

2020 Business Plan Results

Key Success Measures

KSM	2020 Plan
Net Earned Premium	\$149.1M
Loss Ratio	74.2%
Expense Ratio	39.0%
Investment Income	\$44.1M
Net Operating Income (prior to dividend)	\$21.0M
Achieve Enterprise Wide Initiatives	

Net Earned Premium Target - \$149.1M

- Implement board approved rate action

Result: No rate change at March 2020 meeting

- New Premium – \$14.5M

Result: \$15.9M

- Premium Retention – 91.7%

Result: 90.8%

Total NEP Result - \$148.6M

Loss Ratio Target – 74.2%

- Planned current accident year performance of 76.9%

Result: 71.5%

- Prior period favorable development \$(4.0)M

Result: \$(9.3)M of favorable prior period development

Loss Ratio Result – 65.3%

Expense Ratio Target – 39.0%

- Manage loss adjustment expense to 15.9%

Result: 10.4%

- Manage operating expenses to 23.1%

Result: 20.9%

Expense Ratio Result – 31.3%

Investment Income Target – \$44.1M

- Achieve earned investment income of \$37.1M and realized gains of \$7.0M
- Achieve Portfolio Composition

Bonds: 80.0%

Result: 78.1%

Equities: 12.0%

Result: 13.7%

Real Estate: 6.0%

Result: 6.1%

Short term investments: 2.0%

Result: 2.0%

Investment Income

- Match Returns

Bloomberg Barclays Intermediate US Aggregate Bond Index: 6.43

Result: 5.35

S&P 500 Index: 18.40

Result: 18.31

MSCI AC World International Equity Index: 10.65

Result: 10.60

NCREIF ODCE (Net) Index: .34

Result: (1.56)

Investment Income Result - \$57.0M

Net Operating Income Target – \$21.0M (before dividend)

Net Operating Income Result - \$59.1M (before dividend)

Statutorily Report - Premium to Equity Ratio

Target: 0.28

Result: 0.25

Key Success Measures

KSM	2020 Plan	2020 Result
Net Earned Premium	\$149.1M	\$148.6M
Loss Ratio	74.2%	65.3%
Expense Ratio	39.0%	31.3%
Investment Income	\$44.1M	\$57.0M
Net Operating Income (prior to dividend)	\$21.0M	\$59.1M
Achieve Enterprise Wide Initiatives		

Enterprise Wide Initiatives

Customer Service

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

Policy and Billing System Replacement

Performance Indicator:

Development and testing of core functionality, in-depth user training, continued organizational change management, and stakeholder communication. Go live planned before calendar year end.

Policy and Billing System Replacement

Not met - multi year

Success Measure:

- Policy and billing applications go live and are in production use by calendar year end.

Result:

- Decision made to delay implementation due to critical defects remaining at end of the year.

Policy and Billing System Replacement

Met - multi year

Success Measure:

- At system implementation, all identified tasks will have at least 90% of primary direct system users at a level three proficiency (able to perform task independently). Metric will be based on employee skills reports and certified by Independent Validation and Verification consultant.

Result:

- 94% of primary direct system users at level three proficiency as of December 31, 2020.

Policy and Billing System Replacement

Met - multi year

Success Measure:

- Analysis and forecast provided to the Board of Directors in time for December 2020 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' abilities 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, 2020.

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:

- One hundred percent of all surveyed participants rated the content as good or better.

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 targeted high-risk trades.

Growing a Safer Montana - **Complete**

Success Measure:

- Educate young workers and begin to influence safety culture through:
 - Awarding up to 35 high school level safety grants targeted at trade and industry classrooms by September 30, 2020.

Result:

- Grants awarded to 37 classrooms. Personal protective equipment delivered by August 31, 2020.

Growing a Safer Montana - **Complete**

Success Measure:

- Educate young workers and begin to influence safety culture through:
 - Selecting up to 15 scholarship recipients in targeted trade/industry and safety/health programs beyond high school by December 31, 2020

Result:

- Fifteen recipients selected by November 30, 2020. Award ceremony held virtually in January.

Questions

Montana
State Fund

