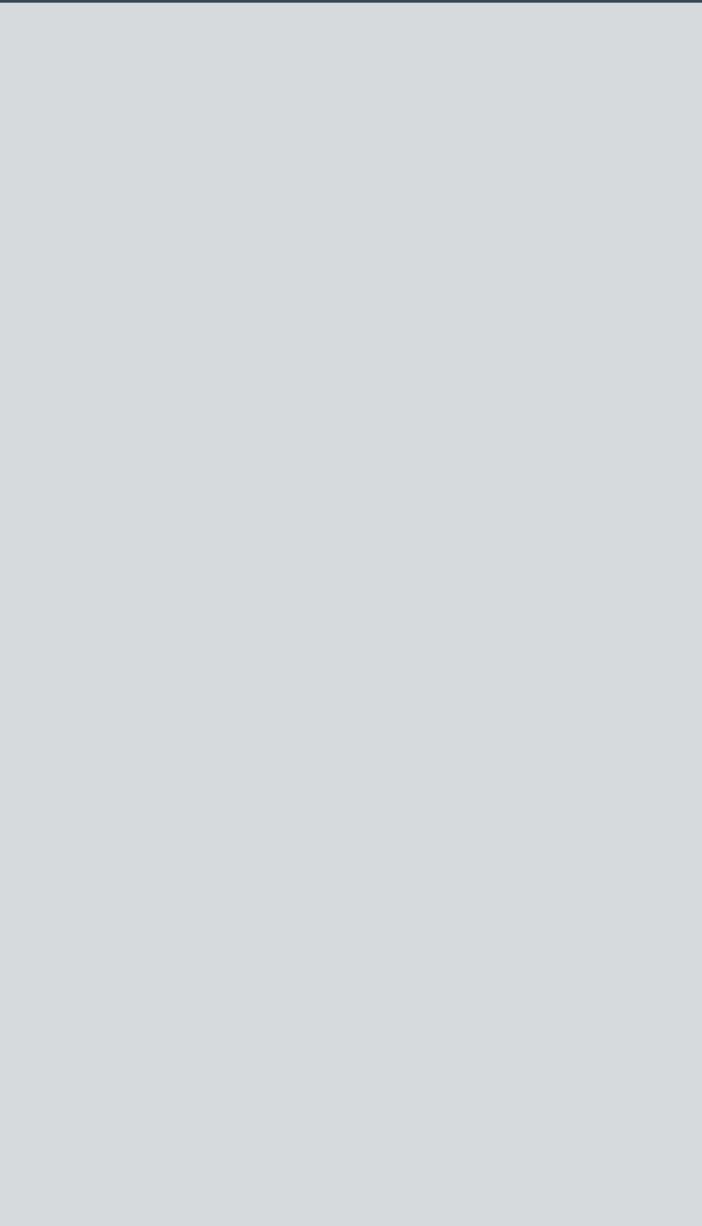


FINANCIAL SERVICES: INSURANCE PRODUCT PROFITABILITY



**COGNOS PERFORMANCE
BLUEPRINT
IMPLEMENTATION
GUIDELINE V2**

**A WEB-BASED PERFORMANCE
MANAGEMENT APPLICATION**



Introduction

This implementation guide demonstrates a Web-based planning and reporting process for the general insurance industry, specifically focused upon the profitability of insurance products, and using Cognos 8 Planning and Cognos 8 Business Intelligence.

Despite the natural catastrophes of recent years, many insurance companies have managed to show record profits. American property and casualty insurers, for instance, made a record \$44.8 billion profit in 2005, passing much of their hurricane-related exposure to re-insurers and state and local governments.

Yet all is not well in the insurance industry. Many insurers feel that they need to exit risky business lines or geographies to ensure continued profitability. Risk-management experts predict that the catastrophes of recent years may continue for the foreseeable future, and if such events occur frequently, large insurance companies may not find it easy to escape financial disaster.

To maintain profitability in the face of escalating risks, insurance companies must be nimble enough to change course in an instant—shifting emphasis from one product to another, one region to another, one product line to another.

The problem is that historically, most insurers have not been able to change course very quickly.

The breakdown occurs in two primary areas. First, insurers have struggled to get the right data to make decisions in a timely manner. Too often, insurance executives do not trust the data they are given, or data is not presented in a user-friendly way, or data is not structured to answer the key business questions, and so on. Second, insurers have rarely been able to accurately forecast multiple business scenarios to determine the most profitable course of action. Strategic planning and forecasting have typically been annual events, often based on prior-year results plus some percentage growth—rather than on business drivers—and typically are done in isolation by each product line or business segment, not considering overall corporate impact.

Despite the inefficient processes found at many insurers, driving product- and overall profitability through a coordinated, efficient process can be reality. The first step is to consolidate data, storing all relevant product revenue, claim, and expense information in an accessible place. Next is to apply appropriate reporting and analysis tools to the task of understanding as much as possible about product lines, individual products, and brands. Once these are understood more completely, an insurer can confidently assess financial impacts of proceeding with business-as-usual as opposed to implementing one or more initiatives in specific products, product lines, or brands to improve profitability.

The *Cognos Insurance Product Profitability Blueprint* enables insurers to create profit-and-loss statements and balance sheets at the product line and product levels, by brand. The Blueprint allows business analysts, product managers, and finance executives to analyze and report on profitability, and to plan initiatives to improve business results.

The *Insurance Product Profitability Blueprint* is described in detail below. The solution comprises two primary components:

- Reporting, analysis, dashboards, and scorecards using Cognos 8 Business Intelligence
- Planning and forecasting using Cognos 8 Planning

Using these components, the *Blueprint* enables product line managers, product managers, and analysts to receive product line, product, and brand information, analyze the information to determine targets, plan initiatives to drive increased profits into the chosen target, and manage and update the P&L and balance sheet at desired levels in the product hierarchy.

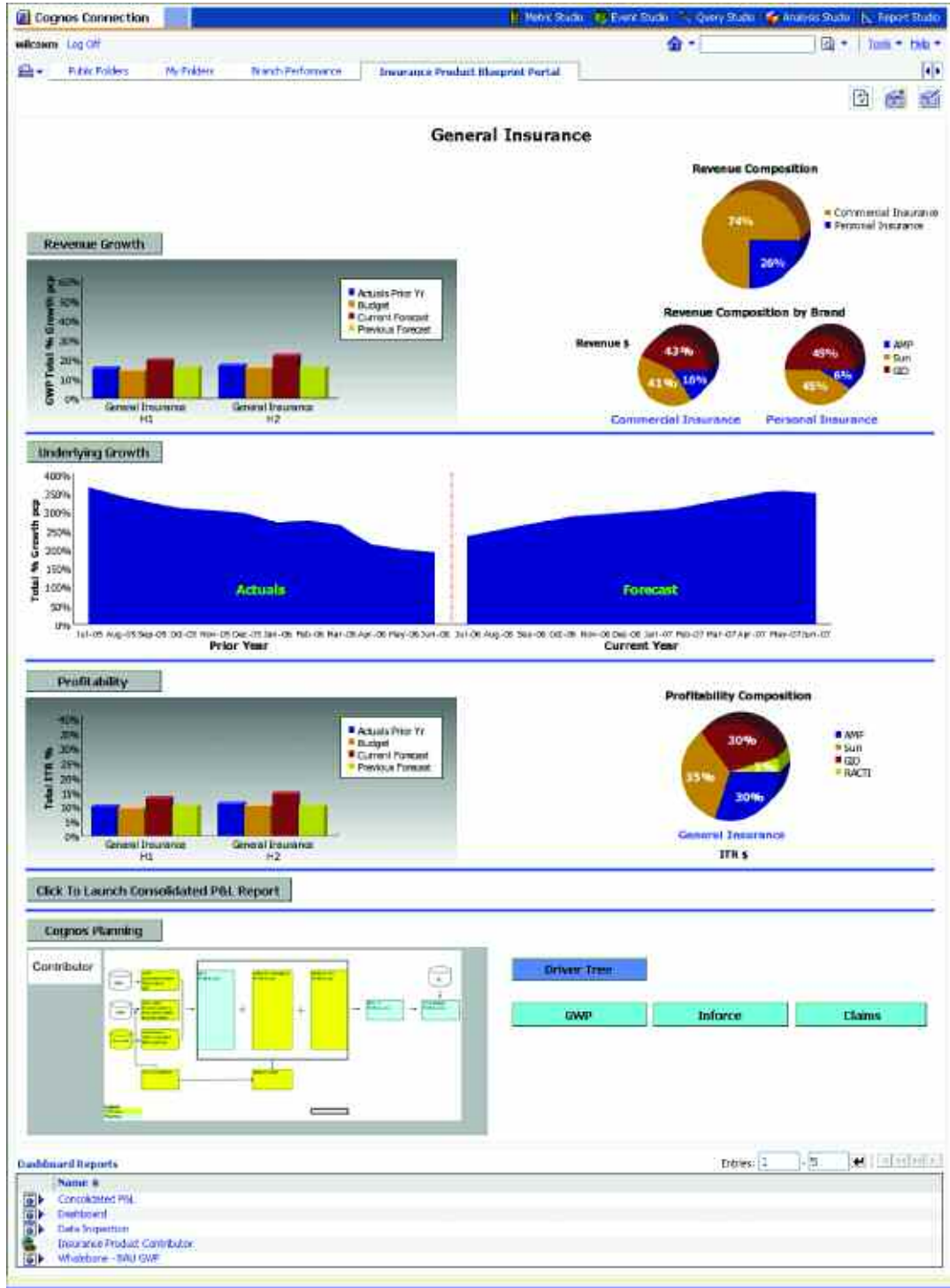
Customer Segment Reports, Analysis, Dashboards, and Scorecards

The *Insurance Product Profitability Blueprint* provides a hierarchy of dashboards and reports designed to guide users through increasingly deeper levels of understanding. A business intelligence portal view of the *Blueprint* begins with a high-level picture. The portal may be tailored to view reports based upon a user's level of security and/or responsibility. The Cognos Planning Contributor application administrator may allow a user to see revenue reports for all products and brands or for a single area of responsibility, such as a specific product line, product, brand, or combination.

The portal shown below provides a great deal of information very quickly. The graph at the top left—a plot of growth in Gross Written Premiums (GWP)—allows a comparison of current forecast against last year's actuals (how we are doing against market expectations), compare it against budget (how I am doing), and against the previous forecast (whether things are getting better). The graph is viewable at any level in the hierarchy to which the user has access—from total company all the way down to a specific product.

The Revenue Composition pie graphs at the top right show how revenue is split among products and brands.

In an effort to remove a lot of the “noise” in the model, the middle graph is of Underlying Growth. Ignoring for a moment Average Premiums, Renewals, Cancellation Rates, and so on, there is a graph of Growth over the previous comparable period (PCP) for our Inforce to answer the question, “What is the customer base doing?”



The third tier of graphs on the portal provides a measure of Profitability as we graph Insurance Trading Result Margin (ITR), as well as pie charts showing ITR composition by product and brand. Reading comparable pie charts together may yield interesting knowledge (i.e. whether a product represents 20 percent of revenue, but 40 percent of profits.)

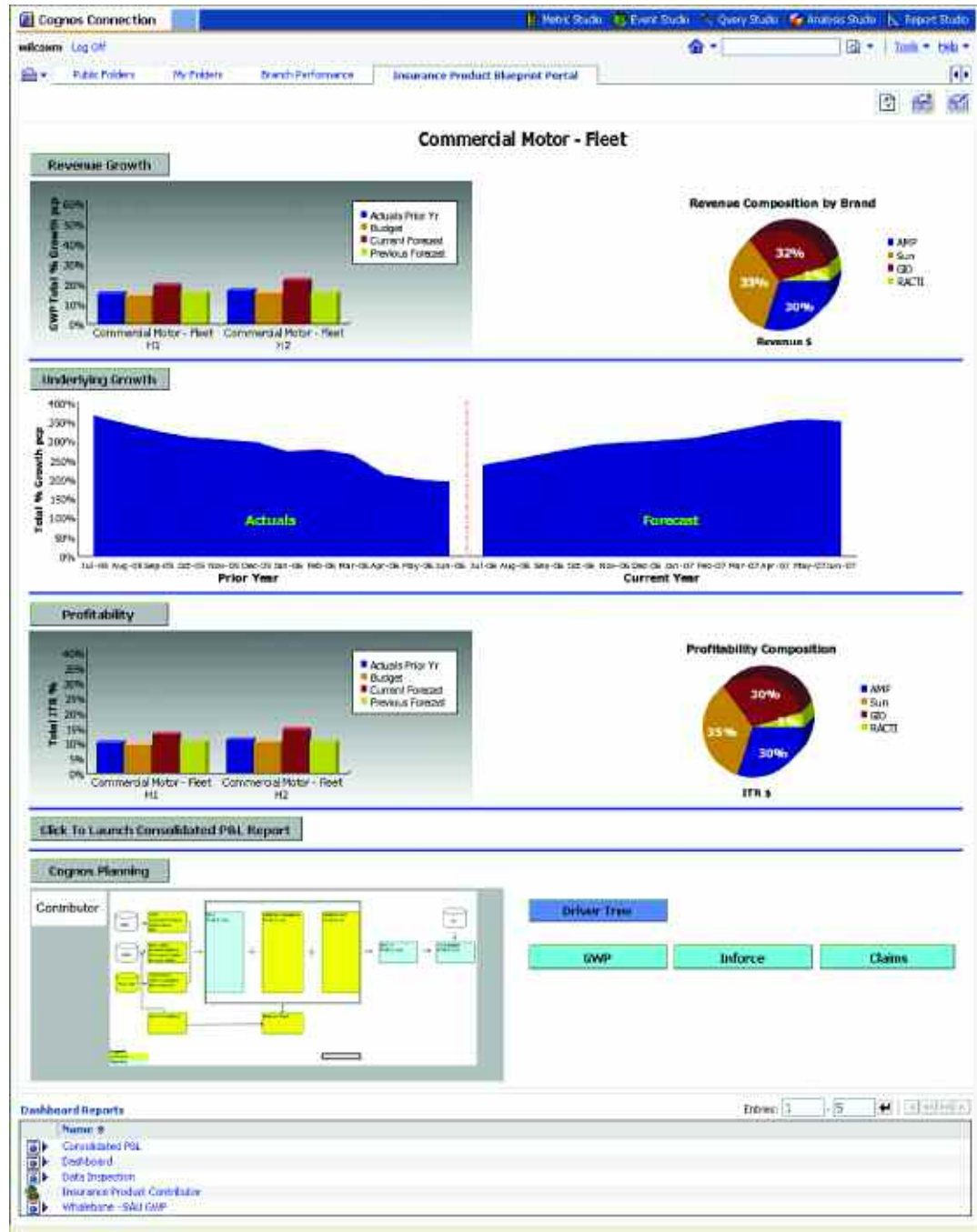
The fourth section of the portal provides a link to open the Consolidated P&L Report.

Consolidated P&L (2015)	Actual FY2015	Actual FY2014	Budget FY2015	Variance FY2015 - FY2014	Variance FY2015 - Budget	Variance FY14 - FY15 Change	Variance FY14 - Budget
	Total	Total	Total	Total	Total	Total	Total
Gross Written Premium	22,288,861	22,284,676	22,817,307	27,284,233	22,124,166	286,134	64,272
Gross Premium Ceded	16,398,217	16,387,248	16,392,732	16,124,227	16,345,280	186,136	55,363
Net Earned Premium	5,890,644	5,897,428	6,424,575	6,160,006	5,778,886	382	1,065
Net Earned Premium Reserve	16,982,218	16,897,228	16,392,732	16,124,218	16,345,280	166,062	45,348
Gross Premium Ceded	11,500	11,516	14,247	17,118	15,502	568	1,312
Total Operating Expenses	0	0	0	0	0	0	0
Commission Expenses	0	0	0	0	0	0	0
Market Risk Subsequent (1)	0	0	0	0	0	0	0
Other Reinsurance	0	0	0	0	0	0	0
Total Reinsurance	0	0	0	0	0	0	0
Total Acquisition Costs	13,214	14,288	12,963	14,110	14,130	141	0
Net Commissions	15,206	15,209	15,215	15,000	15,000	130	0
Net Other Acquisition Costs	1,290	1,411	1,465	1,430	1,430	110	0
Management Expenses	19,062	20,249	22,093	22,410	22,410	348	0
Total Operating Expenses	19,062	20,249	22,093	22,410	22,410	348	0
Net Underwriting Results	16,288,286	16,277,244	16,714,962	16,288,416	16,288,416	166,222	16,288
Investment Income on Net Underwriting	162,222	162,222	162,222	162,222	162,222	162,222	162,222
Market Risk Adjustments	0	0	0	0	0	0	0
Insurance Holding Account (ITH)	16,126,070	16,126,070	16,275,442	16,127,238	16,288,278	162,222	162,222
Insurance Holding Account (ITH) (Adjusted)	16,126,070	16,126,070	16,275,442	16,127,238	16,288,278	162,222	162,222
Other Income (Management)	0	0	0	0	0	0	0
Other Income (Net Premium)	0	0	0	0	0	0	0
Operating Profit Before Tax and Funding	16,126,070	16,126,070	16,275,442	16,127,238	16,288,278	162,222	162,222
Tax Costs Charge	0	0	0	0	0	0	0
Operating Profit Before Tax	16,126,070	16,126,070	16,275,442	16,127,238	16,288,278	162,222	162,222
Ratio							
GAAP Growth year	0%	0%	0%	0%	0%	0%	0%
ITR Expense Ratio	0	0	0	0	0	0	0
Expense Ratio	0.897	0.896	0.872	0.811	0.899	0.003	0.027
Operating Profit (EOP)	162	162	162	162	162	162	162
Operating Profit (EOP) (Adjusted)	162	162	162	162	162	162	162
Operating Profit (EOP) (Adjusted) (Adjusted)	162	162	162	162	162	162	162
Operating Profit (EOP) (Adjusted) (Adjusted) (Adjusted)	162	162	162	162	162	162	162
Operating Profit (EOP) (Adjusted) (Adjusted) (Adjusted) (Adjusted)	162	162	162	162	162	162	162
Operating Profit (EOP) (Adjusted) (Adjusted) (Adjusted) (Adjusted) (Adjusted)	162	162	162	162	162	162	162
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Operating Profit (EOP) (Adjusted) (Adjusted) (Adjusted) (Adjusted) (Adjusted) (Adjusted) (Adjusted) (Adjusted)	162	162	162	162	162	162	162
Operating Profit (EOP) (Adjusted) (Adjusted) (Adjusted) (Adjusted) (Adjusted) (Adjusted) (Adjusted) (Adjusted) (Adjusted)	162	162	162	162	162	162	162
Operating Profit (EOP) (Adjusted) (Adjusted) (Adjusted) (Adjusted) (Adjusted) (Adjusted) (Adjusted) (Adjusted) (Adjusted) (Adjusted)	162	162	162	162	162	162	162

The fifth section of the portal provides links to the Cognos 8 Contributor applications and to reports laying out the driver trees used throughout the model.

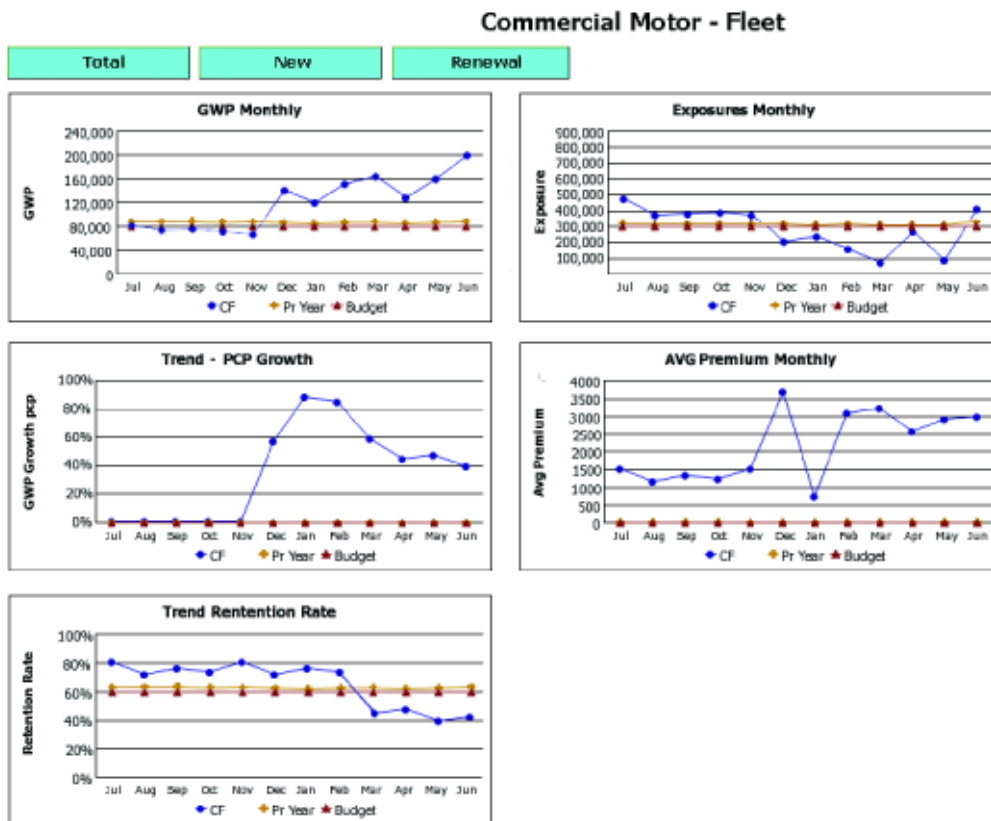
The bottom section of the portal is the Business Intelligence Navigator which allows access to other key reports that have been developed in anticipation of particular needs. Reports such as the Consolidated P&L, Balance Sheet, or a breakdown of Profit-and-Loss statement by Business as Usual (BAU) and Initiatives are but a few.

A second view is similar, but is for a single product—in this case Commercial-Fleet.



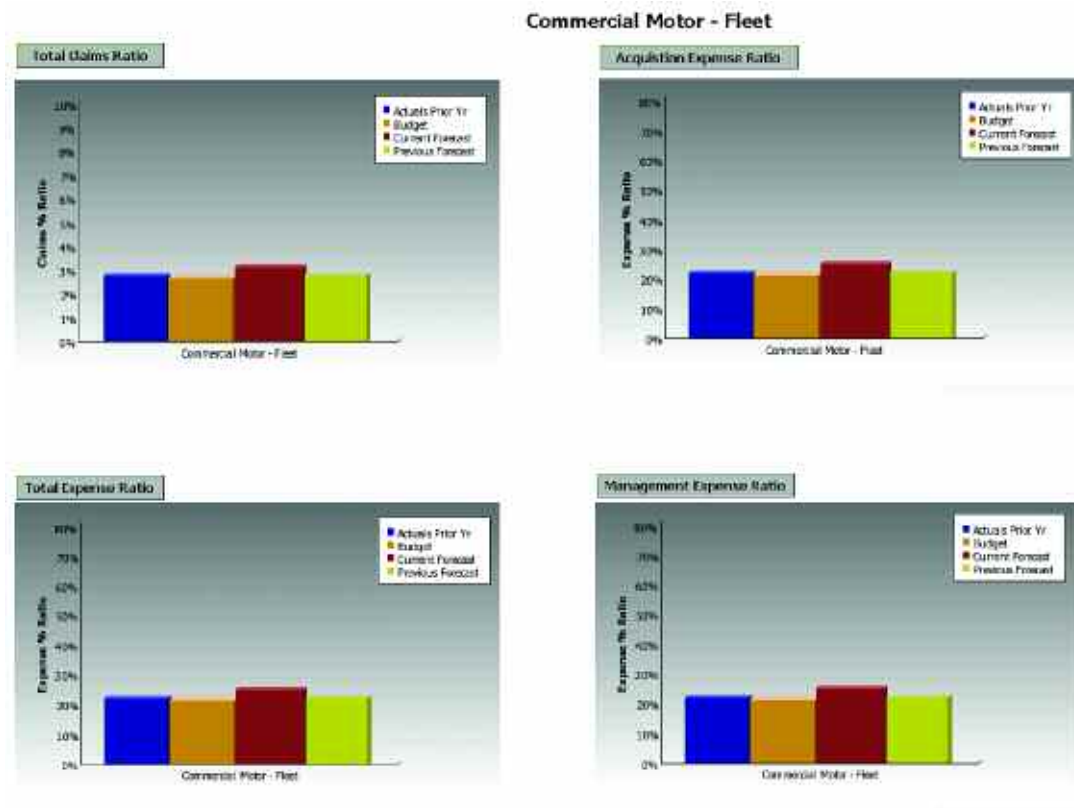
The portal is only the beginning of the rich information available within the Business Intelligence portion of the *Blueprint*.

From the top graph, Revenue Growth, users can drill down to underlying reports that add detail and depth to the revenue picture.



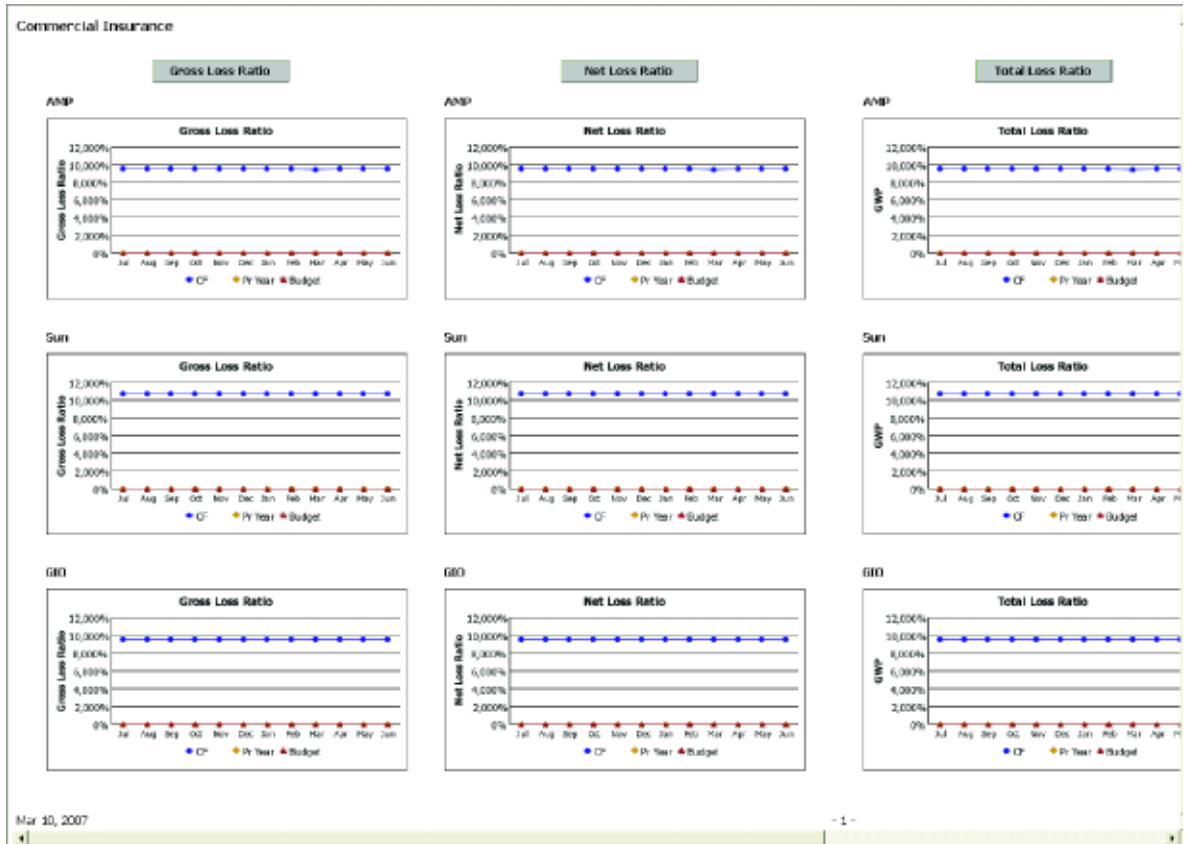
These reports provide additional Gross Written Premium data, like Current Forecast, Budget, and Prior Year for GWP at the total, New, and Renewal levels. Underlying Revenue Growth graphs also explore growth trends, Exposure, Average Premiums, and Retention Rates. The graphs can be tailored to meet specific needs and may drill down to underlying tables for even deeper analysis.

The portal's Profitability graph also offers drill-down capability to gain even deeper understanding of the profitability picture.



The Profitability drill-down offers even greater detail. The graph at the top of the page displays the Net Loss Ratio as it compares to other versions by year. The Total Claims ratio is itself drillable, as is shown in the next report. Further down the report are graphs for Total Expense, Acquisition Expense, and Management Expense ratios. Each graph deepens understanding of overall profitability.

Drilling-down from the Total Claims Ratio graph offers a detailed breakdown of Gross and Net Loss ratios, in a comparative format, for any combination of Peril type by Brand.



Additional business intelligence reports are available through the portal's front-end and any desired report can be readily customized. Users can also access reports that allow them to "slice-and-dice" data for any particular view they might require.

Contributor Application Overview

Performance management systems make it easy to articulate goals and to measure, track, and get feedback on performance against goals. The *Insurance Product Profitability Blueprint* anticipates that every effort is made to manage such items as Investment Income Rates, along with technical parameters like proportional RI(Re-Insurance) Rates and Recoveries, Claim Handling Expense Rates (CHE), and Prudential Margin Rates. At the product manager or product line level, managers make decisions to optimize efficiency and revenues as well as control claims and expenses. Forward-looking collaboration must occur so that product decisions are aligned with corporate expectations, and so that variances can be evaluated.

Product managers, product line managers, and brand managers need clear targets and goals, and must understand corporate expectations. Managers must be able to forecast both operational needs and profitability, and get continuous feedback on their performance against corporate targets and profitability guidelines. The *Insurance Product Profitability Blueprint* helps meet these needs.

Blueprint Objectives

The *Insurance Product Profitability Blueprint* meets a number of objectives:

- Establishes clear and concise targets for each manager at a profit-and-loss (P&L) level.
- Establishes clear and concise targets for each product by brand.
- Calculates revenues, expenses, and claims based on adjustable historic trends for Business as Usual (BAU).
- Allows alternative revenue planning scenarios and a process for choosing the best alternative to meet needs and expectations.
- Automatically calculates the Earned Premium and Unearned Premium Reserves (UPR) for the user and the day's phasing.
- Allows users to determine the Premium Spread by product.
- Provides the ability to calculate and adjust product expenses.
- Gives users the ability to plan Current Year Claims by Peril and a choice of Methods to use in calculating the Incurred Dollar (Size & Frequency or Loss Ratio method) as well as the ability to adjust trended rates.
- Provides a balance sheet by product and brand that includes all the necessary movements and allows users to enter a Premium Debtor's rate and adjust as necessary the trended Deferred Acquisition Cost (DAC) items.
- Enables users to plan as many as five unique Initiatives for each product by brand, and then select which Initiative(s) to include in the final current forecast. A user may also plan up to five Difference Initiatives that vary from Business as Usual, for each product by brand and then select which Difference Initiative(s) to include in the current forecast. A Difference Initiative modifies the current BAU and then calculates what should take place to accomplish that objective. A regular Initiative begins with a clean slate, and users define what they are after.
- Allows the use of multiple currencies. Users may plan forecasts in a local currency which is then converted to the corporate standard currency using corporate rate tables.
- Provides immediate feedback on planning decisions.
- Allows reporting and analysis by product line, product, and brand.

Key Cognos Planning Benefits

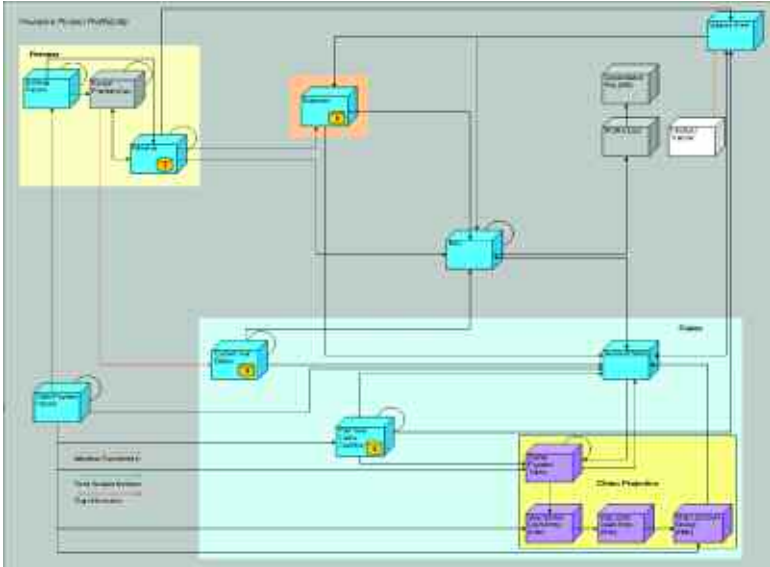
- Powerful, flexible model development using Cognos 8 Planning Analyst to customize the *Insurance Product Profitability Blueprint*.
- Web-based deployment of models for process workflow, data collection, and consolidation.
- Real-time workflow.
- Real-time consolidation
- Real-time browser-based calculations for immediate results.
- Scalable architecture with proven deployments to thousands of line managers.
- Linking functionality to ensure collaboration between all areas of the enterprise.
- Form-based planning with selection boxes to drive application logic and calculations.
- Flexible analysis and report development using industry-leading Cognos 8 Business Intelligence Representative Workflow.

