

SERFF Tracking Number: XLAM-125979800 State: Arkansas  
Filing Company: Greenwich Insurance Company State Tracking Number: EFT \$100  
Company Tracking Number: 09GD-XL-XP01-MU-AR-R  
TOI: 17.0 Other Liability-Occ/Claims Made Sub-TOI: 17.0019 Professional Errors & Omissions Liability  
Product Name: Lawyers Professional Liability  
Project Name/Number: Form and Rate Revision/09GD-XL-XP01-MU-AR-R

## Filing at a Glance

Company: Greenwich Insurance Company  
Product Name: Lawyers Professional Liability SERFF Tr Num: XLAM-125979800 State: Arkansas  
TOI: 17.0 Other Liability-Occ/Claims Made SERFF Status: Closed State Tr Num: EFT \$100  
Sub-TOI: 17.0019 Professional Errors & Omissions Liability Co Tr Num: 09GD-XL-XP01-MU-AR-R State Status: Fees verified and received  
Filing Type: Rate/Rule Co Status: Reviewer(s): Edith Roberts, Brittany Yielding  
Author: Trish Pollard Disposition Date: 01/13/2009  
Date Submitted: 01/12/2009 Disposition Status: Filed  
Effective Date Requested (New): 02/15/2009 Effective Date (New):  
Effective Date Requested (Renewal): 02/15/2009 Effective Date (Renewal):  
State Filing Description:

## General Information

Project Name: Form and Rate Revision Status of Filing in Domicile: Pending  
Project Number: 09GD-XL-XP01-MU-AR-R Domicile Status Comments:  
Reference Organization: Reference Number:  
Reference Title: Advisory Org. Circular:  
Filing Status Changed: 01/13/2009 Deemer Date:  
State Status Changed: 01/13/2009  
Corresponding Filing Tracking Number:  
Filing Description:  
Revision to our Lawyers Professional Liability Program base rates, as previously submitted under our file number 07GD-XL-PL03-MU-AR and approved effective March 1, 2008.

The corresponding form filing has been submitted under our file number 09GD-XL-XP01-MU-AR.

We propose an effective date of February 15, 2009.

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## Company and Contact

### Filing Contact Information

Patricia Pollard, Compliance Analyst patricia.pollard@xlai.com  
 1201 N. Market Street (302) 661-7010 [Phone]  
 Wilmington, DE 19801 (302) 778-4190[FAX]

### Filing Company Information

Greenwich Insurance Company CoCode: 22322 State of Domicile: Delaware  
 1201 North Market street Group Code: 1285 Company Type:  
 Suite 501  
 Wilmington, DE 19801 Group Name: State ID Number:  
 (866) 304-3079 ext. [Phone] FEIN Number: 95-1479095  
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## Filing Fees

Fee Required? Yes  
 Fee Amount: \$100.00  
 Retaliatory? No  
 Fee Explanation:  
 Per Company: No

| COMPANY                     | AMOUNT   | DATE PROCESSED | TRANSACTION # |
|-----------------------------|----------|----------------|---------------|
| Greenwich Insurance Company | \$100.00 | 01/12/2009     | 24945610      |

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## Correspondence Summary

### Dispositions

| Status | Created By    | Created On | Date Submitted |
|--------|---------------|------------|----------------|
| Filed  | Edith Roberts | 01/13/2009 | 01/13/2009     |

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## Disposition

Disposition Date: 01/13/2009  
 Effective Date (New):  
 Effective Date (Renewal):  
 Status: Filed  
 Comment:

| <b>Company Name:</b>        | <b>Overall % Rate Impact:</b> | <b>Written Premium Change for this Program:</b> | <b># of Policy Holders Affected for this Program:</b> | <b>Premium:</b> | <b>Maximum % Change (where required):</b> | <b>Minimum % Change (where required):</b> | <b>Overall % Indicated Change:</b> |
|-----------------------------|-------------------------------|---|---|-----------------|---|---|------------------------------------|
| Greenwich Insurance Company | -18.800%                      | \$24,420  | 15  | \$129,900       | %   | %   | %                                  |



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**Rate Information**

Rate data applies to filing.

