

Memorandum

From: Div 66 Actuarial
Michael Tranfaglia
Emily Turek

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

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

Date: 2/12/2015

Re: Division 66 - 2015 FeedlotGuard US Profitability Study

I. Executive Summary

A. Introduction -

The FeedlotGuard program provides commercial property, general liability, auto liability and physical damage, animal mortality, inland marine, equipment breakdown, and umbrella for operators of Feedlots and Dairies nationwide.

Last year's analysis resulted in an overall PY 2015 Ultimate Loss Ratio indication of 78.6% which yielded a RAP neutral rate need of 24.5% based on 2014 RAP values.

The year to date rate change for 2015 is 0% for all lines of business.

B. Summary of Results

IL and LAE evaluated as of: 4th Quarter 2014

Currency Employed: USD

Exhibit 1:

Line of Business	Sub-Segment	Policy Year	2015	Projected	RAP			
			Budgeted GWP (000)	Ultimate IL and LAE Ratio*	Combined Ratio*	Breakeven Target Combined Ratio	RAP Rate Need	Projected RAP \$ **
GL	N/A	2015	1,693	92.0%	123.3%	98.6%	35.1%	(276)
AL	N/A	2015	2,795	72.0%	101.3%	97.5%	5.4%	(71)
Property	Ex-Livestock Mortality	2015	9,588	82.3%	113.4%	95.6%	26.4%	(1,159)
Property	Livestock Mortality	2015	1,929	52.3%	88.4%	96.4%	-12.7%	104
APD	N/A	2015	610	137.0%	166.4%	97.4%	96.9%	(280)
Excess Liability	N/A	2015	2,361	65.9%	94.9%	98.7%	-5.2%	58
TOTAL			18,976	78.3%	109.4%	96.7%	18.4%	(1,624)

* Includes PY 2015 rate change achieved

** Assumes a tax rate of 35%

- II. Discussion of Material Findings- The casualty ultimate loss ratio change on an all LOB combined basis was -8.9% for PY's 04-14. This is mainly due to better than expected development for AL. The Property was split into two segments: Livestock Mortality and Excluding Livestock Mortality. The Livestock Mortality results have improved since the prior profitability study was completed as of 4th quarter 2013. The main driver of the improved results was the better than expected development in PY 2013. In fact, there was only \$45K of prior year development. The Excluding Animal Mortality segment has decayed largely due adverse development in PY 2013 due to several claims being settled for more than expected in addition to the emergence of several new large losses.

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. Due to differences in development patterns, the Property line is separated into Livestock Mortality and Property Excluding Livestock Mortality. Due to the relative immaturity of the program, heavy reliance was placed on overall Division 66 factors for all lines of business.
- B. Limitations/Weakness - The projected PY 2015 loss ratio shown in Exhibit 1 of this report assumes that the YTD rate change achieved in 2015 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. As noted previously, heavy reliance was placed on Division 66 factors. As we obtain more data, these selections will become more program specific.

Data Quality - The data for all lines of business in this analysis is pulled from Sandbox which aggregates the data from CRS.

- C. Other - Livestock mortality was analyzed separately from Property due to different reporting patterns in comparison to the rest of the line of business.

IV. Methodology

As previously noted, policy year loss & legal expenses are projected to ultimate for Livestock mortality and the remaining Property business were analyzed separately, due to the difference in claim reporting patterns.

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 2015 ultimate loss ratio. The selected frequency and severities are somewhat consistent in comparison to the prior profit study.

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

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

- VI. Underwriting Action Plans - Below is the response provided by Heather Warren.

No comments to add at this time.

Appendix - Methodology:

Please note that the analysis has seven sections:

- Section I - General Liability
- Section II - Auto Liability
- Section III - Property Total
- Section IIIa - Property ex Livestock Mortality
- Section IIIb - Livestock Mortality
- Section IV - Auto Physical Damage
- Section V - Excess

Exhibit 1 - Summarizes PY 2015 ultimate ILAE ratios and PY 2015 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 2015 and selection of PY 2015 ultimate ILAE ratios.

Exhibit 4 - Frequency/Severity method used to calculate an indicated PY 2015 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 2015

(1) LOB	(2) PY 2014 GWP	Direct	(3) Before 2015 Rate Change PY 2015 Ultimate ILAE Ratio	RAP Neutral		(6) PY 2015 Rate Achieved	(7) After 2014 Rate Change PY 2015 Ultimate ILAE Ratio
				(4) Target Ratio	(5) Before 2015 Rate Change PY 2015 Rate Need		
GL	1,735	3.0%	92.0%	67.3%	35.1%	0.0%	92.0%
AL	2,442	3.0%	72.0%	68.2%	5.4%	0.0%	72.0%
Property Ex Animal	8,421	2.9%	82.3%	64.5%	26.4%	0.0%	82.3%
Property Animal	1,694	2.9%	52.3%	60.3%	-12.7%	0.0%	52.3%
APD	677	3.1%	137.0%	68.0%	96.9%	0.0%	137.0%
Excess Liability	2,003	2.7%	65.9%	69.7%	-5.2%	0.0%	65.9%
Total Casualty	6,180	2.9%	75.6%	68.4%	10.1%	0.0%	75.6%
Total Property	10,792	2.9%	81.0%	64.1%	25.3%	0.0%	81.0%
All Lines Combined	16,973	2.9%	79.1%	65.7%	19.6%	0.0%	79.1%

(1) = Input

(2) = Exhibit 2

(3) = (7) * [1 + (6)]

(4) = Exhibit 1

(5) = [(3) + (Direct Expense)] / [(4) + (Direct Expense)] - 1

(6) = Exhibit 1

(7) = Exhibit 1

Program Summary by LOB - PY 2016

(1)	(2)	Direct	(3) After 2015 Rate Change PY 2016 Ultimate ILAE Ratio	RAP Neutral	
				(4) Target Ratio	(5) After 2015 Rate Change PY 2016 Rate Need
LOB	PY 2014 GWP				
GL	1,735	3.0%	95.2%	67.3%	39.7%
AL	2,442	3.0%	74.9%	68.2%	9.4%
Property Ex Animal	8,421	2.9%	82.3%	64.5%	26.4%
Property Animal	1,694	2.9%	52.3%	60.3%	-12.7%
APD	677	3.1%	137.0%	68.0%	96.9%
Excess Liability	2,003	2.7%	69.2%	69.7%	-0.6%
Total Casualty	6,180	2.9%	78.8%	68.4%	14.5%
Total Property	10,792	2.9%	81.0%	64.1%	25.3%
All Lines Combined	16,973	2.9%	80.2%	65.7%	21.2%

(1) = Input

(2) = Exhibit 2

(3) = Exhibit 1

(4) = Exhibit 1

(5) = [(3) + (Direct Expense)] / [(4) + (Direct Expense)] - 1

Program Summary by LOB

PY	GL					AL					Property Ex Animal - ex Cat Load & Reinsurance Charges					Property Animal - ex Cat Load & Reinsurance Charges				
	GWP	Reported ILAE	Reported ILAE Ratio	Selected Ultimate ILAE	Ultimate ILAE Ratio	GWP	Reported ILAE	Reported ILAE Ratio	Selected Ultimate ILAE	Ultimate ILAE Ratio	GWP	Reported ILAE	Reported ILAE Ratio	Selected Ultimate ILAE	Ultimate ILAE Ratio	GWP	Reported ILAE	Reported ILAE Ratio	Selected Ultimate ILAE	Ultimate ILAE Ratio
2004	0	0	-	0	-	0	0	-	0	-	0	0	-	0	-	0	0	-	0	-
2005	0	0	-	0	-	0	0	-	0	-	0	0	-	0	-	0	0	-	0	-
2006	0	0	-	0	-	0	0	-	0	-	0	0	-	0	-	0	0	-	0	-
2007	0	0	-	0	-	0	0	-	0	-	0	0	-	0	-	0	0	-	0	-
2008	0	0	-	0	-	0	0	-	0	-	0	0	-	0	-	0	0	-	0	-
2009	261	331	126.8%	415	158.9%	229	62	26.9%	65	28.5%	808	392	48.5%	392	48.5%	569	299	52.5%	299	52.6%
2010	416	194	46.6%	260	62.6%	440	1,875	425.8%	1,901	431.7%	1,579	930	58.9%	933	59.1%	1,241	2,286	184.2%	2,286	184.2%
2011	579	151	26.1%	307	53.0%	641	170	26.5%	276	43.1%	2,537	1,540	60.7%	1,544	60.9%	1,921	4	0.2%	4	0.2%
2012	958	601	62.7%	983	102.6%	1,198	297	24.8%	641	53.5%	4,304	3,254	75.6%	3,261	75.8%	1,819	983	54.1%	993	54.6%
2013	1,575	218	13.8%	1,296	82.3%	2,065	591	28.6%	1,256	60.8%	7,051	6,282	89.1%	6,345	90.0%	1,798	715	39.7%	760	42.3%
2014	1,735	117	6.8%	1,542	88.9%	2,442	390	16.0%	1,609	65.9%	8,421	3,045	36.2%	6,840	81.2%	1,694	109	6.4%	670	39.5%

