

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, 2017

*** Final ***

Key Performance Indicators

FYTD 2017 numbers in this report are a snapshot at quarter end unless stated otherwise

Color Code = Positive Condition, Watch Condition, Neutral

Fiscal Year Ending:	FY2014	FY2015	FY2016	FYTD 2017	FY 2017 Projection	Target*
Injury Services (Claims)						
Total Claims Filed - # of new claim filings received	26,395	24,798	21,277	20,045	20,045	NA
Total Indemnity Claims Filed - # of new claims filed for wage loss benefits	3,480	3,177	2,448	2,369	2,369	NA
Claims Filed/100 Covered Workers¹ - # of new claims filed divided by the covered workforce	6.31	5.69	4.97	4.91	4.91	NA
Indemnity Claims Filed/100 Covered Workers¹ - # of new indemnity claims filed divided by the covered workforce	0.83	0.73	0.57	0.58	0.58	NA
Average Covered Workforce¹ - based on Job Service ND Employment and Wages data	418,234	435,993	427,899	408,107	408,107	NA
Claims With Activity - activity = a new claim filing, payment made, or a reapplication for benefits on an existing claim	43,681	40,664	36,652	33,603	33,603	NA
On-line Claims as a Percent of Total Claims Filed - % of claims filed that were received on-line	62%	65%	67%	67%	NA	NA
Auto-adjudicated Claims as a Percent of Total Claims Filed - % of claims filed that met the initial auto-adjudication requirements	21%	24%	18%	19%	NA	NA
Percent of Claims Adjudicated within 14 Days - % of claims were the initial determination of compensability was made within 14 days of the registration date						
- Indemnity Claims	32%	29%	32%	31%	NA	55%
- Medical Only Claims	42%	40%	40%	42%	NA	65%
- All Claims	41%	39%	39%	41%	NA	60%
Percent of Three Point Contacts Made within 24 Hours - % of three point contacts made within 24 hours from the date assigned to an adjuster	97%	95%	96%	96%	NA	95%
Claim Ultimate Acceptance Rate (adjusted)² - % of claims filed that are ultimately accepted (excludes incidents)	92%	92%	91%	91%	NA	NA
Percent of Initial Indemnity Payments Made within 14 Days of Claims Registration - % of claims where the initial indemnity payment was made within 14 days of registration	52%	49%	53%	48%	NA	65%
Percent of Claims Pending Over 31 Days - % of all claims in pending status that are over 31 days old	14%	13%	16%	12%	NA	10%
Average New Claims per Claim Adjuster³ - average number of new claims assigned to each adjuster per year	498	468	409	409	409	NA
Average Active Claims per Claim Adjuster³ - excludes auto-adjudicated claims						
- Average active indemnity claims	61	57	51	51	NA	NA
- Average active medical only claims (excludes auto-adj.)	182	172	136	130	NA	NA
- Average active claims	243	229	187	181	NA	NA

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, PIO, RMO, etc. This data is preliminary until final figures are taken in September each year.

3—In FY14 the number adjuster increased from 50 to 53. Reduced to 52 in March 2016, 51 in May 2016 and 49 in November 2016

