

**DELAWARE COMPENSATION RATING BUREAU, INC.**

**ACTUARIAL COMMITTEE**

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**Summary of Material for Modification of Experience  
December 1, 2016 Residual Market Rate and Voluntary Market Loss Cost Revision**

**Amended**

DELAWARE 2016 RESIDUAL MARKET RATE AND VOLUNTARY MARKET LOSS COST FILING

PROPOSED EFFECTIVE DATE - DECEMBER 1, 2016

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**EXHIBIT I**

**INDICATED CHANGE IN RATE LEVEL**

	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
<b>(1a)</b> Policy Year 2011 Loss and Loss Adjustment Expense Ratio	0.2585	0.5742	0.8327
<b>(1b)</b> Policy Year 2012 Loss and Loss Adjustment Expense Ratio	0.2515	0.5592	0.8107
<b>(1c)</b> Policy Year 2013 Loss and Loss Adjustment Expense Ratio	0.2993	0.6383	0.9376
<b>(1d)</b> Policy Year 2014 Loss and Loss Adjustment Expense Ratio	0.2571	0.6031	0.8602
<b>(1e)</b> Average (Midpoint = 7/1/2013)	0.2666	0.5937	0.8603
<b>(2a)</b> Policy Year 2011 Loss and LAE Ratio Trended to 12/1/2017	0.2652	0.6596	
<b>(2b)</b> Policy Year 2012 Loss and LAE Ratio Trended to 12/1/2017	0.2569	0.6261	
<b>(2c)</b> Policy Year 2013 Loss and LAE Ratio Trended to 12/1/2017	0.3044	0.6983	
<b>(2d)</b> Policy Year 2014 Loss and LAE Ratio Trended to 12/1/2017	0.2604	0.6448	
<b>(2e)</b> Average at 12/1/2017	0.2717	0.6572	0.9289
<b>(3ai)</b> Senate Bill 1 Adjustment	1.0000	0.8260	
<b>(3aii)</b> Senate Bill 238 Adjustment	1.0000	0.9958	
<b>(3aiii)</b> House Bill 175 Adjustment	1.0000	0.9397	
<b>(3aiv)</b> House Bill 373 Adjustment	1.0000	0.6826	
<b>(3a)</b> Combined Legislative Adjustment	1.0000	0.5276	
<b>(3b)</b> Average Trended Loss and LAE Ratio Post-Legislation (2e) * (3a)	0.2717	0.3467	0.6184
<b>(4a)</b> Excess Loss Factor at \$1,799,204 (Post-Legislative Basis) *			0.1136
<b>(4b)</b> Provision for Excess Loss (5a) - (3b)			0.0793
<b>(5a)</b> Total Trended Loss and LAE Ratio (3b) / (1.0 - (4a))	0.2807	0.4170	0.6977
<b>(5b)</b> Percentage of Total	40.23%	59.77%	
<b>(6)</b> Permissible Loss and Loss Adjustment Ratio			0.6809
<b>(7)</b> Indicated Change in Rates (5a) / (6)			1.0247
<b>(8)</b> Estimated Effect of the 7/1/17 Benefit Change			1.0069
<b>(9)</b> Indicated Change in Residual Market Rate Level (7) * (8)			1.0318
<b>(9a)</b> Factor to Adjust for Compromise With Insurance Department			0.96918
<b>(9b)</b> Change in Residual Market Rate Level to Reflect Compromise (9) * (9a)			1.0000
<b>(10)</b> Indicated Change in Voluntary Market Loss Costs (9) * [0.6999 / 0.7102]			1.0168
<b>(10a)</b> Factor to Adjust for Compromise With Insurance Department			0.98348
<b>(10b)</b> Change in Voluntary Market Loss Cost Level to Reflect Compromise (10) * (10a)			1.0000

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

	<b>Mfg.</b>	<b>Cont.</b>	<b>Other</b>	<b>Total</b>
<b>(11)</b> Current Collectible Premium Ratio	1.0186	1.0230	0.8965	
<b>(12)</b> Proposed Collectible Premium Ratio	1.0282	1.0294	0.9197	
<b>(13)</b> Change in Collectible Premium Ratio (12) / (11)	1.0094	1.0063	1.0259	1.0199
<b>(14)</b> Change in Residual Market Manual Rate Level (9b) * (13)	1.0094	1.0063	1.0259	1.0199
<b>(15)</b> Change in Voluntary Market Manual Loss Cost Level (10b) * (13)	1.0094	1.0063	1.0259	1.0199
<b>(16)</b> Current Offset for Residual Market Surcharge				0.9883
<b>(17)</b> Proposed Offset for Residual Market Surcharge				0.9905
<b>(18)</b> Adjusted Change in Voluntary Market Manual Loss Cost Level (15) * (17) / (16)	1.0116	1.0085	1.0282	1.0222

\* \$3,550,000 on a Pre-Legislative basis.

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

	<u>Current %</u>	<u>Proposed %</u>
<b>LOSS AND LOSS ADJUSTMENT EXPENSE</b>		
Losses	57.34	56.50
Loss Adjustment Expense	11.46	11.59 a
Loss & Loss Adjustment	68.80	68.09
<b>UNDERWRITING EXPENSES</b>		
Commission	6.14	5.56
Other Acquisition	2.74	2.56
General Expenses	3.20	3.63
Premium Discount	8.95	8.62
State Premium Tax	2.00	2.00
Other State Tax	0.33	0.32
Uncollectible Premium	0.80	1.32
Administrative Assessment	2.22	1.90 b
Workers Compensation Fund	3.00	2.00
Deviations	0.00	0.00
Policyholder Dividends	0.00	0.00
Underwriting Profit	1.82	4.00
Underwriting Expense Total	31.20	31.91

a - As ratio to loss, Loss Adjustment Expense = 0.2052

b - As ratio to loss, Administrative Assessment = 0.0337

**RESIDUAL MARKET MINIMUM PREMIUM:**

It is proposed that the Minimum Premium formula increase from  $(260 * \text{Rate}) + \text{Expense Constant}$  to

$$(265 * \text{Rate}) + \text{Expense Constant}$$

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

It is proposed to use a multiplier of 132.50 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 increase from \$290 to \$295.

**EXHIBIT III**

**INTERNAL RATE OF RETURN ANALYSIS  
STATE OF DELAWARE - 2016  
TABLE I: INPUTS, ASSUMPTIONS & OUTPUTS**

Section 1: Inputs & Assumptions		
(1)	Commissions *	5.56
(2)	Other Expenses	6.51
(2A)	Other Acquisitions *	2.56
(2B)	General Expenses *	3.63
(2C)	Other Tax **	0.32
(3)	State Premium Taxes & Uncollectible Premium	
(3A)	Tax1 - Premium Tax **	2.00
(3B)	Uncollectible Premium **	1.32
(3C)	Tax3 - Workers Compensation Fund **	2.00
(4)	Premium Discount ***	8.62
(5)	Deviations	0.00
(6)	Dividends to Policyholders	0.00
(7)	Premium Written	1,000,000
Investment Income		
(8A)	Pre-Tax Return on Assets	3.96
(8B)	Investment Income Tax Rate	0.93
(8C)	Post-Tax Return on Assets	3.03
(10)	Reserve to Surplus Ratio	1.97
(11)	Internal Rate of Return (Cost of Capital)	8.71
* Applies to standard premium at DCRB 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	69.99
(2)	Profit & Contingencies	4.00

**EXHIBIT IV - 1**

**POLICY YEAR LOSS RATIO 2014\***

(1) Standard Earned Premium Reported (Table I)			147,228,091
(2) Factor to 12/1/15 Rate Level (Exhibit V-1)			1.2779
(3) Premium Development Factor to Ultimate Level (Exhibit VI-1)			1.0040
(4) Expense Constant Removal Factor			0.9968
(5) DCCPAP On-Level Factor			1.0139
(6) Other Adjustments			1.0000
(7) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			190,908,127
<b>Losses - Paid-to-26th Method</b>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8) Paid Losses Reported (Table I-D & I-E)	8,457,917	32,461,118	40,919,035
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	5.1644	3.0435	
(10) Ultimate Incurred Losses (8) * (9)	43,680,067	98,795,413	142,475,480
<b>Losses - Incurred Method</b>			
(11) Incurred Losses Reported (Table I-B & I-C)	20,267,733	46,213,602	66,481,335
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.7959	1.9966	
(13) Ultimate Incurred Losses (11) * (12)	36,398,822	92,270,078	128,668,900
<b>Losses - Average of Incurred and Paid-to-26th</b>			
(14) Ultimate Incurred Losses ((10) + (13)) / 2	40,039,445	95,532,746	135,572,191
(15) Factor to 7/1/16 Benefit Level (Exhibit V-3)	1.0171	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.2052	1.2052	
(17) Adjusted Losses (14) * (15) * (16)	49,080,709	115,136,065	164,216,774
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.2571	0.6031	0.8602
(19) Normalized Claim Frequency (Exhibit VII-3)	0.4182	0.4182	
(20) Severity Ratio** (18) / (19)	0.6148	1.4421	2.0569

\* 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 2013\***

(1) Standard Earned Premium Reported (Table I)			136,119,946
(2) Factor to 12/1/15 Rate Level (Exhibit V-1)			1.4022
(3) Premium Development Factor to Ultimate Level (Exhibit VI-1)			1.0019
(4) Expense Constant Removal Factor			0.9966
(5) DCCPAP On-Level Factor			1.0139
(6) Other Adjustments			1.0000
(7) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			193,228,914
<b>Losses - Paid-to-26th Method</b>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8) Paid Losses Reported (Table I-D & I-E)	18,802,942	49,160,572	67,963,514
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	2.6461	2.1811	
(10) Ultimate Incurred Losses (8) * (9)	49,754,465	107,224,124	156,978,589
<b>Losses - Incurred Method</b>			
(11) Incurred Losses Reported (Table I-B & I-C)	31,542,747	60,062,189	91,604,936
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.3796	1.6225	
(13) Ultimate Incurred Losses (11) * (12)	43,516,374	97,450,902	140,967,276
<b>Losses - Average of Incurred and Paid-to-26th</b>			
(14) Ultimate Incurred Losses ((10) + (13)) / 2	46,635,420	102,337,513	148,972,933
(15) Factor to 7/1/16 Benefit Level (Exhibit V-3)	1.0290	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.2052	1.2052	
(17) Adjusted Losses (14) * (15) * (16)	57,834,953	123,337,171	181,172,124
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.2993	0.6383	0.9376
(19) Normalized Claim Frequency (Exhibit VII-3)	0.5175	0.5175	
(20) Severity Ratio** (18) / (19)	0.5784	1.2334	1.8118

\* 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 2012\***

(1) Standard Earned Premium Reported (Table I)			115,576,402
(2) Factor to 12/1/15 Rate Level (Exhibit V-1)			1.7196
(3) Premium Development Factor to Ultimate Level (Exhibit VI-1)			1.0007
(4) Expense Constant Removal Factor			0.9966
(5) DCCPAP On-Level Factor			1.0156
(6) Other Adjustments			1.0000
(7) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			201,300,142
<b>Losses - Paid-to-26th Method</b>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8) Paid Losses Reported (Table I-D & I-E)	23,264,124	51,321,504	74,585,628
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.7835	1.8828	
(10) Ultimate Incurred Losses (8) * (9)	41,491,565	96,628,128	138,119,693
<b>Losses - Incurred Method</b>			
(11) Incurred Losses Reported (Table I-B & I-C)	32,188,260	62,493,021	94,681,281
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.1941	1.4431	
(13) Ultimate Incurred Losses (11) * (12)	38,436,001	90,183,679	128,619,680
<b>Losses - Average of Incurred and Paid-to-26th</b>			
(14) Ultimate Incurred Losses ((10) + (13)) / 2	39,963,783	93,405,904	133,369,687
(15) Factor to 7/1/16 Benefit Level (Exhibit V-3)	1.0513	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.2052	1.2052	
(17) Adjusted Losses (14) * (15) * (16)	50,635,182	112,572,796	163,207,978
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.2515	0.5592	0.8107
(19) Normalized Claim Frequency (Exhibit VII-3)	0.4927	0.4927	
(20) Severity Ratio** (18) / (19)	0.5105	1.1350	1.6455

