



INFORM

OUR COMMITMENT IN ACTION

**PRESIDENT'S
LETTER**

**STATE OF
THE MARKET**

**PRODUCTS
& SERVICES**

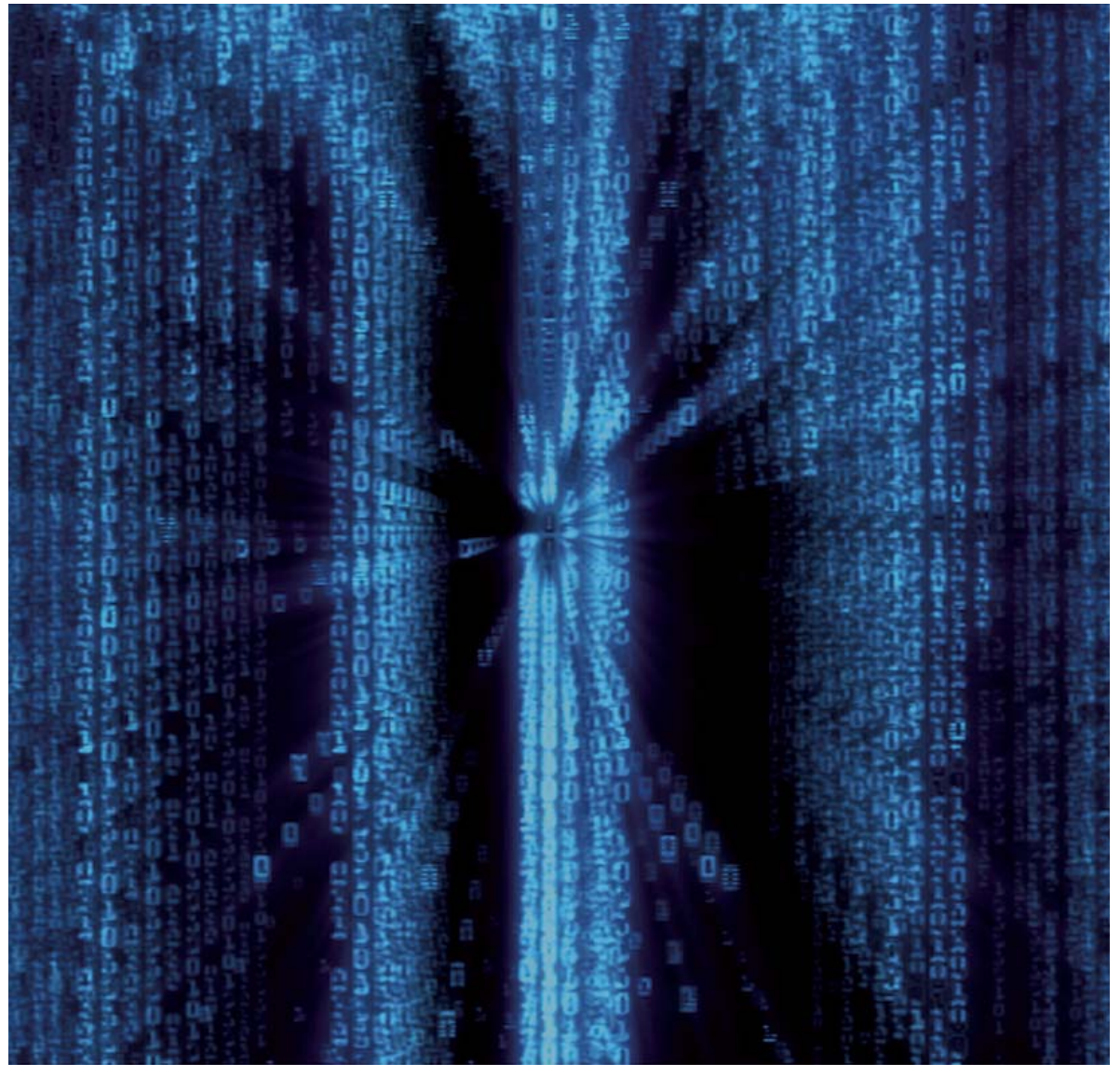
COLLABORATIONS

**FINANCIALS
& STATISTICALS**

OUR MEMBERS

OUR BOARD

OUR STAFF



PRESIDENT'S *LETTER*

From the dawn of history, humans have continually sought new ways to communicate with one another, to compile the information around us and present it in meaningful ways to ourselves, to our contemporaries and to future generations.

What began as pictographs evolved over hundreds of thousands of years into spoken language, then written language. Along the way, various inventions resulted in major advances, some of them sudden. Gutenberg's press comes to mind. Within decades, printed Bibles and other critical works of history were available to anyone who could read. Before long, there were newspapers, magazines, pamphlets and books which greatly enhanced our ability to communicate, but also had profound effects on learning and education with the founding of schools and universities, and the building of public libraries.

Throughout history, however, no generation has witnessed the significant advances in communication that we have. Photography, for example, has gone from grainy black and white quality to spectacular full color images that give us the impression that we could literally step into the photo. We have invented hand-held machines that can record and transmit those images and our spoken words virtually anywhere in the world. And we have seen our written speech sent instantly across the globe via email. Indeed, information travels so quickly today that its impact can be measured within minutes and hours, not years, and reactions can be surveyed, gathered and reported within the time it takes to watch the evening news.





Of course, it's not just the volume of information itself that is available to us. We now have a mind-boggling array of ways to send and receive that information. Radio, television, iPods, BlackBerries, computers, cell phones, most now with photo and video capability, all combine to make us the most informed society in the history of civilization.

Some would argue that we are too informed what with the array of information bombarding on us every waking moment. Indeed, recent studies indicate that we have not only learned to ignore information we don't want, but that we've actually become fairly adept at avoiding it altogether. Studies show, for example, that patrons will avoid companies if they feel they have to tolerate yet another advertising pitch from gas stations that feature little video ads on their gas pumps to lavatories that post ads on the walls. Perhaps nowhere is this avoidance more prominent than with viewers watching television who either mute the ads or fast forward past them.

At the same time, the "traditional" venues such as newspaper, radio and television have changed in a number of ways. The role of an independent and unbiased news source has been significantly changed with many "slanted" versions of news reporting. Also, the era of the internet and "bloggers" is definitely upon us and has made an impact.

So what gets through? What are the trusted sources of news and information?

Quality information is provided by professional, service orientated entities that understand the importance of factual and unbiased information. Quality information can be defined as something of real value to the audience member, something pertinent, something they actually want or need to know.



At MWCIA, we have the distinct advantage of not having to market to the masses. Moreover, we have audiences who regularly let us know what they are interested in and what they need. That makes it possible for us to deliver quality information on an ongoing basis to every member of every one of our audiences. Timely information. Truly pertinent information. Information that is presented in a very understandable and usable format. Information our members can actually use and count on in their decision making process.

And because of the array of communication devices and methods at our disposal today, we can gather and leverage that information to maintain its quality and precisely disseminate it in ways we never dreamed of, even ten years ago.

As excited as we are by the prospect in all of this, we never lose sight of the fact that it begins with you. It is largely because of your suggestions, your comments, and yes, even your complaints, that we have been able to develop the systems necessary to achieve what we have to date so that we may continue to earn your trust and support in the future.

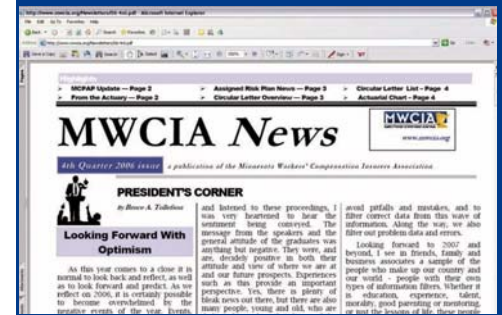
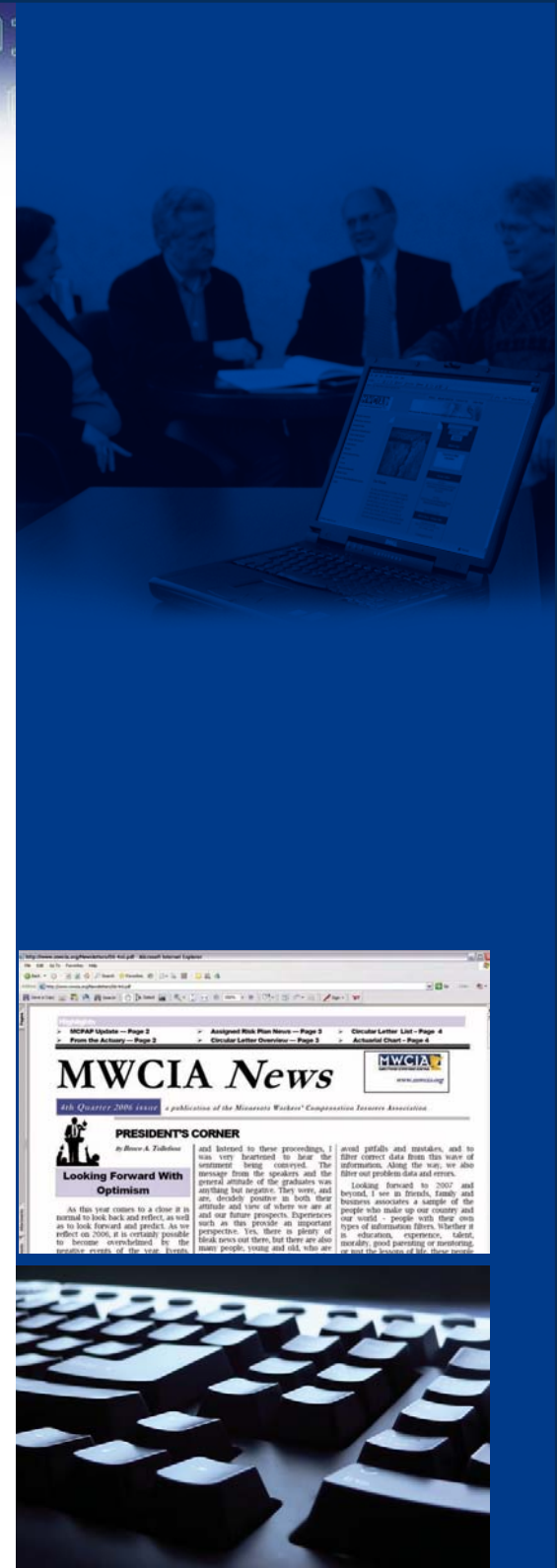
Nothing else goes right to the heart of our mission:

AS THE PREFERRED PROVIDER OF QUALITY MINNESOTA WORKERS' COMPENSATION INFORMATION, WE ARE COMMITTED TO DEVELOPING PRODUCTS, SERVICES AND MARKETS THAT MEET OUR CUSTOMERS' EVOLVING NEEDS, AND TO PROVIDING A WORK ENVIRONMENT RICH IN OPPORTUNITIES FOR PERSONAL AND PROFESSIONAL GROWTH.

We are, once again this year, grateful to you for communicating back to us and allowing MWCIA to be your provider of quality information and services.

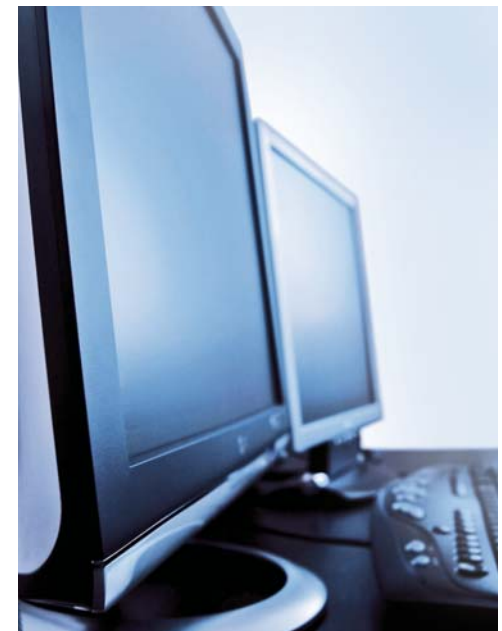


Bruce A. Tollefson
President



STATE OF THE MARKET

The Minnesota Workers Compensation market continues to be relatively strong. Carrier rates are increasing somewhat faster than pure premiums, but the assigned risk plan is still depopulating at a significant rate, with premium volume down more than 25% in the past year. Even though medical costs are constantly rising, and carriers are increasing medical reserves at record rates – persistent annual indemnity case frequency reductions tend to keep overall costs fairly predictable.





RATE MAKING REPORT

The 2007 Ratemaking Report was released on August 11, matching our earliest release date record set last year. Because this is the essential reference product in our industry, we are pleased to get the Ratemaking Report into the hands of our audience as early as possible, allowing them time to review its findings and determine their own pricing for the coming 12-month cycle.

The pure premium base rate level continues to demonstrate strong stability. Since 2002, the level has experienced one increase and four decreases, and three of the individual changes have been less than 2.0%. On average, 2007 base rates are virtually identical to their 2002 counterparts.

