

State: Pennsylvania **First Filing Company:** The Travelers Home and Marine Insurance Company, ...

TOI/Sub-TOI: 19.0 Personal Auto/19.0001 Private Passenger Auto (PPA)

Product Name: Quantum Automobile 1.0

Project Name/Number: 672283/

Filing at a Glance

Companies: The Travelers Home and Marine Insurance Company
TravCo Insurance Company

Product Name: Quantum Automobile 1.0

State: Pennsylvania

TOI: 19.0 Personal Auto

Sub-TOI: 19.0001 Private Passenger Auto (PPA)

Filing Type: Rate/Rule

Date Submitted: 06/29/2015

SERFF Tr Num: TRVA-130138462

SERFF Status: Assigned

State Tr Num:

State Status: Received Review in Progress

Co Tr Num: 2015-06-0099

Effective Date

Requested (New):

Effective Date

Requested (Renewal):

Author(s): Frank Roback, William Brown, Paul Jackson

Reviewer(s): Xiaofeng Lu (primary), Michael McKenney

Disposition Date:

Disposition Status:

Effective Date (New):

Effective Date (Renewal):

State Filing Description:

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General Information

Project Name: 672283 Status of Filing in Domicile:

Project Number: Domicile Status Comments:

Reference Organization: Reference Number:

Reference Title: Advisory Org. Circular:

Filing Status Changed: 06/30/2015

State Status Changed: 06/30/2015 Deemer Date:

Created By: William Brown Submitted By: William Brown

Corresponding Filing Tracking Number:

Filing Description:
 With this filing we are amending our Quantum Automobile 1.0 product as detailed in the accompanying Explanatory Memorandum.

Company and Contact

Filing Contact Information

William Brown, Regulatory and Filing Analyst
 1 Tower Square
 Hartford, CT 06183
 WRBROWN@travelers.com
 860-954-3452 [Phone]

Filing Company Information

The Travelers Home and Marine Insurance Company	CoCode: 27998	State of Domicile: Connecticut
One Tower Square	Group Code: 3548	Company Type:
Hartford, CT 06183	Group Name: Travelers	Property/Casualty
(860) 277-7395 ext. [Phone]	FEIN Number: 35-1838079	State ID Number:

TravCo Insurance Company	CoCode: 28188	State of Domicile: Connecticut
One Tower Square	Group Code: 3548	Company Type:
Hartford, CT 06183	Group Name: Travelers	Property/Casualty
(860) 277-7395 ext. [Phone]	FEIN Number: 35-1838077	State ID Number:

Filing Fees

Fee Required? No

Retaliatory? No

Fee Explanation:

State Specific

*Filing Fee Amount: N/A

*Date Filing Fee Mailed: N/A

*Filing Fee Check Number: N/A

*Filing Fee Check Date: N/A

*NAIC Number: 3548-27998

SERFF Tracking #:

TRVA-130138462

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Rate Information

Rate data applies to filing.

Filing Method: Prior Approval

Rate Change Type: Increase

Overall Percentage of Last Rate Revision: 2.000%

Effective Date of Last Rate Revision: 05/02/2015

Filing Method of Last Filing: Prior Approval

Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	Number of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
The Travelers Home and Marine Insurance Company	%	2.480%	\$4,101,628	111,388	\$165,388,209	22.130%	0.000%
TravCo Insurance Company	%	2.710%	\$583,388	15,562	\$21,527,217	27.510%	0.000%

State: Pennsylvania

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Rate/Rule Schedule

Item No.	Schedule Item Status	Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing Number	Attachments
1		Eligibility	Rule 2	Replacement	SERT-6HTNVQ456/00-00/00-00/00	Rule 2 - Eligibility.pdf
2		Minimum Premium Rule	Rule 11	Replacement	SERT-6HTNVQ456/00-00/00-00/00	Rule 11 - Minimum Premium Rule.pdf
3		Cancellation Rule	Rule 14	Replacement	SERT-6HTNVQ456/00-00/00-00/00	Rule 14 - Cancellation Rule.pdf
4		Base, Territory, Driver Variables	BTDV	Replacement	TRVA-129348868	BTDV-1.pdf
5		Non Driver Variables	NDV	Replacement	TRVA-129126906	NDV-16.pdf

The Travelers Home and Marine Insurance Company

Quantum Auto[®]

2. ELIGIBILITY

This program is closed for new business. Continue to use this rating plan to renew and rewrite in-force policies.

A. Personal Auto Policy

1. A Personal Auto Policy shall be used to afford coverage to private passenger autos and motor vehicles considered as private passenger autos in Rule 1. if:
 - a. They are written on a specified auto basis, and
 - b. They are owned by an individual or by a husband and wife who are residents in the same household, or
 - c. They are owned by two or more relatives other than husband and wife, or two or more resident individuals.
2. A Personal Auto Policy shall be used to afford coverage to motor homes and golf carts or other similar type vehicles if:
 - a. They are written on a specified vehicle basis,
 - b. They are owned by an individual, by a husband and wife who are residents of the same household, or by two or more resident relatives, and
 - c. Coverage is limited in accordance with the Miscellaneous Type Vehicle endorsement.
3. A Personal Auto Policy shall be used to afford coverage to a named individual who does not own an auto. The Named Non-Owner Coverage endorsement must be attached.
4. Every motor vehicle and trailer designed for use with a motor vehicle, which is required to be registered in Pennsylvania and is rated in accordance with this manual shall be afforded the Liability and First Party Benefits Coverage as prescribed in the Pennsylvania Motor Vehicle Financial Responsibility Law.

The term "motor vehicle" shall include trailers and vehicles that are required to be registered and require First Party Benefits coverage.

The term "motor vehicle" shall not include vehicles such as:

1. Motorcycles, Mopeds and similar two and three wheel vehicles. (If written these vehicle types require Pedestrian First Party Benefits Coverage. This coverage is not currently offered and these type vehicles will not be written at this time)
2. Go-carts and similar vehicles
3. Recreational vehicles not intended for high-way use
 - a. Snowmobiles,
 - b. All-terrain vehicles
 - c. Golf carts,
 - d. Non-registered dune buggies.

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The Travelers Home and Marine Insurance Company

Quantum Auto[®]

B. Personal Auto Rating Plan (Rules 3 through 9)

1. Rules for determination: determine the rating plan criteria using the following:
 - a. Operators: all, excluding operators insured elsewhere.
 - b. Vehicles: private passenger vehicles and pick-ups, including antiques and classics.
 - c. Coverages: Bodily Injury, Property Damage, Single Limit Liability, Basic First Party Benefits, Increased First Party Benefits, Extraordinary Medical Benefit, Medical Payments, Comprehensive and Collision Coverages.
 - d. Policies: all
2. Rules for application: apply the rating plan to the following:
 - a. Vehicles: all.
 - b. Coverages: Bodily Injury, Property Damage, Single Limit Liability, Basic First Party Benefits, Added First Party Benefits, Extraordinary Medical Benefit, Medical Payments, Comprehensive and Collision Coverages.
 - c. Policies: all

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11. MINIMUM PREMIUM RULE

A. A minimum charge applies to each coverage for the policy period. Refer to the table in the Non-Driver Variables section of the Rate Pages to determine the minimum premium for each applicable coverage. Any pro-rata adjustment to the minimum coverage premium will not result in a premium of less than \$1 for the policy period.

EXCEPTION:

Extended Non-Owned Liability coverage minimum premiums for the period of coverage are:

Bodily Injury	Property Damage	Single Limit	Medical Payments
\$3	\$1	\$3	\$1 (per named individual)

B. The minimum premium charge for each policy is \$25. The minimum premium charge for each policy is not subject to the pro-rata adjustment.

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14. CANCELLATION RULE

All cancellations shall be computed on a pro-rata basis, subject to Rule 11, Minimum Premium.

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BASE RATES AND TERRITORY

BASE RATE BY COVERAGE											
	BI	PD	CSL BI	CSL PD	COLL	COMP	MP	FPB/AFP	EX MP	UM BI STACKED	UIM BI STACKED
BASE LIMIT	15/30	5000	35	35			500	QB	W		
RATE	110.25	96.03	136.92	99.29	138.96	160.60	1.00	102.72	130.47	10.49	26.74

