

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, 2018

**** Final ****

Key Performance Indicators

FYTD 2018 numbers in this report are a snapshot at quarter end unless stated otherwise

Color Code = Positive Condition, Watch Condition, Neutral

<i>Fiscal Year Ending:</i>	FY2015	FY2016	FY2017	FY 2018	FY 2018 Projection	Target*
Injury Services (Claims)						
<i>Total Claims Filed</i> - # of new claim filings received	24,798	21,277	20,045	19,868	19,868	NA
<i>Total Indemnity Claims Filed</i> - # of new claims filed for wage loss benefits	3,177	2,448	2,369	2,401	2,401	NA
<i>Injured Workers with Out of State Addresses</i> - # of claims filed by injured workers with out of state addresses	5,488	3,422	2,925	2,614	2,617	NA
<i>Accepted Fatalities</i> - # of fatal claims accepted	36	22	15	19	NA	NA
<i>Claims Filed/100 Covered Workers¹</i> - # of new claims filed divided by the covered workforce	5.69	4.97	4.91	4.90	4.90	NA
<i>Indemnity Claims Filed/100 Covered Workers¹</i> - # of new indemnity claims filed divided by the covered workforce	0.73	0.57	0.58	0.59	0.59	NA
<i>Average Covered Workforce¹</i> - based on Job Service ND Employment and Wages data	435,993	427,899	408,107	405,367	405,367	NA
<i>Claims With Activity</i> - activity = a new claim filing, payment made, or a reapplication for benefits on an existing claim	40,664	36,652	33,603	32,494	32,494	NA
<i>Auto-adjudicated Claims as a Percent of Total Claims Filed</i> - % of claims filed that met the initial auto-adjudication requirements	24%	18%	19%	18%	NA	NA
<i>Percent of Claims Adjudicated within 14 Days</i> - % of claims where the initial determination of compensability was made within 14 days of the registration date	39%	39%	41%	40%	NA	50%
<i>Claim Ultimate Acceptance Rate (adjusted)²</i> - % of claims filed that are ultimately accepted (excludes incidents)	92%	91%	91%	92%	NA	NA
<i>Percent of Initial Indemnity Payments Made within 14 Days of Claims Registration</i> - % of claims where the initial indemnity payment was made within 14 days of registration	49%	53%	48%	48%	NA	55%
<i>Percent of Claims Pending Over 31 Days</i> - % of all claims in pending status that are over 31 days old	13%	16%	12%	11%	NA	10%
<i>Average New Claims per Claim Adjuster³</i> - average number of new claims assigned to each adjuster per year	468	409	409	423	423	NA
<i>Average Active Claims per Claim Adjuster^{3,4}</i> - excludes auto-adjudicated claims	57	51	51	49	NA	NA
- Average active indemnity claims	172	136	130	222	NA	NA
- Average active medical only claims (excludes auto-adj.)	229	187	181	271	NA	NA
- Average active claims						

1—"Average Covered Workforce" is based on Job Service ND data (received in June each year for the 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, RMQ, etc.
This data is preliminary until final figures are taken in September each year.

3—The number of adjusters reduced from 53 to 52 in March 2016, to 51 in May 2016, 49 in November 2016, 48 in November 2017, and 47 in February 2018.

4—In January 2018 the auto closure process for Medial Only Claims was increased from 90 days to 180 days.

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.

