

# Memorandum

From: Div 66 Actuarial  
Michael Tranfaglia  
Emily Turek

To: E. Allen, S. Leeret, B. Harris, R. D'Alfonso, J. Parker, R. O'Neil, G. Scarborough

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

Date: 09/12/2014

Re: Division 66 - 2014 Maritime Non-Yacht US Profitability Study

## I. Executive Summary

### A. Introduction -

The Maritime Non-Yacht Program is designed to provide general liability, property, automobile, yacht dealers, marina operator's legal liability, protection and indemnity, and bumbershoot coverage for the marina, boat dealer and yacht club industry on a country wide basis.

Last year's analysis resulted in an overall PY 2014 Ultimate Loss Ratio indication of 70.2% which yielded a RAP neutral rate need of 8.6% based on 2013 RAP values.

The year to date rate change for 2014 is 4.5% 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             |                       |               | Projected RAP \$ ** |
|------------------|-------------|-------------|--------------------|----------------------------|-----------------|-----------------------|---------------|---------------------|
|                  |             |             | Budgeted GWP (000) | Ultimate IL and LAE Ratio* | Combined Ratio* | Target Combined Ratio | RAP Rate Need |                     |
| GL               | N/A         | 2014        | 5,857              | 75.8%                      | 107.8%          | 97.8%                 | 14.3%         | (387)               |
| AL               | N/A         | 2014        | 1,046              | 52.0%                      | 79.3%           | 97.8%                 | -25.0%        | 128                 |
| Property         | N/A         | 2014        | 12,024             | 62.4%                      | 93.8%           | 91.2%                 | 4.2%          | (225)               |
| APD              | N/A         | 2014        | 220                | 64.0%                      | 89.9%           | 97.0%                 | -9.5%         | 10                  |
| Excess Liability | N/A         | 2014        | 2,572              | 64.1%                      | 95.0%           | 97.9%                 | -4.1%         | 50                  |
| <b>TOTAL</b>     |             |             | <b>21,719</b>      | <b>65.7%</b>               | <b>97.0%</b>    | <b>94.1%</b>          | <b>4.3%</b>   | <b>(424)</b>        |

\* Includes PY 2014 rate change achieved

\*\* Assumes a tax rate of 35%

II. Discussion of Material Findings- The ultimate loss ratio change on an all LOB combined basis was -3.5% for PY's 04-13, thereby driving the 4.5% reduction in the PY 2014 loss ratio on an all lines combined basis. The main driver of this was Property, which improved by almost 7%. The underwriting changes that were initiated in 2011-12 appear to driving the results downward from the pre-2011-12 results. The results for GL have deteriorated slightly (-1%) since the previous profit study was released. AL, APD, and Excess have all improved from the previous year's study. It should be noted that the improvement in the Excess was largely driven by a reduction in our Div 66 Excess loss ratio by 2%. The Div 66 ratio is used as the complement of credibility in our Excess selection process.

## III. 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. XS selected development factors were based on overall Division 66 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.

C. Data Quality - The data for all lines of business in this analysis is pulled from Sandbox which aggregates the data from CRS. There have been no material adjustments made to the data.

D. Other - None

#### 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 on 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** -N/A.

## Appendix - Methodology:

Please note that the analysis has five 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<br>GWP | Direct | Before 2014                                      | RAP Neutral     |  | After 2014                  |
|--------------------|----------------|--------|--|-----------------|--|-----------------------------|
|                    |                |        | Rate Change<br>PY 2014<br>Ultimate<br>ILAE Ratio | Target<br>Ratio | Before 2014<br>Rate Change<br>PY 2014<br>Rate Need | PY 2014<br>Rate<br>Achieved |
| GL                 | 5,857          | 3.4%   | 79.5%  | 65.9%           | 19.6%  | 75.8%                       |
| AL                 | 1,046          | 3.4%   | 53.1%  | 70.5%           | -23.5%   | 52.0%                       |
| Property           | 12,024         | 2.9%   | 65.6%  | 59.7%           | 9.3%   | 62.4%                       |
| APD                | 220            | 3.5%   | 69.0%  | 71.1%           | -2.8%  | 64.0%                       |
| Excess Liability   | 2,572          | 3.5%   | 65.2%  | 67.0%           | -2.5%  | 64.1%                       |
| Total Casualty     | 9,475          | 3.4%   | 72.7%  | 66.7%           | 8.6%   | 70.0%                       |
| Total Property     | 12,244         | 2.9%   | 65.6%  | 59.9%           | 9.0%   | 62.4%                       |
| All Lines Combined | 21,719         | 3.1%   | 68.7%  | 62.9%           | 8.8%   | 65.7%                       |

Program Summary by LOB - PY 2015

| LOB                | PY 2014<br>GWP | Direct | After 2014<br>Rate Change<br>PY 2015<br>Ultimate<br>ILAE Ratio | RAP Neutral                                       |        |
|--------------------|----------------|--------|--|---|--------|
|                    |                |        | Target<br>Ratio  | After 2014<br>Rate Change<br>PY 2015<br>Rate Need |        |
| GL                 | 5,857          | 3.4%   | 78.5%  | 65.9%   | 18.2%  |
| AL                 | 1,046          | 3.4%   | 54.1%  | 70.5%   | -22.2% |
| Property           | 12,024         | 2.9%   | 62.4%  | 59.7%   | 4.2%   |
| APD                | 220            | 3.5%   | 64.0%  | 71.1%   | -9.5%  |
| Excess Liability   | 2,572          | 3.5%   | 67.3%  | 67.0%   | 0.4%   |
| Total Casualty     | 9,475          | 3.4%   | 72.7%  | 66.7%   | 8.6%   |
| Total Property     | 12,244         | 2.9%   | 62.4%  | 59.9%   | 3.9%   |
| All Lines Combined | 21,719         | 3.1%   | 66.9%  | 62.9%   | 6.1%   |

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 | 7,923 | 3,233    | 40.8%      | 3,344    | 42.2%      | 1,225 | 229      | 18.7%      | 229      | 18.7%      | 13,565                                       | 8,778    | 64.7%      | 8,778    | 64.7%      | 270 | 116      | 42.8%      | 116      | 42.9%      |
| 2005 | 7,965 | 2,656    | 33.4%      | 2,792    | 35.1%      | 1,129 | 395      | 35.0%      | 397      | 35.2%      | 14,129                                       | 7,047    | 49.9%      | 7,047    | 49.9%      | 227 | 66       | 29.0%      | 66       | 29.1%      |
| 2006 | 7,629 | 3,250    | 42.6%      | 3,500    | 45.9%      | 976   | 423      | 43.4%      | 432      | 44.3%      | 14,884                                       | 10,694   | 71.8%      | 10,694   | 71.8%      | 185 | 107      | 58.0%      | 107      | 58.0%      |
| 2007 | 6,590 | 5,568    | 84.5%      | 5,680    | 86.2%      | 1,094 | 1,212    | 110.8%     | 1,232    | 112.6%     | 15,566                                       | 11,850   | 76.1%      | 11,850   | 76.1%      | 194 | 127      | 65.4%      | 127      | 65.5%      |
| 2008 | 5,705 | 3,699    | 64.8%      | 4,290    | 75.2%      | 1,125 | 332      | 29.5%      | 345      | 30.7%      | 16,007                                       | 11,677   | 73.0%      | 11,677   | 73.0%      | 195 | 85       | 43.6%      | 85       | 43.7%      |
| 2009 | 5,039 | 6,013    | 119.3%     | 7,830    | 155.4%     | 948   | 135      | 14.2%      | 150      | 15.8%      | 15,295                                       | 17,922   | 117.2%     | 17,922   | 117.2%     | 150 | 86       | 57.0%      | 86       | 57.4%      |
| 2010 | 4,527 | 1,848    | 40.8%      | 2,710    | 59.9%      | 886   | 318      | 35.9%      | 331      | 37.4%      | 14,020                                       | 12,057   | 86.0%      | 12,060   | 86.0%      | 152 | 125      | 81.8%      | 125      | 82.0%      |
| 2011 | 4,301 | 951      | 22.1%      | 2,620    | 60.9%      | 818   | 46       | 5.7%       | 190      | 23.2%      | 13,991                                       | 12,166   | 87.0%      | 12,170   | 87.0%      | 139 | 73       | 52.6%      | 74       | 53.1%      |
| 2012 | 4,529 | 997      | 22.0%      | 3,350    | 74.0%      | 904   | 87       | 9.6%       | 340      | 37.6%      | 15,845                                       | 4,597    | 29.0%      | 4,770    | 30.1%      | 156 | 206      | 131.8%     | 210      | 134.3%     |
| 2013 | 4,496 | 306      | 6.8%       | 3,400    | 75.6%      | 901   | 121      | 13.4%      | 503      | 55.8%      | 16,202                                       | 4,429    | 27.3%      | 6,510    | 40.2%      | 161 | 51       | 31.9%      | 71       | 43.8%      |
| 2014 | 5,857 | 15       | 0.3%       | 4,276    | 73.0%      | 1,046 | 0        | 0.0%       | 534      | 51.0%      | 12,024                                       | 73       | 0.6%       | 6,252    | 52.0%      | 220 | 11       | 5.0%       | 139      | 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 | 2,558            | 4        | 0.1%       | 100      | 3.9%       | 11,706         | 3,465    | 29.6%      | 3,673    | 31.4%      | 13,835                                     | 8,894    | 64.3%      | 8,894    | 64.3%      | 25,541             | 12,358   | 48.4%      | 12,567   | 49.2%      |
| 2005 | 2,836            | 0        | 0.0%       | 100      | 3.5%       | 11,929         | 3,052    | 25.6%      | 3,289    | 27.6%      | 14,356                                     | 7,113    | 49.5%      | 7,113    | 49.5%      | 26,285             | 10,165   | 38.7%      | 10,402   | 39.6%      |
| 2006 | 2,911            | 3        | 0.1%       | 100      | 3.4%       | 11,516         | 3,676    | 31.9%      | 4,032    | 35.0%      | 15,069                                     | 10,801   | 71.7%      | 10,801   | 71.7%      | 26,584             | 14,477   | 54.5%      | 14,833   | 55.8%      |
| 2007 | 2,959            | 77       | 2.6%       | 100      | 3.4%       | 10,644         | 6,858    | 64.4%      | 7,012    | 65.9%      | 15,760                                     | 11,977   | 76.0%      | 11,977   | 76.0%      | 26,403             | 18,835   | 71.3%      | 18,989   | 71.9%      |
| 2008 | 2,739            | 2,006    | 73.2%      | 2,300    | 84.0%      | 9,568          | 6,036    | 63.1%      | 6,935    | 72.5%      | 16,202                                     | 11,762   | 72.6%      | 11,762   | 72.6%      | 25,770             | 17,798   | 69.1%      | 18,697   | 72.6%      |
| 2009 | 2,496            | 2,893    | 115.9%     | 3,400    | 136.2%     | 8,484          | 9,040    | 106.6%     | 11,380   | 134.1%     | 15,445                                     | 18,008   | 116.6%     | 18,008   | 116.6%     | 23,928             | 27,048   | 113.0%     | 29,388   | 122.8%     |
| 2010 | 2,367            | 276      | 11.7%      | 1,000    | 42.3%      | 7,780          | 2,442    | 31.4%      | 4,041    | 51.9%      | 14,173                                     | 12,182   | 86.0%      | 12,185   | 86.0%      | 21,952             | 14,624   | 66.6%      | 16,226   | 73.9%      |
| 2011 | 2,305            | 575      | 25.0%      | 1,500    | 65.1%      | 7,424          | 1,572    | 21.2%      | 4,310    | 58.1%      | 14,129                                     | 12,239   | 86.6%      | 12,244   | 86.7%      | 21,553             | 13,811   | 64.1%      | 16,554   | 76.8%      |
| 2012 | 2,474            | 0        | 0.0%       | 1,200    | 48.5%      | 7,907          | 1,084    | 13.7%      | 4,890    | 61.8%      | 16,001                                     | 4,803    | 30.0%      | 4,980    | 31.1%      | 23,908             | 5,887    | 24.6%      | 9,870    | 41.3%      |
| 2013 | 2,485            | 1        | 0.0%       | 1,400    | 56.3%      | 7,882          | 428      | 5.4%       | 5,303    | 67.3%      | 16,363                                     | 4,480    | 27.4%      | 6,581    | 40.2%      | 24,245             | 4,908    | 20.2%      | 11,884   | 49.0%      |
| 2014 | 2,572            | 0        | 0.0%       | 1,543    | 60.0%      | 9,475          | 15       | 0.2%       | 6,352    | 67.0%      | 12,244                                     | 84       | 0.7%       | 6,391    | 52.2%      | 21,719             | 99       | 0.5%       | 12,743   | 58.7%      |

