

Memorandum

From: Div 66 Actuarial
Michael Tranfaglia
Emily Turek

To: E. Allen, S. Leeret, B. Harris, R. D'Alfonso, J. Parker, A. Yasan, R. Condell

CC: J. Johnson, K. Hanna, J. Heaney, C. Steinbach, R. Cole, B. McCoy,
I. Robbin, A. Markham, J. Stracher

Date: 6/30/2014

Re: Division 66 - 2014 Social Services AFC US Profitability Study

I. Executive Summary

A. Introduction -

The Social Services AFC program provides coverage for Non-Profit and For-Profit social service agencies. This includes accounts such as developmentally disabled, mental and behavioral health, adult day care, addiction treatment, and shelters.

Last year's analysis resulted in an overall PY 2014 Ultimate Loss Ratio indication of 65.4% which yielded a RAP neutral rate need of 2.3% based on **2013** RAP values.

The year to date rate change for 2014 is **7.5%** for all lines of business.

B. Summary of Results

IL and LAE evaluated as of: 2nd Quarter 2014
Currency Employed: USD

Exhibit 1:

Line of Business	Sub-Segment	Policy Year	2014	Projected	RAP			
			Budgeted GWP (000)	Ultimate IL and LAE Ratio*	Combined Ratio*	Target Combined Ratio	RAP Rate Need	Projected RAP \$ **
GL	N/A	2014	3,521	62.8%	96.4%	98.0%	-2.4%	37
AL	N/A	2014	966	67.0%	100.7%	97.8%	4.5%	(14)
Property	N/A	2014	2,107	48.1%	81.7%	92.1%	-16.9%	155
APD	N/A	2014	128	75.0%	105.6%	97.0%	12.3%	(7)
Excess Liability	N/A	2014	649	61.4%	93.4%	98.0%	-6.6%	20
TOTAL			7,371	59.2%	92.7%	96.3%	-5.5%	190

* Includes PY 2014 rate change achieved

** Assumes a tax rate of 35%

- I. Discussion of Material Findings- The Casualty segment in total is roughly running at RAP positive. This is the first time it's been at this level since program inception. This improvement is largely due to the significant rate achieved in recent policy years. No significant shifts in frequency and severity trends were observed for this program. For the purposes of this study, Assisted Living accounts were analyzed separately. This type of business was deemed not representative of the typical exposure in the current book of business and has been non-renewed. An adjustment to selected ultimate loss ratio was made when applicable. Property has become more profitable on a RAP breakeven basis. Property had an 8.2% decrease in the AAL from the prior study, which is in line with the June 2013 underwriting initiative to limit CAT exposure. All other lines of business remain in line with expectations.

II. Assumptions/Limitations/Data Quality/Other

- A. Assumptions - For purposes of this analysis, the loss ratio indications are based on a 3.5% trend assumption for GL, 4% for AL, 5% for XS and 0.0% for Property and APD.
- B. Limitations/Weakness - The projected PY 2014 loss ratio shown in Exhibit 1 of this report assumes that the YTD rate change achieved in 2014 will be consistent throughout the remainder of the year. To the extent that the annual rate change does not equal the YTD rate change, then the results of this report will vary. Besides that, there are no significant limitations/weaknesses with regards to this study outside of standard actuarial caveats that normally apply to projecting future losses. These include, but are not limited to, actual emerged actuarial parameters (LDF's, ILFs, ELR's, trend, etc.) not being in line with selected parameters; miss-coding/inaccurate representation of the data relied upon in this analysis; and future regulatory/judicial changes affecting the frequency/severity of the results.
- Data Quality - The data for all lines of business in this analysis is pulled from Sandbox which aggregates the data from CRS.
- C. Other - Assisted Living accounts were analyzed separately and were determined to have a significant impact on GL and Property. These exposures are not representative of the current book of business.

III. Methodology

A review of several claim diagnostics shows no clear evidence of case reserve strengthening for this book of business (no consistent increase in average outstanding or decrease in paid to incurred ratios). In addition, a review of implied claim disposal rate does not show any clear evidence of claims closure rate changes.

Several methodologies have been used to project loss & legal expenses to ultimate. This includes the following: paid and incurred loss development and Bornhuetter-Ferguson methods (on a paid and incurred basis) all for losses uncapped and at varying capped levels. Frequency and severity is employed along with ultimate ILAE ratio selections to select a final PY 2014 ultimate loss ratio. The selected frequency and severities are somewhat consistent in comparison to the prior profit study.

The commissions and underwriting expenses are program specific. The RAP neutral ratio is calculated based program specific RAP profit loads. Rate need is based on a ratio of the ultimate ILAE ratio and the target ILAE ratio.

IV. Actuarial Next Steps - We will continue to monitor these results through quarterly actual versus expected analyses.

V. Underwriting Action Plans - Below is the response provided by Roberta Condell from an email dated 8/30/14.

The program focus since 2003 has been Social Service classes, with emphasis on Developmentally Disabled, in the following states: NY, NJ, PA, MI & OH. In 2009, child care centers were added for all states. In August of 2013, we expanded the program to the remaining 50 states, excluding cat prone states: AK, FL, HI, LA & TX.

The profitability of the book was negatively influenced from 2008-2010 due to losses from a segment of NY Assisted Living business. This class of business is no longer written and the business is now off the books. The impact of these changes shown in the 2014 Profit Study resulted in an improved combined ratio of 92.7%, continued improvement from the 2013 C/R of 98.4% Profit Study Results.

2014 Achievements:

- Beginning in August 2013, AFC began transitioning their QBE Social Services book with a more favorable historical loss ratio and this was completed July 2014 with 100% Renewal Retention and produced a total WP of \$2.8M. Throughout the transition, AFC was able to maintain an overall average rate achievement of 12% for the QBE accounts.
- We expect growth for 2014. AFC finished 2013 at \$5.3M and 2014 YTD WP is \$5.9M, which includes \$1.2M from QBE; expected plan is to finish 2014 at \$7.4M or 37% ahead of 2013 Actual WP.

Appendix - Methodology:

Please note that the analysis has seven sections:

- Section I - General Liability
- Section II - Auto Liability
- Section III - Property
- Section IV - Auto Physical Damage
- Section V - Excess

Exhibit 1 - Summarizes PY 2014 ultimate ILAE ratios and PY 2014 rate need.

Exhibit 2 - PY reported incurred and paid loss and LAE ratios in triangle format.

Exhibit 3 - Indexing PY 2004 - 2014 ultimate ILAE (incurred + LAE) ratios to PY 2014 and selection of PY 2014 ultimate ILAE ratios.

Exhibit 4 - Frequency/Severity method used to calculate an indicated PY 2014 ultimate ILAE ratio

Exhibit 5 - Summarizes various methods (Exhibit 6a - Exhibit 8f) used to calculate ultimate + LAE & ratios for PY's 2004 - 2014.

- a) Policy Limits
- b) Capped at \$250,000
- c) Capped at \$100,000

Exhibit 6 - Bornhuetter-Ferguson methods

- a) Methodology
- b) A Priori Loss Ratios

Exhibit 7 - ILF selections

Exhibit 8 - Loss development methods. In general, the selected age to age loss development factors are determined by giving weight to the overall Division 66 loss development factors as well as historical results of the program.

- a) Uncapped Incurred
- b) Incurred Capped at \$250,000
- c) Incurred Capped at \$100,000
- d) Uncapped Paid
- e) Paid Capped at \$250,000
- f) Paid Capped at \$100,000

Exhibit 9 - Gross Written Premium developed to an ultimate PY basis. In general, the selected age to age premium development factors are determined by giving weight to the overall Division 66 premium development factors as well as the historical results of the program.

Exhibit 10 - Total claim counts (excluding closed w/no-pay) developed to ultimate. In general, the selected age to age loss development factors are determined by giving weight to the overall Division 66 claim development factors as well as the historical results of the program.

Exhibit 11 - Open claim count, closed with payment claim count, closed without payment claim count and total claim count development.

Exhibits 12 - Key diagnostic triangles.

- a) Case Reserves per Open Claim
Paid & Legal per Closed With Payment
Paid per Closed With Payment
- b) Paid & Legal to Incurred & Legal
Paid to Incurred
Closed W/Pay to Total Claim Count (Ex CWNP)
- c) Legal to Indemnity
- d) Total Claim Count to Total Policy Count
Average Account Size - Total - GWP to Total Policy Count
Average Account Size - New- GWP to New Policy Count
Average Account Size - Renewal - GWP to Renewal Policy Count

Exhibit 13 - Large loss listing (Incurred + LAE > \$100,000 and >\$250,000 for Excess).

