# AASCIFNEWS

WINTER ISSUE | 2021

## WHAT'S INSIDE



AASCIF
American Association of State Compensation Insurance Funds

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# PRESIDENT'S MESSAGE

Greetings. I hope this message finds you safe and well.

As the incoming president of AASCIF, I want to acknowledge the unprecedented year we have had and thank Phil Kalin for the direction he provided as AASCIF and its members navigated unimaginable challenges. I know we are all grateful for his leadership over the last two years.

I've always believed one of the many benefits AASCIF membership provides is unmatched access to a network of professionals and experts who can provide their knowledge and insight as we each seek to take on new challenges and achieve greater strategic results. This powerful attribute will be leveraged once again during the upcoming AASCIF All-Committee Meeting in March, where some of our distinguished colleagues will collaborate (virtually) on the creative content for the 2021 Annual Conference, to be held in the historic city of New Orleans this October. I look forward to reporting back to you on the great work that's sure to come from that session.

I, like all of you, look forward to the promise of what this year potentially holds. Vaccine rollouts have given us a reason to believe that there is light at the end of the tunnel, offering a renewed optimism for a safer tomorrow and a return to in-person work environments and shared experiences.

Wishing you all a successful 2021!

Sincerely,

Jason Clark

# FEATURES From AASCIF

## U.S. INVESTMENT-GRADE CREDIT: ACTIVELY MANAGING THE INVESTMENT OPPORTUNITY

DWS is the sponsor of AASCIF's Finance & Investment Track.

*By Thomas Farina, Head of U.S. Investment-grade Credit*

### Overview

With the emergence of the COVID-19 pandemic and the resulting policy response, 2020 has been a tumultuous year for the U.S. investment-grade market. Yield spreads widened dramatically when the pandemic was declared but recovered quickly when the Federal Reserve launched various programs to support this asset class and other segments of the fixed income market.

Nevertheless, some uncertainty remains about the economy in the near term, and investors continue to have questions about the state of this market. Specifically, given the surge in issuance, how does the supply/demand picture look, and what is the outlook for 2021? In addition, with some sectors continuing to experience economic difficulties, how are the fundamentals, credit ratings and valuations holding up?

While support from the Federal Reserve has facilitated a recovery, yield spreads may now be tighter than investors expected. Given record low rates, can investors still look to this asset class to generate a reasonable income stream?

Finally, how important is ESG in today's investment grade market? Do ESG-sensitive investors have to give up performance?

We believe that despite past periods of tumult, history shows that a strategic approach to investment grade bonds has been rewarded over the long term.

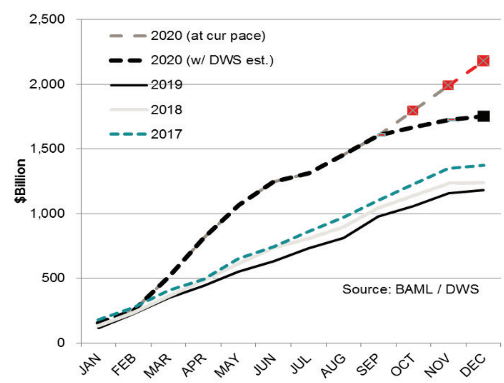
### In 2020, Supply Has Surged

While the investment-grade market in 2020 has experienced turmoil related to COVID-19, another factor in the market has been the surge in new supply. Through three quarters, issuance has far exceeded that of the previous three years, as companies have sought to bolster their balance sheets for what they thought could be an extended or double-dip recession.

As the chart below shows (See Figure 1), our estimate of total issuance for the year would surpass that of 2019 by an even greater amount if the year-to-date pace remained elevated. In our estimation, however, this pace is likely to level off for the remainder of the year and that issuance will proceed at a slower pace into 2021.

**FIGURE 1: PRIMARY USD CREDIT ISSUANCE**

Primary market issuance ($Bln). Sept. and Q4 2020 are DWS estimates.

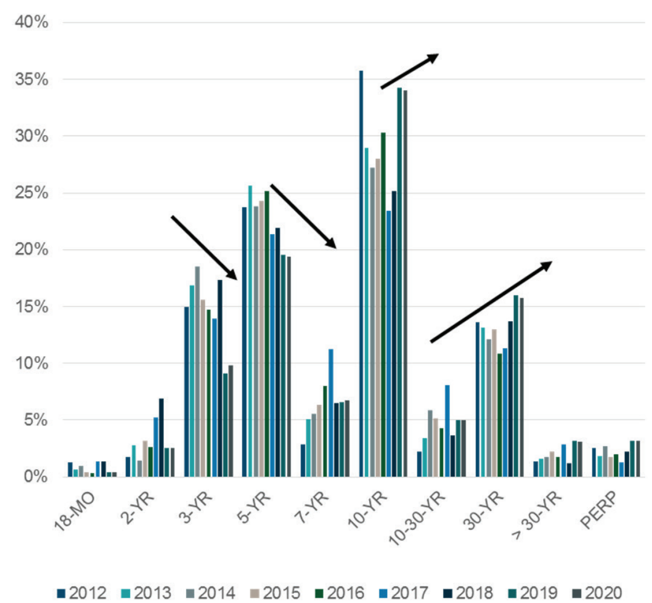



Source: Bank of America/Merrill Lynch, 2020 on reflects issuance until June 30. Past performance is not indicative of future results. Data as of Sept. 11, 2020

Issuance has not only risen, but it has also been concentrated in longer maturities. While it has declined in short-duration bonds, it has risen in longer-duration bonds (See Figure 2). What accounts for this disparity? Although the yield curve is relatively steep between five and 10 years, between five and 20 years, and between five and 30 years, long-term rates are low by historical standards. Thus, it is not much more expensive to finance at longer-term rates than it is at shorter-term rates.

So, companies are issuing longer debt in order to lock in for the long term the financial flexibility that comes with lower rates. In fact, some companies are making tender offers to buy back short maturities and replace it with longer term debt.

FIGURE 2: ISSUANCE OF LONG-TERM BONDS HAS OUTPACED SHORT-TERM BONDS




Source: Bank of America/Merrill Lynch, 2020 on reflects issuance until June 30. Past performance is not indicative of future results. Data as of Sept. 11, 2020

## Net Supply Will Be Easily Absorbed

Will this surge in issuance result in lower prices in the near term? This surge is somewhat misleading. To put the issuance of the past two years into context, DWS considered net supply. Net supply takes into account call options, tender offers and repurchases. When these factors are considered, the amount of assets in the market that need to be absorbed, is quite low. As the chart shows (See Figure 3), net supply is declining rapidly.

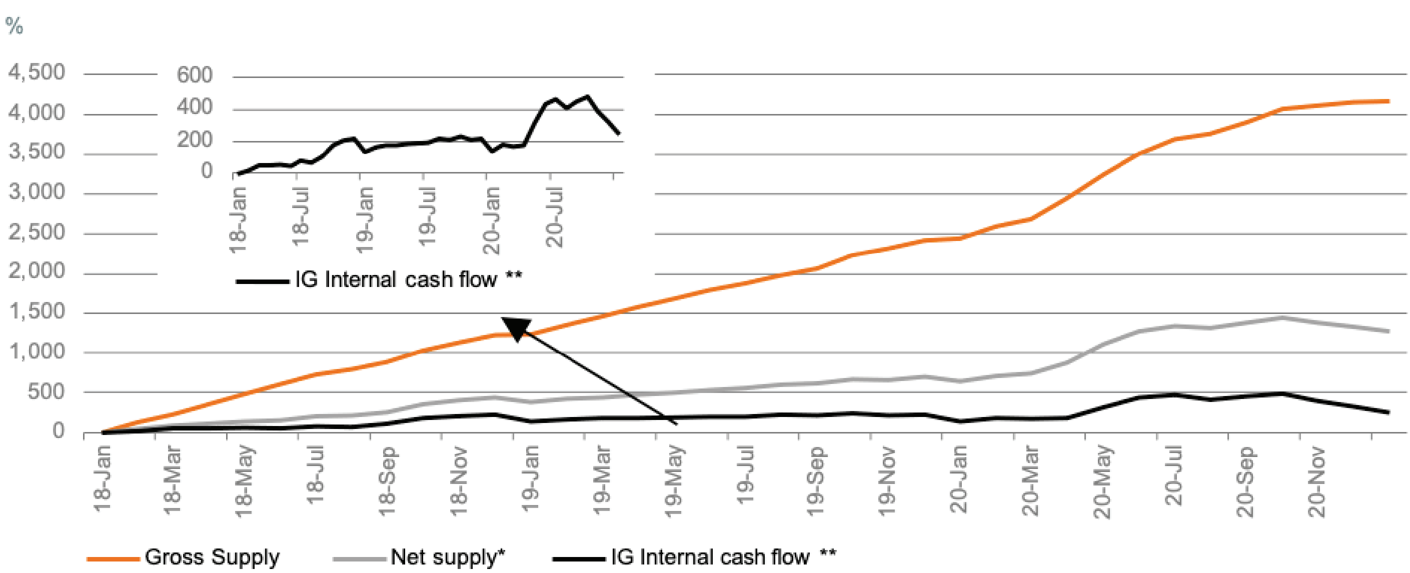
We expect flows into the investment-grade market to absorb this excess supply and believe that these flows will be more than sufficient even if interest rates rise or if demand weakens somewhat.

## Ratings: Downgrades Have Increased, but the Storm Has Passed

Investors have been wary of credit rating downgrades since the emergence of the pandemic.

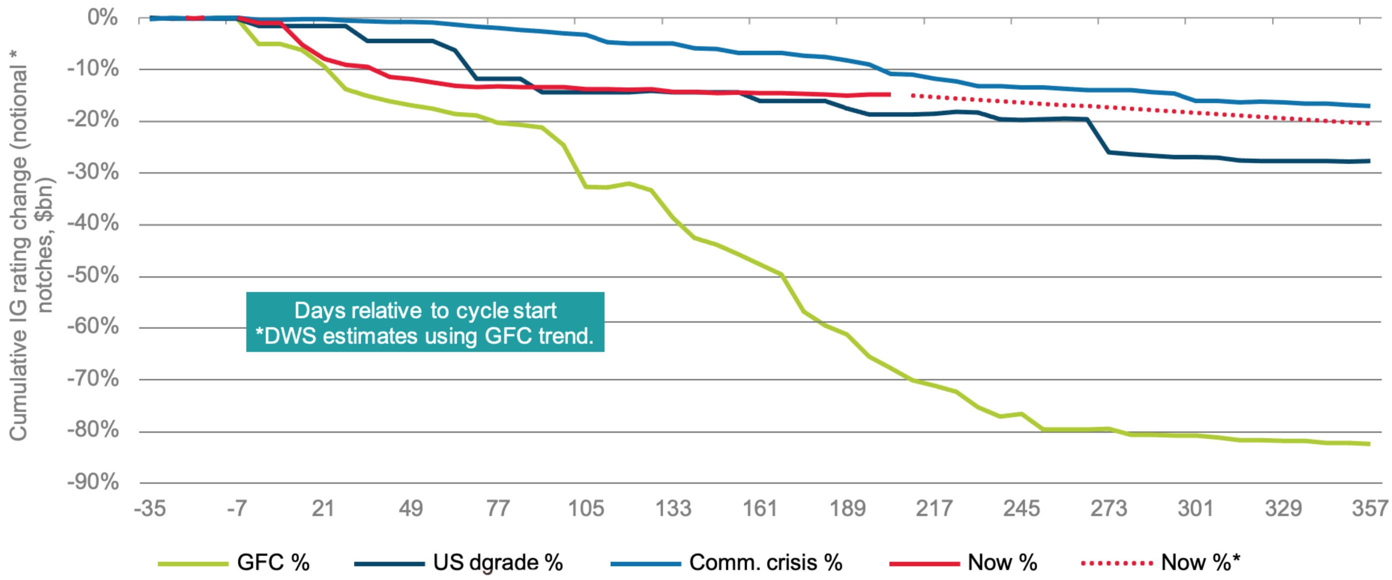
Although the aggregate amount is high, it is comparable to the downgrades seen in the past during other critical episodes. On the other hand, it does not begin to approach the levels seen during the Great Financial Crisis, even though today's market is three times as large.

FIGURE 3: SUPPLY IN EXCESS OF ALL OF NORMAL MARKET ACTIVITY AND THE REDEPLOYMENT OF RISK CONTINUES TO BE VERY LOW




*Reflects Gross supply less (Maturities, Make wholes, Calls, Tenders, and Repurchases). **Reflects Net Supply less (Coupons and Downgrades to HY). Source: Bank of America / Merrill Lynch, 2020 on reflects issuance until September 30., 2020. Past performance is not indicative of future results.