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Fiscal Year Ending:	FY2015	FY2016	FY2017	FY2018	FY 2018 Projection	Target*
Injury Services (Medical Services)						
Percent of Outstanding Bills Over 30 Days Old - % of bill, entered but not paid, that are > 30 days from the date received—snapshot	15%	35%	9%	17%	NA	7%
Days to Adjudicate Medical Bills - % of bills paid within 31 days of receipt of bill	90%	65%	82%	87%	NA	95%
Percent of Medical Spend for Prescriptions - % of medical payments that is for prescriptions	9%	9%	9%	9%	NA	NA
Percent of Drug Spend for Opioids¹ - % of payments for prescriptions that is for opioids	NA	44%	42%	38%	NA	NA
Injury Services (Return to Work)						
Number of New Voc Rehab Cases Assigned - # of new in state voc cases assigned during the fiscal year	881	722	511	458	458	NA
- # of new in-state voc rehab cases	490	381	282	284	284	NA
- # of new out-of-state voc rehab cases	391	341	229	174	174	NA
Number of Injured Workers in Retraining Programs - # of injured workers enrolled in a retraining program	NA	NA	NA	112	NA	NA
- # of injured workers enrolled in an in-state program	NA	NA	NA	19	NA	NA
- # of injured workers enrolled in an out-of-state program	NA	NA	NA	93	NA	NA
Number of New Medical Case Management Cases Assigned - # of new MCM cases assigned during the fiscal year	NA	NA	NA	563	NA	NA
- # of new in-state MCM cases	NA	NA	NA	328	NA	NA
- # of new out-of-state MCM cases	NA	NA	NA	235	NA	NA
Number of New On-site Medical Case Management Cases Assigned - # of new on-site MCM cases assigned during the fiscal year	NA	NA	NA	964	NA	NA
Cost of Out of State Medical Case Management - Total dollars spent on out of state medical case management	\$2,278,627	\$1,931,683	\$1,076,996	\$763,374	\$763,374	NA
Total Scholarships Paid Costs - Total Paid on scholarships each year	\$267,390	\$219,203	\$196,045	\$175,894	NA	NA

1—FY2016 data begins 8/1/2015 when we transitioned back to US Script/Envolve)

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Fiscal Year Ending:	FY2015	FY2016	FY2017	FY2018	FY 2018 Projection	Target*
Employer Services						
Lag Time to Report Injuries						
- % of claims reported within X day(s) of the date of injury						
- within 1 day	51%	54%	55%	54%	NA	NA
- within 14 days	87%	88%	88%	88%	NA	NA
- within 31 days	92%	93%	94%	94%	NA	NA
Total Active Employer Accounts By Premium Size	25,615	24,685	24,228	24,148	NA	NA
- Total number of active employer accounts (snapshot)						
- Minimum (\$250)	5,395	5,239	5,228	5,431	NA	NA
- \$251—\$5,000	13,406	13,056	13,087	13,548	NA	NA
- \$5,001—\$25,000	4,744	4,422	4,133	3,610	NA	NA
- \$25,000—\$50,000	971	913	864	767	NA	NA
- \$50,001—\$100,000	546	551	480	421	NA	NA
- Over \$100,000	553	504	432	371	NA	NA
Number of New Applications Received	3,993	2,832	2,686	2,726	2,726	NA
- number of applications received for new employer accounts						
Number of Accounts Cancelled	3,815	3,794	3,182	2,059	2,059	NA
- number of employer accounts cancelled						
Average Number of Audits Per Auditor	178	176	210	185	185	200
- Average number of premium audits completed by each premium Auditor (includes phone audits)						
Net Premium Adjustment	\$1,149,510	\$1,045,037	\$243,799	\$257,386	NA	NA
- Net effect of all premium adjustments						
Delinquent Premium as Percent of In Force Premium¹	3.28%	3.74%	3.69%	3.15%	NA	2%
- Total delinquent premium divided by the in force premium						
Delinquent Accounts	1,027	901	598	368	NA	NA
- Total number of delinquent employer accounts						
- Current FY 17-18	NA	NA	NA	261		
- FY2016—2017	NA	NA	NA	45		
- FY2015— 2016	NA	NA	NA	29		
- FY2014— 2015	NA	NA	NA	19		
- Prior Fiscal Years	NA	NA	NA	14		
Total Delinquent Premium—Accts in Active Collections²	\$11,268,203	\$12,858,015	\$10,260,030	\$7,906,503	NA	NA
- dollar amount of premium, interest, and penalties owed by all accounts in collections.						
- Current FY 17-18	NA	NA	NA	\$2,843,462		
- FY2016—2017	NA	NA	NA	\$1,749,118		
- FY2015— 2016	NA	NA	NA	\$1,489,339		
- FY2014— 2015	NA	NA	NA	\$1,632,330		
- Prior Fiscal Years	NA	NA	NA	\$192,253		

¹— FY2018 delinquent premium as a percent of in-force premium is as of May 31, 2018.

