

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, 2016

Final

Key Performance Indicators

FYTD 16 numbers in this report are a snapshot at quarter end unless stated otherwise

Color Code = positive condition, watch condition, neutral

Fiscal Year Ending:	FY 2013	FY 2014	FY 2015	FYTD 2016	FY 2016 Projection	Target*
Injury Services (Claims)						
<i>Total Claims Filed</i>	25,835	26,395	24,798	21,277	21,277	NA
<i>Indemnity Claims Filed</i>	3,399	3,480	3,177	2,448	2,448	NA
<i>Claims Filed/100 Covered Workers¹</i> - # of new claims filed divided by the covered workforce	6.41	6.31	5.69	4.97	4.97	NA
<i>Indemnity Claims Filed/100 Covered Workers¹</i> - # of new indemnity claims filed divided by the covered workforce	0.84	0.83	0.73	0.57	0.57	NA
<i>Average Covered Workforce¹</i> - based on Job Service ND employment and wages data	402,771	418,234	435,993	427,899	427,899	NA
<i>Claims with Activity</i> - activity = a new claim filing, receipt of a payment, or a reapplication for benefits on an existing claim	45,407	43,681	40,664	36,652	36,652	NA
<i>On-Line Claims as Percent of Total Claims Filed</i> - % of claims filed that were received on-line	60%	62%	65%	67%	NA	NA
<i>Auto-Adjudicated Claims as Percent of Total Claims Filed</i> - % of claims filed that met the initial auto-adjudication requirements	22%	21%	24%	18%	NA	NA
<i>Percent of Claims Adjudicated w/in 14 Days</i> - % of claims where the initial determination of compensability was made w/in 14 days of the registration date						
-Indemnity Claims	34%	32%	29%	32%	NA	55%
-Medical Only Claims	46%	42%	40%	40%	NA	65%
-All Claims	45%	41%	39%	39%	NA	60%
<i>Percent of Three Point Contacts Made w/in 24 hours</i> - % of three point contacts made within 24 hours from the date assigned to an adjuster	95%	97%	95%	96%	NA	95%
<i>Claim Ultimate Acceptance Rate (adjusted)²</i> - % of claims filed that are accepted (excludes incidents)	92%	92%	92%	91%	NA	NA
<i>Percent of Initial Indemnity Payments Made w/in 14 Days of Claim Registration</i> - % of claims where the initial indemnity payment was made w/in 14 days of registration	54%	52%	49%	53%	NA	65%
<i>Percent of Claims Pending Over 31 Days</i> - % of all claims in pending status that are over 31 days	14%	14%	13%	16%	NA	10%
<i>Average New Claims per Claim Adjuster³</i> - average number of new claims assigned per year	517	498	468	409	419	NA
<i>Average Active Claims per Claim Adjuster³</i> - excludes auto-adjudicated claims						
- Average active indemnity claims	63	61	57	51	NA	NA
- Average active medical only claims (excl. auto adj)	198	182	172	136	NA	NA
- Average active claims (all)	262	243	229	187	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 - In FY14 the number of adjusters increased to from 50 to 53. In March 2016 the number of adjusters decreased to 52.

* 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 16 numbers in this report are a snapshot at quarter end unless stated otherwise

