

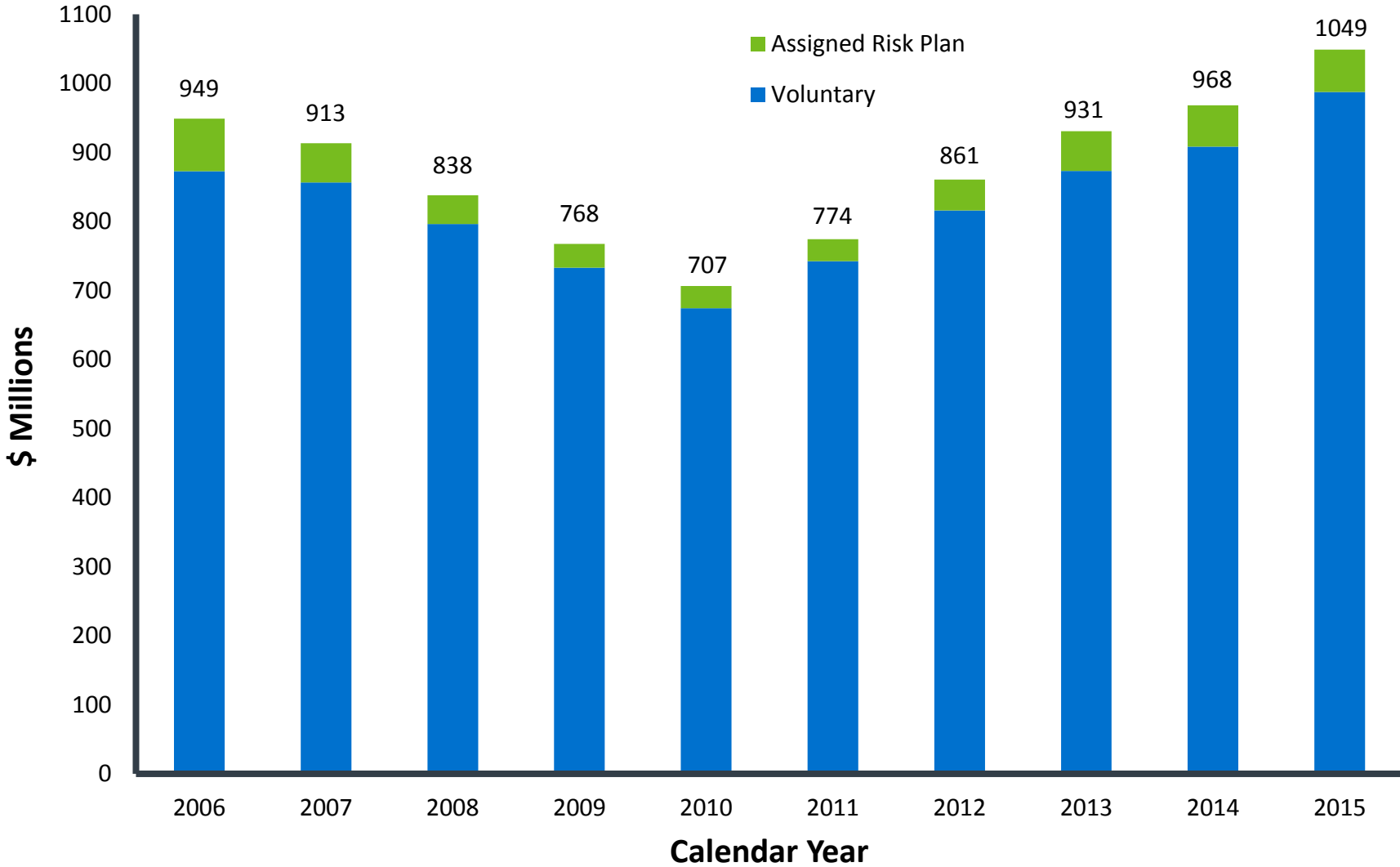
Minnesota Workers' Compensation

State of the Market



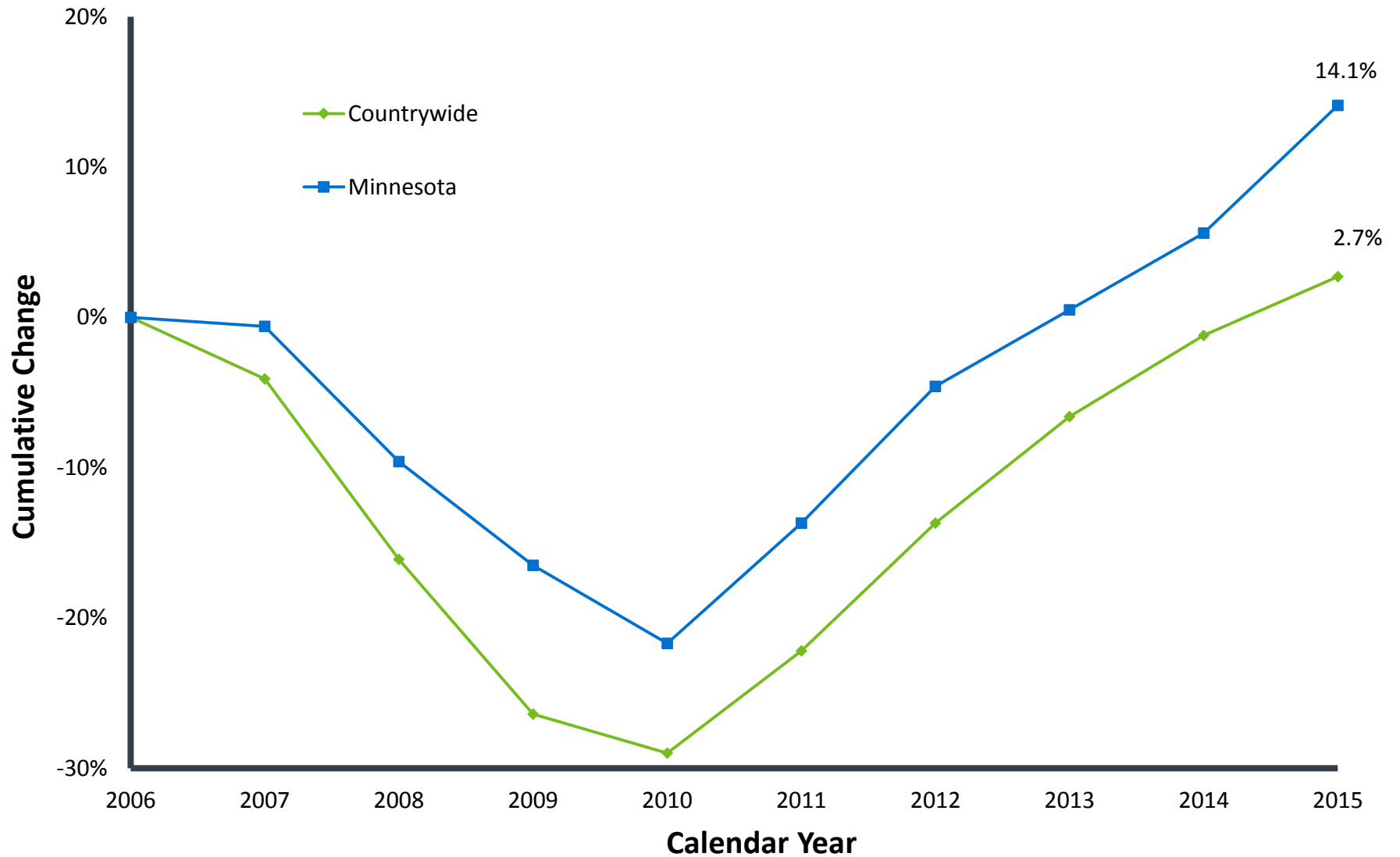
Minnesota's workers' compensation market is notably robust. Premiums continue to grow, and loss ratios have improved significantly since the shift in the underwriting cycle over five years ago. Reductions in lost-time claim frequency and permanency, and reduced growth in medical claim severity have led to significant reductions in loss costs. Increases in claim settlements have also been a contributing factor to decreases in statewide net case reserves. Nonetheless, the effects of medical benefit trends on case reserve movement will continue to be central to monitoring the future health of the market.

