

DELAWARE COMPENSATION RATING BUREAU, INC.

Retrospective Test of Trend Projections for Severity Ratios – Unlimited Losses

Attached is a retrospective test of the predictive accuracy of various trend procedures using severity ratios, i.e., ultimate loss ratios adjusted by dividing out the frequency component. The analysis is limited to Policy Years 1990 through 2001, the years for which frequency data is available.

Results for both indemnity and medical are shown using both linear and exponential fits. All possible combinations of from four to ten data points, which permitted a test of the projected loss ratio three years hence, were used. Our current review trends 2.9167 years beyond the midpoint of the latest available completed policy year (1/1/2003 to 12/1/2005).

Current estimates of policy year ultimate loss ratios are compared with predicted values based on trending through earlier years. The results are available for each of three loss development approaches: incurred, paid-to-20<sup>th</sup> and the average of the incurred and paid-20<sup>th</sup> methods.

As an illustration, the incurred loss development approach generated an indemnity severity ratio of 0.4676 for policy year 1998 (page 6b.1). Fitting the severity ratios for policy years 1992 to 1995 using a straight line and projecting that to 1998 yielded a severity ratio of 0.4016 (page 6b.2) which understates our current estimate for 1998 by 0.0660 points (page 6b.3).

**Indemnity**  
**Actual Ultimate Severity Ratios**

| INDEMNITY | Policy<br>Year | Severity<br>Ratio<br>(Avg Pd & Inc) | Severity<br>Ratio<br>(Incur) | Severity<br>Ratio<br>(Pd-20) |
|-----------|----------------|-------------------------------------|------------------------------|------------------------------|
|           | 1990           | 0.3764                              | 0.3754                       | 0.3773                       |
|           | 1991           | 0.3824                              | 0.3783                       | 0.3866                       |
|           | 1992           | 0.3866                              | 0.3825                       | 0.3908                       |
|           | 1993           | 0.3767                              | 0.3743                       | 0.3789                       |
|           | 1994           | 0.3966                              | 0.3917                       | 0.4015                       |
|           | 1995           | 0.3858                              | 0.3894                       | 0.3823                       |
|           | 1996           | 0.4506                              | 0.4481                       | 0.4530                       |
|           | 1997           | 0.4430                              | 0.4444                       | 0.4415                       |
|           | 1998           | 0.4752                              | 0.4676                       | 0.4829                       |
|           | 1999           | 0.5425                              | 0.5335                       | 0.5517                       |
|           | 2000           | 0.6624                              | 0.6957                       | 0.6290                       |
|           | 2001           | 0.6024                              | 0.6226                       | 0.5821                       |
|           | 2002           | 0.6883                              | 0.7283                       | 0.6484                       |