PY	APD					Excess Liability					Total Casualty					Total Property - ex Cat Load & Reinsurance				
	GWP	Reported ILAE	Reported ILAE Ratio	Selected Ultimate ILAE	Ultimate ILAE Ratio	GWP	Reported ILAE	Reported ILAE Ratio	Selected Ultimate ILAE	Ultimate ILAE Ratio	GWP	Reported ILAE	Reported ILAE Ratio	Selected Ultimate ILAE	Ultimate ILAE Ratio	GWP	Reported ILAE	Reported ILAE Ratio	Selected Ultimate ILAE	Ultimate ILAE Ratio
2004	0	0	-	0	-	0	0	-	0	-	0	0	-	0	-	0	0	-	0	-
2005	0	0	-	0	-	0	0	-	0	-	0	0	-	0	-	0	0	-	0	-
2006	0	0	-	0	-	0	0	-	0	-	0	0	-	0	-	0	0	-	0	-
2007	0	0	-	0	-	0	0	-	0	-	0	0	-	0	-	0	0	-	0	-
2008	0	0	-	0	-	0	0	-	0	-	0	0	-	0	-	0	0	-	0	-
2009	43	52	119.8%	51	119.1%	172	0	0.0%	40	23.3%	662	393	59.4%	521	78.6%	1,419	742	52.3%	742	52.3%
2010	112	176	156.1%	175	155.9%	381	502	131.6%	600	157.4%	1,237	2,570	207.7%	2,761	223.2%	2,933	3,392	115.7%	3,394	115.7%
2011	182	194	106.4%	194	106.6%	521	0	0.0%	180	34.5%	1,742	321	18.4%	764	43.8%	4,641	1,738	37.5%	1,742	37.5%
2012	345	520	150.5%	530	153.5%	1,060	1	0.1%	480	45.3%	3,216	899	27.9%	2,104	65.4%	6,469	4,758	73.5%	4,784	74.0%
2013	556	590	106.3%	615	110.7%	1,753	0	0.0%	920	52.5%	5,393	809	15.0%	3,472	64.4%	9,405	7,587	80.7%	7,720	82.1%
2014	677	685	101.2%	1,155	170.6%	2,003	0	0.0%	1,100	54.9%	6,180	507	8.2%	4,251	68.8%	10,792	3,839	35.6%	8,665	87.9%

PY	All Lines Combined				
	GWP	Reported ILAE	Reported ILAE Ratio	Selected Ultimate ILAE	Ultimate ILAE Ratio
2004	0	0	-	0	-
2005	0	0	-	0	-
2006	0	0	-	0	-
2007	0	0	-	0	-
2008	0	0	-	0	-
2009	2,081	1,135	54.5%	1,263	60.7%
2010	4,170	5,962	143.0%	6,155	147.6%
2011	6,383	2,059	32.3%	2,506	39.3%
2012	9,685	5,656	58.4%	6,889	71.1%
2013	14,798	8,396	56.7%	11,192	75.6%
2014	16,973	4,347	25.6%	12,916	80.2%

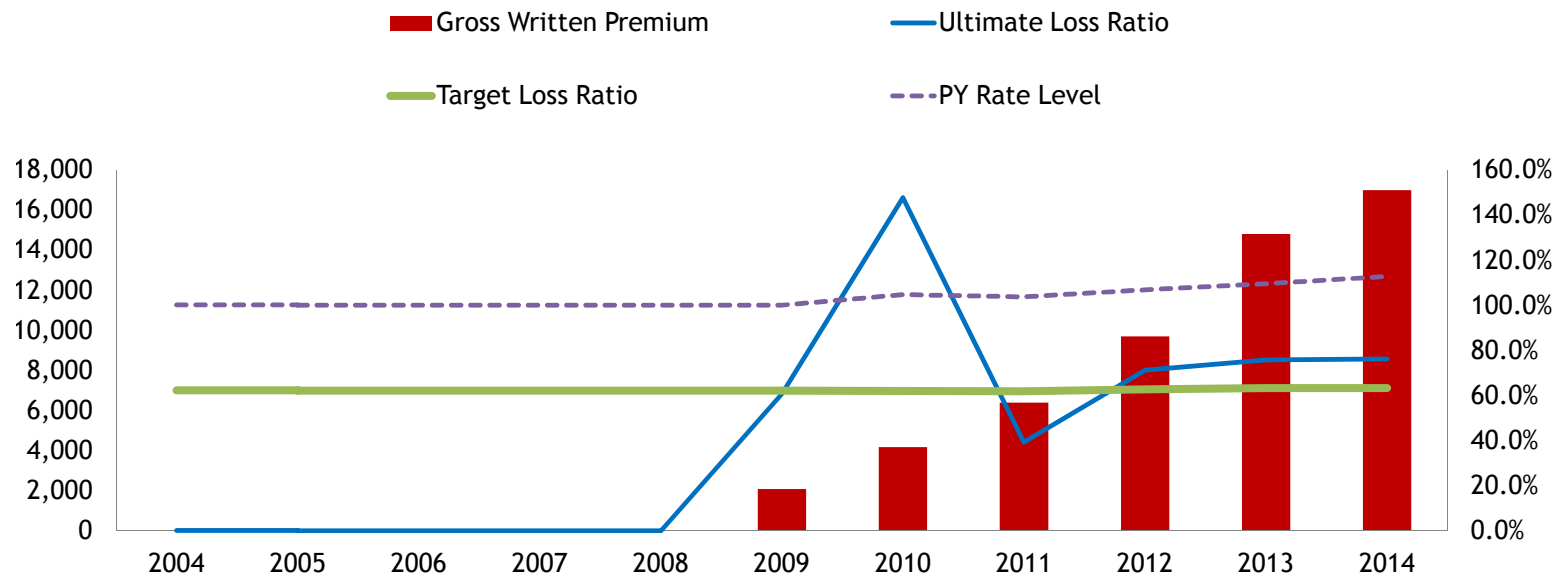
Program Summary by LOB - Prior Profitability Study Indications

PY	GL				AL				Property Ex Animal - ex Cat Load & Reinsurance Charge				Property Animal - ex Cat Load & Reinsurance Charge			
	GWP	2013 Ultimate ILAE Ratio	2014 Ultimate ILAE Ratio	2015 Ultimate ILAE Ratio	GWP	2013 Ultimate ILAE Ratio	2014 Ultimate ILAE Ratio	2015 Ultimate ILAE Ratio	GWP	2013 Ultimate ILAE Ratio	2014 Ultimate ILAE Ratio	2015 Ultimate ILAE Ratio	GWP	2013 Ultimate ILAE Ratio	2014 Ultimate ILAE Ratio	2015 Ultimate ILAE Ratio
2004	0	-	-	-	0	-	-	-	0	-	-	-	0	-	-	-
2005	0	-	-	-	0	-	-	-	0	-	-	-	0	-	-	-
2006	0	-	-	-	0	-	-	-	0	-	-	-	0	-	-	-
2007	0	-	-	-	0	-	-	-	0	-	-	-	0	-	-	-
2008	0	-	-	-	0	-	-	-	0	-	-	-	0	-	-	-
2009	261	39.5%	73.7%	158.9%	229	32.8%	32.9%	28.5%	808	50.0%	48.5%	48.5%	569	50.0%	52.6%	52.6%
2010	416	105.6%	76.4%	62.6%	440	502.4%	438.5%	431.7%	1,579	94.5%	59.0%	59.1%	1,241	94.5%	184.2%	184.2%
2011	579	134.0%	67.1%	53.0%	641	49.2%	60.3%	43.1%	2,537	47.1%	60.8%	60.9%	1,921	47.1%	0.2%	0.2%
2012	958	113.9%	99.9%	102.6%	1,198	85.4%	69.0%	53.5%	4,304	62.7%	71.8%	75.8%	1,819	62.7%	57.4%	54.6%
2013	1,575	115.0%	90.3%	82.3%	2,065	90.0%	81.5%	60.8%	7,051	60.0%	79.1%	90.0%	1,798	60.0%	93.4%	42.3%
2014	1,735		100.0%	88.9%	2,442		80.0%	65.9%	8,421		75.0%	81.2%	1,694		67.0%	39.5%

