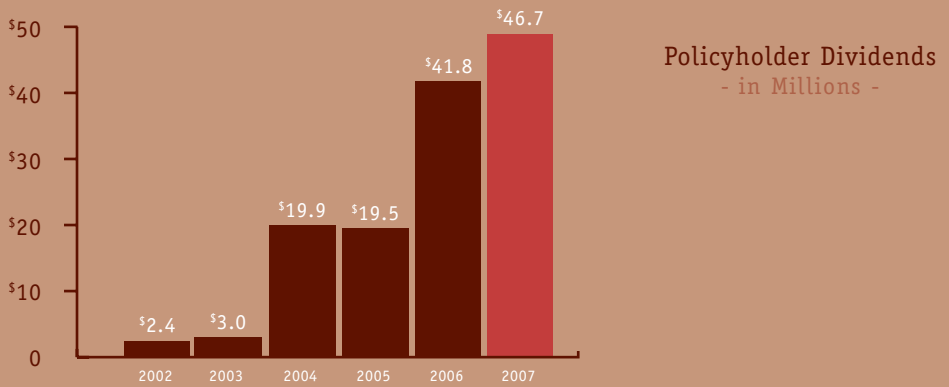
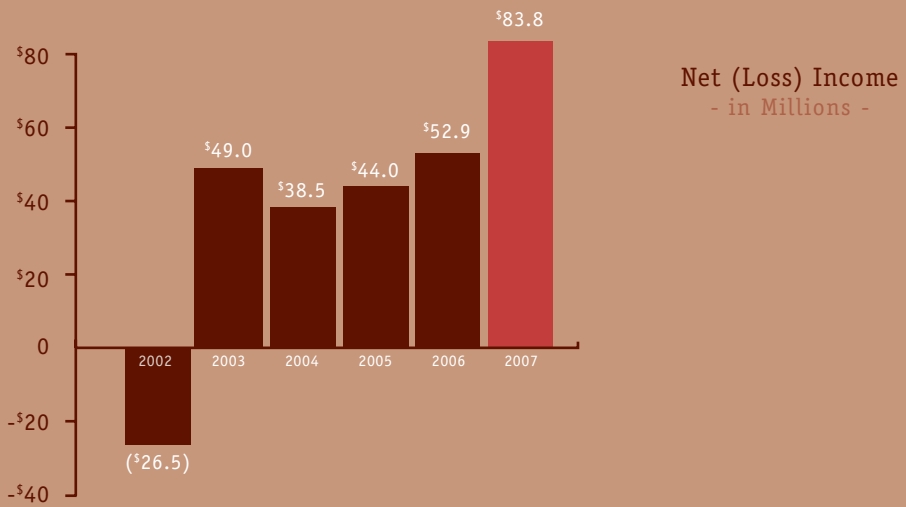


## Fatalities by Accident Year



## Projected Ultimate Number of Claims





## Financial Highlights

Year End December 31,	2007	2006
( in thousands )		
Premiums earned, net of reinsurance	\$ 297,632	\$ 296,940
Underwriting gain	33,647	31,694
Net investment income	57,376	51,429
Realized capital gains on investments	40,766	12,536
Policyholder dividends	46,708	41,812
Net income	83,763	52,906

Year End December 31,	2007	2006
Loss and loss adjustment expense ratio	68.7	69.8
Expense ratio	20.0	19.6
Combined ratio	88.7	89.4

December 31,	2007	2006
( in thousands )		
Admitted assets	\$ 1,392,009	\$ 1,280,442
Cash and invested assets	1,354,651	1,245,011
Reserve for losses and loss adjustment expenses	831,468	772,493
Policyholders' surplus	497,717	431,777

## In 2007...

- 1** Person died on the job every four weeks.
- 234** People under 30 were injured on the job each week.
- 4** People fractured a bone on the job every day.
- 10** People injured their back on the job every day.
- 92** People injured their hand or wrist on the job each week.
- 39** People injured their eye on the job every week.
- 15** People slipped or fell on the job per day.



## Claims : Behind the Numbers

While unloading steel beams from a semi-truck one morning, Rob Poulson didn't think his day would be much different than any other. But in an instant, his life changed forever. A part of the load shifted, and a beam fell and struck Mr. Poulson in the head, shoulders and chest.

