



**North Dakota Workforce  
Safety & Insurance**

2019 - 2021 Biennial Report

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Bryan Klipfel, Director

## Director's Message

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*It is my pleasure to present the 2019-2021 North Dakota Workforce Safety & Insurance (WSI) Biennial Report. We began this two-year journey on July 1, 2019, in a world that had never heard of COVID-19. As of June 30, 2021, WSI is still working through the workplace changes brought about by this worldwide pandemic.*

As the COVID-19 pandemic unfolded in the spring of 2020, WSI sent most of its workforce home to work. Using new tools such as Microsoft Teams, we kept our employees connected to our customers and each other. WSI's core purpose to care for injured workers did not change as we continued to pay wage-replacement and medical benefits.

WSI responded quickly to three Executive Order issued by North Dakota Governor Doug Burgum during the COVID-19 pandemic.

- Executive Order 2020-12 extended workers' compensation coverage for COVID-19 to first responders and front-line health workers.
- Executive Order 2020-12.1 extended workers' compensation coverage for COVID-19 to funeral service personnel.
- Executive Order 2020-12.2 extended workers' compensation coverage for COVID-19 to employees providing direct care to individuals with intellectual and development disabilities housed within certain licensed care facilities.

WSI also experienced a decrease in the number of workers' compensation claims filed for the two-year period. For fiscal year 2020, the total number of claims filed was 18,826. In fiscal year 2021, the number had dropped to 17,856. This was attributed, for the most part, to fewer workers working during the initial phases of the COVID-19 pandemic.

Not reflected in the numbers on these pages is the extraordinary effort of Team WSI. They worked to quickly develop innovative solutions to stay connected with our customers and each other in a virtual world. Working as one, they continue to improve the lives of North Dakota citizens.

## WSI Board of Directors

WSI's Board of Directors is appointed by the Governor of North Dakota and is an advisory board with members serving 4-year terms.

The 11-member board consists of:

- 6 members representing employers with active accounts with WSI
- 3 members representing employees
- 1 member is a member of the North Dakota Medical Association
- 1 member is appointed as a member-at-large

### WSI Board Members as of June 30, 2021

#### **Vicki Kunz**

Chief Governing Officer (CGO)  
Employee Representative

#### **Dean Anagnost**

Vice-CGO  
Employer Representative  
(under \$25,000)

#### **Eric Bischke**

Employer Representative  
(over \$25,000)

#### **William Jerome**

Employer Representative  
(over \$25,000)

#### **Brad Maier**

Employer Representative  
(under \$10,000)

#### **Dr. Laura Matzke Bitterman**

North Dakota Medical Association

#### **Ricky Richard**

Employee Representative  
(WSI benefit recipient)

#### **Amber Schoenborn**

Employer Representative (at-large)

#### **Charles Steffan**

Employer Representative (at-large)

#### **Pamela Walker**

Employee Representative  
(organized labor)

#### **Chris Whalen**

Member-at-large



# Agency History

In 1919, the 16th Legislative Assembly created the Workmen's Compensation Bureau. Its purpose was to provide "sure and certain relief regardless of questions of fault to the exclusion of every other remedy, proceeding or compensation." The intent of the law was to provide relief to workers injured while on the job. This relief would be in the form of compensation for lost earnings and payment of medical bills incurred. It was anticipated that the law would help employers by eliminating the risk of damaging lawsuits by injured employees.

Today, Workforce Safety & Insurance (WSI) remains an exclusive, employer financed, no-fault insurance state fund covering workplace injuries, illnesses, and death. WSI is the sole provider and administrator of the workers' compensation system in North Dakota. North Dakota is one of four exclusive state funds in the country (the other three are Ohio, Washington, and Wyoming). This means that all employers, must purchase workers' compensation insurance from the state fund, 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.

The Governor appoints the agency's Executive Director and the Board of Directors. The 11-member Board of Directors is an advisory board with members serving 4-year terms. Six members represent employers with active WSI accounts, three members represent employees, one member is a member of the North Dakota Medical Association, and one is appointed as an at-large member.

As administrator of workers' compensation laws, WSI collects premiums from employers and adjusts rates of premium for each classification to assure the solvency of the organization. WSI also provides workers' compensation for injured employees, cooperates in making arrangements for rehabilitation of persons injured in employment, provides safety grants and incentives to employers, and classifies types of employment with respect to degree of hazard.

