Reserving for Extended Reporting Endorsement Coverage, Including the Death, Disability, and Retirement Policy Provision

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Abstract. Writers of physicians professional liability (PPL) claims-made coverage typically offer a death, disability and retirement (DDR) provision within their policy language, stating that, in the event of one of these three described events, an extended reporting endorsement (ERE) will be provided to the insured without additional premium charge. The current methodology for deriving an indicated DDR reserve is time-consuming, leveraged, and uncertain as a result of its reliance on calendar period projections up to 50 years beyond the evaluation date. This monograph proposes a fundamentally different methodology for developing an indicated DDR reserve that addresses these concerns.

A related methodology for pricing the DDR policy provision will also be presented.

In addition, two methodologies that may be used to develop an indicated loss and loss adjustment expense (LAE) reserve associated with issued EREs are presented.

Keywords. Medical Malpractice—Claims-Made; reserving; reserving methods; Statutory Accounting Principles; unearned premium reserves.

1. INTRODUCTION

Medical professional liability (MPL) insurers and other carriers that write claims-made coverage typically also provide ERE coverage upon termination of an insured's claims-made policy. The ERE (commonly referred to as a "tail policy") provides coverage for a claim reported after the expiration date of the insured's last claims-made policy provided that the event giving rise to the claim occurred subsequent to the retroactive date of the insured's claims-made coverage and prior to the non-renewal of that coverage.

The cost of an ERE can be several times that of a mature claims-made policy, and consequently a significant expense. For this reason, most insurers also offer DDR coverage for their physician insureds. DDR coverage provides that the insured will receive an ERE without additional premium charge if the claims-made policy is terminated due to the insured's death, disability, or retirement.[1]

Statutory accounting provides that a loss and loss adjustment expense (LAE) reserve be held for any ERE of unlimited duration (EREs of fixed duration require an unearned premium reserve prior to expiration of the endorsement, and a loss and LAE reserve for these EREs is held only for

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[1] Certain restrictions are often in place in the event of retirement, such as a minimum age and a minimum number of years that the physician must be continuously insured prior to qualification.

reported claims).[2]   In addition, the National Association of Insurance Commissioners (NAIC) requires insurers that offer DDR coverage to carry a reserve for yet-to-be-issued DDR EREs on in-force claims-made policies (referred to here as the "DDR reserve"). The NAIC has entitled this the "extended reporting endorsement policy reserve" and requires that this reserve be "classified as a component part of the unearned premium reserve."[3]

Although included in the unearned premium reserve, the DDR reserve is within the scope of the Statement of Actuarial Opinion.[4]   Consequently, derivation of an indicated DDR reserve[5] is of particular importance for appointed actuaries of insurers with this reserve component.

To the best of the author's knowledge, there has been no actuarial literature to date documenting a methodology for reserving for EREs. There is limited actuarial literature discussing the DDR reserve, and what does exist provides an unnecessarily leveraged and complex methodology. This monograph will address these two deficiencies in the current actuarial research.

The remainder of the paper proceeds as follows. Section 2 outlines two methodologies that can be used to develop an indicated loss and LAE reserve for issued EREs. Section 3 discusses the source of the liability for the DDR policy provision and ways in which this liability can be viewed and consequently evaluated. Section 4 outlines a proposed methodology for developing an indicated DDR reserve. Section 5 compares the proposed methodology from Section 4 to the methodology commonly in place today for developing an indicated DDR reserve. Section 6 provides an application of the idea underlying the proposed DDR reserving methodology to pricing the DDR policy provision. Lastly, Section 7 summarizes the key points of the monograph.

2. INDICATED LOSS AND LAE RESERVE FOR ISSUED ERES

Two methods that may be used to develop an indicated loss and LAE reserve for issued EREs are described briefly as follows:

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[2]   Statement of Statutory Accounting Principles 65-7.
[3]   Statement of Statutory Accounting Principles 65-8.
[4]   See the American Academy of Actuaries' Committee on Property and Liability Financial Reporting's Practice Note on Statements of Actuarial Opinion on Property and Casualty Loss Reserves as of December 31, 2009 (in particular, pages 38, 53 and 54).
[5]   As is common in actuarial literature, the term "indicated reserve" will be used throughout this monograph to refer to indicated unpaid loss and LAE or to indicated unearned premium. The term "reserve" should not be understood to refer to the reserve carried on the financial statements unless explicitly identified as such.

(1) Pure Premium Methodology – Develop an ERE pure premium to which a claim reporting pattern can be applied to allocate the yet-to-be-reported portion of this pure premium for each issued ERE. Claims reported to date would need to be reserved for separately, typically by inclusion within the claims-made portion of the actuarial analysis; and

(2) Triangular Methodology – Include the ERE claims within the occurrence analysis (i.e., within the occurrence triangle) on a policy year basis (i.e., the year in which the endorsement is issued). If the company writes no occurrence business, or if the EREs on their own are of sufficient volume, ERE claims could be aggregated within their own triangle, again on a policy-year basis.

The above two methodologies will be discussed further in the following two sections, respectively.

2.1 Pure Premium Methodology

Exhibit 1 outlines the pure premium methodology that may be used to derive an indicated loss and LAE[6] reserve for unreported claims on EREs. The fundamental idea of this methodology is to derive an a priori ultimate loss and LAE associated with each policy year (for EREs only), and from this, allocate a portion estimated to be unreported as of the evaluation date. The details of Exhibit 1 by column are as follows:

(1) These are the number of issued EREs by policy year, adjusted by the classification of each physician insured to be base-class equivalent (i.e., each physician is counted according to the pricing relativity of his or her classification relative to the base class). The adjustment to a base-class equivalent basis is necessary, as this is the basis on which the pure premiums shown in Column (2) are developed. Note that they are not adjusted to be mature claims-made (MCM) equivalent, another standard adjustment typically included in measuring exposure in MPL reserving. This is because each ERE is assumed to have the same level of exposure regardless of the retroactive date of the claims-made policy to which it attaches (this assumption, and possible deviation from it,

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[6] If the actuary intends to develop a provision for unallocated loss adjustment expense (ULAE) costs associated with issued ERE policies elsewhere, the methodology can easily be modified to exclude ULAE from the pure premium and develop solely an indicated loss and allocated loss adjustment expense (ALAE) reserve.

is discussed further toward the end of this section). It would also be appropriate to adjust each issued DDR ERE count by a factor intended to account for the reduction in exposure (due to reduced practice hours, lessened acuity of patients, etc.) that typically occurs prior to a physician's retirement (80% is a commonly used adjustment factor for the exposure associated with DDR EREs relative to purchased EREs).

(2) The indicated loss and LAE base-class ERE pure premium, developed for the most recent policy year on Exhibit 3, is typically based on the insurer's claims-made book of business, along with its indicated or filed ERE factors. To avoid overstating the pure premium, the actuary should take care to exclude claims reported on EREs from the indications. Note that the pure premium for each of the older policy years is developed by de-trending the indication for the most recent year at an assumed trend rate of 5.0% per annum.

(3) The multiplication of Columns (1) and (2) produces an a priori ultimate loss and LAE for each policy year. Note that this ultimate loss and LAE is likely to be different from the ultimate loss and LAE that would be derived based on an analysis of ERE claims reported to date. However, in this context, the liability associated with reported claims is unimportant, as we intend to use this indication of ultimate loss and LAE solely to derive a subsequent indication of loss and LAE on unreported claims alone.

(4) The portion of ultimate loss and LAE estimated to stem from claims unreported at the current evaluation date is based on the trended claim reporting pattern given on Exhibit 5, which is itself based on the untrended reporting pattern on Exhibit 4. Note that it is important to rely on a claim reporting pattern rather than a loss reporting pattern for these indications, as it is not the incurred but not reported (IBNR) reserve itself that we are deriving through this methodology, but solely the reserve associated with IBNR claims. In other words, this provision should exclude the bulk reserve for any indicated deficiency in currently held case reserves. The IBNR reserve itself could be either less than or greater than the reserve associated with IBNR claims, depending on the magnitude of the bulk reserve indicated for claims reported to date.

The use of a trended reporting pattern reflects the assumption that the calendar year of claim payment will determine the cost level of the claim. This is discussed further in [1]. However, these calculations otherwise assume that no severity differential exists by report

lag. The actuary should consider whether this assumption is reasonable for the book of business under review, as in many cases, larger claims may take longer to reach a verdict or settlement.

(5) The multiplication of Columns (3) and (4) derives, by policy year, an indicated loss and LAE reserve for unreported claims on EREs on a gross of reinsurance basis.

The above methodology could be adjusted to a net of reinsurance basis by use of an indicated pure premium net of reinsurance or by adjusting the indicated unpaid loss and LAE by a net-to-gross ratio. One would expect in most cases that these ratios would vary by accident year, depending on the reinsurance in effect at the given time.

Note that the ERE pure premium used within this methodology is essentially an "average" ERE pure premium. If the book of business being reviewed is in a steady state, this is likely a reasonable assumption. However, if the book of business is expanding or undergoing other changes, it is possible that the expected pure premium associated with each policy year may be changing significantly as well.

This could be the case, for example, for an insurer that only began writing PPL policies several years ago. If the retroactive date for each of the issued policies was coincident with the initial effective date, the exposure associated with each issued ERE would be growing significantly over time, as the average length of time between the ERE effective date and the retroactive date grows. In this case, a different average ERE-to-claims-made factor should be derived by policy year, and it might be prudent to take into account the retroactive dates on each ERE in estimating exposure.

A second potential pitfall that should be avoided is failing to account for issued DDR EREs in addition to purchased EREs. This could result, for example, if a loss ratio methodology rather than a pure premium methodology were used to develop the a priori ultimate loss and LAE by policy year. Unless the premium used was adjusted to reflect DDR EREs written (which can be half or more of issued EREs), such a methodology could significantly understate the reserve associated with unreported claims on EREs. For the same reason, the actuary should also take care that issued ERE counts reflect issued DDR EREs, in addition to purchased EREs.

As mentioned above, under the pure premium methodology, a separate reserve indication will need to be derived for reported claims on EREs. This is typically done by including claims reported to date on EREs in the analysis of the reserve for claims-made policies. Both claims reported on

claims-made policies, as well as claims reported on EREs, would be included in the analysis on a report-year basis.

2.2 Triangular Methodology

If a sufficient volume of ERE claims is available (or if the company has an occurrence book of business with which the ERE claims can be combined), a standard actuarial analysis can be performed on the reported ERE claims to develop an indicated liability for both reported and unreported claims on EREs. Generally, including ERE claims in a triangle separate from the occurrence business is considered preferable, since the development patterns exhibited by each of these policy types can be materially different. For many companies, the proportion of EREs written relative to occurrence policies could vary over time, possibly having a significant impact on the analysis. However, for many companies, there is an insufficient volume of ERE claims to analyze EREs on their own, and including these claims with the occurrence business (or opting for the pure premium methodology described above) is necessary.

In performing a triangular analysis of the liability associated with ERE claims, it is important to organize the ERE claims reported to date on a policy year basis. Organizing the claims on an accident-year basis (as is sometimes done in error, possibly out of confusion due to including these claims with the occurrence business), would effectively develop a reserve for all claims to be reported on EREs that have occurred as of the evaluation date, regardless of whether an ERE to cover such a claim has been written. This would result in a possibly significant overstatement of the indicated reserve.[7]

3. THE LIABILITY FOR THE DDR POLICY PROVISION

The methodology proposed within this monograph for derivation of an indicated DDR reserve is based on a different perception of the source of the liability for the DDR policy provision than the current methodology. This merits further discussion before proceeding to the details of the proposed methodology.

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[7] Organization of ERE claims by policy year also has the benefit of being consistent with the NAIC's Annual Statement instructions for Schedule P, which require ERE premium and claims to be included on a policy year basis within the MPL-Occurrence section (see the Annual Statement instructions, under the heading Schedule P-Parts 1A through 1T).

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The following chart demonstrates four categories in which unreported claims on an in-force claims-made book of business may fall:

Unreported Claims on In-Force Claims-Made Book of Business

	Occurred	**Not Yet Occurred**
To Be Reported under Renewal Claims-Made Policy		
To Be Reported on ERE		

As shown by this chart, unreported claims may stem from an event that has either occurred as of a given evaluation date or has not yet occurred. Once reported, the claim will either be reported on a renewal of the in-force claims-made policy (or on the unexpired portion of the claims-made policy in-force), or on an ERE issued at the time the insured's last claims-made policy is non-renewed (assuming such an ERE is issued; otherwise, the insurer would have no liability for a claim reported after the date of non-renewal).

Next, we overlay on this chart a visual representation of two ways of viewing the DDR liability:

Unreported Claims on In-Force Book of Business

	Occurred	Not Yet Occurred
To Be Reported under Renewal Claims-Made Policy		
To Be Reported on ERE		

⬚ Claims for which only the proposed methodology reserves

⬚ Claims for which only the current methodology reserves

⬚ Claims for which both methodologies reserve

As shown above, the methodology proposed in this monograph (to be discussed in detail in the following section) assumes that the liability associated with the DDR policy provision stems only from claims that have occurred as of the given evaluate date, regardless of whether such a claim will be reported on the renewal of a claims-made policy or on an ERE issued at the time of the claims-made policy's non-renewal. This is in contrast to the current methodology for development of the DDR reserve, which views the liability as stemming only from yet-to-be-issued DDR EREs on the in-force book, regardless of whether the loss costs associated with those EREs stem from claims that have occurred as of the evaluation date (see Section 5 and Appendix A for further information on the current methodology).

This is easier to discuss and comprehend if we consider, rather than the DDR policy provision, a policy provision in which the insurer contractually agrees to provide EREs to all of its claims-made insureds at the time of their non-renewal. Such a construct is not entirely theoretical, as there are several MPL writers offering such a policy in the current market. For ease of discussion, let us refer to such a policy form as the Enhanced Claims-Made policy form.

As shown in the chart above, under the Enhanced Claims-Made policy form, there are two ways that the liability can be viewed. The first is to view the liability as essentially that of an occurrence policy and reserve for it as such (i.e., reserve for claims that have occurred as of the evaluation date, regardless of whether such a claim is expected to be reported on an ERE or on the renewal of an in-force claims-made policy). The second is to view the liability as that of a claims-made policy, plus

the liability for EREs unissued as of the evaluation date for the in-force book. Each of these viewpoints deserves further discussion:

(1) Occurrence Liability — If one considers that an ERE is intended to cover the gap in coverage between a claims-made and an occurrence policy, the notion that an Enhanced Claims-Made policy should be reserved for as an occurrence policy seems like the most natural course. Consider, for example, a claim that has occurred but remains unreported under the Enhanced Claims-Made policy form. Given the contractual language of this policy form stating that an ERE will be issued upon non-renewal of the policy, it is clear that coverage will be provided for such a claim and that a reserve should be held (although it remains unknown whether this claim will be reported under a renewal of the claims-made policy or under the ERE to be issued upon non-renewal). However, whether such a reserve should be held as a loss reserve or an unearned premium reserve would be a matter of debate.

(2) Claims-Made Plus Tail Liability — Under this viewpoint, the insurer would reserve for a claim if it had been reported as of the given evaluation date (this would be in common with the Occurrence Liability viewpoint discussed above, as shown in the chart preceding this discussion), or if the claim was expected to be reported on an ERE to be written upon expiration of the insured's last claims-made policy, regardless of whether such a claim had occurred as of the given evaluation date. On the surface, this viewpoint may seem technically consistent with the contractual policy language (which explicitly refers to coverage for claims reported during the policy period and to the offer of a pre-funded ERE at policy termination). However, including a reserve for claims that have not yet occurred may be inconsistent with the claims whose liability the insurer has in fact assumed at the given evaluation date, and seems counterintuitive relative to all other property & casualty reserving practices.

   As discussed above, the writer of an Enhanced Claims-Made policy will have liability for any claim that has occurred subsequent to the retroactive date of a given Enhanced Claims-Made policy, regardless of whether the claim has been reported as of the evaluation date. As is always the case, the insurer retains the right to cancel the policy at any time (although an ERE would be issued without additional premium charge upon such a cancellation), and so can be considered to have no liability for any claim that has

not yet occurred. This is similar to other aspects of property & casualty reserving, in which a reserve is carried only for claims that have occurred and for which the insurer is contractually liable (excluding, in particular, any claim to be incurred on the unearned portion of a policy).

Most fundamentally, the principal difference between the current and proposed methodologies is that the proposed methodology is based on actuarial methods common to property & casualty coverage, while the current methodology is characteristic of methodologies associated with life insurance. Reserving for fixed-premium life insurance policies evolved to its current status because of the insurer's contractual agreement as to the fixed-premium amount. Consequently, the life insurance reserving methodology requisitely reflects the possible difference between expected premium and expected payments over the remaining life of the policy. However, there is no contractual agreement on the part of the MPL insurer to continue to provide coverage at the current level of pricing. Consequently, a methodology more akin to typical property & casualty reserving (where a reserve is developed only for those claims that have already occurred) seems appropriate.

The methodology proposed in the following section assumes the first of the viewpoints discussed above; that is, the liability associated with the DDR policy provision stems from claims that have occurred as of the given evaluation date, and in particular, the portion of the loss and LAE on these claims that will be reported on DDR EREs.

4. AN INDICATED RESERVE FOR DDR EXPOSURE

As discussed above, the proposed methodology used to derive an indicated reserve for DDR exposure is based on the observation that a claims-made policy with a DDR provision offers coverage that is effectively between a claims-made policy without this provision and an occurrence policy. Thus, the DDR reserve can be thought of as a subset of the difference between the reserve that would exist for a claims-made book of business, if the business had been written on an occurrence basis, and the reserve that exists for the business as it was written (on a claims-made basis). The key is recognizing that the difference between these two reserve indications (the claims-made and the occurrence) can be grouped into the following categories:

(1) Claims that will be reported on claims-made policies (either unissued – i.e., non-renewed – as of the evaluation date or, if issued, on the unexpired portion of such a policy).

(2) Claims that will be reported after an insured's last claims-made policy has terminated, which themselves can be allocated to three subcategories:

(a) Claims that will be reported on a yet-to-be-issued DDR ERE.

(b) Claims that will be reported on a yet-to-be-issued purchased ERE.

(c) Claims for which the insurer will have no liability, as the insured was not eligible for a DDR ERE at termination of the claims-made policy and the insured chose not to purchase an ERE. (In a case such as this, the insured may have coverage from another insurer for such a claim, if the other insurer agreed to provide the insured with a retroactive date preceding the newly purchased policy's initial effective date. This is oftentimes referred to as "prior acts" coverage within the MPL industry.)

At any given evaluation date, the insurer of a claims-made book has no current liability for claims in category (1), (2b) or (2c). The DDR reserve can be thought of as a provision for claims in category (2a).

Note that the above classification pertains to reserve indications derived for the in-force claims-made book only. In other words, the liability associated with issued EREs is not included above. Deriving an indicated reserve for this liability was discussed in Section 2.

Exhibit 2 outlines the proposed methodology to derive an indicated reserve for the DDR exposure. This methodology is based on the categorization of unreported claims discussed above for an in-force book of claims-made policies. In brief, the methodology derives an indicated a priori ultimate loss and LAE indication for the in-force claims-made book on an accident-year (i.e., occurrence) basis. The portion of this indication assumed to stem from unreported claims is then estimated, and from this, the estimated portion associated with DDR claims (i.e., claims that are projected to be reported under yet-to-be-issued DDR EREs) is allocated. The resulting value is the indicated DDR reserve.