With multiple injuries, Mr. Poulson was rushed to the hospital where he received treatment for more than a month. After Mr. Poulson's release, his rehabilitation continued for an additional two months through an outpatient physical therapy program. However, even with the best care, Mr. Poulson would never be the same.

During his recovery it was determined that Mr. Poulson would no longer be able to work with his old employer. WCF assigned a vocational rehabilitation counselor and job developer to his case. With their help, Mr. Poulson was able to enroll at the Utah State Office of Rehabilitation where he learned basic computer skills.

After obtaining new job skills, Mr. Poulson's vocational rehabilitation counselor found him a full-time position. His new employment was only possible with the purchase of a specialized chair and a mobile oxygen unit, which assists Mr. Poulson in performing essential work duties.

Even after struggling through many frustrating challenges, Mr. Poulson's attitude has remained positive. "I'm truly grateful for the help and support of those around me," said Mr. Poulson. "It's made all the difference."



3213547  
32168655  
46464267  
98435487  
15436876  
43576971  
31687463  
68796843  
46843213  
79316476  
32136884  
51321365  
13216854  
13247617  
76862574  
38845394  
54345164  
64645153  
84523634  
13235642  
34545334  
52363864  
24365712.  
56135465  
67246571  
43275123  
65467854  
51648564  
51534684  
36879316  
65132136  
46351321  
54613216  
46513247  
79276862  
46438845  
42854345  
48564645  
34684523  
45513285  
45164856  
45153468  
23634551  
35642363  
45335642  
36345513  
56423634  
53456454  
13648432  
54761321  
76973247  
79276862  
46438845  
42854345  
48564645  
34684523  
45513235  
23634545  
42152363  
44243164

In 2007...

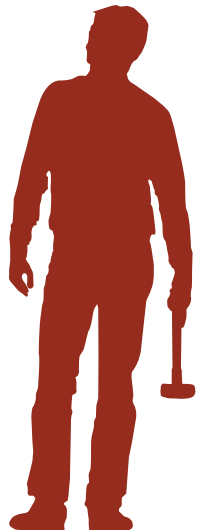
- 732** Claims flagged for possible fraudulent behavior.
- 575** Claimant Investigations.
- 116** Surveillance cases.
- 54** Prosecutions submitted.
- 26** Convictions.
- \$5,874,000** Saved on fraudulent claims.

## Fraud : Behind the Numbers

If your fraudulent claim isn't progressing well, take a lesson from Mr. Hammer. He could not find a doctor to support his story of an injured thumb, so just prior to visiting the last doctor he sought out, he decided to take matters into his own hands.

After pulling up curbside in front of the doctor's office, Mr. Hammer went around to the back of his vehicle and removed the hand brace he was wearing. He then proceeded to open the hatchback of his vehicle, rest his hand firmly on the floor of the trunk, pull out an 11-pound sledge hammer, and strike his thumb, not only once, but twice. After this painful ordeal, he promptly walked into the doctor's office complaining of a wrenching pain in his thumb.

Because Mr. Hammer had been suspected of fraudulent behavior, WCF had engaged a fraud investigator to film Mr. Hammer. The investigator caught the entire painful thumb-crushing episode on video. After Mr. Hammer was shown video of the incident, he plead guilty to workers compensation fraud.





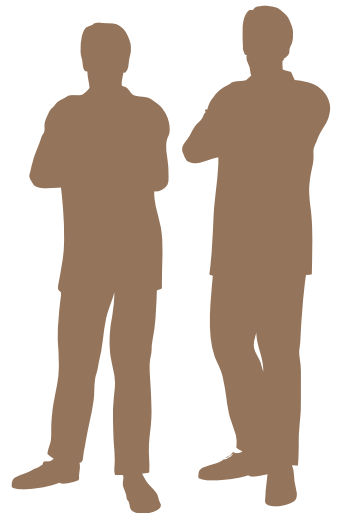
## Safety + Training : Behind the Numbers

Teaching workplace safety is an important task for every organization. However, it can be an overwhelming objective for the many companies that rely on labor performed by non-English speaking workers. To help policyholders overcome language barriers, WCF developed on-the-job language and safety training methods to improve communication and decrease accidents.

