

SERFF Tracking Number: ACEH-126077354 State: District of Columbia  
Filing Company: ACE American Insurance Company State Tracking Number:  
Company Tracking Number: 09-MR-2008218(R)  
TOI: 11.0 Medical Malpractice - Claims Sub-TOI: 11.0029 Other  
Made/Occurrence  
Product Name: 09-MR-2008218(R)  
Project Name/Number: Allied Health - Human Services Filing/09-MR-2008218(R)

## Filing at a Glance

Company: ACE American Insurance Company

Product Name: 09-MR-2008218(R)

TOI: 11.0 Medical Malpractice - Claims

Made/Occurrence

Sub-TOI: 11.0029 Other

Filing Type: Rate/Rule

SERFF Tr Num: ACEH-126077354 State: District of Columbia

SERFF Status: Closed-APPROVED State Tr Num:

Co Tr Num: 09-MR-2008218(R)

State Status:

Reviewer(s): Robert Nkojo

Authors: Ginny Boyles, Marlene  
Thomas, Viola McBride

Disposition Date: 06/29/2009

Date Submitted: 03/25/2009

Disposition Status: APPROVED

Effective Date Requested (New): 05/01/2009

Effective Date (New):

Effective Date Requested (Renewal): 05/01/2009

Effective Date (Renewal):

State Filing Description:

## General Information

Project Name: Allied Health - Human Services Filing

Status of Filing in Domicile: Pending

Project Number: 09-MR-2008218(R)

Domicile Status Comments:

Reference Organization:

Reference Number:

Reference Title:

Advisory Org. Circular:

Filing Status Changed: 06/29/2009

State Status Changed:

Deemer Date:

Created By: Marlene Thomas

Submitted By: Viola McBride

Corresponding Filing Tracking Number: 09-MR-2008218(F)

Filing Description:

ACE American Insurance Company currently has forms, rates and rules on file with your department, that are applicable to our Allied Healthcare General Liability and Professional Liability program, which was recently revised under our file number 08-MR-2007652. We are now introducing a program providing Professional Liability policies for Human Services professionals.

We are submitting rates and rules for that program. We currently do not have any insureds in these classes of business.

We are seeking an effective date of May 1, 2009.

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## Company and Contact

### Filing Contact Information

Viola McBride, Filing Technician  
 436 Walnut Street  
 WB04G  
 Philadelphia, PA 19106  
 viola.mcbride@acegroup.com  
 215-640-5238 [Phone]  
 215-640-4986 [FAX]

### Filing Company Information

ACE American Insurance Company  
 PO Box 1000  
 436 Walnut Street  
 Philadelphia, PA 19106  
 (215) 640-5123 ext. [Phone]  
 CoCode: 22667  
 Group Code: 626  
 Group Name:  
 FEIN Number: 95-2371728  
 State of Domicile: Pennsylvania  
 Company Type:  
 State ID Number:

## Filing Fees

Fee Required? No  
 Retaliatory? No  
 Fee Explanation:  
 Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
ACE American Insurance Company	\$0.00		

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## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
APPROVED	Robert Nkojo	06/29/2009	06/29/2009

### Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Status	Note To Reviewer	Viola McBride	06/23/2009	06/23/2009
Status	Note To Reviewer	Viola McBride	05/18/2009	05/18/2009
Status	Note To Reviewer	Viola McBride	04/30/2009	04/30/2009

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## Disposition

Disposition Date: 06/29/2009  
 Effective Date (New):  
 Effective Date (Renewal):  
 Status: APPROVED  
 Comment:

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
ACE American Insurance Company	0.000%	0.000%	\$0	0	\$0	0.000%	0.000%
	<b>Percent Change Approved:</b>						
	<b>Minimum:</b>	%	<b>Maximum:</b>	%	<b>Weighted Average:</b>		%

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Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Cover Letter All Filings		Yes
Supporting Document	Consulting Authorization		Yes
Supporting Document	Actuarial Certification (P&C)		Yes
Supporting Document	District of Columbia and Countrywide Experience for the Last 5 Years (P&C)		Yes
Supporting Document	District of Columbia and Countrywide Loss Ratio Analysis (P&C)		Yes
Supporting Document	Actuarial Memo		Yes
Supporting Document	Actuarial Support		Yes
Rate	DC- Human Services Stat Exception Pages		Yes

*SERFF Tracking Number:* ACEH-126077354 *State:* District of Columbia  
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*Product Name:* 09-MR-2008218(R)  
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**Note To Reviewer**

**Created By:**

Viola McBride on 06/23/2009 07:58 AM

**Last Edited By:**

Viola McBride

**Submitted On:**

06/23/2009 07:59 AM

**Subject:**

Status

**Comments:**

Please provide the status for this filing. Thank you.

SERFF Tracking Number: ACEH-126077354 State: District of Columbia  
Filing Company: ACE American Insurance Company State Tracking Number:  
Company Tracking Number: 09-MR-2008218(R)  
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Project Name/Number: Allied Health - Human Services Filing/09-MR-2008218(R)

**Note To Reviewer**

**Created By:**

Viola McBride on 05/18/2009 01:25 PM

**Last Edited By:**

Viola McBride

**Submitted On:**

05/18/2009 01:25 PM

**Subject:**

Status

**Comments:**

Dear Mr. Njoko,

Please advise of the status of this filing. Thank you.

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Project Name/Number: Allied Health - Human Services Filing/09-MR-2008218(R)

**Note To Reviewer**

**Created By:**

Viola McBride on 04/30/2009 02:33 PM

**Last Edited By:**

Viola McBride

**Submitted On:**

04/30/2009 02:33 PM

**Subject:**

Status

**Comments:**

Please advise of status. Thank you.

SERFF Tracking Number: ACEH-126077354 State: District of Columbia  
 Filing Company: ACE American Insurance Company State Tracking Number:  
 Company Tracking Number: 09-MR-2008218(R)  
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 Product Name: 09-MR-2008218(R)  
 Project Name/Number: Allied Health - Human Services Filing/09-MR-2008218(R)

**Rate Information**

Rate data applies to filing.

