

DELAWARE COMPENSATION RATING BUREAU, INC.

ACTUARIAL COMMITTEE

**Summary of Material for Modification of Experience
December 1, 2012 Residual Market Rate and Voluntary Market Loss Cost Revision**

Amended Filing

DELAWARE 2012 RESIDUAL MARKET RATE AND VOLUNTARY MARKET LOSS COST FILING

PROPOSED EFFECTIVE DATE - DECEMBER 1, 2012

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EXHIBIT I

INDICATED CHANGE IN RATE LEVEL

	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(1a) Policy Year 2007 Loss and Loss Adjustment Expense Ratio	0.3270	0.5855	0.9125
(1b) Policy Year 2008 Loss and Loss Adjustment Expense Ratio	0.2920	0.5521	0.8441
(1c) Policy Year 2009 Loss and Loss Adjustment Expense Ratio	0.3079	0.6189	0.9268
(1d) Policy Year 2010 Loss and Loss Adjustment Expense Ratio	0.3198	0.8068	1.1266
(1e) Average (Midpoint = 7/1/2009)	0.3117	0.6408	0.9525
(2a) Policy Year 2007 Loss and LAE Ratio Trended to 12/1/2013	0.2734	0.7256	
(2b) Policy Year 2008 Loss and LAE Ratio Trended to 12/1/2013	0.2516	0.6504	
(2c) Policy Year 2009 Loss and LAE Ratio Trended to 12/1/2013	0.2735	0.6933	
(2d) Policy Year 2010 Loss and LAE Ratio Trended to 12/1/2013	0.2928	0.8591	
(2e) Average at 12/1/2013	0.2728	0.7321	1.0049
(3a) Senate Bill 1 Adjustment	1.0000	0.8260	
(3b) Average Trended Loss and LAE Ratio Post-SB1 (2e)*(3a)	0.2728	0.6047	0.8775
(4a) Excess Loss Factor at \$2,229,397 (Post-SB1 Basis) *			0.0990
(4b) Provision for Excess Loss (5a)-(3b)			0.0964
(5a) Total Trended Loss and LAE Ratio (3b)/(1.0-(4a))	0.2780	0.6959	0.9739
(5b) Percentage of Total	28.55%	71.45%	
(6) Permissible Loss and Loss Adjustment Ratio			0.6827
(7) Indicated Change in Rates (5a) / (6)			1.4265
(8) Estimated Effect of the 7/1/13 Benefit Change			1.0062
(9) Indicated Change in Residual Market Rate Level (7) * (8)			1.4353
(9a) Factor to Adjust for Compromise With Insurance Department			0.8290
(9b) Change in Residual Market Rate Level to Reflect Compromise (9) * (9a)			1.190
(10) Indicated Change in Voluntary Market Loss Costs (9) * [0.7074 / 0.7343]			1.3827
(10a) Factor to Adjust for Compromise With Insurance Department			0.8290
(10b) Change in Voluntary Market Loss Cost Level to Reflect Compromise (10) * (10a)			1.146

CHANGES IN MANUAL PREMIUM LEVEL BY INDUSTRY GROUP

	Mfg.	Cont.	Other	Total
(11) Current Collectible Premium Ratio	0.8690	0.9585	0.8402	
(12) Proposed Collectible Premium Ratio	0.8705	0.9489	0.8331	
(13) Change in Collectible Premium Ratio (12) / (11)	1.0017	0.9900	0.9915	0.9922
(14) Change in Residual Market Manual Rate Level (9b) * (13)	1.1920	1.1781	1.1799	1.1807
(15) Change in Voluntary Market Manual Loss Cost Level (10b) * (13)	1.1479	1.1345	1.1363	1.1371
(16) Current Offset for Residual Market Surcharge				0.9955
(17) Proposed Offset for Residual Market Surcharge				0.9910
(18) Adjusted Change in Voluntary Market Manual Loss Cost Level (15) * (17)/(16)	1.1427	1.1294	1.1312	1.1320

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

EXHIBIT II
EXPENSE LOADING

	<u>Current %</u>	<u>Proposed %</u>
LOSS AND LOSS ADJUSTMENT EXPENSE		
Losses	60.51	57.23
Loss Adjustment Expense	10.50	11.04 a
Loss & Loss Adjustment	71.01	68.27
UNDERWRITING EXPENSES		
Commission	4.80	4.59
Other Acquisition	2.38	2.52
General Expenses	3.38	2.76
Premium Discount	8.53	8.77
State Premium Tax	2.00	2.00
Other State Tax	0.37	0.37
Uncollectible Premium	2.00	2.00
Administrative Assessment	2.42	2.47 b
Workers Compensation Fund	3.50	4.50
Deviations	0.00	0.00
Policyholder Dividends	0.00	0.00
Underwriting Profit	-0.39	1.75
Underwriting Expense Total	28.99	31.73

a - As ratio to loss, Loss Adjustment Expense = 0.1929
b - As ratio to loss, Administrative Assessment = 0.0431

RESIDUAL MARKET MINIMUM PREMIUM:

It is proposed that the Minimum Premium formula remain at

$$(240 * \text{Rate}) + \text{Expense Constant}$$

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 \$270 to \$280.

EXHIBIT III

**INTERNAL RATE OF RETURN ANALYSIS
STATE OF DELAWARE - 2012
TABLE I: INPUTS, ASSUMPTIONS & OUTPUTS**

Section 1: Inputs & Assumptions		
(1) Commissions *		4.59
(2) Other Expenses		5.65
(2A)	Other Acquisitions *	2.52
(2B)	General Expenses *	2.76
(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 **	4.50
(4) Premium Discount ***		8.77
(5) Deviations		0.00
(6) Dividends to Policyholders		0.00
(7) Premium Written		1,000,000
Investment Income		
(8A)	Pre-Tax Return on Assets	3.67
(8B)	Investment Income Tax Rate	0.74
(8C)	Post-Tax Return on Assets	2.93
(10) Reserve to Surplus Ratio		2.19
(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		
	<u>Indicated</u>	<u>Selected</u>
(1) Loss Ratio - including loss adjustment expense & loss based assessments	68.66	70.74
(2) Profit & Contingencies	3.83	1.75

EXHIBIT IV - 1

POLICY YEAR LOSS RATIO 2010*

(1) Standard Earned Premium Reported (Table I)			105,137,406
(2) Factor to 12/1/11 Rate Level (Exhibit V-1)			1.4653
(3) Premium Development Factor to Ultimate Level (Exhibit VI-1)			0.9909
(4) Expense Constant Removal Factor			0.9968
(5) DCCPAP On-Level Factor			1.0105
(6) Factor to Adjust to a Pre-Chancery Court Rate Level			1.0593
(7) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			162,883,448
Losses - Paid-to-22nd Method	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8) Paid Losses Reported (Table I-D & I-E)	8,145,030	34,570,569	42,715,599
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	5.3777	2.9154	
(10) Ultimate Incurred Losses (8) * (9)	43,801,528	100,787,037	144,588,565
Losses - Incurred Method			
(11) Incurred Losses Reported (Table I-B & I-C)	21,482,134	51,428,435	72,910,569
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.9846	2.3243	
(13) Ultimate Incurred Losses (11) * (12)	42,633,443	119,535,111	162,168,554
Losses - Average of Incurred and Paid-to-22nd			
(14) Ultimate Incurred Losses ((10) + (13))/2	43,217,486	110,161,074	153,378,560
(15) Factor to 7/2/12 Benefit Level (Exhibit V-3)	1.0104	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.1929	1.1929	
(17) Adjusted Losses (14) * (15) * (16)	52,090,302	131,411,145	183,501,447
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.3198	0.8068	1.1266
(19) Normalized Claim Frequency (Exhibit VII-3)	0.4441	0.4441	
(20) Severity Ratio** (18)/(19)	0.7201	1.8167	2.5368

* 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 2009*

(1)	Standard Earned Premium Reported (Table I)			117,508,334
(2)	Factor to 12/1/11 Rate Level (Exhibit V-1)			1.3456
(3)	Premium Development Factor to Ultimate Level (Exhibit VI-1)			1.0000
(4)	Expense Constant Removal Factor			0.9971
(5)	DCCPAP On-Level Factor			1.0105
(6)	Factor to Adjust to a Pre-Chancery Court Rate Level			1.0593
(7)	Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			168,763,551
Losses - Paid-to-22nd Method		<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8)	Paid Losses Reported (Table I-D & I-E)	16,311,940	40,464,497	56,776,437
(9)	Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	2.6247	2.0534	
(10)	Ultimate Incurred Losses (8) * (9)	42,813,949	83,089,798	125,903,747
Losses - Incurred Method				
(11)	Incurred Losses Reported (Table I-B & I-C)	30,505,507	50,515,353	81,020,860
(12)	Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.4302	1.8215	
(13)	Ultimate Incurred Losses (11) * (12)	43,628,976	92,013,715	135,642,691
Losses - Average of Incurred and Paid-to-22nd				
(14)	Ultimate Incurred Losses ((10) + (13))/2	43,221,463	87,551,757	130,773,220
(15)	Factor to 7/2/12 Benefit Level (Exhibit V-3)	1.0077	1.0000	
(16)	Factor to Include Loss Adjustment Expense	1.1929	1.1929	
(17)	Adjusted Losses (14) * (15) * (16)	51,955,887	104,440,491	156,396,378
(18)	Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.3079	0.6189	0.9268
(19)	Normalized Claim Frequency (Exhibit VII-3)	0.4631	0.4631	
(20)	Severity Ratio** (18)/(19)	0.6649	1.3364	2.0013

* 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 2008*

(1) Standard Earned Premium Reported (Table I)			150,145,589
(2) Factor to 12/1/11 Rate Level (Exhibit V-1)			1.0813
(3) Premium Development Factor to Ultimate Level (Exhibit VI-1)			1.0001
(4) Expense Constant Removal Factor			0.9974
(5) DCCPAP On-Level Factor			0.9989
(6) Factor to Adjust to a Pre-Chancery Court Rate Level			1.0593
(7) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			171,361,225
Losses - Paid-to-22nd Method	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8) Paid Losses Reported (Table I-D & I-E)	23,625,748	42,696,575	66,322,323
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.8126	1.7795	
(10) Ultimate Incurred Losses (8) * (9)	42,824,031	75,978,555	118,802,586
Losses - Incurred Method			
(11) Incurred Losses Reported (Table I-B & I-C)	33,053,278	51,851,994	84,905,272
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.2138	1.5940	
(13) Ultimate Incurred Losses (11) * (12)	40,120,069	82,652,078	122,772,147
Losses - Average of Incurred and Paid-to-22nd			
(14) Ultimate Incurred Losses ((10) + (13))/2	41,472,050	79,315,317	120,787,367
(15) Factor to 7/2/12 Benefit Level (Exhibit V-3)	1.0114	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.1929	1.1929	
(17) Adjusted Losses (14) * (15) * (16)	50,035,989	94,615,242	144,651,231
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.2920	0.5521	0.8441
(19) Normalized Claim Frequency (Exhibit VII-3)	0.4609	0.4609	
(20) Severity Ratio** (18)/(19)	0.6335	1.1979	1.8314