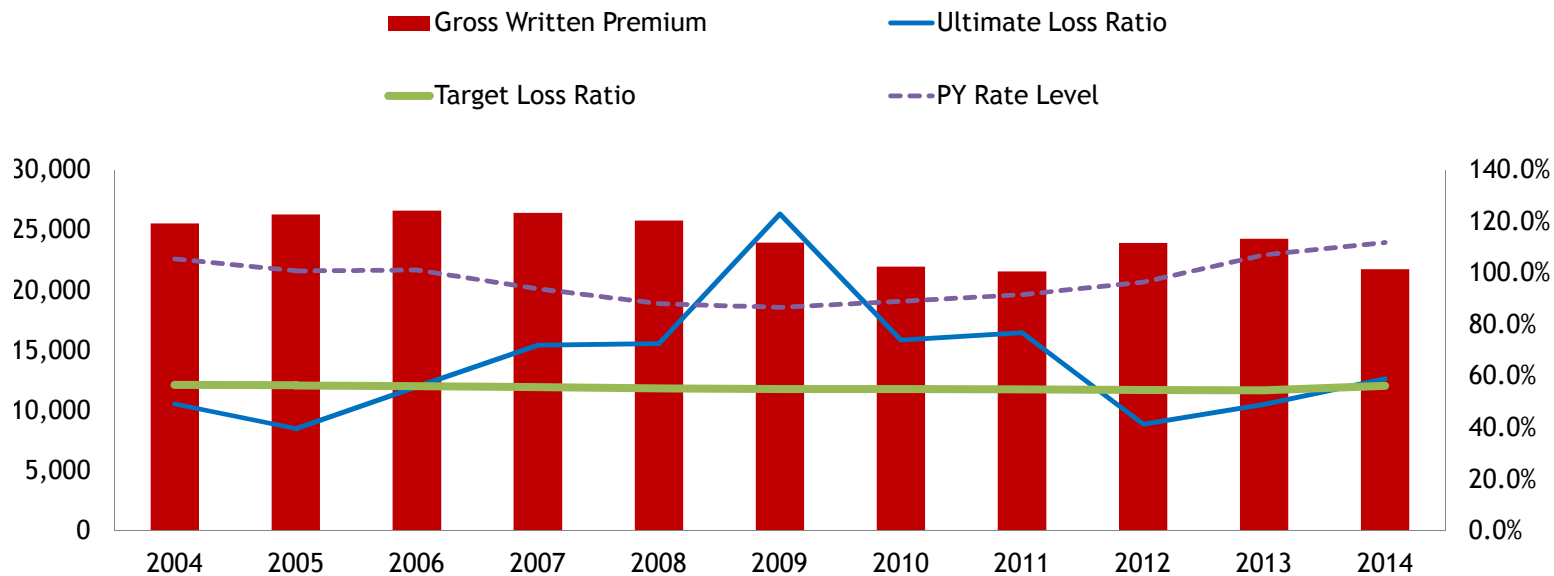
Program Summary by LOB - Prior Profitability Study Indications

| PY   | GL    |                        |                        | AL    |                        |                        | Property - ex Cat Load & Reinsurance Charges |                        |                        | APD |                        |                        |
|------|-------|------------------------|------------------------|-------|------------------------|------------------------|--|------------------------|------------------------|-----|------------------------|------------------------|
|      | GWP   | 2013                   | 2014                   | GWP   | 2013                   | 2014                   | GWP  | 2013                   | 2014                   | GWP | 2013                   | 2014                   |
|      |       | Ultimate<br>ILAE Ratio | Ultimate<br>ILAE Ratio |       | Ultimate<br>ILAE Ratio | Ultimate<br>ILAE Ratio |  | Ultimate<br>ILAE Ratio | Ultimate<br>ILAE Ratio |     | Ultimate<br>ILAE Ratio | Ultimate<br>ILAE Ratio |
| 2004 | 7,923 | 45.5%                  | 42.2%                  | 1,225 | 21.6%                  | 18.7%                  | 13,565                                       | 65.3%                  | 64.7%                  | 270 | 51.7%                  | 42.9%                  |
| 2005 | 7,965 | 38.9%                  | 35.1%                  | 1,129 | 37.1%                  | 35.2%                  | 14,129                                       | 50.5%                  | 49.9%                  | 227 | 38.6%                  | 29.1%                  |
| 2006 | 7,629 | 50.2%                  | 45.9%                  | 976   | 46.8%                  | 44.3%                  | 14,884                                       | 72.2%                  | 71.8%                  | 185 | 69.4%                  | 58.0%                  |
| 2007 | 6,590 | 85.8%                  | 86.2%                  | 1,094 | 117.9%                 | 112.6%                 | 15,566                                       | 77.0%                  | 76.1%                  | 194 | 75.7%                  | 65.5%                  |
| 2008 | 5,705 | 57.8%                  | 75.2%                  | 1,125 | 32.8%                  | 30.7%                  | 16,007                                       | 72.1%                  | 73.0%                  | 195 | 53.6%                  | 43.7%                  |
| 2009 | 5,039 | 154.0%                 | 155.4%                 | 948   | 20.5%                  | 15.8%                  | 15,295                                       | 116.9%                 | 117.2%                 | 150 | 65.3%                  | 57.4%                  |
| 2010 | 4,527 | 68.7%                  | 59.9%                  | 886   | 54.4%                  | 37.4%                  | 14,020                                       | 94.8%                  | 86.0%                  | 152 | 96.2%                  | 82.0%                  |
| 2011 | 4,301 | 65.2%                  | 60.9%                  | 818   | 29.9%                  | 23.2%                  | 13,991                                       | 95.6%                  | 87.0%                  | 139 | 64.5%                  | 53.1%                  |
| 2012 | 4,529 | 75.5%                  | 74.0%                  | 904   | 49.7%                  | 37.6%                  | 15,845                                       | 40.1%                  | 30.1%                  | 156 | 129.1%                 | 134.3%                 |
| 2013 | 4,496 | 71.0%                  | 75.6%                  | 901   | 55.0%                  | 55.8%                  | 16,202                                       | 62.0%                  | 40.2%                  | 161 | 80.0%                  | 43.8%                  |
| 2014 | 5,857 |                        | 73.0%                  | 1,046 |                        | 51.0%                  | 12,024                                       |                        | 52.0%                  | 220 |                        | 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<br>ILAE Ratio | Ultimate<br>ILAE Ratio |                | Ultimate<br>ILAE Ratio | Ultimate<br>ILAE Ratio |  | Ultimate<br>ILAE Ratio | Ultimate<br>ILAE Ratio |                    | Ultimate<br>ILAE Ratio | Ultimate<br>ILAE Ratio |
| 2004 | 2,558            | 0.4%                   | 3.9%                   | 11,706         | 33.1%                  | 31.4%                  | 13,835                                     | 65.0%                  | 64.3%                  | 25,541             | 50.4%                  | 49.2%                  |
| 2005 | 2,836            | 0.4%                   | 3.5%                   | 11,929         | 29.6%                  | 27.6%                  | 14,356                                     | 50.3%                  | 49.5%                  | 26,285             | 40.9%                  | 39.6%                  |
| 2006 | 2,911            | 0.3%                   | 3.4%                   | 11,516         | 37.3%                  | 35.0%                  | 15,069                                     | 72.2%                  | 71.7%                  | 26,584             | 57.1%                  | 55.8%                  |
| 2007 | 2,959            | 7.8%                   | 3.4%                   | 10,644         | 67.4%                  | 65.9%                  | 15,760                                     | 77.0%                  | 76.0%                  | 26,403             | 73.2%                  | 71.9%                  |
| 2008 | 2,739            | 72.7%                  | 84.0%                  | 9,568          | 59.1%                  | 72.5%                  | 16,202                                     | 71.9%                  | 72.6%                  | 25,770             | 67.1%                  | 72.6%                  |
| 2009 | 2,496            | 140.2%                 | 136.2%                 | 8,484          | 135.0%                 | 134.1%                 | 15,445                                     | 116.4%                 | 116.6%                 | 23,928             | 123.0%                 | 122.8%                 |
| 2010 | 2,367            | 44.4%                  | 42.3%                  | 7,780          | 59.7%                  | 51.9%                  | 14,173                                     | 94.8%                  | 86.0%                  | 21,952             | 82.4%                  | 73.9%                  |
| 2011 | 2,305            | 69.0%                  | 65.1%                  | 7,424          | 62.5%                  | 58.1%                  | 14,129                                     | 95.3%                  | 86.7%                  | 21,553             | 84.0%                  | 76.8%                  |
| 2012 | 2,474            | 54.0%                  | 48.5%                  | 7,907          | 65.8%                  | 61.8%                  | 16,001                                     | 41.0%                  | 31.1%                  | 23,908             | 49.2%                  | 41.3%                  |
| 2013 | 2,485            | 58.0%                  | 56.3%                  | 7,882          | 65.1%                  | 67.3%                  | 16,363                                     | 62.2%                  | 40.2%                  | 24,245             | 63.1%                  | 49.0%                  |
| 2014 | 2,572            |                        | 60.0%                  | 9,475          |                        | 67.0%                  | 12,244                                     |                        | 52.2%                  | 21,719             |                        | 58.7%                  |

