

**DELAWARE COMPENSATION RATING BUREAU, INC.**

**ACTUARIAL COMMITTEE**

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**Summary of Material for Modification of Experience  
December 1, 2014 Residual Market Rate and Voluntary Market Loss Cost Revision**

**Amended**

DELAWARE 2014 RESIDUAL MARKET RATE AND VOLUNTARY MARKET LOSS COST FILING

PROPOSED EFFECTIVE DATE - DECEMBER 1, 2014

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**INDICATED CHANGE IN RATE LEVEL**

	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
<b>(1a)</b> Policy Year 2009 Loss and Loss Adjustment Expense Ratio	0.2455	0.4615	0.7070
<b>(1b)</b> Policy Year 2010 Loss and Loss Adjustment Expense Ratio	0.2503	0.5763	0.8266
<b>(1c)</b> Policy Year 2011 Loss and Loss Adjustment Expense Ratio	0.2748	0.5984	0.8732
<b>(1d)</b> Policy Year 2012 Loss and Loss Adjustment Expense Ratio	0.2612	0.5567	0.8179
<b>(1e)</b> Average (Midpoint = 7/1/2011)	0.2580	0.5482	0.8062
<b>(2a)</b> Policy Year 2009 Loss and LAE Ratio Trended to 12/1/2015	0.2287	0.5897	
<b>(2b)</b> Policy Year 2010 Loss and LAE Ratio Trended to 12/1/2015	0.2360	0.7056	
<b>(2c)</b> Policy Year 2011 Loss and LAE Ratio Trended to 12/1/2015	0.2622	0.7020	
<b>(2d)</b> Policy Year 2012 Loss and LAE Ratio Trended to 12/1/2015	0.2522	0.6258	
<b>(2e)</b> Average at 12/1/2015	0.2448	0.6558	0.9006
<b>(3ai)</b> Senate Bill 1 Adjustment	1.0000	0.8260	
<b>(3aii)</b> Senate Bill 238 Adjustment	1.0000	0.9958	
<b>(3aiii)</b> House Bill 175 Adjustment	1.0000	0.9258	
<b>(3aiv)</b> House Bill 373 Adjustment	1.0000	0.6755	
<b>(3a)</b> Combined Legislative Adjustment	1.0000	0.5144	
<b>(3b)</b> Average Trended Loss and LAE Ratio Post-Legislation (2e)*(3a)	0.2448	0.3373	0.5821
<b>(4a)</b> Excess Loss Factor at \$1,459,413 (Post-Legislative Basis) *			0.1249
<b>(4b)</b> Provision for Excess Loss (5a)-(3b)			0.0831
<b>(5a)</b> Total Trended Loss and LAE Ratio (3b)/(1.0-(4a))	0.2561	0.4091	0.6652
<b>(5b)</b> Percentage of Total	38.48%	61.52%	
<b>(6)</b> Permissible Loss and Loss Adjustment Ratio			0.6871
<b>(7)</b> Indicated Change in Rates (5a) / (6)			0.9681
<b>(8)</b> Estimated Effect of the 7/1/15 Benefit Change			0.9992
<b>(9)</b> Indicated Change in Residual Market Rate Level (7) * (8)			0.9673
<b>(9a)</b> Factor to Adjust for Compromise With Insurance Department			0.93348
<b>(9b)</b> Change in Residual Market Rate Level to Reflect Compromise (9) * (9a)			0.9030
<b>(10)</b> Indicated Change in Voluntary Market Loss Costs (9) * [0.7095 / 0.7239]			0.9481
<b>(10a)</b> Factor to Adjust for Compromise With Insurance Department			0.93348
<b>(10b)</b> Change in Voluntary Market Loss Cost Level to Reflect Compromise (10) * (10a)			0.8850

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

	<b>Mfg.</b>	<b>Cont.</b>	<b>Other</b>	<b>Total</b>
<b>(11)</b> Current Collectible Premium Ratio	0.9171	0.9579	0.8393	
<b>(12)</b> Proposed Collectible Premium Ratio	0.9796	0.9943	0.8568	
<b>(13)</b> Change in Collectible Premium Ratio (12) / (11)	1.0681	1.0380	1.0209	1.0307
<b>(14)</b> Change in Residual Market Manual Rate Level (9b) * (13)	0.9645	0.9373	0.9219	0.9307
<b>(15)</b> Change in Voluntary Market Manual Loss Cost Level (10b) * (13)	0.9453	0.9186	0.9035	0.9122
<b>(16)</b> Current Offset for Residual Market Surcharge				0.9902
<b>(17)</b> Proposed Offset for Residual Market Surcharge				0.9833
<b>(18)</b> Adjusted Change in Voluntary Market Manual Loss Cost Level (15) * (17)/(16)	0.9387	0.9122	0.8972	0.9058

\* \$2,830,000 on a Pre-Legislative basis.

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

	<u>Current %</u>	<u>Proposed %</u>
<b>LOSS AND LOSS ADJUSTMENT EXPENSE</b>		
Losses	58.54	57.08
Loss Adjustment Expense	11.55	11.63 a
Loss & Loss Adjustment	70.09	68.71
<b>UNDERWRITING EXPENSES</b>		
Commission	5.51	5.97
Other Acquisition	2.74	2.85
General Expenses	3.11	3.44
Premium Discount	8.86	9.15
State Premium Tax	2.00	2.00
Other State Tax	0.36	0.35
Uncollectible Premium	1.00	1.00
Administrative Assessment	2.30	2.24 b
Workers Compensation Fund	4.50	3.50
Deviations	0.00	0.00
Policyholder Dividends	0.00	0.00
Underwriting Profit	-0.47	0.79
Underwriting Expense Total	29.91	31.29

a - As ratio to loss, Loss Adjustment Expense = 0.2037  
b - As ratio to loss, Administrative Assessment = 0.0393

**RESIDUAL MARKET MINIMUM PREMIUM:**

It is proposed that the Minimum Premium formula be revised from (250 \* Rate) + Expense Constant to

$$(255 * \text{Rate}) + \text{Expense Constant}$$

It is proposed that the Minimum Premium be subject to a Maximum Minimum Premium of \$2000.  
It is proposed to use a multiplier of 127.50 in the Minimum Premium formula for the Farm Classes, (0006, 0016, 0034, 0036, 0083).

**RESIDUAL MARKET EXPENSE CONSTANT:**

It is proposed that the expense constant remain at \$290.

# EXHIBIT III

## INTERNAL RATE OF RETURN ANALYSIS STATE OF DELAWARE - 2014 TABLE I: INPUTS, ASSUMPTIONS & OUTPUTS

Section 1: Inputs & Assumptions		
(1)	Commissions *	5.97
(2)	Other Expenses	6.64
(2A)	Other Acquisitions *	2.85
(2B)	General Expenses *	3.44
(2C)	Other Tax **	0.35
(3)	State Premium Taxes & Uncollectible Premium	
(3A)	Tax1 - Premium Tax **	2.00
(3B)	Uncollectible Premium **	1.00
(3C)	Tax3 - Workers Compensation Fund **	3.50
(4)	Premium Discount ***	9.15
(5)	Deviations	0.00
(6)	Dividends to Policyholders	0.00
(7)	Premium Written	1,000,000
Investment Income		
(8A)	Pre-Tax Return on Assets	4.31
(8B)	Investment Income Tax Rate	0.93
(8C)	Post-Tax Return on Assets	3.38
(10)	Reserve to Surplus Ratio	2.08
(11)	Internal Rate of Return (Cost of Capital)	8.85
* Applies to standard premium at Bureau level (before premium discount)		
** Applies to net premium at company level (after deviations and premium discounts)		
*** Applies to standard premium at company level (after deviations)		

Section 2: Outputs		
(1)	Loss Ratio - including loss adjustment expense & loss based assessments	70.95
(2)	Profit & Contingencies	0.79

**EXHIBIT IV - 1**

**POLICY YEAR LOSS RATIO 2012\***

(1) Standard Earned Premium Reported (Table I)			114,668,464
(2) Factor to 12/1/13 Rate Level (Exhibit V-1)			1.7821
(3) Premium Development Factor to Ultimate Level (Exhibit VI-1)			0.9980
(4) Expense Constant Removal Factor			0.9972
(5) DCCPAP On-Level Factor			1.0145
(6) Other Adjustments			1.0000
(7) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			206,319,809
<b>Losses - Paid-to-24th Method</b>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8) Paid Losses Reported (Table I-D & I-E)	7,907,030	31,943,650	39,850,680
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	5.5130	3.0098	
(10) Ultimate Incurred Losses (8) * (9)	43,591,456	96,143,998	139,735,454
<b>Losses - Incurred Method</b>			
(11) Incurred Losses Reported (Table I-B & I-C)	21,959,101	43,894,618	65,853,719
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.9513	2.1576	
(13) Ultimate Incurred Losses (11) * (12)	42,848,794	94,707,028	137,555,822
<b>Losses - Average of Incurred and Paid-to-24th</b>			
(14) Ultimate Incurred Losses ((10) + (13))/2	43,220,125	95,425,513	138,645,638
(15) Factor to 7/1/14 Benefit Level (Exhibit V-3)	1.0358	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.2037	1.2037	
(17) Adjusted Losses (14) * (15) * (16)	53,886,526	114,863,690	168,750,216
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.2612	0.5567	0.8179
(19) Normalized Claim Frequency (Exhibit VII-3)	0.4409	0.4409	
(20) Severity Ratio** (18)/(19)	0.5924	1.2626	1.8550

\* 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 2011\***

(1) Standard Earned Premium Reported (Table I)			106,136,484
(2) Factor to 12/1/13 Rate Level (Exhibit V-1)			2.0725
(3) Premium Development Factor to Ultimate Level (Exhibit VI-1)			1.0015
(4) Expense Constant Removal Factor			0.9968
(5) DCCPAP On-Level Factor			1.0145
(6) Other Adjustments			1.0000
(7) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			222,776,958
<b>Losses - Paid-to-24th Method</b>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8) Paid Losses Reported (Table I-D & I-E)	19,114,242	51,344,555	70,458,797
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	2.6973	2.1448	
(10) Ultimate Incurred Losses (8) * (9)	51,556,845	110,123,802	161,680,647
<b>Losses - Incurred Method</b>			
(11) Incurred Losses Reported (Table I-B & I-C)	31,292,814	64,432,001	95,724,815
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.4455	1.7283	
(13) Ultimate Incurred Losses (11) * (12)	45,233,763	111,357,827	156,591,590
<b>Losses - Average of Incurred and Paid-to-24th</b>			
(14) Ultimate Incurred Losses ((10) + (13))/2	48,395,304	110,740,815	159,136,119
(15) Factor to 7/1/14 Benefit Level (Exhibit V-3)	1.0509	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.2037	1.2037	
(17) Adjusted Losses (14) * (15) * (16)	61,218,527	133,298,719	194,517,246
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.2748	0.5984	0.8732
(19) Normalized Claim Frequency (Exhibit VII-3)	0.4837	0.4837	
(20) Severity Ratio** (18)/(19)	0.5681	1.2371	1.8052

\* 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 2010\***

(1) Standard Earned Premium Reported (Table I)			105,446,250
(2) Factor to 12/1/13 Rate Level (Exhibit V-1)			2.0580
(3) Premium Development Factor to Ultimate Level (Exhibit VI-1)			1.0004
(4) Expense Constant Removal Factor			0.9970
(5) DCCPAP On-Level Factor			1.0141
(6) Other Adjustments			1.0000
(7) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			219,495,759
<b>Losses - Paid-to-24th Method</b>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8) Paid Losses Reported (Table I-D & I-E)	24,478,931	56,019,630	80,498,561
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.8072	1.8401	
(10) Ultimate Incurred Losses (8) * (9)	44,238,324	103,081,721	147,320,045
<b>Losses - Incurred Method</b>			
(11) Incurred Losses Reported (Table I-B & I-C)	35,948,553	70,228,429	106,176,982
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.1935	1.5250	
(13) Ultimate Incurred Losses (11) * (12)	42,904,598	107,098,354	150,002,952
<b>Losses - Average of Incurred and Paid-to-24th</b>			
(14) Ultimate Incurred Losses ((10) + (13))/2	43,571,461	105,090,038	148,661,499
(15) Factor to 7/1/14 Benefit Level (Exhibit V-3)	1.0477	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.2037	1.2037	
(17) Adjusted Losses (14) * (15) * (16)	54,948,688	126,496,879	181,445,567
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.2503	0.5763	0.8266
(19) Normalized Claim Frequency (Exhibit VII-3)	0.5143	0.5143	
(20) Severity Ratio** (18)/(19)	0.4867	1.1206	1.6073

