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PRESIDENT'S MESSAGE

By now, I hope that most of you have seen an email or website invite to the AASCIF Annual Meeting being held in New Orleans, Louisiana, from October 11–14, 2025. Yes, the conference does open on a Saturday and end on a Tuesday; and yes, it is in October. We're hoping that this schedule helps us avoid both storms and high humidity. Historically, the hurricane season ends in late September, and October weather in New Orleans tends to be more agreeable than during the summer months. I believe LWCC last hosted the AASCIF Annual Meeting in June of 2007. I recall attending the golf event and drinking four bottles of water plus four bottles of Gatorade. I was sweating as soon as I stepped off the bus! So, let's look forward to some cooler fall weather this time around.



You can tell I must be old because I want to discuss the weather, but don't let that get in the way of me encouraging you to attend the conference. We already have a number of great speakers and learning tracks lined up. I can't wait until the speakers are announced. You won't want to miss them!

Besides the great speakers and educational content, there are plenty of fun events planned—including the opening reception on Saturday night and a closing reception on Monday night. In addition to the program and the networking with your professional peers, there will be a variety of vendors to help us navigate all the new things coming down the technology and artificial intelligence pipeline.

And let's not forget the golf, guided tours and other exciting opportunities to get to know this unique historical location!

I invite you to take the time to register by following this link: aascif.memberclicks.net/2025-annual-conference

See you all in NOLA!

FEATURES From AASCIF

“DO”S AND “DON’T”S FOR ENTERPRISE CORE SYSTEM REPLACEMENTS

By Heather Cottings, Insurance Solutions Director—SAIF

Submitted by the AASCIF IT Committee

Enterprise core system replacements are among the most demanding and high-stakes initiatives a business can pursue. Although they are technology change projects, they are organizational transformation efforts that impact the core of a company's operations, require tough decisions, affect customers, and challenge employees in multiple ways.

The complexity of core system implementations can be significant: aligning legacy processes with the new systems requiring Business Process Reengineering (BPR), coordination across multiple business units sometimes with conflicting priorities, managing data integrity and security, and helping users adapt to new process flows. These challenges can feel overwhelming at times; however, they are also what makes core transformation such a powerful opportunity.

A successful core implementation can fundamentally elevate the organization's capabilities, besides improving the way the business runs its operations. With the right core platform in place, organizations gain access to real-time data, streamlined workflows, improved compliance, and better integration between the departments. The result is often faster decision-making, increased agility, and greater resilience in the face of change.

Technology Enables, but People Drive Success

It is easy to get caught up in software features and system configurations, but the most important success factor is **people**. People include everyone—your organizational leadership, your staff (i.e., managers, front line workers, business users, IT staff, Project managers, business analysis, contractors, etc.), software vendor team, system integrators, clients, customers, business partners. The business users, those who interact with the system daily are the ones who determine the success—whether the core system becomes a valuable tool, or a costly solution. Projects succeed when people feel engaged, supported, and involved. Change management, communication, and training are just as important as the technical aspects of the project.

During the project it is normal to have moments of temporary setbacks, disruption, resistance, and doubts, along the way. Therefore, leaders must keep the focus on achieving the goal enduring such challenges. Change is hard, and even the best-laid plans will be tested and scrutinized. Successful leaders are those who prepare their teams for the journey, openly acknowledge the challenges, and stay focused on the long-term goals. They must communicate consistently, celebrate small wins, and keep a transparent communication with all stakeholders.

Core System Transformation Is Not a Destination, It Is a Journey

Many organizations view go-live as the finish line, but it is a milestone. It is only the beginning of a new phase. After implementation, teams must continue to learn, refine processes, optimize system performance, and support users. Continuous improvement is essential to get a full return on your investment.

Just as importantly, the core platform should evolve as business evolves. As market conditions shift, as new products or business models are introduced, the core system must remain agile and scalable. Build a long-term core system goal into a roadmap that includes updates, future enhancements, new modules, and regular health checks to ensure the system continues to align with organizational strategic goals.

Replacing an Enterprise Core System Is a Test of Leadership and Commitment

Core system transformations challenge organizational leadership. It requires executives to commitment to change, empower project teams, allocate sufficient resources, and navigate the inevitable trade-offs that may arise. Communication is important. A clear and constant communication of the “why” behind the project can build momentum and trust throughout the organization.

Strong leaders also recognize that the system is not just about automation, it is about enabling better business outcomes. Whether you are aiming to reduce costs, improve customer service, gain insights, learn through analytics, or support overall growth, your enterprise core system must be tightly aligned with such goals from day one.

Embrace the Opportunity

While core system implementation projects are complex, they also represent a valuable opportunity to reset how the business operates. It is a chance to eliminate inefficiencies, make processes improvements, modernize technology, bring various departments into better alignment, and introduce a culture of continuous improvement. For many organizations, core transformations become the catalyst for a broader innovation, in new ways of thinking and working that extend well beyond the system implementation itself.

Core System Implementation Project Lifecycle Overview

Core replacement projects are typically broken into three broad phases: **planning**, **execution**, and **post-implementation**. Each phase is critical to success and requires intentional leadership.

- **Planning Phase:** The solid foundation is laid here. If the organization rushes through this stage, the risk of downstream problems increases exponentially. This phase includes building the project leadership team, setting governance structures, defining project scope, guiding principles, success criteria, and establishing a clear communication strategy. Stakeholder engagement begins here, and it is vital to long-term adoption.
- **Execution Phase:** This is where the rubber meets the road. The system is configured, business processes are reengineered, integrations are built, rigorous testing is conducted, and a detailed implementation plan is developed and adopted. Many programs follow iterative methodologies, breaking work into smaller manageable phases to achieve short term success, build momentum and allow course corrections. Robust change management and targeted training begin in earnest during this phase.
- **Post-Implementation Phase:** Go-live is just the beginning. After deployment, organizations must address early user challenges, stabilize operations, monitor system performance, and begin driving value realization. Continuous improvement, performance tuning, and user support help the organization get the most from the investment.

Failure to adequately manage any of these phases can lead to increased costs, lost productivity, operational breakdowns, reputational risk, or even project failure. Below are essential Do's and Don'ts to help you avoid common pitfalls and guide your team toward success.

“Do”s and “Don’t”s for Core System Replacements

Done well, it can unlock new efficiencies, enhance decision-making, and position the company for future growth. Done poorly, it can cause significant disruption, employee frustration, and financial loss.

Do

1. **Thorough Planning and Analysis:** Before initiating a core system replacement, conduct a deep dive into the current state. Analyze your existing system's capabilities, identify bottlenecks and inefficiencies, and document pain points from various departments. A current-state assessment helps define realistic goals for the future system.

Tip: Conduct process-mapping workshops and stakeholder interviews to document your existing business processes and how they could be improved. This is an important exercise at this stage.

2. **Engagement With Stakeholders Early and Often:** Buy-in from across the organization is essential. Enroll representatives from all departments, including but not limited to business, IT, finance, operations, HR, supply chain, customer support to ensure that the new system reflects the true real business needs. End users often have valuable insights into daily challenges that top-level managers may miss and may have valuable ideas and suggestions for efficiency and improvement.

Tip: Create a cross-functional steering committee to guide key decisions, monitor risks, and resolve cross-departmental conflicts.

3. **Carefully Select Your Vendor and Implementation Partner:** Choosing the right software and system integrator is one of the most consequential decisions of the project. For the procurements, document requirements and the current landscape in as much detail as possible. Look deeper than the marketing materials and demos. Investigate vendor experience in the area, recent and past track records, customer references, and ensure that the vendor partner understands your industry.

Tip: Ensure cultural alignment with the implementation partner—collaboration, transparency, and mutual trust are critical for long-term success.

4. **Develop a Data Migration and Governance Strategy:** Data is at the heart of every core system. Poor data quality or inconsistent data can lead to faulty reports, missed transactions, and lost operations. Begin early by identifying

critical data sets and creating a plan for cleansing, mapping, validating, and testing them.

Tip: Assign data ownership roles and establish data governance rules to maintain quality going forward.

5. **Train, Train, Train:** A common failure point in core system implementation projects is insufficient training. End users need more than just a user manual they need hands-on, role-based training closely tailored to how they will use the system. Training should start during development and testing phases and continue beyond go-live.

Tip: Use a “train-the-trainer” approach to scale knowledge across the organization and create internal champions.

6. **Implement a Strong Change Management Program:** A core system will inevitably change how people work. Do not underestimate the emotional and psychological aspects of change. A formal change management strategy can help address resistance, align stakeholders, and support a smooth transition.

