

**DELAWARE COMPENSATION RATING BUREAU, INC.**

**ACTUARIAL COMMITTEE**

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**Summary of Material for Modification of Experience  
December 1, 2015 Residual Market Rate and Voluntary Market Loss Cost Revision**

**Amended**

DELAWARE 2015 RESIDUAL MARKET RATE AND VOLUNTARY MARKET LOSS COST FILING

PROPOSED EFFECTIVE DATE - DECEMBER 1, 2015

INDEX

PART I - INDICATED RATE AND LOSS COST CHANGE

<u>Exhibit</u>	<u>Description</u>	<u>Page</u>
I	Indicated Change in Rate Level	1 Amended
II	Expense Loading	2
III	Internal Rate of Return Assumptions	3
IV	Policy Year Loss Ratios	4
V	Policy Year On-Level Factors	14
VI	Policy Year Development Factors	17
VII	Determination of Trend Factors	22

Table

I	Policy Year Data From Supplemental Call - Standard Earned Premium	25
I-A	Policy Year Data From Supplemental Call - Total Incurred *	26
I-B	Policy Year Data From Supplemental Call - Indemnity Incurred Losses *	27
I-C	Policy Year Data From Supplemental Call - Medical Incurred Losses *	28
I-D	Policy Year Data From Supplemental Call - Indemnity Paid Losses*	29
I-E	Policy Year Data From Supplemental Call - Medical Paid Losses*	30

\* Losses exclude IBNR and Bulk Reserves  
and individual claims have been capped at amounts varying by policy year.

PART II - CLASSIFICATION RELATIVITY

Exhibit

VIII	Rate and Loss Cost Formulae	31
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PART III - EXPERIENCE RATING & RETROSPECTIVE RATING PLANS

Exhibit

IX	Collectible Premium Ratios	34
X	Expected Loss Rate Factors	35 Amended
XI	Tax Multiplier	36
XII	Retrospective Development Factors	37

**EXHIBIT I**

**INDICATED CHANGE IN RATE LEVEL**

	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
<b>(1a)</b> Policy Year 2010 Loss and Loss Adjustment Expense Ratio	0.2722	0.6113	0.8835
<b>(1b)</b> Policy Year 2011 Loss and Loss Adjustment Expense Ratio	0.2825	0.6318	0.9143
<b>(1c)</b> Policy Year 2012 Loss and Loss Adjustment Expense Ratio	0.2816	0.5944	0.8760
<b>(1d)</b> Policy Year 2013 Loss and Loss Adjustment Expense Ratio	0.3487	0.6549	1.0036
<b>(1e)</b> Average (Midpoint = 7/1/2012)	0.2963	0.6231	0.9194
<b>(2a)</b> Policy Year 2010 Loss and LAE Ratio Trended to 12/1/2016	0.3051	0.7425	
<b>(2b)</b> Policy Year 2011 Loss and LAE Ratio Trended to 12/1/2016	0.3106	0.7414	
<b>(2c)</b> Policy Year 2012 Loss and LAE Ratio Trended to 12/1/2016	0.3037	0.6737	
<b>(2d)</b> Policy Year 2013 Loss and LAE Ratio Trended to 12/1/2016	0.3689	0.7188	
<b>(2e)</b> Average at 12/1/2016	0.3221	0.7191	1.0412
<b>(3ai)</b> Senate Bill 1 Adjustment	1.0000	0.8260	
<b>(3aii)</b> Senate Bill 238 Adjustment	1.0000	0.9958	
<b>(3aiii)</b> House Bill 175 Adjustment	1.0000	0.9397	
<b>(3aiv)</b> House Bill 373 Adjustment	1.0000	0.6707	
<b>(3a)</b> Combined Legislative Adjustment	1.0000	0.5184	
<b>(3b)</b> Average Trended Loss and LAE Ratio Post-Legislation (2e)*(3a)	0.3221	0.3728	0.6949
<b>(4a)</b> Excess Loss Factor at \$1,632,672 (Post-Legislative Basis) *			0.1155
<b>(4b)</b> Provision for Excess Loss (5a)-(3b)			0.0907
<b>(5a)</b> Total Trended Loss and LAE Ratio (3b)/(1.0-(4a))	0.3339	0.4517	0.7856
<b>(5b)</b> Percentage of Total	42.50%	57.50%	
<b>(6)</b> Permissible Loss and Loss Adjustment Ratio			0.6880
<b>(7)</b> Indicated Change in Rates (5a) / (6)			1.1419
<b>(8)</b> Estimated Effect of the 7/1/16 Benefit Change			1.0064
<b>(9)</b> Indicated Change in Residual Market Rate Level (7) * (8)			1.1492
<b>(9a)</b> Factor to Adjust for Compromise With Insurance Department			0.93189
<b>(9b)</b> Change in Residual Market Rate Level to Reflect Compromise (9) * (9a)			1.0709
<b>(10)</b> Indicated Change in Voluntary Market Loss Costs (9) * [0.7102 / 0.7095]			1.1503
<b>(10a)</b> Factor to Adjust for Compromise With Insurance Department			0.93189
<b>(10b)</b> Change in Voluntary Market Loss Cost Level to Reflect Compromise (9) * (9a)			1.0720

**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	0.9796	0.9943	0.8568	
<b>(12)</b> Proposed Collectible Premium Ratio	1.0186	1.0230	0.8965	
<b>(13)</b> Change in Collectible Premium Ratio (12) / (11)	1.0398	1.0289	1.0463	1.0421
<b>(14)</b> Change in Residual Market Manual Rate Level (9b) * (13)	1.1135	1.1018	1.1205	1.1160
<b>(15)</b> Change in Voluntary Market Manual Loss Cost Level (10b) * (13)	1.1147	1.1030	1.1216	1.1171
<b>(16)</b> Current Offset for Residual Market Surcharge				0.9833
<b>(17)</b> Proposed Offset for Residual Market Surcharge				0.9883
<b>(18)</b> Adjusted Change in Voluntary Market Manual Loss Cost Level (15) * (17)/(16)	1.1204	1.1086	1.1273	1.1228

\* \$3,180,000 on a Pre-Legislative basis.

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

	<u>Current %</u>	<u>Proposed %</u>
<b>LOSS AND LOSS ADJUSTMENT EXPENSE</b>		
Losses	57.08	57.34
Loss Adjustment Expense	11.63	11.46 a
Loss & Loss Adjustment	68.71	68.80
<b>UNDERWRITING EXPENSES</b>		
Commission	5.97	6.14
Other Acquisition	2.85	2.74
General Expenses	3.44	3.20
Premium Discount	9.15	8.95
State Premium Tax	2.00	2.00
Other State Tax	0.35	0.33
Uncollectible Premium	1.00	0.80
Administrative Assessment	2.24	2.22 b
Workers Compensation Fund	3.50	3.00
Deviations	0.00	0.00
Policyholder Dividends	0.00	0.00
Underwriting Profit	0.79	1.82
Underwriting Expense Total	31.29	31.20

a - As ratio to loss, Loss Adjustment Expense = 0.1998

b - As ratio to loss, Administrative Assessment = 0.0388

**RESIDUAL MARKET MINIMUM PREMIUM:**

It is proposed that the Minimum Premium formula increase from  $(255 * \text{Rate}) + \text{Expense Constant}$  to

$$(260 * \text{Rate}) + \text{Expense Constant}$$

It is proposed that the Minimum Premium be subject to a Maximum Minimum Premium of \$2000.

It is proposed to use a multiplier of 130.00 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 remain at \$290.

### EXHIBIT III

#### INTERNAL RATE OF RETURN ANALYSIS STATE OF DELAWARE - 2015 TABLE I: INPUTS, ASSUMPTIONS & OUTPUTS

Section 1: Inputs & Assumptions		
(1)	Commissions *	6.14
(2)	Other Expenses	6.27
(2A)	Other Acquisitions *	2.74
(2B)	General Expenses *	3.20
(2C)	Other Tax **	0.33
(3)	State Premium Taxes & Uncollectible Premium	
(3A)	Tax1 - Premium Tax **	2.00
(3B)	Uncollectible Premium **	0.80
(3C)	Tax3 - Workers Compensation Fund **	3.00
(4)	Premium Discount ***	8.95
(5)	Deviations	0.00
(6)	Dividends to Policyholders	0.00
(7)	Premium Written	1,000,000
Investment Income		
(8A)	Pre-Tax Return on Assets	4.31
(8B)	Investment Income Tax Rate	1.00
(8C)	Post-Tax Return on Assets	3.32
(10)	Reserve to Surplus Ratio	2.03
(11)	Internal Rate of Return (Cost of Capital)	8.85
* 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	71.02
(2)	Profit & Contingencies	1.82

**EXHIBIT IV - 1**

**POLICY YEAR LOSS RATIO 2013\***

(1) Standard Earned Premium Reported (Table I)			131,205,844
(2) Factor to 12/1/13 Rate Level (Exhibit V-1)			1.2989
(3) Premium Development Factor to Ultimate Level (Exhibit VI-1)			1.0031
(4) Expense Constant Removal Factor			0.9973
(5) DCCPAP On-Level Factor			1.0142
(6) Other Adjustments			1.0000
(7) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			172,910,972
<b>Losses - Paid-to-25th Method</b>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8) Paid Losses Reported (Table I-D & I-E)	9,992,465	32,294,937	42,287,402
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	5.4790	2.9886	
(10) Ultimate Incurred Losses (8) * (9)	54,748,716	96,516,649	151,265,365
<b>Losses - Incurred Method</b>			
(11) Incurred Losses Reported (Table I-B & I-C)	23,913,365	44,451,439	68,364,804
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.8693	2.0751	
(13) Ultimate Incurred Losses (11) * (12)	44,701,253	92,241,181	136,942,434
<b>Losses - Average of Incurred and Paid-to-25th</b>			
(14) Ultimate Incurred Losses ((10) + (13))/2	49,724,985	94,378,915	144,103,900
(15) Factor to 7/1/14 Benefit Level (Exhibit V-3)	1.0105	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.1998	1.1998	
(17) Adjusted Losses (14) * (15) * (16)	60,286,467	113,235,822	173,522,289
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.3487	0.6549	1.0036
(19) Normalized Claim Frequency (Exhibit VII-3)	0.5314	0.5314	
(20) Severity Ratio** (18)/(19)	0.6562	1.2324	1.8886

\* 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 2012\***

(1) Standard Earned Premium Reported (Table I)			113,384,419
(2) Factor to 12/1/13 Rate Level (Exhibit V-1)			1.6093
(3) Premium Development Factor to Ultimate Level (Exhibit VI-1)			1.0011
(4) Expense Constant Removal Factor			0.9967
(5) DCCPAP On-Level Factor			1.0142
(6) Other Adjustments			1.0000
(7) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			184,652,808
<b>Losses - Paid-to-25th Method</b>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8) Paid Losses Reported (Table I-D & I-E)	15,917,593	43,124,393	59,041,986
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	2.7145	2.1538	
(10) Ultimate Incurred Losses (8) * (9)	43,208,306	92,881,318	136,089,624
<b>Losses - Incurred Method</b>			
(11) Incurred Losses Reported (Table I-B & I-C)	28,718,571	53,831,032	82,549,603
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.4186	1.6734	
(13) Ultimate Incurred Losses (11) * (12)	40,740,165	90,080,849	130,821,014
<b>Losses - Average of Incurred and Paid-to-25th</b>			
(14) Ultimate Incurred Losses ((10) + (13))/2	41,974,236	91,481,084	133,455,320
(15) Factor to 7/1/14 Benefit Level (Exhibit V-3)	1.0324	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.1998	1.1998	
(17) Adjusted Losses (14) * (15) * (16)	51,992,375	109,759,005	161,751,380
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.2816	0.5944	0.8760
(19) Normalized Claim Frequency (Exhibit VII-3)	0.5023	0.5023	
(20) Severity Ratio** (18)/(19)	0.5606	1.1834	1.7440

\* 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 2011\***

(1) Standard Earned Premium Reported (Table I)			105,049,594
(2) Factor to 12/1/13 Rate Level (Exhibit V-1)			1.8716
(3) Premium Development Factor to Ultimate Level (Exhibit VI-1)			0.9999
(4) Expense Constant Removal Factor			0.9968
(5) DCCPAP On-Level Factor			1.0145
(6) Other Adjustments			1.0000
(7) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			198,803,517
<b>Losses - Paid-to-25th Method</b>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8) Paid Losses Reported (Table I-D & I-E)	26,352,308	56,784,459	83,136,767
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.8298	1.8680	
(10) Ultimate Incurred Losses (8) * (9)	48,219,453	106,073,369	154,292,822
<b>Losses - Incurred Method</b>			
(11) Incurred Losses Reported (Table I-B & I-C)	33,881,558	69,399,049	103,280,607
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.2147	1.4884	
(13) Ultimate Incurred Losses (11) * (12)	41,155,929	103,293,545	144,449,474
<b>Losses - Average of Incurred and Paid-to-25th</b>			
(14) Ultimate Incurred Losses ((10) + (13))/2	44,687,691	104,683,457	149,371,148
(15) Factor to 7/1/14 Benefit Level (Exhibit V-3)	1.0474	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.1998	1.1998	
(17) Adjusted Losses (14) * (15) * (16)	56,157,704	125,599,212	181,756,916
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.2825	0.6318	0.9143
(19) Normalized Claim Frequency (Exhibit VII-3)	0.5583	0.5583	
(20) Severity Ratio** (18)/(19)	0.5060	1.1316	1.6376