TERRITORY FACTORS BY COVERAGE											
TERR	BI	PD	CSL BI	CSL PD	COLL	COMP	MP	FPB/AFP	EX MP	UM BI STACKED	UIM BI STACKED
0001	0.3745	0.7375	0.3745	0.7375	0.7838	0.7060	1.0000	0.7370	0.7370	0.8250	0.8250
0002	0.3563	0.7004	0.3563	0.7004	0.7731	0.7630	1.0000	0.6640	0.6640	0.8770	0.8770
0003	0.3745	0.7117	0.3745	0.7117	0.8003	0.7270	1.0000	0.5810	0.5810	0.8620	0.8620
0004	0.4301	0.8161	0.4301	0.8161	0.7676	0.5892	1.0000	0.5952	0.5952	0.8003	0.8003
0005	0.4708	0.7030	0.4708	0.7030	0.7781	0.7488	1.0000	0.6584	0.6584	0.8245	0.8245
0006	0.4305	0.9188	0.4305	0.9188	0.7410	0.7560	1.0000	0.5506	0.5506	0.7382	0.7382
0007	0.4400	0.7320	0.4400	0.7320	0.7779	0.6679	1.0000	0.6848	0.6848	0.8830	0.8830
0008	0.4708	0.9064	0.4708	0.9064	0.7553	0.6005	1.0000	0.7565	0.7565	0.8488	0.8488
0009	0.4451	0.7416	0.4451	0.7416	0.7188	0.5830	1.0000	0.6340	0.6340	0.7610	0.7610
0010	0.4451	0.7519	0.4451	0.7519	0.8003	0.5850	1.0000	0.6400	0.6400	0.8620	0.8620
0011	0.4227	0.7344	0.4227	0.7344	0.7673	0.7320	1.0000	0.6640	0.6640	0.8120	0.8120
0012	0.4451	0.8405	0.4451	0.8405	0.7731	0.7270	1.0000	0.5760	0.5760	0.8770	0.8770
0013	0.4560	0.7426	0.4560	0.7426	0.7676	0.7272	1.0000	0.7149	0.7149	0.8498	0.8498
0014	0.4560	0.8384	0.4560	0.8384	0.7619	0.8425	1.0000	0.7149	0.7149	0.9095	0.9095
0015	0.4330	0.7468	0.4330	0.7468	0.7828	0.7272	1.0000	0.6586	0.6586	0.8683	0.8683
0016	0.4330	0.7931	0.4330	0.7931	0.7619	0.5696	1.0000	0.5616	0.5616	0.9095	0.9095
0017	0.4027	0.8480	0.4027	0.8480	0.7467	0.6972	1.0000	0.5923	0.5923	0.8640	0.8640
0018	0.4879	0.9188	0.4879	0.9188	0.9529	0.6201	1.0000	0.8111	0.8111	0.9613	0.9613
0019	0.4560	1.0228	0.4560	1.0228	0.7676	0.7272	1.0000	0.5888	0.5888	0.8498	0.8498
0020	0.4114	0.6992	0.4114	0.6992	0.7216	0.6453	1.0000	0.5611	0.5611	0.8430	0.8430
0021	0.4241	0.8160	0.4241	0.8160	0.7467	0.7634	1.0000	0.6891	0.6891	0.8640	0.8640
0022	0.4027	0.7750	0.4027	0.7750	0.7467	0.8012	1.0000	0.6613	0.6613	0.8640	0.8640
0023	0.4635	0.7985	0.4635	0.7985	0.7392	0.6253	1.0000	0.6171	0.6171	0.8245	0.8245
0024	0.4879	0.9116	0.4879	0.9116	0.7828	0.4720	1.0000	0.6070	0.6070	0.8177	0.8177
0025	0.4560	0.9116	0.4560	0.9116	0.7619	0.6180	1.0000	0.6858	0.6858	0.9095	0.9095
0026	0.4417	0.9760	0.4417	0.9760	0.7936	0.5810	1.0000	0.6718	0.6718	0.8755	0.8755
0027	0.4014	0.8028	0.4014	0.8028	0.7074	0.5163	1.0000	0.5600	0.5600	0.8381	0.8381
0028	0.4560	0.7540	0.4560	0.7540	0.7619	0.5469	1.0000	0.6586	0.6586	0.9095	0.9095
0029	0.4879	0.9785	0.4879	0.9785	0.7942	0.4720	1.0000	0.6090	0.6090	0.8633	0.8633
0030	0.4633	0.8920	0.4633	0.8920	0.7838	0.6495	1.0000	0.7870	0.7870	0.8361	0.8361
0031	0.5960	0.7771	0.5960	0.7771	0.8028	0.5263	1.0000	0.6380	0.6380	0.8565	0.8565
0032	0.5960	0.8474	0.5960	0.8474	0.7895	0.5263	1.0000	0.7598	0.7598	0.8352	0.8352
0033	0.6079	0.9371	0.6079	0.9371	0.7816	0.6130	1.0000	0.6997	0.6997	0.8610	0.8610

TABLE CONTINUED ON NEXT PAGE

NON DRIVER VARIABLES

DEFENSIVE DRIVER CREDIT								
VEHICLES	BI	PD	COLL	COMP	MP	FPB*	OTHER COVERAGES	MISC. COVG.**
BASIC - REFER TO RULE	0.9500	0.9500	0.9500	0.9500	0.9500	0.9500	0.9500	0.9500

CAREFUL DRIVER CREDIT						
CODE	BI	PD	COLL	COMP	MP	FPB*
NO	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
YES	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

HYBRID VEHICLE CREDIT						
CODE	BI	PD	COLL	COMP	MP	FPB*
D	0.9000	0.9000	0.9000	0.9000	N/A	1.0000

POLICY TERM FACTOR								
POLICY TERM	BI	PD	COLL	COMP	MP	FPB*	OTHER COVERAGES	MISC. COVG.**
06 MONTHS	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
12 MONTHS	2.0200	2.0200	2.0200	2.0200	2.0200	2.0200	2.0200	2.0200

MINIMUM COVERAGE PREMIUMS							
VEHICLE TYPE	POLICY TERM	BI	PD	CSL BI/PD	COLL	COMP	ALL OTHER
PP & PU*	06 MONTHS	\$25.00	\$15.00	\$40.00	\$15.00	\$15.00	\$1.00
	12 MONTHS	\$50.00	\$30.00	\$80.00	\$30.00	\$30.00	\$1.00
All Other	06 MONTHS	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
	12 MONTHS	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00

*Private Passenger and Pick Up type vehicles (including Antiques and Classics).

PAYROLL DEDUCTION DISCOUNT								
PAYROLL DEDUCT	BI	PD	COLL	COMP	MP	FPB*	OTHER COVERAGES	MISC. COVG.**
P or R	0.9800	0.9800	0.9800	0.9800	0.9800	0.9800	1.0000	1.0000

TravCo Insurance Company - FACTOR								
	BI	PD	COLL	COMP	MP	FPB*	OTHER COVERAGES	MISC. COVG.**
Y	0.9600	0.9600	0.9600	0.9600	0.9600	0.9600	1.0000	1.0000

*FPB - First Party Benefits, Increased First Party Benefits, Extraordinary Medical Benefits

**Miscellaneous Coverages - Extended Transportation Expense, Roadside Assistance Coverage, Towing and Labor Costs, Sound Reproducing Tapes, Auto Home Contents, Sound Receiving and Transmitting Equipment

SERFF Tracking #:

TRVA-130138462

State Tracking #:

Company Tracking #:

2015-06-0099

State: Pennsylvania

First Filing Company: The Travelers Home and Marine Insurance Company, ...

TOI/Sub-TOI: 19.0 Personal Auto/19.0001 Private Passenger Auto (PPA)

Product Name: Quantum Automobile 1.0

Project Name/Number: 672283/

Supporting Document Schedules

Bypassed - Item:	Authorization to File (PC)
Bypass Reason:	N/A
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Actuarial Explanatory Memorandum & Supporting Exhibits (PC)
Comments:	Please see attached.
Attachment(s):	PA QTM Auto 9-18-2015_V2.pdf
Item Status:	
Status Date:	

PENNSYLVANIA QUANTUM AUTOMOBILE
THE TRAVELERS HOME AND MARINE INSURANCE COMPANY
TRAVCO INSURANCE COMPANY

Table of Contents

	Explanatory Memorandum
	Actuarial Memorandum
Exhibit 1	Statewide Rate Level Indication Summary
Exhibit 2	Statewide Rate Level Indication
Exhibit 3	Trended Premiums at Current Rates and Trended Ultimate Losses
Exhibit 4	Premium Trend
Exhibit 5	Loss Trend
Exhibit 6	Loss Development
Exhibit 7	Unallocated Loss Adjustment Expense Factor
Exhibit 8	Excess Wind and Water
Exhibit 9	Expenses and Permissible Loss & LAE Ratios
Exhibit 10	Calculation of Underwriting Profit
Exhibit 11	Revision to Base Rates by Coverage
Exhibit 12	Introduction to Minimum Coverage Premium Table
Exhibit 13	Revision to Rule 11 - Minimum Premium Rule
Exhibit 14	Revision to Rule 2 - Eligibility
Exhibit 15	Revision to Rule 14 - Cancellation

PENNSYLVANIA QUANTUM AUTOMOBILE

THE TRAVELERS HOME AND MARINE INSURANCE COMPANY
TRAVCO INSURANCE COMPANY

Explanatory Memorandum

Summary of Changes

With this filing, we are proposing a +2.51% rate change for the Pennsylvania Quantum Automobile product. This proposal will include revisions to the Base Rates by Coverage. We are also introducing Minimum Premiums by Coverage and revising Rule 11 - Minimum Premium Rule. In addition, we are revising Rule 2 - Eligibility and Rule 14 - Cancellation.

The impact by coverage is listed below:

Coverage	Rate Impact
Bodily Injury	-0.07%
Property Damage	4.88%
Uninsured Motorists	0.00%
Underinsured Motorists	7.00%
First Party Benefits	6.85%
Comprehensive	0.06%
Collision	2.40%
Total	2.51%

This change applies to renewal business issued on or after 09/18/2015 with an effective date on or after 10/18/2015.

PENNSYLVANIA QUANTUM AUTOMOBILE

THE TRAVELERS HOME AND MARINE INSURANCE COMPANY
TRAVCO INSURANCE COMPANY**Actuarial Memorandum**Summary of Methodology

A rate level indication is a test of the adequacy of expected revenues compared to expected costs during the period for which the proposed rates will be in effect. Premiums from the historical experience period are brought to the current rate level by the parallelogram method and additionally adjusted for other trends in average premiums over time. Losses and Allocated Loss Adjustment Expense (ALAE)¹ are adjusted to account for expected development and other trends over time. Losses and ALAE are further adjusted to account for expected Unallocated Loss Adjustment Expense (ULAE)². All Excess Wind and Water losses and ALAE during the experience period are excluded and replaced with a provision that represents the expected level of these. Finally, expenses and the target profit provision are determined and combined with the above to calculate the indication. These data elements are specific to state and coverage unless otherwise noted. Details are provided below.

ExperienceExperience Period Data – Exhibit 3

Calendar year earned premiums and accident year incurred losses and ALAE are used in the indication. Premiums are on a direct basis. Three years of experience ending December 31, 2014 are used. Losses are evaluated as of March 31, 2015.

Premium Trend – Exhibit 4

Premium trend reflects distributional shifts over time in policy variables such as deductible, territory, etc. The trend data consists of three years of average annual Earned Premium at Current Rate Level (EPCR). A two-step trending procedure is used. Historical and prospective annual premium trends are selected considering the data. Factors are calculated to account for both the selected historical trend from the midpoint of each experience period to the midpoint of the last calendar year of premium trend data, and the selected prospective trend from that date to the average earned date underlying the proposed rates.

