2019
ANNUAL REPORT

Workers' Compensation Reinsurance Association®

OVERVIEW

The WCRA's operating objective is to ensure the availability of superior reinsurance protection for Minnesota's workers' compensation insurers and self-insurers.

Our staff of innovative professionals is dedicated to achieving the highest standard of excellence through stable and reasonable rates, expert claims administration, financial stability, and informational services.

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TO OUR MEMBERS

James Heer,
WCRA President and CEO

Stuart Henderson
WCRA Board Chair

As we write this letter presenting the highlights of 2019, we acknowledge the current COVID-19 situation that has transformed life as we know it in 2020. Many changes will transpire this year that will affect workers' compensation, the broader economy, and the WCRA. As this situation unfolds, we wish the best for all of our members, their staffs, and their loved ones. The Association is positioned to withstand this volatility and will continue to service our members now and into the future.

Operations

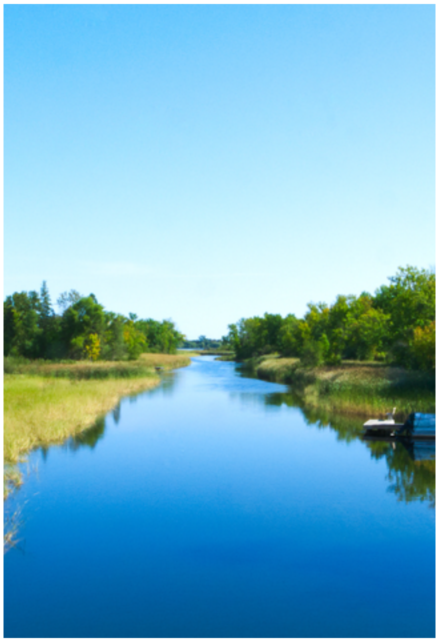
The financial strength of the WCRA improved significantly in 2019 with the release of $100 million dollars of loss reserves and a 20 percent return on our investment portfolio. Our capital increased from $904 million at the end of 2018 to $1,406 million at the end of 2019, but the impacts from COVID-19 have reduced our capital to as low as $800 million in 2020. The Association's discounted loss reserve indications continue to decline due to reduced claim frequency and relatively low claim severity trends. This marks the seventh straight year that the WCRA has reduced its loss reserve liabilities on prior accident years. Our investment portfolio performed well across all asset classes, with our equities leading the way. In the midst of the longest bull run in history, lasting over ten years, it was a welcome surprise to achieve such outsized returns in 2019.

As technology continues to transform the insurance industry, the Association set its future course by completing its Information Technology (IT) Strategic Plan. An experienced consultant was retained to lead our IT department through the development and execution of the plan. Action on that plan started this year and will continue for several years with targeted investments in our IT resources and systems. Key projects in the plan include an enterprise system analysis and an overall infrastructure assessment. The Association evaluated a myriad of enterprise system options throughout the year and narrowed the field to a couple finalists.

Congress was successful in passing an extension of the Terrorism Risk Insurance Act (TRIA) for another seven years. TRIA provides critical reinsurance protection for the WCRA and its members for large-scale losses resulting from terrorism events. We sincerely thank our Minnesota delegation of senators and representatives for their support of this extension.

Board of Directors

There was one transition on the Board in 2019. Ken Peterson was appointed as the new public representative on the Board. Mr. Peterson has a long, distinguished career of public service, most recently serving as the Commissioner of the Minnesota Department of Labor and Industry. We thank Thomas Borman, attorney at Maslon, Inc. for his service on the Board during the past three years.



Conclusion

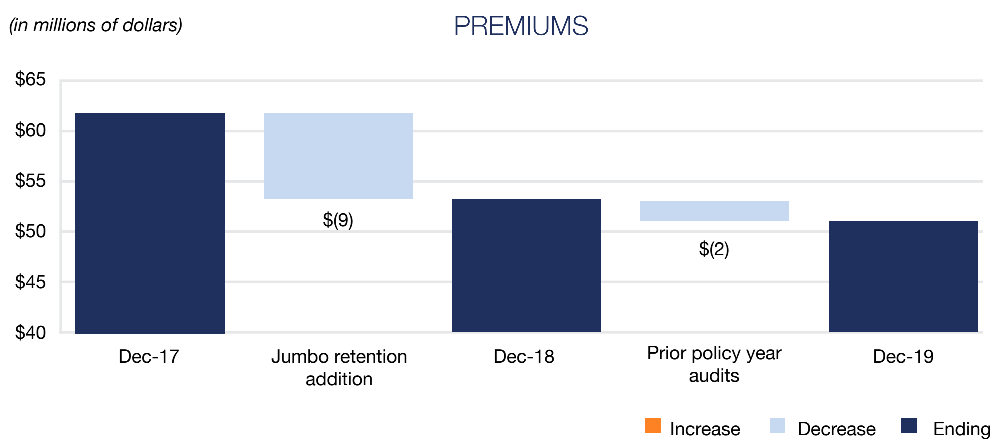
Thank you for taking time to review our annual report. The WCRA is committed to executing our critical role in a healthy workers' compensation system in Minnesota through exceptional service and superior reinsurance for our members!

FINANCIAL HIGHLIGHTS

Premiums

Premiums were down 4 percent from 2018 to 2019 mostly due to the impacts of premium audits for prior policy years. The introduction of the jumbo retention of $5 million in 2018 led to a significant drop in premium in 2018 as members representing nearly one-quarter of WCRA's exposure base selected the jumbo retention. Premiums are recognized within the Association's Comprehensive Income, Accumulated Capital, and Cash Flows.

(in millions of dollars)	*2019*	*2018*	*Change*
Premiums	$ 51	$ 53	$ (2)



Investment Returns

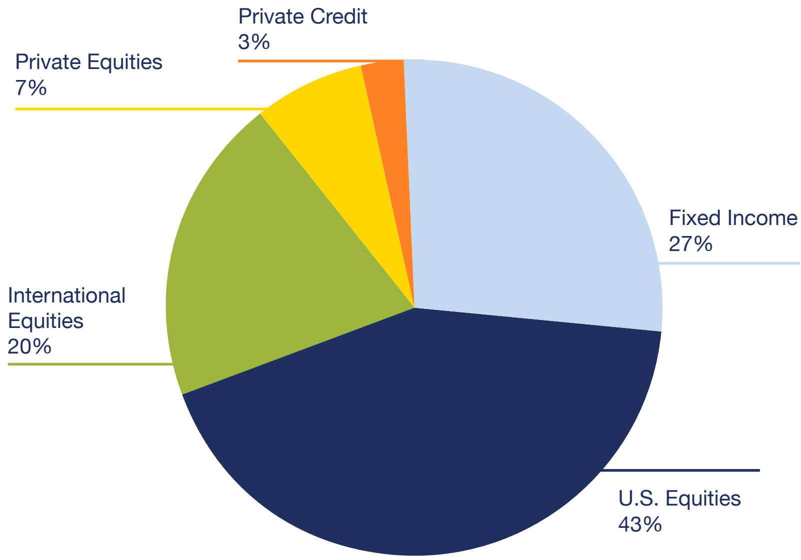
For the year ended December 31, 2019, the investment portfolio increased 20 percent compared to a 5 percent decline in 2018. The 2019 investment results were driven by broad gains across the entire investment portfolio; whereas, the 2018 investment results were driven by losses in both the U.S. Domestic Equity and International Equity portfolios. Domestic equities increased 31 percent; international equities increased 25 percent; and fixed income increased 9 percent in 2019. In 2018, domestic equities declined 6 percent and international equities declined 16 percent. Investment returns are recognized within the Association's Balance Sheet, Comprehensive Income and Accumulated Capital, and Cash Flows.