## Our Purpose ... to care for injured workers

### WSI Executive Staff

#### **Back Row** (Left to Right):

Barry Schumacher – Chief of Employer Services; Tim Wahlin – Chief of Injury Services; Bryan Klipfel – Director; Tim Schenfisch – Information Technology Director; John Halvorson – Chief Operating Officer;

#### **Middle Row** (Left to Right):

Jodi Bjornson – General Counsel; Mary Marthaller – Executive Secretary; Lisa Stieg – Director of Finance;

#### **Front Row** (Left to Right):

Mary Selzler – Human Resources Director; Valerie Kingsley – Communications Director



## WSI consists of three divisions: Administrative Services, Employer Services, and Injury Services.

### Administrative Services:

**Communications:** Maintain close relations with the news media and the public they serve, as well as contact with governmental leaders and other stakeholders. It also works to enhance the agency's internal communications.

**Facility Management:** Operate Century Center, WSI's home since May 2003. Century Center is also the home for other state agencies.

**Finance:** Monitor, record, and report on all WSI financial activity to ensure WSI resources are used effectively and efficiently and WSI fund solvency is maintained.

**Human Resources:** Administer the personnel functions of WSI and maintain the performance management system of WSI.

**Information Services:** Provide support and services for all computers, and software for all WSI staff.

**Internal Audit:** Plan, direct, and complete internal audits and compliance reviews to ensure WSI departments and major programs are properly functioning and operating in accordance with applicable laws, rules, and Board outcomes.

**Legal:** Provide support services to legal counsel and assistance to the staff of Injury Services, Employer Services, and other administrative departments.

**Special Investigations:** Provide WSI's Claims, Employer Services, and Medical Services departments with investigation resources for claims adjudication, employer and medical provider noncompliance, and fraud.

**Quality Assurance:** Ensure the continual improvement of WSI operations by statistically tracking performance and identifying areas that need improvement, and new initiatives that would serve to improve the overall efficiency and cost effectiveness of WSI.

**Decision Review Office:** Provide injured employees with a no-cost, dispute resolution alternative to litigation and to reduce the amount of attorney fees paid by the agency.

### Employer Services:

**Policyholder Services:** Manage employer insurance accounts, develops annual premium rate and classification structures, rates employer loss experience, determines coverage status, and manages extraterritorial agreements with other states.

**Safety and Loss Prevention:** Assist employers with safety and loss prevention program design, implementation, and training; conducts workplace safety inspections; and investigates industrial accidents. The department works with employers to establish their own safety programs and provides opportunities through matching grants to purchase safety interventions to eliminate hazards in the workplace.

### Injury Services:

**Claims:** Process claims of injured employees. Claims technicians work closely with the claim adjusters to provide clerical support and assistance in the collection of required documentation needed in the processing of claims.

**Customer Service:** Receive and answer incoming calls.

**Medical Services & Pharmacy:** Provide educational and administrative services to the medical community. Functions include bill review and payment; review of medical services and prescriptions for appropriateness; liaison with medical community; and validation of PPI evaluations.

**Office Services:** Provide support services to all of WSI through mail processing, document imaging, claims registration, fax and photocopying services, forms processing, medical and non-medical bill entry, records retention, and off-site storage.

**Return-to-Work Services:** Assist injured employees and employers to coordinate a stay-at-work or a return-to-work plan.

## Our Business ... we provide workers' compensation and safety services



# North Dakota 2021 Legislative Summary

## House Bill (HB) 1021

Provides a WSI appropriation of \$73,186,928 and FTE authority for 260.14 FTEs for the 2021-23 biennium.

## HB 1040

Extends injured worker and employer appeal timeframes from 30 to 45 days following issuance of a Notice of Decision or Administrative Order under North Dakota Century Code § 65-01-16 and 65-04-32. HB 1040 does not apply to the Binding Dispute Resolution process.

## HB 1051

WSI Employer Services Bill. This legislation:

1. provides for payment of attorney fees for an employer involved in a jurisdictional dispute in another state when WSI determines the employer did not have significant contacts in that other state,
2. establishes a continuing appropriation for the payment of fees associated with credit and debit card payments made to the organization,
3. provides explicit authority for the settlement of premium disputes,
4. clarifies the application of premium audit findings, and
5. permits WSI to retain counsel on both a contingent and hourly basis for work on WSI litigation.

## HB 1084

WSI Injury Services Bill. This legislation:

1. provides that a compensable injury does not include injuries caused by the use of recreational marijuana,
2. establishes a fee structure for outgoing file copies,

3. further defines what constitutes an employer and/or an injured worker willful misrepresentation,
4. requires an injured worker to meet the requirements of a reapplication for benefits following an unjustified limitation or refusal of employment,
5. provides WSI a communication mode with relevant parties in the event of a deceased or incapacitated injured worker absent a signed release,
6. provides clean-up changes to create consistent language throughout Title 65 regarding the definition of average weekly wage, and
7. requires injured workers that have completed a rehabilitation training program that have established a significant change in medical condition to sustain an actual wage loss to be eligible for further retraining or disability benefits.

