



# State Compensation Insurance Fund

## *Peer Analysis*

Data as of 12/31/2012

General Re–New England Asset Management

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# Table of Contents

- 1. Company Groupings.....**
- 2. Asset Allocation.....**
  - Percent of Invested Assets (excl. Affiliates)
  - Percent of Surplus (excl. Affiliates)
- 3. Fixed Income Analysis.....**
  - Duration
  - Sector Distribution
  - Liquidity Score
  - Taxable Portfolio Book Yield vs. Risk Score
  - Tax Equivalent Book Yield vs. Risk Score
  - Credit Quality Distribution
- 3. Appendix.....**
  - Equity Analysis
    - Sector Distribution
    - Market Cap Distribution
    - P/E Ratio Distribution
  - Operating Characteristics
    - Revenue
    - Profitability
    - Profitability and Investment Leverage



## Company Groupings

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# Company Groupings

## **State Comp. Comparables grouping includes the following companies:**

American International Group  
Endurance Specialty Holdings  
FirstComp Insurance Co.  
Hartford Financial Services  
Imperium Insurance Co.  
Insurance Co. of the West  
Liberty Mutual  
Tower Group International Ltd.  
Travelers Companies Inc.  
W.R. Berkley Corp.  
Zurich Insurance Group Ltd.

## **State Comp. State Funds grouping includes the following companies:**

Beacon Mutual Insurance Co.  
Hawaii Employers' Mutl Ins Co.  
Kentucky Employers' Mutual Ins  
Louisiana Workers' Comp Corp.  
Maine Employers' Mutual Insurance Group  
MO Employers Mutual Ins Co.  
New Mexico Mutual Casualty Co.  
Pinnacol Assurance  
SCF Arizona  
State Workers' Insurance Fund  
Texas Mutual Insurance Co.  
Workers Compensation Fund

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## Asset Allocation

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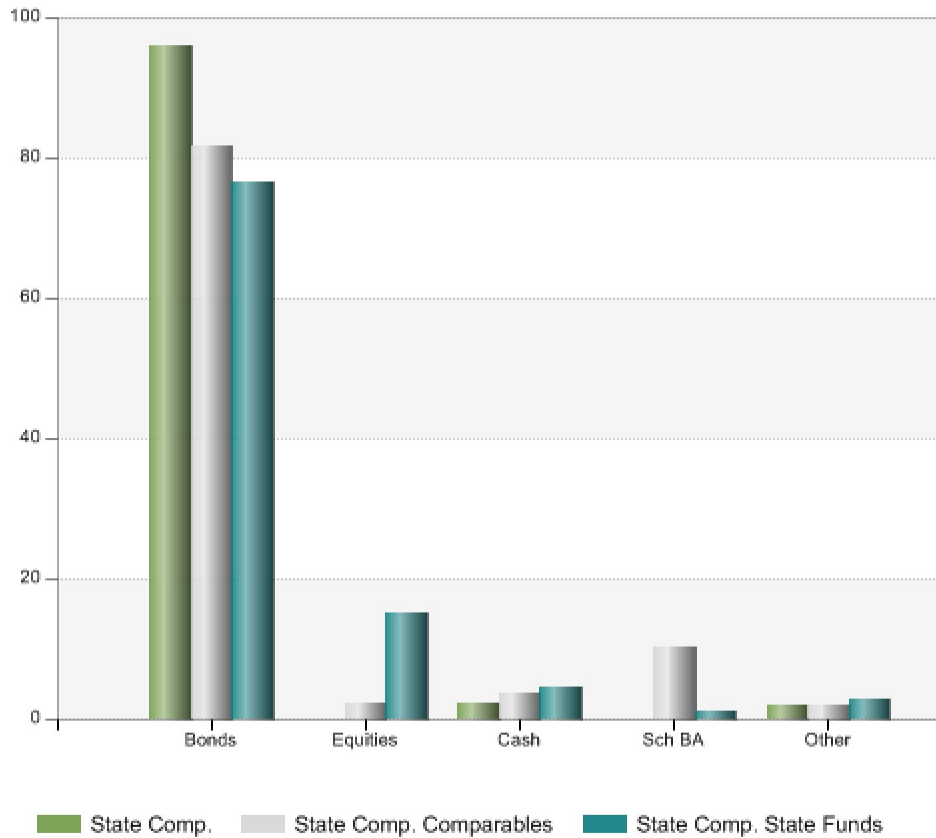
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# Asset Allocation: Percent of Invested Assets (excl. Affiliates)

Asset Allocation as a Percent of Invested Assets



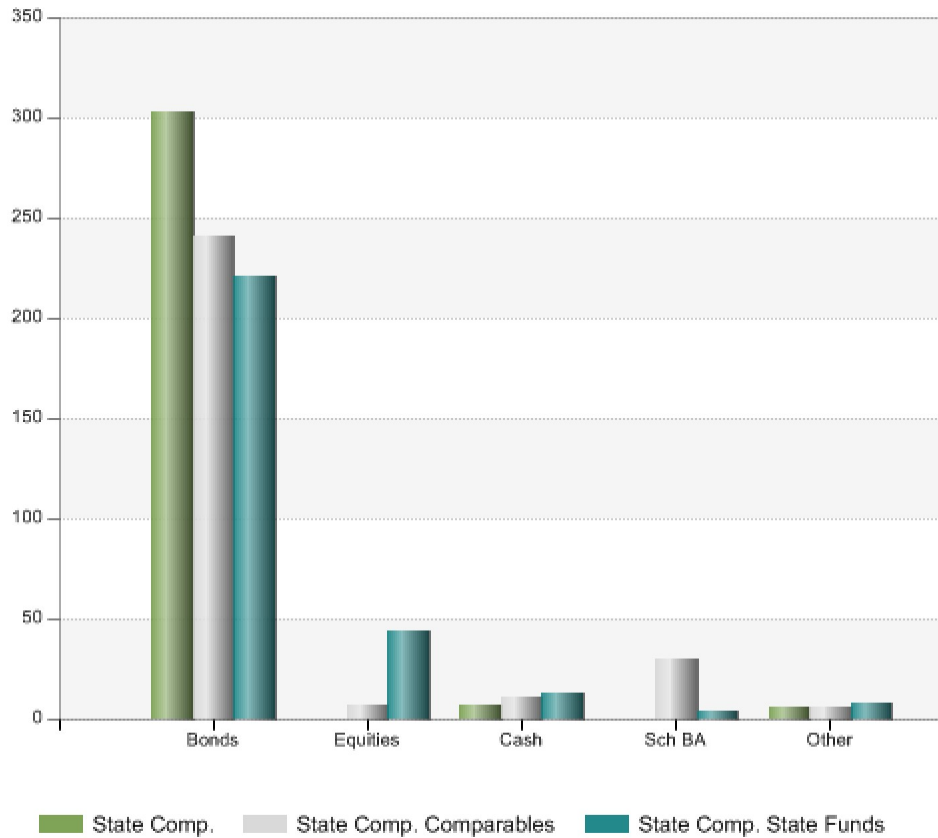
(%)

