

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: 8/28/2014

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

I. Executive Summary

A. Introduction -

The ISA Social Services program provides multiline coverage for social service agencies. This includes primarily for non-profit Social Service accounts involved with Developmental Disabilities, Transportation, Big Brother/Big Sister, Boys & Girls Clubs, Community Action Agencies and Miscellaneous Social Services.

Last year's analysis resulted in an overall PY 2014 Ultimate Loss Ratio indication of 66.2% which yielded a RAP neutral rate need of 5.9% based on **2013** RAP values.

The year to date rate change for 2014 is **3.3%** 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)	IL and LAE Ratio*	Ultimate Combined Ratio*	Breakeven Target Combined Ratio	RAP Rate Need	Projected RAP \$ **
GL	N/A	2014	18,047	66.8%	99.6%	97.9%	2.5%	(203)
AL	N/A	2014	19,831	69.0%	101.8%	97.7%	6.1%	(544)
Property	N/A	2014	11,731	49.9%	82.8%	91.9%	-14.7%	757
APD	N/A	2014	3,386	69.0%	100.5%	97.1%	4.9%	(76)
Excess Liability	N/A	2014	7,463	60.0%	92.9%	98.0%	-7.4%	251
TOTAL			60,458	63.5%	96.3%	96.7%	-0.5%	185

* Includes PY 2014 rate change achieved

** Assumes a tax rate of 35%

- I. Discussion of Material Findings- The program remains largely in line with expectations. The current forecasted pre-rate change PY 2014 ultimate loss ratio is 65.7%, down 0.5% from the previous forecast of 66.2%. While still unprofitable from a RAP \$ perspective, the AL loss ratio decreased by 3% from the prior estimate. The GL loss ratio remained flat while the Excess loss ratio dropped by 3%. The Excess change was largely due to a change in the compliment of credibility estimate that is set equal to the latest Div 66 Excess loss ratio estimate which dropped by almost 2%. The Property and APD each had an approximate 1% reduction in their respective pre-rate change loss ratios. The Paratransit segment of this program has a reported loss ratio from 2011 through 2014 YTD of 51.8%; compared to the total program reported loss ratio of 33.0% during the same time period.

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. LDF and ILF selections were supplemented by the Division 66 and combined Social Services factors.
- 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. An adjustment was made to the legal data for last few policy years. This was done to account for apparent anomalies in the data as compared to prior years. A ratio of paid legal to paid indemnity was selected based on the historical average and was applied to the current paid indemnity to arrive at re-stated legal fees for the last few years. There were no apparent anomalies in the paid indemnity data.

- C. Other - N/A.

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 for AL, APD, Property, and XS. However, GL has observed a slight claim closure rate slow down

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.

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	18,047	2.9%	69.1%	65.1%	5.9%	66.8%
AL	19,831	2.9%	71.8%	64.9%	10.2%	69.0%
Property	11,731	2.9%	51.2%	59.1%	-12.7%	49.9%
APD	3,386	2.9%	71.9%	65.7%	9.1%	69.0%
Excess Liability	7,463	2.9%	61.3%	65.1%	-5.6%	60.0%
Total Casualty	45,341	2.9%	69.0%	65.0%	5.9%	66.7%
Total Property	15,117	2.9%	55.8%	60.5%	-7.4%	54.2%
All Lines Combined	60,458	2.9%	65.7%	63.9%	2.7%	63.5%

Program Summary by LOB - PY 2015

LOB	PY 2014 GWP	Direct	After 2014 Rate Change PY 2015 Ultimate ILAE Ratio	RAP Neutral	After 2014 Rate Change PY 2015 Rate Need
			Target Ratio		
GL	18,047	2.9%	69.1%	65.1%	5.9%
AL	19,831	2.9%	71.8%	64.9%	10.2%
Property	11,731	2.9%	49.9%	59.1%	-14.7%
APD	3,386	2.9%	69.0%	65.7%	4.9%
Excess Liability	7,463	2.9%	63.0%	65.1%	-3.0%
Total Casualty	45,341	2.9%	69.3%	65.0%	6.3%
Total Property	15,117	2.9%	54.2%	60.5%	-10.0%
All Lines Combined	60,458	2.9%	65.5%	63.9%	2.4%

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	30,476	13,818	45.3%	13,988	45.9%	21,311	12,948	60.8%	12,969	60.9%	15,337	4,281	27.9%	4,281	27.9%	3,585	2,783	77.6%	2,783	77.6%
2005	27,973	9,722	34.8%	9,937	35.5%	20,307	14,202	69.9%	14,262	70.2%	14,965	3,537	23.6%	3,537	23.6%	3,337	2,584	77.4%	2,584	77.4%
2006	28,002	14,508	51.8%	15,260	54.5%	20,295	18,426	90.8%	18,623	91.8%	16,111	3,208	19.9%	3,208	19.9%	3,405	2,354	69.1%	2,354	69.1%
2007	24,694	15,708	63.6%	17,270	69.9%	19,735	11,583	58.7%	11,765	59.6%	16,484	4,571	27.7%	4,571	27.7%	3,187	2,332	73.2%	2,331	73.2%
2008	22,924	12,730	55.5%	14,890	65.0%	20,159	11,448	56.8%	11,574	57.4%	16,199	10,673	65.9%	10,673	65.9%	3,171	2,807	88.5%	2,807	88.5%
2009	20,194	13,515	66.9%	17,230	85.3%	18,128	13,045	72.0%	13,371	73.8%	13,768	4,661	33.9%	4,661	33.9%	3,046	1,959	64.3%	1,959	64.3%
2010	17,335	8,224	47.4%	12,120	69.9%	15,816	11,799	74.6%	12,938	81.8%	12,004	4,891	40.7%	4,891	40.7%	2,926	2,476	84.6%	2,477	84.7%
2011	16,053	6,341	39.5%	11,230	70.0%	14,811	8,037	54.3%	10,185	68.8%	11,200	4,393	39.2%	4,394	39.2%	2,717	3,059	112.6%	3,060	112.6%
2012	16,316	1,494	9.2%	9,350	57.3%	15,456	8,234	53.3%	12,375	80.1%	11,384	5,161	45.3%	5,190	45.6%	2,842	2,615	92.0%	2,500	88.0%
2013	16,439	1,778	10.8%	11,200	68.1%	17,728	2,891	16.3%	11,300	63.7%	11,651	3,298	28.3%	4,480	38.5%	3,218	1,688	52.4%	2,093	65.0%
2014	18,047	35	0.2%	11,550	64.0%	19,831	241	1.2%	13,485	68.0%	11,731	46	0.4%	4,575	39.0%	3,386	140	4.1%	2,302	68.0%