\* 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 2011\***

(1) Standard Earned Premium Reported (Table I)			106,288,395
(2) Factor to 12/1/15 Rate Level (Exhibit V-1)			2.0042
(3) Premium Development Factor to Ultimate Level (Exhibit VI-1)			1.0016
(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)			215,765,152
<b>Losses - Paid-to-26th Method</b>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8) Paid Losses Reported (Table I-D & I-E)	31,135,403	62,172,380	93,307,783
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.4969	1.7231	
(10) Ultimate Incurred Losses (8) * (9)	46,606,585	107,129,228	153,735,813
<b>Losses - Incurred Method</b>			
(11) Incurred Losses Reported (Table I-B & I-C)	36,051,762	73,799,891	109,851,653
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.1144	1.3341	
(13) Ultimate Incurred Losses (11) * (12)	40,176,084	98,456,435	138,632,519
<b>Losses - Average of Incurred and Paid-to-26th</b>			
(14) Ultimate Incurred Losses ((10) + (13)) / 2	43,391,335	102,792,832	146,184,167
(15) Factor to 7/1/16 Benefit Level (Exhibit V-3)	1.0667	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.2052	1.2052	
(17) Adjusted Losses (14) * (15) * (16)	55,783,329	123,885,921	179,669,250
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.2585	0.5742	0.8327
(19) Normalized Claim Frequency (Exhibit VII-3)	0.5488	0.5488	
(20) Severity Ratio** (18) / (19)	0.4710	1.0463	1.5173

\* 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 2010\***

(1) Standard Earned Premium Reported (Table I)			106,242,328
(2) Factor to 12/1/15 Rate Level (Exhibit V-1)			1.9902
(3) Premium Development Factor to Ultimate Level (Exhibit VI-1)			1.0013
(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)			214,059,476
<b>Losses - Paid-to-26th Method</b>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8) Paid Losses Reported (Table I-D & I-E)	33,082,344	67,846,646	100,928,990
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.3498	1.6081	
(10) Ultimate Incurred Losses (8) * (9)	44,654,548	109,104,191	153,758,739
<b>Losses - Incurred Method</b>			
(11) Incurred Losses Reported (Table I-B & I-C)	37,271,307	80,416,445	117,687,752
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.0754	1.2604	
(13) Ultimate Incurred Losses (11) * (12)	40,081,564	101,356,887	141,438,451
<b>Losses - Average of Incurred and Paid-to-26th</b>			
(14) Ultimate Incurred Losses ((10) + (13)) / 2	42,368,056	105,230,539	147,598,595
(15) Factor to 7/1/16 Benefit Level (Exhibit V-3)	1.0634	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.2052	1.2052	
(17) Adjusted Losses (14) * (15) * (16)	54,299,311	126,823,846	181,123,157
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.2537	0.5925	0.8462
(19) Normalized Claim Frequency (Exhibit VII-3)	0.5849	0.5849	
(20) Severity Ratio** (18) / (19)	0.4337	1.0130	1.4467

\* 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 2009\***

(1) Standard Earned Premium Reported (Table I)			118,689,735
(2) Factor to 12/1/15 Rate Level (Exhibit V-2)			1.8292
(3) Premium Development Factor to Ultimate Level (Exhibit VI-1)			1.0000
(4) Expense Constant Removal Factor			0.9971
(5) DCCPAP On-Level Factor			1.0147
(6) Other Adjustments			1.0000
(7) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			219,659,874
<b>Losses - Paid-to-26th Method</b>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8) Paid Losses Reported (Table I-D & I-E)	35,539,743	59,926,223	95,465,966
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.2601	1.5201	
(10) Ultimate Incurred Losses (8) * (9)	44,783,630	91,093,852	135,877,482
<b>Losses - Incurred Method</b>			
(11) Incurred Losses Reported (Table I-B & I-C)	42,720,025	72,927,579	115,647,604
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.0533	1.2074	
(13) Ultimate Incurred Losses (11) * (12)	44,997,002	88,052,759	133,049,761
<b>Losses - Average of Incurred and Paid-to-26th</b>			
(14) Ultimate Incurred Losses ((10) + (13)) / 2	44,890,316	89,573,306	134,463,622
(15) Factor to 7/1/16 Benefit Level (Exhibit V-3)	1.0606	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.2052	1.2052	
(17) Adjusted Losses (14) * (15) * (16)	57,380,378	107,953,748	165,334,126
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.2612	0.4915	0.7527
(19) Normalized Claim Frequency (Exhibit VII-3)	0.5841	0.5841	
(20) Severity Ratio** (18) / (19)	0.4472	0.8415	1.2887

\* 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 2008\***

(1) Standard Earned Premium Reported (Table I)			150,129,630
(2) Factor to 12/1/15 Rate Level (Exhibit V-2)			1.4686
(3) Premium Development Factor to Ultimate Level (Exhibit VI-1)			0.9999
(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)			219,643,261
<b>Losses - Paid-to-26th Method</b>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8) Paid Losses Reported (Table I-D & I-E)	34,641,059	54,721,571	89,362,630
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.2004	1.4505	
(10) Ultimate Incurred Losses (8) * (9)	41,583,127	79,373,639	120,956,766
<b>Losses - Incurred Method</b>			
(11) Incurred Losses Reported (Table I-B & I-C)	37,785,201	65,446,536	103,231,737
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.0392	1.1678	
(13) Ultimate Incurred Losses (11) * (12)	39,266,381	76,428,465	115,694,846
<b>Losses - Average of Incurred and Paid-to-26th</b>			
(14) Ultimate Incurred Losses ((10) + (13)) / 2	40,424,754	77,901,052	118,325,806
(15) Factor to 7/1/16 Benefit Level (Exhibit V-3)	1.0644	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.2052	1.2052	
(17) Adjusted Losses (14) * (15) * (16)	51,857,476	93,886,348	145,743,824
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.2361	0.4274	0.6635
(19) Normalized Claim Frequency (Exhibit VII-3)	0.5857	0.5857	
(20) Severity Ratio** (18) / (19)	0.4031	0.7297	1.1328

\* 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 2007\***

(1) Standard Earned Premium Reported (Table I)			200,008,027
(2) Factor to 12/1/15 Rate Level (Exhibit V-2)			1.0884
(3) Premium Development Factor to Ultimate Level (Exhibit VI-1)			0.9998
(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)			216,580,039
<b>Losses - Paid-to-26th Method</b>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8) Paid Losses Reported (Table I-D & I-E)	38,150,214	56,841,780	94,991,994
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.1585	1.3942	
(10) Ultimate Incurred Losses (8) * (9)	44,197,023	79,248,810	123,445,833
<b>Losses - Incurred Method</b>			
(11) Incurred Losses Reported (Table I-B & I-C)	42,903,604	67,538,496	110,442,100
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.0292	1.1374	
(13) Ultimate Incurred Losses (11) * (12)	44,156,389	76,818,285	120,974,674
<b>Losses - Average of Incurred and Paid-to-26th</b>			
(14) Ultimate Incurred Losses ((10) + (13)) / 2	44,176,706	78,033,548	122,210,254
(15) Factor to 7/1/16 Benefit Level (Exhibit V-3)	1.0827	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.2052	1.2052	
(17) Adjusted Losses (14) * (15) * (16)	57,644,860	94,046,032	151,690,892
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.2662	0.4342	0.7004
(19) Normalized Claim Frequency (Exhibit VII-3)	0.6594	0.6594	
(20) Severity Ratio** (18) / (19)	0.4037	0.6585	1.0622

\* 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 2006\***

(1) Standard Earned Premium Reported (Table I)			207,243,922
(2) Factor to 12/1/15 Rate Level (Exhibit V-2)			1.0602
(3) Premium Development Factor to Ultimate Level (Exhibit VI-1)			1.0000
(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)			218,294,023
<b>Losses - Paid-to-26th Method</b>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8) Paid Losses Reported (Table I-D & I-E)	41,047,665	54,620,869	95,668,534
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.1279	1.3477	
(10) Ultimate Incurred Losses (8) * (9)	46,297,661	73,612,545	119,910,206
<b>Losses - Incurred Method</b>			
(11) Incurred Losses Reported (Table I-B & I-C)	43,951,843	65,697,795	109,649,638
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.0218	1.1136	
(13) Ultimate Incurred Losses (11) * (12)	44,909,993	73,161,065	118,071,058
<b>Losses - Average of Incurred and Paid-to-26th</b>			
(14) Ultimate Incurred Losses ((10) + (13)) / 2	45,603,827	73,386,805	118,990,632
(15) Factor to 7/1/16 Benefit Level (Exhibit V-3)	1.1120	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.2052	1.2052	
(17) Adjusted Losses (14) * (15) * (16)	61,117,446	88,445,777	149,563,223
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.2800	0.4052	0.6852
(19) Normalized Claim Frequency (Exhibit VII-3)	0.7091	0.7091	
(20) Severity Ratio** (18) / (19)	0.3949	0.5714	0.9663

\* 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 2005\***

(1) Standard Earned Premium Reported (Table I)			187,894,404
(2) Factor to 12/1/15 Rate Level (Exhibit V-2)			1.1099
(3) Premium Development Factor to Ultimate Level (Exhibit VI-1)			1.0000
(4) Expense Constant Removal Factor			0.9968
(5) DCCPAP On-Level Factor			0.9985
(6) Other Adjustments			1.0000
(7) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			207,564,843
<b>Losses - Paid-to-26th Method</b>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8) Paid Losses Reported (Table I-D & I-E)	39,437,249	54,047,994	93,485,243
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.1049	1.3085	
(10) Ultimate Incurred Losses (8) * (9)	43,574,216	70,721,800	114,296,016
<b>Losses - Incurred Method</b>			
(11) Incurred Losses Reported (Table I-B & I-C)	41,557,784	65,919,937	107,477,721
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.0160	1.0946	
(13) Ultimate Incurred Losses (11) * (12)	42,222,709	72,155,963	114,378,672
<b>Losses - Average of Incurred and Paid-to-26th</b>			
(14) Ultimate Incurred Losses ((10) + (13)) / 2	42,898,463	71,438,882	114,337,345
(15) Factor to 7/1/16 Benefit Level (Exhibit V-3)	1.1355	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.2052	1.2052	
(17) Adjusted Losses (14) * (15) * (16)	58,706,744	86,098,141	144,804,885
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.2828	0.4148	0.6976
(19) Normalized Claim Frequency (Exhibit VII-3)	0.7540	0.7540	
(20) Severity Ratio** (18) / (19)	0.3751	0.5501	0.9252

\* 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 2010 - 2014**  
**PREMIUM ON-LEVEL FACTORS**

<u>POLICY YEAR</u>		<u>(1) RATE CHANGE DATE</u>	<u>(2) RATE CHANGE</u>	<u>(3) CUM. INDEX OF COL (2)</u>	*	<u>(4) PORTION OF YEAR ON-LEVEL</u>	<u>(5) PRODUCT (3) * (4)</u>	<u>FACTOR TO ADJUST TO 12/1/15 RATE LEVEL</u>		
2014	VOL	12/01/13	BASE	0.7239	*	0.8162	0.5908			
		12/01/14	0.8850	0.6407		0.0480	0.0308			
		12/01/15	1.0720	0.6868		-----	-----			
						0.8642	0.6216			
	RM	12/01/13	BASE	1.0000		0.1285	0.1285			
		12/01/14	0.9030	0.9030		0.0073	0.0066			
		12/01/15	1.0709	0.9670		-----	-----			
						0.1358	0.1351			
	*	Loss, LAE and LBA portion of 12/1/13 rate.							0.7567	1.2779
	2013	VOL	12/01/12	BASE	0.7074	*	0.7586		0.5366	
12/01/13			1.1400	0.8064		0.0576	0.0464			
12/01/14			0.9487	0.7650		-----	-----			
TO 12/1/15						0.8162	0.5830			
RM		12/01/12	BASE	1.0000		0.1718	0.1718			
		12/01/13	1.1140	1.1140		0.0120	0.0134			
		12/01/14	0.9670	1.0772		-----	-----			
						0.1838	0.1852			
*		Loss, LAE and LBA portion of 12/1/12 rate.						0.7682	1.4022	
2012		VOL	12/01/11	BASE	0.7343	*	0.7712	0.5663		
	12/01/12		1.2166	0.8933		0.0792	0.0707			
	12/01/13		1.0815	0.9661		-----	-----			
	TO 12/1/15					0.8504	0.6370			
	RM	12/01/11	BASE	1.0000		0.1377	0.1377			
		12/01/12	1.2606	1.2606		0.0119	0.0150			
		12/01/13	1.0773	1.3580		-----	-----			
						0.1496	0.1527			
	*	Loss, LAE and LBA portion of 12/1/11 rate.						0.7897		1.7196
	2011	VOL	12/01/10	BASE	0.7688	*	0.8260	0.6350		
12/01/11			1.1261	0.8657		0.0662	0.0573			
12/01/12			1.3158	1.1391		-----	-----			
TO 12/1/15						0.8922	0.6923			
RM		12/01/10	BASE	1.0000		0.1011	0.1011			
		12/01/11	1.1826	1.1826		0.0067	0.0079			
		12/01/12	1.3580	1.6060		-----	-----			
						0.1078	0.1090			
*		Loss, LAE and LBA portion of 12/1/10 rate.						0.8013	2.0042	
2010		VOL	12/01/09	BASE	0.7574	*	0.8561	0.6484		
	12/01/10		0.9749	0.7384		0.0679	0.0501			
	12/01/11		1.4817	1.0941		-----	-----			
	TO 12/1/15					0.9240	0.6985			
	RM	12/01/09	BASE	1.0000		0.0696	0.0696			
		12/01/10	0.9594	0.9594		0.0064	0.0061			
		12/01/11	1.6060	1.5408		-----	-----			
						0.0760	0.0757			
	*	Loss, LAE and LBA portion of 12/1/09 rate.						0.7742		1.9902

