

DELAWARE COMPENSATION RATING BUREAU, INC.

ACTUARIAL COMMITTEE

**Summary of Material for Modification of Experience
December 1, 2013 Residual Market Rate and Voluntary Market Loss Cost Revision**

As Filed

DELAWARE 2013 RESIDUAL MARKET RATE AND VOLUNTARY MARKET LOSS COST FILING

PROPOSED EFFECTIVE DATE - DECEMBER 1, 2013

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EXHIBIT I

INDICATED CHANGE IN RATE LEVEL

	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(1a) Policy Year 2008 Loss and Loss Adjustment Expense Ratio	0.2544	0.4603	0.7147
(1b) Policy Year 2009 Loss and Loss Adjustment Expense Ratio	0.2732	0.5157	0.7889
(1c) Policy Year 2010 Loss and Loss Adjustment Expense Ratio	0.2599	0.6351	0.8950
(1d) Policy Year 2011 Loss and Loss Adjustment Expense Ratio	0.3172	0.7176	1.0348
(1e) Average (Midpoint = 7/1/2010)	0.2762	0.5822	0.8584
(2a) Policy Year 2008 Loss and LAE Ratio Trended to 12/1/2014	0.2447	0.6736	
(2b) Policy Year 2009 Loss and LAE Ratio Trended to 12/1/2014	0.2645	0.7071	
(2c) Policy Year 2010 Loss and LAE Ratio Trended to 12/1/2014	0.2532	0.8158	
(2d) Policy Year 2011 Loss and LAE Ratio Trended to 12/1/2014	0.3111	0.8636	
(2e) Average at 12/1/2014	0.2684	0.7650	1.0334
(3ai) Senate Bill 1 Adjustment	1.0000	0.8260	
(3aii) Senate Bill 238 Adjustment	1.0000	0.9958	
(3aiii) House Bill 175 Adjustment	1.0000	0.9401	
(3a) Combined Legislative Adjustment	1.0000	0.7733	
(3b) Average Trended Loss and LAE Ratio Legislation (2e)*(3a)	0.2684	0.5916	0.8600
(4a) Excess Loss Factor at \$1,940,101 (Post-Legislative Basis) *			0.1177
(4b) Provision for Excess Loss (5a)-(3b)			0.1147
(5a) Total Trended Loss and LAE Ratio (3b)/(1.0-(4a))	0.2755	0.6992	0.9747
(5b) Percentage of Total	28.27%	71.73%	
(6) Permissible Loss and Loss Adjustment Ratio			0.7009
(7) Indicated Change in Rates (5a) / (6)			1.3906
(8) Estimated Effect of the 7/1/14 Benefit Change			1.0032
(9) Indicated Change in Residual Market Rate Level (7) * (8)			1.3950
(10) Indicated Change in Voluntary Market Loss Costs (9) * [0.7239 / 0.7074]			1.4275

CHANGES IN MANUAL PREMIUM LEVEL BY INDUSTRY GROUP

	<u>Mfg.</u>	<u>Cont.</u>	<u>Other</u>	<u>Total</u>
(11) Current Collectible Premium Ratio	0.8705	0.9489	0.8331	
(12) Proposed Collectible Premium Ratio	0.9171	0.9579	0.8393	
(13) Change in Collectible Premium Ratio (12) / (11)	1.0535	1.0095	1.0074	1.0139
(14) Change in Residual Market Manual Rate Level (9) * (13)	1.4696	1.4083	1.4053	1.4144
(15) Change in Voluntary Market Manual Loss Cost Level (10) * (13)	1.5039	1.4411	1.4381	1.4473
(16) Current Offset for Residual Market Surcharge				0.9910
(17) Proposed Offset for Residual Market Surcharge				0.9902
(18) Adjusted Change in Voluntary Market Manual Loss Cost Level (15) * (17)/(16)	1.5027	1.4399	1.4369	1.4461

* \$2,630,000 on a Pre-Legislative basis.

EXHIBIT II
EXPENSE LOADING

	<u>Current %</u>	<u>Proposed %</u>
LOSS AND LOSS ADJUSTMENT EXPENSE		
Losses	57.23	58.54
Loss Adjustment Expense	11.04	11.55 a
Loss & Loss Adjustment	68.27	70.09
UNDERWRITING EXPENSES		
Commission	4.59	5.51
Other Acquisition	2.52	2.74
General Expenses	2.76	3.11
Premium Discount	8.77	8.86
State Premium Tax	2.00	2.00
Other State Tax	0.37	0.36
Uncollectible Premium	2.00	1.00
Administrative Assessment	2.47	2.30 b
Workers Compensation Fund	4.50	4.50
Deviations	0.00	0.00
Policyholder Dividends	0.00	0.00
Underwriting Profit	1.75	-0.47
Underwriting Expense Total	31.73	29.91

a - As ratio to loss, Loss Adjustment Expense = 0.1972

b - As ratio to loss, Administrative Assessment = 0.0392

RESIDUAL MARKET MINIMUM PREMIUM:

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

$$(250 * \text{Rate}) + \text{Expense Constant}$$

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

It is proposed to use a multiplier of 125.00 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 \$280 to \$290.

EXHIBIT III

INTERNAL RATE OF RETURN ANALYSIS STATE OF DELAWARE - 2013 TABLE I: INPUTS, ASSUMPTIONS & OUTPUTS

Section 1: Inputs & Assumptions		
(1) Commissions *		5.51
(2) Other Expenses		6.21
(2A)	Other Acquisitions *	2.74
(2B)	General Expenses *	3.11
(2C)	Other Tax **	0.36
(3) State Premium Taxes & Uncollectible Premium		
(3A)	Tax1 - Premium Tax **	2.00
(3B)	Uncollectible Premium **	1.00
(3C)	Tax3 - Workers Compensation Fund **	4.50
(4) Premium Discount ***		8.86
(5) Deviations		0.00
(6) Dividends to Policyholders		0.00
(7) Premium Written		1,000,000
Investment Income		
(8A)	Pre-Tax Return on Assets	4.39
(8B)	Investment Income Tax Rate	0.91
(8C)	Post-Tax Return on Assets	3.48
(10) Reserve to Surplus Ratio		2.16
(11) Internal Rate of Return (Cost of Capital)		8.86
* 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		72.39
(2) Profit & Contingencies		-0.47

EXHIBIT IV - 1

POLICY YEAR LOSS RATIO 2011*

(1) Standard Earned Premium Reported (Table I)			106,217,397
(2) Factor to 12/1/12 Rate Level (Exhibit V-1)			1.8499
(3) Premium Development Factor to Ultimate Level (Exhibit VI-1)			0.9961
(4) Expense Constant Removal Factor			0.9970
(5) DCCPAP On-Level Factor			1.0142
(6) Other Adjustments			1.0000
(7) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			197,909,030
Losses - Paid-to-23rd Method	Indemnity	Medical	Total
(8) Paid Losses Reported (Table I-D & I-E)	9,487,937	38,184,537	47,672,474
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	5.5056	2.9764	
(10) Ultimate Incurred Losses (8) * (9)	52,236,786	113,652,456	165,889,242
Losses - Incurred Method			
(11) Incurred Losses Reported (Table I-B & I-C)	24,337,351	54,452,707	78,790,058
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	2.0056	2.2698	
(13) Ultimate Incurred Losses (11) * (12)	48,810,991	123,596,754	172,407,745
Losses - Average of Incurred and Paid-to-23rd			
(14) Ultimate Incurred Losses ((10) + (13))/2	50,523,889	118,624,605	169,148,494
(15) Factor to 7/1/13 Benefit Level (Exhibit V-3)	1.0379	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.1972	1.1972	
(17) Adjusted Losses (14) * (15) * (16)	62,779,665	142,017,377	204,797,042
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.3172	0.7176	1.0348
(19) Normalized Claim Frequency (Exhibit VII-3)	0.4354	0.4354	
(20) Severity Ratio** (18)/(19)	0.7285	1.6481	2.3766

* 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 2010*

(1)	Standard Earned Premium Reported (Table I)			105,596,923
(2)	Factor to 12/1/12 Rate Level (Exhibit V-1)			1.8475
(3)	Premium Development Factor to Ultimate Level (Exhibit VI-1)			1.0028
(4)	Expense Constant Removal Factor			0.9970
(5)	DCCPAP On-Level Factor			1.0142
(6)	Other Adjustments			1.0000
(7)	Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			197,819,364
Losses - Paid-to-23rd Method		Indemnity	Medical	Total
(8)	Paid Losses Reported (Table I-D & I-E)	15,541,039	48,255,805	63,796,844
(9)	Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	2.6783	2.0807	
(10)	Ultimate Incurred Losses (8) * (9)	41,623,565	100,405,853	142,029,418
Losses - Incurred Method				
(11)	Incurred Losses Reported (Table I-B & I-C)	28,469,469	61,699,641	90,169,110
(12)	Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.4535	1.7745	
(13)	Ultimate Incurred Losses (11) * (12)	41,380,373	109,486,013	150,866,386
Losses - Average of Incurred and Paid-to-23rd				
(14)	Ultimate Incurred Losses ((10) + (13))/2	41,501,969	104,945,933	146,447,902
(15)	Factor to 7/1/13 Benefit Level (Exhibit V-3)	1.0348	1.0000	
(16)	Factor to Include Loss Adjustment Expense	1.1972	1.1972	
(17)	Adjusted Losses (14) * (15) * (16)	51,415,236	125,641,271	177,056,507
(18)	Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.2599	0.6351	0.8950
(19)	Normalized Claim Frequency (Exhibit VII-3)	0.4714	0.4714	
(20)	Severity Ratio** (18)/(19)	0.5513	1.3473	1.8986

* 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 2009*

(1) Standard Earned Premium Reported (Table I)			118,168,783
(2) Factor to 12/1/12 Rate Level (Exhibit V-1)			1.6973
(3) Premium Development Factor to Ultimate Level (Exhibit VI-1)			1.0017
(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)			203,271,000
Losses - Paid-to-23rd Method	Indemnity	Medical	Total
(8) Paid Losses Reported (Table I-D & I-E)	24,574,920	47,359,579	71,934,499
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.8234	1.7854	
(10) Ultimate Incurred Losses (8) * (9)	44,809,909	84,555,792	129,365,701
Losses - Incurred Method			
(11) Incurred Losses Reported (Table I-B & I-C)	36,940,985	57,439,292	94,380,277
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.2202	1.5766	
(13) Ultimate Incurred Losses (11) * (12)	45,075,390	90,558,788	135,634,178
Losses - Average of Incurred and Paid-to-23rd			
(14) Ultimate Incurred Losses ((10) + (13))/2	44,942,650	87,557,290	132,499,940
(15) Factor to 7/1/13 Benefit Level (Exhibit V-3)	1.0320	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.1972	1.1972	
(17) Adjusted Losses (14) * (15) * (16)	55,527,111	104,823,588	160,350,699
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.2732	0.5157	0.7889
(19) Normalized Claim Frequency (Exhibit VII-3)	0.4719	0.4719	
(20) Severity Ratio** (18)/(19)	0.5789	1.0928	1.6717