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

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Fiscal Year Ending:	FY2014	FY2015	FY2016	FYTD 2017	FY 2017 Projection	Target*
Injury Services (Medical Services)						
<i>Percent of Outstanding Bills Over 30 Days Old</i> - % of bill, entered but not paid, that are > 30 days from the date received—snapshot	6%	15%	35%	9%	NA	7%
<i>Days to Adjudicate Medical Bills</i> - % of bills paid within 31 days of receipt of bill	69%	90%	65%	82%	NA	95%
Injury Services (Vocational Rehabilitation)²						
<i>Number of New Voc Rehab Cases Assigned (in state)</i> - # of new in state voc cases assigned during the fiscal year	431	490	381	282	282	NA
<i>Number of New Voc Rehab Cases Assigned (out of state)</i> - # of new out of state voc cases assigned during the fiscal year	302	391	341	229	229	NA
<i>Number of Miscellaneous Voc Rehab Closures</i> - # of miscellaneous closures (non compliance, etc.)	373	343	386	335	335	NA
<i>Number of Voc Rehab Closures with a RTW Plan</i> - # of closures where a return to work plan was identified	345	346	296	284	284	NA
<i>Average Pre-Injury Wage of Voc Participants</i> - The average wage earned by voc recipients before their injury	\$990	\$1,056	\$1,136	\$1,156	NA	NA
<i>Average Post-Injury Wage of Voc Participants</i> - The average wage earned by voc recipients after their injury	\$750	\$752	\$721	\$692	NA	NA
Employer Services						
<i>Lag Time to Report Injuries</i> - % of claims reported within X day(s) of the date of injury						
- within 1 day	49%	51%	54%	55%	NA	NA
- within 7 days	79%	80%	81%	85%	NA	NA
- within 14 days	87%	87%	88%	88%	NA	NA
- within 21 days	90%	90%	91%	91%	NA	NA
- within 31 days	93%	92%	93%	94%	NA	NA
<i>Total Active Employer Accounts</i> - Total number of active employer accounts (snapshot)	25,359	25,615	24,685	24,228	NA	NA
<i>Number of Audits Completed (includes phone audits)</i> - number of premium audits completed by the premium auditors	1,398	1,247	1,232	1,259	1,259	1,300
<i>Delinquent Premium as Percent of In Force Premium</i> - Total delinquent premium divided by the in force premium	2.67%	3.28%	3.74%	3.69%	NA	2%
<i>Total Delinquent Premium—Accts in Active Collections¹</i> - dollar amount of premium, interest, and penalties owed by all accounts in collections.	\$8,565,028	\$11,268,203	\$12,858,015	\$10,260,030	NA	NA

1— Of the \$10,260,030 premium in collections, \$3,197,234 is in litigation or has filed bankruptcy.

2—Voc section is new as of the 3/31/2015 quarterly report. This section was added per a recommendation from the 2014 Performance Evaluation.

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Key Performance Indicators

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Fiscal Year Ending:	FY2014	FY2015	FY2016	FYTD 2017	FY 2017 Projection	Target*
Legal/SIU						
Hearings Requested¹ - number of hearings requested during the fiscal year (1st level litigation—does not include district or supreme court cases)	265	304	357	281	281	NA
Hearings Held¹ - number of hearings held during the fiscal year	195	199	209	204	204	NA
Claimant Attorney Fees and Costs² - Total fees and costs paid to claimant attorneys	\$308,824	\$438,886	\$392,954	\$344,139	\$344,139	NA
Office of Administrative Hearings (OAH) Fees and Costs² - total fees and costs paid to OAH	\$653,793	\$669,037	\$712,272	\$671,246	\$671,246	NA
WSI Counsel Fees and Costs² - total fees and costs paid to WSI outside counsel (defense counsel)	\$1,110,085	\$1,053,615	\$1,244,099	\$1,310,586	\$1,310,586	NA
Avg Days Hearing Request to ALJ Decision¹ - avg number of days from hearing request to receipt of the ALJ decision, regardless of resolution.	241	208	240	284	NA	160
Avg Processing Days—Office of Administrative Hearings (OAH)^{1,3} - average number of days all cases are in the hands of OAH	183	187	212	258	NA	Included in stat above
SIU Return on Investment - total savings + restitution//fraud investigations costs + budget	\$8.15	\$13.36	\$10.32	\$13.55	NA	NA
Other						
FTE Authority - number of full-time-equivalent employees legislatively allowed	250	250	260	260	260	NA
Turnover Rate—All WSI Employees⁴ - employee separation/total employees	7.23%	9.30%	5.07%	3.5%	3.5%	NA
Total Documents Imaged - total number of documents imaged during the fiscal year	1,803,699	1,804,180	1,684,657	1,515,651	1,515,651	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)	98.49%	99.00%	98.95%	96.99%	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	\$749	\$756	\$681	NA	NA	NA
Paid Claim Costs per Covered Worker - total cost of medical, allocated, and indemnity benefits and expenses divided by the covered workforce	\$474	\$455	\$407	\$415	NA	NA
Administrative Cost per FTE - total ULAE and administrative costs divided by the number of FTE authorized by the Legislature.	\$132,341	\$135,165	\$168,836	NA	NA	NA
Administrative Cost per Claim - total administrative costs divided by the number of claims with activity.	\$758	\$831	\$985	NA	NA	NA

