

SERFF Tracking Number: CNAC-125301539 State: Arkansas
Filing Company: Continental Casualty Company State Tracking Number: AR-PC-07-026189
Company Tracking Number: 07-2160R
TOI: 17.0 Other Liability - Claims Made/Occurrence Sub-TOI: 17.0022 Other
Product Name: Contractual Liability Policy
Project Name/Number: /07-2160

Filing at a Glance

Company: Continental Casualty Company

Product Name: Contractual Liability Policy

TOI: 17.0 Other Liability - Claims

Made/Occurrence

Sub-TOI: 17.0022 Other

Filing Type: Rate

SERFF Tr Num: CNAC-125301539 State: Arkansas

SERFF Status: Closed

State Tr Num: AR-PC-07-026189

Co Tr Num: 07-2160R

Co Status:

State Status:

Reviewer(s): Betty Montesi, Edith

Roberts, Brittany Yielding

Disposition Date: 10/01/2007

Disposition Status: Filed

Effective Date (New):

Effective Date (Renewal):

Effective Date Requested (New): 11/01/2007

Effective Date Requested (Renewal): 11/01/2007

General Information

Project Name:

Project Number: 07-2160

Reference Organization:

Reference Title:

Filing Status Changed: 10/01/2007

State Status Changed: 09/24/2007

Corresponding Filing Tracking Number:

Filing Description:

Status of Filing in Domicile: Pending

Domicile Status Comments:

Reference Number: 07-2160

Advisory Org. Circular:

Deemer Date:

On behalf of Continental Casualty Company, we hereby submit for your review and approval the attached forms and rates for use with our Contractual Liability Program. Please see the attached Forms Filing Memorandum for further details regarding this filing and a listing of all new forms contained in the filing.

Company and Contact

Filing Contact Information

Morris Micaah, Regulatory Filing Technician

40 Wall Street

micaah.morris@cna.com

(212) 440-2319 [Phone]

SERFF Tracking Number: CNAC-125301539 State: Arkansas
Filing Company: Continental Casualty Company State Tracking Number: AR-PC-07-026189
Company Tracking Number: 07-2160R
TOI: 17.0 Other Liability - Claims Made/Occurrence Sub-TOI: 17.0022 Other
Product Name: Contractual Liability Policy
Project Name/Number: /07-2160

New York, NY 10005

(212) 440-2877[FAX]

Filing Company Information

Continental Casualty Company

CoCode: 20443

State of Domicile: Illinois

40 Wall Street

Group Code: 218

Company Type:

9th Floor

New York, NY 10005

Group Name:

State ID Number:

(212) 440-3478 ext. [Phone]

FEIN Number: 36-2114545

SERFF Tracking Number: CNAC-125301539 State: Arkansas
Filing Company: Continental Casualty Company State Tracking Number: AR-PC-07-026189
Company Tracking Number: 07-2160R
TOI: 17.0 Other Liability - Claims Made/Occurrence Sub-TOI: 17.0022 Other
Product Name: Contractual Liability Policy
Project Name/Number: /07-2160

Filing Fees

Fee Required? No
Retaliatory? No
Fee Explanation:
Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Continental Casualty Company	\$0.00	09/24/2007	

CHECK NUMBER	CHECK AMOUNT	CHECK DATE
0000203757	\$100.00	09/19/2007

SERFF Tracking Number: CNAC-125301539 State: Arkansas
Filing Company: Continental Casualty Company State Tracking Number: AR-PC-07-026189
Company Tracking Number: 07-2160R
TOI: 17.0 Other Liability - Claims Made/Occurrence Sub-TOI: 17.0022 Other
Product Name: Contractual Liability Policy
Project Name/Number: /07-2160

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Edith Roberts	10/01/2007	10/01/2007

SERFF Tracking Number: CNAC-125301539 *State:* Arkansas
Filing Company: Continental Casualty Company *State Tracking Number:* AR-PC-07-026189
Company Tracking Number: 07-2160R
TOI: 17.0 Other Liability - Claims Made/Occurrence *Sub-TOI:* 17.0022 Other
Product Name: Contractual Liability Policy
Project Name/Number: /07-2160

Disposition

Disposition Date: 10/01/2007

Effective Date (New):

Effective Date (Renewal):

Status: Filed

Comment:

Rate data does NOT apply to filing.

SERFF Tracking Number: CNAC-125301539 State: Arkansas
 Filing Company: Continental Casualty Company State Tracking Number: AR-PC-07-026189
 Company Tracking Number: 07-2160R
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 Product Name: Contractual Liability Policy
 Project Name/Number: /07-2160

Item Type	Item Name	Item Status	Public Access
Supporting Document	Cover Letter	Filed	Yes
Supporting Document	Memo & Exhibits	Filed	Yes
Supporting Document	Transmittal	Filed	Yes
Rate	Exhibit 1	Filed	Yes
Rate	Exhibit 2	Filed	Yes
Rate	Exhibit 3	Filed	Yes
Rate	Exhibit 4	Filed	Yes
Rate	Exhibit 5	Filed	Yes
Rate	Exhibit 6	Filed	Yes
Rate	Exhibit 7	Filed	Yes
Rate	Exhibit 8	Filed	Yes
Rate	Exhibit 9	Filed	Yes
Rate	Exhibit 10	Filed	Yes
Rate	Exhibit 11	Filed	Yes
Rate	Exhibit 12	Filed	Yes
Rate	Appendix	Filed	Yes

SERFF Tracking Number: CNAC-125301539 *State:* Arkansas
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Company Tracking Number: 07-2160R
TOI: 17.0 Other Liability - Claims Made/Occurrence *Sub-TOI:* 17.0022 Other
Product Name: Contractual Liability Policy
Project Name/Number: /07-2160

Rate Information

Rate data does NOT apply to filing.

SERFF Tracking Number: CNAC-125301539 State: Arkansas
 Filing Company: Continental Casualty Company State Tracking Number: AR-PC-07-026189
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 Product Name: Contractual Liability Policy
 Project Name/Number: /07-2160

Rate/Rule Schedule

Review Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Attachments Number:
Filed	Exhibit 1		New	07-2160 Actuarial Exhibit1.pdf
Filed	Exhibit 2		New	07-2160 Actuarial Exhibit2.pdf
Filed	Exhibit 3		New	07-2160 Actuarial Exhibit3.pdf
Filed	Exhibit 4		New	07-2160 Actuarial Exhibit4.pdf
Filed	Exhibit 5		New	07-2160 Actuarial Exhibit5.pdf
Filed	Exhibit 6		New	07-2160 Actuarial Exhibit6.pdf
Filed	Exhibit 7		New	07-2160 Actuarial Exhibit7.pdf
Filed	Exhibit 8		New	07-2160 Actuarial Exhibit8.pdf
Filed	Exhibit 9		New	07-2160 Actuarial Exhibit9.pdf
Filed	Exhibit 10		New	07-2160 Actuarial

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Exhibit10.pdf

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Product Name: Contractual Liability Policy
Project Name/Number: /07-2160

Filed	Exhibit 11		New	07-2160 Actuarial Exhibit11.pdf
Filed	Exhibit 12		New	07-2160 Actuarial Exhibit12.pdf
Filed	Appendix	1-5	New	07-2160 Actuarial Appendix I-V.pdf

Exhibit 1
Continental Casualty Company
- Contractual Liability Rate Summary -
Automobile GAP and GAP Plus Coverage

	<u>New¹</u>	<u>Near New²</u>	<u>Used³</u>	<u>Total</u>
Pure Loss Cost (PLC):	\$92	\$30	\$38	\$55
Permissible Loss Ratio⁴:	92.1%	92.1%	92.1%	92.1%
Premium:	\$100	\$33	\$41	\$60
Production Weight:	0.366	0.292	0.342	1.000

GAP Base Rate Assumptions				
1. Financed Amount				
MSRP	\$27,500	\$20,625	\$18,068	\$22,267
Finance Ratio	<u>1.090</u>	<u>1.090</u>	<u>1.090</u>	<u>1.090</u>
Total Financed	\$29,975	\$22,481	\$19,694	\$24,271
2. Ancillary Payments				
Monthly Loan P&I	\$932	\$699	\$612	\$754
Allowance & Deductible	318	551	638	496
Gap Plus	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Ancillary	\$1,250	\$1,250	\$1,250	\$1,250
3. Loan Terms				
Term	62	62	62	62
Annual Rate	10.00%	10.00%	10.00%	10.00%
Monthly Payment	\$621.04	\$465.78	\$408.02	\$503
4. Claim Frequency				
Annual Rate	1.00%	1.00%	1.00%	1.00%

Notes:

¹ "New" PLC is from Exhibit 2, Column (10), Row "Pure Premium Per Vehicle"

² "Near New" PLC is from Exhibit 3, Column (10), Row "Pure Premium Per Vehicle"

³ "Used" PLC is from Exhibit 4, Column (10), Row "Pure Premium Per Vehicle"

⁴ Permissible Loss Ratio from Exhibit 6, Row (13)

Exhibit 2
Continental Casualty Company
Automobile GAP and GAP Plus Coverage - New

New		Ancillary Benefits (AB)		Loan Assumptions		Loan Information		Claim Frequency	
MSRP1:	\$27,500	Mo Pmt:	\$931.56	Term:	62	Mo Pmt Amt:	(\$621.04)	Annual:	1.000%
Finance Ratio:	1.090	Deductible:	318.44	Annual Rate:	10.0%	Total Pmts:	(\$38,504.40)	Monthly:	0.083%
Total Loan:	\$29,975	GAP Plus:	0.00	Mo Rate:	0.83%	Total Int:	(\$8,529.40)		
Notes:		AB Total:	\$1,250.00						

1 Reference: Automotive News 2003 Market Data Book

(1)	(2)	(3)	(4)	(5)	(6)	(7)=MSRPx(5)	(8)=(6)-(7)	(9)	(10)=[(8)+(9)] x 0.083%
Elapsed Months	Cumulative Payment	Cumulative Interest	Loan Amortization	Automobile Depreciation	Loan Balance	Automobile Value	GAP Amount	Ancillary Benefits (AB)	Pure Risk Premium
1	\$621.04	(\$249.79)	0.988	0.904	\$29,615	\$24,860	\$4,755	\$1,250	\$5.00
2	1,242.08	(496.49)	0.975	0.894	29,226	24,585	4,641	1,250	\$4.91
3	1,863.12	(740.07)	0.963	0.884	28,866	24,310	4,556	1,250	\$4.84
4	2,484.15	(980.50)	0.950	0.874	28,476	24,035	4,441	1,250	\$4.74
5	3,105.19	(1,217.76)	0.937	0.865	28,087	23,788	4,299	1,250	\$4.62
6	3,726.23	(1,451.83)	0.924	0.855	27,697	23,513	4,184	1,250	\$4.53
7	4,347.27	(1,682.66)	0.911	0.846	27,307	23,265	4,042	1,250	\$4.41
8	4,968.31	(1,910.25)	0.898	0.837	26,918	23,018	3,900	1,250	\$4.29
9	5,589.35	(2,134.56)	0.885	0.828	26,528	22,770	3,758	1,250	\$4.17
10	6,210.39	(2,355.56)	0.871	0.819	26,108	22,523	3,586	1,250	\$4.03
11	6,831.42	(2,573.23)	0.858	0.810	25,719	22,275	3,444	1,250	\$3.91
12	7,452.46	(2,787.53)	0.844	0.801	25,299	22,028	3,271	1,250	\$3.77
13	8,073.50	(2,998.45)	0.831	0.792	24,909	21,780	3,129	1,250	\$3.65
14	8,694.54	(3,205.95)	0.817	0.784	24,490	21,560	2,930	1,250	\$3.48
15	9,315.58	(3,410.00)	0.803	0.775	24,070	21,313	2,757	1,250	\$3.34
16	9,936.62	(3,610.58)	0.789	0.767	23,650	21,093	2,558	1,250	\$3.17
17	10,557.66	(3,807.66)	0.775	0.758	23,231	20,845	2,386	1,250	\$3.03
18	11,178.70	(4,001.20)	0.761	0.750	22,811	20,625	2,186	1,250	\$2.86
19	11,799.73	(4,191.18)	0.746	0.742	22,361	20,405	1,956	1,250	\$2.67
20	12,420.77	(4,377.57)	0.732	0.734	21,942	20,185	1,757	1,250	\$2.51
21	13,041.81	(4,560.33)	0.717	0.726	21,492	19,965	1,527	1,250	\$2.31
22	13,662.85	(4,739.44)	0.702	0.718	21,042	19,745	1,297	1,250	\$2.12
23	14,283.89	(4,914.87)	0.687	0.710	20,593	19,525	1,068	1,250	\$1.93
24	14,904.93	(5,086.59)	0.672	0.702	20,143	19,305	838	1,250	\$1.74
25	15,525.97	(5,254.56)	0.657	0.694	19,694	19,085	609	1,250	\$1.55
26	16,147.00	(5,418.76)	0.642	0.687	19,244	18,893	351	1,250	\$1.33
27	16,768.04	(5,579.15)	0.627	0.679	18,794	18,673	122	1,250	\$1.14
28	17,389.08	(5,735.70)	0.611	0.672	18,315	18,480	(165)	1,250	\$0.90
29	18,010.12	(5,888.38)	0.596	0.665	17,865	18,288	(422)	1,250	\$0.69
30	18,631.16	(6,037.16)	0.580	0.657	17,386	18,068	(682)	1,250	\$0.47
31	19,252.20	(6,182.00)	0.564	0.650	16,906	17,875	(969)	1,250	\$0.23
32	19,873.24	(6,322.87)	0.548	0.643	16,426	17,683	(1,256)	0	\$0.00
33	20,494.27	(6,459.74)	0.532	0.636	15,947	17,490	(1,543)	0	\$0.00
34	21,115.31	(6,592.58)	0.516	0.629	15,467	17,298	(1,830)	0	\$0.00
35	21,736.35	(6,721.35)	0.499	0.622	14,958	17,105	(2,147)	0	\$0.00
36	22,357.39	(6,846.02)	0.483	0.615	14,478	16,913	(2,435)	0	\$0.00
37	22,978.43	(6,966.55)	0.466	0.609	13,968	16,748	(2,779)	0	\$0.00
38	23,599.47	(7,082.91)	0.449	0.602	13,459	16,555	(3,096)	0	\$0.00
39	24,220.51	(7,195.06)	0.432	0.595	12,949	16,363	(3,413)	0	\$0.00
40	24,841.55	(7,302.97)	0.415	0.589	12,440	16,198	(3,758)	0	\$0.00
41	25,462.58	(7,406.61)	0.398	0.583	11,930	16,033	(4,102)	0	\$0.00
42	26,083.62	(7,505.93)	0.380	0.576	11,391	15,840	(4,450)	0	\$0.00
43	26,704.66	(7,600.91)	0.363	0.570	10,881	15,675	(4,794)	0	\$0.00
44	27,325.70	(7,691.51)	0.345	0.564	10,341	15,510	(5,169)	0	\$0.00
45	27,946.74	(7,777.68)	0.327	0.557	9,802	15,318	(5,516)	0	\$0.00
46	28,567.78	(7,859.40)	0.309	0.551	9,262	15,153	(5,890)	0	\$0.00
47	29,188.82	(7,936.62)	0.291	0.545	8,723	14,988	(6,265)	0	\$0.00
48	29,809.85	(8,009.31)	0.273	0.539	8,183	14,823	(6,639)	0	\$0.00
49	30,430.89	(8,077.43)	0.254	0.534	7,614	14,685	(7,071)	0	\$0.00
50	31,051.93	(8,140.94)	0.236	0.528	7,074	14,520	(7,446)	0	\$0.00
51	31,672.97	(8,199.81)	0.217	0.522	6,505	14,355	(7,850)	0	\$0.00
52	32,294.01	(8,253.99)	0.198	0.516	5,935	14,190	(8,255)	0	\$0.00
53	32,915.05	(8,303.45)	0.179	0.511	5,366	14,053	(8,687)	0	\$0.00
54	33,536.09	(8,348.14)	0.160	0.505	4,796	13,888	(9,092)	0	\$0.00
55	34,157.12	(8,388.03)	0.140	0.500	4,197	13,750	(9,554)	0	\$0.00
56	34,778.16	(8,423.08)	0.121	0.494	3,627	13,585	(9,958)	0	\$0.00
57	35,399.20	(8,453.25)	0.101	0.489	3,027	13,448	(10,420)	0	\$0.00
58	36,020.24	(8,478.49)	0.081	0.483	2,428	13,283	(10,855)	0	\$0.00
59	36,641.28	(8,498.77)	0.061	0.478	1,828	13,145	(11,317)	0	\$0.00
60	37,262.32	(8,514.04)	0.041	0.473	1,229	13,008	(11,779)	0	\$0.00

Macaulay Duration: 0.9603 years
Modified Duration: 0.9209 years

Pure Premium Per Vehicle:	\$92.38
Permissible Loss Ratio:	92.1%
Premium Per Vehicle:	\$100.35

Exhibit 3
Continental Casualty Company
Automobile GAP and GAP Plus Coverage - Near-New

New		Ancillary Benefits (AB)		Loan Assumptions		Loan Information		Claim Frequency	
Value @ 18 Mos.	\$20,625	Mo Pmt:	\$698.67	Term:	62	Mo Pmt Amt:	(\$465.78)	Annual:	1.000%
Finance Ratio:	1.090	Deductible:	\$551.33	Annual Rate:	10.0%	Total Pmts:	(\$28,878.30)	Monthly:	0.083%
Total Loan:	\$22,481	GAP Plus:	\$0.00	Mo Rate:	0.83%	Total Int:	(\$6,397.05)		
		AB Total:	\$1,250.00						

