

# 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, B. McCoy,  
I. Robbin, A. Markham, J. Stracher

Date: 10/8/2014

Re: Division 66 - 2014 SSG Human Services US Profitability Study

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## I. Executive Summary

### A. Introduction -

The SSG Human Services Program provides multi-line coverage for the Social Services industry. The entire SSG segment is transferring to Irwin Siegel Agency in 2014. The program includes primarily for non-profit Social Service accounts involved with Developmental Disabilities, Transportation, Community Action Agencies, Foster Cares and Miscellaneous Social Services.

Last year's analysis resulted in an overall PY 2014 Ultimate Loss Ratio indication of 62.0% which yielded a RAP neutral rate need of 10.5% based on 2013 RAP values and the associated SSG expenses.

The year to date rate change for 2014 is 4.9% for all lines of business.

### B. Summary of Results

IL and LAE evaluated as of: 2<sup>nd</sup> Quarter 2014  
Currency Employed: USD

#### Exhibit 1:

Line of Business	Sub-Segment	Policy Year	2014		Projected		RAP		
			Budgeted GWP (000)	IL and LAE Ratio*	Ultimate IL and LAE Ratio*	Combined Ratio*	Breakeven Target Combined Ratio	RAP Rate Need	Projected RAP \$ **
GL	N/A	2014	8,974	58.8%	58.8%	91.6%	98.0%	-9.4%	380
AL	N/A	2014	2,147	78.0%	78.0%	110.8%	97.6%	19.5%	(189)
Property	N/A	2014	1,905	47.6%	47.6%	80.5%	92.1%	-18.7%	156
APD	N/A	2014	372	64.0%	64.0%	95.5%	97.2%	-2.5%	4
Excess Liability	N/A	2014	2,075	63.8%	63.8%	96.7%	98.0%	-1.9%	18
TOTAL			15,474	60.9%	60.9%	93.7%	97.2%	-5.2%	370

\* Includes PY 2014 rate change achieved

\*\* Assumes a tax rate of 35%

- II. Discussion of Material Findings- The program currently shows an overall RAP profit due to several factors working in the programs favor. The loss ratio for the program in total increased 2.3% overall for PY's 04-13, leading to a slight uptick in the pre-rate change PY 2014 loss ratio. However, the increase in loss ratio was more than offset by the current rate levels achieved; an expense ratio decrease of 6.6% due to a change of PA; and changes in targeted RAP %'s. For the purposes of this study, Northwest Human Resources (NHS) was analyzed separately. This account was non-renewed in 2011 due to profitability issues and the size of the risk compared to the rest of the book. Selections take this risk into account both in loss development patterns and ultimate loss ratios which lead to a decrease in loss ratios by about 1% due to this segmentation.

### III. Assumptions/Limitations/Data Quality

- 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. LDF selections were supplemented by the overall Division 66 and Social Services aggregate factors. ILF selections were based on industry factors and program experience.
- 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.
- C. Data Quality - The data for all lines of business in this analysis is pulled from Sandbox which aggregates the data from CRS. No material adjustments were made to the data.
- D. Other - N/A.

### IV. 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.

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

### VI. Underwriting Action Plans - Below is the response provided by R. Condell from an email dated 10/29/14.

The objective of these comments is to provide an underwriting perspective on the performance of the SSG Human Services Multi-Line book in 2014. Based on the results YTD, we are on target to achieve the rate targets, renewal retention and completed transition of the SSG portfolio to ISA.

- SSG has achieved rate increases of 4.9% on their portfolio vs. the annual target of 3%. This was a solid achievement given the competitive marketplace and transition of the book of business to Irwin Siegel Agency.
- We expect to finish 2014 at \$15M vs \$18M budget. That is 17% under the 2014 budget; however this does include \$1M of non-renewed "D" account foster care business, one single account was \$600k Lutheran Social Services - 4/1 eff. This leaves a net loss of \$1.8M for lost business due to the competitive marketplace and normal attrition without opportunity for new business organic growth.
- Transition for the SSG book of business @ \$18M commenced January 2014 and will cycle through to December 2014. Overall renewal retention has been averaging 78%, which is higher than expected. ISA was able to drive more rate (4.9%) into this portfolio.

Overall, this transition has had net positive effects due to strong rate achieved, lower expense ratio and stronger than expected renewal retention, which continues to track stronger on YTD basis. We continue to face challenges relative to the market softening; but expect to hold strong through year end for rate. For 2015, we expect to gain rate through the first half and will continue to monitor the renewal retentions to achieve the anticipated budget.

## 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	8,974	2.9%	63.1%	65.2%	-3.1%	58.8%
AL	2,147	2.9%	80.4%	64.8%	23.1%	78.0%
Property	1,905	2.9%	48.6%	59.2%	-17.1%	47.6%
APD	372	2.9%	73.2%	65.7%	11.0%	64.0%
Excess Liability	2,075	2.9%	62.5%	65.1%	-3.8%	63.8%
Total Casualty	13,196	2.9%	65.8%	65.1%	1.0%	62.7%
Total Property	2,277	2.9%	52.6%	60.3%	-12.1%	50.3%
All Lines Combined	15,474	2.9%	63.8%	64.4%	-0.8%	60.9%

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	8,974	2.9%	60.9%	65.2%	-6.4%
AL	2,147	2.9%	81.1%	64.8%	24.1%
Property	1,905	2.9%	47.6%	59.2%	-18.7%
APD	372	2.9%	64.0%	65.7%	-2.5%
Excess Liability	2,075	2.9%	67.0%	65.1%	2.8%
Total Casualty	13,196	2.9%	65.1%	65.1%	0.0%
Total Property	2,277	2.9%	50.3%	60.3%	-15.8%
All Lines Combined	15,474	2.9%	62.9%	64.4%	-2.2%

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	23,380	13,452	57.5%	13,700	58.6%	846	292	34.6%	293	34.7%	1,955	104	5.3%	104	5.3%	133	151	113.2%	151	113.5%
2005	24,288	5,352	22.0%	5,540	22.8%	1,999	1,603	80.2%	1,613	80.7%	2,017	632	31.3%	632	31.3%	183	171	93.4%	171	93.5%
2006	29,162	9,912	34.0%	10,330	35.4%	2,543	1,081	42.5%	1,092	43.0%	3,981	779	19.6%	779	19.6%	1,067	379	35.5%	379	35.5%
2007	29,851	17,336	58.1%	18,850	63.1%	4,171	3,619	86.8%	3,673	88.0%	3,812	1,838	48.2%	1,838	48.2%	681	584	85.8%	584	85.7%
2008	28,685	17,717	61.8%	19,730	68.8%	4,517	2,861	63.3%	2,972	65.8%	5,598	2,729	48.7%	2,729	48.7%	752	690	91.8%	690	91.8%
2009	22,834	14,372	62.9%	17,070	74.8%	4,515	4,283	94.8%	4,509	99.9%	5,592	1,763	31.5%	1,763	31.5%	817	592	72.5%	593	72.6%
2010	20,971	12,887	61.5%	15,750	75.1%	4,115	4,380	106.4%	4,955	120.4%	4,275	1,462	34.2%	1,462	34.2%	1,175	556	47.3%	557	47.4%
2011	17,101	8,646	50.6%	13,160	77.0%	2,960	1,357	45.8%	2,151	72.7%	3,788	1,196	31.6%	1,200	31.7%	442	383	86.6%	385	87.1%
2012	13,606	1,888	13.9%	7,900	58.1%	2,620	953	36.4%	1,992	76.0%	3,335	1,790	53.7%	1,790	53.7%	348	254	73.0%	249	71.5%
2013	10,342	370	3.6%	5,940	57.4%	2,345	382	16.3%	1,658	70.7%	2,887	477	16.5%	710	24.6%	317	209	65.9%	214	67.4%
2014	8,974	2	0.0%	5,026	56.0%	2,147	30	1.4%	1,653	77.0%	1,905	30	1.6%	724	38.0%	372	20	5.5%	235	63.0%