* 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 2008*

(1)	Standard Earned Premium Reported (Table I)	151,139,871		
(2)	Factor to 12/1/12 Rate Level (Exhibit V-1)	1.3631		
(3)	Premium Development Factor to Ultimate Level (Exhibit VI-1)	1.0010		
(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)	205,462,335		
Losses - Paid-to-23rd Method		Indemnity	Medical	Total
(8)	Paid Losses Reported (Table I-D & I-E)	28,760,684	46,683,853	75,444,537
(9)	Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.5257	1.6496	
(10)	Ultimate Incurred Losses (8) * (9)	43,880,176	77,009,684	120,889,860
Losses - Incurred Method				
(11)	Incurred Losses Reported (Table I-B & I-C)	35,051,835	56,777,273	91,829,108
(12)	Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.1531	1.4263	
(13)	Ultimate Incurred Losses (11) * (12)	40,418,271	80,981,424	121,399,695
Losses - Average of Incurred and Paid-to-23rd				
(14)	Ultimate Incurred Losses ((10) + (13))/2	42,149,224	78,995,554	121,144,778
(15)	Factor to 7/1/13 Benefit Level (Exhibit V-3)	1.0358	1.0000	
(16)	Factor to Include Loss Adjustment Expense	1.1972	1.1972	
(17)	Adjusted Losses (14) * (15) * (16)	52,267,557	94,573,477	146,841,034
(18)	Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.2544	0.4603	0.7147
(19)	Normalized Claim Frequency (Exhibit VII-3)	0.4692	0.4692	
(20)	Severity Ratio** (18)/(19)	0.5422	0.9810	1.5232

* 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 2007*

(1)	Standard Earned Premium Reported (Table I)			200,029,903
(2)	Factor to 12/1/12 Rate Level (Exhibit V-1)			1.0105
(3)	Premium Development Factor to Ultimate Level (Exhibit VI-1)			1.0011
(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)			201,362,243
Losses - Paid-to-23rd Method		Indemnity	Medical	Total
(8)	Paid Losses Reported (Table I-D & I-E)	33,585,265	50,586,917	84,172,182
(9)	Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.3738	1.5533	
(10)	Ultimate Incurred Losses (8) * (9)	46,139,437	78,576,658	124,716,095
Losses - Incurred Method				
(11)	Incurred Losses Reported (Table I-B & I-C)	39,860,900	61,562,383	101,423,283
(12)	Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.1222	1.3414	
(13)	Ultimate Incurred Losses (11) * (12)	44,731,902	82,579,781	127,311,683
Losses - Average of Incurred and Paid-to-23rd Method				
(14)	Ultimate Incurred Losses ((10) + (13))/2	45,435,670	80,578,220	126,013,890
(15)	Factor to 7/1/13 Benefit Level (Exhibit V-3)	1.0536	1.0000	
(16)	Factor to Include Loss Adjustment Expense	1.1972	1.1972	
(17)	Adjusted Losses (14) * (15) * (16)	57,311,187	96,468,245	153,779,432
(18)	Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.2846	0.4791	0.7637
(19)	Normalized Claim Frequency (Exhibit VII-3)	0.5276	0.5276	
(20)	Severity Ratio** (18)/(19)	0.5394	0.9081	1.4475

* 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 2006*

(1)	Standard Earned Premium Reported (Table I)	201,136,291		
(2)	Factor to 12/1/12 Rate Level (Exhibit V-2)	0.9841		
(3)	Premium Development Factor to Ultimate Level (Exhibit VI-1)	1.0015		
(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)	196,948,585		
Losses - Paid-to-23rd Method		Indemnity	Medical	Total
(8)	Paid Losses Reported (Table I-D & I-E)	34,955,071	46,932,028	81,887,099
(9)	Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.2826	1.4775	
(10)	Ultimate Incurred Losses (8) * (9)	44,833,374	69,342,071	114,175,445
Losses - Incurred Method				
(11)	Incurred Losses Reported (Table I-B & I-C)	40,811,076	57,195,093	98,006,169
(12)	Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.1020	1.2875	
(13)	Ultimate Incurred Losses (11) * (12)	44,973,806	73,638,682	118,612,488
Losses - Average of Incurred and Paid-to-23rd				
(14)	Ultimate Incurred Losses ((10) + (13))/2	44,903,590	71,490,377	116,393,967
(15)	Factor to 7/1/13 Benefit Level (Exhibit V-3)	1.0821	1.0000	
(16)	Factor to Include Loss Adjustment Expense	1.1972	1.1972	
(17)	Adjusted Losses (14) * (15) * (16)	58,172,157	85,588,279	143,760,436
(18)	Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.2954	0.4346	0.7300
(19)	Normalized Claim Frequency (Exhibit VII-3)	0.5686	0.5686	
(20)	Severity Ratio** (18)/(19)	0.5195	0.7643	1.2838

* 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 2005*

(1) Standard Earned Premium Reported (Table I)			187,897,547
(2) Factor to 12/1/12 Rate Level (Exhibit V-2)			1.0304
(3) Premium Development Factor to Ultimate Level (Exhibit VI-1)			1.0018
(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)			193,047,458
Losses - Paid-to-23rd Method	Indemnity	Medical	Total
(8) Paid Losses Reported (Table I-D & I-E)	36,390,212	49,648,095	86,038,307
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.2228	1.4156	
(10) Ultimate Incurred Losses (8) * (9)	44,497,951	70,281,843	114,779,794
Losses - Incurred Method			
(11) Incurred Losses Reported (Table I-B & I-C)	41,228,537	61,498,005	102,726,542
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.0862	1.2487	
(13) Ultimate Incurred Losses (11) * (12)	44,782,437	76,792,559	121,574,996
Losses - Average of Incurred and Paid-to-23rd			
(14) Ultimate Incurred Losses ((10) + (13))/2	44,640,194	73,537,201	118,177,395
(15) Factor to 7/1/13 Benefit Level (Exhibit V-3)	1.1050	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.1972	1.1972	
(17) Adjusted Losses (14) * (15) * (16)	59,054,780	88,038,737	147,093,517
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.3059	0.4560	0.7619
(19) Normalized Claim Frequency (Exhibit VII-3)	0.6041	0.6041	
(20) Severity Ratio** (18)/(19)	0.5064	0.7548	1.2612

* 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 2004*

(1) Standard Earned Premium Reported (Table I)			153,054,136
(2) Factor to 12/1/12 Rate Level (Exhibit V-2)			1.1717
(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)			178,652,130
Losses - Paid-to-23rd Method	Indemnity	Medical	Total
(8) Paid Losses Reported (Table I-D & I-E)	36,329,321	49,791,385	86,120,706
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.1811	1.3642	
(10) Ultimate Incurred Losses (8) * (9)	42,908,561	67,925,407	110,833,968
Losses - Incurred Method			
(11) Incurred Losses Reported (Table I-B & I-C)	38,632,924	58,507,204	97,140,128
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.0726	1.2184	
(13) Ultimate Incurred Losses (11) * (12)	41,437,674	71,285,177	112,722,851
Losses - Average of Incurred and Paid-to-23rd			
(14) Ultimate Incurred Losses ((10) + (13))/2	42,173,118	69,605,292	111,778,410
(15) Factor to 7/1/13 Benefit Level (Exhibit V-3)	1.1205	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.1972	1.1972	
(17) Adjusted Losses (14) * (15) * (16)	56,573,661	83,331,456	139,905,117
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.3167	0.4664	0.7831
(19) Normalized Claim Frequency (Exhibit VII-3)	0.6751	0.6751	
(20) Severity Ratio** (18)/(19)	0.4691	0.6909	1.1600

* 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 2003*

(1) Standard Earned Premium Reported (Table I)			134,591,646
(2) Factor to 12/1/12 Rate Level (Exhibit V-2)			1.1263
(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) Other Adjustments			1.0000
(7) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			151,226,238
Losses - Paid-to-23rd Method	Indemnity	Medical	Total
(8) Paid Losses Reported (Table I-D & I-E)	36,407,050	45,958,931	82,365,981
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.1507	1.3209	
(10) Ultimate Incurred Losses (8) * (9)	41,893,592	60,707,152	102,600,744
Losses - Incurred Method			
(11) Incurred Losses Reported (Table I-B & I-C)	39,597,450	56,523,906	96,121,356
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.0609	1.1932	
(13) Ultimate Incurred Losses (11) * (12)	42,008,935	67,444,325	109,453,260
Losses - Average of Incurred and Paid-to-23rd			
(14) Ultimate Incurred Losses ((10) + (13))/2	41,951,264	64,075,739	106,027,003
(15) Factor to 7/1/13 Benefit Level (Exhibit V-3)	1.1338	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.1972	1.1972	
(17) Adjusted Losses (14) * (15) * (16)	56,944,032	76,711,475	133,655,507
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.3765	0.5073	0.8838
(19) Normalized Claim Frequency (Exhibit VII-3)	0.7663	0.7663	
(20) Severity Ratio** (18)/(19)	0.4913	0.6620	1.1533

* 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 2002*

(1) Standard Earned Premium Reported (Table I)			120,839,547
(2) Factor to 12/1/12 Rate Level (Exhibit V-2)			1.2007
(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) Other Adjustments			1.0000
(7) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			144,483,284
Losses - Paid-to-23rd Method	Indemnity	Medical	Total
(8) Paid Losses Reported (Table I-D & I-E)	35,323,677	44,884,806	80,208,483
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.1277	1.2839	
(10) Ultimate Incurred Losses (8) * (9)	39,834,511	57,627,602	97,462,113
Losses - Incurred Method			
(11) Incurred Losses Reported (Table I-B & I-C)	37,352,337	53,215,618	90,567,955
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.0505	1.1716	
(13) Ultimate Incurred Losses (11) * (12)	39,238,630	62,347,418	101,586,048
Losses - Average of Incurred and Paid-to-23rd			
(14) Ultimate Incurred Losses ((10) + (13))/2	39,536,571	59,987,510	99,524,081
(15) Factor to 7/1/13 Benefit Level (Exhibit V-3)	1.1619	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.1972	1.1972	
(17) Adjusted Losses (14) * (15) * (16)	54,996,425	71,817,047	126,813,472
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.3806	0.4971	0.8777
(19) Normalized Claim Frequency (Exhibit VII-3)	0.8007	0.8007	
(20) Severity Ratio** (18)/(19)	0.4753	0.6208	1.0961