Please let me know if you have any questions or comments regarding this study.

Program Summary by LOB - PY 2014

LOB	PY 2014 GWP	Direct	Before 2014	RAP Neutral		After 2014
			Rate Change PY 2014 Ultimate ILAE Ratio	Target Ratio	Before 2014 Rate Change PY 2014 Rate Need	PY 2014 Rate Achieved
GL	3,521	2.9%	70.1%	64.4%	8.5%	62.8%
AL	966	2.9%	67.8%	64.0%	5.7%	67.0%
Property	2,107	2.9%	50.0%	58.5%	-13.8%	48.1%
APD	128	2.9%	75.6%	66.4%	13.2%	75.0%
Excess Liability	649	2.9%	65.3%	65.9%	-0.9%	61.4%
Total Casualty	5,135	2.9%	69.1%	64.5%	6.8%	63.4%
Total Property	2,235	2.9%	51.5%	59.0%	-12.1%	49.7%
All Lines Combined	7,371	2.9%	63.8%	62.8%	1.4%	59.2%

Program Summary by LOB - PY 2015

LOB	PY 2014 GWP	Direct	After 2014 Rate Change PY 2015 Ultimate ILAE Ratio	RAP Neutral	
				Target Ratio	After 2014 Rate Change PY 2015 Rate Need
GL	3,521	2.9%	65.0%	64.4%	0.9%
AL	966	2.9%	69.7%	64.0%	8.5%
Property	2,107	2.9%	48.1%	58.5%	-16.9%
APD	128	2.9%	75.0%	66.4%	12.3%
Excess Liability	649	2.9%	64.4%	65.9%	-2.2%
Total Casualty	5,135	2.9%	65.8%	64.5%	1.9%
Total Property	2,235	2.9%	49.7%	59.0%	-15.1%
All Lines Combined	7,371	2.9%	60.9%	62.8%	-2.9%

Program Summary by LOB

PY	GL					AL					Property - ex Cat Load & Reinsurance Charges					APD				
	GWP	Reported	Reported	Selected	Ultimate	GWP	Reported	Reported	Selected	Ultimate	GWP	Reported	Reported	Selected	Ultimate	GWP	Reported	Reported	Selected	Ultimate
		ILAE	ILAE Ratio	ILAE	ILAE Ratio		ILAE	ILAE Ratio	ILAE	ILAE Ratio		ILAE	ILAE Ratio	ILAE	ILAE Ratio		ILAE	ILAE Ratio	ILAE	ILAE Ratio
2004	4,945	2,879	58.2%	2,936	59.4%	0	0	-	0	-	0	0	-	0	-	0	0	-	0	-
2005	3,757	1,908	50.8%	1,886	50.2%	0	0	-	0	-	0	0	0.0%	0	0.0%	0	0	-	0	-
2006	3,890	3,100	79.7%	3,340	85.9%	252	342	135.6%	343	136.1%	252	23	9.1%	23	9.1%	29	25	86.7%	25	85.9%
2007	5,603	2,007	35.8%	2,060	36.8%	1,175	1,047	89.1%	1,072	91.3%	892	206	23.1%	206	23.1%	165	88	53.2%	88	53.1%
2008	5,101	3,985	78.1%	4,300	84.3%	1,959	894	45.6%	927	47.3%	1,465	240	16.4%	240	16.4%	255	228	89.4%	228	89.5%
2009	3,538	4,533	128.1%	5,740	162.3%	1,187	799	67.3%	810	68.2%	1,010	844	83.6%	844	83.6%	126	176	139.9%	176	139.6%
2010	2,907	2,240	77.1%	2,810	96.7%	925	565	61.1%	518	56.0%	891	258	29.0%	260	29.2%	124	77	62.4%	77	62.5%
2011	2,610	1,611	61.7%	2,550	97.7%	988	540	54.7%	710	71.9%	876	206	23.6%	210	24.0%	132	64	48.4%	64	48.8%
2012	2,431	219	9.0%	1,670	68.7%	918	194	21.2%	452	49.2%	868	81	9.3%	80	9.2%	138	112	81.2%	113	82.0%
2013	2,495	84	3.4%	1,900	76.1%	1,060	242	22.8%	631	59.6%	887	340	38.3%	400	45.1%	159	138	87.0%	139	87.4%
2014	3,521	3	0.1%	2,113	60.0%	966	11	1.1%	637	66.0%	2,107	0	0.0%	737	35.0%	128	5	3.8%	95	74.0%

PY	Excess Liability					Total Casualty					Total Property - ex Cat Load & Reinsurance					All Lines Combined				
	GWP	Reported	Reported	Selected	Ultimate	GWP	Reported	Reported	Selected	Ultimate	GWP	Reported	Reported	Selected	Ultimate	GWP	Reported	Reported	Selected	Ultimate
		ILAE	ILAE Ratio	ILAE	ILAE Ratio		ILAE	ILAE Ratio	ILAE	ILAE Ratio		ILAE	ILAE Ratio	ILAE	ILAE Ratio		ILAE	ILAE Ratio	ILAE	ILAE Ratio
2004	1,144	2	0.2%	100	8.7%	6,089	2,882	47.3%	3,036	49.9%	0	0	-	0	-	6,089	2,882	47.3%	3,036	49.9%
2005	844	0	0.0%	100	11.9%	4,601	1,908	41.5%	1,986	43.2%	0	0	0.0%	0	0.0%	4,601	1,908	41.5%	1,986	43.2%
2006	1,070	202	18.9%	300	28.0%	5,212	3,644	69.9%	3,983	76.4%	281	48	17.1%	48	17.1%	5,494	3,692	67.2%	4,031	73.4%
2007	1,708	0	0.0%	100	5.9%	8,486	3,054	36.0%	3,232	38.1%	1,058	294	27.8%	294	27.8%	9,543	3,348	35.1%	3,526	36.9%
2008	1,549	510	32.9%	800	51.6%	8,609	5,388	62.6%	6,027	70.0%	1,719	468	27.2%	468	27.2%	10,328	5,856	56.7%	6,495	62.9%
2009	998	0	0.0%	200	20.0%	5,723	5,332	93.2%	6,750	117.9%	1,136	1,020	89.8%	1,020	89.8%	6,859	6,352	92.6%	7,770	113.3%
2010	817	0	0.0%	300	36.7%	4,648	2,805	60.3%	3,628	78.0%	1,015	336	33.1%	337	33.2%	5,664	3,141	55.5%	3,965	70.0%
2011	738	0	0.0%	300	40.7%	4,336	2,151	49.6%	3,560	82.1%	1,007	270	26.8%	274	27.2%	5,343	2,421	45.3%	3,834	71.8%
2012	658	0	0.0%	400	60.7%	4,008	413	10.3%	2,522	62.9%	1,006	193	19.2%	193	19.2%	5,015	606	12.1%	2,715	54.1%
2013	696	0	0.0%	400	57.5%	4,251	326	7.7%	2,931	69.0%	1,046	478	45.7%	539	51.5%	5,296	803	15.2%	3,470	65.5%
2014	649	0	0.0%	292	45.0%	5,135	14	0.3%	3,042	59.2%	2,235	5	0.2%	832	37.2%	7,371	19	0.3%	3,874	52.6%