**Filing Method:** Prior Approval  
**Rate Change Type:** Neutral  
**Overall Percentage of Last Rate Revision:** 0.000%  
**Effective Date of Last Rate Revision:**  
**Filing Method of Last Filing:** NA- New Program

**Company Rate Information**

Company Name:	Company Rate Change:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
ACE American Insurance Company	N/A	0.000%	0.000%	\$0	0	\$0	0.000%	0.000%

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## Rate/Rule Schedule

Schedule Item	Exhibit Name:	Rule # or Page	Rate Action	Previous State Filing Attachments
Status:		#:		Number:
	DC- Human Services Stat Exception Pages	HS-1 & HS-2	New	DC - Human Services STATE EXCEPTION PAGE.pdf

**Allied Health Professional and General Liability General Rules  
Exceptions – Human Services Agencies**

Select Countrywide and State rating rules have been amended for Human Service Agencies as follows:

I. Under XV. PREMIUM CALCULATION RULES, Rule F., the following Human Services Territorial Multiplier applies:

- a. Human Service Agencies - Territory Definition: Entire State
- b. Human Service Agencies - Territory Multiplier: 1.00

II. Section XV. Premium Calculation Rules, subsection G Entity Rating Factor has been amended to add the following:

For Human Service Agencies only, an entity rating factor, as outlined in Table III as the Professional Classification “Agency”, will apply to all Human Services Agencies. This rating rule is applied before the application of any other rating factors. No other entity factor is applicable for Human Service Agencies.

III. Section XII. Limits of Liability has been amended to add the following:

B. The rates outlined in Table III provide Professional Liability rates for all allied health professionals of Human Services Agencies, for limits of \$1,000,000/\$3,000,000.

The table below provides the Differential Limits Factors used in calculating Professional Liability rates for other optional limits below \$1,000,000/\$3,000,000. For Differential Limits Factors for limits above \$1,000,000/\$3,000,000, refer to company for the factor to be used.

<b>Aggregate</b>	<b>25</b>	<b>100</b>	<b>200</b>	<b>250</b>	<b>500</b>	<b>1,000</b>
<b>75</b>	0.395					
<b>300</b>		0.632				
<b>500</b>				0.752	0.822	
<b>600</b>			0.712			
<b>750</b>				0.758	0.830	
<b>1,000</b>					0.834	0.944
<b>3,000</b>						1.000

IV. Section XVI. Rates have been amended to include the following Human Services Agency professional classifications:

Table III – Human Services Agencies - The premium for Human Services Agencies will be calculated on a “per professional” basis. The table below provides Professional Liability rates for Human Services Agencies, for limits of \$1,000,000/\$3,000,000. The base rates will be applied in accordance with the table below. Differential limits are available as outlined in Section XII. Limits of Liability

<b>Allied Health Professional Liability Rate Table – Human Services Agencies</b>	
Basic Limits - \$1,000,000 Each claim / \$3,000,000 Aggregate	
<b>Professional Classifications</b>	<b>Rate</b>
Agency	\$ 966
Homemaker, Sitter, Companion	\$ 60
Home Health Aid	\$ 60
Nurse Aid	\$ 60
Clerical, Administrative	\$ 60
Bereaval Therapist	\$ 60
Dietician/Nutritionists	\$ 97
Licensed Practical Nurse (LPN)	\$ 130
Dental Hygienist	\$ 130
Pharmacy Assistant	\$ 130
Lab Technician	\$ 130
EKG-Ultrasound Technician, Echocardiogram Technician, X-ray Technician, Radiological Technician	\$ 130
Medical Technician	\$ 130
Certified Medical Assistant	\$ 130
Nurse/RN	\$ 160
Enterostomal Therapist	\$ 160
Social Worker	\$ 160
Dialysis Technician	\$ 160
Occupational Therapist	\$ 190
Speech Pathologist	\$ 190
Medical Director	\$ 196
Pharmacist	\$ 284
Physical Therapist	\$ 370
Respiratory Therapist	\$ 370
Phlebotomist	\$ 370
Pastoral Counselor/Clergy	\$ 370
Nuclear Medicine Technician	\$ 370
Radiation Therapist	\$ 370
Psychologist	\$ 608
Nurse Practitioner	\$ 797
Physician Assistant	\$ 797
Paramedic/Emergency Medical Technician (EMT)	\$ 797
Psychiatrist	\$ 2,446
Paraprofessional Social Worker	\$ 46
Addiction Interventionist	\$ 46
Addiction Counselor	\$ 160

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## Supporting Document Schedules

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b> Cover Letter All Filings		
<b>Comments:</b>		
<b>Attachment:</b>		
DC- cover letter Rates.pdf		

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Bypassed - Item:</b> Consulting Authorization		
<b>Bypass Reason:</b> n/a		
<b>Comments:</b>		

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Bypassed - Item:</b> Actuarial Certification (P&C)		
<b>Bypass Reason:</b> n/a		
<b>Comments:</b>		

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Bypassed - Item:</b> District of Columbia and Countrywide Experience for the Last 5 Years (P&C)		
<b>Bypass Reason:</b> n/a		
<b>Comments:</b>		

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Bypassed - Item:</b> District of Columbia and Countrywide Loss Ratio Analysis		

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(P&C)  
**Bypass Reason:** n/a  
**Comments:**

**Item Status:** **Status**  
**Date:**

**Satisfied - Item:** Actuarial Memo  
**Comments:**  
**Attachment:**  
ACE Human Services Actuarial Memo.pdf

**Item Status:** **Status**  
**Date:**

**Satisfied - Item:** Actuarial Support  
**Comments:**  
**Attachments:**  
DC - Indication - Allied Health.pdf  
DC - Profit Allied Health.pdf  
DC eiw - Allied Health.pdf



**ace usa**

Office of Regulatory  
Compliance  
Routing WB04G  
436 Walnut Street  
Philadelphia, PA 19106  
USA  
**Viola McBride**  
*Regulatory Associate*

215-640-5238 *tel*

viola.mcbride@acegroup.com  
www.acegroup.com

March 16, 2009

Government of the District of Columbia  
Dept. of Insurance & Securities Reg.  
Insurance Products Division  
810 1<sup>st</sup> Street, NE Ste. 601  
Washington, D.C. 20002

Re:      Company                      ACE USA #0626                      NAIC#                      FEIN  
         ACE American Insurance Company                      22667                      95-2371728  
         Human Services Professional Liability Policy – Rate /Rule Filing  
         Our Filing Number: 09-MR-2008218

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Dear Commissioner:

ACE American Insurance Company is filing to introduce a Professional Liability policy for Human Services professionals through the Irwin Siegel Agency. This submission introduces rules and rates for that program.