The Insurance Product Profitability Blueprint is designed for collaborative use by executives, product line managers, financial planners, financial analysts, and product managers to help managers align decisions with corporate.

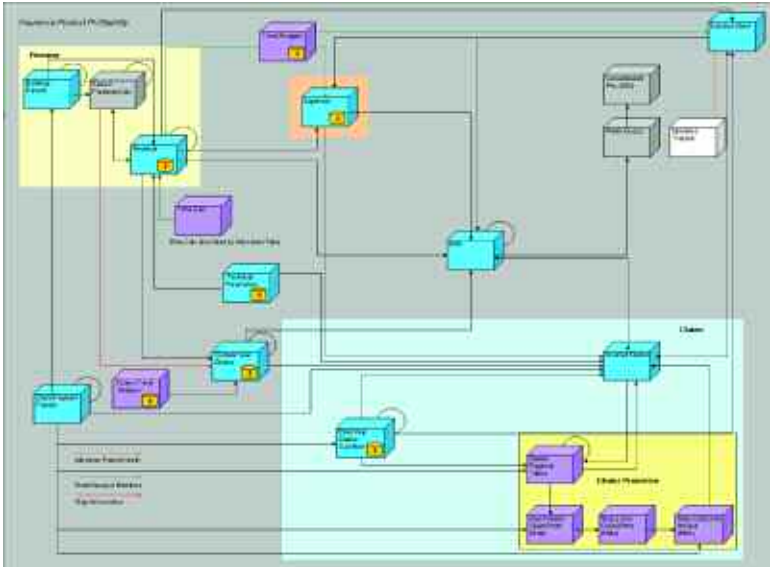
The following describes basic workflows in which an individual contributor would:

- Review corporate targets for a product or product line.
- Plan new Initiatives by product and brand to influence forecasted revenues and profitability.
- Forecast revenue and claim activity to align baseline plans and corporate targets.
- Assess impacts on product/brand revenue, expenses, and profitability.
- Monitor key performance indicators.
- Generate reports and analyses.

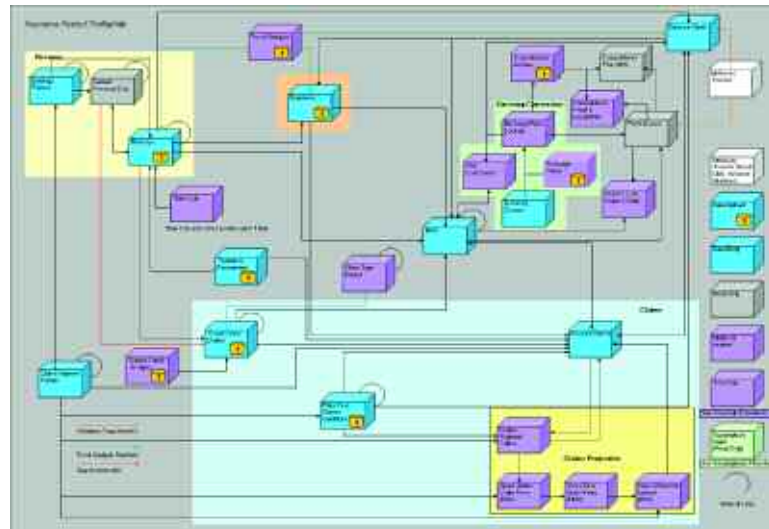
The following chart highlights the high-level work- and information flows through the *Blueprint*:



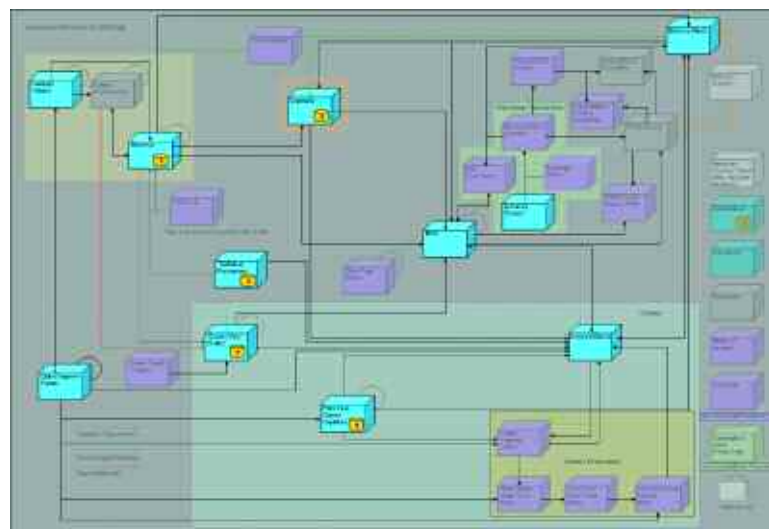
A deeper view reveals several supporting tabs:



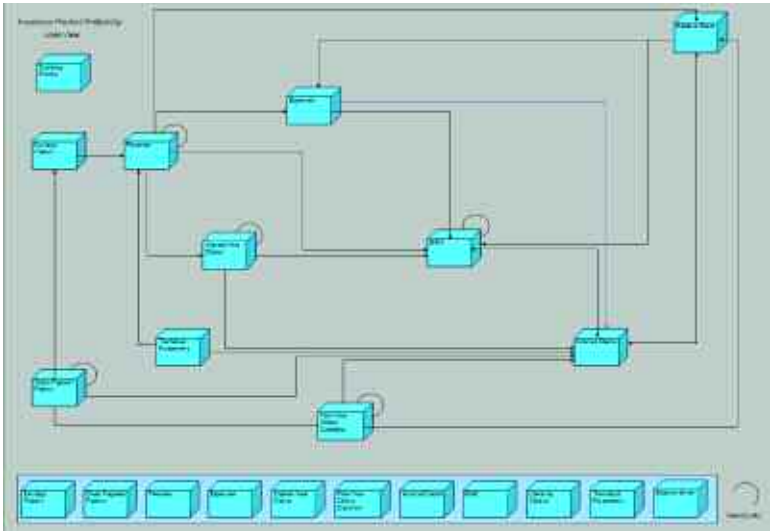
A complete view of the *Insurance Product Profitability Blueprint* without the Initiatives model would look as follows:



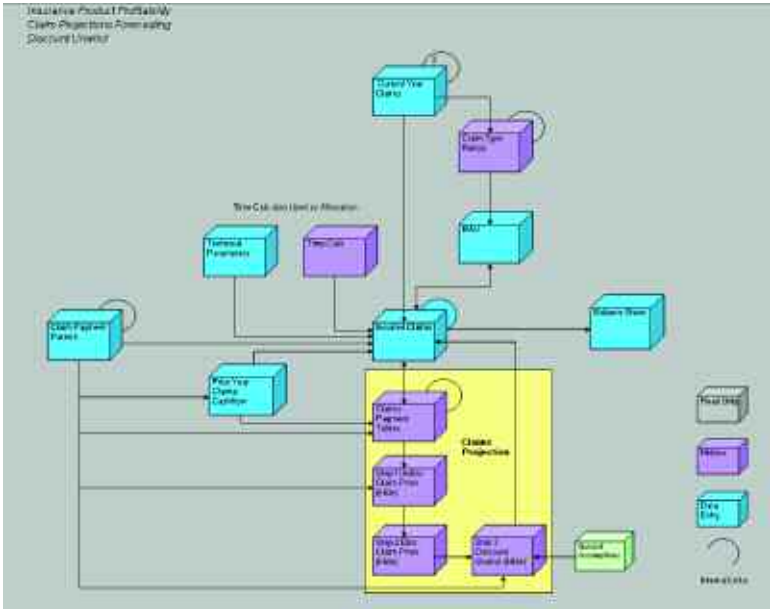
Users, however, would only have to interface with the following tabs:



Or viewed more simply:



Specific areas of the model will explore flowcharts containing hidden tabs that aid in calculation and reconciliation.



The *Insurance Product Profitability Blueprint* uses as its e-list a hierarchical list of Products:

(Boat, Motor Comprehensive, Property Burglary & Money ...)

Which roll up to Product Lines:

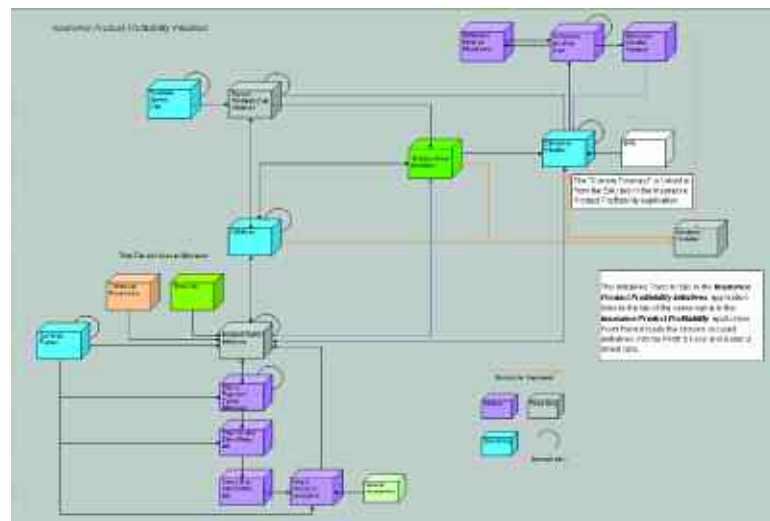
(Workers Comp, Home, Motor ...)

Which roll up to Consolidated Product Group:

(Commercial Insurance, Personal Insurance)

Which roll to Total Company. Product Runoffs can be included as part of the product hierarchy.

It should also be noted that for efficiency and speed, the *Blueprint* has been split into two applications. They are *Insurance Product Profitability* and *Insurance Product Profitability Initiatives*. There are components of the two applications which are very similar, as the same processes occur in both. For example, the flowchart above, entitled *Insurance Product Profitability*, calculates the Incurred Claims and Balance Sheet movements for BAU (Business as Usual), using the same logic as the flowchart below, *Insurance Product Profitability Initiatives*, does for Initiatives and Difference Initiatives. Where areas replicate, this implementation guide will highlight any differences from the original design and refer back to the earlier discussion of functionality.



We will now begin a discussion of the *Insurance Product Profitability* application, an individual contributor's starting point in the budgeting and forecasting process. Immediately following, we will explore the *Insurance Product Profitability Initiatives* application. It is intended that both applications would always be used in a complete *Insurance Product Profitability* solution.

Insurance Product Profitability Application

Revenue

The first tab in the *Blueprint* is Revenue, where the forecasting/budgeting process begins. We begin by determining what revenue will be for Business as Usual. The Current Forecast in this tab defaults to Scenario 1. In the event user indicate no scenario preference, the model will default to Scenario 1. When viewing the Current Forecast page, users will notice in the top-left corner of the grid a Choice drop-down which offers the opportunity to change the scenario in use to another.

Revenue	Current Year Class	Current Forecast	Jan06	Apr06	Jul06	Oct06	Jan07	Apr07	Jul07	Oct07	Jan08	Apr08	Jul08
Lines Written Premium	1st Scenario	74,006	3,614,006	4,417,658	3,805,515	4,224,744	3,077,804	3,750,148	4,659,340	3,736,901	3,375,674	3,718,496	
BWP - New	2nd Scenario	64,263	825,431	1,825,201	836,810	959,747	810,378	784,118	787,836	772,014	714,871	367,775	
Premium - New	3rd Scenario	295,371	873,072	1,879,309	969,275	906,527	837,930	884,537	960,824	732,150	248,872	294,468	
Average Premium - New		417.6	391.4	432.5	379.9	410.2	434.6	295.4	441.7	377.5	378.0	401.3	
Average Premium - New (E Adj)		417.6	391.4	432.5	379.9	410.2	434.6	295.4	441.7	377.5	378.0	401.3	
Average Premium - New (R Adj)		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	
Average Premium - New (Trend)		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	
Exposure - New		2,599	2,231	2,475	2,289	2,162	1,828	1,171	1,151	889	851	983	
Exposure - New (E Adj)		2,599	2,231	2,475	2,289	2,162	1,828	1,171	1,151	889	851	983	
Exposure - New (R Adj)		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	
Exposure - New (Trend)		0	0	0	0	0	0	0	0	0	0	0	
Endowment Premium - New		2,029	(61)	1,499	763	6,465	2,580	5,911	(43,319)	231	629	169	
Average Premium - New Endowment		22.9	(8.3)	4.3	2.9	18.1	17.1	24.6	(73.0)	1.3	4.3	1.1	
Average Premium - New Endowment (E Adj)		22.9	(8.3)	4.3	2.9	18.1	17.1	24.6	(73.0)	1.3	4.3	1.1	
Average Premium - New Endowment (R Adj)		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	
Average Premium - New Endowment (Trend)		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	
Exposure - New Endowment		126	191	348	377	377	351	236	590	193	147	148	
Endowment Rate - New		0.52%	0.84%	1.54%	1.57%	1.81%	0.63%	1.10%	2.70%	0.96%	0.84%	0.91%	
Endowment Rate - New (E Adj)		0.52%	0.84%	1.54%	1.57%	1.81%	0.63%	1.10%	2.70%	0.96%	0.84%	0.91%	
Endowment Rate - New (R Adj)		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Endowment Rate - New (Trend)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Cancellation Premium - New		33,997	47,579	47,139	42,719	33,645	30,142	106,200	137,589	60,407	26,372	26,062	
Average Premium - New Cancellation		216.4	256.3	413.1	249.3	203.1	185.1	337.9	404.3	204.6	225.6	197.9	
Average Premium - New Cancellation (E Adj)		216.4	256.3	413.1	249.3	203.1	185.1	337.9	404.3	204.6	225.6	197.9	
Average Premium - New Cancellation (R Adj)		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	
Average Premium - New Cancellation (Trend)		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	
Exposure - New Cancellation		157	186	114	171	166	163	314	340	242	110	136	
Cancellation Rate - New		0.15%	0.01%	0.51%	0.76%	0.74%	0.74%	1.46%	1.66%	1.11%	0.68%	0.63%	
Cancellation Rate - New (E Adj)		0.15%	0.01%	0.51%	0.76%	0.74%	0.74%	1.46%	1.66%	1.11%	0.68%	0.63%	
Cancellation Rate - New (R Adj)		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Cancellation Rate - New (Trend)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
BWP - Renewal		3,419,882	2,793,685	3,192,457	2,878,706	3,364,382	2,267,586	3,014,830	3,911,352	3,464,886	3,164,045	3,158,721	
Premium - Renewal		2,668,779	3,883,657	3,672,929	3,149,739	3,544,865	2,459,510	3,613,866	4,483,282	3,611,744	3,301,982	3,546,270	
Average Premium - Renewal		393.8	419.0	429.7	420.7	481.1	392.2	481.2	415.6	436.5	448.0	421.3	
Average Premium - Renewal (E Adj)		393.8	419.0	429.7	420.7	481.1	392.2	481.2	415.6	436.5	448.0	421.3	
Average Premium - Renewal (R Adj)		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	
Average Premium - Renewal (Trend)		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	
Exposure - Renewal		9,395	7,383	8,551	7,405	7,368	6,192	4,101	5,460	6,293	7,403	8,417	
Exposure - New Renewal		2,151	1,622	2,114	1,816	1,854	1,428	1,122	1,180	1,089	1,283	2,008	
Illness - New Renewal		2,650	2,089	2,736	2,329	2,228	1,860	1,782	2,191	2,389	1,680	2,647	
Lapse Premium - New Renewal		139,700	195,069	262,793	236,704	228,001	174,707	581,796	889,633	222,207	189,497	279,377	
Lapse Exposure - New Renewal		508	466	623	563	474	440	660	1,091	519	405	642	
Lapse Rate - New Renewal		18.12%	22.30%	22.76%	22.65%	20.37%	23.55%	37.45%	49.79%	21.27%	23.98%	24.29%	
Lapse Rate - New Renewal (E Adj)		18.12%	22.30%	22.76%	22.65%	20.37%	23.55%	37.45%	49.79%	21.27%	23.98%	24.29%	
Lapse Rate - New Renewal (R Adj)		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Lapse Rate - New Renewal (Trend)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Exposure - Renewal Renewal		7,239	5,761	6,438	5,889	5,575	4,764	2,979	4,361	5,404	6,120	6,417	
Illness - Renewal Renewal		8,688	7,827	7,709	6,895	6,503	5,624	4,050	7,572	7,591	7,389	7,554	
Lapse Premium - Renewal Renewal		552,051	534,940	538,477	515,401	475,297	420,885	943,447	2,010,889	500,723	538,181	473,245	
Lapse Exposure - Renewal Renewal		1,429	1,277	1,271	1,225	908	1,060	1,071	3,211	1,287	1,189	1,137	

By changing the drop-down that reads Current Forecast, users may work on any Scenario they prefer or view Actuals, the Prior Forecast, or the Current Budget.

When changing the view to Scenario 1 for example, users will now see where and how they might influence their forecasts. There are a number of grayed-out rows representing Trends that have been calculated and linked-in to give users a starting point as they begin the budgeting process. In the screen capture below, notice that for each trended item in the first column, there is a drop-down to enable users to define the Trend method they would prefer to use. The default is Same Period Previous Year, a number that has been calculated and pre-populated within the model to give users a starting point. Users may decide to change the default for any or all given trends to their preferred method.

User choices are:

- Same Period Previous Year (here, January to January, etc.)
- 6-Month Average (average of previous 6 months)
- 12-Month Average (average of past 12 Months—the default)
- Last Period (last period we have actual data for)
- Zero Trend (a zero base upon which to begin i.e. new product)

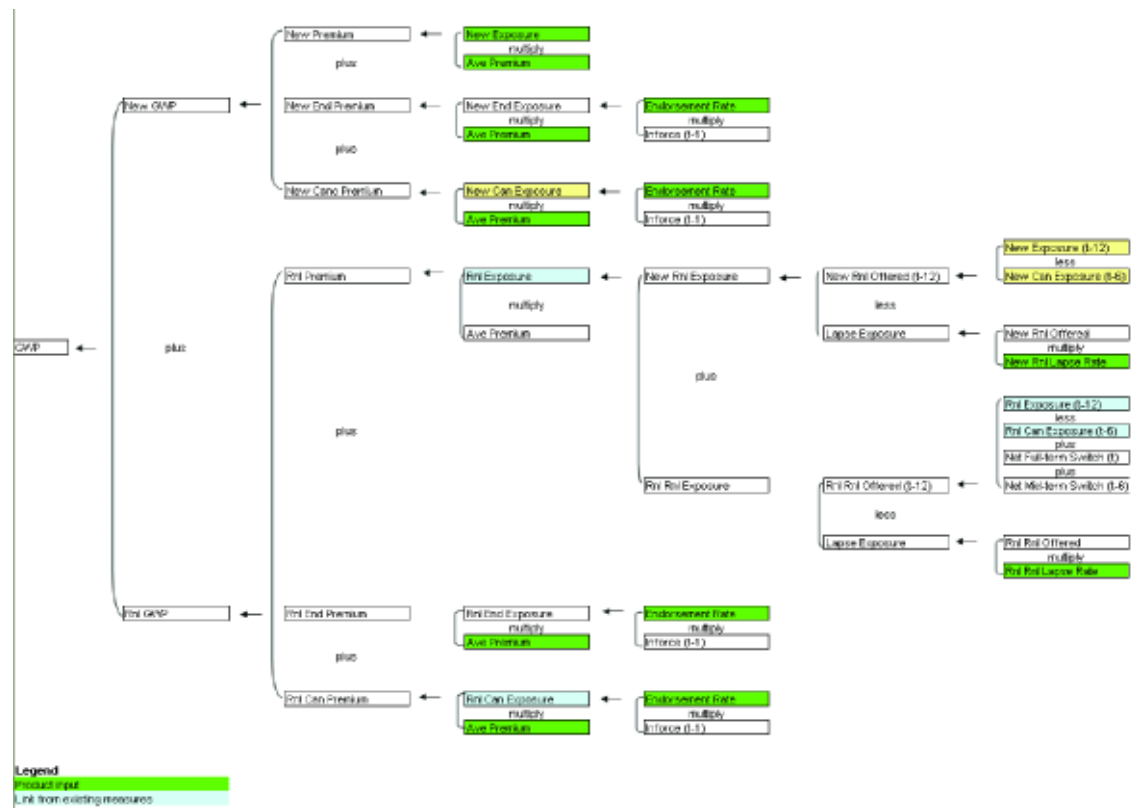
Begin by entering the first letter or number of your choice and hitting RETURN or by selecting an item from the drop-down list. The five choices above are those selected for this Blueprint. If other or additional choices are desired, it would be an easy matter to facilitate.

Revenue	Coverage Pattern	Current Year Claims	Claim Payment Pattern	This Year Claims Cashflow	Incurred Claims	Expenses	Sal	Initial Transfer	Profit & Loss	Consolidated Profit & Loss (000)		
Commercial Auto - Non-Floor												
Method		Jul06	Aug06	Sep06	Oct06	Nov06	Dec06	Jan07	Feb07	Mar07	Apr07	May07
Gross Written Premium		4,474,096	3,619,036	4,417,550	3,085,515	4,294,744	3,027,934	3,798,148	4,693,348	3,736,901	3,329,574	3,718,496
GWP - New		1,064,203	825,431	1,025,201	826,818	899,747	816,378	784,118	787,896	272,014	214,829	367,775
Premium - New		1,065,371	873,072	1,070,900	868,775	896,527	837,330	884,537	968,874	332,190	240,372	394,469
Average Premium - New		417.6	391.4	432.5	379.8	418.2	436.6	795.4	861.7	397.5	370.0	401.3
Average Premium - New (S Adj)		417%	391.4	432.5	379.8	418.2	436.6	795.4	861.7	397.5	370.0	401.3
Average Premium - New (E Adj)		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Average Premium - New (Trend)		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Expense - New		2,291	2,476	2,200	2,162	2,162	1,920	1,171	1,151	880	851	983
Expense - New (S Adj)		2,291	2,476	2,200	2,162	2,162	1,920	1,171	1,151	880	851	983
Expense - New (E Adj)		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Expense - New (Trend)		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Endorsement Premium - New		2,828	911	1,189	709	6,469	2,580	5,011	43,319	231	529	168
Average Premium - New Endorsement		22.5	88.31	4.9	2.0	18.9	17.1	24.6	78.0	1.3	4.3	1.1
Average Premium - New Endorsement (S Adj)		22.5	88.31	4.9	2.0	18.9	17.1	24.6	78.0	1.3	4.3	1.1
Average Premium - New Endorsement (E Adj)		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Average Premium - New Endorsement (Trend)		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Expense - New Endorsement		126	191	340	377	357	191	236	950	183	147	148
Endorsement Rate - New		0.52%	0.34%	1.54%	1.67%	1.60%	0.63%	1.18%	2.30%	0.36%	0.84%	0.51%
Endorsement Rate - New (S Adj)		0.52%	0.34%	1.54%	1.67%	1.60%	0.63%	1.18%	2.30%	0.36%	0.84%	0.51%
Endorsement Rate - New (E Adj)		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	298.23%	334.04%	0.00%	0.00%	0.00%
Endorsement Rate - New (Trend)		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cancellation Premium - New		33,197	47,179	47,100	42,719	33,549	30,142	106,230	137,889	60,107	26,672	26,862
Average Premium - New Cancellation		216.4	296.3	413.1	249.3	293.1	195.1	337.9	404.3	204.6	225.6	192.9
Average Premium - New Cancellation (S Adj)		216.4	296.3	413.1	249.3	293.1	195.1	337.9	404.3	204.6	225.6	192.9
Average Premium - New Cancellation (E Adj)		0%	0%	0%	0%	0%	0%	113%	93%	0%	0%	0%
Average Premium - New Cancellation (Trend)		0%	0%	0%	0%	0%	0%	158%	204.6	204.6	225.6	192.9
Expense - New Cancellation		157	186	114	171	166	143	314	340	212	110	136
Cancellation Rate - New		0.63%	0.51%	0.53%	0.76%	0.74%	0.74%	1.45%	1.66%	1.11%	0.69%	0.63%
Cancellation Rate - New (S Adj)		0.63%	0.51%	0.53%	0.76%	0.74%	0.74%	1.45%	1.66%	1.11%	0.69%	0.63%
Cancellation Rate - New (E Adj)		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	74.53%	32.05%	0.00%	0.00%	0.00%
Cancellation Rate - New (Trend)		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.04%	0.06%	1.11%	0.69%	0.63%
GWP - Renewal		3,410,893	2,793,605	3,392,349	2,258,706	3,394,997	2,211,556	3,014,030	3,911,452	3,464,886	3,114,745	3,350,721
Premium - Renewal		3,668,279	3,093,192	3,622,920	3,148,280	3,544,966	2,498,510	3,613,866	4,493,202	3,611,744	3,301,802	3,546,261
Average Premium - Renewal		398.9	419.0	423.7	420.7	481.1	397.2	881.2	815.6	435.5	446.0	421.3
Average Premium - Renewal (S Adj)		398.9	419.0	423.7	420.7	481.1	397.2	881.2	815.6	435.5	446.0	421.3
Average Premium - Renewal (E Adj)		0%	0%	0%	0%	0%	0%	105%	117%	0%	0%	0%
Average Premium - Renewal (Trend)		0%	0%	0%	0%	0%	0%	425%	395.4	435.8	446.0	421.3
Expense - Renewal		5,385	7,383	6,551	7,496	7,369	6,192	4,101	5,460	6,293	7,403	8,417
Expense - New Renewal		2,151	1,622	2,114	1,816	1,854	1,428	1,122	1,100	1,589	1,283	2,000
Expense - Non Renewal		2,659	2,088	2,736	2,579	2,328	1,968	1,782	2,191	2,399	1,688	2,642
Lapse Premium - New Renewal		198,700	195,668	263,783	236,704	209,801	174,787	581,796	889,833	222,207	100,487	270,377
Lapse Expense - New Renewal		500	460	623	563	474	440	860	1,091	510	405	642
Lapse Rate - New Renewal		19.12%	22.39%	22.76%	23.65%	20.37%	23.65%	37.05%	49.79%	21.27%	23.99%	24.29%
Lapse Rate - Non Renewal (S Adj)		19.12%	22.39%	22.76%	23.65%	20.37%	23.65%	37.05%	49.79%	21.27%	23.99%	24.29%
Lapse Rate - New Renewal (E Adj)		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	98.56%	130.09%	0.00%	0.00%	0.00%
Lapse Rate - Non Renewal (Trend)		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	16.82%	21.84%	21.27%	23.99%	24.29%
Expense - Renewal Renewal		7,295	5,761	6,130	5,608	5,515	4,704	2,979	4,261	6,104	6,120	6,417
Expense - Renewal Non Renewal		8,680	7,032	7,709	6,885	6,503	5,824	4,050	7,572	7,691	7,309	7,564
Lapse Premium - Renewal Renewal		557,051	534,940	530,477	515,461	475,397	420,805	943,447	2,618,809	560,729	530,100	479,245
Lapse Expense - Renewal Renewal		1,425	1,277	1,271	1,225	988	1,060	1,071	1,211	1,287	1,189	1,137
Lapse Rate - Renewal Renewal		16.46%	18.14%	16.49%	17.77%	15.20%	18.20%	26.44%	42.41%	16.74%	16.26%	15.06%

Users can modify any item for which a Trend number is entered by specifying an Adjustment Number (or Dollar), by entering a percentage to change the item, or by directly editing the result and allowing the model to calculate the adjustments. As an example, one could increase Average Premium-New—the Average Premium for new business—by either adding or subtracting a dollar amount, by increasing or decreasing it by a percentage, or by entering the desired result in the Average Premium-New cell. Numbers may be changed by one cell at a time or by complete rows. Totals may be changed and the change would then break-back (reverse allocate) over the detail items.

Fields in GRAY are non-editable and are either locked historical data, data linked over from other tabs, or items calculated based upon information entered in the white (or editable) areas. As changes are made, they are highlighted in BLUE along with any cells affected by the change. Changes made on any specific tab will flow through to subsequent tabs upon which they have an effect. Making changes to the **Revenue** tab will change revenue, which would change Earned Premium Calc; and since the Earned Premium effects **Current Year Claims**, that would be effected also, and so on.

The calculations in this model were developed from a driver tree that is available as an Addendum to this implementation guide. The driver trees are also available via a link on the bottom-right corner of the Web portal. The following driver tree should prove helpful in gaining a deeper understanding of the **Revenue** tab.



In addition to the driver trees, *Insurance Product Profitability Addendum V2.xls* contains detailed flowcharts of the processes within models, a discussion of New Claims Theory, an Excel spreadsheet detailing the logic and flow used in the Claims Handling Provisions, the internal workings of Difference Initiatives, and a glossary of terms used in the application.

A second file entitled *Insurance Product Profitability Tab Layouts and Model Design.xls* provides a detailed layout of each tab, the d-list used, and the sizing of both applications, as well as other information relevant to the applications.

As noted above, users may also view Actuals, Prior Forecast, or the current Budget from within the Revenue tab. Notice that the timescale changes as views change. In the example above, the Current Forecast and related scenarios ran from January 2007 through December 2008, the two rolling fiscal years we are forecasting. (July 2006 through December 2006 are viewable as read only as they are the actuals that make up part of Fiscal Year 2007. The Budget covers Fiscal 2007, which runs from July 2006 to June 2007.

	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Fiscal 07
Gross Written Premium	3,326,770	2,534,250	3,083,430	2,554,833	2,050,481	2,195,341	1,278,717	1,442,794	1,123,345	1,015,959	1,100,445	1,080,804	23,477,289
WWP - New	760,837	570,873	717,383	578,570	697,043	567,477	1,026,425	1,706,313	1,775,185	1,771,848	1,746,818	1,762,737	14,304,626
Premium - New	760,837	811,373	743,353	688,354	671,076	588,765	1,703,074	1,507,848	1,307,648	1,537,648	1,507,648	1,337,648	15,294,834
Average Premium - New	467.8	391.4	432.5	375.0	416.2	434.6	1,397.8	3,837.1	3,837.1	3,837.1	3,837.1	3,837.1	1,118.1
Exposure - New	1,820	1,562	1,734	1,682	1,584	1,250	294	430	430	430	430	430	13,750
Enrollment Premium - New	0	143	1,050	570	4,527	1,013	4,089	(36,254)	(38,324)	(38,311)	(40,574)	(42,588)	(186,126)
Average Premium - New Enrollment	22.5	0.0	4.0	2.0	18.1	17.1	24.5	(78.0)	(78.0)	(78.0)	(78.0)	(78.0)	(58.7)
Exposure - New Enrollment	0	54	244	254	250	100	165	465	435	435	435	435	2,702
Enrollment Rate - New	0.00%	0.84%	1.94%	1.62%	1.80%	0.63%	1.18%	2.94%	3.86%	3.86%	3.86%	3.86%	2.43%
Cancellation Premium - New	0	33,318	33,051	29,914	23,950	21,187	74,380	115,062	123,559	126,698	130,866	133,448	844,081
Average Premium - New Cancellation	286.4	258.3	413.1	249.3	203.1	185.1	357.3	404.3	404.3	404.3	404.3	404.3	361.5
Exposure - New Cancellation	0	120	80	120	100	114	220	205	300	313	322	330	2,030
Cancellation Rate - New	0.00%	0.81%	0.91%	0.96%	0.74%	0.74%	1.66%	1.80%	1.80%	1.80%	1.80%	1.80%	1.70%

Actuals cover a period from July 2004 through December 2006.

