

OUR purpose

To care for injured workers



OUR business

Providing workers' compensation and safety services



WSI
North Dakota Workforce
Safety & Insurance



Loyal
Caring
OUR
core values
Forthright



OUR strategy
✓ Exceptional People
✓ Exceptional Service
✓ Financial Stability



WSI Operating Report

fiscal year to date through June 30, 2015

****Final - Audited****

Key Performance Indicators

FYTD 15 numbers in this report are a snapshot at quarter end unless stated otherwise

Color Code = positive condition, watch condition, neutral

Fiscal Year Ending:	FY 2012	FY 2013	FY 2014	FYTD 2015	FY 2015 Projection	Target*
Injury Services (Claims)						
<i>Total Claims Filed</i>	24,647	25,835	26,395	24,798	24,798	NA
<i>Indemnity Claims Filed</i>	2,966	3,399	3,480	3,177	3,177	NA
<i>Claims Filed/100 Covered Workers¹</i> <small>- # of new claims filed divided by the covered workforce</small>	6.66	6.41	6.31	5.69	5.69	NA
<i>Indemnity Claims Filed/100 Covered Workers¹</i> <small>- # of new indemnity claims filed divided by the covered workforce</small>	0.80	0.84	0.83	0.73	0.73	NA
<i>Average Covered Workforce¹</i> <small>- based on Job Service ND employment and wages data</small>	369,996	402,771	418,234	435,993	435,993	NA
<i>Claims with Activity</i> <small>- activity = a new claim filing, receipt of a payment, or a reapplication for benefits on an existing claim</small>	38,134	45,407	43,681	40,664	40,664	NA
<i>On-Line Claims as Percent of Total Claims Filed</i> <small>- % of claims filed that were received on-line</small>	60%	60%	62%	65%	NA	NA
<i>Auto-Adjudicated Claims as Percent of Total Claims Filed</i> <small>- % of claims filed that met the initial auto-adjudication requirements</small>	25%	22%	21%	24%	NA	NA
<i>Percent of Claims Adjudicated w/in 14 Days</i> <small>- % of claims where the initial determination of compensability was made w/in 14 days of the registration date</small>						
<small>-Indemnity Claims</small>	35%	34%	32%	29%	NA	55%
<small>-Medical Only Claims</small>	49%	46%	42%	40%	NA	65%
<small>-All Claims</small>	47%	45%	41%	39%	NA	60%
<i>Percent of Three Point Contacts Made w/in 24 hours</i> <small>- % of three point contacts made within 24 hours from the date assigned to an adjuster</small>	94%	95%	97%	95%	NA	95%
<i>Claim Ultimate Acceptance Rate (adjusted)</i> <small>- % of claims filed that are accepted (excludes incidents)</small>	92%	92%	92%	92%	NA	NA
<i>Percent of Initial Indemnity Payments Made w/in 14 Days of Claim Registration</i> <small>- % of claims where the initial indemnity payment was made w/in 14 days of registration</small>	53%	54%	52%	49%	NA	65%
<i>Percent of Claims Pending Over 31 Days</i> <small>- % of all claims in pending status that are over 31 days</small>	14%	14%	14%	13%	NA	10%
<i>Average New Claims per Claim Adjuster³</i> <small>- average number of new claims assigned per year</small>	513	517	528	468	468	NA
<i>Average Active Claims per Claim Adjuster³</i> <small>- excludes auto-adjudicated claims</small>						
<small>- Average active indemnity claims</small>	62	63	61	57	NA	NA
<small>- Average active medical only claims (excl. auto adj)</small>	166	198	182	172	NA	NA
<small>- Average active claims (all)</small>	228	262	243	229	NA	NA

1 - "Average Covered Workforce" is based on Job Service ND data (previous calendar year)

2 - Calculation excludes those claims filed that did not seek medical treatment, no signed injured worker report was received, claims that were withdrawn by the worker, and claim technical denials (claims denied because the IW has not returned forms required to adjudicate the claim such as; FROI, PIQ, RMO, etc.). Will be re-calculated at the conclusion of the fiscal year.