**FIGURE 4: ON A RELATIVE SCALE, YTD RATING ACTIONS ARE MORE MODERATE THAN DURING THE GREAT FINANCIAL CRISIS** (GFC)




Source: Bank of America/Merrill Lynch. Past performance is not indicative of future results. Data as of September 30, 2020

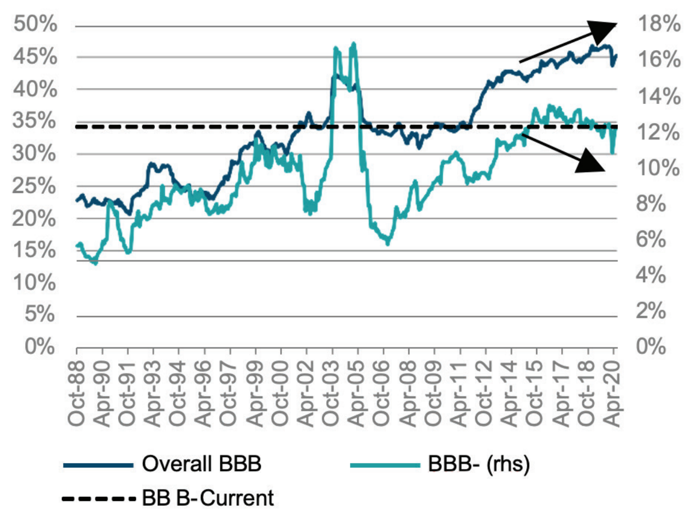
The chart (See Figure 4) shows ratings downgrades during four major episodes over the last 10 years: 2020's COVID-19 pandemic, the commodity crisis of 2015–2016, the downgrade of the U.S. in 2011, and the Great Financial Crisis (GFC) of 2008–2009.

## On a Relative Basis, Ratings Downgrades Are More Moderate Than During the GFC

DWS looked at these downgrades in detail and found that there are certain factors driving them. While the number of BBB issues has increased and is likely to exceed the historical high of 50% of the market, the number of BBB- issues has declined. Thus, we believe the concern over the rise in BBB issues is not properly focused, as BBB- issuers pose a higher credit risk.

We believe the rise in BBB issues is occurring because companies see little impact in migrating down from higher ratings (See Figure 5). The cost of debt rated BBB is not much more expensive than at debt rated A.

**FIGURE 5: THE TREND IN BBB- IS VERY DIFFERENT FROM ALL BBBS**




Source: Bloomberg. Past performance is not indicative of future results.

Why is the number of BBB- bonds declining? Companies that approach high yield status face higher interest costs and greater difficulty in accessing capital markets. The difference in the cost of funding between A and BBB amounts to just 20 to 25 basis points as of early November. In contrast, the cost of funding between a BBB- and a high-yield name could vary by as much as 200 basis points. In addition, at BBB-, a company may not be able to issue as much as it needs. So, BBB- supply has declined as companies have sought to maintain access to plentiful and low-cost funding.

Some companies, however, have been unable to avoid the down migration. But while there will always be "fallen angels," DWS believes the storm is passed. As the chart shows (See Figure 6), only three large issuers have the potential to migrate lower: GE, Boeing and GM. In fact, we don't expect this to happen in the near term. So, while there is risk in the investment-grade market, we think that risk is manageable.

**FIGURE 6: POTENTIAL FALLEN ANGELS: GM, BA AND GE PLUS IG INDEX BBB ISSUERS TRADING AT BB- SPREADS OR WIDER**

| Ticker | Company Name | Rating | Index Notional ($Bil.) | Avg Spread |
|---|---|---|---|---|
| GM | GENERAL MOTORS | Baa3/BBB/BBB- | 46.8 | 291 |
| BA | BOEING | Baa2/BBB-/BBB | 45.8 | 292 |
| GE | GENERAL ELECTRIC | Baa1/BBB+/BBB | 46.8 | 290 |
| AVOL | AVOLON HOLDINGS | Baa3/BBB-/BBB- | 10.8 | 751 |
| OVV | OVINTIV INC | Ba1/BBB-/BBB- | 5.9 | 644 |
| DVN | DEVON ENERGY | Ba1/BBB-/BBB | 4.3 | 445 |
| ACGCAP | AVIATION CAPITAL | Baa2/BBB-/BBB- | 3.5 | 650 |
| ENBL | ENABLE MIDSTREAM | Baa3/BBB-/BBB- | 3.2 | 509 |
| AYR | AIRCASTLE | Baa3/BBB-/BBB | 2.8 | 573 |
| JWN | NORDSTROM | Baa3/BBB-/BBB- | 2.6 | 542 |
| EPR | EPR PROPERTIES | Baa2/BBB-/BBB- | 2.4 | 533 |
| KSS | KOHL'S | Baa2/BBB-/BBB- | 1.7 | 499 |
| OPI | OFFICE PPTY INCOME | Baa3/BBB-/. | 1.4 | 462 |
| FSK | FS KKR CAPITAL | Baa3/./BBB- | 1.3 | 486 |
| FLR | FLUOR | Ba1/BBB-/. | 1.1 | 610 |
| MTVD | MOTIVA ENT | Baa1/BBB/. | 1.0 | 518 |
| | Issuers <$1Bil | 15 Issuers | 6.3 | 445 |

Source: Bloomberg, DWS, Bank of America ML as of September 30, 2020. Past performance is not indicative of future results. Any specific companies mentioned are for illustrative purposes only and should not be considered a recommendation.

## Fundamentals: Issuance Has Bolstered Balance Sheets, Interest Cover Is Likely to Improve

Many issuers have performed well during this period, supported by monetary and fiscal policy, and by the market, which has allowed them to issue debt to improve their financial flexibility. As a result, leverage has increased considerably. But the increase in net leverage has been more moderate. This means that although companies are issuing debt, they're keeping the proceeds on their balance sheet in the form of cash, bolstering their financial health.

## The Increase in Net Leverage Has Been Moderate

This does not mean that the increase in leverage presents no risk. These debt levels could become permanent, or the new debt might not be used to reduce leverage and improve balance sheets (See Figure 7).

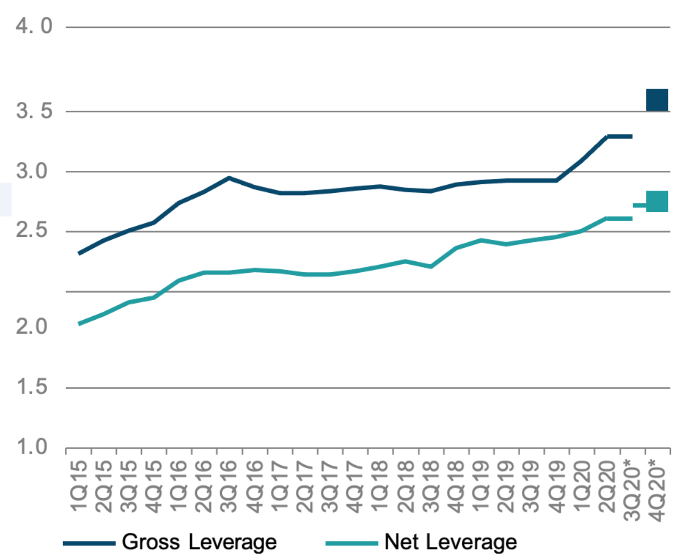
Given higher levels of debt, another risk is the economy. The economic recovery could proceed more slowly than anticipated. Issuers might then have less ability to raise additional debt to help them through this period, which could then become more difficult.

In addition, a slower economy could depress operating earnings and interest coverage ratios. In fact, EBITDA has fallen dramatically, though some sectors have been hit less hard, and this has resulted in a "K-shaped" recovery. While EBITDA has declined generally, if the energy, metals, and utilities sectors are excluded, the deterioration has been minimal (See Figure 8).

If the economy continues to rebound, EBITDA should recover as well, and then the ability to manage these larger debt burdens should also be considerable. In addition, because much of this new debt has been issued at such low rates, this larger debt load should also be more manageable than it would be otherwise.

The 2020 increase in gross leverage is estimated to approach 0.70 turns vs. only 0.25 turns for net leverage

**FIGURE 7: GROSS LEVERAGE IS EXPECTED TO KEEP RISING AS COMPANIES FORTIFY FINANCIAL FLEXIBILITY**

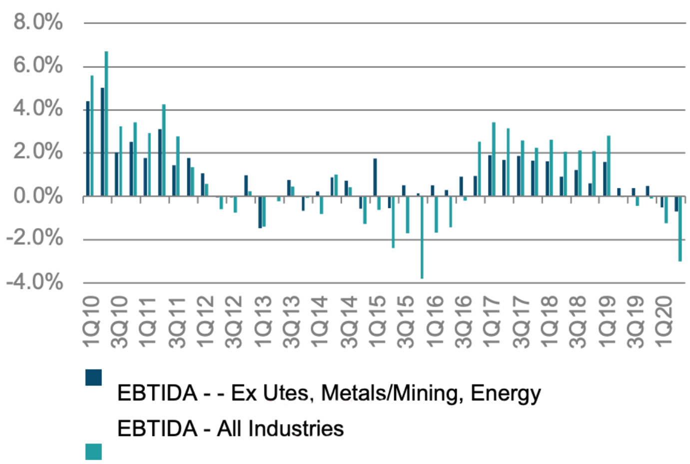


## Excluding Energy, Metals, and Utilities, EBITDA Declines Have Been Less Dramatic

Nevertheless, this situation bears watching, especially in light of the November 2020 election. Depending on the extent to which there is a different regulatory environment, this could make recovery in the energy industry, for example, more challenging.

Industrials (e.g., Energy, Metals, Utilities) are showing limited EBITDA decay (-0.5% and -0.7% for 1Q and 2Q 2020, respectively), vs. -1.2% and -3.0% when their impact is included.

FIGURE 8: A TALE OF TWO EBITDAS




## Valuations: Yield Spreads Reflect Historical Averages and Central Bank Policy

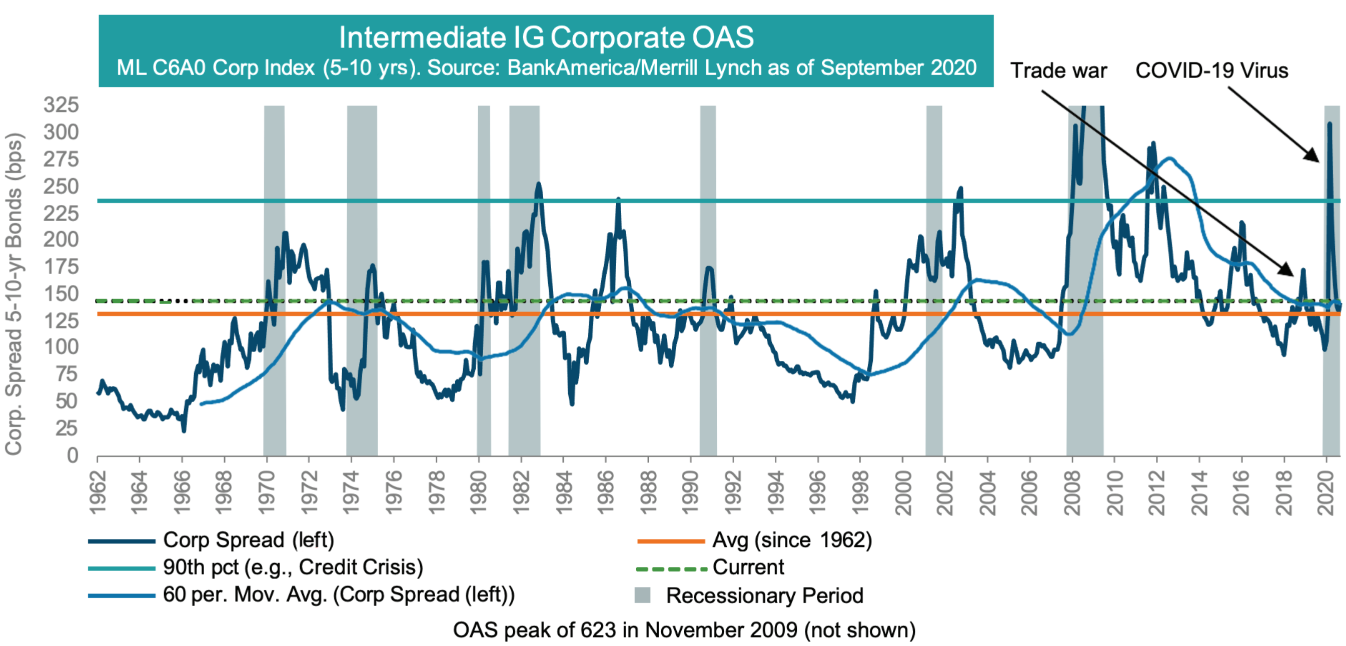
In light of these conditions, some investors believe that current investment grade yield spreads are unreasonably tight. But, in reality, they are comparable to historical averages. In fact, given the technical conditions we've outlined, it is possible that spreads will move tighter. The chart (See Figure 9) shows the BofA Merrill Lynch five- to 10-year index. This index takes out some of the duration variability that has occurred in larger indices over time.

Even in this environment, DWS is not forecasting that spreads will get to levels seen in the late 1970s or mid- 1990s. The European Central Bank has supported Europe's investment-grade market, and a substantial portion of global sovereign debt is negative-yielding. So yields in U.S. investment-grade are tight because investors are looking for more attractive alternatives. U.S. investment-grade debt has been purchased by the Fed as well, so, on balance, there is a bias toward tighter rates despite the increase in supply that is likely in 2021.

