

**DELAWARE COMPENSATION RATING BUREAU, INC.**

**ACTUARIAL COMMITTEE**

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**Summary of Material for Modification of Experience  
December 1, 2011 Residual Market Rate and Voluntary Market Loss Cost Revision**

**As Filed**

DELAWARE 2011 RESIDUAL MARKET RATE AND VOLUNTARY MARKET LOSS COST FILING

PROPOSED EFFECTIVE DATE - DECEMBER 1, 2011

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**EXHIBIT I**

**INDICATED CHANGE IN RATE LEVEL**

	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
<b>(1a)</b> Policy Year 2006 Loss and Loss Adjustment Expense Ratio	0.3673	0.5729	0.9402
<b>(1b)</b> Policy Year 2007 Loss and Loss Adjustment Expense Ratio	0.3824	0.6664	1.0488
<b>(1c)</b> Policy Year 2008 Loss and Loss Adjustment Expense Ratio	0.3266	0.6348	0.9614
<b>(1d)</b> Policy Year 2009 Loss and Loss Adjustment Expense Ratio	0.3474	0.6735	1.0209
<b>(1e)</b> Average (Midpoint = 7/1/2008)	0.3559	0.6369	0.9928
<b>(2a)</b> Policy Year 2006 Loss and LAE Ratio Trended to 12/1/2012	0.2783	0.5640	
<b>(2b)</b> Policy Year 2007 Loss and LAE Ratio Trended to 12/1/2012	0.3091	0.6615	
<b>(2c)</b> Policy Year 2008 Loss and LAE Ratio Trended to 12/1/2012	0.2816	0.6354	
<b>(2d)</b> Policy Year 2009 Loss and LAE Ratio Trended to 12/1/2012	0.2877	0.6121	
<b>(2e)</b> Average at 12/1/2012	0.2892	0.6183	0.9075
<b>(3a)</b> Senate Bill 1 Adjustment	1.0000	0.8260	
<b>(3b)</b> Average Trended Loss and LAE Ratio Post-SB1 (2e)*(3a)	0.2892	0.5107	0.7999
<b>(4a)</b> Excess Loss Factor at \$2,221,303 (Post-SB1 Basis) *			0.0747
<b>(4b)</b> Provision for Excess Loss (5a)-(3b)			0.0646
<b>(5a)</b> Total Trended Loss and LAE Ratio (3b)/(1.0-(4a))	0.2942	0.5703	0.8645
<b>(5b)</b> Percentage of Total	34.0%	66.0%	
<b>(6)</b> Permissible Loss and Loss Adjustment Ratio			0.7101
<b>(7)</b> Indicated Change in Rates (5a) / (6)			1.2174
<b>(8)</b> Estimated Effect of the 7/1/12 Benefit Change			1.0046
<b>(9)</b> Indicated Change in Residual Market Rate Level (7) * (8)			1.2230
<b>(10)</b> Indicated Change in Voluntary Market Loss Costs (9) * [0.7343 / 0.7688]			1.1681

**CHANGES IN MANUAL PREMIUM LEVEL BY INDUSTRY GROUP**

	<b>Mfg.</b>	<b>Cont.</b>	<b>Other</b>	<b>Total</b>
<b>(11)</b> Current Collectible Premium Ratio	1.0354	1.0186	0.9301	
<b>(12)</b> Proposed Collectible Premium Ratio	0.8690	0.9585	0.8402	
<b>(13)</b> Change in Collectible Premium Ratio (12) / (11)	0.8393	0.9410	0.9033	0.9023
<b>(14)</b> Change in Residual Market Manual Rate Level (9) * (13)	1.0265	1.1508	1.1047	1.1035
<b>(15)</b> Change in Voluntary Market Manual Loss Cost Level (10) * (13)	0.9804	1.0992	1.0551	1.0540
<b>(16)</b> Current Offset for Residual Market Surcharge				0.9954
<b>(17)</b> Proposed Offset for Residual Market Surcharge				0.9955
<b>(18)</b> Adjusted Change in Voluntary Market Manual Loss Cost Level (15) * (17)/(16)	0.9805	1.0993	1.0552	1.0541

\* \$2,630,000 on a pre-Senate Bill 1 basis.

**EXHIBIT II**  
**EXPENSE LOADING**

	<u>Current %</u>	<u>Proposed %</u>
<b>LOSS AND LOSS ADJUSTMENT EXPENSE</b>		
Losses	64.48	60.51
Loss Adjustment Expense	9.92	10.50 a
Loss & Loss Adjustment	74.40	71.01
<b>UNDERWRITING EXPENSES</b>		
Commission	5.76	4.80
Other Acquisition	2.85	2.38
General Expenses	3.03	3.38
Premium Discount	8.25	8.53
State Premium Tax	2.00	2.00
Other State Tax	0.38	0.37
Uncollectible Premium	2.50	2.00
Administrative Assessment	2.48	2.42 b
Workers Compensation Fund	3.00	3.50
Deviations	0.00	0.00
Policyholder Dividends	0.00	0.00
Underwriting Profit	-4.65	-0.39
Underwriting Expense Total	25.60	28.99

a - As ratio to loss, Loss Adjustment Expense = 0.1735  
b - As ratio to loss, Administrative Assessment = 0.0400

**RESIDUAL MARKET MINIMUM PREMIUM:**

It is proposed that the Minimum Premium formula be revised from  $(235 * \text{Rate}) + \text{Expense Constant}$  to  
 $(240 * \text{Rate}) + \text{Expense Constant}$

It is proposed that the Minimum Premium be subject to a Maximum Minimum Premium of \$2000.  
It is proposed to use a multiplier of 120.00 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 increase from \$260 to \$270.

**EXHIBIT III**  
**INTERNAL RATE OF RETURN ANALYSIS**  
**STATE OF DELAWARE - 2011**  
**TABLE I: INPUTS, ASSUMPTIONS & OUTPUTS**

Section 1: Inputs & Assumptions		
(1)	Commissions *	4.80
(2)	Other Expenses	6.13
(2A)	Other Acquisitions *	2.38
(2B)	General Expenses *	3.38
(2C)	Other Tax **	0.37
(3)	State Premium Taxes & Uncollectible Premium	
(3A)	Tax1 - Premium Tax **	2.00
(3B)	Uncollectible Premium **	2.00
(3C)	Tax3 - Workers Compensation Fund **	3.50
(4)	Premium Discount ***	8.53
(5)	Deviations	0.00
(6)	Dividends to Policyholders	0.00
(7)	Premium Written	1,000,000
Investment Income		
(8A)	Pre-Tax Return on Assets	4.47
(8B)	Investment Income Tax Rate	0.90
(8C)	Post-Tax Return on Assets	3.57
(10)	Reserve to Surplus Ratio	2.25
(11)	Internal Rate of Return (Cost of Capital)	9.11
* 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	73.43
(2)	Profit & Contingencies	-0.39

**EXHIBIT IV - 1**

**POLICY YEAR LOSS RATIO 2009\***

(1) Standard Earned Premium Reported (Table I)			117,240,053
(2) Factor to 12/1/10 Rate Level (Exhibit V-1)			1.1380
(3) Premium Development Factor to Ultimate Level (Exhibit VI-1)			0.9908
(4) Expense Constant Removal Factor			0.9968
(5) DCCPAP On-Level Factor			0.9984
(6) Factor to Adjust to a Pre-Chancery Court Rate Level			1.0753
(7) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			141,464,189
<b>Losses - Paid-to-21st Method</b>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8) Paid Losses Reported (Table I-D & I-E)	7,795,058	28,299,450	36,094,508
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	5.1867	2.8128	
(10) Ultimate Incurred Losses (8) * (9)	40,430,627	79,600,693	120,031,320
<b>Losses - Incurred Method</b>			
(11) Incurred Losses Reported (Table I-B & I-C)	22,904,069	38,206,792	61,110,861
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.9222	2.1668	
(13) Ultimate Incurred Losses (11) * (12)	44,026,201	82,786,477	126,812,678
<b>Losses - Average of Incurred and Paid-to-21st</b>			
(14) Ultimate Incurred Losses ((10) + (13))/2	42,228,414	81,193,585	123,421,999
(15) Factor to 6/1/11 Benefit Level (Exhibit V-3)	0.9917	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.1735	1.1735	
(17) Adjusted Losses (14) * (15) * (16)	49,143,737	95,280,672	144,424,409
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.3474	0.6735	1.0209
(19) Normalized Claim Frequency (Exhibit VII-3)	0.4173	0.4173	
(20) Severity Ratio** (18)/(19)	0.8325	1.6139	2.4464

\* 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 2008\***

(1)	Standard Earned Premium Reported (Table I)			150,963,918
(2)	Factor to 12/1/10 Rate Level (Exhibit V-1)			0.9143
(3)	Premium Development Factor to Ultimate Level (Exhibit VI-1)			0.9981
(4)	Expense Constant Removal Factor			0.9974
(5)	DCCPAP On-Level Factor			0.9984
(6)	Factor to Adjust to a Pre-Chancery Court Rate Level			1.0753
(7)	Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			147,516,132
<b>Losses - Paid-to-21st Method</b>		<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8)	Paid Losses Reported (Table I-D & I-E)	16,457,459	37,652,134	54,109,593
(9)	Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	2.5730	2.0211	
(10)	Ultimate Incurred Losses (8) * (9)	42,345,042	76,098,728	118,443,770
<b>Losses - Incurred Method</b>				
(11)	Incurred Losses Reported (Table I-B & I-C)	28,407,741	47,260,686	75,668,427
(12)	Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.4132	1.7670	
(13)	Ultimate Incurred Losses (11) * (12)	40,145,820	83,509,632	123,655,452
<b>Losses - Average of Incurred and Paid-to-21st</b>				
(14)	Ultimate Incurred Losses ((10) + (13))/2	41,245,431	79,804,180	121,049,611
(15)	Factor to 6/1/11 Benefit Level (Exhibit V-3)	0.9953	1.0000	
(16)	Factor to Include Loss Adjustment Expense	1.1735	1.1735	
(17)	Adjusted Losses (14) * (15) * (16)	48,174,026	93,650,205	141,824,231
(18)	Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.3266	0.6348	0.9614
(19)	Normalized Claim Frequency (Exhibit VII-3)	0.4113	0.4113	
(20)	Severity Ratio** (18)/(19)	0.7941	1.5434	2.3375

\* 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 2007\***

(1) Standard Earned Premium Reported (Table I)			200,205,897
(2) Factor to 12/1/10 Rate Level (Exhibit V-1)			0.6778
(3) Premium Development Factor to Ultimate Level (Exhibit VI-1)			0.9991
(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			1.0753
(7) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			145,072,926
<b>Losses - Paid-to-21st Method</b>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8) Paid Losses Reported (Table I-D & I-E)	25,437,978	44,922,451	70,360,429
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.8009	1.7561	
(10) Ultimate Incurred Losses (8) * (9)	45,811,255	78,888,316	124,699,571
<b>Losses - Incurred Method</b>			
(11) Incurred Losses Reported (Table I-B & I-C)	39,269,921	54,636,736	93,906,657
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.2116	1.5719	
(13) Ultimate Incurred Losses (11) * (12)	47,579,436	85,883,485	133,462,921
<b>Losses - Average of Incurred and Paid-to-21st</b>			
(14) Ultimate Incurred Losses ((10) + (13))/2	46,695,346	82,385,901	129,081,247
(15) Factor to 6/1/11 Benefit Level (Exhibit V-3)	1.0124	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.1735	1.1735	
(17) Adjusted Losses (14) * (15) * (16)	55,476,471	96,679,855	152,156,326
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.3824	0.6664	1.0488
(19) Normalized Claim Frequency (Exhibit VII-3)	0.4660	0.4660	
(20) Severity Ratio** (18)/(19)	0.8206	1.4300	2.2506