3 - Starting in FY2012 the number of Claim Adjusters increased from 44 to 46, then to 48 in October 2011. In FY13 the number of adjusters increased to 50. In FY14 the number of adjusters increased to 53.

* Industry averages or standards related to workers' compensation are difficult to obtain as there exist differences between programs and their corresponding laws from state to state. Consequently, targets are reflected as ultimate goals in many cases, rather than as an industry average or standard.

Key Performance Indicators

FYTD 15 numbers in this report are a snapshot at quarter end unless stated otherwise

Fiscal Year Ending:	FY 2012	FY 2013	FY 2014	FYTD 2015	FY 2015 Projection	Target
Injury Services (Medical Services)						
<i>Percent of Outstanding Bills Over 30 Days Old</i> ¹ - % of bills, entered but not paid, that are > 30 days from the date received - snapshot	53%	28%	6%	15%	NA	7%
<i>Days to Adjudicate Medical Bills</i> ¹ - Percentage of Medical Bills paid within 31 days of receipt of bill.	58%	63%	69%	90%	NA	95%
Injury Services (Vocational Rehabilitation) ³						
<i>Number of Open Voc Rehab Cases - In State</i> - The number of open cases - Snapshot as of the end of the quarter.	434	405	431	490	490	NA
<i>Number of Open Voc Rehab Cases - Out of State</i> - The number of open cases - Snapshot as of the end of the quarter.	147	264	302	391	391	NA
<i>Number of Miscellaneous Voc Rehab Closures</i> - Number of misc closures (non compliance, etc.)	198	263	373	343	343	NA
<i>Number of Voc Rehab Closures with a RTW Plan</i> - Number of closures where a return to work plan was identified	225	228	345	346	346	NA
<i>Average Pre-Injury Wage of Voc Participants</i> - The average wage earned by voc recipients before their injury	\$833	\$878	\$990	\$1,056	NA	NA
<i>Average Post-Injury Wage of Voc Participants</i> - The average wage earned by voc recipients after their injury	\$557	\$699	\$750	\$752	NA	NA

Employer Services						
<i>Lag Time to Report Injuries</i> - Percentage of Claims Reported within X day(s) of date of injury						
-within 1 day	47%	50%	49%	51%	NA	NA
-within 7 days	79%	79%	79%	80%	NA	NA
-within 14 days	86%	87%	87%	87%	NA	NA
-within 21 days	89%	90%	90%	90%	NA	NA
-within 31 days	92%	92%	93%	92%	NA	NA
<i>Total Active Employer Accounts</i> - total number of active employer accounts (snapshot)	23,812	24,793	25,359	25,615	25,615	NA
<i>Number of Audits Completed (includes phone audits)</i> - number of premium audits completed by the premium auditors	1,307	1,333	1,398	1,247	1,247	1,300
<i>Delinquent Premium as Percent of In Force Premium</i> - total delinquent premium divided by in force premium	2.05%	3.00%	2.67%	3.28%	NA	2%
<i>Total Delinquent Premium - Accts in Active Collections</i> ² - amount of premium, interest and penalties owed by all accounts in collections	\$4,633,788	\$8,482,690	\$8,565,028	\$11,268,203	NA	NA

1 - FY12 YTD increase due to conversion to the Mitchell Smart Advisor bill payment software.

2 - Of the \$11,268,203 premium in collections, \$2,547,810 is in litigation

3 - Voc section is new as of the 3/31/15 quarter report. This section was added per a recommendation from the 2014 Performance Evaluation.

* Industry averages or standards related to workers' compensation are difficult to obtain as there exist differences between programs and their corresponding laws from state to state. Consequently, targets are reflected as ultimate goals in many cases, rather than as an industry average or standard.