## Yields: Getting to 3%?

Is it possible for investors to obtain a 3% yield level? While there are ways through some asset classes such as emerging markets or some less liquid areas of fixed income, there is, potentially, a credit-oriented way to reach that outcome.

FIGURE 9: INDEX OAS OF 200+ IS AT AN EXTRAORDINARY LEVEL, WHICH HAS BEEN BREACHED ONLY 10 TIMES IN NEARLY 60 YEARS

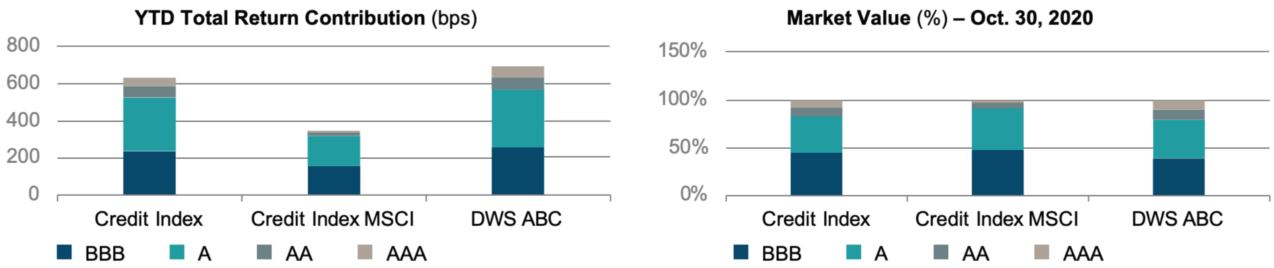



Source: ML C6A0 Corp Index (5–10 yrs). Source: Bank of America/Merrill Lynch. Past performance is not indicative of future results. Data as of September 30, 2020

That approach would entail moving down the capital structure or down in credit quality. BBB- companies can be questionable, but there are many that have been BBB- for quite some time and are relatively stable. So we believe that, in some cases, going down in quality is reasonable, and going down the capital structure can also make sense.

Duration can also be a way to increase yield, but we don't think investors with a preference for five-year duration assets should necessarily rush out to buy 30-year assets. We're not expecting a dramatic steepening of the yield curve, so interest rate risk is relatively small, and taking on incremental duration risk can make sense. This could mean shifting merely from emphasizing five-year maturities to emphasizing six, seven, or eight-year maturities.

**FIGURE 10: CONSIDER THE ANALYSIS ON HOW ESG MADE A DIFFERENCE IN 2020 FOR ILLUSTRATIVE PURPOSES BASED ON METHODOLOGY COMPARISONS**




**DWS ESG Rating Breakdown**

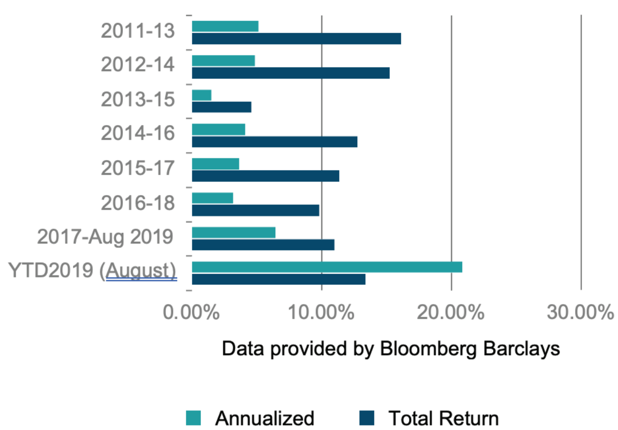
| MV% | Credit Index | Credit Index MSCI | DWS ABC |
|---|---|---|---|
| A | 11% | 6% | 16% |
| B | 15% | 25% | 22% |
| C | 41% | 49% | 62% |
| D | 23% | 18% | |
| E | 6% | 2% | |
| F | 2% | 0% | |
| M | 3% | 0% | |

Even MSCI's exclusion based Credit Index does have 20% of its universe in low ESG rated issuers

Credit Index-BBG Barc U.S. Credit Index, Credit Index MSCI-Bloomberg Barclays MSCI U.S. Corporate Sustainability SRI Sector/Credit/Maturity, DWS ABC-BBG Barc U.S. Credit Index filtered by ESG Ratings of A through C. Source Aladdin, as of 10/30/2020. Forecasts are based on assumptions, estimates, views and hypothetical models or analyses, which might prove inaccurate or incorrect.

**FIGURE 11: IT'S NEVER THE PERFECT TIME TO INVEST**

_ Market performance has been too strong → would like to wait for a better entry point
_ Market concerns seem high → would like to wait for the investment environment to stabilize




| | |
|---|---|
| **April – June 2010** | **Event/Cause:** Europe/Greece Fears, Flash Crash & Deepwater Horizon Spill. General economic fears.<br>**Impact:** IG Index +54 bp to +182 bp |
| **August – December 2011** | **Event/Cause:** S&P Downgrades U.S. Credit Rating to AA+. Europe/Greece fears and global recession fears continue.<br>**Impact:** IG Index +90 bp to +231 bp |
| **April – June 2012** | **Event/Cause:** Sovereign crisis intensifies with multiple sovereign and corporate downgrades.<br>**Impact:** IG Index +40 bp to +198 bp |
| **June 2015 – February 2016** | **Event/Cause:** Commodity downturn in 2015/2016 impacts energy and metal/mining companies. Numerous downgrades to high yield seen across the two sectors.<br>**Impact:** IG Index +80 bp to +200 bp |
| **October – Dec. 2018** | **Event/Cause:** Market fears that levered BBB-rated companies could not manage their debt loads and multiple companies could face high yield outcomes<br>**Impact:** IG Index +47 bp to +147 bp |

The asset class does not lend itself to tactical decisions. Returns are generated over a longer period of time based on longer-term themes and fundamental analysis.

Source: DWS as of 8/28/2019. IG Index Provided by Bloomberg Forecasts are not a reliable indicator of future returns. Forecasts are based on assumptions, estimates, views, and hypothetical models or analyses, which might prove inaccurate or incorrect.

## To What Extent Is ESG Now a Bigger Part of the Conversation?

In this unusual year, how has the ESG segment of the investment grade market held up? Companies with high ESG ratings are often industry leaders with higher valuations. Has this hurt performance?

DWS's approach to ESG differs from that of many others. One approach that is used by much of the industry involves "exclusionary indices," which remove certain sectors, such as tobacco, weapons, and energy. But wholesale exclusion of sectors can often hinder returns. We believe a more dynamic process presents less of a hindrance to performance.

Our process is similar to our overall approach for the investment grade asset class. For DWS, ESG is not an afterthought; it's incorporated into the process. For example, if we're considering a higher quality BBB name, we'll include the grade assigned by our ESG group into our analysis because there may be more idiosyncratic risk related to those ESG considerations.

Although DWS's approach does not exclude whole sectors, it might remove some credits that are included in other approaches. For example, the following chart (See Figure 10) shows that over 30% of the investment grade market, as represented by the Bloomberg Barclays Corporate Credit Index, is unacceptable under our ESG process and methodology. That is, more than 30% have ESG grades of D through M. These are lower than the A, B or C ratings we normally would invest in. But even in the Bloomberg Barclays

U.S. Corporate Sustainability Index (MSCI's ESG exclusionary index), about 20% of the names have grades below the lowest we would consider.

Further, while DWS's market views would exclude companies with low ESG grades, it allows us to maintain access to all sectors of the market and does not alter the ratings composition of the investment universe. The chart shows that the ratings composition of that universe roughly matches that of both the Bloomberg Barclays U.S. Credit Index and the Bloomberg Barclays U.S. Corporate Sustainability Index.

Unlike an exclusionary approach, our process is dynamic in much the same way that credit ratings are dynamic. So, for example, we don't say, "We don't invest in BBB bonds, and therefore we exclude the energy sector." But not all companies in the energy sector are rated BBB; some are rated higher. So rather than exclude whole sectors, DWS applies this issuer-based approach to ESG grades as well.

This is an important consideration, given that companies in the energy industry could improve their grades over time. Our ESG grades are updated on a monthly basis, and this is dynamic and specific to the issuer.

## Conclusion

***Is now the right time for investment-grade?***

History has shown the asset class to weather past crises. Because yield spreads have normalized, we are often asked whether now is a good time to buy investment grade debt. It's our position that this is an asset class that is predicated on a strategic approach; it does not lend itself to tactical decisions. Returns are generated over long periods, based on secular themes and fundamental analysis, not short-term views about valuations (See Figure 11).

Over the past decade, four significant episodes have occurred in the bond market, some of which include multiple market-roiling events. Returns to investment grade debt have been positive despite these tumultuous periods. If an investor had invested at the beginning of the year and held that investment for the three subsequent years, they would have seen significant, positive total and excess fixed-income returns at the end of the period (based on the Bloomberg Barclays U.S. Investment Grade Index).

Of course, buying credit just before or during a period of market uncertainty can create doubt for investors. But if an investor is going to invest strategically, we believe it is better to be invested sooner rather than later. This means that even if an investor doesn't invest when spreads are their widest, a strategic, long-term approach has the potential to be rewarded over time.

Investments are subject to risks, including possible loss of principal amount invested.

DWS does not give tax or legal advice. Investors should seek advice from their own tax experts and lawyers, in considering investments and strategies suggested by DWS. Investments with DWS are not guaranteed, unless specified.

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DWS developed an ESG engine, which is our proprietary software that aggregates data from multiple third-party commercial providers of ESG data, as well as data from several non-governmental organizations, to arrive at various ESG solutions (e.g., assignments of ratings to investment positions and sovereigns). The ESG engine is operated by DWS International GmbH, a German affiliate of DIMA, a U.S. registered investment adviser. DIMA's portfolio managers have access to ESG solutions produced by such German affiliate and may use such ESG solutions in managing client accounts. Please see Part II of the adviser's Form ADV for additional information regarding ESG issues.

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# INSURANCE MULTI-ASSET OUTLOOK
## IS THE MARKET ROTATION THE REAL DEAL OR JUST A HEAD-FAKE?

*By Tim Antonelli, CFA, FRM, and Daniel Cook, CFA, Wellington Management*

**Our multi-asset views for insurers**

| Asset class | View |
|---|---|
| ***Reserve assets*** | |
| Investment-grade credit | Neutral |
| Securitized assets | Moderately bullish |
| U.S. govt debt | Moderately bearish |
| Europe govt debt | Moderately bearish |
| Japan govt debt | Moderately bearish |
| ***Surplus assets*** | |
| High yield | Moderately bullish |
| Bank loans | Neutral |
| Emerging market debt | Neutral |
| U.S. equities | Neutral |
| Europe equities | Moderately bullish |
| Japan equities | Moderately bullish |
| Emerging market equities | Moderately bullish |
| Commodities | Moderately bearish |

As of December 2020 | Views expressed have a 6–12 month horizon and are those of the author(s) as of the date indicated, are based on available information, and are subject to change without notice. Individual portfolio management teams may hold different views and may make different investment decisions for different clients. This material is not intended to constitute investment advice or an offer to sell, or the solicitation of an offer to purchase shares or other securities. | Source: Wellington Management

### KEY POINTS

- Encouraging COVID vaccine data, government policy support, and gradually reopening economies make us more confident in taking a more pro-risk stance over our 12-month timeframe.
- Safe, effective vaccines could be one catalyst for a durable rotation from growth- to value-oriented equity exposures in the months ahead.
- Within global equities, we prefer Europe, Japan, emerging markets (EM), and smaller caps, and think cyclical sectors are more attractive relative to growth sectors.
- We believe interest rates will likely drift higher and find some credit spreads attractive relative to government bonds.
- Downside risks include broad lockdowns as a result of a second COVID-19 wave, a spike in rates, and waning policy stimulus. Upside risks include another major dose of stimulus, particularly in the United States.

### Remarkable, Painful, Unsettling, Hopeful…

2020 brought a roller-coaster ride of emotions, not to mention economic and market volatility. As the end of the year approached, the global economy was on its way to climbing out of the deepest hole ever. Markets, meanwhile, had moved forward, mostly on the strength and relative safety of U.S. equities, growth stocks, gold, and fixed income, and then taken a baby step toward cyclical leadership at the end of the year. So, with the U.S. election behind us (though court challenges, recounts, and Senate runoff elections are still to come as of this writing), COVID-19 cases spiking in Europe and the United States, fiscal stimulus on hold in the United States, and very encouraging vaccine data being announced, what is the investment thesis for 2021?