* 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 2007*

(1)	Standard Earned Premium Reported (Table I)			198,145,166
(2)	Factor to 12/1/11 Rate Level (Exhibit V-1)			0.8017
(3)	Premium Development Factor to Ultimate Level (Exhibit VI-1)			0.9996
(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			1.0593
(7)	Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			167,382,450
Losses - Paid-to-22nd Method		<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8)	Paid Losses Reported (Table I-D & I-E)	29,382,819	47,138,575	76,521,394
(9)	Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.5331	1.6447	
(10)	Ultimate Incurred Losses (8) * (9)	45,046,800	77,528,814	122,575,614
Losses - Incurred Method				
(11)	Incurred Losses Reported (Table I-B & I-C)	38,457,155	59,290,800	97,747,955
(12)	Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.1482	1.4635	
(13)	Ultimate Incurred Losses (11) * (12)	44,156,505	86,772,086	130,928,591
Losses - Average of Incurred and Paid-to-22nd				
(14)	Ultimate Incurred Losses ((10) + (13))/2	44,601,653	82,150,450	126,752,103
(15)	Factor to 7/2/12 Benefit Level (Exhibit V-3)	1.0287	1.0000	
(16)	Factor to Include Loss Adjustment Expense	1.1929	1.1929	
(17)	Adjusted Losses (14) * (15) * (16)	54,732,304	97,997,272	152,729,576
(18)	Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.3270	0.5855	0.9125
(19)	Normalized Claim Frequency (Exhibit VII-3)	0.5195	0.5195	
(20)	Severity Ratio** (18)/(19)	0.6295	1.1270	1.7565

* 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 2006*

(1)	Standard Earned Premium Reported (Table I)			204,697,518
(2)	Factor to 12/1/11 Rate Level (Exhibit V-2)			0.7807
(3)	Premium Development Factor to Ultimate Level (Exhibit VI-1)			0.9997
(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			1.0593
(7)	Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			168,117,964
Losses - Paid-to-22nd Method		<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8)	Paid Losses Reported (Table I-D & I-E)	32,379,633	44,239,818	76,619,451
(9)	Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.3901	1.5497	
(10)	Ultimate Incurred Losses (8) * (9)	45,010,928	68,558,446	113,569,374
Losses - Incurred Method				
(11)	Incurred Losses Reported (Table I-B & I-C)	39,705,222	55,219,393	94,924,615
(12)	Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.1178	1.3775	
(13)	Ultimate Incurred Losses (11) * (12)	44,382,497	76,064,714	120,447,211
Losses - Average of Incurred and Paid-to-22nd				
(14)	Ultimate Incurred Losses ((10) + (13))/2	44,696,713	72,311,580	117,008,293
(15)	Factor to 7/2/12 Benefit Level (Exhibit V-3)	1.0566	1.0000	
(16)	Factor to Include Loss Adjustment Expense	1.1929	1.1929	
(17)	Adjusted Losses (14) * (15) * (16)	56,336,548	86,260,484	142,597,032
(18)	Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.3351	0.5131	0.8482
(19)	Normalized Claim Frequency (Exhibit VII-3)	0.5587	0.5587	
(20)	Severity Ratio** (18)/(19)	0.5998	0.9184	1.5182

* 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.

EXHIBI IV - 6

POLICY YEAR LOSS RATIO 2005*

(1)	Standard Earned Premium Reported (Table I)			185,094,230
(2)	Factor to 12/1/11 Rate Level (Exhibit V-2)			0.8174
(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)	Factor to Adjust to a Pre-Chancery Court Rate Level			1.0593
(7)	Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			159,515,388
Losses - Paid-to-22nd Method		<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8)	Paid Losses Reported (Table I-D & I-E)	34,427,802	46,482,782	80,910,584
(9)	Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.3028	1.4757	
(10)	Ultimate Incurred Losses (8) * (9)	44,852,540	68,594,641	113,447,181
Losses - Incurred Method				
(11)	Incurred Losses Reported (Table I-B & I-C)	39,584,612	58,370,890	97,955,502
(12)	Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.0986	1.3160	
(13)	Ultimate Incurred Losses (11) * (12)	43,487,655	76,816,091	120,303,746
Losses - Average of Incurred and Paid-to-22nd				
(14)	Ultimate Incurred Losses ((10) + (13))/2	44,170,098	72,705,366	116,875,464
(15)	Factor to 7/2/12 Benefit Level (Exhibit V-3)	1.0789	1.0000	
(16)	Factor to Include Loss Adjustment Expense	1.1929	1.1929	
(17)	Adjusted Losses (14) * (15) * (16)	56,847,791	86,730,231	143,578,022
(18)	Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.3564	0.5437	0.9001
(19)	Normalized Claim Frequency (Exhibit VII-3)	0.5940	0.5940	
(20)	Severity Ratio** (18)/(19)	0.6000	0.9153	1.5153

* 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 2004*

(1) Standard Earned Premium Reported (Table I)			151,083,838
(2) Factor to 12/1/11 Rate Level (Exhibit V-2)			0.9296
(3) Premium Development Factor to Ultimate Level (Exhibit VI-1)			1.0017
(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			1.0593
(7) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			148,462,739
Losses - Paid-to-22nd Method	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8) Paid Losses Reported (Table I-D & I-E)	34,897,069	48,100,242	82,997,311
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.2442	1.4159	
(10) Ultimate Incurred Losses (8) * (9)	43,418,933	68,105,133	111,524,066
Losses - Incurred Method			
(11) Incurred Losses Reported (Table I-B & I-C)	37,331,793	57,373,505	94,705,298
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.0842	1.2691	
(13) Ultimate Incurred Losses (11) * (12)	40,475,130	72,812,715	113,287,845
Losses - Average of Incurred and Paid-to-22nd			
(14) Ultimate Incurred Losses ((10) + (13))/2	41,947,032	70,458,924	112,405,956
(15) Factor to 7/2/12 Benefit Level (Exhibit V-3)	1.0940	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.1929	1.1929	
(17) Adjusted Losses (14) * (15) * (16)	54,742,244	84,050,450	138,792,694
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.3687	0.5661	0.9348
(19) Normalized Claim Frequency (Exhibit VII-3)	0.6629	0.6629	
(20) Severity Ratio** (18)/(19)	0.5562	0.8540	1.4102

* 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 2003*

(1) Standard Earned Premium Reported (Table I)			133,013,574
(2) Factor to 12/1/11 Rate Level (Exhibit V-2)			0.8935
(3) Premium Development Factor to Ultimate Level (Exhibit VI-1)			1.0000
(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			1.0593
(7) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			125,592,716
Losses - Paid-to-22nd Method	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8) Paid Losses Reported (Table I-D & I-E)	35,173,727	43,372,051	78,545,778
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.2022	1.3663	
(10) Ultimate Incurred Losses (8) * (9)	42,285,855	59,259,233	101,545,088
Losses - Incurred Method			
(11) Incurred Losses Reported (Table I-B & I-C)	38,482,468	52,512,118	90,994,586
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.0723	1.2322	
(13) Ultimate Incurred Losses (11) * (12)	41,264,750	64,705,432	105,970,182
Losses - Average of Incurred and Paid-to-22nd			
(14) Ultimate Incurred Losses ((10) + (13))/2	41,775,303	61,982,333	103,757,636
(15) Factor to 7/2/12 Benefit Level (Exhibit V-3)	1.1069	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.1929	1.1929	
(17) Adjusted Losses (14) * (15) * (16)	55,160,988	73,938,725	129,099,713
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.4392	0.5887	1.0279
(19) Normalized Claim Frequency (Exhibit VII-3)	0.7533	0.7533	
(20) Severity Ratio** (18)/(19)	0.5830	0.7815	1.3645

* 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 2002*

(1) Standard Earned Premium Reported (Table I)			118,814,794
(2) Factor to 12/1/11 Rate Level (Exhibit V-2)			0.9524
(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			1.0593
(7) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			119,366,617
Losses - Paid-to-22nd Method	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8) Paid Losses Reported (Table I-D & I-E)	34,764,655	43,542,041	78,306,696
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.1709	1.3244	
(10) Ultimate Incurred Losses (8) * (9)	40,705,935	57,667,079	98,373,014
Losses - Incurred Method			
(11) Incurred Losses Reported (Table I-B & I-C)	36,992,239	51,368,229	88,360,468
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.0622	1.2020	
(13) Ultimate Incurred Losses (11) * (12)	39,293,156	61,744,611	101,037,767
Losses - Average of Incurred and Paid-to-22nd			
(14) Ultimate Incurred Losses ((10) + (13))/2	39,999,546	59,705,845	99,705,391
(15) Factor to 7/2/12 Benefit Level (Exhibit V-3)	1.1345	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.1929	1.1929	
(17) Adjusted Losses (14) * (15) * (16)	54,133,188	71,223,103	125,356,291
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.4535	0.5967	1.0502
(19) Normalized Claim Frequency (Exhibit VII-3)	0.7873	0.7873	
(20) Severity Ratio** (18)/(19)	0.5760	0.7579	1.3339

* 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 2001*

(1) Standard Earned Premium Reported (Table I)			96,047,049
(2) Factor to 12/1/11 Rate Level (Exhibit V-2)			1.1365
(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			1.0593
(7) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			114,914,516
Losses - Paid-to-22nd Method	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8) Paid Losses Reported (Table I-D & I-E)	33,173,475	37,644,822	70,818,297
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.1465	1.2886	
(10) Ultimate Incurred Losses (8) * (9)	38,033,389	48,509,118	86,542,507
Losses - Incurred Method			
(11) Incurred Losses Reported (Table I-B & I-C)	35,537,122	45,474,249	81,011,371
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.0534	1.1768	
(13) Ultimate Incurred Losses (11) * (12)	37,434,804	53,514,096	90,948,900
Losses - Average of Incurred and Paid-to-22nd			
(14) Ultimate Incurred Losses ((10) + (13))/2	37,734,097	51,011,607	88,745,704
(15) Factor to 7/2/12 Benefit Level (Exhibit V-3)	1.1605	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.1929	1.1929	
(17) Adjusted Losses (14) * (15) * (16)	52,237,592	60,851,746	113,089,338
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.4546	0.5295	0.9841
(19) Normalized Claim Frequency (Exhibit VII-3)	0.7774	0.7774	
(20) Severity Ratio** (18)/(19)	0.5848	0.6811	1.2659

