



**Fund Year 2020**  
**Annual Report to Members**  
**June 10, 2021**

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**EXECUTIVE SUMMARIES – FUND YEAR 2020 IN REVIEW**



June 10, 2021

Dear SILBA Members,

The challenges our industry has faced over the past year have been like no other. Our businesses have continued to operate during this pandemic while juggling mandated protocols, increased consumer demands, decreased product supplies, reduced workforce, and all while trying to maintain a safe and healthy work environment. I commend you all for the efforts you have made during this difficult time.

Along with these individual challenges, members have continued to work with the group volunteering their time as board members, committee members, and working alongside our third-party administrator, Future Comp, to help achieve the goals we set as a group. The Claim and Loss Control Committee continue to work on providing training support and documentation to members. The group's Loss Control Consultant, Deb Williams, worked with members to produce a training video on Lifting Ergonomics specific to our industry which was very well done and a huge success. If you have not seen the training video, I recommend you visit our website and view it at your earliest convenience. Deb and the Committee hope to produce more training videos of this nature in the future. Moving forward in 2021, members will see changes to the website, a new member safety checklist, and updated and improved forms for use by all members.

The group had a good year in 2020 ending it with an exceptional 35% loss ratio for the overall group. Both the number of claims and the overall costs were down resulting in a profitable year. With 53 members and written premiums totaling \$4.3 million, the group remained consistent with prior years. Overall assets are \$6.1 million and the group's member dividends payable is \$1.2 million as of December 31, 2020.

In 2019, the group was informed that the banking institution would no longer be able to handle our investments. The investment committee interviewed several investment firms and in 2020 selected Opus Investments to take over management of the group's investments. The detailed reports they provide, and economic insight has been valuable. They are also providing the group's required statutory investment forms for the Division of Insurance as well.

Some of the goals for 2021 are a change in the financial reporting format, a formalized budget, and more clear communication with our members. As part of the transition, we are going back to holding our annual meetings in June so members can be presented with finalized audited details of the previous fund year. The attached Annual Report will be something members can expect each year which will provide them with details of how the group performed in the previous fund year. Members will hear from Future Comp, our TPA; BDO, our CPA; Willis Towers, our Actuary; Opus Investments, our Investment Firm; all providing their perspective of the group's performance.

Thank you all for your participation in SILBA and for making it another successful fund year!

Sincerely,

*Debra D. Torres*

Debra D. Torres  
President  
Board of Trustees



711 East Main Street, Suite 201  
Chicopee, MA 01020  
Toll Free: 855.874.0123  
Fax: 413.739.9330

June 10, 2021

Dear SILBA Members:

The past year has been unlike any other in many ways. Despite all the turmoil, there were some areas of consistency and SILBA proved to be one of them for our membership. If nothing else, SILBA remained a reliable and consistent partner for your workers' compensation insurance and continued to be there when Members needed us throughout 2020.

As we enter our fourth year as the Group Administrator, we continue to use our experience to improve services and program elements of an already well-run organization. Our experience partnering with 9 other self-insurance groups throughout New England has helped identify areas to improve upon, add resources, or fine tune. We believe that the foundation is set for a strong future as we collectively move forward.

We are pleased to present SILBA Members with the Group's 2020 Fund Year Annual Report. The report, and Annual Meeting, offer an opportunity each year to pause, take stock, and recognize the incredibly positive success story SILBA is! Thanks to the diligence and active participation of Members, oversight by a Member comprised volunteer Board of Trustees, and numerous committee members who give selflessly of their time to benefit the Group as a whole, SILBA has become a very successful self-insurance group in Massachusetts. As the Group's Administrator, FutureComp is appreciative of the cooperation we receive each day in executing our duties on your behalf so that SILBA can meet its regulatory obligations efficiently and professionally.

The Fund Year 2020 Annual Report contains content from FutureComp as well as the Group's independent actuary, independent accountant, and asset manager. Independently, they each confirm the positive results that SILBA has experienced. The collaboration among Members, Trustees, Administrative Team, and Consultants has enabled SILBA to continue to meet Members' workers' compensation needs and expectations. We remain highly optimistic that this positive track record will continue. We want to publicly thank the Group's key business partners, and especially the Board of Trustees, for the collaboration and professionalism brought to this effort each day. This success is not possible without the outstanding work of many people.

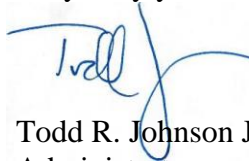
In Fund Year 2020, unlike other industries, Members continued to work during the pandemic while adapting to mandated protocols, increased customer sales, and a decreased workforce. Our team did not miss a beat in maintaining daily operations throughout and finding new ways to meet the changing demands forced upon us all. We are impressed that Members adapted to new work conditions, dealt with variations in claims trends, and through it all continued to maintain a healthy and safe work environment.

From a financial perspective, as of December 31, 2020, the Group's 2020 revenue was \$4.4 million, claim expenses (net) were \$3.3 million and operating expenses were \$1 million. The Group's year end surplus from the 2020 Fund Year to be returned as future dividends to Members was \$126,367. These results demonstrate that Member commitment and strong administration outperforms the commercial market in results. We believe that we can continue to improve upon these results in the future, so SILBA Members realize an even greater reduction in total cost of workers' compensation premium.

In addition to thanking the Members for their cooperation, the board for its leadership, and our other key business partners, we want to recognize the hard work of our dedicated FutureComp team, who comprise the backbone of the day-to-day execution of all things SILBA. Their collective efforts represent the best of our profession and we are grateful to each of our colleagues who serve you as Members of SILBA.

As you review the Fund Year 2020 Annual Report, we encourage you to engage any of your FutureComp Administrative Team for follow up discussion or questions. We welcome your questions, comments, and thoughts on how we can continue to collaborate with you to improve what we do for you, and your fellow SILBA Members.

Very truly yours,



Todd R. Johnson JD, AIC, ARM, ARM-P  
Administrator



Katherine I. Camire  
Administrator

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**MINUTES**

**FEBRUARY 6, 2020**





**Annual Meeting**  
**Thursday, February 6, 2020**  
**Hynes Convention Center, Room 204**

The meeting began at 1:33p.m.

- Board Members Present:** Linda Lyons, Wayne Moriarty, Tom McManus, Jason Thacker, Jay Torrisi, Debra Torres, John Hoell, Dave Perry, and John Mahoney
- Board Members Absent:** None
- Members Present:** See sign in sheet
- Other Attendees:** Anne Cunic, NRLA; Jennifer Monkiewicz, Maria Sullivan, Cheryl McCarthy, Deb Williams, Gary Moran, Kathy Camire and Kathy St. Laurent of FutureComp.
- Welcome/Introductions:** Deb Torres, SILBA SIG President, welcomed all attendees to the meeting. Deb provided an overview of what has transpired with the group and thanked Linda Lyons for serving as the Board President for the past five years.
- Approval of Minutes:** Referring to the Annual Meeting Minutes from February 7, 2019, Deb asked for a motion to approve the minutes as presented.
- A motion was made by Jason Thacker to approve the minutes as presented. The motion was seconded by Jay Torrisi and approved unanimously by the membership.**
- 2020 Board of Trustees** Deb introduced all the board members and indicated which terms were up for renewal: Wayne Moriarty, Jay Torrisi, and John Mahoney.
- A motion was made a member to approve the three board members up for renewal. The motion was seconded by Adam Robbins and approved by all those present.**

**2020 Meeting Schedule**

Deb reviewed the 2020 meeting schedule for the group and encouraged all attendees to get involved with the board or the committees. She also indicated that starting in 2020, calendar invites will be sent out for all workshops and CLCC meetings as well.

At this time, Deb asked the attendees for their preferences as far as when is a good time for an annual meeting and asked for suggestions on workshops as well.

**Service Team:**

Jennifer Monkiewicz introduced all the FutureComp members of the service team noting their different responsibilities.

Jennifer also went through the benefits of being a member of the SILBA group as a refresher for any attendees who may not be aware.

**Membership Listing:**

Jennifer noted that a full listing of all 2019 members was provided in the packets.

**2019 Claims Overview**

Kathy Camire presented the claims overview for the 2019 Fund Year noting that the incurred costs for the 2019 Fund Year were significantly lower than the previous years of performance. Additionally, that the number of claims that remained open for the Group was decreasing now that many of the older claims had been settled.

**2019 Underwriting**

Kathy also presented the underwriting statistics for the group. 55 members with 177,163,776 in payroll and \$4.3M in premium. Average exp mod was .99 and the loss ratio for the group was 36.6%.

**2019 Loss Control Overview**

Deb Williams of FutureComp and John Howell, Safety Committee Co-Chairperson presented the 2019 frequency trends noting that most of the accidents were due to slips, Trips, and falls. These areas have proven to be the most common type and the costliest to the SILBA Group.

Deb reviewed the scheduled set for 2020 for the CLCC meetings and workshops. She asked for feedback on when a good time of the year was to hold OSHA 10 training. It was determined by the attendees that early Spring would be best for the membership.

John Howell reviewed the new large loss review that is being implemented for the 2020 year. Four of the largest losses in a quarter will be reviewed at the CLCC meeting. The member will be invited to attend, and an in-depth analysis will be done to see how the claim may have been avoided and to share any insights with the rest of the membership. This will now be a

requirement of all members going forward. This process was discussed with all attendees.

**2019 Group Performance**

Jennifer Monkiewicz presented overall group performance for the 2019 Year. Total incurred costs are down, claims are being closed out quickly, marketing the group as well as a very good loss performance year for the membership.

A review of all members with a loss ratio under 20% was given as well as all members with Zero losses in 2019.

**Speaker Introduction:**

Jennifer Introduced Thomas “Satch” Sanders from the Boston Celtics as the Guest Speaker. Satch played for the Boston Celtics for 13 years and following his career he held the position of head coach for Harvard University. He spoke on the importance of teamwork and lesson learned throughout his career.

**Dividends:**

Jennifer Monkiewicz announced that the dividends that would be distributed today was \$643,412. 53 out 55 members would be receiving a check.

**Adjournment:**

***There being no other business, a motion was made by Jason Thacker to adjourn the meeting. The motion was seconded by members in attendance and the meeting was adjourned at 3:26 pm.***

Respectfully Submitted,  
Kathy Camire  
Administrator

**SILBA - Self-Insured Lumber Businesses Association  
2/6/20 Annual Meeting Attendee Listing**

Company Name	Primary First	Primary Last
Atlantic Plywood Corporation	Wayne	Moriarty
Atlantic Plywood Corporation	Bruce	Chapin
Belletetes Inc.	Eddie	Olson
Brockway-Smith Company	Linda	Lyons
Building Center of Gloucester	Tim	Huff
Burnett & Moynihan Inc.	Carmen	Mattuchio
Cape Cod Lumber	Tom	McManus
Concord Lumber Corporation	David	Perry
Concord Lumber Corporation	Andy	Sharr
Dartmouth Building Supply	Christina	Delgado
Dartmouth Building Supply	Michelle	Duarte
Dartmouth Building Supply	Jason	Delgado
Dettinger Lumber Company, Inc.	Joanne	Spence
Dorchester Door and Window	Nancy	Flynn
Fairhaven Lumber	Tom	Vermilya
Fairview Millwork, Inc.	John	Mahoney
Friend Building Center of Burlington	Will	Craig
Friend Building Center of Burlington	Rich	Walczewski
Hingham Lumber Company, Inc.	Brenda	Primiano
Hingham Lumber Company, Inc.	Nancy	Roach
Howe Lumber	Adam	Robbins
Howe Lumber	Andy	Mattox
Howe Lumber	Jason	Thacker
Jackson Lumber & Millwork Co, Inc.	Jay	Torrisi
Keiver Willard Lumber Corp	Patti	Heintzelman
Kelly Fradet Lumber Company	Marilyn	Bourbeau
Moynihan Lumber	Michael	McNeil
North Atlantic Corporation	Debra	D. Torres
North Atlantic Corporation	Barbara	Laferriere
Northeastern Retail Lumber Association	Anne Cunic	Regional Director
Northeastern Retail Lumber Association	Dave Gluck	Regional Director
Ryan Building Products	Frank	Ryan
Shepley Wood Products	John	Hoell
Shepley Wood Products	John	Howell
Warren Trask	Dan	Maher
<b>Administrative Team</b>		
FutureComp	Kathy	Camire
FutureComp	Deb	Williams
FutureComp	Jennifer	Monkiewicz
FutureComp	Kathleen	St.Laurent
FutureComp	Maria	Sullivan
FutureComp	Cheryl	McCarthy
FutureComp	Gary	Moran

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**FUND YEAR 2020 MEMBERSHIP**

