

CALIFORNIA AUTOMOBILE ASSIGNED RISK PLAN

Administrators of the California Low Cost Automobile Insurance Program

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Richard J. Manning, *Regional Director*

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January 6, 2011

Insurance Commissioner David Jones
State of California
300 Capitol Mall, Suite 1700
Sacramento, CA 95814

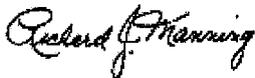
Re: California Low Cost Automobile Insurance Program Annual Rate Review

Dear Commissioner Jones:

As plan manager of the California Automobile Assigned Risk Plan (CAARP), AIPSO has conducted the annual rate analysis of the California Low Cost Automobile Insurance Program as required by law. Attached you will find the analysis which was reviewed by CAARP's Advisory Committee at their November 16, 2010, meeting in San Francisco. The CAARP Advisory Committee, by a majority vote, recommends an overall average rate decrease of 6.2%.

If you have any questions please feel free to contact me.

Sincerely,



Richard J. Manning
CAARP Manager and Director

Cc: M. Shulman, CA DOI
E. Mohr, CA DOI
L. Iacoi, AIPSO
T. Neagle, AIPSO
B. Henley, CA DOI/ with Filing Fee (Check #58809 dated 12/16/2010)
CAARP Advisory Committee Members

RICHARD LIBER
Chairperson

DAVID L. KOHLHAMMER
President



December 21, 2010

Richard Manning, Regional Manager
California Automobile Assigned Risk Plan
P.O. Box 7917
San Francisco, CA 94120-7917

**California Automobile Assigned Risk Plan
Low Cost Automobile Insurance Program Rate Revision
AIPSO Filing No. LC 11-01**

Dear Richard:

Enclosed please find the complete California Low Cost Automobile ("LCA") filing package to be submitted with the California Department of Insurance.

Included is an explanatory memorandum as well as a detailed filing package with proposed rate changes for private passenger automobiles insured through the LCA Program. Also included is a check for the filing fee of \$1,199.00 to be included with the submission.

If you have any questions, or if you need any additional information, please contact me.

Sincerely,

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I. SUMMARY

The Advisory Committee of the California Automobile Assigned Risk Plan ("CAARP" or the "Plan") submits the attached rate indications proposing rate revisions for the three private passenger automobile (non-fleet) insurance coverages of the Low Cost Automobile Insurance ("LCA") Program.¹ CAARP's analysis indicates that rates for the Program should be decreased an average of 6.2% so that premium charges for the Program will not be excessive, inadequate or unfairly discriminatory, and will be actuarially sound so as to result in no subsidy of the Program. The attached filing ("Filing") proposes revisions to the rates for combined coverage of Bodily Injury and Property Damage as well as Medical Payments and Uninsured Motorists (Bodily Injury) coverages. The calculation of the indicated rate change for each coverage is set forth in the attached materials.

The rate-level indications for LCA's three coverages are summarized on Exhibit 1 of the Filing. In developing these indications, the most recent data was collected and reviewed, and appropriate adjustments made. First, historical earned exposures were utilized to calculate premiums at current rate levels. The incurred losses were developed to their ultimate levels and trended to reflect expected changes in claim cost and claim frequency over time. Loss ratios were determined by dividing the developed and trended incurred losses by the current level earned premiums. Weights were selected to combine the multiple years of loss ratios into a projected loss ratio. Second, expense provisions were selected and utilized along with the projected loss ratios in the rate-level calculation shown in line G of Appendix 6, Sheet 1. This rate-level indication formula gives credit to the expected investment income on unearned premiums and loss reserves. As a final adjustment, the calculated rate level indications are weighted with the selected loss ratio trend to the extent that

the experience data is not fully credible.

This rate filing complies with all methodology in the rate revision approved by the California Department of Insurance (CADOI) effective December 20, 2010.

II. DIFFERENCES FROM LAST FILING

Per the most recent Order and Decision, in the determination of base rates (Exhibit 6) counties are grouped together as determined by the CADOI.

III. DATA

As in prior LCA reviews, CAARP has requested data directly from the largest writers of LCA business in California, encompassing LCA experience through September 30, 2010. This data has been analyzed to the extent possible and has been summarized so not to identify any individual company. Additionally, incurred losses have been examined to ensure that all allocated loss adjustment expenses have been properly considered. Data from all (10) companies included in this submission are included in this review.

IV. LOSS RATIOS

The rate-level indications are primarily based on LCA earned premium, incurred loss and allocated loss adjustment expense ("ALAE") from the above-mentioned data call. Reported incurred losses and ALAE from that experience period are developed to their ultimate settlement levels, loaded to include adjusting and other expense ("AOE") and then trended to reflect changes in claim cost and claim frequency over time. Loss ratios are determined by dividing the adjusted total incurred losses and loss adjustment expenses by the experience period premium brought to current level.

A. Experience Period

The review is based on Calendar/Accident Years 2008, 2009, and 2010. CAARP utilizes premium weighting to determine the weight that should be applied to each of the three years for each coverage. The experience periods utilized, by coverage, are as follows:

<u>Coverage</u>	<u>Calendar/Accident Year Experience Period</u>	<u>Evaluation Date</u>
Bodily Injury & Property Damage	2008, 2009, and 2010	09/30/2010
Medical Payments	2008, 2009, and 2010	09/30/2010
Uninsured Motorists (BI)	2008, 2009, and 2010	09/30/2010

Accident year refers to losses and ALAE arising out of accidents that have an occurrence date in that year. An Evaluation Date of 09/30/XXXX refers to the fact that the loss and ALAE experience for each period is evaluated up to 33 months after the start of each period in order to allow further development of existing claims and the reporting of claims which would be Incurred But Not Reported (IBNR) had the evaluation period not been extended. For each coverage, losses are evaluated at 09/30/2010. This implies the loss and ALAE experience is evaluated 9 months, 21 months, and 33 months after the start of each experience period, respectively.

B. Earned Premiums

Historical earned premiums are adjusted to reflect current rate levels before they can be used for ratemaking purposes. The Filing utilizes the premium at present rates ("PPR") method to calculate earned premiums. Under this method, earned premiums for each calendar year are developed by multiplying the number of historical earned exposures (i.e., car years) in each classification and territory by the current LCA rate for each category. This produces the premiums that would have been earned in that year if the current rates had been in effect during that period. The resulting premiums at present rates for each of the three coverages are shown in Column (2) of Exhibits 2-4.

C. Incurred Losses

Accident year incurred losses and ALAE, arising from accidents that occurred during that year, are reported to CAARP for the experience period as of the Evaluation Date. The reported incurred losses and ALAE are shown in Columns (3) and (10) of Exhibit 2, and Column (4) of Exhibits 3 and 4.

Three additional steps are needed before projected loss ratios can be derived. First, a provision for AOE needs to be reflected in the losses and ALAE. Second, these losses are then developed to their expected ultimate settlement levels by the application of loss development factors. Third, the developed incurred losses and loss adjustment expenses are trended to reflect changes over time in both the frequency of occurrence and the cost of claims.

1. Adjusting and Other Expenses

The calculation of the AOE factors is shown in Appendix 1.

2. Loss Development

Loss development factors ("LDFs") are used to adjust reported incurred losses and ALAE to their expected ultimate settlement levels. Typically, the losses are developed based upon historical loss patterns. Due to low credibility, as was done in the previous LCA filing, CAARP has utilized LDFs based upon both LCA experience and CAARP private passenger loss experience. As per the last decision, the 3-point weighted average link ratios were selected for all coverages.

The LCA 9-21, 21-33, 33-45, and 45-57 month link ratios are incorporated into the 9 to ultimate factor for the 2010 accident year, 21 to ultimate factor for the 2009 accident year, and 33 to ultimate factor for the 2008 accident year. Comparing losses evaluated as of 9 months to those evaluated as of 21 months implicitly loads an additional quarter of incurred losses that is not reflected in the corresponding 9 months of earned premiums. A preliminary adjustment is necessary in order to correct for this mismatch. Thus, CAARP utilized the procedure described in the December 5, 2005 CADOI Decision and Order. The selected 9-21 month LCA link ratios for Bodily Injury and Property Damage are adjusted by a partial year adjustment factor of 0.748 so that they correspond to the 9 months of 2009 calendar year earned premiums. The factor of 0.748 is derived using the same procedure used by AIS Risk Consultants in their testimony dated September 12, 2006. Next, in order to adjust for the limited LCA credibility, the reciprocal of the partial year LCA link ratios is averaged with the reciprocal of the fitted CAARP private passenger link ratios. Finally, the reciprocal of the averaged link ratios are extended to an ultimate basis through the application of the fitted CAARP private passenger 21, 33, 45, and 57 month to ultimate link ratios.

3. Trend

Trend factors are used to adjust the experience period losses and loss adjustment expenses to reflect changes in claim cost and claim frequency from the midpoint of the experience period to twelve months beyond the proposed rate revision effective date (i.e., the average accident date of the proposed rates assuming rates are in effect for a period of one year). It is necessary to adjust losses and loss adjustment expenses for trend because conditions that affect the ultimate level of incurred losses and loss adjustment expenses during the experience period are expected to change over time (e.g., inflation). In this filing, AIPSO utilizes:

- California Fast Track paid loss data for both claim cost and claim frequency.
- 4, 6, 8, 12 and 16 point exponential fits to the year-ending quarterly points for claim cost and claim frequency.
- Full credibility standards of 10,623 claims.

In past rate filings, with the Department's consent, CAARP has utilized a procedure to index the loss and loss adjustment expenses for the actual change in claim frequencies from the midpoint of each of the experience periods to the midpoint of the latest available Fast Track experience period. For this reason, and to better understand any underlying dynamics influencing each component, CAARP has selected separate frequency and severity annual rates of change instead of figures based on pure premium. In selecting bodily injury and property damage claim cost and claim frequency annual rates of change, CAARP analyzed the following Fast Track exponentially fitted data ending June 30, 2010 (also outlined in Appendix 4):

<u>Number of Points</u>	<u>Paid Claim Frequency</u>	<u>Paid Claim Cost</u>
	<u>Bodily Injury</u>	
16	-4.2%	3.4%
12	-3.3%	1.6%
8	-2.8%	0.6%
6	-1.9%	1.6%
4	-0.5%	3.3%
Selected	-3.3%	1.6%
	<u>Property Damage</u>	
16	-1.1%	0.7%
12	-1.3%	-0.2%
8	-0.6%	-0.9%
6	1.4%	-1.1%
4	1.8%	-0.3%
Selected	-1.3%	-0.2%

To adjust the loss and loss adjustment expenses for the change in claim costs from the midpoint of the experience period to one year beyond the effective date, CAARP selected total limits annual changes of 1.6% for Bodily Injury, Medical Payments, and Uninsured Motorists Bodily Injury; and -0.2% for Property Damage. Both selections fit well within their respective coverages full range of exponential fits (0.6% to 3.4% for Bodily Injury and -1.1% to 0.7% for Property Damage).

Claim frequency patterns tend to be cyclical and difficult to predict. Therefore, as already

stated, the loss and loss adjustment expenses were indexed for the actual change in claim frequencies from the midpoint of each of the experience periods to the midpoint of the latest available Fast Track trend experience period (i.e. 12/30/2009). The frequency indexing procedure is intended to reflect what has actually occurred. Thereafter, in light of the frequencies' cyclical nature and the absence of a constant upward or downward trend, it is reasonable to project forward utilizing a flattened frequency rate of change. Thus, CAARP selected trends of -3.3% for Bodily Injury, Medical Payments, and Uninsured Motorists Bodily Injury; and -1.3% for Property Damage were used to project forward. These selected frequency trends, when combined with the results of the indexing procedure, produce effective annual rates of change ranging from -4.4% to -3.3% for Bodily Injury frequency and -1.3% for Property Damage frequency.

V. EXPENSE PROVISIONS

The expense provisions are shown in Appendices 6 and 7. At the request of the California Advisory Committee, standard AIPSO expense provisions that are typically disallowed by the California Department of Insurance are not included in this rate filing.² The commission provision is based on the commission percentages set by Section 2462 of the CAARP regulations. The general and other acquisition expense provision is based on the California Insurers' Efficiency Standard Study. Provisions for premium taxes are set based on statutory assessment percentages. The premium charge-off provision of 1.1% reflects the average historical earned premiums that have proven to be uncollectible. In addition, an installment fee revenue provision of negative 1.2% has been included in order to offset expenses with installment fee revenues received.

A. Installment Fee Revenue

An installment fee revenue provision has been included in order to offset expenses with installment fee revenues received from insureds using installment plan payment options. The provision is included in expenses as a negative value in order to reflect the corresponding decrease in expected expenses. The provision of 1.2% is based upon a 2010 survey of CAARP writers and includes data submitted by ten companies representing 52.6% of 2008 CAARP written premium. The actual survey results are shown in Appendix 7, Sheet 2.

