

David J. Hennes
Chair
The Toro Company

January 2, 2018

Dale Haug
Vice Chair
Berkley Risk
Administrators, Co. LLC.

Dear Members,

2017 was a good year for the Self-Insurers' Security Fund. We would like to bring you up to date on the Fund's activities during the 2016-2017 fiscal year and calendar year 2017.

Rick Theisen
Secretary

The SISF Board of Trustees reduced the member assessment rate for the current 2017-18 fiscal year from 4% to 3%. In 2016-17, assessments generated \$1.8 million. With the reduction in the assessment rate, assessments paid by members for fiscal year 2017-18 were reduced to \$1.4 million.

Janel French
Treasurer
Graco, Inc.

A combination of assessment revenue, declining claim counts and careful operating expense management all contributed to reducing SISF's deficit from \$1.6 million to \$210,000 at the end of fiscal year 2016-17. Once again, SISF received a clean audit opinion for fiscal year 2016-17 from our auditors, RSM. Our audited financial statements are available for your review on the SISF website at www.MNSISF.org.

Jeff Horner
Hormel Foods Corporation

Jim Oukrop
HealthPartners

Brad Wiggins
CHS

There were no new self-insurer defaults during the year and the number of open SISF claims has been reduced to 59. Berkley Risk Administrators continues to act as SISF's third-party administrator and will do so under their current contract until June 2018.

Howard Bicker

Bill McCarthy

Ken Peterson
Commissioner
Minnesota Department
of Labor & Industry

Early in the 2017 legislation session, the Department of Commerce initiated the introduction of House File 860, which would have eliminated any opportunity for self-insurers to discount their liabilities. SISF strongly objected to this proposal and worked with the Department of Commerce to develop a compromise which would have allowed discounting at a rate established by the United States Department of Treasury. With the recent resignation of Commerce Commissioner Mike Rothman, however, the Department has decided not to proceed with House File 860 during the 2018 legislative session. Therefore, your actuaries will be able to continue to justify an appropriate discount rate to be utilized in determining your liabilities.

Carl W. Cummins III
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Kim Drevnick-Voller
Administrator
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Finally, in our continuing efforts to reduce SISF's operating expenses, we will be moving our offices from the First National Bank Building in downtown St. Paul to Capitol Ridge, an office/hotel complex near the state capitol. We will notify you of our new contact information when that move is completed on April 1st.

Andrew J. Morrison
General Counsel
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Please feel free to contact either of us if you have any questions about your participation in SISF. We look forward to serving you, our members, during the coming New Year.

Website: mnsisf.org



David J. Hennes



Carl W. Cummins, III