In May of 2007, WCF's safety and language trainers presented on-the-job English and safety training to Hughes General Contractors. After the presentation, decision-makers from Hughes agreed to quickly implement the program at several sites.

Within the first week, Hughes' team-leaders reported that communication in English had increased, creating a safer and more satisfying jobsite for not only those learning English, but the entire team at the site. Several months later, WCF's safety and language trainers observed a group of English learners practicing English words and phrases that conveyed the importance of tying-off to avoid fatal falls. The learners matched their trainers' enthusiasm as they practiced saying words and phrases like "tie-off," "safety," and "hard hat."

After the session, WCF's safety and language trainers asked the learners if they felt the training increased their confidence in speaking English and staying safe. The reply was a resounding "Yes." The workers all confirmed that the training had increased their desire to learn English and pay better attention to workplace safety. The English learners enjoyed the training method, and greatly appreciated WCF and Hughes' efforts in providing them with the program.



# Steps to control your claims costs

## 1 Establish a Company Policy for Reporting Injuries.

- Whom to report accident.
- How to report the accident.
- What information is needed.

## 2 Investigate and Report Every Accident.

- Look at accident site.
- Determine why accident occurred.
- Secure evidence/obtain photographs.
- Interview potential witnesses.
- Do not pay out of pocket for minor injuries.

## 3 Accompany Injured Employee to Clinic.

- Inform physician of job requirements and available accommodations.

### Report Immediately.

- Delaying reporting may increase costs.
- Report online: [www.wcfgroup.com](http://www.wcfgroup.com).
- Report by phone: 800-561-8008 or 801-288-8285.
- Report by mail: P.O. Box 57927, Salt Lake City, UT 84157.
- Report by fax: 801-288-8275.

## 5 Maintain Contact with Your Injured Employee.

- Helps eliminate concerns about returning to work.
- Keeps communication lines open.
- Keeps injured employee informed.
- Decreases disability mentality.

## 6 Establish Relationship with Physician or Clinic– WCF recommends choosing a WorkMed, IHC InstaCare, or University of Utah Health Network Urgent Care Facility.

- Employer has first choice of physician.
- Notify your employees in writing of your company physician or clinic.
- Have physician visit your workplace.

## 7 Implement a Company Accident Policy.

- Supervisor to contact injured employee within 24 hours.
- Maintain periodic contact.
- Require employee to visit workplace periodically to discuss treatment, modified duty, etc.

## 8 Provide Modified Duty As Soon As Possible.

- Helps manage medical costs.
- Increases morale.
- Increases communication.
- Decreases fraud.

## 9 Work Closely with your Adjuster.

- Keep communication lines open.
- Contact regularly.
- Update regarding any changes.

## 10 Implement a Drug Testing Program.

- Decreases accidents.
- Creates a safer workplace for all employees.
- Decreases fraud.

# Red Flags for Fraud:

- + Injured employee is **seldom available** at home.
  - + Injured employee has **a history** of multiple workers' compensation claims.
  - + Injured employee's account of cause of injury is **vague or contradictory**.
  - + Injured employee **delays return** to work after maximum medical improvement.
  - + Injured employee **refuses light duty** opportunities.
  - + Subjective complaints of injury are **not medically diagnosed**.
  - + Injured employee's employment **status was in jeopardy** prior to injury.
  - + Injured employee **"shops" for caregivers** and/or is noncompliant.
  - + Injured employee **did not report** the injury with timeliness.
  - + Evidence exists of the injured employee's **covert employment**.
  - + Evidence of activity **contradictory to reported** physical limitations.
  - + Injured employee **conceals pre-existing medical information** relevant to claim.
  - + **No witness** of injury occurrence or resulting symptoms.
-