**EXHIBIT V - 2  
POLICY YEARS 2005 - 2009  
PREMIUM ON-LEVEL FACTORS**

POLICY YEAR		(1) RATE CHANGE DATE	(2) RATE CHANGE	(3) CUM. INDEX OF COL (2)		(4) PORTION OF YEAR ON-LEVEL	(5) PRODUCT (3) * (4)	FACTOR TO ADJUST TO 12/1/15 RATE LEVEL
2009	VOL	12/01/08	BASE	0.7511	*	0.8421	0.6325	
		12/01/09	0.9160	0.6880		0.0789	0.0543	
		12/01/10	1.4445	0.9938		-----	-----	
		TO 12/1/15				0.9210	0.6868	
	RM	12/01/08	BASE	1.0000		0.0743	0.0743	
		12/01/09	0.9083	0.9083		0.0044	0.0040	
		12/01/10	1.5408	1.3995		-----	-----	
		TO 12/1/15				0.0787	0.0783	
*	Loss, LAE and LBA portion of 12/1/08 rate.						0.7651	1.8292
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	1.3232	0.7456		-----	-----	
		TO 12/1/15				0.9036	0.6268	
	RM	12/01/07	BASE	1.0000		0.0286	0.0286	
		10/01/08	0.8843	0.8843		0.0646	0.0571	
		12/01/08	0.8484	0.7502		0.0032	0.0024	
		12/01/09	1.3995	1.0499		-----	-----	
		TO 12/1/15				0.0964	0.0881	
*	Loss, LAE and LBA portion of 12/1/07 rate.						0.7149	1.4686
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	1.1054	0.5863	+	-----	-----	
	TO 12/1/15				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		1.1873	0.8189	+	-----	-----		
TO 12/1/15				0.1198	0.1187			
*	Loss, LAE and LBA portion of 12/1/06 rate.						0.7524	1.0884
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	0.8040	0.6013		-----	-----	
		TO 12/1/15				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	0.8190	0.8400		-----	-----	
		TO 12/1/15				0.1756	0.1758	
*	Loss, LAE and LBA portion of 12/1/05 rate.						0.7923	1.0602
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	0.8040	0.6503		-----	-----	
		TO 12/1/15				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	0.8400	0.9080		-----	-----	
		TO 12/1/15				0.2409	0.2420	
*	Loss, LAE and LBA portion of 12/1/04 rate.						0.8181	1.1099
+	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 12/1/15		0.5863	Current	Cumulative to 12/1/15		0.8189	

**EXHIBIT V - 3**  
**POLICY YEARS 2005 - 2014**  
**INDEMNITY LOSS ON-LEVEL FACTORS**

<u>POLICY YEAR</u>	<u>(1) LAW AMENDMENT DATE</u>	<u>(2) BENEFIT CHANGE</u>	<u>(3) CUM. INDEX OF COL (2)</u>	<u>(4) PORTION OF YEAR ON-LEVEL</u>	<u>(5) PRODUCT (3) * (4)</u>	<u>FACTOR TO ADJUST TO 7/1/16 BENEFIT LEVEL</u>
2014	7/01/13	BASE	1.0000	0.1250	0.1250	1.0171
	7/01/14	1.0124	1.0124	0.7500	0.7593	
	7/01/15	0.9967	1.0091	0.1250	0.1261	
	7/01/16	1.0184	1.0277	----- 1.0000	----- 1.0104	
2013	7/02/12	BASE	1.0000	0.1250	0.1250	1.0290
	7/01/13	1.0242	1.0242	0.7500	0.7682	
	7/01/14	1.0124	1.0369	0.1250	0.1296	
	7/01/15 TO 7/01/16	1.0150	1.0525	----- 1.0000	----- 1.0228	
2012	6/13/11	BASE	1.0000	0.1264	0.1264	1.0513
	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 TO 7/01/16	1.0276	1.0694	----- 1.0000	----- 1.0172	
2011	5/25/10	BASE	1.0000	0.1010	0.1010	1.0667
	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 TO 7/01/16	1.0525	1.0626	----- 1.0000	----- 0.9962	
2010	6/04/09	BASE	1.0000	0.0796	0.0796	1.0634
	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 TO 7/01/16	1.0694	1.0598	----- 1.0000	----- 0.9966	
2009	6/03/08	BASE	1.0000	0.0903	0.0903	1.0606
	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 TO 7/01/16	1.0626	1.0631	----- 1.0000	----- 1.0024	
2008	6/07/07	BASE	1.0000	0.0891	0.0891	1.0644
	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 TO 7/01/16	1.0598	1.0832	----- 1.0000	----- 1.0177	
2007	6/07/06	BASE	1.0000	0.0938	0.0938	1.0827
	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 TO 7/01/16	1.0631	1.1154	----- 1.0000	----- 1.0302	
2006	6/06/05	BASE	1.0000	0.0951	0.0951	1.1120
	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 TO 7/01/16	1.0832	1.1377	----- 1.0000	----- 1.0231	
2005	5/21/04	BASE	1.0000	0.0939	0.0939	1.1355
	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 TO 7/01/16	1.1154	1.1532	----- 1.0000	----- 1.0156	

**EXHIBIT VI - 1**

**DEVELOPMENT FACTORS**

**PREMIUM**

<u>Reports in Ratio</u>	<u>Calendar Years 11-12</u>	<u>Calendar Years 12-13</u>	<u>Calendar Years 13-14</u>	<u>Calendar Years 14-15</u>	<u>Unweighted Average</u>	<u>Cumulative Average</u>
2nd to 1st	0.9977	1.0016	1.0016	1.0074	1.0021	1.0040
3rd to 2nd	1.0022	0.9998	0.9996	1.0031	1.0012	1.0019
4th to 3rd	0.9983	0.9993	1.0011	0.9978	0.9991	1.0007
5th to 4th	0.9993	1.0001	0.9999	1.0020	1.0003	1.0016
6th to 5th	0.9994	0.9999	1.0000	1.0057	1.0013	1.0013
7th to 6th	1.0003	1.0000	1.0000	1.0000	1.0001	1.0000
8th to 7th	1.0003	1.0000	1.0000	1.0000	1.0001	0.9999
9th to 8th	0.9991	1.0000	1.0000	1.0000	0.9998	0.9998
10th to 9th	1.0023	1.0000	1.0000	1.0000	1.0000 *	1.0000
11th to 10th	1.0020	0.9998	1.0000	1.0000	1.0000 *	1.0000
12th to 11th	0.9999	0.9994	1.0002	1.0000	1.0000 *	1.0000
13th to 12th	1.0000	1.0000	1.0000	1.0000	1.0000 *	1.0000
14th to 13th	1.0000	1.0000	1.0000	1.0001	1.0000 *	1.0000
15th to 14th	1.0000	1.0000	1.0000	1.0000	1.0000 *	1.0000
16th to 15th	0.9999	1.0000	1.0000	1.0000	1.0000 *	1.0000
17th to 16th	0.9999	1.0000	1.0000	1.0000	1.0000 *	1.0000
18th to 17th	1.0000	1.0000	1.0000	1.0000	1.0000 *	1.0000
19th to 18th	1.0000	1.0000	1.0000	1.0000	1.0000 *	1.0000
20th to 19th	1.0000	1.0000	1.0000	1.0000	1.0000 *	1.0000
21st to 20th	1.0003	1.0000	1.0000	1.0000	1.0000 *	1.0000
22nd to 21st	1.0000	1.0003	1.0000	1.0000	1.0000 *	1.0000
23rd to 22nd	1.0000	1.0000	1.0006	1.0000	1.0000 *	1.0000
24th to 23rd	1.0000	1.0000	1.0000	1.0002	1.0000 *	1.0000
25th to 24th	1.0000	1.0000	1.0000	1.0000	1.0000 *	1.0000
26th to 25th	1.0000	1.0000	1.0000	1.0000	1.0000 *	1.0000
Beyond 26th	1.0000	1.0000	1.0000	1.0000	1.0000 *	1.0000

\* Selected

**EXHIBIT VI - 2**

**DEVELOPMENT FACTORS**

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

Reports in Ratio		Calendar Years 11-12	Calendar Years 12-13	Calendar Years 13-14	Calendar Years 14-15	Unweighted Average	Fitted Value	Cumulative Average
2nd to 1st	a	1.9083	2.0195	2.0407	1.8383	1.9517	1.9517	5.1644
3rd to 2nd	a	1.5144	1.5790	1.3955	1.4468	1.4839	1.4837	2.6461
4th to 3rd	a	1.2066	1.1853	1.2011	1.1633	1.1891	1.1914	1.7835
5th to 4th	a	1.1237	1.1211	1.1210	1.0866	1.1131	1.1090	1.4969
6th to 5th	a	1.0765	1.0797	1.0547	1.0898	1.0752	1.0712	1.3498
7th to 6th	a	1.0469	1.0528	1.0310	1.0382	1.0422	1.0497	1.2601
8th to 7th	a	1.0253	1.0353	1.0547	1.0198	1.0338	1.0362	1.2004
9th to 8th	a	1.0203	1.0346	1.0284	1.0410	1.0311	1.0271	1.1585
10th to 9th	a	1.0126	1.0193	1.0163	1.0184	1.0167	1.0208	1.1279
11th to 10th	a	1.0114	1.0154	1.0341	1.0073	1.0171	1.0162	1.1049
12th to 11th	a	1.0106	1.0126	1.0125	1.0075	1.0108	1.0129	1.0873
13th to 12th	a	1.0109	1.0116	1.0112	1.0087	1.0106	1.0105	1.0735
14th to 13th	a	1.0101	1.0234	1.0096	1.0090	1.0130	1.0086	1.0623
15th to 14th	a	1.0134	1.0028	1.0031	1.0066	1.0065	1.0072	1.0533
16th to 15th	a	1.0053	1.0130	1.0101	1.0019	1.0076	1.0061	1.0457
17th to 16th	a	1.0020	1.0061	1.0085	1.0089	1.0064	1.0053	1.0394
18th to 17th	a	1.0040	1.0022	1.0035	1.0032	1.0032	1.0046	1.0339
19th to 18th	a	1.0064	1.0022	1.0000	1.0033	1.0030	1.0041	1.0292
20th to 19th	a	1.0063	1.0025	1.0442	1.0011	1.0135	1.0038	1.0250
21st to 20th	a	1.0056	0.9978	1.0009	1.0023	1.0017	1.0035	1.0211
22nd to 21st	a	1.0022	1.0031	0.9982	1.0051	1.0022	1.0032	1.0175
23rd to 22nd	a	1.0000	1.0006	1.0203	0.9973	1.0046	1.0031	1.0143
24th to 23rd	a	1.0017	1.0035	1.0022	1.0032	1.0027	1.0030	1.0112
25th to 24th	a	0.9999	1.0077	0.9999	1.0027	1.0026	1.0029	1.0081
26th to 25th	b	1.0282	1.0023	1.0112	1.0064	1.0120	1.0120	1.0052
Beyond 26th	c	0.9947	0.9900	0.9896	0.9987	0.9933	0.9933	0.9933

