

CALCULATION OF RATE CHANGE FOR POLICIES INCEPTING IN 2006						
WCIRB AMENDED 1/1/06 RATE FILING: 9/15/05						
	2003	2004	2005	Selected	Formula	Source Exhibit
Medical						
<u>Ultimate Pure Premium</u>						
(1)	Paid Pure Premium	0.113	0.047	na		A-9
(2)	Paid LDF	2.667	4.243	na		A-9
(3)	Paid Ultimate	0.301	0.199	na	(1)x(2)	A-9
<u>Adjustments</u>						
(4)	Other Medical Cost Adj.	1.000	1.000	1.000		A-11
(5)	Legislative Changes	0.917	0.972	1.000		A-12
(6)	Composite Prem. Adj. Factor	0.596	0.5262	na		A-17
(7)	<u>On-Level Pure Premium</u>	0.464	0.368		0.416 (3)x(4)x(5)/(6)	A-19
Indemnity						
<u>Ultimate Pure Premium</u>						
(8)	Paid Pure Premium	0.101	0.033	na		A-9
(9)	Paid LDF	2.542	5.643	na		A-9
(10)	Paid Ultimate	0.257	0.186	na	(8)x(9)	A-9
<u>Benefit Level & Wage Adj.</u>						
(11)	Annual Benefit Change		(10.2%)	(28.2%)	from (12)	A-10
(12)	Factor to 1/1/05 Benefits	0.645	0.718	1.000		A-10
(13)	Wage Inflation		1.5%	1.2%		A-10
(14)	Factor to 1/1/07 Wages	1.040	1.025	1.013	from (13)	A-10
(15)	Composite Factor	0.670	0.736		(12)x(14)	A-10
(16)	<u>Composite Prem. Adj. Factor</u>	0.596	0.5262	na		A-17
(17)	<u>On-Level Pure Premium</u>	0.289	0.261		0.275 (10)x(15)/(16)	A-18
Rate Change						
			<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>	
(18)	Projected Loss to PP Ratio		0.275	0.416	0.691	(7) & (13) A-22
(19)	Additional Impact of AB 749		5.8%	0.6%	2.7%	A-22
(20)	Projected Loss to PP Ratio after all reforms reflected		0.290	0.418	0.708	(18)x[1+(19)] A-22
(21)	Projected Loss Adj. Expense				1.205	A-22
(22)	Loss & LAE to PP Ratio				0.854	(20)x(21) A-22
(23)	Change in Off-Balance Factor				(1.5%)	A-22
(24)	Indicated Rate Change				(15.9%)	(22)x[1+(23)] A-22

Summary of Cost impacts of AB 749, AB 227, SB 228 and SB 899 Provision included 1/1/06 Pure Premium Rate Filing							
WCIRB Estimated Impacts							
Provided by WCIRB 1/5/06							
Indemnity							
	Effective Date						
	1/1/2003	1/1/2004	4/19/2004	1/1/2005	1/1/2006	1/1/2007	1/1/2008
AB 749	11.2%	11.7%		6.0%	5.8%	0.0%	0.2%
AB 227, SB 228 - Vocational Rehab.		(12.6%)					
SB 899 - Apportionment - 2-Year Cap on TD - Multi-tier PD Benefits - # of weeks of PD New PD Rating Schedule			(6.7%) (5.3%)	(1.8%) (5.4%) (24.1%)			
Total	11.2%	(2.4%)	(11.6%)	(25.3%)	5.8%	0.0%	0.2%
Indemnity Trend Factor	0.717	0.645		0.718	1.000	1.000	1.000
	percent after 1/1/05 ==>		32.1%				
Medical							
	Effective Date						
	1/1/2003	1/1/2004	4/19/2004	1/1/2005	1/1/2006	1/1/2007	1/1/2008
AB 749 - Pharm (generic) - Utilization impact due to change in indemnity benefit	(0.1%) 0.9%	1.4%		0.7%	0.6%		
AB 227, SB 228 - Fee Schedule - Limit on # of Chiropractic visits - Limit on # of physical therapy visits		(9.4%) (3.6%) (2.5%)		0.3%	0.3%		
SB 899 - Apportionment - 2-Year Cap on TD - Multi-tier PD Benefits - # of weeks of PD - Employers' liability for first aid - Medical Legal Utilization due to new PD Rating Utilization due to MPN's, ACOEM			(0.8%) (0.6%) 0.7% (0.3%)	(0.2%) (0.7%) (2.9%)			
Total	0.8%	(13.7%)	(1.0%)	(2.8%)	0.9%	0.0%	0.0%
Total ex Med Fee, MPN,ACOEM util)	0.8%	(4.7%)	(1.0%)	(2.8%)	0.9%	0.0%	0.0%
Total ex Med Fee Change	0.8%	(4.7%)	(1.0%)	(2.8%)	0.9%	0.0%	0.0%
Med. Trend							
Total	0.837	0.831		0.972	1.000	1.000	1.000
Med. Trend (ex Med Fee, MPN/ACOEM util)	0.924	0.917		0.972	1.000	1.000	1.000
Med. Trend (MPN/ACOEM util)	1.000	1.000		1.000	1.000	1.000	1.000
Med. Trend (ex Med Fee)	0.924	0.917		0.972	1.000	1.000	1.000
	Ex MPN/ACOEM util: percent after 1/1/05 ==>		0.0%				

