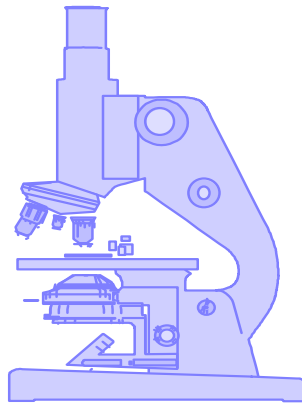




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ERRATIC CASE RESERVING PRACTICES

CASE PRESENTATION 10-22-10

Whether it's good, bad or ugly, it's all the same to me, just as long as it's consistent, BUT is it alright, really?

Maybe so, if you are an actuary, but not so if you are a claims consultant

A FEW CLAIM CONSULTANT OBSERVATIONS

- Automated reserving systems (e.g., Colossus and MITA) are incapable of revealing whether or not claims are being overpaid, and you as actuaries probably can't make that determination either.
- Increasing statistical reserves based upon a history of paid losses creates redundancies.

QUESTION: For statistical reserving purposes, how do you look at an average paid claim? All closed claims with and without payments divided by the total number of claims, or all paid claims divided by the number of total claims?

- Statistical case reserves have their place, if they remain constant (e.g., WC medical only, automobile glass breakage, legal expenses, etc.).
- Over stated case reserves can result in overpaid claims, but so too can understated case reserves.
- Claim handlers pay more attention to claims process than the continual posting of case reserves, or to paying the right amount. [See Exhibit I – Case Reserve History.](#)
- There are no round numbers in workers' compensation case reserves, or at least there shouldn't be. [See Exhibit II and Exhibit III – Medical Malpractice and Workers' Compensation Claims.](#)
- Pending/open claims with zero paid and zero outstanding reserves are questionable. [See Exhibit III – Workers' Compensation.](#)
- Claims handlers are taught to always have enough in case reserves, but are rarely taught to reduce them when less is enough; an industry shortcoming. [See Exhibit IV – Vast Variability.](#)
- Acceptable aggregate case reserve margins/variances don't necessarily suggest appropriate case reserves. Individual case reserves must also fall within acceptable margins. [See Exhibit V – Vast Variability, Bar Graph and Lag in Case Reserve Postings.](#)
- Is reserving for full value the right thing to do, or should we reserve for present value? [See Exhibit VI – Paid v. Outstanding At Closing.](#)

QUESTION: Is not an initial case reserve considered to be a gross reserve, or an incurred loss? If so, as case reserves and payments increase, so to does the incurred loss, but can we really rely upon incurred losses to predict the future if case reserves are overstated? Would future predictions be more accurate if they were based upon paid losses? That is a question for you.

PAID V. OUTSTANDING

365 DAY - WORKERS' COMPENSATION CASE RESERVE HISTORY COMPARISON TO PAID LOSSES

Black Numbers Represent Medical, Blue Represent Indemnity and Positive Suggests Overstating

#	Date	Initial Case Reserve	Case Reserve At 90 Days	Case Reserve At 180 Days	Case Reserve At 270 Days	Case Reserve At 365 Days	Last Case Reserve Within The First Year	Paid Amount	Variance From Last Reserve	Indemnity Variances	Medical Variances
1	11/24/00	7,335.00	7,335.00	0.00	0.00	0.00	7,335.00	5,220.00	2,115.00	2,115.00	
1		8,000.00	0.00	0.00	0.00	0.00	8,000.00	7,978.00	22.00		22.00
2	05/23/02	19,000.00	24,000.00	0.00	0.00	0.00	24,000.00	15,260.00	8,740.00	8,740.00	
2		15,000.00	15,000.00	0.00	0.00	0.00	15,000.00	7,172.00	7,828.00		7,828.00
3	09/12/02	9,000.00	9,000.00	9,000.00	9,000.00	9,000.00	9,000.00	5,158.00	3,842.00	3,842.00	
3		7,000.00	7,000.00	7,000.00	7,000.00	7,000.00	7,000.00	9,360.00	(2,360.00)		(2,360.00)
4	09/18/00	1,960.00	1,960.00	1,960.00	1,960.00	24,570.00	24,570.00	22,960.00	1,610.00	1,610.00	

PAID V. OUTSTANDING

365 DAY - WORKERS' COMPENSATION CASE RESERVE HISTORY COMPARISON TO PAID LOSSES

Black Numbers Represent Medical, Blue Represent Indemnity and Positive Suggests Overstating

#	Date	Initial Case Reserve	Case Reserve At 90 Days	Case Reserve At 180 Days	Case Reserve At 270 Days	Case Reserve At 365 Days	Last Case Reserve Within The First Year	Paid Amount	Variance From Last Reserve	Indemnity Variances	Medical Variances
4		1,300.00	5,000.00	5,000.00	7,500.00	9,500.00	9,500.00	7,724.00	1,776.00		1,776.00
5	02/23/01	6,902.00	6,902.00	6,902.00	14,333.00	22,162.00	22,162.00	24,829.00	(2,667.00)	(2,667.00)	
5		4,500.00	4,500.00	4,500.00	22,000.00	22,000.00	22,000.00	5,333.00	16,667.00		16,667.00
6	12/12/02	3,200.00	3,200.00	0.00	5,000.00	5,000.00	5,000.00	18,799.00	(13,799.00)	(13,799.00)	
6		4,500.00	4,500.00	7,500.00	7,500.00	7,500.00	7,500.00	10,926.00	(3,426.00)		(3,426.00)
7	06/28/01	5,000.00	14,000.00	14,000.00	14,000.00	14,000.00	14,000.00	6,356.00	7,644.00	7,644.00	
7		8,000.00	10,000.00	15,000.00	15,000.00	15,000.00	15,000.00	22,497.00	(7,497.00)		(7,497.00)

PAID V. OUTSTANDING

365 DAY - WORKERS' COMPENSATION CASE RESERVE HISTORY COMPARISON TO PAID LOSSES

Black Numbers Represent Medical, Blue Represent Indemnity and Positive Suggests Overstating

#	Date	Initial Case Reserve	Case Reserve At 90 Days	Case Reserve At 180 Days	Case Reserve At 270 Days	Case Reserve At 365 Days	Last Case Reserve Within The First Year	Paid Amount	Variance From Last Reserve	Indemnity Variances	Medical Variances
8	09/21/00	1,000.00	1,000.00	1,000.00	4,840.00	15,720.00	15,720.00	19,343.00	(3,623.00)	(3,623.00)	
8		5,570.00	5,570.00	5,570.00	9,598.00	20,570.00	20,570.00	25,995.00	(5,425.00)		(5,425.00)
9	09/01/00	13,000.00	13,000.00	13,000.00	8,100.00	8,600.00	8,600.00	33,930.00	(25,330.00)	(25,330.00)	
9		13,000.00	13,000.00	13,000.00	6,000.00	6,000.00	6,000.00	13,406.00	(7,406.00)		(7,406.00)
10	04/14/00	7,500.00	7,500.00	13,230.00	20,170.00	33,045.00	33,045.00	59,270.00	(26,225.00)	(26,225.00)	
10		8,000.00	8,000.00	8,000.00	8,000.00	15,000.00	15,000.00	8,934.00	6,066.00		6,066.00

PAID V. OUTSTANDING

365 DAY - WORKERS' COMPENSATION CASE RESERVE HISTORY COMPARISON TO PAID LOSSES

Black Numbers Represent Medical, Blue Represent Indemnity and Positive Suggests Overstating

#	Date	Initial Case Reserve	Case Reserve At 90 Days	Case Reserve At 180 Days	Case Reserve At 270 Days	Case Reserve At 365 Days	Last Case Reserve Within The First Year	Paid Amount	Variance From Last Reserve	Indemnity Variances	Medical Variances
11	04/26/00	4,120.00	15,661.00	15,661.00	15,661.00	16,140.00	16,140.00	29,566.00	(13,426.00)	(13,426.00)	
11		15,500.00	15,500.00	15,500.00	16,527.00	25,001.00	25,001.00	30,184.00	(5,183.00)		(5,183.00)
12	03/13/01	9,300.00	9,300.00	16,848.00	16,848.00	20,000.00	20,000.00	42,633.00	(22,633.00)	(22,633.00)	
12		8,500.00	8,500.00	11,327.00	11,327.00	14,000.00	14,000.00	36,865.00	(22,865.00)		(22,865.00)
13	02/08/01	6,400.00	10,000.00	15,000.00	31,216.00	31,216.00	31,216.00	51,656.00	(20,440.00)	(20,440.00)	
13		7,500.00	7,500.00	15,000.00	20,000.00	20,000.00	20,000.00	45,670.00	(25,670.00)		(25,670.00)
14	02/03/00	15,551.00	15,551.00	15,551.00	15,751.00	15,751.00	15,571.00	53,637.00	(38,066.00)	(38,066.00)	