	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Fiscal 05
Gross Written Premium	4,501,757	3,826,540	4,280,830	3,635,629	3,435,426	3,950,983	2,476,761	4,094,448	4,401,914	4,318,395	4,347,195	7,093,740	50,147,345
WWP - New	1,100,617	1,002,545	1,122,570	1,019,774	900,988	896,310	711,363	563,875	362,688	898,701	919,367	1,200,342	11,718,288
Premium - New	1,150,617	1,070,120	1,122,177	1,074,046	962,564	938,113	794,187	1,019,075	1,002,521	542,222	556,312	1,293,536	12,389,581
Average Premium - New	391.3	395.1	433.4	416.4	396.9	408.6	406.4	402.2	389.8	389.8	389.8	422.4	397.3
Exposure - New	2,326	2,779	2,205	2,579	2,880	2,281	1,988	2,523	2,523	2,422	2,543	3,238	21,314
Enrollment Premium - New	0	(222)	1,620	(2,724)	2,043	2,030	19	1,010	617	23	(298)	(422)	5,516
Average Premium - New Enrollment	0.0	(1.9)	17.8	(12.1)	24.3	26.1	6.7	12.6	16.2	0.2	(2.2)	(3.3)	4.4
Exposure - New Enrollment	0	146	81	160	117	80	80	183	88	117	131	143	1,248
Enrollment Rate - New	0.00%	0.56%	0.35%	0.62%	0.46%	0.31%	0.32%	0.41%	0.31%	0.45%	0.52%	0.50%	0.44%
Cancellation Premium - New	0	62,383	46,231	55,538	64,472	43,073	46,063	58,870	57,673	43,545	37,345	91,722	617,708
Average Premium - New Cancellation	220.5	295.8	218.7	286.0	307.6	206.0	234.4	295.8	187.5	200.8	343.6	312.2	302.9
Exposure - New Cancellation	0	211	211	194	180	143	223	217	228	268	131	289	2,285
Cancellation Rate - New	0.00%	0.81%	0.81%	0.75%	0.78%	0.58%	0.88%	0.88%	0.88%	0.88%	0.52%	1.14%	0.81%

Earnings Pattern

The second tab of the *Blueprint*, **Earnings Pattern**, offers the ability to enter the Policy Period, that is, the number of months the premium is to be spread over or—put another way—the cover period for the premium. Policy Period varies by product, which is how the planner has logged onto the model. The default, if no selection is made, is to spread the premium on a 12-month basis. In the diagram below, 1/24th of the premium is recognized in the first period, Development Month zero and 1/24th of the premium in the 13th Period, Development Month twelve. The remaining 11/12ths would be recognized between periods 1 through 11. It is always the case that $1/(2 * \text{Policy Period})$ goes in Development Month 0 and the Development month equal to the Policy Period and that $(1/\text{Policy Period})$ goes into Development Month 1 through (Policy Month - 1). The phasing calculated in this tab is used in both the **Earned Premium Calc** tab and the **Earned Premium Calc Initiatives** tab.

Revenue Earnings Pattern Current Year Claims			
Commercial Motor - Non-Fleet			
	Development Month	Policy Period	Phasing
0	0	0	4.166667
1	1	0	8.333333
2	2	0	8.333333
3	3	0	8.333333
4	4	0	8.333333
5	5	0	8.333333
6	6	0	8.333333
7	7	0	8.333333
8	8	0	8.333333
9	9	0	8.333333
10	10	0	8.333333
11	11	0	8.333333
12	12	0	4.166667

Current Year Claims

The third tab, **Current Year Claims**, calculates the Cost of Current Year Claims. The **Current Year Claims** tab calculates this cost for both New and Renewal business. The Cost of Current Year Claims is arrived at by adding Incurred Dollar – New and Incurred Dollar – Renewal. The **Current Year Claims** tab allows the user to choose one of two methods when calculating Incurred Dollar. The two methods are the *Size & Frequency Method* or the *Loss Ratio Method*.

The *Size & Frequency Method* multiplies Incurred Number by Average Claim Size, and then phases the result by the days in the month. (The numbers brought over from **Earned Premium Calc.**)

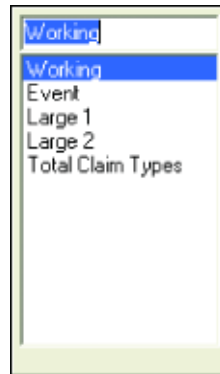
The *Loss Ratio Method* takes the Earned Premium numbers (New and Renewal), linked in from the **Revenue** tab, and multiplies them by their respective Gross Loss Ratios (New and Renewal).

When calculating the Incurred Dollar used in the *Size & Frequency Method*, the Incurred Number is determined by multiplying Claim Frequency by Inforce. The Inforce numbers were linked in at the same time as the Earned Premium numbers and represent the number of policies “in force.”

Revenue	Emerging Rates	Current Year Claims	Claim Payment Pattern	Policy Year Class Code	Incurred Class	Expenses	GAU	Incurred Transfer	PNM's Loss	Collected Profit & Loss (P&L)		
Current Year Claims												
Commercial Motor - Non-Public												
Jan												
Method	Jan-05	Jan-06	Jan-07	Jan-08	Jan-09	Jan-10	Jan-11	Jan-12	Jan-13	Jan-14		
New Claims (Inc. DOL. w/ P&L)	1,033,519	2,002,770	2,121,089	2,291,273	2,458,147	2,600,000	2,412,730	2,240,740	2,067,071	2,090,224	2,733,000	2,552,315
Incurred Dollar - New	417,763	442,254	468,078	510,277	528,126	575,112	540,000	441,360	363,533	338,817	521,909	454,542
Gross Loss Ratio - New	64.00%	64.00%	64.00%	64.00%	64.00%	64.16%	64.00%	64.16%	64.16%	64.17%	64.16%	64.17%
Gross Loss Ratio - Renewal (P&L)	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%
Gross Loss Ratio - Renewal (C.A.R.)	0.00%	0.00%	0.00%	0.00%	0.00%	29,721,307	29,721,307	25,515,275	29,721,307	26,321,307	29,721,307	26,321,307
Incurred Dollar - Renewal	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Incurred Dollar - Total	417,763	442,254	468,078	510,277	528,126	575,112	540,000	441,360	363,533	338,817	521,909	454,542
Average Claim Size - New (P&L)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Average Claim Size - Renewal (P&L)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Average Claim Size - Renewal (C.A.R.)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Average Claim Size - Renewal (P&L)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Claim Frequency - New (Annual)	0.00%	0.00%	0.00%	0.00%	0.00%	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%
Claim Frequency - Renewal (P&L)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Claim Frequency - Renewal (C.A.R.)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Claim Frequency - Renewal (P&L)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Incurred Dollar - Renewal	1,475,765	1,560,516	1,652,011	1,780,996	1,930,021	2,100,000	1,872,730	1,800,440	2,227,538	2,247,213	2,275,130	2,107,662
Gross Loss Ratio - Renewal	64.00%	64.00%	64.00%	64.00%	64.00%	64.16%	64.16%	64.16%	64.16%	64.17%	64.16%	64.17%
Gross Loss Ratio - Renewal (P&L)	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%
Gross Loss Ratio - Renewal (C.A.R.)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Gross Loss Ratio - Renewal (P&L)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Average Claim Size - Renewal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Average Claim Size - Renewal (P&L)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Average Claim Size - Renewal (C.A.R.)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Average Claim Size - Renewal (P&L)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Claim Frequency - Renewal	0.00%	0.00%	0.00%	0.00%	0.00%	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%
Claim Frequency - Renewal (P&L)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Claim Frequency - Renewal (C.A.R.)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Current Premium - New	663,748	1,012,022	1,032,024	1,112,024	1,192,024	1,272,024	1,352,024	1,432,024	1,512,024	1,592,024	1,672,024	1,752,024
Current Premium - Renewal	2,265,260	3,400,748	3,895,065	4,409,000	4,815,000	5,200,000	5,585,000	5,970,000	6,355,000	6,740,000	7,125,000	7,510,000
Current Premium - Total	2,929,008	4,412,770	4,927,089	5,521,024	6,007,024	6,472,024	6,937,024	7,402,024	7,867,024	8,332,024	8,797,024	9,262,024
Current Loss Ratio - New	23.00%	23.60%	23.50%	22.40%	22.14%	21.70%	20.50%	19.64%	18.20%	16.84%	15.37%	14.54%
Current Loss Ratio - Renewal	91.64%	91.14%	92.69%	92.40%	92.24%	92.24%	92.24%	92.24%	92.24%	92.24%	92.24%	92.24%

The Earned Premium numbers linked in from the **Revenue** tab are from the Current Forecast. contributors to the model, who would have first arrived at the **Revenue** tab numbers before beginning work on Current Year Claims. Within the **Revenue** tab, they would choose a scenario as their Current Forecast or they would have by default accepted the first scenario.

As in the **Revenue** and **Expenses** tab, users may choose a Trend Method when bringing in trended items. In the **Current Year Claims** tab, the trended items are Average Claim Size, Claim Frequency, and Gross Loss Ratios. These items are linked in for both new and renewal business and may be adjusted as desired.



While working in the **Current Year Claims** tab, users may work on one Peril at a time or all perils at once. The Perils in the *Blueprint* are Working, Event, Large 1, and Large 2. The name and number of Perils are tailored to a companies needs.

Claim Payment Pattern

The fourth tab of the *Blueprint*, **Claim Payment Pattern**, is where the Discounted Pay Pattern is entered. This number may be user-entered or be pre-loaded by actuaries. In the event the Payment Pattern is pre-entered, this tab may be hidden from the user or set to *Read-Only*. Discounted Pay Pattern is the payment pattern of the undiscounted claims cashflows. [For an explanation of Discounted Pay Pattern, see the sidebar on page 33.]

The **Claim Payment Pattern** tab takes the Discounted Pay Pattern and, after calculating the Development Month, uses these two items to arrive at the Undiscounted Pay Pattern.

The **Claim Payment Pattern** tab has the Discount Rate linked into it from the **General Assumptions** tab. Discount Rate is converted to a Monthly Discount Rate, which is then used to calculate the Unwind Factor.

The Unwind Factor is the number applied to the Claims Payment Phasing to arrive at an Unwound Payment, that is, the Undiscounted Cost of the Claim.

The information calculated by this tab is used by a number of tabs throughout the model. It feeds the Development Month to the **Earnings Pattern**, which is then used to calculate Earned and Unearned Premiums.

The Undiscounted Pay Pattern is used in the Claim Payment Table; the total of the Undiscounted Pay Pattern is used within the **Incurred Claims** tab; the Unwind Factor is used in the first step of the **Claim Projections** tab, and the Monthly Discount Rate and Power are used in the third step of **Claim Projections**. The Unwind Factor is also used in the **Prior Year Claims Cashflow** tab. All of these calculations will be discussed in detail, when we look at specific tabs below.

The Discounted Pay Pattern may cover from 1 to 241 periods. Since we are doing a 24-month forecast, development months 25 to 240 are accounted for in development month 25 of the model.

	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	
Development Month	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	
Discounted Pay Pattern	11.89%	11.89%	11.89%	14.42%	14.42%	14.42%	7.79%	7.79%	7.79%	1.33%	1.33%	1.33%	0.54%	0.54%	0.54%	0.33%	0.33%	0.33%	0.25%	0.25%	0.25%	0.17%	0.17%	0.17%
Discount Rate	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%
Power	0.90	1.50	2.50	3.50	4.50	5.50	6.50	7.50	8.50	9.50	10.50	11.50	12.50	13.50	14.50	15.50	16.50	17.50	18.50	19.50	20.50	21.50	22.50	

Prior Year Claims Cashflow

Tab five, **Prior Year Claims Cashflow**, allows users to enter the previous Gross Incurred Claims in order to Unwind it and arrive at the Opening OS Reserve (OS=Outstanding). It links in three items: from the **Time Calc** tab, the Discount Month; from General Assumptions, the Discount Rate; and from the **Claim Payment Pattern** tab, the Unwind factor. The current month is always Development Month zero. The **Time Calc** tab, among other things, monitors automatically what the current month is, and then enters the correct Development Month into the appropriate calendar month.

	Jan 07	Feb 07	Mar 07	Apr 07	May 07	Jun 07	Jul 07	Aug 07	Sep 07	Oct 07	Nov 07	Dec 07	Jan 08	Feb 08	Mar 08	Apr 08	May 08	Jun 08	Jul 08	Aug 08	Sep 08	Oct 08	Nov 08	Dec 08	
Development Month (B-240)																									
Undiscounted Cash Flow (F-8)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Discounted Cash Flow (F-8)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Reserve	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Movement in Reserve	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Prior Year Cash Flows are then linked into Prior Period Claims in the **Claim Payment Table** tab; Prior Period OS Claims Reserve and Movements are linked into the **Incurred Claims** tab.

Incurred Claims

Tab six, **Incurred Claims**, calculates Outstanding Claims Reserve, Prudential Margin, and Claim Handling Expense Reserves. The tab also calculate other items such as the movement on these items, Net Claims paid, and Re-Insurance recoveries.

To do so, the Cost of New Claims links in from the **Current Year Claims** tab, the rates needed from the **Technical Parameters** tab, the Opening OS Reserve and movement from **Prior Year Claims Cashflow**, the Net Claims Paid as calculated in the Claim Payment Table, the monthly Discount Rate from General Assumptions, and any Claims Handling Expenses that may have been entered into the **Expenses** tab. These items, along with Revenue information linked in from BAU are then used to calculate the recoveries and ratios below.

The undiscounted Pay Pattern is brought in from the **Claim Payment Pattern** tab in order to calculate Gross Undiscounted Incurred Cost. Hidden from users is the fact that the Current Month has been linked in from the **Time Calc** tab and is used in certain formulas.

Having received from **Current Year Claims** the Cost of New Claims and then accounting for RI (Re-Insurance) recoveries, the result, Net Cost of Current Year Claims is linked into the Claim Payment Table to calculate Net Claims Paid. This will be covered when we explore the **Claim Payment Table** tab.

The final link into this tab would be from **STEP3 Discount Unwind(HIDE)** which is the third step in the Claims Projection process (see below). It brings in the OS Claim Reserve. The process of arriving at this number will be covered in the tab description in the next section.

Besides the link into the Claim Payment Table mentioned above, this tab also feeds the Claim figures and reserves found in the BAU tab and the Reserves and Prudential Margin found on the Balance Sheet.

Revenue	Expense Pattern	Current Year Claims	Claim Payment Pattern	Five Year Claims Outlook	Incurred Claims	Expense	BAU	Initial/Carroll	Profit/Loss	Consolidated Profit/Loss(BO)				
Commercial Auto - Fire/Force														
Current Period Dates														
	Jul 08	Aug 08	Sep 08	Oct 08	Nov 08	Dec 08	Jan 09	Feb 09	Mar 09	Apr 09	May 09	Jun 09	Final 09	Jul 09
Gross Written Premium	4,227,000	3,879,008	4,417,950	2,895,575	4,224,744	3,007,904	2,795,136	4,399,244	3,736,901	3,379,674	1,715,496	1,271,654	48,784,516	1,478
GAAP - New	1,154,209	925,451	1,023,301	636,676	829,747	673,379	794,116	797,596	277,074	271,829	367,776	76,659	0,190,150	362
GAAP - Renewal	3,111,600	2,953,557	3,394,649	2,258,899	3,395,000	2,334,525	2,001,020	3,601,648	3,459,827	3,107,845	1,347,720	1,194,995	48,594,366	1,116
Premium - Renewal	1,688,279	1,692,057	2,622,320	1,492,206	3,544,656	2,479,510	3,613,866	4,451,200	3,811,744	3,301,922	3,345,251	2,251,554	43,717,469	1,542
Gross Earned Premium	2,050,622	2,178,328	3,313,321	3,736,353	3,640,047	4,179,234	3,973,388	3,561,730	4,406,723	4,332,799	4,362,383	4,123,490	40,846,929	4,163
Proportional Rl	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Non-proportional Rl	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Rebates Rl	28,122	16,288	13,879	37,125	19,013	13,881	17,002	21,147	18,818	19,309	16,733	28,109	219,440	15
Excess Premium - New	552,740	691,022	714,334	290,324	625,197	886,324	691,748	687,526	828,325	838,455	815,543	704,114	5,338,727	762
Excess Premium - Renewal	2,388,000	2,148,300	2,998,315	2,388,089	2,614,850	2,391,076	3,001,767	2,784,188	3,621,414	3,534,381	3,546,546	1,480,575	36,467,863	3,005
Net Earned Premium	2,593,459	3,113,040	3,299,441	3,799,238	3,620,856	4,165,464	3,951,641	3,484,243	4,402,907	4,315,917	4,345,736	4,187,325	45,627,089	4,147
Gross Incurred Claims	1,907,129	2,382,203	2,492,632	2,772,481	2,801,589	3,037,135	2,759,785	2,406,614	3,219,797	3,076,080	3,086,730	2,819,308	32,962,371	2,914
Total Reinsurance Recoveries	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Proportional Rl Recoveries	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Proportional Rl Recoveries Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Facultative Rl Recoveries	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Facultative Rl Recoveries Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Non-proportional Rl Recoveries	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Non-proportional Rl Recoveries Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net Incurred Claims (excluding CNE)	1,907,129	2,382,203	2,492,632	2,772,481	2,801,589	3,037,135	2,759,785	2,406,614	3,219,797	3,076,080	3,086,730	2,819,308	32,962,371	2,914
Net Claim Paid	28,379	40,427	78,622	1,705,576	1,689,616	1,889,911	2,024,225	2,167,508	2,382,880	2,623,957	2,881,501	2,886,828	20,103,591	2,922
Movement in US Claims Reserve	1,708,810	1,627,918	1,488,989	1,427,589	1,148,916	1,001,003	621,429	240,976	722,954	628,241	454,424	257,819	11,297,789	216.4
Movement in Prudential Margin	0	226,572	388,195	199,656	159,548	139,939	80,310	36,499	162,647	73,318	64,313	35,106	1,332,952	26.3
Movement in CNE Reserve	0	44,969	41,243	29,553	31,948	27,735	17,217	7,221	20,336	14,525	12,781	6,959	264,068	5.3
Class Payable Releases	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Valuation Strain	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Incurred Claims (including CNE)	1,907,129	2,382,203	2,492,632	2,772,481	2,801,589	3,037,135	2,759,785	2,406,614	3,219,797	3,076,080	3,086,730	2,819,308	32,962,371	2,914
Class Handling Expense	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Claims Measures														
Gross Cost of New Claims	1,902,277	2,096,690	2,221,265	2,583,363	2,573,268	2,026,338	2,600,033	2,372,795	3,043,007	2,931,014	2,950,910	2,797,045	30,907,845	2,916.2
Net Cost of New Claims	1,902,277	2,036,628	2,221,265	2,583,363	2,522,268	2,026,338	2,600,033	2,372,795	3,043,007	2,931,014	2,950,910	2,797,046	30,907,845	2,916.2
Discount/Amort	4,852	13,606	21,539	29,518	37,664	43,263	42,615	59,889	53,000	56,324	59,935	59,500	477,580	62.3
Gross Loss Ratio	67.16%	76.13%	75.19%	74.70%	72.94%	77.03%	71.90%	70.40%	71.60%	71.00%	70.70%	76.10%	71.94%	70.8
Net Loss Ratio (including CNE)	67.62%	76.53%	75.94%	74.94%	73.26%	72.94%	71.90%	70.80%	71.60%	71.25%	71.00%	76.61%	72.20%	70.2
Proportional Margin Rate	13.61%	13.01%	13.31%	13.0%	13.01%	13.01%	12.81%	13.01%	13.01%	13.01%	13.01%	13.01%	13.01%	13.1
CNE Rate	2.77%	2.77%	2.77%	2.77%	2.77%	2.77%	2.77%	2.77%	2.77%	2.77%	2.77%	2.77%	2.77%	2.7
Claims Handling Expense (Rate)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.0

This tab also allows for user input of the Claim Provision Releases and Valuation Strain and therefore is writable by the user.

Claim Payment Table

The sixteenth tab, **Claim Payment Table**, is used to calculate Net Claims Paid. It is then fed directly back into the **Incurred Claims** tab. The remaining portion of the Cost of Current Year Claims is then processed through the three tabs, steps one, two and three, that together calculate the OS Claim Reserve.

The Current Period Claims page is linked in from the **Incurred Claims** tab and brings in the Net Cost of Current Year Claims. The Net Cost of Current Year Claims for the Prior Period Claims page is linked in from the **Prior Year Claims Cashflow** tab.

This tab requires no user input and would be hidden.

The Undiscounted PayPattern is linked in from the **Payment Pattern** tab.

	Net Cost of New Claims	Claim Payments Current Year	Claim Payments Prior Year	Total Claim Payments
Jul-06	7,205,993.58	690,993.29	0.00	690,993.29
Aug-06	7,230,008.22	1,387,669.20	0.00	1,387,669.20
Sep-06	7,166,880.10	2,081,691.60	0.00	2,081,691.60
Oct-06	7,562,000.91	3,087,020.15	0.00	3,087,020.15
Nov-06	7,459,864.00	4,088,371.79	0.00	4,088,371.79
Dec-06	7,889,984.00	5,133,497.75	0.00	5,133,497.75
Jan-07	7,338,253.93	5,538,882.94	0.00	5,538,882.94
Feb-07	6,460,341.69	5,856,217.45	0.00	5,856,217.45
Mar-07	7,094,195.30	6,257,324.51	0.00	6,257,324.51
Apr-07	6,045,680.07	6,361,879.00	0.00	6,361,879.00
May-07	6,828,463.00	6,440,270.00	0.00	6,440,270.00
Jun-07	6,396,615.23	6,467,104.23	0.00	6,467,104.23
Fiscal 07	85,478,121.64	53,390,921.99	0.00	53,390,921.99
Jul-07	6,533,539.82	6,444,507.69	0.00	6,444,507.69
Aug-07	6,458,257.41	6,490,697.15	0.00	6,490,697.15
Sep-07	6,129,059.12	6,423,586.66	0.00	6,423,586.66
Oct-07	6,389,749.45	6,386,886.69	0.00	6,386,886.69
Nov-07	6,184,395.40	6,356,002.21	0.00	6,356,002.21
Dec-07	6,262,887.57	6,332,084.29	0.00	6,332,084.29
Jan-08	6,163,054.95	6,289,718.86	0.00	6,289,718.86
Feb-08	5,660,819.75	6,208,874.94	0.00	6,208,874.94
Mar-08	5,999,425.50	6,194,429.49	0.00	6,194,429.49
Apr-08	5,744,809.55	6,118,983.88	0.00	6,118,983.88
May-08	5,746,756.17	6,049,498.28	0.00	6,049,498.28
Jun-08	5,396,527.32	5,963,540.38	0.00	5,963,540.38
Fiscal 08	72,678,482.01	75,258,810.53	0.00	75,258,810.53
Jul-08	5,569,627.13	5,879,664.21	0.00	5,879,664.21
Aug-08	5,534,461.55	6,087,250.69	0.00	6,087,250.69
Sep-08	5,282,500.26	5,976,015.78	0.00	5,976,015.78
Oct-08	5,529,853.91	5,913,171.09	0.00	5,913,171.09
Nov-08	5,359,045.20	5,867,476.86	0.00	5,867,476.86
Dec-08	5,458,688.16	5,823,875.64	0.00	5,823,875.64
Jan-09	5,580,843.44	5,812,772.62	0.00	5,812,772.62
Feb-09	4,567,698.22	5,674,961.24	0.00	5,674,961.24
Mar-09	4,411,891.14	5,543,875.25	0.00	5,543,875.25
Apr-09	3,658,780.40	5,373,743.25	0.00	5,373,743.25
May-09	3,133,934.24	5,102,031.81	0.00	5,102,031.81
Jun-09	2,216,670.43	4,746,031.10	0.00	4,746,031.10
Fiscal 09	56,382,994.09	67,880,869.55	0.00	67,880,869.55

By use of the Delay BiF (Built-in Function) we arrive at Net Claims Paid, which is linked back to Incurred Claims. It is called Total Claim Payments here. In the page entitled Base, the Net Cost of Current Year Claims is being delayed based upon the payment Pattern.

In the first month of the forecast, the amount delayed is the sum of Development months 1 through 25. The three entries in this case would add up to more than 100 percent because it is the Undiscounted Pay Pattern. The Undiscounted Pay Pattern is the payment pattern of undiscounted claims cashflows. [For a further explanation see sidebar.] The pattern is used to allocate the remaining cost of new claims over the future development periods.

Discounted Pay Pattern

In the fourth tab of the Blueprint, Claim Payment Pattern, we entered the **Discounted Pay Pattern (DPP)**. The DPP is the pattern used to “spread” the cash flow payments for all new claims incurred over their expected future payment periods. As an example, almost 100% of motor vehicle insurance claims are expected to be paid within 12 months from date of occurrence (hence the term “short tail insurance”). A stylized example is 30% paid in Month 1, 25% Month 2, 25% Month 3, 20% Month 4 – i.e. 100% of the claims are paid within 4 months.

The view above hides the development months (0 – 25) which exist between columns one and two and just shows the results. The screen capture below, the “spread” page, shows the spread balance of claims that will be fed into Step 1 of the Claims Projections Process.

The screenshot displays a detailed financial spreadsheet with multiple columns and rows. The columns are labeled with months from 0 to 12. The rows include various financial metrics such as 'Total Premiums', 'Claim Payments', and 'Net Claims Paid'. The data is presented in a grid format with numerical values for each cell. The spreadsheet is part of a software application, as indicated by the window title and various interface elements like scroll bars and window controls.

The following explains the relationship between the two views:

From above screen capture					
	Net Cost of New Claims	Claim Payments Current Year	Claim Payments Prior Year	Total Claim Payments	
Jul-06	7,205,993.58	690,993.29	0.00	690,993.29	690,993.29
Aug-06	7,230,000.22	1,387,669.20	0.00	1,387,669.20	1,387,669.20
Sep-06	7,166,800.10	2,081,691.60	0.00	2,081,691.60	2,081,691.60
Oct-06	7,562,000.91	3,087,020.15	0.00	3,087,020.15	3,087,020.15
Nov-06	7,459,864.00	4,088,371.79	0.00	4,088,371.79	etc
Dec-06	7,889,984.80	5,133,497.75	0.00	5,133,497.75	

Below screen capture						
	0	1	2	3	4	5
Jul-05	690,993.29	694,373.11	697,769.46	971,197.54	975,947.91	980,721.51
Aug-06	693,296.09	696,687.17	700,094.84	974,434.15	979,200.35	983,989.86
Sep-06	687,234.97	690,596.41	693,974.28	965,915.19	970,639.72	975,387.36
Oct-06	725,131.36	720,678.15	732,242.30	1,019,178.91	1,024,163.97	1,029,173.41
Nov-06	715,337.30	710,836.19	722,352.19	1,005,413.27	1,010,331.00	1,015,272.70
Dec-06	756,582.21	760,282.84	764,001.57	1,063,383.39	1,068,584.66	1,073,811.37
Jan-07	703,675.93	707,117.78	710,576.47	989,023.11	993,860.67	998,721.89
Feb-07	619,491.64	622,521.72	625,566.63	870,701.30	874,960.11	879,239.76
Mar-07	680,272.79	683,600.17	686,943.83	956,129.78	960,806.45	965,505.99
Apr-07	656,434.71	659,645.49	662,871.98	922,625.13	927,137.91	931,672.78
May-07	654,791.33	657,994.08	661,212.43	920,315.35	924,816.84	929,340.34
Jun-07	613,300.81	616,301.01	619,395.80	862,112.40	866,329.28	870,566.72
Fiscal 07	8,196,622.42	8,236,714.13	8,277,001.93	11,520,429.59	11,576,778.86	11,633,403.75

	0	1	2	3	4	5	6	7	
June-06	690993.291	694373.1	697769.5	971197.5	975947.9	980721.5131	978763.5	980616.1	690,993.29
July-06	693296.0892	696687.2	700094.8	974434.1	979200.3	983989.8571	980026.7	981884.5	1,387,669.20
August-06	687234.9707	690596.4	693974.3	965915.2	970639.7	975387.3577	976703.4	978545.9	2,081,691.60
September-06	725131.3556	728678.2	732242.3	1019179	1024164	1029173.408	997476	999420.2	3,087,020.15
October-06	715337.2974	718836.2	722352.2	1005413	1010331	1015272.776	992107.6	994025.4	etc
November-06	756582.2119	760282.8	764001.6	1063383	1068585	1073811.369	114715.6	116744.1	
December-06	703675.9299	707117.8	710676.5	989023.1	993860.7	998721.8869	995716.4	987602	
January-07	619491.6372	622521.7	625566.6	870701.3	874960.1	879239.7607	879570.3	841231.2	
February-07	680272.7890	683600.2	686943.8	956129.8	960806.4	965505.9875	972887.1	974711	
March-07	656434.7052	659645.5	662872	922525.1	927137.9	931672.7756	959820.4	961680.4	

STEP1 Undisc Claim Pmts(HIDE)

The Spread of the remaining portion of the Claims is linked into STEP1 Undisc Claim Pmts(HIDE) and lagged 1 Development Month. The lag is accomplished within the link. This serves to remove development month 0, the month the claim was realized, and the Net Claims Paid realized. This Spread is linked into the Claim Payment Phasing Lagged item where we apply an Unwind factor to arrive at an Unwound Payment. This is tab seventeen in the application.

Excel Process Calc	Claim Payment Table	Step 1 Undisc Claim Pmts (HIDE)	Step 2 Disc Claim Pmts (HIDE)	Step 3 Discount Unwound (HIDE)	Trend Analysis	Claim Trend Analysis	Claim Type Ratio
Commercial Home - Post	Current Period Claims	2007	2008	2009	2010	2011	2012
Class Payment Phasing Lagged	0.93706	0.93706	0.93706	0.93706	0.93706	0.93706	0.93706
Unwound Payment	609,309.56	609,309.56	609,309.56	609,309.56	609,309.56	609,309.56	609,309.56

The link uses the Time Calc tab as an allocation table and always lags the "Development Months" appropriately.

STEP2 Disc Claim Pmts (HIDE)

The Unwound Payment is then aggregated. So AG 0 would add up Development Months 0 to 25, but in AG 1, you would aggregate Development Months 1 to 25, and so on. This is tab eighteen in the application.

Excel Process Calc	Claim Payment Table	Step 1 Undisc Claim Pmts (HIDE)	Step 2 Disc Claim Pmts (HIDE)	Step 3 Discount Unwound (HIDE)	Trend Analysis	Claim Trend Analysis	Claim Type Ratio
Commercial Home - Post	Current Period Claims	2007	2008	2009	2010	2011	2012
AG 0	6,516,684.03	6,530,480.47	6,481,238.71	6,830,638.48	6,746,289.78	7,120,246.15	6,836,289.56
AG 1	5,827,374.47	5,846,794.73	5,795,678.32	6,115,272.04	6,032,675.51	6,380,507.48	6,334,331.35
AG 2	5,139,864.52	5,159,284.78	5,110,118.92	5,379,387.88	5,297,881.27	5,625,788.83	5,543,270.88
AG 3	4,452,354.57	4,471,774.83	4,422,608.97	4,670,478.33	4,588,971.72	4,836,878.68	4,754,768.73
AG 4	3,764,844.62	3,784,264.88	3,735,100.02	3,933,767.78	3,852,261.17	4,000,168.63	3,918,662.68
AG 5	3,077,334.67	3,096,754.93	3,047,590.07	3,232,334.67	3,150,828.06	3,317,234.92	3,235,728.97
AG 6	2,389,824.72	2,409,244.98	2,360,080.12	2,551,302.12	2,469,795.51	2,554,691.17	2,473,185.22
AG 7	1,702,314.77	1,721,735.03	1,672,570.17	1,871,766.17	1,790,259.56	1,875,154.82	1,793,648.87
AG 8	1,014,804.82	1,034,225.08	1,014,055.22	1,124,086.22	1,042,579.61	1,127,468.87	1,045,962.92
AG 9	427,294.87	446,715.13	427,045.47	476,576.47	455,070.86	494,966.82	473,460.87
AG 10	159,784.92	179,205.18	159,535.78	198,416.78	176,911.17	205,807.13	184,301.18
AG 11	59,275.07	78,695.33	59,025.87	98,106.87	76,601.26	105,502.52	84,002.57
AG 12	20,765.12	40,185.38	20,515.92	40,917.92	38,823.31	48,618.57	37,113.62
AG 13	7,255.17	16,675.43	7,005.97	16,406.43	15,317.70	25,018.95	13,608.90
AG 14	2,745.22	7,135.48	2,496.02	7,037.48	6,748.15	10,349.10	8,040.15
AG 15	1,235.27	3,595.53	1,215.52	3,508.53	3,419.10	5,009.15	3,920.10
AG 16	425.32	1,255.58	405.57	1,169.58	1,080.15	1,569.20	1,220.15
AG 17	155.37	415.63	153.52	406.63	386.70	536.75	406.70
AG 18	55.42	145.68	53.67	136.68	127.75	176.80	136.75
AG 19	19.47	49.73	19.27	48.73	46.80	63.85	46.85
AG 20	6.42	16.78	6.22	15.78	14.85	20.90	14.85
AG 21	2.47	6.23	2.27	6.23	5.30	7.25	5.30
AG 22	0.92	2.28	0.92	2.28	1.35	1.80	1.35
AG 23	0.37	0.73	0.37	0.73	0.45	0.60	0.45
AG 24	0.17	0.37	0.17	0.37	0.20	0.25	0.20
AG 25	0.00	0.00	0.00	0.00	0.00	0.00	0.00

STEP3 Discount Unwind(HIDE)

Tab nineteen: The aggregated total is then linked into step 3, which by month and for the aggregated Development Months, multiplies the aggregated amount by the Monthly Discount Rate raised to the power calculated in the Payment Pattern tab. This yields the Claim Expense Provision which is then linked into OS Claim Reserve in the Incurred Claims tab.

Month	July	August	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Aggregated	5,307,744.0	5,346,794.73	5,396,070.32	5,446,272.04	5,502,476.51	5,564,807.49	5,634,331.35	5,704,377.43	5,785,064.88	5,867,530.51	5,952,071.39	6,039,042.0
Monthly Discount Rate	1.004851	1.004851	1.004851	1.004851	1.004851	1.004851	1.004851	1.004851	1.004851	1.004851	1.004851	1.004851
Power	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Claim Expense Provision	5,878,181.40	5,889,744.32	5,898,253.42	5,904,183.82	5,907,986.10	5,909,377.84	5,907,823.87	5,902,754.84	5,895,187.75	5,875,096.50	5,842,839.84	5,792,841.6

None of the three Claim Projection steps have any need for user input and would be hidden in a deployed application.

