

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
March 31, 2020

Key Performance Indicators

FYTD 2020 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>	FY2017	FY2018	FY 2019	FYTD 2020	FY 2020 Projection	Target*
Injury Services (Claims)						
<i>Total Claims Filed</i> - # of new claim filings received	20,045	19,868	19,916	15,010	20,013	NA
<i>Total Indemnity Claims Filed</i> - # of new claims filed for wage loss benefits	2,369	2,401	2,394	1,798	2,397	NA
<i>Injured Workers with Out of State Addresses</i> - # of claims filed by injured workers with out of state addresses	2,925	2,614	2,755	1,974	2,632	NA
<i>Accepted Fatalities</i> - # of fatal claims accepted	15	19	19	9	NA	NA
<i>Claims Filed/100 Covered Workers¹</i> - # of new claims filed divided by the covered workforce	4.91	4.90	4.86	NA	NA	NA
<i>Indemnity Claims Filed/100 Covered Workers¹</i> - # of new indemnity claims filed divided by the covered workforce	0.58	0.59	0.58	NA	NA	NA
<i>Average Covered Workforce¹</i> - based on Job Service ND Employment and Wages data	408,107	405,367	409,559	NA	NA	NA
<i>Claims With Activity</i> - activity = a new claim filing, payment made, or a reapplication for benefits on an existing claim	33,603	32,494	32,457	26,675	33,456	NA
<i>Auto-adjudicated Claims as a Percent of Total Claims Filed</i> - % of claims filed that met the initial auto-adjudication requirements	19%	18%	17%	17%	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	41%	40%	39%	39%	NA	50%
<i>Claim Ultimate Acceptance Rate (adjusted)²</i> - % of claims filed that are ultimately accepted (excludes incidents)	91%	92%	91%	91%	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	48%	48%	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	12%	11%	11%	15%	NA	10%
<i>Average New Claims per Claim Adjuster³</i> - average number of new claims assigned to each adjuster per year	409	423	433	326	435	NA
<i>Average Active Claims per Claim Adjuster^{3,4}</i> - excludes auto-adjudicated claims	51	49	47	45	NA	NA
- Average active indemnity claims	130	222	280	249	NA	NA
- Average active medical only claims (excludes auto-adj.)	181	271	327	294	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, 47 in February 2018, and 46 in April 2019.

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.

Key Performance Indicators

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<i>Fiscal Year Ending:</i>	FY2017	FY2018	FY 2019	FYTD 2020	FY 2020 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	9%	17%	23%	21%	NA	7%
<i>Days to Adjudicate Bills</i> - % of bills paid within 31 days of receipt of bill	82%	87%	75%	83%	NA	95%
<i>Percent of Medical Spend for Prescriptions</i> - % of medical payments that is for prescriptions	9%	9%	8%	6%	NA	NA
<i>Percent of Drug Spend for Opioids</i> - % of payments for prescriptions that is for opioids	42%	38%	33%	42%	NA	NA
Injury Services (Return to Work)						
<i>Number of New Voc Rehab Cases Assigned</i> - # of new in state voc cases assigned during the fiscal year	511	458	503	337	449	NA
- # of new in-state voc rehab cases	282	284	303	229	305	NA
- # of new out-of-state voc rehab cases	229	174	200	108	144	NA
<i>Number of Injured Workers in Retraining Programs</i> - # of injured workers enrolled in a retraining program	NA	112	71	58	NA	NA
- # of injured workers enrolled in an in-state program	NA	19	18	19	NA	NA
- # of injured workers enrolled in an out-of-state program	NA	93	53	39	NA	NA
<i>Number of New Medical Case Management Cases Assigned</i> - # of new MCM cases assigned during the fiscal year	NA	563	517	416	555	NA
- # of new in-state MCM cases	NA	328	317	275	367	NA
- # of new out-of-state MCM cases	NA	235	200	141	188	NA
<i>Number of New On-site Medical Case Management Cases Assigned</i> - # of new on-site MCM cases assigned during the fiscal year	NA	964	914	644	858	NA
<i>Cost of Out of State Medical Case Management</i> - Total dollars spent on out of state medical case management	\$1,076,996	\$763,374	\$665,638	\$353,667	\$471,556	NA
<i>Total Scholarships Paid Costs</i> - Total Paid on scholarships each year	\$196,045	\$175,894	\$210,341	\$166,103	NA	NA

