

Property and Casualty

Market Analysis

SEPTEMBER 2014

North Dakota Insurance Department

**Market Analysis
North Dakota Insurance Department
September 2014**

INDEX

Market Analysis Overview	Page 1
Critical Markets	Page 1
Market Analysis Components	Page 1
Description of Market Analysis Components	Page 2
Narrative Summary	Page 3
General Summary	Page 3
Technical Notes	Page 4
Narrative Summary – Auto – Private Passenger Exhibits I-VIII	Addendum 1
Narrative Summary – Auto – Commercial Exhibits I-VIII	Addendum 2
Narrative Summary – Commercial Multi Peril Package Exhibits I-VIII	Addendum 3
Narrative Summary – Farmowners Exhibits I-VIII	Addendum 4
Narrative Summary – Homeowners Exhibits I-VIII	Addendum 5
Narrative Summary – Medical Malpractice Exhibits I-VIII	Addendum 6
Narrative Summary – Other Liability (professional liability D&O, E&O, excess and umbrella) Exhibits I-VIII	Addendum 7
Narrative Summary – Crop Hail Exhibits I-VIII	Addendum 8
Technical Notes	Addendum 9

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Market Analysis Overview

The market analysis is performed annually the Product Filing Division, as part of the division's goals. The purpose of the report is to monitor and evaluate trends in affordability and availability of coverage in critical markets.

Critical Markets

The following factors were considered in determining what markets to analyze for this study:

- The principal focus of the analysis initially was with regard to property insurance because of the history of severe losses experienced by the industry over the past several years.
- A second factor was those lines of insurance that traditionally have become a significant cause for consumer concern but which may or may not include property coverage.
- A third factor in selecting which lines of insurance was consideration for the relative availability of data.

Based upon these factors the following lines of insurance were determined to be the markets to be examined as part of this analysis:

- Auto – private passenger
- Auto – commercial
- Commercial multi peril package
- Farmowners
- Homeowners
- Medical Malpractice
- Other Liability (professional liability, D&O, E&O, excess & umbrella)
- Crop Hail

Market Analysis Components

For purposes of this study the following evaluations were performed for each line of insurance (subject to data availability):

Exhibit I -Market Concentration (Herfindahl index)

Exhibit II-A - Market Share Analysis –Market Share Changes

Exhibit II-B – Market Share Analysis –Company Changes

Exhibit II-C – Market Share Analysis – Surplus (non-licensed)
Exhibit III – Historical Loss Ratios (Statewide, Regional, and Countrywide)
Exhibit IV – Loss Ratios vs Rate Change vs Claims Cost Indexes
Exhibit V – Change in Premium Writings
Exhibit VI – Field Market Survey Results-September 2013
Exhibit VII – Residual Market Population
Exhibit VIII – Matrix of Indicators

Description of Market Analysis Components

A description of each component used in the analysis is shown below:

Exhibit I -Market Concentration (Herfindahl index) -The purpose of this index is to evaluate the concentration of the market and its change over time. Highly concentrated markets are considered to be less competitive while less concentrated markets are considered to be more competitive. The exhibit illustrates the concentration ratio of the top 4 companies and the top 20 companies. The concentration ratio is the combined market share of the companies. The final Herfindahl index, however, is based upon the market share analysis of all companies not just the top 4 or 20 companies. The most recent data available for this analysis includes the year 2013.

The Herfindahl indices for both the North Dakota and Countrywide markets are displayed. The results can be compared to two industry standards. The US Dept of Justice standard was used to categorize the results.

Exhibit II-A - Market Share Analysis –Market Share Changes – This exhibit provides a supplemental historical picture of the market share changes of the top 20 insurance companies doing business in each year for the most recent 6 years.

Exhibit II-B – Market Share Analysis –Company Changes - This exhibit illustrates the number of companies entering, leaving or moving within the top 20 companies over a period of several years.

Exhibit II-C-Market Share – Surplus (non-licensed) – This exhibit summarizes the volume of business written by surplus lines insurers over a six year period.

Exhibit III – Historical Loss Ratios (Statewide, Regional, and Countrywide) – This exhibit summarizes historical statewide loss ratios over the most recent ten years, and compares them to the corresponding regional and countrywide loss ratios.

Exhibit IV – Loss Ratios vs Rate Change vs Claims Cost Index – This exhibit compares the statewide rolling three year loss ratio (indexed to a base year) to both the composite rate index (representing filed change in rates for the top 10 companies) and the Claims Cost Index. In addition, for the private passenger auto analysis a chart of the average premium and countrywide rankings was included.

Exhibit V – Change in Premium Writings - This exhibit displays annual changes in total premium volume for each market. The percentage change is then compared to the Composite Rate Index and the Consumer Price Index.

Exhibit VI – Field Market Survey Results-September 2013 – This exhibit summarizes the results of a survey of Property and Casualty agents, staff, company representatives, and company underwriters in attendance at the agent forums from the previous Fall.

Exhibit VII – Residual Market Population - This exhibit summarizes the current status and population of the residual market mechanisms (if any) for each market.

Exhibit VIII – Matrix of Indicators – This exhibit summarizes the indication of each market analysis component. The matrix places each indicator into a Low, Moderate, or High category. Low means the indicator suggests the competition level is low. Moderate means the indicator suggests the competition level is moderate, and High means the indicator suggests the competition level is high. A final assessment based upon a weighting of all indicators is shown.

Narrative Summary

Each line of insurance analyzed for this report will be treated separately. A narrative summary of each of the applicable market analysis components will be presented along with a final statement assessing the overall trend and competitiveness of that line. The narrative summaries are found in addendum's 1 through 8.

General Summary

The conclusions regarding overall trend and competitiveness for each of the eight markets are briefly summarized below. For more detail regarding how the conclusion was reached please refer to the appropriate addendum narrative summary.

Auto – private passenger - A highly competitive market.

Auto – commercial - A highly competitive market.

Commercial multi peril package - Generally a highly competitive market.

Farmowners - The competitive level of the market is low.

Homeowners - A moderately competitive market.

Medical Malpractice - The competitive level of the market is low.

Other Liability (professional liability, D&O, E&O, excess & umbrella) - A moderately competitive market. For certain niche classes of business the market may be non-competitive.

Crop Hail – The competitive level of the market is low.

Technical Notes

Addendum 9 Technical Notes provide specific information regarding data sources and other matters with potential impacts to the final conclusion.

Addendum 1 Narrative Summary – Auto – Private Passenger

The market analysis components found in the attached exhibits for auto-private passenger are summarized below:

Exhibit I -Market Concentration (Herfindahl index)

The concentration ratios and Herfindahl indices for North Dakota are below the national benchmarks, indicating a highly competitive market. The Herfindahl index has decreased slightly in each of the last eight years,

The North Dakota market is more concentrated than the countywide market, but this is to be expected as North Dakota is a relatively small market, more easily dominated by regional carriers.

Exhibit II-A - Market Share Analysis –Market Share Changes

The combined market share of the top twenty writers has been below 82% each of the past six years. The top writer accounts for less than 13% of the market. This suggests that the market is competitive.

Exhibit II-B – Market Share Analysis –Company Changes

While in recent calendar years we've added only one or two new carriers into the top 20, there continues to be considerable movement among all companies within the top 20. This suggests that the market is competitive.

Exhibit II-C – Market Share Analysis – Surplus (non-licensed)

There has been no premium written by surplus lines carriers for this market in the past six years, suggesting that the market is highly competitive.

Exhibit III – Historical Loss Ratios (Statewide, Regional, and Countrywide)

The statewide loss ratios in Exhibit III suggest that the Personal Automobile insurance market has been profitable over the past 10 years. We also note that they have tended to be lower than regional and countrywide loss ratios during this time. This information by itself is not an indicator of the competitive level of the marketplace.

Exhibit IV – Loss Ratios vs Rate Change vs Claims Cost Indexes

The graphs show that rates have not quite kept pace with the Auto Repair CPI index, lagging somewhat in reaction to favorable loss experience as evidenced by the favorable loss ratio index.

The chart showing state average premium indicates North Dakota has consistently ranked among the lowest of all states in overall average premium. Note that this chart summarizes average premiums through calendar year 2011, the most current year available.

This information indicates that the market is competitive.

Exhibit V – Change in Premium Writings

The statewide premium volume has increased 30% since 2004, which tracks closely with the Consumer Price Index. This suggests the market is competitive.

Exhibit VI – Field Market Survey Results-September 2013

The 2013 Field Market Survey indicates that the number of companies available for agents to write in has remained largely the same. Rates have gone up, and underwriting may have become more strict, but agents are usually able to find companies to write their risks. This suggests the market is moderately competitive.

Exhibit VII – Residual Market Population

The North Dakota Auto Plan is managed by Automobile Insurance Placement Services Organization (AIPSO). The annual number of insureds in the plan has been very low when compared to the total eligible registered vehicles in this state, especially in the more recent years. This low residual market population is indicative of a competitive market.

Exhibit VIII – Matrix of Indicators

With the exception of the Field Market Survey and the Historical Loss Ratio comparison, all indicators reflect a highly competitive market.

Final assessment

The evaluation of the market through the year 2013 indicates a highly competitive market.

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EXHIBIT I: MARKET CONCENTRATION

Year	North Dakota			Countrywide		
	4-Firm Concentration Ratio	20-Firm Concentration Ratio	Herfindahl Index	4-Firm Concentration Ratio	20-Firm Concentration Ratio	Herfindahl Index
1994	50.0%	78.0%		35.0%	53.8%	
1995	49.3%	77.6%		34.2%	52.2%	
1996	48.8%	76.5%		34.3%	51.9%	
1997	47.9%	76.6%		33.2%	51.0%	
1998	46.9%	76.4%		32.6%	50.7%	
1999	45.3%	76.4%		30.9%	49.4%	
2000	44.5%	78.0%		29.5%	48.6%	
2001	44.5%	78.6%		29.4%	48.8%	
2002	45.3%	80.6%		28.7%	48.7%	
2003	44.0%	83.0%		27.8%	48.3%	
2004	44.6%	84.2%	(827)	27.0%	48.4%	(634)
2005	45.2%	84.6%	(840)	26.5%	48.9%	(643)
2006	45.0%	84.5%	(839)	26.2%	49.0%	(651)
2007	45.1%	83.5%	(833)	26.1%	48.7%	(656)
2008	45.5%	81.9%	(827)	26.2%	49.0%	(691)
2009	44.9%	81.6%	(813)	26.3%	49.6%	(703)
2010	44.6%	81.2%	(812)	26.3%	49.7%	(703)
2011	43.6%	80.4%	(804)	26.3%	49.6%	(717)
2012	41.8%	81.0%	(794)	25.8%	48.7%	(719)
2013	41.0%	80.5%	(792)	25.9%	48.7%	(736)

Benchmarks:

National industries with 4-firm concentration ratios <75% and Herfindahl index <2000, are generally not viewed as highly concentrated.

Merger guidelines of U.S. Dept of Justice

Post-merger > 1,800 - highly concentrated
 1,000 < Herfindahl index < 1,800 - moderately concentrated
 < 1,000 - unconcentrated

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EXHIBIT IIA: NORTH DAKOTA MARKET SHARE REPORT

Year: 2013				Year: 2012				Year: 2011			
Company	Direct WP (in 000s)	Market Share	Cumulative	Company	Direct WP (in 000s)	Market Share	Cumulative	Company	Direct WP (in 000s)	Market Share	Cumulative
State Farm Mut Auto Ins Co	\$ 52,743	12.8%	12.8%	State Farm Mut Auto Ins Co	\$ 49,983	13.1%	13.1%	State Farm Mut Auto Ins Co	\$ 48,249	13.6%	13.6%
Progressive Northwestern Ins Co	\$ 40,868	10.0%	22.8%	Progressive Northwestern Ins Co	\$ 38,339	10.0%	23.1%	American Family Mut Ins Co	\$ 37,450	10.6%	24.2%
American Family Mut Ins Co	\$ 37,339	9.1%	31.9%	American Family Mut Ins Co	\$ 36,444	9.5%	32.7%	Progressive Northwestern Ins Co	\$ 34,878	9.9%	34.1%
National Farmers Union Prop & Cas	\$ 37,235	9.1%	41.0%	Nodak Mut Ins Co	\$ 34,986	9.2%	41.8%	Nodak Mut Ins Co	\$ 33,626	9.5%	43.6%
Nodak Mut Ins Co	\$ 35,123	8.6%	49.5%	National Farmers Union Prop & Cas	\$ 34,262	9.0%	50.8%	National Farmers Union Prop & Cas	\$ 30,095	8.5%	52.1%
Progressive Direct Ins Co	\$ 19,609	4.8%	54.3%	Progressive Direct Ins Co	\$ 16,162	4.2%	55.0%	Progressive Direct Ins Co	\$ 13,054	3.7%	55.8%
Center Mut Ins Co	\$ 13,093	3.2%	57.5%	Center Mut Ins Co	\$ 12,543	3.3%	58.3%	Center Mut Ins Co	\$ 11,589	3.3%	59.0%
Mid Century Ins Co	\$ 12,037	2.9%	60.4%	Mid Century Ins Co	\$ 11,604	3.0%	61.3%	Owners Ins Co	\$ 10,932	3.1%	62.1%
Owners Ins Co	\$ 10,471	2.6%	63.0%	Owners Ins Co	\$ 10,763	2.8%	64.2%	North Star Mut Ins Co	\$ 7,303	2.1%	64.2%
Allstate Ins Co	\$ 9,057	2.2%	65.2%	North Star Mut Ins Co	\$ 8,335	2.2%	66.3%	Allstate Ins Co	\$ 6,690	1.9%	66.1%
North Star Mut Ins Co	\$ 8,989	2.2%	67.4%	Allstate Ins Co	\$ 7,991	2.1%	68.4%	Farmers Ins Exch	\$ 5,943	1.7%	67.7%
Safeco Ins Co Of Amer	\$ 6,606	1.6%	69.0%	United Serv Automobile Assn	\$ 6,107	1.6%	70.0%	United Serv Automobile Assn	\$ 5,830	1.6%	69.4%
Geico Gen Ins Co	\$ 6,582	1.6%	70.6%	Memberselect Ins Co	\$ 5,938	1.6%	71.6%	Dakota Fire Ins Co	\$ 5,645	1.6%	71.0%
Memberselect Ins Co	\$ 6,481	1.6%	72.2%	Dakota Fire Ins Co	\$ 5,615	1.5%	73.0%	Grinnell Select Ins Co	\$ 5,085	1.4%	72.4%
United Serv Automobile Assn	\$ 6,367	1.6%	73.7%	Grinnell Select Ins Co	\$ 5,518	1.4%	74.5%	Memberselect Ins Co	\$ 4,935	1.4%	73.8%
Grinnell Select Ins Co	\$ 6,293	1.5%	75.2%	Safeco Ins Co Of Amer	\$ 5,411	1.4%	75.9%	Mid Century Ins Co	\$ 4,854	1.4%	75.2%
Geico Ind Co	\$ 5,612	1.4%	76.6%	Geico Gen Ins Co	\$ 5,243	1.4%	77.3%	Grinnell Mut Reins Co	\$ 4,810	1.4%	76.5%
Meridian Security Ins Co	\$ 5,353	1.3%	77.9%	Meridian Security Ins Co	\$ 5,069	1.3%	78.6%	Meridian Security Ins Co	\$ 4,762	1.3%	77.9%
State Farm Fire & Cas Co	\$ 5,319	1.3%	79.2%	American Standard Ins Co of WI	\$ 4,644	1.2%	79.8%	Safeco Ins Co Of Amer	\$ 4,695	1.3%	79.2%
Dakota Fire Ins Co	\$ 5,317	1.3%	80.5%	Grinnell Mut Reins Co	\$ 4,598	1.2%	81.0%	Geico Gen Ins Co	\$ 4,210	1.2%	80.4%
Year: 2010				Year: 2009				Year: 2008			
Company	Direct WP (in 000s)	Market Share	Cumulative	Company	Direct WP (in 000s)	Market Share	Cumulative	Company	Direct WP (in 000s)	Market Share	Cumulative
State Farm Mut Auto Ins Co	\$ 46,824	14.0%	14.0%	State Farm Mut Auto Ins Co	\$ 44,090	13.8%	13.8%	State Farm Mut Auto Ins Co	\$ 43,485	14.1%	14.1%
American Family Mut Ins Co	\$ 38,056	11.4%	25.4%	American Family Mut Ins Co	\$ 36,910	11.6%	25.4%	American Family Mut Ins Co	\$ 37,139	12.1%	26.2%
Nodak Mut Ins Co	\$ 32,346	9.7%	35.1%	Progressive Northwestern Ins Co	\$ 31,674	9.9%	35.3%	Progressive Northwestern Ins Co	\$ 29,645	9.6%	35.9%
Progressive Northwestern Ins Co	\$ 31,903	9.5%	44.6%	Nodak Mut Ins Co	\$ 30,555	9.6%	44.9%	Nodak Mut Ins Co	\$ 29,455	9.6%	45.5%
National Farmers Union Prop & Cas	\$ 27,523	8.2%	52.9%	National Farmers Union Prop & Cas	\$ 26,586	8.3%	53.3%	National Farmers Union Prop & Cas	\$ 25,849	8.4%	53.9%
Center Mut Ins Co	\$ 11,342	3.4%	56.3%	Center Mut Ins Co	\$ 11,362	3.6%	56.8%	Center Mut Ins Co	\$ 11,712	3.8%	57.7%
Owners Ins Co	\$ 10,834	3.2%	59.5%	Owners Ins Co	\$ 10,184	3.2%	60.0%	Owners Ins Co	\$ 9,580	3.1%	60.8%
Progressive Direct Ins Co	\$ 10,745	3.2%	62.7%	Progressive Direct Ins Co	\$ 8,415	2.6%	62.7%	Farmers Ins Exch	\$ 8,635	2.8%	63.6%
Farmers Ins Exch	\$ 7,613	2.3%	65.0%	Farmers Ins Exch	\$ 8,190	2.6%	65.2%	Progressive Direct Ins Co	\$ 6,753	2.2%	65.8%
North Star Mut Ins Co	\$ 6,408	1.9%	66.9%	Dakota Fire Ins Co	\$ 5,923	1.9%	67.1%	Grinnell Mut Reins Co	\$ 5,937	1.9%	67.7%
Allstate Ins Co	\$ 5,836	1.7%	68.7%	United Serv Automobile Assn	\$ 5,738	1.8%	68.9%	USAA	\$ 5,804	1.9%	69.6%
United Serv Automobile Assn	\$ 5,755	1.7%	70.4%	North Star Mut Ins Co	\$ 5,570	1.7%	70.6%	Allstate Ins Co	\$ 5,529	1.8%	71.4%
Dakota Fire Ins Co	\$ 5,268	1.6%	72.0%	Grinnell Mut Reins Co	\$ 5,519	1.7%	72.4%	North Star Mut Ins Co	\$ 4,996	1.6%	73.0%
Grinnell Mut Reins Co	\$ 5,096	1.5%	73.5%	Allstate Ins Co	\$ 5,397	1.7%	74.1%	American Standard Ins Co of WI	\$ 4,729	1.5%	74.6%
Safeco Ins Co Of Amer	\$ 4,964	1.5%	75.0%	Safeco Ins Co Of Amer	\$ 4,861	1.5%	75.6%	Dakota Fire Ins Co	\$ 4,514	1.5%	76.0%
Meridian Security Ins Co	\$ 4,531	1.4%	76.3%	American Standard Ins Co of WI	\$ 4,276	1.3%	76.9%	State Farm Fire & Cas Co	\$ 4,170	1.4%	77.4%
Grinnell Select Ins Co	\$ 4,526	1.4%	77.7%	Grinnell Select Ins Co	\$ 3,886	1.2%	78.1%	Amco Ins Co	\$ 3,547	1.2%	78.6%
American Standard Ins Co of WI	\$ 4,108	1.2%	78.9%	State Farm Fire & Cas Co	\$ 3,872	1.2%	79.4%	Milbank Ins Co	\$ 3,527	1.1%	79.7%
Memberselect Ins Co	\$ 3,905	1.2%	80.1%	Meridian Security Ins Co	\$ 3,756	1.2%	80.5%	Auto Club Ins Assoc	\$ 3,489	1.1%	80.8%
State Farm Fire & Cas Co	\$ 3,704	1.1%	81.2%	Amco Ins Co	\$ 3,546	1.1%	81.6%	Safeco Natl Ins Co	\$ 3,350	1.1%	81.9%

PRIVATE PASSENGER AUTO

EXHIBIT IIA: NORTH DAKOTA MARKET SHARE REPORT (by Group)

Year: 2013				Year: 2012			
<u>Group/Company</u>	<u>Direct WP</u> <u>(in 000s)</u>	<u>Market</u> <u>Share</u>	<u>Cumulative</u>	<u>Group/Company</u>	<u>Direct WP</u> <u>(in 000s)</u>	<u>Market</u> <u>Share</u>	<u>Cumulative</u>
PROGRESSIVE GRP	\$ 60,477	14.7%	14.7%	PROGRESSIVE GRP	\$ 54,501	14.3%	14.3%
STATE FARM GRP	\$ 58,062	14.1%	28.9%	STATE FARM GRP	\$ 54,395	14.2%	28.5%
AMERICAN FAMILY INS GRP	\$ 42,383	10.3%	39.2%	AMERICAN FAMILY INS GRP	\$ 41,088	10.8%	39.3%
QBE INS GRP	\$ 37,235	9.1%	48.3%	Nodak Mut Grp	\$ 36,066	9.4%	48.7%
Nodak Mut Grp	\$ 36,683	8.9%	57.2%	QBE INS GRP	\$ 34,262	9.0%	57.7%
FARMERS INS GRP	\$ 16,363	4.0%	61.2%	ZURICH INS GRP	\$ 15,449	4.0%	61.7%
UNITED SERV AUTOMOBILE ASSN GRP	\$ 15,645	3.8%	65.0%	UNITED SERV AUTOMOBILE ASSN GRP	\$ 13,902	3.6%	65.4%
BERKSHIRE HATHAWAY GRP	\$ 14,700	3.6%	68.6%	AUTO OWNERS GRP	\$ 13,798	3.6%	69.0%
AUTO OWNERS GRP	\$ 13,485	3.3%	71.9%	Center Mut Ins Co	\$ 12,543	3.3%	72.2%
GRINNELL MUT GRP	\$ 10,947	2.7%	74.5%	BERKSHIRE HATHAWAY GRP	\$ 11,970	3.1%	75.4%
ALLSTATE INS GRP	\$ 9,190	2.2%	76.8%	GRINNELL MUT GRP	\$ 10,116	2.6%	78.0%
NATIONWIDE CORP GRP	\$ 9,078	2.2%	79.0%	NORTH STAR CO GRP	\$ 8,335	2.2%	80.2%
NORTH STAR CO GRP	\$ 8,989	2.2%	81.2%	ALLSTATE INS GRP	\$ 8,072	2.1%	82.3%
LIBERTY MUT GRP	\$ 7,678	1.9%	83.0%	STATE AUTO MUT GRP	\$ 7,375	1.9%	84.3%
STATE AUTO MUT GRP	\$ 7,497	1.8%	84.9%	AUTOMOBILE CLUB MI GRP	\$ 7,171	1.9%	86.1%
AUTOMOBILE CLUB MI GRP	\$ 7,427	1.8%	86.7%	Country Ins & Fin Serv Grp	\$ 6,983	1.8%	88.0%
Country Ins & Fin Serv Grp	\$ 7,380	1.8%	88.5%	NATIONWIDE CORP GRP	\$ 6,866	1.8%	89.8%
EMC INS CO GRP	\$ 6,556	1.6%	90.1%	EMC INS CO GRP	\$ 6,851	1.8%	91.5%
HORACE MANN GRP	\$ 4,176	1.0%	91.1%	LIBERTY MUT GRP	\$ 6,269	1.6%	93.2%
METROPOLITAN GRP	\$ 4,000	1.0%	92.1%	HORACE MANN GRP	\$ 3,911	1.0%	94.2%

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EXHIBIT IIB: NORTH DAKOTA MARKET SHARE REPORT ENTRIES/EXITS IN TOP 20 WRITERS

Year	# of New Entries/Exits into Top 20 Carriers	Changes within Top 20 Carriers
1992	2	12
1993	1	10
1994	3	7
1995	3	5
1996	2	10
1997	2	6
1998	2	12
1999	0	12
2000	3	10
2001	2	14
2002	2	8
2003	2	12
2004	1	5
2005	1	9
2006	1	9
2007	0	11
2008	0	12
2009	3	9
2010	2	9
2011	2	13
2012	1	12
2013	2	10

EXHIBIT IIC: NORTH DAKOTA PRIVATE PASSENGER AUTO MARKET SHARE- SURPLUS (non-licensed)

YEAR:	2013		2012		2011
	Direct Written Premium <u>(000s)</u>	<u>Company</u>	Direct Written Premium <u>(000s)</u>	<u>Company</u>	Direct Written Premium <u>(000s)</u>
	NONE		NONE		NONE

YEAR:	2010		2009		2008
	Direct Written Premium <u>(000s)</u>	<u>Company</u>	Direct Written Premium <u>(000s)</u>	<u>Company</u>	Direct Written Premium <u>(000s)</u>
	NONE		NONE		NONE

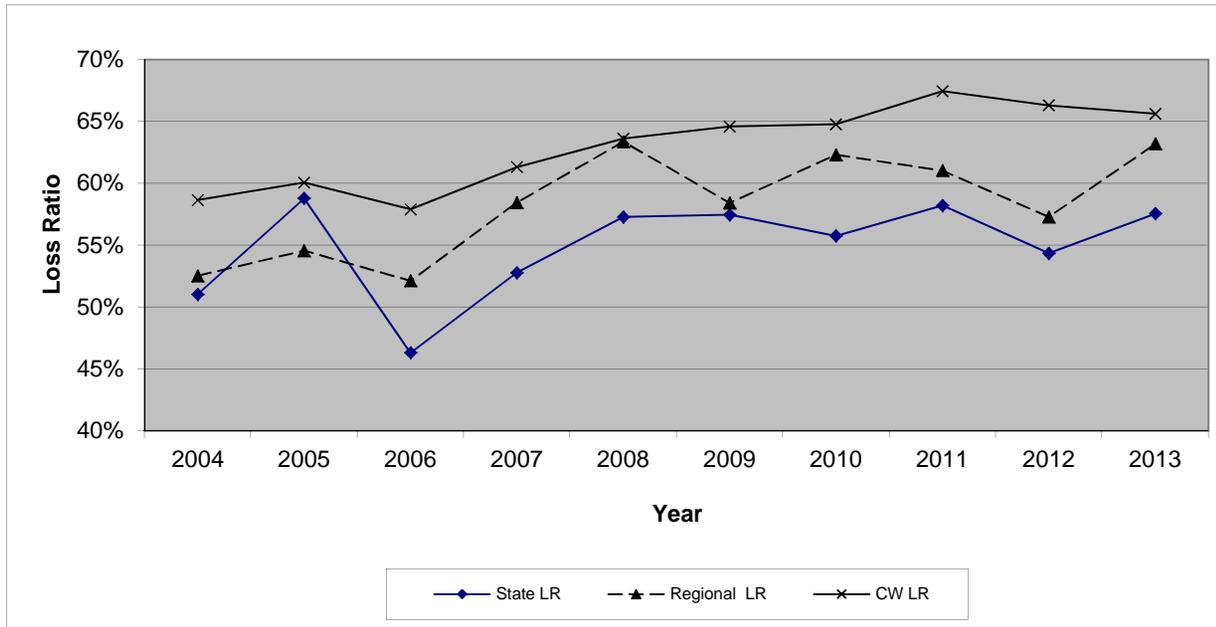
YEAR:	2007		2006		2005
	Direct Written Premium <u>(000s)</u>	<u>Company</u>	Direct Written Premium <u>(000s)</u>	<u>Company</u>	Direct Written Premium <u>(000s)</u>
	NONE		NONE		NONE

YEAR:	2004
	Direct Written Premium <u>(000s)</u>
<u>Company</u>	NONE

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EXHIBIT III: HISTORICAL LOSS RATIOS

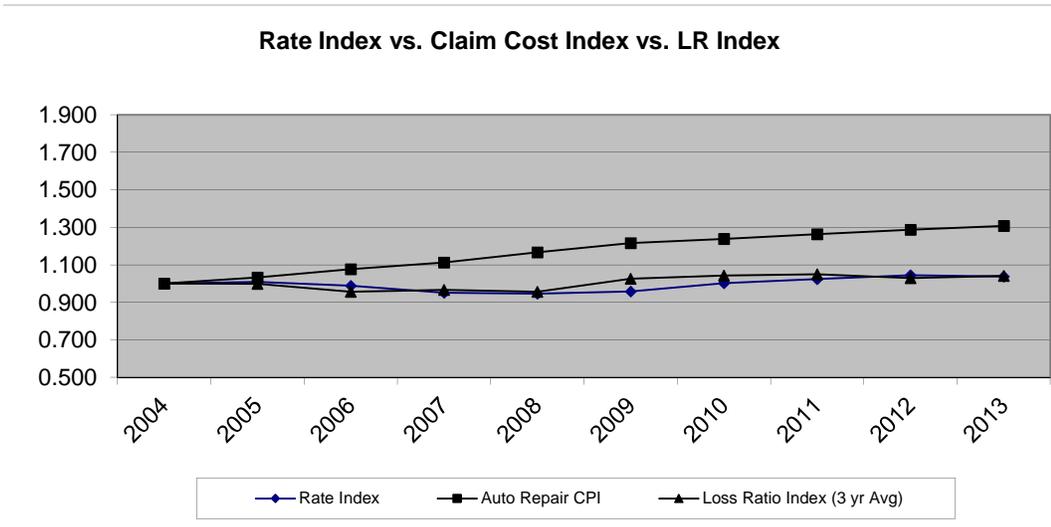
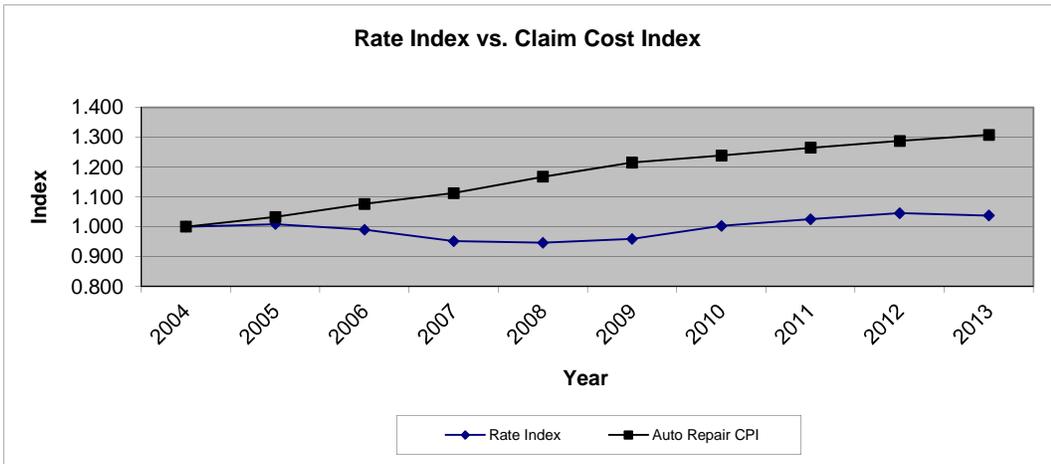
Year	Statewide Loss Ratio	Regional Loss Ratio	Countrywide Loss Ratio
2004	51%	53%	59%
2005	59%	55%	60%
2006	46%	52%	58%
2007	53%	58%	61%
2008	57%	63%	64%
2009	57%	58%	65%
2010	56%	62%	65%
2011	58%	61%	67%
2012	54%	57%	66%
2013	58%	63%	66%



PRIVATE PASSENGER AUTO

EXHIBIT IV: LOSS RATIO VS. RATE CHANGES VS. COST INDICES

Year	Composite Rate Index	Relevant Auto Repair CPI	Statewide 3 Yr LR Index
2004	1.000	1.000	1.000
2005	1.009	1.033	0.999
2006	0.990	1.076	0.957
2007	0.951	1.113	0.968
2008	0.946	1.168	0.957
2009	0.959	1.215	1.026
2010	1.003	1.238	1.044
2011	1.025	1.264	1.050
2012	1.046	1.287	1.030
2013	1.038	1.308	1.041



PRIVATE PASSENGER AUTO

EXHIBIT IV PAGE 2

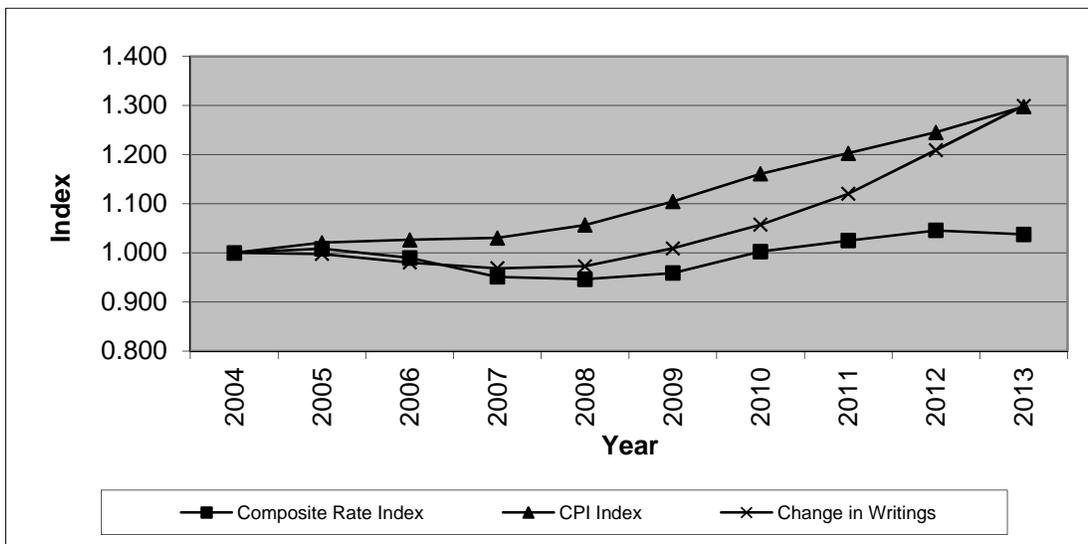
NORTH DAKOTA AVERAGE PREMIUMS AND COUNTRYWIDE RANKINGS

Year	Average Liability Premium	Rank	Average Collision Premium	Rank	Average Comprehensive Premium	Rank	Average Combined Premium	Rank
1990	\$ 160.41	49	\$ 124.08	50	\$ 99.08	22	\$ 383.57	49
1991	\$ 176.59	49	\$ 128.71	51	\$ 108.33	18	\$ 413.63	50
1992	\$ 170.87	51	\$ 136.71	51	\$ 116.70	17	\$ 424.28	51
1993	\$ 188.00	51	\$ 139.54	51	\$ 120.70	18	\$ 448.24	51
1994	\$ 198.40	51	\$ 142.79	51	\$ 125.97	17	\$ 467.16	51
1995	\$ 204.49	51	\$ 144.80	51	\$ 131.69	17	\$ 480.98	51
1996	\$ 214.13	51	\$ 151.33	51	\$ 139.84	13	\$ 505.30	51
1997	\$ 228.36	51	\$ 164.38	49	\$ 151.78	13	\$ 544.52	50
1998	\$ 230.74	51	\$ 176.86	49	\$ 164.54	9	\$ 572.14	49
1999	\$ 234.89	51	\$ 185.02	49	\$ 176.03	8	\$ 595.94	49
2000	\$ 231.54	51	\$ 186.75	49	\$ 183.02	8	\$ 601.31	49
2001	\$ 234.47	51	\$ 195.59	49	\$ 203.72	2	\$ 633.78	47
2002	\$ 231.04	51	\$ 197.60	49	\$ 219.77	2	\$ 648.41	50
2003	\$ 245.49	51	\$ 205.56	49	\$ 244.13	2	\$ 695.18	49
2004	\$ 257.59	51	\$ 213.72	50	\$ 259.82	2	\$ 731.13	47
2005	\$258.65	51	\$ 209.39	50	\$ 254.08	2	\$ 722.12	49
2006	\$ 254.61	51	\$ 195.96	51	\$ 238.01	2	\$ 688.58	49
2007	\$251.07	51	\$ 184.72	51	\$ 221.84	2	\$ 657.63	49
2008	241.62	51	\$ 186.03	50	\$ 215.94	2	\$ 643.59	49
2009	239.79	51	\$ 191.70	50	\$ 218.87	2	\$ 650.36	50
2010	250.41	51	\$ 198.18	50	\$ 220.90	2	\$ 669.49	48
2011	260.86	51	\$ 208.25	45	\$ 219.64	2	\$ 688.75	46
2012		****	2012 information is not yet available		****			
2013		****	2013 information is not yet available		****			

PRIVATE PASSENGER AUTO

EXHIBIT V: CHANGE IN PREMIUM WRITINGS

Year	Statewide Written Premium (000s)	Change in Writings	Indexed	Composite Rate Index	Consumer Price Index
2004	\$ 315,990		1.00	1.000	1.000
2005	\$ 315,328	-0.2%	1.00	1.009	1.021
2006	\$ 309,717	-1.8%	0.98	0.990	1.027
2007	\$ 306,089	-1.2%	0.97	0.951	1.031
2008	\$ 307,389	0.4%	0.97	0.946	1.057
2009	\$ 318,835	3.7%	1.01	0.959	1.105
2010	\$ 334,141	4.8%	1.06	1.003	1.161
2011	\$ 353,974	5.9%	1.12	1.025	1.203
2012	\$ 382,037	7.9%	1.21	1.046	1.245
2013	\$ 410,502	7.5%	1.30	1.038	1.298



PRIVATE PASSENGER AUTO

EXHIBIT VI: FIELD MARKET SURVEY

Available Markets	<u>Fewer</u> 12	10.2%	<u>Same</u> 92	78.0%	<u>More</u> 14	11.9%	<u>Total Responses</u> 118
Rate Changes	<u>Increased</u> 85	73.3%	<u>Same</u> 25	21.6%	<u>Decreased</u> 6	5.2%	<u>Total Responses</u> 116
Underwriting Changes	<u>More Strict</u> 67	58.8%	<u>Same</u> 46	40.4%	<u>Less Strict</u> 1	0.9%	<u>Total Responses</u> 114
Finding Coverage	<u>Always</u> 35	31.3%	<u>Occasionally Not</u> 73	65.2%	<u>Frequently Unable</u> 4	3.6%	<u>Total Responses</u> 112

PRIVATE PASSENGER AUTO

Exhibit VII - RESIDUAL MARKET POPULATION

<u>Year</u>	Private Passenger <u>Auto</u>	Commercial <u>Auto</u>	<u># Registered Vehicles in ND</u>
1991	49	39	708,835
1992	52	39	723,199
1993	54	31	738,037
1994	62	33	757,026
1995	38	19	762,496
1996	29	12	775,466
1997	16	10	769,923
1998	11	7	785,954
1999	14	9	789,741
2000	10	11	792,587
2001	6	14	790,933
2002	2	21	809,459
2003	7	22	820,054
2004	0	7	824,717
2005	0	2	820,078
2006	1	1	821,098
2007	2	9	829,823
2008	2	11	868,999
2009	1	3	863,079
2010	2	2	869,840
2011	0	4	958,639
2012	1	4	1,010,926
2013	1	3	1,041,318

PRIVATE PASSENGER AUTO

EXHIBIT VIII - MATRIX OF INDICATORS

Factor	Competitive Level		
	Low	Moderate	High
Market Concentration (Herfindahl index)			XX
Market Share Analysis –Market Share Changes			XX
Market Share Analysis –Company Changes			XX
Market Share Analysis – Surplus (non-licensed)			XX
Historical Loss Ratios (Statewide, Regional, and Countrywide)	NA	NA	NA
Loss Ratios vs Rate Change vs Claims Cost Indexes			XX
Change in Premium Writings			XX
Field Market Survey Results-October 2013		XX	
Residual Market Population			XX
Final ranking based upon all factors: High			

Addendum 2 Narrative Summary – Auto – Commercial

The market analysis components found in the attached exhibits for auto-commercial are summarized below:

Exhibit I -Market Concentration (Herfindahl index)

The historical concentration ratios and Herfindahl indices for North Dakota are well below the national benchmarks, indicating a highly competitive market.

