





**MOM**

**BE CAREFUL  
OUT THERE**

## BE CAREFUL OUT THERE

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For the past several years we've asked Utah workers and employers to be careful out there. It's a phrase that we at Workers Compensation Fund have not only promoted during 2009, but have taken to heart.



Ray D. Pickup, *CEO*



Dallas Bradford, *Board Chair*

**WORKERS**  
**BE CAREFUL  
OUT THERE**

## BOARD CHAIR'S MESSAGE

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The Board is extremely pleased with the Company's extraordinary results for 2009. Our senior executive team and dedicated employees worked tirelessly to achieve this result, but it could not have happened without the same level of commitment from all of our valued team members. We acknowledge and credit our policyholders and their employees for the role they played in this effort; they also are an integral part of our team. Thank you all for a job well done.

The Board especially expresses its appreciation to everyone who contributed to reduce the number of injury claims during the year. We know it was an effort that did not come without dedication and attention to many details by many people.



Dallas Bradford, *Board Chair*

## PRESIDENT'S MESSAGE

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Be careful out there. We hope that this phrase makes you think of us. It is meant to remind Utah's workers and employers to be safe. For all of us at WCF, keeping Utah workers safe and working is not just a brand tagline, it's our highest priority.

We devote substantial resources to keeping Utah's workers safe. The frequency of workplace injuries among WCF policyholders is less than half of what it was in 1994. This is largely due to extensive training from WCF's team of safety and health professionals, effective fraud deterrence, improved ergonomics, advances in technology, and continued emphasis on workplace safety from employers, associations, and labor groups. In addition to our focus on fostering safe workplaces, we devote unparalleled resources to restoring injured workers to health and productivity.

During 2009, Utah struggled along with the rest of the world to cope with the most severe economic downturn since the Great Depression. In response to this challenge, we at WCF tightened our belts. We reduced our operating costs, continued our conservative financial and investment practices, and, most important, we lowered premiums as a benefit to our policyholders. The cost of workers compensation insurance in Utah is among the lowest in the nation. Keeping insurance costs low helps keep Utah employers in business and brings new jobs to our state.

Overall, the financial outcome of the year was better than expected and resulted in an underwriting profit for the seventh consecutive year. The Company reported net income of \$50.3 million compared to a net loss of \$19.6 million in 2008. We have also remained loyal to our conservative investment principles. We maintain nearly 70 percent of our assets in an investment-grade bond portfolio to ensure that we will be able to pay claims for years to come. With assets of nearly \$1.5 billion and an A (Excellent) rating from the A.M. Best Company, you can be sure that we will be here well into the future. We remain committed to maintaining our financial strength.

In June 2009, we paid a policyholder dividend of approximately \$10 million. Since 1992, WCF has paid a dividend every year—returning nearly 40 percent of its operating income (almost 10 percent of net earned premiums) to its policyholders during that 18-year period.

We also have continued our tradition of community involvement. Together with our employees, we contributed time and money to many community organizations, including United Way of Salt Lake, Juvenile Diabetes Research Foundation, Days of '47, Utah Business Week, Utah Symphony/Utah Opera, University of Utah Hospital Foundation, Regence Caring Foundation, Boys and Girls Clubs, American Diabetes Association, Deseret Foundation, St. Vincent DePaul Soup Kitchen, Turn Community Services, Guadalupe Schools, and other organizations that enrich the lives of people in our state.

No other carrier has offered this consistent value over the long term—expert, local claims handling, outstanding loss control, competitive pricing, consistent and significant dividends, community involvement, policyholder ownership, and the financial strength of an A-rated carrier. That's why more than 90 percent of our policyholders renewed with us last year. We appreciate the hard work and dedication of everyone at WCF. Thank you for your business. And, as always, be careful out there.