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	14,777	3,590	24.3%	3,900	26.4%	66,564	30,355	45.6%	30,857	46.4%	18,921	7,064	37.3%	7,064	37.3%	85,486	37,420	43.8%	37,921	44.4%
2005	13,037	22	0.2%	100	0.8%	61,316	23,946	39.1%	24,299	39.6%	18,302	6,121	33.4%	6,121	33.4%	79,618	30,067	37.8%	30,419	38.2%
2006	11,933	4,158	34.8%	4,800	40.2%	60,229	37,092	61.6%	38,683	64.2%	19,516	5,561	28.5%	5,562	28.5%	79,746	42,653	53.5%	44,245	55.5%
2007	11,580	2,222	19.2%	2,800	24.2%	56,009	29,513	52.7%	31,835	56.8%	19,671	6,902	35.1%	6,902	35.1%	75,680	36,415	48.1%	38,738	51.2%
2008	11,636	1,012	8.7%	1,400	12.0%	54,718	25,190	46.0%	27,864	50.9%	19,370	13,481	69.6%	13,480	69.6%	74,088	38,671	52.2%	41,345	55.8%
2009	9,836	4,285	43.6%	6,200	63.0%	48,158	30,844	64.0%	36,801	76.4%	16,813	6,619	39.4%	6,620	39.4%	64,972	37,464	57.7%	43,421	66.8%
2010	8,849	767	8.7%	3,300	37.3%	42,000	20,790	49.5%	28,358	67.5%	14,929	7,367	49.3%	7,368	49.4%	56,929	28,158	49.5%	35,726	62.8%
2011	8,014	501	6.2%	3,400	42.4%	38,878	14,879	38.3%	24,815	63.8%	13,917	7,452	53.5%	7,454	53.6%	52,795	22,331	42.3%	32,270	61.1%
2012	7,932	0	0.0%	3,800	47.9%	39,704	9,728	24.5%	25,525	64.3%	14,225	7,776	54.7%	7,690	54.1%	53,930	17,503	32.5%	33,215	61.6%
2013	8,002	0	0.0%	4,400	55.0%	42,170	4,669	11.1%	26,900	63.8%	14,869	4,986	33.5%	6,573	44.2%	57,039	9,655	16.9%	33,473	58.7%
2014	7,463	2	0.0%	3,881	52.0%	45,341	278	0.6%	28,916	63.8%	15,117	185	1.2%	6,877	45.5%	60,458	463	0.8%	35,793	59.2%

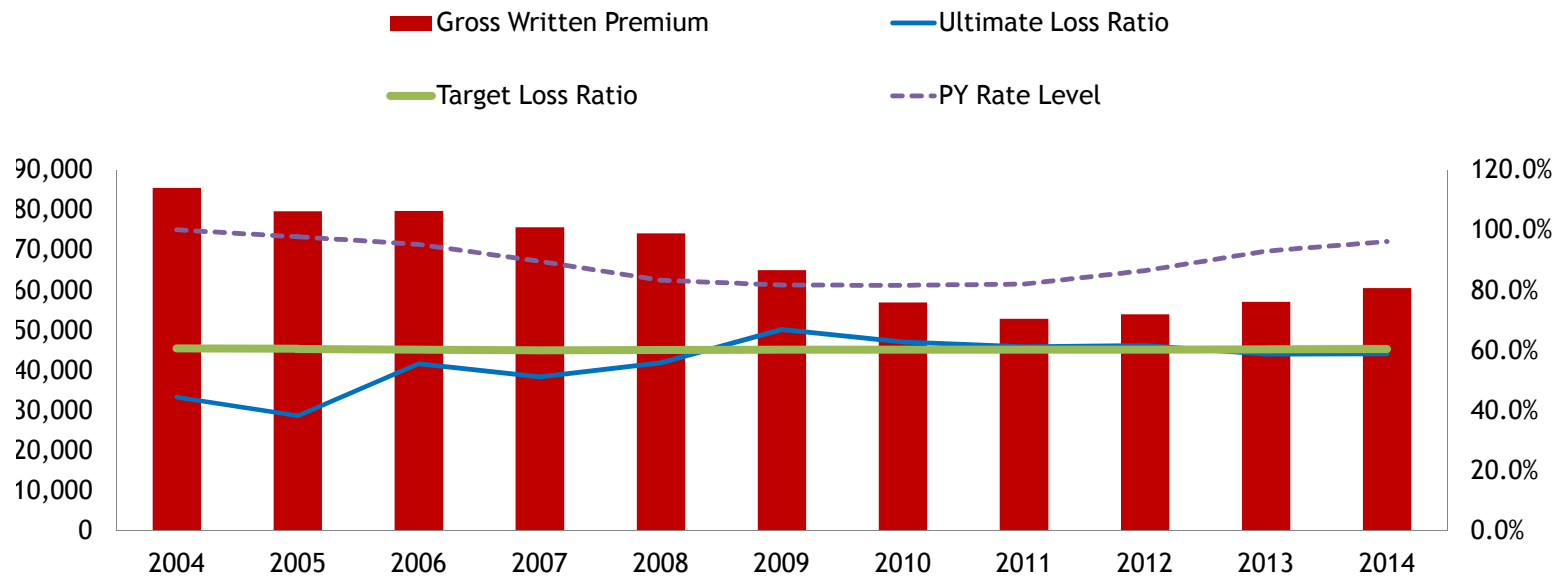
Program Summary by LOB - Prior Profitability Study Indications

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	30,476	44.8%	45.9%	21,311	60.8%	60.9%	15,337	27.9%	27.9%	3,585	77.6%	77.6%
2005	27,973	35.4%	35.5%	20,307	70.1%	70.2%	14,965	23.6%	23.6%	3,337	79.2%	77.4%
2006	28,002	54.8%	54.5%	20,295	91.9%	91.8%	16,111	19.9%	19.9%	3,405	72.4%	69.1%
2007	24,694	61.9%	69.9%	19,735	56.2%	59.6%	16,484	27.7%	27.7%	3,187	72.5%	73.2%
2008	22,924	65.7%	65.0%	20,159	59.0%	57.4%	16,199	65.9%	65.9%	3,171	88.4%	88.5%
2009	20,194	76.4%	85.3%	18,128	72.3%	73.8%	13,768	33.0%	33.9%	3,046	64.3%	64.3%
2010	17,335	66.6%	69.9%	15,816	80.8%	81.8%	12,004	40.6%	40.7%	2,926	84.3%	84.7%
2011	16,053	70.0%	70.0%	14,811	72.6%	68.8%	11,200	36.6%	39.2%	2,717	111.4%	112.6%
2012	16,316	66.0%	57.3%	15,456	79.1%	80.1%	11,384	43.5%	45.6%	2,842	86.8%	88.0%
2013	16,439	65.4%	68.1%	17,728	66.0%	63.7%	11,651	30.8%	38.5%	3,218	55.1%	65.0%
2014	18,047		64.0%	19,831		68.0%	11,731		39.0%	3,386		68.0%

