

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, 2019

****Final****

Key Performance Indicators

FYTD 2019 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>	FY2016	FY2017	FY 2018	FYTD 2019	FY 2019 Projection	Target*
Injury Services (Claims)						
<i>Total Claims Filed</i> - # of new claim filings received	21,277	20,045	19,868	19,916	19,916	NA
<i>Total Indemnity Claims Filed</i> - # of new claims filed for wage loss benefits	2,448	2,369	2,401	2,394	2,394	NA
<i>Injured Workers with Out of State Addresses</i> - # of claims filed by injured workers with out of state addresses	3,422	2,925	2,614	2,755	2,755	NA
<i>Accepted Fatalities</i> - # of fatal claims accepted	22	15	19	19	NA	NA
<i>Claims Filed/100 Covered Workers¹</i> - # of new claims filed divided by the covered workforce	4.97	4.91	4.90	4.86	NA	NA
<i>Indemnity Claims Filed/100 Covered Workers¹</i> - # of new indemnity claims filed divided by the covered workforce	0.57	0.58	0.59	0.58	NA	NA
<i>Average Covered Workforce¹</i> - based on Job Service ND Employment and Wages data	427,899	408,107	405,367	409,559	NA	NA
<i>Claims With Activity</i> - activity = a new claim filing, payment made, or a reapplication for benefits on an existing claim	36,652	33,603	32,494	32,457	32,457	NA
<i>Auto-adjudicated Claims as a Percent of Total Claims Filed</i> - % of claims filed that met the initial auto-adjudication requirements	18%	19%	18%	17%	NA	NA
<i>Percent of Claims Adjudicated within 14 Days</i> - % of claims were the initial determination of compensability was made within 14 days of the registration date	39%	41%	40%	39%	NA	50%
<i>Claim Ultimate Acceptance Rate (adjusted)²</i> - % of claims filed that are ultimately accepted (excludes incidents)	91%	91%	92%	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	53%	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	16%	12%	11%	11%	NA	10%
<i>Average New Claims per Claim Adjuster³</i> - average number of new claims assigned to each adjuster per year	409	409	423	433	433	NA
<i>Average Active Claims per Claim Adjuster^{3,4}</i> - excludes auto-adjudicated claims	51	51	49	47	NA	NA
- Average active indemnity claims	136	130	222	280	NA	NA
- Average active medical only claims (excludes auto-adj.)	187	181	271	327	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.

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<i>Fiscal Year Ending:</i>	FY2016	FY2017	FY2018	FYTD 2019	FY 2019 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	35%	9%	17%	23%	NA	7%
<i>Days to Adjudicate Medical Bills</i> - % of bills paid within 31 days of receipt of bill	65%	82%	87%	75%	NA	95%
<i>Percent of Medical Spend for Prescriptions</i> - % of medical payments that is for prescriptions	9%	9%	9%	8%	NA	NA
<i>Percent of Drug Spend for Opioids¹</i> - % of payments for prescriptions that is for opioids	44%	42%	38%	33%	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	722	511	458	503	503	NA
- # of new in-state voc rehab cases	381	282	284	303	303	NA
- # of new out-of-state voc rehab cases	341	229	174	200	200	NA
<i>Number of Injured Workers in Retraining Programs</i> - # of injured workers enrolled in a retraining program	NA	NA	112	71	NA	NA
- # of injured workers enrolled in an in-state program	NA	NA	19	18	NA	NA
- # of injured workers enrolled in an out-of-state program	NA	NA	93	53	NA	NA
<i>Number of New Medical Case Management Cases Assigned</i> - # of new MCM cases assigned during the fiscal year	NA	NA	563	517	517	NA
- # of new in-state MCM cases	NA	NA	328	317	317	NA
- # of new out-of-state MCM cases	NA	NA	235	200	200	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	NA	964	914	914	NA
<i>Cost of Out of State Medical Case Management</i> - Total dollars spent on out of state medical case management	\$1,931,683	\$1,076,996	\$763,374	\$665,638	\$665,638	NA
<i>Total Scholarships Paid Costs</i> - Total Paid on scholarships each year	\$219,203	\$196,045	\$175,894	\$210,341	NA	NA