\* 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 2006\***

(1)	Standard Earned Premium Reported (Table I)			207,263,337
(2)	Factor to 12/1/10 Rate Level (Exhibit V-1)			0.6600
(3)	Premium Development Factor to Ultimate Level (Exhibit VI-1)			0.9987
(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			1.0753
(7)	Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			145,935,120
<b>Losses - Paid-to-21st Method</b>		<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8)	Paid Losses Reported (Table I-D & I-E)	29,309,401	41,782,264	71,091,665
(9)	Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.5135	1.6338	
(10)	Ultimate Incurred Losses (8) * (9)	44,359,778	68,263,863	112,623,641
<b>Losses - Incurred Method</b>				
(11)	Incurred Losses Reported (Table I-B & I-C)	37,963,976	51,405,741	89,369,717
(12)	Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.1458	1.4441	
(13)	Ultimate Incurred Losses (11) * (12)	43,499,124	74,235,031	117,734,155
<b>Losses - Average of Incurred and Paid-to-21st</b>				
(14)	Ultimate Incurred Losses ((10) + (13))/2	43,929,451	71,249,447	115,178,898
(15)	Factor to 6/1/11 Benefit Level (Exhibit V-3)	1.0398	1.0000	
(16)	Factor to Include Loss Adjustment Expense	1.1735	1.1735	
(17)	Adjusted Losses (14) * (15) * (16)	53,602,949	83,611,226	137,214,175
(18)	Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.3673	0.5729	0.9402
(19)	Normalized Claim Frequency (Exhibit VII-3)	0.5008	0.5008	
(20)	Severity Ratio** (18)/(19)	0.7334	1.1440	1.8774

\* 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 2005\***

(1)	Standard Earned Premium Reported (Table I)			187,879,261
(2)	Factor to 12/1/10 Rate Level (Exhibit V-1)			0.6912
(3)	Premium Development Factor to Ultimate Level (Exhibit VI-1)			0.9988
(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			1.0753
(7)	Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			138,818,341
<b>Losses - Paid-to-21st Method</b>		<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8)	Paid Losses Reported (Table I-D & I-E)	31,819,729	45,541,448	77,361,177
(9)	Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.3805	1.5446	
(10)	Ultimate Incurred Losses (8) * (9)	43,927,136	70,343,321	114,270,457
<b>Losses - Incurred Method</b>				
(11)	Incurred Losses Reported (Table I-B & I-C)	39,735,182	57,686,524	97,421,706
(12)	Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.1131	1.3560	
(13)	Ultimate Incurred Losses (11) * (12)	44,229,231	78,222,927	122,452,158
<b>Losses - Average of Incurred and Paid-to-21st</b>				
(14)	Ultimate Incurred Losses ((10) + (13))/2	44,078,184	74,283,124	118,361,308
(15)	Factor to 6/1/11 Benefit Level (Exhibit V-3)	1.0618	1.0000	
(16)	Factor to Include Loss Adjustment Expense	1.1735	1.1735	
(17)	Adjusted Losses (14) * (15) * (16)	54,922,400	87,171,246	142,093,646
(18)	Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.3956	0.6280	1.0236
(19)	Normalized Claim Frequency (Exhibit VII-3)	0.5320	0.5320	
(20)	Severity Ratio** (18)/(19)	0.7436	1.1805	1.9241

\* 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 2004\***

(1)	Standard Earned Premium Reported (Table I)			152,952,017
(2)	Factor to 12/1/10 Rate Level (Exhibit V-2)			0.7860
(3)	Premium Development Factor to Ultimate Level (Exhibit VI-1)			0.9998
(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			1.0753
(7)	Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			128,755,927
<b>Losses - Paid-to-21st Method</b>		<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8)	Paid Losses Reported (Table I-D & I-E)	33,987,913	47,052,534	81,040,447
(9)	Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.3044	1.4718	
(10)	Ultimate Incurred Losses (8) * (9)	44,333,834	69,251,920	113,585,754
<b>Losses - Incurred Method</b>				
(11)	Incurred Losses Reported (Table I-B & I-C)	37,695,730	57,658,164	95,353,894
(12)	Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.0927	1.2936	
(13)	Ultimate Incurred Losses (11) * (12)	41,190,124	74,586,601	115,776,725
<b>Losses - Average of Incurred and Paid-to-21st</b>				
(14)	Ultimate Incurred Losses ((10) + (13))/2	42,761,979	71,919,261	114,681,240
(15)	Factor to 6/1/11 Benefit Level (Exhibit V-3)	1.0767	1.0000	
(16)	Factor to Include Loss Adjustment Expense	1.1735	1.1735	
(17)	Adjusted Losses (14) * (15) * (16)	54,030,079	84,397,253	138,427,332
(18)	Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.4196	0.6555	1.0751
(19)	Normalized Claim Frequency (Exhibit VII-3)	0.5941	0.5941	
(20)	Severity Ratio** (18)/(19)	0.7063	1.1033	1.8096

\* 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 2003\***

(1) Standard Earned Premium Reported (Table I)			134,715,218
(2) Factor to 12/1/10 Rate Level (Exhibit V-2)			0.7555
(3) Premium Development Factor to Ultimate Level (Exhibit VI-1)			1.0016
(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			1.0753
(7) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			109,352,836
<b>Losses - Paid-to-21st Method</b>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8) Paid Losses Reported (Table I-D & I-E)	34,389,647	42,717,157	77,106,804
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.2527	1.4107	
(10) Ultimate Incurred Losses (8) * (9)	43,079,911	60,261,093	103,341,004
<b>Losses - Incurred Method</b>			
(11) Incurred Losses Reported (Table I-B & I-C)	38,497,170	53,117,393	91,614,563
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.0784	1.2484	
(13) Ultimate Incurred Losses (11) * (12)	41,515,348	66,311,753	107,827,101
<b>Losses - Average of Incurred and Paid-to-21st</b>			
(14) Ultimate Incurred Losses ((10) + (13))/2	42,297,630	63,286,423	105,584,053
(15) Factor to 6/1/11 Benefit Level (Exhibit V-3)	1.0894	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.1735	1.1735	
(17) Adjusted Losses (14) * (15) * (16)	54,073,751	74,266,617	128,340,368
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.4945	0.6791	1.1736
(19) Normalized Claim Frequency (Exhibit VII-3)	0.6732	0.6732	
(20) Severity Ratio** (18)/(19)	0.7346	1.0088	1.7434

\* 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 2002\***

(1) Standard Earned Premium Reported (Table I)			120,438,832
(2) Factor to 12/1/10 Rate Level (Exhibit V-2)			0.8054
(3) Premium Development Factor to Ultimate Level (Exhibit VI-1)			1.0000
(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			1.0753
(7) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			103,868,010
<b>Losses - Paid-to-21st Method</b>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8) Paid Losses Reported (Table I-D & I-E)	33,809,511	42,609,961	76,419,472
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.2132	1.3588	
(10) Ultimate Incurred Losses (8) * (9)	41,017,699	57,898,415	98,916,114
<b>Losses - Incurred Method</b>			
(11) Incurred Losses Reported (Table I-B & I-C)	37,055,047	51,164,670	88,219,717
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.0674	1.2148	
(13) Ultimate Incurred Losses (11) * (12)	39,552,557	62,154,841	101,707,398
<b>Losses - Average of Incurred and Paid-to-21st</b>			
(14) Ultimate Incurred Losses ((10) + (13))/2	40,285,128	60,026,628	100,311,756
(15) Factor to 6/1/11 Benefit Level (Exhibit V-3)	1.1165	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.1735	1.1735	
(17) Adjusted Losses (14) * (15) * (16)	52,782,088	70,441,248	123,223,336
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.5082	0.6782	1.1864
(19) Normalized Claim Frequency (Exhibit VII-3)	0.7048	0.7048	
(20) Severity Ratio** (18)/(19)	0.7211	0.9623	1.6834

\* 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 2001\***

(1) Standard Earned Premium Reported (Table I)			97,826,652
(2) Factor to 12/1/10 Rate Level (Exhibit V-2)			0.9610
(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			1.0753
(7) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			100,464,512
<b>Losses - Paid-to-21st Method</b>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8) Paid Losses Reported (Table I-D & I-E)	32,927,492	37,377,640	70,305,132
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.1813	1.3145	
(10) Ultimate Incurred Losses (8) * (9)	38,897,246	49,132,908	88,030,154
<b>Losses - Incurred Method</b>			
(11) Incurred Losses Reported (Table I-B & I-C)	35,778,810	46,806,941	82,585,751
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.0586	1.1889	
(13) Ultimate Incurred Losses (11) * (12)	37,875,448	55,648,772	93,524,220
<b>Losses - Average of Incurred and Paid-to-21st</b>			
(14) Ultimate Incurred Losses ((10) + (13))/2	38,386,347	52,390,840	90,777,187
(15) Factor to 6/1/11 Benefit Level (Exhibit V-3)	1.1420	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.1735	1.1735	
(17) Adjusted Losses (14) * (15) * (16)	51,442,964	61,480,651	112,923,615
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.5121	0.6120	1.1241
(19) Normalized Claim Frequency (Exhibit VII-3)	0.6959	0.6959	
(20) Severity Ratio** (18)/(19)	0.7359	0.8794	1.6153

\* 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 2000\***

(1) Standard Earned Premium Reported (Table I)			96,060,299
(2) Factor to 12/1/10 Rate Level (Exhibit V-2)			0.9138
(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			1.0753
(7) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			93,607,097
<b>Losses - Paid-to-21st Method</b>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8) Paid Losses Reported (Table I-D & I-E)	39,690,227	46,279,959	85,970,186
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.1547	1.2765	
(10) Ultimate Incurred Losses (8) * (9)	45,830,305	59,076,368	104,906,673
<b>Losses - Incurred Method</b>			
(11) Incurred Losses Reported (Table I-B & I-C)	43,502,169	55,948,973	99,451,142
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.0513	1.1681	
(13) Ultimate Incurred Losses (11) * (12)	45,733,830	65,353,995	111,087,825
<b>Losses - Average of Incurred and Paid-to-21st</b>			
(14) Ultimate Incurred Losses ((10) + (13))/2	45,782,068	62,215,182	107,997,250
(15) Factor to 6/1/11 Benefit Level (Exhibit V-3)	1.1692	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.1735	1.1735	
(17) Adjusted Losses (14) * (15) * (16)	62,815,570	73,009,516	135,825,086
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.6711	0.7800	1.4511
(19) Normalized Claim Frequency (Exhibit VII-3)	0.7981	0.7981	
(20) Severity Ratio** (18)/(19)	0.8409	0.9773	1.8182

\* 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 2005 - 2009**  
**PREMIUM ON-LEVEL FACTORS**