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 231 days, those with delays averaged 397 days (07/1/2015-06/30/2017)

4—Turnover rate does not include temporary employees.

Key Performance Indicators

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<i>Fiscal Year Ending:</i>	FY2014	FY2015	FY2016	FYTD 2017
Customer Satisfaction				
Employer Satisfaction - mail survey conducted by Issues & Answers in May each year—based on a scale of 1 to 5 with 5 being the highest. Prior to FY2017 surveys were conducted twice a year	4.22	4.27	4.31	4.41
Injured Worker Satisfaction - telephonic survey conducted by Issues & Answers in May each year—based on a scale of 1 to 5 with 5 being the highest. Prior to FY2017 surveys were conducted twice a year	4.23	4.11	4.06	3.99
Medical Provider Satisfaction - 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.	3.48	NA	3.56	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.

<i>Fiscal Year Ending:</i>	FY2014	FY2015	FY2016	FYTD 2017	FY 2017 Projection	% Change 16 to 17
Paid Cost Data						
<i>Indemnity Benefits Paid</i>	\$79,925,526	\$82,451,347	\$79,408,008	\$72,241,832	\$72,241,832	-9.0%
<i>Medical Benefits Paid</i>	\$112,945,818	\$108,841,339	\$88,160,038	\$90,990,097	\$90,990,097	3.2%
<i>ALAE (all non-legal) Paid</i>	\$3,013,374	\$4,411,490	\$3,904,322	\$3,138,034	\$3,138,034	-19.6%
<i>ALAE (legal) Paid</i>	\$2,364,544	\$2,486,637	\$2,806,889	\$2,836,742	\$2,836,742	1.1%
<i>Total Paid Costs</i>	\$198,249,262	\$198,190,813	\$174,279,257	\$169,206,705	\$169,206,705	-2.9%

Key Performance Indicators

FYTD 2017 numbers in this report are a snapshot at quarter end unless stated otherwise

Financial Statements

Statement of Financial Position	Audited FY 2015	Audited FY 2016	Audited FY 2017	Projected FY 2017	30-Jun-16 FY 2016
Cash & Investments	\$ 1,765,142,380	\$ 1,851,375,965	\$ 1,911,222,517	1,900,000,000	\$ 1,851,375,965
Receivables	52,043,722	46,280,753	32,511,870	53,105,025	46,280,753
Building & Other	10,892,728	12,204,799	14,515,919	14,830,000	12,204,799
Total Assets	1,828,078,829	1,909,861,517	1,958,250,306	1,967,935,025	1,909,861,517
Deferred outflows pension	822,588	892,196	7,981,691	875,000	892,196
Total Assets and Deferred Outflows	1,828,901,417	1,910,753,713	1,966,231,997	1,968,810,025	1,910,753,713
Accounts Payable	109,987,326	181,212,327	130,954,128	68,500,000	181,212,327
Pension Liability	5,953,413	6,282,403	14,957,537	6,250,000	6,282,403
Unearned Premium	160,329,226	144,577,275	124,773,938	135,000,000	144,577,275
Unpaid Loss & LAE, disc at 5%	1,096,674,000	1,111,738,115	1,085,768,000	1,120,000,000	1,111,738,115
Total Liabilities	1,372,943,964	1,443,810,120	1,356,453,603	1,329,750,000	1,443,810,120
Deferred Inflows Pension	1,174,902	794,575	963,172	835,000	794,575
Net Position **	454,782,551	466,149,018	608,815,221	638,225,025	466,149,018
Total Liabilities, Deferred Inflows & Net Position	\$ 1,828,901,417	\$ 1,910,753,713	\$ 1,966,231,997	\$ 1,968,810,025	\$ 1,910,753,713

