

DELAWARE COMPENSATION RATING BUREAU, INC.

ACTUARIAL COMMITTEE

**Summary of Material for Modification of Experience
December 1, 2010 Residual Market Rate and Voluntary Market Loss Cost Revision**

Amended Filing

DELAWARE 2010 RESIDUAL MARKET RATE AND VOLUNTARY MARKET LOSS COST FILING

PROPOSED EFFECTIVE DATE - DECEMBER 1, 2010

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EXHIBIT I

INDICATED CHANGE IN RATE LEVEL

	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(1a) Policy Year 2005 Loss and Loss Adjustment Expense Ratio	0.3632	0.5781	0.9413
(1b) Policy Year 2006 Loss and Loss Adjustment Expense Ratio	0.3387	0.5425	0.8812
(1c) Policy Year 2007 Loss and Loss Adjustment Expense Ratio	0.3581	0.6170	0.9751
(1d) Policy Year 2008 Loss and Loss Adjustment Expense Ratio	0.2834	0.5643	0.8477
(1e) Average (Midpoint = 7/1/2007)	0.3359	0.5755	0.9114
(2a) Policy Year 2005 Loss and LAE Ratio Trended to 12/1/2011	0.2225	0.5169	
(2b) Policy Year 2006 Loss and LAE Ratio Trended to 12/1/2011	0.2255	0.4961	
(2c) Policy Year 2007 Loss and LAE Ratio Trended to 12/1/2011	0.2591	0.5771	
(2d) Policy Year 2008 Loss and LAE Ratio Trended to 12/1/2011	0.2228	0.5399	
(2e) Average at 12/1/2011	0.2325	0.5325	0.7650
(3a) Senate Bill 1 Adjustment	1.0000	0.8260	
(3b) Average Trended Loss and LAE Ratio Post-SB1 (2e)*(3a)	0.2325	0.4398	0.6723
(4a) Excess Loss Factor at \$2,139,891 (Post-SB1 Basis) *			0.0709
(4b) Provision for Excess Loss (5a)-(3b)			0.0513
(5a) Total Trended Loss and LAE Ratio (3b)/(1.0-(4a))	0.2357	0.4879	0.7236
(5b) Percentage of Total	32.6%	67.4%	
(6) Permissible Loss and Loss Adjustment Ratio			0.7440
(7) Indicated Change in Rates (5a) / (6)			0.9726
(8) Estimated Effect of the 7/1/11 Benefit Change			0.9983
(9) Indicated Change in Residual Market Rate Level (7) * (8)			0.9709
(9a) Factor to Adjust for Compromise With Insurance Department			0.99135
(9b) Change in Residual Market Rate Level to Reflect Compromise (9) * (9a)			0.9625
(10) Indicated Change in Voluntary Market Loss Costs (9) * [0.7688 / 0.7574]			0.9855
(10a) Factor to Adjust for Compromise With Insurance Department			0.99135
(10b) Change in Voluntary Market Loss Cost Level to Reflect Compromise (10) * (10a)			0.9770

CHANGES IN MANUAL PREMIUM LEVEL BY INDUSTRY GROUP

	Mfg.	Cont.	Other	Total
(11) Current Collectible Premium Ratio	1.0835	1.0278	0.9394	
(12) Proposed Collectible Premium Ratio	1.0354	1.0186	0.9301	
(13) Change in Collectible Premium Ratio (12) / (11)	0.9556	0.9910	0.9901	0.9848
(14) Change in Residual Market Manual Rate Level (9b) * (13)	0.9198	0.9538	0.9530	0.9479
(15) Change in Voluntary Market Manual Loss Cost Level (10b) * (13)	0.9336	0.9682	0.9673	0.9621
(16) Current Offset for Residual Market Surcharge				0.9947
(17) Proposed Offset for Residual Market Surcharge				0.9954
(18) Adjusted Change in Voluntary Market Manual Loss Cost Level (15) * (17)/(16)	0.9343	0.9689	0.9680	0.9628

* \$2,610,000 on a pre-Senate Bill 1 basis.

EXHIBIT II
EXPENSE LOADING

	<u>Current %</u>	<u>Proposed %</u>
LOSS AND LOSS ADJUSTMENT EXPENSE		
Losses	64.28	64.48
Loss Adjustment Expense	8.87	9.92 a
Loss & Loss Adjustment	73.15	74.40
UNDERWRITING EXPENSES		
Commission	6.53	5.76
Other Acquisition	2.88	2.85
General Expenses	2.97	3.03
Premium Discount	8.33	8.25
State Premium Tax	2.00	2.00
Other State Tax	0.39	0.38
Uncollectible Premium	3.00	2.50
Administrative Assessment	2.59	2.48 b
Workers Compensation Fund	2.00	3.00
Deviations	0.00	0.00
Policyholder Dividends	0.00	0.00
Underwriting Profit	-3.84	-4.65
Underwriting Expense Total	26.85	25.60

a - As ratio to loss, Loss Adjustment Expense = 0.1538
b - As ratio to loss, Administrative Assessment = 0.0385

RESIDUAL MARKET MINIMUM PREMIUM:

It is proposed that the Minimum Premium formula remain at

$$(235 * \text{Rate}) + \text{Expense Constant}$$

It is proposed that the Minimum Premium be subject to a Maximum Minimum Premium of \$2000. It is proposed to use a multiplier of 117.50 in the Minimum Premium formula for the Farm Classes, (0006, 0016, 0034, 0036, 0083).

RESIDUAL MARKET EXPENSE CONSTANT:

It is proposed that the expense constant decrease from \$265 to \$260.

EXHIBIT III

**INTERNAL RATE OF RETURN ANALYSIS
STATE OF DELAWARE - 2010
TABLE I: INPUTS, ASSUMPTIONS & OUTPUTS**

Section 1: Inputs & Assumptions		
(1)	Commissions *	5.76
(2)	Other Expenses	6.26
(2A)	Other Acquisitions *	2.85
(2B)	General Expenses *	3.03
(2C)	Other Tax **	0.38
(3)	State Premium Taxes & Uncollectible Premium	
(3A)	Tax1 - Premium Tax **	2.00
(3B)	Uncollectible Premium **	2.50
(3C)	Tax3 - Workers Compensation Fund **	3.00
(4)	Premium Discount ***	8.25
(5)	Deviations	0.00
(6)	Dividends to Policyholders	0.00
(7)	Premium Written	1,000,000
Investment Income		
(8A)	Pre-Tax Return on Assets	4.28
(8B)	Investment Income Tax Rate	0.81
(8C)	Post-Tax Return on Assets	3.47
(10)	Reserve to Surplus Ratio	2.32
(11)	Internal Rate of Return (Cost of Capital)	7.88
* Applies to standard premium at Bureau level (before premium discount)		
** Applies to net premium at company level (after deviations and premium discounts)		
*** Applies to standard premium at company level (after deviations)		

Section 2: Outputs		
(1)	Loss Ratio - including loss adjustment expense & loss based assessments	76.88
(2)	Profit & Contingencies	-4.65

EXHIBIT IV - 1

POLICY YEAR LOSS RATIO 2008*

(1) Standard Earned Premium Reported (Table I)			140,914,218
(2) Factor to 12/1/09 Rate Level (Exhibit V-1)			0.9517
(3) Premium Development Factor to Ultimate Level (Exhibit VI-1)			0.9975
(4) Expense Constant Removal Factor			0.9967
(5) DCCPAP On-Level Factor			0.9974
(6) Factor to Adjust to a Pre-Chancery Court Rate Level			1.0718
(7) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			142,532,979
Losses - Paid-to-20th Method	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8) Paid Losses Reported (Table I-D & I-E)	6,978,100	24,073,638	31,051,738
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	5.2340	2.8545	
(10) Ultimate Incurred Losses (8) * (9)	36,523,375	68,718,200	105,241,575
Losses - Incurred Method			
(11) Incurred Losses Reported (Table I-B & I-C)	17,949,401	33,785,668	51,735,069
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.8593	2.0926	
(13) Ultimate Incurred Losses (11) * (12)	33,373,321	70,699,889	104,073,210
Losses - Average of Incurred and Paid-to-20th			
(14) Ultimate Incurred Losses ((10) + (13))/2	34,948,348	69,709,045	104,657,393
(15) Factor to 5/25/10 Benefit Level (Exhibit V-3)	1.0017	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.1538	1.1538	
(17) Adjusted Losses (14) * (15) * (16)	40,391,954	80,430,296	120,822,250
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.2834	0.5643	0.8477
(19) Normalized Claim Frequency (Exhibit VII-3)	0.3655	0.3655	
(20) Severity Ratio** (18)/(19)	0.7754	1.5439	2.3193

* Projected losses limited on a per claim basis, with the loss limitation varying by policy year.

** Severity ratio represents loss and loss adjustment expense ratio adjusted to a common level of frequency.

EXHIBIT IV - 2

POLICY YEAR LOSS RATIO 2007*

(1)	Standard Earned Premium Reported (Table I)			184,351,650
(2)	Factor to 12/1/09 Rate Level (Exhibit V-1)			0.7066
(3)	Premium Development Factor to Ultimate Level (Exhibit VI-1)			0.9972
(4)	Expense Constant Removal Factor			0.9977
(5)	DCCPAP On-Level Factor			0.9974
(6)	Factor to Adjust to a Pre-Chancery Court Rate Level			1.0718
(7)	Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			138,543,457
Losses - Paid-to-20th Method		<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8)	Paid Losses Reported (Table I-D & I-E)	16,194,993	34,231,571	50,426,564
(9)	Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	2.6079	2.0906	
(10)	Ultimate Incurred Losses (8) * (9)	42,234,922	71,564,522	113,799,444
Losses - Incurred Method				
(11)	Incurred Losses Reported (Table I-B & I-C)	30,025,046	43,221,446	73,246,492
(12)	Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.4044	1.7723	
(13)	Ultimate Incurred Losses (11) * (12)	42,167,175	76,601,369	118,768,544
Losses - Average of Incurred and Paid-to-20th				
(14)	Ultimate Incurred Losses ((10) + (13))/2	42,201,049	74,082,946	116,283,995
(15)	Factor to 5/25/10 Benefit Level (Exhibit V-3)	1.0189	1.0000	
(16)	Factor to Include Loss Adjustment Expense	1.1538	1.1538	
(17)	Adjusted Losses (14) * (15) * (16)	49,611,841	85,476,903	135,088,744
(18)	Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.3581	0.6170	0.9751
(19)	Normalized Claim Frequency (Exhibit VII-3)	0.4233	0.4233	
(20)	Severity Ratio** (18)/(19)	0.8460	1.4576	2.3036

* Projected losses limited on a per claim basis, with the loss limitation varying by policy year.

** Severity ratio represents loss and loss adjustment expense ratio adjusted to a common level of frequency.

EXHIBIT IV - 3

POLICY YEAR LOSS RATIO 2006*

(1) Standard Earned Premium Reported (Table I)			189,817,306
(2) Factor to 12/1/09 Rate Level (Exhibit V-1)			0.6880
(3) Premium Development Factor to Ultimate Level (Exhibit VI-1)			0.9981
(4) Expense Constant Removal Factor			0.9974
(5) DCCPAP On-Level Factor			0.9960
(6) Factor to Adjust to a Pre-Chancery Court Rate Level			1.0718
(7) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			138,784,433
Losses - Paid-to-20th Method	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8) Paid Losses Reported (Table I-D & I-E)	21,861,677	35,504,257	57,365,934
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.8059	1.8195	
(10) Ultimate Incurred Losses (8) * (9)	39,480,002	64,599,996	104,079,998
Losses - Incurred Method			
(11) Incurred Losses Reported (Table I-B & I-C)	31,483,575	41,599,003	73,082,578
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.2190	1.5846	
(13) Ultimate Incurred Losses (11) * (12)	38,378,478	65,917,780	104,296,258
Losses - Average of Incurred and Paid-to-20th			
(14) Ultimate Incurred Losses ((10) + (13))/2	38,929,240	65,258,888	104,188,128
(15) Factor to 5/25/10 Benefit Level (Exhibit V-3)	1.0465	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.1538	1.1538	
(17) Adjusted Losses (14) * (15) * (16)	47,005,177	75,295,705	122,300,882
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.3387	0.5425	0.8812
(19) Normalized Claim Frequency (Exhibit VII-3)	0.4569	0.4569	
(20) Severity Ratio** (18)/(19)	0.7413	1.1873	1.9286

* Projected losses limited on a per claim basis, with the loss limitation varying by policy year.

** Severity ratio represents loss and loss adjustment expense ratio adjusted to a common level of frequency.

EXHIBIT IV - 4

POLICY YEAR LOSS RATIO 2005*

(1)	Standard Earned Premium Reported (Table I)			172,257,056
(2)	Factor to 12/1/09 Rate Level (Exhibit V-1)			0.7204
(3)	Premium Development Factor to Ultimate Level (Exhibit VI-1)			0.9994
(4)	Expense Constant Removal Factor			0.9968
(5)	DCCPAP On-Level Factor			0.9985
(6)	Factor to Adjust to a Pre-Chancery Court Rate Level			1.0718
(7)	Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			132,300,023
Losses - Paid-to-20th Method		<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8)	Paid Losses Reported (Table I-D & I-E)	25,902,665	38,331,300	64,233,965
(9)	Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.5377	1.6902	
(10)	Ultimate Incurred Losses (8) * (9)	39,830,528	64,787,563	104,618,091
Losses - Incurred Method				
(11)	Incurred Losses Reported (Table I-B & I-C)	32,821,690	46,645,579	79,467,269
(12)	Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.1614	1.4533	
(13)	Ultimate Incurred Losses (11) * (12)	38,119,111	67,790,020	105,909,131
Losses - Average of Incurred and Paid-to-20th				
(14)	Ultimate Incurred Losses ((10) + (13))/2	38,974,820	66,288,792	105,263,612
(15)	Factor to 5/25/10 Benefit Level (Exhibit V-3)	1.0686	1.0000	
(16)	Factor to Include Loss Adjustment Expense	1.1538	1.1538	
(17)	Adjusted Losses (14) * (15) * (16)	48,054,031	76,484,008	124,538,039
(18)	Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.3632	0.5781	0.9413
(19)	Normalized Claim Frequency (Exhibit VII-3)	0.4834	0.4834	
(20)	Severity Ratio** (18)/(19)	0.7513	1.1959	1.9472

* Projected losses limited on a per claim basis, with the loss limitation varying by policy year.

