AASCIFNEWS

FALL ISSUE | 2021

WHAT'S INSIDE

1 PRESIDENT'S MESSAGE
1 2020 Workers' Compensation Benchmarking Study
2 FEATURES FROM AASCIF
2 Is There Incremental Yield to be Found in the U.S. Structured Finance Market for Insurers? The Answer is…Yes.
7 Focusing on DE&I—The Corporate and the Deeply Personal
9 Insurers Must Take Steps to Ensure the Integrity of Policies Processed Without Underwriter Touch
11 Integrating Risk and Strategy
12 The Silver Linings of COVID
13 The US Private Placement Market
16 AROUND AASCIF
16 California
17 Colorado
18 Louisiana
19 Maine
20 Maryland
21 Montana
22 Oregon
23 Saskatchewan

AASCIF
American Association of State Compensation Insurance Funds

FOLLOW US ON:

PRESIDENT'S MESSAGE

Hello and welcome to (almost) fall 2021!

It's hard to imagine, but here we are, more than halfway through the year. Since my last message, millions more Americans have been vaccinated and CDC recommendations have changed the dynamic of our lives. Many organizations, including my own, have started to transition to working in the office in whatever way is appropriate for their staff and culture.

Every year, our conference provides valuable information, insight, and resources into how our industry is growing, evolving, and overcoming challenges. Unfortunately, the AASCIF Executive Committee made another difficult decision this year cancelling the in-person conference in New Orleans October 3–6.

We are looking forward to a short virtual experience during those dates. Keep an eye on your email for more details, including registration information. We'll also get a peek into the upcoming 2022 conference from our host in Big Sky, Montana. I look forward to seeing you all then!

Wishing you success,

Jason Clark
President and CEO
CompSource Mutual Insurance Company

2020 WORKERS' COMPENSATION BENCHMARKING STUDY

Examining Organizational Resiliency, COVID-19 Impact on Claims Operations

The 2020 study marks the first time claims leaders had the opportunity to respond directly to the perspectives of more than 1,200 frontline claims professionals who participated in the 2019 survey. Additionally, the 2020 study examines organizational resiliency in our industry—including COVID-19's impact on claims operations and what high performing claims organizations are doing to future-proof their organizations that lower performers are not.

View the study here - https://info.risingms.com.

FEATURES From AASCIF

IS THERE INCREMENTAL YIELD TO BE FOUND IN THE U.S. STRUCTURED FINANCE MARKET FOR INSURERS? THE ANSWER IS…YES.

For insurers interested in casting the net wider in the search for income, delving a little deeper into non-established parts of structured finance or down in the stack of established segments might have the potential to provide increased income.

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

By Richard Drason, ABS Research Analyst; Kevin Fabrizio, MBS Research Analyst; Nikita Patil, Senior Insurance Strategist; Bernie Ryan, Insurance Coverage-Americas; and Tom Sweeney, Sector Co-Head, Structured Securities

Executive Summary

- The structured finance market has largely recovered from lows reached at the height of the pandemic, but certain niches are still offering yields that are comparatively attractive.

- The asset-backed securities (ABS) market, or "catch-all" segment, has held up well due to fiscal stimulus, forbearance programs, and central bank support. Today, delinquencies and defaults are around pre-pandemic levels, and issuance is roughly equal to that of 2019. Opportunities would appear to exist in some more esoteric areas around timeshare bonds, revolving auto loans, "whole business" and mid-prime credit card bonds, and better-rated super-prime auto loans.

- As in the ABS sector, pandemic relief programs have benefited credit fundamentals in the non-agency residential mortgage-backed securities (RMBS) market. Forbearance programs have caused delinquencies to decline since they peaked in mid-2020, and a moratorium on foreclosures could be extended through the end of the year. This has yielded some attractiveness in relatively new sectors of the non-agency RMBS market: qualified mortgages (QM), non-qualified mortgages (non-QM), and credit risk transfers (CRT).

- From a broader market perspective, environmental, social, and governance (ESG) factors are still in their relative infancy in structured finance. DWS is developing its own framework, however, for how to evaluate the asset class.

- Even going down in credit, the non-traditional and lower-rated parts of structured finance still demonstrate favorable capital efficiency characteristics for insurance companies.

The Elusive Search for Yield? Maybe Not So…

Insurers have been casting a wider net in the search for income, and an increasing number currently are looking to the structured finance market, given its size and scope, as a means to capture incremental yield. When compar-ing AAA structured finance spreads in the Bloomberg Barclays U.S. Aggregate Index at the end of March to where the market was approximately one year earlier, spreads are trading at, or through, pre-COVID levels. We believe the door has been opened to potential opportuni-ties in both non-traditional segments as well as in more established segments but further down in the capital stack. With yields generally at historically low levels, it may be worth considering these non-traditional and overlooked niches.

Asset-Backed Securities

Credit Fundamentals

The ABS market enters, what we hope to be, the latter stages of the pandemic in relatively robust health. In the early days of the pandemic record unemployment gave rise to concerns about how the market would perform. Although performance did weaken between April and June, the weakness was short-lived. Financial support to households, small businesses, and industries, as well as payment moratoriums and central bank efforts to promote market liquidity, enabled the ABS market to regain its footing quickly. Forbearance programs were beneficial in the beginning of the pandemic, but these have become less necessary as the economy has opened up.

Consumer credit metrics, including delinquencies and defaults, are currently at or near historically low levels, and aside from a handful of names, ratings downgrades have been rare. Those that have occurred have come mostly in areas heavily affected by the economic shutdowns, such as the aircraft finance and rental car sectors. (Sources: Moody's, Intex, LCD, and DWS, March 31, 2021).

Outlook

Credit fundamentals continue to benefit from record lev-els of stimulus and extended unemployment benefits. Financial assistance to households should continue to support the consumer debt repayment cycle. For exam-ple, as the ABS market entered the second quarter 2021, it was roughly back to pre-pandemic supply levels ($61.5 billion) with new issuance forecast to be consistent with the record levels of 2019 ($59.3 billion), according to Bloomberg data comparing March 31, 2021, and March 31, 2019.

Fundamentals could weaken late in 2021 and early 2022 if the economic recovery falters, fiscal stimulus is less than expected, or some hard-hit households are slow to recover. Any deterioration, however, will be off a historically low base and therefore not of great concern.

Historically, the credit card segment is considered "the backbone" of the ABS market. Prior to the global financial crisis, money center banks issued between $80 billion and $100 billion in credit card ABS annually, according to DWS research. After the crisis, the landscape changed dramatically. New accounting rules, coupled with alternative funding sources and smaller financing needs by the banks, led to a contraction in credit card ABS supply.

Today, those supply trends remain in place, and although we anticipate some growth as the economy opens up, large banks are likely to remain on the sidelines. In 2020, our calculations indicated that issuance totaled only $4 billion, so new supply may be higher this year; but our research forecast does not expect a return to levels of $20–40 billion as seen in 2016–2019.

Opportunities in the ABS Market

DWS believes the ABS sector generally offers well-structured investment opportunities and diversification benefits, however, there are factors that require examination.

First, we prefer issuers that have a successful track record with a proven business model and have demonstrated the ability to perform through various economic cycles. Second, we look for an experienced management team and diversified funding sources. We also focus on an issuer's credit profile and their ability to not only originate loans but also to adequately service their portfolio, especially during times of economic stress.

Given these factors, we are constructive on the long end of the curve, particularly "whole business" securitizations. These issues often have longer durations than traditional ABS and BBB-rated, seven-year bonds that are offering yields between 1.80–2.40% (as of June 30, 2021, based on data from Bloomberg Barclays U.S. Aggregate Index).

At the shorter end of the curve, we are optimistic about credit-linked note transactions, referencing super-prime auto loans. BB-rated tranches are offering yields in the 2.3% range (as of second quarter end 2021, based on data from Bloomberg Barclays U.S. Aggregate Index).

In addition, three-year BBB-rated timeshares are yielding between 1.6–1.8%, depending on the issuer (as of June 30, 2021, based on data from Bloomberg Barclays U.S. Aggregate Index).

The timeshare segment is of note because it has been surprisingly resilient, especially issuers that have a consistent track record through many economic cycles. In addition, deal structures today appear more robust with greater credit support and stronger borrower profiles.

Another sector offering value is a sub-segment of the credit card sector—mid-prime credit cards. Among BBB-rated bonds, yields are in the range of 1.75–2.0%. However, mid-prime card deals are difficult to find in size as this is a new sector with fewer players and smaller transaction sizes (as of second quarter end 2021 based on data from Bloomberg Barclays U.S. Aggregate Index).

Non-Agency Residential Mortgage-Backed Securities

Some New Developments When Evaluating RMBS

Turning attention to another part of structured finance is the non-agency RMBS market. This market can be broken down by the underlying collateral type. Collateral may be classified as "credit dented" or impaired, which includes re-performing and non-performing loans, legacy, which are deals issued prior to 2008, and new origination.

The new origination subsectors consist of qualified mortgages (QM), non-qualified mortgages (non-QM), and credit risk transfer securities (CRT). The QM designation is a relatively new category. QMs were initiated after the mortgage crisis when the Consumer Financial Protection Bureau (CFPB) enacted rules to protect borrowers from bad lending practices. The rules also provide lenders with legal protections as long as they comply with certain underwriting standards. Loans that met the CFPB standards became known as "qualified mortgages."

The primary differences between a QM and non-QM loan are the loan features and the underwriting standards. QM loans are generally amortizing, 30-year mortgages. They cannot include risky features, such as an interest-only period, terms longer than 30 years, or balloon payments. As for underwriting standards, the borrower's debt-to-income ratio must be calculated as prescribed by the CFPB and must be less than 43%.

Non-QM borrowers typically fall short of the strict debt-to-income calculation. Often, they are self-employed and do not have traditional W-2 income documentation. In addition, others may have limited incomes but large asset bases.

The CRT subsector consists of deals that represent the bottom 2.5–5% of risk on Fannie Mae and Freddie Mac reference pools. The purpose of CRTs is to remove that risk from taxpayers and make it available to investors. CRTs have been issued since 2013.

