John Hancock Life Insurance Company (U.S.A.)
Actuarial Memorandum for Inforce Rate Increase – Custom Care II 2007
July 20, 2026

Product Name	Form Number	Issue Date Range
Custom Care II (2007)	LTC-03 MD (2007)	Nov 2007 - Jan 2010

These policy form rates were originally priced with a margin for moderately adverse experience in accordance with the NAIC model rate stability regulations which were being implemented on a State by State basis during the time of our initial rate filing.

1. Scope & Purpose

This memorandum consists of materials which support the development of new premium rates for the above captioned policy series forms. The purpose of this memorandum is to demonstrate that the requirements of this State in regards to an in force rate increase request have been met. This rate filing is not intended to be used for any other purpose.

2. Requested Rate Increase

The Company is requesting a flat rate increase of 65.9%. The rate increase was determined as the amount needed to meet the target loss ratio from our prior filing, based on nationwide experience through 2024 and projected future experience, reflecting the timing and history of the state's rate increases. The resulting overall increase in rates satisfies the rate stability rule, as the lifetime loss ratio after the rate increase exceeds 85%.

In the rate schedules by policy form, **Appendix B1** contains the new proposed rate tables for all policy forms included with this filing.

Please note that the actual rates implemented may vary slightly from those in the Appendices due to implementation rounding algorithms.

Exhibit 1 contains nationwide past premium and claims experience as well as future premium and claim projections, where all premiums reflect the timing and history of the state's rate increases. All policies are included with the exception of limited pay policies, which are a small proportion of our business as seen in the State and Nationwide Distribution of Business section. Waived premiums are not included.

Exhibit 1 also contains the original expected loss ratio projections, adjusted for the actual mix of business issued.

The lifetime loss ratio as of 12/31/2024 is calculated as the sum of accumulated past and discounted future claims divided by the sum of accumulated past and discounted future earned premium where accumulation and discounting occur at the maximum statutory valuation discount rate. The maximum statutory valuation discount rate is 4.0%.

The exhibit illustrates that the anticipated lifetime loss ratio with the requested rate increase is 86.3%, which exceeds the original pricing loss ratio (determined at the maximum statutory valuation rate for consistency with the rate increase request) of 85.6%.

Furthermore, **Exhibit 1** demonstrates that the calculated loss ratio respects the rate stability form requirement:

The sum of the accumulated value of incurred claims without the inclusion of active life reserves, and the present value of future projected incurred claims, without the inclusion of active life reserves, will not be less than the sum of the following:

1. Accumulated value of the initial earned premium times the greater of the original assumed lifetime loss ratio and 58%,
2. Accumulated value of prior premium rate schedule increases times the greater of the original assumed lifetime loss ratio and 85%,
3. Present value of future projected initial earned premium times the greater of the original assumed lifetime loss ratio and 58%, and
4. Present value of future projected premium in excess of the projected initial earned premium times the greater of the original assumed lifetime loss ratio and 85%.

Detail on assumptions and recent analysis is provided in **Addendum #1 - Assumptions and Analysis Performed**.