\* 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 2010\***

(1) Standard Earned Premium Reported (Table I)			104,277,261
(2) Factor to 12/1/13 Rate Level (Exhibit V-1)			1.8583
(3) Premium Development Factor to Ultimate Level (Exhibit VI-1)			1.0002
(4) Expense Constant Removal Factor			0.9970
(5) DCCPAP On-Level Factor			1.0141
(6) Other Adjustments			1.0000
(7) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			195,960,362
<b>Losses - Paid-to-25th Method</b>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8) Paid Losses Reported (Table I-D & I-E)	29,013,181	60,045,548	89,058,729
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.5322	1.7094	
(10) Ultimate Incurred Losses (8) * (9)	44,453,996	102,641,860	147,095,856
<b>Losses - Incurred Method</b>			
(11) Incurred Losses Reported (Table I-B & I-C)	36,127,907	71,041,384	107,169,291
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.1267	1.3661	
(13) Ultimate Incurred Losses (11) * (12)	40,705,313	97,049,635	137,754,948
<b>Losses - Average of Incurred and Paid-to-25th</b>			
(14) Ultimate Incurred Losses ((10) + (13))/2	42,579,655	99,845,748	142,425,403
(15) Factor to 7/1/14 Benefit Level (Exhibit V-3)	1.0442	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.1998	1.1998	
(17) Adjusted Losses (14) * (15) * (16)	53,345,119	119,794,928	173,140,047
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.2722	0.6113	0.8835
(19) Normalized Claim Frequency (Exhibit VII-3)	0.5925	0.5925	
(20) Severity Ratio** (18)/(19)	0.4594	1.0317	1.4911

\* 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 2009\***

(1) Standard Earned Premium Reported (Table I)			115,777,284
(2) Factor to 12/1/13 Rate Level (Exhibit V-1)			1.7075
(3) Premium Development Factor to Ultimate Level (Exhibit VI-1)			1.0002
(4) Expense Constant Removal Factor			0.9971
(5) DCCPAP On-Level Factor			1.0147
(6) Other Adjustments			1.0000
(7) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			200,054,026
<b>Losses - Paid-to-25th Method</b>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8) Paid Losses Reported (Table I-D & I-E)	32,123,839	54,212,482	86,336,321
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.3766	1.6016	
(10) Ultimate Incurred Losses (8) * (9)	44,221,677	86,826,711	131,048,388
<b>Losses - Incurred Method</b>			
(11) Incurred Losses Reported (Table I-B & I-C)	40,708,680	67,428,753	108,137,433
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.0832	1.2795	
(13) Ultimate Incurred Losses (11) * (12)	44,095,642	86,275,089	130,370,731
<b>Losses - Average of Incurred and Paid-to-25th</b>			
(14) Ultimate Incurred Losses ((10) + (13))/2	44,158,660	86,550,900	130,709,560
(15) Factor to 7/1/14 Benefit Level (Exhibit V-3)	1.0414	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.1998	1.1998	
(17) Adjusted Losses (14) * (15) * (16)	55,174,997	103,843,770	159,018,767
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.2758	0.5191	0.7949
(19) Normalized Claim Frequency (Exhibit VII-3)	0.5918	0.5918	
(20) Severity Ratio** (18)/(19)	0.4660	0.8772	1.3432

\* 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 2008\***

(1) Standard Earned Premium Reported (Table I)			147,836,067
(2) Factor to 12/1/13 Rate Level (Exhibit V-2)			1.3714
(3) Premium Development Factor to Ultimate Level (Exhibit VI-1)			1.0004
(4) Expense Constant Removal Factor			0.9974
(5) DCCPAP On-Level Factor			0.9989
(6) Other Adjustments			1.0000
(7) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			202,073,612
<b>Losses - Paid-to-25th Method</b>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8) Paid Losses Reported (Table I-D & I-E)	31,809,978	51,471,339	83,281,317
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.2810	1.5207	
(10) Ultimate Incurred Losses (8) * (9)	40,748,582	78,272,465	119,021,047
<b>Losses - Incurred Method</b>			
(11) Incurred Losses Reported (Table I-B & I-C)	35,561,757	62,174,728	97,736,485
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.0584	1.2189	
(13) Ultimate Incurred Losses (11) * (12)	37,638,564	75,784,776	113,423,340
<b>Losses - Average of Incurred and Paid-to-25th</b>			
(14) Ultimate Incurred Losses ((10) + (13))/2	39,193,573	77,028,621	116,222,194
(15) Factor to 7/1/14 Benefit Level (Exhibit V-3)	1.0452	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.1998	1.1998	
(17) Adjusted Losses (14) * (15) * (16)	49,149,954	92,418,939	141,568,893
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.2432	0.4574	0.7006
(19) Normalized Claim Frequency (Exhibit VII-3)	0.5940	0.5940	
(20) Severity Ratio** (18)/(19)	0.4094	0.7700	1.1794

\* 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 2007\***

(1) Standard Earned Premium Reported (Table I)			194,904,596
(2) Factor to 12/1/13 Rate Level (Exhibit V-2)			1.0163
(3) Premium Development Factor to Ultimate Level (Exhibit VI-1)			1.0002
(4) Expense Constant Removal Factor			0.9977
(5) DCCPAP On-Level Factor			0.9974
(6) Other Adjustments			1.0000
(7) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			197,151,548
<b>Losses - Paid-to-25th Method</b>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8) Paid Losses Reported (Table I-D & I-E)	35,925,539	52,898,267	88,823,806
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.2177	1.4563	
(10) Ultimate Incurred Losses (8) * (9)	43,746,529	77,035,746	120,782,275
<b>Losses - Incurred Method</b>			
(11) Incurred Losses Reported (Table I-B & I-C)	40,835,546	62,367,458	103,203,004
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.0425	1.1761	
(13) Ultimate Incurred Losses (11) * (12)	42,571,057	73,350,367	115,921,424
<b>Losses - Average of Incurred and Paid-to-25th</b>			
(14) Ultimate Incurred Losses ((10) + (13))/2	43,158,793	75,193,057	118,351,850
(15) Factor to 7/1/14 Benefit Level (Exhibit V-3)	1.0632	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.1998	1.1998	
(17) Adjusted Losses (14) * (15) * (16)	55,054,537	90,216,630	145,271,167
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.2792	0.4576	0.7368
(19) Normalized Claim Frequency (Exhibit VII-3)	0.6682	0.6682	
(20) Severity Ratio** (18)/(19)	0.4178	0.6848	1.1026

\* 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 2006\***

(1) Standard Earned Premium Reported (Table I)			201,632,653
(2) Factor to 12/1/13 Rate Level (Exhibit V-2)			0.9900
(3) Premium Development Factor to Ultimate Level (Exhibit VI-1)			1.0001
(4) Expense Constant Removal Factor			0.9975
(5) DCCPAP On-Level Factor			0.9960
(6) Other Adjustments			1.0000
(7) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			198,340,649
<b>Losses - Paid-to-25th Method</b>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8) Paid Losses Reported (Table I-D & I-E)	38,272,180	51,194,023	89,466,203
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.1735	1.4034	
(10) Ultimate Incurred Losses (8) * (9)	44,912,403	71,845,692	116,758,095
<b>Losses - Incurred Method</b>			
(11) Incurred Losses Reported (Table I-B & I-C)	42,161,584	63,680,974	105,842,558
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.0311	1.1453	
(13) Ultimate Incurred Losses (11) * (12)	43,472,809	72,933,820	116,406,629
<b>Losses - Average of Incurred and Paid-to-25th</b>			
(14) Ultimate Incurred Losses ((10) + (13))/2	44,192,606	72,389,756	116,582,362
(15) Factor to 7/1/14 Benefit Level (Exhibit V-3)	1.0919	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.1998	1.1998	
(17) Adjusted Losses (14) * (15) * (16)	57,895,037	86,853,229	144,748,266
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.2919	0.4379	0.7298
(19) Normalized Claim Frequency (Exhibit VII-3)	0.7191	0.7191	
(20) Severity Ratio** (18)/(19)	0.4059	0.6090	1.0149

\* 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 2005\***

(1) Standard Earned Premium Reported (Table I)			182,291,066
(2) Factor to 12/1/13 Rate Level (Exhibit V-2)			1.0364
(3) Premium Development Factor to Ultimate Level (Exhibit VI-1)			1.0000
(4) Expense Constant Removal Factor			0.9968
(5) DCCPAP On-Level Factor			0.9985
(6) Other Adjustments			1.0000
(7) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			188,039,413
<b>Losses - Paid-to-25th Method</b>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8) Paid Losses Reported (Table I-D & I-E)	37,658,124	50,883,082	88,541,206
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.1417	1.3588	
(10) Ultimate Incurred Losses (8) * (9)	42,994,280	69,139,932	112,134,212
<b>Losses - Incurred Method</b>			
(11) Incurred Losses Reported (Table I-B & I-C)	40,252,964	60,398,827	100,651,791
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.0227	1.1226	
(13) Ultimate Incurred Losses (11) * (12)	41,166,706	67,803,723	108,970,429
<b>Losses - Average of Incurred and Paid-to-25th</b>			
(14) Ultimate Incurred Losses ((10) + (13))/2	42,080,493	68,471,828	110,552,321
(15) Factor to 7/1/14 Benefit Level (Exhibit V-3)	1.1149	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.1998	1.1998	
(17) Adjusted Losses (14) * (15) * (16)	56,289,267	82,152,499	138,441,766
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.2993	0.4369	0.7362
(19) Normalized Claim Frequency (Exhibit VII-3)	0.7635	0.7635	
(20) Severity Ratio** (18)/(19)	0.3920	0.5722	0.9642

\* 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 2004\***

(1) Standard Earned Premium Reported (Table I)			147,889,225
(2) Factor to 12/1/13 Rate Level (Exhibit V-2)			1.1786
(3) Premium Development Factor to Ultimate Level (Exhibit VI-1)			1.0000
(4) Expense Constant Removal Factor			0.9963
(5) DCCPAP On-Level Factor			0.9999
(6) Other Adjustments			1.0000
(7) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			173,639,957
<b>Losses - Paid-to-25th Method</b>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8) Paid Losses Reported (Table I-D & I-E)	36,589,736	50,344,140	86,933,876
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.1179	1.3208	
(10) Ultimate Incurred Losses (8) * (9)	40,903,666	66,494,540	107,398,206
<b>Losses - Incurred Method</b>			
(11) Incurred Losses Reported (Table I-B & I-C)	37,707,416	57,053,861	94,761,277
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.0160	1.1057	
(13) Ultimate Incurred Losses (11) * (12)	38,310,735	63,084,454	101,395,189
<b>Losses - Average of Incurred and Paid-to-25th</b>			
(14) Ultimate Incurred Losses ((10) + (13))/2	39,607,201	64,789,497	104,396,698
(15) Factor to 7/1/14 Benefit Level (Exhibit V-3)	1.1306	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.1998	1.1998	
(17) Adjusted Losses (14) * (15) * (16)	53,726,926	77,734,439	131,461,365
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.3094	0.4477	0.7571
(19) Normalized Claim Frequency (Exhibit VII-3)	0.8537	0.8537	
(20) Severity Ratio** (18)/(19)	0.3624	0.5244	0.8868