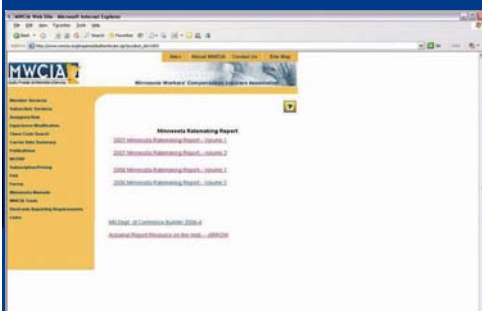
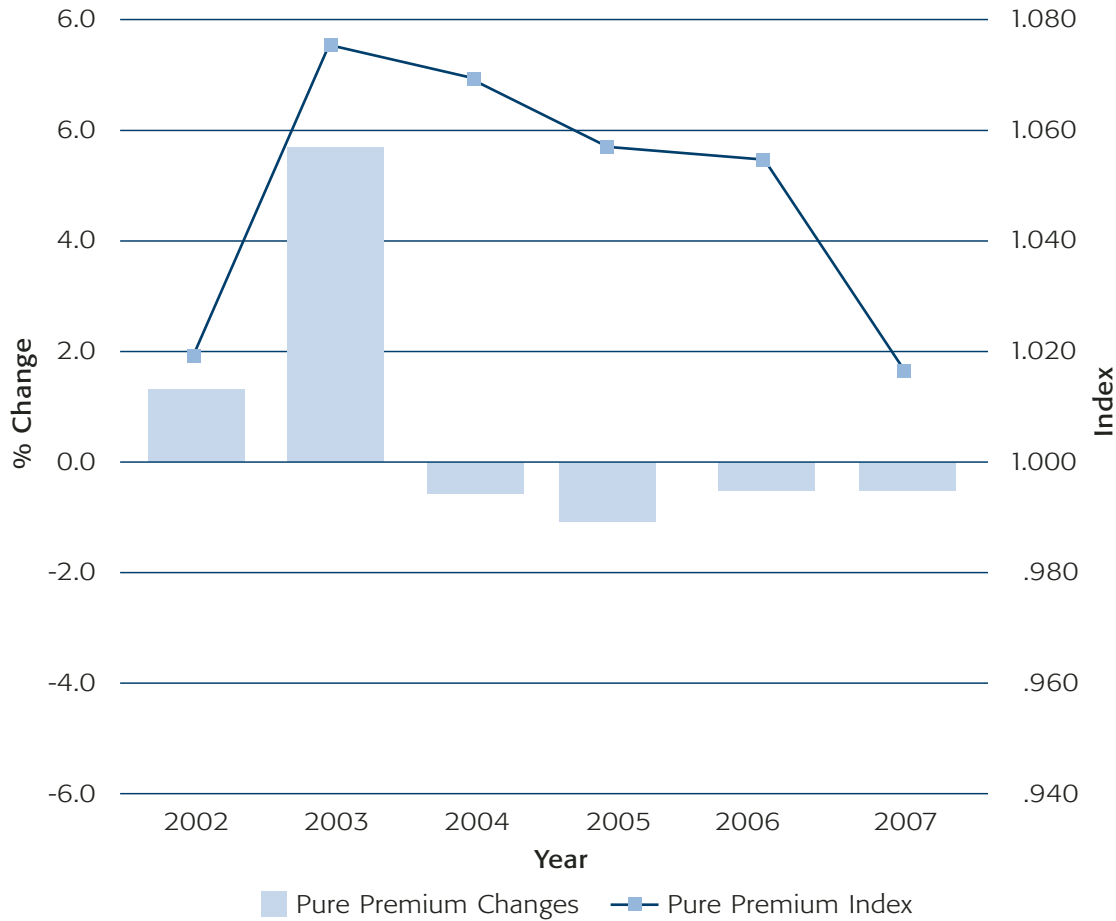
As displayed in the accompanying chart, the pure premium base rate level decreased 3.6% this year—the fourth decrease in as many years. By specific industry, this breaks down as follows:

| | |
|-------------------|-------|
| Manufacturing | -8.5% |
| Contracting | +1.3% |
| Office & Clerical | -6.9% |
| Goods & Services | -3.2% |
| Miscellaneous | -1.1% |





PURE PREMIUM BASE RATE CHANGES 2002-2007





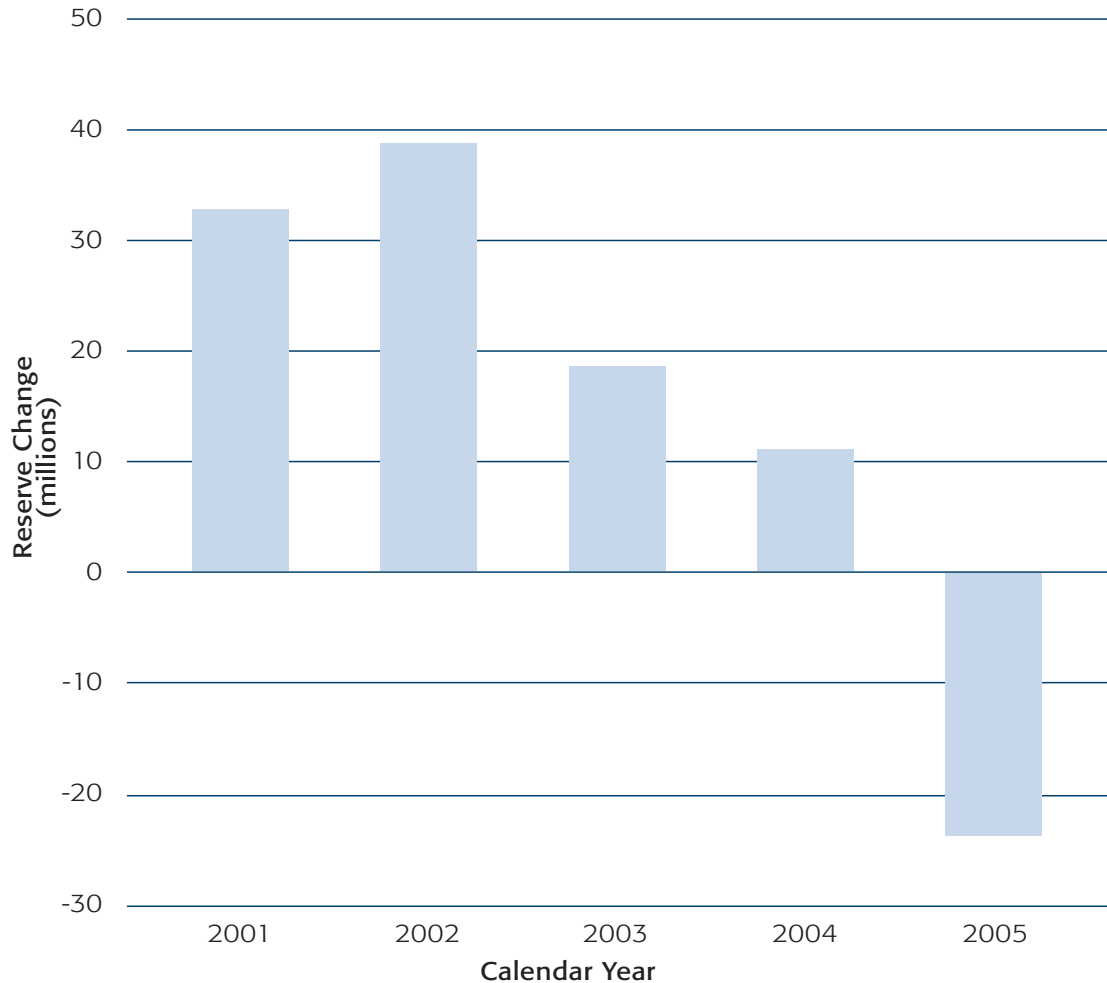
AVERAGE RELATIVE INDEMNITY CLAIM FREQUENCY

Again, the driving force behind stable base rates is the continuing reduction in claim frequency. Average indemnity claim counts began their annual decline in the mid to late '90's and have not yet found their valley. Indemnity claim frequency per \$10 million of payroll dropped nearly 30% between the 2000 and 2004 policy years.



INDEMNITY CASE RESERVES

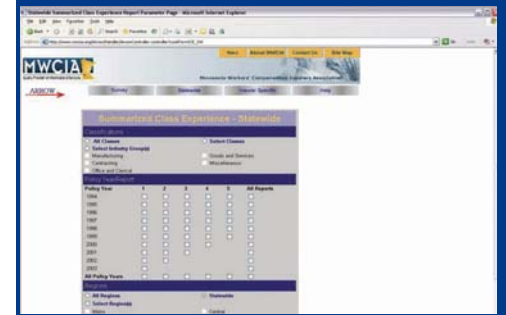
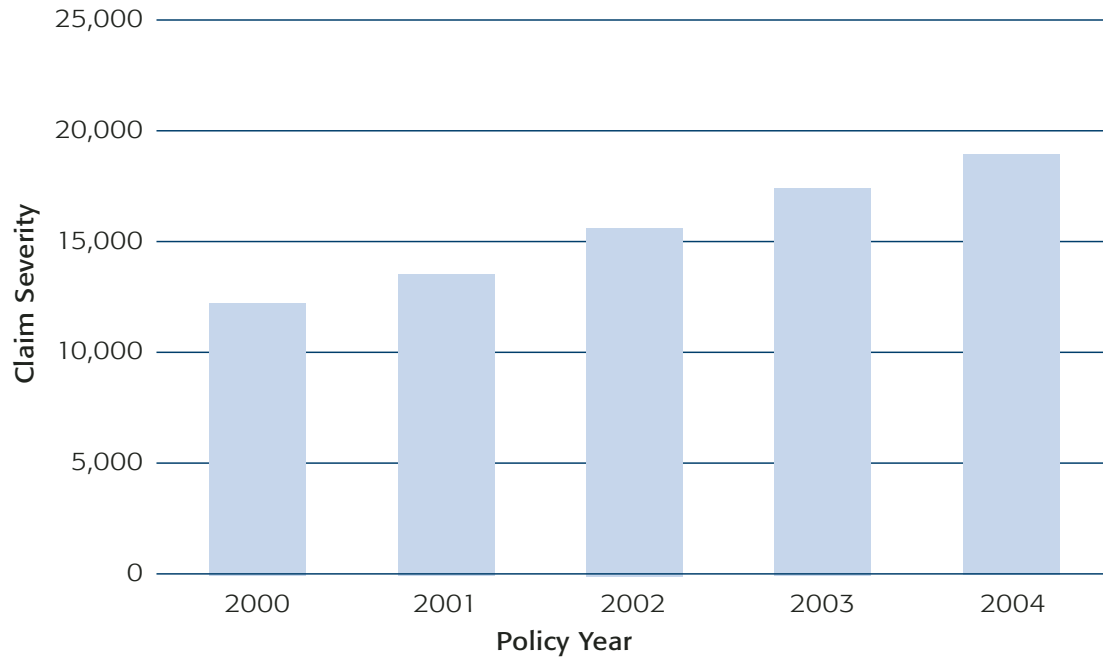
Although total carrier reserve levels continue to increase at an annual rate of about 8%, the ongoing reductions in indemnity claim counts have had a significant impact in depressing indemnity case reserve movement. Overall, indemnity case reserves have increased a mere 9% in the past five years and actually decreased in calendar year 2005 by more than \$23 million.





AVERAGE LOST TIME MEDICAL SEVERITY

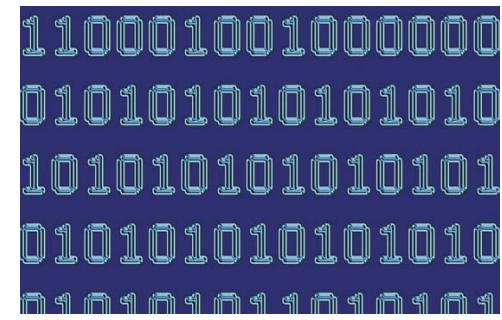
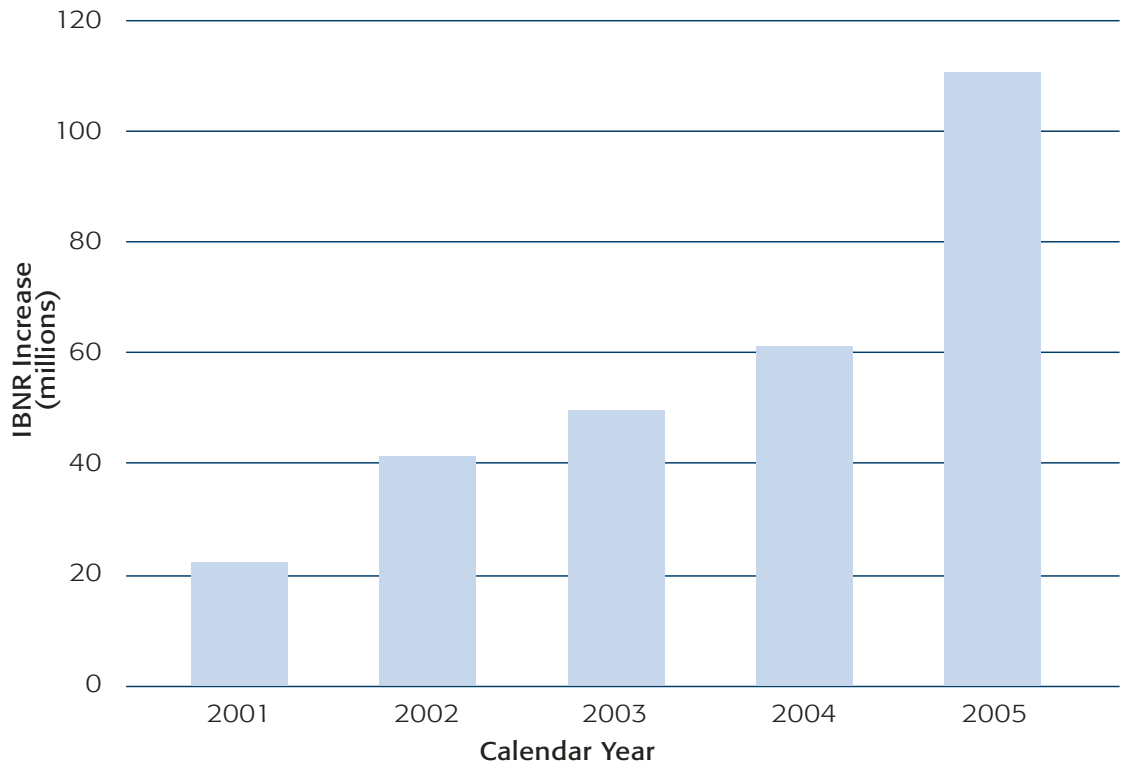
As indemnity claims continue to decline and become more predictable in nature, medical claims are moving dramatically in the other direction. For those medical claims associated with lost time injuries, average expected costs have increased almost 58% during the 2000-2004 policy years, an average annual increase of over 12%.





MEDICAL IBNR RESERVES

Increasing medical costs now shape almost 58% of the workers compensation claim dollar. Much of this is due to the difficulty in determining the length and scope of lost time medical benefit payments – as well as those that may lie unreported for years after the policy period. Medical IBNR reserve levels have increased over 123% over the last five calendar years, with a single 27% jump in 2005 alone.



PRODUCTS *AND SERVICES*

OPERATIONS SERVICES

This past year, Operations Services improved its value-added communications with carriers, while delivering increased efficiencies through software enhancement, advances to data reporting communications and dissemination of information of interest to members.