Notes:
1 Reference: Automotive News 2003 Market Data Book

(1)	(2)	(3)	(4)	(5)	(6)	(7)=MSRPx(5)	(8)=(6)-(7)	(9)	(10)=(8)+(9) x 0.083%
Elapsed Months	Cumulative Payment	Cumulative Interest	Loan Amortization	Automobile Depreciation	Loan Balance	Automobile Value	GAP Amount	Ancillary Benefits	Pure Risk Premium
1	\$465.78	(\$187.34)	0.988	1.000	\$22,211	\$20,625	\$1,586	\$1,250	\$2.36
2	931.56	(372.37)	0.975	1.000	21,919	20,625	1,294	1,250	\$2.12
3	1,397.34	(555.05)	0.963	0.993	21,649	20,481	1,169	1,250	\$2.02
4	1,863.12	(735.38)	0.950	0.982	21,357	20,254	1,103	1,250	\$1.96
5	2,328.89	(913.32)	0.937	0.971	21,065	20,027	1,038	1,250	\$1.91
6	2,794.67	(1,088.87)	0.924	0.961	20,773	19,821	952	1,250	\$1.84
7	3,260.45	(1,262.00)	0.911	0.950	20,480	19,594	887	1,250	\$1.78
8	3,726.23	(1,432.69)	0.898	0.940	20,188	19,388	801	1,250	\$1.71
9	4,192.01	(1,600.92)	0.885	0.930	19,896	19,181	715	1,250	\$1.64
10	4,657.79	(1,766.67)	0.871	0.920	19,581	18,975	606	1,250	\$1.55
11	5,123.57	(1,929.92)	0.858	0.910	19,289	18,769	520	1,250	\$1.48
12	5,589.35	(2,090.65)	0.844	0.900	18,974	18,563	412	1,250	\$1.38
13	6,055.13	(2,248.84)	0.831	0.890	18,682	18,356	326	1,250	\$1.31
14	6,520.91	(2,404.46)	0.817	0.881	18,367	18,171	197	1,250	\$1.21
15	6,986.68	(2,557.50)	0.803	0.871	18,052	17,964	88	1,250	\$1.12
16	7,452.46	(2,707.94)	0.789	0.862	17,738	17,779	(41)	1,250	\$1.01
17	7,918.24	(2,855.74)	0.775	0.852	17,423	17,573	(150)	1,250	\$0.92
18	8,384.02	(3,000.90)	0.761	0.843	17,108	17,387	(279)	1,250	\$0.81
19	8,849.80	(3,143.38)	0.746	0.834	16,771	17,201	(430)	1,250	\$0.68
20	9,315.58	(3,283.17)	0.732	0.825	16,456	17,016	(559)	1,250	\$0.58
21	9,781.36	(3,420.25)	0.717	0.816	16,119	16,830	(711)	1,250	\$0.45
22	10,247.14	(3,554.58)	0.702	0.807	15,782	16,644	(863)	1,250	\$0.32
23	10,712.92	(3,686.16)	0.687	0.799	15,445	16,479	(1,035)	1,250	\$0.18
24	11,178.70	(3,814.94)	0.672	0.790	15,107	16,294	(1,186)	1,250	\$0.05
25	11,644.47	(3,940.92)	0.657	0.781	14,770	16,108	(1,338)	0	\$0.00
26	12,110.25	(4,064.07)	0.642	0.773	14,433	15,943	(1,510)	0	\$0.00
27	12,576.03	(4,184.36)	0.627	0.765	14,096	15,778	(1,682)	0	\$0.00
28	13,041.81	(4,301.77)	0.611	0.756	13,736	15,593	(1,856)	0	\$0.00
29	13,507.59	(4,416.28)	0.596	0.748	13,399	15,428	(2,029)	0	\$0.00
30	13,973.37	(4,527.87)	0.580	0.740	13,039	15,263	(2,223)	0	\$0.00
31	14,439.15	(4,636.50)	0.564	0.732	12,679	15,098	(2,418)	0	\$0.00
32	14,904.93	(4,742.15)	0.548	0.724	12,320	14,933	(2,613)	0	\$0.00
33	15,370.71	(4,844.81)	0.532	0.716	11,960	14,768	(2,807)	0	\$0.00
34	15,836.49	(4,944.44)	0.516	0.709	11,600	14,623	(3,023)	0	\$0.00
35	16,302.26	(5,041.01)	0.499	0.701	11,218	14,458	(3,240)	0	\$0.00
36	16,768.04	(5,134.51)	0.483	0.693	10,858	14,293	(3,435)	0	\$0.00
37	17,233.82	(5,224.91)	0.466	0.686	10,476	14,149	(3,672)	0	\$0.00
38	17,699.60	(5,312.18)	0.449	0.678	10,094	13,984	(3,890)	0	\$0.00
39	18,165.38	(5,396.29)	0.432	0.671	9,712	13,839	(4,127)	0	\$0.00
40	18,631.16	(5,477.23)	0.415	0.664	9,330	13,695	(4,365)	0	\$0.00
41	19,096.94	(5,554.96)	0.398	0.657	8,948	13,551	(4,603)	0	\$0.00
42	19,562.72	(5,629.45)	0.380	0.650	8,543	13,406	(4,863)	0	\$0.00
43	20,028.50	(5,700.68)	0.363	0.643	8,161	13,262	(5,101)	0	\$0.00
44	20,494.27	(5,768.63)	0.345	0.636	7,756	13,118	(5,361)	0	\$0.00
45	20,960.05	(5,833.26)	0.327	0.629	7,351	12,973	(5,622)	0	\$0.00
46	21,425.83	(5,894.55)	0.309	0.622	6,947	12,829	(5,882)	0	\$0.00
47	21,891.61	(5,952.46)	0.291	0.615	6,542	12,684	(6,142)	0	\$0.00
48	22,357.39	(6,006.98)	0.273	0.609	6,137	12,561	(6,423)	0	\$0.00
49	22,823.17	(6,058.07)	0.254	0.602	5,710	12,416	(6,706)	0	\$0.00
50	23,288.95	(6,105.71)	0.236	0.595	5,306	12,272	(6,966)	0	\$0.00
51	23,754.73	(6,149.86)	0.217	0.589	4,878	12,148	(7,270)	0	\$0.00
52	24,220.51	(6,190.49)	0.198	0.583	4,451	12,024	(7,573)	0	\$0.00
53	24,686.29	(6,227.59)	0.179	0.576	4,024	11,880	(7,856)	0	\$0.00
54	25,152.06	(6,261.11)	0.160	0.570	3,597	11,756	(8,159)	0	\$0.00
55	25,617.84	(6,291.03)	0.140	0.564	3,147	11,633	(8,485)	0	\$0.00
56	26,083.62	(6,317.31)	0.121	0.558	2,720	11,509	(8,789)	0	\$0.00
57	26,549.40	(6,339.94)	0.101	0.552	2,271	11,385	(9,114)	0	\$0.00
58	27,015.18	(6,358.87)	0.081	0.546	1,821	11,261	(9,440)	0	\$0.00
59	27,480.96	(6,374.08)	0.061	0.540	1,371	11,138	(9,766)	0	\$0.00
60	27,946.74	(6,385.53)	0.041	0.534	922	11,014	(10,092)	0	\$0.00

Macaulay Duration: 0.7380 years
Modified Duration: 0.7077 years

Pure Premium Per Vehicle:	\$30.37
Permissible Loss Ratio:	92.1%
Premium Per Vehicle:	\$32.99

Exhibit 4
Continental Casualty Company
Automobile GAP and GAP Plus Coverage - Used

New		Ancillary Benefits (AB)		Loan Assumptions		Loan Information		Claim Frequency	
Value @ 30 Mos.	\$18,068	Mo Pmt:	\$612.03	Term:	62	Mo Pmt Amt:	(\$408.02)	Annual:	1.000%
Finance Ratio:	1.090	Deductible:	\$637.97	Annual Rate:	10.0%	Total Pmts:	(\$25,297.39)	Monthly:	0.083%
Total Loan:	\$19,694	AB Total:	\$0.00	Mo Rate:	0.83%	Total Int:	(\$5,603.81)		
			\$1,250.00						

Notes:

1 Reference: Automotive News 2003 Market Data Book

(1)	(2)	(3)	(4)	(5)	(6)	(7)=MSRPx(5)	(8)=(6)-(7)	(9)	(10)=[(8)+(9)] x 0.083%
Elapsed Months	Cumulative Payment	Cumulative Interest	Loan Amortization	Automobile Depreciation	Loan Balance	Automobile Value	GAP Amount	Ancillary Benefits	Pure Risk Premium
1	\$408.02	(\$164.11)	0.988	0.988	\$19,457	\$17,851	\$1,607	\$1,250	\$2.38
2	816.04	(326.19)	0.975	0.978	19,201	17,670	1,531	1,250	\$2.32
3	1,224.07	(486.22)	0.963	0.967	18,965	17,471	1,494	1,250	\$2.29
4	1,632.09	(644.19)	0.950	0.957	18,709	17,291	1,418	1,250	\$2.22
5	2,040.11	(800.07)	0.937	0.947	18,453	17,110	1,343	1,250	\$2.16
6	2,448.13	(953.85)	0.924	0.937	18,197	16,929	1,268	1,250	\$2.10
7	2,856.16	(1,105.51)	0.911	0.927	17,941	16,749	1,192	1,250	\$2.04
8	3,264.18	(1,255.03)	0.898	0.917	17,685	16,568	1,117	1,250	\$1.97
9	3,672.20	(1,402.40)	0.885	0.907	17,429	16,387	1,042	1,250	\$1.91
10	4,080.22	(1,547.60)	0.871	0.897	17,153	16,207	947	1,250	\$1.83
11	4,488.25	(1,690.61)	0.858	0.888	16,897	16,044	853	1,250	\$1.75
12	4,896.27	(1,831.41)	0.844	0.878	16,621	15,863	758	1,250	\$1.67
13	5,304.29	(1,969.98)	0.831	0.869	16,365	15,701	665	1,250	\$1.60
14	5,712.31	(2,106.31)	0.817	0.859	16,090	15,520	570	1,250	\$1.52
15	6,120.34	(2,240.37)	0.803	0.850	15,814	15,357	457	1,250	\$1.42
16	6,528.36	(2,372.15)	0.789	0.841	15,538	15,195	343	1,250	\$1.33
17	6,936.38	(2,501.63)	0.775	0.832	15,263	15,032	230	1,250	\$1.23
18	7,344.40	(2,628.79)	0.761	0.823	14,987	14,870	117	1,250	\$1.14
19	7,752.43	(2,753.60)	0.746	0.814	14,691	14,707	(16)	1,250	\$1.03
20	8,160.45	(2,876.06)	0.732	0.806	14,416	14,562	(147)	1,250	\$0.92
21	8,568.47	(2,996.14)	0.717	0.797	14,120	14,400	(280)	1,250	\$0.81
22	8,976.49	(3,113.81)	0.702	0.788	13,825	14,237	(412)	1,250	\$0.70
23	9,384.51	(3,229.07)	0.687	0.780	13,529	14,093	(563)	1,250	\$0.57
24	9,792.54	(3,341.89)	0.672	0.772	13,234	13,948	(714)	1,250	\$0.45
25	10,200.56	(3,452.25)	0.657	0.763	12,939	13,786	(847)	1,250	\$0.34
26	10,608.58	(3,560.12)	0.642	0.755	12,643	13,641	(998)	1,250	\$0.21
27	11,016.60	(3,665.50)	0.627	0.747	12,348	13,496	(1,149)	1,250	\$0.08
28	11,424.63	(3,768.35)	0.611	0.739	12,033	13,352	(1,319)	0	\$0.00
29	11,832.65	(3,868.67)	0.596	0.731	11,737	13,207	(1,470)	0	\$0.00
30	12,240.67	(3,966.41)	0.580	0.723	11,422	13,063	(1,641)	0	\$0.00
31	12,648.69	(4,061.57)	0.564	0.716	11,107	12,936	(1,829)	0	\$0.00
32	13,056.72	(4,154.13)	0.548	0.708	10,792	12,792	(2,000)	0	\$0.00
33	13,464.74	(4,244.05)	0.532	0.700	10,477	12,647	(2,170)	0	\$0.00
34	13,872.76	(4,331.33)	0.516	0.693	10,162	12,521	(2,359)	0	\$0.00
35	14,280.78	(4,415.93)	0.499	0.686	9,827	12,394	(2,567)	0	\$0.00
36	14,688.81	(4,497.83)	0.483	0.678	9,512	12,250	(2,738)	0	\$0.00
37	15,096.83	(4,577.02)	0.466	0.671	9,177	12,123	(2,946)	0	\$0.00
38	15,504.85	(4,653.47)	0.449	0.664	8,842	11,997	(3,154)	0	\$0.00
39	15,912.87	(4,727.15)	0.432	0.657	8,508	11,870	(3,363)	0	\$0.00
40	16,320.90	(4,798.05)	0.415	0.650	8,173	11,744	(3,571)	0	\$0.00
41	16,728.92	(4,866.14)	0.398	0.643	7,838	11,617	(3,779)	0	\$0.00
42	17,136.94	(4,931.40)	0.380	0.636	7,484	11,491	(4,007)	0	\$0.00
43	17,544.96	(4,993.80)	0.363	0.629	7,149	11,364	(4,216)	0	\$0.00
44	17,952.98	(5,053.32)	0.345	0.622	6,794	11,238	(4,444)	0	\$0.00
45	18,361.01	(5,109.94)	0.327	0.616	6,440	11,130	(4,690)	0	\$0.00
46	18,769.03	(5,163.62)	0.309	0.609	6,085	11,003	(4,918)	0	\$0.00
47	19,177.05	(5,214.36)	0.291	0.602	5,731	10,877	(5,146)	0	\$0.00
48	19,585.07	(5,262.11)	0.273	0.596	5,376	10,768	(5,392)	0	\$0.00
49	19,993.10	(5,306.87)	0.254	0.590	5,002	10,660	(5,658)	0	\$0.00
50	20,401.12	(5,348.60)	0.236	0.583	4,648	10,533	(5,886)	0	\$0.00
51	20,809.14	(5,387.27)	0.217	0.577	4,274	10,425	(6,151)	0	\$0.00
52	21,217.16	(5,422.87)	0.198	0.571	3,899	10,317	(6,417)	0	\$0.00
53	21,625.19	(5,455.37)	0.179	0.565	3,525	10,208	(6,683)	0	\$0.00
54	22,033.21	(5,484.73)	0.160	0.559	3,151	10,100	(6,949)	0	\$0.00
55	22,441.23	(5,510.94)	0.140	0.553	2,757	9,991	(7,234)	0	\$0.00
56	22,849.25	(5,533.97)	0.121	0.547	2,383	9,883	(7,500)	0	\$0.00
57	23,257.28	(5,553.79)	0.101	0.541	1,989	9,775	(7,785)	0	\$0.00
58	23,665.30	(5,570.37)	0.081	0.535	1,595	9,666	(8,071)	0	\$0.00
59	24,073.32	(5,583.69)	0.061	0.529	1,201	9,558	(8,356)	0	\$0.00
60	24,481.34	(5,593.72)	0.041	0.524	807	9,467	(8,660)	0	\$0.00

Macaulay Duration: 0.8336 years
Modified Duration: 0.7994 years

Pure Premium Per Vehicle:	\$37.98
Pure Premium Per Vehicle:	92.1%
Premium Per Vehicle:	\$41.26

Exhibit 5

Continental Casualty Company

Automobile GAP and GAP Plus Coverage

Contractual Liability Rate Matrix

	<u>Base Rate</u>	<u>Mix Factor</u>	<u>MSRP</u>
New ¹	\$100	0.366	\$27,500
Near-New ²	33	0.292	20,625
Used ³	<u>41</u>	<u>0.342</u>	<u>18,068</u>
Combined ⁴	\$60	1.000	\$22,267

Notes:

¹ From Exhibit 2, Column (10), "Premium per Vehicle"

² From Exhibit 3, Column (10), "Premium per Vehicle"

³ From Exhibit 4, Column (10), "Premium per Vehicle"

⁴ Based on CCC's 2006 Coverage Mix

New Vehicle Value (1)	Average Vehicle Value (2)	Interest Rate (3)	Factor (4)	Overfund Percentage (5)	Factor (6)	Loan Term (7)	Factor (8)	Ancillary Benefits (9)	Factor (10)
15,000	12,145	2.5%	0.752	0%	0.402	36	0.315	\$ -	0.553
17,500	14,170	5.0%	0.819	3%	0.580	42	0.423	\$ 500	0.724
20,000	16,194	7.5%	0.916	6%	0.787	48	0.554	\$ 750	0.808
22,500	18,218	10%	1.000	9%	1.000	54	0.715	\$ 1,000	0.904
27,500	22,267	12.5%	1.102	10%	1.078	62	1.000	\$ 1,250	1.000
32,500	26,315	15.0%	1.209	15%	1.471	66	1.179	\$ 1,500	1.113
37,500	30,364	17.5%	1.321	20%	1.896	72	1.491	\$ 1,750	1.221
60,000	48,582	20.0%	1.440	25%	2.321	78	1.849	\$ 2,000	1.333
70,000	56,679	22.5%	1.562	30%	2.767	84	2.281	\$ 2,250	1.452
80,000	64,776	25.0%	1.680	40%	3.684	90	2.778	\$ 2,500	1.570
100,000	80,969	30.0%	1.941	50%	4.638	96	3.322	\$ 3,000	1.830

Exhibit 6
Continental Casualty Company
- Contractual Liability Rate Summary -
Permissible Loss & DCCE Ratio (PLR)

1. Target After-Tax Return on Equity	Appendix I	12.0%
2. Pre-Tax Return on Investments	Appendix II	6.2%
3. Expected Tax Rate	Appendix III	30.9%
4. After-Tax Return on Investments	(2. x (1-3.))	4.3%
5. Return on Surplus Excluding Investment Income	(1.-4.)	7.7%
6. Ratio of Premium to Surplus	Appendix IV	1.500
7. After-Tax Return on Premium	(5./6.)	5.1%
8. Pre-Tax Underwriting Profit and Contingencies	(7./(1-3.))	7.4%
9. Total Underwriting Expense	Appendix V	3.0%
10. Investment Income on Product Cash Flows ¹	(see note below)	2.5%
11. Expected Loss & LAE Ratio	(1-8.-9.+10.)	92.1%
12. LAE for Product		0.0%
13. Permissible Loss Ratio	(11.-12.)	92.1%

Notes:

¹ Calculation of Investment Income on Product Cash Flows

	<u>Duration</u> ^{a,b}	<u>Weight</u>	<u>After-Tax Return</u> <u>On Investments</u>	<u>Weighted</u> <u>Return</u> ^c
Premiums:	0.1667 years	100.0%	-4.3%	-0.7%
Claims:	0.8171 years	92.1%	4.3%	<u>3.2%</u>
			Investment Income on Product Cash Flows:	2.5%

^a Premium Modified Durations are selected to represent average premium collected at two (2) months due to premium reporting lags from Dealers.

^b Claims Modified Durations are a Production Weighted Average of Durations from Exhibits 2, 3 and 4.

^c Weighted Return = Duration x Weight x After-Tax Return on Investments

Exhibit 7
Continental Casualty Company
- Contractual Liability Rate Summary -
Motorcycle GAP and GAP Plus Coverage

	<u>New¹</u>	<u>Near New²</u>	<u>Used³</u>	<u>Total</u>
Pure Loss Cost (PLC):	\$69	\$66	\$64	\$67
Permissible Loss Ratio⁴:	91.5%	91.5%	91.5%	91.5%
Premium:	\$75	\$72	\$70	\$73
Production Weight:	0.612	0.117	0.271	1.000

GAP Base Rate Assumptions				
1. Financed Amount				
MSRP	\$20,000	\$19,116	\$18,436	\$19,473
Finance Ratio	<u>1.250</u>	<u>1.250</u>	<u>1.250</u>	<u>1.150</u>
Total Financed	\$25,000	\$23,895	\$23,045	\$24,341
2. Ancillary Payments				
Monthly Loan P&I	\$391	\$397	\$406	\$395
Allowance & Deductible	359	353	344	355
GAP Plus:	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Ancillary	\$1,500	\$1,500	\$1,500	\$1,500
3. Loan Terms				
Term	60	60	60	60
Annual Rate	15.00%	15.00%	15.00%	15.00%
Monthly Payment	\$594.75	\$568.46	\$548.24	\$579
4. Claim Frequency				
Annual Rate	1.00%	1.00%	1.00%	1.00%

Notes:

¹ "New" PLC is from Exhibit 8, Column (10), Row "Pure Premium Per Vehicle"

² "Near New" PLC is from Exhibit 9, Column (10), Row "Pure Premium Per Vehicle"

³ "Used" PLC is from Exhibit 10, Column (10), Row "Pure Premium Per Vehicle"

⁴ Permissible Loss Ratio from Exhibit 12, Row (13)

Exhibit 8
Continental Casualty Company
Motorcycle GAP and GAP Plus Coverage - New

New		Ancillary Benefits (AB)		Loan Assumptions		Loan Information		Claim Frequency	
MSRP1:	\$20,000	Mo Pmt:	\$892.12	Term:	60	Mo Pmt Amt:	(\$594.75)	Annual:	1.000%
Finance Ratio:	<u>1.250</u>	Deductible:	607.88	Annual Rate:	15.0%	Total Pymts:	(\$35,684.90)	Monthly:	0.083%
Total Loan:	\$25,000	GAP Plus:	0.00	Mo Rate:	1.25%	Total Int:	(\$10,684.90)		
Notes:		AB Total:	\$1,500.00						

