

Property and Casualty

Market Analysis

**SEPTEMBER 2012**

North Dakota Insurance Department

**Market Analysis  
North Dakota Insurance Department  
September 2012**

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**Market Analysis Overview**

The market analysis is performed annually as a task by the Property and Casualty Division, as part of the division's goals. The intent is to build a data base of information to be used to more accurately project changes in the marketplace.

The purpose of the market analysis report is twofold:

To monitor and evaluate market trends and affordability.

To evaluate the competitiveness of critical markets (availability).

**Critical Markets**

The following factors were considered in determining what markets to analyze for this study:

- The principal focus of concern at the time of the market analysis plan development was with regard to property insurance because of the history of excessive losses experienced by the industry over the past several years.
- A second factor was those lines of insurance that traditionally have become a significant cause for consumer concern but which may or may not include property coverage.
- A third factor in selecting which lines of insurance was consideration for the relative availability of data.

Based upon these factors the following lines of insurance were determined to be the markets to be examined as part of this analysis:

- Auto – private passenger
- Auto – commercial
- Commercial multi peril package
- Farmowners
- Homeowners
- Medical Malpractice
- Other Liability (professional liability, D&O, E&O, excess & umbrella)
- Crop Hail

### **Market Analysis Components**

For purposes of this study the following evaluations were performed for each line of insurance (subject to data availability):

- Exhibit I -Market Concentration (Herfindahl index )
- Exhibit II-A - Market Share Analysis –Market Share Changes
- Exhibit II-B – Market Share Analysis –Company Changes
- Exhibit II-C – Market Share Analysis – Surplus (non-licensed)
- Exhibit III – Historical Loss Ratios (Statewide, Regional, and Countrywide)
- Exhibit IV – Loss Ratios vs Rate Change vs Claims Cost Indexes
- Exhibit V – Change in Premium Writings
- Exhibit VI – Field Market Survey Results-September 2011
- Exhibit VII – Residual Market Population
- Exhibit VIII – Matrix of Indicators

### **Description of Market Analysis Components**

A description of each of the market analysis components used in the analysis are listed here:

Exhibit I -Market Concentration (Herfindahl index ) -The purpose of this index is to evaluate the concentration of the market and its change over time. Highly concentrated markets are considered to be less competitive while less concentrated markets are considered to be more competitive. The exhibit illustrates the concentration ratio of the top 4 companies and the top 20 companies. The concentration ratio is the combined market share of the companies. The final Herfindahl index, however, is based upon the market share analysis of all companies not just the top 4 or 20 companies. The most recent data available for this analysis includes the year 2011.

The Herfindahl indices for both the North Dakota and Countrywide markets are displayed. The results can be compared to two industry standards. The US Dept of Justice standard was used to categorize the results.

Exhibit II-A - Market Share Analysis –Market Share Changes – The purpose of this exhibit is to provide a supplemental historical picture of the market share changes of the top 20 insurance companies doing business in each year for the most recent 6 years.

Exhibit II-B – Market Share Analysis –Company Changes - The purpose of this exhibit is to illustrate of the number of companies entering, leaving or moving within the top 20 companies over a period of several years.

Exhibit II-C-Market Share – Surplus (non-licensed)– This exhibit summarizes the volume of business written by surplus lines insurers for this market, including Risk Retention Groups, over a six year period.

Exhibit III – Historical Loss Ratios (Statewide, Regional, and Countrywide)– The purpose of this exhibit is to show the aggregate loss ratio over a number of years and to compare it to the corresponding regional and the countrywide loss ratios.

Exhibit IV – Loss Ratios vs Rate Change vs Claims Cost Index – The purpose of this exhibit is to compare the statewide 3 year loss ratio (indexed to a base year) to both the composite rate index (representing the actual change in rates for the top 10 companies) and the Claims Cost Index. [In addition for the private passenger auto analysis a chart of the average premium and countrywide rankings was included.]

Exhibit V – Change in Premium Writings - The purpose of this exhibit is to illustrate the change in writings from year to year based upon the change in premiums. The percentage change is then compared to the Composite Rate Index and the Consumer Price Index.

Exhibit VI – Field Market Survey Results-September 2011 – This exhibit summarizes the results of a survey of Property and Casualty agents, staff, company representatives, and company underwriters in attendance at the agent forums in September of 2010. The survey solicited comments on the availability and affordability of each line of insurance.

Exhibit VII – Residual Market Population - The purpose of this exhibit is to describe the current status and population of the residual market mechanism for this line of insurance.

Exhibit VIII – Matrix of Indicators – The purpose of this exhibit is to summarize the indication of each market analysis component. The matrix places each indicator into a Low, Moderate, or High category. Low means the indicator suggests the competition level is low. Moderate means the indicator suggests the competition level is moderate, and High means the indicator suggests the competition level is high. A final assessment based upon a weighting of all indicators is shown.

### **Narrative Summary**

Each line of insurance analyzed for this report will be treated separately. A narrative summary of each of the applicable market analysis components will be presented along

with a final statement assessing the overall trend and competitiveness of that line. The narrative summaries are found in addendum's 1 through 8.

### **General Summary**

The conclusions regarding overall trend and competitiveness for each of the eight markets are briefly summarized below. For more detail regarding how the conclusion was reached please refer to the appropriate addendum narrative summary.

Auto – private passenger - A highly competitive market.

Auto – commercial - A highly competitive market.

Commercial multi peril package - Generally a highly competitive market.

Farmowners - The competitive level of the market is low.

Homeowners - A moderately competitive market.

Medical Malpractice - The competitive level of the market is low.

Other Liability (professional liability, D&O, E&O, excess & umbrella) - A moderately competitive market. For certain niche classes of business the market may be non-competitive.

Crop Hail - A low competitive market

### **Technical Notes**

Addendum 9 Technical Notes provide specific information regarding data sources and other matters with potential impacts to the final conclusion.

## **Addendum 1            Narrative Summary – Auto – Private Passenger**

The market analysis components found in the attached exhibits for auto-private passenger are summarized below:

### Exhibit I -Market Concentration (Herfindahl index )

The concentration ratios and Herfindahl indices for North Dakota are below the national benchmarks. The Herfindahl index has decreased slightly in each of the last six years, indicating a highly competitive market.

The North Dakota market is more concentrated than the countywide market, but this is to be expected as North Dakota is a relatively small market, more easily dominated by a few larger companies.

### Exhibit II-A - Market Share Analysis –Market Share Changes

The combined market share of the top twenty writers has decreased in each of the past five years. In 2011 the 80.4% combined market share is the lowest in the past six years. This suggests that the market is competitive.

### Exhibit II-B – Market Share Analysis –Company Changes

In 2011 we saw two new carriers enter the top 20. There continues to be a considerable movement among all companies within the top 20. Both pieces of information suggest that the market is highly competitive.

### Exhibit II-C – Market Share Analysis – Surplus (non-licensed)

There has been no premium written by surplus lines carriers for this market in the past six years, suggesting that the market is highly competitive.

### Exhibit III – Historical Loss Ratios (Statewide, Regional, and Countrywide)

Since peaking in 2001, the statewide loss ratio has dropped back down to profitable levels the past nine years, - consistent with regional and countrywide loss ratios. This information by itself is not an indicator of the competitive level of the market.

#### Exhibit IV – Loss Ratios vs Rate Change vs Claims Cost Indexes

The graphs show that rates have not quite kept pace with the Auto Repair CPI index, lagging somewhat in reaction to favorable loss experience as evidenced by the favorable loss ratio index.

The chart showing state average premium indicates North Dakota has consistently ranked among the lowest of all states in overall average premium. Note that this chart summarizes average premiums through calendar year 2009, the most current year available.

This information indicates that the market is competitive.

#### Exhibit V – Change in Premium Writings

The statewide premium volume has increased 38% since 2001. Rate change information would explain 18% of this increase, the remainder being due to a variety of factors, including increases in the cost, type and number of vehicles, changes in coverage levels, demographic changes, etc.

Comparing the North Dakota composite rate index to the Consumer Price Index for Motor Vehicle Insurance can give some insight as to how North Dakota auto insurance costs compare to those costs nationally. Some of the difference between the two indexes would be loss frequency, demographic differences, etc.

This information is by itself not an indicator of the competitive level of the market.

#### Exhibit VI – Field Market Survey Results-September 2011

The results of this survey represent a snapshot of the market as of September 2011. The survey shows that while availability of coverage does not appear to be a problem, consumers are experiencing higher rates and stricter underwriting. The numbers suggest that the market is moderately competitive.

#### Exhibit VII – Residual Market Population

The North Dakota Auto Plan is managed by Automobile Insurance Placement Services Organization (AIPSO). The annual number of insureds in the plan has been very low when compared to the total eligible registered vehicles in this state, especially in the more recent years. This low residual market population is indicative of a competitive market.

### Exhibit VIII – Matrix of Indicators

The Herfindahl index, market share analysis of changes in market share, market share analysis-company changes, market share analysis of surplus business, loss ratio to rate change comparison and the residual market population reflect a highly competitive market. The field survey indicates a moderately competitive market.

### Final assessment

The evaluation of the market through the year 2011 indicates a highly competitive market.

# PRIVATE PASSENGER AUTO

## EXHIBIT I: MARKET CONCENTRATION

Year	North Dakota			Countrywide		
	4-Firm	20-Firm	Herfindahl	4-Firm	20-Firm	Herfindahl
	Concentration	Concentration	Index	Concentration	Concentration	Index
1992	48.8%	77.4%		39.4%	58.0%	
1993	49.4%	77.8%		38.7%	56.5%	
1994	50.0%	78.0%		35.0%	53.8%	
1995	49.3%	77.6%		34.2%	52.2%	
1996	48.8%	76.5%		34.3%	51.9%	
1997	47.9%	76.6%		33.2%	51.0%	
1998	46.9%	76.4%		32.6%	50.7%	
1999	45.3%	76.4%		30.9%	49.4%	
2000	44.5%	78.0%		29.5%	48.6%	
2001	44.5%	78.6%		29.4%	48.8%	
2002	45.3%	80.6%		28.7%	48.7%	
2003	44.0%	83.0%		27.8%	48.3%	
2004	44.6%	84.2%	(827)	27.0%	48.4%	(634)
2005	45.2%	84.6%	(840)	26.5%	48.9%	(643)
2006	45.0%	84.5%	(839)	26.2%	49.0%	(651)
2007	45.1%	83.5%	(833)	26.1%	48.7%	(656)
2008	45.5%	81.9%	(827)	26.2%	49.0%	(691)
2009	44.9%	81.6%	(813)	26.3%	49.6%	(703)
2010	44.6%	81.2%	(812)	26.3%	49.7%	(703)
2011	43.6%	80.4%	(804)	26.3%	49.6%	(717)

Benchmarks:

National in and Herfindahl index <2000, are generally not viewed as highly concentrated.

Merger guidelines of U.S. Dept of Justice

Post-merger > 1,800 - highly concentrated

1,000 < Herfindahl index < 1,800 - moderately concentrated

< 1,000 - unconcentrated

PRIVATE PASSENGER AUTO

EXHIBIT IIA: NORTH DAKOTA MARKET SHARE REPORT

Year: 2011				Year: 2010				Year: 2009			
Company	Direct WP (in 000s)	Market Share	Cumulative	Company	Direct WP (in 000s)	Market Share	Cumulative	Company	Direct WP (in 000s)	Market Share	Cumulative
State Farm Mut Auto Ins Co	\$ 48,249	13.6%	13.6%	State Farm Mut Auto Ins Co	\$ 46,824	14.0%	14.0%	State Farm Mut Auto Ins Co	\$ 44,090	13.8%	13.8%
American Family Mut Ins Co	\$ 37,450	10.6%	24.2%	American Family Mut Ins Co	\$ 38,056	11.4%	25.4%	American Family Mut Ins Co	\$ 36,910	11.6%	25.4%
Progressive Northwestern Ins Co	\$ 34,878	9.9%	34.1%	Nodak Mut Ins Co	\$ 32,346	9.7%	35.1%	Progressive Northwestern Ins Co	\$ 31,674	9.9%	35.3%
Nodak Mut Ins Co	\$ 33,626	9.5%	43.6%	Progressive Northwestern Ins Co	\$ 31,903	9.5%	44.6%	Nodak Mut Ins Co	\$ 30,555	9.6%	44.9%
National Farmers Union Prop & Cas	\$ 30,095	8.5%	52.1%	National Farmers Union Prop & Cas	\$ 27,523	8.2%	52.9%	National Farmers Union Prop & Cas	\$ 26,586	8.3%	53.3%
Progressive Direct Ins Co	\$ 13,054	3.7%	55.8%	Center Mut Ins Co	\$ 11,342	3.4%	56.3%	Center Mut Ins Co	\$ 11,362	3.6%	56.8%
Center Mut Ins Co	\$ 11,589	3.3%	59.0%	Owners Ins Co	\$ 10,834	3.2%	59.5%	Owners Ins Co	\$ 10,184	3.2%	60.0%
Owners Ins Co	\$ 10,932	3.1%	62.1%	Progressive Direct Ins Co	\$ 10,745	3.2%	62.7%	Progressive Direct Ins Co	\$ 8,415	2.6%	62.7%
North Star Mut Ins Co	\$ 7,303	2.1%	64.2%	Farmers Ins Exch	\$ 7,613	2.3%	65.0%	Farmers Ins Exch	\$ 8,190	2.6%	65.2%
Allstate Ins Co	\$ 6,690	1.9%	66.1%	North Star Mut Ins Co	\$ 6,408	1.9%	66.9%	Dakota Fire Ins Co	\$ 5,923	1.9%	67.1%
Farmers Ins Exch	\$ 5,943	1.7%	67.7%	Allstate Ins Co	\$ 5,836	1.7%	68.7%	United Serv Automobile Assn	\$ 5,738	1.8%	68.9%
United Serv Automobile Assn	\$ 5,830	1.6%	69.4%	United Serv Automobile Assn	\$ 5,755	1.7%	70.4%	North Star Mut Ins Co	\$ 5,570	1.7%	70.6%
Dakota Fire Ins Co	\$ 5,645	1.6%	71.0%	Dakota Fire Ins Co	\$ 5,268	1.6%	72.0%	Grinnell Mut Reins Co	\$ 5,519	1.7%	72.4%
Grinnell Select Ins Co	\$ 5,085	1.4%	72.4%	Grinnell Mut Reins Co	\$ 5,096	1.5%	73.5%	Allstate Ins Co	\$ 5,397	1.7%	74.1%
Membersselect Ins Co	\$ 4,935	1.4%	73.8%	Safeco Ins Co Of Amer	\$ 4,964	1.5%	75.0%	Safeco Ins Co Of Amer	\$ 4,861	1.5%	75.6%
Mid Century Ins Co	\$ 4,854	1.4%	75.2%	Meridian Security Ins Co	\$ 4,531	1.4%	76.3%	American Standard Ins Co of WI	\$ 4,276	1.3%	76.9%
Grinnell Mut Reins Co	\$ 4,810	1.4%	76.5%	Grinnell Select Ins Co	\$ 4,526	1.4%	77.7%	Grinnell Select Ins Co	\$ 3,886	1.2%	78.1%
Meridian Security Ins Co	\$ 4,762	1.3%	77.9%	American Standard Ins Co of WI	\$ 4,108	1.2%	78.9%	State Farm Fire & Cas Co	\$ 3,872	1.2%	79.4%
Safeco Ins Co Of Amer	\$ 4,695	1.3%	79.2%	Membersselect Ins Co	\$ 3,905	1.2%	80.1%	Meridian Security Ins Co	\$ 3,756	1.2%	80.5%
Geico Gen Ins Co	\$ 4,210	1.2%	80.4%	State Farm Fire & Cas Co	\$ 3,704	1.1%	81.2%	Amco Ins Co	\$ 3,546	1.1%	81.6%

Year: 2008				Year: 2007				Year: 2006			
Company	Direct WP (in 000s)	Market Share	Cumulative	Company	Direct WP (in 000s)	Market Share	Cumulative	Company	Direct WP (in 000s)	Market Share	Cumulative
State Farm Mut Auto Ins Co	\$ 43,485	14.1%	14.1%	State Farm Mut Auto Ins Co	\$ 44,281	14.5%	14.5%	State Farm Mut Auto Ins Co	\$ 44,073	14.2%	14.2%
American Family Mut Ins Co	\$ 37,139	12.1%	26.2%	American Family Mut Ins Co	\$ 37,041	12.1%	26.6%	American Family Mut Ins Co	\$ 37,035	12.0%	26.2%
Progressive Northwestern Ins Co	\$ 29,645	9.6%	35.9%	Nodak Mut Ins Co	\$ 28,979	9.5%	36.0%	Nodak Mut Ins Co	\$ 30,730	9.9%	36.1%
Nodak Mut Ins Co	\$ 29,455	9.6%	45.5%	Progressive Northwestern Ins Co	\$ 27,814	9.1%	45.1%	National Farmers Union Prop & Cas	\$ 27,641	8.9%	45.0%
National Farmers Union Prop & Cas	\$ 25,849	8.4%	53.9%	National Farmers Union Prop & Cas	\$ 26,468	8.6%	53.8%	Progressive Northwestern Ins Co	\$ 27,599	8.9%	53.9%
Center Mut Ins Co	\$ 11,712	3.8%	57.7%	Center Mut Ins Co	\$ 12,707	4.2%	57.9%	Center Mut Ins Co	\$ 14,254	4.6%	58.5%
Owners Ins Co	\$ 9,580	3.1%	60.8%	Owners Ins Co	\$ 9,156	3.0%	60.9%	Owners Ins Co	\$ 8,903	2.9%	61.4%
Farmers Ins Exch	\$ 8,635	2.8%	63.6%	Farmers Ins Exch	\$ 8,797	2.9%	63.8%	Farmers Ins Exch	\$ 8,439	2.7%	64.1%
Progressive Direct Ins Co	\$ 6,753	2.2%	65.8%	Grinnell Mut Reins Co	\$ 6,258	2.0%	65.8%	Grinnell Mut Reins Co	\$ 6,668	2.2%	66.3%
Grinnell Mut Reins Co	\$ 5,937	1.9%	67.7%	Progressive Direct Ins Co	\$ 6,003	2.0%	67.8%	USAA	\$ 5,954	1.9%	68.2%
USAA	\$ 5,804	1.9%	69.6%	USAA	\$ 5,895	1.9%	69.7%	Allstate Ins Co	\$ 5,933	1.9%	70.1%
Allstate Ins Co	\$ 5,529	1.8%	71.4%	Allstate Ins Co	\$ 5,786	1.9%	71.6%	Progressive Direct Ins Co	\$ 5,805	1.9%	72.0%
North Star Mut Ins Co	\$ 4,996	1.6%	73.0%	American Standard Ins Co of WI	\$ 5,244	1.7%	73.3%	American Std Ins Co Of WI	\$ 5,445	1.8%	73.8%
American Standard Ins Co of WI	\$ 4,729	1.5%	74.6%	Safeco Natl Ins Co	\$ 5,009	1.6%	75.0%	State Farm Fire And Cas Co	\$ 5,389	1.7%	75.5%
Dakota Fire Ins Co	\$ 4,514	1.5%	76.0%	State Farm Fire And Cas Co	\$ 4,700	1.5%	76.5%	Motor Club Ins Assoc	\$ 5,070	1.6%	77.1%
State Farm Fire & Cas Co	\$ 4,170	1.4%	77.4%	North Star Mut Ins Co	\$ 4,692	1.5%	78.0%	Milbank Ins Co	\$ 5,049	1.6%	78.8%
Amco Ins Co	\$ 3,547	1.2%	78.6%	Auto Club Ins Assoc	\$ 4,664	1.5%	79.6%	Dakota Fire Ins Co	\$ 4,779	1.5%	80.3%
Milbank Ins Co	\$ 3,527	1.1%	79.7%	Dakota Fire Ins Co	\$ 4,447	1.5%	81.0%	Safeco Natl Ins Co	\$ 4,716	1.5%	81.8%
Auto Club Ins Assoc	\$ 3,489	1.1%	80.8%	Milbank Ins Co	\$ 4,262	1.4%	82.4%	North Star Mut Ins Co	\$ 4,527	1.5%	83.3%
Safeco Natl Ins Co	\$ 3,350	1.1%	81.9%	Amco Ins Co	\$ 3,521	1.2%	83.5%	Amco Ins Co	\$ 3,669	1.2%	84.5%

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## EXHIBIT IIB: NORTH DAKOTA MARKET SHARE REPORT ENTRIES/EXITS IN TOP 20 WRITERS

Year	# of New Entries/Exits into Top 20 Carriers	Changes within Top 20 Carriers
1992	2	12
1993	1	10
1994	3	7
1995	3	5
1996	2	10
1997	2	6
1998	2	12
1999	0	12
2000	3	10
2001	2	14
2002	2	8
2003	2	12
2004	1	5
2005	1	9
2006	1	9
2007	0	11
2008	0	12
2009	3	9
2010	2	9
2011	2	13

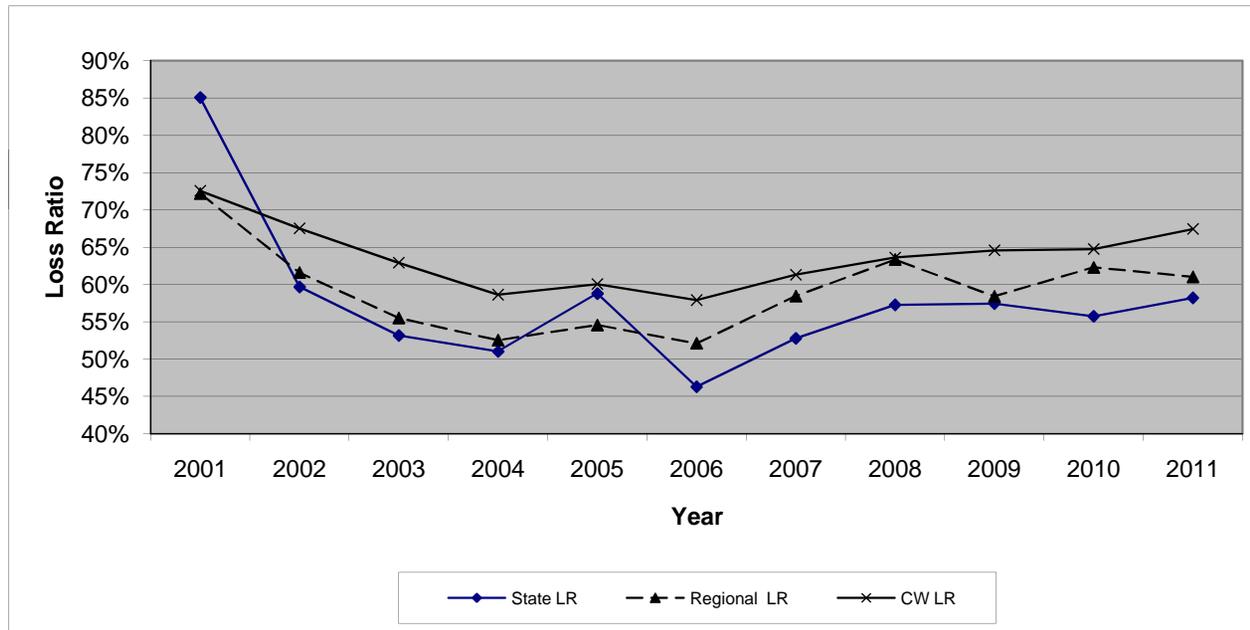
## EXHIBIT IIC: NORTH DAKOTA PRIVATE PASSENGER AUTO MARKET SHARE- SURPLUS (non-licensed)

<b>YEAR:</b>	<b>2011</b>		<b>2010</b>		<b>2009</b>
	Direct Written Premium		Direct Written Premium		Direct Written Premium
<u>Company</u>	<u>(000s)</u>	<u>Company</u>	<u>(000s)</u>	<u>Company</u>	<u>(000s)</u>
	NONE		NONE		NONE
<b>YEAR:</b>	<b>2008</b>		<b>2007</b>		<b>2006</b>
	Direct Written Premium		Direct Written Premium		Direct Written Premium
<u>Company</u>	<u>(000s)</u>	<u>Company</u>	<u>(000s)</u>	<u>Company</u>	<u>(000s)</u>
	NONE		NONE		NONE
<b>YEAR:</b>	<b>2005</b>		<b>2004</b>		<b>2003</b>
	Direct Written Premium		Direct Written Premium		Direct Written Premium
<u>Company</u>	<u>(000s)</u>	<u>Company</u>	<u>(000s)</u>	<u>Company</u>	<u>(000s)</u>
	NONE		NONE		NONE

# PRIVATE PASSENGER AUTO

## EXHIBIT III: HISTORICAL LOSS RATIOS

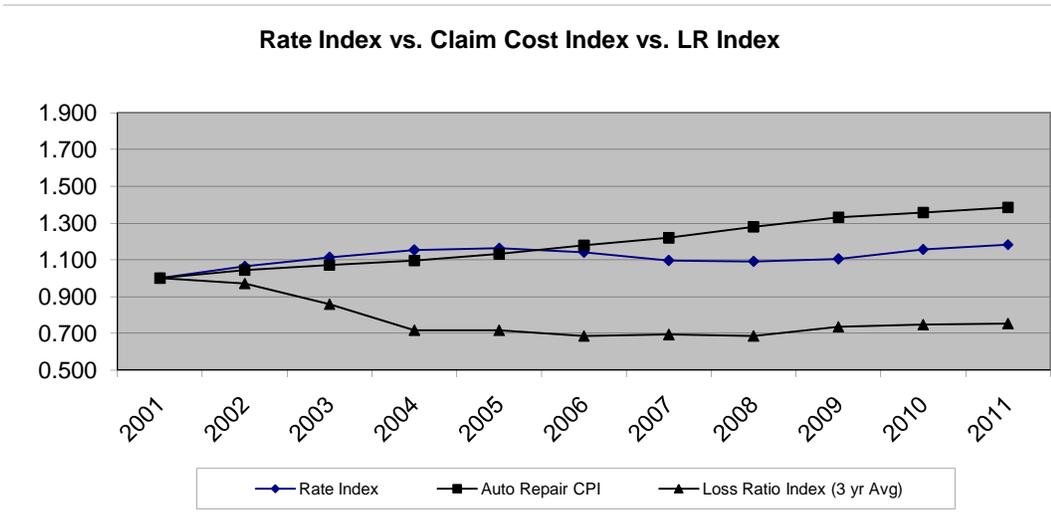
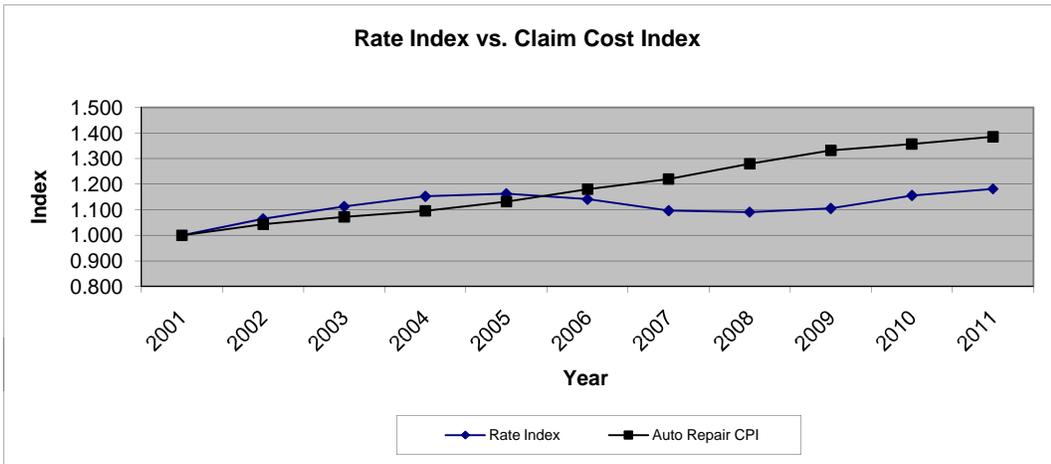
Year	Statewide Loss Ratio	Regional Loss Ratio	Countrywide Loss Ratio
2001	85%	72%	73%
2002	60%	62%	68%
2003	53%	56%	63%
2004	51%	53%	59%
2005	59%	55%	60%
2006	46%	52%	58%
2007	53%	58%	61%
2008	57%	63%	64%
2009	57%	58%	65%
2010	56%	62%	65%
2011	58%	61%	67%



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## EXHIBIT IV: LOSS RATIO VS. RATE CHANGES VS. COST INDICES

Year	Composite Rate Index	Relevant Auto Repair CPI	Statewide 3 Yr LR Index
2001	1.000	1.000	1.000
2002	1.064	1.044	0.971
2003	1.113	1.072	0.858
2004	1.153	1.096	0.717
2005	1.163	1.132	0.716
2006	1.141	1.179	0.686
2007	1.096	1.220	0.694
2008	1.091	1.279	0.686
2009	1.105	1.332	0.736
2010	1.156	1.357	0.749
2011	1.182	1.386	0.753



# PRIVATE PASSENGER AUTO

## EXHIBIT IV PAGE 2

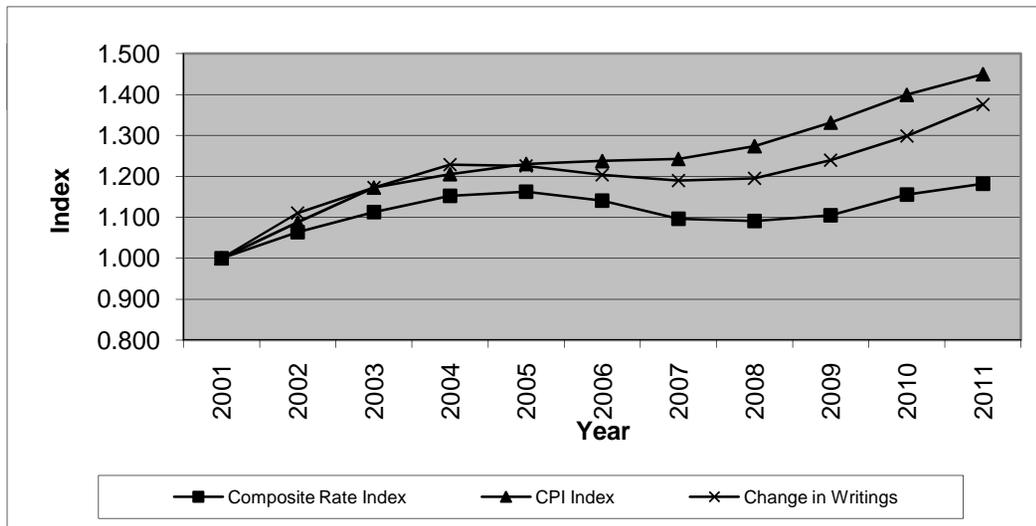
### NORTH DAKOTA AVERAGE PREMIUMS AND COUNTRYWIDE RANKINGS

Year	Average Liability Premium	Rank	Average Collision Premium	Rank	Average Comprehensive Premium	Rank	Average Combined Premium	Rank
1990	\$ 160.41	49	\$ 124.08	50	\$ 99.08	22	\$ 383.57	49
1991	\$ 176.59	49	\$ 128.71	51	\$ 108.33	18	\$ 413.63	50
1992	\$ 170.87	51	\$ 136.71	51	\$ 116.70	17	\$ 424.28	51
1993	\$ 188.00	51	\$ 139.54	51	\$ 120.70	18	\$ 448.24	51
1994	\$ 198.40	51	\$ 142.79	51	\$ 125.97	17	\$ 467.16	51
1995	\$ 204.49	51	\$ 144.80	51	\$ 131.69	17	\$ 480.98	51
1996	\$ 214.13	51	\$ 151.33	51	\$ 139.84	13	\$ 505.30	51
1997	\$ 228.36	51	\$ 164.38	49	\$ 151.78	13	\$ 544.52	50
1998	\$ 230.74	51	\$ 176.86	49	\$ 164.54	9	\$ 572.14	49
1999	\$ 234.89	51	\$ 185.02	49	\$ 176.03	8	\$ 595.94	49
2000	\$ 231.54	51	\$ 186.75	49	\$ 183.02	8	\$ 601.31	49
2001	\$ 234.47	51	\$ 195.59	49	\$ 203.72	2	\$ 633.78	47
2002	\$ 231.04	51	\$ 197.60	49	\$ 219.77	2	\$ 648.41	50
2003	\$ 245.49	51	\$ 205.56	49	\$ 244.13	2	\$ 695.18	49
2004	\$ 257.59	51	\$ 213.72	50	\$ 259.82	2	\$ 731.13	47
2005	\$258.65	51	\$ 209.39	50	\$ 254.08	2	\$ 722.12	49
2006	\$ 254.61	51	\$ 195.96	51	\$ 238.01	2	\$ 688.58	49
2007	\$251.07	51	\$ 184.72	51	\$ 221.84	2	\$ 657.63	49
2008	241.62	51	\$ 186.03	50	\$ 215.94	2	\$ 643.59	49
2009	239.79	51	\$ 191.70	50	\$ 218.87	2	\$ 650.36	50
2010		****	2010 information is not yet available		****			
2011		****	2011 information is not yet available		****			

# PRIVATE PASSENGER AUTO

## EXHIBIT V: CHANGE IN PREMIUM WRITINGS

Year	Statewide Written Premium (000s)	Change in Writings	Indexed	Composite Rate Index	Consumer Price Index
2001	\$ 257,251		1.00	1.000	1.000
2002	\$ 285,560	11.0%	1.11	1.064	1.088
2003	\$ 301,700	5.7%	1.17	1.113	1.173
2004	\$ 315,990	4.7%	1.23	1.153	1.206
2005	\$ 315,328	-0.2%	1.23	1.163	1.231
2006	\$ 309,717	-1.8%	1.20	1.141	1.238
2007	\$ 306,089	-1.2%	1.19	1.096	1.242
2008	\$ 307,389	0.4%	1.19	1.091	1.274
2009	\$ 318,835	3.7%	1.24	1.105	1.332
2010	\$ 334,141	4.8%	1.30	1.156	1.399
2011	\$ 353,974	5.9%	1.38	1.182	1.450



# PRIVATE PASSENGER AUTO

## EXHIBIT VI: FIELD MARKET SURVEY

<b>Available Markets</b>	<u>Fewer</u> 6	5.1%	<u>Same</u> 95	80.5%	<u>More</u> 17	14.4%	<u>Total Responses</u> 118
<b>Rate Changes</b>	<u>Increased</u> 70	59.8%	<u>Same</u> 38	32.5%	<u>Decreased</u> 9	7.7%	<u>Total Responses</u> 117
<b>Underwriting Changes</b>	<u>More Strict</u> 58	49.6%	<u>Same</u> 55	47.0%	<u>Less Strict</u> 4	3.4%	<u>Total Responses</u> 117
<b>Finding Coverage</b>	<u>Always</u> 49	42.2%	<u>Occasionally Not</u> 63	54.3%	<u>Frequently Unable</u> 4	3.4%	<u>Total Responses</u> 116

## PRIVATE PASSENGER AUTO

### EXHIBIT VII – RESIDUAL MARKET POPULATION

<b>Private Passenger Auto</b>	<b>Commercial Auto</b>	<b>Registered vehicles</b>
1991 - 49	39	648,000
1992 - 52	39	674,000
1993 - 54	31	680,000
1994 - 62	33	688,000
1995 - 38	19	696,000
1996 - 29	12	696,000
1997 - 16	10	696,000
1998 - 11	7	688,000
1999 - 14	9	720,000
2000 - 10	11	715,000
2001 - 6	14	791,000
2002 - 2	21	809,000
2003 - 7	22	820,000
2004 - 0	7	837,000
2005 - 0	2	843,000
2006 - 1	1	878,000
2007 - 2	9	855,000
2008 - 2	11	869,000
2009 - 1	3	827,000
2010 - 2	2	897,000
2011 - 0	4	912,000

## PRIVATE PASSENGER AUTO

### EXHIBIT VIII - MATRIX OF INDICATORS

Factor	Competitive Level		
	Low	Moderate	High
Market Concentration (Herfindahl index )			XX
Market Share Analysis –Market Share Changes			XX
Market Share Analysis –Company Changes			XX
Market Share Analysis – Surplus (non-licensed)			XX
Historical Loss Ratios (Statewide, Regional, and Countrywide)	NA	NA	NA
Loss Ratios vs Rate Change vs Claims Cost Indexes			XX
Change in Premium Writings	NA	NA	NA
Field Market Survey Results-October 2011		XX	
Residual Market Population			XX

Final ranking based upon all factors: High

## **Addendum 2            Narrative Summary – Auto – Commercial**

The market analysis components found in the attached exhibits for auto-commercial are summarized below:

### Exhibit I -Market Concentration (Herfindahl index )

The historical concentration ratios and Herfindahl indices for North Dakota are well below the national benchmarks, indicating a highly competitive market.

