



WCF

2014 ANNUAL REPORT

**WCF OWNER
SINCE 1979**

JAY NORRIS L.K.L. Associates + WCF Policyholder



Workers Compensation Fund enjoyed an outstanding year in 2014. Net income before dividends was \$56.2 million, which included an underwriting gain of \$1.1 million and net investment income of \$54.6 million. In 2014, net earned premiums increased by over 10.5% to \$217.8 million, while losses decreased by \$6.5 million or nearly 4%. The increase in premiums was primarily the result of growth in the number of employees insured. The amount of payroll insured by WCF increased by over 6.5%. WCF participated fully in Utah's robust economy, which generated over 50,000 new jobs in 2014. The reduction in losses was a result of fewer workplace injuries in 2014. Severe injuries also declined significantly. WCF is forecasting 2,437 new indemnity claims for 2014, which would be the lowest number in any year this century. These very impressive reductions in claims reflect the significant continuing efforts of the WCF safety professionals and the commitment of our policyholders to workplace safety.

As owners of the company, policyholders share in our financial success. Favorable underwriting and investment results resulted in the payment of two policyholder dividends in 2014 totaling \$18.8 million. The cost of workers' compensation in Utah remains among the lowest of any state in the nation.

In February 2015, the Utah legislature passed Senate Bill 63, Workers' Compensation Fund Amendments. This legislation will allow the policyholders to elect the board of directors and will give policyholders more control over the company. The legislation, which moved through the legislature quickly and passed with overwhelming support, awaits the governor's signature. Key elements of Senate Bill 63 are:

1. WCF board members will be elected by policyholders rather than appointed by the governor. The first election will be for two board seats in the spring of 2016. As a result, WCF will become subject to federal income tax for the first time in its 98-year history.
2. WCF will be able to seek licenses to write workers' compensation insurance in other states.
3. WCF's subsidiaries will be able to seek licenses in Utah and other states to write other lines of property and casualty insurance.


WCF currently does not have plans to underwrite any insurance coverage other than workers' compensation insurance. In making strategic decisions about products and other states, WCF will continue to act in the best interest of its policyholders, who own the company.


As important as these changes are, there are some things that will not change:

1. WCF still has enabling legislation and will remain a nonprofit, quasi-public corporation.
2. WCF will remain Utah's carrier of last resort and continue to insure risks that cannot obtain coverage through other markets.
3. WCF will continue to be owned by its Utah policyholders and continue its long-standing policy of paying dividends to policyholders.
4. WCF will remain a strong advocate of workplace safety and a good corporate citizen.
5. WCF will continue to be financially strong and able to pay its obligations in the future.

The timing is right for these changes. They will enable WCF to meet the ever-changing needs of our policyholders and a rapidly evolving insurance market. We are confident that with these changes WCF will be able to better serve its policyholders and businesses in Utah.

Thank you for your support. We pledge our continued efforts to offer superior insurance products and outstanding service to you and your employees.


Dallas H. Bradford
Board Chair


Ray Pickup
President and Chief Executive Officer

With policyholders as our owners, we have different objectives and perspectives than other insurance companies. Our policyholders deserve more as owners, and we continually strive to provide service beyond expectations.

WCF BOARD MEMBERS



Dallas H. Bradford
Board Chair



Roger A. Livingston
Board Vice Chair



Kim K. Hood
Board Member



Heidi E.C. Leithead
Board Member



Ray D. Pickup
Board Member



Randy Rigby
Board Member



Lane A. Summerhays
Board Member

WCF CORPORATE OFFICERS



Ray D. Pickup
President,
Chief Executive Officer



Dan M. Hair
Senior Vice President,
Underwriting and Safety,
Chief Risk Officer



Peggy J. Larsen
Senior Vice President,
Chief Marketing Officer



Dennis V. Lloyd
Senior Vice President,
General Counsel



Kris R. McFarland
Senior Vice President,
Human Resources and
Organizational Development



Debi A. Mofford
Senior Vice President,
Chief Information Officer



Charles E. Pugh
Senior Vice President,
Claims



Scott E. Westra
Senior Vice President,
Chief Financial Officer

FINANCIAL HIGHLIGHTS

Year Ending December 31	2014	2013
(in thousands)		
Premiums earned, net of reinsurance	\$ 217,839	\$ 196,907
Losses and loss-adjustment expenses	160,068	166,603
Underwriting expenses	56,677	50,002
Underwriting gain (loss)	1,094	(19,698)
Net investment income	54,611	52,450
Net realized capital gains on investments	1,779	15,995
Other expenses	1,283	536
Policyholder dividends	18,837	8,207
Net income	37,364	40,004