Trend # Years = 3

**Indemnity  
Linear Fit  
Trended Severity Ratios**

| Years Used (# Yrs) | 3 Yr Trend To | Severity Ratio (Avg Pd & Inc) | Severity Ratio (Incur) | Severity Ratio (Pd-20) |
|--------------------|---------------|-------------------------------|------------------------|------------------------|
| 1990-1993 (4)      | 1996          | 0.3828                        | 0.3780                 | 0.3875                 |
| 1991-1994 (4)      | 1997          | 0.4003                        | 0.3961                 | 0.4042                 |
| 1992-1995 (4)      | 1998          | 0.3943                        | 0.4016                 | 0.3871                 |
| 1993-1996 (4)      | 1999          | 0.4973                        | 0.4995                 | 0.4953                 |
| 1994-1997 (4)      | 2000          | 0.5108                        | 0.5160                 | 0.5054                 |
| 1995-1998 (4)      | 2001          | 0.5559                        | 0.5413                 | 0.5706                 |
| 1996-1999 (4)      | 2002          | 0.6164                        | 0.5991                 | 0.6342                 |
| 1990-1994 (5)      | 1997          | 0.4011                        | 0.3947                 | 0.4074                 |
| 1991-1995 (5)      | 1998          | 0.3940                        | 0.3989                 | 0.3891                 |
| 1992-1996 (5)      | 1999          | 0.4678                        | 0.4704                 | 0.4652                 |
| 1993-1997 (5)      | 2000          | 0.5038                        | 0.5079                 | 0.4998                 |
| 1994-1998 (5)      | 2001          | 0.5374                        | 0.5316                 | 0.5432                 |
| 1995-1999 (5)      | 2002          | 0.6284                        | 0.6105                 | 0.6466                 |
| 1990-1995 (6)      | 1998          | 0.3966                        | 0.3980                 | 0.3953                 |
| 1991-1996 (6)      | 1999          | 0.4528                        | 0.4549                 | 0.4506                 |
| 1992-1997 (6)      | 2000          | 0.4840                        | 0.4881                 | 0.4798                 |
| 1993-1998 (6)      | 2001          | 0.5308                        | 0.5266                 | 0.5350                 |
| 1994-1999 (6)      | 2002          | 0.6045                        | 0.5935                 | 0.6158                 |
| 1990-1996 (7)      | 1999          | 0.4449                        | 0.4449                 | 0.4449                 |
| 1991-1997 (7)      | 2000          | 0.4714                        | 0.4751                 | 0.4676                 |
| 1992-1998 (7)      | 2001          | 0.5133                        | 0.5108                 | 0.5158                 |
| 1993-1999 (7)      | 2002          | 0.5912                        | 0.5822                 | 0.6003                 |
| 1990-1997 (8)      | 2000          | 0.4636                        | 0.4653                 | 0.4617                 |
| 1991-1998 (8)      | 2001          | 0.5005                        | 0.4988                 | 0.5022                 |
| 1992-1999 (8)      | 2002          | 0.5705                        | 0.5636                 | 0.5775                 |
| 1990-1998 (9)      | 2001          | 0.4915                        | 0.4890                 | 0.4939                 |
| 1991-1999 (9)      | 2002          | 0.5541                        | 0.5485                 | 0.5598                 |
| 1990-1999 (10)     | 2002          | 0.5415                        | 0.5356                 | 0.5474                 |

