

STRONG. STABLE. SECURE.



2022
ANNUAL REPORT



CONTENTS

President's Message

Ward's 50

Purpose and People

Path to Growth

Timeline

Financials

Performance

Financial Statistics

Our Promise

Giving Back

PRESIDENT'S MESSAGE



"...we are making changes that will continue to differentiate RAS in the marketplace."

2022 was a year of "Back to Normal" for many companies, including return to office work for many. We too, enjoyed coming back to the office and reigniting the spirit of collaboration that was more difficult when we were apart. However, for us, 2022 was more than back-to-normal, it was a year where we decided to go back-to-basics and retool our offering, challenging ourselves to be even more customer and agent centric.

We surveyed our agency partners, taking a deep dive into what they valued most. We received actionable insights and made improvements in technology, operations, claims handling, loss prevention services, and relationship management. When introducing some of the changes to our agency partners, we were met with comments like "No one else is doing this" and "This is a game changer," once again validating that we are making changes that will continue to differentiate RAS in the marketplace.

We posted another year of strong results and were recognized for our continued excellence with an upgrade to our AM Best outlook to "Positive." For the 3rd year in a row, we were named to the Ward 50 for our safety, consistency, and performance. Most importantly, we kept our promise to our insureds with innovative injury management, returning injured employees back to health and work.

RICHARD E. JOHNSON

President and CEO

A handwritten signature in black ink that reads "Richard E. Johnson". The signature is fluid and cursive, with a large loop at the end.



NAMED TO WARD'S TOP 50 FOR THIRD CONSECUTIVE YEAR

RAS – The Dakota Group® were named to Ward's Top 50 performing insurance companies for 2022.

"This award recognizes our consistent results and performance as compared to other insurers, and is a direct result of excellent efforts and a focused commitment on partnership by our employees. This focused partnership helps our customers achieve their objectives to prevent and manage workplace injuries," said Rick Johnson, President & CEO.

About Ward: Ward is the trusted leader of benchmarking and best practices services for the insurance industry. For the past 30 years, Ward has analyzed the financial performance of nearly 3,000 property-casualty companies and nearly 700 life-health companies, identifying the top performers per segment.

"We recognize RAS – The Dakota Group for outstanding financial results in the areas of safety, consistency, and performance over a five-year period," said Jeff Rieder, partner and head of Ward Group. "In selecting the Ward's 50, we analyze the financial performance of nearly 3,000 property-casualty insurance companies, identifying the 50 companies that pass financial stability requirements and demonstrate the ability to grow while maintaining strong capital positions and underwriting results."



PURPOSE AND PEOPLE

“To become the leading workers’ compensation provider delivering innovative solutions that promote a safe, healthy, and productive workforce.”

We are driven every day to deliver innovative solutions that promote a safe, healthy, and productive workforce. We rise each day to the challenge of effecting safe workplaces and restoring injured workers to optimum health and productivity. We are your partner in keeping employees safe at work so they can go home in the same condition as when they arrived.

Fueled by decades of expertise and disciplined growth, our success is reflected in our long-term relationships and business referrals from satisfied clients. It is based on the solid foundation of positive relationships and outstanding service with each interaction.

Core Values



Passion for the Customer

Build positive relationships through outstanding service with each interaction.



Integrity

Uphold the highest ethical standards and promote trust and respect.



Excellence

Exceed expectations and take intense pride in everything you do every day.



Leadership

Have the courage to rise above challenges to work through adversity and inspire others.



Innovation

Imagine what is possible. Foster creativity that challenges constraints and drives progress.



Teamwork

Consistently demonstrate an unselfish commitment to working with others to create a collaborative culture.