POLICY YEAR		(1) RATE CHANGE DATE	(2) RATE CHANGE	(3) CUM. INDEX OF COL (2)		(4) PORTION OF YEAR ON-LEVEL	(5) PRODUCT (3) * (4)	FACTOR TO ADJUST TO 12/1/10 RATE LEVEL		
2009	VOL	12/01/08	BASE	0.7511	*	0.8662	0.6506			
		12/01/09	0.9160	0.6880		0.0591	0.0407			
		12/01/10	0.9749	0.6707		-----	-----			
							0.9253	0.6913		
		RM	12/01/08	BASE	1.0000		0.0719	0.0719		
			12/01/09	0.9083	0.9083		0.0028	0.0025		
	12/01/10		0.9594	0.8714		-----	-----			
						0.0747	0.0744			
	*	Loss, LAE and LBA portion of 12/1/08 rate.						0.7657	1.1380	
	2008	VOL	12/01/07	BASE	0.7627	**	0.2616	0.1995		
			10/01/08	0.8843	0.6745		0.5908	0.3985		
			12/01/08	0.8354	0.5635		0.0512	0.0289		
12/01/09			0.8930	0.5032		-----	-----			
TO 12/1/10						0.9036	0.6269			
RM			12/01/07	BASE	1.0000		0.0286	0.0286		
		10/01/08	0.8843	0.8843		0.0646	0.0571			
		12/01/08	0.8484	0.7502		0.0032	0.0024			
		12/01/09	0.8714	0.6537		-----	-----			
		TO 12/1/10				0.0964	0.0881			
		**	Loss, LAE and LBA portion of 12/1/07 rate.						TOTAL	0.7150
2007		VOL	12/01/06	BASE	0.7292	***+	0.8175	0.5961		
	12/01/07		0.8225	0.5998	+	0.0393	0.0236			
	10/01/08		0.8843	0.6448	+	0.0126	0.0081			
	12/01/07 & 10/01/08		0.7273	0.5304	+	0.0104	0.0055			
	12/01/08		0.7460	0.3957	+	-----	-----			
	TO 12/1/10					0.8798	0.6333			
	RM	12/01/06	BASE	1.0000	+	0.1143	0.1143			
		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	0.7393	0.5099	+	-----	-----			
		TO 12/1/10				0.1202	0.1190			
***	Loss, LAE and LBA portion of 12/1/06 rate.						TOTAL	0.7523	0.6778	
2006	VOL	12/01/05	BASE	0.7479	****	0.7750	0.5796			
		12/01/06	1.0000	0.7479		0.0492	0.0368			
		12/01/07	0.5426	0.4058		-----	-----			
		TO 12/1/10				0.8242	0.6164			
		RM	12/01/05	BASE	1.0000		0.1664	0.1664		
			12/01/06	1.0257	1.0257		0.0094	0.0096		
	12/01/07		0.5099	0.5230		-----	-----			
						0.1758	0.1760			
	****	Loss, LAE and LBA portion of 12/1/05 rate.						TOTAL	0.7924	0.6600
	2005	VOL	12/01/04	BASE	0.7552	*****	0.7056	0.5329		
			12/01/05	1.0710	0.8088		0.0536	0.0434		
			12/01/06	0.5426	0.4389		-----	-----		
TO 12/1/10						0.7592	0.5763			
RM			12/01/04	BASE	1.0000		0.2267	0.2267		
			12/01/05	1.0810	1.0810		0.0141	0.0152		
		12/01/06	0.5231	0.5655		-----	-----			
						0.2408	0.2419			
*****		Loss, LAE and LBA portion of 12/1/04 rate.						TOTAL	0.8182	0.6912

+ 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\*0.916\*0.9749= 0.3957

+ 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\*.9594= 0.5099

**EXHIBIT V - 2**  
**POLICY YEARS 2000 - 2004**  
**PREMIUM ON-LEVEL FACTORS**

POLICY YEAR		(1)	(2)	(3)	*	(4)	(5)	FACTOR TO ADJUST TO 12/1/10 RATE LEVEL		
		RATE CHANGE DATE	RATE CHANGE	CUM. INDEX OF COL (2)		PORTION OF YEAR ON-LEVEL	PRODUCT (3) * (4)			
2004	VOL	12/01/03	BASE	0.7347		0.6680	0.4908			
		12/01/04	1.1670	0.8574		0.0619	0.0531			
		12/01/05	0.5811	0.4982		-----	-----			
		TO 12/1/10				0.7299	0.5439			
	RM	12/01/03	BASE	1.0000		0.2501	0.2501			
		12/01/04	1.1353	1.1353		0.0200	0.0227			
		12/01/05	0.5654	0.6419		-----	-----			
		TO 12/1/10				0.2701	0.2728			
	*	Loss, LAE and LBA portion of 12/1/03 rate.						0.8167	0.7860	
	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			0.6782	0.4629		-----	-----			
TO 12/1/10						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	0.6419	0.5964		-----	-----			
		TO 12/1/10				0.2300	0.2288			
**		Loss, LAE and LBA portion of 12/1/02 rate.						TOTAL	0.7894	0.7555
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		0.6326	0.4938		-----	-----			
	TO 12/1/10					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	0.5964	0.6362		-----	-----			
		TO 12/1/10				0.1911	0.1919			
	***	Loss, LAE and LBA portion of 12/1/01 rate.						TOTAL	0.7899	0.8054
	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			0.6717	0.5638		-----	-----			
TO 12/1/10					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	0.6362	0.7263		-----	-----			
TO 12/1/10					0.0946	0.0865				
****	Loss, LAE and LBA portion of 12/1/99 rate.						TOTAL	0.7558	0.9610	
2000	VOL	12/01/99	BASE	0.7849	****	0.9541	0.7489			
		3/01/01	0.9079	0.7126						
		12/01/01	0.7913	0.5639		-----	-----			
		TO 12/1/10				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	0.8175	0.7263		-----	-----			
		TO 12/1/10				0.0459	0.0459			
	****	Loss, LAE and LBA portion of 12/1/99 rate.						TOTAL	0.7948	0.9138

**EXHIBIT V - 3**  
**POLICY YEARS 2000 - 2009**  
**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 6/1/11 BENEFIT LEVEL
2009	6/03/08	BASE	1.0000	0.0903	0.0903	0.9917
	6/04/09	1.0031	1.0031	0.7282	0.7305	
	5/25/10	0.9974	1.0005	0.1815	0.1816	
	6/01/11	0.9936	0.9941	-----	-----	
				1.0000	1.0024	
2008	6/07/07	BASE	1.0000	0.0891	0.0891	0.9953
	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	0.9910	1.0129	-----	-----	
	TO 6/01/11			1.0000	1.0177	
2007	6/07/06	BASE	1.0000	0.0938	0.0938	1.0124
	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	0.9941	1.0430	-----	-----	
	TO 6/01/11			1.0000	1.0302	
2006	6/06/05	BASE	1.0000	0.0951	0.0951	1.0398
	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	1.0129	1.0638	-----	-----	
	TO 6/01/11			1.0000	1.0231	
2005	5/21/04	BASE	1.0000	0.0939	0.0939	1.0618
	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	1.0430	1.0784	-----	-----	
	TO 6/01/11			1.0000	1.0156	
2004	6/04/03	BASE	1.0000	0.0767	0.0767	1.0767
	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	1.0638	1.0884	-----	-----	
	TO 6/01/11			1.0000	1.0109	
2003	6/14/02	BASE	1.0000	0.0915	0.0915	1.0894
	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	1.0783	1.1194	-----	-----	
	TO 6/01/11			1.0000	1.0275	
2002	6/20/01	BASE	1.0000	0.1038	0.1038	1.1165
	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	1.0884	1.1425	-----	-----	
	TO 6/01/11			1.0000	1.0233	
2001	6/12/00	BASE	1.0000	0.1115	0.1115	1.1420
	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	1.1193	1.1701	-----	-----	
	TO 6/01/11			1.0000	1.0246	
2000	6/15/99	BASE	1.0000	0.1013	0.1013	1.1692
	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	1.1425	1.2005	-----	-----	
	TO 6/01/11			1.0000	1.0268	

**EXHIBIT VI - 1**

**DEVELOPMENT FACTORS**

**PREMIUM**

<u>Reports in Ratio</u>	<u>Calendar Years 06-07</u>	<u>Calendar Years 07-08</u>	<u>Calendar Years 08-09</u>	<u>Calendar Years 09-10</u>	<u>Unweighted Average</u>	<u>Cumulative Average</u>
2nd to 1st	1.0139	0.9882	0.9901	0.9784	0.9927	0.9908
3rd to 2nd	0.9991	0.9975	0.9998	0.9994	0.9990	0.9981
4th to 3rd	0.9998	0.9974	0.9996	1.0049	1.0004	0.9991
5th to 4th	1.0005	0.9993	0.9999	1.0000	0.9999	0.9987
6th to 5th	0.9971	0.9999	0.9994	0.9995	0.9990	0.9988
7th to 6th	0.9999	0.9946	0.9981	1.0000	0.9982	0.9998
8th to 7th	0.9999	0.9999	1.0066	1.0000	1.0016	1.0016
9th to 8th	0.9999	1.0004	0.9983	0.9991	1.0000 *	1.0000
10th to 9th	0.9998	1.0000	0.9985	1.0000	1.0000 *	1.0000
11th to 10th	1.0000	1.0023	1.0000	1.0002	1.0000 *	1.0000
12th to 11th	1.0000	1.0000	1.0000	0.9955	1.0000 *	1.0000
13th to 12th	1.0001	1.0000	1.0000	1.0002	1.0000 *	1.0000
14th to 13th	1.0000	1.0002	1.0000	0.9980	1.0000 *	1.0000
15th to 14th	1.0000	0.9999	1.0000	0.9983	1.0000 *	1.0000
16th to 15th	1.0004	0.9998	1.0000	0.9987	1.0000 *	1.0000
17th to 16th	1.0001	1.0005	1.0001	1.0000	1.0000 *	1.0000
18th to 17th	1.0003	1.0000	1.0003	0.9993	1.0000 *	1.0000
19th to 18th	1.0005	1.0001	1.0000	0.9996	1.0000 *	1.0000
20th to 19th	1.0001	1.0001	0.9999	0.9991	1.0000 *	1.0000
21st to 20th	1.0000	1.0000	1.0000	0.9996	1.0000 *	1.0000
Beyond 21st	1.0000	1.0005	0.9996	0.9980	1.0000 *	1.0000

