Date: November 9, 2012

To: Larry Smith – FASB Board

Marc Siegel—FASB Board Jennifer Weiner – FASB Staff

From: U.S. Non-life Interested Parties Group:

See signatories and supporters below

Cc: Patrick Finnegan – IASB Board

Peter Clark - IASB Technical Director

Joanna Yeoh - IASB Staff

Subject: IASB/FASB Joint Meeting October 2012, Staff Paper 2D/90D and the

Discounting of Most Property-Casualty Claim and Claim Expense Reserves

Attached is a follow-up document on behalf of the U.S. Non-life Interested Parties Group that addresses questions arising at the August 7th P&C Roundtable discussion hosted by Deloitte. The follow-up includes comments related to October Staff Paper 2D/90D, *Premium Allocation Approach – Discount Rate Follow-up* and the implications of discounting most property-casualty ("P&C") claim and claim expense reserves.

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Companies and Trade Groups who participated in the development of, or otherwise support the content of this response, included the following, in addition to many others the aggregate of which comprises roughly half of U.S. P&C net written premiums:

Companies:

CNA Financial Corporation
Erie Indemnity Company
Employers Mutual Casualty Company
Federated Insurance Company
The Progressive Corporation

Trade Groups:

National Association of Mutual Insurance Companies Property Casualty Insurers Association of America The basic objective of the various constituents engaged in discussions about a modified accounting and reporting framework for non-life insurance is to provide financial statement users with the most relevant, understandable presentation of a P&C insurer's business as it fulfills its obligations to policyholders.

The topic of discounting most P&C claim and claim expense reserves received substantial attention at the August 7th non-life industry roundtable sponsored by Deloitte. The consensus was that discounting would not produce decision-useful information where payment patterns are variable. As illustrated in Appendix I, using actual historical claim reserve data, P&C claim reserves, even for the most stable personal lines products, exhibit significant variability in the timing of their payment.

Based on the attached analysis we believe the introduction of discounting to the measurement of P&C claim reserves diminishes the understanding of periodic claim reserve changes and makes them a complex mix of positive and negative reserve development, further impacted by interest rate and payment pattern changes. As a consequence, a significant increase in the expected amount of claim payments could be masked by the effect of rising interest rates and/or an extended payment pattern.

In addition to the empirical support described above, we have participated in extensive discussions with investors, analysts and preparers who state the introduction of discounting to the measurement of claim and claim expense reserves would:

- add more subjectivity (e.g., discount rate selection and payment pattern estimation) to amounts already requiring substantial estimation and judgment;
- substantially increase the complexity of financial information provided to general purpose financial statement users, thereby reducing understandability and decision-usefulness;
- reduce the transparency of financial information provided to general purpose financial statement users by combining underwriting and investment information which is also inconsistent with the property-casualty insurance business model and with the way P&C insurers use information to manage their business and assess operating performance;
- significantly diminish comparability between P&C insurance companies; and
- produce financial statements whose primary purpose would be to comply with an accounting standard rather than to serve the interests of general purpose financial statement users

Investors and analysts continue to communicate that the existing measurement model for short-duration insurance contracts provides decision-useful information that best meets their needs. Accordingly, we fully support the Board's recent decision to reconsider whether fundamental changes to the short-duration insurance contracts model, including the discounting of claim and claim expense reserves, is necessary or whether the needs of investors and analysts are best served through more limited, targeted improvements.

On October 15th, at the Joint FASB-IASB meeting, the FASB deliberated staff paper 2D/90D, *Premium Allocation Approach* ("PAA") – *Discount Rate Follow-up* concerning the proposed presentation of periodic interest rate changes in other comprehensive income ("OCI"). We do not support the discounting of non-life claim and claim expense reserves, except in situations where claims are settled and their amount and timing are reliably determinable. Our comments on the OCI presentation proposal should not be interpreted as implicit support for the discounting of non-life claim and claim expense reserves. Rather, our comments arise from a concern that the OCI proposal would add substantial complexity to the accounting and reporting of non-life claim and claim expense reserves and reduce the understandability of periodic reserve changes.

The incremental complexity associated with the OCI presentation proposal results directly from the proposed requirement that P&C insurers discount the vast majority of their claim reserves. This is inconsistent with the needs and desires articulated by investors and analysts.

Observations on the OCI presentation proposal as it relates to P&C insurance claims are as follows:

- Requiring expense and accretion recognition at locked-in rates with the effects of prospective changes in interest rates reflected in OCI, and any other financial statement disclosure, would introduce significant reporting complexity for P&C insurers.
 - The proposal would require tracking of interest rates (both an initial lock-in and prospective current interest rates for each reporting period) for each policy/claim, or group of policies/claims. This information is not currently tracked and would need to be maintained throughout the life of the contract to permit these OCI calculations.
 - o Locking in the interest rate at either contract inception or when a claim is incurred would introduce substantial cost and complexity and require the maintenance of a substantial volume of claim data. Moreover, locking in the interest rate at contract inception versus the interest rate on the date a claim is incurred would add even more cost and complexity. This reflects the fact that P&C insurers typically maintain claim data on an accident year (i.e., incurred) basis by risk type and not on a contract inception date basis. Therefore, a requirement to maintain a significant volume of claim data on a basis other than accident year would be complex, expensive, and would require the application of significant judgment and other simplifying assumptions. Using an incurred date, however, has its own inherent complexities including identifying the individual cohorts that would need to be established and tracked over time. In that respect, anticipated requirements to define cohorts (and lock in rates) on a quarterly basis for individual accident years would result in excessive accounting and reporting costs.
 - The measurement and OCI proposals apply to incurred but not reported ("IBNR") reserves which are typically not estimated at a policy level. To illustrate the complexity of the OCI presentation proposal, insurers would need to track the difference in discount rates between contract inception and the initial IBNR measurement and again once a specific claim is identified.
 - o Interest rates for each reporting period presented would need to be tracked to accommodate rollforward disclosures. Further, when claim payments are made earlier than expected, insurers will be challenged to estimate the corresponding amount that would need to be released from OCI unless they implement claim reporting systems that operate on a seriatim basis, the cost of which would be enormous.
 - All of the above calculations and tracking would necessitate the development and implementation of costly new systems to develop information that investors and analysts have told the Boards they do not want or need.
 - The challenges to discounting P&C claim reserves are similar to those that exist with bank demand deposits. Appendix II provides the FASB's rationale, which was based on the unique business model of banking and the complexity of demand deposit liabilities, for not requiring bank demand deposits be measured on a current value basis. We believe the FASB's rationale is equally, if not more relevant, for measuring P&C claim reserves as discussed in Appendix II.
- The discounting and OCI presentation proposals would cause a significant shift in focus when
 discussing an insurer's financial results with investors and analysts. More specifically, operating
 performance discussions would focus on interest rate changes, which are outside of management
 control, as opposed to underwriting performance, growth, and reserve sufficiency. More importantly,

the financial statements would not provide the users with the information they desire, thereby creating a need for preparers to develop extensive non-GAAP disclosures to unwind the impacts of discounting and present information on the basis users prefer.

- Contrary to the discussion at the October 15th meeting, the impact of discounting and the OCI proposal on P&C insurers would be pervasive. The majority of reserves, well over 90% in the U.S., associated with contracts eligible for the PAA would not qualify for the PAA discounting exception.¹ The vast majority of P&C reserves would be discounted and would be in the scope of the OCI presentation proposal.
- Discounting and the OCI presentation proposal conflicts with the time tested, effective, and extensive reporting and disclosure framework developed by the SEC over the last decade at considerable expense. SEC disclosures for P&C insurers focus on ultimate (i.e., undiscounted) reserves and comprehensively address the needs of investors and analysts to obtain understandable information about the establishment, development, and payment of claims. A requirement to discount claim reserves reduces the ability of investors and analysts to understand reserve changes and assess reserve adequacy, undermines the usefulness of existing SEC disclosures. Ultimately, the introduction of the OCI presentation proposal attempts to dampen income statement volatility, which further reduces understandability and comparability. We believe investors' and analysts' needs are best served by not requiring the discounting of P&C claims with the exception of settled claims. This would eliminate the need for the OCI presentation proposal and all its associated complexity.

The complexity discussed above is not limited to implementation but rather would be experienced on an ongoing basis. Because the proposals would result in the presentation of information that users have communicated they do not want, the benefits of the proposal would not outweigh the cost.

In short, the complexity introduced by the requirement to discount P&C reserves is exacerbated by the OCI presentation proposal. We believe the requirement to discount other than settled claims should be eliminated which would preclude the need to apply the OCI presentation proposal and provide investors with the information they have communicated a desire to receive.

We would be happy to discuss the content of this letter with the Board and staff at your convenience.

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¹ Only the physical damage coverage in auto policies would meet the one year payment exemption for non-discounting

APPENDIX I

NON-LIFE INSURANCE INDUSTRY ROUNDTABLE AUGUST 7, 2012 – FOLLOW-UP SUMMARY

I. INVESTORS AND ANALYSTS WANT CONSISTENCY BETWEEN ACCOUNTING AND BUSINESS MODEL

The business models for life insurance and short-duration P&C insurance contracts are very different. Life insurance contracts typically have a long coverage period and contractual outcomes (i.e., death or policy lapse) that are readily determinable, thus supporting application of an "asset-liability management" (or spread-based) business model. Life insurers typically pursue long-term investment strategies that produce a targeted "spread" over time. In contrast, P&C insurance contracts typically have a short coverage period (one year or less), cover multiple perils, and have a continuum of potential outcomes extending between \$0 and policy limits. In addition, the incurred, settlement, and payment dates for claims are typically very different for short-duration P&C insurance contracts.

The business model for short-duration P&C insurers involves the continuous underwriting and reunderwriting of insurance risks. This includes the selection of policyholders and risks to insure (including decisions about risk aggregation), determination of the appropriate amount of premium to charge, estimation of loss costs and other operating expenses, the effective management of customer relationships (i.e., contract renewals), and the effective management of capital. Separately, P&C insurers implement investment strategies to provide adequate returns and maintain the necessary liquidity for the business written.

Short-duration P&C insurance contract writers manage their business and evaluate operating performance both internally and externally on an "ultimate (i.e., nominal) basis" wherein revenues and expenses arising from transactions with customers are matched in a manner that produces an "ultimate underwriting profit/loss" during the period that risk protection is provided under the contract. Because current and historic operating results are used as a basis for forecasting future operating results, the ultimate underwriting profit/loss amount, together with its underlying components, is considered critical information to investors and analysts. Moreover, from an investor and analyst perspective, it is critical that financial statement elements be measured on the same basis that the business is managed and management is incented. Because all key business processes and incentive measures related to premiums, claims, and expenses are transacted and measured on an ultimate (i.e., nominal) basis, it is critical that financial reporting also follow this measurement basis to produce operating results that are decision useful. In contrast, if individual elements deviate from the paradigm (e.g., if claims were measured on a discounted basis) an unverifiable subjective estimate would be introduced that would produce an imbalance in the ultimate profit model and decrease the decision-usefulness of the financial statements.

Investors and analysts have stated a strong preference that general purpose accounting and financial reporting be consistent with the insurer's business model as that produces the most decision-useful information for the valuation of an insurer.

II. INVESTOR AND ANALYST VIEWS ON MEASURING AND REPORTING CLAIM RESERVES

U.S. P&C insurance investors and analysts acknowledge that the estimation of claim and claim expense reserves for a short-duration P&C insurer is an exceedingly complex task. Accordingly, they have expressed a very clear preference for the accounting and reporting model to be consistent with the

insurer's business model and to present the model components in the most transparent manner possible. This assists investors and analysts in their ability to model results and assess how outcomes may change if inputs are varied over time based on their expectations of future operating conditions. Consistent with the preceding, investors and analysts have expressed a strong preference to have the financial results of P&C insurers presented on an "ultimate" basis.

Investors and analysts have provided rationale, including the following, to support their strong preference to have P&C insurance contracts measured on an ultimate basis in the primary financial statements:

- Estimating P&C insurance claim and claim expense reserves is an inherently complex task, significantly more complex than estimating life insurance reserves. Introducing discounting (which requires P&C actuaries to estimate the timing of claim payments in addition to their amount) adds more complexity and subjectivity to an already uncertain estimate without any compensating benefit to users;
 - As an illustration of the complexity, incurred but not reported ("IBNR") claims, which could represent a large portion of a P&C insurer's claim reserves, would need to be discounted even though no specific information is yet known about the actual claims, including the specifics of their existence;
 - Discounting would be further complicated by having to consider the effects of ceded and assumed reinsurance which is typical for a portfolio of short-duration P&C claims
- o Introducing discounting changes a balance sheet measurement to a basis that is inconsistent with the legal, contractual basis at which the claim will be settled (i.e., the ultimate or nominal value);
- Data supports the assertion that significant variability exists in the payment pattern of most P&C claim reserves, including those related to short-tail personal lines coverages (e.g., private passenger auto, homeowners, and commercial multi-peril) thus questioning the decision-usefulness of discounted claim information. See Exhibit I, Parts 1 through 4
- Discounting shifts the focus from underwriting decisions (most critical element of non-life business) to investment allocation decisions and external factors (i.e., changes in interest rates) that are not part of measuring the underwriting performance and are not within the control of management (See Section IV)
- Existing practice provides a pragmatic approach to discounting. P&C claim reserves are discounted (e.g., workers' compensation, structured settlements, etc.) when the amount and timing of payments are fixed and determinable. However, when the amount and/or timing is not fixed and determinable, P&C claim reserves are measured on an ultimate basis
- Notwithstanding P&C insurers' inability to reliably allocate claim and claim expense reserves to the
 precise periods the claims will be paid, there is confidence in insurer's ability to reliably estimate
 the ultimate value of claim and claim expense reserves based on the information available together
 with well established actuarial practices
- o If a new U.S. GAAP standard for short-duration P&C insurance contracts is developed that requires discounting, given the strong preference of investors and analysts to receive claim and claim expense information on an ultimate basis, reporting entities will need to develop new non-GAAP disclosures to permit investors and analysts to unwind the effects of discounting

III. INVESTOR AND ANALYST DIFFERENTIATION OF UNDERWRITING AND INVESTING ACTIVITIES

Underwriting and investing are distinctly different activities for writers of short-duration P&C insurance contracts. Unlike underwriting activities as described above, investing activities involve the selection of assets to maintain an appropriate liquidity profile (consistent with the insurance risks underwritten) and to grow capital through the recognition of returns in the form of net investment income. Analysts and investors evaluate investing activities separate from underwriting and reserving

as there is no granular matching of investment cash flows with claim and claim expense cash flows in the operation of the business of a short-duration insurance contract writer.

A key attribute of a typical short-duration non-life insurance business is the presence of excess operating cash flows. That is, premium and other operating cash flows typically exceed claim and claim expense cash flows by a significant margin (See Appendix III depicting seven of the largest property-casualty insurers in the U.S.). Instead of a tightly integrated asset-liability management framework, as is the case for most life insurance business, short-duration non-life insurance contract writers typically generate significant excess cash flows which allows the payment of claims, claims expenses, and other operating expenses from current cash flows without the need to liquidate investments. In fact, Appendix III indicates that even in the face of the largest property-casualty CAT event in history (Hurricane Katrina), seven of the largest property-casualty insurers still had positive cash flows for the year.

Investors and analysts believe that underwriting and investment activities of non-life insurers involve separate and distinct risks and rewards over different periods of time. Investors and analysts consider the distinction between underwriting and investment activities to be important and different valuation multiples are assigned to the results of the two distinct activities. Investors and analysts indicate that discounting, for other than settled claim liabilities, would diminish the distinction between underwriting and investment results, which they consider critical in evaluating the quality of earnings and management.

Variability in Timing of Claim and Claim Expense Payments

I. BACKGROUND

A question was raised at the roundtable about whether certain lines of P&C business exist where the timing of the payment of claim and claim expense reserves is reliably determinable to a point that supports the introduction of discounting to the measurement of P&C claim and claim expense reserves.

Question

- How much uncertainty in the timing of cash flows is acceptable to meet a "reasonably estimable" criteria which would make it eligible for discounting: 10%? 20%?
- Support/data showing the variability for the lines of business or sub-lines of business that are most susceptible to this uncertainty.