PAID V. OUTSTANDING

365 DAY - WORKERS' COMPENSATION CASE RESERVE HISTORY COMPARISON TO PAID LOSSES

Black Numbers Represent Medical, Blue Represent Indemnity and Positive Suggests Overstating

#	Date	Initial Case Reserve	Case Reserve At 90 Days	Case Reserve At 180 Days	Case Reserve At 270 Days	Case Reserve At 365 Days	Last Case Reserve Within The First Year	Paid Amount	Variance From Last Reserve	Indemnity Variances	Medical Variances
14		1,500.00	1,500.00	10,000.00	10,000.00	20,000.00	20,000.00	71,709.00	(51,709.00)		(51,709.00)
15	07/26/00	8,000.00	8,000.00	16,000.00	36,500.00	36,500.00	36,500.00	77,256.00	(40,756.00)	(40,756.00)	
15		3,000.00	3,000.00	16,948.00	21,566.00	56,001.00	56,001.00	99,269.00	(43,268.00)		(43,268.00)
		228,138.00	254,979.00	272,497.00	355,397.00	489,276.00	543,431.00	868,895.00	(325,464.00)	(183,014.00)	(142,450.00)

NOTE: Significantly more (almost 60% more) was needed in case reserves to satisfy the amounts being paid

NOTE: Bold numbers above illustrate when case reserves were close to what was ultimately paid

EXHIBIT II

**ROUND NUMBERS IN OTHER LIABILITY CLAIMS ARE
ACCEPTABLE, BUT NOT ALWAYS APPROPRIATE**

OPEN MEDICAL MALPRACTICE CLAIMS - CASE RESERVE ANALYSIS

#	Date Received	Current Case Reserve	Suggested Case Reserve	Variance
1	03/23/04	5,000.00	0.00	5,000.00
2	09/21/05	5,000.00	5,000.00	0.00
3	10/26/05	5,000.00	0.00	5,000.00
4	08/05/05	5,000.00	500,000.00	(495,000.00)
5	09/15/05	5,000.00	0.00	5,000.00
6	10/26/05	5,000.00	0.00	5,000.00
7	12/08/04	5,000.00	5,000.00	0.00
8	08/16/05	5,000.00	20,000.00	(15,000.00)
9	09/07/05	5,000.00	5,000.00	0.00
10	02/10/05	5,000.00	30,000.00	(25,000.00)
11	03/25/05	5,000.00	60,000.00	(55,000.00)
12	09/07/05	5,000.00	5,000.00	0.00
13	10/18/05	5,000.00	5,000.00	0.00
14	10/18/05	5,000.00	5,000.00	0.00
15	10/18/05	5,000.00	5,000.00	0.00
16	11/10/05	5,000.00	5,000.00	0.00
17	07/01/05	5,000.00	0.00	5,000.00
18	09/20/05	5,000.00	5,000.00	0.00
19	05/04/05	5,000.00	5,000.00	0.00
20	08/02/05	5,000.00	5,000.00	0.00
21	09/07/05	5,000.00	75,000.00	(70,000.00)
22	09/16/05	5,000.00	50,000.00	(45,000.00)
23	09/21/05	5,000.00	5,000.00	0.00
24	09/29/05	5,000.00	50,000.00	(45,000.00)
25	10/31/05	5,000.00	5,000.00	0.00
26	12/12/05	5,000.00	5,000.00	0.00
27	09/01/05	10,000.00	10,000.00	0.00
28	06/29/05	10,000.00	100,000.00	(90,000.00)
29	03/03/04	20,000.00	5,000.00	15,000.00
30	08/17/05	25,000.00	25,000.00	0.00

EXHIBIT II

ROUND NUMBERS IN OTHER LIABILITY CLAIMS ARE ACCEPTABLE, BUT NOT ALWAYS APPROPRIATE

OPEN MEDICAL MALPRACTICE CLAIMS - CASE RESERVE ANALYSIS

#	Date Received	Current Case Reserve	Suggested Case Reserve	Variance
31	11/13/03	25,000.00	5,000.00	20,000.00
32	09/14/05	25,000.00	5,000.00	20,000.00
33	10/28/05	25,000.00	200,000.00	(175,000.00)
34	10/21/05	50,000.00	50,000.00	0.00
35	10/18/04	50,000.00	5,000.00	45,000.00
36	12/16/04	75,000.00	75,000.00	0.00
37	12/21/04	75,000.00	75,000.00	0.00
38	01/28/05	75,000.00	5,000.00	70,000.00
39	07/28/04	100,000.00	0.00	100,000.00
40	02/02/04	100,000.00	0.00	100,000.00
41	09/24/04	100,000.00	100,000.00	0.00
42	11/03/04	100,000.00	50,000.00	50,000.00
43	11/30/04	150,000.00	60,000.00	90,000.00
44	04/13/04	150,000.00	150,000.00	0.00
45	12/01/04	150,000.00	400,000.00	(250,000.00)
46	03/18/04	200,000.00	500,000.00	(300,000.00)
47	10/19/04	250,000.00	750,000.00	(500,000.00)
48	10/04/04	250,000.00	750,000.00	(500,000.00)
		2,145,000.00	4,175,000.00	(2,030,000.00)

Almost twice as much is needed than is in reserve

EXHIBIT III

**ROUND NUMBERS IN WORKERS' COMPENSATION SUGGEST
LACK OF EXPOSURE TO LOSS ANALYSIS
Open Loss Run Reflecting Open and Closed Claims**

#	Date Of Loss	Gross Medical Case Reserve	Gross Indemnity Case Reserve	Total Gross Outstanding Case Reserves (Total Incurred)	Paid Medical	Paid Indemnity	Total Paid	Total Net Outstanding Case Reserves (Gross Minus Paid)	STATUS?
1	06/26/07	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Closed?
2	07/22/08	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Closed?
3	01/08/09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Closed?
4	01/05/06	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Closed?
5	12/21/07	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Closed?
6	08/21/07	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Closed?
7	04/24/09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Closed?
8	03/13/09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Closed?
9	11/04/08	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Closed?
10	04/15/09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Closed?
11	09/06/07	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Closed?
12	06/23/09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Closed?
13	07/05/08	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Closed?
14	07/08/08	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Closed?
15	03/23/09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Closed?
16	10/30/06	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Closed?
17	06/03/08	50.00	0.00	50.00	50.00	0.00	50.00	0.00	Closed?
18	05/04/08	111.00	0.00	111.00	111.00	0.00	111.00	0.00	Closed?
19	01/05/08	140.00	0.00	140.00	140.00	0.00	140.00	0.00	Closed?
20	04/09/09	149.00	0.00	149.00	149.00	0.00	149.00	0.00	Closed?
21	09/23/08	184.91	0.00	184.91	184.91	0.00	184.91	0.00	Closed?

EXHIBIT III

**ROUND NUMBERS IN WORKERS' COMPENSATION SUGGEST
LACK OF EXPOSURE TO LOSS ANALYSIS
Open Loss Run Reflecting Open and Closed Claims**

#	Date Of Loss	Gross Medical Case Reserve	Gross Indemnity Case Reserve	Total Gross Outstanding Case Reserves (Total Incurred)	Paid Medical	Paid Indemnity	Total Paid	Total Net Outstanding Case Reserves (Gross Minus Paid)	STATUS?
22	10/20/04	185.00	0.00	185.00	185.00	0.00	185.00	0.00	Closed?
23	06/11/09	262.77	0.00	262.77	262.77	0.00	262.77	0.00	Closed?
24	08/03/08	263.12	38.80	301.92	263.12	38.80	301.92	0.00	Closed?
25	11/07/08	390.88	0.00	390.88	319.68	0.00	319.68	71.20	
26	01/15/09	414.10	0.00	414.10	188.10	0.00	188.10	226.00	
27	04/01/09	460.80	0.00	460.80	460.80	0.00	460.80	0.00	Closed?
28	05/04/07	463.75	0.00	463.75	463.75	0.00	463.75	0.00	Closed?
29	02/17/05	548.95	0.00	548.95	548.95	0.00	548.95	0.00	Closed?
30	08/08/08	549.00	0.00	549.00	549.00	0.00	549.00	0.00	Closed?
31	08/12/09	676.70	0.00	676.70	720.70	0.00	720.70	(44.00)	Closed?
32	07/23/06	692.40	0.00	692.40	1,082.40	0.00	1,082.40	(390.00)	Closed?
33	07/06/09	695.22	0.00	695.22	695.22	0.00	695.22	0.00	Closed?
34	09/15/05	731.38	0.00	731.38	731.38	0.00	731.38	0.00	Closed?
35	05/13/04	755.96	0.00	755.96	755.96	0.00	755.96	0.00	Closed?
36	02/24/06	789.80	0.00	789.80	919.60	0.00	919.60	(129.80)	Closed?
38	03/01/08	800.00	0.00	800.00	296.01	0.00	296.01	503.99	
37	06/18/08	800.00	0.00	800.00	15.74	0.00	15.74	784.26	
39	06/11/04	800.00	0.00	800.00	0.00	0.00	0.00	800.00	
40	05/11/07	836.54	0.00	836.54	836.54	0.00	836.54	0.00	Closed?
41	07/31/07	887.14	0.00	887.14	887.14	0.00	887.14	0.00	Closed?
42	03/01/06	1,007.40	0.00	1,007.40	742.40	0.00	742.40	265.00	