3. Nationwide Loss Ratio Exhibit (Exhibit 1)

Custom Care II (LTC-03) - 2007 Rates

		Original Assumptions			With Current Assumptions			Historical and Projected Experience With Proposed Rate Increase		
	Calendar Year	Incurred Claims	Earned Premium	Incurred Loss Ratio	Incurred Claims	Earned Premium	Incurred Loss Ratio	Incurred Claims	Earned Premium	Incurred Loss Ratio
	1999	-	-	0%	-	266	0%	-	266	0%
	2000	-	-	0%	-	3,188	0%	-	3,188	0%
	2001	-	-	0%	-	3,188	0%	-	3,188	0%
	2002	-	-	0%	-	4,726	0%	-	4,726	0%
	2003	-	-	0%	-	9,205	0%	-	9,205	0%
	2004	-	-	0%	-	9,205	0%	-	9,205	0%
	2005	-	-	0%	-	12,350	0%	-	12,350	0%
Historical	2006	-	-	0%	-	37,190	0%	-	37,190	0%
Experience	2007	6,679	2,486,464	0%	-	2,794,415	0%	-	2,794,415	0%
	2008	619,926	31,902,852	2%	129,183	33,125,319	0%	129,183	33,125,319	0%
	2009	1,670,547	44,056,424	4%	1,754,177	43,656,469	4%	1,754,177	43,656,469	4%
	2010	2,980,461	46,809,552	6%	1,253,047	45,929,046	3%	1,253,047	45,929,046	3%
	2011	4,309,478	45,991,098	9%	1,497,630	44,816,312	3%	1,497,630	44,816,312	3%
	2012	5,644,779	45,076,302	13%	4,174,822	42,164,332	10%	4,174,822	42,164,332	10%
	2013	6,520,605	44,189,314	15%	5,778,151	44,887,363	13%	5,778,151	44,887,363	13%
	2014	7,377,388	43,268,149	17%	6,446,386	45,441,293	14%	6,446,386	45,441,293	14%
	2015	8,505,081	42,293,181	20%	6,950,819	44,482,175	16%	6,950,819	44,482,175	16%
	2016	9,833,871	41,267,096	24%	7,979,138	43,526,241	18%	7,979,138	43,526,241	18%
	2017	11,352,801	40,183,290	28%	9,261,341	43,312,437	21%	9,261,341	43,312,437	21%
	2018	12,654,427	39,049,415	32%	13,088,769	44,942,568	29%	13,088,769	44,942,568	29%
	2019	14,184,483	37,863,129	37%	14,544,154	45,332,729	32%	14,544,154	45,332,729	32%
	2020	16,198,348	36,627,550	44%	15,487,517	43,815,058	35%	15,487,517	43,815,058	35%
	2021	18,549,530	35,342,629	52%	14,098,121	41,679,426	34%	14,098,121	41,679,426	34%
	2022	21,132,580	34,010,787	62%	21,774,648	39,540,102	55%	21,774,648	39,540,102	55%
	2023	23,772,141	32,630,441	73%	22,099,797	38,009,729	58%	22,099,797	38,009,729	58%
	2024	26,799,581	31,198,657	86%	31,550,252	37,980,948	83%	31,550,252	37,980,948	83%
	2025	30,316,764	29,715,689	102%	38,263,817	41,410,289	92%	38,263,817	41,410,289	92%
	2026	33,908,323	28,183,925	120%	41,752,068	43,400,579	96%	41,752,068	43,400,579	96%
	2027	37,386,731	26,617,538	140%	47,156,467	41,836,617	113%	46,755,637	65,622,688	71%
	2028	40,955,321	25,020,801	164%	52,885,504	39,953,168	132%	51,986,451	65,147,581	80%
	2029	44,663,363	23,387,699	191%	57,977,349	37,926,546	153%	56,991,734	61,842,973	92%
	2030	48,384,106	21,719,793	223%	63,040,388	35,812,501	176%	61,968,702	58,395,814	106%
	2031	51,581,752	20,024,698	258%	68,968,704	33,623,468	205%	67,796,236	54,826,380	124%
Projected	2032	54,133,187	18,327,260	295%	74,707,135	31,369,149	238%	73,437,114	51,150,491	144%
Future	2033	56,040,308	16,661,761	336%	80,040,163	29,083,420	275%	78,679,480	47,423,385	166%
Experience	2034	57,616,854	15,053,222	383%	84,726,555	26,788,421	316%	83,286,204	43,681,162	191%
	2035	58,922,233	13,514,414	436%	88,705,827	24,510,242	362%	87,197,828	39,966,367	218%
	2036	59,418,271	12,053,831	493%	91,808,417	22,263,384	412%	90,247,674	36,302,644	249%
	2037	59,087,972	10,685,153	553%	93,859,654	20,068,503	468%	92,264,040	32,723,674	282%
	2038	58,267,530	9,415,346	619%	94,677,456	17,927,201	528%	93,067,939	29,232,070	318%
	2039	57,036,665	8,246,543	692%	94,189,043	15,865,126	594%	92,587,829	25,869,652	358%
	2040	55,386,464	7,178,317	772%	92,621,877	13,935,600	665%	91,047,305	22,723,371	401%
	2041	52,959,632	6,209,270	853%	90,155,145	12,161,952	741%	88,622,508	19,831,262	447%
	2042	49,951,246	5,342,512	935%	86,887,342	10,547,607	824%	85,410,258	17,198,914	497%
	2043	46,774,827	4,574,729	1022%	82,955,671	9,091,639	912%	81,545,425	14,824,813	550%
	2044	43,549,469	3,899,299	1117%	78,438,904	7,787,804	1007%	77,105,443	12,698,782	607%
	2045	40,351,618	3,308,641	1220%	73,507,180	6,629,006	1109%	72,257,558	10,809,248	668%
	2046	36,939,328	2,795,122	1322%	68,213,406	5,607,527	1216%	67,053,778	9,143,626	733%
	2047	33,427,347	2,354,274	1420%	62,760,472	4,714,619	1331%	61,693,544	7,687,651	803%
	2048	30,142,214	1,978,354	1524%	57,221,469	3,940,453	1452%	56,248,704	6,425,298	875%
	2049	27,184,450	1,659,267	1638%	51,706,731	3,274,262	1579%	50,827,717	5,339,007	952%
	2050	24,537,875	1,389,464	1766%	46,291,109	2,705,481	1711%	45,504,160	4,411,554	1031%
	2051	21,968,525	1,162,077	1890%	41,129,709	2,223,871	1849%	40,430,504	3,626,241	1115%