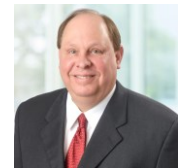
Executive Leadership



RICHARD JOHNSON
President and CEO



ED JOHNSON
COO



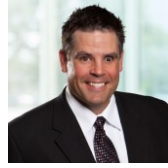
LARRY KLAAHSEN
Executive Vice President



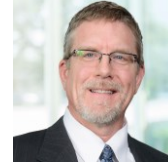
BOB SOBOCINSKI
Executive Vice President
Production



KELLI THOMAS
Chief of Staff



ROBERT J. HOLLAN
SVP, Secretary &
General Counsel



TED BRANDNER
Senior Vice President
Finance



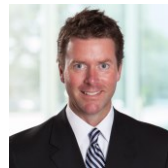
CHIRAG SHUKLA
Chief Information and
Technology Officer



JULIE WAAGE
Vice President
Human Resources



KELLY STEARNS
Vice President
Business Development



DR. PATRICK BERRY
Senior Vice President
Loss Control



JENNIFER HERTZFELD
Senior Vice President
Claims

Dakota Truck Underwriters Advisory Committee

- RICHARD JOHNSON**, President & CEO, RAS
- LARRY KLAAHSEN**, Executive Vice President, RAS
- MICHELLE SCHIPPER**, President, K & J Trucking, Inc.
- MATTHEW PARKER**, President, Parker Transfer & Storage
- CHRISTINE ERICKSON**, President, SD Auto Dealers Association
- PAUL SOVA**, President & CEO, Showplace Wood Products, Inc.
- DAVID MICKELSON**, President & CEO, Graham Tires
- STEVE WATKINS**, CEO, LifeScape
- PEGGY LESLIE-SMITH**, Director, Avera Employee Health
- MICHELLE LAVALLEE**, CEO, Children's Home Society
- BRIAN NASH**, CFO, Vern Eide, Mitchell

First Dakota Indemnity Board of Directors

- RICHARD JOHNSON**, President & CEO, RAS
- LARRY KLAAHSEN**, Executive Vice President, RAS
- ED JOHNSON**, COO, RAS
- ROBERT J. HOLLAN**, SVP, Secretary & General Counsel, RAS
- TED BRANDNER**, SVP Finance, RAS
- MICHELLE SCHIPPER**, President, K & J Trucking, Inc.
- CHRISTINE ERICKSON**, President, SD Auto Dealers Association
- PAUL SOVA**, Chairman of the Board, Showplace Wood Products, Inc.
- DAVID MICKELSON**, President & CEO, Graham Tires
- PEGGY LESLIE-SMITH**, Director, Avera Employee Health

Employee Base

average tenure

6.46
years

tenure 10+ years

26
percent



PATH TO GROWTH

"2022 was more than back-to-normal, it was a year where we decided to go back-to-basics and retool our offering, challenging ourselves to be even more customer and agent centric."

Rick Johnson,
President & CEO

RAS TIMELINE



RAS – The Dakota Group®
named to Ward's Top 50 for
3rd consecutive year

2022



RAS – The Dakota Group®
named to Ward's Top 50
for performing insurance
companies for the first time

2020

AM Best upgrades
DTU & FDI to A- rating
Celebrated 25 years
in business

2014

RAS moves into **new corporate headquarters** at Cherapa Place,
LEED: Gold

2007

First RAS Branch Office opens

2003

Precision Bill Review, LLC (PBR)
formed as a bill review company

2002

First Dakota Indemnity Company (FDI)
established forming The Dakota Group®

1995

TLC Advantage, LLC, formed
in partnership as SD's first
preferred provider organization
(PPO)

OHARA, LLC, formed in
partnership to provide managed
care services

DTU reached \$5,000,000 in
written premiums and received its
first AM Best rating of B++

1994

Insurance Alternatives, LLC,
created to offer other lines of
insurance to the subscribers of DTU

1990

Risk Administration Services, Inc. (RAS)
was formed with 8 employees to become
the attorney-in-fact for DTU

1989

Dakota Truck Underwriters (DTU)
formed as a reciprocal insurer and direct
writer serving workers' compensation
needs for much of the trucking industry
of South Dakota