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	3,655	20	0.5%	100	2.7%	27,881	13,764	49.4%	14,093	50.5%	2,089	254	12.2%	255	12.2%	29,970	14,019	46.8%	14,348	47.9%
2005	4,070	753	18.5%	900	22.1%	30,357	7,708	25.4%	8,053	26.5%	2,200	803	36.5%	803	36.5%	32,556	8,511	26.1%	8,856	27.2%
2006	5,327	19	0.4%	100	1.9%	37,031	11,011	29.7%	11,522	31.1%	5,047	1,158	22.9%	1,158	22.9%	42,079	12,169	28.9%	12,680	30.1%
2007	6,530	27	0.4%	100	1.5%	40,552	20,983	51.7%	22,623	55.8%	4,493	2,422	53.9%	2,422	53.9%	45,045	23,405	52.0%	25,045	55.6%
2008	6,714	8,032	119.6%	9,000	134.0%	39,916	28,610	71.7%	31,702	79.4%	6,350	3,419	53.8%	3,419	53.8%	46,266	32,029	69.2%	35,121	75.9%
2009	5,226	1,508	28.9%	2,500	47.8%	32,576	20,163	61.9%	24,079	73.9%	6,409	2,355	36.7%	2,356	36.8%	38,984	22,518	57.8%	26,435	67.8%
2010	4,718	4,505	95.5%	5,900	125.0%	29,804	21,771	73.0%	26,605	89.3%	5,451	2,019	37.0%	2,019	37.0%	35,255	23,790	67.5%	28,624	81.2%
2011	4,001	9	0.2%	1,600	40.0%	24,062	10,012	41.6%	16,911	70.3%	4,230	1,579	37.3%	1,585	37.5%	28,292	11,591	41.0%	18,496	65.4%
2012	3,349	17	0.5%	1,600	47.8%	19,575	2,858	14.6%	11,492	58.7%	3,683	2,044	55.5%	2,039	55.4%	23,257	4,902	21.1%	13,531	58.2%
2013	2,495	0	0.0%	1,400	56.1%	15,182	752	5.0%	8,998	59.3%	3,204	687	21.4%	924	28.8%	18,386	1,438	7.8%	9,922	54.0%
2014	2,075	0	0.0%	1,245	60.0%	13,196	32	0.2%	7,924	60.0%	2,277	51	2.2%	958	42.1%	15,474	83	0.5%	8,882	57.4%

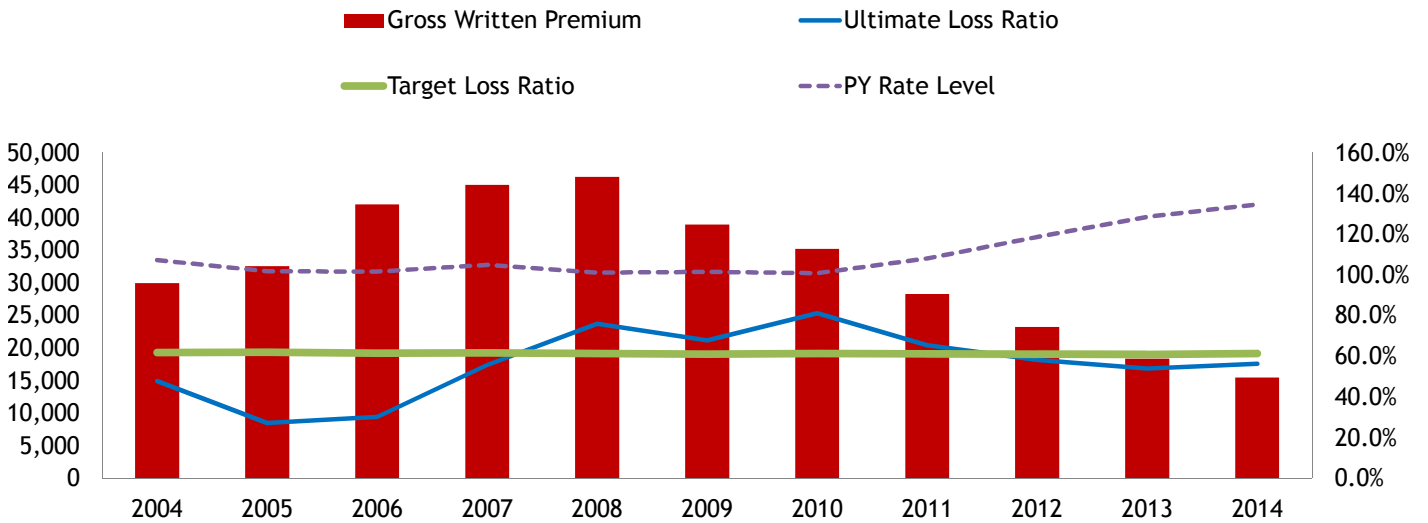
Program Summary by LOB - Prior Profitability Study Indications

PY	GL			AL			Property - ex Cat Load & Reinsurance Charges			APD		
	GWP	2013	2014	GWP	2013	2014	GWP	2013	2014	GWP	2013	2014
		Ultimate ILAE Ratio	Ultimate ILAE Ratio		Ultimate ILAE Ratio	Ultimate ILAE Ratio		Ultimate ILAE Ratio	Ultimate ILAE Ratio		Ultimate ILAE Ratio	Ultimate ILAE Ratio
2004	23,380	59.0%	58.6%	846	34.8%	34.7%	1,955	5.3%	5.3%	133	113.5%	113.5%
2005	24,288	22.9%	22.8%	1,999	81.4%	80.7%	2,017	31.3%	31.3%	183	93.5%	93.5%
2006	29,162	36.1%	35.4%	2,543	43.3%	43.0%	3,981	19.6%	19.6%	1,067	35.5%	35.5%
2007	29,851	61.6%	63.1%	4,171	89.5%	88.0%	3,812	49.1%	48.2%	681	86.1%	85.7%
2008	28,685	69.0%	68.8%	4,517	65.2%	65.8%	5,598	48.2%	48.7%	752	91.7%	91.8%
2009	22,834	69.9%	74.8%	4,515	89.0%	99.9%	5,592	31.5%	31.5%	817	72.5%	72.6%
2010	20,971	62.8%	75.1%	4,115	94.9%	120.4%	4,275	34.9%	34.2%	1,175	47.3%	47.4%
2011	17,101	63.0%	77.0%	2,960	82.0%	72.7%	3,788	31.7%	31.7%	442	86.8%	87.1%
2012	13,606	57.6%	58.1%	2,620	81.8%	76.0%	3,335	62.6%	53.7%	348	86.9%	71.5%
2013	10,342	55.0%	57.4%	2,345	78.0%	70.7%	2,887	40.0%	24.6%	317	75.0%	67.4%
2014	8,974		56.0%	2,147		77.0%	1,905		38.0%	372		63.0%