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	14,777	26.5%	26.4%	66,564	45.8%	46.4%	18,921	37.3%	37.3%	85,486	44.0%	44.4%
2005	13,037	0.2%	0.8%	61,316	39.4%	39.6%	18,302	33.8%	33.4%	79,618	38.1%	38.2%
2006	11,933	42.4%	40.2%	60,229	64.9%	64.2%	19,516	29.1%	28.5%	79,746	56.1%	55.5%
2007	11,580	25.9%	24.2%	56,009	52.4%	56.8%	19,671	35.0%	35.1%	75,680	47.9%	51.2%
2008	11,636	26.2%	12.0%	54,718	54.8%	50.9%	19,370	69.6%	69.6%	74,088	58.7%	55.8%
2009	9,836	60.0%	63.0%	48,158	71.5%	76.4%	16,813	38.7%	39.4%	64,972	63.0%	66.8%
2010	8,849	41.4%	37.3%	42,000	66.6%	67.5%	14,929	49.1%	49.4%	56,929	62.1%	62.8%
2011	8,014	43.9%	42.4%	38,878	65.6%	63.8%	13,917	51.2%	53.6%	52,795	61.8%	61.1%
2012	7,932	53.7%	47.9%	39,704	68.6%	64.3%	14,225	52.1%	54.1%	53,930	64.3%	61.6%
2013	8,002	56.0%	55.0%	42,170	63.8%	63.8%	14,869	36.1%	44.2%	57,039	56.6%	58.7%
2014	7,463		52.0%	45,341		63.8%	15,117		45.5%	60,458		59.2%

Total Program Summary

PY	GWP	-----Loss Ratio-----			-----Combined Ratio-----		Normalized RAP Dollars	Rt Chg	Rt Lvl	Commission
		Reported	Ultimate	Target *	Ultimate	BECR				
2004	85,486	43.8%	44.4%	60.6%	80.6%	96.8%	9,304	0.0%	1.00	20.5%
2005	79,618	37.8%	38.2%	60.4%	74.5%	96.7%	11,893	-2.3%	0.98	20.5%
2006	79,746	53.5%	55.5%	60.2%	91.9%	96.6%	2,536	-2.6%	0.95	20.5%
2007	75,680	48.1%	51.2%	60.0%	87.7%	96.5%	4,492	-5.9%	0.90	20.5%
2008	74,088	52.2%	55.8%	60.0%	92.3%	96.5%	2,101	-7.0%	0.83	20.5%
2009	64,972	57.7%	66.8%	60.1%	103.3%	96.6%	-2,934	-1.9%	0.82	20.5%
2010	56,929	49.5%	62.8%	60.2%	99.2%	96.6%	-997	-0.1%	0.82	20.5%
2011	52,795	42.3%	61.1%	60.1%	97.5%	96.6%	-352	0.6%	0.82	20.5%
2012	53,930	32.5%	61.6%	60.2%	98.0%	96.6%	-522	5.4%	0.86	20.5%
2013	57,039	16.9%	58.7%	60.3%	95.0%	96.6%	614	7.6%	0.93	20.5%
2014	60,458	0.8%	58.8%	60.4%	95.0%	96.7%	652	3.3%	0.96	20.5%
Total	740,740	40.6%	54.9%				26,786			

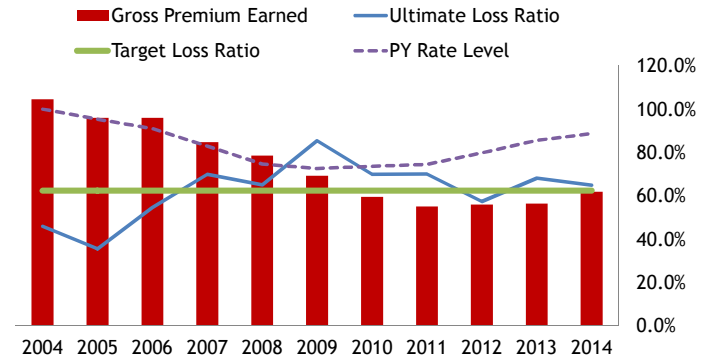


* Target Ratio = 1 - (Expense Ratio) - (AAL) - (XOL) - (Corporate Cat Reinsurance) - (ULE) - (Claim Fees) - (Risk Load)

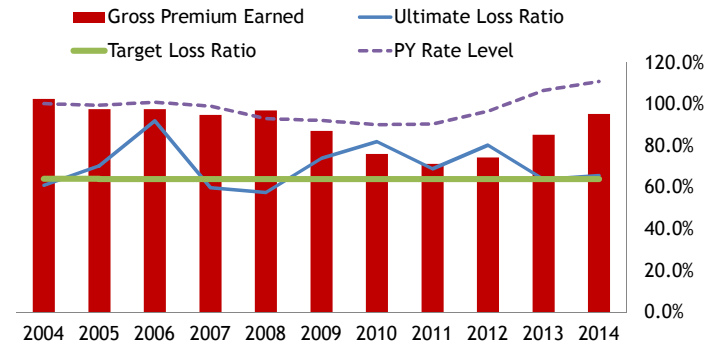
* Ultimate Loss Ratios exclude modeled cats, ULE, non-machine claims fees and the impact of XOL/corporate cat reinsurance