Following Five Years of Decreases, Premium Has Grown Over 45% Since 2010



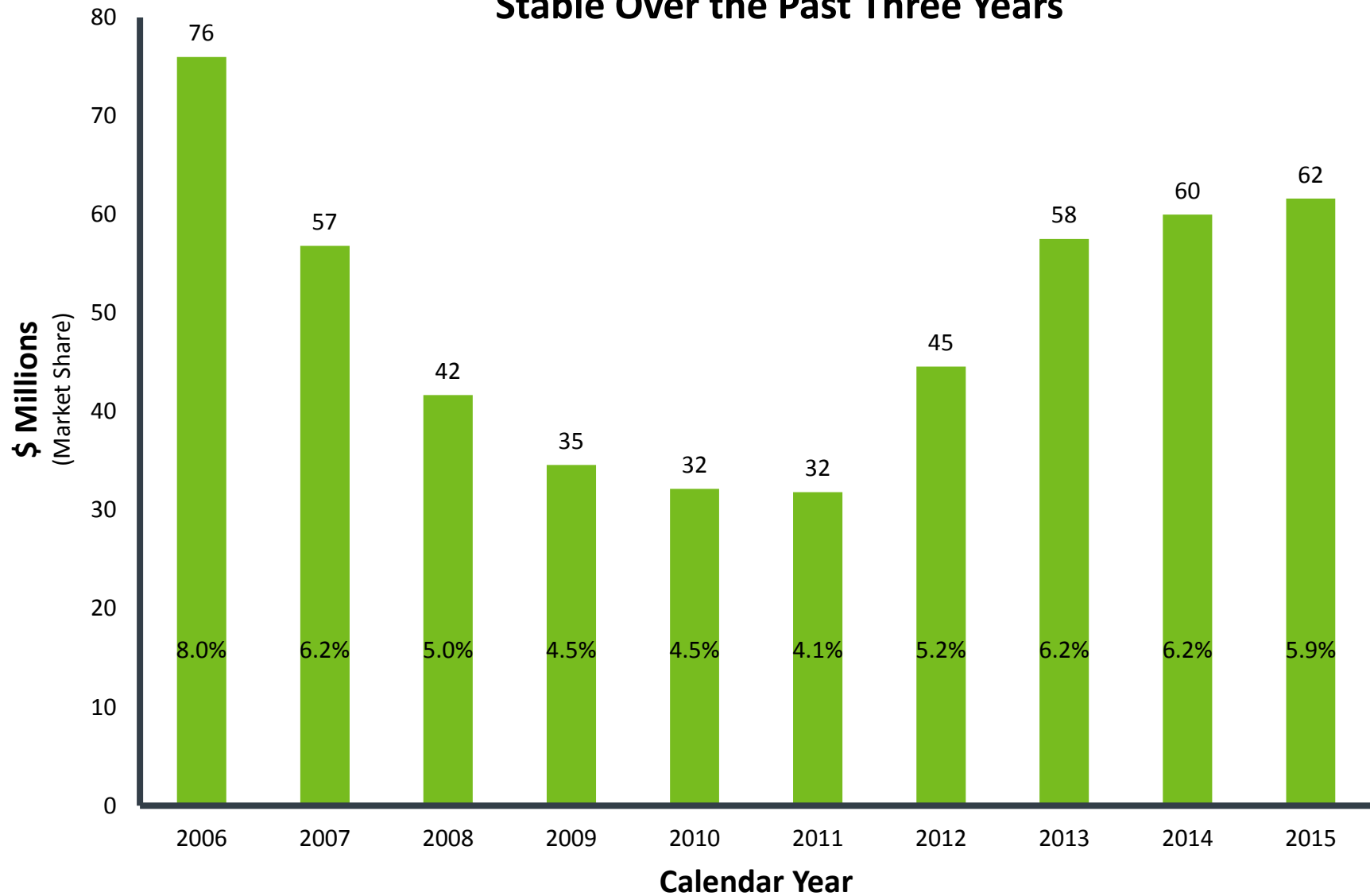
Source: A.M. Best's Market Share Reports/One Year Premiums and Loss Study and Actuarial Advisors
Direct Earned Premium

Premium Growth Since 2010 is Typical of Countrywide Trends



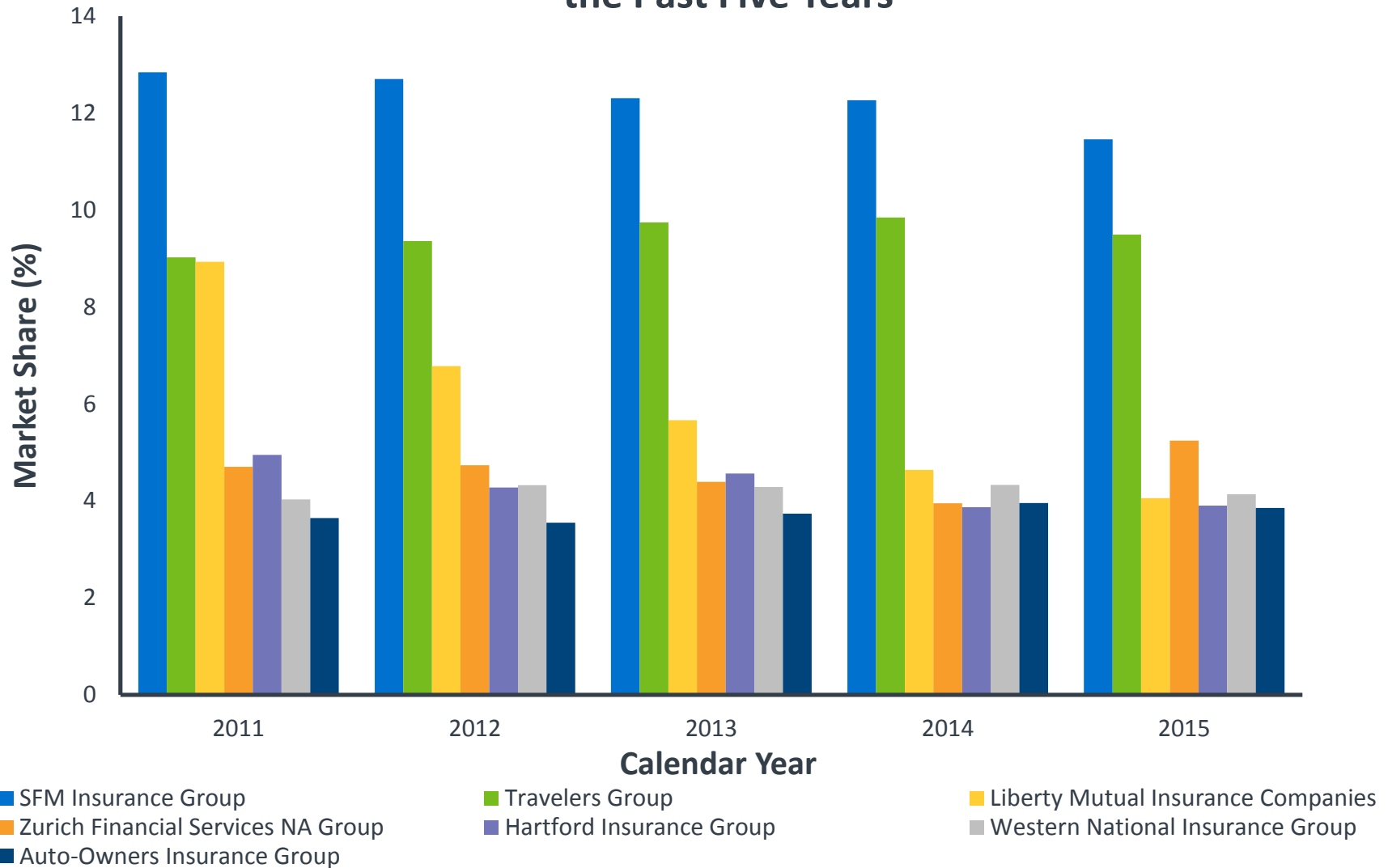
Source: A.M. Best's Market Share Reports/One Year Premiums and Loss Study
Direct Written Premium