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

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Fiscal Year Ending:	FY2016	FY2017	FY2018	FYTD 2019	FY 2019 Projection	Target*
Employer Services						
Lag Time to Report Injuries - % of claims reported within X day(s) of the date of injury						
- within 1 day	54%	55%	54%	54%	NA	NA
- within 14 days	88%	88%	88%	88%	NA	NA
- within 31 days	93%	94%	94%	94%	NA	NA
Total Active Employer Accounts By Premium Size - Total number of active employer accounts (snapshot)	24,685	24,228	24,148	24,467	NA	NA
- Minimum (\$250)					NA	NA
- \$251—\$5,000	5,239	5,309	5,431	5,642	NA	NA
- \$5,001—\$25,000	13,056	13,163	13,548	13,708	NA	NA
- \$25,000—\$50,000	4,422	4,038	3,610	3,551	NA	NA
- \$50,001—\$100,000	913	843	767	761	NA	NA
- Over \$100,000	551	456	421	424	NA	NA
	504	419	371	381	NA	NA
Number of New Applications Received - number of applications received for new employer accounts	2,832	2,686	2,726	2,978	2,978	NA
Number of Accounts Cancelled - number of employer accounts cancelled	3,794	3,182	2,059	2,080	2,080	NA
Average Number of Audits Per Auditor - Average number of premium audits completed by each premium Auditor (includes phone audits)	176	210	185	180	180	200
Net Premium Adjustment - Net effect of all premium adjustments	\$1,045,037	\$243,799	\$257,386	\$176,485	NA	NA
Delinquent Premium as Percent of In Force Premium¹ - Total delinquent premium divided by the in force premium	3.74%	3.69%	3.15%	2.51%	NA	2%
Delinquent Accounts - Total number of delinquent employer accounts	901	598	368	266	NA	NA
- Current FY 18-19	NA	NA	261	186		
- FY2017—2018	NA	NA	45	47		
- FY2016—2017	NA	NA	29	14		
- FY2015—2016	NA	NA	19	10		
- Prior Fiscal Years	NA	NA	14	9		
Total Delinquent Premium—Accts in Active Collections¹ - dollar amount of premium, interest, and penalties owed by all accounts in collections.	\$12,858,015	\$10,260,030	\$7,906,503	\$6,284,635	NA	NA
Current FY 18-19	NA	NA	\$2,843,462	\$1,611,162		
- FY2017—2018	NA	NA	\$1,749,118	\$667,845		
- FY2016—2017	NA	NA	\$1,489,339	\$1,302,937		
- FY2015—2016	NA	NA	\$1,632,330	\$1,179,231		
- Prior Fiscal Years	NA	NA	\$192,253	\$1,523,459		

¹— Of the \$6,284,635 premium in collections, \$3,371,352 (28 accounts) is in litigation or bankruptcy status.

Key Performance Indicators

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Fiscal Year Ending:	FY2016	FY2017	FY2018	FYTD 2019	FY 2019 Projection	Target*
Legal						
Legal Orders Issued ¹ - number of legal orders issued (includes stipulations)	1,577	1,314	1,097	1,064	1,064	NA
Hearings Requested ¹ - number of hearings requested during the fiscal year (1st level litigation—does not include district or supreme court cases)	357	281	234	176	176	NA
Hearings Held ¹ - number of hearings held during the fiscal year (wins, losses & remands)	188	188	164	155	155	NA
Litigation Rate ¹ - # of hearings requested/# of NODs Issued	1.09%	0.94%	0.82%	0.62%	NA	NA
Open Subrogation Cases - Total number of open subrogation cases	701	702	620	535	NA	NA
Avg Days Hearing Request to Final Resolution ¹ - avg number of days from hearing request to closure , regardless of resolution. Type.	240	284	324	304	NA	NA
Avg Processing Days—Office of Administrative Hearings (OAH) ^{1,3} - average number of days all cases are in the hands of OAH	212	258	309	294	NA	215
Claimant Attorney Fees and Costs ^{2,4} - Total fees and costs paid to claimant attorneys	\$392,954	\$344,139	\$428,558	\$309,163	\$309,163	NA
Office of Administrative Hearings (OAH) Fees and Costs ⁴ - total fees and costs paid to OAH	\$712,272	\$671,246	\$807,760	\$571,398	\$571,398	NA
WSI Counsel Fees and Costs ⁴ - total fees and costs paid to WSI outside counsel (defense counsel)	\$1,244,099	\$1,310,586	\$1,295,809	\$1,066,283	\$1,066,283	NA
SIU Return on Investment - total savings + restitution/fraud investigations costs + budget	\$10.32	\$13.55	\$9.33	\$16.32	NA	NA
Other						
FTE Authority - number of full-time-equivalent employees legislatively allowed	260	260	260	260	260	NA
Turnover Rate—All WSI Employees ^{5,6} - employee separation/total employees	5.07%	3.50%	6.65%	6.92%	6.92%	NA
Total Documents Imaged - total number of documents imaged during the fiscal year	1,684,657	1,515,651	1,497,597	1,475,624	1,475,624	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)	98.95%	96.99%	97.64%	95.23%	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 228 days, those with delays averaged 505 days, and those closed with no hearing held averaged 195 days (07/1/2018-06/30/2019). 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—Fiscal Years 2018 and 2019 include 7 VSIP terminations each year