Examples include:

2006 ANNUAL LUNCHEON

A record 112 guests attended our 2006 Annual Luncheon held at the McNamara Alumni Center at the University of Minnesota. In part, we attribute the high turnout to our program topic, "Challenges and Strategies of Rising Medical Costs," which featured speakers Dr. Richard A. Victor, Workers Compensation Research Institute (WCRI), and Keri Hirsch, Work Loss Data Institute.

MANAGE USR

In April 2005, MWCIA announced the release of Manage USR. This product, available to all member carriers of MWCIA, was specifically designed to provide an online view of unit statistical data through the MWCIA website. During 2006, MWCIA began documenting the business requirements for Manage USR Phase 2, which will allow carriers to make online corrections to unit statistical reports. Manage USR Phase 2 is scheduled to be released in 2007.



MINNESOTA EXPERIENCE RATING PLAN MANUAL

In 2006, MWCIA began drafting the Minnesota Experience Rating Plan Manual. Intended for publication on our website, the manual is part of an overall initiative we have taken to replace the workers' compensation manuals we currently use with State specific manuals. We believe the creation of Minnesota specific manuals will best allow our members access to the most timely and accurate information available.

RE-WRITE OF WCPOLS TESTING REQUIREMENTS

During the third quarter, we began working on revising and reformatting the online WCPOLS Testing Requirements, which provide guidance on how carriers should report policy data electronically to MWCIA. The re-write will ensure that the requirements are current and that the format is user friendly.

ONLINE MINNESOTA ASSIGNED RISK PLAN APPLICATION (OAR)

Over the past year, Operations Services staff participated in a team comprised of various stakeholders to draft the requirements and design for an online Minnesota Assigned Risk Plan Application.

ASSIGNED RISK PLAN DEPOP DOWNLOAD AND SEARCH FUNCTIONS

These MWCIA web-based applications have been enhanced to include merit rating information, providing additional and useful information to member carriers and agents.





MCPAP CREDIT FACTOR APPLICATIONS

The [MCPAP Credit Factor Application](#) is web-based, allowing a contractor or agent to complete an electronic application.

ADVANCE FILING FEE FOR ELECTRONIC FILINGS

MWCIA, in conjunction with the Minnesota Department of Commerce (Commerce), has a program that allows workers' compensation filings to be submitted electronically by member carriers using either SERFF or the [MWCIA Electronic Rate Filing Application](#) to elect to have MWCIA advance their filing fees to Commerce. This step allows for the filing to be immediately processed by Commerce with the carrier being billed by MWCIA for the fees advanced on a quarterly basis.

MINNESOTA CROSS INDEX FOR WCPOLS RECORD TYPE CODES

The MWCIA website includes a Cross Index for Minnesota Endorsement and the Workers' Compensation Insurance Organization (WCIO) WCPOLS Record Type Codes. This allows a carrier to easily determine whether an endorsement contains information required to be reported via WCIO WCPOLS and, if so, where the Record Type Code specifications are located in the WCIO WCPOLS manual.





COMMUNICATIONS

As always, we strive to provide timely communications that are both informative and educational to our members and customers. We believe we best achieve this by designing electronic documents that are accessible through our website while continuing to promote www.mwcia.org as the best and quickest source for viewing and obtaining documents such as Circular Letters, Manuals, Newsletters and Brochures.

Some examples of how we communicate with our members, customers and the public are as follows:

- **MWCIA Newsletter**

The quarterly newsletters are written and published by our staff and are archived back to 1998 on our website.

- **MWCIA Circular Letters**

Posted on our website and archived as far back as 1987, our Circular Letters provide official notification to members and customers on such developments as filings that have been approved or orders given by the Minnesota Department of Commerce. Our staff researches and writes all of our Circular Letters so that we may deliver timely information on important changes that may have a direct impact on our members' and customers' businesses.





■ **MWCIA Brochures**

We continue to focus on publishing brochures to help educate and inform members and customers on specific topics. The brochures detail processes and address frequently asked questions. Some of the brochures available on the MWCIA website include, "Understanding Experience Rating," "How To Complete Minnesota's Workers Compensation Assigned Risk Plan Application" and "Minnesota Contractors Premium Adjustment Program."

■ **MWCIA Education and Informational Presentations**

The Member and Customer Services staff continues to seek out opportunities to provide educational and informational presentations to members, customers and the business community at large. In 2006, we participated in providing presentations to insurance carriers, agents and other interested parties.

Member and Customer Services staff participates in a forum in which we provide an informational presentation on Workers Compensation for Minnesota employers.

Member and Customer Services staff also "reaches out" by participating in agent industry functions such as trade shows. Our booth provides an inviting and friendly atmosphere from which we can answer questions, distribute printed information and better get to know our members and customers.





IT SERVICES

MANAGE USR

Late in 2006, we made a number of improvements to Manage USR to provide additional reporting, including: UST1/14 month - Policy Verification Report; USR7 Late USRs – Cards NOT Received in a date range; UST7 Expected Cards Due – 18 Month; UST8 Stat Cards Overdue – 21 Month – Notice of Pending FINE; UST9 Carrier Fines Unpaid Report and Total view.

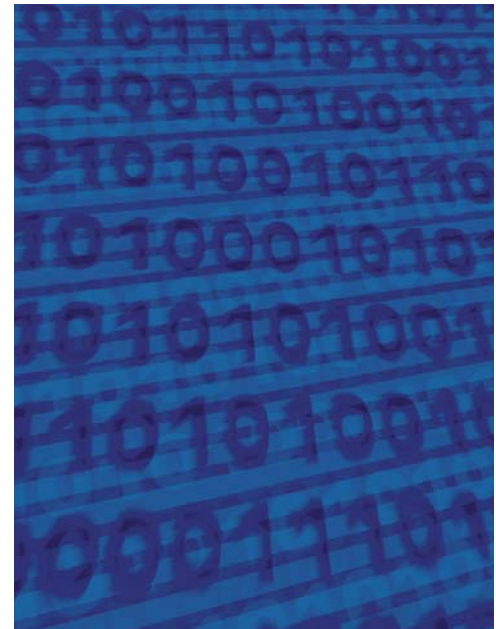
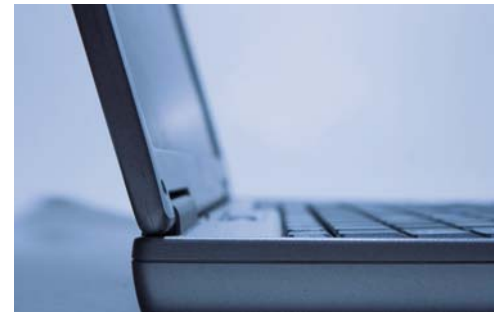
OAR (ONLINE ASSIGNED RISK)

In 2006, we developed the Online Assigned Risk application for the Minnesota Workers' Compensation Assigned Risk Program (MWCARP) allowing an agent or employer to complete and submit an electronic payment for an assigned risk application.

The electronic payment portion of the transaction is completed using a secure US Bank website and the data from the application itself is packaged as a PDF along with all relevant communications and attachments and transferred to the assigned risk carriers. Data is also transmitted to the assigned risk carriers in an XML format to allow further automation.

DEPARTMENT OF COMMERCE/MWCIA CARRIER SYNCHRONIZATION PROJECT

With the completion of the Department of Commerce/MWCIA Carrier Synchronization Project, the DOC and the MWCIA are now able to jointly maintain key information on workers' compensation carriers throughout the state.





DEPARTMENT OF COMMERCE/ MWCIA CARRIER RATE SUMMARY PROJECT

Redesigned to increase functionality on the MWCIA website, allowing greater automation and flexibility. Users will be able to access the significant rate parameters on file with the Department of Commerce. Search capability includes carrier name and NAIC number.

DEPARTMENT OF LABOR AND INDUSTRY (DLI) COVERAGE HISTORY REPORT

To more easily produce and deliver high demand workers' compensation coverage information.

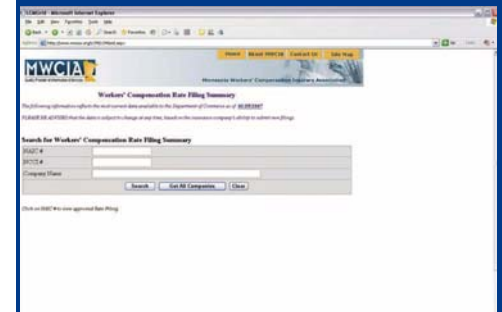
RATE FILING APPLICATION (RFA)

We significantly enhanced the administration component to provide an interface for functions that normally required a DBA. Edits were updated for the current year and some were eliminated while we implemented a safer method of locking down files that were destined to be published on [RFA](#) Public.

WEB CO-LOCATION

To assure the highest degree of disaster recovery capability, we moved the MWCIA web server off-premises to a co-location site in Brooklyn Park, MN. The move has the added benefits of providing increased protection from power outages, air conditioner outages, and T1 line failure.

The co-location move was used as an opportunity to separate the original single web server into a file server and an application server. We also used this time period to rewrite all applications to eliminate vulnerabilities identified in our annual security audit.



ACCEDE ONLINE

The ACCEDE Online system was upgraded to allow for an Excel spreadsheet upload and it is now able to generate the entire filing as a report in one PDF.

SYSTEM UPGRADES

In 2006, we completed the following system upgrades:

- Installed new server rack system and converted all servers to rack-mount
- Purchased five additional servers
- Implemented Spyware Doctor Enterprise System
- Implemented BlackBerry Enterprise Server
- Upgraded PestPatrol Enterprise to Version 8
- Upgraded PerfectDisk to Version 8
- Pushed Microsoft Windows Defender to all client computers



ACTUARIAL SERVICES

MWCIA's Actuarial and Information Technology departments continue to work hand-in-hand to develop and refine valuable resources for the industry. From internal research and production software such as TRACER and XRAY to external tools like ARROW and ACCEDE, Actuarial staff continues to pursue more efficient methods to collect and more robust methods to analyze carrier data.

ARROW

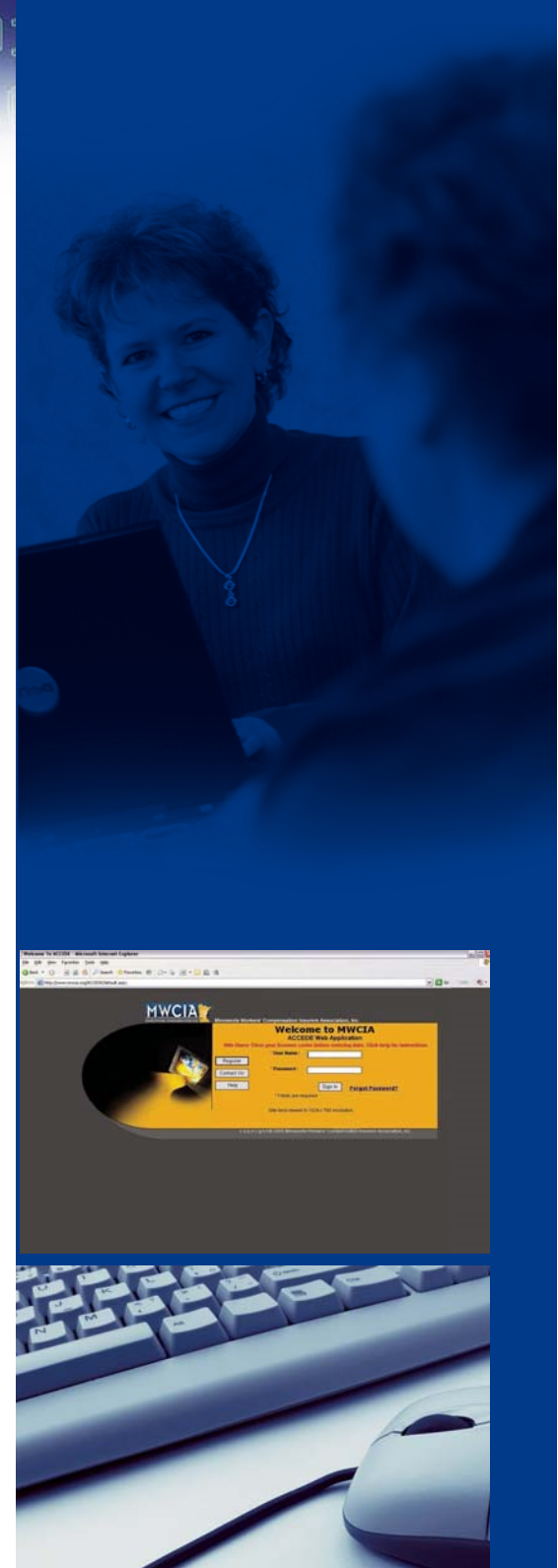
ARROW (Actuarial Report Resources on the Web) is a web-based product developed to allow carriers to perform queries against their own statistical plan data as well as comparative statewide data. Two report formats are currently available: Summarized Class Experience and Custom Historical Triangles.

Summarized class experience queries produce access to class experience at various reporting levels for up to the latest 10 policy years while custom historical triangle queries provide access to the latest 10 policy years to class data broken down by injury type and claims status (open, closed or combined).

Output from both report formats can be grouped by class/industry group, premium range and geographical region within the state of Minnesota.

ACCEDE™

The preferred financial data reporting tool of the industry's carriers, ACCEDE™ (Automated Carrier Call Entry and Data Edit) has reduced processing time by fully one third. ACCEDE™ Online is a web-based product that allows users to directly input their Excel data and upload the completed file, significantly simplifying the process overall.



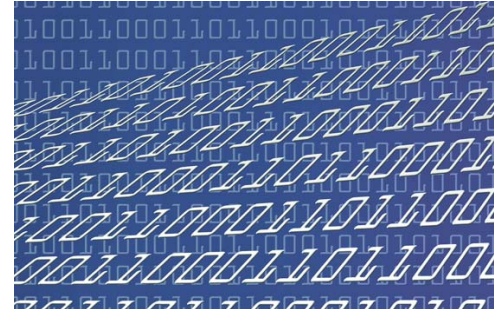


TRACER

TRACER (Tool for Ratemaking, Analysis of Class Experience & Research) is an engine designed to produce class rate relativities and, as a research tool, provides the most thorough testing to date of internal class ratemaking sensitivity.

XRAY

Our newest product XRAY (Experience Rating Analysis Yardstick) was designed to evaluate the effectiveness of the Minnesota workers' compensation experience rating plan. XRAY is used to test the plan's parameters, forecast distributions of outcomes and perform sensitivity testing.