EXHIBIT III

**ROUND NUMBERS IN WORKERS' COMPENSATION SUGGEST
LACK OF EXPOSURE TO LOSS ANALYSIS
Open Loss Run Reflecting Open and Closed Claims**

#	Date Of Loss	Gross Medical Case Reserve	Gross Indemnity Case Reserve	Total Gross Outstanding Case Reserves (Total Incurred)	Paid Medical	Paid Indemnity	Total Paid	Total Net Outstanding Case Reserves (Gross Minus Paid)	STATUS?
43	04/15/02	1,048.82	0.00	1,048.82	1,151.89	0.00	1,151.89	(103.07)	Closed?
44	05/04/07	1,116.36	0.00	1,116.36	1,116.36	0.00	1,116.36	0.00	Closed?
45	04/04/03	1,131.56	0.00	1,131.56	1,131.56	0.00	1,131.56	0.00	Closed?
46	10/30/05	1,191.81	0.00	1,191.81	1,652.31	0.00	1,652.31	(460.50)	Closed?
47	06/20/08	1,246.84	0.00	1,246.84	1,101.84	0.00	1,101.84	145.00	
48	02/05/09	825.57	500.00	1,325.57	955.57	0.00	955.57	370.00	
49	10/01/08	1,365.84	0.00	1,365.84	884.32	0.00	884.32	481.52	
50	04/22/09	1,382.38	0.00	1,382.38	2,352.07	0.00	2,352.07	(969.69)	Closed?
51	03/27/06	1,624.87	0.00	1,624.87	1,624.87	0.00	1,624.87	0.00	Closed?
52	05/21/08	1,653.60	0.00	1,653.60	2,558.29	0.00	2,558.29	(904.69)	Closed?
53	10/17/08	1,364.19	349.54	1,713.73	1,796.69	349.54	2,146.23	(432.50)	Closed?
54	06/21/02	1,871.09	0.00	1,871.09	1,871.09	0.00	1,871.09	0.00	Closed?
55	01/31/07	1,976.08	0.00	1,976.08	1,976.08	0.00	1,976.08	0.00	Closed?
56	09/06/07	1,998.92	0.00	1,998.92	2,152.92	0.00	2,152.92	(154.00)	Closed?
57	06/23/09	2,024.20	0.00	2,024.20	2,024.20	0.00	2,024.20	0.00	Closed?
58	07/05/08	2,159.00	0.00	2,159.00	2,159.00	0.00	2,159.00	0.00	Closed?
59	07/08/08	1,220.65	1,424.76	2,645.41	1,348.65	1,424.76	2,773.41	(128.00)	Closed?
60	03/23/09	3,414.96	0.00	3,414.96	3,414.96	0.00	3,414.96	0.00	Closed?
61	10/30/06	4,029.53	0.00	4,029.53	4,209.53	0.00	4,209.53	(180.00)	Closed?
62	06/03/08	4,184.00	0.00	4,184.00	4,184.00	0.00	4,184.00	0.00	Closed?
63	05/04/08	3,713.54	500.00	4,213.54	4,685.31	0.00	4,685.31	(471.77)	Closed?

EXHIBIT III

**ROUND NUMBERS IN WORKERS' COMPENSATION SUGGEST
LACK OF EXPOSURE TO LOSS ANALYSIS
Open Loss Run Reflecting Open and Closed Claims**

#	Date Of Loss	Gross Medical Case Reserve	Gross Indemnity Case Reserve	Total Gross Outstanding Case Reserves (Total Incurred)	Paid Medical	Paid Indemnity	Total Paid	Total Net Outstanding Case Reserves (Gross Minus Paid)	STATUS?
64	01/05/08	3,196.10	1,470.01	4,666.11	4,102.10	1,470.01	5,572.11	(906.00)	Closed?
65	04/09/09	2,405.84	2,298.39	4,704.23	2,405.84	2,298.39	4,704.23	0.00	Closed?
66	09/23/08	5,000.00	500.00	5,500.00	1,705.33	0.00	1,705.33	3,794.67	
69	10/20/04	5,000.00	500.00	5,500.00	690.44	0.00	690.44	4,809.56	
68	06/11/09	5,000.00	500.00	5,500.00	119.00	0.00	119.00	5,381.00	
67	08/03/08	5,000.00	500.00	5,500.00	0.00	0.00	0.00	5,500.00	
70	11/07/08	4,249.41	1,500.00	5,749.41	4,249.41	0.00	4,249.41	1,500.00	
71	01/15/09	5,278.94	500.00	5,778.94	5,229.55	0.00	5,229.55	549.39	
72	04/01/09	5,426.05	500.00	5,926.05	1,748.31	0.00	1,748.31	4,177.74	
73	05/04/07	4,410.56	1,687.50	6,098.06	4,410.56	1,687.50	6,098.06	0.00	Closed?
74	02/17/05	5,693.63	500.00	6,193.63	2,073.42	0.00	2,073.42	4,120.21	
75	08/08/08	6,202.09	0.00	6,202.09	6,202.09	0.00	6,202.09	0.00	Closed?
76	08/12/09	6,055.42	500.00	6,555.42	6,137.42	286.86	6,424.28	131.14	
77	07/23/06	6,725.84	0.00	6,725.84	6,708.74	0.00	6,708.74	17.10	
78	07/06/09	3,422.17	4,140.00	7,562.17	2,922.17	827.16	3,749.33	3,812.84	
79	09/15/05	7,576.93	0.00	7,576.93	7,576.93	0.00	7,576.93	0.00	Closed?
80	05/13/04	7,888.08	0.00	7,888.08	8,067.08	0.00	8,067.08	(179.00)	Closed?
81	02/24/06	6,417.00	1,687.50	8,104.50	6,417.00	1,687.50	8,104.50	0.00	Closed?
82	03/01/08	8,130.50	0.00	8,130.50	8,086.50	0.00	8,086.50	44.00	
83	06/18/08	6,699.13	2,283.36	8,982.49	6,699.13	2,283.36	8,982.49	0.00	Closed?
84	06/11/04	1,466.60	7,656.63	9,123.23	1,466.60	7,656.63	9,123.23	0.00	Closed?
85	05/11/07	9,255.70	0.00	9,255.70	9,303.70	0.00	9,303.70	(48.00)	Closed?

EXHIBIT III

**ROUND NUMBERS IN WORKERS' COMPENSATION SUGGEST
LACK OF EXPOSURE TO LOSS ANALYSIS
Open Loss Run Reflecting Open and Closed Claims**