The details of Exhibit 2 by column are as follows:

(1) These are the number of earned exposures by accident year for insureds remaining in-force on claims-made policies only (i.e., excluding insureds for whom an ERE has been issued). Consistent with standard exposure calculations for PPL reserving, the exposures are adjusted to a base-class equivalent basis by the classification of each physician insured. However, they are not adjusted to be mature claims-made (MCM) equivalent. This is because, on an occurrence basis, as the indicated ultimate loss and LAE will be measured here, there is no reduction in liability for an insured holding a claims-made policy that is less than fully mature.

Note furthermore that the exposures are calculated on an accident-year basis, as opposed to the report-year basis on which claims-made exposures would normally be calculated. In other words, the exposures are determined based on the retroactive date of the policies, as opposed to their initial effective dates. If retroactive dates preceding the initial policy effective date have been provided, the accident-year exposures could be very different in magnitude from the report-year exposures. This will be the case if insureds were offered "full prior acts" coverage upon their initial purchase of a claims-made policy.

Lastly, note that the exposures in any given accident year are effectively a subset of the exposures in any subsequent accident year. This is because the exposures in a given accident year represent that portion of the in-force exposures with retroactive dates in or preceding this accident year. This observation can be helpful in understanding the methodology that follows.

(2) The indicated loss and LAE base-class occurrence pure premium is developed for the most recent accident year on Exhibit 3. Note that the underlying data is consistent with the data used in the derivation of the ERE pure premium used in Section 2.1 above. While the methodology in Section 2.1 serves to develop an indicated reserve for issued ERE policies, and hence, relies on an ERE pure premium applied to counts of these policies, the methodology under discussion for the DDR reserve relies on an occurrence pure premium. This is because the methodology is based on exposures measured on an accident-year basis and develops an indicated reserve for as yet unissued DDR EREs. The pure premium for each of the older accident years is

developed by de-trending the indication for the most recent year at an assumed trend rate of 5.0% per annum.

(3)   The multiplication of Columns (1) and (2) produces an a priori ultimate loss and LAE for each accident year. As mentioned previously, in the context of the pure premium methodology for unreported ERE claims, this a priori ultimate loss and LAE could be very different from the ultimate loss and LAE that would be derived based on an analysis of claims reported to date. In this context, the liability associated with reported claims is unimportant, as we intend to use this indication of ultimate loss and LAE solely to derive a subsequent indication of loss and LAE on unreported claims alone.

(4)   The portion of ultimate loss and LAE estimated to stem from claims unreported at the current evaluation date is based on the trended claim reporting pattern given on Exhibit 5. As was the case with the pure premium methodology for unreported ERE claims, it is important to rely on a claim reporting pattern rather than a loss reporting pattern for these indications, as it is solely the indicated reserve associated with IBNR claims that we are deriving through this methodology (as opposed to the IBNR reserve in its totality).

(5)   The multiplication of Columns (3) and (4) derives, by accident year, an indicated reserve for the loss and LAE expected to stem from unreported claims on in-force claims-made policies, which have occurred as of the evaluation date of the analysis.

(6)   The portion of the indicated reserve of interest is the portion expected to be reported on yet-to-be-issued DDR EREs. To segregate this portion of the indicated reserve, it is necessary to estimate, by accident year, the portion of loss and LAE on unreported claims that is expected to be reported on DDR EREs. This is done on Exhibit 6 (which is, in turn, based on the selected per annum retention and DDR rates from Exhibit 7).

On Exhibit 6, the average portion of the in-force book of insureds remaining in-force during subsequent calendar periods (cumulative retention) is estimated based on the selected per annum retention ratio. The cumulative retention ratios are then used to estimate the expected portion of insureds to experience DDR in each future calendar year (relative to the insureds in-force as of the current evaluation date). The incremental portion expected to DDR in any year is equal to the selected per annum

DDR rate times the portion remaining in-force. The result is referred to as the "incremental DDR portion." The cumulative portion of insureds expected to have obtained a DDR ERE at any given evaluation date (cumulative DDR portion) is the sum of these incremental DDR portions.

It is possible that the prospective portion of loss and LAE expected to be reported on DDR EREs is biased low for older accident years under the above methodology. This is because the physicians whose exposures are contemplated in the older accident years will, on average, be older than the physicians whose exposures are included in the more recent accident years (recall that the exposures of an older accident year are a subset of the exposures in any more recent accident year; in particular, they are the subset with retroactive dates in or preceding the given older accident year, and are consequently more likely to consist of older physicians). The likelihood of a claim being reported on a DDR ERE can be expected to increase as a physician ages (although this does not necessarily imply that the weighted average portion of claims expected to be reported on DDR EREs will increase for older accident years, as this is influenced by other factors, such as the reporting pattern). The actuary may wish to consider an adjustment to the methodology for this aging phenomenon, although in doing so, the actuary should observe that the portion of the indicated DDR reserve stemming from older accident years is usually quite small, and consequently, the effect of such an adjustment may be immaterial.

This observation may also hold for the later report periods associated with the more recent accident years, in which the physicians will have aged relative to the evaluation date of the analysis. Consequently, their DDR rate may have increased relative to the in-force book from which it was projected. However, their retention rate can also be expected to have decreased (as a result of the increase in the DDR rate), and the effect of these two on the prospective incremental DDR portions may be offsetting. As was noted in the prior paragraph concerning the older accident years, the loss and LAE associated with these later report periods is minimal, and consequently, any attempt to adjust for this phenomenon may be immaterial. However, the actuary should consider the appropriateness and possible effect of the underlying assumptions for the book of business under review.

Two factors that may affect the portion of insureds to DDR on an historical basis that should be considered in selecting a prospective portion to DDR are the economic cycle and the overall age of the claims-made book. Physicians may choose to postpone retirement during an economic recession, so the portion of insureds that are observed to experience a DDR event during such a time period may be lower than during times of economic growth.

In addition, an insurer that has provided claims-made coverage for a relatively short period of time will have experienced few DDR occurrences. This is in part due to what may be a younger book of insureds than will be experienced as the book ages, but also due to stipulations that may exist in the DDR ERE provision, such as a frequent requirement that a physician maintain a claims-made policy in-force for a minimum of typically five years in order to qualify for the retirement benefit. The large majority of DDR policy issuances stem from a physician's retirement, and consequently, the number of such issuances can be very small for a relatively new PPL insurer.

Changes may also occur over time in the particular policy language of the DDR provision. As mentioned in the previous paragraph, physician insureds are frequently required to maintain a claims-made policy in-force for five years in order to qualify for a pre-funded ERE in the event of retirement. This requirement is often relaxed or eliminated during a soft market, and in some cases, insurers may also eliminate the age requirement from the policy language. Such a change can, of course, affect the portion of insureds to earn a DDR ERE over time and should be considered in a prospective selection.

The retention ratio can also be expected to vary over time, and is largely a function of market factors. The retention ratio will vary depending on the state in which the insurer provides coverage and can also vary as a result of the insurance cycle. Consequently, it is prudent to consider multi-year time periods in measuring indications of this ratio. The claims for which this methodology derives an indicated reserve are expected to be reported over several years, and a multi-year average is consequently appropriate.

(7) The product of the indicated reserve in Column (5) (for all unreported claims) and the weighted average portion of claims to be reported on DDR EREs in Column (6) produces an indicated reserve for claims expected to be reported on DDR EREs.

(8) The last adjustment included in this methodology is for the assumed reduction in exposure associated with DDR EREs relative to purchased EREs. This assumed adjustment is due to a reduction in a physician's exposure preceding retirement. While such an adjustment would be largely judgmental for some insurers, insurers with larger books of business may be able to compare the frequency on DDR EREs with the frequency on purchased EREs to develop an indication for this adjustment.

(9) The indicated DDR reserve is the product of the total from Column (7) with Row (8).

Note that, unlike the pure premium methodology for issued EREs discussed in Section 2.1 above, the analysis described above is performed solely on a gross of reinsurance basis, with no separate reduction to net liability. This is typically the manner in which the DDR reserve is carried within an insurer's financial statements, and results from the observation that the DDR ERE remains unissued as of the evaluation date of these statements. Consequently, there is no reinsurance treaty in-force to cover the ERE.[8] The lack of a ceded DDR reserve can also be considered the interpretation of Statement of Statutory Accounting Principles (SSAP) 65-8, which states that "The amount of the reserve should be adequate to pay for all future claims arising from these coverage features, after recognition of future premiums to be paid by current insureds for these benefits."

The requirement of SSAP 65-8 that the indicated DDR reserve include an offset for "recognition of future premiums to be paid by current insureds for these benefits" merits further discussion. Clearly, the methodology proposed above includes no such offset. However, the lack of such an offset seems reasonable, as the only claims for which a reserve is projected are those that have already occurred, as opposed to "all future claims arising from these coverage features." The methodology also seems consistent with the NAIC's original intent in requiring the DDR reserve, which was "to assure that amounts collected by insurers to pay for these benefits are not earned prematurely and that an insurer with an aging book of business will not show adverse operating

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[8] Reinsurance treaties for MPL coverage typically apply either on a claims-made or policies-issued basis. The language of a reinsurance treaty on a policies-issued basis is usually such that an ERE would attach upon the effective date of the endorsement itself, and not at the effective date of the claims-made policy that it endorses.

results simply because an increasing portion of insureds is earning the benefits for which it has paid." [9]

5. COMPARISON TO CURRENT METHODOLOGY FOR DDR RESERVING

There are various forms of the current methodology for developing an indicated DDR reserve commonly in use today. One of these is described by Walker and Skrodenis [3], as well as by Walling [4]. Fundamentally similar methodology has been employed by various MPL writers, as well as various consulting firms providing actuarial services to MPL writers. While each user has incorporated (or chosen not to incorporate) various adjustments into the methodology, and has also organized the presentation of the methodology differently, the fundamental concept underlying each version of the methodology remains the same. Appendix A presents a version of the methodology commonly employed, and will be the focus of the discussion here.

5.1 Overview of the Current Methodology

The current methodology requires a number of assumptions, including:

- Death, disability and retirement rates by age;
- Policy renewal rates, also typically analyzed by age;
- Average pure premium and collected premium per exposure;
- Prospective pricing provision for DDR coverage;
- Age demographics for the in-force book of claims-made insureds; and
- Interest rate and trend assumptions.

These are used to project the number of physicians to die, become disabled, retire, or to lapse his or her policy over each of the next 50 or more calendar years, from among the in-force book of claims-made insureds. The estimated loss cost associated with physicians who DDR is then determined, and offset on a discounted basis by the premium collected during these same calendar years associated with DDR coverage (based on the pricing provision for DDR within the claims-made policy).

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[9] NAIC Proceedings - 1991 Vol. IIB (also, NAIC Accounting Practices & Procedures Manual, Issue Paper 65, Section 41).

This method is complex and highly leveraged on its underlying assumptions (including the discount rate, trend rate, the death and disability rates, and, in particular, the retirement rates, which are highly uncertain). Given the magnitude of the DDR reserve relative to the loss and LAE reserve, a more streamlined methodology seems appropriate. Perhaps most significantly, the current method projects losses to be reported at some future date, but which have not yet occurred. These losses contribute significantly to the indicated reserve, yet given that no reserve for these claims would be required even if an occurrence policy had been written, their inclusion within the methodology seems intuitively suspect.

A more complete description of one version of the current methodology can be found in Appendix A.

5.2 Actuarial Research on the Current Methodology

Prior to the 1980s, MPL policies were largely written on an occurrence basis, consistent with the rest of the property & casualty industry. However, this changed during the early 1980s, largely in response to pressure from reinsurers who wanted to limit the uncertainty associated with the coverage they were providing. MPL insurers introduced claims-made policy forms, and some eliminated occurrence coverage entirely (although others have continued to offer occurrence coverage, sometimes under certain limitations, such as only for particular specialties or only up to particular policy limits that would be below the level of loss ceded to reinsurers). Not long after this, the DDR policy provision was introduced, although the liability associated with this provision seems not to have been immediately understood.

McClenahan [2] may have been the first to consider the need for an accrued liability related to yet-to-be-issued DDR EREs, and much of his paper, authored in 1988, is devoted to arguing for this accrual. However, his conclusion is that most insureds will remain in-force until death, disability or retirement, and consequently, the insurer should carry the difference between the indicated occurrence reserve and the claims-made reserve as an accrual for the DDR liability.

Subsequently, other actuaries observed that the portion of in-force insureds who will DDR (as opposed to canceling coverage for another reason and purchasing an ERE tail) may in fact be much smaller than the book as a whole. In addition, much of the difference between the occurrence liability and the claims-made liability will be covered by claims-made policies that have not yet been renewed, and an accrual for DDR liability should be offset by these future premiums.

Walker and Skrodenis [3] recognized both of these offsets to the DDR liability. The focus of Walker and Skrodenis's work was on pricing for DDR coverage within a claims-made policy, but the three techniques presented are also discussed by the authors as applicable to establishing the DDR reserve. Each of these techniques is based on estimating rates of mortality, disability, retirement and policy lapse by age.

When applied to the in-force group of physicians, estimates of the number of insureds to die, become disabled, retire, or lapse their policy can be obtained by calendar year. Together with associated estimates of each physician's earned premium and pure premium during these calendar years, an estimate of the DDR reserve is derived. Note that this model effectively makes projections over the next fifty years or more (the length of time that a relatively young physician may be continuously insured).

Walling [4] presents two methods for estimating the DDR reserve. The first is fundamentally identical to Walker and Skrodenis's model, but adds modifications for items such as the waiting period for eligibility and trends in mortality. The second method is a stochastic approach in which interest rates, inflation rates, and mortality are simulated, but is otherwise similar to the model presented by Walker and Skrodenis.

The modifications proposed by Walling within his first method can be considered improvements over the Walker and Skrodenis model. However, the disadvantages associated with the model itself (discussed further below) remain. It is not clear whether the second method proposed by Walling (in which the parameters are stochastically simulated) represents an improvement in methodology, or rather, a difference in methodology. The appeal of stochastically varying the underlying assumptions seems to lie in the recognition that these assumptions are highly uncertain, and stochastically varying the assumptions allows the actuary to incorporate a wider range of parameter values into the indicated reserve. However, as Walling notes, "significant parameter risk still exists and may actually be increased by using a stochastic model."[10]

5.3 Comparison of the Current and Proposed Methodologies

There are several advantages of the proposed methodology over the current. In particular:

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[10] [4], page 10.

(1) It avoids the projection of claims from accidents that have not occurred as of the evaluation date.

(2) It avoids the projection of future earned premiums on policies that have not renewed as of the evaluation date.

(3) It avoids the discounting of the above projections for the time value of money and the need to select a discount rate.

(4) The current methodology has the potential to be highly inaccurate, given its reliance on unknown parameters such as mortality, disability, and retirement rates by age (which may differ from the general population).

(5) The proposed methodology is significantly less leveraged than the current methodology, which has the potential to produce a wide range of reserves based on seemingly small variations in the underlying assumptions.

(6) The time requirement for the actuary of the proposed methodology is appropriate to the relative magnitude of the reserve.

The following table highlights the leverage of the current methodology by providing the indicated increase in reserve under various changes in parameter assumptions:

Indicated Change in Reserve Under Various Parameter Assumptions Current Methodology[1]			
Parameter	**Initial Value**	**Revised Value**	**Indicated Change in Reserve**
Retention	91.0%	89.0%	(24.4)%
Pure Premium[2]	$11,171	$10,054	(17.1)%
DDR Provision	3.0%	4.0%	(23.8)%
Per Annum Trend[3]	5.0%	6.0%	22.6%
Per Annum Discount Rate	3.0%	4.0%	(20.9)%
Retirement Rates	Additive Increase of 1.0% from Age 55 to 79		16.6%

[1]   Under an assumed 3.0% per annum discount rate for the time value of money.

[2]   A 10% reduction in revised value relative to initial value.

[3]   Using same selected pure premium and changing prospective selected trend only.

Other changes in assumptions not outlined here can also have a significant impact on the resulting indicated reserve. For example, varying the DDR rates (perhaps under the assumption that physicians may have slightly longer life expectancies than the general population) or the projected average premium (for long-term pricing assumptions) can also have significant impacts on the analysis.

For comparison, the following table provides the effect of revisions consistent with the above on the indicated reserve under the proposed methodology:

Indicated Change in Reserve Under Various Parameter Assumptions Proposed Methodology			
Parameter	**Initial Value**	**Revised Value**	**Indicated Change in Reserve**
Retention	91.0%	89.0%	(1.3)%
Per Annum Trend[1]	5.0%	6.0%	1.3%
Pure Premium[2]	$7,680	$6,912	(10.0)%

[1]   Using same selected pure premium and changing factor used to de-trend selected pure premium and derive trended reporting pattern only.

[2]   A 10% reduction in revised value relative to initial value.

For most other parameters on which the indicated DDR reserve depends under the proposed methodology, similar to the pure premium parameter, the effect on the indicated reserve of a change in the parameter is also proportional. This is the case, for example, for the exposure adjustment for DDR EREs relative to purchased EREs.

6. PRICING THE DDR POLICY PROVISION

The idea behind the methodology proposed above for developing a DDR reserve also provides a simplified methodology to price the DDR provision within the claims-made policy. Recall that a claims-made policy with a DDR policy provision can be thought of as providing coverage between a claims-made policy without this provision and an occurrence policy. Thus the premium charge for a claims-made policy with the DDR provision should also be between the premium charges for these two policy types.

In MPL policies, a typical occurrence factor is 1.10 (i.e., it is typical to charge 10% more for an occurrence policy than for a comparable claims-made policy). This factor is typically derived actuarially by use of a claims reporting pattern and a selected trend rate. An offset for investment income may also be included, depending on the pricing targets for the claims-made and occurrence books of business.

If an insurer experiences a very high retention rate, perhaps so high that the only insureds non-renewing their coverage are those experiencing a DDR event, then that insured is effectively providing occurrence coverage. This is because for every issued claims-made policy, an insurer can expect to provide coverage for all claims occurring during the policy period (whether reported during this same period, on a subsequent renewal of the claims-made policy, or on the DDR ERE eventually issued). Consequently, the charge by such an insurer for a claims-made policy with a DDR provision should be equal to the charge for an occurrence policy (i.e., a DDR provision of 10%).

Conversely, consider an insurer with an abnormally low retention rate. For purposes of this theoretical argument, suppose that the retention rate is so low that effectively no insureds qualify for DDR EREs (recall that the number of in-force insureds experiencing death or disability is very small, and there is typically a vesting period required to qualify for the retirement provision of DDR coverage). In this admittedly theoretical case, there is no cost to the insurer of the DDR provision, and a pricing provision of 0% would be indicated.

Lastly, consider a more realistic insurer, whose retention falls between these two theoretical examples. Suppose that the insurer experiences a per annum retention of 91.0%, and a per annum DDR rate (i.e., the portion of in-force insureds to experience a DDR event) of 3.5%, each measured as a portion of the in-force claims-made book. Thus approximately 39%[11] of the in-force claims-made insureds of this insurer can be expected to obtain a DDR ERE upon non-renewal. The insurer is thus effectively providing occurrence coverage for this 39% of its in-force claims-made insureds, and claims-made coverage only for its remaining insureds. Assuming an occurrence factor of 1.10 for this insurer implies a DDR factor of approximately 1.04[12] within the ratemaking process.

The DDR factor incorporated into the indicated rate level could also vary judgmentally from this indication in the event of changes to the DDR policy language (e.g., a restriction or expansion of the retirement qualification) or in the event of expected changes, such as increased retention or aging of the book of business. A judgmental adjustment to the DDR factor could also be made to reflect the reduction in exposure preceding retirement discussed previously. However, in applying such an adjustment factor, the actuary would want to take into account that this reduction occurs only

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[11] Calculated as 3.5% / [100.0% - 91.0%].
[12] Calculated as [1.10 – 1.00] x 39% + 1.00.

during the three to four years preceding retirement, and not to the full exposure associated with these insureds.