COLLABORATIONS

MWCIA fulfills many roles to meet many needs. We are able to achieve this, not only through our own products and services, but because we have joined hands with a number of other associations and organizations in our industry. Indeed, it is in this spirit of collaboration that we have realized some of our greatest breakthroughs and have played a role in the advancement of our industry overall.

ACCCT

The American Cooperative Council on Compensation Technology (ACCCT) is comprised of the state workers' compensation data collection organizations in California, Massachusetts, Michigan, Minnesota, New York, North Carolina, Pennsylvania/Delaware, Wisconsin, New Jersey and the Insurance Service Office. ACCCT's products include:

- **BEEP™ (Bureau Entry and Edit Package)** allows carriers and reporting organizations to transmit unit statistical information between any state insurance advisory and/or rating organization that is a BEEP™ member. A web-enabled BEEP™ product is available allowing the electronic storage and transmission of unit statistical data.
- **PEEP™ (Policy Entry and Edit Package)** allows policy reporting organizations to electronically enter, edit and transmit policy information to a Data Collection Organization. Fully operational in 2003, PEEP™, like BEEP™, is totally web-based.



CDX (COMPENSATION DATA EXCHANGE)

Developed in 2003, this data super highway accelerates the secure, electronic transmission of data between member insurers and Data Collection Organizations. A number of ACCCT Partners are also making use of the Experience Mod Work Sheet capability available through [CDX](#).

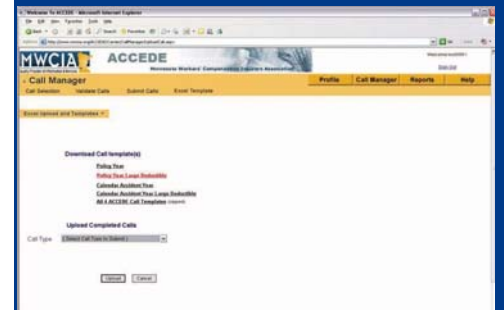
SPECTRUM™ PARTNERS, LLC

SPECTRUM™ Partners, LLC has developed an internal relational database operating system that serves as the foundation for many products and services.

The SPECTRUM™ suite of products continues to grow. The on-going success for SPECTRUM™ can be attributed to a strong partnership of the following state associations:

- Minnesota
- Wisconsin
- New York
- North Carolina
- Massachusetts

Among SPECTRUM's™ various products is ABACUS™ (Algorithm to Build, Aggregate and Compile Unit Statistical data), a powerful tool for compiling collected payroll and claim data into a variety of summarized tables and reports for use in the ratemaking process of ACCCT members.



ADDITIONAL RELATIONSHIPS

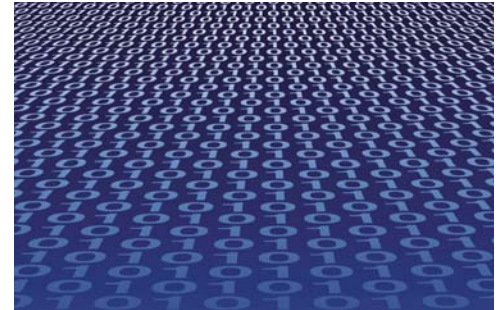
MWCIA is an active participant in national organizations such as:

- **WCIO (Workers' Compensation Insurers' Organization)** chartered in 1995 to develop uniformity of standards with respect to forms, electronic transmissions, filings and other tools and systems necessary to the industry.
- **IAIABC (International Association of Industrial Accident Boards and Commissions)**
- **IDMA (Insurance Data Management Association)**

Our extended relationships and audiences also include the Minnesota Department of Commerce, the Minnesota Department of Labor and Industry, as well as the Minnesota Workers' Compensation Reinsurance Association (WCRA), which was founded in 1979 to provide low-cost reinsurance for Minnesota insurers and self-insurers. MWCIA Actuary, Craig Anderson, has served on the WCRA's actuarial committee since its inception.

Whenever we are able to provide assistance, technical or otherwise, to any organization in the workers' compensation arena, we strive to assist that organization's ability to better serve its audiences.

Indeed, it is through this cooperation and overlap among our fellow state associations, government and regulatory bodies, our members, and our internal departments that our capabilities have continued to evolve in leaps and bounds. What's more, in the process, we truly further the core of our mission to be the "quality provider of information and services."



FINANCIALS & STATISTICALS

POLICY REVIEW/POLICY ENTRY

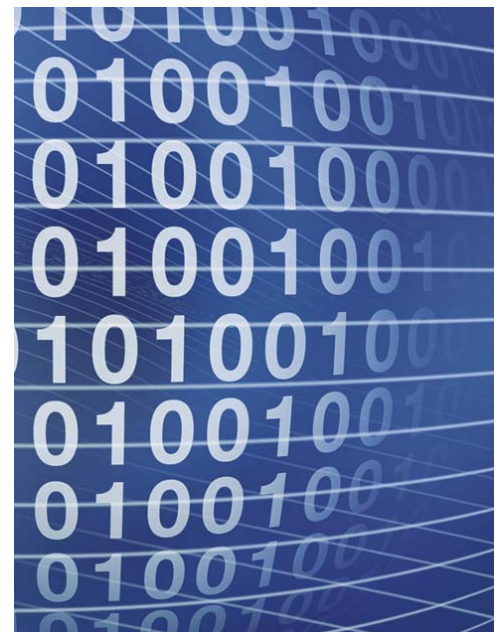
An important activity of the Association is the capture of policy coverage information and the management of the Insurance Coverage Verification System (ICVS). The ICVS function provides the Department of Labor and Industry with computer-generated online information on workers' compensation insurance coverage and eliminates the carriers' obligation to file notifications of coverage and cancellation with the Department. In 2006, a total of 126,672 policies were collected with 87% of those being collected electronically. [Click here](#) if you are interested in viewing additional information on the number of policies, endorsements and cancellations processed by MWCIA during 2006.

UNIT STATISTICAL PLAN

Unit Statistical Plan data is collected, processed, and tabulated for use in developing the classification data with the Association's Annual Ratemaking Report. For policy year 1/1/04 to 12/31/04, a total of 152,307 reports were collected. [Click here](#) to view a four-year summary listing of this activity.

MERIT RATING

Minnesota statutes require that all Assigned Risks not eligible for experience rating must be subject to a Merit Rating Plan developed by the Department of Commerce. A total of 29,458 Assigned Risk files were published for Merit Rating in 2006. [Click here](#) to view the 2006 Merit Ratings that were distributed.





EXPERIENCE RATING

During 2006, we continued our activities in connection with the experience rating of employers. 28,034 Minnesota intrastate experience ratings were published, including revisions. [Click here](#) to view the 2006 breakdown of current Minnesota intrastate ratings by modification factor.

REVENUE AND EXPENSES

MWCIA had revenues of \$6,730,759 of which \$5,201,894 were collected through the assessment process. [Click here](#) to view the breakdown of revenues and expenses.

INSOLVENT FUND ACCOUNT

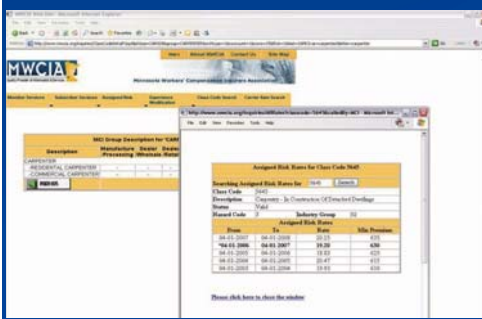
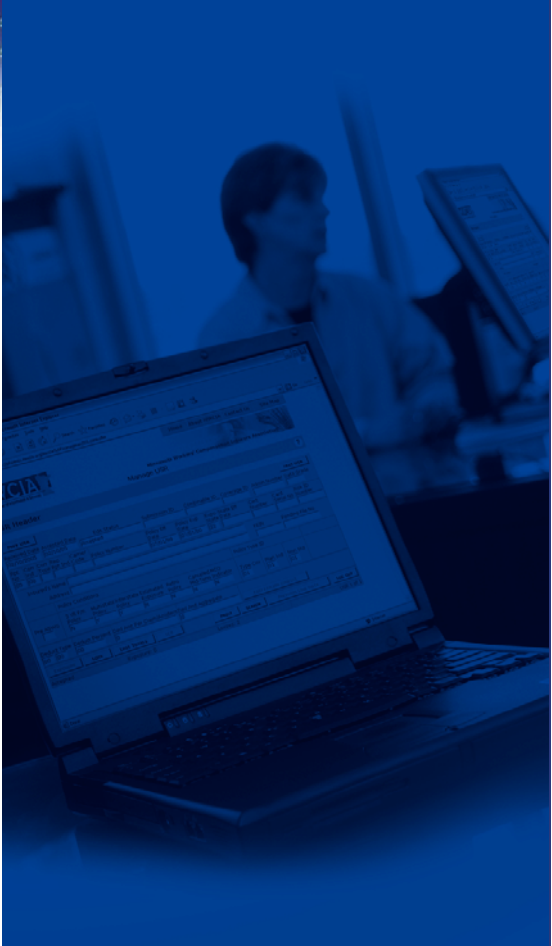
The Association continues to make regular payments to claimants of Security Casualty Company of Chicago. No assessments were levied in 2006.

FINES

The Association has a fining procedure for delinquent, incorrect, or incomplete unit reports. This procedure generated \$84,900 in 2006.

COMMITMENTS AND CONTINGENCIES

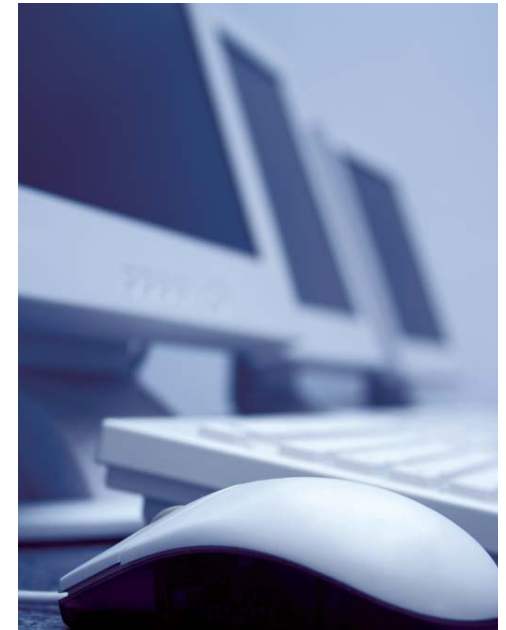
Future lease obligations have continued to drop, with a total future lease obligation at this time of \$377,077. [Click here](#) to view the breakdown of future lease obligations.



POLICY REVIEW/POLICY ENTRY

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| | Assigned Risk | Voluntary Market | Totals |
|----------------------------|--------------------------|-----------------------------|---------------|
| Policies (paper) | 812 | 15,154 | 15,966 |
| Policies (electronic) | 34,046 | 76,680 | 110,726 |
| Endorsements (paper) | 5,599 | 128,001 | 133,600 |
| Endorsements (electronic) | 346,412 | 590,855 | 937,267 |
| Cancellations (paper) | 782 | 6,691 | 7,413 |
| Cancellations (electronic) | 19,562 | 35,904 | 55,466 |
| Subtotals | 407,213 | 853,285 | 1,260,498 |





UNIT STATISTICAL PLAN

Unit Statistical Plan data is collected, processed, and tabulated for use in developing the classification data with the Association’s Annual Ratemaking Report.

| Policy Year | Year Tabulated & Summarized | Number of Reports |
|--------------------|-----------------------------|-------------------|
| 1-1-01 to 12-31-01 | 2003 | 124,070 |
| 1-1-02 to 12-31-02 | 2004 | 131,910 |
| 1-1-03 to 12-31-03 | 2005 | 153,917 |
| 1-1-04 to 12-31-04 | 2006 | 152,307 |

MERIT RATING

Minnesota statutes require that all Assigned Risks not eligible for experience rating must be subject to a Merit Rating Plan developed by the Department of Commerce. A total of 30,893 Assigned Risk files were published for Merit Rating in 2006. The 2006 Merit Ratings were distributed as indicated on the chart below.

| Merit Rating Factor | Number of Assigned Risk Files |
|---------------------|-------------------------------|
| 0.67 | 27,024 |
| 0.90 | 1,662 |
| 1.00 | 660 |
| 1.10 | 112 |





EXPERIENCE RATING

During 2006, we continued our activities in connection with the experience rating of employers. 28,034 Minnesota intrastate experience ratings were published, including revisions. The 2006 breakdown of current Minnesota intrastate ratings by modification factor is as follows:

| | |
|-----------------------------------|--------|
| Total Ratings between 0.01 & 0.49 | 3 |
| Total Ratings between 0.50 & 0.59 | 1 |
| Total Ratings between 0.60 & 0.69 | 17 |
| Total Ratings between 0.70 & 0.79 | 372 |
| Total Ratings between 0.80 & 0.89 | 5,042 |
| Total Ratings between 0.90 & 0.99 | 14,207 |
| Total Ratings between 1.00 & 1.09 | 2,518 |
| Total Ratings between 1.10 & 1.19 | 2,044 |
| Total Ratings between 1.20 & 1.29 | 1,699 |
| Total Ratings between 1.30 & 1.39 | 920 |
| Total Ratings between 1.40 & 1.49 | 545 |
| Total Ratings between 1.50 & 1.59 | 276 |
| Total Ratings between 1.60 & 1.69 | 147 |
| Total Ratings between 1.70 & 1.79 | 78 |
| Total Ratings between 1.80 & 1.89 | 51 |
| Total Ratings between 1.90 & 1.99 | 39 |
| Total Ratings greater than 1.99 | 75 |

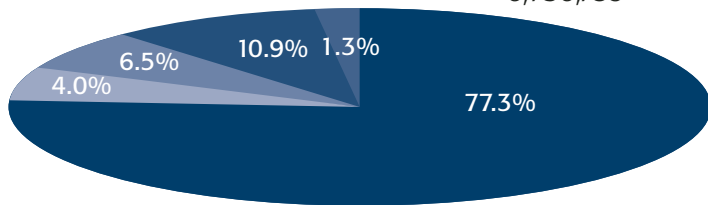


REVENUE AND EXPENSES

MWCIA had revenues of \$6,730,759 of which \$5,201,894 was collected through the assessment process.