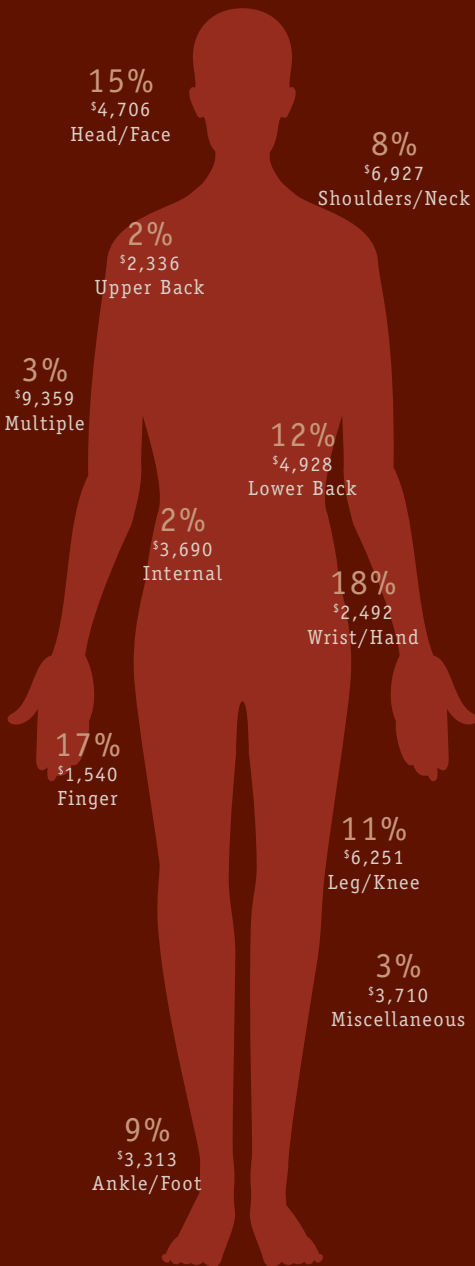
# Top 10 List of Violations for 2007

It can be difficult to stay current with updated safety training and regulations. Below is a Federal list of OSHA's Top 10 List of Violations for 2007. If you need more training regarding any of the violations listed below or on other topics regarding OSHA compliance, WCF's seminars are a great way to polish, refresh and learn new safety skills. Seminars are free to customers.

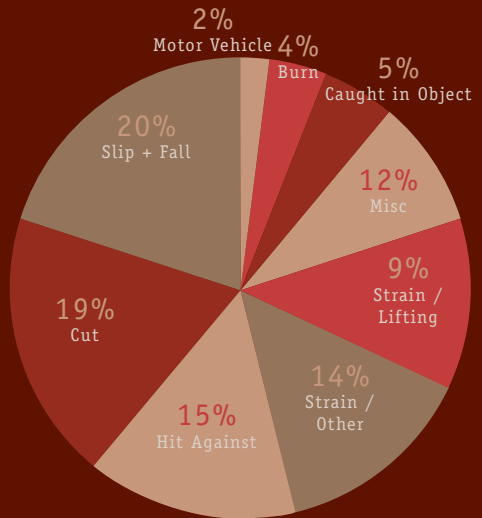
RANK	VIOLATION	TOTAL VIOLATIONS
1	Scaffolding	10,188
2	Fall Protection	6,786
3	Hazard Communication	6,658
4	Respiratory Protection	4,113
5	Lockout/Tagout	3,978
6	Powered Industrial Trucks	3,478
7	Electrical Wiring	3,192
8	Ladders	2,842
9	Machine Guarding	2,749
10	Electrical	2,519



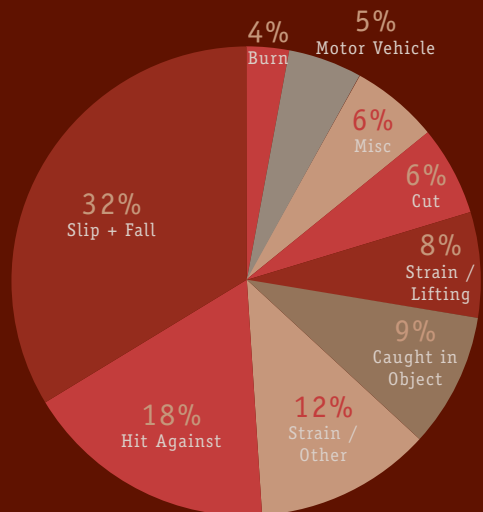
## The Most Common Injuries + Average Claim Cost