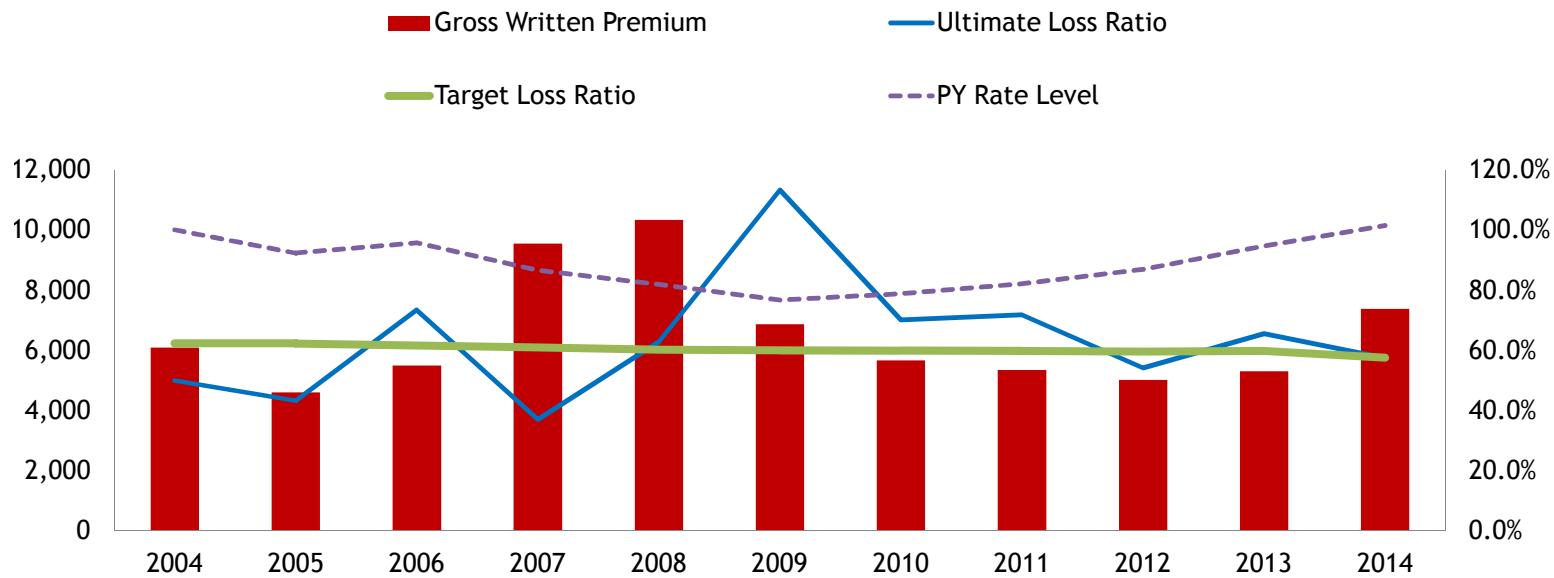
Program Summary by LOB - Prior Profitability Study Indications

PY	GL			AL			Property - ex Cat Load & Reinsurance Charges			APD		
	GWP	2013 Ultimate ILAE Ratio	2014 Ultimate ILAE Ratio	GWP	2013 Ultimate ILAE Ratio	2014 Ultimate ILAE Ratio	GWP	2013 Ultimate ILAE Ratio	2014 Ultimate ILAE Ratio	GWP	2013 Ultimate ILAE Ratio	2014 Ultimate ILAE Ratio
2004	4,945	57.2%	59.4%	0	-	-	0	-	-	0	-	-
2005	3,757	48.7%	50.2%	0	-	-	0	-	0.0%	0	-	-
2006	3,890	90.7%	85.9%	252	138.4%	136.1%	252	7.9%	9.1%	29	86.2%	85.9%
2007	5,603	29.4%	36.8%	1,175	89.4%	91.3%	892	24.1%	23.1%	165	53.9%	53.1%
2008	5,101	40.5%	84.3%	1,959	50.4%	47.3%	1,465	16.9%	16.4%	255	89.4%	89.5%
2009	3,538	46.5%	162.3%	1,187	71.4%	68.2%	1,010	86.7%	83.6%	126	142.1%	139.6%
2010	2,907	100.4%	96.7%	925	46.5%	56.0%	891	31.6%	29.2%	124	63.7%	62.5%
2011	2,610	71.8%	97.7%	988	84.3%	71.9%	876	19.1%	24.0%	132	65.2%	48.8%
2012	2,431	65.4%	68.7%	918	68.5%	49.2%	868	15.8%	9.2%	138	98.7%	82.0%
2013	2,495	62.0%	76.1%	1,060	65.0%	59.6%	887	26.0%	45.1%	159	95.0%	87.4%
2014	3,521		60.0%	966		66.0%	2,107		35.0%	128		74.0%
		57.6%	78.3%		68.7%	64.6%		30.5%	31.7%		86.3%	80.7%
			20.7%			-4.1%			1.2%			-5.5%

PY	Excess Liability			Total Casualty			Total Property - ex Cat Load & Reinsurance			All Lines Combined		
	GWP	2013 Ultimate ILAE Ratio	2014 Ultimate ILAE Ratio	GWP	2013 Ultimate ILAE Ratio	2014 Ultimate ILAE Ratio	GWP	2013 Ultimate ILAE Ratio	2014 Ultimate ILAE Ratio	GWP	2013 Ultimate ILAE Ratio	2014 Ultimate ILAE Ratio
2004	1,144	8.7%	8.7%	6,089	48.1%	49.9%	0	-	-	6,089	48.1%	49.9%
2005	844	0.0%	11.9%	4,601	39.8%	43.2%	0	0.0%	0.0%	4,601	39.8%	43.2%
2006	1,070	28.0%	28.0%	5,212	80.2%	76.4%	281	16.0%	17.1%	5,494	76.9%	73.4%
2007	1,708	17.7%	5.9%	8,486	35.3%	38.1%	1,058	28.8%	27.8%	9,543	34.6%	36.9%
2008	1,549	26.0%	51.6%	8,609	40.2%	70.0%	1,719	27.7%	27.2%	10,328	38.1%	62.9%
2009	998	30.5%	20.0%	5,723	48.9%	117.9%	1,136	92.8%	89.8%	6,859	56.2%	113.3%
2010	817	49.7%	36.7%	4,648	80.8%	78.0%	1,015	35.5%	33.2%	5,664	72.7%	70.0%
2011	738	54.5%	40.7%	4,336	71.7%	82.1%	1,007	25.1%	27.2%	5,343	62.9%	71.8%
2012	658	60.8%	60.7%	4,008	65.4%	62.9%	1,006	27.2%	19.2%	5,015	57.7%	54.1%
2013	696	55.0%	57.5%	4,251	61.6%	69.0%	1,046	36.5%	51.5%	5,296	56.6%	65.5%
2014	649		45.0%	5,135		59.2%	2,235		37.2%	7,371		52.6%
		29.4%	29.3%		54.1%	67.3%		38.1%	38.4%		52.1%	63.6%
			0.0%			13.2%			0.3%			11.5%

Total Program Summary

PY	GWP	-----Loss Ratio-----			-----Combined Ratio-----		Normalized RAP Dollars	Rt Chg	Rt Lvl	Commission
		Reported	Ultimate	Target *	Ultimate	BECR				
2004	6,089	47.3%	49.9%	62.2%	85.6%	98.0%	499	0.0%	1.00	21.7%
2005	4,601	41.5%	43.2%	62.2%	78.9%	98.0%	581	-7.7%	0.92	21.7%
2006	5,494	67.2%	73.4%	61.6%	109.5%	97.7%	-431	3.8%	0.96	21.7%
2007	9,543	35.1%	36.9%	60.9%	73.4%	97.4%	1,526	-9.6%	0.87	21.7%
2008	10,328	56.7%	62.9%	60.2%	99.8%	97.1%	-189	-5.3%	0.82	21.7%
2009	6,859	92.6%	113.3%	60.0%	150.3%	97.1%	-2,447	-6.4%	0.77	21.7%
2010	5,664	55.5%	70.0%	59.8%	107.2%	97.0%	-386	2.7%	0.79	21.7%
2011	5,343	45.3%	71.8%	59.8%	109.0%	96.9%	-430	4.2%	0.82	21.7%
2012	5,015	12.1%	54.1%	59.6%	91.4%	96.9%	183	5.9%	0.87	21.7%
2013	5,296	15.2%	65.5%	59.7%	102.7%	96.9%	-206	8.9%	0.95	21.7%
2014	7,371	0.3%	57.4%	57.5%	96.2%	96.3%	3	7.3%	1.01	21.8%
Total	71,603	43.3%	62.9%				-1,298			

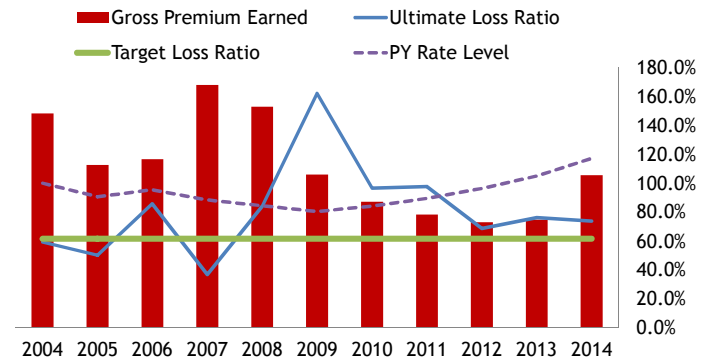


* Target Ratio = 1 - (Expense Ratio) - (AAL) - (XOL) - (Corporate Cat Reinsurance) - (ULE) - (Claim Fees) - (Risk Load)

