

MWCARP Servicing Carrier RFP

Amendment #2

Synopsis of Written Questions & Answers

1. All questions regarding the number of applications received, including electronic vs. paper applications, and distribution of applications to Servicing Carriers.

The number of applications varies. The MWCIA's database reflects that from 01/01/2009 – 07/31/2009 a total of 5,068 applications were submitted. Of that total, 2,290 were electronic and 2,148 were hard copy. The electronic applications are XML files and there is one PDF for each Assigned Risk Application sent via email. Paper applications are forwarded via regular mail.

2. All questions regarding the number of certificates of insurance issued; the number of endorsements issued; and the number of policies that are cancelled for non-payment.

All answers are an approximation. We do not currently have reliable data regarding the number of certificates issued. We estimate that there will be approximately 4,260 rating endorsements and 10,372 non-rating endorsements issued during 2009. During 2008, there were approximately 3,100 policies cancelled for non-payment of premium.

3. All questions regarding the premium collection agencies used by the MWCARP, the duration of time that the Servicing Carriers should pursue collection prior to turning over the collection agency and an estimate of the annual uncollectible premium.

The MWCARP has contracts with two different premium collection agencies – The Affiliated Group, Inc. and Media Collections, Inc., d/b/a Joseph, Mann, & Creed. Their fees are determined by bid. Both agencies communicate directly with the Servicing Carriers.

Servicing Carriers should pursue collection for 90 days prior to turning over to the collection agency. We will amend the Operational Guidelines so that they are consistent with the Servicing Carrier Standards.

Uncollectible premium is estimated to run annually at about 3.5% to 5% of written premium.

Servicing Carriers will not receive payment on any uncollectible premium and a petition for payment will not be entertained.

4. All questions regarding policy forms, the Basic Manual and related rules, and the premium algorithm.

The MWCARP policy forms and Basic Manual may be found by going to the MWCIA website (go to MWCIA.org, Form/Manuals/Publications/Manuals/MN Forms Manual). While the premium algorithm has not been “filed” with the MWCIA, you can go to the Plan’s website (www.mwcarp.com) and either choose “Premium Calculator Tool” or “Online Application” to gain access to the application form with the algorithm embedded therein.

5. All questions or requests regarding the premium size stratification of the current book of business, including a geographical breakdown of the number of in-force policies. Additionally, questions regarding the policy renewal rate, the audited premium-to-renewal premium rate, and the number of deductible policies.

You can use the “Depopulation Tool” that can be found at the mwcia.org website at “Assigned Risk”; then “AR Depop”; then “Assigned Risk Depop Downloadable Files”; and then select the “Entire Year” option. It will then download all current policies into an Excel file that can be sorted to suit your needs.

The policy renewal rate and audited premium to written premium information, for any year, is not currently available. We expect the number of deductible policies in the Plan to remain less than five (5) in total.

6. Questions regarding the eligibility verification of Plan applicants.

We are working closely with the MWCIA to ensure that the appropriate information regarding unpaid premium obligations is quickly shared with them so that they can verify eligibility accurately at the time of application to the Plan.

7. Questions regarding the number of cancellations directly attributable to Part A, Section 18.G of the Servicing Carrier Operational Guidelines for years 2007, 2008, and 2009.

The number for 2007 is unknown at this time, however, there were zero authorized for 2008, and none thus far in 2009.

8. Questions regarding the installment payment plan structure.

The installment payment structure that was outlined in Part A, Section 8.A of the Servicing Carrier Operational Guidelines has misstated the payment option for estimated annual premium of \$10,000 or more. It should read that the employer has the option of paying 100%, 50%, or 35% of premium in advance. If the 35% premium option is chosen, there will be eight equal installment payments. We will amend the Servicing Carrier Operational Guidelines to reflect this change.

Also, it is not permissible to charge an additional fee for any of the installment pay plans.

9. Questions/requests for additional claims information.

The information found below that is entitled “MWCARP – Claim Counts from One Current Servicing Carrier” is from one of the current Servicing Carriers that services 75% of the premium in the MWCARP. We do not have data from both carrier since the reporting of this level of detail has not been required.