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Fiscal Year Ending:	FY2017	FY2018	FY2019	FYTD 2020	FY 2020 Projection	Target*
Employer Services						
Lag Time to Report Injuries - % of claims reported within X day(s) of the date of injury						
- within 1 day	55%	54%	54%	54%	NA	NA
- within 14 days	88%	88%	88%	89%	NA	NA
- within 31 days	94%	94%	94%	94%	NA	NA
Total Active Employer Accounts By Premium Size - Total number of active employer accounts (snapshot)	24,228	24,148	24,467	24,671	NA	NA
- Minimum (\$250)					NA	NA
- \$251—\$5,000	5,309	5,431	5,642	5,757	NA	NA
- \$5,001—\$25,000	13,163	13,548	13,708	13,847	NA	NA
- \$25,000—\$50,000	4,038	3,610	3,551	3,556	NA	NA
- \$50,001—\$100,000	843	767	761	755	NA	NA
- Over \$100,000	456	421	424	392	NA	NA
	419	371	381	364	NA	NA
Number of New Applications Received - number of applications received for new employer accounts	2,686	2,726	2,978	2,211	2,948	NA
Number of Accounts Cancelled - number of employer accounts cancelled	3,182	2,059	2,080	2,271	3,028	NA
Average Number of Audits Per Auditor - Average number of premium audits completed by each premium Auditor (includes phone audits)	210	185	180	126	174	200
Net Premium Adjustment - Net effect of all premium adjustments	\$243,799	\$257,386	\$176,485	(\$7,011)	NA	NA
Delinquent Premium as Percent of In Force Premium¹ - Total delinquent premium divided by the in force premium	3.69%	3.15%	2.51%	3.04%	NA	2%
Delinquent Accounts - Total number of delinquent employer accounts	598	368	266	270	NA	NA
- Current FY 19-20	NA	261	186	206		
- FY2018—2019	NA	45	47	30		
- FY2017— 2018	NA	29	14	19		
- FY2016— 2017	NA	19	10	7		
- Prior Fiscal Years	NA	14	9	8		
Total Delinquent Premium—Accts in Active Collections¹ - dollar amount of premium, interest, and penalties owed by all accounts in collections.	\$10,260,030	\$7,906,503	\$6,284,635	\$7,349,071	NA	NA
- Current FY 19-20	NA	\$2,843,462	\$1,611,162	\$1,959,308		
- FY2018—2019	NA	\$1,749,118	\$667,845	\$1,384,610		
- FY2017— 2018	NA	\$1,489,339	\$1,302,937	\$377,201		
- FY2016— 2017	NA	\$1,632,330	\$1,179,231	\$1,006,593		
- Prior Fiscal Years	NA	\$192,253	\$1,523,459	\$2,621,359		

¹— Of the \$7,349,071 premium in collections, \$2,897,422 (21 accounts) is in litigation or bankruptcy status.

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<i>Fiscal Year Ending:</i>	FY2017	FY2018	FY2019	FYTD 2020	FY 2020 Projection	Target*
Legal						
<i>Legal Orders Issued</i> ¹ - number of legal orders issued (includes stipulations)	1,314	1,097	1,064	905	1,207	NA
<i>Hearings Requested</i> ¹ - number of hearings requested during the fiscal year (1st level litigation—does not include district or supreme court cases)	281	234	176	182	243	NA
<i>Hearings Held</i> ¹ - number of hearings held during the fiscal year (wins, losses & remands)	188	164	155	107	143	NA
<i>Litigation Rate</i> ¹ - # of hearings requested/# of NODs Issued	0.94%	0.82%	0.62%	0.88%	NA	NA
<i>Open Subrogation Cases</i> - Total number of open subrogation cases	702	620	535	608	NA	NA
<i>Avg Days Hearing Request to Final Resolution</i> ¹ - avg number of days from hearing request to closure , regardless of resolution type.	284	324	304	215	NA	NA
<i>Avg Days to ALJ Decision (Office of Administrative Hearings)</i> ² - Calculated as a 6 month average—Excludes; employer cases, stipulations and withdrawals	258	309	294	182	NA	215
<i>Claimant Attorney Fees and Costs</i> ² - Total fees and costs paid to claimant attorneys	\$344,139	\$428,558	\$309,163	\$228,815	\$305,087	NA
<i>Office of Administrative Hearings (OAH) Fees and Costs</i> ³ - total fees and costs paid to OAH	\$671,246	\$807,760	\$571,398	\$503,528	\$671,371	NA
<i>WSI Counsel Fees and Costs</i> ³ - total fees and costs paid to WSI outside counsel (defense counsel)	\$1,310,586	\$1,295,809	\$1,066,283	\$936,112	\$1,248,149	NA
<i>SIU Return on Investment</i> - total savings + restitution//fraud investigations costs + budget	\$13.55	\$9.33	\$16.32	\$16.61	NA	NA
Other						
<i>FTE Authority</i> - number of full-time-equivalent employees legislatively allowed	260	260	260	260	260	NA
<i>Turnover Rate—All WSI Employees</i> ^{4,5} - employee separation/total employees	3.50%	6.65%	6.92%	5.09%	6.78%	NA
<i>Total Documents Imaged</i> - total number of documents imaged during the fiscal year	1,515,651	1,497,597	1,475,624	1,078,137	1,437,516	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 am and 6:00 pm)	96.99%	97.64%	95.23%	98.22%	NA	99.50%