## HB 1139

Provides duration-dosage limits for certain drug therapies under North Dakota Century Code §65-05-40.

1. establishes duration limits and maximum payable dosing limits for opioid therapies,
2. establishes duration limits for benzodiazepines.
3. outlines dispute resolution process for requests to depart from the limits proposed.

## SB 2148

Adds physical therapist to the definition of "health care provider" under North Dakota Century Code § 65-01-02.



# Workforce Safety & Insurance

## Quick Facts - Fiscal Years 2014 - 2021

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
<b>Employer accounts</b>	25,359	25,615	24,685	24,228	24,148	24,467	24,574	24,778
<b>Earned premiums (\$millions)<sup>1</sup></b>	\$320.0	\$336.9	\$297.8	\$239.0	\$235.6	\$238.0	\$222.0	\$176.4
<b>Fund surplus (Net Position) (\$millions)</b>	\$439.1	\$454.8	\$466.1	\$608.8	\$681.1	\$770.4	\$906.0	\$1,131.6
<b>Declared Premium Dividends (\$millions)</b>	\$115.0	\$100.0	\$150.0	\$105.0	\$105.0	\$110.0	\$103.0	\$90.0
<b>Actual premium dividends<sup>2</sup></b>	\$95.6	\$92.8	\$123.2	\$118.0	\$105.1	\$106.5	\$90.0	\$90.0
<b>Investments (\$millions)</b>	\$1,704	\$1,763	\$1,832	\$1,895	\$1,923	\$2,065	\$2,126	\$2,311
<b>Investment returns</b>	11.71%	3.27%	3.58%	8.29%	5.34%	6.87%	6.00%	11.57%
<b>Average annual premium rate change<sup>3</sup></b>	-0.7%	1.3%	4.8%	-2.5%	-7.9%	-6.8%	-7.1%	-8.0%
<b>Covered workforce</b>	418,234	435,993	427,899	408,107	405,367	409,559	414,371	386,414
<b>Medical-only claims filed</b>	22,866	21,576	18,806	17,662	17,439	17,493	16,249	14,285
<b>Wage-loss claims filed</b>	3,530	3,222	2,471	2,383	2,429	2,423	2,577	3,571
<b>Total claims filed</b>	26,396	24,798	21,277	20,045	19,868	19,916	18,826	17,856
<b>Total claims filed per 100 Covered Workers</b>	6.31	5.69	4.97	4.91	4.90	4.86	4.54	4.62
<b>Wage-loss claims filed per 100 Covered Workers</b>	0.84	0.74	0.58	0.58	0.60	0.59	0.62	0.92
<b>General Administrative and ULAE Expenses (\$millions)</b>	\$33.1	\$33.7	\$36.1	\$37.4	\$37.8	\$38.3	\$37.6	\$41.3
<b>General Administrative Expense and ULAE Ratio</b>	10.3%	10.0%	12.1%	15.6%	16.0%	16.1%	16.9%	23.4%
<b>Indemnity benefits paid (\$millions)</b>	\$79.9	\$82.5	\$79.4	\$72.2	\$67.7	\$61.6	\$58.5	\$48.8
<b>Medical benefits paid (\$millions)</b>	\$112.9	\$108.8	\$88.2	\$91.1	\$82.9	\$83.6	\$81.3	\$62.3
<b>Allocated Loss Adjustment Expense (ALAE) paid (\$millions)</b>	\$5.4	\$6.9	\$6.7	\$5.9	\$5.9	\$4.9	\$5.2	\$4.7
<b>Total paid benefits (\$millions)</b>	\$198.2	\$198.2	\$174.3	\$169.2	\$156.5	\$150.1	\$145.0	\$115.8
<b>Maximum weekly wage-loss benefit</b>	\$1,098	\$1,143	\$1,219	\$1,214	\$1,168	\$1,200	\$1,248	\$1,292
<b>Minimum weekly wage-loss benefit</b>	\$527	\$549	\$585	\$583	\$561	\$576	\$599	\$620
<b>Claims adjudicated within 14 days</b>	41%	39%	39%	41%	40%	39%	40%	40%
<b>Claims Reported within 14 days</b>	87%	87%	88%	88%	88%	88%	89%	87%
<b>Litigation requests</b>	265	304	357	281	234	176	223	180
<b>Injured Worker Independent Customer Satisfaction Survey (1 to 5 scale)<sup>4</sup></b>	4.23	4.11	4.06	3.99	4.13	4.15	4.18	4.12
<b>Employer Independent Customer Satisfaction Survey (1 to 5 scale)</b>	4.22	4.27	4.31	4.41	4.42	4.32	4.37	4.39
<b>WSI employee turnover rate</b>	7.2%	9.3%	5.1%	3.5%	6.7%	6.9%	5.1%	6.4%