B. Premium Charge-Off Provision

Premium charge-offs occur when earned premium exceeds paid premium. Specifically, it is the portion of total premium on cancelled policies that proves to be uncollectible. For example, the underwriting process may develop information that leads to a premium higher than originally quoted with an application. When the time specified to allow payment of the higher premium installment has elapsed without further payment, the higher premium earned may have exceeded the premium previously paid. Therefore, the premium charge-off provision is intended to reflect the premium, which although earned on CAARP policies, proves to be uncollectible. The filed provision of 1.1% is based upon a 2010 survey of CAARP writers and includes data submitted by twelve companies representing 69.2% of 2008 CAARP written premium. The actual survey results are shown in Appendix 7, Sheet 2.

C. Expected Loss & Loss Adjustment Expense Ratio

The variable expense ratio includes commissions, premium taxes, premium charge-off, a deduction for installment fee revenues, general and other acquisition expenses, and miscellaneous taxes, licenses and fees. These items were combined and the resulting total was subtracted from unity to determine the expected loss and loss adjustment expense ratio.

VI. RATE-LEVEL INDICATIONS

The indicated average rate change, by coverage, is calculated using each of the provisions discussed above. The analysis considers investment yield of expected loss reserves and credits expected amounts of investment income from loss and unearned premium reserves attributable to policyholders. See Appendix 6, Sheet 1 for details of the calculation.

A. Special California Assessment

California regulations provide for the following three assessments to be charged per insured vehicle:

- a. Investigation and prosecution of automobile insurance fraud - \$1.00 annual fee per insured vehicle
- b. Consumer service functions related to automobile insurance - \$0.30 annual fee per insured vehicle
- c. Automobile fraud interdiction program - \$0.50 annual fee per insured vehicle

Utilizing CAARP 2010 earned LCA exposures as a proxy for "insured vehicles," these assessments generate the need for an additional \$25,776 of premium and account for an estimated 0.9% increase in our current rate level indication calculations, resulting in the overall 6.2% indicated decrease.

VII. YOUTHFUL OPERATOR SURCHARGE RELATIVITY

As provided by Insurance Code 11629.72(c)(4) and 11629.92(c)(4), this filing includes an analysis of the current youthful operator surcharge of 25%. As shown in Exhibit 5, the analysis produces an indicated surcharge relativity of 1.21. We propose no change to the current surcharge relativity of 1.25.

VIII. CONCLUSION

The attached rate indications contain the rate revisions proposed by CAARP based upon the data most currently available, using appropriate and accepted actuarial methodology to produce rates that are not excessive, inadequate, nor unfairly discriminatory.

¹The three coverages are Combined Bodily Injury and Property Damage, Medical Payments, and Uninsured Motorists Bodily Injury.

² Specifically, we have made the following expense modifications from AIPSO's standard filing procedures:

- 1) The Cost of Capital (3%) and Contingency (1%) provisions are not included.
- 2) AIPSO's standard yield calculation of investment income earned has been modified to reflect Department methodologies for prior approval ratemaking.

California (04)
Low Cost Automobile Insurance Program

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Exhibit 1	Summary of Rate Level Indications
Exhibit 2	Determination of Statewide Rate Level Change - Bodily Injury & Property Damage
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Exhibit 5	Determination of Youthful Operator Surcharge
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Appendix 1	Determination of Adjusting and Other Expense Provision
Appendix 2	Determination of Loss Development Factors
Appendix 3	Trend Summary
Appendix 4	Determination of Fast Track Trends
Appendix 5	Documentation of Special California Assessment
Appendix 6	Determination of Average Rate Change Reflecting Investment Income Model
Appendix 7	Documentation of Expense Provisions for Ratemaking

California (04)
Low Cost Automobile Insurance Program

SUMMARY OF RATE LEVEL INDICATIONS

	(1)	(2)	(3)	(4)	(5)
	Calendar Year 2010 ^A Total Limits/All Deductible On-Level Premium	Proposed Rate Level Change	Additional Premiums Required for CA Assessment	Adjusted for Assessment	Proposed Rate Level Change
10/20/3 Bodily Injury / Property Damage	\$2,580,710	-7.2%	\$23,785	-6.3%	-6.3%
\$1,000 Medical Payments	\$65,306	-11.2%	\$602	-10.3%	-10.3%
\$10/20 Uninsured Motorists	\$150,721	-4.5%	\$1,389	-3.6%	-3.6%
TOTAL	\$2,796,737	-7.1%	\$25,776	-6.2%	-6.2%
Surcharge Relativity		0.0%			

Column (3): Total additional premium required = \$25,776 = 10,435 x \$2.47 = [(2010 Estimated Earned Exposures) x (\$1.80 California Special Assessment / 0.7289 variable expense loading)].

^A Calendar Year 2010 is a partial year evaluated as of September 30.

LIABILITY EXPOSURE GROWTH:

Calendar Years <u>Ended</u>	Earned <u>Exposures</u>	Percent <u>Change</u>
2008	11,008	
2009	10,596	-3.7%
2010	10,435	-1.5% (Estimated full year exposures)

PROPOSED EFFECTIVE DATE: January 1, 2012 New; February 1, 2012 Renewal

MOST RECENT RATE REVIEW: December 20, 2010 -1.5%

CHANGE IN APPLICATION VOLUME (Sep-09 to Sep-10): 17.2%

California (04)
Low Cost Automobile Insurance Program
Determination of Statewide Rate Level Change

\$10/20/3 BODILY INJURY & PROPERTY DAMAGE

(1) Accident Years Ended	(2) BI/PD Premium at Current Level	(3) BI Incurred Losses & ALAE/DCC	(4) AOE Factor	(5) BI Loss Development Factor	(6) BI Loss Trend Factor	(7) Adjustment to Reflect Law Changes
2008	3,769,619	1,389,197	1.084	1.045	0.938	1.000
2009	3,558,281	1,501,887	1.084	1.038	0.954	1.000
2010	2,580,710	853,542	1.084	1.080	0.953	1.000
Total	9,908,610					

(8) Accident Years Ended	(9) BI Trended Ultimate Losses & LAE	(10) PD Incurred Losses & ALAE/DCC	(11) AOE Factor	(12) PD Loss Development Factor	(13) PD Loss Trend Factor	(14) PD Trended Ultimate Losses & LAE
2008	1,476,088	1,072,897	1.084	1.012	0.951	1,119,305
2009	1,612,175	1,027,713	1.084	1.042	0.955	1,108,593
2010	952,293	652,153	1.084	1.135	0.961	771,077

(15) Accident Years Ended	(16) BI/PD Trended Ultimate Losses & LAE	(17) Indicated Loss & LAE Ratios	(18) Year Weights	(19) Weighted Loss & LAE Ratio
2008	2,595,393	0.689	0.380	
2009	2,720,768	0.765	0.359	
2010	1,723,370	0.668	0.260	0.711

(20) Indicated Rate Level Change Reflecting Investment Income Model	-7.2%
(21) Number of Claims in Experience Period	2,198
(22) Credibility	100%
(23) Loss Ratio Trend	-1.7%
(24) Credibility Weighted Indicated Rate Level Change	-7.2%
(25) Proposed Rate Level Change	-7.2%

NOTES:

For an explanation of these calculations refer to Exhibit 7.
Calendar Year 2010 is a partial year evaluated as of September 30.

California (04)
Low Cost Automobile Insurance Program
Determination of Statewide Rate Level Change

\$1,000 MEDICAL PAYMENTS

(1) Accident Years Ended	(2) Premium at Current Level
2008	94,748
2009	88,138
2010	65,306
Total	248,192

(3) Accident Years Ended	(4) Incurred Losses & ALAE/DCC	(5) AOE Factor	(6) Loss Development Factor	(7) Loss Trend Factor	(8) Trended Ultimate Losses & LAE
2008	54,872	1.084	1.035	0.938	57,747
2009	40,121	1.084	1.012	0.954	41,989
2010	38,524	1.084	0.923	0.953	36,733

(9) Accident Years Ended	(10) Indicated Loss & LAE Ratios	(11) Year Weights	(12) Weighted Loss & LAE Ratio
2008	0.609	0.382	
2009	0.476	0.355	
2010	0.562	0.263	0.549

(13) Indicated Rate Level Change Reflecting Investment Income Model	-27.2%
(14) Number of Claims in Experience Period	147
(15) Credibility	37%
(16) Loss Ratio Trend	-1.8%
(17) Credibility Weighted Indicated Rate Level Change	-11.2%
(18) Proposed Rate Level Change	-11.2%

NOTES:

For an explanation of these calculations refer to Exhibit 7.
 Calendar Year 2010 is a partial year evaluated as of September 30.

California (04)
Low Cost Automobile Insurance Program
Determination of Statewide Rate Level Change

\$10/20 UNINSURED MOTORISTS BODILY INJURY

(1) Accident Years Ended	(2) Premium at Current Level
2008	233,047
2009	210,550
2010	150,721
Total	594,318

(3) Accident Years Ended	(4) Incurred Losses & ALAE/DCC	(5) AOE Factor	(6) Loss Development Factor	(7) Loss Trend Factor	(8) Trended Ultimate Losses & LAE
2008	139,078	1.084	0.983	0.938	139,009
2009	198,545	1.084	1.001	0.954	205,527
2010	51,665	1.084	1.051	0.953	56,095

(9) Accident Years Ended	(10) Indicated Loss & LAE Ratios	(11) Year Weights	(12) Weighted Loss & LAE Ratio
2008	0.596	0.392	
2009	0.976	0.354	
2010	0.372	0.254	0.674

(13) Indicated Rate Level Change Reflecting Investment Income Model	-13.1%
(14) Number of Claims in Experience Period	60
(15) Credibility	24%
(16) Loss Ratio Trend	-1.8%
(17) Credibility Weighted Indicated Rate Level Change	-4.5%
(18) Proposed Rate Level Change	-4.5%

NOTES:

For an explanation of these calculations refer to Exhibit 7.
 Calendar Year 2010 is a partial year evaluated as of September 30.

California (04)
Low Cost Automobile Insurance Program
Determination of Youthful Surcharge Relativity

\$10/20/3 BODILY INJURY & PROPERTY DAMAGE

UNSURCHARGED POLICIES

(1) Accident Years Ended	(2) Earned Exposures	(3) BI Incurred Losses & ALAE/DCC	(4) AOE Factor	(5) BI Loss Development Factor	(6) BI Loss Trend Factor	(7) Adjustment to Reflect Law Changes
2008	10,720.76	1,340,899	1.084	1.045	0.938	1.000
2009	10,290.45	1,453,327	1.084	1.038	0.954	1.000
2010	7,557.42	846,542	1.084	1.080	0.953	1.000

(8) Accident Years Ended	(9) BI Trended Ultimate Losses & LAE	(10) PD Incurred Losses & ALAE/DCC	(11) AOE Factor	(12) PD Loss Development Factor	(13) PD Loss Trend Factor	(14) PD Trended Ultimate Losses & LAE
2008	1,424,769	1,036,654	1.084	1.012	0.951	1,081,494
2009	1,560,050	987,343	1.084	1.042	0.955	1,065,046
2010	944,483	626,000	1.084	1.135	0.961	740,155

(15) Accident Years Ended	(16) BI/PD Trended Ultimate Losses & LAE
2008	2,506,263
2009	2,625,096
2010	1,684,638

(17) All Years Combined Loss Cost for Unsurcharged Policies [Sum(16)/Sum(2)]	\$238.58
(18) All Years Combined Loss Cost for Surcharged Policies (Sheet 2)	\$265.54
(19) Indicated Surcharge Relativity [(18)/(17)]	1.11
(20) Number of Claims in Surcharge Experience	77
(21) Credibility	27%
(22) Current Surcharge Relativity	1.25
(23) Credibility Weighted Surcharge Relativity	1.21
(24) Proposed Surcharge Relativity	1.25
(25) Proposed Surcharge Relativity Change	0.0%

NOTES:

Calendar Year 2010 is a partial year evaluated as of September 30.

California (04)
Low Cost Automobile Insurance Program
Determination of Youthful Surcharge Relativity

\$10/20/3 BODILY INJURY & PROPERTY DAMAGE

SURCHARGED POLICIES

(1) Accident Years Ended	(2) Earned Exposures	(3) BI Incurred Losses & ALAE/DCC	(4) AOE Factor	(5) BI Loss Development Factor	(6) BI Loss Trend Factor	(7) Adjustment to Reflect Law Changes
2008	287.56	48,298	1.084	1.045	0.938	1.000
2009	305.96	48,560	1.084	1.038	0.954	1.000
2010	248.28	7,000	1.084	1.080	0.953	1.000

(8) Accident Years Ended	(9) BI Trended Ultimate Losses & LAE	(10) PD Incurred Losses & ALAE/DCC	(11) AOE Factor	(12) PD Loss Development Factor	(13) PD Loss Trend Factor	(14) PD Trended Ultimate Losses & LAE
2008	51,319	36,243	1.084	1.012	0.951	37,811
2009	52,126	40,370	1.084	1.042	0.955	43,547
2010	7,810	26,153	1.084	1.135	0.961	30,922

(15) Accident Years Ended	(16) BI/PD Trended Ultimate Losses & LAE
2008	89,130
2009	95,673
2010	38,732

(17) All Years Combined Loss Cost for Surcharged Policies [Sum(16)/Sum(2)] \$265.54

NOTES:

Calendar Year 2010 is a partial year evaluated as of September 30.