Key Performance Indicators

FYTD 15 numbers in this report are a snapshot at quarter end unless stated otherwise

Fiscal Year Ending:	FY 2012	FY 2013	FY 2014	FYTD 2015	FY 2015 Projection	Target
Legal/SIU						
<i>Hearings Requested</i> ³ - number of hearings requested during the fiscal year (1st level litigation - does not include district or supreme court cases)	190	235	265	304	304	NA
<i>Hearings Held</i> ³ - number of hearings held during the fiscal year	134	105	195	199	199	NA
<i>Claimant Attorney Fees and Costs</i> ⁴ - total fees and costs paid to claimant attorneys	\$301,926	\$271,295	\$308,824	\$438,886	\$438,886	NA
<i>Office of Administrative Hearings (OAH)</i> ⁴ - total fees and costs paid to OAH	\$500,369	\$393,417	\$653,793	\$669,037	\$669,037	NA
<i>WSI Counsel Fees and Costs</i> ⁴ - total fees and costs paid to WSI outside counsel (defense counsel)	\$832,985	\$882,222	\$1,110,085	\$1,053,615	\$1,053,615	NA
<i>Avg Days Hearing Request to ALJ Decision</i> ^{2, 3} - avg number of days from hearing request to receipt of ALJ decision regardless of resolution.	276	183	241	208	NA	160
<i>Avg Processing Days Office of Administrative Hearings (OAH)</i> ³ - avg number of days cases are in the hands of OAH	186	168	183	187	NA	included in stat above
<i>SIU Return on Investment</i> - total savings + restitution / fraud investigations costs + budget	\$20.49	\$11.58	\$8.15	\$13.36	NA	NA

2 - FY12 includes 9,863 days for cases that were held pending outcome of litigation (similar PPI issue). If those cases are removed from the calculation avg. days are 243.

3 - Includes injured worker and employer cases. WSI started tracking our own stats in FY2014.

4 - Includes all fees and costs paid regarding injured worker cases only

Fiscal Year Ending:	FY 2012	FY 2013	FY 2014	FYTD 2015	FY 2015 Projection	Target
Other						
<i>FTE Authority</i> - number of full-time-equivalent employees legislatively allowed	247	247	250	250	NA	NA
<i>Turnover Rate - All WSI Employees</i> ¹ - employee separation/total employees (Bureau of Labor & Statistics 2011 Industry avg) = 11.6% Finance & Insurance = 6.6% State & Local Government	6.84%	8.20%	7.23%	9.30%	9.30%	NA
<i>Total Documents Imaged</i> - total number of documents imaged during the year	1,400,848	1,488,406	1,803,699	1,804,180	1,804,180	NA
<i>Average System Availability/Accessibility During Core Business Hours</i> - average percent of time the WSI computer systems were accessible to WSI employees (between 7:00 a.m. & 6:00 p.m.)	99.10%	99.40%	98.49%	99.00%	NA	99.75%
<i>Premium Cost per Covered Worker</i> - actual amount of premiums paid by employers, net of any dividends or rebates, divided by the covered workforce	\$677	\$769	\$749	\$756	NA	TBD
<i>Paid Claim Costs per Covered Worker</i> - total cost of medical, allocated, and indemnity benefits and expenses divided by the covered workforce	\$363	\$431	\$474	\$455	NA	TBD
<i>Administrative Cost per FTE</i> - total ULAE and administrative costs divided by the number of FTE authorized by the Legislature	\$115,174	\$116,973	\$132,341	\$135,165	NA	TBD
<i>Administrative Cost per Claim</i> - total administrative costs divided by the number of claims with activity.	\$746	\$637	\$758	\$831	NA	TBD