PY	Excess Liability			Total Casualty			Total Property - ex Cat Load & Reinsurance			All Lines Combined		
	GWP	2013	2014	GWP	2013	2014	GWP	2013	2014	GWP	2013	2014
		Ultimate ILAE Ratio	Ultimate ILAE Ratio		Ultimate ILAE Ratio	Ultimate ILAE Ratio		Ultimate ILAE Ratio	Ultimate ILAE Ratio		Ultimate ILAE Ratio	Ultimate ILAE Ratio
2004	3,655	0.8%	2.7%	27,881	50.6%	50.5%	2,089	12.2%	12.2%	29,970	47.9%	47.9%
2005	4,070	21.1%	22.1%	30,357	26.5%	26.5%	2,200	36.5%	36.5%	32,556	27.2%	27.2%
2006	5,327	0.4%	1.9%	37,031	31.4%	31.1%	5,047	22.9%	22.9%	42,079	30.4%	30.1%
2007	6,530	0.6%	1.5%	40,552	54.6%	55.8%	4,493	54.7%	53.9%	45,045	54.6%	55.6%
2008	6,714	137.2%	134.0%	39,916	80.0%	79.4%	6,350	53.3%	53.8%	46,266	76.4%	75.9%
2009	5,226	53.0%	47.8%	32,576	69.9%	73.9%	6,409	36.8%	36.8%	38,984	64.4%	67.8%
2010	4,718	80.5%	125.0%	29,804	70.0%	89.3%	5,451	37.5%	37.0%	35,255	65.0%	81.2%
2011	4,001	44.2%	40.0%	24,062	62.2%	70.3%	4,230	37.4%	37.5%	28,292	58.5%	65.4%
2012	3,349	53.7%	47.8%	19,575	60.1%	58.7%	3,683	64.9%	55.4%	23,257	60.9%	58.2%
2013	2,495	60.5%	56.1%	15,182	59.5%	59.3%	3,204	43.5%	28.8%	18,386	56.7%	54.0%
2014	2,075		60.0%	13,196		60.0%	2,277		42.1%	15,474		57.4%

Total Program Summary

PY	GWP	-----Loss Ratio-----			-----Combined Ratio-----		Normalized RAP Dollars	Rt Chg	Rt Lvl	Commission
		Reported	Ultimate	Target *	Ultimate	BECR				
2004	29,970	46.8%	47.9%	61.8%	83.7%	97.6%	2,781	7.3%	1.07	20.5%
2005	32,556	26.1%	27.2%	61.9%	62.9%	97.6%	7,524	-5.2%	1.02	20.5%
2006	42,079	28.9%	30.1%	61.5%	66.0%	97.4%	8,818	-0.2%	1.02	20.5%
2007	45,045	52.0%	55.6%	61.7%	91.3%	97.5%	1,838	3.4%	1.05	20.5%
2008	46,266	69.2%	75.9%	61.3%	111.9%	97.2%	-4,531	-3.7%	1.01	20.5%
2009	38,984	57.8%	67.8%	61.0%	103.9%	97.1%	-1,779	0.3%	1.01	20.5%
2010	35,255	67.5%	81.2%	61.3%	117.1%	97.2%	-4,688	-0.5%	1.01	20.5%
2011	28,292	41.0%	65.4%	61.1%	101.4%	97.2%	-809	7.1%	1.08	20.5%
2012	23,257	21.1%	58.2%	61.0%	94.3%	97.1%	438	9.8%	1.19	20.5%
2013	18,386	7.8%	54.0%	60.8%	90.1%	97.0%	845	8.3%	1.28	20.5%
2014	15,474	0.5%	56.3%	61.3%	92.2%	97.2%	519	4.8%	1.35	20.5%
Total	355,564	43.4%	56.7%				10,956			



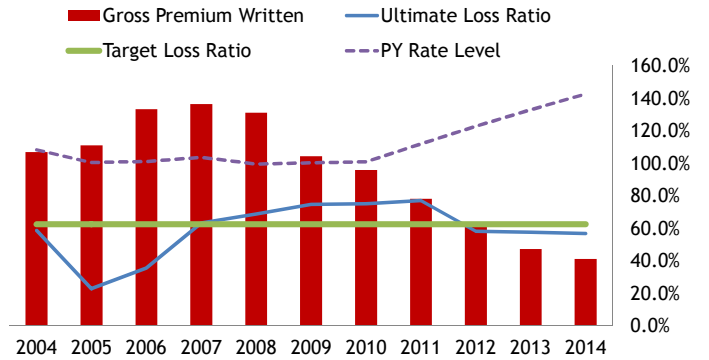
\* Target Ratio = 1 - (Expense Ratio) - (AAL) - (XOL) - (Corporate Cat Reinsurance) - (ULE) - (Claim Fees) - (Risk Load)

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

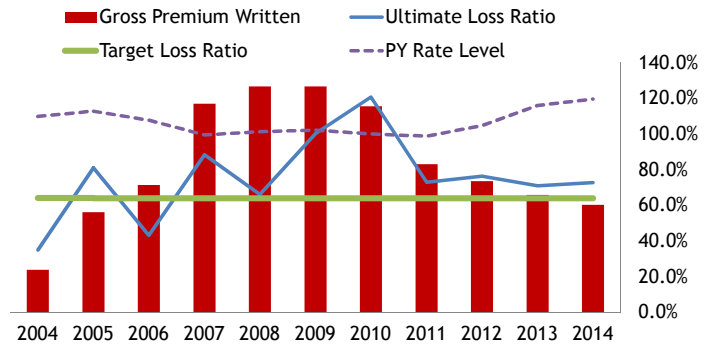


Program Summary by LOB - Casualty Lines

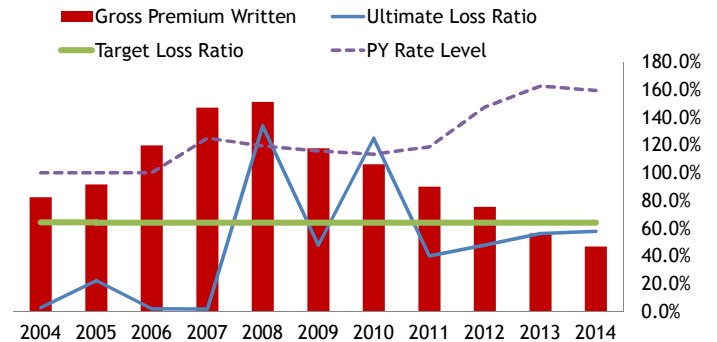
PY	GWP	Loss Ratio			Combined Ratio		Normalized RAP Dollars	Rt Chg	Rt Lvl	Commission
		Reported	Ultimate	Target *	Ultimate	BECR				
2004	23,380	57.5%	58.6%	62.4%	94.2%	98.0%	588	8.3%	1.08	20.5%
2005	24,288	22.0%	22.8%	62.4%	58.4%	98.0%	6,376	-7.3%	1.00	20.5%
2006	29,162	34.0%	35.4%	62.4%	71.0%	98.0%	5,216	0.7%	1.01	20.5%
2007	29,851	58.1%	63.1%	62.4%	98.8%	98.0%	-150	2.4%	1.04	20.5%
2008	28,685	61.8%	68.8%	62.4%	104.4%	98.0%	-1,216	-3.9%	1.00	20.5%
2009	22,834	62.9%	74.8%	62.4%	110.4%	98.0%	-1,872	0.8%	1.00	20.5%
2010	20,971	61.5%	75.1%	62.4%	110.7%	98.0%	-1,768	0.5%	1.01	20.5%
2011	17,101	50.6%	77.0%	62.4%	112.6%	98.0%	-1,651	10.9%	1.12	20.5%
2012	13,606	13.9%	58.1%	62.4%	93.7%	98.0%	390	9.7%	1.23	20.5%
2013	10,342	3.6%	57.4%	62.4%	93.1%	98.0%	340	8.4%	1.33	20.5%
2014	8,974	0.0%	56.8%	62.4%	92.4%	98.0%	331	7.2%	1.43	20.5%
Total	229,193	44.5%	58.1%				6,584			