The index for North Dakota compared to countrywide, indicates the North Dakota market is more concentrated than the countywide market. This is to be expected based upon the fact North Dakota is a relatively small market that is more easily dominated by regional carriers.

Exhibit II-A - Market Share Analysis –Market Share Changes

In each of the past six years, we have seen a new company among the top 4 writers. The market share for the top four writers has been 30% or less for the past six years, and the market share for the top twenty writers has been at or below 62%. This is indicative of a highly competitive market.

Exhibit II-B – Market Share Analysis –Company Changes

This chart shows that new companies are entering and leaving the top 20 writers each year and that there continues to be a significant amount of movement among the top 20. This suggests that the market is highly competitive.

Exhibit II-C – Market Share Analysis – Surplus (non-licensed)

In 2013, the commercial auto premium written in the surplus lines market dropped slightly from its 2012 level, and amounts to less than 2% of the total commercial auto premium written in North Dakota. The low volume of business written by surplus lines carriers is an indication of a competitive market.

Exhibit III – Historical Loss Ratios (Statewide, Regional, and Countrywide)

Loss experience has been profitable for the past ten years. This is consistent with the regional and countrywide experience.

This information by itself is not an indicator of the competitive level of the market.

Exhibit IV – Loss Ratios vs Rate Change vs Claims Cost Indexes

Rate changes have not kept pace with the upward trend measured by the Auto Repair CPI index over the last six years. This is due to the profitable loss experience over that time period. We note that in the Commercial Auto line there are other rating tools, such as experience and schedule rating plans that allow companies to charge higher or lower premiums while not adjusting their filed rate levels.

The fact that rates are stable, in reaction to favorable loss experience and are not keeping pace with the trend in national claim costs is an indication of a highly competitive market.

Exhibit V - Change in Premium Writings

Commercial auto written premiums have increased over 72% in the past 10 years. Most of the increase occurred in the last three calendar years. We suspect that much of this increase is due to the increased long-haul trucking business in the western part of the state.

Comparing the North Dakota composite rate index to the Consumer Price Index (for Motor Vehicle Insurance) can give some insight as to how North Dakota auto insurance costs compare to those costs nationally. Some of the difference between the two indexes would again be schedule and experience rating credits and debits, demographic differences, etc.

This information is by itself not an indicator of the competitive level of the market.

Exhibit VI – Field Market Survey Results-September 2013

The results of the 2013 Field Market Survey suggest that agents have relatively the same number of carriers to write with, that rates may be increasing and underwriting becoming more strict, but also that agents are still usually able to find a carrier to write their risk. This suggests that the market is moderately competitive.

Exhibit VII – Residual Market Population

The North Dakota Auto Plan is managed by Automobile Insurance Placement Services Organization (AIPSO). The annual number of insured's in the plan has been very low when compared to the total eligible registered vehicles in this state. This low residual market population is indicative of a competitive market.

Exhibit VIII – Matrix of Indicators

With the exception of the field market survey, all factors indicate the market is highly competitive.

Final assessment

The evaluation of the market through the year 2013 indicates a highly competitive market.

COMMERCIAL AUTO

EXHIBIT I: MARKET CONCENTRATION

Year	North Dakota			Countrywide		
	4-Firm	20-Firm	Herfindahl Index	4-Firm	20-Firm	Herfindahl Index
	Concentration Ratio	Concentration Ratio		Concentration Ratio	Concentration Ratio	
1994	33.8%	62.8%		9.2%	27.5%	
1995	32.3%	62.7%		8.6%	26.1%	
1996	32.9%	62.0%		8.8%	26.6%	
1997	29.9%	58.9%		9.6%	28.0%	
1998	31.3%	61.8%		5.9%	16.7%	
1999	31.6%	57.8%		9.2%	26.9%	
2000	32.3%	59.3%		8.7%	25.1%	
2001	33.0%	61.8%		8.8%	25.9%	
2002	28.9%	60.1%		9.0%	27.6%	
2003	26.3%	60.9%		9.5%	29.1%	
2004	26.2%	62.7%	(501)	9.1%	28.8%	(280)
2005	26.1%	64.7%	(488)	9.6%	29.3%	(269)
2006	27.8%	64.7%	(536)	9.8%	30.7%	(272)
2007	26.4%	62.4%	(523)	8.4%	28.3%	(281)
2008	26.1%	60.7%	(512)	8.3%	27.6%	(296)
2009	28.0%	59.2%	(547)	8.7%	27.6%	(295)
2010	26.6%	61.1%	(522)	8.6%	28.1%	(302)
2011	30.1%	62.0%	(559)	8.5%	27.3%	(307)
2012	30.3%	61.2%	(514)	8.1%	26.6%	(298)
2013	30.5%	62.2%	(518)	8.0%	26.6%	(267)

Benchmarks:

National industries with 4-firm concentration ratios <75% and Herfindahl index <2000, are generally not viewed as highly concentrated.

Merger guidelines of U.S. Dept of Justice

Post-merger market Herfindahl index

> 1,800 - highly concentrated

1,000 < Herfindahl index < 1,800 - moderately concentrated

< 1,000 - unconcentrated

COMMERCIAL AUTO

EXHIBIT IIA: NORTH DAKOTA MARKET SHARE REPORT

Year: 2013

Company	Direct WP (in 000s)	Market	
		Share	Cumulative
Great West Cas Co	\$ 20,965	13.9%	13.9%
United Financial Cas Co	\$ 11,466	7.6%	21.6%
Zurich Amer Ins Co	\$ 7,110	4.7%	26.3%
Acuity A Mut Ins Co	\$ 6,251	4.2%	30.5%
Employers Mut Cas Co	\$ 6,180	4.1%	34.6%
National Ind Co	\$ 5,767	3.8%	38.4%
National Cas Co	\$ 4,192	2.8%	41.2%
Continental Western Ins Co	\$ 3,267	2.2%	43.4%
Nationwide Mut Ins Co	\$ 3,102	2.1%	45.4%
Owners Ins Co	\$ 2,928	1.9%	47.4%
Cincinnati Ins Co	\$ 2,841	1.9%	49.3%
Liberty Mut Fire Ins Co	\$ 2,701	1.8%	51.1%
St Paul Fire & Marine Ins Co	\$ 2,697	1.8%	52.9%
National Liab & Fire Ins Co	\$ 2,670	1.8%	54.6%
Auto Owners Ins Co	\$ 2,479	1.6%	56.3%
Arch Ins Co	\$ 2,056	1.4%	57.7%
Mid Continent Cas Co	\$ 1,946	1.3%	58.9%
State Natl Ins Co Inc	\$ 1,817	1.2%	60.2%
Midwest Family Mut Ins Co	\$ 1,577	1.0%	61.2%
Grinnell Mut Reins Co	\$ 1,567	1.0%	62.2%

Year: 2012

Company	Direct WP (in 000s)	Market	
		Share	Cumulative
Great West Cas Co	\$ 17,035	12.9%	12.9%
United Financial Cas Co	\$ 10,706	8.1%	21.0%
Zurich Amer Ins Co	\$ 6,105	4.6%	25.6%
Employers Mut Cas Co	\$ 6,093	4.6%	30.3%
National Cas Co	\$ 5,029	3.8%	34.1%
Acuity A Mut Ins Co	\$ 4,337	3.3%	37.4%
Nationwide Mut Ins Co	\$ 3,255	2.5%	39.8%
National Ind Co	\$ 3,166	2.4%	42.2%
Continental Western Ins Co	\$ 2,925	2.2%	44.4%
Owners Ins Co	\$ 2,788	2.1%	46.5%
Auto Owners Ins Co	\$ 2,602	2.0%	48.5%
Cincinnati Ins Co	\$ 2,597	2.0%	50.5%
St Paul Fire & Marine Ins Co	\$ 2,167	1.6%	52.1%
Mid Continent Cas Co	\$ 1,926	1.5%	53.6%
National Union Fire Ins Co Of Pitts	\$ 1,864	1.4%	55.0%
Nodak Mut Ins Co	\$ 1,732	1.3%	56.3%
General Cas Co Of WI	\$ 1,692	1.3%	57.6%
Sentry Select Ins Co	\$ 1,641	1.2%	58.8%
Star Ins Co	\$ 1,629	1.2%	60.1%
Grinnell Mut Reins Co	\$ 1,489	1.1%	61.2%

Year: 2011

Company	Direct WP (in 000s)	Market	
		Share	Cumulative
Great West Cas Co	\$ 16,897	15.8%	15.8%
United Financial Cas Co	\$ 6,285	5.9%	21.7%
Employers Mut Cas Co	\$ 5,227	4.9%	26.6%
National Cas Co	\$ 3,662	3.4%	30.1%
Acuity A Mut Ins Co	\$ 3,381	3.2%	33.3%
Nationwide Mut Ins Co	\$ 2,849	2.7%	35.9%
Zurich Amer Ins Co	\$ 2,845	2.7%	38.6%
Cincinnati Ins Co	\$ 2,689	2.5%	41.1%
Continental Western Ins Co	\$ 2,672	2.5%	43.6%
Owners Ins Co	\$ 2,643	2.5%	46.1%
Auto Owners Ins Co	\$ 2,308	2.2%	48.3%
Mid Continent Cas Co	\$ 2,046	1.9%	50.2%
National Ind Co	\$ 1,902	1.8%	52.0%
General Cas Co Of WI	\$ 1,812	1.7%	53.7%
Northland Ins Co	\$ 1,631	1.5%	55.2%
Nodak Mut Ins Co	\$ 1,606	1.5%	56.7%
Sentry Select Ins Co	\$ 1,549	1.5%	58.2%
Grinnell Mut Reins Co	\$ 1,482	1.4%	59.5%
United Fire & Cas Co	\$ 1,290	1.2%	60.8%
Maiden Reins Co	\$ 1,285	1.2%	62.0%

Year: 2010

Company	Direct WP (in 000s)	Market	
		Share	Cumulative
Great West Cas Co	\$ 13,065	15.3%	15.3%
Employers Mut Cas Co	\$ 4,021	4.7%	20.0%
Acuity A Mut Ins Co	\$ 2,835	3.3%	23.3%
Northland Ins Co	\$ 2,806	3.3%	26.6%
Nationwide Mut Ins Co	\$ 2,703	3.2%	29.8%
Continental Western Ins Co	\$ 2,682	3.1%	32.9%
Cincinnati Ins Co	\$ 2,508	2.9%	35.9%
Owners Ins Co	\$ 2,251	2.6%	38.5%
Auto Owners Ins Co	\$ 1,960	2.3%	40.8%
National Cas Co	\$ 1,946	2.3%	43.1%
United Financial Cas Co	\$ 1,930	2.3%	45.3%
Nodak Mut Ins Co	\$ 1,699	2.0%	47.3%
Sentry Select Ins Co	\$ 1,669	2.0%	49.3%
Maiden Reins Co	\$ 1,606	1.9%	51.2%
General Cas Co Of WI	\$ 1,575	1.8%	53.0%
Grinnell Mut Reins Co	\$ 1,549	1.8%	54.8%
Mid Continent Cas Co	\$ 1,475	1.7%	56.6%
St Paul Fire & Marine Ins Co	\$ 1,390	1.6%	58.2%
Zurich Amer Ins Co	\$ 1,291	1.5%	59.7%
State Farm Mut Auto Ins Co	\$ 1,149	1.3%	61.1%

Year: 2009

Company	Direct WP (in 000s)	Market	
		Share	Cumulative
Great West Cas Co	\$ 13,674	16.7%	16.7%
Employers Mut Cas Co	\$ 3,830	4.7%	21.4%
Continental Western Ins Co	\$ 2,731	3.3%	24.7%
Acuity A Mut Ins Co	\$ 2,688	3.3%	28.0%
Cincinnati Ins Co	\$ 2,617	3.2%	31.2%
Nationwide Mut Ins Co	\$ 2,420	3.0%	34.1%
Northland Ins Co	\$ 2,155	2.6%	36.8%
Auto Owners Ins Co	\$ 2,098	2.6%	39.3%
Owners Ins Co	\$ 1,945	2.4%	41.7%
Nodak Mut Ins Co	\$ 1,562	1.9%	43.6%
General Cas Co Of WI	\$ 1,557	1.9%	45.5%
Grinnell Mut Reins Co	\$ 1,519	1.9%	47.4%
National Cas Co	\$ 1,510	1.8%	49.2%
United Financial Cas Co	\$ 1,379	1.7%	50.9%
Sentry Select Ins Co	\$ 1,294	1.6%	52.5%
Mid Continent Cas Co	\$ 1,113	1.4%	53.8%
Integon Natl Ins Co	\$ 1,104	1.3%	55.2%
St Paul Fire & Marine Ins Co	\$ 1,099	1.3%	56.5%
Empire Fire & Marine Ins Co	\$ 1,083	1.3%	57.9%
Maiden Reins Co	\$ 1,071	1.3%	59.2%

Year: 2008

Company	Direct WP (in 000s)	Market	
		Share	Cumulative
Great West Cas Co	\$ 12,303	14.9%	14.9%
Employers Mut Cas Co	\$ 3,546	4.3%	19.2%
Continental Western Ins Co	\$ 2,943	3.6%	22.8%
Northland Ins Co	\$ 2,750	3.3%	26.1%
Acuity A Mut Ins Co	\$ 2,620	3.2%	29.3%
Cincinnati Ins Co	\$ 2,531	3.1%	32.4%
Nationwide Mut Ins Co	\$ 2,404	2.9%	35.3%
Sentry Select Ins Co	\$ 2,221	2.7%	38.0%
Auto Owners Ins Co	\$ 2,191	2.7%	40.6%
Integon Natl Ins Co	\$ 2,076	2.5%	43.2%
Liberty Mut Fire Ins Co	\$ 1,780	2.2%	45.3%
Owners Ins Co	\$ 1,601	1.9%	47.3%
Grinnell Mut Reins Co	\$ 1,594	1.9%	49.2%
General Cas Co Of WI	\$ 1,550	1.9%	51.1%
National Cas Co	\$ 1,532	1.9%	52.9%
Nodak Mut Ins Co	\$ 1,529	1.9%	54.8%
St Paul Fire & Marine Ins Co	\$ 1,353	1.6%	56.4%
Zurich Amer Ins Co	\$ 1,289	1.6%	58.0%
American Guar & Liab Ins	\$ 1,168	1.4%	59.4%
United Financial Cas Co	\$ 1,080	1.3%	60.7%

COMMERCIAL AUTO

EXHIBIT IIA: NORTH DAKOTA MARKET SHARE REPORT (by Group)

Year: 2013				Year: 2012			
<u>Group/Company</u>	<u>Direct WP (in 000s)</u>	<u>Market Share</u>	<u>Cumulative</u>	<u>Group/Company</u>	<u>Direct WP (in 000s)</u>	<u>Market Share</u>	<u>Cumulative</u>
OLD REPUBLIC GRP	\$ 21,426	14.3%	14.3%	OLD REPUBLIC GRP	\$ 17,513	13.3%	13.3%
PROGRESSIVE GRP	\$ 11,480	7.6%	21.9%	NATIONWIDE CORP GRP	\$ 11,290	8.6%	21.8%
NATIONWIDE CORP GRP	\$ 10,720	7.1%	29.0%	PROGRESSIVE GRP	\$ 10,766	8.2%	30.0%
BERKSHIRE HATHAWAY GRP	\$ 8,540	5.7%	34.7%	ZURICH INS GRP	\$ 8,895	6.7%	36.7%
ZURICH INS GRP	\$ 8,327	5.5%	40.2%	EMC INS CO GRP	\$ 7,137	5.4%	42.1%
Travelers Grp	\$ 7,995	5.3%	45.6%	Travelers Grp	\$ 6,876	5.2%	47.3%
EMC INS CO GRP	\$ 7,353	4.9%	50.4%	AUTO OWNERS GRP	\$ 5,389	4.1%	51.4%
Acuity A Mut Ins Co	\$ 6,251	4.2%	54.6%	Acuity A Mut Ins Co	\$ 4,337	3.3%	54.7%
LIBERTY MUT GRP	\$ 5,453	3.6%	58.2%	LIBERTY MUT GRP	\$ 3,932	3.0%	57.7%
AUTO OWNERS GRP	\$ 5,408	3.6%	61.8%	AMERICAN INTL GRP	\$ 3,838	2.9%	60.6%
CINCINNATI FIN GRP	\$ 4,284	2.8%	64.7%	CINCINNATI FIN GRP	\$ 3,602	2.7%	63.3%
WR Berkley Corp GRP	\$ 3,678	2.4%	67.1%	BERKSHIRE HATHAWAY GRP	\$ 3,241	2.5%	65.8%
AMERICAN INTL GRP	\$ 3,141	2.1%	69.2%	WR Berkley Corp GRP	\$ 3,031	2.3%	68.1%
American Financial Grp	\$ 3,009	2.0%	71.2%	American Financial Grp	\$ 2,711	2.1%	70.1%
STATE AUTO MUT GRP	\$ 2,427	1.6%	72.8%	STATE AUTO MUT GRP	\$ 2,510	1.9%	72.0%
QBE INS GRP	\$ 2,276	1.5%	74.3%	QBE INS GRP	\$ 2,353	1.8%	73.8%
Arch Ins Grp	\$ 2,115	1.4%	75.8%	SENTRY INS GRP	\$ 1,782	1.4%	75.2%
STATE NATL GRP	\$ 1,820	1.2%	77.0%	Nodak Mut Grp	\$ 1,732	1.3%	76.5%
UNITED FIRE & CAS GRP	\$ 1,585	1.1%	78.0%	AmTrust NGH Maiden Grp	\$ 1,727	1.3%	77.8%
Midwest Family Mut Ins Co	\$ 1,577	1.0%	79.1%	Meadowbrook Ins Grp	\$ 1,631	1.2%	79.0%

COMMERCIAL AUTO

EXHIBIT IIB: NORTH DAKOTA MARKET SHARE REPORT ENTRIES/EXITS IN TOP 20 WRITERS

Year	# of New Entries/Exits into Top 20 Carriers	Changes within Top 20 Carriers
1992	3	15
1993	4	11
1994	3	15
1995	5	10
1996	4	14
1997	4	12
1998	3	11
1999	3	12
2000	8	7
2001	6	9
2002	9	5
2003	1	13
2004	1	14
2005	0	18
2006	1	14
2007	3	13
2008	3	14
2009	3	14
2010	2	15
2011	2	17
2012	4	10
2013	5	9

EXHIBIT IIC: NORTH DAKOTA COMMERCIAL AUTO MARKET SHARE- SURPLUS (non-licensed)

YEAR:	2013		2012		2011
	Direct Written Premium (000s)	Company	Direct Written Premium (000s)	Company	Direct Written Premium (000s)
Lexington Ins Co	\$ 1,280.13	Lexington Ins Co	\$ 1,282.73	Lexington Ins Co	\$ 462.20
Western Heritage Ins Co	\$ 235.59	Ironshore Specialty Ins Co	\$ 405.36	Ironshore Specialty Ins Co	\$ 281.18
Maiden Specialty Ins Co	\$ 234.08	Maiden Specialty Ins Co	\$ 229.98	Maiden Specialty Ins Co	\$ 155.58
Steadfast Ins Co	\$ 137.61	Western Heritage Ins Co	\$ 141.68	Hudson Specialty Ins Co	\$ 74.65
Colony Ins Co	\$ 98.28	Golden Bear Ins Co	\$ 82.99	Western Heritage Ins Co	\$ 64.65
Arch Specialty Ins Co	\$ 58.89	Scottsdale Ins Co	\$ 73.97	Arch Specialty Ins Co	\$ 55.63
National Fire & Marine Ins Co	\$ 57.94	Colony Ins Co	\$ 71.45	Colony Ins Co	\$ 41.70
Princeton Excess & Surplus Lines Ins	\$ 42.97	Arch Specialty Ins Co	\$ 56.72	American Contractors Ins Co RRG	\$ 28.57
Ooida RRG Inc	\$ 27.13	Hudson Specialty Ins Co	\$ 55.14	Prime Ins Co	\$ 25.89
Acceptance Ind Ins Co	\$ 25.26	XL Select	\$ 38.68	Scottsdale Ins Co	\$ 16.03
Prime Ins Co	\$ 24.80	Acceptance Ind Ins Co	\$ 35.86	ARCOA RRG Inc	\$ 15.47
ARCOA RRG Inc	\$ 20.18	Berkley Assur Co	\$ 23.40	Ooida RRG Inc	\$ 10.56
American Contractors Ins Co RRG	\$ 5.87	Steadfast Ins Co	\$ 19.28	Golden Bear Ins Co	\$ 6.50
Essex Ins Co	\$ 5.41	Tudor Ins Co	\$ 7.70	Tudor Ins Co	\$ 6.18
American Safety Ind Co	\$ 5.25	Prime Ins Co	\$ 5.17	Acceptance Ind Ins Co	\$ 6.00
Tudor Ins Co	\$ 3.67	American Safety Ind Co	\$ 4.00	American Safety Ind Co	\$ 4.80
United Specialty Ins Co	\$ 3.29	Princeton Excess & Surplus Lines Ins	\$ 1.98	Chartis Specialty Ins Co	\$ 3.67
Mesa Underwriters Specialty Ins Co	\$ 2.33	Century Surety Co	\$ 1.38	Torus Specialty Ins Co	\$ 2.98
Berkley Assur Co	\$ 1.50	Mesa Underwriters Specialty Ins Co	\$ 0.99	Steadfast Ins Co	\$ 2.66
James River Ins Co	\$ 1.25	Great Amer E&S Ins Co	\$ 0.75	Mesa Underwriters Specialty Ins Co	\$ 2.37
Associated Industries Ins Co Inc	\$ 1.08	Columbia Cas Co	\$ 0.39	Great Amer E&S Ins Co	\$ 1.00
Century Surety Co	\$ 0.83	Associated Industries Ins Co Inc	\$ 0.15	Columbia Cas Co	\$ 0.32
Burlington Ins Co	\$ 0.75		\$ 2,539.75		\$ 1,268.57
Great Amer E&S Ins Co	\$ 0.75				
Columbia Cas Co	\$ 0.33				
Alliance Of Nonprofits For Ins RRG	\$ 0.15				
Scottsdale Ins Co	\$ 0.12				
	\$ 2,275.42				

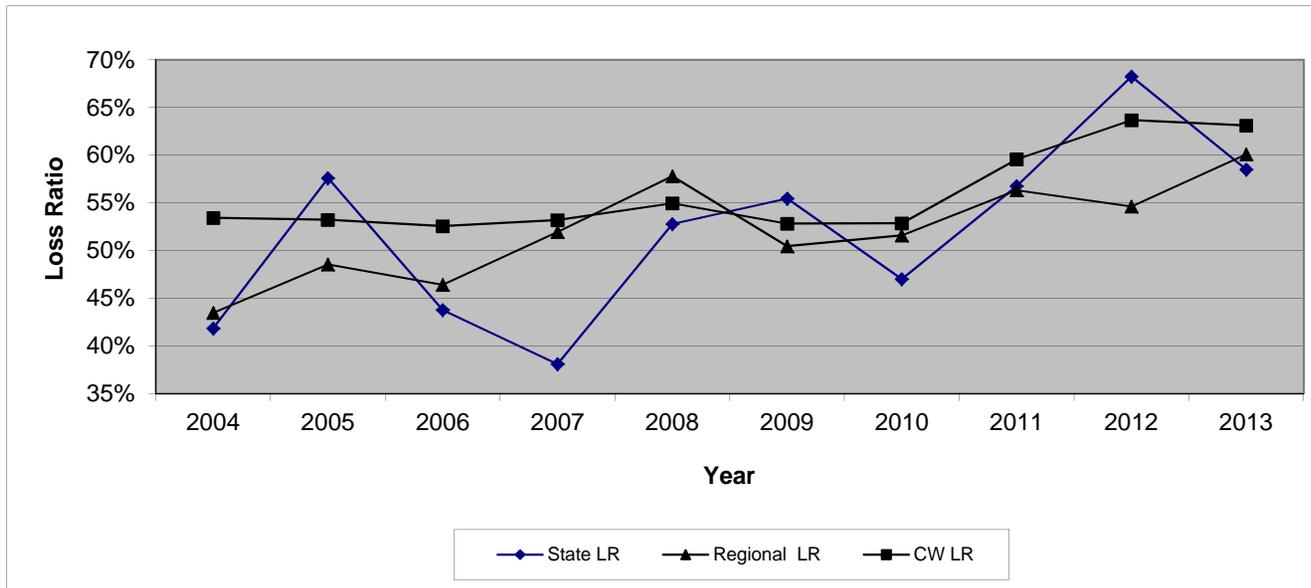
YEAR:	2010		2009		2008
	Direct Written Premium (000s)	Company	Direct Written Premium (000s)	Company	Direct Written Premium (000s)
Lexington Ins Co	\$ 572.25	Columbia Cas Co	\$ 203.86	Lexington Ins Co	\$ 684.37
Ironshore Specialty Ins Co	\$ 363.62	Maiden Specialty Ins Co	\$ 185.30	Arch Specialty Ins Co	\$ 252.44
Maiden Specialty Ins Co	\$ 156.21	Lexington Ins Co	\$ 87.95	Integon Specialty Ins	\$ 140.40
Arch Specialty Ins Co	\$ 64.90	Arch Specialty Ins Co	\$ 84.85	Old Republic Ins Co	\$ 127.66
Colony Ins Co	\$ 55.92	Colony Ins Co	\$ 71.06	Colony Ins Co	\$ 78.91
Western Heritage Ins Co	\$ 43.90	Western Heritage Ins Co	\$ 52.52	Scottsdale Ins Co	\$ 41.88
Prime Ins Co	\$ 30.08	Acceptance Ind Ins Co	\$ 21.98	Western Heritage Ins Co	\$ 34.75
Scottsdale Ins Co	\$ 29.01	Scottsdale Ins Co	\$ 14.38	American Safety Ind Co	\$ 24.44
Chartis Specialty Ins Co	\$ 24.04	ARCOA RRG Inc	\$ 10.74	Acceptance Ind Ins Co	\$ 19.11
Acceptance Ind Ins Co	\$ 19.80	Essex Ins Co	\$ 9.45	Essex Ins Co	\$ 9.44
Torus Specialty Ins Co	\$ 11.32	Ooida RRG Inc	\$ 8.17	Ooida RRG Inc	\$ 9.37
American Safety Ind Co	\$ 4.95	American Farmers & Ranchers Ins Co	\$ 0.46	Century Surety Co	\$ 7.95
Montpelier US Ins Co	\$ 2.37	National Fire & Marine Ins Co	\$ 0.45	Prime Ins Syndicate Inc	\$ 6.32
Great Amer E&S Ins Co	\$ 1.00	Great Amer E&S Ins Co	\$ 0.28	Torus Specialty Ins Co	\$ 2.92
St Paul Surplus Lines Ins Co	\$ 0.50	St Paul Surplus Lines Ins Co	\$ 0.25	ARCOA RRG Inc	\$ 2.62
Columbia Cas Co	\$ 0.32		\$ 751.68	American Empire Surplus Lines Ins Co	\$ 2.45
	\$ 1,380.16			American Western Home Ins Co	\$ 1.93
				American Intl Specialty Lines Ins Co	\$ 1.50
				National Fire & Marine Ins Co	\$ 1.04
				Chubb Custom Ins Co	\$ 0.46
				St Paul Surplus Lines Ins Co	\$ 0.25
					\$ 1,450.18

YEAR:	2007		2006		2005
	Direct Written Premium (000s)	Company	Direct Written Premium (000s)	Company	Direct Written Premium (000s)
Lexington Ins Co	\$ 504.64	Arch Specialty Ins Co	\$ 818.22	Lexington Ins Co	\$ 218.62
Arch Specialty Ins Co	\$ 342.85	Lexington Ins Co	\$ 609.04	Integon Specialty Ins	\$ 187.10
Integon Specialty Ins	\$ 150.28	Integon Specialty Ins	\$ 185.76	Scottsdale Ins Co	\$ 104.20
Colony Ins Co	\$ 84.65	Colony Ins Co	\$ 100.70	Interstate Fire & Cas Co	\$ 46.92
Allied World Assur Co US Inc	\$ 49.50	Scottsdale Ins Co	\$ 74.25	Arch Specialty Ins Co	\$ 33.50
Western Heritage Ins Co	\$ 39.59	Western Heritage Ins Co	\$ 41.90	Western Heritage Ins Co	\$ 25.93
Century Surety Co	\$ 33.00	Century Surety Co	\$ 35.11	Columbia Cas Co	\$ 21.22
Praetorian Specialty Ins Co	\$ 31.97	Columbia Cas Co	\$ 21.22	Prime Insurance Syndicate Inc	\$ 14.81
Westchester Surplus Lines Ins Co	\$ 23.50	Prime Insurance Syndicate Inc	\$ 7.37	Ooida RRG Inc	\$ 13.52
Scottsdale Ins Co	\$ 17.70	Ooida RRG Inc	\$ 3.36	St Paul Surplus Lines Ins Co	\$ 12.90
Ooida RRG Inc	\$ 8.77	National Fire & Marine Ins Co	\$ 2.73	Colony Ins Co	\$ 12.76
National Fire & Marine Ins Co	\$ 5.96	American Intl Specialty Lines Ins Co	\$ 1.80	American Intl Specialty Lines Ins Co	\$ 11.43
Essex Ins Co	\$ 5.40	St Paul Surplus Lines Ins Co	\$ 0.75	National Fire & Marine Ins Co	\$ 5.30
Prime Ins Syndicate Inc	\$ 5.04	Specialty Surplus Ins Co	\$ 0.62	Essex Ins Co	\$ 4.00
Acceptance Ind Ins Co	\$ 3.05	Chubb Custom Ins Co	\$ 0.42	Century Surety Co	\$ 2.97
American Intl Specialty Lines Ins Co	\$ 2.85	AXIS Surplus Ins Co	\$ 0.41	Chubb Custom Ins Co	\$ 0.23
American Western Home Ins Co	\$ 0.87	Discover Specialty Ins Co	\$ 0.16		\$ 715.40
Chubb Custom Ins Co	\$ 0.50		\$ 1,903.83		
St Paul Surplus Lines Ins Co	\$ 0.25				
Discover Specialty Ins Co	\$ 0.10				
	\$ 1,310.46				

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EXHIBIT III: HISTORICAL LOSS RATIOS

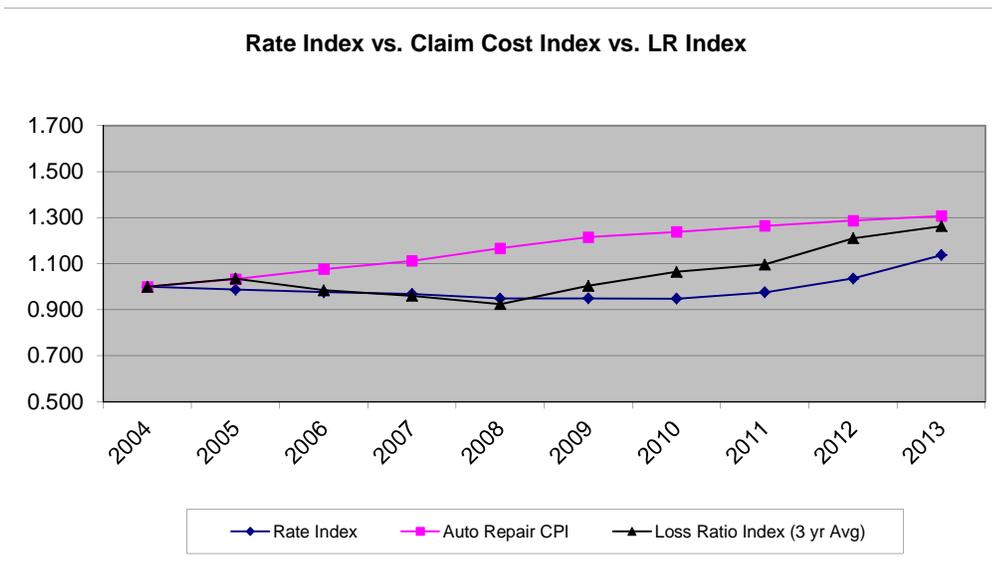
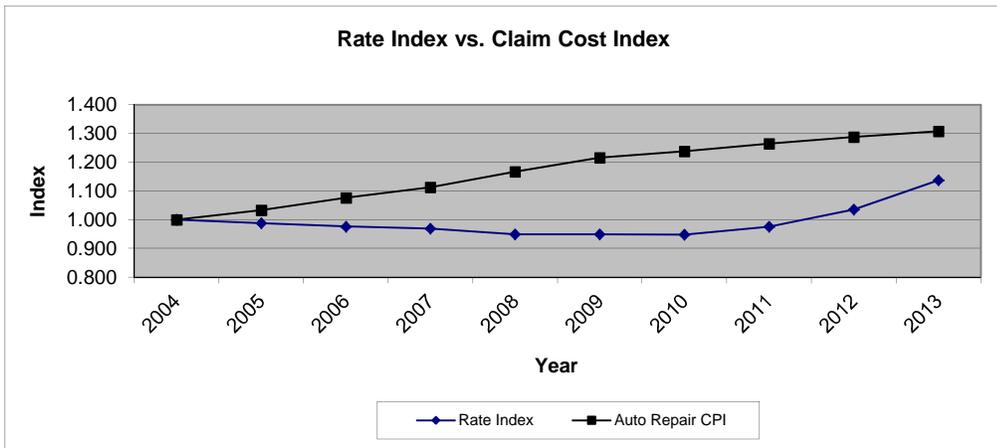
Year	Statewide Loss Ratio	Regional Loss Ratio	Countrywide Loss Ratio
2004	42%	43%	53%
2005	58%	49%	53%
2006	44%	46%	53%
2007	38%	52%	53%
2008	53%	58%	55%
2009	55%	50%	53%
2010	47%	52%	53%
2011	57%	56%	60%
2012	68%	55%	64%
2013	59%	60%	63%