1 - Turnover rate does not include temporary employees

Key Performance Indicators

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Fiscal Year Ending:	FY 2012	FY 2013	FY 2014	FY 2015
Customer Satisfaction				
<i>Employer Satisfaction</i> - mail survey conducted by DLN Consulting in May and Nov. each year - based on a scale of 1-5	3.67	3.57	4.22	4.27
<i>Injured Worker Satisfaction¹</i> - phone survey conducted by DLN Consulting in May and Nov. each year - based on a scale of 1-5	4.15	4.20	4.31	4.17
<i>Medical Provider Satisfaction</i> - on-line/mail survey conducted by WSI - based on a scale of 1-5	NA	NA	3.48	NA

1 - Injured Worker survey population includes claims 60-120 days post acceptance, closed claims, claims open > 1 year, and denied claims

Paid Cost Data						
Fiscal Year Ending:	FY 2012	FY 2013	FY 2014	FYTD 2015	FY 2015 Projection	% Change 14 to 15
<i>Indemnity Benefits Paid</i>	\$54,471,527	\$65,091,921	\$79,925,526	\$82,451,347	\$82,451,347	3.16%
<i>Medical Benefits Paid</i>	\$76,068,092	\$104,639,702	\$112,945,818	\$108,841,339	\$108,841,339	-3.63%
<i>ALAE (all non-legal) Paid</i>	\$1,842,753	\$1,999,546	\$3,013,374	\$4,411,490	\$4,411,490	46.40%
<i>ALAE (legal) Paid</i>	\$1,885,986	\$1,788,746	\$2,364,544	\$2,486,637	\$2,486,637	5.16%
<i>Total Paid Costs</i>	\$134,268,358	\$173,519,915	\$198,249,262	\$198,190,813	\$198,190,813	-0.03%

FY2012 YTD decrease & FY2013 increase due to backlog in bill payments as a result of the conversion to the Mitchell Smart Advisor bill payment software.

Key Performance Indicators

FYTD 15 numbers in this report are a snapshot at quarter end unless stated otherwise

Financial Statements

Statement of Financial Position	Audited FY 2012	Audited FY 2013	Audited FY 2014	Audited FY 2015
Cash & Investments	\$ 1,436,644,598	\$ 1,560,040,666	\$ 1,707,120,324	\$ 1,765,142,380
Receivables	42,693,174	51,191,781	54,606,797	52,043,722
Building & Other	27,020,087	12,103,958	11,006,198	10,892,728
Total Assets	1,506,357,859	1,623,336,405	1,772,733,319	1,828,078,829
Deferred outflows pension	-	-	-	822,588
Total Assets and Deferred Outflows & Net Position	1,506,357,859	1,623,336,405	1,772,733,319	1,828,901,417
Accounts Payable	148,619,598	167,978,534	127,845,407	109,987,326
Pension Liability	-	-	-	5,953,413
Unearned Premium	117,488,460	141,890,596	152,954,059	160,329,226
Unpaid Loss & LAE, disc at 5%	865,645,000	958,709,000	1,052,806,000	1,096,674,000
Total Liabilities	1,131,753,058	1,268,578,130	1,333,605,466	1,372,943,964
Deferred Inflows Pension	-	-	-	1,174,902
Net Position **	374,604,802	354,758,275	439,127,853	454,782,551
Total Liabilities, Deferred Inflows & Net Position	\$ 1,506,357,859	\$ 1,623,336,405	\$ 1,772,733,319	\$ 1,828,901,417