	Bonds	Equities	Cash	Sch BA	Other	Inv Assets (B\$)
State Comp.	95.9	-	2.3	-	1.9	19.0
State Comp. Comparables	81.8	2.4	3.6	10.1	2.1	279.4
State Comp. State Funds	76.5	15.0	4.5	1.2	2.7	17.3

'Other' may include Preferred Equity and Foreign Bonds. Excludes affiliated equity holdings.

# Asset Allocation: Percent of Surplus (excl. Affiliates)

Asset Allocation as a Percent of Surplus



(%)

	Bonds	Equities	Cash	Sch BA	Other	Surplus (B\$)
State Comp.	303.3	-	7.2	-	5.9	6.0
State Comp. Comparables	241.4	7.0	10.5	29.9	6.2	94.7
State Comp. State Funds	221.4	43.4	13.0	3.6	7.9	6.0

'Other' may include Preferred Equity and Foreign Bonds. Excludes affiliated equity holdings.



## Fixed Income Analysis

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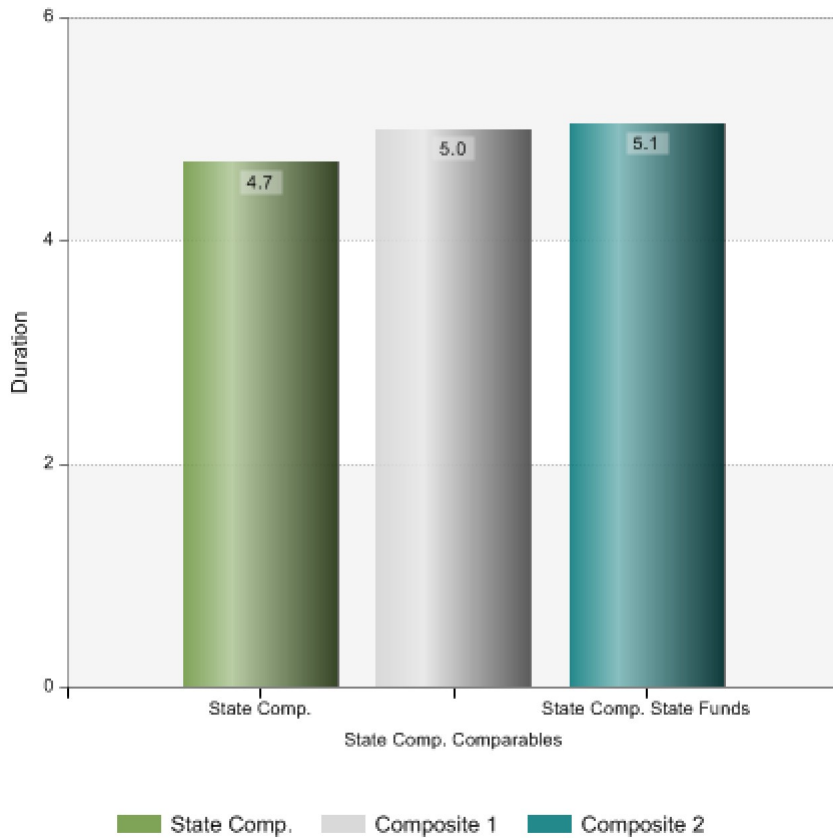
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# Fixed Income Analysis: Duration

**Average Duration**



**% of Fixed Income**

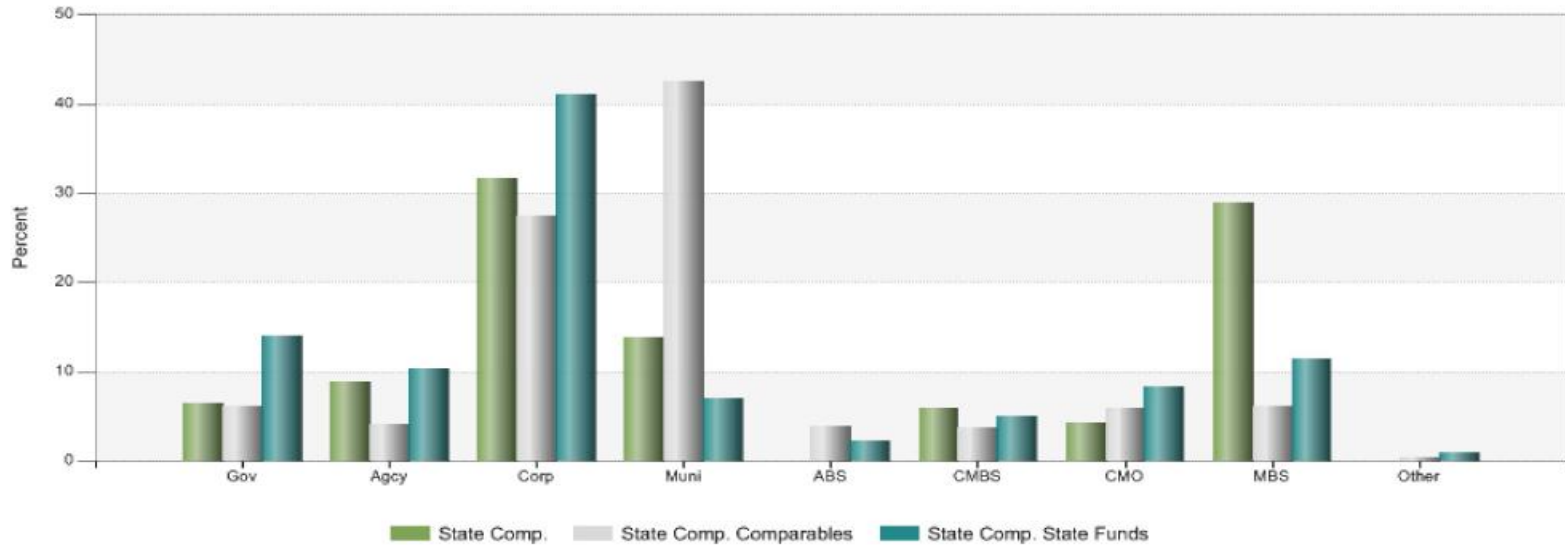
	<1 Yr	1-3 Yr	3-5 Yr	5-7 Yr	7-10 Yr	>10 Yr	Average Duration	Fixed Inc Assets (B\$)
State Comp.	7.1	26.9	30.9	9.6	19.1	6.4	4.7	18.2
State Comp. Comparable:	11.2	26.8	20.6	13.5	17.8	10.1	5.0	224.4
State Comp. State Funds	8.2	24.5	28.1	16.9	14.9	7.4	5.0	9.7