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EXHIBIT IV: LOSS RATIO VS. RATE CHANGES VS. COST INDICES

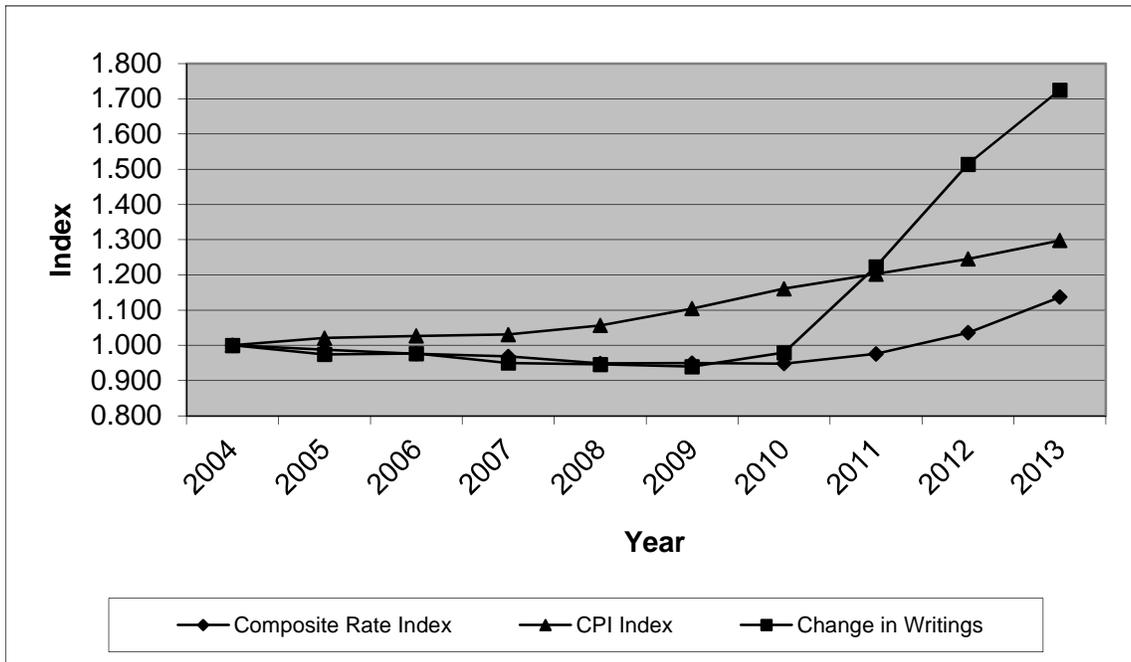
Year	Composite Rate Index	Relevant Auto Repair CPI	Statewide 3 Yr LR Index
2004	1.000	1.000	1.000
2005	0.987	1.033	1.035
2006	0.976	1.076	0.985
2007	0.969	1.113	0.960
2008	0.949	1.168	0.925
2009	0.949	1.215	1.004
2010	0.948	1.238	1.065
2011	0.976	1.264	1.096
2012	1.036	1.287	1.210
2013	1.137	1.308	1.264



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EXHIBIT V: CHANGE IN PREMIUM WRITINGS

Year	Statewide Written Premium (000s)	Change in Writings	Indexed	Composite Rate Index	Consumer Price Index
2004	\$ 87,154		1.00	1.000	1.000
2005	\$ 84,928	-2.6%	0.97	0.987	1.021
2006	\$ 85,128	0.2%	0.98	0.976	1.027
2007	\$ 82,774	-2.8%	0.95	0.969	1.031
2008	\$ 82,453	-0.4%	0.95	0.949	1.057
2009	\$ 81,899	-0.7%	0.94	0.949	1.105
2010	\$ 85,354	4.2%	0.98	0.948	1.161
2011	\$ 106,618	24.9%	1.22	0.976	1.203
2012	\$ 131,995	23.8%	1.51	1.036	1.245
2013	\$ 150,334	13.9%	1.72	1.137	1.298



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EXHIBIT VI: FIELD MARKET SURVEY

Available Markets	<u>Fewer</u> 13	12.3%	<u>Same</u> 78	73.6%	<u>More</u> 15	14.2%	<u>Total Responses</u> 106
Rate Changes	<u>Increased</u> 69	66.3%	<u>Same</u> 35	33.7%	<u>Decreased</u> 0	0.0%	<u>Total Responses</u> 104
Underwriting Changes	<u>More Strict</u> 56	54.9%	<u>Same</u> 46	45.1%	<u>Less Strict</u> 0	0.0%	<u>Total Responses</u> 102
Finding Coverage	<u>Always</u> 22	22.4%	<u>Occasionally Not</u> 69	70.4%	<u>Frequently Unable</u> 7	7.1%	<u>Total Responses</u> 98

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Exhibit VII - RESIDUAL MARKET POPULATION

<u>Year</u>	Private Passenger <u>Auto</u>	Commercial <u>Auto</u>	<u># Registered Vehicles in ND</u>
1991	49	39	708,835
1992	52	39	723,199
1993	54	31	738,037
1994	62	33	757,026
1995	38	19	762,496
1996	29	12	775,466
1997	16	10	769,923
1998	11	7	785,954
1999	14	9	789,741
2000	10	11	792,587
2001	6	14	790,933
2002	2	21	809,459
2003	7	22	820,054
2004	0	7	824,717
2005	0	2	820,078
2006	1	1	821,098
2007	2	9	829,823
2008	2	11	868,999
2009	1	3	863,079
2010	2	2	869,840
2011	0	4	958,639
2012	1	4	1,010,926
2013	1	3	1,041,318

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EXHIBIT VIII - MATRIX OF INDICATORS

Factor	Competitive Level		
	Low	Moderate	High
Market Concentration (Herfindahl index)			XX
Market Share Analysis –Market Share Changes			XX
Market Share Analysis –Company Changes			XX
Market Share Analysis – Surplus (non-licensed)			XX
Historical Loss Ratios (Statewide, Regional, and Countrywide)	NA	NA	NA
Loss Ratios vs Rate Change vs Claims Cost Indexes			XX
Change in Premium Writings	NA	NA	NA
Field Market Survey Results-October 2013		XX	
Residual Market Population			XX

Final ranking based upon all factors: High

Addendum 3 Narrative Summary – Commercial Multi Peril Package

The market analysis components found in the attached exhibits for commercial multi peril package are summarized below:

Exhibit I -Market Concentration (Herfindahl index)

The historical concentration ratios and Herfindahl indices for North Dakota are low relative to the national benchmarks. This exhibit indicates that the market is highly competitive.

The index for North Dakota compared to countrywide, indicates the North Dakota market is more concentrated than the countywide market. Some of this difference is due to the fact that North Dakota is a relatively small volume market that is more easily dominated by regional carriers.

Exhibit II-A - Market Share Analysis –Market Share Changes

The combined market share of the top 4 writers has gradually decreased over the past six years to a low of 22% in 2013. Similarly, the combined market share of the top twenty carriers has also decreased over the past six years to a low of 62% in 2013.

These statistics indicate that the market is very competitive. However we note that the general category of Commercial Multi-Peril Package includes such a wide array of contracts and risk exposures. Contracts can include Commercial Multi-Peril, Businessowners, Owners, Landlords and Tenants as well as other specialty packages. Further, some companies specialize in writing only certain risk categories. Not all companies write all classes of risk.

Exhibit II-B – Market Share Analysis –Company Changes

Prior to 2003, the number of entries and exits in the top 20 had been significant. In the past several years however we have seen fewer companies entering/exiting the top 20. Within the top 20 however there continues to be considerable movement among all companies.

This information suggests the market is highly competitive.

Exhibit II-C – Market Share Analysis – Surplus (non-licensed)

The analysis of the surplus lines market for this line of business is difficult. Much of what would normally be categorized as commercial multi peril in the admitted market may instead be classified in fire and allied lines for property coverage and other liability for commercial liability in the surplus market reporting. It is noteworthy that in the past several years some business written by surplus lines carriers was coded as Commercial Multi-peril. Premium written in the surplus lines market accounted for 3% of the total commercial multi-peril premium in 2013. With this information we categorize the level of competition as moderate.

Exhibit III – Historical Loss Ratios (Statewide, Regional, and Countrywide)

Statewide loss ratios have fluctuated significantly from year to year, but have generally been profitable over the past ten years. The regional loss experience has also fluctuated but to a lesser magnitude. The countrywide ratios have been more stable. The variation in data makes it difficult to draw any meaningful conclusions on this factor alone.

This information by itself is not an indicator of the competitive level of the market.

Exhibit IV – Loss Ratios vs Rate Change vs Claims Cost Indexes

This exhibit shows that rate levels have remained relatively flat, lagging behind national claim cost indices. This is most likely due to the relatively profitable nature of this line over the past ten years. This suggests that the market is competitive. We caveat this conclusion by noting that there are a number of pricing tools insurers have (such as experience and schedule rating) that allow them to modify rate levels of individual insureds, without having to file rate changes.

Exhibit V – Change in Premium Writings

The statewide premium volume has increased 59% since 2004, much of the increase coming from the most recent calendar years. Filed rate changes over that time period account for 3.7% of the increase.

This information is by itself not an indicator of the competitive level of the market.

Exhibit VI – Field Market Survey Results-September 2013

The results of the 2013 field market survey suggest that agents have had largely the same number of carriers available to them to write with, that rates are increasing and underwriting guidelines are become more strict, but that they are still usually able to find a carrier to write their risks. This suggests that the market is moderately competitive.

Exhibit VII – Residual Market Population

There is no residual market mechanism for commercial lines in North Dakota. Consumers who cannot obtain insurance through the admitted market must either look for coverage in the surplus market, or go without.

The absence of the need for a residual market mechanism is considered an indicator of a competitive market.

Exhibit VIII – Matrix of Indicators

With the exception of the Surplus lines market share analysis and the field market survey, all indicators suggest a highly competitive market.

Final assessment

Based on the indications discussed above, we consider the commercial multi-peril in general to be highly competitive.

COMMERCIAL MULTI-PERIL PACKAGE

EXHIBIT I: MARKET CONCENTRATION

Year	North Dakota			Countrywide		
	4-Firm Concentration Ratio	20-Firm Concentration Ratio	Herfindahl Index	4-Firm Concentration Ratio	20-Firm Concentration Ratio	Herfindahl Index
1994	20.5%	57.0%		12.0%	33.5%	
1995	20.6%	56.8%		10.8%	31.3%	
1996	19.3%	54.1%		11.4%	31.5%	
1997	20.5%	54.2%		11.0%	30.5%	
1998	20.7%	54.6%		11.3%	31.9%	
1999	20.1%	53.8%		9.8%	30.6%	
2000	18.9%	51.5%		9.6%	29.8%	
2001	20.6%	54.6%		10.2%	30.2%	
2002	22.1%	60.3%		10.9%	30.8%	
2003	24.3%	63.8%		11.7%	32.7%	
2004	22.3%	64.6%	(462)	12.1%	34.1%	(332)
2005	24.1%	65.2%	(430)	13.0%	35.7%	(325)
2006	21.7%	64.0%	(422)	12.8%	35.4%	(321)
2007	22.2%	64.8%	(422)	12.9%	35.2%	(328)
2008	25.8%	69.7%	(473)	12.3%	34.3%	(349)
2009	23.7%	67.7%	(473)	12.0%	33.6%	(339)
2010	24.0%	66.7%	(475)	12.2%	33.5%	(338)
2011	23.2%	65.0%	(514)	11.9%	32.7%	(348)
2012	22.2%	63.7%	(507)	11.6%	31.9%	(334)
2013	22.0%	61.9%	(491)	11.8%	32.0%	(299)

Benchmarks:

National industries with 4-firm concentration ratios <75% and Herfindahl index <2000, are generally not viewed as highly concentrated.

Merger guidelines of U.S. Dept of Justice

Post-merger market Herfindahl index

> 1,800 - highly concentrated

1,000 < Herfindahl index < 1,800 - moderately concentrated

< 1,000 - unconcentrated

COMMERCIAL MULTI-PERIL PACKAGE

EXHIBIT IIA: NORTH DAKOTA MARKET SHARE REPORT

Year: 2013				Year: 2012				Year: 2011			
<u>Company</u>	<u>Direct WP (in 000s)</u>	<u>Market Share</u>	<u>Cumulative</u>	<u>Company</u>	<u>Direct WP (in 000s)</u>	<u>Market Share</u>	<u>Cumulative</u>	<u>Company</u>	<u>Direct WP (in 000s)</u>	<u>Market Share</u>	<u>Cumulative</u>
Continental Western Ins Co	\$ 10,873	8.1%	8.1%	Continental Western Ins Co	\$ 10,581	8.3%	8.3%	Continental Western Ins Co	\$ 9,320	8.8%	8.8%
Cincinnati Ins Co	\$ 7,736	5.7%	13.8%	Cincinnati Ins Co	\$ 6,907	5.4%	13.8%	Cincinnati Ins Co	\$ 6,343	6.0%	14.8%
Farmers Union Mut Ins Co	\$ 5,517	4.1%	17.9%	Owners Ins Co	\$ 5,494	4.3%	18.1%	Farmers Union Mut Ins Co	\$ 4,602	4.3%	19.1%
Acuity A Mut Ins Co	\$ 5,460	4.1%	22.0%	Farmers Union Mut Ins Co	\$ 5,152	4.1%	22.2%	State Auto Prop & Cas Ins Co	\$ 4,318	4.1%	23.2%
State Auto Prop & Cas Ins Co	\$ 5,223	3.9%	25.8%	State Auto Prop & Cas Ins Co	\$ 4,872	3.8%	26.0%	Nationwide Agribusiness Ins Co	\$ 4,106	3.9%	27.1%
Owners Ins Co	\$ 5,186	3.8%	29.7%	Acuity A Mut Ins Co	\$ 4,435	3.5%	29.5%	Acuity A Mut Ins Co	\$ 3,996	3.8%	30.9%
Nationwide Agribusiness Ins Co	\$ 4,648	3.4%	33.1%	Nationwide Agribusiness Ins Co	\$ 4,374	3.4%	32.9%	Owners Ins Co	\$ 3,566	3.4%	34.2%
Midwest Family Mut Ins Co	\$ 4,370	3.2%	36.4%	Midwest Family Mut Ins Co	\$ 4,119	3.2%	36.2%	Farmland Mut Ins Co	\$ 3,440	3.2%	37.5%
Grinnell Mut Reins Co	\$ 4,280	3.2%	39.5%	American Family Mut Ins Co	\$ 3,626	2.9%	39.0%	American Family Mut Ins Co	\$ 3,420	3.2%	40.7%
American Family Mut Ins Co	\$ 3,535	2.6%	42.2%	Farmland Mut Ins Co	\$ 3,612	2.8%	41.9%	Midwest Family Mut Ins Co	\$ 3,396	3.2%	43.9%
Nodak Mut Ins Co	\$ 3,335	2.5%	44.6%	Grinnell Mut Reins Co	\$ 3,597	2.8%	44.7%	Nodak Mut Ins Co	\$ 3,018	2.9%	46.8%
State Farm Fire & Cas Co	\$ 3,169	2.4%	47.0%	Nodak Mut Ins Co	\$ 3,451	2.7%	47.4%	Grinnell Mut Reins Co	\$ 2,914	2.8%	49.5%
Auto Owners Ins Co	\$ 3,064	2.3%	49.3%	State Farm Fire & Cas Co	\$ 3,069	2.4%	49.8%	State Farm Fire & Cas Co	\$ 2,881	2.7%	52.2%
Philadelphia Ind Ins Co	\$ 2,962	2.2%	51.5%	Star Ins Co	\$ 2,767	2.2%	52.0%	Amco Ins Co	\$ 2,382	2.2%	54.5%
Farmland Mut Ins Co	\$ 2,919	2.2%	53.6%	Amco Ins Co	\$ 2,683	2.1%	54.1%	Guideone Mut Ins Co	\$ 2,316	2.2%	56.7%
Amco Ins Co	\$ 2,745	2.0%	55.7%	Auto Owners Ins Co	\$ 2,649	2.1%	56.2%	Auto Owners Ins Co	\$ 2,009	1.9%	58.6%
Guideone Mut Ins Co	\$ 2,430	1.8%	57.5%	General Cas Co Of WI	\$ 2,471	1.9%	58.2%	Philadelphia Ind Ins Co	\$ 1,980	1.9%	60.4%
General Cas Co Of WI	\$ 2,219	1.6%	59.1%	Guideone Mut Ins Co	\$ 2,414	1.9%	60.1%	Church Mut Ins Co	\$ 1,632	1.5%	62.0%
Federal Ins Co	\$ 1,987	1.5%	60.6%	Philadelphia Ind Ins Co	\$ 2,379	1.9%	62.0%	General Cas Co Of WI	\$ 1,601	1.5%	63.5%
Travelers Prop Cas Co Of Amer	\$ 1,770	1.3%	61.9%	Zurich Amer Ins Co	\$ 2,271	1.8%	63.7%	Travelers Prop Cas Co Of Amer	\$ 1,591	1.5%	65.0%

Year: 2010				Year: 2009				Year: 2008			
<u>Company</u>	<u>Direct WP (in 000s)</u>	<u>Market Share</u>	<u>Cumulative</u>	<u>Company</u>	<u>Direct WP (in 000s)</u>	<u>Market Share</u>	<u>Cumulative</u>	<u>Company</u>	<u>Direct WP (in 000s)</u>	<u>Market Share</u>	<u>Cumulative</u>
Continental Western Ins Co	\$ 8,441	8.7%	8.7%	Continental Western Ins Co	\$ 8,193	8.6%	8.6%	Continental Western Ins Co	\$ 7,645	8.6%	8.6%
Cincinnati Ins Co	\$ 6,258	6.5%	15.2%	Cincinnati Ins Co	\$ 6,271	6.6%	15.2%	Cincinnati Ins Co	\$ 6,732	7.6%	16.2%
Farmers Union Mut Ins Co	\$ 4,295	4.4%	19.7%	Farmers Union Mut Ins Co	\$ 4,043	4.3%	19.5%	State Auto Prop & Cas Ins Co	\$ 4,641	5.2%	21.4%
State Auto Prop & Cas Ins Co	\$ 4,211	4.4%	24.0%	State Auto Prop & Cas Ins Co	\$ 4,016	4.2%	23.7%	Farmers Union Mut Ins Co	\$ 3,873	4.4%	25.8%
Farmland Mut Ins Co	\$ 3,919	4.1%	28.1%	Farmland Mut Ins Co	\$ 3,626	3.8%	27.6%	Midwest Family Mut Ins Co	\$ 3,439	3.9%	29.7%
Acuity A Mut Ins Co	\$ 3,525	3.7%	31.7%	Midwest Family Mut Ins Co	\$ 3,487	3.7%	31.2%	Acuity A Mut Ins Co	\$ 3,350	3.8%	33.5%
Nationwide Agribusiness Ins Co	\$ 3,503	3.6%	35.4%	American Family Mut Ins Co	\$ 3,417	3.6%	34.8%	American Family Mut Ins Co	\$ 3,345	3.8%	37.2%
Owners Ins Co	\$ 3,426	3.5%	38.9%	Nationwide Agribusiness Ins Co	\$ 3,370	3.6%	38.4%	State Farm Fire & Cas Co	\$ 3,235	3.6%	40.9%
American Family Mut Ins Co	\$ 3,238	3.4%	42.3%	Acuity A Mut Ins Co	\$ 3,335	3.5%	41.9%	Farmland Mut Ins Co	\$ 3,157	3.6%	44.4%
State Farm Fire & Cas Co	\$ 2,813	2.9%	45.2%	Amco Ins Co	\$ 3,231	3.4%	45.3%	Amco Ins Co	\$ 3,030	3.4%	47.9%
Midwest Family Mut Ins Co	\$ 2,782	2.9%	48.1%	State Farm Fire & Cas Co	\$ 3,207	3.4%	48.7%	Nationwide Agribusiness Ins Co	\$ 2,541	2.9%	50.7%
Grinnell Mut Reins Co	\$ 2,607	2.7%	50.8%	Owners Ins Co	\$ 3,064	3.2%	51.9%	Owners Ins Co	\$ 2,513	2.8%	53.6%
Nodak Mut Ins Co	\$ 2,542	2.6%	53.4%	Grinnell Mut Reins Co	\$ 2,308	2.4%	54.4%	Grinnell Mut Reins Co	\$ 2,139	2.4%	56.0%
Amco Ins Co	\$ 2,447	2.5%	55.9%	Nodak Mut Ins Co	\$ 2,206	2.3%	56.7%	Travelers Prop Cas Co Of Amer	\$ 2,081	2.3%	58.3%
Guideone Mut Ins Co	\$ 2,380	2.5%	58.4%	Guideone Mut Ins Co	\$ 2,158	2.3%	59.0%	Guideone Mut Ins Co	\$ 1,884	2.1%	60.4%
Philadelphia Ind Ins Co	\$ 1,748	1.8%	60.2%	Auto Owners Ins Co	\$ 1,856	2.0%	60.9%	Auto Owners Ins Co	\$ 1,762	2.0%	62.4%
Auto Owners Ins Co	\$ 1,671	1.7%	61.9%	Phoenix Ins Co	\$ 1,763	1.9%	62.8%	Nodak Mut Ins Co	\$ 1,673	1.9%	64.3%
General Cas Co Of WI	\$ 1,619	1.7%	63.6%	Philadelphia Ind Ins Co	\$ 1,585	1.7%	64.4%	Michigan Millers Mut Ins Co	\$ 1,597	1.8%	66.1%
Church Mut Ins Co	\$ 1,565	1.6%	65.2%	Travelers Prop Cas Co Of Amer	\$ 1,580	1.7%	66.1%	Harleysville Ins Co	\$ 1,595	1.8%	67.9%
Travelers Prop Cas Co Of Amer	\$ 1,453	1.5%	66.7%	Church Mut Ins Co	\$ 1,483	1.6%	67.7%	Church Mut Ins Co	\$ 1,562	1.8%	69.7%

COMMERCIAL MULTI-PERIL PACKAGE

EXHIBIT IIA: NORTH DAKOTA MARKET SHARE REPORT (by Group)

Year: 2013				Year: 2012			
<u>Group/Company</u>	<u>Direct WP</u>	<u>Market</u>		<u>Group/Company</u>	<u>Direct WP</u>	<u>Market</u>	
	<u>(in 000s)</u>	<u>Share</u>	<u>Cumulative</u>		<u>(in 000s)</u>	<u>Share</u>	<u>Cumulative</u>
NATIONWIDE CORP GRP	\$ 16,648	12.4%	12.4%	NATIONWIDE CORP GRP	\$ 16,229	12.8%	12.8%
WR Berkley Corp GRP	\$ 11,955	8.9%	21.2%	WR Berkley Corp GRP	\$ 10,703	8.4%	21.2%
CINCINNATI FIN GRP	\$ 8,869	6.6%	27.8%	Travelers Grp	\$ 8,687	6.8%	28.1%
Travelers Grp	\$ 8,698	6.5%	34.3%	AUTO OWNERS GRP	\$ 8,144	6.4%	34.5%
AUTO OWNERS GRP	\$ 8,250	6.1%	40.4%	CINCINNATI FIN GRP	\$ 7,695	6.1%	40.5%
Farmers Union Mut Ins Co	\$ 5,517	4.1%	44.5%	Farmers Union Mut Ins Co	\$ 5,152	4.1%	44.6%
Acuity A Mut Ins Co	\$ 5,460	4.1%	48.5%	STATE AUTO MUT GRP	\$ 4,942	3.9%	48.5%
STATE AUTO MUT GRP	\$ 5,286	3.9%	52.4%	ZURICH INS GRP	\$ 4,888	3.8%	52.3%
Midwest Family Mut Ins Co	\$ 4,370	3.2%	55.7%	Acuity A Mut Ins Co	\$ 4,435	3.5%	55.8%
GRINNELL MUT GRP	\$ 4,280	3.2%	58.9%	QBE INS GRP	\$ 4,415	3.5%	59.3%
QBE INS GRP	\$ 4,139	3.1%	61.9%	Midwest Family Mut Ins Co	\$ 4,119	3.2%	62.5%
AMERICAN FAMILY INS GRP	\$ 3,535	2.6%	64.6%	AMERICAN FAMILY INS GRP	\$ 3,626	2.9%	65.4%
Nodak Mut Grp	\$ 3,335	2.5%	67.0%	GRINNELL MUT GRP	\$ 3,597	2.8%	68.2%
STATE FARM GRP	\$ 3,169	2.4%	69.4%	Nodak Mut Grp	\$ 3,451	2.7%	71.0%
CNA INS GRP	\$ 3,126	2.3%	71.7%	STATE FARM GRP	\$ 3,069	2.4%	73.4%
Tokio Marine Holdings Inc GRP	\$ 2,962	2.2%	73.9%	Chubb Inc Grp	\$ 2,969	2.3%	75.7%
GUIDEONE INS GRP	\$ 2,908	2.2%	76.1%	GUIDEONE INS GRP	\$ 2,876	2.3%	78.0%
Chubb Inc Grp	\$ 2,847	2.1%	78.2%	Meadowbrook Ins Grp	\$ 2,870	2.3%	80.2%
ZURICH INS GRP	\$ 2,447	1.8%	80.0%	LIBERTY MUT GRP	\$ 2,499	2.0%	82.2%
LIBERTY MUT GRP	\$ 2,137	1.6%	81.6%	Tokio Marine Holdings Inc GRP	\$ 2,379	1.9%	84.1%

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EXHIBIT IIB: NORTH DAKOTA MARKET SHARE REPORT ENTRIES/EXITS IN TOP 20 WRITERS

Year	# of New Entries/Exits into Top 20 Carriers	Changes within Top 20 Carriers
1993	4	14
1994	2	16
1995	3	13
1996	6	12
1997	2	17
1998	4	14
1999	4	12
2000	6	9
2001	6	9
2002	6	12
2003	1	15
2004	0	14
2005	2	13
2006	1	15
2007	2	12
2008	1	13
2009	2	9
2010	1	13
2011	0	10
2012	2	12
2013	2	13

EXHIBIT IIC: NORTH DAKOTA COMMERCIAL MULTI-PERIL PACKAGE MARKET SHARE- SURPLUS (non-licensed)

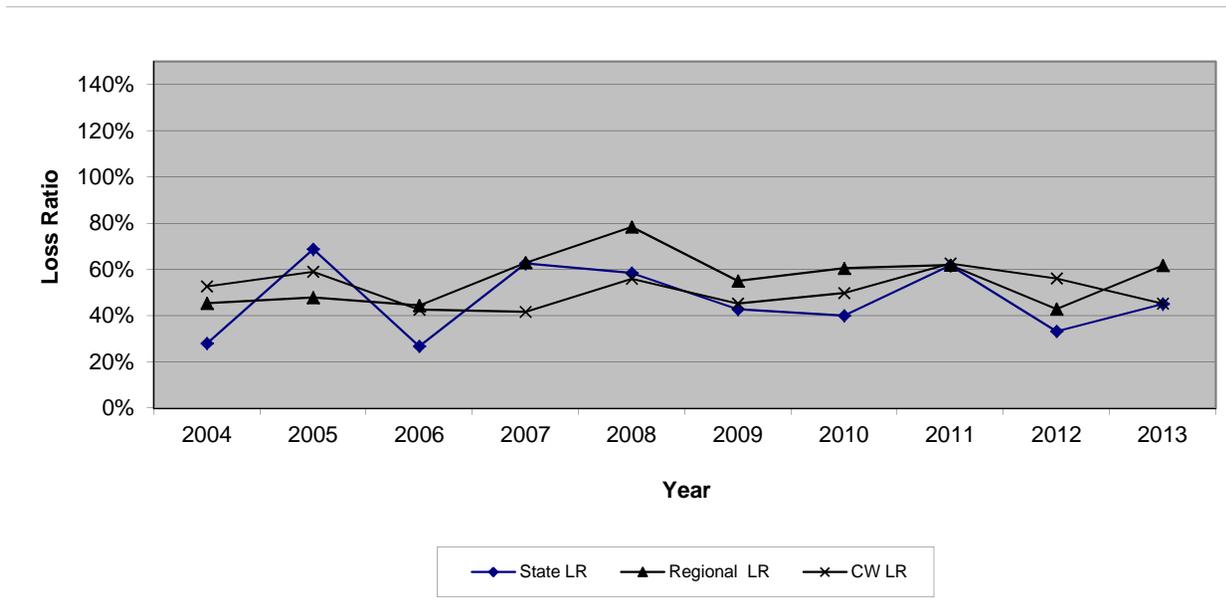
YEAR:	2013	2012	2011
	Direct Written Premium (000s)	Direct Written Premium (000s)	Direct Written Premium (000s)
Company		Company	Company
Scottsdale Ins Co	\$ 1,100.22	Scottsdale Ins Co	\$ 961.22
Steadfast Ins Co	\$ 338.58	Steadfast Ins Co	\$ 408.65
Western Heritage Ins Co	\$ 334.96	Western Heritage Ins Co	\$ 374.18
Chubb Custom Ins Co	\$ 307.87	Chubb Custom Ins Co	\$ 338.32
Capitol Specialty Ins Corp	\$ 289.89	Lexington Ins Co	\$ 315.72
Arch Specialty Ins Co	\$ 248.89	Capitol Specialty Ins Corp	\$ 246.99
Atlantic Cas Ins Co	\$ 193.02	Atlantic Cas Ins Co	\$ 159.38
Lexington Ins Co	\$ 176.71	Liberty Surplus Ins Corp	\$ 131.03
Western World Ins Co	\$ 146.43	Essex Ins Co	\$ 124.32
Hermitage Ins Co	\$ 130.48	Berkley Regional Specialty Ins Co	\$ 99.40
Essex Ins Co	\$ 115.08	Hermitage Ins Co	\$ 93.06
Berkley Regional Specialty Ins Co	\$ 98.41	Century Surety Co	\$ 73.57
Century Surety Co	\$ 97.51	Penn Star Ins Co	\$ 63.53
Hudson Specialty Ins Co	\$ 46.06	Landmark Amer Ins Co	\$ 57.91
Mesa Underwriters Specialty Ins Co	\$ 37.34	Western World Ins Co	\$ 51.89
Liberty Surplus Ins Corp	\$ 34.36	Colony Ins Co	\$ 28.86
American Empire Surplus Lines Ins C	\$ 32.93	Savers Prop & Cas Ins Co	\$ 28.81
Gemini Ins Co	\$ 31.25	Arch Specialty Ins Co	\$ 23.84
Penn Star Ins Co	\$ 26.69	Canopus US Ins	\$ 23.68
United Specialty Ins Co	\$ 25.57	Catlin Specialty Ins Co	\$ 19.10
Colony Ins Co	\$ 23.23	Columbia Cas Co	\$ 18.95
Acceptance Ind Ins Co	\$ 21.60	Acceptance Ind Ins Co	\$ 18.03
Canopus US Ins	\$ 20.85	Houston Cas Co	\$ 15.76
Houston Specialty Ins Co	\$ 17.93	Hudson Specialty Ins Co	\$ 15.18
Catlin Specialty Ins Co	\$ 14.84	Mesa Underwriters Specialty Ins Co	\$ 13.96
Gotham Ins Co	\$ 12.67	American Safety Ind Co	\$ 11.51
Conifer Ins Co	\$ 11.76	American Empire Surplus Lines Ins C	\$ 10.05
Seneca Specialty Ins Co	\$ 8.31	Tudor Ins Co	\$ 6.40
Endurance Amer Specialty Ins Co	\$ 7.75	Burlington Ins Co	\$ 4.52
HSB Specialty Ins Co	\$ 7.49	Seneca Specialty Ins Co	\$ 4.13
Tudor Ins Co	\$ 7.34	AIX Specialty Ins Co	\$ 3.81
Burlington Ins Co	\$ 7.22	Great Amer E&S Ins Co	\$ 2.67
Everest Ind Ins Co	\$ 6.90	Covington Specialty Ins Co	\$ 2.17
American Safety Ind Co	\$ 5.19	Endurance Amer Specialty Ins Co	\$ 0.03
Columbia Cas Co	\$ 4.39		\$ 3,750.60
Great Amer E&S Ins Co	\$ 2.67		
Houston Cas Co	\$ 2.50		
Covington Specialty Ins Co	\$ 2.00		
Interstate Fire & Cas Co	\$ 0.18		
AIX Specialty Ins Co	\$ 0.10		
American Western Home Ins Co	\$ 0.03		
	\$ 3,997.18		

YEAR:	2010	2009	2008
	Direct Written Premium (000s)	Direct Written Premium (000s)	Direct Written Premium (000s)
Company		Company	Company
Western Heritage Ins Co	\$ 346.74	Western Heritage Ins Co	\$ 319.57
Scottsdale Ins Co	\$ 341.42	Scottsdale Ins Co	\$ 294.45
Lexington Ins Co	\$ 288.79	Berkley Regional Specialty Ins Co	\$ 165.42
Chubb Custom Ins Co	\$ 284.44	Lexington Ins Co	\$ 153.15
Berkley Regional Specialty Ins Co	\$ 170.29	Capitol Specialty Ins Corp	\$ 110.86
Capitol Specialty Ins Corp	\$ 80.93	Hermitage Ins Co	\$ 95.77
Essex Ins Co	\$ 68.21	Chubb Custom Ins Co	\$ 80.74
Penn Star Ins Co	\$ 62.72	Penn Star Ins Co	\$ 77.96
Hermitage Ins Co	\$ 56.49	Everest Ind Ins Co	\$ 70.98
Century Surety Co	\$ 30.41	Century Surety Co	\$ 41.70
Savers Prop & Cas Ins Co	\$ 26.95	Essex Ins Co	\$ 31.37
Colony Ins Co	\$ 24.36	Colony Ins Co	\$ 23.37
Evanston Ins Co	\$ 21.55	Evanston Ins Co	\$ 21.55
Steadfast Ins Co	\$ 20.95	Catlin Specialty Ins Co	\$ 16.13
American Western Home Ins Co	\$ 19.36	Steadfast Ins Co	\$ 15.81
Catlin Specialty Ins Co	\$ 17.39	Philadelphia Ins Co	\$ 13.25
Atlantic Cas Ins Co	\$ 15.00	National Fire & Marine Ins Co	\$ 12.97
Western World Ins Co	\$ 14.69	American Western Home Ins Co	\$ 8.70
Philadelphia Ins Co	\$ 13.43	Savers Prop & Cas Ins Co	\$ 8.66
Omega US Ins Inc	\$ 13.01	Atlantic Cas Ins Co	\$ 8.22
Columbia Cas Co	\$ 12.90	Burlington Ins Co	\$ 7.61
Seneca Specialty Ins Co	\$ 5.56	Western World Ins Co	\$ 6.76
Gemini Ins Co	\$ 4.01	Seneca Specialty Ins Co	\$ 5.95
Burlington Ins Co	\$ 3.66	Columbia Cas Co	\$ 4.74
Firemans Fund Ins Co Of OH	\$ 3.33	Acceptance Ind Ins Co	\$ 4.27
Great Amer E&S Ins Co	\$ 2.75	Great Amer E&S Ins Co	\$ 3.22
Acceptance Ind Ins Co	\$ 2.47	Montpelier US Ins Co	\$ 1.36
Endurance Amer Specialty Ins Co	\$ 2.00	Landmark Amer Ins Co	\$ 1.08
Montpelier US Ins Co	\$ 1.48	First Mercury Ins Co	\$ 0.75
Tudor Ins Co	\$ 0.10	American Farmers & Ranchers Ins Co	\$ 0.16
	\$ 1,955.39		\$ 1,606.51
			\$ 1,692.35

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EXHIBIT III: HISTORICAL LOSS RATIOS

Year	Statewide Loss Ratio	Regional Loss Ratio	Countrywide Loss Ratio
2004	28%	45%	53%
2005	69%	48%	59%
2006	27%	44%	43%
2007	63%	63%	42%
2008	58%	78%	56%
2009	43%	55%	45%
2010	40%	61%	50%
2011	62%	62%	63%
2012	33%	43%	56%
2013	45%	62%	45%

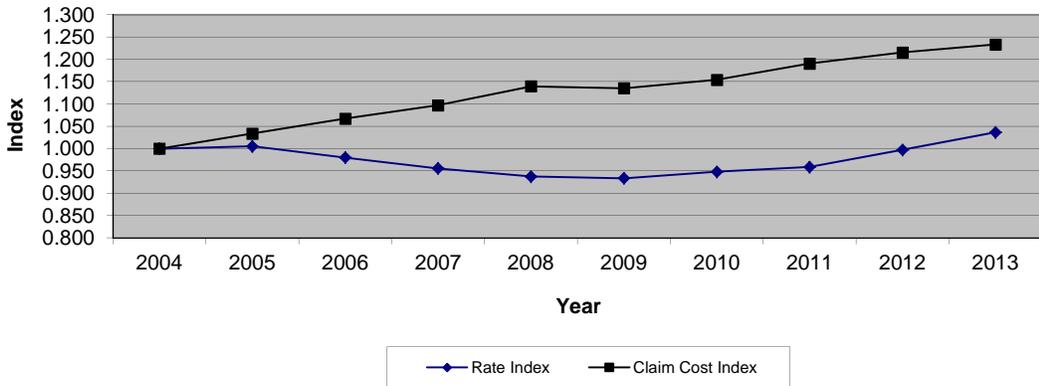


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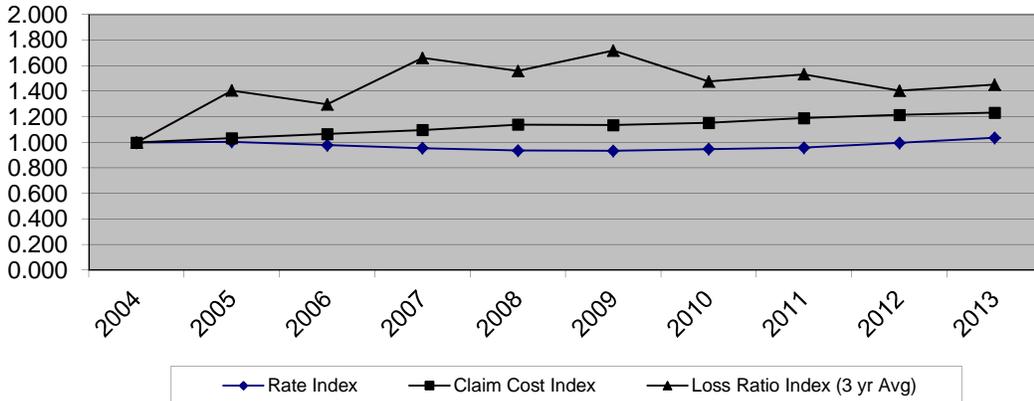
EXHIBIT IV: LOSS RATIO VS. RATE CHANGES VS. COST INDICES

Year	Composite Rate Index	Relevant Claim Cost Index	Statewide 3 Yr LR Index
2004	1.000	1.000	1.000
2005	1.005	1.034	1.407
2006	0.980	1.067	1.298
2007	0.956	1.097	1.662
2008	0.938	1.140	1.561
2009	0.934	1.136	1.719
2010	0.948	1.155	1.477
2011	0.959	1.191	1.533
2012	0.997	1.215	1.406
2013	1.037	1.233	1.453

Rate Index vs. Claim Cost Index



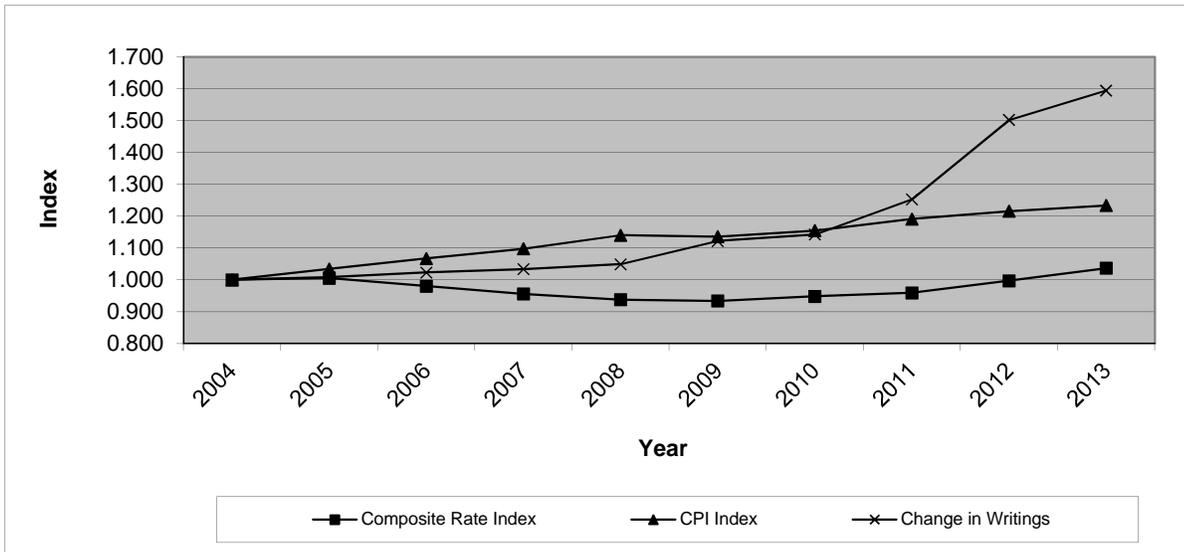
Rate Index vs. Claim Cost Index vs. LR Index



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EXHIBIT V: CHANGE IN PREMIUM WRITINGS

Year	Statewide Written Premium	Change in Writings	Indexed	Composite Rate Index	Consumer Price Index
2004	\$ 84,529		1.00	1.000	1.000
2005	\$ 85,253	0.9%	1.01	1.005	1.034
2006	\$ 86,503	1.5%	1.02	0.980	1.067
2007	\$ 87,386	1.0%	1.03	0.956	1.097
2008	\$ 88,696	1.5%	1.05	0.938	1.140
2009	\$ 94,867	7.0%	1.12	0.934	1.136
2010	\$ 96,561	1.8%	1.14	0.948	1.155
2011	\$ 105,888	9.7%	1.25	0.959	1.191
2012	\$ 126,961	19.9%	1.50	0.997	1.215
2013	\$ 134,766	6.1%	1.59	1.037	1.233



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EXHIBIT VI: FIELD MARKET SURVEY

Available Markets	<u>Fewer</u> 28	14.5%	<u>Same</u> 134	69.4%	<u>More</u> 31	16.1%	<u>Total Responses</u> 193
Rate Changes	<u>Increased</u> 121	63.4%	<u>Same</u> 69	36.1%	<u>Decreased</u> 1	0.5%	<u>Total Responses</u> 191
Underwriting Changes	<u>More Strict</u> 118	61.5%	<u>Same</u> 73	38.0%	<u>Less Strict</u> 1	0.5%	<u>Total Responses</u> 192
Finding Coverage	<u>Always</u> 33	17.3%	<u>Occasionally Not</u> 152	79.6%	<u>Frequently Unable</u> 6	3.1%	<u>Total Responses</u> 191

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EXHIBIT VII – RESIDUAL MARKET POPULATION

North Dakota does not have a residual market mechanism for Commercial Lines.