The current process commonly used for deriving an indicated rate load for the DDR policy provision is discussed in [3]. Similar to the comparison of the current and proposed reserving methodologies, the proposed methodology for developing an indicated pricing provision for DDR coverage is much less time-consuming and more stable than the methodology currently in place.

7. CONCLUSION

Methodologies have been presented for deriving an indicated loss and LAE reserve on issued EREs, a reserve associated with yet-to-be-issued DDR EREs, and for a DDR factor to be incorporated within the ratemaking process. Each of these methodologies has been shown to be an improvement over the methodologies currently in place for deriving each of these indications. The author believes these methodologies would constitute a significant improvement in the techniques employed by actuaries within the MPL industry.

Acknowledgment

Appendix A

One version of the most common methodology currently in use for developing an indicated DDR reserve is provided on Exhibits A1 through A18. The following paragraphs describe this methodology in more detail, taking care also to highlight the most significant differences that exist between this and the proposed methodology. Note that where assumptions of this methodology overlap with those of the proposed methodology (such as for the selected pure premium), the assumptions have been made consistently. While both sets of exhibits consist of manufactured data, an attempt has been made to present reasonable parameter selections and to maintain consistency between the method assumptions, in order to facilitate comparison.

The results of the current methodology are given on Exhibit A1. The indicated reserve is the discounted loss and LAE paid on yet-to-be-issued DDR EREs, less the discounted DDR premium yet to be earned (i.e., the portion of premium included within the ratemaking analysis for DDR exposure), both for the in-force book of claims-made insureds as of the evaluation date. While SSAP 65 does not explicitly allow or disallow discounting within the DDR reserve, a provision for

the time value of money is usually included so as to develop an intuitively reasonable reserve. In addition, other NAIC accounting guidance characterizes the time value of money as one of the factors that "should be considered" in estimating the DDR reserve.[13]

The first step in the development of the indicated reserve is the selection of per annum retention ratios (typically done by age) as well as per annum rates of death, disability, and retirement. The DDR rates assumed are given on Exhibit A2. These can be based on information from the Census Bureau (for the death rates), or other public sources, as well as information from the insurer, which will typically be of limited credibility. In selecting the DDR rates, the actuary should take care that they are consistent with the selected retention rates by age (i.e., that the sum of all the rates is less than or equal to 100.0%, and presumably that this sum increases with age).

Exhibit A3 provides the selected overall per annum retention ratio. Due to the long-term nature of the methodology, the selected retention rate will typically be based on a longer-term indication, unless the actuary has reason to expect a difference in retention rates prospectively. The retention rate can also be selected to vary by age, as shown on Exhibit A4. While indicated retention rates for most age groups will be substantially similar until a typical retirement age (e.g., 65), retention rates can be expected to decrease somewhat for older physicians.

The selected retention rates are used on Exhibits A5 through A8 to project the number of in-force insureds to remain insured at future evaluation points. Note that projections are made over a 50-year time period, as a small portion of the insureds age 30 or less at the current evaluation is expected to remain continuously insured up to that point.

Similar projections are made on Exhibits A9 through A12 for the number of in-force insureds expected to die, become disabled, or retire during the next 50 calendar years. This information, together with the projections of physicians expected to remain in-force, is summarized on Exhibit A13. As a check of reasonability, comparisons can be made here of the number of insureds expected to lapse (whether due to DDR or other reasons) during the next several calendar years to the number known to have lapsed for the claims-made book in the calendar years preceding the evaluation date, recognizing that the projected values will likely be less due to the run-off nature of the methodology.

Exhibit A14 provides the selected average ERE pure premium to be applied to the projected DDR ERE issuances. Its derivation is analogous to the ERE pure premium derivation for the issued ERE reserve methodology discussed in Section 2.1, and shown on Exhibit 3. Note that Exhibit A14 includes an adjustment to the indicated pure premium for an assumed reduction in exposure for DDR EREs due to a physician's reduced practice hours preceding retirement. This is not reflected on Exhibit 3 for the proposed methodology, but is reflected instead on Exhibit 2, as a final adjustment to the indicated DDR reserve.

The pure premium is combined with the projected number of DDR ERE issuances on Exhibit A15. The projected total loss and LAE to be incurred on these EREs is allocated to calendar period by a selected payment pattern, given on Exhibit A18. The projected loss and LAE

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[13] NAIC Accounting Practices & Procedures Manual, Issue Paper 65, Section 41.

to be paid by calendar period is discounted for the time value of money at various rates of return on Exhibit A16.

Note that the projection of DDR EREs and associated loss and LAE reflects all DDR EREs to be issued at any future point in time for claims-made insureds in-force as of the current evaluation date. Consequently, these DDR EREs include exposure associated with claims that will have occurred subsequent to the evaluation date of the analysis, but prior to the issuance of the DDR ERE. This is a disadvantage of the current methodology, as a reserve based on these claims would not be required even if occurrence coverage had been written.

Exhibit A17 provides the projection of yet-to-be-earned DDR premium on the renewal of the in-force claims-made policies, based on the current DDR provision included within the ratemaking process for these policies. This projected DDR premium is then discounted at the same per annum rates of return used for the loss and LAE payments on Exhibit A16. It is the total discounted projections from Exhibits A16 and A17 that are used on Exhibit A1 to derive the resulting indicated DDR reserve.

8. REFERENCES

[1]   Marker, J.O., and F.J. Mohl, "Rating Claims-Made Insurance Policies," *CAS Discussion Paper Program*, May 1980, 365-304.

[2]   McClenahan, C.L., "Liabilities for Extended Reporting Endorsement Guarantees Under Claims-Made Policies," *CAS Discussion Paper Program*, May 1988, 345-364.

[3]   Walker, C.P., and D.P. Skrodenis, "Death, Disability and Retirement Coverage: Pricing the 'Free' Claims-Made Tail," *CAS Forum*, Winter 1996, 317-346.

[4]   Walling, R.J., III, "A Dynamic Approach to Modeling Free Tail Coverage," *CAS Forum*, Fall 1999.

Abbreviations and notations

ALAE, allocated loss adjustment expense	MCM, mature claims-made
BCE, base-class equivalent	MPL, medical professional liability
DDR, death, disability and retirement	NAIC, National Association of Insurance Commissioners
ERE, extended reporting endorsement	PPL, physicians professional liability
IBNR, incurred but not reported	ULAE, unallocated loss adjustment expense
LAE, loss adjustment expense	SSAP, Statement of Statutory Accounting Principles

Biography of the Author

Susan J. Forray is a Consulting Actuary in the Milwaukee office of Milliman. She is a Fellow of the Casualty Actuarial Society and a Member of the American Academy of Actuaries. She has provided actuarial assistance to a spectrum of risk-bearing entities in both the private and public sectors, ranging from large multi-line commercial insurance companies to self-insured programs. She has also been active in the Casualty Actuarial Society, having served on the Examination Committee, the editorial board of the journal *Variance*, and the committee on professionalism education. She is a frequent presenter at industry symposia, and her work has been published in *Best's Review*, *The Physician Insurer*, and *Contingencies*. She can be reached at susan.forray@milliman.com.

Analysis of Unreported Tail Claims Loss and LAE Reserve And
DDR Reserve, as of December 31, 2009

Indicated Unreported Tail Claims Loss and LAE Reserve

Policy Year	(1) Issued ERE Base Class Equivalent Exposures (Not MCM Equivalent)	(2) Indicated ERE Policy Loss & LAE Pure Premium[1]	(3) = (1) x (2) Indicated A Priori Ultimate Loss & LAE On Issued ERE Policies	(4) A Priori Portion of Loss and LAE on Claims Unreported as of 12/31/09 [2]	(5) = (3) x (4) *Gross of Reinsurance* Indicated Loss & LAE on Claims Unreported, On Issued ERE Policies as of 12/31/09
1997	9	7,776	67,687	0.0%	0
1998	10	8,164	85,547	0.0%	0
1999	13	8,573	110,301	0.2%	174
2000	14	9,001	126,632	0.5%	580
2001	16	9,451	148,859	1.3%	1,951
2002	24	9,924	235,961	2.3%	5,312
2003	57	10,420	589,595	2.9%	17,028
2004	74	10,941	814,874	4.2%	34,287
2005	90	11,488	1,038,188	6.7%	69,217
2006	106	12,063	1,280,700	13.7%	175,779
2007	122	12,666	1,542,150	21.8%	335,896
2008	128	13,299	1,702,278	45.8%	779,120
2009	134	13,964	1,871,176	73.4%	1,373,810
Total	797		9,613,948	29.1%	2,793,155

[1] From Exhibit 3, detrended by a per annum trend of 5.0%.

[2] From Exhibit 5, and assumed a twelve-month lag between accident year and ERE policy year claim reporting patterns.

Analysis of Unreported Tail Claims Loss and LAE Reserve And
DDR Reserve, as of December 31, 2009

Indicated DDR Reserve

Accident Year	(1) In Force as of 12/31/09 Base Class Equivalent Exposures (Not MCM Equivalent)	(2) Indicated Occurrence Loss & LAE Pure Premium[1]	(3) = (1) x (2) Indicated A Priori Ultimate Loss & LAE On an Occurrence Basis	(4) A Priori Portion of Loss and LAE on Claims Unreported as of 12/31/09 [2]	(5) = (3) x (4) Indicated Loss & LAE on Claims Unreported, But Having Occurred as of 12/31/09	(6) Weighted Average Portion of Claims To be Reported On DDR Policies[3]	(7) = (5) x (6) Indicated Unreported Loss & LAE to be Reported on DDR Policies
1997	167	4,277	712,798	0.0%	0	1.8%	0
1998	201	4,490	900,871	0.2%	1,423	1.8%	25
1999	246	4,715	1,161,550	0.5%	5,321	2.9%	156
2000	269	4,951	1,333,536	1.3%	17,478	3.3%	584
2001	302	5,198	1,567,601	2.3%	35,292	4.6%	1,632
2002	455	5,458	2,484,844	2.9%	71,764	6.6%	4,706
2003	1,083	5,731	6,208,885	4.2%	261,249	7.2%	18,940
2004	1,426	6,017	8,581,241	6.7%	572,120	7.2%	41,329
2005	1,730	6,318	10,932,914	13.7%	1,500,569	6.0%	89,302
2006	2,033	6,634	13,486,747	21.8%	2,937,548	6.4%	189,005
2007	2,331	6,966	16,240,017	45.8%	7,432,933	5.5%	409,327
2008	2,451	7,314	17,926,284	73.4%	13,161,410	6.1%	805,404
2009	2,762	7,680	21,213,994	96.9%	20,559,196	7.5%	1,542,578
Total	15,457		102,751,282		46,556,302		3,102,987

Assumed Reduction in DDR Liability Due to Reduced Exposure Prior to Retirement (8)   80.0%

Indicated DDR Reserve; (7) Total x (8) = (9)	2,482,390

[1] From Exhibit 3, detrended by a per annum trend of 5.0%.

[2] From Exhibit 5.

[3] Weighted average portion to DDR from Exhibit 6.

Analysis of Unreported Tail Claims Loss and LAE Reserve And
DDR Reserve, as of December 31, 2009

Indicated Pure Premiums For Occurrence and Tail Coverage

Report Year	Ultimate Loss & ALAE Limited to Policy Limits[1]	Mature Claims-Made Base Class Equivalent Exposures	Ultimate Loss & ALAE Pure Premium	Trended[2] Ultimate Loss & ALAE Pure Premium
1998	5,424,163	1,359	3,992	6,828
1999	2,396,646	1,427	1,679	2,736
2000	9,206,638	1,574	5,847	9,071
2001	4,793,956	1,777	2,698	3,986
2002	7,511,520	1,825	4,117	5,793
2003	8,367,549	1,774	4,717	6,321
2004	17,946,284	2,526	7,106	9,069
2005	19,199,929	2,736	7,017	8,529
2006	14,844,834	2,844	5,220	6,043
2007	10,900,615	2,500	4,360	4,807
2008	13,165,910	2,414	5,455	5,728
2009	16,783,983	2,674	6,277	6,277
2003 - 2009				6,713
2005 - 2009				6,315

(1) Selected Base Class Claims-Made Loss & ALAE Pure Premium at Total Limits 6,525

(2) ULAE Load[1] 7.0%

(3) Selected Base Class Claims-Made Loss & LAE Pure Premium at Total Limits; (1) x [1 + (2)] 6,982

(4) Mature Claims-Made to Occurrence Factor[3] 1.100

(5) Selected Base Class Loss & LAE Occurrence Pure Premium; (3) x (4) **7,680**

(6) Mature Claims-Made to Average ERE Factor[3] 2.000

(7) Selected Base Class Loss & LAE Tail Pure Premium; (3) x (6) **13,964**

[1] Based on claims-made reserve analysis

[2] Trended at 5.0% per annum to average report date of July 1, 2009

[3] Based on actuarial analysis or currently filed occurrence and ERE factors

Analysis of Unreported Tail Claims Loss and LAE Reserve And
DDR Reserve, as of December 31, 2009

Indicated Portion Unreported by Accident Year

Reported Claim Counts

Accident Year	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180
1995	6	48	119	161	163	168	171	173	174	175	176	176	176	176	176
1996	4	32	72	96	101	105	107	109	109	110	111	111	111	111	
1997	6	48	114	158	166	177	183	184	186	187	188	189	189		
1998	5	57	119	170	181	195	200	202	203	204	205	205			
1999	6	60	122	164	178	191	195	197	197	199	200				
2000	5	59	149	222	237	253	258	261	262	263					
2001	5	60	140	207	225	241	247	250	251						
2002	9	72	139	195	209	223	228	231							
2003	10	81	158	213	236	255	261								
2004	7	64	133	198	219	234									
2005	10	70	141	194	212										
2006	6	67	136	195											
2007	12	82	152												
2008	10	71													
2009	14														

Reported Claim Counts Development Factors

Accident Year	12 - 24	24 - 36	36 - 48	48 - 60	60 - 72	72 - 84	84 - 96	96 - 108	108 - 120	120 - 132	132 - 144	144 - 156	156 - 168	168 - 180	180 - ult
1995	8.000	2.479	1.353	1.012	1.031	1.018	1.012	1.006	1.006	1.006	1.000	1.000	1.000	1.000	
1996	8.000	2.250	1.333	1.052	1.040	1.019	1.019	1.000	1.009	1.009	1.000	1.000	1.000		
1997	8.000	2.375	1.386	1.051	1.066	1.034	1.005	1.011	1.005	1.005	1.005	1.000			
1998	11.400	2.088	1.429	1.065	1.077	1.026	1.010	1.005	1.005	1.005	1.000				
1999	10.000	2.033	1.344	1.085	1.073	1.021	1.010	1.000	1.010	1.005					
2000	11.800	2.525	1.490	1.068	1.068	1.020	1.012	1.004	1.004						
2001	12.000	2.333	1.479	1.087	1.071	1.025	1.012	1.004							
2002	8.000	1.931	1.403	1.072	1.067	1.022	1.013								
2003	8.100	1.951	1.348	1.108	1.081	1.024									
2004	9.143	2.078	1.489	1.106	1.068										
2005	7.000	2.014	1.376	1.093											
2006	11.167	2.030	1.434												
2007	6.833	1.854													
2008	7.100														
Average	9.039	2.149	1.405	1.073	1.064	1.023	1.012	1.004	1.007	1.006	1.001	1.000	1.000	1.000	
Wtd Average	8.624	2.118	1.409	1.075	1.066	1.023	1.011	1.004	1.006	1.006	1.001	1.000	1.000	1.000	
Avg L5	8.249	1.985	1.410	1.093	1.071	1.022	1.011	1.005	1.007	1.006					
Avg L3	8.367	1.966	1.433	1.102	1.072	1.024	1.012	1.003	1.006	1.005	1.002	1.000			
Avg L5 x H/L	7.748	1.998	1.404	1.095	1.069	1.022	1.011	1.004	1.006	1.005					
															Tail
Select	8.249	1.985	1.410	1.093	1.071	1.022	1.011	1.005	1.007	1.006	1.002	1.001	1.000	1.000	1.000
Cumulative	28.516	3.457	1.742	1.235	1.130	1.055	1.032	1.021	1.016	1.009	1.003	1.001	1.000	1.000	1.000

Implicit Portion of Claims Unreported at Given Month of Development

12	24	36	48	60	72	84	96	108	120	132	144	156	168	180
96.5%	71.1%	42.6%	19.0%	11.5%	5.2%	3.1%	2.1%	1.6%	0.9%	0.3%	0.1%	0.0%	0.0%	0.0%

**Analysis of Unreported Tail Claims Loss and LAE Reserve And
DDR Reserve, as of December 31, 2009**

Indicated Portion Unreported by Accident Year -- Adjusted for Trend in Payments

(1) **Implicit Portion of Claims Unreported at Given Month of Development[1]**

12	24	36	48	60	72	84	96	108	120	132	144	156	168	180
96.5%	71.1%	42.6%	19.0%	11.5%	5.2%	3.1%	2.1%	1.6%	0.9%	0.3%	0.1%	0.0%	0.0%	0.0%

(2) **Incremental Portion of Claims Reported Between Given Months of Development[2]**

0 - 12	12 - 24	24 - 36	36 - 48	48 - 60	60 - 72	72 - 84	84 - 96	96 - 108	108 - 120	120 - 132	132 - 144	144 - 156	156 - 168	168 - 180	Total
3.5%	25.4%	28.5%	23.5%	7.5%	6.3%	2.1%	1.1%	0.5%	0.7%	0.6%	0.2%	0.1%	0.0%	0.0%	100.0%

(3) **Trend Factor at 5.0% per annum Relative to 0 - 12 Reporting Period**

0 - 12	12 - 24	24 - 36	36 - 48	48 - 60	60 - 72	72 - 84	84 - 96	96 - 108	108 - 120	120 - 132	132 - 144	144 - 156	156 - 168	168 - 180
1.000	1.050	1.103	1.158	1.216	1.276	1.340	1.407	1.477	1.551	1.629	1.710	1.796	1.886	1.980

(4) = (2) x (3) **Trended Incremental Portion of Claims Reported Between Given Months of Development**

0 - 12	12 - 24	24 - 36	36 - 48	48 - 60	60 - 72	72 - 84	84 - 96	96 - 108	108 - 120	120 - 132	132 - 144	144 - 156	156 - 168	168 - 180	Total
3.5%	26.7%	31.4%	27.3%	9.2%	8.0%	2.8%	1.5%	0.7%	1.1%	1.0%	0.3%	0.2%	0.0%	0.0%	113.6%

(5) = (4) / (4) Total **Normalized and Trended Incremental Portion of Claims Reported Between Given Months of Development**

0 - 12	12 - 24	24 - 36	36 - 48	48 - 60	60 - 72	72 - 84	84 - 96	96 - 108	108 - 120	120 - 132	132 - 144	144 - 156	156 - 168	168 - 180	Total
3.1%	23.5%	27.7%	24.0%	8.1%	7.1%	2.5%	1.3%	0.6%	0.9%	0.9%	0.3%	0.2%	0.0%	0.0%	100.0%

(6) **Normalized and Trended Portion of Claims Unreported at Given Month of Development (i.e., Portion of Loss and LAE on Unreported Claims)[3]**

12	24	36	48	60	72	84	96	108	120	132	144	156	168	180
96.9%	73.4%	45.8%	21.8%	13.7%	6.7%	4.2%	2.9%	2.3%	1.3%	0.5%	0.2%	0.0%	0.0%	0.0%

[1] From Exhibit 4.

[2] Incremental differences of the portion of claims unreported at the given evaluations.

[3] 100% less the cumulative sum of the portion reported in each time interval preceding the given evaluation.