* 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 - 2011
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 12/1/12 RATE LEVEL
2011	VOL	12/01/10	BASE	0.7688	*	0.8071	0.6205	
		12/01/11	1.1261	0.8657		0.0725	0.0628	
		12/01/12	1.2166	1.0532		-----	-----	
						0.8796	0.6833	
	RM	12/01/10	BASE	1.0000		0.1081	0.1081	
		12/01/11	1.1826	1.1826		0.0123	0.0145	
		12/01/12	1.2606	1.4908		-----	-----	
						0.1204	0.1226	
	*	Loss, LAE and LBA portion of 12/1/10 rate.					0.8059	1.8499
2010	VOL	12/01/09	BASE	0.7574	*	0.8573	0.6493	
		12/01/10	0.9749	0.7384		0.0669	0.0494	
		12/01/11	1.3700	1.0116		-----	-----	
		TO 12/1/12				0.9242	0.6987	
	RM	12/01/09	BASE	1.0000		0.0694	0.0694	
		12/01/10	0.9594	0.9594		0.0064	0.0061	
		12/01/11	1.4908	1.4303		-----	-----	
		TO 12/1/12				0.0758	0.0755	
	*	Loss, LAE and LBA portion of 12/1/09 rate.					0.7742	1.8475
2009	VOL	12/01/08	BASE	0.7511	*	0.8420	0.6324	
		12/01/09	0.9160	0.6880		0.0788	0.0542	
		12/01/10	1.3356	0.9189		-----	-----	
		TO 12/1/12				0.9208	0.6866	
	RM	12/01/08	BASE	1.0000		0.0748	0.0748	
		12/01/09	0.9083	0.9083		0.0044	0.0040	
		12/01/10	1.4303	1.2991		-----	-----	
		TO 12/1/12				0.0792	0.0788	
	*	Loss, LAE and LBA portion of 12/1/08 rate.					0.7654	1.6973
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	1.2234	0.6894		-----	-----	
		TO 12/1/12				0.9033	0.6266	
	RM	12/01/07	BASE	1.0000		0.0287	0.0287	
		10/01/08	0.8843	0.8843		0.0648	0.0573	
		12/01/08	0.8484	0.7502		0.0032	0.0024	
		12/01/09	1.2991	0.9746		-----	-----	
		TO 12/1/12				0.0967	0.0884	
	*	Loss, LAE and LBA portion of 12/1/07 rate.					0.7150	1.3631
2007	VOL	12/01/06	BASE	0.7292	*+	0.8178	0.5963	
		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	1.0221	0.5421	+	-----	-----	
		TO 12/1/12				0.8799	0.6334	
	RM	12/01/06	BASE	1.0000	+	0.1142	0.1142	
		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	1.1022	0.7602	+	-----	-----	
		TO 12/1/12				0.1201	0.1189	
	*	Loss, LAE and LBA portion of 12/1/06 rate.					0.7523	1.0105
	+	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 12/1/12	0.5421	Current		CUMULATIVE TO 12/1/12	0.7602	

EXHIBIT V - 2
POLICY YEARS 2002 - 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 12/1/12 RATE LEVEL
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	0.7434	0.5560				
		TO 12/1/12				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	0.7602	0.7797				
		TO 12/1/12				0.1756	0.1758	
	*	Loss, LAE and LBA portion of 12/1/05 rate.					0.7923	0.9841
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	0.7434	0.6013				
		TO 12/1/12				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	0.7798	0.8430				
		TO 12/1/12				0.2409	0.2420	
	*	Loss, LAE and LBA portion of 12/1/04 rate.					0.8181	1.0304
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	0.7962	0.6827				
		TO 12/1/12				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	0.8429	0.9569				
		TO 12/1/12				0.2701	0.2728	
	*	Loss, LAE and LBA portion of 12/1/03 rate.					0.8167	1.1717
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	0.9291	0.6342				
		TO 12/1/12				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	0.9570	0.8891				
		TO 12/1/12				0.2300	0.2288	
	*	Loss, LAE and LBA portion of 12/1/02 rate.					0.7894	1.1263
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	0.8667	0.6765				
		TO 12/1/12				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	0.8891	0.9484				
		TO 12/1/12				0.1911	0.1919	
	*	Loss, LAE and LBA portion of 12/1/01 rate.					0.7899	1.2007

EXHIBIT V - 3
POLICY YEARS 2002 - 2011
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 7/1/13 BENEFIT LEVEL
2011	5/25/10	BASE	1.0000	0.1010	0.1010	1.0379
	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	1.0242	1.0340	-----	-----	
				1.0000	0.9962	
2010	6/04/09	BASE	1.0000	0.0796	0.0796	1.0348
	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	1.0407	1.0313	-----	-----	
	TO 7/01/13			1.0000	0.9966	
2009	6/03/08	BASE	1.0000	0.0903	0.0903	1.0320
	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	1.0340	1.0345	-----	-----	
	TO 7/01/13			1.0000	1.0024	
2008	6/07/07	BASE	1.0000	0.0891	0.0891	1.0358
	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	1.0313	1.0541	-----	-----	
	TO 7/01/13			1.0000	1.0177	
2007	6/07/06	BASE	1.0000	0.0938	0.0938	1.0536
	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	1.0345	1.0854	-----	-----	
	TO 7/01/13			1.0000	1.0302	
2006	6/06/05	BASE	1.0000	0.0951	0.0951	1.0821
	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	1.0541	1.1071	-----	-----	
	TO 7/01/13			1.0000	1.0231	
2005	5/21/04	BASE	1.0000	0.0939	0.0939	1.1050
	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	1.0854	1.1222	-----	-----	
	TO 7/01/13			1.0000	1.0156	
2004	6/04/03	BASE	1.0000	0.0767	0.0767	1.1205
	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	1.1071	1.1327	-----	-----	
	TO 7/01/13			1.0000	1.0109	
2003	6/14/02	BASE	1.0000	0.0915	0.0915	1.1338
	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	1.1222	1.1650	-----	-----	
	TO 7/01/13			1.0000	1.0275	
2002	6/20/01	BASE	1.0000	0.1038	0.1038	1.1619
	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	1.1327	1.1890	-----	-----	
	TO 7/01/13			1.0000	1.0233	

EXHIBIT VI - 1

DEVELOPMENT FACTORS

PREMIUM

Reports in Ratio	Calendar Years <u>08-09</u>	Calendar Years <u>09-10</u>	Calendar Years <u>10-11</u>	Calendar Years <u>11-12</u>	Unweighted Average	Cumulative Average
2nd to 1st	0.9901	0.9784	1.0071	0.9977	0.9933	0.9961
3rd to 2nd	0.9998	0.9994	1.0030	1.0022	1.0011	1.0028
4th to 3rd	0.9996	1.0049	1.0000	0.9983	1.0007	1.0017
5th to 4th	0.9999	1.0000	1.0005	0.9993	0.9999	1.0010
6th to 5th	0.9994	0.9995	0.9999	0.9994	0.9996	1.0011
7th to 6th	0.9981	1.0000	1.0005	1.0003	0.9997	1.0015
8th to 7th	1.0066	1.0000	1.0001	1.0003	1.0018	1.0018
9th to 8th	0.9983	0.9991	1.0012	0.9991	1.0000 *	1.0000
10th to 9th	0.9985	1.0000	0.9990	1.0023	1.0000 *	1.0000
11th to 10th	1.0000	1.0002	1.0003	1.0020	1.0000 *	1.0000
12th to 11th	1.0000	0.9955	1.0000	0.9999	1.0000 *	1.0000
13th to 12th	1.0000	1.0002	1.0000	1.0000	1.0000 *	1.0000
14th to 13th	1.0000	0.9980	1.0000	1.0000	1.0000 *	1.0000
15th to 14th	1.0000	0.9983	1.0000	1.0000	1.0000 *	1.0000
16th to 15th	1.0000	0.9987	1.0000	0.9999	1.0000 *	1.0000
17th to 16th	1.0001	1.0000	1.0000	0.9999	1.0000 *	1.0000
18th to 17th	1.0003	0.9993	1.0000	1.0000	1.0000 *	1.0000
19th to 18th	1.0000	0.9996	1.0001	1.0000	1.0000 *	1.0000
20th to 19th	0.9999	0.9991	1.0003	1.0000	1.0000 *	1.0000
21st to 20th	1.0000	0.9996	1.0002	1.0003	1.0000 *	1.0000
22nd to 21st	1.0000	1.0000	1.0001	1.0000	1.0000 *	1.0000
23rd to 22nd	1.0000	0.9998	1.0000	1.0000	1.0000 *	1.0000
Beyond 23rd	0.9996	0.9982	1.0002	1.0000	1.0000 *	1.0000

* Selected

EXHIBIT VI - 2

DEVELOPMENT FACTORS

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

Reports in Ratio		Calendar Years <u>08-09</u>	Calendar Years <u>09-10</u>	Calendar Years <u>10-11</u>	Calendar Years <u>11-12</u>	Unweighted Average	Fitted Value	Cumulative Average
2nd to 1st	a	2.0617	2.1484	2.1034	1.9090	2.0556	2.0556	5.5056
3rd to 2nd	a	1.4826	1.4292	1.4499	1.5142	1.4690	1.4689	2.6783
4th to 3rd	a	1.1975	1.1982	1.1750	1.2072	1.1945	1.1951	1.8234
5th to 4th	a	1.1048	1.0951	1.1221	1.1236	1.1114	1.1106	1.5257
6th to 5th	a	1.0515	1.0692	1.0937	1.0765	1.0727	1.0711	1.3738
7th to 6th	a	1.0569	1.0510	1.0425	1.0456	1.0490	1.0489	1.2826
8th to 7th	a	1.0273	1.0256	1.0376	1.0253	1.0290	1.0353	1.2228
9th to 8th	a	1.0221	1.0524	1.0317	1.0203	1.0316	1.0264	1.1811
10th to 9th	a	1.0204	1.0263	1.0284	1.0126	1.0219	1.0204	1.1507
11th to 10th	a	1.0144	1.0024	1.0125	1.0114	1.0102	1.0162	1.1277
12th to 11th	a	1.0213	1.0189	1.0032	1.0106	1.0135	1.0132	1.1097
13th to 12th	a	1.0107	1.0086	1.0157	1.0109	1.0115	1.0111	1.0953
14th to 13th	a	1.0043	1.0222	1.0093	1.0101	1.0115	1.0095	1.0832
15th to 14th	a	1.0055	1.0068	1.0162	1.0134	1.0105	1.0084	1.0730
16th to 15th	a	1.0125	1.0016	1.0061	1.0053	1.0064	1.0076	1.0641
17th to 16th	a	1.0090	1.0052	1.0063	1.0020	1.0056	1.0070	1.0561
18th to 17th	a	1.0125	1.0026	1.0066	1.0040	1.0064	1.0065	1.0487
19th to 18th	a	1.0510	1.0053	0.9963	1.0130	1.0164	1.0063	1.0420
20th to 19th	a	1.0011	1.0006	1.0012	1.0063	1.0023	1.0061	1.0354
21st to 20th	a	1.0021	1.0037	1.0024	1.0052	1.0034	1.0059	1.0292
22nd to 21st	a	1.0058	1.0049	1.0099	1.0024	1.0058	1.0059	1.0231
23rd to 22nd	b	1.0325	1.0182	1.0180	1.0140	1.0207	1.0207	1.0171
Beyond 23rd	c	0.9760	1.0069	1.0011	1.0020	0.9965	0.9965	0.9965