California (04)
Low Cost Automobile Insurance Program
Determination of Territorial Base Rates
\$10/20/3 BODILY INJURY & PROPERTY DAMAGE

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	
County	Latest Year Premium at Current Level	Experience Period Losses	Experience Period Exposures	Pure Prem.	Voluntary Mkt. Pure Prem. '04-06 Data	Claims in Exp. Period	Cred.	Exp. Period Relativity	Vol. Mkt. Relativity	Credibility Wtd. Relativity	Index Relativity Off-Balanced	Current Rates	Indicated Rates	Percent Change
Butte	17,793	25,869	163.30		189.51	10	5.77%					277	251	-9.4%
Colusa	897	0	4.48		194.14	0	0.00%					277	251	-9.4%
Del Norte	488	22,558	5.90		187.06	3	3.16%					277	251	-9.4%
Glenn	786	1,364	5.40		182.40	1	1.83%					277	251	-9.4%
Humboldt	6,418	769	58.11		175.01	1	1.83%					277	251	-9.4%
Lake	1,343	0	11.77		180.39	0	0.00%					277	251	-9.4%
Lassen	173	0	0.86		182.79	0	0.00%					277	251	-9.4%
Mendocino	708	0	8.87		181.72	0	0.00%					277	251	-9.4%
Modoc	30	0	0.11		194.55	0	0.00%					277	251	-9.4%
Napa	1,775	16,987	14.28		198.67	5	4.08%					277	251	-9.4%
Plumas	0	0	0.00		185.06	0	0.00%					277	251	-9.4%
Shasta	23,296	98,500	193.04		185.14	22	8.56%					277	251	-9.4%
Siskiyou	1,573	0	8.92		168.47	0	0.00%					277	251	-9.4%
Solano	5,692	6,556	47.10		195.86	3	3.16%					277	251	-9.4%
Sonoma	16,063	16,019	177.59		194.40	11	6.06%					277	251	-9.4%
Tehama	2,974	0	23.34		181.61	0	0.00%					277	251	-9.4%
Trinity	250	5	1.61		189.64	1	1.83%					277	251	-9.4%
Yolo	6,946	994	62.24		190.28	1	1.83%					277	251	-9.4%
Subtotal	87,206	189,621	786.91	240.97	173.99	58	13.90%	1.007	0.813	0.840	0.799		251	
Alpine	198	0	1.63		210.69	0	0.00%					264	244	-7.6%
Amador	299	0	3.66		207.42	0	0.00%					264	244	-7.6%
Calaveras	1,338	0	20.67		196.85	0	0.00%					264	244	-7.6%
El Dorado	5,943	3,084	61.14		211.37	3	3.16%					264	244	-7.6%
Imperial	9,250	3,685	135.21		120.98	2	2.58%					264	244	-7.6%
Inyo	263	0	1.79		194.14	0	0.00%					264	244	-7.6%
Kern	21,168	26,020	219.47		184.73	14	6.83%					264	244	-7.6%
Mariposa	1,185	4,126	7.10		192.35	3	3.16%					264	244	-7.6%
Mono	0	0	0.00		198.74	0	0.00%					264	244	-7.6%
Nevada	3,026	2,875	36.89		189.07	3	3.16%					264	244	-7.6%
Placer	8,016	6,493	74.64		215.31	3	3.16%					264	244	-7.6%
Riverside	76,068	67,209	936.97		194.55	33	10.49%					264	244	-7.6%
San Bernardino	70,235	153,823	760.37		202.52	50	12.91%					264	244	-7.6%
San Diego	82,189	137,619	1,007.25		193.77	50	12.91%					264	244	-7.6%
Sierra	0	0	0.00		209.12	0	0.00%					264	244	-7.6%
Tuolumne	2,722	18,183	26.40		198.26	4	3.65%					264	244	-7.6%
Ventura	20,003	12,642	231.52		202.11	6	4.47%					264	244	-7.6%
Yuba	5,035	15,793	41.11		198.62	3	3.16%					264	244	-7.6%
Subtotal	306,939	481,552	3,565.81	126.63	194.28	174	24.08%	0.529	0.908	0.817	0.777		244	
Alameda	44,740	62,022	482.70		212.79	32	10.33%					314	283	-9.9%
Contra Costa	26,872	43,515	264.60		210.13	13	6.58%					314	283	-9.9%
Marin	4,100	8,582	38.15		212.06	3	3.16%					314	283	-9.9%
Sacramento	103,370	242,949	984.92		251.45	80	16.33%					314	283	-9.9%
San Francisco	87,640	227,163	1,033.50		232.21	83	16.63%					314	283	-9.9%
San Joaquin	37,359	27,768	387.58		202.97	13	6.58%					314	283	-9.9%
San Mateo	15,150	30,466	133.83		212.76	16	7.30%					314	283	-9.9%
Santa Clara	50,349	59,223	466.91		199.71	32	10.33%					314	283	-9.9%
Stanislaus	32,064	49,465	233.19		225.13	20	8.17%					314	283	-9.9%
Sutter	2,778	10,625	22.61		215.11	1	1.83%					314	283	-9.9%
Subtotal	404,423	761,778	4,047.99	188.19	218.45	293	31.25%	0.786	1.021	0.948	0.902		283	
Fresno	52,966	69,697	535.89		181.28	20	8.17%					248	227	-8.5%
Kings	2,509	0	14.33		171.49	0	0.00%					248	227	-8.5%
Madera	2,259	0	20.34		174.41	0	0.00%					248	227	-8.5%
Merced	10,865	14,978	120.25		179.89	4	3.65%					248	227	-8.5%
Monterey	6,956	11,221	76.04		148.46	6	4.47%					248	227	-8.5%
San Benito	654	0	6.80		199.03	0	0.00%					248	227	-8.5%
San Luis Obispo	5,428	5,585	54.84		179.29	3	3.16%					248	227	-8.5%
Santa Barbara	3,480	24,568	47.00		171.89	8	5.16%					248	227	-8.5%
Santa Cruz	4,627	0	25.15		175.87	0	0.00%					248	227	-8.5%
Tulare	10,567	8,904	113.97		160.75	4	3.65%					248	227	-8.5%
Subtotal	100,311	134,953	1,014.61	133.01	168.84	45	12.25%	0.556	0.789	0.761	0.724		227	
Los Angeles	1,570,748	5,230,540	19,206.62		239.52	1,551	71.90%					358	339	-5.3%
Orange	111,082	271,083	788.50		220.43	77	16.02%					358	339	-5.3%
Subtotal	1,681,831	5,501,623	19,995.11	275.15	235.79	1,628	73.67%	1.150	1.102	1.137	1.082		339	
Statewide	\$2,580,710	7,039,527	29,410.43	239.35	213.91	2,198	85.60%	1.000	1.050	1.051	1.000	334.59	313.56	-6.3%

Rate Change: -6.3%

California (04)
Low Cost Automobile Insurance Program
Determination of Territorial Base Rates
\$1,000 MEDICAL PAYMENTS

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	
County	Latest Year Premium at Current Level	Experience Period		Voluntary Mkt. Pure Prem. '04-06 Data	Claims In Exp. Period	Cred.	Exp. Period Relativity	Vol. Mkt. Relativity	Credibility Wtd. Relativity	Index Relativity Off-Balanced	Current Rates	Indicated Rates	Percent Change	
		Losses	Exposures	Pure Prem.										
Butte	716	0	58.57	9.66	0	0.00%					27	23	-14.8%	
Colusa	27	0	2.01	9.71	0	0.00%					27	23	-14.8%	
Del Norte	48	0	5.42	9.78	0	0.00%					27	23	-14.8%	
Glenn	0	0	0.00	9.84	0	0.00%					27	23	-14.8%	
Humboldt	172	0	20.76	9.29	0	0.00%					27	23	-14.8%	
Lake	112	0	8.92	9.31	0	0.00%					27	23	-14.8%	
Lassen	0	0	0.24	9.43	0	0.00%					27	23	-14.8%	
Mendocino	38	0	3.40	9.01	0	0.00%					27	23	-14.8%	
Modoc	3	0	0.11	9.56	0	0.00%					27	23	-14.8%	
Napa	46	0	5.13	9.02	0	0.00%					27	23	-14.8%	
Plumas	0	0	0.00	9.86	0	0.00%					27	23	-14.8%	
Shasta	555	0	41.04	9.43	0	0.00%					27	23	-14.8%	
Siskiyou	49	0	2.16	9.16	0	0.00%					27	23	-14.8%	
Solano	243	0	23.71	9.85	0	0.00%					27	23	-14.8%	
Sonoma	564	2,105	73.35	8.67	2	2.58%					27	23	-14.8%	
Tehama	125	0	9.71	10.54	0	0.00%					27	23	-14.8%	
Trinity	0	0	0.00	9.58	0	0.00%					27	23	-14.8%	
Yolo	127	0	14.56	8.92	0	0.00%					27	23	-14.8%	
Subtotal	2,824	2,105	269.09	7.82	7.85	2	2.58%	0.389	0.784	0.774	0.705	23		
Alpine	0	0	0.00	10.52	0	0.00%					25	23	-8.0%	
Amador	24	0	2.79	10.12	0	0.00%					25	23	-8.0%	
Calaveras	89	0	13.23	9.09	0	0.00%					25	23	-8.0%	
El Dorado	162	0	16.82	8.95	0	0.00%					25	23	-8.0%	
Imperial	104	0	19.64	8.85	0	0.00%					25	23	-8.0%	
Inyo	19	0	0.79	9.50	0	0.00%					25	23	-8.0%	
Kern	357	0	40.95	9.52	0	0.00%					25	23	-8.0%	
Mariposa	55	0	2.79	9.41	0	0.00%					25	23	-8.0%	
Mono	0	0	0.00	9.81	0	0.00%					25	23	-8.0%	
Nevada	29	0	4.24	9.25	0	0.00%					25	23	-8.0%	
Placer	405	0	29.75	9.10	0	0.00%					25	23	-8.0%	
Riverside	2,234	0	263.18	8.24	0	0.00%					25	23	-8.0%	
San Bernardino	1,844	6,465	157.65	8.52	8	5.16%					25	23	-8.0%	
San Diego	2,739	6,006	377.68	7.00	7	4.83%					25	23	-8.0%	
Sierra	0	0	0.00	9.82	0	0.00%					25	23	-8.0%	
Tuolumne	172	1,052	21.30	9.59	1	1.83%					25	23	-8.0%	
Ventura	891	2,006	98.63	8.29	2	2.58%					25	23	-8.0%	
Yuba	306	954	24.03	11.16	1	1.83%					25	23	-8.0%	
Subtotal	9,428	16,483	1,073.47	15.35	7.76	19	7.96%	0.765	0.776	0.775	0.706	23		
Alameda	2,453	3,152	213.58	10.06	3	3.16%					35	29	-17.1%	
Contra Costa	913	2,093	73.37	9.39	2	2.58%					35	29	-17.1%	
Marin	288	0	24.30	8.92	0	0.00%					35	29	-17.1%	
Sacramento	2,526	1,570	205.60	12.06	1	1.83%					35	29	-17.1%	
San Francisco	4,611	14,148	488.13	10.85	14	6.83%					35	29	-17.1%	
San Joaquin	1,357	0	122.99	13.68	0	0.00%					35	29	-17.1%	
San Mateo	458	477	39.47	8.79	1	1.83%					35	29	-17.1%	
Santa Clara	2,345	502	159.97	7.71	1	1.83%					35	29	-17.1%	
Stanislaus	1,322	0	84.54	10.97	0	0.00%					35	29	-17.1%	
Sutter	144	0	9.46	9.93	0	0.00%					35	29	-17.1%	
Subtotal	16,415	21,942	1,421.39	15.44	10.01	22	8.56%	0.769	1.000	0.980	0.893	29		
Fresno	1,209	1,129	113.48	12.68	1	1.83%					27	27	0.0%	
Kings	96	0	4.73	9.52	0	0.00%					27	27	0.0%	
Madera	63	0	4.24	9.06	0	0.00%					27	27	0.0%	
Merced	571	349	54.60	10.23	1	1.83%					27	27	0.0%	
Monterey	431	0	40.44	9.36	0	0.00%					27	27	0.0%	
San Benito	66	0	5.43	9.80	0	0.00%					27	27	0.0%	
San Luis Obispo	476	0	35.12	8.53	0	0.00%					27	27	0.0%	
Santa Barbara	104	0	15.98	8.54	0	0.00%					27	27	0.0%	
Santa Cruz	277	0	13.96	8.55	0	0.00%					27	27	0.0%	
Tulare	429	0	42.21	9.81	0	0.00%					27	27	0.0%	
Subtotal	3,722	1,478	330.20	4.48	9.09	2	2.58%	0.223	0.908	0.890	0.811	27		
Los Angeles	29,630	89,444	3,507.14	13.55	96	17.89%					42	38	-9.5%	
Orange	3,287	5,018	193.47	11.17	6	4.47%					42	38	-9.5%	
Subtotal	32,918	94,462	3,700.61	25.53	12.81	102	18.44%	1.271	1.280	1.278	1.164	38		
Statewide	\$65,306	136,470	6,794.75	20.08	10.01	147	22.14%	1.000	1.100	1.098	1.000	36.53	32.62	-10.7%