The index for North Dakota compared to countrywide, indicates the North Dakota market is more concentrated than the countywide market. This is to be expected based upon the fact North Dakota is a relatively small market that is more easily dominated by a few larger companies.

### Exhibit II-A - Market Share Analysis –Market Share Changes

In each of the past six years, we have seen different companies among the top 4 writers. The market for the top four writers has been 30% or less for the past six years, which is indicative of a highly competitive market.

### Exhibit II-B – Market Share Analysis –Company Changes

This chart shows that new companies are entering and leaving the top 20 writers each year and that there continues to be a significant amount of movement among the top 20. This suggests that the market is highly competitive.

### Exhibit II-C – Market Share Analysis – Surplus (non-licensed)

In 2011 surplus lines carriers wrote approximately 1% of the total premium for this line. The low volume of business written by surplus lines carriers is an indication of a competitive market.

### Exhibit III – Historical Loss Ratios (Statewide, Regional, and Countrywide)

Loss experience has been profitable for the past ten years. This is consistent with the regional and countrywide experience.

This information by itself is not an indicator of the competitive level of the market.

### Exhibit IV – Loss Ratios vs Rate Change vs Claims Cost Indexes

Rate changes have not kept pace with the upward trend measured by the Auto Repair CPI index over the last six years. This is due to the profitable loss experience over that time period, although the downward trend in rates is slight in comparison to the improving trend in loss ratios. We note that in the Commercial Auto line there are other rating tools, such as experience and schedule rating plans that allow companies to charge lower premiums while not adjusting their filed rate levels.

The fact that rates are decreasing (albeit slightly) in reaction to favorable loss experience, rather than increasing with National claim costs is an indication of a highly competitive market.

### Exhibit V - Change in Premium Writings

The 2011 statewide premium volume increased nearly 25% from the 2010 level. We suspect that much of this increase is due to the increased long-haul trucking business in the western part of the state.

Comparing the North Dakota composite rate index to the Consumer Price Index (for Motor Vehicle Insurance) can give some insight as to how North Dakota auto insurance costs compare to those costs nationally. Some of the difference between the two indexes would again be schedule and experience rating credits and debits, demographic differences, etc. These differences notwithstanding, it appears that North Dakota rates have increased at a slower rate than they have on a national level.

This information is by itself not an indicator of the competitive level of the market.

### Exhibit VI – Field Market Survey Results-September 2011

The results of this survey represent a snapshot of the market as of September 2011.

The 2011 survey results suggest slight improvement in the Commercial Auto market over the 2010 survey results. The number of survey respondents has also increased. The survey still suggests the market is moderately competitive.

### Exhibit VII – Residual Market Population

The North Dakota Auto Plan is managed by Automobile Insurance Placement Services Organization (AIPSO). The annual number of insured's in the plan has been very low when compared to the total eligible registered vehicles in this state. This low residual market population is indicative of a competitive market.

### Exhibit VIII – Matrix of Indicators

With the exception of the field market survey, all factors tend to indicate the market is highly competitive.

### Final assessment

The evaluation of the market through the year 2011 indicates a highly competitive market.

# COMMERCIAL AUTO

## EXHIBIT I: MARKET CONCENTRATION

Year	North Dakota			Countrywide		
	4-Firm Concentration Ratio	20-Firm Concentration Ratio	Herfindahl Index	4-Firm Concentration Ratio	20-Firm Concentration Ratio	Herfindahl Index
1992	32.9%	58.7%		11.4%	32.9%	
1993	34.0%	59.7%		10.5%	30.7%	
1994	33.8%	62.8%		9.2%	27.5%	
1995	32.3%	62.7%		8.6%	26.1%	
1996	32.9%	62.0%		8.8%	26.6%	
1997	29.9%	58.9%		9.6%	28.0%	
1998	31.3%	61.8%		5.9%	16.7%	
1999	31.6%	57.8%		9.2%	26.9%	
2000	32.3%	59.3%		8.7%	25.1%	
2001	33.0%	61.8%		8.8%	25.9%	
2002	28.9%	60.1%		9.0%	27.6%	
2003	26.3%	60.9%		9.5%	29.1%	
2004	26.2%	62.7%	(501)	9.1%	28.8%	(280)
2005	26.1%	64.7%	(488)	9.6%	29.3%	(269)
2006	27.8%	64.7%	(536)	9.8%	30.7%	(272)
2007	26.4%	62.4%	(523)	8.4%	28.3%	(281)
2008	26.1%	60.7%	(512)	8.3%	27.6%	(296)
2009	28.0%	59.2%	(547)	8.7%	27.6%	(295)
2010	26.6%	61.1%	(522)	8.6%	28.1%	(302)
2011	30.1%	62.0%	(559)	8.5%	27.3%	(307)

### Benchmarks:

National industries with 4-firm concentration ratios <75% and Herfindahl index <2000, are generally not viewed as highly concentrated.

### Merger guidelines of U.S. Dept of Justice

Post-merger market Herfindahl index

> 1,800 - highly concentrated

1,000 < Herfindahl index < 1,800 - moderately concentrated

< 1,000 - unconcentrated

# COMMERCIAL AUTO

## EXHIBIT IIA: NORTH DAKOTA MARKET SHARE REPORT

Year: 2011				Year: 2010				Year: 2009			
<u>Company</u>	<u>Direct WP (in 000s)</u>	<u>Market Share</u>	<u>Cumulative</u>	<u>Company</u>	<u>Direct WP (in 000s)</u>	<u>Market Share</u>	<u>Cumulative</u>	<u>Company</u>	<u>Direct WP (in 000s)</u>	<u>Market Share</u>	<u>Cumulative</u>
Great West Cas Co	\$ 16,897	15.8%	15.8%	Great West Cas Co	\$ 13,065	15.3%	15.3%	Great West Cas Co	\$ 13,674	16.7%	16.7%
United Financial Cas Co	\$ 6,285	5.9%	21.7%	Employers Mut Cas Co	\$ 4,021	4.7%	20.0%	Employers Mut Cas Co	\$ 3,830	4.7%	21.4%
Employers Mut Cas Co	\$ 5,227	4.9%	26.6%	Acuity A Mut Ins Co	\$ 2,835	3.3%	23.3%	Continental Western Ins Co	\$ 2,731	3.3%	24.7%
National Cas Co	\$ 3,662	3.4%	30.1%	Northland Ins Co	\$ 2,806	3.3%	26.6%	Acuity A Mut Ins Co	\$ 2,688	3.3%	28.0%
Acuity A Mut Ins Co	\$ 3,381	3.2%	33.3%	Nationwide Mut Ins Co	\$ 2,703	3.2%	29.8%	Cincinnati Ins Co	\$ 2,617	3.2%	31.2%
Nationwide Mut Ins Co	\$ 2,849	2.7%	35.9%	Continental Western Ins Co	\$ 2,682	3.1%	35.9%	Nationwide Mut Ins Co	\$ 2,420	3.0%	34.1%
Zurich Amer Ins Co	\$ 2,845	2.7%	38.6%	Cincinnati Ins Co	\$ 2,508	2.9%	35.9%	Northland Ins Co	\$ 2,155	2.6%	36.8%
Cincinnati Ins Co	\$ 2,689	2.5%	41.1%	Owners Ins Co	\$ 2,251	2.6%	38.5%	Auto Owners Ins Co	\$ 2,098	2.6%	39.3%
Continental Western Ins Co	\$ 2,672	2.5%	43.6%	Auto Owners Ins Co	\$ 1,960	2.3%	40.8%	Owners Ins Co	\$ 1,945	2.4%	41.7%
Owners Ins Co	\$ 2,643	2.5%	46.1%	National Cas Co	\$ 1,946	2.3%	43.1%	Nodak Mut Ins Co	\$ 1,562	1.9%	43.6%
Auto Owners Ins Co	\$ 2,308	2.2%	48.3%	United Financial Cas Co	\$ 1,930	2.3%	45.3%	General Cas Co Of WI	\$ 1,557	1.9%	45.5%
Mid Continent Cas Co	\$ 2,046	1.9%	50.2%	Nodak Mut Ins Co	\$ 1,699	2.0%	47.3%	Grinnell Mut Reins Co	\$ 1,519	1.9%	47.4%
National Ind Co	\$ 1,902	1.8%	52.0%	Sentry Select Ins Co	\$ 1,669	2.0%	49.3%	National Cas Co	\$ 1,510	1.8%	49.2%
General Cas Co Of WI	\$ 1,812	1.7%	53.7%	Maiden Reins Co	\$ 1,606	1.9%	51.2%	United Financial Cas Co	\$ 1,379	1.7%	50.9%
Northland Ins Co	\$ 1,631	1.5%	55.2%	General Cas Co Of WI	\$ 1,575	1.8%	53.0%	Sentry Select Ins Co	\$ 1,294	1.6%	52.5%
Nodak Mut Ins Co	\$ 1,606	1.5%	56.7%	Grinnell Mut Reins Co	\$ 1,549	1.8%	54.8%	Mid Continent Cas Co	\$ 1,113	1.4%	53.8%
Sentry Select Ins Co	\$ 1,549	1.5%	58.2%	Mid Continent Cas Co	\$ 1,475	1.7%	56.6%	Integon Natl Ins Co	\$ 1,104	1.3%	55.2%
Grinnell Mut Reins Co	\$ 1,482	1.4%	59.5%	St Paul Fire & Marine Ins Co	\$ 1,390	1.6%	58.2%	St Paul Fire & Marine Ins Co	\$ 1,099	1.3%	56.5%
United Fire & Cas Co	\$ 1,290	1.2%	60.8%	Zurich Amer Ins Co	\$ 1,291	1.5%	59.7%	Empire Fire & Marine Ins Co	\$ 1,083	1.3%	57.9%
Maiden Reins Co	\$ 1,285	1.2%	62.0%	State Farm Mut Auto Ins Co	\$ 1,149	1.3%	61.1%	Maiden Reins Co	\$ 1,071	1.3%	59.2%

Year: 2008				Year: 2007				Year: 2006			
<u>Company</u>	<u>Direct WP (in 000s)</u>	<u>Market Share</u>	<u>Cumulative</u>	<u>Company</u>	<u>Direct WP (in 000s)</u>	<u>Market Share</u>	<u>Cumulative</u>	<u>Company</u>	<u>Direct WP (in 000s)</u>	<u>Market Share</u>	<u>Cumulative</u>
Great West Cas Co	\$ 12,303	14.9%	14.9%	Great West Cas Co	\$ 13,066	15.8%	15.8%	Great West Cas Co	\$ 13,919	16.4%	16.4%
Employers Mut Cas Co	\$ 3,546	4.3%	19.2%	Northland Ins Co	\$ 3,386	4.1%	19.9%	State Farm Mut Auto Ins Co	\$ 3,330	3.9%	20.3%
Continental Western Ins Co	\$ 2,943	3.6%	22.8%	Continental Western Ins Co	\$ 2,727	3.3%	23.2%	Dakota Fire Ins Co	\$ 3,283	3.9%	24.1%
Northland Ins Co	\$ 2,750	3.3%	26.1%	Acuity A Mut Ins Co	\$ 2,677	3.2%	26.4%	Northland Ins Co	\$ 3,149	3.7%	27.8%
Acuity A Mut Ins Co	\$ 2,620	3.2%	29.3%	Cincinnati Ins Co	\$ 2,574	3.1%	29.5%	Acuity A Mut Ins Co	\$ 2,858	3.4%	31.2%
Cincinnati Ins Co	\$ 2,531	3.1%	32.4%	Sentry Select Ins Co	\$ 2,534	3.1%	32.6%	Continental Western Ins Co	\$ 2,697	3.2%	34.3%
Nationwide Mut Ins Co	\$ 2,404	2.9%	35.3%	Nationwide Mut Ins Co	\$ 2,453	3.0%	35.5%	Nationwide Mut Ins Co	\$ 2,485	2.9%	37.3%
Sentry Select Ins Co	\$ 2,221	2.7%	38.0%	Liberty Mut Fire Ins Co	\$ 2,424	2.9%	38.5%	Integon Natl Ins Co	\$ 2,479	2.9%	40.2%
Auto Owners Ins Co	\$ 2,191	2.7%	40.6%	Integon Natl Ins Co	\$ 2,314	2.8%	41.3%	Cincinnati Ins Co	\$ 2,453	2.9%	43.1%
Integon Natl Ins Co	\$ 2,076	2.5%	43.2%	Auto Owners Ins Co	\$ 2,199	2.7%	43.9%	Auto-Owners Ins Co	\$ 2,388	2.8%	45.9%
Liberty Mut Fire Ins Co	\$ 1,780	2.2%	45.3%	Dakota Fire Ins Co	\$ 2,172	2.6%	46.5%	Nodak Mut Ins Co	\$ 2,312	2.7%	48.6%
Owners Ins Co	\$ 1,601	1.9%	47.3%	Employers Mut Cas Co	\$ 1,749	2.1%	48.7%	Sentry Select Ins Co	\$ 2,168	2.5%	51.1%
Grinnell Mut Reins Co	\$ 1,594	1.9%	49.2%	Nodak Mut Ins Co	\$ 1,721	2.1%	50.7%	General Cas Co Of WI	\$ 1,830	2.2%	53.3%
General Cas Co Of WI	\$ 1,550	1.9%	51.1%	Grinnell Mut Reins Co	\$ 1,656	2.0%	52.7%	Grinnell Mut Reins Co	\$ 1,641	1.9%	55.2%
National Cas Co	\$ 1,532	1.9%	52.9%	General Cas Co Of WI	\$ 1,571	1.9%	54.6%	Lincoln General Ins Co	\$ 1,590	1.9%	57.1%
Nodak Mut Ins Co	\$ 1,529	1.9%	54.8%	Lincoln Gen Ins Co	\$ 1,565	1.9%	56.5%	National Cas Co	\$ 1,503	1.8%	58.8%
St Paul Fire & Marine Ins Co	\$ 1,353	1.6%	56.4%	National Cas Co	\$ 1,497	1.8%	58.3%	Zurich American Ins Co	\$ 1,477	1.7%	60.6%
Zurich Amer Ins Co	\$ 1,289	1.6%	58.0%	St Paul Fire & Marine Ins Co	\$ 1,210	1.5%	59.8%	Owners Ins Co	\$ 1,281	1.5%	62.1%
American Guar & Liab Ins	\$ 1,168	1.4%	59.4%	Owners Ins Co	\$ 1,085	1.3%	61.1%	Farmers Alliance Mut Ins Co	\$ 1,235	1.5%	63.5%
United Financial Cas Co	\$ 1,080	1.3%	60.7%	Harco Natl Ins Co	\$ 1,079	1.3%	62.4%	St Paul Fire & Marine Ins Co	\$ 974	1.1%	64.7%

# COMMERCIAL AUTO

## EXHIBIT IIB: NORTH DAKOTA MARKET SHARE REPORT ENTRIES/EXITS IN TOP 20 WRITERS

Year	# of New Entries/Exits into Top 20 Carriers	Changes within Top 20 Carriers
1992	3	15
1993	4	11
1994	3	15
1995	5	10
1996	4	14
1997	4	12
1998	3	11
1999	3	12
2000	8	7
2001	6	9
2002	9	5
2003	1	13
2004	1	14
2005	0	18
2006	1	14
2007	3	13
2008	3	14
2009	3	14
2010	2	15
2011	2	17

**EXHIBIT IIC: NORTH DAKOTA COMMERCIAL AUTO MARKET SHARE- SURPLUS (non-licensed)**

YEAR:	2011		2010		2009
	Direct Written Premium (000s)	Company	Direct Written Premium (000s)	Company	Direct Written Premium (000s)
Lexington Ins Co	\$ 462.20	Lexington Ins Co	\$ 572.25	Columbia Cas Co	\$ 203.86
Ironshore Specialty Ins Co	\$ 281.18	Ironshore Specialty Ins Co	\$ 363.62	Maiden Specialty Ins Co	\$ 185.30
Maiden Specialty Ins Co	\$ 155.58	Maiden Specialty Ins Co	\$ 156.21	Lexington Ins Co	\$ 87.95
Hudson Specialty Ins Co	\$ 74.65	Arch Specialty Ins Co	\$ 64.90	Arch Specialty Ins Co	\$ 84.85
Western Heritage Ins Co	\$ 64.65	Colony Ins Co	\$ 55.92	Colony Ins Co	\$ 71.06
Arch Specialty Ins Co	\$ 55.63	Western Heritage Ins Co	\$ 43.90	Western Heritage Ins Co	\$ 52.52
Colony Ins Co	\$ 41.70	Prime Ins Co	\$ 30.08	Acceptance Ind Ins Co	\$ 21.98
American Contractors Ins Co RRG	\$ 28.57	Scottsdale Ins Co	\$ 29.01	Scottsdale Ins Co	\$ 14.38
Prime Ins Co	\$ 25.89	Chartis Specialty Ins Co	\$ 24.04	ARCOA RRG Inc	\$ 10.74
Scottsdale Ins Co	\$ 16.03	Acceptance Ind Ins Co	\$ 19.80	Essex Ins Co	\$ 9.45
ARCOA RRG Inc	\$ 15.47	Torus Specialty Ins Co	\$ 11.32	Ooida RRG Inc	\$ 8.17
Ooida RRG Inc	\$ 10.56	American Safety Ind Co	\$ 4.95	American Farmers & Ranchers Ins Co	\$ 0.46
Golden Bear Ins Co	\$ 6.50	Montpelier US Ins Co	\$ 2.37	National Fire & Marine Ins Co	\$ 0.45
Tudor Ins Co	\$ 6.18	Great Amer E&S Ins Co	\$ 1.00	Great Amer E&S Ins Co	\$ 0.28
Acceptance Ind Ins Co	\$ 6.00	St Paul Surplus Lines Ins Co	\$ 0.50	St Paul Surplus Lines Ins Co	\$ 0.25
American Safety Ind Co	\$ 4.80	Columbia Cas Co	\$ 0.32		\$ 751.68
Chartis Specialty Ins Co	\$ 3.67		\$ 1,380.16		
Torus Specialty Ins Co	\$ 2.98				
Steadfast Ins Co	\$ 2.66				
Mesa Underwriters Specialty Ins Co	\$ 2.37				
Great Amer E&S Ins Co	\$ 1.00				
Columbia Cas Co	\$ 0.32				
	\$ 1,268.57				

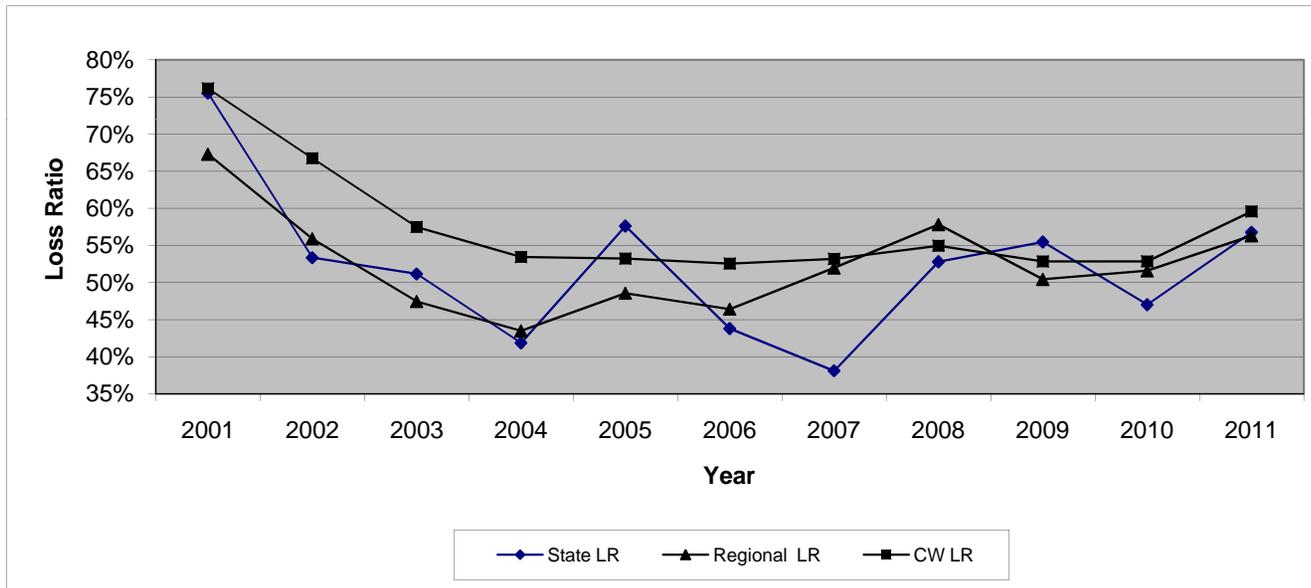
YEAR:	2008		2007		2006
	Direct Written Premium (000s)	Company	Direct Written Premium (000s)	Company	Direct Written Premium (000s)
Lexington Ins Co	\$ 684.37	Lexington Ins Co	\$ 504.64	Arch Specialty Ins Co	\$ 818.22
Arch Specialty Ins Co	\$ 252.44	Arch Specialty Ins Co	\$ 342.85	Lexington Ins Co	\$ 609.04
Integon Specialty Ins	\$ 140.40	Integon Specialty Ins	\$ 150.28	Integon Specialty Ins	\$ 185.76
Old Republic Ins Co	\$ 127.66	Colony Ins Co	\$ 84.65	Colony Ins Co	\$ 100.70
Colony Ins Co	\$ 78.91	Allied World Assur Co US Inc	\$ 49.50	Scottsdale Ins Co	\$ 74.25
Scottsdale Ins Co	\$ 41.88	Western Heritage Ins Co	\$ 39.59	Western Heritage Ins Co	\$ 41.90
Western Heritage Ins Co	\$ 34.75	Century Surety Co	\$ 33.00	Century Surety Co	\$ 35.11
American Safety Ind Co	\$ 24.44	Praetorian Specialty Ins Co	\$ 31.97	Columbia Cas Co	\$ 21.22
Acceptance Ind Ins Co	\$ 19.11	Westchester Surplus Lines Ins Co	\$ 23.50	Prime Insurance Syndicate Inc	\$ 7.37
Essex Ins Co	\$ 9.44	Scottsdale Ins Co	\$ 17.70	Ooida RRG Inc	\$ 3.36
Ooida RRG Inc	\$ 9.37	Ooida RRG Inc	\$ 8.77	National Fire & Marine Ins Co	\$ 2.73
Century Surety Co	\$ 7.95	National Fire & Marine Ins Co	\$ 5.96	American Intl Specialty Lines Ins Co	\$ 1.80
Prime Ins Syndicate Inc	\$ 6.32	Essex Ins Co	\$ 5.40	St Paul Surplus Lines Ins Co	\$ 0.75
Torus Specialty Ins Co	\$ 2.92	Prime Ins Syndicate Inc	\$ 5.04	Specialty Surplus Ins Co	\$ 0.62
ARCOA RRG Inc	\$ 2.62	Acceptance Ind Ins Co	\$ 3.05	Chubb Custom Ins Co	\$ 0.42
American Empire Surplus Lines Ins Co	\$ 2.45	American Intl Specialty Lines Ins Co	\$ 2.85	AXIS Surplus Ins Co	\$ 0.41
American Western Home Ins Co	\$ 1.93	American Western Home Ins Co	\$ 0.87	Discover Specialty Ins Co	\$ 0.16
American Intl Specialty Lines Ins Co	\$ 1.50	Chubb Custom Ins Co	\$ 0.50		\$ 1,903.83
National Fire & Marine Ins Co	\$ 1.04	St Paul Surplus Lines Ins Co	\$ 0.25		
Chubb Custom Ins Co	\$ 0.46	Discover Specialty Ins Co	\$ 0.10		
St Paul Surplus Lines Ins Co	\$ 0.25		\$ 1,310.46		
	\$ 1,450.18				

YEAR:	2005		2004		2003
	Direct Written Premium (000s)	Company	Direct Written Premium (000s)	Company	Direct Written Premium (000s)
Lexington Ins Co	\$ 218.62	Lexington Ins Co	\$ 430.54	American Safety Ind Co	\$ 222.41
Integon Specialty Ins	\$ 187.10	American Safety Ind Co	\$ 192.70	Integon Specialty Ins	\$ 112.08
Scottsdale Ins Co	\$ 104.20	St Paul Surplus Lines Ins Co	\$ 169.24	Interstate Fire & Cas Co	\$ 60.90
Interstate Fire & Cas Co	\$ 46.92	Integon Specialty Ins	\$ 148.87	Scottsdale Ins Co	\$ 60.51
Arch Specialty Ins Co	\$ 33.50	Scottsdale Ins Co	\$ 67.74	American Empire Surplus Ins Co	\$ 32.50
Western Heritage Ins Co	\$ 25.93	Interstate Fire & Cas Co	\$ 55.31	Columbia Cas Co	\$ 24.17
Columbia Cas Co	\$ 21.22	Western Heritage Ins Co	\$ 36.31	St Paul Surplus Lines Ins Co	\$ 21.37
Prime Insurance Syndicate Inc	\$ 14.81	Ooida RRG Inc	\$ 29.63	Western Heritage Ins Co	\$ 21.10
Ooida RRG Inc	\$ 13.52	Columbia Cas Co	\$ 23.10	Prime Insurance Syndicate Inc	\$ 15.98
St Paul Surplus Lines Ins Co	\$ 12.90	Acceptance Ind Ins Co	\$ 16.21	Acceptance Ind Ins Co	\$ 14.93
Colony Ins Co	\$ 12.76	National Fire & Marine Ins Co	\$ 11.44	Great American E&S Ins Co	\$ 10.81
American Intl Specialty Lines Ins Co	\$ 11.43	Prime Insurance Syndicate Inc	\$ 7.22	Essex Ins Co	\$ 9.56
National Fire & Marine Ins Co	\$ 5.30	Century Surety Co	\$ 1.85	Ooida RRG Inc	\$ 6.87
Essex Ins Co	\$ 4.00	Burlington Ins Co	\$ 1.16	Northfield Ins Co	\$ 3.63
Century Surety Co	\$ 2.97	Steadfast Ins Co	\$ 0.50	Burlington Ins Co	\$ 1.98
Chubb Custom Ins Co	\$ 0.23	Specialty Surplus Ins Co	\$ 0.31	National Fire & Marine Ins Co	\$ 1.80
	\$ 715.40	Northfield Ins Co	\$ 0.30	American Intl Specialty Lines Ins Co	\$ 0.05
		Ufs Ins Co	\$ 0.30		\$ 620.63
		Discover Specialty Ins Co	\$ 0.10		
			\$ 1,192.83		

# COMMERCIAL AUTO

## EXHIBIT III: HISTORICAL LOSS RATIOS

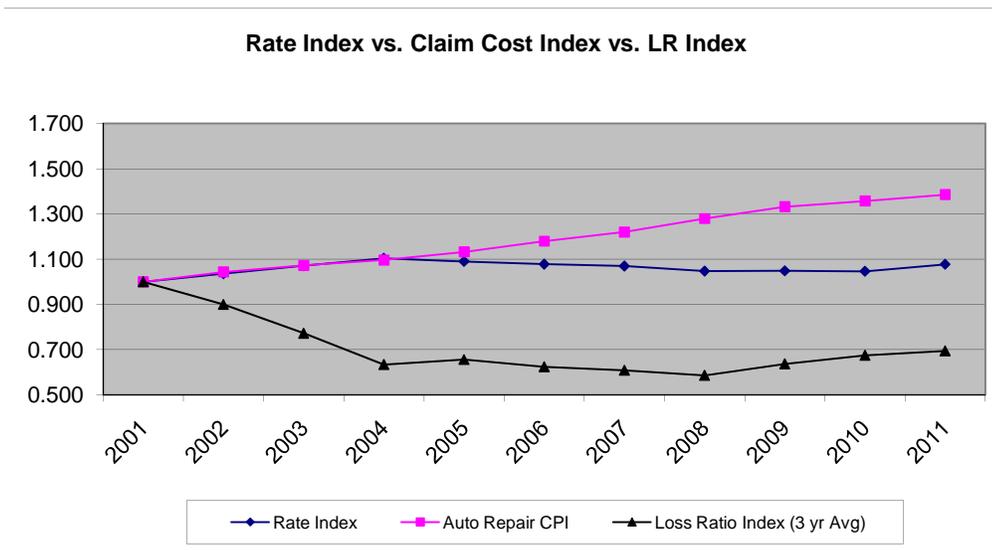
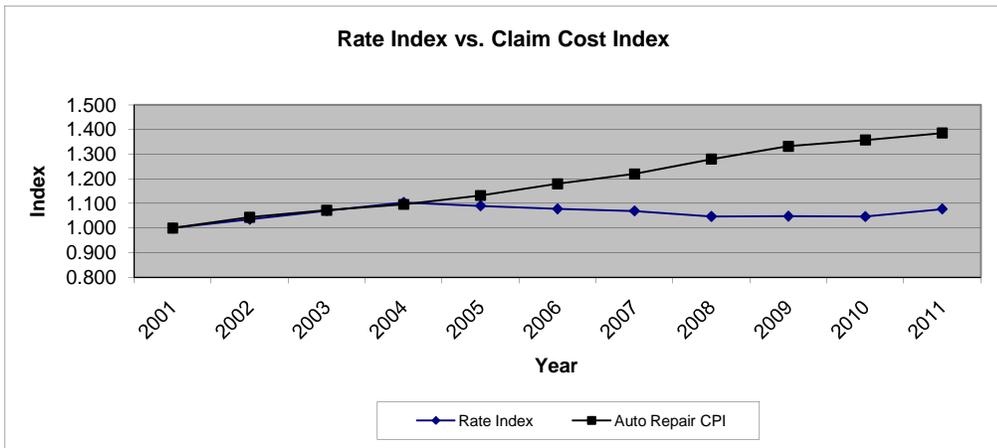
Year	Statewide Loss Ratio	Regional Loss Ratio	Countrywide Loss Ratio
2001	76%	67%	76%
2002	53%	56%	67%
2003	51%	47%	57%
2004	42%	43%	53%
2005	58%	49%	53%
2006	44%	46%	53%
2007	38%	52%	53%
2008	53%	58%	55%
2009	55%	50%	53%
2010	47%	52%	53%
2011	57%	56%	60%



# COMMERCIAL AUTO

## EXHIBIT IV: LOSS RATIO VS. RATE CHANGES VS. COST INDICES

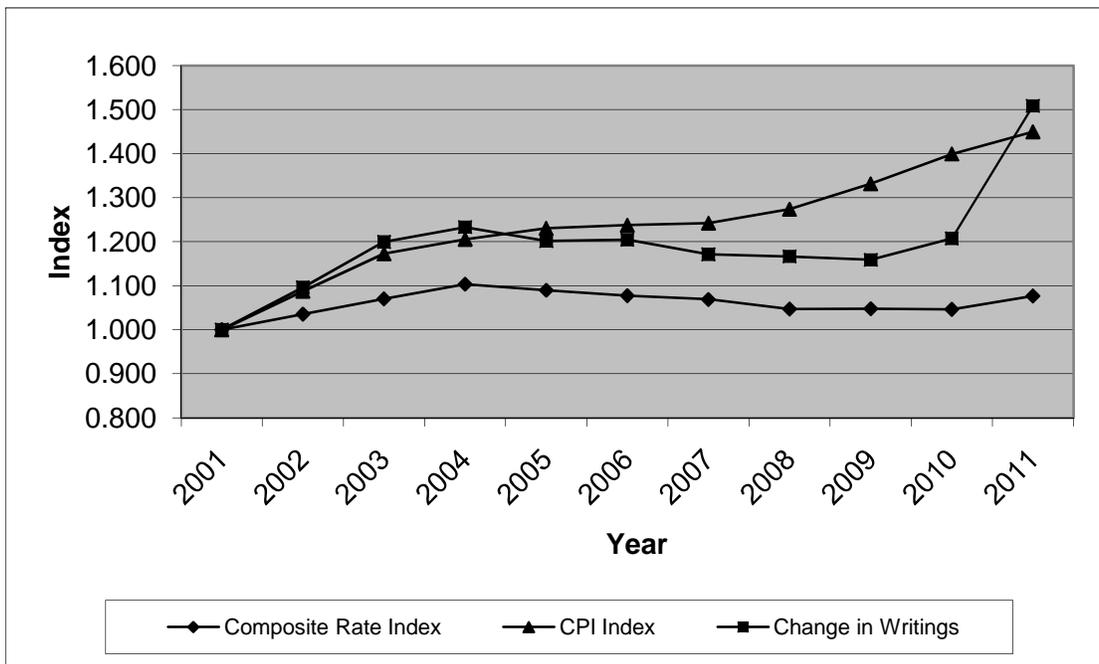
Year	Composite Rate Index	Relevant Auto Repair CPI	Statewide 3 Yr LR Index
2001	1.000	1.000	1.000
2002	1.035	1.044	0.899
2003	1.070	1.072	0.772
2004	1.104	1.096	0.633
2005	1.090	1.132	0.656
2006	1.077	1.179	0.624
2007	1.069	1.220	0.608
2008	1.047	1.279	0.586
2009	1.048	1.332	0.636
2010	1.046	1.357	0.674
2011	1.077	1.386	0.694



# COMMERCIAL AUTO

## EXHIBIT V: CHANGE IN PREMIUM WRITINGS

Year	Statewide Written Premium (000s)	Change in Writings	Indexed	Composite Rate Index	Consumer Price Index
2001	\$ 70,676		1.00	1.000	1.000
2002	\$ 77,484	9.6%	1.10	1.035	1.088
2003	\$ 84,776	9.4%	1.20	1.070	1.173
2004	\$ 87,154	2.8%	1.23	1.104	1.206
2005	\$ 84,928	-2.6%	1.20	1.090	1.231
2006	\$ 85,128	0.2%	1.20	1.077	1.238
2007	\$ 82,774	-2.8%	1.17	1.069	1.242
2008	\$ 82,453	-0.4%	1.17	1.047	1.274
2009	\$ 81,899	-0.7%	1.16	1.048	1.332
2010	\$ 85,354	4.2%	1.21	1.046	1.399
2011	\$ 106,618	24.9%	1.51	1.077	1.450



# COMMERCIAL AUTO

## EXHIBIT VI: FIELD MARKET SURVEY

Available Markets	<u>Fewer</u> 9	8.2%	<u>Same</u> 90	81.8%	<u>More</u> 11	10.0%	<u>Total Responses</u> 110
Rate Changes	<u>Increased</u> 41	37.6%	<u>Same</u> 62	56.9%	<u>Decreased</u> 6	5.5%	<u>Total Responses</u> 109
Underwriting Changes	<u>More Strict</u> 45	40.5%	<u>Same</u> 61	55.0%	<u>Less Strict</u> 5	4.5%	<u>Total Responses</u> 111
Finding Coverage	<u>Always</u> 26	24.1%	<u>Occasionally Not</u> 77	71.3%	<u>Frequently Unable</u> 5	4.6%	<u>Total Responses</u> 108

## COMMERCIAL AUTO

### EXHIBIT VII – RESIDUAL MARKET POPULATION

<b>Private Passenger Auto</b>	<b>Commercial Auto</b>	<b>Registered vehicles</b>
1991 - 49	39	648,000
1992 - 52	39	674,000
1993 - 54	31	680,000
1994 - 62	33	688,000
1995 - 38	19	696,000
1996 - 29	12	696,000
1997 - 16	10	696,000
1998 - 11	7	688,000
1999 - 14	9	720,000
2000 - 10	11	715,000
2001 - 6	14	791,000
2002 - 2	21	809,000
2003 - 7	22	820,000
2004 - 0	7	837,000
2005 - 0	2	843,000
2006 - 1	1	878,000
2007 - 2	9	855,000
2008 - 2	11	869,000
2009 - 1	3	827,000
2010 - 2	2	897,000
2011 - 0	4	912,000

## COMMERCIAL AUTO

### EXHIBIT VIII - MATRIX OF INDICATORS

Factor	Competitive Level		
	Low	Moderate	High
Market Concentration (Herfindahl index )			XX
Market Share Analysis –Market Share Changes			XX
Market Share Analysis –Company Changes			XX
Market Share Analysis – Surplus (non-licensed)			XX
Historical Loss Ratios (Statewide, Regional, and Countrywide)	NA	NA	NA
Loss Ratios vs Rate Change vs Claims Cost Indexes			XX
Change in Premium Writings	NA	NA	NA
Field Market Survey Results-October 2011		XX	
Residual Market Population			XX

Final ranking based upon all factors: High

### **Addendum 3            Narrative Summary – Commercial Multi Peril Package**

The market analysis components found in the attached exhibits for commercial multi peril package are summarized below:

#### Exhibit I -Market Concentration (Herfindahl index )

The historical concentration ratios and Herfindahl indices for North Dakota are low relative to the national benchmarks. We note that the Herfindahl index for North Dakota has been gradually increasing in recent years, however overall this exhibit indicates that the market is highly competitive.