²— Of the \$7,906,503 premium in collections, \$4,558,314 is in litigation or has filed bankruptcy.

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Fiscal Year Ending:	FY2015	FY2016	FY2017	FY2018	FY 2018 Projection	Target*
Legal						
Legal Orders Issued ¹ - number of legal orders issued (includes stipulations)	1,687	1,569	1,301	1,083	1,083	NA
Hearings Requested ¹ - number of hearings requested during the fiscal year (1st level litigation—does not include district or supreme court cases)	304	357	281	234	234	NA
Hearings Held ¹ - number of hearings held during the fiscal year	165	188	188	164	164	NA
Litigation Rate ¹ - # of hearings requested/# of NODs Issued	0.82%	1.09%	0.94%	0.82%	0.82%	NA
Open Subrogation Cases - Total number of open subrogation cases	738	701	702	620	NA	NA
Avg Days Hearing Request to Final Resolution ¹ - avg number of days from hearing request to closure , regardless of resolution. Type.	208	240	284	324	NA	160
Avg Processing Days—Office of Administrative Hearings (OAH) ^{1, 3} - average number of days all cases are in the hands of OAH	187	212	258	309	NA	Included in stat above
Claimant Attorney Fees and Costs ^{2,4} - Total fees and costs paid to claimant attorneys	\$438,886	\$392,954	\$344,139	\$428,558	\$428,558	NA
Office of Administrative Hearings (OAH) Fees and Costs ⁴ - total fees and costs paid to OAH	\$669,037	\$712,272	\$671,246	\$807,760	\$807,760	NA
WSI Counsel Fees and Costs ⁴ - total fees and costs paid to WSI outside counsel (defense counsel)	\$1,053,615	\$1,244,099	\$1,310,586	\$1,295,809	\$1,295,809	NA
SIU Return on Investment - total savings + restitution//fraud investigations costs + budget	\$13.36	\$10.32	\$13.55	\$9.33	NA	NA
Other						
FTE Authority - number of full-time-equivalent employees legislatively allowed	250	260	260	260	260	NA
Turnover Rate—All WSI Employees ^{5, 6} - employee separation/total employees	9.30%	5.07%	3.50%	6.65%	6.65%	NA
Total Documents Imaged - total number of documents imaged during the fiscal year	1,804,180	1,684,657	1,515,651	1,497,597	1,497,597	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 am and 6:00 pm)	99.00%	98.95%	96.99%	97.64%	NA	99.50%

1— Includes injured worker and employer cases.

2—Includes injured worker cases only.

3—Average days to file closure when the hearing was held on the first hearing date scheduled was 279 days, those with delays averaged 468 days, and those closed with no hearing held averaged 243 days (07/1/2017-06/30/2018). Data provided by Office of Administrative Hearings.

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

5—Turnover rate does not include temporary employees.

6—FY2018 includes 7 VSIP terminations

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Fiscal Year Ending:	FY2015	FY2016	FY2017	FY2018	FY 2018 Projection	Target*
On-Line Services						
<i>On-line Claims as a Percent of Total Claims Filed</i> - % of claims filed that were received on-line	62%	65%	67%	69%	NA	75%
<i>Percent of Medical Bills Received Electronically (EDI)</i> - % of bills submitted that were received through EDI	NA	NA	NA	27%	NA	30%
<i>Percent of Medical Bills Received Electronically (iHCFA)</i> - % of bills submitted that were received through iHCFA	NA	NA	NA	17%	NA	25%
<i>Payroll Reports Received Electronically</i> - % of payroll renewal reports that were received on-line	80%	83%	84%	86%	NA	90%
<i>Employer Applications Received Electronically</i> - % of employer applications for insurance that were received online	64%	62%	64%	65%	NA	65%