Fiscal Year Ending:	FY 2013	FY 2014	FY 2015	FYTD 2016	FY 2016 Projection	Target
Injury Services (Medical Services)						
<i>Percent of Outstanding Bills Over 30 Days Old</i> - % of bills, entered but not paid, that are > 30 days from the date received - snapshot	28%	6%	15%	35%	NA	7%
<i>Days to Adjudicate Medical Bills</i> - Percentage of Medical Bills paid within 31 days of receipt of bill.	63%	69%	90%	65%	NA	95%
Injury Services (Vocational Rehabilitation) ²						
<i>Number of New Voc Rehab Cases Assigned - (In State)</i> - The number of new cases assigned during the fiscal year.	405	431	490	381	381	NA
<i>Number of New Voc Rehab Cases Assigned - (Out of State)</i> - The number of new cases assigned during the fiscal year.	264	302	391	341	341	NA
<i>Number of Miscellaneous Voc Rehab Closures</i> - Number of misc closures (non compliance, etc.)	263	373	343	386	386	NA
<i>Number of Voc Rehab Closures with a RTW Plan</i> - Number of closures where a return to work plan was identified	228	345	346	296	296	NA
<i>Average Pre-Injury Wage of Voc Participants</i> - The average wage earned by voc recipients before their injury	\$878	\$990	\$1,056	\$1,136	NA	NA
<i>Average Post-Injury Wage of Voc Participants</i> - The average wage earned by voc recipients after their injury	\$699	\$750	\$752	\$721	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	50%	49%	51%	54%	NA	NA
-within 7 days	79%	79%	80%	81%	NA	NA
-within 14 days	87%	87%	87%	88%	NA	NA
-within 21 days	90%	90%	90%	91%	NA	NA
-within 31 days	92%	93%	92%	93%	NA	NA
<i>Total Active Employer Accounts</i> - total number of active employer accounts (snapshot)	24,793	25,359	25,615	24,685	NA	NA
<i>Number of Audits Completed (includes phone audits)</i> - number of premium audits completed by the premium auditors	1,333	1,398	1,247	1,232	1,232	1,300
<i>Delinquent Premium as Percent of In Force Premium</i> - total delinquent premium divided by in force premium	3.00%	2.67%	3.28%	4.14%	NA	2%
<i>Total Delinquent Premium - Accts in Active Collections ¹</i> - amount of premium, interest and penalties owed by all accounts in collections	\$8,482,690	\$8,565,028	\$11,268,203	\$12,858,015	NA	NA

1 - Of the \$12,858,015 premium in collections, \$3,084,469 is in litigation.

2 - 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 16 numbers in this report are a snapshot at quarter end unless stated otherwise

Fiscal Year Ending:	FY 2013	FY 2014	FY 2015	FYTD 2016	FY 2016 Projection	Target
Legal/SIU						
Hearings Requested ¹ - number of hearings requested during the fiscal year (1st level litigation - does not include district or supreme court cases)	235	265	304	357	357	NA
Hearings Held ¹ - number of hearings held during the fiscal year	105	195	199	209	209	NA
Claimant Attorney Fees and Costs ² - total fees and costs paid to claimant attorneys	\$271,295	\$308,824	\$438,886	\$392,954	\$392,954	NA
Office of Administrative Hearings (OAH) ² - total fees and costs paid to OAH	\$393,417	\$653,793	\$669,037	\$712,272	\$712,272	NA
WSI Counsel Fees and Costs ² - total fees and costs paid to WSI outside counsel (defense counsel)	\$882,222	\$1,110,085	\$1,053,615	\$1,244,0199	\$1,244,099	NA
Avg Days Hearing Request to ALJ Decision ¹ - avg number of days from hearing request to receipt of ALJ decision regardless of resolution.	183	241	208	240	NA	160
Avg Processing Days Office of Administrative Hearings (OAH) ^{1, 3} - avg number of days all cases are in the hands of OAH	168	183	187	212	NA	included in stat above
SIU Return on Investment - total savings + restitution / fraud investigations costs + budget	\$11.58	\$8.15	\$13.36	\$10.32	NA	NA
Other ⁵						
FTE Authority - number of full-time-equivalent employees legislatively allowed	247	250	250	260	260	NA
Turnover Rate - All WSI Employees ⁴ - employee separation/total employees	8.20%	7.23%	9.30%	5.07%	5.07%	NA
Total Documents Imaged - total number of documents imaged during the year	1,488,406	1,803,699	1,804,180	1,684,657	1,684,657	NA
Average System Availability/Accessibility During Core Business Hours - average percent of time the WSI computer systems were accessible to WSI employees (between 7:00 a.m. & 6:00 p.m.)	99.40%	98.49%	99.00%	98.95%	NA	99.75%
Premium Cost per Covered Worker - actual amount of premiums paid by employers, net of any dividends or rebates, divided by the covered workforce	\$769	\$749	\$756	\$681	\$681	TBD
Paid Claim Costs per Covered Worker - total cost of medical, allocated, and indemnity benefits and expenses divided by the covered workforce	\$431	\$474	\$455	\$407	\$407	TBD
Administrative Cost per FTE - total ULAE and administrative costs divided by the number of FTE authorized by the Legislature	\$116,973	\$132,341	\$135,165	\$138,836	\$138,836	TBD
Administrative Cost per Claim - total administrative costs divided by the number of claims with activity.	\$637	\$758	\$831	\$985	\$985	TBD

1 - Includes injured worker and employer cases.