\* Selected

**EXHIBIT VI - 2**

**DEVELOPMENT FACTORS**

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

Reports in Ratio		Calendar Years <u>06-07</u>	Calendar Years <u>07-08</u>	Calendar Years <u>08-09</u>	Calendar Years <u>09-10</u>	Unweighted Average	Fitted Value	Cumulative Average
2nd to 1st	a	1.9577	1.8847	2.0616	2.1499	2.0135	2.0158	5.1867
3rd to 2nd	a	1.4072	1.4355	1.4826	1.4292	1.4386	1.4287	2.5730
4th to 3rd	a	1.1664	1.1592	1.1974	1.1982	1.1803	1.1899	1.8009
5th to 4th	a	1.0912	1.0891	1.1047	1.0947	1.0949	1.0964	1.5135
6th to 5th	a	1.0634	1.0538	1.0515	1.0690	1.0594	1.0583	1.3805
7th to 6th	a	1.0487	1.0281	1.0569	1.0510	1.0462	1.0413	1.3044
8th to 7th	a	1.0220	1.0437	1.0273	1.0252	1.0296	1.0325	1.2527
9th to 8th	a	1.0262	1.0300	1.0220	1.0524	1.0327	1.0270	1.2132
10th to 9th	a	1.0272	1.0197	1.0204	1.0262	1.0234	1.0231	1.1813
11th to 10th	a	1.0118	1.0135	1.0144	1.0020	1.0104	1.0200	1.1547
12th to 11th	a	1.0137	1.0066	1.0213	1.0187	1.0151	1.0173	1.1320
13th to 12th	a	1.0028	1.0021	1.0107	1.0085	1.0060	1.0149	1.1128
14th to 13th	a	1.0508	1.0141	1.0042	1.0222	1.0228	1.0129	1.0964
15th to 14th	a	1.0000	1.0164	1.0055	1.0068	1.0072	1.0110	1.0825
16th to 15th	a	1.0049	1.0015	1.0125	1.0014	1.0051	1.0093	1.0707
17th to 16th	a	1.0052	1.0064	1.0089	1.0050	1.0064	1.0078	1.0608
18th to 17th	a	1.0026	1.0154	1.0124	1.0023	1.0082	1.0064	1.0526
19th to 18th	a	1.0206	1.0014	1.0510	1.0052	1.0196	1.0051	1.0459
20th to 19th	a	1.0066	1.0023	1.0011	1.0005	1.0026	1.0039	1.0406
21st to 20th	b	1.0496	1.0190	1.0264	1.0271	1.0305	1.0305	1.0366
Beyond 21st	c	0.9971	1.0344	0.9831	1.0090	1.0059	1.0059	1.0059

**INCURRED METHOD**

Reports in Ratio		Calendar Years <u>06-07</u>	Calendar Years <u>07-08</u>	Calendar Years <u>08-09</u>	Calendar Years <u>09-10</u>	Unweighted Average	Fitted Value	Cumulative Average
2nd to 1st	c	1.2337	1.3367	1.4042	1.4663	1.3602	1.3602	1.9222
3rd to 2nd	c	1.1294	1.1735	1.1782	1.1843	1.1664	1.1664	1.4132
4th to 3rd	c	1.0381	1.0281	1.0885	1.0722	1.0567	1.0574	1.2116
5th to 4th	c	1.0113	1.0462	1.0361	1.0418	1.0339	1.0294	1.1458
6th to 5th	c	1.0160	1.0065	1.0058	1.0137	1.0105	1.0186	1.1131
7th to 6th	c	1.0071	0.9990	1.0131	1.0309	1.0125	1.0133	1.0927
8th to 7th	c	1.0163	1.0181	1.0218	1.0078	1.0160	1.0103	1.0784
9th to 8th	c	1.0131	0.9937	1.0384	1.0170	1.0156	1.0083	1.0674
10th to 9th	c	1.0123	1.0066	1.0121	0.9900	1.0053	1.0070	1.0586
11th to 10th	c	0.9961	1.0097	1.0021	0.9924	1.0001	1.0061	1.0513
12th to 11th	c	0.9999	1.0014	0.9946	1.0061	1.0005	1.0053	1.0449
13th to 12th	c	0.9938	1.0063	1.0088	0.9998	1.0022	1.0048	1.0394
14th to 13th	c	1.0414	1.0041	1.0054	1.0134	1.0161	1.0044	1.0344
15th to 14th	c	0.9964	1.0093	1.0166	0.9892	1.0029	1.0040	1.0299
16th to 15th	c	1.0010	1.0000	1.0043	0.9968	1.0005	1.0037	1.0258
17th to 16th	c	0.9990	1.0037	1.0050	1.0037	1.0029	1.0035	1.0220
18th to 17th	c	0.9986	0.9814	1.0028	0.9970	0.9950	1.0033	1.0184
19th to 18th	c	1.0005	0.9944	1.0439	1.0153	1.0135	1.0032	1.0151
20th to 19th	c	1.0038	0.9956	1.0127	0.9975	1.0024	1.0030	1.0118
21st to 20th	c	1.0091	1.0026	1.0036	0.9927	1.0020	1.0029	1.0088
Beyond 21st	c	0.9971	1.0344	0.9831	1.0090	1.0059	1.0059	1.0059

- a From Table I-D
- b 20th (Paid - Table I-D) to 21st (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	2.0135	1.0135	1.0158	2.0158
3rd to 2nd	1.4386	0.4386	0.4287	1.4287
4th to 3rd	1.1803	0.1803	0.1899	1.1899
5th to 4th	1.0949	0.0949	0.0964	1.0964
6th to 5th	1.0594	0.0594	0.0583	1.0583
7th to 6th	1.0462	0.0462	0.0413	1.0413
8th to 7th	1.0296	0.0296	0.0325	1.0325
9th to 8th	1.0327	0.0327	0.0270	1.0270
10th to 9th	1.0234	0.0234	0.0231	1.0231
11th to 10th	1.0104	0.0104	0.0200	1.0200
12th to 11th	1.0151	0.0151	0.0173	1.0173
13th to 12th	1.0060	0.0060	0.0149	1.0149
14th to 13th	1.0228	0.0228	0.0129	1.0129
15th to 14th	1.0072	0.0072	0.0110	1.0110
16th to 15th	1.0051	0.0051	0.0093	1.0093
17th to 16th	1.0064	0.0064	0.0078	1.0078
18th to 17th	1.0082	0.0082	0.0064	1.0064
19th to 18th	1.0196	0.0196	0.0051	1.0051
20th to 19th	1.0026	0.0026	0.0039	1.0039
21st to 20th *	1.0305	0.0305	0.0305	1.0305

$$Y = a + b \cdot \log(x) / x + c \cdot \exp(-x)$$

$$a = -0.028867 \quad b = 0.211459 \quad c = 2.839695$$

\* 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	1.3602	0.3602	0.3602	1.3602
3rd to 2nd	1.1664	0.1664	0.1664	1.1664
4th to 3rd	1.0567	0.0567	0.0574	1.0574
5th to 4th	1.0339	0.0339	0.0294	1.0294
6th to 5th	1.0105	0.0105	0.0186	1.0186
7th to 6th	1.0125	0.0125	0.0133	1.0133
8th to 7th	1.0160	0.0160	0.0103	1.0103
9th to 8th	1.0156	0.0156	0.0083	1.0083
10th to 9th	1.0053	0.0053	0.0070	1.0070
11th to 10th	1.0001	0.0001	0.0061	1.0061
12th to 11th	1.0005	0.0005	0.0053	1.0053
13th to 12th	1.0022	0.0022	0.0048	1.0048
14th to 13th	1.0161	0.0161	0.0044	1.0044
15th to 14th	1.0029	0.0029	0.0040	1.0040
16th to 15th	1.0005	0.0005	0.0037	1.0037
17th to 16th	1.0029	0.0029	0.0035	1.0035
18th to 17th	0.9950	-0.0050	0.0033	1.0033
19th to 18th	1.0135	0.0135	0.0032	1.0032
20th to 19th	1.0024	0.0024	0.0030	1.0030
21st to 20th	1.0020	0.0020	0.0029	1.0029
Beyond 21st +	1.0059	0.0059	0.0059	1.0059

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

$$a = 0.001687 \quad b = 0.000865 \quad c = 0.525761 \quad d = -1.499621 \quad e = 5.717160 \quad f = -4.685653$$

+ Selected four year average

**EXHIBIT VI - 4**

**DEVELOPMENT FACTORS**

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

Reports in Ratio		Calendar Years <u>06-07</u>	Calendar Years <u>07-08</u>	Calendar Years <u>08-09</u>	Calendar Years <u>09-10</u>	Unweighted Average	Fitted Value	Cumulative Average
2nd to 1st	a	1.3225	1.3594	1.4582	1.4268	1.3917	1.3917	2.8128
3rd to 2nd	a	1.1381	1.1365	1.1615	1.1676	1.1509	1.1509	2.0211
4th to 3rd	a	1.0451	1.0861	1.0904	1.0766	1.0746	1.0749	1.7561
5th to 4th	a	1.0544	1.0624	1.0537	1.0667	1.0593	1.0577	1.6338
6th to 5th	a	1.0436	1.0547	1.0428	1.0526	1.0484	1.0495	1.5446
7th to 6th	a	1.0497	1.0319	1.0335	1.0402	1.0388	1.0433	1.4718
8th to 7th	a	1.0269	1.0437	1.0457	1.0533	1.0424	1.0382	1.4107
9th to 8th	a	1.0271	1.0226	1.0581	1.0304	1.0346	1.0337	1.3588
10th to 9th	a	1.0341	1.0232	1.0253	1.0396	1.0306	1.0298	1.3145
11th to 10th	a	1.0476	1.0175	1.0115	1.0205	1.0243	1.0263	1.2765
12th to 11th	a	1.0336	1.0302	1.0239	1.0119	1.0249	1.0232	1.2437
13th to 12th	a	1.0309	1.0166	1.0408	1.0138	1.0255	1.0205	1.2155
14th to 13th	a	1.0174	1.0185	1.0190	1.0202	1.0188	1.0180	1.1911
15th to 14th	a	1.0108	1.0219	0.9974	1.0025	1.0082	1.0158	1.1701
16th to 15th	a	1.0100	1.0098	1.0121	1.0114	1.0108	1.0138	1.1519
17th to 16th	a	1.0110	1.0107	1.0079	1.0184	1.0120	1.0120	1.1362
18th to 17th	a	1.0132	1.0065	1.0151	1.0059	1.0102	1.0104	1.1227
19th to 18th	a	1.0057	1.0120	1.0127	1.0060	1.0091	1.0089	1.1112
20th to 19th	a	0.9935	1.0099	1.0235	1.0081	1.0088	1.0075	1.1014
21st to 20th	b	1.0447	1.0752	1.0363	1.0450	1.0503	1.0503	1.0932
Beyond 21st+	c	1.0628	1.0329	1.0660	1.0014	1.0408	1.0408	1.0408

**INCURRED METHOD**

Reports in Ratio		Calendar Years <u>06-07</u>	Calendar Years <u>07-08</u>	Calendar Years <u>08-09</u>	Calendar Years <u>09-10</u>	Unweighted Average	Fitted Value	Cumulative Average
2nd to 1st	c	1.1244	1.1928	1.3076	1.2810	1.2265	1.2263	2.1668
3rd to 2nd	c	1.0901	1.1608	1.1172	1.1185	1.1217	1.1241	1.7670
4th to 3rd	c	1.0654	1.0906	1.0972	1.1181	1.0928	1.0885	1.5719
5th to 4th	c	1.0327	1.0785	1.0816	1.0880	1.0702	1.0650	1.4441
6th to 5th	c	1.0229	1.0438	1.0246	1.0423	1.0334	1.0482	1.3560
7th to 6th	c	1.0471	1.0221	1.0352	1.0522	1.0392	1.0362	1.2936
8th to 7th	c	1.0604	1.0167	1.0230	1.0425	1.0357	1.0277	1.2484
9th to 8th	c	1.0093	1.0244	1.0247	1.0411	1.0249	1.0218	1.2148
10th to 9th	c	1.0090	0.9879	0.9810	1.0187	0.9992	1.0178	1.1889
11th to 10th	c	1.0223	1.0411	0.9944	1.0203	1.0195	1.0151	1.1681
12th to 11th	c	1.0171	1.0421	1.0262	1.0142	1.0249	1.0134	1.1507
13th to 12th	c	1.0006	1.0113	1.0390	1.0105	1.0154	1.0124	1.1355
14th to 13th	c	1.0143	1.0057	1.0076	1.0130	1.0102	1.0117	1.1216
15th to 14th	c	1.0039	1.0157	1.0018	1.0010	1.0056	1.0112	1.1086
16th to 15th	c	0.9986	1.0123	1.0309	1.0111	1.0132	1.0107	1.0963
17th to 16th	c	1.0107	1.0157	1.0044	1.0098	1.0102	1.0102	1.0847
18th to 17th	c	0.9994	1.0179	1.0095	0.9989	1.0064	1.0095	1.0738
19th to 18th	c	1.0105	1.0050	1.0177	1.0027	1.0090	1.0086	1.0637
20th to 19th	c	0.9948	0.9985	1.0080	1.0028	1.0010	1.0074	1.0546
21st to 20th	c	1.0050	1.0235	1.0060	1.0156	1.0125	1.0058	1.0468
Beyond 21st	c	1.0628	1.0329	1.0660	1.0014	1.0408	1.0408	1.0408