INCURRED METHOD

Reports in Ratio		Calendar Years <u>08-09</u>	Calendar Years <u>09-10</u>	Calendar Years <u>10-11</u>	Calendar Years <u>11-12</u>	Unweighted Average	Fitted Value	Cumulative Average
2nd to 1st	c	1.4037	1.4655	1.3396	1.3108	1.3799	1.3799	2.0056
3rd to 2nd	c	1.1782	1.1848	1.1920	1.2166	1.1929	1.1912	1.4535
4th to 3rd	c	1.0870	1.0722	0.9970	1.0360	1.0481	1.0582	1.2202
5th to 4th	c	1.0361	1.0408	1.0702	1.0182	1.0413	1.0275	1.1531
6th to 5th	c	1.0106	1.0139	1.0088	1.0148	1.0120	1.0183	1.1222
7th to 6th	c	1.0132	1.0312	1.0045	1.0296	1.0196	1.0146	1.1020
8th to 7th	c	1.0219	1.0083	1.0159	1.0202	1.0166	1.0126	1.0862
9th to 8th	c	1.0387	1.0171	1.0013	1.0121	1.0173	1.0111	1.0726
10th to 9th	c	1.0122	0.9904	1.0159	1.0065	1.0063	1.0099	1.0609
11th to 10th	c	1.0022	0.9933	0.9948	1.0002	0.9976	1.0088	1.0505
12th to 11th	c	0.9948	1.0065	0.9923	0.9957	0.9973	1.0078	1.0413
13th to 12th	c	1.0091	1.0001	1.0076	1.0217	1.0096	1.0069	1.0333
14th to 13th	c	1.0057	1.0137	0.9997	1.0050	1.0060	1.0060	1.0262
15th to 14th	c	1.0166	0.9894	1.0041	1.0039	1.0035	1.0052	1.0201
16th to 15th	c	1.0044	0.9970	1.0032	1.0027	1.0018	1.0045	1.0148
17th to 16th	c	1.0050	1.0039	1.0252	0.9996	1.0084	1.0038	1.0102
18th to 17th	c	1.0028	0.9973	1.0019	0.9777	0.9949	1.0031	1.0064
19th to 18th	c	1.0440	1.0154	1.0018	1.0210	1.0206	1.0025	1.0033
20th to 19th	c	1.0128	0.9977	1.0014	0.9971	1.0023	1.0019	1.0008
21st to 20th	c	1.0036	0.9931	1.0009	0.9965	0.9985	1.0013	0.9989
22nd to 21st	c	1.0042	1.0024	1.0022	0.9992	1.0020	1.0008	0.9976
23rd to 22nd	c	1.0033	1.0005	0.9978	0.9981	0.9999	1.0003	0.9968
Beyond 23rd	c	0.9760	1.0069	1.0011	1.0020	0.9965	0.9965	0.9965

- a From Table I-D
b 22nd (Paid - Table I-D) to 23rd (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	2.0556	1.0556	1.0556	2.0556
3rd to 2nd	1.4690	0.4690	0.4689	1.4689
4th to 3rd	1.1945	0.1945	0.1951	1.1951
5th to 4th	1.1114	0.1114	0.1106	1.1106
6th to 5th	1.0727	0.0727	0.0711	1.0711
7th to 6th	1.0490	0.0490	0.0489	1.0489
8th to 7th	1.0290	0.0290	0.0353	1.0353
9th to 8th	1.0316	0.0316	0.0264	1.0264
10th to 9th	1.0219	0.0219	0.0204	1.0204
11th to 10th	1.0102	0.0102	0.0162	1.0162
12th to 11th	1.0135	0.0135	0.0132	1.0132
13th to 12th	1.0115	0.0115	0.0111	1.0111
14th to 13th	1.0115	0.0115	0.0095	1.0095
15th to 14th	1.0105	0.0105	0.0084	1.0084
16th to 15th	1.0064	0.0064	0.0076	1.0076
17th to 16th	1.0056	0.0056	0.0070	1.0070
18th to 17th	1.0064	0.0064	0.0065	1.0065
19th to 18th	1.0164	0.0164	0.0063	1.0063
20th to 19th	1.0023	0.0023	0.0061	1.0061
21st to 20th	1.0034	0.0034	0.0059	1.0059
22nd to 21st	1.0058	0.0058	0.0059	1.0059
23rd to 22nd*	1.0207	0.0207	0.0207	1.0207

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

$$a = 0.015320 \quad b = -0.448371 \quad c = 5.981334 \quad d = -16.827541 \quad e = 28.814252 \quad f = -16.479393$$

* 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	1.3799	0.3799	0.3799	1.3799
3rd to 2nd	1.1929	0.1929	0.1912	1.1912
4th to 3rd	1.0481	0.0481	0.0582	1.0582
5th to 4th	1.0413	0.0413	0.0275	1.0275
6th to 5th	1.0120	0.0120	0.0183	1.0183
7th to 6th	1.0196	0.0196	0.0146	1.0146
8th to 7th	1.0166	0.0166	0.0126	1.0126
9th to 8th	1.0173	0.0173	0.0111	1.0111
10th to 9th	1.0063	0.0063	0.0099	1.0099
11th to 10th	0.9976	-0.0024	0.0088	1.0088
12th to 11th	0.9973	-0.0027	0.0078	1.0078
13th to 12th	1.0096	0.0096	0.0069	1.0069
14th to 13th	1.0060	0.0060	0.0060	1.0060
15th to 14th	1.0035	0.0035	0.0052	1.0052
16th to 15th	1.0018	0.0018	0.0045	1.0045
17th to 16th	1.0084	0.0084	0.0038	1.0038
18th to 17th	0.9949	-0.0051	0.0031	1.0031
19th to 18th	1.0206	0.0206	0.0025	1.0025
20th to 19th	1.0023	0.0023	0.0019	1.0019
21st to 20th	0.9985	-0.0015	0.0013	1.0013
22nd to 21st	1.0020	0.0020	0.0008	1.0008
23rd to 22nd	0.9999	-0.0001	0.0003	1.0003
Beyond 23rd+	0.9965	-0.0035	-0.0035	0.9965

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

$$a = -0.014184 \quad b = 0.427107 \quad c = -2.721800 \quad d = 8.067572 \quad e = -5.378764$$

+ Selected four year average

EXHIBIT VI - 4

DEVELOPMENT FACTORS

MEDICAL LOSSES PAID METHOD - LIMITED LOSS BASIS

Reports in Ratio		Calendar Years <u>08-09</u>	Calendar Years <u>09-10</u>	Calendar Years <u>10-11</u>	Calendar Years <u>11-12</u>	Unweighted Average	Fitted Value	Cumulative Average
2nd to 1st	a	1.4535	1.4290	1.4392	1.4001	1.4305	1.4305	2.9764
3rd to 2nd	a	1.1592	1.1671	1.1561	1.1790	1.1654	1.1654	2.0807
4th to 3rd	a	1.0891	1.0743	1.0794	1.0881	1.0827	1.0823	1.7854
5th to 4th	a	1.0529	1.0656	1.0726	1.0555	1.0617	1.0620	1.6496
6th to 5th	a	1.0422	1.0514	1.0413	1.0690	1.0510	1.0513	1.5533
7th to 6th	a	1.0330	1.0389	1.0391	1.0508	1.0405	1.0437	1.4775
8th to 7th	a	1.0450	1.0528	1.0367	1.0212	1.0389	1.0377	1.4156
9th to 8th	a	1.0573	1.0294	1.0318	1.0399	1.0396	1.0328	1.3642
10th to 9th	a	1.0249	1.0386	1.0273	1.0235	1.0286	1.0288	1.3209
11th to 10th	a	1.0114	1.0226	1.0342	1.0232	1.0229	1.0254	1.2839
12th to 11th	a	1.0235	1.0132	1.0161	1.0372	1.0225	1.0226	1.2521
13th to 12th	a	1.0402	1.0134	1.0158	1.0162	1.0214	1.0201	1.2244
14th to 13th	a	1.0187	1.0196	1.0177	1.0094	1.0164	1.0180	1.2003
15th to 14th	a	0.9976	1.0025	1.0280	1.0137	1.0105	1.0161	1.1791
16th to 15th	a	1.0120	1.0116	1.0145	1.0285	1.0167	1.0145	1.1604
17th to 16th	a	1.0078	1.0180	1.0148	1.0088	1.0124	1.0131	1.1438
18th to 17th	a	1.0149	1.0066	1.0083	1.0092	1.0098	1.0118	1.1290
19th to 18th	a	1.0125	1.0058	1.0080	1.0142	1.0101	1.0106	1.1159
20th to 19th	a	1.0232	1.0082	1.0091	1.0094	1.0125	1.0096	1.1042
21st to 20th	a	1.0051	1.0148	1.0154	1.0071	1.0106	1.0086	1.0937
22nd to 21st	a	1.0074	1.0101	1.0177	1.0098	1.0113	1.0078	1.0843
23rd to 22nd	b	1.0396	1.0918	1.0172	1.0283	1.0442	1.0442	1.0759
Beyond 23rd	c	1.0333	0.9944	1.0778	1.0159	1.0304	1.0304	1.0304

INCURRED METHOD

Reports in Ratio		Calendar Years <u>08-09</u>	Calendar Years <u>09-10</u>	Calendar Years <u>10-11</u>	Calendar Years <u>11-12</u>	Unweighted Average	Fitted Value	Cumulative Average
2nd to 1st	c	1.2986	1.2789	1.3402	1.1986	1.2791	1.2791	2.2698
3rd to 2nd	c	1.1124	1.1156	1.1319	1.1426	1.1256	1.1255	1.7745
4th to 3rd	c	1.0912	1.1117	1.1302	1.0821	1.1038	1.1054	1.5766
5th to 4th	c	1.0771	1.0816	1.1004	1.0146	1.0684	1.0633	1.4263
6th to 5th	c	1.0217	1.0389	1.0403	1.0451	1.0365	1.0419	1.3414
7th to 6th	c	1.0316	1.0473	1.0157	1.0378	1.0331	1.0310	1.2875
8th to 7th	c	1.0190	1.0404	1.0232	1.0082	1.0227	1.0249	1.2487
9th to 8th	c	1.0216	1.0372	1.0180	1.0493	1.0315	1.0211	1.2184
10th to 9th	c	0.9789	1.0159	0.9982	1.0297	1.0057	1.0185	1.1932
11th to 10th	c	0.9928	1.0205	1.0269	1.0140	1.0136	1.0165	1.1716
12th to 11th	c	1.0244	1.0139	1.0118	1.0270	1.0193	1.0149	1.1525
13th to 12th	c	1.0371	1.0089	1.0125	0.9966	1.0138	1.0135	1.1356
14th to 13th	c	1.0067	1.0115	1.0167	0.9963	1.0078	1.0123	1.1205
15th to 14th	c	1.0008	1.0001	1.0458	1.0127	1.0149	1.0113	1.1069
16th to 15th	c	1.0292	1.0102	1.0252	1.0175	1.0205	1.0103	1.0945
17th to 16th	c	1.0040	1.0090	1.0213	1.0185	1.0132	1.0094	1.0834
18th to 17th	c	1.0086	0.9997	0.9985	1.0077	1.0036	1.0086	1.0733
19th to 18th	c	1.0164	1.0020	1.0015	0.9965	1.0041	1.0078	1.0641
20th to 19th	c	1.0074	1.0022	0.9987	1.0089	1.0043	1.0071	1.0559
21st to 20th	c	1.0056	1.0156	1.0044	0.9977	1.0058	1.0064	1.0484
22nd to 21st	c	1.0265	1.0017	1.0240	1.0081	1.0151	1.0058	1.0418
23rd to 22nd	c	0.9976	1.0041	0.9952	0.9928	0.9974	1.0052	1.0358
Beyond 23rd	c	1.0333	0.9944	1.0778	1.0159	1.0304	1.0304	1.0304

