

"Because of their kindness and empathy, I knew I could trust them." — Jandale Carter

The year 2009 was another tumultuous one for Colorado businesses doing their best to hang on in the midst of a deep recession. Now more than ever, businesses need a workers' compensation insurance company they can count on. Pinnacol Assurance is financially healthy and stable — and determined to remain that way.



Mt. Sneffels, Telluride, Colo.

Pinnacol's stability is the result of a long-term investment in doing the right thing. We strive to be good to our own employees, who, in turn, treat our customers well. As responsible stewards of policyholder money, we push ourselves to achieve operational efficiencies and embrace technology that streamlines processes, reduces costs and protects the environment. We believe injured workers deserve support and compassion from their insurance carrier, as well as financial compensation and medical care.

In 2009, we spent significant amounts of time and energy protecting Pinnacol's assets, reputation and business operations.

In spite of 2009's challenges, we managed to have a successful year financially. That, in turn, allows Pinnacol to remain a source of stability and reliability in an otherwise uncertain business environment.

Financial Stability

Premium Earned: \$398.5 million in 2009

Premium Rate Reduction: 10 percent reduction over 2009, saving business owners more than \$45 million

Investment Portfolio Yield: 4.8 percent in 2009

Dividend Distributions

General Dividends: Approximately \$120 million in 2009

Customer Satisfaction and Retention

Overall Service Quality Rating: 8.8 on a 10-point scale, an all-time high

Customer Retention: 91 percent of customers kept their business with Pinnacol in 2009

Legislative Activity

Early in the year, the state legislature introduced a bill to raid Pinnacol's assets in order to cover a budget shortfall. That bill was pronounced illegal by Colorado's Attorney General and eventually dropped. A second bill threatened to change Pinnacol's structure but, instead, was modified to create an interim committee to study our operations. As a result, we participated in a three-month review of our business practices.

Senate Bill 273: Pulled. Sponsors dropped this bill after the Colorado Attorney General pronounced it illegal and the governor indicated he would not sign it. The bill would have deleted language in the Workers' Compensation Act that says Pinnacol's assets belong to Pinnacol and can't be taken or borrowed by the state. It then would have required a transfer of \$500 million from Pinnacol to the state treasury.

Senate Bill 281: Modified and Passed. The original version of this bill, which would have altered the company's current structure and brought Pinnacol back under state control. The bill was modified to require a performance audit and to create an interim committee to study our company.

Employee Satisfaction

Employee Satisfaction Rating: 8.3 on a 10-point scale, a strong validation of our belief that employee satisfaction drives customer satisfaction

"Best Place to Work" Awards: From the Great Place to Work® Institute, the Society for Human Resource Management and *ColoradoBiz* magazine

Community Involvement

The Pinnacol Foundation: 86 scholarships, totaling \$251,250, awarded to children of workers seriously injured or killed on the job

Employee Giving Program: \$78,034 raised for the Mile High United Way through employee donations and a 100 percent corporate match

Pinnacol in Action: 586 employees, or 93 percent of our staff, volunteered a total of 5,442 hours in 2009



Pinnacol employees with "Best Place to Work" awards and in Pilates class.