

Leverage Factors (con't)

Column [15] 2004 Earned Premium (EP)

Column [16] Calculated Leverage Factor = $\frac{2004 \text{ EP}}{2\text{-Year Average Surplus}}$

Note: The leverage factor for Earthquake is set at 1.00

Additionally, the Commercial Multi-Peril (CMP) line has been split into CMP Liability and CMP Non-Liability. The allocation is based on the ratio of the reserves for each sub-line to the total reserves for CMP Combined. Similarly, the Auto Physical Damage line has been split into Personal (Private Passenger) Auto Physical Damage and Commercial Auto Physical Damage, with the allocation based on the ratio of reserves for each sub-line to the total reserves for Auto Physical Damage Combined.

Data Source -- allocations for these sub-lines are based on :

*Data From A.M. Best's Aggregates and Averages – 2004 Edition (Calendar Year 2003),
Page 151: Exhibit of Premiums and Losses (Statutory Page 14 Data)*

*Data From A.M. Best's Aggregates and Averages – 2005 Edition (Calendar Year 2004),
Page 165: Exhibit of Premiums and Losses (Statutory Page 14 Data)*