## SILBA - Self-Insured Lumber Business Association - 2020 Member List

Company Name	Address 1	City	State	Zip
Anderson & McQuaid Co., Inc.	170 Fawcett Street	Cambridge	MA	02138
Arlington Coal & Lumber Co.	41 Park Avenue	Arlington	MA	02174
Atlantic Plywood Corporation	8 Roessler Road	Woburn	MA	01801
Attleborough-Rehoboth Building	44 Park Street, Rte.118	Rehoboth	MA	02769
Belletetes, Inc.	245 Central Street	Winchendon	MA	01475
Biss Lumber Company, Inc.	523 Somerset Avenue	Taunton	MA	02730
Brockway-Smith Company	35 Upton Drive	Wilmington	MA	01887
Bucksworth Enterprises, Inc.	63 Myricks Street (Rte. 79)	Berkley	MA	02779-1813
Building Center, Inc of Gloucester	1 Harbor Loop	Gloucester	MA	01930-1080
Burnett & Moynihan, Inc.	43 Foster Street	Revere	MA	02151
Cape Cod Lumber	PO Box 2013	Abington	MA	02351
Chace Building Supply, Inc.	129 Washington Street	Foxboro	MA	02035
Chairtown Lumber Company	63 Coburn Avenue	Gardner	MA	01440
Chelmsford Lumber Company, Inc.	201 Boston Road	Chelmsford	MA	01824
Concord Lumber Corporation	PO BOX 1526	Littleton	MA	01460
Cooperative Reserve Supply Inc	1100 Iron Horse Park	Billerica	MA	01862
Dartmouth Building Supply Inc.	958 Reed Road	North Dartmouth	MA	02747
Denison-Cannon Company Inc.	P O Box 20	N. Billerica	MA	01862
Dettinger Lumber Co., Inc.	24 Warren Terrace	Pittsfield	MA	01201
Devon Lumber Co., Inc.	167 Devon Street	Dorchester	MA	02121
Doherty Lumber Co., Inc. dba DBS Lumber Company	78 Accord Park Drive	Norwell	MA	02061
Dorchester Door and Window	41 Hallet Street	Dorchester	MA	02124
E.C. Cottle, Inc.	256 Lambert's Cove Road	Vineyard Haven	MA	02568
F.D. Sterritt Lumber Co.	110 Arlington Street	Watertown	MA	02412
Fairhaven Lumber Company	120 Alden Road	Fairhaven	MA	02719
Fairview Millwork, Inc.	100 Pearl Street	Bridgewater	MA	02324
Falmouth Lumber, Inc.	670 Teaticket Hwy.	E. Falmouth	MA	02536
Friend Building Center of Burlington, Inc.	4 Adams Street	Burlington	MA	01803
Gerrystone, Inc.	225B Merrimac Street	Woburn	MA	01801
Gilbert & Cole Building Products, Inc.	42 Bessom Street	Marblehead	MA	01945
Hingham Lumber Company, Inc.	165 Chief Justice Cushing Hwy	Cohasset	MA	02025
Howe Lumber Company, Inc.	225 West Main Street	East Brookfield	MA	01515
Island Lumber Company, Inc.	1 Poplis Road	Nantucket	MA	02554
Jackson Lumber & Millwork Company, Inc.	P.O. Box 449	Lawrence	MA	01842
John Foster Lumber Co., Inc. dba Pine Product	829 Webster Street	Marshfield	MA	02050
Johnson Lumber Company	133 Main Street	Salisbury	MA	01952
Keiver Willard Lumber Corp	11-13 Graf Road	Newburyport	MA	01950
Kelly Fradet Lumber Co., Inc.	587 North Main Street	East Longmeadow	MA	01028
Koopman Lumber Co., Inc.	665 Church Street	Whitinsville	MA	01588
Moore Lumber & Hardware, Inc.	22 West Main Street	Ayer	MA	01432
Moynihan-North Reading Lumber/Moynihan Lumber of Beverly, Inc.	164 Chestnut Street	North Reading	MA	01864
Nickerson Lumber Company LLC	465 Route 134	South Dennis	MA	02660
North Atlantic Corporation DBA Horner Millwork	1255 Grand Army Highway	Somerset	MA	02726
Northeast Treaters, Inc.	201 Springfield Road	Belchertown	MA	01007
Plywood Supply and Lumber, Inc.	1380 Main Street	Waltham	MA	02451
Ryan Seamless Gutter Systems	190 University Avenue	Westwood	MA	02090-2307
Shepley Wood Products	216 Thornton Drive	Hyannis	MA	02601
Squier & Company, Inc. / Squire Lumber & Hardware	5 Squier Avenue	Monson	MA	01057-0275
St. Denis Products, Inc. dba Lumber Center	44 Broad Street	Westfield	MA	01085
Sudbury Lumber Co., Inc.	28 Union Avenue	Sudbury	MA	01776
Taylor Lumber & Hardware Co, Inc.	2075 Ocean Street	Marshfield	MA	02050
Warren Trask Company	63 B Bedford Street	Lakeville	MA	02347
Wilmington Builders Supply Co.	334 Main Street	Wilmington	MA	01887
Yankee Pine Corporation	288 Newburyport Turnpike	Rowley	MA	01969

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**FUND YEAR 2020 BOARD OF TRUSTEES  
COMMITTEE MEMBERS  
SPONSORING ORGANIZATION**

## FUND YEAR 2020

### BOARD OF TRUSTEES

#### **OFFICERS**

PRESIDENT:	DEBRA D. TORRES	NORTH ATLANTIC CORPORATION
TREASURER:	JAY TORRISI	JACKSON LUMBER & MILLWORK COMPANY
CLERK:	DAVID PERRY	CONCORD LUMBER CORPORATION

#### **TRUSTEES**

JOHN HOELL	SHEPLEY WOOD PRODUCTS
LINDA LYONS	BROCKWAY-SMITH COMPANY
JOHN MAHONEY	FAIRVIEW MILLWORK, INC.
TOM MCMANUS	CAPE COD LUMBER
WAYNE MORIARTY	ATLANTIC PLYWOOD
JASON THACKER	HOWE LUMBER

#### **EXECUTIVE COMMITTEE MEMBERS**

##### **AUDIT / FINANCE & INVESTMENT COMMITTEE**

JAY TORRISI, CHAIR	JACKSON LUMBER & MILLWORK COMPANY
JOHN MAHONEY	FAIRVIEW MILLWORK INC.
WAYNE MORIARTY	ATLANTIC PLYWOOD CORPORATION

##### **NOMINATION COMMITTEE**

DAVID PERRY	CONCORD LUMBER CORPORATION
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##### **UNDERWRITING COMMITTEE**

DEBRA D TORRES	NORTH ATLANTIC CORPORATION
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#### **SPONSORING ASSOCIATION**

NORTHEASTERN RETAIL LUMBER ASSOCIATION  
ASSOCIATION REPRESENTATIVE – DAVID GLUCK, REGIONAL DIRECTOR



## FUND YEAR 2020

### CLAIMS & LOSS CONTROL COMMITTEE MEMBERS

BRUCE CHAPIN	ATLANTIC PLYWOOD CORPORATION
LINDA LYONS**{B}	BROCKWAY-SMITH COMPANY
JACOB TRACY	BROCKWAY-SMITH COMPANY
KIM SULDA	BROCKWAY-SMITH COMPANY
DAN CHRISTOPHER	BROCKWAY-SMITH COMPANY
RYAN WOUNDY	BUILDING CENTER OF GLOUCESTER
FRANK ATKINSON	CAPE COD LUMBER
LEAH SMITH	CONCORD LUMBER CORPORATION
ANDY SHARR	CONCORD LUMBER CORPORATION
TIFFANY WESSLING	DB & S LUMBER COMPANY
NANCY ROACH	HINGHAM LUMBER
JASON THACKER**{B}	HOWE LUMBER
<b>ADAM ROBBINS, SAFETY CO-CHAIR</b>	HOWE LUMBER
TOM SLATER	KEIVER-WILLARD LUMBER COMPANY
SHEILA TODD	KOOPMAN LUMBER COMPANY
MICHAEL MCNEIL	MOYNIHAN LUMBER COMPANY
MIKE RYGIEL	MOYNIHAN LUMBER COMPANY
DEBRA D TORRES**{B}	NORTH ATLANTIC CORPORATION
BARBARA LAFERRIERE	NORTH ATLANTIC CORPORATION
<b>JOHN HOWELL, SAFETY CHAIR</b>	SHEPLEY WOOD PRODUCTS

*\*\*Also a Board of Trustee Member*

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**REPORT OF CERTIFIED PUBLIC ACCOUNTANT**



Tel: 617-422-0700  
Fax: 617-422-0909  
www.bdo.com

One International Place  
Boston, MA 02110

June 8, 2021

To the Trustees of Self-Insured Lumber Businesses Association, Inc.:

We have completed our audit of the Self-Insured Lumber Businesses Association, Inc. as of December 31, 2020 and for the year then ended. We have issued an unqualified opinion on the 2020 statutory basis financial statements. The audited financial statements have been delivered under a separate cover.

Attached is the required wrap-up communications as well as a summary of selected financial statement information related to Self-Insured Lumber Businesses Association, Inc. and the disclosures we are required to share with the board of trustees relate to the 2020 audit.

Respectfully,

Justin Amico, Audit Partner, BDO USA, LLP

Patrick O'Halloran, Senior Manager, BDO USA, LLP

Report to The Board of Trustees

# SELF-INSURED LUMBER BUSINESSES ASSOCIATION, INC.

Audit Wrap Up:  
Year Ended **December 31,**  
**2020**

# Report to The Board of Trustees



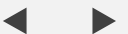
Audit Wrap Up:  
Year Ended **December 31,**  
**2020**

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The following communication was prepared as part of our audit, has consequential limitations, and is intended solely for the information and use of those charged with governance (e.g., Board of Directors and Audit Committee) and, if appropriate, management of the Group and is not intended and should not be used by anyone other than these specified parties.



# Welcome

June 8, 2021

To the Board of Trustees

Self-Insured Lumber Businesses Association, Inc.

Professional standards require us to communicate with you regarding matters related to the audit, that are, in our professional judgment, significant and relevant to your responsibilities in overseeing the financial reporting process. On April 13, 2021 we presented an overview of our plan for the audit of the financial statements of Self-Insured Lumber Businesses Association, Inc. (the Group) as of and for the year ended December 31, 2020, including a summary of our overall objectives for the audit, and the nature, scope, and timing of the planned audit work.

This communication is intended to elaborate on the significant findings from our audit, including our views on the qualitative aspects of the Group's accounting practices and policies, management's judgments and estimates, financial statement disclosures, and other required matters.

We are pleased to be of service to the Group and look forward to meeting with you to discuss our audit findings, as well as other matters that may be of interest to you, and to answer any questions you might have.

Respectfully,

BDO USA, LLP

BDO USA, LLP, a Delaware limited liability partnership, is the U.S. member of BDO International Limited, a UK Group limited by guarantee, and forms part of the international BDO network of independent member firms. BDO is the brand name for the BDO network and for each of the BDO Member Firms.

# Executive Summary



# Status of Our Audit

We have substantially completed our audit of the statutory basis financial statements as of and for the year ended December 31, 2020. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America. This audit of the statutory basis financial statements does not relieve management or those charged with governance of their responsibilities.

- ▶ The objective of our audit was to obtain reasonable - not absolute - assurance about whether the statutory basis financial statements are free from material misstatements.
- ▶ The scope of the work performed was substantially the same as that described to you in our earlier Audit Planning communications.
- ▶ We expect to issue an unmodified opinion on the statutory basis financial statements.
- ▶ Our responsibility for other information in documents containing the Group's audited statutory basis financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform procedures to corroborate such other information. However, in accordance with professional standards, we have read the information included by the Group and considered whether such information, or the manner of its presentation, was materially inconsistent with its presentation in the financial statements. Our responsibility also includes calling to management's attention any information that we believe is a material misstatement of fact. We have not identified any material inconsistencies or concluded there are any material misstatements of facts in the other information that management has chosen not to correct.
- ▶ All records and information requested by BDO were freely available for our inspection.
- ▶ Management's cooperation was excellent. We received full access to all information that we requested while performing our audit, and we acknowledge the full cooperation extended to us by all levels of Group personnel throughout the course of our work.



# Results of the Audit

## ACCOUNTING PRACTICES, POLICIES, ESTIMATES

The following summarizes the more significant required communications related to our audit concerning the Group's accounting practices, policies, and estimates:

The Group's significant accounting practices and policies are those included in Note 2 to the statutory basis financial statements. These accounting practices and policies are appropriate, comply with generally accepted accounting principles and industry practice, were consistently applied, and are adequately described within Note 2 to the statutory basis financial statements.

- ▶ A summary of recently issued accounting pronouncements is included in Note 2 to the Group's statutory basis financial statements.
- ▶ There were no changes in significant accounting policies and practices during 2020.

Significant estimates are those that require management's most difficult, subjective, or complex judgments, often as a result of the need to make estimates about the effects of matters that are inherently uncertain. The Group's significant accounting estimates, including a description of management's processes and significant assumptions used in development of the estimates, are disclosed in the Note 2 of the statutory basis financial statements.

### Significant Accounting Estimates

Reserve for Claims

- ▶ Management did not make any significant changes to the processes or significant assumptions used to develop the significant accounting estimates in 2020.

# Results of the Audit

## QUALITATIVE ASPECTS OF THE GROUP'S FINANCIAL REPORTING

A discussion was held regarding the quality of the Group's financial reporting, which included:



# Results of the Audit

## CORRECTED AND UNCORRECTED MISSTATEMENTS

There were no corrected misstatements, other than those that were clearly trivial, related to accounts and/or disclosures that we brought to the attention of management.

There were no uncorrected misstatements, other than those that were clearly trivial, related to accounts and/or disclosures that we presented to management.





# Internal Control Over Financial Reporting

# Internal Control Over Financial Reporting

In planning and performing our audit of the statutory basis financial statements, we considered the Group's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the statutory basis financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. Accordingly, we do not express an opinion on the effectiveness of the Group's internal control.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

We are required to communicate, in writing, to those charged with governance all material weaknesses and significant deficiencies that have been identified in the Group's internal control over financial reporting. The definitions of control deficiency, significant deficiency and material weakness follow:

Category	Definition
Control Deficiency	A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.
Significant Deficiency	A deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.
Material Weakness	A deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Group's financial statements will not be prevented or detected and corrected on a timely basis.

In conjunction with our audit of the financial statements, we noted no material weaknesses.