\* 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 2009 - 2013**  
**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 12/1/14 RATE LEVEL		
2013	VOL	12/01/12	BASE	0.7074	*	0.7319	0.5177			
		12/01/13	1.1400	0.8064		0.0676	0.0545			
		12/01/14	0.8850	0.7137		----- 0.7995	----- 0.5722			
	RM	12/01/12	BASE	1.0000		0.1856	0.1856			
		12/01/13	1.1140	1.1140		0.0149	0.0166			
		12/01/14	0.9030	1.0059		----- 0.2005	----- 0.2022			
	*	Loss, LAE and LBA portion of 12/1/12 rate.							0.7744	1.2989
	2012	VOL	12/01/11	BASE	0.7343	*	0.7794		0.5723	
			12/01/12	1.2166	0.8933		0.0763		0.0682	
			12/01/13	1.0089	0.9013		----- 0.8557		----- 0.6405	
TO 12/1/14										
RM		12/01/11	BASE	1.0000		0.1323	0.1323			
		12/01/12	1.2606	1.2606		0.0120	0.0151			
		12/01/13	1.0059	1.2680		----- 0.1443	----- 0.1474			
		TO 12/1/14								
*		Loss, LAE and LBA portion of 12/1/11 rate.						0.7879	1.6093	
2011		VOL	12/01/10	BASE	0.7688	*	0.8256	0.6347		
	12/01/11		1.1261	0.8657		0.0669	0.0579			
	12/01/12		1.2274	1.0626		----- 0.8925	----- 0.6926			
	TO 12/1/14									
	RM	12/01/10	BASE	1.0000		0.1008	0.1008			
		12/01/11	1.1826	1.1826		0.0067	0.0079			
		12/01/12	1.2681	1.4997		----- 0.1075	----- 0.1087			
		TO 12/1/14								
	*	Loss, LAE and LBA portion of 12/1/10 rate.						0.8013	1.8716	
	2010	VOL	12/01/09	BASE	0.7574	*	0.8560	0.6483		
12/01/10			0.9749	0.7384		0.0681	0.0503			
12/01/11			1.3822	1.0206		----- 0.9241	----- 0.6986			
TO 12/1/14										
RM		12/01/09	BASE	1.0000		0.0695	0.0695			
		12/01/10	0.9594	0.9594		0.0064	0.0061			
		12/01/11	1.4996	1.4387		----- 0.0759	----- 0.0756			
		TO 12/1/14								
*		Loss, LAE and LBA portion of 12/1/09 rate.						0.7742	1.8583	
2009		VOL	12/01/08	BASE	0.7511	*	0.8422	0.6326		
	12/01/09		0.9160	0.688		0.0788	0.0542			
	12/01/10		1.3475	0.9271		----- 0.9210	----- 0.6868			
	TO 12/1/14									
	RM	12/01/08	BASE	1.0000		0.0746	0.0746			
		12/01/09	0.9083	0.9083		0.0044	0.0040			
		12/01/10	1.4388	1.3069		----- 0.0790	----- 0.0786			
		TO 12/1/14								
	*	Loss, LAE and LBA portion of 12/1/08 rate.						0.7654	1.7075	



**EXHIBIT V - 2**  
**POLICY YEARS 2004 - 2008**  
**PREMIUM ON-LEVEL FACTORS**

POLICY YEAR		(1)	(2)	(3)		(4)	(5)	FACTOR TO ADJUST TO 12/1/13 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	*	0.2616	0.1995		
		10/01/08	0.8843	0.6745		0.5907	0.3984		
		12/01/08	0.8354	0.5635		0.0513	0.0289		
		12/01/09	1.2343	0.6955		-----	-----		
		TO 12/1/14				0.9036	0.6268		
	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	1.3068	0.9804		-----	-----		
		TO 12/1/14				0.0964	0.0881		
	*	Loss, LAE and LBA portion of 12/1/07 rate.						0.7149	1.3714
	2007	VOL	12/01/06	BASE	0.7292	*+	0.8181	0.5966	
			12/01/07	0.8225	0.5998	+	0.0392	0.0235	
			10/01/08	0.8843	0.6448	+	0.0126	0.0081	
12/01/07& 10/01/08			0.7273	0.5304	+	0.0103	0.0055		
12/01/08			1.0312	0.5469	+	-----	-----		
TO 12/1/14					0.8802	0.6337			
RM		12/01/06	BASE	1.0000	+	0.1140	0.1140		
		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	+	0.0008	0.0006		
		12/01/08	1.1087	0.7647	+	-----	-----		
TO 12/1/14					0.1198	0.1187			
*		Loss, LAE and LBA portion of 12/1/06 rate.						0.7524	1.0163
2006		VOL	12/01/05	BASE	0.7479	*	0.7753	0.5798	
	12/01/06		1.0000	0.7479		0.0491	0.0367		
	12/01/07		0.7500	0.5609		-----	-----		
	TO 12/1/14					0.8244	0.6165		
	RM	12/01/05	BASE	1.0000		0.1662	0.1662		
		12/01/06	1.0257	1.0257		0.0094	0.0096		
		12/01/07	0.7647	0.7844		-----	-----		
		TO 12/1/14				0.1756	0.1758		
	*	Loss, LAE and LBA portion of 12/1/05 rate.						0.7923	0.9900
	2005	VOL	12/01/04	BASE	0.7552	*	0.7057	0.5329	
			12/01/05	1.0710	0.8088		0.0534	0.0432	
			12/01/06	0.7500	0.6066		-----	-----	
			TO 12/1/14				0.7591	0.5761	
		RM	12/01/04	BASE	1.0000		0.2268	0.2268	
12/01/05			1.0810	1.0810		0.0141	0.0152		
12/01/06			0.7844	0.8479		-----	-----		
TO 12/1/14						0.2409	0.2420		
*		Loss, LAE and LBA portion of 12/1/04 rate.						0.8181	1.0364
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	0.8032	0.6887		-----	-----	
			TO 12/1/14				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		0.8479	0.9626		-----	-----		
	TO 12/1/14					0.2701	0.2728		
	*	Loss, LAE and LBA portion of 12/1/03 rate.						0.8167	1.1786
	+	Cumulative rate change							
	Area			Area					
	I	0.7292	0.7292	I	1.0000	1.0000			
	II	0.7292 x 0.8225	0.5998	II	1.0000 x 0.7800	0.7800			
	III	0.7292 x 0.8843	0.6448	III	1.0000 x 0.8843	0.8843			
IV	0.7292 x 0.8225 x 0.8843	0.5304	IV	1.0000 x 0.7800 x 0.8843	0.6898				
Current	CUMULATIVE TO 12/1/14	0.5469	Current	Cumulative to 12/1/13	0.7647				

**EXHIBIT V - 3**  
**POLICY YEARS 2004 - 2013**  
**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 7/1/15 BENEFIT LEVEL
2013	7/02/12	BASE	1.0000	0.1250	0.1250	
	7/01/13	1.0242	1.0242	0.7500	0.7682	
	7/01/14	1.0124	1.0369	0.1250	0.1296	
	7/01/15	0.9967	1.0335	----- 1.0000	----- 1.0228	1.0105
2012	6/13/11	BASE	1.0000	0.1264	0.1264	
	7/02/12	1.0161	1.0161	0.7486	0.7607	
	7/01/13	1.0242	1.0407	0.1250	0.1301	
	7/01/14	1.0091	1.0502	----- 1.0000	----- 1.0172	1.0324
2011	5/25/10	BASE	1.0000	0.1010	0.1010	
	6/13/11	0.9936	0.9936	0.7746	0.7696	
	7/02/12	1.0161	1.0096	0.1244	0.1256	
	7/01/13	1.0335	1.0434	----- 1.0000	----- 0.9962	1.0474
2010	6/04/09	BASE	1.0000	0.0796	0.0796	
	5/25/10	0.9974	0.9974	0.7695	0.7675	
	6/13/11	0.9936	0.9910	0.1509	0.1495	
	7/02/12	1.0501	1.0406	----- 1.0000	----- 0.9966	1.0442
2009	6/03/08	BASE	1.0000	0.0903	0.0903	
	6/04/09	1.0031	1.0031	0.7282	0.7305	
	5/25/10	0.9974	1.0005	0.1815	0.1816	
	6/13/11	1.0434	1.0439	----- 1.0000	----- 1.0024	1.0414
2008	6/07/07	BASE	1.0000	0.0891	0.0891	
	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	1.0407	1.0637	----- 1.0000	----- 1.0177	1.0452
2007	6/07/06	BASE	1.0000	0.0938	0.0938	
	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	1.0439	1.0953	----- 1.0000	----- 1.0302	1.0632
2006	6/06/05	BASE	1.0000	0.0951	0.0951	
	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	1.0636	1.1171	----- 1.0000	----- 1.0231	1.0919
2005	5/21/04	BASE	1.0000	0.0939	0.0939	
	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	1.0952	1.1323	----- 1.0000	----- 1.0156	1.1149
2004	6/04/03	BASE	1.0000	0.0767	0.0767	
	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	1.1171	1.1429	----- 1.0000	----- 1.0109	1.1306

**EXHIBIT VI - 1**

**DEVELOPMENT FACTORS**

**PREMIUM**

<u>Reports in Ratio</u>	<u>Calendar Years 10-11</u>	<u>Calendar Years 11-12</u>	<u>Calendar Years 12-13</u>	<u>Calendar Years 13-14</u>	<u>Unweighted Average</u>	<u>Cumulative Average</u>
2nd to 1st	1.0071	0.9979	1.0016	1.0015	1.0020	1.0031
3rd to 2nd	1.0030	1.0023	0.9998	0.9996	1.0012	1.0011
4th to 3rd	1.0000	0.9983	0.9993	1.0012	0.9997	0.9999
5th to 4th	1.0005	0.9993	1.0001	0.9999	1.0000	1.0002
6th to 5th	0.9999	0.9994	0.9999	1.0000	0.9998	1.0002
7th to 6th	1.0005	1.0002	1.0000	1.0000	1.0002	1.0004
8th to 7th	1.0001	1.0003	1.0000	1.0000	1.0001	1.0002
9th to 8th	1.0012	0.9990	1.0000	1.0000	1.0001	1.0001
10th to 9th	0.9990	1.0023	1.0000	1.0000	1.0000 *	1.0000
11th to 10th	1.0003	1.0020	0.9998	1.0000	1.0000 *	1.0000
12th to 11th	1.0000	0.9999	0.9994	1.0002	1.0000 *	1.0000
13th to 12th	1.0000	1.0000	1.0000	1.0000	1.0000 *	1.0000
14th to 13th	1.0000	1.0000	1.0000	1.0000	1.0000 *	1.0000
15th to 14th	1.0000	1.0000	1.0000	1.0000	1.0000 *	1.0000
16th to 15th	1.0000	0.9999	1.0000	1.0000	1.0000 *	1.0000
17th to 16th	1.0000	0.9999	1.0000	1.0000	1.0000 *	1.0000
18th to 17th	1.0000	1.0000	1.0000	1.0000	1.0000 *	1.0000
19th to 18th	1.0001	1.0000	1.0000	1.0000	1.0000 *	1.0000
20th to 19th	1.0003	1.0000	1.0000	1.0000	1.0000 *	1.0000
21st to 20th	1.0002	1.0003	1.0000	1.0000	1.0000 *	1.0000
22nd to 21st	1.0001	1.0000	1.0003	1.0000	1.0000 *	1.0000
23rd to 22nd	1.0000	1.0000	1.0000	1.0006	1.0000 *	1.0000
24th to 23rd	1.0001	1.0000	1.0000	1.0000	1.0000 *	1.0000
25th to 24th	0.9999	1.0000	1.0000	1.0000	1.0000 *	1.0000
Beyond 25th	1.0002	1.0000	1.0000	1.0000	1.0000 *	1.0000

\* Selected

**EXHIBIT VI - 2**

**DEVELOPMENT FACTORS**

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

Reports in Ratio		Calendar Years 10-11	Calendar Years 11-12	Calendar Years 12-13	Calendar Years 13-14	Unweighted Average	Fitted Value	Cumulative Average
2nd to 1st	a	2.1014	1.9133	2.0195	2.0394	2.0184	2.0184	5.4790
3rd to 2nd	a	1.4492	1.5122	1.5791	1.3942	1.4837	1.4835	2.7145
4th to 3rd	a	1.1749	1.2049	1.1860	1.2007	1.1916	1.1942	1.8298
5th to 4th	a	1.1223	1.1237	1.1091	1.1214	1.1191	1.1131	1.5322
6th to 5th	a	1.0921	1.0767	1.0797	1.0556	1.0760	1.0746	1.3766
7th to 6th	a	1.0426	1.0469	1.0530	1.0310	1.0434	1.0520	1.2810
8th to 7th	a	1.0381	1.0253	1.0353	1.0549	1.0384	1.0376	1.2177
9th to 8th	a	1.0319	1.0205	1.0346	1.0284	1.0289	1.0279	1.1735
10th to 9th	a	1.0285	1.0126	1.0196	1.0163	1.0193	1.0213	1.1417
11th to 10th	a	1.0125	1.0114	1.0155	1.0345	1.0185	1.0165	1.1179
12th to 11th	a	1.0032	1.0106	1.0126	1.0127	1.0098	1.0131	1.0997
13th to 12th	a	1.0158	1.0109	1.0106	1.0112	1.0121	1.0107	1.0855
14th to 13th	a	1.0093	1.0102	1.0235	1.0087	1.0129	1.0089	1.0740
15th to 14th	a	1.0162	1.0134	1.0028	1.0031	1.0089	1.0075	1.0646
16th to 15th	a	1.0061	1.0053	1.0130	1.0101	1.0086	1.0066	1.0566
17th to 16th	a	1.0063	1.0020	1.0061	1.0085	1.0057	1.0059	1.0497
18th to 17th	a	1.0062	1.0040	1.0022	1.0035	1.0040	1.0054	1.0435
19th to 18th	a	0.9963	1.0064	1.0022	1.0006	1.0014	1.0050	1.0379
20th to 19th	a	1.0012	1.0063	1.0023	1.0442	1.0135	1.0048	1.0328
21st to 20th	a	1.0024	1.0057	0.9978	1.0011	1.0018	1.0047	1.0278
22nd to 21st	a	1.0100	1.0022	1.0029	0.9982	1.0033	1.0046	1.0230
23rd to 22nd	a	1.0027	1.0000	1.0006	1.0210	1.0061	1.0046	1.0183
24th to 23rd	a	1.0034	1.0017	1.0036	1.0022	1.0027	1.0046	1.0137
25th to 24th	b	1.0277	1.0139	1.0196	1.0109	1.0180	1.0180	1.0090
Beyond 25th	c	1.0012	0.9959	0.9791	0.9886	0.9912	0.9912	0.9912

