

Proposal to Restructure Pinnacol Assurance Overview

| | Current Pinnacol | Future Pinnacol |
|--|--|--|
| Structure | Political subdivision of the state, operating as a mutual insurance company | Mutual insurance company |
| Ownership | Per the statute, Pinnacol owns Pinnacol | Policyholders will own Pinnacol |
| Insurer of last resort | Serves as insurer for small businesses and high-risk industries that cannot obtain insurance from private carriers | Serves as insurer for small businesses and high-risk industries that cannot obtain insurance from private carriers |
| Rates | Driven by industry trends; set by the Division of Insurance (DOI) | Driven by industry trends; set by the Division of Insurance (DOI) |
| Dividends | Issued based on company financial conditions; approved annually by the board | Issued based on company financial conditions; approved annually by the board |
| Injured worker benefits | Set by statute and paid accordingly | Set by statute and paid accordingly |
| Customer service levels | Committed to providing exceptional customer service | Committed to providing exceptional customer service |
| Colorado Insurance Guaranty Association | Not required to be a member | Pinnacol becomes a member |
| Taxes | Exempt from state premium tax and federal taxes | Pays state premium tax and federal taxes |
| A.M. Best rating | Not required to have a rating | Pinnacol becomes an A.M. Best-rated company with a minimum rating of A- or better |
| Governance | 9-member board of directors, all appointed by the governor | 9-member board of directors, 2 appointed by the governor, 7 elected by policyholders |
| Headquarters | Denver, Colorado | Denver, Colorado |
| Markets | Colorado only | Regional |
| Lines of business | Workers' compensation only with no flexibility to add other lines | Workers' compensation focus with the option to offer other property and casualty lines in the future |

All information included in this document is subject to change.

Restructuring Proposal Hotline:

1.877.638.4545 | 303.361.4545 | restructuring@pinnacol.com | www.restructurepinnacol.com

PINNACOL
ASSURANCE