1 Reference: Harley-Davidson web site - 2004 model MSRP

(1)	(2)	(3)	(4)	(5)	(6)	(7)=MSRPx(5)	(8)=(6)-(7)	(9)	(10)=[(8)+(9)] x 0.083%
Elapsed Months	Cumulative Payment	Cumulative Interest	Loan Amortization	Motorcycle Depreciation	Loan Balance	Motorcycle Value	GAP Amount	Ancillary Benefits	Pure Risk Premium
1	\$594.75	(\$312.50)	0.989	0.987	\$24,725	\$19,740	\$4,985	\$1,500	\$5.40
2	1,189.50	(621.47)	0.977	0.984	24,425	19,680	4,745	1,500	\$5.20
3	1,784.24	(926.87)	0.966	0.982	24,150	19,640	4,510	1,500	\$5.01
4	2,378.99	(1,228.65)	0.954	0.979	23,850	19,580	4,270	1,500	\$4.81
5	2,973.74	(1,526.78)	0.942	0.977	23,550	19,540	4,010	1,500	\$4.59
6	3,568.49	(1,821.19)	0.930	0.974	23,250	19,480	3,770	1,500	\$4.39
7	4,163.24	(2,111.85)	0.918	0.972	22,950	19,440	3,510	1,500	\$4.18
8	4,757.99	(2,398.70)	0.906	0.970	22,650	19,400	3,250	1,500	\$3.96
9	5,352.73	(2,681.71)	0.893	0.967	22,325	19,340	2,985	1,500	\$3.74
10	5,947.48	(2,960.83)	0.881	0.965	22,025	19,300	2,725	1,500	\$3.52
11	6,542.23	(3,235.99)	0.868	0.962	21,700	19,240	2,460	1,500	\$3.30
12	7,136.98	(3,507.16)	0.855	0.960	21,375	19,200	2,175	1,500	\$3.06
13	7,731.73	(3,774.29)	0.842	0.958	21,050	19,160	1,890	1,500	\$2.83
14	8,326.48	(4,037.32)	0.828	0.955	20,700	19,100	1,600	1,500	\$2.58
15	8,921.22	(4,296.21)	0.815	0.953	20,375	19,060	1,315	1,500	\$2.35
16	9,515.97	(4,550.90)	0.801	0.950	20,025	19,000	1,025	1,500	\$2.10
17	10,110.72	(4,801.33)	0.788	0.948	19,700	18,960	740	1,500	\$1.87
18	10,705.47	(5,047.47)	0.774	0.946	19,350	18,920	430	1,500	\$1.61
19	11,300.22	(5,289.24)	0.760	0.943	19,000	18,860	140	1,500	\$1.37
20	11,894.97	(5,526.60)	0.745	0.941	18,625	18,820	(195)	1,500	\$1.09
21	12,489.71	(5,759.50)	0.731	0.939	18,275	18,780	(505)	1,500	\$0.83
22	13,084.46	(5,987.87)	0.716	0.936	17,900	18,720	(820)	1,500	\$0.57
23	13,679.21	(6,211.66)	0.701	0.934	17,525	18,680	(1,155)	1,500	\$0.29
24	14,273.96	(6,430.82)	0.686	0.932	17,150	18,640	(1,490)	1,500	\$0.01
25	14,868.71	(6,645.28)	0.671	0.929	16,775	18,580	(1,805)	0	\$0.00
26	15,463.45	(6,854.99)	0.656	0.927	16,400	18,540	(2,140)	0	\$0.00
27	16,058.20	(7,059.88)	0.640	0.925	16,000	18,500	(2,500)	0	\$0.00
28	16,652.95	(7,259.90)	0.624	0.922	15,600	18,440	(2,840)	0	\$0.00
29	17,247.70	(7,454.99)	0.608	0.920	15,200	18,400	(3,200)	0	\$0.00
30	17,842.45	(7,645.08)	0.592	0.918	14,800	18,360	(3,560)	0	\$0.00
31	18,437.20	(7,830.11)	0.576	0.916	14,400	18,320	(3,920)	0	\$0.00
32	19,031.94	(8,010.03)	0.559	0.913	13,975	18,260	(4,285)	0	\$0.00
33	19,626.69	(8,184.75)	0.542	0.911	13,550	18,220	(4,670)	0	\$0.00
34	20,221.44	(8,354.23)	0.525	0.909	13,125	18,180	(5,055)	0	\$0.00
35	20,816.19	(8,518.39)	0.508	0.906	12,700	18,120	(5,420)	0	\$0.00
36	21,410.94	(8,677.16)	0.491	0.904	12,275	18,080	(5,805)	0	\$0.00
37	22,005.69	(8,830.49)	0.473	0.902	11,825	18,040	(6,215)	0	\$0.00
38	22,600.43	(8,978.30)	0.455	0.900	11,375	18,000	(6,625)	0	\$0.00
39	23,195.18	(9,120.53)	0.437	0.897	10,925	17,940	(7,015)	0	\$0.00
40	23,789.93	(9,257.09)	0.419	0.895	10,475	17,900	(7,425)	0	\$0.00
41	24,384.68	(9,387.93)	0.400	0.893	10,000	17,860	(7,860)	0	\$0.00
42	24,979.43	(9,512.97)	0.381	0.891	9,525	17,820	(8,295)	0	\$0.00
43	25,574.17	(9,632.14)	0.362	0.888	9,050	17,760	(8,710)	0	\$0.00
44	26,168.92	(9,745.37)	0.343	0.886	8,575	17,720	(9,145)	0	\$0.00
45	26,763.67	(9,852.57)	0.324	0.884	8,100	17,680	(9,580)	0	\$0.00
46	27,358.42	(9,953.68)	0.304	0.882	7,600	17,640	(10,040)	0	\$0.00
47	27,953.17	(10,048.62)	0.284	0.880	7,100	17,600	(10,500)	0	\$0.00
48	28,547.92	(10,137.32)	0.264	0.877	6,600	17,540	(10,940)	0	\$0.00
49	29,142.66	(10,219.69)	0.243	0.875	6,075	17,500	(11,425)	0	\$0.00
50	29,737.41	(10,295.65)	0.222	0.873	5,550	17,460	(11,910)	0	\$0.00
51	30,332.16	(10,365.13)	0.201	0.871	5,025	17,420	(12,395)	0	\$0.00
52	30,926.91	(10,428.04)	0.180	0.869	4,500	17,380	(12,880)	0	\$0.00
53	31,521.66	(10,484.30)	0.159	0.867	3,975	17,340	(13,365)	0	\$0.00
54	32,116.41	(10,533.83)	0.137	0.864	3,425	17,280	(13,855)	0	\$0.00
55	32,711.15	(10,576.55)	0.115	0.862	2,875	17,240	(14,365)	0	\$0.00
56	33,305.90	(10,612.37)	0.092	0.860	2,300	17,200	(14,900)	0	\$0.00
57	33,900.65	(10,641.20)	0.070	0.858	1,750	17,160	(15,410)	0	\$0.00
58	34,495.40	(10,662.96)	0.047	0.856	1,175	17,120	(15,945)	0	\$0.00
59	35,090.15	(10,677.55)	0.023	0.854	575	17,080	(16,505)	0	\$0.00
60	35,684.90	(10,684.90)	0.000	0.852	0	17,040	(17,040)	0	\$0.00

Pure Premium Per Motorcycle:	\$68.64
Permissible Loss Ratio:	91.5%
Premium Per Motorcycle:	\$75.00

Macaulay Duration: 0.7129 years
Modified Duration: 0.6836 years

Exhibit 9
Continental Casualty Company
Motorcycle GAP and GAP Plus Coverage - Near-New

Near-New		Ancillary Benefits		Loan Assumptions		Loan Information		Claim Frequency	
New MSRP:	\$20,000	Mo Pmt:	\$852.69	Term:	60	Mo Pmt Amt:	(\$568.46)	Annual:	1.000%
18 Mo. Depr:	0.956	Deductible:	\$647.31	Annual Rate:	15.0%	Total Pmts:	(\$34,107.62)	Monthly:	0.083%
Price:	\$19,116	GAP Plus:	\$0.00	Mo Rate:	1.25%	Total Int:	(\$14,991.62)		
Finance Ratio:	1.25	AB Total:	\$1,500.00						
Total Loan:	23895								

(1)	(2)	(3)	(4)	(5)	(6)	(7)=(5)xPrice	(8)=(6)-(7)	(9)	(10)=[(8)+(9)] x 0.083%
Elapsed Months	Cumulative Payment	Cumulative Interest	Loan Amortization	Motorcycle Depreciation	Loan Balance	Motorcycle Value	GAP Amount	Ancillary Benefits	Pure Risk Premium
1	\$568.46	(\$298.69)	0.989	0.990	\$23,632	\$18,925	\$4,707	\$1,500	\$5.17
2	1,136.92	(594.00)	0.977	0.988	23,345	18,887	4,459	1,500	\$4.97
3	1,705.38	(885.90)	0.966	0.985	23,083	18,829	4,253	1,500	\$4.79
4	2,273.84	(1,174.35)	0.954	0.983	22,796	18,791	4,005	1,500	\$4.59
5	2,842.30	(1,459.29)	0.942	0.980	22,509	18,734	3,775	1,500	\$4.40
6	3,410.76	(1,740.69)	0.930	0.978	22,222	18,695	3,527	1,500	\$4.19
7	3,979.22	(2,018.50)	0.918	0.975	21,936	18,638	3,298	1,500	\$4.00
8	4,547.68	(2,292.68)	0.906	0.973	21,649	18,600	3,049	1,500	\$3.79
9	5,116.14	(2,563.18)	0.893	0.970	21,338	18,543	2,796	1,500	\$3.58
10	5,684.60	(2,829.96)	0.881	0.967	21,051	18,485	2,566	1,500	\$3.39
11	6,253.06	(3,092.96)	0.868	0.965	20,741	18,447	2,294	1,500	\$3.16
12	6,821.52	(3,352.15)	0.855	0.962	20,430	18,390	2,041	1,500	\$2.95
13	7,389.98	(3,607.47)	0.842	0.960	20,120	18,351	1,768	1,500	\$2.72
14	7,958.45	(3,858.87)	0.828	0.957	19,785	18,294	1,491	1,500	\$2.49
15	8,526.91	(4,106.32)	0.815	0.955	19,474	18,256	1,219	1,500	\$2.27
16	9,095.37	(4,349.75)	0.801	0.953	19,140	18,218	922	1,500	\$2.02
17	9,663.83	(4,589.11)	0.788	0.950	18,829	18,160	669	1,500	\$1.81
18	10,232.29	(4,824.37)	0.774	0.948	18,495	18,122	373	1,500	\$1.56
19	10,800.75	(5,055.46)	0.760	0.945	18,160	18,065	96	1,500	\$1.33
20	11,369.21	(5,282.33)	0.745	0.943	17,802	18,026	(225)	1,500	\$1.06
21	11,937.67	(5,504.93)	0.731	0.940	17,467	17,969	(502)	1,500	\$0.83
22	12,506.13	(5,723.21)	0.716	0.938	17,109	17,931	(822)	1,500	\$0.57
23	13,074.59	(5,937.11)	0.701	0.935	16,750	17,873	(1,123)	1,500	\$0.31
24	13,643.05	(6,146.58)	0.686	0.933	16,392	17,835	(1,443)	1,500	\$0.05
25	14,211.51	(6,351.56)	0.671	0.931	16,034	17,797	(1,763)	0	\$0.00
26	14,779.97	(6,552.00)	0.656	0.928	15,675	17,740	(2,065)	0	\$0.00
27	15,348.43	(6,747.84)	0.640	0.926	15,293	17,701	(2,409)	0	\$0.00
28	15,916.89	(6,939.02)	0.624	0.923	14,910	17,644	(2,734)	0	\$0.00
29	16,485.35	(7,125.48)	0.608	0.921	14,528	17,606	(3,078)	0	\$0.00
30	17,053.81	(7,307.17)	0.592	0.919	14,146	17,568	(3,422)	0	\$0.00
31	17,622.27	(7,484.02)	0.576	0.916	13,764	17,510	(3,747)	0	\$0.00
32	18,190.73	(7,655.98)	0.559	0.914	13,357	17,472	(4,115)	0	\$0.00
33	18,759.19	(7,822.99)	0.542	0.911	12,951	17,415	(4,464)	0	\$0.00
34	19,327.65	(7,984.97)	0.525	0.909	12,545	17,376	(4,832)	0	\$0.00
35	19,896.11	(8,141.87)	0.508	0.907	12,139	17,338	(5,200)	0	\$0.00
36	20,464.57	(8,293.63)	0.491	0.904	11,732	17,281	(5,548)	0	\$0.00
37	21,033.03	(8,440.18)	0.473	0.902	11,302	17,243	(5,940)	0	\$0.00
38	21,601.49	(8,581.46)	0.455	0.900	10,872	17,204	(6,332)	0	\$0.00
39	22,169.95	(8,717.40)	0.437	0.897	10,442	17,147	(6,705)	0	\$0.00
40	22,738.42	(8,847.93)	0.419	0.895	10,012	17,109	(7,097)	0	\$0.00
41	23,306.88	(8,972.99)	0.400	0.893	9,558	17,071	(7,513)	0	\$0.00
42	23,875.34	(9,092.50)	0.381	0.890	9,104	17,013	(7,909)	0	\$0.00
43	24,443.80	(9,206.40)	0.362	0.888	8,650	16,975	(8,325)	0	\$0.00
44	25,012.26	(9,314.62)	0.343	0.886	8,196	16,937	(8,741)	0	\$0.00
45	25,580.72	(9,417.09)	0.324	0.884	7,742	16,899	(9,157)	0	\$0.00
46	26,149.18	(9,513.73)	0.304	0.881	7,264	16,841	(9,577)	0	\$0.00
47	26,717.64	(9,604.48)	0.284	0.879	6,786	16,803	(10,017)	0	\$0.00
48	27,286.10	(9,689.25)	0.264	0.877	6,308	16,765	(10,456)	0	\$0.00
49	27,854.56	(9,767.97)	0.243	0.874	5,806	16,707	(10,901)	0	\$0.00
50	28,423.02	(9,840.58)	0.222	0.872	5,305	16,669	(11,364)	0	\$0.00
51	28,991.48	(9,906.99)	0.201	0.870	4,803	16,631	(11,828)	0	\$0.00
52	29,559.94	(9,967.12)	0.180	0.868	4,301	16,593	(12,292)	0	\$0.00
53	30,128.40	(10,020.90)	0.159	0.865	3,799	16,535	(12,736)	0	\$0.00
54	30,696.86	(10,068.24)	0.137	0.863	3,274	16,497	(13,223)	0	\$0.00
55	31,265.32	(10,109.07)	0.115	0.861	2,748	16,459	(13,711)	0	\$0.00
56	31,833.78	(10,143.30)	0.092	0.859	2,198	16,421	(14,222)	0	\$0.00
57	32,402.24	(10,170.86)	0.070	0.856	1,673	16,363	(14,691)	0	\$0.00
58	32,970.70	(10,191.66)	0.047	0.854	1,123	16,325	(15,202)	0	\$0.00
59	33,539.16	(10,205.60)	0.023	0.852	550	16,287	(15,737)	0	\$0.00
60	34,107.62	(10,212.62)	0.000	0.850	0	16,249	(16,249)	0	\$0.00

Macaulay Duration: 0.7172 years
Modified Duration: 0.6878 years

Pure Premium Per Motorcycle:	\$65.99
Permissible Loss Ratio:	91.5%
Premium Per Motorcycle:	\$72.11

Exhibit 10
Continental Casualty Company
Motorcycle GAP and GAP Plus Coverage - Used

Used		Ancillary Benefits		Loan Assumptions		Loan Information		Claim Frequency	
New MSRP:	\$20,000	Mo Pmt:	\$822.36	Term:	60	Mo Pmt Amt:	(\$548.24)	Annual:	1.000%
30 Mo. Depr:	0.922	Deductible:	\$677.64	Annual Rate:	15.0%	Total Pmts:	(\$32,894.34)	Monthly:	0.083%
Price:	\$18,436	GAP Plus:	\$0.00	Mo Rate:	1.25%	Total Int:	(\$14,458.34)		
Finance Ratio:	1.25	AB Total:	\$1,500.00						
Total Loan:	23045								

(1)	(2)	(3)	(4)	(5)	(6)	(7)=(5)xPrice	(8)=(6)-(7)	(9)	(10)=[(8)+(9)] x 0.083%
Elapsed Months	Cumulative Payment	Cumulative Interest	Loan Amortization	Motorcycle Depreciation	Loan Balance	Motorcycle Value	GAP Amount	Ancillary Benefits	Pure Risk Premium
1	\$548.24	(\$288.06)	0.989	0.988	\$22,792	\$18,215	\$4,577	\$1,500	\$5.06
2	1,096.48	(572.87)	0.977	0.986	22,515	18,178	4,337	1,500	\$4.86
3	1,644.72	(854.39)	0.966	0.983	22,261	18,123	4,139	1,500	\$4.70
4	2,192.96	(1,132.57)	0.954	0.981	21,985	18,086	3,899	1,500	\$4.50
5	2,741.19	(1,407.38)	0.942	0.979	21,708	18,049	3,660	1,500	\$4.30
6	3,289.43	(1,678.77)	0.930	0.977	21,432	18,012	3,420	1,500	\$4.10
7	3,837.67	(1,946.70)	0.918	0.975	21,155	17,975	3,180	1,500	\$3.90
8	4,385.91	(2,211.13)	0.906	0.972	20,879	17,920	2,959	1,500	\$3.72
9	4,934.15	(2,472.00)	0.893	0.970	20,579	17,883	2,696	1,500	\$3.50
10	5,482.39	(2,729.29)	0.881	0.968	20,303	17,846	2,457	1,500	\$3.30
11	6,030.63	(2,982.94)	0.868	0.966	20,003	17,809	2,194	1,500	\$3.08
12	6,578.87	(3,232.90)	0.855	0.964	19,703	17,772	1,931	1,500	\$2.86
13	7,127.11	(3,479.14)	0.842	0.961	19,404	17,717	1,687	1,500	\$2.66
14	7,675.35	(3,721.61)	0.828	0.959	19,081	17,680	1,401	1,500	\$2.42
15	8,223.58	(3,960.25)	0.815	0.957	18,782	17,643	1,138	1,500	\$2.20
16	8,771.82	(4,195.02)	0.801	0.955	18,459	17,606	853	1,500	\$1.96
17	9,320.06	(4,425.87)	0.788	0.953	18,159	17,570	590	1,500	\$1.74
18	9,868.30	(4,652.75)	0.774	0.951	17,837	17,533	304	1,500	\$1.50
19	10,416.54	(4,875.62)	0.760	0.949	17,514	17,496	18	1,500	\$1.27
20	10,964.78	(5,094.42)	0.745	0.946	17,169	17,440	(272)	1,500	\$1.02
21	11,513.02	(5,309.11)	0.731	0.944	16,846	17,404	(558)	1,500	\$0.79
22	12,061.26	(5,519.62)	0.716	0.942	16,500	17,367	(866)	1,500	\$0.53
23	12,609.50	(5,725.91)	0.701	0.940	16,155	17,330	(1,175)	1,500	\$0.27
24	13,157.73	(5,927.93)	0.686	0.938	15,809	17,293	(1,484)	1,500	\$0.01
25	13,705.97	(6,125.62)	0.671	0.936	15,463	17,256	(1,793)	0	\$0.00
26	14,254.21	(6,318.93)	0.656	0.934	15,118	17,219	(2,102)	0	\$0.00
27	14,802.45	(6,507.80)	0.640	0.932	14,749	17,182	(2,434)	0	\$0.00
28	15,350.69	(6,692.18)	0.624	0.929	14,380	17,127	(2,747)	0	\$0.00
29	15,898.93	(6,872.01)	0.608	0.927	14,011	17,090	(3,079)	0	\$0.00
30	16,447.17	(7,047.24)	0.592	0.925	13,643	17,053	(3,411)	0	\$0.00
31	16,995.41	(7,217.80)	0.576	0.923	13,274	17,016	(3,743)	0	\$0.00
32	17,543.65	(7,383.64)	0.559	0.921	12,882	16,980	(4,097)	0	\$0.00
33	18,091.88	(7,544.70)	0.542	0.919	12,490	16,943	(4,452)	0	\$0.00
34	18,640.12	(7,700.93)	0.525	0.917	12,099	16,906	(4,807)	0	\$0.00
35	19,188.36	(7,852.25)	0.508	0.915	11,707	16,869	(5,162)	0	\$0.00
36	19,736.60	(7,998.61)	0.491	0.913	11,315	16,832	(5,517)	0	\$0.00
37	20,284.84	(8,139.95)	0.473	0.911	10,900	16,795	(5,895)	0	\$0.00
38	20,833.08	(8,276.20)	0.455	0.909	10,485	16,758	(6,273)	0	\$0.00
39	21,381.32	(8,407.30)	0.437	0.907	10,071	16,721	(6,651)	0	\$0.00
40	21,929.56	(8,533.19)	0.419	0.905	9,656	16,685	(7,029)	0	\$0.00
41	22,477.80	(8,653.80)	0.400	0.903	9,218	16,648	(7,430)	0	\$0.00
42	23,026.04	(8,769.06)	0.381	0.900	8,780	16,592	(7,812)	0	\$0.00
43	23,574.27	(8,878.91)	0.362	0.898	8,342	16,556	(8,213)	0	\$0.00
44	24,122.51	(8,983.28)	0.343	0.896	7,904	16,519	(8,614)	0	\$0.00
45	24,670.75	(9,082.10)	0.324	0.894	7,467	16,482	(9,015)	0	\$0.00
46	25,218.99	(9,175.31)	0.304	0.892	7,006	16,445	(9,439)	0	\$0.00
47	25,767.23	(9,262.82)	0.284	0.890	6,545	16,408	(9,863)	0	\$0.00
48	26,315.47	(9,344.58)	0.264	0.888	6,084	16,371	(10,287)	0	\$0.00
49	26,863.71	(9,420.51)	0.243	0.886	5,600	16,334	(10,734)	0	\$0.00
50	27,411.95	(9,490.53)	0.222	0.884	5,116	16,297	(11,181)	0	\$0.00
51	27,960.19	(9,554.57)	0.201	0.882	4,632	16,261	(11,629)	0	\$0.00
52	28,508.42	(9,612.57)	0.180	0.880	4,148	16,224	(12,076)	0	\$0.00
53	29,056.66	(9,664.43)	0.159	0.878	3,664	16,187	(12,523)	0	\$0.00
54	29,604.90	(9,710.09)	0.137	0.876	3,157	16,150	(12,993)	0	\$0.00
55	30,153.14	(9,749.47)	0.115	0.874	2,650	16,113	(13,463)	0	\$0.00
56	30,701.38	(9,782.48)	0.092	0.872	2,120	16,076	(13,956)	0	\$0.00
57	31,249.62	(9,809.06)	0.070	0.870	1,613	16,039	(14,426)	0	\$0.00
58	31,797.86	(9,829.11)	0.047	0.869	1,083	16,021	(14,938)	0	\$0.00
59	32,346.10	(9,842.57)	0.023	0.867	530	15,984	(15,454)	0	\$0.00
60	32,894.34	(9,849.34)	0.000	0.865	0	15,947	(15,947)	0	\$0.00