Total Program Summary

| PY    | GWP     | -----Loss Ratio----- |          |          | -----Combined Ratio----- |       | Normalized<br>RAP Dollars | Rt Chg | Rt Lvl | Commission |
|-------|---------|----------------------|----------|----------|--------------------------|-------|---------------------------|--------|--------|------------|
|       |         | Reported             | Ultimate | Target * | Ultimate                 | BECR  |                           |        |        |            |
| 2004  | 25,541  | 48.4%                | 49.2%    | 56.5%    | 87.0%                    | 94.3% | 1,279                     | 5.4%   | 1.05   | 20.7%      |
| 2005  | 26,285  | 38.7%                | 39.6%    | 56.4%    | 77.5%                    | 94.3% | 3,042                     | -4.4%  | 1.01   | 20.7%      |
| 2006  | 26,584  | 54.5%                | 55.8%    | 56.0%    | 93.9%                    | 94.1% | 38                        | 0.4%   | 1.01   | 20.8%      |
| 2007  | 26,403  | 71.3%                | 71.9%    | 55.6%    | 110.2%                   | 93.9% | -2,976                    | -7.3%  | 0.94   | 20.8%      |
| 2008  | 25,770  | 69.1%                | 72.6%    | 55.2%    | 111.0%                   | 93.7% | -3,102                    | -6.2%  | 0.88   | 20.7%      |
| 2009  | 23,928  | 113.0%               | 122.8%   | 54.9%    | 161.5%                   | 93.6% | -11,286                   | -1.7%  | 0.87   | 20.8%      |
| 2010  | 21,952  | 66.6%                | 73.9%    | 54.9%    | 112.6%                   | 93.6% | -2,893                    | 2.7%   | 0.89   | 20.8%      |
| 2011  | 21,553  | 64.1%                | 76.8%    | 54.8%    | 115.5%                   | 93.5% | -3,300                    | 3.0%   | 0.92   | 20.8%      |
| 2012  | 23,908  | 24.6%                | 41.3%    | 54.6%    | 80.1%                    | 93.4% | 2,212                     | 5.3%   | 0.96   | 20.8%      |
| 2013  | 24,245  | 20.2%                | 49.0%    | 54.5%    | 87.9%                    | 93.4% | 925                       | 10.9%  | 1.07   | 20.8%      |
| 2014  | 21,719  | 0.5%                 | 58.9%    | 56.2%    | 96.8%                    | 94.1% | -400                      | 4.5%   | 1.12   | 20.7%      |
| Total | 267,890 | 52.3%                | 64.3%    |          |                          |       | -16,462                   |        |        |            |



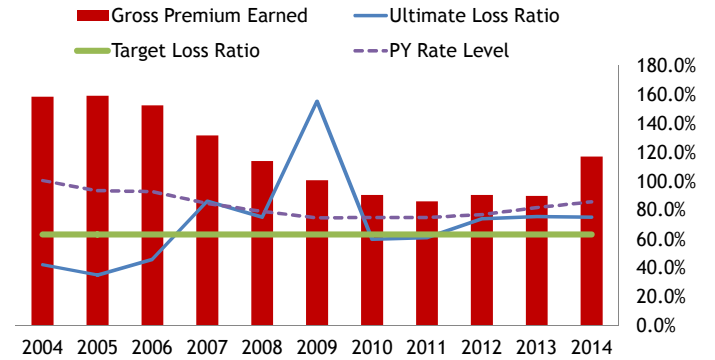
\* Target Ratio = 1 - (Expense Ratio) - (AAL) - (XOL) - (Corporate Cat Reinsurance) - (ULE) - (Claim Fees) - (Risk Load)

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

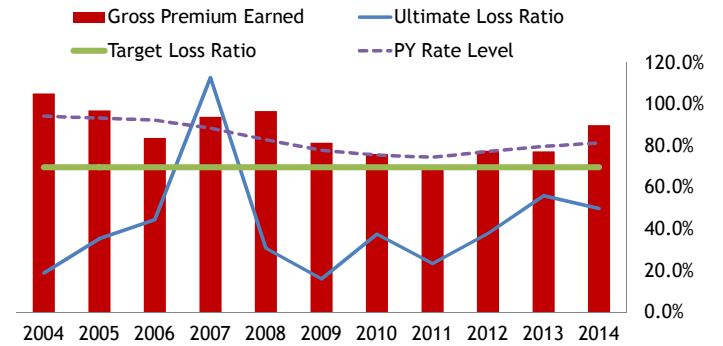


Program Summary by LOB - Casualty Lines

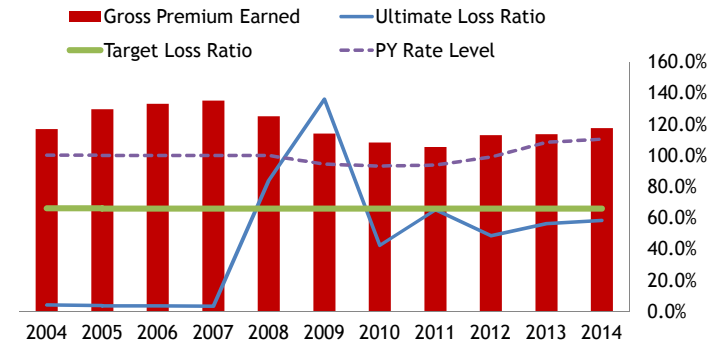
| PY    | GWP    | Loss Ratio |          |          | Combined Ratio |       | Normalized RAP Dollars | Rt Chg | Rt Lvl | Commission |
|-------|--------|------------|----------|----------|----------------|-------|------------------------|--------|--------|------------|
|       |        | Reported   | Ultimate | Target * | Ultimate       | BECR  |                        |        |        |            |
| 2004  | 7,923  | 40.8%      | 42.2%    | 63.1%    | 77.0%          | 97.8% | 1,098                  | 0.5%   | 1.01   | 21.0%      |
| 2005  | 7,965  | 33.4%      | 35.1%    | 63.1%    | 69.8%          | 97.8% | 1,482                  | -7.0%  | 0.93   | 21.0%      |
| 2006  | 7,629  | 42.6%      | 45.9%    | 63.1%    | 80.6%          | 97.8% | 871                    | -0.7%  | 0.93   | 21.0%      |
| 2007  | 6,590  | 84.5%      | 86.2%    | 63.1%    | 120.9%         | 97.8% | -1,013                 | -8.9%  | 0.85   | 21.0%      |
| 2008  | 5,705  | 64.8%      | 75.2%    | 63.1%    | 110.0%         | 97.8% | -460                   | -6.5%  | 0.79   | 21.0%      |
| 2009  | 5,039  | 119.3%     | 155.4%   | 63.1%    | 190.1%         | 97.8% | -3,091                 | -5.6%  | 0.75   | 21.0%      |
| 2010  | 4,527  | 40.8%      | 59.9%    | 63.1%    | 94.6%          | 97.8% | 96                     | 0.4%   | 0.75   | 21.0%      |
| 2011  | 4,301  | 22.1%      | 60.9%    | 63.1%    | 95.7%          | 97.8% | 61                     | -0.1%  | 0.75   | 21.0%      |
| 2012  | 4,529  | 22.0%      | 74.0%    | 63.1%    | 108.7%         | 97.8% | -328                   | 2.8%   | 0.77   | 21.0%      |
| 2013  | 4,496  | 6.8%       | 75.6%    | 63.1%    | 110.4%         | 97.8% | -375                   | 6.4%   | 0.82   | 21.0%      |
| 2014  | 5,857  | 0.3%       | 75.1%    | 63.1%    | 109.9%         | 97.8% | -469                   | 4.8%   | 0.86   | 21.0%      |
| Total | 64,560 | 44.2%      | 68.0%    |          |                |       | -2,127                 |        |        |            |



| PY    | GWP    | Loss Ratio |          |          | Combined Ratio |       | Normalized RAP Dollars | Rt Chg | Rt Lvl | Commission |
|-------|--------|------------|----------|----------|----------------|-------|------------------------|--------|--------|------------|
|       |        | Reported   | Ultimate | Target * | Ultimate       | BECR  |                        |        |        |            |
| 2004  | 1,225  | 18.7%      | 18.7%    | 69.5%    | 47.0%          | 97.8% | 414                    | -5.9%  | 0.94   | 16.0%      |
| 2005  | 1,129  | 35.0%      | 35.2%    | 69.5%    | 63.5%          | 97.8% | 257                    | -1.0%  | 0.93   | 16.0%      |
| 2006  | 976    | 43.4%      | 44.3%    | 69.5%    | 72.6%          | 97.8% | 163                    | -1.1%  | 0.92   | 16.0%      |
| 2007  | 1,094  | 110.8%     | 112.6%   | 69.5%    | 140.9%         | 97.8% | -314                   | -4.2%  | 0.88   | 16.0%      |
| 2008  | 1,125  | 29.5%      | 30.7%    | 69.5%    | 59.0%          | 97.8% | 290                    | -6.3%  | 0.83   | 16.0%      |
| 2009  | 948    | 14.2%      | 15.8%    | 69.5%    | 44.1%          | 97.8% | 338                    | -6.1%  | 0.78   | 16.0%      |
| 2010  | 886    | 35.9%      | 37.4%    | 69.5%    | 65.7%          | 97.8% | 189                    | -3.0%  | 0.75   | 16.0%      |
| 2011  | 818    | 5.7%       | 23.2%    | 69.5%    | 51.5%          | 97.8% | 251                    | -1.4%  | 0.74   | 16.0%      |
| 2012  | 904    | 9.6%       | 37.6%    | 69.5%    | 66.0%          | 97.8% | 191                    | 3.7%   | 0.77   | 16.0%      |
| 2013  | 901    | 13.4%      | 55.8%    | 69.5%    | 84.2%          | 97.8% | 81                     | 3.2%   | 0.80   | 16.0%      |
| 2014  | 1,046  | 0.0%       | 49.7%    | 69.5%    | 78.1%          | 97.8% | 137                    | 2.1%   | 0.81   | 16.0%      |
| Total | 11,051 | 29.8%      | 42.3%    |          |                |       | 1,998                  |        |        |            |



| PY    | GWP    | Loss Ratio |          |          | Combined Ratio |       | Normalized RAP Dollars | Rt Chg | Rt Lvl | Commission |
|-------|--------|------------|----------|----------|----------------|-------|------------------------|--------|--------|------------|
|       |        | Reported   | Ultimate | Target * | Ultimate       | BECR  |                        |        |        |            |
| 2004  | 2,558  | 0.1%       | 3.9%     | 66.0%    | 35.8%          | 97.9% | 1,054                  | 0.0%   | 1.00   | 21.0%      |
| 2005  | 2,836  | 0.0%       | 3.5%     | 66.0%    | 35.4%          | 97.9% | 1,176                  | 0.0%   | 1.00   | 21.0%      |
| 2006  | 2,911  | 0.1%       | 3.4%     | 66.0%    | 35.4%          | 97.9% | 1,209                  | 0.0%   | 1.00   | 21.0%      |
| 2007  | 2,959  | 2.6%       | 3.4%     | 66.0%    | 35.3%          | 97.9% | 1,230                  | 0.0%   | 1.00   | 21.0%      |
| 2008  | 2,739  | 73.2%      | 84.0%    | 66.0%    | 115.9%         | 97.9% | -327                   | 0.0%   | 1.00   | 21.0%      |
| 2009  | 2,496  | 115.9%     | 136.2%   | 66.0%    | 168.1%         | 97.9% | -1,163                 | -5.5%  | 0.95   | 21.0%      |
| 2010  | 2,367  | 11.7%      | 42.3%    | 66.0%    | 74.2%          | 97.9% | 373                    | -1.3%  | 0.93   | 21.0%      |
| 2011  | 2,305  | 25.0%      | 65.1%    | 66.0%    | 97.0%          | 97.9% | 14                     | 0.7%   | 0.94   | 21.0%      |
| 2012  | 2,474  | 0.0%       | 48.5%    | 66.0%    | 80.4%          | 97.9% | 287                    | 5.4%   | 0.99   | 21.0%      |
| 2013  | 2,485  | 0.0%       | 56.3%    | 66.0%    | 88.2%          | 97.9% | 159                    | 9.5%   | 1.08   | 21.0%      |
| 2014  | 2,572  | 0.0%       | 58.3%    | 66.0%    | 90.2%          | 97.9% | 131                    | 1.8%   | 1.10   | 21.0%      |
| Total | 28,702 | 20.3%      | 44.2%    |          |                |       | 4,144                  |        |        |            |