FINANCIALS

Combined Dakota Group Through 4Q 2022	2022	2021
Long Term Invested Assets	243,276,701	191,976,799
Cash and Cash Equivalents	10,314,250	16,062,920
Cash and Invested Assets	253,590,951	208,039,719
Premium Receivables	40,744,438	39,611,789
Reinsurance Recoverable	2,202,447	4,135,260
Other Assets	7,019,359	5,459,185
Total Assets	303,557,194	257,245,953
Loss and Loss Expense Reserves	114,946,906	101,455,122
Unearned Premiums	51,891,280	42,815,668
Ceded Reinsurance Payables	5,134,004	11,669,916
Other Liabilities	11,323,005	12,737,793
Total Liabilities	183,295,196	168,678,500
Policyholders Surplus	120,261,998	88,567,454

Financial Position

(Prior Years as of 12/31)

Direct Premiums Written	138,262,159	133,421,593
Assumed Premiums Written	2,622,932	2,055,928
Gross Premiums Written	140,885,091	135,477,521
Net Reinsurance Ceded	(18,644,932)	(40,222,744)
Net Premiums Written	122,240,160	95,254,777
Change in Unearned Premium	(9,075,612)	(5,244,031)
Net Premiums Earned	113,164,548	90,010,746
Loss and Loss Expenses Incurred	(75,930,959)	(57,816,030)
Underwriting Expenses	(25,080,541)	(22,019,962)
Underwriting Gain/(Loss)	12,153,049	10,174,754
Net Gain/(Loss) on Investments	5,980,611	5,100,802
Other Income/(Expense)	8,485	(86,987)
Policyholder Dividends	(4,818,397)	(3,627,125)
Pre-Tax Income/(Loss)	13,323,747	11,561,444
Federal Income Tax	2,211,082	1,795,080
Net Income	11,112,665	9,766,364

Operating Results

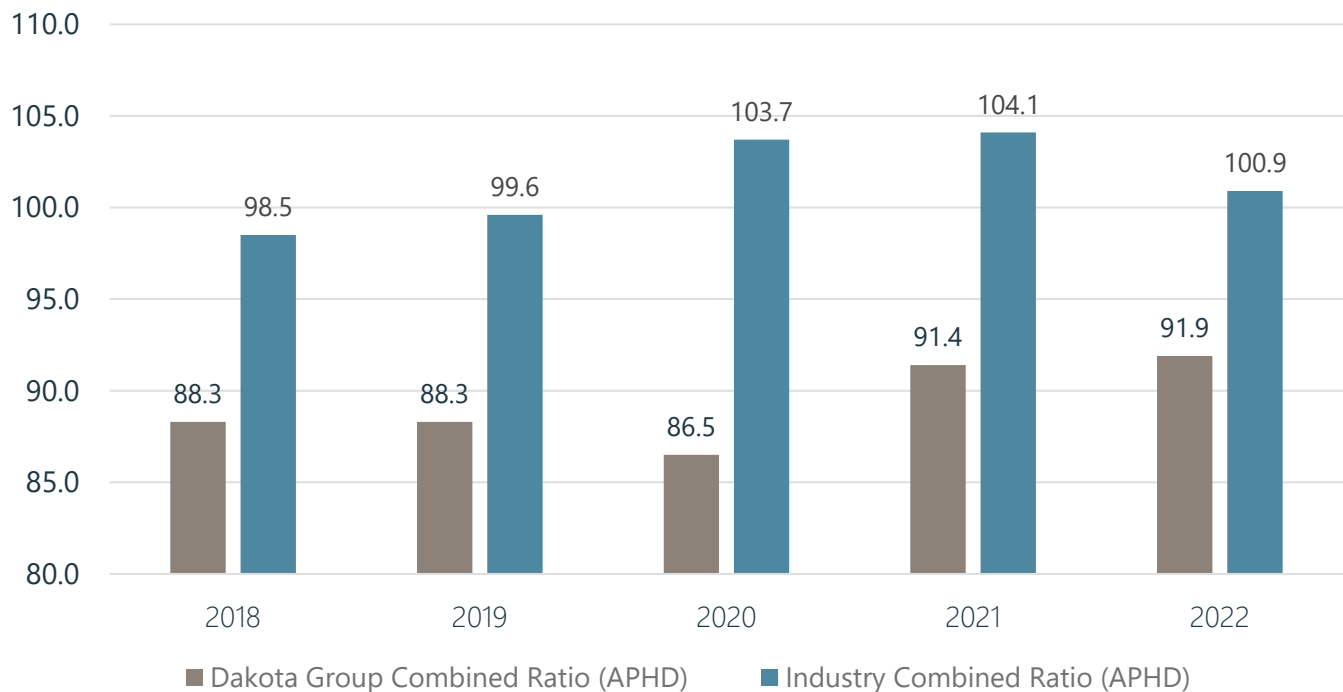
(Prior Years as of quarter-ending)