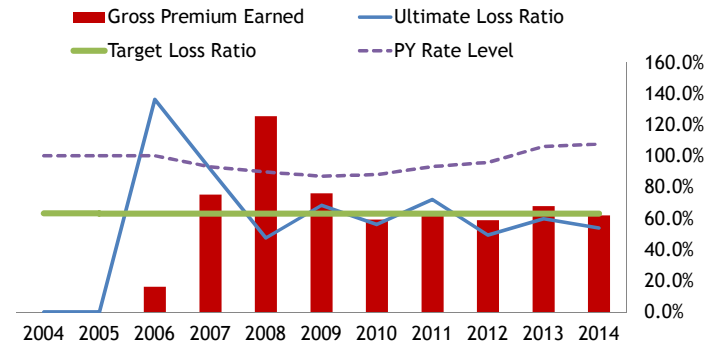
* Ultimate Loss Ratios exclude modeled cats, ULE, non-machine claims fees and the impact of XOL/corporate cat reinsurance

Program Summary by LOB - Casualty Lines

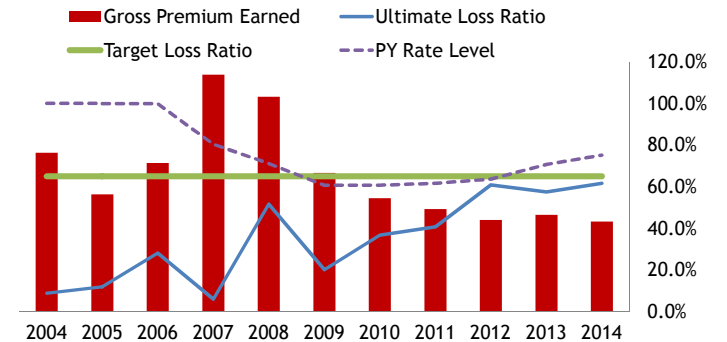
PY	GWP	Loss Ratio			Combined Ratio		Normalized RAP Dollars	Rt Chg	Rt Lvl	Commission
		Reported	Ultimate	Target *	Ultimate	BECR				
2004	4,945	58.2%	59.4%	61.6%	95.8%	98.0%	73	0.0%	1.00	22.0%
2005	3,757	50.8%	50.2%	61.6%	86.6%	98.0%	284	-9.3%	0.91	22.0%
2006	3,890	79.7%	85.9%	61.6%	122.3%	98.0%	-627	5.4%	0.96	22.0%
2007	5,603	35.8%	36.8%	61.6%	73.2%	98.0%	923	-7.4%	0.89	22.0%
2008	5,101	78.1%	84.3%	61.6%	120.7%	98.0%	-769	-4.6%	0.84	22.0%
2009	3,538	128.1%	162.3%	61.6%	198.7%	98.0%	-2,363	-4.7%	0.80	22.0%
2010	2,907	77.1%	96.7%	61.6%	133.1%	98.0%	-677	4.6%	0.84	22.0%
2011	2,610	61.7%	97.7%	61.6%	134.1%	98.0%	-625	6.4%	0.90	22.0%
2012	2,431	9.0%	68.7%	61.6%	105.1%	98.0%	-114	7.6%	0.96	22.0%
2013	2,495	3.4%	76.1%	61.6%	112.5%	98.0%	-241	8.9%	1.05	22.0%
2014	3,521	0.1%	73.8%	61.6%	110.2%	98.0%	-286	11.7%	1.17	22.0%
Total	40,798	55.3%	77.9%				-4,422			



PY	GWP	Loss Ratio			Combined Ratio		Normalized RAP Dollars	Rt Chg	Rt Lvl	Commission
		Reported	Ultimate	Target *	Ultimate	BECR				
2004	0	0.0%	0.0%	63.0%	34.7%	97.8%	0	0.0%	1.00	22.0%
2005	0	0.0%	0.0%	63.0%	34.7%	97.8%	0	0.0%	1.00	22.0%
2006	252	135.6%	136.1%	63.0%	170.8%	97.8%	-123	0.0%	1.00	22.0%
2007	1,175	89.1%	91.3%	63.0%	126.0%	97.8%	-221	-7.2%	0.93	22.0%
2008	1,959	45.6%	47.3%	63.0%	82.1%	97.8%	204	-3.4%	0.90	22.0%
2009	1,187	67.3%	68.2%	63.0%	103.0%	97.8%	-41	-3.1%	0.87	22.0%
2010	925	61.1%	56.0%	63.0%	90.7%	97.8%	43	1.2%	0.88	22.0%
2011	988	54.7%	71.9%	63.0%	106.6%	97.8%	-58	5.9%	0.93	22.0%
2012	918	21.2%	49.2%	63.0%	84.0%	97.8%	84	2.9%	0.96	22.0%
2013	1,060	22.8%	59.6%	63.0%	94.3%	97.8%	24	10.7%	1.06	22.0%
2014	966	1.1%	53.7%	63.0%	88.5%	97.8%	60	1.2%	1.07	22.0%
Total	9,429	49.1%	63.4%				-28			



PY	GWP	Loss Ratio			Combined Ratio		Normalized RAP Dollars	Rt Chg	Rt Lvl	Commission
		Reported	Ultimate	Target *	Ultimate	BECR				
2004	1,144	0.2%	8.7%	64.9%	41.8%	98.0%	427	0.0%	1.00	20.4%
2005	844	0.0%	11.9%	64.9%	44.9%	98.0%	297	0.0%	1.00	20.4%
2006	1,070	18.9%	28.0%	64.9%	61.1%	98.0%	262	0.0%	1.00	20.4%
2007	1,708	0.0%	5.9%	64.9%	38.9%	98.0%	669	-19.6%	0.80	20.4%
2008	1,549	32.9%	51.6%	64.9%	84.7%	98.0%	136	-11.6%	0.71	20.4%
2009	998	0.0%	20.0%	64.9%	53.1%	98.0%	297	-14.6%	0.61	20.4%
2010	817	0.0%	36.7%	64.9%	69.8%	98.0%	153	0.0%	0.61	20.4%
2011	738	0.0%	40.7%	64.9%	73.7%	98.0%	119	1.5%	0.62	20.4%
2012	658	0.0%	60.7%	64.9%	93.8%	98.0%	18	3.1%	0.64	20.4%
2013	696	0.0%	57.5%	64.9%	90.5%	98.0%	34	11.1%	0.71	20.4%
2014	649	0.0%	61.6%	64.9%	94.7%	98.0%	14	6.4%	0.75	20.4%
Total	10,872	6.6%	31.3%				2,427			

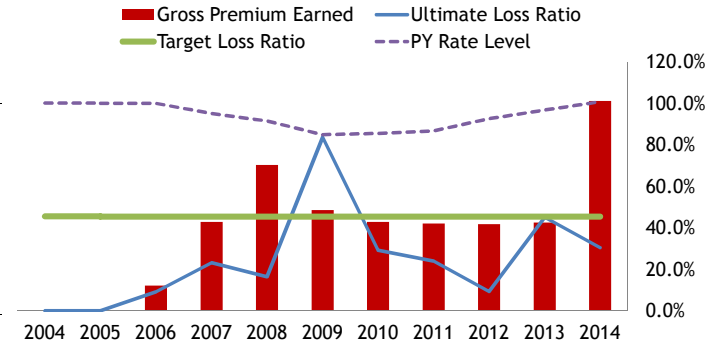


* Target Ratio = 1 - (Expense Ratio) - (AAL) - (XOL) - (Corporate Cat Reinsurance) - (ULE) - (Claim Fees) - (Risk Load)