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Figures in Red match CDI explanation of rate changes

	Reduction			Reduction			% reduction	% reduction
	% of Total Loss	Due to PD ex util	util. factor	utilization savings	Due to PD w/util	PD as a % of total		
serious	32.64%	-21.3%	1.21	-4.5%	-25.8%	18.1%	-38.3%	
not serious	10.26%	-12.4%	1.51	-6.2%	-18.6%	3.4%	-37.5%	
indem	42.90%	-19.1%		-4.9%	-24.1%	21.5%		
medical	57.10%	0.0%		-2.9%	-2.9%	0.0%		
total	100.00%	-8.2%		-3.8%	-12.0%	21.5%	-38.1%	-55.7%

<= CDI memo says this should be 57.1% and not 55.7%

Apportionment Impact (this takes place ON TOP OF the other PD changes)

All the figures below are after the impact of AMA guides, etc. but before apportionment

	% of Total Loss	PD as a % Total Loss	PD as a % Indem
serious	27.52%		
not serious	9.49%		
indem	37.01%	14.38%	38.85%
medical	62.99%		
total	100.00%		

(assumes utilization applies equally to all indem)

Derivation of Savings Serious & Not Serious

wcirb 9/15/05 (page A-14, A-15)

	% of total Loss	duration temp	avg. comp temp	\$\$ temp	duration perm	avg. comp perm	\$\$ perm	duration lp	avg. comp lp	\$\$ lp	\$ed. vouchers	\$\$ Total	post-reform total	% Savings f/PD sched.	PD as a % of loss in category
Pre-Reform															
Death	0.46%											na			
Permanent Total	3.87%											na			
Major 70-99.75	4.73%	57.7	408.54	23,573	425.5	239.08	101,729	499.1	81.62	40,737	2,700	168,738	129,669	-23.2%	60.3%
Major 25-69.5	23.59%	38.9	385.92	15,012	151.8	201.78	30,630	0	0	-	1,623	47,265	35,553	-24.8%	64.8%
Total Serious	32.65%														-21.3%
Minor 15-24.75	4.12%	26.3	379.63	9,984	61.8	198.67	12,278	0	0	-	780	23,042	18,477	-19.8%	53.3%
Minor .25-14.75	2.41%	10.5	368.67	3,871	20.2	204.52	4,131	0	0	-	400	8,402	6,832	-18.7%	49.2%
Temporary	3.72%											na			
Non-Serious	10.25%														-12.4%
Savings on Average PD Claim															
Major 70-99.75					(38.00%)	(0.65%)									
Major 25-69.5					(38.00%)	(0.39%)									
Minor 15-24.75					(38.00%)	1.32%									
Minor .25-14.75					(38.00%)	0.00%									
Post-Reform															
Major 70-99.75		57.7	408.54	23,573	263.81	237.52	62,660	499.1	81.62	40,737	2700	129,669			
Major 25-69.5		38.9	385.92	15,012	94.116	201	18,917	0	0	-	1623	35,553			
Minor 15-24.75		26.3	379.63	9,984	38.316	201.29	7,713	0	0	-	780	18,477			
Minor .25-14.75		10.5	368.67	3,871	12.524	204.52	2,561	0	0	-	400	6,832			