To address the question, the group developed a Schedule P worksheet application that assesses variability in claim and claim expenses payout patterns. Statutory Schedule P was utilized since it is filed with state regulators as well as the National Association of Insurance Commissioners (who control the requirements of the filing statements and instructions). Controls over statutory reporting exist and Schedule P data is audited on an annual basis. All inputs into the analysis were obtained from Schedule P. A number of companies completed the Schedule P template (template attached with one insurer's information as Exhibit I, Part 2). For additional companies, Schedule P amounts were obtained from public data files (SNL Financial LC's database; www.snl.com). Data for a total of nine companies was included in the study. Company names can be made available upon request.

II. CONCLUDING OBSERVATIONS

Estimated claim and claim expense payments by year computed on an individual company basis using the average yearly expected payout factors (which we consider a reasonable basis to estimate the timing of claim payments) varied significantly from the actual observed payment patterns. As a result, we do not believe that the timing of the payment of claims and claim expenses is sufficiently reliably estimable to support the introduction of discounting to the measurement of claim and claim expense reserves to produce decision-useful information for investors and analysts.

III. METHODOLOGY

To assess the variability in payment patterns, factors used to estimate payment patterns for paid loss and loss adjustment expenses were developed using historical Schedule P data for four fully developed accident years ("AYs") 1999 – 2002 (i.e., 10 years of paid data was available in Schedule P). The average yearly payout factors, based on 1999 – 2002 historical data, were then applied to the initial incurred loss and loss adjustment reserve estimates (obtained from Schedule P, Part 2) for AYs 2003 – 2006 to develop the expected paid loss and loss adjustment expense amounts. The 2003 – 2006 computed expected paid loss and loss adjustment amounts using the average yearly historical payout factors were compared to the actual payments by accident year (by reference to Schedule P, Part 3). The difference between the estimated expected to the actual amounts paid by year was calculated in both dollars and percentages for three lines of business² (as applicable) for each company represented; producing 30 individual points of observation.

² The three lines of business chosen were based on perceived levels of stability. Private Passenger Auto is perceived as the most stable and shorter-tail, the stability of Homeowners business may be based on the geographical location concentration, and Commercial Multiple Peril is perceived to be the least stable of the three lines chosen and longer-tail.

IV. DETAILED OBSERVATIONS

Exhibit I, Part 3, Tables 2, 3, and 4 (see summary below) demonstrate the high level of payment pattern variability, even for the most stable lines of business. Given the level of observed variability (i.e., between 30% to 50% of the observations³ represented variability in excess of 20%) we do not believe a reasonable threshold exists that supports the application of discounting to even the presumed most stable lines of P&C business. Moreover, even if a threshold were set at a relatively high level such as 20%, it would be breached 30% to 50% of the time which creates a separate issue of whether the threshold evaluation would be a one time or a continuous re-evaluation; either way, comparability and/or consistency issues would be significant⁴. Accordingly, we recommend that a threshold not be set and discounting not be introduced on the basis that the information is not reliable or decision-useful since even perceived stable lines have significant variability, discounting is not desired by analysts and investors, and it would be expensive to reverse the effects of discounting to provide the undiscounted information demanded by investors and analysts.

Comparison of payment pattern estimates based on historical information to actual payments

Private Passenger Auto (Exhibit I, Part 3, Table 2); 9 companies 270 data points:

- 70% of the time, the comparison of historical to actual payment patterns varied more than 5%;
- 51% of the time the comparison varied by more than 10%;
- 34% of the time the comparison varied greater than 20%; and
- 9% of the time the comparison varied by more than 50%.

Homeowners (Exhibit I, Part 3, Table 3); 7 companies 210 data points:

- 82% of the time, the comparison of historical to actual payment patterns varied more than 5%;
- 66% of the time the comparison varied by more than 10%;
- 47% of the time the comparison varied greater than 20%; and
- **19%** of the time the comparison varied by more than 50%.

Commercial Multiple-Peril (Exhibit I, Part 3, Table 4); 5 companies 150 data points:

- 90% of the time, the comparison of historical to actual payment patterns varied more than 5%;
- 73% of the time the comparison varied by more than 10%;
- 43% of the time the comparison varied greater than 20%; and
- 17% of the time the comparison varied by more than 50%.

V. SCHEDULE P COMPILATION PROCESS

To develop Exhibit I, Part 3, Tables 2, 3 and 4 for each company:

The historic average of four AYs (1999-2002) amounts paid per year over the actual/ultimate amount paid by the end of the tenth year⁵ for each AY was applied to the next four years (2003-2006) of incurred amounts by each accident year for the number of years through 2011 to develop the expected paid loss and loss expense amounts. The expected paid loss and loss expense amounts were then compared to the

There were 30 observation points for each company and line of business. Nine companies wrote private passenger auto business generating 270 data points; seven companies wrote homeowners business generating 210 data points; and five companies wrote commercial multi-peril business generating 150 data points

As an example, assuming P&C insurer 7 (as depicted in Exhibit I, Part 3, Table 2) was required to discontinue discounting whenever a 20% variability threshold is breached, it would initially discount AYs 2003, 2004, 2005 and 2006; only discount year 2004 in AY +1, discontinue discounting year 2004 and reestablish discounting for 2003, 2005 and 2006 in AY+2, continue discounting all years (adding year 2004) in AY +3 through AY +6, and discontinue discounting years 2003 and 2004 in AY +7 and AY +8. The calculations required to establish a threshold and the development of requirements surrounding how business should be aggregated to test for variability would be cumbersome and possibly not consistent between insurers.

⁵ Claims and claim expenses were assumed to be fully paid by the end of the tenth year for the lines of business under study (i.e., Private Passenger Auto Liability/Medical, Homeowners/Farmowners and Commercial Multiple Peril).

actual payments by accident year. To obtain the necessary information, data from Schedule P for years 2008, 2009, 2010 and 2011, Parts 2 and 3 was retrieved by company and by line of business. Data from the following lines of business was retrieved: Private Passenger Auto Liability/Medical, Part 2B; Homeowners/Farmowners, Part 2A; and Commercial Multiple Peril, Part 2E.

Example: Private passenger auto (using State Farm's Schedule P data - Exhibit I, Part 4)

Step 1

Calculate the average of the percentages of actual amounts ultimately paid for AY, AY+1 through AY+9

Average of the amounts below for the AY 44.99%:

- 1. 44.01% payout of amounts incurred in accident year 1999 in the year 1999
- 2. 44.30% payout of amounts incurred in accident year 2000 in the year 2000
- 3. 45.20% payout of amounts incurred in accident year 2001 in the year 2001
- 4. 46.46% payout of amounts incurred in accident year 2002 in the year 2002

Average of the amounts below for the AY+1 is 28.90%:

- 1. 28.58% payout of amounts incurred in accident year 1999 in the year 2000
- 2. 29.79% payout of amounts incurred in accident year 2000 in the year 2001
- 3. 29.21% payout of amounts incurred in accident year 2001 in the year 2002
- 4. 28.00% payout of amounts incurred in accident year 2002 in the year 2003

Repeat for AY+ 2 through AY+9

Step 2

Apply averages to incurred amounts for AY, AY+1 through AY+8 to 2003; through +7 for AY 2004; through +6 for AY 2005; and through +5 for AY 2006 (i.e., apply averages to reported data through year 2011, the most recent Schedule P). This uses historical data and applies it to future periods to determine payment patterns.

	Estimated Paid Based on 1999-2002 Percentages from Step 1							
	AY	AY+1						
Schedule P, Part 2 2003 incurred = \$12,391,308	Times 44.99% = \$5,574,849	Times 28.90% = \$3,581,088						
Schedule P, Part 2 2004 incurred = \$11,786,859	Times 44.99% = \$5,302,908	Times 28.90% = \$3,406,402						
Schedule P, Part 2 2005 incurred = \$11,508,630	Times 44.99% = \$5,177,733	Times 28.90% = \$3,325,994						
Schedule P, Part 2 2006 incurred = \$11,325,656	Times 44.99% = \$5,095,413	Times 28.90% = \$3,273,115						

Step 3

Since 2003 through 2006 data is also historical data, compare actual payments by year (Schedule P, Part 3) to estimated payments based on historical data developed in Step 2 for each year. Calculate percent difference.

	Actual Paid / % Difference using result from Step 2 Compared to Actual									
	AY	AY+1								
Schedule P, Part 3, 2003/computation	Amount paid = \$5,405,940/ 3.12% difference between estimated and actual	Amount paid = \$3,238,611/ 10.57% difference between estimated and actual								
Schedule P, Part 3, 2004/computation	Amount paid = \$5,147,442/ 3.02% difference between estimated and actual	Amount paid = \$3,145,537/ 8.29% difference between estimated and actual								
Schedule P, Part 3, 2005/computation	Amount paid = \$5,078,749/ 1.95% difference between estimated and actual	Amount paid = \$3,106,413/ 7.07% difference between estimated and actual								
Schedule P, Part 3, 2006/computation	Amount paid = \$5,082,940/ .25% difference between estimated and actual	Amount paid = \$3,141,482/ 4.19% difference between estimated and actual								

Exhibit I, Part 4 shows the detailed calculations for State Farm Private Passenger Auto. The above amounts can be traced to that Exhibit.

										LCUCI HO.	cov
P&C Insurer									Input from Sc	hedule P pts	2 and 3
Paid Net Losses											
Private Passenger Auto											
1999		AY	AY+1	AY+2	AY+3	AY+4	AY+5	AY+6	AY+7	AY+8	AY+9
Cumulative Paid		1,613,977	3,084,764	3,641,810	3,899,968	4,040,552	4,100,334	4,127,195	4,141,950	4,148,583	4,153,644
Incremental Paid		1,613,977	1,470,787	557,046	258,158	140,584	59,782	26,861	14,755	6,633	5,061
Increm. Pd / Cuml. Pd.		0.3886	0.3541	0.1341	0.0622	0.0338	0.0144	0.0065	0.0036	0.0016	0.0012
2000		AY	AY+1	AY+2	AY+3	AY+4	AY+5	AY+6	AY+7	AY+8	AY+9
Cumulative Paid		1,678,478	3,145,070	3,736,884	4,072,046	4,228,158	4,297,089	4,327,911	4,341,326	4,349,502	4,352,457
Incremental Paid		1,678,478	1,466,592	591,814	335,162	156,112	68,931	30,822	13,415	8,176	2,955
Increm. Pd / Cuml. Pd.		0.3856	0.3370	0.1360	0.0770	0.0359	0.0158	0.0071	0.0031	0.0019	0.0007
	·										
2001		AY	AY+1	AY+2	AY+3	AY+4	AY+5	AY+6	AY+7	AY+8	AY+9
Cumulative Paid		1,596,830	2,945,363	3,662,283	4,055,276	4,210,344	4,272,080	4,307,336	4,322,775	4,327,499	4,331,685
Incremental Paid	i	1,596,830	1,348,533	716,920	392,993	155,068	61,736	35,256	15,439	4,724	4,186
Increm. Pd / Cuml. Pd.		0.3686	0.3113	0.1655	0.0907	0.0358	0.0143	0.0081	0.0036	0.0011	0.0010
2002		A1/	A.V. 4	A)/ - 2	AV. 2	A.V. 4	AV. 5	AV. C	A)/. 7	AV. 0	44.0
2002		AY	AY+1	AY+2	AY+3	AY+4	AY+5	AY+6	AY+7	AY+8	AY+9
Cumulative Paid		1,506,539	2,928,408	3,670,304	4,013,403	4,166,154	4,229,638	4,261,605	4,273,407	4,279,478	4,281,700
Incremental Paid	I	1,506,539	1,421,869	741,896	343,099	152,751	63,484	31,967	11,802	6,071	2,222
Increm. Pd / Cuml. Pd.		0.3519	0.3321	0.1733	0.0801	0.0357	0.0148	0.0075	0.0028	0.0014	0.0005
In course Bul / Course Bul		A 1/	AV. 4	A)/ - 2	AV. 2	AV. 4	AV. 5	AV. C	A)/. 7	AV. 0	44.0
Increm. Pd / Cuml. Pd.		AY	AY+1	AY+2	AY+3	AY+4	AY+5	AY+6	AY+7	AY+8	AY+9
1999		0.3886	0.3541	0.1341	0.0622	0.0338	0.0144	0.0065	0.0036	0.0016	0.0012
2000		0.3856	0.3370	0.1360	0.0770	0.0359	0.0158	0.0071	0.0031	0.0019	0.0007
2001		0.3686	0.3113	0.1655	0.0907	0.0358	0.0143	0.0081	0.0036	0.0011	0.0010
2002		0.3519	0.3321	0.1733	0.0801	0.0357	0.0148	0.0075	0.0028	0.0014	0.0005
Average Payout Factors		0.2727	0.2226	0.1522	0.0775	0.0252	0.0149	0.0073	0.0022	0.0015	0.0008
Average Payout Factors		0.3737	0.3336	0.1522	0.0775	0.0353	0.0148	0.0073	0.0032	0.0015	0.0008
Payout Factors Applied to Subs	equent Acciden	itg Year Incurr	ed Losses to F	Project Pavme	ent Developm	ent					
,		5		, , , , ,		-					
	Beg.										
	Incurred	AY	AY+1	AY+2	AY+3	AY+4	AY+5	AY+6	AY+7	AY+8	
Auto Liab. Payout Factors		0.3737	0.3336	0.1522	0.0775	0.0353	0.0148	0.0073	0.0032	0.0015	
Auto Elab. Fayout Factors		0.5757	0.5550	0.1322	0.0773	0.0555	0.0140	0.0073	0.0032	0.0013	
Acc. Yr 2003 Cumul Paid	3,279,720	1,177,572	2,325,633	2,826,615	3,093,492	3,214,495	3,258,558	3,275,928	3,287,760	3,291,710	
Expected Paid		1,225,552	1,094,157	499,223	254,190	115,764	48,629	23,904	10,622	4,906	
Astual Daid		4 477 572	4 4 4 0 0 0 4	F00 003	366 077	121 002	44.003	47 270	44 022	2.050	

	Incurred	AY	AY+1	AY+2	AY+3	AY+4	AY+5	AY+6	AY+7	AY+8
Auto Liab. Payout Factors]	0.3737	0.3336	0.1522	0.0775	0.0353	0.0148	0.0073	0.0032	0.0015
Acc. Yr 2003 Cumul Paid	3,279,720	1,177,572	2,325,633	2,826,615	3,093,492	3,214,495	3,258,558	3,275,928	3,287,760	3,291,710
Expected Paid		1,225,552	1,094,157	499,223	254,190	115,764	48,629	23,904	10,622	4,906
Actual Paid		1,177,572	1,148,061	500,982	266,877	121,003	44,063	17,370	11,832	3,950
Difference		47,980	-53,904	-1,759	-12,687	-5,239	4,566	6,534	-1,210	956
% diff		4.0745	-4.6952	-0.3512	-4.7539	-4.3299	10.3628	37.6152	-10.2245	24.2112
Acc. Yr 2004 Cumul Paid	3,438,748	1,236,464	2,385,594	2,891,378	3,165,437	3,283,059	3,317,984	3,344,107	3,351,739	
Expected Paid		1,284,977	1,147,211	523,429	266,515	121,377	50,987	25,063	11,137	
Actual Paid		1,236,464	1,149,130	505,784	274,059	117,622	34,925	26,123	7,632	
Difference		48,513	-1,919	17,645	-7,544	3,755	16,062	-1,060	3,505	
% diff		3.9235	-0.1670	3.4886	-2.7527	3.1924	45.9903	-4.0584	45.9289	
Acc. Yr 2005 Cumul Paid	4,026,468	1,486,259	2,835,492	3,388,603	3,673,485	3,782,447	3,834,219	3,855,499		
Expected Paid		1,504,593	1,343,282	612,889	312,065	142,122	59,701	29,346		
Actual Paid		1,486,259	1,349,233	553,111	284,882	108,962	51,772	21,280		
Difference		18,334	-5,951	59,778	27,183	33,160	7,929	8,066		
% diff		1.2336	-0.4411	10.8076	9.5420	30.4323	15.3160	37.9057		
Acc. Yr 2006 Cumul Paid	4,199,825	1,589,562	2,966,893	3,548,326	3,801,948	3,938,091	4,000,732			
Expected Paid		1,569,373	1,401,116	639,276	325,501	148,241	62,272			
Actual Paid		1,589,562	1,377,331	581,433	253,622	136,143	62,641			
Difference		-20,189	23,785	57,843	71,879	12,098	-369			
% diff		-1.2701	1.7269	9.9484	28.3411	8.8859	-0.5894			