** Severity ratio represents loss and loss adjustment expense ratio adjusted to a common level of frequency.

EXHIBIT IV - 5

POLICY YEAR LOSS RATIO 2004*

(1)	Standard Earned Premium Reported (Table I)			140,400,460
(2)	Factor to 12/1/09 Rate Level (Exhibit V-1)			0.8192
(3)	Premium Development Factor to Ultimate Level (Exhibit VI-1)			0.9996
(4)	Expense Constant Removal Factor			0.9963
(5)	DCCPAP On-Level Factor			0.9999
(6)	Factor to Adjust to a Pre-Chancery Court Rate Level			1.0718
(7)	Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			122,756,691
Losses - Paid-to-20th Method		<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8)	Paid Losses Reported (Table I-D & I-E)	29,534,134	42,098,568	71,632,702
(9)	Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.4071	1.5953	
(10)	Ultimate Incurred Losses (8) * (9)	41,557,480	67,159,846	108,717,326
Losses - Incurred Method				
(11)	Incurred Losses Reported (Table I-B & I-C)	34,793,623	51,645,236	86,438,859
(12)	Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.1307	1.3691	
(13)	Ultimate Incurred Losses (11) * (12)	39,341,150	70,707,493	110,048,643
Losses - Average of Incurred and Paid-to-20th				
(14)	Ultimate Incurred Losses ((10) + (13))/2	40,449,315	68,933,670	109,382,985
(15)	Factor to 5/25/10 Benefit Level (Exhibit V-3)	1.0836	1.0000	
(16)	Factor to Include Loss Adjustment Expense	1.1538	1.1538	
(17)	Adjusted Losses (14) * (15) * (16)	50,572,067	79,535,668	130,107,735
(18)	Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.4120	0.6479	1.0599
(19)	Normalized Claim Frequency (Exhibit VII-3)	0.5395	0.5395	
(20)	Severity Ratio** (18)/(19)	0.7637	1.2009	1.9646

* Projected losses limited on a per claim basis, with the loss limitation varying by policy year.

** Severity ratio represents loss and loss adjustment expense ratio adjusted to a common level of frequency.

EXHIBIT IV - 6

POLICY YEAR LOSS RATIO 2003*

(1)	Standard Earned Premium Reported (Table I)			126,859,105
(2)	Factor to 12/1/09 Rate Level (Exhibit V-2)			0.7876
(3)	Premium Development Factor to Ultimate Level (Exhibit VI-1)			1.0002
(4)	Expense Constant Removal Factor			0.9966
(5)	DCCPAP On-Level Factor			1.0010
(6)	Factor to Adjust to a Pre-Chancery Court Rate Level			1.0718
(7)	Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			106,852,064
Losses - Paid-to-20th Method		<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8)	Paid Losses Reported (Table I-D & I-E)	29,507,542	37,428,172	66,935,714
(9)	Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.3276	1.5184	
(10)	Ultimate Incurred Losses (8) * (9)	39,174,213	56,830,936	96,005,149
Losses - Incurred Method				
(11)	Incurred Losses Reported (Table I-B & I-C)	33,822,993	46,529,108	80,352,101
(12)	Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.1103	1.3127	
(13)	Ultimate Incurred Losses (11) * (12)	37,553,669	61,078,760	98,632,429
Losses - Average of Incurred and Paid-to-20th				
(14)	Ultimate Incurred Losses ((10) + (13))/2	38,363,941	58,954,848	97,318,789
(15)	Factor to 5/25/10 Benefit Level (Exhibit V-3)	1.0964	1.0000	
(16)	Factor to Include Loss Adjustment Expense	1.1538	1.1538	
(17)	Adjusted Losses (14) * (15) * (16)	48,531,395	68,022,104	116,553,499
(18)	Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.4542	0.6366	1.0908
(19)	Normalized Claim Frequency (Exhibit VII-3)	0.6125	0.6125	
(20)	Severity Ratio** (18)/(19)	0.7416	1.0393	1.7809

* Projected losses limited on a per claim basis, with the loss limitation varying by policy year.

** Severity ratio represents loss and loss adjustment expense ratio adjusted to a common level of frequency.

EXHIBIT IV - 7

POLICY YEAR LOSS RATIO 2002*

(1) Standard Earned Premium Reported (Table I)			112,126,692
(2) Factor to 12/1/09 Rate Level (Exhibit V-2)			0.8395
(3) Premium Development Factor to Ultimate Level (Exhibit VI-1)			1.0019
(4) Expense Constant Removal Factor			0.9976
(5) DCCPAP On-Level Factor			0.9982
(6) Factor to Adjust to a Pre-Chancery Court Rate Level			1.0718
(7) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			100,656,505
Losses - Paid-to-20th Method	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8) Paid Losses Reported (Table I-D & I-E)	30,949,076	37,564,429	68,513,505
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.2723	1.4546	
(10) Ultimate Incurred Losses (8) * (9)	39,376,509	54,641,218	94,017,727
Losses - Incurred Method			
(11) Incurred Losses Reported (Table I-B & I-C)	33,978,867	45,612,186	79,591,053
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.0957	1.2726	
(13) Ultimate Incurred Losses (11) * (12)	37,230,645	58,046,068	95,276,713
Losses - Average of Incurred and Paid-to-20th			
(14) Ultimate Incurred Losses ((10) + (13))/2	38,303,577	56,343,643	94,647,220
(15) Factor to 5/25/10 Benefit Level (Exhibit V-3)	1.1236	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.1538	1.1538	
(17) Adjusted Losses (14) * (15) * (16)	49,657,128	65,009,295	114,666,423
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.4933	0.6459	1.1392
(19) Normalized Claim Frequency (Exhibit VII-3)	0.6400	0.6400	
(20) Severity Ratio** (18)/(19)	0.7708	1.0092	1.7800

* Projected losses limited on a per claim basis, with the loss limitation varying by policy year.

** Severity ratio represents loss and loss adjustment expense ratio adjusted to a common level of frequency.

EXHIBIT IV - 8

POLICY YEAR LOSS RATIO 2001*

(1) Standard Earned Premium Reported (Table I)			89,972,294
(2) Factor to 12/1/09 Rate Level (Exhibit V-2)			1.0017
(3) Premium Development Factor to Ultimate Level (Exhibit VI-1)			1.0000
(4) Expense Constant Removal Factor			0.9982
(5) DCCPAP On-Level Factor			0.9956
(6) Factor to Adjust to a Pre-Chancery Court Rate Level			1.0718
(7) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			95,998,108
Losses - Paid-to-20th Method	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8) Paid Losses Reported (Table I-D & I-E)	28,923,807	33,374,785	62,298,592
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.2305	1.4008	
(10) Ultimate Incurred Losses (8) * (9)	35,590,745	46,751,399	82,342,144
Losses - Incurred Method			
(11) Incurred Losses Reported (Table I-B & I-C)	32,163,504	40,895,966	73,059,470
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.0843	1.2425	
(13) Ultimate Incurred Losses (11) * (12)	34,874,887	50,813,238	85,688,125
Losses - Average of Incurred and Paid-to-20th			
(14) Ultimate Incurred Losses ((10) + (13))/2	35,232,816	48,782,319	84,015,135
(15) Factor to 5/25/10 Benefit Level (Exhibit V-3)	1.1493	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.1538	1.1538	
(17) Adjusted Losses (14) * (15) * (16)	46,720,910	56,285,040	103,005,950
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.4867	0.5863	1.0730
(19) Normalized Claim Frequency (Exhibit VII-3)	0.6335	0.6335	
(20) Severity Ratio** (18)/(19)	0.7683	0.9255	1.6938

* Projected losses limited on a per claim basis, with the loss limitation varying by policy year.

** Severity ratio represents loss and loss adjustment expense ratio adjusted to a common level of frequency.

EXHIBIT IV - 9

POLICY YEAR LOSS RATIO 2000*

(1) Standard Earned Premium Reported (Table I)			91,313,148
(2) Factor to 12/1/09 Rate Level (Exhibit V-2)			0.9526
(3) Premium Development Factor to Ultimate Level (Exhibit VI-1)			1.0000
(4) Expense Constant Removal Factor			0.9988
(5) DCCPAP On-Level Factor			0.9929
(6) Factor to Adjust to a Pre-Chancery Court Rate Level			1.0718
(7) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			92,457,403
Losses - Paid-to-20th Method	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8) Paid Losses Reported (Table I-D & I-E)	36,207,910	41,842,410	78,050,320
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.1975	1.3551	
(10) Ultimate Incurred Losses (8) * (9)	43,358,972	56,700,650	100,059,622
Losses - Incurred Method			
(11) Incurred Losses Reported (Table I-B & I-C)	41,336,365	51,053,424	92,389,789
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.0751	1.2189	
(13) Ultimate Incurred Losses (11) * (12)	44,440,726	62,229,019	106,669,745
Losses - Average of Incurred and Paid-to-20th			
(14) Ultimate Incurred Losses ((10) + (13))/2	43,899,849	59,464,835	103,364,684
(15) Factor to 5/25/10 Benefit Level (Exhibit V-3)	1.1768	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.1538	1.1538	
(17) Adjusted Losses (14) * (15) * (16)	59,606,857	68,610,527	128,217,384
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.6447	0.7421	1.3868
(19) Normalized Claim Frequency (Exhibit VII-3)	0.7269	0.7269	
(20) Severity Ratio** (18)/(19)	0.8869	1.0209	1.9078

* Projected losses limited on a per claim basis, with the loss limitation varying by policy year.

** Severity ratio represents loss and loss adjustment expense ratio adjusted to a common level of frequency.

EXHIBIT IV - 10

POLICY YEAR LOSS RATIO 1999*

(1) Standard Earned Premium Reported (Table I)			83,929,990
(2) Factor to 12/1/09 Rate Level (Exhibit V-2)			0.9651
(3) Premium Development Factor to Ultimate Level (Exhibit VI-1)			1.0000
(4) Expense Constant Removal Factor			0.9989
(5) DCCPAP On-Level Factor			0.9959
(6) Factor to Adjust to a Pre-Chancery Court Rate Level			1.0718
(7) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			86,365,638
Losses - Paid-to-20th Method	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8) Paid Losses Reported (Table I-D & I-E)	29,165,157	34,459,713	63,624,870
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.1703	1.3160	
(10) Ultimate Incurred Losses (8) * (9)	34,131,983	45,348,982	79,480,965
Losses - Incurred Method			
(11) Incurred Losses Reported (Table I-B & I-C)	30,700,573	39,411,687	70,112,260
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.0675	1.1994	
(13) Ultimate Incurred Losses (11) * (12)	32,772,862	47,270,377	80,043,239
Losses - Average of Incurred and Paid-to-20th			
(14) Ultimate Incurred Losses ((10) + (13))/2	33,452,423	46,309,680	79,762,103
(15) Factor to 5/25/10 Benefit Level (Exhibit V-3)	1.2065	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.1538	1.1538	
(17) Adjusted Losses (14) * (15) * (16)	46,567,770	53,432,109	99,999,879
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.5392	0.6187	1.1579
(19) Normalized Claim Frequency (Exhibit VII-3)	0.7996	0.7996	
(20) Severity Ratio** (18)/(19)	0.6743	0.7738	1.4481

* Projected losses limited on a per claim basis, with the loss limitation varying by policy year.