(in millions of dollars)	2019	2018[(1)]	Change
Investment income, net of related expenses	$ 48	$ 52	$ (4)
Net realized investment gains	81	58	23
Change in unrealized gains (losses) on securities	378	(237)	615
Total Investment Results	**$ 507**	**$ (127)**	**$ 634**

[(1)] The Association changed its method of accounting for trading account assets in 2019 and restated the 2018 values accordingly. Please refer to note 9 in the 2019 Audited Financial Statements.

The Association manages its current investment policy targets at the total equity and total debt ranges.

WCRA Investment Asset Allocation



	Mix at Year-end	Policy Target
U.S. Equities	43%	35-45%
International Equities	20%	15-25%
Private Equities	7%	0-15%
Equity	**70%**	**65-75%**
Fixed Income	27%	25-35%
Private Credit	3%	0-10%
Debt	**30%**	**25-35%**

Losses and Loss Expenses

Total losses and loss expenses incurred decreased in 2019. The reductions in prior accident year loss reserves of $100 million in both 2018 and 2019 were due to favorable development on incurred losses driven by continued low medical inflation. These changes reduced overall expenses and increased the Association's Comprehensive Income and Accumulated Capital.

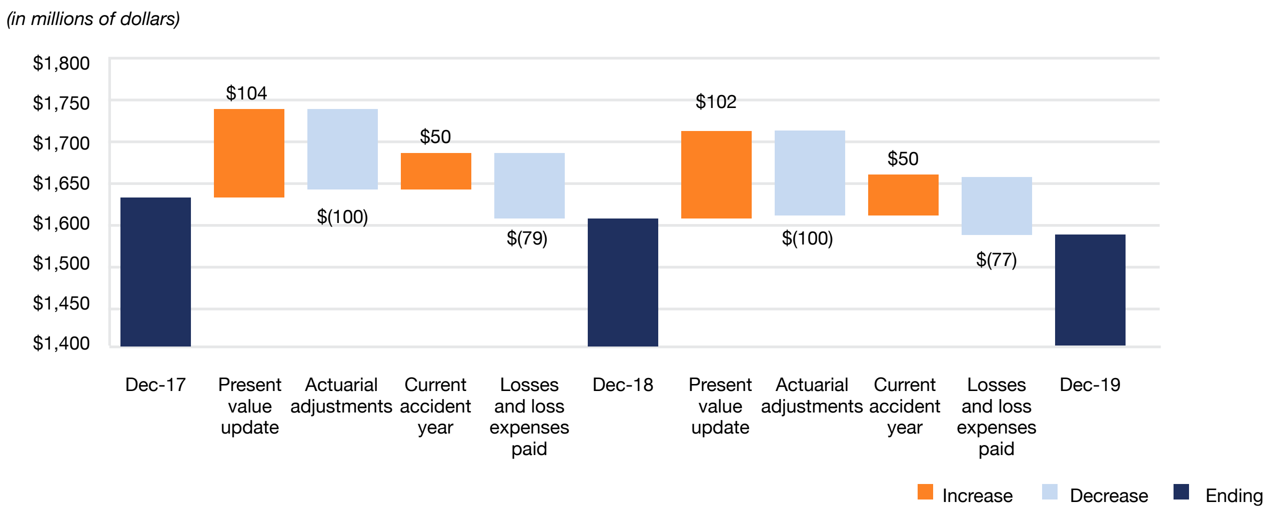
(in millions of dollars)	2019[1]	2018	Change
Prior accident years:			
Present value update	$ 102	$ 104	$ (2)
Actuarial adjustments	(100)	(100)	-
Total prior accident years	$ 2	$ 4	$ (2)
Current accident year	$ 50	$ 50	-
Total losses and loss expenses	**$ 52**	**$ 54**	**$ (2)**

[1] The current accident year value for 2019 is impacted by a rounding adjustment.

For both 2019 and 2018, the Association's investment earning's assumption and discount rate for loss reserves were 6.5 percent.

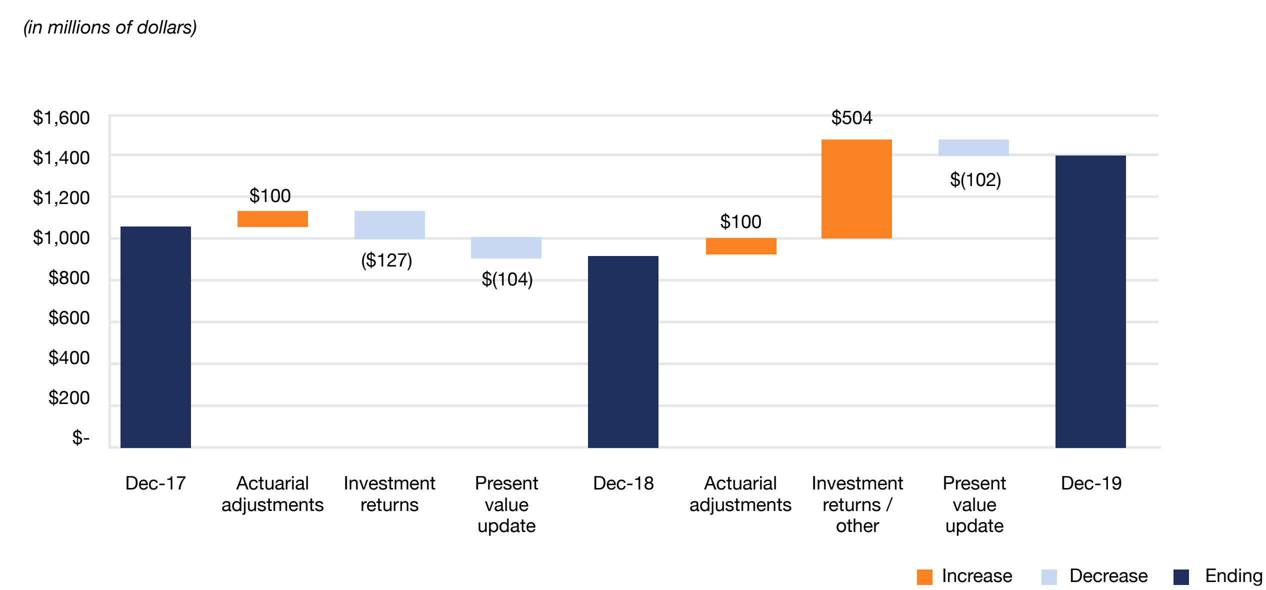
Losses and Loss Expenses Reserves (cont.)