PY	GWP	Loss Ratio			Combined Ratio		Normalized RAP Dollars	Rt Chg	Rt Lvl	Commission
		Reported	Ultimate	Target *	Ultimate	BECR				
2004	846	34.6%	34.7%	63.8%	68.5%	97.6%	164	9.6%	1.10	20.5%
2005	1,999	80.2%	80.7%	63.8%	114.5%	97.6%	-225	2.7%	1.13	20.5%
2006	2,543	42.5%	43.0%	63.8%	76.8%	97.6%	353	-4.5%	1.07	20.5%
2007	4,171	86.8%	88.0%	63.8%	121.9%	97.6%	-674	-7.7%	0.99	20.5%
2008	4,517	63.3%	65.8%	63.8%	99.6%	97.6%	-60	1.9%	1.01	20.5%
2009	4,515	94.8%	99.9%	63.8%	133.7%	97.6%	-1,085	0.8%	1.02	20.5%
2010	4,115	106.4%	120.4%	63.8%	154.2%	97.6%	-1,552	-2.1%	1.00	20.5%
2011	2,960	45.8%	72.7%	63.8%	106.5%	97.6%	-175	-1.3%	0.98	20.5%
2012	2,620	36.4%	76.0%	63.8%	109.9%	97.6%	-214	6.2%	1.05	20.5%
2013	2,345	16.3%	70.7%	63.8%	104.5%	97.6%	-108	10.7%	1.16	20.5%
2014	2,147	1.4%	72.5%	63.8%	106.3%	97.6%	-125	3.1%	1.19	20.5%
Total	32,777	63.6%	80.7%				-3,699			



PY	GWP	Loss Ratio			Combined Ratio		Normalized RAP Dollars	Rt Chg	Rt Lvl	Commission
		Reported	Ultimate	Target *	Ultimate	BECR				
2004	3,655	0.5%	2.7%	64.1%	36.6%	98.0%	1,488	0.0%	1.00	20.5%
2005	4,070	18.5%	22.1%	64.1%	56.0%	98.0%	1,133	0.0%	1.00	20.5%
2006	5,327	0.4%	1.9%	64.1%	35.8%	98.0%	2,198	0.0%	1.00	20.5%
2007	6,530	0.4%	1.5%	64.1%	35.4%	98.0%	2,710	24.9%	1.25	20.5%
2008	6,714	119.6%	134.0%	64.1%	167.9%	98.0%	-3,118	-4.4%	1.19	20.5%
2009	5,226	28.9%	47.8%	64.1%	81.7%	98.0%	563	-3.1%	1.16	20.5%
2010	4,718	95.5%	125.0%	64.1%	158.9%	98.0%	-1,909	-1.9%	1.13	20.5%
2011	4,001	0.2%	40.0%	64.1%	73.9%	98.0%	639	4.7%	1.19	20.5%
2012	3,349	0.5%	47.8%	64.1%	81.7%	98.0%	362	24.2%	1.47	20.5%
2013	2,495	0.0%	56.1%	64.1%	90.0%	98.0%	132	10.3%	1.63	20.5%
2014	2,075	0.0%	57.8%	64.1%	91.7%	98.0%	86	-2.1%	1.59	20.5%
Total	48,161	30.9%	50.7%				4,284			

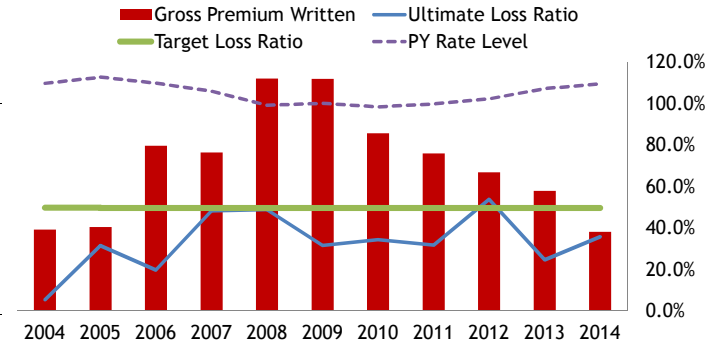


\* Target Ratio = 1 - (Expense Ratio) - (AAL) - (XOL) - (Corporate Cat Reinsurance) - (ULE) - (Claim Fees) - (Risk Load)

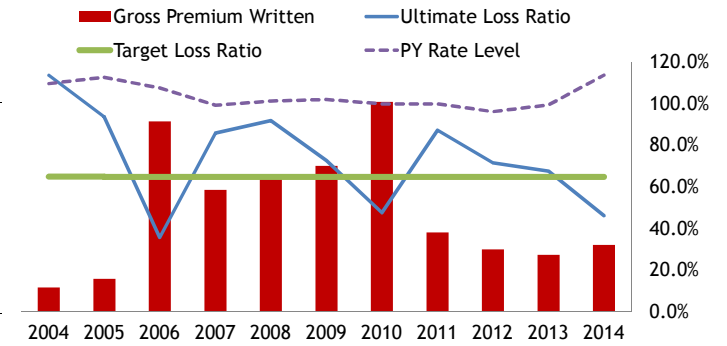
\* Ultimate Loss Ratios exclude modeled cats, ULE, non-machine claims fees and the impact of XOL/corporate cat reinsurance

Program Summary by LOB - Property Lines

Property		Loss Ratio			Combined Ratio		Normalized RAP Dollars	Rt Chg	Rt Lvl	Commission
PY	GWP	Reported	Ultimate	Target *	Ultimate	BECR				
2004	1,955	5.3%	5.3%	49.6%	47.8%	92.1%	611	9.6%	1.10	20.5%
2005	2,017	31.3%	31.3%	49.6%	73.8%	92.1%	260	2.7%	1.13	20.5%
2006	3,981	19.6%	19.6%	49.6%	62.1%	92.1%	844	-2.6%	1.10	20.5%
2007	3,812	48.2%	48.2%	49.6%	90.7%	92.1%	37	-3.4%	1.06	20.5%
2008	5,598	48.7%	48.7%	49.6%	91.2%	92.1%	33	-6.5%	0.99	20.5%
2009	5,592	31.5%	31.5%	49.6%	74.0%	92.1%	713	1.0%	1.00	20.5%
2010	4,275	34.2%	34.2%	49.6%	76.7%	92.1%	465	-1.8%	0.98	20.5%
2011	3,788	31.6%	31.7%	49.6%	74.2%	92.1%	479	1.5%	1.00	20.5%
2012	3,335	53.7%	53.7%	49.6%	96.2%	92.1%	-96	2.5%	1.02	20.5%
2013	2,887	16.5%	24.6%	49.6%	67.1%	92.1%	509	4.9%	1.07	20.5%
2014	1,905	1.6%	35.7%	49.6%	78.2%	92.1%	187	2.0%	1.09	20.5%
Total	39,145	32.7%	35.0%				4,042			



