

Memorandum

From: Div 66 Actuarial
Michael Tranfaglia
Emily Turek
Conner Billings

To: E. Allen, S. Leeret, B. Harris, S. Cook, J. Parker, R. Simmons, P. Craig

CC: J. Johnson, J. Heaney, C. Steinbach, J. Stracher, T. Peterson, J. Baier, D. Vanagas, D. Shafer

Date: 1/4/2016

Re: Division 66 - 2016 WNH ResortGuard US Profitability Study

I. Executive Summary

A. Introduction -

The WNH ResortGuard program is an admitted program that provides multiline coverage for destination resorts and hotels, timeshares, condo associations close to ski areas and resorts, and luxury and boutique hotels.

Last year's analysis resulted in an overall PY 2016 Ultimate Loss Ratio indication of 59.8% which yielded a RAP neutral rate need of -1.3% based on 2015 RAP values.

The year to date rate change for 2016 is 0.0% for all lines of business.

B. Summary of Results

IL and LAE evaluated as of: 4th Quarter 2015

Currency Employed: USD

Exhibit 1:

Line of Business	Sub-Segment	Policy Year	2016	Projected	RAP			
			Budgeted	Ultimate	Target	RAP Rate	Projected	
			GWP (000)	IL and LAE Ratio*	Combined Ratio*	Combined Ratio	Need	RAP \$ **
GL	N/A	2016	5,596	68.8%	107.3%	100.7%	9.9%	(238)
AL	N/A	2016	721	33.0%	61.3%	100.0%	-50.8%	182
Property	N/A	2016	6,985	51.5%	89.1%	96.8%	-12.2%	360
APD	N/A	2016	145	58.0%	85.1%	99.1%	-18.3%	13
Excess Liability	N/A	2016	1,525	60.8%	97.4%	100.7%	-4.9%	33
TOTAL			14,973	58.1%	95.4%	98.8%	-5.3%	350

* Includes PY 2016 rate change achieved

** Assumes a tax rate of 35%

- II. Discussion of Material Findings- Two large accounts, Blue Green and Orange Lake, were non-renewed in PY 2015. These accounts were a significant driver of the results of the program historically, especially on the general liability. It was agreed to by the PA and AIG that accounts of this nature would not be written going forward. The most notable impact of these accounts resulted in a GL loss ratio reduction of 9%. While the GL continues to be the loss driver for the book, a segmentation analysis on the HOA/POA (community homeowners/property owners associations) portion of the book was completed that shows opportunity for improvement in the program results. The results of the analysis indicate that the HOA/POA portion of the book is running about 8% better than the overall program. The Property and GL are at -8% and -12% respectively compared to the overall program results. To the extent that the HOA/POA portion of the book grows, the rate need indication will reduce. The HOA/POA business has represented approximately 35% of the GWP over the past 5 policy years in total. For Property, it should also be noted that given the maturity of the results for PY's 2010 and 2011, our projections going forward have normalized and are largely just based off of the most recent four PY's indications. The auto portion of the book continues to run well.

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. Development patterns for GL were heavily reliant on program experience, due to both the volume of data and the consistency of claim emergence. For the auto lines we rely on a mix of Div 66 and the indicated program development patterns. XS selected development factors were based on overall Division 66 factors.
- 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.

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

- C. Other - There are three large Property losses in 2010 (#920840, #6264205, #22852284) over \$5M and one large loss in 2011 (#27561851) over \$7M. These losses have been capped at \$5M for purposes of this analysis.

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 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 P. Craig.

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Appendix - Methodology:

Please note that the analysis has seven sections:

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

Exhibit 1 - Summarizes PY 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 2016

(1) LOB	(2) PY 2016 Budgeted GWP	Direct	(3) Before 2016 Rate Change PY 2016 Ultimate ILAE Ratio	RAP Neutral		(6) PY 2016 Rate Achieved	(7) After 2015 Rate Change PY 2016 Ultimate ILAE Ratio
				(4) Target Ratio	(5) Before 2016 Rate Change PY 2016 Rate Need		
GL	5,596	4.2%	68.8%	62.2%	9.9%	0.0%	68.8%
AL	721	4.5%	33.0%	71.7%	-50.8%	0.0%	33.0%
Property	6,985	3.8%	51.5%	59.2%	-12.2%	0.0%	51.5%
APD	145	4.6%	58.0%	72.1%	-18.3%	0.0%	58.0%
Excess Liability	1,525	3.8%	60.8%	64.1%	-4.9%	0.0%	60.8%
Total Casualty	7,843	4.1%	63.9%	63.5%	0.7%	0.0%	63.9%
Total Property	7,130	3.8%	51.6%	59.4%	-12.3%	0.0%	51.6%
All Lines Combined	14,973	4.0%	58.1%	61.5%	-5.3%	0.0%	58.1%

- (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 2017

(1)	(2)		(3)	RAP Neutral	
				(4)	(5)
LOB	PY 2016 Budgeted GWP	Direct	After 2016 Rate Change PY 2017 Ultimate ILAE Ratio	Target Ratio	After 2016 Rate Change PY 2017 Rate Need
GL	5,596	4.2%	71.2%	62.2%	13.5%
AL	721	4.5%	34.3%	71.7%	-49.1%
Property	6,985	3.8%	51.5%	59.2%	-12.2%
APD	145	4.6%	58.0%	72.1%	-18.3%
Excess Liability	1,525	3.8%	63.8%	64.1%	-0.4%
Total Casualty	7,843	4.1%	66.4%	63.5%	4.3%
Total Property	7,130	3.8%	51.6%	59.4%	-12.3%
All Lines Combined	14,973	4.0%	59.4%	61.5%	-3.3%

(1) = Input

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

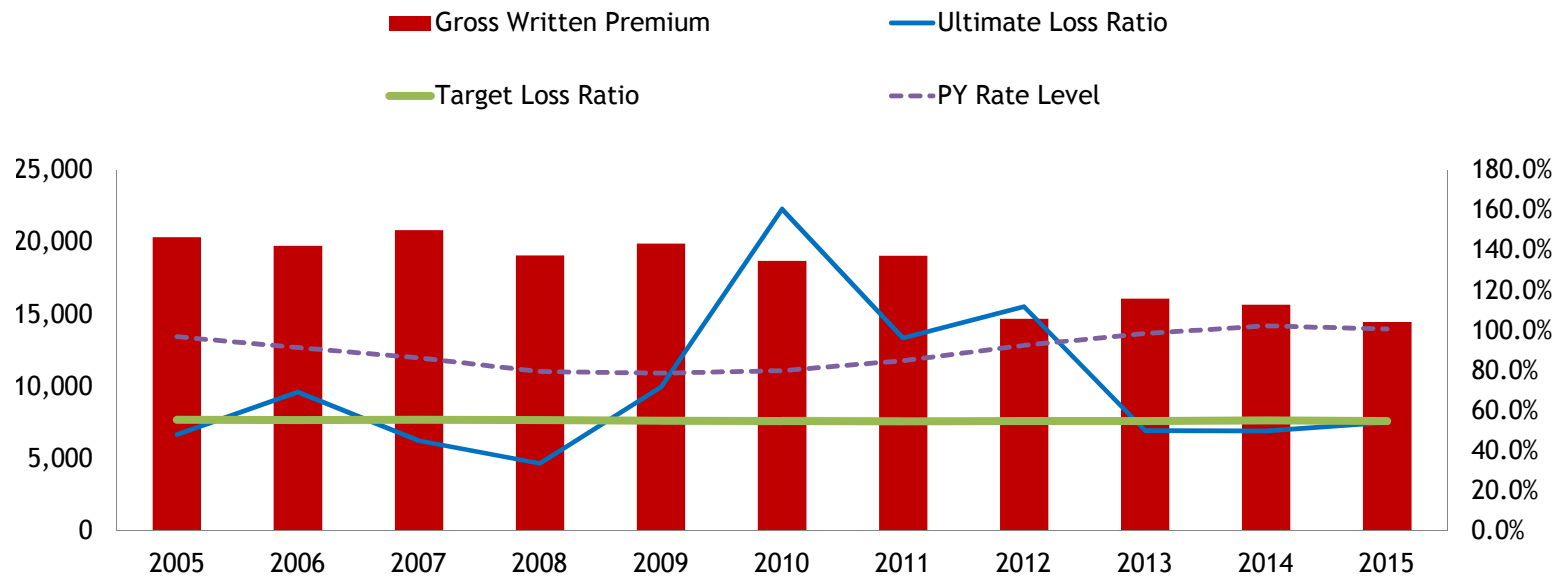
Program Summary by LOB - Prior Profitability Study Indications