**Filing Method:** Prior Approval  
**Rate Change Type:** Decrease  
**Overall Percentage of Last Rate Revision:** 0.000%  
**Effective Date of Last Rate Revision:** 03/01/2008  
**Filing Method of Last Filing:** Prior Approval

**Company Rate Information**

| Company Name:               | Overall % Indicated Change: | Overall % Rate Impact: | Written Premium Change for this Program: | # of Policy Holders Affected for this Program: | Premium:  | Maximum % Change (where required): | Minimum % Change (where required): |
|-----------------------------|-----------------------------|------------------------|--|--|-----------|------------------------------------|------------------------------------|
| Greenwich Insurance Company | %                           | -18.800%               | \$24,420                                 | 15   | \$129,900 | %                                  | %                                  |

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## Rate/Rule Schedule

| Review Status: | Exhibit Name:            | Rule # or Page #: | Rate Action | Previous State Filing Attachments Number:   |
|----------------|--------------------------|-------------------|-------------|---|
| Filed          | Arkansas State Rate Page | 2008              | Replacement | XL Lawyers Rate Page AR 2008.pdf            |
| Filed          | Expense Exhibit          | 2008              | New         | GIC GL Est Inv Earnings Exhibit Lawyers.pdf |

Greenwich Insurance Company  
Lawyers Professional Liability

Arkansas

I. Base Rate

|                            |                   |                |
|----------------------------|-------------------|----------------|
| <u>Base Limits</u>         | <u>Deductible</u> | <u>Premium</u> |
| \$100,000/\$300,000        | \$1,000           | Per Attorney   |
| Territory No. 1: All areas |                   | \$ 600         |

II. Deductible Credit

| <u>Deductible Amount</u> | <u>Damages and Claim Expense</u> |           |
|--------------------------|----------------------------------|-----------|
|                          | Per Claim                        | Aggregate |
| \$2,000                  | 0.04                             | 0.02      |
| \$5,000                  | 0.10                             | 0.04      |
| \$10,000                 | 0.15                             | 0.06      |
| \$15,000                 | 0.18                             | 0.09      |
| \$20,000                 | 0.20                             | 0.13      |
| \$25,000                 | 0.21                             | 0.18      |
| \$30,000                 | 0.23                             | 0.20      |
| \$50,000                 | 0.27                             | 0.24      |
| \$75,000                 | 0.33                             | 0.28      |
| \$100,000                | 0.40                             | 0.35      |

III. Area of Practice Rating Modification Factors

| <u>Area of Practice</u>            | <u>Factor</u> | <u>Area of Practice</u>                                  | <u>Factor</u> |
|------------------------------------|---------------|--|---------------|
| Administrative Law                 | 0.85          | Government Contracts and Claims                          | 1.00          |
| Admiralty Law                      | 0.90          | Guardianship/Juvenile                                    | 0.65          |
| Adoption Law                       | 0.65          | Immigration and Naturalization                           | 0.65          |
| Antitrust/Trade Regulation         | 1.05          | Insurance Defense  | 0.70          |
| Arbitration/Mediation              | 0.75          | Intellectual Property (Patents, Copyrights & Trademarks) | 1.60          |
| Bankruptcy                         | 0.80          | International Law  | 1.00          |
| Business Transactions & Contracts  | 0.90          | Labor-Management   | 1.00          |
| Civil Rights and Discrimination    | 1.00          | Labor-Union/Employee                                     | 1.05          |
| Class Actions/ Mass Torts          | 1.40          | Land Use & Zoning  | 1.40          |
| Collection/Repo - Commercial       | 1.00          | Local Government (not bonds)                             | 0.65          |
| Collection/Repo - Consumer         | 1.20          | Natural Resources (Oil and Gas)                          | 1.05          |
| Commercial Litigation-Defense      | 1.00          | Personal Injury- Defendant                               | 0.75          |
| Commercial Litigation-Plaintiff    | 1.00          | Personal Injury- Plaintiff                               | 1.25          |
| Construction/Building Contracts    | 1.00          | Real Estate-Commercial                                   | 1.55          |
| Consumer Claims                    | 1.00          | Real Estate-Residential                                  | 1.30          |
| Corporate Administrative           | 0.85          | Residential-Title/Abstracting                            | 1.60          |
| Corporate & Business Organization  | 0.85          | Securities or Bonds                                      | 1.60          |
| Corporate Mergers and Acquisitions | 1.05          | Social Security  | 0.65          |
| Criminal                           | 0.60          | Taxation   | 1.00          |
| Divorce w/Assets <\$1M             | 0.65          | Wills, Trusts, Estates < \$1M                            | 0.80          |
| Divorce w/Assets \$1M-\$5M         | 1.10          | Wills, Trusts, Estates \$1M-\$5M                         | 1.15          |
| Divorce w/Assets >\$5M             | 1.40          | Wills, Trusts, Estates > \$5M                            | 1.40          |
| Entertainment                      | 1.15          | Workers' Compensation-Defense                            | 0.75          |
| Environmental Law                  | 1.05          | Workers' Compensation-Plaintiff                          | 0.85          |
| ERISA/Employee Benefits            | 1.40          | Other  | 1.00          |
| Financial Institutions/Banking     | 1.10          |  |               |