P&C Insurer
Paid Net Losses
Homeowners

1999		AY	AY+1	AY+2	AY+3	AY+4	AY+5	AY+6	AY+7	AY+8	AY+9
Cumulative Paid		1,292,625	1,658,146	1,722,700	1,767,153	1,789,726	1,796,092	1,801,646	1,803,924	1,804,910	1,805,928
ncremental Paid		1,292,625	365,521	64,554	44,453	22,573	6,366	5,554	2,278	986	1,018
Increm. Pd / Cuml. Paid		0.7158	0.2024	0.0357	0.0246	0.0125	0.0035	0.0031	0.0013	0.0005	0.000
Cumulative Paid											
2000		AY	AY+1	AY+2	AY+3	AY+4	AY+5	AY+6	AY+7	AY+8	AY+9
Cumulative Paid		1,575,600	2,189,149	2,319,271	2,379,361	2,405,776	2,414,265	2,422,230	2,424,868	2,429,218	2,433,459
ncremental Paid	<u>_</u>	1,575,600	613,549	130,122	60,090	26,415	8,489	7,965	2,638	4,350	4,241
ncrem. Pd / Cuml. Paid		0.6475	0.2521	0.0535	0.0247	0.0109	0.0035	0.0033	0.0011	0.0018	0.0017
2001		AY	AY+1	AY+2	AY+3	AY+4	AY+5	AY+6	AY+7	AY+8	AY+9
Cumulative Paid		1,817,850	2,807,476	3,014,934	3,100,274	3,139,201	3,158,487	3,166,962	3,169,807	3,175,516	3,177,236
ncremental Paid		1,817,850	989,626	207,458	85,340	38,927	19,286	8,475	2,845	5,709	1,720
ncrem. Pd / Cuml. Paid		0.5721	0.3115	0.0653	0.0269	0.0123	0.0061	0.0027	0.0009	0.0018	0.0005
1002		AV	AV. 1	AV. 2	AV. 2	AV. 4	۸۷. ۲	AV. C	AV. 7	AV. 0	AV. 0
2002 Cumulative Paid		AY 1,371,104	AY+1 1,861,521	AY+2 1,959,251	AY+3 2,012,965	AY+4 2,039,545	AY+5 2,047,571	AY+6 2,050,441	AY+7 2,055,433	AY+8 2,056,439	AY+9 2,057,294
ncremental Paid		1,371,104	490,417	97,730	53,714	26,580	8,026	2,870	4,992	1,006	855
ncrem. Pd / Cuml. Paid		0.6665	0.2384	0.0475	0.0261	0.0129	0.0039	0.0014	0.0024	0.0005	0.0004
-1/- 1-1	<u> </u>										
ncrem. Pd / Cml. Pd.		AY	AY+1	AY+2	AY+3	AY+4	AY+5	AY+6	AY+7	AY+8	AY+9
1999		0.7158	0.2024	0.0357	0.0246	0.0125	0.0035	0.0031	0.0013	0.0005	0.000
000		0.6475	0.2521	0.0535	0.0247	0.0109	0.0035	0.0033	0.0011	0.0018	0.001
001		0.5721	0.3115	0.0653	0.0269	0.0123	0.0061	0.0027	0.0009	0.0018	0.000
002		0.6665	0.2384	0.0475	0.0261	0.0129	0.0039	0.0014	0.0024	0.0005	0.000
		0.6505	0.3544	0.0505	0.0356	0.0434	0.0043	0.0026	0.004.4	0.0043	0.000
A a u a a a a Da a th. Ca at a u a		ひっちひち	0.2511	0.0505	0.0256	0.0121	0.0042	0.0026	0.0014	0.0012	0.000
Average Payout Factors Payout Factors Applied to Subse	equent Acciden		ed Losses to F	Project Payme	ent Developm	ent					
	equent Acciden Beg. Incurred		ed Losses to F	Project Payme	ent Developm AY+3	ent AY+4	AY+5	AY+6	AY+7	AY+8	AY+9
Payout Factors Applied to Subse	Beg.	tg Year Incurre					AY+5 0.0042	AY+6 0.0026	AY+7 0.0014	AY+8 0.0012	AY+9 0.000
	Beg.	tg Year Incurre	AY+1	AY+2	AY+3	AY+4					
Payout Factors Applied to Subse	Beg. Incurred	tg Year Incurre AY 0.6505	AY+1 0.2511	AY+2 0.0505	AY+3 0.0256	AY+4 0.0121	0.0042	0.0026	0.0014	0.0012	
Payout Factors Applied to Subse Homeowners Payout Factors Acc. Yr 2003 Cumul Paid Expected Paid	Beg. Incurred	AY 0.6505 1,161,282	AY+1 0.2511 1,542,517	AY+2 0.0505 1,608,797	AY+3 0.0256 1,646,711	AY+4 0.0121 1,662,807	0.0042	0.0026	0.0014	0.0012	
Payout Factors Applied to Subse Homeowners Payout Factors Acc. Yr 2003 Cumul Paid Expected Paid Actual Paid	Beg. Incurred	AY 0.6505 1,161,282 1,255,573	AY+1 0.2511 1,542,517 484,685	AY+2 0.0505 1,608,797 97,487	AY+3 0.0256 1,646,711 49,356	AY+4 0.0121 1,662,807 23,417	0.0042 1,671,708 8,196	0.0026 1,679,826 5,024	0.0014 1,683,717 2,735	0.0012 1,686,981 2,229	
Payout Factors Applied to Subse Homeowners Payout Factors Acc. Yr 2003 Cumul Paid Expected Paid Actual Paid Difference	Beg. Incurred	AY 0.6505 1,161,282 1,255,573 1,161,282	AY+1 0.2511 1,542,517 484,685 381,235	AY+2 0.0505 1,608,797 97,487 66,280	AY+3 0.0256 1,646,711 49,356 37,914	AY+4 0.0121 1,662,807 23,417 16,096	0.0042 1,671,708 8,196 8,901	0.0026 1,679,826 5,024 8,118	0.0014 1,683,717 2,735 3,891	0.0012 1,686,981 2,229 3,264	
Payout Factors Applied to Subse Homeowners Payout Factors Acc. Yr 2003 Cumul Paid Expected Paid Actual Paid Difference	Beg. Incurred	AY 0.6505 1,161,282 1,255,573 1,161,282 94,291	AY+1 0.2511 1,542,517 484,685 381,235 103,450	AY+2 0.0505 1,608,797 97,487 66,280 31,207	AY+3 0.0256 1,646,711 49,356 37,914 11,442	AY+4 0.0121 1,662,807 23,417 16,096 7,321	0.0042 1,671,708 8,196 8,901 -705	0.0026 1,679,826 5,024 8,118 -3,094	0.0014 1,683,717 2,735 3,891 -1,156	0.0012 1,686,981 2,229 3,264 -1,035	
layout Factors Applied to Subse lomeowners Payout Factors acc. Yr 2003 Cumul Paid xpected Paid actual Paid bifference 6 diff	Beg. Incurred	AY 0.6505 1,161,282 1,255,573 1,161,282 94,291 7.5098	AY+1 0.2511 1,542,517 484,685 381,235 103,450 21.3438	AY+2 0.0505 1,608,797 97,487 66,280 31,207 32.0116	AY+3 0.0256 1,646,711 49,356 37,914 11,442 23.1823	AY+4 0.0121 1,662,807 23,417 16,096 7,321 31.2642 1,463,600	0.0042 1,671,708 8,196 8,901 -705 -8.5971 1,475,544	0.0026 1,679,826 5,024 8,118 -3,094 -61.5835 1,480,505	0.0014 1,683,717 2,735 3,891 -1,156 -42.2720 1,481,872	0.0012 1,686,981 2,229 3,264 -1,035	
lomeowners Payout Factors acc. Yr 2003 Cumul Paid xpected Paid actual Paid bifference 6 diff acc. Yr 2004 Cumul. Paid xpected Paid	Beg. Incurred 1,930,278	AY 0.6505 1,161,282 1,255,573 1,161,282 94,291 7.5098 1,010,157 1,013,505	AY+1 0.2511 1,542,517 484,685 381,235 103,450 21.3438 1,348,135 391,240	AY+2 0.0505 1,608,797 97,487 66,280 31,207 32.0116 1,411,908 78,692	AY+3 0.0256 1,646,711 49,356 37,914 11,442 23.1823 1,446,101 39,840	AY+4 0.0121 1,662,807 23,417 16,096 7,321 31.2642 1,463,600 18,902	0.0042 1,671,708 8,196 8,901 -705 -8.5971 1,475,544 6,616	0.0026 1,679,826 5,024 8,118 -3,094 -61.5835 1,480,505 4,055	0.0014 1,683,717 2,735 3,891 -1,156 -42.2720 1,481,872 2,208	0.0012 1,686,981 2,229 3,264 -1,035	
ayout Factors Applied to Subsections and Paid Applied Paid Control of the Paid Applied Paid Control of the Paid Control of the Paid Control of the Paid Control of the Paid Applied Paid Control of the Paid Applied Paid Control of the Paid Applied Paid Control of the	Beg. Incurred 1,930,278	AY 0.6505 1,161,282 1,255,573 1,161,282 94,291 7.5098 1,010,157 1,013,505 1,010,157	AY+1 0.2511 1,542,517 484,685 381,235 103,450 21.3438 1,348,135 391,240 337,978	AY+2 0.0505 1,608,797 97,487 66,280 31,207 32.0116 1,411,908 78,692 63,773	AY+3 0.0256 1,646,711 49,356 37,914 11,442 23.1823 1,446,101 39,840 34,193	AY+4 0.0121 1,662,807 23,417 16,096 7,321 31.2642 1,463,600 18,902 17,499	0.0042 1,671,708 8,196 8,901 -705 -8.5971 1,475,544 6,616 11,944	0.0026 1,679,826 5,024 8,118 -3,094 -61.5835 1,480,505 4,055 4,961	0.0014 1,683,717 2,735 3,891 -1,156 -42.2720 1,481,872 2,208 1,367	0.0012 1,686,981 2,229 3,264 -1,035	
Payout Factors Applied to Subsections Acc. Yr 2003 Cumul Paid Expected Paid Actual Paid Difference 6 diff Acc. Yr 2004 Cumul. Paid Expected Paid Actual Paid Difference Acc. Yr 2004 Cumul. Paid Expected Paid Actual Paid Difference	Beg. Incurred 1,930,278	AY 0.6505 1,161,282 1,255,573 1,161,282 94,291 7.5098 1,010,157 1,013,505 1,010,157 3,348	AY+1 0.2511 1,542,517 484,685 381,235 103,450 21.3438 1,348,135 391,240 337,978 53,262	AY+2 0.0505 1,608,797 97,487 66,280 31,207 32.0116 1,411,908 78,692 63,773 14,919	AY+3 0.0256 1,646,711 49,356 37,914 11,442 23.1823 1,446,101 39,840 34,193 5,647	AY+4 0.0121 1,662,807 23,417 16,096 7,321 31.2642 1,463,600 18,902 17,499 1,403	0.0042 1,671,708 8,196 8,901 -705 -8.5971 1,475,544 6,616 11,944 -5,328	0.0026 1,679,826 5,024 8,118 -3,094 -61.5835 1,480,505 4,055 4,961 -906	0.0014 1,683,717 2,735 3,891 -1,156 -42.2720 1,481,872 2,208 1,367 841	0.0012 1,686,981 2,229 3,264 -1,035	
Payout Factors Applied to Subsections Acc. Yr 2003 Cumul Paid Expected Paid Actual Paid Difference 6 diff Acc. Yr 2004 Cumul. Paid Expected Paid Actual Paid Difference Acc. Yr 2004 Cumul. Paid Expected Paid Actual Paid Difference	Beg. Incurred 1,930,278	AY 0.6505 1,161,282 1,255,573 1,161,282 94,291 7.5098 1,010,157 1,013,505 1,010,157	AY+1 0.2511 1,542,517 484,685 381,235 103,450 21.3438 1,348,135 391,240 337,978	AY+2 0.0505 1,608,797 97,487 66,280 31,207 32.0116 1,411,908 78,692 63,773	AY+3 0.0256 1,646,711 49,356 37,914 11,442 23.1823 1,446,101 39,840 34,193	AY+4 0.0121 1,662,807 23,417 16,096 7,321 31.2642 1,463,600 18,902 17,499	0.0042 1,671,708 8,196 8,901 -705 -8.5971 1,475,544 6,616 11,944	0.0026 1,679,826 5,024 8,118 -3,094 -61.5835 1,480,505 4,055 4,961	0.0014 1,683,717 2,735 3,891 -1,156 -42.2720 1,481,872 2,208 1,367	0.0012 1,686,981 2,229 3,264 -1,035	
layout Factors Applied to Subsections Acc. Yr 2003 Cumul Paid Expected Paid Executed	Beg. Incurred 1,930,278 1,558,130	AY 0.6505 1,161,282 1,255,573 1,161,282 94,291 7.5098 1,010,157 1,013,505 1,010,157 3,348 0.3303	AY+1 0.2511 1,542,517 484,685 381,235 103,450 21.3438 1,348,135 391,240 337,978 53,262 13.6137	AY+2 0.0505 1,608,797 97,487 66,280 31,207 32.0116 1,411,908 78,692 63,773 14,919 18.9589	AY+3 0.0256 1,646,711 49,356 37,914 11,442 23.1823 1,446,101 39,840 34,193 5,647 14.1748	AY+4 0.0121 1,662,807 23,417 16,096 7,321 31.2642 1,463,600 18,902 17,499 1,403 7.4248	0.0042 1,671,708 8,196 8,901 -705 -8.5971 1,475,544 6,616 11,944 -5,328 -80.5284	0.0026 1,679,826 5,024 8,118 -3,094 -61.5835 1,480,505 4,055 4,961 -906 -22.3301	0.0014 1,683,717 2,735 3,891 -1,156 -42.2720 1,481,872 2,208 1,367 841	0.0012 1,686,981 2,229 3,264 -1,035	
layout Factors Applied to Subsections Acc. Yr 2003 Cumul Paid Expected Paid Executed	Beg. Incurred 1,930,278	AY 0.6505 1,161,282 1,255,573 1,161,282 94,291 7.5098 1,010,157 1,013,505 1,010,157 3,348 0.3303	AY+1 0.2511 1,542,517 484,685 381,235 103,450 21.3438 1,348,135 391,240 337,978 53,262 13.6137	AY+2 0.0505 1,608,797 97,487 66,280 31,207 32.0116 1,411,908 78,692 63,773 14,919 18.9589	AY+3 0.0256 1,646,711 49,356 37,914 11,442 23.1823 1,446,101 39,840 34,193 5,647 14.1748	AY+4 0.0121 1,662,807 23,417 16,096 7,321 31.2642 1,463,600 18,902 17,499 1,403 7.4248	0.0042 1,671,708 8,196 8,901 -705 -8.5971 1,475,544 6,616 11,944 -5,328 -80.5284	0.0026 1,679,826 5,024 8,118 -3,094 -61.5835 1,480,505 4,055 4,961 -906 -22.3301	0.0014 1,683,717 2,735 3,891 -1,156 -42.2720 1,481,872 2,208 1,367 841	0.0012 1,686,981 2,229 3,264 -1,035	