We currently do not have any insureds in these classes of business.

We are seeking approval using the earliest possible effective date permitted by the Department.

Sincerely,

A handwritten signature in cursive script that reads "Viola McBride".

Viola McBride

ACE  
Human Services Professional Liability  
Actuarial Memorandum

The objective of this filing is to introduce new rates for Human Services classes to the Allied Health rating plan which was last revised and approved in 2008. The effect of this filing is 0% as ACE has not written any business in these classes to date.

To support this filing we have included a rate level indication package.

The state exception page provides the proposed initial rates for the addition of Human Service classes to our filing for Allied Healthcare Providers Professional Liability.

The rates are for limits of \$1,000,000/\$3,000,000 and all other existing Allied Healthcare Providers Professional Liability rules and rate factors apply.

The proposed \$1,000,000/\$3,000,000 rates match those currently in use for a program written by AIG. The exhibit below supports the adoption of the existing rates by ACE based on the resulting indication of no change for policy year effective 4/1/09. The underlying experience shown in the exhibit is for the Human Service classes written by AIG.

**ACE**  
**Human Services Professional Liability**  
**Derivation of Indicated Rate Change**

**1 Irwin Siegel Human Services Program Nationwide Historical Experience @12/31/07**

<u>Policy Year</u>	<u>1M/3M Premium</u>	<u>200k/600k Premium</u>	<u>200k/600k Reported 12/08 Loss + ALAE</u>	<u>200k/600k Selected Ultimate</u>	<u>200k/600k Selected Ult. LR</u>
2004	2,880,345	2,050,806	\$ 115,000	581,372	28%
2005	2,295,023	1,634,056	\$ 70,000	464,625	28%
2006	2,338,258	1,664,840	\$ 223,998	745,177	45%
2007	1,966,447	1,400,110	\$ 332,393	858,967	61%

**x 2 Factors to Adjust to 4/1/09 Policy Period**

<u>Policy Year</u>	<u>Factor to Adjust Premium to Current Level</u>	<u>Trend Factors @ 6%/yr</u>
2004	0.609	1.358
2005	0.699	1.281
2006	0.813	1.208
2007	0.875	1.140

**= 3 Premium, Loss + ALAE, and Loss + ALAE Ratio at 4/1/09 Policy Level**

<u>Policy Year</u>	<u>Premium Adjusted to Current Level</u>	<u>L+ALAE at 4/1/09 PY Level</u>	<u>PY 4/1/09 Projected Ult. LR</u>
2004	1,249,428	789,423	63%
2005	1,142,546	595,186	52%
2006	1,352,814	900,541	67%
2007	<u>1,224,532</u>	<u>979,297</u>	<u>80%</u>
	4,969,319	3,264,446	66%

<b>4 Expense assumptions</b>	Commission & Brokerage	17.5%
	Other acquisitions	2.5%
	General	6.0%
	Taxes, Licenses & Fees	3.0%
	<u>Profit &amp; Contingencies</u>	<u>5.0%</u>
	Total	34.0%

**5 Indication** = (3)/[ 1.00 - (4)] -1 No change

**6 Proposal:** No change to existing program rates.

Allied Health Experience

Exhibit 1

State = DC

Annual Loss Trend 3.0%  
Effective Date 7/1/2009

Allied Health Claims Made

Report Year	Paid Loss	Incurred Loss	Earned Premium	Paid LDF	Inc LDF	Paid Loss x LDF	Inc Loss x LDF	Selected Ultimate Loss	Loss Trend Factor	Trended Ultimate Loss	On-Level Factor	Premium at Curr Rates	Loss Ratio
1998	0	0	0	1.000	1.000	0	0	0	1.3846	0	1.833	0	#DIV/0!
1999	0	0	0	1.000	1.000	0	0	0	1.3442	0	1.833	0	#DIV/0!
2000	0	0	0	1.005	1.002	0	0	0	1.3050	0	1.833	0	#DIV/0!
2001	0	0	0	1.027	1.011	0	0	0	1.2670	0	1.832	0	#DIV/0!
2002	0	0	0	1.072	1.033	0	0	0	1.2301	0	1.455	0	#DIV/0!
2003	0	0	1,958	1.171	1.149	0	0	0	1.1942	0	1.238	2,424	0.0%
2004	0	0	2,677	1.365	1.346	0	0	0	1.1594	0	1.024	2,740	0.0%
2005	0	0	2,425	1.599	1.556	0	0	0	1.1256	0	0.850	2,062	0.0%
2006	0	0	1,500	2.834	2.110	0	0	0	1.0928	0	0.850	1,275	0.0%
2007	0	0	1,498	21.300	10.653	0	0	0	1.0610	0	0.850	1,273	0.0%
Total	0	0	10,057			0	0	0				9,774	0.0%
2004-2006	0	0	6,602			0	0	0				6,077	0.0%
2003-2007	0	0	10,057			0	0	0				9,774	0.0%