Credit Fundamentals

From DWS's analysis, fundamentals have held up better than expected since unemployment peaked at almost 15% back in April 2020. From a delinquency standpoint, QM outperformed Fannie Mae and Freddie Mac loans, and both outperformed non-QM since the start of COVID-19. Seriously delinquent loans, which are late by 60 days or more, peaked in the summer of 2020 with QM hitting 5% and non-QM hitting 17%. Since the start of 2021, however, those levels have declined to inside 3% range for QM and between 8–10% for non-QM. Fannie Mae and Freddie Mac collateral, which CRT bonds reference, saw similar delinquencies which peaked in the single digits in the 2020 summer and are close to 4% as of second quarter end 2021. (Source: Intex, June 30, 2021).

Over the past three years, QM issuance has averaged about $17 billion based on Bloomberg data. While new supply tapered off in 2020, we are forecasting a record year in 2021. Low mortgage rates and higher home prices should fuel refinancing activity, and we project close to $35 billion in new QM issuance for 2021.

While QM is the larger sector, non-QM has been growing faster. New supply grew from $3 billion in 2017 to more than $23 billion in 2019, based on Bloomberg data. In 2020, issuance was expected to outpace 2019 but with the pandemic new supply totalled only about $18 million. DWS research expects the non-QM sector to improve on last year and reach close to $25 billion in new issuance for 2021. What is also noteworthy in 2020 was the number of issuers, which amounted to 24, up from just six in 2017.

New issuance in the CRT market has also been robust. Since the first issue came to market in January 2014, agencies have issued close to $90 billion. This year, new supply could total nearly $12 billion, just from Freddie Mac alone. (Fannie Mae has put a hold on their program given potential new regulatory capital requirements.)

Outlook

The housing market is in robust health. Mortgage rates are still low by historical standards and homes are still affordable. So, we expect demand to pick up as the economy reopens and as millennials increasingly enter the market.

Recent data from the S&P/Case-Shiller Home Price Index showed a 14.6% appreciation in home prices year-over-year, the biggest jump since the global financial crisis. This has been driven primarily by a supply shortage that has resulted largely from underbuilding over the past 10 years. Supply in the single-family market is 3.8 million units short of demand, according to Freddie Mac, and likely underpin further price appreciation over the next several years.

Furthermore, price appreciation may also benefit from further constraints on supply. The CFPB has proposed extending the existing foreclosure moratorium through 2021 and forbearance plans have been widely initiated. Unlike in the past, loan servicers have allowed borrowers to delay payments without any repercussions. Therefore, our outlook on the residential market is similar to our view of the consumer sector. We expect positive but slower home price appreciation with delinquencies perhaps rising modestly but from very low levels currently.

Opportunities in Non-Agency RMBS

This sector can offer a number of opportunities in the lowest risk spectrum as rated by the National Association of Insurance Commissioners (NAIC). In the QM and non-QM sectors, over 99% and 97% of securitizations, respectively, that are submitted to the NAIC are rated NAIC-1 (lowest risk). However, the risk depends on the securitization and certain aspects of the market. CRTs, for example, will tend to have slightly higher capital charges. But broadly speaking, going down in the capital stack should be attractive to insurance companies, given the low capital charges and the additional yield pickup.

For investors with shorter duration needs or who are looking to pick up some yield versus traditional auto and credit card ABS, DWS is constructive on AAA-rated non-QM issues, and view those as a "relative value play." They have a two- to three-year weighted average life at issuance and are currently yielding around 1.0%, which is attractive versus certain other prime ABS AAAs which are yielding inside of 0.35% (based on June 30, 2021, data from Bloomberg Barclays U.S. Aggregate Index). We also are constructive on A-rated bonds within these non-QM deals, so long as the basis is wide enough to pick up additional spread while keeping a similar risk profile.

Within QM deals, subordinate bonds would also be worth considering. These could be more suited to investors who have both yield and duration needs with an eye toward the investment-grade subordinates in these deals, as they can offer a nice pickup in yield but also limit prepayment variability. 10-year, AA-rated subordinates were yielding 2.5% to 2.65%, but are richer further down the capital stack at BBB with yields closer to 3.0% (as of June 30, 2021, based on Bloomberg Barclays U.S. Aggregate Index).

DWS's perspective is that while these bonds do have less credit enhancement than other non-agency RMBS sectors, the super-prime credit quality of the QM borrower, combined with the strength of the housing market, should provide plenty of compensation for that lower enhancement.

In CRT bonds, we are constructive toward M2s which are aimed more toward unconstrained investors. These are typically priced at a four-year spread duration of around 175 basis points over treasuries or 1-month LIBOR/SOFR, depending on vintage. While the collateral that backs these pools is fixed-rate, these bonds are floating-rate, benchmarked to either the London Interbank Offered Rate (LIBOR) for the older deals or to the Secured Overnight Financing Rate (SOFR) for more recent deals. We prefer the M2s, which are generally split rated BBB-BB. We generally prefer the new issues pools given that COVID-impacted loans are excluded and yield low 2%.

Some ESG Green Shoots in Structured Finance?

While environmental, social, and governance (ESG) considerations are in their relative infancy in the structured finance market, DWS has taken to developing its own framework for the asset class until market standards become more accepted. Viewing the segment through a sustainable lens, certain sectors would appear to lend themselves more so to responsible investment parameters. Examples of this in the ABS market could include solar deals and electric vehicle securitizations. Eventually, the market may start rating automobile deals by the average miles per gallon of the underlying vehicles.

In commercial real estate, the DWS Structured Finance Team already has begun integrating LEED certifications into their ESG analysis as part of its research process. And in the CLO space, we have observed in the past 12 months a number of CLOs coming to market in which the CLO manager can invest only in ESG-friendly sectors, which would preclude such industries as firearms, tobacco, and nuclear energy.

A Capital Perspective for Insurance General Accounts

Increasing allocations to structured finance has been a growing theme within the industry given the illiquidity and complexity premium that can be earned. While the higher rated, more traditional parts of the structured finance market have typically drawn the most attention over the years, broadly speaking non-traditional or more esoteric areas of the market would still be capital efficient.

DWS observes higher risk-adjusted returns for structured finance compared to corporate credit across the primary risk measures that are important to insurers. This can be measured through incremental yield per unit of risk where risk can be defined as volatility (also represented as standard deviation), duration, or quality.* This generally translates to greater efficiency in U.S. capital models, including RBC, S&P, and BCAR, however, implications on ALM positioning may also need to be considered for life insurers.

Additionally, based on the above-mentioned measures, structured finance also offers a differentiated correlation profile to corporate credit which can provide enhanced portfolio diversification benefits. And if an insurer is concerned about rising interest rates, the lower duration profile of the asset class, particularly ABS and CLOs, can offer protection in such an environment.

Conclusion

The search for yield story is persistent and is not likely to meaningfully abate in the short- or mid-term. That does not mean insurers are devoid of liquid fixed income options that are still capital favorable. Sorting through the options in the

Data as of June 30, 2021 for Bloomberg Barclays CMBS, ABS and Investment-Grade Corporate Indexes and JPM CLO Index various sub-segments requires the ability and resources to install a process to identify and analyze esoteric options. And with just the right tug of the net, insurers might be able to realize some meaningful yield pickup over comparable treasuries.

Risk Disclosure

Bonds are subject to interest rate risk. When interest rates rise, bond prices fall; generally the longer a bond's maturity, the more sensitive it is to this risk. Bonds may also be subject to call risk, which is the risk that the issuer will redeem the debt at its option, fully or partially, before the sched-uled maturity date. The market value of debt instruments may fluctuate, and proceeds from sales prior to maturity may be more or less than the amount originally invested or the maturity value due to changes in market conditions or changes in the credit quality of the issuer. Bonds are subject to the credit risk of the issuer. This is the risk that the issuer might be unable to make interest and/or principal payments on a timely basis. Bonds are also subject to reinvestment risk, which is the risk that principal and/or interest payments from a given investment may be reinvested at a lower interest rate. Investing in high yield bonds, which tend to be more volatile than investment grade fixed income securities, is speculative. These bonds are affected by interest rate changes and the creditworthiness of the issuers, and investing in high yield bonds poses additional credit risk, as well as greater risk of default.

Structured Finance investments are subject to interest-rate and credit risks. Floating rate loans tend to be rated below-investment grade and may be more vulnerable to economic or business changes than issuers with investment-grade credit. Adjustable rate loans are more sensitive to interest rate changes. The strategy may participate in the primary and secondary market. Because of the limitations imposed by applicable law, the pres-ence of the advisor's affiliates in the market may restrict the ability to acquire some issues, or affect the timing or price of such acquisition. Also, because the strategy may wish to invest in the publicly traded securities of a borrower, it may not have access to material non-public information regarding the borrower to which other lenders have access. Investing in derivatives entails special risks relating to liquidity, leverage and credit that may reduce returns and/or increased volatility. Investing in foreign securities, particularly those of emerging markets, presents certain risks, such as currency fluctuations, political and economic changes, and market risks. In certain situations, it may be difficult or impossible to sell an invest-ment at an acceptable price. Deteriorating market conditions might cause a general weakness in the market that reduces the overall level of securi-ties prices in that market. This strategy is non-diversified and can take larger positions in fewer issues, increasing its potential risk. At times, market conditions may make it difficult to value some investments and the strategy may use certain valuation methodologies for some of its investments, such as fair value pricing. Portfolio management could be wrong in its analysis of industries, companies, economic trends and favor a security that underperforms the market.

Investments are subject to various risks, including market fluctuations, regulatory change, possible delays in repayment and loss of income and principal invested. The value of investments can fall as well as rise and may not recover the amount originally invested at any point in time. Fur-thermore, substantial fluctuations of the value of the investment are possible even over short periods of time.

Disclaimer

DWS is the brand name of DWS Group GmbH & Co. KGaA and its subsidiaries under which they operate their business activities. The respective legal entities offering products or services under the DWS brand are specified in the respective contracts, sales materials and other product infor-mation documents. DWS, through DWS Group GmbH & Co. KGaA, its affiliated companies and its officers and employees (collectively "DWS") are communicating this document in good faith and on the following basis.