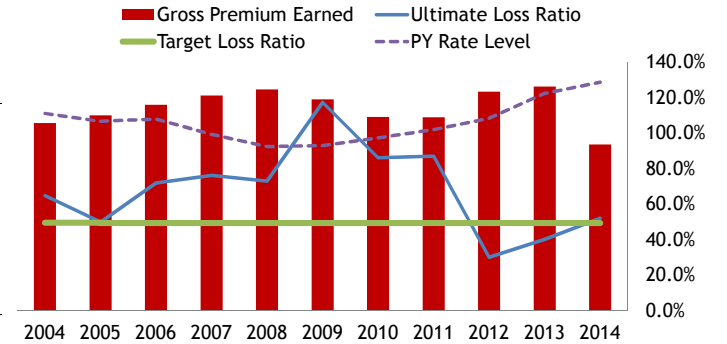


\* Target Ratio = 1 - (Expense Ratio) - (AAL) - (XOL) - (Corporate Cat Reinsurance) - (ULE) - (Claim Fees) - (Risk Load)

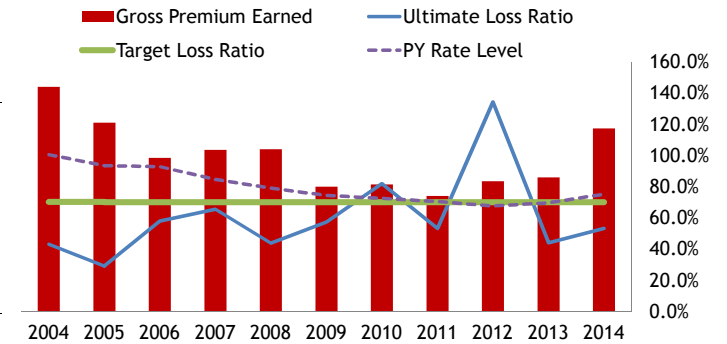
\* Ultimate Loss Ratios exclude modeled cats, ULE, non-machine claims fees and the impact of XOL/corporate cat reinsurance

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  | 13,565  | 64.7%      | 64.7%    | 49.4%    | 106.5%         | 91.2% | -1,483                 | 11.0%  | 1.11   | 21.0%      |
| 2005  | 14,129  | 49.9%      | 49.9%    | 49.4%    | 91.7%          | 91.2% | -51                    | -4.0%  | 1.07   | 21.0%      |
| 2006  | 14,884  | 71.8%      | 71.8%    | 49.4%    | 113.7%         | 91.2% | -2,385                 | 1.2%   | 1.08   | 21.0%      |
| 2007  | 15,566  | 76.1%      | 76.1%    | 49.4%    | 117.9%         | 91.2% | -2,969                 | -8.0%  | 0.99   | 21.0%      |
| 2008  | 16,007  | 73.0%      | 73.0%    | 49.4%    | 114.8%         | 91.2% | -2,691                 | -7.0%  | 0.92   | 21.0%      |
| 2009  | 15,295  | 117.2%     | 117.2%   | 49.4%    | 159.0%         | 91.2% | -7,393                 | 0.7%   | 0.93   | 21.0%      |
| 2010  | 14,020  | 86.0%      | 86.0%    | 49.4%    | 127.8%         | 91.2% | -3,663                 | 4.7%   | 0.97   | 21.0%      |
| 2011  | 13,991  | 87.0%      | 87.0%    | 49.4%    | 128.8%         | 91.2% | -3,752                 | 4.7%   | 1.02   | 21.0%      |
| 2012  | 15,845  | 29.0%      | 30.1%    | 49.4%    | 71.9%          | 91.2% | 2,176                  | 6.2%   | 1.08   | 21.0%      |
| 2013  | 16,202  | 27.3%      | 40.2%    | 49.4%    | 82.0%          | 91.2% | 1,062                  | 13.0%  | 1.22   | 21.0%      |
| 2014  | 12,024  | 0.6%       | 52.0%    | 49.4%    | 93.8%          | 91.2% | -224                   | 5.1%   | 1.28   | 21.0%      |
| Total | 161,527 | 62.7%      | 67.9%    |          |                |       | -21,373                |        |        |            |



| PY    | GWP   | Loss Ratio |          |          | Combined Ratio |       | Normalized RAP Dollars | Rt Chg | Rt Lvl | Commission |
|-------|-------|------------|----------|----------|----------------|-------|------------------------|--------|--------|------------|
|       |       | Reported   | Ultimate | Target * | Ultimate       | BECR  |                        |        |        |            |
| 2004  | 270   | 42.8%      | 42.9%    | 70.1%    | 69.9%          | 97.0% | 49                     | 0.5%   | 1.01   | 16.0%      |
| 2005  | 227   | 29.0%      | 29.1%    | 70.1%    | 56.0%          | 97.0% | 62                     | -7.0%  | 0.93   | 16.0%      |
| 2006  | 185   | 58.0%      | 58.0%    | 70.1%    | 84.9%          | 97.0% | 15                     | -0.7%  | 0.93   | 16.0%      |
| 2007  | 194   | 65.4%      | 65.5%    | 70.1%    | 92.4%          | 97.0% | 6                      | -8.9%  | 0.85   | 16.0%      |
| 2008  | 195   | 43.6%      | 43.7%    | 70.1%    | 70.6%          | 97.0% | 35                     | -6.5%  | 0.79   | 16.0%      |
| 2009  | 150   | 57.0%      | 57.4%    | 70.1%    | 84.3%          | 97.0% | 13                     | -6.1%  | 0.74   | 16.0%      |
| 2010  | 152   | 81.8%      | 82.0%    | 70.1%    | 108.9%         | 97.0% | -12                    | -2.3%  | 0.73   | 16.0%      |
| 2011  | 139   | 52.6%      | 53.1%    | 70.1%    | 80.0%          | 97.0% | 16                     | -3.0%  | 0.70   | 16.0%      |
| 2012  | 156   | 131.8%     | 134.3%   | 70.1%    | 161.2%         | 97.0% | -67                    | -3.9%  | 0.68   | 16.0%      |
| 2013  | 161   | 31.9%      | 43.8%    | 70.1%    | 70.8%          | 97.0% | 28                     | 3.1%   | 0.70   | 16.0%      |
| 2014  | 220   | 5.0%       | 53.2%    | 70.1%    | 80.1%          | 97.0% | 25                     | 7.8%   | 0.75   | 16.0%      |
| Total | 2,049 | 51.3%      | 57.8%    |          |                |       | 170                    |        |        |            |



\* 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<br>Combined<br>Ratio | Target<br>ILAE Ratio | Before 2014<br>Rate Change<br>PY 2014<br>Ultimate<br>ILAE Ratio | Before 2014<br>Rate Change<br>PY 2014<br>Rate Need | PY 2014<br>Rate<br>Achieved | After 2014<br>Rate Change<br>PY 2014<br>Ultimate<br>ILAE Ratio | PY 2015<br>Ultimate<br>ILAE Ratio | PY 2015<br>Rate Need |
|--------------|-----------------------------|----------------------|---|--|-----------------------------|--|-----------------------------------|----------------------|
| RAP Neutral: | 97.8%                       | 65.9%                | 79.5%   | 19.6%  | 4.8%                        | 75.8%  | 78.5%                             | 18.2%                |

Expense Ratio calculated as follows:

|                         |              |
|-------------------------|--------------|
| Commission:             | 21.0%        |
| Prem Tax:               | 2.3%         |
| Other Acquisition Fees: | 0.7%         |
| Direct Expense:         | 3.4%         |
| Indirect Expense:       | 4.6%         |
|                         | <u>32.0%</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 | 7,923 | 0.5%               | 1.005                  | 6,764                   | 42.2%               | 1.411                 | 69.7%                        | 34.4%               | 1.377                 | 55.5%                          | 23.9%               | 1.344                 | 37.6%                        |
| 2005 | 7,965 | -7.0%              | 0.935                  | 7,312                   | 35.1%               | 1.363                 | 52.0%                        | 24.5%               | 1.334                 | 35.5%                          | 20.1%               | 1.305                 | 28.6%                        |
| 2006 | 7,629 | -0.7%              | 0.928                  | 7,054                   | 45.9%               | 1.317                 | 65.3%                        | 43.0%               | 1.292                 | 60.1%                          | 31.9%               | 1.267                 | 43.6%                        |
| 2007 | 6,590 | -8.9%              | 0.846                  | 6,688                   | 86.2%               | 1.272                 | 108.1%                       | 45.2%               | 1.251                 | 55.7%                          | 29.0%               | 1.230                 | 35.1%                        |
| 2008 | 5,705 | -6.5%              | 0.791                  | 6,192                   | 75.2%               | 1.229                 | 85.2%                        | 43.3%               | 1.212                 | 48.3%                          | 32.3%               | 1.194                 | 35.5%                        |
| 2009 | 5,039 | -5.6%              | 0.746                  | 5,794                   | 155.4%              | 1.188                 | 160.5%                       | 82.7%               | 1.173                 | 84.4%                          | 50.6%               | 1.159                 | 51.0%                        |
| 2010 | 4,527 | 0.4%               | 0.749                  | 5,184                   | 59.9%               | 1.148                 | 60.0%                        | 53.5%               | 1.136                 | 53.0%                          | 45.3%               | 1.126                 | 44.5%                        |
| 2011 | 4,301 | -0.1%              | 0.749                  | 4,930                   | 60.9%               | 1.109                 | 58.9%                        | 41.9%               | 1.101                 | 40.2%                          | 29.1%               | 1.093                 | 27.7%                        |
| 2012 | 4,529 | 2.8%               | 0.769                  | 5,051                   | 74.0%               | 1.071                 | 71.0%                        | 54.1%               | 1.066                 | 51.7%                          | 39.7%               | 1.061                 | 37.8%                        |
| 2013 | 4,496 | 6.4%               | 0.819                  | 4,713                   | 75.6%               | 1.035                 | 74.7%                        | 51.2%               | 1.033                 | 50.4%                          | 37.8%               | 1.030                 | 37.2%                        |
| 2014 | 5,857 | 4.8%               | 0.858                  | 5,857                   | 75.1%               | 1.000                 | 75.1%                        | 51.2%               | 1.000                 | 51.2%                          | 37.6%               | 1.000                 | 37.6%                        |
|      |       |                    |                        | All Yr Wtd ex 2014:     |                     |                       | 80.5%                        |                     |                       | 53.5%                          |                     |                       | 37.8%                        |
|      |       |                    |                        | Last 7 Wtd ex 2014:     |                     |                       | 90.6%                        |                     |                       | 55.3%                          |                     |                       | 38.5%                        |
|      |       |                    |                        | Last 5 Wtd ex 2014:     |                     |                       | 87.3%                        |                     |                       | 56.9%                          |                     |                       | 40.1%                        |
|      |       |                    |                        | Last 3 Wtd ex 2014:     |                     |                       | 68.1%                        |                     |                       | 47.4%                          |                     |                       | 34.2%                        |
|      |       |                    |                        | Selected Ultimate:      |                     |                       | 75.0%                        |                     |                       | 51.0%                          |                     |                       | 38.0%                        |
|      |       |                    |                        | ILF:                    |                     |                       | 1.00                         |                     |                       | 1.35                           |                     |                       | 1.81                         |
|      |       |                    |                        | Policy Limits Ultimate: |                     |                       | 75.0%                        |                     |                       | 69.1%                          |                     |                       | 68.8%                        |
|      |       |                    |                        | Weight:                 |                     |                       | 37%                          |                     |                       | 32%                            |                     |                       | 32%                          |
|      |       |                    |                        |                         |                     |                       |                              |                     |                       | Frequency/Severity Indication: |                     |                       | 75.0%                        |
|      |       |                    |                        |                         |                     |                       |                              |                     |                       | Weighted Average:              |                     |                       | 71.2%                        |
|      |       |                    |                        |                         |                     |                       |                              |                     |                       | PY 2014 Selected:              |                     |                       | 73.0%                        |
|      |       |                    |                        |                         |                     |                       |                              |                     |                       | Adjustment:                    |                     |                       | ENTER                        |
|      |       |                    |                        |                         |                     |                       |                              |                     |                       | PY 2014:                       |                     |                       | 73.0%                        |
|      |       |                    |                        |                         |                     |                       |                              |                     |                       | ULE:                           |                     |                       | 2.8%                         |
|      |       |                    |                        |                         |                     |                       |                              |                     |                       | Claims Fees:                   |                     |                       | 0.0%                         |
|      |       |                    |                        |                         |                     |                       |                              |                     |                       | PY 2014 Ultimate ILAE Ratio:   |                     |                       | 75.8%                        |