<sup>1</sup> Reflects earned premiums after safety discounts and before reinsurance and dividends

<sup>2</sup> Current fiscal year amount is an estimate based on prior year's premium

<sup>3</sup> Calculated by Actuary - Rate Review

<sup>4</sup> The injured worker survey population includes claims 60-120 days post acceptance, closed claims, claims open > 1 year, and denied claims



# North Dakota Workforce Safety & Insurance

## North Dakota Weekly Benefit Levels

Effective	Maximum <sup>1, 2</sup>	Minimum <sup>3</sup>	PPI <sup>4, 5</sup>	SAWW	% Change <sup>6</sup>
7/1/2021	1,327	637	372	1,061	2.7%
7/1/2020	1,292	620	362	1,033	3.5%
7/1/2019	1,248	599	350	998	4.0%
7/1/2018	1,200	576	336	960	2.8%
7/1/2017	1,168	561	327	934	-3.8%
7/1/2016	1,214	583	340	971	-0.4%
7/1/2015	1,219	585	342	975	6.7%
7/1/2014	1,143	549	320	914	4.1%
7/1/2013	1,098	527	308	878	10.3%
7/1/2012	995	478	279	796	9.9%
8/1/2011	905	435	254	724	----
7/1/11 to 7/31/11	905	435	242	724	6.2%
7/1/2010	853	410	228	682	2.6%
8/1/2009	832	399	222	665	----
7/1/09 to 7/31/09	732	399	222	665	6.2%
7/1/2008	689	376	209	626	5.6%
7/1/2007	653	356	198	593	4.6%
7/1/2006	624	341	189	567	3.3%
7/1/2005	604	330	183	549	4.8%
7/1/2004	577	315	175	524	4.0%
7/1/2003	555	303	168	504	3.3%
7/1/2002	537	293	163	488	4.1%

<sup>1</sup> Effective August 1, 2009, the maximum weekly benefit is equal to 125% of the SAWW.

<sup>2</sup> Effective August 1, 1999, the maximum weekly benefit is equal to 110% of the SAWW.

<sup>3</sup> The minimum benefit is equal to 60% of the SAWW unless this amount exceeds the employee's net wages (gross wages minus deductions for federal income tax and social security) in which case the employee receives net wages as a weekly compensation rate.

<sup>4</sup> Prior to August 1, 2011 the PPI rate was equal to 33 1/3% of the SAWW in effect on the date of the impairment evaluation.

<sup>5</sup> Effective August 1, 2011 the PPI rate is 35% of the SAWW in effect on the date of the impairment evaluation.

<sup>6</sup> Annual COLA (Supplemental Benefit) is equal to the percent increase in the SAWW. If zero or less, no COLA adjustment is made.

## WSI Servant Leadership

For the last decade, WSI's employees have embraced a culture of volunteering and giving. There are three teams that meet to both support employees and causes in the community. The WSI Employee Council plans fun events for employees. The Wellness Team promotes the overall health of employees. And the Servant Ambassadors promotes goodwill and community fellowship.

In the spring of 2020, all of these teams were challenged during the COVID pandemic to come up with new ways to virtually interact with employees and the community. In addition, these teams were instrumental in helping raise more than \$30,000 during the period of this biennial report from WSI employees. These funds were then given to community projects and charities. In addition WSI staff on their own time provided countless hours to these charitable organizations.

## Some highlights during this biennial reporting period:

### July 2020

\$500 donations were given each to Ronald McDonald House Charities and Miles of Love Dog Rescue.

### August 2020

Fill the Bus with employee-donated supplies for school children. WSI employees volunteer for the Burleigh County Senior Adult Program.

### September 2020

\$500 donations each to the Brave the Shave Family Fun and Alzheimer's Association.

### December 2020

United Way Campaign at WSI raised \$12,615 from employees.

### February 2021

\$650 donations given to 9 different charities

### March 2021

Food drive took place with proceeds donated to Ministry on the Margins.