Over our 12-month horizon, we think vaccine news, reopening economies, and still-strong policy support will predominate and mark a turning point in the market narrative. Seeing a surer path to a safe and effective vaccine, we are more confident in an economic recovery in 2021 from still very depressed levels (Figure 1) and think this will be the catalyst for value to outperform growth, as well as for sovereign rates to rise somewhat. We expect a range of value-oriented exposures to outperform, including non-U.S. developed market equities (versus U.S. equities); emerging markets (EM); cyclical sectors such as financials, consumer discretionary, materials, and industrials;

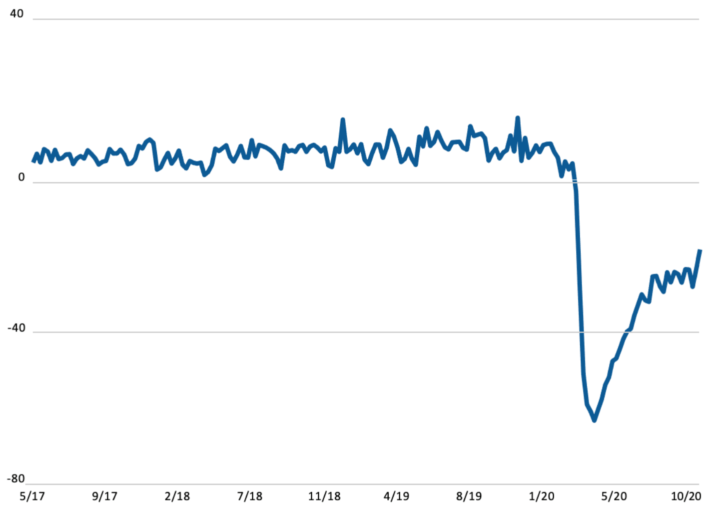
and smaller-cap equities. In sync with these views, we see the U.S. dollar weakening too. Given large output gaps and low levels of valuations, sentiment, and positioning in these areas, we think a rotation will be an enduring theme in the coming year.

*We remain moderately bullish on credit given the demand for yield, central bank support, and fair spread levels.*

Figure 1

**A global rebound is taking wing, but work remains.**

Total global flights, 7-day moving average, Y/Y percent change




Sources: Flightradar24, Wellington Management | Chart data: 7 May 2017–8 November 2020 | Total flights include commercial flights, rest of business-jet flights, private flights, gliders, most helicopter flights, government flights, some military flights, and drones. **PAST RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE RESULTS.**

We remain moderately bullish on credit given the demand for yield, central bank support, and fair spread levels. We are not concerned about inflation over the coming 12 months given the sizable global output gaps and thus see commodities as a source of funds (though precious metals could be a complement to fixed income for diversification purposes). Our pro-risk stance on emerging markets incorporates our expectation that China's recovery will continue to migrate from the industrial to the consumer side of the economy and that some other emerging markets will potentially benefit from a better developed-market backdrop, a weaker U.S. dollar, and low valuations.

## Equities: Leaning Toward Value

We have tilted our view on equity exposures away from the United States and toward Europe and Japan. Japan's domestic economy has benefited from some fiscal stimulus and a mild experience with COVID-19. That combination has led to healthy balance sheets for both corporates and households.

Moreover, we expect Prime Minister Suga to slowly ramp up economic reforms and the Bank of Japan (BOJ) to continue to push for reflation.

In Europe, the manufacturing side of the economy has performed well throughout the COVID-19 crisis, but the services side has lagged badly. As Europe endures a second wave of infections, we anticipate further lockdowns in the near term. However, our optimism about a vaccine and the fact that European consumers have the most room to rebound make us bullish on an economic recovery in 2021. Taking these macro views into account, as well as attractive valuations, we think it may be time for investors to reconsider their long-standing underweights in Europe and Japan.

*We are lowering our long-standing positive stance on U.S. equities to neutral.*

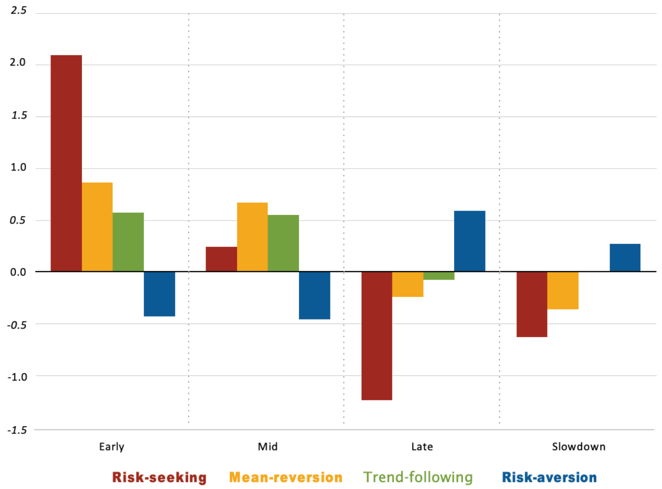
We are now moderately bullish on EM equities on the back of China's relative economic strength shifting from the industrial sectors to the consumer, and on a more constructive outlook for some other large EM countries. President Erdogan's pick for the new central bank governor, a former finance minister, is a positive development in Turkey. Brazil's current account surplus has actually improved during the pandemic and inflation is at record-low levels. While EM countries' debt relative to GDP has increased, interest rates are low and some monetary easing is a possibility. Differentiation in EM remains key; for instance, we prefer countries whose economies are tied more to manufacturing than to tourism.

We are lowering our long-standing positive stance on U.S. equities to neutral. U.S. equity markets are dominated by growth and technology, and we think a vaccine will unleash pent-up demand that could make value-oriented plays more attractive, particularly if interest rates rise somewhat, as we believe they will. We think the economy, which has been hit hard by COVID-19, will rebound as it reopens, benefiting more cyclical areas (Figure 2). The rebound should be supportive of U.S. equities overall, but given the market's concentration in relatively expensive areas, such as technology, we are left with a neutral stance.

Figure 2

**Value (mean-reversion) tends to outperform during the upturn in the cycle.**

Average monthly alpha of factors in different stages of the economic cycle (%)




Sources: FactSet, MSCI, Citi, Wellington Management | For illustrative purposes only. Not representative of an actual account or strategy. | Investment Strategy team's proprietary factors. Representative factors within each theme: risk-seeking factor = US Beta, mean-reversion factor = US Low P/E, trend-following factor = US Revisions, risk-aversion factor = US Low Volatility. | **PAST RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE RESULTS AND AN INVESTMENT CAN LOSE VALUE.** | Chart data: February 2003–December 2019

## Rates and Credit: Higher Rates, for the Right Reason, Should Be Fine for Spreads

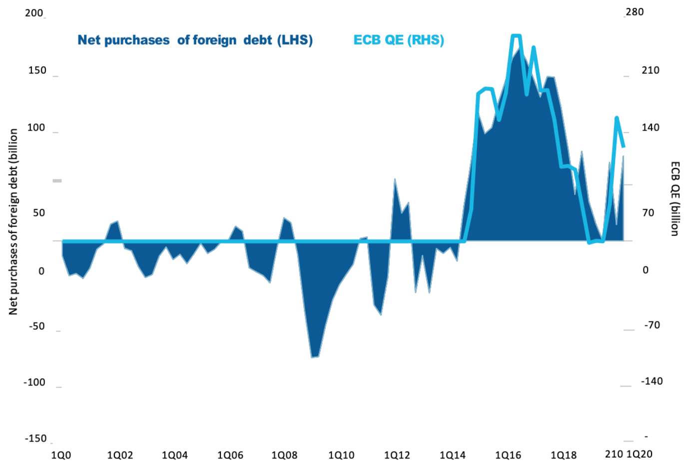
We believe that a cyclical recovery in 2021 will mean slightly higher yields in longer maturities while central banks will keep short rates pinned. The prospect of higher government bond yields augurs slightly worse for credit relative to the past, from a total-return perspective. If higher rates are a result of better real growth, however, and rate moves are mild, then spreads should tighten. Valuations remain at median levels versus history, and demand for extra yield remains strong. Figure 3 shows that with the growth of the European Central Bank's (ECB's) purchases of European government bonds and corporates, European asset allocators are being forced to increase their foreign debt purchases. This appears to be an additional source of U.S. credit demand. Despite its longer duration, the U.S. investment-grade market could benefit from this dynamic, so we seek a neutral posture.

*We prefer high yield to bank loans, given the prospect of short-term yields staying at zero for several years.*

Figure 3

**ECB QE has pushed European investors into U.S. credit.**

Euro area purchases of foreign debt and European Central Bank quantitative easing




Sources: Datastream, Wellington Management | Chart data: 1Q 2000–2Q 2020

We remain moderately bullish on high yield and think spreads could potentially tighten 50–100 basis points more over the coming year. With the U.S. Federal Reserve's (Fed's) support, U.S. high-yield defaults have been lower than expected—8.5% as of September 30—and Moody's has lowered its peak default rate to 11.1% from 14.4% for March 2021. We expect a drawn-out default cycle with slightly elevated defaults relative to the long-term average of 4%. We prefer high yield to bank loans, given the prospect of short-term yields staying at zero for several years.

We continue to view securitized assets as a way to express a positive view on residential housing, but remain cautious on commercial property, such as malls and offices, where we see enduring stress. Low mortgage rates, declining unemployment, and millennials' growing demand for housing are potential tailwinds for sectors like workforce housing and credit-risk transfer.

*In the ongoing quest for higher yields, we would expect many insurers to at least consider increasing their portfolio allocations to EMs in 2021.*

Our view on EM debt has also improved to neutral. As with equities, we see a better developed market backdrop supporting EM. We believe there are attractive opportunities in the higher yielding local rates and currency markets in Latin America funded by the safer, lower yielding Asian countries. We also continue to see opportunities in Central and Eastern European local debt.

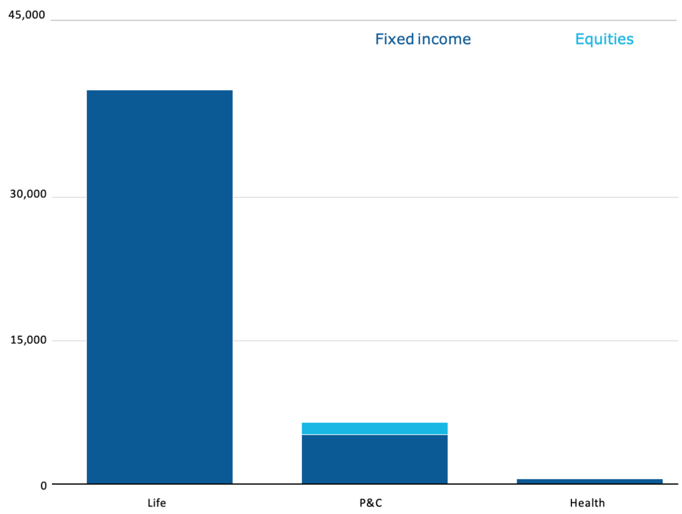
## Emerging Markets

Emerging market (EM) exposures have historically made up only a small fraction of U.S. insurers' total invested assets. In fact, according to the National Association of Insurance Commissioners (NAIC), EM assets comprised less than 1% of that total as of year-end 2019 (Figure 4). However, in the ongoing quest for higher yields, we would expect many insurers to at least consider increasing their portfolio allocations to EMs in 2021.

Figure 4

**U.S. insurers' exposure to EM assets.**

Millions




Source: NAIC | Chart data as of 31 December 2019

## Risks to Our Outlook

We, like the markets, are optimistic that a safe, effective vaccine will be ready for distribution as early as the first quarter of 2021, so a disappointment on this front or broad lockdowns as a result of the surge in cases could derail the global recovery and reverse the rotation from growth to value that we expect.

As of this writing, some U.S. election risk remains given that President Trump has not conceded to President-elect Biden and the Trump campaign has filed lawsuits in several swing states challenging the election results. We don't see much chance of those lawsuits succeeding, but note that any prolonged period of uncertainty could negatively affect markets. Geopolitical risks have gone up as well, as Trump has taken a more aggressive foreign-policy stance recently.

Higher yields also present downside risk and not just for fixed income investments. Extremely low yields and central bank commitments to keep them that way for several years have supported risk assets and justified lofty valuations, including in mega-cap technology names whose high future earnings are considered worth more today in light of lower discount rates. A spike in rates would likely damage markets broadly, particularly if the episode were accompanied by a sudden lack of liquidity.

We are watching closely for signs that the COVID-19 crisis inflicts lingering damage on the global economy. If worries about another surge restrain consumer spending and the savings rate grows, the expansion we expect could disappoint. Additionally, to the extent that changes made to adapt to the pandemic (e.g., remote work and education) become permanent, the impact in areas like office space and business travel could reduce the likelihood of returning to pre-pandemic economic activity levels.

Given our moderately bullish stance, an upside risk is that the global recovery is stronger than we expect. In that case, asset classes even more levered to a recovery, such as natural resources and industrial metals, could be bigger beneficiaries.

## Investment Implications for Insurers

**Looking beyond the election —** The markets have moved past the U.S. election and are now more focused on the path of COVID-19, the vaccine, and the global economy. We think an effective vaccine will be the catalyst for a cyclical recovery in 2021.

**Leaning toward value in equities —** With a better cycle, we prefer non-U.S. equities and other value-oriented exposures, such as cyclicals and smaller-cap equities. We prefer financials over energy given the slow recovery we expect in business travel and the structural headwind of the shift to renewables. We believe there are opportunities in companies with depressed valuations in cyclical sectors that have adapted to the pandemic and seen improvement in medium-term fundamentals. In addition to financials, sectors we find attractive include REITS, materials, health care, aerospace/defense, and transport, which all have value-oriented characteristics.