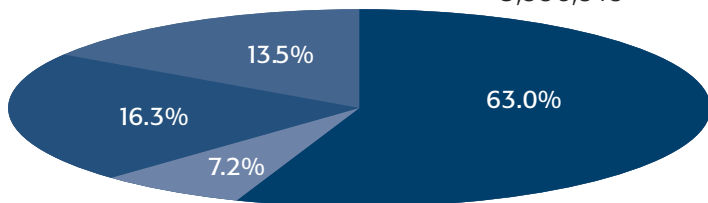
Revenues

| | | |
|-------------------|------------------|-------------|
| Assessments | 5,201,894 | 77.3% |
| Contract Services | 736,239 | 10.9% |
| USP Fines | 84,900 | 1.3% |
| Other | 436,529 | 6.5% |
| Paper Processing | 271,197 | 4.0% |
| Total | 6,730,759 | 100% |



Expenses

| | | |
|--------------------------------|------------------|-------------|
| Compensation | 3,774,751 | 63.0% |
| Management, General and Other | 975,494 | 16.3% |
| Management Information Systems | 807,162 | 13.5% |
| Rent & Utilities | 433,512 | 7.2% |
| Total | 5,990,919 | 100% |

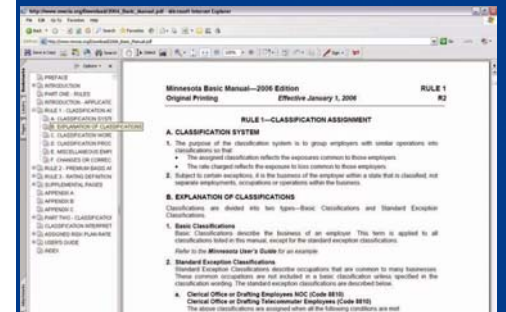
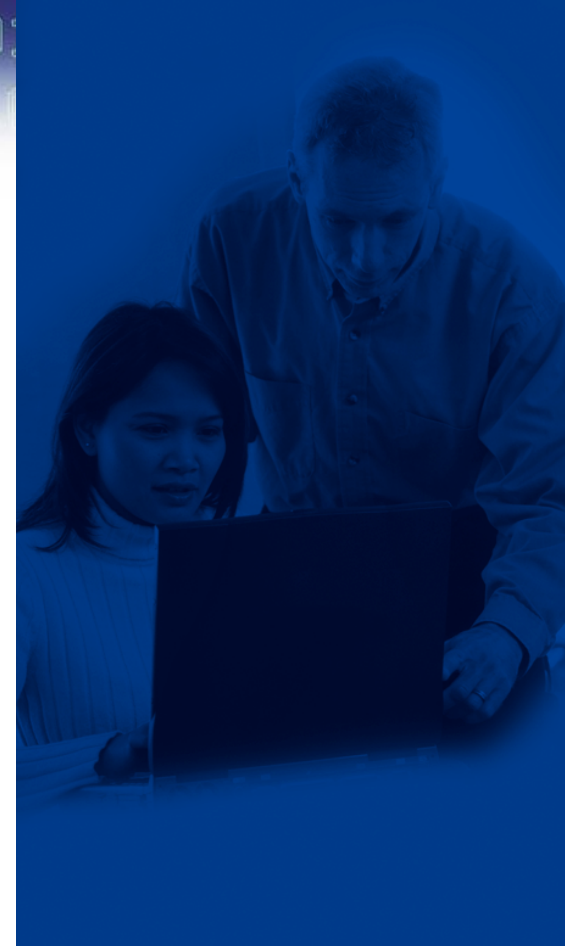




COMMITMENTS AND CONTINGENCIES

Future lease obligations have continued to drop, with a total future lease obligation at this time of \$377,077.00.

| | |
|--------------|---------------------|
| 2004 | 211,770.00 |
| 2005 | 211,770.00 |
| 2006 | 211,770.00 |
| 2007 | 218,249.00 |
| 2008 | 158,828.00 |
| Thereafter | — |
| Total | \$377,077.00 |



OUR MEMBERS

WHO WE SERVE

ACCIDENT FUND COMPANY OF AMERICA

ACE LIMITED

Ace American Insurance Company
Ace Fire Underwriters Insurance Company
Ace Indemnity Insurance Company
Ace Property & Casualty Insurance Company
Bankers Standard Fire & Marine Company
Bankers Standard Insurance Company
Century Indemnity Company
Indemnity Insurance Company of North America
Insurance Company of North America
Pacific Employers Insurance Company
Westchester Fire Insurance Company

ACUITY, A MUTUAL INSURANCE COMPANY

ADVANTAGE WORKERS COMPENSATION INSURANCE COMPANY

AETNA INSURANCE COMPANY OF CONNECTICUT

AFFILIATED FM INSURANCE COMPANY

ALASKA NATIONAL INSURANCE COMPANY

ALEA HOLDINGS US COMPANY
Alea North America Insurance Company

ALL NATION INSURANCE COMPANY

ALLIANZ GLOBAL RISKS US INSURANCE COMPANY

ALLMERICA PROPERTY & CASUALTY COMPANIES, INC.
Hanover Insurance Company
Massachusetts Bay Insurance Company

ALLSTATE INSURANCE GROUP
Allstate Indemnity Company
Allstate Insurance Company
Allstate Property & Casualty Insurance Company

AMCOMP INCORPORATED
Amcomp Preferred Insurance Company

AMERCO
Republic Western Insurance Company

AMERICAN CENTENNIAL INSURANCE COMPANY

AMERICAN COMPENSATION INSURANCE GROUP
American Compensation Insurance Company
Bloomington Compensation Insurance Company

AMERICAN CONTRACTORS INSURANCE GROUP
ACIG Insurance Company

AMERICAN COUNTRY INSURANCE COMPANY

AMERICAN EMPIRE INSURANCE COMPANY

AMERICAN FAMILY MUTUAL INSURANCE COMPANY

AMERICAN FUJI FIRE & MARINE INSURANCE COMPANY

AMERICAN INTERNATIONAL GROUP
AIG Advantage Insurance Company
AIU Insurance Company
American Home Assurance Company
American International Insurance Company
Birmingham Fire Insurance Company of Pennsylvania
Commerce & Industry Insurance Company
Granite State Insurance Company
Illinois National Insurance Company
Insurance Company of the State of Pennsylvania
National Union Fire Insurance Co. of Pittsburgh, PA
New Hampshire Insurance Company

AMERICAN NATIONAL PROPERTY & CASUALTY COMPANY

AMERICAN RE CORPORATION GROUP
American Alternative Insurance Corporation
Munich Reinsurance American, Inc.

AMERICAN RELIABLE INSURANCE COMPANY

AMERICAN ROAD INSURANCE COMPANY

AMERICAN SAFETY INSURANCE GROUP
American Safety Casualty Insurance Company

AMERICAS INSURANCE COMPANY

AMERISAFE, INCORPORATED
American Interstate Insurance Company

AMERISURE COMPANIES
Amerisure Mutual Insurance Company

AMTRUST GROUP
Technology Insurance Company
Wesco Insurance Company

AON CORPORATION
Atlanta International Insurance Company



APCAPITAL INCORPORATED
 American Physicians Assurance Corporation
 AP Specialty Insurance Corporation
 Insurance Corporation of America

ARCH INSURANCE COMPANIES
 ARCH Insurance Company
 ARCH Reinsurance Company

ARGONAUT INSURANCE GROUP
 Argonaut Great Central Insurance Company
 Argonaut Insurance Company
 Argonaut-Midwest Insurance Company

ATLANTIC MUTUAL INSURANCE GROUP
 Atlantic Mutual Insurance Company
 Centennial Insurance Company

AUSTIN MUTUAL INSURANCE COMPANY

AUTO-OWNERS INSURANCE GROUP
 Auto-Owners Insurance Company
 Owners Insurance Company

AXA CORPORATE SOLUTIONS GROUP
 AXA Corporate Solutions Reinsurance Company
 AXA Insurance Company

AXIS U.S. INSURANCE
 AXIS Reinsurance Company

BALDWIN AND LYONS INC.
 Protective Insurance Company
 Sagamore Insurance Company

BANCINSURE INCORPORATED

BANKERS MULTIPLE LINES INSURANCE COMPANY

BENCHMARK INSURANCE COMPANY

BITUMINOUS CASUALTY CORPORATION
 Bituminous Casualty Corporation
 Bituminous Fire & Marine Insurance Company

BROTHERHOOD MUTUAL INSURANCE COMPANY

BURLINGTON INSURANCE GROUP
 First Financial Insurance Company

CATERPILLAR INSURANCE COMPANY

CENTRE INSURANCE COMPANY

CENTURION INSURANCE GROUP
 Centurian Casualty Company

CHUBB GROUP OF INSURANCE COMPANIES
 Chubb Indemnity Insurance Company
 Chubb National Insurance Company
 Executive Risk Indemnity Inc.
 Federal Insurance Company
 Great Northern Insurance Company
 Pacific Indemnity Company
 Vigilant Insurance Company

CHURCH MUTUAL INSURANCE COMPANY

CINCINNATI INSURANCE COMPANIES
 Cincinnati Casualty Company
 Cincinnati Indemnity Company
 Cincinnati Insurance Company

CLARENDON INSURANCE GROUP
 Clarendon National Insurance Company

CNA INSURANCE GROUP
 American Casualty Company of Reading, PA
 Continental Casualty Company
 Continental Insurance Company
 National Fire Insurance Company of Hartford
 Transcontinental Insurance Company
 Transportation Insurance Company
 Valley Forge Insurance Company

COMPASS INSURANCE COMPANY

CONTINENTAL NATIONAL INDEMNITY COMPANY

CONVERNIUM INSURANCE INC.
 Converium Insurance (North America) Inc.

COOPERATIVE MUTUAL INSURANCE COMPANY

CRUM & FORSTER INSURANCE GROUP
 Crum & Forster Indemnity Company
 North River Insurance Company
 United States Fire Insurance Company

CUMIS INSURANCE SOCIETY, INC.

DAIMLER CHRYSLER INSURANCE COMPANY

DAKOTA TRUCK UNDERWRITERS
 Dakota Truck Underwriters
 First Dakota Indemnity

DELOS INSURANCE COMPANY

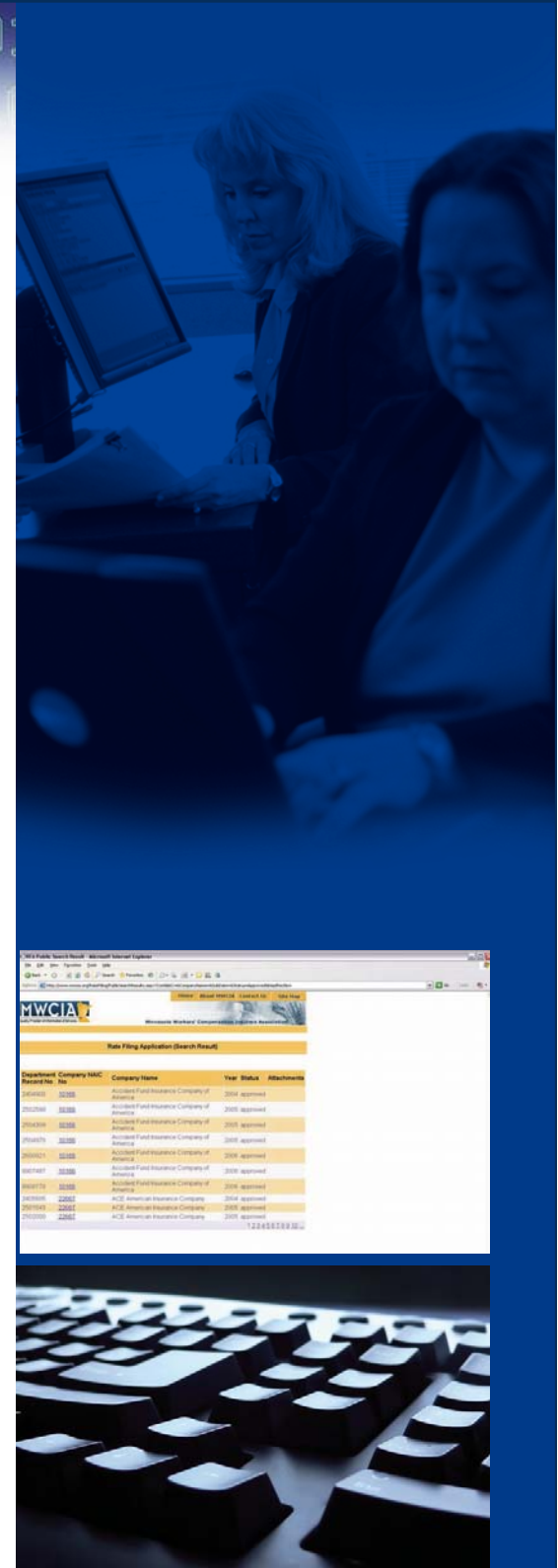
ELECTRIC INSURANCE COMPANY

EMC INSURANCE COMPANIES
 EMCASCO Insurance Company
 Employers Mutual Casualty Company

ERIE INSURANCE GROUP
 Erie Insurance Company
 Erie Insurance Company of New York
 Erie Insurance Exchange
 Erie Insurance Property & Casualty Company
 Flagship City Insurance Company

EVEREST REINSURANCE GROUP
 Everest National Insurance Company
 Everest Reinsurance Company

EXCESS REINSURANCE COMPANY





FAIRFAX FINANCIAL INCORPORATED
Clearwater Select Insurance Company
Hudson Insurance Company
Odyssey America Reinsurance Corporation

FARM BUREAU MUTUAL INSURANCE COMPANIES
Farm Bureau Mutual Insurance Company
Western Agricultural Insurance Company

FARMERS ALLIANCE MUTUAL INSURANCE COMPANY

FARMERS INSURANCE GROUP
Farmers Insurance Exchange
Mid-Century Insurance Company
Truck Insurance Exchange

FEDERATED MUTUAL INSURANCE GROUP
Federated Mutual Insurance Company
Federated Service Insurance Company

FEDERATED RURAL ELECTRIC INSURANCE EXCHANGE

FIREMAN'S FUND INSURANCE COMPANIES
American Automobile Insurance Company
American Insurance Company
Associated Indemnity Corporation
Fireman's Fund Insurance Company
Fireman's Fund Insurance Company of Wisconsin
National Surety Corporation
San Francisco Reinsurance Company

