| Calendar Year | Paid ULAE | Paid Claims | Ratio of Paid ULAE to Paid Claims |
|---|---|---|---|
| (1) | (2) | (3) | (4) |
| 2004 | 14,352,000 | 333,000,000 | 0.043 |
| 2005 | 15,321,000 | 358,000,000 | 0.043 |
| 2006 | 16,870,000 | 334,000,000 | 0.051 |
| 2007 | 17,112,000 | 347,000,000 | 0.049 |
| 2008 | 17,331,000 | 391,000,000 | 0.044 |
| Total | 80,986,000 | 1,763,000,000 | 0.046 |

(5) Selected ULAE Ratio                                       0.045

(6) Case Outstanding at 12/31/08                        603,000,000

(7) Total IBNR at 12/31/08                              316,000,000

(8) Pure IBNR at 12/31/08                                19,000,000

(9) Estimated Unpaid ULAE at 12/31/08                    27,787,500
      Using Total IBNR

(10) Estimated Unpaid ULAE at 12/31/08                   21,105,000
      Using Pure IBNR

Column and Line Notes:
(2) and (3) Based on data from XYZ Insurer.
(4) = [(2) / (3)].
(5) Selected based on ULAE ratios in (4).
(6) Based on data from XYZ Insurer.
(7) Based on actuarial analysis at 12/31/08 for all lines combined.
(8) Estimated assuming pure IBNR is equal to 5% of accident year
    2008 ultimate claims. Ultimate claims for all lines combined for
    accident year 2008 are $380 million for XYZ Insurer.
(9) = {[(5) x 50% x (6)] + [(5) x 100% x (7)]}.
(10) = {[(5) x 50% x ((6) + (7) - (8))] + [(5) x 100% x (8)]}.