Excludes cash and short-term investments. Duration is defined as Option Adjusted.

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# Fixed Income Analysis : Sector Distribution

Fixed Income Sector Distribution (%)



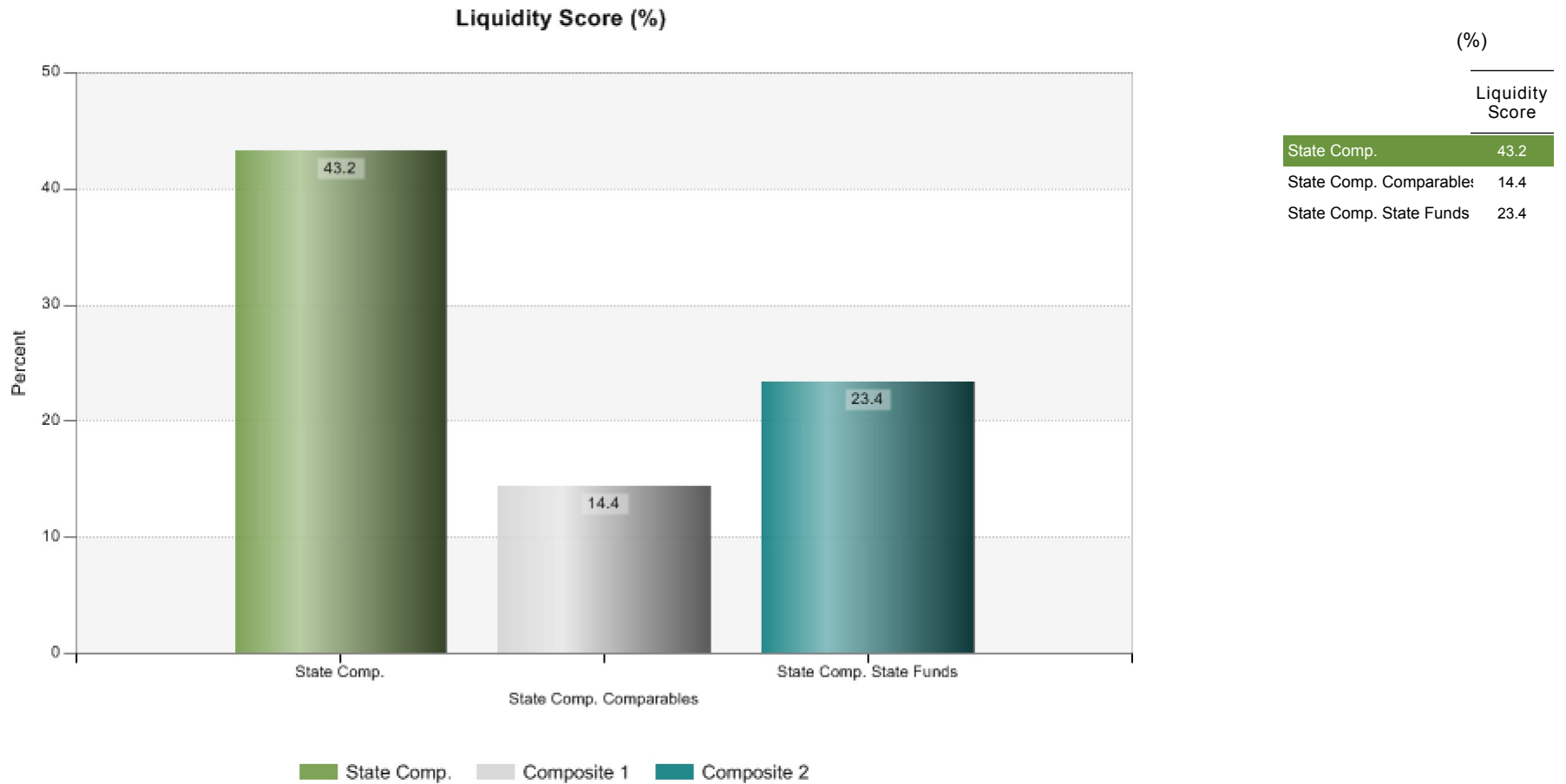
Excludes cash and short-term investments. 'Other' may include Preferred Equity and Non-USD Denominated Bonds

% of Fixed Income

	Gov	Agcy	Corp	Muni	ABS	CMBS	CMO	MBS	Other	Fixed Inc Assets (B\$)
State Comp.	6.4	8.8	31.7	13.7	-	6.0	4.3	29.0	-	18.2
State Comp. Comparable:	6.1	4.0	27.4	42.6	3.8	3.7	5.9	6.1	0.4	224.4
State Comp. State Funds	14.0	10.3	41.1	7.0	2.2	4.9	8.3	11.4	0.8	9.7