Fiscal Year Ending:	FY2015	FY2016	FY2017	FY2018	FY 2018 Projection	% Change 17 to 18
Paid Cost Data						
<i>Indemnity Benefits Paid</i>	\$82,451,347	\$79,408,008	\$72,241,832	\$67,675,970	\$67,675,970	-6.3%
<i>Medical Benefits Paid</i>	\$108,841,339	\$88,160,038	\$90,990,097	\$82,949,779	\$82,949,779	-8.8%
<i>ALAE (all non-legal) Paid</i>	\$4,411,490	\$3,904,322	\$3,138,034	\$2,756,191	\$2,756,191	-12.2%
<i>ALAE (legal) Paid</i>	\$2,486,637	\$2,806,889	\$2,836,742	\$3,164,761	\$3,164,761	11.6%
<i>Total Paid Costs</i>	\$198,190,813	\$174,279,257	\$169,206,705	\$156,546,701	\$156,546,701	-7.5%

Fiscal Year Ending:	FY2015	FY2016	FY 2017	FY 2018
Customer Satisfaction				
<i>Employer Satisfaction</i> - mail survey conducted by Issues & Answers in February each year—based on a scale of 1 to 5 with 5 being the highest. Prior to FY2017 surveys were conducted twice a year	4.27	4.31	4.41	4.42
<i>Injured Worker Satisfaction</i> - telephonic survey conducted by Issues & Answers in February each year—based on a scale of 1 to 5 with 5 being the highest. Prior to FY2017 surveys were conducted twice a year	4.11	4.06	3.99	4.13
<i>Medical Provider Satisfaction</i> - on-line and mail survey conducted by Issues & Answers every even numbered year—based on a scale of 1 to 5 with 5 being the highest.	NA	3.56	NA	NA

Injured Worker survey population includes claims 60-120 days post acceptance, closed claims, claims open longer than 1 year, and denied claims. Starting in fiscal year 2017 Injured Worker and Employer Satisfaction surveys are conducted once a year (Spring).