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Fiscal Year Ending:	FY2016	FY2017	FY2018	FYTD 2019	FY 2019 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	65%	67%	69%	73%	NA	75%
<i>Percent of Medical Bills Received Electronically (EDI)</i> - % of bills submitted that were received through electronic submission (includes Noridian and iHCFA)	NA	NA	27%	46%	NA	30%
<i>Percent of Medical Bills Received Electronically (iHCFA)</i> - % of bills submitted that were received through iHCFA	NA	NA	17%	37%	NA	25%
<i>Payroll Reports Received Electronically</i> - % of payroll renewal reports that were received on-line	83%	84%	86%	88%	NA	90%
<i>Employer Applications Received Electronically</i> - % of employer applications for insurance that were received online	62%	64%	65%	65%	NA	65%

Fiscal Year Ending:	FY2016	FY2017	FY2018	FYTD 2019	FY 2019 Projection	% Change 18 to 19
Paid Cost Data						
<i>Indemnity Benefits Paid</i>	\$79,408,008	\$72,241,832	\$67,675,970	\$61,563,811	\$61,563,811	-9.0%
<i>Medical Benefits Paid</i>	\$88,160,038	\$90,990,097	\$82,949,779	\$83,563,362	\$83,563,362	0.7%
<i>ALAE (all non-legal) Paid</i>	\$3,904,322	\$3,138,034	\$2,756,191	\$2,692,070	\$2,692,070	-2.3%
<i>ALAE (legal) Paid</i>	\$2,806,889	\$2,836,742	\$3,164,761	\$2,236,686	\$2,236,686	-29.3%
<i>Total Paid Costs</i>	\$174,279,257	\$169,206,705	\$156,546,701	\$150,055,929	\$150,055,929	-4.1%

Fiscal Year Ending:	FY2016	FY 2017	FY 2018	FY 2019
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	4.31	4.41	4.42	4.32
<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	4.06	3.99	4.13	4.15
<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.	3.56	NA	NA	3.54

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	Year-to-Year Variance
Cash & Investments	\$ 1,911,222,517	\$ 1,932,162,512	\$ 2,074,420,197	\$ 142,257,685
Receivables	32,511,870	28,559,010	26,566,995	(1,992,015)
Building & Other	14,515,919	16,172,317	18,182,336	2,010,019
Total Assets	1,958,250,306	1,976,893,839	2,119,169,528	142,275,689
Deferred outflows pension/OPEB	7,981,691	14,672,967	12,610,293	(2,062,674)
Total Assets and Deferred Outflows	1,966,231,997	1,991,566,806	2,131,779,821	140,213,015
Accounts Payable	130,954,128	119,572,075	126,454,496	6,882,421
Pension/OPEB Liability	14,957,537	26,052,564	26,869,548	816,984
Unearned Premium	124,773,938	114,585,609	115,278,892	693,283
Unpaid Loss & LAE, discounted *	1,085,768,000	1,049,386,000	1,090,944,000	41,558,000
Total Liabilities	1,356,453,603	1,309,596,248	1,359,546,936	49,950,688
Deferred Inflows Pension/OPEB	963,172	824,398	1,701,948	877,550
Net Position **	608,815,221	681,146,160	770,530,937	89,384,777
Total Liabilities, Deferred Inflows & Net Position	\$ 1,966,231,997	\$ 1,991,566,806	\$ 2,131,779,821	\$ 140,213,015