BRS: CALCULATION OF RATE CHANGE FOR POLICIES INCEPTING IN 2006 LOW SCENARIO						
	2003	2004	2005	Selected Formula	Source Exhibit	
Medical						
<u>Ultimate Pure Premium</u>						
(1)	Paid Pure Premium	0.12	0.054	na		III-A-7
(2)	Paid LDF	2.426	3.469	na		III-A-7
(3)	Paid Ultimate	0.291	0.187	na	(1)x(2)	III-A-7
<u>Adjustments</u>						
(4)	Medical Cost Adj.	1.276	1.269	1.154		
(5)	Legislative Changes	0.837	0.968			
(6)	Composite Prem. Adj. Factor	0.596	0.526	na		
(7)	<u>On-Level Pure Premium</u>	0.522	0.438		0.480 (3)x(4)x(5)/(6)	Calculated
Indemnity						
<u>Ultimate Pure Premium</u>						
(8)	Paid Pure Premium	0.114	0.041	na		III-A-7
(9)	Paid LDF	2.207	4.29	na		III-A-7
(10)	Paid Ultimate	0.252	0.176	na	(8)x(9)	III-A-7
<u>Benefit Level & Wage Adj.</u>						
(11)	Annual Benefit Change		(7.6%)	(19.9%)	from (12)	BRS
(12)	Factor to 1/1/05 Benefits	0.740	0.801	1.000		Calculated
(13)	Wage Inflation		1.5%	1.2%		A-10
(14)	Factor to 1/1/07 Wages	1.040	1.025	1.013	from (13)	Calculated
(15)	Composite Factor	0.769	0.821		(12)x(14)	Calculated
(16)	<u>Composite Prem. Adj. Factor</u>	0.596	0.5262	na		A-17
(17)	<u>On-Level Pure Premium</u>	0.325	0.274		0.300 (10)x(15)/(16)	Calculated
Rate Change						
		<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>		
(18)	Projected Loss to PP Ratio	0.300	0.480	0.779	(7) & (13)	Calculated
(19)	Additional Impact of AB 749		5.8%	2.6%		A-22
(20)	Projected Loss to PP Ratio after all reforms reflected	0.317	0.482	0.799	(18)x[1+(19)]	Calculated
(21)	Projected Loss Adj. Expense			1.205		A-22
(22)	Loss & LAE to PP Ratio			0.963	(20)x(21)	A-22
(23)	Change in Off-Balance Factor			(1.5%)		A-22
(24)	Indicated Rate Change			(5.2%)	(22)x[1+(23)] - 1	A-22

