Filing at a Glance

Companies: Continental Insurance Company, American Casualty Company of Reading PA, National Fire Insurance Company of Hartford, Transportation Insurance Company, Valley Forge Insurance Company, Continental Casualty Company

Product Name: Boiler and Machinery	SERFF Tr Num: CNAB-125705407	State: Arkansas
TOI: 27.0 Boiler & Machinery	SERFF Status: Closed	State Tr Num: EFT $100
Sub-TOI: 27.0000 Boiler & Machinery	Co Tr Num: 08-R3018	State Status: Fees verified and received
Filing Type: Rate	Co Status:	Reviewer(s): Betty Montesi, Llyweyia Rawlins
	Author: Roberta Cooper	Disposition Date: 06/23/2008
	Date Submitted: 06/20/2008	Disposition Status: Exempt from Review
Effective Date Requested (New): 10/01/2008		Effective Date (New): 10/01/2008
Effective Date Requested (Renewal): 10/01/2008		Effective Date (Renewal): 10/01/2008

State Filing Description:

General Information

Project Name: Boiler and Machinery Loss Cost Adoption	Status of Filing in Domicile: Not Filed
Project Number: 08-R3018	Domicile Status Comments:
Reference Organization: ISO	Reference Number: BM-2006-RLA1
Reference Title: Booiler and Machinery Multistate Revisions	Advisory Org. Circular:
Filing Status Changed: 06/23/2008	
State Status Changed: 06/23/2008	Deemer Date:
Corresponding Filing Tracking Number:	

Filing Description:

The CNA Insurance compaies are filing to adopt latest ISO Equipment breakdown loss costs to be applicable toall policies written after October 1, 2008

Company and Contact

Filing Contact Information

Roberta F. Cooper, State Filing Consultant
333 S. Wabash
Chicago, IL 60685

roberta.cooper@cna.com
(312) 822-4292 [Phone]
(312) 755-2394[FAX]

Filing Company Information

Continental Insurance Company 333 South Wabash 37th Floor Chicago, IL 60604 (312) 822-4292 ext. [Phone]	CoCode: 35289 Group Code: 218 Group Name: CNA Insurance Companies FEIN Number: 13-5010440	State of Domicile: Pennsylvania Company Type: Property and Casualty State ID Number:
---	---	---
American Casualty Company of Reading PA 333 South Wabash 37th Floor Chicago, IL 60604 (312) 822-4292 ext. [Phone]	CoCode: 20427 Group Code: 218 Group Name: CNA Insurance Companies FEIN Number: 23-0342560	State of Domicile: Pennsylvania Company Type: Property and Casualty State ID Number:
---	---	---
National Fire Insurance Company of Hartford 333 South Wabash 37th Floor Chicago, IL 60604 (312) 822-4292 ext. [Phone]	CoCode: 20478 Group Code: 218 Group Name: CNA Insurance Companies FEIN Number: 06-0464510	State of Domicile: Illinois Company Type: Property and Casualty State ID Number:
---	---	---
Transportation Insurance Company 333 South Wabash 37th Floor	CoCode: 20494 Group Code: 218	State of Domicile: Illinois Company Type: Property and Casualty

Chicago, IL 60604 (312) 822-4292 ext. [Phone]	Group Name: CNA Insurance Companies FEIN Number: 36-1877247 ---	State ID Number:
Valley Forge Insurance Company 333 South Wabash 37th Floor Chicago, IL 60604 (312) 822-4292 ext. [Phone]	CoCode: 20508 Group Code: 218 Group Name: CNA Insurance Companies FEIN Number: 23-1620527 ---	State of Domicile: Pennsylvania Company Type: Property and Casualty State ID Number:
Continental Casualty Company 333 South Wabash Chicago , IL 60604 (312) 822-4292 ext. [Phone]	CoCode: 20443 Group Code: 218 Group Name: CNA Insurance Companies FEIN Number: 36-2114545 ---	State of Domicile: Illinois Company Type: Property and Casualty State ID Number:

Filing Fees

Fee Required?	Yes
Fee Amount:	$100.00
Retaliatory?	No
Fee Explanation:	We are sending the Arkansas $100 filing fee to cover the cost of a change to loss cost multiplier.
Per Company:	No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Continental Insurance Company	$100.00	06/20/2008	21030404
American Casualty Company of Reading PA	$0.00	06/20/2008	
National Fire Insurance Company of Hartford	$0.00	06/20/2008	
Transportation Insurance Company	$0.00	06/20/2008	
Valley Forge Insurance Company	$0.00	06/20/2008	
Continental Casualty Company	$0.00	06/20/2008	

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Exempt from Review	Llyweyia Rawlins	06/23/2008	06/23/2008

Disposition

Disposition Date: 06/23/2008

Effective Date (New): 10/01/2008

Effective Date (Renewal): 10/01/2008

Status: Exempt from Review

Comment:

This line is exempt from filing rates/rules in compliance with ACA 23-67-206 which states that P&C insurance for commercial risks, excluding workers' compensation, employers' liability and professional liability insurance, including but not limited to, medical malpractice insurance, are exempted from the rates/rules filing and review requirements.

Rate data does NOT apply to filing.

Overall Rate Information for Multiple Company Filings	
Overall Percentage Rate Indicated For This Filing	0.000%
Overall Percentage Rate Impact For This Filing	0.000%
Effect of Rate Filing-Written Premium Change For This Program	$0
Effect of Rate Filing - Number of Policyholders Affected	0

SERFF Tracking Number:	*CNAB-125705407*	*State:*	*Arkansas*
First Filing Company:	*Continental Insurance Company, ...*	*State Tracking Number:*	*EFT $100*
Company Tracking Number:	*08-R3018*		
TOI:	*27.0 Boiler & Machinery*	*Sub-TOI:*	*27.0000 Boiler & Machinery*
Product Name:	*Boiler and Machinery*		
Project Name/Number:	*Boiler and Machinery Loss Cost Adoption /08-R3018*		

Item Type	Item Name	Item Status	Public Access
Supporting Document	Filing Memo	Accepted for Informational Purposes	Yes
Supporting Document	NAIC Forms and actuarial support	Accepted for Informational Purposes	Yes
Rate	LCM Page	Accepted for Informational Purposes	Yes
Rate	CW Rate Page	Accepted for Informational Purposes	Yes

Rate Information

Rate data does NOT apply to filing.

Rate/Rule Schedule

Review Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Number:	Attachments
Accepted for Informational Purposes	LCM Page	CNA-EX-BM-LC-1	Replacement	05-R3231 received as informational filing 12-19-05	08-R3018 AR Exception Page0001.pdf
Accepted for Informational Purposes	CW Rate Page	CNA-EX-BM-LC-5	Replacement	06-L3073 received as informational filing 5-15-2006	08-R3018 CW Page 50001.pdf

COMPANY EXCEPTION PAGE
FOR
COMMERCIAL LINES MANUAL
DIVISION TWO
BOILER AND MACHINERY

AMERICAN CASUALTY COMPANY OF READING
CONTINENTAL CASUALTY COMPANY
THE CONTINENTAL INSURANCE COMPANY
NATIONAL FIRE INSURANCE COMPANY OF HARTFORD
TRANSPORTATION INSURANCE COMPANY
VALLEY FORGE INSURANCE COMPANY

ADDITIONAL RULES

The applicable loss cost multiplier is 2.566.

COMPANY EXCEPTION PAGE
FOR
COMMERCIAL LINES MANUAL
DIVISION TWO - BOILER AND MACHINERY

AMERICAN CASUALTY COMPANY OF READING, PENNSYLVANIA
CONTINENTAL CASUALTY COMPANY
CONTINENTAL INSURANCE COMPANY
NATIONAL FIRE INSURANCE COMPANY OF HARTFORD
TRANSPORTATION INSURANCE COMPANY
VALLEY FORGE INSURANCE COMPANY

The attachment of this exclusion is to be evaluated on an individual risk basis and contemplated in the application of the risk modification factors.