GL

Large Losses - Incurred + LAE > 100k

| PY   | DSP    | Policy # | Case # | DOL        | Insured            | Ind Paid | Ind OS | LAE | ILAE  | Acc State      | Description                            |
|------|--------|----------|--------|------------|--------------------|----------|--------|-----|-------|----------------|--|
| 2004 | 1-7-15 | 6344807  | 6808   | 5/24/2005  | Lake Of The Pines  | 234      | 0      | 375 | 609   | California     | Clmt Alleges Improper Drainage From GO |
| 2004 | 1-7-15 | 6344889  | 6781   | 6/30/2004  | Noank Shipyard, In | 350      | 0      | 65  | 415   | Connecticut    | Stairs Collapsed And Clmt Injured Whil |
| 2004 | 1-7-15 | 4259418  | 3291   | 3/13/2004  | Black's Outdoor &  | 0        | 0      | 296 | 296   | Louisiana      | Clmt WAS Thrown From Boat And Killed A |
| 2004 | 1-7-15 | 7508664  | 26     | 7/20/2004  | Bellport Group Inc | 158      | 0      | 110 | 267   | California     | Slip And Fell DUE To Docks Being Moved |
| 2004 | 1-7-15 | 6344825  | 6121   | 9/4/2005   | Kal Kustom Enterpr | 194      | 0      | 32  | 226   | California     | Clmt Alleges Bungee Cord ON Tower Stru |
| 2004 | 1-7-15 | 6344273  | 2877   | 5/22/2004  | Brewer Yacht Yard, | 87       | 0      | 42  | 130   | New York       | Clmt Fell Outside APT Building         |
| 2004 | 1-7-15 | 3411043  | 7235   | 8/18/2004  | Katlynn Marine, In | 22       | 0      | 102 | 124   | New York       | Clmt Alleges Injuries DUE To Insured N |
| 2004 | 1-7-15 | 7507846  | 73     | 2/18/2005  | Hawkeye Boat Sales | 98       | 0      | 21  | 119   | Iowa           | Trip And Fall AT Insd Display Booth WH |
| 2004 | 1-7-15 | 6437205  | 8365   | 10/18/2004 | Palm Beach Yacht C | 25       | 0      | 93  | 118   | Florida        | Clmt Suffered Burns While Working ON D |
| 2005 | 1-7-15 | 7309942  | 8453   | 6/27/2005  | Cave Run Marinas,  | 700      | 0      | 339 | 1,039 | Kentucky       | While Swimming OFF Friends Boat Clmt P |
| 2005 | 1-7-15 | 4258752  | 1703   | 5/30/2006  | Crowley's Yacht Ya | 150      | 0      | 27  | 177   | Illinois       | Clmt WAS Allegedly Injured While Opera |
| 2005 | 1-7-15 | 3247163  | 881    | 9/10/2006  | Rybovich Boat Comp | 26       | 0      | 114 | 140   | Florida        | Clmt Alleges Injuries Sustained In AN  |
| 2005 | 1-7-15 | 655602   | 8151   | 3/12/2006  | Old Salt Outfitter | 0        | 0      | 133 | 133   | Massachusetts  | Insd WAS Named In A Defendant In Sland |
| 2005 | 1-7-15 | 7309528  | 2758   | 10/2/2005  | West End Boat Club | 83       | 0      | 45  | 127   | Pennsylvania   | Civil Action Suit Clmt WAS Intoxicated |
| 2005 | 1-7-15 | 7309528  | 1327   | 11/18/2005 | West End Boat Club | 115      | 0      | 7   | 122   | Pennsylvania   | Clmt Sustained Injury AT Insured Premi |
| 2006 | 1-7-15 | 9171810  | 1324   | 3/20/2007  | Mason's Marina, In | 295      | 0      | 79  | 374   | California     | Clmt Tripped ON Ramp Fell Into Water A |
| 2006 | 1-7-15 | 4258964  | 360    | 8/8/2006   | Johnson Electronic | 75       | 0      | 204 | 279   | Florida        | Clmt Alleges Fire Stated ON Vessel FRO |
| 2006 | 1-7-15 | 8994921  | 4789   | 8/16/2007  | Gunderland Marine  | 155      | 0      | 114 | 269   | Texas          | Clmt WAS Ejected From Bost And Drowned |
| 2006 | 1-7-15 | 7507739  | 181    | 11/7/2006  | Steckler Pacific C | 133      | 0      | 101 | 234   | California     | Clmt Visiting Friend AT Slip When Blew |
| 2006 | 1-7-15 | 6437035  | 4416   | 11/19/2006 | Jacksonville Marin | 116      | 0      | 49  | 165   | Florida        | Pier Collapsed Injuring Claimants      |
| 2006 | 1-7-15 | 3246982  | 4465   | 4/12/2007  | Daytona Marina & B | 112      | 0      | 39  | 151   | Florida        | Clmt Stepped OFF Boast Onto Dock And L |
| 2006 | 1-7-15 | 8999311  | 2416   | 9/2/2006   | Treasure Coast Boa | 53       | 0      | 93  | 146   | Florida        | Clmt Alleges Injuries From Apparent DE |
| 2006 | 1-7-15 | 2825747  | 7601   | 12/9/2007  | The Lake Group, IN | 120      | 0      | 6   | 126   | Idaho          | Clmt Fell ON Boat Ramp                 |
| 2006 | 1-7-15 | 7507723  | 741    | 12/23/2006 | Lauderdale Marine  | 89       | 0      | 28  | 117   | Florida        | Clmt Slipped And Fell While Running To |
| 2006 | 1-7-15 | 2825818  | 1995   | 6/19/2007  | O'Hara Landing, LL | 39       | 0      | 71  | 109   | Pennsylvania   | Clmt Selt Employed Mechanic WAS Injure |
| 2006 | 1-7-15 | 6344273  | 7395   | 7/9/2006   | Brewer Yacht Yard, | 107      | 0      | 0   | 107   | New York       | DMG To Boat Strap That Passes Thru BOA |
| 2006 | 1-7-15 | 705042   | 8016   | 1/11/2007  | Clark's Landing Ma | 55       | 0      | 48  | 103   | New Jersey     | Slip And Fall                          |
| 2007 | 1-7-15 | 9271759  | 7277   | 6/10/2008  | Hobbs Westport Mar | 1,000    | 0      | 744 | 1,743 | North Carolina | Boat Exploded While Refueling 5 People |
| 2007 | 1-7-15 | 6344521  | 3951   | 8/7/2008   | LUU Marine& Associ | 0        | 1,000  | 421 | 1,421 | Florida        | Clmt AN Employee Of Insd Fell OFF A SC |
| 2007 | 1-7-15 | 6437205  | 2169   | 9/13/2007  | Palm Beach Yacht C | 315      | 0      | 85  | 400   | Florida        | Members Mother WAS Going To Bathroom A |
| 2007 | 1-7-15 | 3321289  | 7576   | 7/16/2007  | Gunderland Boatlan | 225      | 0      | 81  | 306   | Texas          | Insd ON Customers Boat Assisting With  |
| 2007 | 1-7-15 | 6344273  | 1864   | 9/5/2007   | Brewer Yacht Yard, | 215      | 0      | 31  | 246   | New York       | Clmt Alleges Trip And Fall DUE To Defe |
| 2007 | 1-7-15 | 696208   | 513    | 2/3/2008   | Between The Bridge | 225      | 0      | 20  | 245   | Connecticut    | Clmt Fell ON Stairs Leading To Second  |
| 2007 | 1-7-15 | 6344521  | 7606   | 8/7/2008   | LUU Marine& Associ | 0        | 0      | 170 | 170   | Florida        | Clmt AN Employee Of The Insured Fell O |
| 2007 | 1-7-15 | 775068   | 399    | 8/15/2007  | Jake's Landing, LL | 100      | 0      | 5   | 105   | South Carolina | Clmt Walking ON Dock When Board Collap |
| 2008 | 1-7-15 | 7507723  | 608    | 8/7/2008   | Lauderdale Marine  | 0        | 1,000  | 259 | 1,259 | Florida        | Clmt Fell From Scaffold Landing ON CEM |
| 2008 | 1-7-15 | 6909340  | 4102   | 6/6/2009   | Home Port Marina,  | 0        | 650    | 83  | 733   | Alabama        | Clmt Boat Fueled AT Insureds Facility  |
| 2008 | 1-7-15 | 6909388  | 7621   | 8/23/2008  | Morrison's Seafood | 125      | 0      | 82  | 207   | New Jersey     | Summons And Complaint Clmts Boat Struc |
| 2008 | 1-7-15 | 3692649  | 400    | 7/18/2008  | Rough Hollow Yacht | 89       | 0      | 85  | 174   | Texas          | Clmt Slipped And Fell While Walking To |
| 2008 | 1-7-15 | 7508890  | 7303   | 10/18/2008 | White Water Marine | 100      | 0      | 34  | 134   | New York       | Clmt Alleges Sustained Injuries While  |
| 2008 | 1-7-15 | 9203154  | 8065   | 6/24/2008  | Richey Boat & Moto | 125      | 0      | 8   | 133   | Florida        | Customer Getting OUT Of Boat And Slipp |
| 2008 | 1-7-15 | 6909212  | 8096   | 4/29/2008  | Eagle Marine       | 100      | 0      | 8   | 108   | California     | Vessel Repaired By Insd Sank AT Benici |
| 2009 | 1-7-15 | 3234579  | 7032   | 12/26/2009 | Conover Marine Ser | 999      | 0      | 170 | 1,169 | Florida        | Insd Found Body In Canal DAY After CHR |
| 2009 | 1-7-15 | 694210   | 6283   | 5/19/2009  | Rockvam Boat Yards | 635      | 0      | 279 | 914   | Minnesota      | Insured Filled Boat With GAS And lead  |
| 2009 | 1-7-15 | 7508203  | 2216   | 5/1/2010   | Lighthouse Marina, | 840      | 0      | 23  | 863   | South Carolina | Boating Accident Where Multiple Deaths |
| 2009 | 1-7-15 | 6437205  | 2265   | 8/19/2009  | Palm Beach Yacht C | 405      | 0      | 62  | 467   | Florida        | Clmt Entered Dockmasters Office And LO |
| 2009 | 1-7-15 | 696208   | 7048   | 12/28/2009 | Between The Bridge | 0        | 375    | 13  | 388   | Connecticut    | US Postal Employee Slipped And Fell ON |
| 2009 | 1-7-15 | 6344273  | 9040   | 12/23/2009 | Brewer Yacht Yard, | 245      | 0      | 32  | 277   | New York       | Catherine Chapman GOT A DWI AND HIT AN |
| 2009 | 1-7-15 | 6909589  | 7208   | 10/15/2009 | International Mari | 205      | 0      | 12  | 217   | Texas          | Clmt Disembarking Boat AT The Slip WHE |
| 2009 | 1-7-15 | 775068   | 3552   | 8/1/2009   | Jake's Landing, LL | 145      | 0      | 48  | 193   | South Carolina | Clmt Fell From Boat Whilw Reaching OUT |
| 2009 | 1-7-15 | 6478634  | 5376   | 11/15/2009 | The Landings AT TA | 155      | 0      | 25  | 179   | Florida        | Customer Tried To Dock Boat To Pump OU |
| 2009 | 1-7-15 | 6909132  | 8669   | 1/11/2010  | Silver Seas Hotel, | 95       | 0      | 64  | 159   | Florida        | Clmt Slipped And Fell ON Dock DUE To I |
| 2009 | 1-7-15 | 7322590  | 5115   | 9/6/2009   | Edgar Ewins Marina | 54       | 0      | 83  | 137   | Tennessee      | Clmt WAS Walking Down A Ramp After IT  |
| 2009 | 1-7-15 | 3321158  | 4401   | 9/8/2009   | True North Marine, | 80       | 0      | 48  | 128   | New York       | Clmt Fell In Bathroom AS Lights Were O |
| 2010 | 1-7-15 | 9199840  | 8821   | 1/12/2011  | Yachts By Owner IN | 35       | 0      | 137 | 172   | Maryland       | Fire Yacht Total Loss Claiming That A  |
| 2010 | 1-7-15 | 6909590  | 3530   | 10/12/2010 | International Mari | 0        | 100    | 54  | 154   | Ohio           | Clmt WAS Working ON Fire Sprinklers WH |
| 2010 | 1-7-15 | 6477586  | 987    | 7/27/2010  | Bucks Lake Marina  | 125      | 0      | 5   | 130   | California     | Ins Received Letter From Clmt Attorney |
| 2010 | 1-7-15 | 3411062  | 854    | 3/18/2011  | Echo Bay Marina, L | 105      | 0      | 21  | 126   | Connecticut    | The Clmt Slipped And Fell AT The Insur |
| 2011 | 1-7-15 | 6344883  | 3064   | 9/16/2011  | Pleasure Marina MA | 0        | 200    | 6   | 206   | Maryland       | Clmt Sustained Injury While ON Vessel  |
| 2011 | 1-7-15 | 6909896  | 8575   | 9/5/2011   | Flagship Marinas A | 0        | 116    | 25  | 141   | Texas          | Customer Standing ON Deck Deck When DE |
| 2012 | 1-7-15 | 4350831  | 1257   | 6/14/2013  | LJH Interests, Inc | 121      | 0      | 24  | 145   | Texas          | Gangway Collapsed - 4 People Injured.  |
| 2012 | 1-7-15 | 6910000  | 4017   | 7/17/2012  | Ken Wilson, Rick H | 85       | 0      | 30  | 115   | California     | Slip And Fall ON Dock                  |
| 2012 | 1-7-15 | 6909864  | 1751   | 7/18/2012  | Larsen Marine Serv | 0        | 100    | 15  | 115   | Illinois       | Insured Serviced Iven Stove Unit In BO |