Pure Premium Per Motorcycle:	\$64.24
Permissible Loss Ratio:	91.5%
Premium Per Motorcycle:	\$70.19

Macaulay Duration: 0.7128 years
Modified Duration: 0.6836 years

Exhibit 11
Continental Casualty Company
Motorcycle GAP and GAP Plus Coverage
Contractual Liability Rate Matrix

	<u>Base Rate</u>	<u>Mix Factor</u>	<u>MSRP</u>
New ¹	\$75	0.612	\$20,000
Near-New ²	72	0.117	19,116
Used ³	70	0.271	18,436
Combined ⁴	\$73	1.000	\$19,473

Notes:

¹ From Exhibit 8, Column (10), "Premium per Motorcycle"

² From Exhibit 9, Column (10), "Premium per Motorcycle"

³ From Exhibit 10, Column (10), "Premium per Motorcycle"

⁴ Based on CCC's 2006 Coverage Mix

New Vehicle Value	Interest		Overfund		Loan Term		Ancillary Benefits	
	Rate (1)	Factor (2)	Percentage (3)	Factor (4)	(5)	Factor (6)	(7)	Factor (8)
\$10,000	2.5%	0.737	0%	0.091	36	0.483	\$0	0.609
\$12,500	5.0%	0.797	5%	0.213	42	0.597	\$500	0.730
\$15,000	7.5%	0.862	10%	0.371	48	0.721	\$750	0.794
\$17,500	10.0%	0.930	15%	0.559	54	0.855	\$1,000	0.861
\$20,000	12.5%	1.000	20%	0.770	60	1.000	\$1,250	0.929
\$22,500	15.0%	1.072	25.0%	1.000	66	1.156	\$1,500	1.000
\$25,000	17.5%	1.144	30%	1.247	72	1.325	\$1,750	1.073
\$27,500	20.0%	1.217	35%	1.507	78	1.507	\$2,000	1.149
\$30,000	22.5%	1.291	40%	1.779	84	1.701	\$2,250	1.227
\$32,500	25.0%	1.365	45%	2.061	90	1.910	\$2,500	1.307
\$35,000		1.438	50%	2.352	96	2.134	\$2,750	1.389

Exhibit 12
Continental Casualty Company
Motorcycle GAP and GAP Plus Coverage
Permissible Loss & DCCE Ratio (PLR)

1. Target After-Tax Return on Equity	Appendix I	12.0%
2. Pre-Tax Return on Investments	Appendix II	6.2%
3. Expected Tax Rate	Appendix III	30.9%
4. After-Tax Return on Investments	(2. x (1-3.))	4.3%
5. Return on Surplus Excluding Investment Income	(1.-4.)	7.7%
6. Ratio of Premium to Surplus	Appendix IV	1.500
7. After-Tax Return on Premium	(5./6.)	5.1%
8. Pre-Tax Underwriting Profit and Contingencies	(7./(1-3.))	7.4%
9. Total Underwriting Expense	Appendix V	3.0%
10. Investment Income on Product Cash Flows ¹	(see note below)	2.0%
11. Expected Loss & LAE Ratio	(1-8.-9.+10.)	91.5%
12. LAE for Product		0.0%
13. Permissible Loss Ratio	(11.-12.)	91.5%

Notes:

¹ Calculation of Investment Income on Product Cash Flows

	<u>Duration</u> ^{a,b}	<u>Weight</u>	<u>After-Tax Return</u> <u>On Investments</u>	<u>Weighted</u> <u>Return</u> ^c
Premiums:	0.1667 years	100.0%	-4.3%	-0.7%
Claims:	0.6841 years	91.5%	4.3%	<u>2.7%</u>
	Investment Income on Product Cash Flows:			2.0%

^a Premium Modified Durations are selected to represent average premium collected at two (2) months due to premium reporting lags from Dealers.

^b Claims Modified Durations are a Production Weighted Average of Durations from Exhibits 2, 3 and 4.

^c Weighted Return = Duration x Weight x After-Tax Return on Investments

Appendix I
Stock Companies
Property-Casualty
Pre-Tax Operating Results
1994-2005
(\$ in 000's)

Year (1)	Policyholder Surplus (2)	Investment Profit (3)	Underwriting Loss (4)	Operating Results (5)=(3)+(4)	Rate of Return (6)=(5)/(1)
1994	118,850,392	21,698,660	(11,998,590)	9,700,070	8.2%
1995	143,454,246	24,022,676	(10,879,621)	13,143,055	9.2%
1996	156,729,436	24,904,163	(10,048,485)	14,855,678	9.5%
1997	189,350,728	27,415,545	(3,258,472)	24,157,073	12.8%
1998	201,414,631	26,709,589	(7,897,684)	18,811,905	9.3%
1999	196,371,943	26,012,045	(11,885,048)	14,126,997	7.2%
2000	186,493,270	27,464,604	(14,537,988)	12,926,616	6.9%
2001	170,967,680	24,920,576	(29,424,121)	(4,503,545)	-2.6%
2002	170,036,993	31,684,496	(16,230,475)	15,454,021	9.1%
2003	219,788,145	31,257,020	(1,208,741)	30,048,279	13.7%
2004	253,433,259	34,023,190	3,715,729	37,738,919	14.9%
2005	<u>271,826,625</u>	<u>46,434,083</u>	<u>(6,302,521)</u>	<u>40,131,562</u>	<u>14.8%</u>
Total	2,278,717,348	346,546,647	(119,956,017)	226,590,630	9.9%
1995-2005	2,159,866,956	324,847,987	(107,957,427)	216,890,560	10.0%
1998-2004 Ex 2001	1,297,950,235	196,875,438	(46,449,044)	150,426,394	11.6%
2002-2005	915,085,022	143,398,789	(20,026,008)	123,372,781	13.5%
Excl-HiLow	1,854,316,409	287,602,881	(94,247,625)	193,355,256	10.4%
Selected*					12.0%

Source : Best's *Aggregates & Averages*, Property-Casualty
Total US PC Stock Operating Results

Appendix II
Continental Casualty Company Consolidated
Investment Return
2002 - 2006
(\$ in 000's)

Year*	Net Investment Income Earned (2)	Net Realized Capital Gains (3)	Mean Cash & Invested Assets (4)	Rate of Return		
				Net Investment Income Earned (5)=(2)/(4)	Net Realized Capital Gains (6)=(3)/(4)	Total (7)=[(2)+(3)]/(4)
2002	185,910	28,210	3,766,265	4.9%	0.7%	5.7%
2003	1,686,322	64,601	27,739,149	6.1%	0.2%	6.3%
2004	1,293,696	446,011	30,718,592	4.2%	1.5%	5.7%
2005	2,146,304	(11,917)	32,036,224	6.7%	0.0%	6.7%
2006	1,790,506	(50,467)	34,056,192	5.3%	-0.1%	5.1%
Total	\$7,102,739	\$476,438	\$128,316,422	5.5%	0.4%	5.9%

Selected* **6.2%**

Column: Data Source:

- (2) Annual Statement Page 4, Line 9, Column 1
- (3) Annual Statement Page 4, Line 10, Column 1
- (4) Annual Statement Page 2, Line 10, Average of Column 3 and Column 4

Notes:

* Selected by CNA Management.

Appendix III

Continental Casualty Company Consolidated Calculation of Average Rate of Federal Income Tax

	<u>2006</u> <u>Investment</u>	<u>2006 Federal</u> <u>Income Tax</u>
<u>Bonds</u>		
(1) Taxable	1,252,988,878	35.00%
(2) Non-Taxable	202,395,363	5.25% (A)
(3) Total	1,455,384,241	30.86%
<u>Stocks</u>		
(4) Taxable	51,216,155	14.18% (B)
(5) Non-taxable (Affiliates)	6,538,940	0.00%
(6) Total	57,755,095	12.57%
(7) Mortgage Loans on Real Estate	0	
(8) Real Estate	1,498,162	
(9) Contract Loans	0	
(10) Cash / Short-Term Investments	206,083,920	
(11) Derivative Instruments	0	
(12) Other Invested Assets	93,189,121	
(13) Sub-Total	300,771,203	35.00%
(14) Total	1,813,910,539	30.97%
(15) Aggregate Write-In for Investment Income	9,104,532	35.00%
(16) Investment Deductions	32,509,418	35.00%
(17) Net Investment Income Earned	1,790,505,653	30.91%

Notes:

- (A) Assumes that 15% of that income is taxed at a full corporate income tax rate of 35%. The applicable tax rate is thus 5.25% ($.15 * .35 = .0263$). Assume 100% of interest income from investments acquired after August 7, 1986.
- (B) Only 30% of dividend income is subject to a full corporate income tax rate of 35%. However, there is an adjustment that adds back 15% of the 70% dividend credit. That is, 15% of the remaining 70% of dividend income is taxed at a rate of 35%. The applicable tax rate is thus 14.175% ($(.30 * .35) + (.7 * .15 * .35) = .14175$).

Data Source:

2006 Continental Casualty Company Combined Annual Statement

- (1) Annual Statement Page 12, Sum of Lines 1 and 1.2, Column 2
- (2) Annual Statement Page 12, Sum of Lines 1.1 and 1.3, Column 2
- (3) = (1) + (2)
- (4) Annual Statement Page 12, Sum of Lines 2.1 and 2.2, Column 2
- (5) Annual Statement Page 12, Sum of Lines 2.11 and 2.21, Column 2
- (6) = (4) + (5)
- (7) Annual Statement Page 12, Sum Line 3, Column 2
- (8) Annual Statement Page 12, Sum Line 4, Column 2
- (9) Annual Statement Page 12, Sum Line 5, Column 2
- (10) Annual Statement Page 12, Sum Line 6, Column 2
- (11) Annual Statement Page 12, Sum Line 7, Column 2
- (12) Annual Statement Page 12, Sum Line 8, Column 2
- (13) = Sum of (7) through (12)
- (14) = (3) + (6) + (13)
- (15) Annual Statement Page 12, Sum Line 9, Column 2
- (16) Annual Statement Page 12, Sum Line 16, Column 2
- (17) = (14) + (15) - (16)

Appendix IV
The Continental Insurance Company
Surplus Allocation
(000 omitted)

<u>Line of Business</u>	2006 Mean Loss <u>Reserve</u> (1)	2006 Mean <u>UPR</u> (2)	2006 Earned <u>Premium</u> (3)	2006 Allocation <u>Weight</u> (4)	2006 Imputed <u>Surplus</u> (5)	2006 Net Written to <u>Premium</u> (6)	Premium Surplus <u>Ratio</u> (7)
1 Fire	8,434	-1,067	6,363	0.001	6,030	5,781	0.96
2 Allied Lines	255,013	121,907	294,648	0.037	294,950	346,780	1.18
3 Farmowners Multiple Peril	46	0	0	0.000	20	0	0.00
4 Homeowners Multiple Peril	2,972	0	0	0.000	1,305	0	0.00
5.1 Commercial Multiple Peril - Prop.	304,606	312,650	556,030	0.064	515,303	548,386	1.06
5.2 Commercial Multiple Peril - Lia.	549,450	230,511	552,619	0.073	585,264	571,850	0.98
6 Mortgage Guaranty	8	0	0	0.000	3	0	0.00
8 Ocean Marine	166,157	97,496	261,674	0.029	230,722	262,125	1.14
9 Inland Marine	61,066	43,263	89,328	0.011	85,053	96,424	1.13
10 Financial Guaranty	-5,482	42	0	0.000	-2,389	0	0.00
11 Medical Malpractice	256,100	206,873	425,124	0.048	390,049	448,974	1.15
12 Earthquake	-93	-1,322	35	0.000	-606	33	-0.05
13 Group Accident and Health	68,072	920,262	-34,921	0.052	418,735	118,424	0.28
15 Other Accident and Health	305,304	3,511,967	8,737	0.209	1,680,369	507,512	0.30
16 Workers' Compensation	996,967	-46,456	944,149	0.103	832,128	989,331	1.19
17 Other Liability	1,515,527	845,390	1,912,318	0.233	1,876,789	1,933,493	1.03
18 Products Liability	118,912	60,840	137,220	0.017	139,213	143,649	1.03
19.1,19.2 Private Passenger Auto Liability	9,444	-83	-442	0.000	3,917	-418	-0.11
19.3,19.4 Commercial Auto Liability	499,354	237,023	629,028	0.074	599,681	608,047	1.01
21.1 Private Passenger Auto Physical Damage	331	-2	-7	0.000	142	-10	-0.07
21.2 Commercial Auto Physical Damage	73,804	45,173	114,460	0.013	102,525	109,990	1.07
22 Aircraft (all perils)	3,428	0	512	0.000	1,730	512	0.30
23 Fidelity	35,245	15,950	18,525	0.004	30,621	21,020	0.69
24 Surety	22,590	2,884	3,914	0.002	12,907	1,523	0.12
26 Burglary and Theft	90	451	641	0.000	519	1,221	2.35
27 Boiler and Machinery	7,635	36,594	82,188	0.007	55,522	82,076	1.48
28 Credit	-3,745	-22	9	0.000	-1,650	8	0.00
29 International	0	0	0	0.000	0	0	0.00
30 Reinsurance	153,941	0	-55	0.008	67,586	-55	0.00
33 Aggregate Write-Ins	54,662	160,386	79,864	0.016	129,524	14,919	0.12
Total of All Lines	5,459,833	6,800,707	6,081,961	1.000	8,055,961	6,811,595	0.85
Selected for Contractual Liability Coverage							1.50

Source: 2005 and 2006 Continental Casualty Company Consolidated Annual Statement

- (1) IEE Part II, Sum of Columns 13, 15, 17, Average of 2005 and 2006
- (2) IEE Part II, Column 19, Average of 2005 and 2006
- (3) 2006 IEE Part II, Column 3
- (4) = [(1)+(2)+(3)] / Total [(1)+(2)+(3)]
- (5) = (4) * 2006 Annual Statement Page 3, Line 35, Column 1
- (6) 2006 IEE Part II, Column 1
- (7) = (6) / (5)

Appendix V
The Continental Insurance Company
Expense Provisions (000s) for Contractual Liability
2002-2006

Expenses (000s)	2002	2003	2004	2005	2006	Total
Commission and Brokerage	\$246,846	\$322,921	\$341,677	\$337,121	\$328,435	\$246,846
Other Acquisitions	43,773	30,969	11,435	23,414	29,554	43,773
General	111,233	120,624	166,480	118,350	95,831	111,233
Taxes Licenses and Fees	30,886	43,410	45,804	37,094	34,077	30,886
Premiums Written (000s)	\$1,534,136	\$2,172,252	\$2,291,083	\$2,370,322	\$2,451,852	\$1,534,136

Expenses as a Percentage of Written Premium

Expenses (000s)	2002	2003	2004	2005	2006	Total	Selected
Commission and Brokerage	16.1%	14.9%	14.9%	14.2%	13.4%	16.1%	0.00%
Other Acquisitions	2.9%	1.4%	0.5%	1.0%	1.2%	2.9%	0.50%
General	7.3%	5.6%	7.3%	5.0%	3.9%	7.3%	1.00%
Taxes Licenses and Fees	2.0%	2.0%	2.0%	1.6%	1.4%	2.0%	1.50%
Total Expense Ratio	28.2%	23.8%	24.7%	21.8%	19.9%	28.2%	3.00%

Source: 2002-2006 Continental Insurance Company Consolidated Insurance Expense Exhibits
The Selected Expense Ratios reflect the anticipated expense ratios for Contractual Liability Policies related to GAP business.

SERFF Tracking Number: CNAC-125301539 State: Arkansas
Filing Company: Continental Casualty Company State Tracking Number: AR-PC-07-026189
Company Tracking Number: 07-2160R
TOI: 17.0 Other Liability - Claims Made/Occurrence Sub-TOI: 17.0022 Other
Product Name: Contractual Liability Policy
Project Name/Number: /07-2160

Supporting Document Schedules

Satisfied -Name: Cover Letter **Review Status:** Filed 10/01/2007
Comments:
Attachment:
07-2160FR AR Cover Letter.pdf

Satisfied -Name: Memo & Exhibits **Review Status:** Filed 10/01/2007
Comments:
Attachments:
07-2160 Actuarial Explanatory Memorandum.pdf
07-2160 Actuarial Exhibits.pdf

Satisfied -Name: Transmittal **Review Status:** Filed 10/01/2007
Comments:
Attachment:
07-2160R AR Transmittal.pdf



40 Wall Street – 9th Floor
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CNA Global Specialty Line

September 24, 2007

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ARKANSAS INSURANCE DEPARTMENT
PROPERTY & CASUALTY DIVISION
1200 W 3RD ST
LITTLE ROCK AR 72201-1904

RE: CONTINENTAL CASUALTY COMPANY NAIC# 218-20443 FEIN# 36-2114545
Contractual Liability Policy
Forms and Rate Filing
OUR FILE NO. : 07-2160FR

To Whom It May Concern:

On behalf of Continental Casualty Company, we hereby submit for your review and approval the attached forms and rates for use with our Contractual Liability Program. Please see the attached Forms Filing Memorandum for further details regarding this filing and a listing of all new forms contained in the filing.

Enclosed for your review please find:

- Forms Filing Memorandum;
- A copy of the new forms for your review and approval
- Explanatory Memorandum;
- Exhibit index and rate exhibits

Please be advised the rates used with this program are already on file with your department under our filing number: GLP-00-03R

We propose that this filing become effective for all policies, effective November 1, 2007 or the earliest date permitted by your state.

Very truly yours,

Micaah Morris

Micaah Morris
Regulatory Filings Technician

Continental Casualty Company

Explanatory Memorandum – Contractual Liability

NAIC # 218-20443

GPW and Associates, Inc. (GPWA) was requested by the management of Continental Casualty Company (CCC) to assist them in the development of rates for the contractual liability policy (CLIP) related to their Guarantee Asset Protection (“GAP”) Program. This is a new program filing. The purpose of this rating memorandum is to provide documentation and actuarial support for the CLIP rates associated with the GAP program.