Note: Please refer to the Actuarial Memorandum, section "Ensuring No Cross-Subsidization Between States", for adjustments made to experience exhibits

Values as of 12/31/2024 (discounted at maximum statutory valuation rates)

	Incurred Claims	Earned Premium	Incurred Loss Ratio	Incurred Claims	Earned Premium	Incurred Loss Ratio	Incurred Claims	Earned Premium	Incurred Loss Ratio
Past :	239,126,922	974,294,171	24.5%	216,713,858	1,034,719,081	20.9%	216,713,858	1,034,719,081	20.9%
Future :	804,399,768	245,086,805	328.2%	1,223,632,533	407,910,687	300.0%	1,204,501,258	611,374,172	197.0%
Lifetime :	1,043,526,689	1,219,380,976	85.6%	1,440,346,390	1,442,629,767	99.8%	1,421,215,116	1,646,093,253	86.3%

Total Incurred Claims exceed Total Initial Premiums x max(58%, Original Pricing Loss Ratio) + Increased Premiums x max(85%, Original Pricing Loss Ratio)

	-		Accum Value of Past Initial Prm x 85.6% =	781,232,853
Minimum (Accum Value of Past Incurred Claims, Accum Value of Adjusted Expected Incurred Claims)	216,713,858		Present Value of Future Initial Prm x 85.6% =	199,925,917
			Accum Value of Prior Increases x 85.6% =	104,263,147
Present Value of Future Incurred Claims =	1,204,501,258		Present Value of Future Increases x 85.6% =	323,278,298
Total =	1,421,215,116	>=	Total =	1,408,700,215

Total Incurred Claims exceed Total Initial Premiums x max(60%, Original Pricing Loss Ratio) + Increased Premiums x max(80%, Original Pricing Loss Ratio)

	-		Accum Value of Past Initial Prm x 85.6% =	781,232,853
Minimum (Accum Value of Past Incurred Claims, Accum Value of Adjusted Expected Incurred Claims)	216,713,858		Present Value of Future Initial Prm x 85.6% =	199,925,917
			Accum Value of Prior Increases x 85.6% =	104,263,147
Present Value of Future Incurred Claims =	1,204,501,258		Present Value of Future Increases x 85.6% =	323,278,298
Total =	1,421,215,116	>=	Total =	1,408,700,215

4. Proposed Effective Date

New rates will not be effective until after the completion of prior rate increases for all policyholders with product forms listed in this memo. These rates will be effective on the next policy anniversary date after completion, following at least a 90 day policyholder notification period. The assumed effective date used to calculate the rate increase is 01/01/2027.