** Severity ratio represents loss and loss adjustment expense ratio adjusted to a common level of frequency.

EXHIBIT V - 1
POLICY YEARS 2004 - 2008
PREMIUM ON-LEVEL FACTORS

POLICY YEAR		(1)	(2)	(3)	(4)	(5)	FACTOR TO ADJUST TO 12/1/09 RATE LEVEL		
		RATE CHANGE DATE	RATE CHANGE	CUM. INDEX OF COL (2)	PORTION OF YEAR ON-LEVEL	PRODUCT (3) * (4)			
2008	VOL	12/01/07	BASE	0.7627	*	0.2599	0.1982		
		10/01/08	0.8843	0.6745		0.5871	0.3960		
		12/01/08	0.8354	0.5635		0.0514	0.0290		
		12/01/09	0.9160	0.5162		-----	-----		
							0.8984		0.6232
							-----		-----
	RM	12/01/07	BASE	1.0000		0.0300	0.0300		
		10/01/08	0.8843	0.8843		0.0679	0.0600		
		12/01/08	0.8484	0.7502		0.0037	0.0028		
		12/01/09	0.9083	0.6814		-----	-----		
							0.1016		0.0928
	*	Loss, LAE and LBA portion of 12/1/07 rate.				TOTAL	0.7160		0.9517
2007	VOL	12/01/06	BASE	0.7292	**+	0.8170	0.5958		
		12/01/07	0.8225	0.5998	+	0.0399	0.0239		
		10/01/08	0.8843	0.6448	+	0.0126	0.0081		
		12/01/07& 10/01/08	0.7273	0.5304	+	0.0105	0.0056		
		12/01/08	0.7652	0.4059	+	-----	-----		
		TO 12/1/09				0.8800	0.6334		
	RM	12/01/06	BASE	1.0000	+	0.1141	0.1141		
		12/01/07	0.7800	0.7800	+	0.0032	0.0025		
		10/01/08	0.8843	0.8843	+	0.0018	0.0016		
		12/01/07& 10/01/08	0.6898	0.6898	+	0.0009	0.0006		
		12/01/08	0.7706	0.5315	+	-----	-----		
						0.1200	0.1188		
**	Loss, LAE and LBA portion of 12/1/06 rate.				TOTAL	0.7522	0.7066		
2006	VOL	12/01/05	BASE	0.7479	***	0.7743	0.5791		
		12/01/06	1.0000	0.7479		0.0498	0.0372		
		12/01/07	0.5566	0.4163		-----	-----		
		TO 12/1/09				0.8241	0.6163		
	RM	12/01/05	BASE	1.0000		0.1665	0.1665		
		12/01/06	1.0257	1.0257		0.0094	0.0096		
		12/01/07	0.5315	0.5452		-----	-----		
		TO 12/1/09				0.1759	0.1761		
	***	Loss, LAE and LBA portion of 12/1/05 rate.				TOTAL	0.7924	0.6880	
	2005	VOL	12/01/04	BASE	0.7552	****	0.7040	0.5317	
			12/01/05	1.0710	0.8088		0.0553	0.0447	
			12/01/06	0.5566	0.4502		-----	-----	
TO 12/1/09						0.7593	0.5764		
RM		12/01/04	BASE	1.0000		0.2266	0.2266		
		12/01/05	1.0810	1.0810		0.0141	0.0152		
		12/01/06	0.5452	0.5894		-----	-----		
		TO 12/1/09				0.2407	0.2418		
****		Loss, LAE and LBA portion of 12/1/04 rate.				TOTAL	0.8182	0.7204	
2004		VOL	12/01/03	BASE	0.7347	*****	0.6672	0.4902	
			12/01/04	1.1670	0.8574		0.0631	0.0541	
			12/01/05	0.5961	0.5111		-----	-----	
	TO 12/1/09					0.7303	0.5443		
	RM	12/01/03	BASE	1.0000		0.2497	0.2497		
		12/01/04	1.1353	1.1353		0.0200	0.0227		
		12/01/05	0.5893	0.6690		-----	-----		
		TO 12/1/09				0.2697	0.2724		
	*****	Loss, LAE and LBA portion of 12/1/03 rate.				TOTAL	0.8167	0.8192	

+ Voluntary Market Adjustment for Outstanding Change

0.7292 * 0.8225 = 0.5998
0.7292 * 0.8843 = 0.6448
0.7292 * 0.8225 * 0.8843 = 0.5304
0.7292 * 0.8225 * 0.8843 * 0.8354 * 0.9160 = 0.4509

+ Residual Market Adjustment for Outstanding Change

1.0000 * 0.7800 = 0.7800
1.0000 * 0.8843 = 0.8843
1.0000 * 0.7800 * 0.8843 = 0.6898
1.0000 * 0.7800 * 0.8843 * .8484 * .9083 = 0.5315

**EXHIBIT V - 2
POLICY YEARS 1999 - 2003
PREMIUM ON-LEVEL FACTORS**

POLICY YEAR		(1)	(2)	(3)	*	(4)	(5)	FACTOR TO ADJUST TO 12/1/09 RATE LEVEL	
		RATE CHANGE DATE	RATE CHANGE	CUM. INDEX OF COL (2)		PORTION OF YEAR ON-LEVEL	PRODUCT (3) * (4)		
2003	VOL	12/01/02	BASE	0.7318		0.7115	0.5207		
		12/01/03	0.9328	0.6826		0.0585	0.0399		
		12/01/04	0.6956	0.4748		-----	-----		
		TO 12/1/09				0.7700	0.5606		
	RM	12/01/02	BASE	1.0000		0.2128	0.2128		
		12/01/03	0.9291	0.9291		0.0172	0.0160		
		12/01/04	0.6691	0.6217		-----	-----		
		TO 12/1/09				0.2300	0.2288		
	*	Loss, LAE and LBA portion of 12/1/02 rate.					TOTAL	0.7894	0.7876
	2002	VOL	12/01/01	BASE	0.7352	**	0.7381	0.5427	
12/01/02			1.0618	0.7806		0.0708	0.0553		
12/01/03			0.6489	0.5065		-----	-----		
TO 12/1/09						0.8089	0.5980		
RM		12/01/01	BASE	1.0000		0.1797	0.1797		
		12/01/02	1.0667	1.0667		0.0114	0.0122		
		12/01/03	0.6216	0.6631		-----	-----		
		TO 12/1/09				0.1911	0.1919		
**		Loss, LAE and LBA portion of 12/1/01 rate.					TOTAL	0.7899	0.8395
2001		VOL	12/01/99	BASE	0.7849	***	0.2046	0.1606	
	3/01/01		0.9079	0.7126		0.6269	0.4467		
	12/01/01		1.1780	0.8394		0.0739	0.0620		
	12/01/02		0.6890	0.5783		-----	-----		
	TO 12/1/09				0.9054	0.6693			
	RM	12/01/99	BASE	1.0000		0.0112	0.0112		
		3/01/01	0.8885	0.8885		0.0788	0.0700		
		12/01/01	1.2850	1.1417		0.0046	0.0053		
		12/01/02	0.6631	0.7571		-----	-----		
	TO 12/1/09				0.0946	0.0865			
***	Loss, LAE and LBA portion of 12/1/00 rate.					TOTAL	0.7558	1.0017	
2000	VOL	12/01/99	BASE	0.7849	****	0.9541	0.7489		
		3/01/01	0.9079	0.7126					
		12/01/01	0.8116	0.5783		-----	-----		
		TO 12/1/09				0.9541	0.7489		
	RM	12/01/99	BASE	1.0000		0.0459	0.0459		
		3/01/01	0.8885	0.8885					
		12/01/01	0.8521	0.7571		-----	-----		
		TO 12/1/09				0.0459	0.0459		
	****	Loss, LAE and LBA portion of 12/1/99 rate.					TOTAL	0.7948	0.9526
	1999	VOL	10/01/98	BASE	0.7821	*****	0.9079	0.7101	
12/01/99			1.0086	0.7888		0.0653	0.0515		
3/01/01			0.7369	0.5813		-----	-----		
TO 12/1/09						0.9732	0.7616		
RM		10/01/98	BASE	1.0000		0.0260	0.0260		
		12/01/99	1.0050	1.0050		0.0008	0.0008		
		3/01/01	0.7571	0.7609		-----	-----		
		TO 12/1/09				0.0268	0.0268		
*****		Loss, LAE and LBA portion of 12/1/98 rate.					TOTAL	0.7884	0.9651

EXHIBIT V - 3
POLICY YEARS 1999 - 2008
INDEMNITY LOSS ON-LEVEL FACTORS

POLICY YEAR	(1) LAW AMENDMENT DATE	(2) BENEFIT CHANGE	(3) CUM. INDEX OF COL (2)	(4) PORTION OF YEAR ON-LEVEL	(5) PRODUCT (3) * (4)	FACTOR TO ADJUST TO 5/25/10 BENEFIT LEVEL
2008	6/07/07	BASE	1.0000	0.0891	0.0891	1.0017
	6/03/08	1.0189	1.0189	0.7462	0.7603	
	6/04/09	1.0031	1.0221	0.1647	0.1683	
	5/25/10	0.9974	1.0194	-----	-----	
				1.0000	1.0177	
2007	6/07/06	BASE	1.0000	0.0938	0.0938	1.0189
	6/07/07	1.0297	1.0297	0.7399	0.7619	
	6/03/08	1.0189	1.0492	0.1663	0.1745	
	6/04/09	1.0005	1.0497	-----	-----	
	TO 5/25/10			1.0000	1.0302	
2006	6/06/05	BASE	1.0000	0.0951	0.0951	1.0465
	6/07/06	1.0200	1.0200	0.7396	0.7544	
	6/07/07	1.0297	1.0503	0.1653	0.1736	
	6/03/08	1.0194	1.0707	-----	-----	
	TO 5/25/10			1.0000	1.0231	
2005	5/21/04	BASE	1.0000	0.0939	0.0939	1.0686
	6/06/05	1.0136	1.0136	0.7471	0.7573	
	6/07/06	1.0200	1.0339	0.1590	0.1644	
	6/07/07	1.0497	1.0853	-----	-----	
	TO 5/25/10			1.0000	1.0156	
2004	6/04/03	BASE	1.0000	0.0767	0.0767	1.0836
	5/21/04	1.0094	1.0094	0.7627	0.7699	
	6/06/05	1.0136	1.0231	0.1606	0.1643	
	6/07/06	1.0707	1.0954	-----	-----	
	TO 5/25/10			1.0000	1.0109	
2003	6/14/02	BASE	1.0000	0.0915	0.0915	1.0964
	6/04/03	1.0284	1.0284	0.7235	0.7440	
	5/21/04	1.0094	1.0381	0.1850	0.1920	
	6/06/05	1.0852	1.1265	-----	-----	
	TO 5/25/10			1.0000	1.0275	
2002	6/20/01	BASE	1.0000	0.1038	0.1038	1.1236
	6/14/02	1.0207	1.0207	0.7325	0.7477	
	6/04/03	1.0284	1.0497	0.1637	0.1718	
	5/21/04	1.0954	1.1498	-----	-----	
	TO 5/25/10			1.0000	1.0233	
2001	6/12/00	BASE	1.0000	0.1115	0.1115	1.1493
	6/20/01	1.0242	1.0242	0.7403	0.7582	
	6/14/02	1.0207	1.0454	0.1482	0.1549	
	6/04/03	1.1265	1.1776	-----	-----	
	TO 5/25/10			1.0000	1.0246	
2000	6/15/99	BASE	1.0000	0.1013	0.1013	1.1768
	6/12/00	1.0260	1.0260	0.7594	0.7791	
	6/20/01	1.0242	1.0508	0.1393	0.1464	
	6/14/02	1.1499	1.2083	-----	-----	
	TO 5/25/10			1.0000	1.0268	
1999	6/11/98	BASE	1.0000	0.1050	0.1050	1.2065
	6/15/99	1.0237	1.0237	0.7437	0.7613	
	6/12/00	1.0260	1.0503	0.1513	0.1589	
	6/20/01	1.1777	1.2369	-----	-----	
	TO 5/25/10			1.0000	1.0252	

EXHIBIT VI - 1

DEVELOPMENT FACTORS

PREMIUM

<u>Reports in Ratio</u>	<u>Calendar Years 05-06</u>	<u>Calendar Years 06-07</u>	<u>Calendar Years 07-08</u>	<u>Calendar Years 08-09</u>	<u>Unweighted Average</u>	<u>Cumulative Average</u>
2nd to 1st	1.0063	1.0140	0.9893	0.9915	1.0003	0.9975
3rd to 2nd	1.0002	0.9992	0.9974	0.9996	0.9991	0.9972
4th to 3rd	0.9991	0.9998	0.9974	0.9986	0.9987	0.9981
5th to 4th	1.0001	1.0005	0.9993	0.9991	0.9998	0.9994
6th to 5th	1.0012	0.9971	0.9999	0.9994	0.9994	0.9996
7th to 6th	1.0007	0.9999	0.9946	0.9980	0.9983	1.0002
8th to 7th	1.0002	0.9999	0.9999	1.0074	1.0019	1.0019
9th to 8th	0.9997	0.9999	1.0004	0.9999	1.0000 *	1.0000
10th to 9th	0.9999	0.9998	1.0000	1.0000	1.0000 *	1.0000
11th to 10th	1.0000	1.0000	1.0023	1.0000	1.0000 *	1.0000
12th to 11th	1.0001	1.0000	1.0000	1.0000	1.0000 *	1.0000
13th to 12th	0.9995	1.0001	1.0000	1.0000	1.0000 *	1.0000
14th to 13th	0.9946	1.0000	1.0002	1.0000	1.0000 *	1.0000
15th to 14th	0.9989	1.0000	0.9999	1.0000	1.0000 *	1.0000
16th to 15th	1.0062	1.0004	0.9998	1.0000	1.0000 *	1.0000
17th to 16th	1.0035	1.0001	1.0005	1.0002	1.0000 *	1.0000
18th to 17th	0.9993	1.0004	1.0000	1.0003	1.0000 *	1.0000
19th to 18th	1.0000	1.0006	1.0001	1.0000	1.0000 *	1.0000
20th to 19th	0.9997	1.0002	1.0001	0.9998	1.0000 *	1.0000
Beyond 20th	1.0007	1.0000	1.0005	0.9996	1.0000 *	1.0000