PY	APD				Excess Liability				Total Casualty				Total Property - ex Cat Load & Reinsurance			
	GWP	2013 Ultimate ILAE Ratio	2014 Ultimate ILAE Ratio	2015 Ultimate ILAE Ratio	GWP	2013 Ultimate ILAE Ratio	2014 Ultimate ILAE Ratio	2015 Ultimate ILAE Ratio	GWP	2013 Ultimate ILAE Ratio	2014 Ultimate ILAE Ratio	2015 Ultimate ILAE Ratio	GWP	2013 Ultimate ILAE Ratio	2014 Ultimate ILAE Ratio	2015 Ultimate ILAE Ratio
2004	0	-	-	-	0	-	-	-	0	-	-	-	0	-	-	-
2005	0	-	-	-	0	-	-	-	0	-	-	-	0	-	-	-
2006	0	-	-	-	0	-	-	-	0	-	-	-	0	-	-	-
2007	0	-	-	-	0	-	-	-	0	-	-	-	0	-	-	-
2008	0	-	-	-	0	-	-	-	0	-	-	-	0	-	-	-
2009	43	9.3%	119.1%	119.1%	172	58.1%	29.1%	23.3%	662	42.0%	48.0%	78.6%	1,419	48.8%	52.3%	52.3%
2010	112	185.7%	156.8%	155.9%	381	183.7%	162.7%	157.4%	1,237	270.9%	231.8%	223.2%	2,933	98.0%	115.7%	115.7%
2011	182	122.0%	106.1%	106.6%	521	57.6%	42.2%	34.5%	1,742	79.9%	57.1%	43.8%	4,641	50.0%	37.5%	37.5%
2012	345	169.7%	148.8%	153.5%	1,060	56.8%	49.0%	45.3%	3,216	84.5%	71.6%	65.4%	6,469	68.4%	71.9%	74.0%
2013	556	175.0%	151.0%	110.7%	1,753	69.3%	54.2%	52.5%	5,393	90.6%	75.2%	64.4%	9,405	66.8%	86.1%	82.1%
2014	677		144.0%	170.6%	2,003		64.0%	54.9%	6,180		80.4%	68.8%	10,792		78.1%	80.3%

Total Program Summary

PY	GWP	-----Loss Ratio-----			-----Combined Ratio-----		Normalized RAP Dollars	Rt Chg	Rt Lvl	Commission
		Reported	Ultimate	Target *	Ultimate	BECR				
2004	0	0.0%	0.0%	62.1%	95.3%	96.7%	0	0.0%	1.00	-
2005	0	0.0%	0.0%	62.1%	95.3%	96.7%	0	0.0%	1.00	-
2006	0	0.0%	0.0%	62.1%	95.3%	96.7%	0	0.0%	1.00	-
2007	0	0.0%	0.0%	62.1%	95.3%	96.7%	0	0.0%	1.00	-
2008	0	0.0%	0.0%	62.1%	95.3%	96.7%	0	0.0%	1.00	-
2009	2,081	54.5%	60.7%	62.1%	95.3%	96.7%	20	0.0%	1.00	22.9%
2010	4,170	143.0%	147.6%	61.9%	182.4%	96.7%	-2,402	4.6%	1.05	23.0%
2011	6,383	32.3%	39.3%	61.8%	74.1%	96.6%	967	-0.9%	1.04	23.1%
2012	9,685	58.4%	71.1%	62.7%	105.1%	96.7%	-549	3.0%	1.07	22.4%
2013	14,798	56.7%	75.6%	63.2%	109.2%	96.7%	-1,238	2.5%	1.09	22.0%
2014	16,973	25.6%	76.1%	63.3%	109.5%	96.7%	-1,462	2.9%	1.13	21.9%
Total	54,089	50.9%	75.7%				-4,664			

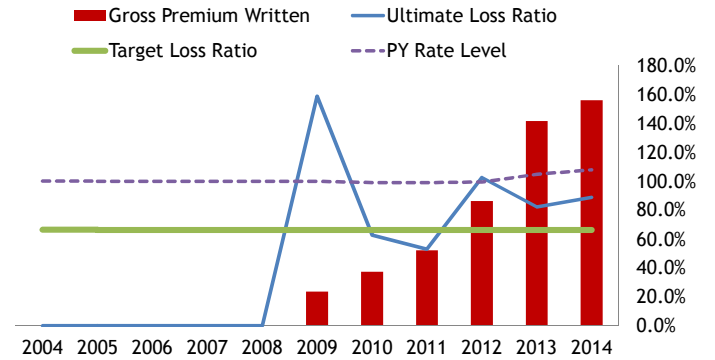


* Target Ratio = 1 - (Expense Ratio) - (AAL) - (XOL) - (Corporate Cat Reinsurance) - (ULE) - (Claim Fees) - (Risk Load)

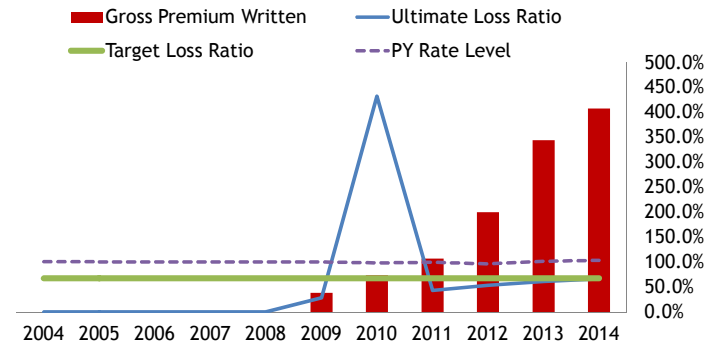
* Ultimate Loss Ratios exclude modeled cats, ULE, non-machine claims fees and the impact of XOL/corporate cat reinsurance

Program Summary by LOB - Casualty Lines

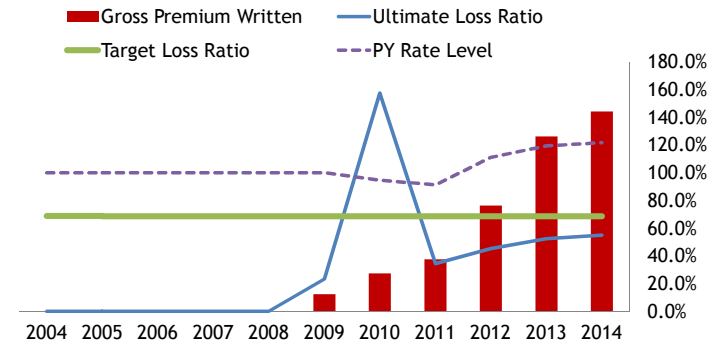
GL	PY	GWP	Loss Ratio			Combined Ratio		Normalized RAP Dollars	Rt Chg	Rt Lvl	Commission
			Reported	Ultimate	Target *	Ultimate	BECR				
	2004	0	0.0%	0.0%	66.3%	32.3%	98.6%	0	0.0%	1.00	22.0%
	2005	0	0.0%	0.0%	66.3%	32.3%	98.6%	0	0.0%	1.00	22.0%
	2006	0	0.0%	0.0%	66.3%	32.3%	98.6%	0	0.0%	1.00	22.0%
	2007	0	0.0%	0.0%	66.3%	32.3%	98.6%	0	0.0%	1.00	22.0%
	2008	0	0.0%	0.0%	66.3%	32.3%	98.6%	0	0.0%	1.00	22.0%
	2009	261	126.8%	158.9%	66.3%	191.2%	98.6%	-160	0.0%	1.00	22.0%
	2010	416	46.6%	62.6%	66.3%	94.9%	98.6%	10	-1.0%	0.99	22.0%
	2011	579	26.1%	53.0%	66.3%	85.3%	98.6%	51	0.1%	0.99	22.0%
	2012	958	62.7%	102.6%	66.3%	134.8%	98.6%	-229	0.3%	0.99	22.0%
	2013	1,575	13.8%	82.3%	66.3%	114.5%	98.6%	-166	5.5%	1.05	22.0%
	2014	1,735	6.8%	88.9%	66.3%	121.1%	98.6%	-258	3.0%	1.08	22.0%
	Total	5,525	29.2%	87.0%				-752			