**INCURRED METHOD**

Reports in Ratio		Calendar Years 10-11	Calendar Years 11-12	Calendar Years 12-13	Calendar Years 13-14	Unweighted Average	Fitted Value	Cumulative Average
2nd to 1st	c	1.3383	1.3123	1.2864	1.3224	1.3149	1.3177	1.8693
3rd to 2nd	c	1.1931	1.2150	1.2498	1.0995	1.1894	1.1678	1.4186
4th to 3rd	c	0.9969	1.0317	1.0590	1.0570	1.0362	1.0781	1.2147
5th to 4th	c	1.0702	1.0180	1.0488	1.0628	1.0500	1.0402	1.1267
6th to 5th	c	1.0075	1.0148	1.0293	1.0355	1.0218	1.0234	1.0832
7th to 6th	c	1.0046	1.0307	1.0322	1.0372	1.0262	1.0153	1.0584
8th to 7th	c	1.0161	1.0202	1.0059	1.0103	1.0131	1.0110	1.0425
9th to 8th	c	1.0013	1.0123	1.0090	1.0012	1.0060	1.0083	1.0311
10th to 9th	c	1.0160	1.0065	1.0082	1.0082	1.0097	1.0065	1.0227
11th to 10th	c	0.9948	1.0002	1.0017	1.0247	1.0054	1.0052	1.0160
12th to 11th	c	0.9923	0.9957	1.0026	0.9965	0.9968	1.0042	1.0108
13th to 12th	c	1.0076	1.0217	1.0187	1.0018	1.0125	1.0034	1.0066
14th to 13th	c	0.9997	1.0050	0.9962	1.0027	1.0009	1.0028	1.0032
15th to 14th	c	1.0041	1.0039	0.9964	0.9979	1.0006	1.0023	1.0004
16th to 15th	c	1.0032	1.0027	1.0013	0.9994	1.0017	1.0018	0.9981
17th to 16th	c	1.0252	0.9996	1.0039	0.9980	1.0067	1.0015	0.9963
18th to 17th	c	1.0019	0.9777	0.9990	0.9964	0.9938	1.0012	0.9948
19th to 18th	c	1.0018	1.0141	1.0371	1.0003	1.0133	1.0009	0.9936
20th to 19th	c	1.0015	0.9971	0.9918	0.9887	0.9948	1.0007	0.9927
21st to 20th	c	1.0010	0.9981	0.9966	0.9991	0.9987	1.0005	0.9920
22nd to 21st	c	1.0022	0.9994	0.9930	0.9980	0.9982	1.0003	0.9915
23rd to 22nd	c	0.9978	0.9984	0.9985	1.0102	1.0012	1.0001	0.9912
24th to 23rd	c	1.0011	1.0010	1.0019	0.9988	1.0007	1.0000	0.9911
25th to 24th	c	0.9983	1.0010	1.0047	0.9978	1.0005	0.9999	0.9911
Beyond 24th	c	1.0012	0.9959	0.9791	0.9886	0.9912	0.9912	0.9912

- a From Table I-D
- b 24th (Paid - Table I-D) to 25th (Incurred - Table I-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	2.0184	1.0184	1.0184	2.0184
3rd to 2nd	1.4837	0.4837	0.4835	1.4835
4th to 3rd	1.1916	0.1916	0.1942	1.1942
5th to 4th	1.1191	0.1191	0.1131	1.1131
6th to 5th	1.0760	0.0760	0.0746	1.0746
7th to 6th	1.0434	0.0434	0.0520	1.0520
8th to 7th	1.0384	0.0384	0.0376	1.0376
9th to 8th	1.0289	0.0289	0.0279	1.0279
10th to 9th	1.0193	0.0193	0.0213	1.0213
11th to 10th	1.0185	0.0185	0.0165	1.0165
12th to 11th	1.0098	0.0098	0.0131	1.0131
13th to 12th	1.0121	0.0121	0.0107	1.0107
14th to 13th	1.0129	0.0129	0.0089	1.0089
15th to 14th	1.0089	0.0089	0.0075	1.0075
16th to 15th	1.0086	0.0086	0.0066	1.0066
17th to 16th	1.0057	0.0057	0.0059	1.0059
18th to 17th	1.0040	0.0040	0.0054	1.0054
19th to 18th	1.0014	0.0014	0.0050	1.0050
20th to 19th	1.0135	0.0135	0.0048	1.0048
21st to 20th	1.0018	0.0018	0.0047	1.0047
22nd to 21st	1.0033	0.0033	0.0046	1.0046
23rd to 22nd	1.0061	0.0061	0.0046	1.0046
24th to 23rd	1.0027	0.0027	0.0046	1.0046
25th to 24th*	1.0180	0.0180	0.0180	1.0180

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

a = 0.016925 b = -0.586386 c = 8.036104 d = -26.445355 e = 45.807105 f = -25.809992

\* Paid-Incurred four 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	1.3149	0.3149	0.3177	1.3177
3rd to 2nd	1.1894	0.1894	0.1678	1.1678
4th to 3rd	1.0362	0.0362	0.0781	1.0781
5th to 4th	1.0500	0.0500	0.0402	1.0402
6th to 5th	1.0218	0.0218	0.0234	1.0234
7th to 6th	1.0262	0.0262	0.0153	1.0153
8th to 7th	1.0131	0.0131	0.0110	1.0110
9th to 8th	1.0060	0.0060	0.0083	1.0083
10th to 9th	1.0097	0.0097	0.0065	1.0065
11th to 10th	1.0054	0.0054	0.0052	1.0052
12th to 11th	0.9968	-0.0032	0.0042	1.0042
13th to 12th	1.0125	0.0125	0.0034	1.0034
14th to 13th	1.0009	0.0009	0.0028	1.0028
15th to 14th	1.0006	0.0006	0.0023	1.0023
16th to 15th	1.0017	0.0017	0.0018	1.0018
17th to 16th	1.0067	0.0067	0.0015	1.0015
18th to 17th	0.9938	-0.0062	0.0012	1.0012
19th to 18th	1.0133	0.0133	0.0009	1.0009
20th to 19th	0.9948	-0.0052	0.0007	1.0007
21st to 20th	0.9987	-0.0013	0.0005	1.0005
22nd to 21st	0.9982	-0.0018	0.0003	1.0003
23rd to 22nd	1.0012	0.0012	0.0001	1.0001
24th to 23rd	1.0007	0.0007	0.0000	1.0000
25th to 24th	1.0005	0.0005	-0.0001	0.9999
Beyond 25th+	0.9912	-0.0088	-0.0088	0.9912

$Y = a+b*\log(x)/x^2+c*\exp(-x)$

a = -0.001772 b = 0.30049 c = 0.868408

+ Selected four year average

**EXHIBIT VI - 4**

**DEVELOPMENT FACTORS**

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

Reports <u>in Ratio</u>		Calendar Years <u>10-11</u>	Calendar Years <u>11-12</u>	Calendar Years <u>12-13</u>	Calendar Years <u>13-14</u>	Unweighted Average	Fitted Value	Cumulative Average
2nd to 1st	a	1.4390	1.4006	1.3495	1.3616	1.3877	1.3876	2.9886
3rd to 2nd	a	1.1551	1.1780	1.1630	1.1132	1.1523	1.1530	2.1538
4th to 3rd	a	1.0793	1.0885	1.0998	1.1059	1.0934	1.0928	1.8680
5th to 4th	a	1.0727	1.0556	1.0914	1.0579	1.0694	1.0673	1.7094
6th to 5th	a	1.0413	1.0694	1.0469	1.0515	1.0523	1.0532	1.6016
7th to 6th	a	1.0392	1.0505	1.0465	1.0358	1.0430	1.0442	1.5207
8th to 7th	a	1.0368	1.0213	1.0382	1.0457	1.0355	1.0377	1.4563
9th to 8th	a	1.0319	1.0400	1.0248	1.0285	1.0313	1.0328	1.4034
10th to 9th	a	1.0273	1.0235	1.0385	1.0270	1.0291	1.0288	1.3588
11th to 10th	a	1.0342	1.0232	1.0332	1.0310	1.0304	1.0256	1.3208
12th to 11th	a	1.0162	1.0372	1.0221	1.0308	1.0266	1.0229	1.2878
13th to 12th	a	1.0158	1.0162	1.0243	1.0201	1.0191	1.0205	1.2590
14th to 13th	a	1.0177	1.0095	1.0113	1.0205	1.0148	1.0185	1.2337
15th to 14th	a	1.0280	1.0137	1.0096	1.0045	1.0140	1.0168	1.2113
16th to 15th	a	1.0145	1.0285	1.0156	1.0043	1.0157	1.0153	1.1913
17th to 16th	a	1.0148	1.0088	1.0203	1.0206	1.0161	1.0139	1.1733
18th to 17th	a	1.0084	1.0092	1.0234	1.0164	1.0144	1.0127	1.1573
19th to 18th	a	1.0080	1.0129	1.0099	1.0106	1.0104	1.0117	1.1427
20th to 19th	a	1.0092	1.0095	1.0125	1.0213	1.0131	1.0108	1.1295
21st to 20th	a	1.0156	1.0046	1.0061	1.0069	1.0083	1.0099	1.1175
22nd to 21st	a	1.0178	1.0073	1.0058	1.0078	1.0097	1.0091	1.1065
23rd to 22nd	a	1.0021	1.0016	1.0094	1.0048	1.0045	1.0085	1.0965
24th to 23rd	a	1.0161	1.0024	1.0089	1.0058	1.0083	1.0078	1.0873
25th to 24th	b	1.0700	1.0832	1.0134	1.0343	1.0502	1.0502	1.0789
Beyond 25th	c	1.0498	1.0029	1.0377	1.0186	1.0273	1.0273	1.0273

**INCURRED METHOD**

Reports <u>in Ratio</u>		Calendar Years <u>10-11</u>	Calendar Years <u>11-12</u>	Calendar Years <u>12-13</u>	Calendar Years <u>13-14</u>	Unweighted Average	Fitted Value	Cumulative Average
2nd to 1st	c	1.3373	1.1983	1.1848	1.2394	1.2400	1.2400	2.0751
3rd to 2nd	c	1.1334	1.1452	1.1314	1.0879	1.1245	1.1243	1.6734
4th to 3rd	c	1.1301	1.0808	1.0689	1.0692	1.0873	1.0895	1.4884
5th to 4th	c	1.1007	1.0145	1.0549	1.1214	1.0729	1.0677	1.3661
6th to 5th	c	1.0404	1.0453	1.0360	1.0816	1.0508	1.0497	1.2795
7th to 6th	c	1.0157	1.0376	1.0384	1.0235	1.0288	1.0364	1.2189
8th to 7th	c	1.0233	1.0082	1.0116	1.0617	1.0262	1.0269	1.1761
9th to 8th	c	1.0181	1.0494	0.9939	1.0327	1.0235	1.0202	1.1453
10th to 9th	c	0.9982	1.0298	1.0219	1.0159	1.0165	1.0153	1.1226
11th to 10th	c	1.0269	1.0140	0.9787	1.0097	1.0073	1.0118	1.1057
12th to 11th	c	1.0118	1.0270	0.9939	1.0109	1.0109	1.0093	1.0928
13th to 12th	c	1.0125	0.9966	1.0208	0.9985	1.0071	1.0075	1.0828
14th to 13th	c	1.0167	0.9963	0.9933	0.9899	0.9991	1.0061	1.0747
15th to 14th	c	1.0459	1.0127	1.0133	0.9782	1.0125	1.0051	1.0682
16th to 15th	c	1.0251	1.0175	1.0095	0.9993	1.0129	1.0044	1.0628
17th to 16th	c	1.0213	1.0185	1.0188	1.0017	1.0151	1.0039	1.0581
18th to 17th	c	0.9984	1.0077	0.9972	0.9865	0.9975	1.0036	1.0540
19th to 18th	c	1.0015	0.9954	1.0103	0.9972	1.0011	1.0033	1.0502
20th to 19th	c	0.9986	1.0089	0.9830	0.9805	0.9928	1.0032	1.0468
21st to 20th	c	1.0044	0.9989	1.0003	1.0102	1.0035	1.0031	1.0434
22nd to 21st	c	1.0242	1.0047	1.0004	1.0027	1.0080	1.0031	1.0402
23rd to 22nd	c	0.9952	0.9994	0.9925	0.9867	0.9935	1.0031	1.0370
24th to 23rd	c	1.0077	1.0007	1.0027	1.0021	1.0033	1.0031	1.0338
25th to 24th	c	1.0205	1.0091	1.0000	1.0059	1.0089	1.0032	1.0306
Beyond 25th	c	1.0498	1.0029	1.0377	1.0186	1.0273	1.0273	1.0273