layout Factors Applied to Subsection lomeowners Payout Factors locc. Yr 2003 Cumul Paid ixpected Paid loctual Paid locc. Yr 2004 Cumul. Paid ixpected Paid loctual Paid loctual Paid loctual Paid locc. Yr 2005 Cumul Paid ixpected Paid locc. Yr 2005 Cumul Paid	Beg. Incurred 1,930,278 1,558,130	AY 0.6505 1,161,282 1,255,573 1,161,282 94,291 7.5098 1,010,157 1,013,505 1,010,157 3,348 0.3303 1,293,920 1,221,326	AY+1 0.2511 1,542,517 484,685 381,235 103,450 21.3438 1,348,135 391,240 337,978 53,262 13.6137 1,693,505 471,465	AY+2 0.0505 1,608,797 97,487 66,280 31,207 32.0116 1,411,908 78,692 63,773 14,919 18.9589 1,777,697 94,828	AY+3 0.0256 1,646,711 49,356 37,914 11,442 23.1823 1,446,101 39,840 34,193 5,647 14.1748 1,815,549 48,010	AY+4 0.0121 1,662,807 23,417 16,096 7,321 31.2642 1,463,600 18,902 17,499 1,403 7.4248 1,838,866 22,778	0.0042 1,671,708 8,196 8,901 -705 -8.5971 1,475,544 6,616 11,944 -5,328 -80.5284 1,846,734 7,973	0.0026 1,679,826 5,024 8,118 -3,094 -61.5835 1,480,505 4,961 -906 -22.3301 1,849,279 4,887	0.0014 1,683,717 2,735 3,891 -1,156 -42.2720 1,481,872 2,208 1,367 841	0.0012 1,686,981 2,229 3,264 -1,035	
ayout Factors Applied to Subsection Coc. Yr 2003 Cumul Paid Executed Pa	Beg. Incurred 1,930,278 1,558,130	AY 0.6505 1,161,282 1,255,573 1,161,282 94,291 7.5098 1,010,157 1,013,505 1,010,157 3,348 0.3303 1,293,920 1,221,326 1,293,920	AY+1 0.2511 1,542,517 484,685 381,235 103,450 21.3438 1,348,135 391,240 337,978 53,262 13.6137 1,693,505 471,465 399,585	AY+2 0.0505 1,608,797 97,487 66,280 31,207 32.0116 1,411,908 78,692 63,773 14,919 18.9589 1,777,697 94,828 84,192	AY+3 0.0256 1,646,711 49,356 37,914 11,442 23.1823 1,446,101 39,840 34,193 5,647 14.1748 1,815,549 48,010 37,852	AY+4 0.0121 1,662,807 23,417 16,096 7,321 31.2642 1,463,600 18,902 17,499 1,403 7,4248 1,838,866 22,778 23,317	0.0042 1,671,708 8,196 8,901 -705 -8.5971 1,475,544 6,616 11,944 -5,328 -80.5284 1,846,734 7,973 7,868	0.0026 1,679,826 5,024 8,118 -3,094 -61.5835 1,480,505 4,961 -906 -22.3301 1,849,279 4,887 2,545	0.0014 1,683,717 2,735 3,891 -1,156 -42.2720 1,481,872 2,208 1,367 841	0.0012 1,686,981 2,229 3,264 -1,035	
ayout Factors Applied to Subsection acc. Yr 2003 Cumul Paid Expected Pa	Beg. Incurred 1,930,278 1,558,130	AY 0.6505 1,161,282 1,255,573 1,161,282 94,291 7.5098 1,010,157 1,013,505 1,010,157 3,348 0.3303 1,293,920 1,221,326	AY+1 0.2511 1,542,517 484,685 381,235 103,450 21.3438 1,348,135 391,240 337,978 53,262 13.6137 1,693,505 471,465	AY+2 0.0505 1,608,797 97,487 66,280 31,207 32.0116 1,411,908 78,692 63,773 14,919 18.9589 1,777,697 94,828	AY+3 0.0256 1,646,711 49,356 37,914 11,442 23.1823 1,446,101 39,840 34,193 5,647 14.1748 1,815,549 48,010	AY+4 0.0121 1,662,807 23,417 16,096 7,321 31.2642 1,463,600 18,902 17,499 1,403 7.4248 1,838,866 22,778	0.0042 1,671,708 8,196 8,901 -705 -8.5971 1,475,544 6,616 11,944 -5,328 -80.5284 1,846,734 7,973	0.0026 1,679,826 5,024 8,118 -3,094 -61.5835 1,480,505 4,961 -906 -22.3301 1,849,279 4,887	0.0014 1,683,717 2,735 3,891 -1,156 -42.2720 1,481,872 2,208 1,367 841	0.0012 1,686,981 2,229 3,264 -1,035	
Payout Factors Applied to Subse Homeowners Payout Factors Acc. Yr 2003 Cumul Paid Expected Paid Actual Paid Difference 6 diff Acc. Yr 2004 Cumul. Paid Expected Paid Actual Paid Difference 6 diff	Beg. Incurred 1,930,278 1,558,130	AY 0.6505 1,161,282 1,255,573 1,161,282 94,291 7.5098 1,010,157 1,013,505 1,010,157 3,348 0.3303 1,293,920 1,221,326 1,293,920 -72,594	AY+1 0.2511 1,542,517 484,685 381,235 103,450 21.3438 1,348,135 391,240 337,978 53,262 13.6137 1,693,505 471,465 399,585 71,880	AY+2 0.0505 1,608,797 97,487 66,280 31,207 32.0116 1,411,908 78,692 63,773 14,919 18.9589 1,777,697 94,828 84,192 10,636	AY+3 0.0256 1,646,711 49,356 37,914 11,442 23.1823 1,446,101 39,840 34,193 5,647 14.1748 1,815,549 48,010 37,852 10,158	AY+4 0.0121 1,662,807 23,417 16,096 7,321 31.2642 1,463,600 18,902 17,499 1,403 7.4248 1,838,866 22,778 23,317 -539	0.0042 1,671,708 8,196 8,901 -705 -8.5971 1,475,544 6,616 11,944 -5,328 -80.5284 1,846,734 7,973 7,868 105	0.0026 1,679,826 5,024 8,118 -3,094 -61.5835 1,480,505 4,055 4,961 -906 -22.3301 1,849,279 4,887 2,545 2,342	0.0014 1,683,717 2,735 3,891 -1,156 -42.2720 1,481,872 2,208 1,367 841	0.0012 1,686,981 2,229 3,264 -1,035	
Payout Factors Applied to Subsection Acc. Yr 2003 Cumul Paid Expected Paid Actual Paid Difference William Control of the Cont	Beg. Incurred 1,930,278 1,558,130 1,877,628	AY 0.6505 1,161,282 1,255,573 1,161,282 94,291 7.5098 1,010,157 1,013,505 1,010,157 3,348 0.3303 1,293,920 1,221,326 1,293,920 -72,594 -5.9438	AY+1 0.2511 1,542,517 484,685 381,235 103,450 21.3438 1,348,135 391,240 337,978 53,262 13.6137 1,693,505 471,465 399,585 71,880 15.2461	AY+2 0.0505 1,608,797 97,487 66,280 31,207 32.0116 1,411,908 78,692 63,773 14,919 18.9589 1,777,697 94,828 84,192 10,636 11.2162	AY+3 0.0256 1,646,711 49,356 37,914 11,442 23.1823 1,446,101 39,840 34,193 5,647 14.1748 1,815,549 48,010 37,852 10,158 21.1575	AY+4 0.0121 1,662,807 23,417 16,096 7,321 31.2642 1,463,600 18,902 17,499 1,403 7.4248 1,838,866 22,778 23,317 -539 -2.3642	0.0042 1,671,708 8,196 8,901 -705 -8.5971 1,475,544 6,616 11,944 -5,328 -80.5284 1,846,734 7,973 7,868 105 1.3143	0.0026 1,679,826 5,024 8,118 -3,094 -61.5835 1,480,505 4,055 4,961 -906 -22.3301 1,849,279 4,887 2,545 2,342	0.0014 1,683,717 2,735 3,891 -1,156 -42.2720 1,481,872 2,208 1,367 841	0.0012 1,686,981 2,229 3,264 -1,035	
Payout Factors Applied to Subse Homeowners Payout Factors Acc. Yr 2003 Cumul Paid Expected Paid Actual Paid Difference 6 diff Acc. Yr 2004 Cumul. Paid Expected Paid Actual Paid Difference 6 diff	Beg. Incurred 1,930,278 1,558,130	AY 0.6505 1,161,282 1,255,573 1,161,282 94,291 7.5098 1,010,157 1,013,505 1,010,157 3,348 0.3303 1,293,920 1,221,326 1,293,920 -72,594 -5.9438	AY+1 0.2511 1,542,517 484,685 381,235 103,450 21.3438 1,348,135 391,240 337,978 53,262 13.6137 1,693,505 471,465 399,585 71,880 15.2461	AY+2 0.0505 1,608,797 97,487 66,280 31,207 32.0116 1,411,908 78,692 63,773 14,919 18.9589 1,777,697 94,828 84,192 10,636 11.2162	AY+3 0.0256 1,646,711 49,356 37,914 11,442 23.1823 1,446,101 39,840 34,193 5,647 14.1748 1,815,549 48,010 37,852 10,158 21.1575	AY+4 0.0121 1,662,807 23,417 16,096 7,321 31.2642 1,463,600 18,902 17,499 1,403 7.4248 1,838,866 22,778 23,317 -539 -2.3642	0.0042 1,671,708 8,196 8,901 -705 -8.5971 1,475,544 6,616 11,944 -5,328 -80.5284 1,846,734 7,973 7,868 105 1.3143	0.0026 1,679,826 5,024 8,118 -3,094 -61.5835 1,480,505 4,055 4,961 -906 -22.3301 1,849,279 4,887 2,545 2,342	0.0014 1,683,717 2,735 3,891 -1,156 -42.2720 1,481,872 2,208 1,367 841	0.0012 1,686,981 2,229 3,264 -1,035	
Payout Factors Applied to Subset Homeowners Payout Factors Acc. Yr 2003 Cumul Paid Expected Paid Actual Paid Difference K diff Acc. Yr 2004 Cumul. Paid Expected Paid Actual Paid Difference K diff Acc. Yr 2005 Cumul Paid Expected Paid Actual Paid Difference K diff Acc. Yr 2005 Cumul Paid Expected Paid Actual Paid Difference K diff	Beg. Incurred 1,930,278 1,558,130 1,877,628	AY 0.6505 1,161,282 1,255,573 1,161,282 94,291 7.5098 1,010,157 1,013,505 1,010,157 3,348 0.3303 1,293,920 1,221,326 1,293,920 -72,594 -5.9438 1,296,857 1,272,343	AY+1 0.2511 1,542,517 484,685 381,235 103,450 21.3438 1,348,135 391,240 337,978 53,262 13.6137 1,693,505 471,465 399,585 71,880 15.2461 1,758,183 491,159	AY+2 0.0505 1,608,797 97,487 66,280 31,207 32.0116 1,411,908 78,692 63,773 14,919 18.9589 1,777,697 94,828 84,192 10,636 11.2162 1,835,479 98,789	AY+3 0.0256 1,646,711 49,356 37,914 11,442 23.1823 1,446,101 39,840 34,193 5,647 14.1748 1,815,549 48,010 37,852 10,158 21.1575 1,878,490 50,015	AY+4 0.0121 1,662,807 23,417 16,096 7,321 31.2642 1,463,600 18,902 17,499 1,403 7.4248 1,838,866 22,778 23,317 -539 -2.3642 1,893,496 23,730	0.0042 1,671,708 8,196 8,901 -705 -8.5971 1,475,544 6,616 11,944 -5,328 -80.5284 1,846,734 7,973 7,868 105 1.3143 1,900,078 8,306	0.0026 1,679,826 5,024 8,118 -3,094 -61.5835 1,480,505 4,055 4,961 -906 -22.3301 1,849,279 4,887 2,545 2,342	0.0014 1,683,717 2,735 3,891 -1,156 -42.2720 1,481,872 2,208 1,367 841	0.0012 1,686,981 2,229 3,264 -1,035	
Payout Factors Applied to Subse Homeowners Payout Factors Acc. Yr 2003 Cumul Paid	Beg. Incurred 1,930,278 1,558,130 1,877,628	AY 0.6505 1,161,282 1,255,573 1,161,282 94,291 7.5098 1,010,157 1,013,505 1,010,157 3,348 0.3303 1,293,920 1,221,326 1,293,920 -72,594 -5.9438	AY+1 0.2511 1,542,517 484,685 381,235 103,450 21.3438 1,348,135 391,240 337,978 53,262 13.6137 1,693,505 471,465 399,585 71,880 15.2461	AY+2 0.0505 1,608,797 97,487 66,280 31,207 32.0116 1,411,908 78,692 63,773 14,919 18.9589 1,777,697 94,828 84,192 10,636 11.2162	AY+3 0.0256 1,646,711 49,356 37,914 11,442 23.1823 1,446,101 39,840 34,193 5,647 14.1748 1,815,549 48,010 37,852 10,158 21.1575	AY+4 0.0121 1,662,807 23,417 16,096 7,321 31.2642 1,463,600 18,902 17,499 1,403 7.4248 1,838,866 22,778 23,317 -539 -2.3642	0.0042 1,671,708 8,196 8,901 -705 -8.5971 1,475,544 6,616 11,944 -5,328 -80.5284 1,846,734 7,973 7,868 105 1.3143	0.0026 1,679,826 5,024 8,118 -3,094 -61.5835 1,480,505 4,055 4,961 -906 -22.3301 1,849,279 4,887 2,545 2,342	0.0014 1,683,717 2,735 3,891 -1,156 -42.2720 1,481,872 2,208 1,367 841	0.0012 1,686,981 2,229 3,264 -1,035	