5. History of Previous Rate Revisions

An average rate increase of 14.4% on these policy forms was accepted by your state on September 13, 2012.

An average rate increase of 0.9% on these policy forms was accepted by your state on September 11, 2013.

An average rate increase of 15.6% on these policy forms was accepted by your state on April 13, 2018.

An average rate increase of 30.1% on these policy forms was accepted by your state on March 27, 2024.

6. Reduced Benefit Options (RBOs)

If the full or substantial portion of the rate increase request is approved and per the state's agreement, we will file the following additional options which provide policyholders alternatives to the rate increase :

- ***Inflation Landing Spots***
  Future inflation options (also referred to as "landing spots") allow policyholders that have Compound or Simple inflation coverage the option to offset the rate increase. Under these options, the policyholders get to keep their current accumulated Daily benefit and their current remaining Lifetime Maximum Benefit, but the future indexation rate will be reduced to a level which is actuarially equivalent to the requested rate increase in aggregate, where possible. These options are not available to limited pay policies or policyholders who have elected three prior inflation reductions.

- ***Shared Cost Option***
  Shared Cost option is an actuarially equivalent option that allows policyholders the option to offset the rate increase. The Shared Cost option would:

  - Reduce the policyholder's current policy benefit amounts by their Shared Cost percentage. The daily/monthly benefit and the policy limit will be reduced by the Shared Cost percentage
  - Apply a percentage factor to any future claim payments equal to the Shared Cost percentage. John Hancock will pay our portion (1 minus the Shared Cost percent) of any covered services, but will not pay more than the new reduced daily/monthly benefit amount and the policyholder will be responsible for the remainder.

  Shared Cost Percentages are calculated using seriatim, nationwide data for each benefit period, inflation type and issue age band combination. All Shared Cost percentages are determined to be actuarially equivalent to the requested rate increases by combination of 5-year issue age band, benefit period and inflation type. The Shared Cost option is not available to limited pay policies or policyholders who have elected two prior Shared Cost options.

- ***Voluntary Enhanced Paid-Up Policy Option***
  For those who choose to stop paying premiums, this option will be a paid-up policy with a policy limit equal to the lesser of the current policy limit and 150% of premiums paid less any benefits received.

The premium rate tables reflecting these options will be filed upon request following a full or substantial approval.

7. State Policyholder Counts & Average Annual Premium

The table below summarizes the number of policies inforce that could be affected by the rate increase in your state and their annualized premiums, as well as the average annual premium per policy before and after the requested increase.

Counts and premiums are based on policies inforce as of 12/31/2024. Premium-paying policies as well as policies on claim are included, since although the premium for policies on claim is currently waived, they could be subject to the rate increase upon recovery. Paid-up policies and policies which have exercised the nonforfeiture benefit option are excluded.

Form	Number of Policies	2024 Annualized Premium*	2024 Average Annual Premium Before the rate increase*	2024 Average Annual Premium After the rate increase
LTC-03 MD (2007)	953	4,041,335	4,240	7,034

*Premiums reflect the rate increases approved in prior filing(s), including approvals where implementation is not yet complete

8. State and Nationwide Distribution of Business as of December 31, 2024

The state-specific and nationwide distribution of business for policyholders impacted by the rate increase is shown below by inflation type, benefit period, and issue age. The breakdown of business by Premium Payment Option is also included to show the number of policyholders no longer paying premiums due to nonforfeiture election or paid-up status.