Allied Health Occurrence

Accident Year	Paid Loss	Incurred Loss	Earned Premium	Paid LDF	Inc LDF	Paid Loss x LDF	Inc Loss x LDF	Selected Ultimate Loss	Loss Trend Factor	Trended Ultimate Loss	On-Level Factor	Premium at Curr Rates	Loss Ratio
1998	0	0	3,709	1.012	1.016	0	0	0	1.3846	0	1.833	6,798	0.0%
1999	0	0	2,580	1.012	1.016	0	0	0	1.3442	0	1.833	4,730	0.0%
2000	0	0	3,899	1.023	1.055	0	0	0	1.3050	0	1.833	7,146	0.0%
2001	0	0	6,704	1.056	1.109	0	0	0	1.2670	0	1.832	12,284	0.0%
2002	0	0	7,472	1.163	1.186	0	0	0	1.2301	0	1.455	10,873	0.0%
2003	0	0	8,973	1.285	1.243	0	0	0	1.1942	0	1.238	11,113	0.0%
2004	0	0	7,514	1.793	1.628	0	0	0	1.1594	0	1.024	7,691	0.0%
2005	0	0	3,693	4.564	3.260	0	0	0	1.1256	0	0.850	3,140	0.0%
2006	0	0	2,320	29.884	14.471	0	0	0	1.0928	0	0.850	1,972	0.0%
2007	0	0	1,984	464.717	247.482	0	0	0	1.0610	0	0.850	1,687	0.0%
Total	0	0	48,848			0	0	0				67,433	0.0%
2004-2006	0	0	13,526			0	0	0				12,803	0.0%
2003-2007	0	0	24,484			0	0	0				25,602	0.0%

Allied Health Occurrence + Claims-Made

Accident Year	Paid Loss	Incurred Loss	Earned Premium	Paid LDF	Inc LDF	Paid Loss x LDF	Inc Loss x LDF	Selected Ultimate Loss	Trend Factor	Trended Ultimate Loss	On-Level Factor	Premium at Curr Rates	Loss Ratio	Claims
1998	0	0	3,709			0	0	0		0		6,798	0.0%	
1999	0	0	2,580			0	0	0		0		4,730	0.0%	
2000	0	0	3,899			0	0	0		0		7,146	0.0%	
2001	0	0	6,704			0	0	0		0		12,284	0.0%	
2002	0	0	7,472			0	0	0		0		10,873	0.0%	
2003	0	0	10,931			0	0	0		0		13,537	0.0%	
2004	0	0	10,190			0	0	0		0		10,431	0.0%	
2005	0	0	6,118			0	0	0		0		5,202	0.0%	
2006	0	0	3,820			0	0	0		0		3,247	0.0%	
2007	0	0	3,482			0	0	0		0		2,960	0.0%	
Total	0	0	58,906			0	0	0		0		77,207	0.0%	0
2004-2006	0	0	20,128			0	0	0		0		18,880	0.0%	
2003-2007	0	0	34,541			0	0	0		0		35,376	0.0%	

Full Credibility Standard 6500  
Credibility

Estimated Loss & ALAE Ratio 0.0%  
Permissible Loss & ALAE Ratio 70.4%  
Indicated Change -100.0% 0.00

d) Trended Loss & ALAE Ratio 71.1%  
e) Permissible Loss & ALAE Ratio 70.4%  
f) Complement of Credibility Indication 0.9% 1.00

Credibility Weighted Indication 0.9%

**Calculation of Permissible Loss and ALAE Ratio**

	<u>% of Premium</u>
<u>Expenses</u>	
Commissions	17.00%
Other Acquisition	2.00%
General Expenses	3.50%
Taxes, Licenses, Fees	2.00%
Unallocated LAE	4.80%
<u>Other Expense</u>	<u>0.00%</u>
Subtotal Expenses	29.30%
Profit & Contingencies	13.62%
<u>Offset for Investment Income</u>	<u>-13.32%</u>
Profit Net of Inv Income	0.30%
(1) Expense Ratio incl ULAE	29.60%
(2) <b>Permissible Loss &amp; ALAE Ratio</b>	70.40%
1.0 - [(1)]	

**Calculation of Trended Permissible Loss and ALAE Ratio**

Annual Prem Trend Rate	0.0%
<u>Annual Loss Trend Rate</u>	<u>3.0%</u>
(3) Annual Net Trend Rate	3.0%
Effective date of current rates	3/10/2009
Effective date of proposed rates	7/1/2009
(4) Number of Years	0.3
(5) <b><u>Trended</u> Permissible Loss &amp; ALAE Ratio*</b>	71.1%
[ (2) x ( (3) ^ (4) ) ]	

\* for Complement of Credibility

**Allied Health  
On Level Factor Calculation**

**Rate Change History**

<u>Effective Date</u>	<u>Percent Change</u>	<u>Factor</u>
12/15/1999	0.0%	1.000
12/15/2001	48.0%	1.480
1/13/2004	45.7%	1.457
3/10/2009	-15.0%	0.850

**Premium On Level Factor**

<u>Year</u>	<u>Rate On Level Factor</u>
1998	1.833
1999	1.833
2000	1.833
2001	1.832
2002	1.455
2003	1.238
2004	1.024
2005	0.850
2006	0.850
2007	0.850
2008	0.850

**Allied Health Incurred Loss Development**

Claims Made Policies

Report Year	Age	12	24	36	48	60	72	84	96	108	120
1998		0	0	0	0	0	0	0	0	0	0
1999		0	0	0	0	0	0	0	0	0	0
2000		0	0	0	0	0	0	0	0	0	0
2001		438,664	1,881,821	2,623,801	2,257,093	2,473,294	4,074,161	4,049,307			
2002		161,190	617,132	673,174	736,714	1,777,332	1,799,936				
2003		58,653	999,385	1,491,925	1,595,674	1,399,046					
2004		398,442	3,016,568	3,261,490	3,643,999						
2005		1,259,498	3,424,733	3,543,186							
2006		714,421	2,432,961								
2007		603,073									
Age to Age	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120		
1998											
1999											
2000											
2001		4.290	1.394	0.860	1.096	1.647	0.994				
2002		3.829	1.091	1.094	2.413	1.013					
2003		17.039	1.493	1.070	0.877						
2004		7.571	1.081	1.117							
2005		2.719	1.035								
2006		3.405									
All Year		6.476	1.219	1.035	1.462	1.330	0.994				
3 Year		4.565	1.203	1.094	1.462						
Ex Hi/Lo		4.774	1.189	1.082	1.096						
Median		4.059	1.091	1.082	1.096	1.330	0.994				
Tri Sel		4.968	1.175	1.073	1.279	1.330	0.994				
Prof Study		5.131	1.536	1.240	1.125	1.058	1.025	1.009	1.002	1.000	
Wt to Tri		50%	50%	50%	30%	20%	10%	0%	0%	0%	
Select		5.050	1.355	1.156	1.171	1.112	1.022	1.009	1.002	1.000	
Age-Ult		10.653	2.110	1.556	1.346	1.149	1.033	1.011	1.002	1.000	