- a From Table I-E
- b 24th (Paid - Table I-E) to 25th (Incurred - Table I-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	1.3877	0.3877	0.3876	1.3876
3rd to 2nd	1.1523	0.1523	0.1530	1.1530
4th to 3rd	1.0934	0.0934	0.0928	1.0928
5th to 4th	1.0694	0.0694	0.0673	1.0673
6th to 5th	1.0523	0.0523	0.0532	1.0532
7th to 6th	1.0430	0.0430	0.0442	1.0442
8th to 7th	1.0355	0.0355	0.0377	1.0377
9th to 8th	1.0313	0.0313	0.0328	1.0328
10th to 9th	1.0291	0.0291	0.0288	1.0288
11th to 10th	1.0304	0.0304	0.0256	1.0256
12th to 11th	1.0266	0.0266	0.0229	1.0229
13th to 12th	1.0191	0.0191	0.0205	1.0205
14th to 13th	1.0148	0.0148	0.0185	1.0185
15th to 14th	1.0140	0.0140	0.0168	1.0168
16th to 15th	1.0157	0.0157	0.0153	1.0153
17th to 16th	1.0161	0.0161	0.0139	1.0139
18th to 17th	1.0144	0.0144	0.0127	1.0127
19th to 18th	1.0104	0.0104	0.0117	1.0117
20th to 19th	1.0131	0.0131	0.0108	1.0108
21st to 20th	1.0083	0.0083	0.0099	1.0099
22nd to 21st	1.0097	0.0097	0.0091	1.0091
23rd to 22nd	1.0045	0.0045	0.0085	1.0085
24th to 23rd	1.0083	0.0083	0.0078	1.0078
25th to 24th*	1.0502	0.0502	0.0502	1.0502

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

$$a = 0.38762 \quad b = -0.525103 \quad c = 0.345371 \quad d = -0.125237 \quad e = 0.023431 \quad f = -0.001759$$

\* Paid-Incurred four 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	1.2400	0.2400	0.2400	1.2400
3rd to 2nd	1.1245	0.1245	0.1243	1.1243
4th to 3rd	1.0873	0.0873	0.0895	1.0895
5th to 4th	1.0729	0.0729	0.0677	1.0677
6th to 5th	1.0508	0.0508	0.0497	1.0497
7th to 6th	1.0288	0.0288	0.0364	1.0364
8th to 7th	1.0262	0.0262	0.0269	1.0269
9th to 8th	1.0235	0.0235	0.0202	1.0202
10th to 9th	1.0165	0.0165	0.0153	1.0153
11th to 10th	1.0073	0.0073	0.0118	1.0118
12th to 11th	1.0109	0.0109	0.0093	1.0093
13th to 12th	1.0071	0.0071	0.0075	1.0075
14th to 13th	0.9991	-0.0009	0.0061	1.0061
15th to 14th	1.0125	0.0125	0.0051	1.0051
16th to 15th	1.0129	0.0129	0.0044	1.0044
17th to 16th	1.0151	0.0151	0.0039	1.0039
18th to 17th	0.9975	-0.0025	0.0036	1.0036
19th to 18th	1.0011	0.0011	0.0033	1.0033
20th to 19th	0.9928	-0.0072	0.0032	1.0032
21st to 20th	1.0035	0.0035	0.0031	1.0031
22nd to 21st	1.0080	0.0080	0.0031	1.0031
23rd to 22nd	0.9935	-0.0065	0.0031	1.0031
24th to 23rd	1.0033	0.0033	0.0031	1.0031
25th to 24th	1.0089	0.0089	0.0032	1.0032
Beyond 25th+	1.0273	0.0273	0.0273	1.0273

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

$$a = 0.014046 \quad b = -0.505287 \quad c = 6.766409 \quad d = -22.214518 \quad e = 30.160506 \quad f = -13.981155$$

+ Selected four year average

**EXHIBIT VII - 1**

**DETERMINATION OF TREND**

**INDEMNITY**

Policy Year	2007	2008	2009	2010	2011	2012	2013
Actual Loss Ratio	0.2792	0.2432	0.2758	0.2722	0.2825	0.2816	0.3487
Normalized Frequency	0.6682	0.5940	0.5918	0.5925	0.5583	0.5023	0.5314
Severity Loss Ratio	0.4178	0.4094	0.4660	0.4594	0.5060	0.5606	0.6562
<b>x</b>	1	2	3	4	5	6	7
<b>y</b>	0.4178	0.4094	0.4660	0.4594	0.5060	0.5606	0.6562

**7 Point Exponential Regression:  $y = 0.365061 * 1.076552 ^ x$**

**Selected Annual Trend Factor to 12/1/16** **7.7%**

Policy Year	Annual Trend (1)	Trend Period # Years (2)	Severity Trend Factor (3) = (1)^(2)	Frequency Trend Factor (4) #
2010	1.0766	5.9167	1.5476	0.7245
2011	1.0766	4.9167	1.4375	0.7651
2012	1.0766	3.9167	1.3352	0.8079
2013	1.0766	2.9167	1.2402	0.8531

**Trended Loss Ratio**

Policy Year	Actual Loss Ratio (5)	Combined Trend Factor (6) = (3)*(4)	Trended Loss Ratio (7) = (5)*(6)
2010	0.2722	1.1212	0.3051
2011	0.2825	1.0998	0.3106
2012	0.2816	1.0787	0.3037
2013	0.3487	1.0580	0.3689
Average			0.3221

# See Page 24 for column (4).



**EXHIBIT VII - 2**

**DETERMINATION OF TREND**

**MEDICAL**

Policy Year	2007	2008	2009	2010	2011	2012	2013
Actual Loss Ratio	0.4576	0.4574	0.5191	0.6113	0.6318	0.5944	0.6549
Normalized Frequency	0.6682	0.5940	0.5918	0.5925	0.5583	0.5023	0.5314
Severity Loss Ratio	0.6848	0.7700	0.8772	1.0317	1.1316	1.1834	1.2324
<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>	0.6848	0.7700	0.8772	1.0317	1.1316	1.1834	1.2324

**7 Point Exponential Regression:  $y = 0.640701 * 1.108229345 ^ x$**

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

**10.8%**

**Legislative Adjustments to Annual Severity Trend**

From 9/1/08 to 1/31/13 (SB1) = **-1.5%**  
 From 1/31/13 and later (SB1, SB238) = **-1.8%**

**Selected Annual Trend Factor**  
 From 9/1/08 to 1/31/13 (SB1) = **9.3%**  
 From 1/31/13 and later (SB1, SB238) = **9.0%**

Policy Year	Annual Trend Factor to 1/31/13 (1)	Trend Period # Years (2)	Severity Trend Factor to 1/31/13 (3) = (1)^(2)	Annual Trend Factor From 1/31/13 to 12/1/16 (4)	Trend Period # Years (5)	Severity Trend Factor 1/31/13 to 12/1/2016 (6) = (4)^(5)	Frequency Trend Factor (7) #
2010	1.093	2.0833	1.2040	1.090	3.8334	1.3925	0.7245
2011	1.093	1.0833	1.1014	1.090	3.8334	1.3925	0.7651
2012	1.093	0.0833	1.0075	1.090	3.8334	1.3925	0.8079
2013	1.093	0.0000	1.0000	1.090	2.9167	1.2865	0.8531

Policy Year	Actual Loss Ratio (8)	Combined Trend Factor (9) = (3)*(6)*(7)	Trended Loss Ratio (10) = (8)*(9)
2010	0.6113	1.2147	0.7425
2011	0.6318	1.1734	0.7414
2012	0.5944	1.1334	0.6737
2013	0.6549	1.0975	0.7188
Average			0.7191

# See Page 24 for column (7).

**EXHIBIT VII - 3**

**DETERMINATION OF TREND**

**Claim Frequency**

Policy Year Frequency per \$1 million of Expected Losses

Policy Year	Claim Frequency	Normalized Frequency	Adjusted Normalized Frequency
2001	13.74	1.0000	
2002	13.92	1.0131	
2003	13.32	0.9694	
2004	11.73	0.8537	
2005	10.49	0.7635	
2006	9.88	0.7191	
2007	9.18	0.6682	
2008	8.16	0.5940	
2009	8.13	0.5918	
2010	8.14	0.5925	
2011	7.67	0.5583	0.5597 *
2012	6.90	0.5023	0.5036 *
2013	7.30	0.5314	0.5328 *

Policy Year	2007	2008	2009	2010	2011	2012	2013
<b>x</b>	1	2	3	4	5	6	7
<b>y</b>	0.6682	0.5940	0.5918	0.5925	0.5583	0.5023	0.5314

7 Point (2007 - 2013) Exponential Regression:  $y = 0.670815 * 0.962133654 ^ x$

Frequency Trend Factor      **-3.8%**

Policy Year	2005	2006	2007	2008	2011	2012	2013
<b>x</b>	1	2	3	4	5	6	7
<b>y</b>	0.7635	0.7191	0.6682	0.5940	0.5597 *	0.5036 *	0.5328 *

7 Point (2005 - 2008; 2011 - 2013) Exponential Regression:  $y = 0.812828 * 0.9320967 ^ x$

Frequency Trend Factor      **-6.8%**

**Selected Frequency Trend Factor** (Average of -3.8% and -6.8%)      **-5.3%**

Policy Year	Frequency Trend Factor (1)	# of Years to 12/1/15 (2)	Frequency Trend to 12/1/15 (3) = (1) ^ (2)
2010	0.9470	5.9167	0.7245
2011	0.9470	4.9167	0.7651
2012	0.9470	3.9167	0.8079
2013	0.9470	2.9167	0.8531

\* Policy Years 2011, 2012 and 2013 normalized frequencies have been adjusted to account for the removal of Policy Years 2009 and 2010 from the trend calculation.

TABLE I

## POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR

## ACCUMULATED STANDARD EARNED PREMIUM

Policy Year Valued	As of 12/31/10	As of 12/31/11	Ratio to Prior Year	Policy Year Valued	As of 12/31/11	As of 12/31/12	Ratio to Prior Year
Prior				Prior			
to 1986	489,326,305	489,341,213	1.0000	to 1986	489,300,039	489,300,038	1.0000
1986	74,346,765	74,340,396	0.9999	1986	74,284,287	74,284,287	1.0000
1987	86,824,332	86,837,158	1.0001	1987	86,837,158	86,837,158	1.0000
1988	102,911,134	102,911,903	1.0000	1988	102,911,903	102,911,903	1.0000
1989	111,007,353	111,017,785	1.0001	1989	111,017,785	111,017,785	1.0000
1990	100,023,753	100,042,671	1.0002	1990	100,042,671	100,042,672	1.0000
1991	95,365,470	95,393,762	1.0003	1991	95,393,762	95,420,075	1.0003
1992	88,578,523	88,588,954	1.0001	1992	88,588,954	88,588,086	1.0000
1993	90,305,010	90,306,180	1.0000	1993	90,306,180	90,305,510	1.0000
1994	83,168,289	83,166,026	1.0000	1994	83,166,026	83,164,155	1.0000
1995	80,085,279	80,085,373	1.0000	1995	80,085,373	80,080,087	0.9999
1996	84,318,338	84,317,686	1.0000	1996	84,236,058	84,230,916	0.9999
1997	88,338,895	88,338,941	1.0000	1997	88,231,201	88,230,247	1.0000
1998	93,115,741	93,119,873	1.0000	1998	93,089,641	93,089,330	1.0000
1999	88,543,164	88,545,337	1.0000	1999	88,543,203	88,539,504	1.0000
2000	95,769,469	95,802,873	1.0003	2000	95,797,087	95,788,179	0.9999
2001	97,733,058	97,633,043	0.9990	2001	97,627,456	97,821,847	1.0020
2002	120,263,860	120,413,776	1.0012	2002	120,401,939	120,680,733	1.0023
2003	134,059,878	134,078,012	1.0001	2003	134,066,345	133,938,512	0.9990
2004	151,720,198	151,802,163	1.0005	2004	151,781,983	151,822,282	1.0003
2005	187,192,340	187,182,200	0.9999	2005	187,160,730	187,189,667	1.0002
2006	206,409,577	206,510,000	1.0005	2006	200,392,020	200,273,918	0.9994
2007	199,351,759	199,344,067	1.0000	2007	199,329,003	199,183,878	0.9993
2008	150,321,725	150,774,731	1.0030	2008	150,759,943	150,496,711	0.9983
2009	116,892,865	117,724,533	1.0071	2009	117,369,697	117,634,853	1.0023
2010	56,375,223	105,969,205	1.8797	2010	105,685,763	105,466,688	0.9979
2011		56,147,424		2011	56,141,218	106,197,584	1.8916
				2012		59,089,829	