**Indemnity  
Linear Fit  
Differences: (Actual - Trended)**

| Years Used (# Yrs) | 3 Yr Trend To | Severity Ratio (Avg Pd & Inc) | Severity Ratio (Incur) | Severity Ratio (Pd-20) |
|--------------------|---------------|-------------------------------|------------------------|------------------------|
| 1990-1993 (4)      | 1996          | 0.0678                        | 0.0701                 | 0.0655                 |
| 1991-1994 (4)      | 1997          | 0.0427                        | 0.0483                 | 0.0373                 |
| 1992-1995 (4)      | 1998          | 0.0809                        | 0.0660                 | 0.0958                 |
| 1993-1996 (4)      | 1999          | 0.0452                        | 0.0340                 | 0.0564                 |
| 1994-1997 (4)      | 2000          | 0.1516                        | 0.1797                 | 0.1236                 |
| 1995-1998 (4)      | 2001          | 0.0465                        | 0.0813                 | 0.0115                 |
| 1996-1999 (4)      | 2002          | 0.0719                        | 0.1292                 | 0.0142                 |
| 1990-1994 (5)      | 1997          | 0.0419                        | 0.0497                 | 0.0341                 |
| 1991-1995 (5)      | 1998          | 0.0812                        | 0.0687                 | 0.0938                 |
| 1992-1996 (5)      | 1999          | 0.0747                        | 0.0632                 | 0.0865                 |
| 1993-1997 (5)      | 2000          | 0.1586                        | 0.1878                 | 0.1292                 |
| 1994-1998 (5)      | 2001          | 0.0650                        | 0.0910                 | 0.0389                 |
| 1995-1999 (5)      | 2002          | 0.0599                        | 0.1179                 | 0.0018                 |
| 1990-1995 (6)      | 1998          | 0.0786                        | 0.0696                 | 0.0876                 |
| 1991-1996 (6)      | 1999          | 0.0897                        | 0.0786                 | 0.1011                 |
| 1992-1997 (6)      | 2000          | 0.1784                        | 0.2076                 | 0.1492                 |
| 1993-1998 (6)      | 2001          | 0.0716                        | 0.0960                 | 0.0471                 |
| 1994-1999 (6)      | 2002          | 0.0838                        | 0.1348                 | 0.0326                 |
| 1990-1996 (7)      | 1999          | 0.0976                        | 0.0887                 | 0.1068                 |
| 1991-1997 (7)      | 2000          | 0.1910                        | 0.2206                 | 0.1614                 |
| 1992-1998 (7)      | 2001          | 0.0891                        | 0.1118                 | 0.0663                 |
| 1993-1999 (7)      | 2002          | 0.0971                        | 0.1461                 | 0.0481                 |
| 1990-1997 (8)      | 2000          | 0.1988                        | 0.2304                 | 0.1673                 |
| 1991-1998 (8)      | 2001          | 0.1019                        | 0.1238                 | 0.0799                 |
| 1992-1999 (8)      | 2002          | 0.1178                        | 0.1647                 | 0.0709                 |
| 1990-1998 (9)      | 2001          | 0.1109                        | 0.1336                 | 0.0882                 |
| 1991-1999 (9)      | 2002          | 0.1342                        | 0.1798                 | 0.0886                 |
| 1990-1999 (10)     | 2002          | 0.1468                        | 0.1927                 | 0.1010                 |

**Indemnity  
Exponential Fit  
Trended Severity Ratios**

| Years Used (# Yrs) | 3 Yr Trend To | Severity Ratio (Avg Pd & Inc) | Severity Ratio (Incur) | Severity Ratio (Pd-20) |
|--------------------|---------------|-------------------------------|------------------------|------------------------|
| 1990-1993 (4)      | 1996          | 0.3828                        | 0.3780                 | 0.3874                 |
| 1991-1994 (4)      | 1997          | 0.4003                        | 0.3961                 | 0.4041                 |
| 1992-1995 (4)      | 1998          | 0.3943                        | 0.4019                 | 0.3869                 |
| 1993-1996 (4)      | 1999          | 0.5050                        | 0.5086                 | 0.5016                 |
| 1994-1997 (4)      | 2000          | 0.5205                        | 0.5273                 | 0.5136                 |
| 1995-1998 (4)      | 2001          | 0.5751                        | 0.5566                 | 0.5940                 |
| 1996-1999 (4)      | 2002          | 0.6315                        | 0.6113                 | 0.6527                 |
| 1990-1994 (5)      | 1997          | 0.4012                        | 0.3948                 | 0.4076                 |
| 1991-1995 (5)      | 1998          | 0.3940                        | 0.3991                 | 0.3888                 |
| 1992-1996 (5)      | 1999          | 0.4700                        | 0.4736                 | 0.4662                 |
| 1993-1997 (5)      | 2000          | 0.5132                        | 0.5187                 | 0.5079                 |
| 1994-1998 (5)      | 2001          | 0.5507                        | 0.5446                 | 0.5567                 |
| 1995-1999 (5)      | 2002          | 0.6594                        | 0.6358                 | 0.6839                 |
| 1990-1995 (6)      | 1998          | 0.3967                        | 0.3982                 | 0.3953                 |
| 1991-1996 (6)      | 1999          | 0.4534                        | 0.4563                 | 0.4503                 |
| 1992-1997 (6)      | 2000          | 0.4890                        | 0.4943                 | 0.4836                 |
| 1993-1998 (6)      | 2001          | 0.5438                        | 0.5399                 | 0.5479                 |
| 1994-1999 (6)      | 2002          | 0.6277                        | 0.6151                 | 0.6407                 |
| 1990-1996 (7)      | 1999          | 0.4452                        | 0.4455                 | 0.4448                 |
| 1991-1997 (7)      | 2000          | 0.4744                        | 0.4791                 | 0.4697                 |
| 1992-1998 (7)      | 2001          | 0.5218                        | 0.5200                 | 0.5236                 |
| 1993-1999 (7)      | 2002          | 0.6127                        | 0.6030                 | 0.6227                 |
| 1990-1997 (8)      | 2000          | 0.4658                        | 0.4681                 | 0.4635                 |
| 1991-1998 (8)      | 2001          | 0.5065                        | 0.5055                 | 0.5073                 |
| 1992-1999 (8)      | 2002          | 0.5855                        | 0.5788                 | 0.5923                 |
| 1990-1998 (9)      | 2001          | 0.4961                        | 0.4940                 | 0.4981                 |
| 1991-1999 (9)      | 2002          | 0.5650                        | 0.5599                 | 0.5700                 |
| 1990-1999 (10)     | 2002          | 0.5498                        | 0.5443                 | 0.5554                 |

