

January 15, 2021

**Dale Haug**  
*Chair*  
Berkley Risk  
Administrators

**Jeff Horner**  
*Vice-Chair*  
Hormel Foods

**Janel French**  
*Treasurer*  
Graco, Inc.

**Rick Theisen**  
*Secretary*

**Jim Oukrop**  
HealthPartners

**Brad Wiggins**  
CHS

**Brad Koland**  
Land O'Lakes

**Howard Bicker**  
Investment Consultant

**Bill McCarthy**  
*President*  
MN AFL-CIO

**Roslyn Robertson**  
*Acting Commissioner*  
Minnesota Department  
of Labor & Industry

---

**Carl W. Cummins III**  
*Executive Director*  
cummins@mnsisf.org

**Kim Drevnick**  
*Administrator*  
drevnick-voller@mnsisf.org

**Andrew J. Morrison**  
*General Counsel*  
morrison@kmchlaw.com

Website: mnsisf.org

Dear Members:

On behalf of the Board of Trustees, we are pleased to provide you with this report on the work of the Self-Insurers' Security Fund (SISF) during 2020. While the Covid-19 Pandemic disrupted the global economy and the work lives of millions of Americans, SISF remained stable financially and in its operations.

The number of open claims continued to decline. National Steel Company accounts for 36 of our 53 open claims and, barring any new self-insurer defaults, that claim count should continue to be reduced as the National Steel claimants age. Claims paid during the fiscal year ending June 30, 2020 were \$669,000 compared to \$736,000 in the prior fiscal year. Reinsurance recoverables, primarily from the Workers' Compensation Reinsurance Association, were \$410,000 for the fiscal year and will continue to offset future claim payments.

SISF continued to strengthen its financial position while at the same time reducing Member assessments. Members' Equity grew to \$2,545,241 for the 2019-2020 fiscal year compared to \$1,542,484 in the prior fiscal year. The Board of Trustees continued to reduce the annual Member assessment rate from 2.25% in 2019-2020 to 2.0% in the current fiscal year, which reduced the amount of assessments paid from \$970,000 to \$821,000. SISF again received a clean audit opinion for fiscal year 2019-2020.

Fortunately, there were no new defaults by Member self-insurers during the past 18 months. There was, however, a significant bankruptcy as JCPenney filed for and was adjudicated as bankrupt. At this time, JCPenney and its successor organization continue to pay its Minnesota workers' compensation claims. As it did when K-Mart filed for bankruptcy, however, the Minnesota Department of Commerce has refused to disclose to SISF the nature and extent of the security posted by JCPenney. As a result, SISF has been unable to determine the adequacy of any security posted by JCPenney and has incurred thousands of dollars in legal fees to intervene in the bankruptcy proceedings in order to protect our Members' interests.

During the past year, the Minnesota State Senate refused to confirm the appointments of both the Commissioner of Commerce and the Commissioner of Labor and Industry, so both departments are currently being managed by acting commissioners. Membership on the SISF Board of Trustees has remained stable as trustees Janel French, Brad Wiggins and Jim Oukrop were reelected to new three year terms. Kim Drevnick continues as SISF's Administrator and Andrew Morrison remains our General Counsel. Both of them, as well as both of us, are available to answer any of your questions or provide any information you may need about your SISF membership.

Dale Haug, Chair

Carl W. Cummins, Executive Director