Key Performance Indicators

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Financial Statements

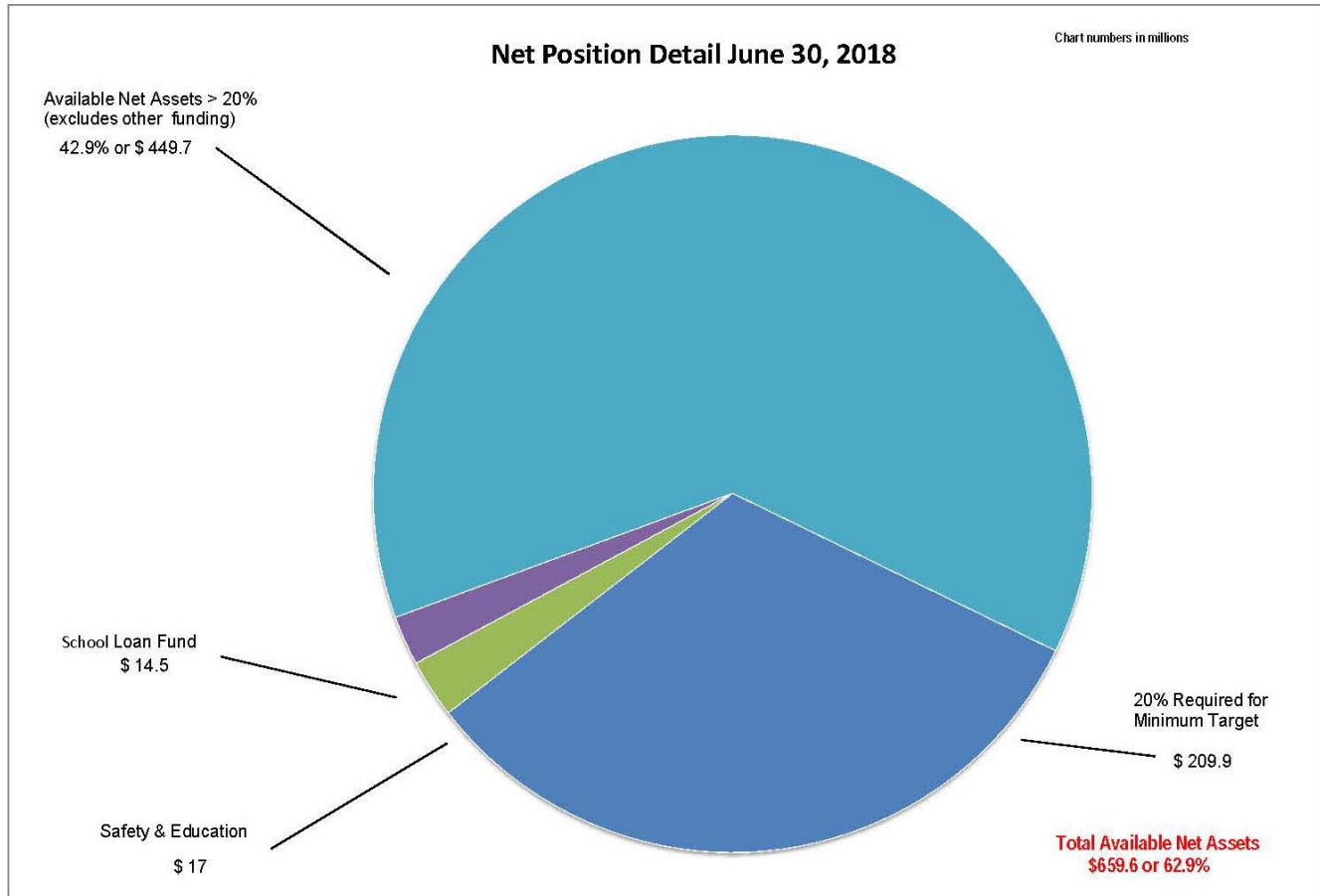
Statement of Financial Position	Audited FY 2016	Audited FY 2017	Audited FY 2018	Year-to-Year Variance
Cash & Investments	\$ 1,851,375,965	\$ 1,911,222,517	\$ 1,932,162,512	\$ 20,939,995
Receivables	46,280,753	32,511,870	28,559,010	\$ (3,952,860)
Building & Other	12,204,799	14,515,919	16,172,318	\$ 1,656,399
Total Assets	1,909,861,517	1,958,250,306	1,976,893,840	18,643,534
Deferred outflows pension/OPEB	892,196	7,981,691	14,672,967	6,691,276
Total Assets and Deferred Outflows	\$ 1,910,753,713	\$ 1,966,231,997	\$ 1,991,566,807	\$ 1,966,231,997
Accounts Payable	181,212,327	130,954,128	119,572,075	-11,382,053
Pension/OPEB Liability	6,282,403	14,957,537	26,052,564	11,095,027
Unearned Premium	144,577,275	124,773,938	114,585,609	-10,188,329
Unpaid Loss & LAE, disc at 5%	1,111,738,115	1,085,768,000	1,049,386,000	-36,382,000
Total Liabilities	1,443,810,120	1,356,453,603	1,309,596,248	-46,857,355
Deferred Inflows Pension/OPEB	794,575	963,172	824,398	-138,774
Net Position **	466,149,018	608,815,221	681,146,161 **	72,330,940
Total Liabilities, Deferred Inflows & Net Position	\$ 1,910,753,713	\$ 1,966,231,997	\$ 1,991,566,807	\$ 25,334,810