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

3 - Average days to file closure when the hearing was held on the first hearing date scheduled was 175 days, those with delays averaged 342 days. (7/1/2015-03/31/2016)

4 - Turnover rate does not include temporary employees

5 - FYTD figures are as of June 30, 2016

Key Performance Indicators

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Fiscal Year Ending:	FY 2013	FY 2014	FY 2015	FY 2016
Customer Satisfaction				
<i>Employer Satisfaction</i> - mail survey conducted by Issues & Answers in May and Nov. each year - based on a scale of 1-5	3.57	4.22	4.27	4.31
<i>Injured Worker Satisfaction¹</i> - phone survey conducted by Issues & Answers in May and Nov. each year - based on a scale of 1-5	4.20	4.31	4.17	4.10
<i>Medical Provider Satisfaction</i> - on-line/mail survey conducted by WSI - based on a scale of 1-5	NA	3.48	NA	3.56

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 2013	FY 2014	FY 2015	FYTD 2016	FY 2016 Projection	% Change 15 to 16
<i>Indemnity Benefits Paid</i>	\$65,091,921	\$79,925,526	\$82,451,347	\$79,408,008	\$79,408,008	-3.69%
<i>Medical Benefits Paid</i>	\$104,639,702	\$112,945,818	\$108,841,339	\$88,160,038	\$88,160,038	-19.00%
<i>ALAE (all non-legal) Paid</i>	\$1,999,546	\$3,013,374	\$4,411,490	\$3,904,322	\$3,904,322	-11.50%
<i>ALAE (legal) Paid</i>	\$1,788,746	\$2,364,544	\$2,486,637	\$2,806,889	\$2,806,889	12.88%
<i>Total Paid Costs</i>	\$173,519,915	\$198,249,262	\$198,190,813	\$174,279,257	\$174,279,257	-12.06%

Key Performance Indicators

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Financial Statements

Statement of Financial Position	Audited FY 2014	Audited FY 2015	Audited FY 2016	Projected *** FY 2016
Cash & Investments	\$ 1,707,120,324	\$ 1,765,142,380	\$ 1,851,375,965	\$ 1,840,111,730
Receivables	54,606,797	52,043,722	46,280,753	51,858,434
Building & Other	11,006,198	10,892,728	12,204,799	13,789,130
Total Assets	1,772,733,319	1,828,078,829	1,909,861,517	1,905,759,294
Deferred outflows pension	-	822,588	892,196	1,000,000
Total Assets and Deferred Outflows	1,772,733,319	1,828,901,417	1,910,753,713	1,906,759,294
Accounts Payable	127,845,407	109,987,326	181,212,327	25,000,000
Pension Liability	-	5,953,413	6,282,403	7,000,000
Unearned Premium	152,954,059	160,329,226	144,577,275	155,000,000
Unpaid Loss & LAE, disc at 5%	1,052,806,000	1,096,674,000	1,111,738,115	1,165,000,000
Total Liabilities	1,333,605,466	1,372,943,964	1,443,810,120	1,352,000,000
Deferred Inflows Pension	-	1,174,902	794,575	1,500,000
Net Position **	439,127,853	454,782,551	466,149,018	553,259,294
Total Liabilities, Deferred Inflows & Net Position	\$ 1,772,733,319	\$ 1,828,901,417	\$ 1,910,753,713	\$ 1,906,759,294

Statement of Activities	Audited FY 2014	Audited FY 2015	Audited FY 2016	Projected FY 2016
Premium Earned	\$ 341,835,963	\$ 361,082,391	\$ 324,025,247	\$ 335,000,000
Premium Discount	(21,917,363)	(24,154,183)	(26,260,039)	(27,500,000)
Ceded Reinsurance Premium	(6,753,830)	(7,237,898)	(6,520,756)	(7,150,835)
Net Premium Earned	313,164,770	329,690,311	291,244,452	300,349,165
Incurring Losses & ALAE	281,826,747	237,603,576	186,140,097	225,000,000
ULAE and G&A Expenses	33,085,248	33,744,955	36,097,426	38,372,422
Operating Expense	314,911,995	271,348,531	222,237,523	263,372,422
Underwriting Income (Loss)	(1,747,225)	58,341,780	69,006,928	36,976,743
Investment & Other Income	181,673,988	61,654,997	79,328,524	57,500,000
Dividend & Other Expense	(95,557,186)	(97,925,896)	(136,968,985)	4,000,000
Change in Net Position **	\$ 84,369,578	\$ 22,070,882	\$ 11,366,467	\$ 98,476,743