\* 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 2009\***

(1) Standard Earned Premium Reported (Table I)			117,553,644
(2) Factor to 12/1/13 Rate Level (Exhibit V-1)			1.8908
(3) Premium Development Factor to Ultimate Level (Exhibit VI-1)			0.9998
(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)			224,838,769
<b>Losses - Paid-to-24th Method</b>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8) Paid Losses Reported (Table I-D & I-E)	28,954,705	51,793,148	80,747,853
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.5163	1.6933	
(10) Ultimate Incurred Losses (8) * (9)	43,904,019	87,701,338	131,605,357
<b>Losses - Incurred Method</b>			
(11) Incurred Losses Reported (Table I-B & I-C)	38,876,218	60,991,193	99,867,411
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.1284	1.3888	
(13) Ultimate Incurred Losses (11) * (12)	43,867,924	84,704,569	128,572,493
<b>Losses - Average of Incurred and Paid-to-24th</b>			
(14) Ultimate Incurred Losses ((10) + (13))/2	43,885,972	86,202,954	130,088,926
(15) Factor to 7/1/14 Benefit Level (Exhibit V-3)	1.0449	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.2037	1.2037	
(17) Adjusted Losses (14) * (15) * (16)	55,197,411	103,762,496	158,959,907
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.2455	0.4615	0.7070
(19) Normalized Claim Frequency (Exhibit VII-3)	0.5143	0.5143	
(20) Severity Ratio** (18)/(19)	0.4773	0.8973	1.3746

\* 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 2008\***

(1) Standard Earned Premium Reported (Table I)			150,509,809
(2) Factor to 12/1/13 Rate Level (Exhibit V-1)			1.5187
(3) Premium Development Factor to Ultimate Level (Exhibit VI-1)			0.9998
(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)			227,688,611
<b>Losses - Paid-to-24th Method</b>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8) Paid Losses Reported (Table I-D & I-E)	31,616,539	50,504,311	82,120,850
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.3634	1.5865	
(10) Ultimate Incurred Losses (8) * (9)	43,105,989	80,125,089	123,231,078
<b>Losses - Incurred Method</b>			
(11) Incurred Losses Reported (Table I-B & I-C)	36,298,562	59,279,320	95,577,882
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.1004	1.3078	
(13) Ultimate Incurred Losses (11) * (12)	39,942,938	77,525,495	117,468,433
<b>Losses - Average of Incurred and Paid-to-24th</b>			
(14) Ultimate Incurred Losses ((10) + (13))/2	41,524,464	78,825,292	120,349,756
(15) Factor to 7/1/14 Benefit Level (Exhibit V-3)	1.0486	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.2037	1.2037	
(17) Adjusted Losses (14) * (15) * (16)	52,412,171	94,882,004	147,294,175
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.2302	0.4167	0.6469
(19) Normalized Claim Frequency (Exhibit VII-3)	0.5177	0.5177	
(20) Severity Ratio** (18)/(19)	0.4447	0.8049	1.2496

\* 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 2007\***

(1) Standard Earned Premium Reported (Table I)	199,161,539
(2) Factor to 12/1/13 Rate Level (Exhibit V-2)	1.1256
(3) Premium Development Factor to Ultimate Level (Exhibit VI-1)	1.0001
(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)	223,101,413

**Losses - Paid-to-24th Method**

	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8) Paid Losses Reported (Table I-D & I-E)	36,240,706	52,879,273	89,119,979
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.2689	1.5038	
(10) Ultimate Incurred Losses (8) * (9)	45,985,832	79,519,851	125,505,683

**Losses - Incurred Method**

(11) Incurred Losses Reported (Table I-B & I-C)	40,998,096	63,698,385	104,696,481
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.0820	1.2549	
(13) Ultimate Incurred Losses (11) * (12)	44,359,940	79,935,103	124,295,043

**Losses - Average of Incurred and Paid-to-24th**

(14) Ultimate Incurred Losses ((10) + (13))/2	45,172,886	79,727,477	124,900,363
(15) Factor to 7/1/14 Benefit Level (Exhibit V-3)	1.0667	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.2037	1.2037	
(17) Adjusted Losses (14) * (15) * (16)	58,001,389	95,967,964	153,969,353
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.2600	0.4302	0.6902
(19) Normalized Claim Frequency (Exhibit VII-3)	0.5829	0.5829	
(20) Severity Ratio** (18)/(19)	0.4460	0.7380	1.1840

\* 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 2006\***

(1) Standard Earned Premium Reported (Table I)			206,323,495
(2) Factor to 12/1/13 Rate Level (Exhibit V-2)			1.0964
(3) Premium Development Factor to Ultimate Level (Exhibit VI-1)			0.9999
(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)			224,722,483
<b>Losses - Paid-to-24th Method</b>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8) Paid Losses Reported (Table I-D & I-E)	37,329,211	49,767,780	87,096,991
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.2058	1.4382	
(10) Ultimate Incurred Losses (8) * (9)	45,011,563	71,576,021	116,587,584
<b>Losses - Incurred Method</b>			
(11) Incurred Losses Reported (Table I-B & I-C)	42,772,459	61,110,153	103,882,612
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.0670	1.2169	
(13) Ultimate Incurred Losses (11) * (12)	45,638,214	74,364,945	120,003,159
<b>Losses - Average of Incurred and Paid-to-24th</b>			
(14) Ultimate Incurred Losses ((10) + (13))/2	45,324,889	72,970,483	118,295,372
(15) Factor to 7/1/14 Benefit Level (Exhibit V-3)	1.0956	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.2037	1.2037	
(17) Adjusted Losses (14) * (15) * (16)	59,773,272	87,834,570	147,607,842
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.2660	0.3909	0.6569
(19) Normalized Claim Frequency (Exhibit VII-3)	0.6271	0.6271	
(20) Severity Ratio** (18)/(19)	0.4242	0.6233	1.0475

\* 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 2005\***

<b>(1)</b> Standard Earned Premium Reported (Table I)	187,180,200
<b>(2)</b> Factor to 12/1/13 Rate Level (Exhibit V-2)	1.1478
<b>(3)</b> Premium Development Factor to Ultimate Level (Exhibit VI-1)	0.9998
<b>(4)</b> Expense Constant Removal Factor	0.9968
<b>(5)</b> DCCPAP On-Level Factor	0.9985
<b>(6)</b> Other Adjustments	1.0000
<b>(7)</b> Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)	213,793,924

<b>Losses - Paid-to-24th Method</b>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
<b>(8)</b> Paid Losses Reported (Table I-D & I-E)	37,650,094	51,410,473	89,060,567
<b>(9)</b> Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.1617	1.3850	
<b>(10)</b> Ultimate Incurred Losses (8) * (9)	43,738,114	71,203,505	114,941,619
<b>Losses - Incurred Method</b>			
<b>(11)</b> Incurred Losses Reported (Table I-B & I-C)	41,450,123	62,081,078	103,531,201
<b>(12)</b> Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.0538	1.1878	
<b>(13)</b> Ultimate Incurred Losses (11) * (12)	43,680,140	73,739,904	117,420,044
<b>Losses - Average of Incurred and Paid-to-24th</b>			
<b>(14)</b> Ultimate Incurred Losses ((10) + (13))/2	43,709,127	72,471,705	116,180,832
<b>(15)</b> Factor to 7/1/14 Benefit Level (Exhibit V-3)	1.1187	1.0000	
<b>(16)</b> Factor to Include Loss Adjustment Expense	1.2037	1.2037	
<b>(17)</b> Adjusted Losses (14) * (15) * (16)	58,857,801	87,234,191	146,091,992
<b>(18)</b> Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.2753	0.4080	0.6833
<b>(19)</b> Normalized Claim Frequency (Exhibit VII-3)	0.6665	0.6665	
<b>(20)</b> Severity Ratio** (18)/(19)	0.4131	0.6122	1.0253

\* 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 2004\***

(1) Standard Earned Premium Reported (Table I)			151,804,673
(2) Factor to 12/1/13 Rate Level (Exhibit V-2)			1.3053
(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)			197,397,741
<b>Losses - Paid-to-24th Method</b>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8) Paid Losses Reported (Table I-D & I-E)	37,518,334	50,880,644	88,398,978
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.1297	1.3410	
(10) Ultimate Incurred Losses (8) * (9)	42,384,462	68,230,944	110,615,406
<b>Losses - Incurred Method</b>			
(11) Incurred Losses Reported (Table I-B & I-C)	38,912,046	58,006,387	96,918,433
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.0420	1.1644	
(13) Ultimate Incurred Losses (11) * (12)	40,546,352	67,542,637	108,088,989
<b>Losses - Average of Incurred and Paid-to-24th</b>			
(14) Ultimate Incurred Losses ((10) + (13))/2	41,465,407	67,886,791	109,352,198
(15) Factor to 7/1/14 Benefit Level (Exhibit V-3)	1.1343	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.2037	1.2037	
(17) Adjusted Losses (14) * (15) * (16)	56,615,080	81,715,330	138,330,410
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.2868	0.4140	0.7008
(19) Normalized Claim Frequency (Exhibit VII-3)	0.7446	0.7446	
(20) Severity Ratio** (18)/(19)	0.3852	0.5560	0.9412

\* 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 2003\***

(1) Standard Earned Premium Reported (Table I)			133,528,937
(2) Factor to 12/1/13 Rate Level (Exhibit V-2)			1.2548
(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)			167,149,415
<b>Losses - Paid-to-24th Method</b>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8) Paid Losses Reported (Table I-D & I-E)	36,564,257	47,564,921	84,129,178
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.1059	1.3040	
(10) Ultimate Incurred Losses (8) * (9)	40,436,412	62,024,657	102,461,069
<b>Losses - Incurred Method</b>			
(11) Incurred Losses Reported (Table I-B & I-C)	39,356,178	57,385,196	96,741,374
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.0315	1.1449	
(13) Ultimate Incurred Losses (11) * (12)	40,595,898	65,700,311	106,296,209
<b>Losses - Average of Incurred and Paid-to-24th</b>			
(14) Ultimate Incurred Losses ((10) + (13))/2	40,516,155	63,862,484	104,378,639
(15) Factor to 7/1/14 Benefit Level (Exhibit V-3)	1.1478	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.2037	1.2037	
(17) Adjusted Losses (14) * (15) * (16)	55,977,398	76,871,272	132,848,670
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.3349	0.4599	0.7948
(19) Normalized Claim Frequency (Exhibit VII-3)	0.8458	0.8458	
(20) Severity Ratio** (18)/(19)	0.3960	0.5437	0.9397