Rate Change: -10.3%

California (04)
Low Cost Automobile Insurance Program
Determination of Territorial Base Rates
\$10/20 UNINSURED MOTORISTS BODILY INJURY

County	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	Latest Year Premium at Current Level	Losses	Experience Period Exposures	Pure Prem.	Voluntary Mkt. Pure Prem. '04-'06 Data	Claims In Exp. Period	Cred.	Exp. Period Relativity	Vol. Mkt. Relativity	Credibility Wtd. Relativity	Index Relativity Off-Balanced	Current Rates	Indicated Rates	Percent Change	
Butte	774	0	83.26			23.36	0	0.00%				21	20	-4.8%	
Colusa	24	0	2.06			26.69	0	0.00%				21	20	-4.8%	
Del Norte	37	0	5.42			26.65	0	0.00%				21	20	-4.8%	
Glenn	27	0	1.71			27.10	0	0.00%				21	20	-4.8%	
Humboldt	145	0	22.17			24.41	0	0.00%				21	20	-4.8%	
Lake	86	0	10.07			25.14	0	0.00%				21	20	-4.8%	
Lassen	0	0	0.24			26.62	0	0.00%				21	20	-4.8%	
Mendocino	29	0	3.36			24.70	0	0.00%				21	20	-4.8%	
Modoc	2	0	0.11			28.00	0	0.00%				21	20	-4.8%	
Napa	59	0	6.70			24.60	0	0.00%				21	20	-4.8%	
Plumas	0	0	0.00			28.51	0	0.00%				21	20	-4.8%	
Shasta	560	0	57.15			23.05	0	0.00%				21	20	-4.8%	
Siskiyou	35	0	1.99			25.92	0	0.00%				21	20	-4.8%	
Solano	264	0	33.39			23.48	0	0.00%				21	20	-4.8%	
Sonoma	685	0	110.54			20.56	0	0.00%				21	20	-4.8%	
Tehama	127	0	12.78			25.20	0	0.00%				21	20	-4.8%	
Trinity	0	0	0.00			27.47	0	0.00%				21	20	-4.8%	
Yolo	265	0	31.61			24.42	0	0.00%				21	20	-4.8%	
Subtotal	3,121	0	382.57	0.00		12.39	0	0.00%	0.000	0.435	0.435	0.381		20	
Alpine	0	0	0.00			28.51	0	0.00%				37	36	-2.7%	
Amador	35	0	2.79			26.11	0	0.00%				37	36	-2.7%	
Calaveras	158	0	14.10			26.58	0	0.00%				37	36	-2.7%	
El Dorado	553	0	36.41			24.23	0	0.00%				37	36	-2.7%	
Imperial	361	0	38.70			24.14	0	0.00%				37	36	-2.7%	
Inyo	28	0	0.79			27.16	0	0.00%				37	36	-2.7%	
Kern	874	0	64.14			24.67	0	0.00%				37	36	-2.7%	
Mariposa	109	0	3.72			27.35	0	0.00%				37	36	-2.7%	
Mono	0	0	0.00			27.17	0	0.00%				37	36	-2.7%	
Nevada	56	0	6.30			24.67	0	0.00%				37	36	-2.7%	
Placer	826	0	46.22			23.89	0	0.00%				37	36	-2.7%	
Riverside	4,159	5,429	361.63			24.70	1	1.83%				37	36	-2.7%	
San Bernardino	4,313	8,686	306.27			29.97	1	1.83%				37	36	-2.7%	
San Diego	5,179	9,995	470.16			17.43	1	1.83%				37	36	-2.7%	
Sierra	0	0	0.00			28.51	0	0.00%				37	36	-2.7%	
Tuolumne	272	0	22.27			26.39	0	0.00%				37	36	-2.7%	
Ventura	1,538	0	120.60			22.86	0	0.00%				37	36	-2.7%	
Yuba	448	6,840	22.96			25.69	1	1.83%				37	36	-2.7%	
Subtotal	18,908	30,950	1,517.08	20.40		22.42	4	3.65%	0.559	0.786	0.778	0.683		36	
Alameda	3,096	0	258.61			22.17	0	0.00%				36	34	-5.6%	
Contra Costa	1,570	11,214	131.96			20.94	1	1.83%				36	34	-5.6%	
Marin	378	0	31.00			23.88	0	0.00%				36	34	-5.6%	
Sacramento	4,268	5,619	335.26			32.91	1	1.83%				36	34	-5.6%	
San Francisco	5,940	2,070	634.83			21.07	1	1.83%				36	34	-5.6%	
San Joaquin	1,999	0	191.62			28.88	0	0.00%				36	34	-5.6%	
San Mateo	1,431	0	78.03			19.70	0	0.00%				36	34	-5.6%	
Santa Clara	2,942	622	227.70			15.42	1	1.83%				36	34	-5.6%	
Stanislaus	2,095	0	130.56			25.52	0	0.00%				36	34	-5.6%	
Sutter	148	0	10.63			25.48	0	0.00%				36	34	-5.6%	
Subtotal	23,866	19,525	2,030.20	9.62		21.53	4	3.65%	0.264	0.755	0.737	0.647		34	
Fresno	2,186	0	167.15			32.52	0	0.00%				33	32	-3.0%	
Kings	118	0	4.73			26.72	0	0.00%				33	32	-3.0%	
Madera	129	0	6.27			24.64	0	0.00%				33	32	-3.0%	
Merced	818	0	69.68			24.58	0	0.00%				33	32	-3.0%	
Monterey	585	0	50.01			21.49	0	0.00%				33	32	-3.0%	
San Benito	87	0	6.60			25.85	0	0.00%				33	32	-3.0%	
San Luis Obispo	642	0	45.29			23.10	0	0.00%				33	32	-3.0%	
Santa Barbara	340	0	25.78			22.38	0	0.00%				33	32	-3.0%	
Santa Cruz	407	0	17.82			22.08	0	0.00%				33	32	-3.0%	
Tulare	693	0	55.44			24.77	0	0.00%				33	32	-3.0%	
Subtotal	6,005	0	448.75	0.00		19.78	0	0.00%	0.000	0.694	0.694	0.609		32	
Los Angeles	90,388	333,767	6,289.60			44.48	49	12.78%				67	65	-3.0%	
Orange	8,433	16,389	311.24			26.93	3	3.16%				67	65	-3.0%	
Subtotal	98,821	350,156	6,600.83	53.05		40.27	52	13.17%	1.454	1.412	1.418	1.244		65	
Statewide	\$150,721	400,631	10,979.43	36.49		28.51	60	14.14%	1.000	1.140	1.140	1.000	54.13	52.34	-3.3%
Rate Change:														-3.6%	

California (04)

Low Cost Automobile Insurance Program

EXPLANATORY NOTES TO EXHIBIT 2 (BI/PD)

Column (2)	Premium at Current Level developed from the Extension of Exposure method.
Column (4),(11)	For AOE (Adjusting and Other Expense) Factors refer to Appendix 1.
Column (5),(12)	For Loss Development Factors refer to Appendix 2.
Column (6),(13)	For Loss Trend Factors refer to Appendix 3.
Column (7)	An Adjustment to Reflect Law Changes is not applicable at this time.
Column (9),(14)	Trended Ultimate Losses & LAE = (3) x (4) x (5) x (6) x (7); (10) x (11) x (12) x (13)
Column (16)	Column (9) + Column (14)
Column (17)	Indicated Loss & LAE Ratios = (16) ÷ (2)
Column (18)	Year Weighting is based on premium at current level.
Column (19)	Weighted Loss & LAE Ratio = Sum of [(17) x (18)]
Row (20)	For Indicated Rate Level Change Reflecting CADOI Investment Income Model refer to Appendix 6.
Row (22)	Credibility = Square Root of [(22) ÷ 1,084], Maximum = 100%
Row (23)	Loss Ratio Trend of -1.7% is weighted average of BI loss trend of -1.8% and PD loss trend of -1.5%, refer to Appendix 3.
Row (24)	Credibility Weighted Indicated Rate Level Change = [(17) x (22)] + [(23) x {1.0 - (22)}]
Row (25)	Proposed Rate Level Change is unchanged from Row (24)

EXPLANATORY NOTES TO EXHIBIT 3 (MP)

Column (2)	Premium at Current Level developed from the Extension of Exposure method.
Column (5)	For AOE (Adjusting and Other Expense) Factors refer to Appendix 1.
Column (6)	For Loss Development Factors refer to Appendix 2.
Column (7)	For Loss Trend Factors refer to Appendix 3.
Column (8)	Trended Ultimate Losses & LAE = (4) x (5) x (6) x (7)
Column (10)	Indicated Loss & LAE Ratios = (8) ÷ (2)
Column (11)	Year Weighting is based on premium at current level.
Column (12)	Weighted Loss & LAE Ratio = Sum of [(10) x (11)]
Row (13)	For Indicated Rate Level Change Reflecting CADOI Investment Income Model refer to Appendix 6.
Row (15)	Credibility = Square Root of [(14) ÷ 1,084], Maximum = 100%
Row (16)	For Loss Ratio Trend refer to Appendix 3.
Row (17)	Credibility Weighted Indicated Rate Level Change = [(13) x (15)] + [(16) x {1.0 - (15)}]
Row (18)	Proposed Rate Level Change is unchanged from Row (24)

EXPLANATORY NOTES TO EXHIBIT 4 (UM)

Column (2)	Premium at Current Level developed from the Extension of Exposure method.
Column (5)	For AOE (Adjusting and Other Expense) Factors refer to Appendix 1.
Column (6)	For Loss Development Factors refer to Appendix 2.
Column (7)	For Loss Trend Factors refer to Appendix 3.
Column (8)	Trended Ultimate Losses & LAE = (4) x (5) x (6) x (7)
Column (10)	Indicated Loss & LAE Ratios = (8) ÷ (2)
Column (11)	Year Weighting is based on premium at current level.
Column (12)	Weighted Loss & LAE Ratio = Sum of [(10) x (11)]
Row (13)	For Indicated Rate Level Change Reflecting CADOI Investment Income Model refer to Appendix 6.
Row (15)	Credibility = Square Root of [(14) ÷ 1,084], Maximum = 100%
Row (16)	For Loss Ratio Trend refer to Appendix 3.
Row (17)	Credibility Weighted Indicated Rate Level Change = [(13) x (15)] + [(16) x {1.0 - (15)}]
Row (18)	Proposed Rate Level Change is unchanged from Row (24)

CALIFORNIA LOW COST AUTOMOBILE INSURANCE PROGRAM
PLAN OF OPERATIONS
APPENDIX

EXHIBIT E
PRIVATE PASSENGER AUTOMOBILE LIABILITY RATES
\$10,000/20,000 Bodily Injury and \$3,000 Property Damage Liability,

County	Class 9LA	Class 9LB	Class 9LC
Alameda	353.75	353.75	283.00
Alpine	305.00	305.00	244.00
Amador	305.00	305.00	244.00
Butte	313.75	313.75	251.00
Calaveras	305.00	305.00	244.00
Colusa	313.75	313.75	251.00
Contra Costa	353.75	353.75	283.00
Del Norte	313.75	313.75	251.00
El Dorado	305.00	305.00	244.00
Fresno	283.75	283.75	227.00
Glenn	313.75	313.75	251.00
Humboldt	313.75	313.75	251.00
Imperial	305.00	305.00	244.00
Inyo	305.00	305.00	244.00
Kern	305.00	305.00	244.00
Kings	283.75	283.75	227.00
Lake	313.75	313.75	251.00
Lassen	313.75	313.75	251.00
Los Angeles	423.75	423.75	339.00
Madera	283.75	283.75	227.00
Marin	353.75	353.75	283.00
Mariposa	305.00	305.00	244.00
Mendocino	313.75	313.75	251.00
Merced	283.75	283.75	227.00
Modoc	313.75	313.75	251.00
Mono	305.00	305.00	244.00
Monterey	283.75	283.75	227.00
Napa	313.75	313.75	251.00
Nevada	305.00	305.00	244.00
Orange	423.75	423.75	339.00
Placer	305.00	305.00	244.00
Plumas	313.75	313.75	251.00
Riverside	305.00	305.00	244.00
Sacramento	353.75	353.75	283.00
San Benito	283.75	283.75	227.00
San Bernardino	305.00	305.00	244.00
San Diego	305.00	305.00	244.00
San Francisco City and County	353.75	353.75	283.00
San Joaquin	353.75	353.75	283.00
San Luis Obispo	283.75	283.75	227.00
San Mateo	353.75	353.75	283.00

CALIFORNIA LOW COST AUTOMOBILE INSURANCE PROGRAM
PLAN OF OPERATIONS
APPENDIX

EXHIBIT E
PRIVATE PASSENGER AUTOMOBILE LIABILITY RATES
\$10,000/20,000 Bodily Injury and \$3,000 Property Damage Liability,

County	Class 9LA	Class 9LB	Class 9LC
Santa Barbara	283.75	283.75	227.00
Santa Clara	353.75	353.75	283.00
Santa Cruz	283.75	283.75	227.00
Shasta	313.75	313.75	251.00
Sierra	305.00	305.00	244.00
Siskiyou	313.75	313.75	251.00
Solano	313.75	313.75	251.00
Sonoma	313.75	313.75	251.00
Stanislaus	353.75	353.75	283.00
Sutter	353.75	353.75	283.00
Tehama	313.75	313.75	251.00
Trinity	313.75	313.75	251.00
Tulare	283.75	283.75	227.00
Tuolumne	305.00	305.00	244.00
Ventura	305.00	305.00	244.00
Yolo	313.75	313.75	251.00
Yuba	305.00	305.00	244.00