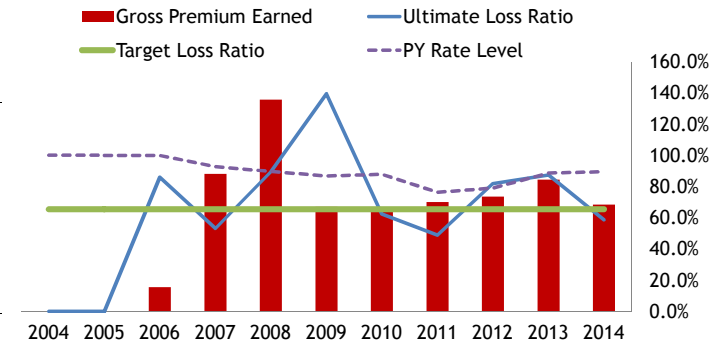
* Ultimate Loss Ratios exclude modeled cats, ULE, non-machine claims fees and the impact of XOL/corporate cat reinsurance

Program Summary by LOB - Property Lines

PY	GWP	Loss Ratio			Combined Ratio		Normalized RAP Dollars	Rt Chg	Rt Lvl	Commission
		Reported	Ultimate	Target *	Ultimate	BECR				
2004	0	0.0%	0.0%	45.4%	46.7%	92.1%	0	0.0%	1.00	22.0%
2005	0	0.0%	0.0%	45.4%	46.7%	92.1%	0	0.0%	1.00	22.0%
2006	252	9.1%	9.1%	45.4%	55.8%	92.1%	65	0.0%	1.00	22.0%
2007	892	23.1%	23.1%	45.4%	69.8%	92.1%	141	-5.0%	0.95	22.0%
2008	1,465	16.4%	16.4%	45.4%	63.1%	92.1%	300	-3.7%	0.91	22.0%
2009	1,010	83.6%	83.6%	45.4%	130.3%	92.1%	-272	-7.3%	0.85	22.0%
2010	891	29.0%	29.2%	45.4%	75.9%	92.1%	102	0.8%	0.85	22.0%
2011	876	23.6%	24.0%	45.4%	70.7%	92.1%	132	1.4%	0.87	22.0%
2012	868	9.3%	9.2%	45.4%	55.9%	92.1%	222	6.9%	0.93	22.0%
2013	887	38.3%	45.1%	45.4%	91.8%	92.1%	2	4.5%	0.97	22.0%
2014	2,107	0.0%	30.4%	45.4%	77.1%	92.1%	223	4.0%	1.01	22.0%
Total	9,249	23.8%	31.4%				914			



PY	GWP	Loss Ratio			Combined Ratio		Normalized RAP Dollars	Rt Chg	Rt Lvl	Commission
		Reported	Ultimate	Target *	Ultimate	BECR				
2004	0	0.0%	0.0%	65.4%	31.6%	97.0%	0	0.0%	1.00	20.4%
2005	0	0.0%	0.0%	65.4%	31.6%	97.0%	0	0.0%	1.00	20.4%
2006	29	86.7%	85.9%	65.4%	117.5%	97.0%	-4	0.0%	1.00	20.4%
2007	165	53.2%	53.1%	65.4%	84.7%	97.0%	14	-7.2%	0.93	20.4%
2008	255	89.4%	89.5%	65.4%	121.1%	97.0%	-41	-3.4%	0.90	20.4%
2009	126	139.9%	139.6%	65.4%	171.2%	97.0%	-62	-3.1%	0.87	20.4%
2010	124	62.4%	62.5%	65.4%	94.1%	97.0%	2	1.2%	0.88	20.4%
2011	132	48.4%	48.8%	65.4%	80.4%	97.0%	15	-13.0%	0.76	20.4%
2012	138	81.2%	82.0%	65.4%	113.6%	97.0%	-15	3.4%	0.79	20.4%
2013	159	87.0%	87.4%	65.4%	118.9%	97.0%	-23	12.2%	0.89	20.4%
2014	128	3.8%	58.8%	65.4%	90.4%	97.0%	6	0.8%	0.89	20.4%
Total	1,255	72.7%	78.5%				-110			



* Target Ratio = 1 - (Expense Ratio) - (AAL) - (XOL) - (Corporate Cat Reinsurance) - (ULE) - (Claim Fees) - (Risk Load)

* Ultimate Loss Ratios exclude modeled cats, ULE, non-machine claims fees and the impact of XOL/corporate cat reinsurance

GL

Rate Need Indications

	Target Combined Ratio	Target ILAE Ratio	Before 2014 Rate Change PY 2014 Ultimate ILAE Ratio	Before 2014 Rate Change PY 2014 Rate Need	PY 2014 Rate Achieved	After 2014 Rate Change PY 2014 Ultimate ILAE Ratio	PY 2015 Ultimate ILAE Ratio	PY 2015 Rate Need
RAP Neutral:	98.0%	64.4%	70.1%	8.5%	11.7%	62.8%	65.0%	0.9%

Expense Ratio calculated as follows:

Commission:	22.0%
Prem Tax:	3.5%
Other Acquisition Fees:	0.4%
Direct Expense:	2.9%
Indirect Expense:	4.8%
	<u>33.6%</u>

GL

Indexing - PY 2014 Ultimate Loss & LAE Selection

PY	GWP	Annual PY Rate Chg	Cumulative PY Rate Chg	On-Level GWP	Policy Limits			Capped @ 250k			Capped @ 100k		
					Ultimate ILAE Ratio	3.5% Trend to PY 2014	On-Level Ultimate ILAE Ratio	Ultimate ILAE Ratio	3.3% Trend to PY 2014	On-Level Ultimate ILAE Ratio	Ultimate ILAE Ratio	3.0% Trend to PY 2014	On-Level Ultimate ILAE Ratio
2004	4,945	0.0%	1.000	5,797	59.4%	1.411	71.4%	49.2%	1.377	57.7%	27.1%	1.344	31.1%
2005	3,757	-9.3%	0.907	4,856	50.2%	1.363	52.9%	37.4%	1.334	38.6%	22.4%	1.305	22.6%
2006	3,890	5.4%	0.956	4,770	85.9%	1.317	92.2%	46.8%	1.292	49.3%	30.1%	1.267	31.1%
2007	5,603	-7.4%	0.885	7,420	36.8%	1.272	35.3%	31.2%	1.251	29.5%	23.7%	1.230	22.0%
2008	5,101	-4.6%	0.845	7,081	84.3%	1.229	74.7%	61.2%	1.212	53.4%	44.9%	1.194	38.6%
2009	3,538	-4.7%	0.805	5,153	162.3%	1.188	132.3%	86.2%	1.173	69.5%	47.8%	1.159	38.0%
2010	2,907	4.6%	0.842	4,048	96.7%	1.148	79.7%	66.1%	1.136	53.9%	48.9%	1.126	39.5%
2011	2,610	6.4%	0.896	3,416	97.7%	1.109	82.8%	71.6%	1.101	60.3%	50.6%	1.093	42.2%
2012	2,431	7.6%	0.964	2,958	68.7%	1.071	60.5%	45.7%	1.066	40.0%	28.8%	1.061	25.1%
2013	2,495	8.9%	1.050	2,787	76.1%	1.035	70.6%	52.1%	1.033	48.2%	32.1%	1.030	29.6%
2014	3,521	11.7%	1.172	3,521	73.8%	1.000	73.8%	54.0%	1.000	54.0%	34.1%	1.000	34.1%
All Yr Wtd ex 2014:							73.8%			49.5%			31.7%
Last 7 Wtd ex 2014:							74.7%			49.6%			33.3%
Last 5 Wtd ex 2014:							90.5%			56.3%			35.8%
Last 3 Wtd ex 2014:							71.9%			50.0%			32.9%
Selected Ultimate:							72.0%			54.0%			34.0%
ILF:							1.00			1.43			1.93
Policy Limits Ultimate:							72.0%			77.5%			65.6%
Weight:							26%			37%			37%
							Frequency/Severity Indication:			72.6%			
							Weighted Average:			71.7%			
							PY 2014 Selected:			72.0%			
							Adjustment:			-12.0%			
							PY 2014:			60.0%			
							ULE:			2.8%			
							Claims Fees:			0.0%			
							PY 2014 Ultimate ILAE Ratio:			62.8%			