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EXHIBIT VIII - MATRIX OF INDICATORS

Factor	Competitive Level		
	Low	Moderate	High
Market Concentration (Herfindahl index)			XX
Market Share Analysis –Market Share Changes			XX
Market Share Analysis –Company Changes			XX
Market Share Analysis – Surplus (non-licensed)		XX	
Historical Loss Ratios (Statewide, Regional, and Countrywide)	NA	NA	NA
Loss Ratios vs Rate Change vs Claims Cost Indexes			XX
Change in Premium Writings	NA	NA	NA
Field Market Survey Results-October 2012		XX	
Residual Market Population			XX

Final ranking based upon all factors: High

Addendum 4 Narrative Summary – Farmowners

The market analysis components found in the attached exhibits for farmowners are summarized below:

Exhibit I -Market Concentration (Herfindahl index)

The Herfindahl index indicates that the market is moderately concentrated. The 4-firm concentration ratio (67.2%) and 20-firm concentration ratio (99.1%) are high, indicating a non-competitive market.

The index for North Dakota compared to countrywide, indicates the North Dakota market is significantly more concentrated than the countywide market. Some of this difference is due to the fact North Dakota is a relatively small volume market that is more easily dominated by a regional carriers.

Exhibit II-A - Market Share Analysis –Market Share Changes

The top carriers have remained largely the same over the past six years.

The total market share of the top four carriers has hovered at approximately 68%. The total market share of the top 20 companies combined has consistently been over 99% of the market.

These statistics indicate that this market is not competitive.

Exhibit II-B – Market Share Analysis –Company Changes

The number of companies entering and leaving the top 20 is low, indicating a non-competitive market.

Exhibit II-C – Market Share Analysis – Surplus (non-licensed)

The fact there is no business written in the surplus market suggests the market is competitive.

Exhibit III – Historical Loss Ratios (Statewide, Regional, and Countrywide)

With the exception of calendar years 2010 and 2011, the farmowners line of insurance has been profitable over the past decade.

This information by itself is not an indicator of the competitive level of the market.

Exhibit IV – Loss Ratios vs Rate Change vs Claims Cost Indexes

Rate changes have tracked somewhat with the Housing CPI index, while loss ratios have been generally profitable. This suggests that the Farmowners line is moderately competitive.

Exhibit V – Change in Premium Writings

The statewide premium volume has doubled since 2004. Filed rate changes account for 18% of this increase. Factors contributing to the difference between the two indices include inflationary pressures (CPI Index) and rating tools, such as experience and schedule rating, that allow insurers to adjust rates for individual risks without having to file a rate change with our department.

This information does not give a clear indication of the line's overall competitiveness.

Exhibit VI – Field Market Survey Results-September 2013

The results of the 2013 field market survey indicate that agents have largely had the same number of carriers with which to write with, that rates have been increasing and underwriting standards becoming more strict, but they have usually been able to find carriers that will write their risks. This suggests the market is moderately competitive.

Exhibit VII – Residual Market Population

There is no residual market mechanism for farmowners in North Dakota. Consumers who cannot get insurance through the admitted market must either look for coverage in the surplus lines market, or go without.

The absence of the need for a residual market mechanism is an indicator of a competitive market.

Exhibit VIII – Matrix of Indicators

The Herfindahl index, Market Share Changes and Market Share Company Changes indicate a non-competitive market. The loss ratios versus rate change versus claims cost index comparison and the field market survey indicate a moderately competitive market.

The lack of both a residual market mechanism and a surplus lines market suggest a competitive market.

Final assessment

The evaluation of the market through the year 2013 indicates a non-competitive market. In determining what the overall market trend and competitive level are, more weight is given to the Herfindahl index and market share changes, as these are statistically sound indicators.

FARMOWNERS

EXHIBIT I: MARKET CONCENTRATION

Year	North Dakota			Countrywide		
	4-Firm Concentration Ratio	20-Firm Concentration Ratio	Herfindahl Index	4-Firm Concentration Ratio	20-Firm Concentration Ratio	Herfindahl Index
1994	72.9%	99.3%		17.7%	48.4%	
1995	71.0%	99.2%		17.5%	47.8%	
1996	71.8%	99.5%		17.4%	48.3%	
1997	71.7%	99.3%		17.3%	48.1%	
1998	71.8%	99.3%		17.2%	49.3%	
1999	71.0%	99.5%		16.7%	49.3%	
2000	69.4%	99.5%		16.1%	47.3%	
2001	69.3%	99.5%		18.7%	49.5%	
2002	70.3%	99.6%		18.4%	50.4%	
2003	68.3%	99.7%		20.5%	52.1%	
2004	68.1%	99.7%	(1728)	20.6%	52.2%	(283)
2005	69.0%	99.8%	(1755)	20.5%	52.3%	(280)
2006	69.2%	99.7%	(1723)	20.6%	53.5%	(289)
2007	69.9%	99.5%	(1777)	20.6%	53.6%	(295)
2008	67.6%	99.4%	(1606)	20.8%	53.3%	(304)
2009	68.2%	99.4%	(1610)	20.7%	53.1%	(309)
2010	68.6%	99.3%	(1618)	20.1%	53.0%	(305)
2011	68.9%	99.5%	(1639)	20.5%	54.0%	(317)
2012	68.6%	99.5%	(1623)	21.0%	55.2%	(329)
2013	67.2%	99.1%	(1550)	21.1%	55.8%	(336)

Benchmarks:

National industries with 4-firm concentration ratios <75% and Herfindahl index <2000, are generally not viewed as highly concentrated.

Merger guidelines of U.S. Dept of Justice

Post-merger market Herfindahl index

> 1,800 - highly concentrated

1,000 < Herfindahl index < 1,800 - moderately concentrated

< 1,000 - unconcentrated

FARMOWNERS

EXHIBIT IIA: NORTH DAKOTA MARKET SHARE REPORT

Year: 2013				Year: 2012				Year: 2011			
<u>Company</u>	<u>Direct WP (in 000s)</u>	<u>Market Share</u>	<u>Cumulative</u>	<u>Company</u>	<u>Direct WP (in 000s)</u>	<u>Market Share</u>	<u>Cumulative</u>	<u>Company</u>	<u>Direct WP (in 000s)</u>	<u>Market Share</u>	<u>Cumulative</u>
Nodak Mut Ins Co	\$ 26,782	26.5%	26.5%	Nodak Mut Ins Co	\$ 24,938	27.8%	27.8%	Nodak Mut Ins Co	\$ 22,082	27.7%	27.7%
Farmers Union Mut Ins Co	\$ 24,412	24.1%	50.6%	Farmers Union Mut Ins Co	\$ 21,996	24.5%	52.2%	Farmers Union Mut Ins Co	\$ 19,909	25.0%	52.7%
North Star Mut Ins Co	\$ 10,275	10.2%	60.8%	North Star Mut Ins Co	\$ 8,723	9.7%	61.9%	North Star Mut Ins Co	\$ 7,381	9.3%	62.0%
American Family Mut Ins Co	\$ 6,549	6.5%	67.2%	American Family Mut Ins Co	\$ 5,981	6.7%	68.6%	American Family Mut Ins Co	\$ 5,479	6.9%	68.9%
Farmers Alliance Mut Ins Co	\$ 4,917	4.9%	72.1%	Meridian Citizens Mut Ins Co	\$ 4,510	5.0%	73.6%	Meridian Citizens Mut Ins Co	\$ 4,038	5.1%	73.9%
Meridian Citizens Mut Ins Co	\$ 4,799	4.7%	76.8%	Farmers Alliance Mut Ins Co	\$ 4,090	4.6%	78.2%	Farmers Alliance Mut Ins Co	\$ 3,561	4.5%	78.4%
Center Mut Ins Co	\$ 4,465	4.4%	81.3%	Nationwide Mut Ins Co	\$ 3,889	4.3%	82.5%	State Farm Fire & Cas Co	\$ 3,457	4.3%	82.7%
Nationwide Mut Ins Co	\$ 4,339	4.3%	85.5%	Center Mut Ins Co	\$ 3,785	4.2%	86.7%	Nationwide Mut Ins Co	\$ 3,316	4.2%	86.9%
State Farm Fire & Cas Co	\$ 4,139	4.1%	89.6%	State Farm Fire & Cas Co	\$ 3,744	4.2%	90.9%	Center Mut Ins Co	\$ 3,304	4.1%	91.1%
Secura Ins A Mut Co	\$ 2,668	2.6%	92.3%	Secura Ins A Mut Co	\$ 1,984	2.2%	93.1%	Northwest Gf Mut Ins Co	\$ 1,640	2.1%	93.1%
Northwest Gf Mut Ins Co	\$ 2,278	2.3%	94.5%	Northwest Gf Mut Ins Co	\$ 1,963	2.2%	95.3%	Secura Ins A Mut Co	\$ 1,570	2.0%	95.1%
Auto Owners Ins Co	\$ 1,280	1.3%	95.8%	Auto Owners Ins Co	\$ 1,034	1.2%	96.4%	Auto Owners Ins Co	\$ 902	1.1%	96.2%
National Surety Corp	\$ 627	0.6%	96.4%	Travelers Ind Co Of Amer	\$ 443	0.5%	96.9%	American Ins Co	\$ 534	0.7%	96.9%
Firemans Fund Ins Co	\$ 501	0.5%	96.9%	National Surety Corp	\$ 416	0.5%	97.4%	Travelers Ind Co Of Amer	\$ 469	0.6%	97.5%
Travelers Ind Co Of Amer	\$ 491	0.5%	97.4%	Firemans Fund Ins Co	\$ 355	0.4%	97.8%	Firemans Fund Ins Co	\$ 392	0.5%	98.0%
Travelers Ind Co	\$ 432	0.4%	97.8%	American Ins Co	\$ 332	0.4%	98.2%	National Surety Corp	\$ 301	0.4%	98.3%
American Ins Co	\$ 380	0.4%	98.2%	Travelers Ind Co	\$ 331	0.4%	98.5%	American Economy Ins Co	\$ 277	0.3%	98.7%
Nationwide Agribusiness Ins Co	\$ 307	0.3%	98.5%	American Economy Ins Co	\$ 317	0.4%	98.9%	Great Amer Ins Co	\$ 261	0.3%	99.0%
Owners Ins Co	\$ 304	0.3%	98.8%	Great Amer Ins Co	\$ 271	0.3%	99.2%	Owners Ins Co	\$ 209	0.3%	99.3%
American Economy Ins Co	\$ 297	0.3%	99.1%	Owners Ins Co	\$ 251	0.3%	99.5%	Travelers Ind Co	\$ 175	0.2%	99.5%

Year: 2010				Year: 2009				Year: 2008			
<u>Company</u>	<u>Direct WP (in 000s)</u>	<u>Market Share</u>	<u>Cumulative</u>	<u>Company</u>	<u>Direct WP (in 000s)</u>	<u>Market Share</u>	<u>Cumulative</u>	<u>Company</u>	<u>Direct WP (in 000s)</u>	<u>Market Share</u>	<u>Cumulative</u>
Nodak Mut Ins Co	\$ 19,203	26.9%	26.9%	Nodak Mut Ins Co	\$ 17,277	26.7%	26.7%	Nodak Mut Ins Co	\$ 15,489	26.1%	26.1%
Farmers Union Mut Ins Co	\$ 18,173	25.5%	52.4%	Farmers Union Mut Ins Co	\$ 16,485	25.5%	52.2%	Farmers Union Mut Ins Co	\$ 15,396	26.0%	52.1%
North Star Mut Ins Co	\$ 6,304	8.8%	61.2%	North Star Mut Ins Co	\$ 5,368	8.3%	60.5%	North Star Mut Ins Co	\$ 4,829	8.1%	60.3%
American Family Mut Ins Co	\$ 5,235	7.3%	68.6%	American Family Mut Ins Co	\$ 4,944	7.6%	68.2%	American Family Mut Ins Co	\$ 4,342	7.3%	67.6%
Meridian Citizens Mut Ins Co	\$ 3,633	5.1%	73.7%	State Farm Fire & Cas Co	\$ 3,371	5.2%	73.4%	State Farm Fire & Cas Co	\$ 3,464	5.8%	73.4%
State Farm Fire & Cas Co	\$ 3,293	4.6%	78.3%	Meridian Citizens Mut Ins Co	\$ 3,258	5.0%	78.4%	Meridian Citizens Mut Ins Co	\$ 2,937	5.0%	78.4%
Farmers Alliance Mut Ins Co	\$ 3,163	4.4%	82.7%	Farmers Alliance Mut Ins Co	\$ 2,872	4.4%	82.9%	Center Mut Ins Co	\$ 2,842	4.8%	83.2%
Center Mut Ins Co	\$ 2,997	4.2%	86.9%	Center Mut Ins Co	\$ 2,860	4.4%	87.3%	Farmers Alliance Mut Ins Co	\$ 2,751	4.6%	87.8%
Nationwide Mut Ins Co	\$ 2,620	3.7%	90.6%	Nationwide Mut Ins Co	\$ 2,380	3.7%	91.0%	Nationwide Mut Ins Co	\$ 2,107	3.6%	91.4%
Northwest Gf Mut Ins Co	\$ 1,497	2.1%	92.7%	Northwest Gf Mut Ins Co	\$ 1,161	1.8%	92.8%	Northwest Gf Mut Ins Co	\$ 1,106	1.9%	93.3%
Secura Ins A Mut Co	\$ 1,283	1.8%	94.5%	Secura Ins A Mut Co	\$ 1,098	1.7%	94.5%	Secura Ins A Mut Co	\$ 798	1.3%	94.6%
Auto Owners Ins Co	\$ 843	1.2%	95.7%	Auto Owners Ins Co	\$ 766	1.2%	95.7%	Auto Owners Ins Co	\$ 621	1.0%	95.6%
National Surety Corp	\$ 550	0.8%	96.4%	American Ins Co	\$ 524	0.8%	96.5%	American Ins Co	\$ 450	0.8%	96.4%
American Ins Co	\$ 464	0.7%	97.1%	National Surety Corp	\$ 465	0.7%	97.2%	National Surety Corp	\$ 421	0.7%	97.1%
Travelers Ind Co Of Amer	\$ 438	0.6%	97.7%	American Economy Ins Co	\$ 332	0.5%	97.7%	American Economy Ins Co	\$ 404	0.7%	97.8%
Great Amer Ins Co	\$ 317	0.4%	98.1%	Travelers Ind Co Of Amer	\$ 306	0.5%	98.2%	Great Amer Ins Co	\$ 249	0.4%	98.2%
American Economy Ins Co	\$ 288	0.4%	98.5%	Great Amer Ins Co	\$ 269	0.4%	98.6%	Travelers Ind Co Of Amer	\$ 237	0.4%	98.6%
Travelers Ind Co	\$ 183	0.3%	98.8%	American States Ins Co	\$ 222	0.3%	98.9%	American States Ins Co	\$ 207	0.3%	99.0%
Owners Ins Co	\$ 169	0.2%	99.0%	Travelers Ind Co	\$ 146	0.2%	99.2%	Travelers Ind Co	\$ 119	0.2%	99.2%
American States Ins Co	\$ 163	0.2%	99.3%	Owners Ins Co	\$ 132	0.2%	99.4%	Great Amer Alliance Ins Co	\$ 110	0.2%	99.4%

FARMOWNERS

EXHIBIT IIA: NORTH DAKOTA MARKET SHARE REPORT (by Group)

Year: 2013

<u>Company</u>	<u>Direct WP (in 000s)</u>	<u>Market Share</u>	<u>Cumulative</u>
Nodak Mut Grp	\$ 26,782	26.5%	26.5%
Farmers Union Mut Ins Co	\$ 24,412	24.1%	50.6%
NORTH STAR CO GRP	\$ 10,275	10.2%	60.8%
AMERICAN FAMILY INS GRP	\$ 6,549	6.5%	67.2%
ALLIANCE INS GRP	\$ 4,917	4.9%	72.1%
STATE AUTO MUT GRP	\$ 4,799	4.7%	76.8%
NATIONWIDE CORP GRP	\$ 4,646	4.6%	81.4%
Center Mut Ins Co	\$ 4,465	4.4%	85.8%
STATE FARM GRP	\$ 4,139	4.1%	89.9%
Secura Ins Grp	\$ 2,668	2.6%	92.6%
Northwest Gf Mut Ins Co	\$ 2,278	2.3%	94.8%
AUTO OWNERS GRP	\$ 1,584	1.6%	96.4%
ALLIANZ INS GRP	\$ 1,521	1.5%	97.9%
Travelers Grp	\$ 1,180	1.2%	99.1%
LIBERTY MUT GRP	\$ 479	0.5%	99.5%
American Financial Grp	\$ 430	0.4%	100.0%
Ace Ltd Grp	\$ 28	0.0%	100.0%
Assurant Inc Grp	\$ 8	0.0%	100.0%
MARKEL CORP GRP	\$ 7	0.0%	100.0%
Country Ins & Fin Serv Grp	\$ 0	0.0%	100.0%

Year: 2012

<u>Company</u>	<u>Direct WP (in 000s)</u>	<u>Market Share</u>	<u>Cumulative</u>
Nodak Mut Grp	\$ 24,938	27.8%	27.8%
Farmers Union Mut Ins Co	\$ 21,996	24.5%	52.2%
NORTH STAR CO GRP	\$ 8,723	9.7%	61.9%
AMERICAN FAMILY INS GRP	\$ 5,981	6.7%	68.6%
STATE AUTO MUT GRP	\$ 4,510	5.0%	73.6%
ALLIANCE INS GRP	\$ 4,090	4.6%	78.2%
NATIONWIDE CORP GRP	\$ 3,902	4.3%	82.5%
Center Mut Ins Co	\$ 3,785	4.2%	86.7%
STATE FARM GRP	\$ 3,744	4.2%	90.9%
Secura Ins Grp	\$ 1,984	2.2%	93.1%
Northwest Gf Mut Ins Co	\$ 1,963	2.2%	95.3%
AUTO OWNERS GRP	\$ 1,285	1.4%	96.7%
ALLIANZ INS GRP	\$ 1,103	1.2%	98.0%
Travelers Grp	\$ 935	1.0%	99.0%
LIBERTY MUT GRP	\$ 469	0.5%	99.5%
American Financial Grp	\$ 399	0.4%	100.0%
Ace Ltd Grp	\$ 21	0.0%	100.0%
Assurant Inc Grp	\$ 8	0.0%	100.0%
MARKEL CORP GRP	\$ 5	0.0%	100.0%
Country Ins & Fin Serv Grp	\$ 0	0.0%	100.0%

FARMOWNERS

EXHIBIT IIB: NORTH DAKOTA MARKET SHARE REPORT ENTRIES/EXITS IN TOP 20 WRITERS

Year	# of New Entries/Exits into Top 20 Carriers	Changes within Top 20 Carriers
1992	0	7
1993	1	8
1994	0	9
1995	1	8
1996	2	7
1997	1	9
1998	3	11
1999	2	8
2000	2	10
2001	2	15
2002	2	11
2003	2	5
2004	4	12
2005	0	11
2006	2	9
2007	2	6
2008	0	9
2009	1	4
2010	0	10
2011	1	9
2012	0	11
2013	1	11

EXHIBIT IIC: NORTH DAKOTA FARMOWNERS MARKET SHARE- SURPLUS (non-licensed)

YEAR:	2013		2012		2011
	Direct Written Premium		Direct Written Premium		Direct Written Premium
<u>Company</u>	<u>(000s)</u>	<u>Company</u>	<u>(000s)</u>	<u>Company</u>	<u>(000s)</u>
	None		None		None

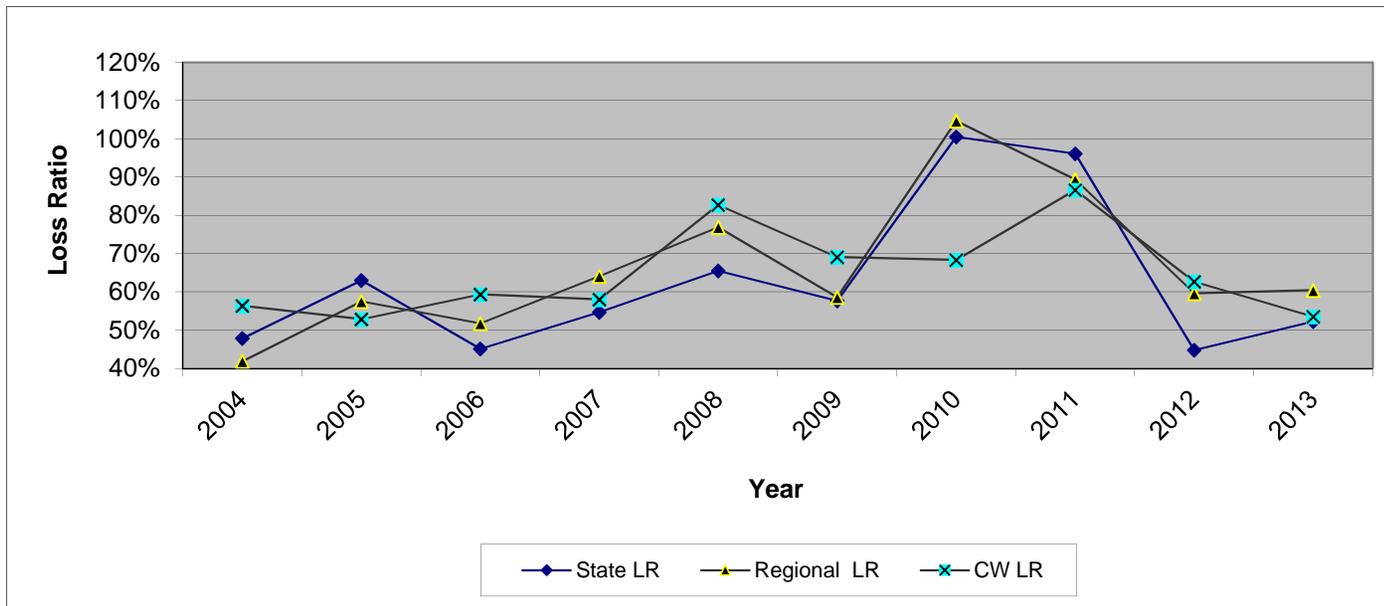
YEAR:	2010		2009		2008
	Direct Written Premium		Direct Written Premium		Direct Written Premium
<u>Company</u>	<u>(000s)</u>	<u>Company</u>	<u>(000s)</u>	<u>Company</u>	<u>(000s)</u>
	None		None		None

YEAR:	2007		2006		2005
	Direct Written Premium		Direct Written Premium		Direct Written Premium
<u>Company</u>	<u>(000s)</u>	<u>Company</u>	<u>(000s)</u>	<u>Company</u>	<u>(000s)</u>
	None		None		None

FARMOWNERS

EXHIBIT III: HISTORICAL LOSS RATIOS

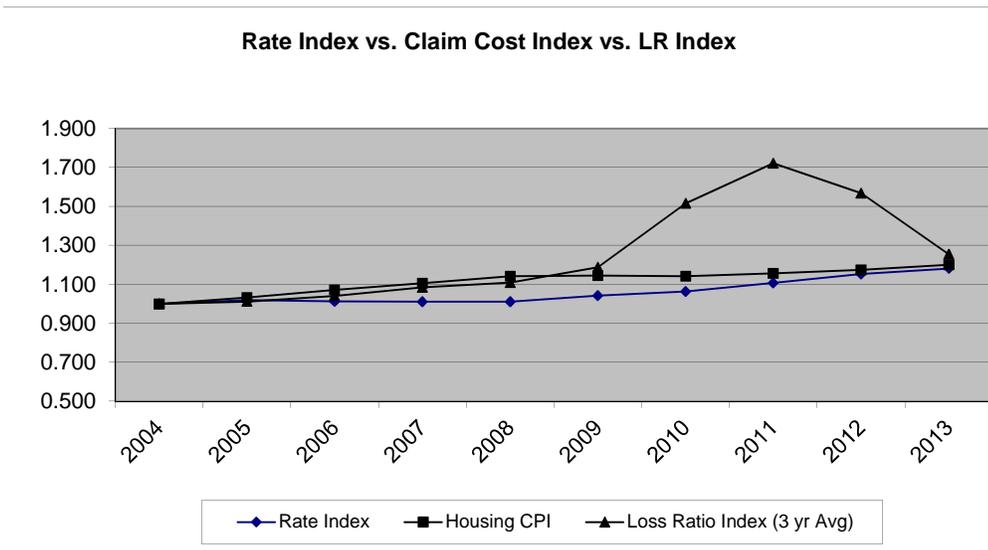
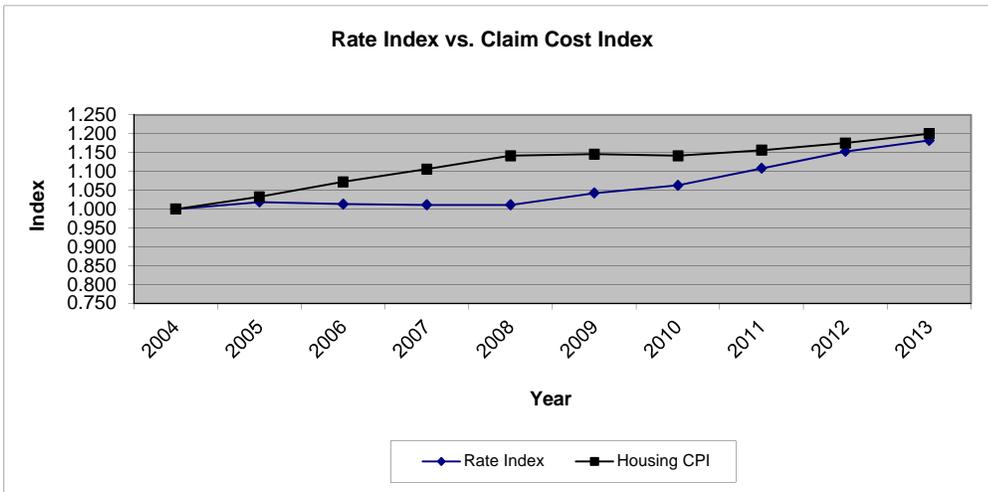
Year	Statewide Loss Ratio	Regional Loss Ratio	Countrywide Loss Ratio
2004	48%	42%	56%
2005	63%	58%	53%
2006	45%	52%	59%
2007	55%	64%	58%
2008	65%	77%	83%
2009	58%	59%	69%
2010	101%	105%	68%
2011	96%	89%	87%
2012	45%	60%	63%
2013	52%	60%	54%



FARMOWNERS

EXHIBIT IV: LOSS RATIO VS. RATE CHANGES VS. COST INDICES

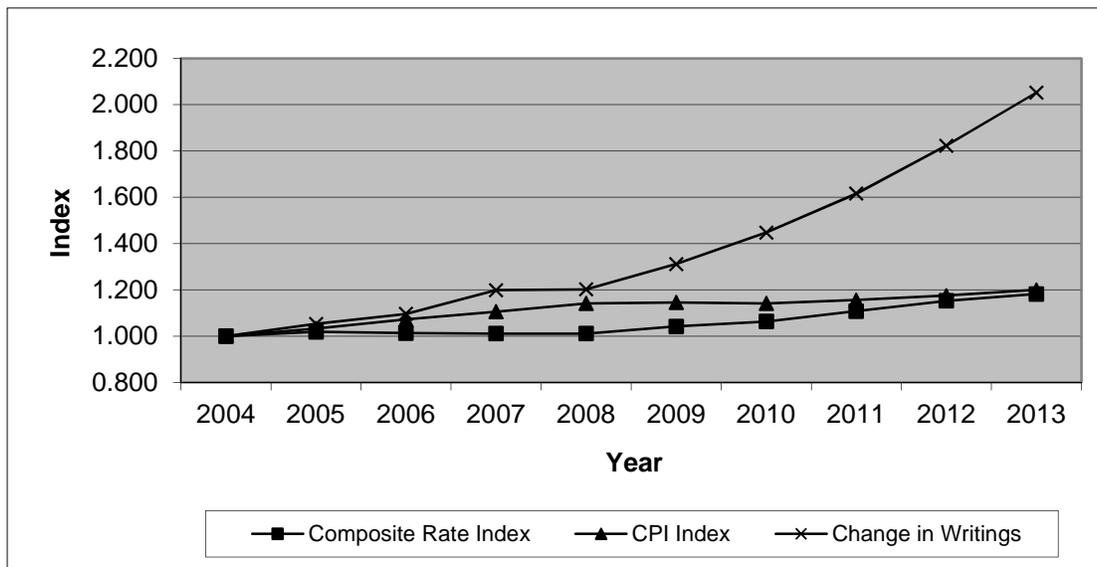
Year	Composite Rate Index	Relevant Housing CPI	Statewide 3 Yr LR Index
2004	1.000	1.000	1.000
2005	1.019	1.033	1.012
2006	1.013	1.072	1.042
2007	1.011	1.106	1.085
2008	1.011	1.141	1.109
2009	1.042	1.146	1.188
2010	1.063	1.141	1.515
2011	1.108	1.156	1.722
2012	1.153	1.175	1.569
2013	1.182	1.200	1.255



FARMOWNERS

EXHIBIT V: CHANGE IN PREMIUM WRITINGS

Year	Statewide Written Premium (000s)	Change in Writings	Indexed	Composite Rate Index	Consumer Price Index
2004	\$ 49,296		1.00	1.000	1.000
2005	\$ 51,889	5.3%	1.05	1.019	1.033
2006	\$ 54,049	4.2%	1.10	1.013	1.072
2007	\$ 59,077	9.3%	1.20	1.011	1.106
2008	\$ 59,260	0.3%	1.20	1.011	1.141
2009	\$ 64,644	9.1%	1.31	1.042	1.146
2010	\$ 71,343	10.4%	1.45	1.063	1.141
2011	\$ 79,654	11.7%	1.62	1.108	1.156
2012	\$ 89,841	12.8%	1.82	1.153	1.175
2013	\$101,167	12.6%	2.05	1.182	1.200



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EXHIBIT VI: FIELD MARKET SURVEY

Available Markets	<u>Fewer</u> 9	9.3%	<u>Same</u> 81	83.5%	<u>More</u> 7	7.2%	<u>Total Responses</u> 97
Rate Changes	<u>Increased</u> 66	68.8%	<u>Same</u> 27	28.1%	<u>Decreased</u> 3	3.1%	<u>Total Responses</u> 96
Underwriting Changes	<u>More Strict</u> 65	68.4%	<u>Same</u> 29	30.5%	<u>Less Strict</u> 1	1.1%	<u>Total Responses</u> 95
Finding Coverage	<u>Always</u> 24	25.5%	<u>Occasionally Not</u> 67	71.3%	<u>Frequently Unable</u> 3	3.2%	<u>Total Responses</u> 94

FARMOWNERS

EXHIBIT VII – RESIDUAL MARKET POPULATION

North Dakota does not have a residual market mechanism for Farmowners.

FARMOWNERS

EXHIBIT VIII - MATRIX OF INDICATORS

Factor	Competitive Level		
	Low	Moderate	High
Market Concentration (Herfindahl index)	XX		
Market Share Analysis –Market Share Changes	XX		
Market Share Analysis –Company Changes	XX		
Market Share Analysis – Surplus (non-licensed)			XX
Historical Loss Ratios (Statewide, Regional, and Countrywide)	NA	NA	NA
Loss Ratios vs Rate Change vs Claims Cost Indexes		XX	
Change in Premium Writings	NA	NA	NA
Field Market Survey Results-October 2013		XX	
Residual Market Population			XX

Final ranking based upon all factors: Low

Addendum 5 Narrative Summary – Homeowners

The market analysis components found in the attached exhibits for homeowners are summarized below:

Exhibit I -Market Concentration (Herfindahl index)

The Herfindahl indices and concentration ratios are below the national benchmarks for a concentrated market, and have decreased slightly over the past few years. This is indicative of a highly competitive market.

The index for North Dakota compared to countrywide, indicates the North Dakota market is more concentrated than the countywide market. Some of this difference is due to the fact that North Dakota is a relatively small volume market that is more easily dominated by regional carriers.

Exhibit II-A - Market Share Analysis –Market Share Changes

The top six writers have been the same over the past six years, - an indication that market is less than competitive. However their combined market share has been decreasing, as has the combined market share of the top 20 companies.

This information suggests that the market is moderately competitive.

Exhibit II-B – Market Share Analysis –Company Changes

The number of companies entering and leaving the top 20 is low, however there is still some movement among the top 20 carriers. This indicates that the market is moderately competitive.

Exhibit II-C-Market Share Analysis – Surplus (non-licensed)

The total amount of business written in the surplus lines market for the Homeowner line is minimal. This low volume suggests the market is competitive.