The index for North Dakota compared to countrywide, indicates the North Dakota market is more concentrated than the countywide market. Some of this difference is due to the fact that North Dakota is a relatively small volume market that is more easily dominated by a few larger companies.

#### Exhibit II-A - Market Share Analysis –Market Share Changes

The top 4 writers have accounted for approximately 22% - 26% of the market share over the past 6 years. The total market share of the top 20 companies over the past 6 years has been less than 70%.

These statistics indicate that the market is very competitive. We temper this conclusion somewhat because the general category of Commercial Multi-Peril Package includes such a wide array of contracts and risk exposures. Contracts can include Commercial Multi-Peril, Businessowners, Owners, Landlords and Tenants as well as other specialty packages. Further, some companies specialize in writing only certain risk categories. Not all companies write all classes of risk.

#### Exhibit II-B – Market Share Analysis –Company Changes

Prior to 2003, the number of entries and exits in the top 20 had been significant. In the past several years however we have seen fewer companies entering/exiting the top 20. Within the top 20 there continues to be considerable movement among all companies.

This information suggests the market is moderately competitive.

#### Exhibit II-C – Market Share Analysis – Surplus (non-licensed)

The analysis of the surplus lines market for this line of business is difficult. Much of what would normally be categorized as commercial multi peril in the admitted market may instead be classified in fire and allied lines for property coverage and other liability for commercial liability in the surplus market reporting. It is noteworthy that in the past several years some business written by surplus lines carriers was coded as Commercial Multi-peril. However we do note that the volume of premium written in the surplus lines market is less than 3% of the total commercial multi-peril premium. With this information we categorize the level of competition as moderate.

#### Exhibit III – Historical Loss Ratios (Statewide, Regional, and Countrywide)

Statewide loss ratios have fluctuated significantly from year to year, but have generally been profitable since 2001. The regional loss experience has also fluctuated but to a lesser magnitude. The countrywide ratios have been more stable. The variation in data makes it difficult to draw any meaningful conclusions on this factor alone.

This information by itself is not an indicator of the competitive level of the market.

#### Exhibit IV – Loss Ratios vs Rate Change vs Claims Cost Indexes

As loss ratios have remained in the profitable range, rates have largely gone unchanged. This suggests that the market is moderately competitive.

#### Exhibit V – Change in Premium Writings

The statewide premium volume has increased by 89% since 2001. Filed rate changes over that time period account for 9% of the increase.

This information is by itself not an indicator of the competitive level of the market.

#### Exhibit VI – Field Market Survey Results-September 2011

The results of this survey represent a snapshot of the market as of September 2011. Responses in 2011 were roughly consistent with responses received in 2010, and continue to suggest that the market is moderately competitive.

### Exhibit VII – Residual Market Population

There is no residual market mechanism for commercial lines in North Dakota. Consumers who can not obtain insurance through the admitted market must either look for coverage in the surplus market, or go without.

The absence of the need for a residual market mechanism is considered an indicator of a competitive market.

### Exhibit VIII – Matrix of Indicators

The Herfindahl index, Market Share Changes and the lack of a residual market indicate a highly competitive market. The Market Share Company Changes summary, Market Share Analysis – Surplus lines, Loss ratios versus rate change versus claims cost index and the field market survey indicate a moderately competitive market. The Historical loss ratios provide no conclusion.

### Final assessment

Based on the indications discussed above, we consider the commercial multi-peril in general to be highly competitive. However, anecdotal information received from consumers in specific niche markets within the commercial multi peril line and the fact that premium for this line was written in the surplus lines market in the past five years, would indicate a low competitive level for some niche markets.

# COMMERCIAL MULTI-PERIL PACKAGE

## EXHIBIT I: MARKET CONCENTRATION

Year	North Dakota			Countrywide		
	4-Firm Concentration Ratio	20-Firm Concentration Ratio	Herfindahl Index	4-Firm Concentration Ratio	20-Firm Concentration Ratio	Herfindahl Index
1992	19.5%	54.9%		13.6%	36.6%	
1993	19.6%	56.6%		14.1%	35.5%	
1994	20.5%	57.0%		12.0%	33.5%	
1995	20.6%	56.8%		10.8%	31.3%	
1996	19.3%	54.1%		11.4%	31.5%	
1997	20.5%	54.2%		11.0%	30.5%	
1998	20.7%	54.6%		11.3%	31.9%	
1999	20.1%	53.8%		9.8%	30.6%	
2000	18.9%	51.5%		9.6%	29.8%	
2001	20.6%	54.6%		10.2%	30.2%	
2002	22.1%	60.3%		10.9%	30.8%	
2003	24.3%	63.8%		11.7%	32.7%	
2004	22.3%	64.6%	(462)	12.1%	34.1%	(332)
2005	24.1%	65.2%	(430)	13.0%	35.7%	(325)
2006	21.7%	64.0%	(422)	12.8%	35.4%	(321)
2007	22.2%	64.8%	(422)	12.9%	35.2%	(328)
2008	25.8%	69.7%	(473)	12.3%	34.3%	(349)
2009	23.7%	67.7%	(473)	12.0%	33.6%	(339)
2010	24.0%	66.7%	(475)	12.2%	33.5%	(338)
2011	23.2%	65.0%	(514)	11.9%	32.7%	(348)

### Benchmarks:

National industries with 4-firm concentration ratios <75% and Herfindahl index <2000, are generally not viewed as highly concentrated.

### Merger guidelines of U.S. Dept of Justice

#### Post-merger market Herfindahl index

> 1,800 - highly concentrated

1,000 < Herfindahl index < 1,800 - moderately concentrated

< 1,000 - unconcentrated

# COMMERCIAL MULTI-PERIL PACKAGE

## EXHIBIT IIA: NORTH DAKOTA MARKET SHARE REPORT

Year: 2011				Year: 2010				Year: 2009			
<u>Company</u>	<u>Direct WP (in 000s)</u>	<u>Market Share</u>	<u>Cumulative</u>	<u>Company</u>	<u>Direct WP (in 000s)</u>	<u>Market Share</u>	<u>Cumulative</u>	<u>Company</u>	<u>Direct WP (in 000s)</u>	<u>Market Share</u>	<u>Cumulative</u>
Continental Western Ins Co	\$ 9,320	8.8%	8.8%	Continental Western Ins Co	\$ 8,441	8.7%	8.7%	Continental Western Ins Co	\$ 8,193	8.6%	8.6%
Cincinnati Ins Co	\$ 6,343	6.0%	14.8%	Cincinnati Ins Co	\$ 6,258	6.5%	15.2%	Cincinnati Ins Co	\$ 6,271	6.6%	15.2%
Farmers Union Mut Ins Co	\$ 4,602	4.3%	19.1%	Farmers Union Mut Ins Co	\$ 4,295	4.4%	19.7%	Farmers Union Mut Ins Co	\$ 4,043	4.3%	19.5%
State Auto Prop & Cas Ins Co	\$ 4,318	4.1%	23.2%	State Auto Prop & Cas Ins Co	\$ 4,211	4.4%	24.0%	State Auto Prop & Cas Ins Co	\$ 4,016	4.2%	23.7%
Nationwide Agribusiness Ins Co	\$ 4,106	3.9%	27.1%	Farmland Mut Ins Co	\$ 3,919	4.1%	28.1%	Farmland Mut Ins Co	\$ 3,626	3.8%	27.6%
Acuity A Mut Ins Co	\$ 3,996	3.8%	30.9%	Acuity A Mut Ins Co	\$ 3,525	3.7%	31.7%	Midwest Family Mut Ins Co	\$ 3,487	3.7%	31.2%
Owners Ins Co	\$ 3,566	3.4%	34.2%	Nationwide Agribusiness Ins Co	\$ 3,503	3.6%	35.4%	American Family Mut Ins Co	\$ 3,417	3.6%	34.8%
Farmland Mut Ins Co	\$ 3,440	3.2%	37.5%	Owners Ins Co	\$ 3,426	3.5%	38.9%	Nationwide Agribusiness Ins Co	\$ 3,370	3.6%	38.4%
American Family Mut Ins Co	\$ 3,420	3.2%	40.7%	American Family Mut Ins Co	\$ 3,238	3.4%	42.3%	Acuity A Mut Ins Co	\$ 3,335	3.5%	41.9%
Midwest Family Mut Ins Co	\$ 3,396	3.2%	43.9%	State Farm Fire & Cas Co	\$ 2,813	2.9%	45.2%	Amco Ins Co	\$ 3,231	3.4%	45.3%
Nodak Mut Ins Co	\$ 3,018	2.9%	46.8%	Midwest Family Mut Ins Co	\$ 2,782	2.9%	48.1%	State Farm Fire & Cas Co	\$ 3,207	3.4%	48.7%
Grinnell Mut Reins Co	\$ 2,914	2.8%	49.5%	Grinnell Mut Reins Co	\$ 2,607	2.7%	50.8%	Owners Ins Co	\$ 3,064	3.2%	51.9%
State Farm Fire & Cas Co	\$ 2,881	2.7%	52.2%	Nodak Mut Ins Co	\$ 2,542	2.6%	53.4%	Grinnell Mut Reins Co	\$ 2,308	2.4%	54.4%
Amco Ins Co	\$ 2,382	2.2%	54.5%	Amco Ins Co	\$ 2,447	2.5%	55.9%	Nodak Mut Ins Co	\$ 2,206	2.3%	56.7%
Guideone Mut Ins Co	\$ 2,316	2.2%	56.7%	Guideone Mut Ins Co	\$ 2,380	2.5%	58.4%	Guideone Mut Ins Co	\$ 2,158	2.3%	59.0%
Auto Owners Ins Co	\$ 2,009	1.9%	58.6%	Philadelphia Ind Ins Co	\$ 1,748	1.8%	60.2%	Auto Owners Ins Co	\$ 1,856	2.0%	60.9%
Philadelphia Ind Ins Co	\$ 1,980	1.9%	60.4%	Auto Owners Ins Co	\$ 1,671	1.7%	61.9%	Phoenix Ins Co	\$ 1,763	1.9%	62.8%
Church Mut Ins Co	\$ 1,632	1.5%	62.0%	General Cas Co Of WI	\$ 1,619	1.7%	63.6%	Philadelphia Ind Ins Co	\$ 1,585	1.7%	64.4%
General Cas Co Of WI	\$ 1,601	1.5%	63.5%	Church Mut Ins Co	\$ 1,565	1.6%	65.2%	Travelers Prop Cas Co Of Amer	\$ 1,580	1.7%	66.1%
Travelers Prop Cas Co Of Amer	\$ 1,591	1.5%	65.0%	Travelers Prop Cas Co Of Amer	\$ 1,453	1.5%	66.7%	Church Mut Ins Co	\$ 1,483	1.6%	67.7%

Year: 2008				Year: 2007				Year: 2006			
<u>Company</u>	<u>Direct WP (in 000s)</u>	<u>Market Share</u>	<u>Cumulative</u>	<u>Company</u>	<u>Direct WP (in 000s)</u>	<u>Market Share</u>	<u>Cumulative</u>	<u>Company</u>	<u>Direct WP (in 000s)</u>	<u>Market Share</u>	<u>Cumulative</u>
Continental Western Ins Co	\$ 7,645	8.6%	8.6%	Continental Western Ins Co	\$ 6,359	7.3%	7.3%	Continental Western Ins Co	\$ 6,491	7.5%	7.5%
Cincinnati Ins Co	\$ 6,732	7.6%	16.2%	Cincinnati Ins Co	\$ 5,769	6.6%	13.9%	Cincinnati Ins Co	\$ 4,817	5.6%	13.1%
State Auto Prop & Cas Ins Co	\$ 4,641	5.2%	21.4%	Farmers Union Mut Ins Co	\$ 3,798	4.3%	18.2%	Acuity A Mut Ins Co	\$ 3,814	4.4%	17.5%
Farmers Union Mut Ins Co	\$ 3,873	4.4%	25.8%	American Family Mut Ins Co	\$ 3,459	4.0%	22.2%	Farmers Union Mut Ins Co	\$ 3,657	4.2%	21.7%
Midwest Family Mut Ins Co	\$ 3,439	3.9%	29.7%	Acuity A Mut Ins Co	\$ 3,414	3.9%	26.1%	American Family Mut Ins Co	\$ 3,635	4.2%	25.9%
Acuity A Mut Ins Co	\$ 3,350	3.8%	33.5%	State Auto Prop & Cas Ins Co	\$ 3,182	3.6%	29.7%	State Auto Prop & Cas Ins Co	\$ 3,392	3.9%	29.8%
American Family Mut Ins Co	\$ 3,345	3.8%	37.2%	Farmland Mut Ins Co	\$ 3,087	3.5%	33.3%	State Farm Fire And Cas Co	\$ 3,244	3.8%	33.6%
State Farm Fire & Cas Co	\$ 3,235	3.6%	40.9%	State Farm Fire And Cas Co	\$ 3,085	3.5%	36.8%	Farmland Mut Ins Co	\$ 2,812	3.3%	36.8%
Farmland Mut Ins Co	\$ 3,157	3.6%	44.4%	Midwest Family Mut Ins Co	\$ 2,894	3.3%	40.1%	Amco Ins Co	\$ 2,729	3.2%	40.0%
Amco Ins Co	\$ 3,030	3.4%	47.9%	Amco Ins Co	\$ 2,880	3.3%	43.4%	Midwest Family Mut Ins Co	\$ 3,382	2.8%	42.7%
Nationwide Agribusiness Ins Co	\$ 2,541	2.9%	50.7%	Travelers Property Cas Co Of Amer	\$ 2,471	2.8%	46.2%	Travelers Property Cas Co Of Amer	\$ 2,358	2.7%	45.5%
Owners Ins Co	\$ 2,513	2.8%	53.6%	Owners Ins Co	\$ 2,284	2.6%	48.8%	Nationwide Agribusiness Ins Co	\$ 3,236	2.7%	48.2%
Grinnell Mut Reins Co	\$ 2,139	2.4%	56.0%	Nationwide Agribusiness Ins Co	\$ 2,023	2.3%	51.2%	Owners Ins Co	\$ 2,249	2.6%	50.8%
Travelers Prop Cas Co Of Amer	\$ 2,081	2.3%	58.3%	Auto Owners Ins Co	\$ 1,956	2.2%	53.4%	Auto-Owners Ins Co	\$ 1,931	2.2%	53.0%
Guideone Mut Ins Co	\$ 1,884	2.1%	60.4%	Grinnell Mut Reins Co	\$ 1,948	2.2%	55.6%	Grinnell Mut Reins Co	\$ 1,907	2.2%	55.2%
Auto Owners Ins Co	\$ 1,762	2.0%	62.4%	Guideone Mut Ins Co	\$ 1,714	2.0%	57.6%	Church Mut Ins Co	\$ 1,685	1.9%	57.1%
Nodak Mut Ins Co	\$ 1,673	1.9%	64.3%	Harleysville Ins Co	\$ 1,609	1.8%	59.4%	Philadelphia Ind Ins Co	\$ 1,589	1.8%	59.0%
Michigan Millers Mut Ins Co	\$ 1,597	1.8%	66.1%	Federal Ins Co	\$ 1,588	1.8%	61.2%	Guideone Mut Ins Co	\$ 1,508	1.7%	60.7%
Harleysville Ins Co	\$ 1,595	1.8%	67.9%	Nodak Mut Ins Co	\$ 1,583	1.8%	63.1%	General Cas Co Of WI	\$ 1,416	1.6%	62.4%
Church Mut Ins Co	\$ 1,562	1.8%	69.7%	Church Mut Ins Co	\$ 1,530	1.8%	64.8%	Federal Ins Co	\$ 1,409	1.6%	64.0%

# COMMERCIAL MULTI-PERIL PACKAGE

## EXHIBIT IIB: NORTH DAKOTA MARKET SHARE REPORT ENTRIES/EXITS IN TOP 20 WRITERS

Year	# of New Entries/Exits into Top 20 Carriers	Changes within Top 20 Carriers
1993	4	14
1994	2	16
1995	3	13
1996	6	12
1997	2	17
1998	4	14
1999	4	12
2000	6	9
2001	6	9
2002	6	12
2003	1	15
2004	0	14
2005	2	13
2006	1	15
2007	2	12
2008	1	13
2009	2	9
2010	1	13
2011	0	10

**EXHIBIT IIC: NORTH DAKOTA COMMERCIAL MULTI-PERIL PACKAGE MARKET SHARE- SURPLUS (non-licensed)**

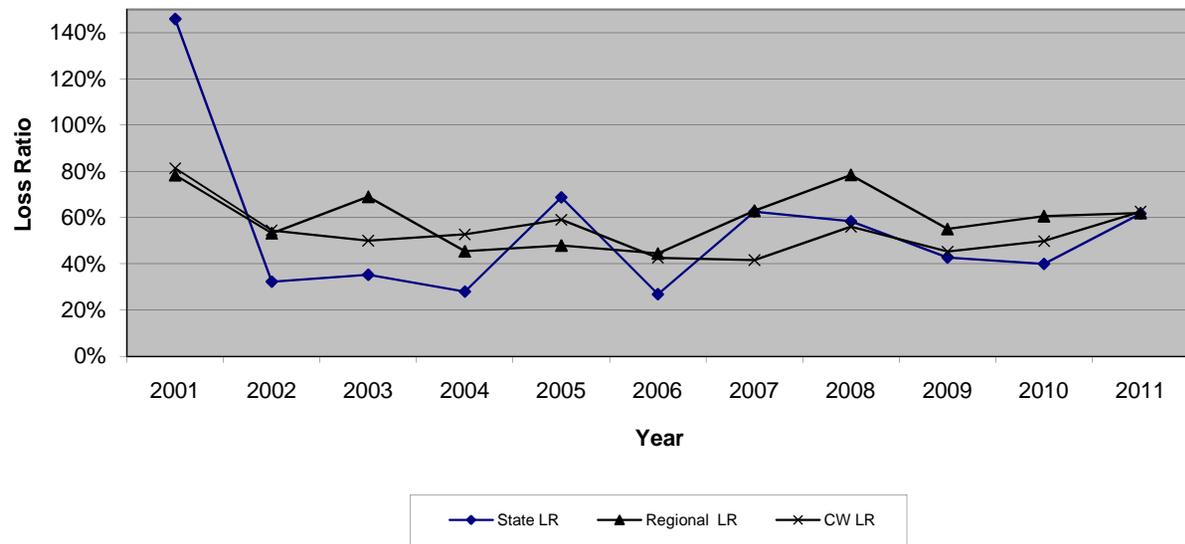
YEAR:	2011	2010	2009
	Direct Written Premium (000s)	Direct Written Premium (000s)	Direct Written Premium (000s)
Company		Company	Company
Scottsdale Ins Co	\$ 429.09	Western Heritage Ins Co	\$ 319.57
Chubb Custom Ins Co	\$ 333.23	Scottsdale Ins Co	\$ 294.45
Western Heritage Ins Co	\$ 296.92	Lexington Ins Co	\$ 165.42
Companion Specialty Ins Co	\$ 290.00	Chubb Custom Ins Co	\$ 153.15
Lexington Ins Co	\$ 209.75	Berkley Regional Specialty Ins Co	\$ 110.86
Capitol Specialty Ins Corp	\$ 202.36	Capitol Specialty Ins Corp	\$ 95.77
Berkley Regional Specialty Ins Co	\$ 133.94	Essex Ins Co	\$ 80.74
Steadfast Ins Co	\$ 125.41	Penn Star Ins Co	\$ 77.96
Atlantic Cas Ins Co	\$ 123.15	Everest Ind Ins Co	\$ 70.98
Essex Ins Co	\$ 73.49	Century Surety Co	\$ 41.70
Penn Star Ins Co	\$ 68.61	Savers Prop & Cas Ins Co	\$ 31.37
Hermitage Ins Co	\$ 61.66	Colony Ins Co	\$ 23.37
Savers Prop & Cas Ins Co	\$ 31.73	Evanston Ins Co	\$ 21.55
Arch Specialty Ins Co	\$ 27.38	Steadfast Ins Co	\$ 16.13
Evanston Ins Co	\$ 21.76	American Western Home Ins Co	\$ 15.81
Western World Ins Co	\$ 20.02	Catlin Specialty Ins Co	\$ 13.25
Colony Ins Co	\$ 16.87	Atlantic Cas Ins Co	\$ 12.97
Catlin Specialty Ins Co	\$ 12.62	Western World Ins Co	\$ 8.70
Houston Cas Co	\$ 12.24	Philadelphia Ins Co	\$ 8.66
Liberty Surplus Ins Corp	\$ 9.67	Omega US Ins Inc	\$ 8.22
Century Surety Co	\$ 7.63	Columbia Cas Co	\$ 7.61
Columbia Cas Co	\$ 7.48	Seneca Specialty Ins Co	\$ 6.76
Tudor Ins Co	\$ 6.20	Gemini Ins Co	\$ 5.95
American Western Home Ins Co	\$ 6.15	Burlington Ins Co	\$ 4.74
Omega US Ins Inc	\$ 5.98	Firemans Fund Ins Co Of OH	\$ 4.27
American Safety Ind Co	\$ 5.61	Great Amer E&S Ins Co	\$ 3.22
Landmark Amer Ins Co	\$ 4.78	Acceptance Ind Ins Co	\$ 1.36
American Empire Surplus Lines Ins Co	\$ 3.73	Endurance Amer Specialty Ins Co	\$ 1.08
Acceptance Ind Ins Co	\$ 3.46	Montpelier US Ins Co	\$ 0.75
Great Amer E&S Ins Co	\$ 2.29	Tudor Ins Co	\$ 0.16
Burlington Ins Co	\$ 2.26		
Seneca Specialty Ins Co	\$ 1.12		
Everest Ind Ins Co	\$ 0.70		
Philadelphia Ins Co	\$ 0.00		
	\$ 2,557.30	\$ 1,955.39	\$ 1,606.51

YEAR:	2008	2007	2006
	Direct Written Premium (000s)	Direct Written Premium (000s)	Direct Written Premium (000s)
Company		Company	Company
Lexington Ins Co	\$ 411.66	Lexington Ins Co	\$ 921.58
Scottsdale Ins Co	\$ 263.53	Western Heritage Ins Co	\$ 365.33
Western Heritage Ins Co	\$ 247.41	Scottsdale Ins Co	\$ 263.64
Capitol Specialty Ins Corp	\$ 132.24	Penn Star Ins Co	\$ 201.50
Penn Star Ins Co	\$ 106.19	Everest Ind Ins Co	\$ 140.11
Berkley Regional Specialty Ins Co	\$ 96.39	Hermitage Ins Co	\$ 122.59
Hermitage Ins Co	\$ 83.34	Capitol Specialty Ins Corp	\$ 100.90
Everest Ind Ins Co	\$ 75.94	Colony Ins Co	\$ 81.65
Century Surety Co	\$ 52.99	Capitol Specialty Ins Corp	\$ 68.99
Evanston Ins Co	\$ 35.36	Navigators Specialty Ins Co	\$ 52.45
Catlin Specialty Ins Co	\$ 31.53	Century Surety Co	\$ 43.47
Colony Ins Co	\$ 29.77	Chubb Custom Ins Co	\$ 38.11
Essex Ins Co	\$ 27.33	Berkley Regional Specialty Ins Co	\$ 33.75
Chubb Custom Ins Co	\$ 18.30	Catlin Specialty Ins Co	\$ 29.51
Steadfast Ins Co	\$ 17.90	Evanston Ins Co	\$ 27.61
Atlantic Cas Ins Co	\$ 15.98	Burlington Ins Co	\$ 17.79
Tudor Ins Co	\$ 11.29	Steadfast Ins Co	\$ 13.44
Philadelphia Ins Co	\$ 9.14	Integon Specialty Ins	\$ 8.56
American Western Home Ins Co	\$ 7.30	Western World Ins Co	\$ 8.54
Western World Ins Co	\$ 6.58	Atlantic Cas Ins Co	\$ 7.41
Burlington Ins Co	\$ 5.74	Essex Ins Co	\$ 6.35
Acceptance Ind Ins Co	\$ 4.02	Tudor Ins Co	\$ 5.32
Columbia Cas Co	\$ 1.30	Columbia Cas Co	\$ 1.48
First Mercury Ins Co	\$ 0.75	Specialty Surplus Ins Co	\$ 0.50
	\$ 1,692.35	\$ 1,955.09	\$ 2,560.58

# COMMERCIAL MULTI-PERIL PACKAGE

## EXHIBIT III: HISTORICAL LOSS RATIOS

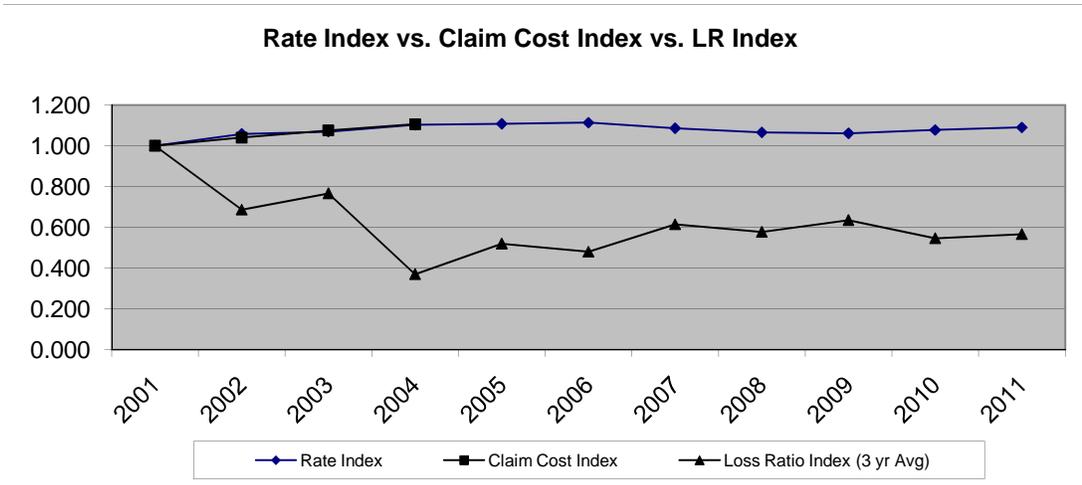
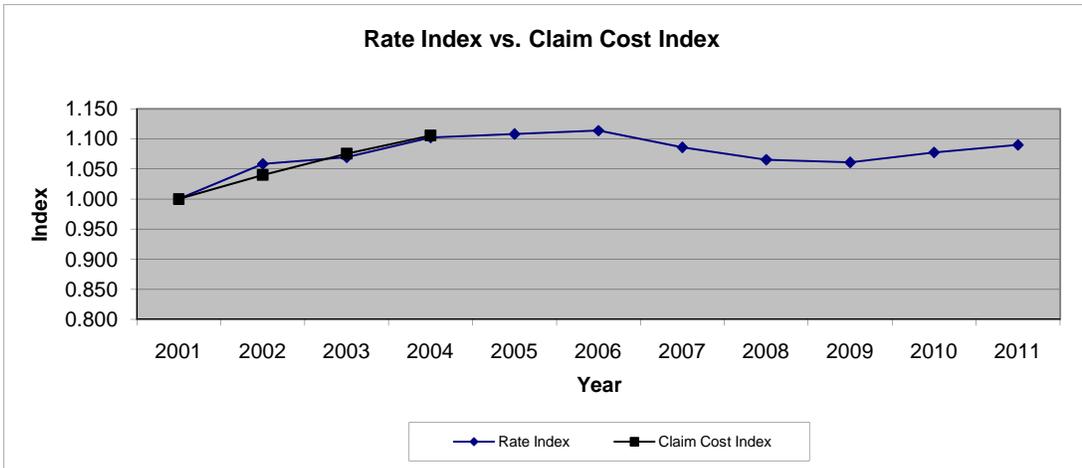
Year	Statewide Loss Ratio	Regional Loss Ratio	Countrywide Loss Ratio
2001	146%	78%	81%
2002	32%	53%	54%
2003	35%	69%	50%
2004	28%	45%	53%
2005	69%	48%	59%
2006	27%	44%	43%
2007	63%	63%	42%
2008	58%	78%	56%
2009	43%	55%	45%
2010	40%	61%	50%
2011	62%	62%	63%



# COMMERCIAL MULTI-PERIL PACKAGE

## EXHIBIT IV: LOSS RATIO VS. RATE CHANGES VS. COST INDICES

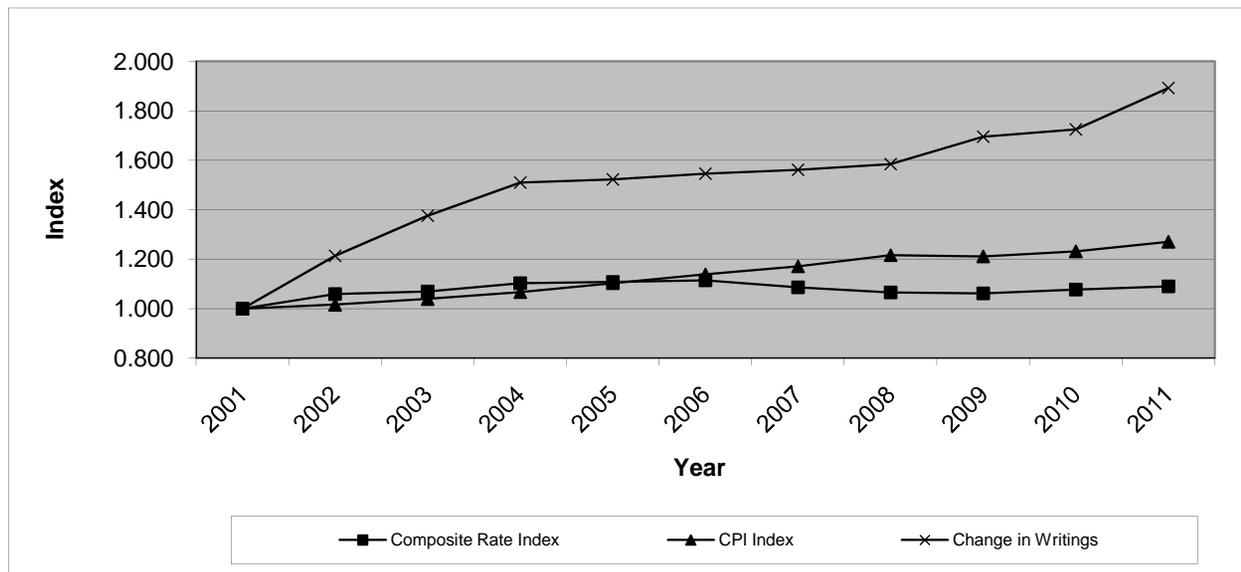
Year	Composite Rate Index	Relevant Claim Cost Index	Statewide 3 Yr LR Index
2001	1.000	1.000	1.000
2002	1.058	1.040	0.686
2003	1.069	1.075	0.766
2004	1.102	1.105	0.369
2005	1.108	NA	0.520
2006	1.114	NA	0.480
2007	1.086	NA	0.614
2008	1.065	NA	0.576
2009	1.061	NA	0.635
2010	1.077	NA	0.546
2011	1.090	NA	0.566



# COMMERCIAL MULTI-PERIL PACKAGE

## EXHIBIT V: CHANGE IN PREMIUM WRITINGS

Year	Statewide Written Premium	Change in Writings	Indexed	Composite Rate Index	Consumer Price Index
2001	\$ 55,980		1.00	1.000	1.000
2002	\$ 67,941	21.4%	1.21	1.058	1.016
2003	\$ 77,000	13.3%	1.38	1.069	1.039
2004	\$ 84,529	9.8%	1.51	1.102	1.067
2005	\$ 85,253	0.9%	1.52	1.108	1.103
2006	\$ 86,503	1.5%	1.55	1.114	1.138
2007	\$ 87,386	1.0%	1.56	1.086	1.171
2008	\$ 88,696	1.5%	1.58	1.065	1.216
2009	\$ 94,867	7.0%	1.69	1.061	1.211
2010	\$ 96,561	1.8%	1.72	1.077	1.232
2011	\$ 105,888	9.7%	1.89	1.090	1.270



# COMMERCIAL MULTI-PERIL PACKAGE

## EXHIBIT VI: FIELD MARKET SURVEY

Available Markets	<u>Fewer</u> 18	9.0%	<u>Same</u> 153	76.9%	<u>More</u> 28	14.1%	<u>Total Responses</u> 199
Rate Changes	<u>Increased</u> 90	45.2%	<u>Same</u> 106	53.3%	<u>Decreased</u> 3	1.5%	<u>Total Responses</u> 199
Underwriting Changes	<u>More Strict</u> 77	38.7%	<u>Same</u> 119	59.8%	<u>Less Strict</u> 3	1.5%	<u>Total Responses</u> 199
Finding Coverage	<u>Always</u> 39	19.7%	<u>Occasionally Not</u> 143	72.2%	<u>Frequently Unable</u> 16	8.1%	<u>Total Responses</u> 198

## COMMERCIAL MULTI-PERIL PACKAGE

### **EXHIBIT VII – RESIDUAL MARKET POPULATION**

**North Dakota does not have a residual market mechanism for Commercial Lines.**

## COMMERCIAL MULTI-PERIL PACKAGE

### EXHIBIT VIII - MATRIX OF INDICATORS

Factor	Competitive Level		
	Low	Moderate	High
Market Concentration (Herfindahl index )			XX
Market Share Analysis –Market Share Changes			XX
Market Share Analysis –Company Changes		XX	
Market Share Analysis – Surplus (non-licensed)		XX	
Historical Loss Ratios (Statewide, Regional, and Countrywide)	NA	NA	NA
Loss Ratios vs Rate Change vs Claims Cost Indexes		XX	
Change in Premium Writings	NA	NA	NA
Field Market Survey Results-October 2011		XX	
Residual Market Population			XX

Final ranking based upon all factors: High

## **Addendum 4            Narrative Summary – Farmowners**

The market analysis components found in the attached exhibits for farmowners are summarized below:

### Exhibit I -Market Concentration (Herfindahl index )

The Herfindahl index indicates that the market is moderately concentrated. The 4-firm concentration ratio (68.9%) and 20-firm concentration ratio (99.5%) are high, indicating a highly concentrated, non-competitive market.