Below are the components impacting the reserve changes.



Capital

Accumulated capital is needed to maintain sufficient assets which provide for variations between expected and actual investment returns, variations between expected and actual claims experience, and other unexpected financial developments. Changes related to investment returns increased the Association's Comprehensive Income and Accumulated Capital.



Cash Flow and Liquidity

The WCRA's cash flow from operating activities was $18 million in 2019, down from $22 million in 2018. In 2019, the WCRA met all of its financial obligations on a timely basis and continued to have substantial liquidity from its marketable investment portfolio. Management believes that the WCRA has the liquidity necessary to continue to meet its financial obligations on a timely basis for the foreseeable future.

Select Summary of Key Performance Indicators

(in millions of dollars)	2019	2018	2017	2016	2015
Earned Premiums	$51	$53	$62	$67	$68
Total Revenues[1]	$554	($89)	$159	$155	$138
Net Income (Loss) [1]	$498	($146)	$89	$158	$91
Total Investments	$3,114	$2,619	$2,770	$2,464	$2,235
Losses & Loss Expenses Liability	$1,584	$1,610	$1,635	$1,646	$1,734
Accumulated Capital	$1,406	$904	$1,035	$674	$453
% Capital to Losses and Loss Expenses	89%	56%	63%	41%	26%
Losses and Loss Expenses Paid	$77	$79	$78	$81	$76
# of Claims Paid	3,357	3,523	3,545	3,649	3,581
Annual Investment Return	20.3%	(4.8%)	16.2%	7.0%	(0.3%)
Assumed Rate of Return	6.5%	6.5%	6.5%	6.5%	6.5%

[1] The Association changed its method of accounting for trading account assets in 2019. The 2018 values were restated, but 2015-2017 values were not restated. Please refer to note 9 in the Audited Financial Statements.

WCRA LEADERSHIP

Board of Directors

Insurer Representatives

Stuart Henderson Chair
Committees: Audit and Financial Compliance, Personnel
Employer: Western National Insurance Group

Jane Jasper Krumrie Vice-Chair
Committees: Actuarial
Employer: Federated Insurance Companies

Terrence Miller
Committees: Audit and Financial Compliance
Employer: SFM

Michael Thoma
Committees: Actuarial, Audit and Financial Compliance
Employer: The Travelers Companies

Self-insurer Representatives

Daniel Greensweig
Committees: Investment
Employer: League of Minnesota Cities Insurance Trust

James Oukrop
Committees: IT Advisory, Member Advisory, Personnel
Employer: HealthPartners

Employer Representatives

Michele Spencer
Committees: Member Advisory, Personnel
Employer: Ecumen

Allison Waggoner
Committees: Personnel
Employer: DCI Inc

Employee Representatives

William McCarthy
Committees: Member Advisory, Personnel
Employer: Minnesota AFL-CIO

Edward Reynoso
Committees: Personnel
Employer: Teamsters Joint Council 32

Public Representative

Ken Peterson
Committees: IT Advisory, Investment

Statutory Appointments

Cindy Farrell
Commissioner Designee
Committees: Audit and Financial Compliance, IT Advisory
Employer: Minnesota Management & Budget

Mansco Perry
Executive Director Board of Investment
Committees: Investment
Employer: Minnesota State Board of Investment

WCRA LEADERSHIP

Management Team

James Heer
President and CEO

Lynn Carroll
Vice President of Actuarial

Natalie Haefner
Vice President Claims and Injury Management

David McKee
Vice President Finance and Chief Financial Officer

Cynthia Smith
Vice President of Operations and Corporate Secretary

Workers' Compensation Reinsurance Association

Financial Statements
December 31, 2019 and 2018

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December 31, 2019 and 2018

Report of Independent Auditors

To the Board of Directors and Members of Workers' Compensation Reinsurance Association

We have audited the accompanying financial statements of Workers' Compensation Reinsurance Association, which comprise the balance sheets as of December 31, 2019 and 2018, and the related statements of operations, comprehensive income and accumulated capital and cash flows for the years then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Association's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Workers' Compensation Reinsurance Association as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers LLP

March 5, 2020

PricewaterhouseCoopers LLP, 45 South Seventh Street, Suite 3400, Minneapolis, MN 55402
T: (612) 596 6000, F: (612) 373 7160, www.pwc.com/us

Workers' Compensation Reinsurance Association
Balance Sheets
Years Ended December 31, 2019 and 2018

(in thousands of dollars)	2019	2018 [1]
Assets		
Cash and cash equivalents	$ 59,608	$ 112,172
Investments, at fair value	3,054,294	2,506,628
Uncollected reinsurance premiums	33	162
Due from securities brokers	10,027	25,194
Other assets	7,786	7,577
Property and equipment, less accumulated depreciation of $1,898 and $1,712 at December 31, 2019 and 2018, respectively	54	345
Total assets	$ 3,131,802	$ 2,652,078
Liabilities and Accumulated Capital		
Losses and loss expenses	$ 1,583,956	$ 1,610,268
Due to securities brokers	138,082	134,701
Accounts payable and other liabilities	3,468	2,784
Total liabilities	1,725,506	1,747,753
Accumulated retained earnings from operations	1,369,966	871,547
Accumulated other comprehensive income	36,330	32,778
Accumulated capital	1,406,296	904,325
Total liabilities and accumulated capital	$ 3,131,802	$ 2,652,078

(1) The Association changed its method of accounting for debt securities from Available-For-Sale to Trading. The prior period has been revised to reflect the change. For more information see Note 9.

The accompanying notes are an integral part of these financial statements.

Workers' Compensation Reinsurance Association

Statements of Operations, Comprehensive Income and Accumulated Capital

Years Ended December 31, 2019 and 2018

(in thousands of dollars)	2019	2018 [1]
Revenues		
Premiums earned	$ 50,737	$ 53,268
Investment income, net of related expenses	47,738	52,426
Net realized investment gains	81,162	58,069
Net unrealized investment gains (losses)	374,302	(252,412)
Total revenues	553,939	(88,649)
Expenses		
Losses and loss expenses	52,275	54,263
Operating and administrative expenses	3,245	3,141
Total expenses	55,520	57,404
Net income (loss)	498,419	(146,053)
Other comprehensive income		
Change in net unrealized gains (losses) on alternative investments and change in pension benefit obligation	3,552	14,999
Comprehensive income (loss)	501,971	(131,054)
Accumulated capital, beginning of year	904,325	1,035,379
Accumulated capital, end of year	$ 1,406,296	$ 904,325

(1) The Association changed its method of accounting for debt securities from Available-For-Sale to Trading. The prior period has been revised to reflect the change. For more information see Note 9.

The accompanying notes are an integral part of these financial statements.