1— Includes injured worker and employer cases.
 2—Includes injured worker cases only.
 3—Includes all fees and costs paid regarding injured worker cases only.
 4—Turnover rate does not include temporary employees.
 5—Fiscal Years 2018 and 2019 include 7 VSIP terminations each year

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Fiscal Year Ending:	FY2017	FY2018	FY2019	FYTD 2020	FY 2020 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	67%	69%	73%	76%	NA	75%
<i>Percent of Medical Bills Received Electronically (EDI)</i> - % of bills submitted that were received through electronic submission (includes Noridian and Carisk)	NA	27%	46%	49%	NA	30%
<i>Percent of Medical Bills Received Electronically (Carisk)</i> - % of bills submitted that were received through Carisk	NA	17%	37%	42%	NA	25%
<i>Payroll Reports Received Electronically</i> - % of payroll renewal reports that were received on-line	84%	86%	88%	98%	NA	100%
<i>Employer Applications Received Electronically</i> - % of employer applications for insurance that were received online	64%	65%	65%	82%	NA	65%

Fiscal Year Ending:	FY2017	FY2018	FY2019	FYTD 2020	FY 2020 Projection	% Change 19 to 20
Paid Cost Data						
<i>Indemnity Benefits Paid</i>	\$72,241,832	\$67,675,970	\$61,563,811	\$45,281,418	\$60,375,224	(1.9%)
<i>Medical Benefits Paid</i>	\$90,990,097	\$82,949,779	\$83,563,362	\$63,634,487	\$84,845,983	1.5%
<i>ALAE (all non-legal) Paid</i>	\$3,138,034	\$2,756,191	\$2,692,070	\$2,018,226	\$2,690,969	0.0%
<i>ALAE (legal) Paid</i>	\$2,836,742	\$3,164,761	\$2,236,686	\$1,886,782	\$2,515,709	12.5%
<i>Total Paid Costs</i>	\$169,206,705	\$156,546,701	\$150,055,929	\$112,820,914	\$150,427,885	0.2%

Fiscal Year Ending:	FY 2017	FY 2018	FY 2019	FY 2020
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	4.41	4.42	4.32	4.37
<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	3.99	4.13	4.15	4.18
<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	NA	3.54	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 2017	Audited FY 2018	Audited FY 2019	Mar-20 FY 2020	Mar-19 FY 2019	Year-to-Year Variance
Cash & Investments	\$ 1,911,222,517	\$ 1,932,162,512	\$ 2,074,420,197	\$ 1,990,300,032	\$ 2,024,113,539	\$ (33,813,507)
Receivables	32,511,870	28,559,010	26,566,995	26,543,701	28,938,231	(2,394,530)
Building & Other	14,515,919	16,172,317	18,182,336	18,225,577	17,458,989	766,589
Total Assets	1,958,250,306	1,976,893,839	2,119,169,528	2,035,069,310	2,070,510,759	(35,441,449)
Deferred outflows pension/OPEB	7,981,691	14,672,967	12,610,293	11,688,696	13,756,362	(2,067,666)
Total Assets and Deferred Outflows	1,966,231,997	1,991,566,806	2,131,779,821	2,046,758,006	2,084,267,121	(37,509,115)
Accounts Payable	130,954,128	119,572,075	126,454,496	38,226,398	30,053,831	8,172,567
Pension/OPEB Liability	14,957,537	26,052,564	26,869,548	25,957,537	25,145,636	811,901
Unearned Premium	124,773,938	114,585,609	115,278,892	119,996,244	124,753,435	(4,757,192)
Unpaid Loss & LAE, discounted *	1,085,768,000	1,049,386,000	1,090,944,000	1,089,516,847	1,139,262,342	(49,745,495)
Total Liabilities	1,356,453,603	1,309,596,248	1,359,546,936	1,273,697,026	1,319,215,245	(45,518,219)
Deferred Inflows Pension/OPEB	963,172	824,398	1,701,948	1,701,948	824,398	877,550
Net Position **	608,815,221	681,146,160	770,530,937	771,359,032	764,227,478	7,131,554
Total Liabilities, Deferred Inflows & Net Position	\$ 1,966,231,997	\$ 1,991,566,806	\$ 2,131,779,821	\$ 2,046,758,006	\$ 2,084,267,121	\$ (37,509,115)