**Indemnity  
Exponential Fit  
Differences: (Actual - Trended)**

| Years Used (# Yrs) | 3 Yr Trend To | Severity Ratio (Avg Pd & Inc) | Severity Ratio (Incur) | Severity Ratio (Pd-20) |
|--------------------|---------------|-------------------------------|------------------------|------------------------|
| 1990-1993 (4)      | 1996          | 0.0678                        | 0.0701                 | 0.0656                 |
| 1991-1994 (4)      | 1997          | 0.0427                        | 0.0483                 | 0.0374                 |
| 1992-1995 (4)      | 1998          | 0.0809                        | 0.0657                 | 0.0960                 |
| 1993-1996 (4)      | 1999          | 0.0375                        | 0.0249                 | 0.0501                 |
| 1994-1997 (4)      | 2000          | 0.1419                        | 0.1684                 | 0.1154                 |
| 1995-1998 (4)      | 2001          | 0.0273                        | 0.0660                 | -0.0119                |
| 1996-1999 (4)      | 2002          | 0.0568                        | 0.1170                 | -0.0043                |
| 1990-1994 (5)      | 1997          | 0.0418                        | 0.0496                 | 0.0339                 |
| 1991-1995 (5)      | 1998          | 0.0812                        | 0.0685                 | 0.0941                 |
| 1992-1996 (5)      | 1999          | 0.0725                        | 0.0599                 | 0.0855                 |
| 1993-1997 (5)      | 2000          | 0.1492                        | 0.1770                 | 0.1211                 |
| 1994-1998 (5)      | 2001          | 0.0517                        | 0.0780                 | 0.0254                 |
| 1995-1999 (5)      | 2002          | 0.0289                        | 0.0925                 | -0.0355                |
| 1990-1995 (6)      | 1998          | 0.0785                        | 0.0694                 | 0.0876                 |
| 1991-1996 (6)      | 1999          | 0.0891                        | 0.0772                 | 0.1014                 |
| 1992-1997 (6)      | 2000          | 0.1734                        | 0.2014                 | 0.1454                 |
| 1993-1998 (6)      | 2001          | 0.0586                        | 0.0827                 | 0.0342                 |
| 1994-1999 (6)      | 2002          | 0.0606                        | 0.1132                 | 0.0077                 |
| 1990-1996 (7)      | 1999          | 0.0973                        | 0.0880                 | 0.1069                 |
| 1991-1997 (7)      | 2000          | 0.1880                        | 0.2166                 | 0.1593                 |
| 1992-1998 (7)      | 2001          | 0.0806                        | 0.1026                 | 0.0585                 |
| 1993-1999 (7)      | 2002          | 0.0756                        | 0.1253                 | 0.0257                 |
| 1990-1997 (8)      | 2000          | 0.1966                        | 0.2276                 | 0.1655                 |
| 1991-1998 (8)      | 2001          | 0.0959                        | 0.1171                 | 0.0748                 |
| 1992-1999 (8)      | 2002          | 0.1028                        | 0.1495                 | 0.0561                 |
| 1990-1998 (9)      | 2001          | 0.1063                        | 0.1286                 | 0.0840                 |
| 1991-1999 (9)      | 2002          | 0.1233                        | 0.1684                 | 0.0784                 |
| 1990-1999 (10)     | 2002          | 0.1385                        | 0.1840                 | 0.0930                 |