Net Loss and Loss Expense Ratio	67.10	64.23
Underwriting Expense Ratio	20.52	23.12
Combined Ratio	87.62	87.35
Dividend Ratio	4.26	4.03
Combined Ratio APHD	91.87	91.38

Underwriting Statistics

PERFORMANCE

5 Year Performance



Industry AM Best

Work Comp Composite Group 2022

28.3%

Net Premiums
Written Growth

5.6% - Industry

20.5%

Underwriting
Expense Ratio

29.8% - Industry

10.6%

Total Return
on Surplus

4.6% - Industry

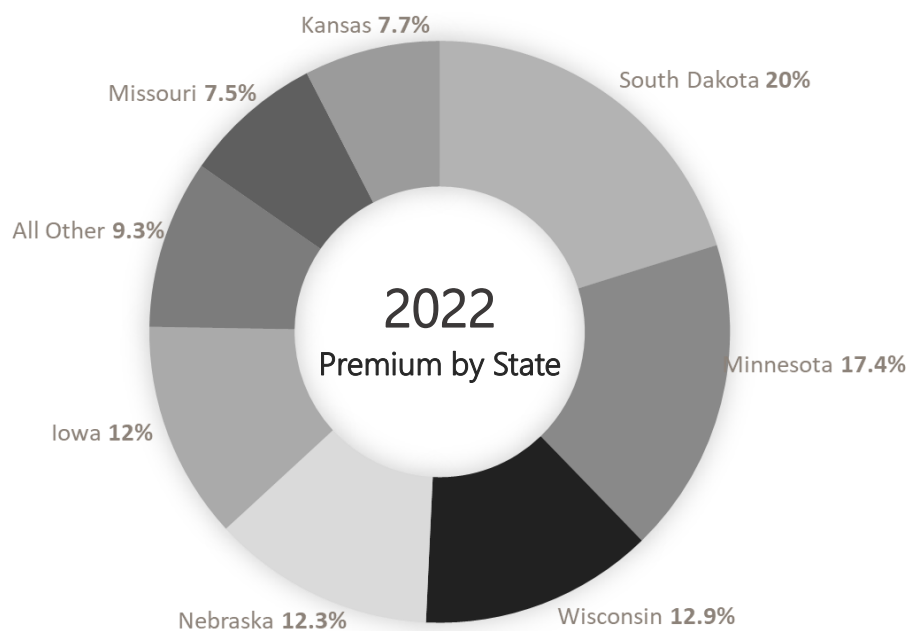
67.1%

Net Loss Ratio
and LAE

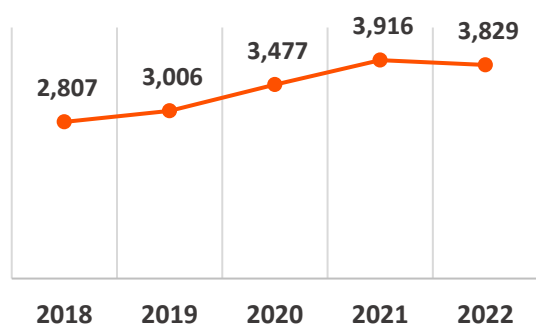
66.5% - Industry

The Dakota Group® consistently performs better than the AM Best WC Composite "A-" rated peers in key operational areas. Best's ratings are a recognized indicator of an insurer's financial strength and creditworthiness.