An Excel View of above process:

We'll now return to our ordered progression through the application.

Expenses

The seventh *Blueprint* tab, **Expenses** is where users may, as in the **Revenue** tab, choose which method they'd prefer when linking in trend numbers. Having linked in the trend numbers, they may adjust them at the top level or by using a percentage or number amount. Trended in the **Expenses** tab are three rates used to calculate the Commissions on the New and Renewal business and the AMP Distribution Allowance Rate. AMP is a brand, with the Distribution Allowance as a different type of commission. The Trend default method, as in the **Revenue** tab, is Same Period Previous Year. Also contained in the **Expenses** tab are the DAC, or Deferred Acquisition Cost Movements. Since we have deferred recognition of Premium, we also defer the recognition of costs associated with that Premium. The DAC movements are calculated in the balance sheet and linked into the **Expenses** tab.

Revenue	Expense Pattern	Current Year Claims	Claim Payment Pattern	First Year Claims Cashflow	Incurred Claims	Expenses	GAU	Investive Transfer	Profit & Loss	Consolidated Profit & Loss (000)					
		Method	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Fiscal 07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07
Unsub Written Premium			6070,461	11,247,329	12,035,969	11,243,597	11,211,129	10,141,356	110,181,523	9,006,702	5,035,990	6,242,639	5,203,138	5,321,411	4,226,211
GAU - New			632,346	726,426	1,029,192	778,314	993,789	997,949	32,767,295	979,795	425,229	399,023	947,573	333,734	176,244
GAU - Renewal			7,444,110	10,520,903	12,110,758	10,524,662	12,213,339	11,153,407	100,413,937	4,125,947	4,104,715	4,202,214	4,312,922	4,202,275	2,381,554
Gross Earned Premium			10,076,505	8,454,937	10,154,607	10,122,731	11,111,904	11,142,854	136,934,790	9,932,190	9,992,470	9,939,734	9,469,893	9,142,946	8,201,003
Gross Earned Premium - New			1,220,360	1,411,029	1,418,627	1,371,268	1,241,471	1,128,828	30,145,448	1,074,826	1,025,071	1,011,017	934,465	845,495	592,288
Gross Earned Premium - Renewal			8,856,145	7,043,908	8,735,980	8,751,463	9,870,433	9,914,026	106,789,342	8,857,364	8,967,399	8,928,717	8,535,428	8,297,451	7,608,715
Net Earned Premium			8,635,785	7,361,411	8,698,709	8,538,155	9,238,681	9,586,153	106,789,342	8,798,808	8,792,904	8,677,639	8,674,979	8,346,191	7,617,284
Total Acquisition Costs			(10,186,544)	(153,044)	(513,887)	(173,400)	(845,822)	(1,708,322)	(14,079,631)	754,891	888,723	815,325	825,844	815,210	556,384
Net Commissions			(5,035,322)	(82,172)	(298,593)	(380,458)	(325,341)	(856,011)	(6,702,825)	374,736	411,711	405,032	410,172	404,035	432,542
Commission - New			0	0	0	0	0	0	65,557	0	0	0	0	0	0
Commission - New Rate			0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.52%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Commission - New Rate (E-AG)			0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Commission - New Rate (E-AG)			0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Commission - New Rate (E-AG)			0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Commission - Renewal			0	0	0	0	0	0	174,980	0	0	0	0	0	0
Commission - Renewal Rate			0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.14%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Commission - Renewal Rate (E-AG)			0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Commission - Renewal Rate (E-AG)			0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Commission - Renewal Rate (E-AG)			0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Commission - Renewal Rate (E-AG)			0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Commission - Renewal Rate (E-AG)			0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
AMP Distribution Allowance			0	0	0	0	0	0	470,415	0	0	0	0	0	0
AMP Distribution Allowance Rate			0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.35%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
AMP Distribution Allowance Rate (E-AG)			0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
AMP Distribution Allowance Rate (E-AG)			0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Reinsurance Exchange Commission			5,400	5,400	5,400	5,400	5,400	5,400	44,000	4,400	4,400	4,400	4,400	4,400	4,400
DACA - Commission			5,102,322	89,572	328,992	89,572	311,961	89,572	7,438,634	(186,326)	(428,211)	(388,512)	(429,773)	(388,512)	(506,142)
Net Other Acquisition Costs			(5,107,822)	(28,872)	(174,224)	(89,572)	(311,961)	(89,572)	(7,444,034)	388,076	(447,811)	(430,312)	(434,422)	(434,275)	(417,842)
Other Acquisition Costs			3,700	3,700	3,700	3,700	3,700	3,700	29,900	3,700	3,700	3,700	3,700	3,700	3,700
DACA - Other Acquisition Costs			(5,102,322)	(89,572)	(328,992)	(89,572)	(311,961)	(89,572)	(7,473,934)	(384,376)	(452,511)	(432,212)	(438,072)	(437,975)	(413,142)
LAT Adjustments			0	0	0	0	0	0	0	0	0	0	0	0	0
Levies & Charges			0.000	0.000	0.000	0.000	0.000	0.000	16,000	8,000	5,000	5,000	5,000	5,000	5,000
Management Expenses			20,000	20,000	20,000	20,000	20,000	20,000	210,000	20,000	20,000	20,000	20,000	20,000	20,000
Total Operating Expenses			(10,156,544)	(179,044)	(482,887)	(145,400)	(815,822)	(1,758,322)	(13,069,821)	784,891	918,723	845,322	855,844	845,210	580,384
Claim Handling Expenses			0	0	0	0	0	0	0	0	0	0	0	0	0
Total Acquisition Expense Ratio			(106.29%)	(2.09%)	(5.52%)	(2.80%)	(7.62%)	(25.90%)	(12.01%)	0.59%	10.11%	0.95%	0.52%	0.57%	11.51%
Net Commission Ratio			(52.09%)	(1.03%)	(2.93%)	(1.80%)	(3.24%)	(12.30%)	(6.19%)	4.26%	4.19%	4.19%	4.19%	4.19%	5.72%
Other Acquisition Expense Ratio			(51.02%)	(0.99%)	(2.93%)	(1.80%)	(3.24%)	(12.31%)	(6.19%)	4.26%	4.19%	4.19%	4.19%	4.19%	5.70%
Levies & Charges Ratio			0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
Management Expense Ratio			0.31%	0.30%	0.30%	0.30%	0.30%	0.30%	0.19%	0.34%	0.34%	0.34%	0.34%	0.34%	0.35%
Total Expense Ratio			(104.95%)	(1.62%)	(5.57%)	(1.71%)	(7.62%)	(25.60%)	(12.62%)	0.92%	10.45%	0.91%	0.52%	0.57%	11.85%

Other user-entered items are: Reinsurance Exchange Commission, Other Acquisition Costs, LAT Adjustments, Levies and Charges, and Management Expenses. The **Expenses** tab—unlike **Revenue** or **Current Year Claims**—does not have a Scenario dimension, since expenses are entered and not modeled.

BAU

The eighth tab in the Insurance Product Profitability Blueprint is BAU (Business as Usual). All the work done so far in the model has been in an effort to arrive at this point. The BAU tab is a consolidation of the information from Revenue, Expenses, Current Year Claims, Incurred Claims, and Balance Sheet. Besides the consolidation effort, there is also work done in this tab. From the Claim Type Ratios tab, we link in the Peril ratios that are used to break claims down into their respective components.

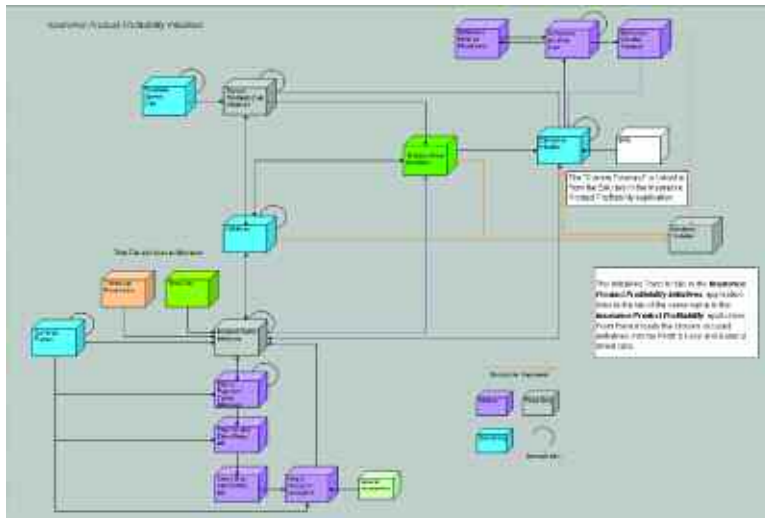
Up until this point, we have been working in the local currency. The BAU tab contains a dimension for Local Currency and Corporate Standard. All dimensions within this tab may be viewed in either currency. The currency conversion is based upon corporately established exchange rates. The Exchange Rate function will be discussed in greater detail below, when we explore the tabs that perform the actual conversion.

By virtue of the consolidation above, we are now able to calculate such items as the Net Underwriting Result, the Investment Income on Technical Reserves, and the Insurance Trading Result. Within the BAU tab we can also make any Market Rate Adjustments as necessary, entering JV (Joint Venture) figures, entering Sub Debt Charges, or Investment Income on Shareholders Funds.

Revenue	Earnings Pattern	Current Year Claims	Date Reported Claims	Plan Year Claims Calendar	Incurred Claims	Expenses	BAU	Investor Transfer	Profit/Loss	Consolidated Profit/Loss (000)
Local Currency	Local Currency	Local Currency	Local Currency	Local Currency	Local Currency	Local Currency	Local Currency	Local Currency	Local Currency	Local Currency
2006	2006	2006	2006	2006	2006	2006	2006	2006	2006	2006
8,674,000	3,019,000	4,477,000	5,605,000	4,224,744	1,077,974	1,788,746	4,625,346	1,736,907	1,739,074	3,719,456
1,054,223	8,643	1,025,101	626,311	86,747	891,109	74,318	397,396	212,014	214,828	367,725
2,442	2,045	2,262	2,116	1,386	1,765	807	811	688	632	847
1,065,171	3,019,000	1,070,000	626,311	86,747	891,109	74,318	397,396	212,014	214,828	367,725
417.6	38.4	432.5	379.8	241.5	295.8	129.4	129.4	107.9	107.9	149.3
2,029	2,231	2,476	2,388	1,162	1,588	1,271	1,171	983	901	943
2,029	197	1,495	752	1,465	2,559	5,011	42,319	21	625	159
20.5	30.0	4.3	2.9	10.1	1.1	24.6	179.1	1.3	4.3	1.1
156	191	248	377	352	191	236	556	103	147	149
0.024	0.045	0.054	0.075	0.044	0.059	0.121	0.942	0.046	0.071	0.074
33,451	47,575	47,196	42,715	33,545	31,142	18,230	137,585	60,407	25,672	25,692
216.4	254.3	413.1	249.3	201.3	355.1	327.9	404.3	204.5	225.5	197.9
157	106	174	171	169	193	214	340	212	179	136
0.024	0.015	0.015	0.026	0.024	0.024	0.024	1.695	1.171	0.924	0.924
2,419,822	2,720,000	2,250,450	2,595,700	1,384,257	2,257,288	1,614,000	1,111,762	1,446,288	1,764,868	1,391,721
0.377	6,428	7,752	6,209	6,512	5,372	2,740	4,938	7,462	6,571	7,578
2,662,259	3,022,557	3,022,557	2,145,228	2,544,165	2,481,618	2,671,596	4,022,282	2,611,774	2,301,767	2,959,251
369.9	419.0	429.7	429.7	481.3	252.2	361.3	616.8	426.5	449.9	426.8
3,335	7,383	8,750	7,445	7,388	5,747	4,711	5,440	6,263	7,473	8,417
2,191	1,822	2,194	1,016	1,854	1,428	1,122	1,190	1,389	1,389	2,000
2,629	2,088	2,736	2,379	2,329	1,888	1,782	2,191	2,389	1,988	2,642
180,758	180,000	262,700	236,704	224,000	174,737	161,700	488,421	322,307	180,497	270,377
500	496	623	562	474	449	690	1,070	510	425	642
19,126	22,370	22,756	20,802	28,375	27,956	37,825	49,789	31,275	23,902	24,290
7,226	5,701	4,408	5,608	5,595	4,711	2,259	4,261	6,120	5,417	16,021
9,680	7,037	7,708	6,899	6,503	5,824	4,250	7,572	7,599	7,764	11,132
92,091	94,940	9,840	9,140	47,327	42,185	40,441	241,096	90,229	20,153	42,245
1,426	1,207	1,271	1,225	369	1,868	1,021	1,211	1,267	1,119	1,127
16,463	18,145	16,495	17,772	15,289	18,264	25,449	42,413	16,749	16,269	15,263
1,871	1,850	2,273	2,019	1,859	2,226	1,614	1,529	1,927	1,923	1,911
81.3	80.9	11.8	1.9	10.0	3.2	46.5	14.3	16.7	6.5	11.9
454	437	600	364	1,022	739	692	1,085	371	469	526
0.025	0.025	0.025	0.025	0.025	0.025	0.025	1.025	0.025	0.025	0.025
244,808	229,496	229,725	174,244	194,889	154,179	169,695	136,492	136,425	140,200	156,719
242.8	213.0	213.0	224.4	251.7	226.9	411.6	276.8	186.4	191.3	232.1
1,000	357	354	777	257	303	1,322	1,424	353	723	625
1.885	1.625	0.615	0.645	1.825	0.892	1.472	1.155	0.924	0.945	1.025
2,350,022	3,120,120	3,275,221	2,736,268	3,043,047	4,171,274	1,699,029	1,811,790	4,482,223	4,332,759	4,362,559
953,740	821,000	710,234	707,368	625,167	605,269	691,740	677,696	671,303	631,465	615,643
2,350,022	2,428,000	2,595,000	2,833,000	2,418,000	3,883,000	1,883,000	2,016,000	3,811,000	3,800,000	3,800,000
2,350,000	3,110,000	3,265,000	2,730,000	3,040,000	4,170,000	1,698,000	1,810,000	4,480,000	4,330,000	4,360,000
20,133	16,208	16,629	17,125	19,011	11,661	17,292	31,147	16,416	15,209	16,729
0	0	0	0	0	0	0	0	0	0	0
0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
0	0	0	0	0	0	0	0	0	0	0
0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
20,176	16,206	16,627	17,125	19,011	11,661	17,292	31,147	16,416	15,209	16,729
0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
0	0	0	0	0	0	0	0	0	0	0
0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

As noted above, the **BAU** tab serves as the target of the **Revenue, Expenses, Current Year Claims, Balance Sheet, and Incurred Claims** tabs. They come together as the Current Forecast. This Current Forecast then links into the Difference Initiatives tab in the *Insurance Product Profitability Initiatives* application in order to begin the Difference Initiative calculation process.

The second application associated with the *Insurance Product Profitability Blueprint* is the Insurance Product Profitability Initiatives application. This application, by means of a system link, brings in the Current Forecast from the **BAU** tab in the *Insurance Product Profitability* application and links this data into the **Difference Initiative** tab. The Insurance Product Profitability Initiatives application is used to calculate both the new initiatives or Initiatives and the Difference Initiatives. Those selected to be included in the Current Forecast are linked back into the **Profit & Loss** tab in the *Insurance Product Profitability* application. The *Blueprint* is split into two applications for both speed and efficiency gains. The *Insurance Product Profitability Initiatives* application will be discussed in its entirety upon completion of the *Insurance Product Profitability* application.



initiatives transfer

The ninth tab in the *Blueprint* is **Initiatives Transfer**. This tab serves as the interface between the *Insurance Product Profitability Initiatives* application and the *Insurance Product Profitability* model. It is the target of the initiatives selected in the sister application. Once linked in via a system link run by users, the information is disseminated to the **Profit & Loss** and **Balance Sheet** tabs. The application administrator may elect to hide this tab, but by leaving it available as a Read-Only tab, users may view the breakdown of the Selected Initiatives between Difference Initiatives and Initiatives.

	Prior Year Claims Cashflow	Incurred Claims	Expenses	BAU	Initiatives Transfer	Profit & Loss
Commercial Motor - Fleet Fiscal 07 AMP						
				BAU	Difference Initiatives	Initiatives
Gross Written Premium				119,151,623	19,719,146	48,000,000
Total Exposure				224,102	0	48,000
GWP - New				12,367,786	2,650,224	48,000,000
Exposure - New (Net)				24,611	0	48,000
Premium - New				13,251,120	2,650,224	48,000,000
Average Premium - New				475.3	95.1	1,000.0
Exposure - New				2,100	2,100	4,000
Endorsement Premium - New				235,482	0	0
Average Premium - New Endorsement				55.9	0.0	0.0
Exposure - New Endorsement				4,211	0	0
Endorsement Rate - New				17.48%	0.00%	0.00%
Cancellation Premium - New				1,118,816	0	0
Average Premium - New Cancellation				342.3	0.0	0.0
Exposure - New Cancellation				3,269	0	0
Cancellation Rate - New				13.45%	0.00%	0.00%
GWP - Renewal				106,783,837	17,068,922	0
Exposure - Renewal (Net)				199,491	0	0
Premium - Renewal				113,792,813	17,068,922	0
Average Premium - Renewal				520.2	0.0	0.0
Exposure - Renewal				218,743	0	0
Exposure - New Renewal				38,995	0	0
Offered - New Renewal				48,754	0	0
Lapse Premium - New Renewal				5,081,466	762,220	0
Lapse Exposure - New Renewal				9,759	0	0
Lapse Rate - New Renewal				20.02%	0.00%	0.00%
Exposure - Renewal Renewal				179,748	0	0
Offered - Renewal Renewal				209,114	0	0
Lapse Premium - Renewal Renewal				15,291,116	2,293,667	0
Lapse Exposure - Renewal Renewal				29,365	0	0
Lapse Rate - Renewal Renewal				14.04%	0.00%	0.00%
Endorsement Premium - Renewal				798,500	0	0
Average Premium - Renewal Endorsement				510.4	0.0	0.0
Exposure - Renewal Endorsement				18,401	0	0
Endorsement Rate - Renewal				13.16%	0.00%	0.00%
Cancellation Premium - Renewal				7,807,477	0	0
Average Premium - Renewal Cancellation				405.5	0.0	0.0
Exposure - Renewal Cancellation				19,252	0	0
Cancellation Rate - Renewal				13.78%	0.00%	0.00%

Profit & Loss

The tenth tab, Profit & Loss, brings together the Current Forecast from BAU with the Selected Initiatives from the Initiatives Transfer tab. Selected Initiatives are those Enabled within the Insurance Product Profitability Initiatives application and then linked into this application. Initiatives and Difference Initiatives are combined when linked into Profit & Loss. These two items are added to arrive at a Total Forecast. In the Profit & Loss tab, Exchange Rates may be linked in from Exchange Rate Lookup to convert the local currency to a corporate standard.

Management gives feedback to planners in the “Target” item. A Gap is calculated to let both parties know any variance from corporate goals. This tab may be used as a collaboration zone to close the Gap between the Target and the Total Forecast.

	Prior Year Claims Cashflow	Injured Claims	Expenses	EAU	Initiatives Transfer	Profit & Loss	Consolidated Profit & Loss
	Local Currency	Fiscal 07	Commercial Motor - Fleet	AMP			
	BAU	Selected Initiatives	Total Forecast	Target	Gap		
Gross Written Premium	119,151,623	67,719,146	186,870,769	121,229,480	65,641,289		
Total Exposure	224,102	48,000	272,102	220,347	51,756		
GWP - New	12,367,786	50,650,224	63,018,010	16,794,887	46,223,123		
Exposure - New (Net)	24,611	48,000	72,611	25,244	47,367		
Premium - New	13,251,120	50,650,224	63,901,344	17,658,788	46,242,556		
Average Premium - New	475.3	1,095.4	928.0	620.9	303.4		
Exposure - New	2,100	6,100	8,200	2,152	6,048		
Endorsement Premium - New	235,482	0	235,482	230,301	5,181		
Average Premium - New Endorsement	55.9	0.0	55.9	56.9	35.5		
Exposure - New Endorsement	4,211	0	4,211	3,788	424		
Endorsement Rate - New	1.37%	0.00%	0.72%	1.43%	(0.91%)		
Cancellation Premium - New	1,118,816	0	1,118,816	1,094,202	24,614		
Average Premium - New Cancellation	342.3	0.0	342.3	342.3	0.0		
Exposure - New Cancellation	3,269	0	3,269	3,197	72		
Cancellation Rate - New	13.45%	0.00%	13.45%	13.07%	0.39%		
GWP - Renewal	106,783,837	17,068,922	123,852,759	104,434,592	19,418,166		
Exposure - Renewal (Net)	193,491	0	193,491	195,103	4,309		
Premium - Renewal	113,792,813	17,068,922	130,861,735	111,289,371	19,572,364		
Average Premium - Renewal	520.2	0.0	520.2	520.2	0.0		
Exposure - Renewal	218,743	0	218,743	213,931	4,812		
Exposure - New Renewal	38,995	0	38,995	38,137	858		
Offered - New Renewal	48,754	0	48,754	47,681	1,073		
Lapse Premium - New Renewal	5,081,466	762,220	5,843,685	4,969,673	874,012		
Lapse Exposure - New Renewal	9,759	0	9,759	9,544	215		
Lapse Rate - New Renewal	20.02%	0.00%	20.02%	20.02%	0.00%		
Exposure - Renewal Renewal	179,748	0	179,748	175,794	3,954		
Offered - Renewal Renewal	209,114	0	209,114	204,513	4,601		
Lapse Premium - Renewal Renewal	15,291,116	2,293,667	17,584,783	14,954,711	2,630,072		
Lapse Exposure - Renewal Renewal	29,365	0	29,365	28,719	646		
Lapse Rate - Renewal Renewal	14.04%	0.00%	14.04%	14.04%	0.00%		
Endorsement Premium - Renewal	798,500	0	798,500	780,933	17,567		
Average Premium - Renewal Endorsement	510.4	0.0	510.4	510.4	0.0		
Exposure - Renewal Endorsement	18,401	0	18,401	17,997	405		
Endorsement Rate - Renewal	1.89%	0.00%	1.89%	1.16%	0.32%		
Cancellation Premium - Renewal	7,807,477	0	7,807,477	7,635,712	171,764		
Average Premium - Renewal Cancellation	405.5	0.0	405.5	405.5	0.0		
Exposure - Renewal Cancellation	19,252	0	19,252	18,820	424		
Cancellation Rate - Renewal	1.14%	0.00%	1.14%	1.21%	0.35%		
Gross Earned Premium	126,934,798	(50,470,275)	76,464,523	126,480,322	(50,015,799)		

Consolidated Profit & Loss (000)

Tab eleven, Consolidated Profit & Loss (000), is a consolidated P&L that includes two years of history, the Budget, two years of Forecast, Previous Forecast, and Previous Budget. It also calculates a number of variances, both dollar and percentages for PCP (Prior Comparable Period). The two-year Forecast numbers are linked in from the Profit & Loss tab within the model. All other numbers are uploaded into the model.

When forecasting within the model, Trended numbers and Growth rates are based upon actual data that may not yet be fully mature. As there is a lag period between the time when policies are signed and the time when agents process their paperwork, the company must estimate both sales and exposure for current and recent periods. As time passes, adjustments are made as necessary on a best-effort basis to provide the clearest picture possible. While in forecasting, reasonable estimates are used; within the Consolidated P&L only booked revenue is recognized, that is, revenue that has been written to the general ledger and is used for reporting. Therefore, the actual numbers used as a basis in the forecasting portion of the application will be different than those displayed here in the Consolidated P&L.

	H1 2005	H2 2005	Total 2005	H1 2007 Forecast	H2 2007 Forecast	Total 2007 Forecast	qcp H1 2007 Forecast	qcp H2 2007 Forecast	qcp Total 2007 Forecast
Gross Written Premium	2,225	292,130	416,365	222,677	237,750	560,375	(2,238)	42,303	28.1
Amortized Premium	7,095	847	8,248	8,100	191,993	178,999	(14,928)	9,962,118	11,384.28
Fee Income	0	0	0	0	0	0	0	0	0.00
Direct Earned Premium	214,334	289,283	432,838	210,717	212,655	421,327	(2,421)	2,102	10.25
Total Reinsurance Premium	(2,133)	81,869	13,989	(2,778)	117,470	183,580	(2,508)	1,965,628	167.0
Net Earned Premium	212,201	288,418	418,859	207,939	178,233	361,876	(2,622)	(15,112)	10.78
Reinsurance	0	0	0	0	0	0	0	0	0.00
Direct Reinsurance Claims	(110,418)	(92,958)	(204,386)	(187,284)	(113,839)	(320,594)	89,439	42,788	57.0
Total Reinsurance Recoveries	40	(3)	38	172	1,635	861	(289,954)	961	(83,308.513)
Class Reinsurance Recoveries	0	0	0	0	0	0	0	0	0.00
Valuation Items	0	0	0	0	0	0	0	0	0.00
Class Handling Expense	(5,210)	(5,340)	(10,550)	(5,257)	(1,104)	(6,992)	14,342	(80,632)	(33.72)
Net Earned Claims	(115,588)	(98,298)	(214,870)	(192,314)	(113,640)	(326,954)	67,252	34,593	(2.1)
Reinsurance	0	0	0	0	0	0	0	0	0.00
Total Acquisition Costs	(8,328)	94,602	(87,915)	(21,911)	(2,947)	(2,133)	162,842	(188,072)	(137.47)
Net Commissions	(2,885)	(2,688)	(4,753)	(15,242)	12,788	(2,852)	659,956	(578,573)	(35.58)
Net Expenses (Revd)	(2,187)	(2,441)	(4,679)	(7,216)	12,787	(823)	182,278	(824,703)	(322.01)
Revised Acquisition Costs	98	(20)	(191)	(15,246)	(17)	(13,341)	(13,180,772)	(80,462)	(8,617.2)
LAT Adjustment	0	0	0	0	0	0	0	0	0.00
Net Other Acquisition Costs	(8,328)	(94,924)	(116,142)	(5,998)	(2,146)	(4,183)	(4,338)	(275,652)	(147.05)
Management Expenses	(15,175)	(17,078)	(33,853)	(25,425)	(2,944)	(48,292)	25,349	(28,262)	(80.28)
Total Operating Expenses	(28,498)	(29,278)	(51,768)	(42,299)	(27,897)	(77,142)	72,422	(177,362)	(89.14)
Net Underwriting Result	72,122	79,850	151,973	(28,999)	62,689	33,781	(140,884)	(21,454)	(77.72)
Revised Income on To-Hold Reserve	70,398	82,488	188,780	79,272	20,945	80,321	7,375	(61,842)	(26.15)
Revised Interest	0	0	0	0	0	0	0	0	0.00
Insurance Trading Result (ITR)	127,417	130,333	289,756	30,464	83,638	114,182	(76,998)	(37,273)	(56.24)
Insurance Trading Result (excl. LT releases)	127,417	130,333	289,756	30,464	83,638	114,182	(76,998)	(37,273)	(56.24)
Interest	0	0	0	0	0	0	0	0	0.00
Other Income Managed Funds	0	0	0	0	(2,381)	(2,381)	0	0	0.00
Managed Funds Income	0	0	0	0	0	0	0	0	0.00
Managed Funds Expense	0	0	0	0	(1,361)	(1,361)	0	0	0.00
Other Income Asset Valuations	0	0	0	0	(1,026)	(1,026)	0	0	0.00
AV - Equity Income	0	0	0	0	0	0	0	0	0.00
AV - LT Revenue	0	0	0	0	0	0	0	0	0.00
AV Expense	0	0	0	0	(1,383)	(1,383)	0	0	0.00
Revised Income on Shareholder Funds	0	0	0	0	0	0	0	0	0.00
Other Income Miscellaneous	0	0	0	0	2	2	0	0	0.00
Operating Profit Before Tax and Funding	127,417	130,333	289,756	30,464	75,418	109,823	(76,998)	(40,452)	(57.0)
Fund Debt Charge	0	0	0	0	0	0	0	0	0.00
Operating Profit Before Tax	127,417	130,333	289,756	30,464	75,418	109,823	(76,998)	(40,452)	(57.0)
IT Expense Ratio	1.88%	0.96%	0.95%	0.99%	17.68%	9.27%	(0.10%)	1,865.33%	890.7
Gross Loss Ratio	51.51%	45.11%	48.36%	89.73%	62.94%	70.19%	74.19%	39.31%	17.59
Net Loss Ratio	94.47%	48.11%	51.33%	33.92%	75.28%	80.62%	71.75%	39.34%	36.08
CRF Ratio	2.46%	2.58%	2.52%	2.80%	0.58%	1.85%	17.41%	(77.35%)	(27.3)
Acquisition Expense Ratio	0.32%	4.55%	4.20%	10.95%	(14.22%)	(0.82%)	160.99%	(405.70%)	(185.1)
Management Expense Ratio	7.62%	6.56%	8.09%	1.89%	2.19%	6.36%	29.59%	(74.35%)	(31.48)
Total Expense Ratio	11.54%	13.21%	12.97%	20.44%	(12.04%)	5.94%	27.85%	(19.13%)	255.23
Combined Operating Ratio	66.91%	67.32%	63.79%	114.90%	64.23%	81.13%	76.68%	4.78%	43.1

Balance Sheet

Balance Sheet, the twelfth tab, has two trended items. As in previous tabs with trended items, users may select a trend method or accept the default of Same Period Last Year. The user may also adjust this Trend item directly or by either an amount or a percentage. The only other decision to be made in this tab is Additional Prudential Margin, if desired. The **Balance Sheet** tab is the target of a number of tabs. The **Incurred Claims** tab is the source for the current and prior period claims as well as most of the reserve items. The UPR (Unearned Premium Reserve) is brought over from the **Revenue** tab. There are also a number of General Assumptions linked in. In addition to the lookup link for the trended items, exchange rates also are brought in, since the **Balance Sheet** is expressed in both local currency and the corporate standard currency. The **Balance Sheet** also has a link into it from Initiatives Transfer which brings over all the **Balance Sheet** items for the Initiatives and Difference Initiatives. We shall cover Balance Sheet Initiatives within the *Insurance Product Profitability Initiatives* section.

	Jul06	Aug06	Sep06	Oct06	Nov06	Dec06	Jan07	Feb07	Mar07	Apr07	May07	Jun07
Total Tech Reserves	87,900,000	91,640,140	94,689,478	96,350,830	16,420,239	93,640,692	89,261,267	94,994,391	98,256,114	89,850,979	93,174,312	100,532,
Total Claims Provisions	7,036,013	15,690,260	23,368,540	26,332,463	31,192,404	34,707,426	37,085,129	38,810,000	39,243,440	40,043,410	40,731,174	40,063,
Net DAC Provisions (incl. Mar CHE)	8,832,500	62,424,554	17,587,540	22,987,412	25,665,209	28,588,825	30,523,875	31,293,083	32,306,344	32,598,776	32,824,958	32,833,
CHE Reserve	180,000	348,200	487,250	634,177	771,038	739,412	695,764	667,176	604,329	571,960	533,000	537,
Prudential Margin	1,222,217	2,238,478	3,254,738	4,271,000	5,287,262	6,303,524	7,319,786	8,336,048	9,352,310	10,368,572	11,384,834	12,401,096
Additional Prudential Margin	0	0	0	0	0	0	0	0	0	0	0	0
Total Other Provisions	79,062,107	76,552,878	73,316,506	69,420,239	65,227,746	59,952,264	46,176,147	45,884,773	49,012,669	49,707,460	52,443,198	50,069,
UPR	79,062,107	76,552,878	73,316,506	69,420,239	65,227,746	60,222,699	57,125,104	52,585,504	51,282,637	52,231,307	52,923,317	74,586,
Premium Debtors	0	0	0	0	0	0	0	0	0	0	0	0
Premium Debtors / File	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
DAC - Commissions	0	0	0	0	0	869,436	5,772,018	5,839,590	6,128,584	6,223,424	6,555,395	7,458,
DAC - Commissions / UPR	0.0%	0.0%	0.0%	0.0%	0.0%	1.33%	10.00%	10.00%	10.00%	10.00%	10.00%	10.1%
DAC - Commissions / UPR (2-A)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0
DAC - Commissions / UPR (3-A)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0
DAC - Other Acquisition Costs	0	0	0	0	0	621,496	5,772,018	5,820,550	6,128,584	6,223,424	6,555,395	7,458,
DAC - Other Acquisition / UPR	0.0%	0.0%	0.0%	0.0%	0.0%	1.11%	10.00%	10.00%	10.00%	10.00%	10.00%	10.1%
DAC - Other Acquisition / UPR (2-A)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0
DAC - Other Acquisition / UPR (3-A)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0
Prudential Margin rate	18.22%	18.22%	18.22%	18.22%	18.22%	18.22%	18.22%	18.22%	18.22%	18.22%	18.22%	18.1%
Investment Income on Tech Reserves	0	0	0	0	0	0	405,278	413,226	429,581	437,254	453,531	469,
Investment Income Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.4%	0.4%	0.4%	0.4%	0.4%	0

The **Balance Sheet** is a source of information for the BAU tab. DAC Movements are linked into the **Expenses** tab as the **DACA - Commissions** and **DACA - Other Acquisition Costs** which are used to calculate **Net Commissions** and **Total Acquisition Costs**.