## Claims by Accident Type



## Claims Cost Incurred By Accident Type



# { 2008 : Safety Course Schedule }

Date	Time	Class	Place	Date	Time	Class
1/10	8:30 - 10:00	*OSHA 300 Log: Understanding the Requirements	SLC	4/3	8:30 - 10:00	*Confined Space Safety
1/10	10:15 - 11:45	*Controlling Workers Compensation Costs	SLC	4/3	10:15 - 11:45	*Respiratory Protection
1/17	8:30 - 10:00	*Trenching, Excavation, & Heavy Equipment Safety	SLC	4/3	8:30 - 10:00	OSHA Injury Prevention
1/17	10:15 - 11:45	*Incident Investigation	SLC	4/3	10:15 - 11:45	Safety for New & Young Workers
1/24	8:30 - 10:00	*OSHA 300 Log: Understanding the Requirements	SLC	4/10	8:30 - 10:00	Back Injury Prevention
1/24	10:15 - 11:45	*Accident Prevention	SLC	4/10	10:15 - 11:45	Ergonomics for the Workplace
1/30	8:30 - 5:00	OSHA Construction Safety 10 hour (1st day)	SLC	4/17	8:30 - 10:00	OSHA Required Program
1/31	8:30 - noon	OSHA Construction Safety 10 hour (2nd day)	SLC	4/17	10:15 - 11:45	Accident Prevention
2/6	8:30 - 10:00	Back, Eye & Hand Injury Prevention	Cedar City	4/22	8:30 - noon	Return to Work
2/6	10:15 - 11:45	Fall Protection Fundamentals	Cedar City	4/24	8:30 - 10:00	Eye & Hand Injury Prevention
2/7	8:30 - 10:00	Back, Eye & Hand Injury Prevention	St George	4/24	10:15 - 11:45	Personal Protective Equipment
2/7	10:15 - 11:45	Fall Protection Fundamentals	St George	5/1	8:30 - 10:00	Oil Field Injury Prevention
2/7	8:30 - 10:00	*OSHA Injury Prevention for Small Businesses	SLC	5/1	10:15 - 11:45	Defensive Driving Course
2/7	10:15 - 11:45	*Controlling Workers Compensation Costs	SLC	5/1	8:30 - 10:00	*Training: Effective Training
2/14	8:30 - noon	Trucking Industry Safety Seminar (1/2 day)	SLC	5/1	10:15 - 11:45	*Safety Management
2/20	8:30 - 5:00	OSHA Construction Safety 10 hour (1st day)	Ogden	5/8	8:30 - noon	Ergonomics: Advanced
2/21	8:30 - noon	OSHA Construction Safety 10 hour (2nd day)	Ogden	5/8	8:30 - 10:00	OSHA Injury Prevention
2/21	8:30 - 10:00	OSHA Injury Prevention for Small Businesses	Ephraim	5/8	10:15 - 11:45	Safety Management
2/21	10:15 - 11:45	Personal Protective Equipment	Ephraim	5/15	8:30 - 10:00	*Safety Incentive Programs
2/28	8:30 - 10:00	OSHA Injury Prevention for Small Businesses	Provo	5/15	10:15 - 11:45	Safety for New & Young Workers
2/28	10:15 - 11:45	OSHA: Top OSHA Citations	Provo	5/22	8:30 - 10:00	*Motor Vehicle Safety
2/28	8:30 - 10:00	Forklift Safety Train-the-Trainer Refresher	SLC	5/22	10:15 - 11:45	*Defensive Driving Course
2/28	10:15 - 11:45	Scissor Lift & Boom Safety	SLC	5/29	8:30 - noon	Best Practices in Safety
3/4	8:30 - noon	Return to Work	SLC	6/24	8:30 - noon	Return to Work
3/5	8:30 - 5:00	OSHA General Industry Safety 10 hour (1st day)	SLC	9/4	8:30 - 10:00	Back Injury Prevention
3/6	8:30 - noon	OSHA General Industry Safety 10 hour (2nd day)	SLC	9/4	10:15 - 11:45	Accident Prevention
3/12	8:30 - 5:00	OSHA Construction Safety 10 hour (1st day)	St George	9/4	8:30 - 10:00	Safety Culture: Promoting
3/13	8:30 - noon	OSHA Construction Safety 10 hour (2nd day)	St George	9/4	10:15 - 12:15	Safety Mgmt :The Basics
3/13	8:30 - 10:00	*Safety for the Diverse Workforce	SLC	9/11	8:30 - 10:00	*Noise Control & Hearing
3/13	10:15 - 11:45	*Getting & Keeping Safe Employees	SLC	9/11	10:15 - 11:45	*Eye & Hand Injury Prevention
3/20	8:30 - 11:45	Health Care Safety Roundtable (1/2 day)	SLC	9/18	8:30 - 10:00	Safety Incentive Programs
3/27	8:30 - 10:00	*Electrical Safety & Lockout/Tagout	SLC	9/18	10:15 - 11:45	Incident Investigation
3/27	10:15 - 11:45	*Machine Guarding	SLC	9/18	8:30 - 10:00	Industrial Hygiene Fundamentals
3/27	8:30 - 10:00	Incident Investigation	Ogden	9/18	10:15 - 11:45	Working Safely with
3/27	10:15 - 11:45	Ergonomics for the Workplace	Ogden	9/25	8:30 - 10:00	*Emergency / Disaster