**Medical**  
**Actual Ultimate Severity Ratios**

| MEDICAL | Policy<br>Year | Severity<br>Ratio<br>(Avg Pd & Inc) | Severity<br>Ratio<br>(Incur) | Severity<br>Ratio<br>(Pd-20) |
|---------|----------------|-------------------------------------|------------------------------|------------------------------|
|         | 1990           | 0.3071                              | 0.3019                       | 0.3123                       |
|         | 1991           | 0.3435                              | 0.3367                       | 0.3503                       |
|         | 1992           | 0.4622                              | 0.4832                       | 0.4412                       |
|         | 1993           | 0.3892                              | 0.3958                       | 0.3826                       |
|         | 1994           | 0.4144                              | 0.4182                       | 0.4106                       |
|         | 1995           | 0.4435                              | 0.4670                       | 0.4202                       |
|         | 1996           | 0.5045                              | 0.5253                       | 0.4837                       |
|         | 1997           | 0.5600                              | 0.5887                       | 0.5312                       |
|         | 1998           | 0.6376                              | 0.6589                       | 0.6163                       |
|         | 1999           | 0.7277                              | 0.7529                       | 0.7025                       |
|         | 2000           | 0.8429                              | 0.9041                       | 0.7816                       |
|         | 2001           | 0.8139                              | 0.8576                       | 0.7701                       |
|         | 2002           | 1.0850                              | 1.3017                       | 0.8682                       |

**Medical  
Linear Fit  
Trended Severity Ratios**

| Years Used (# Yrs) | 3 Yr Trend To | Severity Ratio (Avg Pd & Inc) | Severity Ratio (Incur) | Severity Ratio (Pd-20) |
|--------------------|---------------|-------------------------------|------------------------|------------------------|
| 1990-1993 (4)      | 1996          | 0.5398                        | 0.5721                 | 0.5074                 |
| 1991-1994 (4)      | 1997          | 0.4652                        | 0.4792                 | 0.4512                 |
| 1992-1995 (4)      | 1998          | 0.4134                        | 0.4293                 | 0.3979                 |
| 1993-1996 (4)      | 1999          | 0.6067                        | 0.6484                 | 0.5651                 |
| 1994-1997 (4)      | 2000          | 0.7046                        | 0.7562                 | 0.6528                 |
| 1995-1998 (4)      | 2001          | 0.8234                        | 0.8476                 | 0.7990                 |
| 1996-1999 (4)      | 2002          | 0.9437                        | 0.9703                 | 0.9171                 |
| 1990-1994 (5)      | 1997          | 0.5134                        | 0.5330                 | 0.4939                 |
| 1991-1995 (5)      | 1998          | 0.4867                        | 0.5180                 | 0.4556                 |
| 1992-1996 (5)      | 1999          | 0.5122                        | 0.5356                 | 0.4890                 |
| 1993-1997 (5)      | 2000          | 0.6782                        | 0.7254                 | 0.6308                 |
| 1994-1998 (5)      | 2001          | 0.7934                        | 0.8332                 | 0.7536                 |
| 1995-1999 (5)      | 2002          | 0.9254                        | 0.9513                 | 0.8994                 |
| 1990-1995 (6)      | 1998          | 0.5224                        | 0.5549                 | 0.4902                 |
| 1991-1996 (6)      | 1999          | 0.5479                        | 0.5818                 | 0.5141                 |
| 1992-1997 (6)      | 2000          | 0.5981                        | 0.6313                 | 0.5648                 |
| 1993-1998 (6)      | 2001          | 0.7649                        | 0.8052                 | 0.7246                 |
| 1994-1999 (6)      | 2002          | 0.8943                        | 0.9319                 | 0.8567                 |
| 1990-1996 (7)      | 1999          | 0.5687                        | 0.6038                 | 0.5337                 |
| 1991-1997 (7)      | 2000          | 0.6143                        | 0.6546                 | 0.5740                 |
| 1992-1998 (7)      | 2001          | 0.6926                        | 0.7239                 | 0.6613                 |
| 1993-1999 (7)      | 2002          | 0.8635                        | 0.9026                 | 0.8243                 |
| 1990-1997 (8)      | 2000          | 0.6249                        | 0.6659                 | 0.5840                 |
| 1991-1998 (8)      | 2001          | 0.6955                        | 0.7334                 | 0.6576                 |
| 1992-1999 (8)      | 2002          | 0.7958                        | 0.8282                 | 0.7634                 |
| 1990-1998 (9)      | 2001          | 0.6975                        | 0.7369                 | 0.6582                 |
| 1991-1999 (9)      | 2002          | 0.7891                        | 0.8273                 | 0.7509                 |
| 1990-1999 (10)     | 2002          | 0.7839                        | 0.8237                 | 0.7440                 |