- a From Table I-E
- b 22nd (Paid - Table I-E) to 23rd (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	1.4305	0.4305	0.4305	1.4305
3rd to 2nd	1.1654	0.1654	0.1654	1.1654
4th to 3rd	1.0827	0.0827	0.0823	1.0823
5th to 4th	1.0617	0.0617	0.0620	1.0620
6th to 5th	1.0510	0.0510	0.0513	1.0513
7th to 6th	1.0405	0.0405	0.0437	1.0437
8th to 7th	1.0389	0.0389	0.0377	1.0377
9th to 8th	1.0396	0.0396	0.0328	1.0328
10th to 9th	1.0286	0.0286	0.0288	1.0288
11th to 10th	1.0229	0.0229	0.0254	1.0254
12th to 11th	1.0225	0.0225	0.0226	1.0226
13th to 12th	1.0214	0.0214	0.0201	1.0201
14th to 13th	1.0164	0.0164	0.0180	1.0180
15th to 14th	1.0105	0.0105	0.0161	1.0161
16th to 15th	1.0167	0.0167	0.0145	1.0145
17th to 16th	1.0124	0.0124	0.0131	1.0131
18th to 17th	1.0098	0.0098	0.0118	1.0118
19th to 18th	1.0101	0.0101	0.0106	1.0106
20th to 19th	1.0125	0.0125	0.0096	1.0096
21st to 20th	1.0106	0.0106	0.0086	1.0086
22nd to 21st	1.0113	0.0113	0.0078	1.0078
23rd to 22nd*	1.0442	0.0442	0.0442	1.0442

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

$$a = -0.010064 \quad b = 0.382478 \quad c = -0.006530 \quad d = -3.698649 \quad e = 10.580353 \quad f = -6.817089$$

* 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	1.2791	0.2791	0.2791	1.2791
3rd to 2nd	1.1256	0.1256	0.1255	1.1255
4th to 3rd	1.1038	0.1038	0.1054	1.1054
5th to 4th	1.0684	0.0684	0.0633	1.0633
6th to 5th	1.0365	0.0365	0.0419	1.0419
7th to 6th	1.0331	0.0331	0.0310	1.0310
8th to 7th	1.0227	0.0227	0.0249	1.0249
9th to 8th	1.0315	0.0315	0.0211	1.0211
10th to 9th	1.0057	0.0057	0.0185	1.0185
11th to 10th	1.0136	0.0136	0.0165	1.0165
12th to 11th	1.0193	0.0193	0.0149	1.0149
13th to 12th	1.0138	0.0138	0.0135	1.0135
14th to 13th	1.0078	0.0078	0.0123	1.0123
15th to 14th	1.0149	0.0149	0.0113	1.0113
16th to 15th	1.0205	0.0205	0.0103	1.0103
17th to 16th	1.0132	0.0132	0.0094	1.0094
18th to 17th	1.0036	0.0036	0.0086	1.0086
19th to 18th	1.0041	0.0041	0.0078	1.0078
20th to 19th	1.0043	0.0043	0.0071	1.0071
21st to 20th	1.0058	0.0058	0.0064	1.0064
22nd to 21st	1.0151	0.0151	0.0058	1.0058
23rd to 22nd	0.9974	-0.0026	0.0052	1.0052
Beyond 23rd+	1.0304	0.0304	0.0304	1.0304

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

$$a = -0.013875 \quad b = 0.605602 \quad c = -5.191879 \quad d = 26.189007 \quad e = -47.141746 \quad f = 25.831992$$

+ Selected four year average

EXHIBIT VII - 1

DETERMINATION OF TREND

INDEMNITY

Policy Year	2005	2006	2007	2008	2009	2010	2011
Actual Loss Ratio	0.3059	0.2954	0.2846	0.2544	0.2732	0.2599	0.3172
Normalized Frequency	0.6041	0.5686	0.5276	0.4692	0.4719	0.4714	0.4354
Severity Loss Ratio	0.5064	0.5195	0.5394	0.5422	0.5789	0.5513	0.7285
x	1	2	3	4	5	6	7
y	0.5064	0.5195	0.5394	0.5422	0.5789	0.5513	0.7285

7 Point Exponential Regression: $y = 0.468731 * 1.046793^x$

Selected Annual Trend Factor to 12/1/14

4.7%

Policy Year	Annual Trend (1)	Trend Period # Years (2)	Severity Trend Factor (3) = (1)^(2)	Frequency Trend Factor (4) #
2008	1.047	5.9167	1.3107	0.7337
2009	1.047	4.9167	1.2521	0.7731
2010	1.047	3.9167	1.1962	0.8146
2011	1.047	2.9167	1.1427	0.8584

Trended Loss Ratio

Policy Year	Actual Loss Ratio (5)	Combined Trend Factor (6) = (3)*(4)	Trended Loss Ratio (7) = (5)*(6)
2008	0.2544	0.9617	0.2447
2009	0.2732	0.9680	0.2645
2010	0.2599	0.9744	0.2532
2011	0.3172	0.9809	0.3111
Average			0.2684

See VII-3 for column (4).

EXHIBIT VII - 2

DETERMINATION OF TREND

MEDICAL

Policy Year	2005	2006	2007	2008	2009	2010	2011
Actual Loss Ratio	0.4560	0.4346	0.4791	0.4603	0.5157	0.6351	0.7176
Normalized Frequency	0.6041	0.5686	0.5276	0.4692	0.4719	0.4714	0.4354
Severity Loss Ratio	0.7548	0.7643	0.9081	0.9810	1.0928	1.3473	1.6481
x	1	2	3	4	5	6	7
y	0.7548	0.7643	0.9081	0.9810	1.0928	1.3473	1.6481

7 Point Exponential Regression: $y = 0.611671 * 1.139711956^x$

Selected Annual Trend Factor to 9/1/08 = 14.0%

Annual Senate Bill 1 Adjustment to Severity Trend

From 9/1/08 to 1/31/13 = -1.5%

After 1/31/13 = -1.8%

Selected Annual Trend Factor

From 9/1/08 to 1/31/13 = 12.5%

After 1/31/13 = 12.2%

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 2/1/13 to 12/1/14 (4)	Trend Period # Years (5)	Severity Trend Factor From 2/1/13 to 12/1/14 (6) = (4)^(5)	Frequency Trend Factor (7) #
2008	1.125	4.0833	1.6159	1.122	1.8333	1.2344	0.7337
2009	1.125	3.0833	1.4367	1.122	1.8333	1.2344	0.7731
2010	1.125	2.0833	1.2774	1.122	1.8333	1.2344	0.8146
2011	1.125	1.0833	1.1358	1.122	1.8333	1.2344	0.8584

Trended Loss Ratio

Policy Year	Actual Loss Ratio (8)	Combined Trend Factor (9) = (3)*(6)*(7)	Trended Loss Ratio (10) = (8)*(9)
2008	0.4603	1.4635	0.6736
2009	0.5157	1.3711	0.7071
2010	0.6351	1.2845	0.8158
2011	0.7176	1.2035	0.8636
Average			0.7650

See V-II-3 for column (7).

EXHIBIT VII - 3

DETERMINATION OF TREND

Claim Frequency

Policy Year Frequency per \$1 million of Expected Losses
{1 = PY 1999, 13 = PY 2011}

Policy Year	Claim Frequency	Normalized Frequency
1999	18.31	1.0000
2000	16.60	0.9066
2001	14.47	0.7903
2002	14.66	0.8007
2003	14.03	0.7663
2004	12.36	0.6751
2005	11.06	0.6041
2006	10.41	0.5686
2007	9.66	0.5276
2008	8.59	0.4692
2009	8.64	0.4719
2010	8.63	0.4714
2011	7.97	0.4354

Policy Year	2005	2006	2007	2008	2009	2010	2011
x	1	2	3	4	5	6	7
y	0.6041	0.5686	0.5276	0.4692	0.4719	0.4714	0.4354

7 Point (2005 - 2011) Exponential Regression: $y = 0.621412 * 0.94889039^x$

Selected Frequency Trend Factor

-5.1%

Policy Year	Frequency Trend Factor (1)	# of Years to 12/1/13 (2)	Frequency Trend to 12/1/13 (3) = (1) ^ (2)
2008	0.9490	5.9167	0.7337
2009	0.9490	4.9167	0.7731
2010	0.9490	3.9167	0.8146
2011	0.9490	2.9167	0.8584