Greenwich Insurance Company  
Lawyers Professional Liability

Arkansas

IV. Claims Made Maturity Factors

| <u>Years of Maturity</u>     | <u>Rating Factor</u> |
|------------------------------|----------------------|
| 1 <sup>st</sup> Year         | 1.00                 |
| 2 <sup>nd</sup> Year         | 1.40                 |
| 3 <sup>rd</sup> Year         | 1.60                 |
| 4 <sup>th</sup> Year         | 1.80                 |
| 5 <sup>th</sup> Year         | 2.00                 |
| 6 <sup>th</sup> Year or more | 2.20                 |

V. ILF Factors

| <u>Limits of Liability</u> | <u>DWL ILF</u> | <u>DOL ILF</u> |
|----------------------------|----------------|----------------|
| 100/300                    | 1.00           | 1.25           |
| 250/500                    | 1.35           | 1.50           |
| 500/500                    | 1.60           | 1.75           |
| 500/1M                     | 1.77           | 1.92           |
| 1M/1M                      | 1.87           | 2.02           |
| 1M/2M                      | 2.07           | 2.22           |
| 1M/3M                      | 2.16           | 2.31           |
| 2M/2M                      | 2.38           | 2.55           |
| 2M/3M                      | 2.43           | 2.60           |
| 2M/4M                      | 2.51           | 2.64           |
| 3M/3M                      | 2.72           | 2.86           |
| 4M/4M                      | 2.99           | 3.14           |
| 5M/5M                      | 3.22           | 3.38           |
| 6M/6M                      | 3.39           | 3.56           |
| 7M/7M                      | 3.54           | 3.72           |
| 8M/8M                      | 3.65           | 3.83           |
| 9M/9M                      | 3.76           | 3.95           |
| 10M/10M                    | 3.85           | 4.04           |

Note: DWL = defense costs within limits, DOL = defense costs outside (in addition to) limit of liability

VI. Size of Firm Credit Factors

| <u>Number of Attorneys</u> | <u>Credit</u> |
|----------------------------|---------------|
| First 5                    | 0%            |
| Next 25                    | 30%           |
| Over 30                    | 45%           |

VII. Experience Rating Factors

| <u>Incurred Loss Ratio</u> | <u>0-5 Attorneys</u> | <u>6-10 Attorneys</u> | <u>11-20 Attorneys</u> | <u>20+ Attorneys</u> |
|----------------------------|----------------------|-----------------------|------------------------|----------------------|
| 0-25%                      | 5.0% Credit          | 7.5% Credit           | 10.0% Credit           | 12.5% Credit         |
| 26-50%                     | 0.00%                | 0.00%                 | 0.00%                  | 0.00%                |
| 51-75%                     | 5.0% Debit           | 7.5% Debit            | 10.0% Debit            | 12.5% Debit          |
| 76-100%                    | 7.5% Debit           | 10.0% Debit           | 12.5% Debit            | 15.0% Debit          |
| Over 100%                  | 10.0% Debit          | 12.5% Debit           | 15.0% Debit            | 20.0% Debit          |

**Greenwich Insurance Company  
Lawyers Professional Liability**

**Arkansas**

(All of the following rating factors are additive, while all of the above factors are multiplicative, except for the deductible credit which is subtracted from the increased limit factor.)

VIII. Individual Risk Rating Modifications

A. Risk Management Rating Plan

| <u>Risk Management System</u>                               | <u>Credit</u> | <u>Debit</u> |
|---|---------------|--------------|
| Docket Control/Conflicts/Procedural Systems                 | 0-2.5%        | 0-2.5%       |
| Client Intake Procedures/Client Relations                   | 0-2.5%        | 0-2.5%       |
| Internal Management/Training/Controls                       | 0-2.5%        | 0-2.5%       |
| Formal Policies & Procedures/Formal Risk Management Program | 0-2.5%        | 0-2.5%       |

B. Continuing Legal Education Credits

| <u>Qualification</u>   | <u>Credit</u>                                  |
|--|--|
| Min. of 3.0 Credit Hours of CLE, primarily devoted to Risk Management, Ethics or Malpractice Avoidance | Per Attorney basis, up to 10% Maximum per firm |