- a From Table I-E
- b 20th (Paid - Table I-D) to 21st (Incurred - Table 1-B)
- 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	1.3917	0.3917	0.3917	1.3917
3rd to 2nd	1.1509	0.1509	0.1509	1.1509
4th to 3rd	1.0746	0.0746	0.0749	1.0749
5th to 4th	1.0593	0.0593	0.0577	1.0577
6th to 5th	1.0484	0.0484	0.0495	1.0495
7th to 6th	1.0388	0.0388	0.0433	1.0433
8th to 7th	1.0424	0.0424	0.0382	1.0382
9th to 8th	1.0346	0.0346	0.0337	1.0337
10th to 9th	1.0306	0.0306	0.0298	1.0298
11th to 10th	1.0243	0.0243	0.0263	1.0263
12th to 11th	1.0249	0.0249	0.0232	1.0232
13th to 12th	1.0255	0.0255	0.0205	1.0205
14th to 13th	1.0188	0.0188	0.0180	1.0180
15th to 14th	1.0082	0.0082	0.0158	1.0158
16th to 15th	1.0108	0.0108	0.0138	1.0138
17th to 16th	1.0120	0.0120	0.0120	1.0120
18th to 17th	1.0102	0.0102	0.0104	1.0104
19th to 18th	1.0091	0.0091	0.0089	1.0089
20th to 19th	1.0088	0.0088	0.0075	1.0075
21st to 20th *	1.0503	0.0503	0.0503	1.0503

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

$a = -0.022731 \quad b = 0.686889 \quad c = -2.284399 \quad d = 3.043874 \quad e = 1.697397 \quad f = -2.729330$

\* 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	1.2265	0.2265	0.2263	1.2263
3rd to 2nd	1.1217	0.1217	0.1241	1.1241
4th to 3rd	1.0928	0.0928	0.0885	1.0885
5th to 4th	1.0702	0.0702	0.0650	1.0650
6th to 5th	1.0334	0.0334	0.0482	1.0482
7th to 6th	1.0392	0.0392	0.0362	1.0362
8th to 7th	1.0357	0.0357	0.0277	1.0277
9th to 8th	1.0249	0.0249	0.0218	1.0218
10th to 9th	0.9992	-0.0008	0.0178	1.0178
11th to 10th	1.0195	0.0195	0.0151	1.0151
12th to 11th	1.0249	0.0249	0.0134	1.0134
13th to 12th	1.0154	0.0154	0.0124	1.0124
14th to 13th	1.0102	0.0102	0.0117	1.0117
15th to 14th	1.0056	0.0056	0.0112	1.0112
16th to 15th	1.0132	0.0132	0.0107	1.0107
17th to 16th	1.0102	0.0102	0.0102	1.0102
18th to 17th	1.0064	0.0064	0.0095	1.0095
19th to 18th	1.0090	0.0090	0.0086	1.0086
20th to 19th	1.0010	0.0010	0.0074	1.0074
21st to 20th	1.0125	0.0125	0.0058	1.0058
Beyond 21st +	1.0408	0.0408	0.0408	1.0408

$Y = a+b*\log(x)+c*\log(x)^2+d*\log(x)^3+e*\log(x)^4+f*\log(x)^5$

$a = 0.226284 \quad b = -0.245391 \quad c = 0.229317 \quad d = -0.162282 \quad e = 0.055784 \quad f = -0.006935$

+ Selected four year average

**EXHIBIT VII - 1**

**DETERMINATION OF TREND**

**INDEMNITY**

Policy Year	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Actual Loss Ratio	0.4945	0.4196	0.3956	0.3673	0.3824	0.3266	0.3474
Normalized Frequency	0.6732	0.5941	0.5320	0.5008	0.4660	0.4113	0.4173
Severity Loss Ratio	0.7346	0.7063	0.7436	0.7334	0.8206	0.7941	0.8325
<b>x</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
<b>y</b>	0.7346	0.7063	0.7436	0.7334	0.8206	0.7941	0.8325

**7 Point Exponential Regression:  $y = 0.691500 * 1.025615 ^ x$**

**Selected Annual Trend Factor** **2.6%**

Policy Year	Fitted Value @ Midpoint of PY (1)	Fitted Value @ 12/1/11 (2)	Severity Trend Factor (3) = (2)/(1)	Frequency Trend Factor (4) #
2006	0.7651	0.8886	1.1614	0.6523
2007	0.7847	0.8886	1.1324	0.7137
2008	0.8048	0.8886	1.1041	0.7808
2009	0.8254	0.8886	1.0766	0.7693

**Trended Loss Ratio**

Policy Year	Actual Loss Ratio (5)	Combined Trend Factor (6) = (3)*(4)	Trended Loss Ratio (7) = (5)*(6)
2006	0.3673	0.7576	0.2783
2007	0.3824	0.8082	0.3091
2008	0.3266	0.8621	0.2816
2009	0.3474	0.8282	0.2877
Average			0.2892

# See Exhibit VII-3 for column (4).

**EXHIBIT VII - 2**

**DETERMINATION OF TREND**

**MEDICAL**

Policy Year	2003	2004	2005	2006	2007	2008	2009
Actual Loss Ratio	0.6791	0.6555	0.6280	0.5729	0.6664	0.6348	0.6735
Normalized Frequency	0.6732	0.5941	0.5320	0.5008	0.4660	0.4113	0.4173
Severity Loss Ratio	1.0088	1.1033	1.1805	1.1440	1.4300	1.5434	1.6139
<b>x</b>	1	2	3	4	5	6	7
<b>y</b>	1.0088	1.1033	1.1805	1.1440	1.4300	1.5434	1.6139

**7 Point Exponential Regression:  $y = 0.918522 * 1.084555908 ^ x$**

**Selected Annual Trend Factor to 9/1/08 = 8.5%**

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

**Selected Annual Trend Factor 9/1/08 to 12/1/12 = 6.7%  
8.5% - 1.8% = 6.7%**

Policy Year	Trend Factor to 9/1/08 (1)	Trend Factor 9/1/08-12/1/12 (2)	Severity Trend Factor (3) = (1)*(2)	Frequency Trend Factor (4) #
2006	1.1456	1.3173	1.5091	0.6523
2007	1.0559	1.3173	1.3909	0.7137
2008	0.9732	1.3173	1.2820	0.7808
2009	0.8969	1.3173	1.1815	0.7693

**Trended Loss Ratio**

Policy Year	Actual Loss Ratio (5)	Combined Trend Factor (6) = (3)*(4)	Trended Loss Ratio (7) = (5)*(6)
2006	0.5729	0.9844	0.5640
2007	0.6664	0.9927	0.6615
2008	0.6348	1.0010	0.6354
2009	0.6735	0.9089	0.6121
Average			0.6183

# 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 1997, 13 = PY 2009}

Policy Year	Claim Frequency	Normalized Frequency
1997	28.18	1.0000
1998	25.09	0.8903
1999	24.79	0.8797
2000	22.49	0.7981
2001	19.61	0.6959
2002	19.86	0.7048
2003	18.97	0.6732
2004	16.74	0.5941
2005	14.99	0.5320
2006	14.11	0.5008
2007	13.13	0.4660
2008	11.59	0.4113
2009	11.76	0.4173

Policy Year	2002	2003	2004	2005	2006	2007	2008	2009
<b>x</b>	1	2	3	4	5	6	7	
<b>y</b>	0.7048	0.6732	0.5941	0.5320	0.5008	0.4660	0.4113	0.4173

7 Point (2002 - 2008) Exponential Regression:  $y = 0.782303 * 0.9138552 ^x$

**Selected Frequency Trend Factor to 1/1/09 = -8.6%**  
**Selected Frequency Trend Factor from 1/1/09 to 1/1/10 = 1.5%**  
**Selected Frequency Trend Factor 1/1/10 to 12/1/12 = -8.6%**

Policy Year	Frequency Trend to 1/1/09 (1)	Frequency Trend 1/1/09 to 1/1/10 (2)	Frequency Trend 1/1/10 to 12/1/12 (3)	Total Frequency Trend to 12/1/12 (4) = (1)*(2)*(3)
2006	0.8354	1.0150	0.7693	0.6523
2007	0.9140	1.0150	0.7693	0.7137
2008	N/A	1.0150	0.7693	0.7808
2009	N/A	N/A	0.7693	0.7693

TABLE I

## POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR

## ACCUMULATED STANDARD EARNED PREMIUM

Policy Year Valued	As of 12/31/06	As of 12/31/07	Ratio to Prior Year	Policy Year Valued	As of 12/31/07	As of 12/31/08	Ratio to Prior Year
Prior to 1986	500,026,968	500,027,232	1.0000	Prior to 1986	500,027,232	500,065,779	1.0001
1986	75,203,957	75,204,646	1.0000	1986	75,204,646	75,203,726	1.0000
1987	87,304,402	87,317,427	1.0001	1987	87,317,427	87,319,536	1.0000
1988	104,382,042	104,437,660	1.0005	1988	104,437,660	104,445,612	1.0001
1989	112,459,863	112,498,324	1.0003	1989	112,498,324	112,503,963	1.0001
1990	101,340,482	101,354,156	1.0001	1990	101,353,951	101,353,192	1.0000
1991	97,400,361	97,439,424	1.0004	1991	97,438,746	97,486,078	1.0005
1992	89,842,267	89,841,062	1.0000	1992	89,840,394	89,823,014	0.9998
1993	91,438,093	91,437,672	1.0000	1993	91,436,997	91,427,919	0.9999
1994	83,907,387	83,912,349	1.0001	1994	83,911,939	83,927,927	1.0002
1995	80,758,868	80,759,982	1.0000	1995	80,730,408	80,728,566	1.0000
1996	85,199,703	85,197,215	1.0000	1996	85,000,807	85,000,067	1.0000
1997	88,872,668	88,853,555	0.9998	1997	88,717,417	88,919,030	1.0023
1998	94,826,083	94,812,033	0.9999	1998	94,598,052	94,596,860	1.0000
1999	89,312,109	89,301,238	0.9999	1999	89,256,363	89,289,412	1.0004
2000	96,464,028	96,450,772	0.9999	2000	96,361,056	96,347,135	0.9999
2001	99,028,986	98,744,026	0.9971	2001	97,700,238	97,172,025	0.9946
2002	120,325,004	120,389,201	1.0005	2002	120,471,488	120,461,853	0.9999
2003	134,619,182	134,586,524	0.9998	2003	134,719,527	134,622,021	0.9993
2004	151,561,138	151,419,794	0.9991	2004	151,638,335	151,240,089	0.9974
2005	183,263,686	185,815,095	1.0139	2005	185,988,095	185,522,845	0.9975
2006	110,277,101	206,504,629	1.8726	2006	206,580,781	204,133,276	0.9882
2007		110,678,253		2007	110,900,875	199,108,121	1.7954
				2008		95,097,440	