BRS: SUMMARY OF COST IMPACTS OF AB 749, AB 227, SB 228 AND SB 899 PROVISION INCLUDED 1/1/06 PURE PREMIUM RATE FILING							
Indemnity							
	Effective Date						
	1/1/2003	1/1/2004	4/19/2004	1/1/2005	1/1/2006	1/1/2007	1/1/2008
AB 749	11.2%	11.7%		6.0%	5.8%	0.0%	0.2%
AB 227, SB 228							
- Vocational Rehab.		(12.6%)					
SB 899							
- Apportionment			(2.7%)				
- 2-Year Cap on TD			(5.3%)				
- Multi-tier PD Benefits				(1.8%)			
- # of weeks of PD				(5.4%)			
- New PD Rating Schedule				(16.5%)			
Total	11.2%	(2.4%)	(7.9%)	(17.8%)	5.8%	0.0%	0.2%
Indemnity Trend Factor	0.822	0.740		0.801	1.000	1.000	1.000
	percent after 1/1/05 ==>		32.1%				
Medical							
	Effective Date						
	1/1/2003	1/1/2004	4/19/2004	1/1/2005	1/1/2006	1/1/2007	1/1/2008
AB 749							
- Pharm (generic)	(0.1%)						
- Utilization impact due to change in indemnity benefit	0.9%	1.4%		0.7%	0.6%		
AB 227, SB 228							
- Fee Schedule		(9.4%)		0.3%	0.3%		
- Limit on # of Chiropractic visits		(3.6%)					
- Limit on # of physical therapy visits		(2.5%)					
SB 899							
- Apportionment			(0.3%)				
- 2-Year Cap on TD			(0.6%)				
- Multi-tier PD Benefits				(0.2%)			
- # of weeks of PD				(0.7%)			
- Employers' liability for first aid			0.7%				
- Medical Legal			(0.3%)				
- Utilization due to new PD Rating				(2.0%)			
- Utilization due to MPN's, ACOEM		(10.0%)					
Total	0.8%	(22.3%)	(0.5%)	(1.9%)	0.9%	0.0%	0.0%
Total ex Med Fee, MPN, ACOEM util)	0.8%	(4.7%)	(0.5%)	(1.9%)	0.9%	0.0%	0.0%
Total ex Med Fee Change	0.8%	(14.2%)	(0.5%)	(1.9%)	0.9%	0.0%	0.0%
Med. Trend							
Total	0.764	0.758		0.981	1.000	1.000	1.000
Med. Trend (ex Med Fee, MPN/ACOEM util)	0.938	0.930		0.981	1.000	1.000	1.000
Med. Trend (MPN/ACOEM util)	0.900	0.900		0.987	1.000	1.000	1.000
Med. Trend (ex Med Fee)	0.844	0.837		0.968	1.000	1.000	1.000
	Ex MPN/ACOEM util: percent after 1/1/05 ==>		0.0%				
	ACOEM: Avg. Date implemented ==>		2/15/04	1/1/2004			
	% 2004 Affected ==>		88%	1/1/2005			

BRS WCIRB 9/15/05 (page A-13)

Figures in this color are from WCIRB sheet
Changes are in blue (PD savings & med utilization)

	Reduction			Reduction			PD as a % of total	% reduction PD	% reduction PD
	% of Total Loss	Due to PD ex util	util. factor	utilization savings	Due to PD w/util	ex util			
Serious	32.64%	-14.6%	1.21	-3.1%	-17.7%	18.1%		-26.3%	
Not Serious	10.26%	-8.4%	1.51	-4.2%	-12.6%	3.4%		-25.4%	
Indem	42.90%	-13.1%		-3.4%	-16.5%	21.5%			
Medical	57.10%	0.00%		-2.0%	-2.0%	0.0%			
Total	100.00%	-5.6%		-2.6%	-8.2%	21.5%		-26.2%	-38.2%

Apportionment Impact

(this takes place ON TOP OF the other PD changes)

All the figures below are after the impact of AMA guides, etc. but before apportionment

	% of Total Loss	PD as a % Total Loss	PD as a % Indem	Reduction as a % PD f/Apport.	Reduction as a % Ind f/Apport.
serious	29.25%				
not serious	9.77%				
indem	39.02%	16.72%	42.86%	(5.00%)	(2.14%)
medical	60.98%				
total	100.00%				

(assumes utilization applies equally to all indem)

Derivation of Savings Serious & Not Serious

WCIRB 9/15/05 (page A-14, A-15)