Program Summary by LOB - Casualty Lines

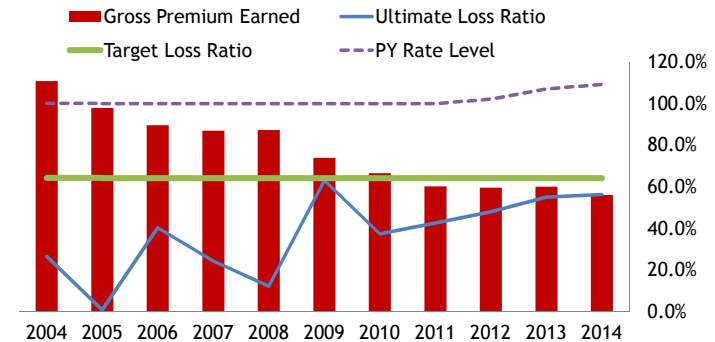
PY	GWP	Loss Ratio			Combined Ratio		Normalized RAP Dollars	Rt Chg	Rt Lvl	Commission
		Reported	Ultimate	Target *	Ultimate	BECR				
2004	30,476	45.3%	45.9%	62.3%	81.5%	97.9%	3,319	0.0%	1.00	20.5%
2005	27,973	34.8%	35.5%	62.3%	71.1%	97.9%	4,972	-4.7%	0.95	20.5%
2006	28,002	51.8%	54.5%	62.3%	90.1%	97.9%	1,451	-4.5%	0.91	20.5%
2007	24,694	63.6%	69.9%	62.3%	105.6%	97.9%	-1,251	-9.0%	0.83	20.5%
2008	22,924	55.5%	65.0%	62.3%	100.6%	97.9%	-403	-10.0%	0.75	20.5%
2009	20,194	66.9%	85.3%	62.3%	120.9%	97.9%	-3,085	-2.7%	0.73	20.5%
2010	17,335	47.4%	69.9%	62.3%	105.5%	97.9%	-876	1.5%	0.74	20.5%
2011	16,053	39.5%	70.0%	62.3%	105.6%	97.9%	-815	1.2%	0.74	20.5%
2012	16,316	9.2%	57.3%	62.3%	92.9%	97.9%	541	7.1%	0.80	20.5%
2013	16,439	10.8%	68.1%	62.3%	103.7%	97.9%	-636	7.3%	0.86	20.5%
2014	18,047	0.2%	64.8%	62.3%	100.4%	97.9%	-303	3.5%	0.89	20.5%
Total	238,453	41.0%	60.5%				2,915			



PY	GWP	Loss Ratio			Combined Ratio		Normalized RAP Dollars	Rt Chg	Rt Lvl	Commission
		Reported	Ultimate	Target *	Ultimate	BECR				
2004	21,311	60.8%	60.9%	63.9%	94.7%	97.7%	428	0.0%	1.00	20.5%
2005	20,307	69.9%	70.2%	63.9%	104.1%	97.7%	-858	-0.7%	0.99	20.5%
2006	20,295	90.8%	91.8%	63.9%	125.6%	97.7%	-3,765	1.4%	1.01	20.5%
2007	19,735	58.7%	59.6%	63.9%	93.4%	97.7%	560	-1.8%	0.99	20.5%
2008	20,159	56.8%	57.4%	63.9%	91.2%	97.7%	867	-6.0%	0.93	20.5%
2009	18,128	72.0%	73.8%	63.9%	107.6%	97.7%	-1,192	-1.1%	0.92	20.5%
2010	15,816	74.6%	81.8%	63.9%	115.6%	97.7%	-1,886	-2.1%	0.90	20.5%
2011	14,811	54.3%	68.8%	63.9%	102.6%	97.7%	-482	0.3%	0.90	20.5%
2012	15,456	53.3%	80.1%	63.9%	113.9%	97.7%	-1,664	6.9%	0.96	20.5%
2013	17,728	16.3%	63.7%	63.9%	97.6%	97.7%	16	10.4%	1.07	20.5%
2014	19,831	1.2%	65.5%	63.9%	99.3%	97.7%	-211	4.0%	1.11	20.5%
Total	203,576	55.4%	69.9%				-8,187			



PY	GWP	Loss Ratio			Combined Ratio		Normalized RAP Dollars	Rt Chg	Rt Lvl	Commission
		Reported	Ultimate	Target *	Ultimate	BECR				
2004	14,777	24.3%	26.4%	64.1%	60.3%	98.0%	3,697	0.0%	1.00	20.5%
2005	13,037	0.2%	0.8%	64.1%	34.7%	98.0%	5,477	0.0%	1.00	20.5%
2006	11,933	34.8%	40.2%	64.1%	74.1%	98.0%	1,890	0.0%	1.00	20.5%
2007	11,580	19.2%	24.2%	64.1%	58.1%	98.0%	3,067	0.0%	1.00	20.5%
2008	11,636	8.7%	12.0%	64.1%	45.9%	98.0%	4,019	0.0%	1.00	20.5%
2009	9,836	43.6%	63.0%	64.1%	96.9%	98.0%	70	0.0%	1.00	20.5%
2010	8,849	8.7%	37.3%	64.1%	71.2%	98.0%	1,574	0.0%	1.00	20.5%
2011	8,014	6.2%	42.4%	64.1%	76.3%	98.0%	1,152	0.0%	1.00	20.5%
2012	7,932	0.0%	47.9%	64.1%	81.8%	98.0%	852	2.1%	1.02	20.5%
2013	8,002	0.0%	55.0%	64.1%	88.9%	98.0%	484	4.8%	1.07	20.5%
2014	7,463	0.0%	56.3%	64.1%	90.2%	98.0%	388	2.1%	1.09	20.5%
Total	113,059	14.6%	33.9%				22,673			

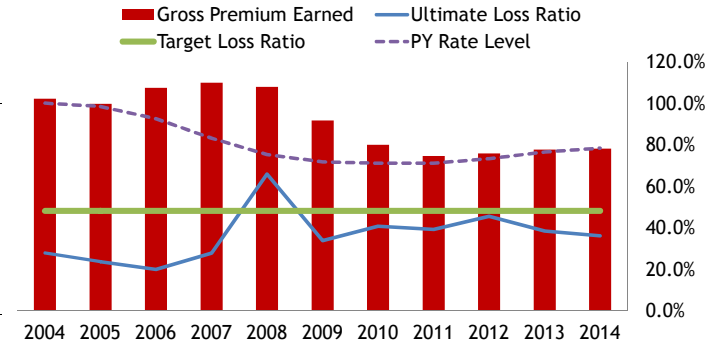


* Target Ratio = 1 - (Expense Ratio) - (AAL) - (XOL) - (Corporate Cat Reinsurance) - (ULE) - (Claim Fees) - (Risk Load)