The index for North Dakota compared to countrywide, indicates the North Dakota market is significantly more concentrated than the countywide market. Some of this difference is due to the fact North Dakota is a relatively small volume market that is more easily dominated by a few larger companies and the fact there are significantly fewer active companies in this line of insurance compared to others.

### Exhibit II-A - Market Share Analysis –Market Share Changes

The top carriers have remained largely the same over the past six years.

The total market share of the top four carriers has hovered at approximately 68%. The total market share of the top 20 companies combined has consistently been over 99% of the market.

These statistics indicate that this market is not competitive.

### Exhibit II-B – Market Share Analysis –Company Changes

The number of companies entering and leaving the top 20 is low, indicating a non-competitive market.

### Exhibit II-C – Market Share Analysis – Surplus (non-licensed)

The fact there is no business written in the surplus market suggests the market is competitive.

### Exhibit III – Historical Loss Ratios (Statewide, Regional, and Countrywide)

During the period 2003 through 2009, the Farmowners line has been profitable for the industry. The last two years however have been largely unprofitable.

This information by itself is not an indicator of the competitive level of the market.

### Exhibit IV – Loss Ratios vs Rate Change vs Claims Cost Indexes

Historically the changes in rates have tracked with the Housing CPI index. However, rates had been increasing slightly during the several years when loss ratios had been favorable. This suggests that the Farmowners line is moderately competitive.

### Exhibit V – Change in Premium Writings

The statewide premium volume has increased 119% since 2001. Filed rate changes account for 44% of this increase. Factors contributing to the difference between the two indices include inflationary pressures (CPI Index) and rating tools, such as experience and schedule rating, that allow insurers to adjust rates for individual risks without having to file a rate change with our department.

This information does not give a clear indication of the line's overall competitiveness.

### Exhibit VI – Field Market Survey Results-September 2011

The results of this survey represent a snapshot of the market as of September 2011. The responses show that agents are still seeing rate increases and stricter underwriting, suggesting a less than competitive market.

### Exhibit VII – Residual Market Population

There is no residual market mechanism for farmowners in North Dakota. Consumers who cannot get insurance through the admitted market must either look for coverage in the surplus lines market, or go without.

The absence of the need for a residual market mechanism is considered an indicator of a competitive market.

### Exhibit VIII – Matrix of Indicators

The Herfindahl index, Market Share Changes, Market Share Company Changes and the field survey results indicate a non-competitive market. The loss ratios versus rate change versus claims cost index comparison indicates a moderately competitive market. The

lack of both a residual market mechanism and a surplus lines market suggest a competitive market.

### Final assessment

The evaluation of the market through the year 2011 indicates a non-competitive market. In determining what the overall market trend and competitive level are, more weight is given to the Herfindahl index and market share changes, as these are statistically sound indicators.

# FARMOWNERS

## EXHIBIT I: MARKET CONCENTRATION

Year	North Dakota			Countrywide		
	4-Firm Concentration Ratio	20-Firm Concentration Ratio	Herfindahl Index	4-Firm Concentration Ratio	20-Firm Concentration Ratio	Herfindahl Index
1991	73.0%	98.8%		18.8%	51.3%	
1992	73.2%	99.0%		19.7%	52.4%	
1993	73.1%	99.5%		19.3%	51.0%	
1994	72.9%	99.3%		17.7%	48.4%	
1995	71.0%	99.2%		17.5%	47.8%	
1996	71.8%	99.5%		17.4%	48.3%	
1997	71.7%	99.3%		17.3%	48.1%	
1998	71.8%	99.3%		17.2%	49.3%	
1999	71.0%	99.5%		16.7%	49.3%	
2000	69.4%	99.5%		16.1%	47.3%	
2001	69.3%	99.5%		18.7%	49.5%	
2002	70.3%	99.6%		18.4%	50.4%	
2003	68.3%	99.7%		20.5%	52.1%	
2004	68.1%	99.7%	(1728)	20.6%	52.2%	(283)
2005	69.0%	99.8%	(1755)	20.5%	52.3%	(280)
2006	69.2%	99.7%	(1723)	20.6%	53.5%	(289)
2007	69.9%	99.5%	(1777)	20.6%	53.6%	(295)
2008	67.6%	99.4%	(1606)	20.8%	53.3%	(304)
2009	68.2%	99.4%	(1610)	20.7%	53.1%	(309)
2010	68.6%	99.3%	(1618)	20.1%	53.0%	(305)
2011	68.9%	99.5%	(1639)	20.5%	54.0%	(317)

### Benchmarks:

National industries with 4-firm concentration ratios <75% and Herfindahl index <2000, are generally not viewed as highly concentrated.

### Merger guidelines of U.S. Dept of Justice

Post-merger market Herfindahl index

> 1,800 - highly concentrated

1,000 < Herfindahl index < 1,800 - moderately concentrated

< 1,000 - unconcentrated

# FARMOWNERS

## EXHIBIT IIA: NORTH DAKOTA MARKET SHARE REPORT

Year: 2011				Year: 2010				Year: 2009			
<u>Company</u>	<u>Direct WP (in 000s)</u>	<u>Market Share</u>	<u>Cumulative</u>	<u>Company</u>	<u>Direct WP (in 000s)</u>	<u>Market Share</u>	<u>Cumulative</u>	<u>Company</u>	<u>Direct WP (in 000s)</u>	<u>Market Share</u>	<u>Cumulative</u>
Nodak Mut Ins Co	\$ 22,082	27.7%	27.7%	Nodak Mut Ins Co	\$ 19,203	26.9%	26.9%	Nodak Mut Ins Co	\$ 17,277	26.7%	26.7%
Farmers Union Mut Ins Co	\$ 19,909	25.0%	52.7%	Farmers Union Mut Ins Co	\$ 18,173	25.5%	52.4%	Farmers Union Mut Ins Co	\$ 16,485	25.5%	52.2%
North Star Mut Ins Co	\$ 7,381	9.3%	62.0%	North Star Mut Ins Co	\$ 6,304	8.8%	61.2%	North Star Mut Ins Co	\$ 5,368	8.3%	60.5%
American Family Mut Ins Co	\$ 5,479	6.9%	68.9%	American Family Mut Ins Co	\$ 5,235	7.3%	68.6%	American Family Mut Ins Co	\$ 4,944	7.6%	68.2%
Meridian Citizens Mut Ins Co	\$ 4,038	5.1%	73.9%	Meridian Citizens Mut Ins Co	\$ 3,633	5.1%	73.7%	State Farm Fire & Cas Co	\$ 3,371	5.2%	73.4%
Farmers Alliance Mut Ins Co	\$ 3,561	4.5%	78.4%	State Farm Fire & Cas Co	\$ 3,293	4.6%	78.3%	Meridian Citizens Mut Ins Co	\$ 3,258	5.0%	78.4%
State Farm Fire & Cas Co	\$ 3,457	4.3%	82.7%	Farmers Alliance Mut Ins Co	\$ 3,163	4.4%	82.7%	Farmers Alliance Mut Ins Co	\$ 2,872	4.4%	82.9%
Nationwide Mut Ins Co	\$ 3,316	4.2%	86.9%	Center Mut Ins Co	\$ 2,997	4.2%	86.9%	Center Mut Ins Co	\$ 2,860	4.4%	87.3%
Center Mut Ins Co	\$ 3,304	4.1%	91.1%	Nationwide Mut Ins Co	\$ 2,620	3.7%	90.6%	Nationwide Mut Ins Co	\$ 2,380	3.7%	91.0%
Northwest Gf Mut Ins Co	\$ 1,640	2.1%	93.1%	Northwest Gf Mut Ins Co	\$ 1,497	2.1%	92.7%	Northwest Gf Mut Ins Co	\$ 1,161	1.8%	92.8%
Secura Ins A Mut Co	\$ 1,570	2.0%	95.1%	Secura Ins A Mut Co	\$ 1,283	1.8%	94.5%	Secura Ins A Mut Co	\$ 1,098	1.7%	94.5%
Auto Owners Ins Co	\$ 902	1.1%	96.2%	Auto Owners Ins Co	\$ 843	1.2%	95.7%	Auto Owners Ins Co	\$ 766	1.2%	95.7%
American Ins Co	\$ 534	0.7%	96.9%	National Surety Corp	\$ 550	0.8%	96.4%	American Ins Co	\$ 524	0.8%	96.5%
Travelers Ind Co Of Amer	\$ 469	0.6%	97.5%	American Ins Co	\$ 464	0.7%	97.1%	National Surety Corp	\$ 465	0.7%	97.2%
Firemans Fund Ins Co	\$ 392	0.5%	98.0%	Travelers Ind Co Of Amer	\$ 438	0.6%	97.7%	American Economy Ins Co	\$ 332	0.5%	97.7%
National Surety Corp	\$ 301	0.4%	98.3%	Great Amer Ins Co	\$ 317	0.4%	98.1%	Travelers Ind Co Of Amer	\$ 306	0.5%	98.2%
American Economy Ins Co	\$ 277	0.3%	98.7%	American Economy Ins Co	\$ 288	0.4%	98.5%	Great Amer Ins Co	\$ 269	0.4%	98.6%
Great Amer Ins Co	\$ 261	0.3%	99.0%	Travelers Ind Co	\$ 183	0.3%	98.8%	American States Ins Co	\$ 222	0.3%	98.9%
Owners Ins Co	\$ 209	0.3%	99.3%	Owners Ins Co	\$ 169	0.2%	99.0%	Travelers Ind Co	\$ 146	0.2%	99.2%
Travelers Ind Co	\$ 175	0.2%	99.5%	American States Ins Co	\$ 163	0.2%	99.3%	Owners Ins Co	\$ 132	0.2%	99.4%

Year: 2008				Year: 2007				Year: 2006			
<u>Company</u>	<u>Direct WP (in 000s)</u>	<u>Market Share</u>	<u>Cumulative</u>	<u>Company</u>	<u>Direct WP (in 000s)</u>	<u>Market Share</u>	<u>Cumulative</u>	<u>Company</u>	<u>Direct WP (in 000s)</u>	<u>Market Share</u>	<u>Cumulative</u>
Nodak Mut Ins Co	\$ 15,489	26.1%	26.1%	Nodak Mut Ins Co	\$ 18,379	31.1%	31.1%	Nodak Mut Ins Co	\$ 15,750	29.1%	29.1%
Farmers Union Mut Ins Co	\$ 15,396	26.0%	52.1%	Farmers Union Mut Ins Co	\$ 14,374	24.3%	55.4%	Farmers Union Mut Ins Co	\$ 13,667	25.3%	54.4%
North Star Mut Ins Co	\$ 4,829	8.1%	60.3%	North Star Mut Ins Co	\$ 4,496	7.6%	63.1%	North Star Mut Ins Co	\$ 4,120	7.6%	62.0%
American Family Mut Ins Co	\$ 4,342	7.3%	67.6%	American Family Mut Ins Co	\$ 4,063	6.9%	69.9%	American Family Mut Ins Co	\$ 3,851	7.1%	69.2%
State Farm Fire & Cas Co	\$ 3,464	5.8%	73.4%	State Farm Fire And Cas Co	\$ 3,306	5.6%	75.5%	State Farm Fire And Cas Co	\$ 3,048	5.6%	74.8%
Meridian Citizens Mut Ins Co	\$ 2,937	5.0%	78.4%	Center Mut Ins Co	\$ 2,842	4.8%	80.3%	Center Mut Ins Co	\$ 2,929	5.4%	80.2%
Center Mut Ins Co	\$ 2,842	4.8%	83.2%	Meridian Citizens Mut Ins Co	\$ 2,540	4.3%	84.6%	Farmers Alliance Mut Ins Co	\$ 2,604	4.8%	85.0%
Farmers Alliance Mut Ins Co	\$ 2,751	4.6%	87.8%	Farmers Alliance Mut Ins Co	\$ 2,468	4.2%	88.8%	Meridian Citizens Mut Ins Co	\$ 2,377	4.4%	89.4%
Nationwide Mut Ins Co	\$ 2,107	3.6%	91.4%	Nationwide Mut Ins Co	\$ 1,965	3.3%	92.1%	Nationwide Mut Ins Co	\$ 1,734	3.2%	92.7%
Northwest Gf Mut Ins Co	\$ 1,106	1.9%	93.3%	Northwest Gf Mut Ins Co	\$ 991	1.7%	93.8%	Northwest Gf Mut Ins Co	\$ 965	1.8%	94.4%
Secura Ins A Mut Co	\$ 798	1.3%	94.6%	American Ins Co	\$ 700	1.2%	95.0%	American Ins Co	\$ 886	1.6%	96.1%
Auto Owners Ins Co	\$ 621	1.0%	95.6%	Secura Ins A Mut Co	\$ 514	0.9%	95.9%	American Economy Ins Co	\$ 521	1.0%	97.0%
American Ins Co	\$ 450	0.8%	96.4%	Auto Owners Ins Co	\$ 493	0.8%	96.7%	Auto-Owners Ins Co	\$ 425	0.8%	97.8%
National Surety Corp	\$ 421	0.7%	97.1%	National Surety Corp	\$ 463	0.8%	97.5%	National Surety Corp	\$ 361	0.7%	98.5%
American Economy Ins Co	\$ 404	0.7%	97.8%	American Economy Ins Co	\$ 459	0.8%	98.3%	American States Ins Co	\$ 233	0.4%	98.9%
Great Amer Ins Co	\$ 249	0.4%	98.2%	Great Amer Ins Co	\$ 216	0.4%	98.6%	Great American Assur Co	\$ 106	0.2%	99.1%
Travelers Ind Co Of Amer	\$ 237	0.4%	98.6%	American States Ins Co	\$ 181	0.3%	98.9%	Great American Ins Co	\$ 75	0.1%	99.3%
American States Ins Co	\$ 207	0.3%	99.0%	Travelers Ind Co Of Amer	\$ 112	0.2%	99.1%	Travelers Ind Co Of Amer	\$ 75	0.1%	99.4%
Travelers Ind Co	\$ 119	0.2%	99.2%	Great Amer Alliance Ins Co	\$ 106	0.2%	99.3%	Secura Ins A Mut Co	\$ 72	0.1%	99.5%
Great Amer Alliance Ins Co	\$ 110	0.2%	99.4%	Firemans Fund Ins Co	\$ 102	0.2%	99.5%	Charter Oak Fire Ins Co	\$ 71	0.1%	99.7%

# FARMOWNERS

## EXHIBIT IIB: NORTH DAKOTA MARKET SHARE REPORT ENTRIES/EXITS IN TOP 20 WRITERS

Year	# of New Entries/Exits into Top 20 Carriers	Changes within Top 20 Carriers
1992	0	7
1993	1	8
1994	0	9
1995	1	8
1996	2	7
1997	1	9
1998	3	11
1999	2	8
2000	2	10
2001	2	15
2002	2	11
2003	2	5
2004	4	12
2005	0	11
2006	2	9
2007	2	6
2008	0	9
2009	1	4
2010	0	10
2011	1	9

## EXHIBIT IIC: NORTH DAKOTA FARMOWNERS MARKET SHARE- SURPLUS (non-licensed)

<b>YEAR:</b>	<b>2011</b>		<b>2010</b>		<b>2009</b>
	Direct Written Premium		Direct Written Premium		Direct Written Premium
<u>Company</u>	<u>(000s)</u>	<u>Company</u>	<u>(000s)</u>	<u>Company</u>	<u>(000s)</u>
	None		None		None

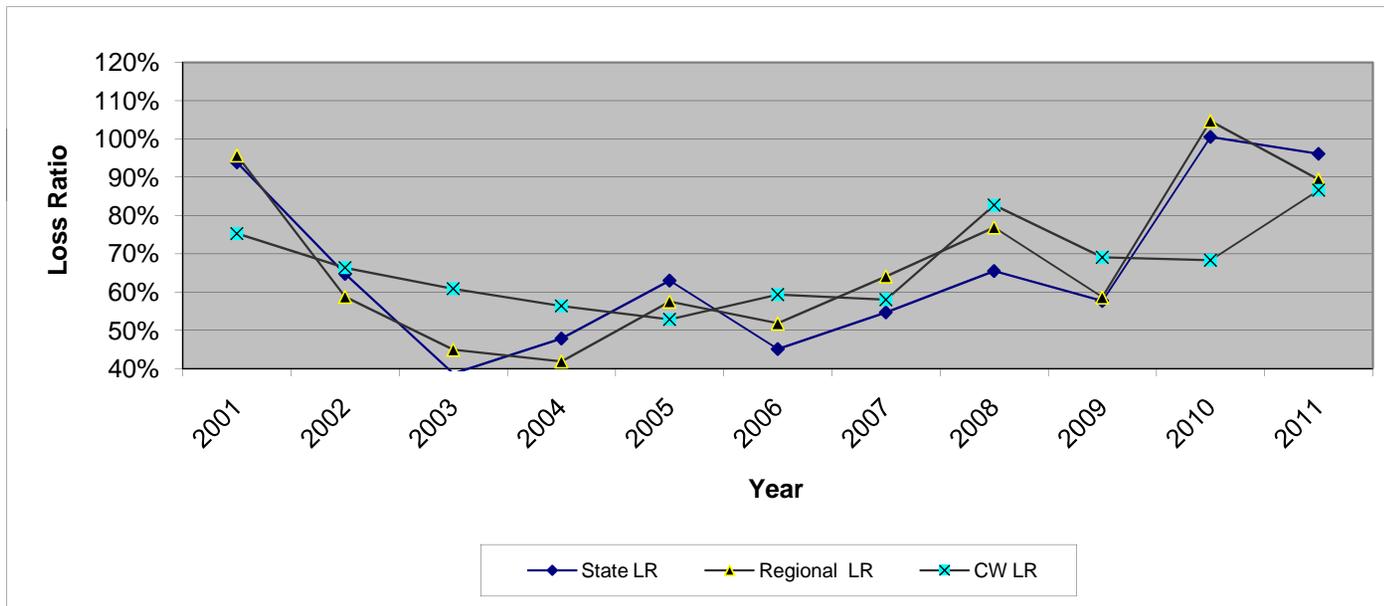
<b>YEAR:</b>	<b>2008</b>		<b>2007</b>		<b>2006</b>
	Direct Written Premium		Direct Written Premium		Direct Written Premium
<u>Company</u>	<u>(000s)</u>	<u>Company</u>	<u>(000s)</u>	<u>Company</u>	<u>(000s)</u>
	None		None		None

<b>YEAR:</b>	<b>2005</b>		<b>2004</b>		<b>2003</b>
	Direct Written Premium		Direct Written Premium		Direct Written Premium
<u>Company</u>	<u>(000s)</u>	<u>Company</u>	<u>(000s)</u>	<u>Company</u>	<u>(000s)</u>
	None		None		None

# FARMOWNERS

## EXHIBIT III: HISTORICAL LOSS RATIOS

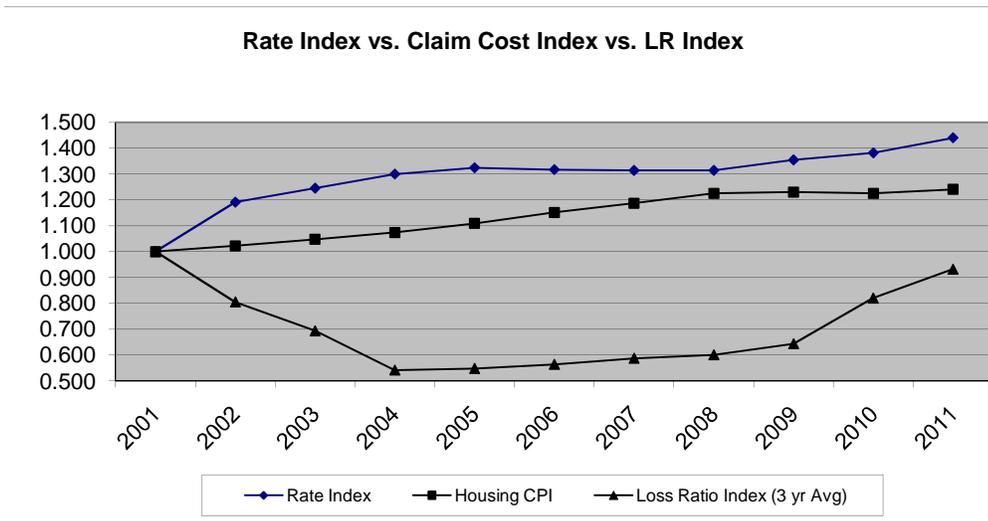
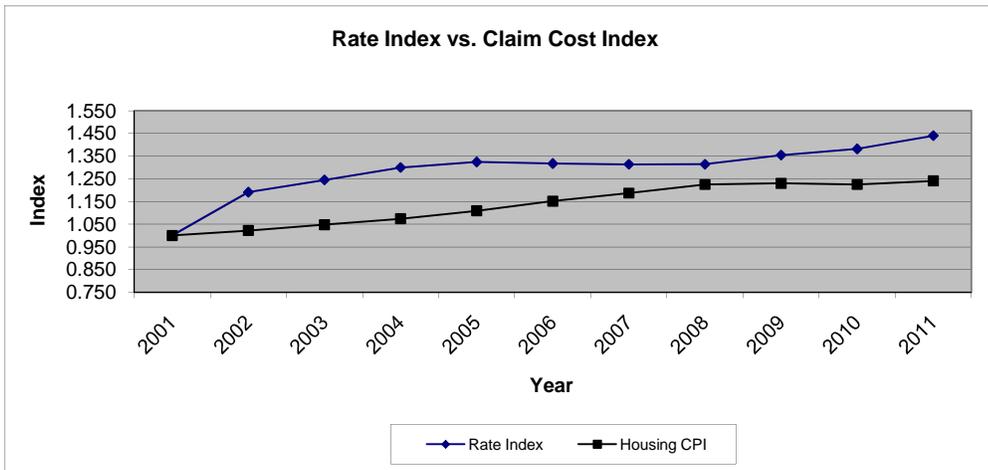
Year	Statewide Loss Ratio	Regional Loss Ratio	Countrywide Loss Ratio
2001	94%	96%	75%
2002	65%	59%	66%
2003	39%	45%	61%
2004	48%	42%	56%
2005	63%	58%	53%
2006	45%	52%	59%
2007	55%	64%	58%
2008	65%	77%	83%
2009	58%	59%	69%
2010	101%	105%	68%
2011	96%	89%	87%



# FARMOWNERS

## EXHIBIT IV: LOSS RATIO VS. RATE CHANGES VS. COST INDICES

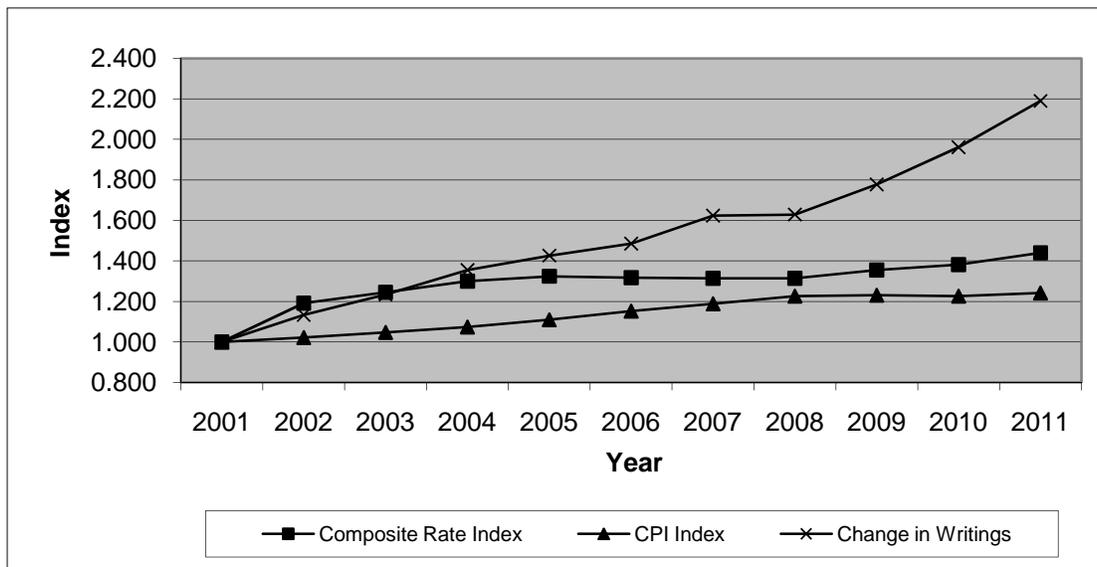
Year	Composite Rate Index	Relevant Housing CPI	Statewide 3 Yr LR Index
2001	1.000	1.000	1.000
2002	1.191	1.022	0.805
2003	1.245	1.048	0.693
2004	1.300	1.074	0.541
2005	1.324	1.109	0.548
2006	1.317	1.151	0.564
2007	1.314	1.187	0.587
2008	1.314	1.225	0.600
2009	1.354	1.230	0.643
2010	1.382	1.225	0.820
2011	1.440	1.241	0.932



# FARMOWNERS

## EXHIBIT V: CHANGE IN PREMIUM WRITINGS

Year	Statewide Written Premium (000s)	Change in Writings	Indexed	Composite Rate Index	Consumer Price Index
2001	\$ 36,380		1.00	1.000	1.000
2002	\$ 41,250	13.4%	1.13	1.191	1.022
2003	\$ 44,884	8.8%	1.23	1.245	1.048
2004	\$ 49,296	9.8%	1.36	1.300	1.074
2005	\$ 51,889	5.3%	1.43	1.324	1.109
2006	\$ 54,049	4.2%	1.49	1.317	1.152
2007	\$ 59,077	9.3%	1.62	1.314	1.188
2008	\$ 59,260	0.3%	1.63	1.314	1.226
2009	\$ 64,644	9.1%	1.78	1.354	1.231
2010	\$ 71,343	10.4%	1.96	1.382	1.226
2011	\$ 79,654	11.7%	2.19	1.440	1.242



# FARMOWNERS

## EXHIBIT VI: FIELD MARKET SURVEY

Available Markets	<u>Fewer</u> 5	5.4%	<u>Same</u> 82	88.2%	<u>More</u> 6	6.5%	<u>Total Responses</u> 93
Rate Changes	<u>Increased</u> 56	59.6%	<u>Same</u> 34	36.2%	<u>Decreased</u> 4	4.3%	<u>Total Responses</u> 94
Underwriting Changes	<u>More Strict</u> 42	44.7%	<u>Same</u> 51	54.3%	<u>Less Strict</u> 1	1.1%	<u>Total Responses</u> 94
Finding Coverage	<u>Always</u> 30	33.0%	<u>Occasionally Not</u> 60	65.9%	<u>Frequently Unable</u> 1	1.1%	<u>Total Responses</u> 91

## FARMOWNERS

### **EXHIBIT VII – RESIDUAL MARKET POPULATION**

**North Dakota does not have a residual market mechanism for Farmowners.**

## FARMOWNERS

### EXHIBIT VIII - MATRIX OF INDICATORS

Factor	Competitive Level		
	Low	Moderate	High
Market Concentration (Herfindahl index )	XX		
Market Share Analysis –Market Share Changes	XX		
Market Share Analysis –Company Changes	XX		
Market Share Analysis – Surplus (non-licensed)			XX
Historical Loss Ratios (Statewide, Regional, and Countrywide)	NA	NA	NA
Loss Ratios vs Rate Change vs Claims Cost Indexes		XX	
Change in Premium Writings	NA	NA	NA
Field Market Survey Results-October 2011	XX		
Residual Market Population			XX

Final ranking based upon all factors: Low

## **Addendum 5            Narrative Summary – Homeowners**

The market analysis components found in the attached exhibits for homeowners are summarized below:

### Exhibit I -Market Concentration (Herfindahl index )

The Herfindahl indices and concentration ratios are below the national benchmarks for a concentrated market, and have decreased slightly in each of the last two years. This is indicative of a highly competitive market.

The index for North Dakota compared to countrywide, indicates the North Dakota market is more concentrated than the countywide market. Some of this difference is due to the fact that North Dakota is a relatively small volume market that is more easily dominated by a few larger companies.

### Exhibit II-A - Market Share Analysis –Market Share Changes

The top six writers have been the same over the past six years, - an indication that market is less than competitive. However their combined market share has hovered at approximately 63%, while the combined market share of the top 20 companies has been less than 92%.

This information suggests that the market is moderately competitive.

### Exhibit II-B – Market Share Analysis –Company Changes

The number of companies entering and leaving the top 20 is low, however there is still significant movement among the top 20 carriers. This indicates that the market is moderately competitive.

### Exhibit II-C-Market Share Analysis – Surplus (non-licensed)

The total amount of business written in the surplus lines market for the Homeowner line is minimal. This low volume suggests the market is competitive.

### Exhibit III – Historical Loss Ratios (Statewide, Regional, and Countrywide)

While loss experience for this line has been largely profitable in the current decade, four of the past eleven years have been extremely unprofitable for the industry, a reminder as to how sensitive this line can be to weather-related catastrophes.

This information by itself is not an indicator of the competitive level of the market.

### Exhibit IV – Loss Ratios vs Rate Change vs Claims Cost Indexes

Since 2008, we have seen a gradual increase in rates despite a relatively flat CPI index, and improving loss ratios. This suggests that the market is non-competitive. We caveat this assessment by noting that part of the ratemaking process for this line of insurance focuses on catastrophic losses, usually averaged over a much longer time period.

### Exhibit V – Change in Premium Writings

The statewide premium volume has increased 123% since 2001. Much of this increase is attributable to rate changes.

This information by itself is not an indicator of competitiveness.

### Exhibit VI – Field Market Survey Results-September 2011

The results of this survey represent a snapshot of the market as of September 2011.

The survey responses continue to indicate agents are experiencing higher rates and stricter underwriting, but overall suggest that the market is moderately competitive.

### Exhibit VII – Residual Market Population

There is currently no residual market mechanism for homeowners in North Dakota, which normally suggests a highly competitive market. This observation is tempered however by the fact statutory authority was granted to the commissioner to implement a placement facility should it be determined that there is a lack of availability in the marketplace.

### Exhibit VIII – Matrix of Indicators

The Herfindahl index, and the Surplus lines market analysis indicate a highly competitive market. Loss Ratio vs Rate Changes exhibit indicates a non-competitive market. All other indicators suggest a moderately competitive market.

### Final assessment

The evaluation of the market through the year 2011 indicates a moderately competitive market.

# HOMEOWNERS

## EXHIBIT I: MARKET CONCENTRATION

Year	North Dakota			Countrywide		
	4-Firm Concentration Ratio	20-Firm Concentration Ratio	Herfindahl Index	4-Firm Concentration Ratio	20-Firm Concentration Ratio	Herfindahl Index
1986	32.5%	73.9%		36.8%	62.9%	
1987	34.6%	74.3%		38.3%	63.2%	
1988	36.6%	75.5%		38.2%	63.1%	
1989	38.1%	76.6%		38.7%	63.0%	
1990	39.7%	78.0%		39.2%	63.8%	
1991	<b>41.8%</b>	<b>78.7%</b>		<b>35.6%</b>	<b>54.8%</b>	
1992	<b>43.8%</b>	<b>80.9%</b>		<b>38.8%</b>	<b>55.7%</b>	
1993	<b>44.7%</b>	<b>81.0%</b>		<b>39.5%</b>	<b>56.4%</b>	
1994	<b>45.7%</b>	<b>81.3%</b>		<b>36.7%</b>	<b>56.1%</b>	
1995	<b>46.0%</b>	<b>81.0%</b>		<b>36.0%</b>	<b>55.0%</b>	
1996	<b>45.9%</b>	<b>80.0%</b>		<b>35.9%</b>	<b>55.5%</b>	
1997	<b>45.7%</b>	<b>80.7%</b>		<b>33.0%</b>	<b>54.6%</b>	
1998	<b>45.4%</b>	<b>82.2%</b>		<b>32.6%</b>	<b>54.8%</b>	
1999	<b>46.3%</b>	<b>83.6%</b>		<b>30.9%</b>	<b>54.3%</b>	
2000	<b>46.1%</b>	<b>85.3%</b>		<b>29.8%</b>	<b>53.2%</b>	
2001	<b>47.6%</b>	<b>86.3%</b>		<b>29.5%</b>	<b>53.0%</b>	
2002	<b>50.1%</b>	<b>88.9%</b>		<b>29.3%</b>	<b>52.6%</b>	
2003	<b>51.2%</b>	<b>91.6%</b>		<b>28.5%</b>	<b>52.4%</b>	
2004	<b>51.8%</b>	<b>91.5%</b>	(981)	<b>27.7%</b>	<b>53.1%</b>	(792)
2005	<b>52.1%</b>	<b>91.8%</b>	(969)	<b>26.5%</b>	<b>51.8%</b>	(786)
2006	<b>51.8%</b>	<b>91.6%</b>	(948)	<b>25.8%</b>	<b>50.7%</b>	(783)
2007	<b>52.1%</b>	<b>91.0%</b>	(956)	<b>24.8%</b>	<b>50.1%</b>	(738)
2008	<b>51.5%</b>	<b>89.6%</b>	(944)	<b>24.6%</b>	<b>48.8%</b>	(738)
2009	<b>51.8%</b>	<b>89.3%</b>	(949)	<b>24.8%</b>	<b>48.1%</b>	(737)
2010	<b>51.1%</b>	<b>88.8%</b>	(934)	<b>24.7%</b>	<b>48.0%</b>	(729)
2011	<b>49.9%</b>	<b>88.2%</b>	(902)	<b>24.3%</b>	<b>47.7%</b>	(706)

### Benchmarks:

National industries with 4-firm concentration ratios <75% and Herfindahl index <2000, are generally not viewed as highly concentrated.