Statement of Activities	Audited FY 2017	Audited FY 2018	Audited FY 2019	Year-to-Year Variance
Premium Earned	\$ 265,586,179	\$ 263,461,595	\$ 265,383,498	\$ 1,921,903
Premium Discount	(26,612,099)	(27,903,950)	(27,409,766)	494,184
Ceded Reinsurance Premium	(5,913,894)	(3,538,657)	(184,860)	3,353,797
Net Premium Earned	233,060,186	232,018,988	237,788,871	5,769,883
Incurred Losses & ALAE	135,316,712	112,591,087	136,483,581	23,892,494
ULAE and G&A Expenses	37,432,135	37,843,562	38,296,813	453,251
Operating Expense	172,748,847	150,434,649	174,780,394	24,345,745
Underwriting Income (Loss)	60,311,339	81,584,339	63,008,477	(18,575,862)
Investment & Other Income	153,585,172	103,120,243	141,565,758	38,445,515
Dividend & Other Expense	(71,230,308)	(111,369,772)	(115,189,458)	(3,819,686)
Change in Net Position ***	\$ 142,666,203	\$ 73,334,810	\$ 89,384,777	\$ 16,049,967

EXPENSE RATIOS

FY Admin Expense Ratio	15.66%	16.07%	16.09%
Incurred Loss Ratio	56.62%	47.80%	57.35%
Combined Ratio	72.29%	63.86%	73.45%

EXPENSE RATIOS (excluding Safety expenditures)

FY Admin Expense Ratio ***	13.98%	14.88%	14.91%
Incurred Loss Ratio	56.62%	47.80%	57.35%
Combined Ratio	70.61%	62.68%	72.26%

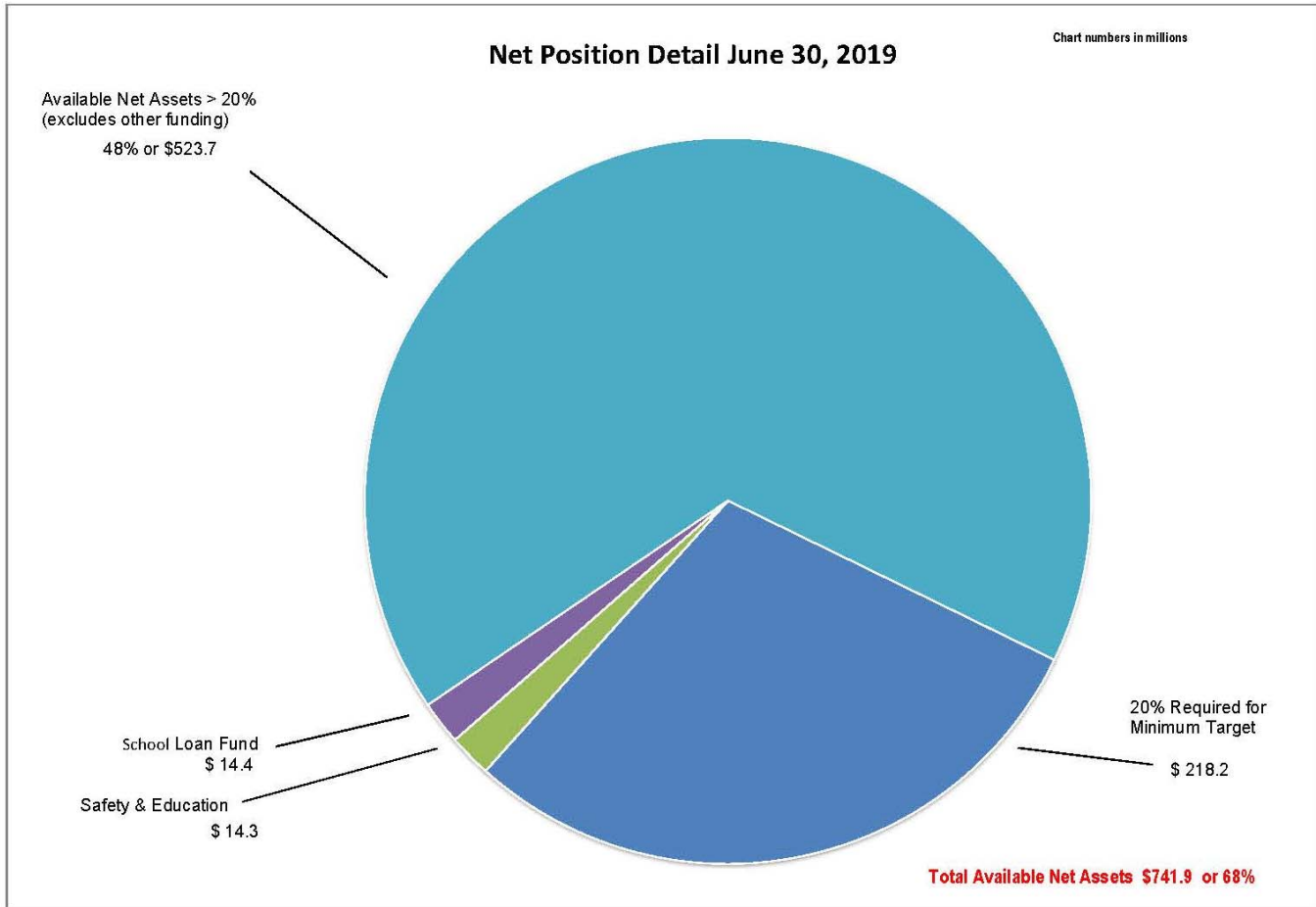
* Liabilities are discounted at 5% for FY 2016, 2017 & 2018. The discount rate was reduced to 4.5% effective FY 2019, increasing liabilities by \$44.3 million.