**Seeing some value in credit —** Spreads have narrowed but are still around median levels. Given the Fed's unprecedented support for credit, we think spreads will continue to grind tighter. Structured credit is not the target of Fed credit programs, but the market offers exposure to the improving U.S. residential housing market, a dynamic we think will persist through the recovery.

**Diversifying with high-quality bonds —** We think agency mortgage-backed securities and high-quality government bonds can potentially boost a portfolio's diversification and liquidity if the recession is deeper or longer than we expect. We think taxable investors should consider municipal bonds given attractive valuations.

**About the authors**

Tim Antonelli is responsible for identifying, sharing, and acting on major business trends affecting insurers globally and their investments across asset classes. He interacts regularly with a range of insurance industry regulatory bodies, rating agencies, and trade organizations around the world.

Daniel Cook analyzes and interprets markets and translates this work into investment ideas for portfolio managers and clients. He also consults with clients on strategic asset allocation issues.

# VENDOR RISK MANAGEMENT: CENTRALIZED VS. DECENTRALIZED

*By Kurstin Adamson, Montana State Fund*

Using vendors is an inevitable aspect of maintaining a successful business. Many business functions could be outsourced to a vendor, resulting in greater efficiencies and a higher quality product than could be replicated internally. With that knowledge, it's easy to see the opportunity associated with using vendors. Unfortunately, opportunity rarely exists without risk. Put simply, working with a vendor means you are also exposing your organization to the risks that the vendor faces in their business. Since that risk is external, your ability to control it is limited. In many cases, that may be justification for not using a vendor. In other cases, the opportunity is too great to ignore, and vendor risk management becomes a necessity.

Like enterprise risk management, vendor risk management is not one size fits all. Many organizations have a decentralized vendor management system where the individual business units manage their own vendors and therefore their vendors' risks. This is highly beneficial when you consider that each vendor will receive a specialized and focused review by the people who will work most closely with them. This is an excellent way to ensure strong vendor performance and positive vendor relationships. However, vendor risks can manifest in a wide variety of ways, including but not limited to:

- Performance
- Data Security
- Regulatory Compliance
- Disaster Recovery/Business Continuity
- Contract Verbiage
- Ethical Considerations
- Solvency and Longevity
- Cost
- The Vendor's Vendors

Each of these components is important to understand if you want to effectively manage vendor risk within your risk tolerance levels, yet It is highly unlikely that every business unit has the expertise to review a vendor for each of these components. For example, your data security expert likely resides in IT, while your contracts expert is most likely in the legal department. It makes sense that an organization would want to utilize the experts they already have at their disposal rather than train or hire individual experts in each department. Therefore, a centralized vendor risk management process is also a popular method for many organizations.

Centralized vendor management has the additional benefit of providing a mechanism for an organization to spot duplicative vendors, and it eliminates varying pay rates, contract terms, and points of contact. It also allows organizations to take a strategic approach to vendor management by ranking the risk a vendor presents to the organization based on the criticality of their service versus the criticality to a specific department. Yet centralized vendor management does have the downside of hindering vendor accountability when the vendors do not work directly with the part of the organization that benefits most from their services.

Given the drawbacks to a fully decentralized or fully centralized vendor management system, it may make sense to develop a hybrid approach. This would include a centralized process that provides oversight and expertise while tracking the vendor onboarding, monitoring, and offboarding process while allowing each business unit to interact with their vendors and manage the vendor relationship and performance. Of course, if there is any component of vendor risk management that an organization does not have the capacity or the expertise to effectively understand or manage, that too can be outsourced to yet another vendor. This is especially common when it comes to third-party data security.

No matter how an organization chooses to manage vendor risk, there is no doubt that it is an essential component of a successful business. Making a purposeful effort to manage vendor risk allows an organization to take advantage of all the opportunities that using vendors provides.

# SERVANT LEADERSHIP—
# A WINNING STRATEGY

*By Jill Christensen, WCF; Cindy Mohler, New Mexico Mutual; and Jaye B. Pierce, SIF – Idaho Workers' Compensation*

The concept of servant leadership is hardly new, dating back thousands of years in both Eastern and Western philosophy. At its core, servant leadership is about leaders meeting the needs of their followers by showing empathy and ethics and ignoring ego and personal ambition. In business, a more traditional autocratic/authoritarian model to "leadership" is often the norm. Traditional approaches have a legitimate place in business; however, the shift to servant leadership continues to gain traction as studies prove - and highly visible corporations such as Southwest Airlines, Starbucks, and Ford Motor Company demonstrate - servant leadership can be a big win at every level within an organization.

According to a 2018 article published by the Society for Human Resource Management (SHRM) titled, "The Art of Servant Leadership" by Mark Tarallo, senior editor at *Security Management Magazine*, servant leaders possess a serve-first mindset, and they are "focused on empowering and uplifting those who work for them. They are serving instead of commanding, showing humility instead of brandishing authority, and always looking to enhance the development of their staff members. They take the traditional power leadership model and turn it completely upside down."

Art Barter, founder and CEO of the Servant Leadership Institute and CEO of Datron World Communications, Inc. expresses that "performance goes through the roof" with servant leadership. When Barter became CEO of Datron, he chose to lead as a servant leader and the results were dramatic. The company's revenue grew from $10 million to $200 million in just six years.

Pat Falotico, a former executive leader at IBM who is now the CEO of the Robert K. Greenleaf Center for Servant Leadership, agrees that "magic happens" when a company applies servant leadership principles.

Closer to home, one of our colleague AASCIF organizations not only preaches but practices servant leadership. When Bryan Klipfel, director of North Dakota Workforce Safety & Insurance (WSI), was appointed in 2009, he came from a long career in law enforcement with the North Dakota Highway Patrol. "What your leader said is what you did," Klipfel shared with the AASCIF HR Committee in a recent interview. While the authoritarian model is prevalent in law enforcement, crisis, and other similar environments where strict rules-based order has great value, Klipfel's mindset about leadership in business shifted when he and a colleague attended a training on servant leadership led by James C. Hunter.

When asked to explain more about what he learned, he had this to say:

> Servant leadership is a lot more than just making employees feel good and heard. Leaders are enablers and they can empower employees through training, professional growth, listening, and involving all employees. Everyone is a leader. And we expect them to act like leaders, come up with ideas (because they have **great** ideas), and understand what we are trying to accomplish as an organization.

According to Robert Tanner, MBA, in an article titled "What is Servant Leadership in Business," servant leaders see themselves as facilitators of other people's success. These leaders understand they can't achieve results without their team members. They don't view their teams as working for them but working with them. They think "we" not "I". A servant leader's primary role is to remove the obstacles that prevent their people from doing their best work. "Obstacles" come in many forms—lack of knowledge or skills, equipment, or materials. Servant leaders address these deficiencies. If processes or procedures need changing, servant leaders effect change. They ask themselves, "What does my team need from me today to be successful?" Then, they work to provide it.

When asked if WSI encountered growing pains along their journey, Klipfel responded with the following:

> This is not something done overnight or a "one-and-done" process. There will be some employees who do not agree with you or this leadership style. There will be bumps along the way, but keep moving forward because it is the right thing to do. We were successful because from the top, executives modeled and lived the principles. Trust is foundational. Servant Leadership is not the leader telling everyone what to do. Having an environment where it is safe to share, which includes healthy conflict, is essential. As leaders, you need to be open to disagreement. Listening is critical. You need cheerleaders within the organization who see the value of servant leadership, they plant the seed.

The leadership philosophy is foundational, of course. Additionally, we wondered how to really embrace the culture. Klipfel explained:

> Accountability is probably one of the most important things in servant leadership. We talk about being nice to each other, but servant leadership is much more than

> that. In Patrick Lencioni's book "The Advantage," he explains that an organization needs a strong executive team, but also needs clarity. Where do we want to go as an organization? We must have a vision of where we want to go. It does not need to be complicated. With so much knowledge and expertise in an organization, we need to be going in the same direction. Strategy is very important.

Klipfel added another key element to understand:

> Servant Leadership is just a part of a strategic journey. It is not everything. It must be within what you are trying to accomplish. For WSI, our strategic plan starts with the Balanced Scorecard framework; looking at four different perspectives: customer, finance, internal processes, and employees. We built upon this by implementing servant leadership, more training, and now change management.

Business objectives, whatever they are, will not be reached without sharing the load and responsibility. Serving staff is the bedrock principle of servant leadership. According to Stephen M.R. Covey, former CEO of the Covey Leadership Center, it's important to remember that servant leaders are both servants and leaders:

> It still requires the other dimensions of leadership—character, competence, and trust. Trust is a prerequisite for servant leaders, because the leaders must trust that the employees are worth serving, and that they and the organization will benefit from their service. Trust is one of the means to achieve servant leadership, and it is also an end that is achieved by servant leadership.

When asked for his recommendations about resources for learning more about servant leadership, Klipfel was emphatic in his recommendation of James Hunter as a thought leader on servant leadership.

We thought it fitting to close with some of Hunter's thoughts as articulated in the Forward he wrote for *Lessons in Loyalty*, by Loraine Grubbs-West, a book about servant leadership and Southwest Airlines' phenomenal success. Hunter wrote:

> Please remember that leadership is not about management. I have met scores of excellent managers who were horrible leaders. Leadership is not what you *do*, rather the person that you *are*. Leadership is *influence*. Leadership is influencing others for good, rousing others to action, and inspiring them to become the best they can be as they work together toward common goals. By that definition, we are all leaders. The only question is, will the people on your team be glad you were there?
>
> The best part is that in time you will discover you no longer have to try to be a good leader; you have become a good leader. You will not have to try to be a good team member; you will have become a good team member. And the people around you will be glad that you are there.

**Following are Klipfel's recommendations as well as other sources of information about servant leadership.**

**Books:**

*The Servant: A Simple Story About the True Essence of Leadership*, by James C. Hunter

*The Advantage: Why Organizational Health Trumps Everything Else in Business*, by Patrick Lencioni

*Lessons in Loyalty: How Southwest Airlines Does It – An Insider's View*, by Lorraine Grubbs-West

**Articles:**

"The Art of Servant Leadership," by Mark Tarallo, Society of Human Resources Management, SHRM.org

**Podcast:**

"The John Maxwell Leadership Podcast," by John Maxwell

# **SUPPORTING** A DISTRIBUTED WORKFORCE

*By John Thompson, SIF – Idaho Workers' Compensation*

Thinking back on it now, it's hard to believe it was just one year ago. There we were, a newly formed AASCIF IT Committee, huddled closely around a table making our best predictions. Our assignment: to come up with a relevant headline for the January 2021 newsletter. We wanted it to be something interesting, something that might be applicable to many while encouraging others to consider a new path forward.

Through the course of conversation, a question was raised about the trend toward a distributed workforce and to what degree our respective state funds were engaging in either remote work or work-from-home programs. If my memory serves me, the response was a bit underwhelming. There was adoption in doses, driven largely by demand from IT staff with on-call responsibility or from senior management demanding flexibility. It was "on the radar" for most, however, with visions of expanding this privilege to a broader audience throughout the coming year.

That settles it then. An article on supporting a distributed workforce would be the perfect topic in a year. Hopefully by then, many of us would have made good on our intentions to further such a cause, making it more germane to the chosen headline.

Well, we nailed it! (Though I have to admit that nowhere in our prediction was a global pandemic identified as the catalyst.) We never could have imagined that in just two months' time we would all be racing to distribute our collective workforces. But here we are, just one year and an eternity later.

I suspect if we were to poll those same IT Committee members today, it would elicit a much different response than it did a year ago. We would each take turns sharing stories of great heroics as users fled from the office to attempt working from the shelter of home. Some would boast of seamless transitions with nary a missed beat, while others would admit to a less than graceful journey. But no matter how smooth the ride, we would all speak of an initiative that normally spans months or years being accomplished in days or weeks.

Now here we are, each of us settling into our evolving norm, each trying to get comfortable in all too familiar surroundings without getting, well, too comfortable. After all, this wasn't as much planned as it was forced and no matter how many months pass, we can't allow ourselves to think of this as permanent, because the very thing that got us here surely isn't.

So I pose this question to each of you. How do we support this version of a distributed workforce? I suppose your response may depend on a variety of things, most notably your role. Let's walk through some examples.

If you are in IT, support may be providing communication and collaboration options. The current environment has driven demand and adoption of integrated remote workplace solutions, including:

- Teleconferencing tools like Zoom, Skype, WebEx, Google Meet, and Microsoft Teams
- Chat capabilities integrated into the tools above or others like Jabber or Slack
- Whiteboard and screen sharing software to allow visual collaboration
- Telephony services in the form of softphone on a variety of platforms
- Cloud-based file sharing, such as SharePoint, Dropbox, OneDrive, and Google Drive

For supervisors and managers, support may manifest itself in other ways. Perhaps it comes in the form of traditional communication and team involvement like meetings and conference calls. Maybe it's providing even more flexibility than telecommuting has already provided. Or maybe it's sponsoring programs aimed at supporting physical and emotional health. Here are some examples you may consider for your organization or team:

- Video conferences when possible and encouraging camera use to really connect
- Weekly check-in meetings with employees to see how they are doing
- Flexible work hours to accommodate difficult schedules while still providing coverage
- Trust that the work is getting done, even if it can't always be seen or heard
- Encouragement of breaks and time off, even if it means taking a "staycation"
- Providing wellness programs and promotion of participation for employee health and well-being

On the lighter side, you may consider the creative adoption of the collaboration tools listed above to further encourage a connected culture. Some examples shared in one of our committee sessions last year include:

- Show and tell or team trivia via teleconference
- Pictionary over whiteboard
- Departmental Jeopardy via PowerPoint
- Virtual holiday parties and costume contests
- Virtual break rooms, team chat rooms, and happy hour gatherings
- Hosting 30-minute Lunch-n-Learn sessions on topics of interest

No matter how you answer the question, at the end of the day it's about being human. It's about staying connected and making sure people are informed and have their voices heard. We all have a role to play in supporting one another, and no one person can shoulder it alone.