Loss Trend – Exhibit 5

The loss trend data consists of three years of calendar year paid losses and ALAE for both the Travelers and ISO Fastrack data; this data for Comprehensive excludes those arising from catastrophes. Each row in the table represents the average of 12 months of data ending on the date shown. This is done to account for known seasonal variations within a 12-month period. Similar to the method utilized in the Premium Trend exhibit, a two-step trending procedure is used. Historical and prospective annual trends for frequency and severity are selected considering the data. Factors are calculated to account for both the selected historical trends from the midpoint of each experience period to the midpoint of the last calendar year of loss trend data, and the selected prospective trend from that date to the average loss date underlying the proposed rates.

PENNSYLVANIA QUANTUM AUTOMOBILE

THE TRAVELERS HOME AND MARINE INSURANCE COMPANY
TRAVCO INSURANCE COMPANY**Actuarial Memorandum**Loss Development Factors (LDFs) – Exhibit 6

Losses and ALAE are developed to their expected ultimate paid value by applying LDFs. These factors use loss and ALAE data to calculate historical age-to-age link ratios that represent loss and ALAE development between different evaluation periods. Factors are selected considering the data. For Uninsured/Underinsured Motorist, the selected statewide factors are credibility weighted with factors that are based on countrywide data for all companies combined.

Unallocated Loss Adjustment Expenses (ULAE) – Exhibit 7

Losses and ALAE are adjusted to account for expected ULAE. A provision is developed using three years of the Travelers countrywide, line-specific, calendar year paid data. The ratio of ULAE to net paid losses and ALAE is calculated for each year. The average of the ratios is selected.

Excess Wind and Water Provision (Comprehensive) – Exhibit 8, Pages 1 and 2

Wind and Water losses under the Comprehensive coverage can be caused by volatile weather events whose expected impact cannot reasonably be estimated using a short experience period. To smooth out potential distortions in our data sets, extreme loss and ALAE dollars that are deemed to be in excess of an average, long term level of Wind and Water losses are removed from the experience data, and a provision is utilized to represent a longer term average expectation of such losses. This methodology is applied to the Comprehensive coverage only.

On Page 1 of this exhibit, the ratio of Wind and Water losses and ALAE to other losses and ALAE excluding Wind and Water for this coverage is calculated by year for 10 years of all-company data, and the average ratio is determined. The amount above this average ratio in any year is considered to be the Excess Wind and Water Ratio for that year, and the average of these Excess Wind and Water Ratios is the Excess Wind and Water Factor. On Page 2, the Excess Wind and Water Ratio by year from Page 1 is applied to the company-specific losses and ALAE in the filing to estimate the experience Excess Wind and Water losses. These estimated losses are removed and the long term Factor is applied in Exhibit 3.

Experience Loss & LAE Ratios – Exhibits 2 and 3

Premiums and losses are adjusted by the factors noted above. The Projected Loss & LAE Ratio for each year is calculated by dividing the Trended Ultimate Losses & LAE by the Trended EPCR. Accident Year Weights are applied to determine the Weighted Loss & LAE Ratio.

PENNSYLVANIA QUANTUM AUTOMOBILE

THE TRAVELERS HOME AND MARINE INSURANCE COMPANY
TRAVCO INSURANCE COMPANY**Actuarial Memorandum****Expenses and Profit – Exhibits 9 and 10**

Expenses are specific to each line of business. Fixed Expenses include Other Acquisition and General Expenses, and Installment Fees. Variable Expenses include Commissions as well as Taxes, Licenses and Fees. All expense provisions in Exhibit 9 are determined based on data that reconciles with the company's financial statements. The Other Acquisition and General Expenses are countrywide for all Travelers Personal Insurance writing companies, whereas the Variable Expenses and Installment Fees are state-specific for the writing companies in this filing. Exhibit 10 provides the details that support the selection of the Target Before-Tax Underwriting Profit.

The Variable Expenses and Profit Margin are subtracted from 100% to yield the Permissible Loss, LAE and Fixed Expense Ratio. All expenses and the Profit Margin are subtracted from 100% to yield the Permissible Loss & LAE Ratio.

Indicated Rate Level Change – Exhibit 2Credibility

The full credibility standard for each coverage is 1,082 claims. Credibility is calculated by dividing the incurred claim count from the experience period by the full credibility standard, taking the square root, rounding down to the nearest 5%, and capping the result at 1.00.

Complement of Credibility

The complement of credibility is the Trended Permissible Loss & LAE Ratio. The formula for this complement is shown at the bottom of the exhibit; the calculation applies net prospective trend to the Permissible Loss & LAE Ratio for the time period between the effective date of the most recent approved filing and the proposed effective date of the current filing.

Indication

The total Loss & LAE Ratio is credibility weighted with the Trended Permissible Loss & LAE Ratio to produce the Credibility Weighted Loss & LAE Ratio. This ratio, plus Fixed Expenses, is divided by the Permissible Loss, LAE and Fixed Expense Ratio to produce the Indicated Rate Level Change.

¹ ALAE corresponds to Defense and Cost Containment (DCC) expenses in our statutory financial reporting

² ULAE corresponds to Adjusting and Other (AAO) expenses in our statutory financial reporting

PENNSYLVANIA QUANTUM AUTOMOBILE

THE TRAVELERS HOME AND MARINE INSURANCE COMPANY
TRAVCO INSURANCE COMPANY

Statewide Rate Level Indication Summary

<u>Coverage</u>	Accident Year Ending 12/31/2014 <u>EPCR</u>	Indicated Rate Level <u>Change</u>	Proposed Rate Level <u>Change</u>
Bodily Injury	52,170,028	2.02%	-0.07%
Property Damage	38,118,075	14.71%	4.88%
First Party Benefits	15,248,110	32.19%	6.85%
Uninsured Motorist	4,692,404	-7.54%	0.00%
Underinsured Motorist	18,091,942	16.67%	7.00%
Liability Subtotal	128,320,559	11.09%	3.22%
Comprehensive	25,864,899	6.20%	0.06%
Collision	60,439,503	16.71%	2.40%
Physical Damage Subtotal	86,304,402	13.56%	1.70%
Total	214,624,961	12.09%	2.51%

PENNSYLVANIA QUANTUM AUTOMOBILE
THE TRAVELERS HOME AND MARINE INSURANCE COMPANY
TRAVCO INSURANCE COMPANY

Statewide Rate Level Indication

Total Limits Bodily Injury

Accident Year Ending <u>12/31</u>	Earned Car <u>Years</u> (1)	Trended <u>EPCR</u> (2)	Trended Ultimate <u>Loss & LAE</u> (3)	Incurred Claim <u>Count</u> (4)	Accident Year <u>Weights</u> (5)	Projected Loss & LAE <u>Ratio</u> (6) = (3) / (2)
2012	309,380	58,488,908	41,456,033	1,166	36%	70.9%
2013	286,588	54,086,266	36,203,677	954	34%	66.9%
2014	254,131	48,301,472	29,989,488	731	30%	62.1%
(7) Weighted Loss & LAE Ratio = sum [(5) x (6)]						66.9%
(8) Credibility						100.0%
(9) Trended Permissible Loss & LAE Ratio						67.8%
(10) Credibility Weighted Loss & LAE Ratio = (7) x (8) + (9) x [1.0 - (8)]						66.9%
(11) Permissible Loss, LAE and Fixed Expense Ratio						76.5%
(12) Indicated Rate Level Change = [(10) + (FE)] / (11) - 1.0						2.02%
(13) Proposed Rate Level Change						-0.07%

Notes:

- (9) Trended Permissible Loss & LAE Ratio =
Permissible Loss & LAE Ratio
x [(1.0 + Frequency Trend) x (1.0 + Severity Trend) / (1.0 + Premium Trend)]
^ [(Effective Date - Prior Effective Date) / 365]
- (12) FE = Fixed Expense, from Exhibit 9

PENNSYLVANIA QUANTUM AUTOMOBILE
THE TRAVELERS HOME AND MARINE INSURANCE COMPANY
TRAVCO INSURANCE COMPANY

Statewide Rate Level Indication

Total Limits Property Damage

Accident Year Ending <u>12/31</u>	Earned Car <u>Years</u> (1)	Trended <u>EPCR</u> (2)	Trended Ultimate <u>Loss & LAE</u> (3)	Incurred Claim <u>Count</u> (4)	Accident Year <u>Weights</u> (5)	Projected Loss & LAE <u>Ratio</u> (6) = (3) / (2)
2012	310,505	43,652,254	33,309,697	9,359	36%	76.3%
2013	287,633	40,033,348	30,600,087	8,478	34%	76.4%
2014	254,873	35,558,493	27,436,826	7,210	30%	77.2%
(7) Weighted Loss & LAE Ratio = sum [(5) x (6)]						76.6%
(8) Credibility						100.0%
(9) Trended Permissible Loss & LAE Ratio						68.5%
(10) Credibility Weighted Loss & LAE Ratio = (7) x (8) + (9) x [1.0 - (8)]						76.6%
(11) Permissible Loss, LAE and Fixed Expense Ratio						76.5%
(12) Indicated Rate Level Change = [(10) + (FE)] / (11) - 1.0						14.71%
(13) Proposed Rate Level Change						4.88%

Notes:

- (9) Trended Permissible Loss & LAE Ratio =
Permissible Loss & LAE Ratio
x [(1.0 + Frequency Trend) x (1.0 + Severity Trend) / (1.0 + Premium Trend)]
^ [(Effective Date - Prior Effective Date) / 365]
- (12) FE = Fixed Expense, from Exhibit 9