Exhibit III – Historical Loss Ratios (Statewide, Regional, and Countrywide)

Loss experience over the past four calendar years suggests this line of insurance has been profitable in North Dakota. However the high loss ratios in 2005 and 2007 serve as reminders as to how sensitive this line can be to weather-related catastrophes.

This information by itself is not an indicator of the competitive level of the market.

Exhibit IV – Loss Ratios vs Rate Change vs Claims Cost Indexes

Since 2008, we have seen a gradual increase in rates despite a relatively flat CPI index, and improving loss ratios. This suggests that the market is non-competitive. We caveat this assessment by noting that part of the ratemaking process for this line of insurance focuses on catastrophic losses, usually averaged over a much longer time period.

Exhibit V – Change in Premium Writings

The statewide premium volume has increased 75% since 2004. Rate changes account for roughly 40% of this increase.

This information by itself is not an indicator of competitiveness.

Exhibit VI – Field Market Survey Results-September 2013

The majority of respondents to the 2013 field market survey have seen the number of carriers in the market remain stable, but rates have been increasing and underwriting guidelines are becoming more strict. They are still largely able to find carriers for the risks they write. This suggests that the market is moderately competitive.

Exhibit VII – Residual Market Population

There is currently no residual market mechanism for homeowners in North Dakota, which normally suggests a highly competitive market.

Exhibit VIII – Matrix of Indicators

The Herfindahl index, the Surplus lines market analysis and the lack of a residual market mechanism indicate a highly competitive market. Loss Ratio vs Rate Changes exhibit indicates a non-competitive market. All other indicators suggest a moderately competitive market.

Final assessment

The evaluation of the market through the year 2013 indicates a moderately competitive market.

HOMEOWNERS

EXHIBIT I: MARKET CONCENTRATION

Year	North Dakota			Countrywide		
	4-Firm Concentration Ratio	20-Firm Concentration Ratio	Herfindahl Index	4-Firm Concentration Ratio	20-Firm Concentration Ratio	Herfindahl Index
1994	45.7%	81.3%		36.7%	56.1%	
1995	46.0%	81.0%		36.0%	55.0%	
1996	45.9%	80.0%		35.9%	55.5%	
1997	45.7%	80.7%		33.0%	54.6%	
1998	45.4%	82.2%		32.6%	54.8%	
1999	46.3%	83.6%		30.9%	54.3%	
2000	46.1%	85.3%		29.8%	53.2%	
2001	47.6%	86.3%		29.5%	53.0%	
2002	50.1%	88.9%		29.3%	52.6%	
2003	51.2%	91.6%		28.5%	52.4%	
2004	51.8%	91.5%	(981)	27.7%	53.1%	(792)
2005	52.1%	91.8%	(969)	26.5%	51.8%	(786)
2006	51.8%	91.6%	(948)	25.8%	50.7%	(783)
2007	52.1%	91.0%	(956)	24.8%	50.1%	(738)
2008	51.5%	89.6%	(944)	24.6%	48.8%	(738)
2009	51.8%	89.3%	(949)	24.8%	48.1%	(737)
2010	51.1%	88.8%	(934)	24.7%	48.0%	(729)
2011	49.9%	88.2%	(902)	24.3%	47.7%	(706)
2012	48.1%	87.2%	(846)	23.8%	46.5%	(679)
2013	46.8%	86.7%	(842)	23.8%	45.5%	(685)

Benchmarks:

National industries with 4-firm concentration ratios <75% and Herfindahl index <2000, are generally not viewed as highly concentrated.

Merger guidelines of U.S. Dept of Justice

Post-merger market Herfindahl index

> 1,800 - highly concentrated

1,000 < Herfindahl index < 1,800 - moderately concentrated

< 1,000 - unconcentrated

HOMEOWNERS

EXHIBIT IIA: NORTH DAKOTA MARKET SHARE REPORT

Year: 2013

Company	Direct WP (in 000s)	Market	
		Share	Cumulative
State Farm Fire & Cas Co	\$ 32,435	18.6%	18.6%
American Family Mut Ins Co	\$ 20,300	11.6%	30.2%
Farmers Union Mut Ins Co	\$ 15,420	8.8%	39.0%
Nodak Mut Ins Co	\$ 13,517	7.7%	46.8%
North Star Mut Ins Co	\$ 9,655	5.5%	52.3%
Auto Owners Ins Co	\$ 7,820	4.5%	56.8%
Owners Ins Co	\$ 6,059	3.5%	60.3%
Country Mut Ins Co	\$ 5,325	3.1%	63.3%
Milbank Ins Co	\$ 4,842	2.8%	66.1%
Metropolitan Prop & Cas Ins Co	\$ 4,540	2.6%	68.7%
Center Mut Ins Co	\$ 4,107	2.4%	71.0%
Fire Ins Exch	\$ 3,962	2.3%	73.3%
Safeco Ins Co Of Amer	\$ 3,420	2.0%	75.3%
Foremost Ins Co Grand Rapids MI	\$ 3,408	2.0%	77.2%
Farmers Ins Exch	\$ 3,047	1.7%	79.0%
Northwest Gf Mut Ins Co	\$ 2,926	1.7%	80.6%
United Serv Automobile Assn	\$ 2,815	1.6%	82.3%
Nationwide Affinity Co of Amer	\$ 2,647	1.5%	83.8%
Secura Supreme Ins Co	\$ 2,620	1.5%	85.3%
Dakota Fire Ins Co	\$ 2,550	1.5%	86.7%

Year: 2012

Company	Direct WP (in 000s)	Market	
		Share	Cumulative
State Farm Fire & Cas Co	\$ 29,828	18.5%	18.5%
American Family Mut Ins Co	\$ 20,391	12.7%	31.2%
Farmers Union Mut Ins Co	\$ 14,212	8.8%	40.1%
Nodak Mut Ins Co	\$ 12,886	8.0%	48.1%
North Star Mut Ins Co	\$ 8,811	5.5%	53.5%
Auto Owners Ins Co	\$ 7,764	4.8%	58.4%
Owners Ins Co	\$ 5,612	3.5%	61.9%
Country Mut Ins Co	\$ 4,812	3.0%	64.9%
Milbank Ins Co	\$ 4,615	2.9%	67.7%
Fire Ins Exch	\$ 4,003	2.5%	70.2%
Center Mut Ins Co	\$ 3,626	2.3%	72.5%
Foremost Ins Co Grand Rapids MI	\$ 2,952	1.8%	74.3%
Metropolitan Prop & Cas Ins Co	\$ 2,939	1.8%	76.1%
Safeco Ins Co Of Amer	\$ 2,897	1.8%	77.9%
Northwest Gf Mut Ins Co	\$ 2,807	1.7%	79.7%
Dakota Fire Ins Co	\$ 2,759	1.7%	81.4%
United Serv Automobile Assn	\$ 2,600	1.6%	83.0%
Farmers Ins Exch	\$ 2,571	1.6%	84.6%
Secura Supreme Ins Co	\$ 2,142	1.3%	85.9%
Teachers Ins Co	\$ 1,977	1.2%	87.2%

Year: 2011

Company	Direct WP (in 000s)	Market	
		Share	Cumulative
State Farm Fire & Cas Co	\$ 28,860	19.5%	19.5%
American Family Mut Ins Co	\$ 19,925	13.4%	32.9%
Farmers Union Mut Ins Co	\$ 13,185	8.9%	41.8%
Nodak Mut Ins Co	\$ 12,058	8.1%	49.9%
Auto Owners Ins Co	\$ 8,212	5.5%	55.4%
North Star Mut Ins Co	\$ 7,718	5.2%	60.7%
Owners Ins Co	\$ 4,921	3.3%	64.0%
Country Mut Ins Co	\$ 4,430	3.0%	67.0%
Milbank Ins Co	\$ 4,224	2.8%	69.8%
Fire Ins Exch	\$ 4,153	2.8%	72.6%
Center Mut Ins Co	\$ 3,272	2.2%	74.8%
Dakota Fire Ins Co	\$ 3,073	2.1%	76.9%
Northwest Gf Mut Ins Co	\$ 2,474	1.7%	78.5%
United Serv Automobile Assn	\$ 2,428	1.6%	80.2%
Safeco Ins Co Of Amer	\$ 2,348	1.6%	81.8%
Foremost Ins Co Grand Rapids MI	\$ 2,275	1.5%	83.3%
Farmers Ins Exch	\$ 2,016	1.4%	84.7%
Allstate Ins Co	\$ 1,752	1.2%	85.8%
Metropolitan Prop & Cas Ins Co	\$ 1,741	1.2%	87.0%
Teachers Ins Co	\$ 1,719	1.2%	88.2%

Year: 2010

Company	Direct WP (in 000s)	Market	
		Share	Cumulative
State Farm Fire & Cas Co	\$ 27,729	20.2%	20.2%
American Family Mut Ins Co	\$ 18,703	13.6%	33.9%
Farmers Union Mut Ins Co	\$ 12,413	9.1%	42.9%
Nodak Mut Ins Co	\$ 11,271	8.2%	51.1%
Auto Owners Ins Co	\$ 7,915	5.8%	56.9%
North Star Mut Ins Co	\$ 6,660	4.9%	61.8%
Fire Ins Exch	\$ 4,353	3.2%	64.9%
Milbank Ins Co	\$ 4,041	2.9%	67.9%
Owners Ins Co	\$ 3,957	2.9%	70.8%
Country Mut Ins Co	\$ 3,896	2.8%	73.6%
Center Mut Ins Co	\$ 3,277	2.4%	76.0%
Dakota Fire Ins Co	\$ 2,806	2.0%	78.0%
United Serv Automobile Assn	\$ 2,351	1.7%	79.8%
Safeco Ins Co Of Amer	\$ 2,209	1.6%	81.4%
Northwest Gf Mut Ins Co	\$ 2,167	1.6%	82.9%
Foremost Ins Co Grand Rapids MI	\$ 1,835	1.3%	84.3%
Allstate Ins Co	\$ 1,789	1.3%	85.6%
Farmers Ins Exch	\$ 1,704	1.2%	86.8%
Teachers Ins Co	\$ 1,405	1.0%	87.9%
Secura Supreme Ins Co	\$ 1,243	0.9%	88.8%

Year: 2009

Company	Direct WP (in 000s)	Market	
		Share	Cumulative
State Farm Fire & Cas Co	\$ 25,493	20.0%	20.0%
American Family Mut Ins Co	\$ 18,390	14.4%	34.4%
Farmers Union Mut Ins Co	\$ 11,971	9.4%	43.8%
Nodak Mut Ins Co	\$ 10,164	8.0%	51.8%
Auto Owners Ins Co	\$ 7,821	6.1%	57.9%
North Star Mut Ins Co	\$ 6,215	4.9%	62.8%
Fire Ins Exch	\$ 4,478	3.5%	66.3%
Milbank Ins Co	\$ 3,686	2.9%	69.2%
Country Mut Ins Co	\$ 3,433	2.7%	71.8%
Center Mut Ins Co	\$ 3,243	2.5%	74.4%
Owners Ins Co	\$ 3,165	2.5%	76.9%
Dakota Fire Ins Co	\$ 2,625	2.1%	78.9%
United Serv Automobile Assn	\$ 2,250	1.8%	80.7%
Safeco Ins Co Of Amer	\$ 2,151	1.7%	82.4%
Allstate Ins Co	\$ 1,839	1.4%	83.8%
Foremost Ins Co Grand Rapids MI	\$ 1,561	1.2%	85.0%
Northwest Gf Mut Ins Co	\$ 1,530	1.2%	86.2%
Farmers Ins Exch	\$ 1,481	1.2%	87.4%
Amco Ins Co	\$ 1,246	1.0%	88.4%
Allied Prop & Cas Ins Co	\$ 1,113	0.9%	89.3%

Year: 2008

Company	Direct WP (in 000s)	Market	
		Share	Cumulative
State Farm Fire & Cas Co	\$ 23,030	19.4%	19.4%
American Family Mut Ins Co	\$ 18,008	15.2%	34.6%
Farmers Union Mut Ins Co	\$ 10,824	9.1%	43.7%
Nodak Mut Ins Co	\$ 9,172	7.7%	51.5%
Auto Owners Ins Co	\$ 7,591	6.4%	57.9%
North Star Mut Ins Co	\$ 5,849	4.9%	62.8%
Fire Ins Exch	\$ 4,554	3.8%	66.6%
Center Mut Ins Co	\$ 3,295	2.8%	69.4%
Milbank Ins Co	\$ 3,254	2.7%	72.2%
Country Mut Ins Co	\$ 2,925	2.5%	74.6%
Owners Ins Co	\$ 2,685	2.3%	76.9%
Dakota Fire Ins Co	\$ 2,494	2.1%	79.0%
Safeco Ins Co Of Amer	\$ 2,173	1.8%	80.8%
USAA	\$ 2,089	1.8%	82.6%
Allstate Ins Co	\$ 1,967	1.7%	84.3%
Foremost Ins Co	\$ 1,467	1.2%	85.5%
Amco Ins Co	\$ 1,397	1.2%	86.7%
Northwest Gf Mut Ins Co	\$ 1,347	1.1%	87.8%
Emcasco Ins Co	\$ 1,086	0.9%	88.7%
Allied Prop & Cas Ins Co	\$ 1,027	0.9%	89.6%

HOMEOWNERS

EXHIBIT IIA: NORTH DAKOTA MARKET SHARE REPORT (by Group)

Year: 2013				Year: 2012			
<u>Group/Company</u>	<u>Direct WP (in 000s)</u>	<u>Market Share</u>	<u>Cumulative</u>	<u>Group/Company</u>	<u>Direct WP (in 000s)</u>	<u>Market Share</u>	<u>Cumulative</u>
STATE FARM GRP	\$ 32,435	18.6%	18.6%	STATE FARM GRP	\$ 29,828	18.5%	18.5%
AMERICAN FAMILY INS GRP	\$ 22,156	12.7%	31.3%	AMERICAN FAMILY INS GRP	\$ 20,391	12.7%	31.2%
Farmers Union Mut Ins Co	\$ 15,420	8.8%	40.1%	Farmers Union Mut Ins Co	\$ 14,212	8.8%	40.1%
AUTO OWNERS GRP	\$ 13,879	8.0%	48.1%	AUTO OWNERS GRP	\$ 13,376	8.3%	48.4%
Nodak Mut Grp	\$ 13,517	7.7%	55.8%	Nodak Mut Grp	\$ 12,886	8.0%	56.4%
FARMERS INS GRP	\$ 10,653	6.1%	61.9%	ZURICH INS GRP	\$ 9,905	6.2%	62.5%
NORTH STAR CO GRP	\$ 9,655	5.5%	67.4%	NORTH STAR CO GRP	\$ 8,811	5.5%	68.0%
Country Ins & Fin Serv Grp	\$ 5,325	3.1%	70.5%	Country Ins & Fin Serv Grp	\$ 4,812	3.0%	71.0%
UNITED SERV AUTOMOBILE ASSN GRP	\$ 4,914	2.8%	73.3%	STATE AUTO MUT GRP	\$ 4,615	2.9%	73.9%
STATE AUTO MUT GRP	\$ 4,842	2.8%	76.1%	UNITED SERV AUTOMOBILE ASSN GRP	\$ 4,176	2.6%	76.5%
METROPOLITAN GRP	\$ 4,540	2.6%	78.7%	EMC INS CO GRP	\$ 3,999	2.5%	79.0%
NATIONWIDE CORP GRP	\$ 4,469	2.6%	81.2%	Center Mut Ins Co	\$ 3,626	2.3%	81.2%
Center Mut Ins Co	\$ 4,107	2.4%	83.6%	NATIONWIDE CORP GRP	\$ 3,374	2.1%	83.3%
LIBERTY MUT GRP	\$ 3,801	2.2%	85.8%	LIBERTY MUT GRP	\$ 3,259	2.0%	85.3%
EMC INS CO GRP	\$ 3,662	2.1%	87.9%	ALLSTATE INS GRP	\$ 3,229	2.0%	87.4%
ALLSTATE INS GRP	\$ 3,385	1.9%	89.8%	METROPOLITAN GRP	\$ 2,939	1.8%	89.2%
Northwest Gf Mut Ins Co	\$ 2,926	1.7%	91.5%	Northwest Gf Mut Ins Co	\$ 2,807	1.7%	90.9%
Secura Ins Grp	\$ 2,625	1.5%	93.0%	HORACE MANN GRP	\$ 2,252	1.4%	92.3%
HORACE MANN GRP	\$ 2,427	1.4%	94.4%	Secura Ins Grp	\$ 2,148	1.3%	93.7%
ALLIANCE INS GRP	\$ 1,956	1.1%	95.5%	ALLIANCE INS GRP	\$ 1,715	1.1%	94.7%

HOMEOWNERS

EXHIBIT IIB: NORTH DAKOTA MARKET SHARE REPORT ENTRIES/EXITS IN TOP 20 WRITERS

Year	# of New Entries/Exits into Top 20 Carriers	Changes within Top 20 Carriers
1993	2	8
1994	1	7
1995	0	8
1996	2	11
1997	1	8
1998	2	10
1999	1	4
2000	2	10
2001	1	6
2002	2	13
2003	2	12
2004	1	14
2005	2	7
2006	0	7
2007	0	10
2008	0	8
2009	1	7
2010	2	5
2011	1	10
2012	1	9
2013	1	7

EXHIBIT IIC: NORTH DAKOTA HOMEOWNERS MARKET SHARE- SURPLUS (non-licensed)

YEAR:	2012		2012		2011
	Direct Written Premium <u>(000s)</u>	<u>Company</u>	Direct Written Premium <u>(000s)</u>	<u>Company</u>	Direct Written Premium <u>(000s)</u>
	3.05	Scottsdale Ins Co	4.56	American Western Home Ins Co	31.03
	1.56	Lexington Ins Co	4.47	Lexington Ins Co	10.53
	\$4.61	Prime Ins Co	<u>3.79</u>		\$41.56
			\$12.82		

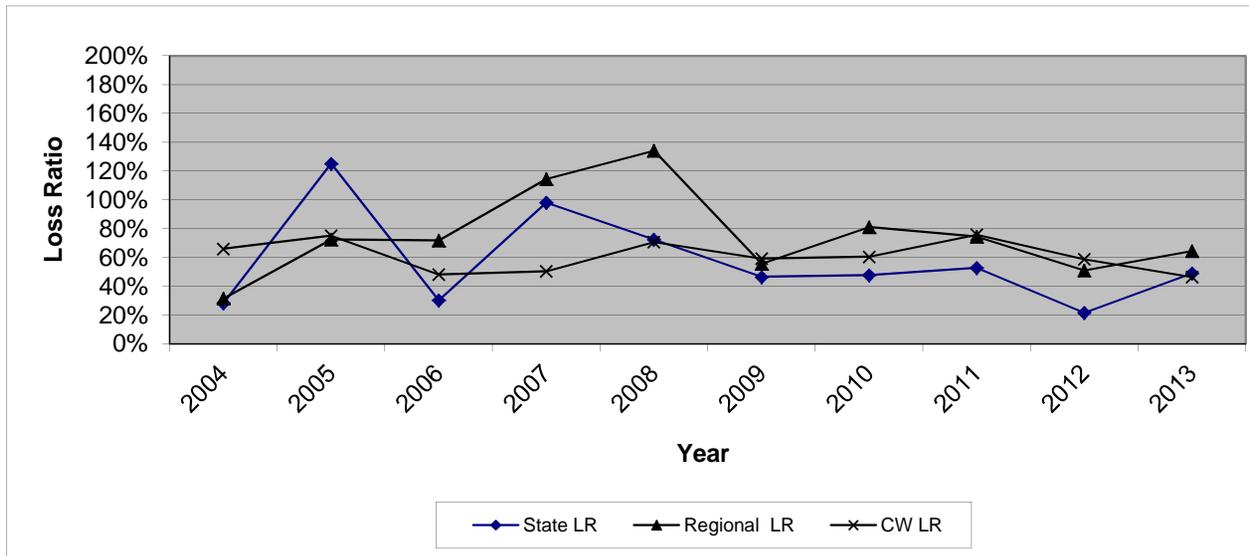
YEAR:	2010		2009		2008
	Direct Written Premium <u>(000s)</u>	<u>Company</u>	Direct Written Premium <u>(000s)</u>	<u>Company</u>	Direct Written Premium <u>(000s)</u>
	24.88	American Western Home Ins Co	18.48	American Western Home Ins Co	10.96
	10.45	Lexington Ins Co	4.03		
	\$35.33	Illinois Union Ins Co	1.05		
			\$23.55		

YEAR:	2007		2006		2005
	Direct Written Premium <u>(000s)</u>	<u>Company</u>	Direct Written Premium <u>(000s)</u>	<u>Company</u>	Direct Written Premium <u>(000s)</u>
	6.33	American Western Home Ins Co	6.77	Lexington Ins Co	10.51
			<u>0.81</u>	American Western Home Ins Co	<u>0.32</u>
			\$ 7.58		\$ 10.83

HOMEOWNERS

EXHIBIT III: HISTORICAL LOSS RATIOS

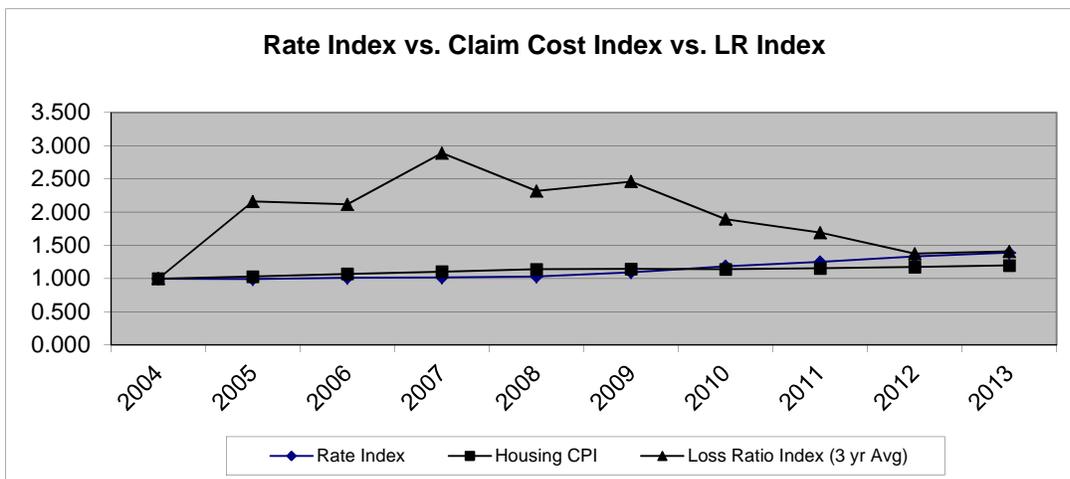
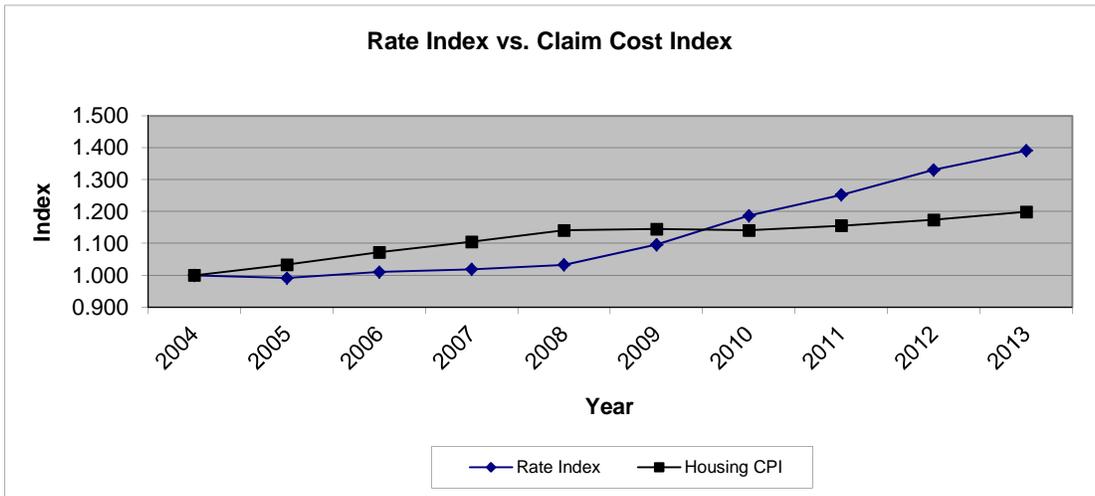
Year	Statewide Loss Ratio	Regional Loss Ratio	Countrywide Loss Ratio
2004	28%	32%	66%
2005	125%	73%	75%
2006	30%	72%	48%
2007	98%	115%	50%
2008	73%	134%	71%
2009	46%	56%	59%
2010	48%	81%	60%
2011	53%	74%	76%
2012	22%	51%	59%
2013	49%	64%	46%



HOMEOWNERS

EXHIBIT IV: LOSS RATIO VS. RATE CHANGES VS. COST INDICES

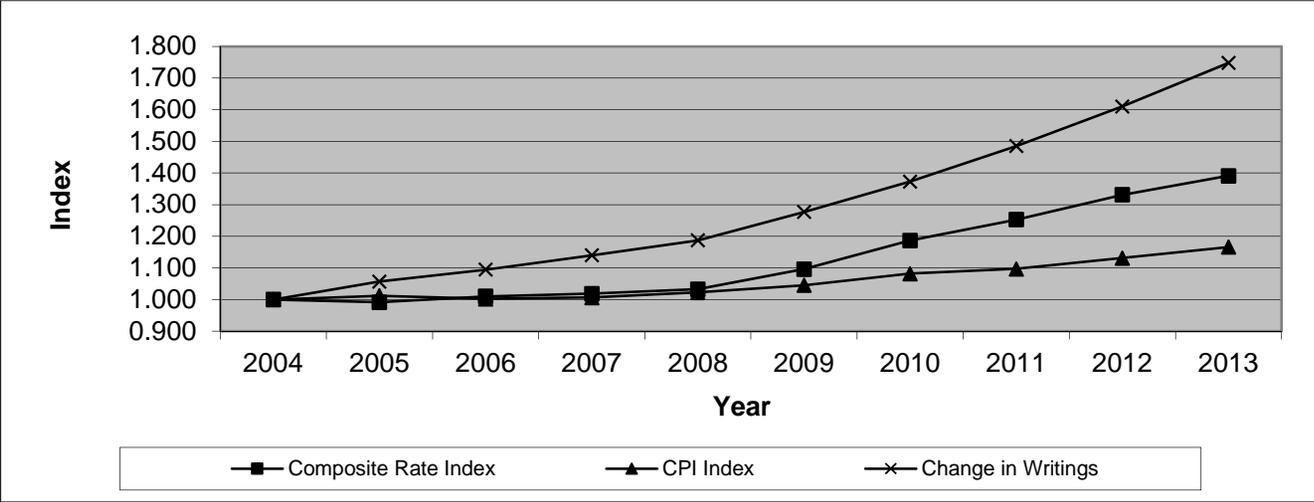
Year	Composite Rate Index	Relevant Claim Cost Index	Statewide 3 Yr LR Index
2004	1.000	1.000	1.000
2005	0.991	1.033	2.162
2006	1.010	1.072	2.119
2007	1.019	1.105	2.891
2008	1.033	1.141	2.320
2009	1.096	1.145	2.461
2010	1.187	1.141	1.896
2011	1.252	1.156	1.692
2012	1.331	1.174	1.377
2013	1.391	1.199	1.411



HOMEOWNERS

EXHIBIT V: CHANGE IN PREMIUM WRITINGS

Year	Statewide Written Premium (000s)	Change in Writings	Indexed	Composit Rate Index	Consumer Price Index
2004	\$ 99,890		1.00	1.000	1.000
2005	\$ 105,569	5.7%	1.06	0.991	1.012
2006	\$ 109,352	3.6%	1.09	1.010	1.003
2007	\$ 113,881	4.1%	1.14	1.019	1.007
2008	\$ 118,574	4.1%	1.19	1.033	1.023
2009	\$ 127,562	7.6%	1.28	1.096	1.046
2010	\$ 137,132	7.5%	1.37	1.187	1.082
2011	\$ 148,321	8.2%	1.48	1.252	1.097
2012	\$ 160,838	8.4%	1.61	1.331	1.131
2013	\$ 174,570	8.5%	1.75	1.391	1.166



HOMEOWNERS

EXHIBIT VI: FIELD MARKET SURVEY

Available Markets	<u>Fewer</u> 21	17.9%	<u>Same</u> 84	71.8%	<u>More</u> 12	10.3%	<u>Total Responses</u> 117
Rate Changes	<u>Increased</u> 100	86.2%	<u>Same</u> 14	12.1%	<u>Decreased</u> 2	1.7%	<u>Total Responses</u> 116
Underwriting Changes	<u>More Strict</u> 89	76.1%	<u>Same</u> 28	23.9%	<u>Less Strict</u> 0	0.0%	<u>Total Responses</u> 117
Finding Coverage	<u>Always</u> 34	29.3%	<u>Occasionally Not</u> 78	67.2%	<u>Frequently Unable</u> 4	3.4%	<u>Total Responses</u> 116

HOMEOWNERS

EXHIBIT VII – RESIDUAL MARKET POPULATION

North Dakota currently does not have a residual market mechanism for Homeowners insurance. During the 2003 legislative session, statutory authority was granted to the commissioner to implement a residual market placement facility, if after conducting a hearing it is determined that there is a lack of availability of property insurance for the homeowners market.

HOMEOWNERS

EXHIBIT VIII - MATRIX OF INDICATORS

Factor	Competitive Level		
	Low	Moderate	High
Market Concentration (Herfindahl index)			XX
Market Share Analysis –Market Share Changes		XX	
Market Share Analysis –Company Changes		XX	
Market Share Analysis – Surplus (non-licensed)			XX
Historical Loss Ratios (Statewide, Regional, and Countrywide)	NA	NA	NA
Loss Ratios vs Rate Change vs Claims Cost Indexes	XX		
Change in Premium Writings	NA	NA	NA
Field Market Survey Results-October 2013		XX	
Residual Market Population			XX

Final ranking based upon all factors: Moderate

Addendum 6 Narrative Summary – Medical Malpractice

The market analysis components found in the attached exhibits for medical malpractice are summarized below:

Exhibit I -Market Concentration (Herfindahl index)

The historical concentration ratios and Herfindahl indices for North Dakota show that the market is highly concentrated indicating a low level of competition.

The index for North Dakota compared to countrywide, indicates the North Dakota market is more significantly concentrated than the countywide market.

Exhibit II-A - Market Share Analysis –Market Share Changes

With the exception of calendar year 2009, the top 4 writers' combined market share has consistently exceeded 70%, which is considered high. The total market share of the top 20 companies combined has consistently been about 98% of the market. This suggests the market is not competitive.

It should be noted that the general category of Medical Malpractice includes a variety of different types of risks. Contracts can cover Physician and Surgeons, Hospital/Clinic Professional, Dentists, Chiropractors, Nurses and other Allied Healthcare providers. Most companies specialize in writing only certain risk categories. Not all companies write all classes of risk.

Exhibit II-B – Market Share Analysis –Company Changes

While there are relatively few companies entering and leaving the top 20, there continues to be substantial movement among companies within the top 20.

Highly competitive markets are associated with a high degree of movement and a low concentration of market share.

This information suggests that the market is moderately competitive.

Exhibit II-C – Market Share Analysis – Surplus (non-licensed)

In 2012, more than 13% of the premium for this line was written by surplus lines carriers. Seven of the top 20 writers in the state, are surplus lines carriers. This information indicates the market is at a low competitive level.

Exhibit III – Historical Loss Ratios (Statewide, Regional, and Countrywide)

Over the past ten years, statewide loss ratios have been decreasing.

This information by itself is not an indicator of the competitive level of the market.

Exhibit IV – Loss Ratios vs Rate Change vs Claims Cost Indexes

Rate changes do not appear to have kept pace with trends reflected in the claim cost index. However, we note there are other rating tools, such as schedule and experience rating which could cause premiums to rise without a corresponding filed rate increase. Also, to the extent rates are increasing among surplus lines carriers, those rate changes are not filed with, nor approved by our department, and are not reflected in this exhibit.

Over the past ten years, loss ratios are gradually decreasing while rates are staying relatively flat. This generally reflects a non-competitive market.

The combination of these two pieces of information indicates a moderately competitive market.

Exhibit V – Change in Premium Writings

Written premiums have fluctuated significantly over the past 10 year. Potential sources of this decrease could be implicit rate decreases due to increased schedule and experience rating credits, which would be an indication of a competitive market. It could also be due to insured's purchasing higher deductibles/Self-insured retentions, - perhaps an indication of a less than competitive market.

This information by itself is not an indicator of the competitive level of the market.

Exhibit VI – Field Market Survey Results-September 2013

There were too few responses to the 2013 field market survey for the Medical Malpractice line to draw meaningful conclusions as to the competitiveness of the market.

Exhibit VII – Residual Market Population

There is no residual market mechanism for Medical Malpractice insurance in North Dakota. Consumers who cannot obtain insurance through the admitted market must either look for coverage in the surplus market, with a Risk Retention Group or go without.

The absence of the need for a residual market mechanism would be considered an indicator of a competitive market.

Exhibit VIII – Matrix of Indicators

The Herfindahl index, the Market Share Changes and Market Surplus indicate the market is at a low competitive level. Market Share Company Changes and loss ratio vs. rate change exhibits reflect a moderately competitive market. The lack of a residual market suggests a highly competitive market.

Final assessment

The evaluation of the market through the year 2013 indicates a low competitive market. In determining what the overall market trend and competitive level are, more weight is given to the Herfindahl index as this is a statistically sound indicator.

MEDICAL MALPRACTICE

EXHIBIT I: MARKET CONCENTRATION

Year	North Dakota			Countrywide		
	4-Firm	20-Firm	Herfindahl Index	4-Firm	20-Firm	Herfindahl Index
	Concentration Ratio	Concentration Ratio		Concentration Ratio	Concentration Ratio	
1994	66.2%	99.0%		22.2%	55.9%	
1995	65.6%	98.4%		19.8%	54.5%	
1996	68.9%	98.7%		17.9%	54.1%	
1997	58.8%	97.8%		18.1%	52.9%	
1998	61.7%	98.5%		18.0%	54.3%	
1999	77.1%	99.3%		18.6%	53.2%	
2000	65.2%	98.7%		18.3%	51.0%	
2001	75.6%	99.2%		20.3%	54.2%	
2002	81.8%	99.0%		21.5%	55.6%	
2003	82.7%	98.9%		23.2%	55.9%	
2004	79.9%	98.9%	(2,094)	21.2%	54.1%	(308)
2005	74.0%	98.9%	(1,924)	19.9%	52.3%	(287)
2006	76.4%	98.5%	(2,050)	20.0%	52.1%	(290)
2007	79.5%	98.5%	(2,339)	21.2%	51.7%	(290)
2008	72.7%	98.2%	(2,539)	20.4%	51.1%	(294)
2009	67.8%	97.8%	(1,521)	20.5%	51.2%	(287)
2010	78.9%	98.3%	(2,185)	20.9%	50.4%	(300)
2011	78.3%	98.3%	(2,308)	21.2%	50.7%	(322)
2012	73.7%	97.8%	(2,035)	21.7%	50.9%	(319)
2013	77.7%	97.5%	(2,486)	22.5%	51.4%	(315)

Benchmarks:

National industries with 4-firm concentration ratios <75% and Herfindahl index <2000, are generally not viewed as highly concentrated.