APD		Loss Ratio			Combined Ratio		Normalized RAP Dollars	Rt Chg	Rt Lvl	Commission
PY	GWP	Reported	Ultimate	Target *	Ultimate	BECR				
2004	133	113.2%	113.5%	64.7%	145.9%	97.2%	-43	9.6%	1.10	20.5%
2005	183	93.4%	93.5%	64.7%	125.9%	97.2%	-35	2.7%	1.13	20.5%
2006	1,067	35.5%	35.5%	64.7%	68.0%	97.2%	208	-4.5%	1.07	20.5%
2007	681	85.8%	85.7%	64.7%	118.2%	97.2%	-96	-7.7%	0.99	20.5%
2008	752	91.8%	91.8%	64.7%	124.3%	97.2%	-136	1.9%	1.01	20.5%
2009	817	72.5%	72.6%	64.7%	105.0%	97.2%	-43	0.8%	1.02	20.5%
2010	1,175	47.3%	47.4%	64.7%	79.8%	97.2%	136	-2.1%	1.00	20.5%
2011	442	86.6%	87.1%	64.7%	119.5%	97.2%	-66	0.0%	1.00	20.5%
2012	348	73.0%	71.5%	64.7%	104.0%	97.2%	-16	-3.7%	0.96	20.5%
2013	317	65.9%	67.4%	64.7%	99.8%	97.2%	-6	3.3%	0.99	20.5%
2014	372	5.5%	46.0%	64.7%	78.5%	97.2%	47	14.4%	1.14	20.5%
Total	6,288	63.4%	65.9%				-50			



\* 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%	65.2%	63.1%	-3.1%	7.2%	58.8%	60.9%	-6.4%

Expense Ratio calculated as follows:

Commission:	20.5%
Prem Tax:	3.7%
Other Acquisition Fees:	1.0%
Direct Expense:	2.9%
Indirect Expense:	4.7%
	<u>32.8%</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	23,380	8.3%	1.083	30,778	58.6%	1.411	62.8%	20.6%	1.377	21.6%	13.0%	1.344	13.3%
2005	24,288	-7.3%	1.004	34,473	22.8%	1.363	21.9%	18.2%	1.334	17.1%	12.6%	1.305	11.5%
2006	29,162	0.7%	1.011	41,104	35.4%	1.317	33.1%	24.0%	1.292	22.0%	16.5%	1.267	14.8%
2007	29,851	2.4%	1.035	41,088	63.1%	1.272	58.4%	34.8%	1.251	31.6%	22.5%	1.230	20.1%
2008	28,685	-3.9%	0.995	41,086	68.8%	1.229	59.0%	37.8%	1.212	32.0%	24.8%	1.194	20.6%
2009	22,834	0.8%	1.003	32,446	74.8%	1.188	62.5%	47.0%	1.173	38.8%	31.2%	1.159	25.5%
2010	20,971	0.5%	1.008	29,651	75.1%	1.148	61.0%	46.8%	1.136	37.6%	31.3%	1.126	24.9%
2011	17,101	10.9%	1.118	21,801	77.0%	1.109	66.9%	44.8%	1.101	38.7%	29.1%	1.093	24.9%
2012	13,606	9.7%	1.226	15,811	58.1%	1.071	53.5%	34.6%	1.066	31.8%	21.5%	1.061	19.7%
2013	10,342	8.4%	1.329	11,089	57.4%	1.035	55.4%	37.3%	1.033	35.9%	22.4%	1.030	21.5%
2014	8,974	7.2%	1.425	8,974	56.8%	1.000	56.8%	34.9%	1.000	34.9%	23.8%	1.000	23.8%
				All Yr Wtd ex 2014:			52.2%			29.7%			19.2%
				Last 7 Wtd ex 2014:			60.0%			34.9%			22.5%
				Last 5 Wtd ex 2014:			61.0%			37.2%			24.0%
				Last 3 Wtd ex 2014:			60.0%			35.8%			22.4%
				Selected Ultimate:			58.0%			35.0%			23.0%
				ILF:			1.00			1.65			2.50
				Policy Limits Ultimate:			58.0%			57.8%			57.5%
				Weight:			47%			26%			26%
										Frequency/Severity Indication:			56.3%
										Weighted Average:			57.8%
										PY 2014 Selected:			57.0%
										Adjustment:			-1.0%
										PY 2014:			56.0%
										ULE:			2.8%
										Claims Fees:			0.0%
										PY 2014 Ultimate ILAE Ratio:			58.8%



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:	97.6%	64.8%	80.4%	23.1%	3.1%	78.0%	81.1%	24.1%

Expense Ratio calculated as follows:

Commission:	20.5%
Prem Tax:	3.7%
Other Acquisition Fees:	1.0%
Direct Expense:	2.9%
Indirect Expense:	4.7%
	<u>32.8%</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	846	9.6%	1.096	920	34.7%	1.480	47.1%	34.7%	1.411	44.9%	34.7%	1.344	42.8%
2005	1,999	2.7%	1.126	2,118	80.7%	1.423	108.4%	54.6%	1.363	70.3%	40.3%	1.305	49.6%
2006	2,543	-4.5%	1.075	2,821	43.0%	1.369	53.0%	43.0%	1.317	51.0%	41.4%	1.267	47.3%
2007	4,171	-7.7%	0.992	5,013	88.0%	1.316	96.4%	52.6%	1.272	55.6%	43.7%	1.230	44.7%
2008	4,517	1.9%	1.011	5,328	65.8%	1.265	70.6%	52.3%	1.229	54.5%	47.0%	1.194	47.6%
2009	4,515	0.8%	1.019	5,283	99.9%	1.217	103.8%	71.3%	1.188	72.4%	50.5%	1.159	50.0%
2010	4,115	-2.1%	0.998	4,918	120.4%	1.170	117.9%	77.2%	1.148	74.1%	58.0%	1.126	54.6%
2011	2,960	-1.3%	0.984	3,586	72.7%	1.125	67.5%	58.8%	1.109	53.8%	49.7%	1.093	44.8%
2012	2,620	6.2%	1.045	2,989	76.0%	1.082	72.1%	58.1%	1.071	54.5%	43.6%	1.061	40.5%
2013	2,345	10.7%	1.157	2,417	70.7%	1.040	71.3%	53.5%	1.035	53.7%	40.6%	1.030	40.6%
2014	2,147	3.1%	1.192	2,147	72.5%	1.000	72.5%	53.2%	1.000	53.2%	43.5%	1.000	43.5%
All Yr Wtd ex 2014:							85.9%	60.3%	47.1%				
Last 7 Wtd ex 2014:							88.6%	61.0%	47.1%				
Last 5 Wtd ex 2014:							91.6%	64.2%	47.5%				
Last 3 Wtd ex 2014:							70.0%	54.0%	42.2%				
Selected Ultimate:							77.0%	57.0%	44.0%				
ILF:							1.00	1.40	1.80				
Policy Limits Ultimate:							77.0%	79.8%	79.2%				
Weight:							18%	41%	41%				
Frequency/Severity Indication:							76.5%						
Weighted Average:							79.1%						
PY 2014 Selected:							78.0%						
Adjustment:							-1.0%						
PY 2014:							77.0%						
ULE:							1.0%						
Claims Fees:							0.0%						
PY 2014 Ultimate ILAE Ratio:							78.0%						