* 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 2007 - 2010
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 12/1/11 RATE LEVEL	
2010	VOL	12/01/09	BASE	0.7574 *	0.8451	0.6401		
		12/01/10	0.9749	0.7384	0.0785	0.0580		
		12/01/11	1.1261	0.8315	-----	-----		
					0.9236	0.6981		
		RM	12/01/09	BASE	1.0000	0.0720	0.0720	
			12/01/10	0.9594	0.9594	0.0044	0.0042	
	12/01/11		1.1826	1.1346	-----	-----		
				0.0764	0.0762			
	*	Loss, LAE and LBA portion of 12/1/09 rate.					0.7743	1.4653
	2009	VOL	12/01/08	BASE	0.7511 *	0.8461	0.6355	
			12/01/09	0.9160	0.6880	0.0740	0.0509	
			12/01/10	1.0978	0.7553	-----	-----	
TO 12/1/11					0.9201	0.6864		
RM			12/01/08	BASE	1.0000	0.0755	0.0755	
			12/01/09	0.9083	0.9083	0.0044	0.0040	
		12/01/10	1.1346	1.0306	-----	-----		
				TO 12/1/11	0.0799	0.0795		
*		Loss, LAE and LBA portion of 12/1/08 rate.					0.7659	1.3456
2008		VOL	12/01/07	BASE	0.7627 *	0.2615	0.1994	
			10/01/08	0.8843	0.6745	0.5905	0.3983	
			12/01/08	0.8354	0.5635	0.0513	0.0289	
	12/01/09		1.0056	0.5667	-----	-----		
	TO 12/1/11				0.9033	0.6266		
	RM		12/01/07	BASE	1.0000	0.0287	0.0287	
		10/01/08	0.8843	0.8843	0.0647	0.0572		
		12/01/08	0.8484	0.7502	0.0033	0.0025		
		12/01/09	1.0305	0.7731	-----	-----		
		TO 12/1/11			0.0967	0.0884		
		*	Loss, LAE and LBA portion of 12/1/07 rate.					0.7150
	2007	VOL	12/01/06	BASE	0.7292 * +	0.8176	0.5962	
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 +	0.0104	0.0055		
12/01/08			0.8401	0.4456 +	-----	-----		
TO 12/1/11					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	0.8743	0.6031 +	-----	-----		
		TO 12/1/11			0.1202	0.1190		
*	Loss, LAE and LBA portion of 12/1/06 rate.					0.7523	0.8017	
+	Cumulative rate change							
Area								
I		0.7292			0.7292			
II		0.7292 x 0.8225			0.5998			
III		0.7292 x 0.8843			0.6448			
IV		0.7292 x 0.8225 x 0.8843			0.5304			
Current		0.7292 x 0.8225 x 0.8843 x 0.8354 x 0.9160 x 0.9749			0.3957			
Area								
I		1.0000			1.0000			
II		1.0000 x 0.7800			0.7800			
III		1.0000 x 0.8843			0.8843			
IV		1.0000 x 0.7800 x 0.8843			0.6898			
Current		1.0000 x 0.7800 x 0.8843 x 0.8484 x 0.9083 x 0.9594			0.5099			

EXHIBIT V - 2
POLICY YEARS 2001 - 2006
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 12/1/11 RATE LEVEL	
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	0.6110	0.4570		-----	-----		
		TO 12/1/11				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	0.6031	0.6186		-----	-----		
		TO 12/1/11				0.1758	0.1760		
	*	Loss, LAE and LBA portion of 12/1/05 rate.						0.7924	0.7807
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	0.6110	0.4942		-----	-----		
		TO 12/1/11				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	0.6186	0.6687		-----	-----		
		TO 12/1/11				0.2409	0.2420		
	*	Loss, LAE and LBA portion of 12/1/04 rate.						0.8181	0.8174
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	0.6544	0.5611		-----	-----		
		TO 12/1/11				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	0.6687	0.7592		-----	-----		
		TO 12/1/11				0.2701	0.2728		
	*	Loss, LAE and LBA portion of 12/1/04 rate.						0.8167	0.9296
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	0.7637	0.5213		-----	-----		
		TO 12/1/11				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	0.7591	0.7053		-----	-----		
		TO 12/1/11				0.2300	0.2288		
	*	Loss, LAE and LBA portion of 12/1/02 rate.						0.7894	0.8935
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	0.7124	0.5561		-----	-----		
		TO 12/1/11				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	0.7053	0.7523		-----	-----		
		TO 12/1/11				0.1911	0.1919		
	*	Loss, LAE and LBA portion of 12/1/01 rate.						0.7899	0.9524
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	0.7564	0.6349		-----	-----		
		TO 12/1/11				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	0.7524	0.8590		-----	-----		
		TO 12/1/11				0.0946	0.0865		
	*	Loss, LAE and LBA portion of 12/1/99 rate.						0.7558	1.1365

EXHIBIT V - 3
POLICY YEARS 2001 - 2010
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 7/2/12 BENEFIT LEVEL
2010	6/04/09	BASE	1.0000	0.0796	0.0796	1.0104
	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	1.0161	1.0070	-----	-----	
				1.0000	0.9966	
2009	6/03/08	BASE	1.0000	0.0903	0.0903	1.0077
	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	1.0096	1.0101	-----	-----	
	TO 7/02/12			1.0000	1.0024	
2008	6/07/07	BASE	1.0000	0.0891	0.0891	1.0114
	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	1.0070	1.0293	-----	-----	
	TO 7/02/12			1.0000	1.0177	
2007	6/07/06	BASE	1.0000	0.0938	0.0938	1.0287
	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	1.0101	1.0598	-----	-----	
	TO 7/02/12			1.0000	1.0302	
2006	6/06/05	BASE	1.0000	0.0951	0.0951	1.0566
	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	1.0292	1.0810	-----	-----	
	TO 7/02/12			1.0000	1.0231	
2005	5/21/04	BASE	1.0000	0.0939	0.0939	1.0789
	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	1.0598	1.0957	-----	-----	
	TO 7/02/12			1.0000	1.0156	
2004	6/04/03	BASE	1.0000	0.0767	0.0767	1.0940
	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	1.0809	1.1059	-----	-----	
	TO 7/02/12			1.0000	1.0109	
2003	6/14/02	BASE	1.0000	0.0915	0.0915	1.1069
	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	1.0956	1.1373	-----	-----	
	TO 7/02/12			1.0000	1.0275	
2002	6/20/01	BASE	1.0000	0.1038	0.1038	1.1345
	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	1.1059	1.1609	-----	-----	
	TO 7/02/12			1.0000	1.0233	
2001	6/12/00	BASE	1.0000	0.1115	0.1115	1.1605
	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	1.1374	1.1890	-----	-----	
	TO 7/02/12			1.0000	1.0246	

EXHIBIT VI - 1

DEVELOPMENT FACTORS

PREMIUM

Reports in Ratio	Calendar Years <u>07-08</u>	Calendar Years <u>08-09</u>	Calendar Years <u>09-10</u>	Calendar Years <u>10-11</u>	Unweighted Average	Cumulative Average
2nd to 1st	0.9882	0.9901	0.9784	1.0069	0.9909	0.9909
3rd to 2nd	0.9975	0.9998	0.9994	1.0030	0.9999	1.0000
4th to 3rd	0.9974	0.9996	1.0049	1.0000	1.0005	1.0001
5th to 4th	0.9993	0.9999	1.0000	1.0005	0.9999	0.9996
6th to 5th	0.9999	0.9994	0.9995	0.9999	0.9997	0.9997
7th to 6th	0.9946	0.9981	1.0000	1.0005	0.9983	1.0000
8th to 7th	0.9999	1.0066	1.0000	1.0001	1.0017	1.0017
9th to 8th	1.0004	0.9983	0.9991	1.0013	1.0000 *	1.0000
10th to 9th	1.0000	0.9985	1.0000	0.9990	1.0000 *	1.0000
11th to 10th	1.0023	1.0000	1.0002	1.0004	1.0000 *	1.0000
12th to 11th	1.0000	1.0000	0.9955	1.0000	1.0000 *	1.0000
13th to 12th	1.0000	1.0000	1.0002	1.0000	1.0000 *	1.0000
14th to 13th	1.0002	1.0000	0.9980	1.0000	1.0000 *	1.0000
15th to 14th	0.9999	1.0000	0.9983	1.0000	1.0000 *	1.0000
16th to 15th	0.9998	1.0000	0.9987	1.0000	1.0000 *	1.0000
17th to 16th	1.0005	1.0001	1.0000	1.0000	1.0000 *	1.0000
18th to 17th	1.0000	1.0003	0.9993	1.0000	1.0000 *	1.0000
19th to 18th	1.0001	1.0000	0.9996	1.0001	1.0000 *	1.0000
20th to 19th	1.0001	0.9999	0.9991	1.0003	1.0000 *	1.0000
21st to 20th	1.0000	1.0000	0.9996	1.0002	1.0000 *	1.0000
22nd to 21st	1.0000	1.0000	1.0000	1.0001	1.0000 *	1.0000
Beyond 22nd	1.0005	0.9996	0.9980	1.0003	1.0000 *	1.0000

* Selected

EXHIBIT VI - 2

DEVELOPMENT FACTORS

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

<u>Reports in Ratio</u>		<u>Calendar Years 07-08</u>	<u>Calendar Years 08-09</u>	<u>Calendar Years 09-10</u>	<u>Calendar Years 10-11</u>	<u>Unweighted Average</u>	<u>Fitted Value</u>	<u>Cumulative Average</u>
2nd to 1st	a	1.8847	2.0617	2.1495	2.0997	2.0489	2.0489	5.3777
3rd to 2nd	a	1.4355	1.4826	1.4292	1.4445	1.4480	1.4480	2.6247
4th to 3rd	a	1.1592	1.1975	1.1982	1.1748	1.1824	1.1823	1.8126
5th to 4th	a	1.0891	1.1048	1.0950	1.1227	1.1029	1.1029	1.5331
6th to 5th	a	1.0538	1.0515	1.0692	1.0948	1.0673	1.0670	1.3901
7th to 6th	a	1.0281	1.0569	1.0510	1.0432	1.0448	1.0471	1.3028
8th to 7th	a	1.0437	1.0273	1.0256	1.0377	1.0336	1.0349	1.2442
9th to 8th	a	1.0301	1.0221	1.0524	1.0318	1.0341	1.0268	1.2022
10th to 9th	a	1.0197	1.0204	1.0263	1.0283	1.0237	1.0212	1.1709
11th to 10th	a	1.0135	1.0144	1.0024	1.0128	1.0108	1.0172	1.1465
12th to 11th	a	1.0066	1.0213	1.0189	1.0024	1.0123	1.0143	1.1272
13th to 12th	a	1.0021	1.0107	1.0086	1.0161	1.0094	1.0121	1.1113
14th to 13th	a	1.0141	1.0043	1.0222	1.0095	1.0125	1.0104	1.0980
15th to 14th	a	1.0164	1.0055	1.0068	1.0167	1.0114	1.0091	1.0867
16th to 15th	a	1.0015	1.0125	1.0016	1.0064	1.0055	1.0081	1.0769
17th to 16th	a	1.0064	1.0090	1.0052	1.0071	1.0069	1.0073	1.0682
18th to 17th	a	1.0154	1.0125	1.0026	1.0068	1.0093	1.0067	1.0605
19th to 18th	a	1.0014	1.0510	1.0053	0.9963	1.0135	1.0062	1.0534
20th to 19th	a	1.0023	1.0011	1.0006	1.0012	1.0013	1.0058	1.0469
21st to 20th	a	0.9996	1.0021	1.0037	1.0024	1.0020	1.0055	1.0409
22nd to 21st	b	1.0338	1.0237	1.0253	1.0263	1.0273	1.0273	1.0352
Beyond 22nd	c	1.0450	0.9792	1.0074	0.9992	1.0077	1.0077	1.0077