Merger guidelines of U.S. Dept of Justice

Post-merger market Herfindahl index

- > 1,800 - highly concentrated
- 1,000 < Herfindahl index < 1,800 - moderately concentrated
- < 1,000 - unconcentrated

MEDICAL MALPRACTICE

EXHIBIT IIA: NORTH DAKOTA MARKET SHARE REPORT

Year: 2013

Company	Direct WP (in 000s)	Market	
		Share	Cumulative
MHA Ins Co	\$ 4,237	37.2%	37.2%
MMIC Ins Inc	\$ 3,343	29.3%	66.5%
Medical Protective Co	\$ 824	7.2%	73.7%
Ironshore Specialty Ins Co	\$ 454	4.0%	77.7%
Columbia Cas Co	\$ 323	2.8%	80.5%
American Cas Co Of Reading PA	\$ 288	2.5%	83.1%
NCMIC Ins Co	\$ 248	2.2%	85.2%
Continental Cas Co	\$ 237	2.1%	87.3%
Evanston Ins Co	\$ 190	1.7%	89.0%
Preferred Professional Ins Co	\$ 158	1.4%	90.4%
Steadfast Ins Co	\$ 115	1.0%	91.4%
Oms Natl Ins Co Rrg	\$ 107	0.9%	92.3%
Liberty Ins Underwriters Inc	\$ 101	0.9%	93.2%
Fair Amer Ins & Reins Co	\$ 97	0.9%	94.0%
Doctors Co An Interins Exch	\$ 90	0.8%	94.8%
Pharmacists Mut Ins Co	\$ 77	0.7%	95.5%
Arch Specialty Ins Co	\$ 75	0.7%	96.2%
TDC Specialty Ins Co	\$ 68	0.6%	96.8%
Church Mut Ins Co	\$ 43	0.4%	97.2%
Ace Amer Ins Co	\$ 37	0.3%	97.5%

Year: 2012

Company	Direct WP (in 000s)	Market	
		Share	Cumulative
MMIC Ins Inc	\$ 3,835	33.7%	33.7%
MHA Ins Co	\$ 2,930	25.7%	59.4%
Medical Protective Co	\$ 939	8.2%	67.7%
Columbia Cas Co	\$ 682	6.0%	73.7%
Preferred Professional Ins Co	\$ 503	4.4%	78.1%
Ironshore Specialty Ins Co	\$ 499	4.4%	82.5%
American Cas Co Of Reading PA	\$ 271	2.4%	84.8%
Continental Cas Co	\$ 248	2.2%	87.0%
NCMIC Ins Co	\$ 241	2.1%	89.1%
National Union Fire Ins Co Of Pitts	\$ 162	1.4%	90.6%
Steadfast Ins Co	\$ 129	1.1%	91.7%
Evanston Ins Co	\$ 122	1.1%	92.8%
Doctors Co An Interins Exch	\$ 117	1.0%	93.8%
Oms Natl Ins Co Rrg	\$ 104	0.9%	94.7%
Liberty Ins Underwriters Inc	\$ 96	0.8%	95.5%
Pharmacists Mut Ins Co	\$ 76	0.7%	96.2%
Professional Underwriters Liab Ins C	\$ 69	0.6%	96.8%
Church Mut Ins Co	\$ 42	0.4%	97.2%
Ace Amer Ins Co	\$ 37	0.3%	97.5%
Kinsale Ins Co	\$ 37	0.3%	97.8%

Year: 2011

Company	Direct WP (in 000s)	Market	
		Share	Cumulative
MHA Ins Co	\$ 4,463	33.4%	33.4%
MMIC Ins Inc	\$ 4,297	32.2%	65.6%
Medical Protective Co	\$ 957	7.2%	72.7%
Arch Specialty Ins Co	\$ 746	5.6%	78.3%
Preferred Professional Ins Co	\$ 446	3.3%	81.7%
Columbia Cas Co	\$ 380	2.8%	84.5%
American Cas Co Of Reading PA	\$ 256	1.9%	86.4%
Continental Cas Co	\$ 244	1.8%	88.2%
NCMIC Ins Co	\$ 227	1.7%	90.0%
Ironshore Specialty Ins Co	\$ 211	1.6%	91.5%
Liberty Ins Underwriters Inc	\$ 147	1.1%	92.6%
Steadfast Ins Co	\$ 124	0.9%	93.6%
Oms Natl Ins Co Rrg	\$ 111	0.8%	94.4%
National Union Fire Ins Co Of Pitts	\$ 107	0.8%	95.2%
Doctors Co An Interins Exch	\$ 106	0.8%	96.0%
Pharmacists Mut Ins Co	\$ 74	0.6%	96.5%
National Fire & Marine Ins Co	\$ 70	0.5%	97.1%
Professional Underwriters Liab Ins C	\$ 70	0.5%	97.6%
Ace Amer Ins Co	\$ 50	0.4%	98.0%
Evanston Ins Co	\$ 46	0.3%	98.3%

Year: 2010

Company	Direct WP (in 000s)	Market	
		Share	Cumulative
MHA Ins Co	\$ 4,670	33.3%	33.3%
MMIC Ins Inc	\$ 4,034	28.8%	62.1%
Medical Protective Co	\$ 1,664	11.9%	74.0%
Arch Specialty Ins Co	\$ 695	5.0%	78.9%
Columbia Cas Co	\$ 429	3.1%	82.0%
Preferred Professional Ins Co	\$ 429	3.1%	85.1%
Ironshore Specialty Ins Co	\$ 359	2.6%	87.6%
American Cas Co Of Reading PA	\$ 251	1.8%	89.4%
Continental Cas Co	\$ 239	1.7%	91.1%
NCMIC Ins Co	\$ 216	1.5%	92.7%
Doctors Co An Interins Exch	\$ 127	0.9%	93.6%
Steadfast Ins Co	\$ 115	0.8%	94.4%
Oms Natl Ins Co Rrg	\$ 106	0.8%	95.1%
National Union Fire Ins Co Of Pitts	\$ 99	0.7%	95.8%
National Fire & Marine Ins Co	\$ 84	0.6%	96.4%
Pharmacists Mut Ins Co	\$ 73	0.5%	97.0%
Professional Underwriters Liab Ins C	\$ 65	0.5%	97.4%
Ace Amer Ins Co	\$ 46	0.3%	97.8%
Evanston Ins Co	\$ 44	0.3%	98.1%
Church Mut Ins Co	\$ 39	0.3%	98.3%

Year: 2009

Company	Direct WP (in 000s)	Market	
		Share	Cumulative
MHA Ins Co	\$ 3,105	26.3%	26.3%
Midwest Medical Ins Co	\$ 2,489	21.1%	47.5%
Medical Protective Co	\$ 1,350	11.4%	58.9%
Arch Specialty Ins Co	\$ 1,053	8.9%	67.8%
Steadfast Ins Co	\$ 941	8.0%	75.8%
Preferred Professional Ins Co	\$ 434	3.7%	79.5%
Columbia Cas Co	\$ 335	2.8%	82.3%
American Cas Co Of Reading PA	\$ 298	2.5%	84.9%
Homeland Ins Co of NY	\$ 247	2.1%	87.0%
Continental Cas Co	\$ 244	2.1%	89.0%
NCMIC Ins Co	\$ 208	1.8%	90.8%
Professional Solutions Ins Co	\$ 189	1.6%	92.4%
Doctors Co An Interins Exch	\$ 151	1.3%	93.7%
Chicago Ins Co	\$ 104	0.9%	94.6%
Oms Natl Ins Co Rrg	\$ 89	0.8%	95.3%
Professional Underwriters Liab Ins C	\$ 70	0.6%	95.9%
Pharmacists Mut Ins Co	\$ 69	0.6%	96.5%
National Fire & Marine Ins Co	\$ 68	0.6%	97.1%
Evanston Ins Co	\$ 46	0.4%	97.5%
Ace Amer Ins Co	\$ 45	0.4%	97.8%

Year: 2008

Company	Direct WP (in 000s)	Market	
		Share	Cumulative
MHA Ins Co	\$ 6,784	46.9%	46.9%
Midwest Medical Ins Co	\$ 1,716	11.9%	58.8%
Arch Specialty Ins Co	\$ 1,057	7.3%	66.1%
Medical Protective Co	\$ 959	6.6%	72.7%
Steadfast Ins Co	\$ 727	5.0%	77.7%
Lexington Ins Co	\$ 543	3.7%	81.5%
Preferred Professional Ins Co	\$ 419	2.9%	84.4%
Columbia Cas Co	\$ 321	2.2%	86.6%
American Cas Co Of Reading PA	\$ 301	2.1%	88.7%
Continental Cas Co	\$ 242	1.7%	90.3%
Homeland Ins Co of NY	\$ 212	1.5%	91.8%
NCMIC Ins Co	\$ 207	1.4%	93.2%
Doctors Co An Interins Exch	\$ 131	0.9%	94.1%
Evanston Ins Co	\$ 106	0.7%	94.9%
Chicago Ins Co	\$ 103	0.7%	95.6%
Illinois Union Ins Co	\$ 82	0.6%	96.1%
Oms Natl Ins Co Rrg	\$ 76	0.5%	96.7%
National Fire & Marine Ins Co	\$ 76	0.5%	97.2%
Pharmacists Mut Ins Co	\$ 72	0.5%	97.7%
Professional Underwriters Liab Ins C	\$ 68	0.5%	98.2%

MEDICAL MALPRACTICE

EXHIBIT IIA: NORTH DAKOTA MARKET SHARE REPORT (by Group)

Year: 2013				Year: 2012			
<u>Group/Company</u>	<u>Direct WP</u> <u>(in 000s)</u>	<u>Market</u> <u>Share</u>	<u>Cumulative</u>	<u>Group/Company</u>	<u>Direct WP</u> <u>(in 000s)</u>	<u>Market</u> <u>Share</u>	<u>Cumulative</u>
Coverys Grp	\$ 4,395	38.6%	38.6%	MMIC Grp	\$ 3,835	33.7%	33.7%
MMIC Grp	\$ 3,343	29.3%	67.9%	Coverys Grp	\$ 2,930	25.7%	59.4%
CNA INS GRP	\$ 847	7.4%	75.3%	CNA INS GRP	\$ 1,202	10.6%	70.0%
BERKSHIRE HATHAWAY GRP	\$ 834	7.3%	82.6%	BERKSHIRE HATHAWAY GRP	\$ 974	8.6%	78.5%
Ironshore Grp	\$ 454	4.0%	86.6%	Christus Hlth Grp	\$ 503	4.4%	82.9%
NCMIC Grp	\$ 250	2.2%	88.8%	Ironshore Grp	\$ 499	4.4%	87.3%
MARKEL CORP GRP	\$ 190	1.7%	90.5%	NCMIC Grp	\$ 242	2.1%	89.5%
DOCTORS CO GRP	\$ 159	1.4%	91.9%	DOCTORS CO GRP	\$ 186	1.6%	91.1%
ZURICH INS GRP	\$ 115	1.0%	92.9%	AMERICAN INTL GRP	\$ 185	1.6%	92.7%
Alleghany Grp	\$ 115	1.0%	93.9%	ZURICH INS GRP	\$ 129	1.1%	93.8%
NATIONAL GRP	\$ 108	0.9%	94.8%	MARKEL CORP GRP	\$ 122	1.1%	94.9%
LIBERTY MUT GRP	\$ 101	0.9%	95.7%	NATIONAL GRP	\$ 105	0.9%	95.8%
PHARMACISTS MUT GRP	\$ 77	0.7%	96.4%	LIBERTY MUT GRP	\$ 96	0.8%	96.7%
Arch Ins Grp	\$ 75	0.7%	97.0%	PHARMACISTS MUT GRP	\$ 76	0.7%	97.3%
Ace Ltd Grp	\$ 51	0.4%	97.5%	Church Mut Ins Co	\$ 42	0.4%	97.7%
AMERICAN INTL GRP	\$ 47	0.4%	97.9%	Ace Ltd Grp	\$ 39	0.3%	98.1%
Church Mut Ins Co	\$ 43	0.4%	98.3%	Kinsale Ins Co	\$ 37	0.3%	98.4%
ProAssurance Corp Grp	\$ 31	0.3%	98.5%	CINCINNATI FIN GRP	\$ 27	0.2%	98.6%
CINCINNATI FIN GRP	\$ 27	0.2%	98.8%	Chubb Inc Grp	\$ 23	0.2%	98.8%
WR Berkley Corp GRP	\$ 24	0.2%	99.0%	ProAssurance Corp Grp	\$ 23	0.2%	99.0%

EXHIBIT IIC: NORTH DAKOTA MEDICAL MALPRACTICE MARKET SHARE- SURPLUS (non-licensed)

YEAR:	2013		2012		2011
	Direct Written Premium (000s)	Company	Direct Written Premium (000s)	Company	Direct Written Premium (000s)
Ironshore Specialty Ins Co	\$ 454.25	Columbia Cas Co	\$ 682.38	Arch Specialty Ins Co	\$ 745.50
Columbia Cas Co	\$ 322.61	Ironshore Specialty Ins Co	\$ 498.95	Columbia Cas Co	\$ 380.13
Evanston Ins Co	\$ 190.01	Steadfast Ins Co	\$ 129.07	Ironshore Specialty Ins Co	\$ 210.94
Steadfast Ins Co	\$ 114.64	Evanston Ins Co	\$ 122.35	Steadfast Ins Co	\$ 124.03
Oms Natl Ins Co Rrg	\$ 106.78	Professional Underwriters Liab Ins Co	\$ 69.46	Oms Natl Ins Co Rrg	\$ 110.56
Arch Specialty Ins Co	\$ 75.00	Kinsale Ins Co	\$ 37.01	National Fire & Marine Ins Co	\$ 70.13
TDC Specialty Ins Co	\$ 68.31	Chubb Custom Ins Co	\$ 23.18	Professional Underwriters Liab Ins Co	\$ 70.10
ProAssurance Specialty Ins Co	\$ 26.08	General Star Ind Co	\$ 18.40	Evanston Ins Co	\$ 46.12
Chubb Custom Ins Co	\$ 23.18	Landmark Amer Ins Co	\$ 17.50	Chubb Custom Ins Co	\$ 22.50
Landmark Amer Ins Co	\$ 17.50	National Fire & Marine Ins Co	\$ 16.25	Admiral Ins Co	\$ 15.12
MT Hawley Ins Co	\$ 14.98	ProAssurance Specialty Ins Co	\$ 16.23	Lexington Ins Co	\$ 13.79
Illinois Union Ins Co	\$ 13.94	Lexington Ins Co	\$ 11.34	ProAssurance Specialty Ins Co	\$ 12.60
Allied Professionals Ins Co RRG	\$ 11.78	Nautilus Ins Co	\$ 11.26	Health Care Industry Liab Recip Ins	\$ 10.00
American Assoc Of Othodontists RRG	\$ 11.09	Admiral Ins Co	\$ 8.19	American Assoc Of Othodontists RRG	\$ 8.81
Health Care Industry Liab Recip Ins	\$ 10.00	James River Ins Co	\$ 5.27	Landmark Amer Ins Co	\$ 8.55
James River Ins Co	\$ 9.72	Western World Ins Co	\$ 4.81	General Star Ind Co	\$ 6.08
General Star Ind Co	\$ 9.65	Interstate Fire & Cas Co	\$ 4.46	Western World Ins Co	\$ 3.84
Lexington Ins Co	\$ 7.26	Illinois Union Ins Co	\$ 2.35	James River Ins Co	\$ 2.68
Admiral Ins Co	\$ 4.30	The Cincinnati Specialty Underwriter	\$ 2.26	Allied Professionals Ins Co RRG	\$ 1.89
The Cincinnati Specialty Underwriter	\$ 2.44	Essex Ins Co	\$ 0.14	The Cincinnati Specialty Underwriter	\$ 1.65
Western World Ins Co	\$ 2.25	Chartis Specialty Ins Co	\$ 0.13	Illinois Union Ins Co	\$ 1.24
Kinsale Ins Co	\$ 1.47		\$ 1,680.97	Affiliates Ins Recip a RRG	\$ 1.15
Oceanus Ins Co A RRG	\$ 1.33			Essex Ins Co	\$ 0.22
	\$ 1,498.56			Chartis Specialty Ins Co	\$ 0.00
					\$ 1,867.63

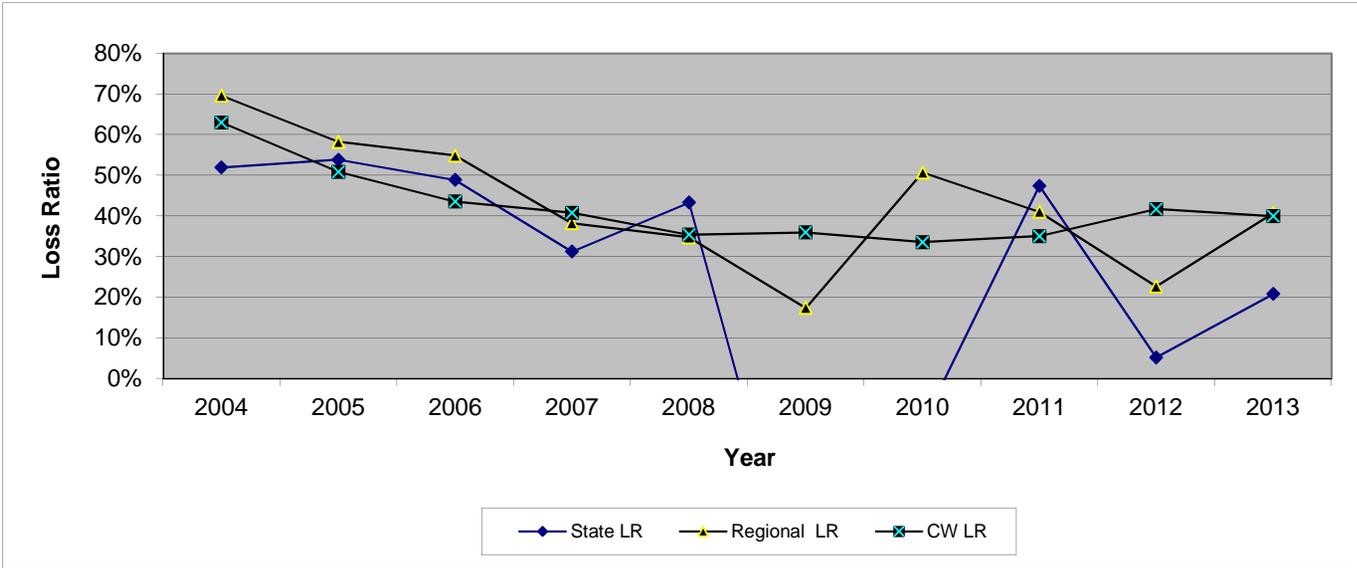
YEAR:	2010		2009		2008
	Direct Written Premium (000s)	Company	Direct Written Premium (000s)	Company	Direct Written Premium (000s)
Arch Specialty Ins Co	\$ 695.00	Arch Specialty Ins Co	\$ 1,052.50	Arch Specialty Ins Co	\$ 1,057.35
Columbia Cas Co	\$ 429.35	Steadfast Ins Co	\$ 940.73	Steadfast Ins Co	\$ 726.51
Ironshore Specialty Ins Co	\$ 359.00	Columbia Cas Co	\$ 334.58	Lexington Ins Co	\$ 542.51
Steadfast Ins Co	\$ 115.17	Homeland Ins Co of NY	\$ 246.61	Columbia Cas Co	\$ 321.03
National Fire & Marine Ins Co	\$ 83.66	Oms Natl Ins Co Rrg	\$ 88.72	Homeland Ins Co of NY	\$ 212.00
Professional Underwriters Liab Ins Co	\$ 64.90	Professional Underwriters Liab Ins Co	\$ 70.11	Evanston Ins Co	\$ 105.65
Evanston Ins Co	\$ 43.64	National Fire & Marine Ins Co	\$ 68.38	Illinois Union Ins Co	\$ 82.26
Admiral Ins Co	\$ 26.13	Evanston Ins Co	\$ 45.63	Oms Natl Ins Co Rrg	\$ 76.21
Chubb Custom Ins Co	\$ 22.50	Chubb Custom Ins Co	\$ 22.50	National Fire & Marine Ins Co	\$ 76.09
Empire Ind Ins Co	\$ 15.74	Empire Ind Ins Co	\$ 16.40	Professional Underwriters Liab Ins Co	\$ 67.69
Interstate Fire & Cas Co	\$ 9.30	Admiral Ins Co	\$ 10.38	Landmark Amer Ins Co	\$ 9.76
Lexington Ins Co	\$ 8.40	Interstate Fire & Cas Co	\$ 9.28	American Assoc Of Othodontists RRG	\$ 7.03
Homeland Ins Co of NY	\$ 7.74	American Assoc Of Othodontists RRG	\$ 8.47	Admiral Ins Co	\$ 5.25
ProAssurance Specialty Ins Co	\$ 7.68	Western World Ins Co	\$ 4.26	ProAssurance Specialty Ins Co	\$ 5.00
Landmark Amer Ins Co	\$ 4.50	Lexington Ins Co	\$ 3.79	Western World Ins Co	\$ 4.71
James River Ins Co	\$ 2.61	James River Ins Co	\$ 2.55	Ophthalmic Mut Ins Co RRG	\$ 2.16
Western World Ins Co	\$ 2.42	Allied Professionals Ins Co RRG	\$ 1.64	Allied Professionals Ins Co RRG	\$ 1.54
Essex Ins Co	\$ 0.22	Landmark Amer Ins Co	\$ 1.50	General Star Ind Co	\$ 0.96
	\$ 1,897.96	Ophthalmic Mut Ins Co RRG	\$ 0.93		\$ 3,303.70
			\$ 2,928.96		

YEAR:	2007		2006		2005
	Direct Written Premium (000s)	Company	Direct Written Premium (000s)	Company	Direct Written Premium (000s)
Arch Specialty Ins Co	\$ 1,116.86	Arch Specialty Ins Co	\$ 1,198.00	Steadfast Ins Co	\$ 1,525.58
Steadfast Ins Co	\$ 873.23	Steadfast Ins Co	\$ 1,133.00	Arch Specialty Ins Co	\$ 1,154.78
Columbia Cas Co	\$ 416.46	Columbia Cas Co	\$ 444.05	Columbia Cas Co	\$ 684.49
Homeland Ins Co of NY	\$ 128.66	Lexington Ins Co	\$ 397.56	Lexington Ins Co	\$ 176.87
Evanston Ins Co	\$ 120.27	Evanston Ins Co	\$ 127.70	Landmark Ins Co	\$ 167.35
Illinois Union Ins Co	\$ 103.17	Oms Natl Ins Co Rrg	\$ 83.46	Evanston Ins Co	\$ 109.06
Lexington Ins Co	\$ 99.71	Professional Underwriters Liab Ins Co	\$ 65.21	Oms Natl Ins Co Rrg	\$ 79.55
Oms Natl Ins Co Rrg	\$ 82.51	National Fire & Marine Ins Co	\$ 29.95	Professional Underwriters Liab Ins Co	\$ 50.20
Professional Underwriters Liab Ins Co	\$ 68.18	James River Ins Co	\$ 26.67	National Fire & Marine Ins Co	\$ 20.66
James River Ins Co	\$ 28.03	Landmark Amer Ins Co	\$ 18.99	Colony Ins Co	\$ 13.75
National Fire & Marine Ins Co	\$ 27.48	Colony Ins Co	\$ 10.50	Landmark Amer Ins Co	\$ 10.50
Landmark Amer Ins Co	\$ 10.39	American Assoc Of Othodontists RRG	\$ 4.64	American Assoc Of Othodontists RRG	\$ 5.54
American Assoc Of Othodontists RRG	\$ 6.00	Western World Ins Co	\$ 3.23	Western World Ins Co	\$ 3.83
Red Mountain Cas Ins Co Inc	\$ 5.00	Ophthalmic Mut Ins Co RRG	\$ 2.58	Ophthalmic Mut Ins Co RRG	\$ 2.61
Western World Ins Co	\$ 3.36	General Star Ind Co	\$ 1.60	General Star Ind Co	\$ 1.69
Ophthalmic Mut Ins Co RRG	\$ 2.43	Allied Professionals Ins Co RRG	\$ 0.37	Allied Professionals Ins Co RRG	\$ 0.31
Allied Professionals Ins Co RRG	\$ 1.00		\$ 3,547.50		\$ 4,006.76
General Star Ind Co	\$ 0.57				
	\$ 3,093.32				

MEDICAL MALPRACTICE

EXHIBIT III: HISTORICAL LOSS RATIOS

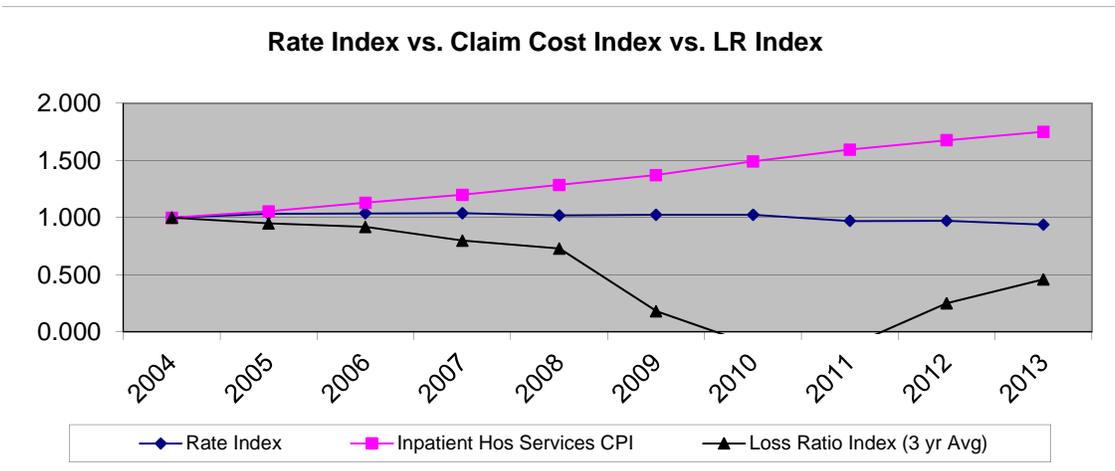
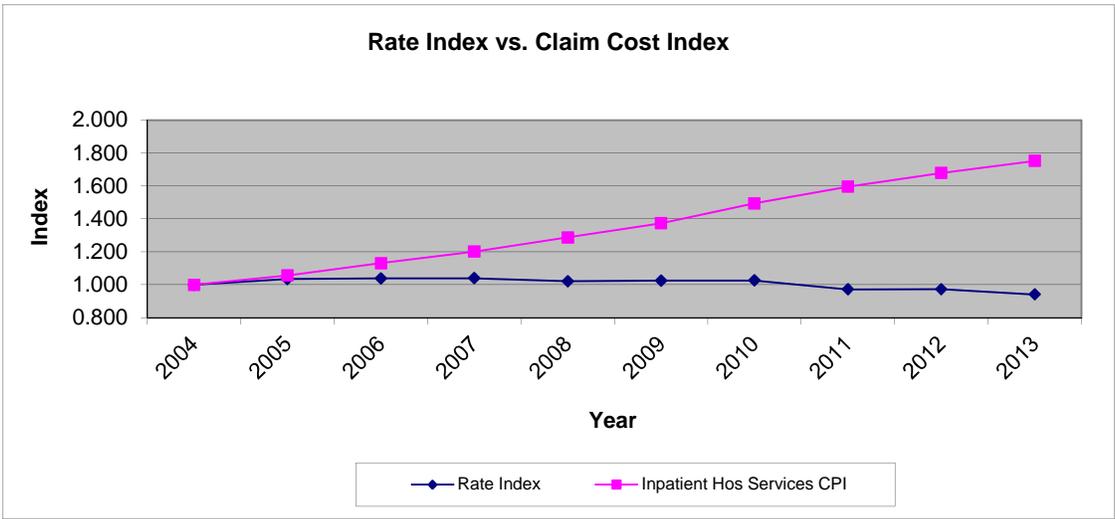
Year	Statewide Loss Ratio	Regional Loss Ratio	Countrywide Loss Ratio
2004	52%	70%	63%
2005	54%	58%	51%
2006	49%	55%	44%
2007	31%	38%	41%
2008	43%	35%	35%
2009	-61%	17%	36%
2010	-11%	51%	34%
2011	47%	41%	35%
2012	5%	23%	42%
2013	21%	41%	40%



MEDICAL MALPRACTICE

EXHIBIT IV: LOSS RATIO VS. RATE CHANGES VS. COST INDICES

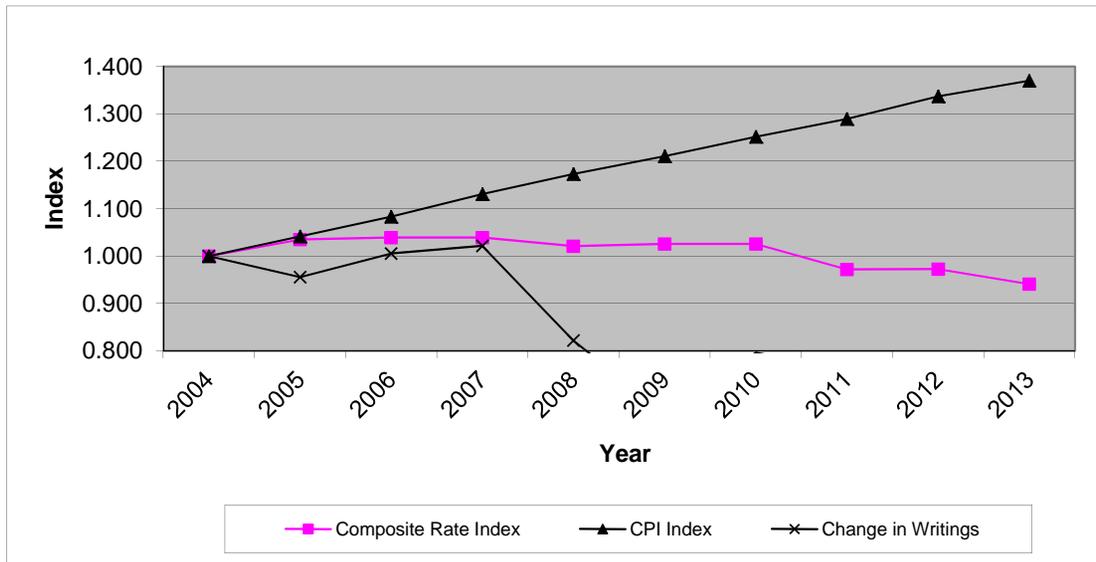
Year	Composite Rate Index	Relevant Claim Cost Index	Statewide 3 Yr LR Index
2004	1.000	1.000	1.000
2005	1.035	1.057	0.950
2006	1.039	1.131	0.920
2007	1.039	1.202	0.799
2008	1.021	1.288	0.730
2009	1.025	1.374	0.181
2010	1.025	1.495	-0.112
2011	0.972	1.596	-0.121
2012	0.973	1.679	0.252
2013	0.941	1.753	0.461



MEDICAL MALPRACTICE

EXHIBIT V: CHANGE IN PREMIUM WRITINGS

Year	Statewide Written Premium (000s)	Change in Writings	Indexed	Composite Rate Index	Consumer Price Index
2004	\$ 17,605		1.00	1.000	1.000
2005	\$ 16,823	-4.4%	0.96	1.035	1.042
2006	\$ 17,696	5.2%	1.01	1.039	1.084
2007	\$ 17,980	1.6%	1.02	1.039	1.131
2008	\$ 14,468	-19.5%	0.82	1.021	1.173
2009	\$ 11,788	-18.5%	0.67	1.025	1.211
2010	\$ 14,016	18.9%	0.80	1.025	1.252
2011	\$ 13,359	-4.7%	0.76	0.972	1.289
2012	\$ 11,388	-14.8%	0.65	0.973	1.337
2013	\$11,400	0.1%	0.65	0.941	1.371



MEDICAL MALPRACTICE

EXHIBIT VI: FIELD MARKET SURVEY

Available Markets	<u>Fewer</u> 7	23.3%	<u>Same</u> 22	73.3%	<u>More</u> 1	3.3%	<u>Total Responses</u> 30
Rate Changes	<u>Increased</u> 12	44.4%	<u>Same</u> 15	55.6%	<u>Decreased</u> 0	0.0%	<u>Total Responses</u> 27
Under Writing Changes	<u>More Strict</u> 10	37.0%	<u>Same</u> 16	59.3%	<u>Less Strict</u> 1	3.7%	<u>Total Responses</u> 27
Finding Coverage	<u>Always</u> 3	11.5%	<u>Occasionally Not</u> 19	73.1%	<u>Frequently Unable</u> 4	15.4%	<u>Total Responses</u> 26

MEDICAL MALPRACTICE

EXHIBIT VII – RESIDUAL MARKET POPULATION

North Dakota does not have a residual market mechanism for Medical Malpractice.

MEDICAL MALPRACTICE

EXHIBIT VIII - MATRIX OF INDICATORS

Factor	Competitive Level		
	Low	Moderate	High
Market Concentration (Herfindahl index)	XX		
Market Share Analysis –Market Share Changes	XX		
Market Share Analysis –Company Changes		XX	
Market Share Analysis – Surplus (non-licensed)	XX		
Historical Loss Ratios (Statewide, Regional, and Countrywide)	NA	NA	NA
Loss Ratios vs Rate Change vs Claims Cost Indexes		XX	
Change in Premium Writings	NA	NA	NA
Field Market Survey Results-October 2013	NA	NA	NA
Residual Market Population			XX

Final ranking based upon all factors: Low

Addendum 7 Narrative Summary – Other Liability (professional liability, D&O, E&O, excess and umbrella)

The market analysis components found in the attached exhibits for other liability are summarized below:

Exhibit I -Market Concentration (Herfindahl index)

The historical concentration ratios and Herfindahl indices for North Dakota are very low relative to the national benchmarks. This indicates the market is not concentrated and is highly competitive.

Exhibit II-A - Market Share Analysis –Market Share Changes

The ranking of the top 4 writers over the past six years has changed considerably. The top 4 positions have held approximately from 16% to 20% of the market share over the past 6 years.

The total market share of the top 20 companies combined has ranged from between 44% to 49% of the market.

These statistics indicate that the market is competitive.

It should be noted that the general category of Other Liability includes an extremely wide array of diverse contracts and risk exposures. Contracts can include Design Professional, Legal Malpractice, Non-profit D&O, For-profit D&O, umbrella and other General Liability etc. Further, some companies specialize in writing only certain risk categories. No single company writes all classes of risk.

Exhibit II-B – Market Share Analysis –Company Changes

There continues to be a significant number of companies entering the top 20 writers each year as well as considerable movement among the top 20 carriers. Highly competitive markets are associated with a high degree of movement. This information suggests that the level of competition is high.

Exhibit II-C – Market Share Analysis – Surplus (non-licensed)

In 2013, 13% of this line's premium was written by surplus lines carriers. This suggests that the market is moderately competitive.

Exhibit III – Historical Loss Ratios (Statewide, Regional, and Countrywide)

Statewide loss ratios have varied considerably from year to year but have been consistently low compared to industry targets. Further the statewide loss ratios are generally lower than both regional and countrywide ratios. The consistently low loss ratios on a statewide basis may be interpreted to mean that the market is not competitive. There has not been sufficient competitive pressure to force rates into alignment with experience. This information suggests the market is less than competitive.

Exhibit IV – Loss Ratios vs Rate Change vs Claims Cost Indexes

North Dakota rates have remained relatively flat despite favorable loss experience. This may suggest non-competitive market. Making this comparison is complicated the fact that companies can achieve premium changes through rating tools such as schedule and experience rating, without a formal rate filing. Changes in premium via these rating tools are not reflected in this exhibit. It may well be that companies are responding to the favorable loss experience with experience and/or schedule rating credit.

Overall this exhibit suggests the market is moderately competitive.

Exhibit V – Change in Premium Writings

The statewide premium volume has varied considerably from year to year. In 2012 premium volume increased more than 50% over the prior year's level. This is most-likely attributable to the rapid economic development in the western part of the state.

This information is by itself not an indicator of the competitive level of the market.

Exhibit VI – Field Market Survey Results-September 2013

The 2013 field market survey results indicate that agents have largely the same number of carriers to write with and are generally able to find an insurer for their risks. This suggests that the market is competitive.

Exhibit VII – Residual Market Population

There is no residual market mechanism for Other Liability lines in North Dakota. Consumers who can not obtain insurance through the admitted market must either look for coverage in the surplus market, with Risk Retention Groups or go without.

The absence of the need for a residual market mechanism is considered an indicator of a competitive market.

Exhibit VIII – Matrix of Indicators

The Herfindahl index, Market Share Changes, Market Share Company Changes, the field market survey and the lack of a residual market indicate a highly competitive market. The Loss Ratio vs Rate Change vs Claims Cost Index and the Market Share Surplus analysis indicate a moderately competitive market. The Historical Loss Ratio exhibit indicates that the market is noncompetitive.

Final assessment

The evaluation of the market through the year 2013 indicates a highly competitive market.

The determination on how to categorize the other liability line of insurance is difficult due to the diverse nature of coverages within this line. We note based on contacts with consumers that there are a number of specialty/niche business classes which have limited availability of coverage due to a lack of companies willing to write that type of business. In these cases the market is clearly non-competitive. Unfortunately due to data constraints we are unable to accurately analyze each of these classes within the broad category of Other Liability. Since this category is so broad, the assessment may not accurately reflect any one of the specialty classes.

OTHER LIABILITY

EXHIBIT I: MARKET CONCENTRATION

Year	North Dakota			Countrywide		
	4-Firm Concentration Ratio	20-Firm Concentration Ratio	Herfindahl Index	4-Firm Concentration Ratio	20-Firm Concentration Ratio	Herfindahl Index
1994	25.7%	57.0%		24.1%	44.5%	
1995	28.6%	56.3%		21.2%	43.1%	
1996	17.3%	48.8%		20.5%	42.0%	
1997	15.7%	50.1%		20.5%	42.1%	
1998	20.3%	50.8%		19.9%	41.6%	
1999	15.3%	46.8%		17.3%	40.2%	
2000	13.7%	43.9%		18.0%	39.7%	
2001	14.1%	44.9%		16.4%	40.5%	
2002	12.8%	44.4%		19.3%	43.4%	
2003	15.0%	44.9%		20.3%	44.6%	
2004	20.1%	49.0%	(446)	17.7%	43.2%	(663)
2005	14.4%	45.6%	(317)	16.2%	42.4%	(625)
2006	18.4%	48.6%	(383)	15.2%	42.2%	(609)
2007	19.2%	46.8%	(384)	15.7%	42.8%	(627)
2008	17.9%	47.2%	(383)	16.5%	41.0%	(513)
2009	20.7%	48.7%	(354)	16.4%	39.6%	(450)
2010	19.9%	49.4%	(333)	16.7%	39.6%	(450)
2011	16.6%	44.6%	(324)	16.3%	38.9%	(424)
2012	19.2%	45.9%	(311)	14.7%	36.1%	(352)
2013	18.0%	43.7%	(339)	13.8%	34.2%	(308)

Benchmarks:

National industries with 4-firm concentration ratios <75% and Herfindahl index <2000, are generally not viewed as highly concentrated.

