

**Appendix A  
Illustrative Experience Exhibit (02/2004)**

Projection Assumptions:  
 Rate Increase effective 07/01/2003 19.2%  
 Claim Trend 15.0%  
 Insurance Trend 1.0%  
 Lapse Rate 20.0%  
 Aging 1.00  
 Future premium increases equal claim trend

Cal Year (a)	Earned Premium (b)	Paid Claims (c)	Change in Claim Liability & Reserve (d)	Incurred Claims (e) = (c) + (d)	Incurred Loss Ratio (f) = (e) / (b)	Expected Incurred Claims * (g)	Expected Loss Ratio * (h)	A/E Claims Ratio (i)	Active Life Reserves (j)	Earned Premium Manual Rate Basis (k)	Earned Premium Current Rate Basis (l)
1995	565,464	207,477	19,274	226,751	40.1%	209,222	37.0%	108.4%	-	565,464.00	715,312
1996	1,337,824	575,693	78,504	654,196	48.9%	561,946	42.0%	116.4%	-	1,337,824.20	1,692,348
1997	2,352,416	927,487	114,633	1,042,120	44.3%	1,075,107	45.7%	96.9%	-	2,352,416.18	2,975,806
1998	3,986,382	1,749,723	183,673	1,933,395	48.5%	1,896,723	47.6%	101.9%	-	3,986,381.86	5,042,773
1999	5,339,093	2,211,239	436,951	2,648,190	49.6%	2,696,178	50.5%	98.2%	-	5,339,092.79	6,753,952
2000	6,174,297	3,144,650	269,736	3,414,386	55.3%	3,308,434	53.6%	103.2%	-	6,174,296.66	7,810,485
2001	6,959,921	3,518,031	525,683	4,043,714	58.1%	3,974,882	57.1%	101.7%	-	6,959,920.78	8,394,570
2002	8,259,585	4,537,263	443,267	4,980,530	60.3%	4,812,170	58.3%	103.5%	-	8,259,584.83	8,857,418
2003	7,747,260			5,474,303	70.7%	5,392,577	69.6%	101.6%	-		
2004	7,246,233			5,657,119	78.1%	5,665,512	78.2%	99.9%	-		
2005	6,666,534			5,588,695	83.8%	5,596,987	84.0%	99.9%	-		
2006	6,133,212			5,332,842	87.0%	5,340,754	87.1%	99.9%	-		
2007	5,642,555			4,991,619	88.5%	4,999,025	88.6%	99.9%	-		
2008	5,191,150			4,638,212	89.3%	4,645,094	89.5%	99.9%	-		
2009	4,775,858			4,309,827	90.2%	4,316,221	90.4%	99.9%	-		
2010	4,393,790			4,004,691	91.1%	4,010,633	91.3%	99.9%	-		
2011	4,042,286			3,721,159	92.1%	3,726,680	92.2%	99.9%	-		
2012	3,718,903			3,457,701	93.0%	3,462,831	93.1%	99.9%	-		
2013	3,421,391			3,212,896	93.9%	3,217,663	94.0%	99.9%	-		
2014	3,147,680			2,985,423	94.8%	2,989,852	95.0%	99.9%	-		
2015	2,895,866			2,774,055	95.8%	2,778,171	95.9%	99.9%	-		
2016	2,664,196			2,577,652	96.8%	2,581,476	96.9%	99.9%	-		
2017	2,451,061			2,395,154	97.7%	2,398,708	97.9%	99.9%	-		
2018	2,254,976			2,225,577	98.7%	2,228,879	98.8%	99.9%	-		
2019	2,074,578			2,068,006	99.7%	2,071,074	99.8%	99.9%	-		
2020	1,908,611			1,921,591	100.7%	1,924,442	100.8%	99.9%	-		
2021	1,755,923			1,785,543	101.7%	1,788,192	101.8%	99.9%	-		
2022	1,615,449			1,659,126	102.7%	1,661,588	102.9%	99.9%	-		
2023	1,486,213			1,541,660	103.7%	1,543,947	103.9%	99.9%	-		
2024	1,367,316			1,432,511	104.8%	1,434,636	104.9%	99.9%	-		
2025	1,257,931			1,331,089	105.8%	1,333,064	106.0%	99.9%	-		
2026	1,157,296			1,236,848	106.9%	1,238,683	107.0%	99.9%	-		
2027	1,064,712			1,149,279	107.9%	1,150,984	108.1%	99.9%	-		
Past	34,974,981			18,943,282	54.2%	18,534,661	53.0%	102.2%	-	34,974,981	42,242,665
Future	86,080,978			77,472,577	90.0%	77,497,673	90.0%	100.0%	-		
Lifetime	121,055,960			96,415,859	79.6%	96,032,334	79.3%	100.4%	-		
Interest 5.0%											
Past	38,051,930			20,427,775	53.7%	19,986,026	52.5%	102.2%	-	38,051,930	46,163,229
Future	59,677,447			52,202,547	87.5%	52,192,316	87.5%	100.0%	-		
Lifetime	97,729,377			72,630,322	74.3%	72,178,342	73.9%	100.6%	-		

Each filing should include an exhibit with the requested increase and one without the requested increase.  
 Formulas (and underlying assumptions) used to determine projected values should be disclosed as part of the filing.  
 Assumptions disclosed should include the interest, medical trend, insurance trend, aging, lapse, shock lapse, and the effectiveness of past and proposed rate increases.

\* Calendar year expected claims and expected loss ratios are taken from the durational experience exhibit. 2003 expected loss ratios are taken from the approved durational loss ratio slope one duration beyond the 2002 expected loss ratio. Each additional future value follows the approved durational loss ratio slope.