PENNSYLVANIA QUANTUM AUTOMOBILE
THE TRAVELERS HOME AND MARINE INSURANCE COMPANY
TRAVCO INSURANCE COMPANY

Statewide Rate Level Indication

Total Limits First Party Benefits

Accident Year Ending <u>12/31</u>	Earned Car <u>Years</u> (1)	Trended <u>EPCR</u> (2)	Trended Ultimate <u>Loss & LAE</u> (3)	Incurred Claim <u>Count</u> (4)	Accident Year <u>Weights</u> (5)	Projected Loss & LAE <u>Ratio</u> (6) = (3) / (2)
2012	310,521	16,972,641	15,088,814	3,225	36%	88.9%
2013	287,654	15,629,795	14,488,922	2,814	34%	92.7%
2014	254,892	13,824,037	12,187,653	2,311	30%	88.2%
(7) Weighted Loss & LAE Ratio = sum [(5) x (6)]						90.0%
(8) Credibility						100.0%
(9) Trended Permissible Loss & LAE Ratio						69.8%
(10) Credibility Weighted Loss & LAE Ratio = (7) x (8) + (9) x [1.0 - (8)]						90.0%
(11) Permissible Loss, LAE and Fixed Expense Ratio						76.5%
(12) Indicated Rate Level Change = [(10) + (FE)] / (11) - 1.0						32.19%
(13) Proposed Rate Level Change						6.85%

Notes:

- (9) Trended Permissible Loss & LAE Ratio =
Permissible Loss & LAE Ratio
x [(1.0 + Frequency Trend) x (1.0 + Severity Trend) / (1.0 + Premium Trend)]
^ [(Effective Date - Prior Effective Date) / 365]
- (12) FE = Fixed Expense, from Exhibit 9

PENNSYLVANIA QUANTUM AUTOMOBILE

THE TRAVELERS HOME AND MARINE INSURANCE COMPANY
TRAVCO INSURANCE COMPANY

Statewide Rate Level Indication

Total Limits Uninsured Motorists

Accident Year Ending <u>12/31</u>	Earned Car <u>Years</u> (1)	Trended <u>EPCR</u> (2)	Trended Ultimate <u>Loss & LAE</u> (3)	Incurred Claim <u>Count</u> (4)	Accident Year <u>Weights</u> (5)	Projected Loss & LAE <u>Ratio</u> (6) = (3) / (2)
2012	300,949	5,458,006	2,214,228	67	36%	40.6%
2013	279,171	5,034,976	2,915,369	43	34%	57.9%
2014	247,738	4,452,576	1,829,914	26	30%	41.1%
(7) Weighted Loss & LAE Ratio = sum [(5) x (6)]						46.6%
(8) Credibility						35.0%
(9) Trended Permissible Loss & LAE Ratio						66.6%
(10) Credibility Weighted Loss & LAE Ratio = (7) x (8) + (9) x [1.0 - (8)]						59.6%
(11) Permissible Loss, LAE and Fixed Expense Ratio						76.5%
(12) Indicated Rate Level Change = [(10) + (FE)] / (11) - 1.0						-7.54%
(13) Proposed Rate Level Change						0.00%

Notes:

- (9) Trended Permissible Loss & LAE Ratio =
Permissible Loss & LAE Ratio
x [(1.0 + Frequency Trend) x (1.0 + Severity Trend) / (1.0 + Premium Trend)]
^ [(Effective Date - Prior Effective Date) / 365]
- (12) FE = Fixed Expense, from Exhibit 9

PENNSYLVANIA QUANTUM AUTOMOBILE

THE TRAVELERS HOME AND MARINE INSURANCE COMPANY
TRAVCO INSURANCE COMPANY

Statewide Rate Level Indication

Total Limits Underinsured Motorists

Accident Year Ending <u>12/31</u>	Earned Car <u>Years</u> (1)	Trended <u>EPCR</u> (2)	Trended Ultimate <u>Loss & LAE</u> (3)	Incurred Claim <u>Count</u> (4)	Accident Year <u>Weights</u> (5)	Projected Loss & LAE <u>Ratio</u> (6) = (3) / (2)
2012	299,361	20,859,357	16,495,953	151	36%	79.1%
2013	277,589	19,257,863	18,340,070	126	34%	95.2%
2014	246,152	17,167,266	15,277,735	65	30%	89.0%
(7) Weighted Loss & LAE Ratio = sum [(5) x (6)]						87.5%
(8) Credibility						55.0%
(9) Trended Permissible Loss & LAE Ratio						66.6%
(10) Credibility Weighted Loss & LAE Ratio = (7) x (8) + (9) x [1.0 - (8)]						78.1%
(11) Permissible Loss, LAE and Fixed Expense Ratio						76.5%
(12) Indicated Rate Level Change = [(10) + (FE)] / (11) - 1.0						16.67%
(13) Proposed Rate Level Change						7.00%

Notes:

- (9) Trended Permissible Loss & LAE Ratio =
Permissible Loss & LAE Ratio
x [(1.0 + Frequency Trend) x (1.0 + Severity Trend) / (1.0 + Premium Trend)]
^ [(Effective Date - Prior Effective Date) / 365]
- (12) FE = Fixed Expense, from Exhibit 9

PENNSYLVANIA QUANTUM AUTOMOBILE

THE TRAVELERS HOME AND MARINE INSURANCE COMPANY
TRAVCO INSURANCE COMPANY

Statewide Rate Level Indication

Comprehensive

Accident Year Ending <u>12/31</u>	Earned Car <u>Years</u> (1)	Trended <u>EPCR</u> (2)	Trended Ultimate <u>Loss & LAE</u> (3)	Incurred Claim <u>Count</u> (4)	Accident Year <u>Weights</u> (5)	Projected Loss & LAE <u>Ratio</u> (6) = (3) / (2)
2012	297,116	34,874,428	22,586,747	11,866	37%	64.8%
2013	277,262	31,855,495	18,249,729	10,456	33%	57.3%
2014	247,458	28,598,942	19,344,773	11,978	30%	67.6%
(7) Weighted Loss & LAE Ratio = sum [(5) x (6)]						63.2%
(8) Credibility						100.0%
(9) Trended Permissible Loss & LAE Ratio						55.3%
(10) Credibility Weighted Loss & LAE Ratio = (7) x (8) + (9) x [1.0 - (8)]						63.2%
(11) Permissible Loss, LAE and Fixed Expense Ratio						71.0%
(12) Indicated Rate Level Change = [(10) + (FE)] / (11) - 1.0						6.20%
(13) Proposed Rate Level Change						0.06%

Notes:

- (9) Trended Permissible Loss & LAE Ratio =
Permissible Loss & LAE Ratio
x [(1.0 + Frequency Trend) x (1.0 + Severity Trend) / (1.0 + Premium Trend)]
^ [(Effective Date - Prior Effective Date) / 365]
- (12) FE = Fixed Expense, from Exhibit 9

PENNSYLVANIA QUANTUM AUTOMOBILE
THE TRAVELERS HOME AND MARINE INSURANCE COMPANY
TRAVCO INSURANCE COMPANY

Statewide Rate Level Indication

Collision

Accident Year Ending <u>12/31</u>	Earned Car <u>Years</u> (1)	Trended <u>EPCR</u> (2)	Trended Ultimate <u>Loss & LAE</u> (3)	Incurred Claim <u>Count</u> (4)	Accident Year <u>Weights</u> (5)	Projected Loss & LAE <u>Ratio</u> (6) = (3) / (2)
2012	283,485	72,587,191	51,029,215	12,818	36%	70.3%
2013	264,906	67,329,590	47,252,485	11,525	34%	70.2%
2014	236,548	60,043,240	42,959,641	10,681	30%	71.5%
(7) Weighted Loss & LAE Ratio = sum [(5) x (6)]						70.6%
(8) Credibility						100.0%
(9) Trended Permissible Loss & LAE Ratio						59.1%
(10) Credibility Weighted Loss & LAE Ratio = (7) x (8) + (9) x [1.0 - (8)]						70.6%
(11) Permissible Loss, LAE and Fixed Expense Ratio						71.0%
(12) Indicated Rate Level Change = [(10) + (FE)] / (11) - 1.0						16.71%
(13) Proposed Rate Level Change						2.40%

Notes:

- (9) Trended Permissible Loss & LAE Ratio =
Permissible Loss & LAE Ratio
x [(1.0 + Frequency Trend) x (1.0 + Severity Trend) / (1.0 + Premium Trend)]
^ [(Effective Date - Prior Effective Date) / 365]
- (12) FE = Fixed Expense, from Exhibit 9

PENNSYLVANIA QUANTUM AUTOMOBILE

THE TRAVELERS HOME AND MARINE INSURANCE COMPANY
TRAVCO INSURANCE COMPANY

Trended Premiums at Current Rates and Trended Ultimate Losses

Total Limits Bodily Injury

Accident Year Ending 12/31	<u>2012</u>	<u>2013</u>	<u>2014</u>
<u>Premiums</u>			
(1) Earned Premium	55,779,030	57,262,516	51,696,964
(2) Earned Premium at Current Rates Factor	1.236	1.066	1.009
(3) Earned Premium at Current Rates = (1) x (2)	68,962,093	61,035,965	52,170,028
(4) Premium Trend Factor	0.848	0.886	0.926
(5) Trended Earned Premium at Current Rates = (3) x (4)	<u>58,488,908</u>	<u>54,086,266</u>	<u>48,301,472</u>
<u>Losses</u>			
(6) Incurred Losses & ALAE	35,400,365	27,275,794	18,238,061
(7) Loss Development Factor	1.035	1.178	1.466
(8) Ultimate Losses & ALAE = (6) x (7)	36,629,403	32,129,317	26,731,576
(9) ULAE Factor	1.144	1.144	1.144
(10) Ultimate Losses & LAE = (8) x (9)	41,909,179	36,760,449	30,584,676
(11) Loss Trend Factor	0.989	0.985	0.981
(12) Trended Ultimate Losses & LAE = (10) x (11)	<u>41,456,033</u>	<u>36,203,677</u>	<u>29,989,488</u>