Contractual Liability Coverage

The CLIP provides coverage for dealers who subscribe to CNA Nationals GAP program. The CLIP assumes all of the dealers’ contractual obligations under the GAP debt waiver addendums (“GAP Addendum/Addenda”) issued by the dealer to consumers in connection with the CNA National’s GAP program. The premium for the contractual liability policy is a per vehicle premium based on the GAP models detailed herein. GAP Addenda provide first-party financial guarantees to consumers who purchase or lease a vehicle. In the event of a constructive total loss to their vehicle, GAP Addenda will waive the difference between the consumer’s outstanding balance owed on the loan/lease at the time of loss and the consumer’s primary insurance company’s insurance settlement. On any specific valuation date, the *GAP value* is defined as the positive dollar amount, if any, of (a) the outstanding loan/lease balance, less (b) the primary insurance company’s settlement, plus the consumer’s physical damage deductible. In addition to the financial guarantees (*GAP Advantage Program*), other ancillary benefits (*GAP Preferred Program*) may also be provided. The contingency events covered are unrecovered thefts or “total losses” during the term of a loan/lease. GAP Advantage and GAP Preferred coverages may be written on new, near-new or used vehicles. The maximum term of coverage is equivalent to the term of the vehicle loan.

The sources of this business are direct automobile and motorcycle dealers. The owner and beneficiary of this waiver is the vehicle owner/lessee. The vehicle owner is responsible for the unpaid loan/lease balance over the term of the agreement. In those instances in which the vehicle has incurred a constructive total loss and the unpaid loan/lease balance exceeds the insurance company’s settlement amount, the vehicle owner is responsible for this difference.

GAP Preferred is composed of GAP Advantage coverage and certain ancillary benefits. These ancillary benefits may include up to a maximum of two (2) loan/lease payments in arrears at the time of settlement of a GAP claim, reimbursement of the consumer’s auto physical damage deductible under the insured’s insurance policy and an allowance towards the purchase of a replacement vehicle.

I. Rate Calculation – Automobiles¹

Exhibit 1 displays the summary of the CLIP premium and the assumptions used in calculating the base rate of \$60 per vehicle. CCC has limited experience with CLIP’s covering GAP programs. The assumptions underlying this analysis are based on our understanding of the GAP market in the United States. The cost drivers for GAP coverage include: (1) the amount financed, i.e., the loan to value ratio (LTV), (2) the amount of ancillary payments, (3) the loan

¹ Automobiles include passenger cars, vans and light trucks.

terms-interest rates and term of loan and (4) the expected claim frequency. These drivers are considered separately for each vehicle type: new, near-new and used.

The base CLIP rate, \$60, is a weighted average rate for CCC's distribution of new, near-new and used vehicle service contract (VSC) business written in 2006. However, the actual portfolio rate for all vehicles written through a single dealer will be based on the distribution of new, near-new and used vehicles written through that dealer. The average portfolio rate is based on the characteristics of each dealer's loan portfolio. The weighted average rate for each automobile type, based on the specific characteristics of the four cost drivers mentioned above, will determine a rate specific to each dealer.

The calculated base rate for each of the three vehicle types: new, near-new and used, is displayed in Exhibits 2, 3 and 4, respectively. The monthly "amount at risk" is comprised of two components: the GAP value plus ancillary benefits, if any. Ancillary benefits may include any loan payments due at the date of the GAP claim adjudication, insurance deductible or other financial allowances as described above.

Monthly automobile values, Column (7), are interpolated from automobile depreciation ratios developed for a composite of automobile manufacturers at twelve (12) month intervals from the middle of the model year. In projecting these depreciation ratios, we used the average of the retail² and wholesale³ values as the automobile's base value for each valuation date. The initial value for near-new automobile is the average MSRP depreciated for 18 months; the initial value for a used automobile is the MSRP after 30 months of depreciation.

Since the actual exposure for GAP waiver is less than the original loan term, a monthly pure risk premium is required in determining the pure risk premium for the benefits provided under the coverage. The monthly pure risk premium is calculated in Column (10). The sum of these monthly pure risk premiums is the pure risk premium for the coverage. The premium rate is the pure risk premium, \$55, divided by the permissible loss ratio (PLR) of 92.1% (See Exhibit 6). The premium rate has been rounded to whole dollars.

Exhibit 5 provides the base rate, \$60, and relativity factors for other values of the primary cost drivers: the average interest rate for the dealer's loan portfolio, the funding percentage (LTV), the average loan term and the ancillary benefits. The assumed annual frequency incorporated in the base rate is 1.0%.

II. Rate Calculation – Motorcycles

The summary of the CLIP base rate of \$73 per motorcycle, along with the assumptions, is shown in Exhibit 7. CCC doesn't have any experience with CLIP's covering GAP for motorcycles. The assumptions underlying this analysis are based on our understanding of the motorcycle market for GAP products in the United States. The cost drivers are similar to the cost drivers for

² Source: Kelly Blue Book, April Editions for years 2003, 2002, 2001, 2000, 1999, 1998, 1997 and 1996

³ Source: Kelly Blue Book, April Editions for years 2003, 2002, 2001, 2000, 1999, 1998, 1997 and 1996

automobile GAP waiver. Each of these four drivers is considered separately for new, near-new and used motorcycles.

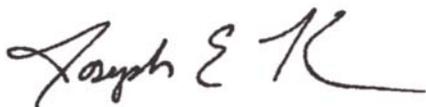
The base GAP rate, \$73, is a weighted average rate for CCC's distribution of new, near-new and used motorcycle service contract business written in 2006. However, the actual portfolio rate for all motorcycles written through a single dealer will be based on the distribution of new, near-new and used motorcycles written through that dealer. The average portfolio rate is based on the characteristics of each dealer's loan portfolio. The weighted average of each motorcycle type rate, based on the four drivers mentioned above, will determine a rate specific to each dealer.

Exhibits 8, 9, and 10 display the base rate calculation for each of the three motorcycle types, new, near-new and used, respectively. The motorcycle value, Column (7) of each exhibit, is based on a composite of motorcycle manufacturers at annual intervals from the middle of the model year. In projecting the motorcycle depreciation ratios, we averaged the retail⁴ and wholesale⁵ values for each valuation date. The monthly depreciation ratios are based on a log-linear regression of the observed depreciation ratios. The initial value for near-new motorcycles is selected as the average new motorcycle MSRP depreciated for 18 months; the initial value for a used motorcycle is the motorcycle MSRP with 30 months of depreciation.

As with automobiles, the actual exposure period is less than the original loan term. The sum of the monthly pure risk GAP premiums, calculated in Column (10), is the pure risk premium for the coverage. The base premium rate per motorcycle, \$73, is the pure risk premium, \$67, divided by the permissible loss ratio (PLR) of 91.5% (See Exhibit 12), rounded to whole dollars.

Exhibit 11 displays the relativity factors for other values of the primary cost drivers: the average interest rate for the dealer's loan portfolio, the funding percentage (LTV), the average loan term and the ancillary benefits. The assumed annual frequency incorporated in the base rate is 1.0%.

If you have any questions, please contact us.



Joseph E. Kirsits, FCAS, MAAA
Vice President
GPW and Associates, Inc.
Direct Line: (602) 200-6919
June 29, 2007

⁴ Source: Kelly Blue Book, April Editions for years 2003, 2002, 2001, 2000, 1999, 1998, 1997 and 1996

⁵ Source: Kelly Blue Book, April Editions for years 2003, 2002, 2001, 2000, 1999, 1998, 1997 and 1996

Exhibit Index

I. Contractual Liability for Automobile *GAP Advantage* and *GAP Preferred*

Exhibit 1	Rate Summary
Exhibit 2	Automobile GAP Advantage and GAP Preferred – New
Exhibit 3	Automobile GAP Advantage and GAP Preferred – Near New
Exhibit 4	Automobile GAP Advantage and GAP Preferred – Used
Exhibit 5	CLIP Rate Matrix for GAP Program
Exhibit 6	Permissible Loss & DCCE Ratio

II. Contractual Liability for Motorcycles *GAP Advantage* and *GAP Preferred*

Exhibit 7	Rate Summary
Exhibit 8	Motorcycle GAP Advantage and GAP Preferred – New
Exhibit 9	Motorcycle GAP Advantage and GAP Preferred – Near New
Exhibit 10	Motorcycle GAP Advantage and GAP Preferred – Used
Exhibit 11	CLIP Rate Matrix for GAP Program
Exhibit 12	Permissible Loss & DCCE Ratio

Exhibit 1
Continental Casualty Company
- Contractual Liability Rate Summary -
Automobile GAP and GAP Plus Coverage

	<u>New¹</u>	<u>Near New²</u>	<u>Used³</u>	<u>Total</u>
Pure Loss Cost (PLC):	\$92	\$30	\$38	\$55
Permissible Loss Ratio⁴:	92.1%	92.1%	92.1%	92.1%
Premium:	\$100	\$33	\$41	\$60
Production Weight:	0.366	0.292	0.342	1.000

GAP Base Rate Assumptions

1. Financed Amount

MSRP	\$27,500	\$20,625	\$18,068	\$22,267
Finance Ratio	<u>1.090</u>	<u>1.090</u>	<u>1.090</u>	<u>1.090</u>
Total Financed	\$29,975	\$22,481	\$19,694	\$24,271

2. Ancillary Payments

Monthly Loan P&I	\$932	\$699	\$612	\$754
Allowance & Deductible	318	551	638	496
Gap Plus	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Ancillary	\$1,250	\$1,250	\$1,250	\$1,250

3. Loan Terms

Term	62	62	62	62
Annual Rate	10.00%	10.00%	10.00%	10.00%
Monthly Payment	\$621.04	\$465.78	\$408.02	\$503

4. Claim Frequency

Annual Rate	1.00%	1.00%	1.00%	1.00%
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Notes:

¹ "New" PLC is from Exhibit 2, Column (10), Row "Pure Premium Per Vehicle"

² "Near New" PLC is from Exhibit 3, Column (10), Row "Pure Premium Per Vehicle"

³ "Used" PLC is from Exhibit 4, Column (10), Row "Pure Premium Per Vehicle"

⁴ Permissible Loss Ratio from Exhibit 6, Row (13)

Exhibit 2
Continental Casualty Company
Automobile GAP and GAP Plus Coverage - New

New		Ancillary Benefits (AB)		Loan Assumptions		Loan Information		Claim Frequency	
MSRP1:	\$27,500	Mo Pmt:	\$931.56	Term:	62	Mo Pmt Amt:	(\$621.04)	Annual:	1.000%
Finance Ratio:	1.090	Deductible:	318.44	Annual Rate:	10.0%	Total Pmts:	(\$38,504.40)	Monthly:	0.083%
Total Loan:	\$29,975	GAP Plus:	0.00	Mo Rate:	0.83%	Total Int:	(\$8,529.40)		
Notes:		AB Total:	\$1,250.00						

1 Reference: Automotive News 2003 Market Data Book

(1)	(2)	(3)	(4)	(5)	(6)	(7)=MSRPx(5)	(8)=(6)-(7)	(9)	(10)=[(8)+(9)] x 0.083%
Elapsed Months	Cumulative Payment	Cumulative Interest	Loan Amortization	Automobile Depreciation	Loan Balance	Automobile Value	GAP Amount	Ancillary Benefits (AB)	Pure Risk Premium
1	\$621.04	(\$249.79)	0.988	0.904	\$29,615	\$24,860	\$4,755	\$1,250	\$5.00
2	1,242.08	(496.49)	0.975	0.894	29,226	24,585	4,641	1,250	\$4.91
3	1,863.12	(740.07)	0.963	0.884	28,866	24,310	4,556	1,250	\$4.84
4	2,484.15	(980.50)	0.950	0.874	28,476	24,035	4,441	1,250	\$4.74
5	3,105.19	(1,217.76)	0.937	0.865	28,087	23,788	4,299	1,250	\$4.62
6	3,726.23	(1,451.83)	0.924	0.855	27,697	23,513	4,184	1,250	\$4.53
7	4,347.27	(1,682.66)	0.911	0.846	27,307	23,265	4,042	1,250	\$4.41
8	4,968.31	(1,910.25)	0.898	0.837	26,918	23,018	3,900	1,250	\$4.29
9	5,589.35	(2,134.56)	0.885	0.828	26,528	22,770	3,758	1,250	\$4.17
10	6,210.39	(2,355.56)	0.871	0.819	26,108	22,523	3,586	1,250	\$4.03
11	6,831.42	(2,573.23)	0.858	0.810	25,719	22,275	3,444	1,250	\$3.91
12	7,452.46	(2,787.53)	0.844	0.801	25,299	22,028	3,271	1,250	\$3.77
13	8,073.50	(2,998.45)	0.831	0.792	24,909	21,780	3,129	1,250	\$3.65
14	8,694.54	(3,205.95)	0.817	0.784	24,490	21,560	2,930	1,250	\$3.48
15	9,315.58	(3,410.00)	0.803	0.775	24,070	21,313	2,757	1,250	\$3.34
16	9,936.62	(3,610.58)	0.789	0.767	23,650	21,093	2,558	1,250	\$3.17
17	10,557.66	(3,807.66)	0.775	0.758	23,231	20,845	2,386	1,250	\$3.03
18	11,178.70	(4,001.20)	0.761	0.750	22,811	20,625	2,186	1,250	\$2.86
19	11,799.73	(4,191.18)	0.746	0.742	22,361	20,405	1,956	1,250	\$2.67
20	12,420.77	(4,377.57)	0.732	0.734	21,942	20,185	1,757	1,250	\$2.51
21	13,041.81	(4,560.33)	0.717	0.726	21,492	19,965	1,527	1,250	\$2.31
22	13,662.85	(4,739.44)	0.702	0.718	21,042	19,745	1,297	1,250	\$2.12
23	14,283.89	(4,914.87)	0.687	0.710	20,593	19,525	1,068	1,250	\$1.93
24	14,904.93	(5,086.59)	0.672	0.702	20,143	19,305	838	1,250	\$1.74
25	15,525.97	(5,254.56)	0.657	0.694	19,694	19,085	609	1,250	\$1.55
26	16,147.00	(5,418.76)	0.642	0.687	19,244	18,893	351	1,250	\$1.33
27	16,768.04	(5,579.15)	0.627	0.679	18,794	18,673	122	1,250	\$1.14
28	17,389.08	(5,735.70)	0.611	0.672	18,315	18,480	(165)	1,250	\$0.90
29	18,010.12	(5,888.38)	0.596	0.665	17,865	18,288	(422)	1,250	\$0.69
30	18,631.16	(6,037.16)	0.580	0.657	17,386	18,068	(682)	1,250	\$0.47
31	19,252.20	(6,182.00)	0.564	0.650	16,906	17,875	(969)	1,250	\$0.23
32	19,873.24	(6,322.87)	0.548	0.643	16,426	17,683	(1,256)	0	\$0.00
33	20,494.27	(6,459.74)	0.532	0.636	15,947	17,490	(1,543)	0	\$0.00
34	21,115.31	(6,592.58)	0.516	0.629	15,467	17,298	(1,830)	0	\$0.00
35	21,736.35	(6,721.35)	0.499	0.622	14,958	17,105	(2,147)	0	\$0.00
36	22,357.39	(6,846.02)	0.483	0.615	14,478	16,913	(2,435)	0	\$0.00
37	22,978.43	(6,966.55)	0.466	0.609	13,968	16,748	(2,779)	0	\$0.00
38	23,599.47	(7,082.91)	0.449	0.602	13,459	16,555	(3,096)	0	\$0.00
39	24,220.51	(7,195.06)	0.432	0.595	12,949	16,363	(3,413)	0	\$0.00
40	24,841.55	(7,302.97)	0.415	0.589	12,440	16,198	(3,758)	0	\$0.00
41	25,462.58	(7,406.61)	0.398	0.583	11,930	16,033	(4,102)	0	\$0.00
42	26,083.62	(7,505.93)	0.380	0.576	11,391	15,840	(4,450)	0	\$0.00
43	26,704.66	(7,600.91)	0.363	0.570	10,881	15,675	(4,794)	0	\$0.00
44	27,325.70	(7,691.51)	0.345	0.564	10,341	15,510	(5,169)	0	\$0.00
45	27,946.74	(7,777.68)	0.327	0.557	9,802	15,318	(5,516)	0	\$0.00
46	28,567.78	(7,859.40)	0.309	0.551	9,262	15,153	(5,890)	0	\$0.00
47	29,188.82	(7,936.62)	0.291	0.545	8,723	14,988	(6,265)	0	\$0.00
48	29,809.85	(8,009.31)	0.273	0.539	8,183	14,823	(6,639)	0	\$0.00
49	30,430.89	(8,077.43)	0.254	0.534	7,614	14,685	(7,071)	0	\$0.00
50	31,051.93	(8,140.94)	0.236	0.528	7,074	14,520	(7,446)	0	\$0.00
51	31,672.97	(8,199.81)	0.217	0.522	6,505	14,355	(7,850)	0	\$0.00
52	32,294.01	(8,253.99)	0.198	0.516	5,935	14,190	(8,255)	0	\$0.00
53	32,915.05	(8,303.45)	0.179	0.511	5,366	14,053	(8,687)	0	\$0.00
54	33,536.09	(8,348.14)	0.160	0.505	4,796	13,888	(9,092)	0	\$0.00
55	34,157.12	(8,388.03)	0.140	0.500	4,197	13,750	(9,554)	0	\$0.00
56	34,778.16	(8,423.08)	0.121	0.494	3,627	13,585	(9,958)	0	\$0.00
57	35,399.20	(8,453.25)	0.101	0.489	3,027	13,448	(10,420)	0	\$0.00
58	36,020.24	(8,478.49)	0.081	0.483	2,428	13,283	(10,855)	0	\$0.00
59	36,641.28	(8,498.77)	0.061	0.478	1,828	13,145	(11,317)	0	\$0.00
60	37,262.32	(8,514.04)	0.041	0.473	1,229	13,008	(11,779)	0	\$0.00

Macaulay Duration: 0.9603 years
Modified Duration: 0.9209 years

Pure Premium Per Vehicle:	\$92.38
Permissible Loss Ratio:	92.1%
Premium Per Vehicle:	\$100.35

Exhibit 3
Continental Casualty Company
Automobile GAP and GAP Plus Coverage - Near-New

New		Ancillary Benefits (AB)		Loan Assumptions		Loan Information		Claim Frequency	
Value @ 18 Mos.	\$20,625	Mo Pmt:	\$698.67	Term:	62	Mo Pmt Amt:	(\$465.78)	Annual:	1.000%
Finance Ratio:	1.090	Deductible:	\$551.33	Annual Rate:	10.0%	Total Pmts:	(\$28,878.30)	Monthly:	0.083%
Total Loan:	\$22,481	GAP Plus:	\$0.00	Mo Rate:	0.83%	Total Int:	(\$6,397.05)		
		AB Total:	\$1,250.00						