AL	PY	GWP	Loss Ratio			Combined Ratio		Normalized RAP Dollars	Rt Chg	Rt Lvl	Commission
			Reported	Ultimate	Target *	Ultimate	BECR				
	2004	0	0.0%	0.0%	67.2%	30.3%	97.5%	0	0.0%	1.00	20.0%
	2005	0	0.0%	0.0%	67.2%	30.3%	97.5%	0	0.0%	1.00	20.0%
	2006	0	0.0%	0.0%	67.2%	30.3%	97.5%	0	0.0%	1.00	20.0%
	2007	0	0.0%	0.0%	67.2%	30.3%	97.5%	0	0.0%	1.00	20.0%
	2008	0	0.0%	0.0%	67.2%	30.3%	97.5%	0	0.0%	1.00	20.0%
	2009	229	26.9%	28.5%	67.2%	58.8%	97.5%	59	0.0%	1.00	20.0%
	2010	440	425.8%	431.7%	67.2%	462.0%	97.5%	-1,070	-2.0%	0.98	20.0%
	2011	641	26.5%	43.1%	67.2%	73.4%	97.5%	103	1.4%	0.99	20.0%
	2012	1,198	24.8%	53.5%	67.2%	83.8%	97.5%	109	-3.5%	0.96	20.0%
	2013	2,065	28.6%	60.8%	67.2%	91.1%	97.5%	88	5.7%	1.01	20.0%
	2014	2,442	16.0%	65.9%	67.2%	96.2%	97.5%	21	1.9%	1.03	20.0%
	Total	7,016	48.2%	81.9%				-690			



XS	PY	GWP	Loss Ratio			Combined Ratio		Normalized RAP Dollars	Rt Chg	Rt Lvl	Commission
			Reported	Ultimate	Target *	Ultimate	BECR				
	2004	0	0.0%	0.0%	68.7%	30.0%	98.7%	0	0.0%	1.00	20.0%
	2005	0	0.0%	0.0%	68.7%	30.0%	98.7%	0	0.0%	1.00	20.0%
	2006	0	0.0%	0.0%	68.7%	30.0%	98.7%	0	0.0%	1.00	20.0%
	2007	0	0.0%	0.0%	68.7%	30.0%	98.7%	0	0.0%	1.00	20.0%
	2008	0	0.0%	0.0%	68.7%	30.0%	98.7%	0	0.0%	1.00	20.0%
	2009	172	0.0%	23.3%	68.7%	53.3%	98.7%	51	0.0%	1.00	20.0%
	2010	381	131.6%	157.4%	68.7%	187.4%	98.7%	-223	-5.3%	0.95	20.0%
	2011	521	0.0%	34.5%	68.7%	64.5%	98.7%	117	-3.6%	0.91	20.0%
	2012	1,060	0.1%	45.3%	68.7%	75.3%	98.7%	163	21.8%	1.11	20.0%
	2013	1,753	0.0%	52.5%	68.7%	82.5%	98.7%	187	7.3%	1.19	20.0%
	2014	2,003	0.0%	54.9%	68.7%	84.9%	98.7%	181	2.1%	1.22	20.0%
	Total	5,890	8.5%	56.4%				477			



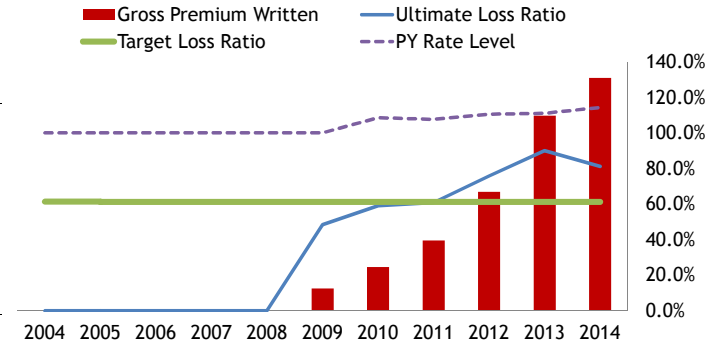
* Target Ratio = 1 - (Expense Ratio) - (AAL) - (XOL) - (Corporate Cat Reinsurance) - (ULE) - (Claim Fees) - (Risk Load)

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

Program Summary by LOB - Property Lines

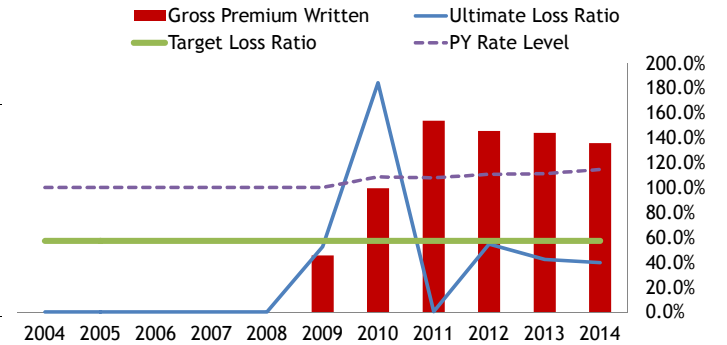
Property - Ex Livestock Mortality

PY	GWP	Loss Ratio			Combined Ratio		Normalized RAP Dollars	Rt Chg	Rt Lvl	Commission
		Reported	Ultimate	Target *	Ultimate	BECR				
2004	0	0.0%	0.0%	61.2%	34.4%	95.6%	0	0.0%	1.00	22.0%
2005	0	0.0%	0.0%	61.2%	34.4%	95.6%	0	0.0%	1.00	22.0%
2006	0	0.0%	0.0%	61.2%	34.4%	95.6%	0	0.0%	1.00	22.0%
2007	0	0.0%	0.0%	61.2%	34.4%	95.6%	0	0.0%	1.00	22.0%
2008	0	0.0%	0.0%	61.2%	34.4%	95.6%	0	0.0%	1.00	22.0%
2009	808	48.5%	48.5%	61.2%	82.9%	95.6%	70	0.0%	1.00	22.0%
2010	1,579	58.9%	59.1%	61.2%	93.5%	95.6%	23	8.5%	1.09	22.0%
2011	2,537	60.7%	60.9%	61.2%	95.3%	95.6%	6	-0.8%	1.08	22.0%
2012	4,304	75.6%	75.8%	61.2%	110.2%	95.6%	-426	2.7%	1.11	22.0%
2013	7,051	89.1%	90.0%	61.2%	124.4%	95.6%	-1,379	0.6%	1.11	22.0%
2014	8,421	36.2%	81.2%	61.2%	115.6%	95.6%	-1,145	2.9%	1.14	22.0%
Total	24,700	62.5%	78.2%				-2,851			



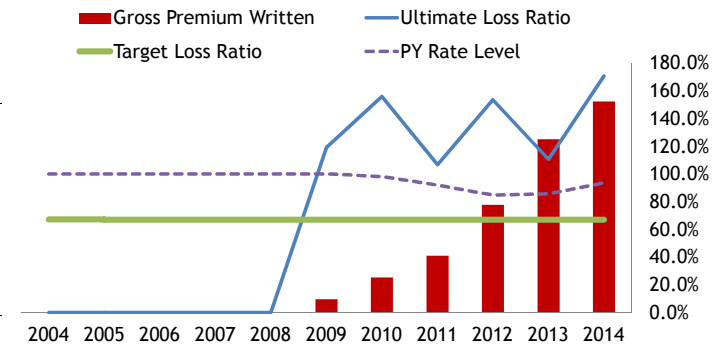
Property Livestock Mortality

PY	GWP	Loss Ratio			Combined Ratio		Normalized RAP Dollars	Rt Chg	Rt Lvl	Commission
		Reported	Ultimate	Target *	Ultimate	BECR				
2004	0	0.0%	0.0%	57.0%	39.4%	96.4%	0	0.0%	1.00	27.0%
2005	0	0.0%	0.0%	57.0%	39.4%	96.4%	0	0.0%	1.00	27.0%
2006	0	0.0%	0.0%	57.0%	39.4%	96.4%	0	0.0%	1.00	27.0%
2007	0	0.0%	0.0%	57.0%	39.4%	96.4%	0	0.0%	1.00	27.0%
2008	0	0.0%	0.0%	57.0%	39.4%	96.4%	0	0.0%	1.00	27.0%
2009	569	52.5%	52.6%	57.0%	92.0%	96.4%	17	0.0%	1.00	27.0%
2010	1,241	184.2%	184.2%	57.0%	223.6%	96.4%	-1,064	8.5%	1.09	27.0%
2011	1,921	0.2%	0.2%	57.0%	39.6%	96.4%	736	-0.8%	1.08	27.0%
2012	1,819	54.1%	54.6%	57.0%	94.0%	96.4%	30	2.7%	1.11	27.0%
2013	1,798	39.7%	42.3%	57.0%	81.7%	96.4%	179	0.6%	1.11	27.0%
2014	1,694	6.4%	39.5%	57.0%	79.0%	96.4%	199	2.9%	1.14	27.0%
Total	9,043	48.6%	55.4%				96			