\* 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 2008 - 2012**  
**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 12/1/13 RATE LEVEL	
2012	VOL	12/01/11	BASE	0.7343	0.7801	0.5728		
		12/01/12	1.2166	0.8933	0.0681	0.0608		
		12/01/13	1.1400	1.0184				
					-----	-----		
						0.8482		0.6336
	RM	12/01/11	BASE	1.0000	1.0000	0.1418		0.1418
		12/01/12	1.2606	1.2606	0.0100	0.0126		
		12/01/13	1.1140	1.4043				
					-----	-----		
						0.1518		0.1544
*	Loss, LAE and LBA portion of 12/1/11 rate.					0.7880	1.7821	
2011	VOL	12/01/10	BASE	0.7688	0.8260	0.6350		
		12/01/11	1.1261	0.8657	0.0665	0.0576		
		12/01/12	1.3869	1.2006				
		TO 12/1/13			-----	-----		
						0.8925		0.6926
	RM	12/01/10	BASE	1.0000	1.0000	0.1008		0.1008
		12/01/11	1.1826	1.1826	0.0067	0.0079		
		12/01/12	1.4043	1.6607				
		TO 12/1/13			-----	-----		
						0.1075		0.1087
*	Loss, LAE and LBA portion of 12/1/10 rate.					0.8013	2.0725	
2010	VOL	12/01/09	BASE	0.7574	0.8561	0.6484		
		12/01/10	0.9749	0.7384	0.0680	0.0502		
		12/01/11	1.5618	1.1532				
		TO 12/1/13			-----	-----		
						0.9241		0.6986
	RM	12/01/09	BASE	1.0000	1.0000	0.0695		0.0695
		12/01/10	0.9594	0.9594	0.0064	0.0061		
		12/01/11	1.6607	1.5933				
		TO 12/1/13			-----	-----		
						0.0759		0.0756
*	Loss, LAE and LBA portion of 12/1/09 rate.					0.7742	2.0580	
2009	VOL	12/01/08	BASE	0.7511	0.8423	0.6327		
		12/01/09	0.9160	0.6880	0.0787	0.0541		
		12/01/10	1.5226	1.0475				
		TO 12/1/13			-----	-----		
						0.9210		0.6868
	RM	12/01/08	BASE	1.0000	1.0000	0.0746		0.0746
		12/01/09	0.9083	0.9083	0.0044	0.0040		
		12/01/10	1.5933	1.4472				
		TO 12/1/13			-----	-----		
						0.0790		0.0786
*	Loss, LAE and LBA portion of 12/1/08 rate.					0.7654	1.8908	
2008	VOL	12/01/07	BASE	0.7627	0.2616	0.1995		
		10/01/08	0.8843	0.6745	0.5907	0.3984		
		12/01/08	0.8354	0.5635	0.0513	0.0289		
		12/01/09	1.3947	0.7859				
		TO 12/1/13			-----	-----		
	RM	12/01/07	BASE	1.0000	1.0000	0.0286		0.0286
		10/01/08	0.8843	0.8843	0.0646	0.0571		
		12/01/08	0.8484	0.7502	0.0032	0.0024		
		12/01/09	1.4472	1.0857				
		TO 12/1/13			-----	-----		
				0.0964	0.0881			
*	Loss, LAE and LBA portion of 12/1/07 rate.					0.7149	1.5187	



**EXHIBIT V - 2  
POLICY YEARS 2003 - 2007  
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 12/1/13 RATE LEVEL	
2007	VOL	12/01/06	BASE	0.7292 *+	0.8181	0.5966		
		12/01/07	0.8225	0.5998 +	0.0392	0.0235		
		10/01/08	0.8843	0.6448 +	0.0126	0.0081		
		12/01/07& 10/01/08	0.7273	0.5304 +	0.0103	0.0055		
		12/01/08	1.1651	0.6179 +	-----	-----		
		TO 12/1/13			0.8802	0.6337		
	RM	12/01/06	BASE	1.0000 +	0.1140	0.1140		
		12/01/07	0.7800	0.7800 +	0.0032	0.0025		
		10/01/08	0.8843	0.8843 +	0.0018	0.0016		
		12/01/07& 10/01/08	0.6898	0.6898 +	0.0008	0.0006		
12/01/08		1.2278	0.8469 +	-----	-----			
	TO 12/1/13			0.1198	0.1187			
*	Loss, LAE and LBA portion of 12/1/06 rate.					0.7524	1.1256	
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	0.8475	0.6338	-----	-----		
		TO 12/1/13			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	0.8469	0.8687	-----	-----		
		TO 12/1/13			0.1756	0.1758		
	*	Loss, LAE and LBA portion of 12/1/05 rate.					0.7923	1.0964
	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			0.8475	0.6855	-----	-----		
TO 12/1/13					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	0.8686	0.9390	-----	-----		
		TO 12/1/13			0.2409	0.2420		
*		Loss, LAE and LBA portion of 12/1/04 rate.					0.8181	1.1478
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		0.9076	0.7782	-----	-----		
	TO 12/1/13				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	0.9390	1.0660	-----	-----		
		TO 12/1/13			0.2701	0.2728		
	*	Loss, LAE and LBA portion of 12/1/03 rate.					0.8167	1.3053
	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			1.0592	0.7230	-----	-----		
TO 12/1/13					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	1.0661	0.9905	-----	-----		
		TO 12/1/13			0.2300	0.2288		
*		Loss, LAE and LBA portion of 12/1/02 rate.					0.7894	1.2548
+		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 12/1/13	0.6179	Current	Cumulative to 12/1/13	0.8469			

**EXHIBIT V - 3**  
**POLICY YEARS 2003 - 2012**  
**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 7/1/14 BENEFIT LEVEL
2012	6/13/11	BASE	1.0000	0.1264	0.1264	1.0358
	7/02/12	1.0161	1.0161	0.7486	0.7607	
	7/01/13	1.0242	1.0407	0.1250	0.1301	
	7/01/14	1.0124	1.0536	-----	-----	
				1.0000	1.0172	
2011	5/25/10	BASE	1.0000	0.1010	0.1010	1.0509
	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	1.0369	1.0469	-----	-----	
	TO 7/01/14			1.0000	0.9962	
2010	6/04/09	BASE	1.0000	0.0796	0.0796	1.0477
	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	1.0536	1.0441	-----	-----	
	TO 7/01/14			1.0000	0.9966	
2009	6/03/08	BASE	1.0000	0.0903	0.0903	1.0449
	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	1.0469	1.0474	-----	-----	
	TO 7/01/14			1.0000	1.0024	
2008	6/07/07	BASE	1.0000	0.0891	0.0891	1.0486
	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	1.0441	1.0672	-----	-----	
	TO 7/01/14			1.0000	1.0177	
2007	6/07/06	BASE	1.0000	0.0938	0.0938	1.0667
	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	1.0474	1.0989	-----	-----	
	TO 7/01/14			1.0000	1.0302	
2006	6/06/05	BASE	1.0000	0.0951	0.0951	1.0956
	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	1.0672	1.1209	-----	-----	
	TO 7/01/14			1.0000	1.0231	
2005	5/21/04	BASE	1.0000	0.0939	0.0939	1.1187
	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	1.0989	1.1362	-----	-----	
	TO 7/01/14			1.0000	1.0156	
2004	6/04/03	BASE	1.0000	0.0767	0.0767	1.1343
	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	1.1208	1.1467	-----	-----	
	TO 7/01/14			1.0000	1.0109	
2003	6/14/02	BASE	1.0000	0.0915	0.0915	1.1478
	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	1.1361	1.1794	-----	-----	
	TO 7/01/14			1.0000	1.0275	

EXHIBIT VI - 1

DEVELOPMENT FACTORS

PREMIUM

Reports in Ratio	Calendar Years <u>09-10</u>	Calendar Years <u>10-11</u>	Calendar Years <u>11-12</u>	Calendar Years <u>12-13</u>	Unweighted Average	Cumulative Average
2nd to 1st	0.9785	1.0071	0.9979	1.0023	0.9965	0.9980
3rd to 2nd	0.9994	1.0030	1.0023	0.9998	1.0011	1.0015
4th to 3rd	1.0049	1.0000	0.9983	0.9993	1.0006	1.0004
5th to 4th	1.0000	1.0005	0.9993	1.0001	1.0000	0.9998
6th to 5th	0.9995	0.9999	0.9994	0.9999	0.9997	0.9998
7th to 6th	1.0000	1.0005	1.0002	1.0000	1.0002	1.0001
8th to 7th	1.0000	1.0001	1.0003	1.0000	1.0001	0.9999
9th to 8th	0.9991	1.0012	0.9990	1.0000	0.9998	0.9998
10th to 9th	1.0000	0.9990	1.0023	1.0000	1.0000 *	1.0000
11th to 10th	1.0002	1.0003	1.0020	0.9998	1.0000 *	1.0000
12th to 11th	0.9974	1.0000	0.9999	0.9994	1.0000 *	1.0000
13th to 12th	1.0002	1.0000	1.0000	1.0000	1.0000 *	1.0000
14th to 13th	1.0000	1.0000	1.0000	1.0000	1.0000 *	1.0000
15th to 14th	1.0000	1.0000	1.0000	1.0000	1.0000 *	1.0000
16th to 15th	1.0000	1.0000	0.9999	1.0000	1.0000 *	1.0000
17th to 16th	1.0000	1.0000	0.9999	1.0000	1.0000 *	1.0000
18th to 17th	1.0000	1.0000	1.0000	1.0000	1.0000 *	1.0000
19th to 18th	1.0001	1.0001	1.0000	1.0000	1.0000 *	1.0000
20th to 19th	0.9997	1.0003	1.0000	1.0000	1.0000 *	1.0000
21st to 20th	1.0000	1.0002	1.0003	1.0000	1.0000 *	1.0000
22nd to 21st	1.0000	1.0001	1.0000	1.0003	1.0000 *	1.0000
23rd to 22nd	1.0000	1.0000	1.0000	1.0000	1.0000 *	1.0000
24th to 23rd	1.0000	1.0001	1.0000	1.0000	1.0000 *	1.0000
Beyond 24th	1.0004	1.0001	1.0000	1.0000	1.0000 *	1.0000

\* Selected

**EXHIBIT VI - 2**

**DEVELOPMENT FACTORS**

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

Reports in Ratio		Calendar Years <u>09-10</u>	Calendar Years <u>10-11</u>	Calendar Years <u>11-12</u>	Calendar Years <u>12-13</u>	Unweighted Average	Fitted Value	Cumulative Average
2nd to 1st	a	2.1464	2.1012	1.9133	2.0147	2.0439	2.0439	5.5130
3rd to 2nd	a	1.4295	1.4494	1.5122	1.5791	1.4926	1.4925	2.6973
4th to 3rd	a	1.1983	1.1749	1.2050	1.1860	1.1911	1.1919	1.8072
5th to 4th	a	1.0950	1.1223	1.1237	1.1092	1.1126	1.1121	1.5163
6th to 5th	a	1.0693	1.0921	1.0767	1.0797	1.0795	1.0745	1.3634
7th to 6th	a	1.0517	1.0426	1.0469	1.0530	1.0486	1.0523	1.2689
8th to 7th	a	1.0257	1.0381	1.0253	1.0353	1.0311	1.0380	1.2058
9th to 8th	a	1.0525	1.0319	1.0205	1.0346	1.0349	1.0283	1.1617
10th to 9th	a	1.0263	1.0285	1.0126	1.0196	1.0218	1.0215	1.1297
11th to 10th	a	1.0024	1.0125	1.0114	1.0155	1.0105	1.0166	1.1059
12th to 11th	a	1.0195	1.0032	1.0106	1.0126	1.0115	1.0131	1.0879
13th to 12th	a	1.0086	1.0158	1.0109	1.0106	1.0115	1.0106	1.0738
14th to 13th	a	1.0232	1.0093	1.0102	1.0235	1.0166	1.0087	1.0625
15th to 14th	a	1.0109	1.0162	1.0134	1.0028	1.0108	1.0073	1.0534
16th to 15th	a	1.0032	1.0061	1.0053	1.0130	1.0069	1.0063	1.0458
17th to 16th	a	1.0048	1.0063	1.0020	1.0061	1.0048	1.0055	1.0392
18th to 17th	a	1.0035	1.0062	1.0040	1.0022	1.0040	1.0050	1.0335
19th to 18th	a	1.0049	0.9963	1.0064	1.0022	1.0025	1.0046	1.0284
20th to 19th	a	1.0007	1.0012	1.0063	1.0023	1.0026	1.0043	1.0237
21st to 20th	a	1.0038	1.0024	1.0057	0.9978	1.0024	1.0041	1.0193
22nd to 21st	a	1.0050	1.0100	1.0022	1.0029	1.0050	1.0040	1.0151
23rd to 22nd	a	1.0030	1.0027	1.0000	1.0006	1.0016	1.0040	1.0111
24th to 23rd	b	1.0465	1.0163	1.0164	1.0163	1.0239	1.0163	1.0071
Beyond 24th	c	0.9835	0.9995	0.9969	0.9837	0.9909	0.9909	0.9909