Statement of Activities	Audited FY 2017	Audited FY 2018	Audited FY 2019	Mar-20 FY 2020	Mar-19 FY 2019	Year-to-Year Variance
Premium Earned	\$ 265,586,179	\$ 263,461,595	\$ 265,383,498	\$ 191,131,119	\$ 200,978,565	\$ (9,847,446)
Premium Discount	(26,612,099)	(27,903,950)	(27,409,766)	(23,428,897)	(23,315,149)	(113,748)
Ceded Reinsurance Premium	(5,913,894)	(3,538,657)	(184,860)	(538,350)	181,495	(719,844)
Net Premium Earned	233,060,186	232,018,988	237,788,871	167,163,873	177,844,911	(10,681,038)
Incurred Losses & ALAE	135,316,712	112,591,087	136,483,581	107,234,143	148,786,330	(41,552,188)
ULAE and G&A Expenses	37,432,135	37,843,562	38,296,813	25,858,745	25,176,534	682,211
Operating Expense	172,748,847	150,434,649	174,780,394	133,092,888	173,962,865	(40,869,977)
Underwriting Income (Loss)	60,311,339	81,584,339	63,008,477	34,070,985	3,882,047	30,188,938
Investment & Other Income	153,585,172	103,120,243	141,565,758	(34,907,283)	75,695,919	(110,603,202)
Dividend & Other Expense	(71,230,308)	(111,369,772)	(115,189,458)	1,664,393	3,503,352	(1,838,960)
Change in Net Position **	\$ 142,666,203	\$ 73,334,810	\$ 89,384,777	\$ 828,094	\$ 83,081,318	\$ (82,253,223)

EXPENSE RATIOS

FY Admin Expense Ratio	15.66%	16.07%	16.09%	15.42%	14.17%
Incurred Loss Ratio	56.62%	47.80%	57.35%	63.94%	83.75%
Combined Ratio	72.29%	63.86%	73.45%	79.36%	97.92%

EXPENSE RATIOS (excluding Safety expenditures)

FY Admin Expense Ratio ***	13.98%	14.88%	14.87%	14.17%	13.08%
Incurred Loss Ratio	56.62%	47.80%	57.35%	63.94%	83.75%
Combined Ratio	70.61%	62.68%	72.22%	78.12%	96.83%