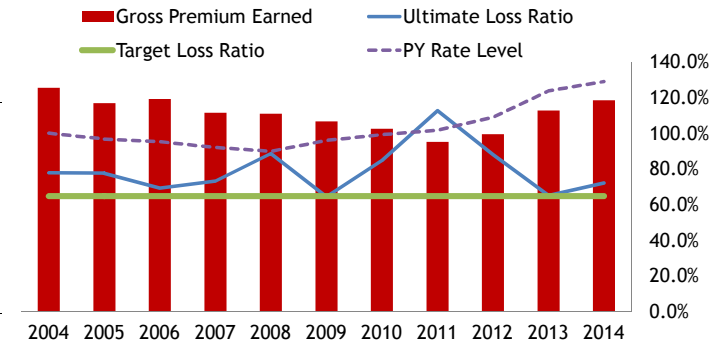
* Ultimate Loss Ratios exclude modeled cats, ULE, non-machine claims fees and the impact of XOL/corporate cat reinsurance

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	15,337	27.9%	27.9%	48.1%	71.7%	91.9%	2,191	0.0%	1.00	20.5%
2005	14,965	23.6%	23.6%	48.1%	67.4%	91.9%	2,591	-1.5%	0.99	20.5%
2006	16,111	19.9%	19.9%	48.1%	63.7%	91.9%	3,213	-6.0%	0.93	20.5%
2007	16,484	27.7%	27.7%	48.1%	71.5%	91.9%	2,377	-10.1%	0.83	20.5%
2008	16,199	65.9%	65.9%	48.1%	109.7%	91.9%	-2,035	-9.5%	0.75	20.5%
2009	13,768	33.9%	33.9%	48.1%	77.7%	91.9%	1,389	-4.8%	0.72	20.5%
2010	12,004	40.7%	40.7%	48.1%	84.6%	91.9%	626	-0.8%	0.71	20.5%
2011	11,200	39.2%	39.2%	48.1%	83.0%	91.9%	704	0.0%	0.71	20.5%
2012	11,384	45.3%	45.6%	48.1%	89.4%	91.9%	204	3.0%	0.73	20.5%
2013	11,651	28.3%	38.5%	48.1%	82.3%	91.9%	796	4.4%	0.76	20.5%
2014	11,731	0.4%	36.1%	48.1%	80.0%	91.9%	994	2.5%	0.78	20.5%
Total	150,833	32.3%	35.9%				13,049			



PY	GWP	Loss Ratio			Combined Ratio		Normalized RAP Dollars	Rt Chg	Rt Lvl	Commission
		Reported	Ultimate	Target *	Ultimate	BECR				
2004	3,585	77.6%	77.6%	64.7%	110.1%	97.1%	-311	0.0%	1.00	20.5%
2005	3,337	77.4%	77.4%	64.7%	109.9%	97.1%	-285	-3.3%	0.97	20.5%
2006	3,405	69.1%	69.1%	64.7%	101.6%	97.1%	-102	-1.5%	0.95	20.5%
2007	3,187	73.2%	73.2%	64.7%	105.6%	97.1%	-181	-3.5%	0.92	20.5%
2008	3,171	88.5%	88.5%	64.7%	121.0%	97.1%	-507	-2.2%	0.90	20.5%
2009	3,046	64.3%	64.3%	64.7%	96.8%	97.1%	7	6.7%	0.96	20.5%
2010	2,926	84.6%	84.7%	64.7%	117.1%	97.1%	-392	3.4%	0.99	20.5%
2011	2,717	112.6%	112.6%	64.7%	145.1%	97.1%	-872	2.5%	1.02	20.5%
2012	2,842	92.0%	88.0%	64.7%	120.4%	97.1%	-443	7.1%	1.09	20.5%
2013	3,218	52.4%	65.0%	64.7%	97.5%	97.1%	-8	13.7%	1.24	20.5%
2014	3,386	4.1%	72.0%	64.7%	104.4%	97.1%	-166	4.2%	1.29	20.5%
Total	34,819	71.2%	78.7%				-3,261			



* 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:	97.9%	65.1%	69.1%	5.9%	3.5%	66.8%	69.1%	5.9%

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	30,476	0.0%	1.000	26,996	45.9%	1.411	73.1%	30.7%	1.377	47.8%	19.7%	1.344	29.8%
2005	27,973	-4.7%	0.953	26,000	35.5%	1.363	52.1%	29.1%	1.334	41.8%	18.7%	1.305	26.3%
2006	28,002	-4.5%	0.910	27,253	54.5%	1.317	73.7%	32.5%	1.292	43.1%	21.5%	1.267	27.9%
2007	24,694	-9.0%	0.828	26,411	69.9%	1.272	83.2%	40.0%	1.251	46.7%	25.4%	1.230	29.2%
2008	22,924	-10.0%	0.745	27,242	65.0%	1.229	67.2%	41.7%	1.212	42.5%	27.3%	1.194	27.4%
2009	20,194	-2.7%	0.725	24,664	85.3%	1.188	83.0%	51.5%	1.173	49.5%	33.9%	1.159	32.1%
2010	17,335	1.5%	0.736	20,859	69.9%	1.148	66.7%	46.8%	1.136	44.2%	30.1%	1.126	28.2%
2011	16,053	1.2%	0.745	19,088	70.0%	1.109	65.2%	36.0%	1.101	33.3%	24.2%	1.093	22.2%
2012	16,316	7.1%	0.798	18,114	57.3%	1.071	55.3%	34.1%	1.066	32.8%	22.2%	1.061	21.3%
2013	16,439	7.3%	0.856	17,011	68.1%	1.035	68.1%	38.9%	1.033	38.8%	25.5%	1.030	25.4%
2014	18,047	3.5%	0.886	18,047	64.8%	1.000	64.8%	39.9%	1.000	39.9%	26.6%	1.000	26.6%
All Yr Wtd ex 2014:					69.4%			42.7%			27.4%		
Last 7 Wtd ex 2014:					70.9%			41.9%			27.0%		
Last 5 Wtd ex 2014:					68.6%			40.5%			26.3%		
Last 3 Wtd ex 2014:					62.8%			34.9%			22.9%		
Selected Ultimate:					65.0%			39.0%			26.0%		
ILF:					1.00			1.70			2.55		
Policy Limits Ultimate:					65.0%			66.3%			66.3%		
Weight:					64%			18%			18%		
								Frequency/Severity Indication:			63.9%		
								Weighted Average:			65.5%		
								PY 2014 Selected:			64.0%		
								Adjustment:			0.0%		
								PY 2014:			64.0%		
								ULE:			2.8%		
								Claims Fees:			0.0%		
								PY 2014 Ultimate ILAE Ratio:			66.8%		

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:	97.7%	64.9%	71.8%	10.2%	4.0%	69.0%	71.8%	10.2%