CALIFORNIA LOW COST AUTOMOBILE INSURANCE PROGRAM
PLAN OF OPERATIONS
APPENDIX

EXHIBIT E
PRIVATE PASSENGER AUTOMOBILE LIABILITY RATES
\$10,000/20,000 Uninsured Motorists, and \$1,000 Medical Payments

County	Uninsured Motorists	Medical Payments
Alameda	34.00	29.00
Alpine	36.00	23.00
Amador	36.00	23.00
Butte	20.00	23.00
Calaveras	36.00	23.00
Colusa	20.00	23.00
Contra Costa	34.00	29.00
Del Norte	20.00	23.00
El Dorado	36.00	23.00
Fresno	32.00	27.00
Glenn	20.00	23.00
Humboldt	20.00	23.00
Imperial	36.00	23.00
Inyo	36.00	23.00
Kern	36.00	23.00
Kings	32.00	27.00
Lake	20.00	23.00
Lassen	20.00	23.00
Los Angeles	65.00	38.00
Madera	32.00	27.00
Marin	34.00	29.00
Mariposa	36.00	23.00
Mendocino	20.00	23.00
Merced	32.00	27.00
Modoc	20.00	23.00
Mono	36.00	23.00
Monterey	32.00	27.00
Napa	20.00	23.00
Nevada	36.00	23.00
Orange	65.00	38.00
Placer	36.00	23.00
Plumas	20.00	23.00
Riverside	36.00	23.00
Sacramento	34.00	29.00
San Benito	32.00	27.00
San Bernardino	36.00	23.00
San Diego	36.00	23.00
San Francisco City and County	34.00	29.00
San Joaquin	34.00	29.00
San Luis Obispo	32.00	27.00
San Mateo	34.00	29.00

CALIFORNIA LOW COST AUTOMOBILE INSURANCE PROGRAM
 PLAN OF OPERATIONS
 APPENDIX

EXHIBIT E
PRIVATE PASSENGER AUTOMOBILE LIABILITY RATES
\$10,000/20,000 Uninsured Motorists, and \$1,000 Medical Payments

County	Uninsured Motorists	Medical Payments
Santa Barbara	32.00	27.00
Santa Clara	34.00	29.00
Santa Cruz	32.00	27.00
Shasta	20.00	23.00
Sierra	36.00	23.00
Siskiyou	20.00	23.00
Solano	20.00	23.00
Sonoma	20.00	23.00
Stanislaus	34.00	29.00
Sutter	34.00	29.00
Tehama	20.00	23.00
Trinity	20.00	23.00
Tulare	32.00	27.00
Tuolumne	36.00	23.00
Ventura	36.00	23.00
Yolo	20.00	23.00
Yuba	36.00	23.00

California (04)
 Low Cost Automobile Insurance Program
 Determination of Adjusting and Other Expense Provision

Private Passenger Auto Liability

Year	Marketing System:			Total AOE
	Captive	Direct	Independent	
2006	9.24%	7.28%	8.23%	8.25%
2007	8.74%	8.39%	7.91%	8.35%
2008	8.49%	8.60%	8.72%	8.60%
3 year average	8.82%	8.09%	8.29%	8.40%
Selected AOE Factor = 1.000 + 8.40%				1.084

Source: 2006-2008 California Insurers' Efficiency Standard Study, California Department of Insurance

California (04) - Low Cost Policies Only
Involuntary Private Passenger Automobile Non-Fleet
Determination of Loss Development Factors

A. BODILY INJURY										
Accident Year	9 Months	21 Months	33 Months	45 Months	57 Months	9-21 Months	21-33 Months	33-45 Months	45-57 Months	
2002				283,469	302,385				1.067	
2003			715,131	779,620	784,412			1.090	1.006	
2004		1,287,023	1,415,835	1,412,543	1,412,543		1.100	0.998	1.000	
2005	625,649	941,558	995,228	1,007,715	1,031,074	1.505	1.057	1.013	1.023	
2006	467,749	1,188,353	991,823	1,068,671	1,059,384	2.541	0.835	1.077	0.991	
2007	1,104,664	1,687,161	1,616,488	1,638,899		1.527	0.958	1.014		
2008	1,154,068	1,412,513	1,389,197			1.224	0.983			
2009	1,056,920	1,501,888				1.421				
2010	853,541									
						<u>Link Ratios</u>	<u>9-21</u>	<u>21-33</u>	<u>33-45</u>	<u>45-57</u>
						3 Pt. Wtd. Avg.	1.388	0.932	1.031	1.004
						5 Pt. Avg.	1.391	0.925	1.035	1.005
						5 Pt. Avg.	1.644	0.987	1.038	1.017
						5 Yr. Sum	1.527	0.983	1.030	1.008
						Max/Min	1.484	0.999	1.035	1.010
						Selected	1.388	0.932	1.031	1.004

B. PROPERTY DAMAGE										
Accident Year	9 Months	21 Months	33 Months	45 Months	57 Months	9-21 Months	21-33 Months	33-45 Months	45-57 Months	
2002				159,193	166,601				1.047	
2003			499,163	445,821	445,355			0.893	0.999	
2004		850,519	898,424	896,822	895,362		1.056	0.998	0.998	
2005	675,377	1,287,112	1,312,329	1,316,187	1,317,418	1.906	1.020	1.003	1.001	
2006	680,758	1,192,448	1,223,806	1,207,409	1,207,496	1.752	1.026	0.987	1.000	
2007	853,480	1,237,567	1,271,052	1,291,878		1.450	1.027	1.016		
2008	755,399	1,064,056	1,072,897			1.409	1.008			
2009	768,679	1,027,715				1.337				
2010	652,153									
						<u>Link Ratios</u>	<u>9-21</u>	<u>21-33</u>	<u>33-45</u>	<u>45-57</u>
						3 Pt. Wtd. Avg.	1.400	1.021	1.002	1.000
						5 Pt. Avg.	1.399	1.020	1.002	1.000
						5 Pt. Avg.	1.571	1.027	0.979	1.009
						5 Yr. Sum	1.556	1.026	0.991	1.002
						Max/Min	1.537	1.024	1.001	1.000
						Selected	1.400	1.021	1.002	1.000

C. Partial Year Adjustment Factor: 0.748

	<u>BI</u>	<u>PD</u>
D. Reciprocal of Partial Year 9-21 Link Ratio {1/(A,B x C)}:	0.963	0.955
E. Reciprocal of Fitted CAARP 9-21 Link Ratio (Sheets 2,3):	<u>0.958</u>	<u>0.880</u>
F. Reciprocal of Average 9-21 Link Ratio {1/(Average D,E)}:	1.041	1.090
G. Reciprocal of 21-33 Link Ratio {1/(A,B)}:	1.073	0.979
H. Reciprocal of Fitted CAARP 21-33 Link Ratio (Sheets 2,3):	<u>0.942</u>	<u>0.964</u>
I. Reciprocal of Average 21-33 Link Ratio {1/(Average G,H)}:	0.993	1.029
J. Reciprocal of 33-45 Link Ratio {1/(A,B)}:	0.970	0.998
K. Reciprocal of Fitted CAARP 33-45 Link Ratio (Sheets 2,3):	<u>0.968</u>	<u>0.982</u>
L. Reciprocal of Average 33-45 Link Ratio {1/(Average J,K)}:	1.032	1.010
M. Reciprocal of 45-57 Link Ratio {1/(A,B)}:	0.996	1.000
N. Reciprocal of Fitted CAARP 45-57 Link Ratio (Sheets 2,3):	<u>0.978</u>	<u>0.995</u>
O. Reciprocal of Average 45-57 Link Ratio {1/(Average M,N)}:	1.013	1.002
P. Ultimate Development Factor: 9-Ultimate	1.080	1.135
Q. Ultimate Development Factor: 21-Ultimate	1.038	1.042
R. Ultimate Development Factor: 33-Ultimate	1.045	1.012

California (04)
Involuntary Private Passenger Automobile Non-Fleet
Determination of Loss Development Factors

BODILY INJURY: Basic Limits Incurred Losses Including ALAE

Accident Year	15 Months	27 Months	39 Months	51 Months	63 Months	75 Months	87 Months
1997							49,725,433
1998						30,978,517	30,965,321
1999					17,586,553	17,563,149	17,549,747
2000				12,156,603	12,145,570	12,152,472	12,167,149
2001			11,901,144	11,923,130	11,902,733	11,874,778	11,874,778
2002		17,237,525	17,701,394	17,785,620	17,763,893	17,808,296	17,801,796
2003	22,585,580	23,996,230	25,050,653	25,196,611	25,291,747	25,698,216	
2004	18,030,096	19,229,579	19,478,906	19,439,369	20,011,911		
2005	10,415,174	9,736,287	10,018,350	10,483,922			
2006	4,195,885	4,348,887	4,676,629			75-87	
2007	2,806,759	2,986,672			63-75	<u>Months</u>	
2008	1,742,063			51-63	<u>Months</u>		
			39-51	<u>Months</u>		1.000	
		27-39	<u>Months</u>		0.999	0.999	
	15-27	<u>Months</u>		0.999	1.001	1.001	
	<u>Months</u>		1.002	0.998	0.998	1.000	
		1.027	1.005	0.999	1.002	1.000	
	1.062	1.044	1.006	1.004	1.016		
	1.067	1.013	0.998	1.029			
	0.935	1.029	1.046				
	1.036	1.075					
	1.064						
Link Ratios							
3 Pt. Wtd. Avg.	0.980	1.026	1.010	1.010	1.008	1.000	
3 Pt. Avg.	1.012	1.039	1.017	1.011	1.005	1.000	
5 Pt. Avg.	1.033	1.038	1.011	1.006	1.003	1.000	
Max/Min	1.054	1.033	1.004	1.001	1.001	1.000	
Selected	0.980	1.026	1.010	1.010	1.008	1.000	
Ultimate Development Factors							
	<u>15-Ult.</u>	<u>27-Ult.</u>	<u>39-Ult.</u>	<u>51-Ult.</u>	<u>63-Ult.</u>	<u>75-Ult.</u>	<u>87-Ult.</u>
Selected	1.034	1.055	1.028	1.018	1.008	1.000	1.000
Fitted with Exponential Growth Function:			<u>9-Ult.</u>	<u>21-Ult.</u>	<u>33-Ult.</u>	<u>45-Ult.</u>	
			1.043	1.062	1.033	1.022	

NOTES:
All ISO, NAI, NISS and CSAA Companies Combined.

California (04)
Involuntary Private Passenger Automobile Non-Fleet
Determination of Loss Development Factors

PROPERTY DAMAGE: Basic Limits Incurred Losses Including ALAE

Accident Year	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>	<u>75 Months</u>	<u>87 Months</u>										
1997							24,163,859										
1998						16,192,334	16,188,387										
1999					9,887,335	9,885,814	9,885,561										
2000				7,186,916	7,196,051	7,200,404	7,200,404										
2001			6,735,780	6,780,838	6,788,043	6,781,430	6,781,430										
2002		10,901,671	11,215,903	11,308,038	11,309,421	11,309,421	11,309,421										
2003	15,265,116	17,024,913	17,100,402	17,232,785	17,240,069	17,292,002											
2004	12,184,504	13,724,529	13,882,023	13,948,510	14,087,649												
2005	7,041,412	7,673,151	7,849,982	8,115,455													
2006	3,798,831	4,141,890	4,191,540			75-87 Months											
2007	2,350,009	2,528,115			63-75 Months												
2008	1,376,034			51-63 Months													
			39-51 Months			1.000											
		27-39 Months			1.000	1.000											
	15-27 Months			1.001	1.001	1.000											
			1.007	1.001	0.999	1.000											
		1.029	1.008	1.000	1.000	1.000											
	1.115	1.004	1.008	1.000	1.003												
	1.126	1.011	1.005	1.010													
	1.090	1.023	1.034														
	1.090	1.012															
	1.076																
<u>Link Ratios</u>																	
3 Pt. Wtd. Avg.	1.087	1.015	1.012	1.003	1.001	1.000											
3 Pt. Avg.	1.085	1.015	1.016	1.003	1.001	1.000											
5 Pt. Avg.	1.099	1.016	1.012	1.002	1.001	1.000											
Max/Min	1.098	1.015	1.008	1.001	1.000	1.000											
Selected	1.087	1.015	1.012	1.003	1.001	1.000											
<u>Ultimate Development Factors</u>																	
	<u>15-Ult.</u>	<u>27-Ult.</u>	<u>39-Ult.</u>	<u>51-Ult.</u>	<u>63-Ult.</u>	<u>75-Ult.</u>	<u>87-Ult.</u>										
Selected	1.121	1.031	1.016	1.004	1.001	1.000	1.000										
<table border="0" style="width: 100%;"> <tr> <td style="width: 30%;">Fitted with Exponential Growth Function:</td> <td><u>9-Ult.</u></td> <td><u>21-Ult.</u></td> <td><u>33-Ult.</u></td> <td><u>45-Ult.</u></td> </tr> <tr> <td></td> <td>1.136</td> <td>1.037</td> <td>1.018</td> <td>1.005</td> </tr> </table>								Fitted with Exponential Growth Function:	<u>9-Ult.</u>	<u>21-Ult.</u>	<u>33-Ult.</u>	<u>45-Ult.</u>		1.136	1.037	1.018	1.005
Fitted with Exponential Growth Function:	<u>9-Ult.</u>	<u>21-Ult.</u>	<u>33-Ult.</u>	<u>45-Ult.</u>													
	1.136	1.037	1.018	1.005													

NOTES:

All ISO, NAI, NISS and CSAA Companies Combined.