Notes:
1 Reference: Automotive News 2003 Market Data Book

(1)	(2)	(3)	(4)	(5)	(6)	(7)=MSRPx(5)	(8)=(6)-(7)	(9)	(10)=(8)+(9) x 0.083%
Elapsed Months	Cumulative Payment	Cumulative Interest	Loan Amortization	Automobile Depreciation	Loan Balance	Automobile Value	GAP Amount	Ancillary Benefits	Pure Risk Premium
1	\$465.78	(\$187.34)	0.988	1.000	\$22,211	\$20,625	\$1,586	\$1,250	\$2.36
2	931.56	(372.37)	0.975	1.000	21,919	20,625	1,294	1,250	\$2.12
3	1,397.34	(555.05)	0.963	0.993	21,649	20,481	1,169	1,250	\$2.02
4	1,863.12	(735.38)	0.950	0.982	21,357	20,254	1,103	1,250	\$1.96
5	2,328.89	(913.32)	0.937	0.971	21,065	20,027	1,038	1,250	\$1.91
6	2,794.67	(1,088.87)	0.924	0.961	20,773	19,821	952	1,250	\$1.84
7	3,260.45	(1,262.00)	0.911	0.950	20,480	19,594	887	1,250	\$1.78
8	3,726.23	(1,432.69)	0.898	0.940	20,188	19,388	801	1,250	\$1.71
9	4,192.01	(1,600.92)	0.885	0.930	19,896	19,181	715	1,250	\$1.64
10	4,657.79	(1,766.67)	0.871	0.920	19,581	18,975	606	1,250	\$1.55
11	5,123.57	(1,929.92)	0.858	0.910	19,289	18,769	520	1,250	\$1.48
12	5,589.35	(2,090.65)	0.844	0.900	18,974	18,563	412	1,250	\$1.38
13	6,055.13	(2,248.84)	0.831	0.890	18,682	18,356	326	1,250	\$1.31
14	6,520.91	(2,404.46)	0.817	0.881	18,367	18,171	197	1,250	\$1.21
15	6,986.68	(2,557.50)	0.803	0.871	18,052	17,964	88	1,250	\$1.12
16	7,452.46	(2,707.94)	0.789	0.862	17,738	17,779	(41)	1,250	\$1.01
17	7,918.24	(2,855.74)	0.775	0.852	17,423	17,573	(150)	1,250	\$0.92
18	8,384.02	(3,000.90)	0.761	0.843	17,108	17,387	(279)	1,250	\$0.81
19	8,849.80	(3,143.38)	0.746	0.834	16,771	17,201	(430)	1,250	\$0.68
20	9,315.58	(3,283.17)	0.732	0.825	16,456	17,016	(559)	1,250	\$0.58
21	9,781.36	(3,420.25)	0.717	0.816	16,119	16,830	(711)	1,250	\$0.45
22	10,247.14	(3,554.58)	0.702	0.807	15,782	16,644	(863)	1,250	\$0.32
23	10,712.92	(3,686.16)	0.687	0.799	15,445	16,479	(1,035)	1,250	\$0.18
24	11,178.70	(3,814.94)	0.672	0.790	15,107	16,294	(1,186)	1,250	\$0.05
25	11,644.47	(3,940.92)	0.657	0.781	14,770	16,108	(1,338)	0	\$0.00
26	12,110.25	(4,064.07)	0.642	0.773	14,433	15,943	(1,510)	0	\$0.00
27	12,576.03	(4,184.36)	0.627	0.765	14,096	15,778	(1,682)	0	\$0.00
28	13,041.81	(4,301.77)	0.611	0.756	13,736	15,593	(1,856)	0	\$0.00
29	13,507.59	(4,416.28)	0.596	0.748	13,399	15,428	(2,029)	0	\$0.00
30	13,973.37	(4,527.87)	0.580	0.740	13,039	15,263	(2,223)	0	\$0.00
31	14,439.15	(4,636.50)	0.564	0.732	12,679	15,098	(2,418)	0	\$0.00
32	14,904.93	(4,742.15)	0.548	0.724	12,320	14,933	(2,613)	0	\$0.00
33	15,370.71	(4,844.81)	0.532	0.716	11,960	14,768	(2,807)	0	\$0.00
34	15,836.49	(4,944.44)	0.516	0.709	11,600	14,623	(3,023)	0	\$0.00
35	16,302.26	(5,041.01)	0.499	0.701	11,218	14,458	(3,240)	0	\$0.00
36	16,768.04	(5,134.51)	0.483	0.693	10,858	14,293	(3,435)	0	\$0.00
37	17,233.82	(5,224.91)	0.466	0.686	10,476	14,149	(3,672)	0	\$0.00
38	17,699.60	(5,312.18)	0.449	0.678	10,094	13,984	(3,890)	0	\$0.00
39	18,165.38	(5,396.29)	0.432	0.671	9,712	13,839	(4,127)	0	\$0.00
40	18,631.16	(5,477.23)	0.415	0.664	9,330	13,695	(4,365)	0	\$0.00
41	19,096.94	(5,554.96)	0.398	0.657	8,948	13,551	(4,603)	0	\$0.00
42	19,562.72	(5,629.45)	0.380	0.650	8,543	13,406	(4,863)	0	\$0.00
43	20,028.50	(5,700.68)	0.363	0.643	8,161	13,262	(5,101)	0	\$0.00
44	20,494.27	(5,768.63)	0.345	0.636	7,756	13,118	(5,361)	0	\$0.00
45	20,960.05	(5,833.26)	0.327	0.629	7,351	12,973	(5,622)	0	\$0.00
46	21,425.83	(5,894.55)	0.309	0.622	6,947	12,829	(5,882)	0	\$0.00
47	21,891.61	(5,952.46)	0.291	0.615	6,542	12,684	(6,142)	0	\$0.00
48	22,357.39	(6,006.98)	0.273	0.609	6,137	12,561	(6,423)	0	\$0.00
49	22,823.17	(6,058.07)	0.254	0.602	5,710	12,416	(6,706)	0	\$0.00
50	23,288.95	(6,105.71)	0.236	0.595	5,306	12,272	(6,966)	0	\$0.00
51	23,754.73	(6,149.86)	0.217	0.589	4,878	12,148	(7,270)	0	\$0.00
52	24,220.51	(6,190.49)	0.198	0.583	4,451	12,024	(7,573)	0	\$0.00
53	24,686.29	(6,227.59)	0.179	0.576	4,024	11,880	(7,856)	0	\$0.00
54	25,152.06	(6,261.11)	0.160	0.570	3,597	11,756	(8,159)	0	\$0.00
55	25,617.84	(6,291.03)	0.140	0.564	3,147	11,633	(8,485)	0	\$0.00
56	26,083.62	(6,317.31)	0.121	0.558	2,720	11,509	(8,789)	0	\$0.00
57	26,549.40	(6,339.94)	0.101	0.552	2,271	11,385	(9,114)	0	\$0.00
58	27,015.18	(6,358.87)	0.081	0.546	1,821	11,261	(9,440)	0	\$0.00
59	27,480.96	(6,374.08)	0.061	0.540	1,371	11,138	(9,766)	0	\$0.00
60	27,946.74	(6,385.53)	0.041	0.534	922	11,014	(10,092)	0	\$0.00

Macaulay Duration: 0.7380 years
Modified Duration: 0.7077 years

Pure Premium Per Vehicle:	\$30.37
Permissible Loss Ratio:	92.1%
Premium Per Vehicle:	\$32.99

Exhibit 4
Continental Casualty Company
Automobile GAP and GAP Plus Coverage - Used

New		Ancillary Benefits (AB)		Loan Assumptions		Loan Information		Claim Frequency	
Value @ 30 Mos.	\$18,068	Mo Pmt:	\$612.03	Term:	62	Mo Pmt Amt:	(\$408.02)	Annual:	1.000%
Finance Ratio:	1.090	Deductible:	\$637.97	Annual Rate:	10.0%	Total Pmts:	(\$25,297.39)	Monthly:	0.083%
Total Loan:	\$19,694	AB Total:	\$0.00	Mo Rate:	0.83%	Total Int:	(\$5,603.81)		
			\$1,250.00						

Notes:

1 Reference: Automotive News 2003 Market Data Book

(1)	(2)	(3)	(4)	(5)	(6)	(7)=MSRPx(5)	(8)=(6)-(7)	(9)	(10)=[(8)+(9)] x 0.083%
Elapsed Months	Cumulative Payment	Cumulative Interest	Loan Amortization	Automobile Depreciation	Loan Balance	Automobile Value	GAP Amount	Ancillary Benefits	Pure Risk Premium
1	\$408.02	(\$164.11)	0.988	0.988	\$19,457	\$17,851	\$1,607	\$1,250	\$2.38
2	816.04	(326.19)	0.975	0.978	19,201	17,670	1,531	1,250	\$2.32
3	1,224.07	(486.22)	0.963	0.967	18,965	17,471	1,494	1,250	\$2.29
4	1,632.09	(644.19)	0.950	0.957	18,709	17,291	1,418	1,250	\$2.22
5	2,040.11	(800.07)	0.937	0.947	18,453	17,110	1,343	1,250	\$2.16
6	2,448.13	(953.85)	0.924	0.937	18,197	16,929	1,268	1,250	\$2.10
7	2,856.16	(1,105.51)	0.911	0.927	17,941	16,749	1,192	1,250	\$2.04
8	3,264.18	(1,255.03)	0.898	0.917	17,685	16,568	1,117	1,250	\$1.97
9	3,672.20	(1,402.40)	0.885	0.907	17,429	16,387	1,042	1,250	\$1.91
10	4,080.22	(1,547.60)	0.871	0.897	17,153	16,207	947	1,250	\$1.83
11	4,488.25	(1,690.61)	0.858	0.888	16,897	16,044	853	1,250	\$1.75
12	4,896.27	(1,831.41)	0.844	0.878	16,621	15,863	758	1,250	\$1.67
13	5,304.29	(1,969.98)	0.831	0.869	16,365	15,701	665	1,250	\$1.60
14	5,712.31	(2,106.31)	0.817	0.859	16,090	15,520	570	1,250	\$1.52
15	6,120.34	(2,240.37)	0.803	0.850	15,814	15,357	457	1,250	\$1.42
16	6,528.36	(2,372.15)	0.789	0.841	15,538	15,195	343	1,250	\$1.33
17	6,936.38	(2,501.63)	0.775	0.832	15,263	15,032	230	1,250	\$1.23
18	7,344.40	(2,628.79)	0.761	0.823	14,987	14,870	117	1,250	\$1.14
19	7,752.43	(2,753.60)	0.746	0.814	14,691	14,707	(16)	1,250	\$1.03
20	8,160.45	(2,876.06)	0.732	0.806	14,416	14,562	(147)	1,250	\$0.92
21	8,568.47	(2,996.14)	0.717	0.797	14,120	14,400	(280)	1,250	\$0.81
22	8,976.49	(3,113.81)	0.702	0.788	13,825	14,237	(412)	1,250	\$0.70
23	9,384.51	(3,229.07)	0.687	0.780	13,529	14,093	(563)	1,250	\$0.57
24	9,792.54	(3,341.89)	0.672	0.772	13,234	13,948	(714)	1,250	\$0.45
25	10,200.56	(3,452.25)	0.657	0.763	12,939	13,786	(847)	1,250	\$0.34
26	10,608.58	(3,560.12)	0.642	0.755	12,643	13,641	(998)	1,250	\$0.21
27	11,016.60	(3,665.50)	0.627	0.747	12,348	13,496	(1,149)	1,250	\$0.08
28	11,424.63	(3,768.35)	0.611	0.739	12,033	13,352	(1,319)	0	\$0.00
29	11,832.65	(3,868.67)	0.596	0.731	11,737	13,207	(1,470)	0	\$0.00
30	12,240.67	(3,966.41)	0.580	0.723	11,422	13,063	(1,641)	0	\$0.00
31	12,648.69	(4,061.57)	0.564	0.716	11,107	12,936	(1,829)	0	\$0.00
32	13,056.72	(4,154.13)	0.548	0.708	10,792	12,792	(2,000)	0	\$0.00
33	13,464.74	(4,244.05)	0.532	0.700	10,477	12,647	(2,170)	0	\$0.00
34	13,872.76	(4,331.33)	0.516	0.693	10,162	12,521	(2,359)	0	\$0.00
35	14,280.78	(4,415.93)	0.499	0.686	9,827	12,394	(2,567)	0	\$0.00
36	14,688.81	(4,497.83)	0.483	0.678	9,512	12,250	(2,738)	0	\$0.00
37	15,096.83	(4,577.02)	0.466	0.671	9,177	12,123	(2,946)	0	\$0.00
38	15,504.85	(4,653.47)	0.449	0.664	8,842	11,997	(3,154)	0	\$0.00
39	15,912.87	(4,727.15)	0.432	0.657	8,508	11,870	(3,363)	0	\$0.00
40	16,320.90	(4,798.05)	0.415	0.650	8,173	11,744	(3,571)	0	\$0.00
41	16,728.92	(4,866.14)	0.398	0.643	7,838	11,617	(3,779)	0	\$0.00
42	17,136.94	(4,931.40)	0.380	0.636	7,484	11,491	(4,007)	0	\$0.00
43	17,544.96	(4,993.80)	0.363	0.629	7,149	11,364	(4,216)	0	\$0.00
44	17,952.98	(5,053.32)	0.345	0.622	6,794	11,238	(4,444)	0	\$0.00
45	18,361.01	(5,109.94)	0.327	0.616	6,440	11,130	(4,690)	0	\$0.00
46	18,769.03	(5,163.62)	0.309	0.609	6,085	11,003	(4,918)	0	\$0.00
47	19,177.05	(5,214.36)	0.291	0.602	5,731	10,877	(5,146)	0	\$0.00
48	19,585.07	(5,262.11)	0.273	0.596	5,376	10,768	(5,392)	0	\$0.00
49	19,993.10	(5,306.87)	0.254	0.590	5,002	10,660	(5,658)	0	\$0.00
50	20,401.12	(5,348.60)	0.236	0.583	4,648	10,533	(5,886)	0	\$0.00
51	20,809.14	(5,387.27)	0.217	0.577	4,274	10,425	(6,151)	0	\$0.00
52	21,217.16	(5,422.87)	0.198	0.571	3,899	10,317	(6,417)	0	\$0.00
53	21,625.19	(5,455.37)	0.179	0.565	3,525	10,208	(6,683)	0	\$0.00
54	22,033.21	(5,484.73)	0.160	0.559	3,151	10,100	(6,949)	0	\$0.00
55	22,441.23	(5,510.94)	0.140	0.553	2,757	9,991	(7,234)	0	\$0.00
56	22,849.25	(5,533.97)	0.121	0.547	2,383	9,883	(7,500)	0	\$0.00
57	23,257.28	(5,553.79)	0.101	0.541	1,989	9,775	(7,785)	0	\$0.00
58	23,665.30	(5,570.37)	0.081	0.535	1,595	9,666	(8,071)	0	\$0.00
59	24,073.32	(5,583.69)	0.061	0.529	1,201	9,558	(8,356)	0	\$0.00
60	24,481.34	(5,593.72)	0.041	0.524	807	9,467	(8,660)	0	\$0.00

Macaulay Duration: 0.8336 years
Modified Duration: 0.7994 years

Pure Premium Per Vehicle:	\$37.98
Pure Premium Per Vehicle:	92.1%
Premium Per Vehicle:	\$41.26

Exhibit 5

Continental Casualty Company

Automobile GAP and GAP Plus Coverage

Contractual Liability Rate Matrix

	<u>Base Rate</u>	<u>Mix</u> <u>Factor</u>	<u>MSRP</u>
New ¹	\$100	0.366	\$27,500
Near-New ²	33	0.292	20,625
Used ³	<u>41</u>	<u>0.342</u>	<u>18,068</u>
Combined⁴	\$60	1.000	\$22,267

Notes:

¹ From Exhibit 2, Column (10), "Premium per Vehicle"

² From Exhibit 3, Column (10), "Premium per Vehicle"

³ From Exhibit 4, Column (10), "Premium per Vehicle"

⁴ Based on CCC's 2006 Coverage Mix

New Vehicle Value (1)	Average Vehicle Value (2)	Interest Rate (3)	Factor (4)	Overfund Percentage (5)	Factor (6)	Loan Term (7)	Factor (8)	Ancillary Benefits (9)	Factor (10)
15,000	12,145	2.5%	0.752	0%	0.402	36	0.315	\$ -	0.553
17,500	14,170	5.0%	0.819	3%	0.580	42	0.423	\$ 500	0.724
20,000	16,194	7.5%	0.916	6%	0.787	48	0.554	\$ 750	0.808
22,500	18,218	10%	1.000	9%	1.000	54	0.715	\$ 1,000	0.904
27,500	22,267	12.5%	1.102	10%	1.078	62	1.000	\$ 1,250	1.000
32,500	26,315	15.0%	1.209	15%	1.471	66	1.179	\$ 1,500	1.113
37,500	30,364	17.5%	1.321	20%	1.896	72	1.491	\$ 1,750	1.221
60,000	48,582	20.0%	1.440	25%	2.321	78	1.849	\$ 2,000	1.333
70,000	56,679	22.5%	1.562	30%	2.767	84	2.281	\$ 2,250	1.452
80,000	64,776	25.0%	1.680	40%	3.684	90	2.778	\$ 2,500	1.570
100,000	80,969	30.0%	1.941	50%	4.638	96	3.322	\$ 3,000	1.830

Exhibit 6
Continental Casualty Company
- Contractual Liability Rate Summary -
Permissible Loss & DCCE Ratio (PLR)

1. Target After-Tax Return on Equity	Appendix I	12.0%
2. Pre-Tax Return on Investments	Appendix II	6.2%
3. Expected Tax Rate	Appendix III	30.9%
4. After-Tax Return on Investments	(2. x (1-3.))	4.3%
5. Return on Surplus Excluding Investment Income	(1.-4.)	7.7%
6. Ratio of Premium to Surplus	Appendix IV	1.500
7. After-Tax Return on Premium	(5./6.)	5.1%
8. Pre-Tax Underwriting Profit and Contingencies	(7./(1-3.))	7.4%
9. Total Underwriting Expense	Appendix V	3.0%
10. Investment Income on Product Cash Flows ¹	(see note below)	2.5%
11. Expected Loss & LAE Ratio	(1-8.-9.+10.)	92.1%
12. LAE for Product		0.0%
13. Permissible Loss Ratio	(11.-12.)	92.1%

Notes:

¹ Calculation of Investment Income on Product Cash Flows

	<u>Duration</u> ^{a,b}	<u>Weight</u>	<u>After-Tax Return</u> <u>On Investments</u>	<u>Weighted</u> <u>Return</u> ^c
Premiums:	0.1667 years	100.0%	-4.3%	-0.7%
Claims:	0.8171 years	92.1%	4.3%	<u>3.2%</u>
			Investment Income on Product Cash Flows:	2.5%

^a Premium Modified Durations are selected to represent average premium collected at two (2) months due to premium reporting lags from Dealers.

^b Claims Modified Durations are a Production Weighted Average of Durations from Exhibits 2, 3 and 4.

^c Weighted Return = Duration x Weight x After-Tax Return on Investments

Exhibit 7
Continental Casualty Company
- Contractual Liability Rate Summary -
Motorcycle GAP and GAP Plus Coverage

	<u>New¹</u>	<u>Near New²</u>	<u>Used³</u>	<u>Total</u>
Pure Loss Cost (PLC):	\$69	\$66	\$64	\$67
Permissible Loss Ratio⁴:	91.5%	91.5%	91.5%	91.5%
Premium:	\$75	\$72	\$70	\$73
Production Weight:	0.612	0.117	0.271	1.000

GAP Base Rate Assumptions				
1. Financed Amount				
MSRP	\$20,000	\$19,116	\$18,436	\$19,473
Finance Ratio	<u>1.250</u>	<u>1.250</u>	<u>1.250</u>	<u>1.150</u>
Total Financed	\$25,000	\$23,895	\$23,045	\$24,341
2. Ancillary Payments				
Monthly Loan P&I	\$391	\$397	\$406	\$395
Allowance & Deductible	359	353	344	355
GAP Plus:	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Ancillary	\$1,500	\$1,500	\$1,500	\$1,500
3. Loan Terms				
Term	60	60	60	60
Annual Rate	15.00%	15.00%	15.00%	15.00%
Monthly Payment	\$594.75	\$568.46	\$548.24	\$579
4. Claim Frequency				
Annual Rate	1.00%	1.00%	1.00%	1.00%

Notes:

¹ "New" PLC is from Exhibit 8, Column (10), Row "Pure Premium Per Vehicle"

² "Near New" PLC is from Exhibit 9, Column (10), Row "Pure Premium Per Vehicle"

³ "Used" PLC is from Exhibit 10, Column (10), Row "Pure Premium Per Vehicle"

⁴ Permissible Loss Ratio from Exhibit 12, Row (13)

Exhibit 8
Continental Casualty Company
Motorcycle GAP and GAP Plus Coverage - New

New		Ancillary Benefits (AB)		Loan Assumptions		Loan Information		Claim Frequency	
MSRP1:	\$20,000	Mo Pmt:	\$892.12	Term:	60	Mo Pmt Amt:	(\$594.75)	Annual:	1.000%
Finance Ratio:	<u>1.250</u>	Deductible:	607.88	Annual Rate:	15.0%	Total Pymts:	(\$35,684.90)	Monthly:	0.083%
Total Loan:	\$25,000	GAP Plus:	0.00	Mo Rate:	1.25%	Total Int:	(\$10,684.90)		
		AB Total:	\$1,500.00						