	2014	2013
Claim count (expected ultimate for WCF only)	19,038	19,224
Policy count	19,539	19,553

December 31	2014	2013
(in thousands)		
Admitted assets	\$ 1,752,373	\$ 1,680,494
Cash and invested assets	1,714,858	1,640,350
Reserve for losses and loss-adjustment expenses	952,663	929,543
Policyholder surplus	743,549	698,402



DIVIDENDS

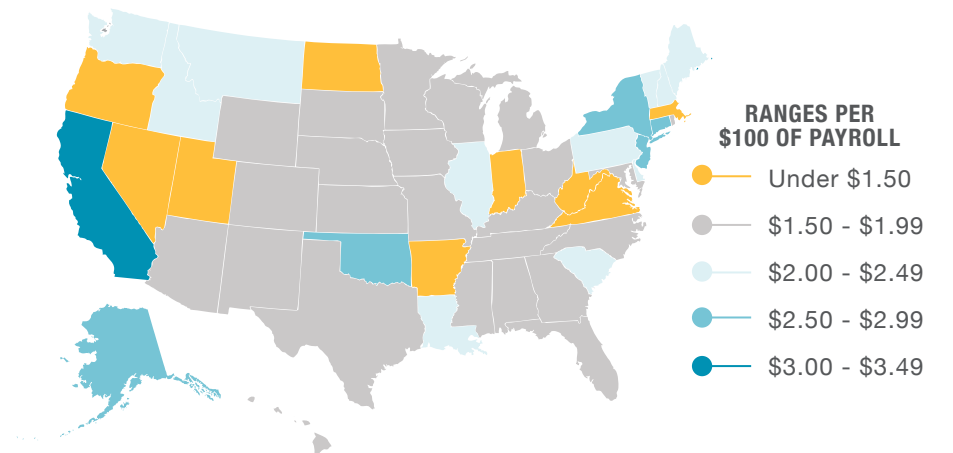
As owners, our policyholders are entitled to share our financial success. In 2014, WCF returned 10% of premium. More than 19,000 businesses in Utah received a portion of the \$18 million policyholder dividend.

Since 1992, WCF has paid more than \$369 million in dividends to its policyholders— which is 38 percent of operating income (almost 10 percent of net earned premiums). No other carrier in the marketplace has been able to provide this type of return to their policyholders. We also continue to have some of the lowest rates in the country.



DALE IPSON DATS Trucking + WCF Policyholder

COMPARISON OF STATE WORKERS' COMPENSATION INSURANCE COSTS

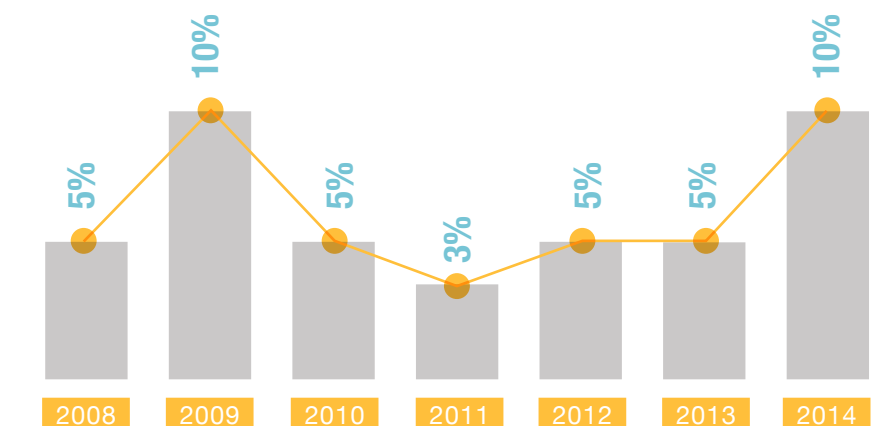


Source: Oregon Department of Consumer and Business Services, 2014

DIVIDEND PAID BY PREMIUM SIZE

Premium Size	2010	2011	2012	2013	2014	5 Year Total
\$5,000	\$250	\$150	\$250	\$250	\$500	\$1,400
\$10,000	\$500	\$300	\$500	\$500	\$1,000	\$2,800
\$25,000	\$1,250	\$750	\$1,250	\$1,250	\$2,500	\$7,000
\$50,000	\$2,500	\$1,500	\$2,500	\$2,500	\$5,000	\$14,000

% OF PREMIUM RETURNED AS POLICYHOLDER DIVIDENDS



CUSTOMER SERVICE

Policyholder ownership also drives us to provide superior customer service. We continually evaluate what we can do to improve, but we also regularly put the question to our policyholders. At WCF, we have a panel of 50-60 policyholders that meet twice a year to give us direction on how we can become a better insurance company and business partner.