11. Ammonia Contamination Additional Conditions - Endorsement G-300230

This endorsement adds requirements for Ammonia Contamination coverage indicating that the space that is cooled by ammonia refrigerant must be sampled and tested regularly by a properly maintained automated ammonia detection system.

The attachment of this exclusion is to be evaluated on an individual risk basis and contemplated in the application of the risk modification factors.

12. Refrigeration Interruption Additional Conditions - Endorsement G-300231

This endorsement adds requirements for Refrigeration Interruption coverage indicating that the space in which the covered property is stored or processed and that is cooled by ammonia refrigerant be monitored for changes in temperature with an automated temperature monitoring / alarm system and that the ammonia must be sampled and tested regularly by a properly maintained automated ammonia detection system.

The attachment of this exclusion is to be evaluated on an individual risk basis and contemplated in the application of the risk modification factors.

B. Boiler and Machinery Additional Premium Modification

Subject to the applicable Boiler and Machinery Minimum Premium, a .795 modification applies to the Boiler and Machinery premium when Boiler and Machinery Insurance is written as a monoline policy in any Company to which these exception pages apply, and a CNA property policy is written on the same risk in any of those Companies

Supporting Document Schedules

Satisfied -Name: Filing Memo

Review Status: Accepted for Informational Purposes 06/23/2008

Comments:

Attachment:

08-R3018 Arkansas Filing Memo0001.pdf

CNA Insurance Companies
Equipment Breakdown
ARKANSAS
Rate Revision
CNA Filing ID # 08-R3018
Actuarial Memorandum

The CNA Insurance Companies are filing to adopt latest ISO Equipment Breakdown loss costs to be applicable to all policies written after October 1, 2008.

In conjunction with the adoption of the latest 2007 ISO loss costs in ISO Revision Designation Number BM-2006-RLA1, we are also filing to change our loss cost multiplier from the present 2.265 to 2.566. (The current manual page CNA-EX-BM-LC1 3rd edition effective 7/1/2006 will be replaced by CNA-EX-BM-LC-1 4th Edition effective 10/1/2008) The rate change effect of this filed action is a rate decrease of -15.0%, computed as follows:

(1) Present Multiplier	2.265
(2) Filed Multiplier	2.566
(3) Change in Multiplier (2) / (1) -1	+13.3%
(4) Change in Loss Costs	-25.0%
(5) Change in Rate [1+(3)]x[1+(4)]-1	-15.0%

In addition to the above changes we will be revising our current Package Modification Factor from .900 to .795, resulting in a combined total rate impact of -25.0% for qualifying package business. (The current countrywide exception page CNA-EX-BM-LC-5 4th Edition effective 12/1/2005 will be replaced by CNA-EX-BM-LC-5 5th Edition effective 10/1/2008)

(6) Change in Rate (5)	-15.0%
(7) Present Package Modification Factor	.900
(8) Filed Package Modification Factor	.795
(9) Change in Package Modification Factor [(8)]/[(7)]-1	-11.7%
(10) Change in Package Rate [1+(6)]x[1+(9)]-1	-25.0%

The attached Exhibit I details our filed rate change. Based on the indications, CNA is adopting the ISO rate change of -25.0% for its package business. The CNA indications show a higher indication for monoline and therefore CNA is capping its monoline rate change at -15.0%. The indicated rate changes were tempered to moderate swings in rates and avoid significant swings in the future.

Exhibits IIA-IIC give the computation of our loss cost multiplier of 2.566. We are using a "discounted cash flow" approach to adjust our loss cost multiplier for investment income. Exhibit IIB (3) gives the computation of the interest rate which is applicable to the Boiler & Machinery payout pattern in Exhibit IIC (7), which generates the Loss Discount Factor in Exhibit IIA (22) that converts our Target Nominal L&LAE Ratio (21) to our Target Discounted L&ALAE Ratio (23).

The following is the ISO loss cost that will be adopted in this filing.

Filing Designation	Description
BM-2006-RLA1	Equipment Breakdown Advisory Prospective Loss Costs
BM-2006-REBLC	Multistate Boiler and Machinery/Equipment Breakdown Multistate Loss Costs Revisions
BM-2006-OEBRU	Multistate Boiler and Machinery/Equipment Breakdown Multistate Rules Revisions

NAIC LOSS COST DATA ENTRY DOCUMENT

1.	This filing transmittal is part of Company Tracking #	08-R3018
2.	If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/ Item Filing Number	Insurance Services Office BM-2006-OEBRU, BM-2006-REBLC,BM-2006-RLA1

		Company Name		Company NAIC Number
3.	A.	Continental Casualty Company	B.	218-20443

		Product Coding Matrix Line of Business (i.e., Type of Insurance)		Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance)
4.	A.	Boiler and Machinery	B.	Boiler and Machinery

5.

(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	FOR LOSS COSTS ONLY (D) Expected Loss Ratio	(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
Boiler and Machinery							
Monoline		-15.0%					
Package		-25.0%					
Combined			55.1%	1.413	2.566		2.265
TOTAL OVERALL EFFECT	-30.0%	-15.2%					

6. 5 Year History Rate Change History

Year	Policy Count	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)	State Loss Ratio	Countrywide Loss Ratio
2007	23	-7.8%	7/1/2006	905	-424	-46.8%	43.0%
2006	120			980	-4,536	-462.8%	39.5%
2005	117	-7.4%	1/1/2004	1,150	9,069	788.8%	-25.6%
2004	120			855	3,231	377.9%	65.7%
2003	138			773	125	16.2%	39.0%
		-13.4%	8/1/1997				

7.

Expense Constants	Selected Provisions
A. Total Production Expense	30.5%
B. General Expense	8.0%
C. Taxes, License & Fees	3.0%
D. Underwriting Profit & Contingencies	3.4%
E. Other (explain)	0.0%
F. TOTAL	44.9%

8. _____Apply Lost Cost Factors to Future filings? (Y or N)
9. _____ Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): -0.9%
10. _____ Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): -30.0%

PC RLC

NAIC LOSS COST DATA ENTRY DOCUMENT

1.	This filing transmittal is part of Company Tracking #	08-R3018
2.	If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/ Item Filing Number	Insurance Services Office BM-2006-OEBRU, BM-2006-REBLC,BM-2006-RLA1

		Company Name		Company NAIC Number
3.	A.	National Fire Insurance Company Company	B.	218-20478

		Product Coding Matrix Line of Business (i.e., Type of Insurance)		Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance)
4.	A.	Boiler and Machinery	B.	Boiler and Machinery

5.

(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	FOR LOSS COSTS ONLY (D) Expected Loss Ratio	(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
Boiler and Machinery							
Monoline		-15.0%					
Package		-25.0%					
Combined			55.1%	1.413	2.566		2.265
TOTAL OVERALL EFFECT	-30.0%	-24.9%					

6. 5 Year History Rate Change History

Year	Policy Count	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)	State Loss Ratio	Countrywide Loss Ratio
2007	68	-7.8%	7/1/2006	1	0	0.0%	-27.7%
2007	106			1	0	0.0%	27.1%
2005	110	-7.4%	1/1/2004	0	0	0.0%	-48.3%
2004	76			0	1	0.0%	30.0%
2003	52			37	0	3.8%	7.7%
		-13.4%	8/1/1997				

7.

Expense Constants	Selected Provisions
A. Total Production Expense	30.5%
B. General Expense	8.0%
C. Taxes, License & Fees	3.0%
D. Underwriting Profit & Contingencies	3.4%
E. Other (explain)	0.0%
F. TOTAL	44.9%

8. _____Apply Lost Cost Factors to Future filings? (Y or N)
9. _____ Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): -0.9%
10. _____ Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): -30.0%

PC RLC

NAIC LOSS COST DATA ENTRY DOCUMENT

1.	This filing transmittal is part of Company Tracking #	08-R3018
2.	If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/ Item Filing Number	Insurance Services Office BM-2006-OEBRU, BM-2006-REBLC,BM-2006-RLA1

		Company Name		Company NAIC Number
3.	A.	American Casualty Company	B.	218-20427

		Product Coding Matrix Line of Business (i.e., Type of Insurance)		Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance)
4.	A.	Boiler and Machinery	B.	Boiler and Machinery

5.