	Jul06	Aug06	Sep06	Oct06	Nov06	Dec06	Jan07	Feb07	Mar07	Apr07	May07	Jun07
Total Tech Reserves	3,231,264	12,054,004	21,570,000	20,200,216	30,811,000	49,000,005	40,981,960	35,740,192	65,456,250	21,444,450	70,381,130	32,004,70
Total Claims Provisions	24,787	150,794	418,295	880,903	1,250,267	1,279,671	2,783,020	2,632,344	3,307,457	4,852,889	5,006,624	6,005,42
Net DAC Provisions (incl. Mar CHE)	31,380	177,024	382,761	884,230	1,084,239	1,948,110	1,361,264	2,302,638	2,668,361	3,643,598	4,301,162	6,006,12
CHE Reserve	584	3,821.3	10,951	19,234	30,040	42,657	81,885	62,590	78,174	92,344	120,739	144,26
Prudential Margin	2,443	17,257	45,402	67,542	128,911	139,013	223,637	282,226	358,624	443,033	544,333	652,90
Additional Prudential Margin	0	0	0	0	0	0	0	0	0	0	0	0
Total Other Provisions	-3,309,257	76,505,320	24,157,295	31,187,811	25,281,681	38,913,824	44,637,689	53,113,258	82,148,318	62,751,507	74,594,018	68,075,34
UPR	4,091,917	16,805,330	24,157,295	31,187,811	25,281,681	38,913,824	44,637,689	53,113,258	82,148,318	62,751,507	74,594,018	68,075,34
Premium Debtors	0	0	0	0	0	0	0	0	0	0	0	0
Premium Debtors / File	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
DAC - Commissions	0	0	0	0	0	0	0	0	0	0	0	0
DAC - Commissions / UPR	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
DAC - Commissions / UPR (2-A)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
DAC - Commissions / UPR (3-A)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
DAC - Other Acquisition Costs	0	0	0	0	0	0	0	0	0	0	0	0
DAC - Other Acquisition / UPR	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
DAC - Other Acquisition / UPR (2-A)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
DAC - Other Acquisition / UPR (3-A)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Prudential Margin rate	12.20%	62.26%	12.20%	12.20%	12.20%	12.20%	12.20%	12.20%	12.20%	12.20%	12.20%	12.20%
Investment Income on Tech Reserves	0	0	0	0	0	0	278,003	271,247	268,614	249,796	387,414	468,22
Investment Income Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%

The above view shows the Initiative Balance Sheet items linked in.

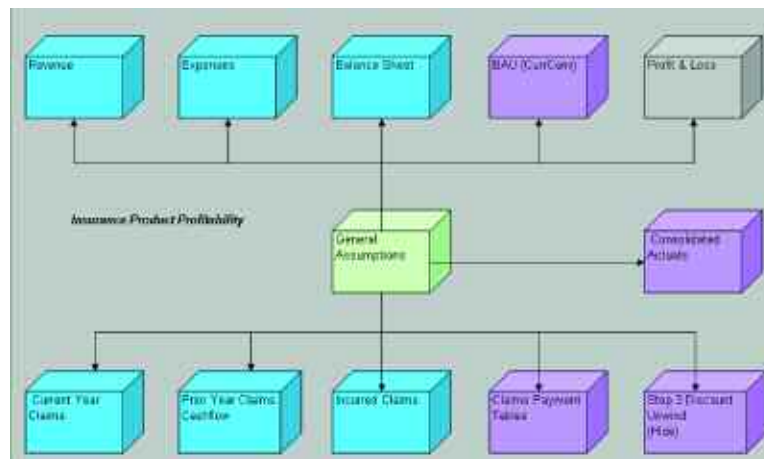
Technical Parameters

Tab number thirteen, **Technical Parameters**, stores parameters used in the model that are established by corporate. All the parameters are rates, and may vary by product and brand. It stores a history of when parameters have changed and of the parameter currently in use. It may be a Read-Only tab in the model. Technical Parameters are used in the **Revenue**, **Incurred Claims**, and **Incurred Claims Initiatives** tabs.

	Initial	Oct	Nov-03	Dec-03	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07
Proprietary RI Rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Non-Proprietary RI Rate	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%
Executive RI Rate	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%
Terrace Long-Term	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%
Proprietary RI Recession Rate	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%
Executive RI Recession Rate	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%
Non-Proprietary RI Recession Rate	10.22%	10.22%	10.22%	10.22%	10.22%	10.22%	10.22%	10.22%	10.22%	10.22%	10.22%	10.22%	10.22%	10.22%	10.22%	10.22%
Franchise Mgmt Fee	2.77%	2.77%	2.77%	2.77%	2.77%	2.77%	2.77%	2.77%	2.77%	2.77%	2.77%	2.77%	2.77%	2.77%	2.77%	2.77%

General Assumptions

General Assumptions, tab number fourteen, is used to store the Global Assumptions used throughout the model. These assumptions are established by corporate and do not vary by product or brand. **General Assumptions** is *Read-Only*, and its data is used in the following tabs:



General Assumptions		Earned Premium Calc	Claim Payr
	Value		
Discount Rate	6.03%		
Investment Income Rate (Annual)	6.00%		
Investment Income Rate	0.49%		
Trend Method Default	Same Period Previous Year		
Aggregated	100.00		
Monthly Discount Rate	1.000000		
Power	1.00		
Management Expenses	1		

Earned Premium Calc

The fifteenth tab of the *Blueprint*, **Earned Premium Calc**, may be hidden from users if desired. If not hidden, it requires no direct user input and would therefore be Read-Only. It takes the Phasing calculated in the **Earnings Pattern** tab, and brings it into each month for use as an input into the Delay BiF which calculates the Earned Premium in each period. A BiF, or a *built-in- function*, is a standard calculation available within the Cognos 8 Contributor application. Delay BiF calculates the Premium Earned based on a delay, in this case “phasing.” Phasing indicates the time between the receipt of funds and recognition. The other item needed, Premium, is linked in from the **Revenue** tab and is equal to Premium – New and Premium – Renewal. Premium dollars, after having run through the delay calculation, can be used to calculate Earned Premium and Unearned Premium Reserve(UPR). The Earned Premium for both New and Renewal business are then adjusted for the number of days in the period to arrive at a Daily Adjusted figure which is then linked back into **Revenue** tab. Having calculated Earned Premium, we can also calculate UPR, which is also linked back into the **Revenue** tab.

General Navigation		Earned Premium Calc													
General Navigation		Current Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
New	Revenue	1,284,920	1,367,804	1,284,687	1,228,750	1,182,704	80,396	920,888	1,019,725	779,242	1,037,780	1,038,910	1,251,120		
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	5	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	6	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	7	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	8	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	9	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	10	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	11	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	12	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Earned Premium	1,780,608	1,070,923	1,038,158	1,050,485	1,064,317	1,017,007	1,055,778	1,579,207	1,460,158	1,337,257	1,186,145	20,024,167		
	Earned Premium (Daily Adjust)	1,824,121	1,796,028	1,677,407	1,826,122	1,900,071	1,951,148	1,064,728	1,506,160	1,440,195	1,362,982	1,169,980	20,032,882		
	UPR (Unearned Premium Reserve)	11,338,804	11,484,599	10,921,927	10,308,795	9,620,182	8,979,176	7,925,494	7,239,202	6,587,326	6,297,059	5,107,160	109,278,981		
Renewal	Revenue	6,388,757	6,971,614	6,149,627	6,582,619	6,671,711	6,367,370	71,496,111	12,585,067	11,341,387	11,346,198	10,724,322	113,782,813		
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	1	0	0	0	0	0	0	0	0	0	0	0	0	0	
	2	0	0	0	0	0	0	0	0	0	0	0	0	0	
	3	0	0	0	0	0	0	0	0	0	0	0	0	0	
	4	0	0	0	0	0	0	0	0	0	0	0	0	0	
	5	0	0	0	0	0	0	0	0	0	0	0	0	0	
	6	0	0	0	0	0	0	0	0	0	0	0	0	0	
	7	0	0	0	0	0	0	0	0	0	0	0	0	0	
	8	0	0	0	0	0	0	0	0	0	0	0	0	0	
	9	0	0	0	0	0	0	0	0	0	0	0	0	0	
	10	0	0	0	0	0	0	0	0	0	0	0	0	0	
	11	0	0	0	0	0	0	0	0	0	0	0	0	0	
	12	0	0	0	0	0	0	0	0	0	0	0	0	0	
	Earned Premium	9,180,572	9,334,949	9,498,091	9,645,366	9,880,188	9,968,038	9,032,729	9,768,912	9,692,931	9,627,279	9,540,292	114,018,582		
	Earned Premium (Daily Adjust)	9,391,636	9,297,072	9,672,052	9,513,237	9,980,139	10,056,064	9,051,588	9,994,261	9,961,151	9,811,992	9,611,285	114,034,305		
	UPR (Unearned Premium Reserve)	44,619,281	43,031,329	40,451,708	34,308,952	30,666,677	45,145,008	98,076,418	54,026,599	59,677,811	59,278,089	100,678,410	129,476,918		

Since we have calculated the numbers used to determine the daily adjustments in each period, we feed the information forward into the **Current Year Claims** tab, which does a daily adjustment calculation on Incurred Dollar if the Size & Frequency Method is used. We will discuss this further when looking at the **Current Year Claims** tab.

Trend Analysis

Trend Analysis, tab number twenty, is used to store the trends used in the Revenue, Expenses, and Balance Sheet tabs. Trends are based upon 12 months of actuals history. For each trended item, there are pages for: the past 12 months of history, the 12-month average for the item, the 6-month average for the item, storing zeros, and storing the last known value for the item. This tab, which may be hidden, is used by the above targets to “look up” values desired by users.

Step:3 Discount Unwind (Risk)	Trend Analysis	Claims Trend Analysis	Claim Type Rates	Exchange Rates	Time Calc	Consolidated Actuals	Consolidated Profit & Loss (Mth)	Profit & Loss Report (File)								
Commercial Motor Fleet	AMP	Same Period Previous Year														
		1	2	3	4	5	6	7	8	9	10	11	12	Average 12	Average 6	Last
Average Premium - New (Trend)	1.57%	487.1	488	6 Month Average	80.1	491.1	492.1	493.1	494.1	495.1	496.1	497.1	498.1	492.0	494.6	507.1
Expense - New (Trend)	1.57%	1,988	2,008	12 Month Average	387	1,969	1,984	1,995	1,998	1,998	1,998	1,998	1,998	1,910	1,930	1,875
Average Premium - New Encumbrance (Trend)	68.1	65.3	68	Last Period	65.3	65.3	65.2	65.7	61.5	120.6				25.0	68.9	120.6
Encumbrance Rate - New (Trend)	1.28%	1.34%	2.25%	Zero Trend	50%	1.85%	2.48%	3.21%	2.68%	1.50%	2.06%	2.25%	1.80%			
Average Premium - New Cancellation (Trend)	361	463	470	488	437	438	384	400	57	476	405	397		434	440	397
Cancellation Rate - New (Trend)	1.54%	1.38%	2.13%	1.20%	1.64%	1.30%	1.50%	1.75%	1.20%	1.52%	1.37%	1.43%		1.52%	1.47%	1.43%
Average Premium - Renewal (Trend)	306.4	462.5	517.9	506.0	512.7	535.6	483.7	498.9	506.1	510.3	533.1	512.7		509.3	508.1	512.7
Loss Ratio - New Renewal (Trend)	16.91%	19.45%	22.14%	23.93%	19.83%	20.20%	19.95%	18.95%	18.71%	21.97%	20.16%	19.71%		20.08%	19.98%	19.21%
Loss Ratio - Renewal (Renewal) (Trend)	12.11%	12.05%	15.50%	14.91%	13.60%	14.05%	14.35%	15.70%	15.31%	15.41%	14.24%	14.20%		14.39%	14.10%	14.70%
Average Premium - Renewal Endowment (Trend)	16.6	63.0	52.9	30.7	40.9	62.4	50.6	55.5	52.0	61.9	65.9	70.1		51.0	59.0	70.1
Endowment Rate - Renewal (Trend)	1.10%	1.41%	1.94%	1.11%	1.57%	1.33%	1.43%	1.45%	1.71%	2.04%	2.11%	1.57%		1.55%	1.72%	1.57%
Average Premium - Renewal Cancellation (Trend)	474.4	465.2	452.2	454.2	489.7	480.6	475.0	475.9	507.0	502.9	485.4	485.5		480.2	503.7	485.5
Cancellation Rate - Renewal (Trend)	1.45%	1.37%	1.63%	1.41%	1.66%	1.60%	1.60%	1.79%	1.97%	1.92%	1.40%	1.60%		1.60%	1.67%	1.50%
Highway Switch In Exposure (Trend)	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0
Highway Switch Out Exposure (Trend)	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0
Full Term Switch In Exposure (Trend)	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0
Full Term Switch Out Exposure (Trend)	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0
Commission - New Rate (Trend)	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%		8.00%	8.00%	8.00%
Commission - Renewal Rate (Trend)	1.70%	1.70%	1.70%	1.70%	1.70%	1.70%	1.70%	1.70%	1.70%	1.70%	1.70%	1.70%		1.70%	1.70%	1.70%
AMP Commission Allowance Rate (Trend)	9.80%	9.80%	9.80%	9.81%	9.80%	9.80%	9.80%	9.80%	9.81%	9.80%	9.81%	9.80%		9.80%	9.80%	9.80%
DAC - Commission / LFR (Trend)	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%		10.00%	10.00%	10.00%
DAC - Other Association / LFR (Trend)	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%		10.00%	10.00%	10.00%

Claim Trend Analysis

The Claim Trend Analysis tab, number twenty-one, stores the trends used in the Current Year Claims tab. Trends are based upon 12 months of actuals history. For each trended item, there are pages for: the past 12 months of history, the 12-month average for the item, the 6-month average for the item, storing zeros, and storing the last known value for the item. This tab, which may be hidden, is used by the above targets as the source when “looking up” values desired by users.

Step:3 Discount Unwind (Risk)	Trend Analysis	Claims Trend Analysis	Claim Type Rates	Exchange Rates	Time Calc	Consolidated Actuals	Consolidated Profit & Loss (Mth)	Profit & Loss Report (File)								
Commercial Motor Fleet	Claims	AMP	Working													
		1	2	3	4	5	6	7	8	9	10	11	12	Average 12	Average 6	Last
New	Average Claim Size (Trend)	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0		2.0	2.0	2.0
	Claim Frequency (Trend)	0	0	0	0	0	0	0	0	0	0	0		0	0	0
	Gross Loss Ratio (Trend)	0.16%	0.18%	0.16%	0.17%	0.16%	0.16%	0.16%	0.17%	0.16%	0.17%	0.16%		0.16%	0.16%	0.16%
Renewal	Average Claim Size (Trend)	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0		3.0	3.0	3.0
	Claim Frequency (Trend)	0	0	0	0	0	0	0	0	0	0	0		0	0	0
	Gross Loss Ratio (Trend)	0.16%	0.18%	0.16%	0.17%	0.16%	0.16%	0.17%	0.16%	0.17%	0.16%	0.16%		0.16%	0.16%	0.16%

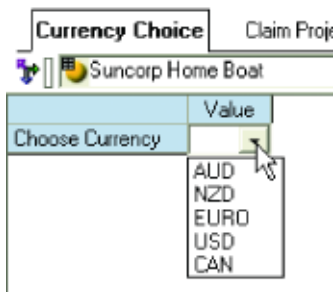
Claim Type Ratios

Claim Type Ratios, tab number twenty-two, is used to calculate the ratio between the Perils used in the BAU tab. The basis for the ratios is Cost of Current Year Claims from Current Year Claims. BAU uses these ratios to break down Gross Incurred Claims, Net Incurred Claims, Current Year Claims, Gross Loss Ratio, Net Loss Ratio, and CHE (Claims Handling Expense) Loss Ratio into the Peril component parts.

	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Fiscal 05	Jul-05	Aug-05	Sep-05	Oct-05
Amount	800,000	912,946	1,011,565	2,763,517	3,490,591	4,000,741	4,360,250	5,172,126	6,966,501	7,267,030	9,411,221	9,137,563	55,408,595	18,306,737	10,441,002	10,582,457	11,165,446
Total	800,000	1,010,446	1,030,460	3,033,050	3,621,125	4,646,037	5,221,020	5,414,046	6,966,015	7,525,447	9,005,557	9,500,254	50,801,625	18,550,930	10,930,466	10,653,136	11,388,025
Ratio	95.52%	95.52%	95.52%	95.52%	95.52%	95.52%	95.52%	95.52%	95.52%	95.52%	95.52%	95.52%	1,146.27%	95.52%	95.52%	95.52%	95.52%

Currency Choice

Currency Choice, a hidden tab in the *Blueprint*, is where users enter the currency they have been planning in. The model assumes they are working in the Standard Currency; if no choice is made, Local Currency and Standard Currency will be the same. This tab may be hidden from users who are known to plan in Standard Currency. If the Contributor application administrator desires, it may be populated prior to deploying the model. In that case, the tab may be hidden from all users.



Exchange Rates

Exchange Rates, the twenty-third tab in the model, is where the Contributor administrator would load Exchange Rates. This tab requires no user input and may be hidden within the application.

Exchange Rate	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Fiscal 05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	
AUD	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
NZD	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
EURO	0.5950	0.5950	0.5950	0.5950	0.5950	0.5950	0.5950	0.5950	0.5950	0.5950	0.5950	0.5950	0.5950	0.5950	0.5950	0.5950	0.5950	0.5950	0.5950	0.5950	0.5950	0.5950	0.5950
USD	0.7560	0.7560	0.7560	0.7560	0.7560	0.7560	0.7560	0.7560	0.7560	0.7560	0.7560	0.7560	0.7560	0.7560	0.7560	0.7560	0.7560	0.7560	0.7560	0.7560	0.7560	0.7560	0.7560
GBP	0.6390	0.6390	0.6390	0.6390	0.6390	0.6390	0.6390	0.6390	0.6390	0.6390	0.6390	0.6390	0.6390	0.6390	0.6390	0.6390	0.6390	0.6390	0.6390	0.6390	0.6390	0.6390	0.6390

Exchange Rate Lookup

Exchange Rate Lookup is also hidden in this *Blueprint*. It links in currency from the **Currency Choice** tab. Based upon that choice, it then looks up the appropriate exchange rate in the **Exchange Rates** tab. The default, if no currency choice is made is to use the Standard Currency. This tab requires no input from the user and should be hidden within the application.

	Jul04	Aug04	Sep04	Oct04	Nov04	Dec04	Jan05	Feb05	Mar05	Apr05	May05	Jun05	Final 05	Jul05	Aug05	Sep05	Oct05	Nov05	Dec05	
Current																				
Exchange Rate (Flat)	0.9930	0.9900	0.9930	0.9930	0.9930	0.9930	0.9930	0.9930	0.9930	0.9930	0.9930	0.9930	0.9930	0.9930	0.9930	0.9930	0.9930	0.9930	0.9930	0.9930
Exchange Rate	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

The **Exchange Rate Lookup** tab links into the **Balance Sheet** and **Profit & Loss** tabs. These two tabs are viewable therefore in the Local Currency or the Corporate Standard. The **Profit & Loss** tab links into the Consolidated P&L. It brings in the Corporate Standard numbers, so that the Consolidated P&L is only viewable in the Corporate Standard. The BAU data is converted within the **BAU (CurrConv)** tab which is hidden within the application. There is also a **Consolidated Actuals** tab that is used for reporting purposes and also uses Exchange Rate Lookup to convert historical numbers. There is a flowchart in the *Insurance Product Profitability Addendum V2* addressing the Currency Conversion process.

Time Calc

The twenty-fourth *Blueprint* tab, **Time Calc**, enables an automated rolling forecast, requires no user input, and may be hidden at the discretion of the Contributor administrator. It is used as an allocation table in a number of the links in the model. Some links require that actual months data be used, others forecasted months, and still others need to link over the 12 previous, etc. **Time Calc** stores and automatically updates a great deal of information used throughout the modeling process. It is a data source in **Incurred Claims**, **Prior Year Claims Cashflow**, **Balance Sheet**, and **Revenue**. It is used in eleven other links as an allocation table. See *Addendum V2*.

Step 1: Document/Unread (Hide)	Time Calc	Claims Incur/Analysis	Claims Types/Status	Exchange Rates	Time Calc	Considered Actuals	Considered Prior & Lagged (H)	Part & Loss Report (Hide)	M 14 15 16									
Actual Month Intra (Hide)	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	Jan-07	Feb-07	Mar-07	Apr-07
Actual Months	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	Jan-07	Feb-07	Mar-07	Apr-07
Forecast Months															Jan-07	Feb-07	Mar-07	Apr-07
Current Month (Hide)																		
Plus Data Start Month																		
Month (BD) (Hide)	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	Jan-07	Feb-07	Mar-07	Apr-07
Act/Fcst	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast
Lag 1																		
Lag 1 Feed	10	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	
Lag 1 Act	Dec-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	Jan-07	Feb-07	Mar-07
Lag 6																		
Lag 6 Feed	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28
Lag 6 Act	Jan-06	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	Jan-07	Feb-07	Mar-07	Apr-07	May-07
Lag 12																		
Lag 12 Feed	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Lag 12 Act	Jan-06	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	Jan-07	Feb-07	Mar-07	Apr-07	May-07
Forecast Lag 1																		
Actual Month Cumm (Hide)	17	19	19	20	21	22	23	24	25	26	27	28	29	30	30	30	30	30
Current Month ID	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Current	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Lag 12																		
Lag 12 Plus Forecast			Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	Jan-07	Feb-07	Mar-07	Apr-07
Lag 5																		
Fixed Period				1	2	3	4	5	6	7	8	9	10	11	12			
Fixed to Forecast Month																		
Lag Month																		
Lag Current 2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Lag Current 3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Lag Current 4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Lag Current 5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Lag Current 6	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Lag Current 7	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Lag Current 8	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Lag Current 9	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Lag Current 10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Lag Current 11	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Lag Current 12	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
And the Lag Currents	0	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Current (No Lag Currents) (Hide)	0	0	1	2	3	4	5	6	7	8	9	10	11	12	12	12	12	12
Final Year	Fiscal-06	Fiscal-06	Fiscal-06	Fiscal-06	Fiscal-06	Fiscal-06	Fiscal-06	Fiscal-06	Fiscal-06	Fiscal-06	Fiscal-06	Fiscal-06	Fiscal-06	Fiscal-06	Fiscal-06	Fiscal-06	Fiscal-06	Fiscal-06
DM Calc 1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Development Month																		
Generic Month	Mar	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Generic Budget Month																		
Generic CY Month																		
Generic FY Month																		

Consolidated Actuals

The twenty-fifth tab in the *Blueprint* is **Consolidated Actuals**, and is used to facilitate the rolling forecast and feed actuals into both **Consolidated P&L (000)** and **Consolidated Profit & Loss (Mth)**. It may be hidden at the discretion of the Cognos Contributor Administrator.

Step 3 Discount Unwind (Hide)	Trend Analysis	Claims Trend Analysis	Claim Type Ratios	Exchange Rates	Time Calc	Consolidated Actuals	Consolidated Profit & Loss (Mth)	Profit & Loss Report (Hide)		
Consolidated Motor - Fleet						Local Currency				
	Jul 04	Aug 04	Sep 04	Oct 04	Nov 04	Dec 04	Jan 05	Feb 05	Mar 05	Apr 05
Gross Written Premium	34,375,043	35,775,006	36,377,858	32,919,231	34,334,964	31,576,047	27,818,496	32,197,305	36,718,914	31,785,586
Unearned Premium	1,421,475	42,886	(2,029,753)	3,286,568	487,161	3,903,788	7,677,557	(132,017)	(579,778)	3,301,091
Premium Income	0	0	0	0	0	0	0	0	0	0
Gross Earned Premium	35,812,118	35,810,391	34,277,243	36,785,089	34,776,121	35,470,030	35,496,048	32,055,317	35,230,195	34,887,546
Total Reinsurance Premium	(575,832)	(337,314)	(337,818)	(200,730)	(294,900)	(283,381)	(307,407)	(307,407)	(307,407)	(307,407)
Net Earned Premium	35,141,486	35,481,175	33,939,427	35,585,159	34,481,220	35,216,529	35,188,640	31,747,910	35,031,777	33,780,239
Gross Incurred Claims	(33,624,652)	(33,636,330)	(33,187,619)	(33,828,325)	(32,987,687)	55,535,795	(36,626,178)	(33,255,910)	(36,963,438)	(35,364,813)
Total Reinsurance Recoveries	409,125	89,715	55,601	(40,524)	55,449	(573,881)	163,504	175,985	164,024	163,148
Claims Payable Reversals	0	0	0	0	0	0	0	0	0	0
Valuation Shift	0	0	0	0	0	0	0	0	0	0
Claims Handling Expense	(38,3472)	(879,312)	(387,374)	(319,656)	(814,589)	(655,537)	(725,854)	(747,331)	(947,563)	(936,084)
Net Incurred Claims	(34,890,899)	(34,418,430)	(33,025,392)	(34,465,895)	(33,416,238)	55,077,376	(37,438,100)	(33,824,746)	(37,446,756)	(36,031,549)
Total Acquisition Costs	(1,230,290)	(1,570,026)	(1,011,891)	(1,903,759)	(1,571,422)	(1,504,645)	(1,446,008)	(1,252,222)	(1,252,010)	(1,191,889)
Net Commissions	(274,189)	(536,311)	(388,237)	(493,143)	(340,761)	(350,811)	(405,522)	(355,043)	(351,515)	(355,462)
Total Commissions (Basic)	(323,480)	(559,143)	(340,000)	(453,451)	(353,441)	(341,211)	(333,670)	(297,043)	(322,324)	(325,651)
Deferred Acquisition Costs	49,291	14,812	41,732	(402)	1,630	(1,396)	(19,662)	(58,821)	71	(22,891)
LAT Adjustment	0	0	0	0	0	0	0	0	0	0
Net Other Acquisition Costs	(756,189)	(1,041,536)	(2,151,570)	(1,549,752)	(1,161,661)	(1,244,637)	(547,078)	(796,774)	(600,456)	(632,148)
Management Expenses	(2,400,675)	(2,229,343)	(2,629,594)	(2,310,719)	(2,462,327)	(3,703,962)	(2,714,797)	(2,300,773)	(2,559,509)	(2,490,683)
Total Remaining Expenses	(1,430,922)	(3,817,371)	(7,643,396)	(4,322,418)	(4,113,240)	(4,800,631)	(4,161,397)	(3,458,496)	(7,511,990)	(3,682,291)

Consolidated Profit & Loss (Mth)

The twenty-sixth tab in the *Blueprint* is **Consolidated Profit & Loss (Mth)** which may be used within the Business Intelligence portion of the model to build monthly reports based upon history. It may be hidden at the discretion of the Cognos Contributor administrator.

Step 3 Discount Unwind (Hide)	Trend Analysis	Claims Trend Analysis	Claim Type Ratios	Exchange Rates	Time Calc	Consolidated Actuals	Consolidated Profit & Loss (Mth)	Profit & Loss Report (Hide)						
Consolidated Motor - Fleet						Corporate Standard								
	Jul 06	Aug 06	Sep 06	Oct 06	Nov 06	Dec 06	Jan 07	Feb 07	Mar 07	Apr 07	May 07	Jun 07	Fiscal 07	Jul 07
Gross Written Premium	28,113	28,325	28,715	28,157	28,788	23,587	44,688	51,468	49,857	34,536	41,828	52,705	424,322	18,211
Unearned Premium	8,753	15,725	15,056	(2,350)	(1,110)	3,332	(20,225)	(27,302)	(8,036)	(3,455)	(6,476)	(26,402)	(109,707)	(5,956)
Premium Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Gross Earned Premium	19,375	20,749	21,629	23,167	24,899	26,925	24,455	24,148	30,521	31,452	33,149	33,303	314,615	35,189
Total Reinsurance Premium	(1,812)	(1,711)	(3,798)	(3,600)	(3,025)	(3,386)	(6,147)	(7,008)	(5,730)	(6,501)	(5,600)	(7,521)	(58,198)	(2,685)
Net Earned Premium	15,462	17,027	17,899	20,113	21,834	23,142	18,308	17,110	25,201	26,522	27,319	25,075	295,416	32,279
Gross Incurred Claims	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Reinsurance Recoveries	(12,881)	(11,553)	(13,191)	(12,914)	(15,636)	(16,496)	(14,071)	(13,320)	(17,020)	(16,461)	(16,525)	(16,682)	(104,776)	(16,084)
Claims Payable Reversals	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Valuation Shift	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Profit & Loss Report (Hide)

The twenty-seventh tab in the *Blueprint* is **Profit & Loss Report (Hide)** which consolidates data into one location for easy comparative reporting within the Business Intelligence layer. It may be hidden at the discretion of the Cognos Contributor administrator.

Step 3 Discount Unwind (Hide)	Trend Analysis	Claims Trend Analysis	Claim Type Ratios	Exchange Rates	Time Calc	Consolidated Actuals	Consolidated Profit & Loss (Mth)	Profit & Loss Report (Hide)				
Consolidated Motor - Fleet						Current Forecast						
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Gross Written Premium	10,626,274	12,375,877	12,3	Budget	11,543,395	7,270,625	10,295,395	11,595,516	9,931,660	12,086,867	10,660,341	
EWPP - Fleet	5,594,406	5,481,433	5,5	Price Year	5,400,656	1,149,129	1,300,182	1,281,270	1,165,294	1,418,706	1,421,028	
EWPP - Renewal	7,071,371	6,994,286	7,275,743	6,957,177	6,918,579	6,140,537	6,129,548	6,996,216	10,206,246	6,768,377	10,670,161	15,229,311
Total Exposure	19,226	17,324	17,958	16,802	16,800	15,068	13,573	20,370	21,387	19,681	22,756	30,254
Exposure - New	9,004	9,624	9,667	9,641	9,449	8,794	1,675	1,969	2,165	1,680	2,209	2,200
Exposure - Renewal	11,721	11,346	11,231	11,218	11,252	6,519	13,704	20,282	21,160	18,572	22,401	30,031
Retention Rate	113	110	111	109	109	110	75	75	75	78	80	81
Retention Rate New	109	105	109	101	100	99	75	75	75	74	76	78
Retention Rate Renewal	113	112	111	111	112	113	75	75	78	78	80	81

Insurance Product Profitability Initiatives Application

The following application is used to calculate and select the initiatives used in the *Insurance Product Profitability Application*. Since—when calculating the initiatives, many of the same processes must be used, we will note such instances and refer to relevant sections above for detailed discussion. Differences will be noted.

Initiatives

The first tab in this application is **Initiatives**, which enables users to enter as many as five unique initiatives for each product for each brand. These initiatives begin as blank slates and allow users to compare initiatives and choose which initiative or initiatives they wish to include in their forecast. In order to make an informed initiative enablement decision, it is necessary to apply the same degree of diligence as for BAU. Specifically, the same Earned Premium Calculations, Daily Phasing, and Incurred Claims calculations need to be made in order to arrive at an Insurance Trading Result or ITR by Initiative.