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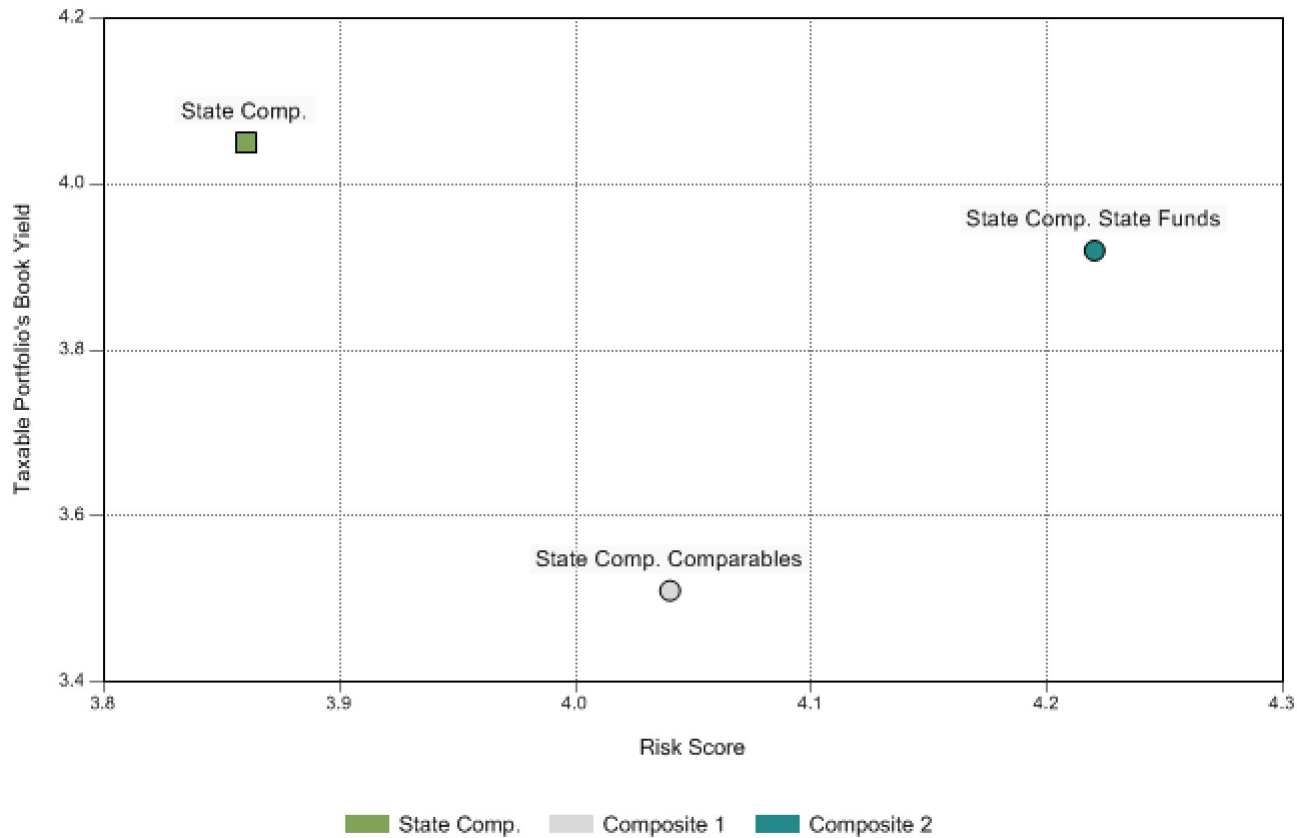
# Fixed Income Analysis: Liquidity Score



Liquidity Score: Cash and cash equivalents plus Treasuries, Agencies and MBS at a gain as a percentage of total invested assets.

# Fixed Income Analysis: Taxable Portfolio Book Yield vs. Risk Score

Taxable Portfolio's Book Yield vs. Risk Score



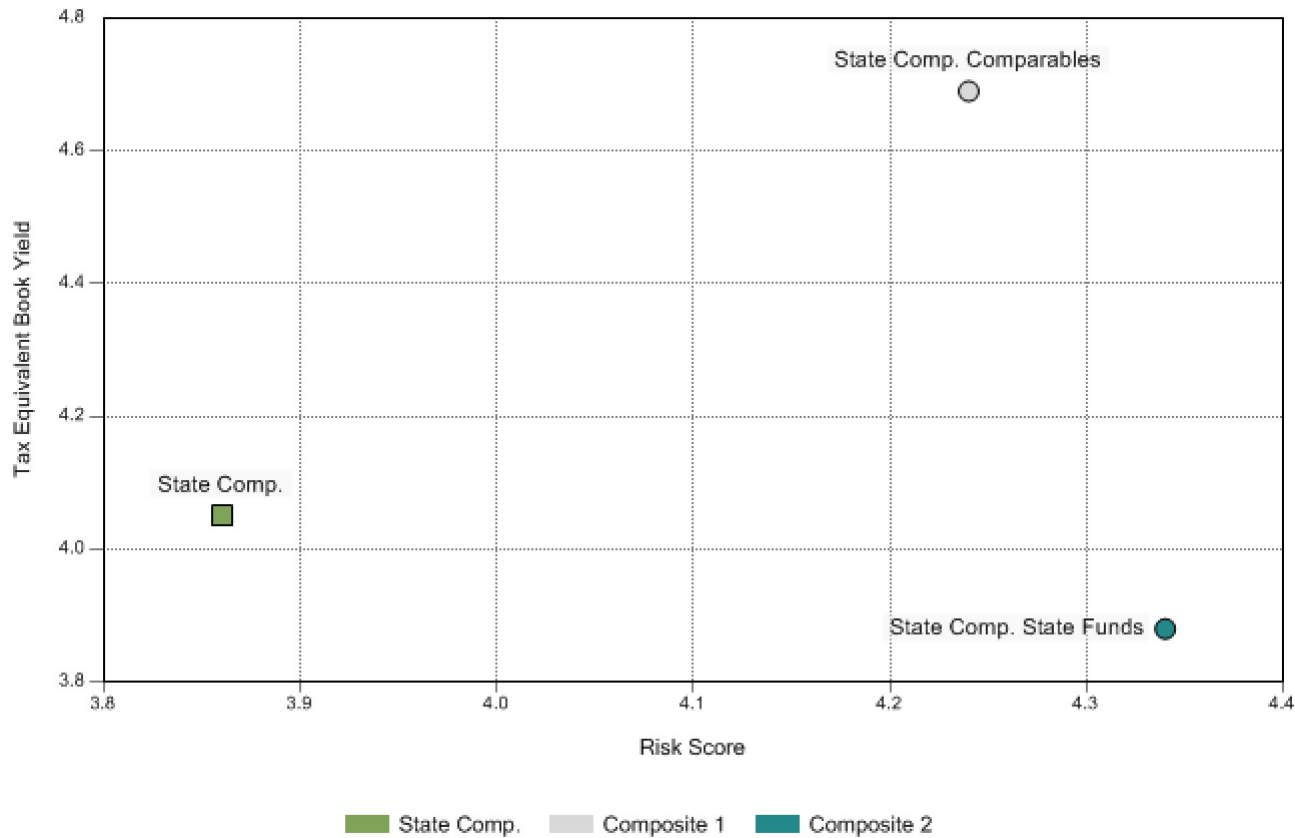
	Book Yield	Risk Score
State Comp.	4.0	3.9
State Comp. Comparable:	3.5	4.0
State Comp. State Funds	3.9	4.2