The Assigned Risk Market Share Has Been Stable Over the Past Three Years



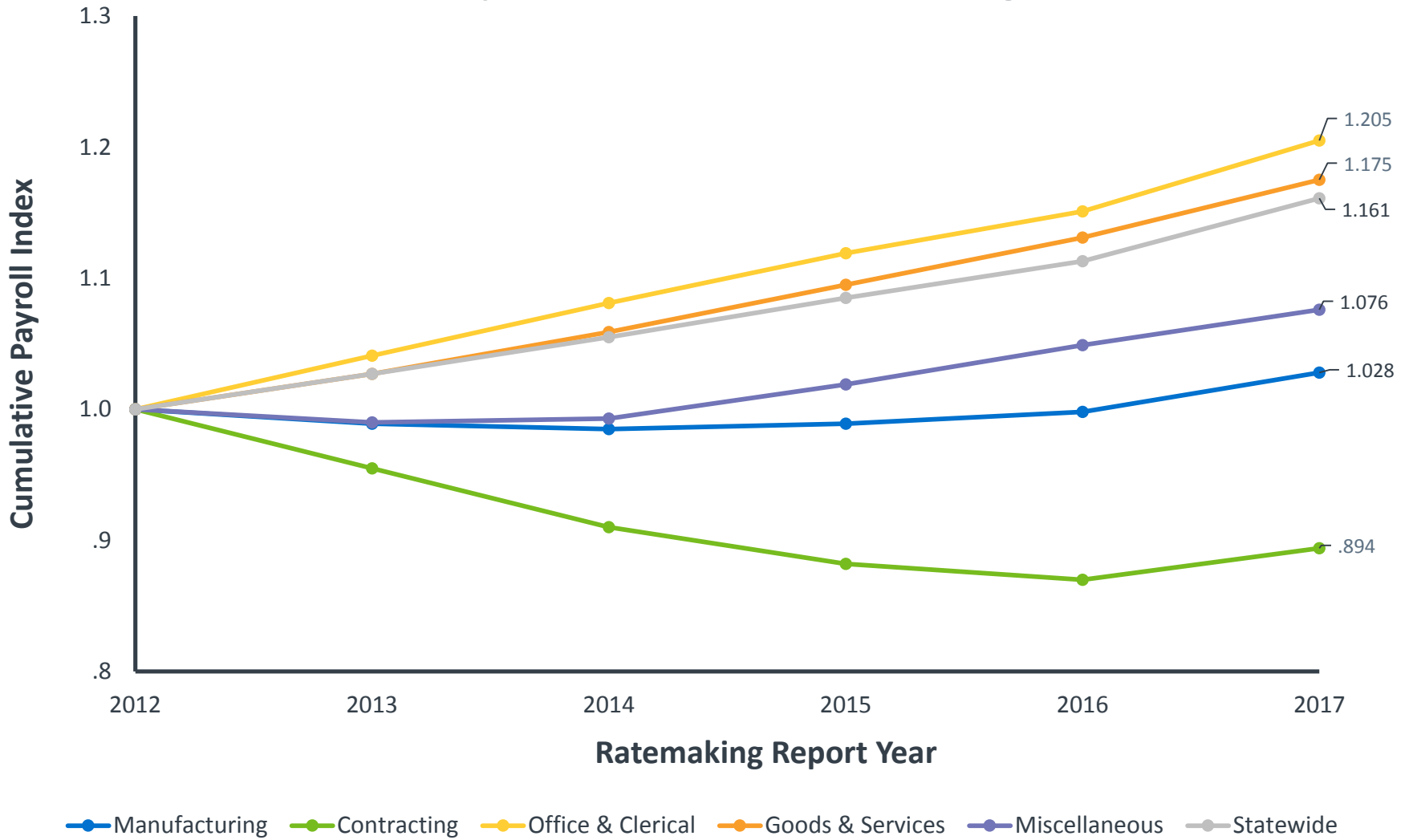
Source: Actuarial Advisors

Seven Carriers Have Remained Among the Top Ten Writers for the Past Five Years



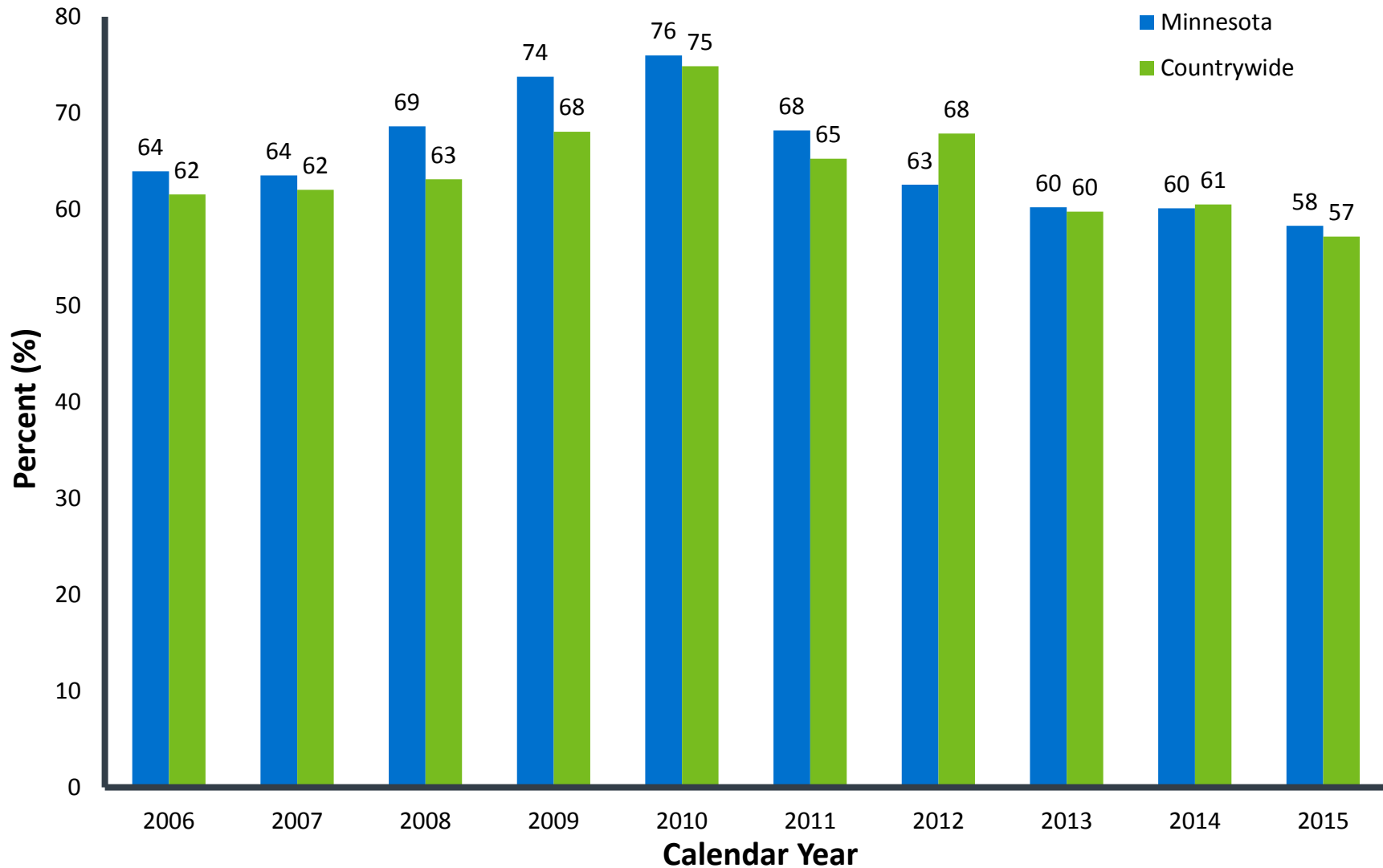
Source: A.M. Best's Market Share Reports/One Year Premiums and Loss Study
Based on Direct Written Premium

Both Contracting and Manufacturing Payroll Increases Continue to Lag



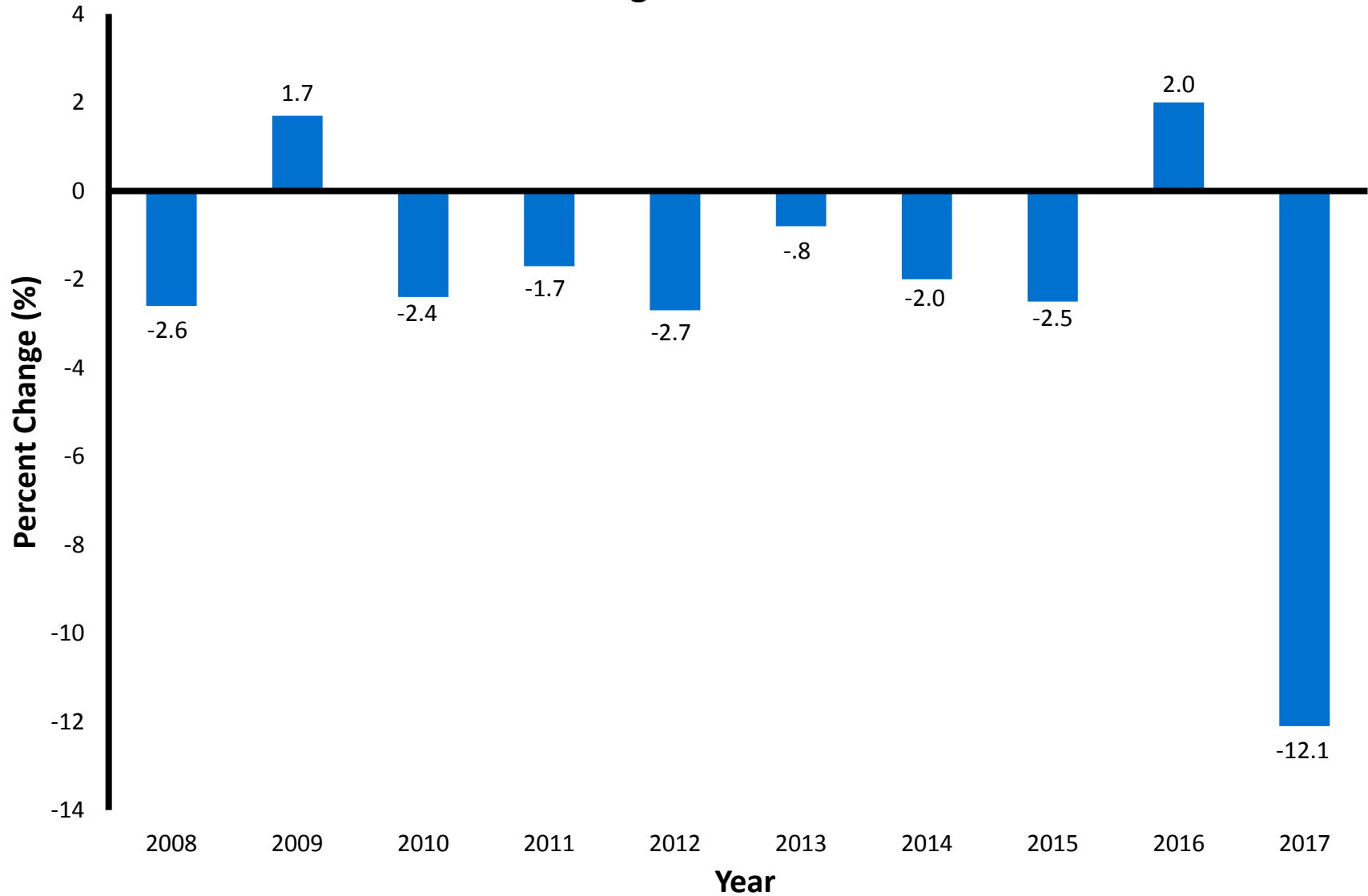
Source: Unit Statistical data

Loss Ratio Changes Have Been More Stable than Countywide Trends Over the Past Five Years