Multistate

Involuntary Private Passenger Automobile Non-Fleet Determination of Loss Development Factors

PERSONAL INJURY PROTECTION / MEDICAL PAYMENTS: Basic Limits Incurred Losses Including ALAE

Accident Year	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>	<u>75 Months</u>	<u>87 Months</u>					
1997							3,964,833					
1998						2,679,497	2,637,556					
1999					1,346,832	1,332,384	1,319,654					
2000				1,435,749	1,403,069	1,391,141	1,398,666					
2001			1,462,502	1,454,496	1,500,825	1,503,885	1,504,801					
2002		1,761,020	1,741,001	1,779,658	1,708,551	1,717,931	1,721,329					
2003	2,197,562	2,133,819	2,194,973	2,175,721	2,192,138	2,225,119						
2004	1,806,593	1,681,215	1,559,465	1,612,227	1,620,488							
2005	1,253,028	1,231,147	1,220,767	1,247,595								
2006	661,402	595,000	593,681			75-87 Months						
2007	487,982	463,595			63-75 Months							
2008	261,187			51-63 Months								
			39-51 Months			0.984						
		27-39 Months			0.989	0.990						
	15-27 Months		0.995	0.977	0.991	1.005						
		0.989	1.022	1.032	1.002	1.001						
	0.971	1.029	0.991	1.008	1.015							
	0.931	0.928	1.034	1.005								
	0.983	0.992	1.022									
	0.900	0.998										
	0.950											
<u>Link Ratios</u>												
3 Pt. Wtd. Avg.	0.953	0.962	1.012	0.992	1.008	1.003						
3 Pt. Avg.	0.944	0.973	1.016	0.991	1.007	1.003						
5 Pt. Avg.	0.947	0.987	1.013	0.996	1.000	0.996						
Max/Min	0.951	0.993	1.013	0.997	0.999	0.998						
Selected	0.953	0.962	1.012	0.992	1.008	1.003						
<u>Ultimate Development Factors</u>												
	<u>15-Ult.</u>	<u>27-Ult.</u>	<u>39-Ult.</u>	<u>51-Ult.</u>	<u>63-Ult.</u>	<u>75-Ult.</u>	<u>87-Ult.</u>					
Selected	0.931	0.976	1.015	1.003	1.011	1.003	1.000					
<table border="1" style="margin: auto;"> <tr> <td style="padding: 5px;">Fitted with Exponential Growth Function:</td> <td style="text-align: center; padding: 5px;"><u>9-Ult.</u> 0.912</td> <td style="text-align: center; padding: 5px;"><u>21-Ult.</u> 0.978</td> <td style="text-align: center; padding: 5px;"><u>33-Ult.</u> 1.013</td> <td style="text-align: center; padding: 5px;"><u>45-Ult.</u> 1.006</td> </tr> </table>								Fitted with Exponential Growth Function:	<u>9-Ult.</u> 0.912	<u>21-Ult.</u> 0.978	<u>33-Ult.</u> 1.013	<u>45-Ult.</u> 1.006
Fitted with Exponential Growth Function:	<u>9-Ult.</u> 0.912	<u>21-Ult.</u> 0.978	<u>33-Ult.</u> 1.013	<u>45-Ult.</u> 1.006								

NOTES:

States: Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, District of Columbia, Georgia, Idaho, Illinois, Indiana, Iowa, Louisiana, Maine, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Mexico, Ohio, Oklahoma, Oregon, Rhode Island, South Carolina, South Dakota, Tennessee, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming, inclusive.

Multistate
Involuntary Private Passenger Automobile Non-Fleet
Determination of Loss Development Factors

UNINSURED MOTORISTS: Basic Limits Incurred Losses Including ALAE

Accident Year	15 Months	27 Months	39 Months	51 Months	63 Months	75 Months	87 Months
1997							9,271,318
1998						4,452,814	4,421,555
1999					2,505,175	2,462,751	2,490,345
2000				2,011,255	1,983,301	1,932,047	1,914,353
2001			2,265,282	2,276,137	2,268,371	2,304,823	2,300,142
2002		3,263,081	3,651,722	3,633,359	3,557,025	3,520,404	3,537,851
2003	3,425,775	3,641,046	3,626,415	3,746,838	3,737,305	3,729,116	
2004	3,470,549	3,518,383	3,476,793	3,504,176	3,467,487		
2005	2,220,892	2,312,907	2,327,089	2,342,923			
2006	1,657,170	1,668,319	1,748,952				
2007	871,004	925,351			63-75 Months	75-87 Months	
2008	361,800			51-63 Months	63-75 Months	75-87 Months	
			39-51 Months	51-63 Months	63-75 Months	75-87 Months	
		27-39 Months	39-51 Months	51-63 Months	63-75 Months	75-87 Months	
	15-27 Months	27-39 Months	39-51 Months	51-63 Months	63-75 Months	75-87 Months	
	1.063	1.119	1.005	0.986	0.983	0.993	
	1.014	0.996	0.995	0.997	0.974	1.011	
	1.041	0.988	1.008	0.997	1.016	0.991	
	1.007	1.006	1.007	0.979	0.990	0.998	
	1.062	1.048	1.007	0.997	0.998	1.005	
<u>Link Ratios</u>							
3 Pt. Wtd. Avg.	1.033	1.007	1.017	0.989	0.999	0.999	
3 Pt. Avg.	1.037	1.014	1.016	0.989	1.001	0.998	
5 Pt. Avg.	1.037	1.031	1.010	0.990	0.992	1.000	
Max/Min	1.039	1.017	1.007	0.991	0.990	0.999	
Selected	1.033	1.007	1.017	0.989	0.999	0.999	
<u>Ultimate Development Factors</u>							
Selected	15-Ult. 1.044	27-Ult. 1.011	39-Ult. 1.004	51-Ult. 0.987	63-Ult. 0.998	75-Ult. 0.999	87-Ult. 1.000
Fitted with Exponential Growth Function:			9-Ult. 1.050	21-Ult. 1.019	33-Ult. 1.001	45-Ult. 0.986	

NOTES:

States: Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, District of Columbia, Georgia, Idaho, Illinois, Indiana, Iowa, Louisiana, Maine, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Mexico, Ohio, Oklahoma, Oregon, Rhode Island, South Carolina, South Dakota, Tennessee, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming, inclusive.

California (04)
Private Passenger Automobile

TREND SUMMARY

PURE PREMIUM TREND FACTORS:		BI/UMBI	PD	MED
(1) Frequency Indexing Factors	AY 2008: 07/01/2008 to 12/30/2009	0.967	0.999	N/A
	AY 2009: 07/01/2009 to 12/30/2009	0.999	1.001	N/A
	AY 2010: 05/15/2010 to 12/30/2009	N/A	N/A	N/A
(2) Claim Frequency Selected Annual Change		-3.3%	-1.3%	N/A
(3) Projected Frequency Factors	AY 2008: [1.0+(2)]^A	0.903	0.961	N/A
	AY 2009: [1.0+(2)]^A	0.903	0.961	N/A
	AY 2010: [1.0+(2)]^B	0.914	0.966	N/A
(4) Combined Frequency Trend Factor	Accident Year 2008 [(1) x (3)]	0.873	0.960	N/A
	Accident Year 2009 [(1) x (3)]	0.902	0.962	N/A
	Accident Year 2010 [(1) x (3)]	0.914	0.966	N/A
(5) Claim Severity Selected Annual Change		1.6%	-0.2%	1.6%
(6) Claim Severity Trend Factors	Accident Year 2008 {1.0 + (5)}^C	1.075	0.991	1.075
	Accident Year 2009 {1.0 + (5)}^D	1.058	0.993	1.058
	Accident Year 2010 {1.0 + (5)}^E	1.043	0.995	1.043
(7) Pure Premium Trend Factors	Accident Year 2008 [(4) x (6)]	0.938	0.951	0.938
	Accident Year 2009 [(4) x (6)]	0.954	0.955	0.954
	Accident Year 2010 [(4) x (6)]	0.953	0.961	0.953
(8) Loss Ratio Trend [(2) x (5)]		-1.8%	-1.5%	-1.8%

NOTES:

Row (3) Trend Factor from 12/30/2009, the midpoint of the latest indexing period, to 01/17/13, one year past the midpoint of the proposed effective dates. (Accident year 2010 is trended from 05/15/2010).

Row (6) Trend Factor from 07/01/xxx, the average date of the experience period, to 01/17/13, one year past the midpoint of the proposed effective dates. (Accident year 2010 is trended from 05/15/2010).

A = 3.052 Years of Projection from 12/30/09 to 01/17/13.

B = 2.679 Years of Projection from 05/15/10 to 01/17/13.

C = 4.551 Years of Projection from 07/01/08 to 01/17/13.

D = 3.551 Years of Projection from 07/01/09 to 01/17/13.

E = 2.679 Years of Projection from 05/15/10 to 01/17/13.

California (04)
Private Passenger Automobile
Determination of Fast Track Trends

BODILY INJURY

AVERAGE PAID CLAIM COST

Year Ended	Paid Claims	Paid Losses	Actual Claim Cost	Exponential Curve of Best Fit				
				16 Pts	12 Pts	8 Pts	6 Pts	4 Pts
09/30/06	128,758	1,279,601,873	9,938	10,229				
12/31/06	129,747	1,306,518,722	10,070	10,315				
03/31/07	129,475	1,328,201,822	10,258	10,401				
06/30/07	127,447	1,329,394,758	10,431	10,488				
09/30/07	125,926	1,340,001,258	10,641	10,576	10,896			
12/31/07	125,164	1,363,699,690	10,895	10,664	10,940			
03/31/08	124,138	1,372,199,406	11,054	10,754	10,984			
06/30/08	124,453	1,391,830,900	11,184	10,844	11,028			
09/30/08	124,599	1,399,206,123	11,230	10,934	11,072	11,180		
12/31/08	123,461	1,391,081,159	11,267	11,026	11,116	11,197		
03/31/09	122,902	1,373,295,880	11,174	11,118	11,161	11,213	11,127	
06/30/09	121,983	1,365,977,033	11,198	11,211	11,206	11,230	11,170	
09/30/09	121,347	1,355,494,079	11,170	11,305	11,251	11,247	11,213	11,124
12/31/09	121,683	1,358,853,485	11,167	11,399	11,296	11,264	11,257	11,214
03/31/10	121,778	1,371,397,972	11,261	11,495	11,341	11,280	11,301	11,306
06/30/10	122,176	1,398,148,177	11,444	11,591	11,387	11,297	11,345	11,398
Average Annual Change (1)				3.4%	1.6%	0.6%	1.6%	3.3%

AVERAGE PAID CLAIM FREQUENCY

Year Ended	Earned Exposures	Paid Claims	Actual Frequency	Exponential Curve of Best Fit				
				16 Pts	12 Pts	8 Pts	6 Pts	4 Pts
09/30/06	12,724,762	128,758	1.012	1.007				
12/31/06	12,809,520	129,747	1.013	0.996				
03/31/07	12,912,069	129,475	1.003	0.986				
06/30/07	13,029,102	127,447	0.978	0.975				
09/30/07	13,151,206	125,926	0.958	0.965	0.950			
12/31/07	13,258,954	125,164	0.944	0.955	0.942			
03/31/08	13,360,076	124,138	0.929	0.945	0.934			
06/30/08	13,435,784	124,453	0.926	0.935	0.926			
09/30/08	13,509,756	124,599	0.922	0.925	0.918	0.914		
12/31/08	13,592,010	123,461	0.908	0.915	0.911	0.907		
03/31/09	13,660,674	122,902	0.900	0.905	0.903	0.901	0.894	
06/30/09	13,732,206	121,983	0.888	0.896	0.896	0.895	0.890	
09/30/09	13,791,492	121,347	0.880	0.886	0.888	0.888	0.886	0.880
12/31/09	13,841,860	121,683	0.879	0.877	0.881	0.882	0.882	0.879
03/31/10	13,880,156	121,778	0.877	0.868	0.874	0.876	0.878	0.878
06/30/10	13,912,195	122,176	0.878	0.858	0.866	0.870	0.873	0.877
Average Annual Change (2)				-4.2%	-3.3%	-2.8%	-1.9%	-0.5%

