Update of Historical Rate of Return Analysis
Table 8. Historical and Reasonable Rates of Return
by Reinsurance Year: All Insurers
Updated - October 8, 2009

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Net Gain |  |  | Post-Tax |  |  |  |
|  | (Loss) as |  |  | Net Gain | Post-Tax |  |  |
|  | Percent of |  | Premium to | (Loss) as | Return on | Historical | Reasonable |
| Reinsurance | Retained | Corporate | Equity | Percent of | Invested | Rate of | Rate of |
| Year | Premium | Tax Rate | Ratio | Equity | Assets | Return | Return |
| 1989 | 8.2\% | 0.34 | 1.833 | 9.9\% | 6.4\% | 16.3\% | 15.9\% |
| 1990 | 12.5\% | 0.34 | 1.759 | 14.5\% | 6.2\% | 20.8\% | 16.2\% |
| 1991 | 9.3\% | 0.34 | 1.679 | 10.3\% | 6.0\% | 16.3\% | 15.4\% |
| 1992 | 4.7\% | 0.34 | 1.580 | 4.9\% | 6.1\% | 11.0\% | 14.5\% |
| 1993 | -19.2\% | 0.35 | 1.551 | -19.3\% | 5.9\% | -13.4\% | 13.8\% |
| 1994 | 19.2\% | 0.35 | 1.506 | 18.8\% | 5.1\% | 23.9\% | 13.7\% |
| 1995 | 17.2\% | 0.35 | 1.339 | 15.0\% | 4.8\% | 19.8\% | 13.6\% |
| 1996 | 21.4\% | 0.35 | 1.133 | 15.8\% | 5.1\% | 20.9\% | 13.2\% |
| 1997 | 27.9\% | 0.35 | 1.070 | 19.4\% | 5.2\% | 24.6\% | 12.9\% |
| 1998 | 17.5\% | 0.35 | 1.052 | 12.0\% | 5.4\% | 17.3\% | 13.1\% |
| 1999 | 14.8\% | 0.35 | 0.970 | 9.3\% | 5.1\% | 14.4\% | 12.7\% |
| 2000 | 14.3\% | 0.35 | 0.935 | 8.7\% | 5.0\% | 13.6\% | 13.1\% |
| 2001 | 14.6\% | 0.35 | 1.089 | 10.3\% | 4.7\% | 15.0\% | 12.0\% |
| 2002 | -0.6\% | 0.35 | 1.437 | -0.5\% | 4.1\% | 3.5\% | 10.8\% |
| 2003 | 14.5\% | 0.35 | 1.542 | 14.5\% | 3.9\% | 18.4\% | 9.7\% |
| 2004 | 19.2\% | 0.35 | 1.337 | 16.6\% | 3.8\% | 20.4\% | 10.3\% |
| 2005 | 31.6\% | 0.35 | 1.187 | 24.4\% | 3.9\% | 28.4\% | 10.7\% |
| 2006 | 23.4\% | 0.35 | 1.119 | 17.0\% | 3.9\% | 20.9\% | 11.8\% |
| 2007 | 32.1\% | 0.35 | 1.081 | 22.6\% | 3.7\% | 26.3\% | 11.7\% |
| 2008 | 14.4\% | 0.35 | 1.057 | 9.9\% | 3.0\% | 12.9\% | 11.5\% |
| Mean |  |  |  |  |  | 16.6\% | 12.8\% |
| Std Deviation |  |  |  |  |  | 9.1\% | 1.8\% |

Notes on the derivation of the columns in the table.
(2): Reinsurance Years 1989 to 2007: Data provided to Milliman by RMA in February 2009.

Reinsurance Year 2008 updated by RMA with August 13, 2009 RMA official accounting data.
This was the latest official data available at the time the table was updated.
(3): Table 4 in Historical Rate of Return Analysis (HRR). Complete reference below.
(4): Milliman methodology in HRR.
(5): (2) $\times(1-(3)) \times(4)$
(6): Table 3, with the tax rates in Table 5 applied. Tables refer to HRR.
(7): (5) + (6)
(8): From Rate of Return Update-2008: Reasonable Rate of Return; Milliman, Inc., David Appel, and Philip S. Borba; Milliman Inc., New York, NY; June 23, 2009; Table 3, p. 26.
Table Notes
(a) Table is update of Tables 8 of Historical Rate of Return Analysis; Milliman, Inc., David Appel, and Philip S. Borba; Milliman Inc., New York, NY; August 18, 2009; page 29.
(b) Table update includes update of 2008 industry data as reported in Best's Aggregates and Averages,Property/Casualty,United States \& Canada 2009 Edition;
A.M. Best Company, Oldwick, NJ; 2009.
(c) Update errors are responsibility of RMA and not Milliman, Inc.
(d) Table updated October 8, 2009.