**Allied Health Incurred Loss Development**

Report Year	Age	Occurrence Policies									
		12	24	36	48	60	72	84	96	108	120
1998	0	10,111	10,430	18,753	23,828	24,402	22,746	22,495	22,495	22,495	22,495
1999	0	33,288	43,424	68,963	88,859	151,565	502,794	503,350	503,350	503,350	
2000	0	14,764	258,191	1,469,302	630,061	596,800	669,858	691,325			
2001	5,639	272,251	693,712	2,399,105	5,082,911	3,660,746	3,626,308				
2002	14,072	925,648	2,087,975	4,142,367	4,893,681	5,366,401					
2003	23,285	839,024	1,711,327	1,695,998	1,814,119						
2004	22,627	100,570	126,850	202,734							
2005	3,754	60,701	1,118,213								
2006	12,886	258,092									
2007	9,953										
Age to Age	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120		
1998		1.032	1.798	1.271	1.024	0.932	0.989	1.000	1.000		
1999		1.304	1.588	1.289	1.706	3.317	1.001	1.000			
2000		17.487	5.691	0.429	0.947	1.122	1.032				
2001	48.279	2.548	3.458	2.119	0.720	0.991					
2002	65.782	2.256	1.984	1.181	1.097						
2003	36.034	2.040	0.991	1.070							
2004	4.445	1.261	1.598								
2005	16.170	18.422									
2006	20.029										
All Year	31.790	5.794	2.444	1.226	1.099	1.591	1.007	1.000	1.000		
3 Year	13.548	7.241	1.524	1.457	0.921	1.810	1.007				
Ex Hi/Lo	30.128	4.483	2.085	1.203	1.023	1.057	1.001				
Median	28.031	2.148	1.798	1.226	1.024	1.057	1.001	1.000	1.000		
Tri Sel	25.874	4.916	1.963	1.278	1.017	1.378	1.004	1.000	1.000		
Prof Study	8.331	3.962	2.042	1.323	1.056	1.035	1.056	1.043	1.016		
Wt to Tri	50%	50%	50%	30%	20%	10%	10%	10%	0%		
Select	17.102	4.439	2.003	1.310	1.048	1.070	1.051	1.039	1.016		
Age-Ult	247.482	14.471	3.260	1.628	1.243	1.186	1.109	1.055	1.016		

**Allied Health Paid Loss Development**

Claims Made Policies

Report Year	Age	12	24	36	48	60	72	84	96	108	120
1998		0	0	0	0	0	0	0	0	0	0
1999		0	0	0	0	0	0	0	0	0	0
2000		0	0	0	0	0	0	0	0	0	0
2001		73,164	531,659	1,543,139	2,056,580	2,097,782	2,471,149	2,549,307			
2002		42,470	272,120	574,874	611,214	1,702,332	1,724,936				
2003		33,643	922,975	1,259,665	1,510,163	1,368,546					
2004		222,807	2,172,968	3,044,142	3,197,401						
2005		348,034	2,921,628	3,367,682							
2006		212,639	1,725,753								
2007		277,694									

Age to Age	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120
1998									
1999									
2000									
2001	7.267	2.902	1.333	1.020	1.178	1.032			
2002	6.407	2.113	1.063	2.785	1.013				
2003	27.435	1.365	1.199	0.906					
2004	9.753	1.401	1.050						
2005	8.395	1.153							
2006	8.116								
All Year	11.229	1.787	1.161	1.570	1.096	1.032			
3 Year	8.754	1.306	1.104	1.570					
Ex Hi/Lo	8.382	1.626	1.131	1.020					
Median	8.255	1.401	1.131	1.020	1.096	1.032			
Tri Sel	9.155	1.530	1.132	1.295	1.096	1.032			
Prof Study	5.877	2.015	1.210	1.110	1.091	1.045	1.022	1.005	1.000
Wt to Tri	50%	50%	50%	30%	20%	10%	0%	0%	0%
Select	7.516	1.773	1.171	1.165	1.092	1.044	1.022	1.005	1.000
Age-Ult	21.300	2.834	1.599	1.365	1.171	1.072	1.027	1.005	1.000

**Allied Health Paid Loss Development**

Report Year	Age	Occurrence Policies									
		12	24	36	48	60	72	84	96	108	120
1998	0	10,111	10,430	18,753	21,922	22,495	22,495	22,495	22,495	22,495	22,495
1999	0	8,288	18,424	43,963	63,859	151,465	502,794	503,350	503,350		
2000	0	14,764	178,043	1,437,805	543,611	546,550	669,158	691,325			
2001	5,039	105,580	504,352	2,110,655	3,421,409	3,563,744	3,600,308				
2002	3,622	146,533	1,807,232	3,299,413	4,513,179	4,950,901					
2003	10,375	169,374	1,130,527	1,693,998	1,764,117						
2004	7,013	29,693	69,671	148,905							
2005	0	40,948	946,210								
2006	12,432	86,637									
2007	9,293										

