

Public Education Employees' Health Insurance Fund

(A Component Unit of the State of Alabama)

FINANCIAL STATEMENTS

For the Fiscal Year Ended September 30, 2012

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PUBLIC EDUCATION EMPLOYEES' HEALTH INSURANCE FUND

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

6) Pension Plan for the PEEHIF Employees

The employees of the PEEHIF participate in the Teachers' Retirement System of Alabama (TRS), a cost-sharing multiple-employer public employee retirement plan administered by the Retirement Systems of Alabama (RSA). Contributions to the plan were made in accordance with actuarially determined contribution requirements. The Schedule of Employer Contributions is shown below (amounts in thousands).

Fiscal Year	Annual Required Contribution	Percentage Contributed
2012	\$ 155	100.00 %
2011	\$ 206	100.00 %
2010	\$ 220	100.00 %

PUBLIC EDUCATION EMPLOYEES' HEALTH INSURANCE FUND
Required Supplementary Information
September 30, 2012

Ten -Year Claims Development Information

(Amounts in Thousands)

The following table illustrates how the PEEHIF's earned revenue and interest income compare to the related costs of claims and other expenses assumed by the PEEHIF as of the end of each of the past ten fiscal years. The lines of the table are defined as follows: (1) This line shows the total earned contribution and investment revenues for each fiscal year. (2) This line shows each fiscal year's other operating costs of the PEEHIF including overhead and claims expense not allocable to individual claims. (3) This line shows the PEEHIF's incurred claims and allocated claim adjustment expenses (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year). (4) This line shows the cumulative amounts paid as of the end of successive years for each policy year. (5) This line shows how the incurred claims for each policy year increased or decreased as of the end of successive years. The annual re-estimated amount results from new information received on known claims, the re-evaluation of existing information on known claims as well as the emergence of previously unknown claims. (6) This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought. As data for each policy year matures, the correlation between original estimates and reestimated amounts commonly is used to evaluate the accuracy of estimated incurred claims currently recognized.

	Fiscal and Policy Year Ended									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
1) Net Earned Required Contribution & Investment Revenue	743,002	884,416	764,313	806,691	870,330	851,238	1,033,162	873,373	718,716	634,410
2) Unallocated Expenses	2,779	2,587	3,160	2,566	2,731	2,199	2,609	3,343	1,261	1,026
3) Estimated Incurred Claims & Expense at End of Policy Year	741,836	750,966	790,024	775,205	699,409	636,854	858,906	802,624	743,387	669,578
4) Paid (Cumulative) As Of:										
End of Policy Year	677,334	678,546	713,231	696,658	629,815	585,303	788,907	724,720	652,929	596,616
One Year Later		749,114	790,009	772,397	699,370	636,391	854,905	788,939	725,418	661,598
5) Reestimated Incurred Claims & Expense:										
End of Policy Year	741,836	750,966	790,024	775,205	699,409	636,854	858,906	802,624	743,387	669,578
One Year Later		749,114	790,009	772,397	699,370	636,974	854,323	788,939	725,418	661,598
6) Increase/(Decrease) in Estimated Incurred Claims & Expenses at End of Policy Year		(1,852)	(15)	(2,808)	(39)	120	(4,583)	(13,685)	(17,969)	(7,980)

Note: 2007 was the first year that retirees were segregated from the active employees. As a result, 2007 includes the amounts only attributable to the active employees. This schedule is presented prospectively.