PENNSYLVANIA QUANTUM AUTOMOBILE

THE TRAVELERS HOME AND MARINE INSURANCE COMPANY
TRAVCO INSURANCE COMPANY

Trended Premiums at Current Rates and Trended Ultimate Losses

Total Limits Property Damage

Accident Year Ending 12/31	<u>2012</u>	<u>2013</u>	<u>2014</u>
<u>Premiums</u>			
(1) Earned Premium	42,771,224	40,812,743	37,236,228
(2) Earned Premium at Current Rates Factor	1.183	1.093	1.024
(3) Earned Premium at Current Rates = (1) x (2)	50,597,019	44,624,652	38,118,075
(4) Premium Trend Factor	0.863	0.897	0.933
(5) Trended Earned Premium at Current Rates = (3) x (4)	<u>43,652,254</u>	<u>40,033,348</u>	<u>35,558,493</u>
<u>Losses</u>			
(6) Incurred Losses & ALAE	29,160,971	26,734,630	23,489,701
(7) Loss Development Factor	1.000	1.002	1.022
(8) Ultimate Losses & ALAE = (6) x (7)	29,159,559	26,776,831	23,999,192
(9) ULAE Factor	1.144	1.144	1.144
(10) Ultimate Losses & LAE = (8) x (9)	33,362,629	30,636,453	27,458,445
(11) Loss Trend Factor	0.998	0.999	0.999
(12) Trended Ultimate Losses & LAE = (10) x (11)	<u>33,309,697</u>	<u>30,600,087</u>	<u>27,436,826</u>

PENNSYLVANIA QUANTUM AUTOMOBILE

THE TRAVELERS HOME AND MARINE INSURANCE COMPANY
TRAVCO INSURANCE COMPANY

Trended Premiums at Current Rates and Trended Ultimate Losses

Total Limits First Party Benefits

Accident Year Ending 12/31	<u>2012</u>	<u>2013</u>	<u>2014</u>
<u>Premiums</u>			
(1) Earned Premium	19,725,415	17,537,029	15,039,969
(2) Earned Premium at Current Rates Factor	1.051	1.035	1.014
(3) Earned Premium at Current Rates = (1) x (2)	20,741,215	18,146,223	15,248,110
(4) Premium Trend Factor	0.818	0.861	0.907
(5) Trended Earned Premium at Current Rates = (3) x (4)	<u>16,972,641</u>	<u>15,629,795</u>	<u>13,824,037</u>
<u>Losses</u>			
(6) Incurred Losses & ALAE	13,207,721	12,386,715	9,941,177
(7) Loss Development Factor	1.005	1.027	1.075
(8) Ultimate Losses & ALAE = (6) x (7)	13,271,982	12,723,931	10,685,870
(9) ULAE Factor	1.144	1.144	1.144
(10) Ultimate Losses & LAE = (8) x (9)	15,185,010	14,557,963	12,226,135
(11) Loss Trend Factor	0.994	0.995	0.997
(12) Trended Ultimate Losses & LAE = (10) x (11)	<u>15,088,814</u>	<u>14,488,922</u>	<u>12,187,653</u>

PENNSYLVANIA QUANTUM AUTOMOBILE

THE TRAVELERS HOME AND MARINE INSURANCE COMPANY
TRAVCO INSURANCE COMPANY

Trended Premiums at Current Rates and Trended Ultimate Losses

Total Limits Uninsured Motorist

Accident Year Ending 12/31	<u>2012</u>	<u>2013</u>	<u>2014</u>
<u>Premiums</u>			
(1) Earned Premium	6,190,143	5,499,256	4,692,415
(2) Earned Premium at Current Rates Factor	0.998	1.000	1.000
(3) Earned Premium at Current Rates = (1) x (2)	6,176,899	5,498,671	4,692,404
(4) Premium Trend Factor	0.884	0.916	0.949
(5) Trended Earned Premium at Current Rates = (3) x (4)	<u>5,458,006</u>	<u>5,034,976</u>	<u>4,452,576</u>
<u>Losses</u>			
(6) Incurred Losses & ALAE	1,826,294	2,155,123	974,116
(7) Loss Development Factor	1.071	1.201	1.674
(8) Ultimate Losses & ALAE = (6) x (7)	1,956,431	2,587,273	1,631,121
(9) ULAE Factor	1.144	1.144	1.144
(10) Ultimate Losses & LAE = (8) x (9)	2,238,431	2,960,204	1,866,231
(11) Loss Trend Factor	0.989	0.985	0.981
(12) Trended Ultimate Losses & LAE = (10) x (11)	<u>2,214,228</u>	<u>2,915,369</u>	<u>1,829,914</u>

PENNSYLVANIA QUANTUM AUTOMOBILE

THE TRAVELERS HOME AND MARINE INSURANCE COMPANY
TRAVCO INSURANCE COMPANY

Trended Premiums at Current Rates and Trended Ultimate Losses

Total Limits Underinsured Motorist

Accident Year Ending 12/31	<u>2012</u>	<u>2013</u>	<u>2014</u>
<u>Premiums</u>			
(1) Earned Premium	21,910,539	20,471,759	18,075,885
(2) Earned Premium at Current Rates Factor	1.077	1.027	1.001
(3) Earned Premium at Current Rates = (1) x (2)	23,606,816	21,031,409	18,091,942
(4) Premium Trend Factor	0.884	0.916	0.949
(5) Trended Earned Premium at Current Rates = (3) x (4)	<u>20,859,357</u>	<u>19,257,863</u>	<u>17,167,266</u>
<u>Losses</u>			
(6) Incurred Losses & ALAE	12,088,556	10,843,567	5,782,402
(7) Loss Development Factor	1.206	1.501	2.355
(8) Ultimate Losses & ALAE = (6) x (7)	14,575,367	16,276,079	13,618,036
(9) ULAE Factor	1.144	1.144	1.144
(10) Ultimate Losses & LAE = (8) x (9)	16,676,266	18,622,119	15,580,945
(11) Loss Trend Factor	0.989	0.985	0.981
(12) Trended Ultimate Losses & LAE = (10) x (11)	<u>16,495,953</u>	<u>18,340,070</u>	<u>15,277,735</u>

PENNSYLVANIA QUANTUM AUTOMOBILE

THE TRAVELERS HOME AND MARINE INSURANCE COMPANY
TRAVCO INSURANCE COMPANY

Trended Premiums at Current Rates and Trended Ultimate Losses

Comprehensive

Accident Year Ending 12/31	<u>2012</u>	<u>2013</u>	<u>2014</u>
<u>Premiums</u>			
(1) Earned Premium	21,989,763	25,450,171	25,635,900
(2) Earned Premium at Current Rates Factor	1.342	1.095	1.009
(3) Earned Premium at Current Rates = (1) x (2)	29,510,379	27,867,539	25,864,899
(4) Premium Trend Factor	1.182	1.143	1.106
(5) Trended Earned Premium at Current Rates = (3) x (4)	34,874,428	31,855,495	28,598,942
<u>Losses</u>			
(6) Incurred Losses & ALAE	17,087,608	13,805,037	23,112,456
(7) Excess Wind/Water Losses & ALAE	0	0	8,553,939
(8) Total Excluding Excess Wind/Water = (6) - (7)	17,087,608	13,805,037	14,558,517
(9) Excess Wind/Water Factor	1.078	1.078	1.078
(10) Adjusted Incurred Losses & ALAE = (8) x (9)	18,416,398	14,878,563	15,690,637
(11) Loss Development Factor	1.000	1.000	1.005
(12) Ultimate Losses & ALAE = (10) x (11)	18,412,614	14,877,096	15,769,772
(13) ULAE Factor	1.206	1.206	1.206
(14) Ultimate Losses & LAE = (12) x (13)	22,203,750	17,940,273	19,016,749
(15) Loss Trend Factor	1.017	1.017	1.017
(16) Trended Ultimate Losses & LAE = (14) x (15)	22,586,747	18,249,729	19,344,773

PENNSYLVANIA QUANTUM AUTOMOBILE

THE TRAVELERS HOME AND MARINE INSURANCE COMPANY
TRAVCO INSURANCE COMPANY

Trended Premiums at Current Rates and Trended Ultimate Losses

Collision

Accident Year Ending 12/31	<u>2012</u>	<u>2013</u>	<u>2014</u>
<u>Premiums</u>			
(1) Earned Premium	64,157,070	63,286,117	59,092,215
(2) Earned Premium at Current Rates Factor	1.130	1.067	1.023
(3) Earned Premium at Current Rates = (1) x (2)	72,484,430	67,503,567	60,439,503
(4) Premium Trend Factor	1.001	0.997	0.993
(5) Trended Earned Premium at Current Rates = (3) x (4)	<u>72,587,191</u>	<u>67,329,590</u>	<u>60,043,240</u>
<u>Losses</u>			
(6) Incurred Losses & ALAE	42,366,577	39,313,455	37,386,728
(7) Loss Development Factor	0.999	0.997	0.953
(8) Ultimate Losses & ALAE = (6) x (7)	42,333,130	39,196,087	35,631,596
(9) ULAE Factor	1.206	1.206	1.206
(10) Ultimate Losses & LAE = (8) x (9)	51,049,472	47,266,516	42,968,100
(11) Loss Trend Factor	1.000	1.000	1.000
(12) Trended Ultimate Losses & LAE = (10) x (11)	<u>51,029,215</u>	<u>47,252,485</u>	<u>42,959,641</u>

PENNSYLVANIA QUANTUM AUTOMOBILE
THE TRAVELERS HOME AND MARINE INSURANCE COMPANY
TRAVCO INSURANCE COMPANY

Premium Trend

Total Limits Bodily Injury

Calendar Quarter Ending	Average Annual Earned Premium at Current Rates	Annual Change
06/30/2012	225.88	
09/30/2012	222.08	-7.4%
12/31/2012	220.21	-6.8%
03/31/2013	218.32	-5.4%
06/30/2013	216.45	-4.2%
09/30/2013	213.12	-4.0%
12/31/2013	210.74	-4.3%
03/31/2014	208.92	-4.3%
06/30/2014	206.44	-4.6%
09/30/2014	203.34	-4.6%
12/31/2014	201.76	-4.3%
03/31/2015	200.44	-4.1%
Fitted Annual Trend		
12 point	-4.3%	
8 point	-4.3%	
4 point	-3.8%	
Selected Historical Annual Trend	-4.3%	
Selected Prospective Annual Trend	-3.8%	