Inflation Type

State	GPO	Simple	Compound	5%/3% Compound	Total
NW	15%	27%	52%	7%	100%
MD	10%	29%	61%	0%	100%
NW	1,961	3,563	6,926	985	13,435
MD	99	275	579	0	953

Benefit Period

State	1 yr	2 yr	3 yr	4 yr	5 yr	6 yr	10 yr	Lifetime	Total
NW	0%	9%	29%	24%	22%	7%	3%	6%	100%
MD	0%	8%	34%	24%	20%	7%	3%	4%	100%
NW	1	1,201	3,929	3,211	2,889	998	457	749	13,435
MD	0	77	327	225	187	71	29	37	953

Issue Age

State	< 40	40-44	45-49	50-54	55-59	60-64	65-69	70-74	75-79	80+	Total
NW	1%	2%	5%	14%	27%	31%	15%	3%	1%	0%	100%
MD	1%	3%	4%	17%	27%	30%	14%	3%	0%	0%	100%
NW	148	208	699	1,931	3,665	4,205	2,036	465	75	3	13,435
MD	9	26	41	162	253	289	135	33	4	1	953

Premium Payment Option

State	Lifetime Pay	On Claim	Limited Pay	NFO*	Limited Pay, Paid Up*	Survivorship Waiver of Premium*	Total
NW	89%	3%	0%	4%	4%	0%	100%
MD	92%	3%	0%	0%	5%	0%	100%
NW	13,032	376	27	552	551	37	14,575
MD	924	26	3	4	46	4	1,007

*Policies not included in distributions by count shown above as they are not impacted by the rate increase.

9. Benefit Description(s)

A brief policy description for each of the policy forms:

LTC-03 MD (2007)
Individually underwritten long-term care policies that provide comprehensive long-term care coverage for care received in a nursing home or assisted care living facility, home health care, hospice care, respite care, or attendance at an Adult Day Care Center providing Adult Day Care.

Provides reimbursement of covered long-term care expenses incurred after an elected elimination period is met, up to the maximum daily/monthly amount. The benefit eligibility is determined based on the insured's cognitive impairment or their requiring physical assistance to perform two out of six activities of daily living (ADLs) of bathing, dressing, eating, toileting, transferring and maintaining continence.

Premiums are waived after the insured has met the elimination period and is receiving benefits and will continue to be waived until the insured stops receiving such benefits.

10. Renewability

All policy forms are guaranteed renewable.

11. Applicability

This filing is applicable to in force policies only, as these policy forms are no longer being sold in the market. The premium changes will apply to the base forms as well as all applicable riders.

12. Trend Assumptions

As this is not medical insurance, we have not included any explicit medical cost trends in the projections.

13. Marketing Method

This product was typically marketed through our traditional agency system and brokers involving a personal contact with each applicant.

14. Underwriting

These policy forms were underwritten using a medical and risk questionnaire. We also utilized Attending Physician Statement and personal interviews depending on the age of the applicant and medical conditions.

15. Premium Classes

The base policy premium rates vary by issue age, benefit period, inflation option, home health care maximum benefit percentage, and underwriting class, as in the initial rate filing.

All premium factors related to the insured elected benefit design options or any eligible discount remain unchanged from the initial rate filing.

16. Premium Modalization Rules

Frequency	Multiple of Annual Premium
Semiannual	.52
Quarterly	.27
Monthly	.09

17. Issue Age Range

The issue age range is 18-84 for all policy forms.

18. Area Factors

Area factors are not applicable to any of the policy forms or riders.

19. Reserves

Active Life Reserves have not been used in this rate increase demonstration. Minimum Statutory Claim reserves as of 12/31/2024 have been discounted to the date of incurral of each respective claim and included in the historical incurred claims. Incurred But Not Reported claim reserves as of 12/31/2024 have also been allocated to the calendar year of incurral and included in historic incurred claims.

20. Ensuring No Cross-Subsidization Between States

We have ensured no state's rate increase approvals will subsidize other states' rate increases. Rate increases will vary by state, but only to reflect the timing and amount of prior rate increases approved by that state. This is accomplished by first backing-out all prior approved rate increases from our nationwide premium data. We then re-introduce actual prior rate increases with the amount and timing based on your state's prior approvals (as detailed in the section entitled **History of Previous Rate Revisions**). The current proposed rate increases are then determined based on the amounts needed in order to achieve our target lifetime loss ratios certified to in our prior filing.