GL

Large Losses - Incurred + LAE > 100k

PY	DSP	Policy #	Case #	DOL	Insured	Ind Paid	Ind OS	LAE	ILAE	Acc State	Description
2004	2-6-180	7209697	1138	12/15/2004	The Children's Hom	549	-	30	579	Florida	Parrish Phoenix
2004	2-6-181	7209698	1189	3/21/2004	Supervised Lifesty	-	50	319	369	New York	Romano Nicholas
2004	2-6-183	2422423	6197	10/23/2005	Mason Adult Foster	225	-	74	299	Michigan	Ferguson Roderick
2004	2-6-183	6438140	6095	9/19/2004	Sunny Days Early C	225	-	36	261	New Jersey	Scragg Wayne
2004	2-6-183	9384067	7557	5/31/2005	Leake & Watts Serv	200	-	37	237	New York	Aiken Devonte D
2004	2-6-183	9384067	6317	5/6/2005	Leake & Watts Serv	110	-	126	236	New York	Cookmacnairo Owens
2004	2-6-183	1917869	568	11/1/2004	Dungarvin, Inc	200	-	27	227	Minnesota	MP MP
2004	2-6-181	7209667	2087	1/4/2004	St. Christopher's,	(22)	33	143	153	New York	Goehanaur Michelle
2004	2-6-181	7209722	9552	8/30/2004	Edwin Gould Servic	(74)	0	221	148	New York	S.W., Etal
2004	2-6-183	1917869	499	5/19/2005	Dungarvin, Inc	75	-	30	105	Minnesota	Johnson Casie
2005	2-6-182	4167124	8954	2/6/2006	Family Services of	30	225	448	703	New York	Stolarski Erin
2005	2-6-183	2422466	7970	1/1/2005	G B Cooley Service	185	-	140	325	Louisiana	W D
2005	2-6-183	2504190	1592	8/31/2005	Corner Drugstore O	119	-	170	290	Florida	Blum Nikki
2005	2-6-181	7209771	6505	12/23/2005	Little City Founda	150	-	38	188	Illinois	Wulbert Randy
2006	2-6-183	1573783	106	1/29/2007	Family Service Of	1,000	-	-	1,000	New York	DEF Of St Bernards Church
2006	2-6-181	4167198	7749	2/15/2007	HIS House Inc.	640	-	254	894	Florida	Coley Madison
2006	2-6-183	2599460	9332	8/24/2006	Progressive Health	127	-	101	228	Tennessee	Patrick Stanley
2006	2-6-183	1573783	8345	1/29/2007	Family Service Of	-	-	197	197	New York	Sotto Javier
2006	2-6-183	9271991	5178	7/26/2007	United Activites U	62	-	81	143	New York	Russo Alexandria
2006	2-6-183	2599460	7513	12/12/2006	Progressive Health	60	-	80	140	Tennessee	Herbert Byron
2006	2-6-183	1573767	7934	1/22/2007	Seamen's Society F	93	-	20	113	New York	Washington Jennifer
2007	2-6-183	9273767	3213	12/16/2007	Fairlawn Adult Hom	250	-	201	451	New York	Bray Karen
2007	2-6-183	1573766	8533	12/31/2007	Family Support Sys	-	242	110	352	New York	Delgado German
2007	2-6-183	6263981	4737	11/3/2008	Simon & Sarah Halp	140	-	28	168	New York	Kalman Patricia
2007	2-6-183	9384061	428	6/9/2008	Faith House, Inc.	-	100	58	158	Louisiana	Barber Corey
2007	2-6-181	4167338	6910	2/20/2008	Wordsworth Academy	145	-	5	150	Pennsylvania	Napper Brian
2008	2-6-183	3321712	670	1/6/2009	The New Village VI	1,000	-	80	1,080	New York	Hefferman John
2008	2-6-183	9292840	5100	10/23/2008	LEO Rosenson & Her	-	200	147	347	New York	Bluthal Esther
2008	2-6-183	9273865	2122	10/14/2008	Baywood, LLC. See	-	150	98	248	New York	Astor Elizabeth
2008	2-6-183	9273748	5565	3/4/2009	Boris Mendel DBA N	175	-	28	203	New York	Pescecoehn Carly
2008	2-6-185	3833082	1018	2/8/2008	Loeb House Inc. &	-	100	102	202	New York	Kelley Brianne R
2008	2-6-182	5849005	2954	3/10/2009	Gulf Coast Jewish	-	50	113	163	Florida	Moreno Jayden
2008	2-6-183	9659110	5021	11/16/2009	Bert Fried, Tivida	0	115	41	156	New York	Josey Lillian
2008	2-6-183	5848619	9174	1/30/2009	Mental Health Serv	60	-	72	132	Ohio	Nash James
2008	2-6-183	2825965	1131	5/7/2008	Metropolitan Counc	125	-	7	132	New York	Smirnova Valentina
2008	2-6-183	8996338	8083	5/29/2008	Union Of Orthodox	115	-	16	131	New York	Davidov Yossi
2008	2-6-184	9273393	7430	3/18/2009	Goodwill Industrie	125	-	4	129	Florida	Graves Sherman
2008	2-6-183	7321085	7801	8/30/2009	Samuel Paneth, Tho	110	-	15	125	New York	Elson Marya
2008	2-6-181	886653	4861	5/13/2008	Wordsworth Academy	90	-	31	121	Pennsylvania	Sherman Lissy
2008	2-6-183	9273865	813	6/1/2009	Baywood, LLC. See	-	75	35	110	New York	Minio Colleen
2009	2-6-183	6264025	885	9/29/2010	Mount Airy Manor L	800	0	238	1,038	Pennsylvania	Steptoe William
2009	2-6-183	6264204	9566	9/5/2010	Alfred And Judith	850	0	93	943	New York	Roselli Margaret
2009	2-6-183	9659093	7352	1/11/2010	Bert Fried, Tivida	350	0	122	472	New York	Meyerovich Mark
2009	2-6-183	5849128	4213	5/6/2010	Police Athletic L	-	325	69	394	New York	Martin Desiree
2009	2-6-183	6264201	3381	5/7/2010	Alfred And Judith	250	-	75	325	New York	Johnson Nathaniel
2009	2-6-183	6262429	1882	3/18/2010	Rosewood Ranch, LP	200	-	48	248	Arizona	Taylor Rachel
2009	2-6-183	9658805	4640	8/4/2009	Metropolitan NY Co	200	-	20	220	New York	Stukalina Lyvdmyla
2009	2-6-183	7321843	5216	4/29/2009	Regency Of Borough	-	115	103	218	New York	Haller Bernard
2009	2-6-183	9272936	1058	11/9/2009	Premier Of Orange	130	-	16	146	New Jersey	Briceno Mercedes
2010	2-6-183	3321712	2595	10/19/2010	The New Village VI	(0)	700	50	750	New York	Arkin Judith
2010	2-6-184	9199564	739	6/24/2010	Davidson Homes, IN	350	-	77	427	North Carolina	Parks Chelsea
2010	2-6-183	7321843	8053	7/31/2010	Regency Of Borough	93	-	55	148	New York	Beaujour Marie
2010	2-6-183	3832845	9314	1/22/2010	Palm Beach Home FO	45	0	69	114	New York	Aranowitz Esther
2011	2-6-105	9657739	1024	8/21/2011	WE Care Homes, Inc	350	-	80	430	Louisiana	Peters Sherry
2011	2-6-109	5848219	1369	8/20/2011	Teen Challenge Job	-	150	65	215	Florida	Ellison Nicklaus

AL

Rate Need Indications

	Target Combined Ratio	Target ILAE Ratio	Before 2014 Rate Change PY 2014 Ultimate ILAE Ratio	Before 2014 Rate Change PY 2014 Rate Need	PY 2014 Rate Achieved	After 2014 Rate Change PY 2014 Ultimate ILAE Ratio	PY 2015 Ultimate ILAE Ratio	PY 2015 Rate Need
RAP Neutral:	97.8%	64.0%	67.8%	5.7%	1.2%	67.0%	69.7%	8.5%

Expense Ratio calculated as follows:

Commission:	22.0%
Prem Tax:	3.5%
Other Acquisition Fees:	0.4%
Direct Expense:	2.9%
Indirect Expense:	4.9%
	<u>33.7%</u>