Average Annual Change in Pure Premiums
 $[(1.0 + (1)) \times (1.0 + (2))] - 1.0$

-0.9% -1.8% -2.2% -0.3% 2.8%

California (04)
Private Passenger Automobile
Determination of Fast Track Trends

PROPERTY DAMAGE

AVERAGE PAID CLAIM COST

Year Ended	Paid Claims	Paid Losses	Actual Claim Cost	Exponential Curve of Best Fit				
				16 Pts	12 Pts	8 Pts	6 Pts	4 Pts
09/30/06	495,362	1,364,326,845	2,754	2,798				
12/31/06	494,549	1,368,511,714	2,767	2,802				
03/31/07	496,134	1,383,245,774	2,788	2,807				
06/30/07	498,830	1,404,997,345	2,817	2,812				
09/30/07	503,879	1,426,433,781	2,831	2,817	2,857			
12/31/07	511,822	1,454,559,698	2,842	2,821	2,856			
03/31/08	515,654	1,475,625,075	2,862	2,826	2,855			
06/30/08	520,634	1,487,788,046	2,858	2,831	2,854			
09/30/08	520,309	1,491,242,296	2,866	2,836	2,852	2,875		
12/31/08	511,795	1,470,680,338	2,874	2,840	2,851	2,868		
03/31/09	509,154	1,462,510,282	2,872	2,845	2,850	2,862	2,865	
06/30/09	507,218	1,449,419,621	2,858	2,850	2,849	2,855	2,857	
09/30/09	511,992	1,455,120,905	2,842	2,855	2,848	2,849	2,850	2,840
12/31/09	520,551	1,476,959,766	2,837	2,860	2,847	2,842	2,842	2,838
03/31/10	523,863	1,482,410,891	2,830	2,864	2,846	2,836	2,835	2,835
06/30/10	523,528	1,485,289,545	2,837	2,869	2,845	2,829	2,827	2,833
Average Annual Change (1)				0.7%	-0.2%	-0.9%	-1.1%	-0.3%

AVERAGE PAID CLAIM FREQUENCY

Year Ended	Earned Exposures	Paid Claims	Actual Frequency	Exponential Curve of Best Fit				
				16 Pts	12 Pts	8 Pts	6 Pts	4 Pts
09/30/06	12,724,762	495,362	3.893	3.883				
12/31/06	12,809,520	494,549	3.861	3.873				
03/31/07	12,912,069	496,134	3.842	3.862				
06/30/07	13,029,102	498,830	3.829	3.852				
09/30/07	13,151,206	503,879	3.831	3.842	3.857			
12/31/07	13,258,954	511,822	3.860	3.831	3.845			
03/31/08	13,360,076	515,654	3.860	3.821	3.832			
06/30/08	13,435,784	520,634	3.875	3.811	3.820			
09/30/08	13,509,756	520,309	3.851	3.801	3.807	3.774		
12/31/08	13,592,010	511,795	3.765	3.790	3.795	3.769		
03/31/09	13,660,674	509,154	3.727	3.780	3.783	3.764	3.705	
06/30/09	13,732,206	507,218	3.694	3.770	3.770	3.758	3.718	
09/30/09	13,791,492	511,992	3.712	3.760	3.758	3.753	3.732	3.728
12/31/09	13,841,860	520,551	3.761	3.750	3.746	3.748	3.745	3.744
03/31/10	13,880,156	523,863	3.774	3.740	3.734	3.742	3.759	3.761
06/30/10	13,912,195	523,528	3.763	3.730	3.722	3.737	3.772	3.777
Average Annual Change (2)				-1.1%	-1.3%	-0.6%	1.4%	1.8%

Average Annual Change in Pure Premiums

$[(1.0 + (1)) \times (1.0 + (2))] - 1.0$

-0.4% -1.5% -1.5% 0.3% 1.5%



CALIFORNIA
DEPARTMENT OF INSURANCE

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P&C Rate Filing

INSURERS: CONSOLIDATED VEHICLE ASSESSMENT INVOICES

Vehicle Assessment Invoices Memo issued April 1, 2003 (pdf, 103 kb)

Effective with the billing for the calendar quarter ended March 31, 2002, the California Department of Insurance has consolidated into a single invoice the three vehicle assessment billings which were invoiced separately in the past. Recent adoptions of conforming regulations (See the California Insurance Code Sections and the California Code of Regulation Sections referenced below) now provide uniform assessment guidelines which make consolidated invoicing practical for the following assessments:

- A. Investigation and prosecution of automobile insurance fraud - \$1.00 annual fee per insured vehicle. California Insurance Code Section 1872.8, California Code of Regulations Section 2698.60 et. seq.
- B. Consumer service functions related to automobile insurance - \$.30 annual fee per insured vehicle. California Insurance Code Section 1872.81, California Code of Regulations Section 2698.68.
- C. Automobile fraud interdiction program - \$.50 annual fee per insured vehicle. California Insurance Code Section 1874.8, California Code of Regulations Section 2698.70 et. seq.

Please note that the quarterly assessment per insured vehicle is \$.45. The \$.45 assessment is determined by dividing the sum of the three annual fees by four (\$1.00 + \$.30 + \$.50 = \$1.80/4 = \$.45).

Key Uniform Provisions For All Three Insured Automobile Assessments

1. Insured vehicles shall include commercial and non-commercial vehicles
2. One-fourth of each of the annualized fees shall be assessed for each calendar year quarter
3. Insured vehicles as of the first day of each calendar year quarter plus vehicles newly insured during each quarter shall be subject to the assessment (proration is not permitted)
4. Vehicles reported shall be validated by the insurer upon request by the Commissioner
5. Assessments shall be paid within forty-five (45) days of the invoice date or be charged a late fee in accordance with California Insurance Code Section 12995

We hope that the consolidated invoicing is as beneficial to insurers as it is to the Department. Should you have any questions regarding this message or the assessments described herein, please call Staci Fukuoka at (916) 492-3237 or Tanya Kendricks at (916) 492-3206 or email Staci at fukuokas@insurance.ca.gov or Tanya at kendrickst@insurance.ca.gov.

Quick Links

-For Insurers-

California (04)
Low Cost Automobile Insurance Program

SUMMARY OF INDICATED AVERAGE RATE CHANGES

	BI/PD	Medical Payments	UMBI
A. Indicated loss and loss adjustment expense ratio	0.711	0.549	0.674
B. Trended Fixed Expense Ratio ¹	0.000	0.000	0.000
C. Expenses			
1) Commission	0.120	0.120	0.120
2) General & Other Acquisition Expense ²	0.125	0.125	0.125
3) Premium Taxes	0.024	0.024	0.024
4) Miscellaneous Taxes	0.003	0.003	0.003
5) Contingency	0.000	0.000	0.000
6) Cost of Capital	0.000	0.000	0.000
7) Premium Charge-Off	0.011	0.011	0.011
8) <u>Installment Fee Revenues</u>	<u>-0.012</u>	<u>-0.012</u>	<u>-0.012</u>
9) Totals	0.271	0.271	0.271
10) Non-Variable Expense	0.000	0.000	0.000
11) Variable Expenses [(9)-(10)]	0.271	0.271	0.271
D. Unearned Premium Reserve			
1) Ratio of Unearned to Earned Premium	0.500	0.500	0.500
2) Deduction for Prepaid Expenses ³	0.105	0.105	0.105
3) Deduction for Delayed Remission of Premium ⁴	0.369	0.369	0.369
4) Ratio of Investible Unearned Premium to Earned Premium ⁵	0.026	0.026	0.026
E. Investment Yield Rate ⁶	4.5%	4.5%	4.5%
F. Mean Loss Reserve ⁷	1.061	0.712	1.324
G. Indicated Average Rate Change ⁸	-7.2%	-27.2%	-13.1%

NOTES:

¹ Refer to Appendix 7

² Refer to Sheet 2

³ Deduction = {(1) x [(C1+C3+C4)+(.50xC2)]}

⁴ Refer to Sheet 3

⁵ Ratio = [(D1)-(D2+D3)]

⁶ Refer to Sheets 4-6

⁷ Refer to Sheets 7-9

⁸ {[Ax(1-ExF)+B] / [1-C11+ExD4]} -1.0

California (04)

Low Cost Automobile Insurance Program Determination of General and Other Acquisition Expense Provision

Private Passenger Auto Liability

Year	Marketing System:											Total General & Other Acquisition Expense
	Captive			Direct			Independent			Total		
	Other Acquisition Expense	General Expense	Total	Other Acquisition Expense	General Expense	Total	Other Acquisition Expense	General Expense	Total			
2006	9.36%	4.39%	13.75%	8.78%	4.79%	13.57%	3.76%	4.42%	8.18%	11.83%		
2007	9.14%	4.74%	13.88%	9.61%	5.35%	14.96%	4.27%	5.48%	9.75%	12.86%		
2008	9.78%	4.44%	14.22%	9.60%	4.90%	14.50%	4.38%	5.40%	9.78%	12.83%		
Total	9.43%	4.52%	13.95%	9.33%	5.01%	14.34%	4.14%	5.10%	9.24%	12.51%		

Source: 2006 - 2008 California Insurers' Efficiency Standard Study, California Department of Insurance

California (04)
Low Cost Automobile Insurance Program
Determination of Outstanding Balances Due to Payment Plans

A. CAARP LCA Insureds Using Different Payment Options:

1) Percentage of Insureds Paying in Full:	18.7%
2) Percentage of Insureds Paying in Advance Premium Payment Option:	2.0%
3) Percentage of Insureds Using Premium Financing, (3) Options:	
Option 1: \$100 Deposit, (6) bimonthly installments	16.4%
Option 2: Max (25%/\$125) Deposit, (5) bimonthly installments	6.0%
Option 3: 15% Deposit, (6) bimonthly installments	56.9%

B. Associated Delay

Delay (Months)

1) Percentage of Insureds Paying in Full:	0.000
2) Percentage of Insureds Paying in Advance Premium Payment Option:	0.750
3) Percentage of Insureds Using Premium Financing, (3) Options:	
Option 1: \$100 Deposit, (6) bimonthly installments	5.125
Option 2: Max (25%/\$125) Deposit, (5) bimonthly installments	4.500
Option 3: 15% Deposit, (6) bimonthly installments	5.808

C. Determination of Outstanding Balances Due to Payment Plans:

1) Average Delay in Months (Weighted Average of B with A)	4.431
2) Converted to Annual Basis [(1)/12]	0.369

NOTES:

Section A: Results based on calendar year 2009 Low Cost Automobile assignment data.

Section B: Associated Delay calculations based upon average payment dates of each installment in the payment plan option.

**STATE OF CALIFORNIA
DEPARTMENT OF INSURANCE (CDI)**

Appendix 6
Sheet 4 of 9

Company Name: Total US PC Industry
Line of Insurance: _____

EXHIBIT 13 (page 1 of 3)

PROJECTED YIELD AND FEDERAL INCOME TAX RATE ON INVESTMENT INCOME

Line number	Short Term Assets	Intermediate Term Assets		Long Term Assets	
	One year or less	Over 1 yr through 5 yrs	Over 5 yrs through 10 yrs	Over 10 yrs through 20 yrs	Over 20 yrs
1.7 US governments	38,910,246	45,067,246	26,474,500	13,325,260	6,089,189
2.7 All other governments	4,241,999	5,566,282	3,135,971	510,344	215,998
3.7 States, territories and possessions	2,654,463	19,037,775	28,017,603	12,626,826	2,103,234
4.7 Political subdivisions	2,951,616	24,561,536	51,764,358	23,999,651	3,348,241
5.7 Special revenue and assessment obligations	23,302,599	88,297,425	104,642,289	55,722,326	37,114,030
6.7 Public utilities unaffiliated	1,144,454	7,739,363	6,095,635	664,562	1,015,746
7.7 Industrial and miscellaneous	74,751,456	107,898,366	73,774,125	12,204,850	26,017,318
8.7 Credit tenant loans	26,629	121,036	171,109	177,843	2,770
9.7 Parent, subsidiaries and affiliates	133,831	7,847,844	25,049	111,790	18,665
	<u>One year or less</u>	<u>Over 1 year through 10 years</u>		<u>Over 10 years</u>	
(1) US government bonds Sum of line 1.7 and 2.7	<u>43,152,245</u>	<u>80,243,999</u>		<u>20,140,791</u>	
(2) Other taxable bonds Sum of line 6.7, 7.7, 8.7, 9.7 and half of 5.7	<u>87,707,670</u>	<u>300,142,384</u>		<u>86,631,722</u>	
(3) Tax exempt bonds Sum of line 3.7, 4.7, and half of 5.7	<u>17,257,379</u>	<u>219,841,129</u>		<u>88,496,130</u>	

Data on line 1.7 through 9.7 are from the insurer group's most recent consolidated statutory annual statement, schedule D, part 1A, section 1.