Age to Age	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120
1998		1.032	1.798	1.169	1.026	1.000	1.000	1.000	1.000
1999		2.223	2.386	1.453	2.372	3.320	1.001	1.000	
2000		12.059	8.076	0.378	1.005	1.224	1.033		
2001	20.952	4.777	4.185	1.621	1.042	1.010			
2002	40.462	12.333	1.826	1.368	1.097				
2003	16.326	6.675	1.498	1.041					
2004	4.234	2.346	2.137						
2005		23.108							
2006	6.969								
All Year	17.789	8.069	3.129	1.172	1.308	1.639	1.011	1.000	1.000
3 Year	5.601	10.710	1.820	1.343	1.048	1.851	1.011		
Ex Hi/Lo	14.749	6.736	2.466	1.258	1.055	1.117	1.001		
Median	16.326	5.726	2.137	1.268	1.042	1.117	1.001	1.000	1.000
Tri Sel	13.616	7.810	2.388	1.260	1.113	1.431	1.006	1.000	1.000
Prof Study	17.486	5.285	2.703	1.454	1.103	1.064	1.036	1.012	1.012
Wt to Tri	50%	50%	50%	30%	20%	10%	10%	10%	0%
Select	15.551	6.548	2.545	1.396	1.105	1.101	1.033	1.011	1.012
Age-Ult	464.717	29.884	4.564	1.793	1.285	1.163	1.056	1.023	1.012

**Medical Malpractice**  
**Development of Expense Provisions and Permissible Loss Ratio**  
**ACE Consolidated**

	Direct IEE Data in (000) - ACE Consolidated					
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>Total</u>		
(1) Written Premium	126,231	135,231	122,563	384,025		
(2) Earned Premium	104,566	129,284	130,905	364,755		
(3) Commission & Brokerage Fees	16,223	16,736	16,372	49,331		
(4) Other Acquisition Expense	2,134	2,704	2,924	7,762		
(5) General Expense	4,321	4,606	5,024	13,951		
(6) Taxes, Licenses, and Fees	1,695	2,992	955	5,642		
(7) Unallocated LAE	3,267	6,151	1,866	11,284		
(8) Allocated LAE	27,474	35,285	40,126	102,885		
				<u>Average</u>	<u>Selected</u>	
(3)/(1) Commission & Brokerage Fees	12.9%	12.4%	13.4%	12.8%	17.0%	
(4)/(2) <u>Other Acquisition Expense</u>	2.0%	2.1%	2.2%	2.1%	<u>2.0%</u>	
Total Production Expense					19.0%	
(5)/(2) General Expense	4.1%	3.6%	3.8%	3.8%	3.5%	
(6)/(1) Taxes, Licenses, and Fees	1.3%	2.2%	0.8%	1.5%	2.0%	
(7)/(2) Unallocated LAE	3.1%	4.8%	1.4%	3.1%	N/A	
(8)/(2) Allocated LAE	26.3%	27.3%	30.7%	28.2%	N/A	
						Expense Provision 24.50%
						Pre Tax Profit Provision - Target 19.3%
						<u>Investment Income Recognition</u> -14.0%
						Pre Tax Profit Provision - Net of Inv Inc 5.3%
						Permissible Loss and LAE Ratio 70.2%
						1.425

**ACE**  
**Medical Malpractice**  
**Estimated Investment Earnings**

<b>A. Unearned Premium Reserve</b>				
A1.	Direct Earned Premium ( for this line, from the IEE )	CY =	2007	130,905,000
A2.	Mean Unearned Premium Reserve		(Sheet 2)	59,006,500
A3.	Deduction for Prepaid Expenses		(Exhibit 1 Sheet 1)	
	a.) Commission and Brokerage Expense			17.0%
	b.) <b>50%</b> of Other Acquisition Expense			1.0%
	c.) <b>50%</b> of General Expense			1.8%
	d.) Taxes, Licenses, and Fees			2.0%
	e.) <u>Profit and Contingencies</u>			<u>19.3%</u>
	f.) Total Prepaid Expense			41.0%
A4.	Deduction for Federal Income Tax Payable		(Exhibit 2 Sheet 2)	7.0%
A5.	Net Subject to Investment		[ A2 x (1.0 - A3f - A4) ]	30,654,522
<b>B. Delayed Remission of Premium (Agent's Balances)</b>				
B1.	Direct Earned Premium ( for this line, from the IEE )			130,905,000
B2.	Ratio, Agents Uncoll Prem Balances to Dir Earned Prem		(Exhibit 2 Sheet 2)	31.5%
B3.	Delayed Remission		[ B1 x B2 ]	41,225,517
<b>C. Loss Reserve</b>				
C1.	Direct Earned Premium ( for this line, from the IEE )			130,905,000
C2.	Expected Loss and LAE Incurred		[ C1 x ELR on Exhibit 2 Sheet 3 ]	73,570,041
C3.	Expected Mean Loss Reserve		[ C2 x After Tax Reserve Ratio on Exhibit 2 Sheet 3 ]	184,623,330
D.	Reserve Funds Subject to Investment		[ A5 - B3 + C3 ]	174,052,335
E.	Average Rate of Return on Investments - After FIT		(Sheet 5)	3.3%
F.	Investment Earnings on Reserve Funds - After FIT		[ D x E ]	5,691,130
G.	Investment Earnings on Reserve Funds as a % of Premium - After FIT		[ F / A1 ]	4.35%
<b>H.</b>	<b>Investment Earnings on Reserve Funds as a % of Premium - Before FIT</b>		[ G / .65 ]	6.69%
I.	P/S - Premium to Surplus Ratio		(Sheet 6)	0.762
J.	E/S - Equity to Surplus Ratio		(Sheet 6)	1.100
K.	Surplus Funds Subject to Investment		[ A1 / I ]	171,869,840
L.	Equity Funds Subject to Investment		[ K x J ]	189,060,455
M.	Investment Earnings on Equity Funds - After FIT		[ L x E ]	6,181,863
N.	Investment Earnings on Equity Funds as % of Premium - After FIT		[ M / A1 ]	4.7%
<b>O.</b>	<b>Investment Earnings on Equity Funds as % of Premium - Before FIT</b>		[ N / .65 ]	7.3%
P.	Target Total Return as % of Equity - After FIT		(Sheet 7)	8.7%
Q.	Target Total Return as % of Premium - After FIT		[ P x J / I ]	12.5%
<b>R.</b>	<b>Target Total Return as % of Premium - Before FIT</b>		[ Q / .65 ]	19.3%
S.	Target UW Profit as % Premium - Net of all II - After FIT		[ Q - G - N ]	3.5%
<b>T.</b>	<b>Target UW Profit as % Premium - Net of all II - Before FIT</b>		[ S / .65 ]	5.3%