**INCURRED METHOD**

Reports in Ratio		Calendar Years 11-12	Calendar Years 12-13	Calendar Years 13-14	Calendar Years 14-15	Unweighted Average	Fitted Value	Cumulative Average
2nd to 1st	c	1.3107	1.2857	1.3210	1.2829	1.3001	1.3017	1.7959
3rd to 2nd	c	1.2166	1.2505	1.0988	1.1063	1.1681	1.1554	1.3796
4th to 3rd	c	1.0368	1.0585	1.0591	1.0442	1.0497	1.0715	1.1941
5th to 4th	c	1.0178	1.0551	1.0622	0.9781	1.0283	1.0363	1.1144
6th to 5th	c	1.0148	1.0290	1.0320	1.0349	1.0277	1.0209	1.0754
7th to 6th	c	1.0307	1.0321	1.0374	1.0034	1.0259	1.0136	1.0533
8th to 7th	c	1.0202	1.0059	1.0104	1.0097	1.0116	1.0097	1.0392
9th to 8th	c	1.0121	1.0090	1.0015	1.0137	1.0091	1.0073	1.0292
10th to 9th	c	1.0064	1.0081	1.0082	1.0008	1.0059	1.0057	1.0218
11th to 10th	c	1.0002	1.0017	1.0244	1.0015	1.0070	1.0046	1.0160
12th to 11th	c	0.9957	1.0026	0.9965	0.9994	0.9986	1.0037	1.0113
13th to 12th	c	1.0217	1.0204	1.0018	0.9948	1.0097	1.0030	1.0076
14th to 13th	c	1.0050	0.9962	1.0029	0.9988	1.0007	1.0025	1.0046
15th to 14th	c	1.0039	0.9964	0.9979	0.9966	0.9987	1.0020	1.0021
16th to 15th	c	1.0027	1.0013	0.9994	0.9978	1.0003	1.0017	1.0001
17th to 16th	c	0.9996	1.0039	0.9981	1.0005	1.0005	1.0014	0.9984
18th to 17th	c	0.9777	0.9990	0.9964	0.9967	0.9925	1.0011	0.9970
19th to 18th	c	1.0140	1.0371	0.9988	1.0027	1.0132	1.0009	0.9959
20th to 19th	c	0.9971	0.9918	0.9887	0.9991	0.9942	1.0007	0.9950
21st to 20th	c	0.9978	0.9966	0.9991	1.0099	1.0009	1.0005	0.9943
22nd to 21st	c	0.9994	0.9964	0.9980	1.0029	0.9992	1.0003	0.9938
23rd to 22nd	c	0.9984	0.9985	1.0096	0.9992	1.0014	1.0002	0.9935
24th to 23rd	c	1.0010	1.0019	0.9988	1.0002	1.0005	1.0001	0.9933
25th to 24th	c	1.0010	1.0047	0.9978	1.0147	1.0046	1.0000	0.9932
26th to 25th	c	1.0011	0.9886	0.9989	0.9953	0.9960	0.9999	0.9932
Beyond 26th	c	0.9947	0.9900	0.9896	0.9987	0.9933	0.9933	0.9933

- a From Table I-D
- b 25th (Paid - Table I-D) to 26th (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	1.9517	0.9517	0.9517	1.9517
3rd to 2nd	1.4839	0.4839	0.4837	1.4837
4th to 3rd	1.1891	0.1891	0.1914	1.1914
5th to 4th	1.1131	0.1131	0.1090	1.1090
6th to 5th	1.0752	0.0752	0.0712	1.0712
7th to 6th	1.0422	0.0422	0.0497	1.0497
8th to 7th	1.0338	0.0338	0.0362	1.0362
9th to 8th	1.0311	0.0311	0.0271	1.0271
10th to 9th	1.0167	0.0167	0.0208	1.0208
11th to 10th	1.0171	0.0171	0.0162	1.0162
12th to 11th	1.0108	0.0108	0.0129	1.0129
13th to 12th	1.0106	0.0106	0.0105	1.0105
14th to 13th	1.0130	0.0130	0.0086	1.0086
15th to 14th	1.0065	0.0065	0.0072	1.0072
16th to 15th	1.0076	0.0076	0.0061	1.0061
17th to 16th	1.0064	0.0064	0.0053	1.0053
18th to 17th	1.0032	0.0032	0.0046	1.0046
19th to 18th	1.0030	0.0030	0.0041	1.0041
20th to 19th	1.0135	0.0135	0.0038	1.0038
21st to 20th	1.0017	0.0017	0.0035	1.0035
22nd to 21st	1.0022	0.0022	0.0032	1.0032
23rd to 22nd	1.0046	0.0046	0.0031	1.0031
24th to 23rd	1.0027	0.0027	0.0030	1.0030
25th to 24th	1.0026	0.0026	0.0029	1.0029
26th to 25th*	1.0120	0.0120	0.0120	1.0120

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

$$a = 0.009344 \quad b = -0.377433 \quad c = 6.092446 \quad d = -19.709136 \quad e = 36.378215 \quad f = -21.441734$$

\* Paid-Incurred four year average

**Incurred Development**

	<u>4 Year Average</u>	<u>4 Year Average - 1</u>	<u>Fitted Value</u>	<u>Fitted Value + 1</u>
2nd to 1st	1.3001	0.3001	0.3017	1.3017
3rd to 2nd	1.1681	0.1681	0.1554	1.1554
4th to 3rd	1.0497	0.0497	0.0715	1.0715
5th to 4th	1.0283	0.0283	0.0363	1.0363
6th to 5th	1.0277	0.0277	0.0209	1.0209
7th to 6th	1.0259	0.0259	0.0136	1.0136
8th to 7th	1.0116	0.0116	0.0097	1.0097
9th to 8th	1.0091	0.0091	0.0073	1.0073
10th to 9th	1.0059	0.0059	0.0057	1.0057
11th to 10th	1.0070	0.0070	0.0046	1.0046
12th to 11th	0.9986	-0.0014	0.0037	1.0037
13th to 12th	1.0097	0.0097	0.0030	1.0030
14th to 13th	1.0007	0.0007	0.0025	1.0025
15th to 14th	0.9987	-0.0013	0.0020	1.0020
16th to 15th	1.0003	0.0003	0.0017	1.0017
17th to 16th	1.0005	0.0005	0.0014	1.0014
18th to 17th	0.9925	-0.0075	0.0011	1.0011
19th to 18th	1.0132	0.0132	0.0009	1.0009
20th to 19th	0.9942	-0.0058	0.0007	1.0007
21st to 20th	1.0009	0.0009	0.0005	1.0005
22nd to 21st	0.9992	-0.0008	0.0003	1.0003
23rd to 22nd	1.0014	0.0014	0.0002	1.0002
24th to 23rd	1.0005	0.0005	0.0001	1.0001
25th to 24th	1.0046	0.0046	0.0000	1.0000
26th to 25th	0.9960	-0.0040	-0.0001	0.9999
Beyond 26th+	0.9933	-0.0067	-0.0067	0.9933

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

$$a = -0.001478 \quad b = 0.261630 \quad c = 0.823988$$

+ Selected four year average

**EXHIBIT VI - 4**

**DEVELOPMENT FACTORS**

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

Reports in Ratio		Calendar Years 11-12	Calendar Years 12-13	Calendar Years 13-14	Calendar Years 14-15	Unweighted Average	Fitted Value	Cumulative Average
2nd to 1st	a	1.3999	1.3509	1.3628	1.4678	1.3954	1.3954	3.0435
3rd to 2nd	a	1.1785	1.1636	1.1122	1.1792	1.1584	1.1584	2.1811
4th to 3rd	a	1.0832	1.0992	1.1068	1.0819	1.0928	1.0927	1.8828
5th to 4th	a	1.0555	1.0904	1.0576	1.0746	1.0695	1.0715	1.7231
6th to 5th	a	1.0690	1.0468	1.0514	1.0874	1.0637	1.0579	1.6081
7th to 6th	a	1.0505	1.0463	1.0357	1.0528	1.0463	1.0480	1.5201
8th to 7th	a	1.0212	1.0381	1.0454	1.0345	1.0348	1.0404	1.4505
9th to 8th	a	1.0399	1.0248	1.0284	1.0453	1.0346	1.0345	1.3942
10th to 9th	a	1.0234	1.0385	1.0269	1.0200	1.0272	1.0299	1.3477
11th to 10th	a	1.0232	1.0331	1.0310	1.0317	1.0298	1.0262	1.3085
12th to 11th	a	1.0372	1.0220	1.0307	1.0216	1.0279	1.0232	1.2751
13th to 12th	a	1.0162	1.0257	1.0201	1.0488	1.0277	1.0207	1.2462
14th to 13th	a	1.0094	1.0113	1.0218	1.0136	1.0140	1.0186	1.2209
15th to 14th	a	1.0137	1.0096	1.0045	1.0179	1.0114	1.0169	1.1986
16th to 15th	a	1.0285	1.0156	1.0043	1.0158	1.0161	1.0154	1.1787
17th to 16th	a	1.0088	1.0203	1.0206	1.0089	1.0147	1.0141	1.1608
18th to 17th	a	1.0092	1.0234	1.0164	1.0092	1.0146	1.0130	1.1447
19th to 18th	a	1.0128	1.0099	1.0109	1.0195	1.0133	1.0120	1.1300
20th to 19th	a	1.0094	1.0124	1.0213	1.0048	1.0120	1.0111	1.1166
21st to 20th	a	1.0057	1.0061	1.0068	1.0048	1.0059	1.0103	1.1044
22nd to 21st	a	1.0072	1.0067	1.0077	1.0111	1.0082	1.0096	1.0931
23rd to 22nd	a	1.0015	1.0093	1.0057	1.0055	1.0055	1.0090	1.0827
24th to 23rd	a	1.0024	1.0088	1.0057	1.0098	1.0067	1.0085	1.0730
25th to 24th	a	1.0166	1.0050	1.0129	1.0080	1.0106	1.0080	1.0640
26th to 25th	b	1.0564	1.0880	1.0047	1.0299	1.0448	1.0448	1.0556
Beyond 26th	c	1.0021	1.0188	1.0234	0.9970	1.0103	1.0103	1.0103

**INCURRED METHOD**

Reports in Ratio		Calendar Years 11-12	Calendar Years 12-13	Calendar Years 13-14	Calendar Years 14-15	Unweighted Average	Fitted Value	Cumulative Average
2nd to 1st	c	1.1974	1.1845	1.2407	1.3016	1.2311	1.2306	1.9966
3rd to 2nd	c	1.1423	1.1315	1.0880	1.1465	1.1271	1.1243	1.6225
4th to 3rd	c	1.0790	1.0681	1.0712	1.0445	1.0657	1.0817	1.4431
5th to 4th	c	1.0144	1.0526	1.1204	1.0666	1.0635	1.0585	1.3341
6th to 5th	c	1.0451	1.0358	1.0792	1.0629	1.0558	1.0439	1.2604
7th to 6th	c	1.0375	1.0383	1.0235	1.0405	1.0350	1.0339	1.2074
8th to 7th	c	1.0082	1.0116	1.0616	1.0303	1.0279	1.0267	1.1678
9th to 8th	c	1.0493	0.9939	1.0327	1.0091	1.0213	1.0214	1.1374
10th to 9th	c	1.0296	1.0219	1.0159	1.0276	1.0238	1.0173	1.1136
11th to 10th	c	1.0140	0.9788	1.0097	1.0349	1.0094	1.0141	1.0946
12th to 11th	c	1.0270	0.9939	1.0129	1.0122	1.0115	1.0115	1.0794
13th to 12th	c	0.9966	1.0175	0.9985	1.0213	1.0085	1.0095	1.0672
14th to 13th	c	0.9963	0.9933	0.9909	1.0227	1.0008	1.0079	1.0571
15th to 14th	c	1.0127	1.0133	0.9783	0.9922	0.9991	1.0065	1.0488
16th to 15th	c	1.0175	1.0095	0.9993	1.0168	1.0108	1.0054	1.0421
17th to 16th	c	1.0185	1.0188	1.0017	1.0028	1.0105	1.0045	1.0365
18th to 17th	c	1.0077	0.9972	0.9866	1.0018	0.9983	1.0038	1.0318
19th to 18th	c	0.9954	1.0103	0.9923	1.0180	1.0040	1.0032	1.0279
20th to 19th	c	1.0089	0.9830	0.9805	1.0030	0.9939	1.0028	1.0246
21st to 20th	c	0.9987	1.0003	1.0102	1.0051	1.0036	1.0024	1.0218
22nd to 21st	c	1.0046	0.9976	1.0027	1.0082	1.0033	1.0021	1.0193
23rd to 22nd	c	0.9994	0.9926	0.9874	1.0126	0.9980	1.0019	1.0172
24th to 23rd	c	1.0007	1.0026	1.0021	1.0036	1.0023	1.0017	1.0153
25th to 24th	c	1.0091	1.0000	1.0058	1.0092	1.0060	1.0016	1.0135
26th to 25th	c	1.0009	1.0216	0.9995	1.0093	1.0078	1.0016	1.0119
Beyond 26th	c	1.0021	1.0188	1.0234	0.9970	1.0103	1.0103	1.0103