Workers' Compensation Reinsurance Association
Statements of Cash Flows
Years Ended December 31, 2019 and 2018

(in thousands of dollars)	**2019**	**2018 (1)**
Cash flows from operating activities		
Net Income	$ 498,419	$ (146,053)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	291	296
Realized (gain) on investments	(81,162)	(58,069)
Unrealized (gain) or loss on investments	(374,302)	252,412
Change in operating assets and liabilities:		
Losses and loss expenses	(26,312)	(24,290)
Accounts payable and other liabilities	683	(1,302)
Uncollected reinsurance premiums and other assets	(80)	(1,204)
Net cash provided by operating activities	17,537	21,790
Cash flows from investing activities		
Additions to property, plant, and equipment	-	(21)
Purchases of investments	(5,074,278)	(4,450,350)
Sales and maturities of investments	5,004,177	4,415,474
Other investing activities, net	-	-
Net cash provided by (used in) investing activities	(70,101)	(34,897)
Cash flows from financing activities		
Financing activities	-	-
Net cash (used in) provided by financing activities	-	-
Net increase (decrease) in cash and cash equivalents	(52,564)	(13,107)
Cash and cash equivalents at beginning of period	112,172	125,279
Cash and cash equivalents at end of period	$ 59,608	$ 112,172

(1) The Association changed its method of accounting for debt securities from Available-For-Sale to Trading. The prior period has been revised to reflect the change. For more information see Note 9.

The accompanying notes are an integral part of these financial statements.

1. General Information

Description of Association
In 1979, the Minnesota Legislature created the Workers’ Compensation Reinsurance Association (the “Association” or the “WCRA”), a nonprofit, unincorporated association, to provide reinsurance protection for serious workers’ compensation losses to all primary workers’ compensation insurance providers and self-insured employers in the state of Minnesota. The Association provides full indemnification to its members for workers’ compensation losses paid in accordance with Minnesota Statutes Chapter 176 that exceed a member’s retention limit.

Operating procedures are prescribed by Minnesota Statutes Section 79.34-79.40, as amended (the “Enabling Act”), and the Association’s Plan of Operation (the “Plan”). Amendments to the Plan must be approved by the Board of Directors of the Association (the “Board”) and the Minnesota Commissioner of Labor and Industry.

Membership
All insurance carriers authorized to underwrite workers’ compensation risks in Minnesota and all employers, including political sub-divisions, authorized to self-insure their workers’ compensation liabilities in Minnesota are required to be members of the Association.

Related Party Transactions
As required by Minnesota statute, the Association is governed by a 13-member Board, including the Minnesota Commissioner of Management and Budget and the executive director of the State Board of Investment or their designees; five members appointed by the Minnesota Commissioner of Labor and Industry (two employer representatives, two employee representatives, and a public member); four insurer representatives elected by insurer members from candidates approved by the Commissioner of Labor and Industry; and two self-insurer representatives elected by self-insurer members from candidates who are approved by the Commissioner of Labor and Industry. The Association may engage in transactions in the ordinary course of business between the Association and its Board, or with other companies whose directors or officers may also serve on the Board for the Association. The Association carries out these transactions as described in the Plan. In 2019, the Association collected $15 million in premiums and provided $16 million in claim reimbursements to related party organizations. In 2018, the Association collected $15 million in premiums from related party organizations and provided $14 million in claim reimbursements to related party organizations.

Retention Limits
For both 2019 and 2018 members selected one of four maximum per-loss occurrence retention limits, which were $500,000, $1,000,000, $2,000,000, or $5,000,000. Retention limits are determined by the Board, subject to approval by the Minnesota Commissioner of Labor and Industry. Minnesota workers’ compensation losses incurred by members in excess of the retention limit selected are reinsured by the Association.

Premiums
The estimated, aggregate annual premiums billed by the Association to members in each calendar year are calculated to cover the following estimated costs:

- The present value of the estimated ultimate liability for members’ incurred losses above the selected retention limit.

- Operating and administrative expenses of the Association and loss expenses incurred by the Association. (Loss expenses incurred by members on reinsured claims are not recoverable from the Association.)

- Charges for the current year or a prior year, as determined by the Board, for any reinsurance coverage purchased by the Association.

- Adjustments due to excess or deficient premiums, if any, for prior years as determined by the Board.

Estimated premiums are billed to the individual members based on: (1) the rate for the member's selected retention limit; (2) the member's most recent actual exposure base available at the beginning of the annual billing cycle, adjusted for a factor which represents the estimated difference between the member's most recent actual exposure base and the actuarially-projected exposure base. In the following year, premium adjustments are calculated and billed or credited to members.

For insurer members, the exposure base is the earned premium at the Association's standard earned premium reporting level reported in the Association's Annual Financial Call multiplied by 1.20.

For self-insurer members, the exposure base is calculated from Minnesota's covered payroll, multiplied by pure premium base rates as published by the Minnesota Workers' Compensation Insurers Association, Inc., multiplied by 1.20, multiplied by an experience rating modification factor.

Going Concern
Accounting Standards Update No. 2014-15 requires disclosure of conditions that give rise to substantial doubt about a company's ability to continue as a going concern within one year from the financial statement issuance date. Management of the Association has determined there are no conditions or events that raise substantial doubt about its ability to continue as a going concern within one year after these statements are issued.

2. Summary of Significant Accounting Policies

Use of Estimates
The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Risks and Uncertainties
The Association invests in stocks and bonds of U.S. and foreign companies, U.S. government securities, corporate debt securities, mortgage-backed securities, and alternative investments. The investment viability and return of funds is dependent on, among other factors, the financial results of the underlying issuers. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the fair value will occur in the near term and that such changes could materially affect future financial statements.

The process of estimating the liability for losses and loss expenses, by its very nature, involves substantial uncertainty. The level of uncertainty is influenced by factors such as the economic assumptions associated with workers' compensation reinsurance. Ultimate, actual payments for losses and loss expenses could be significantly different from the estimates.

The Association holds cash on deposit balances throughout the fiscal year that exceed the FDIC insurable limits for banking institutions.

Comprehensive Income
The Association follows the reporting concept of "Comprehensive Income," which requires the reporting of comprehensive income in addition to net income from operations. Comprehensive income is a more inclusive financial reporting methodology that includes disclosure of certain financial information that historically has not been recognized in the calculation of net income. Comprehensive income for the Association includes net income and other comprehensive income, which includes unrealized gains and losses on alternative investments and the change in the funded status of the defined benefit pension plan.

Cash and Cash Equivalents
Cash and cash equivalents consist of cash on deposit, shares in money market funds, and short-term debt securities with original maturities of three months or less.

Derivatives
Throughout the course of the year, the Association utilizes an overlay manager for its cash balances to ensure that those balances are earning a comparable amount to invested assets, with the goal of providing investment returns that mirror the asset allocation as established by the investment policy. The overlay manager employs the use of exchange-traded futures in its overlay program.

In accordance with ASC 815, Derivatives and Hedging, all of the exchange-traded futures are subject to a contractual agreement that provides for the net settlement of all contracts through a single payment, in a single currency, in the event of default on or termination of any one contract. As such, the Association has elected to report the fair value of its derivative transactions on a net basis by counterparty. Exchange-traded futures settle daily; therefore, at most, the one-day change in all open positions on the final day of the fiscal period is immaterial.