# Additional Required Communications

# Other Required Communications

Following is a summary of other required items, along with specific discussion points as they pertain to the Group:

Requirement	Discussion Point
Significant changes to planned audit strategy or significant risks initially identified	There were no significant changes to the planned audit strategy or significant risks initially identified and previously communicated to those charged with governance as part of our Audit Planning communications.
Obtain information from those charged with governance relevant to the audit	There were no matters noted relevant to the audit, including, but not limited to: violations or possible violations of laws or regulations; risk of material misstatements, including fraud risks; or tips or complaints regarding the Group's financial reporting that we were made aware of as a result of our inquiry of those charged with governance.
If applicable, nature and extent of specialized skills or knowledge needed related to significant risks	There were no specialized skills or knowledge needed, outside of the core engagement team, to perform the planned audit procedures or evaluate audit results related to significant risks.



# Other Required Communications

Following is a summary of other required items, along with specific discussion points as they pertain to the Group:

Requirement	Discussion Point
Consultations with other accountants	We are not aware of any consultations about accounting or auditing matters between management and other independent public accountants. Nor are we aware of opinions obtained by management from other independent public accountants on the application of generally accepted accounting principles.
Significant findings and issues arising during the audit in connection with the Group's related parties	We have evaluated whether the identified related party relationships and transactions have been appropriately identified, accounted for, and disclosed and whether the effects of the related party relationships and transactions, based on the audit evidence obtained, prevent the financial statements from achieving fair presentation.
Significant findings or issues arising during the audit that were discussed, or were the subject of correspondence, with management	As a result of audit procedures, it was discovered that a claim had significant unfavorable development subsequent to year end. BDO audit team discussed with management and determined that the claim had received an unexpected judgement in January 2021. This was then discussed with the actuary and it was determined that due to the significance of the claim, that the year end actuarial reserve should be adjusted to reflect the new data related to this 2018 claim.

# Other Required Communications

Following is a summary of other required items, along with specific discussion points as they pertain to the Group:

Requirement	Discussion Point
Disagreements with management	There were no disagreements with management about matters, whether or not satisfactorily resolved, that individually or in aggregate could be significant to the Group's financial statements or to our auditor's report.
Significant difficulties encountered during the audit	There were no significant difficulties encountered during the audit.
Matters that are difficult or contentious for which the auditor consulted outside the engagement team	There were no difficult or contentious matters that we consulted with others outside the engagement team that we reasonably determined to be relevant to those charged with governance regarding their oversight of the financial reporting process.

# Other Required Communications

Following is a summary of other required items, along with specific discussion points as they pertain to the Group:

Requirement	Discussion Point
If applicable, other matters significant to the oversight of the Group's financial reporting process, including complaints or concerns regarding accounting or auditing matters	There are no other matters that we consider significant to the oversight of the Group's financial reporting process that have not been previously communicated.
Representations requested from management	Please refer to the management representation letter.



# Independence

Our engagement letter to you dated March 2, 2021 describes our responsibilities in accordance with professional standards and certain regulatory authorities with regard to independence and the performance of our services. This letter also stipulates the responsibilities of the Group with respect to independence as agreed to by the Group. Please refer to that letter for further information.



**Self Insured Lumber Businesses Association, Inc.**  
**Statutory Basis Statements of Admitted Assets and Liabilities**

<i>December 31,</i>	2020	2019
<b>Admitted Assets:</b>		
Cash and cash equivalents (see Note 9)	\$ 1,273,252	\$ 1,529,042
Bonds, at amortized cost (fair value: 2020 - \$5,878,482; 2019 - \$5,447,331)	5,518,824	5,325,968
<b>Total Cash and Invested Assets</b>	<b>6,792,076</b>	<b>6,855,010</b>
<b>Other Assets:</b>		
Reinsurance recoverable	33,826	38,614
Accrued interest income	35,563	33,824
Other assets	1,224	1,224
<b>Total Admitted Assets</b>	<b>\$ 6,862,689</b>	<b>\$ 6,928,672</b>
<b>Commitments and Contingencies (Notes 14 and 15)</b>		
<b>Liabilities:</b>		
Reserve for losses and loss adjustment expenses, net	\$ 4,987,687	\$ 4,847,131
Accounts payable and accrued expenses	165,233	251,725
Advance premiums	770,108	363,604
Payable to members	-	7,822
Distributions due to members	897,694	1,416,423
<b>Total Liabilities</b>	<b>\$ 6,820,722</b>	<b>\$ 6,886,705</b>
<b>Policyholders' Surplus</b>	<b>41,967</b>	<b>41,967</b>
<b>Total Liabilities and Policyholders' Surplus</b>	<b>\$ 6,862,689</b>	<b>\$ 6,928,672</b>

*See accompanying notes to statutory basis financial statements.*

## Self Insured Lumber Businesses Association, Inc.

## Statutory Basis Statements of Operations

<i>Years ended December 31,</i>	2020	2019
<b>Premiums Earned, net</b>	<b>\$ 3,921,888</b>	<b>\$ 4,387,042</b>
<b>Underwriting Expenses:</b>		
Losses and loss adjustment expenses incurred	3,322,777	3,481,931
Other underwriting expenses incurred	670,633	755,031
<b>Total Underwriting Expenses</b>	<b>3,993,410</b>	<b>4,236,962</b>
<b>Net Underwriting (Loss) Gain</b>	<b>(71,522)</b>	<b>150,080</b>
<b>Net Investment Income</b>	<b>118,496</b>	<b>113,712</b>
<b>Net Realized Investment Gains</b>	<b>21,643</b>	<b>34,408</b>
<b>Net Investment Income</b>	<b>140,139</b>	<b>148,120</b>
<b>Other Income</b>	<b>57,749</b>	<b>54,979</b>
<b>Income before Distributions to Members and Income Taxes</b>	<b>126,366</b>	<b>353,179</b>
<b>Distributions to Members</b>	<b>(107,827)</b>	<b>(334,680)</b>
<b>Income before Income Tax Expense</b>	<b>18,539</b>	<b>18,499</b>
<b>Income Tax Expense</b>	<b>18,539</b>	<b>18,499</b>
<b>Net Income</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Policyholders' Surplus, beginning of year</b>	<b>\$ 41,967</b>	<b>\$ 41,967</b>
<b>Change in Non-admitted Assets</b>	<b>-</b>	<b>-</b>
<b>Policyholders' Surplus, end of year</b>	<b>\$ 41,967</b>	<b>\$ 41,967</b>

*See accompanying notes to statutory basis financial statements.*

## Self Insured Lumber Businesses Association, Inc.

## Statutory Basis Statements of Cash Flows

<i>Years ended December 31,</i>	2020	2019
<b>Cash Flows from Operating Activities:</b>		
Premiums collected	\$ 4,298,203	\$ 4,940,102
Losses and loss adjustment expenses paid, net of reinsurance	(3,182,221)	(3,327,413)
Other underwriting expenses paid	(690,982)	(793,809)
Net investment income	119,272	111,834
Distributions to members	(626,556)	(346,683)
Income taxes paid	(20,000)	(3,228)
Other cash provided	57,749	54,978
<b>Net Cash (Used in) Provided by Operating Activities</b>	<b>(44,535)</b>	<b>635,781</b>
<b>Cash Flows from Investing Activities:</b>		
Proceeds from sales of bonds	830,791	2,667,837
Purchase of bonds	(1,005,632)	(2,831,958)
<b>Net Cash Used in Investing Activities</b>	<b>(174,841)</b>	<b>(164,121)</b>
<b>Cash Flows from Financing Activities:</b>		
Other cash (used) provided	(36,414)	7,822
<b>Net Cash (Used in) Provided by Financing Activities</b>	<b>(36,414)</b>	<b>7,822</b>
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	<b>(255,790)</b>	<b>479,482</b>
Cash and Cash Equivalents, beginning of year	1,529,042	1,049,560
<b>Cash and Cash Equivalents, end of year</b>	<b>\$ 1,273,252</b>	<b>\$ 1,529,042</b>

*See accompanying notes to statutory basis financial statements.*

## Self Insured Lumber Businesses Association, Inc.

### Notes to Statutory Basis Financial Statements

#### 4. Excess Insurance Coverage

The Group has purchased excess insurance for protection against unusually high losses. Specific excess insurance protects against large individual losses. Aggregate excess insurance protects against a high overall level of losses. For each accident that is in excess of a specific retention, the coverage takes effect subject to the limits as imposed by the various contracts. The specific retention levels for reinsurance contracts on individual worker's compensation accidents range from \$100,000 to \$700,000 for policy years ended December 31, 2000 to 2020.

The following table summarizes the reinsurance activity for the years ended December 31:

	Premiums Earned		Reserve for Losses and Loss Adjustment Expenses		Loss and Loss Adjustment Expenses Incurred	
	2020	2019	2020	2019	2020	2019
Direct	\$ 4,349,248	\$ 4,996,207	\$ 5,102,672	\$ 4,955,674	\$ 3,329,219	\$ 3,481,931
Ceded	(427,360)	(609,165)	(114,985)	(108,543)	(6,442)	-
	<b>\$ 3,921,888</b>	<b>\$ 4,387,042</b>	<b>\$ 4,987,687</b>	<b>\$ 4,847,131</b>	<b>\$ 3,322,777</b>	<b>\$ 3,481,931</b>

Excess insurance contracts do not relieve the Group from its obligations to its members. Failure of excess insurers to honor their obligations could result in losses to the Group. Accordingly, the Group evaluates the financial condition of its excess insurer to minimize exposure to significant losses from insolvency.

Nonaffiliated, unsecured, and aggregate reinsurance recoverables for paid and unpaid losses, including incurred but not reported losses, unpaid loss adjustment expenses, and unearned premiums that exceed 3% of the Group's undistributed dividends, are as follows:

<i>December 31,</i>	2020	2019
<b>Midwest Employers Casualty Company</b>	<b>\$ 149,000</b>	<b>\$ 147,000</b>

#### 5. Bonds

Bonds are stated at amortized cost and consist of the following:

<i>December 31, 2020</i>	Amortization Cost	Unrealized Gains	Unrealized Losses	Fair Value
U.S. Government securities	\$ 3,336,553	\$ 149,985	\$ -	\$ 3,486,538
Corporate securities	2,182,271	209,673	-	2,391,944
	<b>\$ 5,518,824</b>	<b>\$ 359,658</b>	<b>\$ -</b>	<b>\$ 5,878,482</b>



## Self Insured Lumber Businesses Association, Inc.

## Notes to Statutory Basis Financial Statements

<i>December 31, 2019</i>	Amortization Cost	Unrealized Gains	Unrealized Losses	Fair Value
U.S. Government securities	\$ 2,981,442	\$ 42,940	\$ (4,173)	\$ 3,020,209
Corporate securities	1,829,429	79,594	(1,017)	1,908,006
Mortgage-backed securities	515,097	4,660	(641)	519,116
	\$ 5,325,968	\$ 127,194	\$ (5,831)	\$ 5,447,331

The following tables represent the fair value and gross unrealized losses for securities where the estimated fair value had declined and remained below amortized cost by less than 12 months or 12 months or more:

<i>December 31, 2019</i>	Less Than 12 Months		12 Months or More		Total	
	Fair Market Value	Unrealized Losses	Fair Market Value	Unrealized Losses	Fair Market Value	Unrealized Losses
<b>Description of Securities:</b>						
U.S. Government securities	\$ 445,485	\$ (3,424)	\$ 98,330	\$ (749)	\$ 543,815	\$ (4,173)
Corporate securities	122,529	(908)	24,754	(109)	147,283	(1,017)
Mortgage-backed securities	-	-	165,267	(641)	165,267	(641)
<b>Total Temporarily Impaired Securities</b>	<b>\$ 568,014</b>	<b>\$ (4,332)</b>	<b>\$ 288,351</b>	<b>\$ (1,499)</b>	<b>\$ 856,365</b>	<b>\$ (5,831)</b>

The following tables represent the number of securities where the estimated fair value had declined and remained below amortized cost by less than 12 months or 12 months or more:

<i>December 31, 2019</i>	Less Than 12 Months	12 Months or More	Total
<b>Description of Securities:</b>			
U.S. Government securities	15	3	18
Corporate securities	10	2	12
Mortgage-backed securities	-	2	2
<b>Total Temporarily Impaired Securities</b>	<b>25</b>	<b>7</b>	<b>32</b>

The amortized cost and estimated fair value of bonds, by contractual maturity, are shown below. In some instances, actual maturities may differ from contractual maturities, because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

*The remainder of this page is intentionally left blank.*

## Self Insured Lumber Businesses Association, Inc.

## Notes to Statutory Basis Financial Statements

	December 31, 2020		December 31, 2019	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in one year or less	\$ 580,532	\$ 585,754	\$ 174,982	\$ 175,476
Due in one year through five years	3,043,538	3,218,878	3,282,756	3,329,441
Due after five years through ten years	1,834,762	2,013,104	1,853,245	1,927,361
Due after ten years	59,992	60,746	14,985	15,053
	<b>\$ 5,518,824</b>	<b>\$ 5,878,482</b>	<b>\$ 5,325,968</b>	<b>\$ 5,447,331</b>

Proceeds from sales of bonds during 2020 and 2019 were \$830,791 and \$2,667,837, respectively. There were \$21,643 and \$34,408 of gross realized gains in 2020 and 2019, respectively.