IX. Scheduled Rating Modification

| <u>Scheduled Rating Plan Characteristic</u>     | <u>Credit</u> | <u>Debit</u> |
|---|---------------|--------------|
| Firm Structure, History and Financial Condition | 0-10.0%       | 0-10.0%      |
| Severity Exposure/Transaction or Case Size      | 0-10.0%       | 0-10.0%      |
| Firm Experience/Credentials/Qualifications      | 0-10.0%       | 0-10.0%      |
| Client Involvement/Number and Type of Clients   | 0-10.0%       | 0-10.0%      |
| Specialization-Generalization/Caseload/Support  | 0-5.0%        | 0-5.0%       |

*The maximum schedule rating modification is a 40% total debit or credit.*

*Each of the above characteristics contained in VIII. Individual Risk Rating Modifications and IX. Scheduled Rating Modification are to be added together, then multiplied as a single factor against the other rating factors and the base rate.*

X. Optional Coverage

| <u>Type of Coverage</u>        | <u>Premium Adjustment<br/>(Debit/Credit)</u> |
|--------------------------------|--|
| A. Career Coverage Endorsement | Per Attorney basis, up to 10% Debit per firm |
| B. Extended Reporting Coverage |  |
| 1 Year Term                    | 100% of last annual Premium                  |
| 3 Year Term                    | 185% of last annual Premium                  |
| 5 Year Term                    | 225% of last annual Premium                  |
| 7 Year Term                    | 250% of last annual Premium                  |

**XL Insurance**  
**Lawyers Professional Liability**  
**Expense Exhibit**

|                                    |             |
|------------------------------------|-------------|
| Commission & Brokerage             | 19.5%       |
| Other Acquisition                  | 2.0%        |
| General Expense                    | 10.0%       |
| Taxes, Licenses, & Fees            | 3.0%        |
| <u>Profit &amp; Contingencies*</u> | <u>6.6%</u> |
| Total Expenses                     | 41.1%       |
| <hr/> <hr/>                        |             |
| Expected Loss Ratio                | 58.9%       |

\* P&C factor includes provision for Investment Income.

**General Liability**  
Estimated Investment Earnings

|    |  |              |
|----|--|--------------|
| A. | Unearned Premium Reserve   |              |
|    | 1. Estimated Ultimate Premium  | 371,481,600  |
|    | 2. Estimate Mean Unearned Premium Reserve                                    | 185,740,800  |
|    | 3. Deduction for Prepaid Expense   |              |
|    | Commission & Brokerage   | 19.50%       |
|    | Taxes, License and Fees  | 3.00%        |
|    | 50% Other Acquisition  | 1.00%        |
|    | 50% General Expense  | 5.00%        |
|    | Total  | 28.50%       |
|    | 4. (2) x (3)   | 52,936,128   |
|    | 5. Net Subject to Investment (2) - (4)                                       | 132,804,672  |
| B. | Delayed Remission of Premium (Agents' Balances)                              |              |
|    | 1. Estimated Ultimate Premium  | 371,481,600  |
|    | 2. Average Agents' Balances (see attached exhibit)                           | 28.12%       |
|    | 3. Delayed Remission (1) x (2)   | 104,454,190  |
| C. | Loss Reserves  |              |
|    | 1. Estimated Ultimate Premium  | 371,481,600  |
|    | 2. Expected Incurred Loss and LAE Ratio                                      | 58.9%        |
|    | 3. Expected Incurred Loss and LAE (1) * (2)                                  | 218,718,270  |
|    | 4. Mean Loss Reserve to Incurred Loss Ratio (see attached exhibit)           | 2.383        |
|    | 5. Expected Mean Loss Reserves (3) * (4)                                     | 521,114,450  |
| D. | Surplus  |              |
|    | 1. Surplus [P:S=1.5] * A(1)  | 247,654,400  |
|    | 2. Add Revenue for Risk Load   | 0            |
|    | 3. Risk Load Revenue   | 0            |
| E. | Subject to Investment Income    A(6) - B(3) + C(5) + D(1)                    | 797,119,332  |
| F. | Avg Rate of Return (see attached exhibit)                                    | 1.69%        |
| G. | Investment Earnings    F * E   | 13,481,595   |
| H. | Avg ROR as % of EP BFIT    G/ A(1)   | 3.63%        |
| I. | Avg ROR as % of EP AFIT    (Overall tax rate of 34.9% applied, see attached) | 2.36%        |
| J. | Required Total Return on Premium (see attached exhibit)                      | 6.67%        |
| K. | Indicated U/W Profit Provision    J - I                                      | 4.30%        |
| L. | Indicated Pre Tax U/W Profit Provision    K/(1-0.35)                         | 6.62%        |
| M. | Selected Pre Tax U/W Profit Provision  | <b>6.62%</b> |

**XL Insurance  
Estimated Investment Earnings**

Line A-2

The unearned premium reserve is 0.5 times the estimated ultimate premium due to the fact that these are all annual policies.