### May 2021

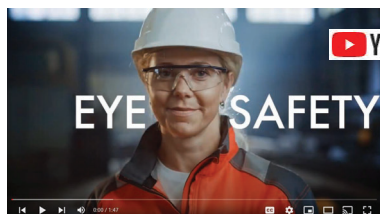
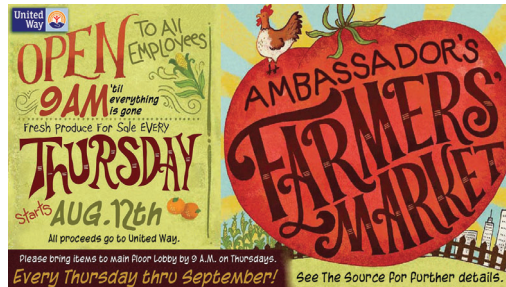
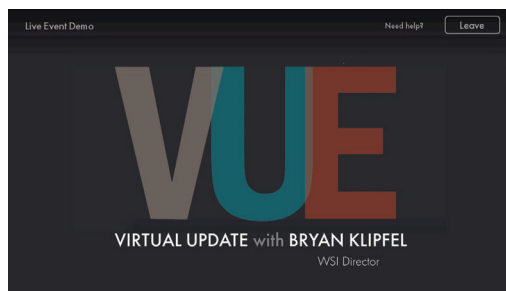
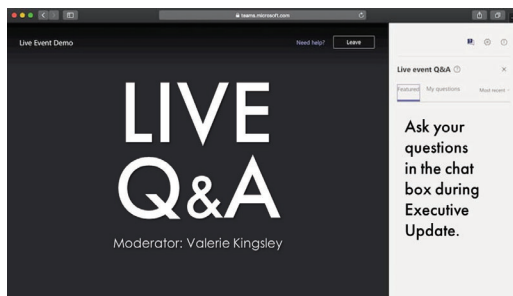
\$675 donations given to 8 different charities

### June 2021

Servant Ambassadors and other staff from WSI volunteered at several schools in Bismarck to assist Bismarck Public Schools for the United Way Summer Hunger Lunch Program. Volunteers also helped picking up backpacks for children who were identified to receive additional food for the weekend.