**INCURRED METHOD**

Reports in Ratio		Calendar Years <u>09-10</u>	Calendar Years <u>10-11</u>	Calendar Years <u>11-12</u>	Calendar Years <u>12-13</u>	Unweighted Average	Fitted Value	Cumulative Average
2nd to 1st	c	1.4633	1.3383	1.3121	1.2855	1.3498	1.3499	1.9513
3rd to 2nd	c	1.1848	1.1932	1.2149	1.2641	1.2143	1.2112	1.4455
4th to 3rd	c	1.0736	0.9969	1.0317	1.0586	1.0402	1.0577	1.1935
5th to 4th	c	1.0407	1.0702	1.0180	1.0489	1.0445	1.0254	1.1284
6th to 5th	c	1.0139	1.0075	1.0148	1.0293	1.0164	1.0170	1.1004
7th to 6th	c	1.0315	1.0046	1.0307	1.0322	1.0248	1.0141	1.0820
8th to 7th	c	1.0083	1.0161	1.0202	1.0059	1.0126	1.0125	1.0670
9th to 8th	c	1.0171	1.0013	1.0123	1.0090	1.0099	1.0113	1.0538
10th to 9th	c	0.9904	1.0160	1.0065	1.0078	1.0052	1.0102	1.0420
11th to 10th	c	0.9933	0.9948	1.0002	1.0017	0.9975	1.0091	1.0315
12th to 11th	c	1.0071	0.9923	0.9957	1.0026	0.9994	1.0080	1.0222
13th to 12th	c	1.0001	1.0076	1.0217	1.0187	1.0120	1.0069	1.0141
14th to 13th	c	1.0146	0.9997	1.0050	0.9962	1.0039	1.0058	1.0071
15th to 14th	c	0.9932	1.0041	1.0039	0.9964	0.9994	1.0048	1.0013
16th to 15th	c	0.9985	1.0032	1.0027	1.0013	1.0014	1.0038	0.9965
17th to 16th	c	1.0039	1.0252	0.9996	1.0039	1.0082	1.0029	0.9928
18th to 17th	c	0.9982	1.0019	0.9777	0.9990	0.9942	1.0021	0.9899
19th to 18th	c	1.0158	1.0018	1.0141	1.0371	1.0172	1.0013	0.9878
20th to 19th	c	0.9977	1.0015	0.9971	0.9918	0.9970	1.0005	0.9865
21st to 20th	c	0.9932	1.0010	0.9981	0.9966	0.9972	0.9998	0.9861
22nd to 21st	c	1.0024	1.0022	0.9990	0.9930	0.9992	0.9991	0.9862
23rd to 22nd	c	1.0005	0.9978	0.9984	0.9985	0.9988	0.9984	0.9871
24th to 23rd	c	1.0221	1.0011	1.0010	1.0019	1.0065	0.9978	0.9887
Beyond 24th	c	0.9835	0.9995	0.9969	0.9837	0.9909	0.9909	0.9909

- a From Table I-D
- b 23rd (Paid - Table I-D) to 24th (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	2.0439	1.0439	1.0439	2.0439
3rd to 2nd	1.4926	0.4926	0.4925	1.4925
4th to 3rd	1.1911	0.1911	0.1919	1.1919
5th to 4th	1.1126	0.1126	0.1121	1.1121
6th to 5th	1.0795	0.0795	0.0745	1.0745
7th to 6th	1.0486	0.0486	0.0523	1.0523
8th to 7th	1.0311	0.0311	0.0380	1.0380
9th to 8th	1.0349	0.0349	0.0283	1.0283
10th to 9th	1.0218	0.0218	0.0215	1.0215
11th to 10th	1.0105	0.0105	0.0166	1.0166
12th to 11th	1.0115	0.0115	0.0131	1.0131
13th to 12th	1.0115	0.0115	0.0106	1.0106
14th to 13th	1.0166	0.0166	0.0087	1.0087
15th to 14th	1.0108	0.0108	0.0073	1.0073
16th to 15th	1.0069	0.0069	0.0063	1.0063
17th to 16th	1.0048	0.0048	0.0055	1.0055
18th to 17th	1.0040	0.0040	0.0050	1.0050
19th to 18th	1.0025	0.0025	0.0046	1.0046
20th to 19th	1.0026	0.0026	0.0043	1.0043
21st to 20th	1.0024	0.0024	0.0041	1.0041
22nd to 21st	1.0050	0.0050	0.0040	1.0040
23rd to 22nd	1.0016	0.0016	0.0040	1.0040
24th to 23rd*	1.0239	0.0239	0.0163	1.0163

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

$$a = 0.016153 \quad b = -0.595657 \quad c = 8.425871 \quad d = -29.034773 \quad e = 51.273681 \quad f = -29.041374$$

\* Paid-Incurred selected value = three 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	1.3498	0.3498	0.3499	1.3499
3rd to 2nd	1.2143	0.2143	0.2112	1.2112
4th to 3rd	1.0402	0.0402	0.0577	1.0577
5th to 4th	1.0445	0.0445	0.0254	1.0254
6th to 5th	1.0164	0.0164	0.0170	1.0170
7th to 6th	1.0248	0.0248	0.0141	1.0141
8th to 7th	1.0126	0.0126	0.0125	1.0125
9th to 8th	1.0099	0.0099	0.0113	1.0113
10th to 9th	1.0052	0.0052	0.0102	1.0102
11th to 10th	0.9975	-0.0025	0.0091	1.0091
12th to 11th	0.9994	-0.0006	0.0080	1.0080
13th to 12th	1.0120	0.0120	0.0069	1.0069
14th to 13th	1.0039	0.0039	0.0058	1.0058
15th to 14th	0.9994	-0.0006	0.0048	1.0048
16th to 15th	1.0014	0.0014	0.0038	1.0038
17th to 16th	1.0082	0.0082	0.0029	1.0029
18th to 17th	0.9942	-0.0058	0.0021	1.0021
19th to 18th	1.0172	0.0172	0.0013	1.0013
20th to 19th	0.9970	-0.0030	0.0005	1.0005
21st to 20th	0.9972	-0.0028	-0.0002	0.9998
22nd to 21st	0.9992	-0.0008	-0.0009	0.9991
23rd to 22nd	0.9988	-0.0012	-0.0016	0.9984
24th to 23rd	1.0065	0.0065	-0.0022	0.9978
Beyond 24th+	0.9909	-0.0091	-0.0091	0.9909

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

$$a = -0.021405 \quad b = 0.591153 \quad c = -3.876906 \quad d = 10.842687 \quad e = -7.185672$$

+ Selected four year average

**EXHIBIT VI - 4**

**DEVELOPMENT FACTORS**

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

Reports in Ratio		Calendar Years <u>09-10</u>	Calendar Years <u>10-11</u>	Calendar Years <u>11-12</u>	Calendar Years <u>12-13</u>	Unweighted Average	Fitted Value	Cumulative Average
2nd to 1st	a	1.4300	1.4377	1.4006	1.3448	1.4033	1.4033	3.0098
3rd to 2nd	a	1.1673	1.1552	1.1782	1.1619	1.1657	1.1656	2.1448
4th to 3rd	a	1.0739	1.0793	1.0885	1.0999	1.0854	1.0867	1.8401
5th to 4th	a	1.0657	1.0727	1.0556	1.0914	1.0714	1.0673	1.6933
6th to 5th	a	1.0516	1.0413	1.0694	1.0469	1.0523	1.0550	1.5865
7th to 6th	a	1.0390	1.0392	1.0505	1.0465	1.0438	1.0456	1.5038
8th to 7th	a	1.0531	1.0368	1.0213	1.0382	1.0374	1.0384	1.4382
9th to 8th	a	1.0294	1.0319	1.0400	1.0248	1.0315	1.0328	1.3850
10th to 9th	a	1.0386	1.0273	1.0235	1.0385	1.0320	1.0284	1.3410
11th to 10th	a	1.0227	1.0342	1.0232	1.0332	1.0283	1.0248	1.3040
12th to 11th	a	1.0145	1.0162	1.0372	1.0221	1.0225	1.0220	1.2724
13th to 12th	a	1.0134	1.0158	1.0162	1.0243	1.0174	1.0197	1.2451
14th to 13th	a	1.0206	1.0177	1.0095	1.0113	1.0148	1.0178	1.2210
15th to 14th	a	1.0110	1.0280	1.0137	1.0096	1.0156	1.0162	1.1996
16th to 15th	a	1.0145	1.0145	1.0285	1.0156	1.0183	1.0148	1.1805
17th to 16th	a	1.0181	1.0148	1.0088	1.0203	1.0155	1.0137	1.1633
18th to 17th	a	1.0078	1.0084	1.0092	1.0234	1.0122	1.0127	1.1476
19th to 18th	a	1.0052	1.0080	1.0129	1.0099	1.0090	1.0119	1.1332
20th to 19th	a	1.0088	1.0092	1.0095	1.0125	1.0100	1.0111	1.1199
21st to 20th	a	1.0164	1.0156	1.0046	1.0061	1.0107	1.0105	1.1076
22nd to 21st	a	1.0101	1.0178	1.0073	1.0058	1.0103	1.0099	1.0961
23rd to 22nd	a	1.0151	1.0021	1.0016	1.0094	1.0071	1.0094	1.0853
24th to 23rd	b	1.0698	1.0907	1.0158	1.0365	1.0532	1.0532	1.0752
Beyond 24th	c	0.9626	1.0713	1.0120	1.0377	1.0209	1.0209	1.0209

**INCURRED METHOD**

Reports in Ratio		Calendar Years <u>09-10</u>	Calendar Years <u>10-11</u>	Calendar Years <u>11-12</u>	Calendar Years <u>12-13</u>	Unweighted Average	Fitted Value	Cumulative Average
2nd to 1st	c	1.2758	1.3364	1.1985	1.1829	1.2484	1.2484	2.1576
3rd to 2nd	c	1.1157	1.1334	1.1453	1.1386	1.1333	1.1333	1.7283
4th to 3rd	c	1.1118	1.1301	1.0808	1.0685	1.0978	1.0981	1.5250
5th to 4th	c	1.0816	1.1007	1.0145	1.0549	1.0629	1.0619	1.3888
6th to 5th	c	1.0391	1.0404	1.0453	1.0360	1.0402	1.0422	1.3078
7th to 6th	c	1.0474	1.0157	1.0375	1.0382	1.0347	1.0312	1.2549
8th to 7th	c	1.0406	1.0233	1.0082	1.0116	1.0209	1.0245	1.2169
9th to 8th	c	1.0372	1.0181	1.0494	0.9939	1.0247	1.0201	1.1878
10th to 9th	c	1.0159	0.9982	1.0298	1.0181	1.0155	1.0170	1.1644
11th to 10th	c	1.0206	1.0269	1.0140	0.9787	1.0101	1.0148	1.1449
12th to 11th	c	1.0151	1.0118	1.0270	0.9939	1.0120	1.0130	1.1282
13th to 12th	c	1.0089	1.0125	0.9966	1.0208	1.0097	1.0116	1.1138
14th to 13th	c	1.0124	1.0167	0.9963	0.9933	1.0047	1.0104	1.1010
15th to 14th	c	1.0079	1.0459	1.0127	1.0133	1.0200	1.0094	1.0897
16th to 15th	c	1.0129	1.0251	1.0175	1.0095	1.0163	1.0086	1.0795
17th to 16th	c	1.0090	1.0213	1.0185	1.0188	1.0169	1.0078	1.0703
18th to 17th	c	1.0008	0.9984	1.0077	0.9972	1.0010	1.0072	1.0620
19th to 18th	c	1.0013	1.0015	0.9954	1.0103	1.0021	1.0066	1.0544
20th to 19th	c	1.0027	0.9986	1.0089	0.9830	0.9983	1.0060	1.0475
21st to 20th	c	1.0172	1.0044	0.9989	1.0003	1.0052	1.0056	1.0413
22nd to 21st	c	1.0017	1.0242	1.0018	1.0004	1.0070	1.0051	1.0355
23rd to 22nd	c	1.0060	0.9952	0.9994	0.9925	0.9983	1.0047	1.0302
24th to 23rd	c	1.0366	1.0077	1.0007	1.0027	1.0119	1.0044	1.0254
Beyond 24th	c	0.9626	1.0713	1.0120	1.0377	1.0209	1.0209	1.0209