MWCARP - Claim Counts from One Current Servicing Carrier

Claim Counts:

Accident Year	Total Claims	Med Only Open	Med Only Closed	Ind Open	Ind Closed	CNP
2002	7,238	1	3,656	51	1,344	2,186
2003	7,816	4	3,967	88	1,457	2,300
2004	7,963	3	4,216	116	1,535	2,093
2005	4,772	4	2,678	91	996	1,003
2006	3,259	10	1,741	102	760	646
2007	2,173	17	1,213	149	407	387
2008	1,626	236	690	261	132	307

See other requested claims information:

Minnesota Workers' Compensation Assigned Risk Plan
RFP Data Request 2009

Accident Period	Claims				Net Losses			
	Reported Claims	Incurred Claims	Open Claims	Selected Ultimate Claims to Close With Payment	Paid	Case Reserves	12/31/2008 Booked IBNR Reserve	Booked Ultimate Losses
1999					16,539,000	1,066,000	1,322,000	18,927,000
2000					15,032,000	491,000	1,599,000	17,122,000
2001					21,784,000	1,547,000	2,738,000	26,069,000
2002	7,238	5,118	52	5,204	34,606,000	2,781,000	6,282,000	43,669,000
2003	7,816	5,560	92	5,670	43,680,000	3,289,000	8,846,000	55,815,000
2004	8,126	6,018	122	6,169	43,764,000	6,668,000	11,409,000	61,841,000
2005	6,383	4,976	113	5,128	34,880,000	6,033,000	11,409,000	52,322,000
2006	4,633	3,662	137	3,793	27,126,000	8,720,000	16,382,000	52,228,000
2007	3,011	2,416	195	2,537	14,992,000	9,346,000	15,915,000	40,253,000
2008	2,191	1,760	639	2,009	8,232,000	15,094,000	24,224,000	47,550,000

Note that 2006-2008 losses are net of the high WCRA retention whereas 1999-2005 are net of the low retention.

10. Questions regarding the processing of medical bills.

We estimate that there were approximately 24,000 medical bills reviewed during Accident Year 2007 and Accident Year 2008. We do not have any information regarding the number of lines per medical bill or how many prescriptions were processed.

11. General questions regarding data reporting format, including the need to report SCHIP and WCRI data.

SCHIP data is not required to be reported. We do ask that you report WCRI data (COMPSCOPE). See the WCRI (www.wcrinet.org) for the COMPSCOPE data reporting format.

The following represents the data that must be made available to the Plan's actuarial services vendor:

1. *Reported, closed with payment, closed without payment, and outstanding claim counts by accident year as of December 31, 20XX;*
2. *Paid losses (net of SCF, salvage, and subrogation recoveries) and case reserves by accident year as of December 31, 20XX, both gross and net of reinsurance as well as a written statement as to how SCF and subrogation recoveries are coded/reported in your data and whether case reserves include or exclude anticipated future SCF and subrogation recoveries [please break paid losses and case reserves into the medical and indemnity components];*
3. *A detailed listing of all claims with medical and indemnity losses in excess of \$100,000 as of December 31, 20XX, including paid medical and indemnity losses, paid expenses, recoveries and medical, indemnity, and expense case reserves for each such claim as of December 31, 20XX;*
4. *For accident years 199X through 20XX, paid legal expenses by accident year as of December 31, 20XX, only on those policies incepting after April 1, 199X, as well as case reserves by accident year for legal expenses, if applicable;*
5. *For accident years 199X through 20XX, paid independent medical examination (IME) expenses and case reserves by accident year as of December 31, 20XX, only on those policies incepting after April 1, 199X;*
6. *Total counts involving IME expenses and total counts involving legal expenses, by accident year, as of December 31, 20XX;*
7. *A list of WCRA recoveries received as of December 31, 20XX by claimant;*
8. *20XX premium data, including the following:*
 - *Std. Prem. Written*
 - *Net Prem. Written*
 - *Std. Prem. Earned*
 - *Net Prem. Earned*
 - *Bad Debts*
 - *MCPAP (“Above Standard”)*
 - *CR/DR Plan (“Above Standard”)*
 - *Expense Constants*
 - *Min. Premium Adjustment*

- *SCF Surcharge (Amt. included in net premium written)*
- *TRIA Surcharge (Amt. included in net premium written); and*

9. A written description of any changes the Servicing Carrier has observed during 20XX in the following:

- *the rate at which claims are being settled*
- *the use of lump sum settlements*
- *the way case reserves have been established*
- *any other changes in the way claims have been handled.*

At times, there may be the need to request additional information or detail regarding previously submitted data.