**ACE**  
**Medical Malpractice**  
**Explanatory Notes**  
**Estimated Investment Earnings On Unearned**  
**Premium Reserves And Loss Reserves**

**Line A2**

The mean unearned premium reserve is determined by multiplying the direct earned premium in line A1 by the ratio of the mean unearned premium reserve to the direct earned premium for the above

			<u>IEE Amount For the Above Line</u>
1)	Direct Earned Premium	CY = 2007	130,905,000
2)	Direct Unearned Premium Reserve	as of 12 / 31 / 2007	54,835,000
3)	Direct Unearned Premium Reserve	as of 12 / 31 / 2006	63,178,000
4)	Mean Unearned Premium Reserve:	$.5 \times [ ( 2 ) + ( 3 ) ]$	59,006,500

**Line A4**

The Tax Reform Act of 1986 taxes 20% of the unearned premium reserve. The effective tax rate on UPR is calculated as follows:

Corporate Tax Rate	35.0%
Portion of Unearned Premium Taxable under TRA 1986	20.0%
Effective Tax Rate on Unearned Premium Reserve	7.0%

**Line B2**

Delayed remission of premium:

This deduction is necessary because of delay in collection and remission of premium to the companies beyond the effective dates of the policies. Funds for the unearned premium reserve required during the initial days of all policies must be taken from the company's surplus. The ratio of agents' uncollected premium balances to net earned premium is calculated as follows:

		<u>ACE Consolidated Ann Statement Amt</u>
1 Net Earned Premium - Total All Lines	CY = 2007	4,011,115,266
2 Net Agent's Balances ( Net Admitted )	as of 12 / 31 / 2007	1,319,292,179
3 Net Agent's Balances ( Net Admitted )	as of 12 / 31 / 2006	1,207,124,679
4 Ratio: [ ( 2 ) + ( 3 ) ] / [ 2.0 x ( 1 ) ]		0.315

**ACE  
Medical Malpractice**

**Explanatory Notes  
Estimated Investment Earnings On Unearned  
Premium Reserves And Loss Reserves**

**Line C2**

The expected loss and loss adjustment expense incurred is determined by multiplying the direct earned premium by the expected loss and loss adjustment expense ratio determined below.

1 General Expenses	(Exhibit 1 Sheet 1)	3.50%
2 Commission and Brokerage Expenses		17.00%
3 Other Acquisition Expenses		2.00%
4 Taxes, Licenses, & Fees		2.00%
5 <u>Profit &amp; Contingencies</u>		<u>19.30%</u>
6 Total Expense Ratio:		43.80%
7 Expected Loss and LAE Ratio: 1.00 - ( 6 )		56.20%
8 Direct Earned Premium	Cal Yr 2007	130,905,000
9 Expected Loss and LAE Incurred ( 7 ) x ( 8 )	Cal Yr 2007	73,570,041

**Line C3**

The expected mean loss reserve is determined by multiplying the expected incurred losses in line C2 by the IEE ratio of the mean loss and loss adjustment expense reserves to the loss and loss adjustment expense incurred in the last 2 calendar years for the above named line of business. This ratio, which includes an adjustment for the estimated Federal Income Tax payable due to discounting of loss reserves, as required by the Tax Reform Act of 1986, is based on the following:

		<u>IEE Amount for the Above Line</u>
1 Direct Loss and Loss Adjustment Expense Incurred	Cal Yr 2007	115,508,000
2 Direct Loss and Loss Adjustment Expense Incurred	Cal Yr 2006	91,638,000
3 Direct Loss and Loss Adjustment Expense Reserves	Year End 2007	334,814,000
4 Direct Loss and Loss Adjustment Expense Reserves	Year End 2006	261,724,000
5 Direct Loss and Loss Adjustment Expense Reserves	Year End 2005	221,951,000
6 Mean Loss and Loss Adjustment Expense Reserve	Cal Yr 2007	298,269,000
7 Mean Loss and Loss Adjustment Expense Reserve	Cal Yr 2006	241,837,500
8 Pre Tax Reserve Ratio: ( 6 ) / ( 1 )		2.582
9 Pre Tax Reserve Ratio: ( 7 ) / ( 2 )		2.639
10 Mean Pre Tax Reserve Ratio: 0.5 x [ ( 8 ) + ( 9 ) ]		2.611
11 Estimated Reserve Discount - Sheet 4		0.111
12 Federal Taxes ( ratio to reserves ): ( 11 ) x 0.35		0.039
13 After Tax Reserve Ratio ( 10 ) x [ 1.0 - ( 12 ) ]		2.509

**ACE Consolidated - Annual Statement - Schedule P**  
**Medical Malpractice**  
**Calculation of Reserve Discount**  
**Data in (000's)**

<u>Year</u>	(1) Net Loss & Expense <u>Unpaid</u>	(2) Reserve Discount <u>Factor</u>
Prior	33,951	0.90864
1998	495	0.89038
1999	480	0.88742
2000	242	0.88575
2001	3,730	0.87757
2002	2,256	0.86906
2003	1,663	0.85478
2004	2,339	0.82625
2005	2,679	0.83805
2006	2,159	0.83944
2007	<u>3,728</u>	<u>0.85804</u>
	53,722	0.88930 = Average
		0.11070 = 1.00 - Average