Investments
Trading account assets represent equity and debt securities carried at fair value. Interest and dividend income from these investments is reported in "Investment income, net of related expenses". Realized gains and losses for these investments are reported in "Net realized investment gains (losses)." Unrealized gains and losses for these investments are reported in "Net unrealized investment gains (losses) on trading account assets".

Alternative investments are recorded at their most-recently available net asset valuation ("NAV") and adjusted for capital contributions and distributions. The change in net assets related to alternative investments is presented as realized and unrealized gains or losses based on the NAV of each limited partnership as determined by the general partner. The Association reviews and evaluates information provided by the general partners and has determined such values are reasonable estimates for fair value.

The Financial Accounting Standards Board ("FASB") has established a hierarchy for fair value measurements that distinguishes between inputs based on market data from independent sources (observable inputs) and a reporting entity's internal assumptions based upon the best information available when external market data is limited or unavailable (unobservable inputs). Three levels of inputs are used to measure the fair value of investments:

Level 1: Quoted prices in active markets for identical assets or liabilities that the reporting entity could access at the measurement date.

Level 2: Observable inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

To Be Announced Bonds ("TBAs")

The Association utilizes active fixed income managers to manage its fixed income exposure in accordance with the guidelines established by the investment policy. TBA is a phrase used to describe forward-settling, mortgage-backed securities ("MBS") trades. Pass-through securities issued by Freddie Mac, Fannie Mae, and Ginnie Mae trade in the TBA market, and the term TBA is derived from the fact that the actual, mortgage-backed security that will be delivered to fulfill a TBA trade is not designated at the time the trade is made. A TBA serves as a contract to purchase or sell an MBS on a specific date, but it does not include information regarding the pool number, number of pools, or the exact amount that will be included in the transaction. This is because the TBA market assumes MBS pools to be relatively interchangeable. The TBA process increases the overall liquidity of the MBS market by taking thousands of different MBS with different characteristics and trading them through a handful of contracts.

TBA contracts normally last for one to three months as the underlying mortgages are pooled together to create the final MBS pool. As the buyer of a TBA, the Association has the option to purchase the pools with cash, sell or close the TBA and settle up for any cash difference, or settle up for the cash difference and roll to a new month to maintain exposure to the mortgage market. The active fixed income managers retained by the Association generally settle for the cash differences and roll to a new month to maintain exposure to the mortgage market.

In addition, the Association utilizes a master custodian to report all equity and fixed income security transactions. From a custodial perspective, each time a TBA is purchased it is recorded on the balance sheet and the statement of cash flows on a gross basis. When the TBA is rolled to a new month, it is recorded as a sale on a gross basis, and a purchase is recorded for the newly-rolled TBA. As such, those transactions have a material impact on the statement of cash flows, as approximately two-thirds of the purchases and sales are driven by the TBA activity.

Due From / Due To Securities Brokers

The due from securities brokers account tracks receivable balances owed from securities brokers for bonds or stocks that have been sold or have matured but have not yet settled into the Association's investment account. The due to securities brokers account is used to track payables that are due to securities brokers for bonds or stocks that have been purchased but have not yet settled into the Association's investment account.

Property and Equipment

Property and equipment are stated at cost. Depreciation on property and equipment is calculated on the straight-line method over the estimated, useful lives of the assets. Upon sale or retirement of property and equipment, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is credited or charged to operations.

Determination of Required Capital

After the close of each fiscal year or at such other times that it deems appropriate, the Board reports whether capital or a deficit exists based on the annual audited year-end financial statements. Capital is needed to maintain sufficient assets to provide for variations between expected and actual investment returns, variations between expected and actual claims experience, and other unexpected financial developments. In determining whether to declare a surplus distribution or an assessment, the Board evaluates the capital or deficit relative to the Required Capital Band and Deficit Band as defined in the Plan.

Surplus distributions or assessments may be declared by the Board and distributed to or collected from members or policyholders pursuant to the provisions of The Enabling Act and applicable provisions of the Plan.

Losses and Loss Expenses
In 2019 and 2018, the liability for losses and loss expenses represented the present value, discounted using a 6.5 percent annual rate (the Association's expected long-term return on investments), of the estimated liability for losses and loss expenses of the Association as determined by actuarial projections using historical pricing simulations and the payment and case reserve experience of the Association.

The selection of the discount rate is based on a long-term investment horizon, corresponding to the nature of the Association's losses and loss expenses liabilities.

Premium
Estimated premiums are billed on an annual basis for the current fiscal year. These premiums are for current fiscal year reinsurance coverage. Revenue is earned ratably over the policy term. Annual adjustments, where exposure is trued up from estimated to actual, and audits are performed after the end of the policy term. Both activities can lead to earned premium adjustments, which are recognized in the financials in the period they are determined.

Adoption of New Accounting Standards

Nonpublic Employee Benefit Plans
Effective January 1, 2018, the Association adopted Accounting Standards Update No. 2013-09, Disclosures about Nonpublic Employee Benefit Plans, which requires expanded footnote disclosures about the quantitative information about the significant unobservable inputs used in Level 3 fair value measurements for investments held by a nonpublic employee benefit plan in its plan sponsor's own nonpublic entity equity securities, including equity securities of its plan sponsor's nonpublic affiliated entities. The footnote disclosures have also been expanded to include information about claim frequency data, including a description of how the claims frequency data is measured. For further information see Note 7.

Financial Instruments
Effective January 1, 2019, the Association adopted Accounting Standards Update No. 2016-01, Financial Instruments – Recognition and Measurement of Financial Assets and Financial Liabilities, which is related to the recognition and measurement of financial assets and financial liabilities. This new guidance primarily affects the accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. These are required to be measured at fair value with changes in fair value recognized in net income. Equity securities are no longer eligible for trading or available-for-sale classification. The Association recorded a cumulative-effect adjustment to the Association's Balance Sheets, Statements of Operations, Comprehensive Income and Accumulated Capital, and Statements of Cash Flows as of the beginning of the 2018 fiscal year. For more information see Note 9.

Effective January 1, 2019, the Association adopted Accounting Standard Update No. 2018-03, Technical Corrections and Improvements to Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities, the FASB issued technical corrections and improvements intended to clarify certain aspects of the guidance on recognizing and measuring financial assets and liabilities in ASU 2016-01. The adoption of this standard did not have an impact on the Association's financial statement disclosures.

Premium Amortization on Purchased Callable Debt Securities
Effective January 1, 2019, the Association adopted Accounting Standards Update No. 2017-08, Premium Amortization on Purchased Callable Debt Securities, that requires certain premiums on callable debt securities to be amortized to the earliest call date. The amortization period for callable debt securities purchased at a discount will not be impacted. Securities in scope are limited to those with explicit, noncontingent call features, callable at fixed prices on preset dates. This standard had no impact on the Association's financials statement disclosures as the Association does not currently own Purchased Callable Debt Securities.

Restricted Cash
Effective January 1, 2019, the Association adopted Accounting Standards Update No. 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash, a consensus of the FASB's Emerging Issues Task Force (the "Task Force"). The new standard requires that the statement of cash flows explains the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Entities are required to reconcile such total to amounts on the balance sheet and disclose the nature of the restrictions. As of December 31, 2019, the Association does not have restricted cash on its balance sheet.