Statement of Activities	Audited FY 2016	Audited FY 2017	Audited FY 2018	Year-to-Year Variance
Premium Earned	\$ 324,025,247	\$ 265,586,179	\$ 263,461,595	\$ (2,124,584)
Premium Discount	(26,260,039)	(26,612,099)	(27,903,950)	\$ (1,291,851)
Ceded Reinsurance Premium	(6,520,756)	(5,913,894)	(3,538,657)	\$ 2,375,237
Net Premium Earned	291,244,452	233,060,186	232,018,988	(1,041,198)
Incurred Losses & ALAE	186,140,097	135,316,712	112,591,087	-22,725,625
ULAE and G&A Expenses	36,097,426	37,432,135	37,843,561	411,426
Operating Expense	222,237,523	172,748,847	150,434,648	-22,314,199
Underwriting Income (Loss)	69,006,928	60,311,339	81,584,339	21,273,001
Investment & Other Income	79,328,524	153,585,172	103,120,243	-50,464,929
Dividend & Other Expense	(136,968,985)	(71,230,308)	(111,369,772)	-40,139,464
Change in Net Position **	\$ 11,366,467	\$ 142,666,203	\$ 73,334,810	\$ (69,331,393)
EXPENSE RATIOS				
FY Admin Expense Ratio	12.12%	15.66%	14.81%	
Incurred Loss Ratio	62.51%	56.62%	44.06%	
Combined Ratio	74.64%	72.29%	58.87%	
EXPENSE RATIOS (excluding Safety expenditures)*				
FY Admin Expense Ratio	10.72%	13.98%	13.72%	
Incurred Loss Ratio	62.51%	56.62%	44.06%	
Combined Ratio	73.23%	70.61%	57.78%	

* Denotes the following reduction of Safety & Voc Rehab Expense: \$2,790,500 y-t-d

** The ending net position in fiscal year 2017 of \$608,815,221 is \$1,003,871 more than the beginning net position in fiscal year 2018. This restatement is due to the implementation of GASB 75 Note, Post Employment Benefit Reporting, (OPEB). This amount is WSI's estimated, pro-rated share of the outstanding OPEB liability that has accrued over the years. This amount is recorded in fiscal year 2018.

Key Performance Indicators



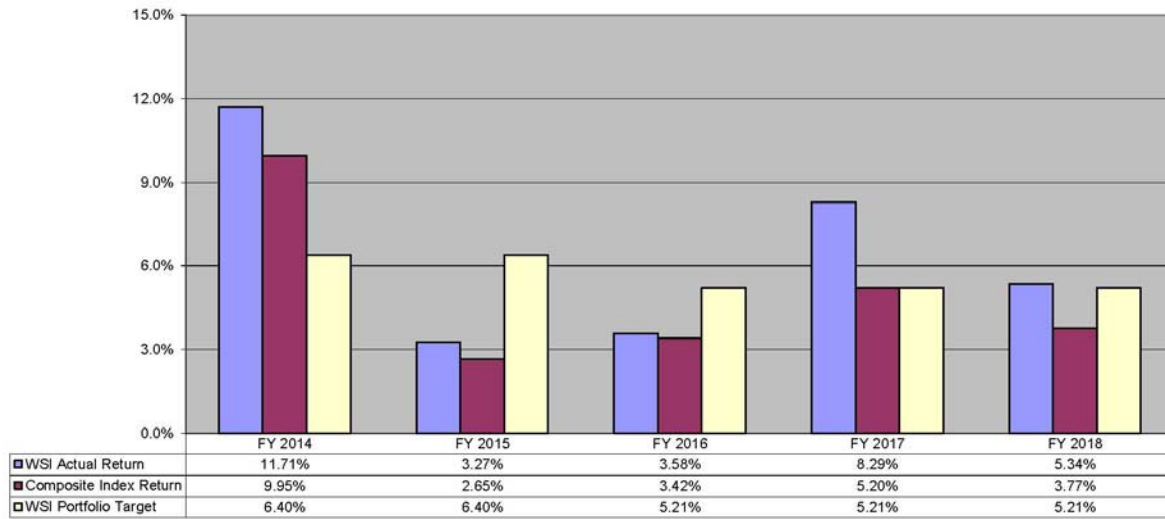
	Audited June 2016	Audited June 2017	Audited June 2018
NET POSITION or "SURPLUS"	\$ 466,149,018	\$ 608,815,221	\$ 681,146,161
Estimated Discounted Financial Reserves	1,111,738,115	1,085,768,000	1,049,386,000
Net Position (Surplus)	\$ 466,149,018	\$ 608,815,221	\$ 681,146,161
2009 HB 1035 Allowable Deductions from Net Position (Surplus)			
Safety Education & Grants	8,705,035	19,766,593	17,074,919
Revolving School Loan Fund	14,637,495	14,556,728	14,457,898
Total Exclusions from Net Position (Surplus)	23,342,530	34,323,321	31,532,817
Available Fund Surplus	\$ 442,806,488	\$ 574,491,900	\$ 649,613,344
	39.8%	52.9%	61.9%