(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	FOR LOSS COSTS ONLY (D) Expected Loss Ratio	(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
Boiler and Machinery							
Monoline		-15.0%					
Package		-25.0%					
Combined			55.1%	1.413	2.566		2.265
TOTAL OVERALL EFFECT	-30.0%	-25.0%					

6. 5 Year History Rate Change History

Year	Policy Count	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)	State Loss Ratio	Countrywide Loss Ratio
2007	15	-7.8%	7/1/2006	0	0	0.0%	5.3%
2006	28			0	0	0.0%	24.7%
2005	34	-7.4%	1/1/2004	0	0	0.0%	28.5%
2004	44			5	-1	-19.4%	21.2%
2003	50			38	2	5.7%	12.4%
		-13.4%	8/1/1997				

7.

Expense Constants	Selected Provisions
A. Total Production Expense	30.5%
B. General Expense	8.0%
C. Taxes, License & Fees	3.0%
D. Underwriting Profit & Contingencies	3.4%
E. Other (explain)	0.0%
F. TOTAL	44.9%

8. _____Apply Lost Cost Factors to Future filings? (Y or N)
9. _____ Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): -11.8%
10. _____ Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): -30.0%

PC RLC

NAIC LOSS COST DATA ENTRY DOCUMENT

1.	This filing transmittal is part of Company Tracking #	08-R3018
2.	If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/ Item Filing Number	Insurance Services Office BM-2006-OEBRU, BM-2006-REBLC,BM-2006-RLA1

		Company Name		Company NAIC Number
3.	A.	Transportation Insurance Company	B.	218-20494

		Product Coding Matrix Line of Business (i.e., Type of Insurance)		Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance)
4.	A.	Boiler and Machinery	B.	Boiler and Machinery

5.

(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	FOR LOSS COSTS ONLY (D) Expected Loss Ratio	(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
Boiler and Machinery							
Monoline		-15.0%					
Package		-25.0%					
Combined			55.1%	1.413	2.566		2.265
TOTAL OVERALL EFFECT	-30.0%	-19.7%					

6. 5 Year History Rate Change History

Year	Policy Count	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)	State Loss Ratio	Countrywide Loss Ratio
2007	20	-7.8%	7/1/2006	3	0	0.0%	-25.3%
2006	16			3	0	0.0%	26.6%
2005	37	-7.4%	1/1/2004	10	-1	0.0%	-68.5%
2004	60			13	4	-11.0%	46.2%
2003	59			46	0	59.2%	19.3%
		-13.4%	8/1/1997				

7.

Expense Constants	Selected Provisions
A. Total Production Expense	30.5%
B. General Expense	8.0%
C. Taxes, License & Fees	3.0%
D. Underwriting Profit & Contingencies	3.4%
E. Other (explain)	0.0%
F. TOTAL	44.9%

8. _____ Apply Lost Cost Factors to Future filings? (Y or N)
9. _____ Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): -0.9%
10. _____ Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): -30.0%

PC RLC

NAIC LOSS COST DATA ENTRY DOCUMENT

1.	This filing transmittal is part of Company Tracking #	08-R3018
2.	If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/ Item Filing Number	Insurance Services Office BM-2006-OEBRU, BM-2006-REBLC,BM-2006-RLA1

		Company Name		Company NAIC Number
3.	A.	Continental Insurance Company	B.	218-35289

		Product Coding Matrix Line of Business (i.e., Type of Insurance)		Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance)
4.	A.	Boiler and Machinery	B.	Boiler and Machinery

5.

(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	FOR LOSS COSTS ONLY (D) Expected Loss Ratio	(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
Boiler and Machinery							
Monoline		-15.0%					
Package		-25.0%					
Combined			55.1%	1.413	2.566		2.265
TOTAL OVERALL EFFECT	-30.0%	-24.8%					

6. 5 Year History Rate Change History

Year	Policy Count	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)	State Loss Ratio	Countrywide Loss Ratio
2007	0	-7.8%	7/1/2006	0	0	0.0%	58.2%
2006	0			0	0	0.0%	-486.0%
2005	0	-7.4%	1/1/2004	0	0	0.0%	300.4%
2004	0			0	0	0.0%	9,923.7%
2003	0						
		-13.4%	8/1/1997				

7.

Expense Constants	Selected Provisions
A. Total Production Expense	30.5%
B. General Expense	8.0%
C. Taxes, License & Fees	3.0%
D. Underwriting Profit & Contingencies	3.4%
E. Other (explain)	0.0%
F. TOTAL	44.9%

8. _____Apply Lost Cost Factors to Future filings? (Y or N)
9. _____ Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): -0.9%
10. _____ Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): -30.0%

PC RLC

NAIC LOSS COST DATA ENTRY DOCUMENT

1.	This filing transmittal is part of Company Tracking #	08-R3018
2.	If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/ Item Filing Number	Insurance Services Office BM-2006-OEBRU, BM-2006-REBLC,BM-2006-RLA1

		Company Name		Company NAIC Number
3.	A.	Valley Forge Insurance Company	B.	218-20508

		Product Coding Matrix Line of Business (i.e., Type of Insurance)		Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance)
4.	A.	Boiler and Machinery	B.	Boiler and Machinery

5.

(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	FOR LOSS COSTS ONLY (D) Expected Loss Ratio	(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
Boiler and Machinery							
Monoline		-15.0%					
Package		-25.0%					
Combined			55.1%	1.413	2.566		2.265
TOTAL OVERALL EFFECT	-30.0%	-23.8%					

6. 5 Year History Rate Change History

Year	Policy Count	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)	State Loss Ratio	Countrywide Loss Ratio
2007	62	-7.8%	7/1/2006	6	0	0.0%	39.4%
2006	69			2	0	0.0%	-547.9%
2005	49	-7.4%	1/1/2004	1	0	0.0%	-219.1%
2004	42			1	1	3.1%	374.7%
2003	30			19	0	1.3%	9.3%
		-13.4%	8/1/1997				

7.

Expense Constants	Selected Provisions
A. Total Production Expense	30.5%
B. General Expense	8.0%
C. Taxes, License & Fees	3.0%
D. Underwriting Profit & Contingencies	3.4%
E. Other (explain)	0.0%
F. TOTAL	44.9%

8. _____Apply Lost Cost Factors to Future filings? (Y or N)
9. _____ Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): -0.9%
10. _____ Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): -30.0%

PC RLC

FORM RF2-Reference filing abstract NAIC LOSS COST FILING DOCUMENT—*OTHER THAN WORKERS' COMPENSATION*

CALCULATION OF COMPANY LOSS COST MULTIPLIER

This filing transmittal is part of Company Tracking #	08-R3018
This filing corresponds to form filing number (Company tracking number of form filing, if applicable)	

☒ **Loss Cost Reference Filing** BM-2006-RLA1 ☐ **Independent Rate Filing**

(Advisory Org, & Reference filing #) Insurance Services Office

If this is a loss cost filing adopting an advisory organization's loss costs, the above insurer hereby declares that it is a member, subscriber or service purchaser of the named advisory organization for this line of insurance. The insurer hereby files (to be deemed to have independently submitted as its own filing) the prospective loss costs in the captioned Reference Filing. The insurer's rates will be the combination of the prospective loss costs and the loss cost multipliers and, if utilized, the expense constants specified in the attachments.

1. **Check one of the following:**

☐ The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable to future revisions of the advisory organization's prospective loss costs for this line of insurance. The insurer's rates will be the combination of the advisory organization's prospective loss costs and the insurer's loss cost multipliers and if utilized, expense constants specified in the attachments. The rates will apply to policies written on or after the effective date of the advisory organization's prospective loss costs. This authorization is effective until disapproved by the Commissioner, or until amended or withdrawn by the insurer.

Note: Some states have statutes that prohibit this option for some lines of business.

☒ The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable only to the above Advisory Organization Reference Filing.