  

Policy Year Valued	As of 12/31/12	As of 12/31/13	Ratio to Prior Year	Policy Year Valued	As of 12/31/13	As of 12/31/14	Ratio to Prior Year
Prior				Prior			
to 1986	489,300,038	489,300,049	1.0000	to 1986	465,888,470	465,888,470	1.0000
1986	74,284,287	74,284,287	1.0000	1986	68,471,463	68,471,463	1.0000
1987	86,837,158	86,837,158	1.0000	1987	80,729,756	80,729,756	1.0000
1988	102,840,753	102,840,753	1.0000	1988	97,193,411	97,193,411	1.0000
1989	110,849,850	110,849,850	1.0000	1989	104,330,508	104,330,508	1.0000
1990	99,845,527	99,845,527	1.0000	1990	93,201,292	93,201,292	1.0000
1991	95,243,194	95,270,637	1.0003	1991	88,915,520	88,970,063	1.0006
1992	88,360,645	88,360,689	1.0000	1992	81,255,348	81,255,348	1.0000
1993	90,008,567	90,007,678	1.0000	1993	84,219,715	84,219,715	1.0000
1994	82,904,593	82,907,013	1.0000	1994	76,946,298	76,946,238	1.0000
1995	79,770,680	79,770,674	1.0000	1995	68,608,339	68,608,363	1.0000
1996	83,564,476	83,564,448	1.0000	1996	77,084,262	77,084,265	1.0000
1997	86,827,022	86,826,986	1.0000	1997	80,658,057	80,658,082	1.0000
1998	92,223,434	92,223,414	1.0000	1998	83,914,105	83,914,117	1.0000
1999	87,489,566	87,489,505	1.0000	1999	80,436,284	80,436,255	1.0000
2000	94,454,369	94,454,228	1.0000	2000	85,444,662	85,444,582	1.0000
2001	95,607,540	95,550,342	0.9994	2001	88,355,780	88,355,745	1.0000
2002	118,702,397	118,683,097	0.9998	2002	113,524,774	113,542,658	1.0002
2003	133,528,167	133,528,937	1.0000	2003	129,000,451	129,000,422	1.0000
2004	151,804,417	151,804,673	1.0000	2004	147,890,352	147,889,225	1.0000
2005	187,183,565	187,180,200	1.0000	2005	182,292,751	182,291,066	1.0000
2006	206,329,151	206,323,495	1.0000	2006	201,624,857	201,632,653	1.0000
2007	199,183,878	199,161,539	0.9999	2007	194,907,421	194,904,596	1.0000
2008	150,496,711	150,509,809	1.0001	2008	147,839,496	147,836,067	1.0000
2009	117,634,853	117,553,644	0.9993	2009	115,784,415	115,777,284	0.9999
2010	105,466,688	105,446,250	0.9998	2010	104,151,722	104,277,261	1.0012
2011	106,197,584	106,362,395	1.0016	2011	105,088,515	105,049,594	0.9996
2012	59,089,829	114,668,587	1.9406	2012	113,211,748	113,384,419	1.0015
2013		69,772,013		2013	68,546,209	131,205,844	1.9141
				2014		76,501,712	

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 12/31/10	As of 12/31/11	Ratio to Prior Year	Policy Year Valued	As of 12/31/11	As of 12/31/12	Ratio to Prior Year
Prior to 1986	309,648,854	310,587,729	1.0030	Prior to 1986	310,583,738	310,482,849	0.9997
1986	43,817,069	44,148,200	1.0076	1986	44,145,761	44,195,168	1.0011
1987	54,604,022	54,823,232	1.0040	1987	54,822,703	55,074,540	1.0046
1988	53,865,231	53,681,302	0.9966	1988	53,682,459	53,728,619	1.0009
1989	60,127,968	60,887,119	1.0126	1989	60,886,061	60,818,649	0.9989
1990	63,657,269	63,823,657	1.0026	1990	63,822,677	63,944,957	1.0019
1991	61,005,222	61,008,416	1.0001	1991	61,007,328	60,914,484	0.9985
1992	56,397,730	56,490,857	1.0017	1992	56,492,583	56,679,956	1.0033
1993	65,821,533	65,829,333	1.0001	1993	65,829,643	66,124,597	1.0045
1994	51,810,868	53,007,140	1.0231	1994	53,006,484	52,677,343	0.9938
1995	55,821,693	56,678,052	1.0153	1995	56,677,210	57,254,978	1.0102
1996	69,708,853	71,626,433	1.0275	1996	71,562,470	72,362,317	1.0112
1997	66,394,734	66,977,594	1.0088	1997	66,942,715	67,520,089	1.0086
1998	61,821,930	62,461,288	1.0103	1998	62,459,711	62,468,949	1.0001
1999	74,203,031	74,452,080	1.0034	1999	74,450,368	74,996,318	1.0073
2000	98,962,910	100,231,289	1.0128	2000	100,231,780	101,582,862	1.0135
2001	82,084,813	82,571,029	1.0059	2001	82,571,322	83,226,328	1.0079
2002	87,462,635	88,424,921	1.0110	2002	88,425,125	90,195,822	1.0200
2003	90,646,590	92,482,749	1.0203	2003	92,481,236	95,612,826	1.0339
2004	94,623,858	95,691,356	1.0113	2004	95,689,407	96,929,852	1.0130
2005	96,529,201	99,126,407	1.0269	2005	99,125,519	102,574,020	1.0348
2006	88,378,939	96,124,116	1.0876	2006	94,534,157	97,593,403	1.0324
2007	92,914,649	99,770,456	1.0738	2007	99,769,427	101,351,839	1.0159
2008	74,012,611	85,565,058	1.1561	2008	85,564,230	90,830,300	1.0615
2009	60,356,479	80,740,118	1.3377	2009	80,104,967	93,846,408	1.1715
2010	23,731,638	73,508,269	3.0975	2010	73,266,748	90,271,889	1.2321
2011		30,469,737		2011	30,466,115	79,025,521	2.5939
				2012		20,143,719	

  

Policy Year Valued	As of 12/31/12	As of 12/31/13	Ratio to Prior Year	Policy Year Valued	As of 12/31/13	As of 12/31/14	Ratio to Prior Year
Prior to 1986	310,486,274	310,969,977	1.0016	Prior to 1986	298,307,916	298,316,591	1.0000
1986	44,194,876	43,773,094	0.9905	1986	40,731,577	40,756,835	1.0006
1987	55,074,531	55,251,501	1.0032	1987	51,068,774	51,132,031	1.0012
1988	53,164,434	53,299,274	1.0025	1988	50,909,638	50,866,448	0.9992
1989	60,802,828	60,940,056	1.0023	1989	59,099,819	59,199,784	1.0017
1990	63,894,047	63,614,776	0.9956	1990	58,659,593	58,681,094	1.0004
1991	60,868,135	60,664,624	0.9967	1991	56,292,098	56,208,885	0.9985
1992	56,598,539	56,516,137	0.9985	1992	52,486,975	52,513,970	1.0005
1993	66,005,264	65,166,341	0.9873	1993	61,558,004	61,847,857	1.0047
1994	52,527,948	53,711,468	1.0225	1994	48,654,520	47,888,201	0.9842
1995	56,383,406	56,269,973	0.9980	1995	48,736,572	48,666,172	0.9986
1996	72,069,253	72,965,887	1.0124	1996	68,680,335	68,042,742	0.9907
1997	67,089,484	67,475,269	1.0058	1997	63,621,467	63,623,582	1.0000
1998	61,296,386	61,648,834	1.0057	1998	56,687,384	56,650,278	0.9993
1999	74,026,935	73,625,822	0.9946	1999	65,334,418	64,470,858	0.9868
2000	99,780,311	101,767,040	1.0199	2000	92,077,945	91,640,926	0.9953
2001	81,565,732	81,378,499	0.9977	2001	69,508,002	69,504,718	1.0000
2002	86,677,649	85,653,414	0.9882	2002	81,026,243	81,419,342	1.0049
2003	95,419,139	96,974,745	1.0163	2003	92,821,486	94,285,796	1.0158
2004	96,929,023	96,918,433	0.9999	2004	93,560,539	94,761,277	1.0128
2005	102,573,552	103,532,160	1.0093	2005	98,688,245	100,651,791	1.0199
2006	100,300,425	103,891,091	1.0358	2006	101,709,951	105,842,558	1.0406
2007	101,349,709	104,731,145	1.0334	2007	100,307,557	103,203,004	1.0289
2008	90,830,453	95,607,149	1.0526	2008	91,826,512	97,736,485	1.0644
2009	93,846,536	99,944,979	1.0650	2009	98,429,600	108,137,433	1.0986
2010	90,271,526	105,505,058	1.1688	2010	100,621,738	107,169,291	1.0651
2011	79,024,708	96,103,664	1.2161	2011	94,604,211	103,280,607	1.0917
2012	20,143,920	65,934,599	3.2732	2012	65,147,946	82,549,603	1.2671
2013		24,251,233		2013	23,739,802	68,364,804	2.8798
				2014		21,899,253	

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 12/31/10	As of 12/31/11	Ratio to Prior Year	Policy Year Valued	As of 12/31/11	As of 12/31/12	Ratio to Prior Year
Prior to 1986	193,960,725	193,991,037	1.0002	Prior to 1986	193,989,907	193,851,142	0.9993
1986	25,561,945	25,519,371	0.9983	1986	25,519,371	25,551,932	1.0013
1987	30,597,293	30,630,490	1.0011	1987	30,630,490	30,661,267	1.0010
1988	29,351,205	29,285,480	0.9978	1988	29,285,480	29,315,542	1.0010
1989	31,587,638	31,656,381	1.0022	1989	31,656,381	31,606,682	0.9984
1990	33,185,300	33,216,940	1.0010	1990	33,216,940	33,196,473	0.9994
1991	30,731,073	30,775,849	1.0015	1991	30,775,849	30,717,063	0.9981
1992	26,778,896	26,826,126	1.0018	1992	26,826,126	26,748,729	0.9971
1993	31,910,119	31,970,649	1.0019	1993	31,970,649	32,421,428	1.0141
1994	23,941,750	24,545,738	1.0252	1994	24,545,738	23,997,353	0.9777
1995	24,908,764	24,988,433	1.0032	1995	24,988,433	24,979,419	0.9996
1996	30,625,161	30,750,667	1.0041	1996	30,707,479	30,790,561	1.0027
1997	31,052,911	31,044,219	0.9997	1997	31,037,066	31,158,888	1.0039
1998	27,390,822	27,599,888	1.0076	1998	27,599,888	27,737,206	1.0050
1999	32,140,011	31,891,181	0.9923	1999	31,891,181	32,583,107	1.0217
2000	43,484,114	43,257,521	0.9948	2000	43,257,521	43,069,691	0.9957
2001	35,733,637	36,303,942	1.0160	2001	36,303,942	36,311,042	1.0002
2002	36,897,409	36,945,505	1.0013	2002	36,945,505	37,184,443	1.0065
2003	38,082,280	38,694,787	1.0161	2003	38,694,787	39,169,791	1.0123
2004	37,630,063	37,801,288	1.0046	2004	37,801,288	38,565,525	1.0202
2005	39,679,662	39,978,465	1.0075	2005	39,978,465	41,205,830	1.0307
2006	37,844,217	40,502,741	1.0702	2006	40,087,380	40,682,046	1.0148
2007	39,253,275	39,130,309	0.9969	2007	39,130,309	39,833,962	1.0180
2008	28,119,963	33,551,280	1.1931	2008	33,551,280	34,614,692	1.0317
2009	22,830,721	30,555,377	1.3383	2009	30,228,861	36,726,707	1.2150
2010	6,750,974	21,779,417	3.2261	2010	21,700,514	28,477,714	1.3123
2011		8,181,222		2011	8,180,430	24,389,820	2.9815
				2012		7,133,322	