TABLE I

POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR

ACCUMULATED STANDARD EARNED PREMIUM

Policy Year Valued	As of 12/31/08	As of 12/31/09	Ratio to Prior Year	Policy Year Valued	As of 12/31/09	As of 12/31/10	Ratio to Prior Year
Prior				Prior			
to 1986	500,065,779	500,037,101	0.9999	to 1986	499,452,019	499,339,469	0.9998
1986	75,203,726	75,203,100	1.0000	1986	75,116,185	75,091,481	0.9997
1987	87,319,536	87,316,747	1.0000	1987	87,195,345	87,174,940	0.9998
1988	104,445,612	104,441,316	1.0000	1988	104,227,219	104,227,215	1.0000
1989	112,503,963	112,488,281	0.9999	1989	112,207,720	112,163,952	0.9996
1990	101,353,192	101,356,584	1.0000	1990	101,041,810	100,948,192	0.9991
1991	97,486,078	97,512,082	1.0003	1991	97,185,120	97,145,795	0.9996
1992	89,823,014	89,835,351	1.0001	1992	89,471,572	89,407,873	0.9993
1993	91,427,919	91,424,938	1.0000	1993	91,022,360	91,021,753	1.0000
1994	83,927,927	83,930,444	1.0000	1994	83,521,059	83,415,656	0.9987
1995	80,728,566	80,731,850	1.0000	1995	80,322,593	80,189,548	0.9983
1996	85,000,067	85,000,127	1.0000	1996	84,592,600	84,422,807	0.9980
1997	88,966,424	88,966,546	1.0000	1997	88,447,524	88,465,516	1.0002
1998	94,888,955	94,890,004	1.0000	1998	93,693,620	93,270,196	0.9955
1999	89,376,299	89,239,023	0.9985	1999	88,664,904	88,679,052	1.0002
2000	96,528,340	96,361,792	0.9983	2000	96,061,265	96,060,299	1.0000
2001	97,494,595	98,138,892	1.0066	2001	97,919,517	97,826,652	0.9991
2002	120,877,414	120,652,963	0.9981	2002	120,441,237	120,438,832	1.0000
2003	135,252,597	135,173,750	0.9994	2003	134,718,451	134,715,218	1.0000
2004	153,063,155	153,051,676	0.9999	2004	153,027,170	152,952,052	0.9995
2005	187,955,703	187,875,453	0.9996	2005	187,873,344	187,880,398	1.0000
2006	206,300,811	206,264,179	0.9998	2006	206,264,179	207,271,302	1.0049
2007	202,318,518	200,323,378	0.9901	2007	200,323,378	200,197,784	0.9994
2008	96,540,988	154,291,773	1.5982	2008	154,291,773	150,962,845	0.9784
2009		70,111,353		2009	70,111,353	117,419,483	1.6748
				2010		56,556,219	
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	499,339,469	499,354,377	1.0000	to 1986	499,313,203	499,313,202	1.0000
1986	75,091,481	75,085,112	0.9999	1986	75,029,003	75,029,003	1.0000
1987	87,174,940	87,187,766	1.0001	1987	87,187,766	87,187,766	1.0000
1988	104,227,215	104,227,984	1.0000	1988	104,227,984	104,227,984	1.0000
1989	112,163,952	112,174,384	1.0001	1989	112,174,384	112,174,384	1.0000
1990	100,948,192	100,967,110	1.0002	1990	100,967,110	100,967,111	1.0000
1991	97,145,795	97,174,087	1.0003	1991	92,372,936	92,399,249	1.0003
1992	89,407,873	89,418,304	1.0001	1992	89,418,304	89,417,436	1.0000
1993	91,021,753	91,022,923	1.0000	1993	91,022,923	91,022,253	1.0000
1994	83,415,656	83,413,393	1.0000	1994	83,413,393	83,411,522	1.0000
1995	80,189,548	80,189,642	1.0000	1995	80,189,642	80,184,356	0.9999
1996	84,422,807	84,422,155	1.0000	1996	84,340,527	84,335,385	0.9999
1997	88,465,516	88,465,562	1.0000	1997	88,357,822	88,356,868	1.0000
1998	93,270,196	93,274,328	1.0000	1998	93,244,096	93,243,785	1.0000
1999	88,679,052	88,681,225	1.0000	1999	88,669,262	88,665,563	1.0000
2000	96,060,299	96,093,703	1.0003	2000	96,051,638	96,045,819	0.9999
2001	97,826,652	97,726,637	0.9990	2001	97,686,225	97,880,616	1.0020
2002	120,438,832	120,588,748	1.0012	2002	120,560,753	120,839,547	1.0023
2003	134,715,218	134,733,352	1.0001	2003	134,719,479	134,591,646	0.9991
2004	152,952,052	153,034,017	1.0005	2004	153,013,837	153,054,136	1.0003
2005	187,880,398	187,870,258	0.9999	2005	187,848,788	187,897,547	1.0003
2006	207,271,302	207,371,725	1.0005	2006	201,253,745	201,136,291	0.9994
2007	200,197,784	200,190,092	1.0000	2007	200,175,028	200,029,903	0.9993
2008	150,962,845	151,415,851	1.0030	2008	151,401,063	151,139,871	0.9983
2009	117,436,750	118,268,418	1.0071	2009	117,913,582	118,168,783	1.0022
2010	56,556,219	106,126,987	1.8765	2010	105,843,545	105,596,923	0.9977
2011		56,154,036		2011	56,147,830	106,217,397	1.8917
				2012		57,826,114	

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 12/31/08	As of 12/31/09	Ratio to Prior Year	Policy Year Valued	As of 12/31/09	As of 12/31/10	Ratio to Prior Year
Prior				Prior			
to 1986	314,703,597	314,697,365	1.0000	to 1986	314,332,418	313,272,611	0.9966
1986	43,475,075	43,514,852	1.0009	1986	43,492,327	44,655,098	1.0267
1987	53,636,284	54,379,113	1.0138	1987	54,373,784	54,484,901	1.0020
1988	53,880,619	54,125,238	1.0045	1988	53,925,833	54,038,354	1.0021
1989	59,712,397	60,325,107	1.0103	1989	60,297,176	60,520,931	1.0037
1990	62,907,801	64,836,621	1.0307	1990	64,553,400	64,541,453	0.9998
1991	61,463,940	61,814,785	1.0057	1991	61,773,075	62,311,404	1.0087
1992	56,499,511	56,753,690	1.0045	1992	56,677,696	56,596,380	0.9986
1993	64,564,412	65,660,231	1.0170	1993	65,687,673	66,115,715	1.0065
1994	51,410,310	51,828,431	1.0081	1994	51,607,242	51,817,120	1.0041
1995	55,662,680	56,009,839	1.0062	1995	56,059,279	55,794,979	0.9953
1996	67,129,676	68,780,530	1.0246	1996	68,857,425	69,715,810	1.0125
1997	65,555,109	66,228,346	1.0103	1997	66,088,717	66,404,908	1.0048
1998	61,587,634	61,400,947	0.9970	1998	61,231,321	61,881,621	1.0106
1999	74,383,600	73,883,056	0.9933	1999	73,621,026	74,251,236	1.0086
2000	96,176,029	98,981,163	1.0292	2000	98,630,480	99,076,835	1.0045
2001	78,252,316	79,839,611	1.0203	2001	79,913,043	82,177,618	1.0283
2002	83,559,295	85,528,488	1.0236	2002	85,566,724	87,842,972	1.0266
2003	86,624,183	88,092,553	1.0170	2003	87,617,677	91,157,850	1.0404
2004	86,804,444	92,027,662	1.0602	2004	92,179,627	94,836,895	1.0288
2005	83,172,813	90,610,216	1.0894	2005	90,805,256	96,657,099	1.0644
2006	71,186,881	81,175,232	1.1403	2006	81,102,708	88,764,539	1.0945
2007	60,653,092	81,245,207	1.3395	2007	81,267,048	92,955,682	1.1438
2008	23,214,718	55,603,286	2.3952	2008	55,614,271	74,739,185	1.3439
2009		20,472,115		2009	20,476,823	60,645,336	2.9617
				2010		23,767,710	

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	313,277,840	314,225,422	1.0030	to 1986	314,226,315	314,436,777	1.0007
1986	44,655,337	44,986,468	1.0074	1986	44,983,839	44,730,350	0.9944
1987	54,485,864	54,705,073	1.0040	1987	54,704,204	54,962,568	1.0047
1988	54,037,193	53,853,265	0.9966	1988	53,851,991	54,083,514	1.0043
1989	60,520,253	61,279,399	1.0125	1989	61,279,117	61,008,666	0.9956
1990	64,540,121	64,706,512	1.0026	1990	64,706,442	64,929,248	1.0034
1991	62,310,437	62,313,631	1.0001	1991	57,662,459	57,495,006	0.9971
1992	56,597,059	56,690,185	1.0016	1992	56,688,693	56,876,068	1.0033
1993	66,114,459	66,122,258	1.0001	1993	66,122,780	66,677,600	1.0084
1994	51,817,233	53,013,504	1.0231	1994	53,012,637	52,683,497	0.9938
1995	55,794,242	56,650,601	1.0153	1995	56,649,224	57,226,992	1.0102
1996	69,714,286	71,631,865	1.0275	1996	71,567,793	72,367,642	1.0112
1997	66,405,966	66,988,826	1.0088	1997	66,953,964	67,531,338	1.0086
1998	61,881,279	62,520,637	1.0103	1998	62,519,089	62,528,327	1.0001
1999	74,250,444	74,499,495	1.0034	1999	74,479,786	75,025,734	1.0073
2000	99,074,622	100,343,002	1.0128	2000	100,342,996	101,694,077	1.0135
2001	82,177,016	82,663,231	1.0059	2001	82,648,845	83,303,851	1.0079
2002	87,841,134	88,803,419	1.0110	2002	88,791,195	90,567,955	1.0200
2003	91,156,995	92,993,154	1.0201	2003	92,992,101	96,121,356	1.0337
2004	94,835,467	95,901,842	1.0112	2004	95,900,765	97,140,128	1.0129
2005	96,658,286	99,302,667	1.0274	2005	99,302,081	102,726,542	1.0345
2006	88,763,846	96,530,616	1.0875	2006	94,941,315	98,006,169	1.0323
2007	92,954,018	99,825,600	1.0739	2007	99,823,930	101,423,283	1.0160
2008	74,740,229	86,303,295	1.1547	2008	86,301,835	91,829,108	1.0640
2009	60,647,934	81,268,709	1.3400	2009	80,633,559	94,380,277	1.1705
2010	23,767,521	73,437,426	3.0898	2010	73,195,904	90,169,110	1.2319
2011		30,390,880		2011	30,387,258	78,790,058	2.5929
				2012		20,070,014	

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 12/31/08	As of 12/31/09	Ratio to Prior Year	Policy Year Valued	As of 12/31/09	As of 12/31/10	Ratio to Prior Year
Prior				Prior			
to 1986	197,717,017	197,107,647	0.9969	to 1986	196,703,630	196,333,339	0.9981
1986	25,383,757	25,467,602	1.0033	1986	25,459,165	26,010,936	1.0217
1987	30,462,794	30,591,501	1.0042	1987	30,588,202	30,602,885	1.0005
1988	29,343,794	29,450,189	1.0036	1988	29,362,003	29,432,876	1.0024
1989	31,581,549	31,985,727	1.0128	1989	31,966,926	31,747,870	0.9931
1990	32,506,908	33,937,321	1.0440	1990	33,785,123	33,706,524	0.9977
1991	30,788,479	30,875,057	1.0028	1991	30,804,903	31,279,961	1.0154
1992	26,807,674	26,942,993	1.0050	1992	26,938,661	26,867,057	0.9973
1993	31,874,046	32,015,043	1.0044	1993	31,932,257	32,057,617	1.0039
1994	23,738,155	24,133,207	1.0166	1994	24,024,187	23,952,144	0.9970
1995	25,043,402	25,186,511	1.0057	1995	25,183,129	24,915,440	0.9894
1996	29,985,562	30,257,429	1.0091	1996	30,214,485	30,627,386	1.0137
1997	31,301,001	31,137,508	0.9948	1997	31,055,543	31,058,470	1.0001
1998	27,314,835	27,374,292	1.0022	1998	27,235,235	27,413,550	1.0065
1999	32,063,239	32,455,674	1.0122	1999	32,366,568	32,149,324	0.9933
2000	42,544,028	44,190,433	1.0387	2000	43,952,436	43,531,751	0.9904
2001	34,383,862	35,136,791	1.0219	2001	35,184,768	35,785,370	1.0171
2002	36,267,252	36,744,235	1.0132	2002	36,761,968	37,065,442	1.0083
2003	37,325,123	37,721,329	1.0106	2003	37,347,351	38,510,725	1.0312
2004	35,878,269	37,173,477	1.0361	2004	37,183,178	37,698,717	1.0139
2005	35,085,227	38,138,524	1.0870	2005	38,140,697	39,695,741	1.0408
2006	30,184,297	35,563,150	1.1782	2006	35,407,743	37,963,976	1.0722
2007	23,607,149	33,137,537	1.4037	2007	33,140,203	39,263,431	1.1848
2008	7,492,139	19,360,372	2.5841	2008	19,367,472	28,383,019	1.4655
2009		7,274,219		2009	7,275,396	22,909,601	3.1489
				2010		6,761,877	
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	196,333,339	196,375,746	1.0002	to 1986	196,374,616	196,437,938	1.0003
1986	26,010,936	25,968,362	0.9984	1986	25,968,362	25,820,610	0.9943
1987	30,602,885	30,636,082	1.0011	1987	30,636,082	30,683,843	1.0016
1988	29,432,876	29,367,152	0.9978	1988	29,367,152	29,476,425	1.0037
1989	31,747,870	31,816,598	1.0022	1989	31,816,598	31,756,973	0.9981
1990	33,706,524	33,738,188	1.0009	1990	33,738,188	33,711,381	0.9992
1991	31,279,961	31,324,482	1.0014	1991	28,452,797	28,352,340	0.9965
1992	26,867,057	26,914,287	1.0018	1992	26,914,287	26,836,890	0.9971
1993	32,057,617	32,118,147	1.0019	1993	32,118,147	32,792,750	1.0210
1994	23,952,144	24,556,132	1.0252	1994	24,556,132	24,007,747	0.9777
1995	24,915,440	24,995,109	1.0032	1995	24,995,109	24,986,095	0.9996
1996	30,627,386	30,752,893	1.0041	1996	30,709,705	30,792,787	1.0027
1997	31,058,470	31,049,778	0.9997	1997	31,042,625	31,164,447	1.0039
1998	27,413,550	27,622,616	1.0076	1998	27,622,616	27,759,934	1.0050
1999	32,149,324	31,900,494	0.9923	1999	31,894,081	32,586,007	1.0217
2000	43,531,751	43,305,158	0.9948	2000	43,305,158	43,117,328	0.9957
2001	35,785,370	36,355,675	1.0159	2001	36,353,604	36,360,704	1.0002
2002	37,065,442	37,113,538	1.0013	2002	37,112,807	37,352,337	1.0065
2003	38,510,725	39,123,232	1.0159	2003	39,123,232	39,597,450	1.0121
2004	37,698,717	37,869,275	1.0045	2004	37,869,275	38,632,924	1.0202
2005	39,695,741	40,043,225	1.0088	2005	40,043,225	41,228,537	1.0296
2006	37,963,976	40,630,027	1.0702	2006	40,214,666	40,811,076	1.0148
2007	39,263,431	39,147,031	0.9970	2007	39,147,031	39,860,900	1.0182
2008	28,383,019	33,832,734	1.1920	2008	33,832,734	35,051,835	1.0360
2009	22,909,601	30,690,049	1.3396	2009	30,363,533	36,940,985	1.2166
2010	6,761,877	21,797,240	3.2235	2010	21,718,337	28,469,469	1.3108
2011		8,176,187		2011	8,175,395	24,337,351	2.9769
				2012		7,122,183	