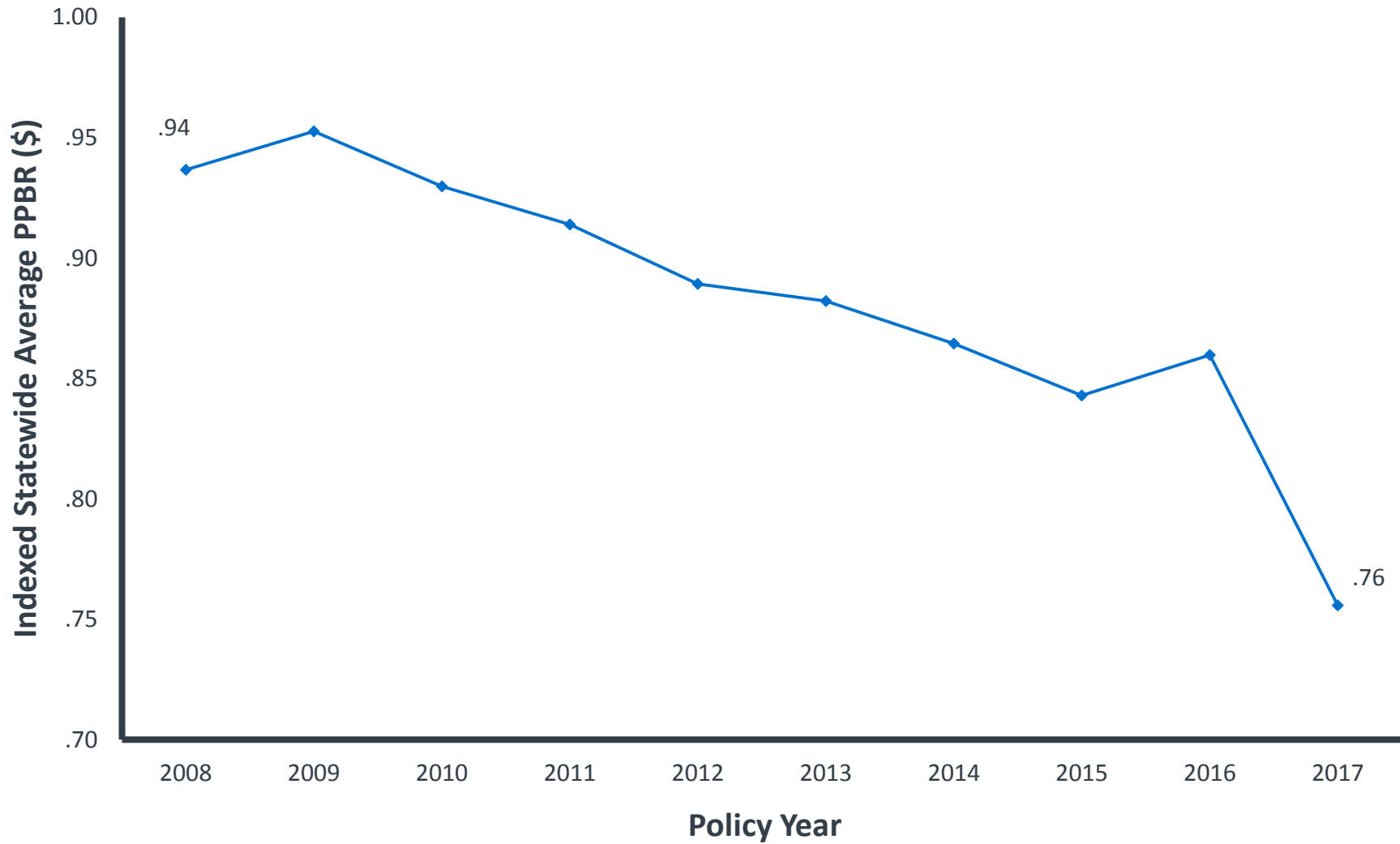
Source: A.M. Best's Market Share Reports/One Year Premiums and Loss Study