This document has been prepared without consideration of the investment needs, objectives or financial circumstances of any investor. Before making an investment decision, investors need to consider, with or without the assistance of an investment adviser, whether the investments and strategies described or provided by DWS Group, are appropriate, in light of their particular investment needs, objectives and financial circumstanc-es. Furthermore, this document is for information/discussion purposes only and does not constitute an offer, recommendation or solicitation to con-clude a transaction and should not be treated as giving investment advice.

The document was not produced, reviewed or edited by any research department within DWS and is not investment research. Therefore, laws and regulations relating to investment research do not apply to it. Any opinions expressed herein may differ from the opinions expressed by other legal entities of DWS or their departments including research departments.

The information contained in this document does not constitute a financial analysis but qualifies as marketing communication. This marketing com-munication is neither subject to all legal provisions ensuring the impartiality of financial analysis nor to any prohibition on trading prior to the publication of financial analyses. This document contains forward looking statements. Forward looking statements include, but are not limited to assump-tions, estimates, projections, opinions, models and hypothetical performance analysis. The forward looking statements expressed constitute the author‘s judgment as of the date of this document. Forward looking statements involve significant elements of subjective judgments and analyses and changes thereto and/ or consideration of different or additional factors could have a material impact on the results indicated. Therefore, actual results may vary, perhaps materially, from the results contained herein. No representation or warranty is made by DWS as to the reasonableness or completeness of such forward looking statements or to any other financial information contained in this document. Past performance is not guar-antee of future results.

We have gathered the information contained in this document from sources we believe to be reliable; but we do not guarantee the accuracy, com-pleteness or fairness of such information. All third party data are copyrighted by and proprietary to the provider. DWS has no obligation to update, modify or amend this document or to otherwise notify the recipient in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

Investments are subject to various risks, including market fluctuations, regulatory change, possible delays in repayment and loss of income and principal invested. The value of investments can fall as well as rise and you might not get back the amount originally invested at any point in time. Furthermore, substantial fluctuations of the value of any investment are possible even over short periods of time. The terms of any investment will be exclusively subject to the detailed provisions, including risk considerations, contained in the offering documents. When making an investment decision, you should rely on the final documentation relating to any transaction.

No liability for any error or omission is accepted by DWS. Opinions and estimates may be changed without notice and involve a number of as-sump-tions which may not prove valid. DWS or persons associated with it may (i) maintain a long or short position in securities referred to herein, or in related futures or options, and (ii) purchase or sell, make a market in, or engage in any other transaction involving such securities, and earn bro-ker-age or other compensation.

DWS does not give taxation or legal advice. Prospective investors should seek advice from their own taxation agents and lawyers regarding the tax consequences on the purchase, ownership, disposal, redemption or transfer of the investments and strategies suggested by DWS. The relevant tax laws or regulations of the tax authorities may change at any time. DWS is not responsible for and has no obligation with respect to any tax implica-tions on the investment suggested.

This document may not be reproduced or circulated without DWS written authority. The manner of circulation and distribution of this document may be restricted by law or regulation in certain countries, including the United States.

This document is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, including the United States, where such distribution, publication, availability or use would be contrary to law or regulation or which would subject DWS to any registration or licensing requirement within such jurisdiction not currently met within such jurisdic-tion. Persons into whose possession this document may come are required to inform themselves of, and to observe, such restrictions.

For investors in Bermuda

This is not an offering of securities or interests in any product. Such securities may be offered or sold in Bermuda only in compliance with the provi-sions of the Investment Business Act of 2003 of Bermuda which regulates the sale of securities in Bermuda. Additionally, non-Bermudian persons (including companies) may not carry on or engage in any trade or business in Bermuda unless such persons are permitted to do so under applicable Bermuda legislation.

© 2021 DWS Group GmbH & Co. KGaA. All rights reserved. I-083143-1.4

FOCUSING ON DE&I—THE CORPORATE AND THE DEEPLY PERSONAL

By Dima Ghawi, Leadership Consultant and Executive Coach

The focus on diversity, equity, and inclusion (DE&I) within organizations has shifted from being "nice to have" to becoming a "competitive advantage." However, a culture of inclusion and acceptance does not appear overnight. To be successful, employees, leadership teams, and company executives must make a dedicated effort towards progress and diversity. This starts with large-scale changes, like the creation of a DE&I strategy, combined with small intentional movements, like managing unconscious biases. Through this article, I give key tips for structuring a new DE&I program and share helpful advice for individuals just beginning to understand their potential biases.

Creating a thoughtful DE&I strategy can seem like a daunting task, but it doesn't have to be. I want to share three steps that are foundational to building an impactful plan.

1. Evaluate the organization's current state by listening to employees. A successful DE&I strategy begins by evaluating our starting point. It is important to look inward and evaluate gaps and opportunities within the organization. The best way to do this is by asking employees. Most companies practice a top-down approach where executives determine which initiatives are best and then have their team implement them, but this doesn't always account for what their company truly needs. Taking a bottom-up approach and asking employees for their feedback through DE&I surveys and focus group discussions helps us to assess the real challenges and concerns that already exist across the organization. Becoming more aware of our team's needs will inform a relevant and tailored DE&I strategy.

2. Identify gaps and areas of focus. After we listen to employee insights, we can dive deeper and address specific areas within our organization that require attention. Here are some areas to look into depending on the team's feedback:

- **Recruitment and advancement.** Determine the most common barriers that affect recruiting historically marginalized groups and seek a diverse pool of candidates. To further support diverse recruitment efforts, require unconscious bias training for hiring managers. Next, promote equitable advancement opportunities by creating a talent pipeline to develop diverse candidates for future leadership roles, and ensure underrepresented employees are included in mentorship programs.
- **Dialogue and education.** Increase awareness around DE&I opportunities and challenges by providing ongoing workshops on topics including unconscious bias, working across generations, and handling discrimination case studies. Creating employee resource groups also helps to promote inclusion by bringing together employees with similar backgrounds, such as women, people of color, LGBTQ+, and emerging professionals. The most effective employee resource groups are inclusive and open to everyone—both members and allies.

- **Internal and external communications.** Ensure the leadership team communicates the company's focus on DE&I to the rest of the organization in its corporate values, mission statement, and other communications. Then, put words to action by creating feedback channels so employees can share ideas for increasing DE&I or express complaints about discrimination and harassment in the workplace. In addition to making improvements internally, we can exhibit our commitment to DE&I externally and improve our brand by updating the company's website and posting on social media about our DE&I efforts.

- **Implementation through leadership.** Demonstrate the leadership team's focus on DE&I by planning monthly small group round table discussions with executives and a diverse group of employees. These conversations are important for gaining insight into workplace culture in relation to inclusion. Also, include commitment to DE&I as a part of the leadership team's performance evaluation and compensation plans to encourage action in this area.

3. Establish a DE&I council. Creating a DE&I council makes it possible to establish a dedicated focus on DE&I priorities. This selected group of employees, including executive sponsors, is responsible for setting the short- and long-term initiatives identified by the organization and managing their implementation. The number of council members depends on many factors, including the size of the organization and the scope of the DE&I initiatives. I have seen councils with as few as five members and as many as 20. No matter the size, these groups are a structured and collaborative way to get employees from across the organization to lead, participate in, and own the DE&I initiatives. While this council supports the success of DE&I efforts, it also provides personal development opportunities and visibility for its members.

Putting together and implementing a DE&I strategy can feel overwhelming since it needs to be integrated throughout all aspects of an organization. The best way to tackle it is through a phased approach. We can start by identifying and implementing the low hanging fruits, initiatives that are easier to start implementing. What matters is creating momentum and gaining buy-in. That is when we are able to foster real long-term change.

Creating a DE&I work culture is no longer a choice; it's an essential competitive advantage. To successfully implement and harness the advantages of diversity, organizations must define a clear DE&I strategy, supplemented by frequent diversity and inclusion training for employees. This commitment is integral to increasing employee engagement, retention, and innovation—leading to improved performance, productivity, and a positive impact on the bottom line.

This organizational focus, however, is only one aspect of the DE&I journey. For long-term change to be fully realized, DE&I also requires a deeply personal willingness by each individual to look at and question their unconscious biases. These small-scale adjustments create a ripple effect of positivity and acceptance, eventually building an inclusive workplace. One distinct area we can all focus on is uncovering our unconscious biases. These internal preferences are present in all of us. It's simply human nature! It's our job to question our biases and dismantle discriminatory thinking from the inside out.

Each second our brain processes millions of pieces of information; however, it can only fully process 40 pieces of information at a time. Due to this overload, we often take mental short cuts to decide whether things are safe, dangerous, welcoming, or scary. These automatic thoughts can lead to harmful unconscious biases, and predispositions towards or against certain types of people, races, or genders. The first step to managing unconscious biases is developing self-awareness and understanding where our preferences lie. Here are three activities for beginning to decipher our own unconscious biases:

The Circle of Trust

Make a list of five to 10 people who you trust. Try to focus on friends, peers, and coworkers rather than family members. Then, move down the list and place a checkmark by individuals who are similar to you in each of these categories:

- Ethnicity/Race
- Religion
- Political Views
- Sexual Orientation
- Socioeconomic Background

Feel free to add more categories or leave blanks if you are unsure. Looking at the people in your circle of trust, what do you notice? Are these individuals homogenous or diverse? We do not often put conscious thought into our friend groups. This activity serves to show how our predispositions may result in people that we trust that mirror ourselves. A uniform group may create a negative echo chamber of the same ideas, reinforcing harmful stereotypes, and playing into our unconscious biases. If you see multiple checkmarks by each name, it may be time to branch out of your comfort zone and establish friendships with unique individuals who think and act differently than you.

Negative Incorrect Assumptions

For this thought exercise, think of a time when someone made a negative and incorrect assumption about you. How did this make you feel? Imagine if many people you have encountered made the same assumption every day of your life. How would this affect your day-to-day interactions? What influence would this have on your mental health and social activity? This exercise helps us understand the experiences that many minority individuals continuously face. Research has shown that constant discrimination triggers our brain's trauma center, affecting overall health, genetics, and even future generations. Through this evaluation, we begin to see the effect our unconscious biases have on those around us, emphasizing the importance of self-reflection and growth.

