

2021 Business Plan Results

Key Success Measures

KSM	2021 Plan
Net Earned Premium	\$149.7M
Loss Ratio	69.2%
Expense Ratio	40.0%
Investment Income	\$42.3M
Net Operating Income (prior to dividend)	\$24.7M
Achieve Enterprise Wide Initiatives	

Net Earned Premium Target - \$149.7M

- Implement board approved rate action
Result: overall 10% decrease at March 2021 meeting
- New Premium – \$13.3M
Result: \$14.8M
- Premium Retention – 90.7%
Result: 92.2%

Total NEP Result - \$159.7M

Loss Ratio Target – 69.2%

- Planned current accident year performance of 71.9%

Result: 71.7%

- Prior period favorable development -\$4.0M

Result: -\$21.7M of favorable prior period development

Loss Ratio Result – 58.1%

Expense Ratio Target – 40.0%

- Manage loss adjustment expense to 13.3%

Result: 17.9%

- Manage operating expenses to 26.7%

Result: 16.6%

Expense Ratio Result – 34.5%

Investment Income Target – \$42.3M

- Achieved earned investment income of \$34.7M and realized gains of \$38.4M
- Portfolio Composition
 - Bonds: 80.0% **Result: 78.5%**
 - Equities: 12.0% **Result: 13.7%**
 - Real Estate: 6.0% **Result: 6.7%**
 - Short term investments: 2.0% **Result: 1.0%**

Investment Income

- Match Returns

Bloomberg Barclays Intermediate US Aggregate Bond Index: -1.29%

Result: -0.62%

S&P 500 Index: 28.71%

Result: 28.69%

MSCI AC World International Equity Index: 7.82%

Result: 7.97%

NCREIF ODCE (Net) Index: 22.17%

Result: 14.04%

Investment Income Result - \$73.1M

Net Operating Income Target – \$24.7M (before dividend)

Net Operating Income Result - \$81.6M (before dividend)

Statutorily Report - Premium to Equity Ratio

Target: 0.26

Result: 0.25

Key Success Measures

KSM	2021 Plan	2021 Result
Net Earned Premium	\$149.7M	\$159.7M
Loss Ratio	69.2%	58.1%
Expense Ratio	40.0%	34.5%
Investment Income	\$42.3M	\$73.1M
Net Operating Income (prior to dividend)	\$24.7M	\$81.6M
Achieve Enterprise Wide Initiatives		

Enterprise Wide Initiatives

Customer Service

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

Policy and Billing System Replacement

Performance Indicator:

Implement core insurance applications, stabilize production, and implement the Customer and Agent Portals in the fall.

Policy and Billing System Replacement

Not met - multi year

Success Measure:

- Implement the policyholder and agent portals in production by September 30, 2021.

Result:

- Policy, Billing, and Rating applications were implemented in late 2021. Policyholder and agent portals were not implemented in 2021.

Policy and Billing System Replacement

Not met - multi year

Success Measure:

- Analysis on business value realization for policy center and billing center provided to the Board of Directors by the December board meeting.

Result:

- Business process steps in the legacy policy system documented.

Worksafe Champions

Performance Indicator:

Provide practical tools to enhance our customers' ability to identify hazards and prevent workplace injuries.

Worksafe Champions

One goal not met

Success Measure:

- Up to four policyholders committed to the digital program and producing documented progress for their safety plan by December 31, 2021.

Result:

- Digital program not pursued as policyholder preference was for onsite or central formats.

Success Measure:

- Complete the initial Worksafe Champions centralized course in nine regions by June 30, 2021.

Result:

- Regional workshops were held in five locations with six people graduating by the end of June 2021.

Worksafe Champions

One goal not met

Success Measure:

- Up to 14 policyholders committed to the onsite program and producing documented progress for their safety plan by December 31, 2021.

Result:

- 18 policyholders committed to the onsite program during the year. Of the 71 employees signed up, 63 successfully became WorkSafe Champions.

Success Measure:

- A minimum of 11 WorkSafe Champion graduating organizations recognized as WorkSafe Champion Elite by December 31, 2021.

Result:

- 11 WorkSafe Champions Elite received up to \$3,000 in safety supplies or training to enhance their safety efforts.

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:

- Award up to 36 high school safety equipment grants targeted at trade and industry classrooms by September 30, 2021.

Result:

- 37 safety equipment grants awarded, and personal protective equipment delivered by August 31, 2021.

Success Measure:

- Award up to 10 middle school safety equipment grants by September 30, 2021.

Result:

- 11 safety equipment grants awarded, and personal protective equipment delivered by August 31, 2021.

Growing a Safer Montana

Complete

Success Measure:

- Select up to 15 scholarship recipients in targeted trade/industry and safety/health programs beyond high school by December 31, 2021

Result:

- 15 recipients selected by November 30, 2021, and the award ceremony was held virtually in January.

Questions

Montana
State Fund