APD

PY	GWP	Loss Ratio			Combined Ratio		Normalized RAP Dollars	Rt Chg	Rt Lvl	Commission
		Reported	Ultimate	Target *	Ultimate	BECR				
2004	0	0.0%	0.0%	67.0%	30.4%	97.4%	0	0.0%	1.00	20.0%
2005	0	0.0%	0.0%	67.0%	30.4%	97.4%	0	0.0%	1.00	20.0%
2006	0	0.0%	0.0%	67.0%	30.4%	97.4%	0	0.0%	1.00	20.0%
2007	0	0.0%	0.0%	67.0%	30.4%	97.4%	0	0.0%	1.00	20.0%
2008	0	0.0%	0.0%	67.0%	30.4%	97.4%	0	0.0%	1.00	20.0%
2009	43	119.8%	119.1%	67.0%	149.5%	97.4%	-15	0.0%	1.00	20.0%
2010	112	156.1%	155.9%	67.0%	186.3%	97.4%	-67	-2.0%	0.98	20.0%
2011	182	106.4%	106.6%	67.0%	137.0%	97.4%	-48	-6.1%	0.92	20.0%
2012	345	150.5%	153.5%	67.0%	183.9%	97.4%	-199	-7.8%	0.85	20.0%
2013	556	106.3%	110.7%	67.0%	141.0%	97.4%	-162	1.1%	0.86	20.0%
2014	677	101.2%	170.6%	67.0%	201.0%	97.4%	-468	9.1%	0.94	20.0%
Total	1,916	115.7%	142.0%				-958			



* 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

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Target	Target	Before 2015 Rate Change PY 2015 Ultimate ILAE Ratio	Before 2015 Rate Change PY 2015 Rate Need	PY 2015 Rate Achieved	After 2015 Rate Change PY 2015 Ultimate ILAE Ratio	PY 2016 Ultimate ILAE Ratio	PY 2016 Rate Need
RAP Neutral:	98.6%	67.3%	92.0%	35.1%	0.0%	92.0%	95.2%	39.7%

Expense Ratio calculated as follows:

Commission:	22.0%
Prem Tax:	2.3%
Other Acquisition Fees:	0.7%
Direct Expense:	3.0%
Indirect Expense:	3.4%
	<u>31.3%</u>

(1) = [1 - (Calculated RAP)]

(2) = [(1) - (Total Expense)]

(3) = (6) x [1 + (5)]

(4) = [(3) + (Direct Expense)] / [(2) + (Direct Expense)] - 1

(5) = Input

(6) = (Exhibit 3) / [1 + (5)]

(7) = (6) x [1 + (Trend)]

(8) = [(7) + (Direct Expense)] / [(2) + (Direct Expense)] - 1

GL

Indexing - PY 2015 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 2015	On-Level Ultimate ILAE Ratio	Ultimate ILAE Ratio	3.3% Trend to PY 2015	On-Level Ultimate ILAE Ratio	Ultimate ILAE Ratio	3.0% Trend to PY 2015	On-Level Ultimate ILAE Ratio	
2004	0	0.0%	1.000	-	-	1.460	-	-	1.422	-	-	-	1.384	-
2005	0	0.0%	1.000	-	-	1.411	-	-	1.377	-	-	-	1.344	-
2006	0	0.0%	1.000	-	-	1.363	-	-	1.334	-	-	-	1.305	-
2007	0	0.0%	1.000	-	-	1.317	-	-	1.292	-	-	-	1.267	-
2008	0	0.0%	1.000	-	-	1.272	-	-	1.251	-	-	-	1.230	-
2009	261	0.0%	1.000	282	158.9%	1.229	180.9%	132.1%	1.212	148.2%	59.3%	1.194	65.6%	
2010	416	-1.0%	0.990	454	62.6%	1.188	68.2%	57.8%	1.173	62.1%	55.4%	1.159	58.8%	
2011	579	0.1%	0.991	631	53.0%	1.148	55.8%	42.6%	1.136	44.4%	35.6%	1.126	36.8%	
2012	958	0.3%	0.994	1,041	102.6%	1.109	104.7%	88.9%	1.101	90.0%	64.8%	1.093	65.1%	
2013	1,575	5.5%	1.049	1,623	82.3%	1.071	85.6%	61.5%	1.066	63.6%	47.8%	1.061	49.2%	
2014	1,735	3.0%	1.080	1,735	88.9%	1.035	92.0%	66.7%	1.033	68.8%	51.8%	1.030	53.4%	
All Yr Wtd incl 2014:							91.0%			71.9%				53.5%
Last 7 Wtd incl 2014:							91.0%			71.9%				53.5%
Last 5 Wtd incl 2014:							86.4%			67.9%				52.9%
Last 3 Wtd incl 2014:							92.6%			71.9%				54.6%
Selected Ultimate:							90.0%			69.0%				53.0%
ILF:							1.00			1.33				1.71
Policy Limits Ultimate:							90.0%			91.8%				90.7%
Weight:							15%			43%				43%
											Frequency/Severity Indication:			92.0%
											Weighted Average:			91.1%
											PY 2015 Selected:			91.0%
											Adjustment:			0.0%
											PY 2015:			91.0%
											ULE:			1.0%
											Claims Fees:			0.0%
											PY 2015 Ultimate ILAE Ratio:			92.0%

GL

Large Losses - Incurred + Legal > 100k

PY	DSP	Policy #	Case #	DOL	Insured	Ind Paid	Ind OS	Legal	I+Legal	Acc State	Description
2009	1-1-181	2849851	9123	8/25/2010	RIO Bravo Cattle	235	-	57	292	Texas	Clmt Allegeges Multiple Injuries DU
2012	1-1-181	7560000	9454	3/21/2013	Dinsdale Brothers	190	-	30	220	Colorado	The Insured`S COW GOT Loose And
2012	1-1-181	6143199	8295	5/4/2012	Schiff Farms Inc.	105	-	18	123	Delaware	Insd Employee WAS Branding Cattle

AL

Rate Need Indications

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Target	Target	Before 2015 Rate Change PY 2015 Ultimate ILAE Ratio	Before 2015 Rate Change PY 2015 Rate Need	PY 2015 Rate Achieved	After 2015 Rate Change PY 2015 Ultimate ILAE Ratio	PY 2016 Ultimate ILAE Ratio	PY 2016 Rate Need
RAP Neutral:	97.5%	68.2%	72.0%	5.4%	0.0%	72.0%	74.9%	9.4%

Expense Ratio calculated as follows:

Commission:	20.0%
Prem Tax:	2.3%
Other Acquisition Fees:	0.7%
Direct Expense:	3.0%
Indirect Expense:	3.4%
	<u>29.3%</u>

(1) = [1 - (Calculated RAP)]

(2) = [(1) - (Total Expense)]

(3) = (6) x [1 + (5)]

(4) = [(3) + (Direct Expense)] / [(2) + (Direct Expense)] - 1

(5) = Input

(6) = (Exhibit 3) / [1 + (5)]

(7) = (6) x [1 + (Trend)]

(8) = [(7) + (Direct Expense)] / [(2) + (Direct Expense)] - 1

AL

Indexing - PY 2015 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 2015	On-Level Ultimate ILAE Ratio	Ultimate ILAE Ratio	3.5% Trend to PY 2015	On-Level Ultimate ILAE Ratio	Ultimate ILAE Ratio	3.0% Trend to PY 2015	On-Level Ultimate ILAE Ratio	
2004	0	0.0%	1.000	-	-	1.539	-	-	1.460	-	-	-	1.384	-
2005	0	0.0%	1.000	-	-	1.480	-	-	1.411	-	-	-	1.344	-
2006	0	0.0%	1.000	-	-	1.423	-	-	1.363	-	-	-	1.305	-
2007	0	0.0%	1.000	-	-	1.369	-	-	1.317	-	-	-	1.267	-
2008	0	0.0%	1.000	-	-	1.316	-	-	1.272	-	-	-	1.230	-
2009	229	0.0%	1.000	237	28.5%	1.265	34.9%	28.5%	1.229	33.9%	28.5%	1.194	32.9%	
2010	440	-2.0%	0.980	464	431.7%	1.217	498.2%	129.6%	1.188	146.0%	59.2%	1.159	65.1%	
2011	641	1.4%	0.994	667	43.1%	1.170	48.5%	35.3%	1.148	39.0%	32.2%	1.126	34.8%	
2012	1,198	-3.5%	0.960	1,291	53.5%	1.125	55.9%	41.8%	1.109	43.0%	35.1%	1.093	35.6%	
2013	2,065	5.7%	1.014	2,105	60.8%	1.082	64.5%	46.7%	1.071	49.1%	36.5%	1.061	38.0%	
2014	2,442	1.9%	1.034	2,442	65.9%	1.040	68.5%	50.1%	1.035	51.9%	40.3%	1.030	41.5%	
All Yr Wtd incl 2014:							89.8%			53.8%				40.1%
Last 7 Wtd incl 2014:							89.8%			53.8%				40.1%
Last 5 Wtd incl 2014:							91.7%			54.4%				40.3%
Last 3 Wtd incl 2014:							64.3%			48.9%				39.0%
Selected Ultimate:							68.0%			50.0%				40.0%
ILF:							1.00			1.37				1.70
Policy Limits Ultimate:							68.0%			68.3%				68.0%
Weight:							20%			40%				40%
Frequency/Severity Indication: 73.6%														
Weighted Average: 68.1%														
PY 2015 Selected: 71.0%														
Adjustment: 0.0%														
PY 2015: 71.0%														
ULE: 1.0%														
Claims Fees: 0.0%														
PY 2015 Ultimate ILAE Ratio: 72.0%														

