

2008 Results – Ratios to Premiums

For 2008, L&I had:

- ◆ Significantly higher **loss ratio**, meaning a much higher percentage of L&I's premiums goes to pay claims. (Are L&I's rates adequate?)
- ◆ Better (lower) **LAE and expense ratios**. (Is L&I spending too little on staff and systems?)
- ◆ Lower **dividend ratio**.
- ◆ The highest **combined ratio**, meaning L&I was losing more money per premium dollar.
- ◆ Higher **investment income ratio**. (L&I's relatively large investment portfolio can support higher combined ratios.)
- ◆ The highest **operating ratio**. (L&I's investment income did not fully offset insurance losses in 2008.)

("LAE" are claims management expenses.
 "Expense" are the general & admin expenses.
 Lower dividend ratios are considered "worse"; i.e.,
 reflect the policyholders' point of view.)

	2008 Insurance Ratios						
	Loss	LAE	Expense	Dividend	Combined	Inv. Inc	Operating
L&I	161%	11%	10%	0%	181%	-45%	136%
State funds	82%	20%	20%	5%	126%	-35%	91%
Private Insurers	59%	13%	27%	0%	100%	-17%	83%
All peers	61%	14%	27%	1%	103%	-19%	84%

	L&I's 2008 Ratios vs Peer Averages						
	Loss	LAE	Expense	Dividend	Combined	Inv. Inc	Operating
State funds	79 W	9 B	10 B	5 W	55 W	10 B	45 W
Private Insurers	101 W	2 B	18 B	0 W	81 W	28 B	53 W
All peers	99 W	3 B	17 B	1 W	78 W	26 B	52 W