AL

Large Losses - Incurred + Legal > 100k

PY	DSP	Policy #	Case #	DOL	Insured	Ind Paid	Ind OS	Legal	I+Legal	Acc State	Description
2005	2-7-382	675176	8357	10/7/2005	First Healthcare A	729	-	38	767	New Jersey	Clmt Injured In Motor Vehicle Accident
2005	2-7-382	3710152	6418	12/20/2005	Episcopal Social S	133	-	92	225	New York	IV Skidded ON Black ICE, Hydroplaned,
2006	2-7-382	4568187	9545	8/1/2006	Northwestern Human	109	-	26	135	Pennsylvania	Bodily Injury Auto
2006	2-7-382	8995936	11	2/27/2007	Recovery First, IN	95	-	1	96	Florida	IV WAS Rear Ended By OV
2007	2-7-382	3950965	1086	6/27/2007	The Scottish Rite,	980	-	67	1,047	DC	Insured Tried To Move OUT Of The WAY O
2007	2-7-382	6266688	862	12/17/2007	Gadsden Associatio	845	-	61	906	Florida	Insured Employee Moving City Bus To WA
2007	2-7-382	4580543	110	1/29/2008	Melwood Horticultu	127	-	19	146	New York	OV Crossed Over Lane And Struck Insure
2007	2-7-382	4580543	7218	12/12/2007	Melwood Horticultu	84	-	4	88	New York	Insured Enter Landfill And OV Side SWI
2008	2-7-382	6269782	4786	10/20/2008	Daybreak Community	771	-	37	808	Texas	Insured Turning Into Parking LOT And W
2008	2-7-382	3783705	1912	9/8/2009	Community Services	76	-	51	127	Virginia	Insured Rear Ended Clmt VEH
2008	2-7-382	9349645	863	8/6/2008	Charlee Of Dade Co	63	-	61	124	Florida	OV Changed Into The Insured Lane And S
2008	2-7-382	9349702	3837	4/1/2009	Marc Center Of Mes	36	2	67	105	Arizona	CV Changed Lanes From Turn Lane To REG
2008	2-7-382	6269390	4626	11/21/2008	St. Vincent's Serv	80	-	23	103	New York	Insured VEH WAS Struck While Making A
2009	2-7-382	6264741	5366	11/20/2009	Seafield Center, I	548	200	69	817	New York	OV Rear Ended Insured VEH
2009	2-7-382	6143627	9044	2/12/2010	Jamaica Service PR	222	375	85	682	New York	Insured Steering Locked UP Lost Contro
2009	2-7-382	6269390	6664	11/25/2009	St. Vincent's Serv	323	-	17	339	New York	Insured Entering HWY Stopping To Wait
2009	2-7-382	6269390	7486	12/11/2009	St. Vincent's Serv	238	-	35	273	New York	Insured Struck Clmt Pesestrian
2009	2-7-382	9656623	8366	12/6/2009	Good Shepherd Serv	-	200	37	237	New York	Insured Involved In Motor VEH Accident
2009	2-7-382	5516612	1319	2/12/2009	Pederson-Krag Ctr	1	150	36	187	New York	Insured Avoiding OV That Came Into HER
2009	2-7-382	6143477	8784	9/13/2010	Youth Educational	106	-	40	146	Pennsylvania	Insured HIT Claimant Vehicle In The Re
2009	2-7-382	9656623	8007	1/18/2010	Good Shepherd Serv	90	-	12	102	New York	Insureds VEH Struck Clmts VEH
2010	2-7-330	6143990	8816	6/7/2010	D And S Residentia	1,000	-	529	1,529	Texas	Client WAS Left In The VAN From 8:00 A
2010	2-7-382	6144551	2599	10/12/2010	Community Partners	155	105	9	269	Florida	Insured Employee Drivinf OWN VEH Pulled
2010	2-7-382	6143886	3809	5/13/2010	Jllcm Inc	78	-	172	250	Texas	Someone Pulled Into Insured Lane Insur
2010	2-7-382	9349721	5712	12/10/2010	Danville Services	245	-	3	248	Utah	IV Heavy Traffic Struck Pedestrain DET
2010	2-7-382	6269390	6098	7/13/2011	St Vincents Servic	50	100	37	187	New York	Clmt WAS Walking And Insured VEH HIT C
2010	2-7-382	4568163	958	4/6/2011	Childnet, Inc	-	135	0	135	Florida	Insured Involved In Motor VEH Accident
2010	2-7-382	4055567	2063	7/7/2011	Seasons Inc DBA SU	-	105	11	116	Louisiana	Clmt Alleges Insd Failed To Stop AT TH
2010	2-7-382	6143960	4532	5/24/2010	Wayside Christian	97	-	1	98	Kentucky	Insured Struck Left Side Of Clmt VEH
2010	2-7-382	9383567	3254	11/2/2010	North Shore Child	69	-	23	92	New York	Four CAR Accident Insd WAS Fourth Car
2010	2-7-382	4568161	8088	7/24/2010	Timothy Hill Child	52	-	29	81	New York	Insured HIT Clmt VEH
2011	2-7-305	9349721	6298	7/26/2011	Danville Services	118	-	0	119	Arkansas	Insured Rear Ended VEH Pushing IT Into
2011	2-7-382	9045849	8964	9/13/2011	Kindercastle Care	113	-	0	113	Oklahoma	Insured Pulled OUT From Stop Sign And
2011	2-7-310	6144552	795	10/24/2011	Lutheran Children	109	-	0	109	Pennsylvania	Insured WAS Involved In A Motor VEH AC
2012	2-7-310	5848000	749	6/30/2012	Missoula Childrens	147	-	1	147	Texas	Insured Driver Looking For HWY Sign St
2012	2-7-310	9655555	5179	2/6/2012	EL ORO DEL Pueblo	140	-	0	141	Texas	IV Rear Ended CV1 Causing CV1 To Rear
2012	2-7-310	9655694	9618	6/5/2012	Caring Harts Trans	60	65	14	139	New York	Insured Rear Ended Clmt VEH

**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%	59.2%	48.6%	-17.1%	2.0%	47.6%	47.6%	-18.7%

Expense Ratio calculated as follows:

Commission:	20.5%
Prem Tax:	3.7%
Other Acquisition Fees:	1.0%
Reinsurance:	0.0%
Direct Expense:	2.9%
Indirect Expense:	4.7%
	<u>32.9%</u>