If you would like to be part of our policyholder council or you have ideas on how we can improve, contact Rachel Lewis at rlewis@wcf.com.



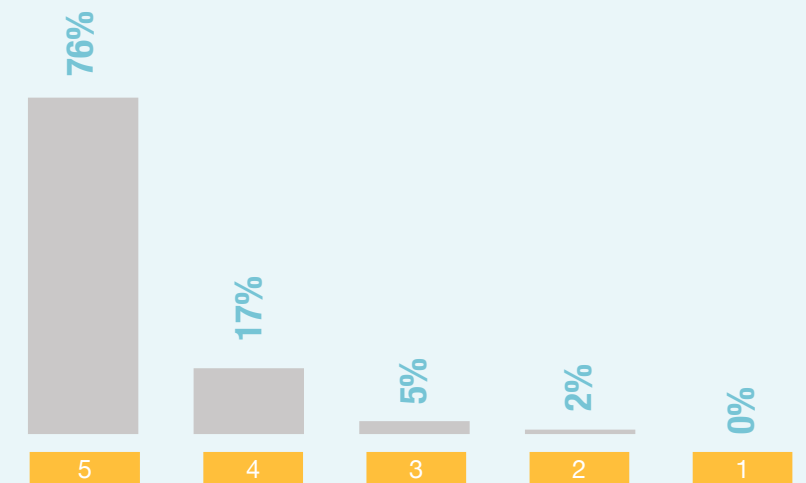
**WCF OWNER
SINCE 1968**

TODD PETERSON Gold Cross Ambulance + WCF Policyholder

90% of WCF policyholders renewed their policies in 2014

POLICYHOLDER SATISFACTION

The following shows policyholder responses to the question "On a scale of 1-5, with 5 being the best possible experience, how would you rate your experience applying or renewing your current WCF policy?"



SUGGESTIONS FROM POLICYHOLDERS IMPLEMENTED IN 2014 AND 2015

We collected more than sixty suggestions from our policyholder council in 2014. Below are a few suggestions that we have implemented or are working to implement.

- Provide an **online chat feature** to help policyholders communicate in real time.
- Create a safety seminar to highlight **new safety practices, trends and tools** that policyholders are using in their workplaces.
- Host more **industry-specific round tables**.
- Create **shorter safety training videos**.
- Send employers **an email** with helpful resources after an injury.

FRAUD

The WCF fraud unit's directive is to protect our policyholders and their employees by detecting and stopping fraud. Staffed by former police officers, the unit uses advanced technology, referrals from adjusters, and tips from employers and others to identify and investigate suspicious claims and policies. If an investigation reveals probable fraud, they refer the case to prosecutors.

The fraud unit's work in 2014 helped secure 11 criminal-fraud convictions and saved WCF and its customers more than \$3.8 million through court-ordered restitution, civil recovery, and claims savings.



Investigated
454
cases
for possible
**fraudulent
behavior**

66
CASES
resulted in
prosecution
or savings



Referred 34
cases to **prosecution**

SAVED \$3.8
MILLION
through special investigation efforts



Conducted
Video Surveillance
on **363 cases**

CLAIMS SAVINGS & MEDICAL MANAGEMENT

To keep premiums low, we use managed care programs to control costs. Our claims services bring together a preferred provider network, prescription drug discounts, provider bill review, utilization review, and medical case management. This combination of tools gives injured employees a solid foundation of care and support. It also allows us to control costs for our policyholders.

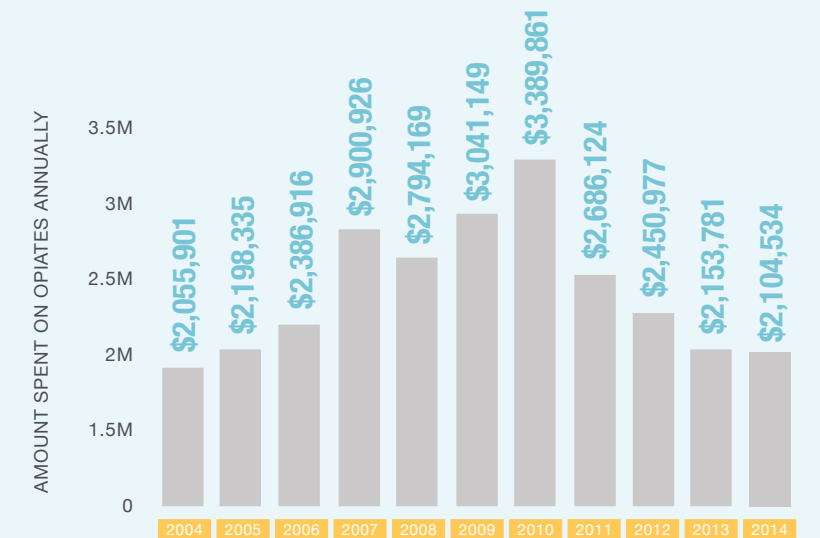


KELLY FARMER NPS Store + WCF Policyholder

- 📍 **Saved nearly \$10 million** by authorizing only appropriate treatment requests.
- 📍 **Saved 39% as a result of managed-care programs**, which equals more than \$45 million in savings for WCF policyholders.