AL

Rate Need Indications

|              | Target<br>Combined<br>Ratio | Target<br>ILAE Ratio | Before 2014<br>Rate Change<br>PY 2014<br>Ultimate<br>ILAE Ratio | Before 2014<br>Rate Change<br>PY 2014<br>Rate Need | PY 2014<br>Rate<br>Achieved | After 2014<br>Rate Change<br>PY 2014<br>Ultimate<br>ILAE Ratio | PY 2015<br>Ultimate<br>ILAE Ratio | PY 2015<br>Rate Need |
|--------------|-----------------------------|----------------------|---|--|-----------------------------|--|-----------------------------------|----------------------|
| RAP Neutral: | 97.8%                       | 70.5%                | 53.1%   | -23.5%   | 2.1%                        | 52.0%  | 54.1%                             | -22.2%               |

Percentile: 89.9%

Expense Ratio calculated as follows:

|                         |              |
|-------------------------|--------------|
| Commission:             | 16.0%        |
| Prem Tax:               | 2.3%         |
| Other Acquisition Fees: | 0.7%         |
| Direct Expense:         | 3.4%         |
| Indirect Expense:       | 4.9%         |
|                         | <u>27.3%</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 | 1,225 | -5.9%              | 0.941                  | 1,058                   | 18.7%               | 1.480                 | 32.0%                        | 18.7%               | 1.411                 | 30.5%                          | 18.7%               | 1.344                 | 29.1%                        |
| 2005 | 1,129 | -1.0%              | 0.932                  | 984                     | 35.2%               | 1.423                 | 57.5%                        | 27.5%               | 1.363                 | 43.0%                          | 14.1%               | 1.305                 | 21.1%                        |
| 2006 | 976   | -1.1%              | 0.921                  | 860                     | 44.3%               | 1.369                 | 68.7%                        | 43.3%               | 1.317                 | 64.6%                          | 26.9%               | 1.267                 | 38.6%                        |
| 2007 | 1,094 | -4.2%              | 0.883                  | 1,007                   | 112.6%              | 1.316                 | 161.0%                       | 66.0%               | 1.272                 | 91.2%                          | 39.5%               | 1.230                 | 52.8%                        |
| 2008 | 1,125 | -6.3%              | 0.827                  | 1,105                   | 30.7%               | 1.265                 | 39.5%                        | 30.7%               | 1.229                 | 38.4%                          | 20.9%               | 1.194                 | 25.4%                        |
| 2009 | 948   | -6.1%              | 0.777                  | 991                     | 15.8%               | 1.217                 | 18.4%                        | 14.8%               | 1.188                 | 16.8%                          | 14.8%               | 1.159                 | 16.4%                        |
| 2010 | 886   | -3.0%              | 0.753                  | 955                     | 37.4%               | 1.170                 | 40.5%                        | 36.2%               | 1.148                 | 38.6%                          | 34.0%               | 1.126                 | 35.5%                        |
| 2011 | 818   | -1.4%              | 0.743                  | 895                     | 23.2%               | 1.125                 | 23.9%                        | 17.1%               | 1.109                 | 17.4%                          | 11.0%               | 1.093                 | 11.0%                        |
| 2012 | 904   | 3.7%               | 0.771                  | 953                     | 37.6%               | 1.082                 | 38.6%                        | 26.6%               | 1.071                 | 27.0%                          | 18.8%               | 1.061                 | 18.9%                        |
| 2013 | 901   | 3.2%               | 0.795                  | 920                     | 55.8%               | 1.040                 | 56.9%                        | 33.5%               | 1.035                 | 33.9%                          | 33.5%               | 1.030                 | 33.7%                        |
| 2014 | 1,046 | 2.1%               | 0.812                  | 1,046                   | 49.7%               | 1.000                 | 49.7%                        | 39.8%               | 1.000                 | 39.8%                          | 29.8%               | 1.000                 | 29.8%                        |
|      |       |                    |                        | All Yr Wtd ex 2014:     |                     |                       | 53.7%                        |                     |                       | 40.1%                          |                     |                       | 28.3%                        |
|      |       |                    |                        | Last 7 Wtd ex 2014:     |                     |                       | 54.7%                        |                     |                       | 38.1%                          |                     |                       | 27.9%                        |
|      |       |                    |                        | Last 5 Wtd ex 2014:     |                     |                       | 35.5%                        |                     |                       | 26.7%                          |                     |                       | 23.1%                        |
|      |       |                    |                        | Last 3 Wtd ex 2014:     |                     |                       | 39.9%                        |                     |                       | 26.2%                          |                     |                       | 21.3%                        |
|      |       |                    |                        | Selected Ultimate:      |                     |                       | 53.0%                        |                     |                       | 40.0%                          |                     |                       | 29.0%                        |
|      |       |                    |                        | ILF:                    |                     |                       | 1.00                         |                     |                       | 1.30                           |                     |                       | 1.58                         |
|      |       |                    |                        | Policy Limits Ultimate: |                     |                       | 53.0%                        |                     |                       | 52.2%                          |                     |                       | 45.9%                        |
|      |       |                    |                        | Weight:                 |                     |                       | 9%                           |                     |                       | 45%                            |                     |                       | 45%                          |
|      |       |                    |                        |                         |                     |                       |                              |                     |                       | Frequency/Severity Indication: |                     |                       | 52.5%                        |
|      |       |                    |                        |                         |                     |                       |                              |                     |                       | Weighted Average:              |                     |                       | 49.4%                        |
|      |       |                    |                        |                         |                     |                       |                              |                     |                       | PY 2014 Selected:              |                     |                       | 51.0%                        |
|      |       |                    |                        |                         |                     |                       |                              |                     |                       | Adjustment:                    |                     |                       | ENTER                        |
|      |       |                    |                        |                         |                     |                       |                              |                     |                       | PY 2014:                       |                     |                       | 51.0%                        |
|      |       |                    |                        |                         |                     |                       |                              |                     |                       | ULE:                           |                     |                       | 1.0%                         |
|      |       |                    |                        |                         |                     |                       |                              |                     |                       | Claims Fees:                   |                     |                       | 0.0%                         |
|      |       |                    |                        |                         |                     |                       |                              |                     |                       | PY 2014 Ultimate ILAE Ratio:   |                     |                       | 52.0%                        |

AL

Large Losses - Incurred + Legal > 100k

| PY   | DSP    | Policy # | Case # | DOL       | Insured            | Ind Paid | Ind OS | Legal | I+Legal | Acc State | Description                            |
|------|--------|----------|--------|-----------|--------------------|----------|--------|-------|---------|-----------|--|
| 2005 | 1-7-15 | 3232046  | 1331   | 2/18/2006 | The Boat House & R | 299      | 0      | 38    | 337     | Oklahoma  | Insd Vehicle WAS Rearended By Insd CLM |
| 2006 | 1-7-15 | 6265509  | 7516   | 1/12/2007 | Great Bay Marine,  | 176      | 0      | 81    | 257     | New York  | Insd Employee Took Vehicle After Hours |
| 2007 | 1-7-15 | 3405406  | 7866   | 1/2/2008  | Nisswa Marine, Inc | 524      | 0      | 46    | 570     | Minnesota | Insd Attempted To Pass A Payloader And |
| 2007 | 1-7-15 | 6265767  | 8190   | 6/18/2007 | Lexington Boats, L | 300      | 0      | 91    | 391     | Kentucky  | Clmt Alleges Injury While Retrieving B |
| 2008 | 1-7-15 | 6269595  | 3060   | 12/4/2008 | Black Water Diving | 25       | 0      | 178   | 203     | Louisiana | Clmt WAS A Passenger In Another Employ |