Ray D. Pickup, *President & CEO*



**MOM**  
**BE CAREFUL**  
**OUT THERE**



## SAFETY

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We saw a remarkable decrease in the number of workplace injuries and fatalities in 2009. The number of claims filed with WCF decreased from 24,171 in 2008 to 18,297 in 2009. While we are seeing progress, most workplace injuries are still preventable.

We partner with our policyholders to find effective ways to keep their workers safe and healthy. We offer safety materials, industry-specific safety roundtables, and custom programs with on-site training. We also give our policyholders access to some of the best resources in Utah—our team of safety and health professionals. Each is highly specialized in areas such as industrial hygiene, construction, and ergonomics. During 2009, our safety and health experts taught nearly 200 safety seminars across Utah and provided training for more than 16,000 people.

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6,745	safety visits
773	on-site training presentations
16,693	people trained
199	safety seminars
4,090	safety consultations



**16,693  
WORKERS  
TRAINED**

Stacy Nisogi, *Safety Consultant*

Ben Misik, *Policyholder*  
Utah Paperbox Company



Holly Henrie, *Policyholder*  
Roofers Supply

## DIVIDENDS

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In 2009, the world saw the continuation of an economic downturn. Few businesses escaped the impact. Because of the economic cycle, WCF collected less premium during the year. Fortunately, the number of accidents also declined and the year ended with a favorable underwriting outcome.

Because of our positive financial results, WCF paid a \$10 million dividend in June 2009—equal to 4.5 percent of 2008 premium. In March of 2010, WCF declared another dividend and will distribute 10 percent of 2009 premium to policyholders in June of 2010.

“I appreciate working with an insurance company that is willing to return a portion of our premium based on positive results. It’s just one more reason for me as a policyholder to invest in safety,” said Holly Henrie, director of human resources & safety for Roofers Supply.

## NEW BUILDING

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The skyline of Sandy, Utah changed in 2009 with the addition of the new WCF home office. The building is scheduled to be completed in July of 2010. The new facility has structural elements and systems designed to facilitate continuous operation in the event of a natural disaster such as an earthquake.

“Careful thought and study has gone into the decision for a new building,” said Scott Westra, WCF senior vice president and CFO. “As a company that cares for thousands of injured workers, we are among those critical, front-line businesses that must do everything possible to continue operations in the event of a natural disaster or similar emergency. This new building will better enable WCF to maintain operations in times of crisis.”



**COMING  
JULY 2010**

Weldon Bracken, *Building Manager*

Scott Westra, *CFO*

A woman with short brown hair, wearing a black V-neck top, is smiling and holding a large white sign with a black border. The sign has the text "\$40 MILLION SAVED" written in bold black letters. She is standing in a library or office with wooden bookshelves filled with colorful folders or books in the background.

**\$40 MILLION  
SAVED**

Ruth Lewis, *Medical Provider*

## MANAGING CLAIMS COSTS

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To keep premiums low, we use managed-care programs that control costs and help injured workers return to work. Our claims services bring together a preferred provider network, prescription drug discounts, provider bill and utilization review, medical case management and vocational rehabilitation counseling.

This combination of tools gives injured workers a solid foundation of care and support. It also allows us to control costs for our policyholders. In 2009, managed-care programs saved \$40 million—33.4 percent of billed charges.

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### Provider Bill Review

We look at every submitted bill and the accompanying doctor's notes to ensure we make correct payments. We also provide training within the medical community on workers compensation billing procedures.

**2009: Saved \$19.7 million.**

### Preferred Provider Network

Our partnership and discounts with local hospitals and clinics creates access to the finest medical care in the region. With nationally recognized doctors and state-of-the-art facilities, our providers offer high-quality care close to home.

**2009: Saved \$8.9 million.**

### Utilization Review

For inpatient hospitalizations, and many outpatient procedures, we have a team of registered nurses and physician consultants who proactively review and approve proposed medical treatments.

**2009: Saved \$10.5 million.**

### Medical Case Management

Coordinating medical care is critical to control costs while providing quality treatment. Our nurse case managers evaluate injured employees' circumstances and coordinate care to help in their recovery.