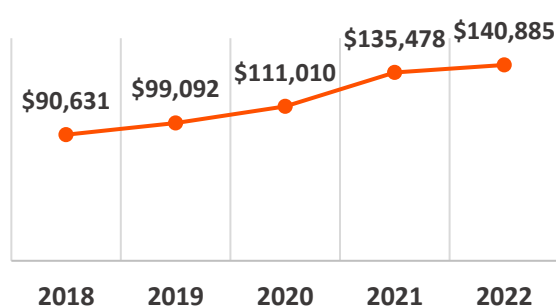
FINANCIAL STATISTICS



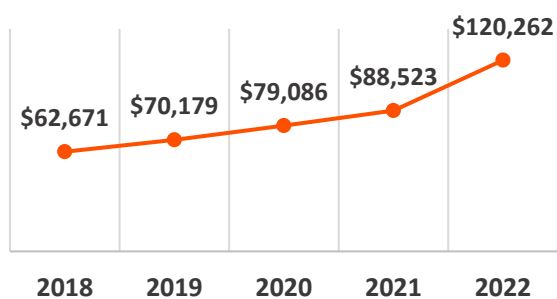
Policy Count



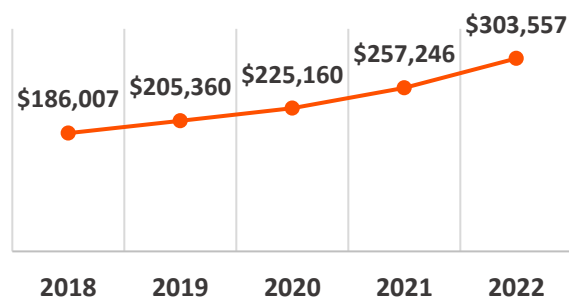
Gross Premiums Written (\$000's)



Total Surplus (\$000's)



Total Assets (\$000's)



OUR PROMISE

Most importantly, we kept our promise to our insureds with innovative injury management, returning injured employees back to health and work.

GIVING BACK



2nd Annual RAS Golf Classic Benefitting Kids' Chance of SD Surpasses Fundraising Goal!



\$45,000

DONATED TO KIDS' CHANCE OF SOUTH DAKOTA 2022
\$30,000 RAISED IN 2021



132

GOLFERS PARTICIPATED
FROM CT, GA, IA, IL, MD, MN, MO, NC,
NE, OH, SD, VA, WI

Kids' Chance of South Dakota is proud to provide post-secondary and trade school scholarships to the children of South Dakota workers who have been severely or fatally injured in a workplace accident. The children of these workers often lose opportunities for secondary education.



Sioux Empire United Way

\$78,850.37

RAISED BY OUR TEAM IN 2022

76%

EMPLOYEE PARTICIPATION

49

HEART CLUB MEMBERS

#3

EMPLOYEE GIFT PER CAPITA

#13

CORPORATE GIFT PER CAPITA

#20

EMPLOYEE GIFT TOTAL

Other Community Donations:

- 437 Project
- Avera Foundation
- Brandon Area Food Pantry
- Children's Home Society
- El Riad Shrine
- Feeding South Dakota
- HealthConnect
- Junior Achievement of South Dakota
- Leukemia & Lymphoma Society
- National Multiple Sclerosis Society
- Ronald McDonald House
- Sanford Health Foundation
- Sioux Falls Area Community Foundation
- The Banquet



RISK ADMINISTRATION SERVICES, INC.

Workers' Compensation.

It's what we do. It's who we are.

CORPORATE OFFICE IN SIOUX FALLS, SD

OFFICES IN EAGAN, MN · OMAHA, NE · LAS VEGAS, NV
PO Box 89310, Sioux Falls, SD 57109-9310
P. 800.732.1486 F. 877.884.6573
RASCompanies.com



2020, 2021, & 2022

Cover photo used with permission by Journey Construction.