# Working as One.

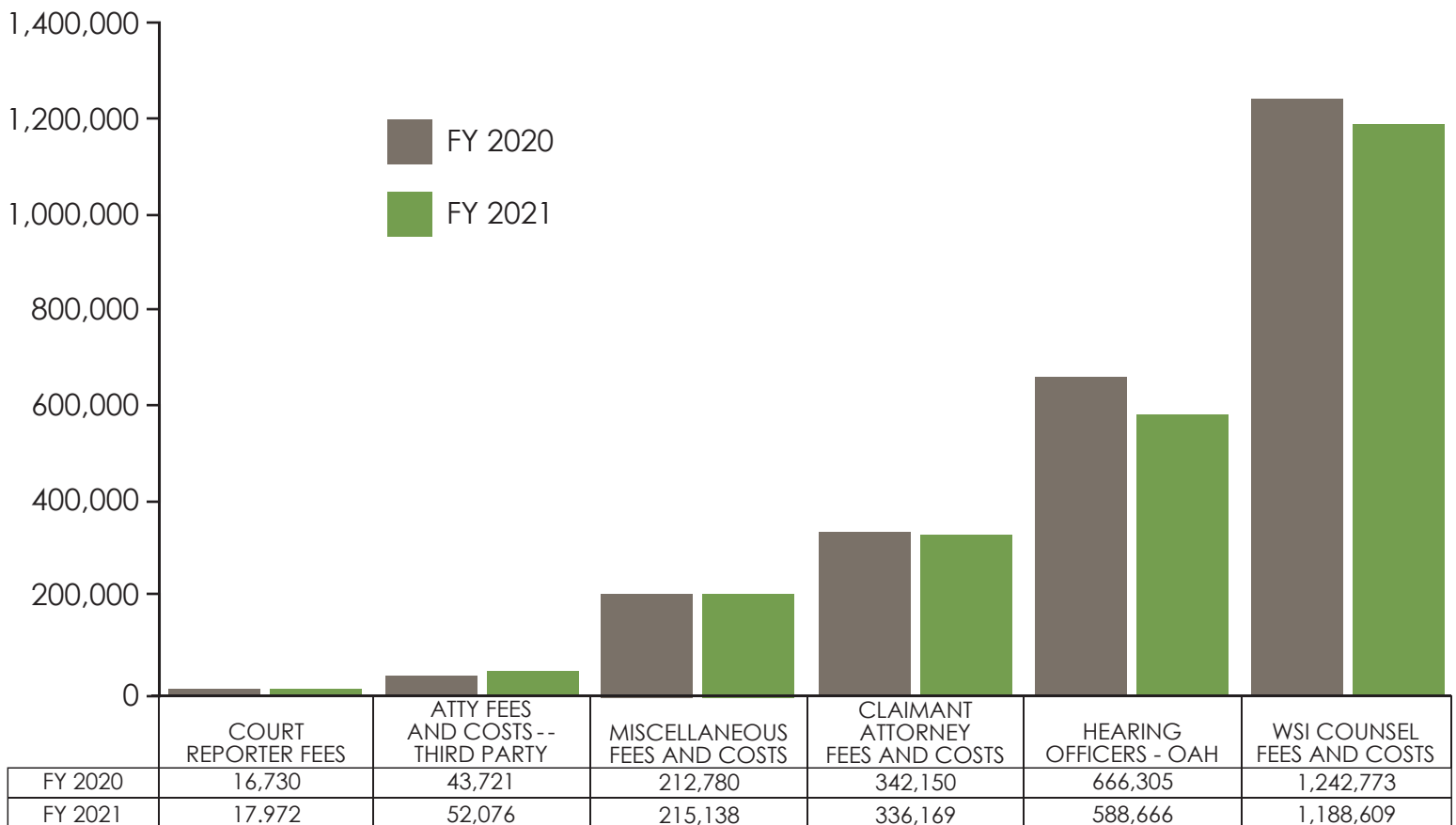




## Cause of Injury

	FY2020		FY2021	
	Total Filed	% of Total	Total Filed	% of Total
Burn or Scald-Heat or Cold Exposure	534	2.8%	440	2.5%
Caught In or Between	602	3.2%	526	2.9%
Cut, Puncture, Scrape Injured By	2,374	12.6%	2,160	12.1%
Fall or Slip Injury	4,208	22.4%	3,060	17.1%
Miscellaneous Causes	2,192	11.6%	3,609	20.2%
Motor Vehicle	437	2.3%	358	2.0%
Rubbed or Abraded By	8	0.0%	14	0.1%
Strain or Injury By	4,872	25.9%	4,359	24.4%
Striking Against or Stepping On	736	3.9%	694	3.9%
Struck or Injured By	2,863	15.2%	2,636	14.8%
Uncoded		0.0%		0.0%
<b>Grand Total</b>	<b>18,826</b>	<b>100.0%</b>	<b>17,856</b>	<b>100.0%</b>

## FY 2020 and FY 2021 Legal Paid Costs





**BALANCE SHEETS**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,337,285	\$ 3,227,247
Investments	2,301,507,422	2,115,391,803
Invested securities lending collateral	6,288,417	6,492,798
Premium receivables, net	13,767,431	21,495,989
Other accounts receivable, net	3,359,889	3,745,682
Investment interest receivable	9,871,271	10,554,243
Prepaid expenses	547,115	429,747
Total current assets	2,338,678,830	2,161,337,509
NON-CURRENT ASSETS		
Premises, furniture and equipment	18,584,021	18,538,308
Total assets	2,357,262,851	2,179,875,817
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflow pension	26,496,389	9,020,136
Deferred outflow OPEB	398,988	349,616
Total deferred outflows	26,895,377	9,369,752
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 2,384,158,228	\$ 2,189,245,569
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	7,767,417	5,778,901
Compensated absences, net	1,606,723	1,512,146
Unearned premium	92,039,810	104,215,341
Dividend payable	92,172,920	107,034,501
Securities lending collateral	6,288,417	6,492,798
Unpaid loss and LAE	120,011,880	123,575,040
Total current liabilities	319,887,167	348,608,727
NONCURRENT LIABILITIES		
Compensated absences, net	261,559	246,163
Pension liability	43,558,302	17,419,152
OPEB liability	1,148,141	1,145,698
Unpaid Loss & LAE - discounted 4% in 2021 and 4.5% in 2020	880,087,120	906,216,960
Total non current liabilities	925,055,122	925,027,973
Total liabilities	1,244,942,289	1,273,636,701
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow pension	7,536,303	9,352,752
Deferred inflow OPEB	108,111	90,647
Total deferred inflows	7,644,414	9,443,399
NET POSITION		
Invested in capital assets	18,584,021	18,538,308
Designated/Unrestricted	1,112,987,504	887,627,161
Total net position	1,131,571,525	906,165,469
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$ 2,384,158,228	\$ 2,189,245,569

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET  
POSITION YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
OPERATING REVENUES		
Net premiums earned	\$ 175,613,707	\$ 221,367,451
Penalties and finance charges	1,507,979	1,470,895
Third party subrogation recoveries	4,015,287	4,529,310
Rental operations	891,835	814,651
Other revenue	<u>400,452</u>	<u>199,546</u>
Total operating revenues	<u>182,429,260</u>	<u>228,381,853</u>
OPERATING EXPENSES		
Incurred losses	94,913,286	88,374,676
Payroll and benefits	23,776,486	23,913,939
Pension Expenses	7,712,243	3,377,880
OPEB Expenses	150,599	145,344
Other administrative expenses (income)	(2,899,317)	(2,222,257)
Bad debt expense	798,348	1,709,918
Depreciation expense	<u>2,619,013</u>	<u>2,096,953</u>
Total operating expenses	<u>127,070,659</u>	<u>117,396,453</u>
OPERATING INCOME	<u>55,358,601</u>	<u>110,985,400</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest and investment revenue	157,480,734	99,162,421
Investment expenses	(5,164,378)	(4,137,639)
Securities lending investment revenue	88,961	128,225
Securities lending expenses	(17,785)	(25,602)
Net increase in fair value of investments	90,030,253	25,946,671
Dividend credit expense	<u>(72,370,330)</u>	<u>(96,424,944)</u>
Net non-operating revenues (expenses)	170,047,455	24,649,132
CHANGE IN NET POSITION	225,406,056	135,634,532
TOTAL NET POSITION, BEGINNING OF YEAR	<u>906,165,469</u>	<u>770,530,937</u>
TOTAL NET POSITION, END OF YEAR	<u><u>\$ 1,131,571,525</u></u>	<u><u>\$ 906,165,469</u></u>