Analysis of Unreported Tail Claims Loss and LAE Reserve And
DDR Reserve, as of December 31, 2009

Indicated Portion of Claims by Accident Year Yet to be Reported on Claims-Made Policies

Accident Year	Selected Percentage of Loss and LAE on Claims Unreported @ 12/31/09	Percentage of Loss and LAE on Unreported Claims to be Reported in the Twelve Months Preceding [1]													Weighted Average Portion of Loss and LAE on Unreported Claims to be Reported on DDR Policies[2]
		12/31/10	12/31/11	12/31/12	12/31/13	12/31/14	12/31/15	12/31/16	12/31/17	12/31/18	12/31/19	12/31/20	12/31/21	12/31/22	
1997	0.0%	100.0%													1.8%
1998	0.2%	100.0%	0.0%												1.8%
1999	0.5%	65.5%	34.5%	0.0%											2.9%
2000	1.3%	65.0%	22.9%	12.0%	0.0%										3.3%
2001	2.3%	41.8%	37.9%	13.3%	7.0%	0.0%									4.6%
2002	2.9%	22.0%	32.6%	29.5%	10.4%	5.5%	0.0%								6.6%
2003	4.2%	31.4%	15.1%	22.4%	20.3%	7.1%	3.8%	0.0%							7.2%
2004	6.7%	36.9%	19.8%	9.6%	14.1%	12.8%	4.5%	2.4%	0.0%						7.2%
2005	13.7%	51.4%	17.9%	9.6%	4.6%	6.9%	6.2%	2.2%	1.2%	0.0%					6.0%
2006	21.8%	37.0%	32.4%	11.3%	6.1%	2.9%	4.3%	3.9%	1.4%	0.7%	0.0%				6.4%
2007	45.8%	52.4%	17.6%	15.4%	5.4%	2.9%	1.4%	2.1%	1.9%	0.7%	0.3%	0.0%			5.5%
2008	73.4%	37.7%	32.7%	11.0%	9.6%	3.3%	1.8%	0.9%	1.3%	1.2%	0.4%	0.2%	0.0%		6.1%
2009	96.9%	24.2%	28.5%	24.8%	8.3%	7.3%	2.5%	1.4%	0.7%	1.0%	0.9%	0.3%	0.2%	0.0%	7.5%
Cumulative Retention[3]		95.5%	91.2%	87.1%	83.2%	79.4%	75.9%	72.4%	69.2%	66.1%	63.1%	60.3%	57.5%	55.0%	
Incremental DDR Portion[4]		3.5%	3.3%	3.2%	3.0%	2.9%	2.8%	2.7%	2.5%	2.4%	2.3%	2.2%	2.1%	2.0%	
Cumulative DDR Portion[5]		1.8%	5.2%	8.4%	11.6%	14.5%	17.4%	20.1%	22.7%	25.2%	27.5%	29.8%	32.0%	34.0%	

[1] Percentage of ultimate loss and LAE expected to be reported in the given interval divided by the percentage unreported as of 12/31/2009.

[2] Weighted average portion of exposures to have experienced DDR ("Cumulative DDR Portion"), where the weights are proportional to the percentage of loss and LAE to be reported in the corresponding interval.

[3] Annual retention (from Exhibit 7) compounded over time; retention within first calendar period is adjusted to be the average of the annual retention and 100%.

[4] Selected per annum DDR rate (from Exhibit 7) times portion remaining in-force ("cumulative retention") from prior column.

[5] Cumulation of incremental DDR portions; adjusted to reflect the average portion expected to have experienced DDR during the calendar year of the given column.

Analysis of Unreported Tail Claims Loss and LAE Reserve And
DDR Reserve, as of December 31, 2009

Selected Per Annum Retention

(1)	(2)	(3)	(4) = (3) / (2)	(5)	(6) = (5) / (2)
Policy Year	Number of Base Class Insureds	Number of Base Class Insureds To Renew	Indicated Retention	Number of Base Class Insureds to DDR	Indicated Portion to DDR
1996	1,359	1,182	87.0%	58	4.3%
1997	1,393	1,227	88.1%	53	3.8%
1998	1,501	1,339	89.2%	62	4.1%
1999	1,676	1,455	86.8%	60	3.6%
2000	1,801	1,516	84.2%	56	3.1%
2001	1,799	1,556	86.5%	62	3.4%
2002	2,150	1,903	88.5%	81	3.8%
2003	2,631	2,344	89.1%	86	3.3%
2004	2,790	2,558	91.7%	115	4.1%
2005	2,672	2,413	90.3%	96	3.6%
2006	2,457	2,290	93.2%	97	3.9%
2007	2,544	2,320	91.2%	87	3.4%
2008	2,674	2,423	90.6%	83	3.1%
Total	27,446	24,525	89.4%	994	3.6%
1998 - 2006	19,476	17,374	89.2%	714	3.7%
2004 - 2008	13,137	12,004	91.4%	478	3.6%
Select			91.0%		3.5%

Analysis of DDR Unearned Premium Reserve
Under Current Methodology, as of December 31, 2009

Summary of Indicated DDR Reserve

Discount rate	(1) Present Value of Benefits[1]	(2) Present Value of Future DDR Premiums[2]	(3) = (1) - (2) Indicated Reserve
Undiscounted	$33,074,314	$10,488,515	$22,585,799
3.0%	$18,471,516	$7,692,363	$10,779,153
4.0%	$15,568,357	$7,039,737	$8,528,620
5.0%	$13,253,623	$6,482,270	$6,771,353
6.0%	$11,386,908	$6,002,160	$5,384,748

[1] From Exhibit A16.

[2] From Exhibit A17.

Reserving for Extended Reporting Endorsement Coverage, Including the Death, Disability, and Retirement Policy Provisioin

Analysis of DDR Unearned Premium Reserve

Under Current Methodology, as of December 31, 2009

Selected Per Annum Rates of DDR by Age

Age	Death	Disability	Retirement	Total
22				
23				
24				
25	0.118%	0.090%	0.000%	0.208%
26	0.118%	0.100%	0.000%	0.218%
27	0.118%	0.100%	0.000%	0.218%
28	0.118%	0.110%	0.000%	0.228%
29	0.118%	0.120%	0.000%	0.238%
30	0.130%	0.130%	0.000%	0.260%
31	0.130%	0.140%	0.000%	0.270%
32	0.130%	0.150%	0.000%	0.280%
33	0.130%	0.160%	0.000%	0.290%
34	0.130%	0.170%	0.000%	0.300%
35	0.169%	0.180%	0.000%	0.349%
36	0.169%	0.190%	0.000%	0.359%
37	0.169%	0.200%	0.000%	0.369%
38	0.169%	0.210%	0.000%	0.379%
39	0.169%	0.230%	0.000%	0.399%
40	0.263%	0.240%	0.000%	0.503%
41	0.263%	0.260%	0.000%	0.523%
42	0.263%	0.280%	0.000%	0.543%
43	0.263%	0.300%	0.000%	0.563%
44	0.263%	0.320%	0.000%	0.583%
45	0.399%	0.350%	0.000%	0.749%
46	0.399%	0.380%	0.000%	0.779%
47	0.399%	0.410%	0.000%	0.809%
48	0.399%	0.450%	0.000%	0.849%
49	0.399%	0.490%	0.000%	0.889%
50	0.595%	0.530%	0.000%	1.125%
51	0.595%	0.580%	0.000%	1.175%
52	0.595%	0.640%	0.000%	1.235%
53	0.595%	0.690%	0.000%	1.285%
54	0.595%	0.750%	0.000%	1.345%
55	0.833%	0.820%	4.000%	5.653%
56	0.833%	0.890%	4.000%	5.723%
57	0.833%	0.960%	4.000%	5.793%
58	0.833%	1.040%	4.000%	5.873%
59	0.833%	1.120%	4.000%	5.953%
60	1.279%	1.210%	4.000%	6.489%
61	1.279%	1.300%	5.000%	7.579%
62	1.279%	1.400%	5.000%	7.679%
63	1.279%	1.490%	5.000%	7.769%
64	1.279%	1.590%	5.000%	7.869%
65	1.904%	1.690%	6.000%	9.594%
66	1.904%	0.000%	6.500%	8.404%
67	1.904%	0.000%	6.500%	8.404%
68	1.904%	0.000%	6.500%	8.404%
69	1.904%	0.000%	6.500%	8.404%
70	2.991%	0.000%	6.500%	9.491%
71	2.991%	0.000%	6.500%	9.491%
72	2.991%	0.000%	6.500%	9.491%
73	2.991%	0.000%	6.500%	9.491%
74	2.991%	0.000%	6.500%	9.491%
75	4.694%	0.000%	6.500%	11.194%
76	4.694%	0.000%	6.500%	11.194%
77	4.694%	0.000%	6.500%	11.194%
78	4.694%	0.000%	6.500%	11.194%
79	4.694%	0.000%	6.500%	11.194%
80	7.566%	0.000%	92.434%	100.000%
81	7.566%	0.000%	92.434%	100.000%
82	8.932%	0.000%	91.068%	100.000%
83	9.753%	0.000%	90.248%	100.000%

Reserving for Extended Reporting Endorsement Coverage, Including the Death, Disability, and Retirement Policy Provisioin

Exhibit A3

Analysis of DDR Unearned Premium Reserve
Under Current Methodology, as of December 31, 2009

Selected Per Annum Retention

Policy Year	Number of Base Class Insureds	Number of Base Class Insureds To Renew	Indicated Retention
1996	1,359	1,182	87.0%
1997	1,393	1,227	88.1%
1998	1,501	1,339	89.2%
1999	1,676	1,455	86.8%
2000	1,801	1,516	84.2%
2001	1,799	1,556	86.5%
2002	2,150	1,903	88.5%
2003	2,631	2,344	89.1%
2004	2,790	2,558	91.7%
2005	2,672	2,413	90.3%
2006	2,457	2,290	93.2%
2007	2,544	2,320	91.2%
2008	2,674	2,423	90.6%
Total	27,446	24,525	89.4%
1998 - 2006	19,476	17,374	89.2%
2004 - 2008	13,137	12,004	91.4%
Select			91.0%

Analysis of DDR Unearned Premium Reserve
Under Current Methodology, as of December 31, 2009

Selected Retention Pattern by Age

Age Group	Number of Base Class Insureds	Number of Base Class Insureds To Renew	Indicated Retention	Selected Retention[1]
<35	2,295	1,944	84.7%	86.0%
35 - 39	4,013	3,539	88.2%	90.0%
40 - 44	4,610	4,159	90.2%	92.0%
45 - 49	4,941	4,535	91.8%	93.0%
50 - 54	3,916	3,501	89.4%	91.0%
55 - 59	3,171	2,857	90.1%	92.0%
60 - 64	2,329	2,107	90.5%	92.0%
65 - 69	1,196	1,066	89.2%	91.0%
70 - 74	530	456	85.9%	87.0%
75 - 79	323	266	82.4%	84.0%
80 +	123	105	84.9%	0.0%
Total	27,446	24,535	89.4%	

[1] Selection normalized to balance to overall selected retention of 91%

Reserving for Extended Reporting Endorsement Coverage, Including the Death, Disability, and Retirement Policy Provisioin

Analysis of DDR Unearned Premium Reserve
Under Current Methodology, as of December 31, 2009

Persistency Schedule by Calendar Year

Age	Selected Retention Factors[1]	Claims-Made In-Force BCE[2] Physicians As Of 12/31/09	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
									Number of Equivalent Physicians Remaining as of December 31, xxxx								
25	86.0%	0.3	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0
26	86.0%	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
27	86.0%	0.4	0.4	0.3	0.3	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
28	86.0%	1.0	0.8	0.7	0.6	0.5	0.4	0.4	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2
29	86.0%	1.1	1.0	0.8	0.7	0.6	0.5	0.4	0.4	0.4	0.3	0.3	0.3	0.2	0.2	0.2	0.2
30	86.0%	3.7	3.2	2.7	2.4	2.0	1.7	1.6	1.4	1.3	1.1	1.0	0.9	0.9	0.8	0.7	0.7
31	86.0%	8.0	6.9	5.9	5.1	4.4	4.0	3.6	3.2	2.9	2.6	2.4	2.2	2.0	1.9	1.7	1.6
32	86.0%	12.7	10.9	9.4	8.0	7.2	6.5	5.9	5.3	4.8	4.4	4.0	3.7	3.4	3.1	2.9	2.7
33	86.0%	15.9	13.6	11.7	10.6	9.5	8.6	7.7	6.9	6.4	5.9	5.4	5.0	4.6	4.2	4.0	3.7
34	86.0%	30.9	26.6	23.9	21.6	19.4	17.5	15.7	14.5	13.3	12.2	11.3	10.4	9.6	9.0	8.3	7.7
35	90.0%	32.4	29.1	26.2	23.6	21.2	19.1	17.6	16.2	14.9	13.7	12.6	11.7	10.9	10.1	9.4	8.8
36	90.0%	60.7	54.6	49.1	44.2	39.8	36.6	33.7	31.0	28.5	26.2	24.4	22.7	21.1	19.6	18.3	16.6
37	90.0%	47.5	42.8	38.5	34.6	31.9	29.3	27.0	24.8	22.8	21.2	19.7	18.4	17.1	15.9	14.4	13.1
38	90.0%	75.6	68.0	61.2	56.3	51.8	47.7	43.9	40.4	37.5	34.9	32.5	30.2	28.1	25.6	23.3	21.2
39	90.0%	77.1	69.4	63.9	58.8	54.1	49.7	45.8	42.6	39.6	36.8	34.2	31.8	29.0	26.4	24.0	21.8
40	92.0%	80.3	73.9	68.0	62.6	57.6	52.9	49.2	45.8	42.6	39.6	36.8	33.5	30.5	27.8	25.3	23.0
41	92.0%	79.4	73.0	67.2	61.8	56.8	52.9	49.2	45.7	42.5	39.5	36.0	32.8	29.8	27.1	24.7	22.7
42	92.0%	98.4	90.5	83.3	76.6	71.3	66.3	61.6	57.3	53.3	48.5	44.1	40.2	36.6	33.3	30.6	28.2
43	92.0%	88.9	81.8	75.2	70.0	65.1	60.5	56.3	52.3	47.6	43.4	39.4	35.9	32.7	30.1	27.6	25.4
44	92.0%	67.9	62.5	58.1	54.1	50.3	46.7	43.5	39.6	36.0	32.8	29.8	27.1	25.0	23.0	21.1	19.4
45	93.0%	84.9	79.0	73.5	68.3	63.5	59.1	53.8	48.9	44.5	40.5	36.9	33.9	31.2	28.7	26.4	24.3
46	93.0%	75.9	70.6	65.6	61.0	56.8	51.7	47.0	42.8	38.9	35.4	32.6	30.0	27.6	25.4	23.3	21.5
47	93.0%	69.8	64.9	60.4	56.2	51.1	46.5	42.3	38.5	35.0	32.2	29.7	27.3	25.1	23.1	21.2	19.5
48	93.0%	76.8	71.4	66.4	60.5	55.0	50.1	45.6	41.5	38.1	35.1	32.3	29.7	27.3	25.1	23.1	21.3
49	93.0%	69.1	64.2	58.4	53.2	48.4	44.0	40.1	36.9	33.9	31.2	28.7	26.4	24.3	22.4	20.6	18.9
50	91.0%	64.0	58.2	53.0	48.2	43.9	39.9	36.7	33.8	31.1	28.6	26.3	24.2	22.3	20.5	18.9	17.3
51	91.0%	65.1	59.3	53.9	49.1	44.7	41.1	37.8	34.8	32.0	29.4	27.1	24.9	22.9	21.1	19.4	17.7
52	91.0%	86.0	78.3	71.2	64.8	59.6	54.9	50.5	46.4	42.7	39.3	36.2	33.3	30.6	28.2	25.6	23.3
53	91.0%	118.1	107.4	97.8	89.9	82.8	76.1	70.0	64.4	59.3	54.5	50.2	46.2	42.5	38.6	35.2	32.0
54	91.0%	54.4	49.5	45.6	41.9	38.6	35.5	32.6	30.0	27.6	25.4	23.4	21.5	19.6	17.8	16.2	14.8
55	92.0%	59.6	54.8	50.4	46.4	42.7	39.2	36.1	33.2	30.6	28.1	25.9	23.5	21.4	19.5	17.7	16.1
56	92.0%	97.3	89.5	82.4	75.8	69.7	64.1	59.0	54.3	49.9	46.0	41.8	38.1	34.6	31.5	28.7	24.9
57	92.0%	80.9	74.4	68.5	63.0	58.0	53.3	49.1	45.1	41.5	37.8	34.4	31.3	28.5	25.9	22.5	19.6
58	92.0%	57.0	52.5	48.3	44.4	40.9	37.6	34.6	31.8	29.0	26.4	24.0	21.8	19.9	17.3	15.0	13.1
59	92.0%	80.7	74.2	68.3	62.8	57.8	53.2	48.9	44.5	40.5	36.9	33.6	30.5	26.6	23.1	20.1	17.5
60	92.0%	70.4	64.8	59.6	54.8	50.4	46.4	42.2	38.4	35.0	31.8	29.0	25.2	21.9	19.1	16.6	14.4
61	92.0%	65.6	60.3	55.5	51.1	47.0	42.8	38.9	35.4	32.2	29.3	25.5	22.2	19.3	16.8	14.6	12.3
62	92.0%	82.7	76.1	70.0	64.4	58.6	53.3	48.5	44.1	40.2	35.0	30.4	26.5	23.0	20.0	16.8	14.1
63	92.0%	69.4	63.9	58.8	53.5	48.7	44.3	40.3	36.7	31.9	27.8	24.2	21.0	18.3	15.4	12.9	10.8
64	92.0%	57.5	52.9	48.2	43.8	39.9	36.3	33.0	28.7	25.0	21.7	18.9	16.5	13.8	11.6	9.8	8.2
65	91.0%	45.5	41.4	37.7	34.3	31.2	28.4	24.7	21.5	18.7	16.3	14.1	11.9	10.0	8.4	7.0	5.9
66	91.0%	36.8	33.5	30.5	27.8	25.3	22.0	19.1	16.6	14.5	12.6	10.6	8.9	7.5	6.3	5.3	0.0
67	91.0%	26.6	24.2	22.0	20.0	17.4	15.2	13.2	11.5	10.0	8.4	7.0	5.9	5.0	4.2	0.0	0.0
68	91.0%	38.7	35.2	32.1	27.9	24.3	21.1	18.4	16.0	13.4	11.3	9.5	8.0	6.7	0.0	0.0	0.0
69	91.0%	36.7	33.4	29.1	25.3	22.0	19.1	16.6	14.0	11.7	9.9	8.3	7.0	0.0	0.0	0.0	0.0
70	87.0%	37.7	32.8	28.5	24.8	21.6	18.8	15.8	13.2	11.1	9.3	7.8	0.0	0.0	0.0	0.0	0.0
71	87.0%	11.9	10.3	9.0	7.8	6.8	5.7	4.8	4.0	3.4	2.8	0.0	0.0	0.0	0.0		
72	87.0%	17.6	15.3	13.3	11.6	9.8	8.2	6.9	5.8	4.9	0.0	0.0	0.0	0.0			
73	87.0%	27.3	23.8	20.7	17.4	14.6	12.3	10.3	8.6	0.0	0.0	0.0	0.0				
74	87.0%	13.5	11.7	9.9	8.3	7.0	5.8	4.9	0.0	0.0	0.0	0.0					
75	84.0%	7.8	6.6	5.5	4.6	3.9	3.3	0.0	0.0	0.0	0.0						
76	84.0%	8.1	6.8	5.7	4.8	4.0	0.0	0.0	0.0	0.0							
77	84.0%	10.4	8.8	7.4	6.2	0.0	0.0	0.0	0.0								
78	84.0%	6.9	5.8	4.9	0.0	0.0	0.0	0.0									
79	84.0%	17.3	14.5	0.0	0.0	0.0	0.0										
80	0.0%	13.4	0.0	0.0	0.0	0.0											
81	0.0%	6.2	0.0	0.0	0.0												
82	0.0%	1.5	0.0	0.0													
83	0.0%	17.5	0.0														
Total		2,649.0	2,379.9	2,158.5	1,965.9	1,789.6	1,630.7	1,485.1	1,349.6	1,221.7	1,106.7	1,002.7	902.6	811.5	728.1	653.9	584.8

[1] From Exhibit A4.