Project Implicit

This exercise takes place at Harvard's Project Implicit website. Through their Implicit Association Test (IAT), the program determines your affinities for different groups of people. From different sexualities to religions and even political views, this website allows us to learn about our unconscious biases and determine where change is needed.

By completing these activities, we take the first steps towards uncovering our unconscious biases. This process is integral to establishing the understanding and self-reflection for managing these automatic thoughts. As we become more aware, we can begin to combat negative thoughts and actions which may have harmed those around us. These three activities are a great start to breaking down the boundaries of bias and establishing strong, diverse relationships.

INSURERS MUST TAKE STEPS TO ENSURE THE INTEGRITY OF POLICIES PROCESSED WITHOUT UNDERWRITER TOUCH

By Daniel M. Rogers, Missouri Employers Mutual

Key Point #1: Validate application information.

Key Point #2: Measure and compare STP profitability versus full or limited touch policies.

Key Point #3: Track action taken in response to rules referring policies.

As insurers strive for efficiency, they often look to design and implement an automated underwriting approach, often called straight through processing (STP). Through pre-programmed rules, policies meeting desired conditions are automatically quoted or issued. Those not meeting the conditions are referred to an underwriter for review.

Often applications are submitted to an insurer via a proprietary portal or an exchange with an agency management system. There are tremendous gains to be realized through this approach, including an immediate quote for agents or prospective policyholders. It also allows underwriters to devote their time and expertise to more complex policies.

These benefits are appealing but caution must be taken to verify the integrity of the process and ensure decisions align with an insurer's risk portfolio. Establishing three critical review processes can assist in improving automated underwriting results.

Review #1: Random Policy Review

For those policies that "pass through" the rules-based underwriting, it is important to verify classifications and exposures. This can be accomplished by randomly selecting policies or identifying certain characteristics of polices based on experience. At Missouri Employers Mutual (MEM), a few examples of policies we review include:

- Policies with a payroll only in a clerical or sales classification.
- Policies where the insured's business name has the word "contractor," "builder," or "contracting," but the governing class code is not a contracting class.
- Policies with a governing class code of NCCI's class of 5606 (Contractor - Project Manager, Construction Executive, Construction Manager, or Construction Superintendent).

The review process can be as simple as having an underwriter perform a web search to verify information. Insureds' web and social media pages often reveal the full range of services being performed by a policyholder. In addition, the size of an insured's operation can also be discovered. On one review of a landscape operation with a very low payroll, we found a website with several pickup trucks and large commercial mowers, certainly indicative of higher payroll.

When a possible inconsistency is discovered, the information can be verified by an audit or loss prevention representatives. A call to the submitting agency may also be able to provide important details. Often there are good explanations for such discrepancies, but sometimes policies may need to be endorsed with classifications or payroll that more accurately reflect the policyholder's exposure.

Review #2: Policy Portfolio Review

It is important to measure the policies that are auto underwritten (both new and renewal policies) in the same manner as you measure the performance of your entire book of business.   Examples can include:

- Hit Rate (ratio of quotes accepted to the total number issued)
- Loss Ratio
- Renewal Retention
- Persistency (average length of tenure of policyholders)

During the measurement process, the lower acquisition expense and subsequent policy handling expense on renewals must be evaluated. For example, if it is estimated that expense ratio is reduced by three points using an automated underwriting processes, then a 2% higher loss ratio will still produce an underwriting profit on the automated book.

Automated underwriting can produce positive results with the proper checks and balances. By establishing an effective monitoring process, insurers can increase their efficiency while maintaining the integrity of their book of business.

Review #3: Rule Exceptions

Insurer's must decide the desired review process when a policy fails the automated underwriting process. Two popular methods of review are:

- Complete Review—An underwriter completely underwrites the policy as if the automated underwriting process wasn't in place.
- Specific Rule Review—In this process, an underwriter's attention is only directed at the specific rule or issue that caused the automated underwriting to fail. Of course, the outcome of the specific rule can lead to a complete policy review.

Obviously, there is a difference in the time invested in those two review methods and they can lead to vastly different results.

Regardless of which method is selected, it is important to periodically step back and examine the underwriting action taken by the reviews. Questions to ask can include:

- Was the desired action taken? In other words, was the condition that prompted the rule properly addressed?
- Is the frequency of the rule failure as expected? Is the rule causing too many referrals or too few referrals? The former may indicate the condition is too restrictive, while the latter could mean the rule isn't needed.

Finding the right balance between what policies are appropriate for STP and what policies get reviewed can take some finesse. A strategy may work for a while but then tweaks could be needed as the market changes. This balance will look different for each state fund.

INTEGRATING RISK AND STRATEGY

By Kurstin Adamson, Montana State Fund, and Beth Vandehey, Washington State Labor & Industries

Enterprise risk management (ERM) is an evolving field of practice. Though many organizations have chosen to implement an ERM program, it is up to each individual organization to determine how best to extract value from that program. One thing that is consistent with ERM is that there is no one size fits all. Despite this, there seems to be a natural evolution to all ERM programs. Just as enterprise risk management (central) evolved from traditional risk management (siloed), the next natural step of the evolution is to integrate ERM with strategy, also known as strategic risk management.

Strategic risk management (SRM) and ERM are often used interchangeably, but they are actually two distinct business disciplines that tend to converge as ERM matures. While both seek to embed risk management as a critical component of decision making, ERM supports an organization's objectives by addressing the potential impact of its various risks, where SRM drives pursuit of untapped opportunities associated with future strategic uncertainties. SRM takes risk management to the next level by viewing risk, or uncertainty, as more than just an impediment to success, but as a potential opportunity to be exploited.

The recent COVID-19 pandemic is the perfect example of where ERM and SRM converge. While the pandemic itself brought about widespread closures, illness, and an economic downturn, it also opened the doors for businesses to expand their remote and flexible work mindset and capabilities. Businesses that take advantage of this opportunity could experience both reduced costs, improved employee engagement, and a wider pool of applicants for open positions, but may also experience a risk with not maintaining their current culture. SRM helps to embed both the opportunities and the risks regarding an organization's strategy into the strategy discussion.

There is no one method or reason for integrating risk management into strategy. It is important for each organization to determine the scale and scope that provides the most value. For example, an organization that is just considering going down this road may find the most value in focusing the SRM conversation on continuous improvement. It may ask, what does an organization want to achieve with each initiative, and what must it avoid? Even without a formal process, there is significant value in starting the conversation.

Other organizations may see value in formally integrating risk management into strategic planning and execution. SRM helps comply with regulations, such as the Own Risk and Solvency Assessment (ORSA), which requires insurance companies to issue their own assessment of their risk management program and prospective solvency positions. These organizations are likely to use capital modeling to optimize the level of risk they are taking in relation to surplus. Additionally, formal risk appetite statements may be developed to establish an organizations willingness to take on certain strategic risks in order to achieve their objectives.

Even amongst the AASCIF organizations, there are various methods of pursuing SRM. Yet all organizations that have started the process have realized value on some scale:

1. SRM helps identify opportunities that might otherwise be missed by weighing the risks and opportunities associated with each strategy.
2. SRM helps organizations understand and/or model the risks while deliberating strategies versus discovering a risk as it unfolds.
3. SRM helps connect the dots between the full board and the audit committee when discussing why some risks need to be accepted.

Further guidance on Strategic Risk Management from the RIMS Risk Management Society, includes a white paper called "Pivoting from ERM to SRM,"* published October 14, 2020. The intent of the report was to accelerate ERM into a well-designed and executed strategic risk management program and could be helpful for those starting out on this journey.

No matter how an organization chooses to go about it, pursuing strategic risk management is an inevitable evolution for any organization that wants to utilize the ERM program to prepare for the future.

**Note: "Pivoting from ERM to SRM" requires a subscription to view.*

THE SILVER LININGS OF COVID

By Karen Schroeder, New Mexico Mutual

As we slowly start to see signs of recovery across the U.S. from the impacts that COVID-19 had over the past 18 months, it's worth taking a step back and taking note of the silver linings that COVID-19 brought to our personal and professional lives.

The Personal Perks

It's important to note those personal benefits realized, primarily because the positive impact helped improve our focus and contributions on a professional level.

First, for those with other family members living in their household, we were able to spend more time together. Although this brought its own challenges at times, it was an opportunity to connect on a new level. We had more time to gather at the table for meals, to enjoy a movie together, or to break out those board games that had gathered dust over the years. For those with family not living in the same household, we had more time (especially during the near complete lockdown months), to have more phone and video calls with family. This increased time at home allowed many of us to enjoy the benefit of savings on auto insurance, gasoline, and maintenance on our vehicles. And for those who worked from home that didn't work remotely before, there was the benefit of less commute time which in turn gave back to much more sleep or exercise time.

The Business Side

From the professional perspective, COVID-19 forced us to innovate more quickly and, at the least, helped us embrace an innovative mindset. We found ourselves being thrust into supporting a fully (or near fully) remote workforce in those industries (such as insurance) where we could still conduct our services without being in the office environment. We were able to witness our workforces working from their homes being as productive while working in this very different environment. If this pandemic had hit a decade ago, we wouldn't have seen the same level of success of a remote workforce. As we emerge from this change, we've seen the demand to support a continued remote or hybrid work environment. This evolution brings potential overhead savings for businesses that may be able to reduce the square footage of office space they may be currently leasing or the opportunity to sub-lease owned space.

Let's Get Digital

The shift to a distributed workforce also brought with it the opportunity to modernize the hiring process. By moving to video interviews, it helped, in many cases, speed up the interview process due to the convenience for the applicant as well as the interview panel to accommodate interview schedules, and reduced the amount of paper that many HR departments still had in place to digitize the process.

Speaking of digitization, HR wasn't the only business unit to see this initiative take hold. Businesses throughout the world who had a long-term plan to move forward with digital transformation found themselves fast tracking these initiatives throughout their organizations. In fact, the digital transformation movement witnessed the fastest expansion in 2020 than seen in previous years due to the restrictions that COVID-19 brought around the world. The ability to deliver policy, billing, and claims documents digitally not only helps the carriers recognize savings from printing, assembling, and mailing these documents, it helps the recipient reduce the paper handling and ability to store the documents digitally on their end.