P&C Insurer Paid Net Losses

1999		AY	AY+1	AY+2	AY+3	AY+4	AY+5	AY+6	AY+7	AY+8	AY+9
Cumulative Paid		180,245	265,784	318,937	353,437	375,033	392,019	409,859	419,185	422,213	426,031
Incremental Paid		180,245	85,539	53,153	34,500	21,596	16,986	17,840	9,326	3,028	3,818
Increm. Pd / Cuml. Paid		0.4231	0.2008	0.1248	0.0810	0.0507	0.0399	0.0419	0.0219	0.0071	0.0090
2000		AY	AY+1	AY+2	AY+3	AY+4	AY+5	AY+6	AY+7	AY+8	AY+9
Cumulative Paid		205,219	329,752	385,696	425,261	456,843	471,684	481,887	488,499	497,071	503,843
Incremental Paid		205,219	124,533	55,944	39,565	31,582	14,841	10,203	6,612	8,572	6,772
Increm. Pd / Cuml. Paid	Γ	0.4073	0.2472	0.1110	0.0785	0.0627	0.0295	0.0203	0.0131	0.0170	0.0134
	_										
2001 Cumulative Paid		AY 245,128	AY+1 380,737	AY+2 442,041	AY+3 486,554	AY+4 512,490	AY+5 526,721	AY+6 536,536	AY+7 541,262	AY+8 546,773	AY+9 549,346
Incremental Paid		245,128	135,609	61,304	44,513	25,936	14,231	9,815	4,726	5,511	2,573
Increm. Pd / Cuml. Paid		0.4462	0.2469	0.1116	0.0810	0.0472	0.0259	0.0179	0.0086	0.0100	0.0047
more may be made	<u>L</u>	011102	0.2.03	0.1110	0.0010	0.0.72	0.0233	0.0173	0.0000	0.0200	0.00
2002		AY	AY+1	AY+2	AY+3	AY+4	AY+5	AY+6	AY+7	AY+8	AY+9
Cumulative Paid		204,484	328,340	387,635	425,768	444,195	456,690	462,667	467,955	471,771	474,995
Incremental Paid	_	204,484	123,856	59,295	38,133	18,427	12,495	5,977	5,288	3,816	3,224
Increm. Pd / Cuml. Paid		0.4305	0.2608	0.1248	0.0803	0.0388	0.0263	0.0126	0.0111	0.0080	0.0068
Increm. Pd / Cml. Pd.		AY	AY+1	AY+2	AY+3	AY+4	AY+5	AY+6	AY+7	AY+8	AY+9
1000		0.4221	0.2000	0.1340	0.0010	0.0507	0.0200	0.0410	0.0310	0.0071	0.0000
1999 2000		0.4231	0.2008	0.1248	0.0810	0.0507	0.0399	0.0419	0.0219	0.0071	0.0090
		0.4073	0.2472	0.1110	0.0785	0.0627	0.0295	0.0203	0.0131	0.0170	0.0134
2001		0.4462	0.2469	0.1116	0.0810	0.0472	0.0259	0.0179	0.0086	0.0100	0.0047
2002		0.4305	0.2608	0.1248	0.0803	0.0388	0.0263	0.0126	0.0111	0.0080	0.0068
Average Payout Factors		0.4268	0.2389	0.1181	0.0802	0.0498	0.0304	0.0231	0.0137	0.0105	0.0085
	Beg. Incurred	AY	AY+1	AY+2	AY+3	AY+4	AY+5	AY+6	AY+7	AY+8	AY+9
CMP Payout Factors		0.4268	0.2389	0.1181	0.0802	0.0498	0.0304	0.0231	0.0127	0.0405	
						0.0450	0.0304	0.0231	0.0137	0.0105	0.0085
Acc. Yr 2003 Cumul Paid	454,953	165,337	264,961	315,358	345,212	359,976	368,885	376,256	380,160	382,224	0.0085
	454,953	165,337 194,163	264,961 108,683	315,358 53,710							0.0085
Expected Paid	454,953				345,212	359,976	368,885	376,256	380,160	382,224	0.0085
Expected Paid Actual Paid	<u>454,953</u>	194,163	108,683	53,710	345,212 36,489	359,976 22,677	368,885 13,823	376,256 10,529	380,160 6,227	382,224 4,798	0.0085
Expected Paid Actual Paid Difference	454,953	194,163 165,337	108,683 99,624	53,710 50,397	345,212 36,489 29,854	359,976 22,677 14,764	368,885 13,823 8,909	376,256 10,529 7,371	380,160 6,227 3,904	382,224 4,798 2,064	0.0085
Expected Paid Actual Paid Difference		194,163 165,337 28,826 14.8462	108,683 99,624 9,059 8.3354	53,710 50,397 3,313 6.1684	345,212 36,489 29,854 6,635 18.1838	359,976 22,677 14,764 7,913	368,885 13,823 8,909 4,914	376,256 10,529 7,371 3,158 29.9956	380,160 6,227 3,904 2,323 37.3061	382,224 4,798 2,064 2,734	0.0085
Expected Paid Actual Paid Difference % diff Acc. Yr 2004 Cumul. Paid	454,953	194,163 165,337 28,826 14.8462	108,683 99,624 9,059 8.3354 252,491	53,710 50,397 3,313 6.1684 293,528	345,212 36,489 29,854 6,635 18.1838	359,976 22,677 14,764 7,913 34.8948	368,885 13,823 8,909 4,914 35.5512	376,256 10,529 7,371 3,158 29,9956	380,160 6,227 3,904 2,323 37.3061	382,224 4,798 2,064 2,734	0.0085
Expected Paid Actual Paid Difference % diff Acc. Yr 2004 Cumul. Paid Expected Paid		194,163 165,337 28,826 14.8462 167,622 184,743	108,683 99,624 9,059 8.3354 252,491 103,410	53,710 50,397 3,313 6.1684 293,528 51,104	345,212 36,489 29,854 6,635 18.1838 319,944 34,719	359,976 22,677 14,764 7,913 34.8948 334,685 21,577	368,885 13,823 8,909 4,914 35.5512 346,569 13,153	376,256 10,529 7,371 3,158 29.9956 353,561 10,018	380,160 6,227 3,904 2,323 37.3061 359,474 5,925	382,224 4,798 2,064 2,734	0.0085
Expected Paid Actual Paid Difference % diff Acc. Yr 2004 Cumul. Paid Expected Paid Actual Paid		194,163 165,337 28,826 14.8462 167,622 184,743 167,622	108,683 99,624 9,059 8.3354 252,491 103,410 84,869	53,710 50,397 3,313 6.1684 293,528 51,104 41,037	345,212 36,489 29,854 6,635 18.1838 319,944 34,719 26,416	359,976 22,677 14,764 7,913 34.8948 334,685 21,577 14,741	368,885 13,823 8,909 4,914 35.5512 346,569 13,153 11,884	376,256 10,529 7,371 3,158 29.9956 353,561 10,018 6,992	380,160 6,227 3,904 2,323 37.3061 359,474 5,925 5,913	382,224 4,798 2,064 2,734	0.0085
Expected Paid Actual Paid Difference % diff Acc. Yr 2004 Cumul. Paid Expected Paid Actual Paid Difference		194,163 165,337 28,826 14.8462 167,622 184,743 167,622 17,121	108,683 99,624 9,059 8.3354 252,491 103,410 84,869 18,541	53,710 50,397 3,313 6.1684 293,528 51,104 41,037 10,067	345,212 36,489 29,854 6,635 18.1838 319,944 34,719 26,416 8,303	359,976 22,677 14,764 7,913 34.8948 334,685 21,577 14,741 6,836	368,885 13,823 8,909 4,914 35.5512 346,569 13,153 11,884 1,269	376,256 10,529 7,371 3,158 29.9956 353,561 10,018 6,992 3,026	380,160 6,227 3,904 2,323 37.3061 359,474 5,925 5,913 12	382,224 4,798 2,064 2,734	0.0085
Expected Paid Actual Paid Difference % diff Acc. Yr 2004 Cumul. Paid Expected Paid Actual Paid Difference		194,163 165,337 28,826 14.8462 167,622 184,743 167,622	108,683 99,624 9,059 8.3354 252,491 103,410 84,869	53,710 50,397 3,313 6.1684 293,528 51,104 41,037	345,212 36,489 29,854 6,635 18.1838 319,944 34,719 26,416	359,976 22,677 14,764 7,913 34.8948 334,685 21,577 14,741	368,885 13,823 8,909 4,914 35.5512 346,569 13,153 11,884	376,256 10,529 7,371 3,158 29.9956 353,561 10,018 6,992	380,160 6,227 3,904 2,323 37.3061 359,474 5,925 5,913	382,224 4,798 2,064 2,734	0.0085
Expected Paid Actual Paid Difference % diff Acc. Yr 2004 Cumul. Paid Expected Paid Actual Paid Difference % diff		194,163 165,337 28,826 14.8462 167,622 184,743 167,622 17,121	108,683 99,624 9,059 8.3354 252,491 103,410 84,869 18,541	53,710 50,397 3,313 6.1684 293,528 51,104 41,037 10,067	345,212 36,489 29,854 6,635 18.1838 319,944 34,719 26,416 8,303	359,976 22,677 14,764 7,913 34.8948 334,685 21,577 14,741 6,836	368,885 13,823 8,909 4,914 35.5512 346,569 13,153 11,884 1,269	376,256 10,529 7,371 3,158 29.9956 353,561 10,018 6,992 3,026	380,160 6,227 3,904 2,323 37.3061 359,474 5,925 5,913 12	382,224 4,798 2,064 2,734	0.0085
Expected Paid Actual Paid Difference % diff Acc. Yr 2004 Cumul. Paid Expected Paid Actual Paid Difference % diff Acc. Yr 2005 Cumul Paid	432,880	194,163 165,337 28,826 14.8462 167,622 184,743 167,622 17,121 9.2673	108,683 99,624 9,059 8.3354 252,491 103,410 84,869 18,541 17.9297	53,710 50,397 3,313 6.1684 293,528 51,104 41,037 10,067 19.6994	345,212 36,489 29,854 6,635 18.1838 319,944 34,719 26,416 8,303 23.9143	359,976 22,677 14,764 7,913 34.8948 334,685 21,577 14,741 6,836 31.6816	368,885 13,823 8,909 4,914 35.5512 346,569 13,153 11,884 1,269 9.6460	376,256 10,529 7,371 3,158 29.9956 353,561 10,018 6,992 3,026 30.2091	380,160 6,227 3,904 2,323 37.3061 359,474 5,925 5,913 12	382,224 4,798 2,064 2,734	0.0085
Expected Paid Actual Paid Difference % diff Acc. Yr 2004 Cumul. Paid Expected Paid Actual Paid Difference % diff Acc. Yr 2005 Cumul Paid Expected Paid	432,880	194,163 165,337 28,826 14.8462 167,622 184,743 167,622 17,121 9.2673	108,683 99,624 9,059 8.3354 252,491 103,410 84,869 18,541 17.9297	53,710 50,397 3,313 6.1684 293,528 51,104 41,037 10,067 19.6994	345,212 36,489 29,854 6,635 18.1838 319,944 34,719 26,416 8,303 23.9143	359,976 22,677 14,764 7,913 34.8948 334,685 21,577 14,741 6,836 31.6816	368,885 13,823 8,909 4,914 35.5512 346,569 13,153 11,884 1,269 9.6460	376,256 10,529 7,371 3,158 29.9956 353,561 10,018 6,992 3,026 30.2091	380,160 6,227 3,904 2,323 37.3061 359,474 5,925 5,913 12	382,224 4,798 2,064 2,734	0.0085
Expected Paid Actual Paid Difference % diff Acc. Yr 2004 Cumul. Paid Expected Paid Actual Paid Difference % diff Acc. Yr 2005 Cumul Paid Expected Paid Actual Paid	432,880	194,163 165,337 28,826 14.8462 167,622 184,743 167,622 17,121 9.2673	108,683 99,624 9,059 8.3354 252,491 103,410 84,869 18,541 17.9297 261,697 106,040	53,710 50,397 3,313 6.1684 293,528 51,104 41,037 10,067 19.6994 299,573 52,404	345,212 36,489 29,854 6,635 18.1838 319,944 34,719 26,416 8,303 23.9143	359,976 22,677 14,764 7,913 34.8948 334,685 21,577 14,741 6,836 31.6816	368,885 13,823 8,909 4,914 35.5512 346,569 13,153 11,884 1,269 9.6460	376,256 10,529 7,371 3,158 29.9956 353,561 10,018 6,992 3,026 30.2091 363,466 10,273 5,893 4,380	380,160 6,227 3,904 2,323 37.3061 359,474 5,925 5,913 12	382,224 4,798 2,064 2,734	0.0085
Expected Paid Actual Paid Difference % diff Acc. Yr 2004 Cumul. Paid Expected Paid Actual Paid Difference % diff Acc. Yr 2005 Cumul Paid Expected Paid Actual Paid Difference	432,880	194,163 165,337 28,826 14.8462 167,622 184,743 167,622 17,121 9.2673 166,620 189,441 166,620	108,683 99,624 9,059 8.3354 252,491 103,410 84,869 18,541 17.9297 261,697 106,040 95,077	53,710 50,397 3,313 6.1684 293,528 51,104 41,037 10,067 19.6994 299,573 52,404 37,876	345,212 36,489 29,854 6,635 18.1838 319,944 34,719 26,416 8,303 23.9143 326,624 35,602 27,051	359,976 22,677 14,764 7,913 34.8948 334,685 21,577 14,741 6,836 31.6816	368,885 13,823 8,909 4,914 35.5512 346,569 13,153 11,884 1,269 9.6460	376,256 10,529 7,371 3,158 29.9956 353,561 10,018 6,992 3,026 30.2091 363,466 10,273 5,893	380,160 6,227 3,904 2,323 37.3061 359,474 5,925 5,913 12	382,224 4,798 2,064 2,734	0.0085
Expected Paid Actual Paid Difference % diff Acc. Yr 2004 Cumul. Paid Expected Paid Actual Paid Difference % diff Acc. Yr 2005 Cumul Paid Expected Paid Actual Paid Difference	432,880	194,163 165,337 28,826 14.8462 167,622 184,743 167,622 17,121 9.2673 166,620 189,441 166,620 22,821	108,683 99,624 9,059 8.3354 252,491 103,410 84,869 18,541 17.9297 261,697 106,040 95,077 10,963	53,710 50,397 3,313 6.1684 293,528 51,104 41,037 10,067 19.6994 299,573 52,404 37,876 14,528	345,212 36,489 29,854 6,635 18.1838 319,944 34,719 26,416 8,303 23.9143 326,624 35,602 27,051 8,551	359,976 22,677 14,764 7,913 34.8948 334,685 21,577 14,741 6,836 31.6816 346,531 22,126 19,907 2,219	368,885 13,823 8,909 4,914 35.5512 346,569 13,153 11,884 1,269 9.6460 357,573 13,487 11,042 2,445	376,256 10,529 7,371 3,158 29.9956 353,561 10,018 6,992 3,026 30.2091 363,466 10,273 5,893 4,380	380,160 6,227 3,904 2,323 37.3061 359,474 5,925 5,913 12	382,224 4,798 2,064 2,734	0.0085
Expected Paid Actual Paid Difference % diff Acc. Yr 2004 Cumul. Paid Expected Paid Actual Paid Difference % diff Acc. Yr 2005 Cumul Paid Expected Paid Actual Paid Difference % diff Acc. Yr 2005 Cumul Paid Expected Paid Actual Paid Difference % diff Acc. Yr 2006 Cumul Paid	432,880	194,163 165,337 28,826 14.8462 167,622 184,743 167,622 17,121 9.2673 166,620 189,441 166,620 22,821 12.0463	108,683 99,624 9,059 8.3354 252,491 103,410 84,869 18,541 17.9297 261,697 106,040 95,077 10,963 10.3384	53,710 50,397 3,313 6.1684 293,528 51,104 41,037 10,067 19.6994 299,573 52,404 37,876 14,528 27.7228	345,212 36,489 29,854 6,635 18.1838 319,944 34,719 26,416 8,303 23.9143 326,624 35,602 27,051 8,551 24.0175	359,976 22,677 14,764 7,913 34.8948 334,685 21,577 14,741 6,836 31.6816 346,531 22,126 19,907 2,219 10.0273	368,885 13,823 8,909 4,914 35.5512 346,569 13,153 11,884 1,269 9.6460 357,573 13,487 11,042 2,445 18.1297	376,256 10,529 7,371 3,158 29.9956 353,561 10,018 6,992 3,026 30.2091 363,466 10,273 5,893 4,380	380,160 6,227 3,904 2,323 37.3061 359,474 5,925 5,913 12	382,224 4,798 2,064 2,734	0.0085
Expected Paid Actual Paid Difference % diff Acc. Yr 2004 Cumul. Paid Expected Paid Actual Paid Difference % diff Acc. Yr 2005 Cumul Paid Expected Paid Actual Paid Difference % diff Acc. Yr 2005 Cumul Paid Expected Paid Actual Paid Difference % diff	432,880	194,163 165,337 28,826 14.8462 167,622 184,743 167,622 17,121 9.2673 166,620 189,441 166,620 22,821 12.0463	108,683 99,624 9,059 8.3354 252,491 103,410 84,869 18,541 17.9297 261,697 106,040 95,077 10,963 10.3384	53,710 50,397 3,313 6.1684 293,528 51,104 41,037 10,067 19.6994 299,573 52,404 37,876 14,528 27.7228	345,212 36,489 29,854 6,635 18.1838 319,944 34,719 26,416 8,303 23.9143 326,624 35,602 27,051 8,551 24.0175	359,976 22,677 14,764 7,913 34.8948 334,685 21,577 14,741 6,836 31.6816 346,531 22,126 19,907 2,219 10.0273	368,885 13,823 8,909 4,914 35.5512 346,569 13,153 11,884 1,269 9.6460 357,573 13,487 11,042 2,445 18.1297	376,256 10,529 7,371 3,158 29.9956 353,561 10,018 6,992 3,026 30.2091 363,466 10,273 5,893 4,380	380,160 6,227 3,904 2,323 37.3061 359,474 5,925 5,913 12	382,224 4,798 2,064 2,734	0.0085
Expected Paid Actual Paid Difference % diff Acc. Yr 2004 Cumul. Paid Expected Paid Actual Paid Difference % diff Acc. Yr 2005 Cumul Paid Expected Paid Actual Paid Difference % diff Acc. Yr 2006 Cumul Paid Expected Paid Actual Paid Difference	432,880	194,163 165,337 28,826 14.8462 167,622 184,743 167,622 17,121 9.2673 166,620 189,441 166,620 22,821 12.0463 210,689 216,420 210,689	108,683 99,624 9,059 8.3354 252,491 103,410 84,869 18,541 17.9297 261,697 106,040 95,077 10,963 10.3384 338,930 121,142 128,241	53,710 50,397 3,313 6.1684 293,528 51,104 41,037 10,067 19.6994 299,573 52,404 37,876 14,528 27.7228	345,212 36,489 29,854 6,635 18.1838 319,944 34,719 26,416 8,303 23.9143 326,624 35,602 27,051 8,551 24.0175 419,460 40,672 34,342	359,976 22,677 14,764 7,913 34.8948 334,685 21,577 14,741 6,836 31.6816 346,531 22,126 19,907 2,219 10.0273	368,885 13,823 8,909 4,914 35.5512 346,569 13,153 11,884 1,269 9.6460 357,573 13,487 11,042 2,445 18.1297 458,661 15,408 16,837	376,256 10,529 7,371 3,158 29.9956 353,561 10,018 6,992 3,026 30.2091 363,466 10,273 5,893 4,380	380,160 6,227 3,904 2,323 37.3061 359,474 5,925 5,913 12	382,224 4,798 2,064 2,734	0.0085
Acc. Yr 2003 Cumul Paid Expected Paid Actual Paid Difference % diff Acc. Yr 2004 Cumul. Paid Expected Paid Actual Paid Difference % diff Acc. Yr 2005 Cumul Paid Expected Paid Actual Paid Difference % diff Acc. Yr 2006 Cumul Paid Expected Paid Actual Paid Difference % diff	432,880	194,163 165,337 28,826 14.8462 167,622 184,743 167,622 17,121 9.2673 166,620 189,441 166,620 22,821 12.0463	108,683 99,624 9,059 8.3354 252,491 103,410 84,869 18,541 17.9297 261,697 106,040 95,077 10,963 10.3384	53,710 50,397 3,313 6.1684 293,528 51,104 41,037 10,067 19.6994 299,573 52,404 37,876 14,528 27.7228	345,212 36,489 29,854 6,635 18.1838 319,944 34,719 26,416 8,303 23.9143 326,624 35,602 27,051 8,551 24.0175	359,976 22,677 14,764 7,913 34.8948 334,685 21,577 14,741 6,836 31.6816 346,531 22,126 19,907 2,219 10.0273	368,885 13,823 8,909 4,914 35.5512 346,569 13,153 11,884 1,269 9.6460 357,573 13,487 11,042 2,445 18.1297	376,256 10,529 7,371 3,158 29.9956 353,561 10,018 6,992 3,026 30.2091 363,466 10,273 5,893 4,380	380,160 6,227 3,904 2,323 37.3061 359,474 5,925 5,913 12	382,224 4,798 2,064 2,734	0.0085