**2009: Saved \$849,121.**

### Vocational Rehabilitation

Returning injured employees to productive work is cost effective for the employer and boosts employee morale. Our certified counselors work with employers, injured workers and physicians to determine work capabilities and assist with job modifications.

**2009: Saved \$438,408.**

## FRAUD

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The WCF fraud unit's directive is to protect our policyholders and their employees by detecting and stopping fraud. Staffed by former police officers, the unit uses advanced technology, referrals from adjusters, and tips from employers and others to identify and investigate suspicious claims and policies. If an investigation reveals probable fraud, they refer the case to prosecutors.

The fraud unit's work in 2009 helped secure 31 criminal fraud convictions and save WCF and its customers more than \$41 million through court-ordered restitution, civil recovery and claims not paid.



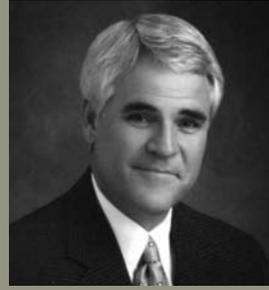
**FRAUD**  
**31 CRIMINAL  
CONVICTIONS**

Brian Morris, *Special Investigator*

**WCF  
BOARD  
MEMBERS**



Dallas H. Bradford  
*Board Chair*



Judd A. Turner  
*Board Vice Chair*



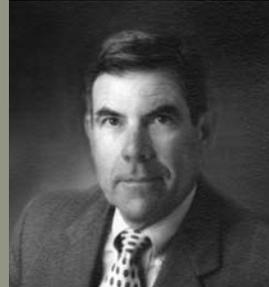
John C. Eberhardt  
*Board Member*



Kim Hood  
*Board Member*



Roger A. Livingston  
*Board Member*



Robert D. Myrick  
*Board Member*



Ray D. Pickup  
*Board Member*

**WCF  
CORPORATE  
OFFICERS**



Ray D. Pickup  
*President,  
Chief Executive 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*