Merger guidelines of U.S. Dept of Justice

Post-merger market Herfindahl index

> 1,800 - highly concentrated

1,000 < Herfindahl index < 1,800 - moderately concentrated

< 1,000 - unconcentrated

OTHER LIABILITY

EXHIBIT IIA: NORTH DAKOTA MARKET SHARE REPORT

Year: 2013

Company	Direct WP (in 000s)	Market	
		Share	Cumulative
St Paul Fire & Marine Ins Co	\$ 13,549	7.8%	7.8%
Mid Continent Cas Co	\$ 7,165	4.1%	11.9%
Employers Mut Cas Co	\$ 5,651	3.2%	15.1%
Zurich Amer Ins Co	\$ 5,075	2.9%	18.0%
Cincinnati Ins Co	\$ 4,615	2.6%	20.7%
Acuity A Mut Ins Co	\$ 4,028	2.3%	23.0%
Lexington Ins Co	\$ 3,864	2.2%	25.2%
Western Natl Mut Ins Co	\$ 3,728	2.1%	27.3%
Caterpillar Ins Co	\$ 3,578	2.1%	29.4%
Federal Ins Co	\$ 2,852	1.6%	31.0%
Farmers Union Mut Ins Co	\$ 2,842	1.6%	32.7%
Liberty Mut Fire Ins Co	\$ 2,584	1.5%	34.1%
Continental Cas Co	\$ 2,563	1.5%	35.6%
Grinnell Mut Reins Co	\$ 2,336	1.3%	36.9%
First Mercury Ins Co	\$ 2,323	1.3%	38.3%
Travelers Cas & Surety Co Of Amer	\$ 2,181	1.3%	39.5%
Evanston Ins Co	\$ 1,975	1.1%	40.7%
Ace Amer Ins Co	\$ 1,818	1.0%	41.7%
Nodak Mut Ins Co	\$ 1,817	1.0%	42.7%
American Guar & Liab Ins	\$ 1,672	1.0%	43.7%

Year: 2012

Company	Direct WP (in 000s)	Market	
		Share	Cumulative
St Paul Fire & Marine Ins Co	\$ 10,864	6.8%	6.8%
Everest Ind Ins Co	\$ 7,214	4.5%	11.3%
Mid Continent Cas Co	\$ 6,595	4.1%	15.4%
Caterpillar Ins Co	\$ 6,067	3.8%	19.2%
Employers Mut Cas Co	\$ 5,779	3.6%	22.8%
Cincinnati Ins Co	\$ 3,817	2.4%	25.2%
Zurich Amer Ins Co	\$ 3,669	2.3%	27.4%
Acuity A Mut Ins Co	\$ 3,288	2.1%	29.5%
Federal Ins Co	\$ 2,916	1.8%	31.3%
American Modern Home Ins Co	\$ 2,799	1.7%	33.1%
Lexington Ins Co	\$ 2,600	1.6%	34.7%
Farmers Union Mut Ins Co	\$ 2,556	1.6%	36.3%
Western Natl Mut Ins Co	\$ 2,544	1.6%	37.9%
Commerce & Industry Ins Co	\$ 2,484	1.5%	39.4%
Continental Cas Co	\$ 2,259	1.4%	40.8%
Grinnell Mut Reins Co	\$ 2,133	1.3%	42.1%
United Fire & Cas Co	\$ 1,617	1.0%	43.2%
Ace Amer Ins Co	\$ 1,555	1.0%	44.1%
American Family Mut Ins Co	\$ 1,454	0.9%	45.0%
Nodak Mut Ins Co	\$ 1,450	0.9%	45.9%

Year: 2011

Company	Direct WP (in 000s)	Market	
		Share	Cumulative
St Paul Fire & Marine Ins Co	\$ 5,492	5.2%	5.2%
Caterpillar Ins Co	\$ 4,131	3.9%	9.0%
Employers Mut Cas Co	\$ 4,087	3.8%	12.9%
Mid Continent Cas Co	\$ 3,954	3.7%	16.6%
Cincinnati Ins Co	\$ 3,194	3.0%	19.6%
Federal Ins Co	\$ 2,565	2.4%	22.0%
Lexington Ins Co	\$ 2,495	2.3%	24.4%
American Modern Home Ins Co	\$ 2,391	2.2%	26.6%
Farmers Union Mut Ins Co	\$ 2,291	2.2%	28.8%
Continental Cas Co	\$ 2,188	2.1%	30.8%
Acuity A Mut Ins Co	\$ 2,140	2.0%	32.8%
Grinnell Mut Reins Co	\$ 1,809	1.7%	34.5%
Chartis Specialty Ins Co	\$ 1,670	1.6%	36.1%
Commerce & Industry Ins Co	\$ 1,441	1.4%	37.4%
Nodak Mut Ins Co	\$ 1,360	1.3%	38.7%
Western Natl Mut Ins Co	\$ 1,331	1.3%	40.0%
American Family Mut Ins Co	\$ 1,259	1.2%	41.2%
Auto Owners Ins Co	\$ 1,252	1.2%	42.3%
Zurich Amer Ins Co	\$ 1,236	1.2%	43.5%
Ace Amer Ins Co	\$ 1,228	1.2%	44.6%

Year: 2010

Company	Direct WP (in 000s)	Market	
		Share	Cumulative
Everest Ind Ins Co	\$ 7,879	8.2%	8.2%
St Paul Fire & Marine Ins Co	\$ 4,743	4.9%	13.1%
Employers Mut Cas Co	\$ 3,328	3.5%	16.6%
Cincinnati Ins Co	\$ 3,158	3.3%	19.9%
Caterpillar Ins Co	\$ 3,130	3.3%	23.2%
Federal Ins Co	\$ 2,939	3.1%	26.2%
Mid Continent Cas Co	\$ 2,418	2.5%	28.7%
Lexington Ins Co	\$ 2,402	2.5%	31.2%
American Modern Home Ins Co	\$ 2,278	2.4%	33.6%
Farmers Union Mut Ins Co	\$ 2,061	2.1%	35.8%
Grinnell Mut Reins Co	\$ 1,670	1.7%	37.5%
Acuity A Mut Ins Co	\$ 1,601	1.7%	39.2%
Continental Cas Co	\$ 1,517	1.6%	40.7%
Zurich Amer Ins Co	\$ 1,448	1.5%	42.3%
National Union Fire Ins Co Of Pitts	\$ 1,272	1.3%	43.6%
Nodak Mut Ins Co	\$ 1,271	1.3%	44.9%
American Bankers Ins Co Of FL	\$ 1,146	1.2%	46.1%
Auto Owners Ins Co	\$ 1,102	1.1%	47.2%
State Farm Fire & Cas Co	\$ 1,063	1.1%	48.4%
American Family Mut Ins Co	\$ 1,045	1.1%	49.4%

Year: 2009

Company	Direct WP (in 000s)	Market	
		Share	Cumulative
Everest Ind Ins Co	\$ 9,451	10.2%	10.2%
St Paul Fire & Marine Ins Co	\$ 3,861	4.2%	14.3%
Employers Mut Cas Co	\$ 2,985	3.2%	17.6%
Federal Ins Co	\$ 2,945	3.2%	20.7%
Cincinnati Ins Co	\$ 2,891	3.1%	23.9%
Lexington Ins Co	\$ 2,701	2.9%	26.8%
Caterpillar Ins Co	\$ 2,472	2.7%	29.4%
Mid Continent Cas Co	\$ 2,147	2.3%	31.7%
Farmers Union Mut Ins Co	\$ 1,900	2.0%	33.8%
American Bankers Ins Co Of FL	\$ 1,687	1.8%	35.6%
Grinnell Mut Reins Co	\$ 1,626	1.8%	37.4%
Acuity A Mut Ins Co	\$ 1,506	1.6%	39.0%
Zurich Amer Ins Co	\$ 1,500	1.6%	40.6%
Continental Cas Co	\$ 1,348	1.5%	42.1%
Nodak Mut Ins Co	\$ 1,168	1.3%	43.3%
American Family Mut Ins Co	\$ 1,029	1.1%	44.4%
State Farm Fire & Cas Co	\$ 1,025	1.1%	45.5%
Auto Owners Ins Co	\$ 991	1.1%	46.6%
Steadfast Ins Co	\$ 983	1.1%	47.7%
Greenwich Ins Co	\$ 978	1.1%	48.7%

Year: 2008

Company	Direct WP (in 000s)	Market	
		Share	Cumulative
American Intl Specialty Lines Ins Co	\$ 5,097	6.2%	6.2%
St Paul Fire & Marine Ins Co	\$ 3,752	4.6%	10.8%
Cincinnati Ins Co	\$ 2,993	3.6%	14.4%
Caterpillar Ins Co	\$ 2,898	3.5%	17.9%
Employers Mut Cas Co	\$ 2,816	3.4%	21.3%
Federal Ins Co	\$ 2,775	3.4%	24.7%
Mid Continent Cas Co	\$ 1,809	2.2%	26.9%
Zurich Amer Ins Co	\$ 1,754	2.1%	29.0%
Farmers Union Mut Ins Co	\$ 1,716	2.1%	31.1%
Acuity A Mut Ins Co	\$ 1,683	2.0%	33.2%
Lexington Ins Co	\$ 1,651	2.0%	35.2%
Grinnell Mut Reins Co	\$ 1,578	1.9%	37.1%
Continental Cas Co	\$ 1,555	1.9%	39.0%
Nodak Mut Ins Co	\$ 1,097	1.3%	40.3%
St Paul Mercury Ins Co	\$ 1,023	1.2%	41.6%
State Farm Fire & Cas Co	\$ 994	1.2%	42.8%
Auto Owners Ins Co	\$ 964	1.2%	43.9%
American Family Mut Ins Co	\$ 955	1.2%	45.1%
Everest Natl Ins Co	\$ 930	1.1%	46.2%
Attorneys Liab Protection Soc RRG	\$ 839	1.0%	47.2%

OTHER LIABILITY

EXHIBIT IIA: NORTH DAKOTA MARKET SHARE REPORT (by Group)

Year: 2013				Year: 2012			
<u>Group/Company</u>	<u>Direct WP</u> <u>(in 000s)</u>	<u>Market</u> <u>Share</u>	<u>Cumulative</u>	<u>Group/Company</u>	<u>Direct WP</u> <u>(in 000s)</u>	<u>Market</u> <u>Share</u>	<u>Cumulative</u>
Travelers Grp	\$ 20,921	12.0%	12.0%	Travelers Grp	\$ 16,675	10.4%	10.4%
AMERICAN INTL GRP	\$ 8,450	4.8%	16.8%	AMERICAN INTL GRP	\$ 7,752	4.8%	15.2%
American Financial Grp	\$ 8,351	4.8%	21.6%	American Financial Grp	\$ 7,688	4.8%	20.0%
ZURICH INS GRP	\$ 7,691	4.4%	26.0%	EVEREST REINS HOLDINGS GRP	\$ 7,237	4.5%	24.5%
LIBERTY MUT GRP	\$ 6,687	3.8%	29.9%	EMC INS CO GRP	\$ 6,590	4.1%	28.6%
EMC INS CO GRP	\$ 6,561	3.8%	33.6%	Caterpillar Grp	\$ 6,067	3.8%	32.4%
CINCINNATI FIN GRP	\$ 5,593	3.2%	36.8%	ZURICH INS GRP	\$ 5,775	3.6%	36.0%
NATIONWIDE CORP GRP	\$ 5,582	3.2%	40.0%	NATIONWIDE CORP GRP	\$ 5,259	3.3%	39.3%
WR Berkley Corp GRP	\$ 4,968	2.8%	42.9%	CINCINNATI FIN GRP	\$ 4,576	2.9%	42.2%
CNA INS GRP	\$ 4,632	2.7%	45.6%	CNA INS GRP	\$ 4,249	2.6%	44.8%
FAIRFAX FIN GRP	\$ 4,493	2.6%	48.1%	WR Berkley Corp GRP	\$ 4,050	2.5%	47.3%
Chubb Inc Grp	\$ 4,180	2.4%	50.5%	Chubb Inc Grp	\$ 3,898	2.4%	49.8%
Acuity A Mut Ins Co	\$ 4,028	2.3%	52.8%	LIBERTY MUT GRP	\$ 3,700	2.3%	52.1%
Ace Ltd Grp	\$ 3,829	2.2%	55.0%	Ace Ltd Grp	\$ 3,484	2.2%	54.2%
WESTERN NATL MUT GRP	\$ 3,771	2.2%	57.2%	Acuity A Mut Ins Co	\$ 3,288	2.1%	56.3%
Caterpillar Grp	\$ 3,578	2.1%	59.2%	FAIRFAX FIN GRP	\$ 3,248	2.0%	58.3%
MARKEL CORP GRP	\$ 2,852	1.6%	60.9%	Munich Re Grp	\$ 2,928	1.8%	60.2%
Farmers Union Mut Ins Co	\$ 2,842	1.6%	62.5%	Farmers Union Mut Ins Co	\$ 2,556	1.6%	61.7%
AUTO OWNERS GRP	\$ 2,675	1.5%	64.0%	WESTERN NATL MUT GRP	\$ 2,553	1.6%	63.3%
GRINNELL MUT GRP	\$ 2,336	1.3%	65.4%	AUTO OWNERS GRP	\$ 2,430	1.5%	64.9%

EXHIBIT IIC: NORTH DAKOTA OTHER LIABILITY MARKET SHARE- SURPLUS (non-licensed)

YEAR:	2013		2012		2011
	Direct Written Premium (000s)	Company	Direct Written Premium (000s)	Company	Direct Written Premium (000s)
Lexington Ins Co	\$ 3,863.61	Everest Ind Ins Co	\$ 7,214.41	Lexington Ins Co	\$ 2,494.90
First Mercury Ins Co	\$ 2,322.69	Lexington Ins Co	\$ 2,599.94	Chartis Specialty Ins Co	\$ 1,669.97
Evanston Ins Co	\$ 1,974.58	First Mercury Ins Co	\$ 1,268.83	First Mercury Ins Co	\$ 1,186.84
Ironshore Specialty Ins Co	\$ 1,505.74	Evanston Ins Co	\$ 1,142.20	Attorneys Liab Protection Soc RRG	\$ 877.84
Hallmark Specialty Ins Co	\$ 1,493.07	Steadfast Ins Co	\$ 1,057.75	Evanston Ins Co	\$ 692.72
AIG Specialty Ins Co	\$ 1,110.65	Nautilus Ins Co	\$ 1,039.37	Scottsdale Ins Co	\$ 609.62
Colony Ins Co	\$ 1,085.67	Catlin Specialty Ins Co	\$ 971.74	Colony Ins Co	\$ 600.99
Liberty Surplus Ins Corp	\$ 1,059.62	James River Ins Co	\$ 914.67	Catlin Specialty Ins Co	\$ 518.15
Catlin Specialty Ins Co	\$ 1,038.54	Hallmark Specialty Ins Co	\$ 879.02	First Specialty Ins Corp	\$ 508.48
Nautilus Ins Co	\$ 1,034.32	Acceptance Ind Ins Co	\$ 878.97	Nautilus Ins Co	\$ 492.70
Allied World Assur Co US Inc	\$ 910.63	Allied World Assur Co US Inc	\$ 849.55	Liberty Surplus Ins Corp	\$ 491.77
First Specialty Ins Corp	\$ 897.08	Colony Ins Co	\$ 824.81	Arch Specialty Ins Co	\$ 462.26
Northfield Ins Co	\$ 853.91	Columbia Cas Co	\$ 799.50	Ironshore Specialty Ins Co	\$ 410.76
Scottsdale Ins Co	\$ 807.84	Chartis Specialty Ins Co	\$ 767.69	James River Ins Co	\$ 381.58
Steadfast Ins Co	\$ 797.18	Gemini Ins Co	\$ 742.79	Endurance Amer Specialty Ins Co	\$ 376.78
Acceptance Ind Ins Co	\$ 782.43	XL Select	\$ 717.77	Starr Surplus Lines Ins Co	\$ 371.68
General Star Ind Co	\$ 779.49	Northfield Ins Co	\$ 704.17	Namic Ins Co Inc	\$ 360.03
Admiral Ins Co	\$ 667.54	Scottsdale Ins Co	\$ 703.63	Acceptance Ind Ins Co	\$ 358.83
Starr Surplus Lines Ins Co	\$ 648.73	Starr Surplus Lines Ins Co	\$ 636.13	Northfield Ins Co	\$ 352.33
Columbia Cas Co	\$ 600.00	Navigators Specialty Ins Co	\$ 623.35	Columbia Cas Co	\$ 344.80
Everest Ind Ins Co	\$ 592.11	General Star Ind Co	\$ 616.43	AXIS Surplus Ins Co	\$ 306.13
Endurance Amer Specialty Ins Co	\$ 590.81	Crum & Forster Specialty Ins Co	\$ 572.35	Chubb Custom Ins Co	\$ 298.07
James River Ins Co	\$ 582.27	AXIS Surplus Ins Co	\$ 562.79	Allied World Assur Co US Inc	\$ 285.43
XL Select	\$ 543.37	Ironshore Specialty Ins Co	\$ 546.74	Mount Vernon Fire Ins Co	\$ 257.14
Illinois Union Ins Co	\$ 520.29	First Specialty Ins Corp	\$ 543.69	Century Surety Co	\$ 256.63
Navigators Specialty Ins Co	\$ 494.69	Endurance Amer Specialty Ins Co	\$ 542.62	Hallmark Specialty Ins Co	\$ 256.55
Gemini Ins Co	\$ 493.48	Liberty Surplus Ins Corp	\$ 516.46	Darwin Select Ins Co	\$ 248.06
NAMIC Ins Co Inc	\$ 476.37	Century Surety Co	\$ 404.74	Burlington Ins Co	\$ 244.17
Mount Vernon Fire Ins Co	\$ 457.17	Arch Specialty Ins Co	\$ 396.11	Steadfast Ins Co	\$ 222.51
Indian Harbor Ins Co	\$ 452.89	American Safety Ind Co	\$ 348.76	Houston Cas Co	\$ 215.70
Tokio Marine Specialty Ins Co	\$ 450.15	Admiral Ins Co	\$ 346.78	Admiral Ins Co	\$ 214.92
MT Hawley Ins Co	\$ 429.34	Chubb Custom Ins Co	\$ 345.74	Illinois Union Ins Co	\$ 208.00
Atlantic Cas Ins Co	\$ 413.15	Illinois Union Ins Co	\$ 342.04	STICO Mut Ins Co RRG	\$ 198.30
Chubb Custom Ins Co	\$ 401.41	NAMIC Ins Co Inc	\$ 317.49	Western World Ins Co	\$ 165.22
United Specialty Ins Co	\$ 393.91	Interstate Fire & Cas Co	\$ 314.87	Essex Ins Co	\$ 162.61
The Cincinnati Specialty Underwriter	\$ 390.22	Burlington Ins Co	\$ 305.37	Title Industry Assur Co RRG	\$ 149.29
Westchester Surplus Lines Ins Co	\$ 388.33	Houston Cas Co	\$ 305.04	American Safety Ind Co	\$ 137.99
Century Surety Co	\$ 372.82	Atlantic Cas Ins Co	\$ 303.58	General Star Ind Co	\$ 137.77
AXIS Surplus Ins Co	\$ 349.47	Mount Vernon Fire Ins Co	\$ 302.26	Atain Specialty Ins Co	\$ 131.36
Crum & Forster Specialty Ins Co	\$ 346.73	The Cincinnati Specialty Underwriter	\$ 278.49	Interstate Fire & Cas Co	\$ 131.08
Kinsale Ins Co	\$ 306.52	Darwin Select Ins Co	\$ 264.69	The Cincinnati Specialty Underwriter	\$ 130.40
Allied World Surplus Lines Ins Co	\$ 294.11	Essex Ins Co	\$ 252.82	Rockhill Ins Co	\$ 129.49
STICO Mut Ins Co RRG	\$ 282.57	Rockhill Ins Co	\$ 210.10	Attorneys Liab Assur Society Inc RRG	\$ 127.45
Atain Specialty Ins Co	\$ 273.00	Hudson Specialty Ins Co	\$ 206.30	Hudson Specialty Ins Co	\$ 123.12
Houston Cas Co	\$ 272.92	Berkley Regional Specialty Ins Co	\$ 194.84	St Paul Surplus Lines Ins Co	\$ 119.03
Burlington Ins Co	\$ 271.34	Great Amer E&S Ins Co	\$ 186.02	Gemini Ins Co	\$ 115.10
North Amer Capacity Ins Co	\$ 259.97	Western World Ins Co	\$ 181.03	Hermitage Ins Co	\$ 106.26
Essex Ins Co	\$ 256.18	Atain Specialty Ins Co	\$ 172.41	Navigators Specialty Ins Co	\$ 100.55
Landmark Amer Ins Co	\$ 237.59	National Fire & Marine Ins Co	\$ 149.50	XL Select	\$ 97.44
Houston Specialty Ins Co	\$ 226.41	Western Heritage Ins Co	\$ 114.98	Atlantic Cas Ins Co	\$ 91.62
American Safety Ind Co	\$ 206.14	Tokio Marine Specialty Ins Co	\$ 114.26	Tudor Ins Co	\$ 88.21
Rockhill Ins Co	\$ 200.93	Landmark Amer Ins Co	\$ 111.45	Kinsale Ins Co	\$ 82.45
National Fire & Marine Ins Co	\$ 192.59	Hermitage Ins Co	\$ 92.07	Prime Ins Co	\$ 77.87
Capitol Specialty Ins Corp	\$ 189.08	Associated Intl Ins Co	\$ 87.05	Crum & Forster Specialty Ins Co	\$ 71.13
Gotham Ins Co	\$ 162.10	Gotham Ins Co	\$ 80.57	Capitol Specialty Ins Corp	\$ 66.72
Hudson Specialty Ins Co	\$ 152.21	Tudor Ins Co	\$ 78.57	Western Heritage Ins Co	\$ 66.20
Arch Specialty Ins Co	\$ 137.53	Homeland Ins Co of NY	\$ 77.93	Alterra Excess & Surplus Ins Co	\$ 63.71
Attorneys Liab Assur Society Inc RRG	\$ 129.00	Capitol Specialty Ins Corp	\$ 74.88	Gotham Ins Co	\$ 62.28
Western World Ins Co	\$ 128.87	Maxum Ind Co	\$ 73.22	National Fire & Marine Ins Co	\$ 59.27
Western Heritage Ins Co	\$ 120.55	Kinsale Ins Co	\$ 72.42	Great Amer E&S Ins Co	\$ 56.75
Associated Intl Ins Co	\$ 110.01	Princeton Excess & Surplus Lines Ins	\$ 65.42	Westchester Surplus Lines Ins Co	\$ 54.51
Great Amer E&S Ins Co	\$ 108.68	Union Ins Co Of Providence	\$ 54.04	Associated Intl Ins Co	\$ 54.47
Title Industry Assur Co RRG	\$ 108.12	MT Hawley Ins Co	\$ 52.48	North Amer Capacity Ins Co	\$ 49.64
St Paul Surplus Lines Ins Co	\$ 106.21	Alterra Excess & Surplus Ins Co	\$ 48.25	Union Ins Co Of Providence	\$ 47.68
Mesa Underwriters Specialty Ins Co	\$ 94.55	St Paul Surplus Lines Ins Co	\$ 46.68	Landmark Amer Ins Co	\$ 44.99
Hermitage Ins Co	\$ 84.66	United Specialty Ins Co	\$ 44.87	ICI Mut Ins Co RRG	\$ 37.35
AIX Specialty Ins Co	\$ 82.44	United Natl Ins Co	\$ 31.80	Berkley Regional Specialty Ins Co	\$ 35.40
Princeton Excess & Surplus Lines Ins	\$ 82.30	AIX Specialty Ins Co	\$ 29.56	Princeton Excess & Surplus Lines Ins	\$ 31.55
Homeland Ins Co of NY	\$ 81.17	Westchester Surplus Lines Ins Co	\$ 27.37	MT Hawley Ins Co	\$ 25.32
Alterra Excess & Surplus Ins Co	\$ 80.50	Associated Industries Ins Co Inc	\$ 22.56	Companion Specialty Ins Co	\$ 25.00
Berkley Regional Specialty Ins Co	\$ 77.72	Mid Continent Excess and Surplus Ins	\$ 17.91	Homeland Ins Co of NY	\$ 24.84
Seneca Specialty Ins Co	\$ 76.62	North Amer Capacity Ins Co	\$ 15.12	Torus Specialty Ins Co	\$ 24.72
Interstate Fire & Cas Co	\$ 72.73	Berkley Assur Co	\$ 13.02	Maxum Ind Co	\$ 24.57
Maxum Ind Co	\$ 69.46	Companion Specialty Ins Co	\$ 12.90	CHC Cas RRG	\$ 23.32
Golden Bear Ins Co	\$ 56.30	Golden Bear Ins Co	\$ 12.43	Restoration RRG Inc	\$ 21.05
Union Ins Co Of Providence	\$ 55.87	Mesa Underwriters Specialty Ins Co	\$ 11.82	Maiden Specialty Ins Co	\$ 20.92
Associated Industries Ins Co Inc	\$ 49.73	Penn Star Ins Co	\$ 11.37	AIX Specialty Ins Co	\$ 14.54
Prime Ins Co	\$ 44.28	Savers Prop & Cas Ins Co	\$ 9.78	United Educators Ins RRG Inc	\$ 14.16
Tudor Ins Co	\$ 43.28	American Empire Surplus Lines Ins Co	\$ 7.10	United Specialty Ins Co	\$ 13.12
United Natl Ins Co	\$ 40.42	Torus Specialty Ins Co	\$ 6.97	United Natl Ins Co	\$ 12.72
Berkley Assur Co	\$ 35.82	ProAssurance Specialty Ins Co	\$ 1.46	Penn Star Ins Co	\$ 12.23
ProAir RRG Inc	\$ 32.80	Covington Specialty Ins Co	\$ 0.92	Spirit Mountain Ins Co RRG Inc	\$ 10.09
ICI Mut Ins Co RRG	\$ 30.00	American Southern Ins Co	\$ 0.70	Discover Specialty Ins Co	\$ 9.65
Restoration RRG Inc	\$ 17.29	American Western Home Ins Co	\$ 0.57	Savers Prop & Cas Ins Co	\$ 9.06
American Empire Surplus Lines Ins Co	\$ 16.50		\$ 36,888.81	American Safety RRG Inc	\$ 9.00
NASW RRG Inc	\$ 15.35			Housing Authority RRG Inc	\$ 8.14
Spirit Mountain Ins Co RRG Inc	\$ 14.61			Mesa Underwriters Specialty Ins Co	\$ 6.38
United Educators Ins RRG Inc	\$ 14.30			Western Pacific Mut Ins Co RRG	\$ 4.52
Covington Specialty Ins Co	\$ 10.70			Cpa Mut Ins Co Of Amer RRG	\$ 3.96
Torus Specialty Ins Co	\$ 10.61			American Western Home Ins Co	\$ 3.17
Housing Authority RRG Inc	\$ 10.09			Philadelphia Ins Co	\$ 2.34
CHC Cas RRG	\$ 10.05			Associated Industries Ins Co Inc	\$ 2.19
National Contractors Ins Co Inc RRG	\$ 9.87			National Serv Contract Ins Co RRG	\$ 1.99
Savers Prop & Cas Ins Co	\$ 9.25			New Home Warranty Ins Co a RRG	\$ 1.57
Penn Star Ins Co	\$ 7.53			PCH Mut Ins Co Inc RRG	\$ 1.30
Mid Continent Excess and Surplus Ins	\$ 4.26			ProAssurance Specialty Ins Co	\$ 1.23
New Home Warranty Ins Co a RRG	\$ 3.82			Security Amer RRG Inc	\$ 0.70
CrossFit RRG Inc	\$ 3.53			Golden Bear Ins Co	\$ 0.70
Western Pacific Mut Ins Co RRG	\$ 3.52			Affiliates Ins Recip a RRG	\$ 0.49
ProAssurance Specialty Ins Co	\$ 2.99			Old Republic Union Ins Co	\$ 0.39
National Serv Contract Ins Co RRG	\$ 1.94			St Charles Ins Co RRG	\$ 0.04
Alliance Of Nonprofits For Ins RRG	\$ 1.50				\$ 20,313.93
PCH Mut Ins Co Inc RRG	\$ 1.00				
Ooida RRG Inc	\$ 0.36				
American Contractors Ins Co RRG	\$ 0.07				
American Southern Ins Co	\$ 0.05				
	\$ 39,444.72				

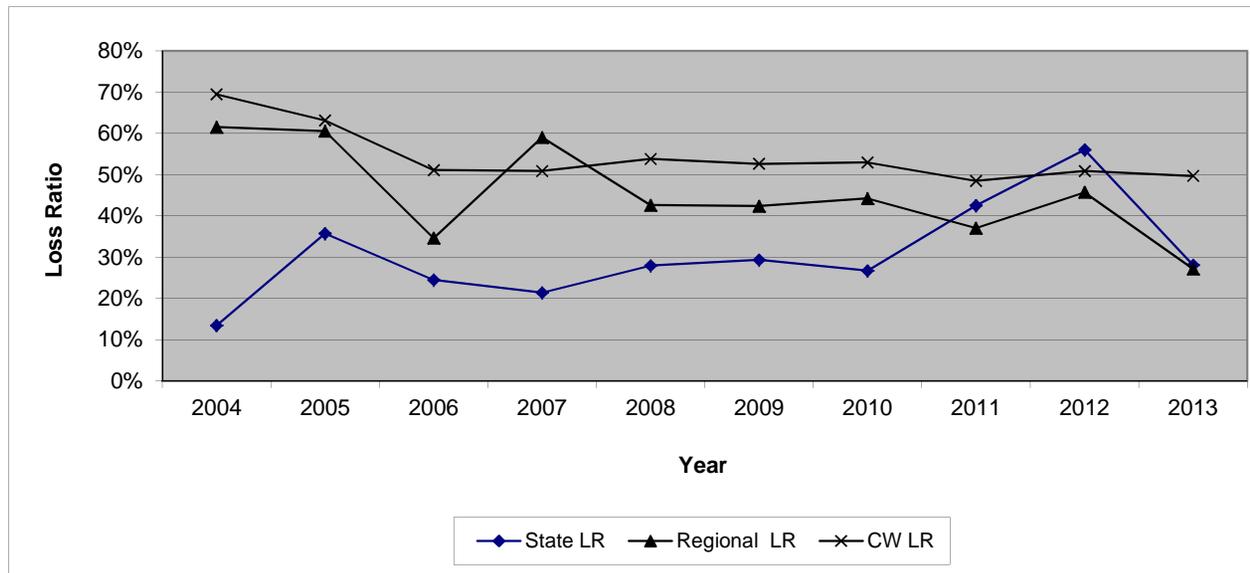
EXHIBIT IIC: NORTH DAKOTA OTHER LIABILITY MARKET SHARE- SURPLUS (non-licensed)

YEAR:	2010		2009		2008
	Direct Written Premium (000s)	Company	Direct Written Premium (000s)	Company	Direct Written Premium (000s)
	\$ 7,878.80	Everest Ind Ins Co	\$ 9,451.47	American Intl Specialty Lines Ins Co	\$ 5,096.79
	\$ 2,402.40	Lexington Ins Co	\$ 2,701.36	Lexington Ins Co	\$ 1,650.79
	\$ 698.71	Scottsdale Ins Co	\$ 983.00	Nodak Mut Ins Co	\$ 1,096.79
	\$ 673.51	Liberty Surplus Ins Corp	\$ 788.29	Attorneys Liab Protection Soc RRG	\$ 839.01
	\$ 649.81	First Mercury Ins Co	\$ 583.13	Interstate Fire & Cas Co	\$ 822.45
	\$ 556.53	Steadfast Ins Co	\$ 439.88	Steadfast Ins Co	\$ 636.44
	\$ 529.02	Evanston Ins Co	\$ 419.46	Colony Ins Co	\$ 484.67
	\$ 489.77	Arch Specialty Ins Co	\$ 391.48	AXIS Surplus Ins Co	\$ 407.50
	\$ 431.09	Endurance Amer Specialty Ins Co	\$ 390.08	Arch Specialty Ins Co	\$ 385.10
	\$ 421.69	Columbia Cas Co	\$ 378.38	Nautilus Ins Co	\$ 367.37
	\$ 400.92	Nautilus Ins Co	\$ 362.43	Scottsdale Ins Co	\$ 353.83
	\$ 381.30	Colony Ins Co	\$ 355.75	Liberty Surplus Ins Corp	\$ 331.35
	\$ 375.76	Catlin Specialty Ins Co	\$ 335.20	James River Ins Co	\$ 330.48
	\$ 366.25	Starr Surplus Lines Ins Co	\$ 315.52	St Paul Surplus Lines Ins Co	\$ 325.41
	\$ 364.64	Chartis Specialty Ins Co	\$ 314.68	Namic Ins Co Inc	\$ 314.53
	\$ 334.19	Houston Cas Co	\$ 300.29	Houston Cas Co	\$ 307.68
	\$ 320.09	Namic Ins Co Inc	\$ 297.62	Columbia Cas Co	\$ 296.74
	\$ 319.00	St Paul Surplus Lines Ins Co	\$ 261.20	Travelers Excess & Surplus Lines Co	\$ 290.00
	\$ 254.67	AXIS Surplus Ins Co	\$ 241.21	Endurance Amer Specialty Ins Co	\$ 288.69
	\$ 249.22	Northfield Ins Co	\$ 236.47	Northfield Ins Co	\$ 252.13
	\$ 246.50	Travelers Excess & Surplus Lines Co	\$ 222.38	Chubb Custom Ins Co	\$ 246.61
	\$ 245.34	Illinois Union Ins Co	\$ 214.70	Evanston Ins Co	\$ 244.99
	\$ 200.00	First Specialty Ins Corp	\$ 210.23	General Star Ind Co	\$ 236.18
	\$ 186.31	Mount Vernon Fire Ins Co	\$ 207.33	Colony Natl Ins Co	\$ 208.48
	\$ 169.73	Darwin Select Ins Co	\$ 188.62	Mount Vernon Fire Ins Co	\$ 205.38
	\$ 157.16	XL Select	\$ 172.70	US Rail Ins Co A RRG	\$ 201.22
	\$ 154.79	Admiral Ins Co	\$ 167.50	Landmark Amer Ins Co	\$ 184.40
	\$ 154.33	James River Ins Co	\$ 162.20	Illinois Union Ins Co	\$ 165.08
	\$ 152.62	Chubb Custom Ins Co	\$ 149.31	Berkley Regional Specialty Ins Co	\$ 164.48
	\$ 144.92	Century Surety Co	\$ 122.13	Title Industry Assur Co RRG	\$ 158.67
	\$ 140.68	Acceptance Ind Ins Co	\$ 115.17	Burlington Ins Co	\$ 144.80
	\$ 115.31	Rockhill Ins Co	\$ 114.22	Maxum Ind Co	\$ 121.93
	\$ 107.91	Burlington Ins Co	\$ 113.98	STICO Mut Ins Co RRG	\$ 117.02
	\$ 99.50	The Cincinnati Specialty Underwriter	\$ 112.77	Acceptance Ind Ins Co	\$ 116.70
	\$ 93.53	Hermitage Ins Co	\$ 110.48	Darwin Select Ins Co	\$ 114.26
	\$ 93.00	Maxum Ind Co	\$ 107.97	Capitol Specialty Ins Corp	\$ 109.44
	\$ 92.08	Tudor Ins Co	\$ 105.44	Old Republic Ins Co	\$ 109.18
	\$ 79.81	Usf Ins Co	\$ 104.10	Allied World Assur Co US Inc	\$ 108.20
	\$ 76.95	Capitol Specialty Ins Corp	\$ 103.92	MT Hawley Ins Co	\$ 107.85
	\$ 70.90	General Star Ind Co	\$ 101.66	Union Ins Co Of Providence	\$ 104.71
	\$ 69.46	Berkley Regional Specialty Ins Co	\$ 99.69	First Mercury Ins Co	\$ 100.53
	\$ 65.75	Hallmark Specialty Ins Co	\$ 96.52	Tudor Ins Co	\$ 94.84
	\$ 65.42	Ironshore Specialty Ins Co	\$ 92.39	Hermitage Ins Co	\$ 76.22
	\$ 63.85	Western Heritage Ins Co	\$ 83.76	Navigators Specialty Ins Co	\$ 73.70
	\$ 63.72	National Fire & Marine Ins Co	\$ 81.56	CHC Cas RRG	\$ 71.13
	\$ 63.69	Union Ins Co Of Providence	\$ 80.86	Hudson Specialty Ins Co	\$ 56.60
	\$ 63.11	Colony Natl Ins Co	\$ 80.71	Century Surety Co	\$ 55.90
	\$ 61.03	Hudson Specialty Ins Co	\$ 71.96	Penn Star Ins Co	\$ 54.47
	\$ 60.30	American Safety Ind Co	\$ 70.65	Westchester Surplus Lines Ins Co	\$ 53.50
	\$ 59.98	Landmark Amer Ins Co	\$ 67.48	Homeland Ins Co of NY	\$ 53.00
	\$ 57.10	Interstate Fire & Cas Co	\$ 59.53	United Natl Ins Co	\$ 46.81
	\$ 54.33	United Natl Ins Co	\$ 59.16	American Feed Industry Ins Co RRG	\$ 44.72
	\$ 53.68	Westchester Surplus Lines Ins Co	\$ 58.99	Western World Ins Co	\$ 42.18
	\$ 49.42	MT Hawley Ins Co	\$ 57.40	North Amer Capacity Ins Co	\$ 42.07
	\$ 46.65	Western World Ins Co	\$ 53.52	First Specialty Ins Corp	\$ 38.55
	\$ 39.75	Essex Ins Co	\$ 50.26	Attorneys Liab Assur Society Inc RRG	\$ 34.98
	\$ 35.94	Kinsale Ins Co	\$ 50.19	Essex Ins Co	\$ 34.51
	\$ 33.95	Allied World Assur Co US Inc	\$ 44.71	National Fire & Marine Ins Co	\$ 31.51
	\$ 32.87	Alterra Excess & Surplus Ins Co	\$ 43.46	Great Amer E&S Ins Co	\$ 29.95
	\$ 27.65	Great Amer E&S Ins Co	\$ 40.00	American Safety RRG Inc	\$ 29.21
	\$ 22.18	AIX Specialty Ins Co	\$ 39.61	Western Heritage Ins Co	\$ 25.09
	\$ 21.38	Associated Intl Ins Co	\$ 37.91	Usf Ins Co	\$ 23.61
	\$ 20.68	Princeton Excess & Surplus Lines Ins	\$ 31.44	XL Select	\$ 23.25
	\$ 20.32	Penn Star Ins Co	\$ 30.99	Everest Ind Ins Co	\$ 22.59
	\$ 19.08	Atlantic Cas Ins Co	\$ 29.36	The Cincinnati Specialty Underwriter	\$ 20.10
	\$ 15.95	Homeland Ins Co of NY	\$ 27.27	Western Pacific Mut Ins Co RRG	\$ 18.93
	\$ 12.60	Gotham Ins Co	\$ 23.99	United Specialty Ins Co	\$ 16.92
	\$ 11.27	Gemini Ins Co	\$ 23.78	PCH Mut Ins Co Inc RRG	\$ 15.12
	\$ 8.92	Crum & Forster Specialty Ins Co	\$ 17.28	United Educators Ins RRG Inc	\$ 14.16
	\$ 8.76	Savers Prop & Cas Ins Co	\$ 16.97	Rockhill Ins Co	\$ 13.89
	\$ 7.86	Old Republic Union Ins Co	\$ 15.45	Gotham Ins Co	\$ 12.00
	\$ 6.04	Prime Ins Co	\$ 14.50	Admiral Ins Co	\$ 10.19
	\$ 5.84	Navigators Specialty Ins Co	\$ 14.16	Spirit Mountain Ins Co RRG Inc	\$ 9.99
	\$ 4.41	North Amer Capacity Ins Co	\$ 13.44	American Safety Ind Co	\$ 9.42
	\$ 3.21	Torus Specialty Ins Co	\$ 13.14	Prime Ins Syndicate Inc	\$ 9.26
	\$ 2.34	Philadelphia Ins Co	\$ 8.94	Catlin Specialty Ins Co	\$ 8.86
	\$ 1.69	American Western Home Ins Co	\$ 8.41	Ironshore Specialty Ins Co	\$ 8.50
	\$ 0.95	ProAssurance Specialty Ins Co	\$ 8.32	Cpa Mut Ins Co Of Amer RRG	\$ 7.31
	\$ 0.83	Montpelier US Ins Co	\$ 8.31	Old Republic Union Ins Co	\$ 7.30
	\$ 22,140.64		\$ 24,218.65	Atlantic Cas Ins Co	\$ 7.20
				Savers Prop & Cas Ins Co	\$ 6.74
				Gemini Ins Co	\$ 6.69
				Restoration RRG Inc	\$ 5.99
				Max Specialty Ins Co	\$ 4.70
				AIX Specialty Ins Co	\$ 3.43
				Clarendon Amer Ins Co	\$ 2.91
				National Serv Contract Ins Co RRG	\$ 2.39
				Philadelphia Ins Co	\$ 2.33
				Executive Risk Specialty Ins Co	\$ 2.06
				Scaffold Industry Ins Co RRG Inc	\$ 1.98
				American Western Home Ins Co	\$ 1.35
				Discover Specialty Ins Co	\$ 1.28
				National Home Ins Co RRG	\$ 0.71
				Security Amer RRG Inc	\$ 0.70
				ProAssurance Specialty Ins Co	\$ 0.70
				Associated Intl Ins Co	\$ 0.04
					\$ 19,439.33