FIRST NONPROFIT INSURANCE COMPANY

FLORISTS MUTUAL INSURANCE COMPANY

FPIC INSURANCE GROUP INC.
First Professionals Insurance Company

FRANKENMUTH MUTUAL INSURANCE COMPANY

FRONTIER INSURANCE GROUP
Frontier Insurance Company

GE GLOBAL INSURANCE HOLDINGS CORPORATION
GE Reinsurance Corporation

GENERAL REINSURANCE GROUP
Fairfield Insurance Company
General Reinsurance Corporation
Genesis Insurance Company
National Reinsurance Corporation
North Star Reinsurance Corporation

GENERALI UNITED STATES BRANCH

GERLING GROUP
Gerling America Insurance Company
Global Reinsurance Corporation (U.S. Branch)
Global Reinsurance Corporation of America

GMAC GROUP HOLDINGS
Integon National Insurance Company

GRANGE MUTUAL CASUALTY GROUP
Grange Mutual Casualty Company
Integrity Mutual Insurance Company
Trustguard Insurance Company

GREAT AMERICAN INSURANCE GROUP
Great American Alliance Insurance Company
Great American Assurance Company
Great American Insurance Company
Great American Insurance Company of New York
National Interstate Insurance Company

GREAT MIDWEST INSURANCE COMPANY

GREAT NORTHWEST INSURANCE COMPANY

GREAT WEST CASUALTY COMPANY

GREATER NEW YORK MUTUAL INSURANCE COMPANY

GRINNELL MUTUAL GROUP
Grinnell Mutual Reinsurance Company

GUARD INSURANCE GROUP
Amguard Insurance Company
Eastguard Insurance Company
Norguard Insurance Company

GUIDEONE INSURANCE
GuideOne Elite Insurance Company
GuideOne Mutual Insurance Company

HARCO NATIONAL INSURANCE COMPANY

HARLEYSVILLE MUTUAL INSURANCE COMPANY
Harleysville Insurance Company
Harleysville Lake States Insurance Company
Harleysville Mutual Insurance Company

HARTFORD INSURANCE GROUP
Hartford Accident & Indemnity Company
Hartford Casualty Insurance Company
Hartford Fire Insurance Company
Hartford Insurance Company of The Midwest
Hartford Underwriters Insurance Company
New England Insurance Company
Property & Casualty Insurance Company of Hartford
Sentenial Insurance Company, LTD
Twin City Fire Insurance Company

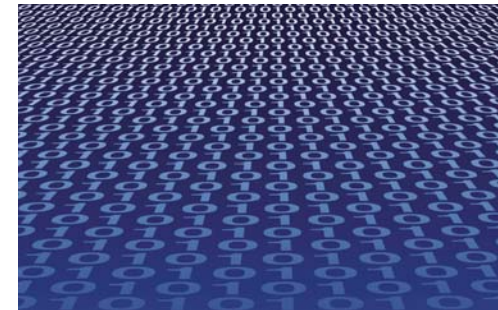
HEALTH CARE INSURANCE RECIPROCAL

HIGHLANDS INSURANCE COMPANY

HOME INSURANCE COMPANY

HORACE MANN INSURANCE GROUP
Horace Mann Insurance Company
Teachers Insurance Company

ICW GROUP
Insurance Company of The West



IMPERIAL CASUALTY & INDEMNITY COMPANY

INDIANA LUMBERMENS MUTUAL INSURANCE COMPANY

IOWA MUTUAL INSURANCE COMPANY

KEMPER NATIONAL INSURANCE COMPANIES
 American Manufacturers Mutual Insurance Company
 American Motorists Insurance
 Kemper Casualty Insurance Company
 Lumbermens Mutual Casualty Company

LANCER INSURANCE COMPANY

LAURIER INDEMNITY COMPANY

LIBERTY MUTUAL INSURANCE GROUP
 Consolidated Insurance Company
 Employers Insurance Company of Wausau
 First Liberty Insurance Corporation
 Hawkeye Security Insurance Company
 Indiana Insurance Company
 Liberty Insurance Corporation
 Liberty Insurance Underwriters Inc.
 Liberty Mutual Fire Insurance Company
 Liberty Mutual Insurance Company
 LM General Insurance Company
 LM Insurance Corporation
 LM Property & Casualty Insurance Company
 Netherlands Insurance Company
 Peerless Indemnity Insurance Company
 Peerless Insurance Company
 Wausau Business Insurance Company
 Wausau Underwriters Insurance Company

LINCOLN GENERAL INSURANCE COMPANY

LUMBER INSURANCE COMPANIES
 Lumber Mutual Insurance Company

LUMBERMEN'S UNDERWRITING ALLIANCE

MADA INSURANCE EXCHANGE

MARKEL CORPORATION GROUP
 Markel Insurance Company

MCM CORPORATION GROUP
 Acceptance Casualty Insurance Company
 Acceptance Indemnity Insurance Company
 Occidental Fire & Casualty Company of North Carolina

MEADOWBROOK INSURANCE GROUP
 Star Insurance Company

MEDMARC COMPANIES
 Medmarc Casualty Insurance Company

MERASTAR INSURANCE COMPANY

MET LIFE AUTO & HOME GROUP
 Economy Fire & Casualty Company
 Economy Preferred Insurance Company
 Metropolitan Property & Casualty Insurance Company

MHA INSURANCE COMPANY

MIC PROPERTY & CASUALTY INSURANCE CORPORATION

MICHIGAN MILLERS MUTUAL INSURANCE COMPANY

MID-CONTINENT CASUALTY COMPANY

MIDSTATES REINSURANCE CORPORATION

MIDWEST FAMILY MUTUAL INSURANCE COMPANY

MIDWEST INSURANCE COMPANY

MIDWESTERN INDEMNITY COMPANY

MILLERS GENERAL GROUP
 Millers First Insurance Company

MITSUI SUMITOMO INSURANCE GROUP
 Mitsui Sumitomo Insurance Company of America
 Mitsui Sumitomo Insurance USA Inc.

MOTORISTS INSURANCE GROUP
 American Hardware Mutual Insurance Company
 American Merchants Casualty Company
 Wilson Mutual Insurance Company

MUTUAL SERVICE CASUALTY INSURANCE COMPANY

NATIONAL AMERICAN INSURANCE COMPANY

NATIONAL INDEMNITY GROUP
 National Indemnity Company
 National Liability & Fire Insurance Company

NATIONWIDE INSURANCE GROUP
 Allied Property & Casualty Insurance Company
 Amco Insurance Company
 Farmland Mutual Insurance Company
 National Casualty Company
 Nationwide Affinity Insurance Company of America
 Nationwide Agribusiness Insurance Company
 Nationwide Mutual Fire Insurance Company
 Nationwide Mutual Insurance Company
 Nationwide Property & Casualty Insurance Company

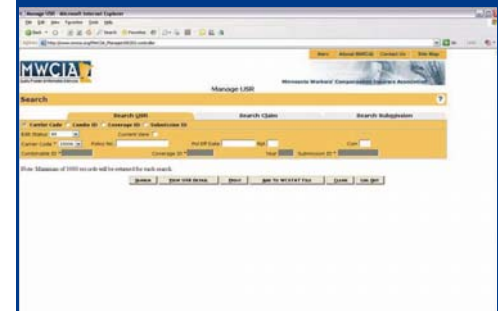
NAU GROUP
 NAU Country Insurance Company

NOVA CASUALTY COMPANY

OHIO CASUALTY GROUP
 American Fire & Casualty Company
 Ohio Casualty Insurance Company
 Ohio Security Insurance Company
 West American Insurance Company

OLD REPUBLIC GENERAL INSURANCE CORPORATION

OLD REPUBLIC INTERNATIONAL GROUP
 Old Republic Insurance Company



OMAHA INDEMNITY COMPANY

ONE BEACON INSURANCE GROUP

American Employers Insurance Company
Atlantic Specialty Insurance Company
Camden Fire Insurance Association
Employers Fire Insurance Company
Homeland Central Insurance Company
Houston General Insurance Company
National Farmers Union Property & Casualty
Northern Assurance Company of America
One Beacon America Insurance Company
One Beacon Insurance Company
Pennsylvania General Insurance Company

PARTNER REINSURANCE COMPANY OF NEW YORK

PENN MILLERS INSURANCE COMPANY

PENNSYLVANIA NATIONAL MUTUAL CASUALTY INSURANCE COMPANY

PENNSYLVANIA LUMBERMENS MUTUAL INSURANCE COMPANY

PETROLEUM CASUALTY COMPANY

PHARMACISTS MUTUAL INSURANCE COMPANY

PHILADELPHIA REINSURANCE CORPORATION

PLATTE RIVER INSURANCE CORPORATION

PMA INSURANCE GROUP

Pennsylvania Manufacturers Association Insurance Company
PMA Capital Insurance Company

PRAETORIAN FINANCIAL GROUP

Praetorian Insurance Company

PREFERRED PROFESSIONAL INSURANCE COMPANY

PRO ASSURANCE GROUP

Medical Assurance Company Inc.
Meemic Insurance Company

PROVIDENCE WASHINGTON INSURANCE COMPANY

PUBLIC SERVICE MUTUAL INSURANCE COMPANY

PUTNAM REINSURANCE COMPANY

PXRE REINSURANCE COMPANY

QBE INSURANCE COMPANY

QBE REINSURANCE COMPANY

QUANTA INDEMNITY COMPANY

RAM MUTUAL INSURANCE COMPANY

RAMPART INSURANCE COMPANY

RELIANCE INSURANCE COMPANY

REPUBLIC COMPANIES GROUP

Southern Insurance Company

RIVERPORT INSURANCE COMPANY

ROYAL & SUNALLIANCE USA GROUP

Royal Indemnity Company
Security Insurance Company of Hartford

RURAL COMMUNITY INSURANCE COMPANY

Rural Community Insurance Company

SAFECO INSURANCE COMPANY OF AMERICA

American Economy Insurance Company
American States Insurance Company
First National Insurance Company of America
General Insurance Company of America
SAFECO Insurance Company of America

SAFETY NATIONAL CASUALTY CORPORATION

Safety First Insurance Company
Safety National Casualty Corporation

SCOR U S GROUP

General Security National Insurance Company
SCOR Reinsurance Company

SEABRIGHT INSURANCE COMPANY

SEATON INSURANCE COMPANY

SECURA INSURANCE COMPANIES

SECURA Insurance A Mutual Company
SECURA Supreme Insurance Company

SECURIAN CASUALTY COMPANY

SELECTIVE INSURANCE GROUP

Selective Insurance Company of America
Selective Insurance Company of South Carolina
Selective Insurance Company of the Southeast

SENECA INSURANCE COMPANY, INC.

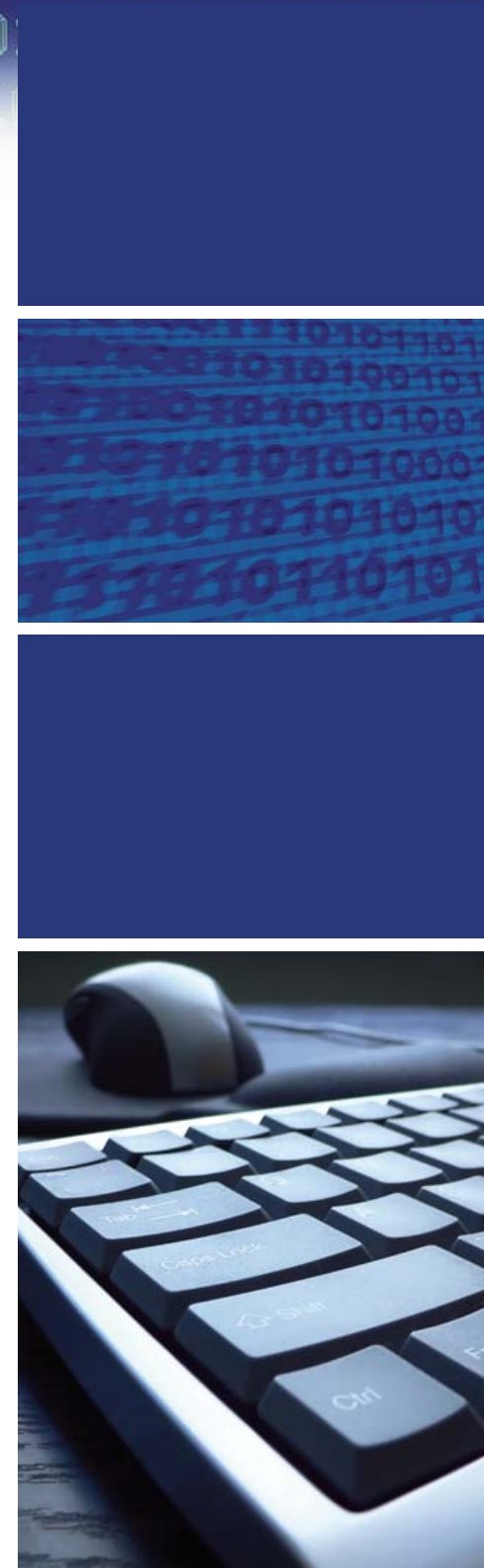
SENTRY INSURANCE A MUTUAL GROUP

Middlesex Insurance Company
Patriot General Insurance Company
Sentry Casualty Company
Sentry Insurance A Mutual Company
Sentry Select Insurance Company

SFM MUTUAL INSURANCE GROUP

SFM Mutual Insurance Company
SFM Select Insurance Company

SOMPO JAPAN INSURANCE COMPANY OF AMERICA



ST. PAUL TRAVELERS GROUP

Athena Assurance Company
Atlantic Insurance Company
Automobile Insurance Company of Hartford
Charter Oak Fire Insurance Company
Discover Property & Casualty Insurance Company
Farmington Casualty Company
Fidelity & Guaranty Insurance Company
Fidelity & Guaranty Insurance Underwriters, Inc.
Mendakota Insurance Company
Mendota Insurance Company
Nipponkoa Insurance Company Ltd.
Nipponkoa Insurance Company of America
Northbrook Indemnity Company
Northland Insurance Company
Phoenix Insurance Company
Select Insurance Company
St. Paul Fire & Marine Insurance Company
St. Paul Guardian Insurance Company
St. Paul Medical Liability Insurance Company
St. Paul Mercury Insurance Company
St. Paul Protective Insurance Company
Standard Fire Insurance Company
Travelers Casualty & Surety Company
Travelers Casualty & Surety Company of America
Travelers Casualty Company of Connecticut
Travelers Casualty Insurance Company of America
Travelers Commercial Insurance Company
Travelers Indemnity Company
Travelers Indemnity Company of America
Travelers Indemnity Company of Connecticut
Travelers Insurance Company
Travelers Property Casualty Company of America
United States Fidelity & Guaranty Company

STATE AUTOMOBILE MUTUAL INSURANCE GROUP

Meridian Citizens Mutual Insurance Company
Meridian Security Insurance Company
Milbank Insurance Company
State Auto Property & Casualty Insurance Company
State Automobile Mutual Insurance Company

STATE FARM FIRE & CASUALTY GROUP

State Farm Fire & Casualty Company
State Farm General Insurance Company

STONINGTON INSURANCE COMPANY

SWISS RE AMERICAN HOLDING CORP

Coregis Insurance Company
Employers Reinsurance Corporation
Westport Insurance Corporation

SWISS REINSURANCE GROUP

North American Elite Insurance Company
North American Specialty Insurance Company
Swiss Reinsurance America Corporation

T.H.E. INSURANCE COMPANY

TOKIO MARINE & FIRE GROUP

TNUS Insurance Company
Tokio Marine & Nichido Fire Insurance Company Ltd. (USB)
Trans Pacific Insurance Company

TRANSAMERICA INSURANCE GROUP

Fairmont Insurance Company
Fairmont Premier Insurance Company
Fairmont Specialty Insurance Company
T I G Insurance Company

TRANSATLANTIC REINSURANCE COMPANY

TRANSGUARD INSURANCE COMPANY OF AMERICA, INC.