Policy Year Valued	As of 12/31/12	As of 12/31/13	Ratio to Prior Year	Policy Year Valued	As of 12/31/13	As of 12/31/14	Ratio to Prior Year
Prior to 1986	193,851,142	193,645,757	0.9989	Prior to 1986	186,150,443	185,901,500	0.9987
1986	25,551,932	25,514,484	0.9985	1986	23,709,165	23,723,623	1.0006
1987	30,661,267	30,308,049	0.9885	1987	28,269,226	28,257,440	0.9996
1988	28,997,564	29,133,080	1.0047	1988	27,710,649	27,679,096	0.9989
1989	31,597,837	31,657,577	1.0019	1989	30,708,351	30,641,912	0.9978
1990	33,168,310	33,118,496	0.9985	1990	31,021,213	30,984,679	0.9988
1991	30,696,893	30,480,835	0.9930	1991	28,256,316	28,545,765	1.0102
1992	26,705,267	26,613,759	0.9966	1992	24,612,693	24,564,268	0.9980
1993	32,385,344	32,119,224	0.9918	1993	30,431,635	30,403,388	0.9991
1994	23,927,088	24,815,880	1.0371	1994	22,365,729	22,112,170	0.9887
1995	24,849,072	24,823,176	0.9990	1995	21,115,280	21,121,605	1.0003
1996	30,691,267	30,810,970	1.0039	1996	28,971,115	28,867,673	0.9964
1997	30,925,132	30,966,530	1.0013	1997	29,299,510	29,242,375	0.9980
1998	27,421,070	27,322,522	0.9964	1998	25,050,610	25,036,652	0.9994
1999	32,132,794	32,010,542	0.9962	1999	28,316,523	28,258,447	0.9979
2000	42,360,058	43,152,699	1.0187	2000	38,528,223	38,632,232	1.0027
2001	35,640,805	35,733,869	1.0026	2001	30,606,043	30,662,324	1.0018
2002	35,675,826	35,736,286	1.0017	2002	33,842,350	33,722,424	0.9965
2003	39,053,414	39,372,927	1.0082	2003	37,611,460	38,541,271	1.0247
2004	38,565,525	38,912,046	1.0090	2004	37,400,693	37,707,416	1.0082
2005	41,205,830	41,450,447	1.0059	2005	40,203,152	40,252,964	1.0012
2006	41,439,300	42,772,471	1.0322	2006	41,731,888	42,161,584	1.0103
2007	39,833,962	41,000,948	1.0293	2007	39,369,701	40,835,546	1.0372
2008	34,614,692	36,305,545	1.0488	2008	34,340,954	35,561,757	1.0355
2009	36,726,707	38,892,192	1.0590	2009	38,302,469	40,708,680	1.0628
2010	28,477,714	35,592,421	1.2498	2010	34,178,244	36,127,907	1.0570
2011	24,389,820	31,374,817	1.2864	2011	30,814,418	33,881,558	1.0995
2012	7,133,322	22,015,191	3.0862	2012	21,716,539	28,718,571	1.3224
2013		8,102,822		2013	7,939,085	23,913,365	3.0121
				2014		7,909,972	

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 12/31/10	As of 12/31/11	Ratio to Prior Year	Policy Year Valued	As of 12/31/11	As of 12/31/12	Ratio to Prior Year
Prior to 1986	115,688,129	116,596,692	1.0079	Prior to 1986	116,593,831	116,631,707	1.0003
1986	18,255,124	18,628,829	1.0205	1986	18,626,390	18,643,236	1.0009
1987	24,006,729	24,192,742	1.0077	1987	24,192,213	24,413,273	1.0091
1988	24,514,026	24,395,822	0.9952	1988	24,396,979	24,413,077	1.0007
1989	28,540,330	29,230,738	1.0242	1989	29,229,680	29,211,967	0.9994
1990	30,471,969	30,606,717	1.0044	1990	30,605,737	30,748,484	1.0047
1991	30,274,149	30,232,567	0.9986	1991	30,231,479	30,197,421	0.9989
1992	29,618,834	29,664,731	1.0015	1992	29,666,457	29,931,227	1.0089
1993	33,911,414	33,858,684	0.9984	1993	33,858,994	33,703,169	0.9954
1994	27,869,118	28,461,402	1.0213	1994	28,460,746	28,679,990	1.0077
1995	30,912,929	31,689,619	1.0251	1995	31,688,777	32,275,559	1.0185
1996	39,083,692	40,875,766	1.0459	1996	40,854,991	41,571,756	1.0175
1997	35,341,823	35,933,375	1.0167	1997	35,905,649	36,361,201	1.0127
1998	34,431,108	34,861,400	1.0125	1998	34,859,823	34,731,743	0.9963
1999	42,063,020	42,560,899	1.0118	1999	42,559,187	42,413,211	0.9966
2000	55,478,796	56,973,768	1.0269	2000	56,974,259	58,513,171	1.0270
2001	46,351,176	46,267,087	0.9982	2001	46,267,380	46,915,286	1.0140
2002	50,565,226	51,479,416	1.0181	2002	51,479,620	53,011,379	1.0298
2003	52,564,310	53,787,962	1.0233	2003	53,786,449	56,443,035	1.0494
2004	56,993,795	57,890,068	1.0157	2004	57,888,119	58,364,327	1.0082
2005	56,849,539	59,147,942	1.0404	2005	59,147,054	61,368,190	1.0376
2006	50,534,722	55,621,375	1.1007	2006	54,446,777	56,911,357	1.0453
2007	53,661,374	60,640,147	1.1301	2007	60,639,118	61,517,877	1.0145
2008	45,892,648	52,013,778	1.1334	2008	52,012,950	56,215,608	1.0808
2009	37,525,758	50,184,741	1.3373	2009	49,876,106	57,119,701	1.1452
2010	16,980,664	51,728,852	3.0463	2010	51,566,234	61,794,175	1.1983
2011		22,288,515		2011	22,285,685	54,635,701	2.4516
				2012		13,010,397	

  

Policy Year Valued	As of 12/31/12	As of 12/31/13	Ratio to Prior Year	Policy Year Valued	As of 12/31/13	As of 12/31/14	Ratio to Prior Year
Prior to 1986	116,635,132	117,324,220	1.0059	Prior to 1986	112,157,473	112,415,091	1.0023
1986	18,642,944	18,258,610	0.9794	1986	17,022,412	17,033,212	1.0006
1987	24,413,264	24,943,452	1.0217	1987	22,799,548	22,874,591	1.0033
1988	24,166,870	24,166,194	1.0000	1988	23,198,989	23,187,352	0.9995
1989	29,204,991	29,282,479	1.0027	1989	28,391,468	28,557,872	1.0059
1990	30,725,737	30,496,280	0.9925	1990	27,638,380	27,696,415	1.0021
1991	30,171,242	30,183,789	1.0004	1991	28,035,782	27,663,120	0.9867
1992	29,893,272	29,902,378	1.0003	1992	27,874,282	27,949,702	1.0027
1993	33,619,920	33,047,117	0.9830	1993	31,126,369	31,444,469	1.0102
1994	28,600,860	28,895,588	1.0103	1994	26,288,791	25,776,031	0.9805
1995	31,534,334	31,446,797	0.9972	1995	27,621,292	27,544,567	0.9972
1996	41,377,986	42,154,917	1.0188	1996	39,709,220	39,175,069	0.9865
1997	36,164,352	36,508,739	1.0095	1997	34,321,957	34,381,207	1.0017
1998	33,875,316	34,326,312	1.0133	1998	31,636,774	31,613,626	0.9993
1999	41,894,141	41,615,280	0.9933	1999	37,017,895	36,212,411	0.9782
2000	57,420,253	58,614,341	1.0208	2000	53,549,722	53,008,694	0.9899
2001	45,924,927	45,644,630	0.9939	2001	38,901,959	38,842,394	0.9985
2002	51,001,823	49,917,128	0.9787	2002	47,183,893	47,696,918	1.0109
2003	56,365,725	57,601,818	1.0219	2003	55,210,026	55,744,525	1.0097
2004	58,363,498	58,006,387	0.9939	2004	56,159,846	57,053,861	1.0159
2005	61,367,722	62,081,713	1.0116	2005	58,485,093	60,398,827	1.0327
2006	58,861,125	61,118,620	1.0384	2006	59,978,063	63,680,974	1.0617
2007	61,515,747	63,730,197	1.0360	2007	60,937,856	62,367,458	1.0235
2008	56,215,761	59,301,604	1.0549	2008	57,485,558	62,174,728	1.0816
2009	57,119,829	61,052,787	1.0689	2009	60,127,131	67,428,753	1.1214
2010	61,793,812	69,912,637	1.1314	2010	66,443,494	71,041,384	1.0692
2011	54,634,888	64,728,847	1.1848	2011	63,789,793	69,399,049	1.0879
2012	13,010,598	43,919,408	3.3757	2012	43,431,407	53,831,032	1.2394
2013		16,148,411		2013	15,800,717	44,451,439	2.8133
				2014		13,989,281	

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 12/31/10	As of 12/31/11	Ratio to Prior Year	Policy Year Valued	As of 12/31/11	As of 12/31/12	Ratio to Prior Year
Prior to 1986	191,175,866	191,328,548	1.0008	Prior to 1986	191,327,418	191,652,838	1.0017
1986	24,831,169	24,841,194	1.0004	1986	24,841,194	24,901,986	1.0024
1987	30,140,018	30,241,544	1.0034	1987	30,241,544	30,237,593	0.9999
1988	28,765,565	28,842,284	1.0027	1988	28,842,284	28,891,842	1.0017
1989	30,850,497	31,157,649	1.0100	1989	31,157,649	31,157,909	1.0000
1990	32,293,914	32,372,194	1.0024	1990	32,372,194	32,444,044	1.0022
1991	29,489,454	29,524,841	1.0012	1991	29,524,841	29,691,868	1.0057
1992	26,613,363	26,515,669	0.9963	1992	26,515,669	26,683,204	1.0063
1993	30,808,705	30,999,497	1.0062	1993	30,999,497	31,197,569	1.0064
1994	22,684,965	22,828,002	1.0063	1994	22,828,002	22,919,069	1.0040
1995	24,147,835	24,294,306	1.0061	1995	24,294,306	24,341,964	1.0020
1996	29,186,017	29,659,273	1.0162	1996	29,616,085	29,772,791	1.0053
1997	28,792,104	29,061,057	1.0093	1997	29,053,904	29,442,300	1.0134
1998	25,999,454	26,408,964	1.0158	1998	26,408,964	26,677,148	1.0102
1999	30,708,773	30,806,650	1.0032	1999	30,806,650	31,141,747	1.0109
2000	39,648,830	40,143,368	1.0125	2000	40,143,368	40,570,487	1.0106
2001	32,875,759	33,811,618	1.0285	2001	33,811,618	34,198,317	1.0114
2002	33,645,987	34,717,921	1.0319	2002	34,717,921	35,155,782	1.0126
2003	33,961,203	35,255,021	1.0381	2003	35,255,021	35,979,392	1.0205
2004	33,921,820	35,366,564	1.0426	2004	35,366,564	36,261,922	1.0253
2005	31,808,536	34,738,932	1.0921	2005	34,738,932	36,367,505	1.0469
2006	29,189,642	32,760,208	1.1223	2006	32,344,850	34,826,041	1.0767
2007	25,422,905	29,869,561	1.1749	2007	29,869,561	33,564,749	1.1237
2008	16,327,770	23,662,972	1.4492	2008	23,662,972	28,511,920	1.2049
2009	7,766,785	16,321,011	2.1014	2009	16,145,615	24,415,496	1.5122
2010	1,787,340	8,170,574	4.5714	2010	8,102,199	15,502,111	1.9133
2011		2,594,845		2011	2,594,389	9,487,937	3.6571
				2012		1,502,171	

  