INCURRED METHOD

<u>Reports in Ratio</u>		<u>Calendar Years 07-08</u>	<u>Calendar Years 08-09</u>	<u>Calendar Years 09-10</u>	<u>Calendar Years 10-11</u>	<u>Unweighted Average</u>	<u>Fitted Value</u>	<u>Cumulative Average</u>
2nd to 1st	c	1.3367	1.4040	1.4660	1.3438	1.3876	1.3876	1.9846
3rd to 2nd	c	1.1735	1.1782	1.1847	1.1836	1.1800	1.1783	1.4302
4th to 3rd	c	1.0281	1.0870	1.0722	0.9963	1.0459	1.0571	1.2138
5th to 4th	c	1.0414	1.0361	1.0408	1.0650	1.0458	1.0272	1.1482
6th to 5th	c	1.0065	1.0106	1.0139	1.0088	1.0100	1.0175	1.1178
7th to 6th	c	0.9990	1.0132	1.0312	1.0046	1.0120	1.0133	1.0986
8th to 7th	c	1.0182	1.0219	1.0083	1.0164	1.0162	1.0111	1.0842
9th to 8th	c	0.9938	1.0387	1.0171	1.0013	1.0127	1.0095	1.0723
10th to 9th	c	1.0066	1.0122	0.9904	1.0163	1.0064	1.0083	1.0622
11th to 10th	c	1.0099	1.0022	0.9933	0.9954	1.0002	1.0074	1.0534
12th to 11th	c	1.0015	0.9948	1.0065	0.9909	0.9984	1.0065	1.0457
13th to 12th	c	1.0063	1.0091	1.0001	1.0078	1.0058	1.0057	1.0390
14th to 13th	c	1.0041	1.0057	1.0137	0.9997	1.0058	1.0050	1.0331
15th to 14th	c	1.0094	1.0166	0.9894	1.0042	1.0049	1.0043	1.0279
16th to 15th	c	1.0000	1.0044	0.9970	1.0033	1.0012	1.0037	1.0235
17th to 16th	c	1.0037	1.0050	1.0039	1.0274	1.0100	1.0032	1.0197
18th to 17th	c	0.9814	1.0028	0.9973	1.0019	0.9959	1.0026	1.0165
19th to 18th	c	0.9944	1.0440	1.0154	1.0018	1.0139	1.0022	1.0139
20th to 19th	c	0.9956	1.0128	0.9977	1.0014	1.0019	1.0017	1.0116
21st to 20th	c	1.0026	1.0036	0.9931	1.0010	1.0001	1.0013	1.0099
22nd to 21st	c	0.9899	1.0042	1.0024	1.0024	0.9997	1.0009	1.0086
Beyond 22nd	c	1.0450	0.9792	1.0074	0.9992	1.0077	1.0077	1.0077

- a From Table I-D
- b 21st (Paid - Table I-D) to 22nd (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	2.0489	1.0489	1.0489	2.0489
3rd to 2nd	1.4480	0.4480	0.4480	1.4480
4th to 3rd	1.1824	0.1824	0.1823	1.1823
5th to 4th	1.1029	0.1029	0.1029	1.1029
6th to 5th	1.0673	0.0673	0.0670	1.0670
7th to 6th	1.0448	0.0448	0.0471	1.0471
8th to 7th	1.0336	0.0336	0.0349	1.0349
9th to 8th	1.0341	0.0341	0.0268	1.0268
10th to 9th	1.0237	0.0237	0.0212	1.0212
11th to 10th	1.0108	0.0108	0.0172	1.0172
12th to 11th	1.0123	0.0123	0.0143	1.0143
13th to 12th	1.0094	0.0094	0.0121	1.0121
14th to 13th	1.0125	0.0125	0.0104	1.0104
15th to 14th	1.0114	0.0114	0.0091	1.0091
16th to 15th	1.0055	0.0055	0.0081	1.0081
17th to 16th	1.0069	0.0069	0.0073	1.0073
18th to 17th	1.0093	0.0093	0.0067	1.0067
19th to 18th	1.0135	0.0135	0.0062	1.0062
20th to 19th	1.0013	0.0013	0.0058	1.0058
21st to 20th	1.0020	0.0020	0.0055	1.0055
22nd to 21st*	1.0273	0.0273	0.0273	1.0273

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

$$a = 0.007342 \quad b = -0.215679 \quad c = 4.075308 \quad d = -11.378421 \quad e = 21.903064 \quad f = -13.342716$$

* 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	1.3876	0.3876	0.3876	1.3876
3rd to 2nd	1.1800	0.1800	0.1783	1.1783
4th to 3rd	1.0459	0.0459	0.0571	1.0571
5th to 4th	1.0458	0.0458	0.0272	1.0272
6th to 5th	1.0100	0.0100	0.0175	1.0175
7th to 6th	1.0120	0.0120	0.0133	1.0133
8th to 7th	1.0162	0.0162	0.0111	1.0111
9th to 8th	1.0127	0.0127	0.0095	1.0095
10th to 9th	1.0064	0.0064	0.0083	1.0083
11th to 10th	1.0002	0.0002	0.0074	1.0074
12th to 11th	0.9984	-0.0016	0.0065	1.0065
13th to 12th	1.0058	0.0058	0.0057	1.0057
14th to 13th	1.0058	0.0058	0.0050	1.0050
15th to 14th	1.0049	0.0049	0.0043	1.0043
16th to 15th	1.0012	0.0012	0.0037	1.0037
17th to 16th	1.0100	0.0100	0.0032	1.0032
18th to 17th	0.9959	-0.0041	0.0026	1.0026
19th to 18th	1.0139	0.0139	0.0022	1.0022
20th to 19th	1.0019	0.0019	0.0017	1.0017
21st to 20th	1.0001	0.0001	0.0013	1.0013
22nd to 21st	0.9997	-0.0003	0.0009	1.0009
Beyond 22nd+	1.0077	0.0077	0.0077	1.0077

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

$$a = -0.010308 \quad b = 0.315695 \quad c = -1.984239 \quad d = 6.362799 \quad e = -4.296319$$

+ Selected four year average

EXHIBIT VI - 4

DEVELOPMENT FACTORS

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

Reports in Ratio		Calendar Years <u>07-08</u>	Calendar Years <u>08-09</u>	Calendar Years <u>09-10</u>	Calendar Years <u>10-11</u>	Unweighted Average	Fitted Value	Cumulative Average
2nd to 1st	a	1.3583	1.4530	1.4281	1.4397	1.4198	1.4198	2.9154
3rd to 2nd	a	1.1360	1.1592	1.1670	1.1532	1.1539	1.1539	2.0534
4th to 3rd	a	1.0858	1.0891	1.0743	1.0783	1.0819	1.0820	1.7795
5th to 4th	a	1.0622	1.0529	1.0656	1.0726	1.0633	1.0613	1.6447
6th to 5th	a	1.0545	1.0422	1.0514	1.0413	1.0474	1.0501	1.5497
7th to 6th	a	1.0318	1.0330	1.0389	1.0396	1.0358	1.0423	1.4757
8th to 7th	a	1.0436	1.0450	1.0528	1.0366	1.0445	1.0363	1.4159
9th to 8th	a	1.0226	1.0573	1.0294	1.0320	1.0353	1.0316	1.3663
10th to 9th	a	1.0232	1.0249	1.0386	1.0254	1.0280	1.0278	1.3244
11th to 10th	a	1.0175	1.0114	1.0226	1.0349	1.0216	1.0246	1.2886
12th to 11th	a	1.0301	1.0235	1.0132	1.0158	1.0207	1.0219	1.2576
13th to 12th	a	1.0166	1.0402	1.0134	1.0161	1.0216	1.0196	1.2307
14th to 13th	a	1.0184	1.0187	1.0196	1.0175	1.0186	1.0176	1.2070
15th to 14th	a	1.0218	0.9976	1.0025	1.0284	1.0126	1.0159	1.1862
16th to 15th	a	1.0098	1.0120	1.0116	1.0151	1.0121	1.0144	1.1676
17th to 16th	a	1.0107	1.0078	1.0180	1.0152	1.0129	1.0130	1.1510
18th to 17th	a	1.0065	1.0149	1.0066	1.0086	1.0092	1.0118	1.1362
19th to 18th	a	1.0120	1.0125	1.0058	1.0082	1.0096	1.0108	1.1230
20th to 19th	a	1.0099	1.0232	1.0082	1.0092	1.0126	1.0098	1.1110
21st to 20th	a	1.0076	1.0051	1.0148	1.0146	1.0105	1.0089	1.1002
22nd to 21st	b	1.0453	1.0952	1.0324	1.0547	1.0569	1.0569	1.0905
Beyond 22nd	c	1.0222	1.0308	0.9985	1.0756	1.0318	1.0318	1.0318

INCURRED METHOD

Reports in Ratio		Calendar Years <u>07-08</u>	Calendar Years <u>08-09</u>	Calendar Years <u>09-10</u>	Calendar Years <u>10-11</u>	Unweighted Average	Fitted Value	Cumulative Average
2nd to 1st	c	1.1907	1.2989	1.2786	1.3408	1.2773	1.2760	2.3243
3rd to 2nd	c	1.1591	1.1124	1.1156	1.1306	1.1294	1.1427	1.8215
4th to 3rd	c	1.0893	1.0912	1.1117	1.1285	1.1052	1.0892	1.5940
5th to 4th	c	1.0772	1.0771	1.0816	1.0996	1.0839	1.0624	1.4635
6th to 5th	c	1.0426	1.0217	1.0389	1.0408	1.0360	1.0468	1.3775
7th to 6th	c	1.0210	1.0316	1.0473	1.0159	1.0290	1.0369	1.3160
8th to 7th	c	1.0156	1.0190	1.0404	1.0236	1.0247	1.0300	1.2691
9th to 8th	c	1.0236	1.0216	1.0372	1.0181	1.0251	1.0251	1.2322
10th to 9th	c	0.9875	0.9789	1.0159	0.9979	0.9951	1.0214	1.2020
11th to 10th	c	1.0405	0.9928	1.0205	1.0280	1.0205	1.0185	1.1768
12th to 11th	c	1.0415	1.0244	1.0139	1.0081	1.0220	1.0162	1.1554
13th to 12th	c	1.0110	1.0371	1.0089	1.0127	1.0174	1.0144	1.1370
14th to 13th	c	1.0053	1.0067	1.0115	1.0099	1.0084	1.0129	1.1209
15th to 14th	c	1.0153	1.0008	1.0001	1.0471	1.0158	1.0116	1.1066
16th to 15th	c	1.0121	1.0292	1.0102	1.0261	1.0194	1.0106	1.0939
17th to 16th	c	1.0154	1.0040	1.0090	1.0219	1.0126	1.0097	1.0824
18th to 17th	c	1.0177	1.0086	0.9997	0.9983	1.0061	1.0089	1.0720
19th to 18th	c	1.0049	1.0164	1.0020	1.0016	1.0062	1.0082	1.0626
20th to 19th	c	0.9983	1.0074	1.0022	0.9986	1.0016	1.0076	1.0539
21st to 20th	c	1.0233	1.0056	1.0156	1.0045	1.0123	1.0071	1.0460
22nd to 21st	c	1.0083	1.0265	1.0017	1.0243	1.0152	1.0066	1.0386
Beyond 22nd	c	1.0222	1.0308	0.9985	1.0756	1.0318	1.0318	1.0318