- a From Table I-E
- b 23rd (Paid - Table I-E) to 24th (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	1.4033	0.4033	0.4033	1.4033
3rd to 2nd	1.1657	0.1657	0.1656	1.1656
4th to 3rd	1.0854	0.0854	0.0867	1.0867
5th to 4th	1.0714	0.0714	0.0673	1.0673
6th to 5th	1.0523	0.0523	0.0550	1.0550
7th to 6th	1.0438	0.0438	0.0456	1.0456
8th to 7th	1.0374	0.0374	0.0384	1.0384
9th to 8th	1.0315	0.0315	0.0328	1.0328
10th to 9th	1.0320	0.0320	0.0284	1.0284
11th to 10th	1.0283	0.0283	0.0248	1.0248
12th to 11th	1.0225	0.0225	0.0220	1.0220
13th to 12th	1.0174	0.0174	0.0197	1.0197
14th to 13th	1.0148	0.0148	0.0178	1.0178
15th to 14th	1.0156	0.0156	0.0162	1.0162
16th to 15th	1.0183	0.0183	0.0148	1.0148
17th to 16th	1.0155	0.0155	0.0137	1.0137
18th to 17th	1.0122	0.0122	0.0127	1.0127
19th to 18th	1.0090	0.0090	0.0119	1.0119
20th to 19th	1.0100	0.0100	0.0111	1.0111
21st to 20th	1.0107	0.0107	0.0105	1.0105
22nd to 21st	1.0103	0.0103	0.0099	1.0099
23rd to 22nd	1.0071	0.0071	0.0094	1.0094
24th to 23rd*	1.0532	0.0532	0.0532	1.0532

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

$a = 0.003048 \quad b = 0.027031 \quad c = 3.067446 \quad d = -13.92293 \quad e = 24.692876 \quad f = -13.46417$

\* 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	1.2484	0.2484	0.2484	1.2484
3rd to 2nd	1.1333	0.1333	0.1333	1.1333
4th to 3rd	1.0978	0.0978	0.0981	1.0981
5th to 4th	1.0629	0.0629	0.0619	1.0619
6th to 5th	1.0402	0.0402	0.0422	1.0422
7th to 6th	1.0347	0.0347	0.0312	1.0312
8th to 7th	1.0209	0.0209	0.0245	1.0245
9th to 8th	1.0247	0.0247	0.0201	1.0201
10th to 9th	1.0155	0.0155	0.0170	1.0170
11th to 10th	1.0101	0.0101	0.0148	1.0148
12th to 11th	1.0120	0.0120	0.0130	1.0130
13th to 12th	1.0097	0.0097	0.0116	1.0116
14th to 13th	1.0047	0.0047	0.0104	1.0104
15th to 14th	1.0200	0.0200	0.0094	1.0094
16th to 15th	1.0163	0.0163	0.0086	1.0086
17th to 16th	1.0169	0.0169	0.0078	1.0078
18th to 17th	1.0010	0.0010	0.0072	1.0072
19th to 18th	1.0021	0.0021	0.0066	1.0066
20th to 19th	0.9983	-0.0017	0.0060	1.0060
21st to 20th	1.0052	0.0052	0.0056	1.0056
22nd to 21st	1.0070	0.0070	0.0051	1.0051
23rd to 22nd	0.9983	-0.0017	0.0047	1.0047
24th to 23rd	1.0119	0.0119	0.0044	1.0044
Beyond 23rd+	1.0209	0.0209	0.0209	1.0209

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

$a = -0.005288 \quad b = 0.275275 \quad c = -1.68028 \quad d = 11.458051 \quad e = -22.561149 \quad f = 12.761792$

+ Selected four year average

**EXHIBIT VII - 1**

**DETERMINATION OF TREND**

**INDEMNITY**

Policy Year	2006	2007	2008	2009	2010	2011	2012
Actual Loss Ratio	0.2660	0.2600	0.2302	0.2455	0.2503	0.2748	0.2612
Normalized Frequency	0.6271	0.5829	0.5177	0.5143	0.5143	0.4837	0.4409
Severity Loss Ratio	0.4242	0.4460	0.4447	0.4773	0.4867	0.5681	0.5924
<b>x</b>	1	2	3	4	5	6	7
<b>y</b>	0.4242	0.4460	0.4447	0.4773	0.4867	0.5681	0.5924

**7 Point Exponential Regression:  $y = 0.389501 * 1.057905 ^ x$**

**Selected Annual Trend Factor to 12/1/15** **5.8%**

Policy Year	Annual Trend (1)	Trend Period # Years (2)	Severity Trend Factor (3) = (1)^(2)	Frequency Trend Factor (4) #
2009	1.0579	5.9167	1.3952	0.6676
2010	1.0579	4.9167	1.3188	0.7148
2011	1.0579	3.9167	1.2466	0.7653
2012	1.0579	2.9167	1.1784	0.8194

**Trended Loss Ratio**

Policy Year	Actual Loss Ratio (5)	Combined Trend Factor (6) = (3)*(4)	Trended Loss Ratio (7) = (5)*(6)
2009	0.2455	0.9314	0.2287
2010	0.2503	0.9427	0.2360
2011	0.2748	0.9540	0.2622
2012	0.2612	0.9656	0.2522
Average			0.2448

# See Page 24 for column (4).



EXHIBIT VII - 2

DETERMINATION OF TREND

MEDICAL

Policy Year	2006	2007	2008	2009	2010	2011	2012
Actual Loss Ratio	0.3909	0.4302	0.4167	0.4615	0.5763	0.5984	0.5567
Normalized Frequency	0.6271	0.5829	0.5177	0.5143	0.5143	0.4837	0.4409
Severity Loss Ratio	0.6233	0.7380	0.8049	0.8973	1.1206	1.2371	1.2626
<b>x</b>	1	2	3	4	5	6	7
<b>y</b>	0.6233	0.7380	0.8049	0.8973	1.1206	1.2371	1.2626

7 Point Exponential Regression:  $y = 0.562793 * 1.132411 ^ x$

Selected Annual Trend Factor to 9/1/08 = 13.2%

Legislative Adjustments to Annual Severity Trend

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

Selected Annual Trend Factor  
 From 9/1/08 to 1/31/13 (SB1) = 11.7%  
 1/31/13 and later (SB1, SB238) = 11.4%

Policy Year	Annual Trend Factor to 1/31/13 (1)	Trend Period # Years (2)	Severity Trend Factor to 1/31/13 (3) = (1)^(2)	Annual Trend Factor From 1/31/13 to 12/1/15 (4)	Trend Period # Years (5)	Severity Trend Factor 1/31/13 to 12/1/15 (6) = (4)^(5)	Frequency Trend Factor (7) #
2009	1.117	3.0833	1.4082	1.114	2.8334	1.3592	0.6676
2010	1.117	2.0833	1.2602	1.114	2.8334	1.3592	0.7148
2011	1.117	1.0833	1.1278	1.114	2.8334	1.3592	0.7653
2012	1.117	0.0833	1.0093	1.114	2.8334	1.3592	0.8194

Policy Year	Actual Loss Ratio (8)	Combined Trend Factor (9) = (3)^(6)^(7)	Trended Loss Ratio (10) = (8)^(9)
2009	0.4615	1.2778	0.5897
2010	0.5763	1.2244	0.7056
2011	0.5984	1.1731	0.7020
2012	0.5567	1.1241	0.6258
Average			0.6558

# See Page 24 for column (7).

**EXHIBIT VII - 3**

**DETERMINATION OF TREND**

**Claim Frequency**

Policy Year Frequency per \$1 million of Expected Losses

Policy Year	Claim Frequency	Normalized Frequency	Adjusted Normalized Frequency
2000	14.72	1.0000	
2001	12.84	0.8723	
2002	13.01	0.8838	
2003	12.45	0.8458	
2004	10.96	0.7446	
2005	9.81	0.6665	
2006	9.23	0.6271	
2007	8.58	0.5829	
2008	7.62	0.5177	
2009	7.57	0.5143	
2010	7.57	0.5143	
2011	7.12	0.4837	0.4869 *
2012	6.49	0.4409	0.4438 *

Policy Year	2006	2007	2008	2009	2010	2011	2012
<b>x</b>	1	2	3	4	5	6	7
<b>y</b>	0.6271	0.5829	0.5177	0.5143	0.5143	0.4837	0.4409

**7 Point Exponential Regression:  $y = 0.641895 * 0.94998839 ^ x$**

**Frequency Trend Factor -5.0%**

Policy Year	2004	2005	2006	2007	2008	2011	2012
<b>x</b>	1	2	3	4	5	6	7
<b>y</b>	0.7446	0.6665	0.6271	0.5829	0.5177	0.4869 *	0.4438 *

**7 Point Exponential Regression:  $y = 0.804199311 * 0.918771725 ^ x$**

**Frequency Trend Factor -8.1%**

**Selected Frequency Trend Factor (Average of -5.0% and -8.1%) -6.6%**

Policy Year	Frequency Trend Factor (1)	# of Years to 12/1/14 (2)	Frequency Trend to 12/1/14 (3) = (1) ^ (2)
2009	0.9340	5.9167	0.6676
2010	0.9340	4.9167	0.7148
2011	0.9340	3.9167	0.7653
2012	0.9340	2.9167	0.8194

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

TABLE I

## POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR

## ACCUMULATED STANDARD EARNED PREMIUM

Policy Year Valued	As of 12/31/09	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 to 1986	489,295,775	489,326,305	1.0001	Prior to 1986	489,326,305	489,341,213	1.0000
1986	74,346,081	74,346,765	1.0000	1986	74,346,765	74,340,396	0.9999
1987	86,821,302	86,824,332	1.0000	1987	86,824,332	86,837,158	1.0001
1988	102,911,138	102,911,134	1.0000	1988	102,911,134	102,911,903	1.0000
1989	111,007,372	111,007,353	1.0000	1989	111,007,353	111,017,785	1.0001
1990	100,054,973	100,023,753	0.9997	1990	100,023,753	100,042,671	1.0002
1991	95,351,832	95,365,470	1.0001	1991	95,365,470	95,393,762	1.0003
1992	88,578,706	88,578,523	1.0000	1992	88,578,523	88,588,954	1.0001
1993	90,305,617	90,305,010	1.0000	1993	90,305,010	90,306,180	1.0000
1994	83,167,755	83,168,289	1.0000	1994	83,168,289	83,166,026	1.0000
1995	80,085,391	80,085,279	1.0000	1995	80,085,279	80,085,373	1.0000
1996	84,318,233	84,318,338	1.0000	1996	84,318,338	84,317,686	1.0000
1997	88,320,903	88,338,895	1.0002	1997	88,338,895	88,338,941	1.0000
1998	93,356,622	93,115,741	0.9974	1998	93,115,741	93,119,873	1.0000
1999	88,529,016	88,543,164	1.0002	1999	88,543,164	88,545,337	1.0000
2000	95,770,435	95,769,469	1.0000	2000	95,769,469	95,802,873	1.0003
2001	97,825,923	97,733,058	0.9991	2001	97,733,058	97,633,043	0.9990
2002	120,266,265	120,263,860	1.0000	2002	120,263,860	120,413,776	1.0012
2003	134,063,111	134,059,878	1.0000	2003	134,059,878	134,078,012	1.0001
2004	151,795,316	151,720,198	0.9995	2004	151,720,198	151,802,163	1.0005
2005	187,185,286	187,192,340	1.0000	2005	187,192,340	187,182,200	0.9999
2006	205,402,261	206,409,577	1.0049	2006	206,409,577	206,510,000	1.0005
2007	199,475,709	199,351,759	0.9994	2007	199,351,759	199,344,067	1.0000
2008	153,622,006	150,321,725	0.9785	2008	150,321,725	150,774,731	1.0030
2009	69,810,131	116,875,598	1.6742	2009	116,892,865	117,724,533	1.0071
2010		56,375,223		2010	56,375,223	105,969,205	1.8797
				2011		56,147,424	
Policy Year Valued	As of 12/31/11	As of 12/31/12	Ratio to Prior Year	Policy Year Valued	As of 12/31/12	As of 12/31/13	Ratio to Prior Year
Prior to 1986	489,300,039	489,300,038	1.0000	Prior to 1986	489,300,038	489,300,049	1.0000
1986	74,284,287	74,284,287	1.0000	1986	74,284,287	74,284,287	1.0000
1987	86,837,158	86,837,158	1.0000	1987	86,837,158	86,837,158	1.0000
1988	102,911,903	102,911,903	1.0000	1988	102,840,753	102,840,753	1.0000
1989	111,017,785	111,017,785	1.0000	1989	110,849,850	110,849,850	1.0000
1990	100,042,671	100,042,672	1.0000	1990	99,845,527	99,845,527	1.0000
1991	95,393,762	95,420,075	1.0003	1991	95,243,194	95,270,637	1.0003
1992	88,588,954	88,588,086	1.0000	1992	88,360,645	88,360,689	1.0000
1993	90,306,180	90,305,510	1.0000	1993	90,008,567	90,007,678	1.0000
1994	83,166,026	83,164,155	1.0000	1994	82,904,593	82,907,013	1.0000
1995	80,085,373	80,080,087	0.9999	1995	79,770,680	79,770,674	1.0000
1996	84,236,058	84,230,916	0.9999	1996	83,564,476	83,564,448	1.0000
1997	88,231,201	88,230,247	1.0000	1997	86,827,022	86,826,986	1.0000
1998	93,089,641	93,089,330	1.0000	1998	92,223,434	92,223,414	1.0000
1999	88,543,203	88,539,504	1.0000	1999	87,489,566	87,489,505	1.0000
2000	95,797,087	95,788,179	0.9999	2000	94,454,369	94,454,228	1.0000
2001	97,627,456	97,821,847	1.0020	2001	95,607,540	95,550,342	0.9994
2002	120,401,939	120,680,733	1.0023	2002	118,702,397	118,683,097	0.9998
2003	134,066,345	133,938,512	0.9990	2003	133,528,167	133,528,937	1.0000
2004	151,781,983	151,822,282	1.0003	2004	151,804,417	151,804,673	1.0000
2005	187,160,730	187,189,667	1.0002	2005	187,183,565	187,180,200	1.0000
2006	200,392,020	200,273,918	0.9994	2006	206,329,151	206,323,495	1.0000
2007	199,329,003	199,183,878	0.9993	2007	199,183,878	199,161,539	0.9999
2008	150,759,943	150,496,711	0.9983	2008	150,496,711	150,509,809	1.0001
2009	117,369,697	117,634,853	1.0023	2009	117,634,853	117,553,644	0.9993
2010	105,685,763	105,466,688	0.9979	2010	105,466,688	105,446,250	0.9998
2011	56,141,218	106,197,584	1.8916	2011	105,894,197	106,136,484	1.0023
2012		59,089,829		2012	59,089,829	114,668,464	1.9406
				2013		69,731,028	