OTHER LIABILITY

EXHIBIT III: HISTORICAL LOSS RATIOS

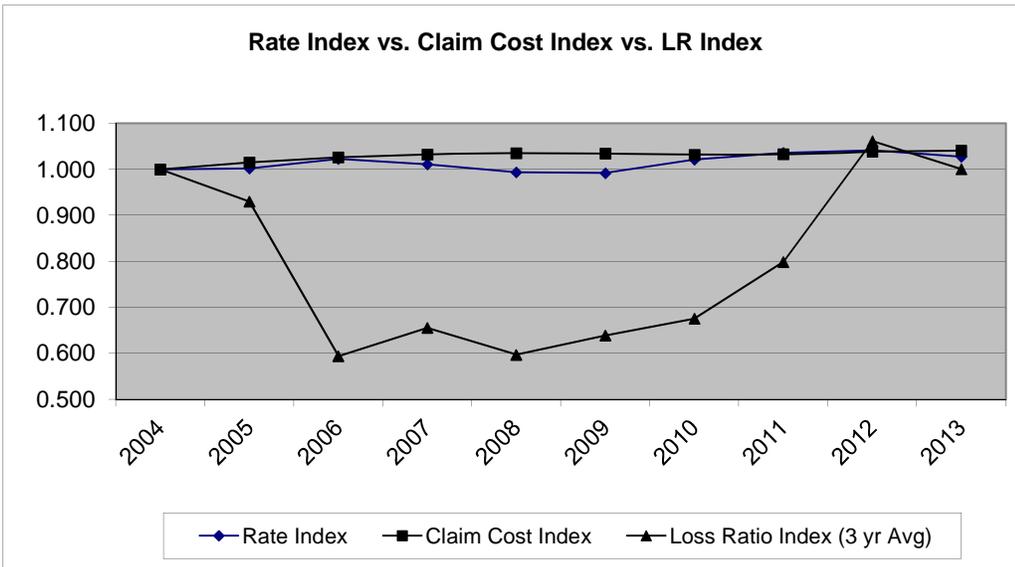
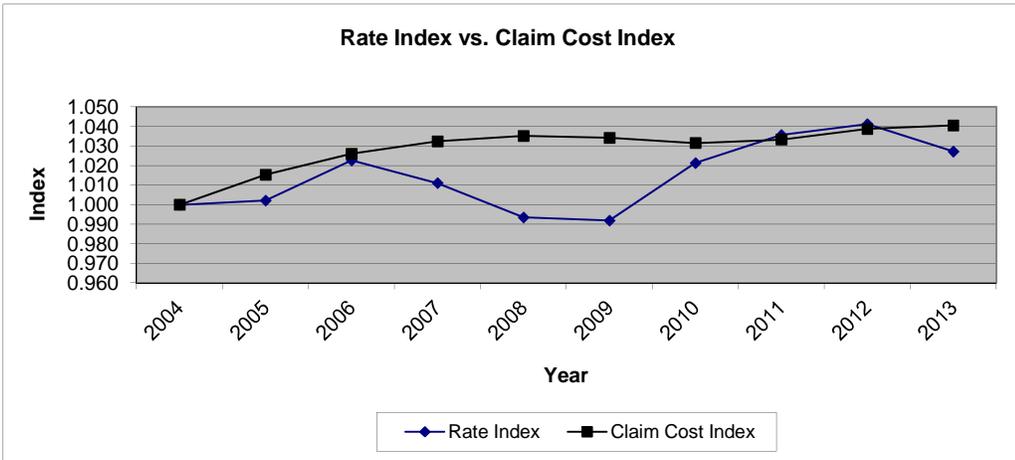
Year	Statewide Loss Ratio	Regional Loss Ratio	Countrywide Loss Ratio
2004	13%	61%	69%
2005	36%	61%	63%
2006	24%	35%	51%
2007	21%	59%	51%
2008	28%	43%	54%
2009	29%	42%	53%
2010	27%	44%	53%
2011	43%	37%	48%
2012	56%	46%	51%
2013	28%	27%	50%



OTHER LIABILITY

EXHIBIT IV: LOSS RATIO VS. RATE CHANGES VS. COST INDICES

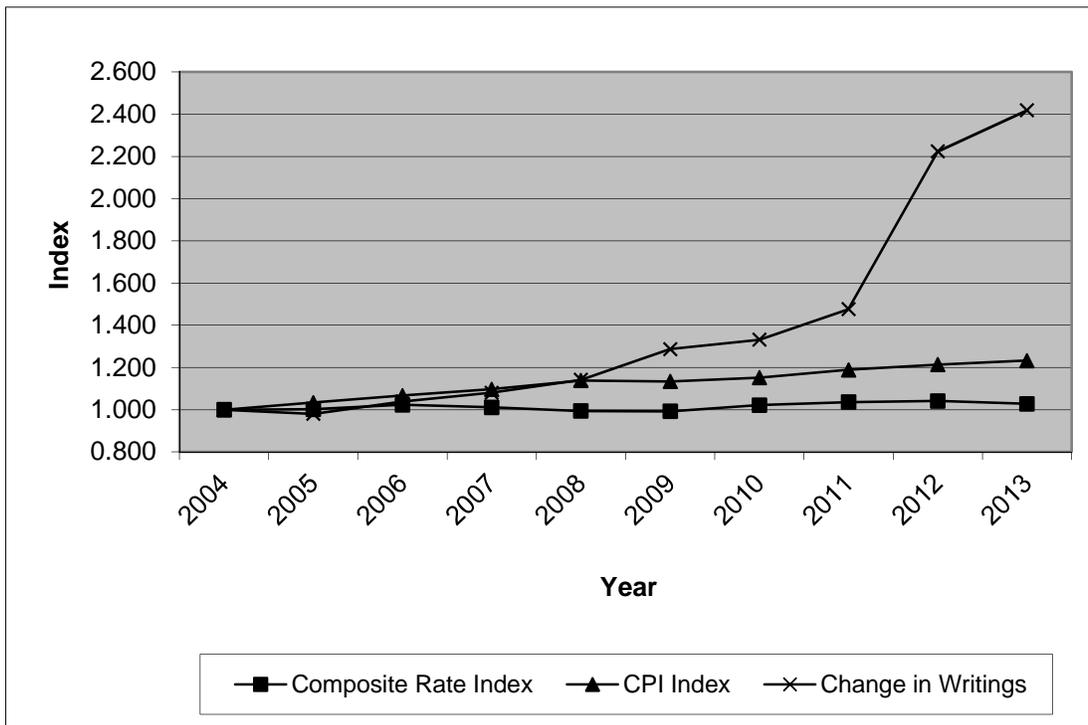
Year	Composite Rate Index	Relevant Claim Cost Index	Statewide 3 Yr LR Index
2004	1.000	1.000	1.000
2005	1.002	1.015	0.930
2006	1.023	1.026	0.594
2007	1.011	1.032	0.655
2008	0.994	1.035	0.597
2009	0.992	1.034	0.639
2010	1.021	1.032	0.676
2011	1.036	1.033	0.799
2012	1.041	1.039	1.061
2013	1.027	1.041	1.000



OTHER LIABILITY

EXHIBIT V: CHANGE IN PREMIUM WRITINGS

Year	Statewide Written Premium (000s)	Change in Writings	Indexed	Composite Rate Index	Consumer Price Index
2004	\$ 72,105		1.00	1.000	1.000
2005	\$ 70,668	-2.0%	0.98	1.002	1.034
2006	\$ 74,917	6.0%	1.04	1.023	1.067
2007	\$ 77,917	4.0%	1.08	1.011	1.097
2008	\$ 82,285	5.6%	1.14	0.994	1.139
2009	\$ 92,787	12.8%	1.29	0.992	1.134
2010	\$ 96,012	3.5%	1.33	1.021	1.152
2011	\$ 106,423	10.8%	1.48	1.036	1.189
2012	\$ 160,375	50.7%	2.22	1.041	1.214
2013	\$ 174,378	8.7%	2.42	1.027	1.232



OTHER LIABILITY

EXHIBIT VI: FIELD MARKET SURVEY

Available Markets	<u>Fewer</u> 8	8.5%	<u>Same</u> 72	76.6%	<u>More</u> 14	14.9%	<u>Total Responses</u> 94
Rate Changes	<u>Increased</u> 47	50.0%	<u>Same</u> 46	48.9%	<u>Decreased</u> 1	1.1%	<u>Total Responses</u> 94
Under Writing Changes	<u>More Strict</u> 38	40.4%	<u>Same</u> 56	59.6%	<u>Less Strict</u> 0	0.0%	<u>Total Responses</u> 94
Finding Coverage	<u>Always</u> 25	26.6%	<u>Occasionally Not</u> 66	70.2%	<u>Frequently Unable</u> 3	3.2%	<u>Total Responses</u> 94

OTHER LIABILITY

EXHIBIT VII – RESIDUAL MARKET POPULATION

North Dakota does not have a residual market mechanism for Other Liability Lines.

OTHER LIABILITY

EXHIBIT VIII - MATRIX OF INDICATORS

Factor	Competitive Level		
	Low	Moderate	High
Market Concentration (Herfindahl index)			XX
Market Share Analysis –Market Share Changes			XX
Market Share Analysis –Company Changes			XX
Market Share Analysis – Surplus (non-licensed)		XX	
Historical Loss Ratios (Statewide, Regional, and Countrywide)	XX		
Loss Ratios vs Rate Change vs Claims Cost Indexes		XX	
Change in Premium Writings	NA	NA	NA
Field Market Survey Results-October 2013			XX
Residual Market Population			XX
Final ranking based upon all factors: High			

Addendum 8 Narrative Summary – Crop - Hail

The market analysis components found in the attached exhibits for Crop - Hail are summarized below:

Exhibit I -Market Concentration (Herfindahl index)

The Herfindahl index demonstrates that the marketplace is moderately concentrated. This suggests that the marketplace is less than competitive, although both the 4-firm concentration ratio and the Herfindahl index have been improving slightly in last few years.

The country wide Herfindahl indices suggest the country wide marketplace is also concentrated, though not to the degree it is in North Dakota. The difference can be attributed to the fact that North Dakota is a relatively small market that is more easily dominated by regional carriers.

Exhibit II-A - Market Share Analysis –Market Share Changes

The combined market share of the top 4 writers has been in the 60% - 70% range for the past six years. In the past six years we've had fewer than 20 writers for this line of insurance. This suggests the market is noncompetitive.

Exhibit II-B – Market Share Analysis –Company Changes

There have been few companies entering and leaving the top 20, indicating a low degree of competition. There is considerable movement among all companies within the top 20, suggesting a high level of competition.

Highly competitive markets are associated with a high degree of movement and a low concentration of market share.

This information suggests that the market is moderately competitive.

Exhibit II-C – Market Share Analysis – Surplus (non-licensed)

Currently we are unable to capture enough detail to determine how much, if any crop hail business is written in the Surplus lines market. Anecdotally, the department is unaware of a surplus lines market for this business.

Exhibit III – Historical Loss Ratios (Statewide, Regional, and Countrywide)

In the past 10 years, crop hail loss ratios have fluctuated considerably on a statewide, regional and countrywide basis. Eight of the past ten years have been profitable ones for the industry. This information by itself does not offer an indication as to the competitive level of the marketplace.

Exhibit IV – Loss Ratios vs Rate Change vs Claims Cost Indexes

The volatility in both loss experience and in the claim cost index makes it difficult to draw conclusions from these exhibits. However the fact that rates have been gradually decreasing in reaction to favorable loss ratios suggests that the market is moderately competitive.

Exhibit V – Change in Premium Writings

The statewide premium volume has fluctuated substantially from year to year. The sale of crop insurance is annually affected a variety of factors, including weather patterns, types of crops planted, etc. Farmers countrywide seem to be insuring less of their crop with traditional crop hail insurance, opting instead for the Federally subsidized MPCCI programs.

Exhibit VI – Field Market Survey Results-September 2013

There were too few responses to the 2013 field market survey for the Crop Hail line to draw meaningful conclusions as to the competitiveness of the market.

Exhibit VII – Residual Market Population

There is no residual market mechanism for Crop-Hail insurance in North Dakota. The absence of a residual market mechanism would suggest that the competitive level is high.

Exhibit VIII – Matrix of Indicators

The Herfindahl index and market share analysis of changes in market share suggest a low competitive level in the marketplace. The market share analysis-company changes and loss ratio to rate change comparison indicate a moderately competitive market. The lack of a residual market mechanism suggests a highly competitive market.

Final assessment

In determining what the overall market trend and competitive level are, more weight is given to the Herfindahl index, and the department observations as to the number of competitors in the marketplace, and their willingness to write the crop hail business. Our assessment is that the competitive level of the Crop Hail marketplace is low.

CROP HAIL

EXHIBIT I: MARKET CONCENTRATION

Year	North Dakota			Countrywide		
	4-Firm	20-Firm	Herfindahl	4-Firm	20-Firm	Herfindahl
	Concentration	Concentration	Index	Concentration	Concentration	Index
1994	58.9%	99.9%	1178	28.1%	71.2%	740
1995	58.7%	100.0%	1203			
1996	60.7%	100.0%	1212	27.8%	75.1%	740
1997	58.3%	100.0%	1204	36.1%	79.9%	829
1998	50.3%	100.0%	1053	38.6%	83.2%	854
1999	46.8%	100.0%	1033	43.9%	85.9%	936
2000	54.5%	100.0%	1135	41.8%	85.9%	869
2001	53.4%	100.0%	1181	42.2%	89.0%	868
2002	44.3%	100.0%	1003	48.6%	90.3%	1076
2003	59.6%	100.0%	1684	52.6%	91.9%	1308
2004	68.5%	100.0%	1676	58.0%	94.0%	1289
2005	70.3%	100.0%	1824	59.8%	94.5%	1424
2006	70.3%	100.0%	1904	55.9%	93.9%	1320
2007	71.0%	100.0%	1736	58.2%	96.2%	1296
2008	66.9%	100.0%	1742	57.6%	94.7%	1276
2009	70.3%	100.0%	1691	57.4%	95.4%	1238
2010	67.8%	100.0%	1619	55.8%	94.7%	1232
2011	65.1%	100.0%	1566	54.8%	94.6%	1268
2012	63.8%	100.0%	1496	55.9%	95.9%	1170
2013	59.2%	100.0%	1339	53.4%	95.0%	1087

Benchmarks:

National industries with 4-firm concentration ratios <75% and Herfindahl index <2000, are generally not viewed as highly concentrated.

Merger guidelines of U.S. Dept of Justice

Post-merger market Herfindahl index

- > 1,800 - highly concentrated
- 1,000 < Herfindahl index < 1,800 - moderately concentrated
- < 1,000 - unconcentrated

CROP HAIL

EXHIBIT IIA: NORTH DAKOTA MARKET SHARE REPORT (by Group)

Year: 2013				Year: 2012			
<u>Group/Company</u>	<u>Direct WP (in 000s)</u>	<u>Market Share</u>	<u>Cumulative</u>	<u>Group/Company</u>	<u>Direct WP (in 000s)</u>	<u>Market Share</u>	<u>Cumulative</u>
RURAL COMMUNITY INSURANCE SERVICES Total	\$20,340	23.0%	23.0%	RURAL COMMUNITY INSURANCE SERVICES Total	\$25,031	25.5%	25.5%
RAIN AND HAIL, LLC Total	\$14,825	16.8%	39.8%	RAIN AND HAIL, LLC Total	\$16,230	16.6%	42.1%
NAU COUNTRY INSURANCE COMPANY Total	\$12,111	13.7%	53.5%	NAU COUNTRY INSURANCE COMPANY Total	\$14,184	14.5%	56.6%
FARMERS MUTUAL HAIL OF IOWA Total	\$10,281	11.6%	65.1%	FARMERS MUTUAL HAIL OF IOWA Total	\$13,470	13.7%	70.3%
DIVERSIFIED CROP INSURANCE SERVICES Total	\$8,276	9.4%	74.4%	DIVERSIFIED CROP INSURANCE SERVICES Total	\$9,313	9.5%	79.8%
AMERICAN ALTERNATIVE INSURANCE CORP Total	\$5,501	6.2%	80.7%	NODAK MUTUAL INSURANCE COMPANY Total	\$5,854	6.0%	85.8%
NODAK MUTUAL INSURANCE COMPANY Total	\$4,944	5.6%	86.3%	AMERICAN FINANCIAL GROUP Total	\$4,636	4.7%	90.5%
AMERICAN FINANCIAL GROUP Total	\$4,086	4.6%	90.9%	PROAG INSURANCE Total	\$3,679	3.8%	94.3%
PROAG INSURANCE Total	\$3,762	4.3%	95.1%	JOHN DEERE RISK PROTECTION, INC Total	\$2,134	2.2%	96.4%
JOHN DEERE RISK PROTECTION, INC Total	\$2,422	2.7%	97.9%	AMERICAN ALTERNATIVE INSURANCE CORP Total	\$1,468	1.5%	97.9%
ARMTECH INSURANCE SERVICES Total	\$903	1.0%	98.9%	ARMTECH INSURANCE SERVICES Total	\$1,296	1.3%	99.3%
OCCIDENTAL F&C CO OF NORTH CAROLINA Total	\$609	0.7%	99.6%	OCCIDENTAL F&C CO OF NORTH CAROLINA Total	\$582	0.6%	99.9%
HEARTLAND CROP INSURANCE INC Total	\$185	0.2%	99.8%	HEARTLAND CROP INSURANCE INC Total	\$126	0.1%	100.0%
INTERNATIONAL AG INSURANCE SOLUTIONS Total	\$183	0.2%	100.0%	HUDSON CROP Total	\$16	0.0%	100.0%

CROP HAIL

EXHIBIT IIB: NORTH DAKOTA MARKET SHARE REPORT ENTRIES/EXITS IN TOP 20 WRITERS

Year	# of New Entries/Exits into Top 20 Carriers	Changes within Top 20 Carriers
1994	5	11
1995	3	9
1996	1	12
1997	4	14
1998	3	14
1999	3	16
2000	1	13
2001	2	15
2002	0	11
2003	2	10
2004	2	9
2005	3	5
2006	1	7
2007	1	9
2008	3	8
2009	2	13
2010	2	13
2011	2	10
2012	2	11
2013	3	7

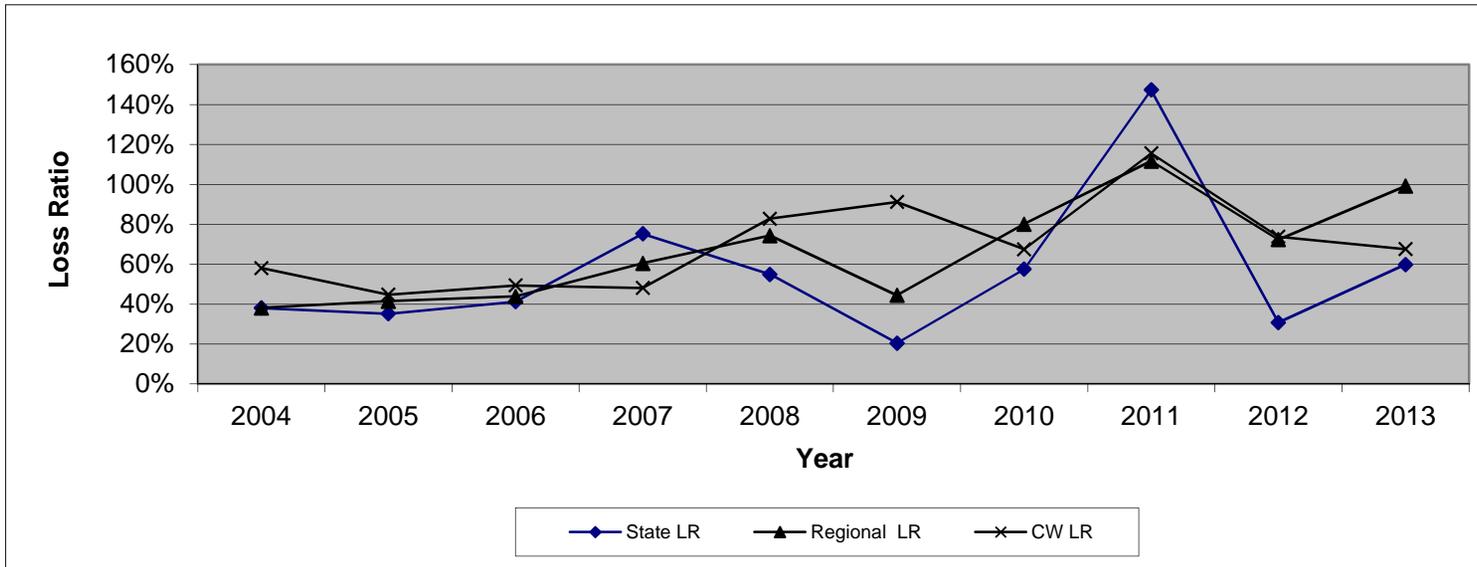
EXHIBIT IIC: NORTH DAKOTA CROP HAIL MARKET SHARE- SURPLUS (non-licensed)

This information is not available for this line.

CROP HAIL

EXHIBIT III: HISTORICAL LOSS RATIOS

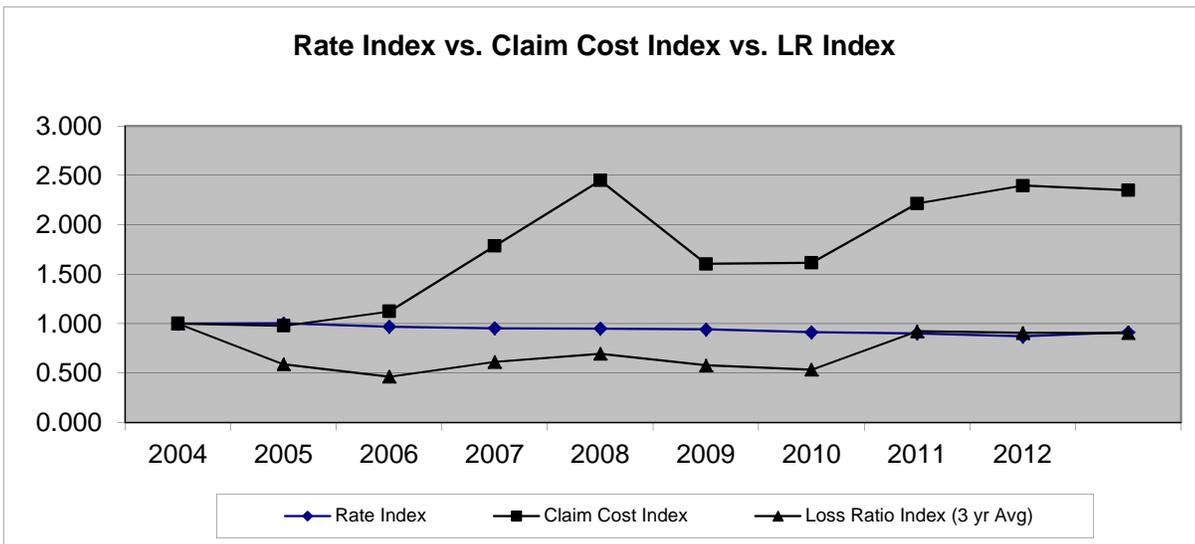
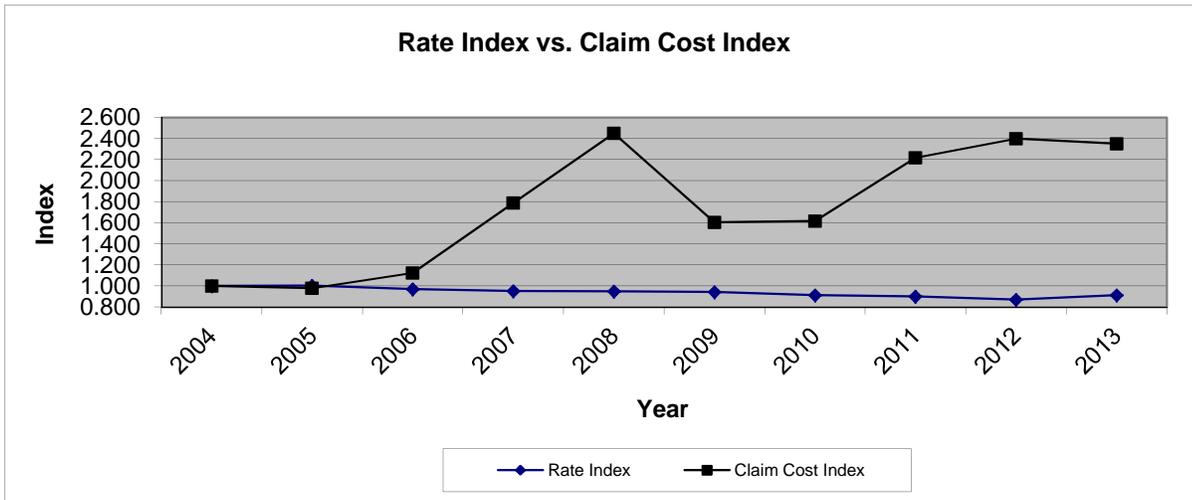
Year	Statewide Loss Ratio	Regional Loss Ratio	Countrywide Loss Ratio
2004	38%	38%	58%
2005	35%	41%	45%
2006	41%	44%	49%
2007	75%	60%	48%
2008	55%	74%	83%
2009	20%	44%	91%
2010	58%	80%	67%
2011	147%	112%	116%
2012	31%	72%	74%
2013	60%	99%	68%



CROP HAIL

EXHIBIT IV: LOSS RATIO VS. RATE CHANGES VS. COST INDICES

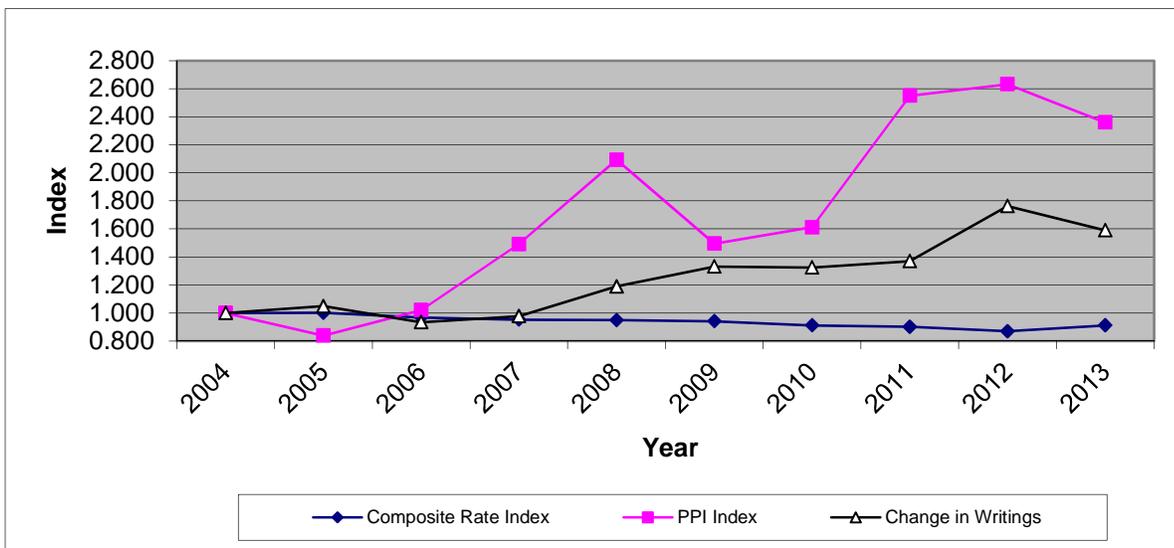
Year	Composite Rate Index	Relevant Claim Cost Index	Statewide 3 Yr LR Index
2004	1.000	1.000	1.000
2005	1.002	0.978	0.588
2006	0.969	1.122	0.463
2007	0.953	1.787	0.612
2008	0.950	2.450	0.695
2009	0.941	1.604	0.577
2010	0.912	1.616	0.533
2011	0.901	2.216	0.921
2012	0.870	2.397	0.906
2013	0.911	2.350	0.904



CROP HAIL

EXHIBIT V: CHANGE IN PREMIUM WRITINGS

Year	Statewide Written Premium (000s)	Change in Writings	Index	Composit Rate Index	Producer Price Index
2004	\$ 55,621		1.000	1.000	1.000
2005	\$ 58,346	4.9%	1.049	1.002	0.839
2006	\$ 51,972	-10.9%	0.934	0.969	1.020
2007	\$ 54,370	4.6%	0.978	0.953	1.491
2008	\$ 66,155	21.7%	1.189	0.950	2.093
2009	\$ 74,021	11.9%	1.331	0.941	1.495
2010	\$ 73,711	-0.4%	1.325	0.912	1.612
2011	\$ 76,203	3.4%	1.370	0.901	2.550
2012	\$ 98,019	28.6%	1.762	0.870	2.631
2013	\$ 88,429	-9.8%	1.590	0.911	2.359



CROP HAIL

EXHIBIT VI: FIELD MARKET SURVEY

Available Markets	<u>Fewer</u> 1	2.0%	<u>Same</u> 47	92.2%	<u>More</u> 3	5.9%	<u>Total Responses</u> 51
Rate Changes	<u>Increased</u> 18	36.7%	<u>Same</u> 28	57.1%	<u>Decreased</u> 3	6.1%	<u>Total Responses</u> 49
Underwriting Changes	<u>More Strict</u> 8	16.3%	<u>Same</u> 40	81.6%	<u>Less Strict</u> 1	2.0%	<u>Total Responses</u> 49
Finding Coverage	<u>Always</u> 39	78.0%	<u>Occasionally Not</u> 11	22.0%	<u>Frequently Unable</u> 0	0.0%	<u>Total Responses</u> 50

CROP HAIL

EXHIBIT VII – RESIDUAL MARKET POPULATION

North Dakota does not have a residual market mechanism for Crop Hail.

CROP - HAIL

EXHIBIT VIII - MATRIX OF INDICATORS

Factor	Competitive Level		
	Low	Moderate	High
Market Concentration (Herfindahl index)	XX		
Market Share Analysis –Market Share Changes	XX		
Market Share Analysis –Company Changes		XX	
Market Share Analysis – Surplus (non-licensed)	NA	NA	NA
Historical Loss Ratios (Statewide, Regional, and Countrywide)	NA	NA	NA
Loss Ratios vs Rate Change vs Claims Cost Indexes		XX	
Change in Premium Writings	NA	NA	NA
Field Market Survey Results-October 2013	NA	NA	NA
Residual Market Population			XX

Final ranking based upon all factors: Low

ADDENDUM 9 - TECHNICAL NOTES

Automobile Insurance Plan Services Office (AIPSO) – This organization manages the “assigned risk” auto insurance plan for the state. This is known as a residual market for mandatory auto insurance. If consumers are unable to find insurance coverage through normal channels as a last resort they can purchase coverage through this plan.

Claim Cost Index (CCI) – A measure of change of contributing claim cost factors (such as parts, cost of repairs, medical care, physician and attorney’s fees, construction costs, loss of income etc.). The information is found in the 2013 PCI Greenbook.

For the Crop Hail line, the Claim Cost Index was built based upon data found on the U.S. Department of Labor, Bureau of Labor Statistics website.

Composite Rate Index– A measure of the aggregate rate change for a given market. The compilation is based upon the rate change history of the top 10 writers by year.

Consumer Price Index (CPI) – A measure of the change in prices paid by consumers for a representative basket of goods and services. The information is found in the 2013 PCI Greenbook, with the exception of the Crop Hail line.

For Crop Hail, a Producer Price Index was obtained from the U.S. Department of Labor, Bureau of Labor Statistics website.

Department of Transportation (DOT)- The state agency in charge of motor vehicle licensing and registration. The information on the number of registered motor vehicles was obtained from this source.

Field Survey– The department annually conducts an informal survey of the attendees of the annual agent forums held at seven locations across the state. The results are compiled and included in this analysis.

Herfindahl Index – A measure of the market’s concentration level. The index is equal to the sum of the squares of each company’s percentage of market share. All companies are included in each market analysis. Note: Due to different data reporting requirements for county mutuals, their data was not able to be included in this analysis.

National Association of Insurance Commissioners (NAIC) database – Insurance companies are required to report their annual statistics to the NAIC. The premium and loss information from the database of all companies is used to calculate market share and loss ratio statistics. The NAIC does not audit the information provided to them. The department also accepts the data without performing an audit.

National Association of Insurance Commissioners (NAIC) State Average Expenditures of Premiums for Personal Auto Insurance- The NAIC conducts an analysis annually of the

cost of automobile insurance in all fifty states and the District of Columbia. The most recent report released in 2013 evaluates the market through 2011. The report shows both the average premium cost and the ranking of each state.

Property Casualty Insurers (PCI) Greenbook – The PCI publishes an annual compilation of property and casualty insurance statistics. The most current report available for this analysis was 2013.

Rate change data – The rate analysis performed for each of the markets was based upon actual rate filing information. The results of this analysis for single product lines such as automobile, or homeowner are a relatively accurate representation of the historical changes. It must be noted, however, that for markets with diverse product lines such as commercial multi-peril package, medical malpractice and other liability the results are less representative of specific products within the market. In addition, commercial lines rating programs generally include methodologies for adjusting rates to match the risk such as experience rating and schedule rating (individual risk premium modification) plans. Since the companies have a built in flexibility to adjust premium the department's information on rate changes based on filings alone may not accurately reflect what may be happening in the market.

Statewide 3 year Loss Ratio - The total incurred losses for the past three years divided by the corresponding total earned premiums.