

## Mission Statement

The SDML Workers' Compensation Fund has a strong commitment to providing a competitive workers' compensation program for the public entities in South Dakota through administrative, loss control and technical services.

As a risk-sharing pool the SDML Workers' Compensation Fund was created for its Members and is controlled by its Members.

## Board of Trustees

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### CREATED, SPONSORED, AND ENDORSED BY

South Dakota Municipal League  
Yvonne Taylor, Executive Director  
800-658-3633

### ENDORSED BY

South Dakota Association of  
County Commissioners  
Bob Wilcox, Executive Director  
605-224-4554

## Service Providers

### Administration & Marketing

Insurance Benefits, Inc.  
4901 Isabel Place, Suite 110  
Sioux Falls, SD 57108  
800-233-9073

### Actuarial Services

AON Risk Solutions  
100 Bayview Circle, Suite 100  
Newport Beach, CA 92660  
949-608-6332

### Claims Administration

Claims Associates, Inc.  
4901 Isabel Place, Suite 100  
Sioux Falls, SD 57108  
888-654-6495

### Claims Audit

Northshore International Insurance  
Services  
76 Lafayette Street  
Salem, MA 01970

### Financial Audit

RSM US LLP  
110 S. Phillips Avenue, Suite 300  
Sioux Falls, SD 57104  
605-336-0753

### Investment Manager

Bankwest Trust  
PO Box 998  
Pierre, SD 57501  
605-224-7392

### Loss Control

Safety Benefits, Inc.  
4901 Isabel Place, Suite 120  
Sioux Falls, SD 57108  
888-313-0839

### Re-Insurance

Safety National Casualty Corporation  
2043 Woodland Parkway  
St. Louis, MO 63146

# 2015 Annual Financial Report

SDML Workers' Compensation Fund

## To the Membership



**SDML Workers' Compensation Fund**  
**Selected Financial Data**

| <b>Assets</b>                                       | As of December 31,   |                      |                      |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | 2015                 | 2014                 | 2013                 | 2012                 | 2011                 |
| Cash and cash equivalents                           | \$ 4,522,614         | \$ 2,982,554         | \$ 3,025,144         | \$ 1,780,869         | \$ 1,379,461         |
| Investments   | 26,608,996           | 27,083,600           | 26,074,143           | 26,996,836           | 27,582,651           |
| Receivables   | 511,719              | 428,427              | 414,417              | 584,417              | 405,238              |
| Prepaid expenses                                    | -                    | 3,010                | 8,169                | 13,328               | 22,223               |
| Contributed surplus and member equity in NLC Mutual | 1,834,234            | 1,776,499            | 1,691,098            | 1,605,980            | 1,542,580            |
| <b>Total assets</b>                                 | <b>\$ 33,477,563</b> | <b>\$ 32,274,090</b> | <b>\$ 31,212,971</b> | <b>\$ 30,981,430</b> | <b>\$ 30,932,153</b> |

**Liabilities and Net Position**

|   |                      |                      |                      |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Liabilities   |                      |                      |                      |                      |                      |
| Estimated liability for reported and unreported claims and claims adjustment expenses | \$ 8,574,055         | \$ 8,209,239         | \$ 8,375,694         | \$ 8,944,175         | \$ 10,411,236        |
| Other liabilities, primarily advance member contributions                             | 3,384,798            | 3,060,681            | 3,175,111            | 2,581,648            | 2,133,156            |
| <b>Total liabilities</b>  | <b>11,958,853</b>    | <b>11,269,920</b>    | <b>11,550,805</b>    | <b>11,525,823</b>    | <b>12,544,392</b>    |
| Net Position  | 21,518,710           | 21,004,170           | 19,662,166           | 19,455,607           | 18,387,761           |
| <b>Total liabilities and net position</b>   | <b>\$ 33,477,563</b> | <b>\$ 32,274,090</b> | <b>\$ 31,212,971</b> | <b>\$ 30,981,430</b> | <b>\$ 30,932,153</b> |

| <b>Income</b>  | Years Ended December 31, |                     |                   |                     |                    |
|--|--------------------------|---------------------|-------------------|---------------------|--------------------|
|  | 2015                     | 2014                | 2013              | 2012                | 2011               |
| Operating revenues:  |                          |                     |                   |                     |                    |
| Member contributions earned, net of renewal and loss control credits and reinsurance * | \$ 6,154,602             | \$ 5,955,884        | \$ 5,675,046      | \$ 5,555,316        | \$ 5,496,513       |
| Operating expenses:  |                          |                     |                   |                     |                    |
| Claims and claims adjustment expenses incurred, net                                    | 4,544,786                | 3,757,795           | 4,466,226         | 3,946,114           | 5,359,833          |
| General and administrative expenses  | 1,034,326                | 1,013,100           | 967,762           | 926,045             | 929,269            |
| Dividends to members, return on equity credits   | 439,398                  | 405,403             | 371,393           | 307,109             | 306,582            |
| <b>Total operating expenses</b>  | <b>6,018,510</b>         | <b>5,176,298</b>    | <b>5,805,381</b>  | <b>5,179,268</b>    | <b>6,595,684</b>   |
| <b>Operating income (loss)</b>   | <b>136,092</b>           | <b>779,586</b>      | <b>(130,335)</b>  | <b>376,048</b>      | <b>(1,099,171)</b> |
| Nonoperating revenues:   |                          |                     |                   |                     |                    |
| Net investment income  | 320,713                  | 477,017             | 251,776           | 628,398             | 1,078,835          |
| Earned member equity, NLC Mutual   | 57,735                   | 85,401              | 85,118            | 63,400              | 66,427             |
| <b>Total nonoperating revenues</b>   | <b>378,448</b>           | <b>562,418</b>      | <b>336,894</b>    | <b>691,798</b>      | <b>1,145,262</b>   |
| <b>Change in net position</b>  | <b>\$ 514,540</b>        | <b>\$ 1,342,004</b> | <b>\$ 206,559</b> | <b>\$ 1,067,846</b> | <b>\$ 46,091</b>   |

\* Renewal and loss control credits \$ 1,694,408 \$ 1,635,696 \$ 1,600,418 \$ 1,510,343 \$ 1,501,104