Net investment income was comprised of the following:

<i>Years ended December 31,</i>	2020	2019
Investment income on bonds	\$ 135,046	\$ 136,922
Investment income on cash and cash equivalents	1,394	1,011
Total investment income	136,440	137,933
Investment expense incurred	(17,944)	(24,221)
<b>Net Investment Income</b>	<b>\$ 118,496</b>	<b>\$ 113,712</b>

## 6. Reserve for Unpaid Losses and Loss Adjustment Expenses

The reserve for unpaid losses and loss adjustment expenses is based upon an evaluation of the Group's losses as prepared by the Group's independent actuary. This evaluation of the Group's losses is a significant estimate which is subject to change. These changes can be material in relation to the statutory basis financial statements taken as a whole. The reserve for unpaid losses and loss adjustment expenses includes an estimated provision for incurred but not reported losses ("IBNR") as well as reported losses. The IBNR provision totaled approximately \$3,223,000 and \$2,926,000 on an undiscounted basis as of December 31, 2020 and 2019, respectively.

Any increases or decreases in ultimate incurred losses on a net basis as compared to the prior year will result in a direct increase or decrease in the current year's net earnings. During the years ended December 31, 2020 and 2019, the Group experienced a net increase, respectively, in the estimate of ultimate incurred losses and loss adjustment expenses and change in reserve discount for prior years as a result of claim development. These amounts have been charged in 2020 and 2019 to losses and loss adjustment expenses.

For the years ended December 31, 2020 and 2019, the reserve for unpaid losses and loss adjustment expenses has been discounted to its net present value in the accompanying statutory basis financial statements. The reserves have been discounted utilizing interest rates and payout patterns based upon nationwide losses, both of which were promulgated by the IRS. The unpaid losses and loss

## Self Insured Lumber Businesses Association, Inc.

### Notes to Statutory Basis Financial Statements

adjustment expenses were discounted \$580,912 and \$558,578 at December 31, 2020 and 2019, respectively.

The following table sets forth a reconciliation of beginning and ending discounted reserves for losses and loss adjustment expenses:

<i>Years ended December 31,</i>	<b>2020</b>	<b>2019</b>
<b>Gross Reserves for Losses and Loss Adjustment Expenses,</b> beginning of year	\$ 4,955,674	\$ 4,774,103
<b>Less Reinsurance Recoverable</b>	<b>(108,543)</b>	<b>(81,490)</b>
<b>Net Balance, beginning of year</b>	<b>4,847,131</b>	<b>4,692,613</b>
<b>Incurred Losses and Loss Adjustment Expense:</b>		
Provision for insured events of the current year	3,147,052	2,918,553
Provision for insured events of prior years	175,725	563,378
<b>Total Incurred Losses and Loss Adjustment Expenses</b>	<b>3,322,777</b>	<b>3,481,931</b>
<b>Losses and Loss Adjustment Expense Payments Related to:</b>		
Current year	760,000	767,956
Prior years	2,422,221	2,559,457
<b>Total Losses and Loss Adjustment Expense Payments</b>	<b>3,182,221</b>	<b>3,327,413</b>
<b>Net Balance, end of year</b>	<b>4,987,687</b>	<b>4,847,131</b>
<b>Reinsurance Recoverable</b>	<b>114,985</b>	<b>108,543</b>
<b>Gross Reserves for Losses and Loss Adjustment Expenses,</b> end of year	<b>\$ 5,102,672</b>	<b>\$ 4,955,674</b>

#### 7. Discounting of Loss Reserves

At December 31, 2020 and 2019, the loss reserves reflect a discount for the time value of money (as described in Note 2) in the amounts of \$766,502 and \$730,133, respectively. Loss reserves for unallocated loss adjustment expenses are also excluded from the calculated discounts in accordance with the prescribed policies of the IRS. The following table represents the present values (undiscounted) and discounted values of the loss reserves:

<i>December 31,</i>	<b>2020</b>	<b>2019</b>
Undiscounted loss reserves	\$ 5,611,226	\$ 5,405,709
Discount	<b>(623,539)</b>	<b>(558,578)</b>
<b>Discounted Loss Reserves</b>	<b>\$ 4,987,687</b>	<b>\$ 4,847,131</b>
<b>Average Discount Rate</b>	<b>10.92%</b>	<b>10.34%</b>

## Self Insured Lumber Businesses Association, Inc.

### Notes to Statutory Basis Financial Statements

At December 31, 2020, the amount of the discount related to accident years prior to the current accident year (2020) is \$317,036, and the discount recalculated using the prior year's rate is \$250,468. The change in the discount rate was due to maturing accident years and corresponding payout patterns.

The Tax Cut and Jobs Act ("TCJA"), signed into law on December 22, 2017, made several modifications to the discounting rules, used to determine unpaid losses and estimated salvage for non-life insurance companies, for years beginning after December 31, 2017.

As a result of the TCJA, the unpaid losses and expenses at the end of the preceding year (2017) must be recalculated under these new provisions, and the adjustment is to be spread over eight years beginning in 2018, and the seven succeeding years.

The recalculation of the unpaid losses using the new discount factors at December 31, 2017, resulted in an increase to the unpaid losses of \$228,739. The amount will be amortized over eight years beginning in 2018. The income amortization is \$28,592, which is netted within the losses and loss adjustments expense incurred on the statutory basis statements of operations for 2020 and 2019. The remaining unamortized discount of \$142,963 and \$171,555, at December 31, 2020 and 2019, is included in the net reserve for losses and loss adjustment expenses, respectively.

The discount rates used by the Group are based on rates and payout patterns prescribed by the IRS by accident year. The below table is the discount rates used by accident year:

<i>Years ended December 31,</i>	<b>2020</b>	<b>2019</b>
<b>Accident Years:</b>		
2004 - 2006	<b>92.89%-95.57%</b>	91.58%-94.22%
2007	<b>91.58%</b>	90.30%
2008	<b>90.30%</b>	89.04%
2009	<b>89.04%</b>	87.81%
2010	<b>87.81%</b>	86.59%
2011	<b>86.59%</b>	84.72%
2012	<b>84.72%</b>	84.10%
2013	<b>84.10%</b>	83.26%
2014	<b>83.26%</b>	82.89%
2015	<b>82.89%</b>	83.41%
2016	<b>83.41%</b>	83.97%
2017	<b>83.97%</b>	85.45%
2018	<b>85.45%</b>	86.54%
2019	<b>85.96%</b>	87.52%
2020	<b>87.56%</b>	-

## 8. Income Taxes

Under applicable provisions of the Internal Revenue Code, the Group is liable for income taxes on earnings not ultimately distributed by the Board of Trustees. The Group files with the Internal Revenue Service as a property and casualty insurance company under the provisions of Subchapter L of the Internal Revenue Code.

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**REPORT OF INVESTMENT ADVISOR**



Investments in harmony with you<sup>SM</sup>

Self-Insured Lumber Business Association, Inc. (SILBA)  
Annual Meeting  
June 10, 2021

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# Investment Objective and Guidelines

## INVESTMENT OBJECTIVES

- Preservation of capital.
- Maximization of investment income given liability, liquidity and other operating constraints.
- Outperform the Bloomberg Barclays US Intermediate Government/Credit Index (Benchmark) over a full market cycle.
- Realized gain and loss position to be net neutral at year-end.

## INVESTMENT GUIDELINES

- The portfolio may be invested in the following sectors of the fixed income market; U.S. Treasuries, Agencies, local authority, or corporate bonds as permitted in Section 63 of Chapter 175 of the Massachusetts General Laws.
- The portfolio may be invested in securities rated investment grade by the major rating agencies: Moody's, Standard & Poor's, or Fitch, at the time of purchase; or issued or guaranteed by the U.S. Government or its agencies or instrumentalities at the time of purchase.
- The duration shall be maintained within a band of plus or minus 25% of the benchmark's duration.
- No more than 5% of the portfolio (at the time of purchase) may be invested in a single issuer (excluding obligations of the U.S. Government, its agencies, and instrumentalities).
- Zero-coupon bonds may not represent more than 5% of the portfolio market value.
- Cash will be managed as a sector of the long term portfolio. Short-term securities must be rated a minimum of A1/P1 by the major rating agencies.
- Securities must be dollar-denominated.
- Realized losses are restricted to no more than \$5,000 per transaction without prior approval from the investment committee

# Portfolio Summary

## CLIENT

Self-Insured Lumber Business Association, Inc.  
(SILBA)

## PORTFOLIOS INCLUDED

SILBA - Fixed Income

## PRIMARY BENCHMARK

Bloomberg Barclays US Aggregate Government &  
Credit - Intermediate

## ACCOUNTING BASIS

STAT

## INCEPTION DATE

January 01, 2020

## DATA AS OF

December 31, 2020

## CHANGE IN MARKET VALUE FROM (01/01/2020)

Beginning Market Value	<b>\$5,481,105</b>
Contributions	\$78,812
Withdrawals	\$0
Income	\$135,046
Net Realized Gain/Loss	\$21,643
Unrealized Gain/Loss	\$238,295
<b>Ending Market Value</b>	<b>\$5,954,900</b>

## YOUR TEAM

Michael Rose, Vice President, Portfolio Management

Jacquelyn Weber, Portfolio Manager

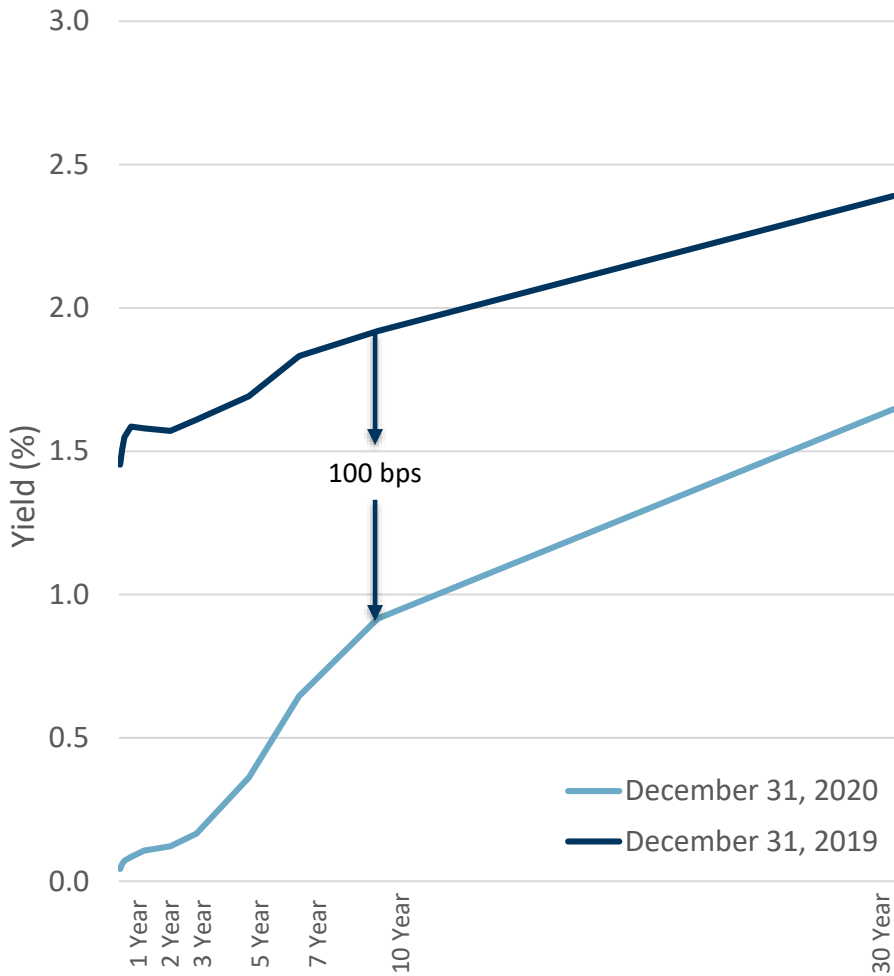
Karen Wambach, Senior Portfolio Administrator



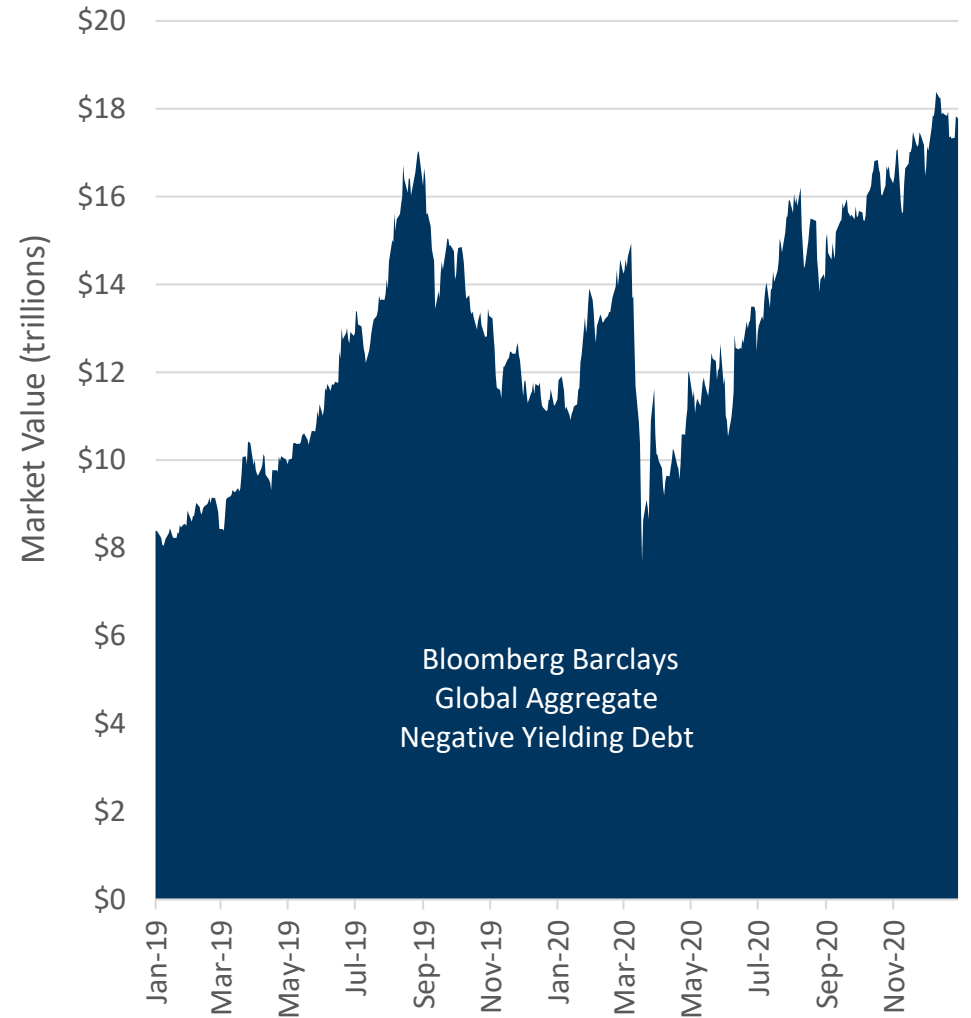
# Economic Outlook

*Globally, interest rates remain low, with record levels of negative yielding debt*