Revenue from Contracts with Customers
Effective January 1, 2019, the Association adopted Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers, to modify the guidance for revenue recognition from contracts with customers. The scope of the new guidance excludes insurance contracts but is applicable to certain fee arrangements, such as investment management fees, fees charged to customers, and other fees for services. The adoption of this standard does not have a material impact on the Association's financial statement disclosures.

Future Accounting Pronouncements

In February 2017, the FASB issued ASU 2017-06 to clarify the presentation and disclosure requirements for an employee benefit plan's interest in a master trust. A master trust is a trust for which a regulated financial institution serves as a trustee or custodian and in which assets of more than one employee benefit plan (EBP) sponsored by a single employer or by a group of employers under common control are held. ASU 2017-06 applies to EBPs within the scope of Topics 960, 962, or 965. The amendments require a plan to present its interest in the master trust and the change in its interest in that master trust as single line items in the statement of net assets available for benefits and the statement of changes in net assets available for benefits, respectively. This standard will not impact the Association. The new standard is effective for fiscal years beginning after December 15, 2019.

In August 2018, the FASB issued ASU 2018-15, customer's accounting for implementation costs incurred in a cloud computing arrangement ("CCA") that is a service contract. This update amends the current guidance that exists for CCAs by providing explicit accounting for implementation costs of a hosting arrangement that is a service contract. The amendments effectively align the accounting for implementation costs for hosting arrangements, regardless of whether they convey a license to the hosted software. Thus, a hosting arrangement that is a service contract will follow the guidance in ASC 350-40, Intangibles – Goodwill and other, Internal-use software, to determine which implementation costs to capitalize or expense. The new standard is effective for fiscal years beginning after December 15, 2020. Early adoption is permitted.

Subsequent Events

The Association has evaluated events that have occurred subsequent to December 31, 2019, through March 5, 2020, the date the financial statements were available to be issued. The Association has not identified any events that require adjustment or disclosure in these financial statements.

3. Investments at Fair Value

The following is a summary of Association's investments, at fair value:

(in thousands of dollars)	2019	2018
Trading account assets, at fair value	$ 2,740,930	$ 2,272,032
Alternative investments, at net asset value	313,364	234,596
Total investments, at fair value	$ 3,054,294	$ 2,506,628

The following table sets forth the composition of the Association's trading account assets, as of the dates indicated:

(in thousands of dollars)	2019		2018	
	Cost/ Amortized Cost	Fair Value	Cost/ Amortized Cost	Fair Value
Equity securities	$ 929,454	$ 1,830,077	$ 876,760	$ 1,439,766
Debt securities	884,843	910,853	842,766	832,266
Total trading account assets	$ 1,814,297	$ 2,740,930	$ 1,719,526	$ 2,272,032

The amortized cost and estimated fair value of trading account assets at December 31, 2019, by contractual maturity, are shown below:

(in thousands of dollars)	Amortized Cost	Estimated Fair Value
Due in one year or less	$ 56,057	$ 57,274
Due after one year through five years	274,934	280,794
Due after five years through ten years	164,893	172,278
Due after ten years	97,100	102,831
	592,984	613,177
Equity securities	929,454	1,830,077
Residential mortgage backed securities	217,961	221,749
Commercial mortgage backed securities	47,614	49,177
Asset backed securities	26,284	26,750
Total trading account assets, at fair value	$ 1,814,297	$ 2,740,930

Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. Residential mortgage-backed securities, commercial mortgage-backed securities, and asset-backed securities are not due at a single maturity date. As such, these securities, as well as equity securities, were not included in the maturity distribution.

A summary of debt securities by rating was as follows:

(in thousands of dollars)	December 31, 2019		
Ratings	**Amortized Cost**	**Estimated Fair Value**	**Percent of Total Fair Value**
AAA	$ 616,940	$ 629,118	68%
AA	23,510	25,392	3%
A	83,207	87,009	10%
BBB	138,206	144,658	16%
Below investment grade	22,980	24,676	3%
Total debt securities	$ 884,843	$ 910,853	100%

(in thousands of dollars)	December 31, 2018		
Ratings	**Amortized Cost**	**Estimated Fair Value**	**Percent of Total Fair Value**
AAA	$ 520,726	$ 513,740	62%
AA	27,214	27,601	3%
A	83,664	82,646	10%
BBB	175,881	172,045	21%
Below investment grade	35,281	36,234	4%
Total debt securities	$ 842,766	$ 832,266	100%

Gross realized gains of $159.6 million and $140.9 million, and gross realized losses of $78.4 million and $82.8 million, were realized on sales of investments during 2019 and 2018, respectively. Net investment income and net realized investment gains (losses) during the years ended December 31, 2019 and 2018, are summarized below.

	Net Investment Income		**Net Realized Gains (Losses)**	
(in thousands of dollars)	**2019**	**2018**	**2019**	**2018**
Cash and cash equivalents	$ 1,831	$ 1,853	$ 279	$ (102)
Equity securities	27,533	29,891	52,362	63,368
Debt securities	22,388	23,693	9,307	(7,245)
Alternative investments	3,157	3,740	8,815	6,873
Derivatives	-	-	10,399	(4,825)
	54,909	59,177	$ 81,162	$ 58,069
Investment expenses	(7,171)	(6,751)		
	$ 47,738	$ 52,426		

Other comprehensive income in 2019 and 2018 is comprised of the change in unrealized gains on alternative investments arising during the year and the change in the funded status of the defined benefit pension plan as follows:

(in thousands of dollars)	**2019**	**2018**
Change in net unrealized gains on alternative investments	$ 4,263	$ 14,412
Change in pension benefit obligation	(711)	587
Total other comprehensive income (loss)	$ 3,552	$ 14,999
Accumulated other comprehensive income consists of		
Net unrealized gains on alternative investments	$ 38,730	$ 34,468
Pension benefit obligation	(2,400)	(1,690)
Total accumulated other comprehensive income	$ 36,330	$ 32,778

4. Fair Value Measurements

ASC 820 defines fair value as the exit price that would be received for an asset in the principal or most advantageous market for the asset. See Note 2 for the three levels of inputs that may be used in measuring fair value. The Association does not have any assets or liabilities measured at fair value on a nonrecurring basis at December 31, 2019 or 2018.