Wrapping up the digital topic, for those who hadn't yet implemented digital payments for claimants and medical providers, there was a dramatic up-tick reported by vendors to deliver these payments digitally. Not needing to have people in the office processing physical checks as well as the savings on check stock and postage, recipients got their payments more quickly and directly to their bank accounts. Ultimately, this will also bring a reduced number of phone calls and improved customer satisfaction.

Bring in the Robots

Many organizations also started or enhanced their initiatives for robotic process automation (RPA). This technology allows for automation (by means of a software bot) to carry out routine and repetitive rules-based tasks by departments such as underwriting, claims, and even information technology. This allows resources to focus on tasks that provide greater value to the daily business and customer touchpoints. Essentially, if there is a business unit that has a high-volume process, doesn't require human judgement, and is rules-based, they are a prime candidate to take advantage of RPA technology.

Predictions

Predictive analytics implementation was another trend that gained momentum during COVID-19. By applying techniques such as statistical modeling and forecasting along with machine learning, this technology has the ability to improve the operations of underwriting and claims by identifying risk, triaging claims, and anticipating trends. These tools have the ability to leverage data from external as well as internal sources in an improved throughput model that would take an individual considerably more time to gather and assimilate. Some of the benefits that can be achieved when implemented are improved loss ratios, detecting fraud, and forecasting claims escalations.

Virtual Interactive Communications

With the heightened focus during COVID-19 on improving and streamlining the communications between businesses and their customers, many carriers started the implementation or work to enhance existing services for SMS messaging with agents, policyholders, and claimants. Other similar customer facing initiatives included the implementation of chatbots and live chat. When combining chatbot technology with artificial intelligence, chatbots can interact with customers saving time for the roles in the company that would typically handle routine informational calls.

We not only saw focus and improved communication with customers, we also experienced the benefits of more frequent communication with our employees, peers, and senior leadership via collaboration tools. Keeping this focus as we return to the workplace either on a part- or full-time basis will be important to carry on.

So, while COVID-19 impacted society across the world in many negative aspects, we need to take pause to recognize and appreciate the silver lining woven like a thread through our lives over the past 18 months that will have a positive impact in the years ahead.

THE US PRIVATE PLACEMENT MARKET

By Alex Alston, CFA, and Frank LaTorraca, Macquarie

Submitted by the AASCIF Finance & Investments Committee

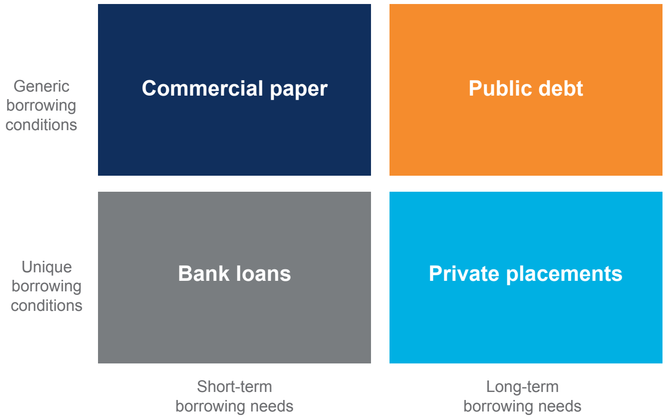
Insurers and other liability-driven investing (LDI) participants such as pension investors, that have a portion of their assets allocated to corporate credit, should consider including US private placement bonds in the relatively fixed portion of their credit allocation.

Private Placement Market Background

For the purposes of this paper, private placements refer to 4(a)(2) institutional private placement securities.[1] Like investment grade public bonds, private placement bonds are primarily investment grade, with fixed-rate coupons and intermediate- to long-term maturity profiles. However, like bank loans, private placement bonds include a comprehensive suite of structural protections, including financial covenants, which provide a layer of protection to investors.

Long Tenors

The long-tenor bonds common to this market are highly correlated with the long liabilities of life insurers as well as pension investors. Importantly, long-duration opportunities have been plentiful. In 2019, 92 distinct borrowers issued an aggregate of $15.6 billion with maturities ranging from 20 to 45 years. More broadly, the total new-issue volume in 2019 was $71.7 billion spread across 245 transactions.


Generic borrowing conditions
Commercial paper
Public debt
Unique borrowing conditions
Bank loans
Private placements
Short-term borrowing needs
Long-term borrowing needs

Private placements comprise a niche market. Providing long-term capital to borrowers with unique financing conditions, they fulfill a specific role within the capital markets framework.

Stable Cash Flows

Private placement cash flows are fairly stable, making them generally well-suited for asset liability management. The bonds have fixed rate coupons and syndicated issuance is almost exclusively investment grade credit quality[2] (approximately one-third are rated A- or better and approximately two-thirds are in the BBB category). In addition, they typically have strong prepayment protection enabling investors to maintain the initial yield of an investment irrespective of interest rate movements.

[1] *4(a)(2) securities, commonly referred to as Reg D securities, are debt offerings that are exempt from being registered with the US Securities and Exchange Commission (SEC) under Rule 506(b) of Section 4(a)(2) of the US Securities Act of 1933, and are offered to qualified institutional buyers (QIBs).*

[2] *Approximately 50-60% of the market is rated by an nationally recognized statistical rating organization (NRSRO) at the issue or issuer level, and any issue that is not directly rated by an NRSRO is assessed by the National Association of Insurance Commissioners (NAIC) and assigned an NAIC designation to reflect the assessed credit quality of the bond.*

Liquidity

Illiquidity in the private placement market is commonly overstated or misunderstood, in our view. Because investors in this market are primarily buy-and-hold focused, there is limited opportunity to buy bonds on the secondary market. However, barring an adverse credit event, we find there is usually ample liquidity to exit a position.

Potential Benefits of Private Placements

Yield Enhancement

With additional yield sourced from three separate streams, private placements could provide additional yield without drifting further out on the risk spectrum.

1. The issuance premium, comprising compensation for liquidity, complexity, and customization features, ranges from 10 to 100 basis points on average.
2. Ancillary income is covenant-related compensation and typically provides approximately 25 basis points of additional yield across the cycle.
3. Improved recoveries are estimated by the Society of Actuaries to range from 6 to 15 basis points.

Structural Protections

Private placements typically offer strong structural protections that collectively seek to (i) guard against negative credit migration, (ii) preserve seniority in the capital structure, and (iii) provide event-risk protection.

Diversification

The US private placement market, which has traditionally been home to more than just corporate issuance, can provide diversification benefits to an otherwise public-only portfolio of investment grade corporate credit. In the three years ending December 31, 2019, there have been 596 unique issuers in the private placement market and overlap between public and private issuers has been modest (Macquarie estimates around 20%). Also, approximately 40–50% of annual volume is from offshore issuers. Finally, there are many different types of transaction structures beyond corporate deals (such as project finance, infrastructure, and lease-backed) able to provide further diversification benefits (see the correlation table below).

Despite the strong influence of interest rates across all fixed income assets, private placements can offer diversification benefits.

	Corporates	Infrastructure	Specialized Credit
Corporates	1.000		
Infrastructure	0.830	1.000	
Specialized Credits	0.733	0.632	1.000
US Corp. Index	0.917	0.888	0.727

Source: Bloomberg and Macquarie. Based on monthly returns on asset from Jan 2014 –Jun 2019; Private Placement Monitor Datafield and Macquarie estimates. US Corp. Index = Bloomberg Barclays US Corporate Investment Grade Index.

Macquarie's Private Placement Capability

Macquarie seeks to provide their client partners with highly customized private placement solutions characterized by enhanced yield, superior loss experience, and diversification relative to public investment grade bonds. They manage a $12.5 billion portfolio of private placements and deploy an average of $1.5 billion (approximately 60 transactions) annually.[3]

In summary, US private placement bonds seek to offer multiple benefits to institutional investors with LDI strategies and are complementary to a public credit portfolio. Private placement cash flow stability and long durations are generally appropriate for asset-liability management. Streams of additional yield can help improve pension funding status without venturing further out on the risk spectrum, while improving risk-based capital (RBC) efficiency for insurers. The market's diversity can potentially assist in liability efficient frontier portfolio construction, and the structural protections found in private placements have improved recoveries historically. We view private placements as potentially beneficial for LDI investors, and we welcome the opportunity to speak with you further about how private placement bonds may fit in your investment strategies.

This information is confidential and intended for the audiences as indicated. It is not to be distributed to, or disclosed to retail investors. The views expressed in this document represent those of the relevant investment team and are subject to change. No information set out in this document constitutes advice, an advertisement, an invitation, a confirmation, an offer or a solicitation, to buy or sell any security or other financial product or to engage in any investment activity, or an offer of any banking or financial service. Some products and/or services mentioned in this document may not be suitable for you and may not be available in all jurisdictions.

Investing involves risk including the possible loss of principal. The investment capabilities described herein involve risks due, among other things, to the nature of the underlying investments. All examples herein are for illustrative purposes only and there can be no assurance that any particular investment objective will be realised or any investment strategy seeking to achieve such objective will be successful. **Past performance is not a reliable indication of future performance.**

[3] *As of September 30, 2020*

Before acting on any information, you should consider the appropriateness of it having regard to your particular objectives, financial situation and needs and seek advice.

Other than Macquarie Bank Limited (MBL), none of the entities noted in this document are authorised deposit-taking institutions for the purposes of the Banking Act 1959 (Commonwealth of Australia). The obligations of these entities do not represent deposits or other liabilities of MBL. MBL does not guarantee or otherwise provide assurance in respect of the obligations of these entities, unless noted otherwise.

Future results are impossible to predict. This document contains opinions, conclusions, estimates and other forward-looking statements which are, by their very nature, subject to various risks and uncertainties. Actual events or results may differ materially, positively or negatively, from those reflected or contemplated in such forward-looking statements. **Past performance is not a reliable indicator of future performance. Investing involves risk including the possible loss of principal.**

This document does not contain all the information necessary to fully evaluate any investment program, and reliance should not be placed on the contents of this document. Any decision with respect to any investment program referred to herein should be made based solely upon appropriate due diligence by the prospective investor. The investment capabilities described herein involve risks due, among other things, to the nature of the underlying investments. All examples herein are for illustrative purposes only and there can be no assurance that any particular investment objective will be realized or any investment strategy seeking to achieve such objective will be successful.