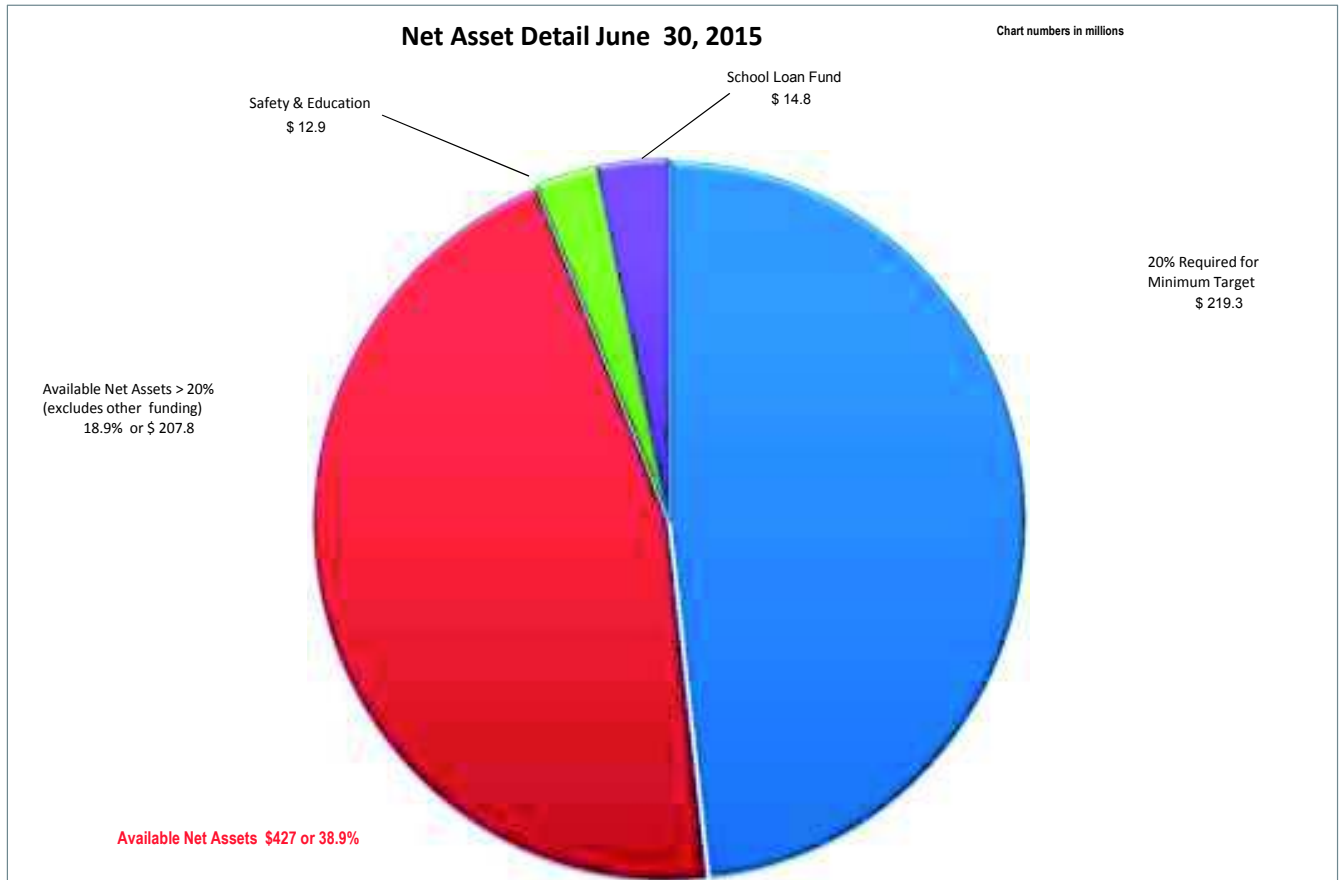
Statement of Activities	Audited FY 2012	Audited FY 2013	Audited FY 2014	Audited FY 2015
Premium Earned	\$ 271,275,972	\$ 333,991,912	\$ 341,835,963	\$ 361,082,391
Premium Discount	(15,402,524)	(17,502,707)	(21,917,363)	(24,154,183)
Ceded Reinsurance Premium	(5,328,808)	(6,591,703)	(6,753,830)	(7,237,898)
Net Premium Earned	250,544,641	309,897,502	313,164,770	329,690,311
Incurred Losses & ALAE	180,478,544	263,375,517	281,826,747	237,603,576
ULAE and G&A Expenses	28,448,022	28,892,350	33,085,248	33,791,147
Pension Expense	-	-	-	(46,192)
Operating Expense	208,926,566	292,267,867	314,911,995	271,348,531
Underwriting Income (Loss)	41,618,075	17,629,636	(1,747,225)	58,341,780
Investment & Other Income	84,234,932	124,837,805	181,673,988	61,654,997
Dividend & Other Expense	(144,376,055)	(147,585,337)	(95,557,186)	(97,925,896)
Special Item impairment loss	-	(14,728,630)	-	-
Change in Net Position **	\$ (18,523,048)	\$ (19,846,527)	\$ 84,369,578	\$ 22,070,882
EXPENSE RATIOS				
FY Admin Expense Ratio	11.12%	9.13%	10.34%	10.03%
Incurred Loss Ratio	70.53%	83.22%	88.09%	70.52%
Combined Ratio	81.65%	92.35%	98.44%	80.55%
EXPENSE RATIOS (excluding Safety expenditures)*				
FY Admin Expense Ratio	9.10%	8.31%	9.11%	8.84%
Incurred Loss Ratio	70.53%	83.22%	88.09%	70.52%
Combined Ratio	79.64%	91.53%	97.20%	79.36%