TRANSPORT INSURANCE COMPANY

TRENWICK AMERICA GROUP INCORPORATED

Insurance Corporation of New York
Trenwick America Reinsurance Corporation

ULICO CASUALTY COMPANY

UNITED FIRE & CASUALTY GROUP

Addison Insurance Company
United Fire & Casualty Company

UNITED NATIONAL GROUP

Diamond State Insurance Company
United National Specialty Insurance Company

UNITED WISCONSIN INSURANCE COMPANY

UNITRIN PROPERTY & CASUALTY INSURANCE GROUP

Milwaukee Casualty Insurance Company
Unitrin Auto & Home Insurance Company

UTICA MUTUAL INSURANCE COMPANY

VANLINER INSURANCE COMPANY

VIRGINIA SURETY COMPANY

W.R. BERKLEY CORPORATION GROUP

Berkeley Insurance Company
Berkeley Regional Insurance Company
Carolina Casualty Insurance Company
Continental Western Insurance Company
Great Divide Insurance Company
Midwest Employers Casualty Company
Starnet Insurance Company
Tri-State Insurance Company of Minnesota
Union Insurance Company

WEST BEND MUTUAL INSURANCE COMPANY

WESTERN NATIONAL MUTUAL INSURANCE GROUP

Western National Assurance Company
Western National Mutual Insurance Company





OUR BOARD

Our 2006 Annual Meeting was called to order at 1:30 p.m., Tuesday, April 18, 2006, in the MWCIA offices, 7701 France Avenue South, Suite 450, Edina, Minnesota.

The following members were elected to fill the traditional four-year director terms of those terms that had expired:

Director:

Mr. James Meyer

Ms. Fran Kaitala

Mr. Keith Krueger

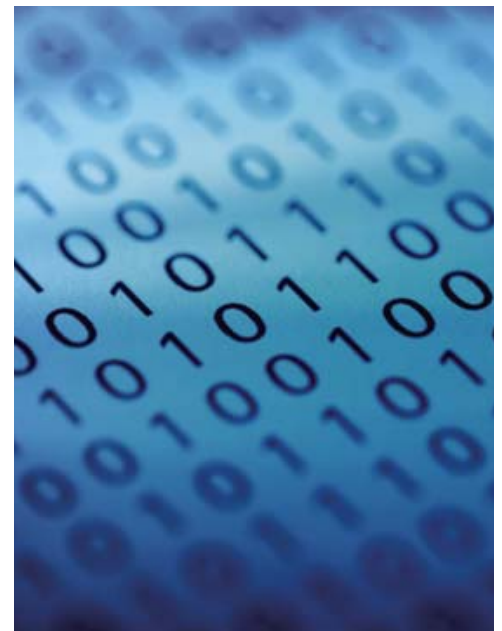
Representing:

Federated Insurance Companies (non-stock)

SFM Mutual Insurance Company (non-stock)

American Compensation Insurance Company

During 2006, we held four board meetings at which we focused our discussions on the 2006 Ratemaking Report, web-based delivery of MWCIA products and services, industry-wide collaborative efforts, MWCIA manuals, and communications.





As of December 31, 2006, the members of our Board were as follows. Please click on the respective name of any member of our board to see his or her resume and credentials.

Director:

Representing:

[Mr. Keith Krueger](#)

American Compensation Insurance Company

[Mr. John DeSanto](#)

American International Group

[Mr. Barry Preslaski](#)

Auto-Owners Insurance Company

[Mr. James Meyer](#)

Federated Insurance Companies

[Mr. Brandon Miller*](#)

Ingenix

[Mr. Bill Murphy](#)

Liberty Mutual Insurance Company

[Mr. Bill Dupont](#)

Lumbermen's Underwriting Alliance

[Mr. Gary Thaden*](#)

MN Mechanical Contractors Association

[Mr. Bruce Kaufenberg](#)

St. Paul Travelers Insurance Companies

[Ms. Fran Kaitala](#)

SFM Mutual Insurance Company

[Mr. Paul Nelson](#)

Western National Mutual Insurance Company

[Mr. Will Ribbens](#)

Zurich N.A. Insurance Company

*Public member appointed by the Minnesota Department of Commerce.





BIOGRAPHY OF JOHN G. DESANTO

BRANCH MANAGER

AMERICAN INTERNATIONAL GROUP (AIG)

A native of New Haven, CT, John G. DeSanto graduated from St. Anselm's College with a B.A. degree in history (1965) and from the University of Bridgeport with an M.A. in history (1971).

In 1976, he was transferred to Minneapolis as multi-peril supervisor with Aetna Insurance and became underwriting manager in 1980 in the merger that became known as Cigna.

In 1985, Mr. DeSanto joined J. H. Crowther (Swett Insurance Managers) as branch manager and went on to become regional vice president of New Hampshire Insurance Company by 1988. When AIG closed that office, he moved over to the company's Minneapolis office, accepting his current position as branch manager.

He holds both a property/casualty license and a surplus lines license. His industry designations are CPCU and AIM (Associate in Management).

Former president of the Branch Manager's Association (1995-98) as well as a past president of the Twin City Insurance Association (1998), Mr. DeSanto is a member of Calvary Lutheran Church in Golden Valley, MN where he participates in a number of activities.

An avid sports enthusiast, John coaches both hockey and soccer and is a past recipient of the McNamara Coaching Award. He enjoys reading, jogging and travel. He makes his home in Plymouth, MN, with his wife, Deborah and her three daughters.





BIOGRAPHY OF FRANCES M. KAITALA

VICE PRESIDENT, STRATEGIC BUSINESS OPERATIONS SFM MUTUAL INSURANCE COMPANY

Fran Kaitala is Vice President of Strategic Business Operations of SFM Mutual Insurance Company, a workers' compensation insurer headquartered in Bloomington, Minnesota.

Ms. Kaitala joined SFM in 1984, shortly after its inception, as Underwriting Manager. She was elected Assistant Vice President and Underwriting Manager in 1987, Vice President, Underwriting in 1991 and Vice President of Insurance Operations in 1995. In 2005, she was elected to her current position. She is responsible for the underwriting and claims operations of the company.

Ms. Kaitala has an extensive underwriting background, having worked for Crum & Forster Insurance Group, Bituminous Insurance Company, Argonaut Insurance Company and Travelers Insurance Company, before joining SFM.





BIOGRAPHY OF BRUCE KAUFENBERG

SECOND VICE PRESIDENT,
WORKERS COMPENSATION PRODUCT MANAGEMENT
ST. PAUL TRAVELERS INSURANCE COMPANY

A native of St. Paul, MN, Bruce Kaufenberg earned a degree in finance at St. Cloud State University, before joining the St. Paul Companies as a commercial lines underwriter. Advancing through the underwriting ranks, he currently serves as a Second Vice President for Workers Compensation Product Management. He holds the industry designations of ARM and CPCU.

Mr. Kaufenberg has been actively involved with the Wisconsin Compensation Rating Bureau, New Jersey Compensation Rating and Inspection Bureau, American Insurance Association Workers Compensation Committee and the National Workers Compensation Reinsurance Pool.

He enjoys fishing, fine woodworking and makes his home in Lake Elmo, Minnesota.





BIOGRAPHY OF KEITH D. KRUEGER

CHIEF OPERATING OFFICER RTW, INC.

A military dependent born in Guantanamo Bay, Cuba, Keith Krueger began his career with Sentry Insurance, A Mutual Company. He was named underwriting manager in 1985.

In 1995, he left Sentry to join American West Insurance Company as vice president of underwriting and marketing, then joined Citizens Security Mutual Insurance in 1997 as underwriting manager. In 1998, he joined RTW as director of underwriting services, a position he held until 2002 when he was named vice president of insured properties. Recently, Keith assumed the role of Chief Operating Officer for RTW, Inc.

Mr. Krueger is a Chartered Property and Casualty Underwriter (CPCU) member and is a member of its Twin Cities Chapter.

An avid golfer, he makes his home in Cottage Grove, MN, with his wife, Cece, and their three children.





BIOGRAPHY OF JAMES MEYER
PROPERTY & CASUALTY PRODUCT MANAGER
FEDERATED INSURANCE COMPANIES

Originally from LaCrescent, MN, Jim is a 1985 graduate of Winona State University, where he graduated Summa Cum Laude with a bachelor's degree in Business Administration.

Jim joined Federated Insurance Companies in 1985 as an Associate Commercial Underwriter. Since that time, he has continued his career in a variety of technical and management positions. Jim assumed his current role as Director of Property and Casualty Risk Selection in December 2006, following his previous role as Property and Casualty Product Manager.

Jim holds the professional industry designations of Chartered Property Casualty Underwriter (CPCU), Associate in Underwriting (AU), Associate in Premium Auditing (APA), and Certified Insurance Premium Auditor (CIPA). He twice received Awards for Academic Excellence for attaining one of the top scores in the U.S. on the exams leading to these designations.

In addition to his duties on the MWCIA Board, Jim also serves on the Winona State University Alumni Board of Directors and as a Trustee on the WSU Foundation. Jim also participates as an alternate member of the AIA Workers Compensation Committee in Washington, DC.

Jim enjoys golf, college athletics, and fishing trips with family and friends. He makes his home in Owatonna, MN with his wife, Linda, a registered nurse, and their children, Derick and Hannah.





BIOGRAPHY OF BRANDON MILLER

PRODUCT DEVELOPMENT MANAGER,
P&C MARKETS
INGENIX

A native of St. Paul, MN, Brandon Miller earned his Bachelor of Arts degree in Social Welfare and Developmental Psychology from the University of Minnesota in 1985. He also earned his MBA in Finance and Risk Management from the Carlson School of Management (University of MN).

In 1990, Mr. Miller joined the Minnesota Department of Labor and Industry as a mediator and arbitrator, becoming senior claims manager in 1993. The following year, he accepted a position in the Department as Director of the Special Compensation Fund. He added Directorships of Rehabilitation and Medical Affairs and Research and Statistics Units.

In 2002, he left the public sector and joined Hays Companies as vice president of consulting.

In November 2005, Brandon joined Ingenix, a United Health Group Company, as product development manager for P&C markets.

An avid sports enthusiast, Brandon enjoys baseball, skiing, biking, golf and camping, as well as reading. He makes his home in North St. Paul, MN, with his wife, Cathy, and three children.





BIOGRAPHY OF BILL MURPHY
MIDWEST DIVISION UNDERWRITING MANAGER
LIBERTY MUTUAL INSURANCE COMPANY

A native of Boston, MA, Bill Murphy graduated cum laude from Boston College (1976, Political Science).

In early 1977, he joined Liberty Mutual as an underwriter trainee and, following a 12-week training program, was assigned to the Boston (Home Office) as an all lines transportation specialty underwriter with a focus on workers' compensation. Later that same year, he was transferred to the Dallas office of Liberty Mutual and, in 1978, became a supervising underwriter.

In 1988, he was promoted to his current position, Midwest Division Underwriting Manager in the Chicago office of Liberty Mutual. Over the years, he has had responsibility for all lines of property-casualty lines of business coverage, with a primary focus on Workers' Compensation.

A member of the Illinois Workers' Compensation Appeal Board, the Iowa Workers' Compensation Appeal Board and the South Dakota Workers' Compensation Appeal Board, he holds the industry designations of CPCU and AIM (Associate in Management). He currently serves as chair of the Illinois Commercial Auto Insurance Plan Subcommittee.

An avid jogger, he enjoys boating, scuba diving and motor cycling. Bill makes his home in Johnsburg, Illinois with his wife, Beverly. The couple has two grown children.





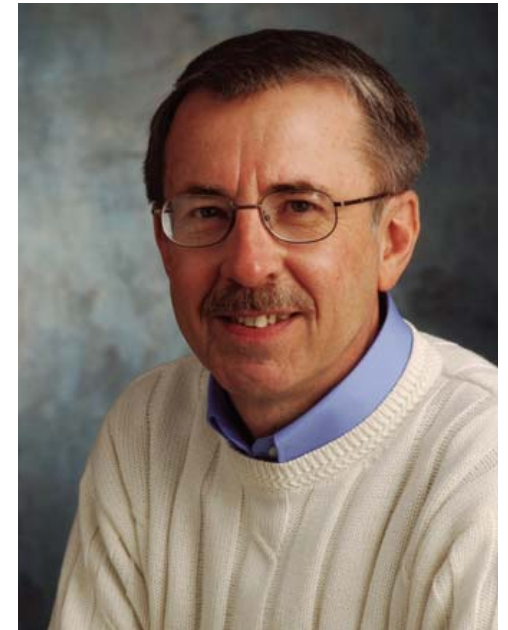
BIOGRAPHY OF PAUL NELSON

SENIOR VICE PRESIDENT, COMMERCIAL LINES MANAGER
WESTERN NATIONAL MUTUAL INSURANCE COMPANY

A native of Sioux Falls, SD, Paul Nelson earned his Bachelor of Arts degree in history at Augustana College (1969) before joining Western National Insurance Company as a personal lines underwriter.