Risk Score is derived from credit quality, duration and convexity. The lower the number, the lower the risk. Red axis represents industry medians (50% quartiles)

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# Fixed Income Analysis: Tax Equivalent Book Yield vs. Risk Score

Tax Equivalent Book Yield vs Risk Score

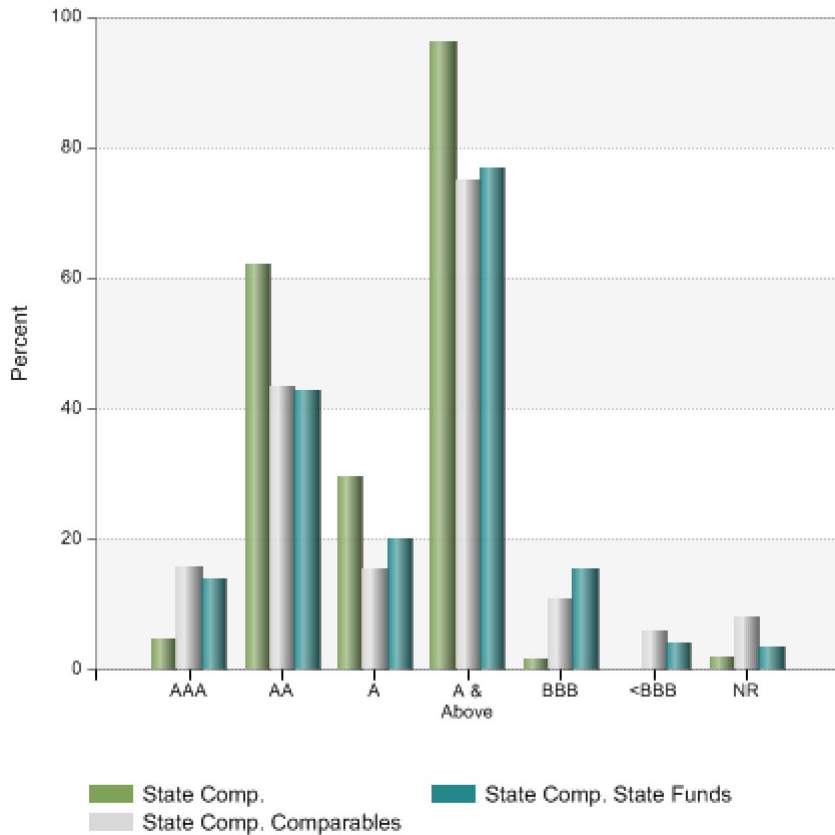


	Tax Equiv. Book Yield	Risk Score
State Comp.	4.0	3.9
State Comp. Comparable:	4.7	4.2
State Comp. State Funds	3.9	4.3

Risk Score is derived from credit quality, duration and convexity. The lower the number, the lower the risk. Red axis represents industry medians (50% quartiles)

# Fixed Income Analysis: Credit Quality Distribution

Credit Quality Distribution (%)



% of Fixed Income

	AAA	AA	A	A & Above	BBB	<BBB	NR	Fixed Inc Assets (B\$)
State Comp.	4.7	62.1	29.6	96.4	1.5	-	2.1	18.2
State Comp. Comparable:	15.9	43.6	15.6	75.0	10.9	5.9	8.2	224.4
State Comp. State Funds	13.9	43.0	20.0	76.9	15.5	4.2	3.4	9.7

Excludes cash and short-term investments.

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# Appendix

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# Equity Analysis

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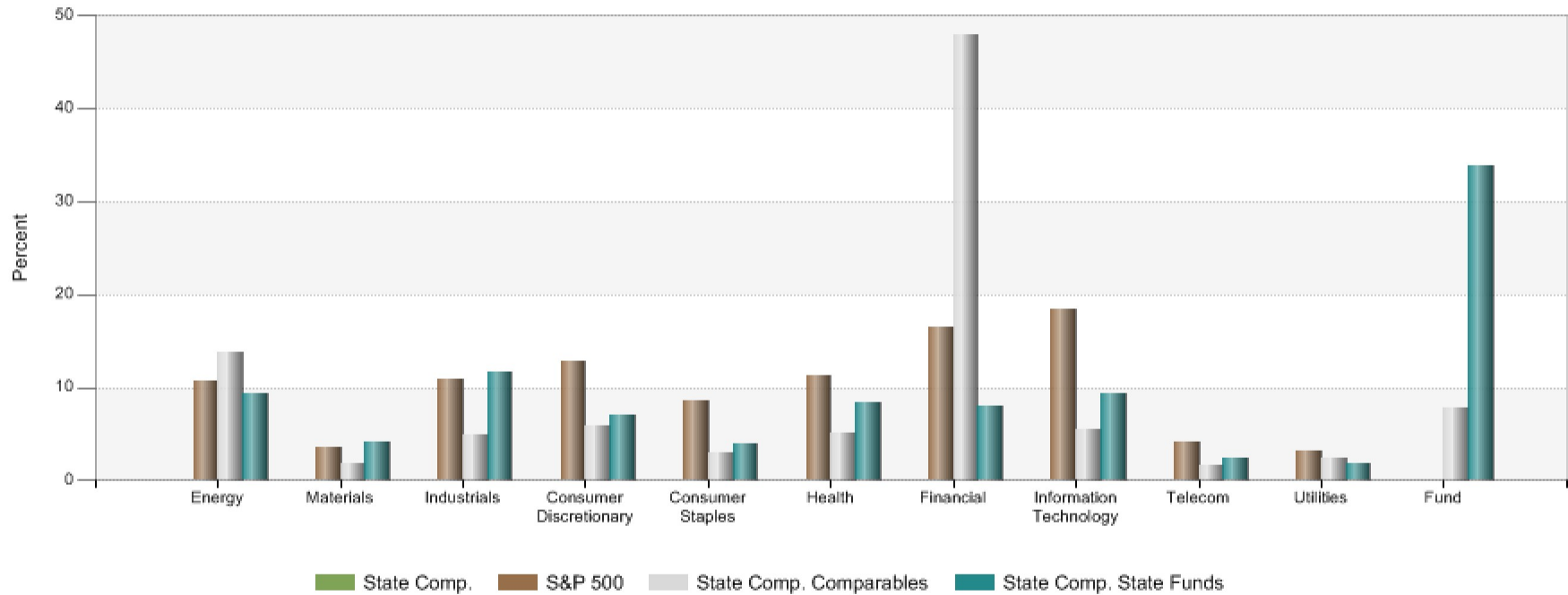
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# Equity Analysis: Sector Distribution