AL

Large Losses - Incurred + Legal > 100k

PY	DSP	Policy #	Case #	DOL	Insured	Ind Paid	Ind OS	Legal	I+Legal	Acc State	Description
2010	1-1-181	6143286	2509	5/7/2011	Texas Beef Group	1,003	-	52	1,054	Texas	IV DID NOT SEE CV And T Boned CV ON PA
2010	1-1-181	9656648	5355	12/13/2010	Cactus Operating	714	-	52	767	Texas	ID WAS Cited For Failure To Yield
2013	1-1-179	9047641	5609	1/14/2014	Amarillo Grain EX	17	150	16	183	Texas	Insured Driver Collided With Motorcycl

Property - Excluding Livestock Mortality

Rate Need Indications

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Target Combined Ratio	Target ILAE Ratio	Before 2015 Rate Change PY 2015 Ultimate ILAE Ratio	Before 2015 Rate Change PY 2015 Rate Need	PY 2015 Rate Achieved	After 2015 Rate Change PY 2015 Ultimate ILAE Ratio	PY 2016 Ultimate ILAE Ratio	PY 2016 Rate Need
RAP Neutral:	95.6%	64.5%	82.3%	26.4%	0.0%	82.3%	82.3%	26.4%

Expense Ratio calculated as follows:

Commission:	22.0%
Prem Tax:	2.3%
Other Acquisition Fees:	0.7%
Reinsurance:	0.0%
Direct Expense:	2.9%
Indirect Expense:	3.3%
	<u>31.1%</u>

(1) = [1 - (Calculated RAP)]

(2) = [(1) - (Total Expense)]

(3) = (6) x [1 + (5)]

(4) = [(3) + (Direct Expense)] / [(2) + (Direct Expense)] - 1

(5) = Input

(6) = (Exhibit 3) / [1 + (5)]

(7) = (6) x [1 + (Trend)]

(8) = [(7) + (Direct Expense)] / [(2) + (Direct Expense)] - 1

Property - Excluding Livestock Mortality

Indexing - PY 2015 Ultimate Loss & LAE Selection

PY	GWP	Annual PY Rate Chg	Cumulative PY Rate Chg	On-Level GWP	Policy Limits			Capped @ 1M			Capped @ 250k			Capped @ 100k				
					Ultimate ILAE Ratio	0.0% Trend to PY 2015	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 2015	On-Level Ultimate ILAE Ratio	Ultimate ILAE Ratio	0.0% Trend to PY 2015	On-Level Ultimate ILAE Ratio		
2004	0	0.0%	1.000	-	-	1.000	-	-	1.000	-	-	1.000	-	-	1.000	-		
2005	0	0.0%	1.000	-	-	1.000	-	-	1.000	-	-	1.000	-	-	1.000	-		
2006	0	0.0%	1.000	-	-	1.000	-	-	1.000	-	-	1.000	-	-	1.000	-		
2007	0	0.0%	1.000	-	-	1.000	-	-	1.000	-	-	1.000	-	-	1.000	-		
2008	0	0.0%	1.000	-	-	1.000	-	-	1.000	-	-	1.000	-	-	1.000	-		
2009	808	0.0%	1.000	923	48.5%	1.000	42.4%	48.5%	1.000	42.4%	48.5%	1.000	42.4%	46.8%	1.000	40.9%		
2010	1,579	8.5%	1.085	1,663	59.1%	1.000	56.1%	59.1%	1.000	56.1%	55.9%	1.000	53.1%	46.4%	1.000	44.1%		
2011	2,537	-0.8%	1.076	2,695	60.9%	1.000	57.3%	60.9%	1.000	57.3%	60.9%	1.000	57.3%	54.2%	1.000	51.0%		
2012	4,304	2.7%	1.105	4,452	75.8%	1.000	73.3%	75.8%	1.000	73.3%	71.4%	1.000	69.0%	59.5%	1.000	57.5%		
2013	7,051	0.6%	1.111	7,253	90.0%	1.000	87.5%	89.7%	1.000	87.2%	69.9%	1.000	67.9%	49.3%	1.000	47.9%		
2014	8,421	2.9%	1.143	8,421	81.2%	1.000	81.2%	59.5%	1.000	59.5%	43.6%	1.000	43.6%	33.0%	1.000	33.0%		
All Yr Wtd incl 2014:							76.0%								57.0%	44.5%		
Last 7 Wtd incl 2014:							76.0%								57.0%	44.5%		
Last 5 Wtd incl 2014:							77.3%								57.6%	44.6%		
Last 3 Wtd incl 2014:							81.7%								58.0%	43.8%		
Selected Ultimate:							80.0%								57.0%	43.0%		
ILF:							1.00								1.37	1.85		
Policy Limits Ultimate:							80.0%								78.1%	79.4%		
Weight:					46%			18%			18%			18%				

Frequency/Severity Indication:	78.2%
Weighted Average:	79.1%
PY 2015 Selected:	79.0%
Adjustment:	0.0%
PY 2015:	79.0%

All Year Avg Empirical Cat Load:	0.0%
Program Specific AAL Cat Load:	0.9%
Selected Cat Load:	0.9%
Corporate Cat Charge:	0.0%
XOL Loss Cost:	1.4%
Indicated XOL Cost:	0.0%
ULE:	1.0%
Claims Fees:	0.0%
PY 2015 Ultimate ILAE Ratio Including AAL Cat Load and Cost of Reinsurance:	82.3%