No representation or warranty, express or implied, is made as to the accuracy or completeness of the information, opinions and conclusions contained in this document. In preparing this document, reliance has been placed, without independent verification, on the accuracy and completeness of all information available from external sources.

To the maximum extent permitted by law, none of the entities under Macquarie Investment Management nor any other member of the Macquarie Group nor their directors, employees or agents accept any liability for any loss arising from the use of this document, its contents or otherwise arising in connection with it.

The following investment advisers form part of Macquarie Group's investment management business, Macquarie Investment Management: Macquarie Investment Management Business Trust, Macquarie Funds Management Hong Kong Limited, Macquarie Investment Management Austria Kapitalanlage AG, Macquarie Investment Management Global Limited, Macquarie Investment Management Europe Limited, and Macquarie Investment Management Europe S.A.

Diversification may not protect against market risk.

Private placements may be available only to qualified institutional buyers, may have liquidity constraints, and may not be suitable for all investors. Liquidity risk is the possibility that securities cannot be readily sold within seven days at approximately the price at which a portfolio has valued them, which may prevent a strategy from disposing of securities at a time or price during periods of infrequent trading of such securities.

Diversification may not protect against market risk.

The Securities Valuation Office (SVO) of the National Association of Insurance Commissioners (NAIC) assigns private placement debt a credit quality designation that corresponds to credit ratings from nationally recognized statistical rating organizations (NRSROs). (For example, NAIC 1 corresponds to a rating of A- or better, and NAIC 2 corresponds to an agency rating of BBB- to BBB+.) The SVO symbols for credit quality (called NAIC categories) range from NAIC-1 (highest quality/lowest risk of default) to NAIC-6 (lowest quality/in or near default).

IBOR risk is the risk that changes related to the use of the London interbank offered rate (LIBOR) or similar rates (such as EONIA) could have adverse impacts on financial instruments that reference these rates. The potential abandonment of these rates and transition to alternative rates could affect the value and liquidity of instruments that reference them and could affect investment strategy performance.

The disruptions caused by natural disasters, pandemics, or similar events could prevent the Strategy from executing advantageous investment decisions in a timely manner and could negatively impact the Strategy's ability to achieve its investment objective and the value of the Strategy's investments.

This document may mention bond ratings published by nationally recognized statistical rating organizations (NRSROs) Standard & Poor's, Moody's Investors Service, and Fitch, Inc. For securities rated by an NRSRO other than S&P, the rating is converted to the equivalent S&P credit rating. Bonds rated AAA are rated as having the highest quality and are generally considered to have the lowest degree of investment risk. Bonds rated AA are considered to be of high quality, but with a slightly higher degree of risk than bonds rated AAA. Bonds rated A are considered to have many favorable investment qualities, though they are somewhat more susceptible to adverse economic conditions. Bonds rated BBB are believed to be of medium-grade quality and generally riskier over the long term. Bonds rated BB, B, and CCC are regarded as having significant speculative characteristics, with BB indicating the least degree of speculation of the three.

The **Bloomberg Barclays US Corporate Investment Grade Index** is composed of US dollar-denominated, investment grade, SEC-registered corporate bonds issued by industrial, utility, and financial companies. All bonds in the index have at least one year to maturity.

For recipients in the United States, this document is provided by Macquarie Investment Management Business Trust (MIMBT). Institutional investment management is provided by Macquarie Investment Management Advisers (MIMA), a series of MIMBT. MIMBT is a US registered investment advisor, and may not be able to provide investment advisory services to certain clients in certain jurisdictions.

Macquarie Group, its employees and officers may act in different, potentially conflicting, roles in providing the financial services referred to in this document. The Macquarie Group entities may from time to time act as trustee, administrator, registrar, custodian, investment manager or investment advisor, representative or otherwise for a product or may be otherwise involved in or with, other products and clients which have similar investment objectives to those of the products described herein. Due to the conflicting nature of these roles, the interests of Macquarie Group may from time to time be inconsistent with the Interests of investors. Macquarie Group entities may receive remuneration as a result of acting in these roles. Macquarie Group has conflict of interest policies which aim to manage conflicts of interest.

All third-party marks cited are the property of their respective owners.

© 2020 Macquarie Group Limited

(1438746)

AROUND AASCIF

CALIFORNIA

State Fund Breaks Ground on Extensive Sustainability and Solar Energy Program at Two California Locations

State Compensation Insurance Fund (State Fund) has begun construction on an extensive sustainability and solar energy program that includes solar, electric vehicle charging stations, and energy storage at its Vacaville and Riverside locations. Designed and constructed by ENGIE North America, State Fund will install 9.8 MW of solar, 2 MW/4.3 MWh of energy storage, and 150 Level II and DC charging stations, offsetting nearly 230,000 metric tons of greenhouse gas emissions over a 20-year period and saving nearly $65 million in energy costs over the life of the project.

"Breaking ground on this project is a huge step forward in our drive to reduce our use of fossil fuels, limit the load we place on local and statewide electrical grids, and improve air quality throughout California," said Andreas Acker, executive vice president and chief administrative officer at State Fund. "Increasing our efforts and investments around sustainability initiatives will bring a number of benefits to our customers, employees, and California as a whole."

When fully completed, State Fund's portfolio of solar projects is projected to produce 311 GWh over 20 years at seven of its locations throughout California. The output is enough to power more than 26,500 homes, and provide a reduction in CO2 emissions equivalent to taking 47,000 gas vehicles off the road.

State Fund Leaders Break Ground on Solar Project in Vacaville, CA

Left to right – Jonathon Tudor, SVP of Marketing and Communications; Andreas Acker, EVP and Chief Administrative Officer; Vern Steiner, President and CEO; Teresa Navarec, VP of Workplace Strategy Design and Security; Eileen Gallagher, EVP and Deputy Chief Administrative Officer

State Fund Named Among Best in the World for Employee Learning and Development

LearningElite program recognizes organizations with world-class employee development teams.

State Fund has been named a 2021 LearningElite gold award recipient by Chief Learning Officer®. The LearningElite program honors the world's best organizations for learning, development, and exemplary workforce development strategies.

State Fund ranked 14th among 59 of the world's most well-known brands, recognized for fostering a learning culture and ensuring all employees receive the tools, training, and knowledge they need to effectively support business operations.

State Fund Releases 2020 Annual Report

State Fund released its 2020 Annual Report outlining how the carrier maintained its financial strength while continuing to support its policyholders and injured workers during a uniquely challenging year.

In his president's letter accompanying the financial report, State Fund President and CEO Vern Steiner discusses the actions taken to help its policyholders and injured workers during the COVID-19 crisis.

These actions included placing a moratorium on policy cancellations, reaching out directly to tens of thousands of policyholders to revise payrolls and provide payment flexibility, providing more than $44 million in COVID-19 safety support grants, accelerating the delivery of the 2019 dividend, declaring a 10% dividend for 2020, and much more.

Important financial highlights include:

- Net income of $172 million
- Earned premium of $1.1 billion
- Combined ratio of 141.2%, higher than in 2019 due to a reserve release of $536 million during that year

COLORADO

Pinnacol Named Colorado's Top Large Employer in 2021

The Denver Post named Pinnacol Assurance [Colorado's top large employer] in 2021. This is the fifth consecutive year Pinnacol was listed as one of Colorado's Top Workplaces and the first year at the No.1 spot. Last year, Pinnacol took the top prize for best work-life balance.

The accolade is based solely on employee feedback gathered through an anonymous third-party survey that measures drivers that are critical to the success of any organization, including alignment, coaching, connection, engagement, leadership, performance, and basics such as pay, benefits, work-life flexibility, and training. Reasons employees voted Pinnacol as No. 1 in 2021 included maintaining morale while encouraging safety, virtual benefits, socially distanced swag, community involvement and investment, commitment to training and equality, a focus on the environment, and more.

Pinnacol Defeats Provider Choice Bill, Stakeholder Discussions Expected to Continue

Colorado's 2021 legislative session included a provider choice bill backed by organized labor and trial attorneys that would allow injured workers to designate any Level I or Level II accredited physician. The current law requires injured workers to select from an employer-provided list of at least four providers. The bill also created new opportunities for injured workers to change providers.

As a whole, the bill would have extended time to treat and delayed return to work, created new opportunities for litigation, and erased the financial, quality, and service advantages of Pinnacol's network. Pinnacol estimated the bill could increase premiums for policyholders by as much as 15% annually, in addition to eliminating the 2.5% premium credit mandated for policyholders that designate providers. Working closely with the business community and other insurers, Pinnacol was able to elicit serious concerns from legislators about both the substance of the bill and the lack of stakeholder outreach leading up to it. As a result, on May 27 the sponsors dropped their support.

Pinnacol's "What Matters" Campaign Provided Safety Resources, Was Lauded by The Marketing Alliance

Pinnacol's "What Matters: People" public service announcement-style campaign was developed in response to the COVID-19 pandemic as a way to help Colorado businesses keep their employees safe. Through this campaign, the organization provided COVID-19 safety resources and free virtual safety consultations open to all Colorado businesses.

Pinnacol also won three awards for the campaign at the 2021 Fourteeners Gala, a virtual ceremony presented by The Marketing Alliance, a local chapter of the National Industrial Advertising Association. The awards were Gold: B2B Brand Campaign $25,000-$75,000; Gold: Paid, Earned, and Owned Media $25,000-$75,000; and Silver: B2B Write-In.

The awards show honored excellence in marketing and recognized the teams behind the work who have tackled marketing challenges with guts, contributing to a strong, vibrant marketing community in our state.

Pinnacol Assurance Grants Nearly $300,000 to Colorado Nonprofits

In the first of two grant-making cycles for 2021, Pinnacol awarded grants totaling almost $300,000 to 14 Colorado nonprofits. This year, for the first time in its economic vitality and workforce development grant-making, the greatest consideration was given to organizations that create opportunities for Black, Indigenous, and people of color (BIPOC) communities.