  

Policy Year Valued	As of 12/31/08	As of 12/31/09	Ratio to Prior Year	Policy Year Valued	As of 12/31/09	As of 12/31/10	Ratio to Prior Year
Prior to 1986	500,065,779	500,037,101	0.9999	Prior to 1986	499,452,019	499,339,469	0.9998
1986	75,203,726	75,203,100	1.0000	1986	75,116,185	75,091,481	0.9997
1987	87,319,536	87,316,747	1.0000	1987	87,195,345	87,174,940	0.9998
1988	104,445,612	104,441,316	1.0000	1988	104,227,219	104,227,215	1.0000
1989	112,503,963	112,488,281	0.9999	1989	112,207,720	112,163,952	0.9996
1990	101,353,192	101,356,584	1.0000	1990	101,041,810	100,948,192	0.9991
1991	97,486,078	97,512,082	1.0003	1991	97,185,120	97,145,795	0.9996
1992	89,823,014	89,835,351	1.0001	1992	89,471,572	89,407,873	0.9993
1993	91,427,919	91,424,938	1.0000	1993	91,022,360	91,021,753	1.0000
1994	83,927,927	83,930,444	1.0000	1994	83,521,059	83,415,656	0.9987
1995	80,728,566	80,731,850	1.0000	1995	80,322,593	80,189,548	0.9983
1996	85,000,067	85,000,127	1.0000	1996	84,592,600	84,422,807	0.9980
1997	88,966,424	88,966,546	1.0000	1997	88,447,524	88,465,516	1.0002
1998	94,888,955	94,890,004	1.0000	1998	93,693,620	93,270,196	0.9955
1999	89,376,299	89,239,023	0.9985	1999	88,664,904	88,679,052	1.0002
2000	96,528,340	96,361,792	0.9983	2000	96,061,265	96,060,299	1.0000
2001	97,494,595	98,138,892	1.0066	2001	97,919,517	97,826,652	0.9991
2002	120,877,414	120,652,963	0.9981	2002	120,441,237	120,438,832	1.0000
2003	135,252,597	135,173,750	0.9994	2003	134,718,451	134,715,218	1.0000
2004	153,063,120	153,051,641	0.9999	2004	153,027,135	152,952,017	0.9995
2005	187,954,566	187,874,316	0.9996	2005	187,872,207	187,879,261	1.0000
2006	206,292,846	206,256,214	0.9998	2006	206,256,214	207,263,337	1.0049
2007	202,326,631	200,331,491	0.9901	2007	200,331,491	200,205,897	0.9994
2008	96,541,660	154,302,517	1.5983	2008	154,302,517	150,963,918	0.9784
2009		69,909,778		2009	69,854,273	117,240,053	1.6784
				2010		56,165,917	

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 12/31/06	As of 12/31/07	Ratio to Prior Year	Policy Year Valued	As of 12/31/07	As of 12/31/08	Ratio to Prior Year
Prior to 1986	312,105,890	313,152,915	1.0034	Prior to 1986	313,152,915	314,740,394	1.0051
1986	43,264,859	43,584,311	1.0074	1986	43,584,311	43,477,905	0.9976
1987	53,032,841	53,029,074	0.9999	1987	53,029,074	53,640,414	1.0115
1988	53,449,500	53,718,269	1.0050	1988	54,052,040	53,883,580	0.9969
1989	59,667,327	59,608,513	0.9990	1989	59,756,846	59,718,416	0.9994
1990	62,710,972	62,996,347	1.0046	1990	62,996,347	62,915,955	0.9987
1991	60,895,637	60,885,340	0.9998	1991	60,885,340	61,474,025	1.0097
1992	56,000,528	56,017,905	1.0003	1992	56,143,470	56,503,088	1.0064
1993	61,819,133	63,518,389	1.0275	1993	63,774,072	64,573,918	1.0125
1994	51,295,888	51,165,643	0.9975	1994	51,165,643	51,420,582	1.0050
1995	54,669,110	55,173,895	1.0092	1995	55,173,895	55,673,434	1.0091
1996	64,943,475	65,604,621	1.0102	1996	65,604,621	67,149,909	1.0236
1997	63,241,436	63,913,808	1.0106	1997	63,913,808	65,570,090	1.0259
1998	61,170,864	61,842,535	1.0110	1998	61,842,535	61,601,906	0.9961
1999	70,737,448	73,608,633	1.0406	1999	73,608,633	74,415,876	1.0110
2000	91,924,100	94,592,130	1.0290	2000	94,592,130	96,228,002	1.0173
2001	75,875,477	77,381,510	1.0198	2001	77,385,089	78,301,333	1.0118
2002	79,544,206	81,382,062	1.0231	2002	81,390,519	83,611,018	1.0273
2003	77,474,563	81,600,426	1.0533	2003	81,605,654	86,855,282	1.0643
2004	73,780,260	81,641,825	1.1066	2004	81,647,496	86,863,437	1.0639
2005	61,130,910	71,387,176	1.1678	2005	71,387,176	83,245,167	1.1661
2006	22,522,514	57,014,963	2.5315	2006	57,019,775	71,260,518	1.2498
2007		20,401,164		2007	20,402,102	60,839,172	2.9820
				2008		23,307,490	

  

Policy Year Valued	As of 12/31/08	As of 12/31/09	Ratio to Prior Year	Policy Year Valued	As of 12/31/09	As of 12/31/10	Ratio to Prior Year
Prior to 1986	314,743,836	314,837,003	1.0003	Prior to 1986	314,614,556	313,487,843	0.9964
1986	43,478,532	43,528,007	1.0011	1986	43,508,756	44,692,388	1.0272
1987	53,639,947	54,411,733	1.0144	1987	54,422,767	54,614,629	1.0035
1988	53,882,552	54,135,978	1.0047	1988	53,949,658	54,052,277	1.0019
1989	59,718,043	60,346,509	1.0105	1989	60,353,751	60,562,521	1.0035
1990	62,917,025	64,881,987	1.0312	1990	64,616,755	64,618,226	1.0000
1991	61,475,260	61,852,076	1.0061	1991	61,816,120	62,370,007	1.0090
1992	56,502,652	56,769,200	1.0047	1992	56,728,737	56,616,241	0.9980
1993	64,576,471	65,725,022	1.0178	1993	65,760,132	66,209,638	1.0068
1994	51,421,100	51,863,150	1.0086	1994	51,664,301	51,893,972	1.0044
1995	55,671,985	56,040,173	1.0066	1995	56,102,455	55,862,225	0.9957
1996	67,150,391	68,865,915	1.0255	1996	68,937,766	69,847,627	1.0132
1997	65,569,786	66,299,879	1.0111	1997	66,167,636	66,531,170	1.0055
1998	61,603,222	61,466,864	0.9978	1998	61,364,478	62,014,529	1.0106
1999	74,417,307	74,002,947	0.9944	1999	73,858,353	74,454,230	1.0081
2000	96,229,908	99,191,201	1.0308	2000	98,862,332	99,451,142	1.0060
2001	78,301,924	80,063,115	1.0225	2001	80,139,309	82,585,751	1.0305
2002	83,609,901	85,751,954	1.0256	2002	85,849,952	88,219,717	1.0276
2003	86,853,829	88,286,015	1.0165	2003	87,827,007	91,614,563	1.0431
2004	86,863,174	92,319,335	1.0628	2004	92,501,548	95,353,894	1.0308
2005	83,247,127	91,034,979	1.0936	2005	91,159,614	97,421,706	1.0687
2006	71,259,291	81,452,165	1.1430	2006	81,382,420	89,369,717	1.0981
2007	60,840,252	81,835,127	1.3451	2007	82,005,008	93,906,657	1.1451
2008	23,307,713	56,064,243	2.4054	2008	56,267,747	75,668,427	1.3448
2009		20,507,683		2009	20,505,066	61,110,861	2.9803
				2010		23,723,437	

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 12/31/06	As of 12/31/07	Ratio to Prior Year	Policy Year Valued	As of 12/31/07	As of 12/31/08	Ratio to Prior Year
Prior to 1986	196,637,161	196,563,624	0.9996	Prior to 1986	196,563,624	197,716,379	1.0059
1986	25,412,267	25,643,096	1.0091	1986	25,643,096	25,383,718	0.9899
1987	30,269,215	30,383,470	1.0038	1987	30,383,470	30,462,268	1.0026
1988	29,301,467	29,316,585	1.0005	1988	29,474,348	29,343,734	0.9956
1989	31,662,505	31,619,701	0.9986	1989	31,760,430	31,581,054	0.9944
1990	33,154,365	33,122,462	0.9990	1990	33,122,462	32,505,881	0.9814
1991	30,643,430	30,674,536	1.0010	1991	30,674,536	30,787,858	1.0037
1992	26,825,384	26,729,978	0.9964	1992	26,808,686	26,807,570	1.0000
1993	30,173,722	31,421,600	1.0414	1993	31,578,340	31,872,621	1.0093
1994	23,787,447	23,640,597	0.9938	1994	23,640,597	23,737,900	1.0041
1995	24,890,358	24,886,742	0.9999	1995	24,886,742	25,042,823	1.0063
1996	30,056,817	29,940,715	0.9961	1996	29,940,715	29,983,765	1.0014
1997	30,617,886	30,995,037	1.0123	1997	30,995,037	31,297,226	1.0097
1998	26,785,095	27,135,523	1.0131	1998	27,135,523	27,313,723	1.0066
1999	31,747,445	32,263,362	1.0163	1999	32,263,362	32,060,650	0.9937
2000	41,490,429	41,784,615	1.0071	2000	41,784,615	42,540,214	1.0181
2001	33,872,496	34,415,939	1.0160	2001	34,417,424	34,383,866	0.9990
2002	35,626,401	36,028,589	1.0113	2002	36,033,409	36,266,377	1.0065
2003	34,521,088	35,837,878	1.0381	2003	35,840,151	37,496,450	1.0462
2004	30,895,922	34,893,525	1.1294	2004	34,897,314	35,877,915	1.0281
2005	24,233,633	29,898,154	1.2337	2005	29,898,154	35,085,716	1.1735
2006	8,726,447	22,579,593	2.5875	2006	22,581,725	30,184,296	1.3367
2007		6,876,678		2007	6,876,948	23,607,505	3.4328
				2008		7,493,117	

  