- 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	1.4198	0.4198	0.4198	1.4198
3rd to 2nd	1.1539	0.1539	0.1539	1.1539
4th to 3rd	1.0819	0.0819	0.0820	1.0820
5th to 4th	1.0633	0.0633	0.0613	1.0613
6th to 5th	1.0474	0.0474	0.0501	1.0501
7th to 6th	1.0358	0.0358	0.0423	1.0423
8th to 7th	1.0445	0.0445	0.0363	1.0363
9th to 8th	1.0353	0.0353	0.0316	1.0316
10th to 9th	1.0280	0.0280	0.0278	1.0278
11th to 10th	1.0216	0.0216	0.0246	1.0246
12th to 11th	1.0207	0.0207	0.0219	1.0219
13th to 12th	1.0216	0.0216	0.0196	1.0196
14th to 13th	1.0186	0.0186	0.0176	1.0176
15th to 14th	1.0126	0.0126	0.0159	1.0159
16th to 15th	1.0121	0.0121	0.0144	1.0144
17th to 16th	1.0129	0.0129	0.0130	1.0130
18th to 17th	1.0092	0.0092	0.0118	1.0118
19th to 18th	1.0096	0.0096	0.0108	1.0108
20th to 19th	1.0126	0.0126	0.0098	1.0098
21st to 20th	1.0105	0.0105	0.0089	1.0089
22nd to 21st*	1.0569	0.0569	0.0569	1.0569

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

$a = -0.008548 \quad b = 0.361722 \quad c = -0.162137 \quad d = -2.053461 \quad e = 6.64012 \quad f = -4.357919$

* 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	1.2773	0.2773	0.2760	1.2760
3rd to 2nd	1.1294	0.1294	0.1427	1.1427
4th to 3rd	1.1052	0.1052	0.0892	1.0892
5th to 4th	1.0839	0.0839	0.0624	1.0624
6th to 5th	1.0360	0.0360	0.0468	1.0468
7th to 6th	1.0290	0.0290	0.0369	1.0369
8th to 7th	1.0247	0.0247	0.0300	1.0300
9th to 8th	1.0251	0.0251	0.0251	1.0251
10th to 9th	0.9951	-0.0049	0.0214	1.0214
11th to 10th	1.0205	0.0205	0.0185	1.0185
12th to 11th	1.0220	0.0220	0.0162	1.0162
13th to 12th	1.0174	0.0174	0.0144	1.0144
14th to 13th	1.0084	0.0084	0.0129	1.0129
15th to 14th	1.0158	0.0158	0.0116	1.0116
16th to 15th	1.0194	0.0194	0.0106	1.0106
17th to 16th	1.0126	0.0126	0.0097	1.0097
18th to 17th	1.0061	0.0061	0.0089	1.0089
19th to 18th	1.0062	0.0062	0.0082	1.0082
20th to 19th	1.0016	0.0016	0.0076	1.0076
21st to 20th	1.0123	0.0123	0.0071	1.0071
22nd to 21st	1.0152	0.0152	0.0066	1.0066
Beyond 22nd+	1.0318	0.0318	0.0318	1.0318

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

$a = -0.615826 \quad b = -0.671402 \quad c = -1.436103$

+ Selected four year average

EXHIBIT VII - 1

DETERMINATION OF TREND

INDEMNITY

Policy Year	2004	2005	2006	2007	2008	2009	2010
Actual Loss Ratio	0.3687	0.3564	0.3351	0.3270	0.2920	0.3079	0.3198
Normalized Frequency	0.6629	0.5940	0.5587	0.5195	0.4609	0.4631	0.4441
Severity Loss Ratio	0.5562	0.6000	0.5998	0.6295	0.6335	0.6649	0.7201
x	1	2	3	4	5	6	7
y	0.5562	0.6000	0.5998	0.6295	0.6335	0.6649	0.7201

7 Point Exponential Regression: $y = 0.541082 * 1.037651 ^ x$

Selected Annual Trend Factor **3.8%**

Policy Year	Fitted Value @ Midpoint of PY (1)	Fitted Value @ 12/1/11 (2)	Severity Trend Factor (3) = (2)/(1)	Frequency Trend Factor (4) #
2007	0.6273	0.7806	1.2444	0.6719
2008	0.6509	0.7806	1.1993	0.7186
2009	0.6754	0.7806	1.1558	0.7686
2010	0.7008	0.7806	1.1138	0.8220

Trended Loss Ratio

Policy Year	Actual Loss Ratio (5)	Combined Trend Factor (6) = (3)*(4)	Trended Loss Ratio (7) = (5)*(6)
2007	0.3270	0.8361	0.2734
2008	0.2920	0.8618	0.2516
2009	0.3079	0.8883	0.2735
2010	0.3198	0.9156	0.2928
Average			0.2728

See VII-3 for column (4).

EXHIBIT VII - 2

DETERMINATION OF TREND

MEDICAL

Policy Year	2004	2005	2006	2007	2008	2009	2010
Actual Loss Ratio	0.5661	0.5437	0.5131	0.5855	0.5521	0.6189	0.8068
Normalized Frequency	0.6629	0.5940	0.5587	0.5195	0.4609	0.4631	0.4441
Severity Loss Ratio	0.8540	0.9153	0.9184	1.1270	1.1979	1.3364	1.8167
x	1	2	3	4	5	6	7
y	0.8540	0.9153	0.9184	1.1270	1.1979	1.3364	1.8167

7 Point Exponential Regression: $y = 0.706551 * 1.012457 ^ x$

Selected Annual Trend Factor to 9/1/08 = 12.5%

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

**Selected Annual Trend Factor 9/1/08 to 12/1/13 = 10.7%
12.5% - 1.8% = 10.7%**

Policy Year	Trend Factor to 9/1/08 (1)	Trend Factor 9/1/08-12/1/13 (2)	Severity Trend Factor (3) = (1)*(2)	Frequency Trend Factor (4) #
2007	1.0817	1.7052	1.8445	0.6719
2008	0.9615	1.7052	1.6395	0.7186
2009	0.8547	1.7052	1.4574	0.7686
2010	0.7597	1.7052	1.2954	0.8220

Trended Loss Ratio

Policy Year	Actual Loss Ratio (5)	Combined Trend Factor (6) = (3)*(4)	Trended Loss Ratio (7) = (5)*(6)
2007	0.5855	1.2393	0.7256
2008	0.5521	1.1781	0.6504
2009	0.6189	1.1202	0.6933
2010	0.8068	1.0648	0.8591
Average			0.7321

See VII-3 for column (4).

EXHIBIT VII - 3

DETERMINATION OF TREND

Claim Frequency

Policy Year Frequency per \$1 million of Expected Losses
{1 = PY 1998, 13 = PY 2010}

Policy Year	Claim Frequency	Normalized Frequency
1998	23.22	1.0000
1999	22.88	0.9854
2000	20.72	0.8924
2001	18.05	0.7774
2002	18.28	0.7873
2003	17.49	0.7533
2004	15.39	0.6629
2005	13.79	0.5940
2006	12.97	0.5587
2007	12.06	0.5195
2008	10.70	0.4609
2009	10.75	0.4631
2010	10.31	0.4441

Policy Year	2004	2005	2006	2007	2008	2009	2010
x	1	2	3	4	5	6	7
y	0.7533	0.6629	0.5940	0.5587	0.5195	0.4609	0.4631

7 Point (2003 - 2009) Exponential Regression: $y = 0.686494 * 0.934660 ^ x$

Selected Frequency Trend Factor

-6.5%

Policy Year	Frequency Trend Factor (1)	# of Years to 12/1/13 (2)	Frequency Trend to 12/1/13 (3) = (1) ^ (2)
2007	0.9350	5.9167	0.6719
2008	0.9350	4.9167	0.7186
2009	0.9350	3.9167	0.7686
2010	0.9350	2.9167	0.8220

TABLE I

POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR

ACCUMULATED STANDARD EARNED PREMIUM

Policy Year Valued	As of 12/31/07	As of 12/31/08	Ratio to Prior Year	Policy Year Valued	As of 12/31/08	As of 12/31/09	Ratio to Prior Year
Prior				Prior			
to 1986	500,027,232	500,065,779	1.0001	to 1986	500,065,779	500,037,101	0.9999
1986	75,204,646	75,203,726	1.0000	1986	75,203,726	75,203,100	1.0000
1987	87,317,427	87,319,536	1.0000	1987	87,319,536	87,316,747	1.0000
1988	104,437,660	104,445,612	1.0001	1988	104,445,612	104,441,316	1.0000
1989	112,498,324	112,503,963	1.0001	1989	112,503,963	112,488,281	0.9999
1990	101,353,951	101,353,192	1.0000	1990	101,353,192	101,356,584	1.0000
1991	97,438,746	97,486,078	1.0005	1991	97,486,078	97,512,082	1.0003
1992	89,840,394	89,823,014	0.9998	1992	89,823,014	89,835,351	1.0001
1993	91,436,997	91,427,919	0.9999	1993	91,427,919	91,424,938	1.0000
1994	83,911,939	83,927,927	1.0002	1994	83,927,927	83,930,444	1.0000
1995	80,730,408	80,728,566	1.0000	1995	80,728,566	80,731,850	1.0000
1996	85,000,807	85,000,067	1.0000	1996	85,000,067	85,000,127	1.0000
1997	88,717,417	88,919,030	1.0023	1997	88,966,424	88,966,546	1.0000
1998	94,598,052	94,596,860	1.0000	1998	94,888,955	94,890,004	1.0000
1999	89,256,363	89,289,412	1.0004	1999	89,376,299	89,239,023	0.9985
2000	96,361,056	96,347,135	0.9999	2000	96,528,340	96,361,792	0.9983
2001	97,700,238	97,172,025	0.9946	2001	97,494,595	98,138,892	1.0066
2002	120,471,488	120,461,853	0.9999	2002	120,877,414	120,652,963	0.9981
2003	134,719,527	134,622,021	0.9993	2003	135,252,597	135,173,750	0.9994
2004	151,638,335	151,240,089	0.9974	2004	153,063,120	153,051,641	0.9999
2005	185,988,095	185,522,845	0.9975	2005	187,954,566	187,874,316	0.9996
2006	206,580,781	204,133,276	0.9882	2006	206,292,846	206,256,214	0.9998
2007	110,900,875	199,108,121	1.7954	2007	202,326,631	200,331,491	0.9901
2008		95,097,440		2008	96,541,660	154,292,445	1.5982
				2009		70,113,311	