Although some states may have capped our previous inforce rate increase filings, in each case this was done with the understanding that the full amount of the proposed rate increases were justified and that John Hancock would be refiling for the remainder at a later date. In instances where the remainder remains unapproved, it has been included in the current filings.

21. Past Losses Testing

The 2014 Long Term Care Model Regulation defines past losses as actual past claims less expected past claims when determining loss ratio compliance. Expected past claims are defined as the following:

> "Expected claims shall be calculated based on the original filing assumptions assumed until new assumptions are filed as part of a rate increase. New assumptions shall be used for all periods beyond each requested effective date of a rate increase [regardless of whether or not the rate increase is approved]. Expected claims are calculated for each calendar year based on the in-force at the beginning of the calendar year. Expected claims shall include margins for moderately adverse experience; either amounts included in the claims that were used to determine the lifetime loss ratio consistent with the original filing or as modified in any rate increase filing."

We apply this methodology in demonstrating that we are not recouping past losses.

The 'Adjusted Expected Incurred Claims' are initially calculated by applying the original pricing durational loss ratio to the actual earned premium in a given calendar year. Later, in years in which and after which we filed for inforce rate increases, expected incurred claims are based on the new assumptions that were filed.

The accumulated value of the Adjusted Expected Incurred Claims is compared to the accumulated value of Actual Incurred Claims. The lesser of the Adjusted Expected Incurred Claims or Actual Incurred Claims is used for past claims when ensuring that the resulting overall increase in rates satisfies the rate stability rule ensuring a loss ratio no less than 85% (or the original pricing loss ratio if greater) on the rate increase portion, while applying 58% (or the original pricing loss ratio if greater) on the original rate schedule. This is demonstrated at the bottom of **Exhibit 1**. The derivation of Adjusted Expected Incurred Claims and comparison to Actual Incurred Claims can be seen in **Addendum #2 – Demonstration of not Recouping Past Losses**.

22. Actuarial Certification

I am a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries, and I meet the Academy's qualification standards for rendering this opinion and am familiar with the requirements for filing long-term care insurance premiums and filing for increases in long-term care insurance premiums. This memorandum has been prepared in conformity with all applicable Actuarial Standards of Practice, including ASOP No. 8.

The preceding Actuarial Memorandum contains:

a) the assumptions on which this certification is based;
b) the adjustments to prior assumptions with an explanation of the reasons previous assumptions were not realized;
c) a lifetime projection of the prior premium rate schedules and incurred claims plus future expected premiums and claims which demonstrates that the revised premium rate schedule meets the loss ratios standards and necessary details of this state; and
d) disclosure of the manner, if any, in which reserves have been recognized.

If the requested premium rate schedule increase is implemented and the underlying assumptions which reflect moderately adverse conditions are realized, no further premium rate schedule increases are anticipated.

I have reviewed and taken into consideration the policy design and coverage provided, and our current underwriting and claims adjudication processes.

In forming my opinion, I have used actuarial assumptions and actuarial methods and such tests of the actuarial calculations as I considered necessary. Based on these assumptions or statutory requirements where necessary, the premium rate filing is in compliance with the loss ratio standards of this state.

The basis for contract reserves has been previously filed and there is no anticipation of any changes.

P.J. Beltramini, FSA, MAAA
VP, Long Term Care Inforce Management
John Hancock Life Insurance Company (U.S.A.)

Addendum #1 - Assumptions and Analysis Performed

As part of the inforce management of the business, the Company completes periodic analysis for morbidity, voluntary lapse rates, and mortality. The findings from these analyses were used in projecting the inforce business to determine the effect of experience on the projected lifetime loss ratio. The most current studies show unfavorable trends since the study that prompted our 2022 rate increase filings.

Relative to previous expectations, the new data demonstrates higher utilization of benefits and unfavorable mortality for non-claimants, partially offset by favorable claim terminations and claim incidence.