12. All questions regarding the financial backing of the MWCARP and the maintenance of the operating accounts that the Servicing Carriers draw upon to make claim and expense payments.

The Plan's operations are generally funded out of Plan premiums. The Plan is authorized (under state law) to do an assessment of the insurance carriers writing workers compensation insurance in the state of Minnesota in the event of a shortfall.

From an operational standpoint, the Servicing Carriers have a "draw" account that is funded to a minimum working balance so that there should be enough funds on hand to cover the anticipated monthly expenditures. This draw account is updated with money from the Plan primary working account by the Plan Administrator (with oversight from the Department of Commerce) as necessary based on information received in the Monthly Transactions Report (MTR).

13. All questions regarding the production of intra-state and inter-state experience modification factors.

The MWCIA produces the intra-state X-mods that are applied to MWCARP policies. If a risk in Minnesota qualifies for an inter-state X-mod, then that X-mod is applied to the policy. The NCCI produces the inter-state X-mod.

14. All questions regarding Managed Care and the use of provider networks.

The RFP requires a Bid Respondent to provide a quote where the costs for Managed Care services are a part of the Bid Respondent's overall pricing structure, quoted as a percentage of collected premium and a quote where managed care services are a "pass through" expense that is considered to be an Allocated Loss Adjustment Expense (ALAE) or simply part of losses. A "percentage of savings" approach is not permitted.

While we are not advocating the use of a Certified Managed Care arrangement, we do believe that it is beneficial to have a preferred provider network available so that at least some of the employee-driven choice of the medical provider will be subject to network discounts. Any references to “network” on page 61 of the RFP are references to a preferred provider network (if any) that may have members that are providing medical care to MWCARP claimants.

In reference to Exhibit IV – Servicing Carrier Operational Guidelines, Part B – Managed Care Services, Section 3 – Other Managed Care Services the citation of subsection “(f)” is a typo. We will revise this in an upcoming amendment to the RFP.

15. All questions regarding the distribution of Loss Records.

An email request that is received from the Agent or the Insured would constitute a written request. You may send the requested information to the Agent or Insured via electronic means, provided that you can effectively document your underwriting files as such. As the Plan Administrator, we will conduct on-site underwriting and claims audits where such activity will need to be documented for our review.

16. All questions regarding the termination of the Servicing Carrier Agreement with respect to outstanding losses and the “Plan Funds” held by the Servicing Carrier.

Please understand that the MWCARP is seeking proposals from potential Servicing Carriers to service all policies issued and claims incurred while acting as a Servicing Carrier on behalf of the MWCARP until such time that all related claims and policy services activities have ended. In other words, the expectation is that the Servicing Carrier will provide “cradle to grave” services, even though they may only be an “active” Servicing Carrier for a defined period of time, e.g. a five-year contract.

17. All questions regarding the “renewal application process”.

In an upcoming amendment to the RFP, we will strike the word “application” as it was not our intention to infer that a new renewal “application” process is contemplated. We are simply trying to add language that would provide some flexibility in exactly how the renewal process is documented and handled.

18. All questions regarding USL&HW coverage.

The MWCARP is authorized to provide such coverage.

19. All questions regarding the number of attempts that must be made on mail audits in order to cancel for “noncompliance”.

We believe that it is important to make two documented attempts to get the mail audit completed.

20. All questions regarding the Servicing Carrier Minimum Standard of contacting the agent or insured when additional documentation is needed for endorsement requests, does this apply to all endorsement requests?

Yes. If no documentation is required and it can be handled by phone, please document your file to reflect this action.

21. All questions regarding the provisions found in Part A, Section 18.E (p. 47) of the RFP.

This section is unclear in its present form. We will amend such that it is clearly stated that the Notice of Reinstatement is not necessary prior to the actual renewal of the policy. If payment is received prior to renewal, then the policy is simply “renewed”.

22. All questions regarding the Welcome Kit.

We intend to have all Servicing Carriers provide the same information in mostly identical templates. However, we will entertain constructive suggestions.