* Denotes the following reduction of Administrative Expense: Safety - \$4,003,000 y-t-d

** Note the beginning Net Position for FY 2015 was reduced by approximately \$6.4 million, due to the implementation of GASB Statement No. 68, Pension Liability Reporting.

Key Performance Indicators

Net Assets

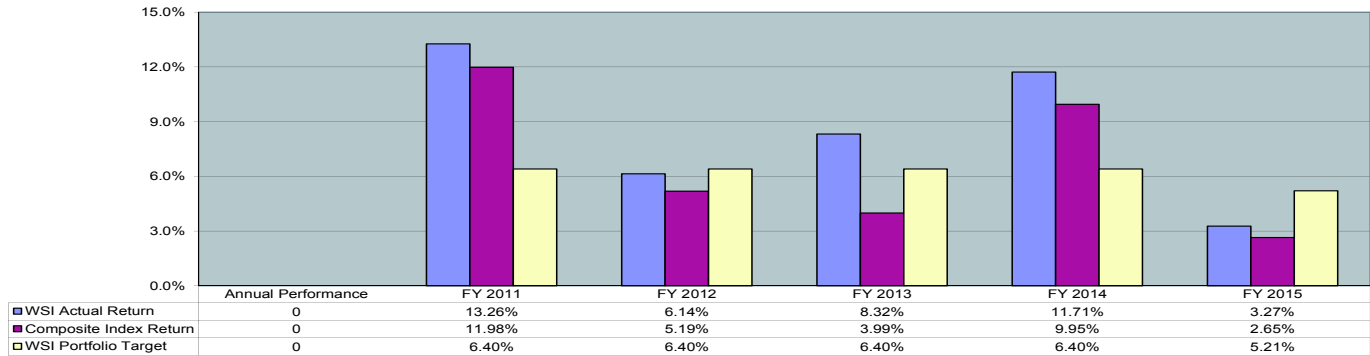


	Actual June 2013	Actual June 2014	Actual June 2015
NET POSITION or "SURPLUS"	\$ 354,758,275	\$ 439,127,853	\$ 454,782,551
Estimated Discounted Financial Reserves	958,709,000	1,052,806,000	1,096,674,000
Net Position (Surplus)	\$ 354,758,275	\$ 439,127,853	\$ 454,782,551
2009 HB 1035 Allowable Deductions from Net Position (Surplus)			
Safety Education & Grants	15,824,046	11,885,767	12,881,858
Revolving School Loan Fund	14,821,186	14,806,047	14,797,047
Total Exclusions from Net Position (Surplus)	30,645,232	26,691,814	27,678,905
Available Fund Surplus	\$ 324,113,043	\$ 412,436,039	\$ 427,103,646
	33.8%	39.2%	38.9%