OPIATE USE

Opiate use has become a pervasive problem during the past decade. Over the past four years, WCF has adopted guidelines and developed programs with a pharmacy benefit manager to reduce opiate use.



SAVINGS BY SERVICE

- \$18,391,000** ● **Provider Bill Review** WCF professionals look at every bill to ensure that payments are made correctly.
- \$10,590,000** ● **Preferred Provider Network** Our partnership with local hospitals and clinics gives our claimants access to the finest medical care in the region.
- \$9,905,000** ● **Utilization Review** Our team of registered nurses and physicians proactively reviews and approves proposed medical treatments.
- \$5,247,000** ● **Prescription Drug Management** We use a pharmacy benefit management system to manage prescription drug costs.
- \$768,000** ● **Medical Case Management** Our nurse case managers coordinate care to help injured workers recover in a cost-effective way.
- \$272,000** ● **Vocational Rehabilitation** Our certified counselors help injured employees return to productive work.

SAFETY SERVICES

Partnering with our policyholders on workplace safety is one of our most important priorities. Preventing accidents is the key to keeping Utah employees working.

In 2014, the WCF safety and health department introduced severe-injury and fatality-prevention tools and a seminar to combat the increase we've seen in serious and life-threatening injuries. The new Severe Injury & Fatality Prevention seminar will be presented five times in 2015. We encourage policyholders to use the numerous WCF safety resources to help keep workers safe.