Notes:
1 Reference: Harley-Davidson web site - 2004 model MSRP

(1)	(2)	(3)	(4)	(5)	(6)	(7)=MSRPx(5)	(8)=(6)-(7)	(9)	(10)=[(8)+(9)] x 0.083%
Elapsed Months	Cumulative Payment	Cumulative Interest	Loan Amortization	Motorcycle Depreciation	Loan Balance	Motorcycle Value	GAP Amount	Ancillary Benefits	Pure Risk Premium
1	\$594.75	(\$312.50)	0.989	0.987	\$24,725	\$19,740	\$4,985	\$1,500	\$5.40
2	1,189.50	(621.47)	0.977	0.984	24,425	19,680	4,745	1,500	\$5.20
3	1,784.24	(926.87)	0.966	0.982	24,150	19,640	4,510	1,500	\$5.01
4	2,378.99	(1,228.65)	0.954	0.979	23,850	19,580	4,270	1,500	\$4.81
5	2,973.74	(1,526.78)	0.942	0.977	23,550	19,540	4,010	1,500	\$4.59
6	3,568.49	(1,821.19)	0.930	0.974	23,250	19,480	3,770	1,500	\$4.39
7	4,163.24	(2,111.85)	0.918	0.972	22,950	19,440	3,510	1,500	\$4.18
8	4,757.99	(2,398.70)	0.906	0.970	22,650	19,400	3,250	1,500	\$3.96
9	5,352.73	(2,681.71)	0.893	0.967	22,325	19,340	2,985	1,500	\$3.74
10	5,947.48	(2,960.83)	0.881	0.965	22,025	19,300	2,725	1,500	\$3.52
11	6,542.23	(3,235.99)	0.868	0.962	21,700	19,240	2,460	1,500	\$3.30
12	7,136.98	(3,507.16)	0.855	0.960	21,375	19,200	2,175	1,500	\$3.06
13	7,731.73	(3,774.29)	0.842	0.958	21,050	19,160	1,890	1,500	\$2.83
14	8,326.48	(4,037.32)	0.828	0.955	20,700	19,100	1,600	1,500	\$2.58
15	8,921.22	(4,296.21)	0.815	0.953	20,375	19,060	1,315	1,500	\$2.35
16	9,515.97	(4,550.90)	0.801	0.950	20,025	19,000	1,025	1,500	\$2.10
17	10,110.72	(4,801.33)	0.788	0.948	19,700	18,960	740	1,500	\$1.87
18	10,705.47	(5,047.47)	0.774	0.946	19,350	18,920	430	1,500	\$1.61
19	11,300.22	(5,289.24)	0.760	0.943	19,000	18,860	140	1,500	\$1.37
20	11,894.97	(5,526.60)	0.745	0.941	18,625	18,820	(195)	1,500	\$1.09
21	12,489.71	(5,759.50)	0.731	0.939	18,275	18,780	(505)	1,500	\$0.83
22	13,084.46	(5,987.87)	0.716	0.936	17,900	18,720	(820)	1,500	\$0.57
23	13,679.21	(6,211.66)	0.701	0.934	17,525	18,680	(1,155)	1,500	\$0.29
24	14,273.96	(6,430.82)	0.686	0.932	17,150	18,640	(1,490)	1,500	\$0.01
25	14,868.71	(6,645.28)	0.671	0.929	16,775	18,580	(1,805)	0	\$0.00
26	15,463.45	(6,854.99)	0.656	0.927	16,400	18,540	(2,140)	0	\$0.00
27	16,058.20	(7,059.88)	0.640	0.925	16,000	18,500	(2,500)	0	\$0.00
28	16,652.95	(7,259.90)	0.624	0.922	15,600	18,440	(2,840)	0	\$0.00
29	17,247.70	(7,454.99)	0.608	0.920	15,200	18,400	(3,200)	0	\$0.00
30	17,842.45	(7,645.08)	0.592	0.918	14,800	18,360	(3,560)	0	\$0.00
31	18,437.20	(7,830.11)	0.576	0.916	14,400	18,320	(3,920)	0	\$0.00
32	19,031.94	(8,010.03)	0.559	0.913	13,975	18,260	(4,285)	0	\$0.00
33	19,626.69	(8,184.75)	0.542	0.911	13,550	18,220	(4,670)	0	\$0.00
34	20,221.44	(8,354.23)	0.525	0.909	13,125	18,180	(5,055)	0	\$0.00
35	20,816.19	(8,518.39)	0.508	0.906	12,700	18,120	(5,420)	0	\$0.00
36	21,410.94	(8,677.16)	0.491	0.904	12,275	18,080	(5,805)	0	\$0.00
37	22,005.69	(8,830.49)	0.473	0.902	11,825	18,040	(6,215)	0	\$0.00
38	22,600.43	(8,978.30)	0.455	0.900	11,375	18,000	(6,625)	0	\$0.00
39	23,195.18	(9,120.53)	0.437	0.897	10,925	17,940	(7,015)	0	\$0.00
40	23,789.93	(9,257.09)	0.419	0.895	10,475	17,900	(7,425)	0	\$0.00
41	24,384.68	(9,387.93)	0.400	0.893	10,000	17,860	(7,860)	0	\$0.00
42	24,979.43	(9,512.97)	0.381	0.891	9,525	17,820	(8,295)	0	\$0.00
43	25,574.17	(9,632.14)	0.362	0.888	9,050	17,760	(8,710)	0	\$0.00
44	26,168.92	(9,745.37)	0.343	0.886	8,575	17,720	(9,145)	0	\$0.00
45	26,763.67	(9,852.57)	0.324	0.884	8,100	17,680	(9,580)	0	\$0.00
46	27,358.42	(9,953.68)	0.304	0.882	7,600	17,640	(10,040)	0	\$0.00
47	27,953.17	(10,048.62)	0.284	0.880	7,100	17,600	(10,500)	0	\$0.00
48	28,547.92	(10,137.32)	0.264	0.877	6,600	17,540	(10,940)	0	\$0.00
49	29,142.66	(10,219.69)	0.243	0.875	6,075	17,500	(11,425)	0	\$0.00
50	29,737.41	(10,295.65)	0.222	0.873	5,550	17,460	(11,910)	0	\$0.00
51	30,332.16	(10,365.13)	0.201	0.871	5,025	17,420	(12,395)	0	\$0.00
52	30,926.91	(10,428.04)	0.180	0.869	4,500	17,380	(12,880)	0	\$0.00
53	31,521.66	(10,484.30)	0.159	0.867	3,975	17,340	(13,365)	0	\$0.00
54	32,116.41	(10,533.83)	0.137	0.864	3,425	17,280	(13,855)	0	\$0.00
55	32,711.15	(10,576.55)	0.115	0.862	2,875	17,240	(14,365)	0	\$0.00
56	33,305.90	(10,612.37)	0.092	0.860	2,300	17,200	(14,900)	0	\$0.00
57	33,900.65	(10,641.20)	0.070	0.858	1,750	17,160	(15,410)	0	\$0.00
58	34,495.40	(10,662.96)	0.047	0.856	1,175	17,120	(15,945)	0	\$0.00
59	35,090.15	(10,677.55)	0.023	0.854	575	17,080	(16,505)	0	\$0.00
60	35,684.90	(10,684.90)	0.000	0.852	0	17,040	(17,040)	0	\$0.00

Pure Premium Per Motorcycle:	\$68.64
Permissible Loss Ratio:	91.5%
Premium Per Motorcycle:	\$75.00

Macaulay Duration: 0.7129 years
Modified Duration: 0.6836 years

Exhibit 9
Continental Casualty Company
Motorcycle GAP and GAP Plus Coverage - Near-New

Near-New		Ancillary Benefits		Loan Assumptions		Loan Information		Claim Frequency	
New MSRP:	\$20,000	Mo Pmt:	\$852.69	Term:	60	Mo Pmt Amt:	(\$568.46)	Annual:	1.000%
18 Mo. Depr:	0.956	Deductible:	\$647.31	Annual Rate:	15.0%	Total Pmts:	(\$34,107.62)	Monthly:	0.083%
Price:	\$19,116	GAP Plus:	\$0.00	Mo Rate:	1.25%	Total Int:	(\$14,991.62)		
Finance Ratio:	1.25	AB Total:	\$1,500.00						
Total Loan:	23895								

(1)	(2)	(3)	(4)	(5)	(6)	(7)=(5)xPrice	(8)=(6)-(7)	(9)	(10)=[(8)+(9)] x 0.083%
Elapsed Months	Cumulative Payment	Cumulative Interest	Loan Amortization	Motorcycle Depreciation	Loan Balance	Motorcycle Value	GAP Amount	Ancillary Benefits	Pure Risk Premium
1	\$568.46	(\$298.69)	0.989	0.990	\$23,632	\$18,925	\$4,707	\$1,500	\$5.17
2	1,136.92	(594.00)	0.977	0.988	23,345	18,887	4,459	1,500	\$4.97
3	1,705.38	(885.90)	0.966	0.985	23,083	18,829	4,253	1,500	\$4.79
4	2,273.84	(1,174.35)	0.954	0.983	22,796	18,791	4,005	1,500	\$4.59
5	2,842.30	(1,459.29)	0.942	0.980	22,509	18,734	3,775	1,500	\$4.40
6	3,410.76	(1,740.69)	0.930	0.978	22,222	18,695	3,527	1,500	\$4.19
7	3,979.22	(2,018.50)	0.918	0.975	21,936	18,638	3,298	1,500	\$4.00
8	4,547.68	(2,292.68)	0.906	0.973	21,649	18,600	3,049	1,500	\$3.79
9	5,116.14	(2,563.18)	0.893	0.970	21,338	18,543	2,796	1,500	\$3.58
10	5,684.60	(2,829.96)	0.881	0.967	21,051	18,485	2,566	1,500	\$3.39
11	6,253.06	(3,092.96)	0.868	0.965	20,741	18,447	2,294	1,500	\$3.16
12	6,821.52	(3,352.15)	0.855	0.962	20,430	18,390	2,041	1,500	\$2.95
13	7,389.98	(3,607.47)	0.842	0.960	20,120	18,351	1,768	1,500	\$2.72
14	7,958.45	(3,858.87)	0.828	0.957	19,785	18,294	1,491	1,500	\$2.49
15	8,526.91	(4,106.32)	0.815	0.955	19,474	18,256	1,219	1,500	\$2.27
16	9,095.37	(4,349.75)	0.801	0.953	19,140	18,218	922	1,500	\$2.02
17	9,663.83	(4,589.11)	0.788	0.950	18,829	18,160	669	1,500	\$1.81
18	10,232.29	(4,824.37)	0.774	0.948	18,495	18,122	373	1,500	\$1.56
19	10,800.75	(5,055.46)	0.760	0.945	18,160	18,065	96	1,500	\$1.33
20	11,369.21	(5,282.33)	0.745	0.943	17,802	18,026	(225)	1,500	\$1.06
21	11,937.67	(5,504.93)	0.731	0.940	17,467	17,969	(502)	1,500	\$0.83
22	12,506.13	(5,723.21)	0.716	0.938	17,109	17,931	(822)	1,500	\$0.57
23	13,074.59	(5,937.11)	0.701	0.935	16,750	17,873	(1,123)	1,500	\$0.31
24	13,643.05	(6,146.58)	0.686	0.933	16,392	17,835	(1,443)	1,500	\$0.05
25	14,211.51	(6,351.56)	0.671	0.931	16,034	17,797	(1,763)	0	\$0.00
26	14,779.97	(6,552.00)	0.656	0.928	15,675	17,740	(2,065)	0	\$0.00
27	15,348.43	(6,747.84)	0.640	0.926	15,293	17,701	(2,409)	0	\$0.00
28	15,916.89	(6,939.02)	0.624	0.923	14,910	17,644	(2,734)	0	\$0.00
29	16,485.35	(7,125.48)	0.608	0.921	14,528	17,606	(3,078)	0	\$0.00
30	17,053.81	(7,307.17)	0.592	0.919	14,146	17,568	(3,422)	0	\$0.00
31	17,622.27	(7,484.02)	0.576	0.916	13,764	17,510	(3,747)	0	\$0.00
32	18,190.73	(7,655.98)	0.559	0.914	13,357	17,472	(4,115)	0	\$0.00
33	18,759.19	(7,822.99)	0.542	0.911	12,951	17,415	(4,464)	0	\$0.00
34	19,327.65	(7,984.97)	0.525	0.909	12,545	17,376	(4,832)	0	\$0.00
35	19,896.11	(8,141.87)	0.508	0.907	12,139	17,338	(5,200)	0	\$0.00
36	20,464.57	(8,293.63)	0.491	0.904	11,732	17,281	(5,548)	0	\$0.00
37	21,033.03	(8,440.18)	0.473	0.902	11,302	17,243	(5,940)	0	\$0.00
38	21,601.49	(8,581.46)	0.455	0.900	10,872	17,204	(6,332)	0	\$0.00
39	22,169.95	(8,717.40)	0.437	0.897	10,442	17,147	(6,705)	0	\$0.00
40	22,738.42	(8,847.93)	0.419	0.895	10,012	17,109	(7,097)	0	\$0.00
41	23,306.88	(8,972.99)	0.400	0.893	9,558	17,071	(7,513)	0	\$0.00
42	23,875.34	(9,092.50)	0.381	0.890	9,104	17,013	(7,909)	0	\$0.00
43	24,443.80	(9,206.40)	0.362	0.888	8,650	16,975	(8,325)	0	\$0.00
44	25,012.26	(9,314.62)	0.343	0.886	8,196	16,937	(8,741)	0	\$0.00
45	25,580.72	(9,417.09)	0.324	0.884	7,742	16,899	(9,157)	0	\$0.00
46	26,149.18	(9,513.73)	0.304	0.881	7,264	16,841	(9,577)	0	\$0.00
47	26,717.64	(9,604.48)	0.284	0.879	6,786	16,803	(10,017)	0	\$0.00
48	27,286.10	(9,689.25)	0.264	0.877	6,308	16,765	(10,456)	0	\$0.00
49	27,854.56	(9,767.97)	0.243	0.874	5,806	16,707	(10,901)	0	\$0.00
50	28,423.02	(9,840.58)	0.222	0.872	5,305	16,669	(11,364)	0	\$0.00
51	28,991.48	(9,906.99)	0.201	0.870	4,803	16,631	(11,828)	0	\$0.00
52	29,559.94	(9,967.12)	0.180	0.868	4,301	16,593	(12,292)	0	\$0.00
53	30,128.40	(10,020.90)	0.159	0.865	3,799	16,535	(12,736)	0	\$0.00
54	30,696.86	(10,068.24)	0.137	0.863	3,274	16,497	(13,223)	0	\$0.00
55	31,265.32	(10,109.07)	0.115	0.861	2,748	16,459	(13,711)	0	\$0.00
56	31,833.78	(10,143.30)	0.092	0.859	2,198	16,421	(14,222)	0	\$0.00
57	32,402.24	(10,170.86)	0.070	0.856	1,673	16,363	(14,691)	0	\$0.00
58	32,970.70	(10,191.66)	0.047	0.854	1,123	16,325	(15,202)	0	\$0.00
59	33,539.16	(10,205.60)	0.023	0.852	550	16,287	(15,737)	0	\$0.00
60	34,107.62	(10,212.62)	0.000	0.850	0	16,249	(16,249)	0	\$0.00

Macaulay Duration: 0.7172 years
Modified Duration: 0.6878 years

Pure Premium Per Motorcycle:	\$65.99
Permissible Loss Ratio:	91.5%
Premium Per Motorcycle:	\$72.11

Exhibit 10
Continental Casualty Company
Motorcycle GAP and GAP Plus Coverage - Used

Used		Ancillary Benefits		Loan Assumptions		Loan Information		Claim Frequency	
New MSRP:	\$20,000	Mo Pmt:	\$822.36	Term:	60	Mo Pmt Amt:	(\$548.24)	Annual:	1.000%
30 Mo. Depr:	0.922	Deductible:	\$677.64	Annual Rate:	15.0%	Total Pmts:	(\$32,894.34)	Monthly:	0.083%
Price:	\$18,436	GAP Plus:	\$0.00	Mo Rate:	1.25%	Total Int:	(\$14,458.34)		
Finance Ratio:	1.25	AB Total:	\$1,500.00						
Total Loan:	23045								

(1)	(2)	(3)	(4)	(5)	(6)	(7)=(5)xPrice	(8)=(6)-(7)	(9)	(10)=[(8)+(9)] x 0.083%
Elapsed Months	Cumulative Payment	Cumulative Interest	Loan Amortization	Motorcycle Depreciation	Loan Balance	Motorcycle Value	GAP Amount	Ancillary Benefits	Pure Risk Premium
1	\$548.24	(\$288.06)	0.989	0.988	\$22,792	\$18,215	\$4,577	\$1,500	\$5.06
2	1,096.48	(572.87)	0.977	0.986	22,515	18,178	4,337	1,500	\$4.86
3	1,644.72	(854.39)	0.966	0.983	22,261	18,123	4,139	1,500	\$4.70
4	2,192.96	(1,132.57)	0.954	0.981	21,985	18,086	3,899	1,500	\$4.50
5	2,741.19	(1,407.38)	0.942	0.979	21,708	18,049	3,660	1,500	\$4.30
6	3,289.43	(1,678.77)	0.930	0.977	21,432	18,012	3,420	1,500	\$4.10
7	3,837.67	(1,946.70)	0.918	0.975	21,155	17,975	3,180	1,500	\$3.90
8	4,385.91	(2,211.13)	0.906	0.972	20,879	17,920	2,959	1,500	\$3.72
9	4,934.15	(2,472.00)	0.893	0.970	20,579	17,883	2,696	1,500	\$3.50
10	5,482.39	(2,729.29)	0.881	0.968	20,303	17,846	2,457	1,500	\$3.30
11	6,030.63	(2,982.94)	0.868	0.966	20,003	17,809	2,194	1,500	\$3.08
12	6,578.87	(3,232.90)	0.855	0.964	19,703	17,772	1,931	1,500	\$2.86
13	7,127.11	(3,479.14)	0.842	0.961	19,404	17,717	1,687	1,500	\$2.66
14	7,675.35	(3,721.61)	0.828	0.959	19,081	17,680	1,401	1,500	\$2.42
15	8,223.58	(3,960.25)	0.815	0.957	18,782	17,643	1,138	1,500	\$2.20
16	8,771.82	(4,195.02)	0.801	0.955	18,459	17,606	853	1,500	\$1.96
17	9,320.06	(4,425.87)	0.788	0.953	18,159	17,570	590	1,500	\$1.74
18	9,868.30	(4,652.75)	0.774	0.951	17,837	17,533	304	1,500	\$1.50
19	10,416.54	(4,875.62)	0.760	0.949	17,514	17,496	18	1,500	\$1.27
20	10,964.78	(5,094.42)	0.745	0.946	17,169	17,440	(272)	1,500	\$1.02
21	11,513.02	(5,309.11)	0.731	0.944	16,846	17,404	(558)	1,500	\$0.79
22	12,061.26	(5,519.62)	0.716	0.942	16,500	17,367	(866)	1,500	\$0.53
23	12,609.50	(5,725.91)	0.701	0.940	16,155	17,330	(1,175)	1,500	\$0.27
24	13,157.73	(5,927.93)	0.686	0.938	15,809	17,293	(1,484)	1,500	\$0.01
25	13,705.97	(6,125.62)	0.671	0.936	15,463	17,256	(1,793)	0	\$0.00
26	14,254.21	(6,318.93)	0.656	0.934	15,118	17,219	(2,102)	0	\$0.00
27	14,802.45	(6,507.80)	0.640	0.932	14,749	17,182	(2,434)	0	\$0.00
28	15,350.69	(6,692.18)	0.624	0.929	14,380	17,127	(2,747)	0	\$0.00
29	15,898.93	(6,872.01)	0.608	0.927	14,011	17,090	(3,079)	0	\$0.00
30	16,447.17	(7,047.24)	0.592	0.925	13,643	17,053	(3,411)	0	\$0.00
31	16,995.41	(7,217.80)	0.576	0.923	13,274	17,016	(3,743)	0	\$0.00
32	17,543.65	(7,383.64)	0.559	0.921	12,882	16,980	(4,097)	0	\$0.00
33	18,091.88	(7,544.70)	0.542	0.919	12,490	16,943	(4,452)	0	\$0.00
34	18,640.12	(7,700.93)	0.525	0.917	12,099	16,906	(4,807)	0	\$0.00
35	19,188.36	(7,852.25)	0.508	0.915	11,707	16,869	(5,162)	0	\$0.00
36	19,736.60	(7,998.61)	0.491	0.913	11,315	16,832	(5,517)	0	\$0.00
37	20,284.84	(8,139.95)	0.473	0.911	10,900	16,795	(5,895)	0	\$0.00
38	20,833.08	(8,276.20)	0.455	0.909	10,485	16,758	(6,273)	0	\$0.00
39	21,381.32	(8,407.30)	0.437	0.907	10,071	16,721	(6,651)	0	\$0.00
40	21,929.56	(8,533.19)	0.419	0.905	9,656	16,685	(7,029)	0	\$0.00
41	22,477.80	(8,653.80)	0.400	0.903	9,218	16,648	(7,430)	0	\$0.00
42	23,026.04	(8,769.06)	0.381	0.900	8,780	16,592	(7,812)	0	\$0.00
43	23,574.27	(8,878.91)	0.362	0.898	8,342	16,556	(8,213)	0	\$0.00
44	24,122.51	(8,983.28)	0.343	0.896	7,904	16,519	(8,614)	0	\$0.00
45	24,670.75	(9,082.10)	0.324	0.894	7,467	16,482	(9,015)	0	\$0.00
46	25,218.99	(9,175.31)	0.304	0.892	7,006	16,445	(9,439)	0	\$0.00
47	25,767.23	(9,262.82)	0.284	0.890	6,545	16,408	(9,863)	0	\$0.00
48	26,315.47	(9,344.58)	0.264	0.888	6,084	16,371	(10,287)	0	\$0.00
49	26,863.71	(9,420.51)	0.243	0.886	5,600	16,334	(10,734)	0	\$0.00
50	27,411.95	(9,490.53)	0.222	0.884	5,116	16,297	(11,181)	0	\$0.00
51	27,960.19	(9,554.57)	0.201	0.882	4,632	16,261	(11,629)	0	\$0.00
52	28,508.42	(9,612.57)	0.180	0.880	4,148	16,224	(12,076)	0	\$0.00
53	29,056.66	(9,664.43)	0.159	0.878	3,664	16,187	(12,523)	0	\$0.00
54	29,604.90	(9,710.09)	0.137	0.876	3,157	16,150	(12,993)	0	\$0.00
55	30,153.14	(9,749.47)	0.115	0.874	2,650	16,113	(13,463)	0	\$0.00
56	30,701.38	(9,782.48)	0.092	0.872	2,120	16,076	(13,956)	0	\$0.00
57	31,249.62	(9,809.06)	0.070	0.870	1,613	16,039	(14,426)	0	\$0.00
58	31,797.86	(9,829.11)	0.047	0.869	1,083	16,021	(14,938)	0	\$0.00
59	32,346.10	(9,842.57)	0.023	0.867	530	15,984	(15,454)	0	\$0.00
60	32,894.34	(9,849.34)	0.000	0.865	0	15,947	(15,947)	0	\$0.00