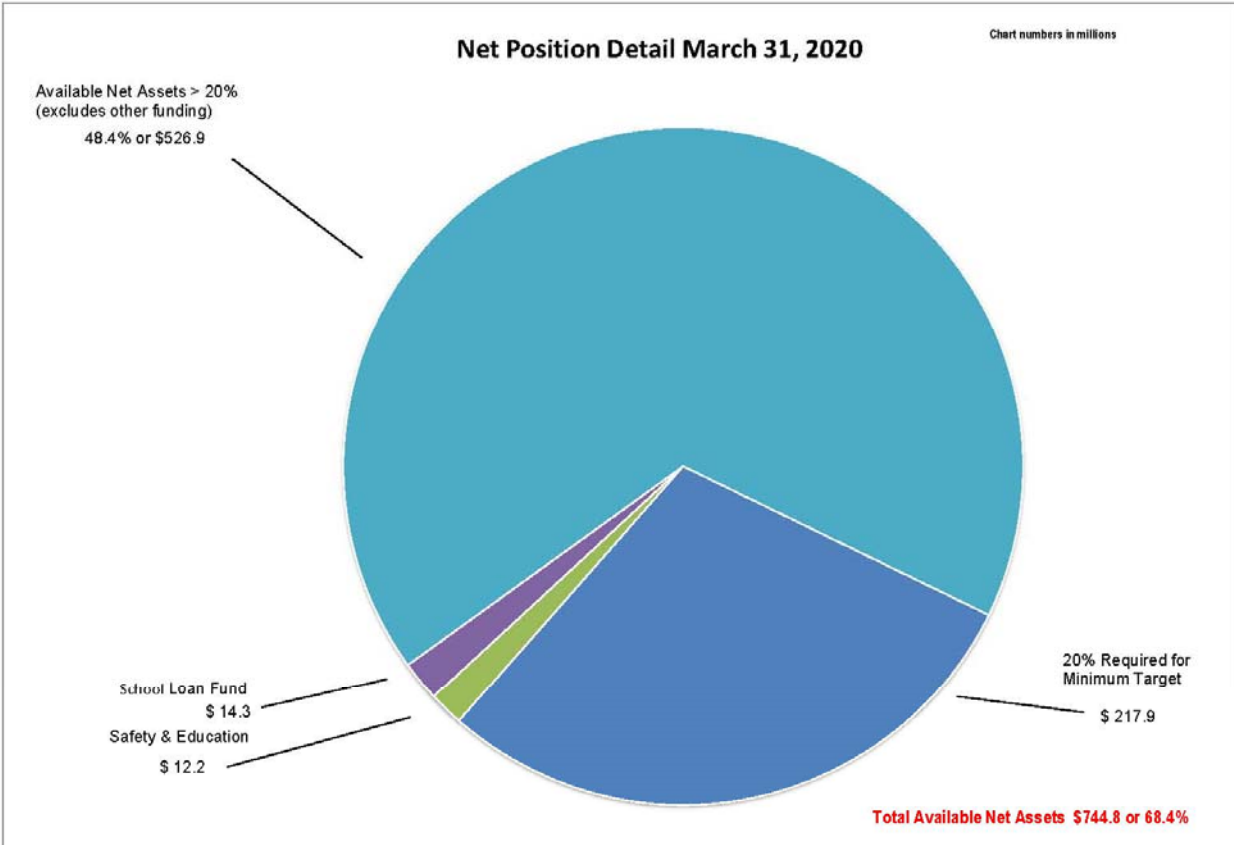
* Liabilities are discounted at 5% for FY 2017 & 2018. The discount rate was reduced to 4.5% effective FY 2019, increasing liabilities by \$44.3 million.

** Net Position from FY 2017 was reduced by approximately \$1 million at the beginning of FY 2018 to implement GASB 75, Other Post Employment Benefits.

*** Denotes the following reduction of Safety & Voc Rehab Expense: \$2,089,007 y-t-d.

January 2019 Reinsurance Commutation Agreement increased cash \$50.5 M, increased reserve liabilities \$39.8M, and decreased IBNR expense \$10.7M.

Key Performance Indicators



	Audited June 2018	Audited June 2019	Actual March 2020
NET POSITION or "SURPLUS"	\$ 681,146,160	\$ 770,530,937	\$ 771,359,032
Actuarially Estimated Discounted Financial Reserve Liabilities <small>Discount rate @ 5% in FY 2018; reduced to 4.5% for FY 2019</small>	1,049,386	1,090,944,000	1,089,516,847 *
<small>Increased liabilities \$44.3 million in FY 2019</small>			
Net Position (Surplus)	\$ 681,146,160	\$ 770,530,937	\$ 771,359,032
2009 HB 1035 Allowable Deductions from Net Position (Surplus)			
Safety Education & Grants	17,074,919	14,256,955	12,232,931
Revolving School Loan Fund	14,457,898	14,357,945	14,292,962
Total Exclusions from Net Position (Surplus)	31,532,817	28,614,900	26,525,893
Available Net Position (Fund Surplus)	\$ 649,613,343	\$ 741,916,037	\$ 744,833,139
	61.9%	68.0%	68.4%