Line A-3

*Deduction for prepaid expenses:*

Production costs and a significant portion of other company expenses in connection with the writing and handling of insurance policies, exclusive of claim adjustment expenses, are incurred when the premium is written and before the premium is paid. These provisions were selected from the program experience.

Line B-2

*Delayed Remission of Premium:*

This deduction is necessary because of delay in collection and remission of premium to the companies beyond the initial effective date of their policies. Funds for the unearned premium reserve required during the initial days of most policies must be taken from the company's surplus.

The ratio is based on data from the Best's Aggregates and Averages 2004 Edition.

|    |  |             |
|----|--|-------------|
| 1. | Net Earned Premium for Calendar Year 2003  | 175,619,203 |
| 2. | Net Agents' Balances as of 12/31/03        | 51,605,192  |
| 3. | Net Agents' Balances as of 12/31/02        | 47,156,963  |
| 4. | Mean Agents' Balances: $0.5 * [(2) + (3)]$ | 49,381,078  |
| 5. | Ratio (4) / (1)                            | 28.12%      |

**General Liability**  
Estimated Investment Earnings

Line C-3

*Expected Mean Loss Reserve*

The expected mean loss reserve is determined by multiplying the expected incurred losses from C-2 by the average historical ratio of the mean loss and loss adjustment expenses to the incurred losses and loss adjustment expenses for the line of business. This ratio is based on line of business specific data and includes an adjustment for the estimated federal income taxes payable due to the discounting of loss reserves.

**Industry**

|     |   |             |
|-----|---|-------------|
| 1.  | Incurred losses and LAE for 2002                  | 47,580,634  |
| 2.  | Incurred losses and LAE for 2003                  | 48,266,068  |
| 3.  | Net Loss and LAE Reserves as of 12/31/2001        | 106,098,970 |
| 4.  | Net Loss and LAE Reserves as of 12/31/2002        | 121,047,056 |
| 5.  | Net Loss and LAE Reserves as of 12/31/2003        | 134,372,976 |
| 6.  | Mean Loss Reserves 2000: $0.5 * [(3) + (4)]$ "    | 113,573,013 |
| 7.  | Mean Loss Reserves 2001: $0.5 * [(3) + (4)]$ "    | 127,710,016 |
| 8.  | Ratio (6) / (1)                                   | 2.387       |
| 9.  | Ratio (7) / (2)                                   | 2.646       |
| 10. | $0.5 * [(8) + (9)]$                               | 2.516       |
| 11. | Estimated Reserve Discount                        | 15.2%       |
| 12. | Federal Taxes Payable (% of reserves): (11) * 35% | 5.3%        |
| 13. | $(10) * [1.0 - (12)]$                             | 2.383       |
| 14. | Selected  | 2.383       |

## XL Insurance

### Estimated Investment Earnings

*Calculation of Total Rate of Return*  
based on Greenwich Insurance Company Annual Statement.

#### Net Investment Income Earned

| <u>Year</u> | <u>Net Investment<br/>Income Earned</u> | <u>Cash and<br/>Invested Assets</u> | <u>Mean Cash and<br/>Invested Assets</u> | <u>Rate of<br/>Return</u> |
|-------------|---|-------------------------------------|--|---------------------------|
| 2001        | 11,604,220                              | 640,507,495                         |  |                           |
| 2002        | 10,135,368                              | 551,252,249                         | 595,879,872                              | 1.70%                     |
| 2003        | 10,969,558                              | 630,823,033                         | 591,037,641                              | 1.86%                     |
| <u>2004</u> | <u>16,741,408</u>                       | <u>839,189,906</u>                  | <u>735,006,470</u>                       | <u>2.28%</u>              |
| Total       | 37,846,334                              | 2,021,265,188                       | 1,921,923,983                            | 1.97%                     |