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	21,311	0.0%	1.000	23,610	60.9%	1.480	81.3%	45.8%	1.411	58.4%	37.1%	1.344	45.0%
2005	20,307	-0.7%	0.993	22,656	70.2%	1.423	89.6%	44.0%	1.363	53.8%	33.5%	1.305	39.2%
2006	20,295	1.4%	1.007	22,331	91.8%	1.369	114.1%	53.6%	1.317	64.1%	38.1%	1.267	43.9%
2007	19,735	-1.8%	0.989	22,112	59.6%	1.316	70.0%	44.1%	1.272	50.0%	34.5%	1.230	37.9%
2008	20,159	-6.0%	0.929	24,029	57.4%	1.265	60.9%	48.2%	1.229	49.7%	37.7%	1.194	37.8%
2009	18,128	-1.1%	0.919	21,849	73.8%	1.217	74.5%	56.7%	1.188	55.8%	43.3%	1.159	41.6%
2010	15,816	-2.1%	0.900	19,471	81.8%	1.170	77.7%	61.9%	1.148	57.7%	48.0%	1.126	43.9%
2011	14,811	0.3%	0.903	18,179	68.8%	1.125	63.0%	58.2%	1.109	52.5%	47.0%	1.093	41.8%
2012	15,456	6.9%	0.965	17,747	80.1%	1.082	75.4%	59.6%	1.071	55.6%	43.9%	1.061	40.6%
2013	17,728	10.4%	1.065	18,442	63.7%	1.040	63.7%	47.8%	1.035	47.5%	35.8%	1.030	35.5%
2014	19,831	4.0%	1.108	19,831	65.5%	1.000	65.5%	48.7%	1.000	48.7%	35.1%	1.000	35.1%
				All Yr Wtd ex 2014:									
				Last 7 Wtd ex 2014:									
				Last 5 Wtd ex 2014:									
				Last 3 Wtd ex 2014:									
				Selected Ultimate:	67.0%			50.0%			36.0%		
				ILF:	1.00			1.35			1.85		
				Policy Limits Ultimate:	67.0%			67.5%			66.6%		
				Weight:	66%			17%			17%		
								Frequency/Severity Indication:			69.0%		
								Weighted Average:			67.0%		
								PY 2014 Selected:			68.0%		
								Adjustment:			0.0%		
								PY 2014:			68.0%		
								ULE:			1.0%		
								Claims Fees:			0.0%		
								PY 2014 Ultimate ILAE Ratio:			69.0%		

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:	91.9%	59.1%	51.2%	-12.7%	2.5%	49.9%	49.9%	-14.7%

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	15,337	0.0%	1.000	12,025	27.9%	1.000	35.6%	27.9%	1.000	35.6%	22.0%	1.000	28.1%	16.2%	1.000	20.6%		
2005	14,965	-1.5%	0.985	11,913	23.6%	1.000	29.7%	23.6%	1.000	29.7%	19.4%	1.000	24.4%	16.1%	1.000	20.2%		
2006	16,111	-6.0%	0.926	13,644	19.9%	1.000	23.5%	19.9%	1.000	23.5%	18.5%	1.000	21.8%	16.8%	1.000	19.8%		
2007	16,484	-10.1%	0.832	15,528	27.7%	1.000	29.4%	27.7%	1.000	29.4%	24.7%	1.000	26.3%	22.0%	1.000	23.4%		
2008	16,199	-9.5%	0.753	16,861	65.9%	1.000	63.3%	51.0%	1.000	49.0%	34.3%	1.000	33.0%	26.8%	1.000	25.7%		
2009	13,768	-4.8%	0.717	15,053	33.9%	1.000	31.0%	33.9%	1.000	31.0%	27.9%	1.000	25.5%	25.1%	1.000	22.9%		
2010	12,004	-0.8%	0.711	13,230	40.7%	1.000	37.0%	40.7%	1.000	37.0%	33.9%	1.000	30.7%	28.9%	1.000	26.2%		
2011	11,200	0.0%	0.711	12,344	39.2%	1.000	35.6%	39.2%	1.000	35.6%	38.8%	1.000	35.2%	35.7%	1.000	32.4%		
2012	11,384	3.0%	0.733	12,181	45.6%	1.000	42.6%	45.6%	1.000	42.6%	40.2%	1.000	37.6%	31.9%	1.000	29.8%		
2013	11,651	4.4%	0.765	11,943	38.5%	1.000	37.5%	37.9%	1.000	36.9%	32.8%	1.000	32.0%	27.2%	1.000	26.5%		
2014	11,731	2.5%	0.784	11,731	36.1%	1.000	36.1%	34.0%	1.000	34.0%	29.8%	1.000	29.8%	25.6%	1.000	25.6%		
All Yr Wtd ex 2014:							37.0%								29.4%			
Last 7 Wtd ex 2014:							40.0%								31.2%			
Last 5 Wtd ex 2014:							36.5%								31.9%			
Last 3 Wtd ex 2014:							38.6%								34.9%			
Selected Ultimate:							37.0%								31.0%			
ILF:							1.00								1.20			
Policy Limits Ultimate:							37.0%								37.2%			
Weight:					54%	Weight:					15%	Weight:					15%	
Frequency/Severity Indication: 40.8%																		
Weighted Average: 37.3%																		
PY 2014 Selected: 39.0%																		
Adjustment: 0.0%																		
PY 2014: 39.0%																		
All Year Avg Empirical Cat Load: 7.4%																		
Program Specific AAL Cat Load: 7.8%																		
Selected Cat Load: 7.8%																		
Corporate Cat Charge: 0.0%																		
XOL Loss Cost: 1.2%																		
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: 49.9%																		