Factors To Adjust Data Based on a 09/18/2015 Effective Date

Experience Period Ending	Historical Trend Period (months)	Factor to Adjust to 9/30/2014	Prospective Trend Period (months)	Factor to Adjust from 09/30/2014 to 06/18/2016	Premium Trend Factor
(a)	(b)	(c)	(d)	(e)	(f)
12/31/2012	27	0.906	20.6	0.936	0.848
12/31/2013	15	0.947	20.6	0.936	0.886
12/31/2014	3	0.989	20.6	0.936	0.926

Notes:

- Fitted Annual Trend is calculated using exponential fits
- (b) Duration from the midpoint of each experience period to 09/30/2014, which is the midpoint of the last calendar year of trend data ending 03/31/2015
- (c) = $(1 + \text{Historical Premium Trend})^{(b) / 12}$
- (d) Duration from the midpoint of the last calendar year of trend data (09/30/2014) to the average earned date underlying the proposed rates (06/18/2016)
- (e) = $(1 + \text{Prospective Premium Trend})^{(d) / 12}$
- (f) = (c) x (e)

PENNSYLVANIA QUANTUM AUTOMOBILE
THE TRAVELERS HOME AND MARINE INSURANCE COMPANY
TRAVCO INSURANCE COMPANY

Premium Trend

Total Limits Property Damage

Calendar Quarter Ending	Average Annual Earned Premium at Current Rates	Annual Change
06/30/2012	163.61	
09/30/2012	160.78	-8.2%
12/31/2012	159.57	-7.3%
03/31/2013	158.56	-5.6%
06/30/2013	156.60	-4.3%
09/30/2013	154.33	-4.0%
12/31/2013	153.08	-4.1%
03/31/2014	152.07	-4.1%
06/30/2014	150.78	-3.7%
09/30/2014	148.82	-3.6%
12/31/2014	147.65	-3.5%
03/31/2015	146.85	-3.4%
Fitted Annual Trend		
12 point	-3.8%	
8 point	-3.6%	
4 point	-3.4%	
Selected Historical Annual Trend	-3.8%	
Selected Prospective Annual Trend	-3.4%	

Factors To Adjust Data Based on a 09/18/2015 Effective Date

Experience Period Ending	Historical Trend Period (months)	Factor to Adjust to 9/30/2014	Prospective Trend Period (months)	Factor to Adjust from 09/30/2014 to 06/18/2016	Premium Trend Factor
(a)	(b)	(c)	(d)	(e)	(f)
12/31/2012	27	0.916	20.6	0.942	0.863
12/31/2013	15	0.952	20.6	0.942	0.897
12/31/2014	3	0.990	20.6	0.942	0.933

Notes:

- Fitted Annual Trend is calculated using exponential fits
- (b) Duration from the midpoint of each experience period to 09/30/2014, which is the midpoint of the last calendar year of trend data ending 03/31/2015
- (c) = $(1 + \text{Historical Premium Trend})^{(b) / 12}$
- (d) Duration from the midpoint of the last calendar year of trend data (09/30/2014) to the average earned date underlying the proposed rates (06/18/2016)
- (e) = $(1 + \text{Prospective Premium Trend})^{(d) / 12}$
- (f) = (c) x (e)

PENNSYLVANIA QUANTUM AUTOMOBILE
THE TRAVELERS HOME AND MARINE INSURANCE COMPANY
TRAVCO INSURANCE COMPANY

Premium Trend

Total Limits First Party Benefits

Calendar Quarter Ending	Average Annual Earned Premium at Current Rates	Annual Change
06/30/2012	67.14	
09/30/2012	65.51	-9.8%
12/31/2012	64.82	-8.8%
03/31/2013	64.36	-7.3%
06/30/2013	63.68	-5.2%
09/30/2013	62.51	-4.6%
12/31/2013	61.67	-4.9%
03/31/2014	61.13	-5.0%
06/30/2014	60.43	-5.1%
09/30/2014	59.24	-5.2%
12/31/2014	58.57	-5.0%
03/31/2015	58.20	-4.8%
Fitted Annual Trend		
12 point	-5.0%	
8 point	-5.0%	
4 point	-4.8%	
Selected Historical Annual Trend	-5.0%	
Selected Prospective Annual Trend	-4.8%	

Factors To Adjust Data Based on a 09/18/2015 Effective Date

Experience Period Ending	Historical Trend Period (months)	Factor to Adjust to 9/30/2014	Prospective Trend Period (months)	Factor to Adjust from 09/30/2014 to 06/18/2016	Premium Trend Factor
(a)	(b)	(c)	(d)	(e)	(f)
12/31/2012	27	0.891	20.6	0.918	0.818
12/31/2013	15	0.938	20.6	0.918	0.861
12/31/2014	3	0.987	20.6	0.918	0.907

Notes:

- Fitted Annual Trend is calculated using exponential fits
- (b) Duration from the midpoint of each experience period to 09/30/2014, which is the midpoint of the last calendar year of trend data ending 03/31/2015
- (c) = $(1 + \text{Historical Premium Trend})^{(b) / 12}$
- (d) Duration from the midpoint of the last calendar year of trend data (09/30/2014) to the average earned date underlying the proposed rates (06/18/2016)
- (e) = $(1 + \text{Prospective Premium Trend})^{(d) / 12}$
- (f) = (c) x (e)

PENNSYLVANIA QUANTUM AUTOMOBILE
THE TRAVELERS HOME AND MARINE INSURANCE COMPANY
TRAVCO INSURANCE COMPANY

Premium Trend

Total Limits Uninsured/Underinsured Motorist

Calendar Quarter Ending	Average Annual Earned Premium at Current Rates	Annual Change
06/30/2012	99.60	
09/30/2012	98.31	-5.6%
12/31/2012	97.67	-4.7%
03/31/2013	96.93	-4.2%
06/30/2013	95.67	-3.9%
09/30/2013	94.53	-3.8%
12/31/2013	93.82	-3.9%
03/31/2014	93.33	-3.7%
06/30/2014	92.37	-3.4%
09/30/2014	91.30	-3.4%
12/31/2014	90.87	-3.1%
03/31/2015	90.58	-2.9%
Fitted Annual Trend		
12 point	-3.5%	
8 point	-3.1%	
4 point	-2.5%	
Selected Historical Annual Trend	-3.5%	
Selected Prospective Annual Trend	-2.5%	

Factors To Adjust Data Based on a 09/18/2015 Effective Date

Experience Period Ending	Historical Trend Period (months)	Factor to Adjust to 9/30/2014	Prospective Trend Period (months)	Factor to Adjust from 09/30/2014 to 06/18/2016	Premium Trend Factor
(a)	(b)	(c)	(d)	(e)	(f)
12/31/2012	27	0.923	20.6	0.957	0.884
12/31/2013	15	0.957	20.6	0.957	0.916
12/31/2014	3	0.991	20.6	0.957	0.949

Notes:

- Fitted Annual Trend is calculated using exponential fits
- (b) Duration from the midpoint of each experience period to 09/30/2014, which is the midpoint of the last calendar year of trend data ending 03/31/2015
- (c) = $(1 + \text{Historical Premium Trend})^{(b) / 12}$
- (d) Duration from the midpoint of the last calendar year of trend data (09/30/2014) to the average earned date underlying the proposed rates (06/18/2016)
- (e) = $(1 + \text{Prospective Premium Trend})^{(d) / 12}$
- (f) = (c) x (e)

PENNSYLVANIA QUANTUM AUTOMOBILE
THE TRAVELERS HOME AND MARINE INSURANCE COMPANY
TRAVCO INSURANCE COMPANY

Premium Trend

Comprehensive

Calendar Quarter Ending	Average Annual Earned Premium at Current Rates	Annual Change
06/30/2012	123.79	
09/30/2012	122.82	-3.4%
12/31/2012	122.76	-2.7%
03/31/2013	123.29	-1.3%
06/30/2013	124.56	0.6%
09/30/2013	124.75	1.6%
12/31/2013	125.62	2.3%
03/31/2014	127.03	3.0%
06/30/2014	129.16	3.7%
09/30/2014	131.02	5.0%
12/31/2014	133.07	5.9%
03/31/2015	134.37	5.8%
Fitted Annual Trend		
12 point	3.4%	
8 point	4.9%	
4 point	5.5%	
Selected Historical Annual Trend	3.4%	
Selected Prospective Annual Trend	5.5%	

Factors To Adjust Data Based on a 09/18/2015 Effective Date

Experience Period Ending	Historical Trend Period (months)	Factor to Adjust to 9/30/2014	Prospective Trend Period (months)	Factor to Adjust from 09/30/2014 to 06/18/2016	Premium Trend Factor
(a)	(b)	(c)	(d)	(e)	(f)
12/31/2012	27	1.078	20.6	1.097	1.182
12/31/2013	15	1.042	20.6	1.097	1.143
12/31/2014	3	1.008	20.6	1.097	1.106

Notes:

- Fitted Annual Trend is calculated using exponential fits
- (b) Duration from the midpoint of each experience period to 09/30/2014, which is the midpoint of the last calendar year of trend data ending 03/31/2015
- (c) = $(1 + \text{Historical Premium Trend})^{(b) / 12}$
- (d) Duration from the midpoint of the last calendar year of trend data (09/30/2014) to the average earned date underlying the proposed rates (06/18/2016)
- (e) = $(1 + \text{Prospective Premium Trend})^{(d) / 12}$
- (f) = (c) x (e)