Exhibit I, Part 3, Table 2

Private Passenger Auto

			FIII	vate ra	sserige	Auto				
		AY	AY+1	AY+2	AY+3	AY+4	AY+5	AY+6	AY+7	AY+8
P&C Insurer	· 1									
	2003	3.12	10.57	11.19	0.66	-2.19	-3.67	-1.66	-5.02	-0.45
	2004	3.02	8.29	6.62	-6.44	-7.23	-3.26	6.62	0.38	
	2005	1.96	7.05	0.92	-6.80	-4.79	9.14	6.12		
	2006	0.25	4.17	-1.53	-5.18	2.64	3.73			
P&C Insurer	· 2									
	2003	6.87	12.78	15.75	9.49	4.24	-0.93	1.17	29.21	81.16
	2004	6.38	14.97	17.71	7.32	0.57	-3.39	3.35	51.24	
	2005	3.74	13.23	10.34	5.29	-0.29	5.30	12.28		
	2006	-1.32	6.14	4.37	0.58	-3.18	-1.14			
P&C Insurer										
	2003	-22.20	14.72	-4.71	21.47	30.18	51.09	294.25	154.92	13446.00
	2004	-13.14	2.92	-9.10	22.86	99.62	92.25	141.64	14.16	
	2005	11.67	19.23	-5.29	17.73	53.18	15.41	209.96		
	2006	13.27	12.23	1.14	29.10	48.13	45.34			
P&C Insurer	· 1									
Fac ilisurer	2003	2.62	1 61	10.57	264	5.62	2.45	46.97	7.12	65.09
	2003	3.62 1.94	1.61 8.47	10.57 10.91	3.64 2.88	12.52	2.45 25.14	48.21	-0.48	03.09
	2005	-1.05	6.28	0.31	-0.57	26.82	60.01	80.01	0.40	
	2006	-5.92	2.94	5.02	2.41	36.78	50.40	00.01		
	2000	3.32	2.3 .	3.02	22	30.70	30110			
P&C Insurer	- 5									
	2003	7.86	4.93	11.95	26.71	46.92	24.91	47.72	70.10	113.22
	2004	9.33	5.30	8.58	29.78	19.90	46.69	50.72	59.99	
	2005	7.78	11.35	28.37	39.86	24.74	97.91	26.75		
	2006	7.42	8.66	16.90	33.39	36.94	53.62			
				_						
P&C Insurer	6									
	2003	7.66	21.94	11.75	-21.56	-33.22	-22.16	-4.74	12.46	65.78
	2004	3.69	26.34	22.94	-22.97	-31.19	-24.65	-9.33	-35.03	
	2005	2.37	23.60	15.02	-31.25	-28.06	-30.00	-26.04		
	2006	6.89	16.32	20.71	-11.12	-34.19	-26.70			
P&C Insurer	. 7									
	2003	6.14	23.68	14.82	16.30	3.38	-4.19	-5.38	23.02	24.54
	2004	6.40	19.85	20.07	13.64	-16.75	6.17	14.29	31.65	
	2005	4.06	25.32	19.55	4.47	-5.72	-7.35	1.54		
	2006	1.96	24.03	10.98	-2.36	-17.35	-8.40			
	_									
P&C Insurer		4.07	4.70	0.25		4.22	40.00	27.65	10.22	24.21
	2003	4.07	-4.70	-0.35	-4.75	-4.33 3.10	10.36	37.62	-10.22	24.21
	2004	3.92	-0.17 0.44	3.49	-2.75	3.19	45.99	-4.06 27.01	45.93	
	2005	1.23	-0.44 1.72	10.81	9.54	30.43	15.32	37.91		
	2006	-1.27	1.73	9.95	28.34	8.89	-0.59			
P&C Insurer	· o									
r ac insurer	2003	4.02	0.45	-4.37	3.72	-4.17	37.44	21.59	28.64	133.84
	2003	9.84	3.38	-4.37 4.74	8.29	-4.17 53.42	41.00	51.94	3.66	133.84
	2004		3.30	4.74	0.29	33.42	41.00	31.54	3.00	
	2004			6.00	28.70	37.56	46.35	38.10		
	2005	9.04	7.93	6.00 14.76	28.79 20.25	37.56 22.35	46.35 43.43	38.10		
	2005 2006		7.93 -6.26	6.00 14.76	28.79 20.25	37.56 22.35	46.35 43.43	38.10		

Exhibit I, Part 3, Table 3

Homeowners/Farmowners

		AY	AY+1	AY+2	AY+3	AY+4	AY+5	AY+6	AY+7	AY+8	Å
P&C Insurer 1	_										
	2003	-3.26	14.41	9.30	-9.08	-23.01	-49.63	-28.10	-51.65	74.34	
	2004	4.12	-9.98	-6.27	-22.89	-33.93	-69.39	-13.92	-46.13		
	2005	3.71	-18.77	-54.79	-119.10	-238.92	-109.16	-12.08			
	2006	3.77	-21.45	-11.39	-8.14	10.17	8.43				
P&C Insurer 2											
- ac insurer 2	2003	5.84	-0.08	0.53	2.66	-7.43	-2.53	21.76	4.79	4.58]
	2004	2.08	10.01	24.42	22.13	11.08	10.20	42.92	-25.62	4.50	
	2005	18.12	-22.97	-40.94	-66.47	-3.60	10.16	104.29	23.02		
	2006	2.49	-2.58	2.68	-15.23	-8.25	1.17				
											•
P&C Insurer 3	_						-				
	2003	-6.19	26.90	29.91	46.95	82.55	47.29	59.12	63.54	86.89	
	2004	-4.25	17.13	33.89	22.53	50.65	50.81	7.87	47.86		
	2005	2.41	6.51	36.17	-26.92	72.63	29.25	66.85			
	2006	-3.10	19.51	38.75	23.30	5.75	22.80				
2001											
%C Insurer 4	2002										1
	2003 2004										
	2004										
	2006										
	2000										j
&C Insurer 5											
	2003	0.97	19.32	13.29	41.48	43.00	-7.34	8.22	191.94	74.18	
	2004	5.80	1.00	14.20	-25.21	24.05	39.22	-102.39	131.89		
	2005	10.03	4.43	-1.32	-20.38	-34.01	66.97	-20.26			
	2006	-0.04	15.90	12.00	16.77	-11.26	60.92				
P&C Insurer 6											
	2003	5.17	8.41	16.19	-40.82	-38.19	-1425.23	-268.59	-107.82	-310.19	
	2004	2.81	7.98	5.07	-6.61	8.35	-126.84	71.23	96.74		
	2005	9.65	10.23	-7.80	23.76	66.59	-1129.15	-118.68			
	2006	3.81	2.56	10.00	-3.37	73.03	-594.13				ļ
%C Insurer 7											
	2003										1
	2004										
	2005										
	2006										
%C Insurer 8											1
	2003	7.51	21.34	32.01	23.18	31.26	-8.60	-61.58	-42.27	-46.42	
	2004	0.33	13.61	18.96	14.17	7.42	-80.53	-22.33	38.08		
	2005	-5.94	15.25	11.22	21.16	-2.36	1.31	47.92			
	2006	-1.93	6.07	21.76	14.00	36.76	20.75]
19.C Imax C											
P&C Insurer 9	2002	1.03	12.07	F.00	7.65	10.20	1 70	12.54	22.22	FF 63	l
	2003	1.92	12.07	5.09	7.65	-10.39	1.78	-12.54	23.33	55.62	
	2004	7.33	-10.66 -7.94	-11.18 -13.84	-3.34 -37.58	25.65 5.81	1.06 -72 63	-45.83 -171.35	-22.21		
	2005	10.10 3.11	-7.94 -5.36	20.78	-37.58 25.11	-17.74	-72.63 -48.20	-171.35			
	2000	J.11	5.50	20.70	25.11	17.74	40.20				J
	Δŀ	solute val	ues:								

Commercial Multiple Peril

		AY	AY+1	AY+2	AY+3	AY+4	AY+5	AY+6	AY+7	AY+8
P&C Insurer 1	_									
	2003	-4.51	12.20	22.59	-5.35	-7.24	-14.97	-23.78	51.14	32.79
	2004	1.50	-5.07	-1.07	-15.50	15.92	-18.59	-24.44	54.10	
	2005	-19.57	-156.93	74.23	-18.56	-87.78	-42.19	18.59		
	2006	-1.11	-12.40	17.23	6.48	23.94	11.16			
P&C Insurer 2		- 0.0				. = 0	0.00	0.1.00		=0.04
	2003	-7.26	-11.91	-17.74	1.49	-4.50	8.66	35.68	21.49	73.94
	2004	15.90 22.58	-59.23	-18.28	-2.36 -6.51	14.59 34.66	-12.62 56.41	26.77	68.18	
	2003	-10.84	-57.25 -8.46	7.58 12.11	-7.64	-3.70	-16.19	191.41		
	2000	10.04	0.40	12.11	7.04	3.70	10.15			
%C Insurer 3										
	2003	14.87	21.57	57.10	30.18	37.62	57.89	36.37	56.79	-20.49
	2004	15.34	14.45	68.92	35.45	43.61	46.62	52.76	49.23	
	2005	-2.27	-8.55	59.42	54.26	61.53	24.74	78.94		
	2006	8.23	-12.97	51.76	50.96	37.01	18.31			
	_									
2&C Insurer 4										
	2003									
	2004									
	2005									
	2006									
P&C Insurer 5										
	2003	8.13	15.36	-8.60	-3.61	10.64	21.49	16.81	61.98	73.61
	2004	17.25	8.76	5.87	-6.80	21.57	0.81	21.40	0.92	
	2005	13.68	15.20	-12.82	-79.19	11.40	26.65	28.66		
	2006	9.93	7.18	-2.49	9.83	36.44	12.55			
P&C Insurer 6										
ac ilisulei o	2003									
	2003									
	2005									
P&C Insurer 7	2005									
P&C Insurer 7	2005									
P&C Insurer 7	2005									
&C Insurer 7	2005 2006 2003									
P&C Insurer 7	2005 2006 2003 2004									
P&C Insurer 7	2005 2006 2003 2004 2005									
P&C Insurer 7	2005 2006 2003 2004 2005									
	2005 2006 2003 2004 2005	14.85	8.34	6.17	18.18	34.89	35.55	30.00	37.31	56.98
	2005 2006 2003 2004 2005 2006	14.85 9.27	8.34 17.93	6.17 19.70	18.18 23.91	34.89 31.68	35.55 9.65	30.00 30.21	37.31 0.20	56.98
	2005 2006 2003 2004 2005 2006									56.98
	2005 2006 2003 2004 2005 2006	9.27	17.93	19.70	23.91	31.68	9.65	30.21		56.98
	2005 2006 2003 2004 2005 2006 2003 2004 2005	9.27 12.05	17.93 10.34	19.70 27.72	23.91 24.02	31.68 10.03	9.65 18.13	30.21		56.98
	2005 2006 2003 2004 2005 2006 2004 2005 2006	9.27 12.05	17.93 10.34	19.70 27.72	23.91 24.02	31.68 10.03	9.65 18.13	30.21		56.98
'&C Insurer 8	2005 2006 2003 2004 2005 2006 2004 2005 2006	9.27 12.05	17.93 10.34	19.70 27.72	23.91 24.02	31.68 10.03	9.65 18.13	30.21		56.98
P&C Insurer 8	2005 2006 2003 2004 2005 2006 2004 2005 2006	9.27 12.05	17.93 10.34	19.70 27.72	23.91 24.02	31.68 10.03	9.65 18.13	30.21		56.98
&C Insurer 8	2005 2006 2003 2004 2005 2006 2004 2005 2006	9.27 12.05	17.93 10.34	19.70 27.72	23.91 24.02	31.68 10.03	9.65 18.13	30.21		56.98