23. All questions regarding the use of forms and the information page.

All Servicing Carriers should use the forms that are filed and approved for MWCARP use.

24. All questions regarding volatile payroll for roofers and temp agencies (p. 41 of the RFP).

Temp agencies would be included, while roofers would not be included.

25. All questions regarding monthly reporting.

Where hard copy form is required, you may use electronic means instead, provided that the file can be adequately documented to show that the electronic communications were effectively delivered.

26. All questions regarding the use of 24-hour toll free numbers.

Access to a live person is required. You can not refer (through automated means) someone with a question to a website, without the option of speaking to a live

person. However, you may disseminate information through the reference to a website, provided you can document your files to show that such information has been accessed.

27. All questions regarding Operational Guidelines Part A, Section 3 where it states that the renewal offer must state that coverage will lapse if payment is not received **prior to** the effective date.

We will revise the language “prior to” to “on or before” in an upcoming amendment to the RFP.

28. All questions regarding the confidentiality of the Bid Respondent’s proposal.

If all pages of the proposal were marked as “confidential”, we would consider the proposal to be non-responsive.

If anyone should chose to review a competitor’s bid in accordance with the provisions found in the RFP, you may do so. However, we will not provide a list of entities making such a request.

29. All questions regarding a bid respondents that do not currently have their principle base of services located within the State of Minnesota.

You are not required to be presently located within the State of Minnesota in order to submit a bid, except to the extent as is required in any licensure qualifications found in the RFP. You will need to effectively communicate how you will adequately staff your Minnesota operations in time to act as a Servicing Carrier effective on January 1, 2010.

30. All questions regarding financial reporting.

The Plan is no longer subject to providing financial reporting using the Statutory Accounting method. Also, we are no longer required to submit the NAIC Annual Statement Blank. Any references to such in the RFP should be ignored.

The Servicing Carriers are required to cooperate with an annual independent financial audit of the MWCARP, but are not required to pay for the costs associated with the “independent auditor”. This is a Plan expense.

Servicing Carriers are required to complete a Monthly Transactions Report (MTR) by the 15th day following the end of the month and prepare wire transfers of money as specified by the Plan Administrator, should the premiums received exceed the expenses paid in the prior months activities. An example of this MTR has been provided in this response to written questions as Attachment #1 (see attached).

Servicing Carriers are also required to provide quarterly financial reports to the Plan Administrator so that proper bookkeeping practices may be employed. These quarterly reports are then consolidated by the Plan Administrator. These quarterly reports are compiled by the Plan Administrator into one Annual Report. It is not necessary for the Servicing Carriers to compile an Annual Report. An example of the Servicing Carrier's quarterly report is shown in this response to written questions as Attachment #2 (see attached).

31. All questions regarding the current Servicing Carrier Agreement and the compensation of the current Servicing Carriers.

The current MWCARP Servicing Carriers are Berkley Risk Administrators Company, LLC and RTW, Inc.

Berkley is paid a fee of 13.25% of Collected Standard Premium; while RTW is paid a fee of 16.2% of Collected Standard Premium. However, it is important to note that Berkley's fee does NOT include managed care costs, while RTW's fee DOES include managed care costs.

If you still need an actual copy of the current Servicing Carrier Agreement, please contact the Plan Administrator immediately.

32. All questions regarding a request for a copy of the MWCARP's most recent actuarial report – *“Loss and Loss Adjustment Expense Reserve Analysis as of December 31, 2008”*.

This report is very large. I am hesitant to try provide this report in its full context as a part of this document. We will provide this as a separate document (Attachment #3) on the MWCARP website.