Property

Indexing - PY 2014 Ultimate Loss & LAE Selection

PY	Annual PY GWP	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	1,955	9.6%	1.096	1,950	5.3%	1.000	5.3%	5.3%	1.000	5.3%	5.3%	1.000	5.3%	1.000	5.3%	
2005	2,017	2.7%	1.126	1,959	31.3%	1.000	32.3%	31.3%	1.000	32.3%	25.6%	1.000	26.4%	16.9%	1.000	17.4%
2006	3,981	-2.6%	1.096	3,969	19.6%	1.000	19.6%	19.6%	1.000	19.6%	19.6%	1.000	19.6%	18.3%	1.000	18.4%
2007	3,812	-3.4%	1.059	3,935	48.2%	1.000	46.7%	48.2%	1.000	46.7%	35.2%	1.000	34.1%	30.3%	1.000	29.4%
2008	5,598	-6.5%	0.990	6,180	48.7%	1.000	44.2%	48.6%	1.000	44.0%	35.0%	1.000	31.7%	26.6%	1.000	24.1%
2009	5,592	1.0%	1.000	6,112	31.5%	1.000	28.8%	31.5%	1.000	28.8%	31.5%	1.000	28.8%	30.5%	1.000	27.9%
2010	4,275	-1.8%	0.982	4,759	34.2%	1.000	30.7%	34.2%	1.000	30.7%	32.7%	1.000	29.4%	29.2%	1.000	26.3%
2011	3,788	1.5%	0.996	4,156	31.7%	1.000	28.9%	31.7%	1.000	28.9%	31.1%	1.000	28.4%	25.1%	1.000	22.9%
2012	3,335	2.5%	1.021	3,570	53.7%	1.000	50.1%	53.7%	1.000	50.1%	48.0%	1.000	44.8%	31.5%	1.000	29.4%
2013	2,887	4.9%	1.071	2,946	24.6%	1.000	24.1%	24.2%	1.000	23.8%	24.2%	1.000	23.8%	20.4%	1.000	20.0%
2014	1,905	2.0%	1.093	1,905	35.7%	1.000	35.7%	33.6%	1.000	33.6%	29.9%	1.000	29.9%	24.1%	1.000	24.1%
All Yr Wtd ex 2014:							32.9%		32.8%		28.7%		23.7%			
Last 7 Wtd ex 2014:							36.3%		36.2%		31.4%		25.9%			
Last 5 Wtd ex 2014:							32.1%		32.1%		30.8%		25.8%			
Last 3 Wtd ex 2014:							34.7%		34.6%		32.6%		24.3%			
Selected Ultimate:							36.0%		34.0%		31.0%		26.0%			
ILF:							1.00		1.06		1.18		1.47			
Policy Limits Ultimate:							36.0%		36.1%		36.7%		38.2%			
Weight:							16%		28%		28%		28%			
Frequency/Severity Indication: 39.6%																
Weighted Average: 36.8%																
PY 2014 Selected: 38.0%																
Adjustment: 0.0%																
PY 2014: 38.0%																
All Year Avg Empirical Cat Load: 9.8%																
Program Specific AAL Cat Load: 6.7%																
Selected Cat Load: 6.7%																
Corporate Cat Charge: 0.0%																
XOL Loss Cost: 1.0%																
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: 47.6%																

Property

Large Losses - Incurred + LAE > 100k

PY	DSP	Cat #	Policy #	Case #	DOL	Insured	Ind Paid	Ind OS	LAE	ILAE	Acc State	Description
2005	2-7-382		8996818	8270	8/8/2006	Supreme Council Of	274	-	92	366	Ohio	Parapet Wall Partially Collapsed
2005	2-7-382	5105	394844	3267	9/24/2005	Garth House, Micke	135	-	13	148	Texas	Insured Property Fence Storage Bldg
2005	2-7-382		409427	8978	9/28/2005	Village Ranch, Inc	124	-	4	128	Minnesota	Hail Damage To Roofs
2006	2-7-382		9271418	1689	10/3/2006	H.O.M.E., Inc. & S	135	-	6	141	Maine	Fire Destroyed Insured Building
2006	2-7-382		9271418	3723	5/7/2007	H.O.M.E., Inc. & S	106	-	7	113	Maine	Building WAS Destroyed By Fire
2007	2-7-382	1107	3321826	3732	5/5/2007	Iroquois Center FO	706	-	54	761	Kansas	Tornado Destroyed Insureds Property
2007	2-7-382	6008	1917890	2887	9/13/2008	Depelchin Children	274	-	24	298	Texas	Hurricane IKE Damaged Property Ct
2007	2-7-382		8995533	6974	11/6/2007	Latino Pastoral AC	122	-	5	128	New York	Water Main Pipe Broke In Wall Floor
2007	2-7-382		8998784	8577	7/25/2007	The Student Conser	105	-	9	114	New Hampshire	Embezzlement By AN Employee
2008	2-7-382		9271216	7104	6/8/2009	Gosnold, Inc.	977	-	35	1,012	Massachusetts	Fire Started ON The Outside Rear D
2008	2-7-382	6008	3322047	2885	9/13/2008	The Nathaniel Foun	285	-	26	311	Texas	Strong Winds Damaged Building Anc
2008	2-7-330	6809	6263451	8052	4/10/2009	Three Springs, Inc	251	-	10	261	Alabama	Hail Damage To Roof
2008	2-7-330		5848610	8396	6/24/2009	Lutheran Social MI	183	-	10	193	New Jersey	Lightning Strike Caused Damage To
2008	2-7-382	8009	9273991	9637	7/9/2009	Hope Haven, Inc (S	165	-	20	186	Iowa	Multiple Locations A Severe Hail Stc
2008	2-7-382		393402	52	7/1/2008	Carnegie Council O	105	-	5	110	New York	Pipe Froze And Burst Damaging A L
2009	2-7-382		9270760	1295	8/13/2009	John H Boner Commu	120	-	32	152	Indiana	Water Damage To Upstairs And Dow
2009	2-7-382		6478124	2879	4/29/2010	Columbus Property	105	-	6	111	Pennsylvania	Fire AT Bldg Fire Marshal WAS Still
2010	2-7-382		2850764	3654	5/24/2011	Ability Connection	313	-	6	318	Texas	Hail Damage To Insureds Roof Durin
2011	2-7-310	9012	7559561	168	10/29/2012	Sinai Congregation	1,025	-	30	1,055	New York	Damage IS Related To Hurricane Sai
2011	2-7-382		9349873	4763	6/17/2011	Metschools Inc	258	-	8	266	New York	DUE To Storm Wind Damage Insurec
2011	2-7-310	5911	5849230	8054	8/28/2011	Congregation Tzalo	208	-	28	235	New York	Hurricane Irene Flooding Water Dan
2011	2-7-310		9273853	3352	4/27/2012	Daytop Village Inc	154	-	15	169	New York	Fire
2011	2-7-305		3321489	6467	7/30/2011	Maureen Chesney AN	86	-	45	131	California	Pipe Busted In Attic ON 2ND FL Flo
2012	2-7-330	9012	5848610	128	10/29/2012	Lutheran Social MI	602	79	31	712	New Jersey	Hurricane Sandy Damage
2012	2-7-305		9272358	1761	2/23/2013	Reynaldo G Cabilin	407	-	14	421	California	Sprinkler System Burst And Caused
2012	2-7-310	9012	6262979	2784	10/30/2012	Goodwill Industrie	271	100	24	396	New York	Hurricane Sandy
2012	2-7-324	1513	6143014	2282	5/31/2013	Kids USA	269	31	30	330	Oklahoma	Tornado HIT The Building
2012	2-7-310		9274539	6474	6/15/2013	LA SED Inc	266	-	8	273	Michigan	Several Hvac Units Were Stripped F
2012	2-7-310		2036038	3529	1/14/2013	Northwest Associat	172	-	7	179	Nevada	Water Damage
2012	2-7-330		6477444	4256	5/3/2012	Abilities Inc Of	126	-	9	134	Florida	Water Line Rupture Flooded Most O
2013	2-7-305	5014	9271229	1597	7/1/2014	R And J Enterprise	72	53	3	128	Illinois	Natural Perils - Ran and Wind (No F
2013	2-7-310		9659414	4755	10/28/2013	Narconon Freedom C	103	-	19	122	Michigan	Water (Non Natural Peril) - Sprinkle