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 12/31/09	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 to 1986	310,721,917	309,651,683	0.9966	Prior to 1986	309,648,854	310,587,729	1.0030
1986	42,621,605	43,817,895	1.0281	1986	43,817,069	44,148,200	1.0076
1987	54,446,754	54,603,570	1.0029	1987	54,604,022	54,823,232	1.0040
1988	53,752,028	53,864,549	1.0021	1988	53,865,231	53,681,302	0.9966
1989	59,859,635	60,127,359	1.0045	1989	60,127,968	60,887,119	1.0126
1990	63,649,698	63,656,627	1.0001	1990	63,657,269	63,823,657	1.0026
1991	60,487,550	61,006,195	1.0086	1991	61,005,222	61,008,416	1.0001
1992	56,421,424	56,396,177	0.9996	1992	56,397,730	56,490,857	1.0017
1993	65,392,172	65,820,211	1.0065	1993	65,821,533	65,829,333	1.0001
1994	51,492,778	51,809,668	1.0062	1994	51,810,868	53,007,140	1.0231
1995	55,748,902	55,820,556	1.0013	1995	55,821,693	56,678,052	1.0153
1996	68,789,073	69,709,400	1.0134	1996	69,708,852	71,626,432	1.0275
1997	66,077,499	66,393,690	1.0048	1997	66,394,734	66,977,594	1.0088
1998	61,119,727	61,822,733	1.0115	1998	61,821,930	62,461,288	1.0103
1999	73,573,961	74,204,170	1.0086	1999	74,203,030	74,452,080	1.0034
2000	98,514,622	98,960,976	1.0045	2000	98,962,910	100,231,290	1.0128
2001	79,821,016	82,085,608	1.0284	2001	82,084,813	82,571,029	1.0059
2002	85,185,697	87,461,946	1.0267	2002	87,462,636	88,424,921	1.0110
2003	87,107,954	90,647,909	1.0406	2003	90,646,590	92,482,749	1.0203
2004	91,962,735	94,622,031	1.0289	2004	94,623,858	95,691,356	1.0113
2005	90,688,881	96,527,657	1.0644	2005	96,528,001	99,125,807	1.0269
2006	80,700,544	88,377,402	1.0951	2006	88,378,938	96,124,117	1.0876
2007	81,194,577	92,878,698	1.1439	2007	92,880,419	99,736,226	1.0738
2008	55,167,347	73,985,147	1.3411	2008	73,985,556	85,538,003	1.1561
2009	20,438,015	60,353,884	2.9530	2009	60,356,479	80,701,850	1.3371
2010		23,731,826		2010	23,731,637	73,382,599	3.0922
				2011		30,404,702	

  

Policy Year Valued	As of 12/31/11	As of 12/31/12	Ratio to Prior Year	Policy Year Valued	As of 12/31/12	As of 12/31/13	Ratio to Prior Year
Prior to 1986	310,583,738	310,482,849	0.9997	Prior to 1986	310,486,274	310,969,977	1.0016
1986	44,145,761	44,195,168	1.0011	1986	44,194,876	43,773,094	0.9905
1987	54,822,703	55,074,540	1.0046	1987	55,074,531	55,251,501	1.0032
1988	53,682,459	53,728,619	1.0009	1988	53,164,434	53,299,274	1.0025
1989	60,886,061	60,818,649	0.9989	1989	60,802,828	60,940,056	1.0023
1990	63,822,677	63,842,784	1.0003	1990	63,791,874	63,511,677	0.9956
1991	61,007,328	60,914,484	0.9985	1991	60,868,135	60,664,624	0.9967
1992	56,492,583	56,679,956	1.0033	1992	56,598,539	56,516,137	0.9985
1993	65,829,643	66,124,597	1.0045	1993	66,005,264	65,166,341	0.9873
1994	53,006,484	52,677,343	0.9938	1994	52,527,948	53,711,468	1.0225
1995	56,677,210	57,254,978	1.0102	1995	56,361,026	56,247,111	0.9980
1996	71,562,469	72,362,317	1.0112	1996	72,069,253	72,965,887	1.0124
1997	66,942,715	67,520,089	1.0086	1997	67,089,484	67,475,269	1.0058
1998	62,459,711	62,468,949	1.0001	1998	61,296,386	61,648,834	1.0057
1999	74,450,368	74,996,318	1.0073	1999	74,026,935	73,625,822	0.9946
2000	100,231,781	101,582,862	1.0135	2000	99,780,311	101,767,040	1.0199
2001	82,571,322	83,226,328	1.0079	2001	81,565,732	81,378,499	0.9977
2002	88,425,125	90,195,822	1.0200	2002	86,677,649	85,653,414	0.9882
2003	92,481,236	95,610,490	1.0338	2003	95,417,036	96,741,374	1.0139
2004	95,689,407	96,929,852	1.0130	2004	96,929,023	96,918,433	0.9999
2005	99,124,919	102,573,026	1.0348	2005	102,572,593	103,531,201	1.0093
2006	94,534,157	97,593,238	1.0324	2006	100,300,279	103,882,612	1.0357
2007	99,735,197	101,317,149	1.0159	2007	101,315,045	104,696,481	1.0334
2008	85,537,175	90,801,006	1.0615	2008	90,801,186	95,577,882	1.0526
2009	80,066,699	93,807,108	1.1716	2009	93,807,236	99,867,411	1.0646
2010	73,141,078	90,119,243	1.2321	2010	90,118,880	106,176,982	1.1782
2011	30,401,080	78,830,416	2.5930	2011	78,814,888	95,724,815	1.2146
2012		20,143,719		2012	20,143,920	65,853,719	3.2692
				2013		24,263,251	

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 <sup>1</sup>

POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR

INDEMNITY INCURRED LOSSES EXCLUDING BULK AND IBNR RESERVES

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 to 1986	194,372,350	193,960,725	0.9979	Prior to 1986	193,960,725	193,991,037	1.0002
1986	25,010,174	25,561,945	1.0221	1986	25,561,945	25,519,371	0.9983
1987	30,582,610	30,597,293	1.0005	1987	30,597,293	30,630,490	1.0011
1988	29,280,332	29,351,205	1.0024	1988	29,351,205	29,285,480	0.9978
1989	31,803,152	31,587,638	0.9932	1989	31,587,638	31,656,381	1.0022
1990	33,260,248	33,185,300	0.9977	1990	33,185,300	33,216,940	1.0010
1991	30,251,664	30,731,073	1.0158	1991	30,731,073	30,775,849	1.0015
1992	26,827,326	26,778,896	0.9982	1992	26,778,896	26,826,126	1.0018
1993	31,784,760	31,910,119	1.0039	1993	31,910,119	31,970,649	1.0019
1994	23,978,756	23,941,750	0.9985	1994	23,941,750	24,545,738	1.0252
1995	25,080,041	24,908,764	0.9932	1995	24,908,764	24,988,433	1.0032
1996	30,184,426	30,625,160	1.0146	1996	30,625,160	30,750,667	1.0041
1997	31,049,984	31,052,911	1.0001	1997	31,052,911	31,044,219	0.9997
1998	27,198,854	27,390,822	1.0071	1998	27,390,822	27,599,888	1.0076
1999	32,357,255	32,140,011	0.9933	1999	32,140,011	31,891,181	0.9923
2000	43,904,799	43,484,114	0.9904	2000	43,484,114	43,257,521	0.9948
2001	35,133,028	35,733,637	1.0171	2001	35,733,637	36,303,942	1.0160
2002	36,593,934	36,897,409	1.0083	2002	36,897,409	36,945,505	1.0013
2003	36,918,906	38,082,280	1.0315	2003	38,082,280	38,694,787	1.0161
2004	37,113,807	37,630,063	1.0139	2004	37,630,063	37,801,288	1.0046
2005	38,128,445	39,679,223	1.0407	2005	39,679,223	39,978,316	1.0075
2006	35,248,807	37,844,217	1.0736	2006	37,844,217	40,502,741	1.0702
2007	33,127,626	39,249,417	1.1848	2007	39,249,417	39,127,002	0.9969
2008	19,212,296	28,113,434	1.4633	2008	28,113,434	33,544,789	1.1932
2009	7,262,996	22,830,721	3.1434	2009	22,830,721	30,554,295	1.3383
2010		6,750,974		2010	6,750,974	21,753,700	3.2223
				2011		8,177,069	

Policy Year Valued	As of 12/31/11	As of 12/31/12	Ratio to Prior Year	Policy Year Valued	As of 12/31/12	As of 12/31/13	Ratio to Prior Year
Prior to 1986	193,989,907	193,851,142	0.9993	Prior to 1986	193,851,142	193,645,757	0.9989
1986	25,519,371	25,551,932	1.0013	1986	25,551,932	25,514,484	0.9985
1987	30,630,490	30,661,267	1.0010	1987	30,661,267	30,308,049	0.9885
1988	29,285,480	29,315,542	1.0010	1988	29,997,564	29,133,080	1.0047
1989	31,656,381	31,606,682	0.9984	1989	31,597,837	31,657,577	1.0019
1990	33,216,940	33,183,485	0.9990	1990	33,155,322	33,105,005	0.9985
1991	30,775,849	30,717,063	0.9981	1991	30,696,893	30,480,835	0.9930
1992	26,826,126	26,748,729	0.9971	1992	26,705,267	26,613,759	0.9966
1993	31,970,649	32,421,428	1.0141	1993	32,385,344	32,119,224	0.9918
1994	24,545,738	23,997,353	0.9777	1994	23,927,088	24,815,880	1.0371
1995	24,988,433	24,979,419	0.9996	1995	24,838,297	24,813,286	0.9990
1996	30,707,479	30,790,561	1.0027	1996	30,691,267	30,810,970	1.0039
1997	31,037,066	31,158,888	1.0039	1997	30,925,132	30,966,530	1.0013
1998	27,599,888	27,737,206	1.0050	1998	27,421,070	27,322,522	0.9964
1999	31,891,181	32,583,107	1.0217	1999	32,132,794	32,010,542	0.9962
2000	43,257,521	43,069,691	0.9957	2000	42,360,058	43,152,699	1.0187
2001	36,303,942	36,311,042	1.0002	2001	35,640,805	35,733,869	1.0026
2002	36,945,505	37,184,443	1.0065	2002	35,675,826	35,736,286	1.0017
2003	38,694,787	39,169,004	1.0123	2003	39,052,627	39,356,178	1.0078
2004	37,801,288	38,565,525	1.0202	2004	38,565,525	38,912,046	1.0090
2005	39,978,316	41,205,505	1.0307	2005	41,205,505	41,450,123	1.0059
2006	40,087,380	40,682,034	1.0148	2006	41,439,288	42,772,459	1.0322
2007	39,127,002	39,830,804	1.0180	2007	39,830,804	40,998,096	1.0293
2008	33,544,789	34,607,709	1.0317	2008	34,607,709	36,298,562	1.0489
2009	30,227,779	36,724,470	1.2149	2009	36,724,470	38,876,218	1.0586
2010	21,674,797	28,438,829	1.3121	2010	28,438,829	35,948,553	1.2641
2011	8,176,277	24,346,548	2.9777	2011	24,343,544	31,292,814	1.2855
2012		7,133,322		2012	7,133,322	21,959,101	3.0784
				2013		8,105,756	

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.