MWCAAP Servicing Carrier REP

ATTACHMENT #1

Minnesota Workers' Compensation Assigned Risk Plan RTW, Inc. Monthly Cash Transactions Report

	July 31, 2009	Total	
5a Premium Collected (exclude SCF)	798,773.94	798,773.94	
5b Premium Returned (exclude SCF)	(221,898.93)	(221,898.93)	
6 Service Contractors Fee Rate	0.162		
7 Service Contractors Fee		93,453.75	
8 Benefits Paid - Medical	194,923.55		426,322.23
9 Benefits Paid - Indemnity	193,399.97		426,322.23
9a Benefits Paid - Deductibles recovered	-		0.00
10 Recoveries, Reinsurance	-		ok
11 Recoveries, Subrogation	-		
12 Net Benefits Paid (Line 8 - 11)		388,323.52	
13a Agents Commissions	21,693.34		
13b OAR credit card/NSF fees	478.26		
14 ARPRB Assessment	0.0025	1,835.88	
14a MWCA Assessment-new/renewal each @:	\$21.00		
- new policies count	107	2,247.00	
- renewal policies count	495	10,395.00	
15 Premium Tax	-		
16 MWCA Semi-Annual Assessment	-		
17 Legal and Defense Related Expenses	37,998.71		
18 Total other Expenses (Line 13 - 17)		74,648.19	
18b SCF premium collected	27,182.59	27,182.59	
19 Recoveries of Delinquent Premium Written Off	2,900.22		
20 Collection Agency Expense	(377.89)		
21 Net Recoveries (Line 19+20)		2,612.33	
22 Net Monthly Transactions (Line 5-7-12-18+18b+21)		50,244.47	
23 Net Return on Plan Investments	39.52		
24 Received from Plan Fund	-		
25 Remitted to Plan Fund	(227,040.02)		
26 Balance End of Prior Month (Line 29 Prior Month Report)	477,040.02		
28 Total Other Charges or Credits (Line 23 - 27)		250,039.52	
29 Balance End of This Month (Line 22-22a+28)		300,283.99	
29a Minimum Balance		250,000.00	
29b Funding required		50,283.99	USBank: Transfer this amount: ✓
30 Premiums written off/(recovered) - (informational only)	2,977.38		

Cash Transfer:

After a review of this statement, Elaine will contact US Bank to initiate the transfer. The transfer is an internal transfer between two US Bank customers. Therefore, no wire or ACH is needed. The bank contact is Rachel Johnson at (651) 495-4249. Rachel will inform RTW via email of transfers.

If Line 29 is Positive Cash will be transferred to:

U.S. Bank Minnesota
BNF - Trust Custody St. Paul
OBI = 12616160

If Line 29 is Negative Cash will be transferred to:

U.S. Bank Minnesota

MWCARP Servicing Carrier RFP

ATTACHMENT # 2

MINNESOTA ARP
BALANCE SHEET
June 30, 2009

	06/30/09	06/30/08
Assets		
Cash	1,595,814.57	203,407.26
Premiums Receivable	5,827,978.55	5,894,355.42
Paid Reinsurance Recov SIF & Supps	1,474,989.82	2,223,075.45
Paid Reinsurance Recov WCRA	2,461,728.95	2,674,610.02
DAC-Servicing Carrier Fees	2,090,095.54	2,242,188.77
DAC-Premium Tax & Commission	757,443.99	833,773.27
Prepaid Expense	203,132.00	203,415.00
Total Assets	14,152,275.52	14,230,649.19
Liabilities and Equity		
Liabilities		
Res for Losses Direct	51,400,384.54	55,002,478.23
ALAE Reserve Direct	2,624,583.12	2,757,645.27
LPR Dir	14,673,052.27	15,970,006.50
Accounts Payable and Accrued Expenses	444,427.11	43,824.35
Commissions and Other	1,177,390.15	1,249,884.03
	70,319,847.29	75,023,838.28
Equity		
Trans. To/From Financial Admin.	9,653,476.17	2,404,783.24
Retained Earnings/Deficit	(85,607,402.27)	(63,520,582.19)
Net Profit/(Loss)	(413,555.69)	323,020.89
Total Equity	(86,167,571.89)	(60,792,778.09)
Total Liabilities and Equity	14,152,275.52	14,230,649.19

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MINNESOTA ARP
INCOME STATEMENT
June 30, 2009