The Average Pure Premium Rate Level Has Decreased Eight of the Last Ten Years



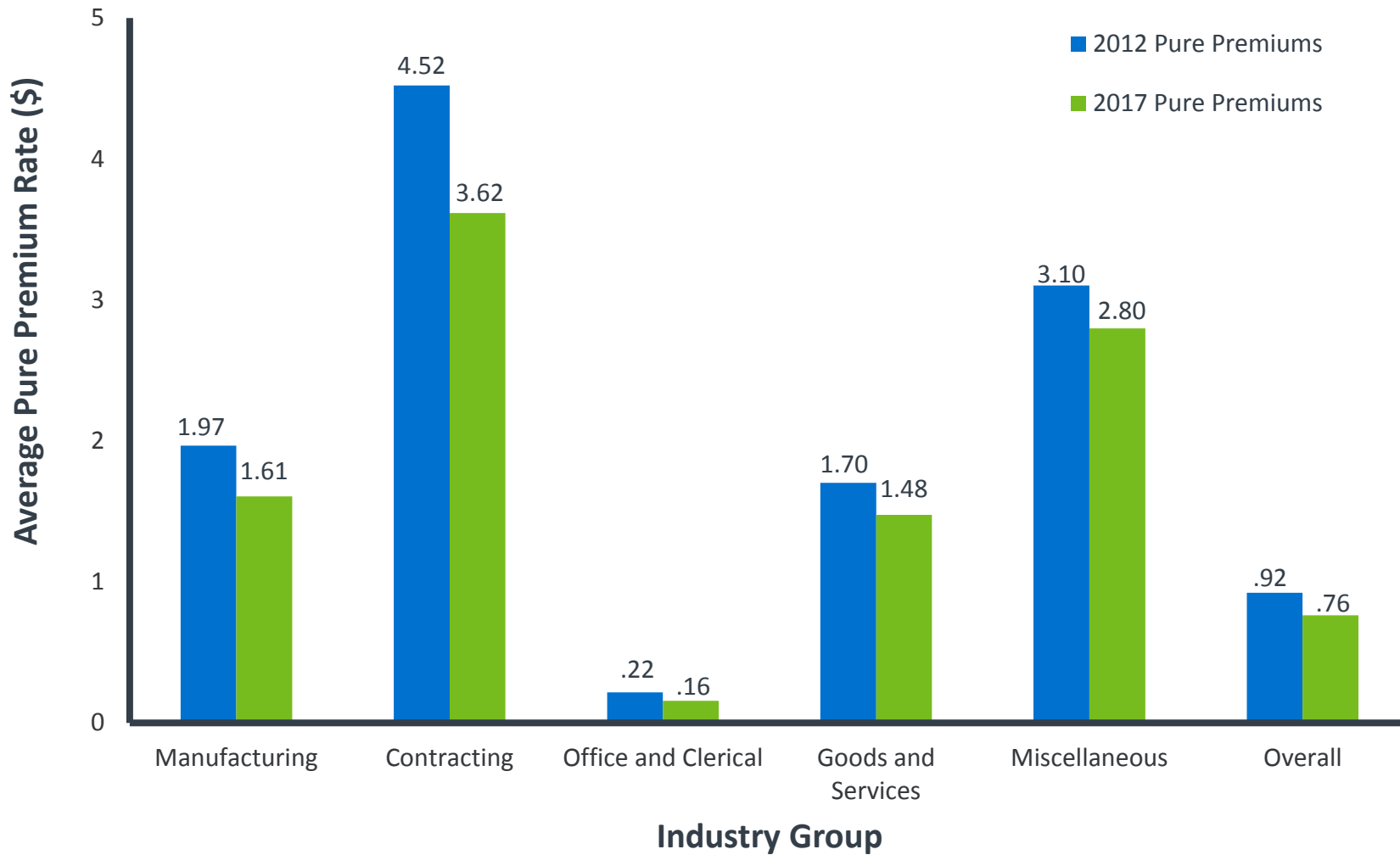
Source: MWCIA Ratemaking Reports

The Average Pure Premium Rate Has Decreased Nearly 20% over the Last Ten Years



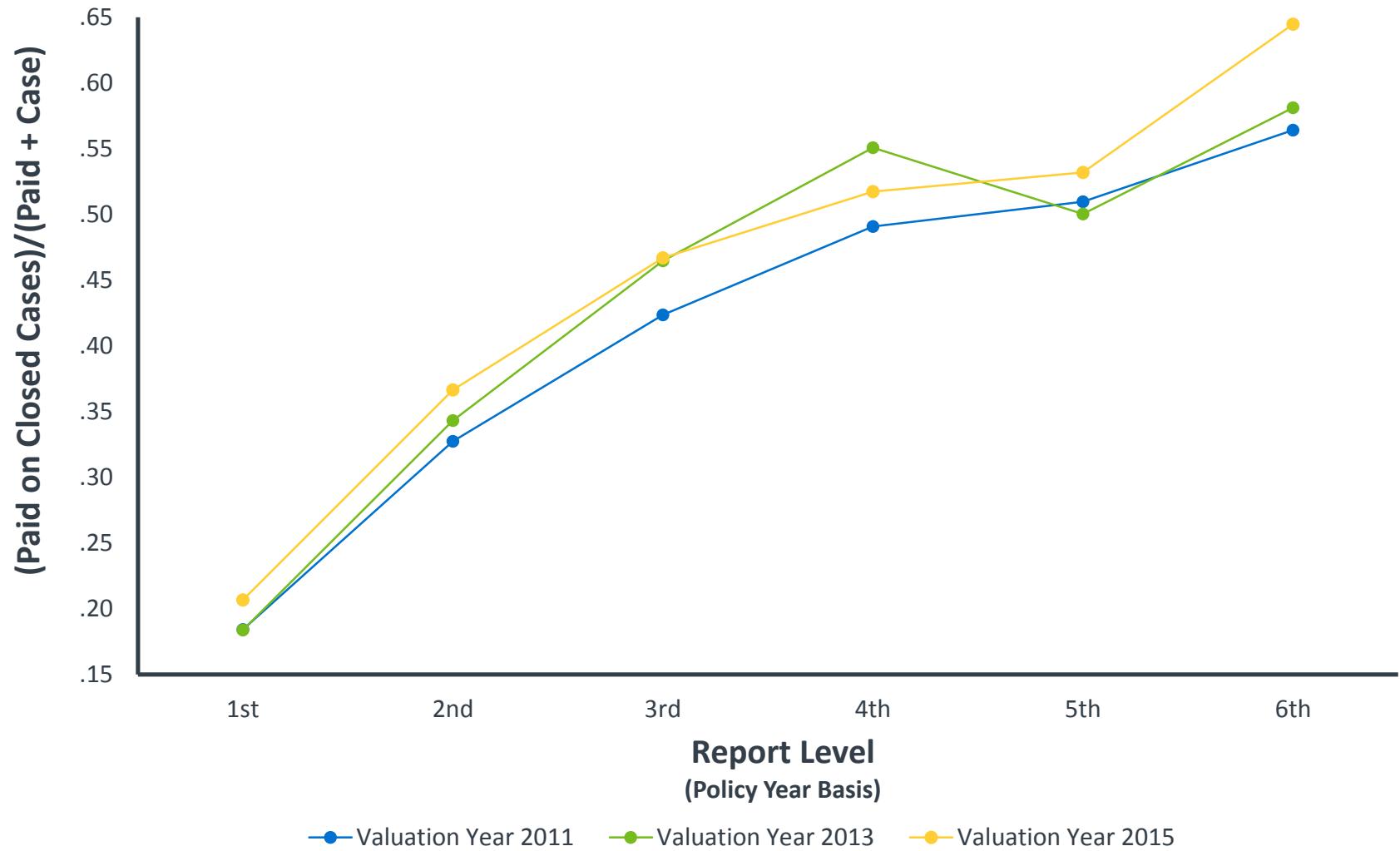
Source: Unit Statistical data used in the 2008-2017 Ratemaking Reports

All Industry Groups' Average Pure Premiums Have Experienced Significant Decreases Over the Last Five Years



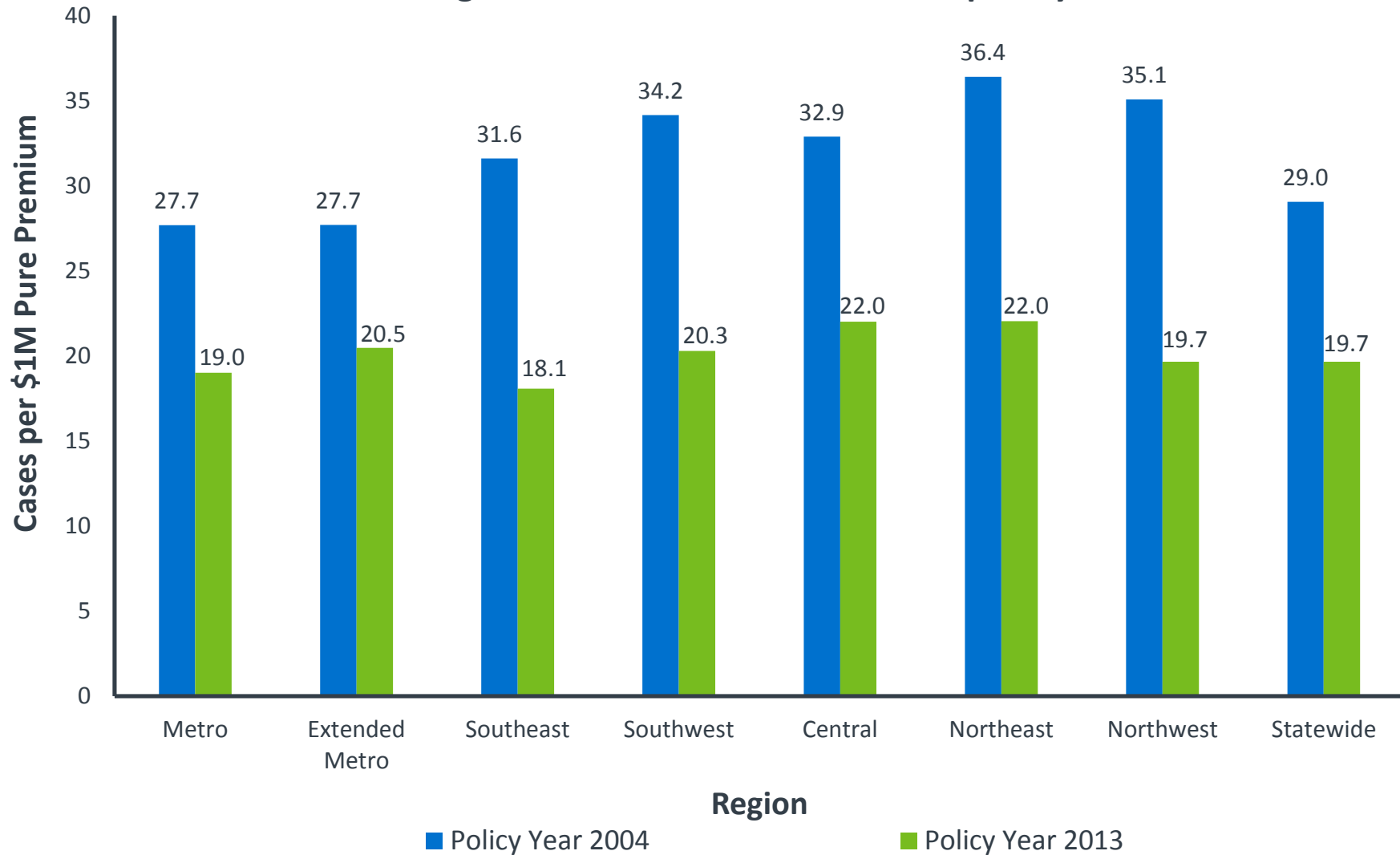
Source: Unit Statistical data used in the 2012 and 2017 Ratemaking Reports