	Grub	JPR	Aug 06	Sept 06	Oct 06	Nov 06	Dec 06	Jan 07	Feb 07	Mar 07	Apr 07	May 07	Jun 07
Initiatives													
Commod Mod - Foot													
Initiative 1													
Enable?	Yes	Yes											
Gross Written Premium	\$ 4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Total Expense	\$ 4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
GWP - New	\$ 4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Expense - New (Net)	\$ 4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Premium - New	\$ 4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Average Premium - New	0.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0
Expense - New	0	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Endorsement Premium - New	\$ 0	0	0	0	0	0	0	0	0	0	0	0	0
Average Premium - New Endorsement	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Expense - New Endorsement	\$ 0	0	0	0	0	0	0	0	0	0	0	0	0
Endorsement Rate - New	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cancellation Premium - New	\$ 0	0	0	0	0	0	0	0	0	0	0	0	0
Average Premium - New Cancellation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Expense - New Cancellation	\$ 0	0	0	0	0	0	0	0	0	0	0	0	0
Cancellation Rate - New	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
GWP - Renewal	\$ 0	0	0	0	0	0	0	0	0	0	0	0	0
Expense - Renewal (Net)	\$ 0	0	0	0	0	0	0	0	0	0	0	0	0
Premium - Renewal	\$ 0	0	0	0	0	0	0	0	0	0	0	0	0
Average Premium - Renewal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Expense - Renewal	\$ 0	0	0	0	0	0	0	0	0	0	0	0	0
Expense - New Renewal	\$ 0	0	0	0	0	0	0	0	0	0	0	0	0
Ultimate - New Renewal	\$ 0	0	0	0	0	0	0	0	0	0	0	0	0
Lapse Premium - New Renewal	\$ 0	0	0	0	0	0	0	0	0	0	0	0	0
Lapse Expense - New Renewal	\$ 0	0	0	0	0	0	0	0	0	0	0	0	0
Lapse Rate - New Renewal	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Expense - Renewal Renewal	\$ 0	0	0	0	0	0	0	0	0	0	0	0	0
Ultimate - Renewal Renewal	\$ 0	0	0	0	0	0	0	0	0	0	0	0	0
Lapse Premium - Renewal Renewal	\$ 0	0	0	0	0	0	0	0	0	0	0	0	0
Lapse Expense - Renewal Renewal	\$ 0	0	0	0	0	0	0	0	0	0	0	0	0
Lapse Rate - Renewal Renewal	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Endorsement Premium - Renewal	\$ 0	0	0	0	0	0	0	0	0	0	0	0	0
Average Premium - Renewal Endorsement	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Expense - Renewal Endorsement	\$ 0	0	0	0	0	0	0	0	0	0	0	0	0
Endorsement Rate - Renewal	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cancellation Premium - Renewal	\$ 0	0	0	0	0	0	0	0	0	0	0	0	0
Average Premium - Renewal Cancellation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Expense - Renewal Cancellation	\$ 0	0	0	0	0	0	0	0	0	0	0	0	0
Cancellation Rate - Renewal	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Gross Earned Premium	\$ 363,803	509,509	621,310	1,189,041	1,479,452	1,808,493	2,208,212	2,301,579	2,887,471	3,123,288	3,567,123	3,290,822	
Gross Earned Premium - Renewal	\$ 363,803	509,509	621,310	1,189,041	1,479,452	1,808,493	2,208,212	2,301,579	2,887,471	3,123,288	3,567,123	3,290,822	
Net Earned Premium	\$ 0	0	0	0	0	0	0	0	0	0	0	0	0
Net Earned Premium - Renewal	\$ 0	0	0	0	0	0	0	0	0	0	0	0	0
Total Incurred Premium	\$ 186,236	123,917	289,299	648,791	936,298	1,305,488	1,697,737	1,748,996	2,339,399	2,563,699	3,083,092	3,214,674	
Proportional RI	\$ 1,829	5,084	8,219	11,820	14,750	18,685	22,082	23,014	28,877	31,253	35,671	32,888	
Proportional RI Rate	0.01%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	
Non-proportional RI	\$ 40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	
Non-proportional RI Rate	0.01%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	

By re-orientating the **Initiatives** tab, you may compare initiatives which may facilitate the decision regarding which Initiatives to include. The screen shot below compares the Product Commercial Motor – Fleet, for the Brand AMP for 2007 Fiscal Year results.

Initiatives	Difference Initiatives	Balance Sheet Initiatives	Difference Initiatives Variance	Earned Premium	
Commercial Motor - Fleet	FY 2007		AMP		
Description	Initiative 1	Initiative 2	Initiative 3	Initiative 4	Initiative 5
Enable?	Yes				
Gross Written Premium	48,000,000	0	0	0	0
Total Exposure	48,000	0	0	0	0
GWP - New	48,000,000	0	0	0	0
Exposure - New (Net)	48,000	0	0	0	0
Premium - New	48,000,000	0	0	0	0
Average Premium - New	1,000.0	0.0	0.0	0.0	0.0
Exposure - New	48,000	0	0	0	0
Endorsement Premium - New	0	0	0	0	0
Average Premium - New Endorsement	0.0	0.0	0.0	0.0	0.0
Exposure - New Endorsement	0	0	0	0	0
Endorsement Rate - New	0.00%	0.00%	0.00%	0.00%	0.00%
Cancellation Premium - New	0	0	0	0	0
Average Premium - New Cancellation	0.0	0.0	0.0	0.0	0.0
Exposure - New Cancellation	0	0	0	0	0
Cancellation Rate - New	0.00%	0.00%	0.00%	0.00%	0.00%
GWP - Renewal	0	0	0	0	0
Exposure - Renewal (Net)	0	0	0	0	0
Premium - Renewal	0	0	0	0	0
Average Premium - Renewal	0.0	0.0	0.0	0.0	0.0
Exposure - Renewal	0	0	0	0	0
Exposure - New Renewal	0	0	0	0	0
Offered - New Renewal	0	0	0	0	0
Lapse Premium - New Renewal	0	0	0	0	0
Lapse Exposure - New Renewal	0	0	0	0	0
Lapse Rate - New Renewal	0.00%	0.00%	0.00%	0.00%	0.00%
Exposure - Renewal Renewal	0	0	0	0	0
Offered - Renewal Renewal	0	0	0	0	0
Lapse Premium - Renewal Renewal	0	0	0	0	0
Lapse Exposure - Renewal Renewal	0	0	0	0	0
Lapse Rate - Renewal Renewal	0.00%	0.00%	0.00%	0.00%	0.00%
Endorsement Premium - Renewal	0	0	0	0	0
Average Premium - Renewal Endorsement	0.0	0.0	0.0	0.0	0.0
Exposure - Renewal Endorsement	0	0	0	0	0
Endorsement Rate - Renewal	0.00%	0.00%	0.00%	0.00%	0.00%
Cancellation Premium - Renewal	0	0	0	0	0
Average Premium - Renewal Cancellation	0.0	0.0	0.0	0.0	0.0
Exposure - Renewal Cancellation	0	0	0	0	0
Cancellation Rate - Renewal	0.00%	0.00%	0.00%	0.00%	0.00%
Gross Earned Premium	23,906,849	0	0	0	0
Gross Earned Premium - New	23,906,849	0	0	0	0
Gross Earned Premium - Renewal	0	0	0	0	0
Net Earned Premium	17,326,981	0	0	0	0
Total Reinsurance Premium	6,579,868	0	0	0	0
Proportional RI	239,068	0	0	0	0
Proportional RI Rate	1.00%	0.00%	0.00%	0.00%	0.00%
Non-proportional RI	480,000	0	0	0	0
Non-proportional RI Rate	1.00%	0.00%	0.00%	0.00%	0.00%
Facultative RI	3,844,800	0	0	0	0
Facultative RI Rate	8.01%	0.00%	0.00%	0.00%	0.00%
Terrorism Levy	2,016,000	0	0	0	0

BAU							
Premium - New	BAU						
Average Premium - New	1,000						
Exposure - New	100						
Enable	10						
Difference Initiatives							
	BAU	Difference Initiative 1	Difference Initiative 2	Difference Initiative 3	Difference Initiative 4	Difference Initiative 5	Difference Initiatives
Premium - New	1,000	1,800	1,200	1,000	1,000	1,000	1,000
Average Premium - New	100	150	120	100	100	100	70
Exposure - New	10	12	10	10	10	10	2
Enable		Yes	Yes	No	No	No	
Initiatives							
		Initiative 1	Initiative 2	Initiative 3	Initiative 4	Initiative 5	Initiatives
Premium - New		1,800	30	0	0	0	30
Average Premium - New		150	10				10
Exposure - New		12	3				3
Enable		No	Yes	No	No	No	
P&L							
	BAU	Difference Initiatives	Initiatives	Selected Initiatives	Total Forecast		
Premium - New	1,000	1,000	30	1,030	2,030		
Average Premium - New	100	500	10	206	135		
Exposure - New	10	2	3	5	15		

The top section is Current Forecast in BAU.

In the second section, we've brought that information into the **Difference Initiative** tab and have both changed and enabled Different Initiatives 1 and 2. Consider the math: Premium – New has gone up 800 for Difference 1 and 200 for Difference 2 for a total of 1000. Average Premium – New has risen 50 and 20 dollars respectively for a total of 70. Exposure – New has risen by 2 in Difference 1 and stayed the same in Difference 2. While it is evident that these numbers are correct, it is also clear that 2 times 70 is not 1000. However, in the **Initiatives Variance** tab, the math users want to see is just that: $2 \times 70 = 1000$.

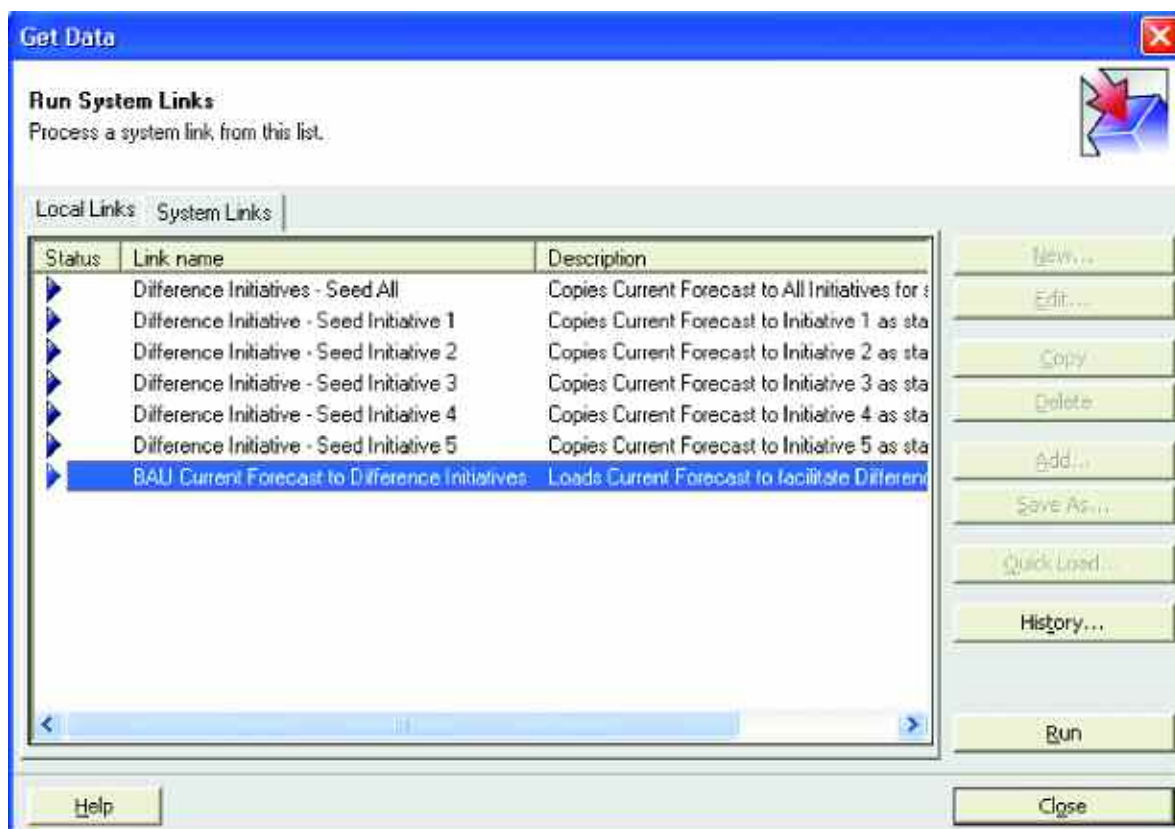
We wouldn't want to end up with this math in the **Profit & Loss** view. Instead, we back into Average – Premium to arrive at Profit & Loss Option 2. This means that, for every formula in the **Profit & Loss** statement, there is a designated derived portion.

Difference Initiatives

In tab two, **Difference Initiatives**, we begin *what-if* analysis on the Current Forecast from **BAU** (Business as Usual). The first thing we do is seed each of the 5 Difference Initiatives with the **BAU's** Current Forecast by means of a system link.

A system link in the Cognos Contributor application is a tool enabling users to move information from a tab in a source application to a tab in a target application. A system link is a pull link, rather than a push link. Links are executed on the client computer through the *Get Data* client extension

1. Click **File**, **Get Data**. (or click on the Get Data Icon)
2. Click the **System Links** tab, select the link and click **Run**.
3. To view the history of the link, click **History**.



There are seven system links available to users. The highlighted link loads Current Forecast from the BAU tab in the Insurance Product Profitability application into the Current Forecast page of the Difference Initiative tab of the Insurance Product Profitability Initiative model. The top system link seeds all five initiatives. The remaining five links seed a specifically targeted initiative. In the event someone has developed three acceptable Difference Initiatives, and makes an error on Difference Initiative 4, re-seeding all initiatives is not required. Only the fourth would need resetting to zero differences. Having now seeded the Difference Initiative with the starting point, users are now free to begin working on a difference initiative. They may create five Difference Initiatives for each brand. If they are satisfied, and wish to bring their changes through to the Profit & Loss tab, they need only enable the Initiative by selecting YES from the Enable? drop-down list. To remove a YES choice, just highlight the YES and hit Delete. Users may also enter a brief Initiative description (i.e. Increase Average Premium or Reduce Cancellation Rate on Renewals).

Initiative	Difference Initiative	Balance Sheet Initiative	Difference Initiative Variance	Earned Premium Calc Initiative	Incurred Loss Initiative	Claim Payment Table Initiative						Total B			
							Jan16	Apr16	Jul16	Oct16	Jan17	Apr17	Jul17	Oct17	Jan18
Initiative	BAU														
Enable?	Yes														
Group Written Premium	15,296	13,204	13,950	12,082	12,088	11,856	15,655	23,171	24,483	21,819	20,499	20,499	24,471	24,471	130.1
Total Exposure	1,584,488	1,410,438	1,507,520	1,582,188	1,452,028	1,410,436	795,147	949,423	1,037,137	884,884	1,105,816	1,195,155	1,395,155	1,514	15.1
Expenses - New (Net)	2,705	2,545	2,629	2,598	2,525	2,483	1,533	1,484	1,518	1,375	1,865	1,958	1,958	1,958	15.1
Provision - New	1,676,188	1,548,506	1,640,838	1,541,524	1,474,503	1,420,445	916,759	1,104,106	1,223,570	1,033,880	1,249,348	1,343,116	1,514,116	1,614,116	15.1
Average Premium - New	547.5	548.8	573.3	545.8	547.2	523.8	582.1	582.1	582.1	582.1	582.1	582.1	582.1	582.1	15.1
Expenses - Renew	2,592	2,612	2,813	2,820	2,725	2,582	1,575	1,481	1,481	1,508	2,105	2,105	2,105	2,105	15.1
Environmental Provision - Renew	15,286	4,728	15,383	8,641	18,028	24,219	24,674	24,674	24,674	24,674	24,674	24,674	24,674	24,674	15.1
Average Premium - Renew	58.7	16.7	43.5	17.1	67.4	67.4	67.4	67.4	67.4	67.4	67.4	67.4	67.4	67.4	15.1
Expenses - New Endowment	257	291	253	479	388	211	368	457	456	387	387	387	387	387	15.1
Endowment Rate - New	0.403	0.951	1.195	1.391	1.271	0.951	1.291	1.345	1.291	1.561	2.361	2.361	2.361	2.361	15.1
Cancellation Premium - New	48,889	84,224	58,445	48,889	48,889	48,889	138,222	187,138	220,542	66,302	108,484	62,302	108,484	62,302	15.1
Average Premium - New Cancellation	188.8	318.4	265.5	202.1	202.1	202.1	352.5	352.5	422.5	133.1	433.1	133.1	433.1	133.1	15.1
Expenses - New Cancellation	247	267	204	238	208	208	442	465	467	213	244	244	244	244	15.1
Cancellation Rate - New	0.151	0.187	0.135	0.151	0.141	0.141	0.281	0.281	0.281	0.191	0.211	0.191	0.211	0.191	15.1
GWPI - Renewal	7,871,871	6,894,246	7,275,743	6,857,177	6,818,519	6,148,588	8,699,259	12,387,254	14,051,514	12,236,190	14,229,830	20,462,635	22,642,635	22,642,635	123.4
Expenses - Renewal (Net)	12,593	18,775	11,529	18,212	18,075	8,402	14,521	22,882	20,442	21,634	32,513	32,513	32,513	32,513	15.1
Provision - Renewal	8,094,475	7,220,220	7,524,260	7,022,237	6,935,001	6,143,848	8,162,670	12,222,862	14,322,815	12,844,825	15,233,302	21,522,378	23,522,378	23,522,378	123.4
Average Premium - Renewal	688.0	625.5	611.0	620.4	620.4	620.4	620.4	620.4	620.4	620.4	620.4	620.4	620.4	620.4	15.1
Expenses - Renewal	12,721	11,946	12,731	11,219	11,052	9,519	16,524	23,331	25,075	22,732	25,826	31,826	31,826	31,826	15.1
Expenses - Renewal (Net)	2,588	2,248	2,563	2,229	2,288	2,929	3,532	4,131	4,472	3,236	4,643	4,643	4,643	4,643	15.1
Utilized - New Renewal	3,136	2,746	3,176	2,845	2,885	2,429	4,251	5,128	5,791	4,306	5,824	6,123	6,123	6,123	15.1
Losses - New Renewal	371,538	305,708	374,218	388,884	388,521	287,157	419,722	553,124	758,244	546,955	688,349	761,884	761,884	761,884	5.1
Losses - New Renewal (Net)	128	498	633	115	121	488	719	367	1,273	578	1,158	1,158	1,158	1,158	15.1
Losses - Renewal (Net)	30,031	18,151	13,251	21,541	20,111	18,151	18,151	18,151	18,151	18,151	18,151	18,151	18,151	18,151	15.1
Expenses - Renewal (Net)	11,214	9,598	9,788	8,998	8,884	7,888	12,991	19,700	20,587	18,996	21,184	21,184	21,184	21,184	15.1
Utilized - Renewal (Net)	12,593	11,375	11,480	10,525	10,063	8,727	14,782	22,953	24,483	22,325	24,588	24,588	24,588	24,588	15.1
Losses - Renewal (Net)	1,047,193	1,017,753	1,046,172	988,889	895,788	798,829	1,042,888	1,563,822	2,206,222	1,844,407	1,864,454	2,327,827	2,327,827	2,327,827	17.1
Losses - Renewal (Net) (Net)	1,475	1,881	1,712	1,527	1,293	1,227	1,290	2,853	3,885	3,229	3,332	4,011	4,011	4,011	15.1
Losses - Renewal (Net) (Net) (Net)	15,075	14,775	14,815	14,025	13,915	13,915	13,915	13,915	13,915	13,915	13,915	13,915	13,915	13,915	15.1
Environmental Provision - Renewal	54,032	48,327	55,752	44,241	56,673	58,437	26,641	124,889	137,323	49,263	84,975	108,889	108,889	108,889	15.1
Average Premium - Renewal Endowment	188.8	318.4	317.7	301.1	301.1	301.1	301.1	301.1	301.1	301.1	301.1	301.1	301.1	301.1	15.1
Expenses - Renewal Endowment	1,888	1,104	1,367	1,378	1,425	1,887	1,669	1,958	2,229	1,883	2,378	1,888	1,888	1,888	15.1
Endowment Rate - Renewal	0.281	0.881	0.854	1.004	1.045	1.045	0.751	1.841	1.431	1.591	1.571	1.281	1.281	1.281	15.1
Cancellation Premium - Renewal	227,436	387,101	294,416	258,268	235,115	252,275	349,388	1,040,457	1,003,884	857,267	1,070,444	1,175,224	1,175,224	1,175,224	7.1
Average Premium - Renewal Cancellation	237.2	331.8	281.7	287.8	247.7	247.7	348.8	474.4	481.1	451.8	481.7	481.7	481.7	481.7	15.1
Expenses - Renewal Cancellation	1,170	1,167	1,602	1,607	977	1,837	2,002	2,144	2,218	1,888	2,262	2,445	2,445	2,445	15.1
Cancellation Rate - Renewal	0.421	0.815	0.721	0.721	0.721	0.721	0.721	0.721	0.721	0.721	0.721	0.721	0.721	0.721	15.1
Group Earned Premium	158,829	798,884	1,594,429	2,488,428	3,126,515	3,319,474	3,852,127	4,315,850	6,189,715	7,284,200	8,257,722	10,808,419	10,808,419	10,808,419	52.1
Group Earned Premium - New	26,196	143,106	283,650	432,618	565,173	706,108	828,577	868,389	821,362	865,123	1,112,629	1,201,912	1,201,912	1,201,912	7.1
Group Earned Premium - Renewal	121,124	655,778	1,310,779	2,055,810	2,561,342	2,613,366	2,983,549	3,447,461	5,368,353	6,422,077	7,145,093	9,606,507	9,606,507	9,606,507	45.1
Net Earned Premium	(1,092,693)	(315,951)	406,300	1,331,654	2,044,954	2,873,525	2,568,722	2,571,286	4,134,881	5,579,895	6,835,346	7,647,341	7,647,341	7,647,341	33.1
Total Insurance Premium	1,250,725	1,114,416	1,188,309	1,128,075	1,122,568	1,025,550	1,291,405	1,754,363	2,055,117	1,884,504	2,122,676	2,561,078	2,561,078	2,561,078	10.1
Proportional R	1,581	7,889	15,545	24,884	31,285	38,895	38,521	43,156	61,897	73,842	87,577	100,884	100,884	100,884	15.1
Proportional R Rate	1.001	5.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	15.1
Non proportional R	54,563	82,757	88,733	83,584	82,685	75,432	94,844	132,567	158,887	171,812	154,867	216,578	216,578	216,578	1.1
Non proportional R Rate	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	15.1
Facultative R	757,488	670,882	710,772	658,585	652,311	614,219	759,637	1,051,380	1,288,584	1,645,402	1,234,888	1,724,719	1,724,719	1,724,719	11.1
Facultative R Rate	6.011	8.011	4.811	8.811	9.011	8.811	8.811	8.811	8.811	8.811	8.811	8.811	8.811	8.811	15.1

By re-orientating the Difference Initiative tab, users may compare difference initiatives side by side.

Initiatives	Difference Initiatives	Balance Sheet Initiatives	Difference Initiatives Variance	Earned Premium Calc Initiatives	Incurred	
Commercial Motor - Fleet		Jul-05		AMP		
	Current Forecast	Initiative 1	Initiative 2	Initiative 3	Initiative 4	Initiative 5
Total Exposure	15,256	15,256	15,256	15,256	15,256	15,256
GWP - New	1,315,050	1,584,406	1,315,050	1,315,050	1,315,050	1,315,050
Exposure - New (Not)	2,705	2,705	2,705	2,705	2,705	2,705
Premium - New	1,346,741	1,616,089	1,346,741	1,346,741	1,346,741	1,346,741
Average Premium - New	496.2	547.5	496.2	496.2	496.2	496.2
Exposure - New	2,962	2,962	2,962	2,962	2,962	2,962
Endorsement Premium - New	15,206	15,206	15,206	15,206	15,206	15,206
Average Premium - New Endorsement	59.2	59.2	59.2	59.2	59.2	59.2
Exposure - New Endorsement	257	257	257	257	257	257
Endorsement Rate - New	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%
Cancellation Premium - New	46,889	46,889	46,889	46,889	46,889	46,889
Average Premium - New Cancellation	189.8	189.8	189.8	189.8	189.8	189.8
Exposure - New Cancellation	247	247	247	247	247	247
Cancellation Rate - New	0.39%	0.39%	0.39%	0.39%	0.39%	0.39%
GWP - Renewal	6,016,070	7,071,871	6,016,070	6,016,070	6,016,070	6,016,070
Exposure - Renewal (Not)	12,551	12,551	12,551	12,551	12,551	12,551
Premium - Renewal	7,038,674	8,094,475	7,038,674	7,038,674	7,038,674	7,038,674
Average Premium - Renewal	513.0	589.9	513.0	513.0	513.0	513.0
Exposure - Renewal	13,721	13,721	13,721	13,721	13,721	13,721
Exposure - New Renewal	2,506	2,506	2,506	2,506	2,506	2,506
Offset - New Renewal	3,136	3,136	3,136	3,136	3,136	3,136
Lapse Premium - New Renewal	323,070	371,530	323,070	323,070	323,070	323,070
Lapse Exposure - New Renewal	630	630	630	630	630	630
Lapse Rate - New Renewal	20.08%	20.08%	20.08%	20.08%	20.08%	20.08%
Exposure - Renewal Renewal	11,214	11,214	11,214	11,214	11,214	11,214
Offset - Renewal Renewal	12,990	12,990	12,990	12,990	12,990	12,990
Lapse Premium - Renewal Renewal	910,603	1,047,193	910,603	910,603	910,603	910,603
Lapse Exposure - Renewal Renewal	1,775	1,775	1,775	1,775	1,775	1,775
Lapse Rate - Renewal Renewal	13.67%	13.67%	13.67%	13.67%	13.67%	13.67%
Endorsement Premium - Renewal	54,032	54,032	54,032	54,032	54,032	54,032
Average Premium - Renewal Endorsement	50.8	50.8	50.8	50.8	50.8	50.8
Exposure - Renewal Endorsement	1,000	1,000	1,000	1,000	1,000	1,000
Endorsement Rate - Renewal	0.39%	0.39%	0.39%	0.39%	0.39%	0.39%
Cancellation Premium - Renewal	277,436	277,436	277,436	277,436	277,436	277,436
Average Premium - Renewal Cancellation	237.2	237.2	237.2	237.2	237.2	237.2
Exposure - Renewal Cancellation	1,170	1,170	1,170	1,170	1,170	1,170
Cancellation Rate - Renewal	0.42%	0.42%	0.42%	0.42%	0.42%	0.42%
Gross Earned Premium	10,259,980	158,079	(254,287)	(254,287)	(254,287)	(254,287)
Gross Earned Premium - New	1,775,646	36,945	(31,683)	(31,683)	(31,683)	(31,683)
Gross Earned Premium - Renewal	8,984,342	121,134	(222,604)	(222,604)	(222,604)	(222,604)
Net Earned Premium	9,578,266	(1,092,676)	(1,325,866)	(1,325,866)	(1,325,866)	(1,325,866)
Total Reinsurance Premium	1,181,722	1,250,755	1,071,579	1,071,579	1,071,579	1,071,579
Proportional RI	107,600	1,581	(2,543)	(2,543)	(2,543)	(2,543)
Proportional RI Rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Non-proportional RI	81,311	94,563	81,311	81,311	81,311	81,311
Non-proportional RI Rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Facultative RI	651,303	757,448	651,303	651,303	651,303	651,303
Facultative RI Rate	8.01%	8.01%	8.01%	8.01%	8.01%	8.01%
Terrorism Levy	341,507	397,164	341,507	341,507	341,507	341,507
Terrorism Levy Rate	4.20%	4.20%	4.20%	4.20%	4.20%	4.20%

The Difference Initiatives tab is the target of BAU in bringing over the Current Forecast. It links out to Incurred Claims Initiatives and Earned Premium Calc Initiatives in order to allow for the calculation of Net Claims Paid, Balance Sheet Movements, Reserves, Prudential Margin, DAC, Premium Debtors, and Investment Income Ratio. After running through their respective calculation engines, these items are linked back from Incurred Claims Initiatives, Balance Sheet Initiatives, and Earned Premium Calc Initiatives. Having received these calculations, users may now make an informed evaluation of the proposed initiatives and determine whether they should be enabled. Upon enabling an Initiative, the link is activated to move the enabled Difference Initiatives to the Difference Initiative Calc tab.

Difference Initiative Calc

The thirteenth tab, **Difference Initiative Calc**, is where we begin the process of calculating the difference initiative that will be a result in the **Difference Initiative Variance** tab. This tab requires no user input and would most likely be hidden in a deployed application. It is viewable within the Blueprint in case users wish to explore its functionality. We have created and enabled a difference initiative in **Difference Initiative**. We link the Current Forecast and the Selected Initiatives into **Difference Initiative Calc** via an accumulation link into the Total Selected Initiatives. The number Enabled (Hide) is linked internally so we have an indicator within the **Difference Initiative Calc** dimension.

Description	Jan-07		Apr-07		Sep-07		Dec-07		Jan-08		Apr-08		Sep-08		Dec-08		Total 08
	0	1	0	1	0	1	0	1	0	1	0	1	0	1	0	1	
Enabled (Hide)	1 Enabled																
Number Enabled (Hide)	1 Enabled																
Grand Total Forecast	9,456,277	9,375,677	8,873,312	8,758,257	8,283,547	7,975,185	6,484,756	6,285,677	19,038,637	13,111,154	16,481,745	21,627,790	138				
Total Expenses	65,258	13,234	13,938	12,810	12,638	11,388	15,624	23,179	28,483	21,818	35,459	38,471					
GWP - New	1,584,435	1,481,438	1,857,509	1,502,180	1,452,028	1,400,395	785,147	943,423	7,037,377	6,649,954	1,162,915	1,195,195	15				
Expense - New (Net)	2,705	2,945	2,529	2,591	2,525	2,181	1,139	1,484	1,818	1,335	1,859	1,939					
Expense - New (Net)	1,185,068	1,580,925	1,549,831	1,541,624	1,474,500	1,402,495	916,756	1,184,103	1,233,170	303,600	1,245,249	1,242,116	15				
Average Expense - New	347.5	548.9	579.1	544.8	347.2	593.9	582.9	582.9	582.9	582.9	582.9	582.9					
Expense - New	2,982	2,827	2,933	2,830	2,725	2,282	1,070	1,569	2,088	1,558	2,158	2,138					
Endowment Forecast - New	19,255	4,729	19,193	8,641	19,329	24,215	24,674	32,423	34,189	17,375	27,052	14,420					
Average Expense - New Endowment	93.2	15.2	43.0	78.1	47.1	96.3	96.3	96.3	96.3	65.7	85.9	15.3					
Expense - New Endowment	287	291	393	478	388	291	388	497	496	382	397	371					
Endowment New - New	0.465	0.985	1.965	1.995	1.075	0.954	1.285	1.945	2.355	1.965	2.065	2.025					
Capitalization Forecast - New	45,368	58,224	59,680	48,828	45,458	42,038	155,122	187,139	230,640	55,332	181,414	62,336	1				
Average Expense - New Capitalization	181.8	540.5	309.2	379.1	377.5	277.8	392.6	467.2	477.2	409.1	437.9	430.7	1				
Expense - New Capitalization	247	267	334	230	209	249	342	426	467	219	284	710					
Capitalization New - New	0.389	0.975	0.675	0.769	0.579	0.715	1.945	1.985	2.115	1.705	1.825	1.335					
GWP - Renewal	7,271,091	6,924,246	7,275,747	6,957,177	6,895,519	6,740,530	8,695,209	12,267,254	14,091,394	12,236,190	14,239,610	20,492,636	129				
Expense - Renewal (Net)	12,593	10,779	11,329	10,712	10,075	8,880	14,521	21,897	20,849	20,694	21,624	33,913					
Expense - Renewal	8,194,475	7,233,229	7,234,396	7,072,297	6,885,005	6,730,369	8,622,676	12,222,867	14,049,895	12,044,896	14,217,986	21,122,970	129				
Average Expense - Renewal	345.9	305.5	311.0	328.4	322.5	326.6	322.9	354.9	354.9	354.9	354.9	354.9					
Expense - Renewal	12,729	11,948	12,331	11,215	11,362	10,219	16,024	23,929	25,970	22,730	22,929	34,936					
Expense - New Renewal	2,594	2,749	2,583	2,229	2,389	2,027	3,037	4,119	4,477	3,336	4,229	4,897					
Overall - New Renewal	1,125	2,746	3,176	2,585	2,369	2,429	4,291	5,118	5,791	4,336	5,524	6,723					
Liase Forecast - New Renewal	171,188	301,788	34,318	388,034	383,577	297,957	476,322	583,334	658,144	583,635	583,948	761,844	5				
Liase Expense - New Renewal	570	458	615	615	608	490	719	997	1,273	970	1,155	1,337					
Liase Ratio - New Renewal	39,006	18,176	18,255	71,646	37,116	16,735	16,913	33,466	22,146	22,935	33,826	30,706					
Expense - Renewal Renewal	11,254	3,899	3,700	6,096	9,094	7,846	12,691	15,708	20,937	18,996	21,163	30,922					
Overall - Renewal Renewal	12,368	11,379	11,480	10,528	10,363	9,122	14,182	22,323	24,403	22,325	24,520	34,927					
Liase Forecast - Renewal Renewal	1,847,189	1,017,793	1,065,172	966,690	883,766	790,525	1,042,650	1,583,022	2,256,222	1,944,407	1,564,454	3,027,627	17				
Liase Expense - Renewal Renewal	1,775	1,981	1,712	1,527	1,268	1,211	1,739	2,393	3,090	3,320	3,332	4,375					
Liase Ratio - Renewal Renewal	53,675	14,773	14,913	74,833	51,983	7,949	7,949	12,713	12,685	14,913	14,913	14,913					
Endowment Forecast - Renewal	54,892	48,127	35,782	44,241	58,820	60,437	26,847	124,949	117,823	49,261	94,915	104,899					
Average Expense - Renewal Endowment	92.9	626	207	221	334	46.4	16.6	62.9	52.9	38.7	42.9	52.4					
Expense - Renewal Endowment	1,389	1,394	1,747	1,778	1,428	1,097	1,609	1,389	2,229	1,809	2,079	1,690					
Endowment New - Renewal	0.988	0.815	0.865	1.023	1.083	0.793	1.433	1.433	1.433	1.193	1.023	1.193					
Capitalization Forecast - Renewal	179,438	387,611	294,495	258,390	295,115	292,375	949,838	1,040,457	995,834	857,987	1,079,444	1,175,234	7				
Average Expense - Renewal Capitalization	737.2	311.8	352.7	357.1	397.7	334.6	474.4	497.3	492.3	454.3	487.7	499.6					
Expense - Renewal Capitalization	1,119	1,567	1,882	1,897	1,977	1,217	2,022	2,144	2,370	1,899	2,202	2,405					
Capitalization New - Renewal	0.425	0.945	0.521	0.733	0.793	0.765	1.465	1.575	1.433	1.413	1.543	1.855					
Grand Total Forecast	95,079	293,964	1,294,476	2,458,429	3,129,815	3,030,474	3,982,127	4,395,059	6,190,716	7,364,299	6,792,722	10,036,499	52				
Grand Total Expense - New	36,949	743,188	283,690	410,915	388,179	756,194	691,677	689,369	827,362	955,129	1,752,629	1,237,312	7				
Grand Total Expense - Renewal	171,134	855,886	1,310,628	2,026,915	2,583,541	3,233,191	3,188,950	3,648,363	5,386,213	4,369,077	2,843,064	6,800,527	44				
Net Current Forecast	1,052,678	375,521	468,370	1,371,598	2,364,284	2,675,122	2,560,722	2,521,263	4,134,681	5,379,695	6,139,240	7,047,141	39				
Total Forecast Expense	1,202,770	1,114,818	1,188,188	1,178,877	1,123,589	1,039,290	1,281,405	1,794,363	2,772,113	1,864,034	2,122,575	2,941,076	16				
Proportion (H)	1.50	7.99	19.86	24.63	11.28	33.97	38.21	43.15	67.97	73.84	67.57	100.00					
Proportion (H) Rate	1.00%	1.80%	1.80%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%					

This dimension is selected as columns in a second view of the tab. Note that Number Enabled now reads 1 Enabled for each detail item in the list (those items not calculated). Since we'll later need a number for the items reading 1 Enabled, we use a conditional to get a value of 1 in the value column. The tab now calculates an item called Difference Initiatives. It looks at the detail items. If the detail item has not changed from Current Forecast, it takes the Current Forecast. Otherwise, it takes the difference between Total Selected Initiatives and Current Forecast. In the example, the Average Premium – New, the seventh item on the list, has changed from Current Forecast by 4900, so the Difference Initiative calculates 4900—the desired answer. The next item on the list is also a detail item: Exposure – New. But the item has not changed from Current Forecast, the number is 1. Premium – New is calculated, and the number in the Difference Initiative column is correct.