**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from employers	\$ 100,693,210	\$ 129,530,044
Receipts from other funds	424,289	492,920
Receipts from others	384,785	278,004
Payments to medical providers	(68,220,825)	(85,565,537)
Payments to injured workers	(49,112,654)	(57,840,535)
Payments to employers	(11,311,645)	(9,633,979)
Payments to employees	(23,873,044)	(24,016,478)
Payments to other funds	(3,023,803)	(3,432,588)
Payments to others	(680,412)	(7,596,833)
Net cash (used in) provided by operating activities	<u>(54,720,098)</u>	<u>(57,784,982)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	<u>(2,664,725)</u>	<u>(2,848,533)</u>
Net cash (used in) financing activities	<u>(2,664,725)</u>	<u>(2,848,533)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Contributions to pooled investments	(5,139)	(2,010,427)
Withdrawals from pooled investments	<u>57,500,000</u>	<u>63,000,000</u>
Net cash (used in) provided by investing activities	<u>57,494,861</u>	<u>60,989,573</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>110,038</b>	<b>356,058</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u><b>3,227,247</b></u>	<u><b>2,871,189</b></u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u><b>\$ 3,337,285</b></u></u>	<u><u><b>\$ 3,227,247</b></u></u>
<b>SCHEDULE OF OTHER NONCASH ACTIVITIES</b>		
Net increase in fair value of investments	\$ 90,030,253	\$ 27,195,370
Change in securities lending collateral	(204,381)	392,634
Investment revenue	(157,482,406)	(99,164,295)
Dividends credited to premium billings	87,231,911	102,625,515
Account receivable premium reductions	(87,231,911)	(102,625,515)

**STATEMENT OF APPROPRIATIONS**  
**YEAR ENDED JUNE 30, 2021**

	Approved 2019-2021 Biennial Appropriation	Expenditures 2020	Expenditures 2021	Unexpended Appropriation
APPROPRIATED EXPENDITURES	\$ 68,747,842	\$ 31,923,781	\$ 31,137,210	\$ 5,686,851
CONTINUING APPROPRIATIONS				
Credit Card Fees		-	138,834	
Building operations		913,710	846,257	
Reinsurance		740,843	748,343	
Other states coverage		600,000	725,000	
Litigation collection costs		719	-	
Collection agency fees		315,973	293,946	
Safety programs		2,789,283	2,428,062	
Vocational rehabilitation grant		64,983	98,123	
Employer fraud		861	227	
Provider fraud		3,977	6,653	
Total*	\$ 68,747,842	\$ 37,354,130	\$ 36,422,655	\$ 5,686,851

\* This total represents WSI's expenditures through the State Treasurer's Office using the State's Peoplesoft system. WSI has received an authorization from the State Treasurer's Office to also issue payments directly from the Bank of North Dakota; these payments include policyholder refunds, indemnity benefits, medical benefits, allocated loss adjustment expenses, and the educational revolving loan fund.



**FINANCIAL INFORMATION**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

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***Financial Highlights***

Fiscal year 2021 shows decreases in earned premiums, incurred losses, and the number of filed claims. There was a slight increase in the number of policyholders.

At June 30, 2021 and June 30, 2020 coverage extended to the following employers:

	<b>2021</b>	<b>2020</b>
Annual premium \$250 - \$5,000	<b>20,269</b>	<b>19,734</b>
Annual premium \$5,001 - \$50,000	<b>3,896</b>	<b>4,124</b>
Annual premium \$50,001 - \$100,000	<b>329</b>	<b>370</b>
Annual premium over \$100,000	<b>284</b>	<b>346</b>
Total policyholders	<b>24,778</b>	<b>24,574</b>

North Dakota's active policyholder count increased by 204 policies in fiscal year 2021, ending with a total of 24,778 policies.