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 12/31/08	As of 12/31/09	Ratio to Prior Year	Policy Year Valued	As of 12/31/09	As of 12/31/10	Ratio to Prior Year
Prior				Prior			
to 1986	116,986,580	117,589,718	1.0052	to 1986	117,628,788	116,939,272	0.9941
1986	18,091,318	18,047,250	0.9976	1986	18,033,162	18,644,162	1.0339
1987	23,173,490	23,787,612	1.0265	1987	23,785,582	23,882,016	1.0041
1988	24,536,825	24,675,049	1.0056	1988	24,563,830	24,605,478	1.0017
1989	28,130,848	28,339,380	1.0074	1989	28,330,250	28,773,061	1.0156
1990	30,400,893	30,899,300	1.0164	1990	30,768,277	30,834,929	1.0022
1991	30,675,461	30,939,728	1.0086	1991	30,968,172	31,031,443	1.0020
1992	29,691,837	29,810,697	1.0040	1992	29,739,035	29,729,323	0.9997
1993	32,690,366	33,645,188	1.0292	1993	33,755,416	34,058,098	1.0090
1994	27,672,155	27,695,224	1.0008	1994	27,583,055	27,864,976	1.0102
1995	30,619,278	30,823,328	1.0067	1995	30,876,150	30,879,539	1.0001
1996	37,144,114	38,523,101	1.0371	1996	38,642,940	39,088,424	1.0115
1997	34,254,108	35,090,838	1.0244	1997	35,033,174	35,346,438	1.0089
1998	34,272,799	34,026,655	0.9928	1998	33,996,086	34,468,071	1.0139
1999	42,320,361	41,427,382	0.9789	1999	41,254,458	42,101,912	1.0205
2000	53,632,001	54,790,730	1.0216	2000	54,678,044	55,545,084	1.0159
2001	43,868,454	44,702,820	1.0190	2001	44,728,275	46,392,248	1.0372
2002	47,292,043	48,784,253	1.0316	2002	48,804,756	50,777,530	1.0404
2003	49,299,060	50,371,224	1.0217	2003	50,270,326	52,647,125	1.0473
2004	50,926,175	54,854,185	1.0771	2004	54,996,449	57,138,178	1.0389
2005	48,087,586	52,471,692	1.0912	2005	52,664,559	56,961,358	1.0816
2006	41,002,584	45,612,082	1.1124	2006	45,694,965	50,800,563	1.1117
2007	37,045,943	48,107,670	1.2986	2007	48,126,845	53,692,251	1.1156
2008	15,722,579	36,242,914	2.3052	2008	36,246,799	46,356,166	1.2789
2009		13,197,896		2009	13,201,427	37,735,735	2.8585
				2010		17,005,833	

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	116,944,501	117,849,676	1.0077	to 1986	117,851,699	117,998,839	1.0012
1986	18,644,401	19,018,106	1.0200	1986	19,015,477	18,909,740	0.9944
1987	23,882,979	24,068,991	1.0078	1987	24,068,122	24,278,725	1.0088
1988	24,604,317	24,486,113	0.9952	1988	24,484,839	24,607,089	1.0050
1989	28,772,383	29,462,801	1.0240	1989	29,462,519	29,251,693	0.9928
1990	30,833,597	30,968,324	1.0044	1990	30,968,254	31,217,867	1.0081
1991	31,030,476	30,989,149	0.9987	1991	29,209,662	29,142,666	0.9977
1992	29,730,002	29,775,898	1.0015	1992	29,774,406	30,039,178	1.0089
1993	34,056,842	34,004,111	0.9985	1993	34,004,633	33,884,850	0.9965
1994	27,865,089	28,457,372	1.0213	1994	28,456,505	28,675,750	1.0077
1995	30,878,802	31,655,492	1.0252	1995	31,654,115	32,240,897	1.0185
1996	39,086,900	40,878,972	1.0458	1996	40,858,088	41,574,855	1.0175
1997	35,347,496	35,939,048	1.0167	1997	35,911,339	36,366,891	1.0127
1998	34,467,729	34,898,021	1.0125	1998	34,896,473	34,768,393	0.9963
1999	42,101,120	42,599,001	1.0118	1999	42,585,705	42,439,727	0.9966
2000	55,542,871	57,037,844	1.0269	2000	57,037,838	58,576,749	1.0270
2001	46,391,646	46,307,556	0.9982	2001	46,295,241	46,943,147	1.0140
2002	50,775,692	51,689,881	1.0180	2002	51,678,388	53,215,618	1.0297
2003	52,646,270	53,869,922	1.0232	2003	53,868,869	56,523,906	1.0493
2004	57,136,750	58,032,567	1.0157	2004	58,031,490	58,507,204	1.0082
2005	56,962,545	59,259,442	1.0403	2005	59,258,856	61,498,005	1.0378
2006	50,799,870	55,900,589	1.1004	2006	54,726,649	57,195,093	1.0451
2007	53,690,587	60,678,569	1.1302	2007	60,676,899	61,562,383	1.0146
2008	46,357,210	52,470,561	1.1319	2008	52,469,101	56,777,273	1.0821
2009	37,738,333	50,578,660	1.3402	2009	50,270,026	57,439,292	1.1426
2010	17,005,644	51,640,186	3.0366	2010	51,477,567	61,699,641	1.1986
2011		22,214,693		2011	22,211,863	54,452,707	2.4515
				2012		12,947,831	

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 12/31/08	As of 12/31/09	Ratio to Prior Year	Policy Year Valued	As of 12/31/09	As of 12/31/10	Ratio to Prior Year
Prior				Prior			
to 1986	193,088,950	193,762,359	1.0035	to 1986	193,330,974	193,403,677	1.0004
1986	24,665,450	24,884,546	1.0089	1986	24,876,109	25,280,160	1.0162
1987	29,884,177	30,056,654	1.0058	1987	30,054,654	30,145,610	1.0030
1988	28,692,643	28,752,627	1.0021	1988	28,705,343	28,847,236	1.0049
1989	30,880,679	30,916,154	1.0011	1989	30,897,343	31,010,729	1.0037
1990	31,348,864	32,949,094	1.0510	1990	32,796,215	32,815,138	1.0006
1991	29,578,404	29,946,672	1.0125	1991	29,875,596	30,032,474	1.0053
1992	26,410,981	26,647,402	1.0090	1992	26,631,389	26,701,524	1.0026
1993	30,427,086	30,807,826	1.0125	1993	30,778,452	30,938,820	1.0052
1994	22,642,815	22,767,955	1.0055	1994	22,658,935	22,695,359	1.0016
1995	23,891,496	23,993,951	1.0043	1995	23,990,569	24,154,511	1.0068
1996	28,257,650	28,560,659	1.0107	1996	28,553,277	29,188,242	1.0222
1997	28,034,403	28,632,547	1.0213	1997	28,553,529	28,797,663	1.0086
1998	25,350,663	25,716,578	1.0144	1998	25,539,021	26,022,182	1.0189
1999	30,122,064	30,736,369	1.0204	1999	30,643,806	30,718,086	1.0024
2000	38,088,180	38,929,473	1.0221	2000	38,679,241	39,696,467	1.0263
2001	30,466,687	31,299,086	1.0273	2001	31,288,477	32,927,492	1.0524
2002	31,202,262	32,978,333	1.0569	2002	32,971,070	33,814,020	1.0256
2003	31,334,752	32,948,102	1.0515	2003	32,721,056	34,389,648	1.0510
2004	28,777,078	31,791,627	1.1048	2004	31,791,627	33,990,474	1.0692
2005	24,268,339	29,061,021	1.1975	2005	29,061,021	31,823,275	1.0951
2006	16,499,556	24,461,720	1.4826	2006	24,461,720	29,309,401	1.1982
2007	8,632,749	17,797,955	2.0617	2007	17,797,955	25,437,623	1.4292
2008	1,886,186	7,648,730	4.0551	2008	7,648,730	16,432,737	2.1484
2009		1,718,914		2009	1,718,914	7,799,040	4.5372
				2010		1,794,075	