**WCF OWNER
SINCE 1952**

MATT KLEIN Klein's Custom Countertops + WCF Policyholder

401 severe injury/fatality prevention risk evaluations for policyholders

 **685** on-site training presentations

3,603 workers educated at **WCF safety seminars**



12,795 employees trained on their job site

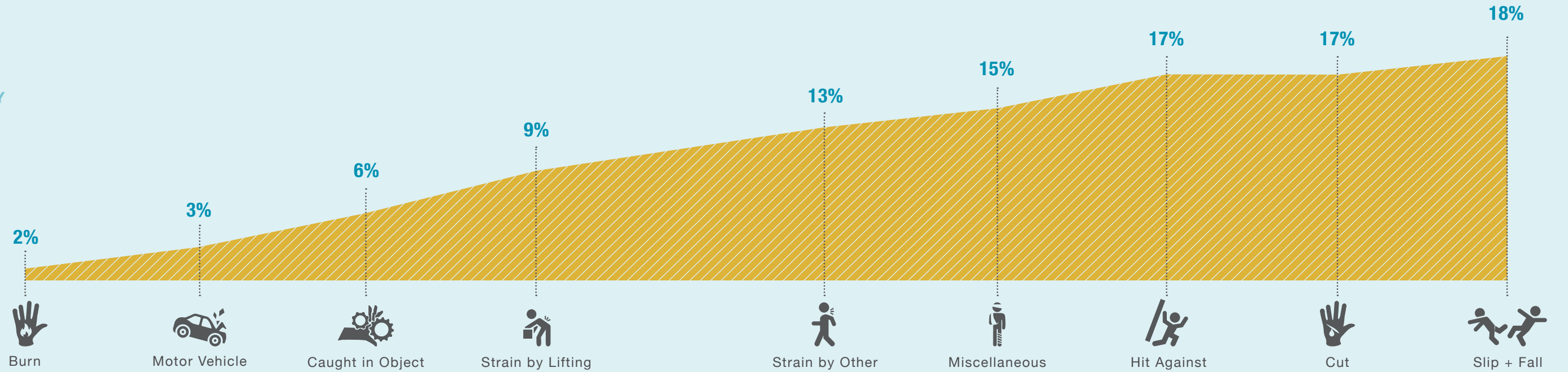
6,276 surveys & consultations given



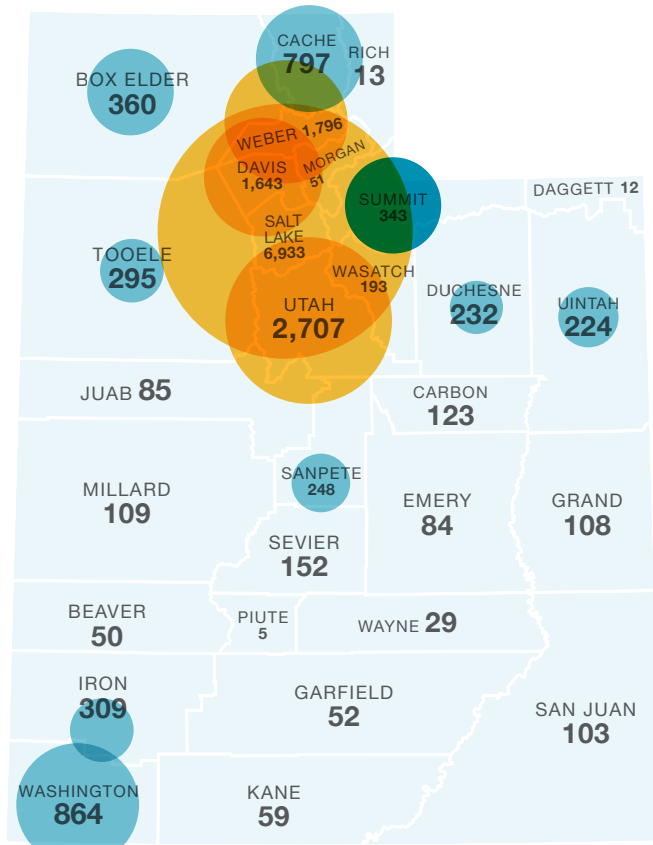
 **100 WCF safety seminars hosted throughout Utah**

19 safety seminars provided to WCF community and association partners

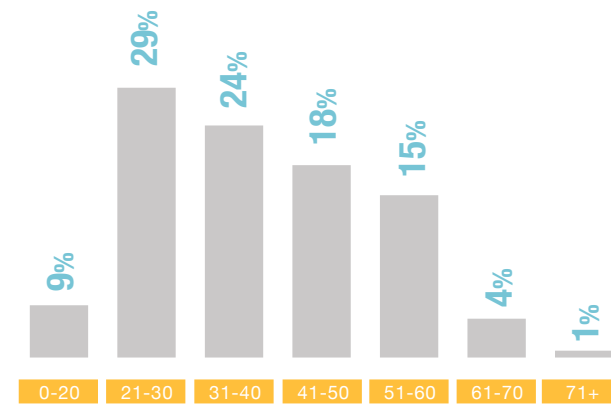
PERCENT OF 2014 WCF CLAIMS FILED BY ACCIDENT TYPE



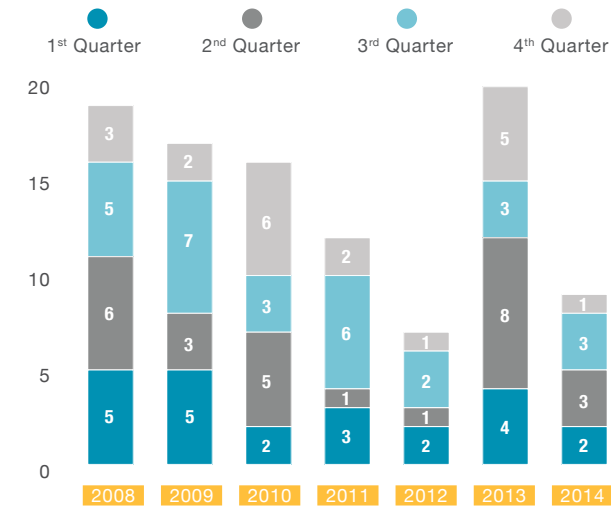
NUMBER OF WCF 2014 CLAIMS FILED BY COUNTY