	04/30/09	06/30/09	06/30/09	2009 YTD	2008 YTD
Income					
Premiums Written	3,248,708.54	2,028,820.07	1,477,823.86	13,795,886.37	14,760,841.19
Change in UEP	0.00	0.00	(854,817.38)	301,492.95	2,152,871.89
Premiums Earned	<u>3,248,708.54</u>	<u>2,028,820.07</u>	<u>613,006.48</u>	<u>14,097,379.32</u>	<u>16,913,713.08</u>
Investment Income	51.15	67.51	72.53	2,855.61	14,277.84
Total Income	<u>3,248,760.69</u>	<u>2,028,887.58</u>	<u>682,478.12</u>	<u>14,100,234.93</u>	<u>16,927,990.92</u>
Losses and Expenses					
Loss Paid and Chg in Reserve Coded WCRA	2,496,587.36	2,730,498.83	1,150,018.35	14,025,892.02	13,895,441.80
Chg in Loss Case Reserves	0.00	0.00	(2,940,011.85)	(3,068,553.68)	(2,744,551.19)
Claim Adjustment Services	206,299.62	180,158.74	281,985.37	1,143,345.22	1,296,779.52
Total Losses	<u>2,703,286.98</u>	<u>2,890,657.57</u>	<u>(607,018.23)</u>	<u>11,100,683.56</u>	<u>12,447,669.13</u>
Bad Debts	(335.91)	(2,018.11)	253,628.41	489,288.41	1,828,008.36
Underwriting Expenses	158,758.46	142,565.53	258,505.94	1,049,521.54	1,146,704.25
Servicing Carrier Fee	328,808.88	291,084.75	388,437.40	1,816,453.53	3,823,894.53
Change in Non-Admitted	0.00	0.00	66,188.25	(92.00)	(292,899.96)
Total Losses and Expenses	<u>3,181,718.39</u>	<u>3,212,289.74</u>	<u>(18,284.13)</u>	<u>14,913,163.02</u>	<u>18,854,868.74</u>
Net Income(Loss)	<u>67,042.30</u>	<u>(183,402.16)</u>	<u>84,762.25</u>	<u>(812,928.09)</u>	<u>207,122.18</u>

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MINNESOTA ARP
BALANCE SHEET
June 30, 2009

	06/30/09	06/30/08
Assets		
Cash Checking Claims US Bank	1,438,431.06	230,485.25
Cash Savings US Bank	32,961.75	32,922.01
Premiums Receivable 4/01/92 - 4/01/94	(4,697.00)	(4,697.00)
Premiums Receivable 4/01/94 BCBS	6,431.00	6,431.00
Premiums Receivable 4/01/97 BCBS	(1,737.00)	(1,737.00)
Premiums Receivable 7/01/2000 BCBS	(980.09)	6,920.29
Premiums Receivable 7/01/2000 IntraCorp	2,850.98	30,932.77
Premiums Receivable 7/01/04 - 8/31/04 Renewals	(3.00)	(7.00)
Premiums Receivable 7/01/04 - 8/31/04 New Business	(13.96)	(74.98)
Premiums Receivable 9/01/04 BCBS	6,302,030.72	6,478,893.28
Nonadmitted Asset	(675,903.10)	(832,291.94)
Paid Reinsurance Recov 3IF & Supps	1,474,980.82	2,223,076.45
Paid Reinsurance Recov WCRA	2,461,728.95	2,674,610.02
DAC-Service Carrier Fees	2,060,098.54	2,242,188.77
DAC-Premium Tax & Commission	757,443.99	939,773.27
Prepaid Expense	203,132.00	203,415.00
Cash Items in Transit/Suspense	95,521.86	0.00
Total Assets	14,152,275.52	14,230,840.19
Liabilities and Equity		
Liabilities		
Outstanding Recoverables	(127,865,636.76)	(122,806,740.07)
Res for Losses Direct	178,086,031.30	177,909,218.30
ALAE Reserve Direct	2,824,583.12	2,757,845.27
UPR Dir	14,673,052.27	15,070,005.50
Accrued MWCIA Assessment	42,336.00	37,853.00
Accrued ARPRB Assessment	3,552.45	6,171.35
Commissions Payable Current	(517.27)	(12,304.39)
Accrued Expenses	186.97	4.05
Program Administrator Payable	292,956.48	347,026.02
Service Carrier Fees Payable	885,064.98	914,939.25
Escheatment Liability	398,538.95	0.00
Total Liabilities	70,319,847.20	75,023,618.28
Equity		
Tran. To/From Financial Admin.	9,853,476.17	2,404,763.24
Retained Earnings/Deficit	(65,607,492.27)	(63,520,582.19)
Net Profit/(Loss)	(413,555.58)	323,020.86
Total Equity	(56,167,571.68)	(60,792,778.09)
Total Liabilities and Equity	14,152,275.52	14,230,840.19