### Merger guidelines of U.S. Dept of Justice

#### Post-merger market Herfindahl index

- > 1,800 - highly concentrated
- 1,000 < Herfindahl index < 1,800 - moderately concentrated
- < 1,000 - unconcentrated

# HOMEOWNERS

## EXHIBIT IIA: NORTH DAKOTA MARKET SHARE REPORT

Year: 2011				Year: 2010				Year: 2009			
<u>Company</u>	<u>Direct WP (in 000s)</u>	<u>Market Share</u>	<u>Cumulative</u>	<u>Company</u>	<u>Direct WP (in 000s)</u>	<u>Market Share</u>	<u>Cumulative</u>	<u>Company</u>	<u>Direct WP (in 000s)</u>	<u>Market Share</u>	<u>Cumulative</u>
State Farm Fire & Cas Co	\$ 28,860	19.5%	19.5%	State Farm Fire & Cas Co	\$ 27,729	20.2%	20.2%	State Farm Fire & Cas Co	\$ 25,493	20.0%	20.0%
American Family Mut Ins Co	\$ 19,925	13.4%	32.9%	American Family Mut Ins Co	\$ 18,703	13.6%	33.9%	American Family Mut Ins Co	\$ 18,390	14.4%	34.4%
Farmers Union Mut Ins Co	\$ 13,185	8.9%	41.8%	Farmers Union Mut Ins Co	\$ 12,413	9.1%	42.9%	Farmers Union Mut Ins Co	\$ 11,971	9.4%	43.8%
Nodak Mut Ins Co	\$ 12,058	8.1%	49.9%	Nodak Mut Ins Co	\$ 11,271	8.2%	51.1%	Nodak Mut Ins Co	\$ 10,164	8.0%	51.8%
Auto Owners Ins Co	\$ 8,212	5.5%	55.4%	Auto Owners Ins Co	\$ 7,915	5.8%	56.9%	Auto Owners Ins Co	\$ 7,821	6.1%	57.9%
North Star Mut Ins Co	\$ 7,718	5.2%	60.7%	North Star Mut Ins Co	\$ 6,660	4.9%	61.8%	North Star Mut Ins Co	\$ 6,215	4.9%	62.8%
Owners Ins Co	\$ 4,921	3.3%	64.0%	Fire Ins Exch	\$ 4,353	3.2%	64.9%	Fire Ins Exch	\$ 4,478	3.5%	66.3%
Country Mut Ins Co	\$ 4,430	3.0%	67.0%	Milbank Ins Co	\$ 4,041	2.9%	67.9%	Milbank Ins Co	\$ 3,686	2.9%	69.2%
Milbank Ins Co	\$ 4,224	2.8%	69.8%	Owners Ins Co	\$ 3,957	2.9%	70.8%	Country Mut Ins Co	\$ 3,433	2.7%	71.8%
Fire Ins Exch	\$ 4,153	2.8%	72.6%	Country Mut Ins Co	\$ 3,896	2.8%	73.6%	Center Mut Ins Co	\$ 3,243	2.5%	74.4%
Center Mut Ins Co	\$ 3,272	2.2%	74.8%	Center Mut Ins Co	\$ 3,277	2.4%	76.0%	Owners Ins Co	\$ 3,165	2.5%	76.9%
Dakota Fire Ins Co	\$ 3,073	2.1%	76.9%	Dakota Fire Ins Co	\$ 2,806	2.0%	78.0%	Dakota Fire Ins Co	\$ 2,625	2.1%	78.9%
Northwest Gf Mut Ins Co	\$ 2,474	1.7%	78.5%	United Serv Automobile Assn	\$ 2,351	1.7%	79.8%	United Serv Automobile Assn	\$ 2,250	1.8%	80.7%
United Serv Automobile Assn	\$ 2,428	1.6%	80.2%	Safeco Ins Co Of Amer	\$ 2,209	1.6%	81.4%	Safeco Ins Co Of Amer	\$ 2,151	1.7%	82.4%
Safeco Ins Co Of Amer	\$ 2,348	1.6%	81.8%	Northwest Gf Mut Ins Co	\$ 2,167	1.6%	82.9%	Allstate Ins Co	\$ 1,839	1.4%	83.8%
Foremost Ins Co Grand Rapids MI	\$ 2,275	1.5%	83.3%	Foremost Ins Co Grand Rapids MI	\$ 1,835	1.3%	84.3%	Foremost Ins Co Grand Rapids MI	\$ 1,561	1.2%	85.0%
Farmers Ins Exch	\$ 2,016	1.4%	84.7%	Allstate Ins Co	\$ 1,789	1.3%	85.6%	Northwest Gf Mut Ins Co	\$ 1,530	1.2%	86.2%
Allstate Ins Co	\$ 1,752	1.2%	85.8%	Farmers Ins Exch	\$ 1,704	1.2%	86.8%	Farmers Ins Exch	\$ 1,481	1.2%	87.4%
Metropolitan Prop & Cas Ins Co	\$ 1,741	1.2%	87.0%	Teachers Ins Co	\$ 1,405	1.0%	87.9%	Amco Ins Co	\$ 1,246	1.0%	88.4%
Teachers Ins Co	\$ 1,719	1.2%	88.2%	Secura Supreme Ins Co	\$ 1,243	0.9%	88.8%	Allied Prop & Cas Ins Co	\$ 1,113	0.9%	89.3%

Year: 2008				Year: 2007				Year: 2006			
<u>Company</u>	<u>Direct WP (in 000s)</u>	<u>Market Share</u>	<u>Cumulative</u>	<u>Company</u>	<u>Direct WP (in 000s)</u>	<u>Market Share</u>	<u>Cumulative</u>	<u>Company</u>	<u>Direct WP (in 000s)</u>	<u>Market Share</u>	<u>Cumulative</u>
State Farm Fire & Cas Co	\$ 23,030	19.4%	19.4%	State Farm Fire And Cas Co	\$ 21,413	18.8%	18.8%	State Farm Fire And Cas Co	\$ 20,075	18.4%	18.4%
American Family Mut Ins Co	\$ 18,008	15.2%	34.6%	American Family Mut Ins Co	\$ 18,597	16.3%	35.1%	American Family Mut Ins Co	\$ 18,018	16.5%	34.8%
Farmers Union Mut Ins Co	\$ 10,824	9.1%	43.7%	Farmers Union Mut Ins Co	\$ 10,504	9.2%	44.4%	Farmers Union Mut Ins Co	\$ 9,739	8.9%	43.7%
Nodak Mut Ins Co	\$ 9,172	7.7%	51.5%	Nodak Mut Ins Co	\$ 8,811	7.7%	52.1%	Nodak Mut Ins Co	\$ 8,809	8.1%	51.8%
Auto Owners Ins Co	\$ 7,591	6.4%	57.9%	Auto Owners Ins Co	\$ 7,575	6.7%	58.7%	Auto-Owners Ins Co	\$ 7,556	6.9%	58.7%
North Star Mut Ins Co	\$ 5,849	4.9%	62.8%	North Star Mut Ins Co	\$ 5,578	4.9%	63.6%	North Star Mut Ins Co	\$ 5,430	5.0%	63.7%
Fire Ins Exch	\$ 4,554	3.8%	66.6%	Fire Ins Exch	\$ 4,754	4.2%	67.8%	Fire Ins Exch	\$ 4,625	4.2%	67.9%
Center Mut Ins Co	\$ 3,295	2.8%	69.4%	Center Mut Ins Co	\$ 3,420	3.0%	70.8%	Center Mut Ins Co	\$ 3,674	3.4%	71.3%
Milbank Ins Co	\$ 3,254	2.7%	72.2%	Milbank Ins Co	\$ 2,993	2.6%	73.4%	Dakota Fire Ins Co	\$ 2,854	2.6%	73.9%
Country Mut Ins Co	\$ 2,925	2.5%	74.6%	Dakota Fire Ins Co	\$ 2,563	2.3%	75.7%	Milbank Ins Co	\$ 2,778	2.5%	76.4%
Owners Ins Co	\$ 2,685	2.3%	76.9%	Country Mut Ins Co	\$ 2,562	2.3%	77.9%	Allstate Ins Co	\$ 2,308	2.1%	78.5%
Dakota Fire Ins Co	\$ 2,494	2.1%	79.0%	Owners Ins Co	\$ 2,276	2.0%	79.9%	Country Mut Ins Co	\$ 2,125	1.9%	80.5%
Safeco Ins Co Of Amer	\$ 2,173	1.8%	80.8%	Allstate Ins Co	\$ 2,143	1.9%	81.8%	Safeco Ins Co Of Amer	\$ 1,964	1.8%	82.3%
USAA	\$ 2,089	1.8%	82.6%	Safeco Ins Co Of Amer	\$ 2,093	1.8%	83.7%	USAA	\$ 1,897	1.7%	84.0%
Allstate Ins Co	\$ 1,967	1.7%	84.3%	USAA	\$ 2,040	1.8%	85.5%	Owners Ins Co	\$ 1,865	1.7%	85.7%
Foremost Ins Co	\$ 1,467	1.2%	85.5%	Amco Ins Co	\$ 1,528	1.3%	86.8%	Amco Ins Co	\$ 1,659	1.5%	87.2%
Amco Ins Co	\$ 1,397	1.2%	86.7%	Foremost Ins Co	\$ 1,433	1.3%	88.1%	Emcasco Ins Co	\$ 1,388	1.3%	88.5%
Northwest Gf Mut Ins Co	\$ 1,347	1.1%	87.8%	Northwest Gf Mut Ins Co	\$ 1,253	1.1%	89.2%	Foremost Ins Co	\$ 1,366	1.2%	89.7%
Emcasco Ins Co	\$ 1,086	0.9%	88.7%	Emcasco Ins Co	\$ 1,214	1.1%	90.2%	Northwest Gf Mut Ins Co	\$ 1,188	1.1%	90.8%
Allied Prop & Cas Ins Co	\$ 1,027	0.9%	89.6%	Allied Prop & Cas Ins Co	\$ 891	0.8%	91.0%	Allied Prop & Cas Ins Co	\$ 814	0.7%	91.6%

# HOMEOWNERS

## EXHIBIT IIB: NORTH DAKOTA MARKET SHARE REPORT ENTRIES/EXITS IN TOP 20 WRITERS

Year	# of New Entries/Exits into Top 20 Carriers	Changes within Top 20 Carriers
1987	3	7
1988	1	11
1989	1	9
1990	1	13
1991	1	12
1992	3	11
1993	2	8
1994	1	7
1995	0	8
1996	2	11
1997	1	8
1998	2	10
1999	1	4
2000	2	10
2001	1	6
2002	2	13
2003	2	12
2004	1	14
2005	2	7
2006	0	7
2007	0	10
2008	0	8
2009	1	7
2010	2	5
2011	1	10

## EXHIBIT IIC: NORTH DAKOTA HOMEOWNERS MARKET SHARE- SURPLUS (non-licensed)

YEAR:	2011	YEAR:	2010	YEAR:	2009
	Direct Written Premium <u>(000s)</u>		Direct Written Premium <u>(000s)</u>		Direct Written Premium <u>(000s)</u>
<u>Company</u>		<u>Company</u>		<u>Company</u>	
American Western Home Ins Co	31.03	American Western Hom	24.88	American Western Hom	18.48
Lexington Ins Co	<u>10.53</u>	Lexington Ins Co	<u>10.45</u>	Lexington Ins Co	4.03
	\$41.56		\$35.33	Illinois Union Ins Co	<u>1.05</u>
					\$23.55

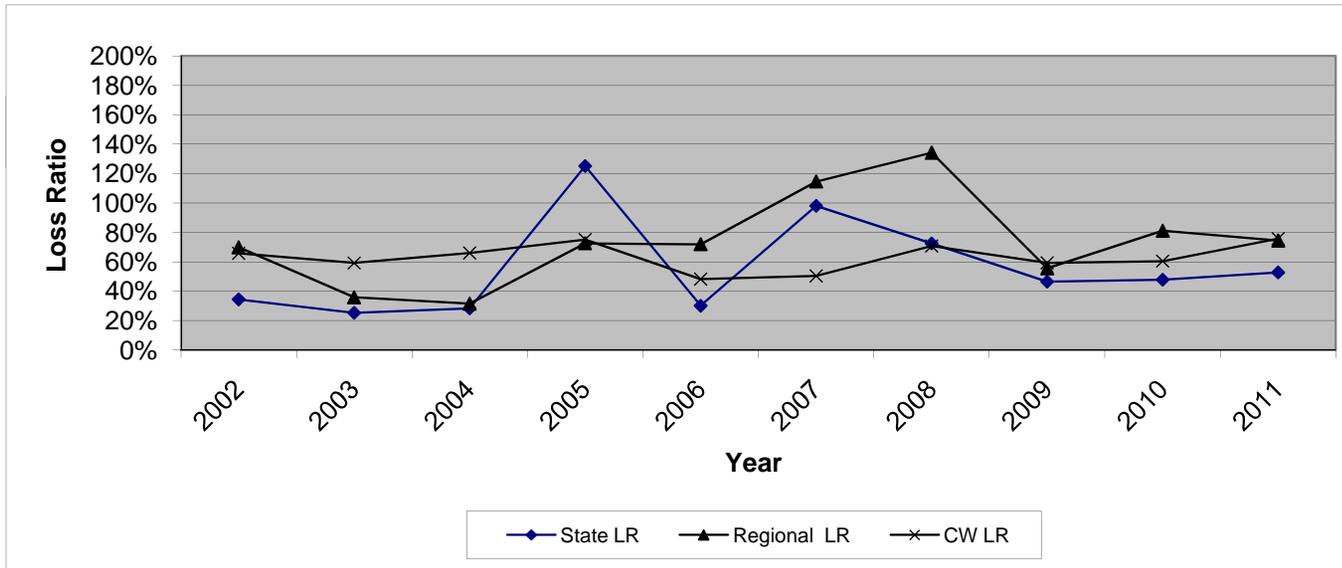
YEAR:	2008	YEAR:	2007	YEAR:	2006
	Direct Written Premium <u>(000s)</u>		Direct Written Premium <u>(000s)</u>		Direct Written Premium <u>(000s)</u>
<u>Company</u>		<u>Company</u>		<u>Company</u>	
American Western Home Ins Co	10.96	American Western Hom	6.33	Lexington Ins Co	6.77
				American Western Hom	<u>0.81</u>
					\$ 7.58

YEAR:	2005	YEAR:	2004	YEAR:	2003
	Direct Written Premium <u>(000s)</u>		Direct Written Premium <u>(000s)</u>		Direct Written Premium <u>(000s)</u>
<u>Company</u>		<u>Company</u>		<u>Company</u>	
Lexington Ins Co	10.51	None		Prime Insurance Syndic	1.13
American Western Home Ins Co	<u>0.32</u>			Evanston Ins Co	<u>0.86</u>
	\$ 10.83				\$ 1.99

# HOMEOWNERS

## EXHIBIT III: HISTORICAL LOSS RATIOS

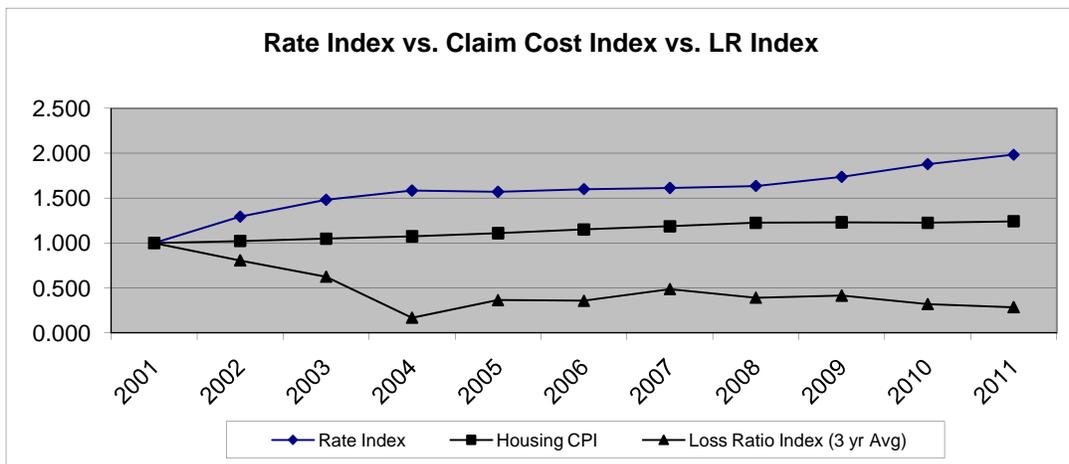
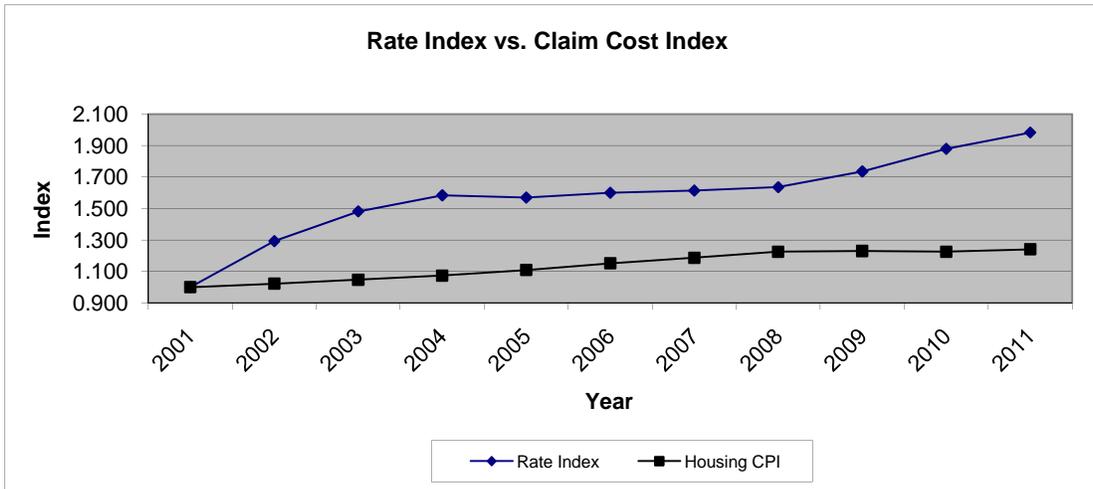
Year	Statewide Loss Ratio	Regional Loss Ratio	Countrywide Loss Ratio
2001	297%	144%	77%
2002	34%	70%	66%
2003	25%	36%	59%
2004	28%	32%	66%
2005	125%	73%	75%
2006	30%	72%	48%
2007	98%	115%	50%
2008	73%	134%	71%
2009	46%	56%	59%
2010	48%	81%	60%
2011	53%	74%	76%



# HOMEOWNERS

## EXHIBIT IV: LOSS RATIO VS. RATE CHANGES VS. COST INDICES

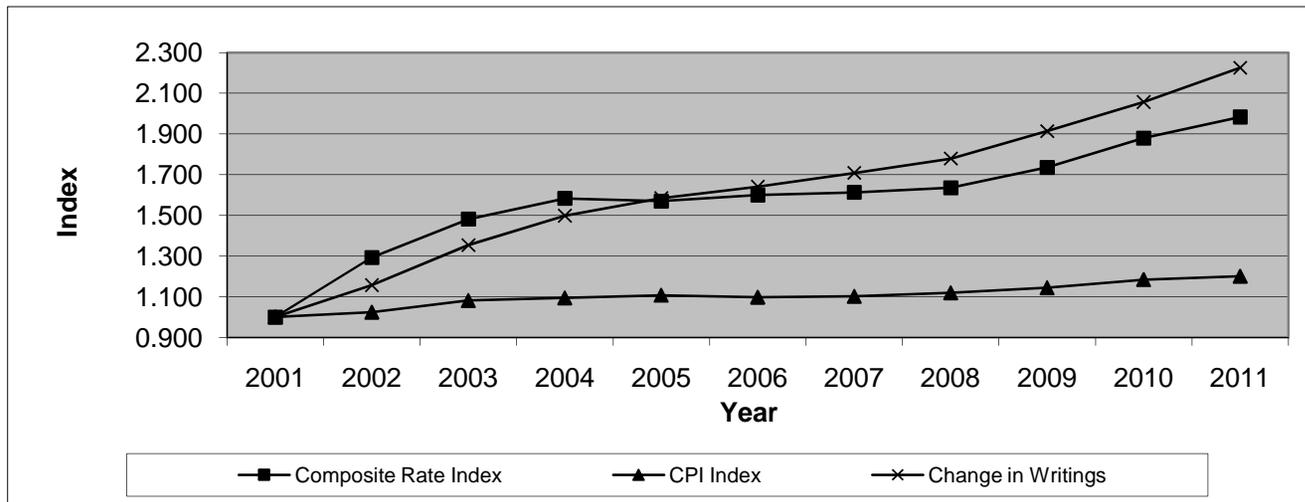
Year	Composite Rate Index	Relevant Claim Cost Index	Statewide 3 Yr LR Index
2001	1.000	1.000	1.000
2002	1.293	1.022	0.806
2003	1.482	1.048	0.624
2004	1.583	1.074	0.168
2005	1.570	1.109	0.364
2006	1.600	1.151	0.357
2007	1.613	1.187	0.487
2008	1.635	1.225	0.391
2009	1.736	1.230	0.414
2010	1.879	1.225	0.319
2011	1.983	1.241	0.285



# HOMEOWNERS

## EXHIBIT V: CHANGE IN PREMIUM WRITINGS

Year	Statewide Written Premium (000s)	Change in Writings	Indexed	Composit Rate Index	Consumer Price Index
2001	\$ 66,656		1.00	1.000	1.000
2002	\$ 77,094	15.7%	1.16	1.293	1.024
2003	\$ 90,229	17.0%	1.35	1.482	1.081
2004	\$ 99,890	10.7%	1.50	1.583	1.094
2005	\$ 105,569	5.7%	1.58	1.570	1.107
2006	\$ 109,352	3.6%	1.64	1.600	1.097
2007	\$ 113,881	4.1%	1.71	1.613	1.102
2008	\$ 118,574	4.1%	1.78	1.635	1.120
2009	\$ 127,562	7.6%	1.91	1.736	1.144
2010	\$ 137,132	7.5%	2.06	1.879	1.184
2011	\$ 148,321	8.2%	2.23	1.983	1.201



# HOMEOWNERS

## EXHIBIT VI: FIELD MARKET SURVEY

<b>Available Markets</b>	<u>Fewer</u> 13	11.8%	<u>Same</u> 88	80.0%	<u>More</u> 9	8.2%	<u>Total Responses</u> 110
<b>Rate Changes</b>	<u>Increased</u> 92	83.6%	<u>Same</u> 14	12.7%	<u>Decreased</u> 4	3.6%	<u>Total Responses</u> 110
<b>Underwriting Changes</b>	<u>More Strict</u> 80	73.4%	<u>Same</u> 29	26.6%	<u>Less Strict</u> 0	0.0%	<u>Total Responses</u> 109
<b>Finding Coverage</b>	<u>Always</u> 28	25.7%	<u>Occasionally Not</u> 79	72.5%	<u>Frequently Unable</u> 2	1.8%	<u>Total Responses</u> 109

## HOMEOWNERS

### **EXHIBIT VII – RESIDUAL MARKET POPULATION**

**North Dakota currently does not have a residual market mechanism for Homeowners insurance. During the 2003 legislative session, statutory authority was granted to the commissioner to implement a residual market placement facility, if after conducting a hearing it is determined that there is a lack of availability of property insurance for the homeowners market.**

## HOMEOWNERS

### EXHIBIT VIII - MATRIX OF INDICATORS

Factor	Competitive Level		
	Low	Moderate	High
Market Concentration (Herfindahl index )			XX
Market Share Analysis –Market Share Changes		XX	
Market Share Analysis –Company Changes		XX	
Market Share Analysis – Surplus (non-licensed)			XX
Historical Loss Ratios (Statewide, Regional, and Countrywide)	NA	NA	NA
Loss Ratios vs Rate Change vs Claims Cost Indexes	XX		
Change in Premium Writings	NA	NA	NA
Field Market Survey Results-October 2011		XX	
Residual Market Population		XX	

Final ranking based upon all factors: Moderate

## **Addendum 6            Narrative Summary – Medical Malpractice**

The market analysis components found in the attached exhibits for medical malpractice are summarized below:

### Exhibit I -Market Concentration (Herfindahl index )

The historical concentration ratios and Herfindahl indices for North Dakota show that the market is highly concentrated indicating a low level of competition.

The index for North Dakota compared to countrywide, indicates the North Dakota market is more significantly concentrated than the countywide market.

### Exhibit II-A - Market Share Analysis –Market Share Changes

With the exception of calendar year 2009, the top 4 writers' combined market share has consistently exceeded 70%, which is considered high. The total market share of the top 20 companies combined has consistently been about 98% of the market. This suggests the market is not competitive.

It should be noted that the general category of Medical Malpractice includes a variety of different types of risks. Contracts can cover Physician and Surgeons, Hospital/Clinic Professional, Dentists, Chiropractors, Nurses and other Allied Healthcare providers. Most companies specialize in writing only certain risk categories. Not all companies write all classes of risk.

### Exhibit II-B – Market Share Analysis –Company Changes

While there are relatively few companies entering and leaving the top 20, there continues to be substantial movement among companies within the top 20.

Highly competitive markets are associated with a high degree of movement and a low concentration of market share.

This information suggests that the market is moderately competitive.

### Exhibit II-C – Market Share Analysis – Surplus (non-licensed)

In 2011, nearly 14% of the premium for this line was written by surplus lines carriers. Seven of the top 20 writers in the state, are surplus lines carriers. This information indicates the market is at a low competitive level.

### Exhibit III – Historical Loss Ratios (Statewide, Regional, and Countrywide)

Over the past ten years, statewide loss ratios have been decreasing.

This information by itself is not an indicator of the competitive level of the market.

#### Exhibit IV – Loss Ratios vs Rate Change vs Claims Cost Indexes

Rate changes do not appear to have kept pace with trends reflected in the claim cost index. However, we note there are other rating tools, such as schedule and experience rating which could cause premiums to rise without a corresponding filed rate increase. Also, to the extent rates are increasing among surplus lines carriers, or for risk retention groups, those rate changes are not filed with, nor approved by our department, and are not reflected in this exhibit.

Over the past ten years, loss ratios are gradually decreasing while rates are staying relatively flat. This generally reflects a non-competitive market.

The combination of these two pieces of information indicates a moderately competitive market.

#### Exhibit V – Change in Premium Writings

Written premiums have fluctuated significantly over the past 10 year. Potential sources of this decrease could be implicit rate decreases due to increased schedule and experience rating credits, which would be an indication of a competitive market. It could also be due to insured's purchasing higher deductibles/SIRs, - perhaps an indication of a less than competitive market.

This information by itself is not an indicator of the competitive level of the market.

#### Exhibit VI – Field Market Survey Results-September 2011

The results of this survey represent a snapshot of the market as of September 2011.

The number of survey responses we received for 2011 were too few for us to draw any conclusions from.

#### Exhibit VII – Residual Market Population

There is no residual market mechanism for Medical Malpractice insurance in North Dakota. Consumers who can not obtain insurance through the admitted market must either look for coverage in the surplus market, with a Risk Retention Group or go without.

The absence of the need for a residual market mechanism would be considered an indicator of a competitive market.

#### Exhibit VIII – Matrix of Indicators

The Herfindahl index, the Market Share Changes and Market Surplus indicate the market is at a low competitive level. Market Share Company Changes and loss ratio vs. rate change exhibits reflect a moderately competitive market. The lack of a residual market suggests a highly competitive market.

#### Final assessment

The evaluation of the market through the year 2011 indicates a low competitive market. In determining what the overall market trend and competitive level are, more weight is given to the Herfindahl index as this is a statistically sound indicator. The field survey results and department observations are also considered in the final ranking.

# MEDICAL MALPRACTICE

## EXHIBIT I: MARKET CONCENTRATION

Year	North Dakota			Countrywide		
	4-Firm	20-Firm	Herfindahl Index	4-Firm	20-Firm	Herfindahl Index
	Concentration Ratio	Concentration Ratio		Concentration Ratio	Concentration Ratio	
1992	81.1%	99.2%		24.5%	58.3%	
1993	79.1%	99.2%		24.0%	57.1%	
1994	66.2%	99.0%		22.2%	55.9%	
1995	65.6%	98.4%		19.8%	54.5%	
1996	68.9%	98.7%		17.9%	54.1%	
1997	58.8%	97.8%		18.1%	52.9%	
1998	61.7%	98.5%		18.0%	54.3%	
1999	77.1%	99.3%		18.6%	53.2%	
2000	65.2%	98.7%		18.3%	51.0%	
2001	75.6%	99.2%		20.3%	54.2%	
2002	81.8%	99.0%		21.5%	55.6%	
2003	82.7%	98.9%		23.2%	55.9%	
2004	79.9%	98.9%	(2,094)	21.2%	54.1%	(308)
2005	74.0%	98.9%	(1,924)	19.9%	52.3%	(287)
2006	76.4%	98.5%	(2,050)	20.0%	52.1%	(290)
2007	79.5%	98.5%	(2,339)	21.2%	51.7%	(290)
2008	72.7%	98.2%	(2,539)	20.4%	51.1%	(294)
2009	67.8%	97.8%	(1,521)	20.5%	51.2%	(287)
2010	78.9%	98.3%	(2,185)	20.9%	50.4%	(300)
2011	78.3%	98.3%	(2,308)	21.2%	50.7%	(322)

### Benchmarks:

National industries with 4-firm concentration ratios <75% and Herfindahl index <2000, are generally not viewed as highly concentrated.

### Merger guidelines of U.S. Dept of Justice

#### Post-merger market Herfindahl index

> 1,800 - highly concentrated

1,000 < Herfindahl index < 1,800 - moderately concentrated

< 1,000 - unconcentrated

# MEDICAL MALPRACTICE

## EXHIBIT IIA: NORTH DAKOTA MARKET SHARE REPORT

Year: 2011				Year: 2010				Year: 2009			
Company	Direct WP (in 000s)	Market Share	Cumulative	Company	Direct WP (in 000s)	Market Share	Cumulative	Company	Direct WP (in 000s)	Market Share	Cumulative
MHA Ins Co	\$ 4,463	33.4%	33.4%	MHA Ins Co	\$ 4,670	33.3%	33.3%	MHA Ins Co	\$ 3,105	26.3%	26.3%
MMIC Ins Inc	\$ 4,297	32.2%	65.6%	MMIC Ins Inc	\$ 4,034	28.8%	62.1%	Midwest Medical Ins Co	\$ 2,489	21.1%	47.5%
Medical Protective Co	\$ 957	7.2%	72.7%	Medical Protective Co	\$ 1,664	11.9%	74.0%	Medical Protective Co	\$ 1,350	11.4%	58.9%
Arch Specialty Ins Co	\$ 746	5.6%	78.3%	Arch Specialty Ins Co	\$ 695	5.0%	78.9%	Arch Specialty Ins Co	\$ 1,053	8.9%	67.8%
Preferred Professional Ins Co	\$ 446	3.3%	81.7%	Columbia Cas Co	\$ 429	3.1%	82.0%	Steadfast Ins Co	\$ 941	8.0%	75.8%
Columbia Cas Co	\$ 380	2.8%	84.5%	Preferred Professional Ins Co	\$ 429	3.1%	85.1%	Preferred Professional Ins Co	\$ 434	3.7%	79.5%
American Cas Co Of Reading PA	\$ 256	1.9%	86.4%	Ironshore Specialty Ins Co	\$ 359	2.6%	87.6%	Columbia Cas Co	\$ 335	2.8%	82.3%
Continental Cas Co	\$ 244	1.8%	88.2%	American Cas Co Of Reading PA	\$ 251	1.8%	89.4%	American Cas Co Of Reading PA	\$ 298	2.5%	84.9%
NCMIC Ins Co	\$ 227	1.7%	90.0%	Continental Cas Co	\$ 239	1.7%	91.1%	Homeland Ins Co of NY	\$ 247	2.1%	87.0%
Ironshore Specialty Ins Co	\$ 217	1.6%	91.5%	NCMIC Ins Co	\$ 216	1.5%	92.7%	Continental Cas Co	\$ 244	2.1%	89.0%
Liberty Ins Underwriters Inc	\$ 147	1.1%	92.6%	Doctors Co An Interins Exch	\$ 127	0.9%	93.6%	NCMIC Ins Co	\$ 208	1.8%	90.8%
Steadfast Ins Co	\$ 124	0.9%	93.6%	Steadfast Ins Co	\$ 115	0.8%	94.4%	Professional Solutions Ins Co	\$ 189	1.6%	92.4%
Oms Natl Ins Co Rrg	\$ 111	0.8%	94.4%	Oms Natl Ins Co Rrg	\$ 106	0.8%	95.1%	Doctors Co An Interins Exch	\$ 151	1.3%	93.7%
National Union Fire Ins Co Of Pitts	\$ 107	0.8%	95.2%	National Union Fire Ins Co Of Pitts	\$ 99	0.7%	95.8%	Chicago Ins Co	\$ 104	0.9%	94.6%
Doctors Co An Interins Exch	\$ 106	0.8%	96.0%	National Fire & Marine Ins Co	\$ 84	0.6%	96.4%	Oms Natl Ins Co Rrg	\$ 89	0.8%	95.3%
Pharmacists Mut Ins Co	\$ 74	0.6%	96.5%	Pharmacists Mut Ins Co	\$ 73	0.5%	97.0%	Professional Underwriters Liab Ins C	\$ 70	0.6%	95.9%
National Fire & Marine Ins Co	\$ 70	0.5%	97.1%	Professional Underwriters Liab Ins C	\$ 65	0.5%	97.4%	Pharmacists Mut Ins Co	\$ 69	0.6%	96.5%
Professional Underwriters Liab Ins C	\$ 70	0.5%	97.6%	Ace Amer Ins Co	\$ 46	0.3%	97.8%	National Fire & Marine Ins Co	\$ 68	0.6%	97.1%
Ace Amer Ins Co	\$ 50	0.4%	98.0%	Evanston Ins Co	\$ 44	0.3%	98.1%	Evanston Ins Co	\$ 46	0.4%	97.5%
Evanston Ins Co	\$ 46	0.3%	98.3%	Church Mut Ins Co	\$ 39	0.3%	98.3%	Ace Amer Ins Co	\$ 45	0.4%	97.8%

Year: 2008				Year: 2007				Year: 2006			
Company	Direct WP (in 000s)	Market Share	Cumulative	Company	Direct WP (in 000s)	Market Share	Cumulative	Company	Direct WP (in 000s)	Market Share	Cumulative
MHA Ins Co	\$ 6,784	46.9%	46.9%	MHA Ins Co	\$ 6,817	37.9%	37.9%	MHA Ins Co	\$ 5,823	32.9%	32.9%
Midwest Medical Ins Co	\$ 1,716	11.9%	58.8%	Midwest Medical Ins Co	\$ 4,846	26.9%	64.9%	Midwest Medical Ins Co	\$ 4,854	27.4%	60.3%
Arch Specialty Ins Co	\$ 1,057	7.3%	66.1%	Medical Protective Co	\$ 1,521	8.5%	73.3%	Medical Protective Co	\$ 1,644	9.3%	69.6%
Medical Protective Co	\$ 959	6.6%	72.7%	Arch Specialty Ins Co	\$ 1,117	6.2%	79.5%	Arch Specialty Ins Co	\$ 1,198	6.8%	76.4%
Steadfast Ins Co	\$ 727	5.0%	77.7%	Steadfast Ins Co	\$ 873	4.9%	84.4%	Steadfast Ins Co	\$ 1,133	6.4%	82.8%
Lexington Ins Co	\$ 543	3.7%	81.5%	Preferred Professional Ins Co	\$ 435	2.4%	86.8%	Columbia Cas Co	\$ 444	2.5%	85.3%
Preferred Professional Ins Co	\$ 419	2.9%	84.4%	Columbia Cas Co	\$ 416	2.3%	89.1%	Preferred Professional Ins Co	\$ 438	2.5%	87.8%
Columbia Cas Co	\$ 321	2.2%	86.6%	American Cas Co Of Reading PA	\$ 304	1.7%	90.8%	Lexington Ins Co	\$ 398	2.2%	90.0%
American Cas Co Of Reading PA	\$ 301	2.1%	88.7%	Continental Cas Co	\$ 209	1.2%	92.0%	American Cas Co Of Reading PA	\$ 275	1.6%	91.6%
Continental Cas Co	\$ 242	1.7%	90.3%	NCMIC Ins Co	\$ 198	1.1%	93.1%	Doctors Co An Interins Exchn	\$ 230	1.3%	92.9%
Homeland Ins Co of NY	\$ 212	1.5%	91.8%	Doctors Co An Interins Exch	\$ 153	0.9%	93.9%	American Ins Co	\$ 201	1.1%	94.0%
NCMIC Ins Co	\$ 207	1.4%	93.2%	Homeland Ins Co of NY	\$ 129	0.7%	94.6%	NCMIC Ins Co	\$ 199	1.1%	95.1%
Doctors Co An Interins Exch	\$ 131	0.9%	94.1%	Evanston Ins Co	\$ 120	0.7%	95.3%	Evanston Ins Co	\$ 128	0.7%	95.9%
Evanston Ins Co	\$ 106	0.7%	94.9%	Illinois Union Ins Co	\$ 103	0.6%	95.9%	Chicago Ins Co	\$ 93	0.5%	96.4%
Chicago Ins Co	\$ 103	0.7%	95.6%	Chicago Ins Co	\$ 101	0.6%	96.5%	Oms Natl Ins Co Rrg	\$ 83	0.5%	96.9%
Illinois Union Ins Co	\$ 82	0.6%	96.1%	Lexington Ins Co	\$ 100	0.6%	97.0%	Church Mut Ins Co	\$ 69	0.4%	97.2%
Oms Natl Ins Co Rrg	\$ 76	0.5%	96.7%	Oms Natl Ins Co Rrg	\$ 83	0.5%	97.5%	Pharmacists Mut Ins Co	\$ 68	0.4%	97.6%
National Fire & Marine Ins Co	\$ 76	0.5%	97.2%	Pharmacists Mut Ins Co	\$ 70	0.4%	97.9%	Professional Underwrters Liab Ins Co	\$ 65	0.4%	98.0%
Pharmacists Mut Ins Co	\$ 72	0.5%	97.7%	Professional Underwrters Liab Ins Co	\$ 68	0.4%	98.2%	Ace American Ins Co	\$ 46	0.3%	98.3%
Professional Underwriters Liab Ins C	\$ 68	0.5%	98.2%	National Union Fire Ins Co Of Pitts	\$ 43	0.2%	98.5%	National Union Fire Ins Co Of Pitts	\$ 44	0.2%	98.5%

