

# Public Education Employees' Health Insurance Fund

(A Component Unit of the State of Alabama)

## FINANCIAL STATEMENTS

For the Fiscal Year Ended September 30, 2014

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**PUBLIC EDUCATION EMPLOYEES' HEALTH INSURANCE FUND**  
**Required Supplementary Information**  
**September 30, 2014**

**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 re-estimated 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 re-estimated amounts commonly is used to evaluate the accuracy of estimated incurred claims currently recognized.

	Fiscal and Policy Year Ended									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
1) Net Earned Required Contribution & Investment Revenue	742,212	743,021	743,002	884,416	764,313	806,691	870,330	851,238	1,033,162	873,373
2) Unallocated Expenses	3,465	3,203	2,779	2,587	3,160	2,566	2,731	2,199	2,609	3,343
3) Estimated Incurred Claims & Expense at End of Policy Year	795,286	776,256	741,836	750,966	790,024	775,205	699,409	636,854	858,906	802,624
4) Paid (Cumulative) As Of:										
End of Policy Year	720,923	713,057	677,334	678,546	713,231	696,658	629,815	585,303	788,907	724,720
One Year Later		776,240	739,640	749,114	790,009	772,397	699,370	636,391	854,905	788,939
5) Reestimated Incurred Claims & Expense:										
End of Policy Year	795,286	776,256	741,836	750,966	790,024	775,205	699,409	636,854	858,906	802,624
One Year Later		776,240	739,640	749,114	790,009	772,397	699,370	636,974	854,323	788,939
6) Increase/(Decrease) in Estimated Incurred Claims & Expenses at End of Policy Year		(16)	(2,196)	(1,852)	(15)	(2,808)	(39)	120	(4,583)	(13,685)

**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.**