#	Date Of Loss	Gross Medical Case Reserve	Gross Indemnity Case Reserve	Total Gross Outstanding Case Reserves (Total Incurred)	Paid Medical	Paid Indemnity	Total Paid	Total Net Outstanding Case Reserves (Gross Minus Paid)	STATUS?
96	07/31/07	5,000.00	5,000.00	10,000.00	2,623.43	3,162.90	5,786.33	4,213.67	
92	03/01/06	5,000.00	5,000.00	10,000.00	1,954.16	2,341.78	4,295.94	5,704.06	
88	04/15/02	5,000.00	5,000.00	10,000.00	2,206.00	1,269.36	3,475.36	6,524.64	
87	05/04/07	5,000.00	5,000.00	10,000.00	2,129.75	1,048.62	3,178.37	6,821.63	
86	04/04/03	5,000.00	5,000.00	10,000.00	1,240.07	1,696.62	2,936.69	7,063.31	
94	10/30/05	5,000.00	5,000.00	10,000.00	1,113.67	1,300.12	2,413.79	7,586.21	
89	06/20/08	5,000.00	5,000.00	10,000.00	1,635.07	648.00	2,283.07	7,716.93	
95	02/05/09	5,000.00	5,000.00	10,000.00	1,114.88	730.65	1,845.53	8,154.47	
90	10/01/08	5,000.00	5,000.00	10,000.00	1,604.58	0.00	1,604.58	8,395.42	
93	04/22/09	5,000.00	5,000.00	10,000.00	791.92	499.51	1,291.43	8,708.57	
97	03/27/06	5,000.00	5,000.00	10,000.00	818.50	346.92	1,165.42	8,834.58	
100	05/21/08	5,000.00	5,000.00	10,000.00	70.00	807.74	877.74	9,122.26	
98	10/17/08	5,000.00	5,000.00	10,000.00	592.87	0.00	592.87	9,407.13	
91	06/21/02	5,000.00	5,000.00	10,000.00	257.77	0.00	257.77	9,742.23	
99	01/31/07	5,000.00	5,000.00	10,000.00	49.50	0.00	49.50	9,950.50	
101	10/30/05	5,000.00	5,000.00	10,000.00	0.00	44.46	44.46	9,955.54	
102	06/20/08	5,000.00	5,000.00	10,000.00	0.00	0.00	0.00	10,000.00	
103	02/05/09	5,776.00	4,238.00	10,014.00	4,590.82	3,672.11	8,262.93	1,751.07	
104	10/01/08	5,000.00	5,056.50	10,056.50	2,435.24	4,745.53	7,180.77	2,875.73	
105	04/22/09	5,137.74	5,000.00	10,137.74	981.85	0.00	981.85	9,155.89	
106	03/27/06	10,486.61	0.00	10,486.61	10,486.61	0.00	10,486.61	0.00	Closed?

**ROUND NUMBERS IN WORKERS' COMPENSATION SUGGEST
LACK OF EXPOSURE TO LOSS ANALYSIS
Open Loss Run Reflecting Open and Closed Claims**

#	Date Of Loss	Gross Medical Case Reserve	Gross Indemnity Case Reserve	Total Gross Outstanding Case Reserves (Total Incurred)	Paid Medical	Paid Indemnity	Total Paid	Total Net Outstanding Case Reserves (Gross Minus Paid)	STATUS?
107	05/21/08	10,000.00	500.00	10,500.00	1,190.00	0.00	1,190.00	9,310.00	
108	10/17/08	5,591.27	5,000.00	10,591.27	681.27	0.00	681.27	9,910.00	
109	06/21/02	0.00	10,660.00	10,660.00	0.00	10,660.00	10,660.00	0.00	Closed?
110	01/31/07	10,407.72	500.00	10,907.72	5,607.28	0.00	5,607.28	5,300.44	
111	09/06/07	6,035.00	5,000.00	11,035.00	1,035.00	0.00	1,035.00	10,000.00	
112	06/23/09	5,000.00	6,111.80	11,111.80	177.70	2,200.25	2,377.95	8,733.85	
113	07/05/08	11,894.10	0.00	11,894.10	8,272.03	0.00	8,272.03	3,622.07	
114	07/08/08	7,255.08	5,000.00	12,255.08	7,481.08	379.83	7,860.91	4,394.17	
115	03/23/09	12,706.09	0.00	12,706.09	12,916.09	0.00	12,916.09	(210.00)	Closed?
116	10/30/06	8,291.98	5,000.00	13,291.98	8,326.58	0.00	8,326.58	4,965.40	
117	06/03/08	8,965.26	5,156.00	14,121.26	9,330.19	1,820.00	11,150.19	2,971.07	
118	05/04/08	5,000.00	9,681.98	14,681.98	1,380.87	6,580.08	7,960.95	6,721.03	
119	01/05/08	10,000.00	5,000.00	15,000.00	878.19	301.55	1,179.74	13,820.26	
120	04/09/09	11,198.04	5,000.00	16,198.04	8,526.78	3,543.73	12,070.51	4,127.53	
121	09/23/08	15,235.71	1,000.00	16,235.71	4,834.81	0.00	4,834.81	11,400.90	
122	10/20/04	5,000.00	11,308.76	16,308.76	966.03	2,617.52	3,583.55	12,725.21	
123	06/11/09	1,058.80	16,250.00	17,308.80	1,058.80	16,250.00	17,308.80	0.00	Closed?
124	08/03/08	0.00	17,500.00	17,500.00	0.00	17,500.00	17,500.00	0.00	Closed?
125	11/07/08	0.00	17,987.50	17,987.50	0.00	17,987.50	17,987.50	0.00	Closed?
126	01/15/09	13,229.00	5,000.00	18,229.00	1,570.25	1,412.30	2,982.55	15,246.45	
127	04/01/09	20,282.28	0.00	20,282.28	24,274.38	0.00	24,274.38	(3,992.10)	Closed?

EXHIBIT III

**ROUND NUMBERS IN WORKERS' COMPENSATION SUGGEST
LACK OF EXPOSURE TO LOSS ANALYSIS
Open Loss Run Reflecting Open and Closed Claims**

#	Date Of Loss	Gross Medical Case Reserve	Gross Indemnity Case Reserve	Total Gross Outstanding Case Reserves (Total Incurred)	Paid Medical	Paid Indemnity	Total Paid	Total Net Outstanding Case Reserves (Gross Minus Paid)	STATUS?
128	05/04/07	15,517.00	5,000.00	20,517.00	5,893.00	2,018.80	7,911.80	12,605.20	
129	02/17/05	21,026.33	500.00	21,526.33	6,438.58	0.00	6,438.58	15,087.75	
130	08/08/08	18,443.10	5,000.00	23,443.10	15,773.36	3,271.26	19,044.62	4,398.48	
131	08/12/09	18,610.87	5,000.00	23,610.87	13,886.33	0.00	13,886.33	9,724.54	
132	07/23/06	5,095.00	19,000.00	24,095.00	1,652.88	4,400.00	6,052.88	18,042.12	
133	07/06/09	25,000.00	500.00	25,500.00	16,747.59	0.00	16,747.59	8,752.41	
134	09/15/05	20,710.00	5,000.00	25,710.00	8,253.00	1,194.65	9,447.65	16,262.35	
135	05/13/04	25,990.07	500.00	26,490.07	19,684.44	0.00	19,684.44	6,805.63	
136	02/24/06	26,653.92	500.00	27,153.92	11,116.02	0.00	11,116.02	16,037.90	
137	03/01/08	5,000.00	23,368.92	28,368.92	3,571.25	20,783.40	24,354.65	4,014.27	
138	06/18/08	13,378.78	15,000.00	28,378.78	8,273.48	9,029.62	17,303.10	11,075.68	
140	06/11/04	25,000.00	5,000.00	30,000.00	6,778.31	0.00	6,778.31	23,221.69	
139	05/11/07	25,000.00	5,000.00	30,000.00	4,606.46	0.00	4,606.46	25,393.54	
141	07/31/07	15,403.00	15,000.00	30,403.00	11,887.59	3,631.44	15,519.03	14,883.97	
142	03/01/06	25,558.13	5,000.00	30,558.13	10,843.96	583.98	11,427.94	19,130.19	
144	04/15/02	15,000.00	20,000.00	35,000.00	8,814.45	4,200.00	13,014.45	21,985.55	
143	05/04/07	15,000.00	20,000.00	35,000.00	12,877.43	0.00	12,877.43	22,122.57	
145	04/04/03	30,000.00	5,000.00	35,000.00	5,642.22	3,916.77	9,558.99	25,441.01	
146	10/30/05	11,189.01	25,375.00	36,564.01	10,098.03	18,375.00	28,473.03	8,090.98	
147	06/20/08	26,730.10	10,000.00	36,730.10	1,834.07	1,100.12	2,934.19	33,795.91	
148	02/05/09	12,150.25	25,000.00	37,150.25	21,591.24	8,425.74	30,016.98	7,133.27	

EXHIBIT III

**ROUND NUMBERS IN WORKERS' COMPENSATION SUGGEST
LACK OF EXPOSURE TO LOSS ANALYSIS
Open Loss Run Reflecting Open and Closed Claims**

#	Date Of Loss	Gross Medical Case Reserve	Gross Indemnity Case Reserve	Total Gross Outstanding Case Reserves (Total Incurred)	Paid Medical	Paid Indemnity	Total Paid	Total Net Outstanding Case Reserves (Gross Minus Paid)	STATUS?
149	10/01/08	18,116.61	20,318.31	38,434.92	21,619.36	14,793.46	36,412.82	2,022.10	
150	04/22/09	22,547.42	18,275.00	40,822.42	17,393.00	12,262.50	29,655.50	11,166.92	
151	03/27/06	5,000.00	38,565.28	43,565.28	1,670.59	16,702.24	18,372.83	25,192.45	
152	05/21/08	45,000.00	7,324.10	52,324.10	43,193.78	3,184.20	46,377.98	5,946.12	
153	10/17/08	59,402.45	14,874.64	74,277.09	42,187.81	13,854.24	56,042.05	18,235.04	
154	06/21/02	75,000.00	20,000.00	95,000.00	3,900.90	4,429.57	8,330.47	86,669.53	
155	01/31/07	56,900.85	100,000.00	156,900.85	18,774.30	25,650.00	44,424.30	112,476.55	
		1,131,663.19	694,588.28	1,826,251.47	642,439.45	295,384.58	937,824.03	888,427.44	