# MEDICAL MALPRACTICE

## EXHIBIT IIB: NORTH DAKOTA MARKET SHARE REPORT ENTRIES/EXITS IN TOP 20 WRITERS

Year	# of New Entries/Exits into Top 20 Carriers	Changes within Top 20 Carriers
1992	4	12
1993	1	15
1994	3	15
1995	3	13
1996	2	14
1997	5	13
1998	1	12
1999	4	14
2000	3	11
2001	5	17
2002	4	8
2003	6	9
2004	3	14
2005	3	11
2006	2	12
2007	3	10
2008	1	14
2009	2	12
2010	3	10
2011	1	11

**EXHIBIT IIC: NORTH DAKOTA MEDICAL MALPRACTICE MARKET SHARE- SURPLUS (non-licensed)**

YEAR:	2011		2010		2009
	Direct Written Premium (000s)	Company	Direct Written Premium (000s)	Company	Direct Written Premium (000s)
Arch Specialty Ins Co	\$ 745.50	Arch Specialty Ins Co	\$ 695.00	Arch Specialty Ins Co	\$ 1,052.50
Columbia Cas Co	\$ 380.13	Columbia Cas Co	\$ 429.35	Steadfast Ins Co	\$ 940.73
Ironshore Specialty Ins Co	\$ 210.94	Ironshore Specialty Ins Co	\$ 359.00	Columbia Cas Co	\$ 334.58
Steadfast Ins Co	\$ 124.03	Steadfast Ins Co	\$ 115.17	Homeland Ins Co of NY	\$ 246.61
Oms Natl Ins Co Rrg	\$ 110.56	National Fire & Marine Ins Co	\$ 83.66	Oms Natl Ins Co Rrg	\$ 88.72
National Fire & Marine Ins Co	\$ 70.13	Professional Underwriters Liab Ins C	\$ 64.90	Professional Underwriters Liab Ins C	\$ 70.11
Professional Underwriters Liab Ins C	\$ 70.10	Evanston Ins Co	\$ 43.64	National Fire & Marine Ins Co	\$ 68.38
Evanston Ins Co	\$ 46.12	Admiral Ins Co	\$ 26.13	Evanston Ins Co	\$ 45.63
Chubb Custom Ins Co	\$ 22.50	Chubb Custom Ins Co	\$ 22.50	Chubb Custom Ins Co	\$ 22.50
Admiral Ins Co	\$ 15.12	Empire Ind Ins Co	\$ 15.74	Empire Ind Ins Co	\$ 16.40
Lexington Ins Co	\$ 13.79	Interstate Fire & Cas Co	\$ 9.30	Admiral Ins Co	\$ 10.38
ProAssurance Specialty Ins Co	\$ 12.60	Lexington Ins Co	\$ 8.40	Interstate Fire & Cas Co	\$ 9.28
Health Care Industry Liab Recip Ins	\$ 10.00	Homeland Ins Co of NY	\$ 7.74	American Assoc Of Othodontists RRG	\$ 8.47
American Assoc Of Othodontists RRG	\$ 8.81	ProAssurance Specialty Ins Co	\$ 7.68	Western World Ins Co	\$ 4.26
Landmark Amer Ins Co	\$ 8.55	Landmark Amer Ins Co	\$ 4.50	Lexington Ins Co	\$ 3.79
General Star Ind Co	\$ 6.08	James River Ins Co	\$ 2.61	James River Ins Co	\$ 2.55
Western World Ins Co	\$ 3.84	Western World Ins Co	\$ 2.42	Allied Professionals Ins Co RRG	\$ 1.64
James River Ins Co	\$ 2.68	Essex Ins Co	\$ 0.22	Landmark Amer Ins Co	\$ 1.50
Allied Professionals Ins Co RRG	\$ 1.89		\$ 1,897.96	Ophthalmic Mut Ins Co RRG	\$ 0.93
The Cincinnati Specialty Underwriter	\$ 1.65				\$ 2,928.96
Illinois Union Ins Co	\$ 1.24				
Affiliates Ins Recip a RRG	\$ 1.15				
Essex Ins Co	\$ 0.22				
Chartis Specialty Ins Co	\$ 0.00				
	\$ 1,867.63				

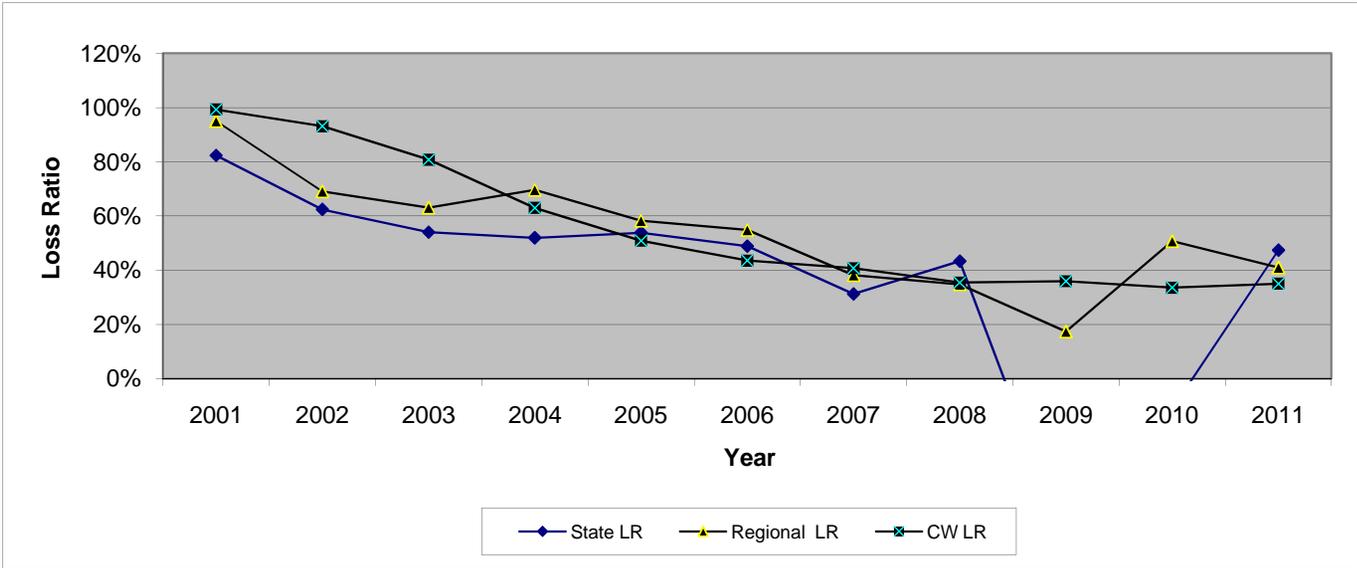
YEAR:	2008		2007		2006
	Direct Written Premium (000s)	Company	Direct Written Premium (000s)	Company	Direct Written Premium (000s)
Arch Specialty Ins Co	\$ 1,057.35	Arch Specialty Ins Co	\$ 1,116.86	Arch Specialty Ins Co	\$ 1,198.00
Steadfast Ins Co	\$ 726.51	Steadfast Ins Co	\$ 873.23	Steadfast Ins Co	\$ 1,133.00
Lexington Ins Co	\$ 542.51	Columbia Cas Co	\$ 416.46	Columbia Cas Co	\$ 444.05
Columbia Cas Co	\$ 321.03	Homeland Ins Co of NY	\$ 128.66	Lexington Ins Co	\$ 397.56
Homeland Ins Co of NY	\$ 212.00	Evanston Ins Co	\$ 120.27	Evanston Ins Co	\$ 127.70
Evanston Ins Co	\$ 105.65	Illinois Union Ins Co	\$ 103.17	Oms Natl Ins Co Rrg	\$ 83.46
Illinois Union Ins Co	\$ 82.26	Lexington Ins Co	\$ 99.71	Professional Underwriters Liab Ins Co	\$ 65.21
Oms Natl Ins Co Rrg	\$ 76.21	Oms Natl Ins Co Rrg	\$ 82.51	National Fire & Marine Ins Co	\$ 29.95
National Fire & Marine Ins Co	\$ 76.09	Professional Underwriters Liab Ins Co	\$ 68.18	James River Ins Co	\$ 26.67
Professional Underwriters Liab Ins C	\$ 67.69	James River Ins Co	\$ 28.03	Landmark Amer Ins Co	\$ 18.99
Landmark Amer Ins Co	\$ 9.76	National Fire & Marine Ins Co	\$ 27.48	Colony Ins Co	\$ 10.50
American Assoc Of Othodontists RRG	\$ 7.03	Landmark Amer Ins Co	\$ 10.39	American Assoc Of Othodontists RRG	\$ 4.64
Admiral Ins Co	\$ 5.25	American Assoc Of Othodontists RRG	\$ 6.00	Western World Ins Co	\$ 3.23
ProAssurance Specialty Ins Co	\$ 5.00	Red Mountain Cas Ins Co Inc	\$ 5.00	Ophthalmic Mut Ins Co RRG	\$ 2.58
Western World Ins Co	\$ 4.71	Western World Ins Co	\$ 3.36	General Star Ind Co	\$ 1.60
Ophthalmic Mut Ins Co RRG	\$ 2.16	Ophthalmic Mut Ins Co RRG	\$ 2.43	Allied Professionals Ins Co RRG	\$ 0.37
Allied Professionals Ins Co RRG	\$ 1.54	Allied Professionals Ins Co RRG	\$ 1.00		\$ 3,547.50
General Star Ind Co	\$ 0.96	General Star Ind Co	\$ 0.57		
	\$ 3,303.70		\$ 3,093.32		

YEAR:	2005		2004		2003
	Direct Written Premium (000s)	Company	Direct Written Premium (000s)	Company	Direct Written Premium (000s)
Steadfast Ins Co	\$ 1,525.58	Steadfast Ins Co	\$ 1,919.70	Arch Specialty Ins Co	\$ 1,563.00
Arch Specialty Ins Co	\$ 1,154.78	Arch Specialty Ins Co	\$ 1,596.70	Columbia Cas Co	\$ 508.79
Columbia Cas Co	\$ 684.49	Columbia Cas Co	\$ 616.37	Lexington Ins Co	\$ 280.78
Lexington Ins Co	\$ 176.87	Lexington Ins Co	\$ 226.17	Evanston Ins Co	\$ 194.81
Landmark Ins Co	\$ 167.35	Oms Natl Ins Co Rrg	\$ 70.50	Admiral Ins Co	\$ 150.98
Evanston Ins Co	\$ 109.06	Evanston Ins Co	\$ 45.31	Oms Natl Ins Co Rrg	\$ 58.94
Oms Natl Ins Co Rrg	\$ 79.55	General Star Ind Co	\$ 26.00	Podiatry Ins Co Of Amer A Mut Co	\$ 56.17
Professional Underwriters Liab Ins Co	\$ 50.20	Colony Ins Co	\$ 13.00	Steadfast Ins Co	\$ 42.90
National Fire & Marine Ins Co	\$ 20.66	Western World Ins Co	\$ 11.98	Western World Ins Co	\$ 20.83
Colony Ins Co	\$ 13.75	Ophthalmic Mut Ins Co RRG	\$ 6.64	Professional Underwriters Liab Ins Co	\$ 15.25
Landmark Amer Ins Co	\$ 10.50	American Assoc Of Othodontists RRG	\$ 5.28	American Assoc Of Othodontists RRG	\$ 6.10
American Assoc Of Othodontists RRG	\$ 5.54	Admiral Ins Co	\$ 0.25	Ophthalmic Mut Ins Co RRG	\$ 2.37
Western World Ins Co	\$ 3.83	Allied Professionals Ins Co RRG	\$ 0.10	TIG Specialty Ins Corp	\$ 1.41
Ophthalmic Mut Ins Co RRG	\$ 2.61		\$ 4,538.01		\$ 2,902.34
General Star Ind Co	\$ 1.69				
Allied Professionals Ins Co RRG	\$ 0.31				
	\$ 4,006.76				

# MEDICAL MALPRACTICE

## EXHIBIT III: HISTORICAL LOSS RATIOS

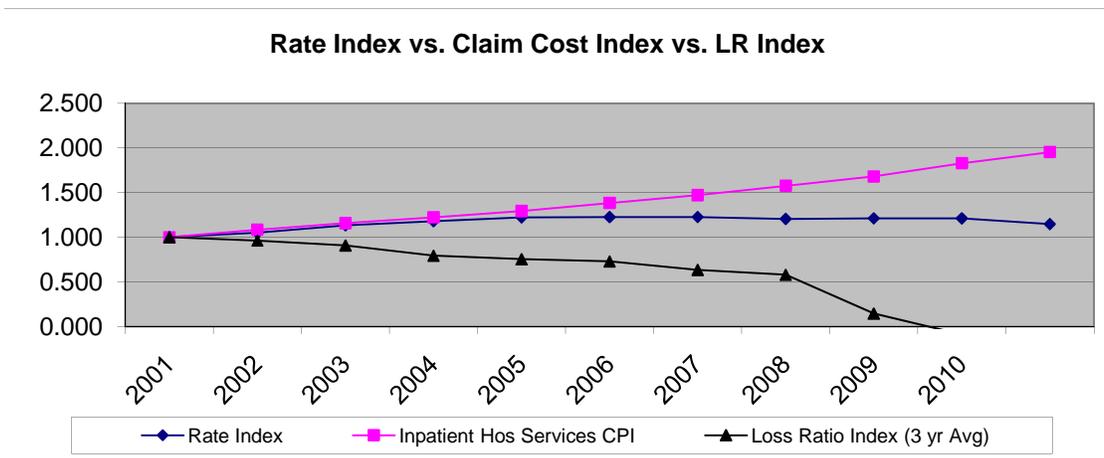
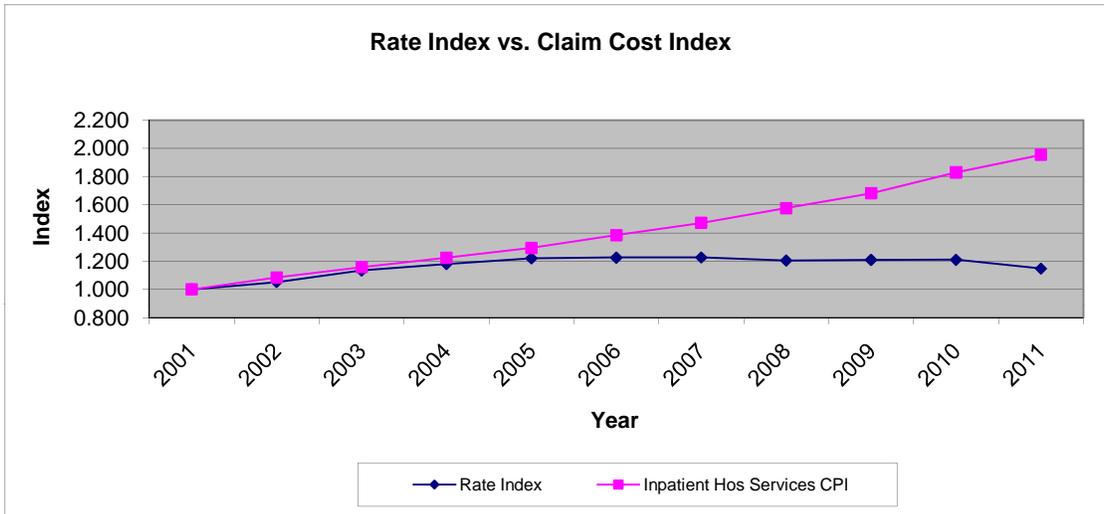
Year	Statewide Loss Ratio	Regional Loss Ratio	Countrywide Loss Ratio
2001	82%	95%	99%
2002	62%	69%	93%
2003	54%	63%	81%
2004	52%	70%	63%
2005	54%	58%	51%
2006	49%	55%	44%
2007	31%	38%	41%
2008	43%	35%	35%
2009	-61%	17%	36%
2010	-11%	51%	34%
2011	47%	41%	35%



# MEDICAL MALPRACTICE

## EXHIBIT IV: LOSS RATIO VS. RATE CHANGES VS. COST INDICES

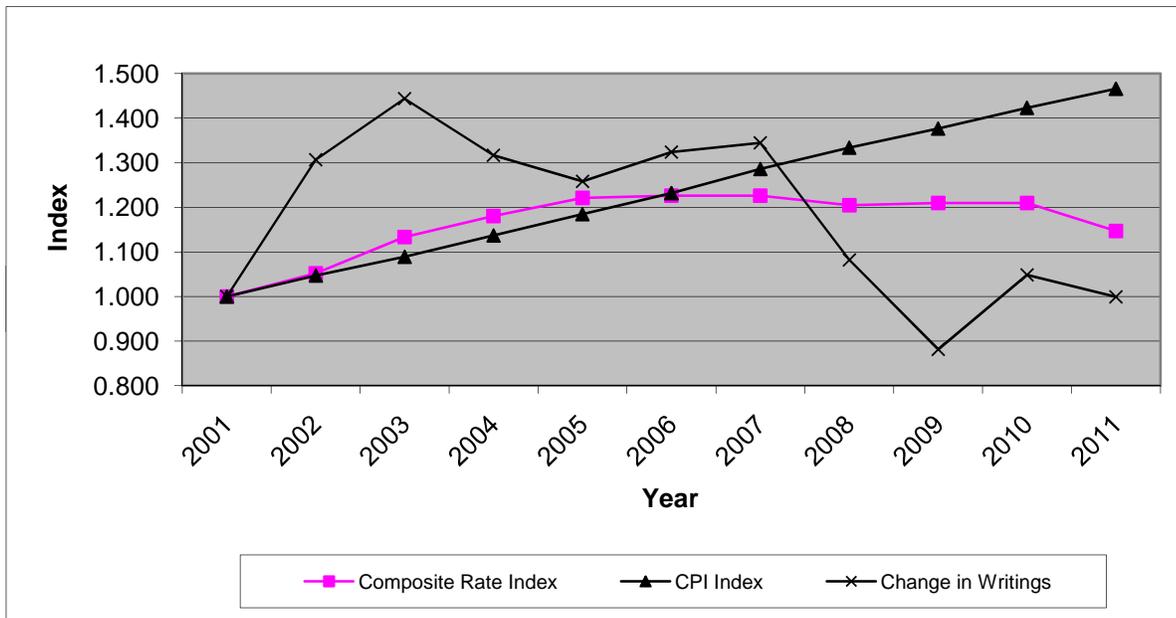
Year	Composite Rate Index	Relevant Claim Cost Index	Statewide 3 Yr LR Index
2001	1.000	1.000	1.000
2002	1.052	1.084	0.963
2003	1.134	1.158	0.909
2004	1.180	1.224	0.793
2005	1.221	1.293	0.754
2006	1.226	1.384	0.729
2007	1.226	1.471	0.634
2008	1.205	1.576	0.579
2009	1.210	1.681	0.144
2010	1.210	1.829	-0.089
2011	1.147	1.954	-0.096



# MEDICAL MALPRACTICE

## EXHIBIT V: CHANGE IN PREMIUM WRITINGS

Year	Statewide Written Premium (000s)	Change in Writings	Indexed	Composite Rate Index	Consumer Price Index
2001	\$ 13,369		1.00	1.000	1.000
2002	\$ 17,470	30.7%	1.31	1.052	1.047
2003	\$ 19,306	10.5%	1.44	1.134	1.089
2004	\$ 17,605	-8.8%	1.32	1.180	1.137
2005	\$ 16,823	-4.4%	1.26	1.221	1.185
2006	\$ 17,696	5.2%	1.32	1.226	1.232
2007	\$ 17,980	1.6%	1.34	1.226	1.286
2008	\$ 14,468	-19.5%	1.08	1.205	1.334
2009	\$ 11,788	-18.5%	0.88	1.210	1.376
2010	\$ 14,016	18.9%	1.05	1.210	1.423
2011	\$ 13,359	-4.7%	1.00	1.147	1.466



# MEDICAL MALPRACTICE

## EXHIBIT VI: FIELD MARKET SURVEY

Available Markets	<u>Fewer</u> 2	11.1%	<u>Same</u> 16	88.9%	<u>More</u> 0	0.0%	<u>Total Responses</u> 18
Rate Changes	<u>Increased</u> 3	17.6%	<u>Same</u> 14	82.4%	<u>Decreased</u> 0	0.0%	<u>Total Responses</u> 17
Under Writing Changes	<u>More Strict</u> 3	16.7%	<u>Same</u> 15	83.3%	<u>Less Strict</u> 0	0.0%	<u>Total Responses</u> 18
Finding Coverage	<u>Always</u> 6	85.7%	<u>Occasionally Not</u> 1	14.3%	<u>Frequently Unable</u> 0	0.0%	<u>Total Responses</u> 7

## MEDICAL MALPRACTICE

### **EXHIBIT VII – RESIDUAL MARKET POPULATION**

**North Dakota does not have a residual market mechanism for Medical Malpractice.**

## MEDICAL MALPRACTICE

### EXHIBIT VIII - MATRIX OF INDICATORS

Factor	Competitive Level		
	Low	Moderate	High
Market Concentration (Herfindahl index )	XX		
Market Share Analysis –Market Share Changes	XX		
Market Share Analysis –Company Changes		XX	
Market Share Analysis – Surplus (non-licensed)	XX		
Historical Loss Ratios (Statewide, Regional, and Countrywide)	NA	NA	NA
Loss Ratios vs Rate Change vs Claims Cost Indexes		XX	
Change in Premium Writings	NA	NA	NA
Field Market Survey Results-October 2011	NA	NA	NA
Residual Market Population			XX

Final ranking based upon all factors: Low

**Addendum 7                      Narrative Summary – Other Liability (professional liability, D&O, E&O, excess and umbrella)**

The market analysis components found in the attached exhibits for other liability are summarized below:

Exhibit I -Market Concentration (Herfindahl index )

The historical concentration ratios and Herfindahl indices for North Dakota are very low relative to the national benchmarks. This indicates the market is not concentrated and is highly competitive.

Exhibit II-A - Market Share Analysis –Market Share Changes

The ranking of the top 4 writers over the past six years has changed considerably. The top 4 positions have held approximately from 14% to 20% of the market share over the past 6 years.

The total market share of the top 20 companies combined has ranged from between 44% to 49% of the market.

These statistics indicate that the market is competitive.

It should be noted that the general category of Other Liability includes an extremely wide array of diverse contracts and risk exposures. Contracts can include Design Professional, Legal Malpractice, Non-profit D&O, For-profit D&O, umbrella and other General Liability etc. Further, some companies specialize in writing only certain risk categories. No single company writes all classes of risk.

Exhibit II-B – Market Share Analysis –Company Changes

There continues to be a significant number of companies entering the top 20 writers each year as well as considerable movement among the top 20 carriers. Highly competitive markets are associated with a high degree of movement. This information suggests that the level of competition is high.

#### Exhibit II-C – Market Share Analysis – Surplus (non-licensed)

In 2011, 19% of this line's premium was written by surplus lines carriers. This suggests that the market is less than competitive.

#### Exhibit III – Historical Loss Ratios (Statewide, Regional, and Countrywide)

Statewide loss ratios have varied considerably from year to year but with the exception of 2003, have been consistently low compared to industry targets. Further the statewide loss ratios are lower than both regional and countrywide ratios. The consistently low loss ratios on a statewide basis may be interpreted to mean that the market is not competitive. There has not been sufficient competitive pressure to force rates into alignment with experience. This information suggests the market is less than competitive.

#### Exhibit IV – Loss Ratios vs Rate Change vs Claims Cost Indexes

North Dakota rates have remained relatively flat despite favorable loss experience. This may suggest non-competitive market. Making this comparison is complicated the fact that companies can achieve premium changes through rating tools such as schedule and experience rating, without a formal rate filing. Changes in premium via these rating tools are not reflected in this exhibit. It may well be that companies are responding to the favorable loss experience with experience and/or schedule rating credit.

Overall this exhibit suggests the market is moderately competitive.

#### Exhibit V – Change in Premium Writings

The statewide premium volume has varied considerably from year to year. The reason for this fluctuation is not known. The Consumer Price Index shows steady increases and would suggest that the basis for most premium computations would be increasing as well resulting in increasing premiums. This has not occurred.

This information is by itself not an indicator of the competitive level of the market.

#### Exhibit VI – Field Market Survey Results-September 2011

The results of this survey represent a snapshot of the market as of September 2011.

Responses to the 2011 survey showed slight improvement of 2010 survey results in terms of market availability, rate levels and underwriting. Overall the 2011 results suggest that the market is moderately competitive.

### Exhibit VII – Residual Market Population

There is no residual market mechanism for Other Liability lines in North Dakota. Consumers who can not obtain insurance through the admitted market must either look for coverage in the surplus market, with Risk Retention Groups or go without.

The absence of the need for a residual market mechanism is considered an indicator of a competitive market.

### Exhibit VIII – Matrix of Indicators

The Herfindahl index, Market Share Changes, Market Share Company Changes and the lack of a residual market indicate a highly competitive market. The Loss Ratio vs Rate Change vs Claims Cost Index and the field market survey indicate a moderately competitive market. The Market Share Surplus analysis and the Historical Loss Ratio exhibit indicate that the market is noncompetitive.

### Final assessment

The evaluation of the market through the year 2011 indicates a moderately competitive market.

The determination on how to categorize the other liability line of insurance is difficult due to the diverse nature of coverages within this line. We note based on contacts with consumers that there are a number of specialty/niche business classes which have limited availability of coverage due to a lack of companies willing to write that type of business. In these cases the market is clearly non-competitive. Unfortunately due to data constraints we are unable to accurately analyze each of these classes within the broad category of Other Liability. Since this category is so broad, the assessment may not accurately reflect any one of the specialty classes. Our conclusion for the broad category is that the market is moderately competitive.

# OTHER LIABILITY

## EXHIBIT I: MARKET CONCENTRATION

Year	North Dakota			Countrywide		
	4-Firm Concentration Ratio	20-Firm Concentration Ratio	Herfindahl Index	4-Firm Concentration Ratio	20-Firm Concentration Ratio	Herfindahl Index
1992	27.9%	56.7%		26.5%	48.4%	
1993	40.6%	64.3%		24.9%	45.9%	
1994	25.7%	57.0%		24.1%	44.5%	
1995	28.6%	56.3%		21.2%	43.1%	
1996	17.3%	48.8%		20.5%	42.0%	
1997	15.7%	50.1%		20.5%	42.1%	
1998	20.3%	50.8%		19.9%	41.6%	
1999	15.3%	46.8%		17.3%	40.2%	
2000	13.7%	43.9%		18.0%	39.7%	
2001	14.1%	44.9%		16.4%	40.5%	
2002	12.8%	44.4%		19.3%	43.4%	
2003	15.0%	44.9%		20.3%	44.6%	
2004	20.1%	49.0%	(446)	17.7%	43.2%	(663)
2005	14.4%	45.6%	(317)	16.2%	42.4%	(625)
2006	18.4%	48.6%	(383)	15.2%	42.2%	(609)
2007	19.2%	46.8%	(384)	15.7%	42.8%	(627)
2008	17.9%	47.2%	(383)	16.5%	41.0%	(513)
2009	20.7%	48.7%	(354)	16.4%	39.6%	(450)
2010	19.9%	49.4%	(333)	16.7%	39.6%	(450)
2011	16.6%	44.6%	(324)	16.3%	38.9%	(424)

### Benchmarks:

National industries with 4-firm concentration ratios <75% and Herfindahl index <2000, are generally not viewed as highly concentrated.

### Merger guidelines of U.S. Dept of Justice

#### Post-merger market Herfindahl index

> 1,800 - highly concentrated

1,000 < Herfindahl index < 1,800 - moderately concentrated

< 1,000 - unconcentrated

# OTHER LIABILITY

## EXHIBIT IIA: NORTH DAKOTA MARKET SHARE REPORT

Year: 2011				Year: 2010				Year: 2009			
Company	Direct WP (in 000s)	Market Share	Cumulative	Company	Direct WP (in 000s)	Market Share	Cumulative	Company	Direct WP (in 000s)	Market Share	Cumulative
St Paul Fire & Marine Ins Co	\$ 5,492	5.2%	5.2%	Everest Ind Ins Co	\$ 7,879	8.2%	8.2%	Everest Ind Ins Co	\$ 9,451	10.2%	10.2%
Caterpillar Ins Co	\$ 4,131	3.9%	9.0%	St Paul Fire & Marine Ins Co	\$ 4,743	4.9%	13.1%	St Paul Fire & Marine Ins Co	\$ 3,861	4.2%	14.3%
Employers Mut Cas Co	\$ 4,087	3.8%	12.9%	Employers Mut Cas Co	\$ 3,328	3.5%	16.6%	Employers Mut Cas Co	\$ 2,985	3.2%	17.6%
Mid Continent Cas Co	\$ 3,954	3.7%	16.6%	Cincinnati Ins Co	\$ 3,158	3.3%	19.9%	Federal Ins Co	\$ 2,945	3.2%	20.7%
Cincinnati Ins Co	\$ 3,194	3.0%	19.6%	Caterpillar Ins Co	\$ 3,130	3.3%	23.2%	Cincinnati Ins Co	\$ 2,891	3.1%	23.9%
Federal Ins Co	\$ 2,565	2.4%	22.0%	Federal Ins Co	\$ 2,939	3.1%	26.2%	Lexington Ins Co	\$ 2,701	2.9%	26.8%
Lexington Ins Co	\$ 2,495	2.3%	24.4%	Mid Continent Cas Co	\$ 2,418	2.5%	28.7%	Caterpillar Ins Co	\$ 2,472	2.7%	29.4%
American Modern Home Ins Co	\$ 2,391	2.2%	26.6%	Lexington Ins Co	\$ 2,402	2.5%	31.2%	Mid Continent Cas Co	\$ 2,147	2.3%	31.7%
Farmers Union Mut Ins Co	\$ 2,291	2.2%	28.8%	American Modern Home Ins Co	\$ 2,278	2.4%	33.6%	Farmers Union Mut Ins Co	\$ 1,900	2.0%	33.8%
Continental Cas Co	\$ 2,188	2.1%	30.8%	Farmers Union Mut Ins Co	\$ 2,061	2.1%	35.8%	American Bankers Ins Co Of FL	\$ 1,687	1.8%	35.6%
Acuity A Mut Ins Co	\$ 2,140	2.0%	32.8%	Grinnell Mut Reins Co	\$ 1,670	1.7%	37.5%	Grinnell Mut Reins Co	\$ 1,626	1.8%	37.4%
Grinnell Mut Reins Co	\$ 1,809	1.7%	34.5%	Acuity A Mut Ins Co	\$ 1,601	1.7%	39.2%	Acuity A Mut Ins Co	\$ 1,506	1.6%	39.0%
Chartis Specialty Ins Co	\$ 1,670	1.6%	36.1%	Continental Cas Co	\$ 1,517	1.6%	40.7%	Zurich Amer Ins Co	\$ 1,500	1.6%	40.6%
Commerce & Industry Ins Co	\$ 1,441	1.4%	37.4%	Zurich Amer Ins Co	\$ 1,448	1.5%	42.3%	Continental Cas Co	\$ 1,348	1.5%	42.1%
Nodak Mut Ins Co	\$ 1,360	1.3%	38.7%	National Union Fire Ins Co Of Pitts	\$ 1,272	1.3%	43.6%	Nodak Mut Ins Co	\$ 1,168	1.3%	43.3%
Western Natl Mut Ins Co	\$ 1,331	1.3%	40.0%	Nodak Mut Ins Co	\$ 1,271	1.3%	44.9%	American Family Mut Ins Co	\$ 1,029	1.1%	44.4%
American Family Mut Ins Co	\$ 1,259	1.2%	41.2%	American Bankers Ins Co Of FL	\$ 1,146	1.2%	46.1%	State Farm Fire & Cas Co	\$ 1,025	1.1%	45.5%
Auto Owners Ins Co	\$ 1,252	1.2%	42.3%	Auto Owners Ins Co	\$ 1,102	1.1%	47.2%	Auto Owners Ins Co	\$ 991	1.1%	46.6%
Zurich Amer Ins Co	\$ 1,236	1.2%	43.5%	State Farm Fire & Cas Co	\$ 1,063	1.1%	48.4%	Steadfast Ins Co	\$ 983	1.1%	47.7%
Ace Amer Ins Co	\$ 1,228	1.2%	44.6%	American Family Mut Ins Co	\$ 1,045	1.1%	49.4%	Greenwich Ins Co	\$ 978	1.1%	48.7%