2. **Line, Subline, Coverage, Territory, Class, etc. combination to which this page applies: Boiler & Machinery**
3. **Loss cost modification:**

A. The insurer hereby files to adopt the prospective loss costs in the captioned reference filing:

(Check One):

☐ Without Modification (factor = 1.000)

☒ With the following modification(s). (Cite the nature and percent modification, and attach supporting data and/or rationale for the modification.) See Actuarial Memorandum

B. Loss Cost Modification Expressed as a Factor: (See Examples Below) 1.413

Example 1: Loss cost Modification Factor: If your company's loss cost modification is -10%, a factor of .90 (1.000 - .100) should be used.

Example 2: Loss cost Modification Factor: If your company's loss cost modification is =15%, a factor of 1.15 (1.000 + .150) should be used.

NOTE: IF EXPENSE CONSTANTS ARE UTILIZED ATTACH "EXPENSE CONSTANT SUPPLEMENT" OR OTHER SUPPORTING INFORMATION. DO NOT COMPLETE ITEMS 4-8 BELOW.

4. **Development of Expected Loss Ratio. (Attach exhibit detailing insurer expense data and/or other supporting information.**

		Selected Provisions	
A.	**Total Production Expense**	30.5	%
B.	**General Expense**	8.0	%
C.	**Taxes, Licenses & Fee**	3.0	%
D.	**Underwriting profit & Contingencies** (explain how investment income is taken into account)	3.4**	%
E.	**Other (explain)**	0.00	%
F.	**Total**	44.9	%

5.	A.	**Expected Loss Ratio: ELR = 100% - 4F = A**	55.1	%
	B.	**ELR in Decimal Form =**		
6.		**Company Formula Loss Cost Multiplier (3B/5B)**	1.816	
7.		**Company Selected Loss Cost Multiplier =** (Attach explanation for any differences between 6 and 7)	2.566*	
8.		**Rate Level Change for the coverage(s) to which this page applies**	-15.0%	

*Selected Loss Cost Multiplier includes the Loss Cost Modification Factor in 3B. A loss cost modification is used to temper the indicated rate changes to moderate swings in rates and avoid significant swings in the future.

** See Exhibit IIA Permissible L & LAE Loss Cost Multiplier.

Exhibit I
Equipment Breakdown
ARKANSAS
Filed Rate Change
Details
CNA Insurance Companies

Program	Filed Changes	Indicated Rate Change	Selected Rate Change
Monoline			
	Adoption of ISO Loss Costs		-25.0%
	Revision to Loss Cost Multiplier		13.3%
	Revision to Package Modification Factor		N/A
	Total	-28.3%	-15.0%
Package			
	Adoption of ISO Loss Costs		-25.0%
	Revision to Loss Cost Multiplier		13.3%
	Revision to Package Modification Factor		-11.7% *
	Total	-33.7%	-25.0%
ARKANSAS Total Monoline and Package Combined		-30.0%	-18.1%

* The countrywide package modification factor will be revised from .90 to .795

Exhibit IIA
Equipment Breakdown
ARKANSAS
Permissible L&LAE
Loss Cost Multiplier
CNA Insurance Companies
($ in 000's)

2007 Combined Annual Statement

(1)	Policyholder Surplus	8,348,158
(2)	Net Written Premium	6,453,551
(3)	Premium : Surplus Ratio (2) / (1)	0.77
(4)	Assumed Premium : Surplus Ratio	2.00

Insurance Expense Exhibits
Boiler & Machinery

		2003	2004	2005	2006	2007	Five Year	Assumed	
(5)	Written Premium	94,549	86,470	83,590	85,106	56,415	406,130		
	Expenses - Dollars								
(6)	Comm. & Brokerage expenses	12,549	13,353	10,062	11,149	7,266	54,379		
(7)	Premium Tax	1,724	2,231	910	2,539	1,157	8,561		
(8)	Misc. Taxes, Licenses, & Fees								
(9)	Other Acquisition	14,440	21,111	10,579	15,515	7,763	69,408		
(10)	General Expense	11,604	7,537	7,387	4,744	1,342	32,614		
	Expenses - Per Cent							CW	State
(11)	Comm. & Brokerage (6) / (5)	13.3%	15.4%	12.0%	13.1%	12.9%	13.4%	13.4%	13.4%
(12)	Premium Tax (7) / (5)	1.8%	2.6%	1.1%	3.0%	2.1%	2.1%	2.1%	2.5%
(13)	Misc. Taxes, Licenses, & Fees (8) / (5)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.5%
(14)	Other Acquisition (9) / (5)	15.3%	24.4%	12.7%	18.2%	13.8%	17.1%	17.1%	17.1%
(15)	General Expense (10) / (5)	12.3%	8.7%	8.8%	5.6%	2.4%	8.0%	8.0%	8.0%
(16)	Total = (11) + (12) + (13) + (14) + (15)	42.6%	51.2%	34.6%	39.9%	31.1%	40.6%	40.6%	41.5%

(17)	Target Return on Equity	15%
(18)	Target Premium : Surplus Ratio = (4)	2.00
(19)	Target Return on Premium = (17) / (18)	7.5%
(20)	Expense Ratio = Assumed (16)	41.5%
(21)	Target Nominal L&LAE Ratio = 100% - (19) - (20)	51.0%
(22)	Loss Discount Factor = Exhibit III (7)	0.926
(23)	Target Discounted L&LAE Ratio = (21) / (22)	55.1%
(24)	Target Combined Ratio = (20) + (23)	96.6%
(25)	Computed Loss Cost Multiplier = 1 / (23)	1.816
(26)	Loss Cost Multiplier Modification Due to Company Experience	1.41
(27)	Selected Loss Cost Multiplier	2.566

Exhibit IIA
Equipment Breakdown
Countrywide
Permissible L&LAE
Development of Expenses used in Indications
CNA Insurance Companies
($ in 000's)

(1)	Policyholder Surplus	8,348,158
(2)	Net Written Premium	6,453,551
(3)	Premium : Surplus Ratio (2) / (1)	0.77
(4)	Assumed Premium : Surplus Ratio	2.00

Insurance Expense Exhibits
Boiler & Machinery

		2003	2004	2005	2006	2007	Five Year	Assumed
(5)	Written Premium	94,549	86,470	83,590	85,106	56,415	406,130	
	Expenses - Dollars							
(6)	Comm. & Brokerage expenses	12,549	13,353	10,062	11,149	7,266	54,379	
(7)	Premium Tax	1,724	2,231	910	2,539	1,157	8,561	
(8)	Misc. Taxes, Licenses, & Fees							
(9)	Other Acquisition	14,440	21,111	10,579	15,515	7,763	69,408	
(10)	General Expense	11,604	7,537	7,387	4,744	1,342	32,614	
	Expenses - Per Cent							CW
(11)	Comm. & Brokerage (6) / (5)	13.3%	15.4%	12.0%	13.1%	12.9%	13.4%	13.4%
(12)	Premium Tax (7) / (5)	1.8%	2.6%	1.1%	3.0%	2.1%	2.1%	2.1%
(13)	Misc. Taxes, Licenses, & Fees (8) / (5)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
(14)	Other Acquisition (9) / (5)	15.3%	24.4%	12.7%	18.2%	13.8%	17.1%	17.1%
(15)	General Expense (10) / (5)	12.3%	8.7%	8.8%	5.6%	2.4%	8.0%	8.0%
(16)	Total = (11) + (12) + (13) + (14) + (15)	42.6%	51.2%	34.6%	39.9%	31.1%	40.6%	40.6%

(17)	Target Return on Equity	15%
(18)	Target Premium : Surplus Ratio = (4)	2.00
(19)	Target Return on Premium = (17) / (18)	7.5%
(20)	Expense Ratio = Assumed (16)	40.6%
(21)	Target Nominal L&LAE Ratio = 100% - (19) - (20)	51.9%
(22)	Loss Discount Factor = Exhibit III (7)	0.926
(23)	Target Discounted L&LAE Ratio = (21) / (22)	56.0%
(24)	Target Combined Ratio = (20) + (23)	96.7%