EXPENSE RATIOS

FY Admin Expense Ratio	10.34%	10.02%	12.12%
Incurred Loss Ratio	88.09%	70.52%	62.51%
Combined Ratio	98.44%	80.54%	74.64%

EXPENSE RATIOS

(excluding Safety expenditures)*

FY Admin Expense Ratio	9.11%	8.83%	10.72%
Incurred Loss Ratio	88.09%	70.52%	62.51%
Combined Ratio	97.20%	79.35%	73.23%

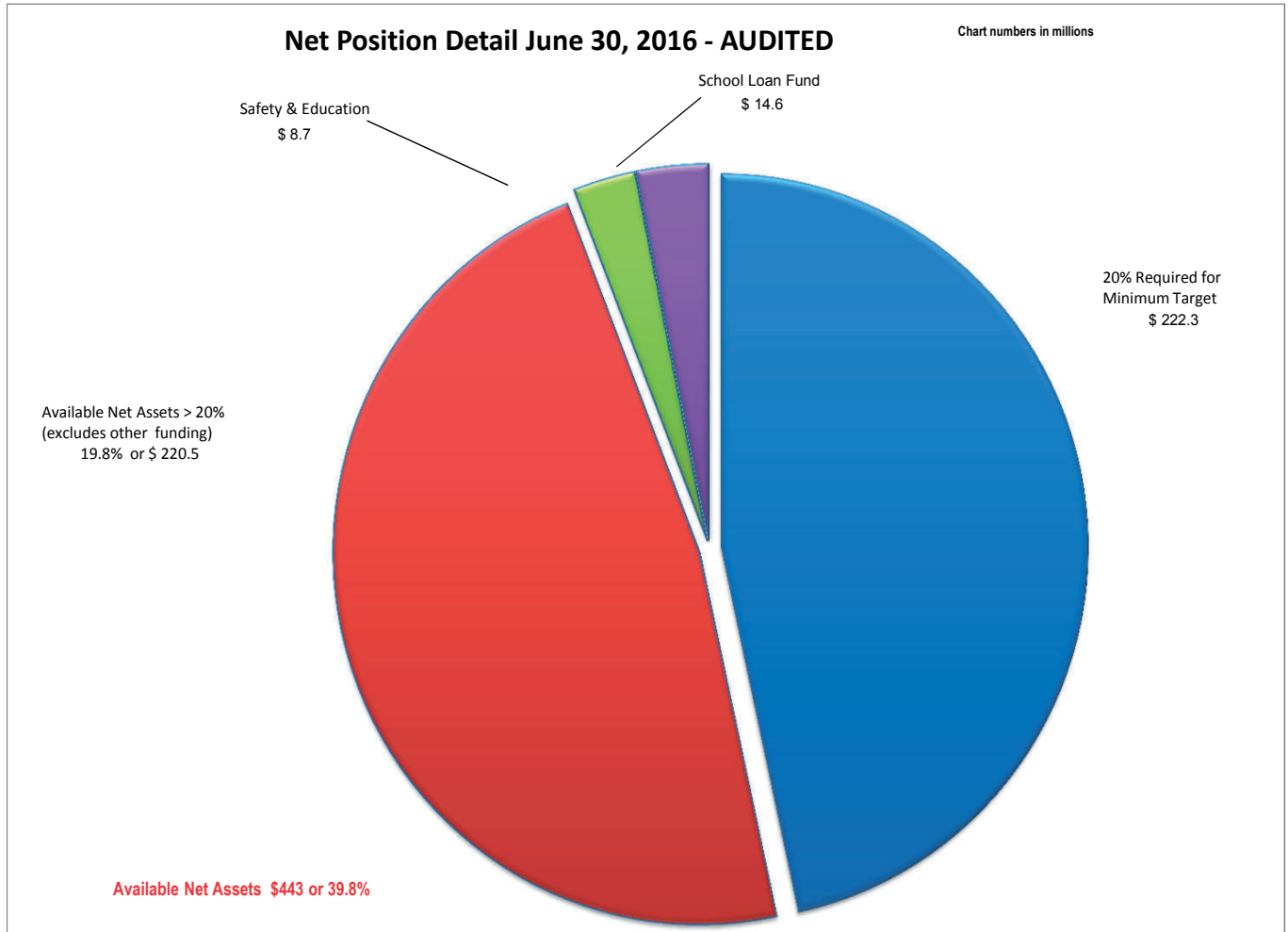
* Denotes the following reduction of Safety & Voc Rehab Expense: \$4,177,000 y-t-d

