

The North Dakota legislature created WSI in 1919 to provide compensation for lost earnings and the payment of medical bills for employees injured on the job. This law was also intended to help employers by eliminating the risk of damaging lawsuits brought by injured employees.

Since 1919, the legislature has established the legal framework and benefit levels WSI pays. Workers' compensation law is found in Title 65 of the North Dakota Century Code.

WSI is also provided operational authority in Article X, Section 12 of the North Dakota Constitution.

North Dakota workers' compensation is one of four monopolistic state funds. This means all North Dakota employers must purchase workers' compensation insurance from WSI, rather than from private insurance companies. In the other 46 states and the District of Columbia, employers have options to buy workers' compensation insurance from private insurance companies, competitive state funds, or to self-insure. This monopolistic structure provides exceptional financial efficiency, making our system the lowest cost in the nation.

WSI is an executive branch agency whose director is appointed by the governor. It also has an eleven-person advisory board comprised of employer, employee, and medical provider representatives who serve four-year terms. The board provides recommendations to the governor on legislation, premium rates, investment allocation, and dividend distributions.

WSI is a special fund agency and is entirely funded by employer premium payments. Employers are required to make annual premium payments into the WSI fund based on the occupational risk of the employer's employment type. The higher the risk, the more premiums paid.

Annual employer premiums are established with the help of professional actuaries and are based on the expected claims and administrative costs for the upcoming year. Premiums are set for WSI to break even, not to make a profit.

WSI claim professionals set a financial reserve for every accepted claim for injury. This is the anticipated amount of money needed to pay all the benefits on the claim. Benefits can be payable for the life of the injured employee. WSI's oldest claim in which benefits are still being paid is from 1960.

WSI is required to maintain adequate financial reserves to ensure the solvency of the fund and the payment of all future benefits. Professional actuaries assist in calculating required reserve levels.

All reserves are invested by the state investment board. If investment income exceeds what is needed to pay present and future claim costs, dividends are credited to employers to offset their future premium costs.