"Although Colorado's economy is beginning to bounce back from the global pandemic, nonprofits that serve local communities need more support than ever," says Edie Sonn, Pinnacol's vice president of communications and public affairs. "Rising to meet that need, we also evolved our community grant-making to reflect our commitment to diversity, equity, and inclusion."

Learn more about grantees here.

Pinnacol Foundation Announces New Class of Scholarship Recipients

Despite the stress of attending school during a pandemic and the sometimes rapidly shifting status of remote and in-person learning that made it difficult to plan, Pinnacol Foundation scholars have shown impressive resiliency and commitment to their families, communities, and education.

For the 2021–2022 academic year, the Pinnacol Foundation announced awards totaling $347,150 to 75 deserving scholars, 19 of whom are new recipients. Pinnacol Foundation scholarships, averaging $4,700 per student per year, are used for the costs of attending school at accredited colleges, universities, community colleges, and vocational schools. Since 2000, the foundation has awarded $6 million in scholarships to nearly 650 students across Colorado.

To learn more about the Pinnacol Foundation scholarship for children of injured or deceased workers, visit [pinnacolfoundation.org.](pinnacolfoundation.org)

LOUISIANA

LWCC Dedicates Foster Learning Center

On June 30, 2021, LWCC officially dedicated the Governor M.J. "Mike" Foster Jr. Learning Center at its home office in Baton Rouge, Louisiana. Named after the company's founder, the late Governor Foster, the facility will help propel Louisiana into the future by serving as a valuable resource for policyholders, agents, employees, and partners—all those who stand to benefit from a culture of learning and innovation. The connections, partnerships, and opportunities that come from the use of the Foster Learning Center will promote safe, healthy, and prosperous lives and create positive, influential ideas for LWCC and Louisiana.

Kristin Wall, president and chief executive officer of LWCC, said, "The Foster Learning Center provides LWCC a best-in-class meeting facility where we can bring together thought leaders to work toward solutions that will make an impact across the state through powerful collaboration and creative problem solving."

LWCC's purpose is to help Louisiana thrive; a purpose first instilled by Governor Foster. To honor the life and achievements of Governor Foster, close friends and former colleagues were invited to attend the dedication ceremony in person, and employees, agents, and policyholders attended virtually, while LWCC leadership and special guests shared stories and remarks. Featured speakers and friends of Governor Foster included Boysie Bollinger, chairman and CEO of Bollinger Enterprises; Stephen Perry, current president and CEO of New Orleans & Company; and President George W. Bush, who shared a message of gratitude via video message.

FOSTER LEARNING CENTER | AT LWCC

During the dedication's conclusion, Wall unveiled new branding for the Foster Learning Center at LWCC and extended a commemorative plaque to the family of Governor Foster.

[Learn more](#) about the Foster Learning Center.

LWCC Announces 2020 Safest 70 Award Winners

In May, LWCC announced the 2020 Safest 70 Award recipients. Established in 2008, this award was created to honor policyholders who share LWCC's commitment to workplace safety and acknowledge customers leading the way in employee health and wellness.

LWCC is Louisiana Loyal, leading a movement to celebrate and elevate Louisiana. Through this awards program, we are recognizing those policyholders who are participating in this movement through their dedication to a safer workplace for all. Their efforts benefit not only their workers, but other policyholders, industries, and the entire state of Louisiana.

Winners must be in good standing with LWCC for five consecutive years and work effectively with the LWCC Safety Services Team. Recognized companies seek ways to proactively improve workplace safety and are also quick to react and respond when potential safety hazards are identified, often in partnership with LWCC's Safety Services Team.

2020
SAFEST 70

[Learn more about the 2020 award winners here.](#)

MAINE

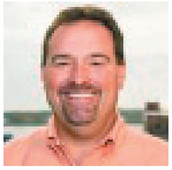
MEMIC Names Three Underwriting Territory Managers

The MEMIC Group has named three underwriting territory managers to leadership roles, according to Jeff Funk, MEMIC's Eastern Region president.

Margaret Templeton, of Albany, New York, will lead the mid-Atlantic territory; James Keck, of Wilmington, Massachusetts, will lead the Northeast territory; and Roger Comer, of Fort Myers, Florida, will lead the Southeast territory.

Templeton joined MEMIC in 2014 and has earned the industry certification of Workers' Compensation Professional. Keck joined MEMIC in 2016 and has more than 22 years in the industry, earning designations of Associate in Commercial Underwriting, Certified Insurance Counselor, and Certified Workers' Compensation Professional. Comer joined MEMIC in 2014 and has more than 30 years of experience in the insurance business, with designations of Accredited Adviser in Insurance, Associate in Claims, Certified School Risk Manager, Construction Risk and Insurance Specialist, Certified Insurance Service Representative, and Certified Workers' Compensation Professional.

View more information here.



Roger Comer

Margaret Templeton

James Keck

MEMIC's Pieretti Named to CDC-NIOSH Board

U.S. Acting Secretary of Health and Human Services Norris Cochran appointed The MEMIC Group's Dr. Luis F. Pieretti, Ph.D., CIH, CSP, WCP®, to a four-year term on the Board of Scientific Counselors at the National Institute for Occupational Safety and Health (NIOSH), Centers for Disease Control and Prevention (CDC).

The 15-member federal board provides advice on NIOSH's occupational safety and health research and prevention programs. The BSC also provides advice on standards of scientific excellence, current needs in the field of occupational safety and health, and the applicability and dissemination of research.

Dr. Luis F. Pieretti, Ph.D., CIH, CSP, WCP®

MEMIC Group President and CEO Michael Bourque called Pieretti "a leader in the industrial hygiene and safety field with a passion for research and education."

"In his seven years at MEMIC, he has developed guidelines for providing safety services to our policyholders, revamped many of our industrial hygiene policies, and has served as a mentor and trusted advisor to his colleagues both inside and outside of the organization," Bourque said. Pieretti joined MEMIC in 2013 as a safety management consultant and was promoted to manager, industrial hygiene in 2016.

View more information here.

MEMIC Confers Horizon Scholarship on Two High School Seniors

A Rhode Island honors student whose single mother suffered a work-related injury and a University of Maine engineering student whose injured parent speaks English as a second language are the 2021 winners of The MEMIC Group's Harvey Picker Horizon Scholarship Program.

Jaylyn Marte, winner of a $10,000 scholarship, recently graduated with honors from LaSalle Academy in Rhode Island, maintaining excellent grades while helping nurse her single mother back to health. Winner of the $5,000 Scholarship, Amir Seidakhmetov is an honors student planning a career in electrical and computer engineering next year at the University of Maine.

"We are in awe of these two bright young scholars who seem to know no boundaries when it comes to learning, community service, and conscientious caring," MEMIC Group President and CEO Michael Bourque said. "These are values we share at The MEMIC Group, so we're thrilled to be able to assist in financing their college educations. We wish Jaylyn the best of luck at Nova Southeastern, Amir the best at University of Maine, and their mothers swift and certain recoveries from their injuries."

Founded in 2001, the Harvey Picker Horizon Scholarship Program aids the children and spouses of workers who have been seriously injured on the job. MEMIC has awarded $210,000 in scholarships since the program's inception.

Amir Seidakhmetov

Jaylyn Marte

MARYLAND

Credit Ratings of Chesapeake Employers' Insurance Upgraded by AM Best

AM Best, a global credit rating agency specializing in the insurance industry, has upgraded the Financial Strength Rating of Chesapeake Employers' Insurance Company to A (Excellent) from A- (Excellent) and the Long-Term Issuer Credit Rating to "a" from "a-". The outlook of these Credit Ratings (ratings) has been revised to stable from positive.

"Earning an upgrade from AM Best affirms the financial strength and long-term strategy of our company," says Tom Phelan, CEO of Chesapeake Employers. "I want to thank the members of our board of directors and the leadership team for their support and sound guidance. I also want to thank all of our employees who work hard every day to provide our agents, policyholders, and injured workers with the service they need and deserve."

"We are the safety net Maryland employers rely on to provide fairly priced workers' compensation coverage," says Paige Beck, president of Chesapeake Employers. "We have been in business for more than 100 years. Our commitment to Maryland has never wavered. Chesapeake Employers will continue to be a reliable source of protection for Maryland business owners now and well into the future."

"The ratings reflect Chesapeake's balance sheet strength, which AM Best assesses as strongest, as well as its adequate operating performance, limited business profile, and appropriate enterprise risk management (ERM)," reported AM Best. "The rating upgrades reflect Chesapeake's continued strengthening of its balance sheet, which is supported by the strongest level of risk-adjusted capitalization, as measured by Best's Capital Adequacy Ratio (BCAR), strong liquidity metrics, and low underwriting leverage."

See AM Best's official statement here.

AM
BEST
A Excellent

Theodore Martin Alexander III and Spencer P. Cavalier Elected to Chesapeake Employers' Insurance Board of Directors

Chesapeake Employers' Insurance Company recently announced the election of Theodore (Tedd) Martin Alexander III and Spencer P. Cavalier to the company's board of directors, effective immediately. The election took place on June 23, 2021, during the company's annual policyholder meeting.

Mr. Alexander is the institutional relationship manager and vice president of T. Rowe Price Group, Inc. Prior to his current position, he was the chief executive officer of Credo Capital Management, LLC. Mr. Alexander has over 30 years of investment experience, accumulating a broad range of investment, management, financial, client-facing, entrepreneurial, and strategic responsibilities.

He is qualified as a FINRA General Securities Representative and Uniform Securities Agent. He received a bachelor's degree from Morehouse College and an MBA from The Wharton School at the University of Pennsylvania. Mr. Alexander is a policyholder of Chesapeake Employers.

Spencer P. Cavalier, CFA, is the managing director and principal at Matrix Capital Markets Group, Inc. Prior to his current position, he was a senior business valuation consultant with Ellin & Tucker. Mr. Cavalier was first appointed to Chesapeake Employers' board in 2020 by Governor Larry Hogan.

Mr. Cavalier has over 20 years of board leadership experience, including serving on the boards of The College Bound Foundation and the University of Maryland's Hospital for Children. Mr. Cavalier was also a member of the Investment Committee for the Fuel Fund of Maryland, Inc. He is currently a member of the Investment Committee of the West Virginia University Foundation board of directors.