- a From Table I-E
- b 25th (Paid - Table I-E) to 26th (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	1.3954	0.3954	0.3954	1.3954
3rd to 2nd	1.1584	0.1584	0.1584	1.1584
4th to 3rd	1.0928	0.0928	0.0927	1.0927
5th to 4th	1.0695	0.0695	0.0715	1.0715
6th to 5th	1.0637	0.0637	0.0579	1.0579
7th to 6th	1.0463	0.0463	0.0480	1.0480
8th to 7th	1.0348	0.0348	0.0404	1.0404
9th to 8th	1.0346	0.0346	0.0345	1.0345
10th to 9th	1.0272	0.0272	0.0299	1.0299
11th to 10th	1.0298	0.0298	0.0262	1.0262
12th to 11th	1.0279	0.0279	0.0232	1.0232
13th to 12th	1.0277	0.0277	0.0207	1.0207
14th to 13th	1.0140	0.0140	0.0186	1.0186
15th to 14th	1.0114	0.0114	0.0169	1.0169
16th to 15th	1.0161	0.0161	0.0154	1.0154
17th to 16th	1.0147	0.0147	0.0141	1.0141
18th to 17th	1.0146	0.0146	0.0130	1.0130
19th to 18th	1.0133	0.0133	0.0120	1.0120
20th to 19th	1.0120	0.0120	0.0111	1.0111
21st to 20th	1.0059	0.0059	0.0103	1.0103
22nd to 21st	1.0082	0.0082	0.0096	1.0096
23rd to 22nd	1.0055	0.0055	0.0090	1.0090
24th to 23rd	1.0067	0.0067	0.0085	1.0085
25th to 24th	1.0106	0.0106	0.0080	1.0080
26th to 25th*	1.0448	0.0448	0.0448	1.0448

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

$a = -0.001475 \quad b = 0.161768 \quad c = 1.891066 \quad d = -8.868911 \quad e = 15.661673 \quad f = -8.448721$

\* Paid-Incurred four year average

**Incurred Development**

	<u>4 Year Average</u>	<u>4 Year Average - 1</u>	<u>Fitted Value</u>	<u>Fitted Value + 1</u>
2nd to 1st	1.2311	0.2311	0.2306	1.2306
3rd to 2nd	1.1271	0.1271	0.1243	1.1243
4th to 3rd	1.0657	0.0657	0.0817	1.0817
5th to 4th	1.0635	0.0635	0.0585	1.0585
6th to 5th	1.0558	0.0558	0.0439	1.0439
7th to 6th	1.0350	0.0350	0.0339	1.0339
8th to 7th	1.0279	0.0279	0.0267	1.0267
9th to 8th	1.0213	0.0213	0.0214	1.0214
10th to 9th	1.0238	0.0238	0.0173	1.0173
11th to 10th	1.0094	0.0094	0.0141	1.0141
12th to 11th	1.0115	0.0115	0.0115	1.0115
13th to 12th	1.0085	0.0085	0.0095	1.0095
14th to 13th	1.0008	0.0008	0.0079	1.0079
15th to 14th	0.9991	-0.0009	0.0065	1.0065
16th to 15th	1.0108	0.0108	0.0054	1.0054
17th to 16th	1.0105	0.0105	0.0045	1.0045
18th to 17th	0.9983	-0.0017	0.0038	1.0038
19th to 18th	1.0040	0.0040	0.0032	1.0032
20th to 19th	0.9939	-0.0061	0.0028	1.0028
21st to 20th	1.0036	0.0036	0.0024	1.0024
22nd to 21st	1.0033	0.0033	0.0021	1.0021
23rd to 22nd	0.9980	-0.0020	0.0019	1.0019
24th to 23rd	1.0023	0.0023	0.0017	1.0017
25th to 24th	1.0060	0.0060	0.0016	1.0016
26th to 25th	1.0078	0.0078	0.0016	1.0016
Beyond 26th+	1.0103	0.0103	0.0103	1.0103

$Y = a+b*\log(x)+c/x^5$

$a = -0.241974 \quad b = 0.046302 \quad c = 0.472569$

+ Selected four year average

**EXHIBIT VII - 1**

**DETERMINATION OF TREND**

**INDEMNITY**

Policy Year	2008	2009	2010	2011	2012	2013	2014
Actual Loss Ratio	0.2361	0.2612	0.2537	0.2585	0.2515	0.2993	0.2571
Normalized Frequency	0.5857	0.5841	0.5849	0.5488	0.4927	0.5175	0.4182
Severity Loss Ratio	0.4031	0.4472	0.4337	0.4710	0.5105	0.5784	0.6148
<b>x</b>	1	2	3	4	5	6	7
<b>y</b>	0.4031	0.4472	0.4337	0.4710	0.5105	0.5784	0.6148

**7 Point Exponential Regression:  $y = 0.370420 * 1.071891 ^ x$**

**Selected Annual Trend Factor to 12/1/17 = 7.2%**

Policy Year	Annual Trend Factor (1)	Trend Period # Years to 12/1/17 (2)	Severity Trend Factor (3) = (1)^(2)	Frequency Trend Factor (4) #
2011	1.0719	5.9167	1.5080	0.6804
2012	1.0719	4.9167	1.4068	0.7262
2013	1.0719	3.9167	1.3125	0.7750
2014	1.0719	2.9167	1.2244	0.8271

**Trended Loss Ratio**

Policy Year	Actual Loss Ratio (5)	Combined Trend Factor (6) = (3)*(4)	Trended Loss Ratio (7) = (5)*(6)
2011	0.2585	1.0260	0.2652
2012	0.2515	1.0216	0.2569
2013	0.2993	1.0172	0.3044
2014	0.2571	1.0127	0.2604
Average			0.2717

# See Page 24 for column (4).

**EXHIBIT VII - 2**

**DETERMINATION OF TREND**

**MEDICAL**

Policy Year	2008	2009	2010	2011	2012	2013	2014
Actual Loss Ratio	0.4274	0.4915	0.5925	0.5742	0.5592	0.6383	0.6031
Normalized Frequency	0.5857	0.5841	0.5849	0.5488	0.4927	0.5175	0.4182
Severity Loss Ratio	0.7297	0.8415	1.0130	1.0463	1.1350	1.2334	1.4421
<b>x</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
<b>y</b>	0.7297	0.8415	1.0130	1.0463	1.1350	1.2334	1.4421

**7 Point Exponential Regression:  $y = 0.684929 * 1.110000 ^ x$**

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

**11.0%**

**Legislative Adjustments to Annual Severity Trend**

**From 9/1/08 to 1/31/13 (SB1) =**

**-1.5%**

**From 1/31/13 and later (SB1, SB238) =**

**-1.8%**

**Selected Annual Trend Factor**

**From 9/1/08 to 1/31/13 (SB1) =**

**9.5%**

**From 1/31/13 and later (SB1, SB238) =**

**9.2%**

Policy Year	Annual Trend Factor to 1/31/13 (1)	Trend Period # Years to 1/31/13 (2)	Severity Trend Factor to 1/31/13 (3) = (1)^(2)	Annual Trend Factor from 1/31/13 to 12/1/17 (4)	Trend Period # Years to 12/1/17 (5)	Severity Trend Factor from 1/31/13 to 12/1/17 (6) = (4)^(5)	Frequency Trend Factor (7) #
2011	1.095	1.0833	1.1033	1.092	4.8334	1.5302	0.6804
2012	1.095	0.0833	1.0076	1.092	4.8334	1.5302	0.7262
2013	1.095	0.0000	1.0000	1.092	3.9167	1.4116	0.7750
2014	1.095	0.0000	1.0000	1.092	2.9167	1.2927	0.8271

**Trended Loss Ratio**

Policy Year	Actual Loss Ratio (8)	Combined Trend Factor (9) = (3)*(6)*(7)	Trended Loss Ratio (10) = (8)*(9)
2011	0.5742	1.1487	0.6596
2012	0.5592	1.1197	0.6261
2013	0.6383	1.0940	0.6983
2014	0.6031	1.0692	0.6448
Average			0.6572

# 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
2002	12.48	1.0000
2003	11.93	0.9559
2004	10.51	0.8421
2005	9.41	0.7540
2006	8.85	0.7091
2007	8.23	0.6594
2008	7.31	0.5857
2009	7.29	0.5841
2010	7.30	0.5849
2011	6.85	0.5488
2012	6.15	0.4927
2013	6.46	0.5175
2014	5.22	0.4182

Policy Year	2008	2009	2010	2011	2012	2013	2014
<b>x</b>	1	2	3	4	5	6	7
<b>y</b>	0.5857	0.5841	0.5849	0.5488	0.4927	0.5175	0.4182

7 Point (2008 - 2014) Exponential Regression:  $y = 0.649288 * 0.950407^x$

Annual Trend Factor = **-5.0%**

Policy Year	2006	2007	2008	2011	2012	2013	2014
<b>x</b>	1	2	3	4	5	6	7
<b>y</b>	0.7091	0.6594	0.5857	0.5488	0.4927	0.5175	0.4182

7 Point (2006 - 2008, 2011 - 2014) Exponential Regression:  $y = 0.763173 * 0.923062^x$

Annual Trend Factor = **-7.7%**

**Selected Annual Trend Factor to 12/1/17 (Average of -5.0% and -7.7%) :**

<b>-6.3%</b>
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Policy Year	Annual Trend Factor (1)	# of Years to 12/1/17 (2)	Frequency Trend Factor (3) = (1)^(2)
2011	0.9370	5.9167	0.6804
2012	0.9370	4.9167	0.7262
2013	0.9370	3.9167	0.7750
2014	0.9370	2.9167	0.8271

TABLE I

## POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR

## ACCUMULATED STANDARD EARNED PREMIUM

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				Prior			
to 1986	499,313,203	499,313,202	1.0000	to 1986	499,313,202	499,313,213	1.0000
1986	75,029,003	75,029,003	1.0000	1986	74,540,210	74,540,210	1.0000
1987	87,187,766	87,187,766	1.0000	1987	87,187,766	87,187,766	1.0000
1988	104,227,984	104,227,984	1.0000	1988	104,156,834	104,156,834	1.0000
1989	112,174,384	112,174,384	1.0000	1989	112,006,449	112,006,449	1.0000
1990	100,967,110	100,967,111	1.0000	1990	100,769,966	100,769,966	1.0000
1991	97,174,087	97,200,400	1.0003	1991	97,023,519	97,050,962	1.0003
1992	89,418,304	89,417,436	1.0000	1992	89,189,995	89,190,039	1.0000
1993	91,022,923	91,022,253	1.0000	1993	90,725,310	90,724,421	1.0000
1994	83,413,393	83,411,522	1.0000	1994	83,151,960	83,154,380	1.0000
1995	80,189,642	80,184,356	0.9999	1995	79,874,949	79,874,943	1.0000
1996	84,340,527	84,335,385	0.9999	1996	83,668,945	83,668,917	1.0000
1997	88,357,822	88,356,868	1.0000	1997	86,953,643	86,953,607	1.0000
1998	93,244,096	93,243,785	1.0000	1998	92,377,889	92,377,869	1.0000
1999	88,679,091	88,675,392	1.0000	1999	87,625,454	87,625,393	1.0000
2000	96,087,917	96,082,098	0.9999	2000	90,199,218	90,199,077	1.0000
2001	97,721,050	97,915,441	1.0020	2001	95,701,134	95,643,936	0.9994
2002	120,576,911	120,855,705	1.0023	2002	118,877,369	118,858,069	0.9998
2003	134,721,685	134,593,852	0.9991	2003	134,183,507	134,184,277	1.0000
2004	153,013,837	153,054,136	1.0003	2004	153,036,271	153,036,527	1.0000
2005	187,848,788	187,897,547	1.0003	2005	187,891,445	187,888,080	1.0000
2006	201,253,745	201,136,291	0.9994	2006	207,191,524	207,185,868	1.0000
2007	200,175,028	200,029,903	0.9993	2007	200,029,903	200,007,564	0.9999
2008	150,376,588	150,115,396	0.9983	2008	150,115,396	150,128,494	1.0001
2009	117,913,582	118,168,783	1.0022	2009	118,168,783	118,087,574	0.9993
2010	105,903,594	105,661,606	0.9977	2010	105,661,606	105,645,526	0.9998
2011	56,147,830	106,218,857	1.8918	2011	106,218,857	106,385,661	1.0016
2012		59,119,378		2012	59,119,378	114,744,657	1.9409
				2013		70,122,448	

  