** 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.

*** FY Projection does not include dividend credit estimate.

Key Performance Indicators

Net Assets



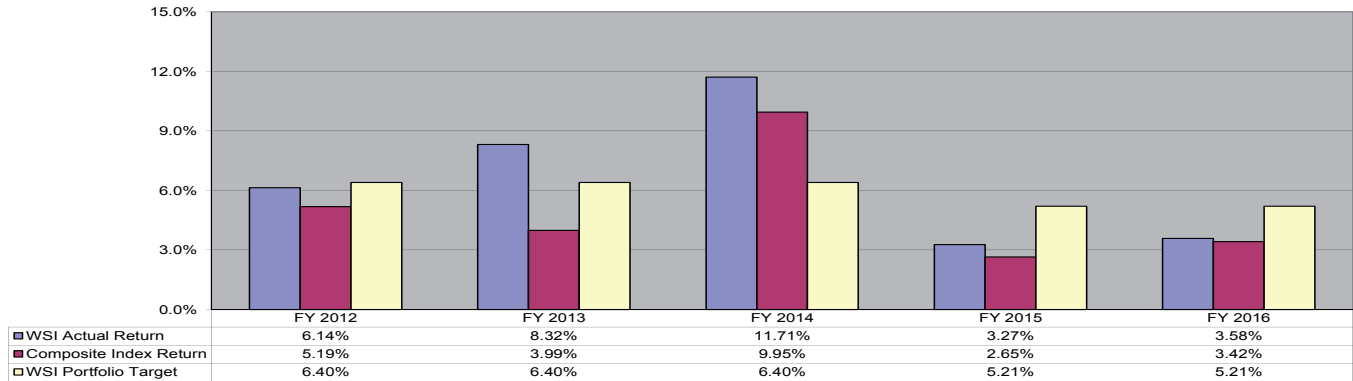
	Actual June 2014	Actual June 2015	Actual June 2016
NET POSITION or "SURPLUS"	\$ 439,127,853	\$ 454,782,551	466,149,018
Estimated Discounted Financial Reserves	1,052,806,000	1,096,674,000	1,111,738,115
Net Position (Surplus)	\$ 439,127,853	\$ 454,782,551	\$ 466,149,018
2009 HB 1035 Allowable Deductions from Net Position (Surplus)			
Safety Education & Grants	11,885,767	12,881,858	8,705,035
Revolving School Loan Fund	14,806,047	14,797,047	14,637,495
Total Exclusions from Net Position (Surplus)	26,691,814	27,678,905	23,342,530
Available Fund Surplus	\$ 412,436,039	\$ 427,103,646	\$ 442,806,488
	39.2%	38.9%	39.8%

** 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.

Investments

Investment data provided as of June 30, 2016

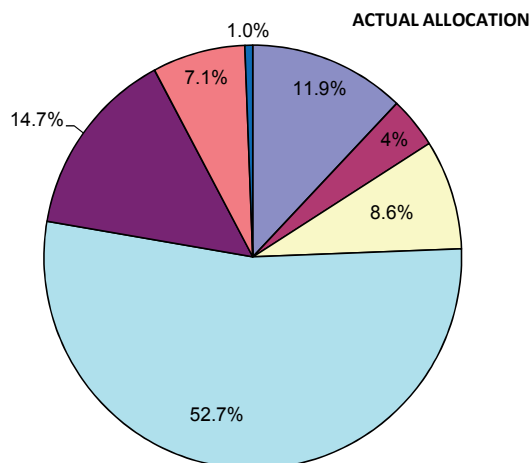
FY 2016 Annual Rates of Return



FY 2016 Year to Date Return by Asset Class



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%)