* Selected

EXHIBIT VI - 2

DEVELOPMENT FACTORS

**INDEMNITY LOSSES
PAID METHOD - LIMITED LOSS BASIS**

Reports in Ratio		Calendar Years <u>05-06</u>	Calendar Years <u>06-07</u>	Calendar Years <u>07-08</u>	Calendar Years <u>08-09</u>	Unweighted Average	Fitted Value	Cumulative Average
2nd to 1st	a	2.1728	1.9525	1.8724	2.0302	2.0070	2.0070	5.2340
3rd to 2nd	a	1.4474	1.4089	1.4283	1.4991	1.4459	1.4441	2.6079
4th to 3rd	a	1.1380	1.1620	1.1544	1.2041	1.1646	1.1744	1.8059
5th to 4th	a	1.1160	1.0909	1.0884	1.1081	1.1009	1.0928	1.5377
6th to 5th	a	1.0912	1.0636	1.0530	1.0518	1.0649	1.0599	1.4071
7th to 6th	a	1.0524	1.0489	1.0281	1.0627	1.0480	1.0435	1.3276
8th to 7th	a	1.0302	1.0216	1.0439	1.0281	1.0310	1.0339	1.2723
9th to 8th	a	1.0470	1.0262	1.0297	1.0234	1.0316	1.0276	1.2305
10th to 9th	a	1.0109	1.0272	1.0197	1.0200	1.0195	1.0232	1.1975
11th to 10th	a	1.0144	1.0118	1.0135	1.0147	1.0136	1.0198	1.1703
12th to 11th	a	1.0025	1.0137	1.0066	1.0224	1.0113	1.0172	1.1476
13th to 12th	a	1.0149	1.0028	1.0021	1.0110	1.0077	1.0150	1.1282
14th to 13th	a	1.0021	1.0536	1.0141	1.0037	1.0184	1.0132	1.1115
15th to 14th	a	1.0067	1.0000	1.0174	1.0057	1.0075	1.0117	1.0971
16th to 15th	a	1.0131	1.0053	1.0016	1.0127	1.0082	1.0103	1.0844
17th to 16th	a	1.0026	1.0042	1.0068	1.0107	1.0061	1.0092	1.0733
18th to 17th	a	1.0217	1.0024	1.0165	1.0131	1.0134	1.0081	1.0635
19th to 18th	a	1.0020	1.0225	1.0013	1.0577	1.0209	1.0072	1.0550
20th to 19th	b	1.0473	1.0203	1.0273	1.0407	1.0339	1.0339	1.0474
Beyond 20th	c	1.0206	0.9999	1.0142	1.0176	1.0131	1.0131	1.0131

INCURRED METHOD

Reports in Ratio		Calendar Years <u>05-06</u>	Calendar Years <u>06-07</u>	Calendar Years <u>07-08</u>	Calendar Years <u>08-09</u>	Unweighted Average	Fitted Value	Cumulative Average
2nd to 1st	c	1.3445	1.2354	1.3193	1.3965	1.3239	1.3239	1.8593
3rd to 2nd	c	1.1462	1.1298	1.1612	1.1714	1.1522	1.1521	1.4044
4th to 3rd	c	1.0701	1.0330	1.0274	1.0629	1.0484	1.0496	1.2190
5th to 4th	c	1.0315	1.0094	1.0465	1.0399	1.0318	1.0272	1.1614
6th to 5th	c	1.0301	1.0161	1.0065	1.0023	1.0138	1.0183	1.1307
7th to 6th	c	1.0293	1.0071	0.9990	0.9971	1.0081	1.0134	1.1103
8th to 7th	c	1.0253	1.0158	1.0182	1.0149	1.0186	1.0105	1.0957
9th to 8th	c	0.9915	1.0131	0.9936	1.0415	1.0099	1.0085	1.0843
10th to 9th	c	0.9925	1.0123	1.0066	1.0132	1.0062	1.0072	1.0751
11th to 10th	c	0.9979	0.9961	1.0097	1.0021	1.0015	1.0064	1.0675
12th to 11th	c	1.0243	0.9999	1.0014	0.9944	1.0050	1.0058	1.0607
13th to 12th	c	1.0070	0.9938	1.0063	1.0092	1.0041	1.0054	1.0546
14th to 13th	c	0.9971	1.0439	1.0041	1.0052	1.0126	1.0052	1.0489
15th to 14th	c	1.0107	0.9962	1.0099	1.0175	1.0086	1.0050	1.0435
16th to 15th	c	1.0063	1.0014	0.9999	1.0037	1.0028	1.0049	1.0383
17th to 16th	c	0.9980	0.9992	1.0029	1.0074	1.0019	1.0049	1.0332
18th to 17th	c	1.0001	0.9983	0.9794	1.0033	0.9953	1.0049	1.0282
19th to 18th	c	1.0019	1.0007	0.9941	1.0514	1.0120	1.0049	1.0232
20th to 19th	c	1.0013	1.0038	0.9954	1.0221	1.0057	1.0050	1.0182
Beyond 20th	c	1.0206	0.9999	1.0142	1.0176	1.0131	1.0131	1.0131

- a From Table I-D
- b 19th (Paid - Table I-D) to 20th (Incurred - Table 1-B)
- c From Table I-B

EXHIBIT VI - 3

FITTED DEVELOPMENT FACTORS
INDEMNITY LOSSES

Paid Development

	<u>4 Year Average</u>	<u>4 Year Average - 1</u>	<u>Fitted Value</u>	<u>Fitted Value + 1</u>
2nd to 1st	2.0070	1.0070	1.0070	2.0070
3rd to 2nd	1.4459	0.4459	0.4441	1.4441
4th to 3rd	1.1646	0.1646	0.1744	1.1744
5th to 4th	1.1009	0.1009	0.0928	1.0928
6th to 5th	1.0649	0.0649	0.0599	1.0599
7th to 6th	1.0480	0.0480	0.0435	1.0435
8th to 7th	1.0310	0.0310	0.0339	1.0339
9th to 8th	1.0316	0.0316	0.0276	1.0276
10th to 9th	1.0195	0.0195	0.0232	1.0232
11th to 10th	1.0136	0.0136	0.0198	1.0198
12th to 11th	1.0113	0.0113	0.0172	1.0172
13th to 12th	1.0077	0.0077	0.0150	1.0150
14th to 13th	1.0184	0.0184	0.0132	1.0132
15th to 14th	1.0075	0.0075	0.0117	1.0117
16th to 15th	1.0082	0.0082	0.0103	1.0103
17th to 16th	1.0061	0.0061	0.0092	1.0092
18th to 17th	1.0134	0.0134	0.0081	1.0081
19th to 18th	1.0209	0.0209	0.0072	1.0072
20th to 19th *	1.0339	0.0339	0.0339	1.0339

$$Y = a+b/x+c/x^2+d/x^3+e/x^4$$

$$a = -0.010886 \quad b = 0.390355 \quad c = -1.606933 \quad d = 8.349535 \quad e = -6.115037$$

* Paid-Incurred 4 year average

Incurred Development

	<u>4 Year Average</u>	<u>4 Year Average - 1</u>	<u>Fitted Value</u>	<u>Fitted Value + 1</u>
2nd to 1st	1.3239	0.3239	0.3239	1.3239
3rd to 2nd	1.1522	0.1522	0.1521	1.1521
4th to 3rd	1.0484	0.0484	0.0496	1.0496
5th to 4th	1.0318	0.0318	0.0272	1.0272
6th to 5th	1.0138	0.0138	0.0183	1.0183
7th to 6th	1.0081	0.0081	0.0134	1.0134
8th to 7th	1.0186	0.0186	0.0105	1.0105
9th to 8th	1.0099	0.0099	0.0085	1.0085
10th to 9th	1.0062	0.0062	0.0072	1.0072
11th to 10th	1.0015	0.0015	0.0064	1.0064
12th to 11th	1.0050	0.0050	0.0058	1.0058
13th to 12th	1.0041	0.0041	0.0054	1.0054
14th to 13th	1.0126	0.0126	0.0052	1.0052
15th to 14th	1.0086	0.0086	0.0050	1.0050
16th to 15th	1.0028	0.0028	0.0049	1.0049
17th to 16th	1.0019	0.0019	0.0049	1.0049
18th to 17th	0.9953	-0.0047	0.0049	1.0049
19th to 18th	1.0120	0.0120	0.0049	1.0049
20th to 19th	1.0057	0.0057	0.0050	1.0050
Beyond 20th +	1.0131	0.0131	0.0131	1.0131

$$Y = a+b/x+c/x^2+d/x^3+e/x^4+f/x^5$$

$$a = 0.010574 \quad b = -0.212605 \quad c = 2.441977 \quad d = -8.971042 \quad e = 17.224655 \quad f = -10.169657$$

+ Selected four year average

EXHIBIT VI - 4

DEVELOPMENT FACTORS

**MEDICAL LOSSES
PAID METHOD - LIMITED LOSS BASIS**

Reports in Ratio		Calendar Years <u>05-06</u>	Calendar Years <u>06-07</u>	Calendar Years <u>07-08</u>	Calendar Years <u>08-09</u>	Unweighted Average	Fitted Value	Cumulative Average
2nd to 1st	a	1.3390	1.3232	1.3572	1.4420	1.3654	1.3654	2.8545
3rd to 2nd	a	1.1522	1.1384	1.1369	1.1684	1.1490	1.1490	2.0906
4th to 3rd	a	1.0830	1.0428	1.0864	1.0918	1.0760	1.0765	1.8195
5th to 4th	a	1.0720	1.0548	1.0600	1.0551	1.0605	1.0595	1.6902
6th to 5th	a	1.0627	1.0439	1.0548	1.0457	1.0518	1.0506	1.5953
7th to 6th	a	1.0529	1.0500	1.0321	1.0312	1.0416	1.0439	1.5184
8th to 7th	a	1.0240	1.0268	1.0439	1.0465	1.0353	1.0384	1.4546
9th to 8th	a	1.0366	1.0271	1.0225	1.0616	1.0370	1.0337	1.4008
10th to 9th	a	1.0300	1.0341	1.0232	1.0236	1.0277	1.0297	1.3551
11th to 10th	a	1.0333	1.0376	1.0175	1.0119	1.0251	1.0262	1.3160
12th to 11th	a	1.0299	1.0336	1.0296	1.0243	1.0294	1.0232	1.2824
13th to 12th	a	1.0137	1.0309	1.0166	1.0379	1.0248	1.0205	1.2533
14th to 13th	a	1.0070	1.0172	1.0185	1.0204	1.0158	1.0182	1.2282
15th to 14th	a	1.0215	1.0115	1.0218	0.9969	1.0129	1.0161	1.2062
16th to 15th	a	1.0207	1.0104	1.0105	1.0084	1.0125	1.0143	1.1871
17th to 16th	a	1.0094	1.0109	1.0112	1.0085	1.0100	1.0126	1.1704
18th to 17th	a	1.0051	1.0128	1.0059	1.0165	1.0101	1.0111	1.1558
19th to 18th	a	1.0099	1.0059	1.0113	1.0172	1.0111	1.0097	1.1431
20th to 19th	b	1.0468	1.0593	1.0407	1.0563	1.0508	1.0508	1.1321
Beyond 20th+	c	1.0347	1.1050	1.0609	1.1089	1.0774	1.0774	1.0774

INCURRED METHOD

Reports in Ratio		Calendar Years <u>05-06</u>	Calendar Years <u>06-07</u>	Calendar Years <u>07-08</u>	Calendar Years <u>08-09</u>	Unweighted Average	Fitted Value	Cumulative Average
2nd to 1st	c	1.1267	1.1282	1.1838	1.2841	1.1807	1.1807	2.0926
3rd to 2nd	c	1.1161	1.0904	1.1564	1.1158	1.1197	1.1185	1.7723
4th to 3rd	c	1.0930	1.0633	1.0922	1.0823	1.0827	1.0903	1.5846
5th to 4th	c	1.0954	1.0326	1.0765	1.0848	1.0723	1.0615	1.4533
6th to 5th	c	1.0608	1.0230	1.0440	1.0261	1.0385	1.0430	1.3691
7th to 6th	c	1.0560	1.0474	1.0222	1.0236	1.0373	1.0315	1.3127
8th to 7th	c	1.0313	1.0613	1.0167	1.0129	1.0306	1.0242	1.2726
9th to 8th	c	0.9982	1.0093	1.0247	1.0275	1.0149	1.0194	1.2425
10th to 9th	c	1.0242	1.0090	0.9879	0.9818	1.0007	1.0162	1.2189
11th to 10th	c	1.0053	0.9926	1.0411	0.9942	1.0083	1.0141	1.1994
12th to 11th	c	0.9999	1.0171	1.0428	1.0156	1.0189	1.0126	1.1828
13th to 12th	c	1.0123	1.0006	1.0113	1.0400	1.0161	1.0115	1.1681
14th to 13th	c	1.0116	1.0146	1.0057	1.0085	1.0101	1.0108	1.1548
15th to 14th	c	1.0174	1.0041	1.0148	1.0019	1.0096	1.0103	1.1424
16th to 15th	c	1.0206	0.9984	1.0144	1.0157	1.0123	1.0100	1.1308
17th to 16th	c	1.0102	1.0115	1.0161	1.0041	1.0105	1.0098	1.1196
18th to 17th	c	1.0166	0.9992	1.0193	1.0106	1.0114	1.0096	1.1087
19th to 18th	c	1.0034	1.0111	1.0051	1.0318	1.0129	1.0096	1.0982
20th to 19th	c	1.0036	1.0080	0.9999	1.0112	1.0057	1.0096	1.0877
Beyond 20th	c	1.0347	1.1050	1.0609	1.1089	1.0774	1.0774	1.0774

- a From Table I-E
- b 19th (Paid - Table I-E) to 20th (Incurred - Table 1-C)
- c From Table I-C