PY	GL					AL					Property - ex Cat Load & Reinsurance Charges					APD								
	2013		2014		2015		2016		2013		2014		2015		2016		2013		2014		2015		2016	
	Ultimate GWP	ILAE Ratio	Ultimate ILAE Ratio	Ultimate ILAE Ratio	Ultimate ILAE Ratio	Ultimate ILAE Ratio	Ultimate GWP	ILAE Ratio	Ultimate ILAE Ratio	Ultimate ILAE Ratio	Ultimate GWP	ILAE Ratio	Ultimate ILAE Ratio	Ultimate ILAE Ratio	Ultimate GWP	ILAE Ratio	Ultimate ILAE Ratio	Ultimate GWP	ILAE Ratio	Ultimate ILAE Ratio	Ultimate ILAE Ratio	Ultimate GWP	ILAE Ratio	
2005	9,864	60.9%	59.9%	59.6%	61.8%	1,314	47.5%	47.3%	47.1%	47.1%	8,128	36.4%	36.4%	36.4%	36.4%	316	19.5%	19.5%	19.5%	19.5%	19.5%	19.5%	19.5%	
2006	9,219	93.9%	91.0%	91.5%	93.3%	1,386	64.4%	65.1%	65.1%	64.7%	8,376	47.8%	47.8%	47.8%	47.8%	306	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	
2007	8,868	58.6%	55.7%	54.4%	54.1%	1,647	17.6%	15.8%	15.8%	15.8%	8,908	46.4%	46.4%	46.4%	46.4%	283	27.9%	27.9%	27.9%	27.9%	27.9%	27.9%	27.9%	
2008	7,654	60.1%	62.3%	61.3%	61.1%	1,417	14.8%	14.8%	14.1%	14.1%	8,287	15.1%	15.1%	15.1%	15.1%	226	52.2%	52.2%	52.2%	52.2%	52.2%	52.2%	52.2%	
2009	7,438	118.3%	117.5%	124.9%	124.2%	1,274	13.7%	12.9%	12.9%	12.1%	8,978	37.2%	37.3%	37.4%	37.4%	220	44.0%	44.0%	44.0%	44.0%	44.0%	44.0%	44.0%	
2010	6,906	88.3%	85.9%	88.6%	92.7%	1,073	25.9%	19.3%	17.5%	16.5%	8,756	263.7%	264.2%	258.0%	261.7%	229	62.5%	62.5%	62.5%	62.5%	62.5%	62.5%	62.5%	
2011	7,064	76.8%	68.5%	59.7%	53.1%	996	28.1%	24.0%	20.0%	15.0%	9,030	164.1%	139.4%	150.6%	153.3%	197	44.7%	44.7%	44.7%	44.7%	44.7%	44.7%	44.7%	
2012	5,665	96.8%	98.8%	104.9%	124.1%	701	26.9%	24.7%	19.3%	15.0%	6,658	31.7%	16.8%	18.2%	18.2%	133	57.1%	59.3%	59.5%	57.3%	57.3%	57.3%	57.3%	
2013	6,394	70.0%	73.5%	75.5%	72.4%	737	30.0%	33.6%	32.1%	29.6%	7,185	69.0%	46.8%	33.9%	32.6%	149	60.0%	40.6%	51.2%	51.3%	51.3%	51.3%	51.3%	
2014	5,997		63.0%	75.2%	70.0%	863		29.0%	26.2%	28.5%	6,865		60.0%	42.0%	33.4%	164		53.0%	46.2%	46.2%	50.3%	50.3%	50.3%	
2015	5,308		64.0%	73.5%		794		26.0%	28.7%		6,685		45.0%	40.5%		176		60.0%	60.0%	67.9%	67.9%	67.9%	67.9%	

PY	Excess Liability					Total Casualty					Property - ex Cat Load & Reinsurance					All Lines Combined								
	2013		2014		2015		2016		2013		2014		2015		2016		2013		2014		2015		2016	
	Ultimate GWP	ILAE Ratio	Ultimate ILAE Ratio	Ultimate ILAE Ratio	Ultimate ILAE Ratio	Ultimate GWP	ILAE Ratio	Ultimate ILAE Ratio	Ultimate ILAE Ratio	Ultimate GWP	ILAE Ratio	Ultimate ILAE Ratio	Ultimate ILAE Ratio	Ultimate GWP	ILAE Ratio	Ultimate ILAE Ratio	Ultimate GWP	ILAE Ratio	Ultimate ILAE Ratio	Ultimate ILAE Ratio	Ultimate GWP	ILAE Ratio	Ultimate ILAE Ratio	Ultimate ILAE Ratio
2005	711	0.0%	5.6%	5.6%	4.2%	11,888	55.8%	55.3%	55.0%	56.7%	8,444	35.7%	35.7%	35.7%	35.7%	20,332	47.5%	47.2%	47.0%	48.0%	48.0%	48.0%	48.0%	
2006	441	2.3%	9.1%	9.1%	4.5%	11,046	86.6%	84.5%	84.9%	86.2%	8,682	47.3%	47.3%	47.3%	47.3%	19,728	69.3%	68.1%	68.4%	69.1%	69.1%	69.1%	69.1%	
2007	1,116	0.0%	12.5%	11.6%	7.2%	11,631	47.2%	45.9%	44.8%	44.2%	9,192	45.8%	45.8%	45.8%	45.8%	20,823	46.6%	45.9%	45.3%	44.9%	44.9%	44.9%	44.9%	
2008	1,489	20.2%	17.5%	16.1%	10.1%	10,560	48.4%	49.6%	48.6%	47.6%	8,513	16.1%	16.1%	16.1%	16.1%	19,073	34.0%	34.6%	34.1%	33.5%	33.5%	33.5%	33.5%	
2009	1,982	30.3%	25.2%	95.9%	71.6%	10,695	89.5%	87.9%	106.2%	101.1%	9,198	37.3%	37.5%	37.5%	37.5%	19,893	65.4%	64.6%	74.4%	71.7%	71.7%	71.7%	71.7%	
2010	1,721	40.8%	40.7%	34.9%	19.8%	9,700	73.0%	70.5%	71.2%	71.3%	8,985	258.6%	259.0%	253.0%	256.6%	18,685	162.2%	161.2%	158.6%	160.4%	160.4%	160.4%	160.4%	
2011	1,750	51.6%	51.5%	45.8%	27.4%	9,810	67.3%	61.0%	53.2%	44.6%	9,227	161.5%	137.4%	148.3%	150.9%	19,037	113.0%	98.0%	99.3%	96.2%	96.2%	96.2%	96.2%	
2012	1,515	675.4%	554.8%	548.2%	526.9%	7,881	201.8%	179.9%	182.5%	191.8%	6,792	32.2%	17.7%	19.0%	18.9%	14,672	123.3%	104.8%	106.8%	111.8%	111.8%	111.8%	111.8%	
2013	1,621	63.8%	67.1%	67.9%	46.3%	8,751	65.5%	69.0%	70.5%	64.0%	7,334	68.8%	46.6%	34.3%	33.0%	16,085	67.0%	58.8%	54.0%	49.8%	49.8%	49.8%	49.8%	
2014	1,777		70.0%	70.8%	54.0%	8,637		61.0%	69.4%	62.6%	7,029		59.8%	42.1%	33.8%	15,666		60.5%	57.2%	49.7%	49.7%	49.7%	49.7%	
2015	1,491		59.4%	56.3%		7,594		59.1%	65.4%		6,861		45.4%	41.2%		14,455		52.6%	52.6%	53.9%	53.9%	53.9%	53.9%	

Total Program Summary

PY	GWP	-----Loss Ratio-----			-----Combined Ratio-----		Normalized RAP Dollars	Rt Chg	Rt Lvl	Commission
		Reported	Ultimate	Target *	Ultimate	BECR				
2005	20,332	47.3%	48.0%	55.4%	91.7%	99.1%	981	-3.3%	0.97	24.9%
2006	19,728	68.4%	69.1%	55.1%	113.0%	99.0%	-1,817	-5.6%	0.91	24.8%
2007	20,823	43.7%	44.9%	55.2%	88.7%	99.0%	1,407	-5.6%	0.86	24.7%
2008	19,073	32.5%	33.5%	55.1%	77.3%	98.9%	2,706	-7.8%	0.79	24.7%
2009	19,893	71.3%	71.7%	54.9%	115.7%	98.9%	-2,203	-1.0%	0.79	24.8%
2010	18,685	154.8%	160.4%	54.6%	204.7%	98.8%	-13,010	1.6%	0.80	24.8%
2011	19,037	85.3%	96.2%	54.4%	140.5%	98.8%	-5,229	6.1%	0.85	24.9%
2012	14,672	97.1%	111.8%	54.7%	156.0%	98.9%	-5,510	9.0%	0.92	25.0%
2013	16,085	29.3%	49.8%	54.7%	94.0%	98.9%	517	6.5%	0.98	25.0%
2014	15,666	23.3%	49.7%	55.0%	93.6%	98.9%	549	3.8%	1.02	24.9%
2015	14,455	4.6%	53.9%	54.7%	98.1%	98.8%	68	-1.4%	1.01	24.9%
Total	198,450	61.0%	71.4%				-21,539			