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:	97.2%	65.7%	73.2%	11.0%	14.4%	64.0%	64.0%	-2.5%

Expense Ratio calculated as follows:

Commission:	20.5%
Prem Tax:	3.7%
Other Acquisition Fees:	1.0%
Direct Expense:	2.9%
Indirect Expense:	3.4%
	<u>31.5%</u>





APD

Indexing - PY 2014 Ultimate Loss & LAE Selection

PY	GWP	Annual PY Rate Chg	Cumulative PY Rate Chg	On-Level GWP
2004	133	9.6%	1.096	138
2005	183	2.7%	1.126	185
2006	1,067	-4.5%	1.075	1,127
2007	681	-7.7%	0.992	779
2008	752	1.9%	1.011	845
2009	817	0.8%	1.019	910
2010	1,175	-2.1%	0.998	1,338
2011	442	0.0%	0.998	503
2012	348	-3.7%	0.961	411
2013	317	3.3%	0.992	363
2014	372	14.4%	1.136	372
All Yr Wtd ex 2014:				60.2%
Last 7 Wtd ex 2014:				63.5%
Last 5 Wtd ex 2014:				56.6%
Last 3 Wtd ex 2014:				66.4%
Frequency/Severity Indication:				64.6%

Policy Limits		
Ultimate ILAE Ratio	0.0% Trend to PY 2014	On-Level Ultimate ILAE Ratio
113.5%	1.000	109.5%
93.5%	1.000	92.6%
35.5%	1.000	33.6%
85.7%	1.000	74.9%
91.8%	1.000	81.7%
72.6%	1.000	65.1%
47.4%	1.000	41.6%
87.1%	1.000	76.5%
71.5%	1.000	60.5%
67.4%	1.000	58.9%
46.0%	1.000	46.0%
		60.2%
		63.5%
		56.6%
		66.4%
		64.6%

PY 2014 Selected:

Adjustment:

PY 2014:

ULE: 1.0%

Claims Fees: 0.0%

PY 2014 Ultimate ILAE Ratio: 64.0%

**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%	65.1%	62.5%	-3.8%	-2.1%	63.8%	67.0%	2.8%

Expense Ratio calculated as follows:

Commission:	20.5%
Prem Tax:	3.7%
Other Acquisition Fees:	1.0%
Direct Expense:	2.9%
Indirect Expense:	4.7%
	<u>32.9%</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	3,655	0.0%	1.000	5,823	2.7%	1.629	2.8%	2.7%	1.553	2.7%	2.7%	1.480	2.5%
2005	4,070	0.0%	1.000	6,484	22.1%	1.551	21.5%	22.1%	1.486	20.6%	22.1%	1.423	19.8%
2006	5,327	0.0%	1.000	8,487	1.9%	1.477	1.7%	1.9%	1.422	1.7%	1.9%	1.369	1.6%
2007	6,530	24.9%	1.249	8,331	1.5%	1.407	1.7%	1.5%	1.361	1.6%	1.5%	1.316	1.6%
2008	6,714	-4.4%	1.193	8,964	134.0%	1.340	134.5%	40.2%	1.302	39.2%	22.3%	1.265	21.2%
2009	5,226	-3.1%	1.156	7,201	47.8%	1.276	44.3%	40.2%	1.246	36.3%	24.9%	1.217	22.0%
2010	4,718	-1.9%	1.134	6,628	125.0%	1.216	108.2%	57.2%	1.193	48.6%	29.7%	1.170	24.7%
2011	4,001	4.7%	1.187	5,370	40.0%	1.158	34.5%	22.5%	1.141	19.1%	12.5%	1.125	10.5%
2012	3,349	24.2%	1.474	3,620	47.8%	1.103	48.7%	29.9%	1.092	30.2%	20.9%	1.082	20.9%
2013	2,495	10.3%	1.627	2,444	56.1%	1.050	60.1%	36.1%	1.045	38.5%	24.0%	1.040	25.5%
2014	2,075	-2.1%	1.593	2,075	57.8%	1.000	57.8%	38.5%	1.000	38.5%	24.1%	1.000	24.1%
All Yr Wtd ex 2014:							46.3%			22.4%	13.8%		
Last 7 Wtd ex 2014:							65.0%			29.5%	16.9%		
Last 5 Wtd ex 2014:							61.2%			35.2%	20.4%		
Last 3 Wtd ex 2014:							44.5%			26.8%	17.0%		
Selected Ultimate:							61.0%			38.0%	24.0%		
ILF:							1.00			1.68	2.58		
Capped @ \$10M Ultimate:							61.0%			63.9%	61.8%		

Weight: 17% 41% 41%

Frequency/Severity Indication: 55.0%  
 Weighted Average: 62.6%  
 PY 2014 Selected - Capped @ \$10M: 60.0%

Adjustment: 0.0%

PY 2014 - Capped @ \$10M: 60.0%

ILF: 1.019  
 Catastrophe/Latency Load: 5.0%  
 ULE: 1.0%  
 PY 2014 Ultimate ILAE Ratio: 67.1%

Credibility: 16%  
 Complement of Credibility: 63.1%  
 Credibility Weighted PY 2014 Ultimate ILAE Ratio: 63.8%

Compliment of Credibility

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

**Excess Liability**

Large Losses - Incurred + LAE

PY	DSP	Policy #	Case #	DOL	Insured	Ind Paid	Ind OS	LAE	ILAE	Acc State	Description
2005	2-7-350	273533	5691	10/26/2006	Moss Beach Homes I	749	-	-	749	California	Alleged Child Abuse-Shaken Baby Sy
2008	2-7-350	274149	5806	2/13/2009	Graham Windham	7,800	-	-	7,800	New York	Minor Clmt Sustained 3RD Degree B
2008	2-7-350	5845308	7358	7/28/2008	PHC, Inc. SEE Exte	200	-	-	200	Michigan	Alleged Sexual Coercion
2009	2-7-370	5845141	1919	4/19/2010	Children's Choice	1,500	-	-	1,500	Pennsylvania	Minor Child In Foster Care, Droppec
2010	2-7-370	9657173	2163	6/7/2010	D And S Residentia	4,498	-	-	4,498	Texas	Clmt WAS Found Unconscious In Ins