

SEAPORT INDEMNITY COMPANY
Personal Automobile
EXHIBIT I

	<u>Low</u>	<u>Select</u>	<u>High</u>
Ultimate Loss Ratio	55%	70%	85%
Probability of Loss Ratio at or below	0.1	0.5	0.9

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Cumulative Percentage of Ultimate Losses Paid at end of year:

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>
Slow Pattern	0.40	0.60	0.75	0.85	0.95	1.00
Select Pattern	0.45	0.65	0.80	0.90	1.00	1.00
Fast Pattern	0.50	0.75	0.90	1.00	1.00	1.00

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EXHIBIT III.a

Premium applicable to 2003 Accidents

Unearned Premium at 12/31/02	\$ 30,000,000
Written Premium for CY 2003	\$ 110,000,000
<u>Unearned Premium at 12/31/03</u>	<u>\$ 40,000,000</u>
Estimated Gross Earned	\$ 100,000,000

Scenario	Gross Cumulative Loss Payments at end of year:					
	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>
A. Low Loss Ratio - Slow Payout	22,000,000	33,000,000	41,250,000	46,750,000	52,250,000	55,000,000
B. Low Loss Ratio - Select Payout	24,750,000	35,750,000	44,000,000	49,500,000	55,000,000	55,000,000
C. Low Loss Ratio - Fast Payout	27,500,000	41,250,000	49,500,000	55,000,000	55,000,000	55,000,000
D. Select Loss Ratio - Slow Payout	28,000,000	42,000,000	52,500,000	59,500,000	66,500,000	70,000,000
E. Select Loss Ratio - Select Payout	31,500,000	45,500,000	56,000,000	63,000,000	70,000,000	70,000,000
F. Select Loss Ratio - Fast Payout	35,000,000	52,500,000	63,000,000	70,000,000	70,000,000	70,000,000
G. High Loss Ratio - Slow Payout	34,000,000	51,000,000	63,750,000	72,250,000	80,750,000	85,000,000
H. High Loss Ratio - Select Payout	38,250,000	55,250,000	68,000,000	76,500,000	85,000,000	85,000,000
I. High Loss Ratio - Fast Payout	42,500,000	63,750,000	76,500,000	85,000,000	85,000,000	85,000,000

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Reinsurance Parameters	
Quota Share %	50%
Ceding Commission	35%
Slide Scale 1 for 1 less than	60%

<u>Layer</u>	<u>Attach</u>	<u>Limit</u>
Layer 1	0%	60%
Layer 2	70%	80%

	"Best case" Scenario: A					
	Cumulative Ceded Premium and Loss					
	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>
Reinsurers Premium	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000
Ceding Commission Provisional	(17,500,000)	(17,500,000)	(17,500,000)	(17,500,000)	(17,500,000)	(17,500,000)
Ceding Commission - Adjustment	-	(2,500,000)	(2,500,000)	(2,500,000)	(2,500,000)	(2,500,000)
Loss Payments - Layer 1	(11,000,000)	(16,500,000)	(20,625,000)	(23,375,000)	(26,125,000)	(27,500,000)
Loss Payments - Layer 2	-	-	-	-	-	-
Reinsurers net cash flow	21,500,000	13,500,000	9,375,000	6,625,000	3,875,000	2,500,000

	"Worst case" Scenario: I					
	Cumulative Ceded Premium and Loss					
	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>
Reinsurers Premium	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000
Ceding Commission Provisional	(17,500,000)	(17,500,000)	(17,500,000)	(17,500,000)	(17,500,000)	(17,500,000)
Ceding Commission - Adjustment	-	-	-	-	-	-
Loss Payments - Layer 1	(21,250,000)	(30,000,000)	(30,000,000)	(30,000,000)	(30,000,000)	(30,000,000)
Loss Payments - Layer 2	-	-	(3,250,000)	(5,000,000)	(5,000,000)	(5,000,000)
Reinsurers net cash flow	11,250,000	2,500,000	(750,000)	(2,500,000)	(2,500,000)	(2,500,000)

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Discount Rate 5.00%

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Total NPV</u>
Scenario A							
Cumulative cash flow (from EX III.b)	21,500,000	13,500,000	9,375,000	6,625,000	3,875,000	2,500,000	
Incremental cash flow	21,500,000	(8,000,000)	(4,125,000)	(2,750,000)	(2,750,000)	(1,375,000)	2,500,000
Discount Factor (midyear)	0.98	0.93	0.89	0.84	0.80	0.76	
Discounted cash flow	20,981,852	(7,435,429)	(3,651,327)	(2,318,303)	(2,207,907)	(1,051,384)	4,317,501
Scenario I							
Cumulative cash flow (from EX III.b)	11,250,000	2,500,000	(750,000)	(2,500,000)	(2,500,000)	(2,500,000)	
Incremental cash flow	11,250,000	(8,750,000)	(3,250,000)	(1,750,000)	-	-	(2,500,000)
Discount Factor (midyear)	0.98	0.93	0.89	0.84	0.80	0.76	
Discounted cash flow	10,978,876	(8,132,501)	(2,876,803)	(1,475,284)	-	-	(1,505,711)