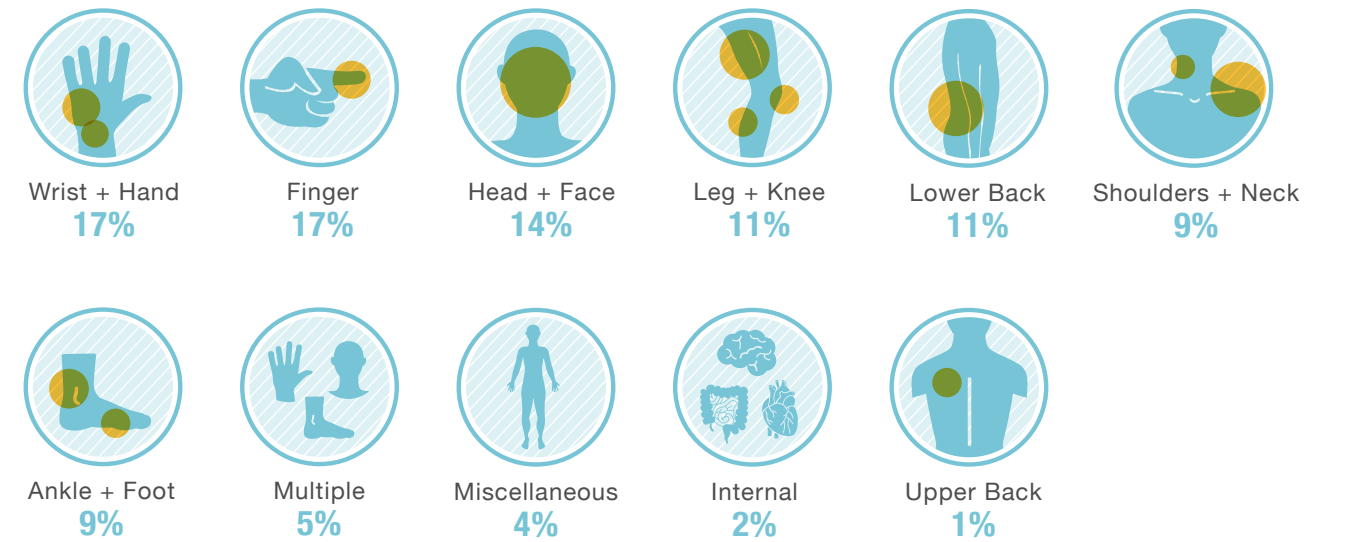
PERCENT OF WCF 2014 CLAIMS FILED BY AGE GROUP



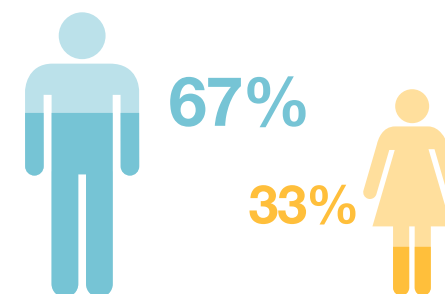
NUMBER OF WCF FATALITIES BY ACCIDENT YEAR



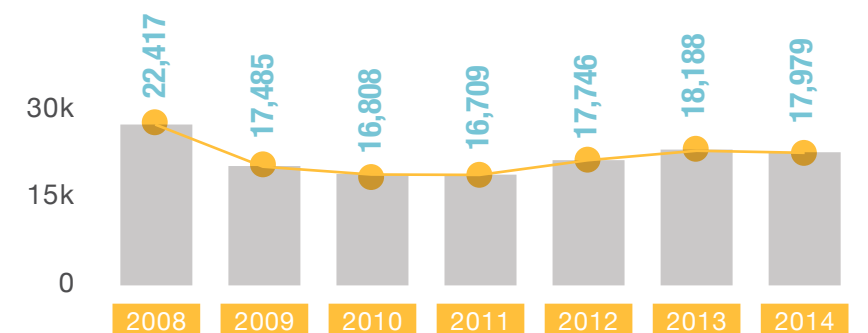
PERCENT OF WCF 2014 CLAIMS FILED BY BODY PART