Carriers Have Been Settling More Lost-Time Claims at Earlier Reports



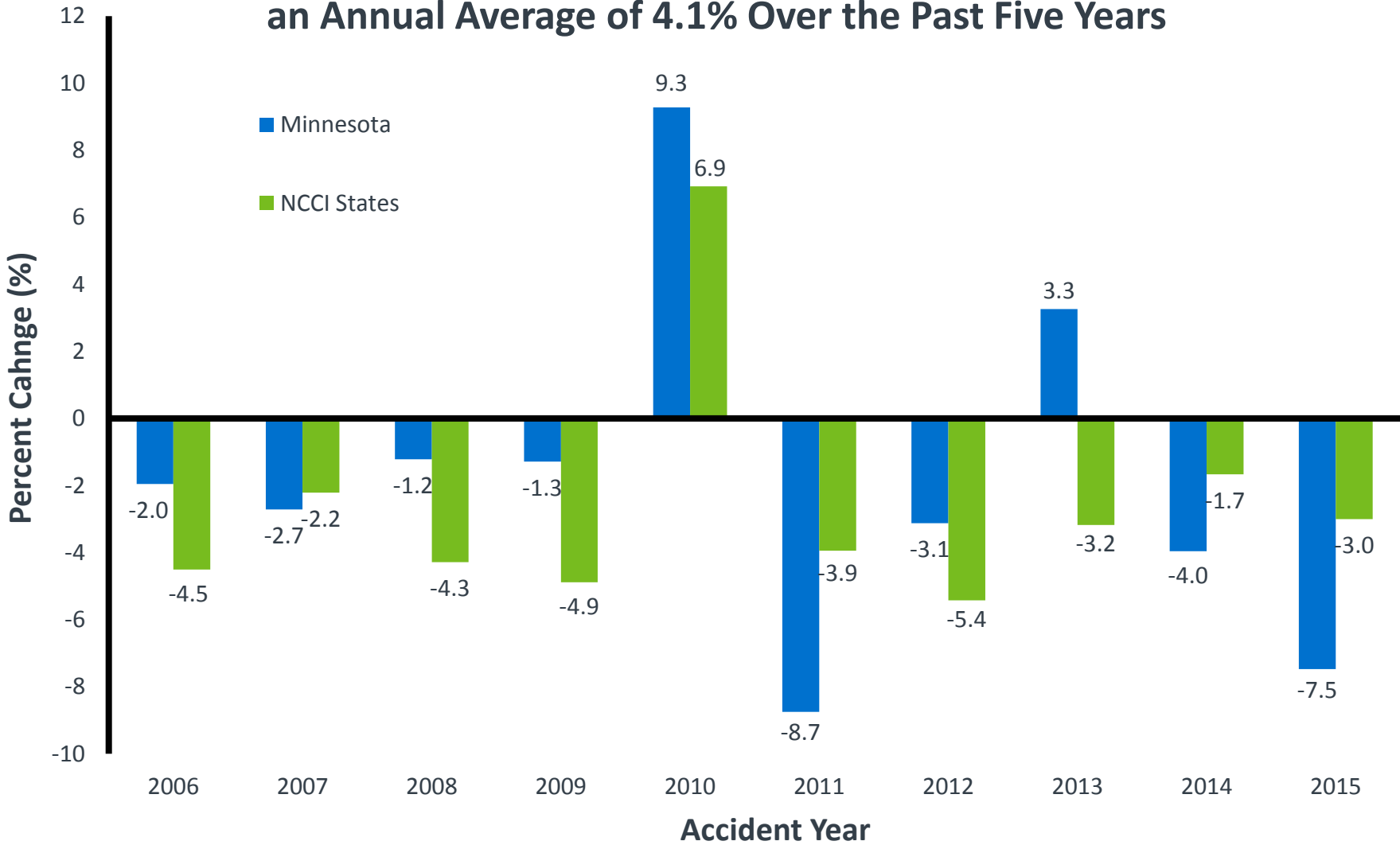
Source: MWCIA Financial Call Data

Northern and Southern Minnesota Have Experienced the Largest Decreases in Lost-Time Frequency



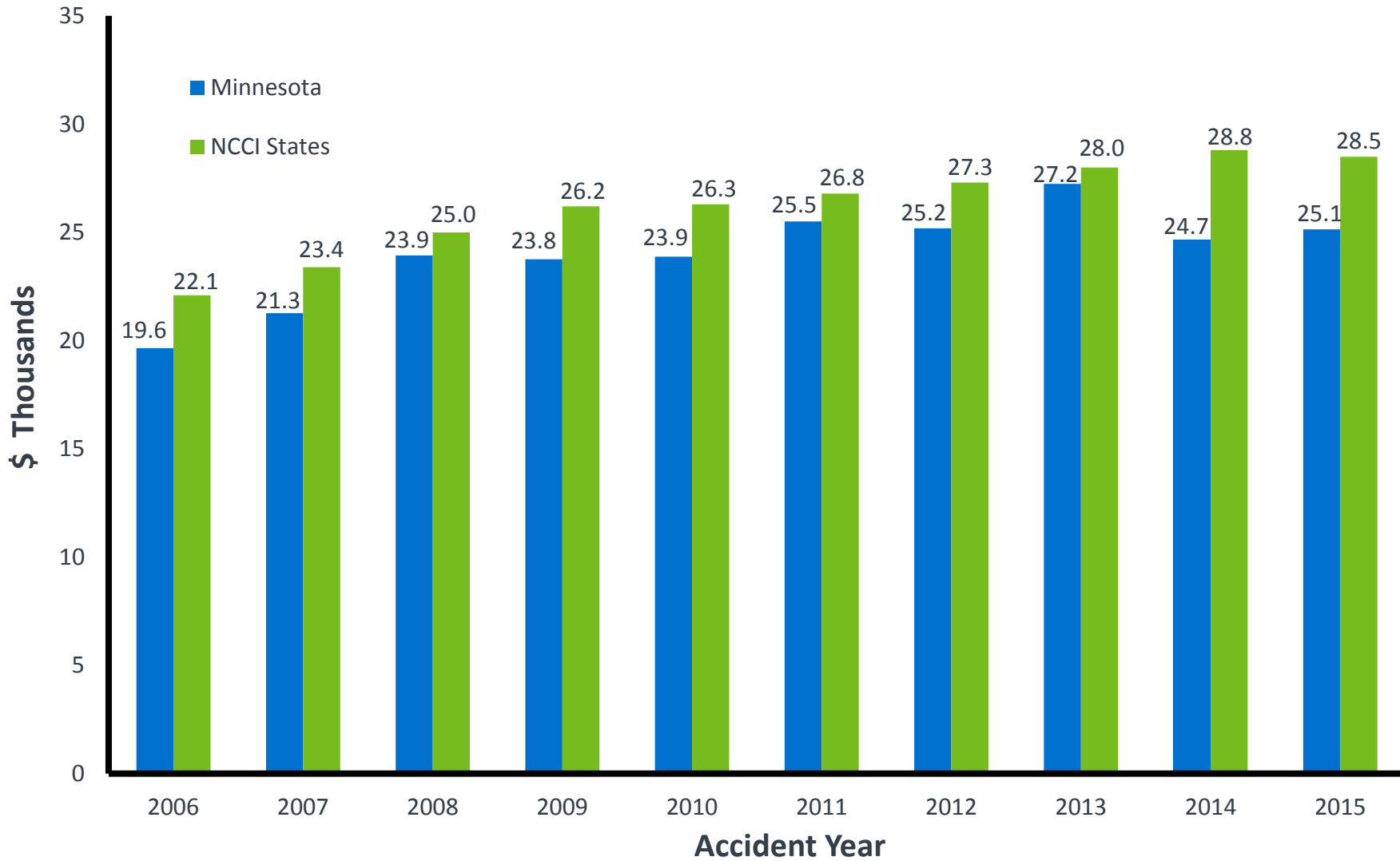
Source: Unit Statistical data

Lost-Time Claim Frequencies Have Decreased an Annual Average of 4.1% Over the Past Five Years



Source: MWCIA Financial Call data valued as of 12/31/2015, Claim Counts Developed to Ultimate Report, Premiums On-level and Wage-Adjusted NCCI State of the Market Report presented at 2016 Annual Issues Symposium, NCCI annual average decrease has been 3.4% over the past five years

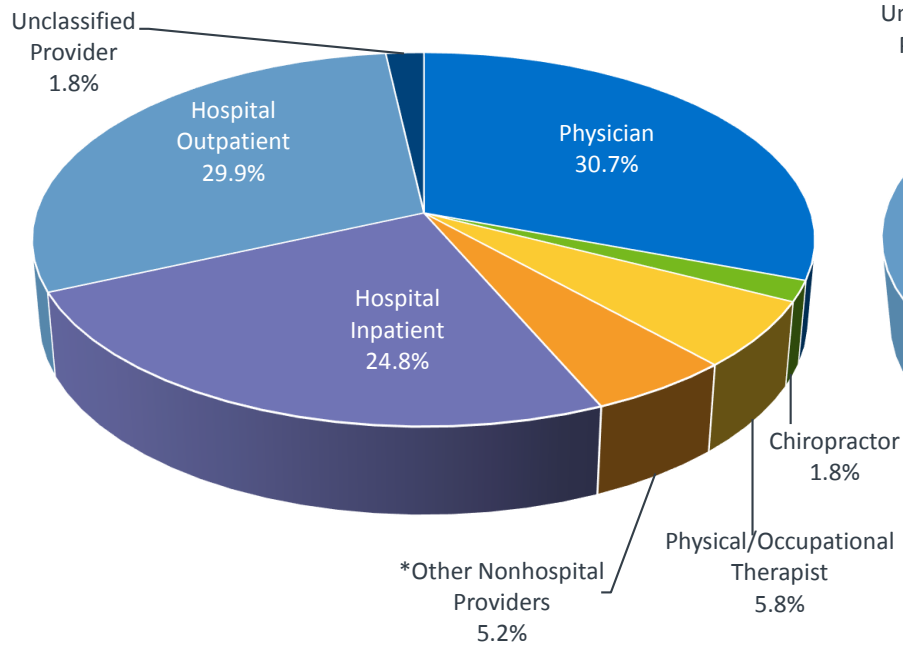
Minnesota's Lost-Time Medical Paid Plus Case Reserve Severities Have Been Consistently Lower Than the NCCI States¹