EXHIBIT VI - 5

FITTED DEVELOPMENT FACTORS

MEDICAL LOSSES

Paid Development

	<u>4 Year Average</u>	<u>4 Year Average - 1</u>	<u>Fitted Value</u>	<u>Fitted Value + 1</u>
2nd to 1st	1.3654	0.3654	0.3654	1.3654
3rd to 2nd	1.1490	0.1490	0.1490	1.1490
4th to 3rd	1.0760	0.0760	0.0765	1.0765
5th to 4th	1.0605	0.0605	0.0595	1.0595
6th to 5th	1.0518	0.0518	0.0506	1.0506
7th to 6th	1.0416	0.0416	0.0439	1.0439
8th to 7th	1.0353	0.0353	0.0384	1.0384
9th to 8th	1.0370	0.0370	0.0337	1.0337
10th to 9th	1.0277	0.0277	0.0297	1.0297
11th to 10th	1.0251	0.0251	0.0262	1.0262
12th to 11th	1.0294	0.0294	0.0232	1.0232
13th to 12th	1.0248	0.0248	0.0205	1.0205
14th to 13th	1.0158	0.0158	0.0182	1.0182
15th to 14th	1.0129	0.0129	0.0161	1.0161
16th to 15th	1.0125	0.0125	0.0143	1.0143
17th to 16th	1.0100	0.0100	0.0126	1.0126
18th to 17th	1.0101	0.0101	0.0111	1.0111
19th to 18th	1.0111	0.0111	0.0097	1.0097
20th to 19th *	1.0508	0.0508	0.0508	1.0508

$Y = a+b/x+c/x^2+d/x^3+e/x^4+f/x^5$

$a = -0.017448 \quad b = 0.560028 \quad c = -1.284632 \quad d = -0.014056 \quad e = 5.576387 \quad f = -4.454879$

* Paid-Incurred 4 year average

Incurred Development

	<u>4 Year Average</u>	<u>4 Year Average - 1</u>	<u>Fitted Value</u>	<u>Fitted Value + 1</u>
2nd to 1st	1.1807	0.1807	0.1807	1.1807
3rd to 2nd	1.1197	0.1197	0.1185	1.1185
4th to 3rd	1.0827	0.0827	0.0903	1.0903
5th to 4th	1.0723	0.0723	0.0615	1.0615
6th to 5th	1.0385	0.0385	0.0430	1.0430
7th to 6th	1.0373	0.0373	0.0315	1.0315
8th to 7th	1.0306	0.0306	0.0242	1.0242
9th to 8th	1.0149	0.0149	0.0194	1.0194
10th to 9th	1.0007	0.0007	0.0162	1.0162
11th to 10th	1.0083	0.0083	0.0141	1.0141
12th to 11th	1.0189	0.0189	0.0126	1.0126
13th to 12th	1.0161	0.0161	0.0115	1.0115
14th to 13th	1.0101	0.0101	0.0108	1.0108
15th to 14th	1.0096	0.0096	0.0103	1.0103
16th to 15th	1.0123	0.0123	0.0100	1.0100
17th to 16th	1.0105	0.0105	0.0098	1.0098
18th to 17th	1.0114	0.0114	0.0096	1.0096
19th to 18th	1.0129	0.0129	0.0096	1.0096
20th to 19th	1.0057	0.0057	0.0096	1.0096
Beyond 20th +	1.0774	0.0774	0.0774	1.0774

$Y = a+b/x+c/x^2+d/x^3+e/x^4$

$a = 0.016529 \quad b = -0.281001 \quad c = 3.124697 \quad d = -5.940039 \quad e = -3.260535$

+ Selected four year average

EXHIBIT VII - 1

DETERMINATION OF TREND

INDEMNITY

Policy Year	2002	2003	2004	2005	2006	2007	2008
Actual Loss Ratio	0.4933	0.4542	0.4120	0.3632	0.3387	0.3581	0.2834
Normalized Frequency	0.6400	0.6125	0.5395	0.4834	0.4569	0.4233	0.3655
Severity Loss Ratio	0.7708	0.7416	0.7637	0.7513	0.7413	0.8460	0.7754
x	1	2	3	4	5	6	7
y	0.7708	0.7416	0.7637	0.7513	0.7413	0.8460	0.7754

7 Point Exponential Regression: $y = 0.742167 * 1.009023 ^ x$

Selected Annual Trend Factor to 1/1/09 = 0.9%

**Annual Wage Trend 3.00%
Based on Policy Years 2002 through 2008**

**Annual Severity Trend Excluding Wage Trend = -2.04%
 $(1.009/1.030)-1.000 = -.0204 = -2.04%$**

**Annual Wage Trend 1/1/2009 - 12/1/2011 = 0.4%
Selected based on average annual change over latest eight quarters**

**Selected Annual Trend Factor 1/1/09 to 12/1/11 = -1.65%
 $((1.000-.0204) * 1.004) -1.000 = -.0165 = -1.65%$**

Policy Year	Trend Factor to 1/1/09 (1)	Trend Factor 1/1/09-12/1/11 (2)	Severity Trend Factor (3) = (1)*(2)	Frequency Trend Factor (4) #
2005	1.0272	0.9526	0.9785	0.6261
2006	1.0181	0.9526	0.9698	0.6864
2007	1.0090	0.9526	0.9612	0.7527
2008	1.0000	0.9526	0.9526	0.8253

Trended Loss Ratio

Policy Year	Actual Loss Ratio (5)	Combined Trend Factor (6) = (3)*(4)	Trended Loss Ratio (7) = (5)*(6)
2005	0.3632	0.6126	0.2225
2006	0.3387	0.6657	0.2255
2007	0.3581	0.7235	0.2591
2008	0.2834	0.7862	0.2228

See Exhibit VII-3 for column (4).

EXHIBIT VII - 2

DETERMINATION OF TREND

MEDICAL

Policy Year	2002	2003	2004	2005	2006	2007	2008
Actual Loss Ratio	0.6459	0.6366	0.6479	0.5781	0.5425	0.6170	0.5643
Normalized Frequency	0.6400	0.6125	0.5395	0.4834	0.4569	0.4233	0.3655
Severity Loss Ratio	1.0092	1.0393	1.2009	1.1959	1.1873	1.4576	1.5439
x	1	2	3	4	5	6	7
y	1.0092	1.0393	1.2009	1.1959	1.1873	1.4576	1.5439

7 Point Exponential Regression: $y = 0.924687 * 1.071763792 ^ x$

Selected Annual Trend Factor to 9/1/08 = 7.2%

Annual Senate Bill I Adjustment to Severity Trend = -1.8%
Based on Compromise from 2009 Filing

Selected Annual Trend Factor 9/1/08 to 12/1/11 = 5.4%
7.2% - 1.8% = 5.4%

Policy Year	Trend Factor to 9/1/08 (1)	Trend Factor 9/1/08-12/1/11 (2)	Severity Trend Factor (3) = (1)*(2)	Frequency Trend Factor (4) #
2005	1.2037	1.1864	1.4281	0.6261
2006	1.1229	1.1864	1.3322	0.6864
2007	1.0474	1.1864	1.2426	0.7527
2008	0.9771	1.1864	1.1592	0.8253

Trended Loss Ratio

Policy Year	Actual Loss Ratio (5)	Combined Trend Factor (6) = (3)*(4)	Trended Loss Ratio (7) = (5)*(6)
2005	0.5781	0.8941	0.5169
2006	0.5425	0.9144	0.4961
2007	0.6170	0.9353	0.5771
2008	0.5643	0.9567	0.5399

See Exhibit VII-3 for column (4).

EXHIBIT VII - 3

DETERMINATION OF TREND

Claim Frequency

Policy Year Frequency per \$1 million of Expected Losses
{1 = PY 1996, 13 = PY 2008}

Policy Year	Claim Frequency	Normalized Frequency
1996	29.44	1.0000
1997	26.74	0.9083
1998	23.82	0.8091
1999	23.54	0.7996
2000	21.40	0.7269
2001	18.65	0.6335
2002	18.84	0.6400
2003	18.03	0.6125
2004	15.88	0.5395
2005	14.23	0.4834
2006	13.45	0.4569
2007	12.46	0.4233
2008	10.76	0.3655

Policy Year	2002	2003	2004	2005	2006	2007	2008
x	1	2	3	4	5	6	7
y	0.6400	0.6125	0.5395	0.4834	0.4569	0.4233	0.3655

7 Point Exponential Regression: $y = 0.715415 * 0.91178859 ^ x$

Selected Frequency Trend Factor to 1/1/09 =	-8.8%
Annual Frequency Trend at Constant Wage Level = Based on Policy Years 2002 through 2008	-6.00%
# Years in Trend Period 1/1/2009 - 12/1/2011 =	2.9167
Frequency Trend Factor at Constant Wage Level = $.9400^{2.9167} =$	0.8349
Overall Wage Trend Factor 1/1/09 - 12/1/11 = $1.004^{2.9167} =$	1.0117
Claim Frequency Trend Factor = $.8349 / 1.0117 =$	0.8252
Annual Frequency Trend Factor 1/1/09 to 12/1/11 = $.8252^{(1/2.9167)} - 1.000 =$	-6.37%

Policy Year	Frequency Trend to 1/1/09 (1)	Frequency Trend 1/1/09 to 12/1/11 (2)	Total Frequency Trend to 12/1/11 (3) = (1)*(2)
2005	0.7586	0.8253	0.6261
2006	0.8317	0.8253	0.6864
2007	0.9120	0.8253	0.7527
2008	1.0000	0.8253	0.8253

TABLE I

POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR

ACCUMULATED STANDARD EARNED PREMIUM

Policy Year Valued	As of 12/31/05	As of 12/31/06	Ratio to Prior Year	Policy Year Valued	As of 12/31/06	As of 12/31/07	Ratio to Prior Year
Prior				Prior			
to 1986	470,469,262	470,520,746	1.0001	to 1986	470,520,746	470,521,010	1.0000
1986	70,662,802	70,642,703	0.9997	1986	70,642,703	70,643,392	1.0000
1987	82,211,765	82,212,725	1.0000	1987	82,212,725	82,225,750	1.0002
1988	98,361,301	98,290,364	0.9993	1988	98,290,364	98,345,982	1.0006
1989	106,128,025	106,496,998	1.0035	1989	106,496,998	106,535,459	1.0004
1990	93,537,296	94,117,228	1.0062	1990	94,117,228	94,130,902	1.0001
1991	92,964,855	92,864,993	0.9989	1991	92,864,993	92,904,056	1.0004
1992	86,386,679	85,921,187	0.9946	1992	85,921,187	85,919,982	1.0000
1993	86,984,577	86,945,402	0.9995	1993	86,945,402	86,944,981	1.0000
1994	83,903,080	83,907,387	1.0001	1994	83,907,387	83,912,349	1.0001
1995	80,761,029	80,758,868	1.0000	1995	80,758,868	80,759,982	1.0000
1996	85,206,686	85,199,703	0.9999	1996	85,199,703	85,197,215	1.0000
1997	88,899,092	88,872,668	0.9997	1997	88,872,668	88,853,555	0.9998
1998	94,807,782	94,826,083	1.0002	1998	94,826,083	94,812,033	0.9999
1999	88,621,444	88,680,449	1.0007	1999	88,680,449	88,669,578	0.9999
2000	95,760,743	95,875,733	1.0012	2000	95,875,733	95,862,477	0.9999
2001	98,541,595	98,552,228	1.0001	2001	98,552,228	98,267,268	0.9971
2002	119,931,664	119,820,427	0.9991	2002	119,820,427	119,884,624	1.0005
2003	134,177,942	134,203,334	1.0002	2003	134,203,334	134,170,676	0.9998
2004	150,133,837	151,076,257	1.0063	2004	151,076,257	150,957,107	0.9992
2005	92,859,349	181,565,984	1.9553	2005	181,565,984	184,101,088	1.0140
2006		109,352,708		2006	109,352,708	203,918,276	1.8648
				2007		109,759,343	

Policy Year Valued	As of 12/31/07	As of 12/31/08	Ratio to Prior Year	Policy Year Valued	As of 12/31/08	As of 12/31/09	Ratio to Prior Year
Prior				Prior			
to 1986	470,521,010	470,559,557	1.0001	to 1986	455,602,153	455,573,469	0.9999
1986	70,643,392	70,642,472	1.0000	1986	68,061,936	68,061,310	1.0000
1987	82,225,750	82,227,859	1.0000	1987	79,527,015	79,524,226	1.0000
1988	98,345,982	98,353,934	1.0001	1988	94,029,955	94,025,659	1.0000
1989	106,535,459	106,541,098	1.0001	1989	102,416,050	102,400,368	0.9998
1990	94,130,697	94,129,938	1.0000	1990	89,808,704	89,812,096	1.0000
1991	92,903,378	92,950,710	1.0005	1991	87,582,058	87,608,062	1.0003
1992	85,919,314	85,901,934	0.9998	1992	80,361,264	80,373,601	1.0002
1993	86,944,306	86,935,228	0.9999	1993	83,008,043	83,005,062	1.0000
1994	83,911,939	83,927,927	1.0002	1994	79,928,774	79,931,291	1.0000
1995	80,730,408	80,728,566	1.0000	1995	76,565,536	76,568,820	1.0000
1996	85,000,807	85,000,067	1.0000	1996	79,438,397	79,438,457	1.0000
1997	88,717,417	88,919,030	1.0023	1997	83,707,834	83,707,956	1.0000
1998	94,598,052	94,596,860	1.0000	1998	90,307,566	90,308,615	1.0000
1999	88,624,703	88,657,752	1.0004	1999	83,928,221	83,929,990	1.0000
2000	95,772,761	95,758,840	0.9999	2000	91,325,315	91,313,148	0.9999
2001	97,223,480	96,695,267	0.9946	2001	89,311,281	89,972,294	1.0074
2002	119,966,911	119,957,276	0.9999	2002	112,351,143	112,126,692	0.9980
2003	134,303,679	134,206,173	0.9993	2003	126,937,952	126,859,105	0.9994
2004	151,175,648	150,779,364	0.9974	2004	140,521,418	140,400,460	0.9991
2005	184,274,088	183,803,472	0.9974	2005	172,505,819	172,257,056	0.9986
2006	203,994,428	201,819,410	0.9893	2006	189,895,114	189,817,306	0.9996
2007	109,981,965	197,564,830	1.7963	2007	185,935,728	184,351,650	0.9915
2008		94,977,959		2008	88,978,946	140,914,218	1.5837
				2009		61,793,970	

NOTE: So as to maximize the use of available data, the companies used in one stage of development were allowed to be independent of those used in the other stage of development; therefore, the figures shown at each valuation may vary.