#### Net Realized Capital Gains (Losses)

| <u>Year</u> | <u>Realized Capital<br/>Gains or Losses</u> | <u>Cash and<br/>Invested Assets</u> | <u>Mean Cash and<br/>Invested Assets</u> | <u>Rate of<br/>Return</u> |
|-------------|---|-------------------------------------|--|---------------------------|
| 2001        | 1,726,855                                   | 640,507,495                         |  |                           |
| 2002        | 15,990,652                                  | 551,252,249                         | 595,879,872                              | 2.68%                     |
| 2003        | 5,526,194                                   | 630,823,033                         | 591,037,641                              | 0.93%                     |
| <u>2004</u> | <u>203,261</u>                              | <u>839,189,906</u>                  | <u>735,006,470</u>                       | <u>0.03%</u>              |
| Total       | 21,720,107                                  | 2,021,265,188                       | 1,921,923,983                            | 1.13%                     |

#### Net Unrealized Capital Gains (Losses)

| <u>Year</u> | <u>Unrealized Capital<br/>Gains or Losses</u> | <u>Cash and<br/>Invested Assets</u> | <u>Mean Cash and<br/>Invested Assets</u> | <u>Rate of<br/>Return</u> |
|-------------|---|-------------------------------------|--|---------------------------|
| 2001        | 4,597,803                                     | 640,507,495                         |  |                           |
| 2002        | (7,422,351)                                   | 551,252,249                         | 595,879,872                              | -1.25%                    |
| 2003        | (41,544,255)                                  | 630,823,033                         | 591,037,641                              | -7.03%                    |
| <u>2004</u> | <u>21,905,463</u>                             | <u>839,189,906</u>                  | <u>735,006,470</u>                       | <u>2.98%</u>              |
| Total       | (27,061,143)                                  | 2,021,265,188                       | 1,921,923,983                            | -1.41%                    |

**TOTAL Rate of Return: 1.69%**

**XL Insurance**  
Estimated Investment Earnings

Line J

*Calculation of After Tax Target Rate of Return*

The Company has determined that an average after-tax return on equity of at least 10% is necessary to attract and retain investors. This target has been tested by using industry known Capital Assets Pricing Model, which determines the cost of equity capital that stock holders demand. The equation of the model is as follows:

$$KE = RF^1 + B(RM - RF^2)$$

- KE = cost of equity capital
- RF<sup>1</sup> = risk free rate of return (10 year Treasury Note)
- RF<sup>2</sup> = risk free rate of return (25 year average)
- B = Beta
- RM = overall rate of return on stock market

A value of 4.49% has been selected for the RF<sup>1</sup>. This is the yield on 10 year US Treasury Notes as of June 9, 2004.

A value of 8.07% has been selected for RF<sup>2</sup>. This is the twenty-five year average (1979-2003) of annual yields on 10 year US Treasury Notes.

The B rating for XL Capital is 0.9 (Source: NYSE, 4/15/05)

A value of 14.23% has been selected for the RM, the overall rate of return on the stock market. This is the twenty-five year average (1979-2003) as measured by the S&P 500 Index.

Based on the selected parameters, a fair and reasonable cost of equity capital would be 10%. The selection of 10% is hence fair and reasonable.

where:

|  |  |
|--|--|
| $KE = 4.5 + 0.9*(14.2-8.1)$ $KE = 10.0\%$ <p><b>Selected = 10.0%</b></p> | $RF^1 = 4.49\%$ $RF^2 = 8.07\%$ $B = 0.90$ $RM = 14.2\%$ |
|--|--|

**XL Insurance**  
Estimated Investment Earnings

Line I

The effective income tax rate on investment income is calculated as a weighted average of the effective tax rate on investments and the tax rate for capital gains, with the rates of return used as weights.

|                              | <u>Rate of<br/>Return</u> | <u>Federal Income<br/>Tax Rate</u> |
|------------------------------|---------------------------|------------------------------------|
| Net Investment Income Earned | 1.97%                     | 34.9%                              |
| Net Realized Capital Gains   | <u>1.13%</u>              | <u>35.0%</u>                       |
|                              | 3.10%                     | 34.9%                              |

The average rate of federal income tax is determined by applying appropriate tax rates to the distribution of investment income earned for the current year for XL Insurance America, Inc and Greenwich Insurance Company as in the 2004 Annual Statement.