Policy Year Valued	As of 12/31/13	As of 12/31/14	Ratio to Prior Year	Policy Year Valued	As of 12/31/14	As of 12/31/15	Ratio to Prior Year
Prior				Prior			
to 1986	475,901,634	475,901,634	1.0000	to 1986	490,822,657	490,822,657	1.0000
1986	68,727,386	68,727,386	1.0000	1986	73,474,543	73,474,543	1.0000
1987	81,080,364	81,080,364	1.0000	1987	85,943,515	85,943,515	1.0000
1988	98,509,492	98,509,492	1.0000	1988	102,949,395	102,949,395	1.0000
1989	105,487,107	105,487,107	1.0000	1989	110,768,371	110,768,371	1.0000
1990	94,125,731	94,125,731	1.0000	1990	99,948,026	99,948,026	1.0000
1991	90,695,845	90,750,388	1.0006	1991	95,894,161	95,915,069	1.0002
1992	82,084,698	82,084,698	1.0000	1992	87,086,900	87,086,900	1.0000
1993	84,936,458	84,936,458	1.0000	1993	87,798,462	87,798,462	1.0000
1994	77,193,665	77,193,605	1.0000	1994	82,320,327	82,320,327	1.0000
1995	73,445,394	73,445,418	1.0000	1995	78,691,448	78,691,441	1.0000
1996	77,188,731	77,188,734	1.0000	1996	82,677,008	82,676,981	1.0000
1997	80,784,678	80,784,703	1.0000	1997	83,865,046	83,865,017	1.0000
1998	84,068,560	84,068,572	1.0000	1998	86,444,463	86,444,445	1.0000
1999	80,572,172	80,572,143	1.0000	1999	80,901,980	80,901,994	1.0000
2000	81,189,511	81,189,431	1.0000	2000	89,557,141	89,557,126	1.0000
2001	88,449,374	88,449,339	1.0000	2001	90,799,185	90,805,701	1.0001
2002	113,699,746	113,717,630	1.0002	2002	114,272,115	114,271,524	1.0000
2003	129,655,791	129,655,762	1.0000	2003	129,612,918	129,614,075	1.0000
2004	149,122,206	149,121,079	1.0000	2004	153,025,541	153,025,932	1.0000
2005	183,000,631	182,998,946	1.0000	2005	187,890,751	187,894,404	1.0000
2006	202,487,230	202,495,026	1.0000	2006	207,236,689	207,243,922	1.0000
2007	195,753,446	195,750,621	1.0000	2007	200,003,004	200,008,027	1.0000
2008	147,458,181	147,454,752	1.0000	2008	150,123,608	150,129,630	1.0000
2009	116,318,345	116,311,214	0.9999	2009	118,011,756	118,689,735	1.0057
2010	103,402,625	103,515,066	1.0011	2010	106,031,849	106,242,328	1.0020
2011	103,641,475	103,602,195	0.9996	2011	106,526,810	106,288,395	0.9978
2012	113,287,818	113,468,957	1.0016	2012	115,223,852	115,576,402	1.0031
2013	69,315,160	132,994,672	1.9187	2013	135,120,813	136,119,946	1.0074
2014		76,787,932		2014	78,134,547	147,228,091	1.8843
				2015		79,412,479	

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 12/31/11	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	314,224,958	314,127,911	0.9997	Prior to 1986	314,123,502	314,593,680	1.0015
1986	44,048,041	44,093,867	1.0010	1986	43,950,878	43,580,970	0.9916
1987	55,209,051	55,460,888	1.0046	1987	55,461,494	55,638,464	1.0032
1988	53,857,081	53,903,241	1.0009	1988	53,339,175	53,474,015	1.0025
1989	61,282,538	61,215,126	0.9989	1989	61,200,055	61,337,283	1.0022
1990	64,699,894	64,822,174	1.0019	1990	64,771,842	64,492,571	0.9957
1991	62,300,107	62,190,842	0.9982	1991	62,144,896	61,957,810	0.9970
1992	56,695,604	56,882,977	1.0033	1992	56,801,995	56,719,593	0.9985
1993	66,123,341	66,418,296	1.0045	1993	66,299,300	65,460,377	0.9873
1994	53,019,770	52,690,629	0.9938	1994	52,541,245	53,724,765	1.0225
1995	56,692,381	57,270,149	1.0102	1995	56,376,212	56,262,297	0.9980
1996	71,574,653	72,374,500	1.0112	1996	72,081,503	72,978,137	1.0124
1997	66,953,901	67,531,275	1.0086	1997	67,100,684	67,486,469	1.0057
1998	62,525,464	62,534,702	1.0001	1998	61,362,207	61,714,655	1.0057
1999	74,496,678	75,042,628	1.0073	1999	74,073,333	73,672,220	0.9946
2000	100,328,817	101,679,899	1.0135	2000	93,186,638	94,931,192	1.0187
2001	82,663,647	83,318,653	1.0079	2001	81,658,204	81,470,971	0.9977
2002	88,807,194	90,577,891	1.0199	2002	87,060,621	86,036,386	0.9882
2003	92,991,946	96,123,536	1.0337	2003	95,930,341	97,485,947	1.0162
2004	95,882,643	97,123,088	1.0129	2004	97,122,781	97,112,191	0.9999
2005	99,257,608	102,708,015	1.0348	2005	102,707,479	103,666,087	1.0093
2006	94,877,554	97,936,800	1.0322	2006	100,645,744	104,242,784	1.0357
2007	99,905,857	101,479,495	1.0158	2007	101,477,554	104,842,937	1.0332
2008	84,375,600	89,640,111	1.0624	2008	89,639,811	94,440,888	1.0536
2009	80,698,813	94,436,313	1.1702	2009	94,436,442	100,513,401	1.0643
2010	73,518,841	90,498,848	1.2310	2010	90,498,485	105,797,838	1.1691
2011	30,516,922	79,177,942	2.5946	2011	79,177,129	96,256,085	1.2157
2012		20,180,740		2012	20,180,941	66,083,131	3.2745
				2013		24,269,726	

Policy Year Valued	As of 12/31/13	As of 12/31/14	Ratio to Prior Year	Policy Year Valued	As of 12/31/14	As of 12/31/15	Ratio to Prior Year
Prior to 1986	301,925,253	301,933,761	1.0000	Prior to 1986	310,200,298	309,976,655	0.9993
1986	40,539,236	40,627,502	1.0022	1986	42,630,888	42,631,022	1.0000
1987	51,456,580	51,519,837	1.0012	1987	54,927,787	55,002,592	1.0014
1988	51,084,526	51,041,336	0.9992	1988	53,132,739	53,246,232	1.0021
1989	59,497,772	59,597,737	1.0017	1989	61,158,928	61,283,591	1.0020
1990	59,535,994	59,557,495	1.0004	1990	63,808,396	64,579,083	1.0121
1991	57,583,141	57,499,926	0.9986	1991	61,205,170	61,319,478	1.0019
1992	52,691,015	52,718,010	1.0005	1992	56,265,829	56,618,989	1.0063
1993	61,852,391	62,142,243	1.0047	1993	63,288,176	63,648,351	1.0057
1994	48,667,827	47,901,508	0.9843	1994	51,931,054	52,310,357	1.0073
1995	52,137,844	51,888,465	0.9952	1995	55,599,620	55,670,412	1.0013
1996	68,692,628	68,055,035	0.9907	1996	71,497,115	72,318,671	1.0115
1997	63,632,683	63,634,798	1.0000	1997	65,544,664	65,508,094	0.9994
1998	56,753,277	56,716,171	0.9993	1998	56,609,102	56,710,860	1.0018
1999	65,380,897	64,517,337	0.9868	1999	68,453,707	69,037,406	1.0085
2000	85,240,836	84,889,047	0.9959	2000	91,913,686	91,369,763	0.9941
2001	69,600,622	69,597,338	1.0000	2001	79,096,721	80,056,968	1.0121
2002	82,011,125	82,506,912	1.0060	2002	82,094,677	82,947,218	1.0104
2003	93,333,178	94,797,488	1.0157	2003	94,560,086	95,214,513	1.0069
2004	93,754,832	94,955,570	1.0128	2004	98,342,213	100,465,007	1.0216
2005	98,822,812	100,798,507	1.0200	2005	105,672,174	107,477,721	1.0171
2006	102,063,014	106,208,369	1.0406	2006	108,461,368	109,649,638	1.0110
2007	100,419,632	103,328,227	1.0290	2007	108,040,068	110,442,100	1.0222
2008	90,661,278	96,220,457	1.0613	2008	100,557,511	103,231,737	1.0266
2009	98,998,347	108,677,270	1.0978	2009	109,890,144	115,647,604	1.0524
2010	99,160,737	105,812,852	1.0671	2010	113,503,586	117,687,752	1.0369
2011	93,878,556	102,467,896	1.0915	2011	105,179,029	109,851,653	1.0444
2012	65,296,384	82,760,676	1.2675	2012	83,602,308	94,681,281	1.1325
2013	23,777,193	69,285,388	2.9139	2013	70,733,862	91,604,936	1.2951
2014		21,959,942		2014	22,499,780	66,481,335	2.9548
				2015		30,547,245	

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 12/31/11	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	196,373,929	196,237,491	0.9993	Prior to 1986	196,237,490	196,015,645	0.9989
1986	25,714,237	25,743,217	1.0011	1986	25,635,727	25,601,858	0.9987
1987	30,872,352	30,903,129	1.0010	1987	30,903,128	30,549,911	0.9886
1988	29,367,150	29,397,212	1.0010	1988	29,079,234	29,214,750	1.0047
1989	31,814,324	31,764,625	0.9984	1989	31,755,780	31,815,520	1.0019
1990	33,728,907	33,708,440	0.9994	1990	33,680,277	33,630,463	0.9985
1991	31,324,450	31,256,259	0.9978	1991	31,236,089	31,122,498	0.9964
1992	26,913,146	26,835,749	0.9971	1992	26,792,287	26,700,779	0.9966
1993	32,116,473	32,567,253	1.0140	1993	32,531,169	32,265,049	0.9918
1994	24,554,113	24,005,728	0.9777	1994	23,935,463	24,824,255	1.0371
1995	24,995,095	24,986,081	0.9996	1995	24,844,959	24,819,948	0.9990
1996	30,709,704	30,792,786	1.0027	1996	30,693,492	30,813,195	1.0039
1997	31,042,587	31,164,408	1.0039	1997	30,930,652	30,972,050	1.0013
1998	27,622,608	27,759,926	1.0050	1998	27,443,790	27,345,242	0.9964
1999	31,900,129	32,592,055	1.0217	1999	32,141,742	32,019,490	0.9962
2000	43,297,626	43,109,796	0.9957	2000	38,895,740	39,688,380	1.0204
2001	36,355,641	36,362,741	1.0002	2001	35,692,504	35,785,568	1.0026
2002	37,111,945	37,350,883	1.0064	2002	35,842,266	35,902,726	1.0017
2003	39,123,233	39,598,236	1.0121	2003	39,481,859	39,801,372	1.0081
2004	37,863,298	38,627,535	1.0202	2004	38,627,535	38,974,056	1.0090
2005	39,992,509	41,219,901	1.0307	2005	41,219,901	41,464,519	1.0059
2006	40,196,869	40,791,535	1.0148	2006	41,548,789	42,881,960	1.0321
2007	39,162,798	39,859,814	1.0178	2007	39,859,814	41,016,563	1.0290
2008	33,216,538	34,437,898	1.0368	2008	34,437,898	36,334,223	1.0551
2009	30,356,864	36,933,154	1.2166	2009	36,933,154	39,094,847	1.0585
2010	21,783,369	28,552,502	1.3107	2010	28,552,502	35,704,434	1.2505
2011	8,183,674	24,423,627	2.9844	2011	24,423,627	31,401,504	1.2857
2012		7,139,956		2012	7,139,956	22,073,687	3.0916
				2013		8,105,756	

  

Policy Year Valued	As of 12/31/13	As of 12/31/14	Ratio to Prior Year	Policy Year Valued	As of 12/31/14	As of 12/31/15	Ratio to Prior Year
Prior to 1986	188,521,444	188,268,614	0.9987	Prior to 1986	192,624,612	192,603,031	0.9999
1986	23,796,539	23,811,002	1.0006	1986	24,707,863	24,690,636	0.9993
1987	28,511,088	28,499,302	0.9996	1987	30,201,942	30,166,168	0.9988
1988	27,792,319	27,760,766	0.9989	1988	29,047,823	29,092,509	1.0015
1989	30,866,294	30,799,855	0.9978	1989	31,632,599	31,482,984	0.9953
1990	31,533,180	31,496,646	0.9988	1990	33,234,089	33,722,457	1.0147
1991	28,897,979	29,174,928	1.0096	1991	31,025,461	31,031,121	1.0002
1992	24,699,713	24,651,288	0.9980	1992	26,447,414	26,425,983	0.9992
1993	30,577,460	30,549,212	0.9991	1993	30,321,588	30,409,995	1.0029
1994	22,374,104	22,120,545	0.9887	1994	23,609,999	23,843,626	1.0099
1995	23,141,659	23,114,631	0.9988	1995	24,603,942	24,581,395	0.9991
1996	28,973,340	28,869,898	0.9964	1996	30,350,157	30,431,650	1.0027
1997	29,305,030	29,247,895	0.9981	1997	30,191,538	30,090,816	0.9967
1998	25,073,330	25,059,372	0.9994	1998	25,303,811	25,317,590	1.0005
1999	28,325,471	28,267,395	0.9979	1999	29,759,939	29,694,212	0.9978
2000	35,063,904	35,167,255	1.0029	2000	39,069,979	38,936,190	0.9966
2001	30,657,742	30,714,023	1.0018	2001	34,858,442	34,816,333	0.9988
2002	34,268,910	34,148,984	0.9965	2002	33,904,922	33,729,535	0.9948
2003	38,039,907	38,969,716	1.0244	2003	38,941,214	38,916,489	0.9994
2004	37,462,703	37,769,426	1.0082	2004	39,284,472	39,343,791	1.0015
2005	40,217,224	40,277,246	1.0015	2005	41,524,541	41,557,784	1.0008
2006	41,841,377	42,274,436	1.0104	2006	43,359,041	43,951,843	1.0137
2007	39,385,316	40,858,271	1.0374	2007	42,489,900	42,903,604	1.0097
2008	34,369,632	35,468,407	1.0320	2008	37,656,905	37,785,201	1.0034
2009	38,505,124	40,901,233	1.0622	2009	41,280,874	42,720,025	1.0349
2010	33,675,962	35,667,374	1.0591	2010	38,107,227	37,271,307	0.9781
2011	30,451,758	33,459,685	1.0988	2011	34,524,840	36,051,762	1.0442
2012	21,775,035	28,764,367	1.3210	2012	29,096,150	32,188,260	1.1063
2013	7,944,988	24,115,779	3.0353	2013	24,587,617	31,542,747	1.2829
2014		7,925,587		2014	8,123,848	20,267,733	2.4948
				2015		6,674,307	