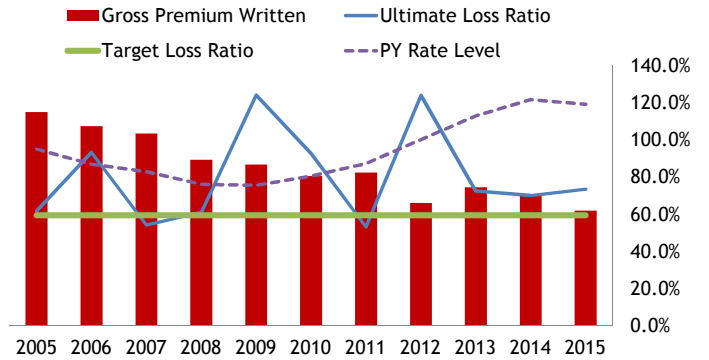


* Target Ratio = 1 - (Expense Ratio) - (AAL) - (XOL) - (Corporate Cat Reinsurance) - (ULE) - (Claim Fees) - (Risk Load)

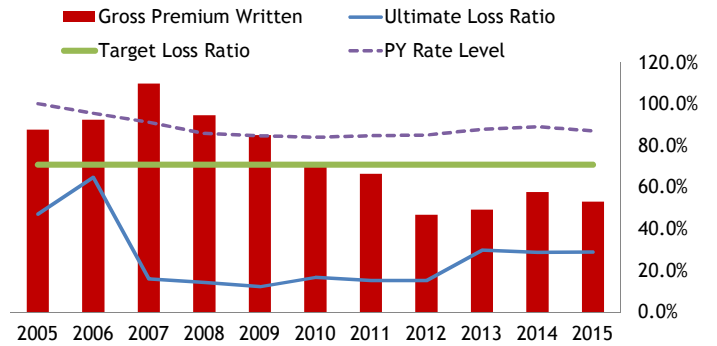
* Ultimate Loss Ratios exclude modeled cats, ULE, non-machine claims fees and the impact of XOL/corporate cat reinsurance

Program Summary by LOB - Casualty Lines

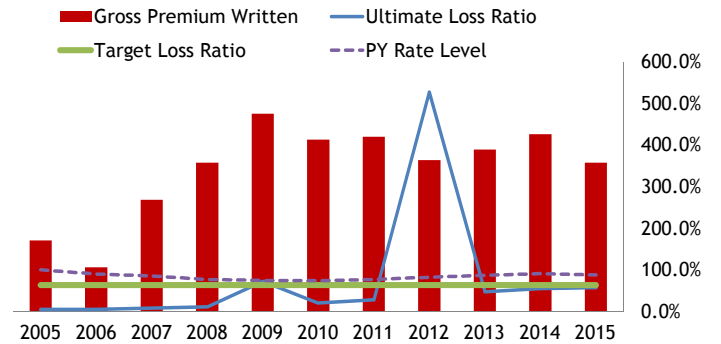
PY	GWP	Loss Ratio			Combined Ratio		Normalized RAP Dollars	Rt Chg	Rt Lvl	Commission
		Reported	Ultimate	Target *	Ultimate	BECR				
2005	9,864	60.6%	61.8%	59.4%	103.1%	100.7%	-151	-5.0%	0.95	26.0%
2006	9,219	92.2%	93.3%	59.4%	134.7%	100.7%	-2,018	-8.5%	0.87	26.0%
2007	8,868	52.2%	54.1%	59.4%	95.5%	100.7%	302	-4.5%	0.83	26.0%
2008	7,654	60.4%	61.1%	59.4%	102.5%	100.7%	-85	-8.5%	0.76	26.0%
2009	7,438	121.8%	124.2%	59.4%	165.5%	100.7%	-3,110	-0.5%	0.76	26.0%
2010	6,906	82.4%	92.7%	59.4%	134.0%	100.7%	-1,482	6.6%	0.81	26.0%
2011	7,064	30.7%	53.1%	59.4%	94.4%	100.7%	288	8.2%	0.87	26.0%
2012	5,665	96.3%	124.1%	59.4%	165.4%	100.7%	-2,364	15.0%	1.00	26.0%
2013	6,394	33.3%	72.4%	59.4%	113.7%	100.7%	-536	12.7%	1.13	26.0%
2014	5,997	19.9%	70.0%	59.4%	111.4%	100.7%	-411	7.7%	1.22	26.0%
2015	5,308	6.0%	73.5%	59.4%	114.8%	100.7%	-482	-2.0%	1.19	26.0%
Total	80,377	61.9%	78.8%				-10,048			



PY	GWP	Loss Ratio			Combined Ratio		Normalized RAP Dollars	Rt Chg	Rt Lvl	Commission
		Reported	Ultimate	Target *	Ultimate	BECR				
2005	1,314	47.0%	70.7%	70.7%	76.3%	100.0%	202	0.0%	1.00	14.0%
2006	1,386	64.4%	64.7%	70.7%	93.9%	100.0%	55	-4.5%	0.96	14.0%
2007	1,647	15.5%	15.8%	70.7%	45.0%	100.0%	588	-4.5%	0.91	14.0%
2008	1,417	14.1%	14.1%	70.7%	43.3%	100.0%	522	-6.0%	0.86	14.0%
2009	1,274	12.1%	12.1%	70.7%	41.4%	100.0%	485	-1.3%	0.85	14.0%
2010	1,073	16.0%	16.5%	70.7%	45.8%	100.0%	378	-0.8%	0.84	14.0%
2011	996	13.7%	15.0%	70.7%	44.2%	100.0%	361	0.8%	0.85	14.0%
2012	701	10.8%	15.0%	70.7%	44.3%	100.0%	254	0.4%	0.85	14.0%
2013	737	22.8%	29.6%	70.7%	58.8%	100.0%	197	3.3%	0.88	14.0%
2014	863	19.8%	28.5%	70.7%	57.8%	100.0%	237	1.3%	0.89	14.0%
2015	794	6.5%	28.7%	70.7%	58.0%	100.0%	217	-2.3%	0.87	14.0%
Total	12,202	23.7%	26.7%				3,495			



PY	GWP	Loss Ratio			Combined Ratio		Normalized RAP Dollars	Rt Chg	Rt Lvl	Commission
		Reported	Ultimate	Target *	Ultimate	BECR				
2005	711	0.0%	4.2%	63.1%	41.8%	100.7%	270	0.0%	1.00	23.9%
2006	441	0.0%	4.5%	63.1%	42.2%	100.7%	167	-10.0%	0.90	23.9%
2007	1,116	0.0%	7.2%	63.1%	44.8%	100.7%	403	-5.1%	0.85	23.9%
2008	1,489	0.0%	10.1%	63.1%	47.7%	100.7%	509	-10.4%	0.77	23.9%
2009	1,982	76.2%	71.6%	63.1%	109.3%	100.7%	-109	-3.2%	0.74	23.9%
2010	1,721	0.1%	19.8%	63.1%	57.4%	100.7%	481	-0.7%	0.74	23.9%
2011	1,750	0.0%	27.4%	63.1%	65.0%	100.7%	403	4.4%	0.77	23.9%
2012	1,515	491.1%	526.9%	63.1%	564.5%	100.7%	-4,533	6.5%	0.87	23.9%
2013	1,621	0.0%	46.3%	63.1%	83.9%	100.7%	176	6.0%	0.82	23.9%
2014	1,777	0.4%	54.0%	63.1%	91.7%	100.7%	104	4.5%	0.91	23.9%
2015	1,491	0.0%	56.3%	63.1%	93.9%	100.7%	65	-3.2%	0.88	23.9%
Total	15,613	57.4%	83.6%				-2,064			

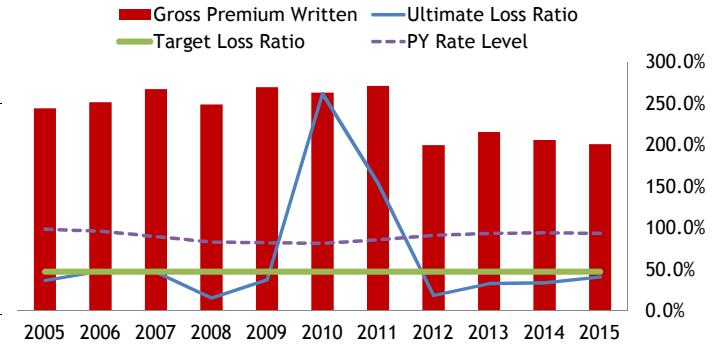


* Target Ratio = 1 - (Expense Ratio) - (AAL) - (XOL) - (Corporate Cat Reinsurance) - (ULE) - (Claim Fees) - (Risk Load)