	% of total Loss	duration temp	avg. comp temp	\$\$ temp	duration perm	avg. comp perm	\$\$ perm	duration lp	avg. comp lp	\$\$ lp	\$ed. vouchers	\$\$ Total	post-reform total	% Savings f/PD sched.	PD as a % of loss in category
Pre-Reform															
Death	0.46%										na				
Permanent Total	3.87%										na				
Major 70-99.75	4.73%	57.7	408.54	23,573	425.5	239.08	101,729	499.1	81.62	40,737	2700	168,738	141,797	-16.0%	60.3%
Major 25-69.5	23.59%	38.9	385.92	15,012	151.8	201.78	30,630	0	0	-	1623	47,265	39,214	-17.0%	64.8%
Total Serious	32.65%														-14.6%
Minor 15-24.75	4.12%	26.3	379.63	9,984	61.8	198.67	12,278	0	0	-	780	23,042	19,970	-13.3%	53.3%
Minor .25-14.75	2.41%	10.5	368.67	3,871	20.2	204.52	4,131	0	0	-	400	8,402	7,328	-12.8%	49.2%
Temporary	3.72%										na				
Non-Serious	10.25%														-8.4%
Savings on Average PD Claim															
Major 70-99.75						(26.00%)	(0.65%)								
Major 25-69.5						(26.00%)	(0.39%)								
Minor 15-24.75						(26.00%)	1.32%								
Minor .25-14.75						(26.00%)	0.00%								
Post-Reform															
Major 70-99.75		57.7	408.54	23,573	314.87	237.52	74,788	499.1	81.62	40,737	2700	141,797			
Major 25-69.5		38.9	385.92	15,012	112.332	201	22,579	0	0	-	1623	39,214			
Minor 15-24.75		26.3	379.63	9,984	45.732	201.29	9,205	0	0	-	780	19,970			
Minor .25-14.75		10.5	368.67	3,871	14.948	204.52	3,057	0	0	-	400	7,328			

**BRS: Calculation of Rate Change for Policies Incepting in 2006
Middle Scenario**

		2003	2004	2005	Selected	Formula	Source Exhibit
Medical							
Ultimate Pure Premium							
(1)	Paid Pure Premium	0.12	0.054	na			III-A-7
(2)	Paid LDF	2.426	3.469	na			III-A-7
(3)	Paid Ultimate	0.291	0.187	na		(1)x(2)	III-A-7
Adjustments							
(4)	Medical Cost Adj.	1.189	1.184	1.107			
(5)	Legislative Changes	0.732	0.924				
(6)	Composite Prem. Adj. Factor	0.596	0.526	na			
(7)	On-Level Pure Premium	0.425	0.390		0.407	(3)x(4)x(5)/(6)	Calculated
Indemnity							
Ultimate Pure Premium							
(8)	Paid Pure Premium	0.114	0.041	na			III-A-7
(9)	Paid LDF	2.207	4.29	na			III-A-7
(10)	Paid Ultimate	0.252	0.176	na		(8)x(9)	III-A-7
Benefit Level & Wage Adj.							
(11)	Annual Benefit Change		(8.4%)	(31.7%)		from (12)	BRS
(12)	Factor to 1/1/05 Benefits	0.626	0.683	1.000			Calculated
(13)	Wage Inflation		1.5%	1.2%			A-10
(14)	Factor to 1/1/07 Wages	1.040	1.025	1.013		from (13)	Calculated
(15)	Composite Factor	0.651	0.700			(12)x(14)	Calculated
(16)	Composite Prem. Adj. Factor	0.596	0.5262	na			A-17
(17)	On-Level Pure Premium	0.275	0.234		0.254	(10)x(15)/(16)	Calculated
Rate Change							
			Indemnity	Medical	Total		
(18)	Projected Loss to PP Ratio		0.254	0.407	0.662	(7) & (13)	Calculated
(19)	Additional Impact of AB 749		5.8%	0.6%	2.6%		A-22
(20)	Projected Loss to PP Ratio after all reforms reflected		0.269	0.409	0.678	(18)x[1+(19)]	Calculated
(21)	Projected Loss Adj. Expense				1.205		A-22
(22)	Loss & LAE to PP Ratio				0.818	(20)x(21)	A-22
(23)	Change in Off-Balance Factor				(1.5%)		A-22
(24)	Indicated Rate Change				(19.5%)	(22)x[1+(23)] - 1	A-22

**BRS: SUMMARY OF COST IMPACTS OF AB 749, AB 227, SB 228 AND
SB 899 PROVISION INCLUDED 1/1/06 PURE PREMIUM RATE FILING
Middle Scenario**