TABLE I - A - Individual Losses Limited *

POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR

INCURRED LOSSES EXCLUDING BULK AND IBNR RESERVES

Policy Year Valued	As of 12/31/05	As of 12/31/06	Ratio to Prior Year	Policy Year Valued	As of 12/31/06	As of 12/31/07	Ratio to Prior Year
Prior				Prior			
to 1986	288,222,789	289,310,734	1.0038	to 1986	289,310,734	290,764,267	1.0050
1986	41,182,198	41,274,236	1.0022	1986	41,274,236	41,593,688	1.0077
1987	50,068,573	50,197,118	1.0026	1987	50,197,118	50,477,564	1.0056
1988	49,281,411	49,651,287	1.0075	1988	49,651,287	49,920,056	1.0054
1989	55,166,478	55,366,538	1.0036	1989	55,366,538	55,294,677	0.9987
1990	55,184,921	55,904,919	1.0130	1990	55,904,919	56,186,031	1.0050
1991	56,529,748	57,323,113	1.0140	1991	57,323,113	57,314,587	0.9999
1992	52,007,400	52,249,133	1.0046	1992	52,249,133	52,265,065	1.0003
1993	57,702,313	58,264,621	1.0097	1993	58,264,621	59,948,567	1.0289
1994	50,734,686	51,295,888	1.0111	1994	51,295,888	51,165,643	0.9975
1995	54,564,465	54,669,110	1.0019	1995	54,669,110	55,173,895	1.0092
1996	64,800,100	65,407,852	1.0094	1996	65,407,852	65,031,889	0.9943
1997	63,561,446	63,241,436	0.9950	1997	63,241,436	63,913,808	1.0106
1998	59,466,423	61,170,864	1.0287	1998	61,170,864	61,842,535	1.0110
1999	66,779,749	69,708,638	1.0439	1999	69,708,638	72,558,566	1.0409
2000	87,342,549	91,423,905	1.0467	2000	91,423,905	94,091,935	1.0292
2001	70,930,772	75,602,655	1.0659	2001	75,602,655	77,108,688	1.0199
2002	73,178,519	79,224,169	1.0826	2002	79,224,169	80,983,111	1.0222
2003	68,466,887	77,321,628	1.1293	2003	77,321,628	81,172,519	1.0498
2004	60,644,987	73,292,173	1.2085	2004	73,292,173	81,125,231	1.1069
2005	20,196,678	59,650,909	2.9535	2005	59,650,909	69,834,811	1.1707
2006		22,451,323		2006	22,451,323	56,260,129	2.5059
				2007		19,904,958	

Policy Year Valued	As of 12/31/07	As of 12/31/08	Ratio to Prior Year	Policy Year Valued	As of 12/31/08	As of 12/31/09	Ratio to Prior Year
Prior				Prior			
to 1986	290,764,267	291,427,397	1.0023	to 1986	280,356,970	281,390,892	1.0037
1986	41,593,688	41,487,282	0.9974	1986	39,673,903	39,723,379	1.0012
1987	50,477,564	51,519,387	1.0206	1987	49,195,545	50,378,268	1.0240
1988	50,253,827	50,126,193	0.9975	1988	47,949,220	48,133,278	1.0038
1989	55,443,010	55,397,772	0.9992	1989	52,995,813	53,896,681	1.0170
1990	56,186,031	56,100,772	0.9985	1990	51,612,771	53,773,393	1.0419
1991	57,314,587	57,857,648	1.0095	1991	55,385,422	55,773,261	1.0070
1992	52,390,630	52,783,132	1.0075	1992	49,654,227	49,934,886	1.0057
1993	60,204,250	60,948,106	1.0124	1993	58,254,905	58,820,874	1.0097
1994	51,165,643	51,420,582	1.0050	1994	48,952,830	49,399,536	1.0091
1995	55,173,895	55,673,434	1.0091	1995	52,496,219	52,864,409	1.0070
1996	65,031,889	66,577,177	1.0238	1996	63,238,021	64,883,198	1.0260
1997	63,913,808	65,570,090	1.0259	1997	61,742,964	62,071,251	1.0053
1998	61,842,535	61,601,906	0.9961	1998	60,345,689	60,209,331	0.9977
1999	72,558,566	73,363,185	1.0111	1999	70,443,523	70,112,260	0.9953
2000	94,091,935	95,726,385	1.0174	2000	89,375,147	92,389,789	1.0337
2001	77,112,267	78,026,052	1.0119	2001	72,066,929	73,059,470	1.0138
2002	80,991,568	83,212,072	1.0274	2002	78,636,683	79,591,053	1.0121
2003	81,177,747	86,321,595	1.0634	2003	79,090,964	80,352,101	1.0159
2004	81,130,902	86,367,113	1.0645	2004	81,064,765	86,438,859	1.0663
2005	69,834,811	80,898,536	1.1584	2005	73,975,476	79,467,269	1.0742
2006	56,264,941	69,614,876	1.2373	2006	64,158,272	73,082,578	1.1391
2007	19,905,896	58,755,145	2.9516	2007	55,157,938	73,246,492	1.3279
2008		23,170,441		2008	22,010,470	51,735,069	2.3505
				2009		19,115,472	

NOTE: So as to maximize the use of available data, the companies used in one stage of development were allowed to be independent of those used in the other stage of development; therefore, the figures shown at each valuation may vary.

* Losses limited on a per-claim basis, with the actual limitation varying by policy year as described in Exhibit 1a. Losses are expressed on a pre-Senate Bill 1 basis.

TABLE I - B - Individual Losses Limited *

POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR

INDEMNITY INCURRED LOSSES EXCLUDING BULK AND IBNR RESERVES

Policy Year Valued	As of 12/31/05	As of 12/31/06	Ratio to Prior Year	Policy Year Valued	As of 12/31/06	As of 12/31/07	Ratio to Prior Year
Prior				Prior			
to 1986	181,728,790	182,229,049	1.0028	to 1986	182,229,049	181,997,000	0.9987
1986	24,267,594	24,298,562	1.0013	1986	24,298,562	24,529,391	1.0095
1987	28,445,233	28,499,715	1.0019	1987	28,499,715	28,606,834	1.0038
1988	27,148,707	27,151,457	1.0001	1988	27,151,457	27,170,511	1.0007
1989	29,634,495	29,574,888	0.9980	1989	29,574,888	29,523,490	0.9983
1990	29,133,330	29,317,490	1.0063	1990	29,317,490	29,292,974	0.9992
1991	28,266,746	28,568,062	1.0107	1991	28,568,062	28,606,976	1.0014
1992	24,977,801	24,905,202	0.9971	1992	24,905,202	24,809,796	0.9962
1993	28,223,964	28,422,697	1.0070	1993	28,422,697	29,670,575	1.0439
1994	23,222,300	23,787,447	1.0243	1994	23,787,447	23,640,597	0.9938
1995	24,943,817	24,890,358	0.9979	1995	24,890,358	24,886,742	0.9999
1996	30,282,987	30,056,817	0.9925	1996	30,056,817	29,940,715	0.9961
1997	30,878,966	30,617,886	0.9915	1997	30,617,886	30,995,037	1.0123
1998	26,125,298	26,785,095	1.0253	1998	26,785,095	27,135,523	1.0131
1999	30,407,675	31,299,813	1.0293	1999	31,299,813	31,794,355	1.0158
2000	40,083,699	41,291,573	1.0301	2000	41,291,573	41,585,759	1.0071
2001	32,779,118	33,811,519	1.0315	2001	33,811,519	34,354,962	1.0161
2002	33,173,595	35,500,197	1.0701	2002	35,500,197	35,834,800	1.0094
2003	30,064,652	34,460,399	1.1462	2003	34,460,399	35,597,352	1.0330
2004	22,788,309	30,639,353	1.3445	2004	30,639,353	34,616,444	1.1298
2005	7,113,116	23,669,276	3.3276	2005	23,669,276	29,241,353	1.2354
2006		8,718,635		2006	8,718,635	22,203,106	2.5466
				2007		6,755,098	

Policy Year Valued	As of 12/31/07	As of 12/31/08	Ratio to Prior Year	Policy Year Valued	As of 12/31/08	As of 12/31/09	Ratio to Prior Year
Prior				Prior			
to 1986	181,997,000	182,543,109	1.0030	to 1986	174,665,810	174,795,969	1.0007
1986	24,529,391	24,270,013	0.9894	1986	23,461,500	23,545,247	1.0036
1987	28,606,834	28,682,976	1.0027	1987	27,405,504	27,524,546	1.0043
1988	27,328,274	27,203,713	0.9954	1988	26,050,463	26,156,003	1.0041
1989	29,664,219	29,488,452	0.9941	1989	28,180,028	28,804,038	1.0221
1990	29,292,974	28,689,517	0.9794	1990	26,436,082	27,794,831	1.0514
1991	28,606,976	28,689,128	1.0029	1991	27,321,965	27,413,170	1.0033
1992	24,888,504	24,886,110	0.9999	1992	23,525,439	23,699,118	1.0074
1993	29,827,315	30,121,596	1.0099	1993	28,990,228	29,097,162	1.0037
1994	23,640,597	23,737,900	1.0041	1994	22,687,961	23,084,315	1.0175
1995	24,886,742	25,042,823	1.0063	1995	23,627,054	23,750,165	1.0052
1996	29,940,715	29,983,765	1.0014	1996	28,749,922	29,014,579	1.0092
1997	30,995,037	31,297,226	1.0097	1997	29,910,875	29,741,975	0.9944
1998	27,135,523	27,313,723	1.0066	1998	26,924,390	26,981,506	1.0021
1999	31,794,355	31,591,643	0.9936	1999	30,300,316	30,700,573	1.0132
2000	41,585,759	42,341,358	1.0182	2000	39,687,541	41,336,365	1.0415
2001	34,356,447	34,320,451	0.9990	2001	31,691,507	32,163,504	1.0149
2002	35,839,620	36,073,143	1.0065	2002	34,077,499	33,978,867	0.9971
2003	35,599,625	37,255,924	1.0465	2003	33,743,951	33,822,993	1.0023
2004	34,620,233	35,570,412	1.0274	2004	33,458,784	34,793,623	1.0399
2005	29,241,353	33,955,295	1.1612	2005	30,878,686	32,821,690	1.0629
2006	22,205,238	29,294,389	1.3193	2006	26,876,504	31,483,575	1.1714
2007	6,755,368	22,989,903	3.4032	2007	21,499,671	30,025,046	1.3965
2008		7,501,658		2008	7,137,970	17,949,401	2.5146
				2009		6,841,120	

NOTE: So as to maximize the use of available data, the companies used in one stage of development were allowed to be independent of those used in the other stage of development; therefore, the figures shown at each valuation may vary.

* Losses limited on a per-claim basis, with the actual limitation varying by policy year as described in Exhibit 1a. Losses are expressed on a pre-Senate Bill 1 basis.

