Comparison of Historical WCIRB & CDI Rate Changes to What They Should Have Been

(in relation to CDI approved rates)

	Loss Ratio				Rate Changes		
Filing Effective Date	(Loss Adj. Expense)/ Loss[1]	Change in Off-Balance Factor[1]	Target[2] 1/[(1)*[1+(2)]]	Post-reform[3] prem split	CDI Advisory[4]	WCIRB Final Recommended[4]	Retrospective Post-reform[5]
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1/98			0.840	1.30	(2.50%)	0.50%	51.07%
1/99			0.840	1.27	0.00%	5.80%	51.68%
1/00			0.840	1.17	18.40%	18.40%	65.39%
1/01			0.840	1.04	10.10%	10.10%	36.35%
1/02			0.840	0.92	10.20%	10.20%	20.92%
7/02	1.197	0.0%	0.835	0.73	10.10%	10.10%	(3.40%)
1/03	1.193	0.2%	0.837	0.67	10.50%	13.40%	(11.52%)
7/03	1.185	0.0%	0.844	0.58	7.20%	10.60%	(26.11%)
1/04	1.177	-1.2%	0.860		(14.90%)	(5.30%)	
7/04	1.185	0.0%	0.844		(7.00%)	(2.90%)	
1/05	1.176	0.0%	0.850		(2.20%)	3.50%	
7/05	1.190	0.0%	0.840		(18.00%)	(13.80%)	
1/06	1.205	-1.5%	0.843		(15.30%)	(15.90%)	

[1] WCIRB Rate Filings

[2] As a percentage of premiums computed from CDI advisory pure premium rates 1998-2002 based on average 2002-2003

[3] ,

[4] WCIRB Actuarial Committee Meeting Agenda, 12/1/05, Page III-B-1

[5] (4)/(3)x[1+(5)] - 1

Policy Period Loss Ratios

Losses Projected as of 9/30/05 (post-reform)

Policy P'd Inception Begins ==>	Jan-96	Jan-97	Jan-98	Jan-99	Jan-00	Jan-01	Jan-02	Jul-02	Jan-03	Jul-03	Jan-04	Jun-04	Calendar Year Earned
Policy P'd Inception Ends==>	Dec-96	Dec-97	Dec-98	Dec-99	Dec-00	Dec-01	Jun-02	Dec-02	Jun-03	Dec-03	Jun-04	Dec-04	
Ultimate Loss[1]													
AY 1999			2.77	4.10									6.87
AY 2000				3.33	4.92								8.25
AY 2001					4.54	6.35							10.89
AY 2002						4.78	5.02	1.67					11.47
AY 2003							1.10	3.29	4.79	1.60			10.77
AY 2004									0.97	2.92	3.35	1.12	8.36
Total			2.77	7.43	9.46	11.13	6.12	4.96	5.76	4.52	3.35	1.12	
Earned Premium at Advisory Pure Premium Rate Levels[1]													
CY 1999	(0.02)	0.02	2.09	3.10									5.19
CY 2000		0.01	0.12	2.66	3.92								6.72
CY 2001			(0.09)	0.12	4.10	5.73							9.87
CY 2002				(0.04)	0.09	4.84	5.09	1.70					11.68
CY 2003					(0.05)	0.13	1.55	4.65	6.76	2.25			15.29
CY 2004						(0.01)	incl.=>	0.43	1.84	5.51	6.33	2.11	16.19
Total			2.13	5.83	8.06	10.70	6.64	6.77	8.60	7.76	6.33	2.11	
Ultimate Loss / Earned Premium at Advisory Premium Rate Level													
CY 1999			1.32	1.32									0.76
CY 2000			-	1.25	1.25								0.81
CY 2001			-	-	1.11	1.11							0.91
CY 2002				-	-	0.99	0.99	0.99					1.02
CY 2003					-	-	0.71	0.71	0.71	0.71			1.42
CY 2004						-		-	0.53	0.53	0.53	0.53	1.94
Total			1.30	1.27	1.17	1.04	0.92	0.73	0.67	0.58	0.53	0.53	

[1] Total from Exhibit 3, Page 1. Distributed according to advisory pure premium in

Premium and Loss by Calendar/Accident Period

Losses Projected as of 9/30/05 (post-reform)
($Billions)