Description	Total Selected Initiatives	Number Enabled	Value	Current Forecast	Difference Initiatives	Flag	Flag 2	Difference Initiatives Enabled	Difference Initiatives Selected
Number Enabled (Total)	1 Enabled	1			1 Enabled				1
Item: Water Premium	8,495,777	1 Enabled	8,121,127	8,121,127	0	0	0	0	8,495,777
Total Capex	15,255	1 Enabled	15,255	15,255	0	0	0	0	15,255
GWP - New	1,584,856	1 Enabled	1,310,958	1,310,958	269,548	0	0	0	1,584,856
Exposure - New (Net)	2,705	1 Enabled	2,705	2,705	0	0	0	0	2,705
Premium - New	1,584,000	1 Enabled	1,246,741	1,246,741	269,248	0	0	0	1,584,000
Average Premium - New	547.5	1 Enabled	493.2	493.2	54.2	1.0	0.0	54.2	547.5
Exposure - New	2,952	1 Enabled	2,952	2,952	0	1	0.0	2,952	2,952
Exposure - Premium - New	15,206	1 Enabled	15,206	15,206	0	0	0	0	15,206
Average Premium - New Exposure	50.2	1 Enabled	50.2	50.2	0.0	0.0	0.0	0.0	50.2
Exposure - New Exposure	257	1 Enabled	257	257	0	0	0	0	257
Exposure - Rate - New	3,409	1 Enabled	3,409	3,409	0.00%	0.00%	0.00%	0.00%	3,409
Capitalization Premium - New	45,889	1 Enabled	45,889	45,889	0	0	0	0	45,889
Average Premium - New Capitalization	189.8	1 Enabled	189.8	189.8	0.0	0.0	0.0	0.0	189.8
Exposure - New Capitalization	247	1 Enabled	247	247	0	0	0	0	247
Capitalization Rate - New	3,300	1 Enabled	3,300	3,300	0.00%	0.00%	0.00%	0.00%	3,300
GWP - Renewal	2,871,871	1 Enabled	2,816,370	2,816,370	1,055,801	0	0	0	2,871,871
Exposure - Renewal (Net)	12,951	1 Enabled	12,951	12,951	0	0	0	0	12,951
Premium - Renewal	8,884,475	1 Enabled	7,036,574	7,036,574	1,055,801	0	0	0	8,884,475
Average Premium - Renewal	589.8	1 Enabled	572.0	572.0	17.8	0.0	0.0	76.8	589.8
Exposure - Renewal	13,721	1 Enabled	13,721	13,721	0	0	0	0	13,721
Exposure - New Renewal	2,586	1 Enabled	2,586	2,586	0	0	0	0	2,586
Overall - New Renewal	3,150	1 Enabled	3,150	3,150	0	0	0	0	3,150
Loss Exposure - New Renewal	371,530	1 Enabled	322,370	322,370	49,160	0	0	0	371,530
Loss Exposure - New Renewal	630	1 Enabled	630	630	0	0	0	0	630
Loss Rate - New Renewal	23.05%	1 Enabled	23.05%	23.05%	20.88%	1.00%	0.00%	20.88%	23.05%
Exposure - Renewal Renewal	11,214	1 Enabled	11,214	11,214	0	0	0	0	11,214
Overall - Renewal Renewal	12,950	1 Enabled	12,950	12,950	0	0	0	0	12,950
Loss Exposure - Renewal Renewal	1,047,181	1 Enabled	810,881	810,881	236,300	0	0	0	1,047,181
Loss Exposure - Renewal Renewal	1,775	1 Enabled	1,775	1,775	0	0	0	0	1,775
Loss Rate - Renewal Renewal	13.67%	1 Enabled	13.67%	13.67%	1.00%	0.00%	0.00%	13.67%	13.67%
Exposure - Premium - Renewal	54,832	1 Enabled	54,832	54,832	0	0	0	0	54,832
Average Premium - Renewal Exposure	58.8	1 Enabled	58.8	58.8	0.0	0.0	0.0	0.0	58.8
Exposure - Renewal Exposure	1,000	1 Enabled	1,000	1,000	0	0	0	0	1,000
Exposure - Rate - Renewal	0.38%	1 Enabled	0.38%	0.38%	0.00%	0.00%	0.00%	0.00%	0.38%
Capitalization Premium - Renewal	377,436	1 Enabled	377,436	377,436	0	0	0	0	377,436
Average Premium - Renewal Capitalization	227.2	1 Enabled	227.2	227.2	0.0	0.0	0.0	0.0	227.2
Exposure - Renewal Capitalization	1,170	1 Enabled	1,170	1,170	0	0	0	0	1,170
Capitalization Rate - Renewal	3.62%	1 Enabled	3.62%	3.62%	0.00%	0.00%	0.00%	0.00%	3.62%
Grand Total Premium	15,079	1 Enabled	13,792,387	13,792,387	10,670,942	0	0	0	15,079
Grand Total Premium - New	35,945	1 Enabled	1,728,710	1,728,710	0	0	0	0	35,945
New Grand Total Premium - Renewal	171,134	1 Enabled	8,964,342	8,964,342	0	0	0	0	171,134
New Grand Total Premium	7,052,676	1 Enabled	8,964,342	8,964,342	0	0	0	0	7,052,676
Total Persistence Premium	1,250,755	1 Enabled	1,131,722	1,131,722	59,633	0	0	0	1,250,755
Proportional RI	1,581	1 Enabled	1,07,588	1,07,588	106,015	0	0	0	1,581
Proportional RI Rate	1.00%	1 Enabled	1.00%	1.00%	1.00%	0.00%	0.00%	1.00%	1.00%
Nonproportional RI	34,563	1 Enabled	31,371	31,371	13,251	0	0	0	34,563
Nonproportional RI Rate	1.00%	1 Enabled	1.00%	1.00%	1.00%	0.00%	0.00%	1.00%	1.00%

The item just calculated is now linked into the Difference Initiative Movements tab with the Current Forecast.

Difference Initiative Movements

The fourteenth tab in the application is **Difference Initiative Movements**, which receives the Difference Initiative item from the **Difference Initiative Calc** tab and renames it as Difference Calc. Note however, that in this tab we have only brought in the calculated items, not the detail items. Here, we compare for calculated items the Difference Calc number with Current Forecast. If the numbers are different, we take as the Difference Initiative the new Difference Calc number. If they are the same, we return zero. In the Flag column, we calculate a 1 for each calculated item that returned a Difference Initiatives other than zero. In most cases, changing a detail item in the **Difference Initiative** tab will change a number of calculated items as the effect of the change cascades through the items on the list.

Claim Projection(Step 3)Init	General Assumptions	Technical Parameters	Difference Initiative Calc	Diff Initiatives Movements
Commercial Motor - Fleet	1/4-06	AMP		
	Difference Calc	Current Forecast	Difference Initiatives	Flag
Premium - New	269,348	1,346,741	269,348	1
Endorsement Premium - New	15,206	15,206	0	0
Exposure - New Endorsement	257	257	0	0
Cancellation Premium - New	46,009	46,009	0	0
Exposure - New Cancellation	247	247	0	0
Premium - Renewal	1,055,801	7,038,674	1,055,801	1
Offered - New Renewal	3,136	3,136	0	0
Lapse Premium - New Renewal	49,460	323,070	49,460	1
Lapse Exposure - New Renewal	630	630	0	0
Offered - Renewal Renewal	12,990	12,990	0	0
Lapse Premium - Renewal Renewal	136,590	910,603	136,590	1
Lapse Exposure - Renewal Renewal	1,775	1,775	0	0
Endorsement Premium - Renewal	54,832	54,832	0	0
Exposure - Renewal Endorsement	1,080	1,080	0	0
Cancellation Premium - Renewal	277,436	277,436	0	0
Exposure - Renewal Cancellation	1,170	1,170	0	0
Gross Earned Premium - New	(1,738,701)	1,775,646	(1,738,701)	1
Gross Earned Premium - Renewal	(8,863,207)	8,261,342	(8,863,207)	1
Proportional RI	(106,019)	107,600	(106,019)	1
Nonproportional RI	13,251	81,311	13,251	1
Facultative RI	106,144	851,303	106,144	1
Tenorem Low	55,656	341,507	55,656	1
Gross Incurred Claims	(7,200,258)	7,226,793	(7,200,258)	1
Net Incurred Claims	(7,200,265.36)	7,223,595.23	(7,200,265.36)	1.00
Incurred Dollar - New	(291,232)	297,421	(291,232)	1
Incurred Number - New	0	0	0	0
Incurred Dollar - Renewal	(1,464,597)	1,504,677	(1,464,597)	1
Incurred Number - Renewal	0	0	0	0
Claims Handling Expense	0.00	0.00	0.00	0.00
Net Commissions	93,655	566,901	93,655	1
Commission - New	10,774	52,602	10,774	1
Commission - Renewal	17,949	115,873	17,949	1
AMP Distribution Allowance	64,932	388,425	64,932	1
Net Other Acquisition Costs	0	0	0	0
Net Underwriting Result	(3,564,311)	1,787,770	(3,564,311)	1
Investment Income on Technical Reserves	45,416	0	45,416	1
Insurance Trading Result (ITR)	(3,518,896)	1,787,770	(3,518,896)	1
Insurance Trading Result (excl LT releases)	0	0	0	0
Operating Profit Before Tax and Funding	(3,518,896)	1,787,770	(3,518,896)	1
Operating Profit Before Tax	0	0	0	0
Total Expense Ratio	(66)	6	(66)	1
Combined Operating Ratio	(144)	81	(144)	1
Net Cost of New Claims (other RI)	0	0	0	0
Exposure - New [Net]	2,705	2,705	0	0
Total Operating Expenses	93,655	566,901	93,655	1
Proportional RI Recoveries	(424)	430	(424)	1
Facultative RI Recoveries	425	2,605	425	1
Nonproportional RI Recoveries	27	163	27	1

From the **Diff Initiative Movements** tab, we now link the Flag back into the **Difference Initiative Calc** tab using an allocation table that places a Flag in all the detail items for the calculations that have changed. So for the portion of the A-Table we can see, by noting that Premium – New has changed in our **Diff Initiatives Movement** tab above, one would expect a Flag to show up in “Average Premium – New” and Exposure – New” when we next look at the **Difference Initiative Calc** tab.

The screenshot shows a software window titled "[A-Table] Insurance Product Profitability BP.DiffInitiativesMovement". It features a central table with "Source" and "Target" columns, and two side panels for selecting items. The "Source" panel on the left lists various insurance-related items, and the "Target" panel on the right lists similar items. The central table contains the following data:

Source	Target
Premium - New	Average Premium - New
Premium - New	Exposure - New
Endorsement Premium - New	Average Premium - New Endorsement
Endorsement Premium - New	Endorsement Rate - New
Exposure - New Endorsement	Endorsement Rate - New
Cancellation Premium - New	Average Premium - New Cancellation
Cancellation Premium - New	Cancellation Rate - New
Exposure - New Cancellation	Cancellation Rate - New
Premium - Renewal	Average Premium - Renewal
Lapse Premium - New Renewal	Average Premium - Renewal
Lapse Premium - New Renewal	Lapse Rate - New Renewal
Lapse Exposure - New Renewal	Lapse Rate - New Renewal
Lapse Premium - Renewal	Average Premium - Renewal
Lapse Premium - Renewal Renewal	Lapse Rate - Renewal Renewal
Endorsement Premium - Renewal	Average Premium - Renewal Endorsement
Endorsement Premium - Renewal	Endorsement Rate - Renewal
Exposure - Renewal Endorsement	Endorsement Rate - Renewal
Cancellation Premium - Renewal	Average Premium - Renewal Cancellation
Cancellation Premium - Renewal	Cancellation Rate - Renewal
Exposure - Renewal Cancellation	Cancellation Rate - Renewal
Gross Incurred Claims	Total Reinsurance Recoveries

In looking at **Difference Initiative Calc** we see that the Flag has been linked into certain items, and that **Average Premium – New** and **Exposure – New** have received Flags.

The tab now calculates the last two columns. **Difference Initiatives Enabled** displays the **Difference Initiatives** for each item that has a Flag associated with it. The **Difference Initiatives Selected** returns a number from our first column for all the detail items that were Enabled.

Plan Projection Data Grid	General Assumptions	Technical Parameters	Difference Initiative Calc	Diff Initiative Movements	Tran Calc	Payment Pattern	Financial Spread Calc	Initiative Totals	
Contractual Costs - Test		ANP		/Yr					
	TAS Selected Initiative	Number Enabled	Value	Current Forecast	Difference Initiatives	Fsq	100%	Difference Initiatives Enabled	Difference Initiatives Selected
Enrollment	1	1 Enabled	0	0	0	0	0	0	0
Enroll-Total	1	1 Enabled	0	0	0	0	0	0	0
Number Enabled (Rate)	1 Enabled				1 Enabled				
Group Value Premium	4,436,277	1 Enabled	1	6,120,127	1,683,850	0	0	0	9,496,277
Total Exposure	15,256	1 Enabled	1	15,256	15,256	0	0	0	15,256
EWIP - New	1,584,406	1 Enabled	1	1,315,059	269,348	0	0	0	1,584,406
Exposure - New Init	2,705	1 Enabled	1	2,705	2,705	0	0	0	2,705
Premium - New	1,636,069	1 Enabled	1	1,346,741	289,328	0	0	0	1,616,069
Average Premium - New	547.5	1 Enabled	1.0	496.2	51.2	1.0	0.0	0.0	547.5
Exposure - New	2,902	1 Enabled	1	2,902	2,902	1	0	2,902	2,902
Endowment Premium - New	15,206	1 Enabled	1	15,206	15,206	0	0	0	15,206
Average Premium - New Endowment	53.2	1 Enabled	1.0	50.2	3.0	0.0	0.0	0.0	53.2
Exposure - New Endowment	257	1 Enabled	1	257	257	0	0	0	257
Enrollment Rate - New	0.40%	1 Enabled	1.00%	0.40%	0.40%	0.0%	0.0%	0.00%	0.40%
Cancellation Premium - New	46,889	1 Enabled	1	46,889	46,889	0	0	0	46,889
Average Premium - New Cancellation	89.8	1 Enabled	1.0	89.8	89.8	0.0	0.0	0.0	89.8
Exposure - New Cancellation	347	1 Enabled	1	347	347	0	0	0	347
Cancellation Rate - New	0.38%	1 Enabled	1.00%	0.38%	0.38%	0.0%	0.0%	0.00%	0.38%
EWIP - Renewal	2,871,071	1 Enabled	1	6,814,070	1,055,000	0	0	0	2,871,071
Exposure - Renewal Init	12,951	1 Enabled	1	12,951	12,951	0	0	0	12,951
Premium - Renewal	3,034,475	1 Enabled	1	7,038,074	1,055,000	0	0	0	3,034,475
Average Premium - Renewal	589.9	1 Enabled	1.0	512.9	76.9	1.0	0.0	76.9	589.9
Exposure - Renewal	13,721	1 Enabled	1	13,721	13,721	0	0	0	13,721
Exposure - Res Renewal	2,908	1 Enabled	1	2,908	2,908	0	0	0	2,908
EWIP - Res Renewal	1,136	1 Enabled	1	3,136	3,136	0	0	0	1,136
Group Premium - New Renewal	371,530	1 Enabled	1	323,070	48,460	0	0	0	371,530
Group Exposure - New Renewal	630	1 Enabled	1	630	630	0	0	0	630
Group Rate - New Renewal	20.80%	1 Enabled	1.00%	20.80%	20.80%	1.0%	0.0%	20.80%	20.80%
Exposure - Renewal Renewal	11,214	1 Enabled	1	11,214	11,214	0	0	0	11,214
EWIP - Renewal Renewal	12,800	1 Enabled	1	12,800	12,800	0	0	0	12,800
Group Premium - Renewal Renewal	1,941,153	1 Enabled	1	819,600	1,165,580	0	0	0	1,941,153
Group Exposure - Renewal Renewal	1,775	1 Enabled	1	1,775	1,775	0	0	0	1,775
Group Rate - Renewal Renewal	13.57%	1 Enabled	1.00%	13.67%	13.67%	1.0%	0.0%	13.67%	13.67%
Enrollment Premium - Renewal	54,832	1 Enabled	1	54,832	54,832	0	0	0	54,832
Group Premium - Renewal Endowment	93.8	1 Enabled	1.0	93.8	93.8	0.0	0.0	0.0	93.8
Exposure - Renewal Endowment	1,000	1 Enabled	1	1,000	1,000	0	0	0	1,000
Enrollment Rate - Renewal	0.29%	1 Enabled	1.00%	0.29%	0.29%	0.0%	0.0%	0.00%	0.29%
Cancellation Premium - Renewal	277,436	1 Enabled	1	277,436	277,436	0	0	0	277,436
Average Premium - Renewal Cancellation	237.2	1 Enabled	1.0	237.2	237.2	0.0	0.0	0.0	237.2
Exposure - Renewal Cancellation	1,170	1 Enabled	1	1,170	1,170	0	0	0	1,170
Cancellation Rate - Renewal	0.42%	1 Enabled	1.00%	0.42%	0.42%	0.0%	0.0%	0.00%	0.42%
Group Earned Premium	150,079	1 Enabled	1	70,729,000	(19,601,900)	0	0	0	150,079
Group Earned Premium - New	36,945	1 Enabled	1	1,275,645	(1,238,701)	0	0	0	36,945
Group Earned Premium - Renewal	7,714	1 Enabled	1	9,884,342	(8,062,267)	0	0	0	7,714
Net Earned Premium	(1,092,676)	1 Enabled	1	4,529,266	(19,670,942)	0	0	0	(1,092,676)
Total Reserve Premium	1,250,755	1 Enabled	1	1,120,222	130,533	0	0	0	1,250,755
Proportional R	1.0%	1 Enabled	1	107,600	(106,819)	0	0	0	1.0%
Proportional R Rate	1.0%	1 Enabled	1.00%	1.0%	1.0%	1.0%	0.0%	1.00%	1.0%
Nonproportional R	34,563	1 Enabled	1	85,311	(13,251)	0	0	0	34,563
Nonproportional R Rate	1.0%	1 Enabled	1.00%	1.0%	1.0%	0.0%	0.0%	1.00%	1.0%

We know have calculated all the pieces needed within the Difference Initiative Variance tab.

Difference Initiative Variance

Linked into the fourth tab, **Difference Initiative Variance**, from the **Difference Initiative Calc** tab, are Difference Initiatives Selected, Difference Initiatives Enabled, Current Forecast, and Value. The **Difference Initiative Variance** tab now calculates the Difference Initiative. It first evaluates the value column and, if it is a zero, it returns a zero for Difference Initiatives. It then compares the Difference Initiatives Selected to the Current Forecast; if the difference between these two numbers is zero, it selects the number in the column entitled Difference Initiatives Selected (Base), other-wise it calculates the answer as the Difference Initiative Selected minus Current Forecast. The numbers in the Difference Initiatives column are the P&L difference initiatives. In the application, the **Difference Initiatives** tab, where you enter and enable difference initiatives, is a writable tab. The **Difference Initiative Calc** and **Diff Initiative Movement** tabs may both be hidden as they require no user input and add nothing to user knowledge of the model.

	Jul 06	Aug 06	Sep 06	Oct 06	Nov 06	Dec 06	Jan 07	Feb 07	Mar 07
Descriptor	0	0	0	0	0	0	0	0	0
Crabbe (P&L)	1	1	1	1	1	1	1	1	1
Krabbe Enacted (P&L)									
Genus Wildern/P&L	1,305,140	1,200,204	1,256,244	1,179,411	1,158,142	1,064,057	1,407,965	1,308,739	2,151,704
Total Support	0	0	0	0	0	0	0	0	0
Genus Wildern	203,040	256,021	273,472	296,337	245,751	236,741	152,739	104,030	203,045
Genus - New Filed	0	0	0	0	0	0	0	0	0
Protein - Gen	269,340	206,021	273,472	296,337	245,751	236,741	152,739	104,030	203,045
Amorphous - New	0.2	0.3	0.0	0.1	0.2	0.0	0.0	0.4	0.0
Support - New	2,092	2,092	2,092	2,092	2,092	2,092	1,579	1,000	2,000
Customer Premium - New	0	0	0	0	0	0	0	0	0

The **Difference Initiatives Variance** tab should be available as a *Read-Only* tab with just the Difference Initiatives item viewable on this dimension. Doing so offers a view of the tab like the screen shot below.

Initiatives		Difference Initiatives		Balance Sheet Initiatives		Difference Initiatives Variance		Earned Premium Calc Initiatives		Incurred Claims Initiatives	
Commercial Motor - Fleet		Jul-06		AMP							
Description	Difference Initiatives Selected	value	Difference Initiatives Selected @ base	Current Forecast	Difference Initiatives						
Enable (Hide)	1	1		0	0						
Number Enabled (Hide)				0	0						
Gross Written Premium	9,456,277	1		8,131,127	1,325,149						
Total Exposure	15,256	1		15,256	0						
GWP - New	1,584,406	1		1,315,058	269,348						
Exposure - New (Net)	2,705	1		2,705	0						
Premium - New	1,616,089	1		1,346,741	269,348						
Average Premium - New	547.5	1.0		91.2	456.2	91.2					
Exposure - New	2,952	1		2,952	2,952	0					
Endorsement Premium - New	15,206	1		15,206	0						
Average Premium - New Endorsement	59.2	1.0		60.0	59.2	0.0					
Exposure - New Endorsement	257	1		257	0						
Endorsement Rate - New	0.40%	1.00%		0.00%	0.40%	0.00%					
Cancellation Premium - New	46,889	1		46,889	0						
Average Premium - New Cancellation	189.8	1.0		60.0	189.8	0.0					
Exposure - New Cancellation	247	1		247	247	0					
Cancellation Rate - New	0.39%	1.00%		0.00%	0.39%	0.00%					
GWP - Renewal	7,871,871	1		6,816,070	1,055,801						
Exposure - Renewal (Net)	12,551	1		12,551	0						
Premium - Renewal	8,084,475	1		7,038,674	1,055,801						
Average Premium - Renewal	589.5	1.0		76.9	513.0	76.9					
Exposure - Renewal	13,721	1		13,721	13,721	0					
Exposure - New Renewal	2,506	1		2,506	0						
Offered - New Renewal	3,136	1		3,136	0						
Lapse Premium - New Renewal	371,530	1		323,070	48,460						
Lapse Exposure - New Renewal	630	1		630	0						
Lapse Rate - New Renewal	20.08%	1.00%		20.08%	20.08%	20.08%					
Exposure - Renewal Renewal	11,214	1		11,214	0						
Offered - Renewal Renewal	12,990	1		12,990	0						
Lapse Premium - Renewal Renewal	1,047,193	1		910,603	136,590						
Lapse Exposure - Renewal Renewal	1,775	1		1,775	0						
Lapse Rate - Renewal Renewal	13.67%	1.00%		13.67%	13.67%	13.67%					
Endorsement Premium - Renewal	54,832	1		54,832	0						
Average Premium - Renewal Endorsement	50.8	1.0		60.0	50.8	0.0					
Exposure - Renewal Endorsement	1,080	1		1,080	0						
Endorsement Rate - Renewal	0.39%	1.00%		0.00%	0.39%	0.00%					
Cancellation Premium - Renewal	277,436	1		277,436	0						
Average Premium - Renewal Cancellation	237.2	1.0		60.0	237.2	0.0					
Exposure - Renewal Cancellation	1,170	1		1,170	0						
Cancellation Rate - Renewal	0.42%	1.00%		0.00%	0.42%	0.00%					
Summary											
Gross Earned Premium	158,079	1		10,759,988	(10,601,908)						
Gross Earned Premium - New	36,945	1		1,775,646	(1,738,701)						
Gross Earned Premium - Renewal	121,134	1		8,984,342	(8,863,207)						
Net Earned Premium	(1,082,676)	1		9,578,266	(10,670,942)						
Total Reinsurance Premium	1,250,759	1		1,181,722	69,033						
Proportional RI	1,581	1		107,600	(106,019)						
Proportional RI Rate	1.00%	1.00%		1.00%	1.00%	1.00%					
Non-proportional RI	94,563	1		81,311	13,251						
Non-proportional RI Rate	1.00%	1.00%		1.00%	1.00%	1.00%					
Facultative RI	757,448	1		651,309	106,144						
Facultative RI Rate	8.01%	1.00%		8.01%	8.01%	8.01%					

The **Difference Initiative Variance** tab links into the **Initiatives Transfer** tab on the Difference Initiatives page. The information on this tab can then be brought back into the Insurance Product Profitability model via a System link run by users from within that application. From there, it automatically distributes its data throughout the application into appropriate areas.

Balance Sheet Initiatives

In the third tab, **Balance Sheet Initiatives**, you will find the main differences from the original **Balance Sheet** tab are that **Balance Sheet Initiatives** has a dimension for both Initiative and Difference Initiative and a page for each of the five Initiatives. All other dimensions are the same. The links in and out of this tab serve the same function with one exception: The link from **Balance Sheet Initiatives** to **Balance Sheet** brings in all the balance sheet items for both the Initiatives and Difference Initiatives pages in **Balance Sheet** and uses the **Initiatives Transfer** tab in both applications as the conduit.

	Jan 06	Apr 06	Jul 06	Oct 06	Jan 07	Apr 07	Jul 07	Oct 07	Jan 08	Apr 08	Jul 08	Oct 08	total 08
Total Cash Reserves	2,212,302	7,238,863	10,436,310	13,329,469	15,827,700	17,993,008	19,828,543	21,328,229	22,492,565	23,329,401	23,825,328	23,991,791	23,9
Total Claims Provisions	(7,438)	(2,738)	(2,895)	(4,967)	(6,797)	(6,208)	(6,691)	(7,095)	(7,471)	(7,721)	(8,096)	(8,238)	1
Net Cash Reserves (incl of CHS)	1,747	4,500	7,541	8,362	9,030	11,785	13,137	14,233	15,021	15,608	15,729	15,753	1
CHS Reserve	(34)	(88)	(84)	(11)	(34)	(80)	(79)	(79)	(79)	(80)	(80)	(80)	1
Practical Margin	(750)	(237)	(422)	(523)	(673)	(820)	(723)	(724)	(724)	(724)	(724)	(724)	1
Accrual Prudential Margin	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Other Provisions	2,833,333	7,333,333	10,500,000	13,333,333	15,833,333	18,000,000	19,833,333	21,333,333	22,500,000	23,333,333	23,833,333	24,000,000	24,0
UPP	3,020,000	7,333,333	10,500,000	13,333,333	15,833,333	18,000,000	19,833,333	21,333,333	22,500,000	23,333,333	23,833,333	24,000,000	24,0
Premium Debtors	0	0	0	0	0	0	0	0	0	0	0	0	0
Final 2008 HSE	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0
DAE - Commission	0	0	0	0	0	0	0	0	0	0	0	0	0
DAE - Commission / (Share)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0
DAE - Commission / UPP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0
DAE - Commission / UPP (Share)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0
DAE - Commission / UPP (Share)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0
DAE - Other Acquisition Costs	0	0	0	0	0	0	0	0	0	0	0	0	0
DAE - Other Acquisition Cost (Initiative)	0	0	0	0	0	0	0	0	0	0	0	0	0
DAE - Other Acquisition / UPP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0
DAE - Other Acquisition / UPP (Share)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0
DAE - Other Acquisition / UPP (Share)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0
Practical Margin ratio	0.12%	0.12%	0.12%	0.12%	0.12%	0.12%	0.12%	0.12%	0.12%	0.12%	0.12%	0.12%	0.12%
DAE - Commission Movement	0	0	0	0	0	0	0	0	0	0	0	0	0
DAE - Other Acquisition Costs Movement	0	0	0	0	0	0	0	0	0	0	0	0	0
Invested Income Total	0.405	0.405	0.405	0.405	0.405	0.405	0.405	0.405	0.405	0.405	0.405	0.405	0
Investment Income on Cash Reserves	18,337	29,882	37,879	44,977	57,842	77,842	101,307	133,862	185,418	253,328	339,971	446,781	4
Movement in US Claims Reserve	(1,298)	(1,177)	(1,018)	(941)	(860)	(801)	(756)	(713)	(671)	(631)	(593)	(558)	1
Movement in Prudential Margin	(155)	(141)	(177)	(169)	(184)	(187)	(173)	(144)	(137)	(131)	(130)	(129)	1
Movement in CHS Reserve	(34)	(81)	(78)	(23)	(31)	(74)	(72)	(71)	(71)	(71)	(71)	(71)	1

Earned Premium Calc Initiatives

This fifth tab, **Earned Premium Calc Initiatives**, differs from **Earned Premium Calc** in that it has a dimension for both Initiative and Difference Initiative and a page for each of the five Initiatives. All other dimensions are the same, and the links in and out serve the same function.