Property

Large Losses - Incurred + LAE > 250k

PY	DSP	Cat #	Policy #	Case #	DOL	Insured	Ind Paid	Ind OS	LAE	ILAE	Acc State	Description
2004	2-6-007		6437785	6882	06/01/2005	Horizon House, Inc	737	-	10	747	Pennsylvania	3RD FL Sprinkler Pipe Burst Causing
2004	2-6-005	2604	6437398	5238	08/13/2004	Osceola ARC, Inc.	593	-	44	637	Florida	Hurricane Charley Damaged Roof Trees D
2004	2-6-005		6437189	8162	10/19/2004	St Coletta Of Wisc	602	-	9	611	Wisconsin	Pool Overflowed Causing Water Damage
2004	2-6-002	4905	175429	1780	08/29/2005	St Tammany Guidanc	284	-	38	322	Louisiana	Hurricane Damage MUD Mold Water And
2004	2-6-005		4259307	6254	09/08/2004	Lenox Hill Neighb	271	-	5	276	New York	Water Tank Burst And Water Gushed Into
2004	2-6-005		5026560	1154	05/20/2004	Association For Re	239	-	35	274	Alabama	Ozone Unit OR Electrical Panel Caught
2004	2-6-005	3004	4038001	6890	09/16/2004	Mobile Association	237	-	16	253	Alabama	Hurricane Damaged Roof
2005	2-6-002		9739049	5418	06/14/2006	Mental Health Boar	879	-	1	880	Alabama	Fire From Unknown Origin Damaged Build
2005	2-6-005	4905	6437032	1250	08/29/2005	Broadway, Inc D/B	450	-	33	483	Louisiana	Hurricane
2006	2-6-005		5392544	7096	07/19/2006	Community Living O	465	-	18	483	Illinois	Building HIT By Lightning Caught Fire
2007	2-6-010		8998943	4267	11/01/2007	United Methodist C	727	-	18	744	Georgia	Fire Loss
2008	2-6-005		9273332	2865	09/07/2008	Columbia Industrie	1,990	-	262	2,252	Washington	Ammonia Line Collapsed From Ceiling SH
2008	2-6-005	7909	313308	8129	06/26/2009	The Center For Dis	1,897	-	115	2,012	New York	Hail Storm Damaged Several Buildings
2008	2-6-002		313351	232	01/25/2009	Geel Community Ser	1,227	-	31	1,257	New York	Insd Sustained Extensive Damage DUE To
2008	2-6-005		313308	1126	06/26/2009	The Center For Dis	663	-	0	663	New York	Hail Storm Damaged Several Buildings
2008	2-6-010		6437667	1969	03/10/2009	Methodist Mission	280	-	10	290	Texas	Hail Damage To Chapel Roof And Possibl
2008	2-6-007	5808	5082769	1885	09/01/2008	Odyssey House Loui	219	-	35	254	Louisiana	Building Collapsed During Hurricane GU
2009	2-6-005		7321866	2792	03/15/2009	Total Educational	805	-	182	987	California	Building Burnt Down UNK Fire Cause
2009	2-6-005		175452	7309	01/09/2010	Annandale AT Suwan	306	-	26	332	Georgia	Insd HAS HAD A Pipe Burst Which HAS GU
2010	2-6-002		8995425	5551	12/16/2010	Clatsop Behavioral	675	-	56	731	Oregon	Fire Damage To Building
2010	2-6-005	4611	393431	1198	04/27/2011	Easter Seals Of AL	406	-	41	447	Alabama	Major Tornado
2010	2-6-005	1910	3592931	7036	06/17/2010	Childrens Disabili	384	-	60	444	Minnesota	Hail Damage To Numerour Buildings AT A
2011	2-6-005	9012	9658624	4357	10/29/2012	Nassau County Chap	929	-	28	958	New York	Hurricane Sandy - Unknown Damage To VA
2011	2-6-005		313308	4868	06/27/2012	The Center For Dis	300	-	25	325	New York	Fire
2011	2-6-005	5911	4258649	6636	08/28/2011	Nysarc Inc NYC Cha	253	-	33	285	New York	Hurricane Irene
2011	2-6-005	9012	1976400	2956	10/29/2012	United Cerebral PA	254	-	19	273	New York	Hurricane Sandy Damage
2012	2-6-005	9012	4258649	9789	10/29/2012	Nysarc Inc NYC Cha	940	1,200	233	2,373	New York	Hurricane Damage
2012	2-6-005	7612	7561035	25	05/29/2012	Special Care, Inc.	577	-	19	596	Oklahoma	Hail Damage To Building
2012	2-6-005	9012	9205452	9801	10/29/2012	Young Adult Instit	426	-	14	440	New York	Water Damage,Tree Knocked Down ON Roof
2012	2-6-005		9205452	7449	03/25/2013	Young Adult Instit	375	-	8	383	New York	Pipe Burst In The 11TH FLR Ladies Room
2012	2-6-005		377368	1437	02/25/2013	Shelby Residential	280	-	88	368	Tennessee	Water Damage From Water Line
2012	2-6-005	9012	1527620	158	10/29/2012	Family Residences	170	130	66	366	New York	Hurricane Sandy Damage
2012	2-6-010		7321382	4685	01/20/2012	The Kitchen, Inc.	343	-	19	362	Missouri	Fire
2012	2-6-002		4037989	6598	03/22/2012	Reliance House, IN	283	-	18	302	Connecticut	Fire
2013	2-6-005		7563810	322	01/13/2014	DO ALL Inc.	601	-	8	610	Michigan	Water (Non Natural Peril) - Sprinkler
2013	2-6-005		9205452	5884	11/14/2013	Young Adult Instit	104	246	19	370	New York	Fire - Under Investigation; Fire initi

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:	97.1%	65.7%	71.9%	9.1%	4.2%	69.0%	69.0%	4.9%

Percentile: 100.0%

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	3,585	0.0%	1.000	4,622
2005	3,337	-3.3%	0.967	4,449
2006	3,405	-1.5%	0.952	4,609
2007	3,187	-3.5%	0.919	4,470
2008	3,171	-2.2%	0.899	4,547
2009	3,046	6.7%	0.959	4,094
2010	2,926	3.4%	0.992	3,803
2011	2,717	2.5%	1.017	3,446
2012	2,842	7.1%	1.089	3,365
2013	3,218	13.7%	1.238	3,352
2014	3,386	4.2%	1.289	3,386
All Yr Wtd ex 2014:				61.2%
Last 7 Wtd ex 2014:				63.6%
Last 5 Wtd ex 2014:				66.9%
Last 3 Wtd ex 2014:				75.3%
Frequency/Severity Indication:				68.0%

Policy Limits		
Ultimate ILAE Ratio	0.0% Trend to PY 2014	On-Level Ultimate ILAE Ratio
77.6%	1.000	60.2%
77.4%	1.000	58.1%
69.1%	1.000	51.1%
73.2%	1.000	52.2%
88.5%	1.000	61.7%
64.3%	1.000	47.9%
84.7%	1.000	65.1%
112.6%	1.000	88.8%
88.0%	1.000	74.3%
65.0%	1.000	62.4%
72.0%	1.000	72.0%
		61.2%
		63.6%
		66.9%
		75.3%
		68.0%

PY 2014 Selected:

Adjustment:

PY 2014:

ULE: 1.0%

Claims Fees: 0.0%

PY 2014 Ultimate ILAE Ratio: 69.0%

APD

Large Losses - Incurred + Legal > 100k

PY	DSP	Cat #	Policy #	Case #	DOL	Insured	Ind Paid	Ind OS	Legal	I+Legal	Acc State	Description
2010	2-6-005		4617050	9883	08/27/2010	ARC Of Iberia, Inc	2	-	102	104	Louisiana	IV WAS Struck By Motorcycle AT Interse
2011	2-6-005	9012	5847965	621	10/29/2012	Nassau County Chap	132	-	1	133	New York	Parked Unoccupied Insd Vehicle Flooded

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%	61.3%	-5.6%	2.1%	60.0%	63.0%	-3.0%

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	14,777	0.0%	1.000	16,131	26.4%	1.629	39.4%	25.7%	1.553	36.6%	22.3%	1.480	30.3%
2005	13,037	0.0%	1.000	14,231	0.8%	1.551	1.1%	0.8%	1.486	1.0%	0.8%	1.423	1.0%
2006	11,933	0.0%	1.000	13,026	40.2%	1.477	54.4%	39.4%	1.422	51.3%	37.7%	1.369	47.3%
2007	11,580	0.0%	1.000	12,641	24.2%	1.407	31.2%	23.3%	1.361	29.1%	22.5%	1.316	27.1%
2008	11,636	0.0%	1.000	12,702	12.0%	1.340	14.8%	12.0%	1.302	14.4%	11.2%	1.265	13.0%
2009	9,836	0.0%	1.000	10,737	63.0%	1.276	73.7%	43.7%	1.246	49.9%	29.5%	1.217	32.9%
2010	8,849	0.0%	1.000	9,660	37.3%	1.216	41.5%	23.7%	1.193	25.9%	17.0%	1.170	18.2%
2011	8,014	0.0%	1.000	8,748	42.4%	1.158	45.0%	25.0%	1.141	26.1%	17.5%	1.125	18.0%
2012	7,932	2.1%	1.021	8,480	47.9%	1.103	49.4%	27.7%	1.092	28.3%	18.9%	1.082	19.1%
2013	8,002	4.8%	1.070	8,167	55.0%	1.050	56.6%	32.5%	1.045	33.3%	22.5%	1.040	22.9%
2014	7,463	2.1%	1.092	7,463	56.3%	1.000	56.3%	34.8%	1.000	34.8%	24.1%	1.000	24.1%
All Yr Wtd ex 2014:							38.5%			29.2%			23.2%
Last 7 Wtd ex 2014:							42.9%			29.2%			21.7%
Last 5 Wtd ex 2014:							53.9%			33.3%			22.6%
Last 3 Wtd ex 2014:							50.2%			29.1%			20.0%
Selected Ultimate:							54.0%			33.0%			23.0%
ILF:							1.00			1.51			2.13
Capped @ \$10M Ultimate:							54.0%			49.7%			49.0%

Weight: 43%

29%

Frequency/Severity Indication: 52.5%
 Weighted Average: 51.3%
 PY 2014 Selected - Capped @ \$10M: 52.0%

Adjustment: 0.0%

PY 2014 - Capped @ \$10M: 52.0%

ILF: 1.020
 Catastrophe/Latency Load: 5.0%
 ULE: 1.0%
 PY 2014 Ultimate ILAE Ratio: 59.0%

Credibility: 36%
 Complement of Credibility: 60.6%
 Credibility Weighted PY 2014 Ultimate ILAE Ratio: 60.0%

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
2004	2-6-060	4659346	3753	01/01/2004	Abbott House, Inc.	1,225	-	219	1,444	New York	Sexual Molestation
2004	2-6-057	6441413	9797	01/21/2005	Horizon House, Inc	1,000	-	-	1,000	Delaware	Claimant Wandered OFF From Adult Home
2004	2-6-055	4659875	6437	06/28/2004	Star Community, IN	604	-	2	606	Maryland	Claimants Reportedly Struck By OUR Ins
2004	2-6-055	573870	9438	08/10/2005	Gatesway Foundatio	486	-	31	517	Oklahoma	Claimant Alleges That Insd Staff Membe
2006	2-6-060	273991	8617	06/13/2006	Union Settlement A	1,125	-	1	1,126	New York (NYC)	Claimant Struck By AIR Conditioner THA
2006	2-6-055	6354139	5344	04/18/2007	Macdonald Training	1,000	-	1	1,001	Florida	Alleged Auto Accident
2006	2-6-055	6441423	9574	08/01/2006	United Cerebral PA	1,000	-	-	1,000	New York	Claimant Alleges Abuse And Neglect.
2006	2-6-055	6445899	8040	12/17/2006	Envision Creative	500	-	23	523	Colorado	Agent Of The Insured Charged With Assa
2006	2-6-055	4659773	6204	05/24/2006	Mobile Association	500	-	1	501	Alabama	Claimant Allegedly Injured AT OUR Insu
2007	2-6-055	6441423	9575	08/01/2007	United Cerebral PA	1,000	-	-	1,000	New York	Claimant Alleges Abuse And Neglect WHI
2007	2-6-055	347500	6800	09/13/2007	Lafourche ARC	600	-	12	612	Louisiana	Vehicle Veered Right/Over Corrected/CR
2007	2-6-052	4659601	1636	10/05/2007	Palouse River Coun	400	-	-	400	Washington	Insured Rear-Ended / Pushed Into Traff
2007	2-6-052	6445859	7055	08/20/2007	Health Care And Re	190	-	20	210	Vermont	Client In Appropriately Touched A Chil
2008	2-6-055	6441423	9576	07/01/2008	United Cerebral PA	1,000	-	-	1,000	New York	Claimant IS Alleging Abuse And Neglect
2009	2-6-055	5845521	4974	06/26/2010	Genesis Corporatio	3,000	0	1	3,001	California	TWO Employees Of Genesis Were Provided
2009	2-6-055	273624	2225	04/29/2009	Special Kids/Speci	750	0	46	796	Colorado	Detail Of Incident NOT YET Provided
2009	2-6-055	6914712	9680	12/08/2009	Santa Maria EL Mir	390	-	97	487	New Mexico	Clmt Died Of Asphyxiation After Chokin
2010	2-6-055	274281	2424	08/27/2010	The ARC Of Iberia,	764	-	1	765	Louisiana	Alleged MVA Involvig Insured Employee
2011	2-6-055	6145454	1355	05/05/2012	Southern Concepts,	-	500	1	501	Texas	Claimant Allegedly Suffered Severe Burn