Indemnity

	Effective Date						
	1/1/2003	1/1/2004	4/19/2004	1/1/2005	1/1/2006	1/1/2007	1/1/2008
AB 749	11.2%	11.7%		6.0%	5.8%	0.0%	0.2%
AB 227, SB 228							
- Vocational Rehab.		(12.6%)					
SB 899							
- Apportionment			(3.9%)				
- 2-Year Cap on TD			(5.3%)				
- Multi-tier PD Benefits				(1.8%)			
- # of weeks of PD				(5.4%)			
- New PD Rating Schedule				(28.5%)			
Total	11.2%	(2.4%)	(9.0%)	(29.6%)	5.8%	0.0%	0.2%
Indemnity Trend Factor	0.696	0.626		0.683	1.000	1.000	1.000
	percent after 1/1/05 ==>		32.1%				

Medical

	Effective Date						
	1/1/2003	1/1/2004	4/19/2004	1/1/2005	1/1/2006	1/1/2007	1/1/2008
AB 749							
- Pharm (generic)	(0.1%)						
- Utilization impact due to change in indemnity benefit	0.9%	1.4%		0.7%	0.6%		
AB 227, SB 228							
- Fee Schedule		(9.4%)		0.3%	0.3%		
- Limit on # of Chiropractic visits		(3.6%)					
- Limit on # of physical therapy visits		(2.5%)					
SB 899							
- Apportionment			(0.5%)				
- 2-Year Cap on TD			(0.6%)				
- Multi-tier PD Benefits				(0.2%)			
- # of weeks of PD				(0.7%)			
- Employers' liability for first aid			0.7%				
- Medical Legal			(0.3%)				
- Utilization due to new PD Rating				(3.4%)			
- Utilization due to MPN's, ACOEM		(20.0%)					
Total	0.8%	(30.9%)	(0.7%)	(3.3%)	0.9%	0.0%	0.0%
Total ex Med Fee, MPN,ACOEM util)	0.8%	(4.7%)	(0.7%)	(3.3%)	0.9%	0.0%	0.0%
Total ex Med Fee Change	0.8%	(23.8%)	(0.7%)	(3.3%)	0.9%	0.0%	0.0%
Med. Trend							
Total	0.669	0.663		0.967	1.000	1.000	1.000
Med. Trend (ex Med Fee, MPN/ACOEM util)	0.922	0.915		0.967	1.000	1.000	1.000
Med. Trend (MPN/ACOEM util)	0.800	0.800		0.956	1.000	1.000	1.000
Med. Trend (ex Med Fee)	0.738	0.732		0.924	1.000	1.000	1.000
	Ex MPN/ACOEM util: percent after 1/1/05 ==>		0.0%				
	ACOEM: Avg. Date implemented ==>		3/15/04	1/1/2004			
	% 2004 Affected ==>		80%	1/1/2005			

Middle Scenario BRS								
wcirb 9/15/05 (page A-13) Figures in this color are from WCIRB sheet Changes are in blue (PD savings & med utilization)								
	% of Total Loss	Reduction Due to PD ex util	util. factor	utilization savings	Reduction Due to PD w/util	PD as a % of total	% reduction PD	% reduction PD
						ex util	w/util	
serious	32.64%	-25.1%	1.21	-5.4%	-30.5%	18.1%	-45.2%	
not serious	10.26%	-14.7%	1.51	-7.4%	-22.1%	3.4%	-44.6%	
indem	42.90%	-22.6%		-5.9%	-28.5%	21.5%		
medical	57.10%	0.00%		-3.4%	-3.4%	0.0%		
total	100.00%	-9.7%		-4.5%	-14.2%	21.5%	-45.1%	-65.9%

Apportionment impact (this takes place ON TOP OF the other PD changes) All the figures below are after the impact of AMA guides, etc. but before apportionment					
	% of Total Loss	PD as a % Total Loss	PD as a % Indem	Reduction as a % PD f/Apport.	Reduction as a % Ind f/Apport.
serious	26.43%				
not serious	9.31%				
indem	35.75%	12.96%	36.24%	(8.50%)	(3.08%)
medical	64.25%				
total	100.00%				

(assumes utilization applies equally to all indem)