Year: 2008				Year: 2007				Year: 2006			
Company	Direct WP (in 000s)	Market Share	Cumulative	Company	Direct WP (in 000s)	Market Share	Cumulative	Company	Direct WP (in 000s)	Market Share	Cumulative
American Intl Specialty Lines Ins Co	\$ 5,097	6.2%	6.2%	St Paul Fire & Marine Ins Co	\$ 4,485	5.8%	5.8%	American Intl Specialty Lines Ins Co	\$ 4,230	5.6%	5.6%
St Paul Fire & Marine Ins Co	\$ 3,752	4.6%	10.8%	American Intl Specialty Lines Ins Co	\$ 4,155	5.3%	11.1%	St Paul Fire & Marine Ins Co	\$ 3,965	5.3%	10.9%
Cincinnati Ins Co	\$ 2,993	3.6%	14.4%	Federal Ins Co	\$ 3,230	4.1%	15.2%	Federal Ins Co	\$ 2,876	3.8%	14.8%
Caterpillar Ins Co	\$ 2,898	3.5%	17.9%	Cincinnati Ins Co	\$ 3,071	3.9%	19.2%	Continental Cas Co	\$ 2,691	3.6%	18.4%
Employers Mut Cas Co	\$ 2,816	3.4%	21.3%	Caterpillar Ins Co	\$ 2,249	2.9%	22.1%	Cincinnati Ins Co	\$ 2,492	3.3%	21.7%
Federal Ins Co	\$ 2,775	3.4%	24.7%	Transportation Ins Co	\$ 1,883	2.4%	24.5%	Dakota Fire Ins Co	\$ 2,287	3.1%	24.7%
Mid Continent Cas Co	\$ 1,809	2.2%	26.9%	Acuity A Mut Ins Co	\$ 1,785	2.3%	26.8%	Acuity A Mut Ins Co	\$ 1,778	2.4%	27.1%
Zurich Amer Ins Co	\$ 1,754	2.1%	29.0%	Grinnell Mut Reins Co	\$ 1,575	2.0%	28.8%	Caterpillar Ins Co	\$ 1,748	2.3%	29.5%
Farmers Union Mut Ins Co	\$ 1,716	2.1%	31.1%	Dakota Fire Ins Co	\$ 1,573	2.0%	30.8%	Transportation Ins Co	\$ 1,666	2.2%	31.7%
Acuity A Mut Ins Co	\$ 1,683	2.0%	33.2%	Employers Mut Cas Co	\$ 1,524	2.0%	32.8%	Grinnell Mut Reins Co	\$ 1,547	2.1%	33.7%
Lexington Ins Co	\$ 1,651	2.0%	35.2%	Zurich American Ins Co	\$ 1,476	1.9%	34.7%	Lexington Ins Co	\$ 1,468	2.0%	35.7%
Grinnell Mut Reins Co	\$ 1,578	1.9%	37.1%	Mid Continent Cas Co	\$ 1,459	1.9%	36.5%	Mid-Continent Cas Co	\$ 1,351	1.8%	37.5%
Continental Cas Co	\$ 1,555	1.9%	39.0%	Farmers Union Mut Ins Co	\$ 1,427	1.8%	38.4%	Zurich American Ins Co	\$ 1,336	1.8%	39.3%
Nodak Mut Ins Co	\$ 1,097	1.3%	40.3%	Lexington Ins Co	\$ 1,143	1.5%	39.8%	Farmers Union Mut Ins Co	\$ 1,314	1.8%	41.0%
St Paul Mercury Ins Co	\$ 1,023	1.2%	41.6%	Ace Amer Ins Co	\$ 931	1.2%	41.0%	Steadfast Ins Co	\$ 1,053	1.4%	42.5%
State Farm Fire & Cas Co	\$ 994	1.2%	42.8%	Nodak Mut Ins Co	\$ 923	1.2%	42.2%	National Union Fire Ins Co Of Pitts	\$ 1,037	1.4%	43.8%
Auto Owners Ins Co	\$ 964	1.2%	43.9%	State Farm Fire And Cas Co	\$ 912	1.2%	43.4%	Attorneys Liab Protection Soc RRG	\$ 966	1.3%	45.1%
American Family Mut Ins Co	\$ 955	1.2%	45.1%	Interstate Fire & Cas Co	\$ 902	1.2%	44.5%	Federated Mut Ins Co	\$ 883	1.2%	46.3%
Everest Natl Ins Co	\$ 930	1.1%	46.2%	National Union Fire Ins Co Of Pitts	\$ 896	1.2%	45.7%	Auto-Owners Ins Co	\$ 876	1.2%	47.5%
Attorneys Liab Protection Soc RRG	\$ 839	1.0%	47.2%	Bancinsure Inc	\$ 894	1.1%	46.8%	Nodak Mut Ins Co	\$ 875	1.2%	48.6%

# OTHER LIABILITY

## EXHIBIT IIB: NORTH DAKOTA MARKET SHARE REPORT ENTRIES/EXITS IN TOP 20 WRITERS

Year	# of New Entries/Exits into Top 20 Carriers	Changes within Top 20 Carriers
1991	2	8
1992	5	13
1993	4	9
1994	3	11
1995	5	12
1996	4	14
1997	4	14
1998	4	15
1999	4	12
2000	3	12
2001	4	15
2002	6	13
2003	6	13
2004	4	9
2005	4	15
2006	4	16
2007	6	11
2008	6	14
2009	4	14
2010	2	12
2011	4	9

**EXHIBIT IIC: NORTH DAKOTA OTHER LIABILITY MARKET SHARE- SURPLUS (non-licensed)**

YEAR:	2011		2010		2009
	Direct Written Premium (000s)	Company	Direct Written Premium (000s)	Company	Direct Written Premium (000s)
	\$ 2,494.90	Lexington Ins Co	\$ 7,878.80	Everest Ind Ins Co	\$ 9,451.47
	\$ 1,669.97	Chartis Specialty Ins Co	\$ 2,402.40	Lexington Ins Co	\$ 2,701.36
	\$ 1,186.84	First Mercury Ins Co	\$ 698.71	Steadfast Ins Co	\$ 983.00
	\$ 877.84	Attorneys Liab Protection Soc RRG	\$ 673.51	Attorneys Liab Protection Soc RRG	\$ 788.29
	\$ 692.72	Evanston Ins Co	\$ 649.81	Columbia Cas Co	\$ 583.13
	\$ 609.62	Scottsdale Ins Co	\$ 556.53	Ironshore Specialty Ins Co	\$ 439.88
	\$ 600.99	Colony Ins Co	\$ 529.02	Liberty Surplus Ins Corp	\$ 419.46
	\$ 518.15	Catlin Specialty Ins Co	\$ 489.77	Scottsdale Ins Co	\$ 391.48
	\$ 508.48	First Specialty Ins Corp	\$ 431.09	Evanston Ins Co	\$ 390.08
	\$ 492.70	Nautilus Ins Co	\$ 421.69	James River Ins Co	\$ 378.38
	\$ 491.77	Liberty Surplus Ins Corp	\$ 400.92	First Mercury Ins Co	\$ 362.43
	\$ 462.26	Arch Specialty Ins Co	\$ 381.30	Houston Cas Co	\$ 355.75
	\$ 410.76	Ironshore Specialty Ins Co	\$ 375.76	Nautilus Ins Co	\$ 335.20
	\$ 381.58	James River Ins Co	\$ 366.25	Namic Ins Co Inc	\$ 315.52
	\$ 376.78	Endurance Amer Specialty Ins Co	\$ 364.64	Endurance Amer Specialty Ins Co	\$ 314.68
	\$ 371.68	Starr Surplus Lines Ins Co	\$ 334.19	Colony Ins Co	\$ 300.29
	\$ 360.03	Namic Ins Co Inc	\$ 320.09	Catlin Specialty Ins Co	\$ 297.62
	\$ 358.83	Acceptance Ind Ins Co	\$ 319.00	Travelers Excess & Surplus Lines Co	\$ 261.20
	\$ 352.33	Northfield Ins Co	\$ 254.67	Landmark Amer Ins Co	\$ 241.21
	\$ 344.80	Columbia Cas Co	\$ 249.22	Colony Natl Ins Co	\$ 236.47
	\$ 306.13	AXIS Surplus Ins Co	\$ 246.50	Arch Specialty Ins Co	\$ 222.38
	\$ 298.07	Chubb Custom Ins Co	\$ 245.34	AXIS Surplus Ins Co	\$ 214.70
	\$ 285.43	Allied World Assur Co US Inc	\$ 200.00	Northfield Ins Co	\$ 210.23
	\$ 257.14	Mount Vernon Fire Ins Co	\$ 186.31	US Rail Ins Co A RRG	\$ 207.33
	\$ 256.63	Century Surety Co	\$ 169.73	Chartis Specialty Ins Co	\$ 188.62
	\$ 256.55	Hallmark Specialty Ins Co	\$ 157.16	Acceptance Ind Ins Co	\$ 172.70
	\$ 248.06	Darwin Select Ins Co	\$ 154.79	Darwin Select Ins Co	\$ 167.50
	\$ 244.17	Burlington Ins Co	\$ 154.33	Berkley Regional Specialty Ins Co	\$ 162.20
	\$ 222.51	Steadfast Ins Co	\$ 152.62	Mount Vernon Fire Ins Co	\$ 149.31
	\$ 215.70	Houston Cas Co	\$ 144.92	General Star Ind Co	\$ 122.13
	\$ 214.92	Admiral Ins Co	\$ 140.68	Title Industry Assur Co RRG	\$ 115.17
	\$ 208.00	Illinois Union Ins Co	\$ 115.31	Tudor Ins Co	\$ 114.22
	\$ 198.30	STICO Mut Ins Co RRG	\$ 107.91	Hermitage Ins Co	\$ 113.98
	\$ 165.22	Western World Ins Co	\$ 99.50	North Amer Capacity Ins Co	\$ 112.77
	\$ 162.61	Essex Ins Co	\$ 93.53	Admiral Ins Co	\$ 110.48
	\$ 149.29	Title Industry Assur Co RRG	\$ 93.00	Illinois Union Ins Co	\$ 107.97
	\$ 137.99	American Safety Ind Co	\$ 92.08	Maxum Ind Co	\$ 105.44
	\$ 137.77	General Star Ind Co	\$ 79.81	Rockhill Ins Co	\$ 104.10
	\$ 131.36	Atain Specialty Ins Co	\$ 76.95	St Paul Surplus Lines Ins Co	\$ 103.92
	\$ 131.08	Interstate Fire & Cas Co	\$ 70.90	Attorneys Liab Assur Society Inc RRG	\$ 101.66
	\$ 130.40	The Cincinnati Specialty Underwriter	\$ 69.46	STICO Mut Ins Co RRG	\$ 99.69
	\$ 129.49	Rockhill Ins Co	\$ 65.75	Chubb Custom Ins Co	\$ 96.52
	\$ 127.45	Attorneys Liab Assur Society Inc RRG	\$ 65.42	Burlington Ins Co	\$ 92.39
	\$ 123.12	Hudson Specialty Ins Co	\$ 63.85	Allied World Assur Co US Inc	\$ 83.76
	\$ 119.03	St Paul Surplus Lines Ins Co	\$ 63.72	National Fire & Marine Ins Co	\$ 81.56
	\$ 115.10	Gemini Ins Co	\$ 63.69	Century Surety Co	\$ 80.86
	\$ 106.26	Hermitage Ins Co	\$ 63.11	Capitol Specialty Ins Corp	\$ 80.71
	\$ 100.55	Navigators Specialty Ins Co	\$ 61.03	The Cincinnati Specialty Underwriter	\$ 71.96
	\$ 97.44	XL Select	\$ 60.30	Homeland Ins Co of NY	\$ 70.65
	\$ 91.62	Atlantic Cas Ins Co	\$ 59.98	Usf Ins Co	\$ 67.48
	\$ 88.21	Tudor Ins Co	\$ 57.10	Union Ins Co Of Providence	\$ 59.53
	\$ 82.45	Kinsale Ins Co	\$ 54.33	MT Hawley Ins Co	\$ 59.16
	\$ 77.87	Prime Ins Co	\$ 53.68	XL Select	\$ 58.99
	\$ 71.13	Crum & Forster Specialty Ins Co	\$ 49.42	Western Heritage Ins Co	\$ 57.40
	\$ 66.72	Capitol Specialty Ins Corp	\$ 46.65	Penn Star Ins Co	\$ 53.52
	\$ 66.20	Western Heritage Ins Co	\$ 39.75	Hudson Specialty Ins Co	\$ 50.26
	\$ 63.71	Alterra Excess & Surplus Ins Co	\$ 35.94	CHC Cas RRG	\$ 50.19
	\$ 62.28	Gotham Ins Co	\$ 33.95	Interstate Fire & Cas Co	\$ 44.71
	\$ 59.27	National Fire & Marine Ins Co	\$ 32.87	Nutmeg Ins Co	\$ 43.46
	\$ 56.75	Great Amer E&S Ins Co	\$ 27.65	ICI Mut Ins Co RRG	\$ 40.00
	\$ 54.51	Westchester Surplus Lines Ins Co	\$ 22.18	American Safety Ind Co	\$ 39.61
	\$ 54.47	Associated Intl Ins Co	\$ 21.38	Western World Ins Co	\$ 37.91
	\$ 49.64	North Amer Capacity Ins Co	\$ 20.68	Westchester Surplus Lines Ins Co	\$ 31.44
	\$ 47.68	Union Ins Co Of Providence	\$ 20.32	PCH Mut Ins Co Inc RRG	\$ 30.99
	\$ 44.99	Landmark Amer Ins Co	\$ 19.08	Navigators Specialty Ins Co	\$ 29.36
	\$ 37.35	ICI Mut Ins Co RRG	\$ 15.95	Torus Specialty Ins Co	\$ 27.27
	\$ 35.40	Berkley Regional Specialty Ins Co	\$ 12.60	Essex Ins Co	\$ 23.99
	\$ 31.55	Princeton Excess & Surplus Lines Ins	\$ 11.27	Great Amer E&S Ins Co	\$ 23.78
	\$ 25.32	MT Hawley Ins Co	\$ 8.92	Atlantic Cas Ins Co	\$ 17.28
	\$ 25.00	Companion Specialty Ins Co	\$ 8.76	American Safety RRG Inc	\$ 16.97
	\$ 24.84	Homeland Ins Co of NY	\$ 7.86	Gotham Ins Co	\$ 15.45
	\$ 24.72	Torus Specialty Ins Co	\$ 6.04	Max Specialty Ins Co	\$ 14.50
	\$ 24.57	Maxum Ind Co	\$ 5.84	United Educators Ins RRG Inc	\$ 14.16
	\$ 23.32	CHC Cas RRG	\$ 4.41	Gemini Ins Co	\$ 13.44
	\$ 21.05	Restoration RRG Inc	\$ 3.21	Associated Intl Ins Co	\$ 13.14
	\$ 20.92	Maiden Specialty Ins Co	\$ 2.34	Prime Ins Co	\$ 8.94
	\$ 14.54	AIX Specialty Ins Co	\$ 1.69	Spirit Mountain Ins Co RRG Inc	\$ 8.41
	\$ 14.16	United Educators Ins RRG Inc	\$ 0.95	United Natl Ins Co	\$ 8.32
	\$ 13.12	United Specialty Ins Co	\$ 0.83	Old Republic Union Ins Co	\$ 8.31
	\$ 12.72	United Natl Ins Co	\$ 22,140.64	Hallmark Specialty Ins Co	\$ 7.50
	\$ 12.23	Penn Star Ins Co		Savers Prop & Cas Ins Co	\$ 7.05
	\$ 10.09	Spirit Mountain Ins Co RRG Inc		Restoration RRG Inc	\$ 6.89
	\$ 9.65	Discover Specialty Ins Co		United Specialty Ins Co	\$ 6.71
	\$ 9.06	Savers Prop & Cas Ins Co		Philadelphia Ins Co	\$ 2.34
	\$ 9.00	American Safety RRG Inc		American Western Home Ins Co	\$ 1.75
	\$ 8.14	Housing Authority RRG Inc		Discover Specialty Ins Co	\$ 1.49
	\$ 6.38	Mesa Underwriters Specialty Ins Co		National Home Ins Co RRG	\$ 1.28
	\$ 4.52	Western Pacific Mut Ins Co RRG		Executive Risk Specialty Ins Co	\$ 1.03
	\$ 3.96	Cpa Mut Ins Co Of Amer RRG		National Serv Contract Ins Co RRG	\$ 0.96
	\$ 3.17	American Western Home Ins Co		Montpelier US Ins Co	\$ 0.75
	\$ 2.34	Philadelphia Ins Co		Security Amer RRG Inc	\$ 0.70
	\$ 2.19	Associated Industries Ins Co Inc		American Feed Industry Ins Co RRG	\$ 0.45
	\$ 1.99	National Serv Contract Ins Co RRG			\$ 24,218.65
	\$ 1.57	New Home Warranty Ins Co a RRG			
	\$ 1.30	PCH Mut Ins Co Inc RRG			
	\$ 1.23	ProAssurance Specialty Ins Co			
	\$ 0.70	Security Amer RRG Inc			
	\$ 0.70	Golden Bear Ins Co			
	\$ 0.49	Affiliates Ins Recip a RRG			
	\$ 0.39	Old Republic Union Ins Co			
	\$ 0.04	St Charles Ins Co RRG			
	\$ 20,313.93				

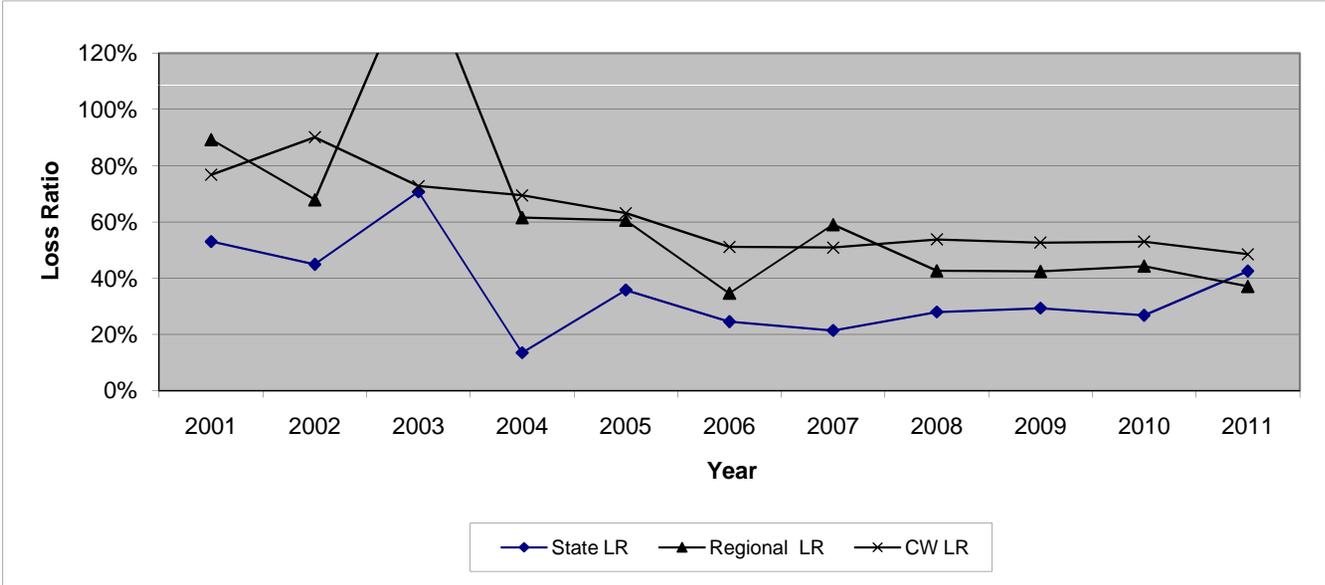
**EXHIBIT IIC: NORTH DAKOTA OTHER LIABILITY MARKET SHARE- SURPLUS (non-licensed)**

YEAR:	2008		2007		2006
	Direct Written Premium (000s)	Company	Direct Written Premium (000s)	Company	Direct Written Premium (000s)
American Intl Specialty Lines Ins Co	\$ 5,096.79	American Intl Specialty Lines Ins Co	\$ 4,154.65	American Intl Specialty Lines Ins Co	\$ 4,229.96
Lexington Ins Co	\$ 1,650.79	Lexington Ins Co	\$ 1,143.40	Lexington Ins Co	\$ 1,468.20
Nodak Mut Ins Co	\$ 1,096.79	Interstate Fire & Cas Co	\$ 902.20	Steadfast Ins Co	\$ 1,053.29
Attorneys Liab Protection Soc RRG	\$ 839.01	Attorneys Liab Protection Soc RRG	\$ 891.01	Attorneys Liab Protection Soc RRG	\$ 965.94
Interstate Fire & Cas Co	\$ 822.45	Steadfast Ins Co	\$ 803.96	Interstate Fire & Cas Co	\$ 776.30
Steadfast Ins Co	\$ 636.44	Arch Specialty Ins Co	\$ 627.55	Chubb Custom Ins Co	\$ 616.55
Colony Ins Co	\$ 484.67	Illinois Union Ins Co	\$ 599.22	St Paul Surplus Lines Ins Co	\$ 583.37
AXIS Surplus Ins Co	\$ 407.50	Praetorian Specialty Ins Co	\$ 499.80	Mount Vernon Fire Ins Co	\$ 522.77
Arch Specialty Ins Co	\$ 385.10	Columbia Cas Co	\$ 479.80	Nautilus Ins Co	\$ 430.48
Nautilus Ins Co	\$ 367.37	Scottsdale Ins Co	\$ 440.72	Liberty Surplus Ins Corp	\$ 403.05
Scottsdale Ins Co	\$ 353.83	St Paul Surplus Lines Ins Co	\$ 415.67	Colony Ins Co	\$ 368.71
Liberty Surplus Ins Corp	\$ 331.35	Mount Vernon Fire Ins Co	\$ 397.94	Evanston Ins Co	\$ 327.25
James River Ins Co	\$ 330.48	Nautilus Ins Co	\$ 396.21	Columbia Cas Co	\$ 323.11
St Paul Surplus Lines Ins Co	\$ 325.41	Colony Ins Co	\$ 396.09	Scottsdale Ins Co	\$ 315.04
Namic Ins Co Inc	\$ 314.53	Travelers Excess & Surplus Lines Co	\$ 375.00	Darwin Select Ins Co	\$ 304.46
Houston Cas Co	\$ 307.68	Evanston Ins Co	\$ 336.82	Namic Ins Co Inc	\$ 291.67
Columbia Cas Co	\$ 296.74	Namic Ins Co Inc	\$ 301.70	Burlington Ins Co	\$ 287.94
Travelers Excess & Surplus Lines Co	\$ 290.00	Homeland Ins Co of NY	\$ 282.16	Northfield Ins Co	\$ 285.63
Endurance Amer Specialty Ins Co	\$ 288.69	Maxum Ind Co	\$ 249.71	Clarendon Amer Ins Co	\$ 239.07
Northfield Ins Co	\$ 252.13	General Star Ind Co	\$ 242.11	General Star Ind Co	\$ 236.73
Chubb Custom Ins Co	\$ 246.61	Northfield Ins Co	\$ 240.91	Acceptance Ind Ins Co	\$ 223.26
Evanston Ins Co	\$ 244.99	Liberty Surplus Ins Corp	\$ 227.96	AXIS Surplus Ins Co	\$ 220.46
General Star Ind Co	\$ 236.18	AXIS Surplus Ins Co	\$ 222.83	Allied World Assur Co US Inc	\$ 197.00
Colony Natl Ins Co	\$ 208.48	Houston Cas Co	\$ 207.89	Houston Cas Co	\$ 171.95
Mount Vernon Fire Ins Co	\$ 205.38	James River Ins Co	\$ 193.53	Century Surety Co	\$ 156.95
US Rail Ins Co A RRG	\$ 201.22	Burlington Ins Co	\$ 189.56	Arch Specialty Ins Co	\$ 130.73
Landmark Amer Ins Co	\$ 184.40	Endurance Amer Specialty Ins Co	\$ 183.43	Rockhill Ins Co	\$ 130.00
Illinois Union Ins Co	\$ 165.08	Colony Natl Ins Co	\$ 150.00	Landmark Amer Ins Co	\$ 120.02
Berkley Regional Specialty Ins Co	\$ 164.48	Landmark Amer Ins Co	\$ 117.48	North American Capacity Ins Co	\$ 111.56
Title Industry Assur Co RRG	\$ 158.67	Capitol Specialty Ins Corp	\$ 111.33	United Natl Ins Co	\$ 104.01
Burlington Ins Co	\$ 144.80	Darwin Select Ins Co	\$ 103.90	Union Ins Co Of Providence	\$ 102.53
Maxum Ind Co	\$ 121.93	Union Ins Co Of Providence	\$ 103.54	STICO Mut Ins Co RRG	\$ 92.58
STICO Mut Ins Co RRG	\$ 117.02	Allied World Assur Co US Inc	\$ 93.43	Tudor Ins Co	\$ 73.19
Acceptance Ind Ins Co	\$ 116.70	Acceptance Ind Ins Co	\$ 93.25	Hermitage Ins Co	\$ 70.80
Darwin Select Ins Co	\$ 114.26	Title Industry Assur Co RRG	\$ 91.52	Western Pacific Mut Ins Co RRG	\$ 69.13
Capitol Specialty Ins Corp	\$ 109.44	Admiral Ins Co	\$ 90.71	Gemini Ins Co	\$ 64.17
Old Republic Ins Co	\$ 109.18	Berkley Regional Specialty Ins Co	\$ 88.68	MT Hawley Ins Co	\$ 63.00
Allied World Assur Co US Inc	\$ 108.20	First Specialty Ins Corp	\$ 88.00	Navigator's Specialty Ins Co	\$ 62.23
MT Hawley Ins Co	\$ 107.85	United Natl Ins Co	\$ 82.58	Maxum Ind Co	\$ 60.98
Union Ins Co Of Providence	\$ 104.71	First Mercury Ins Co	\$ 82.13	James River Ins Co	\$ 59.73
First Mercury Ins Co	\$ 100.53	Chubb Custom Ins Co	\$ 77.24	Admiral Ins Co	\$ 53.74
Tudor Ins Co	\$ 94.84	STICO Mut Ins Co RRG	\$ 76.61	Essex Ins Co	\$ 52.61
Hermitage Ins Co	\$ 76.22	MT Hawley Ins Co	\$ 73.13	Western Heritage Ins Co	\$ 46.93
Navigator's Specialty Ins Co	\$ 73.70	Tudor Ins Co	\$ 70.85	Usf Ins Co	\$ 44.99
CHC Cas RRG	\$ 71.13	Hudson Specialty Ins Co	\$ 70.12	Princeton Excess & Surplus Lines Ins	\$ 44.00
Hudson Specialty Ins Co	\$ 66.60	Hermitage Ins Co	\$ 69.37	Hudson Specialty Ins Co	\$ 39.62
Century Surety Co	\$ 55.90	Rockhill Ins Co	\$ 58.88	Illinois Union Ins Co	\$ 36.50
Penn Star Ins Co	\$ 54.47	Essex Ins Co	\$ 53.06	Western World Ins Co	\$ 35.28
Westchester Surplus Lines Ins Co	\$ 53.50	Navigator's Specialty Ins Co	\$ 51.42	Attorneys Liab Assur Society Inc RRG	\$ 33.29
Homeland Ins Co of NY	\$ 53.00	Century Surety Co	\$ 46.70	National Fire & Marine Ins Co	\$ 32.63
United Natl Ins Co	\$ 46.81	Western Pacific Mut Ins Co RRG	\$ 43.20	American Feed Industry Ins Co RRG	\$ 31.95
American Feed Industry Ins Co RRG	\$ 44.72	Western World Ins Co	\$ 41.42	American Safety RRG Inc	\$ 31.24
Western World Ins Co	\$ 42.18	Western Heritage Ins Co	\$ 37.13	Catlin Specialty Ins Co	\$ 26.43
North Amer Capacity Ins Co	\$ 42.07	Clarendon Amer Ins Co	\$ 36.05	Capitol Specialty Ins Corp	\$ 26.30
First Specialty Ins Corp	\$ 38.55	Westchester Surplus Lines Ins Co	\$ 34.92	Penn-Star Ins Co	\$ 25.14
Attorneys Liab Assur Society Inc RRG	\$ 34.98	Usf Ins Co	\$ 34.06	Westchester Surplus Lines Ins Co	\$ 23.69
Essex Ins Co	\$ 34.51	American Feed Industry Ins Co RRG	\$ 33.80	First Mercury Ins Co	\$ 22.39
National Fire & Marine Ins Co	\$ 31.51	American Safety RRG Inc	\$ 28.42	Berkley Regional Specialty Ins Co	\$ 20.52
Great Amer E&S Ins Co	\$ 29.95	Attorneys Liab Assur Society Inc RRG	\$ 28.27	XL Select	\$ 20.00
American Safety RRG Inc	\$ 29.21	National Fire & Marine Ins Co	\$ 25.22	Homeland Ins Co of NY	\$ 17.90
Western Heritage Ins Co	\$ 25.09	XL Select	\$ 20.00	PCH Mut Ins Co Inc RRG	\$ 17.62
Usf Ins Co	\$ 23.61	North Amer Capacity Ins Co	\$ 19.20	United Educators Ins RRG Inc	\$ 14.87
XL Select	\$ 23.25	Gotham Ins Co	\$ 19.00	Atlantic Cas Ins Co	\$ 13.61
Everest Ind Ins Co	\$ 22.59	Penn Star Ins Co	\$ 18.56	Heritage Warranty Ins RRG Inc	\$ 10.43
The Cincinnati Specialty Underwriter	\$ 20.10	PCH Mut Ins Co Inc RRG	\$ 14.86	Gotham Ins Co	\$ 10.00
Western Pacific Mut Ins Co RRG	\$ 18.93	United Educators Ins RRG Inc	\$ 14.16	Cpa Mut Ins Co Of Amer RRG	\$ 9.52
United Specialty Ins Co	\$ 16.92	CHC Cas RRG	\$ 12.68	Spirit Mountain Ins Co RRG Inc	\$ 8.59
PCH Mut Ins Co Inc RRG	\$ 15.12	Catlin Specialty Ins Co	\$ 10.17	AXIS Specialty Ins Co	\$ 7.94
United Educators Ins RRG Inc	\$ 14.16	Atlantic Cas Ins Co	\$ 9.19	CHC Cas RRG	\$ 7.91
Rockhill Ins Co	\$ 13.89	Spirit Mountain Ins Co RRG Inc	\$ 8.35	First Specialty Ins Corp	\$ 7.22
Gotham Ins Co	\$ 12.00	Prime Ins Syndicate Inc	\$ 8.22	Savers Prop & Cas Ins Co	\$ 6.92
Admiral Ins Co	\$ 10.19	Great Amer E&S Ins Co	\$ 8.09	Great American E&S Ins Co	\$ 6.68
Spirit Mountain Ins Co RRG Inc	\$ 9.99	American Safety Ind Co	\$ 7.78	Prime Insurance Syndicate Inc	\$ 5.95
American Safety Ind Co	\$ 9.42	Savers Prop & Cas Ins Co	\$ 6.93	Restoration RRG Inc	\$ 5.78
Prime Ins Syndicate Inc	\$ 9.26	Restoration RRG Inc	\$ 6.03	National Home Ins Co RRG	\$ 5.32
Catlin Specialty Ins Co	\$ 8.86	Everest Ind Ins Co	\$ 5.05	Everest Ind Ins Co	\$ 4.95
Ironshore Specialty Ins Co	\$ 8.50	Gemini Ins Co	\$ 4.54	Capital Assur RRG Inc	\$ 4.71
Cpa Mut Ins Co Of Amer RRG	\$ 7.31	AXIS Specialty Ins Co	\$ 4.51	American Safety Ind Co	\$ 4.44
Old Republic Union Ins Co	\$ 7.30	Max Specialty Ins Co	\$ 3.28	Discover Specialty Ins Co	\$ 3.13
Atlantic Cas Ins Co	\$ 7.20	Discover Specialty Ins Co	\$ 3.09	American Western Home Ins Co	\$ 2.14
Savers Prop & Cas Ins Co	\$ 6.74	American Western Home Ins Co	\$ 1.04	Executive Risk Specialty Ins Co	\$ 1.03
Gemini Ins Co	\$ 6.69	National Home Ins Co RRG	\$ 0.75		\$ 17,137.60
Restoration RRG Inc	\$ 5.99		\$ 17,893.72		
Max Specialty Ins Co	\$ 4.70				
AIX Specialty Ins Co	\$ 3.43				
Clarendon Amer Ins Co	\$ 2.91				
National Serv Contract Ins Co RRG	\$ 2.39				
Philadelphia Ins Co	\$ 2.33				
Executive Risk Specialty Ins Co	\$ 2.06				
Scaffold Industry Ins Co RRG Inc	\$ 1.98				
American Western Home Ins Co	\$ 1.35				
Discover Specialty Ins Co	\$ 1.28				
National Home Ins Co RRG	\$ 0.71				
Security Amer RRG Inc	\$ 0.70				
ProAssurance Specialty Ins Co	\$ 0.70				
Associated Intl Ins Co	\$ 0.04				
	\$ 19,439.33				

# OTHER LIABILITY

## EXHIBIT III: HISTORICAL LOSS RATIOS

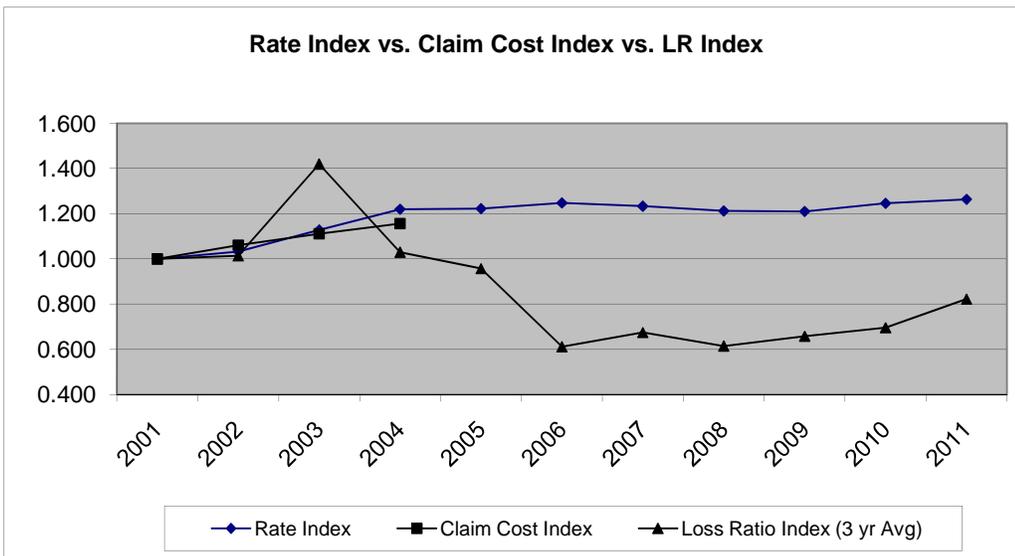
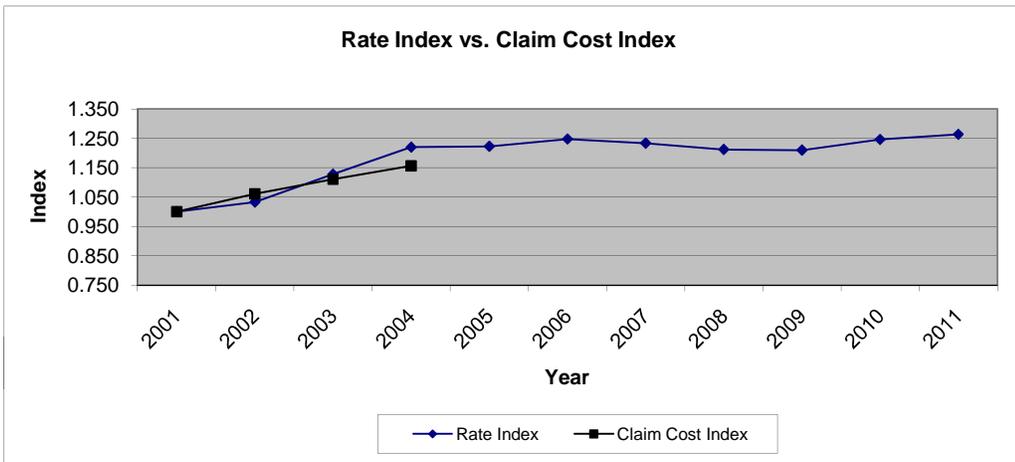
Year	Statewide Loss Ratio	Regional Loss Ratio	Countrywide Loss Ratio
2001	53%	89%	77%
2002	45%	68%	90%
2003	71%	154%	73%
2004	13%	61%	69%
2005	36%	61%	63%
2006	24%	35%	51%
2007	21%	59%	51%
2008	28%	43%	54%
2009	29%	42%	53%
2010	27%	44%	53%
2011	43%	37%	48%



# OTHER LIABILITY

## EXHIBIT IV: LOSS RATIO VS. RATE CHANGES VS. COST INDICES

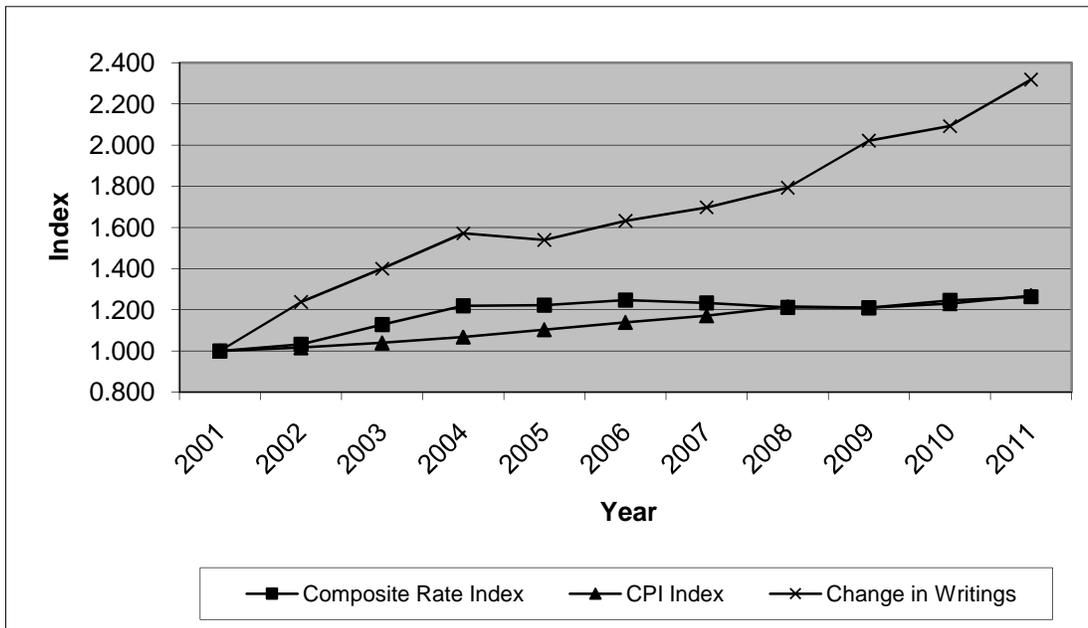
Year	Composite Rate Index	Relevant Claim Cost Index	Statewide 3 Yr LR Index
2001	1.000	1.000	1.000
2002	1.033	1.061	1.013
2003	1.128	1.111	1.420
2004	1.220	1.156	1.030
2005	1.222	NA	0.957
2006	1.247	NA	0.612
2007	1.233	NA	0.675
2008	1.212	NA	0.615
2009	1.210	NA	0.658
2010	1.246	NA	0.696
2011	1.263	NA	0.822



# OTHER LIABILITY

## EXHIBIT V: CHANGE IN PREMIUM WRITINGS

Year	Statewide Written Premium (000s)	Change in Writings	Indexed	Composite Rate Index	Consumer Price Index
2001	\$ 45,898		1.00	1.000	1.000
2002	\$ 56,801	23.8%	1.24	1.033	1.016
2003	\$ 64,237	13.1%	1.40	1.128	1.039
2004	\$ 72,105	12.2%	1.57	1.220	1.067
2005	\$ 70,668	-2.0%	1.54	1.222	1.104
2006	\$ 74,917	6.0%	1.63	1.247	1.139
2007	\$ 77,917	4.0%	1.70	1.233	1.171
2008	\$ 82,285	5.6%	1.79	1.212	1.215
2009	\$ 92,787	12.8%	2.02	1.210	1.211
2010	\$ 96,012	3.5%	2.09	1.246	1.230
2011	\$ 106,423	10.8%	2.32	1.263	1.269



# OTHER LIABILITY

## EXHIBIT VI: FIELD MARKET SURVEY

Available Markets	<u>Fewer</u> 3	3.1%	<u>Same</u> 86	88.7%	<u>More</u> 8	8.2%	<u>Total Responses</u> 97
Rate Changes	<u>Increased</u> 33	33.7%	<u>Same</u> 63	64.3%	<u>Decreased</u> 2	2.0%	<u>Total Responses</u> 98
Under Writing Changes	<u>More Strict</u> 30	30.6%	<u>Same</u> 67	68.4%	<u>Less Strict</u> 1	1.0%	<u>Total Responses</u> 98
Finding Coverage	<u>Always</u> 37	38.9%	<u>Occasionally Not</u> 56	58.9%	<u>Frequently Unable</u> 2	2.1%	<u>Total Responses</u> 95

## OTHER LIABILITY

### **EXHIBIT VII – RESIDUAL MARKET POPULATION**

**North Dakota does not have a residual market mechanism for Other Liability lines.**

## OTHER LIABILITY

### EXHIBIT VIII - MATRIX OF INDICATORS

Factor	Competitive Level		
	Low	Moderate	High
Market Concentration (Herfindahl index )			XX
Market Share Analysis –Market Share Changes			XX
Market Share Analysis –Company Changes			XX
Market Share Analysis – Surplus (non-licensed)	XX		
Historical Loss Ratios (Statewide, Regional, and Countrywide)	XX		
Loss Ratios vs Rate Change vs Claims Cost Indexes		XX	
Change in Premium Writings	NA	NA	NA
Field Market Survey Results-October 2011		XX	
Residual Market Population			XX
Final ranking based upon all factors: Moderate			

## **Addendum 8            Narrative Summary – Crop - Hail**

The market analysis components found in the attached exhibits for Crop - Hail are summarized below:

### Exhibit I -Market Concentration (Herfindahl index )

The Herfindahl index demonstrates that the marketplace is highly concentrated. We note that in the past 17 years, 20 or fewer companies have written all of the crop hail business in North Dakota. This suggests that the marketplace is less than competitive.