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 12/31/11	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	117,851,029	117,890,420	1.0003	Prior to 1986	117,886,012	118,578,035	1.0059
1986	18,333,804	18,350,650	1.0009	1986	18,315,151	17,979,112	0.9817
1987	24,336,699	24,557,759	1.0091	1987	24,558,366	25,088,553	1.0216
1988	24,489,931	24,506,029	1.0007	1988	24,259,941	24,259,265	1.0000
1989	29,468,214	29,450,501	0.9994	1989	29,444,275	29,521,763	1.0026
1990	30,970,987	31,113,734	1.0046	1990	31,091,565	30,862,108	0.9926
1991	30,975,657	30,934,583	0.9987	1991	30,908,807	30,835,312	0.9976
1992	29,782,458	30,047,228	1.0089	1992	30,009,708	30,018,814	1.0003
1993	34,006,868	33,851,043	0.9954	1993	33,768,131	33,195,328	0.9830
1994	28,465,657	28,684,901	1.0077	1994	28,605,782	28,900,510	1.0103
1995	31,697,286	32,284,068	1.0185	1995	31,531,253	31,442,349	0.9972
1996	40,864,949	41,581,714	1.0175	1996	41,388,011	42,164,942	1.0188
1997	35,911,314	36,366,867	1.0127	1997	36,170,032	36,514,419	1.0095
1998	34,902,856	34,774,776	0.9963	1998	33,918,417	34,369,413	1.0133
1999	42,596,549	42,450,573	0.9966	1999	41,931,591	41,652,730	0.9933
2000	57,031,191	58,570,103	1.0270	2000	54,290,898	55,242,812	1.0175
2001	46,308,006	46,955,912	1.0140	2001	45,965,700	45,685,403	0.9939
2002	51,695,249	53,227,008	1.0296	2002	51,218,355	50,133,660	0.9788
2003	53,868,713	56,525,300	1.0493	2003	56,448,482	57,684,575	1.0219
2004	58,019,345	58,495,553	1.0082	2004	58,495,246	58,138,135	0.9939
2005	59,265,099	61,488,114	1.0375	2005	61,487,578	62,201,568	1.0116
2006	54,680,685	57,145,265	1.0451	2006	59,096,955	61,360,824	1.0383
2007	60,743,059	61,619,681	1.0144	2007	61,617,740	63,826,374	1.0358
2008	51,159,062	55,202,213	1.0790	2008	55,201,913	58,106,665	1.0526
2009	50,341,949	57,503,159	1.1423	2009	57,503,288	61,418,554	1.0681
2010	51,735,472	61,946,346	1.1974	2010	61,945,983	70,093,404	1.1315
2011	22,333,248	54,754,315	2.4517	2011	54,753,502	64,854,581	1.1845
2012		13,040,784		2012	13,040,985	44,009,444	3.3747
				2013		16,163,970	

  

Policy Year Valued	As of 12/31/13	As of 12/31/14	Ratio to Prior Year	Policy Year Valued	As of 12/31/14	As of 12/31/15	Ratio to Prior Year
Prior to 1986	113,403,809	113,665,147	1.0023	Prior to 1986	117,575,686	117,373,624	0.9983
1986	16,742,697	16,816,500	1.0044	1986	17,923,025	17,940,386	1.0010
1987	22,945,492	23,020,535	1.0033	1987	24,725,845	24,836,424	1.0045
1988	23,292,207	23,280,570	0.9995	1988	24,084,916	24,153,723	1.0029
1989	28,631,478	28,797,882	1.0058	1989	29,526,329	29,800,607	1.0093
1990	28,002,814	28,060,849	1.0021	1990	30,574,307	30,856,626	1.0092
1991	28,685,162	28,324,998	0.9874	1991	30,179,709	30,288,357	1.0036
1992	27,991,302	28,066,722	1.0027	1992	29,818,415	30,193,006	1.0126
1993	31,274,931	31,593,031	1.0102	1993	32,966,588	33,238,356	1.0082
1994	26,293,723	25,780,963	0.9805	1994	28,321,055	28,466,731	1.0051
1995	28,996,185	28,773,834	0.9923	1995	30,995,678	31,089,017	1.0030
1996	39,719,288	39,185,137	0.9866	1996	41,146,958	41,887,021	1.0180
1997	34,327,653	34,386,903	1.0017	1997	35,353,126	35,417,278	1.0018
1998	31,679,947	31,656,799	0.9993	1998	31,305,291	31,393,270	1.0028
1999	37,055,426	36,249,942	0.9783	1999	38,693,768	39,343,194	1.0168
2000	50,176,932	49,721,792	0.9909	2000	52,843,707	52,433,573	0.9922
2001	38,942,880	38,883,315	0.9985	2001	44,238,279	45,240,635	1.0227
2002	47,742,215	48,357,928	1.0129	2002	48,189,755	49,217,683	1.0213
2003	55,293,271	55,827,772	1.0097	2003	55,618,872	56,298,024	1.0122
2004	56,292,129	57,186,144	1.0159	2004	59,057,741	61,121,216	1.0349
2005	58,605,588	60,521,261	1.0327	2005	64,147,633	65,919,937	1.0276
2006	60,221,637	63,933,933	1.0616	2006	65,102,327	65,697,795	1.0091
2007	61,034,316	62,469,956	1.0235	2007	65,550,168	67,538,496	1.0303
2008	56,291,646	60,752,050	1.0792	2008	62,900,606	65,446,536	1.0405
2009	60,493,223	67,776,037	1.1204	2009	68,609,270	72,927,579	1.0629
2010	65,484,775	70,145,478	1.0712	2010	75,396,359	80,416,445	1.0666
2011	63,426,798	69,008,211	1.0880	2011	70,654,189	73,799,891	1.0445
2012	43,521,349	53,996,309	1.2407	2012	54,506,158	62,493,021	1.1465
2013	15,832,205	45,169,609	2.8530	2013	46,146,245	60,062,189	1.3016
2014		14,034,355		2014	14,375,932	46,213,602	3.2147
				2015		23,872,938	

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 12/31/11	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	193,552,831	193,887,116	1.0017	Prior to 1986	193,887,116	194,130,208	1.0013
1986	25,036,063	25,096,855	1.0024	1986	24,989,365	25,011,038	1.0009
1987	30,483,406	30,479,455	0.9999	1987	30,479,455	30,019,294	0.9849
1988	28,923,954	28,973,512	1.0017	1988	28,655,534	28,876,166	1.0077
1989	31,315,592	31,315,852	1.0000	1989	31,307,007	31,417,873	1.0035
1990	32,884,161	32,956,011	1.0022	1990	32,927,848	32,947,248	1.0006
1991	30,051,496	30,218,434	1.0056	1991	30,198,264	30,292,318	1.0031
1992	26,602,689	26,770,224	1.0063	1992	26,726,762	26,668,197	0.9978
1993	31,113,414	31,311,407	1.0064	1993	31,275,323	31,354,992	1.0025
1994	22,836,377	22,927,444	1.0040	1994	22,857,179	22,907,832	1.0022
1995	24,300,968	24,348,626	1.0020	1995	24,207,504	24,259,842	1.0022
1996	29,618,310	29,775,016	1.0053	1996	29,675,722	29,855,891	1.0061
1997	29,059,424	29,447,820	1.0134	1997	29,214,064	29,592,714	1.0130
1998	26,431,684	26,699,868	1.0101	1998	26,383,817	26,457,380	1.0028
1999	30,815,598	31,150,695	1.0109	1999	30,700,382	31,420,194	1.0234
2000	40,183,473	40,610,592	1.0106	2000	36,411,493	36,833,039	1.0116
2001	33,863,317	34,250,016	1.0114	2001	33,580,199	34,001,822	1.0126
2002	34,884,361	35,322,222	1.0126	2002	33,824,156	34,346,152	1.0154
2003	35,683,466	36,407,837	1.0203	2003	36,291,460	36,993,489	1.0193
2004	35,428,574	36,323,932	1.0253	2004	36,323,932	37,580,344	1.0346
2005	34,752,976	36,381,576	1.0469	2005	36,381,576	37,664,490	1.0353
2006	32,454,339	34,935,530	1.0765	2006	35,559,704	37,438,712	1.0528
2007	29,883,151	33,578,339	1.1237	2007	33,578,339	36,254,509	1.0797
2008	23,393,397	28,226,529	1.2066	2008	28,226,529	31,644,282	1.1211
2009	16,222,702	24,567,089	1.5144	2009	24,567,089	29,118,227	1.1853
2010	8,146,738	15,546,650	1.9083	2010	15,546,650	24,548,469	1.5790
2011	2,594,389	9,487,937	3.6571	2011	9,487,937	19,161,139	2.0195
2012		1,505,071		2012	1,505,071	7,919,682	5.2620
				2013		1,729,152	

Policy Year Valued	As of 12/31/13	As of 12/31/14	Ratio to Prior Year	Policy Year Valued	As of 12/31/14	As of 12/31/15	Ratio to Prior Year
Prior to 1986	186,653,972	186,677,702	1.0001	Prior to 1986	190,911,229	191,098,961	1.0010
1986	23,286,553	23,330,662	1.0019	1986	24,133,672	24,188,583	1.0023
1987	27,981,359	28,032,412	1.0018	1987	29,726,414	29,763,237	1.0012
1988	27,453,736	27,458,273	1.0002	1988	28,743,944	28,890,641	1.0051
1989	30,468,647	30,466,116	0.9999	1989	31,283,438	31,196,290	0.9972
1990	30,849,692	30,916,977	1.0022	1990	32,649,335	32,736,252	1.0027
1991	28,067,728	28,637,993	1.0203	1991	30,478,526	30,575,519	1.0032
1992	24,667,131	24,621,967	0.9982	1992	26,419,764	26,349,403	0.9973
1993	29,667,403	29,692,833	1.0009	1993	29,457,464	29,607,022	1.0051
1994	20,457,681	21,361,071	1.0442	1994	22,850,525	22,903,075	1.0023
1995	22,596,990	22,597,690	1.0000	1995	24,071,564	24,097,991	1.0011
1996	28,149,386	28,247,262	1.0035	1996	29,601,110	29,699,097	1.0033
1997	27,943,737	28,180,752	1.0085	1997	29,186,804	29,279,427	1.0032
1998	24,182,321	24,427,096	1.0101	1998	24,647,759	24,867,422	1.0089
1999	27,874,964	27,961,743	1.0031	1999	29,325,441	29,382,217	1.0019
2000	32,656,741	32,970,359	1.0096	2000	37,101,127	37,345,469	1.0066
2001	29,304,966	29,633,353	1.0112	2001	33,245,650	33,544,938	1.0090
2002	32,712,336	33,122,855	1.0125	2002	33,134,600	33,423,852	1.0087
2003	35,333,578	36,539,248	1.0341	2003	36,637,743	36,913,564	1.0075
2004	36,065,298	36,651,746	1.0163	2004	38,166,792	38,446,150	1.0073
2005	36,631,397	37,672,196	1.0284	2005	38,725,164	39,437,249	1.0184
2006	36,390,932	38,381,669	1.0547	2006	39,429,449	41,047,665	1.0410
2007	34,857,722	35,939,129	1.0310	2007	37,408,241	38,150,214	1.0198
2008	30,154,399	31,802,675	1.0547	2008	33,365,094	34,641,059	1.0382
2009	28,808,173	32,294,177	1.1210	2009	32,612,060	35,539,743	1.0898
2010	23,808,219	28,595,721	1.2011	2010	30,445,164	33,082,344	1.0866
2011	18,643,692	26,018,110	1.3955	2011	26,763,810	31,135,403	1.1633
2012	7,817,826	15,954,044	2.0407	2012	16,079,176	23,264,124	1.4468
2013	1,705,951	10,137,892	5.9427	2013	10,228,367	18,802,942	1.8383
2014		1,462,937		2014	1,480,003	8,457,917	5.7148
				2015		1,786,462	