	Place	Date	Time	Class	Place
Safety	SLC	9/25	10:15 - 11:45	*Behavioral Safety	SLC
tion	SLC	10/7	8:30 - noon	Return to Work	St George
tion for Small Businesses	Logan	10/23	8:30 - 10:00	Defensive Driving Course	SLC
ung Workers	Logan	10/23	10:15 - 11:45	Motor Vehicle Safety Programs	SLC
ion	SLC	10/30	8:30 - 10:00	Forklift Safety Train-the-Trainer Refresher	SLC
Workplace	SLC	10/30	10:15 - 11:45	*Safety for the Diverse Workforce	SLC
grams	Richfield	11/4	8:30 - noon	Return to Work	SLC
a	Richfield	11/5	8:30 - 10:00	Training: Effective Safety Training Techniques	Cedar City
	Ogden	11/5	10:15 - 11:45	Fall Protection for Residential Construction	Cedar City
Prevention	SLC	11/6	8:30 - 10:00	Training: Effective Safety Training Techniques	St George
Equipment	SLC	11/6	10:15 - 11:45	Fall Protection for Residential Construction	St George
ention	Vernal	11/6	8:30 - 10:00	*Violence in the Workplace	SLC
course	Vernal	11/6	10:15 - 11:45	*Drug Free Wkplce: Promoting a Drug Free Envmt	SLC
Safety Training Techniques	SLC	11/13	8:30 - 11:45	Forklift Safety Train-the-Trainer (1/2 day)	SLC
t 101	SLC	11/13	8:30 - 10:00	Back Injury Prevention	Logan
ed Ergonomics (1/2 day)	SLC	11/13	10:15 - 11:45	Training: Effective Safety Training Techniques	Logan
tion for Small Businesses	Blanding	11/19	8:30- 5:00	OSHA Construction Safety 10 hour (1st day)	SLC
101	Blanding	11/20	8:30 - noon	OSHA Construction Safety 10 hour (2nd day)	SLC
grams	SLC	12/4	8:30 - 10:00	Safety for New & Young Workers	Ogden
ung Workers	SLC	12/4	10:15 - 11:45	Training: Effective Safety Training Techniques	Ogden
ty Programs	SLC	12/4	8:30 - 10:00	Fall Protection for Residential Construction	SLC
Course	SLC	12/4	10:15 - 11:45	*OSHA 300 Log: Understanding the Requirements	SLC
Fety: ANSI Z-10 (1/2 day)	SLC	12/11	8:30 - 10:00	Fall Protection Fundamentals	SLC
	Logan	12/11	10:15 - 11:45	Scaffolding Safety Fundamentals	SLC
ion	Price				
	Price				
noting a Safe Wkplce Culture	SLC				
balanced Safety Scorecard (2 hr)	SLC				
aring Conservation	SLC				
Prevention	SLC				
ograms	Provo				
on	Provo				
Fundamentals	SLC				
a Hazardous Materials	SLC				
er Planning & Recovery	SLC				

PHONE REGISTRATION  
(801) 288-8103 or (800) 446-COMP(2667) x8103

ONLINE REGISTRATION  
[www.wcgroup.com](http://www.wcgroup.com)

\*available to view online





## Workers Compensation Fund

392 East 6400 South  
Salt Lake City, Utah 84107

PRSR1 STD  
U.S. POSTAGE PAID  
PERMIT NO. 354  
SLC, UT