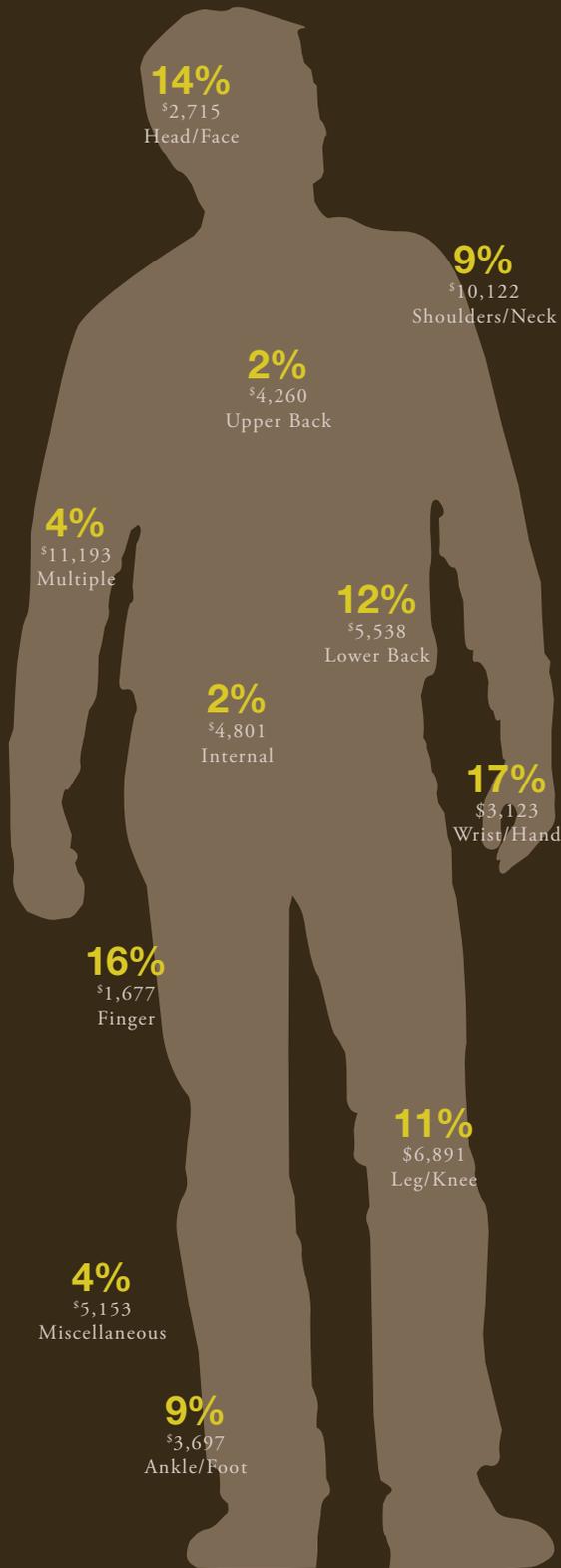


Robert H. Short  
*Senior Vice President, Chief  
Claims Officer*

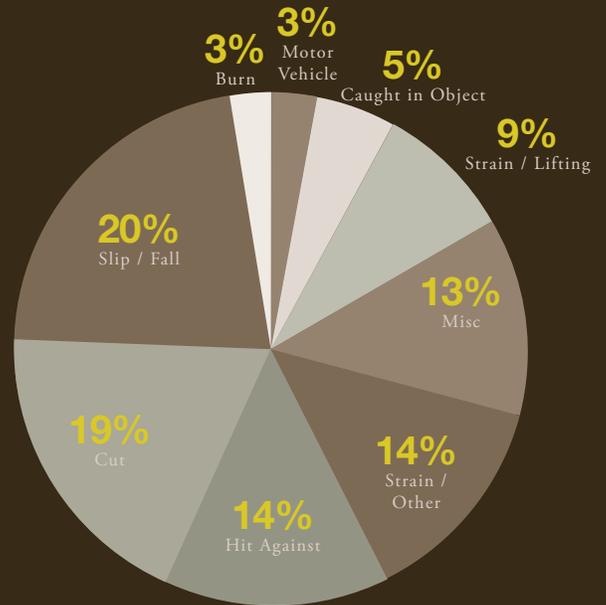


Scott E. Westra  
*Senior Vice President,  
Chief Financial Officer*