Policy Year Valued	As of 12/31/09	As of 12/31/10	Ratio to Prior Year	Policy Year Valued	As of 12/31/10	As of 12/31/11	Ratio to Prior Year
Prior				Prior			
to 1986	499,452,019	499,339,469	0.9998	to 1986	486,633,467	486,648,375	1.0000
1986	75,116,185	75,091,481	0.9997	1986	71,969,940	71,963,571	0.9999
1987	87,195,345	87,174,940	0.9998	1987	84,748,011	84,760,837	1.0002
1988	104,227,219	104,227,215	1.0000	1988	102,027,679	102,028,448	1.0000
1989	112,207,720	112,163,952	0.9996	1989	109,672,032	109,682,464	1.0001
1990	101,041,810	100,948,192	0.9991	1990	98,521,840	98,540,758	1.0002
1991	97,185,120	97,145,795	0.9996	1991	95,120,538	95,148,830	1.0003
1992	89,471,572	89,407,873	0.9993	1992	87,285,573	87,296,004	1.0001
1993	91,022,360	91,021,753	1.0000	1993	88,526,308	88,527,478	1.0000
1994	83,521,059	83,415,656	0.9987	1994	80,359,045	80,356,782	1.0000
1995	80,322,593	80,189,548	0.9983	1995	76,597,192	76,597,286	1.0000
1996	84,592,600	84,422,807	0.9980	1996	80,998,444	80,997,792	1.0000
1997	88,447,524	88,465,516	1.0002	1997	85,842,342	85,842,388	1.0000
1998	93,693,620	93,270,196	0.9955	1998	90,954,651	90,958,783	1.0000
1999	88,664,904	88,679,052	1.0002	1999	86,936,249	86,938,422	1.0000
2000	96,061,265	96,060,299	1.0000	2000	94,234,376	94,267,780	1.0004
2001	97,919,517	97,826,652	0.9991	2001	96,147,064	96,047,049	0.9990
2002	120,441,237	120,438,832	1.0000	2002	118,664,878	118,814,794	1.0013
2003	134,718,451	134,715,218	1.0000	2003	132,995,440	133,013,574	1.0001
2004	153,027,135	152,952,017	0.9995	2004	151,001,873	151,083,838	1.0005
2005	187,872,207	187,879,261	1.0000	2005	185,104,370	185,094,230	0.9999
2006	206,256,214	207,263,337	1.0049	2006	204,597,095	204,697,518	1.0005
2007	200,331,491	200,205,897	0.9994	2007	198,152,858	198,145,166	1.0000
2008	154,292,445	150,963,947	0.9784	2008	149,693,124	150,145,589	1.0030
2009	70,109,789	117,418,568	1.6748	2009	116,708,565	117,508,334	1.0069
2010		56,440,946		2010	56,123,511	105,137,406	1.8733
				2011		55,648,746	

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 12/31/07	As of 12/31/08	Ratio to Prior Year	Policy Year Valued	As of 12/31/08	As of 12/31/09	Ratio to Prior Year
Prior				Prior			
to 1986	313,152,915	314,704,220	1.0050	to 1986	314,703,597	314,697,365	1.0000
1986	43,584,311	43,474,213	0.9975	1986	43,475,075	43,514,852	1.0009
1987	53,029,074	53,635,783	1.0114	1987	53,636,284	54,379,113	1.0138
1988	54,052,040	53,880,645	0.9968	1988	53,880,619	54,125,238	1.0045
1989	59,756,846	59,713,823	0.9993	1989	59,712,397	60,325,107	1.0103
1990	62,996,347	62,908,353	0.9986	1990	62,907,801	64,836,621	1.0307
1991	60,885,340	61,464,645	1.0095	1991	61,463,940	61,814,785	1.0057
1992	56,143,470	56,497,930	1.0063	1992	56,499,511	56,753,690	1.0045
1993	63,774,072	64,562,884	1.0124	1993	64,564,412	65,660,231	1.0170
1994	51,165,643	51,410,387	1.0048	1994	51,410,310	51,828,431	1.0081
1995	55,173,895	55,662,747	1.0089	1995	55,662,680	56,009,839	1.0062
1996	65,604,621	67,129,602	1.0232	1996	67,129,676	68,780,530	1.0246
1997	63,913,808	65,553,722	1.0257	1997	65,555,109	66,228,346	1.0103
1998	61,842,535	61,586,299	0.9959	1998	61,587,634	61,400,947	0.9970
1999	73,608,633	74,383,215	1.0105	1999	74,383,600	73,883,056	0.9933
2000	94,592,130	96,177,285	1.0168	2000	96,176,029	98,981,163	1.0292
2001	77,385,089	78,252,000	1.0112	2001	78,252,316	79,839,611	1.0203
2002	81,390,519	83,557,594	1.0266	2002	83,559,295	85,528,488	1.0236
2003	81,605,654	86,622,717	1.0615	2003	86,624,183	88,092,553	1.0170
2004	81,647,496	86,803,008	1.0631	2004	86,804,444	92,027,662	1.0602
2005	71,385,929	83,174,702	1.1651	2005	83,173,789	90,612,168	1.0894
2006	57,019,775	71,188,150	1.2485	2006	71,186,880	81,175,232	1.1403
2007	20,402,102	60,681,838	2.9743	2007	60,680,961	81,300,945	1.3398
2008		23,256,250		2008	23,256,305	55,667,913	2.3937
				2009		20,511,018	

Policy Year Valued	As of 12/31/09	As of 12/31/10	Ratio to Prior Year	Policy Year Valued	As of 12/31/10	As of 12/31/11	Ratio to Prior Year
Prior				Prior			
to 1986	314,332,418	313,272,611	0.9966	to 1986	306,368,179	307,326,826	1.0031
1986	43,492,327	44,655,098	1.0267	1986	43,202,719	43,533,850	1.0077
1987	54,373,784	54,484,901	1.0020	1987	52,839,986	53,059,194	1.0041
1988	53,925,833	54,038,354	1.0021	1988	53,388,784	53,204,856	0.9966
1989	60,297,176	60,520,931	1.0037	1989	59,776,409	60,540,555	1.0128
1990	64,553,400	64,541,453	0.9998	1990	63,115,304	63,280,974	1.0026
1991	61,773,075	62,311,404	1.0087	1991	61,078,243	61,080,107	1.0000
1992	56,677,696	56,596,380	0.9986	1992	55,244,649	55,337,775	1.0017
1993	65,687,673	66,115,715	1.0065	1993	64,217,131	64,220,212	1.0000
1994	51,607,242	51,817,120	1.0041	1994	49,045,951	50,242,222	1.0244
1995	56,059,279	55,794,979	0.9953	1995	53,439,543	54,294,322	1.0160
1996	68,857,425	69,715,810	1.0125	1996	67,440,092	69,341,913	1.0282
1997	66,088,717	66,404,908	1.0048	1997	64,694,549	65,024,702	1.0051
1998	61,231,321	61,881,621	1.0106	1998	60,813,563	61,452,921	1.0105
1999	73,621,026	74,251,236	1.0086	1999	71,030,756	71,077,996	1.0007
2000	98,630,480	99,076,835	1.0045	2000	97,026,693	98,361,393	1.0138
2001	79,913,043	82,177,618	1.0283	2001	80,535,664	81,011,371	1.0059
2002	85,566,724	87,842,972	1.0266	2002	87,398,183	88,360,468	1.0110
2003	87,617,677	91,157,850	1.0404	2003	89,161,061	90,994,586	1.0206
2004	92,179,627	94,836,895	1.0288	2004	93,638,922	94,705,298	1.0114
2005	90,807,208	96,659,051	1.0644	2005	95,318,927	97,955,502	1.0277
2006	81,102,707	88,764,539	1.0945	2006	87,498,430	94,924,615	1.0849
2007	81,322,786	93,011,420	1.1437	2007	91,141,809	97,747,955	1.0725
2008	55,679,357	74,819,975	1.3438	2008	73,787,697	84,905,272	1.1507
2009	20,515,444	60,789,555	2.9631	2009	60,376,295	81,020,860	1.3419
2010		23,868,334		2010	23,735,277	72,910,569	3.0718
				2011		32,307,860	

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 12/31/07	As of 12/31/08	Ratio to Prior Year	Policy Year Valued	As of 12/31/08	As of 12/31/09	Ratio to Prior Year
Prior				Prior			
to 1986	196,563,624	197,717,018	1.0059	to 1986	197,717,017	197,107,647	0.9969
1986	25,643,096	25,383,757	0.9899	1986	25,383,757	25,467,602	1.0033
1987	30,383,470	30,462,794	1.0026	1987	30,462,794	30,591,501	1.0042
1988	29,474,348	29,343,795	0.9956	1988	29,343,794	29,450,189	1.0036
1989	31,760,430	31,581,550	0.9944	1989	31,581,549	31,985,727	1.0128
1990	33,122,462	32,506,908	0.9814	1990	32,506,908	33,937,321	1.0440
1991	30,674,536	30,788,480	1.0037	1991	30,788,479	30,875,057	1.0028
1992	26,808,686	26,807,675	1.0000	1992	26,807,674	26,942,993	1.0050
1993	31,578,340	31,874,046	1.0094	1993	31,874,046	32,015,043	1.0044
1994	23,640,597	23,738,153	1.0041	1994	23,738,155	24,133,207	1.0166
1995	24,886,742	25,043,402	1.0063	1995	25,043,402	25,186,511	1.0057
1996	29,940,715	29,985,561	1.0015	1996	29,985,562	30,257,429	1.0091
1997	30,995,037	31,301,001	1.0099	1997	31,301,001	31,137,508	0.9948
1998	27,135,523	27,314,835	1.0066	1998	27,314,835	27,374,292	1.0022
1999	32,263,362	32,063,239	0.9938	1999	32,063,239	32,455,674	1.0122
2000	41,784,615	42,544,028	1.0182	2000	42,544,028	44,190,433	1.0387
2001	34,417,424	34,383,866	0.9990	2001	34,383,862	35,136,791	1.0219
2002	36,033,409	36,267,252	1.0065	2002	36,267,252	36,744,235	1.0132
2003	35,840,151	37,325,123	1.0414	2003	37,325,123	37,721,329	1.0106
2004	34,897,314	35,878,269	1.0281	2004	35,878,269	37,173,477	1.0361
2005	29,897,778	35,085,628	1.1735	2005	35,085,628	38,139,350	1.0870
2006	22,581,725	30,184,296	1.3367	2006	30,184,297	35,563,149	1.1782
2007	6,876,948	23,607,317	3.4328	2007	23,607,318	33,145,408	1.4040
2008		7,492,495		2008	7,492,497	19,361,261	2.5841
				2009		7,274,219	