[2] Base Class, Mature Claims-Made, Full-Time Equivalent Physicians

Reserving for Extended Reporting Endorsement Coverage, Including the Death, Disability, and Retirement Policy Provisioin

Analysis of DDR Unearned Premium Reserve
Under Current Methodology, as of December 31, 2009

Persistency Schedule by Calendar Year

Age	Selected Retention Factors[1]	Claims-Made In-Force BCE[2] Physicians As Of 12/31/09	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
								Number of Equivalent Physicians Remaining as of December 31, xxxx									
25	86.0%	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
26	86.0%	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
27	86.0%	0.4	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
28	86.0%	1.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0
29	86.0%	1.1	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
30	86.0%	3.7	0.6	0.6	0.5	0.5	0.5	0.4	0.4	0.4	0.3	0.3	0.3	0.2	0.2	0.2	0.2
31	86.0%	8.0	1.5	1.4	1.3	1.2	1.1	1.0	0.9	0.8	0.7	0.7	0.6	0.6	0.5	0.5	0.4
32	86.0%	12.7	2.5	2.3	2.2	2.0	1.8	1.6	1.5	1.4	1.3	1.2	1.1	1.0	0.9	0.8	0.8
33	86.0%	15.9	3.4	3.2	2.9	2.6	2.4	2.2	2.0	1.8	1.7	1.5	1.4	1.3	1.2	1.1	1.0
34	86.0%	30.9	7.2	6.6	6.0	5.4	4.9	4.5	4.1	3.8	3.5	3.2	3.0	2.7	2.5	2.3	2.1
35	90.0%	32.4	8.0	7.3	6.6	6.0	5.5	5.0	4.6	4.3	3.9	3.6	3.3	3.1	2.8	2.6	2.4
36	90.0%	60.7	15.1	13.8	12.5	11.4	10.5	9.6	8.9	8.2	7.5	6.9	6.4	5.8	5.4	4.9	4.5
37	90.0%	47.5	12.0	10.9	9.9	9.1	8.4	7.7	7.1	6.5	6.0	5.5	5.1	4.7	4.3	3.9	3.6
38	90.0%	75.6	19.3	17.5	16.1	14.8	13.6	12.6	11.5	10.6	9.8	9.0	8.3	7.6	6.9	6.3	5.7
39	90.0%	77.1	19.9	18.3	16.8	15.5	14.2	13.1	12.0	11.1	10.2	9.4	8.6	7.9	7.1	6.5	5.9
40	92.0%	80.3	21.1	19.5	17.9	16.5	15.2	13.9	12.8	11.8	10.9	10.0	9.1	8.3	7.5	6.8	6.2
41	92.0%	79.4	20.9	19.2	17.7	16.3	15.0	13.8	12.7	11.7	10.7	9.8	8.9	8.1	7.4	6.7	5.8
42	92.0%	98.4	25.9	23.8	21.9	20.2	18.6	17.1	15.7	14.5	13.1	12.0	10.9	9.9	9.0	7.8	6.8
43	92.0%	88.9	23.4	21.5	19.8	18.2	16.8	15.4	14.2	12.9	11.8	10.7	9.7	8.9	7.7	6.7	5.8
44	92.0%	67.9	17.9	16.5	15.1	13.9	12.8	11.8	10.7	9.8	8.9	8.1	7.4	6.4	5.6	4.8	4.2
45	93.0%	84.9	22.4	20.6	18.9	17.4	16.0	14.6	13.3	12.1	11.0	10.0	8.7	7.6	6.6	5.7	5.0
46	93.0%	75.9	19.8	18.2	16.7	15.4	14.0	12.7	11.6	10.6	9.6	8.4	7.3	6.3	5.5	4.8	4.0
47	93.0%	69.8	18.0	16.5	15.2	13.9	12.6	11.5	10.4	9.5	8.3	7.2	6.3	5.4	4.7	4.0	3.3
48	93.0%	76.8	19.6	18.0	16.4	14.9	13.6	12.4	11.2	9.8	8.5	7.4	6.4	5.6	4.7	4.0	3.3
49	93.0%	69.1	17.4	15.8	14.4	13.1	11.9	10.9	9.5	8.2	7.2	6.2	5.4	4.5	3.8	3.2	2.7
50	91.0%	64.0	15.8	14.4	13.1	11.9	10.8	9.4	8.2	7.1	6.2	5.4	4.5	3.8	3.2	2.7	2.3
51	91.0%	65.1	16.1	14.6	13.3	12.1	10.5	9.2	8.0	6.9	6.0	5.1	4.3	3.6	3.0	2.5	0.0
52	91.0%	86.0	21.2	19.3	17.6	15.3	13.3	11.6	10.1	8.8	7.4	6.2	5.2	4.4	3.7	0.0	0.0
53	91.0%	118.1	29.1	26.5	23.1	20.1	17.5	15.2	13.2	11.1	9.3	7.8	6.6	5.5	0.0	0.0	0.0
54	91.0%	54.4	13.4	11.7	10.2	8.8	7.7	6.7	5.6	4.7	4.0	3.3	2.8	0.0	0.0	0.0	0.0
55	92.0%	59.6	14.0	12.2	10.6	9.2	8.0	6.8	5.7	4.8	4.0	3.4	0.0	0.0	0.0	0.0	
56	92.0%	97.3	21.7	18.9	16.4	14.3	12.0	10.1	8.5	7.1	6.0	0.0	0.0	0.0	0.0		
57	92.0%	80.9	17.1	14.8	12.9	10.8	9.1	7.7	6.4	5.4	0.0	0.0	0.0	0.0			
58	92.0%	57.0	11.4	9.9	8.3	7.0	5.9	4.9	4.1	0.0	0.0	0.0	0.0				
59	92.0%	80.7	15.2	12.8	10.7	9.0	7.6	6.4	0.0	0.0	0.0	0.0					
60	92.0%	70.4	12.1	10.2	8.6	7.2	6.0	0.0	0.0	0.0	0.0						
61	92.0%	65.6	10.3	8.7	7.3	6.1	0.0	0.0	0.0	0.0							
62	92.0%	82.7	11.9	10.0	8.4	0.0	0.0	0.0	0.0								
63	92.0%	69.4	9.1	7.6	0.0	0.0	0.0	0.0									
64	92.0%	57.5	6.9	0.0	0.0	0.0	0.0										
65	91.0%	45.5	0.0	0.0	0.0	0.0											
66	91.0%	36.8	0.0	0.0	0.0												
67	91.0%	26.6	0.0	0.0													
68	91.0%	38.7	0.0														
69	91.0%	36.7															
70	87.0%	37.7															
71	87.0%	11.9															
72	87.0%	17.6															
73	87.0%	27.3															
74	87.0%	13.5															
75	84.0%	7.8															
76	84.0%	8.1															
77	84.0%	10.4															
78	84.0%	6.9															
79	84.0%	17.3															
80	0.0%	13.4															
81	0.0%	6.2															
82	0.0%	1.5															
83	0.0%	17.5															
Total		2,649.0	521.5	463.3	409.7	360.5	318.0	279.9	245.2	215.7	187.9	162.3	141.6	123.3	104.5	89.1	76.3

[1] From Exhibit A4.
[2] Base Class, Mature Claims-Made, Full-Time Equivalent Physicians

Reserving for Extended Reporting Endorsement Coverage, Including the Death, Disability, and Retirement Policy Provisioin

Analysis of DDR Unearned Premium Reserve
Under Current Methodology, as of December 31, 2009

Persistency Schedule by Calendar Year

Age	Selected Retention Factors[1]	Claims-Made In-Force BCE[2] Physicians As Of 12/31/09	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053
									Number of Equivalent Physicians Remaining as of December 31, xxxx							
25	86.0%	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
26	86.0%	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
27	86.0%	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
28	86.0%	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
29	86.0%	1.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
30	86.0%	3.7	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0
31	86.0%	8.0	0.4	0.4	0.4	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1
32	86.0%	12.7	0.7	0.6	0.6	0.5	0.5	0.4	0.4	0.4	0.3	0.3	0.2	0.2	0.2	0.2
33	86.0%	15.9	0.9	0.9	0.8	0.7	0.6	0.6	0.5	0.5	0.4	0.4	0.3	0.3	0.2	0.2
34	86.0%	30.9	2.0	1.8	1.6	1.5	1.3	1.2	1.1	0.9	0.8	0.7	0.6	0.5	0.4	0.4
35	90.0%	32.4	2.2	2.0	1.8	1.6	1.5	1.3	1.1	1.0	0.8	0.7	0.6	0.5	0.4	0.4
36	90.0%	60.7	4.1	3.7	3.4	3.1	2.7	2.3	2.0	1.8	1.5	1.3	1.1	0.9	0.8	0.6
37	90.0%	47.5	3.2	3.0	2.7	2.3	2.0	1.8	1.5	1.3	1.1	0.9	0.8	0.7	0.6	0.0
38	90.0%	75.6	5.2	4.7	4.1	3.6	3.1	2.7	2.4	2.0	1.7	1.4	1.2	1.0	0.0	0.0
39	90.0%	77.1	5.4	4.7	4.1	3.5	3.1	2.7	2.3	1.9	1.6	1.3	1.1	0.0	0.0	0.0
40	92.0%	80.3	5.4	4.7	4.1	3.6	3.1	2.6	2.2	1.8	1.5	1.3	0.0	0.0	0.0	0.0
41	92.0%	79.4	5.1	4.4	3.8	3.3	2.8	2.4	2.0	1.7	1.4	0.0	0.0	0.0	0.0	
42	92.0%	98.4	5.9	5.2	4.5	3.8	3.2	2.7	2.2	1.9	0.0	0.0	0.0	0.0		
43	92.0%	88.9	5.1	4.4	3.7	3.1	2.6	2.2	1.8	0.0	0.0	0.0	0.0			
44	92.0%	67.9	3.7	3.1	2.6	2.2	1.8	1.5	0.0	0.0	0.0	0.0				
45	93.0%	84.9	4.2	3.5	3.0	2.5	2.1	0.0	0.0	0.0	0.0					
46	93.0%	75.9	3.4	2.8	2.4	2.0	0.0	0.0	0.0	0.0						
47	93.0%	69.8	2.8	2.4	2.0	0.0	0.0	0.0	0.0							
48	93.0%	76.8	2.8	2.3	0.0	0.0	0.0	0.0								
49	93.0%	69.1	2.3	0.0	0.0	0.0	0.0									
50	91.0%	64.0	0.0	0.0	0.0	0.0										
51	91.0%	65.1	0.0	0.0	0.0											
52	91.0%	86.0	0.0	0.0												
53	91.0%	118.1	0.0													
54	91.0%	54.4														
55	92.0%	59.6														
56	92.0%	97.3														
57	92.0%	80.9														
58	92.0%	57.0														
59	92.0%	80.7														
60	92.0%	70.4														
61	92.0%	65.6														
62	92.0%	82.7														
63	92.0%	69.4														
64	92.0%	57.5														
65	91.0%	45.5														
66	91.0%	36.8														
67	91.0%	26.6														
68	91.0%	38.7														
69	91.0%	36.7														
70	87.0%	37.7														
71	87.0%	11.9														
72	87.0%	17.6														
73	87.0%	27.3														
74	87.0%	13.5														
75	84.0%	7.8														
76	84.0%	8.1														
77	84.0%	10.4														
78	84.0%	6.9														
79	84.0%	17.3														
80	0.0%	13.4														
81	0.0%	6.2														
82	0.0%	1.5														
83	0.0%	17.5														
Total		2,649.0	65.0	54.9	45.7	37.9	31.0	24.9	20.0	15.5	11.6	8.7	6.2	4.3	2.8	1.9

[1] From Exhibit A4.
[2] Base Class, Mature Claims-Made, Full-Time Equivalent Physicians

Reserving for Extended Reporting Endorsement Coverage, Including the Death, Disability, and Retirement Policy Provisioin

Analysis of DDR Unearned Premium Reserve
Under Current Methodology, as of December 31, 2009

Persistency Schedule by Calendar Year

Age	Selected Retention Factors[1]	Claims-Made In-Force BCE[2] Physicians As Of 12/31/09	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067
								Number of Equivalent Physicians Remaining as of December 31, xxxx								
25	86.0%	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
26	86.0%	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
27	86.0%	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
28	86.0%	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
29	86.0%	1.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0			
30	86.0%	3.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0				
31	86.0%	8.0	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0					
32	86.0%	12.7	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0						
33	86.0%	15.9	0.2	0.1	0.1	0.0	0.0	0.0	0.0							
34	86.0%	30.9	0.3	0.3	0.0	0.0	0.0	0.0								
35	90.0%	32.4	0.3	0.0	0.0	0.0	0.0									
36	90.0%	60.7	0.0	0.0	0.0	0.0										
37	90.0%	47.5	0.0	0.0	0.0											
38	90.0%	75.6	0.0	0.0												
39	90.0%	77.1	0.0													
40	92.0%	80.3														
41	92.0%	79.4														
42	92.0%	98.4														
43	92.0%	88.9														
44	92.0%	67.9														
45	93.0%	84.9														
46	93.0%	75.9														
47	93.0%	69.8														
48	93.0%	76.8														
49	93.0%	69.1														
50	91.0%	64.0														
51	91.0%	65.1														
52	91.0%	86.0														
53	91.0%	118.1														
54	91.0%	54.4														
55	92.0%	59.6														
56	92.0%	97.3														
57	92.0%	80.9														
58	92.0%	57.0														
59	92.0%	80.7														
60	92.0%	70.4														
61	92.0%	65.6														
62	92.0%	82.7														
63	92.0%	69.4														
64	92.0%	57.5														
65	91.0%	45.5														
66	91.0%	36.8														
67	91.0%	26.6														
68	91.0%	38.7														
69	91.0%	36.7														
70	87.0%	37.7														
71	87.0%	11.9														
72	87.0%	17.6														
73	87.0%	27.3														
74	87.0%	13.5														
75	84.0%	7.8														
76	84.0%	8.1														
77	84.0%	10.4														
78	84.0%	6.9														
79	84.0%	17.3														
80	0.0%	13.4														
81	0.0%	6.2														
82	0.0%	1.5														
83	0.0%	17.5														
Total		2,649.0	1.1	0.6	0.3	0.2	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

[1] From Exhibit A4.
[2] Base Class, Mature Claims-Made, Full-Time Equivalent Physicians

Reserving for Extended Reporting Endorsement Coverage, Including the Death, Disability, and Retirement Policy Provisioin

Exhibit A9

Analysis of DDR Unearned Premium Reserve
Under Current Methodology, as of December 31, 2009