**NOTES TO FINANCIAL STATEMENTS**

**1. Summary of Significant Accounting Policies.** Prepared financial statements of Workforce Safety & Insurance follow the pronouncements of the Governmental Accounting Standards Board (GASB), which is the nationally accepted standard-setting body for establishing accounting principles generally accepted in the United States of America for governmental entities.

Eide Bailly audited fiscal year 2021 and 2020, issuing an unmodified opinion each year. Eide Bailly followed U.S. generally accepted auditing standards and governmental auditing standards. For complete financial information and footnotes, refer to the audited financial report available at WSI.

**2. Cash and Cash Equivalents.** Cash and cash equivalents, for reporting purposes, includes cash and short-term, highly liquid investments that are readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates.

**3. Investments.** Investments include holdings of U.S. Treasury instruments, bonds, mortgage loans, real estate and stocks as well as cash invested in money market funds. Investments are stated at fair value, which was determined by reference to published market date for publicly traded securities or through the use of independent valuation services and appraisers for other investments.

**4. Premium Receivable.** Premium Receivables are stated net of allowance for doubtful accounts in the amounts of \$5,000,000. The Premium Receivable total includes outstanding premium and an estimate of premiums that have yet to be billed at year-end, but will be billed in subsequent periods.

**5. Other Accounts Receivable.** Other Accounts Receivable consists of reinsurance receivable on loss payments, receivables resulting from overpayments of claims, and other miscellaneous receivables. These receivables are stated net of allowances for doubtful accounts in the amount of \$2,000,000.

**6. Prepaid Expenses.** Payments made to vendors which exceed \$12,000 per year, for services that will benefit periods beyond fiscal year-end are recorded as prepaid expenses.

**7. Premises, Furniture and Equipment and Depreciation.** All fixed assets are recorded in the accompanying financial statements at cost. WSI capitalizes equipment costing over \$5,000 in accordance with section 54-27-21 of the North Dakota Century Code. WSI's fixed assets are being depreciated on a straight-line basis over estimated useful lives ranging from 3 to 50 years. Accumulated depreciation was \$13.3 million as of June 30, 2021 and \$10.8 million on June 30, 2020.

**8. Reinsurance.** WSI purchased reinsurance for CY 2021 and 2020 to offset possible catastrophic claims due to the types of industries which continue to enter and expand with the state. Reinsurance costs total approximately \$767 thousand and \$681 thousand in FY 2021 and 2020 respectively.

**9. Due to Other State Agencies.** During the course of operations, numerous transactions occur with other state agencies for goods provided or services rendered. These payables are classified "Due to Other State Agencies" on the balance sheet in the period in which the liability applies.

**10. Compensated Absences Payable.** WSI employees accrue vested annual leave at a variable rate based on years of service. Accrued annual leave cannot exceed 30 days at each WSI year-end. Employees are paid for unused annual leave upon termination or retirement. WSI employees also accrue sick leave at the rate of one working day per month of employment without limitation on the amount that can be accumulated. After 10 years of continuous service, the State is liable for 10% of the employee's unused sick leave.

**11. Unearned Premium.** Premiums are billed to the employer at the beginning of the employer's policy year. The billed premium is recognized as revenue on a straight-line basis over the applicable policy year. Unearned premiums consist of the unamortized portion of the premiums at WSI's year-end.

**12. Unpaid Loss and Loss Adjustment Expenses (LAE).** The liability for unpaid loss and LAE is estimated by WSI's independent actuary, taking into consideration past experience of WSI in paying claims and the general conditions of WSI's operational environment. This liability is based on the estimated ultimate costs to settle both reported, and incurred but not reported (IBNR) losses, as well as the related loss adjustment expenses (LAE) and includes the effects of inflation and other economic factors. The actuarial computations included a 4% discount at June 30, 2021 and a 4.5% discount at June 30, 2020. The discount rate is a key factor in reporting this liability at its estimated present value.

**14. Dividend Credits.** WSI issued dividend credits estimated at \$90 million on June 30, 2021. In the past seventeen years, approximately \$1.6 billion of dividend credits have been declared and applied against employer accounts.

**15. Restricted Net Assets.** The 2005 Legislative Assembly established a minimum and maximum financial range for WSI's fund surplus. The 2009 Legislative Assembly established specific guidelines regarding (a) when a dividend could be declared, and (b) the amount of dividend that could be declared. Both of these determinations are based upon the ratio of surplus to actuarial estimates of discounted reserves.

WSI's available surplus plus discounted reserve liabilities on June 30, 2021, was equal to 210.8% of the actuarial discounted reserve of \$1,000,099,000. The available surplus plus discounted reserve liabilities on June 30, 2020, totaled 185.5% of the actuarial discounted reserve of \$1,029,792,000.



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# WSI

## North Dakota Workforce Safety & Insurance

### 2019 - 2021 Biennial Report