|                                 | <u>Investment<br/>Income Earned</u> | <u>Federal Income<br/>Tax Rate</u> |
|---------------------------------|-------------------------------------|------------------------------------|
| <b><u>Bonds</u></b>             |                                     |                                    |
| Taxable                         | 16,256,980                          | 35.0%                              |
| <u>Non-Taxable*</u>             | <u>71,583</u>                       | <u>5.0%</u>                        |
| <b>Total</b>                    | 16,328,563                          | 34.9%                              |
| <b><u>Stocks</u></b>            |                                     |                                    |
| Taxable**                       | 0                                   | 14.2%                              |
| <u>Non-Taxable (affiliates)</u> | <u>0</u>                            | <u>35.0%</u>                       |
| <b>Total</b>                    | 0                                   | 0.0%                               |
| Mortgage Loans                  | 0                                   | 35.0%                              |
| Real Estate                     | 0                                   | 35.0%                              |
| Cash on Deposit                 | 1,085,397                           | 35.0%                              |
| Short-Term Investments          | 0                                   | 35.0%                              |
| <u>All Other</u>                | <u>0</u>                            | <u>35.0%</u>                       |
| <b>Total</b>                    | 1,085,397                           | 35.0%                              |
| <b>Grand Total</b>              | 17,413,960                          | 34.9%                              |
| <b>Investment Deduction</b>     | 672,552                             | 35.0%                              |
| <b>Net Inv. Inc. Earned</b>     | 16,741,408                          | 34.9%                              |

\* Assumes 65% of the income on tax-exempt bonds is subject to proration; that is, 15% of that income is taxed at the full corporate tax rate of 35%. The applicable tax rate is thus 5% (.95 \* .15 \* .35 = .05)

\*\* 30% of the dividend income is added to the full corporate tax rate of 35%. Assume all of the dividend income on stocks is subject to proration; that is, 15% of the remaining 70% of dividend income is taxed at a rate of 35%. The applicable tax rate is thus 14.2% ((.30\*.35)+(.7\*.15\*.35)=.142)

SERFF Tracking Number: XLAM-125979800 State: Arkansas  
 Filing Company: Greenwich Insurance Company State Tracking Number: EFT \$100  
 Company Tracking Number: 09GD-XL-XP01-MU-AR-R  
 TOI: 17.0 Other Liability-Occ/Claims Made Sub-TOI: 17.0019 Professional Errors & Omissions Liability  
 Product Name: Lawyers Professional Liability  
 Project Name/Number: Form and Rate Revision/09GD-XL-XP01-MU-AR-R

## Supporting Document Schedules

**Satisfied -Name:** Uniform Transmittal Document-Property & Casualty **Review Status:** Filed 01/13/2009

**Comments:**

**Attachments:**

AR Transmittal.pdf  
 NAIC Transmittal-Rates-AR.pdf

**Bypassed -Name:** NAIC Loss Cost Filing Document for OTHER than Workers' Comp **Review Status:** Filed 01/13/2009

**Bypass Reason:** N/A to this filing

**Comments:**

**Bypassed -Name:** NAIC loss cost data entry document **Review Status:** Filed 01/13/2009

**Bypass Reason:** N/A to this filing

**Comments:**

**Satisfied -Name:** Actuarial Memorandum **Review Status:** Filed 01/13/2009

**Comments:**

**Attachment:**

Lawyers Actuarial Memo 2008 AR.pdf

## RATE/RULE FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes rate-related items such as Rate; Rule; Rate & Rule; Reference; Loss Cost; Loss Cost & Rule or Rate, etc.)

(Do not refer to the body of the filing for the component/exhibit listing, unless allowed by state.)

|           |  |
|-----------|--|
| <b>1.</b> | <b>This filing transmittal is part of Company Tracking #</b> |
|-----------|--|

|           |   |
|-----------|---|
| <b>2.</b> | <b>This filing corresponds to form filing number</b><br>(Company tracking number of form filing, if applicable) |
|-----------|---|

Rate Increase     
  Rate Decrease     
  Rate Neutral (0%)

|           |  |
|-----------|--|
| <b>3.</b> | <b>Filing Method (Prior Approval, File &amp; Use, Flex Band, etc.)</b> |
|-----------|--|

|            |   |
|------------|---|
| <b>4a.</b> | <b>Rate Change by Company (As Proposed)</b> |
|------------|---|

| Company Name | Overall % Indicated Change (when applicable) | Overall % Rate Impact | Written premium change for this program | # of policyholders affected for this program | Written premium for this program | Maximum % Change (where required) | Minimum % Change (where required) |
|--------------|--|-----------------------|---|--|----------------------------------|-----------------------------------|-----------------------------------|
| GIC          |  | -18.8%                | 24420                                   | 15   | 129900                           |                                   |                                   |
|              |  |                       |   |  |                                  |                                   |                                   |

|            |  |
|------------|--|
| <b>4b.</b> | <b>Rate Change by Company (As Accepted) For State Use Only</b> |
|------------|--|