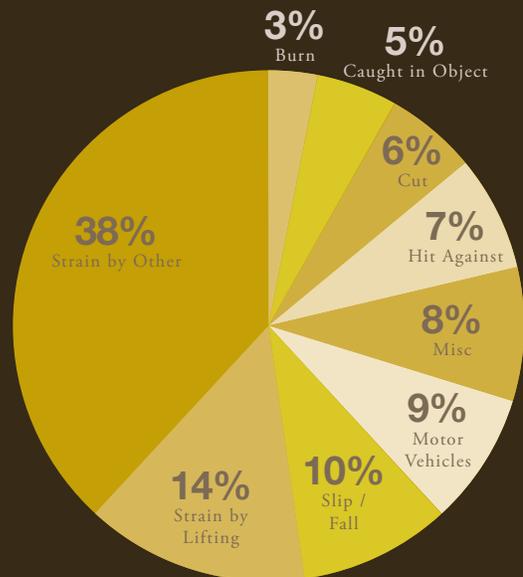
## PERCENT OF WCF'S TOTAL CLAIMS AND AVERAGE CLAIM COST BY BODY PART



## CLAIMS BY ACCIDENT TYPE



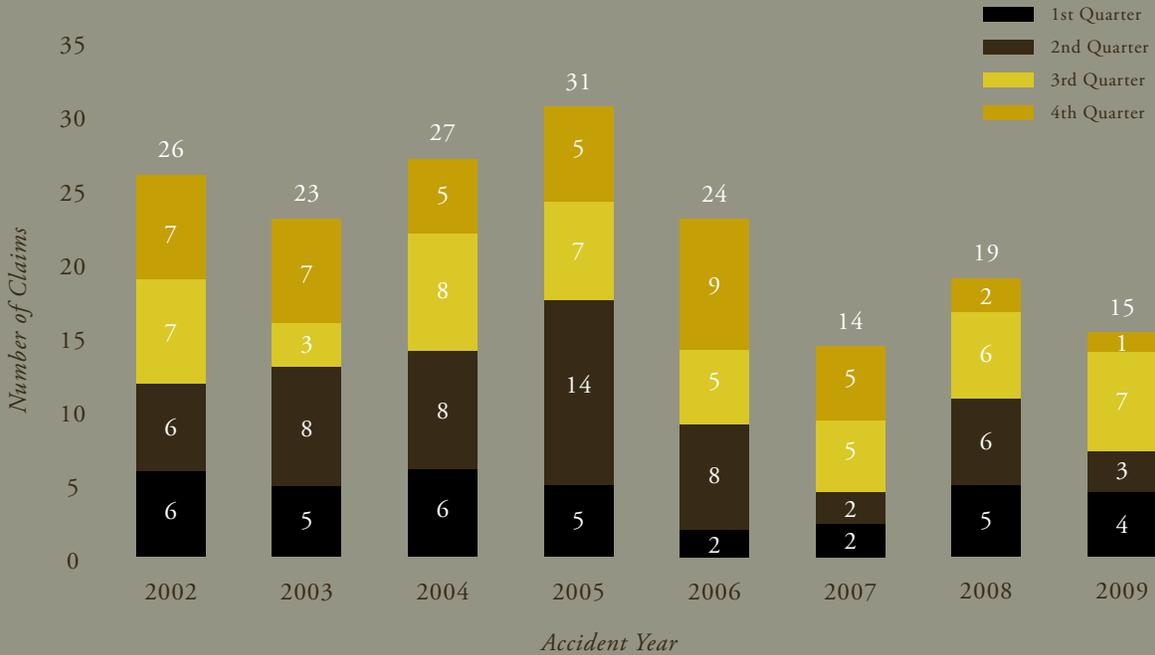
## CLAIMS COST INCURRED BY ACCIDENT TYPE