Tip: Communicate “what’s in it for me” at every level and celebrate small wins to build momentum.

7. **Conduct Rigorous Testing:** Cutting corners on testing is a recipe for disaster. Test not only individual components (unit testing) but also how systems work together (integration testing) and how they align with real-world business processes (user acceptance testing). Regression testing is crucial. Regression testing is a software testing process that ensures new code changes or bug fixes have not introduced unintended side effects or broken existing functionality. It involves re-running all previously executed test cases to verify that the software continues to perform as expected after modifications.

Tip: Involve end users in testing phases—they are more likely to spot usability or process issues than developers.

8. **Start Small With a Phased Rollout:** While “big bang” go-lives can be successful; they can also be risky. A phased rollout, such as deploying to one business unit or region first, or implementing a piece of functionality can reduce risk, uncover unexpected issues, and provide a blueprint for future phases.

Tip: Consider piloting with low-risk groups or functionality before expanding to mission-critical areas.

9. **Provide Ongoing Support and Continuous Improvement:** Enterprise core systems need maintenance

and support just like any other system. Assign a post-go-live support team to triage issues, answer questions, and monitor performance. Over time, review usage patterns and user feedback to optimize workflows and leverage additional features.

Tip: Set aside a continuous improvement budget as part of your long-term system roadmap.

Don't

1. **Do Not Rush the Process:** Trying to meet an arbitrary deadline or rushing the planning phase often leads to problems. Resist pressure to “just get it done.” Skipping critical steps such as planning, analysis, and testing can lead to significant issues down the line. Every shortcut taken today will result in rework and potential failure tomorrow.
2. **Do Not Ignore the People Side of Change:** Technology is only one piece of the puzzle. Employees must understand why the change is happening, what is expected of them, and how they will be supported. Neglecting the people side can result in disengagement or even outright resistance.
3. **Do Not Underestimate Total Costs:** Core system replacements include licensing, hardware, implementation services, training, data migration, and post-go-live support. This includes not only the initial purchase and implementation costs but also the ongoing maintenance, training, and support process. Be realistic with budgeting and factor in internal resource time as well.
- Tip: Create a contingency budget of 20–30% for unexpected costs.
4. **Do Not Ignore Data Quality Issues:** Poor data quality can undermine the effectiveness of the new core system. Ensure that data is cleansed, validated, and accurately migrated to avoid issues with data integrity and usability.
5. **Do Not Overlook Training Aspects:** Inadequate training can lead to user frustration and decreased productivity. Provide comprehensive training to all users to ensure they are comfortable and proficient with the new system.
6. **Do Not Skip Testing:** Skipping or skimping on testing can result in unforeseen issues when the system goes live. Conduct thorough testing, including unit testing, integration testing, and user acceptance testing, to identify and resolve any problems.

7. **Do Not Implement All at Once:** A big bang implementation approach can be risky and disruptive. Consider a phased implementation to allow for gradual

adaptation and minimize the impact on business operations.

8. **Do Not Forget Change Management:** Change management is crucial for a smooth transition. Address any resistance to change and provide support to help users adapt to the new system.
9. **Do Not Treat the Project as Just an IT Initiative:** If projects are run solely by IT without business ownership, they often fail to meet organizational needs. Business process owners must lead the design and configuration of the system.
10. **Do Not Over-Customize:** While it may be tempting to customize the system to match your existing processes, doing so increases cost, complexity, and upgrade difficulty. Instead, use this opportunity to adopt industry's best practices and standardize workflows.

Tip: Follow the "fit to standard" approach—adapt your processes to the system, not the other way around.
11. **Do Not Skip Documentation:** Project documentation—such as configuration decisions, process flows, test scripts, and training materials—provides vital knowledge for future users and support staff. Without it, your ability to troubleshoot or scale the system will be limited.
12. **Do Not Ignore Post-Implementation Support:** After the new core system is live, continuous monitoring and support are essential. Regularly review and optimize the system to ensure it continues to meet the organization's needs.
13. **Do Not Assume Go-Live Is the Finish Line:** Projects do not end at go-live—they transition into operational support. Teams often experience a dip in productivity post-launch, so it is critical to stay engaged and provide the resources needed for stabilization.

Summary: Best Practices for Core Transformations

To recap, successful core system replacements require a blend of **strategy, structure, and empathy**.

Core system replacements are among the most complex and transformative initiatives an organization can undertake. They demand not only technical expertise but also organizational alignment, leadership commitment, and a relentless focus on user experience.

While the road may be long, the payoff can be more efficient processes, improved decision-making, happier customers, and a platform for future innovation. Approach it as a business transformation, not just a system replacement, and you will improve your odds of success.

Do not just survive your core replacement, use it as a launchpad to thrive. With thoughtful planning, inclusive leadership, and a relentless focus on people and processes, not just technology, your organization can emerge from a core system replacement not just with new software, but with a renewed sense of purpose and competitive strength.

BEST PRACTICES FOR CORE TRANSFORMATIONS

To recap, successful core system replacements require a blend of strategy, structure, and empathy. Here are the key principles:



Strong leadership and clear goals from the top down



Early and frequent stakeholder engagement to gain buy-in



Emphasis on change management to manage the people side of transformation



Comprehensive training delivered throughout the project lifecycle



Adoption of best practices—leverage core built-in capabilities rather than over-customizing



Disciplined communication and documentation to support long-term success

BEYOND THE HYPE: AI DEVELOPMENT AS A STRATEGIC TOOL FOR BUSINESS

By Mike Tratnik, Director of Data & Analytics—MEM

Submitted by the AASCIF Analytics Committee

Technological landscapes often experience innovation cycles, quick adoption, and sometimes, exaggerated expectations. There's currently an unprecedented rise in interest and investment in artificial intelligence (AI). While the excitement surrounding AI is justified because of its transformative potential, it's important to go beyond the buzzwords and understand the practical uses and underlying technologies that make up this complex field.

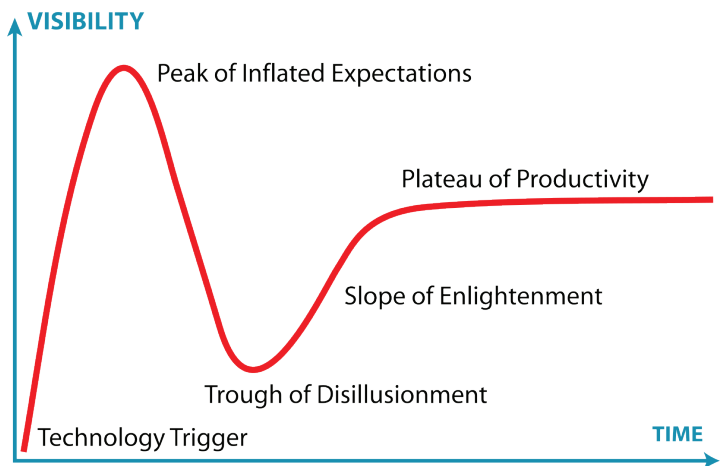
AI isn't a single, all-encompassing entity. Instead, it's an umbrella term that includes various sophisticated practices, such as predictive analytics, machine learning (ML), and generative AI. For developers and businesses, understanding this difference is key to using AI to solve specific business problems and achieve desired outcomes. This article explores the practical uses of AI, highlighting its role as a strategic tool for developers to meet specific business needs, even as the hype surrounding the technology continues to evolve.

Navigating the AI Hype Cycle: Focusing on Tangible Value

Not long ago, terms like “big data,” “cloud computing,” and the “internet of things” were the buzzwords used to market the latest must-have technologies—tools every company was told they needed to adopt or risk falling behind. While there's no denying the significant impact these innovations have had (indeed, we likely wouldn't be having this conversation without them), their real-world outcomes have often fallen short of the lofty expectations. Economists have a term for this: *techno-hyperbole*—the tendency to make exaggerated claims or express unrealistic optimism about the transformative power of emerging technologies.

Gartner describes this same phenomenon as the “hype cycle”. The current AI hype cycle, with generative AI often taking center stage, seems to be following the same path as previous technological trends: a peak of inflated expectations often followed by a trough of disillusionment before reaching a plateau of productivity. Companies have invested heavily, with [Gartner](#)¹ reporting that organizations spent an average of \$1.9 million on generative AI initiatives in 2024. According to the same report, less than 30% of AI leaders are satisfied with the return on investment from these ventures. This suggests a need

to shift from simply embracing the latest AI trends to a more focused approach on identifying and implementing solutions that deliver tangible value to the business.



Developers are at the forefront of turning these high expectations into reality. They are tasked with using AI to build applications that address specific business challenges, such as automating repetitive tasks, improving code quality, personalizing customer experiences, and optimizing operational efficiencies. The focus should be on practical application rather than just adopting the latest trend.