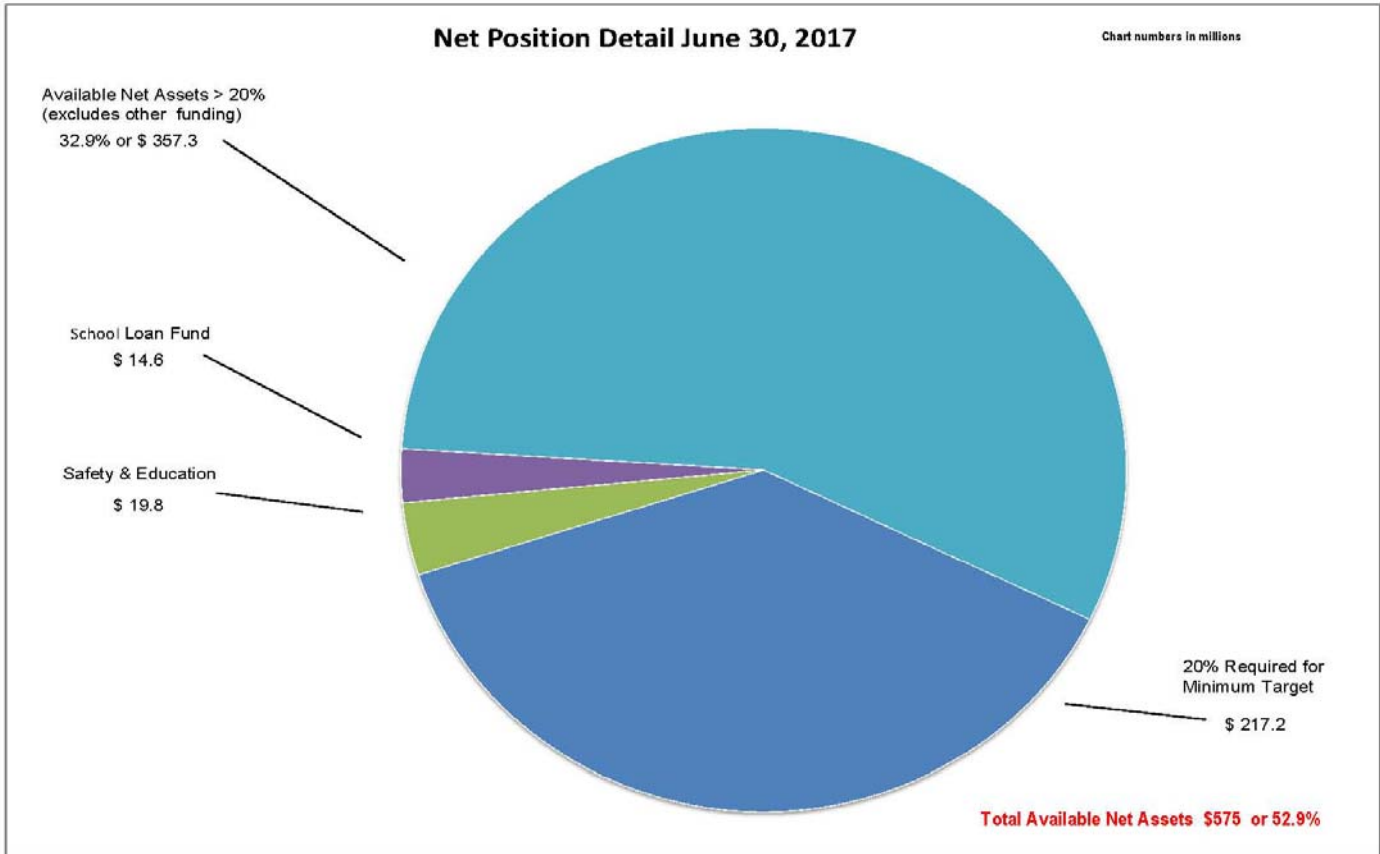
Statement of Activities	Audited FY 2015	Audited FY 2016	Audited FY 2017	Projected FY 2017	30-Jun-16 FY 2016
Premium Earned	\$ 361,082,391	\$ 324,025,247	\$ 265,586,179	263,480,795	\$ 324,025,247
Premium Discount	(24,154,183)	(26,260,039)	(26,612,099)	(26,000,000)	(26,260,039)
Ceded Reinsurance Premium	(7,237,898)	(6,520,756)	(5,913,894)	(6,079,788)	(6,520,756)
Net Premium Earned	329,690,311	291,244,452	233,060,186	231,401,007	291,244,452
Incurred Losses & ALAE	237,603,576	186,140,097	135,316,712	159,325,000	186,140,097
ULAE and G&A Expenses	33,744,955	36,097,426	37,432,135	35,000,000	36,097,426
Operating Expense	271,348,531	222,237,523	172,748,847	194,325,000	222,237,523
Underwriting Income (Loss)	58,341,780	69,006,928	60,311,339	37,076,007	69,006,929
Investment & Other Income	61,654,997	79,328,524	153,585,172	120,000,000	79,328,524
Dividend & Other Expense	(97,925,896)	(136,968,985)	(71,230,308)	15,000,000	(136,968,985)
Change in Net Position **	\$ 22,070,882	\$ 11,366,467	\$ 142,666,203	\$ 172,076,007	\$ 11,366,467
EXPENSE RATIOS					
FY Admin Expense Ratio	10.02%	12.12%	15.66%	14.74%	12.12%
Incurred Loss Ratio	70.52%	62.51%	56.62%	67.09%	62.51%
Combined Ratio	80.54%	74.64%	72.29%	81.83%	74.64%
EXPENSE RATIOS (excluding Safety expenditures)*					
FY Admin Expense Ratio	8.83%	10.72%	13.98%	13.26%	10.72%
Incurred Loss Ratio	70.52%	62.51%	56.62%	67.09%	62.51%
Combined Ratio	79.35%	73.23%	70.61%	80.35%	73.23%

