

2019 CLAIM STATISTICS

NUMBER OF WCF INSURANCE CLAIMS FILED BY ACCIDENT TYPE



Motor
Vehicle **3%**



Burn **3%**



Caught
In Object **5%**



Lifting
Strain **7%**



Misc. **13%**



Other
Strain **13%**



Cut **17%**

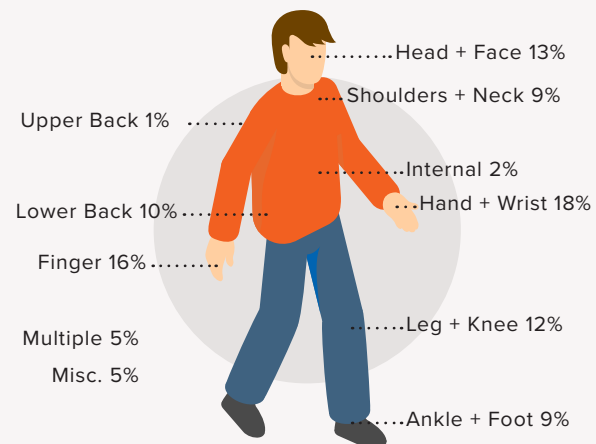


Hit
Against **18%**



Slip/Fall **21%**

NUMBER OF WCF INSURANCE CLAIMS FILED BY BODY PART



WCF
INSURANCE



WCF
INSURANCE

DEAR WCF INSURANCE POLICYHOLDERS,

During our time at WCF, we've been incredibly fortunate to have the freedom to approach decisions with a singular perspective: what is best for our policyholders. We are pleased to report that 2019 was another very incredible year.

An Organizational Milestone

In 2019, we made big steps to more fully integrate our subsidiary, Advantage Workers Compensation Insurance Company by changing the company's name to WCF National Insurance Company. In January 2019, we also officially moved WCF National's state of domicile from Indiana to Utah. We are thrilled to have both WCF Mutual and WCF National under the WCF brand domiciled in Utah. All business we write outside of Utah is written with WCF National.

Growth

In 2019, WCF's total premium increased 8% over 2018. Much of this was a result of WCF National's geographic expansion in California, Idaho, and Nevada. We now have branch offices with local claims teams, safety and health consultants, and underwriters in each of these states. We have invested in local employees with a deep understanding of their respective regional markets and workers' compensation insurance. With each new employee, we are developing the same company culture and reputation of excellence that we have built in our home state of Utah.

Even though we are expanding geographically, one of our key business initiatives is to continue a heightened focus on the service we provide our Utah policyholders and their employees. In 2020, we anticipate that our Utah-based policyholders will account for 65% of our written premiums. We are grateful for our Utah policyholders and will continue to provide an excellent insurance experience.

In 2020, we will continue to develop new WCF coverage options, including businessowners, commercial auto, and umbrella insurance. We are excited to provide these and more additional coverage options.

Impressive Claims Results

In 2019, claims frequency and severity were lower than expected. We attribute this to safer work environments and technology that has reduced many high-hazard positions. We hope to see this trend continue as our 28-member team of certified safety and health experts reach out to help our policyholders with on-site visits, safety seminars, online training, safety resources, and in-office consultations.



Last year, we saw the positive results of claims management practices. Our dedicated claims employees closed claims quicker and helped employers decrease the likelihood of indemnity claims.

Another exciting milestone in 2019 was building a comprehensive claims-optimization program, including bill review and payment processing, through our partnership with Mitchell International. Key benefits include more robust preferred-provider networks throughout the country, cost savings from negotiated rates, enhanced reporting, and improved claims processing speed and efficiency. We are very excited about this program and have already seen impressive results.

Transitions

In June 2019, we transitioned our internal sales team to the external market. It was a difficult decision that we evaluated over many years. In the end, the WCF senior management team and board of directors decided that we could better serve our policyholders and provide better growth opportunities for our employees by moving to a direct-distribution insurance company. To help in the transition, we partnered with two local agencies to employ each internal sales team member and guarantee that all our policyholders received consistent, high-quality service. We worked diligently to provide the most optimal situation for everyone involved.

Last year was an exciting year to be part of WCF, and many more thrilling and new initiatives are on the horizon. Thank you for being on this journey with us.


Dallas H. Bradford
Board Chair


Ray D. Pickup
President & CEO

2019 WCF INSURANCE HIGHLIGHTS

Statement of Operations – Statutory Basis

Year Ending December 31	2019	2018
(in thousands)		
Net premiums earned	\$ 303,623	\$ 281,033
Losses and loss adjustment expenses	198,891	184,919
Underwriting expenses	101,726	93,311
Underwriting income	3,006	2,803
Net investment income	74,565	62,413
Net realized capital gains on investments	3,581	9,742
Other income (expenses)	12,754	(2,232)
Policyholder dividends	(16,346)	(16,722)
Federal income tax	(13,541)	(8,423)
Net income	\$ 64,019	\$ 47,581

Balance Sheet – Statutory Basis

December 31	2019	2018
(in thousands)		
Admitted assets	\$ 2,245,251	\$ 2,125,589
Reserve for losses and loss adjustment expenses	\$ 1,121,523	\$ 1,097,475
Other liabilities	83,090	82,341
Policyholders' surplus	1,040,638	945,773
Liabilities and policyholders' surplus	\$ 2,245,251	\$ 2,125,589