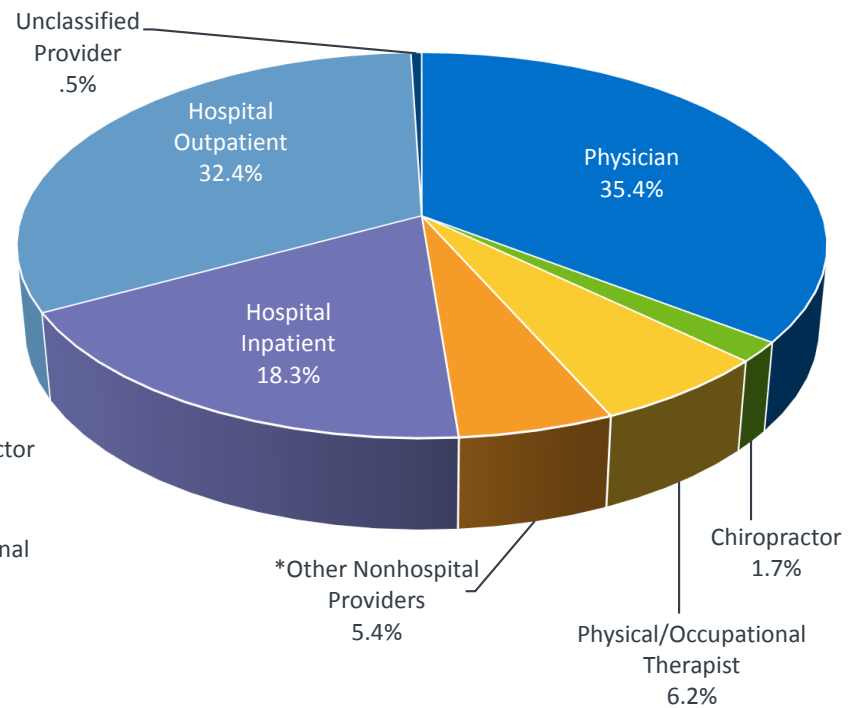
Source: MWCIA Financial Call data valued as of 12/31/2015, Losses and Claim Counts Developed to Ultimate Report
NCCI State of the Market Report presented at 2016 Annual Issues Symposium

The Share of Medical Payment Dollars to Hospital Inpatient Providers Has Decreased Over 6%

Claims Arising over 10/1/2008- 9/30/2009 as of 3/31/2010

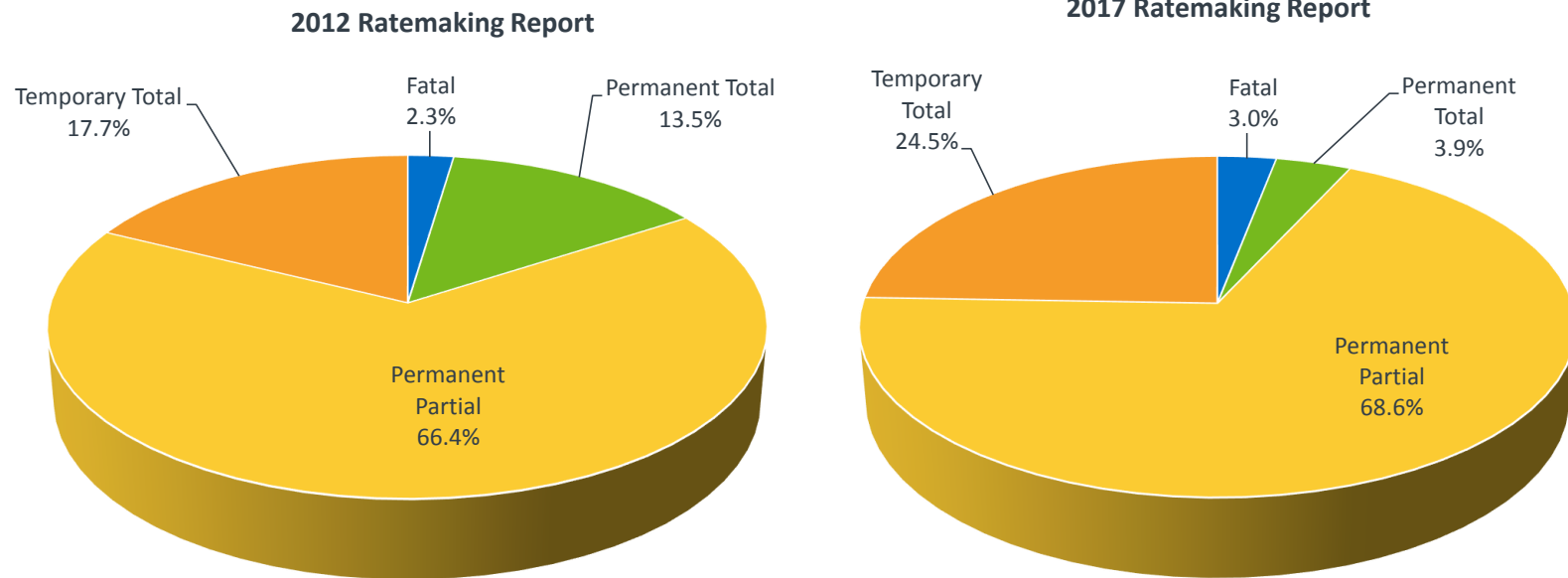


Claims Arising over 10/1/2013 - 9/30/2014 as of 3/31/2015



Source: WCRI Compscope Medical Benchmarks, 12th and 17th Editions
 Claims with More than 7 Days of Lost Time
 *Other Nonhospital Providers - Physicians' Assistants, Nurses, Counselors, Medical Equipment Suppliers

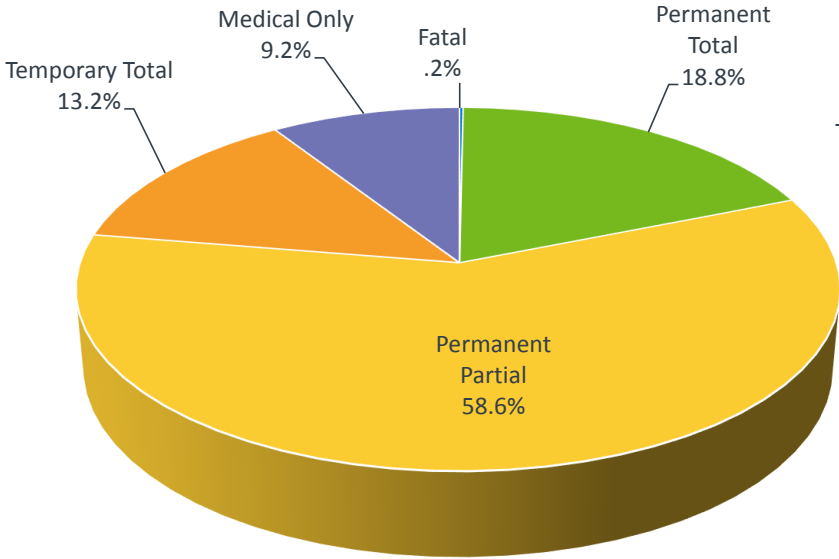
The Share of Indemnity Losses Has Shifted from Permanent to Temporary Disabilities by Almost 7%



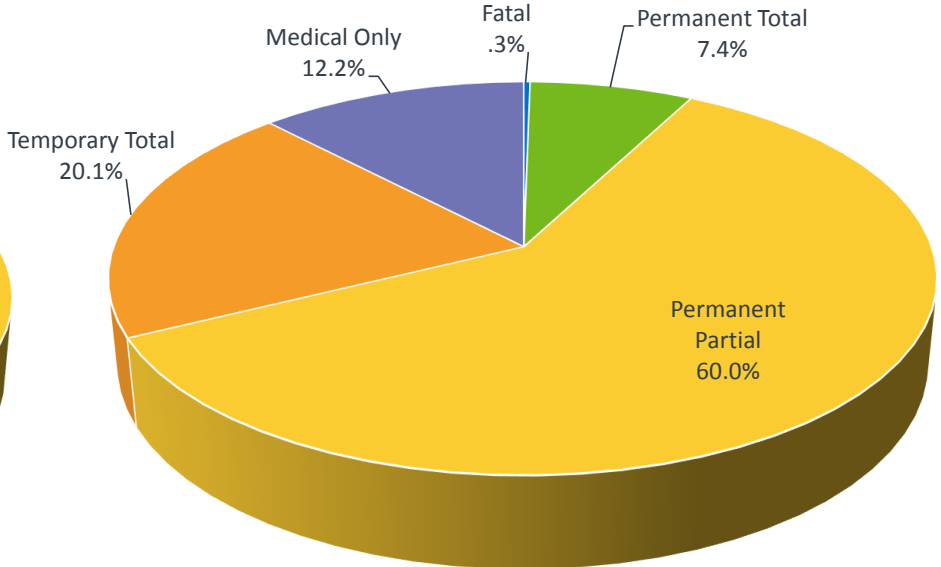
Source: Unit Statistical data

The Share of Medical Losses Has Shifted from Permanent to Less Severe Injuries by 10%