**Property**

Rate Need Indications

|              | Target<br>Combined<br>Ratio | Target<br>ILAE Ratio | Before 2014<br>Rate Change<br>PY 2014<br>Ultimate<br>ILAE Ratio | Before 2014<br>Rate Change<br>PY 2014<br>Rate Need | PY 2014<br>Rate<br>Achieved | After 2014<br>Rate Change<br>PY 2014<br>Ultimate<br>ILAE Ratio | PY 2015<br>Ultimate<br>ILAE Ratio | PY 2015<br>Rate Need |
|--------------|-----------------------------|----------------------|---|--|-----------------------------|--|-----------------------------------|----------------------|
| RAP Neutral: | 91.2%                       | 59.7%                | 65.6%   | 9.3%   | 5.1%                        | 62.4%  | 62.4%                             | 4.2%                 |

Expense Ratio calculated as follows:

|                         |              |
|-------------------------|--------------|
| Commission:             | 21.0%        |
| Prem Tax:               | 2.3%         |
| Other Acquisition Fees: | 0.7%         |
| Reinsurance:            | 0.0%         |
| Direct Expense:         | 2.9%         |
| Indirect Expense:       | 4.6%         |
|                         | <u>31.4%</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                    | 13,565        | 11.0%    | 1.110                  | 15,699       | 64.7%               | 1.000                 | 55.9%                        | 56.0%               | 1.000                     | 48.4%                        | 38.6%               | 1.000                 | 33.4%                        | 29.7%               | 1.000                 | 25.7%                        |
| 2005                    | 14,129        | -4.0%    | 1.066                  | 17,032       | 49.9%               | 1.000                 | 41.4%                        | 45.1%               | 1.000                     | 37.4%                        | 35.4%               | 1.000                 | 29.4%                        | 25.8%               | 1.000                 | 21.4%                        |
| 2006                    | 14,884        | 1.2%     | 1.078                  | 17,730       | 71.8%               | 1.000                 | 60.3%                        | 71.8%               | 1.000                     | 60.3%                        | 52.8%               | 1.000                 | 44.3%                        | 37.5%               | 1.000                 | 31.5%                        |
| 2007                    | 15,566        | -8.0%    | 0.992                  | 20,154       | 76.1%               | 1.000                 | 58.8%                        | 54.2%               | 1.000                     | 41.8%                        | 41.9%               | 1.000                 | 32.4%                        | 31.2%               | 1.000                 | 24.1%                        |
| 2008                    | 16,007        | -7.0%    | 0.923                  | 22,285       | 73.0%               | 1.000                 | 52.4%                        | 42.8%               | 1.000                     | 30.7%                        | 30.8%               | 1.000                 | 22.2%                        | 23.6%               | 1.000                 | 17.0%                        |
| 2009                    | 15,295        | 0.7%     | 0.929                  | 21,146       | 117.2%              | 1.000                 | 84.8%                        | 91.2%               | 1.000                     | 66.0%                        | 59.5%               | 1.000                 | 43.0%                        | 40.5%               | 1.000                 | 29.3%                        |
| 2010                    | 14,020        | 4.7%     | 0.973                  | 18,513       | 86.0%               | 1.000                 | 65.1%                        | 84.0%               | 1.000                     | 63.6%                        | 55.6%               | 1.000                 | 42.1%                        | 38.0%               | 1.000                 | 28.8%                        |
| 2011                    | 13,991        | 4.7%     | 1.019                  | 17,645       | 87.0%               | 1.000                 | 69.0%                        | 64.4%               | 1.000                     | 51.1%                        | 41.5%               | 1.000                 | 32.9%                        | 26.5%               | 1.000                 | 21.0%                        |
| 2012                    | 15,845        | 6.2%     | 1.081                  | 18,820       | 30.1%               | 1.000                 | 25.3%                        | 29.9%               | 1.000                     | 25.1%                        | 28.5%               | 1.000                 | 24.0%                        | 23.0%               | 1.000                 | 19.4%                        |
| 2013                    | 16,202        | 13.0%    | 1.222                  | 17,029       | 40.2%               | 1.000                 | 38.2%                        | 37.2%               | 1.000                     | 35.4%                        | 29.7%               | 1.000                 | 28.2%                        | 20.4%               | 1.000                 | 19.4%                        |
| 2014                    | 12,024        | 5.1%     | 1.285                  | 12,024       | 52.0%               | 1.000                 | 52.0%                        | 40.3%               | 1.000                     | 40.3%                        | 29.9%               | 1.000                 | 29.9%                        | 21.7%               | 1.000                 | 21.7%                        |
| All Yr Wtd ex 2014:     |               |          |                        |              |                     |                       | 55.6%                        |                     |                           | 45.9%                        |                     |                       | 33.1%                        |                     |                       | 23.7%                        |
| Last 7 Wtd ex 2014:     |               |          |                        |              |                     |                       | 56.8%                        |                     |                           | 44.8%                        |                     |                       | 32.1%                        |                     |                       | 22.7%                        |
| Last 5 Wtd ex 2014:     |               |          |                        |              |                     |                       | 57.4%                        |                     |                           | 48.8%                        |                     |                       | 34.4%                        |                     |                       | 23.8%                        |
| Last 3 Wtd ex 2014:     |               |          |                        |              |                     |                       | 43.8%                        |                     |                           | 36.9%                        |                     |                       | 28.3%                        |                     |                       | 19.9%                        |
| Selected Ultimate:      |               |          |                        |              |                     |                       | 52.0%                        |                     |                           | 45.0%                        |                     |                       | 30.0%                        |                     |                       | 23.8%                        |
| ILF:                    |               |          |                        |              |                     |                       | 1.00                         |                     |                           | 1.20                         |                     |                       | 1.61                         |                     |                       | 2.22                         |
| Policy Limits Ultimate: |               |          |                        |              |                     |                       | 52.0%                        |                     |                           | 54.1%                        |                     |                       | 48.4%                        |                     |                       | 53.0%                        |
| Weight:                 |               |          |                        |              |                     |                       | 55%                          |                     |                           | 15%                          |                     |                       | 15%                          |                     |                       | 15%                          |

|   |       |
|---|-------|
| Frequency/Severity Indication:  | 52.0% |
| Weighted Average:   | 51.9% |
| PY 2014 Selected:   | 52.0% |
| Adjustment:   | ENTER |
| PY 2014:  | 52.0% |
| All Year Avg Empirical Cat Load:  | 18.4% |
| Program Specific AAL Cat Load:  | 7.3%  |
| Selected Cat Load:  | 7.3%  |
| 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: | 62.4% |





APD

Rate Need Indications

|              | Target<br>Combined<br>Ratio | Target<br>ILAE Ratio | Before 2014<br>Rate Change<br>PY 2014<br>Ultimate<br>ILAE Ratio | Before 2014<br>Rate Change<br>PY 2014<br>Rate Need | PY 2014<br>Rate<br>Achieved | After 2014<br>Rate Change<br>PY 2014<br>Ultimate<br>ILAE Ratio | PY 2015<br>Ultimate<br>ILAE Ratio | PY 2015<br>Rate Need |
|--------------|-----------------------------|----------------------|---|--|-----------------------------|--|-----------------------------------|----------------------|
| RAP Neutral: | 97.0%                       | 71.1%                | 69.0%   | -2.8%  | 7.8%                        | 64.0%  | 64.0%                             | -9.5%                |

Expense Ratio calculated as follows:

|                         |              |
|-------------------------|--------------|
| Commission:             | 16.0%        |
| Prem Tax:               | 2.3%         |
| Other Acquisition Fees: | 0.7%         |
| Direct Expense:         | 3.5%         |
| Indirect Expense:       | 3.4%         |
|                         | <u>25.9%</u> |





APD

Indexing - PY 2014 Ultimate Loss & LAE Selection

| PY                             | GWP | Annual PY Rate Chg | Cumulative PY Rate Chg | On-Level GWP |
|--------------------------------|-----|--------------------|------------------------|--------------|
| 2004                           | 270 | 0.5%               | 1.005                  | 202          |
| 2005                           | 227 | -7.0%              | 0.935                  | 182          |
| 2006                           | 185 | -0.7%              | 0.928                  | 149          |
| 2007                           | 194 | -8.9%              | 0.846                  | 172          |
| 2008                           | 195 | -6.5%              | 0.791                  | 185          |
| 2009                           | 150 | -6.1%              | 0.742                  | 152          |
| 2010                           | 152 | -2.3%              | 0.725                  | 158          |
| 2011                           | 139 | -3.0%              | 0.703                  | 148          |
| 2012                           | 156 | -3.9%              | 0.676                  | 174          |
| 2013                           | 161 | 3.1%               | 0.697                  | 174          |
| 2014                           | 220 | 7.8%               | 0.751                  | 220          |
| All Yr Wtd ex 2014:            |     |                    |                        | 62.9%        |
| Last 7 Wtd ex 2014:            |     |                    |                        | 66.9%        |
| Last 5 Wtd ex 2014:            |     |                    |                        | 70.2%        |
| Last 3 Wtd ex 2014:            |     |                    |                        | 71.5%        |
| Frequency/Severity Indication: |     |                    |                        | 63.0%        |

| Policy Limits       |                       |                              |
|---------------------|-----------------------|------------------------------|
| Ultimate ILAE Ratio | 0.0% Trend to PY 2014 | On-Level Ultimate ILAE Ratio |
| 42.9%               | 1.000                 | 57.4%                        |
| 29.1%               | 1.000                 | 36.2%                        |
| 58.0%               | 1.000                 | 71.6%                        |
| 65.5%               | 1.000                 | 73.7%                        |
| 43.7%               | 1.000                 | 46.0%                        |
| 57.4%               | 1.000                 | 56.7%                        |
| 82.0%               | 1.000                 | 79.1%                        |
| 53.1%               | 1.000                 | 49.7%                        |
| 134.3%              | 1.000                 | 120.9%                       |
| 43.8%               | 1.000                 | 40.7%                        |
| 53.2%               | 1.000                 | 53.2%                        |
|                     |                       | 62.9%                        |
|                     |                       | 66.9%                        |
|                     |                       | 70.2%                        |
|                     |                       | 71.5%                        |
|                     |                       | 63.0%                        |

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<br>Combined<br>Ratio | Target<br>ILAE Ratio | Before 2014<br>Rate Change<br>PY 2014<br>Ultimate<br>ILAE Ratio | Before 2014<br>Rate Change<br>PY 2014<br>Rate Need | PY 2014<br>Rate<br>Achieved | After 2014<br>Rate Change<br>PY 2014<br>Ultimate<br>ILAE Ratio | PY 2015<br>Ultimate<br>ILAE Ratio | PY 2015<br>Rate Need |
|--------------|-----------------------------|----------------------|---|--|-----------------------------|--|-----------------------------------|----------------------|
| RAP Neutral: | 97.9%                       | 67.0%                | 65.2%   | -2.5%  | 1.8%                        | 64.1%  | 67.3%                             | 0.4%                 |