<sup>1</sup> 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 12/31/09	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 to 1986	116,349,567	115,690,958	0.9943	Prior to 1986	115,688,129	116,596,692	1.0079
1986	17,611,431	18,255,950	1.0366	1986	18,255,124	18,628,829	1.0205
1987	23,864,144	24,006,277	1.0060	1987	24,006,729	24,192,742	1.0077
1988	24,471,696	24,513,344	1.0017	1988	24,514,026	24,395,822	0.9952
1989	28,056,483	28,539,721	1.0172	1989	28,540,330	29,230,738	1.0242
1990	30,389,450	30,471,327	1.0027	1990	30,471,969	30,606,717	1.0044
1991	30,235,886	30,275,122	1.0013	1991	30,274,149	30,232,567	0.9986
1992	29,594,098	29,617,281	1.0008	1992	29,618,834	29,664,731	1.0015
1993	33,607,412	33,910,092	1.0090	1993	33,911,414	33,858,684	0.9984
1994	27,514,022	27,867,918	1.0129	1994	27,869,118	28,461,402	1.0213
1995	30,668,861	30,911,792	1.0079	1995	30,912,929	31,689,619	1.0251
1996	38,604,647	39,084,240	1.0124	1996	39,083,692	40,875,765	1.0459
1997	35,027,515	35,340,779	1.0089	1997	35,341,823	35,933,375	1.0167
1998	33,920,873	34,431,911	1.0151	1998	34,431,108	34,861,400	1.0125
1999	41,216,706	42,064,159	1.0206	1999	42,063,019	42,560,899	1.0118
2000	54,609,823	55,476,862	1.0159	2000	55,478,796	56,973,769	1.0269
2001	44,687,988	46,351,971	1.0372	2001	46,351,176	46,267,087	0.9982
2002	48,591,763	50,564,537	1.0406	2002	50,565,227	51,479,416	1.0181
2003	50,189,048	52,565,629	1.0474	2003	52,564,310	53,787,962	1.0233
2004	54,848,928	56,991,968	1.0391	2004	56,993,795	57,890,068	1.0157
2005	52,560,436	56,848,434	1.0816	2005	56,848,778	59,147,491	1.0404
2006	45,451,737	50,533,185	1.1118	2006	50,534,721	55,621,376	1.1007
2007	48,066,951	53,629,281	1.1157	2007	53,631,002	60,609,224	1.1301
2008	35,955,051	45,871,713	1.2758	2008	45,872,122	51,993,214	1.1334
2009	13,175,019	37,523,163	2.8481	2009	37,525,758	50,147,555	1.3364
2010		16,980,852		2010	16,980,663	51,628,899	3.0405
				2011		22,227,633	

  

Policy Year Valued	As of 12/31/11	As of 12/31/12	Ratio to Prior Year	Policy Year Valued	As of 12/31/12	As of 12/31/13	Ratio to Prior Year
Prior to 1986	116,593,831	116,631,707	1.0003	Prior to 1986	116,635,132	117,324,220	1.0059
1986	18,626,390	18,643,236	1.0009	1986	18,642,944	18,258,610	0.9794
1987	24,192,213	24,413,273	1.0091	1987	24,413,264	24,943,452	1.0217
1988	24,396,979	24,413,077	1.0007	1988	24,166,870	24,166,194	1.0000
1989	29,229,680	29,211,967	0.9994	1989	29,204,991	29,282,479	1.0027
1990	30,605,737	30,659,299	1.0018	1990	30,636,552	30,406,672	0.9925
1991	30,231,479	30,197,421	0.9989	1991	30,171,242	30,183,789	1.0004
1992	29,666,457	29,931,227	1.0089	1992	29,893,272	29,902,378	1.0003
1993	33,858,994	33,703,169	0.9954	1993	33,619,920	33,047,117	0.9830
1994	28,460,746	28,679,990	1.0077	1994	28,600,860	28,895,588	1.0103
1995	31,688,777	32,275,559	1.0185	1995	31,522,729	31,433,825	0.9972
1996	40,854,990	41,571,756	1.0175	1996	41,377,986	42,154,917	1.0188
1997	35,905,649	36,361,201	1.0127	1997	36,164,352	36,508,739	1.0095
1998	34,859,823	34,731,743	0.9963	1998	33,875,316	34,326,312	1.0133
1999	42,559,187	42,413,211	0.9966	1999	41,894,141	41,615,280	0.9933
2000	56,974,260	58,513,171	1.0270	2000	57,420,253	58,614,341	1.0208
2001	46,267,380	46,915,286	1.0140	2001	45,924,927	45,644,630	0.9939
2002	51,479,620	53,011,379	1.0298	2002	51,001,823	49,917,128	0.9787
2003	53,786,449	56,441,486	1.0494	2003	56,364,409	57,385,196	1.0181
2004	57,888,119	58,364,327	1.0082	2004	58,363,498	58,006,387	0.9939
2005	59,146,603	61,367,521	1.0375	2005	61,367,088	62,081,078	1.0116
2006	54,446,777	56,911,204	1.0453	2006	58,860,991	61,110,153	1.0382
2007	60,608,195	61,486,345	1.0145	2007	61,484,241	63,698,385	1.0360
2008	51,992,386	56,193,297	1.0808	2008	56,193,477	59,279,320	1.0549
2009	49,838,920	57,082,638	1.1453	2009	57,082,766	60,991,193	1.0685
2010	51,466,281	61,680,414	1.1985	2010	61,680,051	70,228,429	1.1386
2011	22,224,803	54,483,868	2.4515	2011	54,471,344	64,432,001	1.1829
2012		13,010,397		2012	13,010,598	43,894,618	3.3738
				2013		16,157,495	

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 12/31/09	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 to 1986	191,116,262	191,175,866	1.0003	Prior to 1986	191,175,866	191,328,548	1.0008
1986	24,427,118	24,831,169	1.0165	1986	24,831,169	24,841,194	1.0004
1987	30,049,062	30,140,018	1.0030	1987	30,140,018	30,241,544	1.0034
1988	28,623,672	28,765,565	1.0050	1988	28,765,565	28,842,284	1.0027
1989	30,733,569	30,850,497	1.0038	1989	30,850,497	31,157,649	1.0100
1990	32,271,340	32,293,914	1.0007	1990	32,293,914	32,372,194	1.0024
1991	29,346,940	29,489,454	1.0049	1991	29,489,454	29,524,841	1.0012
1992	26,520,054	26,613,363	1.0035	1992	26,613,363	26,515,669	0.9963
1993	30,662,783	30,808,705	1.0048	1993	30,808,705	30,999,497	1.0062
1994	22,613,504	22,684,965	1.0032	1994	22,684,965	22,828,002	1.0063
1995	23,887,481	24,147,835	1.0109	1995	24,147,835	24,294,306	1.0061
1996	28,523,218	29,186,016	1.0232	1996	29,186,016	29,659,273	1.0162
1997	28,547,970	28,792,104	1.0086	1997	28,792,104	29,061,057	1.0093
1998	25,502,640	25,999,454	1.0195	1998	25,999,454	26,408,964	1.0158
1999	30,634,493	30,708,773	1.0024	1999	30,708,773	30,806,650	1.0032
2000	38,631,604	39,648,830	1.0263	2000	39,648,830	40,143,368	1.0125
2001	31,236,737	32,875,759	1.0525	2001	32,875,759	33,811,618	1.0285
2002	32,803,036	33,645,987	1.0257	2002	33,645,987	34,717,921	1.0319
2003	32,292,611	33,961,203	1.0517	2003	33,961,203	35,255,021	1.0381
2004	31,722,256	33,921,820	1.0693	2004	33,921,820	35,366,564	1.0426
2005	29,048,707	31,808,368	1.0950	2005	31,808,368	34,738,783	1.0921
2006	24,358,872	29,189,642	1.1983	2006	29,189,642	32,760,208	1.1223
2007	17,784,361	25,422,802	1.4295	2007	25,422,802	29,869,458	1.1749
2008	7,603,925	16,321,241	2.1464	2008	16,321,241	23,656,481	1.4494
2009	1,718,914	7,766,785	4.5184	2009	7,766,785	16,319,929	2.1012
2010		1,787,340		2010	1,787,340	8,170,574	4.5714
				2011		2,594,845	

  

Policy Year Valued	As of 12/31/11	As of 12/31/12	Ratio to Prior Year	Policy Year Valued	As of 12/31/12	As of 12/31/13	Ratio to Prior Year
Prior to 1986	191,327,418	191,652,838	1.0017	Prior to 1986	191,652,838	191,879,474	1.0012
1986	24,841,194	24,901,986	1.0024	1986	24,901,986	24,923,659	1.0009
1987	30,241,544	30,237,593	0.9999	1987	30,237,593	29,777,432	0.9848
1988	28,842,284	28,891,842	1.0017	1988	28,573,864	28,794,496	1.0077
1989	31,157,649	31,157,909	1.0000	1989	31,149,064	31,259,930	1.0036
1990	32,372,194	32,444,044	1.0022	1990	32,415,881	32,435,281	1.0006
1991	29,524,841	29,691,868	1.0057	1991	29,671,698	29,757,094	1.0029
1992	26,515,669	26,683,204	1.0063	1992	26,639,742	26,581,177	0.9978
1993	30,999,497	31,197,569	1.0064	1993	31,161,485	31,232,338	1.0023
1994	22,828,002	22,919,069	1.0040	1994	22,848,804	22,899,457	1.0022
1995	24,294,306	24,341,964	1.0020	1995	24,200,842	24,253,180	1.0022
1996	29,616,085	29,772,791	1.0053	1996	29,673,497	29,853,666	1.0061
1997	29,053,904	29,442,300	1.0134	1997	29,208,544	29,587,194	1.0130
1998	26,408,964	26,677,148	1.0102	1998	26,361,097	26,434,660	1.0028
1999	30,806,650	31,141,747	1.0109	1999	30,691,434	31,411,246	1.0235
2000	40,143,368	40,570,487	1.0106	2000	39,865,854	40,287,400	1.0106
2001	33,811,618	34,198,317	1.0114	2001	33,528,500	33,950,123	1.0126
2002	34,717,921	35,155,782	1.0126	2002	33,657,716	34,179,712	1.0155
2003	35,255,021	35,978,605	1.0205	2003	35,862,228	36,564,257	1.0196
2004	35,366,564	36,261,922	1.0253	2004	36,261,922	37,518,334	1.0346
2005	34,738,783	36,367,180	1.0469	2005	36,367,180	37,650,094	1.0353
2006	32,344,850	34,826,029	1.0767	2006	35,450,203	37,329,211	1.0530
2007	29,869,458	33,564,536	1.1237	2007	33,564,536	36,240,706	1.0797
2008	23,656,481	28,504,937	1.2050	2008	28,504,937	31,616,539	1.1092
2009	16,144,533	24,413,259	1.5122	2009	24,413,259	28,954,705	1.1860
2010	8,102,199	15,502,111	1.9133	2010	15,502,111	24,478,931	1.5791
2011	2,594,389	9,487,937	3.6571	2011	9,487,482	19,114,242	2.0147
2012		1,502,171		2012	1,502,171	7,907,030	5.2637
				2013		1,729,152	