The country wide Herfindahl indices suggest the country wide marketplace is also concentrated, though not to the degree it is in North Dakota. The difference can be attributed to the fact that North Dakota is a relatively small market that is more easily dominated by a few larger companies.

### Exhibit II-A - Market Share Analysis –Market Share Changes

The combined market share of the top 4 writers has been in the 65% - 70% range for the past six years. In the past six years we've had fewer than 20 writers for this line of insurance. This suggests the market is noncompetitive.

### Exhibit II-B – Market Share Analysis –Company Changes

There have been few companies entering and leaving the top 20, indicating a low degree of competition. There is considerable movement among all companies within the top 20, suggesting a high level of competition.

Highly competitive markets are associated with a high degree of movement and a low concentration of market share.

This information suggests that the market is moderately competitive.

### Exhibit II-C – Market Share Analysis – Surplus (non-licensed)

Currently we are unable to capture enough detail to determine how much, if any crop hail business is written in the Surplus lines market. Anecdotally, the department is unaware of a surplus lines market for this business.

### Exhibit III – Historical Loss Ratios (Statewide, Regional, and Countrywide)

In the past 10 years, crop hail loss ratios have fluctuated considerably on a statewide, regional and countrywide basis. Six of the past eight years have been profitable ones for the industry. This information by itself does not offer an indication as to the competitive level of the marketplace.

### Exhibit IV – Loss Ratios vs Rate Change vs Claims Cost Indexes

The volatility in both loss experience and in the claim cost index makes it difficult to draw conclusions from these exhibits. However the fact that rates have been gradually decreasing in reaction to favorable loss ratios suggests that the market is moderately competitive.

### Exhibit V – Change in Premium Writings

The statewide premium volume has fluctuated substantially from year to year. The sale of crop insurance is annually affected a variety of factors, including weather patterns, types of crops planted, etc. Farmers countrywide seem to be insuring less of their crop with traditional crop hail insurance, opting instead for the Federally subsidized MPCCI programs.

### Exhibit VI – Field Market Survey Results-September 2011

The results of this survey represent a snapshot of the market as of September 2011.

Due to the low number of responses we've received for this survey, we are unable to draw any credible conclusions from the results.

### Exhibit VII – Residual Market Population

There is no residual market mechanism for Crop-Hail insurance in North Dakota. The absence of a residual market mechanism would suggest that the competitive level is high.

### Exhibit VIII – Matrix of Indicators

The Herfindahl index and market share analysis of changes in market share suggest a low competitive level in the marketplace. The market share analysis-company changes and loss ratio to rate change comparison indicate a moderately competitive market. The lack of a residual market mechanism suggests a highly competitive market.

### Final assessment

In determining what the overall market trend and competitive level are, more weight is given to the Herfindahl index, and the department observations as to the number of competitors in the marketplace, and their willingness to write the crop hail business. Our assessment is that the competitive level of the Crop Hail marketplace is low.

# CROP HAIL

## EXHIBIT I: MARKET CONCENTRATION

Year	North Dakota			Countrywide		
	4-Firm Concentration Ratio	20-Firm Concentration Ratio	Herfindahl Index	4-Firm Concentration Ratio	20-Firm Concentration Ratio	Herfindahl Index
1993	55.2%	99.0%	1074			
1994	58.9%	99.9%	1178	28.1%	71.2%	740
1995	58.7%	100.0%	1203			
1996	60.7%	100.0%	1212	27.8%	75.1%	740
1997	58.3%	100.0%	1204	36.1%	79.9%	829
1998	50.3%	100.0%	1053	38.6%	83.2%	854
1999	46.8%	100.0%	1033	43.9%	85.9%	936
2000	54.5%	100.0%	1135	41.8%	85.9%	869
2001	53.4%	100.0%	1181	42.2%	89.0%	868
2002	44.3%	100.0%	1003	48.6%	90.3%	1076
2003	59.6%	100.0%	1684	52.6%	91.9%	1308
2004	68.5%	100.0%	1676	58.0%	94.0%	1289
2005	70.3%	100.0%	1824	59.8%	94.5%	1424
2006	70.3%	100.0%	1904	55.9%	93.9%	1320
2007	71.0%	100.0%	1736	58.2%	96.2%	1296
2008	66.9%	100.0%	1742	57.6%	94.7%	1276
2009	70.3%	100.0%	1691	57.4%	95.4%	1238
2010	67.8%	100.0%	1619	55.8%	94.7%	1232
2011	65.1%	100.0%	1566	54.8%	94.6%	1268

### Benchmarks:

National industries with 4-firm concentration ratios <75% and Herfindahl index <2000, are generally not viewed as highly concentrated.

### Merger guidelines of U.S. Dept of Justice

Post-merger market Herfindahl index

> 1,800 - highly concentrated

1,000 < Herfindahl index < 1,800 - moderately concentrated

< 1,000 - unconcentrated

# COMMERCIAL MULTI-PERIL PACKAGE

## EXHIBIT IIA: NORTH DAKOTA MARKET SHARE REPORT

Year: 2011				Year: 2010				Year: 2009			
<u>Company</u>	<u>Direct WP (in 000s)</u>	<u>Market Share</u>	<u>Cumulative</u>	<u>Company</u>	<u>Direct WP (in 000s)</u>	<u>Market Share</u>	<u>Cumulative</u>	<u>Company</u>	<u>Direct WP (in 000s)</u>	<u>Market Share</u>	<u>Cumulative</u>
Continental Western Ins Co	\$ 9,320	8.8%	8.8%	Continental Western Ins Co	\$ 8,441	8.7%	8.7%	Continental Western Ins Co	\$ 8,193	8.6%	8.6%
Cincinnati Ins Co	\$ 6,343	6.0%	14.8%	Cincinnati Ins Co	\$ 6,258	6.5%	15.2%	Cincinnati Ins Co	\$ 6,271	6.6%	15.2%
Farmers Union Mut Ins Co	\$ 4,602	4.3%	19.1%	Farmers Union Mut Ins Co	\$ 4,295	4.4%	19.7%	Farmers Union Mut Ins Co	\$ 4,043	4.3%	19.5%
State Auto Prop & Cas Ins Co	\$ 4,318	4.1%	23.2%	State Auto Prop & Cas Ins Co	\$ 4,211	4.4%	24.0%	State Auto Prop & Cas Ins Co	\$ 4,016	4.2%	23.7%
Nationwide Agribusiness Ins Co	\$ 4,106	3.9%	27.1%	Farmland Mut Ins Co	\$ 3,919	4.1%	28.1%	Farmland Mut Ins Co	\$ 3,626	3.8%	27.6%
Acuity A Mut Ins Co	\$ 3,996	3.8%	30.9%	Acuity A Mut Ins Co	\$ 3,525	3.7%	31.7%	Midwest Family Mut Ins Co	\$ 3,487	3.7%	31.2%
Owners Ins Co	\$ 3,566	3.4%	34.2%	Nationwide Agribusiness Ins Co	\$ 3,503	3.6%	35.4%	American Family Mut Ins Co	\$ 3,417	3.6%	34.8%
Farmland Mut Ins Co	\$ 3,440	3.2%	37.5%	Owners Ins Co	\$ 3,426	3.5%	38.9%	Nationwide Agribusiness Ins Co	\$ 3,370	3.6%	38.4%
American Family Mut Ins Co	\$ 3,420	3.2%	40.7%	American Family Mut Ins Co	\$ 3,238	3.4%	42.3%	Acuity A Mut Ins Co	\$ 3,335	3.5%	41.9%
Midwest Family Mut Ins Co	\$ 3,396	3.2%	43.9%	State Farm Fire & Cas Co	\$ 2,813	2.9%	45.2%	Amco Ins Co	\$ 3,231	3.4%	45.3%
Nodak Mut Ins Co	\$ 3,018	2.9%	46.8%	Midwest Family Mut Ins Co	\$ 2,782	2.9%	48.1%	State Farm Fire & Cas Co	\$ 3,207	3.4%	48.7%
Grinnell Mut Reins Co	\$ 2,914	2.8%	49.5%	Grinnell Mut Reins Co	\$ 2,607	2.7%	50.8%	Owners Ins Co	\$ 3,064	3.2%	51.9%
State Farm Fire & Cas Co	\$ 2,881	2.7%	52.2%	Nodak Mut Ins Co	\$ 2,542	2.6%	53.4%	Grinnell Mut Reins Co	\$ 2,308	2.4%	54.4%
Amco Ins Co	\$ 2,382	2.2%	54.5%	Amco Ins Co	\$ 2,447	2.5%	55.9%	Nodak Mut Ins Co	\$ 2,206	2.3%	56.7%
Guideone Mut Ins Co	\$ 2,316	2.2%	56.7%	Guideone Mut Ins Co	\$ 2,380	2.5%	58.4%	Guideone Mut Ins Co	\$ 2,158	2.3%	59.0%
Auto Owners Ins Co	\$ 2,009	1.9%	58.6%	Philadelphia Ind Ins Co	\$ 1,748	1.8%	60.2%	Auto Owners Ins Co	\$ 1,856	2.0%	60.9%
Philadelphia Ind Ins Co	\$ 1,980	1.9%	60.4%	Auto Owners Ins Co	\$ 1,671	1.7%	61.9%	Phoenix Ins Co	\$ 1,763	1.9%	62.8%
Church Mut Ins Co	\$ 1,632	1.5%	62.0%	General Cas Co Of WI	\$ 1,619	1.7%	63.6%	Philadelphia Ind Ins Co	\$ 1,585	1.7%	64.4%
General Cas Co Of WI	\$ 1,601	1.5%	63.5%	Church Mut Ins Co	\$ 1,565	1.6%	65.2%	Travelers Prop Cas Co Of Amer	\$ 1,580	1.7%	66.1%
Travelers Prop Cas Co Of Amer	\$ 1,591	1.5%	65.0%	Travelers Prop Cas Co Of Amer	\$ 1,453	1.5%	66.7%	Church Mut Ins Co	\$ 1,483	1.6%	67.7%

Year: 2008				Year: 2007				Year: 2006			
<u>Company</u>	<u>Direct WP (in 000s)</u>	<u>Market Share</u>	<u>Cumulative</u>	<u>Company</u>	<u>Direct WP (in 000s)</u>	<u>Market Share</u>	<u>Cumulative</u>	<u>Company</u>	<u>Direct WP (in 000s)</u>	<u>Market Share</u>	<u>Cumulative</u>
Continental Western Ins Co	\$ 7,645	8.6%	8.6%	Continental Western Ins Co	\$ 6,359	7.3%	7.3%	Continental Western Ins Co	\$ 6,491	7.5%	7.5%
Cincinnati Ins Co	\$ 6,732	7.6%	16.2%	Cincinnati Ins Co	\$ 5,769	6.6%	13.9%	Cincinnati Ins Co	\$ 4,817	5.6%	13.1%
State Auto Prop & Cas Ins Co	\$ 4,641	5.2%	21.4%	Farmers Union Mut Ins Co	\$ 3,798	4.3%	18.2%	Acuity A Mut Ins Co	\$ 3,814	4.4%	17.5%
Farmers Union Mut Ins Co	\$ 3,873	4.4%	25.8%	American Family Mut Ins Co	\$ 3,459	4.0%	22.2%	Farmers Union Mut Ins Co	\$ 3,657	4.2%	21.7%
Midwest Family Mut Ins Co	\$ 3,439	3.9%	29.7%	Acuity A Mut Ins Co	\$ 3,414	3.9%	26.1%	American Family Mut Ins Co	\$ 3,635	4.2%	25.9%
Acuity A Mut Ins Co	\$ 3,350	3.8%	33.5%	State Auto Prop & Cas Ins Co	\$ 3,182	3.6%	29.7%	State Auto Prop & Cas Ins Co	\$ 3,392	3.9%	29.8%
American Family Mut Ins Co	\$ 3,345	3.8%	37.2%	Farmland Mut Ins Co	\$ 3,087	3.5%	33.3%	State Farm Fire And Cas Co	\$ 3,244	3.8%	33.6%
State Farm Fire & Cas Co	\$ 3,235	3.6%	40.9%	State Farm Fire And Cas Co	\$ 3,085	3.5%	36.8%	Farmland Mut Ins Co	\$ 2,812	3.3%	36.8%
Farmland Mut Ins Co	\$ 3,157	3.6%	44.4%	Midwest Family Mut Ins Co	\$ 2,894	3.3%	40.1%	Amco Ins Co	\$ 2,729	3.2%	40.0%
Amco Ins Co	\$ 3,030	3.4%	47.9%	Amco Ins Co	\$ 2,880	3.3%	43.4%	Midwest Family Mut Ins Co	\$ 3,382	2.8%	42.7%
Nationwide Agribusiness Ins Co	\$ 2,541	2.9%	50.7%	Travelers Property Cas Co Of Amer	\$ 2,471	2.8%	46.2%	Travelers Property Cas Co Of Amer	\$ 2,358	2.7%	45.5%
Owners Ins Co	\$ 2,513	2.8%	53.6%	Owners Ins Co	\$ 2,284	2.6%	48.8%	Nationwide Agribusiness Ins Co	\$ 3,236	2.7%	48.2%
Grinnell Mut Reins Co	\$ 2,139	2.4%	56.0%	Nationwide Agribusiness Ins Co	\$ 2,023	2.3%	51.2%	Owners Ins Co	\$ 2,249	2.6%	50.8%
Travelers Prop Cas Co Of Amer	\$ 2,081	2.3%	58.3%	Auto Owners Ins Co	\$ 1,956	2.2%	53.4%	Auto-Owners Ins Co	\$ 1,931	2.2%	53.0%
Guideone Mut Ins Co	\$ 1,884	2.1%	60.4%	Grinnell Mut Reins Co	\$ 1,948	2.2%	55.6%	Grinnell Mut Reins Co	\$ 1,907	2.2%	55.2%
Auto Owners Ins Co	\$ 1,762	2.0%	62.4%	Guideone Mut Ins Co	\$ 1,714	2.0%	57.6%	Church Mut Ins Co	\$ 1,685	1.9%	57.1%
Nodak Mut Ins Co	\$ 1,673	1.9%	64.3%	Harleysville Ins Co	\$ 1,609	1.8%	59.4%	Philadelphia Ind Ins Co	\$ 1,589	1.8%	59.0%
Michigan Millers Mut Ins Co	\$ 1,597	1.8%	66.1%	Federal Ins Co	\$ 1,588	1.8%	61.2%	Guideone Mut Ins Co	\$ 1,508	1.7%	60.7%
Harleysville Ins Co	\$ 1,595	1.8%	67.9%	Nodak Mut Ins Co	\$ 1,583	1.8%	63.1%	General Cas Co Of WI	\$ 1,416	1.6%	62.4%
Church Mut Ins Co	\$ 1,562	1.8%	69.7%	Church Mut Ins Co	\$ 1,530	1.8%	64.8%	Federal Ins Co	\$ 1,409	1.6%	64.0%

# CROP HAIL

## EXHIBIT IIB: NORTH DAKOTA MARKET SHARE REPORT ENTRIES/EXITS IN TOP 20 WRITERS

Year	# of New Entries/Exits into Top 20 Carriers	Changes within Top 20 Carriers
1994	5	11
1995	3	9
1996	1	12
1997	4	14
1998	3	14
1999	3	16
2000	1	13
2001	2	15
2002	0	11
2003	2	10
2004	2	9
2005	3	5
2006	1	7
2007	1	9
2008	3	8
2009	2	13
2010	2	13
2011	2	10

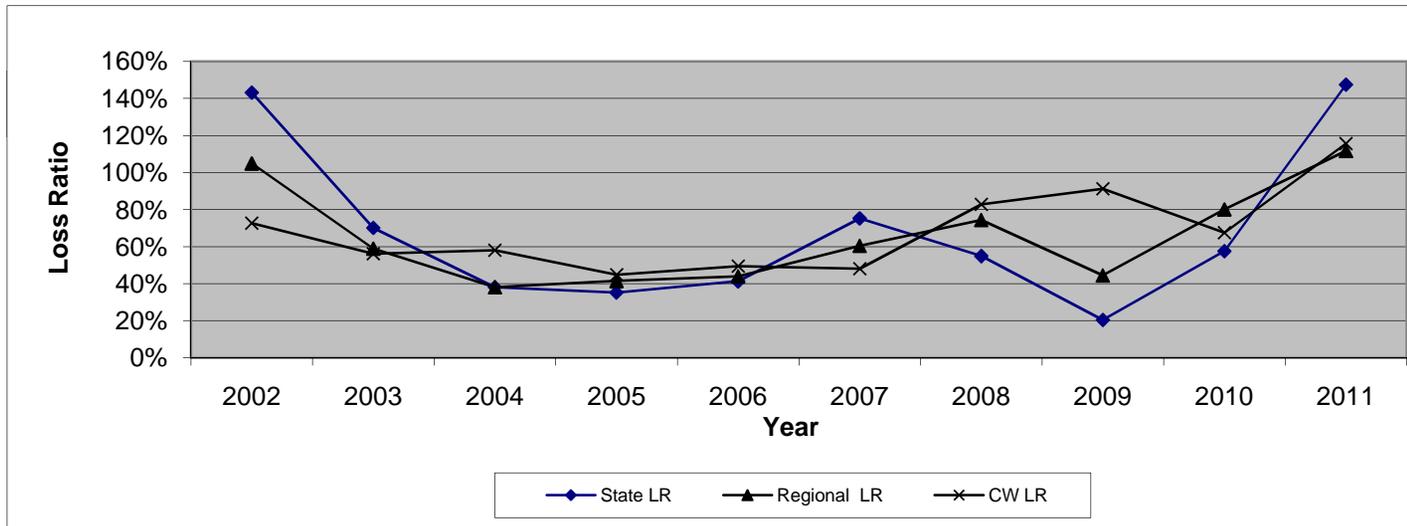
**EXHIBIT IIC: NORTH DAKOTA CROP HAIL MARKET SHARE- SURPLUS (non-licensed)**

This information is not available for this line.

# CROP HAIL

## EXHIBIT III: HISTORICAL LOSS RATIOS

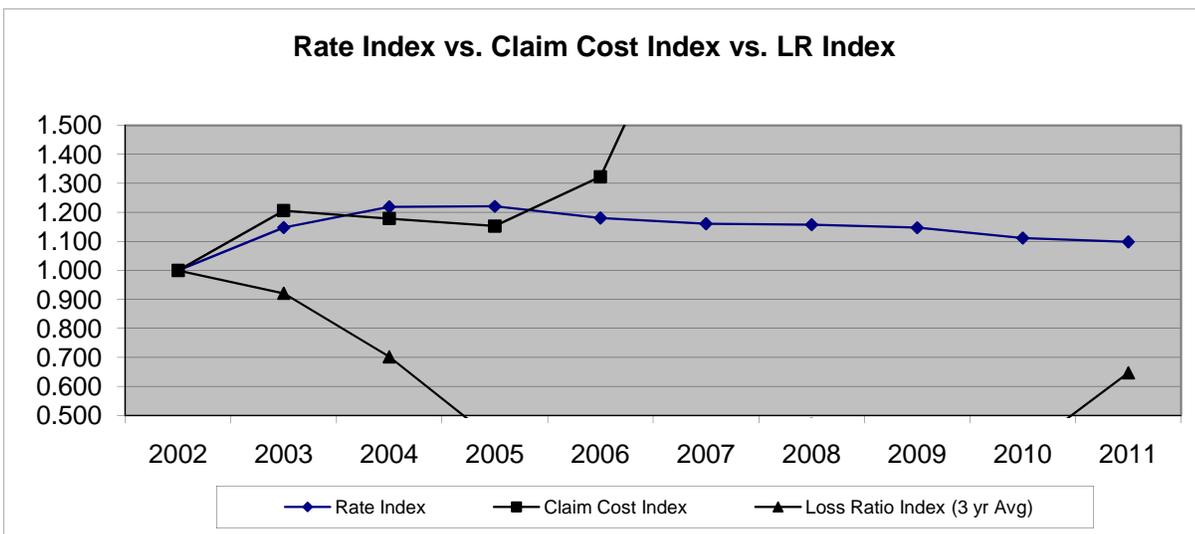
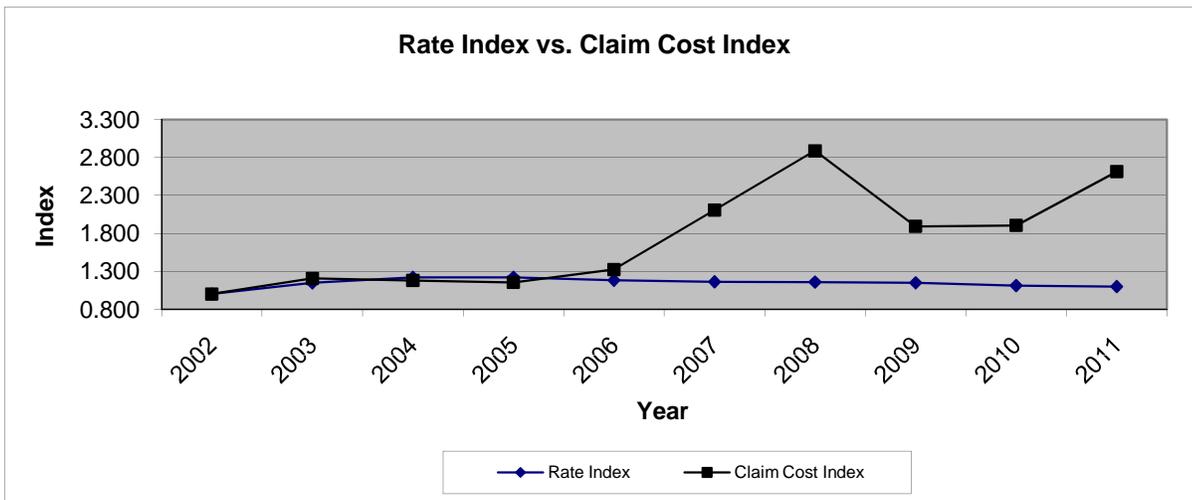
Year	Statewide Loss Ratio	Regional Loss Ratio	Countrywide Loss Ratio
2002	143%	105%	73%
2003	70%	59%	56%
2004	38%	38%	58%
2005	35%	41%	45%
2006	41%	44%	49%
2007	75%	60%	48%
2008	55%	74%	83%
2009	20%	44%	91%
2010	58%	80%	67%
2011	147%	112%	116%



# CROP HAIL

## EXHIBIT IV: LOSS RATIO VS. RATE CHANGES VS. COST INDICES

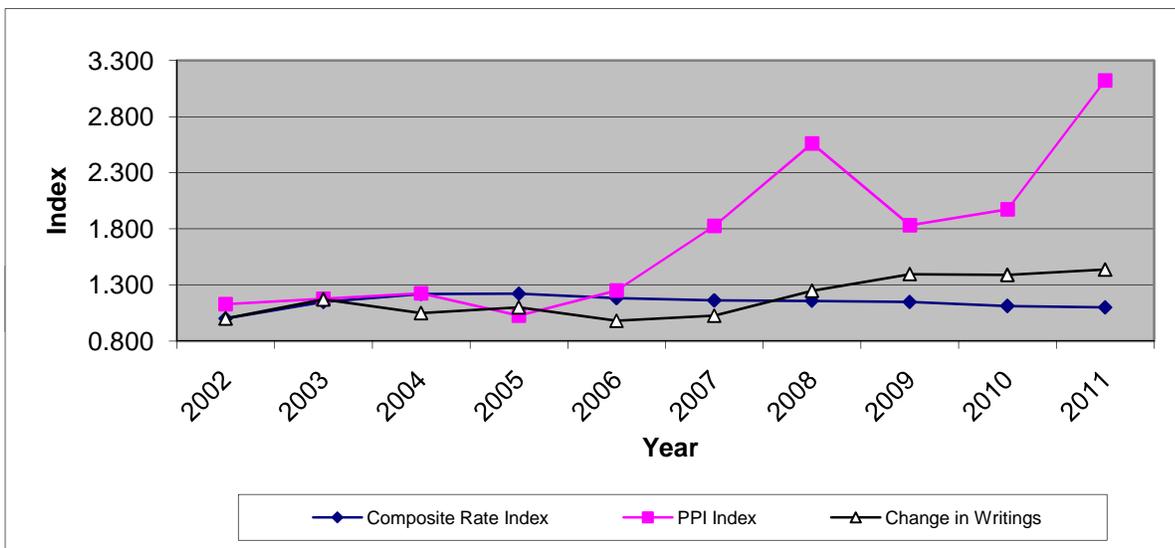
Year	Composite Rate Index	Relevant Claim Cost Index	Statewide 3 Yr LR Index
2002	1.000	1.000	1.000
2003	1.148	1.206	0.921
2004	1.219	1.179	0.703
2005	1.221	1.153	0.413
2006	1.181	1.323	0.325
2007	1.161	2.106	0.430
2008	1.158	2.888	0.488
2009	1.147	1.891	0.405
2010	1.112	1.904	0.374
2011	1.098	2.612	0.647



# CROP HAIL

## EXHIBIT V: CHANGE IN PREMIUM WRITINGS

Year	Statewide Written Premium (000s)	Change in Writings	Index	Composit Rate Index	Producer Price Index
2002	\$ 53,038		1.000	1.000	1.127
2003	\$ 62,086	17.1%	1.171	1.148	1.176
2004	\$ 55,621	-10.4%	1.049	1.219	1.224
2005	\$ 58,346	4.9%	1.100	1.221	1.027
2006	\$ 51,972	-10.9%	0.980	1.181	1.249
2007	\$ 54,370	4.6%	1.025	1.161	1.825
2008	\$ 66,155	21.7%	1.247	1.158	2.562
2009	\$ 74,021	11.9%	1.396	1.147	1.830
2010	\$ 73,711	-0.4%	1.390	1.112	1.973
2011	\$ 76,203	3.4%	1.437	1.098	3.122



# CROP HAIL

## EXHIBIT VI: FIELD MARKET SURVEY

Available Markets	<u>Fewer</u> 1	2.1%	<u>Same</u> 38	79.2%	<u>More</u> 9	18.8%	<u>Total Responses</u> 48
Rate Changes	<u>Increased</u> 12	24.0%	<u>Same</u> 31	62.0%	<u>Decreased</u> 7	14.0%	<u>Total Responses</u> 50
Underwriting Changes	<u>More Strict</u> 4	7.7%	<u>Same</u> 48	92.3%	<u>Less Strict</u> 0	0.0%	<u>Total Responses</u> 52
Finding Coverage	<u>Always</u> 39	78.0%	<u>Occasionally Not</u> 11	22.0%	<u>Frequently Unable</u> 0	0.0%	<u>Total Responses</u> 50

## CROP HAIL

### **EXHIBIT VII – RESIDUAL MARKET POPULATION**

**North Dakota does not have a residual market mechanism for Crop Hail.**

## CROP - HAIL

### EXHIBIT VIII - MATRIX OF INDICATORS

Factor	Competitive Level		
	Low	Moderate	High
Market Concentration (Herfindahl index )	XX		
Market Share Analysis –Market Share Changes	XX		
Market Share Analysis –Company Changes		XX	
Market Share Analysis – Surplus (non-licensed)	NA	NA	NA
Historical Loss Ratios (Statewide, Regional, and Countrywide)	NA	NA	NA
Loss Ratios vs Rate Change vs Claims Cost Indexes		XX	
Change in Premium Writings	NA	NA	NA
Field Market Survey Results-October 2011	NA	NA	NA
Residual Market Population			XX

Final ranking based upon all factors: Low

## **ADDENDUM 9 - TECHNICAL NOTES**

Automobile Insurance Plan Services Office (AIPSO) – This organization manages the “assigned risk” auto insurance plan for the state. This is known as a residual market for mandatory auto insurance. If consumers are unable to find insurance coverage through normal channels as a last resort they can purchase coverage through this plan.

Claim Cost Index (CCI) – A measure of change of contributing claim cost factors (such as parts, cost of repairs, medical care, physician and attorney’s fees, construction costs, loss of income etc.). The information is found in the 2011 PCI Greenbook. Note that the indices were only available through 2004. For the Private Passenger Auto, Commercial Auto, Homeowner and Farmowner lines, a different CPI index was used as a proxy.

For the Crop Hail line, the Claim Cost Index was built based upon data found on the U.S. Department of Labor, Bureau of Labor Statistics website.

Composite Rate Index– A measure of the aggregate rate change for a given market. The compilation is based upon the rate change history of the top 10 writers by year.

Consumer Price Index (CPI) – A measure of the change in prices paid by consumers for a representative basket of goods and services. The information is found in the 2011 PCI Greenbook, with the exception of the Crop Hail line.

For Crop Hail, a Producer Price Index was obtained from the U.S. Department of Labor, Bureau of Labor Statistics website.

Department of Transportation (DOT)- The state agency in charge of motor vehicle licensing and registration. The information on the number of registered motor vehicles was obtained from this source.

Field Survey September 2011 – The department conducted an informal survey of the attendees of the annual agent forums held at seven locations across the state. The results were compiled and included in this analysis.

Herfindahl Index – A measure of the market’s concentration level. The index is equal to the sum of the squares of each company’s percentage of market share. All companies are included in each market analysis. New for 2004, the index was computed at the company group level. Note: Due to different data reporting requirements for county mutuals, their data was not able to be included in this analysis.

National Association of Insurance Commissioners (NAIC) database – Insurance companies are required to report their annual statistics to the NAIC. The premium and loss information from the database of all companies is used to calculate market share and loss ratio statistics. The NAIC does not audit the information provided to them. The department also accepts the data without performing an audit.

National Association of Insurance Commissioners (NAIC) State Average Expenditures of Premiums for Personal Auto Insurance- The NAIC conducts an analysis annually of the cost of automobile insurance in all fifty states and the District of Columbia. The most recent report released in 2011 evaluates the market through 2009. The report shows both the average premium cost and the ranking of each state.

Property Casualty Insurers (PCI) Greenbook – The PCI publishes an annual compilation of property and casualty insurance statistics. The most current report available for this analysis was 2011.

Rate change data – The rate analysis performed for each of the markets was based upon actual rate filing information. The results of this analysis for single product lines such as automobile, or homeowner are a relatively accurate representation of the historical changes. It must be noted, however, that for markets with diverse product lines such as commercial multi-peril package, medical malpractice and other liability the results are less representative of specific products within the market. In addition, commercial lines rating programs generally include methodologies for adjusting rates to match the risk such as experience rating and schedule rating (individual risk premium modification) plans. Since the companies have a built in flexibility to adjust premium the department's information on rate changes based on filings alone may not accurately reflect what may be happening in the market.

Statewide 3 year Loss Ratio - The total incurred losses for the past three years divided by the corresponding total earned premiums.