** 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: \$2,817,964 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



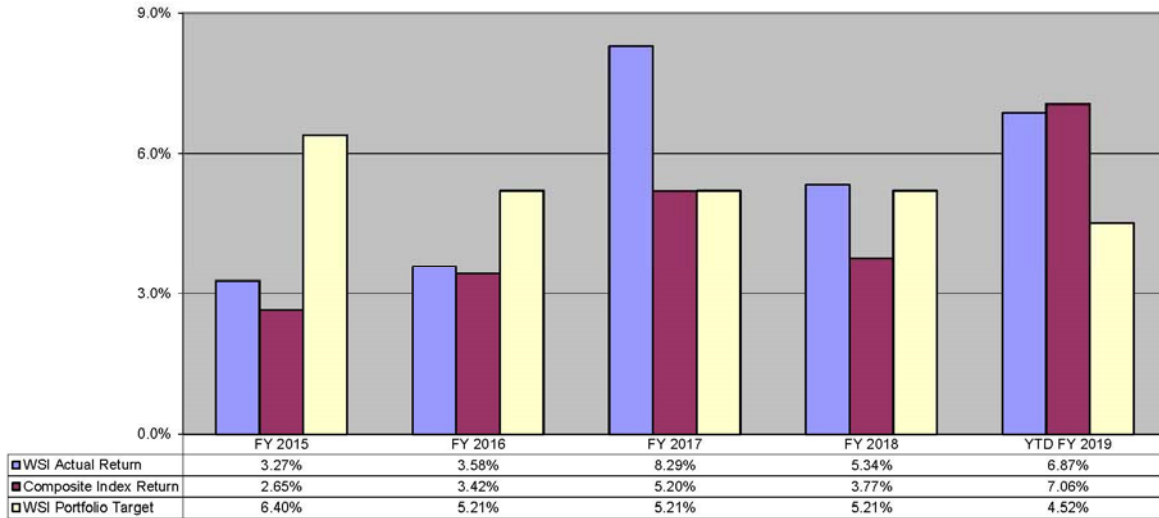
	Audited June 2017	Audited June 2018	Actual June 2019
NET POSITION or "SURPLUS"	\$ 608,815,221	\$ 681,146,160	\$ 770,530,937
Actuarially Estimated Discounted Financial Reserve Liabilities	1,085,768,000	1,049,386,000	1,090,944,000 *
<small>Discount rate @ 5% in FY 2017-18; reduced to 4.5% for FY 2019</small>			
<small>Increased liabilities \$44.3 million in FY 2019</small>			
Net Position (Surplus)	\$ 608,815,221	\$ 681,146,160	\$ 770,530,937
2009 HB 1035 Allowable Deductions from Net Position (Surplus)			
Safety Education & Grants	19,766,593	17,074,919	14,256,955
Revolving School Loan Fund	14,556,728	14,457,898	14,357,945
Total Exclusions from Net Position (Surplus)	34,323,321	31,532,817	28,614,900
Available Net Position (Fund Surplus)	\$ 574,491,900	\$ 649,613,343	\$ 741,916,037
	52.9%	61.9%	68.0%