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 12/31/11	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	112,407,140	113,067,891	1.0059	Prior to 1986	113,063,482	114,073,303	1.0089
1986	17,371,287	17,410,194	1.0022	1986	17,374,695	17,542,157	1.0096
1987	22,682,161	23,059,167	1.0166	1987	23,059,773	23,660,776	1.0261
1988	24,126,846	24,185,521	1.0024	1988	23,939,433	24,060,221	1.0050
1989	28,453,471	28,497,382	1.0015	1989	28,491,156	28,741,213	1.0088
1990	28,563,703	28,768,686	1.0072	1990	28,746,517	29,013,268	1.0093
1991	29,416,389	29,584,239	1.0057	1991	29,558,463	29,756,447	1.0067
1992	29,309,871	29,585,804	1.0094	1992	29,548,284	29,727,923	1.0061
1993	30,809,700	31,203,973	1.0128	1993	31,121,061	31,507,740	1.0124
1994	25,885,715	26,122,757	1.0092	1994	26,043,638	26,302,108	1.0099
1995	28,991,721	29,247,869	1.0088	1995	28,495,054	29,161,635	1.0234
1996	34,858,986	35,851,693	1.0285	1996	35,657,990	36,383,369	1.0203
1997	31,838,308	32,275,835	1.0137	1997	32,079,000	32,579,653	1.0156
1998	31,896,868	32,198,081	1.0094	1998	31,580,988	31,884,168	1.0096
1999	37,584,984	38,194,259	1.0162	1999	37,675,447	38,101,713	1.0113
2000	47,754,419	49,529,808	1.0372	2000	45,886,757	47,064,606	1.0257
2001	38,329,646	39,218,359	1.0232	2001	38,392,970	39,239,266	1.0220
2002	43,869,061	44,896,196	1.0234	2002	43,199,815	44,628,265	1.0331
2003	44,195,817	45,960,325	1.0399	2003	45,883,507	47,648,994	1.0385
2004	48,746,082	49,779,734	1.0212	2004	49,779,427	51,012,392	1.0248
2005	47,254,099	49,638,204	1.0505	2005	49,637,668	51,530,963	1.0381
2006	43,856,270	46,882,200	1.0690	2006	47,792,140	50,003,744	1.0463
2007	47,955,446	50,616,112	1.0555	2007	50,614,171	52,981,663	1.0468
2008	41,799,735	45,276,934	1.0832	2008	45,276,634	49,368,179	1.0904
2009	40,240,415	47,423,446	1.1785	2009	47,423,575	52,128,842	1.0992
2010	34,485,206	48,276,002	1.3999	2010	48,275,639	56,175,005	1.1636
2011	9,891,495	38,183,429	3.8602	2011	38,182,616	51,579,348	1.3509
2012		6,142,894		2012	6,143,095	31,997,706	5.2087
				2013		7,190,907	

Policy Year Valued	As of 12/31/13	As of 12/31/14	Ratio to Prior Year	Policy Year Valued	As of 12/31/14	As of 12/31/15	Ratio to Prior Year
Prior to 1986	108,865,686	109,477,573	1.0056	Prior to 1986	113,387,927	114,011,550	1.0055
1986	16,371,934	16,414,331	1.0026	1986	17,520,856	17,582,240	1.0035
1987	21,743,597	21,938,072	1.0089	1987	23,551,459	23,720,710	1.0072
1988	23,170,625	23,245,666	1.0032	1988	23,971,820	24,008,409	1.0015
1989	27,849,763	28,207,951	1.0129	1989	28,936,398	29,371,972	1.0151
1990	26,737,167	26,889,824	1.0057	1990	28,882,714	29,114,282	1.0080
1991	27,626,457	27,783,893	1.0057	1991	29,613,270	29,904,594	1.0098
1992	27,700,412	27,914,828	1.0077	1992	29,666,521	29,830,940	1.0055
1993	29,686,142	29,888,620	1.0068	1993	31,157,098	31,503,992	1.0111
1994	23,691,902	24,197,311	1.0213	1994	26,737,403	26,865,952	1.0048
1995	26,744,887	27,036,943	1.0109	1995	29,224,756	29,364,378	1.0048
1996	34,525,800	35,090,796	1.0164	1996	36,454,743	37,166,918	1.0195
1997	31,027,510	31,666,903	1.0206	1997	32,216,429	32,512,768	1.0092
1998	29,352,151	29,477,933	1.0043	1998	29,126,425	29,385,004	1.0089
1999	33,672,216	33,824,051	1.0045	1999	36,098,791	36,668,252	1.0158
2000	42,758,275	43,688,918	1.0218	2000	46,502,578	47,332,806	1.0179
2001	34,026,584	34,709,525	1.0201	2001	38,441,652	38,963,838	1.0136
2002	42,221,806	43,519,832	1.0307	2002	43,436,668	45,554,642	1.0488
2003	45,777,744	47,195,272	1.0310	2003	46,721,169	47,728,345	1.0216
2004	49,153,317	50,476,423	1.0269	2004	52,348,020	54,007,457	1.0317
2005	49,593,879	51,003,577	1.0284	2005	52,990,313	54,047,994	1.0200
2006	49,195,519	51,431,223	1.0454	2006	52,252,755	54,620,869	1.0453
2007	51,156,256	52,983,604	1.0357	2007	54,943,572	56,841,780	1.0345
2008	47,794,657	50,251,330	1.0514	2008	51,977,305	54,721,571	1.0528
2009	51,544,115	54,511,987	1.0576	2009	55,107,149	59,926,223	1.0874
2010	53,573,572	59,297,125	1.1068	2010	63,137,844	67,846,646	1.0746
2011	50,643,419	56,325,277	1.1122	2011	57,464,579	62,172,380	1.0819
2012	31,726,175	43,235,564	1.3628	2012	43,521,112	51,321,504	1.1792
2013	7,025,533	32,859,262	4.6771	2013	33,493,382	49,160,572	1.4678
2014		6,110,316		2014	6,253,808	32,461,118	5.1906
				2015		11,144,438	

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, 2016 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, 2016 filing. The values for these respective tables will be established such that the credibility assigned to a payroll-based classification having the same portion of total statewide expected losses and payrolls attributable to its experience using each table would be equal. All occupational disease losses will be included in the exhibit of classification experience, with the total amount of such losses by type of injury being shown on a separate line on the classification rate worksheets.

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

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

- (1) Determine the pure premiums underlying present Manual Residual Market Rates by category (serious, non-serious, medical only and total) for each classification.
- (2) Adjust the present pure premiums by category (serious, non-serious, medical-only and total) to the December 1, 2016 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, 2016 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, 2017 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 2013 to 2015 Market Profile Report Data

Manual Year	Premium at Manual Rates	Collected Premium (Excluding Constants)	Collectible Premium Ratio (2)/(3)
(1)	(2)	(3)	(4)
<b>ALL INDUSTRIES</b>			
2013	225,449,562	241,632,020	0.9330
2014	252,084,702	257,069,149	0.9806
2015	243,347,982	257,522,319	0.9450
<b>TOTAL</b>	<b>720,882,247</b>	<b>756,223,487</b>	<b>0.9533</b>
<b>MANUFACTURING AND UTILITIES</b>			
2013	28,370,800	27,292,576	1.0395
2014	35,149,978	34,503,031	1.0188
2015	39,120,220	38,025,991	1.0288
<b>TOTAL</b>	<b>102,640,998</b>	<b>99,821,597</b>	<b>1.0282</b>
<b>CONTRACTING AND QUARRYING</b>			
2013	42,020,839	41,355,911	1.0161
2014	48,967,719	46,492,736	1.0532
2015	45,603,488	44,844,625	1.0169
<b>TOTAL</b>	<b>136,592,047</b>	<b>132,693,273</b>	<b>1.0294</b>
<b>OTHER INDUSTRIES</b>			
2013	155,057,923	172,983,533	0.8964
2014	167,967,005	176,073,381	0.9540
2015	158,624,274	174,651,703	0.9082
<b>TOTAL</b>	<b>481,649,202</b>	<b>523,708,617</b>	<b>0.9197</b>

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

**EXHIBIT X**

**EXPECTED LOSS RATE FACTOR**

**CALCULATION OF EXPECTED LOSS RATE FACTOR**

<b>Policy Year Beginning 12/1 (1)</b>	<b>Average Law Multiplier (2)</b>	<b>Adjustment Factor (3)</b>	<b>Loss Ratio Development Factor (4)</b>	<b>Expense Allowance ** 1 / (PLR/CPR) (5)</b>	<b>Trend Factor (6)</b>	<b>Product (2) * (3) * (4) * (5) * (6) (7)</b>	<b>Expected Loss Rate Factor 1.0 / (7) (8)</b>	<b>Factor to Reflect Approved Rate Levels* (9)</b>	<b>Combined Effect (8) * (9) (10)</b>
<b>Manufacturing and Utilities</b>									
2012	0.9338	1.0000	1.6642	1.8198	1.3812	3.9061	0.2560	1.0318	0.2641
2013	0.9726	1.0000	1.9104	1.8198	1.2739	4.3074	0.2322	1.0318	0.2396
2014	1.0017	1.0000	2.4064	1.8198	1.1751	5.1547	0.1940	1.0318	0.2002
<b>Contracting and Quarrying</b>									
2012	0.9338	1.0000	1.7233	1.8219	1.3812	4.0494	0.2470	1.0318	0.2549
2013	0.9726	1.0000	1.8459	1.8219	1.2739	4.1668	0.2400	1.0318	0.2476
2014	1.0017	1.0000	2.4941	1.8219	1.1751	5.3487	0.1870	1.0318	0.1929
<b>Other Industries</b>									
2012	0.9338	1.0000	1.5818	1.6278	1.3812	3.3210	0.3011	1.0318	0.3107
2013	0.9726	1.0000	1.7902	1.6278	1.2739	3.6105	0.2770	1.0318	0.2858
2014	1.0017	1.0000	2.4287	1.6278	1.1751	4.6536	0.2149	1.0318	0.2217

\* (12/1/16 Filed Change in Manual Rate Level)/(12/1/16 Approved Change in Manual Rate Level)  
by Industry Group, from Page 1.

\*\* Permissible Loss Ratio = 0.5650  
Collectible Premium Ratios  
    Manufacturing = 1.0282  
    Contracting = 1.0294  
    All Other = 0.9197

**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	56.50
Loss Adjustment Expense	11.59
Loss & Loss Adjustment	68.09
Premium Discount	8.62
Acquisition	8.12
General Expenses	3.63
Profit and Contingencies	4.00
Taxes	2.32
Uncollectible Premium	1.32
Workers' Compensation Fund	2.00
Administrative Assessment	1.90
	31.91

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:

$$E = 0.0713 = \frac{ACQ}{0.0812} + \frac{GEN}{0.0363} + \frac{PROFIT}{0.0400} - \frac{PREM DISC}{0.0862}$$

$$A = 0.0315 = 0.0337 \times \frac{1 - 0.0713 - 0.0564}{1 - 0.0118 - 0.0564}$$

Then

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

$$S = \text{Delaware Insurance Plan Subsidy} = 0.0333$$

$$T = \frac{0.0713 + 0.5650(1 + 0.2052 + 0.0315)}{0.0713 + 0.5650(1 + 0.2052)} \times \frac{1}{1 - 0.0564 - 0.0333} = 1.1245$$

## 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 =	0.5915
Second Adjustment	RDF =	0.4494
Third Adjustment	RDF =	0.3840

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

$$\text{RDF(LIM)} = (1.0 - \text{ELF}) \times \text{RDF}$$

RDF(LIM) = Retrospective Development Factors at limited basis  
ELF = Excess Loss (Pure Premium) Factors exclusive of allocated loss adjustment expenses for given Hazard Group and Loss Limitation  
RDF = Retrospective Development Factors without Loss Limitation

For Example:

$$\text{\$25,000 limit Hazard Group C ELF} = 0.673$$

$$\text{First Adjustment RDF} = (1 - 0.673) * 0.5915 = 0.1934$$

\* The use of retrospective development factors is optional.