DDR Lapse Schedule by Calendar Year

Age	Death	Disability	Retirement	1/10-12/10	1/11-12/11	1/12-12/12	1/13-12/13	1/14-12/14	1/15-12/15	1/16-12/16	1/17-12/17	1/18-12/18	1/19-12/19	1/20-12/20	1/21-12/21	1/22-12/22	1/23-12/23	1/24-12/24
	Percent of In-force:[1]			Number of Equivalent Physicians to DDR During Period[3]														
25	0.118%	0.090%	0.000%	0.001	0.001	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
26	0.118%	0.100%	0.000%	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
27	0.118%	0.100%	0.000%	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
28	0.118%	0.110%	0.000%	0.002	0.002	0.002	0.002	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001
29	0.118%	0.120%	0.000%	0.003	0.002	0.002	0.002	0.002	0.002	0.002	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001
30	0.130%	0.130%	0.000%	0.010	0.009	0.008	0.007	0.006	0.006	0.006	0.005	0.005	0.005	0.005	0.005	0.005	0.005	0.004
31	0.130%	0.140%	0.000%	0.022	0.019	0.017	0.015	0.015	0.014	0.013	0.012	0.012	0.013	0.012	0.012	0.011	0.011	0.013
32	0.130%	0.150%	0.000%	0.035	0.032	0.028	0.028	0.026	0.024	0.022	0.021	0.024	0.023	0.022	0.021	0.020	0.023	0.023
33	0.130%	0.160%	0.000%	0.046	0.041	0.041	0.038	0.035	0.032	0.031	0.035	0.033	0.032	0.030	0.029	0.034	0.033	0.032
34	0.130%	0.170%	0.000%	0.093	0.093	0.086	0.080	0.074	0.070	0.079	0.076	0.072	0.069	0.066	0.078	0.075	0.072	0.071
35	0.169%	0.180%	0.000%	0.113	0.105	0.097	0.090	0.085	0.096	0.092	0.088	0.084	0.080	0.094	0.091	0.088	0.086	0.084
36	0.169%	0.190%	0.000%	0.218	0.202	0.186	0.177	0.200	0.192	0.183	0.175	0.166	0.196	0.190	0.184	0.179	0.174	0.205
37	0.169%	0.200%	0.000%	0.175	0.162	0.154	0.174	0.167	0.159	0.152	0.145	0.171	0.165	0.160	0.156	0.152	0.179	0.170
38	0.169%	0.210%	0.000%	0.287	0.272	0.308	0.295	0.282	0.269	0.256	0.302	0.292	0.282	0.276	0.268	0.316	0.300	0.287
39	0.169%	0.230%	0.000%	0.308	0.349	0.334	0.319	0.304	0.290	0.343	0.331	0.320	0.312	0.304	0.358	0.340	0.326	0.308
40	0.263%	0.240%	0.000%	0.404	0.387	0.369	0.352	0.336	0.397	0.384	0.370	0.362	0.352	0.414	0.394	0.377	0.357	0.340
41	0.263%	0.260%	0.000%	0.415	0.397	0.378	0.360	0.426	0.412	0.398	0.388	0.378	0.445	0.423	0.404	0.383	0.365	1.395
42	0.263%	0.280%	0.000%	0.535	0.510	0.486	0.574	0.555	0.536	0.523	0.510	0.600	0.570	0.545	0.516	0.492	1.880	1.751
43	0.263%	0.300%	0.000%	0.501	0.477	0.564	0.545	0.526	0.514	0.500	0.589	0.560	0.535	0.507	0.483	1.847	1.720	1.602
44	0.263%	0.320%	0.000%	0.396	0.468	0.453	0.437	0.427	0.416	0.489	0.465	0.445	0.421	0.401	1.534	1.428	1.330	1.241
45	0.399%	0.350%	0.000%	0.636	0.615	0.594	0.580	0.565	0.665	0.632	0.604	0.572	0.545	2.084	1.941	1.808	1.686	1.572
46	0.399%	0.380%	0.000%	0.591	0.571	0.557	0.543	0.639	0.607	0.581	0.550	0.524	2.002	1.865	1.737	1.620	1.511	1.515
47	0.399%	0.410%	0.000%	0.565	0.551	0.537	0.632	0.600	0.574	0.544	0.518	1.981	1.845	1.718	1.603	1.494	1.499	1.611
48	0.399%	0.450%	0.000%	0.652	0.635	0.747	0.710	0.679	0.643	0.613	2.344	2.183	2.033	1.896	1.768	1.773	1.906	1.776
49	0.399%	0.490%	0.000%	0.614	0.722	0.687	0.657	0.622	0.592	2.265	2.110	1.965	1.833	1.709	1.714	1.842	1.717	1.598
50	0.595%	0.530%	0.000%	0.720	0.684	0.654	0.620	0.590	2.257	2.103	1.958	1.826	1.703	1.708	1.835	1.711	1.592	1.484
51	0.595%	0.580%	0.000%	0.765	0.732	0.693	0.662	2.525	2.352	2.190	2.043	1.905	1.911	2.053	1.914	1.781	1.660	1.862
52	0.595%	0.640%	0.000%	1.062	1.006	0.958	3.376	3.414	3.179	2.965	2.765	2.773	2.980	2.778	2.585	2.409	2.702	2.154
53	0.595%	0.690%	0.000%	1.517	1.445	5.007	4.799	4.794	4.471	4.170	4.182	4.493	4.188	3.899	3.633	4.075	3.248	2.956
54	0.595%	0.750%	0.000%	0.732	2.344	2.447	2.353	2.265	2.112	2.118	2.276	2.122	1.975	1.840	2.064	1.645	1.497	1.362
55	0.833%	0.820%	4.000%	2.443	2.730	2.771	2.704	2.540	2.547	2.737	2.551	2.375	2.213	2.482	1.978	1.800	1.638	1.491
56	0.833%	0.890%	4.000%	3.913	4.444	4.614	4.481	4.525	4.862	4.532	4.218	3.931	4.409	3.514	3.198	2.910	2.648	2.722
57	0.833%	0.960%	4.000%	2.947	3.080	3.609	4.015	4.393	4.095	3.811	3.552	3.984	3.176	2.890	2.630	2.393	2.459	2.140
58	0.833%	1.040%	4.000%	2.753	2.774	3.050	3.313	3.138	2.921	2.722	3.053	2.434	2.215	2.015	1.834	1.885	1.640	1.427
59	0.833%	1.120%	4.000%	3.831	4.026	4.714	4.776	4.491	4.185	4.694	3.742	3.405	3.099	2.820	2.898	2.521	2.193	1.908
60	1.279%	1.210%	4.000%	3.736	4.289	4.432	4.235	3.970	4.452	3.549	3.230	2.939	2.675	2.749	2.391	2.080	1.810	1.575
61	1.279%	1.300%	5.000%	4.134	4.058	4.031	4.019	4.507	3.593	3.270	2.975	2.708	2.783	2.421	2.106	1.832	1.594	1.636
62	1.279%	1.400%	5.000%	5.274	5.120	5.317	6.093	4.924	4.480	4.077	3.710	3.813	3.317	2.886	2.511	2.184	2.241	1.883
63	1.279%	1.490%	5.000%	4.267	4.194	5.248	4.309	4.091	3.723	3.388	3.481	3.029	2.635	2.293	1.995	2.046	1.719	1.444
64	1.279%	1.590%	5.000%	3.591	4.468	3.853	3.554	3.352	3.050	3.135	2.727	2.373	2.064	1.796	1.843	1.548	1.300	1.092
65	1.904%	1.690%	6.000%	3.243	2.815	2.993	2.849	2.622	2.694	2.344	2.039	1.774	1.543	1.584	1.330	1.117	0.939	0.788
66	1.904%	0.000%	6.500%	2.001	2.400	2.257	2.302	2.398	2.087	1.815	1.579	1.374	1.410	1.184	0.995	0.836	0.702	5.267
67	1.904%	0.000%	6.500%	1.607	1.769	1.687	1.800	1.654	1.439	1.252	1.089	1.117	0.939	0.788	0.662	0.556	4.175	0.000
68	1.904%	0.000%	6.500%	2.883	2.730	2.950	2.637	2.303	2.004	1.743	1.789	1.503	1.262	1.060	0.891	6.684	0.000	0.000
69	1.904%	0.000%	6.500%	2.792	2.904	2.758	2.400	2.088	1.816	1.864	1.566	1.315	1.105	0.928	6.963	0.000	0.000	0.000
70	2.991%	0.000%	6.500%	2.248	2.483	2.239	2.200	2.048	2.101	1.765	1.482	1.245	1.046	7.850	0.000	0.000	0.000	
71	2.991%	0.000%	6.500%	1.033	0.898	0.852	0.741	0.761	0.639	0.537	0.451	0.379	2.842	4.855	0.000	0.000	0.000	
72	2.991%	0.000%	6.500%	1.100	1.213	1.267	1.300	1.092	0.917	0.770	0.647	4.855	0.000	0.000	0.000			
73	2.991%	0.000%	6.500%	1.766	1.652	2.276	1.944	1.633	1.372	1.152	8.647	0.000	0.000	0.000				
74	2.991%	0.000%	6.500%	1.192	1.314	1.104	0.927	0.779	0.654	4.910	0.000	0.000	0.000					
75	4.694%	0.000%	6.500%	0.762	0.708	0.618	0.519	0.436	3.275	0.000	0.000	0.000						
76	4.694%	0.000%	6.500%	0.679	0.664	0.636	0.535	4.011	0.000	0.000	0.000							
77	4.694%	0.000%	6.500%	1.007	0.899	0.755	6.191	0.000	0.000	0.000								
78	4.694%	0.000%	6.500%	0.665	0.559	4.875	0.000	0.000	0.000									
79	4.694%	0.000%	6.500%	1.857	13.605	0.000	0.000	0.000										
80	7.566%	0.000%	92.434%	10.770	0.000	0.000	0.000											
81	7.566%	0.000%	92.434%	3.616	0.000	0.000	0.000											
82	8.932%	0.000%	91.068%	1.507	0.000													
83	9.753%	0.000%	90.248%	13.710														
Total				102.7	88.6	85.3	86.3	81.9	77.8	75.7	75.4	68.4	63.2	64.3	59.6	56.3	50.9	48.8

[1] From Exhibit A2.

[2] Base Class, Mature Claims-Made, Full-Time Equivalent Physicians

[3] Lapses due to retirement are excluded if the provider has been continuously insured less than five years

Analysis of DDR Unearned Premium Reserve
Under Current Methodology, as of December 31, 2009

DDR Lapse Schedule by Calendar Year

Age	Death	Disability	Retirement	1/25 - 12/25	1/26 - 12/26	1/27 - 12/27	1/28 - 12/28	1/29 - 12/29	1/30 - 12/30	1/31 - 12/31	1/32 - 12/32	1/33 - 12/33	1/34 - 12/34	1/35 - 12/35	1/36 - 12/36	1/37 - 12/37	1/38 - 12/38	1/39 - 12/39
		Percent of In-force:[1]							Number of Equivalent Physicians to DDR During Period									
25	0.118%	0.090%	0.000%	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
26	0.118%	0.100%	0.000%	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
27	0.118%	0.100%	0.000%	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.001	0.001
28	0.118%	0.110%	0.000%	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.003	0.003	0.003
29	0.118%	0.120%	0.000%	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.004	0.004	0.004	0.003
30	0.130%	0.130%	0.000%	0.005	0.005	0.005	0.005	0.005	0.005	0.005	0.005	0.005	0.004	0.017	0.015	0.014	0.013	0.013
31	0.130%	0.140%	0.000%	0.012	0.012	0.012	0.011	0.013	0.013	0.012	0.012	0.011	0.042	0.039	0.036	0.034	0.032	0.032
32	0.130%	0.150%	0.000%	0.022	0.021	0.021	0.025	0.023	0.022	0.021	0.020	0.077	0.072	0.067	0.062	0.058	0.058	0.062
33	0.130%	0.160%	0.000%	0.031	0.030	0.036	0.034	0.032	0.031	0.029	0.112	0.104	0.097	0.091	0.085	0.085	0.091	0.085
34	0.130%	0.170%	0.000%	0.069	0.081	0.077	0.074	0.070	0.066	0.254	0.237	0.220	0.206	0.192	0.192	0.207	0.193	0.179
35	0.169%	0.180%	0.000%	0.099	0.094	0.090	0.085	0.081	0.309	0.288	0.268	0.250	0.233	0.234	0.251	0.234	0.218	0.203
36	0.169%	0.190%	0.000%	0.195	0.187	0.177	0.168	0.644	0.600	0.558	0.521	0.486	0.487	0.523	0.488	0.454	0.423	0.475
37	0.169%	0.200%	0.000%	0.162	0.154	0.146	0.560	0.522	0.486	0.453	0.423	0.424	0.455	0.424	0.395	0.368	0.413	0.329
38	0.169%	0.210%	0.000%	0.272	0.259	0.990	0.923	0.859	0.801	0.747	0.749	0.805	0.751	0.699	0.651	0.730	0.582	0.530
39	0.169%	0.230%	0.000%	0.294	1.123	1.046	0.974	0.908	0.847	0.850	0.913	0.851	0.792	0.738	0.828	0.660	0.601	0.546
40	0.263%	0.240%	0.000%	1.299	1.210	1.127	1.051	0.980	0.983	1.056	0.985	0.917	0.854	0.958	0.764	0.695	0.632	0.575
41	0.263%	0.260%	0.000%	1.299	1.210	1.129	1.052	1.056	1.134	1.057	0.984	0.917	1.029	0.820	0.746	0.679	0.618	0.635
42	0.263%	0.280%	0.000%	1.631	1.521	1.419	1.423	1.529	1.425	1.326	1.236	1.386	1.105	1.006	0.915	0.833	0.856	0.745
43	0.263%	0.300%	0.000%	1.494	1.393	1.397	1.501	1.399	1.303	1.214	1.361	1.085	0.988	0.899	0.818	0.840	0.731	0.636
44	0.263%	0.320%	0.000%	1.157	1.160	1.247	1.162	1.082	1.008	1.131	0.901	0.820	0.746	0.679	0.698	0.607	0.528	0.460
45	0.399%	0.350%	0.000%	1.577	1.694	1.579	1.470	1.370	1.537	1.225	1.115	1.014	0.923	0.949	0.825	0.718	0.625	0.543
46	0.399%	0.380%	0.000%	1.628	1.518	1.413	1.316	1.476	1.177	1.071	0.975	0.887	0.911	0.793	0.690	0.600	0.522	0.536
47	0.399%	0.410%	0.000%	1.501	1.397	1.302	1.460	1.164	1.059	0.964	0.877	0.902	0.784	0.682	0.594	0.517	0.530	0.445
48	0.399%	0.450%	0.000%	1.653	1.541	1.728	1.377	1.254	1.141	1.038	1.067	0.928	0.807	0.702	0.611	0.627	0.527	0.442
49	0.399%	0.490%	0.000%	1.489	1.670	1.331	1.211	1.102	1.003	1.031	0.897	0.780	0.679	0.591	0.606	0.509	0.428	0.359
50	0.595%	0.530%	0.000%	1.664	1.327	1.207	1.099	1.000	1.027	0.894	0.778	0.677	0.589	0.604	0.507	0.426	0.358	0.301
51	0.595%	0.580%	0.000%	1.484	1.351	1.229	1.118	1.149	1.000	0.870	0.757	0.658	0.676	0.568	0.477	0.400	0.336	2.524
52	0.595%	0.640%	0.000%	1.960	1.784	1.623	1.668	1.451	1.263	1.098	0.956	0.981	0.824	0.692	0.581	0.488	3.663	0.000
53	0.595%	0.690%	0.000%	2.690	2.448	2.515	2.188	1.904	1.656	1.441	1.479	1.242	1.043	0.876	0.736	5.524	0.000	0.000
54	0.595%	0.750%	0.000%	1.240	1.274	1.109	0.964	0.839	0.730	0.749	0.629	0.528	0.444	0.373	2.798	0.000	0.000	0.000
55	0.833%	0.820%	4.000%	1.532	1.333	1.160	1.009	0.878	0.901	0.757	0.635	0.534	0.448	3.365	0.000	0.000	0.000	
56	0.833%	0.890%	4.000%	2.368	2.060	1.792	1.559	1.600	1.344	1.129	0.948	0.797	5.977	0.000	0.000	0.000		
57	0.833%	0.960%	4.000%	1.861	1.619	1.409	1.446	1.214	1.020	0.857	0.720	5.401	0.000	0.000	0.000			
58	0.833%	1.040%	4.000%	1.241	1.080	1.108	0.931	0.782	0.657	0.552	4.139	0.000	0.000	0.000				
59	0.833%	1.120%	4.000%	1.660	1.703	1.431	1.202	1.010	0.848	6.364	0.000	0.000	0.000					
60	1.279%	1.210%	4.000%	1.616	1.357	1.140	0.958	0.804	6.036	0.000	0.000	0.000						
61	1.279%	1.300%	5.000%	1.374	1.154	0.969	0.814	6.111	0.000	0.000	0.000							
62	1.279%	1.400%	5.000%	1.581	1.328	1.116	8.374	0.000	0.000	0.000								
63	1.279%	1.490%	5.000%	1.213	1.019	7.646	0.000	0.000	0.000									
64	1.279%	1.590%	5.000%	0.917	6.884	0.000	0.000	0.000										
65	1.904%	1.690%	6.000%	5.917	0.000	0.000	0.000											
66	1.904%	0.000%	6.500%	0.000	0.000	0.000												
67	1.904%	0.000%	6.500%	0.000	0.000													
68	1.904%	0.000%	6.500%	0.000														
69	1.904%	0.000%	6.500%															
70	2.991%	0.000%	6.500%															
71	2.991%	0.000%	6.500%															
72	2.991%	0.000%	6.500%															
73	2.991%	0.000%	6.500%															
74	2.991%	0.000%	6.500%															
75	4.694%	0.000%	6.500%															
76	4.694%	0.000%	6.500%															
77	4.694%	0.000%	6.500%															
78	4.694%	0.000%	6.500%															
79	4.694%	0.000%	6.500%															
80	7.566%	0.000%	92.434%															
81	7.566%	0.000%	92.434%															
82	8.932%	0.000%	91.068%															
83	9.753%	0.000%	90.248%															
Total				46.2	44.0	41.7	39.2	34.3	31.4	29.0	24.7	23.7	22.0	17.6	15.4	16.3	13.0	10.7

[1] From Exhibit A2.

[2] Base Class, Mature Claims-Made, Full-Time Equivalent Physicians

Reserving for Extended Reporting Endorsement Coverage, Including the Death, Disability, and Retirement Policy Provisioin

Analysis of DDR Unearned Premium Reserve
Under Current Methodology, as of December 31, 2009

DDR Lapse Schedule by Calendar Year

Age	Death	Disability	Retirement	1/40 - 12/40	1/41 - 12/41	1/42 - 12/42	1/43 - 12/43	1/44 - 12/44	1/45 - 12/45	1/46 - 12/46	1/47 - 12/47	1/48 - 12/48	1/49 - 12/49	1/50 - 12/50	1/51 - 12/51	1/52 - 12/52	1/53 - 12/53
	Percent of In-force:[1]			Number of Equivalent Physicians to DDR During Period													
25	0.118%	0.090%	0.000%	0.001	0.001	0.001	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
26	0.118%	0.100%	0.000%	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
27	0.118%	0.100%	0.000%	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001
28	0.118%	0.110%	0.000%	0.003	0.002	0.002	0.003	0.002	0.002	0.002	0.002	0.002	0.002	0.002	0.001	0.001	0.001
29	0.118%	0.120%	0.000%	0.003	0.003	0.003	0.003	0.003	0.003	0.003	0.003	0.002	0.002	0.002	0.002	0.002	0.001
30	0.130%	0.130%	0.000%	0.013	0.014	0.013	0.012	0.011	0.012	0.010	0.009	0.008	0.007	0.008	0.007	0.006	0.005
31	0.130%	0.140%	0.000%	0.034	0.032	0.030	0.028	0.031	0.025	0.022	0.020	0.019	0.019	0.017	0.014	0.013	0.011
32	0.130%	0.150%	0.000%	0.058	0.054	0.051	0.057	0.045	0.041	0.037	0.034	0.035	0.030	0.026	0.023	0.020	0.021
33	0.130%	0.160%	0.000%	0.079	0.074	0.083	0.066	0.060	0.055	0.050	0.051	0.044	0.039	0.034	0.029	0.030	0.025
34	0.130%	0.170%	0.000%	0.167	0.187	0.149	0.136	0.124	0.113	0.116	0.101	0.088	0.076	0.066	0.068	0.057	0.048
35	0.169%	0.180%	0.000%	0.228	0.182	0.165	0.150	0.137	0.141	0.122	0.107	0.093	0.081	0.083	0.069	0.058	0.049
36	0.169%	0.190%	0.000%	0.378	0.344	0.313	0.285	0.293	0.255	0.222	0.193	0.168	0.172	0.145	0.122	0.102	0.086
37	0.169%	0.200%	0.000%	0.300	0.273	0.248	0.255	0.222	0.193	0.168	0.146	0.150	0.126	0.106	0.089	0.075	0.560
38	0.169%	0.210%	0.000%	0.482	0.439	0.451	0.392	0.341	0.297	0.258	0.265	0.223	0.187	0.157	0.132	0.990	0.000
39	0.169%	0.230%	0.000%	0.497	0.511	0.445	0.387	0.337	0.293	0.300	0.252	0.212	0.178	0.150	1.122	0.000	0.000
40	0.263%	0.240%	0.000%	0.591	0.515	0.448	0.389	0.339	0.348	0.292	0.245	0.206	0.173	1.299	0.000	0.000	0.000
41	0.263%	0.260%	0.000%	0.552	0.481	0.418	0.364	0.373	0.314	0.263	0.221	0.186	1.394	0.000	0.000	0.000	
42	0.263%	0.280%	0.000%	0.648	0.564	0.490	0.503	0.423	0.355	0.298	0.250	1.880	0.000	0.000	0.000		
43	0.263%	0.300%	0.000%	0.553	0.482	0.494	0.415	0.349	0.293	0.246	1.846	0.000	0.000	0.000			
44	0.263%	0.320%	0.000%	0.400	0.410	0.345	0.290	0.243	0.204	1.533	0.000	0.000	0.000				
45	0.399%	0.350%	0.000%	0.558	0.468	0.393	0.330	0.278	2.083	0.000	0.000	0.000					
46	0.399%	0.380%	0.000%	0.450	0.378	0.318	0.267	2.002	0.000	0.000	0.000						
47	0.399%	0.410%	0.000%	0.374	0.314	0.264	1.980	0.000	0.000	0.000							
48	0.399%	0.450%	0.000%	0.372	0.312	2.343	0.000	0.000	0.000								
49	0.399%	0.490%	0.000%	0.302	2.264	0.000	0.000	0.000									
50	0.595%	0.530%	0.000%	2.256	0.000	0.000	0.000										
51	0.595%	0.580%	0.000%	0.000	0.000	0.000											
52	0.595%	0.640%	0.000%	0.000	0.000												
53	0.595%	0.690%	0.000%	0.000													
54	0.595%	0.750%	0.000%														
55	0.833%	0.820%	4.000%														
56	0.833%	0.890%	4.000%														
57	0.833%	0.960%	4.000%														
58	0.833%	1.040%	4.000%														
59	0.833%	1.120%	4.000%														
60	1.279%	1.210%	4.000%														
61	1.279%	1.300%	5.000%														
62	1.279%	1.400%	5.000%														
63	1.279%	1.490%	5.000%														
64	1.279%	1.590%	5.000%														
65	1.904%	1.690%	6.000%														
66	1.904%	0.000%	6.500%														
67	1.904%	0.000%	6.500%														
68	1.904%	0.000%	6.500%														
69	1.904%	0.000%	6.500%														
70	2.991%	0.000%	6.500%														
71	2.991%	0.000%	6.500%														
72	2.991%	0.000%	6.500%														
73	2.991%	0.000%	6.500%														
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75	4.694%	0.000%	6.500%														
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77	4.694%	0.000%	6.500%														
78	4.694%	0.000%	6.500%														
79	4.694%	0.000%	6.500%														
80	7.566%	0.000%	92.434%														
81	7.566%	0.000%	92.434%														
82	8.932%	0.000%	91.068%														
83	9.753%	0.000%	90.248%														
Total				9.3	8.3	7.5	6.3	5.6	5.0	3.9	3.7	3.3	2.5	2.1	1.7	1.4	0.8

[1] From Exhibit A2.