Policy Year Valued	As of 12/31/12	As of 12/31/13	Ratio to Prior Year	Policy Year Valued	As of 12/31/13	As of 12/31/14	Ratio to Prior Year
Prior to 1986	191,652,838	191,879,474	1.0012	Prior to 1986	184,403,141	184,421,280	1.0001
1986	24,901,986	24,923,659	1.0009	1986	23,199,174	23,243,283	1.0019
1987	30,237,593	29,777,432	0.9848	1987	27,739,497	27,790,550	1.0018
1988	28,573,864	28,794,496	1.0077	1988	27,372,066	27,376,603	1.0002
1989	31,149,064	31,259,930	1.0036	1989	30,310,704	30,308,173	0.9999
1990	32,415,881	32,435,281	1.0006	1990	30,337,725	30,405,010	1.0022
1991	29,671,698	29,757,094	1.0029	1991	27,532,504	28,110,892	1.0210
1992	26,639,742	26,581,177	0.9978	1992	24,580,111	24,534,947	0.9982
1993	31,161,485	31,232,338	1.0023	1993	29,544,749	29,577,402	1.0011
1994	22,848,804	22,899,457	1.0022	1994	20,449,306	21,352,696	1.0442
1995	24,200,842	24,253,180	1.0022	1995	20,803,570	20,815,138	1.0006
1996	29,673,497	29,853,666	1.0061	1996	28,147,161	28,245,037	1.0035
1997	29,208,544	29,587,194	1.0130	1997	27,938,217	28,175,232	1.0085
1998	26,361,097	26,434,660	1.0028	1998	24,159,601	24,404,376	1.0101
1999	30,691,434	31,411,246	1.0235	1999	27,866,016	27,952,795	1.0031
2000	39,865,854	40,287,400	1.0106	2000	36,111,102	36,425,378	1.0087
2001	33,528,500	33,950,123	1.0126	2001	29,253,267	29,581,654	1.0112
2002	33,657,716	34,179,712	1.0155	2002	32,285,776	32,696,295	1.0127
2003	35,863,015	36,565,044	1.0196	2003	34,905,133	36,110,803	1.0345
2004	36,261,922	37,518,334	1.0346	2004	36,003,288	36,589,736	1.0163
2005	36,367,505	37,650,418	1.0353	2005	36,617,325	37,658,124	1.0284
2006	35,450,215	37,329,223	1.0530	2006	36,281,443	38,272,180	1.0549
2007	33,564,749	36,240,920	1.0797	2007	34,844,133	35,925,539	1.0310
2008	28,511,920	31,623,522	1.1091	2008	30,133,639	31,809,978	1.0556
2009	24,415,496	28,957,371	1.1860	2009	28,647,317	32,123,839	1.1214
2010	15,502,111	24,478,931	1.5791	2010	24,163,612	29,013,181	1.2007
2011	9,487,937	19,160,744	2.0195	2011	18,900,917	26,352,308	1.3942
2012	1,502,171	7,907,030	5.2637	2012	7,805,174	15,917,593	2.0394
2013		1,726,219		2013	1,700,833	9,992,465	5.8750
				2014		1,458,345	

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 12/31/10	As of 12/31/11	Ratio to Prior Year	Policy Year Valued	As of 12/31/11	As of 12/31/12	Ratio to Prior Year
Prior				Prior			
to 1986	110,473,057	111,131,720	1.0060	to 1986	111,128,859	111,790,684	1.0060
1986	17,410,223	17,449,584	1.0023	1986	17,447,145	17,488,985	1.0024
1987	22,181,454	22,538,204	1.0161	1987	22,537,675	22,914,681	1.0167
1988	23,981,659	24,032,737	1.0021	1988	24,033,894	24,092,569	1.0024
1989	27,721,741	28,215,995	1.0178	1989	28,214,937	28,258,848	1.0016
1990	27,767,376	28,199,433	1.0156	1990	28,198,453	28,403,436	1.0073
1991	28,611,167	28,875,363	1.0092	1991	28,874,275	29,006,701	1.0046
1992	28,959,641	29,192,144	1.0080	1992	29,193,870	29,469,803	1.0095
1993	30,407,155	30,661,518	1.0084	1993	30,661,828	31,056,101	1.0129
1994	25,502,863	25,881,460	1.0148	1994	25,880,804	26,117,846	1.0092
1995	28,570,721	28,984,054	1.0145	1995	28,983,212	29,239,360	1.0088
1996	33,920,640	34,869,803	1.0280	1996	34,849,028	35,841,735	1.0285
1997	31,307,497	31,860,368	1.0177	1997	31,832,642	32,270,169	1.0137
1998	31,358,808	31,855,412	1.0158	1998	31,853,835	32,155,048	1.0095
1999	36,951,992	37,549,334	1.0162	1999	37,547,622	38,156,897	1.0162
2000	46,117,873	47,696,996	1.0342	2000	47,697,487	49,472,876	1.0372
2001	37,271,696	38,288,727	1.0273	2001	38,289,020	39,177,733	1.0232
2002	42,302,987	43,653,228	1.0319	2002	43,653,432	44,680,567	1.0235
2003	42,551,294	44,115,065	1.0368	2003	44,113,552	45,878,060	1.0400
2004	46,782,673	48,616,805	1.0392	2004	48,614,856	49,648,508	1.0213
2005	45,266,199	47,136,942	1.0413	2005	47,136,054	49,518,280	1.0505
2006	41,310,785	44,313,523	1.0727	2006	43,622,362	46,648,292	1.0694
2007	44,355,996	47,872,942	1.0793	2007	47,871,913	50,531,247	1.0556
2008	36,823,801	42,533,940	1.1551	2008	42,533,112	46,296,151	1.0885
2009	27,967,855	40,246,794	1.4390	2009	40,002,094	47,124,414	1.1780
2010	7,180,010	34,551,850	4.8122	2010	34,421,535	48,212,331	1.4006
2011		9,891,779		2011	9,891,495	38,183,429	3.8602
				2012		6,139,642	

  

Policy Year Valued	As of 12/31/12	As of 12/31/13	Ratio to Prior Year	Policy Year Valued	As of 12/31/13	As of 12/31/14	Ratio to Prior Year
Prior				Prior			
to 1986	111,794,109	112,802,280	1.0090	to 1986	107,600,908	108,210,509	1.0057
1986	17,488,693	17,656,155	1.0096	1986	16,486,149	16,631,043	1.0088
1987	22,914,672	23,515,675	1.0262	1987	21,597,653	21,792,128	1.0090
1988	23,846,362	23,967,150	1.0051	1988	23,077,407	23,152,448	1.0033
1989	28,251,872	28,501,929	1.0089	1989	27,609,753	27,967,941	1.0130
1990	28,380,689	28,647,440	1.0094	1990	26,372,733	26,525,390	1.0058
1991	28,980,522	29,149,461	1.0058	1991	27,021,613	27,150,944	1.0048
1992	29,431,848	29,611,487	1.0061	1992	27,583,392	27,797,808	1.0078
1993	30,972,852	31,359,531	1.0125	1993	29,537,581	29,740,059	1.0069
1994	26,038,716	26,297,186	1.0099	1994	23,686,970	24,192,379	1.0213
1995	28,486,530	29,153,111	1.0234	1995	25,555,846	25,827,282	1.0106
1996	35,647,965	36,373,344	1.0203	1996	34,515,732	35,080,728	1.0164
1997	32,073,320	32,573,973	1.0156	1997	31,021,814	31,661,207	1.0206
1998	31,537,887	31,841,067	1.0096	1998	29,308,978	29,434,760	1.0043
1999	37,637,997	38,064,263	1.0113	1999	33,634,685	33,786,520	1.0045
2000	48,934,443	50,123,662	1.0243	2000	45,818,592	46,757,009	1.0205
2001	38,352,197	39,198,493	1.0221	2001	33,985,663	34,668,604	1.0201
2002	42,983,283	44,411,733	1.0332	2002	41,809,698	43,099,128	1.0308
2003	45,800,750	47,566,237	1.0385	2003	45,694,497	47,112,025	1.0310
2004	49,647,679	50,880,644	1.0248	2004	49,021,034	50,344,140	1.0270
2005	49,517,812	51,411,108	1.0382	2005	49,473,384	50,883,082	1.0285
2006	47,556,310	49,767,914	1.0465	2006	48,958,319	51,194,023	1.0457
2007	50,529,117	52,896,608	1.0469	2007	51,070,918	52,898,267	1.0358
2008	46,296,304	50,526,595	1.0914	2008	48,952,046	51,471,339	1.0515
2009	47,124,542	51,829,782	1.0998	2009	51,244,730	54,212,482	1.0579
2010	48,211,968	56,070,512	1.1630	2010	54,293,781	60,045,548	1.1059
2011	38,182,616	51,528,936	1.3495	2011	51,012,120	56,784,459	1.1132
2012	6,139,843	31,943,650	5.2027	2012	31,672,213	43,124,393	1.3616
2013		7,188,412		2013	7,015,150	32,294,937	4.6036
				2014		6,081,426	

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, 2015 revision will include all available risks. It is proposed that catastrophes be limited in accordance with the procedure previously employed in other DCRB 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, 2015 filing. The values for these respective tables will be established such that the credibility 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.

The larger 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, 2015 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, 2015 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, 2016 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 2012 to 2014 Market Profile Report Data

Manual Year	Premium at Manual Rates	Collected Premium (Excluding Constants)	Collectible Premium Ratio (2)/(3)
(1)	(2)	(3)	(4)
<b>ALL INDUSTRIES</b>			
2012	180,072,989	204,121,325	0.8822
2013	223,370,944	239,557,911	0.9324
2014	239,362,173	244,614,014	0.9785
<b>TOTAL</b>	<b>642,806,106</b>	<b>688,293,250</b>	<b>0.9339</b>
<b>MANUFACTURING AND UTILITIES</b>			
2012	21,928,485	22,616,087	0.9696
2013	27,954,529	27,097,402	1.0316
2014	37,655,119	36,224,837	1.0395
<b>TOTAL</b>	<b>87,538,133</b>	<b>85,938,326</b>	<b>1.0186</b>
<b>CONTRACTING AND QUARRYING</b>			
2012	36,290,791	36,034,078	1.0071
2013	42,552,043	41,990,846	1.0134
2014	44,412,996	42,455,869	1.0461
<b>TOTAL</b>	<b>123,255,830</b>	<b>120,480,792</b>	<b>1.0230</b>
<b>OTHER INDUSTRIES</b>			
2012	121,853,713	145,471,160	0.8376
2013	152,864,372	170,469,663	0.8967
2014	157,294,058	165,933,309	0.9479
<b>TOTAL</b>	<b>432,012,143</b>	<b>481,874,132</b>	<b>0.8965</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</b>	<b>Average Law Multiplier</b>	<b>Adjustment Factor</b>	<b>Loss Ratio Development Factor</b>	<b>Expense Allowance ** 1 / (PLR/CPR)</b>	<b>Trend Factor</b>	<b>Product (2) * (3) * (4) *(5) * (6)</b>	<b>Expected Loss Rate Factor 1.0 / (7)</b>	<b>Factor to Reflect Approved Rate Levels*</b>	<b>Combined Effect (8) * (9)</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>	<b>(5)</b>	<b>(6)</b>	<b>(7)</b>	<b>(8)</b>	<b>(9)</b>	<b>(10)</b>
<b><u>Manufacturing and Utilities</u></b>									
2011	0.9025	1.0000	1.7090	1.7764	1.3838	3.7914	0.2638	1.0731	0.2831
2012	0.8972	1.0000	1.9527	1.7764	1.2755	3.9696	0.2519	1.0731	0.2703
2013	0.9495	1.0000	2.5043	1.7764	1.1761	4.9678	0.2013	1.0731	0.2160
<b><u>Contracting and Quarrying</u></b>									
2011	0.9025	1.0000	1.6440	1.7841	1.3838	3.6630	0.2730	1.0732	0.2930
2012	0.8972	1.0000	2.0346	1.7841	1.2755	4.1540	0.2407	1.0732	0.2583
2013	0.9495	1.0000	2.5494	1.7841	1.1761	5.0792	0.1969	1.0732	0.2113
<b><u>Other Industries</u></b>									
2011	0.9025	1.0000	1.5789	1.5635	1.3838	3.0830	0.3244	1.0731	0.3481
2012	0.8972	1.0000	1.8516	1.5635	1.2755	3.3129	0.3019	1.0731	0.3240
2013	0.9495	1.0000	2.4676	1.5635	1.1761	4.3084	0.2321	1.0731	0.2491

\* (12/1/15 Filed Change in Manual Rate Level)/(12/1/15 Approved Change in Manual Rate Level) by Industry Group from Page 1.

\*\* Permissible Loss Ratio = 0.5734  
 Collectible Premium Ratios  
     Manufacturing = 1.0186  
     Contracting = 1.0230  
     All Other = 0.8965

**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	57.34
Loss Adjustment Expense	11.46
Loss & Loss Adjustment	68.80
Premium Discount	8.95
Acquisition	8.88
General Expenses	3.20
Profit and Contingencies	1.82
Taxes	2.33
Uncollectible Premium	0.80
Workers' Compensation Fund	3.00
Administrative Assessment	2.22
	31.20

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:

$$E = 0.0495 = \frac{ACQ}{0.0888} + \frac{GEN}{0.0320} + \frac{PROFIT}{0.0182} - \frac{PREM DISC}{0.0895}$$

$$A = 0.0374 = 0.0388 \times \frac{1 - 0.0495 - 0.0613}{1 - 0.0173 - 0.0613}$$

Then

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

$$S = \text{Delaware Insurance Plan Subsidy} = 0.0306$$

$$T = \frac{0.0495 + 0.5734(1 + 0.1998 + 0.0374)}{0.0495 + 0.5734(1 + 0.1998)} \times \frac{1}{1 - 0.0613 - 0.0306} = 1.1332$$

## 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 =	0.5988
Second Adjustment	RDF =	0.4753
Third Adjustment	RDF =	0.3787

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:

$$\text{\$25,000 limit Hazard Group C ELF} = 0.668$$

$$\text{First Adjustment RDF} = (1 - 0.668) * 0.5988 = 0.1988$$

\* The use of retrospective development factors is optional.