AI as a Developer's Tool: Solving Business Needs

AI is becoming a necessary tool for developers, enabling them to address business needs.

1. Enhancing Efficiency and Productivity

- **Code Generation:** AI-powered tools like GitHub Copilot and IBM watsonx Code Assistant assist developers in writing code faster and with fewer errors.
- **Automated Testing and Debugging:** AI tools can generate test cases, prioritize critical tests, and detect bugs and vulnerabilities earlier in the development cycle.
- **Streamlined Workflows:** AI can automate repetitive tasks, manage and prioritize tasks.
- **Documentation:** Generative AI tools can automate creating and updating documentation, freeing people from this time-consuming task.

2. Driving Innovation and Creating New Possibilities

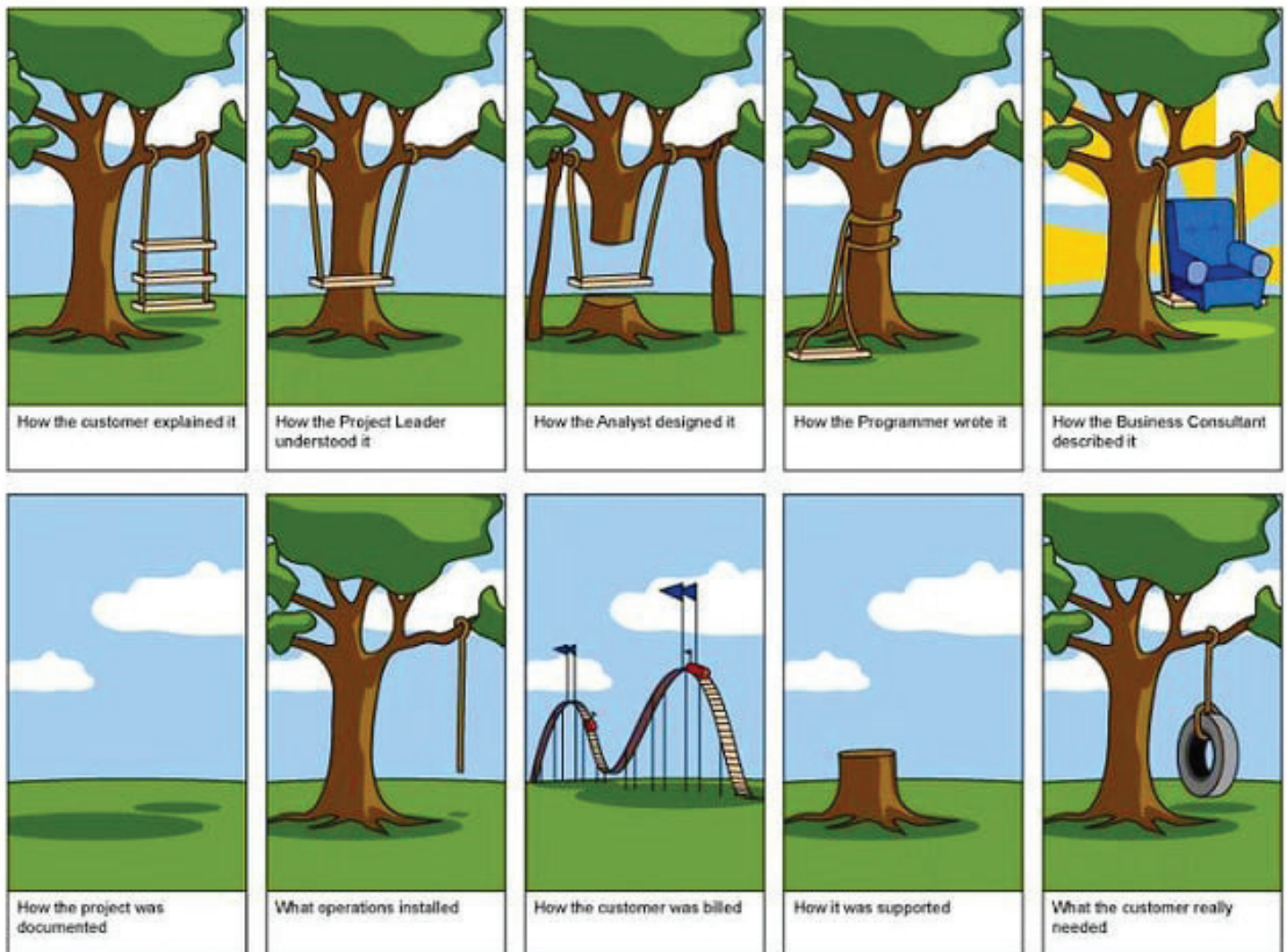
- **Predictive Analytics:** AI uses historical data and machine learning to forecast trends, anticipate user behavior, and predict potential issues before they arise.

- Personalized Experiences: AI can analyze user data and preferences to create highly personalized applications, recommending tailored content, features, and interfaces.
- Generative AI for Content and Design: Generative AI can be used to create new content, from marketing copy and product descriptions to design mockups and prototypes.
- Natural Language Processing (NLP): NLP enables the development of chatbots, virtual assistants, and voice-activated interfaces, allowing users to interact with software systems using natural language.

3. Strengthening Security and Compliance

- Threat Detection and Prevention: AI systems can analyze network traffic and data patterns to detect and prevent cyber threats in real time.
- Security Auditing: AI can audit code for security vulnerabilities and ensure compliance with security and compliance standards.
- Vulnerability Scanning: AI-driven tools can automatically scan code for vulnerabilities when developers are writing code, helping to prevent issues from entering production.

Those are just small snapshots of what is possible. But what it takes to get there may not be as much magic or artificial intelligence as the application of tried-and-true techniques.



The Evolving Definition of AI: Predictive Analytics, Machine Learning, and Generative AI

So, what is “AI”? When asked this question, I often get pulled into having an academic discussion on what artificial intelligence or AI is. Through one lens artificial intelligence could be any number of software tools that predict or execute the next best action a human might take. That outcome can be achieved through many tools and not all of them would fall under the technology umbrella that would describe ChatGPT. The term “AI” is increasingly becoming a catch-all for various advanced technologies. Distinguishing between these subfields and their specific applications is crucial.

- **Predictive Analytics:** This branch focuses on the use of historical data and statistical algorithms to forecast future outcomes and identify potential risks and opportunities. It goes beyond simply understanding what has happened by providing insights into what is likely to happen next.
- **Machine Learning (ML):** As a subset of AI, ML uses algorithms trained on data sets to create models capable of performing tasks that would otherwise only be possible for humans.
- **Generative AI:** This advanced form of AI focuses on creating new and original content, whether it’s text, images, music, or code. It learns from existing data patterns and structures to generate unique outputs.

Understanding these distinctions helps developers choose the appropriate AI tools and techniques for their projects, aligning the technology with specific business objectives. The focus for any effort is not using the newest tool, but the right tool, to achieve the desired results. As the graphic below highlights, we may not need the newest, biggest or fanciest to achieve the desired results our customer’s desire.

Conclusion

The current AI hype cycle presents both exciting opportunities and challenges for software development. By recognizing AI as a multifaceted tool encompassing predictive analytics, machine learning, and generative AI, and by focusing on its practical applications in addressing specific business needs, developers and business leaders can navigate the hype and deliver real value.

AI is not a magic bullet but a powerful amplifier of human ingenuity and problem-solving abilities. The term should really be augmented intelligence, not artificial. By embracing AI responsibly and strategically, businesses can streamline workflows, enhance quality, drive innovation, and ultimately deliver higher-quality solutions that meet business objectives and exceed customer expectations in an increasingly AI-driven world. The future is not one where AI replaces people, but one where human creativity and AI-powered intelligence collaborate to build a future of limitless possibilities.

END NOTES

- ¹ <https://www.gartner.com/en/articles/hype-cycle-for-artificial-intelligence>

MANAGING RISK WITHIN THE INVESTMENT PROCESS FOR STATE FUNDS: GOVERNANCE & ASSET ALLOCATION

By Alton Cogert, President & CEO, and Nathan Simon, Director—Strategic Asset Alliance

Submitted by the AASCIF Finance Committee

For any state compensation fund, the investment portfolio and program are intended to support the fund's overall enterprise goals and objectives. Given state funds take on risk as part of their core operations, it is critical to balance the risk within the investment program with the risks within the overall organization.