By definition, to support something means to bear all or part of the weight; to hold up. So how are you holding up, and who are you helping to hold up? Are you taking care of yourself so that you can then give of yourself in sincere and meaningful ways? This is likely the most important way we can show support of our respective distributed workforces. When you strip it all back and block out all the noise, isn't this the stuff that really matters?

In this world where there is so little we really can control, have patience and be kind to one another. That's something you *can* control.

# RETHINKING AGENT MEETINGS IN A VIRTUAL WORLD

*By Cynthia Luna, MMHRM, New Mexico Mutual*

If you've been missing those face-to-face meetings you had with agents in the days before COVID-19, you're not alone.

Before "social distancing" and "PPE" became household words, we took those easy sit-downs for granted. But when regular meetings were replaced by videoconferencing, agent relationships became more complicated.

Conducting business on Zoom, GoToMeeting, Microsoft Teams, and other online services proved to be challenging—even tumultuous at times. Yet we had to give it a try. Though some aspects of business had ground to a halt thanks to COVID, the need to meet and communicate had not.

In fact, connecting and collaborating with our business partners had grown more urgent. Beyond the usual topics of discussion, there were new uncertainties that needed to be addressed.

These included business disruptions and closures, layoffs, coverage for occupational diseases, and significant payroll decreases. There were dips in entire sectors of the economy to be considered as well.

If there was a silver lining to the situation, it was this: The pandemic forced us to define the most critical rules of relationship building. Here are some of the lessons we learned:

## One Size Doesn't Fit All

If the early days at your fund were anything like ours, you probably chose one or two services for your virtual meetings. Then you learned that some of your business partners were using different services. In addition, those working from home had their own set of technological needs.

At multigenerational agencies, some brokers were less enthusiastic about technology than others. Some wanted no part of virtual meetings, opting for traditional conference calls instead.

The lesson was clear. Just as policyholders have different underwriting needs, agencies had different meeting needs—and we would have to adapt.

## Make Creativity Your New BFF

Here's another lesson we learned: Nurturing relationships is still possible in the COVID-19 era, but it takes some out-of-the-box thinking. You need to give people good reasons to pay attention if you want to keep them engaged.

You can start by planning a short, tight agenda tailored to the specific needs of your audience. Those hour-long meetings you held before COVID should now take just 15–30 minutes, tops.

Keep the message essential and fresh to curb excessive phone-checking and prevent the conversation from wandering off course. Ask good questions to stimulate conversation and collaboration, and use the screen-sharing function to post compelling visuals.

While you're at it, look for ways to use virtual technologies to enhance your meeting experience. For example, if your service comes with a whiteboarding function, you can use it to make your meetings even more dynamic. And for a touch of fun, consider holding virtual raffles—they're great for encouraging participation.

Finally, consider the diverse and challenging situations of people working from home. With dogs barking, kids crying, and UPS knocking at the door, it helps to bring your sense of humor!

## Above All, Add Value

Remember that your stakeholders are having pandemic-related issues of their own. Agents and brokers are finding it harder to chase leads and sell to prospects. Some independent agencies are having to fend off competitor carriers who've been asking for their business. And policyholders are consumed with the challenges of staying in business, streamlining overhead, and figuring out how to classify their remote workforces.

Discovering what these stakeholders want and need from you can be difficult. In our experience, some agents want to know whether their clients' premiums have decreased as a result of the pandemic, and how such decreases have affected their incentives. Others, unfortunately, are less interested in hearing from us. "We know how to contact you when we need you" is a response we often hear from these folks.

The problem with this, of course, is that carriers need to collaborate with their stakeholders in order to be successful. So how can we make collaboration just as important to our customers as it is to us?

We believe the answer lies in becoming part of the solution for our customers, primarily by sharing our knowledge with them. For example, we're been educating agents about target markets still experiencing premium growth despite the pandemic. We're also sharing information on the impact of COVID-19 on losses, audited premium and risk appetite. Agents have been using the information we provide to gain new growth, even as their existing business is decreasing. They're also benefiting from recent expansions to our risk appetite.

We've also become a resource to policyholders, some of whom have been scrambling to keep their businesses going. They appreciate the assistance we're providing with classifications, virtual audits, safety inspections, and more.

And sometimes we just call our partners to ask how they and their teams have been faring, without any business talk. This type of outreach helps, too.

## The Bottom Line

What 2020 has taught us is to remain flexible. Even the best-planned virtual meetings are subject to bandwidth limits, sound feedback, family interruptions and other snafus. But that's okay. There is room for trial and error as we continue building our partnerships in this complicated period.

There will come a day when we'll all meet in person again. But in the meantime, there are still plenty of opportunities to shine as supportive carriers to our stakeholders.

### Lessons Learned

Want better virtual meetings with agents and others? These tips can help.

***Go the extra mile to meet your partners' unique needs.***

Your business partners have different technological abilities and meeting preferences. Do all you can to adapt to their specific requirements.

***Get creative to keep participants from zoning out.***

For starters, take the time to organize short, punchy meetings with focused agendas. Ask good questions to stimulate conversation. Include visuals—and if your meeting service has a whiteboarding function, use it. Think about holding virtual raffles, which encourage participation.

***Become part of the solution for your partners.***

Use your virtual meetings to present agents with insights and information they can use to grow their businesses. Help policyholders with assistance on class-code adjustments, virtual audits, and safety inspections.

***Check in.***

Friendly chit-chat has been a casualty of COVID-19. Calling your business partners just to say hello can bolster these key relationships.

# AROUND AASCIF

## CALIFORNIA

### State Fund Declares 10 Percent Dividend for 2020 Policy Year

State Fund will distribute an approximate $39 million dividend to its qualifying policyholders with policies that took effect between August 27 and December 31, 2020. This dividend equals approximately 10 percent of the estimated annual premium reported during that time period.

This announcement follows up State Fund's August declaration of an approximate 10 percent mid-year dividend that applied to all policies incepted between January 1 and August 26, 2020. The dividend distribution for the entire year equals approximately $114 million.

"This has been a very challenging year for our policyholders, and we're glad we can continue to support them with this dividend declaration," said State Fund president and CEO Vern Steiner. "We took a number of actions during 2020 to help our policyholders, including accelerating the delivery of our 2019 dividend payments and providing more than $40 million in COVID-19 safety support grants. This latest declaration continues that support—all qualifying State Fund policyholders now know they can expect another dividend payment next year."

Policyholders will begin to receive dividend payments during the second half of next year.

### Free Online Safety Training Available to All State Fund Policyholders

Employee training is an important part of a safety plan for any type of business. In the interest of helping to keep California workplaces safe, State Fund created State Fund's Online Safety University℠, a free learning platform exclusively for policyholders, designed to help them comply with state safety laws, educate employees on workplace hazards, and keep workers safe.

The platform provides free occupational safety training with more than 200 courses for various industries, 59 of which are available in Spanish. Employers are able to assign training to their employees and manage completion through an easy-to-use dashboard. The courses are accessible anytime through a desktop or laptop.

### State Fund Board Member Bill Zachry Given Top Award by WorkCompCentral

State Fund Board Member Bill Zachry has received the Summa Comp Laude® Award, one of the top two awards given at the annual Comp Laude® Awards sponsored by WorkCompCentral. The award is also called the David J. DePaolo Award, named for the publication's late founder.

According to a Comp Laude® news release, Zachry was recognized for his "career contributions to the workers' compensation industry."

"Bill is a go-to expert for insights and analysis of the issues facing our industry," said Vern Steiner, State Fund's president and CEO. "He's also played a critical role in helping craft State Fund's strategy over the past several years and a big part of the reason we've been able to deliver for our policyholders and injured workers during this uniquely challenging year."

The Comp Laude® Awards were created to change the narrative of the workers' compensation industry to a more positive one, including all industry stakeholders.

### New Campaign Promotes Culture of Safety for Policyholders

A strong safety culture is vital to the well-being of a business and its employees. As part of its commitment to help California employers keep their workplaces safe, State Fund launched "Be Their Hero"—an email marketing campaign that focuses on encouraging policyholders and their employees to adopt a positive attitude about safety by reminding them of who is relying on them to be safe.

Each month, policyholders will receive a "Be Their Hero" email with a safety culture tip and an invitation to visit www.SafeAtWorkCA.com, where they can find resources and guidance to help build a positive safety culture. They can also subscribe for more information and materials such as posters and paycheck stuffers to share with employees.

Promoting safety in the workplace is a crucial part of State Fund's purpose and their mission to help keep California workplaces safe.

# COLORADO

## Pinnacol Moves Agent Education, Training Events Online, Increasing CE Hours by 40 Percent

When the pandemic hit, Pinnacol senior meetings and events planner Shawna Ratner quickly moved training online, partnering with Agent Brokers Education Network and The National Alliance to deliver training opportunities to agents. In total, Pinnacol distributed more than 700 complimentary continuing education credits—a 40 percent increase over 2019.

Wellness activities such as virtual yoga and painting classes were added to give agent partners the chance to connect while caring for their own physical and mental health.

## Civic 50 Award Lists Pinnacol Among the 50 Most Community-Minded Companies in Colorado

In a virtual award ceremony, Pinnacol was listed among The Civic 50 Colorado by CSR Solutions and Points of Light, the world's largest organization dedicated to volunteer service. This is the second year in a row that Pinnacol has been honored.

The award recognizes Pinnacol as one of the 50 most community-minded companies in Colorado, determined by an independently administered and screened survey. The awards, modeled after Points of Light's national program, provide a standard for superior corporate citizenship and showcase how companies can use their skills, resources, and time to impact their communities. Other honorees include AT&T, Lockheed Martin, Prologis, and Vail Resorts. View the full list of honorees.

## Pinnacol's Award-Winning Program Begins Issuing Credits to Participants Through Colorado State University Global

During National Apprenticeship Week in November, Pinnacol announced it would begin issuing general elective credits through Colorado State University Global to participants in its apprenticeship program. Students in the program attend high school classes, receive classroom-style training from dedicated support staff, earn industry credentials, and serve alongside adult colleagues on corporate teams. Now, they can earn additional credits for their work at Pinnacol and apply them toward CSU Global's online degrees in computer science, business management, or other career-relevant programs.

Learn more about Pinnacol's program.

## Pinnacol Highlights Unique Injury Trends for the $5 Billion Amazon Delivery Service Partner Industry

Pinnacol recently reviewed its claims data to identify trends and provide safety education for the rapidly growing Amazon delivery service partner industry.

In addition to identifying the five most common injuries, the unique injury profile reveals that "slip and fall" and animal-related injuries occur more commonly for these drivers than for other delivery drivers in Colorado. Pinnacol's occupational safety experts attribute this to the industry's relative newness and increased demand due to the pandemic.

## LOUISIANA

### LWCC Embraces Louisiana Loyal

Louisiana Loyal is more than just a tagline. It's a mantra and a movement that drives LWCC's mission to better Louisiana. These two words define its way of working and its why for existing.

To be Louisiana Loyal means to put words into actions. In 2020, LWCC created the Louisiana Loyal Service Project to bring employees together to capitalize on the company's Volunteer Time Off (VTO) incentive in a collective service project that elevates their region and state. This year, the chosen service project was a partnership with Front Yard Bikes, a community bike shop that focuses on teaching participants of all ages how to fix and maintain bikes while offering youth in the community a safe, free after-school program.

LWCC employees joined Front Yard Bikes for a morning of service to clean up the outdoor space and help move dirt into a new aboveground garden area. Additionally, they engaged a local fence vendor to repair fencing around the outdoor space that was damaged during a recent storm. LWCC will continue to work with Front Yard Bikes in the coming months to help them make progress toward their goals to serve the youth of the community.

Additionally, LWCC held the annual Angel Tree, which has been an initiative for over 15 years. Through this program, LWCC's Claims Department supports the families of LWCC's policyholders who experienced severe work injuries by sending them a little extra Christmas spirit. This year, the families received six to eight gifts per child, a $158 gift card for the adults on the list, and a customized LWCC ornament with a holiday video message!

LWCC continues to be Louisiana Loyal each day by serving the community and leading by example.

### LWCC Celebrates Champions of Louisiana

In September 2020, LWCC launched Champions of Louisiana, a celebration of the people, businesses, and organizations equally committed to making the state a better place to work and live. Champions are all around us doing a wide variety of work to improve the state. They serve out of a love for Louisiana, its people, and its future, either by contributing to the local economy or by supporting health and wellness, safety, education preservation, and other initiatives that contributed to transformational change.