Policy Year Valued	As of 12/31/08	As of 12/31/09	Ratio to Prior Year	Policy Year Valued	As of 12/31/09	As of 12/31/10	Ratio to Prior Year
Prior to 1986	197,716,378	197,102,322	0.9969	Prior to 1986	196,703,922	196,321,701	0.9981
1986	25,383,718	25,467,464	1.0033	1986	25,459,407	26,010,715	1.0217
1987	30,462,268	30,589,478	1.0042	1987	30,588,193	30,598,698	1.0003
1988	29,343,733	29,449,724	1.0036	1988	29,362,643	29,428,723	1.0023
1989	31,581,053	31,983,127	1.0127	1989	31,969,743	31,737,090	0.9927
1990	32,505,881	33,933,095	1.0439	1990	33,784,330	33,699,080	0.9975
1991	30,787,857	30,873,535	1.0028	1991	30,803,416	31,274,365	1.0153
1992	26,807,569	26,942,059	1.0050	1992	26,941,382	26,861,512	0.9970
1993	31,872,621	32,009,682	1.0043	1993	31,929,297	32,047,826	1.0037
1994	23,737,902	24,131,305	1.0166	1994	24,025,526	23,948,557	0.9968
1995	25,042,823	25,178,151	1.0054	1995	25,177,254	24,906,570	0.9892
1996	29,983,766	30,248,422	1.0088	1996	30,207,517	30,613,310	1.0134
1997	31,297,226	31,128,327	0.9946	1997	31,046,766	31,040,057	0.9998
1998	27,313,723	27,370,839	1.0021	1998	27,238,281	27,403,203	1.0061
1999	32,060,650	32,449,766	1.0121	1999	32,374,746	32,128,017	0.9924
2000	42,540,214	44,174,476	1.0384	2000	43,940,003	43,502,169	0.9900
2001	34,383,862	35,132,747	1.0218	2001	35,180,724	35,778,810	1.0170
2002	36,266,377	36,740,741	1.0131	2002	36,768,785	37,055,047	1.0078
2003	37,496,450	37,712,862	1.0058	2003	37,342,732	38,497,170	1.0309
2004	35,877,915	37,172,221	1.0361	2004	37,185,616	37,695,730	1.0137
2005	35,085,716	38,190,560	1.0885	2005	38,140,487	39,735,182	1.0418
2006	30,184,297	35,563,149	1.1782	2006	35,407,742	37,963,976	1.0722
2007	23,607,506	33,148,957	1.4042	2007	33,157,919	39,269,921	1.1843
2008	7,493,119	19,362,716	2.5841	2008	19,373,705	28,407,741	1.4663
2009		7,262,303		2009	7,263,480	22,904,069	3.1533
				2010		6,798,473	

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 12/31/06	As of 12/31/07	Ratio to Prior Year	Policy Year Valued	As of 12/31/07	As of 12/31/08	Ratio to Prior Year
Prior to 1986	115,468,729	116,589,291	1.0097	Prior to 1986	116,589,291	117,024,015	1.0037
1986	17,852,592	17,941,215	1.0050	1986	17,941,215	18,094,187	1.0085
1987	22,763,626	22,645,604	0.9948	1987	22,645,604	23,178,146	1.0235
1988	24,148,033	24,401,684	1.0105	1988	24,577,692	24,539,846	0.9985
1989	28,004,822	27,988,812	0.9994	1989	27,996,416	28,137,362	1.0050
1990	29,556,607	29,873,885	1.0107	1990	29,873,885	30,410,074	1.0179
1991	30,252,207	30,210,804	0.9986	1991	30,210,804	30,686,167	1.0157
1992	29,175,144	29,287,927	1.0039	1992	29,334,784	29,695,518	1.0123
1993	31,645,411	32,096,789	1.0143	1993	32,195,732	32,701,297	1.0157
1994	27,508,441	27,525,046	1.0006	1994	27,525,046	27,682,682	1.0057
1995	29,778,752	30,287,153	1.0171	1995	30,287,153	30,630,611	1.0113
1996	34,886,658	35,663,906	1.0223	1996	35,663,906	37,166,144	1.0421
1997	32,623,550	32,918,771	1.0090	1997	32,918,771	34,272,864	1.0411
1998	34,385,769	34,707,012	1.0093	1998	34,707,012	34,288,183	0.9879
1999	38,990,003	41,345,271	1.0604	1999	41,345,271	42,355,226	1.0244
2000	50,433,671	52,807,515	1.0471	2000	52,807,515	53,687,788	1.0167
2001	42,002,981	42,965,571	1.0229	2001	42,967,665	43,917,467	1.0221
2002	43,917,805	45,353,473	1.0327	2002	45,357,110	47,344,641	1.0438
2003	42,953,475	45,762,548	1.0654	2003	45,765,503	49,358,832	1.0785
2004	42,884,338	46,748,300	1.0901	2004	46,750,182	50,985,522	1.0906
2005	36,897,277	41,489,022	1.1244	2005	41,489,022	48,159,451	1.1608
2006	13,796,067	34,435,370	2.4960	2006	34,438,050	41,076,222	1.1928
2007		13,524,486		2007	13,525,154	37,231,667	2.7528
				2008		15,814,373	

  

Policy Year Valued	As of 12/31/08	As of 12/31/09	Ratio to Prior Year	Policy Year Valued	As of 12/31/09	As of 12/31/10	Ratio to Prior Year
Prior to 1986	117,027,458	117,734,681	1.0060	Prior to 1986	117,910,634	117,166,142	0.9937
1986	18,094,814	18,060,543	0.9981	1986	18,049,349	18,681,673	1.0350
1987	23,177,679	23,822,255	1.0278	1987	23,834,574	24,015,931	1.0076
1988	24,538,819	24,686,254	1.0060	1988	24,587,015	24,623,554	1.0015
1989	28,136,990	28,363,382	1.0080	1989	28,384,008	28,825,431	1.0156
1990	30,411,144	30,948,892	1.0177	1990	30,832,425	30,919,146	1.0028
1991	30,687,403	30,978,541	1.0095	1991	31,012,704	31,095,642	1.0027
1992	29,695,083	29,827,141	1.0044	1992	29,787,355	29,754,729	0.9989
1993	32,703,850	33,715,340	1.0309	1993	33,830,835	34,161,812	1.0098
1994	27,683,198	27,731,845	1.0018	1994	27,638,775	27,945,415	1.0111
1995	30,629,162	30,862,022	1.0076	1995	30,925,201	30,955,655	1.0010
1996	37,166,625	38,617,493	1.0390	1996	38,730,249	39,234,317	1.0130
1997	34,272,560	35,171,552	1.0262	1997	35,120,870	35,491,113	1.0105
1998	34,289,499	34,096,025	0.9944	1998	34,126,197	34,611,326	1.0142
1999	42,356,657	41,553,181	0.9810	1999	41,483,607	42,326,213	1.0203
2000	53,689,694	55,016,725	1.0247	2000	54,922,329	55,948,973	1.0187
2001	43,918,062	44,930,368	1.0230	2001	44,958,585	46,806,941	1.0411
2002	47,343,524	49,011,213	1.0352	2002	49,081,167	51,164,670	1.0425
2003	49,357,379	50,573,153	1.0246	2003	50,484,275	53,117,393	1.0522
2004	50,985,259	55,147,114	1.0816	2004	55,315,932	57,658,164	1.0423
2005	48,161,411	52,844,419	1.0972	2005	53,019,127	57,686,524	1.0880
2006	41,074,994	45,889,016	1.1172	2006	45,974,678	51,405,741	1.1181
2007	37,232,746	48,686,170	1.3076	2007	48,847,089	54,636,736	1.1185
2008	15,814,594	36,701,527	2.3207	2008	36,894,042	47,260,686	1.2810
2009		13,245,380		2009	13,241,586	38,206,792	2.8854
				2010		16,924,964	

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 12/31/06	As of 12/31/07	Ratio to Prior Year	Policy Year Valued	As of 12/31/07	As of 12/31/08	Ratio to Prior Year
Prior to 1986	191,172,925	192,215,394	1.0055	Prior to 1986	192,215,394	193,088,704	1.0045
1986	24,431,101	24,554,208	1.0050	1986	24,554,208	24,665,432	1.0045
1987	29,698,064	29,894,796	1.0066	1987	29,894,796	29,884,114	0.9996
1988	28,048,104	28,626,563	1.0206	1988	28,626,563	28,692,584	1.0023
1989	30,757,138	30,838,228	1.0026	1989	30,838,228	30,880,482	1.0014
1990	30,712,901	30,872,606	1.0052	1990	30,872,606	31,348,703	1.0154
1991	29,248,208	29,391,434	1.0049	1991	29,391,434	29,578,405	1.0064
1992	26,370,852	26,370,267	1.0000	1992	26,370,267	26,410,877	1.0015
1993	28,488,805	29,935,772	1.0508	1993	29,935,772	30,427,059	1.0164
1994	22,264,471	22,326,915	1.0028	1994	22,326,915	22,642,716	1.0141
1995	23,519,390	23,841,525	1.0137	1995	23,841,525	23,891,491	1.0021
1996	27,745,983	28,072,192	1.0118	1996	28,072,192	28,257,649	1.0066
1997	26,927,544	27,660,768	1.0272	1997	27,660,768	28,034,368	1.0135
1998	24,227,170	24,861,435	1.0262	1998	24,861,435	25,350,379	1.0197
1999	28,612,848	29,243,043	1.0220	1999	29,243,043	30,121,542	1.0300
2000	34,798,996	36,493,921	1.0487	2000	36,493,921	38,088,179	1.0437
2001	27,865,762	29,633,357	1.0634	2001	29,633,357	30,466,691	1.0281
2002	27,134,826	29,608,580	1.0912	2002	29,608,580	31,201,647	1.0538
2003	24,667,497	28,771,200	1.1664	2003	28,771,200	31,334,751	1.0891
2004	17,641,554	24,825,594	1.4072	2004	24,825,594	28,776,932	1.1592
2005	8,635,590	16,905,634	1.9577	2005	16,905,634	24,268,827	1.4355
2006	2,042,737	8,754,461	4.2857	2006	8,754,461	16,499,555	1.8847
2007		1,951,001		2007	1,951,001	8,633,105	4.4250
				2008		1,887,165	

  

Policy Year Valued	As of 12/31/08	As of 12/31/09	Ratio to Prior Year	Policy Year Valued	As of 12/31/09	As of 12/31/10	Ratio to Prior Year
Prior to 1986	193,088,703	193,760,431	1.0035	Prior to 1986	193,334,182	193,396,086	1.0003
1986	24,665,432	24,884,408	1.0089	1986	24,876,351	25,279,939	1.0162
1987	29,884,114	30,056,387	1.0058	1987	30,056,163	30,144,528	1.0029
1988	28,692,583	28,752,166	1.0021	1988	28,705,979	28,845,720	1.0049
1989	30,880,481	30,914,198	1.0011	1989	30,900,251	31,006,523	1.0034
1990	31,348,703	32,948,258	1.0510	1990	32,797,926	32,812,689	1.0005
1991	29,578,404	29,946,644	1.0124	1991	29,875,568	30,032,403	1.0052
1992	26,410,876	26,646,468	1.0089	1992	26,634,110	26,695,979	1.0023
1993	30,427,059	30,806,989	1.0125	1993	30,779,437	30,934,472	1.0050
1994	22,642,718	22,766,844	1.0055	1994	22,659,815	22,691,762	1.0014
1995	23,891,491	23,992,508	1.0042	1995	23,990,002	24,152,524	1.0068
1996	28,257,650	28,560,659	1.0107	1996	28,553,277	29,188,242	1.0222
1997	28,034,368	28,632,309	1.0213	1997	28,553,949	28,797,124	1.0085
1998	25,350,379	25,716,294	1.0144	1998	25,544,777	26,021,898	1.0187
1999	30,121,542	30,734,668	1.0204	1999	30,653,218	30,713,949	1.0020
2000	38,088,180	38,927,178	1.0220	2000	38,678,571	39,690,227	1.0262
2001	30,466,687	31,299,086	1.0273	2001	31,288,477	32,927,492	1.0524
2002	31,201,647	32,975,908	1.0569	2002	32,977,148	33,809,511	1.0252
2003	31,334,751	32,948,101	1.0515	2003	32,721,071	34,389,647	1.0510
2004	28,776,932	31,790,371	1.1047	2004	31,794,065	33,987,913	1.0690
2005	24,268,828	29,060,441	1.1974	2005	29,067,144	31,819,729	1.0947
2006	16,499,556	24,461,719	1.4826	2006	24,461,719	29,309,401	1.1982
2007	8,633,106	17,798,312	2.0616	2007	17,799,000	25,437,978	1.4292
2008	1,887,166	7,651,074	4.0543	2008	7,654,963	16,457,459	2.1499
2009		1,714,295		2009	1,714,295	7,795,058	4.5471
				2010		1,804,273	