Equity Sector Distribution (%)



Includes Affiliated and Unaffiliated equity holdings.

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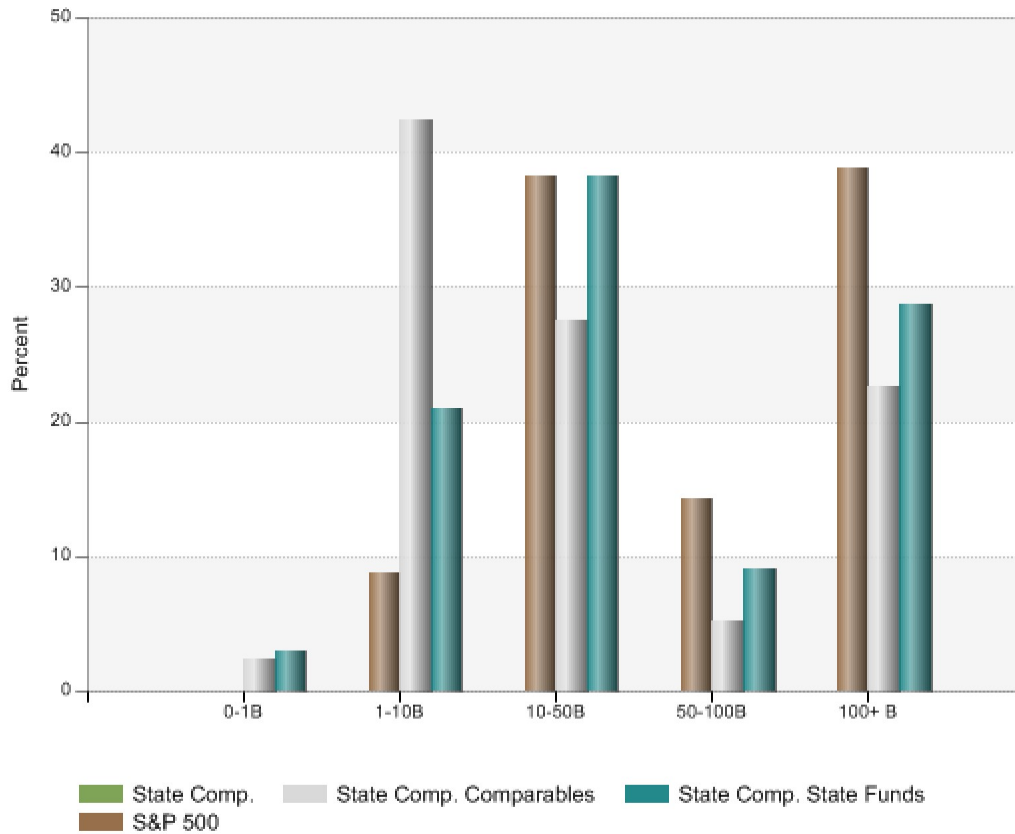
# Equity Analysis: Sector Distribution

## % of Equity Market Value

	Energy	Materials	Industrials	Consumer Discretionary	Consumer Staples	Health	Financial	Information Technology	Telecom	Utilities	Fund	Market Value (B\$)
State Comp.	-	-	-	-	-	-	-	-	-	-	-	-
S&P 500	10.7	3.6	10.9	12.8	8.7	11.2	16.4	18.4	4.1	3.2	-	13499.7
State Comp. Comparable:	13.8	1.9	5.0	5.8	3.0	5.1	48.0	5.6	1.6	2.4	7.8	5.4
State Comp. State Funds	9.3	4.1	11.7	7.1	4.0	8.4	8.1	9.3	2.4	1.9	33.8	1.9

# Equity Analysis: Market Cap Distribution

Equity Market Capitalization Distribution (%)



% of Equity Market Value

	0-1B	1-10B	10-50B	50-100B	100+ B	Market Value (B\$)
State Comp.	-	-	-	-	-	-
S&P 500	-	8.7	38.3	14.2	38.8	13499.7
State Comp. Comparables	2.4	42.3	27.5	5.1	22.6	2.8
State Comp. State Funds	3.0	20.9	38.3	9.0	28.7	1.0