TABLE I - C - Individual Losses Limited *

POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR

MEDICAL INCURRED LOSSES EXCLUDING BULK AND IBNR RESERVES

Policy Year Valued	As of 12/31/05	As of 12/31/06	Ratio to Prior Year	Policy Year Valued	As of 12/31/06	As of 12/31/07	Ratio to Prior Year
Prior				Prior			
to 1986	106,493,999	107,081,685	1.0055	to 1986	107,081,685	108,767,267	1.0157
1986	16,914,604	16,975,674	1.0036	1986	16,975,674	17,064,297	1.0052
1987	21,623,340	21,697,403	1.0034	1987	21,697,403	21,870,730	1.0080
1988	22,132,704	22,499,830	1.0166	1988	22,499,830	22,749,545	1.0111
1989	25,531,983	25,791,650	1.0102	1989	25,791,650	25,771,187	0.9992
1990	26,051,591	26,587,429	1.0206	1990	26,587,429	26,893,057	1.0115
1991	28,263,002	28,755,051	1.0174	1991	28,755,051	28,707,611	0.9984
1992	27,029,599	27,343,931	1.0116	1992	27,343,931	27,455,269	1.0041
1993	29,478,349	29,841,924	1.0123	1993	29,841,924	30,277,992	1.0146
1994	27,512,386	27,508,441	0.9999	1994	27,508,441	27,525,046	1.0006
1995	29,620,648	29,778,752	1.0053	1995	29,778,752	30,287,153	1.0171
1996	34,517,113	35,351,035	1.0242	1996	35,351,035	35,091,174	0.9926
1997	32,682,480	32,623,550	0.9982	1997	32,623,550	32,918,771	1.0090
1998	33,341,125	34,385,769	1.0313	1998	34,385,769	34,707,012	1.0093
1999	36,372,074	38,408,825	1.0560	1999	38,408,825	40,764,211	1.0613
2000	47,258,850	50,132,332	1.0608	2000	50,132,332	52,506,176	1.0474
2001	38,151,654	41,791,136	1.0954	2001	41,791,136	42,753,726	1.0230
2002	40,004,924	43,723,972	1.0930	2002	43,723,972	45,148,311	1.0326
2003	38,402,235	42,861,229	1.1161	2003	42,861,229	45,575,167	1.0633
2004	37,856,678	42,652,820	1.1267	2004	42,652,820	46,508,787	1.0904
2005	13,083,562	35,981,633	2.7501	2005	35,981,633	40,593,458	1.1282
2006		13,732,688		2006	13,732,688	34,057,023	2.4800
				2007		13,149,860	

Policy Year Valued	As of 12/31/07	As of 12/31/08	Ratio to Prior Year	Policy Year Valued	As of 12/31/08	As of 12/31/09	Ratio to Prior Year
Prior				Prior			
to 1986	108,767,267	108,884,288	1.0011	to 1986	105,691,160	106,594,923	1.0086
1986	17,064,297	17,217,269	1.0090	1986	16,212,403	16,178,132	0.9979
1987	21,870,730	22,836,411	1.0442	1987	21,790,041	22,853,722	1.0488
1988	22,925,553	22,922,480	0.9999	1988	21,898,757	21,977,275	1.0036
1989	25,778,791	25,909,320	1.0051	1989	24,815,785	25,092,643	1.0112
1990	26,893,057	27,411,255	1.0193	1990	25,176,689	25,978,562	1.0318
1991	28,707,611	29,168,520	1.0161	1991	28,063,457	28,360,091	1.0106
1992	27,502,126	27,897,022	1.0144	1992	26,128,788	26,235,768	1.0041
1993	30,376,935	30,826,510	1.0148	1993	29,264,677	29,723,712	1.0157
1994	27,525,046	27,682,682	1.0057	1994	26,264,869	26,315,221	1.0019
1995	30,287,153	30,630,611	1.0113	1995	28,869,165	29,114,244	1.0085
1996	35,091,174	36,593,412	1.0428	1996	34,488,099	35,868,619	1.0400
1997	32,918,771	34,272,864	1.0411	1997	31,832,089	32,329,276	1.0156
1998	34,707,012	34,288,183	0.9879	1998	33,421,299	33,227,825	0.9942
1999	40,764,211	41,771,542	1.0247	1999	40,143,207	39,411,687	0.9818
2000	52,506,176	53,385,027	1.0167	2000	49,687,606	51,053,424	1.0275
2001	42,755,820	43,705,601	1.0222	2001	40,375,422	40,895,966	1.0129
2002	45,151,948	47,138,929	1.0440	2002	44,559,184	45,612,186	1.0236
2003	45,578,122	49,065,671	1.0765	2003	45,347,013	46,529,108	1.0261
2004	46,510,669	50,796,701	1.0922	2004	47,605,981	51,645,236	1.0848
2005	40,593,458	46,943,241	1.1564	2005	43,096,790	46,645,579	1.0823
2006	34,059,703	40,320,487	1.1838	2006	37,281,768	41,599,003	1.1158
2007	13,150,528	35,765,242	2.7197	2007	33,658,267	43,221,446	1.2841
2008		15,668,783		2008	14,872,500	33,785,668	2.2717
				2009		12,274,352	

NOTE: So as to maximize the use of available data, the companies used in one stage of development were allowed to be independent of those used in the other stage of development; therefore, the figures shown at each valuation may vary.

* Losses limited on a per-claim basis, with the actual limitation varying by policy year as described in Exhibit 1a. Losses are expressed on a pre-Senate Bill 1 basis.

TABLE I - D - Individual Losses Limited *

POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR

INDEMNITY PAID LOSSES

Policy Year Valued	As of 12/31/05	As of 12/31/06	Ratio to Prior Year	Policy Year Valued	As of 12/31/06	As of 12/31/07	Ratio to Prior Year
Prior				Prior			
to 1986	176,547,241	177,363,525	1.0046	to 1986	177,363,525	178,354,469	1.0056
1986	23,200,692	23,317,396	1.0050	1986	23,317,396	23,440,503	1.0053
1987	27,982,289	28,038,015	1.0020	1987	28,038,015	28,221,719	1.0066
1988	25,348,539	25,898,980	1.0217	1988	25,898,980	26,481,375	1.0225
1989	28,804,034	28,879,463	1.0026	1989	28,879,463	28,949,331	1.0024
1990	26,723,899	27,074,689	1.0131	1990	27,074,689	27,187,316	1.0042
1991	27,000,763	27,180,648	1.0067	1991	27,180,648	27,323,874	1.0053
1992	24,425,443	24,477,650	1.0021	1992	24,477,650	24,477,065	1.0000
1993	26,382,188	26,775,126	1.0149	1993	26,775,126	28,211,093	1.0536
1994	22,208,109	22,264,471	1.0025	1994	22,264,471	22,326,915	1.0028
1995	23,186,562	23,519,390	1.0144	1995	23,519,390	23,841,525	1.0137
1996	27,446,527	27,745,983	1.0109	1996	27,745,983	28,072,192	1.0118
1997	25,718,357	26,927,544	1.0470	1997	26,927,544	27,660,768	1.0272
1998	23,516,914	24,227,170	1.0302	1998	24,227,170	24,861,435	1.0262
1999	26,960,937	28,373,214	1.0524	1999	28,373,214	28,984,959	1.0216
2000	31,757,362	34,652,939	1.0912	2000	34,652,939	36,347,864	1.0489
2001	24,915,684	27,804,785	1.1160	2001	27,804,785	29,572,380	1.0636
2002	23,733,730	27,008,622	1.1380	2002	27,008,622	29,463,585	1.0909
2003	17,000,415	24,606,808	1.4474	2003	24,606,808	28,594,219	1.1620
2004	8,061,155	17,515,376	2.1728	2004	17,515,376	24,677,057	1.4089
2005	1,944,100	8,483,069	4.3635	2005	8,483,069	16,562,899	1.9525
2006		2,041,025		2006	2,041,025	8,637,506	4.2319
				2007		1,923,848	

Policy Year Valued	As of 12/31/07	As of 12/31/08	Ratio to Prior Year	Policy Year Valued	As of 12/31/08	As of 12/31/09	Ratio to Prior Year
Prior				Prior			
to 1986	178,354,469	179,186,680	1.0047	to 1986	171,324,262	171,890,784	1.0033
1986	23,440,503	23,551,727	1.0047	1986	22,743,215	22,962,191	1.0096
1987	28,221,719	28,198,009	0.9992	1987	26,920,537	27,079,782	1.0059
1988	26,481,375	26,552,563	1.0027	1988	25,399,485	25,458,475	1.0023
1989	28,949,331	28,985,854	1.0013	1989	27,677,430	27,735,109	1.0021
1990	27,187,316	27,634,797	1.0165	1990	25,454,694	26,924,240	1.0577
1991	27,323,874	27,510,845	1.0068	1991	26,143,683	26,486,280	1.0131
1992	24,477,065	24,516,397	1.0016	1992	23,155,726	23,403,697	1.0107
1993	28,211,093	28,702,380	1.0174	1993	27,578,979	27,928,125	1.0127
1994	22,326,915	22,642,716	1.0141	1994	21,595,777	21,719,854	1.0057
1995	23,841,525	23,891,491	1.0021	1995	22,480,960	22,564,522	1.0037
1996	28,072,192	28,257,649	1.0066	1996	27,058,167	27,355,131	1.0110
1997	27,660,768	28,034,368	1.0135	1997	26,666,042	27,263,983	1.0224
1998	24,861,435	25,350,379	1.0197	1998	24,961,046	25,326,961	1.0147
1999	28,984,959	29,845,481	1.0297	1999	28,594,352	29,165,157	1.0200
2000	36,347,864	37,942,122	1.0439	2000	35,380,519	36,207,910	1.0234
2001	29,572,380	30,403,276	1.0281	2001	28,132,170	28,923,807	1.0281
2002	29,463,585	31,024,678	1.0530	2002	29,122,411	30,949,076	1.0627
2003	28,594,219	31,122,666	1.0884	2003	28,053,185	29,507,542	1.0518
2004	24,677,057	28,486,277	1.1544	2004	26,653,668	29,534,134	1.1081
2005	16,562,899	23,656,762	1.4283	2005	21,511,378	25,902,665	1.2041
2006	8,637,506	16,173,264	1.8724	2006	14,583,649	21,861,677	1.4991
2007	1,923,848	8,521,597	4.4295	2007	7,976,896	16,194,993	2.0302
2008		1,861,488		2008	1,732,960	6,978,100	4.0267
				2009		1,607,484	

NOTE: So as to maximize the use of available data, the companies used in one stage of development were allowed to be independent of those used in the other stage of development; therefore, the figures shown at each valuation may vary.

* Losses limited on a per-claim basis, with the actual limitation varying by policy year as described in Exhibit 1a. Losses are expressed on a pre-Senate Bill 1 basis.

TABLE I - E - Individual Losses Limited *

POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR

MEDICAL PAID LOSSES

Policy Year Valued	As of 12/31/05	As of 12/31/06	Ratio to Prior Year	Policy Year Valued	As of 12/31/06	As of 12/31/07	Ratio to Prior Year
Prior				Prior			
to 1986	100,079,743	100,939,562	1.0086	to 1986	100,939,562	101,788,665	1.0084
1986	16,216,790	16,295,823	1.0049	1986	16,295,823	16,428,850	1.0082
1987	20,445,038	20,647,195	1.0099	1987	20,647,195	20,798,747	1.0073
1988	21,784,746	21,896,216	1.0051	1988	21,896,216	22,025,902	1.0059
1989	24,004,060	24,229,437	1.0094	1989	24,229,437	24,539,477	1.0128
1990	23,947,799	24,443,547	1.0207	1990	24,443,547	24,710,352	1.0109
1991	25,946,633	26,504,028	1.0215	1991	26,504,028	26,779,154	1.0104
1992	26,164,304	26,346,479	1.0070	1992	26,346,479	26,648,573	1.0115
1993	26,442,599	26,806,044	1.0137	1993	26,806,044	27,267,418	1.0172
1994	23,488,730	24,190,631	1.0299	1994	24,190,631	24,938,219	1.0309
1995	25,760,421	26,617,580	1.0333	1995	26,617,580	27,512,084	1.0336
1996	28,832,598	29,697,251	1.0300	1996	29,697,251	30,815,205	1.0376
1997	27,767,038	28,782,331	1.0366	1997	28,782,331	29,764,894	1.0341
1998	28,748,550	29,438,711	1.0240	1998	29,438,711	30,237,904	1.0271
1999	31,640,472	33,314,518	1.0529	1999	33,314,518	34,205,739	1.0268
2000	36,020,837	38,279,984	1.0627	2000	38,279,984	40,193,260	1.0500
2001	29,874,879	32,026,913	1.0720	2001	32,026,913	33,432,012	1.0439
2002	32,304,423	34,987,001	1.0830	2002	34,987,001	36,903,929	1.0548
2003	30,872,773	35,572,715	1.1522	2003	35,572,715	37,095,764	1.0428
2004	25,507,428	34,153,417	1.3390	2004	34,153,417	38,879,659	1.1384
2005	6,162,881	25,536,079	4.1435	2005	25,536,079	33,788,447	1.3232
2006		6,255,230		2006	6,255,230	24,290,621	3.8832
				2007		5,725,866	

Policy Year Valued	As of 12/31/07	As of 12/31/08	Ratio to Prior Year	Policy Year Valued	As of 12/31/08	As of 12/31/09	Ratio to Prior Year
Prior				Prior			
to 1986	101,788,665	102,698,006	1.0089	to 1986	99,623,765	100,409,690	1.0079
1986	16,428,850	16,482,248	1.0033	1986	15,613,607	15,643,437	1.0019
1987	20,798,747	20,988,764	1.0091	1987	20,185,815	20,412,228	1.0112
1988	22,025,902	22,204,278	1.0081	1988	21,212,182	21,281,252	1.0033
1989	24,539,477	24,817,872	1.0113	1989	23,755,682	24,319,901	1.0238
1990	24,710,352	24,856,405	1.0059	1990	23,040,043	23,436,104	1.0172
1991	26,779,154	27,079,672	1.0112	1991	26,011,123	26,439,386	1.0165
1992	26,648,573	26,927,540	1.0105	1992	25,313,381	25,527,390	1.0085
1993	27,267,418	27,862,081	1.0218	1993	26,492,070	26,715,566	1.0084
1994	24,938,219	25,399,204	1.0185	1994	24,207,098	24,133,214	0.9969
1995	27,512,084	27,969,099	1.0166	1995	26,216,426	26,749,989	1.0204
1996	30,815,205	31,727,439	1.0296	1996	30,125,983	31,269,154	1.0379
1997	29,764,894	30,286,919	1.0175	1997	27,939,815	28,617,512	1.0243
1998	30,237,904	30,939,739	1.0232	1998	30,072,855	30,430,008	1.0119
1999	34,205,739	34,974,352	1.0225	1999	33,664,683	34,459,713	1.0236
2000	40,193,260	41,959,753	1.0439	2000	39,413,191	41,842,410	1.0616
2001	33,432,012	34,505,101	1.0321	2001	31,892,683	33,374,785	1.0465
2002	36,903,929	38,926,215	1.0548	2002	36,426,591	37,564,429	1.0312
2003	37,095,764	39,322,586	1.0600	2003	35,791,253	37,428,172	1.0457
2004	38,879,659	42,238,686	1.0864	2004	39,899,263	42,098,568	1.0551
2005	33,788,447	38,412,981	1.1369	2005	35,108,959	38,331,300	1.0918
2006	24,290,621	32,966,230	1.3572	2006	30,386,640	35,504,257	1.1684
2007	5,725,866	25,482,050	4.4503	2007	23,738,402	34,231,571	1.4420
2008		8,353,123		2008	7,980,553	24,073,638	3.0165
				2009		5,787,827	

NOTE: So as to maximize the use of available data, the companies used in one stage of development were allowed to be independent of those used in the other stage of development; therefore, the figures shown at each valuation may vary.