Investments

Investment data provided as of June 30, 2015

FY 2015 Annual Rates of Return



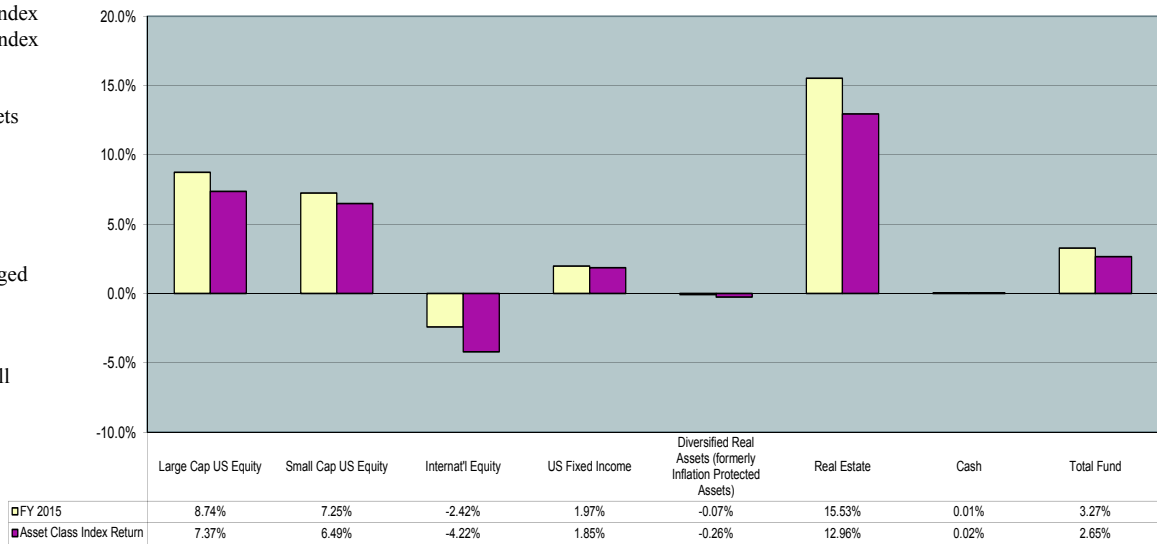
FY 2015 Year to Date Return by Asset Class

Asset Class

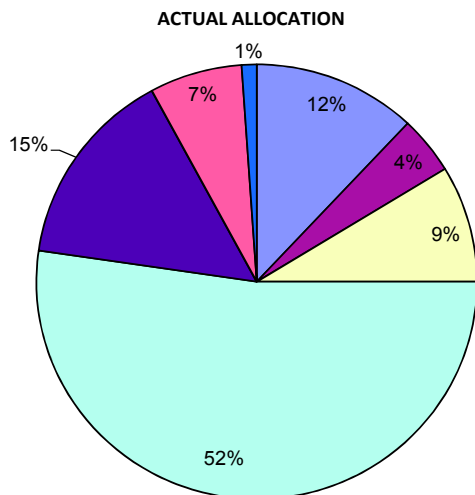
Large Cap US Equity Index
 Small Cap US Equity Index
 International Equity
 US Fixed Income
 Inflation Protected Assets
 Real Estate
 Cash Equivalents

Index

S & P 500
 Russell 2000
 MSCI EAFE 50% Hedged
 Lehman Aggregate
 Lehman US TIPS
 NCREIF
 90-day US Treasury Bill



WSI Investment Allocation



ASSET CLASS -- POLICY ALLOCATION

Large Cap Domestic Equity (Target 12%)	Small Cap Domestic Equity (Target 4%)
International Equity (Target 9%)	Domestic Fixed Income (Target 53%)
Diversified Real Assets (Target 15%)	Real Estate (Target 6%)
Cash Equivalents (Target 1%)	