Property - Excluding Livestock Mortality

Large Losses - Incurred + Legal > 100k

PY	DSP	Cat #	Policy #	Case #	DOL	Insured	Ind Paid	Ind OS	Legal	I+Legal	Acc State	Description
2009	1-1-181		6478657	2186	4/16/2010	Spearman Cattle F	112	-	2	114	Texas	Electrical Fire In Mill
2010	1-1-181		2853039	3150	5/22/2011	Gottsch Cattle Co	298	-	1	298	Nebraska	Fire Damage To CAT Equipment Used For
2011	1-1-181		2850662	2907	9/1/2012	Mason County Feed	216	-	16	232	Texas	Fire Loss To Feed Processing Plant
2011	1-1-181		7560000	7049	8/10/2011	Dinsdale Brothers	113	-	14	127	Colorado	Hail Damage To 3 Of Insured Locations
2011	1-1-181		2849297	2519	12/3/2011	McClean Feedyard L	99	-	6	105	Texas	Rush Insured Building Caught ON Fire
2012	1-1-181		1738404	2791	8/25/2013	TIM Dewey Farm &	345	-	7	352	Kansas	Insured HAY Bales SET ON Fire.
2012	1-1-181		6479938	9628	6/6/2012	Healthy Earth Ent	323	-	8	332	Idaho	Composter Caught ON Fire NOT Sure IF D
2012	1-1-181		6480808	6870	12/12/2012	Pride Feeders LP	204	-	5	209	Oklahoma	Corn Bln Fell Over And Caused Damage T
2012	1-1-181		2851817	3661	10/5/2012	Poky Feeders Inc.	150	-	11	161	Kansas	Employee Theft Of 300 Bottles Of Draxo
2012	1-1-181		6143195	664	6/26/2012	South Slope Dairy	130	-	7	137	New Mexico	HAY Caught Fire Approx Loss IS \$241978
2012	1-1-181		7562438	640	6/21/2012	4M Feeders Inc.	97	-	7	105	Connecticut	Grinder Caught Fire While Grinding HAY
2012	1-1-181	7712	6480120	9668	6/7/2012	Kroskob Farms Llc	87	-	12	100	Colorado	Hail Storm Caused Damaged Insureds PRO
2013	1-1-181		6143199	3271	9/18/2013	Schiff Farms Inc.	817	-	65	408	Delaware	Damage To Insured Property Caused By E
2013	1-1-181		7561112	2341	8/4/2013	Bunker Hill Cattl	572	-	30	339	Nebraska	Mill Collapsed; Cause Unknown.
2013	1-1-181	2213	1739870	2165	7/25/2013	Frontier Dairy, L	432	-	20	451	Kansas	CAT 22 Insured Property Damaged From T
2013	1-1-181		9907422	3151	9/7/2013	Erik DE Jong DBA	426	-	6	432	Arizona	HAY Fire AT Insured Location.
2013	1-1-181		9907248	8232	4/27/2014	Cedar Valley Farm	251	9	5	265	Iowa	Damage To The Insured`S Premises From
2013	1-1-133		4054582	9757	6/23/2014	Napoleon Dairy LL	136	96	4	236	Ohio	Severe Wind Storm Blew Roof OFF Of The
2013	1-1-179		6481399	2903	8/27/2013	Hurdsfield Grain	207	-	12	219	North Dakota	Theft Of Three Pallets.
2013	1-1-181		9907141	9878	6/26/2014	DEL RIO Dairy	163	52	3	218	Texas	HAY Fire
2013	1-1-181		1740367	2459	8/6/2013	Lakin Dairy	178	-	16	182	Kansas	Tornado Came Through And Knocked OFF S
2013	1-1-179		6481399	3712	10/9/2013	Hurdsfield Grain	184	-	6	190	North Dakota	Chemicals Weres Stolen From The Insure
2013	1-1-179	1513	6480572	774	5/28/2013	Amarillo Grain EX	65	65	14	144	Texas	Wind And Hail Damage To Insured Locati
2013	1-1-179		9906741	2821	8/22/2013	Standlee HAY Comp	133	-	3	138	Idaho	Lightning Caught 600-700 Tons Of HAY O
2013	1-1-179		1738745	9479	6/7/2014	Triple Nickel Inc	130	-	4	134	Texas	Insured Sustained Hail Damage To Prope
2013	1-1-181		7563382	7176	11/24/201	Pinneo Feedlot LL	106	-	5	111	Colorado	The Insured`S Vehicle Caught Fire In T
2013	1-1-181		1741393	9339	3/17/2014	Cedar Ridge Dairy	84	21	2	107	Idaho	Wind Storm Damaged Several Of Insured`
2014	1-1-179		4055354	7717	4/8/2014	Walters Inc	918	1,382	40	2,340	Washington	Fire Loss
2014	1-1-181		7560034	8835	5/19/2014	Imperial Beef Llc	80	45	4	129	Nebraska	Hail Damage To Insured Property.
2014	1-1-133	4514	4057788	9354	6/5/2014	Stone Post Dairy	99	-	1	100	Kansas	Storm Blew Over Sprinkler And IS Damam

Property - Livestock Mortality

Rate Need Indications

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Target	Target	Before 2015 Rate Change PY 2015 Ultimate ILAE Ratio	Before 2015 Rate Change PY 2015 Rate Need	PY 2015 Rate Achieved	After 2015 Rate Change PY 2015 Ultimate ILAE Ratio	PY 2016 Ultimate ILAE Ratio	PY 2016 Rate Need
RAP Neutral:	96.4%	60.3%	52.3%	-12.7%	0.0%	52.3%	52.3%	-12.7%

Expense Ratio calculated as follows:

Commission:	27.0%
Prem Tax:	2.3%
Other Acquisition Fees:	0.7%
Reinsurance:	0.0%
Direct Expense:	2.9%
Indirect Expense:	3.3%
	36.1%

(1) = [1 - (Calculated RAP)]

(2) = [(1) - (Total Expense)]

(3) = (6) x [1 + (5)]

(4) = [(3) + (Direct Expense)] / [(2) + (Direct Expense)] - 1

(5) = Input

(6) = (Exhibit 3) / [1 + (5)]

(7) = (6) x [1 + (Trend)]

(8) = [(7) + (Direct Expense)] / [(2) + (Direct Expense)] - 1

Property - Livestock Mortality

Indexing - PY 2015 Ultimate Loss & LAE Selection

PY	GWP	Annual PY Rate Chg	Cumulative PY Rate Chg	On-Level GWP	Policy Limits			Capped @ 1M			Capped @ 250k			Capped @ 100k		
					Ultimate ILAE Ratio	0.0% Trend to PY 2015	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 2015	On-Level Ultimate ILAE Ratio	Ultimate ILAE Ratio	0.0% Trend to PY 2015	On-Level Ultimate ILAE Ratio
2004	0	0.0%	1.000	-	-	1.000	-	-	1.000	-	-	1.000	-	-	1.000	-
2005	0	0.0%	1.000	-	-	1.000	-	-	1.000	-	-	1.000	-	-	1.000	-
2006	0	0.0%	1.000	-	-	1.000	-	-	1.000	-	-	1.000	-	-	1.000	-
2007	0	0.0%	1.000	-	-	1.000	-	-	1.000	-	-	1.000	-	-	1.000	-
2008	0	0.0%	1.000	-	-	1.000	-	-	1.000	-	-	1.000	-	-	1.000	-
2009	569	0.0%	1.000	650	52.6%	1.000	46.0%	52.6%	1.000	46.0%	52.6%	1.000	46.0%	52.6%	1.000	46.0%
2010	1,241	8.5%	1.085	1,308	184.2%	1.000	174.8%	184.2%	1.000	174.8%	145.3%	1.000	137.9%	70.9%	1.000	67.3%
2011	1,921	-0.8%	1.076	2,041	0.2%	1.000	0.2%	0.2%	1.000	0.2%	0.2%	1.000	0.2%	0.2%	1.000	0.2%
2012	1,819	2.7%	1.105	1,882	54.6%	1.000	52.8%	54.5%	1.000	52.7%	35.0%	1.000	33.8%	23.6%	1.000	22.9%
2013	1,798	0.6%	1.111	1,850	42.3%	1.000	41.1%	41.7%	1.000	40.5%	38.4%	1.000	37.3%	26.1%	1.000	25.4%
2014	1,694	2.9%	1.143	1,694	39.5%	1.000	39.5%	37.8%	1.000	37.8%	31.3%	1.000	31.3%	22.4%	1.000	22.4%
All Yr Wtd incl 2014:							53.2%			52.7%			42.0%			26.1%
Last 7 Wtd incl 2014:							53.2%			52.7%			42.0%			26.1%
Last 5 Wtd incl 2014:							53.7%			53.2%			41.7%			24.7%
Last 3 Wtd incl 2014:							44.7%			43.9%			34.2%			23.6%
Selected Ultimate:							46.0%			44.0%			34.0%			24.0%
ILF:							1.00			1.04			1.25			1.90
Policy Limits Ultimate:							46.0%			45.8%			42.5%			45.6%
Weight:							14%			29%			29%			29%

Frequency/Severity Indication:	52.7%
Weighted Average:	44.8%
PY 2015 Selected:	49.0%
Adjustment:	0.0%
PY 2015:	49.0%
All Year Avg Empirical Cat Load:	0.0%
Program Specific AAL Cat Load:	0.9%
Selected Cat Load:	0.9%
Corporate Cat Charge:	0.0%
XOL Loss Cost:	1.4%
Indicated XOL Cost:	0.0%
ULE:	1.0%
Claims Fees:	0.0%
PY 2015 Ultimate ILAE Ratio Including AAL Cat Load and Cost of Reinsurance:	52.3%

Property - Livestock Mortality

Large Losses - Incurred + LAE > 100k

PY	DSP	Cat #	Policy #	Case #	DOL	Insured	Ind Paid	Ind OS	LAE	ILAE	Acc State	Description
2010	1-1-183		2853553	1500	7/4/2011	CRI Feeders Of GU	325	-	96	421	Oklahoma	Insured Loaned Money To AN Individual
2010	1-1-183		2851503	3177	8/8/2010	BAR G Feedyard	404	-	4	409	Texas	Well Started Pumping Salt Water
2010	1-1-183		2849407	7492	4/28/2011	Friona Industries	225	-	161	386	Texas	Insd Paid Double H, W/C In Turn Will P
2010	1-1-183		2851503	6764	2/3/2011	BAR G Feedyard	268	-	-	268	Texas	Cattle Died In Snowstorm
2010	1-1-183		2849786	7494	11/1/2010	Texas Beef Group	176	-	41	216	Colorado	Clmt Want Insd To PAY For The Loan TAK
2010	1-1-183		2851503	7272	2/8/2011	BAR G Feedyard	208	-	-	208	Texas	127 Dead Cows From Snowstorm
2010	1-1-183		2851503	6913	12/5/2011	BAR G Feedyard	201	-	-	201	Texas	Cattle Died In Snowstorm
2011	1-1-183		6142659	1746	12/19/2011	Charles Murdock D	133	-	-	133	Oklahoma	Blizzard
2012	1-1-183	9213	2851631	2794	2/25/2013	Cattle Town Feede	602	-	-	602	Texas	Cattle Died In Blizzard Snowstorm Cond
2012	1-1-183	9213	6478619	2521	2/25/2013	Dean Cluck Feedyard	154	-	-	154	Texas	Cattle Died In Blizzard Conditions.
2013	1-1-183		2853677	3493	10/4/2013	Poky Feeders Inc.	300	-	-	300	Kansas	Animal (Livestock & Bloodstock) - Othe
2013	1-1-183		2849703	7155	11/24/2013	Rafter 3 Feedyard	156	-	-	156	Texas	Animal (Livestock & Bloodstock) - Circ