State Farm Insurance - Schedule P

Detail Exhibit

Input from Schedule P pts 2 and 3

Paid Net Losses								Input from Schedule P pts 2 and 3				
Private Passenger Auto Lia	bility											
1999		AY	AY+1	AY+2	AY+3	AY+4	AY+5	AY+6	AY+7	AY+8	AY+9	
Cumulative Paids		4,325,679	7,134,347	8,429,574	9,118,720	9,462,916	9,643,071	9,735,779	9,779,836	9,806,782	9,828,5	
ncremental Paid		4,325,679	2,808,668	1,295,227	689,146	344,196	180,155	92,708	44,057	26,946	21,80	
ncrem. Pd / Ultimate Pd.		0.4401	0.2858	0.1318	0.0701	0.0350	0.0183	0.0094	0.0045	0.0027	0.002	
2000		AY	AY+1	AY+2	AY+3	AY+4	AY+5	AY+6	AY+7	AY+8	AY+9	
Cumulative Paids		4,659,760	7,792,765	9,071,374	9,759,299	10,142,100	10,325,927	10,419,160	10,468,700	10,497,123	10,517,55	
ncremental Paid	_	4,659,760	3,133,005	1,278,609	687,925	382,801	183,827	93,233	49,540	28,423	20,42	
ncrem. Pd / Ultimate Pd.	Ĺ	0.4430	0.2979	0.1216	0.0654	0.0364	0.0175	0.0089	0.0047	0.0027	0.001	
2001		AY	AY+1	AY+2	AY+3	AY+4	AY+5	AY+6	AY+7	AY+8	AY+9	
Cumulative Paids		5,191,950	8,547,187	9,899,339	10,659,701	11,063,268	11,266,077	11,377,650	11,438,075	11,470,432	11,486,93	
ncremental Paid	_	5,191,950	3,355,237	1,352,152	760,362	403,567	202,809	111,573	60,425	32,357	16,50	
ncrem. Pd / Ultimate Pd.		0.4520	0.2921	0.1177	0.0662	0.0351	0.0177	0.0097	0.0053	0.0028	0.001	
2002		AY	AY+1	AY+2	AY+3	AY+4	AY+5	AY+6	AY+7	AY+8	AY+9	
Cumulative Paids		5,735,108	9,191,403	10,641,497	11,442,179	11,880,012	12,110,343	12,229,704	12,294,315	12,327,030	12,343,83	
ncremental Paid	_	5,735,108	3,456,295	1,450,094	800,682	437,833	230,331	119,361	64,611	32,715	16,78	
ncrem. Pd / Ultimate Pd.		0.4646	0.2800	0.1175	0.0649	0.0355	0.0187	0.0097	0.0052	0.0027	0.001	
ncrem. Pd / Ultimate Pd.		AY	AY+1	AY+2	AY+3	AY+4	AY+5	AY+6	AY+7	AY+8	AY+9	
999		0.4401	0.2858	0.1318	0.0701	0.0350	0.0183	0.0094	0.0045	0.0027	0.00	
000		0.4430	0.2979	0.1216	0.0654	0.0364	0.0175	0.0089	0.0047	0.0027	0.00	
001		0.4520	0.2921	0.1177	0.0662	0.0351	0.0177	0.0097	0.0053	0.0028	0.003	
2002			0.2800	0 1175		0.0355	0.0187	0.0097	0.0052	0.0027	0.001	
2002		0.4646	0.2800	0.1175	0.0649	0.0355	0.0187	0.0097	0.0052	0.0027		
2002 Average Payout Factors			0.2800	0.1175		0.0355	0.0187	0.0097	0.0052	0.0027	0.001	
Average Payout Factors	Subsequent Accid	0.4646	0.2890	0.1221	0.0649	0.0355						
Average Payout Factors Payout Factors Applied to S		0.4646 0.4499 dent Year Incu	0.2890 urred Losses t	0.1221 o Project Pay	0.0649 0.0666 ment Develop	0.0355 oment	0.0180	0.0094	0.0049	0.0027	0.001 AY+9	
everage Payout Factors Payout Factors Applied to Secure 2015		0.4646 0.4499 dent Year Incu	0.2890 urred Losses t AY+1	0.1221 o Project Pay AY+2 0.1221	0.0649 0.0666 ment Develop AY+3 0.0666	0.0355 oment AY+4 0.0355	0.0180 AY+5	0.0094 AY+6 0.0094	0.0049 AY+7 0.0049	0.0027 AY+8 0.0027	0.00: AY+9	
verage Payout Factors ayout Factors Applied to S uto Liab. Payout Factors cc. Yr 2003 Cumul Paid	Beg. Incurred	0.4646 0.4499 dent Year Incu AY 0.4499	0.2890 urred Losses t AY+1 0.2890	0.1221 o Project Pay AY+2 0.1221	0.0649 0.0666 ment Develop AY+3 0.0666	0.0355 oment AY+4 0.0355	0.0180 AY+5 0.0180	0.0094 AY+6 0.0094	0.0049 AY+7 0.0049	0.0027 AY+8 0.0027	0.00: AY+9	
verage Payout Factors ayout Factors Applied to S uto Liab. Payout Factors cc. Yr 2003 Cumul Paid xpected Paid	Beg. Incurred	0.4646 0.4499 dent Year Incu AY 0.4499 5,405,940	0.2890 urred Losses t AY+1 0.2890 8,644,551	0.1221 o Project Pay AY+2 0.1221 10,005,661	0.0649 0.0666 ment Develop AY+3 0.0666 10,826,091	0.0355 oment AY+4 0.0355 11,275,869	0.0180 AY+5 0.0180	0.0094 AY+6 0.0094 11,626,511	0.0049 AY+7 0.0049	0.0027 AY+8 0.0027	0.00: AY+9	
everage Payout Factors Payout Factors Applied to Section 1. Payout Factors Auto Liab. Payout Factors Acc. Yr 2003 Cumul Paid Expected Paid Expected Paid Expected Paid Expected Paid	Beg. Incurred	0.4499 dent Year Incu AY 0.4499 5,405,940 5,574,849	0.2890 urred Losses t AY+1 0.2890 8,644,551 3,581,088	0.1221 o Project Pay AY+2 0.1221 10,005,661 1,513,407	0.0649 0.0666 ment Develop AY+3 0.0666 10,826,091 825,826	0.0355 oment AY+4 0.0355 11,275,869 439,950	0.0180 AY+5 0.0180 11,507,812 223,425	0.0094 AY+6 0.0094 11,626,511 116,725	0.0049 AY+7 0.0049 11,690,723 60,988	0.0027 AY+8 0.0027 11,724,676 33,801 33,953 -152	0.002 AY+9	
everage Payout Factors ayout Factors Applied to S auto Liab. Payout Factors acc. Yr 2003 Cumul Paid expected Paid actual Paid ifference	Beg. Incurred	0.44499 dent Year Incu AY 0.4499 5,405,940 5,574,849 5,405,940	0.2890 AY+1 0.2890 8,644,551 3,581,088 3,238,611	0.1221 o Project Pay AY+2 0.1221 10,005,661 1,513,407 1,361,110	0.0649 0.0666 ment Develop AY+3 0.0666 10,826,091 825,826 820,430	0.0355 oment AY+4 0.0355 11,275,869 439,950 449,778	0.0180 AY+5 0.0180 11,507,812 223,425 231,943	0.0094 AY+6 0.0094 11,626,511 116,725 118,699	0.0049 AY+7 0.0049 11,690,723 60,988 64,212	0.0027 AY+8 0.0027 11,724,676 33,801 33,953	0.00: AY+9	
everage Payout Factors ayout Factors Applied to Section 1997 auto Liab. Payout Factors acc. Yr 2003 Cumul Paid expected Paid actual Paid difference	Beg. Incurred 12,391,308	0.44499 dent Year Incu AY 0.4499 5,405,940 5,574,849 5,405,940 168,909	0.2890 AY+1 0.2890 8,644,551 3,581,088 3,238,611 342,477	0.1221 o Project Pay AY+2 0.1221 10,005,661 1,513,407 1,361,110 152,297	0.0649 0.0666 ment Develop AY+3 0.0666 10,826,091 825,826 820,430 5,396	0.0355 oment AY+4 0.0355 11,275,869 439,950 449,778 -9,828	0.0180 AY+5 0.0180 11,507,812 223,425 231,943 -8,518	0.0094 AY+6 0.0094 11,626,511 116,725 118,699 -1,974	0.0049 AY+7 0.0049 11,690,723 60,988 64,212 -3,224	0.0027 AY+8 0.0027 11,724,676 33,801 33,953 -152	0.00: AY+9	
verage Payout Factors ayout Factors Applied to S uto Liab. Payout Factors cc. Yr 2003 Cumul Paid xpected Paid ctual Paid ifference 6 Difference cc. Yr 2004 Cumul Paid	Beg. Incurred	0.44499 dent Year Incu AY 0.4499 5,405,940 5,574,849 5,405,940 168,909	0.2890 AY+1 0.2890 8,644,551 3,581,088 3,238,611 342,477 10.57	0.1221 o Project Pay AY+2 0.1221 10,005,661 1,513,407 1,361,110 152,297 11.19 9,643,187	0.0649 0.0666 ment Develop AY+3 0.0666 10,826,091 825,826 820,430 5,396 0.66 10,482,761	0.0355 Ment AY+4 0.0355 11,275,869 439,950 449,778 -9,828 -2.19 10,933,861	0.0180 AY+5 0.0180 11,507,812 223,425 231,943 -8,518	0.0094 AY+6 0.0094 11,626,511 116,725 118,699 -1,974 -1.66 11,257,680	0.0049 AY+7 0.0049 11,690,723 60,988 64,212 -3,224 -5.02	0.0027 AY+8 0.0027 11,724,676 33,801 33,953 -152	0.00: AY+9	
ayout Factors Applied to Sayout Factors Applied to Sayout Factors Applied to Sayout Factors Applied Paid Appl	Beg. Incurred 12,391,308	0.4646 0.4499 dent Year Incu AY 0.4499 5,405,940 5,574,849 5,405,940 168,909 3.12 5,147,442 5,302,908	0.2890 AY+1 0.2890 8,644,551 3,581,088 3,238,611 342,477 10.57 8,292,979 3,406,402	0.1221 o Project Pay AY+2 0.1221 10,005,661 1,513,407 1,361,110 152,297 11.19 9,643,187 1,439,583	0.0649 0.0666 ment Develop AY+3 0.0666 10,826,091 825,826 820,430 0.666 10,482,761 785,543	0.0355 oment AY+4 0.0355 11,275,869 439,950 449,778 -9,828 -2.19 10,933,861 418,489	0.0180 AY+5 0.0180 11,507,812 223,425 231,943 -8,518 -3.67 11,153,545 212,526	0.0094 AY+6 0.0094 11,626,511 116,725 118,699 -1,974 -1.66 11,257,680 111,031	0.0049 AY+7 0.0049 11,690,723 60,988 64,212 -3,224 -5.02 11,315,471 58,013	0.0027 AY+8 0.0027 11,724,676 33,801 33,953 -152	0.003 AY+9	
verage Payout Factors ayout Factors Applied to S uto Liab. Payout Factors cc. Yr 2003 Cumul Paid xpected Paid ctual Paid ifference cc. Yr 2004 Cumul Paid xpected Paid ctual Paid ctual Paid	Beg. Incurred 12,391,308	0.4646 0.4499 dent Year Incu AY 0.4499 5,405,940 5,574,849 5,405,940 168,909 3.12 5,147,442 5,302,908 5,147,442	0.2890 AY+1 0.2890 8,644,551 3,581,088 3,238,611 342,477 10.57 8,292,979 3,406,402 3,145,537	0.1221 o Project Pay AY+2 0.1221 10,005,661 1,513,407 1,361,110 152,297 11.19 9,643,187 1,439,583 1,439,583 1,350,208	0.0649 0.0666 ment Develop AY+3 0.0666 10,826,091 825,826 820,430 5,396 0.66 10,482,761 785,543 839,574	0.0355 Oment AY+4 0.0355 11,275,869 439,950 449,778 -9,828 -2.19 10,933,861 418,489 451,100	0.0180 AY+5 0.0180 11,507,812 223,425 231,943 -8,518 -3.67 11,153,545 212,526 219,684	0.0094 AY+6 0.0094 11,626,511 116,725 118,699 -1,974 -1.66 11,257,680 111,031 104,135	0.0049 AY+7 0.0049 11,690,723 60,988 64,212 -3,224 -5.02 11,315,471 58,013 57,791	0.0027 AY+8 0.0027 11,724,676 33,801 33,953 -152	0.00: AY+9	
werage Payout Factors ayout Factors Applied to S uto Liab. Payout Factors cc. Yr 2003 Cumul Paid xpected Paid ctual Paid bifference cc. Yr 2004 Cumul Paid xpected Paid ctual Paid ctual Paid ctual Paid ifference	Beg. Incurred 12,391,308	0.4646 0.4499 dent Year Incu AY 0.4499 5,405,940 5,574,849 5,405,940 168,909 3.12 5,147,442 5,302,908 5,147,442 155,466	0.2890 AY+1 0.2890 8,644,551 3,581,088 3,238,611 342,477 10.57 8,292,979 3,406,402 3,145,537 260,865	0.1221 o Project Pay AY+2 0.1221 10,005,661 1,513,407 1,361,110 152,297 11.19 9,643,187 1,439,583 1,350,208 89,375	0.0649 0.0666 ment Develop AY+3 0.0666 10,826,091 825,826 820,430 5,396 0.666 10,482,761 785,543 839,574 -54,031	0.0355 Ment AY+4 0.0355 11,275,869 439,950 449,778 -9,828 -2.19 10,933,861 418,489 451,100 -32,611	0.0180 AY+5 0.0180 11,507,812 223,425 231,943 -8,518 -3.67 11,153,545 212,526 219,684 -7,158	0.0094 AY+6 0.0094 11,626,511 116,725 118,699 -1,974 -1.66 11,257,680 111,031 104,135 6,896	0.0049 AY+7 0.0049 11,690,723 60,988 64,212 -3,224 -5.02 11,315,471 58,013 57,791 222	0.0027 AY+8 0.0027 11,724,676 33,801 33,953 -152	0.002 AY+9	
average Payout Factors rayout Factors Applied to S auto Liab. Payout Factors acc. Yr 2003 Cumul Paid avected Paid actual Paid bifference acc. Yr 2004 Cumul Paid avected Paid actual Paid bifference	Beg. Incurred 12,391,308	0.4646 0.4499 dent Year Incu AY 0.4499 5,405,940 5,574,849 5,405,940 168,909 3.12 5,147,442 5,302,908 5,147,442	0.2890 AY+1 0.2890 8,644,551 3,581,088 3,238,611 342,477 10.57 8,292,979 3,406,402 3,145,537	0.1221 o Project Pay AY+2 0.1221 10,005,661 1,513,407 1,361,110 152,297 11.19 9,643,187 1,439,583 1,439,583 1,350,208	0.0649 0.0666 ment Develop AY+3 0.0666 10,826,091 825,826 820,430 5,396 0.66 10,482,761 785,543 839,574	0.0355 Oment AY+4 0.0355 11,275,869 439,950 449,778 -9,828 -2.19 10,933,861 418,489 451,100	0.0180 AY+5 0.0180 11,507,812 223,425 231,943 -8,518 -3.67 11,153,545 212,526 219,684	0.0094 AY+6 0.0094 11,626,511 116,725 118,699 -1,974 -1.66 11,257,680 111,031 104,135	0.0049 AY+7 0.0049 11,690,723 60,988 64,212 -3,224 -5.02 11,315,471 58,013 57,791	0.0027 AY+8 0.0027 11,724,676 33,801 33,953 -152	0.003 AY+9	
ayout Factors Applied to Suto Liab. Payout Factors acc. Yr 2003 Cumul Paid xpected Paid ctual Paid difference Sufference Paid ctual Paid difference Successive Paid ctual Paid difference Support Paid xpected Paid ctual Paid difference Support Paid xpected Paid ctual Paid difference Support Paid xpected Paid ctual Paid ctual Paid difference Support Paid xpected Paid ctual Paid difference Support Paid xpected Paid ctual Paid xpected Xpec	Beg. Incurred 12,391,308 11,786,859	0.4646 0.4499 Sent Year Incu AY 0.4499 5,405,940 5,574,849 5,405,940 168,909 3.12 5,147,442 5,302,908 5,147,442 155,466 3.02	0.2890 AY+1 0.2890 8,644,551 3,581,088 3,238,611 342,477 10.57 8,292,979 3,406,402 3,145,537 260,865 8.29	0.1221 o Project Pay AY+2 0.1221 10,005,661 1,513,407 1,361,110 152,297 11.19 9,643,187 1,439,583 1,350,208 89,375 6.62	0.0649 0.0666 ment Develop AY+3 0.0666 10,826,091 825,826 820,430 5,396 0.66 10,482,761 785,543 839,574 -54,031 -6.44	0.0355 MY+4 0.0355 11,275,869 439,950 449,778 -9,828 -2.19 10,933,861 418,489 451,100 -32,611 -7.23	0.0180 AY+5 0.0180 11,507,812 223,425 231,943 -8,518 -3.67 11,153,545 212,526 219,684 -7,158 -3.26	0.0094 AY+6 0.0094 11,626,511 116,629 -1,974 -1.66 11,257,680 111,031 104,135 6,896 6.62	0.0049 AY+7 0.0049 11,690,723 60,988 64,212 -3,224 -5.02 11,315,471 58,013 57,791 222	0.0027 AY+8 0.0027 11,724,676 33,801 33,953 -152	0.00 AY+9	
ayout Factors Applied to Suto Liab. Payout Factors ayout Factors Applied to Suto Liab. Payout Factors ayout Factors Applied to Suto Liab. Payout Factors ayout Paid Suto Liab. Payout Factors ayout Paid Suto Liab. Payout Factors ayout Paid Suto Liab. Payout Paid Suto Liab. Payout Factors ayout Factors Applied to	Beg. Incurred 12,391,308	0.4646 0.4499 dent Year Inco AY 0.4499 5,405,940 5,574,849 5,405,940 168,909 3.12 5,147,442 5,302,908 5,147,442 155,466 3.02	0.2890 arred Losses t AY+1 0.2890 8,644,551 3,581,088 3,238,611 342,477 10.57 8,292,979 3,406,402 3,145,537 260,865 8.29 8,185,155	0.1221 o Project Pay AY+2 0.1221 10,005,661 1,513,407 1,361,110 152,297 11.19 9,643,187 1,439,583 1,350,208 89,375 6.62	0.0649 0.0666 ment Develop AY+3 0.0666 10,826,091 825,826 820,430 5,396 0.66 10,482,761 785,543 839,574 -54,031 -6.44 10,400,925	0.0355 MY+4 0.0355 11,275,869 439,950 449,778 -9,828 -2.19 10,933,861 418,489 451,100 -32,611 -7.23	0.0180 AY+5 0.0180 11,507,812 223,425 231,943 -8,518 -3.67 11,153,545 212,526 219,684 -7,158 -3.26	0.0094 AY+6 0.0094 11,626,511 116,759 -1,974 -1.66 11,257,680 111,031 104,135 6,896 6.62	0.0049 AY+7 0.0049 11,690,723 60,988 64,212 -3,224 -5.02 11,315,471 58,013 57,791 222	0.0027 AY+8 0.0027 11,724,676 33,801 33,953 -152	0.00: AY+9	
Average Payout Factors Payout Factors Applied to S Auto Liab. Payout Factors Acc. Yr 2003 Cumul Paid Expected Paid Actual Paid Difference Acc. Yr 2004 Cumul Paid Expected Paid Actual Paid Difference Macc. Yr 2005 Cumul Paid Expected Paid Actual Paid Difference Acc. Yr 2005 Cumul Paid Expected Paid	Beg. Incurred 12,391,308 11,786,859	0.4646 0.4499 dent Year Incu AY 0.4499 5,405,940 5,574,849 5,405,940 168,909 3.12 5,147,442 5,302,908 5,147,442 155,466 3.02 5,078,749 5,177,733	0.2890 AY+1 0.2890 8,644,551 3,581,088 3,238,611 342,477 10.57 8,292,979 3,406,402 3,145,537 260,865 8.29 8,185,155 3,325,994	0.1221 o Project Pay AY+2 0.1221 10,005,661 1,513,407 1,361,110 152,297 11.19 9,643,187 1,439,583 1,350,208 89,375 6.62 9,577,938 1,405,601	0.0649 0.0666 ment Develop AY+3 0.0666 10,826,091 825,826 820,430 0.66 10,482,761 785,543 839,574 -54,031 -6.44 10,400,925 767,000	0.0355 Ment AY+4 0.0355 11,275,869 439,950 449,778 -9,828 -2.19 10,933,861 418,489 451,100 -32,611 -7.23 10,830,104 408,610	AY+5 0.0180 11,507,812 223,425 231,943 -8,518 -3.67 11,153,545 212,526 219,684 -7,158 -3.26 11,020,231 207,509	0.0094 AY+6 0.0094 11,626,511 116,725 118,699 -1,974 -1.66 11,257,680 111,031 104,135 6,896 6.62 11,122,394 108,411	0.0049 AY+7 0.0049 11,690,723 60,988 64,212 -3,224 -5.02 11,315,471 58,013 57,791 222	0.0027 AY+8 0.0027 11,724,676 33,801 33,953 -152	0.001 AY+9	
	Beg. Incurred 12,391,308 11,786,859	0.4646 0.4499 dent Year Inco AY 0.4499 5,405,940 5,574,849 5,405,940 168,909 3.12 5,147,442 5,302,908 5,147,442 155,466 3.02	0.2890 arred Losses t AY+1 0.2890 8,644,551 3,581,088 3,238,611 342,477 10.57 8,292,979 3,406,402 3,145,537 260,865 8.29 8,185,155	0.1221 o Project Pay AY+2 0.1221 10,005,661 1,513,407 1,361,110 152,297 11.19 9,643,187 1,439,583 1,350,208 89,375 6.62	0.0649 0.0666 ment Develop AY+3 0.0666 10,826,091 825,826 820,430 5,396 0.66 10,482,761 785,543 839,574 -54,031 -6.44 10,400,925	0.0355 MY+4 0.0355 11,275,869 439,950 449,778 -9,828 -2.19 10,933,861 418,489 451,100 -32,611 -7.23	0.0180 AY+5 0.0180 11,507,812 223,425 231,943 -8,518 -3.67 11,153,545 212,526 219,684 -7,158 -3.26	0.0094 AY+6 0.0094 11,626,511 116,759 -1,974 -1.66 11,257,680 111,031 104,135 6,896 6.62	0.0049 AY+7 0.0049 11,690,723 60,988 64,212 -3,224 -5.02 11,315,471 58,013 57,791 222	0.0027 AY+8 0.0027 11,724,676 33,801 33,953 -152	0.001	