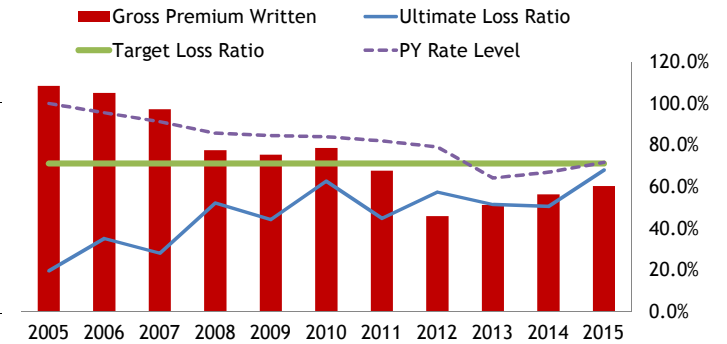
* Ultimate Loss Ratios exclude modeled cats, ULE, non-machine claims fees and the impact of XOL/corporate cat reinsurance

Program Summary by LOB - Property Lines

Property		Loss Ratio			Combined Ratio		Normalized RAP Dollars	Rt Chg	Rt Lvl	Commission
PY	GWP	Reported	Ultimate	Target *	Ultimate	BECR				
2005	8,128	36.4%	36.4%	46.7%	86.5%	96.8%	562	-2.0%	0.98	25.7%
2006	8,376	47.8%	47.8%	46.7%	97.9%	96.8%	-62	-2.2%	0.96	25.7%
2007	8,908	46.4%	46.4%	46.7%	96.5%	96.8%	15	-7.0%	0.89	25.7%
2008	8,287	15.1%	15.1%	46.7%	65.2%	96.8%	1,757	-7.2%	0.83	25.7%
2009	8,978	37.4%	37.4%	46.7%	87.5%	96.8%	560	-0.8%	0.82	25.7%
2010	8,756	261.7%	261.7%	46.7%	311.8%	96.8%	-12,646	-1.2%	0.81	25.7%
2011	9,030	153.3%	153.3%	46.7%	203.4%	96.8%	-6,465	5.6%	0.86	25.7%
2012	6,658	18.1%	18.2%	46.7%	68.3%	96.8%	1,274	6.1%	0.91	25.7%
2013	7,185	32.6%	32.6%	46.7%	82.7%	96.8%	681	2.6%	0.93	25.7%
2014	6,865	31.9%	33.4%	46.7%	83.5%	96.8%	614	0.7%	0.94	25.7%
2015	6,685	3.1%	40.5%	46.7%	90.6%	96.8%	275	-0.6%	0.93	25.7%
Total	87,857	66.5%	69.4%				-13,434			



APD		Loss Ratio			Combined Ratio		Normalized RAP Dollars	Rt Chg	Rt Lvl	Commission
PY	GWP	Reported	Ultimate	Target *	Ultimate	BECR				
2005	316	19.4%	19.5%	71.1%	47.6%	99.1%	107	0.0%	1.00	15.0%
2006	306	35.2%	35.0%	71.1%	63.1%	99.1%	72	-4.5%	0.96	15.0%
2007	283	27.9%	27.9%	71.1%	56.0%	99.1%	80	-4.5%	0.91	15.0%
2008	226	52.1%	52.2%	71.1%	80.3%	99.1%	28	-6.0%	0.86	15.0%
2009	220	44.0%	44.0%	71.1%	72.1%	99.1%	39	-1.3%	0.85	15.0%
2010	229	62.3%	62.5%	71.1%	90.6%	99.1%	13	-0.8%	0.84	15.0%
2011	197	44.7%	44.7%	71.1%	72.8%	99.1%	34	-2.2%	0.82	15.0%
2012	133	57.5%	57.3%	71.1%	85.3%	99.1%	12	-3.6%	0.79	15.0%
2013	149	48.3%	51.3%	71.1%	79.4%	99.1%	19	-18.8%	0.64	15.0%
2014	164	52.9%	50.3%	71.1%	78.4%	99.1%	22	4.3%	0.67	15.0%
2015	176	47.2%	67.9%	71.1%	96.0%	99.1%	4	7.1%	0.72	15.0%
Total	2,401	42.2%	43.7%				430			



* 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

HOA POA by State/LOB Indication

LOB	HOA/POA		5 Year		Relativity	Complement	Claim Counts	Credibility	Credibility Weighted Relativity	TOTAL Program PY 2016 On-Lev Ult LR	Indicated HOA/POA PY 2016 On-Lev Ult LR	TOTAL	HOA/POA	Variance
	W Prem	Reported Loss	HOA/POA Reported LR	Program Reported LR								Rate Change Before 2015	Rate Change Before 2015	
												PY 2016 Ultimate ILAE Ratio	PY 2016 Ultimate ILAE Ratio	
APD	341	135	39.7%	48.5%	0.82	1.00	34	17.7%	0.97	57.0%	55.2%	58.0%	56.1%	-1.9%
Auto	1,495	140	9.4%	12.6%	0.75	1.00	36	18.2%	0.95	32.0%	30.5%	33.0%	31.5%	-1.5%
GlsmP	10,220	1,976	19.3%	28.4%	0.68	1.00	208	55.5%	0.82	66.0%	54.3%	68.8%	56.6%	-12.2%
Prop	11,799	4,222	35.8%	58.1%	0.62	1.00	96	37.7%	0.86	39.0%	33.4%	51.5%	44.1%	-7.5%
XSUmb	3,316	7	0.2%	0.2%	1.26	1.00	3	6.7%	1.02	72.0%	73.3%	60.8%	61.8%	1.1%
Total	27,171 34%	6,480	23.9%	39.6%							46.2%	58.1%	50.4%	-7.7%

LOB	RAPBE	HOA/POA 5 Yr GWP	Ex HOA/POA 5 Yr GWP	TOTAL Program 5 Yr GWP
APD	72.1%	341	356	697
Auto	71.7%	1,495	1,871	3,366
GlsmP	62.2%	10,220	14,268	24,488
Prop	59.2%	11,799	22,240	34,039
XSUmb	64.1%	3,316	3,607	6,923
Total	61.5%	27,171	42,342	69,513

Pre 2016 Rate Change

HOA/POA Rate Need	Ex HOA/POA Rate Need	TOTAL Program Rate Need
-20.8%	-15.9%	-18.3%
-52.8%	-49.1%	-50.8%
-8.5%	28.5%	9.9%
-24.0%	-4.3%	-12.2%
-3.3%	-6.3%	-4.9%
-17.0%	4.2%	-5.3%

GL

Rate Need Indications

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Target Combined Ratio	Target ILAE Ratio	Before 2016 Rate Change PY 2016 Ultimate ILAE Ratio	Before 2016 Rate Change PY 2016 Rate Need	PY 2016 Rate Achieved	After 2016 Rate Change PY 2016 Ultimate ILAE Ratio	PY 2017 Ultimate ILAE Ratio	PY 2017 Rate Need
RAP Neutral:	100.7%	62.2%	68.8%	9.9%	0.0%	68.8%	71.2%	13.5%

Expense Ratio calculated as follows:

Commission:	26.0%
Prem Tax:	2.8%
Other Acquisition Fees:	1.9%
Direct Expense:	4.2%
Indirect Expense:	3.7%
	<u>38.5%</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 2016 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 2016	On-Level Ultimate ILAE Ratio	Ultimate ILAE Ratio	3.3% Trend to PY 2016	On-Level Ultimate ILAE Ratio	Ultimate ILAE Ratio	3.0% Trend to PY 2016	On-Level Ultimate ILAE Ratio
2005	9,864	-5.0%	0.950	12,384	61.8%	1.460	71.8%	44.6%	1.422	50.5%	32.1%	1.384	35.3%
2006	9,219	-8.5%	0.869	12,649	93.3%	1.411	96.0%	64.2%	1.377	64.4%	41.9%	1.344	41.1%
2007	8,868	-4.5%	0.830	12,737	54.1%	1.363	51.4%	38.6%	1.334	35.8%	31.1%	1.305	28.3%
2008	7,654	-8.5%	0.760	12,009	61.1%	1.317	51.3%	58.3%	1.292	48.0%	44.7%	1.267	36.1%
2009	7,438	-0.5%	0.757	11,727	124.2%	1.272	100.2%	84.3%	1.251	66.9%	60.5%	1.230	47.2%
2010	6,906	6.6%	0.806	10,216	92.7%	1.229	77.0%	65.7%	1.212	53.8%	47.3%	1.194	38.2%
2011	7,064	8.2%	0.872	9,657	53.1%	1.188	46.1%	41.8%	1.173	35.8%	34.4%	1.159	29.2%
2012	5,665	15.0%	1.003	6,736	124.1%	1.148	119.8%	78.5%	1.136	75.1%	49.4%	1.126	46.8%
2013	6,394	12.7%	1.131	6,745	72.4%	1.109	76.1%	56.5%	1.101	58.9%	43.9%	1.093	45.5%
2014	5,997	7.7%	1.217	5,875	70.0%	1.071	76.6%	55.0%	1.066	59.9%	41.7%	1.061	45.1%
2015	5,308	-2.0%	1.193	5,308	73.5%	1.035	76.0%	54.6%	1.033	56.4%	41.4%	1.030	42.7%
				All Yr Wtd:			75.0%			53.8%			38.6%
				Last 7 Wtd:			81.4%			57.5%			41.6%
				Last 5 Wtd:			76.3%			55.4%			40.7%
				Last 3 Wtd:			76.2%			58.5%			44.6%
				Selected Ultimate:			76.0%			57.0%			44.0%
				ILF:			1.00			1.30			1.80
				Policy Limits Ultimate:			76.0%			74.1%			79.2%
				Weight:			35%			33%			33%

* Averages include PY 2015

Frequency/Severity Indication:	75.3%
Weighted Average:	76.4%
PY 2016 Selected:	75.0%
Adjustment:	-9.0%
PY 2016:	66.0%
ULE:	2.8%
Claims Fees:	0.0%
PY 2016 Ultimate ILAE Ratio:	68.8%

GL

Large Losses - Incurred + LAE > 250k

PY	DSP	Policy #	Case #	DOL	Insured	Ind Paid	Ind OS	LAE	ILAE	Acc State	Description
2005	2-2-773	7308431	4721	1/19/2006	Daniels Summit Lod	998	-	-	998	Utah	Claimant Injured During Snowmobil
2005	2-2-773	6436731	800	2/4/2006	Indian Palms Count	362	-	257	619	California	Claimant WAS Injured AT Fitness Ce
2005	2-2-773	7322338	1106	8/16/2005	Shoreham, Inc Db	506	-	104	609	Rhode Island	Clmt OFF Duty Employee Fell Of 2N
2005	2-2-773	4641601	1324	1/16/2006	Bluegreen Corporat	100	-	253	353	Texas	SEE Below
2005	2-2-773	553866	372	9/18/2005	Tanglewood Resort	166	-	160	326	Texas	Claimant WAS Killed In AN Automot
2006	2-2-773	7508108	1557	8/12/2006	Lake Mohawk Countr	998	-	475	1,473	New Jersey	Clmt Injured In Boating Accident
2006	2-2-773	6438277	5504	5/29/2007	Consolidated Resor	1,001	-	272	1,273	Nevada	Claimant WAS Mugged ON Insureds
2006	2-2-773	920832	4340	5/27/2007	Palm Canyon Resort	298	-	197	494	California	Alleged Wrongful Death
2006	2-2-773	7322939	2362	9/21/2006	LLI Management Com	180	-	303	483	Georgia	Claimant WAS Injured While AT The
2006	2-2-773	3247232	9956	6/27/2006	Beech Mountain Lak	331	-	72	403	Pennsylvania	Claimant Drowned ON Inured Prerr
2006	2-2-775	2032127	9211	1/14/2007	Kosmas Group Inter	222	-	94	316	Florida	Claimant WAS Given A Ride ON A G
2006	2-2-773	8995051	8092	7/4/2007	Lake Of The Pines	(10)	250	52	292	California	Child Injured When Playing Dart Bal
2006	2-2-773	4258585	5018	4/20/2006	Double Diamond Del	200	-	62	262	Texas	Suit Alleges Employee WAS Injured
2007	2-2-776	4258585	2154	4/5/2007	Double Diamond Del	999	-	307	1,306	Texas	Claimant Drove Golf Cart OFF A Clit
2007	2-2-775	7309594	4464	5/3/2007	Bluegreen Corporat	748	-	15	763	Florida	Claimant Injured While Using Golf C
2008	2-2-82	3234766	825	8/11/2008	Lake Holiday Count	(3)	250	264	511	Virginia	Clmt Drowned ON Lake DUE To UNK
2008	2-2-776	6263782	1234	8/16/2009	SEA Mist Oceanfron	199	-	73	272	South Carolina	Clmt Alleges HE Slipped And Fell In
2009	2-2-775	4641601	4761	11/8/2009	Bluegreen Corporat	990	-	291	1,281	Florida	Clmt Tripped While Walking Down F
2009	2-2-775	6477745	127	3/7/2010	Orange Lake Countr	(14)	1,000	200	1,186	Florida	Clmt Tripped And Fell ON The Step
2009	2-2-775	4641601	5896	12/5/2009	Bluegreen Corporat	290	-	342	632	Florida	VEH HAD Driven Into The Pond Behi
2009	2-2-775	4641601	5898	4/20/2009	Bluegreen Corporat	240	-	265	505	Nevada	PF Alleges Sign Placed By Insured C
2009	2-2-776	5848630	5026	6/5/2010	Hotspur Resorts NE	350	-	68	418	Nevada	Clmt Slipped Fell In Parking Structu
2009	2-2-776	9274840	9136	2/4/2010	Aoao Maui Beach C	214	0	154	368	Hawaii	Clmt States HE Came OUT The Door
2009	2-2-82	3294994	5041	7/3/2010	Lake Of The Woods	150	-	190	340	Virginia	CLT Struck By Pontoon Boat Operat
2009	2-2-82	7309887	6970	4/16/2009	I'ON Company, L.L.	298	-	2	299	South Carolina	Clmt Alleges Construction Defect
2009	2-2-776	9659982	3243	10/8/2009	Fripp Island Resor	175	-	97	272	South Carolina	Clmt WAS Playing Golf ON 11TH Hol
2010	2-2-776	7322939	5137	7/4/2011	LLI Management Com	975	-	26	1,001	Georgia	Clmt Went OFF The Dunk Tank And
2010	2-2-82	3692576	3716	11/25/2010	Brays Island Plant	874	-	64	938	South Carolina	Suit James Piotrowski, Wrongful De
2012	2-2-775	6477745	4917	6/27/2012	Orange Lake Countr	990	-	499	1,488	Florida	Victim Stepped In Pond To Retrieve
2012	2-2-776	6142596	5806	7/23/2013	Beekman Arms Delam	750	-	72	822	New York	Plaintiff Alleges That SHE Fell Back
2012	2-2-775	4641601	5888	6/26/2012	Bluegreen Corporat	285	-	43	328	Tennessee	Plaintiff WAS Attempting To Throw
2012	2-2-82	1738740	9346	8/15/2013	Stonebridge Commun	288	-	36	323	New Jersey	Claimant Tripped And Fell Over A R
2012	2-2-82	2825898	8154	3/24/2012	Seabrook Island PR	237	-	41	279	South Carolina	Clmt Sustained Injuries During Bikir
2012	2-2-775	6477745	459	9/9/2012	Orange Lake Countr	190	-	74	264	Florida	Plaintiff Slipped And Fell In Breeze

AL

Rate Need Indications

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Target	Target	Before 2016 Rate Change PY 2016 Ultimate ILAE Ratio	Before 2016 Rate Change PY 2016 Rate Need	PY 2016 Rate Achieved	After 2016 Rate Change PY 2016 Ultimate ILAE Ratio	PY 2017 Ultimate ILAE Ratio	PY 2017 Rate Need
RAP Neutral:	100.0%	71.7%	33.0%	-50.8%	0.0%	33.0%	34.3%	-49.1%

Expense Ratio calculated as follows:

Commission:	14.0%
Prem Tax:	4.2%
Other Acquisition Fees:	1.9%
Direct Expense:	4.5%
Indirect Expense:	3.7%
	<u>28.3%</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 2016 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 2016	On-Level Ultimate ILAE Ratio	Ultimate ILAE Ratio	3.5% Trend to PY 2016	On-Level Ultimate ILAE Ratio	Ultimate ILAE Ratio	3.0% Trend to PY 2016	On-Level Ultimate ILAE Ratio
2005	1,314	0.0%	1.000	1,142	47.1%	1.539	83.3%	47.1%	1.460	79.0%	41.4%	1.384	66.0%
2006	1,386	-4.5%	0.955	1,262	64.7%	1.480	105.1%	64.7%	1.411	100.2%	43.5%	1.344	64.3%
2007	1,647	-4.5%	0.912	1,570	15.8%	1.423	23.5%	15.8%	1.363	22.5%	15.8%	1.305	21.6%
2008	1,417	-6.0%	0.857	1,437	14.1%	1.369	19.0%	14.1%	1.317	18.3%	14.1%	1.267	17.6%
2009	1,274	-1.3%	0.846	1,309	12.1%	1.316	15.5%	12.1%	1.272	15.0%	12.1%	1.230	14.5%
2010	1,073	-0.8%	0.839	1,111	16.5%	1.265	20.2%	16.5%	1.229	19.6%	16.5%	1.194	19.1%
2011	996	0.8%	0.846	1,023	15.0%	1.217	17.8%	15.0%	1.188	17.3%	14.0%	1.159	15.8%
2012	701	0.4%	0.850	717	15.0%	1.170	17.2%	13.6%	1.148	15.2%	12.2%	1.126	13.4%
2013	737	3.3%	0.878	729	29.6%	1.125	33.6%	28.2%	1.109	31.6%	25.5%	1.093	28.2%
2014	863	1.3%	0.889	844	28.5%	1.082	31.6%	26.2%	1.071	28.7%	23.9%	1.061	25.9%
2015	794	-2.3%	0.869	794	28.7%	1.040	29.9%	26.1%	1.035	27.0%	20.8%	1.030	21.4%
All Yr Wtd:					36.9%			34.9%			28.6%		
Last 7 Wtd:					22.7%			21.3%			19.2%		
Last 5 Wtd:					25.7%			23.7%			20.7%		
Last 3 Wtd:					31.6%			29.0%			25.1%		
Selected Ultimate:					31.0%			28.0%			24.0%		
ILF:					1.00			1.23			1.43		
Policy Limits Ultimate:					31.0%			34.3%			34.4%		
Weight:					7%			46%			46%		

* Averages Include PY 2015

Frequency/Severity Indication:	25.2%
Weighted Average:	34.1%
PY 2016 Selected:	30.0%
BG/ OL Adjustment:	2.0%
PY 2016:	32.0%
ULE:	1.0%
Claims Fees:	0.0%
PY 2016 Ultimate ILAE Ratio:	33.0%

AL

Large Losses - Incurred + Legal > 100k

PY	DSP	Policy #	Case #	DOL	Insured	Ind Paid	Ind OS	Legal	I+Legal	Acc State	Description
2005	2-2-773	9383786	699	9/12/2006	RGJ, Inc.	130	-	8	138	Utah	Claimant Slipped And Fell
2005	2-2-773	9382206	5039	5/31/2006	Consolidated Resor	69	-	65	134	Nevada	Insured Could NOT Stop In Time An
2006	2-2-773	9382206	9564	8/22/2006	Consolidated Resor	125	-	98	223	Nevada	Insured Turning Left And WAS HIT E
2006	2-2-773	6267319	4436	11/4/2006	Soleil Management,	146	-	53	199	Nevada	Clmt Alleges Insured Backed UP An
2006	2-2-773	9384319	364	9/8/2006	Bluegreen Corp.	158	-	5	163	Florida	Insured Vehicle HIT By OV Coming C

Property

Rate Need Indications

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Target	Target	Before 2016 Rate Change PY 2016 Ultimate ILAE Ratio	Before 2016 Rate Change PY 2016 Rate Need	PY 2016 Rate Achieved	After 2016 Rate Change PY 2016 Ultimate ILAE Ratio	PY 2017 Ultimate ILAE Ratio	PY 2017 Rate Need
RAP Neutral:	96.8%	59.2%	51.5%	-12.2%	0.0%	51.5%	51.5%	-12.2%

Expense Ratio calculated as follows:

Commission:	25.7%
Prem Tax:	2.6%
Other Acquisition Fees:	1.9%
Reinsurance:	0.0%
Direct Expense:	3.8%
Indirect Expense:	3.7%
	<u>37.6%</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

Indexing - PY 2016 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 2016	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 2016	On-Level Ultimate ILAE Ratio	Ultimate ILAE Ratio	0.0% Trend to PY 2016	On-Level Ultimate ILAE Ratio
2005	8,128	-2.0%	0.980	7,730	36.4%	1.000	38.2%	27.6%	1.000	29.0%	15.5%	1.000	16.3%	11.2%	1.000	11.7%
2006	8,376	-2.2%	0.958	8,145	47.8%	1.000	49.1%	23.6%	1.000	24.2%	14.6%	1.000	15.0%	12.8%	1.000	13.1%
2007	8,908	-7.0%	0.891	9,319	46.4%	1.000	44.4%	35.6%	1.000	34.0%	21.6%	1.000	20.6%	15.2%	1.000	14.5%
2008	8,287	-7.2%	0.827	9,336	15.1%	1.000	13.4%	15.1%	1.000	13.4%	15.1%	1.000	13.4%	15.0%	1.000	13.4%
2009	8,978	-0.8%	0.820	10,201	37.4%	1.000	32.9%	37.4%	1.000	32.9%	33.8%	1.000	29.7%	24.1%	1.000	21.3%
2010	8,756	-1.2%	0.810	10,074	261.7%	1.000	227.5%	108.6%	1.000	94.4%	55.3%	1.000	48.1%	35.2%	1.000	30.6%
2011	9,030	5.6%	0.855	9,841	153.3%	1.000	140.6%	74.1%	1.000	68.0%	43.0%	1.000	39.4%	32.6%	1.000	29.9%
2012	6,658	6.1%	0.908	6,838	18.2%	1.000	17.7%	18.2%	1.000	17.7%	18.2%	1.000	17.7%	15.3%	1.000	14.9%
2013	7,185	2.6%	0.931	7,190	32.6%	1.000	32.5%	27.7%	1.000	27.7%	17.3%	1.000	17.2%	14.9%	1.000	14.9%
2014	6,865	0.7%	0.938	6,821	33.4%	1.000	33.6%	33.1%	1.000	33.3%	26.1%	1.000	26.2%	23.3%	1.000	23.5%
2015	6,685	-0.6%	0.932	6,685	40.5%	1.000	40.5%	32.2%	1.000	32.2%	22.9%	1.000	22.9%	17.4%	1.000	17.4%
All Yr Wtd:							66.2%			38.8%			25.1%			19.1%
Last 7 Wtd:							84.4%			47.1%			30.4%			22.6%
Last 5 Wtd:							59.9%			38.3%			25.8%			20.8%
Last 3 Wtd:							35.5%			31.0%			22.0%			18.5%
Selected Ultimate:							36.0%			32.0%			23.0%			18.0%
ILF:							1.00			1.26			1.81			2.42
Policy Limits Ultimate:							36.0%			40.2%			41.5%			43.5%
Weight:							40%			20%			20%			20%

* Averages include PY 2015

Frequency/Severity Indication:	37.7%
Weighted Average:	39.4%
PY 2016 Selected:	39.0%
BG/OL Adjustment:	0.0%
PY 2016:	39.0%

All Year Avg Empirical Cat Load:	2.5%
Program Specific AAL Cat Load:	8.7%
Selected Cat Load:	8.7%
Corporate Cat Charge:	0.0%
XOL Loss Cost:	1.9%
Indicated XOL Cost:	9.3%
ULE:	1.9%
Claims Fees:	0.0%

PY 2016 Ultimate ILAE Ratio Including AAL Cat Load and Cost of Reinsurance: 51.5%