Exhibit IIB
CNA Insurance Companies
Investment Income Adjustment

Interest Rate
After Tax

(1)	Investment Income & Capital Gains to Assets 2003-2007	6.0%
(2)	Tax Rate on Investment Income	26.74%
(3)	Interest Rate After Tax	4.4%

Calculation of Average Rate of Federal Income Tax

		2007 Investment Income Earned	2007 Federal Income Tax Rate
Bonds			
(1)	**Taxable**	1,289,231	35.00%
(2)	**Non-Taxable**	249,490	5.25% (A)
(3)	**Total**	1,538,721	30.18%
Stocks			
(4)	**Taxable**	150,802	11.20% (B)
(5)	**Non-taxable (Affiliates)**	175,245	0.00%
(6)	**Total**	326,047	5.18%
(7)	**Mortgage Loans on Real Estate**	0	
(8)	**Real Estate**	5,145	
(9)	**Contract Loans**	0	
(10)	**Cash / Short-Term Investments**	140,433	
(11)	**Derivative Instruments**	0	
(12)	**Other Invested Assets**	83,117	
(13)	**Sub-Total**	228,695	35.00%
(14)	**Total**	2,093,463	26.81%
(15)	**Aggregate Write-In for Investment Incom**	23,108	35.00%
(16)	**Investment Deductions**	41,593	35.00%
(17)	**Net Investment Income Earned**	2,074,979	26.74%

Notes:

(A) Income on tax-exempt bond is subject to proration; that is, 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 = .0525).

(B) 20% of dividend income is subject to a full corporate income tax rate of 35% 15% of the remaining 80% of dividend income is taxed at a rate of 35%. The applicable tax rate is thus 11.2% ((.20 * .35) + (.8 * .15 * .35) = .0112).

Data Source:
2007 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) Not included - 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)

Exhibit IIB
CNA Insurance Companies
Investment Income Adjustment

CNA Insurance Companies
Investment Income & Capital Gains
Summary 2003 - 2007

			Annual Statements					
			2003	2004	2005	2006	2007	Total
(1)		Net Investment Income Earned	1,686,322	1,292,777	2,146,304	1,787,508	2,074,079	8,986,990
(2)		Net Realized Capital Gains or Losses	64,601	269,474	-11,917	-50,467	-360,625	-88,934
(3)		Total Investment Gain (1) + (2)	1,750,923	1,562,251	2,134,387	1,737,041	1,713,454	8,898,056
(4)		Net Unrealized Capital Gains or Losses	75,157	614,338	-492,417	540,884	-54,348	683,614
(5)		Total (3) + (4)	1,826,080	2,176,589	1,641,970	2,277,925	1,659,106	9,581,670
(6)	Mean Cash & Invested Assets		27,739,149	30,718,593	32,036,223	34,057,373	35,656,497	160,207,835
	Net Investment Income & Capital Gains / Mean Cash & Invested Assets							
(7)		Net Investment Income Earned (1) / (6)	6.1%	4.2%	6.7%	5.2%	5.8%	5.6%
(8)		Net Realized Capital Gains or Losses (2) / (6)	0.2%	0.9%	0.0%	-0.1%	-1.0%	-0.1%
(9)		Total Investment Gain (3) / (6)	6.3%	5.1%	6.7%	5.1%	4.8%	5.6%
(10)		Net Unrealized Capital Gains or Losses (4) / (6)	0.3%	2.0%	-1.5%	1.6%	-0.2%	0.4%
(11)		Total (5) / (6)	6.6%	7.1%	5.1%	6.7%	4.7%	6.0%

Exhibit IIC
Commercial Equipment Breakdown
Permissible L&LAE
Loss Discount Factor

	YEAR	QTR4	QTR8	QTR12	QTR16	QTR20	QTR24	QTR28	QTR32	QTR36	QTR40	QTR44	QTR48	QTR52	QTR56	QTR60		
Incurred Loss &ALAE	1994	8,974,941	15,156,493	19,491,548	18,361,574	17,281,102	17,986,361	17,682,007	17,562,891	17,542,891	17,545,603	17,546,596	17,548,018	17,548,716	17,548,716	0		
	1995	12,356,745	13,344,021	14,276,661	14,916,077	14,936,610	14,939,680	14,944,231	14,944,231	14,945,096	14,945,096	14,945,096	14,945,096	14,945,096	0	0		
	1996	8,760,655	8,103,758	8,636,342	8,618,536	8,781,621	9,230,683	9,241,195	9,237,531	9,237,531	9,237,531	9,262,076	9,262,076	0	0	0		
	1997	7,840,289	9,390,799	9,483,410	9,328,822	9,449,771	9,453,172	9,820,534	9,820,534	9,820,534	9,820,534	9,820,534	0	0	0	0		
	1998	7,936,346	10,650,144	10,839,016	10,943,808	10,929,658	11,216,636	11,216,636	11,172,321	11,251,109	11,251,109	0	0	0	0	0		
	1999	9,995,397	17,211,299	18,100,890	17,936,339	17,995,502	18,312,357	17,648,980	17,929,598	17,975,579	0	0	0	0	0	0		
	2000	15,579,658	24,142,989	25,047,174	25,803,292	24,390,363	22,601,661	22,703,434	22,703,434	0	0	0	0	0	0	0		
	2001	10,826,309	16,835,374	17,093,899	17,917,632	18,231,652	18,912,401	19,986,071	0	0	0	0	0	0	0	0		
	2002	17,791,734	23,083,439	25,244,606	26,016,002	29,833,259	30,175,680	0	0	0	0	0	0	0	0	0		
	2003	14,144,790	19,810,184	20,203,079	19,904,558	19,729,085	0	0	0	0	0	0	0	0	0	0		
	2004	12,925,341	18,925,769	19,777,396	18,984,417	0	0	0	0	0	0	0	0	0	0	0		
	2005	22,430,758	21,290,170	21,247,904	0	0	0	0	0	0	0	0	0	0	0	0		
	2006	12,831,818	13,832,294	0	0	0	0	0	0	0	0	0	0	0	0	0		
	2007	15,494,877	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
	2008	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Paid Loss &ALAE	1994	7,096,978	13,572,620	19,123,958	18,096,564	17,124,605	17,986,361	17,682,007	17,562,891	17,542,891	17,545,603	17,546,596	17,548,018	17,548,716	17,548,716	0		
	1995	5,731,856	10,382,130	12,832,620	14,916,077	14,936,610	14,939,680	14,944,231	14,944,231	14,945,096	14,945,096	14,945,096	14,945,096	14,945,096	0	0		
	1996	5,547,065	8,023,835	8,498,916	8,606,111	8,749,617	9,230,683	9,241,195	9,237,531	9,237,531	9,237,531	9,262,076	9,262,076	0	0	0		
	1997	4,744,160	7,629,698	9,275,519	9,279,995	9,446,770	9,450,172	9,820,534	9,820,534	9,820,534	9,820,534	9,820,534	0	0	0	0		
	1998	3,991,922	8,911,881	9,379,016	10,896,808	10,924,657	11,172,321	11,172,321	11,172,321	11,251,109	11,251,109	0	0	0	0	0		
	1999	5,693,208	14,248,297	15,669,173	16,859,650	16,957,813	17,275,124	17,648,980	17,929,598	17,975,579	0	0	0	0	0	0		
	2000	7,847,498	18,516,440	20,498,406	23,235,204	21,917,722	22,321,605	22,583,599	22,583,599	0	0	0	0	0	0	0		
	2001	5,578,427	13,323,341	15,728,241	17,512,056	18,177,394	18,407,102	19,920,080	0	0	0	0	0	0	0	0		
	2002	5,711,310	17,824,861	24,057,898	24,884,904	29,385,161	29,737,092	0	0	0	0	0	0	0	0	0		
	2003	5,754,978	12,876,769	15,881,927	16,090,822	16,405,323	0	0	0	0	0	0	0	0	0	0		
	2004	4,622,423	12,758,156	17,294,419	17,456,276	0	0	0	0	0	0	0	0	0	0	0		
	2005	10,192,619	18,945,586	20,466,578	0	0	0	0	0	0	0	0	0	0	0	0		
	2006	5,844,329	11,460,623	0	0	0	0	0	0	0	0	0	0	0	0	0		
	2007	6,383,320	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
	2008	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Paid Link Ratios	1994	1.912	1.409	0.946	0.946	1.050	0.983	0.993	0.999	1.000	1.000	1.000	1.000	1.000				
	1995	1.811	1.236	1.162	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000					
	1996	1.447	1.059	1.013	1.017	1.055	1.001	1.000	1.000	1.000	1.003	1.000						
	1997	1.608	1.216	1.000	1.018	1.000	1.039	1.000	1.000	1.000	1.000							
	1998	2.232	1.052	1.162	1.003	1.023	1.000	1.000	1.007	1.000								
	1999	2.503	1.100	1.076	1.006	1.019	1.022	1.016	1.003									
	2000	2.360	1.107	1.134	0.943	1.018	1.012	1.000										
	2001	2.388	1.181	1.113	1.038	1.013	1.082											
	2002	3.121	1.350	1.034	1.181	1.012												
	2003	2.238	1.233	1.013	1.020													
	2004	2.760	1.356	1.009														
	2005	1.859	1.080															
	2006	1.961																
	2007																	
	2008																	
(1) Five Year Link Ratio		2.299	1.234	1.061	1.043	1.016	1.032	1.004	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
(2) Paid Development Factor		3.314	1.441	1.168	1.101	1.055	1.039	1.007	1.003	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	
(3) Cumulative = 1 / (2)		0.302	0.694	0.856	0.908	0.948	0.963	0.994	0.997	0.999	0.999	1.000	1.000	1.000	1.000	1.000	1.000	
(4) Incremental = (3) x - (3) x-1		0.302	0.392	0.162	0.052	0.039	0.015	0.031	0.004	0.002	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.000