EXHIBIT IV

VAST VARIABILITY IN CASE RESERVES

OPEN WORKERS' COMPENSATION INDEMNITY CLAIMS - CASE RESERVE ANALYSIS

Red Variances Suggest More is Needed in Reserve

#	Date of Loss	Current Medical Case Reserve	Suggested Medical Case Reserve	Variance in Medical Case Reserves	Current Indemnity Case Reserve	Suggested Indemnity Case Reserve	Variance in Indemnity Case Reserves	Variance in Medical & Indemnity Case Reserves Combined
1	06/14/01	111.78	105,317.78	(105,206.00)	61,473.44	469,950.44	(408,477.00)	(513,683.00)
2	03/06/02	161,775.26	224,400.26	(62,625.00)	87,436.10	388,960.10	(301,524.00)	(364,149.00)
3	04/09/01	122,740.04	48,636.04	74,104.00	66,807.42	409,500.42	(342,693.00)	(268,589.00)
4	03/20/02	364,352.30	128,700.30	235,652.00	422,427.60	892,400.60	(469,973.00)	(234,321.00)
5	06/01/01	342,021.06	143,021.06	199,000.00	69,149.28	429,149.28	(360,000.00)	(161,000.00)
6	12/10/02	596,697.45	140,120.45	456,577.00	100,753.19	696,800.19	(596,047.00)	(139,470.00)
7	01/08/96	98,277.60	44,814.60	53,463.00	239,287.57	416,130.57	(176,843.00)	(123,380.00)
8	03/24/04	6,998.25	51,570.25	(44,572.00)	80,962.18	159,750.18	(78,788.00)	(123,360.00)
9	08/12/02	91,440.80	15,300.80	76,140.00	52,396.82	250,848.82	(198,452.00)	(122,312.00)
10	08/29/95	0.00	0.00	0.00	153,234.24	271,700.24	(118,466.00)	(118,466.00)
11	12/13/01	24,913.19	9,913.19	15,000.00	268,386.32	399,040.32	(130,654.00)	(115,654.00)
12	04/12/93	334,030.92	334,030.92	0.00	186,325.60	295,100.60	(108,775.00)	(108,775.00)
13	06/25/97	1,500.00	100,080.00	(98,580.00)	54.32	0.00	54.32	(98,525.68)
14	07/08/97	(75.07)	41,449.93	(41,525.00)	244,219.97	265,700.97	(21,481.00)	(63,006.00)
15	10/14/04	0.00	0.00	0.00	405,416.44	464,100.44	(58,684.00)	(58,684.00)
16	08/27/88	70,474.75	52,750.75	17,724.00	126,260.53	192,010.53	(65,750.00)	(48,026.00)
17	04/09/03	15,920.10	30,920.10	(15,000.00)	4,800.00	19,443.00	(14,643.00)	(29,643.00)
18	10/15/03	8,530.04	70,560.04	(62,030.00)	77,491.43	42,075.43	35,416.00	(26,614.00)

EXHIBIT IV

VAST VARIABILITY IN CASE RESERVES

OPEN WORKERS' COMPENSATION INDEMNITY CLAIMS - CASE RESERVE ANALYSIS

Red Variances Suggest More is Needed in Reserve

#	Date of Loss	Current Medical Case Reserve	Suggested Medical Case Reserve	Variance in Medical Case Reserves	Current Indemnity Case Reserve	Suggested Indemnity Case Reserve	Variance in Indemnity Case Reserves	Variance in Medical & Indemnity Case Reserves Combined
19	02/24/01	14,576.60	2,500.60	12,076.00	31,526.55	62,000.55	(30,474.00)	(18,398.00)
20	06/10/02	45,756.00	34,500.00	11,256.00	50,335.03	78,256.03	(27,921.00)	(16,665.00)
21	04/06/93	85.55	15,685.55	(15,600.00)	0.00	0.00	0.00	(15,600.00)
22	06/18/03	0.00	5,000.00	(5,000.00)	1,872.00	6,960.00	(5,088.00)	(10,088.00)
23	06/21/93	109,792.43	65,000.43	44,792.00	180,372.19	234,000.19	(53,628.00)	(8,836.00)
24	10/08/84	16,204.17	21,378.17	(5,174.00)	0.00	0.00	0.00	(5,174.00)
25	10/22/92	36,325.79	41,325.79	(5,000.00)	146,836.81	146,836.81	0.00	(5,000.00)
26	07/20/00	1,536.12	0.00	1,536.12	24,592.38	30,500.38	(5,908.00)	(4,371.88)
27	07/01/03	61,756.74	72,530.74	(10,774.00)	57,201.73	50,150.73	7,051.00	(3,723.00)
28	01/01/03	1,500.00	5,049.00	(3,549.00)	54.00	0.00	54.00	(3,495.00)
29	01/21/05	17,221.07	17,221.07	0.00	21,500.00	24,500.00	(3,000.00)	(3,000.00)
30	07/01/04	0.00	500.00	(500.00)	7,534.55	8,808.55	(1,274.00)	(1,774.00)
31	03/24/04	3,816.00	2,600.00	1,216.00	7,700.00	10,200.00	(2,500.00)	(1,284.00)
32	08/07/03	0.00	0.00	0.00	0.00	0.00	0.00	0.00
33	09/17/03	0.00	0.00	0.00	0.00	0.00	0.00	0.00
34	06/12/03	1,129.11	1,129.11	0.00	0.00	0.00	0.00	0.00
35	09/02/04	1,530.25	1,530.25	0.00	0.00	0.00	0.00	0.00
36	09/17/94	2,857.80	2,857.80	0.00	0.00	0.00	0.00	0.00
38	02/19/79	65,594.44	65,594.44	0.00	0.00	0.00	0.00	0.00
37	11/17/00	52,589.16	52,589.16	0.00	1,604.34	1,604.34	0.00	0.00

EXHIBIT IV

VAST VARIABILITY IN CASE RESERVES

OPEN WORKERS' COMPENSATION INDEMNITY CLAIMS - CASE RESERVE ANALYSIS

Red Variances Suggest More is Needed in Reserve

#	Date of Loss	Current Medical Case Reserve	Suggested Medical Case Reserve	Variance in Medical Case Reserves	Current Indemnity Case Reserve	Suggested Indemnity Case Reserve	Variance in Indemnity Case Reserves	Variance in Medical & Indemnity Case Reserves Combined
39	03/26/03	2,780.04	2,780.04	0.00	12,428.58	12,428.58	0.00	0.00
40	07/18/03	8,808.86	8,808.86	0.00	12,450.00	12,450.00	0.00	0.00
41	03/15/04	4,907.00	4,907.00	0.00	15,300.00	15,300.00	0.00	0.00
42	09/29/04	15,774.67	15,774.67	0.00	16,575.00	16,575.00	0.00	0.00
43	12/01/04	9,146.80	9,146.80	0.00	18,980.00	18,980.00	0.00	0.00
44	06/25/02	41,152.31	41,152.31	0.00	54,441.35	54,441.35	0.00	0.00
45	09/18/03	0.00	0.00	0.00	0.00	0.00	0.00	0.00
46	06/12/98	0.00	0.00	0.00	8,273.68	8,273.68	0.00	0.00
47	01/27/04	1,096.73	0.00	1,096.73	0.00	0.00	0.00	1,096.73
48	03/01/05	52,063.27	43,200.27	8,863.00	32,169.23	39,738.23	(7,569.00)	1,294.00
49	05/21/04	9.86	2,466.86	(2,457.00)	19,035.00	14,662.00	4,373.00	1,916.00
50	11/03/04	2,208.99	0.00	2,208.99	0.00	0.00	0.00	2,208.99
51	04/22/02	6,519.80	3,636.80	2,883.00	0.00	0.00	0.00	2,883.00
52	11/02/04	9,068.00	5,000.00	4,068.00	0.00	0.00	0.00	4,068.00
53	08/08/01	3,211.31	0.00	3,211.31	880.00	0.00	880.00	4,091.31
54	10/06/03	5,215.37	930.37	4,285.00	0.00	0.00	0.00	4,285.00
55	08/03/99	9,801.17	5,000.17	4,801.00	0.00	0.00	0.00	4,801.00
56	12/03/02	0.00	0.00	0.00	6,400.00	0.00	6,400.00	6,400.00
57	08/23/95	48,714.12	40,000.12	8,714.00	0.00	0.00	0.00	8,714.00
58	01/31/03	300.00	0.00	300.00	10,500.00	0.00	10,500.00	10,800.00