PENNSYLVANIA QUANTUM AUTOMOBILE
THE TRAVELERS HOME AND MARINE INSURANCE COMPANY
TRAVCO INSURANCE COMPANY

Premium Trend

Collision

Calendar Quarter Ending	Average Annual Earned Premium at Current Rates	Annual Change
06/30/2012	266.36	
09/30/2012	265.14	-2.3%
12/31/2012	266.13	-0.9%
03/31/2013	267.29	0.0%
06/30/2013	267.77	0.5%
09/30/2013	266.89	0.7%
12/31/2013	267.03	0.3%
03/31/2014	268.06	0.3%
06/30/2014	269.12	0.5%
09/30/2014	268.50	0.6%
12/31/2014	268.49	0.5%
03/31/2015	268.13	0.0%
Fitted Annual Trend		
12 point	0.4%	
8 point	0.3%	
4 point	-0.4%	
Selected Historical Annual Trend	0.4%	
Selected Prospective Annual Trend	-0.4%	

Factors To Adjust Data Based on a 09/18/2015 Effective Date

Experience Period Ending	Historical Trend Period (months)	Factor to Adjust to 9/30/2014	Prospective Trend Period (months)	Factor to Adjust from 09/30/2014 to 06/18/2016	Premium Trend Factor
(a)	(b)	(c)	(d)	(e)	(f)
12/31/2012	27	1.009	20.6	0.992	1.001
12/31/2013	15	1.005	20.6	0.992	0.997
12/31/2014	3	1.001	20.6	0.992	0.993

Notes:

- Fitted Annual Trend is calculated using exponential fits
- (b) Duration from the midpoint of each experience period to 09/30/2014, which is the midpoint of the last calendar year of trend data ending 03/31/2015
- (c) = $(1 + \text{Historical Premium Trend})^{(b) / 12}$
- (d) Duration from the midpoint of the last calendar year of trend data (09/30/2014) to the average earned date underlying the proposed rates (06/18/2016)
- (e) = $(1 + \text{Prospective Premium Trend})^{(d) / 12}$
- (f) = (c) x (e)

PENNSYLVANIA QUANTUM AUTOMOBILE
THE TRAVELERS HOME AND MARINE INSURANCE COMPANY
TRAVCO INSURANCE COMPANY

Loss Trend

Total Limits Bodily Injury

Calendar Year Ending	Frequency (per 100 Exposures)		Severity	
	Travelers	ISO Fastrack	Travelers	ISO Fastrack
03/31/2012		0.53		18,289
06/30/2012	0.43	0.52	27,627	18,435
09/30/2012	0.40	0.52	29,219	18,652
12/31/2012	0.39	0.51	29,307	18,855
03/31/2013	0.37	0.51	29,903	18,992
06/30/2013	0.38	0.50	29,009	19,238
09/30/2013	0.39	0.50	29,911	19,487
12/31/2013	0.39	0.49	31,696	19,578
03/31/2014	0.38	0.48	33,418	20,098
06/30/2014	0.36	0.48	34,977	20,381
09/30/2014	0.35	0.47	35,364	20,674
12/31/2014	0.33	0.47	37,184	21,747
03/31/2015	0.32		39,092	
Fitted Annual Trend				
12 point	-7.9%	-4.7%	12.7%	5.7%
8 point	-11.1%	-5.2%	18.4%	7.2%
4 point	-16.0%	-4.5%	16.6%	10.6%
Selected Historical Annual Trend				
	Frequency		Severity	
	-7.0%		8.0%	
Selected Prospective Annual Trend				
	-5.0%		4.0%	

Factors To Adjust Data Based on a 09/18/2015 Effective Date

Experience Period Ending	Historical Trend Period (months)	Factor to Adjust to 09/30/2014	Prospective Trend Period (months)	Factor to Adjust from 09/30/2014 to 06/18/2016	Loss Trend Factor
(a)	(b)	(c)	(d)	(e)	(f)
12/31/2012	27	1.010	20.6	0.979	.989
12/31/2013	15	1.006	20.6	0.979	.985
12/31/2014	3	1.001	20.6	0.979	.981

Notes:

Travelers and ISO Fastrack data are statewide, calendar year, paid losses and ALAE

Fitted Annual Trend is calculated using exponential fits

(b) Duration from the midpoint of each experience period to 09/30/2014, which is the midpoint of the last calendar year of trend data ending 03/31/2015

(c) = [(1 + Historical Frequency Trend) x (1 + Historical Severity Trend)]^{(b) / 12}

(d) Duration from the midpoint of the last calendar year of trend data (09/30/2014) to the average earned date underlying the proposed rates (06/18/2016)

(e) = [(1 + Prospective Frequency Trend) x (1 + Prospective Severity Trend)]^{(d) / 12}

(f) = (c) x (e)

PENNSYLVANIA QUANTUM AUTOMOBILE
THE TRAVELERS HOME AND MARINE INSURANCE COMPANY
TRAVCO INSURANCE COMPANY

Loss Trend

Total Limits Property Damage

Calendar Year Ending	Frequency (per 100 Exposures)		Severity	
	Travelers	ISO Fastrack	Travelers	ISO Fastrack
03/31/2012		3.48		2,912
06/30/2012	3.06	3.48	3,049	2,916
09/30/2012	3.05	3.51	3,102	2,914
12/31/2012	3.00	3.45	3,101	2,942
03/31/2013	3.00	3.43	3,124	2,956
06/30/2013	3.04	3.46	3,143	2,981
09/30/2013	3.01	3.47	3,146	3,016
12/31/2013	2.99	3.48	3,204	3,043
03/31/2014	2.99	3.51	3,187	3,049
06/30/2014	2.97	3.51	3,189	3,076
09/30/2014	2.93	3.49	3,181	3,108
12/31/2014	2.87	3.48	3,239	3,130
03/31/2015	2.82		3,317	
Fitted Annual Trend				
12 point	-2.3%	0.3%	2.3%	2.9%
8 point	-3.8%	1.0%	2.4%	3.2%
4 point	-6.7%	-1.4%	5.6%	3.6%
Selected Historical Annual Trend				
	Frequency		Severity	
	-2.0%		2.0%	
Selected Prospective Annual Trend				
	-2.0%		2.0%	

Factors To Adjust Data Based on a 09/18/2015 Effective Date

Experience Period Ending	Historical Trend Period (months)	Factor to Adjust to 09/30/2014	Prospective Trend Period (months)	Factor to Adjust from 09/30/2014 to 06/18/2016	Loss Trend Factor
(a)	(b)	(c)	(d)	(e)	(f)
12/31/2012	27	.999	20.6	0.999	.998
12/31/2013	15	1.000	20.6	0.999	.999
12/31/2014	3	1.000	20.6	0.999	.999

Notes:

Travelers and ISO Fastrack data are statewide, calendar year, paid losses and ALAE

Fitted Annual Trend is calculated using exponential fits

(b) Duration from the midpoint of each experience period to 09/30/2014, which is the midpoint of the last calendar year of trend data ending 03/31/2015

(c) = [(1 + Historical Frequency Trend) x (1 + Historical Severity Trend)]^{(b) / 12}

(d) Duration from the midpoint of the last calendar year of trend data (09/30/2014) to the average earned date underlying the proposed rates (06/18/2016)

(e) = [(1 + Prospective Frequency Trend) x (1 + Prospective Severity Trend)]^{(d) / 12}

(f) = (c) x (e)

PENNSYLVANIA QUANTUM AUTOMOBILE
THE TRAVELERS HOME AND MARINE INSURANCE COMPANY
TRAVCO INSURANCE COMPANY

Loss Trend

Total Limits First Party Benefits

Calendar Year Ending	Frequency (per 100 Exposures)		Severity	
	Travelers	ISO Fastrack	Travelers	ISO Fastrack
03/31/2012		1.42		4,148
06/30/2012	1.08	1.42	3,830	4,135
09/30/2012	1.07	1.40	3,838	4,176
12/31/2012	1.04	1.40	3,917	4,137
03/31/2013	1.03	1.40	4,151	4,046
06/30/2013	1.01	1.39	4,365	4,024
09/30/2013	1.00	1.39	4,299	3,997
12/31/2013	1.00	1.37	4,517	4,041
03/31/2014	1.00	1.35	4,423	4,122
06/30/2014	1.00	1.32	4,320	4,182
09/30/2014	0.96	1.30	4,493	4,177
12/31/2014	0.97	1.28	4,445	4,157
03/31/2015	0.94		4,827	
Fitted Annual Trend				
12 point	-4.2%	-3.6%	7.4%	0.1%
8 point	-3.6%	-5.3%	4.0%	2.6%
4 point	-5.8%	-6.9%	13.7%	1.0%
Selected Historical Annual Trend				
	Frequency		Severity	
	-4.0%		4.0%	
Selected Prospective Annual Trend				
	-4.0%		4.0%	

Factors To Adjust Data Based on a 09/18/2015 Effective Date

Experience Period Ending (a)	Historical Trend Period (months) (b)	Factor to Adjust to 09/30/2014 (c)	Prospective Trend Period (months) (d)	Factor to Adjust from 09/30/2014 to 06/18/2016 (e)	Loss Trend Factor (f)
12/31/2012	27	.996	20.6	0.997	.994
12/31/2013	15	.998	20.6	0.997	.995
12/31/2014	3	1.000	20.6	0.997	.997

Notes:

Travelers and ISO Fastrack data are statewide, calendar year, paid losses and ALAE

Fitted Annual Trend is calculated using exponential fits

(b) Duration from the midpoint of each experience period to 09/30/2014, which is the midpoint of the last calendar year of trend data ending 03/31/2015

(c) = [(1 + Historical Frequency Trend) x (1 + Historical Severity Trend)]^{(b) / 12}

(d) Duration from the midpoint of the last calendar year of trend data (09/30/2014) to the average earned date underlying the proposed rates (06/18/2016)

(e) = [(1 + Prospective Frequency Trend) x (1 + Prospective Severity Trend)]^{(d) / 12}

(f) = (c) x (e)