APD

Rate Need Indications

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Target	Target	Before 2015 Rate Change PY 2015 Ultimate ILAE Ratio	Before 2015 Rate Change PY 2015 Rate Need	PY 2015 Rate Achieved	After 2015 Rate Change PY 2015 Ultimate ILAE Ratio	PY 2016 Ultimate ILAE Ratio	PY 2016 Rate Need
RAP Neutral:	97.4%	68.0%	137.0%	96.9%	0.0%	137.0%	137.0%	96.9%

Expense Ratio calculated as follows:

Commission:	20.0%
Prem Tax:	2.3%
Other Acquisition Fees:	0.7%
Direct Expense:	3.1%
Indirect Expense:	3.4%
	<u>29.4%</u>

(1) = [1 - (Calculated RAP)]

(2) = [(1) - (Total Expense)]

(3) = (6) x [1 + (5)]

(4) = [(3) + (Direct Expense)] / [(2) + (Direct Expense)] - 1

(5) = Input

(6) = (Exhibit 3) / [1 + (5)]

(7) = (6) x [1 + (Trend)]

(8) = [(7) + (Direct Expense)] / [(2) + (Direct Expense)] - 1

APD

Indexing - PY 2015 Ultimate Loss & LAE Selection

					Policy Limits		
PY	GWP	Annual PY Rate Chg	Cumulative PY Rate Chg	On-Level GWP	Ultimate ILAE Ratio	0.0% Trend to PY 2015	On-Level Ultimate ILAE Ratio
2004	0	0.0%	1.000	-	-	1.000	-
2005	0	0.0%	1.000	-	-	1.000	-
2006	0	0.0%	1.000	-	-	1.000	-
2007	0	0.0%	1.000	-	-	1.000	-
2008	0	0.0%	1.000	-	-	1.000	-
2009	43	0.0%	1.000	40	119.1%	1.000	127.4%
2010	112	-2.0%	0.980	107	155.9%	1.000	163.5%
2011	182	-6.1%	0.920	185	106.6%	1.000	104.9%
2012	345	-7.8%	0.848	381	153.5%	1.000	139.2%
2013	556	1.1%	0.858	606	110.7%	1.000	101.5%
2014	677	9.1%	0.935	677	170.6%	1.000	170.6%
All Yr Wtd incl 2014:							136.3%
Last 7 Wtd incl 2014:							136.3%
Last 5 Wtd incl 2014:							136.5%
Last 3 Wtd incl 2014:							138.3%
Frequency/Severity Indication:							135.9%

PY 2015 Selected:

Adjustment:

PY 2015:

ULE: 1.0%

Claims Fees: 0.0%

PY 2015 Ultimate ILAE Ratio: 137.0%

APD

Large Losses - Incurred + Legal > 100k

PY	DSP	Cat #	Policy #	Case #	DOL	Insured	Ind Paid	Ind OS	Legal	I+Legal	Acc State	Description
2014	1-1-181		6143859	2979	10/3/2014	HCF Enterprises L	103	-	1	104	Texas	The Insured Vehicle Rolled ON A Curve.
2014	1-1-179		9049780	8890	5/19/2014	Walters Inc TC WA	126	-	1	127	Texas	Insured Vehicle, Trailer, PUP And Carg

Excess Liability

Rate Need Indications

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Target	Target	Before 2015 Rate Change PY 2015 Ultimate ILAE Ratio	Before 2015 Rate Change PY 2015 Rate Need	PY 2015 Rate Achieved	After 2015 Rate Change PY 2015 Ultimate ILAE Ratio	PY 2016 Ultimate ILAE Ratio	PY 2016 Rate Need
RAP Neutral:	98.7%	69.7%	65.9%	-5.2%	0.0%	65.9%	69.2%	-0.6%

Expense Ratio calculated as follows:

Commission:	20.0%
Prem Tax:	2.3%
Other Acquisition Fees:	0.7%
Direct Expense:	2.7%
Indirect Expense:	3.4%
	<u>29.0%</u>

(1) = [1 - (Calculated RAP)]

(2) = [(1) - (Total Expense)]

(3) = (6) x [1 + (5)]

(4) = [(3) + (Direct Expense)] / [(2) + (Direct Expense)] - 1

(5) = Input

(6) = (Exhibit 3) / [1 + (5)]

(7) = (6) x [1 + (Trend)]

(8) = [(7) + (Direct Expense)] / [(2) + (Direct Expense)] - 1

Excess Liability

Indexing - PY 2015 Ultimate Loss & LAE Selection

PY	GWP	Annual PY Rate Chg	Cumulative PY Rate Chg	On-Level GWP	Capped @ \$10M			Capped @ 2M			Capped @ 1M		
					Ultimate ILAE Ratio	5.0% Trend to PY 2015	On-Level Ultimate ILAE Ratio	Ultimate ILAE Ratio	4.5% Trend to PY 2015	On-Level Ultimate ILAE Ratio	Ultimate ILAE Ratio	4.0% Trend to PY 2015	On-Level Ultimate ILAE Ratio
2004	0	0.0%	1.000	-	-	1.710	-	-	1.623	-	-	1.539	-
2005	0	0.0%	1.000	-	-	1.629	-	-	1.553	-	-	1.480	-
2006	0	0.0%	1.000	-	-	1.551	-	-	1.486	-	-	1.423	-
2007	0	0.0%	1.000	-	-	1.477	-	-	1.422	-	-	1.369	-
2008	0	0.0%	1.000	-	-	1.407	-	-	1.361	-	-	1.316	-
2009	172	0.0%	1.000	209	23.3%	1.340	25.6%	11.6%	1.302	12.5%	5.8%	1.265	6.0%
2010	381	-5.3%	0.947	491	157.4%	1.276	156.1%	146.9%	1.246	142.3%	139.0%	1.217	131.5%
2011	521	-3.6%	0.913	696	34.5%	1.216	31.4%	19.2%	1.193	17.1%	11.5%	1.170	10.1%
2012	1,060	21.8%	1.112	1,161	45.3%	1.158	47.9%	26.4%	1.141	27.5%	16.0%	1.125	16.5%
2013	1,753	7.3%	1.193	1,790	52.5%	1.103	56.7%	31.9%	1.092	34.2%	21.1%	1.082	22.4%
2014	2,003	2.1%	1.218	2,003	54.9%	1.050	57.7%	34.0%	1.045	35.5%	23.0%	1.040	23.9%
		0.0%											
			All Yr Wtd incl 2014:				59.3%			39.1%			28.3%
			Last 7 Wtd incl 2014:				59.3%			39.1%			28.3%
			Last 5 Wtd incl 2014:				60.4%			40.0%			29.1%
			Last 3 Wtd incl 2014:				55.0%			33.1%			21.6%
			Selected Ultimate:				59.0%			39.0%			28.0%
			ILF:				1.00			1.62			2.40
			Capped @ \$10M Ultimate:				59.0%			63.0%			67.3%

Weight: 17%

42%

Frequency/Severity Indication: 58.4%

Weighted Average: 64.1%

PY 2015 Selected - Capped @ \$10M: 62.0%

Adjustment: 0.0%

PY 2015 - Capped @ \$10M: 62.0%

ILF: 1.014

Catastrophe/Latency Load: 5.0%

ULE: 1.0%

PY 2015 Ultimate ILAE Ratio: 68.9%

Credibility: 14%

Complement of Credibility: 65.4%

Credibility Weighted PY 2015 Ultimate ILAE Ratio: 65.9%

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
2010	1-1-182	5846772	8002	5/7/2011	Texas Beef Group	502	-	-	502	Texas	Alleged BI In MVA.
2012	1-1-182	2856261	6683	3/21/2013	Dinsdale Brothers	-	-	1	1	Colorado	Alleged Accident Of Fedex Truck Dr