Unaffiliated equity only

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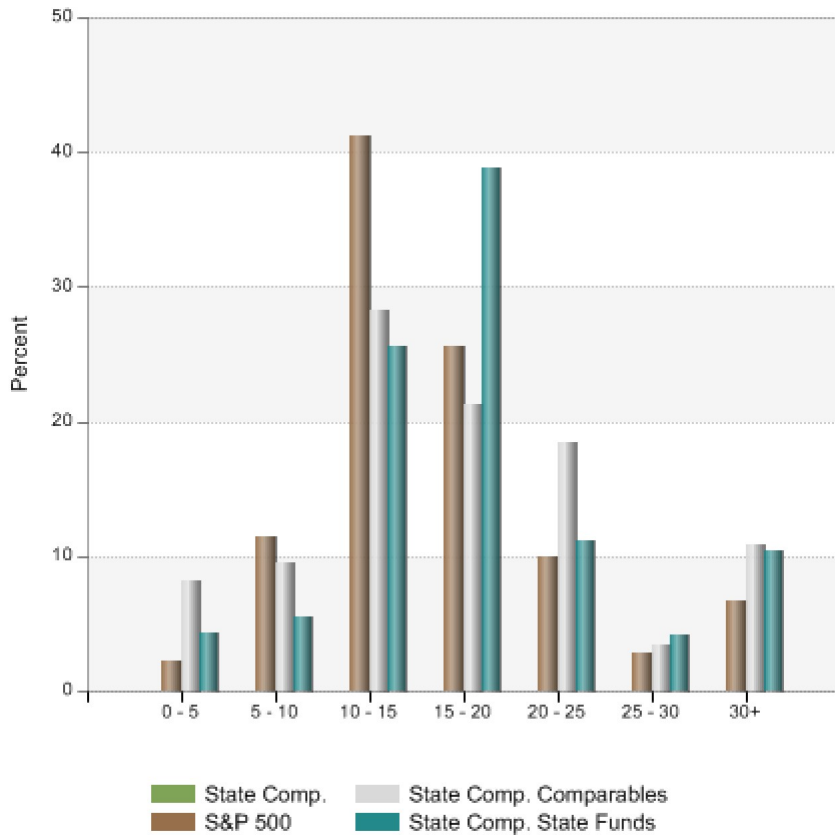
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# Equity Analysis: P/E Ratio Distribution

P/E Distribution (%)



% of Equity Market Value

	0 - 5	5 - 10	10 - 15	15 - 20	20 - 25	25 - 30	30 +	Market Value (B\$)
State Comp.	-	-	-	-	-	-	-	-
S&P 500	2.3	11.5	41.2	25.5	10.0	2.8	6.7	13223.0
State Comp. Comparable:	8.2	9.6	28.2	21.3	18.4	3.4	10.8	3.0
State Comp. State Funds	4.3	5.5	25.6	38.9	11.2	4.1	10.4	1.6

Unaffiliated equity only

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## Operating Characteristics

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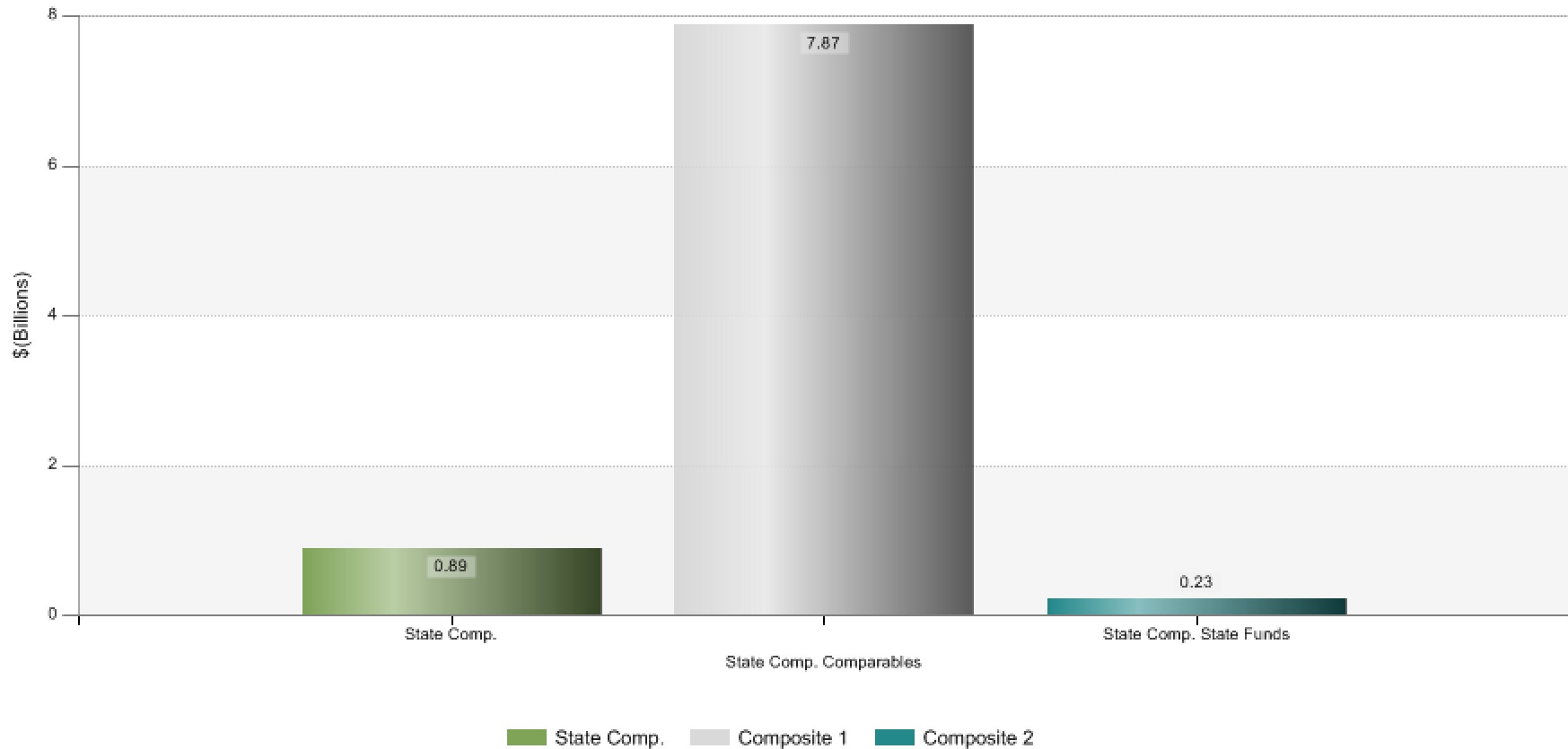
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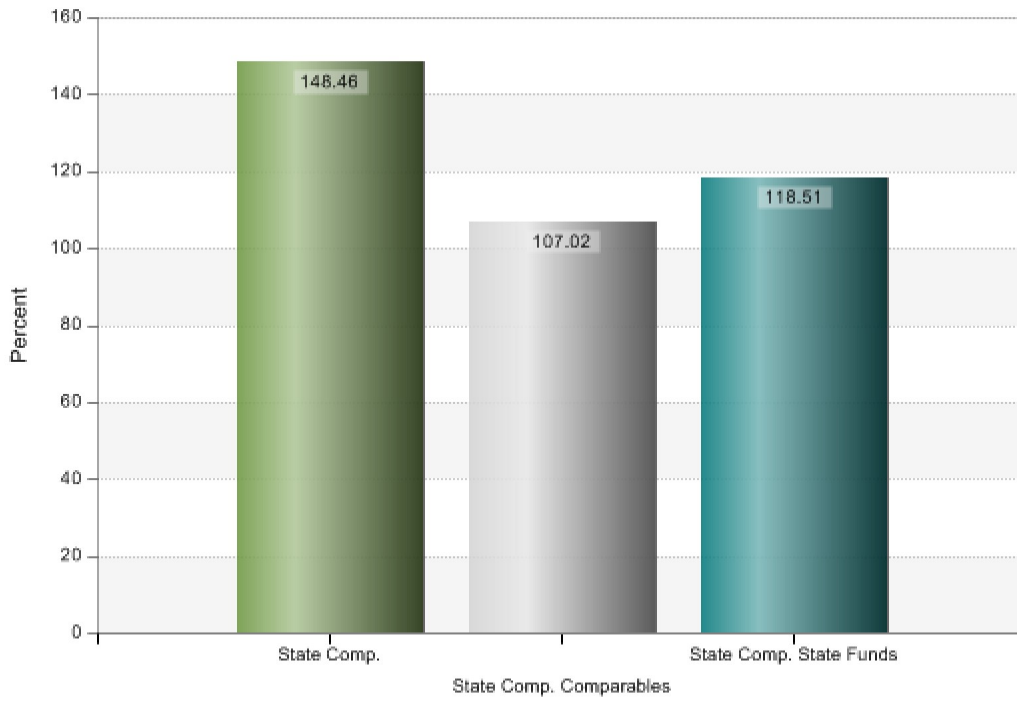
# Operating Characteristics: Revenue