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 12/31/09	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 to 1986	109,923,396	110,475,886	1.0050	Prior to 1986	110,473,057	111,131,720	1.0060
1986	17,064,814	17,411,049	1.0203	1986	17,410,223	17,449,584	1.0023
1987	21,851,142	22,181,002	1.0151	1987	22,181,454	22,538,204	1.0161
1988	23,740,256	23,980,977	1.0101	1988	23,981,659	24,032,737	1.0021
1989	27,273,890	27,721,132	1.0164	1989	27,721,741	28,215,995	1.0178
1990	27,524,010	27,766,734	1.0088	1990	27,767,376	28,199,433	1.0156
1991	28,464,868	28,612,140	1.0052	1991	28,611,167	28,875,363	1.0092
1992	28,733,376	28,958,088	1.0078	1992	28,959,641	29,192,144	1.0080
1993	29,864,681	30,405,833	1.0181	1993	30,407,155	30,661,518	1.0084
1994	25,137,368	25,501,663	1.0145	1994	25,502,863	25,881,460	1.0148
1995	28,259,430	28,569,584	1.0110	1995	28,570,721	28,984,054	1.0145
1996	33,235,615	33,921,188	1.0206	1996	33,920,640	34,869,802	1.0280
1997	30,892,069	31,306,453	1.0134	1997	31,307,497	31,860,368	1.0177
1998	30,912,054	31,359,611	1.0145	1998	31,358,808	31,855,412	1.0158
1999	36,134,469	36,953,131	1.0227	1999	36,951,991	37,549,334	1.0162
2000	44,401,298	46,115,939	1.0386	2000	46,117,873	47,696,997	1.0342
2001	36,206,992	37,272,491	1.0294	2001	37,271,696	38,288,727	1.0273
2002	40,170,930	42,302,298	1.0531	2002	42,302,988	43,653,228	1.0319
2003	40,954,674	42,552,613	1.0390	2003	42,551,294	44,115,065	1.0368
2004	44,486,543	46,780,846	1.0516	2004	46,782,673	48,616,805	1.0392
2005	42,473,678	45,265,423	1.0657	2005	45,265,767	47,136,491	1.0413
2006	38,466,982	41,309,248	1.0739	2006	41,310,784	44,313,524	1.0727
2007	37,982,613	44,337,263	1.1673	2007	44,338,984	47,855,930	1.0793
2008	25,737,001	36,802,866	1.4300	2008	36,803,275	42,513,376	1.1552
2009	6,412,220	27,965,260	4.3612	2009	27,967,855	40,209,608	1.4377
2010		7,180,198		2010	7,180,009	34,551,850	4.8122
				2011		9,891,779	

  

Policy Year Valued	As of 12/31/11	As of 12/31/12	Ratio to Prior Year	Policy Year Valued	As of 12/31/12	As of 12/31/13	Ratio to Prior Year
Prior to 1986	111,128,859	111,790,684	1.0060	Prior to 1986	111,794,109	112,802,280	1.0090
1986	17,447,145	17,488,985	1.0024	1986	17,488,693	17,656,155	1.0096
1987	22,537,675	22,914,681	1.0167	1987	22,914,672	23,515,675	1.0262
1988	24,033,894	24,092,569	1.0024	1988	23,846,362	23,967,150	1.0051
1989	28,214,937	28,258,848	1.0016	1989	28,251,872	28,501,929	1.0089
1990	28,198,453	28,403,436	1.0073	1990	28,380,689	28,647,440	1.0094
1991	28,874,275	29,006,701	1.0046	1991	28,980,522	29,149,461	1.0058
1992	29,193,870	29,469,803	1.0095	1992	29,431,848	29,611,487	1.0061
1993	30,661,828	31,056,101	1.0129	1993	30,972,852	31,359,531	1.0125
1994	25,880,804	26,117,846	1.0092	1994	26,038,716	26,297,186	1.0099
1995	28,983,212	29,239,360	1.0088	1995	28,486,530	29,153,111	1.0234
1996	34,849,027	35,841,735	1.0285	1996	35,647,965	36,373,344	1.0203
1997	31,832,642	32,270,169	1.0137	1997	32,073,320	32,573,973	1.0156
1998	31,853,835	32,155,048	1.0095	1998	31,537,887	31,841,067	1.0096
1999	37,547,622	38,156,897	1.0162	1999	37,637,997	38,064,263	1.0113
2000	47,697,488	49,472,876	1.0372	2000	48,934,443	50,123,662	1.0243
2001	38,289,020	39,177,733	1.0232	2001	38,352,197	39,198,493	1.0221
2002	43,653,432	44,680,567	1.0235	2002	42,983,283	44,411,733	1.0332
2003	44,113,552	45,876,511	1.0400	2003	45,799,434	47,564,921	1.0385
2004	48,614,856	49,648,508	1.0213	2004	49,647,679	50,880,644	1.0248
2005	47,135,603	49,517,611	1.0505	2005	49,517,178	51,410,473	1.0382
2006	43,622,362	46,648,139	1.0694	2006	47,556,176	49,767,780	1.0465
2007	47,854,901	50,513,885	1.0556	2007	50,511,781	52,879,273	1.0469
2008	42,512,548	46,273,840	1.0885	2008	46,274,020	50,504,311	1.0914
2009	39,964,908	47,087,351	1.1782	2009	47,087,479	51,793,148	1.0999
2010	34,421,535	48,212,331	1.4006	2010	48,211,968	56,019,630	1.1619
2011	9,891,495	38,183,429	3.8602	2011	38,179,650	51,344,555	1.3448
2012		6,139,642		2012	6,139,843	31,943,650	5.2027
				2013		7,184,432	

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, 2014 revision will include all available risks. It is proposed that catastrophes be limited in accordance with the procedure previously employed in other DCRB filings. The experience period will be five (5) years for all classifications regardless of whether a classification might meet the full credibility requirements with less than five years of data. Credibility will be based on reported payrolls for classifications using payroll as the exposure base. For non-payroll classifications, expected losses will be used as the basis for credibility. Thus, two credibility tables will be prepared for use in the December 1, 2014 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.

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

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

- (1) Determine the pure premiums underlying present Manual Residual Market Rates by category (serious, non-serious, medical only and total) for each classification.
- (2) Adjust the present pure premiums by category (serious, non-serious, medical-only and total) to the December 1, 2014 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, 2014 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, 2015 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 2011 to 2013 Market Profile Report Data

Manual Year	Premium at Manual Rates	Collected Premium (Excluding Constants)	Collectible Premium Ratio (2)/(3)
(1)	(2)	(3)	(4)
ALL INDUSTRIES			
2011	166,292,102	191,202,292	0.8697
2012	176,828,761	201,167,761	0.8790
2013	210,673,499	226,620,708	0.9296
TOTAL	553,794,363	618,990,761	0.8947
MANUFACTURING AND UTILITIES			
2011	22,171,298	23,381,035	0.9483
2012	21,046,764	22,062,274	0.9540
2013	27,104,156	26,345,316	1.0288
TOTAL	70,322,218	71,788,625	0.9796
CONTRACTING AND QUARRYING			
2011	31,105,162	32,098,779	0.9690
2012	36,534,663	36,375,419	1.0044
2013	38,112,400	37,888,885	1.0059
TOTAL	105,752,225	106,363,083	0.9943
OTHER INDUSTRIES			
2011	113,015,643	135,722,479	0.8327
2012	119,247,334	142,730,068	0.8355
2013	145,456,943	162,386,506	0.8957
TOTAL	377,719,920	440,839,053	0.8568

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

**EXHIBIT X**

**EXPECTED LOSS RATE FACTORS**

**CALCULATION OF EXPECTED LOSS RATE FACTORS**

<b>Policy Year Beginning 12/1</b>	<b>Average Law Multiplier</b>	<b>Adjustment Factor</b>	<b>Loss Ratio Development Factor</b>	<b>Expense Allowance ** 1 / (PLR/CPR)</b>	<b>Trend Factor</b>	<b>Product (2) * (3) * (4) *(5) * (6)</b>	<b>Expected Loss Rate Factor 1.0 / (7)</b>	<b>Factor to Reflect Approved Rate Levels*</b>	<b>Combined Effect (8) * (9)</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>	<b>(5)</b>	<b>(6)</b>	<b>(7)</b>	<b>(8)</b>	<b>(9)</b>	<b>(10)</b>
<b><u>Manufacturing and Utilities</u></b>									
2010	0.8102	1.0000	1.5975	1.7162	1.4325	3.1820	0.3143	1.0712	0.3367
2011	0.8102	1.0000	2.2296	1.7162	1.3066	4.0507	0.2469	1.0712	0.2645
2012	0.8120	1.0000	2.9974	1.7162	1.1942	4.9882	0.2005	1.0712	0.2148
<b><u>Contracting and Quarrying</u></b>									
2010	0.8102	1.0000	1.8658	1.7419	1.4325	3.7720	0.2651	1.0713	0.2840
2011	0.8102	1.0000	2.1208	1.7419	1.3066	3.9107	0.2557	1.0713	0.2739
2012	0.8120	1.0000	3.0904	1.7419	1.1942	5.2200	0.1916	1.0713	0.2053
<b><u>Other Industries</u></b>									
2010	0.8102	1.0000	1.6573	1.5011	1.4325	2.8873	0.3463	1.0712	0.3710
2011	0.8102	1.0000	2.0115	1.5011	1.3066	3.1964	0.3129	1.0712	0.3352
2012	0.8120	1.0000	2.7959	1.5011	1.1942	4.0697	0.2457	1.0712	0.2632

\* (12/1/14 Final Indicated Change in Manual Rate Level)/(12/1/14 Approved Indicated Change in Manual Rate Level)  
by Industry Group, from Page 1.

\*\* Permissible Loss Ratio = 0.5708  
Collectible Premium Ratios  
    Manufacturing = 0.9796  
    Contracting = 0.9943  
    All Other = 0.8568

**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	57.08
Loss Adjustment Expense	<u>11.63</u>
Loss & Loss Adjustment	68.71
Premium Discount	9.15
Acquisition	8.82
General Expenses	3.44
Profit and Contingencies	0.79
Taxes	2.35
Uncollectible Premium	1.00
Workers' Compensation Fund	3.50
Administrative Assessment	<u>2.24</u>
	31.29

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:

$$E = 0.0390 = 0.0882 \text{ (ACQ)} + 0.0344 \text{ (GEN)} + 0.0079 \text{ (PROFIT)} - 0.0915 \text{ (PREM DISC)}$$

$$A = 0.0383 = 0.0393 \times \frac{1 - 0.0390 - 0.0685}{1 - 0.0153 - 0.0685}$$

Then

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

$$S = \text{Delaware Insurance Plan Subsidy} = 0.0381$$

$$T = \frac{0.0390 + 0.5708 (1 + 0.2037 + 0.0383)}{0.0390 + 0.5708 (1 + 0.2037)} \times \frac{1}{1 - 0.0685 - 0.0381} = 1.1530$$

## 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 =	0.6537
Second Adjustment	RDF =	0.5160
Third Adjustment	RDF =	0.4117

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:

$$\begin{aligned} \$25,000 \text{ limit Hazard Group C ELF} &= 0.665 \\ \text{First Adjustment RDF} &= (1 - 0.665) * 0.6537 = 0.2190 \end{aligned}$$

\* The use of retrospective development factors is optional.