Quarter Ending:	Sep 2018	Dec 2018	Mar 2019	May 2019	Grand Total
Safety Continuing Appropriation Expenditures					
<i>Professional Services</i>	\$43,939	\$37,470	\$75,641	\$30,453	\$187,503
<i>Training/Education</i>	\$11,925	\$4,152	\$188,594	\$15,168	\$219,839
<i>STEP Grant</i>	\$18,299	\$28,150	\$70,149	\$203,850	\$320,449
<i>Phase II Ergo Grant</i>	\$447,708	\$338,554	\$571,675	\$336,976	\$1,694,913
Grand Total	\$521,871	\$408,326	\$906,059	\$586,447	\$2,422,703

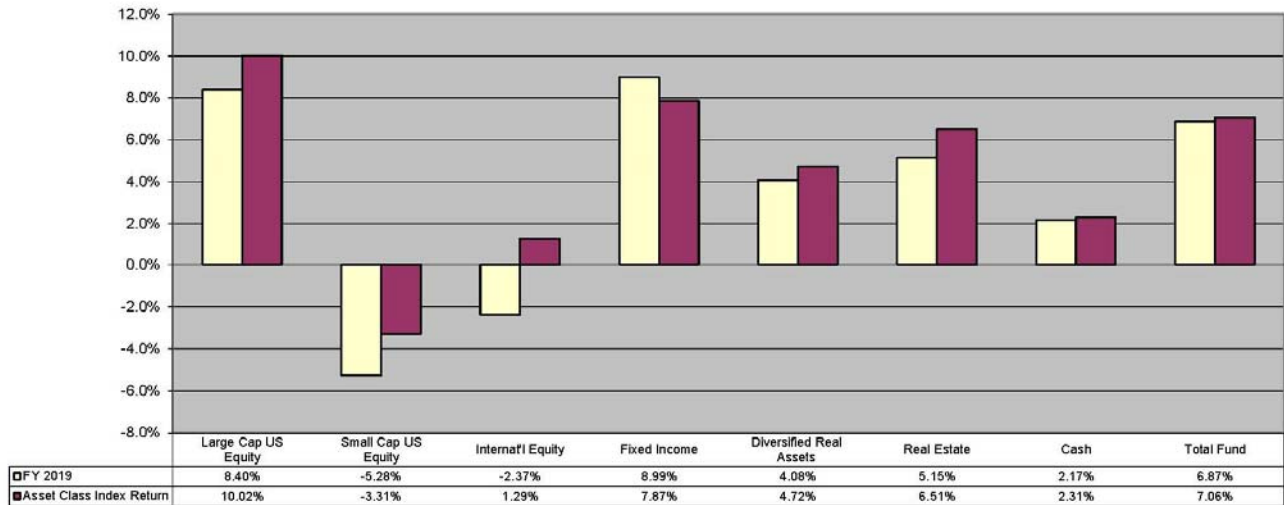
Key Performance Indicators

Investment data provided as of June 30, 2019

FY 2019 Annual Rates of Return

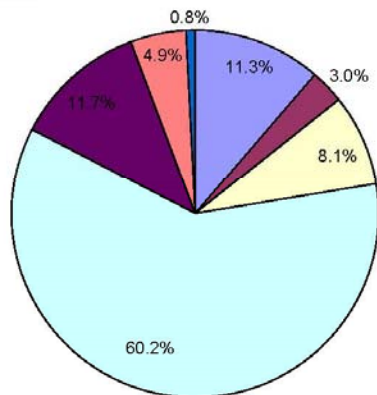


FY 2019 Year to Date Return by Asset Class



WSI Investment Allocation

ACTUAL ALLOCATION



ASSET CLASS -- POLICY ALLOCATION

Large Cap Domestic Equity	(Target 11%)
Small Cap Domestic Equity	(Target 3%)
International Equity	(Target 8%)
Domestic Fixed Income	(Target 60%)
Diversified Real Assets	(Target 12%)
Real Estate	(Target 5%)
Cash Equivalents	(Target 1%)