(1) ACE Consolidated Annual Statement, Schedule P, Part 1, Column 24

(2) Internal Revenue Bulletin 2005-49, January 22, 2008

**ACE Consolidated**  
**Calculation of Average After Tax Rate of Return**  
**2007**

	(1) Average of Latest 2 Year Ends Asset Value	(2) Interest & Dividend Income	(3) Net Interest and Dividends (2) x (1 + a)	(4) Pre-Tax Return (3)/(1)	(5) Federal Tax Rate	(6) Federal Tax (3)x(5)	(7) After Tax Return ((3)-(6))/(1)
Cash & Short Term Invested Assets	529,945,277	32,841,461	31,724,718	6.0%	35.0%	11,103,651	3.9%
Bonds							
Tax Exempt		46,584,242	45,000,189		2.4% (b)	1,098,567	
Taxable		644,004,575	622,105,805		35.0%	217,737,032	
Total	12,994,647,847	690,588,817	667,105,994	5.1%		218,835,599	3.4%
Affiliated Stock at Fair Value							
Preferred	0	0	0		0.0%	0	
Common	70,061,513	0	0		0.0%	0	
Total	70,061,513	0	0	0.0%	0.0%	0	0.0%
Unaffiliated Stock at Fair Value							
Preferred	217,102,268	10,641,492	10,279,638		14.2% (c)	1,457,139	
Common	836,503,340	20,431,026	19,736,288		14.2%	2,797,619	
Total	1,053,605,608	31,072,518	30,015,926	2.8%		4,254,758	2.4%
Mortgage Loans on Real Estate	0	0	0	0	35.0%	0	0.0%
Real Estate	96,897,057	550,284	531,572	0.5%	35.0%	186,050	0.4%
Contract Loans	0	1,590,255	1,536,180	0	35.0%	537,663	0.0%
A/O Inv. Assets	423,951,674	0	0	0.0%	35.0%	0	0.0%
<b>Total</b>	<b>15,169,108,974</b>	<b>756,643,335</b>	<b>730,914,390</b>	<b>4.8%</b>	<b>32.1%</b>	<b>234,917,721</b>	<b>3.3%</b>

NOTES:

a. Investment Expenses and Write-ins for Investment Income of apply uniformly to all items of income.

	Total Interest and Dividend Income ( excluding Write-ins & Expenses ):	756,643,335
PLUS	Write-ins for Investment Income:	19,704,046
LESS	Investment Expenses & Real Estate Depreciation:	45,432,991
	Total Net Investment Income (incl. Write-ins, Net of Investment Expenses):	730,914,390

Write-ins / Expense Multiplier: (a) = -3.4%

b. 46.5% of the income on tax-exempt bonds is subject to proration; that is, 15% of that income is taxed at a full corporate rate of 35%.  
The applicable tax rate is therefore:  $2.4\% = [ .465 \times .15 \times .35 ]$

c. For domestic corporations, 30% of dividend income from unaffiliated stocks is taxed as ordinary income at a full corporate rate of 35%.  
and 100% is subject to proration, so that 15% of the remaining 70% is taxed as ordinary income at a full corporate rate of 35%.  
The applicable tax rate is therefore:  $14.2\% = [ ( 0.30 \times 0.35 ) + ( 0.70 \times 0.15 \times 0.35 ) + ( 0.70 \times .85 \times 0.00 ) ]$

**ACE Consolidated  
EXPLANATORY NOTES  
FOR RETURN ON EQUITY CALCULATION**

**Line I**          Premium to Surplus Ratio

Surplus was determined by dividing the premium in Line A1 by a premium to surplus ratio.  
The calculation of the premium to surplus ratio is as follows:

	2007 <u>All Lines</u>
A/S Net Written Premium	4,044,759,560
A/S Surplus as Regards Policyholders	5,310,508,977
A/S Premium to Surplus Ratio	0.762

**Line J**          Equity to Surplus Ratio

Equity was determined by applying an equity to surplus ratio to the surplus in Line K.  
The calculation of the equity to surplus is as follows:

	2007 <u>Year End</u>
ACE Consolidated	5,310,508,977
<u>ACE Ins. Co. Puerto Rico</u>	<u>16,065,210</u>
SAP Surplus:    ACE Consolidated ex PR and International	5,294,443,767
GAP Equity:    ACE Consolidated ex PR and International	5,824,000,000
Equity to Surplus Ratio	1.100

**ACE**  
**EXPLANATORY NOTES**  
**FOR RETURN ON EQUITY CALCULATION**

**Line P.**

<u>Year</u>	<u>Return on Equity</u>
1997	13.0%
1998	9.6%
1999	6.6%
2000	6.3%
2001	-2.2%
2002	3.1%
2003	9.7%
2004	10.7%
2005	11.6%
2006	14.4%
2007	12.6%
Average	8.7%
Selected	8.7%

Note: The source for the historical industry Returns on Equity is  
Net Income / Average Policyholder Surplus from:

1997 - 2000	Standard & Poor's Industry Surveys
2001-2006	Best's Aggregates and Averages - QAR

Insurer Name: ACE American Insurance Company  
 NAIC Number: 22667  
 Line of Insurance: Medical Malpractice

Date: March 25, 2009

**DISTRICT OF COLUMBIA  
 EXPENSE INFORMATION WORKSHEET**

List the following expense information for the latest three years from your Insurance Expense Exhibit  
 (Part II - Allocation to Lines of Business, Section A)

All data is to be expressed in decimal form. For example, 6.8% should be shown as 0.068; 21.7% as 0.217.

Year:	Latest Three Calander Years			Three Year Avg.	Prospective Provisions
	2005	2006	2007		
A1. Commission & Brokerage	0.129	0.124	0.134	0.129	0.170
A2. Other Acquisition	0.020	0.021	0.022	0.021	0.020
A. Total Production Expense (A1+A2)	0.149	0.145	0.156	0.150	0.190
B. General Expense	0.041	0.036	0.038	0.038	0.035
C. Taxes, Licenses & Fees	0.013	0.022	0.008	0.014	0.020
D. Other*					
Total Expenses	0.204	0.202	0.202	0.203	0.245
E. Profit and Contingency Provision (Before Investment Income Offset)					0.1930
F. Total Expense, Profit and Contingency Provision					0.4380
G. Expected Loss Ratio (1.000 - F)					0.5620

\* "Other" may only be used for expenses unique of the District or which are otherwise statistically supported in an attachment.