

# *2018 Business Plan Results*

# Key Success Measures

## KSM

## 2018 BP

**Net Earned Premium**

\$162.4M

**Loss Ratio**

75.1%

**Expense Ratio**

40.5%

**Investment Income**

\$40.7M

**Net Operating Income** (before dividend)

\$10.7M

**Achieve Enterprise Wide Initiatives**

---

## *Net Earned Premium Target - \$162.4M*

- Implement board approved rate action  
**Result:** overall 8% decrease at March 2018 meeting
- New Premium – \$12.2M  
**Result:** \$13.2M
- Premium Retention – 90.7%  
**Result:** 91.2%

*NEP Result - \$161.3M*

## *Loss Ratio Target – 75.1%*

- Planned current accident year performance of 75.1%

**Result:** 73.2%

- Planned to manage to zero prior period development

**Result:** (\$4.2M) of favorable prior period development

*Loss Ratio Result - 72.6%*

---

## *Expense Ratio Target – 40.5%*

- Manage loss adjustment expense to 12.7%

**Result:** 13.3%

- Manage operating expenses to 27.8%

**Result:** 26.3%

*Expense Ratio Result - 39.6%*

## *Investment Income Target – \$40.7M*

- Achieve earned investment income of \$35.9M and realized gains of \$4.8M
- Achieve portfolio composition

Bonds: 80.0%

**Result: 81.2%**

Equities: 12.0%

**Result: 10.8%**

Real Estate: 6.0%

**Result: 6.7%**

Short term investments: 2.0%

**Result: 1.2%**

---

## *Investment Income*

- Match Returns

Barclays Capital Government/Credit Intermediate Term Bond Index: .88%

**Result: .80%**

S&P 500 Index: 4.38%

**Result: 4.36%**

MSCI AC World International Equity Index: 14.2%

**Result: 14.15%**

NCREIF ODCE (Net) Index: 8.4%

**Result: 6.32%**

*Investment Income Result - \$57.3M*

*Net Operating Income Target – \$10.7M (before dividend)*

**Net Operating Income Result - \$34.0M (before dividend)**

*Statutorily Report - Premium to Equity Ratio*

**Target: 0.30:1**

**Result: 0.31:1**

# Key Success Measures

KSM	2018 Target	2018 Result
<b>Net Earned Premium</b>	\$162.4M	<b>\$161.3M</b>
<b>Loss Ratio</b>	75.1%	<b>72.6%</b>
<b>Expense Ratio</b>	40.5%	<b>39.6%</b>
<b>Investment Income</b>	\$40.7M	<b>\$57.3M</b>
<b>Net Operating Income</b> (before dividend)	\$10.7M	<b>\$34.0M</b>

**Achieve Enterprise Wide Initiatives**

# *Enterprise Wide Initiatives*

## Customer Service

- Policy and Billing System Replacement
  - Julie Jenkinson, VP Operations
  - Sam Heigh, VP Operations Support
  - Al Parisian, CIO
- Worksafe Champions
  - Rick Duane, VP Human Resources
  - Sam Heigh, VP Operations Support
- Growing a Safer Montana
  - Julie Jenkinson, VP Operations
  - Al Parisian, CIO

---

# *Policy and Billing System Replacement*

## **Performance Indicator:**

Development and testing of core functionality planned for phase one, continued organizational change management, and stakeholder communication.

# *Policy and Billing System Replacement*

## **One measure met later than plan - multi year**

### **Success Measure:**

- Identify opportunities and plan what to continue, stop, and modify based on comparing overall organizational change readiness scores between the year-end 2017 benchmark survey measure and the mid-2018 survey measure by June 30, 2018. Present the analysis and any adjustments to the Executive Team in the August, 2018 status report.

### **Result:**

- Organizational change management roadmap complete in May and approved by Executive Team on August 13.

# *Policy and Billing System Replacement*

## **One measure met later than plan - multi year**

### **Success Measure:**

- Demonstrate system functionality supporting at least have of weighted business value metrics through analysis and provide written certification from IV&V by October 9, 2018.

### **Result:**

- IV&V completed analysis in November. They did find the business value as defined was being delivered.

# *Policy and Billing System Replacement*

## **One measure met later than plan - multi year**

### **Success Measure:**

- Analysis and forecast provided to the Board of Directors in time for December 2018 board meeting documenting that policy and billing system replacement is on track to manage to the Board approved six year budget.

### **Result:**

- Forecast provided to sponsors in December indicating the project on track to meet the six year budget of \$19.9M for the items specified in the June 2017 proposal.

---

## *Worksafe Champions*

### **Performance Indicator:**

Provide practical tools to enhance our customers' ability to prevent workplace accidents.

# *Worksafe Champions* - **Complete**

## **Success Measure:**

- One hundred percent of all Worksafe Champions onsite and central workshop graduates demonstrate positive behavior to improve their health and safety culture by developing a safety action plan and demonstrate progress (as measured by assigned MSF Safety Management Consultant) to implement the plan by December 31, 2018.

## **Result:**

- One hundred percent of onsite and central workshop attendees developed a safety action plan and demonstrated progress in implementing the plan.

---

## *Worksafe Champions* - **Complete**

### **Success Measure:**

- At least 92% of all Worksafe Champions onsite and central workshop policyholders rate the overall course quality and content as good or better.

### **Result:**

- 99.6% of all participants rated the content as good or better.

# *Worksafe Champions* - **Complete**

## **Success Measure:**

- Provide a Worksafe Champions Elite program that recognizes and encourages Worksafe Champion alumni policyholders to continue to use the information, concepts, and tools from Worksafe Champions to improve the safety and health of their organization. Engage at least five alumni policyholders to actively participate in the program by June 1, 2018.

## **Result:**

- Six applicants designated as Worksafe Champions Elite.

---

## *Growing a Safer Montana*

### **Performance Indicator:**

Work to positively impact the safety culture for the next generation of employees by addressing challenges for young workers in high-risk trades.

## *Growing a Safer Montana* - **Complete**

### **Success Measure:**

- Educate young workers and begin to influence safety culture through:
  - Awarding up to 20 high school level safety grants targeted at trade and industry classrooms by September 30, 2018.

### **Result:**

- 22 applications received and grants awarded to all. Personal protective equipment delivered by September 30, 2018.

## *Growing a Safer Montana* - **Complete**

### **Success Measure:**

- Educate young workers and begin to influence safety culture through:
  - Selecting up to 11 scholarship recipients in targeted trade/industry and safety/health programs beyond high school by December 31, 2018

### **Result:**

- 15 applications received and 11 recipients selected by December 31, 2018. Award ceremony held in Helena in January.

# *Questions*

**Montana**  
State Fund