* Losses limited on a per-claim basis, with the actual limitation varying by policy year as described in Exhibit 1a. Losses are expressed on a pre-Senate Bill 1 basis.

EXHIBIT VIII
DELAWARE COMPENSATION RATING BUREAU, INC.
RATE AND LOSS COST FORMULAE

The experience used for classification relativities for the December 1, 2010 revision will include all available risks. It is proposed that catastrophes be limited in accordance with the procedure previously employed in other Bureau filings. The experience period will be five (5) years for all classifications regardless of whether a classification might meet the full credibility requirements with less than five years of data. Credibility will be based on reported payrolls for classifications using payroll as the exposure base. For non-payroll classifications, expected losses will be used as the basis for credibility. Thus, two credibility tables will be prepared for use in the December 1, 2010 filing. The values for these respective tables will be established such that the credibilities assigned to a payroll-based classification having the same portion of total statewide expected losses and payrolls attributable to its experience using each table would be equal. All occupational disease losses will be included in the exhibit of classification experience, with the total amount of such losses by type of injury being shown on a separate line on the classification rate worksheets.

Most classifications are subject to standard procedures as described below. However, circumstances will sometimes require that some classifications' rating procedure be modified to recognize situations where the normal rating process would not be appropriate. Such classifications, and the manner in which their rates or loss costs have been derived, are separately identified within the filing material.

The calculation of assigned risk classification rates will be made in accordance with the following procedure:

- (1) Determine the pure premiums underlying present Manual Residual Market Rates by category (serious, non-serious, medical only and total) for each classification.
- (2) Adjust the present pure premiums by category (serious, non-serious, medical-only and total) to the December 1, 2010 on-rate-level to obtain present on-rate-level pure premiums.
- (3) Determine Expected Losses (serious, non-serious, medical-only and total) for each classification by multiplying the exposures from the experience period by the pure premiums underlying present Manual Rates.
- (4) Determine the indicated pure premiums (serious, non-serious, medical-only and total) from the exposures and losses from the experience period.
- (5) Test the indicated total pure premiums by multiplying the exposures of the latest three years for each classification and obtaining the total Actual Losses for all classifications combined.
- (6) Calculate Expected Losses by multiplying the present pure premiums by the exposures from the last three years for each classification and by the overall average rate change.
- (7) Obtain correction factors by category of loss (serious, non-serious and medical-only) by dividing the Expected Losses derived in (6) by the Actual Losses derived in (5).
- (8) Multiply the indicated (pre-test) pure premiums from (4) times the correction factors derived in (7) to obtain indicated (post-test) pure premiums.

RATE AND LOSS COST FORMULAE (continued)

- (9) Determine “formula” pure premiums from (2) and (8) above for each type of loss (serious, non-serious and medical-only), with credibility for each category of loss corresponding to either the amount of reported payroll (for all classifications in which payroll is the exposure base) or to the amount of Expected Losses (for all “non-payroll” classifications). Credibility weights will be taken from exhibits appearing in the Class Book. The complement of credibility is in each case to be assigned to the present on December 1, 2010 level pure premiums for each category of loss.
- (10) Select proposed total pure premiums for each classification, using the middle value from the total pure premiums derived in (2), (8) and (9) above. If the proposed pure premium selected on this basis is different from the formula pure premium derived in (9) above, partial pure premiums are to be allocated between categories (serious, non-serious and medical-only) in the same proportion as the partial pure premiums comprising the formula pure premium.
- (11) Test the proposed total pure premiums selected in (10) by multiplying by the exposures of the three latest years for each classification and obtaining the total Expected Losses for all classifications combined.
- (12) Obtain a correction factor by dividing the Expected Losses derived in (6) above by the Expected Losses derived in (11) above.
- (13) Calculate the “composite pure premium multipliers” for each industry group as the product of the following items:
 - (a) The pure premium correction factor determined in (12) above.
 - (b) The proposed experience rating plan off-balance factor (Collectible Premium Ratio).
 - (c) The inverse of the permissible loss and loss adjustment ratio.
 - (d) The estimated effect of the July 1, 2011 benefit change.
- (14) Apply the composite pure premium multiplier obtained in (13) above to the proposed total pure premiums to obtain Manual Rates.
- (15) Test to assure that the maximum departure of the Manual Rates derived in (14) above from current Manual Rates is in accordance with the following parameters:

Maximum Change in Rates:

Upward: The industry group average change plus 25% rounded to the nearest 1%.

Downward: The industry group average change minus 25% rounded to the nearest 1%.
- (16) Manual rates are to be rounded to the nearest \$.01.
- (17) Test the Manual Rates derived in (16) above to determine if balance has been achieved within 0.0005 of the indicated change in rate level by industry group. If such balance has not been achieved, calculate the necessary correction factor to adjust the composite pure premium multipliers derived in (13) above to achieve the necessary balance. Perform steps (14) through (17) iteratively until the desired balance is achieved.

RATE AND LOSS COST FORMULAE (continued)

Non-reviewed Classifications

- (18) For classifications with insufficient credibility (non-reviewed classifications), an alternative calculation is used to derive indicated rates.

Insufficient credibility is defined as having five-year payroll less than that necessary to achieve 5% credibility for the non-serious component of pure premium. For non-payroll based classifications, expected losses replace payrolls.

For these non-reviewed classes, the indicated rate is calculated as follows:

- a) An average loss cost using Pennsylvania loss cost values and the Delaware distribution of business by class is calculated.
- b) Classification relativities are then calculated that relate the Pennsylvania loss cost by classification to the average overall loss cost calculated in (a) above.
- c) Indicated average loss costs are calculated by class by multiplying the relativities in (b) above times the average Delaware loss cost value for all classes combined times the average manual change in rates times the indicated composite pure premium multiplier.
- d) A second indicated rate is calculated by applying the average manual change in rates by industry group to the current Delaware rate for the class.
- e) A final indicated rate, subject to capping and balancing criteria previously described, is calculated by applying one-third weight to (c) above plus two-thirds weight to (d) above.

Loss Costs

The calculation of non-assigned risk classification loss costs will be made in accordance with the following procedure:

- (19) Multiply the proposed assigned risk Manual Rates by classification by the permissible loss, loss adjustment expense and loss based assessment ratio.

EXHIBIT IX**COLLECTIBLE PREMIUM RATIOS ***

Manual Years 2005 to 2007 Unit Data

Manual Year	Premium at Manual Rates	Collected Premium (Excluding Constants)	Collectible Premium Ratio (2)/(3)
(1)	(2)	(3)	(4)
ALL INDUSTRIES			
2005	292,143,521	293,734,969	0.9946
2006	318,843,146	333,494,291	0.9561
2007	322,602,939	341,963,463	0.9434
TOTAL	933,589,606	969,192,723	0.9633
MANUFACTURING AND UTILITIES			
2005	42,776,411	38,823,484	1.1018
2006	43,401,987	42,159,566	1.0295
2007	48,640,105	49,230,042	0.9880
TOTAL	134,818,503	130,213,092	1.0354
CONTRACTING AND QUARRYING			
2005	68,859,562	66,291,130	1.0387
2006	74,350,697	72,963,479	1.0190
2007	69,012,901	69,091,255	0.9989
TOTAL	212,223,160	208,345,864	1.0186
OTHER INDUSTRIES			
2005	180,507,548	188,620,355	0.9570
2006	201,090,462	218,371,246	0.9209
2007	204,949,933	223,642,166	0.9164
TOTAL	586,547,943	630,633,767	0.9301

* Excludes classifications and coverages not subject to experience rating.

EXHIBIT X

EXPECTED LOSS RATE FACTORS

CALCULATION OF EXPECTED LOSS RATE FACTORS

Policy Year Beginning 12/1	Average Law Multiplier	Adjustment Factor	Loss Ratio Development Factor	Expense Allowance ** 1 / (PLR/CPR)	Trend Factor	Product (2) * (3) * (4) *(5) * (6)	Expected Loss Rate Factor 1.0 / (7)	Factor to Reflect Approved Rate Levels *	Adjusted Expected LC Factors (8)*(9)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
<u>Manufacturing and Utilities</u>									
2006	0.9414	1.0000	1.7832	1.6058	1.1561	3.1165	0.3209	1.0087	0.3237
2007	0.9768	1.0000	2.0494	1.6058	1.1000	3.5360	0.2828	1.0087	0.2853
2008	0.9874	1.0000	2.7029	1.6058	1.0641	4.5603	0.2193	1.0087	0.2212
<u>Contracting and Quarrying</u>									
2006	0.9414	1.0000	1.8426	1.5797	1.1561	3.1679	0.3157	1.0088	0.3185
2007	0.9768	1.0000	2.1445	1.5797	1.1000	3.6400	0.2747	1.0088	0.2771
2008	0.9874	1.0000	2.7087	1.5797	1.0641	4.4958	0.2224	1.0088	0.2244
<u>Other Industries</u>									
2006	0.9414	1.0000	1.7697	1.4425	1.1561	2.7783	0.3599	1.0087	0.3630
2007	0.9768	1.0000	2.0932	1.4425	1.1000	3.2443	0.3082	1.0087	0.3109
2008	0.9874	1.0000	2.7602	1.4425	1.0641	4.1834	0.2390	1.0087	0.2411

* (12/1/10 Filed Indicated Change in Manual Rate Level) / (12/1/10 Approved indicated Change in Manual Rate level) by Industry Group, from Page 1.

** Permissible Loss Ratio = 0.6448
 Selected Collectible Premium Ratios
 Manufacturing = 1.0354
 Contracting = 1.0186
 All Other = 0.9301

EXHIBIT XI

**CALCULATION OF TAX MULTIPLIER FOR USE IN RETROSPECTIVE RATING PLANS
(O/T U.S.L. & H.W. Act Coverages)**

Expense Provisions for O/T U.S.L. & H.W. Classes

Losses	64.48
Loss Adjustment Expense	9.92
Loss & Loss Adjustment	<u>74.40</u>
Premium Discount	8.25
Acquisition	8.61
General Expenses	3.03
Profit and Contingencies	(4.65)
Taxes	2.38
Uncollectible Premium	2.50
Workers' Compensation Fund	3.00
Administrative Assessment	<u>2.48</u>
	25.60

If

- T = Tax multiplier
- E = Expense provision in rates (General, Acquisition, and Profit), less premium discount
- L = Loss provision in rates
- C = Loss conversion factor
- B = Assessments made on premiums
- A = Assessments made on losses (adjusted so as not to collect profit and general expense dollars on the extra premium generated by the assessments)

Using average discount (Schedule Y) this yields:

$$E = (0.0126) = \frac{ACQ}{0.0861} + \frac{GEN}{0.0303} + \frac{PROFIT}{(0.0465)} - \frac{PREM DISC}{0.0825}$$

$$A = 0.0399 = 0.0385 \times \frac{1 - (-0.0126) - 0.0788}{1 - 0.0194 - 0.0788}$$

Then

$$T = \frac{E + L(1 + C + A)}{E + L(1 + C)} \times \frac{1}{1 - B - S}$$

$$S = \text{Delaware Insurance Plan Subsidy} = 0.0061$$

$$T = \frac{-0.0126 + 0.6448(1 + 0.1538 + 0.0399)}{-0.0126 + 0.6448(1 + 0.1538)} \times \frac{1}{1 - 0.0788 - 0.0061} = 1.1312$$

EXHIBIT XII

DELAWARE RETROSPECTIVE DEVELOPMENT FACTORS *

Retrospective development factors for first, second and third adjustments are calculated below. They are intended for use in retrospective plans with no loss limitation and applicable to the expected loss portion of premium.

First Adjustment	RDF =	0.6346
Second Adjustment	RDF =	0.5224
Third Adjustment	RDF =	0.4407

For those companies using retrospective development factors with loss limitations, the following formula may be used.

$$\text{RDF(LIM)} = (1.0 - \text{ELF}) \times \text{RDF}$$

RDF(LIM) = Retrospective Development Factors at limited basis
ELF = Excess Loss (Pure Premium) Factors exclusive of allocated loss adjustment expenses for given Hazard Group and Loss Limitation
RDF = Retrospective Development Factors without Loss Limitation

For Example:

$$\text{\$25,000 limit Hazard Group C ELF} = 0.666$$

$$\text{First Adjustment RDF} = (1 - 0.666) \times 0.6346 = 0.2120$$

* The use of retrospective development factors is optional.