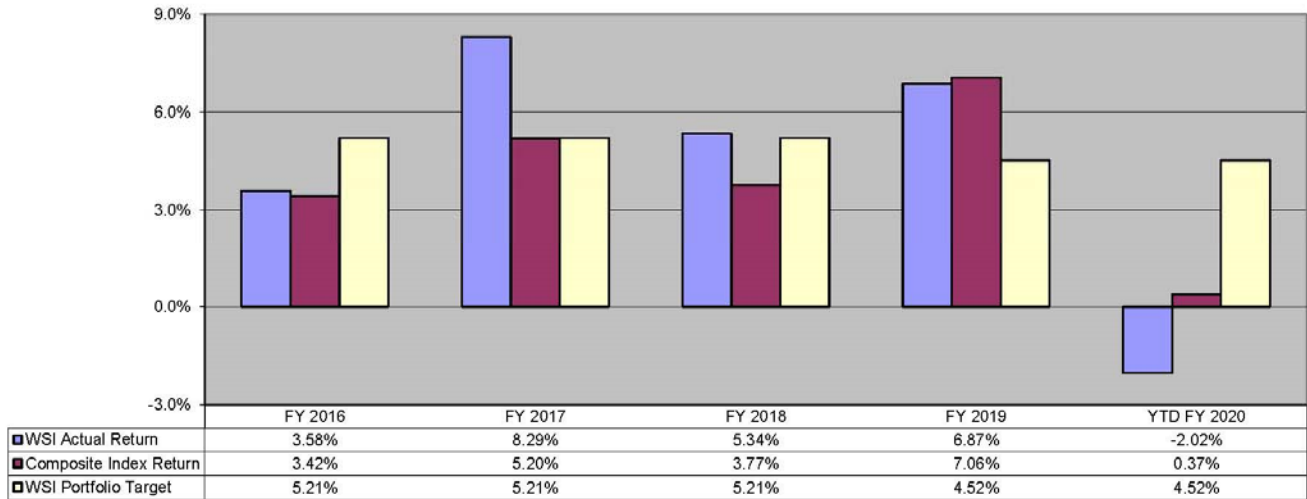
* Liabilities are discounted at 5% for FY 2018. The discount rate was reduced to 4.5% effective FY 2019, increasing liabilities by \$44.3 million.

Quarter Ending:	Jun 2019	Sep 2019	Dec 2019	Mar 2020	Grand Total
Safety Continuing Appropriation Expenditures					
Professional Services	\$86,730	\$44,752	\$42,214	\$79,682	\$253,378
Training/Education	\$132,783	\$11,773	\$1,466	\$2,705	\$148,727
STEP Grant	\$307,598	\$23,840	\$95,413	\$177,345	\$604,196
Phase II Ergo Grant	\$454,596	\$417,739	\$316,516	\$810,579	\$1,999,430
Grand Total	\$981,707	\$498,105	\$455,608	\$1,070,311	\$3,005,731

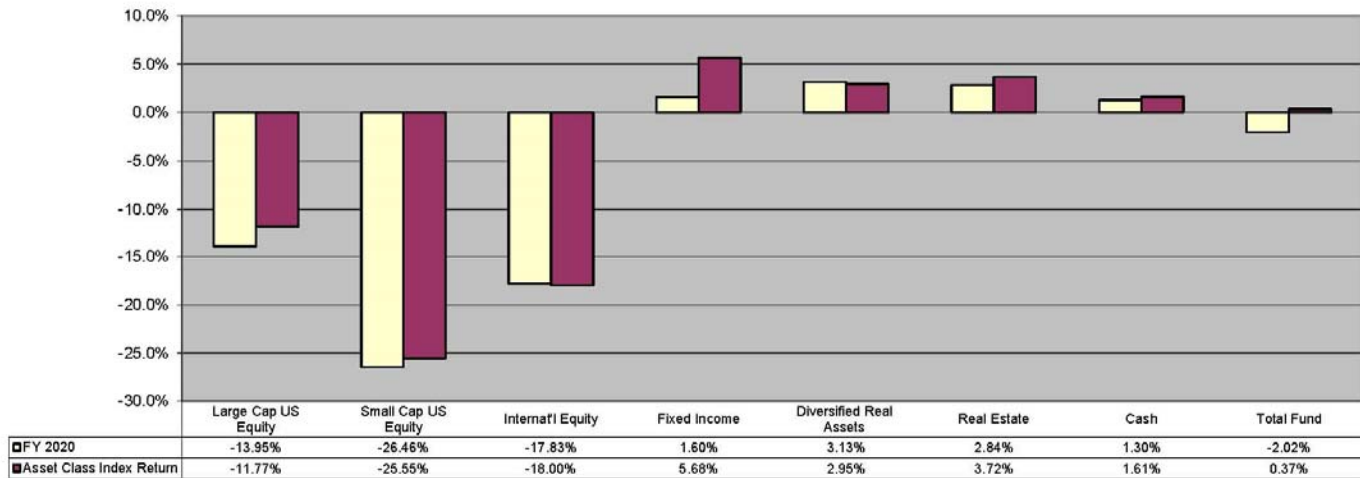
Key Performance Indicators

Investment data provided as of March 31, 2020

FY 2019 Annual Rates of Return



FY 2019 Year to Date Return by Asset Class



WSI Investment Allocation