Pure Premium Per Motorcycle:	\$64.24
Permissible Loss Ratio:	91.5%
Premium Per Motorcycle:	\$70.19

Macaulay Duration: 0.7128 years
Modified Duration: 0.6836 years

Exhibit 11
Continental Casualty Company
Motorcycle GAP and GAP Plus Coverage
Contractual Liability Rate Matrix

	<u>Base Rate</u>	<u>Mix Factor</u>	<u>MSRP</u>
New ¹	\$75	0.612	\$20,000
Near-New ²	72	0.117	19,116
Used ³	70	0.271	18,436
Combined ⁴	\$73	1.000	\$19,473

Notes:

¹ From Exhibit 8, Column (10), "Premium per Motorcycle"

² From Exhibit 9, Column (10), "Premium per Motorcycle"

³ From Exhibit 10, Column (10), "Premium per Motorcycle"

⁴ Based on CCC's 2006 Coverage Mix

New Vehicle Value	Interest		Overfund		Loan Term		Ancillary Benefits	
	Factor (2)	Rate (1)	Percentage (3)	Factor (4)	(5)	Factor (6)	(7)	Factor (8)
\$10,000	0.737	2.5%	0%	0.091	36	0.483	\$0	0.609
\$12,500	0.797	5.0%	5%	0.213	42	0.597	\$500	0.730
\$15,000	0.862	7.5%	10%	0.371	48	0.721	\$750	0.794
\$17,500	0.930	10.0%	15%	0.559	54	0.855	\$1,000	0.861
\$20,000	1.000	12.5%	20%	0.770	60	1.000	\$1,250	0.929
\$22,500	1.072	15.0%	25.0%	1.000	66	1.156	\$1,500	1.000
\$25,000	1.144	17.5%	30%	1.247	72	1.325	\$1,750	1.073
\$27,500	1.217	20.0%	35%	1.507	78	1.507	\$2,000	1.149
\$30,000	1.291	22.5%	40%	1.779	84	1.701	\$2,250	1.227
\$32,500	1.365	25.0%	45%	2.061	90	1.910	\$2,500	1.307
\$35,000	1.438		50%	2.352	96	2.134	\$2,750	1.389

Exhibit 12
Continental Casualty Company
Motorcycle GAP and GAP Plus Coverage
Permissible Loss & DCCE Ratio (PLR)

1. Target After-Tax Return on Equity	Appendix I	12.0%
2. Pre-Tax Return on Investments	Appendix II	6.2%
3. Expected Tax Rate	Appendix III	30.9%
4. After-Tax Return on Investments	(2. x (1-3.))	4.3%
5. Return on Surplus Excluding Investment Income	(1.-4.)	7.7%
6. Ratio of Premium to Surplus	Appendix IV	1.500
7. After-Tax Return on Premium	(5./6.)	5.1%
8. Pre-Tax Underwriting Profit and Contingencies	(7./(1-3.))	7.4%
9. Total Underwriting Expense	Appendix V	3.0%
10. Investment Income on Product Cash Flows ¹	(see note below)	2.0%
11. Expected Loss & LAE Ratio	(1-8.-9.+10.)	91.5%
12. LAE for Product		0.0%
13. Permissible Loss Ratio	(11.-12.)	91.5%

Notes:

¹ Calculation of Investment Income on Product Cash Flows

	<u>Duration</u> ^{a,b}	<u>Weight</u>	<u>After-Tax Return</u> <u>On Investments</u>	<u>Weighted</u> <u>Return</u> ^c
Premiums:	0.1667 years	100.0%	-4.3%	-0.7%
Claims:	0.6841 years	91.5%	4.3%	<u>2.7%</u>
	Investment Income on Product Cash Flows:			2.0%

^a Premium Modified Durations are selected to represent average premium collected at two (2) months due to premium reporting lags from Dealers.

^b Claims Modified Durations are a Production Weighted Average of Durations from Exhibits 2, 3 and 4.

^c Weighted Return = Duration x Weight x After-Tax Return on Investments

Appendix I
Stock Companies
Property-Casualty
Pre-Tax Operating Results
1994-2005
(\$ in 000's)

Year (1)	Policyholder Surplus (2)	Investment Profit (3)	Underwriting Loss (4)	Operating Results (5)=(3)+(4)	Rate of Return (6)=(5)/(1)
1994	118,850,392	21,698,660	(11,998,590)	9,700,070	8.2%
1995	143,454,246	24,022,676	(10,879,621)	13,143,055	9.2%
1996	156,729,436	24,904,163	(10,048,485)	14,855,678	9.5%
1997	189,350,728	27,415,545	(3,258,472)	24,157,073	12.8%
1998	201,414,631	26,709,589	(7,897,684)	18,811,905	9.3%
1999	196,371,943	26,012,045	(11,885,048)	14,126,997	7.2%
2000	186,493,270	27,464,604	(14,537,988)	12,926,616	6.9%
2001	170,967,680	24,920,576	(29,424,121)	(4,503,545)	-2.6%
2002	170,036,993	31,684,496	(16,230,475)	15,454,021	9.1%
2003	219,788,145	31,257,020	(1,208,741)	30,048,279	13.7%
2004	253,433,259	34,023,190	3,715,729	37,738,919	14.9%
2005	<u>271,826,625</u>	<u>46,434,083</u>	<u>(6,302,521)</u>	<u>40,131,562</u>	<u>14.8%</u>
Total	2,278,717,348	346,546,647	(119,956,017)	226,590,630	9.9%
1995-2005	2,159,866,956	324,847,987	(107,957,427)	216,890,560	10.0%
1998-2004 Ex 2001	1,297,950,235	196,875,438	(46,449,044)	150,426,394	11.6%
2002-2005	915,085,022	143,398,789	(20,026,008)	123,372,781	13.5%
Excl-HiLow	1,854,316,409	287,602,881	(94,247,625)	193,355,256	10.4%
Selected*					12.0%

Source : Best's *Aggregates & Averages*, Property-Casualty
Total US PC Stock Operating Results

Appendix II
Continental Casualty Company Consolidated
Investment Return
2002 - 2006
(\$ in 000's)

Year*	Net Investment Income Earned (2)	Net Realized Capital Gains (3)	Mean Cash & Invested Assets (4)	Rate of Return		
				Net Investment Income Earned (5)=(2)/(4)	Net Realized Capital Gains (6)=(3)/(4)	Total (7)=[(2)+(3)]/(4)
2002	185,910	28,210	3,766,265	4.9%	0.7%	5.7%
2003	1,686,322	64,601	27,739,149	6.1%	0.2%	6.3%
2004	1,293,696	446,011	30,718,592	4.2%	1.5%	5.7%
2005	2,146,304	(11,917)	32,036,224	6.7%	0.0%	6.7%
2006	1,790,506	(50,467)	34,056,192	5.3%	-0.1%	5.1%
Total	\$7,102,739	\$476,438	\$128,316,422	5.5%	0.4%	5.9%

Selected* **6.2%**

Column: Data Source:

- (2) Annual Statement Page 4, Line 9, Column 1
- (3) Annual Statement Page 4, Line 10, Column 1
- (4) Annual Statement Page 2, Line 10, Average of Column 3 and Column 4

Notes:

* Selected by CNA Management.

Appendix III

Continental Casualty Company Consolidated Calculation of Average Rate of Federal Income Tax

	<u>2006</u> <u>Investment</u>	<u>2006 Federal</u> <u>Income Tax</u>
<u>Bonds</u>		
(1) Taxable	1,252,988,878	35.00%
(2) Non-Taxable	202,395,363	5.25% (A)
(3) Total	1,455,384,241	30.86%
<u>Stocks</u>		
(4) Taxable	51,216,155	14.18% (B)
(5) Non-taxable (Affiliates)	6,538,940	0.00%
(6) Total	57,755,095	12.57%
(7) Mortgage Loans on Real Estate	0	
(8) Real Estate	1,498,162	
(9) Contract Loans	0	
(10) Cash / Short-Term Investments	206,083,920	
(11) Derivative Instruments	0	
(12) Other Invested Assets	93,189,121	
(13) Sub-Total	300,771,203	35.00%
(14) Total	1,813,910,539	30.97%
(15) Aggregate Write-In for Investment Income	9,104,532	35.00%
(16) Investment Deductions	32,509,418	35.00%
(17) Net Investment Income Earned	1,790,505,653	30.91%

Notes:

- (A) Assumes that 15% of that income is taxed at a full corporate income tax rate of 35%. The applicable tax rate is thus 5.25% ($.15 * .35 = .0263$). Assume 100% of interest income from investments acquired after August 7, 1986.
- (B) Only 30% of dividend income is subject to a full corporate income tax rate of 35%. However, there is an adjustment that adds back 15% of the 70% dividend credit. That is, 15% of the remaining 70% of dividend income is taxed at a rate of 35%. The applicable tax rate is thus 14.175% ($(.30 * .35) + (.7 * .15 * .35) = .14175$).

Data Source:

2006 Continental Casualty Company Combined Annual Statement

- (1) Annual Statement Page 12, Sum of Lines 1 and 1.2, Column 2
(2) Annual Statement Page 12, Sum of Lines 1.1 and 1.3, Column 2
(3) = (1) + (2)
(4) Annual Statement Page 12, Sum of Lines 2.1 and 2.2, Column 2
(5) Annual Statement Page 12, Sum of Lines 2.11 and 2.21, Column 2
(6) = (4) + (5)
(7) Annual Statement Page 12, Sum Line 3, Column 2
(8) Annual Statement Page 12, Sum Line 4, Column 2
(9) Annual Statement Page 12, Sum Line 5, Column 2
(10) Annual Statement Page 12, Sum Line 6, Column 2
(11) Annual Statement Page 12, Sum Line 7, Column 2
(12) Annual Statement Page 12, Sum Line 8, Column 2
(13) = Sum of (7) through (12)
(14) = (3) + (6) + (13)
(15) Annual Statement Page 12, Sum Line 9, Column 2
(16) Annual Statement Page 12, Sum Line 16, Column 2
(17) = (14) + (15) - (16)

Appendix IV
The Continental Insurance Company
Surplus Allocation
(000 omitted)

<u>Line of Business</u>	2006 Mean Loss <u>Reserve</u> (1)	2006 Mean <u>UPR</u> (2)	2006 Earned <u>Premium</u> (3)	2006 Allocation <u>Weight</u> (4)	2006 Imputed <u>Surplus</u> (5)	2006 Net Written to <u>Premium</u> (6)	Premium to Surplus <u>Ratio</u> (7)
1 Fire	8,434	-1,067	6,363	0.001	6,030	5,781	0.96
2 Allied Lines	255,013	121,907	294,648	0.037	294,950	346,780	1.18
3 Farmowners Multiple Peril	46	0	0	0.000	20	0	0.00
4 Homeowners Multiple Peril	2,972	0	0	0.000	1,305	0	0.00
5.1 Commercial Multiple Peril - Prop.	304,606	312,650	556,030	0.064	515,303	548,386	1.06
5.2 Commercial Multiple Peril - Lia.	549,450	230,511	552,619	0.073	585,264	571,850	0.98
6 Mortgage Guaranty	8	0	0	0.000	3	0	0.00
8 Ocean Marine	166,157	97,496	261,674	0.029	230,722	262,125	1.14
9 Inland Marine	61,066	43,263	89,328	0.011	85,053	96,424	1.13
10 Financial Guaranty	-5,482	42	0	0.000	-2,389	0	0.00
11 Medical Malpractice	256,100	206,873	425,124	0.048	390,049	448,974	1.15
12 Earthquake	-93	-1,322	35	0.000	-606	33	-0.05
13 Group Accident and Health	68,072	920,262	-34,921	0.052	418,735	118,424	0.28
15 Other Accident and Health	305,304	3,511,967	8,737	0.209	1,680,369	507,512	0.30
16 Workers' Compensation	996,967	-46,456	944,149	0.103	832,128	989,331	1.19
17 Other Liability	1,515,527	845,390	1,912,318	0.233	1,876,789	1,933,493	1.03
18 Products Liability	118,912	60,840	137,220	0.017	139,213	143,649	1.03
19.1,19.2 Private Passenger Auto Liability	9,444	-83	-442	0.000	3,917	-418	-0.11
19.3,19.4 Commercial Auto Liability	499,354	237,023	629,028	0.074	599,681	608,047	1.01
21.1 Private Passenger Auto Physical Damage	331	-2	-7	0.000	142	-10	-0.07
21.2 Commercial Auto Physical Damage	73,804	45,173	114,460	0.013	102,525	109,990	1.07
22 Aircraft (all perils)	3,428	0	512	0.000	1,730	512	0.30
23 Fidelity	35,245	15,950	18,525	0.004	30,621	21,020	0.69
24 Surety	22,590	2,884	3,914	0.002	12,907	1,523	0.12
26 Burglary and Theft	90	451	641	0.000	519	1,221	2.35
27 Boiler and Machinery	7,635	36,594	82,188	0.007	55,522	82,076	1.48
28 Credit	-3,745	-22	9	0.000	-1,650	8	0.00
29 International	0	0	0	0.000	0	0	0.00
30 Reinsurance	153,941	0	-55	0.008	67,586	-55	0.00
33 Aggregate Write-Ins	54,662	160,386	79,864	0.016	129,524	14,919	0.12
Total of All Lines	5,459,833	6,800,707	6,081,961	1.000	8,055,961	6,811,595	0.85
Selected for Contractual Liability Coverage							1.50

Source: 2005 and 2006 Continental Casualty Company Consolidated Annual Statement

- (1) IEE Part II, Sum of Columns 13, 15, 17, Average of 2005 and 2006
- (2) IEE Part II, Column 19, Average of 2005 and 2006
- (3) 2006 IEE Part II, Column 3
- (4) = [(1)+(2)+(3)] / Total [(1)+(2)+(3)]
- (5) = (4) * 2006 Annual Statement Page 3, Line 35, Column 1
- (6) 2006 IEE Part II, Column 1
- (7) = (6) / (5)

Appendix V
The Continental Insurance Company
Expense Provisions (000s) for Contractual Liability
2002-2006

Expenses (000s)	2002	2003	2004	2005	2006	Total
Commission and Brokerage	\$246,846	\$322,921	\$341,677	\$337,121	\$328,435	\$246,846
Other Acquisitions	43,773	30,969	11,435	23,414	29,554	43,773
General	111,233	120,624	166,480	118,350	95,831	111,233
Taxes Licenses and Fees	30,886	43,410	45,804	37,094	34,077	30,886
Premiums Written (000s)	\$1,534,136	\$2,172,252	\$2,291,083	\$2,370,322	\$2,451,852	\$1,534,136

Expenses as a Percentage of Written Premium

Expenses (000s)	2002	2003	2004	2005	2006	Total	Selected
Commission and Brokerage	16.1%	14.9%	14.9%	14.2%	13.4%	16.1%	0.00%
Other Acquisitions	2.9%	1.4%	0.5%	1.0%	1.2%	2.9%	0.50%
General	7.3%	5.6%	7.3%	5.0%	3.9%	7.3%	1.00%
Taxes Licenses and Fees	2.0%	2.0%	2.0%	1.6%	1.4%	2.0%	1.50%
Total Expense Ratio	28.2%	23.8%	24.7%	21.8%	19.9%	28.2%	3.00%

Source: 2002-2006 Continental Insurance Company Consolidated Insurance Expense Exhibits
The Selected Expense Ratios reflect the anticipated expense ratios for Contractual Liability Policies related to GAP business.

Property & Casualty Transmittal Document

1. Reserved for Insurance Dept. Use Only	2. Insurance Department Use only
	a. Date the filing is received:
	b. Analyst:
	c. Disposition:
	d. Date of disposition of the filing:
	e. Effective date of filing:
	New Business
	Renewal Business
	f. State Filing #:
	g. SERFF Filing #:CNAC-125301539
	h. Subject Codes

3. Group Name	Group NAIC #
CNA Insurance Group	218

4. Company Name(s)	Domicile	NAIC #	FEIN #	State #
Continental Casualty Company	IL	20443	36-2114545	

5. Company Tracking Number	07-2160R
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Contact Info of Filer(s) or Corporate Officer(s) [include toll-free number]

6.	Name and address	Title	Telephone #s	FAX #	e-mail
	Micaah Morris 40 Wall Street - 9th Floor New York, NY 10005	Regulatory Filings Technician	877-267-3277 X3478	212-440-2877	micaah.morris@cna.com
7.	Signature of authorized filer		<i>Micaah Morris</i>		
8.	Please print name of authorized filer		Micaah Morris		

Filing information (see General Instructions for descriptions of these fields)

9. Type of Insurance (TOI)	17.0 Other Liability - Claims Made/Occurrence
10. Sub-Type of Insurance (Sub-TOI)	17.0022 Other
11. State Specific Product code(s) (if applicable)[See State Specific Requirements]	
12. Company Program Title (Marketing title)	Contractual Liability Policy
13. Filing Type	<input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input checked="" type="checkbox"/> Rates/Rules <input type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description)
14. Effective Date(s) Requested	New: 11-01-2007 Renewal: 11-01-2007
15. Reference Filing?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
16. Reference Organization (if applicable)	
17. Reference Organization # & Title	
18. Company's Date of Filing	
19. Status of filing in domicile	<input type="checkbox"/> Not Filed <input checked="" type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved

Property & Casualty Transmittal Document—

20. This filing transmittal is part of Company Tracking #	07-2160R
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21. Filing Description [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]
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On behalf of Continental Casualty Company, we hereby submit for your review and approval the attached rates for use with our Contractual Liability Program. Please see the attached Explanatory Memorandum for further details regarding this filing.

22. Filing Fees (Filer must provide check # and fee amount if applicable) [If a state requires you to show how you calculated your filing fees, place that calculation below]

Check #: 0000203757

Amount: \$100.00

Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.

*****Refer to the each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)**