EXHIBIT IV

VAST VARIABILITY IN CASE RESERVES

OPEN WORKERS' COMPENSATION INDEMNITY CLAIMS - CASE RESERVE ANALYSIS

Red Variances Suggest More is Needed in Reserve

#	Date of Loss	Current Medical Case Reserve	Suggested Medical Case Reserve	Variance in Medical Case Reserves	Current Indemnity Case Reserve	Suggested Indemnity Case Reserve	Variance in Indemnity Case Reserves	Variance in Medical & Indemnity Case Reserves Combined
59	06/07/04	13,955.65	1,000.65	12,955.00	2,061.25	2,061.25	0.00	12,955.00
60	07/02/04	200.00	0.00	200.00	13,385.00	0.00	13,385.00	13,585.00
61	12/07/99	8,890.87	40,180.87	(31,290.00)	195,983.48	150,000.48	45,983.00	14,693.00
62	02/21/89	44,456.85	21,456.85	23,000.00	0.00	0.00	0.00	23,000.00
63	07/11/03	69,555.42	1,555.42	68,000.00	66,163.80	110,903.80	(44,740.00)	23,260.00
64	02/19/99	42,117.92	16,000.92	26,117.00	24,570.54	24,570.54	0.00	26,117.00
65	04/06/81	40,917.39	5,917.39	35,000.00	0.00	0.00	0.00	35,000.00
66	12/30/02	12,851.18	2,200.18	10,651.00	56,798.71	24,656.71	32,142.00	42,793.00
69	10/22/03	3,212.32	900.32	2,312.00	74,969.92	21,250.92	53,719.00	56,031.00
68	03/13/91	195,247.57	93,500.57	101,747.00	156,762.59	198,900.59	(42,138.00)	59,609.00
67	08/03/01	895,425.26	286,660.26	608,765.00	76,836.52	624,000.52	(547,164.00)	61,601.00
70	11/29/02	3,020.25	3,020.25	0.00	83,613.29	18,440.29	65,173.00	65,173.00
71	10/26/99	74,284.35	4,730.35	69,554.00	38,312.46	36,375.46	1,937.00	71,491.00
72	02/13/93	151,865.04	75,344.04	76,521.00	0.00	0.00	0.00	76,521.00
73	03/23/05	112,401.55	27,701.55	84,700.00	92,951.46	99,400.46	(6,449.00)	78,251.00
74	11/10/03	69,679.16	41,225.16	28,454.00	123,503.77	41,225.77	82,278.00	110,732.00
75	09/01/93	0.00	0.00	0.00	202,809.34	78,000.34	124,809.00	124,809.00
76	09/24/98	238,298.14	60,550.14	177,748.00	263,700.89	292,370.89	(28,670.00)	149,078.00
77	04/26/89	454,134.79	291,000.79	163,134.00	117,419.01	117,419.01	0.00	163,134.00
78	03/15/93	628,247.96	226,625.96	401,622.00	0.00	0.00	0.00	401,622.00

EXHIBIT IV

VAST VARIABILITY IN CASE RESERVES

OPEN WORKERS' COMPENSATION INDEMNITY CLAIMS - CASE RESERVE ANALYSIS

Red Variances Suggest More is Needed in Reserve

#	Date of Loss	Current Medical Case Reserve	Suggested Medical Case Reserve	Variance in Medical Case Reserves	Current Indemnity Case Reserve	Suggested Indemnity Case Reserve	Variance in Indemnity Case Reserves	Variance in Medical & Indemnity Case Reserves Combined
79	04/07/99	2,558,512.91	1,926,724.91	631,788.00	181,046.26	307,580.26	(126,534.00)	505,254.00
80	02/05/96	1,374,194.72	609,320.72	764,874.00	211,255.03	429,000.03	(217,745.00)	547,129.00
		9,884,227.30	5,867,000.15	4,017,227.15	5,367,588.19	9,485,485.87	(4,117,897.68)	(100,670.53)

NOTE: Less is needed in aggregate medical case reserves, but more is needed in aggregate indemnity and total case reserves

EXHIBIT V

AGGREGATE VARIABILITY IS ACCEPTABLE, BUT INDIVIDUAL VARIABILITY IS NOT

MEDICAL AND INDEMNITY CASE RESERVE DOLLAR AND PERCENT VARIANCES
WHERE NEGATIVE VARIANCES SUGGEST TOO MUCH IS IN RESERVE

#	Date Of Loss	Current Medical & Indemnity Case Reserve	Recommended Medical & Indemnity Case Reserve	Medical & Indemnity Case Reserve \$ Variance E-D	Medical & Indemnity Case Reserve % Variance
1	06/26/07	7,500.00	12,500.00	5,000.00	67%
2	07/22/08	7,500.00	27,500.00	20,000.00	267%
3	01/08/09	8,834.00	1,792.00	(7,042.00)	-393%
4	01/05/06	3,946.00	0.00	(3,946.00)	-100%
5	12/21/07	7,115.00	7,115.00	0.00	0%
6	08/21/07	10,181.00	10,181.00	0.00	0%
7	04/24/09	3,500.00	3,500.00	0.00	0%
8	03/13/09	3,923.00	3,923.00	0.00	0%
9	11/04/08	12,397.00	0.00	(12,397.00)	-100%
10	04/15/09	12,137.00	5,375.00	(6,762.00)	-126%
11	09/06/07	7,720.00	10,000.00	2,280.00	30%
12	06/23/09	10,251.00	12,324.00	2,073.00	20%
13	07/05/08	12,303.00	1,500.00	(10,803.00)	-720%
14	07/08/08	11,953.00	15,795.00	3,842.00	32%
15	03/23/09	9,700.00	9,700.00	0.00	0%
16	10/30/06	7,500.00	10,000.00	2,500.00	34%
17	06/03/08	9,620.00	6,360.00	(3,260.00)	-51%
18	05/04/08	11,600.00	27,059.00	15,459.00	133%
19	01/05/08	12,384.00	12,384.00	0.00	0%
20	04/09/09	11,920.00	4,920.00	(7,000.00)	-142%
21	09/23/08	12,041.00	0.00	(12,041.00)	-100%
22	10/20/04	20,582.00	10,582.00	(10,000.00)	-91%
23	06/11/09	22,401.00	22,401.00	0.00	0%
24	08/03/08	23,767.00	0.00	(23,767.00)	-100%
25	11/07/08	26,696.00	17,672.00	(9,024.00)	-51%

EXHIBIT V

AGGREGATE VARIABILITY IS ACCEPTABLE, BUT INDIVIDUAL VARIABILITY IS NOT

MEDICAL AND INDEMNITY CASE RESERVE DOLLAR AND PERCENT VARIANCES WHERE NEGATIVE VARIANCES SUGGEST TOO MUCH IS IN RESERVE

#	Date Of Loss	Current Medical & Indemnity Case Reserve	Recommended Medical & Indemnity Case Reserve	Medical & Indemnity Case Reserve \$ Variance E-D	Medical & Indemnity Case Reserve % Variance
26	01/15/09	25,734.00	16,734.00	(9,000.00)	-54%
27	04/01/09	19,571.00	5,571.00	(14,000.00)	-251%
28	05/04/07	23,515.00	31,915.00	8,400.00	74%
29	02/17/05	23,010.00	23,010.00	0.00	0%
30	08/08/08	25,575.00	25,575.00	0.00	0%
31	08/12/09	28,128.00	30,880.00	2,752.00	10%
32	07/23/06	30,794.00	94,038.00	63,244.00	205%
33	07/06/09	40,127.00	0.00	(40,127.00)	-100%
34	09/15/05	37,866.00	136,817.00	98,951.00	261%
35	05/13/04	45,115.00	58,835.00	13,720.00	30%
36	02/24/06	46,497.00	35,000.00	(11,497.00)	-83%
37	03/01/08	53,741.00	25,419.00	(28,322.00)	-111%
38	06/18/08	52,100.00	32,100.00	(20,000.00)	-62%
39	06/11/04	54,842.00	54,842.00	0.00	0%
40	05/11/07	108,918.00	93,992.00	(14,926.00)	-16%
41	07/31/07	55,077.00	164,077.00	109,000.00	198%
42	03/01/06	61,040.00	61,040.00	0.00	0%
43	04/15/02	64,448.00	64,448.00	0.00	0%
44	05/04/07	73,916.00	73,916.00	0.00	0%
45	04/04/03	40,152.00	28,938.00	(11,214.00)	-39%
46	10/30/05	90,866.00	84,058.00	(6,808.00)	-8%
47	06/20/08	99,517.00	99,517.00	0.00	0%
48	02/05/09	104,303.00	113,303.00	9,000.00	9%
49	10/01/08	109,220.00	113,620.00	4,400.00	4%
50	04/22/09	132,042.00	67,042.00	(65,000.00)	-97%