[2] Base Class, Mature Claims-Made,Full-Time Equivalent Physicians

Reserving for Extended Reporting Endorsement Coverage, Including the Death, Disability, and Retirement Policy Provisioin

Analysis of DDR Unearned Premium Reserve
Under Current Methodology, as of December 31, 2009

DDR Lapse Schedule by Calendar Year

Age	Percent of In-force[1] Death	Disability	Retirement	Number of Equivalent Physicians to DDR During Period 1/54 - 12/54	1/55 - 12/55	1/56 - 12/56	1/57 - 12/57	1/58 - 12/58	1/59 - 12/59	1/60 - 12/60	1/61 - 12/61	1/62 - 12/62	1/63 - 12/63	1/64 - 12/64	1/65 - 12/65	1/66 - 12/66	1/67 - 12/67
25	0.118%	0.090%	0.000%	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.001	0.000	0.000
26	0.118%	0.100%	0.000%	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
27	0.118%	0.100%	0.000%	0.001	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.001	0.000	0.000	0.000	
28	0.118%	0.110%	0.000%	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.000	0.003	0.000	0.000	0.000		
29	0.118%	0.120%	0.000%	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.004	0.000	0.000	0.000			
30	0.130%	0.130%	0.000%	0.004	0.004	0.004	0.003	0.003	0.002	0.017	0.000	0.000	0.000				
31	0.130%	0.140%	0.000%	0.011	0.009	0.008	0.007	0.006	0.042	0.000	0.000	0.000					
32	0.130%	0.150%	0.000%	0.017	0.015	0.012	0.010	0.077	0.000	0.000	0.000						
33	0.130%	0.160%	0.000%	0.021	0.018	0.015	0.112	0.000	0.000	0.000							
34	0.130%	0.170%	0.000%	0.040	0.034	0.254	0.000	0.000	0.000								
35	0.169%	0.180%	0.000%	0.041	0.309	0.000	0.000	0.000									
36	0.169%	0.190%	0.000%	0.644	0.000	0.000	0.000										
37	0.169%	0.200%	0.000%	0.000	0.000	0.000											
38	0.169%	0.210%	0.000%	0.000	0.000												
39	0.169%	0.230%	0.000%	0.000													
40	0.263%	0.240%	0.000%														
41	0.263%	0.260%	0.000%														
42	0.263%	0.280%	0.000%														
43	0.263%	0.300%	0.000%														
44	0.263%	0.320%	0.000%														
45	0.399%	0.350%	0.000%														
46	0.399%	0.380%	0.000%														
47	0.399%	0.410%	0.000%														
48	0.399%	0.450%	0.000%														
49	0.399%	0.490%	0.000%														
50	0.595%	0.530%	0.000%														
51	0.595%	0.580%	0.000%														
52	0.595%	0.640%	0.000%														
53	0.595%	0.690%	0.000%														
54	0.595%	0.750%	0.000%														
55	0.833%	0.820%	4.000%														
56	0.833%	0.890%	4.000%														
57	0.833%	0.960%	4.000%														
58	0.833%	1.040%	4.000%														
59	0.833%	1.120%	4.000%														
60	1.279%	1.210%	4.000%														
61	1.279%	1.300%	5.000%														
62	1.279%	1.400%	5.000%														
63	1.279%	1.490%	5.000%														
64	1.279%	1.590%	5.000%														
65	1.904%	1.690%	6.000%														
66	1.904%	0.000%	6.500%														
67	1.904%	0.000%	6.500%														
68	1.904%	0.000%	6.500%														
69	1.904%	0.000%	6.500%														
70	2.991%	0.000%	6.500%														
71	2.991%	0.000%	6.500%														
72	2.991%	0.000%	6.500%														
73	2.991%	0.000%	6.500%														
74	2.991%	0.000%	6.500%														
75	4.694%	0.000%	6.500%														
76	4.694%	0.000%	6.500%														
77	4.694%	0.000%	6.500%														
78	4.694%	0.000%	6.500%														
79	4.694%	0.000%	6.500%														
80	7.566%	0.000%	92.434%														
81	7.566%	0.000%	92.434%														
82	8.932%	0.000%	91.068%														
83	9.753%	0.000%	90.248%														
Total				0.8	0.4	0.3	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

[1] From Exhibit A2.

[2] Base Class, Mature Claims-Made, Full-Time Equivalent Physicians

Reserving for Extended Reporting Endorsement Coverage, Including the Death, Disability, and Retirement Policy Provisioin

Analysis of DDR Unearned Premium Reserve
Under Current Methodology, as of December 31, 2009

Attrition Pattern by Calendar Year

	(1)	(2)	(3) = (4) - (1) - (2)	(4)
	Number of Base Class/Mature CM/Full-Time Equivalents:			
Calendar Period	In-Force at Beginning Of Period[1]	Lapsing Due to DDR[2]	Lapsing *Other Than* Due to DDR	In-Force at End Of Period[1]
1/10 - 12/10	2,649.0	102.7	166.4	2,379.9
1/11 - 12/11	2,379.9	88.6	132.8	2,158.5
1/12 - 12/12	2,158.5	85.3	107.3	1,965.9
1/13 - 12/13	1,965.9	86.3	90.1	1,789.6
1/14 - 12/14	1,789.6	81.9	77.0	1,630.7
1/15 - 12/15	1,630.7	77.8	67.8	1,485.1
1/16 - 12/16	1,485.1	75.7	59.7	1,349.6
1/17 - 12/17	1,349.6	75.4	52.6	1,221.7
1/18 - 12/18	1,221.7	68.4	46.5	1,106.7
1/19 - 12/19	1,106.7	63.2	40.8	1,002.7
1/20 - 12/20	1,002.7	64.3	35.8	902.6
1/21 - 12/21	902.6	59.6	31.6	811.5
1/22 - 12/22	811.5	56.3	27.0	728.1
1/23 - 12/23	728.1	50.9	23.3	653.9
1/24 - 12/24	653.9	48.8	20.3	584.8
1/25 - 12/25	584.8	46.2	17.1	521.5
1/26 - 12/26	521.5	44.0	14.1	463.3
1/27 - 12/27	463.3	41.7	11.9	409.7
1/28 - 12/28	409.7	39.2	10.0	360.5
1/29 - 12/29	360.5	34.3	8.1	318.0
1/30 - 12/30	318.0	31.4	6.7	279.9
1/31 - 12/31	279.9	29.0	5.6	245.2
1/32 - 12/32	245.2	24.7	4.9	215.7
1/33 - 12/33	215.7	23.7	4.1	187.9
1/34 - 12/34	187.9	22.0	3.6	162.3
1/35 - 12/35	162.3	17.6	3.2	141.6
1/36 - 12/36	141.6	15.4	2.9	123.3
1/37 - 12/37	123.3	16.3	2.5	104.5
1/38 - 12/38	104.5	13.0	2.3	89.1
1/39 - 12/39	89.1	10.7	2.2	76.3
1/40 - 12/40	76.3	9.3	2.0	65.0
1/41 - 12/41	65.0	8.3	1.8	54.9
1/42 - 12/42	54.9	7.5	1.7	45.7
1/43 - 12/43	45.7	6.3	1.5	37.9
1/44 - 12/44	37.9	5.6	1.3	31.0
1/45 - 12/45	31.0	5.0	1.1	24.9
1/46 - 12/46	24.9	3.9	0.9	20.0
1/47 - 12/47	20.0	3.7	0.8	15.5
1/48 - 12/48	15.5	3.3	0.6	11.6
1/49 - 12/49	11.6	2.5	0.5	8.7
1/50 - 12/50	8.7	2.1	0.3	6.2
1/51 - 12/51	6.2	1.7	0.2	4.3
1/52 - 12/52	4.3	1.4	0.2	2.8
1/53 - 12/53	2.8	0.8	0.1	1.9
1/54 - 12/54	1.9	0.8	0.1	1.1
1/55 - 12/55	1.1	0.4	0.0	0.6
1/56 - 12/56	0.6	0.3	0.0	0.3
1/57 - 12/57	0.3	0.1	0.0	0.2
1/58 - 12/58	0.2	0.1	0.0	0.1
1/59 - 12/59	0.1	0.0	0.0	0.0
1/60 - 12/60	0.0	0.0	0.0	0.0
1/61 - 12/61	0.0	0.0	0.0	0.0
1/62 - 12/62	0.0	0.0	0.0	0.0
1/63 - 12/63	0.0	0.0	0.0	0.0
1/64 - 12/64	0.0	0.0	0.0	0.0
1/65 - 12/65	0.0	0.0	0.0	0.0
1/66 - 12/66	0.0	0.0	0.0	0.0
1/67 - 12/67	0.0	0.0	0.0	0.0
Total	26,451.6	1,557.7	1,091.3	23,802.6

[1] From Exhibits A5 through A8.
[2] From Exhibit A9 through A12.

Reserving for Extended Reporting Endorsement Coverage, Including the Death, Disability, and Retirement Policy Provisioin
Analysis of DDR Unearned Premium Reserve
Under Current Methodology, as of December 31, 2009

Indicated Pure Premiums For ERE Coverage

(1)	(2)	(3)	(4) = (2) / (3)	(5)
Report Year	Ultimate Loss & ALAE Limited to Policy Limits[1]	Mature Claims-Made Base Class Equivalent Exposures	Ultimate Loss & ALAE Pure Premium	Trended[2] Ultimate Loss & ALAE Pure Premium
1998	5,424,163	1,359	3,992	6,828
1999	2,396,646	1,427	1,679	2,736
2000	9,206,638	1,574	5,847	9,071
2001	4,793,956	1,777	2,698	3,986
2002	7,511,520	1,825	4,117	5,793
2003	8,367,549	1,774	4,717	6,321
2004	17,946,284	2,526	7,106	9,069
2005	19,199,929	2,736	7,017	8,529
2006	14,844,834	2,844	5,220	6,043
2007	10,900,615	2,500	4,360	4,807
2008	13,165,910	2,414	5,455	5,728
2009	16,783,983	2,674	6,277	6,277
2003 - 2009				6,713
2005 - 2009				6,315

(6) Selected Base Class Claims-Made Loss & ALAE Pure Premium at Total Limits   6,525

(7) ULAE Load[1]   7.0%

(8) Selected Base Class Claims-Made Loss & LAE Pure Premium at Total Limits; (6) x [1 + (7)]   6,982

(9) Mature Claims-Made to Average ERE Factor[3]   2.000

(10) Assumed Reduction in DDR Liability Due to Reduced Exposure Prior to Retirement   80.0%

(11) Selected Base Class Loss & LAE ERE Pure Premium; (8) x (9) x (10)   **11,171**

[1] Based on claims-made reserve analysis

[2] Trended at 5.0% per annum to average report date of July 1, 2009

[3] Based on actuarial analysis or currently filed tail factor

Analysis of DDR Unearned Premium Reserve
Under Current Methodology, as of December 31, 2009

Projections of Loss and LAE on DDR Policies

Assumptions	
Per Annum Trend:	5.00%

Calendar Period	Projected Number to DDR[1]	Projected Pure Premium[2]	Loss & LAE Incurred[3]	Loss & LAE Paid[4] 0.5% 1st Year	2.5% 2nd Year	2.0% 3rd Year	25.0% 4th Year	20.0% 5th Year	15.0% 6th Year	10.0% 7th Year	5.0% 8th Year	5.0% 9th Year	5.0% 10th Year	5.0% 11th Year	2.5% 12th Year	2.5% 13th Year	Total
1/10 - 12/10	102.7	11,171	1,147,766	5,739													5,739
1/11 - 12/11	88.6	11,730	1,039,567	5,198	28,694												33,892
1/12 - 12/12	85.3	12,316	1,050,612	5,253	25,989	22,955											54,198
1/13 - 12/13	86.3	12,932	1,115,615	5,578	26,265	20,791	286,941										339,576
1/14 - 12/14	81.9	13,578	1,112,278	5,561	27,890	21,012	259,892	229,553									543,909
1/15 - 12/15	77.8	14,257	1,109,064	5,545	27,807	22,312	262,653	207,913	172,165								698,396
1/16 - 12/16	75.7	14,970	1,133,551	5,668	27,727	22,246	278,904	210,122	155,935	114,777							815,378
1/17 - 12/17	75.4	15,719	1,185,086	5,925	28,339	22,181	278,069	223,123	157,592	103,957	57,388						876,575
1/18 - 12/18	68.4	16,505	1,129,272	5,646	29,627	22,671	277,266	222,456	167,342	105,061	51,978	57,388					939,436
1/19 - 12/19	63.2	17,330	1,096,102	5,481	28,232	23,702	283,388	221,813	166,842	111,561	52,531	51,978	57,388				1,002,915
1/20 - 12/20	64.3	18,196	1,169,327	5,847	27,403	22,585	296,272	226,710	166,360	111,228	55,781	52,531	51,978	57,388			1,074,082
1/21 - 12/21	59.6	19,106	1,137,841	5,689	29,233	21,922	282,318	237,017	170,033	110,906	55,614	55,781	52,531	51,978	28,694		1,101,716
1/22 - 12/22	56.3	20,062	1,129,504	5,648	28,446	23,387	274,026	225,854	177,763	113,355	55,453	55,614	55,781	52,531	25,989	28,694	1,122,540
1/23 - 12/23	50.9	21,065	1,073,047	5,365	28,238	22,757	292,332	219,220	169,391	118,509	56,678	55,453	55,614	55,781	26,265	25,989	1,131,591
1/24 - 12/24	48.8	22,118	1,079,123	5,396	26,826	22,590	284,460	233,865	164,415	112,927	59,254	56,678	55,453	55,614	27,890	26,265	1,131,635
1/25 - 12/25	46.2	23,224	1,073,217	5,366	26,978	21,461	282,376	227,568	175,399	109,610	56,464	59,254	56,678	55,453	27,807	27,890	1,132,304
1/26 - 12/26	44.0	24,385	1,073,050	5,365	26,830	21,582	268,262	225,901	170,676	116,933	54,805	56,464	59,254	56,678	27,727	27,807	1,118,284
1/27 - 12/27	41.7	25,604	1,068,412	5,342	26,826	21,464	269,781	214,609	169,426	113,784	58,466	54,805	56,464	59,254	28,339	27,727	1,106,287
1/28 - 12/28	39.2	26,884	1,054,322	5,272	26,710	21,461	268,304	215,825	160,957	112,950	56,892	58,466	54,805	56,464	29,627	28,339	1,096,072
1/29 - 12/29	34.3	28,229	968,651	4,843	26,358	21,368	268,262	214,643	161,868	107,305	56,475	56,892	58,466	54,805	29,627	28,232	1,089,166
1/30 - 12/30	31.4	29,640	931,744	4,659	24,216	21,086	267,103	214,610	160,983	107,912	53,652	56,475	56,892	58,466	27,403	28,232	1,081,690
1/31 - 12/31	29.0	31,122	903,937	4,520	23,294	19,373	263,581	213,682	160,957	107,322	53,956	53,652	56,475	56,892	29,233	27,403	1,070,340
1/32 - 12/32	24.7	32,678	807,177	4,036	22,598	18,635	242,163	210,864	160,262	107,305	53,661	53,956	53,652	56,475	28,446	29,233	1,041,287
1/33 - 12/33	23.7	34,312	812,854	4,064	20,179	18,079	232,936	193,730	158,148	106,841	53,652	53,661	53,956	53,652	28,238	28,446	1,005,584
1/34 - 12/34	22.0	36,028	791,523	3,958	20,321	16,144	225,984	186,349	145,298	105,432	53,421	53,652	53,661	53,956	26,826	28,238	973,239
1/35 - 12/35	17.6	37,829	665,111	3,326	19,788	16,257	201,794	180,787	139,762	96,865	52,716	53,421	53,652	53,661	26,978	26,826	925,833
1/36 - 12/36	15.4	39,720	610,757	3,054	16,628	15,830	203,214	161,435	135,591	93,174	48,433	52,716	53,421	53,652	26,830	26,978	890,956
1/37 - 12/37	16.3	41,706	680,517	3,403	15,269	13,302	197,881	162,571	121,077	90,394	46,587	48,433	52,716	53,421	26,826	26,830	858,709
1/38 - 12/38	13.0	43,792	568,706	2,844	17,013	12,215	166,278	158,305	121,928	80,718	45,197	46,587	48,433	52,716	26,710	26,826	805,769
1/39 - 12/39	10.7	45,981	490,337	2,452	14,218	13,610	152,689	133,022	118,728	81,285	40,359	45,197	46,587	48,433	26,358	26,710	749,649
1/40 - 12/40	9.3	48,280	449,029	2,245	12,258	11,374	170,129	122,151	99,767	79,152	40,643	40,359	45,197	46,587	24,216	26,358	720,437
1/41 - 12/41	8.3	50,694	420,964	2,105	11,226	9,807	142,176	136,103	91,614	66,511	39,576	40,643	40,359	45,197	23,294	24,216	672,826
1/42 - 12/42	7.5	53,229	397,460	1,987	10,524	8,981	122,584	113,741	102,078	61,076	33,256	39,576	40,643	40,359	22,598	23,294	620,696
1/43 - 12/43	6.3	55,891	352,834	1,764	9,936	8,419	112,257	98,067	85,306	68,052	30,538	33,256	39,576	40,643	20,179	22,598	570,592
1/44 - 12/44	5.6	58,685	329,396	1,647	8,821	7,949	105,241	89,806	73,550	56,871	34,026	30,538	33,256	39,576	20,321	20,179	521,781
1/45 - 12/45	5.0	61,619	309,735	1,549	8,235	7,057	99,365	84,193	67,354	49,034	28,435	34,026	30,538	33,256	19,788	20,321	483,150
1/46 - 12/46	3.9	64,700	255,247	1,276	7,743	6,588	88,208	79,492	63,145	44,903	24,517	28,435	34,026	30,538	16,628	19,788	445,287
1/47 - 12/47	3.7	67,935	254,557	1,273	6,381	6,195	82,349	70,567	59,619	42,096	22,451	24,517	28,435	34,026	15,269	16,628	409,806
1/48 - 12/48	3.3	71,332	236,522	1,183	6,364	5,105	77,434	65,879	52,925	39,746	21,048	22,451	24,517	28,435	15,269	17,013	377,369
1/49 - 12/49	2.5	74,899	186,359	932	5,913	5,091	63,812	61,947	49,409	35,283	19,873	21,048	22,451	24,517	14,218	17,013	341,507
1/50 - 12/50	2.1	78,644	164,669	823	4,659	4,730	63,639	51,049	46,460	32,940	17,642	19,873	21,048	22,451	12,258	14,218	341,791
1/51 - 12/51	1.7	82,576	138,720	694	4,117	3,727	59,131	50,911	38,287	30,973	16,470	17,642	19,873	21,048	11,226	12,258	286,357
1/52 - 12/52	1.4	86,705	117,458	587	3,468	3,293	46,590	47,304	38,184	25,525	15,487	16,470	17,642	19,873	10,524	11,226	256,172
1/53 - 12/53	0.8	91,040	73,564	368	2,936	2,774	41,167	37,272	35,478	25,456	12,762	15,487	16,470	17,642	9,936	10,524	228,273
1/54 - 12/54	0.8	95,592	74,784	374	1,839	2,349	34,680	32,934	27,954	23,652	12,728	12,762	15,487	16,470	8,821	9,936	199,986
1/55 - 12/55	0.4	100,372	39,341	197	1,870	1,471	29,365	27,744	24,700	18,636	11,826	12,728	12,762	15,487	8,235	8,821	173,841
1/56 - 12/56	0.3	105,390	31,140	156	984	1,496	18,391	23,492	20,808	16,467	9,318	11,826	12,728	12,762	7,743	8,235	144,405
1/57 - 12/57	0.1	110,660	14,882	74	778	787	18,696	14,713	17,619	13,872	8,233	9,318	11,826	12,728	6,381	7,743	122,769
1/58 - 12/58	0.1	116,193	10,127	51	372	623	9,835	14,957	11,035	11,746	6,936	8,233	9,318	11,826	6,364	6,381	97,676
1/59 - 12/59	0.0	122,002	5,603	28	253	298	7,785	7,868	11,218	7,356	5,873	6,936	8,233	9,318	5,913	6,364	77,443
1/60 - 12/60	0.0	128,102	2,323	12	140	203	3,721	6,228	5,901	7,478	3,678	5,873	6,936	8,233	4,659	5,913	58,975
1/61 - 12/61	0.0	134,507	686	3	58	112	2,532	2,976	4,671	3,934	3,739	3,678	5,873	6,936	4,117	4,659	43,289
1/62 - 12/62	0.0	141,233	491	2	17	46	1,401	2,025	2,232	3,114	1,967	3,739	3,678	5,873	3,468	4,117	31,680
1/63 - 12/63	0.0	148,294	208	1	12	14	581	1,121	1,519	1,488	1,557	1,967	3,739	3,678	2,936	3,468	22,081
1/64 - 12/64	0.0	155,709	52	0	5	10	171	465	840	1,013	744	1,557	1,967	3,739	1,839	2,936	15,287
1/65 - 12/65	0.0	163,495	96	0	1	4	123	137	348	560	506	744	1,557	1,967	1,870	1,839	9,658
1/66 - 12/66	0.0	171,669	0	0	2	1	52	98	103	232	280	506	744	1,557	984	1,870	6,429
1/67 - 12/67	0.0	180,253	0	0	0	2	13	42	74	69	116	280	506	744	778	984	3,608
12/67 - 11/68				0	0	0	24	10	31	49	34	116	280	506	372	778	2,202
12/68 - 11/69				0	0	0	0	19	8	21	25	34	116	280	253	372	1,128
12/69 - 11/70				0	0	0	0	0	14	5	10	25	34	116	140	253	598
12/70 - 11/71				0	0	0	0	0	0	10	3	10	25	34	58	140	280
12/71 - 11/72				0	0	0	0	0	0	0	5	3	10	25	17	58	118
12/72 - 11/73				0	0	0	0	0	0	0	0	5	3	10	12	17	47
12/73 - 11/74				0	0	0	0	0	0	0	0	0	5	3	5	12	25
12/74 - 11/75				0	0	0	0	0	0	0	0	0	0	5	1	5	11
12/75 - 11/76				0	0	0	0	0	0	0	0	0	0	0	2	1	4
12/76 - 11/77				0	0	0	0	0	0	0	0	0	0	0	0	2	2
12/77 - 11/78				0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	1,557.7		33,074,314	165,372	826,858	661,486	8,268,578	6,614,863	4,961,147	3,307,431	1,653,716	1,653,716	1,653,716	1,653,716	826,858	826,858	33,074,314