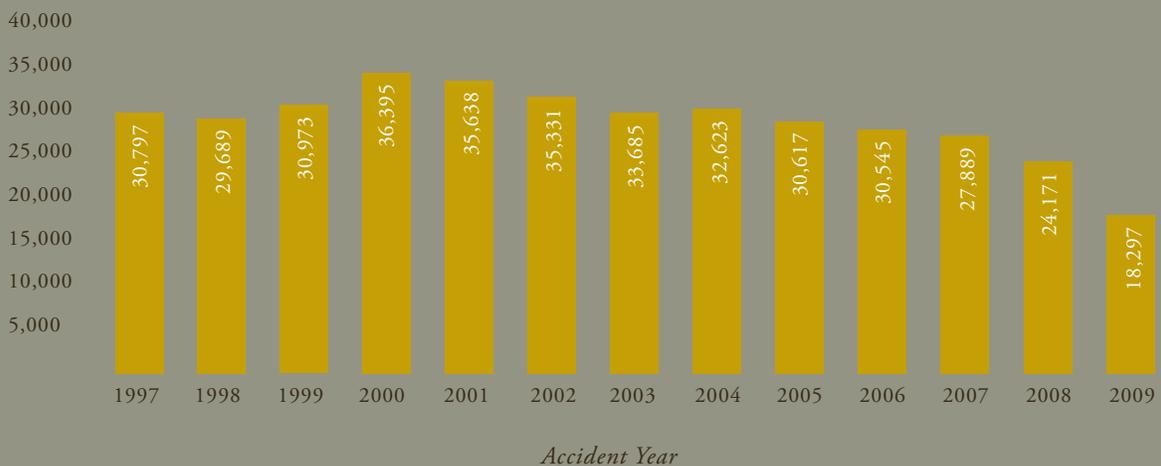
## AVERAGE RATE PER MILLION DOLLARS OF INFLATION ADJUSTED PAYROLL



## FATALITIES BY ACCIDENT YEAR



## PROJECTED ULTIMATE NUMBER OF CLAIMS



## FINANCIAL HIGHLIGHTS

Year End December 31,	2009	2008
<i>( in thousands )</i>		
Premiums earned, net of reinsurance	\$ 188,466	\$ 244,845
Losses and loss adjustment expenses	129,860	176,575
Operating expenses	45,458	55,435
Underwriting gain	13,148	12,835
Net investment income	57,060	59,445
Realized capital losses on investments	(10,042)	(75,397)
Policyholder dividends	9,844	14,767
Net income (losses)	50,312	(19,610)

	2009	2008
Total Claims	18,297	24,171
Policy Count	21,412	23,678

December 31,	2009	2008
<i>( in thousands )</i>		
Admitted assets	\$ 1,465,853	\$ 1,379,082
Cash and invested assets	1,434,840	1,344,539
Reserve for losses and loss adjustment expenses	855,142	862,695
Policyholder surplus	562,971	460,507



## 2010 : SAFETY COURSE SCHEDULE

- All courses are free to policyholders with the exception of a \$50 materials fee for the OSHA 10-Hour Construction and the OSHA 10-Hour General Industry Seminars. Due to the popularity of these two courses, registration is limited to four people per company.
- Non-WCF policyholders are invited to attend courses for a fee of \$175 per seminar.
- If you need special accommodations, please contact WCF five working days before the course.
- Please note that the schedule and locations are subject to change.
- For more information, contact the WCF safety department at: 800.446.2667 ext. 8103.

Date	Time	Class	Place
4/1	8:30 - noon	Ergonomics: Advanced Ergonomics (1/2 day)	SLC
4/15	8:30 - 10:00	Drug Free Workplace: Promoting a Drug Free Environment W,VCO	SLC
4/15	10:15 - 11:45	Violence in the Workplace W,VCO	SLC
4/22	8:30 - 10:00	Nanotechnology Safety: The Unseen Hazard	SLC
4/22	10:15 - 11:45	Safety in Extreme Environments	SLC
4/22	8:30 - 10:00	Personal Protective Equipment	Richfield
4/22	10:15 - 11:45	Back, Eye, & Hand Injury Prevention	Richfield
4/28	8:30 - 10:00	Preventing Workplace Slips, Trips, & Falls	Ogden
4/28	10:15 - 11:45	Ergonomics: Industrial Ergonomics	Ogden
4/29	8:30 - 10:00	Safety Management: The Balanced Safety Scorecard W,VCS	SLC
4/29	10:15 - 11:45	Safety Incentive Programs W,VCS	SLC
5/6	8:30 - 10:00	Safety Management	Blanding
5/6	10:15 - 11:45	OSHA Required Programs	Blanding
5/6	8:30 - 10:00	Back, Eye, & Hand Injury Prevention	Vernal
5/6	10:15 - 11:45	Oilfield Safety: Top OSHA Citations for the Oilfields	Vernal
5/12	8:30 - 10:00	Drug Free Workplace: Promoting a Drug Free Environment	Logan
5/12	10:15 - 11:45	Safety Culture: Promoting a Safe Workplace Culture	Logan
5/13	8:30-10:00	Fraud Prevention: Protecting Legitimate Need	SLC
5/13	10:15 - 11:45	Forklift Train-the-Trainer Refresher	SLC
5/19	8:30 - noon	Strategies for Managing Lost Time Claims	Logan
5/20	8:30 - 10:00	Strain & Sprain Injuries: Prevention Techniques W,VCO,VCS	SLC
5/20	10:15 - 11:45	Ergonomics: Industrial Ergonomics W,VCO,VCS	SLC
6/2	8:30 - 5:00	OSHA Construction Safety 10 hour (1st day)	SLC
6/3	8:30 - noon	OSHA Construction Safety 10 hour (2nd day)	SLC
6/10	8:30 - 10:00	Incident Investigation W,VCO,VCS	SLC
6/10	10:15 - 11:45	Identifying Workplace Hazards W,VCO,VCS	SLC