**Medical**  
**Linear Fit**  
**Differences: (Actual - Trended)**

| Years Used (# Yrs) | 3 Yr Trend To | Severity Ratio (Avg Pd & Inc) | Severity Ratio (Incur) | Severity Ratio (Pd-20) |
|--------------------|---------------|-------------------------------|------------------------|------------------------|
| 1990-1993 (4)      | 1996          | -0.0353                       | -0.0468                | -0.0237                |
| 1991-1994 (4)      | 1997          | 0.0948                        | 0.1095                 | 0.0800                 |
| 1992-1995 (4)      | 1998          | 0.2242                        | 0.2296                 | 0.2184                 |
| 1993-1996 (4)      | 1999          | 0.1211                        | 0.1045                 | 0.1374                 |
| 1994-1997 (4)      | 2000          | 0.1383                        | 0.1479                 | 0.1288                 |
| 1995-1998 (4)      | 2001          | -0.0095                       | 0.0100                 | -0.0289                |
| 1996-1999 (4)      | 2002          | 0.1413                        | 0.3314                 | -0.0489                |
| 1990-1994 (5)      | 1997          | 0.0466                        | 0.0557                 | 0.0374                 |
| 1991-1995 (5)      | 1998          | 0.1509                        | 0.1409                 | 0.1607                 |
| 1992-1996 (5)      | 1999          | 0.2155                        | 0.2173                 | 0.2135                 |
| 1993-1997 (5)      | 2000          | 0.1647                        | 0.1787                 | 0.1508                 |
| 1994-1998 (5)      | 2001          | 0.0205                        | 0.0244                 | 0.0165                 |
| 1995-1999 (5)      | 2002          | 0.1596                        | 0.3504                 | -0.0312                |
| 1990-1995 (6)      | 1998          | 0.1152                        | 0.1040                 | 0.1261                 |
| 1991-1996 (6)      | 1999          | 0.1798                        | 0.1711                 | 0.1884                 |
| 1992-1997 (6)      | 2000          | 0.2448                        | 0.2728                 | 0.2168                 |
| 1993-1998 (6)      | 2001          | 0.0490                        | 0.0524                 | 0.0455                 |
| 1994-1999 (6)      | 2002          | 0.1907                        | 0.3698                 | 0.0115                 |
| 1990-1996 (7)      | 1999          | 0.1590                        | 0.1491                 | 0.1688                 |
| 1991-1997 (7)      | 2000          | 0.2286                        | 0.2495                 | 0.2076                 |
| 1992-1998 (7)      | 2001          | 0.1213                        | 0.1337                 | 0.1088                 |
| 1993-1999 (7)      | 2002          | 0.2215                        | 0.3991                 | 0.0439                 |
| 1990-1997 (8)      | 2000          | 0.2180                        | 0.2382                 | 0.1976                 |
| 1991-1998 (8)      | 2001          | 0.1184                        | 0.1242                 | 0.1125                 |
| 1992-1999 (8)      | 2002          | 0.2892                        | 0.4735                 | 0.1048                 |
| 1990-1998 (9)      | 2001          | 0.1164                        | 0.1207                 | 0.1119                 |
| 1991-1999 (9)      | 2002          | 0.2959                        | 0.4744                 | 0.1173                 |
| 1990-1999 (10)     | 2002          | 0.3011                        | 0.4780                 | 0.1242                 |