Policy Year Valued	As of 12/31/09	As of 12/31/10	Ratio to Prior Year	Policy Year Valued	As of 12/31/10	As of 12/31/11	Ratio to Prior Year
Prior				Prior			
to 1986	196,703,630	196,333,339	0.9981	to 1986	192,028,161	192,080,494	1.0003
1986	25,459,165	26,010,936	1.0217	1986	25,244,698	25,202,124	0.9983
1987	30,588,202	30,602,885	1.0005	1987	29,682,972	29,716,169	1.0011
1988	29,362,003	29,432,876	1.0024	1988	29,094,059	29,028,335	0.9977
1989	31,966,926	31,747,870	0.9931	1989	31,372,928	31,446,656	1.0024
1990	33,785,123	33,706,524	0.9977	1990	33,165,896	33,197,560	1.0010
1991	30,804,903	31,279,961	1.0154	1991	30,712,644	30,757,165	1.0014
1992	26,938,661	26,867,057	0.9973	1992	26,302,915	26,350,145	1.0018
1993	31,932,257	32,057,617	1.0039	1993	31,215,663	31,276,193	1.0019
1994	24,024,187	23,952,144	0.9970	1994	22,265,791	22,876,268	1.0274
1995	25,183,129	24,915,440	0.9894	1995	23,785,596	23,865,265	1.0033
1996	30,214,485	30,627,386	1.0137	1996	29,733,173	29,858,680	1.0042
1997	31,055,543	31,058,470	1.0001	1997	30,414,093	30,405,401	0.9997
1998	27,235,235	27,413,550	1.0065	1998	26,862,838	27,071,904	1.0078
1999	32,366,568	32,149,324	0.9933	1999	30,581,616	30,302,787	0.9909
2000	43,952,436	43,531,751	0.9904	2000	42,424,977	42,228,385	0.9954
2001	35,184,768	35,785,370	1.0171	2001	34,966,818	35,537,122	1.0163
2002	36,761,968	37,065,442	1.0083	2002	36,944,143	36,992,239	1.0013
2003	37,347,351	38,510,725	1.0312	2003	37,859,960	38,482,468	1.0164
2004	37,183,178	37,698,717	1.0139	2004	37,161,234	37,331,793	1.0046
2005	38,141,523	39,696,454	1.0408	2005	39,237,599	39,584,612	1.0088
2006	35,407,742	37,963,976	1.0722	2006	37,282,146	39,705,222	1.0650
2007	33,148,074	39,269,713	1.1847	2007	38,600,906	38,457,155	0.9963
2008	19,368,361	28,393,125	1.4660	2008	27,924,894	33,053,278	1.1836
2009	7,275,396	22,909,601	3.1489	2009	22,700,437	30,505,507	1.3438
2010		6,761,261		2010	6,711,881	21,482,134	3.2006
				2011		8,108,395	

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 12/31/07	As of 12/31/08	Ratio to Prior Year	Policy Year Valued	As of 12/31/08	As of 12/31/09	Ratio to Prior Year
Prior				Prior			
to 1986	116,589,291	116,987,202	1.0034	to 1986	116,986,580	117,589,718	1.0052
1986	17,941,215	18,090,456	1.0083	1986	18,091,318	18,047,250	0.9976
1987	22,645,604	23,172,989	1.0233	1987	23,173,490	23,787,612	1.0265
1988	24,577,692	24,536,850	0.9983	1988	24,536,825	24,675,049	1.0056
1989	27,996,416	28,132,273	1.0049	1989	28,130,848	28,339,380	1.0074
1990	29,873,885	30,401,445	1.0177	1990	30,400,893	30,899,300	1.0164
1991	30,210,804	30,676,165	1.0154	1991	30,675,461	30,939,728	1.0086
1992	29,334,784	29,690,255	1.0121	1992	29,691,837	29,810,697	1.0040
1993	32,195,732	32,688,838	1.0153	1993	32,690,366	33,645,188	1.0292
1994	27,525,046	27,672,234	1.0053	1994	27,672,155	27,695,224	1.0008
1995	30,287,153	30,619,345	1.0110	1995	30,619,278	30,823,328	1.0067
1996	35,663,906	37,144,041	1.0415	1996	37,144,114	38,523,101	1.0371
1997	32,918,771	34,252,721	1.0405	1997	34,254,108	35,090,838	1.0244
1998	34,707,012	34,271,464	0.9875	1998	34,272,799	34,026,655	0.9928
1999	41,345,271	42,319,976	1.0236	1999	42,320,361	41,427,382	0.9789
2000	52,807,515	53,633,257	1.0156	2000	53,632,001	54,790,730	1.0216
2001	42,967,665	43,868,134	1.0210	2001	43,868,454	44,702,820	1.0190
2002	45,357,110	47,290,342	1.0426	2002	47,292,043	48,784,253	1.0316
2003	45,765,503	49,297,594	1.0772	2003	49,299,060	50,371,224	1.0217
2004	46,750,182	50,924,739	1.0893	2004	50,926,175	54,854,185	1.0771
2005	41,488,151	48,089,074	1.1591	2005	48,088,161	52,472,818	1.0912
2006	34,438,050	41,003,854	1.1907	2006	41,002,583	45,612,083	1.1124
2007	13,525,154	37,074,521	2.7412	2007	37,073,643	48,155,537	1.2989
2008		15,763,755		2008	15,763,808	36,306,652	2.3032
				2009		13,236,799	

Policy Year Valued	As of 12/31/09	As of 12/31/10	Ratio to Prior Year	Policy Year Valued	As of 12/31/10	As of 12/31/11	Ratio to Prior Year
Prior				Prior			
to 1986	117,628,788	116,939,272	0.9941	to 1986	114,340,018	115,246,332	1.0079
1986	18,033,162	18,644,162	1.0339	1986	17,958,021	18,331,726	1.0208
1987	23,785,582	23,882,016	1.0041	1987	23,157,014	23,343,025	1.0080
1988	24,563,830	24,605,478	1.0017	1988	24,294,725	24,176,521	0.9951
1989	28,330,250	28,773,061	1.0156	1989	28,403,481	29,093,899	1.0243
1990	30,768,277	30,834,929	1.0022	1990	29,949,408	30,083,414	1.0045
1991	30,968,172	31,031,443	1.0020	1991	30,365,599	30,322,942	0.9986
1992	29,739,035	29,729,323	0.9997	1992	28,941,734	28,987,630	1.0016
1993	33,755,416	34,058,098	1.0090	1993	33,001,468	32,944,019	0.9983
1994	27,583,055	27,864,976	1.0102	1994	26,780,160	27,365,954	1.0219
1995	30,876,150	30,879,539	1.0001	1995	29,653,947	30,429,057	1.0261
1996	38,642,940	39,088,424	1.0115	1996	37,706,919	39,483,233	1.0471
1997	35,033,174	35,346,438	1.0089	1997	34,280,456	34,619,301	1.0099
1998	33,996,086	34,468,071	1.0139	1998	33,950,725	34,381,017	1.0127
1999	41,254,458	42,101,912	1.0205	1999	40,449,140	40,775,209	1.0081
2000	54,678,044	55,545,084	1.0159	2000	54,601,716	56,133,008	1.0280
2001	44,728,275	46,392,248	1.0372	2001	45,568,846	45,474,249	0.9979
2002	48,804,756	50,777,530	1.0404	2002	50,454,040	51,368,229	1.0181
2003	50,270,326	52,647,125	1.0473	2003	51,301,101	52,512,118	1.0236
2004	54,996,449	57,138,178	1.0389	2004	56,477,688	57,373,505	1.0159
2005	52,665,685	56,962,597	1.0816	2005	56,081,328	58,370,890	1.0408
2006	45,694,965	50,800,563	1.1117	2006	50,216,284	55,219,393	1.0996
2007	48,174,712	53,741,707	1.1156	2007	52,540,903	59,290,800	1.1285
2008	36,310,996	46,426,850	1.2786	2008	45,862,803	51,851,994	1.1306
2009	13,240,048	37,879,954	2.8610	2009	37,675,858	50,515,353	1.3408
2010		17,107,073		2010	17,023,396	51,428,435	3.0210
				2011		24,199,465	

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 12/31/07	As of 12/31/08	Ratio to Prior Year	Policy Year Valued	As of 12/31/08	As of 12/31/09	Ratio to Prior Year
Prior				Prior			
to 1986	192,215,394	193,088,951	1.0045	to 1986	193,088,950	193,762,359	1.0035
1986	24,554,208	24,665,450	1.0045	1986	24,665,450	24,884,546	1.0089
1987	29,894,796	29,884,177	0.9996	1987	29,884,177	30,056,654	1.0058
1988	28,626,563	28,692,644	1.0023	1988	28,692,643	28,752,627	1.0021
1989	30,838,228	30,880,680	1.0014	1989	30,880,679	30,916,154	1.0011
1990	30,872,606	31,348,864	1.0154	1990	31,348,864	32,949,094	1.0510
1991	29,391,434	29,578,405	1.0064	1991	29,578,404	29,946,672	1.0125
1992	26,370,267	26,410,982	1.0015	1992	26,410,981	26,647,402	1.0090
1993	29,935,772	30,427,086	1.0164	1993	30,427,086	30,807,826	1.0125
1994	22,326,915	22,642,813	1.0141	1994	22,642,815	22,767,955	1.0055
1995	23,841,525	23,891,496	1.0021	1995	23,891,496	23,993,951	1.0043
1996	28,072,192	28,257,649	1.0066	1996	28,257,650	28,560,659	1.0107
1997	27,660,768	28,034,403	1.0135	1997	28,034,403	28,632,547	1.0213
1998	24,861,435	25,350,663	1.0197	1998	25,350,663	25,716,578	1.0144
1999	29,243,043	30,122,064	1.0301	1999	30,122,064	30,736,369	1.0204
2000	36,493,921	38,088,179	1.0437	2000	38,088,180	38,929,473	1.0221
2001	29,633,357	30,466,691	1.0281	2001	30,466,687	31,299,086	1.0273
2002	29,608,580	31,202,262	1.0538	2002	31,202,262	32,978,333	1.0569
2003	28,771,200	31,334,752	1.0891	2003	31,334,752	32,948,102	1.0515
2004	24,825,594	28,777,078	1.1592	2004	28,777,078	31,791,627	1.1048
2005	16,905,634	24,268,739	1.4355	2005	24,268,740	29,061,375	1.1975
2006	8,754,461	16,499,555	1.8847	2006	16,499,556	24,461,719	1.4826
2007	1,951,001	8,632,917	4.4249	2007	8,632,918	17,798,124	2.0617
2008		1,886,543		2008	1,886,544	7,649,619	4.0548
				2009		1,718,914	

Policy Year Valued	As of 12/31/09	As of 12/31/10	Ratio to Prior Year	Policy Year Valued	As of 12/31/10	As of 12/31/11	Ratio to Prior Year
Prior				Prior			
to 1986	193,330,974	193,403,677	1.0004	to 1986	189,182,190	189,344,819	1.0009
1986	24,876,109	25,280,160	1.0162	1986	24,513,922	24,523,947	1.0004
1987	30,054,654	30,145,610	1.0030	1987	29,225,697	29,327,223	1.0035
1988	28,705,343	28,847,236	1.0049	1988	28,508,419	28,585,139	1.0027
1989	30,897,343	31,010,729	1.0037	1989	30,640,787	30,947,924	1.0100
1990	32,796,215	32,815,138	1.0006	1990	32,274,510	32,352,814	1.0024
1991	29,875,596	30,032,474	1.0053	1991	29,465,157	29,500,545	1.0012
1992	26,631,389	26,701,524	1.0026	1992	26,137,382	26,039,688	0.9963
1993	30,778,452	30,938,820	1.0052	1993	30,096,866	30,302,191	1.0068
1994	22,658,935	22,695,359	1.0016	1994	21,009,006	21,158,532	1.0071
1995	23,990,569	24,154,511	1.0068	1995	23,040,104	23,186,575	1.0064
1996	28,553,277	29,188,242	1.0222	1996	28,359,634	28,832,891	1.0167
1997	28,553,529	28,797,663	1.0086	1997	28,176,366	28,445,319	1.0095
1998	25,539,021	26,022,182	1.0189	1998	25,471,470	25,880,980	1.0161
1999	30,643,806	30,718,086	1.0024	1999	29,366,338	29,436,131	1.0024
2000	38,679,241	39,696,467	1.0263	2000	38,589,694	39,084,232	1.0128
2001	31,288,477	32,927,492	1.0524	2001	32,261,691	33,173,475	1.0283
2002	32,971,070	33,814,020	1.0256	2002	33,692,721	34,764,655	1.0318
2003	32,721,056	34,389,648	1.0510	2003	33,896,939	35,173,727	1.0377
2004	31,791,627	33,990,474	1.0692	2004	33,452,992	34,897,069	1.0432
2005	29,061,375	31,823,548	1.0950	2005	31,447,417	34,427,802	1.0948
2006	24,461,719	29,309,401	1.1982	2006	28,840,226	32,379,633	1.1227
2007	17,798,124	25,437,791	1.4292	2007	25,011,076	29,382,819	1.1748
2008	7,649,619	16,442,843	2.1495	2008	16,355,220	23,625,748	1.4445
2009	1,718,914	7,799,040	4.5372	2009	7,768,884	16,311,940	2.0997
2010		1,794,075		2010	1,782,006	8,145,030	4.5707
				2011		2,578,481	