### U.S. Yield Curve



### Debt with Negative Yields



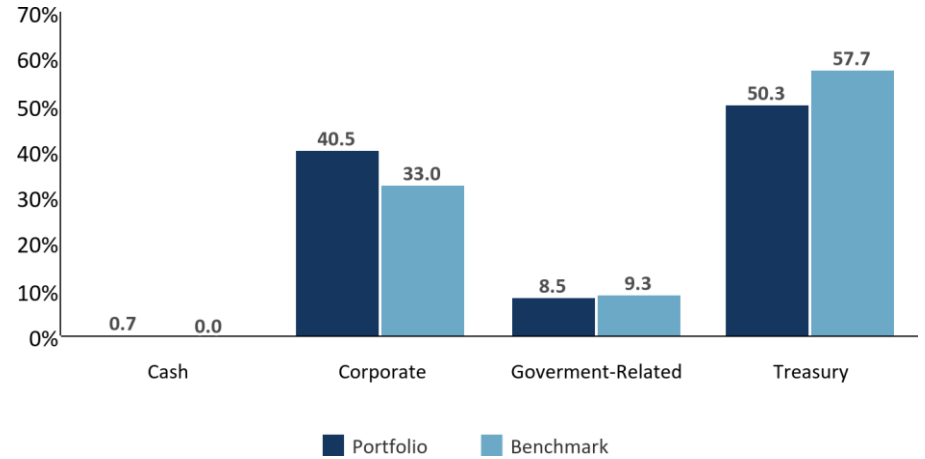
Source: Opus, Bloomberg

# Portfolio Positioning Fixed Income

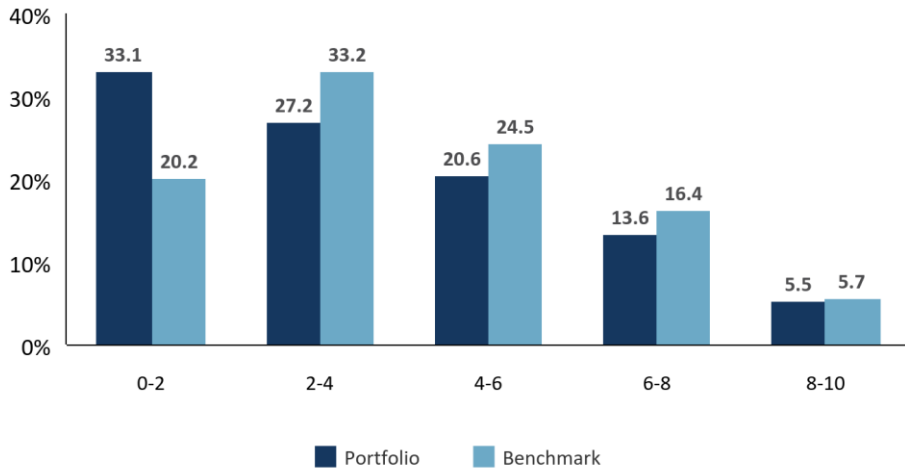
## PORTFOLIO CHARACTERISTICS

	VALUE
Market Value + Accrued	5,954,900.26
Market Value	5,919,337.54
Book Value	5,559,679.69
Unrealized Gain/Loss	359,657.86
Accrued Total	35,562.72
Yield	0.58
Book Yield	2.44
Effective Duration	3.71
Effective Convexity	0.20
Average Credit Rating	AA-

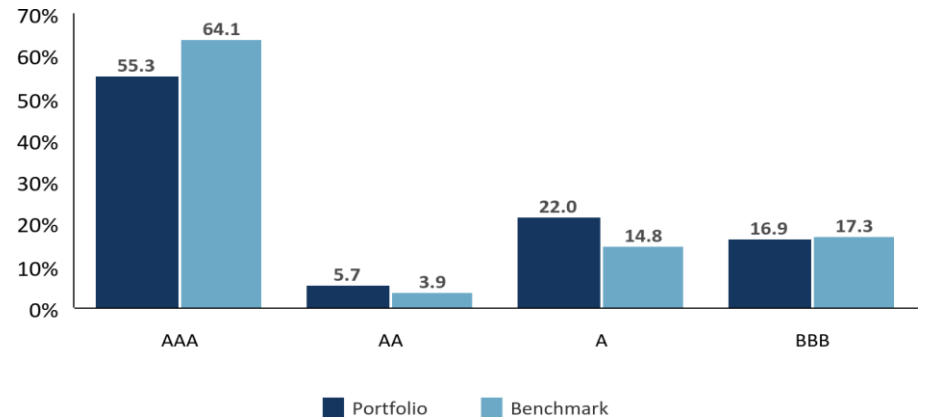
## INDUSTRY SECTOR



## DURATION EXPOSURE



## CREDIT RATING EXPOSURE



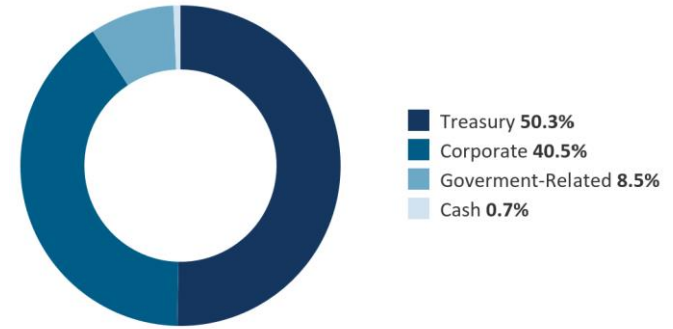
Source: Opus, Bloomberg  
 Benchmark- Bloomberg Barclays US Aggregate Government & Credit - Intermediate  
 Note: Percentages shown may not sum to total due to rounding.

# Portfolio Overview

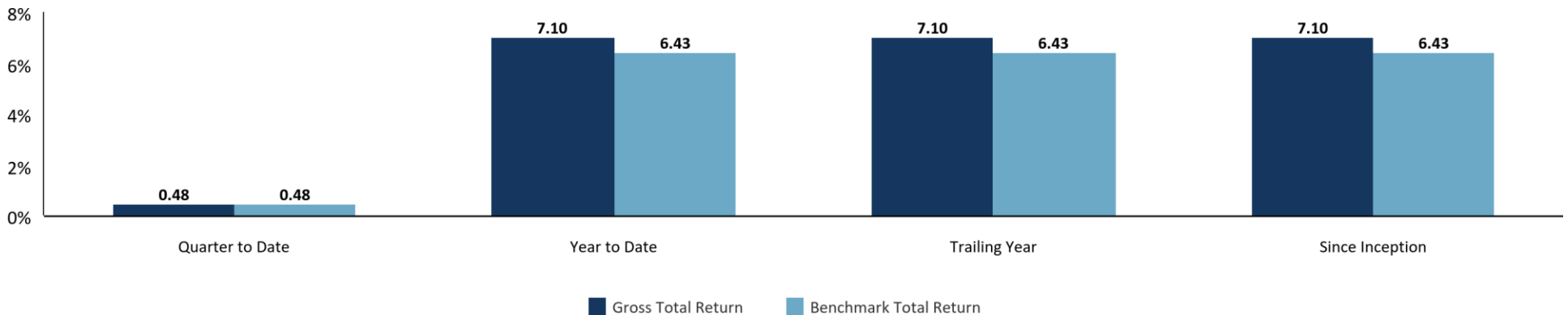
## PORTFOLIO CHARACTERISTICS

	VALUE
Market Value + Accrued	\$5,954,900.26
Book Value	\$5,559,679.69
Unrealized Gain/Loss	\$359,657.86
Accrued Total	\$35,562.72
Distinct Securities	165

## ASSET ALLOCATION



## TOTAL RETURNS/HISTORICAL PERFORMANCE



The performance returns for your account throughout this report are gross returns (unless noted), presented before management and any custodial fees, but after all trading expenses. Past performance is not an indicator of future results. Please refer to the important performance disclosures at the end of this presentation

Source: Opus, Bloomberg

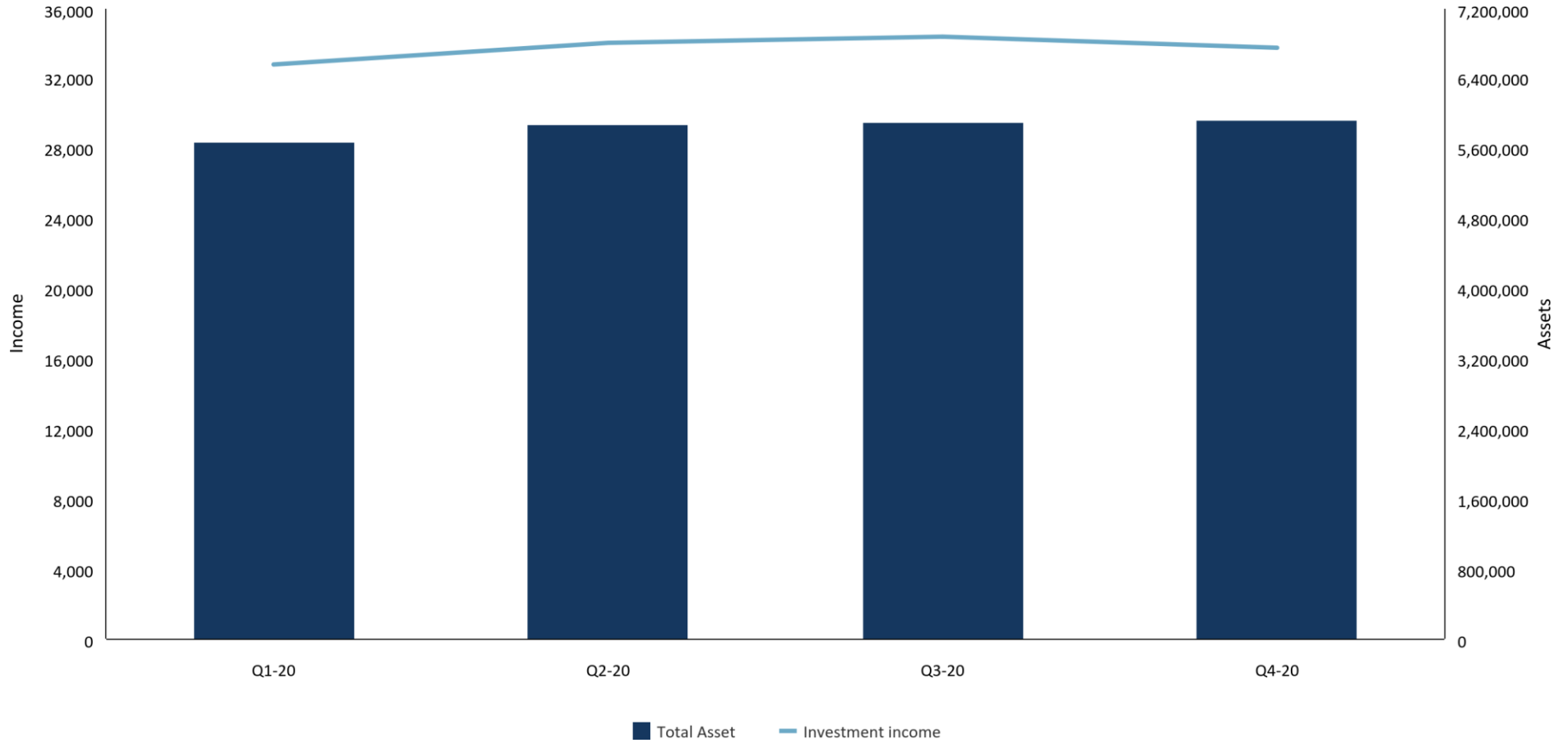
Benchmark- Bloomberg Barclays US Aggregate Government & Credit - Intermediate

Note: Percentages shown may not sum to total due to rounding.



# Income Summary

## ASSETS VS INCOME



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The information herein is general in nature and for discussion purposes only. It is not intended to supplement or replace the disclosures made in Part 2 of Opus Investment Management's ("Opus") Form ADV. A copy of our current written disclosure statement discussing our advisory services and fees is available for review upon request.

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All returns reflect the reinvestment of interest, dividends, and realized capital gains and losses.

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**REPORT OF ACTUARY**

## **Self-Insured Lumber Businesses Association**

Unpaid Loss and LAE as of December 31, 2020

By Emilie R. Dubois, FCAS, MAAA

June 10, 2021

## Unpaid Loss and Loss Adjustment Expense as of December 31, 2020

SILBA's discounted net and undiscounted gross carried reserves on the balance sheet are less than 5% below the actuarial estimate.