While any investment is a risk versus reward proposition, the primary risks to any state fund's investment program are typically related to the governance of the portfolio, as well as its asset allocation (i.e. the investments that make up the portfolio). As such, this article provides a review of these top risks, highlights how state funds can be more mindful when addressing them, and details how certain aspects of the investment process can help state funds better understand or balance these risks.

Investment Governance Risks: The Top Three

1. Fiduciary Risk

The executive staff and board/committee for any state fund carry numerous responsibilities, one of which typically includes overseeing the investment portfolio. However, the key components to properly overseeing the investment portfolio can be easily overlooked (even if it is usually unintentional). Here are the key elements that make up the fiduciary investment responsibilities for the executive staff and board/committee:

- o Acting with Reasonable Skill and Care

Acting with reasonable skill and care does not require members of the fund's board or committee to be investment experts. However, it does require them to build and maintain investment knowledge that is appropriate for the needs of the organization. Here are some questions to help assess whether additional investment information or training could be valuable in this regard:

- > *Do we consider all elements of the investment process?*
- > *Are we aware of all fees?*

- > *Are we aware of opportunity costs?*
- > *How comfortable are we with the level of risk in our portfolio?*

- o Appropriate Advice

If not fluent with investments, the staff and board/committee should get suitable advice unless the cost of advice is prohibitive. Any advice being considered should also carry a suitable level of risk and diversification.

While it can be important to seek input (internally or externally) when making decisions, governing body members must always institute individual, independent thought. This can be demonstrated by asking questions and reviewing key data—not just automatically “rubber stamping” certain recommendations.

This question-making and push towards independence is not about criticizing or challenging the knowledge and integrity of leadership—it's about fulfilling fiduciary obligations to the State Fund. This means even executive staff and boards/committees with a collective investment fluency will want to obtain occasional (or even relatively frequent) advice from outside resources. There are a number of finance-related service providers a governing body might consider (e.g., financial planners, accountants, etc.). Specifically, for investments, it is imperative to seek advice from a fiduciary.

- o Keep Investments Under Review

Investments should be reviewed on a regular, ongoing basis. If advice has been obtained from outside sources, these reviews should be made in conjunction with the appointed advisors, as applicable. The leadership's review the investment process will never be “done.” Investment review is a continuous process and ideally occurs through two lenses: suitability and diversification.

- > *Suitability of Investments*

The state fund's executive staff and board/committee must take into account the needs of its policyholders, the purpose of the fund and type of existing investments. Leadership must also determine whether it would be more appropriate to invest in other investment classes.

- > *Diversification*

The state fund's leadership should be mindful of

maintaining a spread of investments with a view to reducing the overall risk profile of the organization. Diversification is a strategy meant to mitigate investment risks by utilizing multiple asset classes within a portfolio (sometimes subject to regulatory constraints). The goal of using multiple asset classes is to achieve higher long-term returns on average while reducing the risk of exposure to any single holding or security.

o *Delegation, not Abdication, of Investment Management Functions*

While the state fund may outsource investment functions to a third-party, discretionary manager, the manager must adhere to the fund's Investment Policy Statement, with trustees periodically reviewing that statement. The manager should advise how they incorporate the fund's adopted investment policy when the manager makes investment decisions or recommendations.

2. *Behavioral Risk*

Behavioral risks are tendencies or biases, whether shared by one or many individuals, that can alter how decisions are made. They can be simple to understand and difficult to overcome but being mindful of them helps ensure the decision-making process is staying in the best interest of the organization.

The most common types of behavior risks that can affect a state fund's investment process are:

o *The Loudest Voice in the Room*

Sometimes, for one reason or another, one voice can carry more influence within the organization. Even in instances where that voice may have the best understanding of the investment process, state funds should always be aware of this dynamic to avoid any biases affecting the decision-making process.

o *Confirmation and Recency Bias*

State funds inherently operate with a long-term operational perspective. While it's natural to subconsciously emphasize recent results vs historical results (or results that support preconceived notions), the long-term perspective should always be at the forefront.

o *Overconfidence and/or Under-confidence Bias*

This is the tendency to overestimate or underestimate one's ability to make investment-related decisions. Similar to

'acting with reasonable skill and care,' what's important is developing an understanding of where your investment fluency stands and how it can be improved.

3. *Market Risk*

This is the easiest to quantify, but still subjective given how vast and complicated financial and investment markets are. The most common types of market risks to a state fund's investment portfolio are interest rate risk and volatility of equity markets (i.e. stocks), but can vary from fund to fund based on the structure of the portfolio, market and economic conditions, etc.

Risk Management—The Investment Policy

For any state fund, the Investment Policy Statement (IPS) is essential to overseeing the management of its investment portfolio, as well as for governing the entire investment process.

In most cases, investment income is the source of earnings that provide support for the fund's operational goals and objectives. Whether investments are handled internally or outsourced externally, an appropriate Investment Policy provides key guidance to all parties involved with the entity's investment program and prevents the investment portfolio from inordinately impacting an organization's overall financial condition.

Given its significance, it is important that state funds structure their investment policies to follow best practices. The best practices specify the components that should be included in a policy and how the policies should be organized and written.

• *A Periodic Best Practices Review is Critical*

A routine review helps state funds find peace of mind that the policy is relevant to today's capital markets and the unique requirements of the fund. It also helps protect the fund's manager (internal or external) from taking actions that can often cause problems in the insurance investment space.

• *The Key Components of a Best Practices Investment Policy:*

o *Preamble—Who? What? Roles and Responsibilities*

This introductory statement can be easily overlooked but is important in clearly declaring the purpose of the IPS within the investment process. The preamble should identify the key elements within the policy and requirements the investment portfolio will adhere to, while offering a detailed outline of all internal and external parties with an active role in the entity's investment process.

o Investment Return and Management Objectives

Often, this is one of the shorter sections of the IPS, but it carries much weight as it outlines the organization's goals and what it wishes to achieve in the management of its investment portfolio. The IPS should clearly state how these goals will tie into the overall operations of the fund.

For example: managing asset and liability cash flows or supporting surplus.

o Asset Allocation and Risk Management Guidelines

Provided in a tabular format, this section of the IPS should outline all limitations, target allocations, desired ranges, and any other specific measures for how assets are to be invested. These specific outlines help ensure that the portfolio adheres to the structure selected by the board, committee, etc.

o Identification of Appropriate Benchmarks

This is an often-overlooked section, but the Investment Policy should always list every standard or customized benchmark that has been approved for the purpose of measuring portfolio performance.

Sample Benchmarks: Bloomberg U.S. Aggregate Index or S&P 500 Index.

Outlining the specific benchmarks notifies all parties in the process of how performance will be evaluated, as well as how often it is to be evaluated.

o Investment Performance Evaluation and Reporting

This portion of the IPS should also identify how the investment portfolio is expected to perform against the benchmark. For state funds, this typically includes the use of risk-adjusted performance measures, such as Sharpe Ratio.

Example: For actively managed separate accounts and mutual funds, the portfolio should generate an annualized rate of return (net of fees) over a rolling five-year period (i.e. market cycle), which is 50–100 basis points above its targeted benchmark.

While investment performance is never guaranteed, this section of the policy is intended to set expectations for how the portfolio should generally perform and how returns will support the fund's overall operations.

o Investment Policy and Guidelines Evaluation

Another aspect of the policy that gets overlooked is a schedule of how often the investment policy will be reviewed. A consistent review schedule is needed to account for any material changes.

Risk Management—The Asset Allocation

Determining the strategic asset allocation structure is the most important decision that will be made throughout the investment process.

Essentially, asset allocation is the fund's investment strategy; the types and quantity of investments your insurer selected based on desired return, tolerable (potential) risk of loss and organization goals. Over 90% of the portfolio's investment performance and returns will be determined by this allocation decision.

Risks vs. Rewards

- *Enterprise Risk Management:*

It is important to integrate an enterprise risk management approach when considering investment risk, along with its effect on the fund's surplus. The matrix provided below can help address key questions:

Operational Risk	Underwriting Risk
Surplus	
Reinsurance, Reserving Risk	Investment Risk

- > How much surplus does your organization need to:

- Meet its members' needs?
- Manage the risk exposures it is comfortable taking?
- Maintain a cushion for contingencies?

- *Diversification—The Only 'Free Lunch' in Investing*

Diversification is an investment strategy meant to mitigate various risks by utilizing multiple asset classes within a portfolio. Different assets tend to zig when others zag.

The goal of utilizing various assets is to achieve higher long-term returns (on average), while reducing the risk of exposure to an individual holding or security.

The 'Efficient Frontier' is a method of strategic asset allocation analysis that displays optimal allocations for your company; identifying the best possible (expected) return for different portfolio constructions (at your preferred fixed income-to-risk asset ratio). Utilizing the Efficient Frontier helps put these building blocks together by identifying the portfolio structures that have the best chance at achieving the optimal combination of risk and return.