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MINNESOTA ARP
INCOME STATEMENT
June 30, 2009

	06/30/09	05/31/09	06/30/08	2008 YTD	2008 YTD
Income					
Premium Written Direct 701/2000 BCBS	0.00	0.00	0.00	0.00	2,040.00
Premium Written Direct 701/2000 IntraCorp	0.00	0.00	0.00	(2,280.00)	(913.00)
Premium Written Direct 701/04 - 8/31/04 Renewals	0.00	0.00	0.00	0.00	(11,440.00)
Premium Written Direct 701/04 - 8/31/04 New Business	0.00	0.00	0.00	4,610.00	0.00
Premium Written Direct 801/04 BCBS	3,119,337.54	3,276,014.07	1,508,004.95	14,540,784.37	16,468,678.10
Min Prem Adj 701/2000 BCBS	0.00	0.00	0.00	0.00	(393.00)
Min Prem Adj 701/2000 IntraCorp	0.00	0.00	0.00	0.00	(495.00)
Min Prem Adj 701/04 - 8/31/04 Renewals	0.00	0.00	0.00	0.00	(1,397.00)
Min Prem Adj 701/04 - 8/31/04 New Business	0.00	0.00	0.00	(4,343.00)	(765.00)
Min Prem Adj 801/04 BCBS	178,190.00	134,457.00	114,128.00	842,208.00	477,003.00
Deductible Plan - Plan Discount 801/04 BCBS	0.00	0.00	0.00	0.00	7,775.00
MCPAP Alter 801/04 BCBS	0.00	0.00	0.00	0.00	3,089.00
MCPAP Below Line 801/04 BCBS	(84.00)	(37,303.00)	(2,390.00)	(38,160.00)	(22,737.00)
Credit/Debit Plan 701/2000 IntraCorp	0.00	0.00	0.00	0.00	(18.00)
Medi Rating Plan 701/04 - 8/31/04 Renewals	0.00	0.00	0.00	0.00	3,775.00
Medi Rating Plan 701/04 - 8/31/04 New Business	0.00	0.00	0.00	(424.00)	0.00
Medi Rating Plan 801/04 BCBS	(159,118.00)	(548,085.00)	(211,780.00)	(1,355,840.00)	(1,619,378.00)
Safety Rating 701/04 BCBS	(86.00)	0.00	(388.00)	(4,170.00)	(2,713.00)
Special Comp Fund 701/2000 BCBS	0.00	0.00	0.00	0.00	82.00
Special Comp Fund 701/2000 IntraCorp	0.00	0.00	0.00	(128.00)	(80.00)
Special Comp Fund 701/04 - 8/31/04 Renewals	0.00	0.00	0.00	0.00	(578.00)
Special Comp Fund 701/04 - 8/31/04 New Business	0.00	0.00	0.00	(80.00)	(35.00)
Special Comp Fund 801/04 BCBS	98,547.00	92,855.00	58,042.00	421,098.00	407,111.00
Terrorism Coverage 701/2000 BCBS	0.00	0.00	0.00	0.00	(111.00)
Terrorism Coverage 701/2000 IntraCorp	0.00	0.00	0.00	(2.00)	2.00
Terrorism Coverage 701/04 - 8/31/04 Renewals	0.00	0.00	0.00	0.00	(3.00)
Terrorism Coverage 701/04 - 8/31/04 New Business	0.00	0.00	0.00	252.00	0.00
Terrorism Coverage 801/04 BCBS	13,885.00	11,141.00	13,363.00	81,314.00	92,404.00
Net Premium Written	3,248,706.54	2,938,629.07	1,477,622.95	13,795,898.37	14,799,841.19
Change in UBP	0.00	0.00	(864,617.38)	301,482.90	2,152,571.68
Premium Earned	3,248,706.54	2,938,629.07	812,465.59	14,097,381.27	16,943,412.78
Investment Income	51.16	87.51	72.53	2,066.81	14,277.84
Total Income	3,248,766.66	2,938,806.58	812,478.12	14,100,327.94	16,957,690.62
Losses and Expenses					
Direct Business					
Chg in Loss Case Reserve Ceded WCRA	0.00	0.00	(5,149.21)	(120,884.82)	(456,755.88)
Paid Loss Direct Medical	821,528.27	1,403,402.44	531,330.23	6,988,491.87	6,355,364.66
Paid Loss Direct Indemnity	1,575,459.09	1,327,686.39	984,798.04	6,991,013.88	8,126,454.22
Paid Loss Ceded SIF & Supps	0.00	0.00	(359,822.80)	265,242.81	(358,621.39)
Total Direct Business	2,496,987.36	2,730,498.83	1,156,615.26	14,023,862.92	13,866,441.60
Chg in Loss Case Reserve Direct	0.00	0.00	(2,340,011.05)	(3,888,553.88)	(2,744,351.19)
Total Losses	2,496,987.36	2,730,498.83	(1,189,395.89)	10,135,309.04	10,122,090.41
Expenses					
Claims Adjustment Services					
ALAE Paid Direct	208,298.62	180,158.74	204,880.57	1,121,157.29	1,387,182.72
Chg in ALAE Reserve Direct	0.00	0.00	77,324.80	22,188.91	(68,302.10)