Estimated Unpaid Loss and LAE as of December 31, 2020 (\$000s)		
	Actuarial Indicated	Carried in Financials
<b>Undiscounted</b>		
▪ Gross of Excess Insurance	\$6,013	\$5,737
▪ Ceded Excess Insurance	125	126
▪ Net of Excess Insurance	5,888	5,611
<b>Discounted</b>		
▪ Net of Excess Insurance	\$5,084	\$4,845

- Our analysis is based on data as of December 31, 2020
- LAE = Loss Adjustment Expense (expenses related to claim handling and settlement, including attorney fees and the cost of claim adjusting)
- Ceded amounts are ceded to reinsurers and are not SILBA's responsibility



# SILBA-Specific Risk Factors

Discussion of key risks is part of our review



## Risk of Material Adverse Deviation

Our opinion must also discuss whether those risks create a significant risk to the reserves

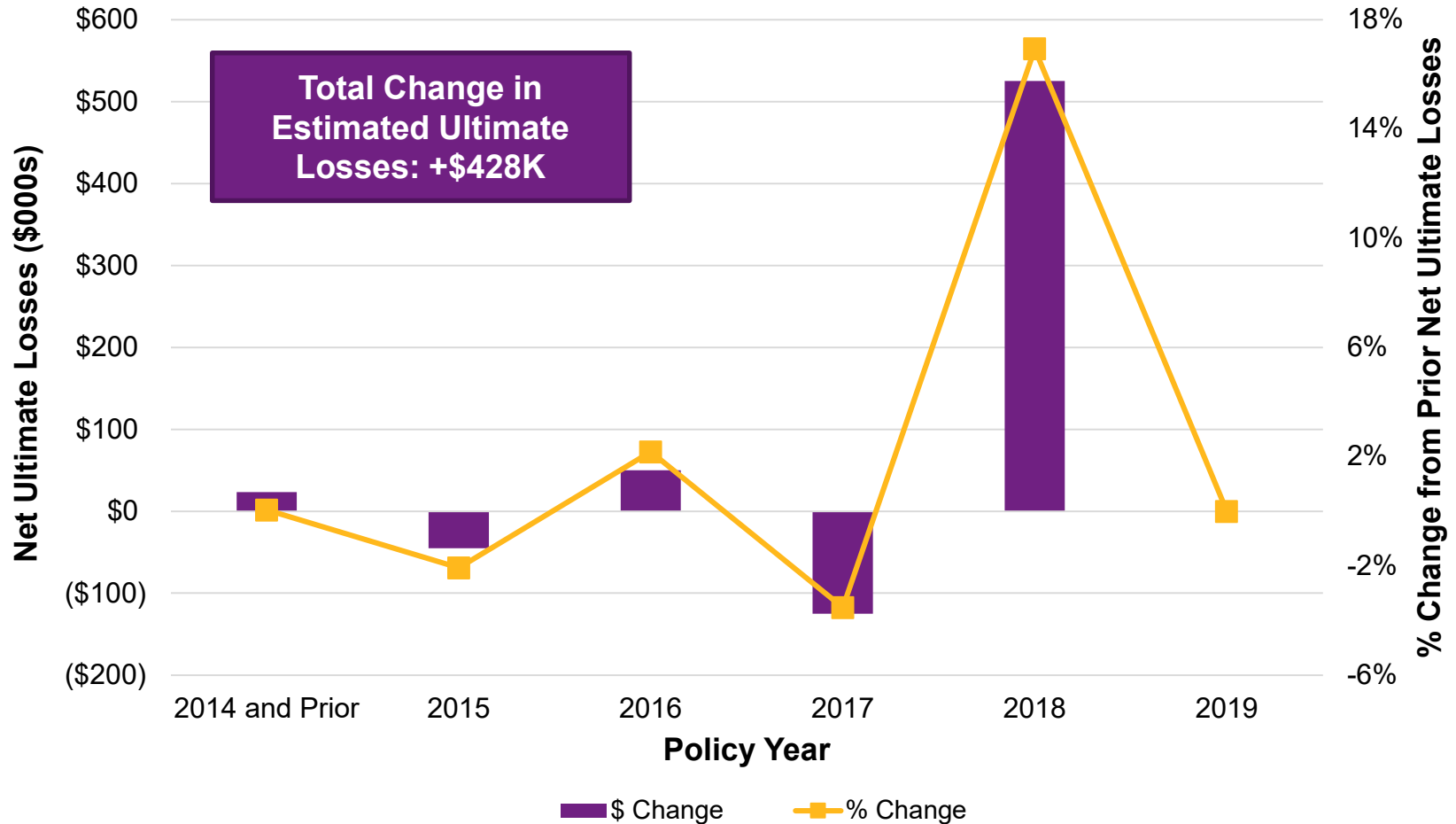
- The MA DOI requires that we evaluate whether there are significant risks and uncertainties associated with SILBA's loss and LAE reserves that could result in material adverse development
  - Defining material for a company requires actuarial judgment
  - Our definition of material (\$188k or 20% of the sum of declared and unpaid policyholder dividends and surplus) takes SILBA's overall financial condition into consideration, as well as thresholds commonly considered by regulators

### **We do see a *significant* risk of material adverse deviation**

- It would not be surprising to see losses coming in more than \$188K above what's booked in the financial statements given the risks SILBA faces
  - Workers' compensation carries significant uncertainties
  - Relatively high per-occurrence retentions mean it would only take development on a single claim
  - Small volume of business SILBA writes annually makes the loss experience volatile
  - COVID-19 impacts add uncertainty to our analysis

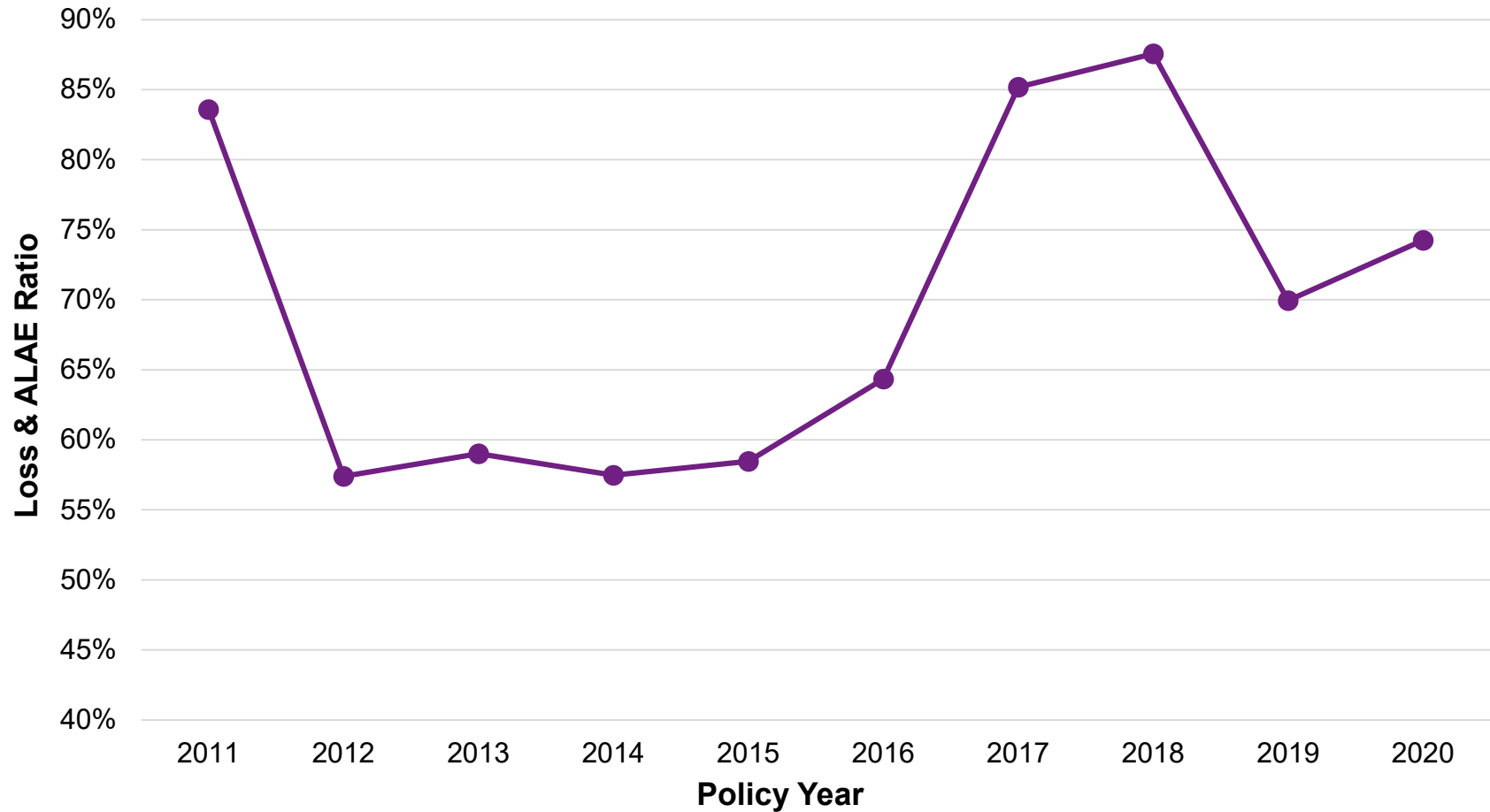
## Change in Estimates for Policy Years 2019 and Prior

Net ultimate losses increased by 0.7%, driven by the 2018 policy year



## Estimated Ultimate Loss Ratios

Results for SILBA have been higher in the last few years after several years of loss ratios below 70%



## Appendix

### Reliances, Limitations, Distribution and Qualification Statement

#### Reliances and Limitations

- Under separate cover, an actuarial report dated May 27, 2021 (the Report) has been provided to FutureComp
- The Report contains a complete description of the reliances and limitations on our workproduct
- The reliances and limitations noted in the Report apply to this presentation as well

#### Distribution

- No further distribution of this presentation or reference, either oral or written, to Willis Towers Watson, our analysis or findings related to this presentation may be made without our prior written consent