| Company Name | Overall % Indicated Change (when applicable) | Overall % Rate Impact | Written premium change for this program | # of policyholders affected for this program | Written premium for this program | Maximum % Change (where required) | Minimum % Change (where required) |
|--------------|--|-----------------------|---|--|----------------------------------|-----------------------------------|-----------------------------------|
|              |  |                       |   |  |                                  |                                   |                                   |
|              |  |                       |   |  |                                  |                                   |                                   |

|  |  |                    |                  |
|--|--|--------------------|------------------|
| <b>Overall Rate Information (Complete for Multiple Company Filings only)</b> |  |                    |                  |
|  |  | <b>COMPANY USE</b> | <b>STATE USE</b> |

|            |   |       |  |
|------------|---|-------|--|
| <b>5a.</b> | Overall percentage rate indication (when applicable)            | -18.8 |  |
| <b>5b.</b> | Overall percentage rate impact for this filing                  | -18.8 |  |
| <b>5c.</b> | Effect of Rate Filing – Written premium change for this program |       |  |
| <b>5d.</b> | Effect of Rate Filing – Number of policyholders affected        |       |  |

|           |  |   |
|-----------|--|---|
| <b>6.</b> | Overall percentage of last rate revision | 0 |
|-----------|--|---|

|           |                                      |        |
|-----------|--------------------------------------|--------|
| <b>7.</b> | Effective Date of last rate revision | 3-1-08 |
|-----------|--------------------------------------|--------|

|           |  |                |
|-----------|--|----------------|
| <b>8.</b> | Filing Method of Last filing (Prior Approval, File & Use, Flex Band, etc.) | Prior Approval |
|-----------|--|----------------|

| 9. | Rule # or Page # Submitted for Review | Replacement or Withdrawn?   | Previous state filing number, if required by state |
|----|---------------------------------------|---|--|
| 01 | Arkansas Rate Page 2008               | <input type="checkbox"/> New<br><input checked="" type="checkbox"/> Replacement<br><input type="checkbox"/> Withdrawn |  |
| 02 |                                       | <input type="checkbox"/> New<br><input type="checkbox"/> Replacement<br><input type="checkbox"/> Withdrawn            |  |
| 03 |                                       | <input type="checkbox"/> New<br><input type="checkbox"/> Replacement<br><input type="checkbox"/> Withdrawn            |  |



|   |   |
|---|---|
| <b>17. Reference Organization # &amp; Title</b> |   |
| <b>18. Company's Date of Filing</b>             |   |
| <b>19. Status of filing in domicile</b>         | <input type="checkbox"/> Not Filed <input checked="" type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved |

**Property & Casualty Transmittal Document—**

|  |                      |
|--|----------------------|
| <b>20. This filing transmittal is part of Company Tracking #</b> | 09GD-XL-XP01-MU-AR-R |
|--|----------------------|

|  |
|--|
| <b>21. Filing Description</b> [This area can be used in lieu of a cover letter or filing memorandum and is free-form text] |
|--|

Revision to our Lawyers Professional Liability Program base rates, as previously submitted under our file number 07GD-XL-PL03-MU-AR and approved effective March 1, 2008.

The corresponding form filing has been submitted under our file number 09GD-XL-XP01-MU-AR.

We propose an effective date of February 15, 2009.

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

**Check #:** EFT  
**Amount:** 50.00

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

Effective March 1, 2007

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

## **Greenwich Insurance Company**

### **Lawyers Professional Liability**

#### **Actuarial Memorandum**

##### **Overview**

Greenwich Insurance Company is presenting a rate filing for its Lawyers Professional Liability Program. The proposal includes changes to territorial base rates, area of practice factors, renewal credits, and increased limit factors.

This filing proposes changes to the base rates for all Arkansas territories.

The proposed filing involves changes to the area of practice factors for the following categories: administrative law, consumer collection/repossession, commercial litigation defense, divorce with assets greater than \$5 million, land use, personal injury defense, commercial real estate, residential real estate, wills trusts and estates valued under \$1M, wills trusts and estates \$1-5 million, and workers comp defense.

GIC is proposing removing the renewal credit for all firms.

This filing proposes additional defense outside the limit increased limit factors for limit options above \$5 million per claim.

The total average impact of these changes to our current insureds is -18.8%.

##### **Expense and Investment Income**

Expense and investment income is provided for informational purposes. The projected expenses are based on the expected expense structure of this program. Actual expected commission is used along with internal estimates of other acquisition, general and taxes/licenses/fees. An ISO state x method is used for determining the investment income provision. Annual statement data along with Other Liability page 15 data is used to project the pre-tax underwriting profit provision.