(5) Interest Rate After Tax ***4.38168%*** Exhibit II (3)

(6) Individual Year Loss Discount Factors	0.979	0.938	0.898	0.861	0.825	0.790	0.757	0.725	0.695	0.665	0.637	0.611	0.585	0.560	0.537	0.514

(7) Loss Discount Factor = Sum [(4) x (6)] 0.926

CW

Countrywide

Commercial Equipment Breakdown
Indicated Rate Change
Monoline

			Total	2007	2006	2005	2004	2003	2002
1	Actual Earned Premium		332,733,201	52,764,546	59,647,882	63,522,526	75,059,714	81,738,532	80,093,941
2	Earned Premium Adjustment Factor			0.990	0.931	0.887	0.854	0.854	0.854
3	Earned Premium Projection Factor	2.5%		1.060	1.086	1.113	1.140	1.168	1.197
4	Projected Earned Premium @ Present Rate Level		332,984,957	55,385,062	60,327,563	62,674,306	73,073,188	81,524,838	81,841,718
5	Total Limit Incurred L&ALAE		85,791,665	15,126,510	13,460,743	20,962,328	18,560,364	17,681,720	29,944,814
6	Countrywide LDF			1.168	1.061	1.021	1.025	1.022	1.030
7	CW Excess Factor			1.000	1.000	1.000	1.000	1.000	1.000
8	Adjusted Ultimate L&ALAE			17,671,328	14,287,836	21,402,684	19,015,837	18,068,778	30,849,029
9	Annual Net Loss Trend Factor	5.1%							
10	Trend to 12/1/09	2.422		1.127	1.185	1.245	1.308	1.374	1.444
11	Trended State L&LAE			19,922,276	16,925,271	26,640,159	24,870,438	24,831,111	44,545,955
12	Trended State L&ALAE Ratio			36.0%	28.1%	42.5%	34.0%	30.5%	54.4%
13	Accident Year Weighted L&ALAE Ratio		34.5%	0.30	0.25	0.20	0.15	0.10	
14	Catastrophe Load		0.000						
15	ULAE Factor (from 2007 Annual Statement Schedule P - Part 1E)		1.078						
16	Total Trended State L&LAE Ratio		37.1%						
17	Permissible L&LAE Ratio		56.0%						
18	Countrywide Indicated Rate Change		-33.7%						
19	ISO approved CW change		-25.0%						
20	Full Credibility Claims		10,000						
21	Actual Claims		1,476	250	274	300	311	341	376
22	Credibility = Square Root [(21)/(20)]		38.4%						
23	Credibility Weighted Rate Change (18)x(22)+(19)x[1-(22)]		-28.3%						
24	Selected Rate Change		-15.0%						

ISO Exposure Trend per ISO Rate Indication Circular		Weighting
Property Damage	2.8%	75.0%
Business Income & Extra Expense	1.4%	25.0%
	2.5%	

ISO Loss Trend per ISO Rate Indication Circular		
Property Damage	5.1%	75.0%
Business Income & Extra Expense	5.0%	25.0%
	5.1%	

Premium Trend

Average Written Date of CY 2007 Experience	1/1/2007
Average Earned Date of CY 2007 Experience	7/1/2007
Proposed Effective Date	12/1/2008
Average Written Date of Revised Rates	6/3/2009
Average Earned Date of Revised Rates	12/1/2009

Loss Trend

Average Loss Date of AY 2007 Experience	7/1/2007
Proposed Effective Date	12/1/2008
Average Date of Loss for Revised Rates	12/1/2009

CW

Countrywide

Commercial Equipment Breakdown
Indicated Rate Change
Package

			Total	2007	2006	2005	2004	2003	2002
1	Actual Earned Premium		75,144,875	16,790,690	16,998,055	15,537,137	14,533,644	11,285,349	7,211,751
2	Earned Premium Adjustment Factor			0.990	0.931	0.887	0.854	0.854	0.854
3	Earned Premium Projection Factor	2.5%		1.060	1.086	1.113	1.140	1.168	1.197
4	Projected Earned Premium @ Present Rate Level		75,550,845	17,624,588	17,191,746	15,329,669	14,148,997	11,255,845	7,369,122
5	Total Limit Incurred L&ALAE		2,961,657	809,527	677,958	487,515	439,343	547,314	170,179
6	Countrywide LDF			0.979	0.955	0.954	1.000	1.000	1.000
7	CW Excess Factor			1.000	1.000	1.000	1.000	1.000	1.000
8	Adjusted Ultimate L&ALAE			792,445	647,190	465,092	439,343	547,314	170,179
9	Annual Net Loss Trend Factor	5.1%							
10	Trend to 12/1/09	2.422		1.127	1.185	1.245	1.308	1.374	1.444
11	Trended State L&LAE			893,385	766,656	578,905	574,608	752,150	245,738
12	Trended State L&ALAE Ratio			5.1%	4.5%	3.8%	4.1%	6.7%	3.3%
13	Accident Year Weighted L&ALAE Ratio		4.7%	0.30	0.25	0.20	0.15	0.10	
14	Catastrophe Load		0.000						
15	ULAE Factor (from 2006 Annual Statement Schedule P - Part 1E)		1.078						
16	Total Trended State L&LAE Ratio		5.0%						
17	Permissible L&LAE Ratio		56.0%						
18	Countrywide Indicated Rate Change		-91.0%						
19	ISO approved CW change		-25.0%						
20	Full Credibility Claims		10,000						
21	Actual Claims		174	39	40	30	27	38	13
22	Credibility = Square Root [(21)/(20)]		13.2%						
23	Credibility Weighted Rate Change (18)x(22)+(19)x[1-(22)]		-33.7%						
24	Selected Rate Change		-25.0%						

ISO Exposure Trend per ISO Rate Indication Circular		Weighting
Property Damage	2.8%	75.0%
Business Income & Extra Expense	1.4%	25.0%
	2.5%	
ISO Loss Trend per ISO Rate Indication Circular		
Property Damage	5.1%	75.0%
Business Income & Extra Expense	5.0%	25.0%
	5.1%	