Quarter Ending:	Sept 2017	Dec 2017	Mar 2018	Jun 2018	Grand Total
Safety Continuing Appropriation Expenditures					
Professional Services	\$23,167	\$59,356	\$70,899	\$62,522	\$215,944
Training/Education	\$10,429	\$2,964	\$178,895	\$133,184	\$325,472
STEP Grant	\$56,803	\$34,049	\$26,790	\$298,059	\$415,701
Phase II Ergo Grant	\$467,669	\$335,911	\$500,548	\$428,794	\$1,732,922
Grand Total	\$558,068	\$432,280	\$777,132	\$922,559	\$2,690,039

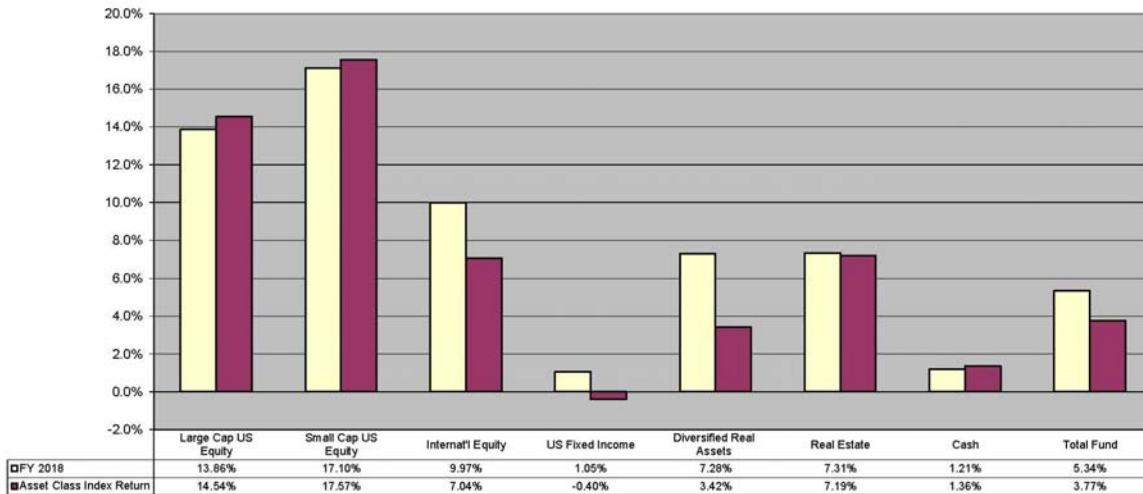
Key Performance Indicators

Investment data provided as of June 30, 2018

FY 2018 Annual Rates of Return

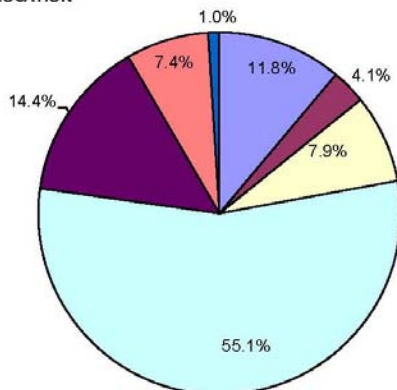


FY 2018 Year to Date Return by Asset Class



WSI Investment Allocation

ACTUAL 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%)