AL

Indexing - PY 2014 Ultimate Loss & LAE Selection

PY	GWP	Annual PY Rate Chg	Cumulative PY Rate Chg	On-Level GWP	Policy Limits			Capped @ 250k			Capped @ 100k			
					Ultimate ILAE Ratio	4.0% Trend to PY 2014	On-Level Ultimate ILAE Ratio	Ultimate ILAE Ratio	3.5% Trend to PY 2014	On-Level Ultimate ILAE Ratio	Ultimate ILAE Ratio	3.0% Trend to PY 2014	On-Level Ultimate ILAE Ratio	
2004	0	0.0%	1.000	-	-	1.480	-	-	1.411	-	-	-	1.344	-
2005	0	0.0%	1.000	-	-	1.423	-	-	1.363	-	-	-	1.305	-
2006	252	0.0%	1.000	271	136.1%	1.369	173.4%	136.1%	1.317	166.9%	88.5%	1.267	104.4%	
2007	1,175	-7.2%	0.928	1,359	91.3%	1.316	103.8%	62.4%	1.272	68.6%	48.7%	1.230	51.8%	
2008	1,959	-3.4%	0.896	2,347	47.3%	1.265	50.0%	38.6%	1.229	39.6%	30.5%	1.194	30.4%	
2009	1,187	-3.1%	0.869	1,468	68.2%	1.217	67.2%	66.6%	1.188	64.0%	56.5%	1.159	52.9%	
2010	925	1.2%	0.879	1,129	56.0%	1.170	53.6%	52.8%	1.148	49.6%	43.0%	1.126	39.6%	
2011	988	5.9%	0.931	1,139	71.9%	1.125	70.1%	64.8%	1.109	62.3%	47.6%	1.093	45.1%	
2012	918	2.9%	0.958	1,029	49.2%	1.082	47.5%	38.3%	1.071	36.6%	30.7%	1.061	29.0%	
2013	1,060	10.7%	1.061	1,073	59.6%	1.040	61.2%	50.1%	1.035	51.2%	40.6%	1.030	41.3%	
2014	966	1.2%	1.074	966	53.7%	1.000	53.7%	43.0%	1.000	43.0%	32.2%	1.000	32.2%	
All Yr Wtd ex 2014:					67.1%			55.5%			42.6%			
Last 7 Wtd ex 2014:					64.1%			52.4%			40.8%			
Last 5 Wtd ex 2014:					60.6%			53.7%			42.5%			
Last 3 Wtd ex 2014:					60.0%			50.5%			38.7%			
Selected Ultimate:					61.0%			54.0%			42.0%			
ILF:					1.00			1.28			1.62			
Policy Limits Ultimate:					61.0%			69.1%			68.1%			
Weight:					9%			46%			46%			
								Frequency/Severity Indication:			62.9%			
								Weighted Average:			67.9%			
								PY 2014 Selected:			66.0%			
								Adjustment:			0.0%			
								PY 2014:			66.0%			
								ULE:			1.0%			
								Claims Fees:			0.0%			
								PY 2014 Ultimate ILAE Ratio:			67.0%			

AL

Large Losses - Incurred + Legal > 100k

PY	DSP	Policy #	Case #	DOL	Insured	Ind Paid	Ind OS	Legal	I+Legal	Acc State	Description
2006	2-6-183	5128198	4897	5/1/2007	Premier Of Orange	173	-	34	206	New Jersey	Ransom Charlotte
2006	2-6-183	5397992	5160	6/4/2007	Overseas Ministrie	96	-	7	103	Connecticut	Overseas Ministries Study
2007	2-6-183	9348506	451	7/28/2008	J & D Residential	525	-	51	576	Virginia	J D Residential Services Inc
2008	2-6-183	5128198	6936	6/2/2009	Premier Of Orange	380	-	25	406	New Jersey	Premier Of Orange LLC
2009	2-6-183	5128198	6844	9/23/2010	Premier Of Orange	199	-	0	200	New Jersey	Disla Yersson
2009	2-6-183	5847033	8370	3/19/2010	Teen Challenge Job	-	100	12	112	Florida	Bailey Michael
2010	2-6-184	6269160	391	3/27/2011	Lafayette Associat	4	214	37	255	Louisiana	Lafayette Association For
2011	2-6-184	5397953	537	3/15/2011	Good Wheels, Inc.	188	-	37	224	Florida	Walthier

Property

Rate Need Indications

	Target Combined Ratio	Target ILAE Ratio	Before 2014 Rate Change PY 2014 Ultimate ILAE Ratio	Before 2014 Rate Change PY 2014 Rate Need	PY 2014 Rate Achieved	After 2014 Rate Change PY 2014 Ultimate ILAE Ratio	PY 2015 Ultimate ILAE Ratio	PY 2015 Rate Need
RAP Neutral:	92.1%	58.5%	50.0%	-13.8%	4.0%	48.1%	48.1%	-16.9%

Expense Ratio calculated as follows:

Commission:	22.0%
Prem Tax:	3.5%
Other Acquisition Fees:	0.4%
Reinsurance:	0.0%
Direct Expense:	2.9%
Indirect Expense:	4.8%
	<u>33.6%</u>

Property

Indexing - PY 2014 Ultimate Loss & LAE Selection

PY	GWP	Annual PY Rate Chg	Cumulative PY Rate Chg	On-Level GWP	Policy Limits			Capped @ 1M			Capped @ 250k			Capped @ 100k		
					Ultimate ILAE Ratio	0.0% Trend to PY 2014	On-Level Ultimate ILAE Ratio	Ultimate ILAE Ratio	0.0% Trend to PY Rate Chg	On-Level Ultimate ILAE Ratio	Ultimate ILAE Ratio	0.0% Trend to PY 2014	On-Level Ultimate ILAE Ratio	Ultimate ILAE Ratio	0.0% Trend to PY 2014	On-Level Ultimate ILAE Ratio
2004	0	0.0%	1.000	-	-	1.000	-	-	1.000	-	-	1.000	-	-	1.000	-
2005	0	0.0%	1.000	0	0.0%	1.000	0.0%	0.0%	1.000	0.0%	0.0%	1.000	-	0.0%	1.000	-
2006	252	0.0%	1.000	254	9.1%	1.000	9.1%	9.1%	1.000	9.1%	9.1%	1.000	9.1%	9.1%	1.000	9.1%
2007	892	-5.0%	0.950	946	23.1%	1.000	21.8%	23.1%	1.000	21.8%	23.1%	1.000	21.8%	23.1%	1.000	21.8%
2008	1,465	-3.7%	0.915	1,612	16.4%	1.000	14.9%	16.4%	1.000	14.9%	16.4%	1.000	14.9%	12.1%	1.000	11.0%
2009	1,010	-7.3%	0.848	1,199	83.6%	1.000	70.4%	83.6%	1.000	70.4%	75.3%	1.000	63.5%	54.0%	1.000	45.5%
2010	891	0.8%	0.855	1,050	29.2%	1.000	24.8%	29.2%	1.000	24.8%	29.2%	1.000	24.8%	29.2%	1.000	24.8%
2011	876	1.4%	0.867	1,017	24.0%	1.000	20.6%	24.0%	1.000	20.6%	24.0%	1.000	20.6%	24.0%	1.000	20.6%
2012	868	6.9%	0.926	944	9.2%	1.000	8.5%	9.2%	1.000	8.5%	9.2%	1.000	8.5%	9.2%	1.000	8.5%
2013	887	4.5%	0.968	923	45.1%	1.000	43.3%	44.0%	1.000	42.3%	34.9%	1.000	33.6%	15.8%	1.000	15.2%
2014	2,107	4.0%	1.007	2,107	30.4%	1.000	30.4%	26.6%	1.000	26.6%	22.3%	1.000	22.3%	16.6%	1.000	16.6%
All Yr Wtd ex 2014:							28.5%			28.4%			26.3%			20.7%
Last 7 Wtd ex 2014:							29.1%			29.0%			26.9%			21.0%
Last 5 Wtd ex 2014:							35.0%			34.8%			31.6%			24.1%
Last 3 Wtd ex 2014:							23.9%			23.6%			20.8%			14.9%
Selected Ultimate:							35.0%			29.0%			27.0%			21.0%
ILF:							1.00			1.14			1.35			1.77
Policy Limits Ultimate:							35.0%			33.0%			36.5%			37.2%
Weight:							17%			28%			28%			28%

Frequency/Severity Indication:	33.6%
Weighted Average:	35.5%
PY 2014 Selected:	35.0%
Adjustment:	0.0%
PY 2014:	35.0%
All Year Avg Empirical Cat Load:	7.8%
Program Specific AAL Cat Load:	9.7%
Selected Cat Load:	9.7%
Corporate Cat Charge:	0.0%
XOL Loss Cost:	1.5%
Indicated XOL Cost:	0.0%
ULE:	1.9%
Claims Fees:	0.0%
PY 2014 Ultimate ILAE Ratio Including AAL Cat Load and Cost of Reinsurance:	48.1%