Premium Trend

Average Written Date of CY 2007 Experience	1/1/2007
Average Earned Date of CY 2007 Experience	7/1/2007
Proposed Effective Date	12/1/2008
Average Written Date of Revised Rates	6/3/2009
Average Earned Date of Revised Rates	12/1/2009

Loss Trend

Average Loss Date of AY 2007 Experience	7/1/2007
Proposed Effective Date	12/1/2008
Average Date of Loss for Revised Rates	12/1/2009

CW

Countrywide

Commercial Equipment Breakdown
Indicated Rate Change
Total Monoline and Package Combined

			Total	2007	2006	2005	2004	2003	2002
1	Actual Earned Premium		407,878,076	69,555,236	76,645,937	79,059,663	89,593,358	93,023,881	87,305,692
2	Earned Premium Adjustment Factor			0.990	0.931	0.887	0.854	0.854	0.854
3	Earned Premium Projection Factor	2.5%		1.060	1.086	1.113	1.140	1.168	1.197
4	Projected Earned Premium @ Present Rate Level		408,535,802	73,009,650	77,519,309	78,003,975	87,222,185	92,780,684	89,210,841
5	Total Limit Incurred L&ALAE		88,753,322	15,936,037	14,138,701	21,449,843	18,999,707	18,229,034	30,114,993
6	Countrywide LDF			1.162	1.060	1.020	1.024	1.021	1.030
7	CW Excess Factor			1.000	1.000	1.000	1.000	1.000	1.000
8	Adjusted Ultimate L&ALAE			18,522,121	14,980,916	21,874,591	19,463,014	18,620,955	31,013,421
9	Annual Net Loss Trend Factor	5.1%							
10	Trend to 12/1/09	2.422		1.127	1.185	1.245	1.308	1.374	1.444
11	Trended State L&LAE			20,881,443	17,746,289	27,227,547	25,455,292	25,589,943	44,783,336
12	Trended State L&ALAE Ratio			28.6%	22.9%	34.9%	29.2%	27.6%	50.2%
13	Accident Year Weighted L&ALAE Ratio		28.4%	0.30	0.25	0.20	0.15	0.10	
14	Catastrophe Load		0.000						
15	ULAE Factor (from 2006 Annual Statement Schedule P - Part 1E)		1.078						
16	Total Trended State L&LAE Ratio		30.6%						
17	Permissible L&LAE Ratio		56.0%						
18	Countrywide Indicated Rate Change		-45.3%						
19	ISO approved CW change		-25.0%						
20	Full Credibility Claims		10,000						
21	Actual Claims		1,335	64	289	314	330	338	379
22	Credibility = Square Root [(21)/(20)]		36.5%						
23	Credibility Weighted Rate Change (18)x(22)+(19)x[1-(22)]		-32.4%						
24	Selected Rate Change		-17.4%						

ISO Exposure Trend per ISO Rate Indication Circular		Weighting
Property Damage	2.8%	75.0%
Business Income & Extra Expense	1.4%	25.0%
	2.5%	

ISO Loss Trend per ISO Rate Indication Circular		
Property Damage	5.1%	75.0%
Business Income & Extra Expense	5.0%	25.0%
	5.1%	

Premium Trend

Average Written Date of CY 2007 Experience	1/1/2007
Average Earned Date of CY 2007 Experience	7/1/2007
Proposed Effective Date	12/1/2008
Average Written Date of Revised Rates	6/3/2009
Average Earned Date of Revised Rates	12/1/2009

Loss Trend

Average Loss Date of AY 2007 Experience	7/1/2007
Proposed Effective Date	12/1/2008
Average Date of Loss for Revised Rates	12/1/2009

Exhibit VII
Commercial Equipment Breakdown
Loss & ALAE
Countrywide @ 3/31/08
Loss Development Factors
Monoline
Source: Exhibit VIII

Total Limits Loss Development Factors

Accident Year	QTR1	QTR5	QTR9	QTR13	QTR17	QTR21	QTR25	QTR29	QTR33	QTR37	QTR41	QTR45	QTR49	QTR53	QTR57
1994	23.059	1.228	1.226	0.938	0.961	1.002	0.971	1.000	0.999	1.000	1.000	1.000	1.000	1.084	
1995	37.097	1.045	0.993	1.034	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
1996	9.954	1.008	1.045	1.006	1.019	1.020	1.000	1.000	1.000	1.000	1.003	1.000			
1997	7.077	1.046	1.028	0.984	1.013	1.025	1.014	1.000	1.000	1.000	1.000				
1998	16.165	1.199	0.949	1.004	1.019	1.008	0.996	1.007	1.000	1.000					
1999	28.268	1.011	1.076	0.981	1.020	0.945	1.048	1.002	1.000						
2000	11.468	1.063	1.036	0.994	0.899	1.011	1.001	1.000							
2001	14.669	1.233	1.046	1.034	1.048	1.004	1.062								
2002	32.354	1.308	1.117	1.009	1.148	1.008									
2003	5.129	1.161	1.023	0.983	0.914										
2004	10.786	1.460	1.009	0.960											
2005	61.111	0.835	1.009												
2006	18.238	0.947													
2007	21.420														
2008															
Four Year Link Ratio	27.889	1.101	1.040	0.997	1.003	0.992	1.027	1.002	1.000	1.000	1.001	1.000	1.000	1.084	
Loss Development Factor	32.581	1.168	1.061	1.021	1.025	1.022	1.030	1.003	1.001	1.001	1.001	1.000	1.000	1.000	1.000
Total Limits Incurred L&ALAE	1,081,833	15,126,510	13,460,743	20,962,328	18,560,364	17,681,720	29,944,814	19,774,240	22,629,378	17,967,644	11,225,030	9,795,483	7,980,084	11,360,394	16,107,230
Total Limits Ultimate L&ALAE	35,246,786	17,671,328	14,287,836	21,402,684	19,015,837	18,068,778	30,849,029	19,838,740	22,648,101	17,981,973	11,233,982	9,795,483	7,980,084	11,360,394	16,107,230

Limited Loss Development Factors

Accident Year	QTR1	QTR5	QTR9	QTR13	QTR17	QTR21	QTR25	QTR29	QTR33	QTR37	QTR41	QTR45	QTR49	QTR53	QTR57
1994	10.971	1.118	1.046	1.022	1.000	1.000	1.000	1.000	0.999	1.000	1.000	1.000	1.000	1.000	
1995	15.554	1.080	0.975	1.021	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
1996	10.943	1.012	1.065	1.012	1.027	0.999	1.000	0.999	1.000	1.000	1.000	1.000			
1997	7.799	1.041	1.025	1.001	1.003	1.016	1.000	1.000	1.000	1.000	1.000				
1998	11.007	1.118	1.007	0.986	1.016	1.000	1.000	1.000	1.000	1.000					
1999	15.267	1.129	1.058	0.990	1.016	0.968	1.019	1.005	1.000						
2000	7.698	1.082	1.012	0.988	0.946	1.010	1.002	1.000							
2001	10.897	1.092	1.053	1.014	1.017	1.001	1.011								
2002	18.387	1.130	1.032	1.010	1.005	1.007									
2003	8.678	1.182	1.022	0.993	0.992										
2004	7.948	1.177	1.013	0.964											
2005	19.825	1.110	1.012												
2006	20.858	1.012													
2007	10.555														
2008															
Four Year Link Ratio	14.796	1.120	1.020	0.995	0.990	0.996	1.008	1.001	1.000	1.000	1.000	1.000	1.000	1.000	
Loss Development Factor	16.753	1.132	1.011	0.991	0.996	1.006	1.009	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Limited Incurred L&ALAE	875,113	6,398,184	7,769,388	9,067,468	6,935,892	9,205,818	9,474,765	10,503,914	10,813,140	9,128,391	7,314,612	6,338,748	3,977,558	4,767,349	6,353,320
Limited Ultimate L&ALAE	14,660,601	7,244,116	7,851,617	8,985,641	6,905,335	9,258,521	9,563,102	10,518,399	10,813,772	9,128,391	7,314,612	6,338,748	3,977,558	4,767,349	6,353,320