Expense Ratio calculated as follows:

|                         |              |
|-------------------------|--------------|
| Commission:             | 21.0%        |
| Prem Tax:               | 2.3%         |
| Other Acquisition Fees: | 0.7%         |
| Direct Expense:         | 3.5%         |
| Indirect Expense:       | 3.4%         |
|                         | <u>30.9%</u> |



Excess Liability

Indexing - PY 2014 Ultimate Loss & LAE Selection

0.619771414

| PY                       | GWP   | Annual PY Rate Chg | Cumulative PY Rate Chg | On-Level GWP |
|--------------------------|-------|--------------------|------------------------|--------------|
| 2004                     | 2,558 | 0.0%               | 1.000                  | 2,823        |
| 2005                     | 2,836 | 0.0%               | 1.000                  | 3,130        |
| 2006                     | 2,911 | 0.0%               | 1.000                  | 3,212        |
| 2007                     | 2,959 | 0.0%               | 1.000                  | 3,265        |
| 2008                     | 2,739 | 0.0%               | 1.000                  | 3,022        |
| 2009                     | 2,496 | -5.5%              | 0.945                  | 2,915        |
| 2010                     | 2,367 | -1.3%              | 0.932                  | 2,801        |
| 2011                     | 2,305 | 0.7%               | 0.939                  | 2,708        |
| 2012                     | 2,474 | 5.4%               | 0.990                  | 2,757        |
| 2013                     | 2,485 | 9.5%               | 1.084                  | 2,530        |
| 2014                     | 2,572 | 1.8%               | 1.104                  | 2,572        |
| All Yr Wtd ex 2014:      |       |                    |                        | 47.2%        |
| Last 7 Wtd ex 2014:      |       |                    |                        | 66.5%        |
| Last 5 Wtd ex 2014:      |       |                    |                        | 73.6%        |
| Last 3 Wtd ex 2014:      |       |                    |                        | 56.7%        |
| Selected Ultimate:       |       |                    |                        | 65.0%        |
| ILF:                     |       |                    |                        | 1.00         |
| Capped @ \$10M Ultimate: |       |                    |                        | 65.0%        |

| Capped @ \$10M      |                       |                              |
|---------------------|-----------------------|------------------------------|
| Ultimate ILAE Ratio | 5.0% Trend to PY 2014 | On-Level Ultimate ILAE Ratio |
| 3.9%                | 1.629                 | 5.8%                         |
| 3.5%                | 1.551                 | 5.0%                         |
| 3.4%                | 1.477                 | 4.6%                         |
| 3.4%                | 1.407                 | 4.3%                         |
| 84.0%               | 1.340                 | 102.0%                       |
| 136.2%              | 1.276                 | 148.9%                       |
| 42.3%               | 1.216                 | 43.4%                        |
| 65.1%               | 1.158                 | 64.1%                        |
| 48.5%               | 1.103                 | 48.0%                        |
| 56.3%               | 1.050                 | 58.1%                        |
| 58.3%               | 1.000                 | 58.3%                        |
| Weight:             |                       | 20%                          |

| Capped @ 2M         |                       |                              |
|---------------------|-----------------------|------------------------------|
| Ultimate ILAE Ratio | 4.5% Trend to PY 2014 | On-Level Ultimate ILAE Ratio |
| 3.9%                | 1.553                 | 5.5%                         |
| 3.5%                | 1.486                 | 4.7%                         |
| 3.4%                | 1.422                 | 4.4%                         |
| 3.4%                | 1.361                 | 4.2%                         |
| 80.3%               | 1.302                 | 94.8%                        |
| 92.1%               | 1.246                 | 98.3%                        |
| 29.6%               | 1.193                 | 29.8%                        |
| 47.7%               | 1.141                 | 46.3%                        |
| 28.3%               | 1.092                 | 27.7%                        |
| 36.2%               | 1.045                 | 37.2%                        |
| 35.0%               | 1.000                 | 35.0%                        |
| Weight:             |                       | 40%                          |

| Capped @ 1M         |                       |                              |
|---------------------|-----------------------|------------------------------|
| Ultimate ILAE Ratio | 4.0% Trend to PY 2014 | On-Level Ultimate ILAE Ratio |
| 3.9%                | 1.480                 | 5.2%                         |
| 3.5%                | 1.423                 | 4.5%                         |
| 3.4%                | 1.369                 | 4.3%                         |
| 3.4%                | 1.316                 | 4.0%                         |
| 73.0%               | 1.265                 | 83.7%                        |
| 48.1%               | 1.217                 | 50.1%                        |
| 21.1%               | 1.170                 | 20.9%                        |
| 39.0%               | 1.125                 | 37.4%                        |
| 20.2%               | 1.082                 | 19.6%                        |
| 24.1%               | 1.040                 | 24.7%                        |
| 23.3%               | 1.000                 | 23.3%                        |
| Weight:             |                       | 40%                          |

|   |       |
|---|-------|
| Frequency/Severity Indication:                    | 44.0% |
| Weighted Average:                                 | 68.2% |
| PY 2014 Selected - Capped @ \$10M:                | 60.0% |
| Adjustment:                                       | 0.0%  |
| PY 2014 - Capped @ \$10M:                         | 60.0% |
| ILF:  | 1.037 |
| Catastrophe/Latency Load:                         | 5.0%  |
| ULE:  | 1.0%  |
| PY 2014 Ultimate ILAE Ratio:                      | 68.2% |
| Credibility:                                      | 18%   |
| Complement of Credibility:                        | 63.2% |
| Credibility Weighted PY 2014 Ultimate ILAE Ratio: | 64.1% |

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 | 1-7-16 | 2208342  | 6783   | 6/30/2004  | Noank Shipyard, In | -1       | 0      | 2   | 2     | Connecticut    | Clmt Injured AT Insd Premises           |
| 2004 | 1-7-16 | 2208456  | 6404   | 7/13/2004  | Wisdom Fishing Cam | 0        | 0      | 2   | 2     | Kentucky       | Clmt Rented Houseboat And Rope Broke A  |
| 2004 | 1-7-16 | 2208589  | 3354   | 10/24/2005 | Spencer Boat Compa | 0        | 0      | 0   | 0     | Florida        | Hurricane Wilma                         |
| 2005 | 1-7-16 | 2208328  | 3344   | 11/5/2005  | All Seasons Marina | 0        | 0      | 0   | 0     | New York       | Personal Injury                         |
| 2006 | 1-7-16 | 2208431  | 4551   | 8/26/2006  | Heckel's Eagle Riv | 0        | 1      | 0   | 1     | Washington     | Personal Injury                         |
| 2006 | 1-7-16 | 4941104  | 3772   | 12/16/2007 | North Point Marina | 0        | 0      | 1   | 1     | Maryland       | Personal Injury                         |
| 2006 | 1-7-16 | 2208592  | 3754   | 1/1/2006   | North Point Marina | 0        | 0      | 0   | 0     | Illinois       | Claimant WAS Knocked Into The Water& S  |
| 2006 | 1-7-16 | 4940965  | 3685   | 7/16/2007  | Gunderland Marine  | 0        | 0      | 0   | 0     | Texas          | Personal Inury Ins ON Customer's Boat   |
| 2007 | 1-7-16 | 4941065  | 8049   | 6/10/2008  | Hobbs Westport Mar | 58       | 0      | 16  | 74    | North Carolina | Explosion AT Insured Marina.            |
| 2007 | 1-7-16 | 6909289  | 45     | 11/19/2007 | Beauchamp Realty,  | 3        | 0      | 0   | 3     | California     | Clmt Slipped And Fell And HAD To Have   |
| 2007 | 1-7-16 | 4941160  | 3538   | 7/16/2007  | Gunderland Boatlan | 0        | 0      | 0   | 0     | Texas          | Insured ON Customer's Boat Assisting W  |
| 2007 | 1-7-16 | 4941265  | 4654   | 6/1/2008   | C.P. Irwins Yacht  | 0        | 0      | 0   | 0     | New Jersey     | Alleged Damage And Improper Repair To   |
| 2008 | 1-7-16 | 2208491  | 4152   | 8/7/2008   | Lauderdale Marine  | 0        | 1,000  | 3   | 1,003 | Florida        | Personal Injury                         |
| 2008 | 1-7-16 | 4941336  | 4644   | 8/7/2008   | Luu Marine & Assoc | 0        | 1,000  | 1   | 1,001 | Florida        | Insd EE Fell From A Scaffold            |
| 2008 | 1-7-16 | 4941273  | 4341   | 8/23/2008  | Morrison's Seafood | 0        | 0      | 1   | 1     | New Jersey     | Negligent Repairs                       |
| 2008 | 1-7-16 | 4940939  | 4267   | 6/6/2009   | Home Port Marina,  | 0        | 0      | 1   | 1     | Alabama        | Claimants Alleged Injuries DUE To Expl  |
| 2008 | 1-7-16 | 4941148  | 5681   | 2/17/2009  | Halls Boat Corp.,  | 0        | 0      | 0   | 0     | New York       | CL;MT Slipped And Fell ON ICE Causing   |
| 2009 | 1-7-16 | 4941282  | 921    | 5/29/2010  | Stonewall Resort   | 2,850    | 0      | 24  | 2,874 | West Virginia  | Swimming OFF The Back Of Boat, Attempti |
| 2009 | 1-7-16 | 2208508  | 8781   | 6/1/2009   | Bonnie Castle Yach | 0        | 0      | 14  | 14    | New York       | DJ Action- Environmental Contamiinatio  |
| 2009 | 1-7-16 | 4940856  | 2277   | 5/19/2009  | Rockvam Boat Yards | 0        | 0      | 3   | 3     | Minnesota      | Pnce Boat WAS Fueled And Engine Starte  |
| 2009 | 1-7-16 | 4941366  | 4641   | 8/23/2010  | International Mari | 0        | 1      | 0   | 1     | Texas          | Collision Of 2 JET Skis                 |
| 2009 | 1-7-16 | 4940795  | 4619   | 3/13/2010  | Palm Beach Yacht C | 0        | 0      | 0   | 0     | Florida        | Member Of Yacht Club Slipped OFF Dock   |
| 2010 | 1-7-16 | 4941504  | 221    | 5/16/2010  | Maritime Solutions | 275      | 0      | 0   | 275   | Rhode Island   | Employees Took Boat AT Night / Acciden  |
| 2010 | 1-7-16 | 2208491  | 4663   | 8/28/2010  | Lauderdale Marine  | 0        | 1      | 0   | 1     | Florida        | Bodily Injury - Lightning Strike        |
| 2011 | 1-7-16 | 4941451  | 4091   | 2/1/2012   | Approved Marine, I | 575      | 0      | 0   | 575   | New York       | Fire Broke OUT In Ins Marina When Work  |
| 2011 | 1-7-16 | 9999999  | 9993   | 2/5/2011   | Test               | 0        | 0      | 0   | 0     | Massachusetts  | Auto - Backing Collision- backed into   |
| 2012 | 1-7-16 | 4941645  | 8174   | 1/23/2013  | Little River Inves | 0        | 0      | 0   | 0     | Georgia        | Insured`S Employee WAS Fatally Crushed  |
| 2013 | 1-7-16 | 4941521  | 6773   | 8/7/2013   | Shipyard Quarters  | 0        | 0      | 1   | 1     | Massachusetts  | Alleged Coverage Issue Involving Repai  |