Any person, business, or organization can be nominated as a Champion of Louisiana. If selected, the Champion is highlighted on louisianaloyal.com/champions and through LWCC's social media platforms and email newsletter. The three named Champions in 2020 included the executive director of a coastal restoration nonprofit, a sustainable butcher working to cultivate the land and make sustainable farming more accessible, and the executive director of a nonprofit that mentors young Black men.

LWCC's vision is to be a catalyst elevating Louisiana's position in America. However, we cannot do this work alone. We are proud to stand beside these Champions of Louisiana.

## MAINE

### The MEMIC Group Establishes MEMIC Safety Research Center

MEMIC is excited to announce the launch of the MEMIC Safety Research Center. The Center provides MEMIC with an opportunity to develop data-driven solutions to workforce safety challenges and to help policyholders reduce the frequency of injuries within their organization and also reduce the overall risks of injury.

The Center will be soliciting research proposals targeted to higher education institutions across the nation that offer occupational health and safety programs. Proposal submission will run through the end of April 2021. We plan to award up to three $10,000 research grants this year.

"While it will start small," says MEMIC president and CEO Michael Bourque, "this program will give our safety team the opportunity to invite academic researchers in safety to examine workforce safety challenges with the hope of finding solutions to them."

### The MEMIC Group Announces Promotion of Four Directors

Matthew Coy, who joined MEMIC as senior director, information technology in 2017, has been promoted to vice president, information technology. Robyn Jackson joined MEMIC's Claims team as a compensation specialist in 2005 and is now vice president, claim operations. Karen Johnston began her career with MEMIC in 1994 and has been promoted to vice president, underwriting operations. Deb Sabatino has more than 25 years of HR experience and has spent nearly 13 of those years with MEMIC. Sabatino has been promoted to vice president, human resources. Visit https://www.memic.com/about-memic/newsroom/memic-promotes-four-to-vice-president-positions for more details.

### MEMIC Named 2020 Trail Blazer Award Recipient for State and Corporate Partnership by Million Women Mentors

Million Women Mentors, an initiative of STEMconnector, has recognized Catherine Lamson, MEMIC's SVP and CAO, and MEMIC for their leadership in advancing the cause of attracting young women to the fields of science, technology, engineering, and mathematics (STEM). Visit https://www.memic.com/about-memic/newsroom/memic-named-2020-trail-blazer-award-recipient-state-corporate-partnership-by-million-women-mentors for more information.

## MARYLAND

### Chesapeake Employers Insurance Launches WC Connect, an Online Resource for Injured Workers and Their Families

Chesapeake Employers' Insurance Company announces the launch of WC Connect, a new online listing of support and recovery resources for injured workers and their families.

WC Connect aims to put injured workers and their family members in touch with individuals and organizations offering support and mentoring from those who have previously experienced—and survived—such injuries as severe burns, traumatic brain injuries, amputations, and spinal cord injuries.

WC Connect is the vision of Chesapeake Employers CEO Tom Phelan, CPA, who was inspired to create a support network through which injured workers and their families could connect with other survivors who have experienced the trauma of a workplace injury. Additional resources also offer inspirational motivation and educational financial support for injured workers' children.

*Tom Phelan, CEO, Chesapeake Employers Insurance*

"We recognize that seriously injured workers and their families oftentimes need and benefit from receiving support provided by families who have experienced the same kind of life-altering event," explains Phelan. "Chesapeake Employers is passionate about helping our injured workers and their families recover from a serious injury. Support groups can help answer difficult questions, share valuable perspectives, and foster positivity."

WC Connect offers resources for:

***Burn injuries***

- The Johns Hopkins Adult Burn Center
- Phoenix Society for Burn Survivors
- Lehigh Valley Health Network Burn Recovery Center
- Burn Support Magazine
- Model Systems Knowledge Translation Center

***Traumatic brain injuries***

- Love Your Brain
- Brain Injury Association of Maryland
- ReMed Brain Injury Support Group
- CDC Traumatic Brain Injury and Concussion

***Amputation injuries***

- Amputee Coalition Support Group Network and Certified Peer Visitors

***Spinal cord injuries***

- Christopher and Dana Reeve Foundation

***Inspirational sites***

- John O'Leary Live Inspired
- Amberley Snyder

***Educational financial support***

- Kids' Chance of Maryland, Inc.

## MINNESOTA

### SFM Foundation Scholarship Applications Accepted Until March 31

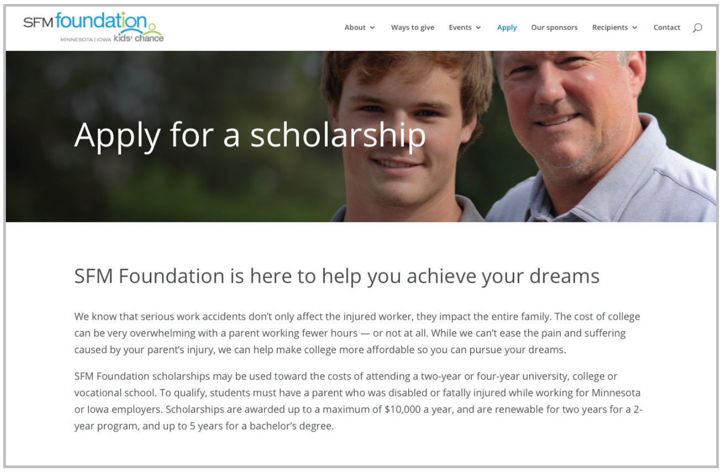
SFM Foundation will be accepting scholarship applications for the 2021–2022 academic year until March 31, 2021.

The SFM Foundation makes college more affordable for families affected by workplace injuries by offering post-secondary education scholarships to children of parents fatally or seriously injured on the job while working for a Minnesota or Iowa employer.

Interested applicants will find a registration form and eligibility requirements for the scholarships on the [SFM Foundation website](SFM Foundation website).

Scholarships will be awarded based on injury severity and impact on the student and their family, among other factors.

In these particularly trying times, students and families need our help more than ever. Please help spread the word about our scholarship program to help more deserving families.



# MONTANA

## A Lesson in Safety

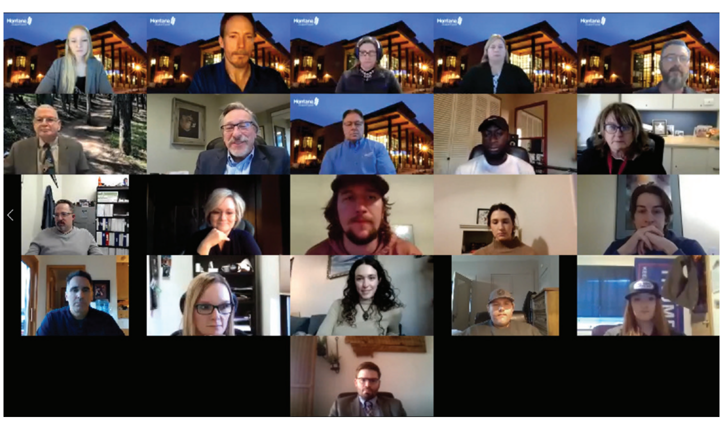
At a recent virtual presentation, Montana State Fund President/CEO Laurence Hubbard awarded $4,000 academic scholarships to 15 Montana college students majoring in occupational safety and health/industrial hygiene and the construction trade and industry field.

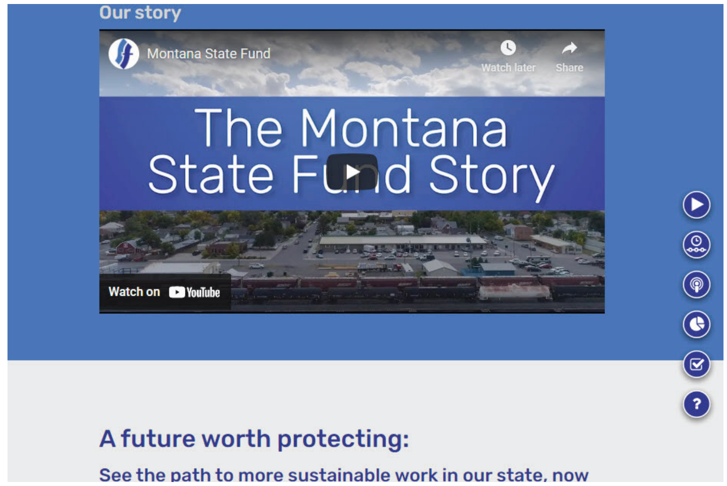
The scholarships are part of MSF's *Growing a Safer Montana* initiative. The initiative was set up in 2018 to educate young workers about the importance of workplace safety before they enter the workforce. Historically, Montana is among the highest in the nation in workplace accidents and fatalities.

"While we have seen accident frequency trending downward, room for improvement remains," said Hubbard. "We believe Montana's standing as a high-risk state is rooted in our culture of rugged independence. We do things the way we do because we have always done it that way, which is a hard sentiment to change. But if we are going to reduce workplace injuries and fatalities, we must collectively commit to operating safe and healthier workplaces."

Since the start of the program, 52 students have received the competitive scholarships totaling $169,500.

Another *Growing a Safer Montana* program is the high school safety equipment grant. High school educators teaching construction trade and industry courses can apply for grants up to $750 that help purchase needed safety materials, equipment, or protective gear for their students.






## Working for Montana

MSF launched a new website, [workingformontana.com](workingformontana.com). It was created to keep stakeholders up to date and educated on the history of Montana State Fund (MSF) and the role we play in the state's workers' compensation insurance arena.

Ethan Heverly, MSF's director of government and community relations said, "MSF believes that the key to effective advocacy is education and relationships. This tool is designed to improve our educational efforts to better tell the story of MSF."

The site features videos, statistics, podcasts, frequently asked questions, and a section to view current legislative bills associated with workers' compensation.

# NEW MEXICO

## New Mexico Mutual Names New CEO—Company Vice President and CFO Kellie Mixon to Assume Top Spot in April

After a nationwide search, the board of directors of New Mexico Mutual has appointed Kellie Mixon as the company's next chief executive officer. Mixon, who currently serves as vice president and CFO of the workers' compensation insurer, will assume her new role after CEO Norm Becker retires at the end of March.

Mixon joined New Mexico Mutual as an accounting trainee and advanced to progressively more responsible positions during her 25-year tenure with the company. She is the first New Mexico Mutual team member to work her way up through the ranks to the company's top position.

"The board was keenly aware of the challenge to replace an exemplary leader like Norm Becker," said board chair Jay Czar. "We have absolute confidence in Kellie Mixon's ability to ensure the company's future growth and continued success; she is truly a respected and dynamic executive."

Mixon has 28 years of experience in public and private accounting, including 25 years in the property and casualty insurance field. As CFO, she has been responsible for the company's financial strategy and activities as well as its risk management, investment, and treasury functions. She served as vice president of finance before assuming the CFO position.

"I'm honored for the opportunity to lead this great company," Mixon says. "As our industry keeps changing, I'll be working to help New Mexico Mutual adapt and grow while maintaining the high level of service our agents and policyholders have come to expect."

Mixon was recognized in 2019 as a Woman of Influence by Albuquerque Business First. A graduate of Leadership New Mexico, she also has the distinction of being the first woman to serve as New Mexico Mutual's CEO. Mixon holds a bachelor of accountancy degree from New Mexico State University. In addition, she serves on the board of directors of United Way of Central New Mexico, helping to develop the agency's vision and goals and to ensure the integrity of its financial operations. She previously served as chair of the Finance and Investment Committee of AASCIF. This committee provides AASCIF members with educational resources and materials on finance and investment.

*Vice President and CFO Kellie Mixon to become New Mexico Mutual's New CEO*

## NEW YORK

### NYSIF Issues $3 Million in PPE Credits

NYSIF returned more than $3 million in premium credits to 9,528 policyholders who responded to our Personal Protective Equipment Credit Program.

The program ran from August 20 to December 31, 2020, offering a credit of 5% of annual premium, capped at $500, for the purchase of masks, gloves, goggles, gowns, hand sanitizer, and other COVID-related safety equipment. News outlets such as *Business Insurance*, *Work Comp Central*, *The Batavian* and WHEC-TV in Rochester picked up on the program and provided coverage.

The credits NYSIF applied were based on more than $20.3 million in reported expenditures on COVID-related PPE, and just one of many COVID relief programs we offered customers facing challenges posed by the pandemic.

### NYSIF Is Customer of the Year

NYSIF received the Customer of the Year Award in 2020 from the New York State Industries for the Disabled, Inc. (NYSID) for employing people with disabilities. In presenting the award, NYSID thanked NYSIF "on behalf of the New York State Industries for the Disabled's Board of Directors, our 160 rehabilitation member agencies and corporate partners, and the thousands of people with disabilities employed on preferred source contracts."

More than 40 New Yorkers with disabilities work off site for NYSIF in document imaging and document management and had worked on site before the pandemic. In addition to processing thousands of medical bills and policy documents for us daily, NYSID workers provide document destruction, janitorial, mail fulfillment and other services. NYSIF's involvement helped a NYSID corporate partner remain open during the pandemic and provide services for customers and paychecks for employees.