Property

Large Losses - Incurred + LAE > 100k

PY	DSP	Cat #	Policy #	Case #	DOL	Insured	Ind Paid	Ind OS	LAE	ILAE	Acc State	Description
2008	2-6-182		3692853	8376	12/12/2008	Vanderheyden Hall,	161	-	5	166	New York	Vanderheyden Hall Inc
2009	2-6-185		3234228	4224	10/29/2009	Providence Peditr	321	-	15	336	New Jersey	Providence Peditraic Medical
2009	2-6-183		6262429	6641	7/6/2010	Rosewood Ranch, LP	125	-	11	136	Arizona	Rosewood Ranch LP
2009	2-6-184		5848219	6171	6/29/2010	Teen Challenge Job	116	-	19	134	Georgia	Teen Challenge Of Florida Inc
2011	2-6-106	9012	9659093	2046	10/29/2012	Bert Fried, Tivida	116	-	12	128	New York	Hurricane Sandy
2012	2-6-110	9012	7562586	591	10/29/2012	Social Clubhouse I	97	-	4	102	New Jersey	Hurricane Sandy
2013	2-6-110		374555	2580	1/28/2014	Chai Lifeline Inc	210	115	-	325	New York	Chai Lifeline Inc

APD

Rate Need Indications

	Target Combined Ratio	Target ILAE Ratio	Before 2014 Rate Change PY 2014 Ultimate ILAE Ratio	Before 2014 Rate Change PY 2014 Rate Need	PY 2014 Rate Achieved	After 2014 Rate Change PY 2014 Ultimate ILAE Ratio	PY 2015 Ultimate ILAE Ratio	PY 2015 Rate Need
RAP Neutral:	97.0%	66.4%	75.6%	13.2%	0.8%	75.0%	75.0%	12.3%

Expense Ratio calculated as follows:

Commission:	20.4%
Prem Tax:	3.5%
Other Acquisition Fees:	0.4%
Direct Expense:	2.9%
Indirect Expense:	3.4%
	<u>30.6%</u>

APD

Indexing - PY 2014 Ultimate Loss & LAE Selection

PY	GWP	Annual PY Rate Chg	Cumulative PY Rate Chg	On-Level GWP
2004	0	0.0%	1.000	-
2005	0	0.0%	1.000	-
2006	29	0.0%	1.000	26
2007	165	-7.2%	0.928	159
2008	255	-3.4%	0.896	254
2009	126	-3.1%	0.869	129
2010	124	1.2%	0.879	126
2011	132	-13.0%	0.764	154
2012	138	3.4%	0.790	156
2013	159	12.2%	0.887	160
2014	128	0.8%	0.894	128
All Yr Wtd ex 2014:				78.1%
Last 7 Wtd ex 2014:				77.7%
Last 5 Wtd ex 2014:				78.4%
Last 3 Wtd ex 2014:				67.2%
Frequency/Severity Indication:				73.5%

Policy Limits		
Ultimate ILAE Ratio	0.0% Trend to PY 2014	On-Level Ultimate ILAE Ratio
-	1.000	-
-	1.000	-
85.9%	1.000	96.1%
53.1%	1.000	55.1%
89.5%	1.000	89.7%
139.6%	1.000	135.7%
62.5%	1.000	61.4%
48.8%	1.000	41.8%
82.0%	1.000	72.5%
87.4%	1.000	86.7%
58.8%	1.000	58.8%
		78.1%
		77.7%
		78.4%
		67.2%
		73.5%

PY 2014 Selected:

Adjustment:

PY 2014:

ULE: 1.0%

Claims Fees: 0.0%

PY 2014 Ultimate ILAE Ratio: 75.0%

Excess Liability

Rate Need Indications

	Target Combined Ratio	Target ILAE Ratio	Before 2014 Rate Change PY 2014 Ultimate ILAE Ratio	Before 2014 Rate Change PY 2014 Rate Need	PY 2014 Rate Achieved	After 2014 Rate Change PY 2014 Ultimate ILAE Ratio	PY 2015 Ultimate ILAE Ratio	PY 2015 Rate Need
RAP Neutral:	98.0%	65.9%	65.3%	-0.9%	6.4%	61.4%	64.4%	-2.2%

Expense Ratio calculated as follows:

Commission:	20.4%
Prem Tax:	3.5%
Other Acquisition Fees:	0.4%
Direct Expense:	2.9%
Indirect Expense:	4.8%
	<u>32.1%</u>

Excess Liability

Indexing - PY 2014 Ultimate Loss & LAE Selection

PY	GWP	Annual PY Rate Chg	Cumulative PY Rate Chg	On-Level GWP	Capped @ \$10M			Capped @ 2M			Capped @ 1M		
					Ultimate ILAE Ratio	5.0% Trend to PY 2014	On-Level Ultimate ILAE Ratio	Ultimate ILAE Ratio	4.5% Trend to PY 2014	On-Level Ultimate ILAE Ratio	Ultimate ILAE Ratio	4.0% Trend to PY 2014	On-Level Ultimate ILAE Ratio
2004	1,144	0.0%	1.000	859	8.7%	1.629	19.0%	8.7%	1.553	18.1%	8.7%	1.480	17.2%
2005	844	0.0%	1.000	634	11.9%	1.551	24.5%	11.9%	1.486	23.5%	11.9%	1.423	22.5%
2006	1,070	0.0%	1.000	804	28.0%	1.477	55.1%	28.0%	1.422	53.1%	28.0%	1.369	51.1%
2007	1,708	-19.6%	0.804	1,596	5.9%	1.407	8.8%	5.9%	1.361	8.5%	5.9%	1.316	8.2%
2008	1,549	-11.6%	0.711	1,636	51.6%	1.340	65.5%	45.2%	1.302	55.7%	45.2%	1.265	54.1%
2009	998	-14.6%	0.607	1,234	20.0%	1.276	20.7%	10.0%	1.246	10.1%	10.0%	1.217	9.9%
2010	817	0.0%	0.607	1,011	36.7%	1.216	36.1%	24.5%	1.193	23.6%	12.2%	1.170	11.6%
2011	738	1.5%	0.616	899	40.7%	1.158	38.6%	27.1%	1.141	25.4%	13.6%	1.125	12.5%
2012	658	3.1%	0.635	778	60.7%	1.103	56.7%	30.4%	1.092	28.1%	30.4%	1.082	27.8%
2013	696	11.1%	0.706	740	57.5%	1.050	56.7%	43.1%	1.045	42.4%	28.7%	1.040	28.1%
2014	649	6.4%	0.751	649	61.6%	1.000	61.6%	46.2%	1.000	46.2%	30.8%	1.000	30.8%
All Yr Wtd ex 2014:							37.3%			28.5%			24.5%
Last 7 Wtd ex 2014:							38.5%			27.5%			22.7%
Last 5 Wtd ex 2014:							39.2%			24.1%			16.6%
Last 3 Wtd ex 2014:							50.0%			31.4%			22.2%
Selected Ultimate:							38.0%			28.0%			24.0%
ILF:							1.00			1.61			2.37
Capped @ \$10M Ultimate:							38.0%			45.2%			56.8%

Weight: 6% 47% 47%

Frequency/Severity Indication: 40.0%
 Weighted Average: 50.2%
 PY 2014 Selected - Capped @ \$10M: 45.0%

Adjustment: 0.0%

PY 2014 - Capped @ \$10M: 45.0%

ILF: 1.006
 Catastrophe/Latency Load: 5.0%
 ULE: 1.0%
 PY 2014 Ultimate ILAE Ratio: 51.3%

Credibility: 7%
 Complement of Credibility: 62.1%
 Credibility Weighted PY 2014 Ultimate ILAE Ratio: 61.4%

Compliment of Credibility

Loss Ratio for total excess book relative to breakeven for total excess book

Excess Liability

Large Losses - Incurred + LAE > 250k

PY	DSP	Policy #	Case #	DOL	Insured	Ind Paid	Ind OS	LAE	ILAE	Acc State	Description
2006	2-6-190	4167333	8656	1/29/2007	Family Services of	200	-	0	200	New York	Godinez Javier
2008	2-6-190	284613	7090	1/6/2009	The New Village VI	500	-	10	510	New York	Hefferman John