Trading account assets measured at fair value on a recurring basis are summarized below:

	2019			
(in thousands of dollars)	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	$ 52,471	$ 7,137	$ -	$ 59,608
Equity securities	1,466,180	363,897	-	1,830,077
Corporate debt securities	-	233,293	-	233,293
U.S. government and agencies obligations	-	349,324	-	349,324
Residential mortgage backed securities	-	221,749	-	221,749
Commercial mortgage backed securities	-	49,177	-	49,177
Asset backed securities	-	26,750	-	26,750
Foreign government bonds and obligations	-	12,731	-	12,731
State and municipal obligations	-	17,829	-	17,829
Total trading account assets, at fair value	$ 1,466,180	$ 1,274,750	$ -	$ 2,740,930

(in thousands of dollars)	2018 Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 55,470	$ 56,702	$ -	$ 112,172
Equity securities	1,144,504	295,262	-	1,439,766
Corporate debt securities	-	268,751	-	268,751
U.S. government and agencies obligations	-	247,542	-	247,542
Residential mortgage backed securities	-	227,380	-	227,380
Commercial mortgage backed securities	-	35,093	-	35,093
Asset backed securities	-	29,840	-	29,840
Foreign government bonds and obligations	-	14,361	-	14,361
State and municipal obligations	-	9,299	-	9,299
Total trading account assets, at fair value	$ 1,144,504	$ 1,127,528	$ -	$ 2,272,032

The association did not have any Level 3 assets to report as of December 31, 2019 or 2018.

5. Alternative Investments at Net Asset Value

The following table includes information related to our investments in certain other invested assets, including private equity and private debt funds that calculate net asset value per share. For these investments, which are measured at fair value on a recurring basis, we use the NAV per share as an expedient to measure fair value. These investments are in closed-ended funds investing primarily in illiquid assets. Investors do not have the right to redeem their investment at any time prior to liquidation of the fund. Private funds are generally expected to have 10-year lives at their inception, but these lives may be extended at the fund manager's discretion, typically in one- or two-year increments. At December 31, 2019, assuming average original expected lives of 10 years for the funds, seventy-seven percent of the total fair value using NAV per share (or its equivalent) presented below would have expected remaining lives between seven and 10 years.

	Net Asset Value		Unfunded Commitments	
(in thousands of dollars)	2019	2018	2019	2018
Private Debt Partnerships (a)	$ 98,935	$ 83,941	$ 84,052	$ 75,098
Energy/Resource Partnerships (b)	48,669	50,399	80,141	35,399
Private Equity Partnerships (c)	108,992	55,167	158,599	151,246
Secondary Private Equity Partnerships (d)	56,768	45,089	94,889	114,075
Total alternative investments	$ 313,364	$ 234,596	$ 417,681	$ 375,818

(a) This class targets the ownership of higher yielding corporate, physical (excluding real estate), or financial assets held within a private "lock-up" fund partnership structure. Credit exposure can be either corporate (repayment comes from cash flows generated by an operating company) or asset (repayment comes from cash flows generated by a physical or esoteric asset). The landscape of private credit includes business development companies (BDCs), mezzanine funds, distressed funds, special situations funds, direct lending funds, and various other strategies like structured credit vehicles or multi-credit strategy funds.

(b) This class includes private equity funds invested predominantly in the purchase and operation of proven, producing oil and gas reserves in North America and is illiquid in nature. Energy/resource partnerships opportunistically pursue both the purchase of existing assets, contracts, and businesses and the development and construction of new ones.

(c) This class more broadly involves making investments through limited partnership structures and is illiquid in nature. Investments are typically made in unlisted companies (companies not traded on public exchanges) or in some cases listed companies are purchased and taken private. Private equity encompasses a broad array of buyout and growth equity strategies and securities. Investments may be in any sector of the economy or geography in the United States and globally, though funds will typically specialize in specific industries and regions.

(d) This class buys and sells pre-existing investor investments in private equity, resource, real estate, and other alternative investment funds and is illiquid in nature. The market provides liquidity to investors, allowing them to sell positions in alternative investment funds. Sellers of alternative investment funds sell not only the investments in the fund but also their remaining unfunded commitments to the funds.

The Association has invested in alternative types of investments, including private equity, private oil and gas, and private debt-oriented partnerships. As of December 31, 2019, the Association has made 27 partnership commitments totaling $725 million. As of December 31,2019, the net asset value of these alternative investments totaled $313 million, $39 million of unrealized appreciation, and $307 million in funded commitments. As of December 31, 2018, the Association had made 22 partnership commitments totaling $583 million. The net asset value of these alternative investments totaled $235 million, $28 million of unrealized appreciation, and $207 million in funded commitments. Alternatives are recorded at their most-recently available net asset valuation and adjusted for capital contributions and distributions.

6. Liabilities for Losses and Loss Expenses

The liability for losses and loss expenses at December 31, 2019 and 2018, is summarized as follows:

(in thousands of dollars)	2019	2018
Undiscounted	$ 4,813,508	$ 5,199,208
Discount	(3,229,552)	(3,588,940)
Total losses and loss expenses liabilities	$ 1,583,956	$ 1,610,268

Reserves are reviewed periodically and updated based on current claims experience, trends, and economic outlook.

	2019	2018
Discount rate at year end	6.5%	6.5%

Activity in the liability for losses and loss expenses is summarized as follows:

(in thousands of dollars)	**2019**	**2018**
Balance at January 1		
Undiscounted	$ 5,199,208	$ 6,260,307
Incurred related to		
Current year	200,724	275,115
Prior years	(507,838)	(1,257,679)
Total incurred	(307,114)	(982,564)
Paid related to		
Current year	1,345	41
Prior years	77,241	78,493
Total paid	78,586	78,534
Balance at December 31		
Undiscounted	4,813,508	5,199,208
Discount	(3,229,552)	(3,588,940)
Total losses and loss expenses liabilities	$ 1,583,956	$ 1,610,268

The following table compares the present value of the Association's reserve changes during 2019 with those of 2018.

(in thousands of dollars)	**2019**	**2018**
Reserves as of prior year end	$ 1,610,268	$ 1,634,558
Prior accident year impact of actuarial adjustments	(100,000)	(100,000)
Payments on prior accident years	(77,241)	(78,493)
Present value update	102,157	103,695
Reserves for current accident year	48,772	50,508
Total calendar year reserve changes	(26,312)	(24,290)
Total reserves as of year end	$ 1,583,956	$ 1,610,268

In 2019 and 2018, the reduction in prior accident year loss reserves from actuarial adjustments was due to favorable development on case incurred losses, which resulted in lower projected ultimate losses.

The first table, on the following page, reflects for each of the previous 10 accident years and on a combined basis for years prior to 2010 the, (1) cumulative total undiscounted incurred losses as of each of the previous 10 year-end evaluations, (2) total IBNR plus expected development on reported claims as of December 31, 2019, and (3) the cumulative number of reported claims as of December 31, 2019.

The second table (middle section) presents cumulative paid losses for each of the previous 10 accident years and on a combined basis for years prior to 2010, as of each of the previous 10 year-end evaluations. Also included in this table is a calculation of the liability for losses which is then included in the reconciliation to the consolidated balance sheet presented above. The liability as of December 31, 2019, is calculated as the cumulative incurred losses less the cumulative paid losses from the second table, plus any claim expense liabilities and adjustments for the effect of discount.

The third table (bottom section) is supplementary information about the average historical claims' duration as of December 31, 2019. It shows the weighted average annual percentage payout of incurred losses by accident year as of each age. For example, the first column is calculated as the incremental paid losses in the first calendar year for each given accident year (e.g. calendar year 2010 for accident year 2010, calendar year 2011 for accident year 2011) divided by the cumulative incurred losses as of December 31, 2019, for that accident year. The resulting ratios are weighted together using cumulative incurred losses as of December 31, 2019.