PERCENT OF WCF 2014 CLAIMS FILED BY GENDER



NUMBER OF WCF CLAIMS FILED BY YEAR



WORKERS COMPENSATION FUND 2015 SEMINAR SCHEDULE

	DATE	TIME	CLASS	PLACE	DATE	TIME	CLASS	PLACE	
JANUARY	1/8	8:30 - 10:00	Preventing Workplace Slips, Trips, and Falls (P) VCO, OD	Sandy	MARCH	3/18	8:30 - noon	Strategies for Return to Work (P)	Ogden
	1/8	10:15 - noon	OSHA 300 log: Understanding the Requirements (C) VCO, OD	Sandy		3/18	8:30 - 5:00	OSHA General Industry Safety 10 hour (Day 1) (C)	Sandy
	1/15	8:30 - noon	NEW! Severe Injury & Fatality Prevention (1/2 day) (P) VCO, VCS	Sandy		3/19	8:30 - noon	OSHA General Industry Safety 10 hour (Day 2) (C)	Sandy
	1/21	8:30 - 5:00	OSHA Construction Safety 10 hour (Day 1) (C)	Sandy		3/26	8:30 - 10:00	Controlling Workers Compensation Costs (P) VCO, OD	Sandy
	1/22	8:30 - noon	OSHA Construction Safety 10 hour (Day 2) (C)	Sandy		3/26	10:15 - 11:45	Incident Investigation (P) VCO, OD	Sandy
	1/29	8:30 - 10:00	NEW! Working Safely from Heights (P) VCO	Sandy	APRIL	4/2	8:30 - 10:00	Behavioral Safety (P) OD	Ogden
	1/29	10:15 - 11:45	Confined Space Safety (C) VCO, OD	Sandy		4/2	10:15 - 11:45	Safety Management: The Balanced Safety Scorecard (P)	Ogden
	FEBRUARY	2/4	8:30 - 10:00	Back Injury Prevention (P) OD		Cedar City	4/15	8:30 - 10:00	Forklift Safety Train the Trainer Refresher (C) OD
2/4		10:15 - 11:45	Incident Investigation (P) OD	Cedar City		4/15	10:15 - 11:45	Global Harmonization:The New HAZCOM (C) OD	Salina
2/5		8:30 - 10:00	Back Injury Prevention (P) OD	St. George		4/16	8:30 - 10:00	Driver Safety & Awareness (P) VCO, VCS	Sandy
2/5		10:15 - 11:45	Incident Investigation (P) OD	St. George		4/16	10:15 - 11:45	NEW! Working Safely from Heights (P) VCO, VCS	Sandy
2/5		8:30 - 10:00	Incorporating Safety Into Management of Change: Managing Projects (P) VCO, OD	Sandy		4/22	8:30 - 10:00	NEW! Severe Injury & Fatality Prevention (P)	Logan
2/5		10:15 - 11:45	Safety Culture: Promoting a Safe Workplace Culture (P) VCO, OD	Sandy		4/22	10:15 - 11:45	Forklift Safety Train the Trainer Refresher (C) OD	Logan
2/12		8:30 - noon	Trucking Industry Safety Seminar (1/2 day) VCO	Sandy		4/22	8:30 - noon	Strategies for Return to Work (P)	Sandy
2/19		8:30 - 10:00	Heavy Equipment & Excavation Safety (C) VCO	Sandy		4/23	8:30 - 10:00	Noise Control and Hearing Conservation (C) VCO, OD	Sandy
2/19		10:15 - 11:45	Personal Protective Equipment (C) VCO, OD	Sandy	4/23	10:15 - 11:45	Respiratory Protection (C) VCO, OD	Sandy	
2/25		8:30 - 5:00	OSHA Construction Safety 10 hour (Day 1) (C)	Ogden	MAY	5/6	8:30 - 10:00	NEW! Working Safely from Heights (P)	Ephraim
2/26	8:30 - noon	OSHA Construction Safety 10 hour (Day 2) (C)	Ogden	5/6		10:15 - 11:45	OSHA Injury Prevention for Small Businesses (C) OD	Ephraim	
MARCH	3/4	8:30 - 5:00	OSHA Construction Safety 10 hour (Day 1) (C)	St. George		5/7	8:30 - 10:00	Bloodborne Pathogens: The OSHA Requirements (C) VCO, VCS, OD	Sandy
	3/5	8:30 - noon	OSHA Construction Safety 10 hour (Day 2) (C)	St. George		5/7	10:15 - 11:45	NEW! Basics of Occupational Health Hazards (P) VCO, VCS	Sandy
	3/5	8:30 - 10:00	NEW! Using Human Performance Indicators in Your Safety Program (P) VCO	Sandy		5/13	8:30 - 11:45	Serious Injury & Fatality Prevention for the Oilfield (P)	Vernal
	3/5	10:15 - 11:45	Strain & Sprain Injuries: Prevention Techniques (P) OD, VCO	Sandy		5/13	8:30 - 5:00	OSHA Construction Safety 10 hour (Day 1) (C)	Sandy
	3/12	8:30 - 10:00	Ergonomics: Industrial Ergonomics (P) VCO, OD	Sandy		5/14	8:30 - noon	OSHA Construction Safety 10 hour (Day 2) (C)	Sandy
	3/12	10:15 - 11:45	Training: Effective Safety Training Techniques (P) VCO, OD	Sandy		5/21	8:30 - 10:00	Controlling Workers Compensation Costs (P) OD, VCO	Sandy
						5/21	10:15 - 11:45	Preventing Workplace Slips, Trips, and Falls (P) OD, VCO	Sandy