A long time employee of Western National (30 years), Mr. Nelson moved to commercial lines underwriting in 1973 and was made an officer of the company in 1984. He currently serves as the company's executive vice president and commercial lines manager. In addition, he sits on the Board of Directors of their subsidiary, Western National Assurance Co. He holds the industry designation of CPCU (charter property casualty underwriter).

A former member of the Falcon Heights Park and Recreation Commission (1983 to 1988), Paul enjoys fishing, golfing and reading. He makes his home in Roseville, MN, with his wife, Linda. The couple has two grown daughters.



BIOGRAPHY OF BARRY M. PRESLASKI

REGIONAL VICE PRESIDENT

OWNERS INSURANCE COMPANY

A native of Green Bay, WI, Barry Preslaski earned his bachelor of science degree as well as his masters degree in business administration from Drake University (1987, 1988) before joining American Family Insurance (West Des Moines, IA office) in 1989.

In 1991, Mr. Preslaski joined Owners Insurance Company in Lansing, MI, as a personal lines underwriter. He remained with the company's Lansing office through 1995, working on to the positions of commercial lines underwriter and home office line underwriter, before becoming marketing representative for the Lansing office.

Mr. Preslaski returned to West Des Moines, IA, as marketing representative in 1996. He was promoted to underwriting supervisor by 1999 and became underwriting manager in 2000.

Deciding on a move in 2001, he accepted a position as underwriting manager in the company's White Bear Lake, MN, office and by 2002, was promoted to his current position of regional vice president. He holds the industry designations of CPCU and CLU.

An avid sports enthusiast, Barry enjoys camping, boating and other outdoor activities. He makes his home in Lino Lakes, MN, with his wife, Victoria and their son, Kyle.



BIOGRAPHY OF WILLIAM F. RIBBENS

SENIOR ACCOUNT EXECUTIVE

ZURICH NORTH AMERICAN INSURANCE CO.

William F. Ribbens is a native of Wisconsin.

In 1985, Mr. Ribbens joined Berkley Administrators in the claim department. By 1991, he had been promoted to Senior Claim Representative. From 1991 to 1999 he worked with the St. Paul Companies in positions of progressing responsibility including Large Account Claim Coordinator and Underwriting Associate.

In 2000, Mr. Ribbens joined Zurich North American Insurance Co., where he currently serves as Senior Account Executive. He holds the industry designation of Chartered Property Casualty Underwriter (CPCU).

A former board member for the Tapestry Folkdance Center in Minneapolis, MN from 1998 to 2003, Mr. Ribbens also served as its president in 2002 to 2003.

William enjoys biking, golf, scuba diving, dance and travel to new and interesting places. He makes his home in St. Paul, MN.



BIOGRAPHY OF GARY K. THADEN

GOVERNMENT AFFAIRS DIRECTOR,
PETTERSEN & ASSOCIATES, INC.

A native of Minnesota, Gary K. Thaden earned a bachelor of elected studies degree in liberal arts from the University of Minnesota before attending William Mitchell College of Law (St. Paul) where he earned his J.D. degree (1984).

The government affairs director for Pettersen & Associates, he is a member of both the Minnesota and American Bar Associations and the Minnesota Workers' Compensation Advisory Council. Mr. Thaden is a nationally recognized health care speaker.

In addition, he serves on the board of directors for Friends of the Sherlock Holmes Collection (University of MN) and is president of Norwegian Explorers. He is trustee on the Minneapolis Public Library Board and is a former member of several other civic organizations.

An avid reader, Gary also enjoys collecting books, especially those involving Sherlock Holmes and Arthur Conan Doyle. He makes his home in Minneapolis with his wife and their two daughters.



OUR STAFF

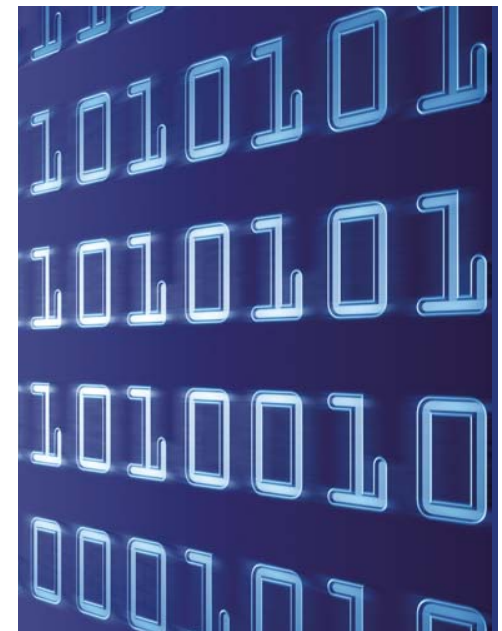
MWCIA MANAGEMENT TEAM

Bruce Tollefson, President

Kathleen Peterson, Vice President, Operations, Treasurer and Secretary

Chuck Eldridge, Vice President, Information Technology

Craig Anderson, Vice President, Actuarial Services





MWCIA DEPARTMENTS & STAFF

MEMBER & CUSTOMER SERVICES

Staff: Jeff Kvam, Marie Johnson, Melodie LaChapelle, Jodell Miller, Caroline Timmerman, and Mary Randol

Main Functions

- Member & Customer Services is the primary link to the public, providing assistance to employers, agents, carriers, state regulators, legislative representatives and other interested parties. Staff answers questions related to such things as classifications, experience modification calculations and rules, basic manual rules, Assigned Risk rules, procedures and classifications, MCPAP application assistance, audit procedures, ownership, etc.
- Includes Field Service staff that performs Test Audits and Classification Surveys.
- Publishes Circular Letters and MWCIA's quarterly newsletters.
- Coordinates, researches and/or prepares filings of various manual rules, forms and classification changes with the Department of Commerce.
- Develops and publishes informational brochures on a variety of workers' compensation topics.
- Provides education and information to agents, employers and member carriers through outside speaking engagements and by attending industry trade shows.



DATA QUALITY

Staff: Pam Flaten

Main Functions

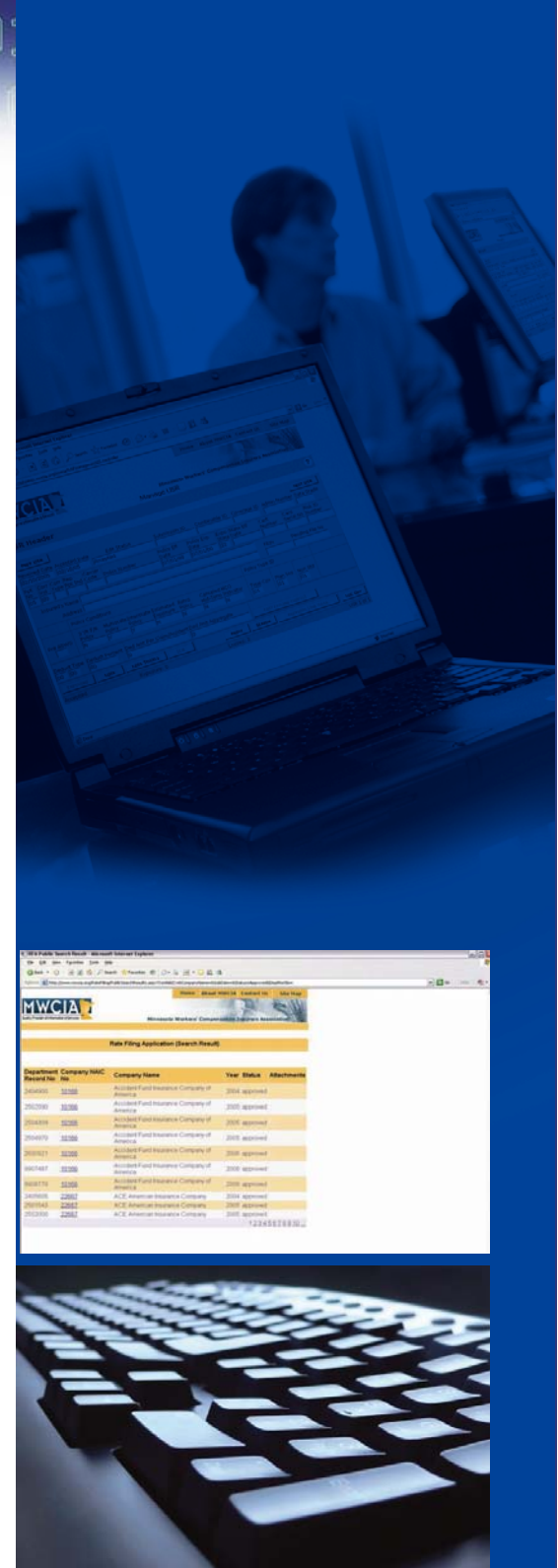
- Data quality assurance.
- Develops processes and procedures for operational workflow.
- Key representative for Data Quality Industry Groups, Forums, and Industry Committee Work Groups.

UNIT STATISTICAL/EXPERIENCE RATING

Staff: Penny Sjoquist, Ora Lowery, Cindy Westphal, Letha Kuehn, Mary Munt and Christine Flaschberger

Main Functions

- Collects, analyzes, interprets and summarizes statistical data for the voluntary and self-insured markets.
- Administers notice and/or fining process for incorrect or late reporting of unit statistical data.
- Handles unit statistical data reporting inquiries from carriers and other interested parties.
- Oversees experience ratings, interstate ratings and merit ratings.
- Researches and resolves policy ownership change issues.





ACTUARIAL

Staff: Sharon Bye

Main Functions

- Coordinates the various actuarial, statistical, reporting and administrative aspects of the process for publishing the annual Ratemaking Report.
- Develops, maintains and provides actuarial, statistical and economic technical expertise for both internal and external sources.

POLICY DATA ENTRY

Staff: Jane Payne, Gayle Dussling, Lerice McMillan, Vicki Evenson, Penny Lord, Kim Eckhart, and Phyllis Rence

Main Functions

- Data entry of policies, endorsements, cancellations and reinstatements.
- Initiates requests for additional or corrected policy information, when appropriate.
- Data entry of MCPAP applications.
- Processes Assigned Risk applications including the calculation of premium quotes.
- Responds to inquiries on Assigned Risk Application from employers, agents and other interested parties.





POLICY TAPE

Staff: Kim LaHoud and Jody Wittmer

Main Functions

- Reviews, analyzes and validates policy data information submitted electronically by member carriers.
- Key liaison in communicating and resolving issues with member carriers related to the electronic submission of policy data to MWCIA.

HUMAN RESOURCE & ACCOUNTING

Staff: Karen Ose and Sue Erickson

Main Functions

- Assists in planning and directing the accounting and budgeting activities for MWCIA.
- Administers the assessment and reapportionment of member carriers.
- Manages the Human Resource function for MWCIA personnel.

ADMINISTRATION/FACILITIES

Staff: Jan Olson, Kathy Ellison, Margaret Clark, Carmen Day, Mary Loehrs, and Amber Dussling

Main Functions

- Coordination of membership tracking and maintaining email distribution lists.
- Responsible for receptionist duties and mailroom activities.
- Provides administrative support including the planning of annual events for member carriers such as the Annual Lunch and Annual Golf Outing.
- Handles facilities.



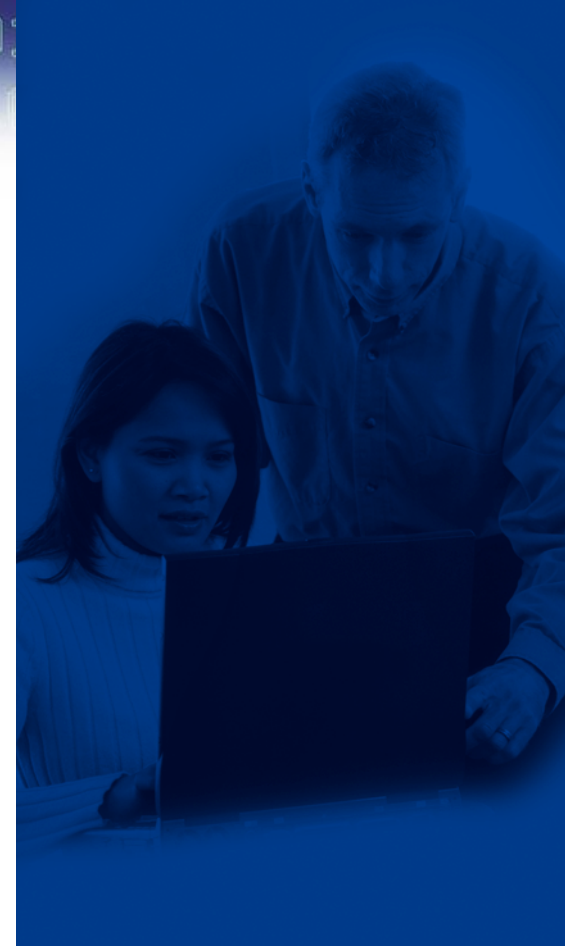


INFORMATION TECHNOLOGY

Staff: Muhammad Kashif, Tom Goodrich, Savitha Venkateshaiah, Ailyna Khath, Pat Riley, Scott Gatzke, Marc Coleman, Debbie Peterson, Sue Levey, Deb Ronald and Bill Kostur

Main Functions

- Responsible for database administration including software and web development.
- Provides technical help desk, batch job administration, system security, ensures networking capability, backup systems, connectivity and email capability.
- Responsible for imaging administration.
- Electronic data transmission (administration and loading).
- Provides user support documentation and training.
- Responsible for translating business needs (external and internal) into project designs by conducting requirement gathering and project documentation.
- Dual role of representing MWCIA and leading collaborative projects with other bureaus and state agencies.
- Represents MWCIA in industry standards discussions.
- Technical support of MWCIA website.
- Responsible for system testing.



The screenshot shows the MWCIA website with a search bar and a table of data. The table has columns for 'Agency', 'Project Name', 'Approved Date', 'Total Units', 'Total Revenue', 'Total Expenses', 'Total Accepted With Units', and 'Total Accepted With Revenue'. The table contains multiple rows of data for various agencies and projects.