Exhibit VII
Commercial Equipment Breakdown
Loss & ALAE
Countrywide @ 3/31/08
Loss Development Factors
Package
Source: Exhibit VIII

Total Limits Loss Development Factors

Accident Year	QTR1	QTR5	QTR9	QTR13	QTR17	QTR21	QTR25	QTR29	QTR33	QTR37	QTR41	QTR45	QTR49	QTR53	QTR57
1994	9.198	1.059	1.047	0.982	1.031	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1995	8.427	1.005	1.141	1.276	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
1996	7.890	0.715	1.040	1.158	1.032	1.229	1.000	1.000	1.000	1.000	1.000	1.000			
1997	#DIV/0!	1.271	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000				
1998	#DIV/0!	3.731	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000					
1999	#DIV/0!	1.882	0.531	1.000	1.000	1.000	1.000	1.000	1.000						
2000	#DIV/0!	1.242	0.993	1.000	1.000	1.000	1.000	1.000							
2001	4.332	1.041	1.001	1.001	1.000	1.000	1.000								
2002	16.231	1.023	1.000	1.000	1.000	1.000									
2003	92.812	1.067	0.928	1.000	1.000										
2004	16.053	1.024	1.015	0.815											
2005	989.944	1.033	1.060												
2006	4.307	0.978													
2007	11.661														
2008															
Four Year Link Ratio	255.491	1.025	1.001	0.954	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
Loss Development Factor	250.100	0.979	0.955	0.954	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Total Limits Incurred L&ALAE	65,296	809,527	677,958	487,515	439,343	547,314	170,179	291,609	78,924	7,935	26,079	25,051	1,281,993	3,584,702	2,695,367
Total Limits Ultimate L&ALAE	16,330,542	792,445	647,190	465,092	439,343	547,314	170,179	291,609	78,924	7,935	26,079	25,051	1,281,993	3,584,702	2,695,367

Limited Loss Development Factors

Accident Year	QTR1	QTR5	QTR9	QTR13	QTR17	QTR21	QTR25	QTR29	QTR33	QTR37	QTR41	QTR45	QTR49	QTR53	QTR57
1994	8.859	1.062	1.049	0.981	1.032	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1995	7.332	1.007	1.125	1.004	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
1996	6.545	0.862	1.040	1.116	1.033	1.089	1.000	1.000	1.000	1.000	1.000	1.000			
1997	#DIV/0!	1.271	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000				
1998	#DIV/0!	3.731	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000					
1999	#DIV/0!	1.882	0.531	1.000	1.000	1.000	1.000	1.000	1.000						
2000	#DIV/0!	1.242	0.993	1.000	1.000	1.000	1.000	1.000							
2001	4.332	1.041	1.001	1.001	1.000	1.000	1.000								
2002	16.231	1.023	1.000	1.000	1.000	1.000									
2003	91.592	1.068	0.927	1.000	1.000										
2004	16.053	1.020	1.015	0.818											
2005	989.944	1.033	1.060												
2006	4.262	0.978													
2007	9.299														
2008															
Four Year Link Ratio	254.890	1.025	1.000	0.955	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
Loss Development Factor	249.454	0.979	0.955	0.955	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Limited Incurred L&ALAE	65,296	645,528	670,742	487,515	439,343	539,982	170,179	291,609	78,924	7,935	26,079	25,051	1,097,179	2,421,013	2,607,059
Limited Ultimate L&ALAE	16,288,333	631,762	640,680	465,466	439,343	539,982	170,179	291,609	78,924	7,935	26,079	25,051	1,097,179	2,421,013	2,607,059

Exhibit VII
Commercial Equipment Breakdown
Loss & ALAE
Countrywide @ 3/31/08
Loss Development Factors
Monoline and Package Combined
Source: Exhibit VIII

Total Limits Loss Development Factors

Accident Year	QTR1	QTR5	QTR9	QTR13	QTR17	QTR21	QTR25	QTR29	QTR33	QTR37	QTR41	QTR45	QTR49	QTR53	QTR57
1994	18.235	1.198	1.198	0.944	0.971	1.002	0.976	1.000	0.999	1.000	1.000	1.000	1.000	1.071	
1995	22.633	1.037	1.020	1.084	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
1996	9.603	0.967	1.044	1.022	1.020	1.045	1.000	1.000	1.000	1.000	1.003	1.000			
1997	7.093	1.047	1.028	0.984	1.013	1.025	1.014	1.000	1.000	1.000	1.000				
1998	16.176	1.201	0.949	1.004	1.019	1.008	0.996	1.007	1.000	1.000					
1999	28.282	1.012	1.076	0.981	1.020	0.945	1.048	1.002	1.000						
2000	11.501	1.063	1.036	0.994	0.900	1.011	1.001	1.000							
2001	13.981	1.229	1.046	1.033	1.048	1.004	1.061								
2002	32.055	1.305	1.116	1.009	1.148	1.008									
2003	5.291	1.158	1.021	0.984	0.917										
2004	10.922	1.443	1.009	0.956											
2005	62.136	0.839	1.010												
2006	15.854	0.948													
2007	20.547														
2008															
Four Year Link Ratio	27.365	1.097	1.039	0.996	1.003	0.992	1.027	1.002	1.000	1.000	1.001	1.000	1.000	1.071	
Loss Development Factor	31.805	1.162	1.060	1.020	1.024	1.021	1.030	1.003	1.001	1.001	1.001	1.000	1.000	1.000	1.000
Total Limits Incurred L&ALAE	1,147,129	15,936,037	14,138,701	21,449,843	18,999,707	18,229,034	30,114,993	20,065,849	22,708,302	17,975,579	11,251,109	9,820,534	9,262,076	14,945,096	18,802,598
Total Limits Ultimate L&ALAE	36,484,872	18,522,121	14,980,916	21,874,591	19,463,014	18,620,955	31,013,421	20,128,974	22,724,567	17,987,918	11,258,832	9,820,534	9,262,076	14,945,096	18,802,598

Limited Loss Development Factors

Accident Year	QTR1	QTR5	QTR9	QTR13	QTR17	QTR21	QTR25	QTR29	QTR33	QTR37	QTR41	QTR45	QTR49	QTR53	QTR57
1994	10.234	1.101	1.047	1.010	1.009	1.000	1.000	1.000	0.999	1.000	1.000	1.000	1.000	1.000	
1995	11.406	1.057	1.021	1.015	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
1996	9.562	0.980	1.060	1.032	1.028	1.017	1.000	0.999	1.000	1.000	1.000	1.000			
1997	7.825	1.042	1.025	1.001	1.003	1.015	1.000	1.000	1.000	1.000	1.000				
1998	11.019	1.121	1.007	0.986	1.016	1.000	1.000	1.000	1.000	1.000					
1999	15.283	1.130	1.057	0.990	1.016	0.968	1.019	1.005	1.000						
2000	7.746	1.083	1.012	0.988	0.946	1.010	1.002	1.000							
2001	10.409	1.090	1.051	1.014	1.016	1.001	1.011								
2002	18.337	1.128	1.032	1.010	1.005	1.007									
2003	9.228	1.174	1.016	0.994	0.993										
2004	8.280	1.165	1.013	0.954											
2005	20.896	1.106	1.014												
2006	15.807	1.010													
2007	10.426														
2008															
Four Year Link Ratio	13.852	1.114	1.019	0.993	0.990	0.996	1.008	1.001	1.000	1.000	1.000	1.000	1.000	1.000	
Loss Development Factor	15.533	1.121	1.007	0.988	0.996	1.006	1.009	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Limited Incurred L&ALAE	940,409	7,043,712	8,440,130	9,554,983	7,375,235	9,745,801	9,644,943	10,795,524	10,892,064	9,136,326	7,340,691	6,363,799	5,074,738	7,188,362	8,960,379
Limited Ultimate L&ALAE	14,607,727	7,898,665	8,498,731	9,443,491	7,342,231	9,800,289	9,734,038	10,810,390	10,892,700	9,136,326	7,340,691	6,363,799	5,074,738	7,188,362	8,960,379