EXHIBIT V

AGGREGATE VARIABILITY IS ACCEPTABLE, BUT INDIVIDUAL VARIABILITY IS NOT

MEDICAL AND INDEMNITY CASE RESERVE DOLLAR AND PERCENT VARIANCES WHERE NEGATIVE VARIANCES SUGGEST TOO MUCH IS IN RESERVE

#	Date Of Loss	Current Medical & Indemnity Case Reserve	Recommended Medical & Indemnity Case Reserve	Medical & Indemnity Case Reserve \$ Variance E-D	Medical & Indemnity Case Reserve % Variance
51	03/27/06	159,906.00	109,906.00	(50,000.00)	-45%
52	05/21/08	185,019.00	204,319.00	19,300.00	10%
53	10/17/08	245,460.00	295,460.00	50,000.00	20%
54	06/21/02	727,329.00	730,075.00	2,746.00	0%
55	01/31/07	7,215,535.00	7,215,535.00	0.00	0%
		10,266,834.00	10,322,565.00	55,731.00	

NOTE: The aggregate variability is acceptable, but the individual variability suggests inattentiveness to case reserves

EXHIBIT V

LAGS IN CASE RESERVE POSTINGS REFLECTS INATTENTIVENESS TO CASE RESERVES

#	Date Of Loss	Date of Latest Case Reserve Prior to 12/14/09	Claim Summary Information 12/14/09	Lag in Days	Lag in Weeks	Lag in Months	Lag in Years
1	06/26/07	08/28/08	12/14/09	474	67.71	15.58	1.30
2	07/22/08	04/30/09	12/14/09	229	32.71	7.53	0.63
3	01/08/09	03/20/09	12/14/09	270	38.57	8.88	0.74
4	01/05/06	08/25/09	12/14/09	112	16.00	3.68	0.31
5	12/21/07	12/11/08	12/14/09	369	52.71	12.13	1.01
6	08/21/07	10/30/09	12/14/09	46	6.57	1.51	0.13
7	04/24/09	05/31/09	12/14/09	198	28.29	6.51	0.54
8	03/13/09	11/12/09	12/14/09	33	4.71	1.08	0.09
9	11/04/08	12/09/08	12/14/09	371	53.00	12.20	1.02
10	04/15/09	07/27/09	12/14/09	141	20.14	4.64	0.39
11	09/06/07	01/30/09	12/14/09	319	45.57	10.49	0.87
12	06/23/09	10/21/09	12/14/09	55	7.86	1.81	0.15
13	07/05/08	10/28/08	12/14/09	413	59.00	13.58	1.13
14	07/08/08	11/24/09	12/14/09	21	3.00	0.69	0.06
15	03/23/09	06/29/09	12/14/09	160	24.40	5.56	0.46
16	10/30/06	09/29/09	12/14/09	77	11.00	2.53	0.21
17	06/03/08	11/10/08	12/14/09	400	57.14	13.15	1.10
18	05/04/08	03/20/09	12/14/09	270	38.57	8.88	0.74
19	01/05/08	07/19/09	12/14/09	149	21.29	4.90	0.41
20	04/09/09	05/07/09	12/14/09	222	31.71	7.30	0.61
21	09/23/08	02/23/09	12/14/09	295	21.14	9.70	0.81
22	10/20/04	07/15/08	12/14/09	518	74.00	17.03	1.42
23	06/11/09	12/02/09	12/14/09	13	1.86	0.43	0.04
24	08/03/08	12/16/08	12/14/09	364	52.00	11.97	1.00
25	11/07/08	05/06/08	12/14/09	588	84.00	19.33	1.61

EXHIBIT V

LAGS IN CASE RESERVE POSTINGS REFLECTS INATTENTIVENESS TO CASE RESERVES

#	Date Of Loss	Date of Latest Case Reserve Prior to 12/14/09	Claim Summary Information 12/14/09	Lag in Days	Lag in Weeks	Lag in Months	Lag in Years
26	01/15/09	09/11/09	12/14/09	95	13.57	3.12	0.26
27	04/01/09	10/26/09	12/14/09	50	7.14	1.64	0.14
28	05/04/07	02/17/09	12/14/09	301	43.00	9.90	0.82
29	02/17/05	02/26/09	12/14/09	292	41.71	9.60	0.80
30	08/08/08	11/05/08	12/14/09	405	57.86	13.32	1.11
31	08/12/09	12/08/09	12/14/09	7	1.00	0.23	0.02
32	07/23/06	06/23/09	12/14/09	175	25.00	5.75	0.48
33	07/06/09	07/16/09	12/14/09	152	21.71	5.00	0.42
34	09/15/05	09/01/09	12/14/09	105	15.00	3.45	0.29
35	05/13/04	04/28/09	12/14/09	231	33.00	7.59	0.63
36	02/24/06	05/01/09	12/14/09	228	32.57	7.50	0.62
37	03/01/08	05/19/09	12/14/09	210	30.00	6.90	0.58
38	06/18/08	01/05/09	12/14/09	344	49.14	11.31	0.94
39	06/11/04	08/03/09	12/14/09	134	19.14	4.41	0.37
40	05/11/07	11/13/09	12/14/09	32	4.57	1.05	0.09
41	07/31/07	02/09/09	12/14/09	309	44.14	10.16	0.85
42	03/01/06	08/05/09	12/14/09	132	18.86	4.34	0.36
43	04/15/02	06/13/08	12/14/09	550	78.57	18.08	1.51
44	05/04/07	07/09/08	12/14/09	524	74.86	17.23	1.44
45	04/04/03	07/29/09	12/14/09	139	19.86	4.57	0.38
46	10/30/05	01/18/09	12/14/09	331	47.29	10.88	0.91
47	06/20/08	06/25/09	12/14/09	173	24.71	5.69	0.47
48	02/05/09	10/27/09	12/14/09	49	7.00	1.61	0.13
49	10/01/08	12/14/09	12/14/09	0	0.00	0.00	0.00
50	04/22/09	06/25/09	12/14/09	173	24.71	5.69	0.47

EXHIBIT V

LAGS IN CASE RESERVE POSTINGS REFLECTS INATTENTIVENESS TO CASE RESERVES

#	Date Of Loss	Date of Latest Case Reserve Prior to 12/14/09	Claim Summary Information 12/14/09	Lag in Days	Lag in Weeks	Lag in Months	Lag in Years
51	03/27/06	03/12/09	12/14/09	278	39.71	9.14	0.76
52	05/21/08	05/12/09	12/14/09	217	31.00	7.13	0.59
53	10/17/08	01/06/09	12/14/09	343	49.00	11.28	0.94
54	06/21/02	10/30/08	12/14/09	411	58.71	13.51	1.13
55	01/31/07	06/11/08	12/14/09	552	78.86	18.15	1.51

NOTE: Numbers 2, 6, 7, 11, 15, 21 & 33 case reserve postings were initial case reserves on lost-time indemnity claims, number 16 was a closed claim that reopened on 9/29/09 and 14's medical case reserve increase was not reflected on the Claim Summary sheet.