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MINNESOTA ARP
INCOME STATEMENT
June 30, 2009

	04/30/09	05/31/09	06/30/09	2009 YTD	2008 YTD
Total Claim Adjustment Services	206,299.62	160,154.74	291,995.37	1,143,346.29	1,296,770.62
Underwriting Expenses					
Commissions Direct	89,825.12	51,778.25	69,019.03	420,990.90	477,525.99
Managed Care Fees 7/01/2009 IntraCorp	0.83	2.18	163.21	195.97	520.18
Premium Taxes	0.00	0.00	145,631.00	291,262.00	392,828.00
ARPRB Assessment	7,889.41	7,113.06	3,552.45	33,437.24	35,959.89
MVCA Assessment	43,491.69	40,866.00	42,336.00	230,013.00	231,105.00
Bad Debt Collection Expense	11,400.91	7,553.47	4,858.18	35,771.60	62,479.85
Print Tax & Comm Expense	0.00	0.00	(12,917.10)	5,588.10	(79,264.73)
Misc Expenses	(55.00)	0.00	(37.23)	(38.23)	0.00
Bank Charges	6,215.19	5,252.57	6,325.40	32,790.98	27,529.30
Total Underwriting Expenses	169,768.49	142,666.53	259,925.94	1,046,621.64	1,146,704.28
Servicing Carrier Fee					
Program Administrator Fees	320,008.88	281,984.75	292,655.48	1,765,634.66	2,040,539.63
Chg in DAC - Service Carrier Fees	0.00	0.00	(3,218.06)	50,818.77	(12,645.15)
Total Servicing Carrier Fees	320,008.88	281,984.75	289,437.42	1,816,453.33	2,027,894.48
Premiums in CollChg to Bad Debt					
Bad Debts 7/01/2009 BCBS	0.00	0.00	0.00	0.00	(21.00)
Bad Debts 7/01/2009 IntraCorp	15,904.58	0.00	(3,935.00)	9,051.58	(10,077.80)
Bad Debts 7/01/04 - 6/30/04 Renewals	0.00	0.00	0.00	0.00	(5,162.00)
Bad Debts Recovery	(84,840.69)	(89,893.11)	(37,392.59)	(289,055.96)	(522,107.22)
Bad Debts 6/01/04 BCBS	66,700.20	34,945.00	294,854.00	729,049.79	2,968,297.30
Total Premiums in CollChg to Bad Debt	(335.91)	(2,018.11)	253,626.41	491,055.41	1,525,909.38
Change in Non-Admitted	0.00	0.00	69,166.25	(902.00)	(292,699.66)
Total Change in Non-Admitted	0.00	0.00	69,166.25	(902.00)	(292,699.66)
Total Expenses	694,731.03	581,770.91	1,153,141.37	4,677,774.48	5,712,579.13
Total Losses and Expenses	3,181,718.39	3,312,269.74	(38,254.32)	14,513,883.32	16,634,669.74
Net Income(Loss)	67,042.39	(374,173.14)	448,732.64	(413,555.58)	333,026.86

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