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 12/31/07	As of 12/31/08	Ratio to Prior Year	Policy Year Valued	As of 12/31/08	As of 12/31/09	Ratio to Prior Year
Prior				Prior			
to 1986	109,638,679	110,493,198	1.0078	to 1986	110,492,576	111,310,787	1.0074
1986	17,305,768	17,358,995	1.0031	1986	17,359,857	17,400,695	1.0024
1987	21,556,438	21,720,174	1.0076	1987	21,720,675	21,881,701	1.0074
1988	23,587,168	23,820,975	1.0099	1988	23,820,950	23,943,609	1.0051
1989	26,618,995	26,938,261	1.0120	1989	26,936,836	27,560,466	1.0232
1990	27,509,805	27,688,502	1.0065	1990	27,687,950	28,034,476	1.0125
1991	28,282,347	28,583,595	1.0107	1991	28,582,891	29,008,875	1.0149
1992	28,447,069	28,725,195	1.0098	1992	28,726,777	28,949,976	1.0078
1993	29,064,427	29,698,778	1.0218	1993	29,700,306	30,055,973	1.0120
1994	24,938,219	25,397,855	1.0184	1994	25,397,776	25,337,597	0.9976
1995	27,512,084	27,967,730	1.0166	1995	27,967,663	28,491,303	1.0187
1996	31,109,894	32,046,306	1.0301	1996	32,046,379	33,334,725	1.0402
1997	29,764,894	30,285,302	1.0175	1997	30,286,689	30,998,171	1.0235
1998	30,237,904	30,939,180	1.0232	1998	30,940,515	31,292,307	1.0114
1999	34,706,539	35,492,293	1.0226	1999	35,492,678	36,377,816	1.0249
2000	40,443,398	42,207,331	1.0436	2000	42,206,074	44,623,735	1.0573
2001	33,643,057	34,712,956	1.0318	2001	34,713,275	36,274,460	1.0450
2002	37,095,570	39,118,450	1.0545	2002	39,120,151	40,412,895	1.0330
2003	37,274,052	39,594,234	1.0622	2003	39,595,700	41,266,754	1.0422
2004	39,064,463	42,417,471	1.0858	2004	42,418,907	44,661,894	1.0529
2005	34,414,696	39,096,234	1.1360	2005	39,095,321	42,579,023	1.0891
2006	24,578,103	33,385,487	1.3583	2006	33,384,217	38,700,181	1.1592
2007	5,941,189	26,204,952	4.4107	2007	26,204,074	38,073,883	1.4530
2008		8,405,743		2008	8,405,796	26,029,673	3.0966
				2009		6,447,732	

Policy Year Valued	As of 12/31/09	As of 12/31/10	Ratio to Prior Year	Policy Year Valued	As of 12/31/10	As of 12/31/11	Ratio to Prior Year
Prior				Prior			
to 1986	111,211,932	111,742,427	1.0048	to 1986	109,135,025	109,794,129	1.0060
1986	17,385,882	17,699,788	1.0181	1986	17,013,647	17,066,125	1.0031
1987	21,873,242	22,185,982	1.0143	1987	21,460,980	21,804,613	1.0160
1988	23,832,390	24,073,111	1.0101	1988	23,762,358	23,813,436	1.0021
1989	27,547,657	27,954,472	1.0148	1989	27,584,892	28,079,156	1.0179
1990	27,902,837	28,130,337	1.0082	1990	27,586,044	27,988,714	1.0146
1991	28,964,136	29,131,011	1.0058	1991	28,493,553	28,755,352	1.0092
1992	28,878,313	29,070,130	1.0066	1992	28,282,541	28,515,043	1.0082
1993	30,012,684	30,553,836	1.0180	1993	29,597,884	29,851,284	1.0086
1994	25,206,401	25,498,721	1.0116	1994	24,413,905	24,786,013	1.0152
1995	28,466,719	28,537,331	1.0025	1995	27,345,426	27,757,747	1.0151
1996	33,273,908	33,925,372	1.0196	1996	32,880,215	33,815,445	1.0284
1997	30,897,728	31,312,112	1.0134	1997	30,677,322	31,212,856	1.0175
1998	30,987,267	31,395,771	1.0132	1998	30,878,425	31,375,029	1.0161
1999	36,172,221	36,990,883	1.0226	1999	35,468,955	36,029,994	1.0158
2000	44,469,519	46,184,161	1.0386	2000	45,240,793	46,819,917	1.0349
2001	36,247,279	37,312,767	1.0294	2001	36,713,650	37,644,822	1.0254
2002	40,383,922	42,515,291	1.0528	2002	42,191,801	43,542,041	1.0320
2003	41,035,952	42,634,109	1.0389	2003	41,840,613	43,372,051	1.0366
2004	44,634,064	46,927,056	1.0514	2004	46,266,566	48,100,242	1.0396
2005	42,578,490	45,373,584	1.0656	2005	44,638,077	46,482,782	1.0413
2006	38,700,373	41,576,626	1.0743	2006	41,245,762	44,239,818	1.0726
2007	38,072,870	44,430,807	1.1670	2007	43,715,203	47,138,575	1.0783
2008	26,029,076	37,173,343	1.4281	2008	37,023,528	42,696,575	1.1532
2009	6,447,559	28,192,261	4.3725	2009	28,107,038	40,464,497	1.4397
2010		7,241,613		2010	7,195,201	34,570,569	4.8047
				2011		9,935,311	

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, 2012 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, 2012 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, 2012 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, 2012 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, 2013 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 2007 to 2009 Unit Data

Manual Year (1)	Premium at Manual Rates (2)	Collected Premium (Excluding Constants) (3)	Collectible Premium Ratio (2)/(3) (4)
ALL INDUSTRIES			
2007	323,903,637	346,762,168	0.9341
2008	241,689,434	278,995,736	0.8663
2009	179,947,692	211,766,832	0.8497
TOTAL	745,540,763	837,524,736	0.8902
SELECTED			0.8591
MANUFACTURING AND UTILITIES			
2007	47,974,285	50,392,102	0.9520
2008	33,578,592	38,695,648	0.8678
2009	25,852,612	29,579,187	0.8740
TOTAL	107,405,489	118,666,937	0.9051
SELECTED			0.8705
CONTRACTING AND QUARRYING			
2007	69,379,080	69,427,462	0.9993
2008	49,120,610	51,329,481	0.9570
2009	34,649,300	36,955,731	0.9376
TOTAL	153,148,990	157,712,674	0.9711
SELECTED			0.9489
OTHER INDUSTRIES			
2007	206,550,272	226,942,604	0.9101
2008	158,990,232	188,970,607	0.8413
2009	119,445,780	145,231,914	0.8224
TOTAL	484,986,284	561,145,125	0.8643
SELECTED			0.8331

* Excludes classifications and coverages not subject to experience rating.

EXHIBIT X

EXPECTED LOSS RATE FACTORS

CALCULATION OF EXPECTED LOSS RATE FACTORS

Policy Year Beginning 12/1	Average Law Multiplier	Adjustment Factor	Loss Ratio Development Factor	Expense Allowance ** 1 / (PLR/CPR)	Trend Factor	Product (2) * (3) * (4) *(5) * (6)	Expected Loss Rate Factor 1.0 / (7)	Factor to Reflect Approved Rate Levels *	Adjusted Expected LC Factors (8)*(9)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
<u>Manufacturing and Utilities</u>									
2008	0.9579	1.0000	1.7534	1.5211	1.4044	3.5880	0.2787	1.2061	0.3361
2009	0.9711	1.0000	2.0397	1.5211	1.2886	3.8825	0.2576	1.2061	0.3107
2010	0.9848	1.0000	2.7897	1.5211	1.1831	4.9441	0.2023	1.2061	0.2440
<u>Contracting and Quarrying</u>									
2008	0.9579	1.0000	1.8255	1.6580	1.4044	4.0717	0.2456	1.2061	0.2962
2009	0.9711	1.0000	2.1888	1.6580	1.2886	4.5412	0.2202	1.2061	0.2656
2010	0.9848	1.0000	3.0936	1.6580	1.1831	5.9761	0.1673	1.2061	0.2018
<u>Other Industries</u>									
2008	0.9579	1.0000	1.8153	1.4557	1.4044	3.5549	0.2813	1.2061	0.3393
2009	0.9711	1.0000	2.0796	1.4557	1.2886	3.7882	0.2640	1.2061	0.3184
2010	0.9848	1.0000	2.8354	1.4557	1.1831	4.8090	0.2079	1.2061	0.2507

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

** Permissible Loss Ratio = 0.5723
 Collectible Premium Ratios
 Manufacturing = 0.8705
 Contracting = 0.9489
 All Other = 0.8331

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	57.23
Loss Adjustment Expense	<u>10.72</u>
Loss & Loss Adjustment	67.95
Premium Discount	8.77
Acquisition	7.11
General Expenses	2.76
Profit and Contingencies	1.75
Taxes	2.37
Uncollectible Premium	2.00
Workers' Compensation Fund	4.50
Administrative Assessment	<u>2.47</u>
	31.73

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:

$$E = 0.0285 = 0.0711 + 0.0276 + 0.0175 - 0.0877$$

$$A = 0.0418 = 0.0431 \times \frac{1 - 0.0285 - 0.0887}{1 - 0.0007 - 0.0887}$$

Then

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

$$S = \text{Delaware Insurance Plan Subsidy} = 0.0007$$

$$T = \frac{0.0285 + 0.5723(1 + 0.1929 + 0.0418)}{0.0285 + 0.5723(1 + 0.1929)} \times \frac{1}{1 - 0.0887 - 0.0007} = 1.1351$$

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 =	0.6506
Second Adjustment	RDF =	0.5239
Third Adjustment	RDF =	0.4479

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:

\$25,000 limit Hazard Group C ELF =		0.686
First Adjustment RDF =	$(1 - 0.686) \times 0.6506 =$	0.2043

* The use of retrospective development factors is optional.