Diversification can also be found within each asset class, should state regulations limit the types of investments a State Fund can make. In the fixed income space, where most state funds invest, other avenues for diversification include:

- o Credit Quality: Bonds with a higher risk of defaulting provide higher potential yields.
- o Book Yield: Reflects the "raw" earnings power of the portfolio.
- o Duration: Reflects a bond's sensitivity to interest rate changes. Can be tied to the duration of your pool's liabilities & reserves.

Peer Comparison—Ask Important Questions to Assess Risk

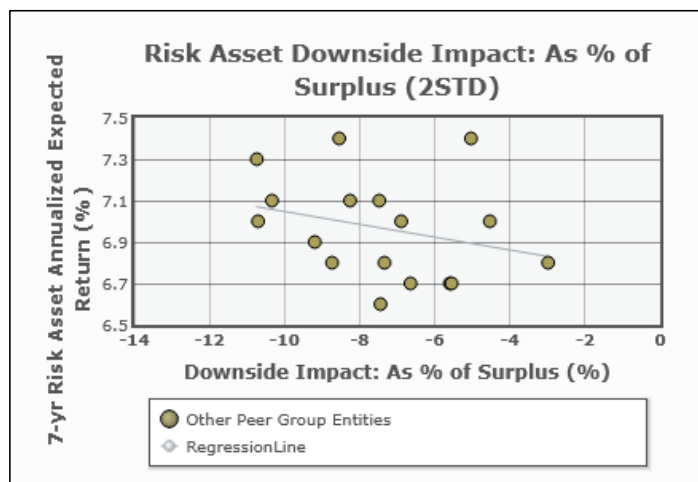
Peer group analysis can help state funds ask better questions about their investment program and better understand the risks within it. Provided below is a review of key comparisons across various state compensation insurance programs.

Key Questions to Ask:

- o How have peers structured their investment portfolios and how does it compare to what we have done?
- o Are they using strategies, tactics or ideas we should consider?
- o What is the worst-case impact of your portfolio's risk appetite and how does it compare to peers?
- o How does your portfolio's expected 'Risk vs. Return' compare?
- o How does their investment structure mesh with their business—can this help us from a competitive perspective?

Peer Analysis:

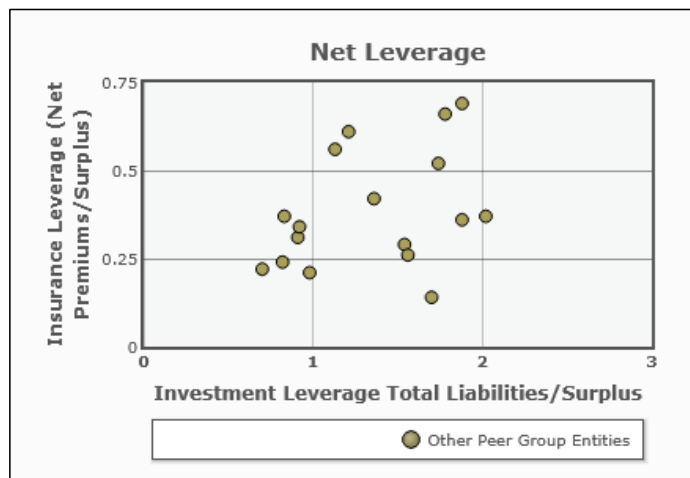
*17 State Compensation Insurance Funds
AUM Between \$400M–\$20B*



This chart reflects the expected annualized return of your company's risk asset portfolio and the potential downside impact to surplus, adjusted for deferred federal income taxes, from market movements in risk assets. Surplus growth and declines are primarily driven by the return and volatility characteristics in risk assets.*

This broadly reflects your company's risk asset appetite, implied by your asset allocation. Are you comfortable with the potential shock to your surplus given a 2-standard deviation (95th percentile) volatility event? If your surplus looks mostly unaffected by a 2 STD risk asset event, should you consider adding risk asset exposure in order to gain additional return?

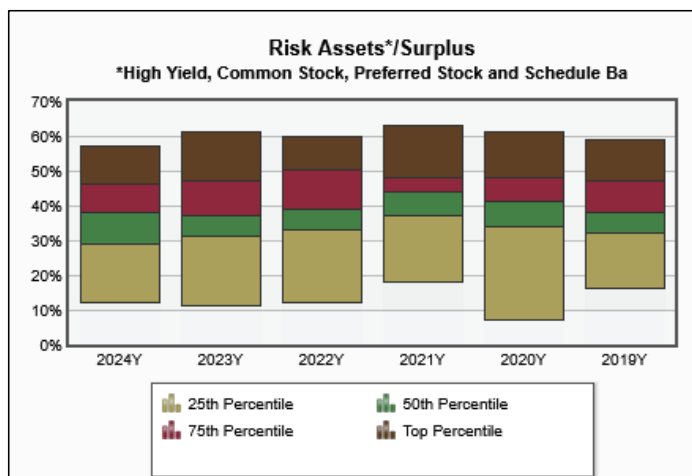
**Before Any Applicable Taxes*



This chart reflects the sum of an insurance company's net written premiums ratio and its net liability ratio.

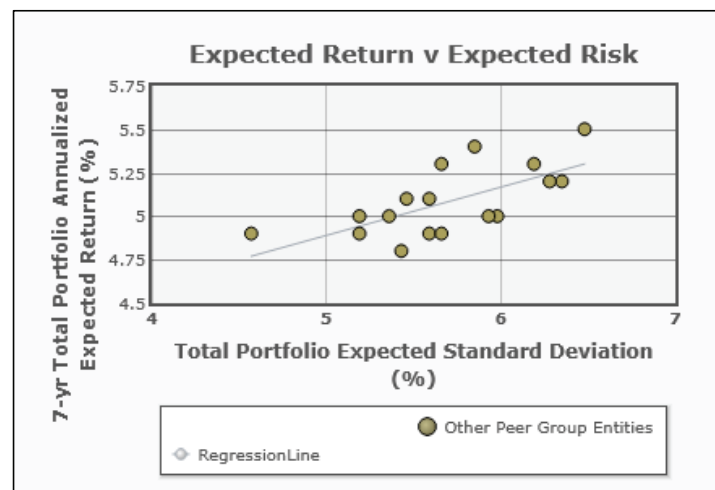
Net leverage is used to determine how exposed an insurer is to pricing and claims estimation errors.

It is used as a gauge of the insurance company's financial health. An insurer's net leverage shows how efficiently it has managed its reserves in order to address claims.



This chart broadly indicates an insurance company's allocation to "risk assets" relative to peers. Risk assets typically consist of High Yield bonds, Common Stock, Preferred Stock, and long-term Schedule BA investments which may include a number of other asset classes (real estate, hedge funds etc.).

Since returns are not guaranteed, an increase in risk assets over time should be yielding an appropriate increase in return. If an insurer is in a lower quartile, it is important to consider if any added benefits could be gained from the portfolio being adjusted for risk.

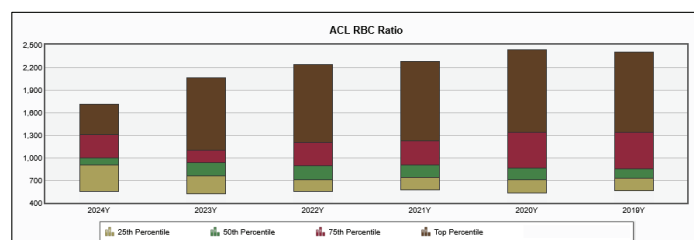


This chart broadly indicates a company's expected return to the portfolio's standard deviation, relative to your peers. Expected return is not a guaranteed rate of return, but rather, a forecast of the future value of the portfolio. The standard deviation reflects the portfolio's expected volatility.

Investment opportunities should always be made in conjunction with their risk characteristics. Portfolio risk can be reduced by holding combinations of assets that are diversified and less correlated.

The assumptions give long-term (defined as 7-10 years) risk and return assumptions and are based on capital markets, not any investment. Assumptions are presented gross of fees.

Ask questions to learn more about your fund's investment strategies and decision-making, and don't be afraid to ask about changing historical practices. Of course, change isn't always necessary; what is most important is that leadership considers how and when the organization can best use investments to better meet its goals.



This chart indicates an insurer's reported Authorized Control Level Risk-Based Capital Ratio (ACL RBC) relative to peers.