Property

Large Losses - Incurred + LAE > 100k

PY	DSP	Cat #	Policy #	Case #	DOL	Insured	Ind Paid	Ind OS	LAE	ILAE	Acc State	Description
2005	2-2-773		655249	6724	12/31/2005	Mount Washington H	1,623	-	94	1,717	New Hampshire	Fire AT Lodge Started By Candle In
2005	2-2-773		920833	5048	11/28/2005	Woodside Ranch, LL	450	-	34	484	Wisconsin	Barn Burnt Down
2005	2-2-773		1651426	3626	5/16/2006	Squaw Tahoe Resort	108	-	44	152	California	Propane Leak AT Clubhouse Resulti
2005	2-2-773	505	3247012	2018	9/24/2005	Wildwood Property	137	-	11	148	Texas	Property Dmage From Hurricane Rit
2006	2-2-773	709	9270959	2445	4/16/2007	BW Resort Managem	2,699	-	330	3,029	New Hampshire	Severe Winds Blew OFF A Portion O
2006	2-2-773		7322335	7567	10/1/2006	Cancun Resort Vac	92	-	17	109	Nevada	Employee Allegedly Embezzled In
2007	2-2-82		6263836	7993	1/2/2008	Winthrop Manor, LT	1,910	-	61	1,971	New York	Fireplace In Unit 6 Expanded Causir
2007	2-2-776	804	9273365	9034	6/10/2008	Everlands Founders	589	-	32	621	Pennsylvania	Several Large Tres Downon Bldgs DL
2007	2-2-773		3980832	2726	3/8/2008	Pocmot Hotels Corp	332	-	48	380	Pennsylvania	Maid Closed Drain And Left Sink Tur
2007	2-2-82		389963	1234	2/5/2008	Hide-A-WAY Lake CL	150	-	13	164	Texas	Hail Damage To Building
2007	2-2-776		3247030	9925	8/13/2007	Izatys Golf And YA	-	-	161	161	Minnesota	Insured WAS Impacted By A Windstc
2008	2-2-82	806	920822	3985	9/13/2008	Sienna Plantation	471	-	11	482	Texas	Hurricane IKE Wind Damage To Play
2008	2-2-82	806	6343009	3091	9/13/2008	First Colony Commu	357	-	40	397	Texas	Strong Winds Dmgd Bldg And Groun
2008	2-2-82	806	3247012	2804	9/13/2008	Wildwood Property	99	-	11	110	Texas	Strong Winds Dmgd Bldg And Groun
2008	2-2-776		9658231	9261	12/24/2008	Mcguire's Of Cadil	96	-	10	106	Michigan	Golf Cart Bldg Collapsed
2009	2-2-776		920840	9131	2/13/2010	Greer Lodge Resort	327	-	87	414	Arizona	Heavy Snow That HAS Collapsed ON
2009	2-2-776		9203173	5583	4/25/2009	The Lodges AT Este	405	-	4	409	Colorado	IV HAD A Big Snowstorm And The W
2009	2-2-776	1009	9270959	9896	2/25/2010	CNL Income Bretton	313	-	27	340	New Hampshire	During A Severs Wind Storm The Ins
2009	2-2-776	908	6477331	9890	7/29/2009	Forte, Inc. DBA: S	255	-	16	271	Pennsylvania	Tornado ON Property Caused Major
2009	2-2-775		7309594	7758	6/16/2009	Bluegreen Corporat	249	-	5	254	Florida	Lightning Struck Well NO 3 Causing
2009	2-2-776		281255	9301	2/22/2010	Shoreway Acres Res	196	-	24	220	Massachusetts	ALL Alarms Went OFF Smoke In Buil
2009	2-2-776		9270959	1242	8/21/2009	CNL Income Bretton	145	-	5	150	New Hampshire	Lightning Strike Damage Undergrou
2009	2-2-82		3692576	9493	7/23/2009	Brays Island Plant	99	-	6	105	South Carolina	Broken Water Line Caused Damage
2010	2-2-776		920840	2234	5/10/2011	Greer Lodge Resort	7,854	839	750	9,443	Arizona	Fire Loss Cause UNK AT This Time
2010	2-2-775		6264205	3146	5/23/2011	The Mountain Club	6,182	-	248	6,429	California	Fire Started In Unit 314 And Extend
2010	2-2-776	1001	2852284	4746	6/6/2010	Focus Hospitality	5,426	-	194	5,619	Michigan	Tornado Struck The Area Extensive
2010	2-2-775		6442526	1574	10/1/2010	Vacation Charters	2,267	-	151	2,418	Pennsylvania	There WAS AN Explosion AT The Spc
2010	2-2-776		920840	3796	6/3/2011	Greer Lodge Resort	938	-	83	1,021	Arizona	DUE To The Wallow Wildfires In Ari
2010	2-2-82		2852747	7148	1/25/2011	The Appalachian AT	709	-	83	791	New Jersey	Water Damage DUE To Pipe Burst
2010	2-2-775		8994327	5194	12/16/2010	Resortcom Managem	350	-	240	590	California	-Insd Alleges That Contractor Comp
2010	2-2-82		3593094	8562	2/16/2011	The Canyons Hotel	258	-	104	362	Utah	Water Main Blew And Resulted In Tl
2010	2-2-82		6344211	3800	6/5/2011	The Ridge AT Eagle	302	-	19	321	Oregon	Structure Fire
2010	2-2-776	1103	2851152	7888	2/3/2011	Donald Reid DBA: B	216	-	7	222	Connecticut	Snow Caused Water Damage In The
2010	2-2-82		9660270	7078	1/25/2011	American Vacation	197	-	25	222	Michigan	Water Line Broke Extensive Water I
2010	2-2-776		6142456	9483	3/11/2011	Fairmont HOT Sprin	161	-	8	170	Montana	DUE To A Stong Wind Storm The Ro
2010	2-2-776		2852284	9117	3/2/2011	Focus Hospitality	139	-	21	160	Indiana	Shipshewana Water Park Sustained
2010	2-2-776		9270959	6167	12/26/2010	CNL Income Bretton	120	-	22	141	New Hampshire	Snowatorm
2010	2-2-776	1105	2825725	8099	8/28/2011	Pine Grove Resort	119	-	18	137	New York	Hurricane Irene Building Damage Ar
2010	2-2-776		2852284	6345	11/24/2010	Focus Hospitality	104	-	8	112	Michigan	Contractor Impoperly Installed The
2010	2-2-776		2853013	7881	7/21/2010	CSB 4000 Mountain	92	-	10	102	Maryland	Water Seepage Through 2 Drains Int
2011	2-2-776		7561851	4120	1/18/2012	Driftwood Shores R	6,708	-	845	7,553	Oregon	Severe Wind Storm HAS Tore OFF TI
2011	2-2-776		9659234	8105	8/30/2011	Double Diamond Del	2,370	-	744	3,114	Texas	Wild Fire Caused Damage To Proper
2011	2-2-82		5848559	6071	12/4/2011	Mountain Retreat H	2,440	-	368	2,808	California	Electrical Fire That Triggered A Spa
2011	2-2-776	1103	9659234	8582	2/1/2011	Double Diamond Del	719	-	33	752	Texas	Damage To Property DUE To Freezih
2011	2-2-776		2853462	9022	9/11/2011	Jew Financial, LL	288	-	13	301	Ohio	Lightning Strike HAS Caused Electic
2011	2-2-776		7322357	6396	10/14/2011	Sunny Hill Farm, I	259	-	21	280	New York	Roof And Interior Damage, Dinning H
2011	2-2-776		2852284	5927	12/1/2011	Focus Hospitality	126	-	7	133	Michigan	AN Under Sink Water Line Erupted I
2011	2-2-776		9659234	9530	3/8/2011	Double Diamond Del	103	-	8	111	Kentucky	Heavy Rains Caused Damage To Apr
2011	2-2-776		9659234	1538	4/15/2011	Double Diamond Del	102	-	9	111	Texas	Loss Of Earnings DUE To Wild Fires
2011	2-2-776	1104	9659234	4023	4/25/2011	Double Diamond Del	87	-	13	100	New York	DUE To Heavy Rains Insureds Proper
2012	2-2-775		9739044	3488	1/15/2013	Thunderbird Resort	233	-	7	239	Nevada	Extreme Cold Temperature, Pipes E
2012	2-2-776		2853462	499	9/15/2012	Jew Financial, LL	150	-	19	169	Ohio	Crime/Employee Theft Claim. Insur
2012	2-2-776		7562545	7870	12/6/2012	Darien Lake Hospit	105	-	3	107	New York	Water Damages
2013	2-2-776	1403	2853462	9843	1/8/2014	Brownlee Reagan DB	1,351	-	55	1,406	Ohio	Water (Non Natural Peril) - Burst Pi
2013	2-2-82	1309	2850844	2859	4/18/2013	Grand Bear Lakes T	123	-	23	146	Illinois	Water DUE To Heavy Rains
2013	2-2-776		7561217	469	8/18/2013	Vacation Village I	80	-	20	101	Massachusetts	Fire - Under Investigation- Fire in a
2014	2-2-773	1507	7041618	118	4/24/2015	Rough Creek Operat	697	-	17	714	Texas	Natural Perils - Wind Only (Non Ton
2014	2-2-82	1506	4062105	7006	2/16/2015	Snowtree Condomini	110	-	7	117	Vermont	Natural Perils - Ice - ICE Dams
2014	2-2-776		2852284	5066	6/1/2015	Focus Hospitality	101	15	-	116	Michigan	Machinery Breakdown (Non Fire, Nc

APD

Rate Need Indications

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Target	Target	Before 2016 Rate Change PY 2016 Ultimate ILAE Ratio	Before 2016 Rate Change PY 2016 Rate Need	PY 2016 Rate Achieved	After 2016 Rate Change PY 2016 Ultimate ILAE Ratio	PY 2017 Ultimate ILAE Ratio	PY 2017 Rate Need
RAP Neutral:	99.1%	72.1%	58.0%	-18.3%	0.0%	58.0%	58.0%	-18.3%

Expense Ratio calculated as follows:

Commission:	15.0%
Prem Tax:	3.1%
Other Acquisition Fees:	1.9%
Direct Expense:	4.6%
Indirect Expense:	2.5%
	<u>27.1%</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

APD

Indexing - PY 2016 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 2016	On-Level Ultimate ILAE Ratio
2005	316	0.0%	1.000	227	19.5%	1.000	27.2%
2006	306	-4.5%	0.955	230	35.0%	1.000	46.6%
2007	283	-4.5%	0.912	223	27.9%	1.000	35.5%
2008	226	-6.0%	0.857	189	52.2%	1.000	62.4%
2009	220	-1.3%	0.846	186	44.0%	1.000	52.0%
2010	229	-0.8%	0.839	196	62.5%	1.000	73.2%
2011	197	-2.2%	0.820	172	44.7%	1.000	51.1%
2012	133	-3.6%	0.791	121	57.3%	1.000	63.2%
2013	149	-18.8%	0.642	167	51.3%	1.000	46.0%
2014	164	4.3%	0.669	176	50.3%	1.000	47.0%
2015	176	7.1%	0.717	176	67.9%	1.000	67.9%
				All Yr Wtd:			50.9%
				Last 7 Wtd:			57.2%
				Last 5 Wtd:			54.6%
				Last 3 Wtd:			53.7%
				Frequency/Severity Indication:			52.0%

* Averages include PY 2015

PY 2016 Selected:

BG/OL Adjustment:

PY 2016:

ULE: 1.0%

Claims Fees: 0.0%

PY 2016 Ultimate ILAE Ratio: 58.0%

Excess Liability

Rate Need Indications

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Target Combined Ratio	Target ILAE Ratio	Before 2016 Rate Change PY 2016 Ultimate ILAE Ratio	Before 2016 Rate Change PY 2016 Rate Need	PY 2016 Rate Achieved	After 2016 Rate Change PY 2016 Ultimate ILAE Ratio	PY 2017 Ultimate ILAE Ratio	PY 2017 Rate Need
RAP Neutral:	100.7%	64.1%	60.8%	-4.9%	0.0%	60.8%	63.8%	-0.4%

Expense Ratio calculated as follows:

Commission:	23.9%
Prem Tax:	2.5%
Other Acquisition Fees:	1.9%
Direct Expense:	3.8%
Indirect Expense:	4.5%
	<u>36.6%</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 2016 Ultimate Loss & LAE Selection

PY	GWP	Annual PY Rate Chg	Cumulative PY Rate Chg	On-Level GWP
2005	711	0.0%	1.000	623
2006	441	-10.0%	0.900	430
2007	1,116	-5.1%	0.854	1,146
2008	1,489	-10.4%	0.766	1,706
2009	1,982	-3.2%	0.741	2,346
2010	1,721	-0.7%	0.737	2,050
2011	1,750	4.4%	0.769	1,998
2012	1,515	6.5%	0.819	1,622
2013	1,621	6.0%	0.868	1,638
2014	1,777	4.5%	0.907	1,719
2015	1,491	-3.2%	0.877	1,491
				All Yr Wtd:
				Last 7 Wtd:
				Last 5 Wtd:
				Last 3 Wtd:
				Selected Ultimate:
				ILF:
				Capped @ \$10M Ultimate:

Capped @ \$10M		
Ultimate ILAE Ratio	5.0% Trend to PY 2016	On-Level Ultimate ILAE Ratio
4.2%	1.710	8.2%
4.5%	1.629	7.6%
7.2%	1.551	10.8%
10.1%	1.477	13.0%
71.6%	1.407	85.2%
19.8%	1.340	22.2%
27.4%	1.276	30.7%
526.9%	1.216	597.9%
46.3%	1.158	53.0%
54.0%	1.103	61.6%
56.3%	1.050	59.1%
		95.4%
		121.1%
		154.9%
		57.9%
		73.0%
		1.00
		73.0%

Weight: 13%

Capped @ 2M		
Ultimate ILAE Ratio	4.5% Trend to PY 2016	On-Level Ultimate ILAE Ratio
2.8%	1.623	5.2%
2.3%	1.553	3.6%
3.6%	1.486	5.2%
5.4%	1.422	6.7%
64.6%	1.361	74.3%
11.0%	1.302	12.1%
14.9%	1.246	16.2%
152.5%	1.193	169.8%
27.8%	1.141	31.3%
34.3%	1.092	38.7%
36.2%	1.045	37.8%
		41.9%
		53.0%
		56.9%
		36.0%
		40.0%
		1.84
		73.7%

Weight: 44%

Capped @ 1M		
Ultimate ILAE Ratio	4.0% Trend to PY 2016	On-Level Ultimate ILAE Ratio
1.4%	1.539	2.5%
2.3%	1.480	3.4%
2.7%	1.423	3.7%
3.4%	1.369	4.0%
41.9%	1.316	46.6%
5.8%	1.265	6.2%
8.6%	1.217	9.1%
77.9%	1.170	85.1%
17.9%	1.125	19.9%
22.5%	1.082	25.2%
22.8%	1.040	23.7%
		24.1%
		30.3%
		31.6%
		22.9%
		25.0%
		2.91
		72.8%

Weight: 44%

* Averages include PY 2015

Frequency/Severity Indication:	71.5%
Weighted Average:	73.2%
PY 2016 Selected - Capped @ \$10M:	72.0%
Adjustment:	0.0%
PY 2016 - Capped @ \$10M:	72.0%
ILF:	1.014
Catastrophe/Latency Load:	5.0%
ULE:	1.0%
PY 2016 Ultimate ILAE Ratio:	79.0%
Credibility:	11%
Complement of Credibility:	58.4%
Credibility Weighted PY 2016 Ultimate ILAE Ratio:	60.8%

Compliment of Credibility

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

Excess Liability

Large Losses - Incurred + LAE

PY	DSP	Policy #	Case #	DOL	Insured	Ind Paid	Ind OS	LAE	ILAE	Acc State	Description
2009	2-2-914	5846293	4915	3/7/2010	Orange Lake Countr	-	1,500	7	1,507	Florida	Claimant Allegedly Tripped And Fel
2012	2-2-914	5846293	6328	6/27/2012	Orange Lake Countr	7,425	-	10	7,435	Florida	Child Fell Into Pond And Grabbed F

Program: ResortGuard

Limit Profile - Based on PY Written Premium

Occ Limit	PY -->	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Total
100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
500,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
900,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1,000,000	-	43,224	64,008	30,381	79,862	47,847	38,824	56,914	53,818	33,605	31,099	5,372	484,954	
1,500,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2,000,000	-	50,464	25,529	5,314	62,366	57,247	44,401	56,024	70,802	50,789	75,314	49,189	547,439	
2,500,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3,000,000	-	81,016	46,874	45,229	11,470	42,731	54,346	14,168	43,072	51,434	56,877	48,546	495,763	
3,500,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4,000,000	-	64,332	30,628	24,446	6,785	-	28,255	17,975	16,322	12,795	21,113	13,792	236,443	
4,500,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5,000,000	-	338,204	80,762	119,826	164,066	183,319	220,123	279,838	347,113	344,375	376,628	461,146	2,915,400	
5,500,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6,000,000	-	-	-	-	-	-	6,565	12,500	12,500	39,752	10,249	-	81,566	
6,500,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7,000,000	-	-	-	-	-	51,402	-	-	-	-	-	-	14,177	65,579
7,500,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8,000,000	-	16,138	-	-	-	-	-	-	-	-	-	-	-	16,138
9,000,000	-	38,536	53,554	-	18,368	13,427	7,070	21,724	14,804	14,242	-	-	181,725	
9,500,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10,000,000	-	296,175	56,507	63,996	284,495	525,859	807,834	905,552	904,400	778,726	687,717	288,913	5,600,174	
11,000,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12,000,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14,000,000	-	-	-	-	-	-	-	-	-	15,867	16,355	-	32,222	
15,000,000	-	-	-	-	-	-	-	19,503	79,767	46,238	31,568	-	177,076	
19,000,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20,000,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24,000,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25,000,000	-	-	-	-	-	-	-	-	170,249	167,076	201,947	-	539,272	
Total	-	928,089	357,862	289,192	678,814	876,995	1,213,353	1,384,198	1,740,099	1,525,396	1,498,618	881,135	11,373,751	
Average XS Limit	-	6,220,552	5,111,093	5,233,789	6,565,200	7,555,291	8,011,905	8,164,393	9,766,093	9,920,099			8,255,303	

xs 10M Selected	Am Home ILF
93.4%	1.000
0.0%	1.029
0.0%	1.058
0.3%	1.116
1.6%	1.145
0.0%	1.217
0.0%	1.235
0.0%	1.280
4.7%	1.235
100.0%	1.014