STATE OF CALIFORNIA
DEPARTMENT OF INSURANCE (CDI)Company Name:
Line of Insurance:

Total US PC Industry

EXHIBIT 13 (page 2 of 3)

PROJECTED YIELD AND FEDERAL INCOME TAX RATE ON INVESTMENT INCOME

	Invested Assets [1]	Currently Available Yield * [2]	Return On Invested Assets [3]=[1]*[2]	Federal Income Tax Rate [4]	Federal Income Taxes [5]=[3]*[4]
(1) US government bonds					
(A) Short	43,152,245	0.15%	64,728	35.00%	22,655
(B) Intermediate	80,243,999	3.21%	2,575,832	35.00%	901,541
(C) Long	20,140,791	3.95%	795,561	35.00%	278,446
(2) Other taxable bonds					
(A) Short	87,707,670	0.42%	368,372	35.00%	128,930
(B) Intermediate	300,142,384	4.41%	13,236,279	35.00%	4,632,698
(C) Long	86,631,722	6.01%	5,206,566	35.00%	1,822,298
(3) Tax exempt bonds					
(A) Short	17,257,379	0.28%	48,321	5.25%	2,537
(B) Intermediate	219,841,129	3.28%	7,210,789	5.25%	378,566
(C) Long	88,496,130	4.91%	4,345,160	5.25%	228,121
(4) Common Stock	177,952,604				
(A) Dividends		1.65%	2,936,218	14.175%	416,209
(B) Capital gains		8.37%	14,894,633	34.10%	5,079,070
(5) Preferred stock dividends	21,772,033				
		5.71%	1,243,183	14.175%	176,221
(6) Mortgage loans	5,005,116	6.01%	300,807	35.00%	105,283
(7) Real estate	10,857,952	4.02%	436,490	35.00%	152,771
(8) Cash**	103,160,251	0.15%	154,740	35.00%	54,159
(9) Other***	58,664,365				
(A) Dividends		1.65%	967,962	14.175%	137,209
(B) Capital gains		8.37%	4,910,207	34.10%	1,674,381
(10) Total					
Sum of line (1) thru (9)	1,321,025,769		59,695,850		16,191,095

Date in column [1], line (1) through (3), are from page 1 of exhibit 13. Data in column [1], line 4 through (9), are from the insurer group's most recent consolidated statutory annual statement page 2 - Assets.

* Currently available yields are defined in CCR §2644.20. Latest values are posted at <http://www.insurance.ca.gov/0250-insurers/0800-rate-filings/0200-prior-approval-factors/>

** Annual statement page 2, line 5, cash only. Cash equivalents and short-term investments are included in Schedule D.

*** Annual statement page 2, line 6 through 9.

**STATE OF CALIFORNIA
DEPARTMENT OF INSURANCE (CDI)**

Company Name: Total US PC Industry
Line of Insurance: _____

EXHIBIT 13 (page 3 of 3)

PROJECTED YIELD AND FEDERAL INCOME TAX RATE ON INVESTMENT INCOME

	Invested Assets [1]	Currently Available Yield [2]	Return On Invested Assets [3]=[1]*[2]	Federal Income Tax Rate [4]	Federal Income Taxes [5]=[3]*[4]
(10) Total line (10) exhibit 13, page 2	<u>1,321,025,769</u>		<u>59,695,850</u>		<u>16,191,095</u>
(11) Investment expense Annual Statement (AS) page 11, line 25			<u>2,829,915</u>	35.00%	<u>990,470</u>
(12) Total expense line (10) - line (11)	<u>1,321,025,769</u>		<u>56,865,935</u>		<u>15,200,625</u>
(13) Federal income tax rate line (12) column [5] / column [3]				26.73%	
(14) Projected yield on invested assets line (12) column [3] / column [1]		<u>4.30%</u>			
Most Recent Year					
(15) Loss reserves AS page 3, line 1	<u>495,120,522</u>				
(16) Loss adjustment expense reserves AS page 3, line 3	<u>100,369,421</u>				
(17) Unearned premium reserves AS page 3, line 9	<u>204,358,381</u>				
(18) Surplus as regards to policyholders AS page 3, line 35	<u>475,180,549</u>				
(19) Total reserves and surplus Sum of line (15) to (18)	<u>1,275,028,873</u>				
(20) Projected yield adjusted to reserve and surplus base line (14) * line (12) / line (19)				4.46%	

California (04)
Involuntary Private Passenger Automobile Non-Fleet
Calculation of Mean Loss Reserve

BODILY INJURY: Percentage of Total Limits Paid Losses Including ALAE

Accident Year	15 Months	27 Months	39 Months	51 Months	63 Months	75 Months	87 Months
1997							100.0%
1998						100.0%	100.0%
1999					100.0%	100.0%	100.0%
2000				99.5%	99.8%	100.0%	100.0%
2001			97.5%	100.1%	100.1%	99.9%	100.0%
2002		83.5%	96.2%	98.9%	99.7%	99.9%	100.0%
2003	35.2%	79.8%	94.3%	97.1%	98.3%	100.0%	
2004	42.4%	83.1%	93.8%	96.4%	99.9%		
2005	40.0%	78.0%	91.4%	99.1%			
2006	39.6%	79.1%	96.3%				
2007	38.5%	82.4%					
2008	40.6%						

	Percentage Paid						
	15 Months	27 Months	39 Months	51 Months	63 Months	75 Months	87 Months
3 Pt. Avg.	39.6%	79.8%	93.8%	97.5%	99.3%	99.9%	100.0%
5 Pt. Avg.	40.2%	80.5%	94.4%	98.3%	99.6%	100.0%	100.0%
Max/Min	40.1%	80.4%	94.8%	98.4%	99.8%	100.0%	100.0%
Selected	40.1%	80.4%	94.8%	98.4%	99.8%	100.0%	100.0%

	Percentage Outstanding						
	15 Months	27 Months	39 Months	51 Months	63 Months	75 Months	87 Months
Selected	59.9%	19.6%	5.2%	1.6%	0.2%	0.0%	0.0%

	Percentage Paid (Linear Interpolation)						
	9 Months	21 Months	33 Months	45 Months	57 Months	69 Months	81 Months
Selected	24.1%	60.3%	87.6%	96.6%	99.1%	99.9%	100.0%

	Percentage Outstanding (Linear Interpolation)						
	9 Months	21 Months	33 Months	45 Months	57 Months	69 Months	81 Months
Selected	75.9%	39.7%	12.4%	3.4%	0.9%	0.1%	0.0%

	Percentage Outstanding by Accident Year as of 09/30/2009						
	2010	2009	2008	2007	2006	2005	2004
Age	9	21	33	45	57	69	81
Percent O/S:	75.9%	39.7%	12.4%	3.4%	0.9%	0.1%	0.0%

Mean Loss Reserve BI (Sum of all AYs)	132.4%
Mean Loss Reserve PD (Sheet 8)	70.3%
Weighted BI/PD (57.6% BI /42.4%PD)	106.1%

NOTES:

All ISO and NAII Companies Combined.

California (04)
Involuntary Private Passenger Automobile Non-Fleet
Calculation of Mean Loss Reserve

PROPERTY DAMAGE: Percentage of Total Limits Paid Losses Including ALAE

Accident Year	15 Months	27 Months	39 Months	51 Months	63 Months	75 Months	87 Months
1997							100.0%
1998						100.0%	100.0%
1999					100.0%	100.0%	100.0%
2000				99.9%	99.9%	100.0%	100.0%
2001			98.7%	99.8%	100.1%	100.0%	100.0%
2002		94.3%	98.8%	99.9%	100.0%	100.0%	100.0%
2003	75.5%	96.9%	98.6%	99.3%	99.3%	100.0%	
2004	76.4%	95.4%	98.1%	99.0%	100.0%		
2005	78.6%	93.1%	96.3%	99.6%			
2006	80.3%	95.1%	97.9%				
2007	78.2%	95.0%					
2008	79.6%						

Percentage Paid

	15 Months	27 Months	39 Months	51 Months	63 Months	75 Months	87 Months
3 Pt. Avg.	79.4%	94.4%	97.4%	99.3%	99.8%	100.0%	100.0%
5 Pt. Avg.	78.6%	95.1%	97.9%	99.5%	99.9%	100.0%	100.0%
Max/Min	78.8%	95.2%	98.2%	99.6%	100.0%	100.0%	100.0%
Selected	78.8%	95.2%	98.2%	99.6%	100.0%	100.0%	100.0%

Percentage Outstanding

	15 Months	27 Months	39 Months	51 Months	63 Months	75 Months	87 Months
Selected	21.2%	4.8%	1.8%	0.4%	0.0%	0.0%	0.0%

Percentage Paid (Linear Interpolation)

	9 Months	21 Months	33 Months	45 Months	57 Months	69 Months	81 Months
Selected	47.3%	87.0%	96.7%	98.9%	99.8%	100.0%	100.0%

Percentage Outstanding (Linear Interpolation)

	9 Months	21 Months	33 Months	45 Months	57 Months	69 Months	81 Months
Selected	52.7%	13.0%	3.3%	1.1%	0.2%	0.0%	0.0%

Percentage Outstanding by Accident Year as of 09/30/2009

	2010	2009	2008	2007	2006	2005	2004
Age	9	21	33	45	57	69	81
Percent O/S:	52.7%	13.0%	3.3%	1.1%	0.2%	0.0%	0.0%

Mean Loss Reserve	70.3%
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NOTES:

All ISO and NAI Companies Combined.

California (04)
Involuntary Private Passenger Automobile Non-Fleet
Calculation of Mean Loss Reserve

MEDICAL PAYMENTS: Percentage of Total Limits Paid Losses Including ALAE

Accident Year	15 Months	27 Months	39 Months	51 Months	63 Months	75 Months	87 Months
1997							100.0%
1998						100.0%	100.0%
1999					100.0%	100.0%	100.0%
2000				100.2%	100.0%	100.0%	100.0%
2001			100.0%	100.0%	100.0%	100.0%	100.0%
2002		99.6%	100.0%	100.0%	100.0%	100.0%	100.0%
2003	64.6%	100.1%	101.1%	101.5%	101.5%	100.0%	
2004	73.7%	81.9%	86.7%	86.7%	100.0%		
2005	68.1%	90.2%	90.6%	100.0%			
2006	79.3%	102.6%	99.9%				
2007	92.2%	99.3%					
2008	79.9%						

	Percentage Paid						
	15 Months	27 Months	39 Months	51 Months	63 Months	75 Months	87 Months
3 Pt. Avg.	83.8%	97.4%	92.4%	96.1%	100.5%	100.0%	100.0%
5 Pt. Avg.	78.6%	94.8%	95.7%	97.6%	100.3%	100.0%	100.0%
Max/Min	77.6%	96.5%	96.8%	100.0%	100.0%	100.0%	100.0%
Selected	77.6%	96.5%	96.8%	100.0%	100.0%	100.0%	100.0%

	Percentage Outstanding						
	15 Months	27 Months	39 Months	51 Months	63 Months	75 Months	87 Months
Selected	22.4%	3.5%	3.2%	0.0%	0.0%	0.0%	0.0%

	Percentage Paid (Linear Interpolation)						
	9 Months	21 Months	33 Months	45 Months	57 Months	69 Months	81 Months
Selected	46.6%	87.1%	96.7%	98.4%	100.0%	100.0%	100.0%

	Percentage Outstanding (Linear Interpolation)						
	9 Months	21 Months	33 Months	45 Months	57 Months	69 Months	81 Months
Selected	53.4%	12.9%	3.3%	1.6%	0.0%	0.0%	0.0%

	Percentage Outstanding by Accident Year as of 09/30/2009						
	2010	2009	2008	2007	2006	2005	2004
Age	9	21	33	45	57	69	81
Percent O/S:	53.4%	12.9%	3.3%	1.6%	0.0%	0.0%	0.0%

Mean Loss Reserve 71.2%

NOTES:

All ISO and NAII Companies Combined.

California (04)
 Low Cost Automobile Insurance Program
 Determination of Expense Provision for Ratemaking

LIABILITY

	(1)
	Expense Provision
Commissions	0.120
General and Other Acquisition Expenses	0.125
Premium Taxes	0.024
Miscellaneous Taxes, Licenses, and Fees	0.003
Premium Charge-off	0.011
Cost of Capital	0.000
Contingency	0.000
Installment Fee Revenues	-0.012
(2) Variable Expense Ratio [Sum of Column (1)]	0.271
(3) Expected Loss & Loss Adjustment Expense Ratio [1.0 - (2)]	0.729

NOTES:

Premium Taxes are taken from the State Taxation Manual of the American Insurance Association.
 Premium Charge-Off Provision [Refer to Sheet 2]
 Installment Fee Revenue Provision [Refer to Sheet 2]

AIPSO 2010 CAARP Expense Call Results

Item 1: Premium Charge-offs

1) Total reported uncollectible premiums:	188,834
2) Total reported earned premiums:	17,281,084
3) Uncollectible premiums as a percentage of earned premium	1.1%

Data includes (12) companies reporting and represents 69.17064% of CAARP 2008 market share.

Item 2: Installment Plan Options

1) Insureds selecting full payment option:	2,191
2) Insureds selecting 25% deposit with multiple installment payments:	6,915
3) Percentage of insureds selecting full payment option:	24.1%
4) Percentage of insureds selecting installment payments:	75.9%

Data includes (10) companies reporting and represents 52.63513% of CAARP 2008 market share.

Item 3: Installment Fee Revenues

1) Total reported installment fee revenue:	163,057
2) Total reported written premium:	13,083,153
3) Installment Fee Revenue as a percentage of written premium:	1.2%

Data includes (12) companies reporting and represents 69.17064% of CAARP 2008 market share.

Note: Expense call was issued in 2010, and includes calendar years 2007 through 2009 data.
Several companies were unable to respond to all three requested items.