**Medical  
Exponential Fit  
Trended Severity Ratios**

| Years Used (# Yrs) | 3 Yr Trend To | Severity Ratio (Avg Pd & Inc) | Severity Ratio (Incur) | Severity Ratio (Pd-20) |
|--------------------|---------------|-------------------------------|------------------------|------------------------|
| 1990-1993 (4)      | 1996          | 0.5841                        | 0.6332                 | 0.5379                 |
| 1991-1994 (4)      | 1997          | 0.4770                        | 0.4962                 | 0.4588                 |
| 1992-1995 (4)      | 1998          | 0.4148                        | 0.4304                 | 0.3993                 |
| 1993-1996 (4)      | 1999          | 0.6379                        | 0.6913                 | 0.5862                 |
| 1994-1997 (4)      | 2000          | 0.7596                        | 0.8293                 | 0.6921                 |
| 1995-1998 (4)      | 2001          | 0.9096                        | 0.9305                 | 0.8884                 |
| 1996-1999 (4)      | 2002          | 1.0460                        | 1.0704                 | 1.0219                 |
| 1990-1994 (5)      | 1997          | 0.5450                        | 0.5737                 | 0.5176                 |
| 1991-1995 (5)      | 1998          | 0.4992                        | 0.5378                 | 0.4625                 |
| 1992-1996 (5)      | 1999          | 0.5138                        | 0.5380                 | 0.4898                 |
| 1993-1997 (5)      | 2000          | 0.7275                        | 0.7900                 | 0.6668                 |
| 1994-1998 (5)      | 2001          | 0.8745                        | 0.9283                 | 0.8214                 |
| 1995-1999 (5)      | 2002          | 1.0442                        | 1.0658                 | 1.0227                 |
| 1990-1995 (6)      | 1998          | 0.5527                        | 0.5973                 | 0.5104                 |
| 1991-1996 (6)      | 1999          | 0.5667                        | 0.6098                 | 0.5254                 |
| 1992-1997 (6)      | 2000          | 0.6095                        | 0.6456                 | 0.5736                 |
| 1993-1998 (6)      | 2001          | 0.8393                        | 0.8943                 | 0.7850                 |
| 1994-1999 (6)      | 2002          | 1.0090                        | 1.0592                 | 0.9592                 |
| 1990-1996 (7)      | 1999          | 0.6060                        | 0.6551                 | 0.5592                 |
| 1991-1997 (7)      | 2000          | 0.6437                        | 0.6960                 | 0.5933                 |
| 1992-1998 (7)      | 2001          | 0.7211                        | 0.7569                 | 0.6853                 |
| 1993-1999 (7)      | 2002          | 0.9703                        | 1.0246                 | 0.9166                 |
| 1990-1997 (8)      | 2000          | 0.6731                        | 0.7311                 | 0.6177                 |
| 1991-1998 (8)      | 2001          | 0.7414                        | 0.7933                 | 0.6911                 |
| 1992-1999 (8)      | 2002          | 0.8492                        | 0.8875                 | 0.8110                 |
| 1990-1998 (9)      | 2001          | 0.7622                        | 0.8208                 | 0.7060                 |
| 1991-1999 (9)      | 2002          | 0.8585                        | 0.9129                 | 0.8057                 |
| 1990-1999 (10)     | 2002          | 0.8718                        | 0.9335                 | 0.8123                 |