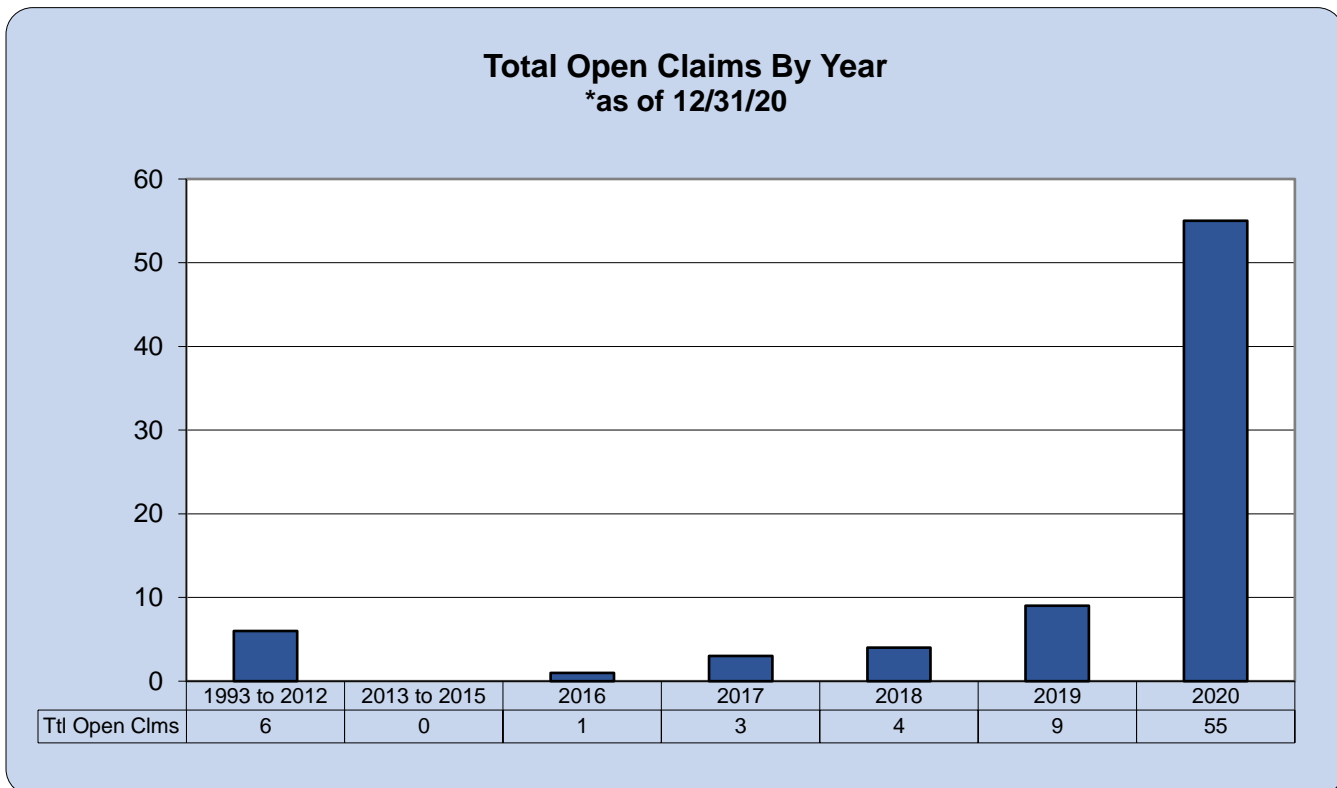
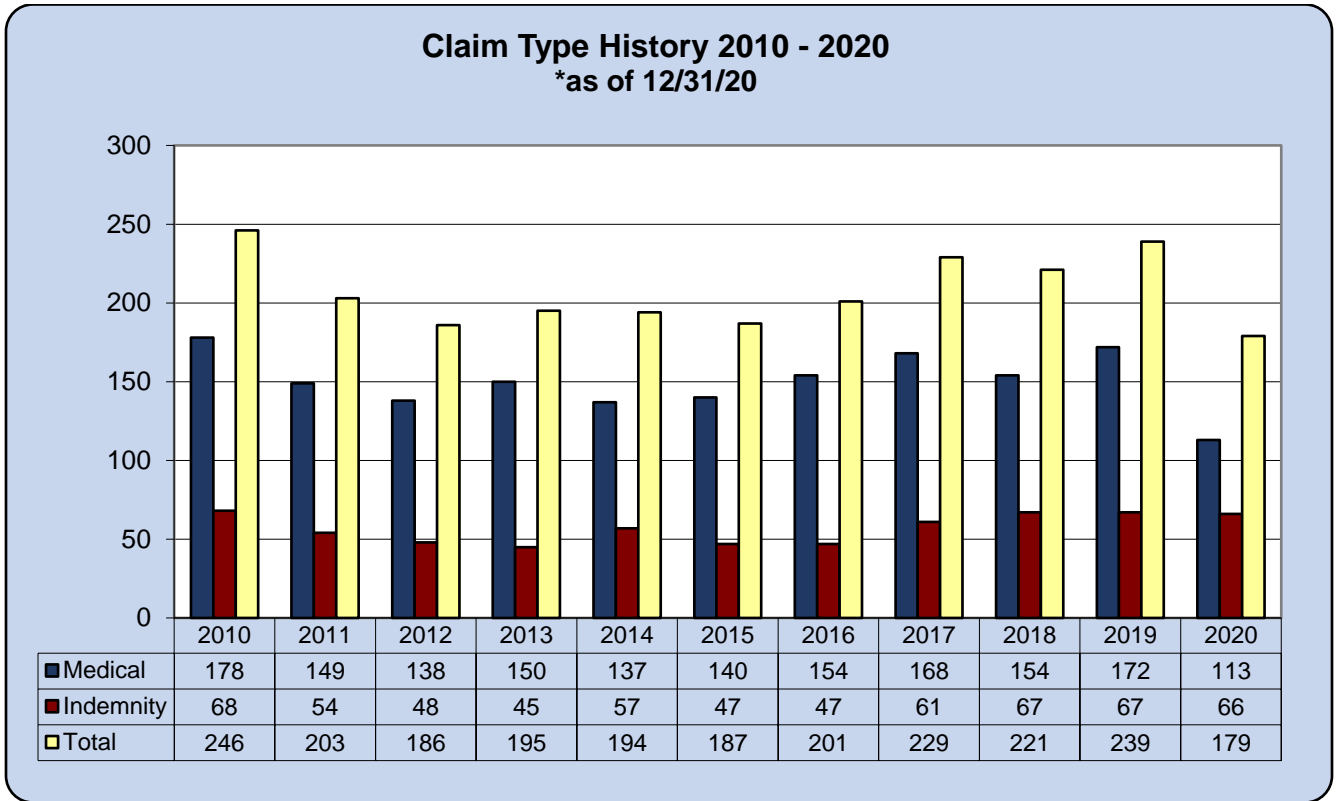
#### Qualification Statement

- I am a member of the American Academy of Actuaries and am qualified to render the actuarial opinion contained in the Report and presentation

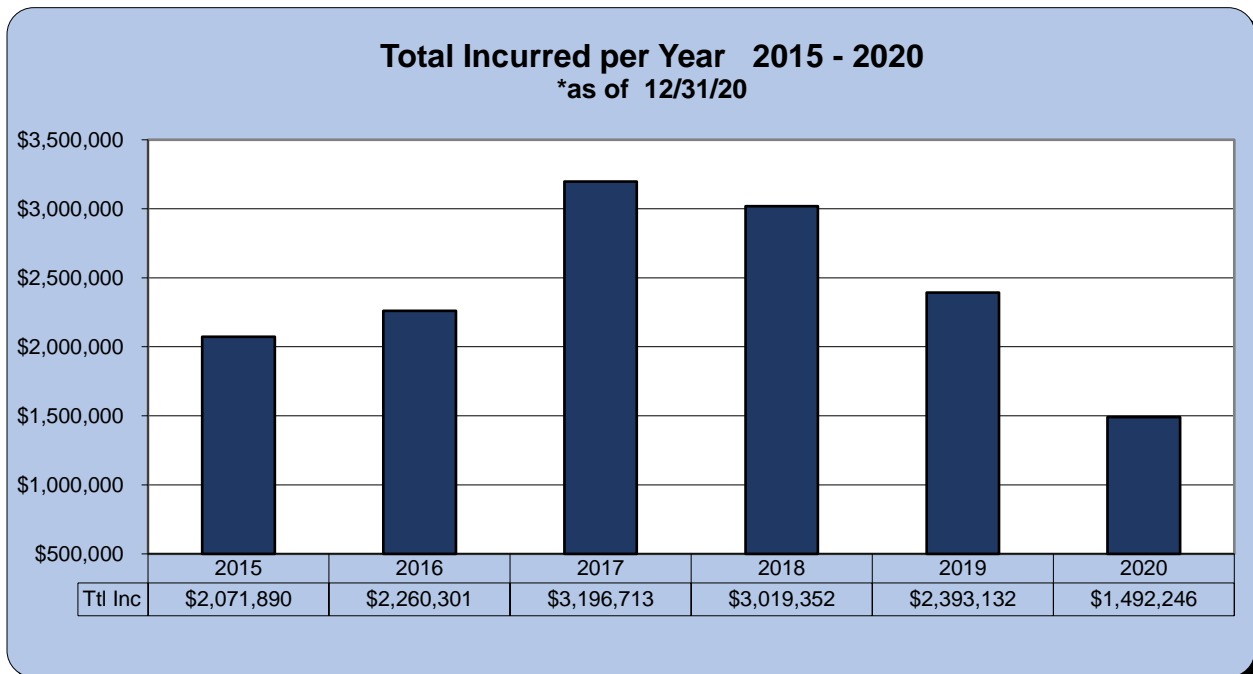
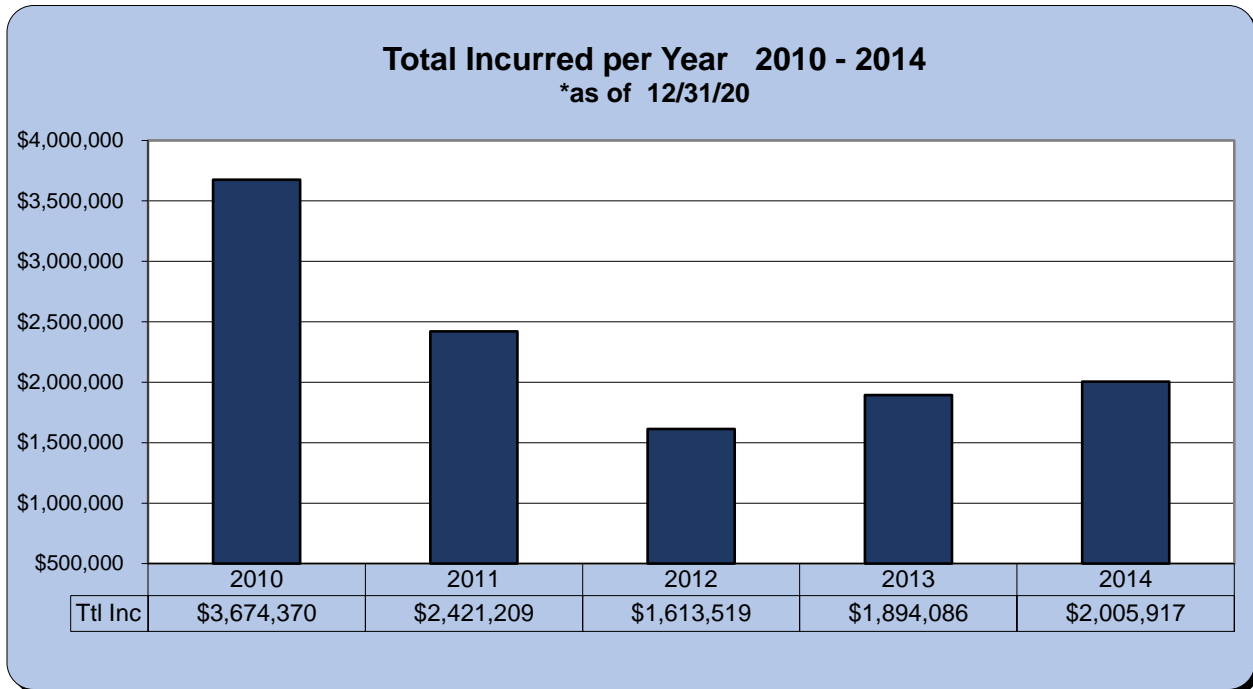
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**2020 CLAIMS OVERVIEW SUMMARY**

## SILBA Fund Year 2020 Annual Report Claims Overview as of December 31, 2020



## SILBA Fund Year 2020 Annual Report Claims Overview as of December 31, 2020



A total of 179 claims were reported in 2020, resulting in a total incurred cost of \$1,492,246. Medical only claims reported were down 34% over the total reported in 2019. Lost time claims remained even to what was reported in 2019.

Total incurred costs were down 38% from 2019 as of December 31, 2020. The Group has minimal claims open for the years 1993 to 2017 (10). As of December 31, 2020, 98% of all 2018 claims have been closed and 96% of all 2019 claims have been closed.

A total of 2,301 bills were processed in 2020 through our system, resulting in over \$1M in savings to the Group. An overall net savings in medical costs of 55%.



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**2020 SAFETY COMMITTEE & LOSS CONTROL REVIEW**

**FutureComp®**

**Loss Control 2020  
Annual  
Status Report**



Prepared by:

**Debra Williams  
Senior Loss Control Consultant  
FutureComp**

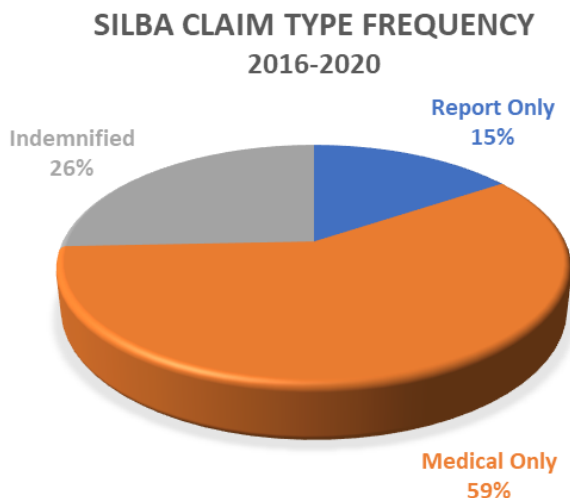
## Introduction

The purpose of this report is to provide a brief overview of SILBA's workers compensation outcomes for 2020 while illustrating trends over the past five fund years (2016-2020).

The goal of our partnership (SILBA, FutureComp, and the Loss Control Department) is to identify loss trends, focus on those loss trends, implement controls, and achieve the greatest results.

## SILBA Frequency & Severity by Type of Claim

**Figure 1:**



**Figure 2:**

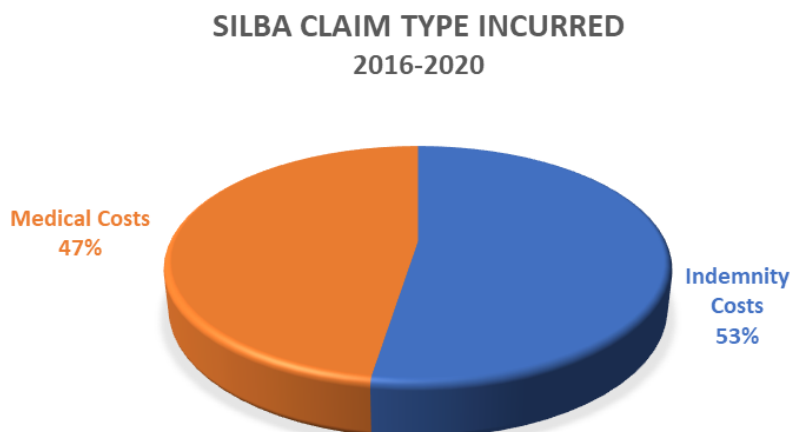


Figure 1 and 2 illustrates the number of workers compensation claims reported during the past five fund years, 2016-2020 with an as of date of March 31, 2021, broken out by type of claim. Of the 1174 claims, 59% (689) are "medical only" - no loss time, or alternative duty, 26% (301), are indemnity claims - hospitalization, loss time, and/or alternative duties, and 15% (183) are "report only" - no medical treatment of any kind. These trends are in line with workers compensation norms. However, one would suspect that "report only" is possibly under reported.

When looking at the cost of claims, indemnity claims account for 53% (\$5.39 mil) of the total \$10.27 mil of all incurred loss dollars between 2016-2020. Incurred loss dollars only account for 36% of all claims but represent over half of all incurred loss dollars. When reviewing data in this way it illustrates the importance of a “Return to Work/Alternative/Light Duty Program” and reducing the dollar amount associated with indemnity claims. By improving our written programs, increasing our training, and strengthening our Member’s Safety Culture, FutureComp is confident we can reduce the loss dollars associate with SILBA’s indemnity claims.