796,072

-41,267

-5.18

-21,438

-1.53

391,754

10,360

2.64

196,859

7,351

3.73

 Acc. Yr 2006 Cumul Paid
 11,325,656
 5,082,940
 8,224,422
 9,629,114
 10,425,186
 10,816,940
 11,013,799

 Expected Paid
 5,095,413
 3,273,115
 1,383,254
 754,805
 402,114
 204,210

12,473 131,633

0.25

5,082,940 3,141,482 1,404,692

4.19

Actual Paid

Difference

% Difference

FASB DISCUSSIONS ON MEASURING BANK DEMAND DEPOSITS

In discussions concerning demand deposit liabilities, the FASB considered the banking business model and articulated reasons why a current value measurement should not be required; but rather just disclosed. The rationale discussed by the Board for demand deposits is equally, if not more, applicable to P&C claim reserves. More specifically, presentation of assets and liabilities on a fair (or current) value basis is much more important for banks than P&C insurers. P&C policyholders do not typically possess the discretionary ability to generate claims (which occur randomly) or to accelerate claim payments (which occur at the completion of the claim settlement process per the terms of the contract). In contrast, bank depositors can discretionarily withdraw deposits (some requiring the payment of a fee) at any time. Accordingly, it is much more critical that fair (or current) value of bank assets and liabilities be known as the repayment of depositors may cause the bank to liquidate illiquid assets and investors and analysts need to know whether sufficient funds could be raised through the liquidation of assets to pay depositors.

Notwithstanding the inability of policyholders to accelerate the payment of P&C claim reserves, the reserves do possess certain similarities to bank demand deposit liabilities:

- A depositor can demand the return of their deposit at any time at the full nominal value. Similarly, the final payment of an incurred claim can come at any time and the payment amount is the agreed upon nominal (i.e., undiscounted) value consistent with the terms of the contract.
- The date that a depositor will withdraw deposited funds is not reliably determinable. Similarly, the timing of when a claim will occur and a payment to a policyholder will be made as a result of settling claims is not reliably determinable.
- There is an equivalent expectation by both banks and P&C insurers that their demand deposits/claim reserves will not be paid out in their entirety on an immediate basis (i.e., there is an underlying assumption of persistence).
- Similar to demand deposits, projected payouts of claim reserves at the reporting date would require
 the application of substantial judgment and the resulting value would not be comparable or
 consistent with measurements of other P&C insurers nor would the amount be relied upon by
 investors.
- The Board has recognized that investors and analysts do not have a desire to receive P&C claim reserves or bank demand deposits measured on a current value (or discounted basis). They have communicated a desire to receive the information on a gross undiscounted basis.

Given the similarities between P&C claim reserves and bank demand deposits and the consistent views of investors and analysts who desire both to be measured on an undiscounted basis, we offer the following rationale for measuring P&C reserves on an ultimate (i.e., undiscounted) basis with accompanying disclosure of assumptions that could be used to estimate the liabilities' current value:

- There is substantial variability in the timing of payments and complexity in determining discount rates thereby making disclosure of a range of assumptions to financial statement users preferable to implementing an unreliable measurement that investors will seek to unwind.
- Investors and analysts have advised the Board that given the inherent complexity involved in the
 measurement of P&C claim reserves on an undiscounted basis they do not wish to have the
 measurements further complicated by the introduction of discounting and the OCI presentation
 proposal.

(in millions)

Source: SNL Financial - Business Intelligence Services

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Company Name		2005		2006		2007		2008		2009		2010		2011	06	/12 YTD
Cash Flow: Premiums Collected Net of Reinsurar	се															
Allstate Corp. (SNL P&C Group)	\$	26,805	\$	26,792	\$	26,517	\$	25,980	\$	25,397	\$	25,173	\$	25,125	\$	12,737
Chubb Corp. (SNL P&C Group)	\$	10,425	\$	9,839	\$	9,703	\$	9,436	\$	9,089	\$	8,930	\$	9,107	\$	4,608
Continental Corp. (SNL P&C Subgroup) (CNA)	\$	7,183	\$	6,835	\$	6,453	\$	5,930	\$	5,816	\$	5,701	\$	5,903	\$	2,995
GEICO Corp. (SNL P&C Subgroup)	\$	10,082		11,047		11,732	\$	12,349	\$	13,363	\$	14,057	\$	15,096	\$	8,101
Hartford Financial Services (SNL P&C Group)	\$	9,872	\$	10,400	\$	10,571	\$	10,199	\$	9,868	\$	9,708	\$	9,765	\$	4,904
Progressive Corp. (SNL P&C Group)	\$	13,776		14,101			\$	13,608		13,944				14,953	\$	8,031
State Farm Mutl Automobile Ins (SNL P&C Group)	\$	47,722	\$	48,280	\$	48,083	\$	48,391	\$	49,410	\$	50,382		51,586		26,204
Total		125,865		127,294		126,932		125,894		126,888		128,281	_	131,536	\$	67,581
Average		17,981		18,185		18,133		17,985		18,127		18,326		18,791	\$	9.654
Average	φ	17,901	φ	10, 100	φ	10,133	φ	17,900	φ	10,127	φ	10,320	φ	10,791	φ	9,004
Cash Flow: Net Investment Income																
Allstate Corp. (SNL P&C Group)	\$	2.104	\$	2,525	\$	2,472	\$	1,552	\$	1,274	\$	1,233	\$	1,244	\$	608
Chubb Corp. (SNL P&C Group)	\$	1,287	\$	1,312	\$	1,450	\$	1,399	\$	1,364	\$	1,760	\$	1,629	\$	781
Continental Corp. (SNL P&C Subgroup) (CNA)	\$	2,164	\$	1,756	\$	2,027	\$	2,078	\$	1,500	\$	1,556	\$	1,793	\$	873
GEICO Corp. (SNL P&C Subgroup)	\$	460	\$	553	\$	607	\$	481	\$	790	\$	840	\$	755	\$	337
Hartford Financial Services (SNL P&C Group)	\$	1,446	\$	1,890	\$	2,063	\$	2,041	\$	1,786	\$	1,706	\$	1,590	\$	768
\ 17	\$,	\$,	\$,	\$	794	\$	729	\$,	\$		\$	307
Progressive Corp. (SNL P&C Group)		632		752		808						650		657		
State Farm Mutl Automobile Ins (SNL P&C Group)	\$	4,324	\$	4,460	\$	4,479	\$	4,360	\$	4,032	\$	4,028	\$	4,217	\$	2,217
Total	\$	12,416	\$	13,248	\$	13,905	\$	12,706	\$	11,473	\$	11,772	\$	11,885	\$	5,891
Average	\$	1,774	\$	1,893	\$	1,986	\$	1,815	\$	1,639	\$	1,682	\$	1,698	\$	842
Cash Flow: Benefit & Loss Related Pymts																
Allstate Corp. (SNL P&C Group)	\$	15.458	\$	14,527	\$	14,310	\$	15 700	\$	15,391	\$	15,226	\$	16,324	\$	7.291
1 (17		-,		,		,		15,790		,		,		,		, -
Chubb Corp. (SNL P&C Group)	\$	4,022	\$	3,999	\$	3,637	\$	4,139	\$	3,762	\$	4,024	\$	4,343	\$	2,066
Continental Corp. (SNL P&C Subgroup) (CNA)	\$	2,075	\$	2,630	\$	3,769	\$	3,828	\$	3,180	\$	2,939	\$	3,039	\$	1,812
GEICO Corp. (SNL P&C Subgroup)	\$	5,780	\$	6,204	\$	6,882	\$	7,457	\$	7,942	\$	8,522	\$	9,702	\$	5,210
Hartford Financial Services (SNL P&C Group)	\$	4,638	\$	4,445	\$	5,103	\$	5,384	\$	5,238	\$	5,521	\$	5,915	\$	2,907
Progressive Corp. (SNL P&C Group)	\$	7,346	\$	7,609	\$	7,937	\$	8,066	\$	8,144	\$	8,330	\$	8,960	\$	4,662
State Farm Mutl Automobile Ins (SNL P&C Group)	\$	31,465	\$	27,889	\$	29,054	\$		\$	32,528	\$	32,278	\$	34,929		16,012
Total	\$	70,784	\$	67,303	\$	70,694	\$	77,958	\$	76,185	\$	76,841	\$	83,213	\$	39,961
Average	\$	10,112	\$	9,615	\$	10,099	\$	11,137	\$	10,884	\$	10,977	\$	11,888	\$	5,709
0																
Cash Flow: Comm, Exp & WI For Deductions	•	40.0=4	•	40.00=	•	40.400	•		•		•		•		•	
Allstate Corp. (SNL P&C Group)	\$	10,074	\$	10,335	\$	10,106	\$	9,573	\$	10,341	\$	9,789	\$	9,902	\$	5,131
Chubb Corp. (SNL P&C Group)	\$	3,950	\$	3,872	\$	4,044	\$	4,027	\$	3,993	\$	3,884	\$	4,071	\$	2,165
Continental Corp. (SNL P&C Subgroup) (CNA)	\$	3,311	\$	3,043	\$	2,825	\$	2,596	\$	3,206	\$	2,993	\$	3,039	\$	1,582
GEICO Corp. (SNL P&C Subgroup)	\$	2,592	\$	2,855	\$	3,213	\$	3,365	\$	3,622	\$	3,714	\$	4,070	\$	2,299
Hartford Financial Services (SNL P&C Group)	\$	3,717	\$	4,266	\$	3,964	\$	3,972	\$	4,141	\$	4,140	\$	4,111	\$	2,114
Progressive Corp. (SNL P&C Group)	\$	4,606	\$	4,665	\$	4,657	\$	4,603	\$	4,613	\$	4,763	\$	4,969	\$	2,551
State Farm Mutl Automobile Ins (SNL P&C Group)	\$	16,474	\$	17,054	\$	18,195	\$	17,925	\$	18,072	\$	18,202	\$	19,277	\$	9,970
Total	\$	44,724	\$	46,089	\$	47,004	\$	46,061	\$	47,988	\$	47,485	\$	49,439	\$	25,813
Average	\$	6,389	\$	6,584	\$	6,715	\$	6,580	\$	6,855	\$	6,784	\$	7,063	\$	3,688
Net Cash Flow (calculated)																
Allstate Corp. (SNL P&C Group)	\$	3,377	\$	4,455	\$	4,572	\$	2,170	\$	940	\$	1,390	\$	143	\$	923
Chubb Corp. (SNL P&C Group)	\$	3,740	\$	3,280	\$	3,473	\$	2,670	\$	2,699	\$	2,782	\$	2,321	\$	1,159
Continental Corp. (SNL P&C Subgroup) (CNA)	\$	3,960	\$	2,919	\$	1,886	\$	1,584	\$	930	\$	1,325	\$	1,618	\$	474
GEICO Corp. (SNL P&C Subgroup)	\$	2,171	\$	2,541	\$	2,244	\$	2,008	\$	2,588	\$	2,660	\$	2,078	\$	928
Hartford Financial Services (SNL P&C Group)	\$	2,963	\$	3,579	\$	3,566	\$	2,884	\$	2,275	\$	1,753	\$	1,330	\$	651
Progressive Corp. (SNL P&C Group)	\$	2,457	\$	2,580	\$	2,086	\$	1,733	\$	1,915	\$	1,887	\$	1,681	\$	1,125
State Farm Mutl Automobile Ins (SNL P&C Group)	\$	4,107	\$	7,797	\$	5,313	\$	1,531	\$	2,842	\$	3,930	\$	1,598	\$	2,438
Total	\$	22,774	\$	27,150	\$	23,140	\$	14,582	\$	14,189	\$	15,726	\$	10,769	\$	7,698
Average	\$	3,253	\$	3,879	\$	3,306	\$	2,083	\$	2,027	\$	2,247	\$	1,538	\$	1,100

DEFINITIONS

Cash Flow: Premiums Collected Net of Reinsurance

Change in advance premiums, funds held or deposited with reinsured companies to the extent that such changes relate to premiums, and the change in other amounts receivable under reinsurance contracts. Premiums collected were calculated by adjusting premiums earned for the change in premiums receivable.

Cash Flow: Net Investment Income

Net investment income reports the net investment receipts for the current year net of investment expenses paid. Excludes non-cash adjustments to the book values of invested assets which were included in the determination of statutory net investment income but did not result in an increase or decrease in cash during the year.

Cash Flow: Benefit & Loss Related Pymts

All amounts used in this calculation are intended to only relate to losses incurred for all lines of business although the term "benefits" would usually apply to claims incurred under life or accident and health coverages.

Cash Flow: Commissions, Other Expenses & Write-ins for Deductions

Commissions, expenses paid (including dividends) and aggregate write-ins for deductions reports all operating expenses that relate to the determination of underwriting income. Includes both loss adjustment and underwriting expenses. The expense portion includes expense portions of aggregate write-ins.