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	193,403,677	193,557,015	1.0008	to 1986	193,555,885	194,073,670	1.0027
1986	25,280,160	25,290,185	1.0004	1986	25,290,185	25,174,239	0.9954
1987	30,145,610	30,247,136	1.0034	1987	30,247,136	30,253,971	1.0002
1988	28,847,236	28,923,956	1.0027	1988	28,923,956	29,052,725	1.0045
1989	31,010,729	31,317,866	1.0099	1989	31,317,866	31,308,200	0.9997
1990	32,815,138	32,893,442	1.0024	1990	32,893,442	32,971,958	1.0024
1991	30,032,474	30,067,862	1.0012	1991	27,811,107	27,956,181	1.0052
1992	26,701,524	26,603,830	0.9963	1992	26,603,830	26,771,365	1.0063
1993	30,938,820	31,144,145	1.0066	1993	31,144,145	31,547,559	1.0130
1994	22,695,359	22,838,396	1.0063	1994	22,838,396	22,929,463	1.0040
1995	24,154,511	24,300,982	1.0061	1995	24,300,982	24,348,640	1.0020
1996	29,188,242	29,661,499	1.0162	1996	29,618,311	29,775,017	1.0053
1997	28,797,663	29,066,616	1.0093	1997	29,059,463	29,447,859	1.0134
1998	26,022,182	26,431,692	1.0157	1998	26,431,692	26,699,876	1.0101
1999	30,718,086	30,815,963	1.0032	1999	30,809,550	31,144,647	1.0109
2000	39,696,467	40,191,005	1.0125	2000	40,191,005	40,618,124	1.0106
2001	32,927,492	33,863,351	1.0284	2001	33,861,280	34,247,979	1.0114
2002	33,814,020	34,885,954	1.0317	2002	34,885,223	35,323,677	1.0126
2003	34,389,648	35,683,466	1.0376	2003	35,683,466	36,407,050	1.0203
2004	33,990,474	35,434,551	1.0425	2004	35,434,551	36,329,321	1.0253
2005	31,823,275	34,803,691	1.0937	2005	34,803,691	36,390,212	1.0456
2006	29,309,401	32,887,494	1.1221	2006	32,472,136	34,955,071	1.0765
2007	25,437,623	29,890,176	1.1750	2007	29,890,176	33,585,265	1.1236
2008	16,432,737	23,825,110	1.4499	2008	23,825,110	28,760,684	1.2072
2009	7,799,040	16,404,767	2.1034	2009	16,229,371	24,574,920	1.5142
2010	1,794,075	8,209,193	4.5757	2010	8,140,818	15,541,039	1.9090
2011		2,594,845		2011	2,594,389	9,487,937	3.6571
				2012		1,497,657	

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 12/31/08	As of 12/31/09	Ratio to Prior Year	Policy Year Valued	As of 12/31/09	As of 12/31/10	Ratio to Prior Year
Prior				Prior			
to 1986	110,492,576	111,310,787	1.0074	to 1986	111,211,932	111,742,427	1.0048
1986	17,359,857	17,400,695	1.0024	1986	17,385,882	17,699,788	1.0181
1987	21,720,675	21,881,701	1.0074	1987	21,873,242	22,185,982	1.0143
1988	23,820,950	23,943,609	1.0051	1988	23,832,390	24,073,111	1.0101
1989	26,936,836	27,560,466	1.0232	1989	27,547,657	27,954,472	1.0148
1990	27,687,950	28,034,476	1.0125	1990	27,902,837	28,130,337	1.0082
1991	28,582,891	29,008,875	1.0149	1991	28,964,136	29,131,011	1.0058
1992	28,726,777	28,949,976	1.0078	1992	28,878,313	29,070,130	1.0066
1993	29,700,306	30,055,973	1.0120	1993	30,012,684	30,553,836	1.0180
1994	25,397,776	25,337,597	0.9976	1994	25,206,401	25,498,721	1.0116
1995	27,967,663	28,491,303	1.0187	1995	28,466,719	28,537,331	1.0025
1996	32,046,379	33,334,725	1.0402	1996	33,273,908	33,925,372	1.0196
1997	30,286,689	30,998,171	1.0235	1997	30,897,728	31,312,112	1.0134
1998	30,940,515	31,292,307	1.0114	1998	30,987,267	31,395,771	1.0132
1999	35,492,678	36,377,816	1.0249	1999	36,172,221	36,990,883	1.0226
2000	42,206,074	44,623,735	1.0573	2000	44,469,519	46,184,161	1.0386
2001	34,713,275	36,274,460	1.0450	2001	36,247,279	37,312,767	1.0294
2002	39,120,151	40,412,895	1.0330	2002	40,383,922	42,515,291	1.0528
2003	39,595,700	41,266,754	1.0422	2003	41,035,952	42,634,109	1.0389
2004	42,418,907	44,661,894	1.0529	2004	44,634,064	46,927,056	1.0514
2005	39,094,746	42,578,401	1.0891	2005	42,577,868	45,372,881	1.0656
2006	33,384,218	38,700,180	1.1592	2006	38,700,373	41,576,626	1.0743
2007	26,176,374	38,046,183	1.4535	2007	38,045,170	44,403,106	1.1671
2008	8,365,317	25,970,401	3.1045	2008	25,969,347	37,110,180	1.4290
2009		6,421,450		2009	6,421,565	28,077,633	4.3724
				2010		7,190,750	

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	111,747,656	112,405,527	1.0059	to 1986	112,407,550	113,185,150	1.0069
1986	17,700,027	17,752,505	1.0030	1986	17,749,876	17,685,571	0.9964
1987	22,186,945	22,530,578	1.0155	1987	22,529,709	22,896,258	1.0163
1988	24,071,950	24,123,028	1.0021	1988	24,121,754	24,214,585	1.0038
1989	27,953,794	28,448,058	1.0177	1989	28,447,776	28,333,742	0.9960
1990	28,129,005	28,561,040	1.0154	1990	28,560,970	28,839,568	1.0098
1991	29,130,044	29,394,240	1.0091	1991	27,779,559	27,978,143	1.0071
1992	29,070,809	29,303,311	1.0080	1992	29,301,819	29,577,754	1.0094
1993	30,552,580	30,806,943	1.0083	1993	30,807,465	31,244,756	1.0142
1994	25,498,834	25,877,431	1.0148	1994	25,876,564	26,113,606	1.0092
1995	28,536,594	28,949,927	1.0145	1995	28,948,550	29,204,698	1.0088
1996	33,923,848	34,873,010	1.0280	1996	34,852,126	35,844,834	1.0285
1997	31,313,170	31,866,041	1.0177	1997	31,838,332	32,275,859	1.0137
1998	31,395,429	31,892,033	1.0158	1998	31,890,485	32,191,698	1.0094
1999	36,990,091	37,587,435	1.0161	1999	37,574,139	38,183,413	1.0162
2000	46,181,948	47,761,072	1.0342	2000	47,761,066	49,536,454	1.0372
2001	37,312,165	38,329,196	1.0273	2001	38,316,881	39,205,594	1.0232
2002	42,513,453	43,863,693	1.0318	2002	43,852,200	44,884,806	1.0235
2003	42,633,254	44,197,025	1.0367	2003	44,195,972	45,958,931	1.0399
2004	46,925,628	48,759,304	1.0391	2004	48,758,227	49,791,385	1.0212
2005	45,374,068	47,248,442	1.0413	2005	47,247,856	49,648,095	1.0508
2006	41,575,933	44,592,737	1.0726	2006	43,902,234	46,932,028	1.0690
2007	44,401,442	47,928,266	1.0794	2007	47,926,596	50,586,917	1.0555
2008	37,111,224	42,905,878	1.1561	2008	42,904,418	46,683,853	1.0881
2009	28,080,231	40,413,190	1.4392	2009	40,168,492	47,359,579	1.1790
2010	7,190,561	34,595,274	4.8112	2010	34,464,958	48,255,805	1.4001
2011		9,891,779		2011	9,891,495	38,184,537	3.8603
				2012		6,096,489	

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, 2013 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, 2013 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, 2013 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, 2013 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, 2014 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 2008 to 2010 Unit Data

Manual Year	Premium at Manual Rates	Collected Premium (Excluding Constants)	Collectible Premium Ratio (2)/(3)
(1)	(2)	(3)	(4)
ALL INDUSTRIES			
2008	243,097,942	280,276,902	0.8673
2009	181,556,059	213,108,442	0.8519
2010	166,708,775	186,914,327	0.8919
TOTAL	591,362,776	680,299,671	0.8693
SELECTED			0.8706
MANUFACTURING AND UTILITIES			
2008	34,507,866	39,629,869	0.8708
2009	26,710,076	30,394,115	0.8788
2010	21,270,234	21,925,978	0.9701
TOTAL	82,488,176	91,949,962	0.8971
SELECTED			0.9171
CONTRACTING AND QUARRYING			
2008	49,082,708	51,322,117	0.9564
2009	34,678,748	36,949,879	0.9385
2010	33,570,584	34,298,854	0.9788
TOTAL	117,332,040	122,570,850	0.9573
SELECTED			0.9579
OTHER INDUSTRIES			
2008	159,507,368	189,324,916	0.8425
2009	120,167,235	145,764,448	0.8244
2010	111,867,957	130,689,495	0.8560
TOTAL	391,542,560	465,778,859	0.8406
SELECTED			0.8393

* 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)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<u>Manufacturing and Utilities</u>							
2009	0.9245	1.0000	1.7667	1.5666	1.4887	3.8092	0.2625
2010	0.9352	1.0000	2.0062	1.5666	1.3457	3.9554	0.2528
2011	0.9416	1.0000	3.2447	1.5666	1.2177	5.8283	0.1716
<u>Contracting and Quarrying</u>							
2009	0.9245	1.0000	1.8546	1.6363	1.4887	4.1766	0.2394
2010	0.9352	1.0000	2.2313	1.6363	1.3457	4.5949	0.2176
2011	0.9416	1.0000	3.1901	1.6363	1.2177	5.9851	0.1671
<u>Other Industries</u>							
2009	0.9245	1.0000	1.7581	1.4337	1.4887	3.4691	0.2883
2010	0.9352	1.0000	2.0774	1.4337	1.3457	3.7483	0.2668
2011	0.9416	1.0000	2.9887	1.4337	1.2177	4.9130	0.2035

** Permissible Loss Ratio = 0.5854
 Collectible Premium Ratios
 Manufacturing = 0.9171
 Contracting = 0.9579
 All Other = 0.8393

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	58.54
Loss Adjustment Expense	11.55
Loss & Loss Adjustment	70.09
Premium Discount	8.86
Acquisition	8.25
General Expenses	3.11
Profit and Contingencies	(0.47)
Taxes	2.36
Uncollectible Premium	1.00
Workers' Compensation Fund	4.50
Administrative Assessment	2.30
	29.91

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:

$$E = 0.0203 = \frac{ACQ}{0.0825} + \frac{GEN}{0.0311} + \frac{PROFIT}{(0.0047)} - \frac{PREM DISC}{0.0886}$$

$$A = 0.0388 = 0.0392 \times \frac{1 - 0.0203 - 0.0786}{1 - 0.0115 - 0.0786}$$

Then

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

$$S = \text{Delaware Insurance Plan Subsidy} = 0.0151$$

$$T = \frac{0.0203 + 0.5854(1 + 0.1972 + 0.0388)}{0.0203 + 0.5854(1 + 0.1972)} \times \frac{1}{1 - 0.0786 - 0.0151} = 1.1381$$

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 =	0.6725
Second Adjustment	RDF =	0.5265
Third Adjustment	RDF =	0.4391

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

$$RDF(LIM) = (1.0 - ELF) \times RDF$$

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:

$$\text{\$25,000 limit Hazard Group C ELF} = 0.689$$

$$\text{First Adjustment RDF} = (1 - 0.689) \times 0.6725 = 0.2091$$

* The use of retrospective development factors is optional.