The Risk-Based Capital ratio is a method for insurers to determine the minimum amount of capital needed based on their overall business operations and risk profile. It's a solvency standard that considers the unique risks faced by each insurer, not just a blanket minimum. It also helps regulators assess an insurer's ability to withstand potential losses and ensure it is financially sound.

PROTECTING WHAT MATTERS: UNDERSTANDING PART TWO COVERAGE

By Eric England, Underwriting Director—HEMIC

Submitted by the AASCIF Policyholder Services and Underwriting Committee

For those of us who have worked in workers' compensation for many years, the structure and concepts may seem straightforward. However, we understand that workers' compensation can be confusing for policyholders. Many state funds take the responsibility of educating agents and policyholders seriously, as they should. Employers need to understand what their coverage provides and any potential gaps.

In the spring newsletter, the National Issues Committee wrote an article about social inflation in the legal system and why stakeholders should be concerned. The article highlighted the increasing utilization of employers' liability, or Part Two, of workers' compensation policies in recent years.

Workers' compensation insurance typically consists of two parts: Part One covers statutory workers' compensation benefits, while Part Two covers employers' liability. When conversations turn to workers' compensation, they are often focused only on Part One. By far, the large majority of claims made on a workers' compensation policy are for coverage under Part One. While laws differ across various states, the concept of Part One is essentially the same—covering lost wages and medical costs for injured employees.

Part Two, or employers' liability, is often overlooked when we talk about workers' compensation. However, the coverage is invaluable for many reasons. This article is aimed at helping to understand why employers should care about this coverage, what types of claims are potentially covered, and what can be looked at in the underwriting process.

Employers' liability insurance is crucial for providing additional legal protection to businesses, ensuring they are covered in scenarios where workers' compensation alone may not suffice.

Here are some key points to consider:

Coverage Scope:

- **Bodily Injury by Accident:** Covers injuries sustained by employees due to accidents at work.

- **Bodily Injury by Disease:** Covers illnesses contracted by employees due to workplace conditions.

Legal Protection:

- **Defense Costs:** Covers legal expenses such as court costs, attorney fees, and settlements.
- **Negligence Claims:** Protects against claims of employer negligence leading to employee injuries.

Policy Limits:

Unlike workers' compensation (Part One), which typically has no limit on the amount of time coverage is provided for medical expenses and lost wages, employers' liability coverage is subject to policy limits. The standard limits of insurance under employers' liability insurance (Part Two) typically include the following:

- **Bodily Injury by Accident:** \$100,000 per accident
- **Bodily Injury by Disease:** \$100,000 per employee, \$500,000 policy limit

Insurance companies often offer options to increase these limits. It is important for policyholders to understand their own potential risk when deciding on what limits are right for their business.

Exclusive Remedy Doctrine:

In most states, workers' compensation benefits are the sole remedy for injured employees, barring them from suing employers. However, employers' liability coverage steps in when employees bypass this doctrine. Coverage and limitations can vary by state, with some states requiring proof of deliberate intent to injure for employees to bypass the exclusive remedy doctrine.

Notwithstanding any of the specific exclusions built into the coverage, here are some examples of claims that might be covered under employers' liability insurance (Part Two):

Example 1: Third-Party Over Action An employee is injured on the job due to a defective piece of equipment. The employee sues the equipment manufacturer, who then files a third-party claim against the employer, alleging improper maintenance of the equipment. Employers' liability insurance would cover the employer's defense costs and any damages awarded. These types of claims are particularly common in industries with heavy machinery and equipment.

Example 2: Dual Capacity Claims An employee suffers an injury while using a product manufactured by the employer. The employee sues the employer not as their employer, but as

the manufacturer of the defective product. Employers' liability insurance would cover the legal costs and any settlements or judgments. These claims are notable in manufacturing and tech industries.

Example 3: Loss of Consortium An employee is severely injured at work, and their spouse or other loved ones sue the employer for loss of consortium, claiming that the injury has deprived them of companionship and support. Employers' liability insurance would cover the defense costs and any damages awarded.

Example 4: Consequential Bodily Injury An employee's work-related injury leads to a secondary injury or illness for a family member (e.g., stress-related illness). The family member sues the employer for damages. Employers' liability insurance would cover the legal expenses and any settlements.

These examples illustrate the various scenarios where employers' liability insurance can provide crucial protection for businesses against claims that fall outside the scope of standard workers' compensation coverage.

Underwriting for employers' liability insurance (Part Two) involves assessing various factors to determine the risk and appropriate premium for coverage. Here are some key steps and considerations:

1. Risk Assessment

- **Industry Type:** Certain industries, like construction or manufacturing, traditionally have higher risks of expensive workplace injuries compared to many office-based sectors.
- **Company Size:** Larger companies may have more claims due to a higher number of employees.
- **Claims History:** Reviewing the employer's past claims helps predict future trends.

2. Workplace Safety Measures

- **Safety Programs:** Evaluating the effectiveness of the employer's safety programs, training, and their overall "Safety Culture".
- **Compliance:** Ensuring adherence to Occupational Safety and Health Administration (OSHA) regulations.

3. Employee Demographics

- **Job Roles:** Assessing the various hazards and risks associated with different job roles within the company.

- **Employee Turnover:** High turnover rates can indicate potential issues with workplace safety or employee satisfaction, both of which can lead to a higher number of claims.

4. Financial Stability

- **Credit Rating:** Assessing the financial stability of the employer to ensure they can meet premium payments.
- **Profitability:** Reviewing financial statements to gauge the overall health of the business.

5. Legal Environment

- **State Regulations:** Understanding state-specific laws and regulations that may impact coverage requirements and claim settlements.
- **Litigation Trends:** Keeping abreast of recent legal trends and precedents in employer liability cases.

In conclusion, while Part One of workers' compensation insurance is often the focus due to its direct coverage of medical expenses and lost wages, Part Two—employers' liability insurance – plays an equally crucial role in protecting businesses from a variety of legal claims. Understanding the scope, legal protections, policy limits, and underwriting considerations of employers' liability insurance can help employers better navigate potential risks and ensure comprehensive coverage. As workplace dynamics continue to evolve, staying informed about recent trends and claims is essential for maintaining a safe and legally protected work environment. Employers' liability insurance is not just an add-on; it's a vital component of a robust risk management strategy.

To learn more about this topic, plan to join the National Issue Committee for a breakout session at the 2025 AASCIF Annual Conference

Microsoft Copilot was used in the creation of this article.

PINNACOL'S THREAT VIOLENCE ASSESSMENT TEAM

By Christine Bolin, MFS, CIFI, Senior Investigator & Threat Assessment Team Lead—Pinnacol Assurance

Submitted by the AASCIF ERM Committee

As violence continues to trend upward in frequency and severity, Pinnacol's attention is on the development and implementation of our multidisciplinary threat team, the Threat and Violence Assessment Team (TVAT), as a means to intervene and disrupt possible perpetrators before violence occurs.

TVAT's purpose is to identify, dissuade, and oppose hostile or threatening behavior affecting our business, personnel, and property. We use the "Pathway to Violence" model in our assessment and management of threats.

Specifically, TVAT provides early intervention, evaluates behaviors of concern, manages risks related to workplace violence, and implements intervention strategies to de-escalate concerning behavior. In support of this effort, TVAT has effective relationships with law enforcement, including the Colorado Bureau of Investigations, Denver Police, and a public safety psychologist.

TVAT includes professionals from Pinnacol's Special Investigations, Legal, Human Resources, Physical Security, Risk Management, and Information/Cyber Security teams.

Employees email TVAT using a group email address to report any threats, escalations, or behaviors of concern.

Once TVAT receives the threat, the team's threat analysts begin their investigation and assessment. This includes, but is not limited to:

- Reviewing the information provided in the threat, such as emails, audio recordings, etc.
- Conducting a quick, cursory review of the claim or policy, if applicable.
- Contacting the person who reported the threat to obtain additional details about the threat actor.
- Creating a ticket in our ticketing system.
- Gathering all TVAT members, if appropriate, to discuss strategies, management plan, de-escalation techniques, next steps, etc.
- Contacting the threat maker, if appropriate.

- Engaging Human Resources to provide resources for the threat target.
- Working with Facilities and Building Security and/or the Incident Management Team (IMT) to help manage the threat.
- If the threat meets TVAT's guidelines for suicidal/homicidal ideation, contacting law enforcement to conduct a welfare check and/or report a crime.

Once the assessment is complete, a management plan is created to de-escalate the situation and help manage the threat. Pinnacol has form work that is used to assist in documentation and analysis.

When communication with a threat maker occurs, TVAT has a generic "no-reply" TVAT email address that is used so employee contact information is not disclosed. Threat analysts also work with Information/Cyber Security to redirect emails from the threat maker directly to the analysts to reduce an employee's interaction with the threat maker.