**Medical**  
**Exponential Fit**  
**Differences: (Actual - Trended)**

| Years Used (# Yrs) | 3 Yr Trend To | Severity Ratio (Avg Pd & Inc) | Severity Ratio (Incur) | Severity Ratio (Pd-20) |
|--------------------|---------------|-------------------------------|------------------------|------------------------|
| 1990-1993 (4)      | 1996          | -0.0796                       | -0.1079                | -0.0542                |
| 1991-1994 (4)      | 1997          | 0.0830                        | 0.0925                 | 0.0724                 |
| 1992-1995 (4)      | 1998          | 0.2228                        | 0.2285                 | 0.2170                 |
| 1993-1996 (4)      | 1999          | 0.0898                        | 0.0616                 | 0.1163                 |
| 1994-1997 (4)      | 2000          | 0.0833                        | 0.0748                 | 0.0895                 |
| 1995-1998 (4)      | 2001          | -0.0957                       | -0.0729                | -0.1183                |
| 1996-1999 (4)      | 2002          | 0.0390                        | 0.2313                 | -0.1537                |
| 1990-1994 (5)      | 1997          | 0.0150                        | 0.0150                 | 0.0136                 |
| 1991-1995 (5)      | 1998          | 0.1384                        | 0.1211                 | 0.1538                 |
| 1992-1996 (5)      | 1999          | 0.2139                        | 0.2149                 | 0.2127                 |
| 1993-1997 (5)      | 2000          | 0.1154                        | 0.1141                 | 0.1148                 |
| 1994-1998 (5)      | 2001          | -0.0606                       | -0.0707                | -0.0513                |
| 1995-1999 (5)      | 2002          | 0.0408                        | 0.2359                 | -0.1545                |
| 1990-1995 (6)      | 1998          | 0.0849                        | 0.0616                 | 0.1059                 |
| 1991-1996 (6)      | 1999          | 0.1610                        | 0.1431                 | 0.1771                 |
| 1992-1997 (6)      | 2000          | 0.2334                        | 0.2585                 | 0.2080                 |
| 1993-1998 (6)      | 2001          | -0.0254                       | -0.0367                | -0.0149                |
| 1994-1999 (6)      | 2002          | 0.0760                        | 0.2425                 | -0.0910                |
| 1990-1996 (7)      | 1999          | 0.1217                        | 0.0978                 | 0.1433                 |
| 1991-1997 (7)      | 2000          | 0.1992                        | 0.2081                 | 0.1883                 |
| 1992-1998 (7)      | 2001          | 0.0928                        | 0.1007                 | 0.0848                 |
| 1993-1999 (7)      | 2002          | 0.1147                        | 0.2771                 | -0.0484                |
| 1990-1997 (8)      | 2000          | 0.1698                        | 0.1730                 | 0.1639                 |
| 1991-1998 (8)      | 2001          | 0.0725                        | 0.0643                 | 0.0790                 |
| 1992-1999 (8)      | 2002          | 0.2358                        | 0.4142                 | 0.0572                 |
| 1990-1998 (9)      | 2001          | 0.0517                        | 0.0368                 | 0.0641                 |
| 1991-1999 (9)      | 2002          | 0.2265                        | 0.3888                 | 0.0625                 |
| 1990-1999 (10)     | 2002          | 0.2132                        | 0.3682                 | 0.0559                 |