### Video Shows Ease of Opening Online Account

NYSIF has produced a short video to get more policyholders to conduct policy transactions online and choose paperless options. In little more than a minute, the new video shows businesses just how easy it is to open an online account and have access to policy documents and billing information at their fingertips in just a few simple steps.


## OREGON

### Digital Quote and Buy App Sells $1 Million in Premium

Late last January, SAIF launched its digital quote and buy platform. To keep up with an evolving industry and adjust to the increasingly digital needs of potential customers, we wanted to offer a way to obtain a quote and then purchase a policy online, without having to call an agent or an insurance representative.

By November—11 months after launch—we exceeded $1 million in premium with 647 businesses getting their policies through the app.

### SAIF Recognized as Healthiest Employer

For the 10th year in a row, SAIF finished in the top three on the list of "Healthiest Employers in Oregon." The *Portland Business Journal* awarded SAIF second place in our category of companies with 500–1,500 employees.

"We're known as a special place to work," Kerry Barnett, president and CEO, said, "one that values its employees and understands the connection between employee health and wellness and the success of the enterprise."

In addition, SAIF was recognized as one of the Healthiest 100 Workplaces in America, placing 17th in the list from Springbuk.

## Nothing Stops SAIF's Policyholder Calendar

SAIF's 2021 policyholder calendar features Oregon businesses and workers who rolled up their sleeves and pitched in to help, each in their own unique way.

While the calendar typically spotlights photography from our policyholders across the state, this year we had to adjust and featured graphic illustrations instead. Although the pandemic limited our visits to virtual ones, we found the work these companies do no less vital and vibrant.

Read about the policyholders featured in the calendar at saif.com/stories.

## Small Business Spotlights

Continuing the theme of celebrating our policyholders and how they've endured this year, SAIF also is running a series of profiles that celebrate how Oregon's small businesses have tackled these difficult times, and what advice they have for others. We've heard about adopting curbside pickup, home delivery, and virtual shopping. We've heard about reducing risks and offering new services. Those stories can also be found at saif.com/stories.

## Research Partnership Validates Safety Culture Spectrum

A research partnership with the Safety Climate Lab at Oregon Health & Science University (OHSU) validated SAIF's Ansbro safety culture spectrum and developed and validated a survey designed to help employers assess their safety culture and where they fall on the spectrum.

This model examines four very different approaches to safety: reactive, compliant, managed, and comprehensive. Safety consultants use the model to help policyholders get a realistic picture of where they are regarding safety and health, and then partner with them to develop a plan to improve their safety culture. The spectrum is dedicated to the memory of Trevor Ansbro, SAIF senior safety management consultant, who developed this model.

# SASKATCHEWAN

## Saskatchewan WCB Positions Itself for a Post-Pandemic World

The Saskatchewan Workers' Compensation Board (WCB) has successfully maintained its programs and services since the COVID-19 virus arrived in North America. Like many organizations, the WCB has quickly adapted to support our customers and our staff knowing that there remains uncertainties in the future.

Despite the uncertainties, the WCB is going forward with plans intended to greatly enhance the level of service provided to workers and employers in the province.

## Business and Claims Transformation Journey

This year the WCB is embarking on a business transformation program. Today, our customers expect to interact with us in new ways, in ways that work for them, and that means we must adapt. More than ever, our customer is at the centre of our future strategies, and we need to catch up to what they expect from us today. The WCB's business transformation program is the start of this.

It will take staff, management, customers, and our partners on a five to seven-year journey where, together, we will work to reimagine how we deliver our products and services across all areas of the business and then make the changes needed. The road ahead to meet our customers where they are will be challenging, and some tough choices will be made about the work we do and how we do it. This program will bring our corporate vision to life.

"We were able to learn from some of the AASCIF members who have recently gone down, or are heading down, similar paths," says WCB CEO Phil Germain. "We appreciate the support."

The end result will be better service for our customers through enhanced processes and technologies and more rewarding outcomes for staff, creating a win-win-win-win scenario for our staff, workers, employers, and partners.

## Three Rights Campaign

The WCB launched a “Know Your Rights” awareness campaign in November 2020. The campaign is meant to improve awareness and understanding of workers’ three basic safety rights and responsibilities in the workplace:

- **The right to know** what hazards are present in the workplace.
- **The right to participate** in keeping your workplace healthy and safe
- **The right to refuse** work that you believe to be dangerous to yourself and your co-workers.

More than 21,000 workers in Saskatchewan are injured on the job each year.

The campaign is running on various media channels and a second phase is set to launch this spring.

## Fatalities and Serious Injuries Strategy

WorkSafe Saskatchewan, the partnership between the Saskatchewan WCB and the Ministry of Labour Relations and Workplace Safety, launched this three-year strategy near the end of 2019.

It is designed to address the high number of serious injuries and fatalities in Saskatchewan workplaces.

Between 2010 and 2019, there were 390 workplace fatalities in the province. Prior to the launch of the strategy, Saskatchewan had one of the highest time loss injury rates in Canada.

Since the launch of the strategy, developed with input from government, employers, workers groups, and other partners, the results are promising. Saskatchewan’s total injury rate decreased from 5.44 per 100 workers in 2018 to 4.95 per 100 workers in 2019. As of June 2020, there were 18 workplace fatalities in Saskatchewan, with asbestos exposure resulting in a third (33 percent) of those deaths.

WorkSafe, since its inception, has been working in these areas and, along with the effort and energy of many people and organizations, has contributed to the improvements seen over the years. This strategy recognizes the need for WorkSafe to collaborate with a wide range of stakeholders at all levels and, where required, look to create and increase capacity and sustainability.

## Asbestos Campaign

There were 36 workplace fatalities reported in 2019 in Saskatchewan. Twenty-four of those fatalities, or 66.6 percent, were in one of three categories: asbestos exposure (16 or 44.4 percent), heart attacks (five or 13.9 percent), and motor vehicle crashes (three or 8.3 percent). For the past decade, asbestos exposure has been the number one cause of work-related deaths in Saskatchewan.

To help reduce the number of asbestos-related fatalities in the province, the WCB ran an asbestos awareness and prevention campaign in 2020. The 2020 campaign targeted a broad range of individuals whose jobs involve some type of construction work, primarily trades professionals and construction company owners. This includes sectors such as residential construction contractors, electricians, roofers, plumbers, commercial builders, and cable service technicians. The campaign also targeted homeowners, as the onset of COVID-19 has seen an uptake in home renovation projects.

## Motor Vehicle Crashes

From 2010 to 2019, motor vehicle collisions were the second leading cause of work-related fatalities in Saskatchewan. Road conditions are the major contributing factor for serious injuries in workplace motor vehicle crashes and gravel is three times more likely to cause a collision with injuries or fatalities.

As part of the commitment to the Fatalities and Serious Injury strategy, the 2020 awareness campaign targeted workers and employers whose jobs entail frequent travel on gravel roads. That includes professions ranging from vets, couriers, and mail persons to truckers, miners, health-care professionals and those in agriculture. The message was to “be cautious and slow down” on gravel roads.

WorkSafe and SGI (Saskatchewan Government Insurance) continue to meet and partner on ways to implement practical resources for employers in the province to reduce the risk of motor vehicle crashes.

Learn more about the strategy and read status updates at [https://www.worksafesask.ca/prevention/serious-injuries-and-fatalities/](https://www.worksafesask.ca/prevention/serious-injuries-and-fatalities/).

## UTAH

### Peggy Larsen Retires After 25 Years

Peggy Larsen, senior vice president of customer and community relations and president of the WCF Foundation, retired on December 31, 2020, after 25 years with WCF Insurance.

"Peggy has been the heart of our organization since she joined our company in 1994," said Ray Pickup, WCF CEO and president. "She has also been a key figure in the transformation of WCF. During her career at WCF, Peggy has been responsible for sales, marketing, and advertising. She was the founder of our MGA, Univantage Insurance Solutions, and the first president of the WCF Foundation. Peggy has also deeply instilled among our employees the importance of volunteering and community involvement. Peggy has worked in the insurance industry for nearly 50 years. Her leadership abilities, sound judgment, positive energy, and caring nature will be greatly missed, but we are excited for her and this next stage in her life."

Kris McFarland, WCF's senior vice president of human resources, is the new president of the WCF Foundation. Rachel Jepperson, WCF's communications director, has been promoted to vice president of communications and marketing and has taken over Peggy's advertising functions, and Evan Kellogg will oversee Univantage operations.

"Peggy has worked closely with Kris, Rachel, and Evan for many years," said Pickup. "They will continue the important work that Peggy established during her tenure. We're excited to see our community involvement and business operations continue to grow from the roots Peggy has planted."


**Find out what's in store for 2021 from our host, Louisiana Workers' Compensation Corporation.**

**CLICK HERE TO PLAY VIDEO**

Information on partnership opportunities will be available.

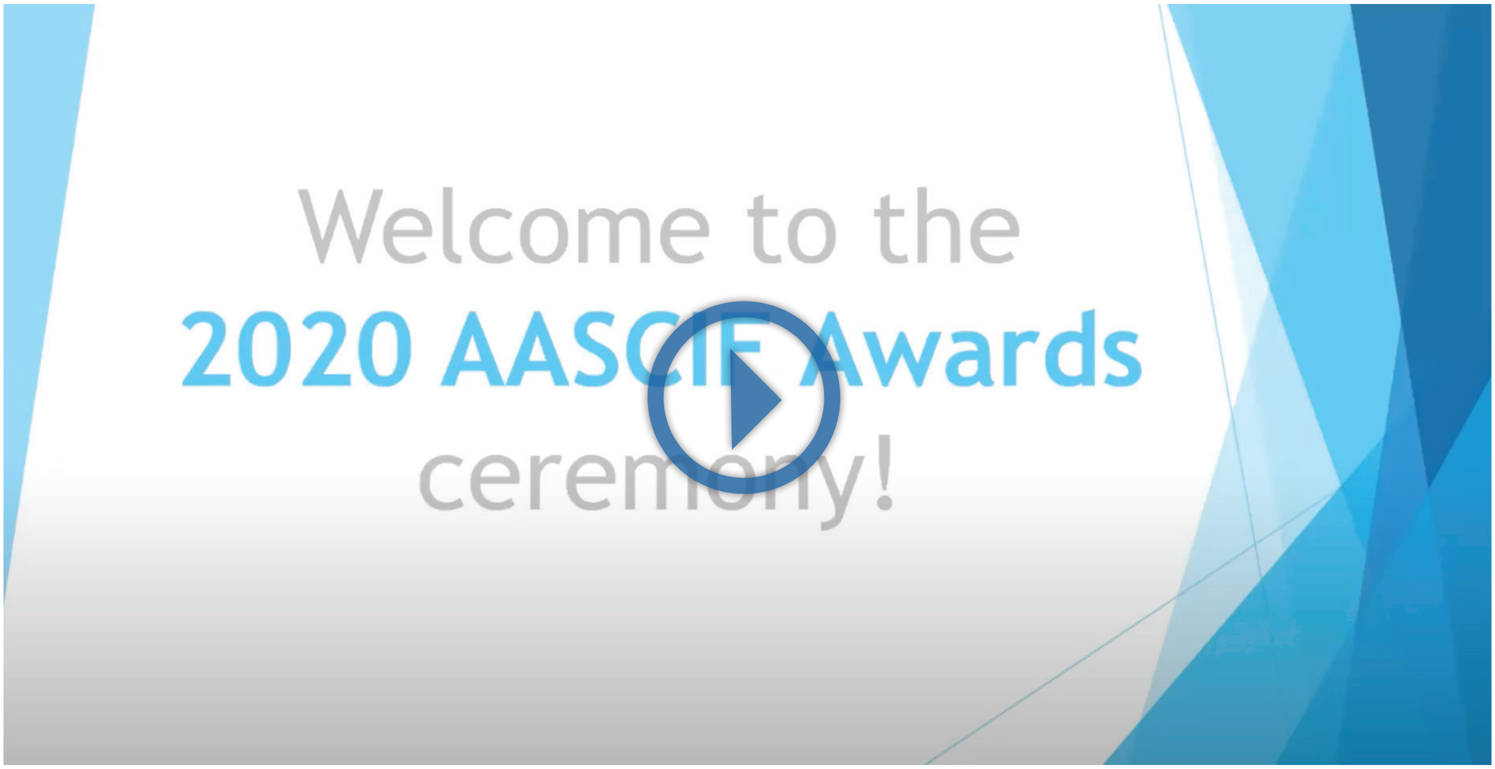
To learn more about AASCIF 2021 New Orleans and how to get involved through partnership opportunities, contact Melissa Badami, MBadami@MSP-AMC.com

## AASCIF CONGRATULATES THE WINNERS OF THE 2020 COMMUNICATION AWARDS!

The 2020 AASCIF Communication Awards recognized the best, most creative, and effective communications programs developed by member organizations.

While the awards are typically presented at the Annual Conference, this year, AASCIF conducted a virtual awards ceremony. The great benefit of this year's presentation was that the award winners were able to share a little bit about their noteworthy projects.

Hear from the winners—view the awards ceremony here!




VIEW LIST OF WINNERS