The threat analysts monitor the threat for a period of time. They manage and reassess threats consistent with Pinnacol guidelines and/or when new information is received, escalations occur, or there are behaviors of concern.

The majority of threats TVAT receives are communicated by Pinnacol employees and originate from injured workers and policyholders. TVAT also supports Pinnacol public and private events, agent events, the IMT, and Human Resources (e.g., employee and domestic spillover issues). When it comes to internal issues involving employees, TVAT locks down any tickets to maintain confidentiality.

The threat analysts extend their services to others. For example:

- They have an Executive Protection Program for Pinnacol's CEO, executives, and board of directors.
- They work with Pinnacol's SelectNet Providers to help assess threats (but not manage them). The analysts offer suggestions and resources so providers can effectively manage the threat.
- They offer training to external stakeholders regarding workplace violence and threat assessment/management.

Pinnacol employees receive training on how to report threats and behaviors of concern, what to look for, how to handle escalating individuals, online awareness, minimizing their online footprint, situational awareness, etc. TVAT also provides resources and training on how to handle certain situations employees may encounter in their personal lives.

TVAT's success enhances the safety and well-being of employees, injured workers, stakeholders, and treating providers. TVAT uses a structured and consistent approach in assessments, utilizing formwork, procedures, and industry best practices. This improves communication and collaboration, and reduces our financial and reputational risk.

Ultimately, TVAT provides a critical framework for Pinnacol to proactively manage risks, support individuals in crisis and cultivate a safer environment for everyone.

AROUND AASCIF



MAINE

Karl Lagasse Promoted to Vice President of Business Technology at MEMIC



The MEMIC Group has promoted Karl Lagasse to Vice President of Business Technology. In this role, Lagasse will oversee the Project Management, Software Engineering, and Quality Assurance teams while leading the newly formed Architecture & Innovation team. This team will focus on advancing

MEMIC's artificial intelligence and machine learning capabilities, positioning the company to be at the forefront of insurance technology innovation.

Lagasse joined MEMIC in 2021 and has been instrumental in modernizing the company's core business systems and ensuring that technical architecture aligns seamlessly with business strategy.

[Read the full press release here.](#)

MEMIC Promotes Kaila McCracken to Vice President of Business Intelligence and Analysis



The MEMIC Group has promoted Kaila McCracken to Vice President of Business Intelligence and Analysis. In this role, McCracken will lead a new team tasked with delivering comprehensive business intelligence and analytics to MEMIC's CFO, Senior Leadership Team, and Board of Directors. She will also oversee

the prioritization and implementation of crucial technology solutions across the business.

Since joining MEMIC in 2017, McCracken has demonstrated exceptional leadership and analytical capabilities.

[Read the full press release here.](#)

Matt Holbrook Promoted to Vice President of Data and Analytics at MEMIC



Matt Holbrook has been promoted to Vice President of Data and Analytics at The MEMIC Group. In this role, he will lead the IT Data & Analytics Team, overseeing comprehensive data governance, policies, and quality management. He will also manage critical technical areas and strategic initiatives

across the organization.

Holbrook joined MEMIC in 1996 and has consistently demonstrated a strong ability to align technology solutions with business objectives, earning him multiple leadership roles over the years.

[Read the full press release here.](#)

The MEMIC Group Announces 2025 Award Winners for Safety, Workforce Partnership, and Industry Leadership

The MEMIC Group announced the recipients of its 2025 MEMIC Awards, honoring exceptional contributions to workplace safety, employee care, and workforce collaboration. [Sargent Corporation](#) received the Excellence in Worker Safety & Employee Care award; Dr. Dana Kerr, Associate Professor at the University of Southern Maine, was honored with the *MEMIC Mission Award for Industry Leadership*; and Kevin Bunker, founder of Developers Collaborative, earned the *Excellence in Workforce Partnership* award.

Learn more and watch recipient videos at memic.com/awards.



MARYLAND

AM Best Reaffirms A (Excellent) Rating for Chesapeake Employers Insurance



Chesapeake Employers' Insurance Company is pleased to announce that on May 8,

2025, AM Best reaffirmed the company's Financial Strength Rating of A (Excellent) and the Issuer Credit Rating of "A".

AM Best credit ratings reflect Chesapeake Employers' strong balance sheet, which AM Best categorizes as strongest. AM Best also cites Chesapeake Employers' adequate operating performance, limited business profile, and appropriate enterprise risk management (ERM) as the basis for the rating. The rating firm also said that it expects Chesapeake Employers' balance sheet to remain in the strongest category and operating results that are comparable to its peers.

Chesapeake Employers Insurance Confirms Three Board Members at 2025 Annual Policyholder Meeting

Chesapeake Employers' Insurance Company congratulates Jason Schupp and John J. Scott, Jr., on being re-elected to the company's Board of Directors during the annual policyholder meeting held June 4, 2025. Mr. Schupp will serve as Chairman and Mr. Scott will serve as Vice Chairman. The company also welcomes Edward J. Kasemeyer, who was appointed as a member of the board by Gov. Wes Moore. All board seats are effective immediately.



Jason Schupp, Board Chairman

At the 2025 annual meeting, Chesapeake Employers' policyholders re-elected Mr. Schupp to the Board of Directors for a second term. He will continue his leadership as Chairman of the Board, replacing Chairperson Suzanne Thompson whose term expired in 2025. Originally appointed in 2020 by Governor Larry

Hogan, Mr. Schupp brings valuable experience to the role as the founder and managing member of Centers for Better Insurance, LLC.



John J. Scott, Jr., Board Vice Chairman

Mr. Scott was first elected to the Chesapeake Employers Board in 2020 and has served as Vice Chairman since 2021. He was re-elected by the policyholders to serve a second term at the 2025 annual meeting. He is the President and CEO of Westminster American Insurance Company.



Edward J. Kasemeyer, Board Member

Edward J. Kasemeyer was appointed to the Chesapeake Employers Board by Governor Wes Moore in April 2025. He will fulfill a five-year term on the Board. Mr. Kasemeyer is a former member of the Maryland State Senate and the Maryland House of Delegates.

During the company's annual policyholder meeting President and CEO Mark Isakson, said: "I would like to recognize and thank our outgoing Board Chairperson, Suzanne Thompson, for her 10 years of service on the Board. Suzanne has served as Chair since 2019. I am deeply grateful for her leadership and service, for which the Board and Chesapeake Employers have greatly benefited throughout her tenure."

About Chesapeake Employers

Chesapeake Employers' Insurance Company is Maryland's largest writer of workers' compensation insurance. It is a nonprofit, non-stock, private corporation. Chesapeake Employers has served as a continuous, guaranteed source for fairly priced workers' compensation insurance since 1914.



MINNESOTA

SFM Foundation Announces Nearly \$600,000 in New Scholarships

The SFM Foundation recently awarded this year's round of college scholarships, helping 19 new students totaling \$596,000 in funding.

"It's incredible to see how much our organization has grown over the years," said Linda Williams, SFM Risk and Compliance Technical Specialist, who serves as the foundation's president. "We are so grateful to all our donors and the volunteers who make our efforts possible."

The SFM Foundation is a nonprofit that helps families affected by workplace injuries by providing scholarships to children of workers disabled or killed in work-related accidents.

Compared to 2024, the foundation awarded four more scholarships and more than \$100,000 in additional funding this year. The SFM Foundation has now awarded 266 scholarships totaling \$4.7 million since its inception.

"We have seen a steady uptick in the number of applicants for our scholarship, so being able to award more students and provide more funding this year is amazing," said Deb Zorn, SFM VP of Regional Business and the foundation's scholarship director. "It's so rewarding to see these young people follow their dreams with the support of the foundation community."

'Gold' Status for SFM Foundation

The SFM Foundation recently reached Gold Level status from Kids' Chance of America, recognizing top-tier excellence in nonprofit operations. One of the final steps to reach that status was creating a whistleblower policy.

"One of the other criteria necessary for Gold Level of Excellence is for the State Organization to consider having a paid executive director," Williams said. "The SFM Foundation is fortunate to rely solely on volunteers to handle its operations, and no paid staff is needed, ultimately qualifying us for the Gold Level."