	DATE	TIME	CLASS	PLACE	DATE	TIME	CLASS	PLACE	
JUNE	6/3	8:30 - 10:00	Helping Employees Make the Safe Choice (P) OD	Provo	OCTOBER	10/8	10:15 - 11:45	Electrical Safety & Lockout/Tagout (C) VCO, OD	Sandy
	6/3	10:15 - 11:45	Training: Effective Safety Training Techniques (P) OD	Provo		10/14	8:30 - noon	Strategies for Return to Work (P)	Provo
	6/4	8:30 - 10:00	Risk Management: Identifying, Assessing, & Reducing Risk (P) VCO	Sandy		10/22	8:30 - 10:00	Forklift Safety Train the Trainer Refresher (C) VCO, VCS, OD	Sandy
	6/4	10:15 - 11:45	NEW! Using Human Performance Indicators in Your Safety Program (P) VCO	Sandy		10/22	10:15 - 11:45	Machine Guarding (C) VCO, VCS, OD	Sandy
	6/11	8:30 - 10:00	Managing an Effective Safety Committee (P) VCO, VCS, OD	Sandy		10/29	8:30 - 10:00	NEW! Using Human Performance Indicators in Your Safety Program (P) VCO	Sandy
	6/11	10:15 - 11:45	Strain & Sprain Injuries: Prevention Techniques (P) VCO, VCS, OD	Sandy	10/29	10:15 - 11:45	Fraud Prevention: Protecting the Legitimate Need VCO	Sandy	
	6/23	8:30 - 11:45	NEW! Safety Summit VCO, VCS	Sandy	NOVEMBER	11/4	8:30 - noon	Strategies for Return to Work (P)	Sandy
	AUGUST	8/26	8:30 - 10:00	NEW! Severe Injury & Fatality Prevention (P)		Ogden	11/4	8:30 - 10:00	Safety Programs for Small Businesses (P)
8/26		10:15 - 11:45	Keeping the Aging Workforce Safe (P) OD	Ogden		11/4	10:15 - 11:45	Electrical Safety & Lockout/Tagout (C) OD	Cedar City
SEPTEMBER	9/3	8:30 - noon	Best Practices in Safety: ANSI Z10 Standard (1/2 day) (P)	Sandy		11/5	8:30 - 10:00	Safety Programs for Small Businesses (P)	St. George
	9/9	8:30 - 10:00	NEW! Working Safely from Heights (P)	Provo		11/5	10:15 - 11:45	Electrical Safety & Lockout/Tagout (C) OD	St. George
	9/9	10:15 - 11:45	OSHA Injury Prevention for Small Businesses (C) OD	Provo		11/5	8:30 - 10:00	Safety Management: The Balanced Safety Scorecard (P) VCO	Sandy
	9/10	8:30 - 10:00	Incident Investigation (P) VCO, VCS, OD	Sandy		11/5	10:15 - 11:45	Incorporating Safety Into Management of Change: Managing Projects (P) VCO, OD	Sandy
	9/10	10:15 - 11:45	NEW! Using Human Performance Indicators in Your Safety Program (P) VCO, VCS	Sandy		11/11	8:30 - 10:00	Safety Management: The Balanced Safety Scorecard (P)	Logan
	9/16	8:30 - noon	Strategies for Return to Work (P)	Logan		11/11	10:15 - 11:45	OSHA: The Top OSHA Citations (C)	Logan
	9/17	8:30 - 10:00	Keeping the Aging Workforce Safe (P) VCO, OD	Sandy		11/12	8:30 - 10:00	Preventing Workplace Slips, Trips, and Falls (P) VCO, OD	Sandy
	9/17	10:15 - 11:45	Violence in the Workplace (P) VCO, OD	Sandy	11/12	10:15 - 11:45	Safety Culture: Promoting a Safe Workplace Culture (P) VCO, OD	Sandy	
	9/23	8:30 - 10:00	NEW! Severe Injury & Fatality Prevention (P)	Price	11/18	8:30 - 5:00	OSHA Construction Safety 10 hour (Day 1) (C)	Sandy	
	9/23	10:15 - 11:45	Training: Effective Safety Training Techniques (P) OD	Price	11/19	8:30 - noon	OSHA Construction Safety 10 hour (Day 2) (C)	Sandy	
OCTOBER	9/24	8:30 - 10:00	Safety Management 101 (P) VCO, OD	Sandy	DECEMBER	12/2	8:30 - 10:00	OSHA 300 Log: Understanding the Requirements (C) OD	Ogden
	9/24	10:15 - 11:45	Wellness and Injury Prevention Programs (P) VCO, OD	Sandy		12/2	10:15 - 11:45	Emergency/Disaster Planning & Recovery (P) OD	Ogden
	10/1	8:30 - 10:00	Managing Your Experience Modifier (P) VCO	Sandy		12/3	8:30 - noon	NEW! Severe Injury & Fatality Prevention (1/2 day) (P) VCO	Sandy
	10/1	10:15 - 11:45	Ergonomics: Office Ergonomics & Safety (P) VCO, OD	Sandy		12/10	8:30 - 10:00	Wellness and Injury Prevention Programs (P) VCO, VCS, OD	Sandy
10/8	8:30 - 10:00	Drug Free Workplace: Promoting a Drug Free Environment (P) VCO, OD	Sandy	12/10		10:15 - noon	OSHA 300 Log: Understanding the Requirements (C) VCO, VCS, OD	Sandy	