[1] From Exhibit A13.
[2] First calendar period value is from Exhibit A14; subsequent values are trended at the per annum trend rate selected above.
[3] Product of the projected number of insureds to DDR and the projected pure premium.
[4] From Exhibit A18.

Reserving for Extended Reporting Endorsement Coverage, Including the Death, Disability, and Retirement Policy Provisioin

Exhibit A16

Analysis of DDR Unearned Premium Reserve
Under Current Methodology, as of December 31, 2009

Discounted Projections of Loss & LAE

Calendar Period	Total Paid Loss & LAE[1]	Paid Loss & LAE Discounted at a Per Annum Rate of			
		3.0%	4.0%	5.0%	6.0%
1/10 - 12/10	5,739	5,655	5,627	5,601	5,574
1/11 - 12/11	33,892	32,422	31,956	31,500	31,055
1/12 - 12/12	54,198	50,337	49,136	47,974	46,851
1/13 - 12/13	339,576	306,201	296,020	286,269	276,928
1/14 - 12/14	543,909	476,166	455,907	436,691	418,456
1/15 - 12/15	698,396	593,604	562,883	534,024	506,897
1/16 - 12/16	815,378	672,848	631,891	593,784	558,304
1/17 - 12/17	876,575	702,279	653,189	607,952	566,233
1/18 - 12/18	939,436	730,720	673,107	620,523	572,489
1/19 - 12/19	1,002,915	757,374	690,951	630,908	576,578
1/20 - 12/20	1,074,082	787,493	711,520	643,502	582,540
1/21 - 12/21	1,101,716	784,227	701,756	628,627	563,706
1/22 - 12/22	1,122,540	775,776	687,520	610,008	541,849
1/23 - 12/23	1,131,591	759,254	666,407	585,644	515,300
1/24 - 12/24	1,131,635	737,168	640,801	557,778	486,151
1/25 - 12/25	1,132,304	716,121	616,519	531,532	458,905
1/26 - 12/26	1,118,284	686,654	585,466	499,952	427,568
1/27 - 12/27	1,106,287	659,502	556,909	471,037	399,039
1/28 - 12/28	1,096,072	634,382	530,545	444,465	372,976
1/29 - 12/29	1,089,146	612,012	506,916	420,625	349,641
1/30 - 12/30	1,081,690	590,119	484,082	397,852	327,591
1/31 - 12/31	1,070,340	566,919	460,580	374,931	305,806
1/32 - 12/32	1,041,287	535,467	430,844	347,385	280,665
1/33 - 12/33	1,005,584	502,046	400,069	319,499	255,700
1/34 - 12/34	973,239	471,745	372,308	294,498	233,467
1/35 - 12/35	925,833	435,696	340,551	266,812	209,524
1/36 - 12/36	890,956	407,071	315,118	244,534	190,218
1/37 - 12/37	858,709	380,910	292,031	224,461	172,956
1/38 - 12/38	805,769	347,016	263,488	200,593	153,106
1/39 - 12/39	749,649	313,444	235,708	177,735	134,380
1/40 - 12/40	720,437	292,456	217,811	162,676	121,834
1/41 - 12/41	672,826	265,174	195,593	144,691	107,342
1/42 - 12/42	620,696	237,503	173,498	127,124	93,420
1/43 - 12/43	570,592	211,972	153,359	111,297	81,018
1/44 - 12/44	521,781	188,193	134,846	96,930	69,893
1/45 - 12/45	483,150	169,184	120,060	85,479	61,055
1/46 - 12/46	445,287	151,384	106,395	75,029	53,086
1/47 - 12/47	409,806	135,264	94,152	65,763	46,090
1/48 - 12/48	377,369	120,930	83,365	57,674	40,040
1/49 - 12/49	341,507	106,250	72,541	49,708	34,184
1/50 - 12/50	311,791	94,180	63,682	43,221	29,443
1/51 - 12/51	286,357	83,977	56,237	37,805	25,510
1/52 - 12/52	256,172	72,937	48,374	32,210	21,529
1/53 - 12/53	228,273	63,101	41,448	27,335	18,099
1/54 - 12/54	199,986	53,671	34,915	22,807	14,959
1/55 - 12/55	173,841	45,296	29,183	18,882	12,267
1/56 - 12/56	144,405	36,530	23,309	14,938	9,613
1/57 - 12/57	122,769	30,152	19,055	12,095	7,710
1/58 - 12/58	97,676	23,291	14,577	9,165	5,787
1/59 - 12/59	77,443	17,928	11,113	6,920	4,329
1/60 - 12/60	58,975	13,255	8,137	5,019	3,110
1/61 - 12/61	43,289	9,446	5,743	3,509	2,153
1/62 - 12/62	31,680	6,712	4,041	2,445	1,487
1/63 - 12/63	22,081	4,542	2,709	1,623	978
1/64 - 12/64	15,287	3,053	1,803	1,070	638
1/65 - 12/65	9,658	1,872	1,095	644	381
1/66 - 12/66	6,429	1,210	701	408	239
1/67 - 12/67	3,608	659	378	218	127
12/67 - 11/68	2,202	391	222	127	73
12/68 - 11/69	1,128	194	109	62	35
12/69 - 11/70	598	100	56	31	18
12/70 - 11/71	280	45	25	14	8
12/71 - 11/72	118	19	10	6	3
12/72 - 11/73	47	7	4	2	1
12/73 - 11/74	25	4	2	1	1
12/74 - 11/75	11	2	1	0	0
12/75 - 11/76	4	1	0	0	0
12/76 - 11/77	2	0	0	0	0
12/77 - 11/78	0	0	0	0	0
Total	$33,074,314	$18,471,516	$15,568,357	$13,253,623	$11,386,908

[1] From Exhibit A15.

Reserving for Extended Reporting Endorsement Coverage, Including the Death, Disability, and Retirement Policy Provisioin

Analysis of DDR Unearned Premium Reserve
Under Current Methodology, as of December 31, 2009

Discounted Projections of DDR Premiums

Assumptions	
Annual Avg. Rate Change:	5.00%
DDR Provision (% of premium)	3.00%

Calendar Period	Average Base Class/ Mature CM Full-Time Equivalent Premium[1]	Projected Number of Equivalents Renewing During Period[2]	Undiscounted DDR Premium[3]	DDR Premium Discounted at a Per Annum Rate of			
				3.0%	4.0%	5.0%	6.0%
1/10 - 12/10	9,302	2,379.9	664,128	654,384	651,231	648,122	645,058
1/11 - 12/11	9,767	2,158.5	632,464	605,034	596,329	587,830	579,532
1/12 - 12/12	10,255	1,965.9	604,842	561,758	548,351	535,388	522,850
1/13 - 12/13	10,768	1,789.6	578,124	521,304	503,970	487,370	471,466
1/14 - 12/14	11,307	1,630.7	553,121	484,231	463,629	444,087	425,543
1/15 - 12/15	11,872	1,485.1	528,916	449,554	426,288	404,432	383,888
1/16 - 12/16	12,466	1,349.6	504,724	416,497	391,144	367,556	345,593
1/17 - 12/17	13,089	1,221.7	479,700	384,318	357,454	332,698	309,867
1/18 - 12/18	13,743	1,106.7	456,301	354,924	326,940	301,400	278,069
1/19 - 12/19	14,430	1,002.7	434,067	327,796	299,048	273,060	249,546
1/20 - 12/20	15,152	902.6	410,299	300,822	271,801	245,818	222,530
1/21 - 12/21	15,910	811.5	387,308	275,695	246,702	220,994	198,171
1/22 - 12/22	16,705	728.1	364,909	252,185	223,495	198,298	176,141
1/23 - 12/23	17,540	653.9	344,080	230,865	202,633	178,076	156,686
1/24 - 12/24	18,417	584.8	323,091	210,468	182,954	159,250	138,800
1/25 - 12/25	19,338	521.5	302,534	191,337	164,724	142,017	122,612
1/26 - 12/26	20,305	463.3	282,238	173,301	147,763	126,181	107,912
1/27 - 12/27	21,320	409.7	262,055	156,222	131,920	111,578	94,524
1/28 - 12/28	22,386	360.5	242,115	140,130	117,194	98,179	82,388
1/29 - 12/29	23,506	318.0	224,277	126,026	104,384	86,615	71,998
1/30 - 12/30	24,681	279.9	207,220	113,050	92,736	76,217	62,757
1/31 - 12/31	25,915	245.2	190,662	100,987	82,044	66,787	54,474
1/32 - 12/32	27,211	215.7	176,067	90,540	72,850	58,738	47,456
1/33 - 12/33	28,571	187.9	161,016	80,389	64,060	51,159	40,943
1/34 - 12/34	30,000	162.3	146,091	70,813	55,886	44,206	35,045
1/35 - 12/35	31,500	141.6	133,767	62,951	49,204	38,550	30,273
1/36 - 12/36	33,075	123.3	122,346	55,899	43,272	33,580	26,121
1/37 - 12/37	34,729	104.5	108,830	48,275	37,011	28,447	21,920
1/38 - 12/38	36,465	89.1	97,495	41,988	31,881	24,271	18,525
1/39 - 12/39	38,288	76.3	87,648	36,648	27,559	20,781	15,712
1/40 - 12/40	40,203	65.0	78,383	31,819	23,698	17,699	13,255
1/41 - 12/41	42,213	54.9	69,462	27,376	20,193	14,938	11,082
1/42 - 12/42	44,323	45.7	60,784	23,258	16,990	12,449	9,148
1/43 - 12/43	46,540	37.9	52,944	19,668	14,230	10,327	7,517
1/44 - 12/44	48,867	31.0	45,448	16,392	11,745	8,443	6,088
1/45 - 12/45	51,310	24.9	38,288	13,407	9,514	6,774	4,838
1/46 - 12/46	53,875	20.0	32,312	10,985	7,720	5,444	3,852
1/47 - 12/47	56,569	15.5	26,287	8,676	6,039	4,218	2,956
1/48 - 12/48	59,398	11.6	20,660	6,621	4,564	3,157	2,192
1/49 - 12/49	62,368	8.7	16,195	5,039	3,440	2,357	1,621
1/50 - 12/50	65,486	6.2	12,241	3,698	2,500	1,697	1,156
1/51 - 12/51	68,760	4.3	8,906	2,612	1,749	1,176	793
1/52 - 12/52	72,198	2.8	6,084	1,732	1,149	765	511
1/53 - 12/53	75,808	1.9	4,311	1,192	783	516	342
1/54 - 12/54	79,599	1.1	2,517	676	439	287	188
1/55 - 12/55	83,579	0.6	1,571	409	264	171	111
1/56 - 12/56	87,757	0.3	825	209	133	85	55
1/57 - 12/57	92,145	0.2	468	115	73	46	29
1/58 - 12/58	96,753	0.1	226	54	34	21	13
1/59 - 12/59	101,590	0.0	92	21	13	8	5
1/60 - 12/60	106,670	0.0	37	8	5	3	2
1/61 - 12/61	112,003	0.0	20	4	3	2	1
1/62 - 12/62	117,603	0.0	9	2	1	1	0
1/63 - 12/63	123,484	0.0	4	1	0	0	0
1/64 - 12/64	129,658	0.0	2	0	0	0	0
1/65 - 12/65	136,141	0.0	0	0	0	0	0
1/66 - 12/66	142,948	0.0	0	0	0	0	0
1/67 - 12/67	150,095	0.0	0	0	0	0	0
Total			$10,488,515	$7,692,363	$7,039,737	$6,482,270	$6,002,160

[1] First calendar period based on most recent rate-making analysis; subsequent calendar periods based on selected per annum trend rate given above.

[2] From Exhibit A13.

[3] Product of the preceding two columns with the selected DDR premium provision given above.

Reserving for Extended Reporting Endorsement Coverage, Including the Death, Disability, and Retirement Policy Provisioin

Analysis of DDR Unearned Premium Reserve
Under Current Methodology, as of December 31, 2009

Indicated Payment Pattern

Report Year	Paid and ALAE Limited to Total Limits												Ultimate Loss & ALAE [1]
	6	18	30	42	54	66	78	90	102	114	126	138	
1998	25,164	89,752	1,130,799	2,542,591	2,967,665	2,995,798	3,437,037	3,559,235	3,801,522	4,491,207	5,169,227	5,424,163	5,424,163
1999	6,521	105,758	1,003,750	1,031,549	1,473,937	1,941,283	2,214,501	2,377,473	2,396,646	2,396,646	2,396,646		2,396,646
2000	40,354	454,320	714,843	2,533,727	5,365,433	7,885,766	8,493,316	8,775,703	9,206,638	9,206,638			9,206,638
2001	3,676	81,617	1,970,348	2,133,686	2,784,400	3,241,764	3,339,004	3,789,487	4,067,321				4,793,956
2002	30,553	173,218	1,894,060	2,377,270	2,591,217	4,738,023	4,844,448	5,411,389					7,511,520
2003	19,591	255,093	1,730,200	5,041,606	7,464,685	8,363,029	8,367,549						8,367,549
2004	11,365	64,274	997,369	7,616,690	12,400,882	12,098,981							17,946,284
2005	31,269	923,539	7,581,324	12,268,755	13,911,166								19,199,929
2006	53,595	1,172,375	5,880,446	7,986,521									14,844,834
2007	48,480	990,712	3,243,150										10,900,615
2008	57,096	261,824											13,165,910
2009	24,899												16,783,983

Report Year	Months of Development											
	6	18	30	42	54	66	78	90	102	114	126	138
1998	0.5%	1.7%	20.8%	46.9%	54.7%	55.2%	63.4%	65.6%	70.1%	82.8%	95.3%	100.0%
1999	0.3%	4.4%	41.9%	43.0%	61.5%	81.0%	92.4%	99.2%	100.0%	100.0%	100.0%	
2000	0.4%	4.9%	7.8%	27.5%	58.3%	85.7%	92.3%	95.3%	100.0%	100.0%		
2001	0.1%	1.7%	41.1%	44.5%	58.1%	67.6%	69.7%	79.0%	84.8%			
2002	0.4%	2.3%	25.2%	31.6%	34.5%	63.1%	64.5%	72.0%				
2003	0.2%	3.0%	20.7%	60.3%	89.2%	99.9%	100.0%					
2004	0.1%	0.4%	5.6%	42.4%	69.1%	67.4%						
2005	0.2%	4.8%	39.5%	63.9%	72.5%							
2006	0.4%	7.9%	39.6%	53.8%								
2007	0.4%	9.1%	29.8%									
2008	0.4%	2.0%										
2009	0.1%											
Average	0.3%	3.8%	27.2%	46.0%	62.2%	74.3%	80.4%	82.2%	88.7%	94.3%	97.7%	100.0%
Weighted Average	0.3%	4.0%	26.0%	48.5%	65.4%	74.2%	81.4%	81.5%	89.2%	94.5%	96.7%	100.0%
Average L5	0.3%	4.8%	27.0%	50.4%	64.7%	76.7%	83.8%	82.2%				
Average L3	0.3%	6.3%	36.3%	53.4%	76.9%	76.8%	78.0%	82.1%	94.9%	94.3%		
Selected	6 - Ult	18 - Ult	30 - Ult	42 - Ult	54 - Ult	66 - Ult	78 - Ult	90 - Ult	102 - Ult	114 - Ult	126 - Ult	138 - Ult
Cumulative	0.3%	5.0%	30.0%	50.0%	65.0%	75.0%	80.0%	85.0%	90.0%	95.0%	97.5%	100.0%

Tail Year Payment Pattern

	12 - Ult	24 - Ult	36 - Ult	48 - Ult	60 - Ult	72 - Ult	84 - Ult	96 - Ult	108 - Ult	120 - Ult	132 - Ult	144 - Ult	156 - Ult
Cumulative [2]	0.5%	3.0%	5.0%	30.0%	50.0%	65.0%	75.0%	80.0%	85.0%	90.0%	95.0%	97.5%	100.0%
Incremental	**0.5%**	**2.5%**	**2.0%**	**25.0%**	**20.0%**	**15.0%**	**10.0%**	**5.0%**	**5.0%**	**5.0%**	**5.0%**	**2.5%**	**2.5%**

[1] Based on claims-made reserve analysis.

[2] In order to determine a "tail year" payment pattern, we assume an 18 month lag between a report year pattern and a tail year pattern (12 and 24 month factors are judgmentally selected)