### SILBA Loss Program Overview

Figure 3:

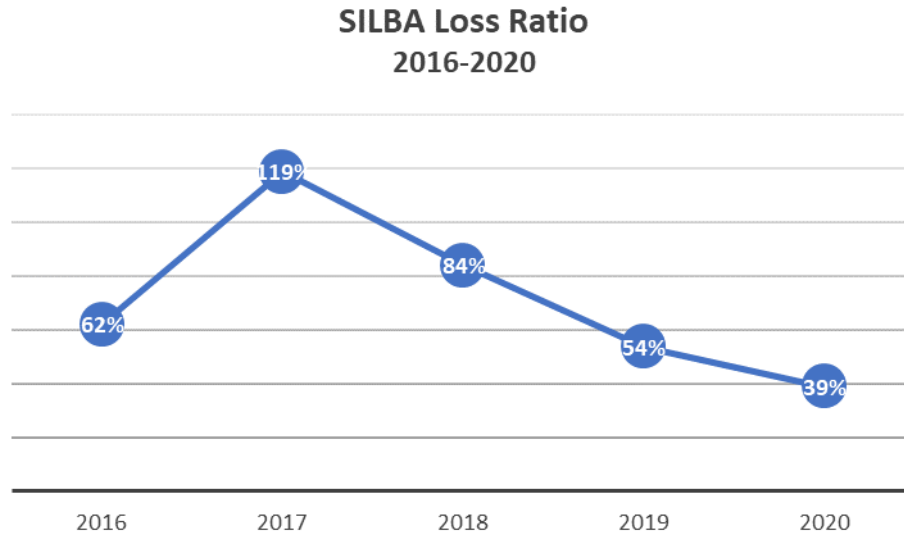


Figure 3 looks at SILBA’s overall Loss Ratio for the past five fund years. A loss Ratio represents your total premium divided by your loss dollars. FutureComp would like to see SILBA maintain a loss ratio of 60% or less. As you can see, since 2017 SILBA is in a downward trend. This positive trend identifies two things. 1. SILBA is dedicated to safety and reducing workers compensation claims. 2. How one or two big claims can spike your loss ratio for the entire year. One thing to remember is that the 2020 claims are still green, and the loss ratio has the potential to increase, however FutureComp is still pleased with 2020 numbers.

Figure 4:

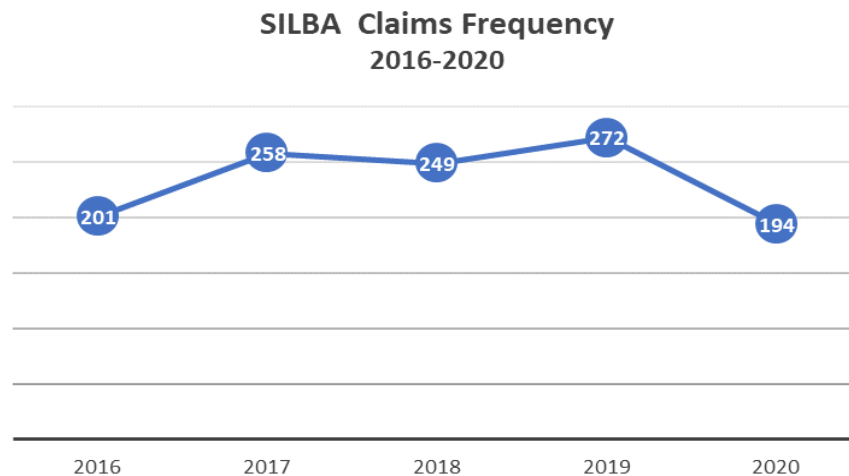
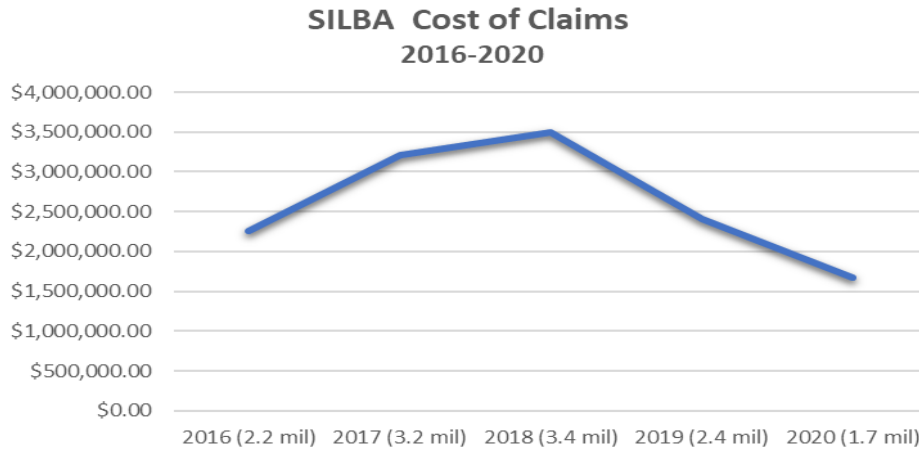


Figure 5:



Figures 4 and 5 represent the loss statistics for SILBA for the past five fund years, 2016-2020, with an as of date of March 31, 2021. Currently, SILBA is averaging 235 claims and \$2.60 mil in total incurred loss dollars over the past five fund years. SILBA appears to be trending downward since 2018, keeping in perspective the older the fund year the more mature the claims. Overall, 2020 was a positive year for SILBA. FutureComp expects that SILBA can manage the claims that are still open within 2020 and continue the positive trend.

**Frequency and Severity Trends – Focus Four**

Figure 6:

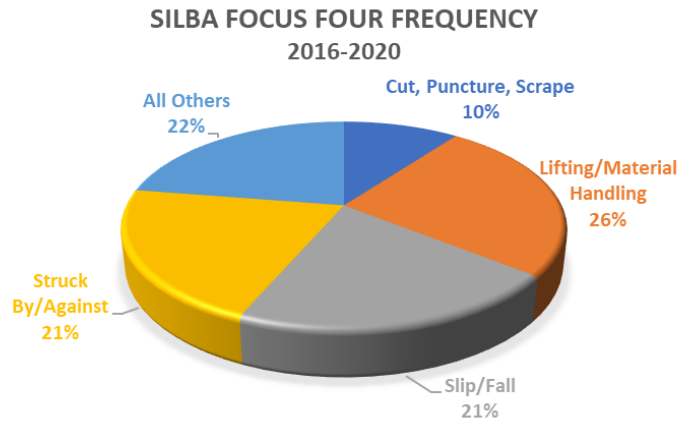
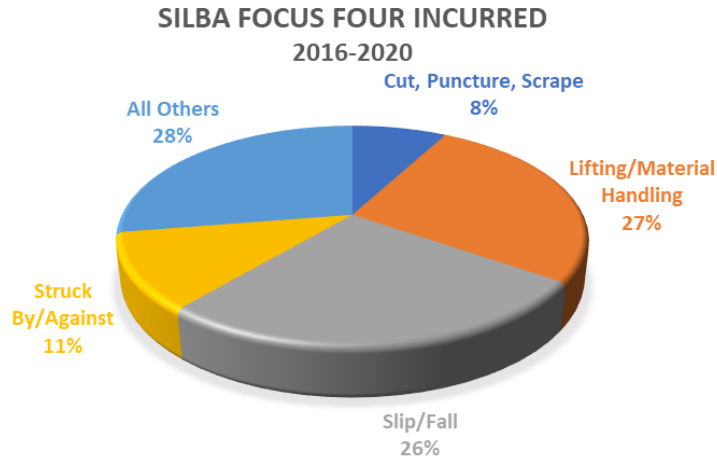


Figure 7



The Focus Four charts above represent the four leading injury type by frequency and severity. Figures 6 & 7 identifies that Lifting/Material Handling continue to not only be the leader in frequency, but it also leads in loss dollars. This is concerning as lifting along with strains are some of the leading causes of Musculoskeletal injuries.

Musculoskeletal injuries can be one or both acute (rapid onset) and/or chronic (long lasting) with the potential of a long-drawn-out expensive workers compensation claim. These trends continue to be consistent with previous reports and it is imperative we reduce our exposures in this area. We continue to recommend reviewing lifting practices and possibly incorporating a lifting limit or two person lifting requirements for the bigger items. In conjunction with SILBA and FutureComp rolling out the training video specific to the topic of safe lifting and ergonomics, it is time to look at our policies and procedures around these tasks and mitigate these trends.

**Monthly Frequency and Severity Trends**

Figure 8:

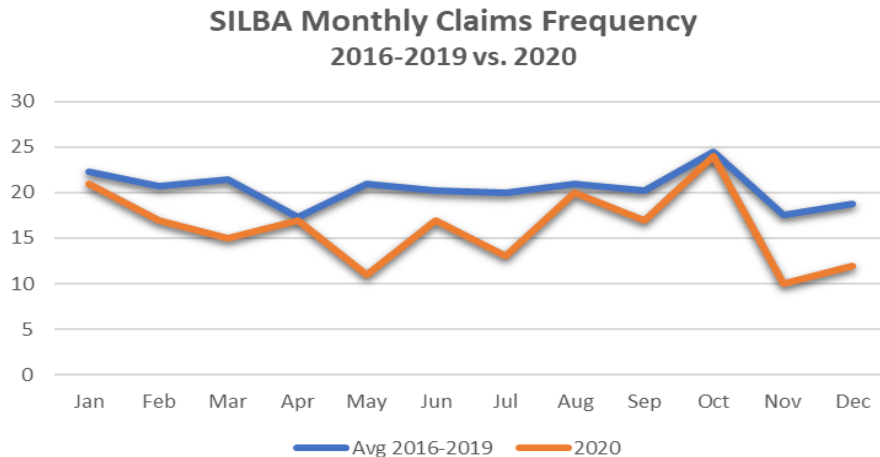
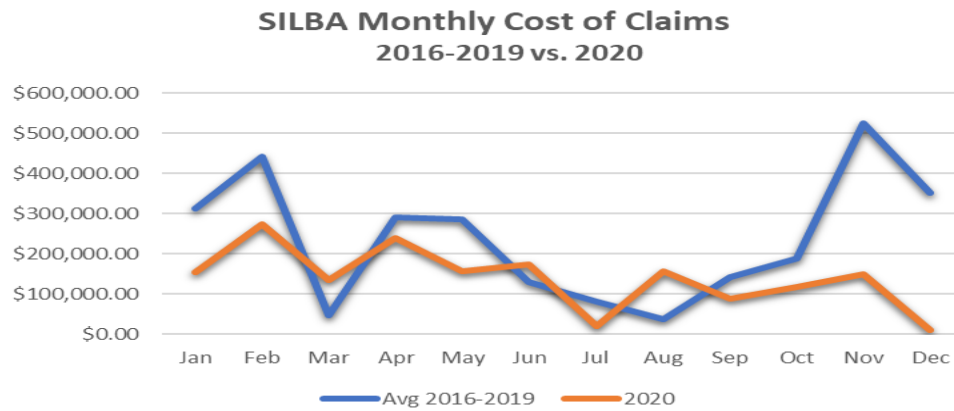


Figure 9:



Figures 8 and 9 look at in which months accidents are happening and which months have the costliest accidents. FutureComp averaged 2016-2019 data and compared it to the trends of 2020. Figure 8 identifies 2020 accidents are consistent as to when they are happening when compared to 2016-2019. There are small spikes in April, June, August, and October. As your safety partner we wonder if this has to do with the Covid19 pandemic and work needs vs. low workforce. When looking at figure 9, overall, the severity of 2020 accident costs are relatively lower when compared to the average of 2016-2019. The severity of accidents is consistent with New England weather and industry peaks. January, February, and March peak due to slips/falls that are weather related while April, May, and June spike when industry demands increase.

### Conclusions

Future Comp is pleased with the overall performance of SILBA over the last five fund years. 2020 has shown some significant improvement with reducing both the number of claims and the severity. The group decreased the number of claims by 51 and the average total incurred costs are down \$1 million. SILBA has increased their estimated overall payroll by \$22+ million in comparison to the past four fund years. This is an important fact when considering the claims and claims severity ratios. These ratios take into consideration the size and payroll of the SIG. When comparing the claims ratio of 2020 to the average of the past four fund years, SILBA has reduced the number of claims by 27%. When looking at the claim's severity ratio in the same way, SILBA has reduced their incurred loss dollars by an outstanding 49%. Lifting is still the leading cause of frequency and loss dollars for the group and will continue to be our focus for improvement.

SILBA, has met many challenges through the 2020 pandemic. With all these challenges SILBA has continued to hold steady and maintain a strong safety foundation. Even with a shortage in workforce, as well as a shortage in some materials, accompanied by an increase in demand, SILBA and FutureComp were able to roll out a training video, made some significant changes to the SILBA website, added resources, and conducted trainings and visits through a web platform. Although virtual visits are not ideal, FutureComp was still able to meet the needs of members along with conducting required trainings and visits set forth by the Board.

It is very clear that the majority of SILBA's members are incorporating safety into their daily operations. This is trending your workers compensation numbers downward and as your safety partner FutureComp is very pleased with this trend. I look forward to another successful year working with SILBA!

*Debra L Williams*

Deb Williams  
Senior Loss Control Consultant  
FutureComp



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**YOUR SERVICE TEAM**



## SELF-INSURED LUMBER BUSINESSES ASSOCIATION/ SERVICE TEAM LISTING

April 2021

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*Certificate of Insurance Requests: <a href="mailto:FutureCompCertRequest@usi.com">FutureCompCertRequest@usi.com</a>	
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**FUND YEAR 2020**

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EMILIE DUBOIS, FCAS, MAAA

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