2012 Ratemaking Report

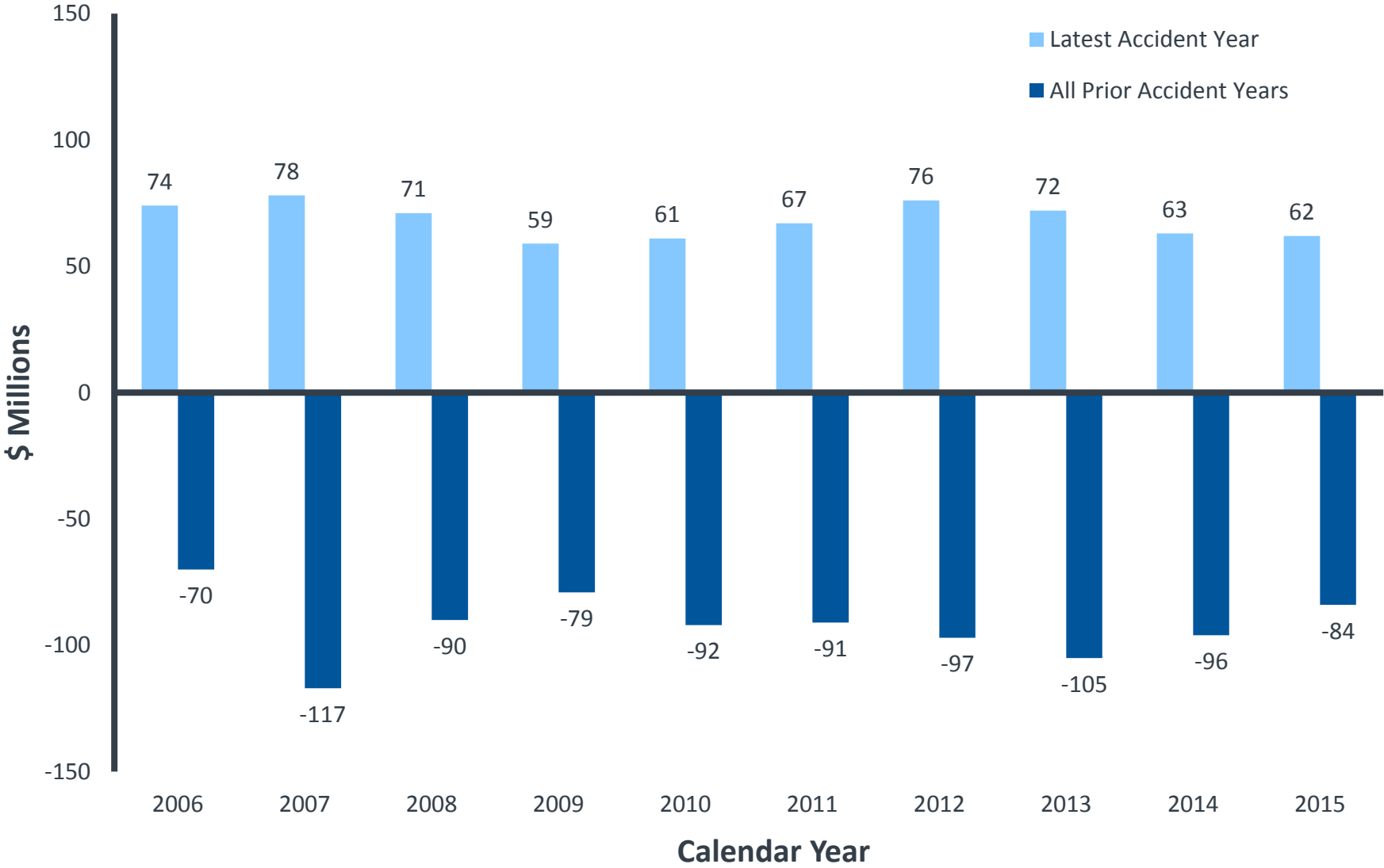


2017 Ratemaking Report



Source: Unit Statistical data

Net Indemnity Case Reserve Releases from Prior Accident Years Continue to Outstrip Establishment of Current Year Reserves



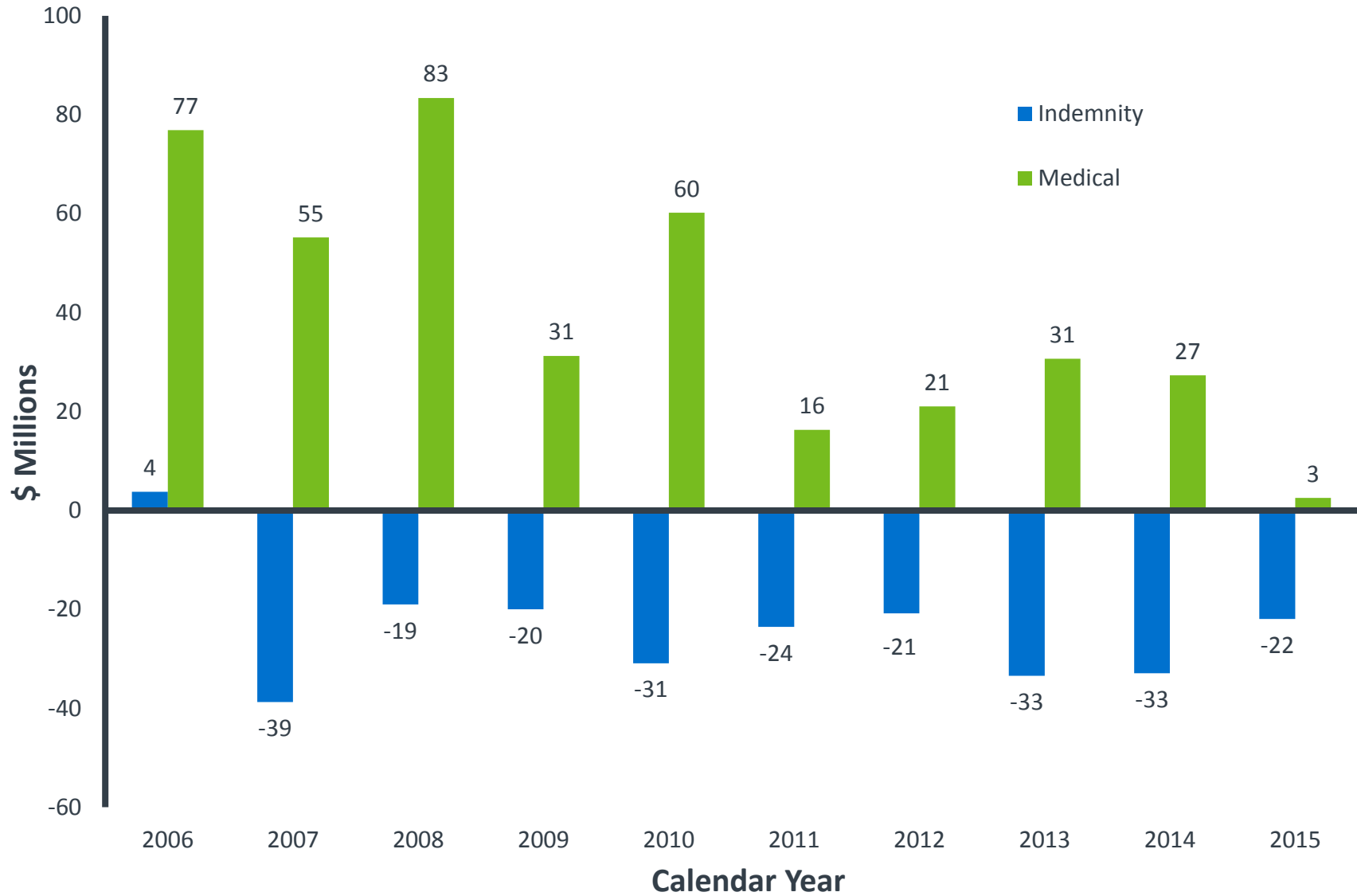
Source: MWCIA Financial Call data

Net Medical Case Reserve Releases from Prior Accident Years Continue to Be Offset by Establishment of Current Year Reserves



Source: MWCIA Financial Call data

Total Statewide Case Reserves Have Dropped \$35 Million Since 2010



Source: MWCIA Financial Call data