	Aug 06	Sep 06	Oct 06	Nov 06	Dec 06	Jan 07	Feb 07	Mar 07	Apr 07	May 07	Jun 07	Final 07	Jan 08
Premium	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	40,000,000	4,000
1	0	0	0	0	0	0	0	0	0	0	0	0	0
2	0	0	0	0	0	0	0	0	0	0	0	0	0
3	0	0	0	0	0	0	0	0	0	0	0	0	0
4	0	0	0	0	0	0	0	0	0	0	0	0	0
5	0	0	0	0	0	0	0	0	0	0	0	0	0
6	0	0	0	0	0	0	0	0	0	0	0	0	0
7	0	0	0	0	0	0	0	0	0	0	0	0	0
8	0	0	0	0	0	0	0	0	0	0	0	0	0
9	0	0	0	0	0	0	0	0	0	0	0	0	0
10	0	0	0	0	0	0	0	0	0	0	0	0	0
11	0	0	0	0	0	0	0	0	0	0	0	0	0
12	0	0	0	0	0	0	0	0	0	0	0	0	0
13	0	0	0	0	0	0	0	0	0	0	0	0	0
14	0	0	0	0	0	0	0	0	0	0	0	0	0
15	0	0	0	0	0	0	0	0	0	0	0	0	0
16	0	0	0	0	0	0	0	0	0	0	0	0	0
17	0	0	0	0	0	0	0	0	0	0	0	0	0
18	0	0	0	0	0	0	0	0	0	0	0	0	0
19	0	0	0	0	0	0	0	0	0	0	0	0	0
20	0	0	0	0	0	0	0	0	0	0	0	0	0
21	0	0	0	0	0	0	0	0	0	0	0	0	0
22	0	0	0	0	0	0	0	0	0	0	0	0	0
23	0	0	0	0	0	0	0	0	0	0	0	0	0
24	0	0	0	0	0	0	0	0	0	0	0	0	0
25	0	0	0	0	0	0	0	0	0	0	0	0	0
26	0	0	0	0	0	0	0	0	0	0	0	0	0
27	0	0	0	0	0	0	0	0	0	0	0	0	0
28	0	0	0	0	0	0	0	0	0	0	0	0	0
29	0	0	0	0	0	0	0	0	0	0	0	0	0
30	0	0	0	0	0	0	0	0	0	0	0	0	0
31	0	0	0	0	0	0	0	0	0	0	0	0	0
32	0	0	0	0	0	0	0	0	0	0	0	0	0
33	0	0	0	0	0	0	0	0	0	0	0	0	0
34	0	0	0	0	0	0	0	0	0	0	0	0	0
35	0	0	0	0	0	0	0	0	0	0	0	0	0
36	0	0	0	0	0	0	0	0	0	0	0	0	0
37	0	0	0	0	0	0	0	0	0	0	0	0	0
38	0	0	0	0	0	0	0	0	0	0	0	0	0
39	0	0	0	0	0	0	0	0	0	0	0	0	0
40	0	0	0	0	0	0	0	0	0	0	0	0	0
41	0	0	0	0	0	0	0	0	0	0	0	0	0
42	0	0	0	0	0	0	0	0	0	0	0	0	0
43	0	0	0	0	0	0	0	0	0	0	0	0	0
44	0	0	0	0	0	0	0	0	0	0	0	0	0
45	0	0	0	0	0	0	0	0	0	0	0	0	0
46	0	0	0	0	0	0	0	0	0	0	0	0	0
47	0	0	0	0	0	0	0	0	0	0	0	0	0
48	0	0	0	0	0	0	0	0	0	0	0	0	0
49	0	0	0	0	0	0	0	0	0	0	0	0	0
50	0	0	0	0	0	0	0	0	0	0	0	0	0
51	0	0	0	0	0	0	0	0	0	0	0	0	0
52	0	0	0	0	0	0	0	0	0	0	0	0	0
53	0	0	0	0	0	0	0	0	0	0	0	0	0
54	0	0	0	0	0	0	0	0	0	0	0	0	0
55	0	0	0	0	0	0	0	0	0	0	0	0	0
56	0	0	0	0	0	0	0	0	0	0	0	0	0
57	0	0	0	0	0	0	0	0	0	0	0	0	0
58	0	0	0	0	0	0	0	0	0	0	0	0	0
59	0	0	0	0	0	0	0	0	0	0	0	0	0
60	0	0	0	0	0	0	0	0	0	0	0	0	0
61	0	0	0	0	0	0	0	0	0	0	0	0	0
62	0	0	0	0	0	0	0	0	0	0	0	0	0
63	0	0	0	0	0	0	0	0	0	0	0	0	0
64	0	0	0	0	0	0	0	0	0	0	0	0	0
65	0	0	0	0	0	0	0	0	0	0	0	0	0
66	0	0	0	0	0	0	0	0	0	0	0	0	0
67	0	0	0	0	0	0	0	0	0	0	0	0	0
68	0	0	0	0	0	0	0	0	0	0	0	0	0
69	0	0	0	0	0	0	0	0	0	0	0	0	0
70	0	0	0	0	0								

Incurred Claims Initiatives

The sixth tab, Incurred Claims Initiatives, has the same basic functionality as Incurred Claims. The main differences are that Incurred Claims has a dimension for both Initiative and Difference Initiative, and a page for each of the five Initiatives. Many of the feeds into this tab would be the same, links from Payment Pattern, Time Calc, and Technical Parameters would be identical. Where we previously received data from Current Year Claims or Prior Year Claims Cashflow we now receive data from Initiatives or Difference Initiatives.

	Sep-00	Oct-00	Nov-00	Dec-00	Jan-01	Feb-01	Mar-01	Apr-01	May-01	Jun-01	Jul-01	Fiscal 01	Jul-02
Gross Written Premiums	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Net Incurred Claims	(3)	(182)	(170)	(149)	(126)	(103)	(85)	(66)	(47)	(28)	(9)	(1,288)	(681)
Other Claims Measures													
Gross Cost of New Claims	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cost of New Claims	(1,368)	(1,382)	(1,394)	(1,409)	(1,421)	(1,436)	(1,450)	(1,454)	(1,477)	(1,487)	(1,504)	(1,513)	(1,529)
Claims Handling Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0

The outputs from this tab would flow back to Initiatives, Difference Initiatives, Balance Sheet Initiatives, and Claim Payment Table Initiatives. These links would be similar to the links of the Incurred Claims tab.

Following the same logic pattern as the discussion of the Claim Projections area of the model, we progress through the Initiatives version of the process in the same manner. Incurred Claims links into the Claim Payment Table Initiatives which links through steps 1 through 3 of the Claim Projections process and then links the Claim Expense Provision to the OS Claim Reserve for Initiatives back to the Incurred Claims Initiatives tab.

Claim Payment Table Initiatives

In tab seven, the main differences are that, unlike the **Claims Payment Table** tab, this seventh tab, **Claim Payment Table Initiatives**, has a dimension for both Initiative and Difference Initiative and a page for each of the five Initiatives. All other dimensions are the same as the **Claim Payment Table** tab, and the links in and out of this tab serve the same function.

Initiative	Difference Initiative	Balance Sheet Initiative	Difference Initiative Percent	Errors/Present Calc Initiative	Interest Calc Initiative	Claim Payment Table Initiative											
Commercial Auto - Fee	Difference Initiative	AMF	2-1-00	Initiative 1													
Net Cost of Plan Client	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
Rate	0.00	23,263.05	23,263.05	23,263.05	23,263.05	23,263.05	23,263.05	23,263.05	23,263.05	23,263.05	23,263.05	23,263.05	23,263.05	23,263.05	23,263.05	23,263.05	23,263.05
Total	0.00	23,263.05	23,263.05	23,263.05	23,263.05	23,263.05	23,263.05	23,263.05	23,263.05	23,263.05	23,263.05	23,263.05	23,263.05	23,263.05	23,263.05	23,263.05	23,263.05
Spread	0.00	2,229.77	2,240.68	2,251.64	3,133.98	3,148.28	3,164.65	1,222.23	1,228.21	1,234.22	527.88	538.98	535.17	292.69	293.93	295.17	148.74

Claim Projections(Step 1)Init

The main differences from Step 1 of the Claim Projections process above, **STEP1 Undisc Claim Pmts(HIDE)**, are that this eighth tab, **Claim Projections(Step 1)Init**, has a dimension for both Initiative and Difference Initiative and a page for each of the five Initiatives. All other dimensions are the same and the links in and out of this tab serve the same function.

Claim Payment Table Initiative	Claim Projections(Step 1)Init	Claim Projections(Step 2)Init	Claim Projections(Step 3)Init	Serial Assortment	Tactical Parameters	Difference Initiative Calc							
Commercial Auto - Fee	TCIS DM	Difference Initiative	AMF	Initiative 1									
AM05	Aug05	Sep05	Oct05	Nov05	Dec05	Jan06	Feb06	Mar06	Apr06	May06	Jun06	Final 06	
Claim Payment Proving Legend	21,214.78	122,262.68	246,521.36	382,180.54	488,693.45	618,938.80	689,168.64	677,922.36	672,401.36	1,162,629.77	1,372,784.05	1,573,821.95	1,242,279.
Unpaid Facts	24,298434	24,298434	24,298434	24,298434	24,298434	24,298434	24,298434	24,298434	24,298434	24,298434	24,298434	24,298434	24,298434
Unpaid Payment	-21,629.72	118,462.54	238,738.22	378,838.38	471,240.45	595,428.34	686,062.32	656,518.06	641,743.22	1,125,389.74	1,334,284.47	1,524,132.41	7,883.023

Claim Projections(Step 2)Init

In the Blueprint's ninth tab, Claim Projections(Step 2)Init, the main differences from Step 2 of the Claim Projections process above, STEP2 Disc Claim Pmts (HIDE) are that this tab has a dimension for both Initiative and Difference Initiative and a page for each of the five Initiatives. All other dimensions are the same and the links in and out of this tab serve the same function.

Claim Payment Table Initiative	Claim Projections Disc Type	Claim Projections(Step 2)Init	Claim Projections(Step 2)Init	General Dimensions	Technical Parameters	Difference Initiative Calc							
Contractual Model Filter	Difference Initiative	Initiative I	Initiative I										
Jul 06	Aug 06	Sep 06	Oct 06	Nov 06	Dec 06	Jan 07	Feb 07	Mar 07	Apr 07	May 07	Jun 07	Final 07	Jul 07
0	12,024.78	25,252.90	26,140.07	49,942.59	62,982.00	61,351.40	63,644.04	65,614.50	719,029.36	141,136.49	161,216.82	844,413.22	162,180.39
1	2,224.24	12,524.76	20,252.90	26,140.07	49,942.59	62,982.00	61,351.40	63,644.04	65,614.50	719,029.36	141,136.49	161,216.82	844,413.22
2	1,603.90	17,347.13	34,577.23	54,213.72	63,941.58	67,238.55	69,001.30	70,195.03	132,479.70	164,679.68	136,455.10	223,293.20	1,169,594.43
3	1,603.90	17,347.13	34,577.23	54,213.72	63,941.58	67,238.55	69,001.30	70,195.03	132,479.70	164,679.68	136,455.10	223,293.20	1,169,594.43
4	1,603.90	17,347.13	34,577.23	54,213.72	63,941.58	67,238.55	69,001.30	70,195.03	132,479.70	164,679.68	136,455.10	223,293.20	1,169,594.43
5	1,603.90	17,347.13	34,577.23	54,213.72	63,941.58	67,238.55	69,001.30	70,195.03	132,479.70	164,679.68	136,455.10	223,293.20	1,169,594.43
6	1,603.90	17,347.13	34,577.23	54,213.72	63,941.58	67,238.55	69,001.30	70,195.03	132,479.70	164,679.68	136,455.10	223,293.20	1,169,594.43
7	1,603.90	17,347.13	34,577.23	54,213.72	63,941.58	67,238.55	69,001.30	70,195.03	132,479.70	164,679.68	136,455.10	223,293.20	1,169,594.43
8	1,603.90	17,347.13	34,577.23	54,213.72	63,941.58	67,238.55	69,001.30	70,195.03	132,479.70	164,679.68	136,455.10	223,293.20	1,169,594.43
9	1,603.90	17,347.13	34,577.23	54,213.72	63,941.58	67,238.55	69,001.30	70,195.03	132,479.70	164,679.68	136,455.10	223,293.20	1,169,594.43
10	1,603.90	17,347.13	34,577.23	54,213.72	63,941.58	67,238.55	69,001.30	70,195.03	132,479.70	164,679.68	136,455.10	223,293.20	1,169,594.43
11	217.74	1,388.59	2,639.04	4,163.49	5,267.58	6,278.57	6,825.99	7,422.23	10,644.88	12,723.00	15,094.10	17,233.99	30,251.53
12	217.74	1,388.59	2,639.04	4,163.49	5,267.58	6,278.57	6,825.99	7,422.23	10,644.88	12,723.00	15,094.10	17,233.99	30,251.53
13	217.74	1,388.59	2,639.04	4,163.49	5,267.58	6,278.57	6,825.99	7,422.23	10,644.88	12,723.00	15,094.10	17,233.99	30,251.53
14	137.90	775.46	1,565.60	2,425.63	3,061.30	3,594.65	3,843.27	4,309.32	6,176.00	7,356.07	8,750.00	9,964.96	17,233.99
15	137.90	775.46	1,565.60	2,425.63	3,061.30	3,594.65	3,843.27	4,309.32	6,176.00	7,356.07	8,750.00	9,964.96	17,233.99
16	137.90	775.46	1,565.60	2,425.63	3,061.30	3,594.65	3,843.27	4,309.32	6,176.00	7,356.07	8,750.00	9,964.96	17,233.99
17	78.00	442.18	837.43	1,257.81	1,712.21	2,229.25	2,734.00	2,865.00	3,541.67	4,232.25	5,072.93	5,721.97	30,622.85
18	78.00	442.18	837.43	1,257.81	1,712.21	2,229.25	2,734.00	2,865.00	3,541.67	4,232.25	5,072.93	5,721.97	30,622.85
19	43.15	275.73	537.94	864.00	1,181.31	1,391.55	1,569.66	1,734.33	2,200.92	2,636.10	3,118.32	3,761.98	18,676.75
20	43.15	275.73	537.94	864.00	1,181.31	1,391.55	1,569.66	1,734.33	2,200.92	2,636.10	3,118.32	3,761.98	18,676.75
21	43.15	275.73	537.94	864.00	1,181.31	1,391.55	1,569.66	1,734.33	2,200.92	2,636.10	3,118.32	3,761.98	18,676.75
22	43.15	275.73	537.94	864.00	1,181.31	1,391.55	1,569.66	1,734.33	2,200.92	2,636.10	3,118.32	3,761.98	18,676.75
23	34.96	191.85	376.91	615.31	787.45	988.80	1,141.31	1,281.68	1,698.68	2,078.00	2,478.31	2,933.00	13,222.82
24	34.96	191.85	376.91	615.31	787.45	988.80	1,141.31	1,281.68	1,698.68	2,078.00	2,478.31	2,933.00	13,222.82
25	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AG 0	21,070.73	118,400.54	230,728.22	379,036.30	471,240.45	535,426.14	586,261.22	636,510.86	341,740.22	1,129,389.74	1,394,294.47	1,524,132.41	7,263,823.15
AG 1	18,894.38	105,878.28	213,485.41	339,895.83	421,394.47	532,446.06	574,878.82	597,675.62	842,134.64	1,066,350.38	1,193,157.38	1,362,916.49	7,138,619.57
AG 2	16,588.04	93,394.22	188,732.81	291,794.76	371,540.48	488,463.91	462,879.57	517,620.95	742,930.48	887,311.82	1,052,821.43	1,201,588.57	6,294,396.74
AG 3	13,499.15	70,607.15	153,259.32	237,941.04	302,569.53	382,226.43	375,714.14	421,445.60	604,545.38	722,431.34	856,526.20	978,486.37	5,124,612.31
AG 4	10,410.25	58,660.15	118,218.83	181,327.32	239,468.58	294,924.07	298,252.70	325,259.13	468,530.88	557,551.85	681,943.29	755,181.17	3,929,627.69
AG 5	7,329.35	45,313.32	93,280.76	139,113.50	168,429.83	207,757.31	204,403.30	223,673.21	320,585.98	382,671.92	465,953.18	529,880.76	2,778,443.44
AG 6	6,153.28	34,846.15	69,852.56	108,277.68	137,851.18	174,230.14	171,405.57	192,106.95	275,500.28	329,363.98	389,432.18	445,861.57	2,326,530.63
AG 7	4,968.28	27,879.18	56,410.16	87,441.77	111,356.73	140,702.97	138,403.77	155,139.89	222,540.58	260,536.83	315,301.18	366,161.17	1,896,432.63
AG 8	3,789.12	21,012.21	42,372.37	66,505.86	94,822.28	127,178.00	125,403.77	143,172.84	183,512.88	222,567.76	270,170.17	318,240.70	1,436,527.63
AG 9	3,081.08	18,473.08	37,249.59	57,279.71	77,520.19	102,962.81	91,481.69	102,438.64	146,318.22	179,591.88	221,809.83	267,808.44	1,249,586.44
AG 10	2,779.07	15,626.70	31,520.80	49,885.57	62,230.10	78,628.81	77,203.81	88,829.24	124,363.98	140,674.40	176,281.52	201,270.80	1,054,205.60
AG 11	2,277.08	12,797.54	25,404.81	39,395.43	49,834.83	64,266.84	63,344.93	70,993.85	101,780.34	121,637.72	144,217.10	164,726.92	862,844.87
AG 12	2,035.15	11,458.54	23,044.94	35,812.38	45,686.44	57,625.28	56,718.88	63,537.82	91,142.08	108,914.71	129,132.43	147,304.94	772,582.34
AG 13	1,797.41	10,120.35	20,485.94	31,529.57	40,278.96	50,893.69	50,893.69	56,115.20	80,495.18	96,151.69	114,047.63	130,723.95	682,341.82
AG 14	1,559.67	8,789.76	17,786.30	27,445.15	34,974.28	44,162.12	43,467.47	48,893.75	68,840.38	83,488.87	99,962.96	113,942.96	592,891.29
AG 15	1,421.77	8,085.30	16,141.30	25,018.52	31,860.95	40,257.47	39,824.19	44,307.84	63,672.58	76,888.89	90,212.83	103,348.81	539,739.28
AG 16	1,283.07	7,226.04	14,578.71	22,591.30	29,770.69	36,262.73	35,799.32	40,692.52	57,456.79	69,788.57	81,462.81	93,853.60	497,389.27
AG 17	1,145.07	6,457.38	13,010.11	20,183.77	26,680.25	32,448.04	31,937.68	35,777.71	51,320.81	61,738.45	72,712.91	83,946.11	428,837.77
AG 18	1,006.08	5,687.10	12,112.28	18,773.66	23,908.18	30,088.73	29,533.62	33,300.21	47,779.24	57,898.16	67,894.85	77,328.25	405,615.21
AG 19	967.89	5,561.82	11,214.45	17,382.95	22,135.57	27,988.54	27,528.59	30,839.21	44,237.57	52,963.96	62,675.82	71,594.38	394,993.16
AG 20	888.77	5,175.64	10,316.47	15,398.44	20,363.76	25,730.23	25,265.36	28,201.22	40,935.38	48,831.57	57,800.99	67,382.57	344,571.11
AG 21	859.57	4,839.83	9,758.67	15,125.64	19,262.44	24,338.74	23,925.51	26,825.90	38,434.38	46,081.47	54,540.67	62,168.54	326,214.36
AG 22	810.43	4,563.11	9,200.73	14,269.85	18,161.13	22,947.20	22,504.25	25,201.90	36,294.06	43,771.38	51,422.35	58,730.55	307,657.41
AG 23	810.43	4,563.11	9,200.73	14,269.85	18,161.13	22,947.20	22,504.25	25,201.90	36,294.06	43,771.38	51,422.35	58,730.55	307,657.41
AG 24	732.32	4,089.55	8,245.87	12,788.85	16,276.26	20,865.73	20,247.24	22,805.78	32,527.45	39,810.25	46,885.73	52,442.83	275,726.84
AG 25	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Claim Projections(Step 3)Init

The main differences from STEP3 Discount Unwind(HIDE), the third step in the Claim Projections Process in the Insurance Product Profitability application, are that this tenth tab, Claim Projections(Step 3)Init, has a dimension for both Initiative and Difference Initiative and a page for each of the five Initiatives. All other dimensions are the same and the links in and out of this tab serve the same function.

Claim Payment Falls Initiative	Claim Projections(Step 3)Init	Claim Projections(Step 3)Init	Claim Projections(Step 3)Init	General Assumptions	Technical Parameters	Difference Initiative Calc							
Aggregated	21,881.88	137,534.27	261,196.64	680,376.68	1,076,794.33	1,527,036.20	1,893,342.33	2,258,884.31	2,637,334.63	3,510,076.11	4,292,276.31	5,146,247.24	23.7
Monthly Discount Rate	0.030049	0.028698	0.028147	0.046196	0.050246	0.060293	0.070342	0.080391	0.090440	0.100489	0.110538	0.120587	
Power	0.81	0.82	0.83	0.84	0.85	0.86	0.87	0.88	0.89	0.90	0.91	0.92	
Claim Expense Provisions	21,881.88	137,534.27	261,196.64	680,376.68	1,076,794.33	1,527,036.20	1,893,342.33	2,258,884.31	2,637,334.63	3,510,076.11	4,292,276.31	5,146,247.24	23.7

General Assumptions

General Assumptions, the eleventh tab, is used to store the Global Assumptions used throughout the model. These assumptions are established by corporate and do not vary by product or brand. General Assumptions is a Read-Only tab and its data is used in Payment Pattern, Claim Projections(Step 3)Init, and Difference Initiative Calc.

Claim Projections(Step 3)Init	General Assumptions
	Value
Discount Rate	6.03%
Investment Income Rate (Annual)	6.00%
Investment Income Rate	0.49%
Trend Method Default	Same Period Previous Year
Aggregated	100.00
Monthly Discount Rate	1.000000
Power	1.00
Management Expenses	1

Technical Parameters

Technical Parameters, the twelfth tab, is used to store model parameters that are established by corporate. All the parameters are rates and may vary by product and brand. **Technical Parameters** stores the history parameter changes and the parameter currently in use. It is a Read-Only tab in the model. **Technical Parameters** is used in the **Incurred Claims Initiatives** tab. These parameters, by design, default to those used in the **Insurance Product Profitability** tab.

	Jul06	Aug06	Sep06	Oct06	Nov06	Dec06	Jan07	Feb07	Mar07	Apr07	May07	Jun07	Forecast07	Jul07	Aug07	Sep07	Oct07	Nov07	
Procedures RI Rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Nonprocedural RI Rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Facilities RI Rate	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
Procedures Log 1 Rate	4.20%	4.20%	4.20%	4.20%	4.20%	4.20%	4.20%	4.20%	4.20%	4.20%	4.20%	4.20%	4.20%	4.20%	4.20%	4.20%	4.20%	4.20%	4.20%
Procedures RI Reserve Rate	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%
Facilities RI Reserve Rate	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%
Nonprocedural RI Reserve Rate	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%
Procedural Margn Rate	12.20%	12.20%	12.20%	12.20%	12.20%	12.20%	12.20%	12.20%	12.20%	12.20%	12.20%	12.20%	12.20%	12.20%	12.20%	12.20%	12.20%	12.20%	12.20%
DHF Rate	2.77%	2.77%	2.77%	2.77%	2.77%	2.77%	2.77%	2.77%	2.77%	2.77%	2.77%	2.77%	2.77%	2.77%	2.77%	2.77%	2.77%	2.77%	2.77%

Time Calc

The fifteenth tab in the *Blueprint* is **Time Calc**, which provides for an automated rolling forecast and requires no input from the user. It may be hidden at the discretion of the Cognos Contributor administrator. **Time Calc** is used as an allocation table in the link `EarnedPremCalcInit(Internal)` and as a source of data for the **Difference Initiatives** and **Incurred Claims Initiatives** tabs.

	Mar06	Apr06	May06	Jun06	Jul06	Aug06	Sep06	Oct06	Nov06	Dec06	Jan07	Feb07	Mar07	Apr07	May07	Jun07	Jul07
Actual Months (Incurable)	1	1	1	1	1	1	1	1	1	1	0	0	0	0	0	0	0
Actual Months	Mar06	Apr06	May06	Jun06	Jul06	Aug06	Sep06	Oct06	Nov06	Dec06							
Forecast Months											Jan07	Feb07	Mar07	Apr07	May07	Jun07	Jul07
Current Month (Rate)																	
Pre-Close Start Month																	
Actual	Mar06	Apr06	May06	Jun06	Jul06	Aug06	Sep06	Oct06	Nov06	Dec06	Jan07	Feb07	Mar07	Apr07	May07	Jun07	Jul07
Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Lag 1	Feb06	Mar06	Apr06	May06	Jun06	Jul06	Aug06	Sep06	Oct06	Nov06	Dec06	Jan07	Feb07	Mar07	Apr07	May07	Jun07
Lag 1 Forecast	29	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36
Lag 1 Act	Feb06	Mar06	Apr06	May06	Jun06	Jul06	Aug06	Sep06	Oct06	Nov06							
Lag 2	Sep05	Oct05	Nov05	Dec05	Jan06	Feb06	Mar06	Apr06	May06	Jun06	Jul06	Aug06	Sep06	Oct06	Nov06	Dec06	Jan07
Lag 2 Forecast	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
Lag 12 Forecast	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
Forecast Lag 1											Jan07	Feb07	Mar07	Apr07	May07	Jun07	Jul07
Actual Months Cum (Rate)	21	22	23	24	25	26	27	28	29	30	30	30	30	30	30	30	30
Current Month (Rate)	0	0	0	0	0	0	0	0	0	0	31	31	31	31	31	31	31
Lag 12	Mar06	Apr06	May06	Jun06	Jul06	Aug06	Sep06	Oct06	Nov06	Dec06							
Lag 12 Plan Forecast	Mar06	Apr06	May06	Jun06	Jul06	Aug06	Sep06	Oct06	Nov06	Dec06	Jan07	Feb07	Mar07	Apr07	May07	Jun07	Jul07
Lag 12	3	4	5	6	7	8	9	10	11	12							
Trend to Forecast Months											1	2	3	4	5	6	7
Last Month											Actual						
Lag Current 2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Lag Current 3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Lag Current 4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Lag Current 5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Lag Current 6	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Lag Current 7	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Lag Current 8	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Lag Current 9	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Lag Current 10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Lag Current 11	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Lag Current 12	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Add the Lag Currents	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Cumulative Lag Currents (Rate)	3	4	5	6	7	8	9	10	11	12	12	12	12	12	12	12	12
Plan/Act	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
DHF Calc 1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Development Month											0	1	2	3	4	5	6
Historic Month	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Historic Budget Month					Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Historic CY Month					Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Historic FY Month											Jan	Feb	Mar	Apr	May	Jun	Jul

Payment Pattern

The sixteenth tab of the *Blueprint*, **Payment Pattern**, is where Discounted Pay Pattern is entered. This number may be entered by users or be pre-loaded by actuaries. In the event that **Payment Pattern** is pre-entered, the tab may be hidden or set to *Read-Only*. Discounted Pay Pattern is the payment pattern of the undiscounted claims cashflows. For a detailed explanation of Discounted Pay Pattern see the side bar on page 33.

The **Payment Pattern** tab calculates Development Month, then uses it and Discounted Pay Pattern to arrive at the Undiscounted PayPattern.

The **Payment Pattern** tab has Discount Rate linked into it from the **General Assumptions** tab. Discount Rate is converted to a Monthly Discount Rate; then Monthly Discount Rate is used to calculate the Unwind Factor.

Unwind Factor is the number applied to Claims Payment Phasing to arrive at an Unwound Payment, that is, the Undiscounted Cost of the Claim.

The information calculated in this tab is used by a number of other tabs throughout the model. It feeds Development Month to the **Premium Spread Calc**, which is then used in calculating Earned and Unearned Premiums.

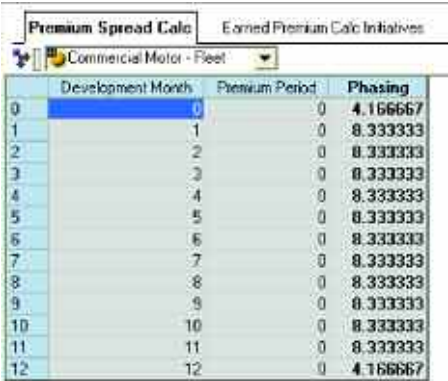
The Undiscounted Pay Pattern is used in the **Claim Payment Tables Initiatives**, the total of the Undiscounted Pay Pattern is used within the **Incurred Claims Initiatives** tab, the Unwind Factor is used in the first step of the **Claim Projections(Step 1)Init** tab, while Monthly Discount Rate and Power are used in the third step of **Claim Projections**. All of these calculations have been discussed above. Please refer to the **Claim Payment Pattern** tab in the Insurance Product Profitability portion of this Implementation Guide.

	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14
DM 00 (Hide)															
Development Month	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Discounted Pay Pattern	0.07%	0.07%	0.07%	13.35%	11.25%	13.20%	0.00%	0.00%	0.00%	0.00%	2.17%	2.17%	2.17%	1.00%	1.00%
25-240 Discounted Pay Pattern (Net Fmt)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Undiscounted Pay Pattern	0.07%	0.54%	0.60%	13.46%	13.54%	13.61%	0.00%	0.00%	0.00%	0.00%	2.27%	2.28%	2.28%	1.00%	1.00%
Discount Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Monthly Discount Rate	1.00403%	1.00403%	1.00403%	1.00403%	1.00403%	1.00403%	1.00403%	1.00403%	1.00403%	1.00403%	1.00403%	1.00403%	1.00403%	1.00403%	1.00403%
Unwind Factor	0.997563	0.992700	0.987836	0.982972	0.978108	0.973244	0.968380	0.963516	0.958652	0.953788	0.948924	0.944060	0.939196	0.934332	0.929468
Unwind Factor (e.g.-1)	0.002437	0.007299	0.012164	0.017028	0.021892	0.026756	0.031620	0.036484	0.041348	0.046212	0.051076	0.055940	0.060804	0.065668	0.070532
Power	0.50	1.50	2.50	3.50	4.50	5.50	6.50	7.50	8.50	9.50	10.50	11.50	12.50	13.50	14.50

The Discounted Pay Pattern may cover from 1 to 241 periods. Since we are doing a 24-month forecast, development months 25 to 240 are accounted for in the 25th development month of the model.

Premium Spread Calc

The seventeenth tab of the *Blueprint*, **Premium Spread Calc**, offers the ability to enter Premium Period, the “cover period”, the number of months the Premium is to be spread over. The Premium Spread will be the same here, as the selection made in **Premium Spread Calc** in the *Insurance Product Profitability* application. The phasing calculated in this tab is used in the **Earned Premium Calc Initiatives** tab.



The screenshot shows a software window titled "Premium Spread Calc" with a sub-tab "Earned Premium Calc Initiatives". Below the title bar, there is a dropdown menu showing "Commercial Motor - Fleet". The main area contains a table with the following data:

	Development Months	Premium Period	Phasing
0	0	0	4.166667
1	1	0	8.333333
2	2	0	8.333333
3	3	0	8.333333
4	4	0	8.333333
5	5	0	8.333333
6	6	0	8.333333
7	7	0	8.333333
8	8	0	8.333333
9	9	0	8.333333
10	10	0	8.333333
11	11	0	8.333333
12	12	0	4.166667

Initiatives Transfer

The eighteenth and final tab in the Blueprint is Initiatives Transfer, which serves as the interface between the Insurance Product Profitability Initiatives application and the Insurance Product Profitability model. It is the source of the Initiatives selected for the Insurance Product Profitability model. The Contributor application administrator may elect to hide this tab from the user.

Claim Position (Top Grid)	General Assumptions	Technical Parameters	Difference Initiative Calc	DR Initiative Movements	Time Calc	Payment Pattern	Premium Spread Calc	Initiatives Transfer
Country/Model - Floor	01 06	AMP						
Good Written Premium	5,131,128	Difference Initiatives	1,325,140	Initiatives				4,805,988
Total Exposure	15,246		0					15,246
Exp - New	1,015,950		(69,345)					946,605
Exp - New Natl	2,735		0					2,735
Premium - New	1,346,741		(69,345)					1,277,396
Average Premium - New	496.2		51.2					547.4
Exp - Renew	2,852		2,952					5,804
Endowment Premium - New	15,236		0					15,236
Average Premium - New Endowment	59.2		0.0					59.2
Exp - New Endowment	257		0					257
Endowment Rate - New	0.40%		0.00%					0.40%
Cancellation Premium - New	16,889		0					16,889
Average Premium - New Cancellation	109.6		0.0					109.6
Exp - New Cancellation	247		0					247
Cancellation Rate - New	0.20%		0.00%					0.20%
GWP - Renewal	5,816,870		1,657,809					7,474,679
Exp - Renewal (Nat)	(1,551)		0					(1,551)
Premium - Renewal	1,938,674		1,655,908					3,594,582
Average Premium - Renewal	613.6		75.5					689.1
Exp - Renewal	12,721		0					12,721
Exp - New Renewal	2,588		0					2,588
Offered - New Renewal	3,136		0					3,136
Logic Premium - New Renewal	325,670		49,400					375,070
Logic Exposure - New Renewal	630		0					630
Logic Rate - New Renewal	20.68%		20.68%					20.68%
Exp - Renewal Renewal	11,214		0					11,214
Offered - Renewal Renewal	12,380		0					12,380
Logic Premium - Renewal Renewal	90,600		102,590					193,190
Logic Exposure - Renewal Renewal	1,775		0					1,775
Logic Rate - Renewal Renewal	13.67%		13.67%					13.67%
Endowment Premium - Renewal	54,822		0					54,822
Average Premium - Renewal Endowment	50.11		0.0					50.11
Exp - Renewal Endowment	1,880		0					1,880
Endowment Rate - Renewal	0.39%		0.00%					0.39%
Cancellation Premium - Renewal	277,436		0					277,436
Average Premium - Renewal Cancellation	237.2		0.0					237.2
Exp - Renewal Cancellation	1,170		0					1,170
Cancellation Rate - Renewal	0.42%		0.00%					0.42%
Good Earned Premium	10,730,880		(1,020,588)					9,710,292
Good Earned Premium - Natl	1,775,846		(1,738,701)					37,145
Good Earned Premium - Renewal	(984,962)		(1,062,107)					(1,046,609)
Net Earned Premium	9,570,256		(1,070,942)					8,499,314
Total Reinsurance Premium	1,181,712		69,030					1,250,742
Proportional R	1,07,880		(106,618)					1,012
Proportional R Rate	1.00%		1.08%					1.08%
Non-proportional R	61,311		13,293					74,604
Non-proportional R Rate	1.00%		1.00%					1.00%
Facultative R	65,100		105,144					170,244
Facultative R Rate	6.01%		6.91%					8.92%
Recess Levy	34,167		65,695					99,862
Recess Levy Rate	4.30%		4.30%					4.30%

There are no selections made within the *Insurance Product Profitability Initiatives* application for this tab as it defaults to selections made in the *Insurance Product Profitability* portion of the *Blueprint*.

Contributors to the application plan in their local currency, and any conversion takes place within the target application.

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