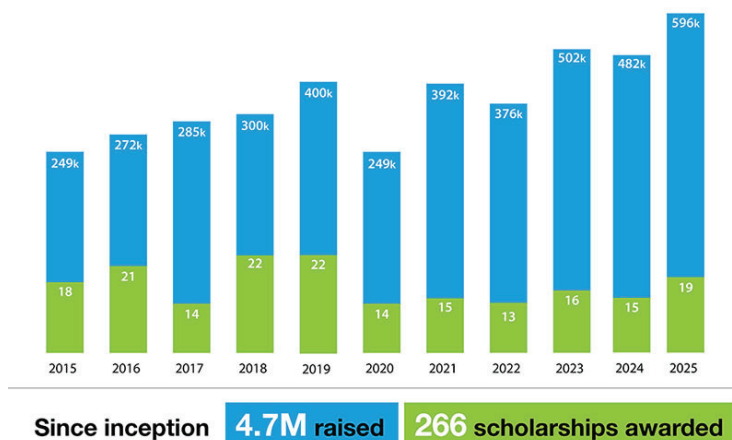
In Iowa and Minnesota, the SFM Foundation is an affiliate of Kids' Chance of America.

"It's an honor to reach the Gold Level from Kids' Chance," said Lindsay Henningsgaard, Marketing Underwriter Specialist and the foundation's executive director. "The new designation doesn't change our mission of helping students who have been impacted by workplace injuries, but it is nice Kids' Chance recognized the strength of our organization."

About the SFM Foundation

The SFM Foundation was created in 2008 by SFM Companies, a regional workers' compensation insurance group headquartered in Bloomington, Minn. The nonprofit is dedicated to easing the burdens on families affected by workplace accidents. Since its inception, the foundation has awarded 266 scholarships totaling \$4.7 million. For more information, visit sfmfoundation.com.

The SFM Foundation is an affiliate of [Kids' Chance of America](#) in Iowa and Minnesota.



NEW MEXICO

New Mexico Mutual Launches New Billing Platform

New Mexico Mutual proudly launched our new billing portal, InvoiceCloud, this past May. The response to the new platform has been overwhelming positive, and both our policyholders and agents have shared how much they appreciate the easier access, modern features, and overall improved experience.

The new platform allows users to quickly make one-time payments, enroll in true AutoPay functionality, view past

payments, and pay by text—all from a secure, user-friendly interface.

This upgrade reflects our ongoing commitment to service excellence and making it easier for our customers and partners to do business with us. We're excited to see so many already taking advantage of the new tools—and even more excited about what's to come as we continue to build on this foundation.



NORTH DAKOTA

WSI Marks 10 Years of Dividends and Rate Reductions

For the 10th year in a row, Workforce Safety & Insurance (WSI) has returned a 50% dividend credit to policyholders, demonstrating our ongoing focus on delivering value and maintaining financial stability.

This year's dividend brings WSI's total dividend distribution to approximately \$1.9 billion over the past 21 years, including the estimated \$90 million credit for the 2025–26 policy year. Dividends have been issued in 20 of those 21 years.

WSI also approved a statewide average rate reduction of 7.2% under the 2025–26 rate plan, marking the tenth straight year of lowering premiums for North Dakota employers.

These results reflect intentional decisions over time, disciplined underwriting, operational efficiency, and a commitment to long-term sustainability. Above all, WSI remains focused on supporting safe workplaces and delivering value to the employers and workers we serve.

North Dakota WSI Hosts 2nd Annual Get Home Safe Day, Reports Fewer Injuries Statewide

State leaders, employers and safety advocates gathered June 2nd at the North Dakota Capitol for the second annual *Get Home Safe Day* press conference, reaffirming the state's commitment to ensuring every worker returns home safely at the end of the day.

WSI Director Art Thompson opened the event with encouraging news: North Dakota experienced 1,086 fewer

injury claims from fiscal year 2023 to 2024, even as the covered workforce grew by more than 10,500. "We are trending in the right direction," Thompson said, "but there is more work to be done."



Governor Kelly Armstrong emphasized the initiative's broader impact. "Every job supports a lifestyle, a family, and a future. When we talk about safety, we're talking about preserving all of those things," he said.

Patty Furuseth, a safety professional from Marathon Petroleum, added, "Putting safety first is one of the most compassionate things we can do," she said. "Get Home Safe is a call to action—and it includes every single one of us."

Now in its second year, the *Get Home Safe* initiative continues to provide North Dakota workplaces with valuable safety resources, training tools and ready-to-use content. Get Home Safe North Dakota encourages employers to embrace safety as a shared value rather than just a policy and empowers workers to play an active role in safeguarding themselves and their coworkers.

Together with its partners, WSI is working toward one shared goal: making sure every worker gets home safe.

To learn more about the program, visit www.GetHomeSafeND.com.



OREGON

Introducing the Science of Safety

Without proper protection, the sun can cause serious damage to the health of Oregonians. Oregon has a high rate of melanoma—ranking 16th in the country as of 2021.

The good news is a broad-spectrum sunscreen helps guard against the effects of the sun's harmful UV rays. But how does sunscreen actually work? SAIF's new video looks at how sunscreen, sunburns, and the sun's rays work.

The video is part of a new video series from SAIF, highlighting the science behind some of our favorite safety interventions.

The video can be viewed at saif.com/ScienceofSafety.

SAIF's Health and Well-Being Programs Win Big

Each year, SAIF's benefit team works with our retirement vendor, Empower, on communication strategies to help educate and inspire employees to save for retirement. The 2024 savings campaign, "Save More," was recently recognized as a gold winner at the prestigious Hermes Creative Awards for 2025. The campaign was designed to increase participation and savings rates.

The Hermes Creative Awards is an international competition that attracts over 6,000 entries from across the United States, Canada, and more than two dozen other countries.

"Winning this award is a testament to the hard work and dedication of our team and our partners at Empower," says Christi Kent-Adair, Total Rewards-HR operations director. "It highlights our commitment to delivering impactful and innovative communication strategies that drive meaningful results for SAIF employees."

That's not the only award SAIF has celebrated recently. In June, SAIF was recognized in third place for the *Portland Business Journal's* Healthiest Employers in Oregon awards for businesses with 500-1499 employees. This is the 15th consecutive year SAIF has placed in the top three for this category.

SAIF Provides Tips on Wildfire Smoke Safety

With several wildfires already burning in Oregon this year, it's important for businesses and individuals to be prepared for wildfire smoke. In a recent campaign, SAIF offered businesses tips on how to include wildfire smoke in their emergency preparedness plans, with suggestions on what to do before, during, and after a smoke event.

You can find more details and [prepare your business for wildfire season](#).

SAIF Employee Celebrated as Safety Professional of the Year

Senior safety management consultant Eric Connelly was recently awarded the Safety Professional of the Year award by the Columbia-Willamette chapter of the American Society of Safety Professionals. Eric was recognized for his work on owner-controlled insurance programs, including large construction projects like the Portland airport terminal redevelopment.



WASHINGTON

Making Information Work for Everyone: Improving Access to L&I Services Across Washington

The Washington State Department of Labor & Industries (L&I) is committed to helping every worker and employer engage with us as clearly and efficiently as possible. That starts with communication.

Washington is home to a diverse workforce, and L&I is working to ensure that language is never a barrier to getting help, filing a claim, accessing medical care, or staying safe on the job.

By providing key information in other languages, L&I helps prevent misunderstandings, improves compliance, and strengthens outcomes for everyone—workers, employers, and providers alike.

Today, every page of [L&I's website](#) is available in English and Spanish, with more than 650 pages fully translated to mirror the layout and usability of the English site. A simple toggle at the top of the page allows users to switch between the two versions. One out of ten workers filing a claim in Washington speaks Spanish.

Over the past decade, L&I has taken other practical steps to improve service delivery by meeting people where they are—linguistically and culturally. These efforts include:

- **Stronger interpreter services** to help workers communicate with medical providers and understand their claims. Providers are required to use certified interpreters when needed.
- **Translation of essential forms and documents** into the most common languages spoken in Washington, reducing errors and delays.
- **More than 230 bilingual employees** who provide direct service in at least 10 languages, helping manage claims and connect workers to appropriate care.

- **Certified in-house interpreters** and a centralized Language Access Program to ensure consistent, high-quality support.
- **Outreach teams and community partnerships** that help educate both workers and employers on safety, rights, and responsibilities—especially in industries where language barriers are more common.
- **A Civil Rights Office** that ensures a clear process for raising concerns about discrimination or unequal treatment.

These efforts help create a level playing field, so all workers—regardless of their first language—can safely contribute to Washington's economy and get the support they need if they're injured on the job.

Better communication leads to better results. When workers understand the process, claims are smoother, treatment starts sooner, and return-to-work happens faster.

L&I is committed to using public resources responsibly while continuing to listen to businesses, labor, and community partners to ensure that our services work for everyone. By removing language barriers and improving communication, we're helping build a stronger, safer workforce across Washington.