	Calendar Year Earned Premium			Ultimate Loss Ratio[3]			
Calendar/ Acc. Year	Insurer Rates[1]	Conversion Factor[2]	Advisory Rates	Indemnity[4]	Medical[4]	Total	Ultimate Loss
			(1)x(2)			(4)+(5)	(6)x(1)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1999	4.94	1.05	5.19	0.681	0.709	1.390	6.87
2000	6.67	1.01	6.72	0.584	0.652	1.236	8.25
2001	10.21	0.97	9.87	0.487	0.579	1.066	10.89
2002	13.54	0.86	11.68	0.377	0.470	0.847	11.47
2003	19.68	0.78	15.29	0.252	0.295	0.547	10.77
2004	23.04	0.70	16.19	0.176	0.187	0.363	8.36

[1] *WCIRB Actuarial Committee Meeting Agenda, 12/1/05, Exhibit 1 (Page III-A-2)*
[2] *0*
[3] *Loss ratios are in relation to earned premium at insurer rate levels*
[4] *WCIRB Summary of September 39, 2005 Insurer Experience, 12/9/05 (backup provided by WCIRB)*

Percentage Distribution of Calendar Year Earned Premium by Policy Period

Policy P'd Inception Begins ==>	Jan-96	Jan-97	Jan-98	Jan-99	Jan-00	Jan-01	Jan-02	Jul-02	Jan-03	Jul-03	Jan-04	Jun-04	Cal. Year	Axx Year
Policy P'd Inception Ends==>	Dec-96	Dec-97	Dec-98	Dec-99	Dec-00	Dec-01	Jun-02	Dec-02	Jun-03	Dec-03	Jun-04	Dec-04	Earned	Earned
At Insurer Rate Levels[1]														
CY 1999	(0%)	0%	41%	59%									100%	100%
CY 2000		0%	2%	40%	58%								100%	98%
CY 2001			(1%)	1%	40%	60%							100%	100%
CY 2002				(0%)	1%	39%	46%	15%					100%	100%
CY 2003					(0%)	1%	10%	29%	45%	15%			100%	99%
CY 2004						(0%)	incl.=>	1%	11%	32%	42%	14%	100%	99%
At Advisory Pure Premium Rate Levels[1]														
CY 1999	(0%)	0%	40%	60%									100%	100%
CY 2000		0%	2%	40%	58%								100%	98%
CY 2001			(1%)	1%	42%	58%							100%	100%
CY 2002				(0%)	1%	41%	44%	15%					100%	100%
CY 2003					(0%)	1%	10%	30%	44%	15%			100%	99%
CY 2004						(0%)	incl.=>	3%	11%	34%	39%	13%	100%	97%

[1] Based on distribution in

Calendar Year Company Earned Premium Converted to Advisory Pure Premium

Policy P'd Inception Begins ==>	Jan-96	Jan-97	Jan-98	Jan-99	Jan-00	Jan-01	Jan-02	Jul-02	Jan-03	Jul-03	Jan-04	Jun-04	Calendar Year
Policy P'd Inception Ends==>	Dec-96	Dec-97	Dec-98	Dec-99	Dec-00	Dec-01	Jun-02	Dec-02	Jun-03	Dec-03	Jun-04	Dec-04	Earned
At Insurer Rate Levels[1]													
CY 1999	(19)	16	2,418	3,513									5,928
CY 2000		13	138	3,056	4,467								7,674
CY 2001			(87)	93	4,447	6,621							11,074
CY 2002				(38)	75	5,709	6,785	2,262					14,793
CY 2003					(52)	163	1,963	5,888	9,198	3,066			20,226
CY 2004						(12)	incl.=>	319	2,489	7,466	9,726	3,242	23,230
At Advisory Pure Premium Rate Levels[1,2]													
CY 1999	(20)	28	2,510	3,712									6,230
CY 2000		15	141	3,056	4,511								7,723
CY 2001			(93)	126	4,449	6,217							10,699
CY 2002				(40)	95	5,290	5,556	1,852					12,753
CY 2003					(53)	134	1,591	4,773	6,951	2,317			15,713
CY 2004						(12)	incl.=>	431	1,851	5,553	6,379	2,126	16,328
Premium: Advisory Pure Premium Rate Level / Insurer Rate Level													
CY 1999			1.04	1.06									1.05
CY 2000				1.00	1.01								1.01
CY 2001					1.00	0.94							0.97
CY 2002						0.93	0.82	0.82					0.86
CY 2003							0.81	0.81	0.76	0.76			0.78
CY 2004									0.74	0.74	0.66	0.66	0.70

[1] Provided by WCIRB

[2] Premium is brought to rate level corresponding to policy period in which policy was written