[REDACTED]

A. Current & Prior Assumptions

Morbidity

[REDACTED]

Incidence

[REDACTED]

After updating assumptions to reflect the generally favorable experience, the overall A/E ratio is 99%.

The final A/Es show a better fit across attained age groupings:

Attained Age	Current
0-94	99%
95+	99%
Total	99%

Claim Terminations

[REDACTED]

After updating assumptions to reflect termination experience, the A/E is 99% for the first 5 months on claim, 100% for months 6+ and 100% overall.

Months on Claim	Months 1-5	Months 6+	Total
Total	99%	100%	100%

Utilization

[REDACTED]

After updating our assumption based on experience, the calendar year 2024 A/E is 100%.

Inflation Type	Prior	Current
None	105%	98%
Compound	112%	101%
Simple	108%	100%
Total	110%	100%

Voluntary Lapses

[REDACTED]

Actual to Expected ratios for this block (John Hancock individual business) summarized by inflation and duration groups before and after the assumption update are shown below.

Lapse	Prior			Current		
Duration	No Inflation	Inflation	Total	No Inflation	Inflation	Total
15-19	124%	114%	115%	101%	99%	99%
20+	113%	106%	108%	103%	103%	103%
Total	112%	106%	107%	98%	101%	100%

The changes to the expected lapse assumption improved the fit across cohorts and resulted in a total A/E of 100%.

Mortality

[REDACTED]

The table below shows the A/E ratios for non-claimants before and after the assumption update for all Custom Care products. Experience was lower than expected.

Prior	Current
87%	102%

Expenses

[REDACTED]

B. Original Pricing Assumptions

[REDACTED]

Addendum #2 – Demonstration of not Recouping Past Losses
Custom Care II (LTC-03) - 2007 Rates

	Calendar Year	Original Incurred Loss Ratio	Historic Data Earned Premium	**Adjusted Expected Incurred Claims**		Historic Data Incurred Claims
Original Pricing	1988	0%	-	**-**		-
	1989	0%	-	**-**		-
	1990	0%	-	**-**		-
	1991	0%	-	**-**		-
	1992	0%	-	**-**		-
	1993	0%	-	**-**		-
	1994	0%	-	**-**		-
	1995	0%	-	**-**		-
	1996	0%	-	**-**		-
	1997	0%	-	**-**		-
	1998	0%	-	**-**		-
	1999	0%	87	**-**		-
	2000	0%	3,188	**-**		-
	2001	0%	3,188	**-**		-
	2002	0%	4,678	**-**		-
	2003	0%	9,205	**-**		-
	2004	0%	9,205	**-**		-
	2005	0%	12,350	**-**		-
	2006	0%	36,547	**-**		-
	2007	0%	2,573,977	**6,914**		-
	2008	2%	31,908,761	**620,041**		129,183
	2009	4%	43,433,915	**1,646,943**		1,754,177
2010 Assumptions	2010			**1,764,888**		1,253,047
	2011			**2,419,369**		1,497,630
	2012			**3,101,084**		4,174,822
	2013			**4,027,924**		5,778,151
	2014			**5,148,674**		6,446,386
	2015			**6,438,561**		6,950,819
2016 Assumptions	2016			**7,938,812**		7,979,138
	2017			**9,786,607**		9,261,341
	2018			**11,761,196**		13,088,769
2019 Assumptions	2019			**16,216,969**		14,544,154
	2020			**18,690,607**		15,487,517
	2021			**21,767,941**		14,098,121
2022 Assumptions	2022			**24,414,657**		21,774,648
	2023			**28,315,683**		22,099,797
	2024			**32,386,956**		31,550,252
Values as of 12/31/2024 (discounted at maximum statutory valuation rates)						
Past :				**236,722,497**	>	216,713,858

Minimum (Accum Value of Past Incurred Claims,
Accum Value of Adjusted Expected Incurred Claims) = 216,713,858

The lesser of actual and expected past claims, $216,713,858, is used in demonstrating compliance with the minimum loss ratio in Exhibit 1