Accident Year	Direct Earned Premium	Expected Claims Ratio	Expected Claims	Expected Payment Percentage in Calendar Year				Expected Claims Paid in Calendar Year			
				2005	2006	2007	2008	2005	2006	2007	2008
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
2005	4,300,000	55%	2,365,000	12%	15%	15%	15%	283,800	354,750	354,750	354,750
2006	4,250,000	55%	2,337,500		12%	15%	15%		280,500	350,625	350,625
2007	4,420,000	55%	2,431,000			12%	15%			291,720	364,650
2008	3,985,000	55%	2,191,750				12%				263,010
Total	16,955,000		9,325,250					283,800	635,250	997,095	1,333,035

Column Notes:

(2) Based on information provided by New Small Insurer.

(3) Based on actuarial analysis conducted for pricing purposes.

(4) = [(2) x (3)].

(5) through (8) Based on actuarial analysis of insurance industry benchmark paid claims development experience.

(9) = [(4) x (5)].

(10) = [(4) x (6)].

(11) = [(4) x (7)].

(12) = [(4) x (8)].

Chapter 17 - Unallocated Loss Adjustment Expenses Exhibit III
New Small Insurer - Mango-Allen Refinement Technique Sheet 2
Development of Unpaid ULAE

| Calendar Year | Paid ULAE | Paid Claims | | ULAE Ratio Paid ULAE-to-Paid Claims | |
		Actual	Expected	Actual	Expected
(1)	(2)	(3)	(4)	(5)	(6)
2005	55,000	1,253,450	283,800	0.044	0.194
2006	62,500	86,000	635,250	0.727	0.098
2007	70,000	410,650	997,095	0.170	0.070
2008	80,000	309,600	1,333,035	0.258	0.060
Total	267,500	2,059,700	3,249,180	0.130	0.082

(7) Selected ULAE Ratio 0.070

(8) Case Outstanding at 12/31/08 225,000

(9) Total IBNR at 12/31/08 6,430,000

(10) Pure IBNR at 12/31/08 109,588

(11) Estimated Unpaid ULAE at 12/31/08 Using Total IBNR 457,975

(12) Estimated Unpaid ULAE at 12/31/al Using Pure IBNR 236,761

Column and Line Notes:
(2) and (3) Based on data from New Small Insurer.
(4) Developed in Exhibit III, Sheet 1.
(5) = [(2) / (3)].
(6) = [(2) / (4)].
(7) Selected based on ULAE ratios in (6) and input of management of New Small Insurer.
(8) Based on claims data from New Small Insurer.
(9) Based on actuarial analysis at 12/31/08.
(10) Estimated assuming pure IBNR is equal to 5% of accident year expected claims.
(11) = {[(7) x 50% x (8)] + [(7) x 100% x (9)]}.
(12) = {[(7) x 50% x ((8) + (9) - (10))] + [(7) x 100% x (10)]}.