He holds a Chartered Financial Analyst (CFA) designation with the CFA Institute and is qualified as a FINRA General Securities Representative, General Securities Principal, Uniform Securities Agent, and Investment

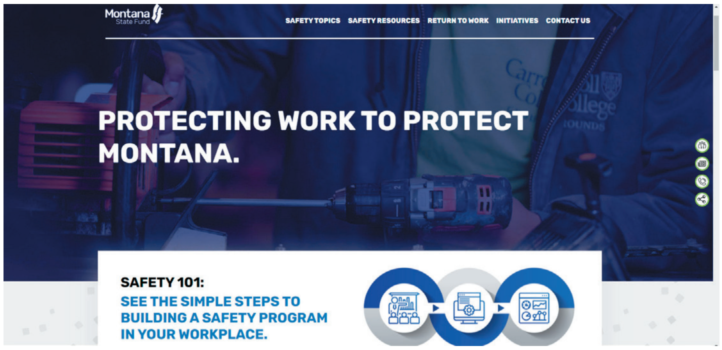
Banking Representative. Mr. Cavalier received a bachelor's degree in business administration/finance from West Virginia University and an MBA from Baylor University.

The addition of Mr. Alexander and Mr. Spencer brings Chesapeake Employers' total board membership to nine.

MONTANA

Safemt.com Redesign

It was an intense year and a half of planning, reevaluating, editing content, redesigning templates, programming, and countless hours of review before Montana State launched their redesigned safety focused website, safemt.com in May. The redesigned site is more streamlined and intuitive than the prior site.



PROTECTING WORK TO PROTECT MONTANA.

SAFETY 101:
SEE THE SIMPLE STEPS TO BUILDING A SAFETY PROGRAM IN YOUR WORKPLACE.

Site Highlights

Safety 101—In this section a visitor can get a crash course on how to set up a safety program.

Safety Topics

This area designates a page to one particular safety topic—each page consists of a video, quicks tips, and valuable resources which include downloadable PDFs and websites.

Return to Work—This easy to navigate microsite helps visitors create and implement a return to work program.

Safety Videos—In this section, visitors can review 22 safety educational videos, numerous policyholder spotlights, or past advertising campaigns.

Work From Home—This page addresses work from home safety issues. This includes setting up a safe workspace, videos on ergonomics, and slips and falls, and illustrated stretches to help avoid injury.

The site also has downloadable posters, guides, and information on MSF safety initiatives.

Safety Works Media Campaign

MSF's new *Safety Works* statewide media campaign went live on July 19, 2021. The campaign focuses on making safety a priority for those Montana workers returning to the workplace post-pandemic.

The media strategy is a mix of traditional and social media: TV, radio, public radio, and print ads combined with connected TV, podcasts, banner ads, Facebook, and Instagram. The TV ad will air during the Olympics and the popular Montana State and University of Montana football games. The campaign runs July 19, 2021–November 28, 2021.

In addition to the general audience *Safety Works* campaign, a young workers version was created. The media placement for this target audience is all social media. The campaign is from July 19, 2021–October 24, 2021.

Both campaigns have a targeted call to action landing page consumers can visit for more information.

SAFETY WORKS HERE
SAFETY WORKS HERE
Café Imports
Montana State Fund
safemt.com

You can see it everywhere you look: safety, and how it's protecting all kinds of work all over our state. The proof is in how we're getting back at it – creating, tending, teaching and building. Montana State Fund is proud to help protect work and workers, and it's clearer than ever that safety *works* here. See how Montana companies are putting safety to work at safemt.com.

OREGON

SAIF Hires Chip Terhune as New President and CEO

SAIF hired Chip Terhune as its new president and CEO starting July 1.

“Chip is uniquely qualified—he brings extensive knowledge about Oregon and a wealth of experience in the insurance industry,” said John Mohlis, board chair. “We are excited about what he brings to the position, and we’re looking forward to supporting him as he builds on the exceptional customer service Oregon businesses and injured workers expect from SAIF.”

Chip succeeded president and CEO Kerry Barnett who announced his retirement last year.

Earlier in his career, Terhune served as chief of staff for former Oregon governor Ted Kulongoski, as assistant executive director of Oregon Education Association, as director of environmental and public affairs at Schnitzer Steel in Portland, and in multiple vice president roles at Cambia Health Solutions in Portland. He currently serves as senior vice president and general manager of government programs and accounts for Medecision, a healthcare technology company.

Terhune has a bachelor’s in international studies and a master’s in public affairs from the University of Oregon.

SAIF Returns $210 million to More Than 50,000 Policyholders

In March, SAIF announced a $210 million dividend for more than 50,000 employers statewide. Checks went out in mid-July to policyholders, who received between 38 and 46% of their standard premium back.

SAIF Supports Employers and Workers During Record-Breaking Heatwave

You may have read about the deadly, record-breaking heat across Oregon. In advance of the heatwave, SAIF sent policyholders tips on preparing for the heat and wildfire season, which has also started up. After Oregon OSHA passed an emergency temporary rule on heat safety, SAIF posted details on what it means for businesses and is hosting a webinar later this month.

The Other COVID Safety Concern

SAIF did a policyholder campaign in May focused on the other COVID safety concern: workplace impairment. Oregon saw a 44% increase in sales of alcohol and marijuana in early 2020 when bars and restaurants closed. We want to make sure businesses understand what to look for and know that impairment isn’t just about substances but can also be caused by health issues, lack of sleep, or stress. We supplemented the campaign with an article by our safety advancement and innovation team on emerging technology that addresses this workplace hazard.

More Than 200 Employees and Family Members Get Vaccinated at SAIF

SAIF’s Health and Wellness Center hosted four COVID-19 vaccine clinics this spring, vaccinating more than 200 employees and family members. Subsequently, SAIF has been able to stock the vaccines for any employees and their family members. SAIF has conducted vaccine outreach multiple times to employees, including hosting a webinar with our nurse practitioner on vaccine questions and concerns.

SASKATCHEWAN

Saskatchewan WCB Releases 2020 Operating Results

The Saskatchewan Workers' Compensation Board (WCB)'s 2020 annual report was tabled in the Saskatchewan Legislature. The report indicated that the WCB remains fully funded at 112.4% with the ability to cover the future costs of all claims in the system.

In 2020, 90% of Saskatchewan workplaces reported zero injuries or fatalities, compared to 88% in each of the previous four years.

The workplace total injury rate in Saskatchewan continues to fall. The workplace total injury rate in 2020 decreased to 4.46 injuries per 100 workers, representing a 10% decrease from the 2019 total injury rate of 4.95 per 100 workers. From 2008 to 2020, the workplace total injury rate has dropped by more than 56%. The 2020 time loss injury rate decreased to 1.78 injuries per 100 workers, down 4.3% from the 2019 rate of 1.86 injuries per 100 workers. The 2020 time loss injury rate is the lowest rate in more than a decade.

Although time loss and total injury rates have seen a slow and steady decline, there remains a consistent number of serious injuries (approximately 2,500 annually) and fatalities that are accepted by the WCB. Sadly, last year 34 workplace fatalities were reported in Saskatchewan, a 6% decrease from 36 in 2019.

23rd Annual Compensation Institute Promotes Workplace Health, Safety, and Leadership

After being postponed in 2020, the WCB's 23rd Compensation Institute returned in a virtual form this year. Almost 600 registrants—including workers, employers, safety organizations, WCB partners, key stakeholders, and members of the media—registered for the two-day online event, held May 25–26, featuring presentations from world-class speakers and industry leaders.

The event gave participants the chance to learn about the province's compensation system and the latest safety, prevention, and health initiatives for workplaces. The COVID-19 pandemic has created challenging circumstances for everyone and it's important to ensure workers and employers have awareness, tools, and resources to promote workplace safety and prevention. That's why this year's keynote speaker was Dr. Joti Samra, renowned Canadian psychologist, who focused on psychological health and safety, leadership, and safety practices.

Safe Worker and Safe Employer Awards Winners Announced

Each year, WorkSafe Saskatchewan, the partnership between the Saskatchewan WCB and the Saskatchewan Ministry of Labour Relations and Workplace Safety, presents the Safe Worker Award to a worker who goes beyond the expectations of their position to help create a safer workplace. The Safe Employer Award is presented to an employer who places a heavy emphasis on safety and makes it a key part of their operations.

The presentation of the 2021 WorkSafe Saskatchewan Safe Worker and Safe Employer Awards was also held during Compensation Institute. The 2021 Safe Worker Award winner is Audrey MacMurchy from Kingston Midstream Limited in Estevan. The 2021 Safe Employer Award winner is Triple A Directional Drilling Limited of Yorkton. These awards focus attention on the efforts of workers and employers to keep Saskatchewan workplaces safe.

WorkSafe Launches Psychological Health and Safety Resource Centre

In the past five years, psychological health claims have been on the rise across Saskatchewan. The COVID-19 pandemic has put a unique strain on employees' psychological health.

WorkSafe Saskatchewan, in partnership with MyWorkplaceHealth and Dr. Joti Samra, has created a free, online resource centre to support leaders, employers, and workers navigating psychological health and safety in the workplace.

The online Psychological Health and Safety Resource Centre offers:

- A variety of tools and resources to help Saskatchewan employers and workers develop psychological health and safety programs in their workplaces or enhance their existing efforts.
- Webinars and workshops.
- A comprehensive list of provincial mental health resources.
- Answers to some commonly asked questions about psychological health and safety.

Access the resources here.

WorkSafe Saskatchewan's Asbestos Awareness Campaign Wins International Award

The International Association of Business Communicators (IABC) has recognized WorkSafe Saskatchewan's asbestos awareness marketing campaign with the 2021 Gold Quill Award of Merit. The campaign beat out submissions from almost 500 other organizations and advertising agencies from around the world, including New York City, London, and San Francisco.

Workplace fatalities have decreased in Saskatchewan, but asbestos is still the leading cause of work-related deaths in Saskatchewan and a hidden killer for homeowners. WorkSafe's campaign urges homeowners and contractors to test for asbestos before beginning renovation and building projects this summer. Learn more and access resources at www.worksafesask.ca/asbestos/.