Cumulative Incurred Loss (1)
For the Years Ended December 31

($'s in thousands)

Accident Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	As of December 31, 2019: Total * IBNR	As of December 31, 2019: ** Cumulative number of reported claims
Prior	8,969,539	8,286,918	8,339,238	7,053,985	6,683,190	6,168,268	5,871,502	5,474,333	4,733,788	4,469,665	837,699	7,036
2010	465,696	487,086	478,853	345,898	326,066	249,465	221,799	183,790	141,399	123,757	68,926	54
2011		442,405	541,479	383,388	381,789	282,214	258,438	212,464	154,910	127,407	67,174	66
2012			462,371	430,510	429,126	313,773	264,355	233,130	159,382	124,984	86,863	52
2013				370,507	469,805	329,539	304,763	278,287	223,162	210,338	73,445	45
2014					436,470	370,975	336,738	260,384	189,729	163,071	112,241	49
2015						421,292	374,296	272,451	201,802	193,157	92,446	73
2016							418,653	310,317	236,427	215,842	122,360	75
2017								367,590	300,313	263,928	161,008	82
2018									270,111	214,506	149,466	80
2019										195,981	101,496	44
									Total	6,302,636	1,873,123	7,656

* Incurred But Not Reported ("IBNR")
** Reported claims exclude closed without payment
(1) Years 2010-2018 are unaudited

Cumulative Paid Loss (1)
For the Years Ended December 31

($'s in thousands)

Accident Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Prior	896,240	972,161	1,046,551	1,118,661	1,189,559	1,258,951	1,332,314	1,401,103	1,470,244	1,535,882
2010	0	134	511	1,167	1,980	2,873	4,506	5,267	6,347	7,335
2011		27	116	1,258	2,315	3,254	5,122	5,929	6,662	7,411
2012			0	522	1,591	2,550	3,191	4,095	4,474	4,727
2013				1,143	1,895	3,906	5,356	6,668	8,376	9,317
2014					40	228	730	1,946	2,737	3,814
2015						0	35	1,070	1,360	1,716
2016							0	1,322	1,378	3,070
2017								0	2,448	5,090
2018									0	977
2019										1,304
									Total	1,580,643

Liabilities	
Undiscounted Claim Reserve	4,721,993
Undiscounted Claim Adjustment Expense Reserve	91,515
Discount	(3,229,552)
Discounted Claim and Claim Adjustment Expense Reserve	1,583,956

(1) Years 2010-2018 are unaudited

Average Annual Percentage Payout of Incurred Claims by Age

Years	1	2	3	4	5	6	7	8	9	10
	0.1%	0.4%	0.6%	0.6%	0.5%	0.8%	0.6%	0.4%	0.7%	0.8%

7. Employee Benefit Plans

Defined Benefit Pension Plan

The Association has a noncontributory defined benefit pension plan that covers employees who meet eligibility and entry-date requirements. The Association uses a December 31 measurement date. As of December 31, 2019, the plan's investment mix was 60 percent equities and 40 percent debt securities. The determination of the long-term rate of return on plan assets was based on historical rates of return and future estimated returns for the individual assets classes. Based on the target allocation, the overall expected long-term rate of return for the plan is 6.0 percent.

Benefits paid in 2019 and 2018 were $191,572 and $825,143, respectively. Based on retirement eligibility, the estimated benefit payments for 2020 through 2024 are $336,543, $158,587, $179,870, $305,183, and $193,192, respectively, and the aggregate total for the following five years is $2,692,319.

(in thousands of dollars)	**2019**	**2018**
Benefit obligation, end of year	$ 9,510	$ 7,385
Plan assets at fair value, end of year	6,891	5,487
Funded status (recognized as a component of other liabilities and accumulated comprehensive income)	$ (2,619)	$ (1,898)

(in thousands of dollars)	**2019**	**2018**
Employer contributions	$ 434	$ 393
Discount rate	3.18%	4.19%
Expected return on plan assets	6.00%	6.25%
Rate of compensation increase	4.00%	4.00%

The fair value of the plan's assets was determined in accordance with ASC 820, using the three levels of inputs described in Note 2.

The fair value of plan assets of $6.8 million and $5.5 million as of December 31, 2019 and December 31, 2018 were determined using Level 1 inputs consisting of quoted prices for identical securities in active markets. All plan investments are exchange-traded funds.

For 2019 and 2018, the plan sponsor did not hold any securities where the fair value has been determined using Level 3 inputs. In addition, the plan assets did not include any assets of the plan sponsor's nonpublic entity equity securities or of its' affiliates.

Defined Contribution Plan

The Association sponsors a defined contribution plan, which covers employees who meet the plan's eligibility requirements and have completed the service requirements, under Section 401(k) of the Internal Revenue Code. Participants can contribute a certain percentage of their compensation (subject to annual contribution limits) to the plan. In 2019 and 2018, the Association matched a maximum 4.0 percent of participant eligible compensation. The Association's matching contribution to the plan was $0.1 million in both 2019 and 2018.

8. Income Tax Status

In 1996, the Association was granted an exemption from federal income taxes under Section 501(c)(27)(a) of the Internal Revenue Code. The Association received a tax-exempt determination letter from the Internal Revenue Service dated February 7, 1997. Therefore, no provision for income taxes is included in the Association's financial statements.

9. Adoption of New FASB Standard and Change in Accounting Principle

On January 1, 2019, the WCRA adopted the provisions of ASU 2016-1 which requires an entity to measure investments in equity securities at fair value with changes in fair value recognized through net income. The Association also elected to recognize changes in the fair value of investments in debt securities through net income so that all investments in trading account assets are accounted for consistently. Comparative financial statements of the prior year have been adjusted to apply the new method retrospectively. The following financial statement line items for fiscal year 2018 were affected by the change in accounting principle.

	As previously reported 12/31/2018	Effect of Change 1/1/2018	Effect of Change Year ended 12/31/2018	As retrospectively adjusted 12/31/2018
Accumulated capital				
Accumulated retained earnings from operations	319,204	771,036	(218,693)	871,547
Accumulated other comprehensive income	585,121	(771,036)	218,693	32,778
Accumulated capital	904,325	-	-	904,325

	As previously reported Year ended 12/31/2018	Effect of Change Year ended 12/31/2018	As retrospectively adjusted Year ended 12/31/2018
Revenue			
Change in net unrealized gains (losses) on marketable security valuations	-	(252,412)	(252,412)
Other-than-temporary impairment losses	(33,719)	33,719	-
Net income (loss)	72,640	(218,693)	(146,053)
Other comprehensive income (loss)			
Change in net unrealized gains (losses) on investments other than marketable securities, foreign currency translation adjustment, and change in pension benefit obligation	(203,694)	218,693	14,999
Comprehensive income (loss)	(131,054)	-	(131,054)

The WCRA provides reinsurance protection for Minnesota's workers' compensation insurers and self-insurers. Minnesota is a beautiful state and we annually select pictures from one area of the state to highlight. This year's city is Bemidji.

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