* Denotes the following reduction of Safety & Voc Rehab Expense: \$4,000,000 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

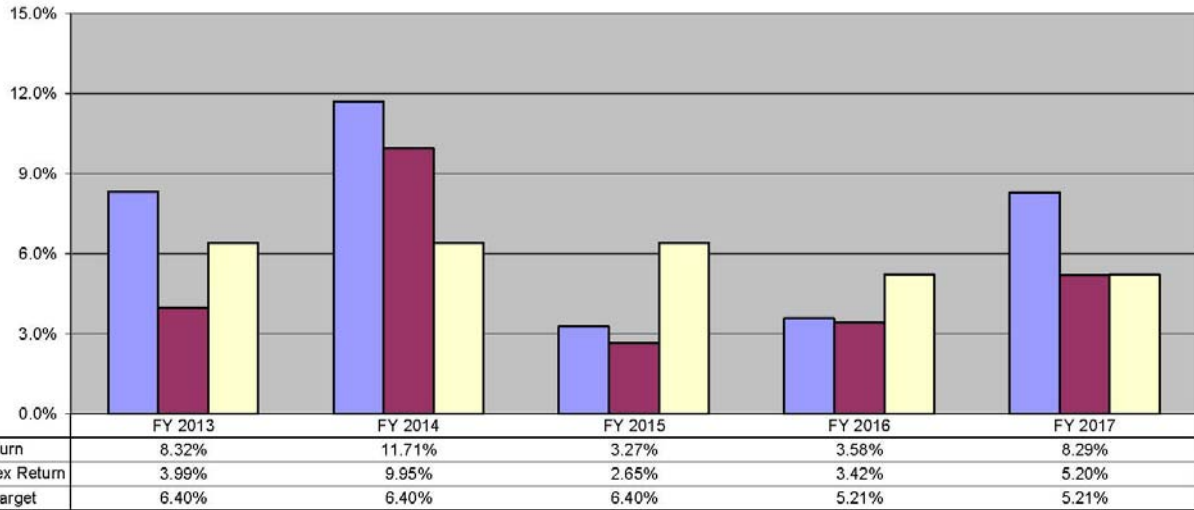


	Audited June 2015	Audited June 2016	Audited June 2017
NET POSITION or "SURPLUS"	\$ 454,782,551	\$ 466,149,018	608,815,221
Estimated Discounted Financial Reserves	1,096,674,000	1,111,738,115	1,085,768,000
Net Position (Surplus)	\$ 454,782,551	\$ 466,149,018	\$ 608,815,221
2009 HB 1035 Allowable Deductions from Net Position (Surplus)			
Safety Education & Grants	12,881,858	8,705,035	19,766,593
Revolving School Loan Fund	14,797,047	14,637,495	14,556,728
Total Exclusions from Net Position (Surplus)	27,678,905	23,342,530	34,323,321
Available Fund Surplus	\$ 427,103,646	\$ 442,806,488	\$ 574,491,900
	38.9%	39.8%	52.9%

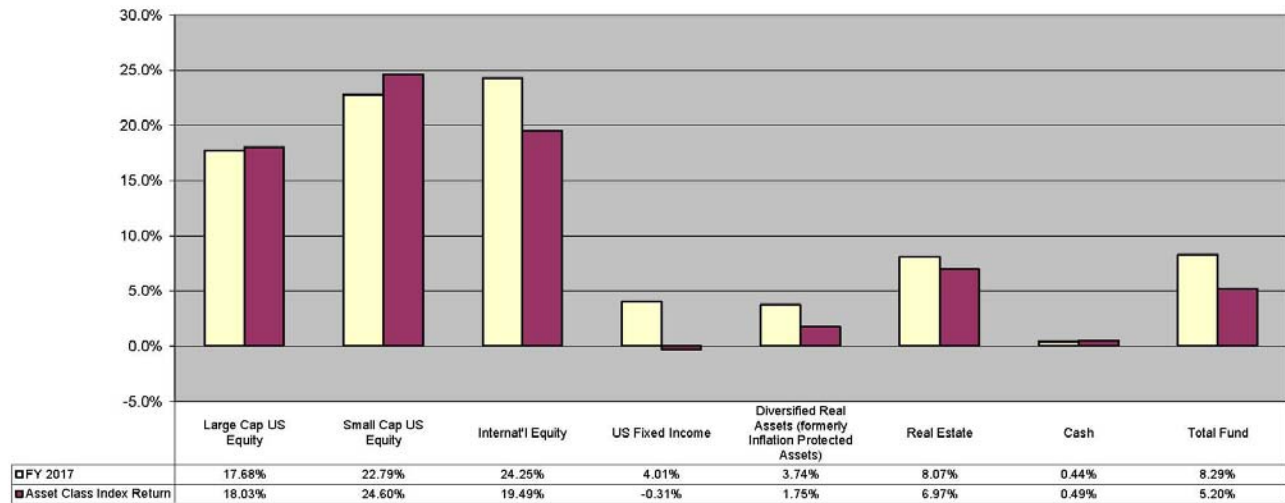
Key Performance Indicators

Investment data provided as of June 30, 2017

FY 2017 Annual Rates of Return



FY 2017 Year to Date Return by Asset Class



WSI Investment Allocation