## Net Premium Written



# Operating Characteristics: Profitability

Combined Ratio (%)



State Comp. Composite 1 Composite 2

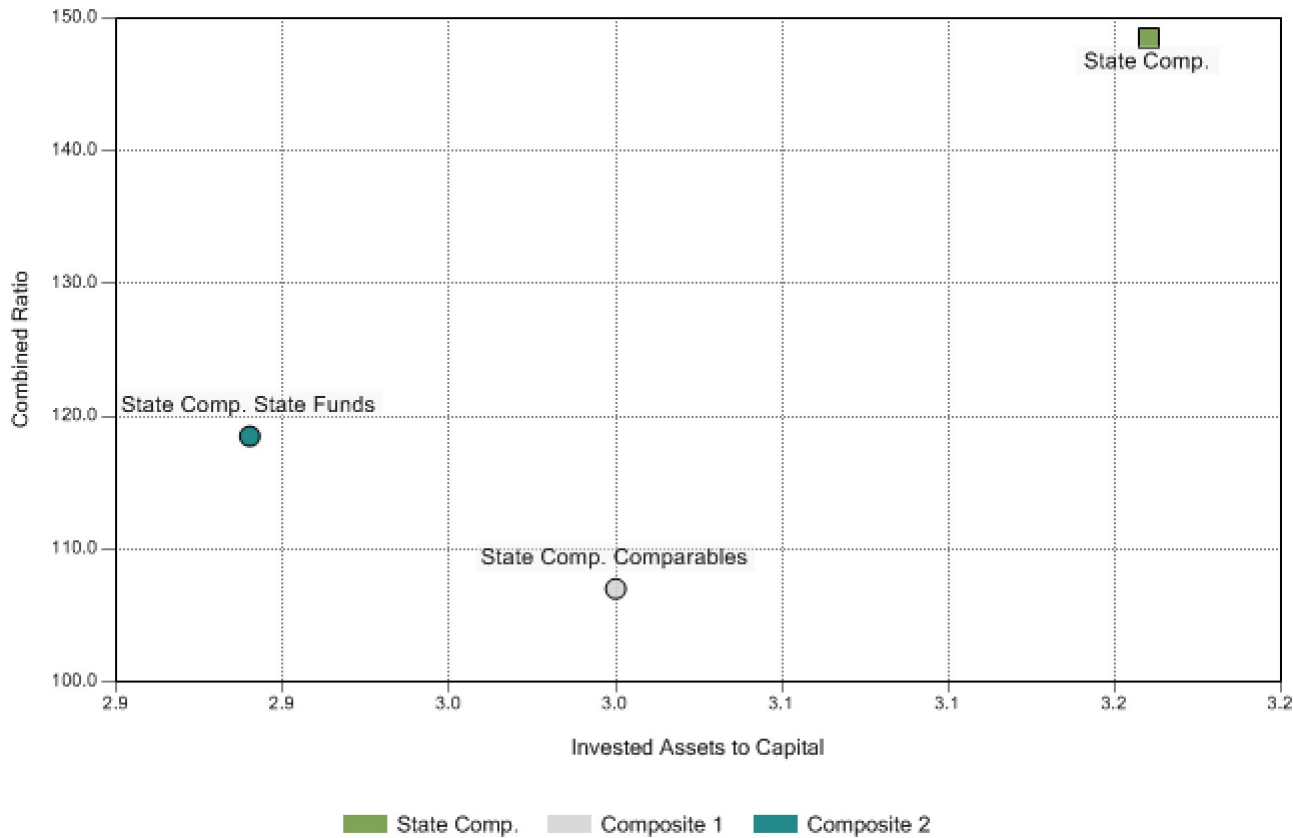
(%)

	Premium Earned	Loss Incurred	Loss Adj. Expenses	Other Expenses	Po. Hldr Dividends
State Comp.	40.5	30.4	9.1	15.7	4.4
State Comp. Comparable:	48.3	30.8	6.3	14.6	0.1
State Comp. State Funds	45.5	31.6	5.9	12.1	4.9

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# Operating Characteristics: Profitability and Investment Leverage

Investment Leverage to Combined Ratio



	Combined Ratio	Inv Assets To Capital
State Comp.	148.5	3.2
State Comp. Comparable:	107.0	3.0
State Comp. State Funds	118.5	2.9

Red axis represents industry median (50% quartiles)

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