Derivation of Savings Serious & Not Serious

	% of total Loss	duration temp	avg. comp temp	\$\$ temp	duration perm	avg. comp perm	\$\$ perm	duration lp	avg. comp lp	\$\$ lp	\$ed. vouchers	\$\$ Total	post-reform total	% Savings f/PD sched.	PD as a % of loss in category
Pre-Reform															
Death	0.46%											na			
Permanent Total	3.87%											na			
Major 70-99.75	4.73%	57.7	408.54	23,573	425.5	239.08	101,729	499.1	81.62	40,737	2700	168,738	122,595	-27.3%	60.3%
Major 25-69.5	23.59%	38.9	385.92	15,012	151.8	201.78	30,630	0	0	-	1623	47,265	33,417	-29.3%	64.8%
Total Serious	32.65%														-25.1%
Minor 15-24.75	4.12%	26.3	379.63	9,984	61.8	198.67	12,278	0	0	-	780	23,042	17,606	-23.6%	53.3%
Minor .25-14.75	2.41%	10.5	368.67	3,871	20.2	204.52	4,131	0	0	-	400	8,402	6,543	-22.1%	49.2%
Temporary	3.72%											na			
Non-Serious	10.25%														-14.7%
Savings on Average PD Claim															
Major 70-99.75						(45.00%)	(0.65%)								
Major 25-69.5						(45.00%)	(0.39%)								
Minor 15-24.75						(45.00%)	1.32%								
Minor .25-14.75						(45.00%)	0.00%								
Post-Reform															
Major 70-99.75		57.7	408.54	23,573	234.025	237.52	55,586	499.1	81.62	40,737	2700	122,595			
Major 25-69.5		38.9	385.92	15,012	83.49	201	16,781	0	0	-	1623	33,417			
Minor 15-24.75		26.3	379.63	9,984	33.99	201.29	6,842	0	0	-	780	17,606			
Minor .25-14.75		10.5	368.67	3,871	11.11	204.52	2,272	0	0	-	400	6,543			

**BRS: Calculation of Rate Change for Policies Incepting in 2006
High Scenario**

	2003	2004	2005	Selected	Formula	Source Exhibit
Medical						
Ultimate Pure Premium						
(1)	Paid Pure Premium	0.12	0.054	na		III-A-7
(2)	Paid LDF	2.426	3.469	na		III-A-7
(3)	Paid Ultimate	0.291	0.187	na	(1)x(2)	III-A-7
Adjustments						
(4)	Medical Cost Adj.	1.105	1.103	1.061		
(5)	Legislative Changes	0.632	0.862			
(6)	Composite Prem. Adj. Factor	0.596	0.526	na		
(7)	On-Level Pure Premium	0.342	0.339	0.339	(3)x(4)x(5)/(6)	Calculated
Indemnity						
Ultimate Pure Premium						
(8)	Paid Pure Premium	0.114	0.041	na		III-A-7
(9)	Paid LDF	2.207	4.29	na		III-A-7
(10)	Paid Ultimate	0.252	0.176	na	(8)x(9)	III-A-7
Benefit Level & Wage Adj.						
(11)	Annual Benefit Change		(8.8%)	(40.8%)	from (12)	BRS
(12)	Factor to 1/1/05 Benefits	0.539	0.592	1.000		Calculated
(13)	Wage Inflation		1.5%	1.2%		A-10
(14)	Factor to 1/1/07 Wages	1.040	1.025	1.013	from (13)	Calculated
(15)	Composite Factor	0.561	0.606		(12)x(14)	Calculated
(16)	Composite Prem. Adj. Factor	0.596	0.5262	na		A-17
(17)	On-Level Pure Premium	0.237	0.203	0.203	(10)x(15)/(16)	Calculated
Rate Change						
			Indemnity	Medical	Total	
(18)	Projected Loss to PP Ratio		0.203	0.339	0.541	(7) & (13) Calculated
(19)	Additional Impact of AB 749		5.8%	0.6%	2.5%	A-22
(20)	Projected Loss to PP Ratio after all reforms reflected		0.214	0.340	0.555	(18)x[1+(19)] Calculated
(21)	Projected Loss Adj. Expense				1.205	A-22
(22)	Loss & LAE to PP Ratio				0.668	(20)x(21) A-22
(23)	Change in Off-Balance Factor				(1.5%)	A-22
(24)	Indicated Rate Change				(34.2%)	(22)x[1+(23)] - 1 A-22