**VARIANCE BETWEEN PAID AND OUTSTANDING CASE RESERVES
JUST PRIOR TO CLOSING**

POSITIVE NUMBERS REPRESENT CASE RESERVES THAT WERE GREATER THAN THE FINAL PAID AMOUNT

#	DOI	DOC	Paid Indemnity	O/S Indemnity Case Reserve Prior to Closing	Variance Between Last O/S Case Reserve and Total Paid Indemnity H2 minus G2	Paid Medical	O/S Medical Case Reserve Prior to Closing	Variance Between Last O/S Case Reserve and Total Paid Medical K2 minus J2	Paid Indemnity and Medical Combined	O/S Indemnity and Medical Combined Case Reserve Prior to Closing	Variance Between Last O/S Case Reserve and Total Paid Indemnity and Medical N2 minus M2
1	11/10/00	07/15/10	206,314	446,892	240,578	128,721	152,118	23,397	335,035	599,010	263,975
2	09/15/01	07/14/09	72,184	279,307	207,123	35,156	40,722	5,566	107,340	320,029	212,689
3	11/11/01	01/04/10	115,372	182,378	67,006	47,790	195,829	148,039	163,162	378,207	215,045
4	12/09/01	07/28/09	144,413	254,693	110,280	14,844	36,632	21,788	159,257	291,325	132,068
5	02/22/02	07/07/10	63,484	150,048	86,564	42,237	59,062	16,825	105,721	209,110	103,389
6	02/25/02	02/05/10	71,144	184,585	113,441	101,240	119,988	18,748	172,384	304,573	132,189
7	04/02/02	02/02/10	107,754	261,808	154,054	23,522	65,788	42,266	131,276	327,596	196,320
8	04/23/02	09/25/09	136,319	220,539	84,220	30,591	33,717	3,126	166,910	254,256	87,346
9	07/24/02	10/15/09	55,335	100,557	45,222	70,637	76,338	5,701	125,972	176,895	50,923
10	08/02/02	05/11/10	77,419	210,778	133,359	47,335	70,528	23,193	124,754	281,306	156,552
11	08/27/02	03/01/10	40,076	33,945	(6,131)	29,028	28,971	(57)	69,104	62,916	(6,188)
12	10/01/02	10/13/09	39,819	80,631	40,812	29,803	32,338	2,535	69,622	112,969	43,347
13	10/26/02	09/29/09	78,225	199,701	121,476	31,608	59,881	28,273	109,833	259,582	149,749
14	01/17/03	07/20/09	150,072	403,964	253,892	22,735	67,672	44,937	172,807	471,636	298,829
15	03/03/03	07/16/09	83,595	83,289	(306)	38,812	41,662	2,850	122,407	124,951	2,544
16	03/25/03	01/25/10	25,503	59,480	33,977	17,547	21,531	3,984	43,050	81,011	37,961
17	04/26/03	08/10/09	90,880	84,131	(6,749)	26,037	28,815	2,778	116,917	112,946	(3,971)
18	06/06/03	10/01/09	152,001	151,634	(367)	14,510	18,348	3,838	166,511	169,982	3,471
19	06/25/03	09/30/09	86,063	86,538	475	7,274	7,350	76	93,337	93,888	551
20	10/03/03	01/22/10	84,645	401,201	316,556	63,239	93,239	30,000	147,884	494,440	346,556

**VARIANCE BETWEEN PAID AND OUTSTANDING CASE RESERVES
JUST PRIOR TO CLOSING**

POSITIVE NUMBERS REPRESENT CASE RESERVES THAT WERE GREATER THAN THE FINAL PAID AMOUNT

#	DOI	DOC	Paid Indemnity	O/S Indemnity Case Reserve Prior to Closing	Variance Between Last O/S Case Reserve and Total Paid Indemnity H2 minus G2	Paid Medical	O/S Medical Case Reserve Prior to Closing	Variance Between Last O/S Case Reserve and Total Paid Medical K2 minus J2	Paid Indemnity and Medical Combined	O/S Indemnity and Medical Combined Case Reserve Prior to Closing	Variance Between Last O/S Case Reserve and Total Paid Indemnity and Medical N2 minus M2
21	01/12/04	12/03/09	152,436	451,259	298,823	64,547	64,393	(154)	216,983	515,652	298,669
22	04/10/04	01/25/10	104,443	204,469	100,026	24,715	70,875	46,160	129,158	275,344	146,186
23	04/20/04	07/29/09	87,862	294,491	206,629	10,883	69,598	58,715	98,745	364,089	265,344
24	05/07/04	07/30/09	113,502	202,083	88,581	17,229	30,479	13,250	130,731	232,562	101,831
25	06/11/04	05/03/10	266,440	1,138,110	871,670	26,446	32,219	5,773	292,886	1,170,329	877,443
26	07/19/04	02/07/53	111,397	109,778	(1,619)	16,662	21,052	4,390	128,059	130,830	2,771
27	08/26/04	09/29/09	122,743	545,151	422,408	9,778	11,774	1,996	132,521	556,925	424,404
28	11/30/04	12/09/09	59,565	59,110	(455)	27,029	35,527	8,498	86,594	94,637	8,043
29	12/11/04	08/24/09	112,560	363,727	251,167	32,296	106,707	74,411	144,856	470,434	325,578
30	01/28/05	02/10/10	109,296	210,956	101,660	7,772	17,772	10,000	117,068	228,728	111,660
31	02/14/05	10/22/09	116,409	415,090	298,681	5,188	13,649	8,461	121,597	428,739	307,142
32	07/25/05	02/09/10	106,025	202,105	96,080	9,292	11,618	2,326	115,317	213,723	98,406
33	08/27/05	06/30/10	146,224	148,343	2,119	13,184	21,789	8,605	159,408	170,132	10,724
34	09/19/05	09/28/09	102,995	94,182	(8,813)	32,031	31,831	(200)	135,026	126,013	(9,013)
35	11/19/05	03/08/10	41,335	15,300	(26,035)	24,503	23,353	(1,150)	65,838	38,653	(27,185)
36	12/10/05	03/30/10	115,126	349,775	234,649	90,073	162,763	72,690	205,199	512,538	307,339
37	01/20/06	04/09/10	65,670	66,670	1,000	8,064	10,098	2,034	73,734	76,768	3,034
38	01/24/06	01/15/10	71,411	332,469	261,058	40,545	40,324	(221)	111,956	372,793	260,837
39	02/03/06	05/04/10	110,534	326,494	215,960	32,034	99,455	67,421	142,568	425,949	283,381
40	03/10/06	11/12/09	72,280	76,836	4,556	43,064	42,270	(794)	115,344	119,106	3,762

VARIANCE BETWEEN PAID AND OUTSTANDING CASE RESERVES JUST PRIOR TO CLOSING

POSITIVE NUMBERS REPRESENT CASE RESERVES THAT WERE GREATER THAN THE FINAL PAID AMOUNT

#	DOI	DOC	Paid Indemnity	O/S Indemnity Case Reserve Prior to Closing	Variance Between Last O/S Case Reserve and Total Paid Indemnity H2 minus G2	Paid Medical	O/S Medical Case Reserve Prior to Closing	Variance Between Last O/S Case Reserve and Total Paid Medical K2 minus J2	Paid Indemnity and Medical Combined	O/S Indemnity and Medical Combined Case Reserve Prior to Closing	Variance Between Last O/S Case Reserve and Total Paid Indemnity and Medical N2 minus M2
41	05/02/06	09/29/09	65,973	65,935	(38)	4,368	4,119	(249)	70,341	70,054	(287)
42	07/18/06	07/12/10	129,668	284,160	154,492	27,678	89,719	62,041	157,346	373,879	216,533
43	08/22/06	07/23/10	63,163	178,309	115,146	15,651	98,131	82,480	78,814	276,440	197,626
44	09/12/06	07/08/10	49,784	56,160	6,376	15,019	19,144	4,125	64,803	75,304	10,501
45	09/23/06	11/02/09	71,480	84,601	13,121	4,195	4,965	770	75,675	89,566	13,891
46	10/27/06	05/25/10	58,410	97,770	39,360	18,318	19,821	1,503	76,728	117,591	40,863
47	11/18/06	06/30/10	81,092	170,167	89,075	31,540	54,015	22,475	112,632	224,182	111,550
48	11/20/06	03/30/10	104,071	127,418	23,347	25,728	65,502	39,774	129,799	192,920	63,121
49	12/27/06	07/07/10	149,188	147,822	(1,366)	32,127	32,064	(63)	181,315	179,886	(1,429)
50	01/29/07	01/14/10	68,414	79,262	10,848	9,566	27,126	17,560	77,980	106,388	28,408
51	02/10/07	06/16/10	80,995	77,663	(3,332)	14,890	12,809	(2,081)	95,885	90,472	(5,413)
52	02/23/07	07/15/10	95,110	561,034	465,924	9,012	68,491	59,479	104,122	629,525	525,403
53	02/28/07	10/22/09	111,407	115,196	3,789	28,489	39,404	10,915	139,896	154,600	14,704
54	04/01/07	02/10/10	101,112	59,904	(41,208)	14,830	17,340	2,510	115,942	77,244	(38,698)
55	07/03/07	04/01/10	59,856	72,421	12,565	11,848	11,593	(255)	71,704	84,014	12,310
			5,358,593	11,660,319	6,301,726	1,621,260	2,732,318	1,111,058	6,979,853	14,392,637	7,412,784

46% of O/S or
54% Less
Indemnity

59% of O/S or
41% Less
Medical

48% of O/S or
52% Less
Combined