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 12/31/06	As of 12/31/07	Ratio to Prior Year	Policy Year Valued	As of 12/31/07	As of 12/31/08	Ratio to Prior Year
Prior to 1986	108,745,350	109,638,679	1.0082	Prior to 1986	109,638,679	110,495,819	1.0078
1986	17,172,741	17,305,768	1.0077	1986	17,305,768	17,359,166	1.0031
1987	21,698,377	21,556,438	0.9935	1987	21,556,438	21,720,671	1.0076
1988	23,453,546	23,587,168	1.0057	1988	23,587,168	23,821,644	1.0099
1989	26,271,040	26,618,995	1.0132	1989	26,618,995	26,939,206	1.0120
1990	27,209,489	27,509,805	1.0110	1990	27,509,805	27,689,285	1.0065
1991	28,001,184	28,282,347	1.0100	1991	28,282,347	28,584,512	1.0107
1992	28,143,530	28,447,069	1.0108	1992	28,447,069	28,726,036	1.0098
1993	28,567,603	29,064,427	1.0174	1993	29,064,427	29,700,698	1.0219
1994	24,190,631	24,938,219	1.0309	1994	24,938,219	25,399,204	1.0185
1995	26,617,580	27,512,084	1.0336	1995	27,512,084	27,969,099	1.0166
1996	29,697,251	31,109,894	1.0476	1996	31,109,894	32,049,098	1.0302
1997	28,782,331	29,764,894	1.0341	1997	29,764,894	30,286,919	1.0175
1998	29,438,711	30,237,904	1.0271	1998	30,237,904	30,939,739	1.0232
1999	33,796,837	34,706,539	1.0269	1999	34,706,539	35,490,186	1.0226
2000	38,527,710	40,443,398	1.0497	2000	40,443,398	42,212,590	1.0437
2001	32,237,958	33,643,057	1.0436	2001	33,643,057	34,716,146	1.0319
2002	35,180,834	37,095,570	1.0544	2002	37,095,570	39,123,343	1.0547
2003	35,664,961	37,274,052	1.0451	2003	37,274,052	39,601,152	1.0624
2004	34,322,801	39,064,463	1.1381	2004	39,064,463	42,427,507	1.0861
2005	26,023,030	34,414,696	1.3225	2005	34,414,696	39,112,182	1.1365
2006	6,304,911	24,578,103	3.8982	2006	24,578,103	33,411,744	1.3594
2007		5,941,189		2007	5,941,189	26,296,309	4.4261
				2008		8,417,110	

  

Policy Year Valued	As of 12/31/08	As of 12/31/09	Ratio to Prior Year	Policy Year Valued	As of 12/31/09	As of 12/31/10	Ratio to Prior Year
Prior to 1986	110,499,262	111,329,692	1.0075	Prior to 1986	111,359,325	111,784,479	1.0038
1986	17,359,793	17,401,565	1.0024	1986	17,388,699	17,712,069	1.0186
1987	21,720,204	21,885,392	1.0076	1987	21,885,950	22,200,245	1.0144
1988	23,820,617	23,945,193	1.0052	1988	23,839,736	24,081,015	1.0101
1989	26,938,834	27,571,339	1.0235	1989	27,583,762	27,981,811	1.0144
1990	27,690,355	28,043,361	1.0127	1990	27,919,924	28,146,490	1.0081
1991	28,585,748	29,018,314	1.0151	1991	28,972,748	29,145,484	1.0060
1992	28,725,601	28,952,025	1.0079	1992	28,906,053	29,075,554	1.0059
1993	29,703,251	30,064,143	1.0121	1993	30,023,749	30,576,914	1.0184
1994	25,399,720	25,334,155	0.9974	1994	25,218,184	25,505,635	1.0114
1995	27,967,650	28,497,767	1.0190	1995	28,477,093	28,547,866	1.0025
1996	32,049,579	33,357,561	1.0408	1996	33,297,005	33,970,567	1.0202
1997	30,286,615	31,009,082	1.0239	1997	30,911,401	31,338,573	1.0138
1998	30,941,055	31,298,208	1.0115	1998	31,046,646	31,416,410	1.0119
1999	35,491,617	36,389,962	1.0253	1999	36,283,185	37,028,614	1.0205
2000	42,214,495	44,666,133	1.0581	2000	44,515,912	46,279,959	1.0396
2001	34,716,740	36,301,719	1.0457	2001	36,276,009	37,377,640	1.0304
2002	39,122,226	40,434,642	1.0335	2002	40,453,545	42,609,961	1.0533
2003	39,599,699	41,296,222	1.0428	2003	41,064,920	42,717,157	1.0402
2004	42,427,244	44,704,712	1.0537	2004	44,699,262	47,052,534	1.0526
2005	39,114,142	42,650,824	1.0904	2005	42,691,842	45,541,448	1.0667
2006	33,410,517	38,807,501	1.1615	2006	38,808,444	41,782,264	1.0766
2007	26,297,388	38,348,103	1.4582	2007	38,473,294	44,922,451	1.1676
2008	8,417,331	26,200,888	3.1127	2008	26,388,354	37,652,134	1.4268
2009		6,387,441		2009	6,383,509	28,299,450	4.4332
				2010		7,221,669	

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, 2011 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, 2011 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, 2011 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, 2011 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, 2012 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 2006 to 2008 Unit Data

Manual Year (1)	Premium at Manual Rates (2)	Collected Premium (Excluding Constants) (3)	Collectible Premium Ratio (2)/(3) (4)
<b>ALL INDUSTRIES</b>			
2006	320,065,044	336,344,723	0.9516
2007	323,260,015	346,152,799	0.9339
2008	243,191,278	280,637,651	0.8666
<b>TOTAL</b>	<b>886,516,337</b>	<b>963,135,173</b>	<b>0.9204</b>
<b>SELECTED</b>			<b>0.8666</b>
<b>MANUFACTURING AND UTILITIES</b>			
2006	44,327,797	44,512,693	0.9958
2007	47,818,945	50,307,929	0.9505
2008	33,211,419	38,217,810	0.8690
<b>TOTAL</b>	<b>125,358,161</b>	<b>133,038,432</b>	<b>0.9423</b>
<b>SELECTED</b>			<b>0.8690</b>
<b>CONTRACTING AND QUARRYING</b>			
2006	74,328,367	72,935,247	1.0191
2007	69,314,210	69,380,916	0.9990
2008	51,066,168	53,279,365	0.9585
<b>TOTAL</b>	<b>194,708,745</b>	<b>195,595,528</b>	<b>0.9955</b>
<b>SELECTED</b>			<b>0.9585</b>
<b>OTHER INDUSTRIES</b>			
2006	201,408,880	218,896,783	0.9201
2007	206,126,860	226,463,954	0.9102
2008	158,913,691	189,140,476	0.8402
<b>TOTAL</b>	<b>566,449,431</b>	<b>634,501,213</b>	<b>0.8927</b>
<b>SELECTED</b>			<b>0.8402</b>

\* Excludes classifications and coverages not subject to experience rating.

**EXHIBIT X**

**EXPECTED LOSS RATE FACTORS**

**CALCULATION OF EXPECTED LOSS RATE FACTORS**

<b>Policy Year Beginning 12/1 (1)</b>	<b>Average Law Multiplier (2)</b>	<b>Adjustment Factor (3)</b>	<b>Loss Ratio Development Factor (4)</b>	<b>Expense Allowance ** 1 / (PLR/CPR) (5)</b>	<b>Trend Factor (6)</b>	<b>Product (2) * (3) * (4) *(5) * (6) (7)</b>	<b>Expected Loss Rate Factor 1.0 / (7) (8)</b>
<b><u>Manufacturing and Utilities</u></b>							
2007	0.9903	1.0000	1.7357	1.4361	1.2322	3.0416	0.3288
2008	1.0024	1.0000	2.0624	1.4361	1.1689	3.4704	0.2882
2009	1.0032	1.0000	2.7223	1.4361	1.1093	4.3507	0.2298
<b><u>Contracting and Quarrying</u></b>							
2007	0.9903	1.0000	1.7633	1.5840	1.2322	3.4082	0.2934
2008	1.0024	1.0000	2.1484	1.5840	1.1689	3.9874	0.2508
2009	1.0032	1.0000	2.9847	1.5840	1.1093	5.2613	0.1901
<b><u>Other Industries</u></b>							
2007	0.9903	1.0000	1.7737	1.3885	1.2322	3.0052	0.3328
2008	1.0024	1.0000	2.1192	1.3885	1.1689	3.4478	0.2900
2009	1.0032	1.0000	2.7640	1.3885	1.1093	4.2709	0.2341

\*\* Permissible Loss Ratio = 0.6051  
 Selected Collectible Premium Ratios  
     Manufacturing = 0.8690  
     Contracting = 0.9585  
     All Other = 0.8402

**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	60.51
Loss Adjustment Expense	10.50
Loss & Loss Adjustment	71.01
Premium Discount	8.53
Acquisition	7.18
General Expenses	3.38
Profit and Contingencies	(0.39)
Taxes	2.37
Uncollectible Premium	2.00
Workers' Compensation Fund	3.50
Administrative Assessment	2.42
	28.99

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:

$$E = 0.0164 = \frac{ACQ}{0.0718} + \frac{GEN}{0.0338} + \frac{PROFIT}{(0.0039)} - \frac{PREM DISC}{0.0853}$$

$$A = 0.0394 = 0.0400 \times \frac{1 - 0.0164 - 0.0787}{1 - 0.0032 - 0.0787}$$

Then

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

$$S = \text{Delaware Insurance Plan Subsidy} = 0.0037$$

$$T = \frac{0.0164 + 0.6051(1 + 0.1735 + 0.0394)}{0.0164 + 0.6051(1 + 0.1735)} \times \frac{1}{1 - 0.0787 - 0.0037} = 1.1256$$

## 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 =	0.6413
Second Adjustment	RDF =	0.5273
Third Adjustment	RDF =	0.4337

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:

$$\text{\$25,000 limit Hazard Group C ELF} = 0.675$$

$$\text{First Adjustment RDF} = (1 - 0.675) \times 0.6413 = 0.2084$$

\* The use of retrospective development factors is optional.