Date	Time	Class	Place
9/2	8:30 - 10:00	Training: Effective Safety Training Techniques <b>W,VCO</b>	SLC
9/2	10:15 - 11:45	Behavioral Safety <b>W,VCO</b>	SLC
9/2	8:30 - 10:00	Motor Vehicle Safety Programs for Businesses	Price
9/2	10:15 - 11:45	Strain & Sprain Injuries: Prevention Techniques	Price
9/9	8:30 - 10:00	Accident Prevention <b>W,VCO,VCS</b>	SLC
9/9	10:15 - 11:45	Respiratory Protection <b>W,VCO,VCS</b>	SLC
9/15	8:00 - 10:00	New Policyholder Training <b>VCO, VCS</b>	SLC
9/16	8:30 - noon	Ready Your Business: Business Continuity Planning	SLC
9/21	8:30 - noon	Strategies for Managing Lost Time Claims	St George
9/22	8:30 - 10:00	Strain & Sprain Injuries: Prevention Techniques	Provo
9/22	10:15 - 11:45	Personal Protective Equipment	Provo
10/21	8:30 - 10:00	Fraud Prevention: Protecting Legitimate Need <b>VCO,VCS</b>	SLC
10/21	10:15 - 11:45	Safety for the Diverse Workforce <b>W,VCO,VCS</b>	SLC
10/28	8:30 - noon	Best Practices in Safety: Using the ANSI Z-10 Standard <b>VCO</b>	SLC
11/3	8:30 - 10:00	Controlling Workers Compensation Costs	Cedar City
11/3	10:15 - 11:45	Preventing Workplace Slips, Trips, & Falls	Cedar City
11/4	8:30 - 10:00	Controlling Workers Compensation Costs	St George
11/4	10:15 - 11:45	Preventing Workplace Slips, Trips, & Falls	St George
11/4	8:30 - 10:00	Driver Safety & Awareness (formerly defensive driving) <b>W,VCO</b>	SLC
11/4	10:15 - 11:45	Getting and Keeping Safe Employees <b>W,VCO</b>	SLC
11/10	8:30 - 10:00	Preventing Workplace Slips, Trips, & Falls	Logan
11/10	10:15 - 11:45	OSHA Injury Prevention for Small Businesses	Logan
11/10	8:30 - noon	Strategies for Managing Lost Time Claims	SLC
11/11	8:30 - 10:00	Managing Your Experience Modifier <b>VCO,VCS</b>	SLC
11/11	10:15 - 11:45	Insur. Cost Management Through Effic. Risk Control Prog. <b>VCO,VCS</b>	SLC
12/1	8:30 - 10:00	Back, Eye, & Hand Injury Prevention	Ogden
12/1	10:15 - 11:45	Safety Culture: Promoting a Safe Workplace Culture	Ogden
12/2	8:30 - 10:00	Forklift Train-the-Trainer Refresher	SLC
12/2	10:15 - 11:45	OSHA 300 Log: Understanding the Requirements <b>W</b>	SLC
12/9	8:30 - 10:00	Fall Protection Fundamentals <b>VCO,VCS</b>	SLC
12/9	10:15 - 11:45	Scaffolding Safety Fundamentals <b>VCO,VCS</b>	SLC

**W**– Class is available for view live on the Internet

**VCO**– Via Video Conference at the WCF Ogden Branch Office

**VCS**– Via Video Conference at the WCF St. George Branch Office

**PHONE REGISTRATION**  
800.446.2667 ext. 8103

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

[WWW.WCFGROUP.COM](http://WWW.WCFGROUP.COM)

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