PENNSYLVANIA QUANTUM AUTOMOBILE
THE TRAVELERS HOME AND MARINE INSURANCE COMPANY
TRAVCO INSURANCE COMPANY

Loss Trend

Comprehensive

Calendar Year Ending	Frequency (per 100 Exposures)		Severity	
	Travelers	ISO Fastrack	Travelers	ISO Fastrack
03/31/2012		6.30		1,364
06/30/2012	4.20	5.71	1,208	1,324
09/30/2012	4.00	5.55	1,244	1,313
12/31/2012	3.77	5.30	1,275	1,413
03/31/2013	3.68	5.18	1,306	1,429
06/30/2013	3.72	5.21	1,317	1,434
09/30/2013	3.69	5.04	1,307	1,403
12/31/2013	3.74	5.03	1,287	1,335
03/31/2014	3.78	5.17	1,257	1,343
06/30/2014	3.94	5.94	1,238	1,754
09/30/2014	4.09	6.21	1,222	1,778
12/31/2014	4.12	6.26	1,209	1,798
03/31/2015	4.13		1,247	
Fitted Annual Trend				
12 point	1.5%	1.3%	-0.9%	10.7%
8 point	7.9%	13.9%	-4.4%	17.3%
4 point	5.9%	28.0%	0.5%	42.7%
Selected Historical Annual Trend				
	Frequency		Severity	
	0.0%		0.0%	
Selected Prospective Annual Trend				
	1.0%		0.0%	

Factors To Adjust Data Based on a 09/18/2015 Effective Date

Experience Period Ending	Historical Trend Period (months)	Factor to Adjust to 09/30/2014	Prospective Trend Period (months)	Factor to Adjust from 09/30/2014 to 06/18/2016	Loss Trend Factor
(a)	(b)	(c)	(d)	(e)	(f)
12/31/2012	27	1.000	20.6	1.017	1.017
12/31/2013	15	1.000	20.6	1.017	1.017
12/31/2014	3	1.000	20.6	1.017	1.017

Notes:

Travelers and ISO Fastrack data are statewide, calendar year, paid losses and ALAE, excluding catastrophes

Fitted Annual Trend is calculated using exponential fits

(b) Duration from the midpoint of each experience period to 09/30/2014, which is the midpoint of the last calendar year of trend data ending 03/31/2015

(c) = $[(1 + \text{Historical Frequency Trend}) \times (1 + \text{Historical Severity Trend})]^{(b) / 12}$

(d) Duration from the midpoint of the last calendar year of trend data (09/30/2014) to the average earned date underlying the proposed rates (06/18/2016)

(e) = $[(1 + \text{Prospective Frequency Trend}) \times (1 + \text{Prospective Severity Trend})]^{(d) / 12}$

(f) = (c) x (e)

PENNSYLVANIA QUANTUM AUTOMOBILE
THE TRAVELERS HOME AND MARINE INSURANCE COMPANY
TRAVCO INSURANCE COMPANY

Loss Trend

Collision

Calendar Year Ending	Frequency (per 100 Exposures)		Severity	
	Travelers	ISO Fastrack	Travelers	ISO Fastrack
03/31/2012		6.24		2,722
06/30/2012	4.52	6.24	3,286	2,751
09/30/2012	4.52	6.26	3,295	2,750
12/31/2012	4.46	6.15	3,269	2,748
03/31/2013	4.51	6.25	3,329	2,815
06/30/2013	4.48	6.29	3,388	2,833
09/30/2013	4.41	6.34	3,397	2,842
12/31/2013	4.42	6.43	3,399	2,856
03/31/2014	4.58	6.67	3,328	2,859
06/30/2014	4.57	6.71	3,339	2,835
09/30/2014	4.52	6.71	3,339	2,870
12/31/2014	4.44	6.70	3,363	2,903
03/31/2015	4.27		3,454	
Fitted Annual Trend				
12 point	-0.8%	3.4%	1.2%	2.2%
8 point	-1.1%	5.0%	0.2%	1.3%
4 point	-8.6%	0.6%	4.5%	2.4%
Selected Historical Annual Trend				
	Frequency		Severity	
	-1.0%		1.0%	
Selected Prospective Annual Trend				
	-1.0%		1.0%	

Factors To Adjust Data Based on a 09/18/2015 Effective Date

Experience Period Ending	Historical Trend Period (months)	Factor to Adjust to 09/30/2014	Prospective Trend Period (months)	Factor to Adjust from 09/30/2014 to 06/18/2016	Loss Trend Factor
(a)	(b)	(c)	(d)	(e)	(f)
12/31/2012	27	1.000	20.6	1.000	1.000
12/31/2013	15	1.000	20.6	1.000	1.000
12/31/2014	3	1.000	20.6	1.000	1.000

Notes:

Travelers and ISO Fastrack data are statewide, calendar year, paid losses and ALAE

Fitted Annual Trend is calculated using exponential fits

(b) Duration from the midpoint of each experience period to 09/30/2014, which is the midpoint of the last calendar year of trend data ending 03/31/2015

(c) = $[(1 + \text{Historical Frequency Trend}) \times (1 + \text{Historical Severity Trend})]^{(b) / 12}$

(d) Duration from the midpoint of the last calendar year of trend data (09/30/2014) to the average earned date underlying the proposed rates (06/18/2016)

(e) = $[(1 + \text{Prospective Frequency Trend}) \times (1 + \text{Prospective Severity Trend})]^{(d) / 12}$

(f) = (c) x (e)

PENNSYLVANIA QUANTUM AUTOMOBILE

THE AUTOMOBILE INSURANCE COMPANY OF HARTFORD, CONNECTICUT
 THE CHARTER OAK FIRE INSURANCE COMPANY
 THE PHOENIX INSURANCE COMPANY
 THE STANDARD FIRE INSURANCE COMPANY
 THE TRAVELERS HOME AND MARINE INSURANCE COMPANY
 THE TRAVELERS INDEMNITY COMPANY
 THE TRAVELERS INDEMNITY COMPANY OF AMERICA
 THE TRAVELERS INDEMNITY COMPANY OF CONNECTICUT
 TRAVCO INSURANCE COMPANY
 TRAVELERS CASUALTY COMPANY OF CONNECTICUT
 TRAVELERS COMMERCIAL INSURANCE COMPANY
 TRAVELERS PERSONAL INSURANCE COMPANY
 TRAVELERS PERSONAL SECURITY INSURANCE COMPANY
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 TRAVELERS PROPERTY CASUALTY INSURANCE COMPANY

Loss Development

Total Limits Bodily Injury

Incurred Losses Including ALAE

Accident Year Ending 12/31	Evaluation Month:									
	15	27	39	51	63	75	87	99	111	123
2005	32,905,224	38,928,047	43,247,188	45,285,592	45,817,046	45,623,233	45,679,241	45,774,490	45,770,163	45,740,163
2006	26,487,038	35,520,045	40,473,756	42,142,862	42,561,617	43,025,790	42,990,665	43,004,308	43,007,200	
2007	31,207,294	40,557,267	45,233,704	47,541,875	48,237,445	48,379,981	48,387,376	48,392,953		
2008	29,769,324	37,908,419	43,847,455	45,708,363	45,815,495	45,717,584	45,708,519			
2009	34,461,263	43,862,503	48,907,900	49,554,213	50,191,251	50,222,490				
2010	33,883,398	42,337,978	48,416,030	49,221,648	49,420,816					
2011	34,068,720	42,679,611	49,394,625	49,532,720						
2012	34,487,214	42,440,010	47,029,024							
2013	29,391,925	34,352,480								
2014	22,659,382									

Development Factors

Accident Year Ending 12/31	Development Period:									
	15 to 27	27 to 39	39 to 51	51 to 63	63 to 75	75 to 87	87 to 99	99 to 111	111 to 123	
2005	1.183	1.111	1.047	1.012	0.996	1.001	1.002	1.000	0.999	
2006	1.341	1.139	1.041	1.010	1.011	0.999	1.000	1.000		
2007	1.300	1.115	1.051	1.015	1.003	1.000	1.000			
2008	1.273	1.157	1.042	1.002	0.998	1.000				
2009	1.273	1.115	1.013	1.013	1.001					
2010	1.250	1.144	1.017	1.004						
2011	1.253	1.157	1.003							
2012	1.231	1.108								
2013	1.169									

Average Development Factors

	Development Period:									
	15 to 27	27 to 39	39 to 51	51 to 63	63 to 75	75 to 87	87 to 99	99 to 111	111 to 123	
All yr avg	1.252	1.131	1.031	1.009	1.002	1.000	1.001	1.000	0.999	
All yr avg excluding Hi/Lo	1.252	1.130	1.032	1.010	1.000	1.000	1.000			
5 yr avg	1.235	1.136	1.025	1.009	1.002					
5 yr avg excluding Hi/Lo	1.244	1.138	1.024	1.009	1.000					
4 yr avg	1.225	1.131	1.019	1.008	1.003	1.000				
4 yr avg excluding Hi/Lo	1.240	1.129	1.015	1.008	1.002	1.000				
3 yr avg	1.217	1.136	1.011	1.006	1.000	1.000	1.001			
Selected LDF	1.244	1.138	1.024	1.009	1.000	1.000	1.001	1.000	1.000	
Cumulative LDF	1.466	1.178	1.035	1.010	1.001	1.001	1.001	1.000	1.000	

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Loss Development

Total Limits Uninsured Motorist

Incurred Losses Including ALAE

Accident Year Ending 12/31	Evaluation Month:									
	15	27	39	51	63	75	87	99	111	123
2005	3,253,269	4,571,648	4,822,213	5,093,885	5,297,988	5,325,681	5,325,681	5,287,563	5,285,628	5,438,641
2006	2,355,519	3,360,644	3,536,577	3,688,548	3,654,446	3,709,761	3,762,027	3,727,579	3,726,579	
2007	1,834,473	2,756,624	3,171,511	3,455,643	3,603,205	3,588,045	3,593,490	3,599,151		
2008	2,108,247	3,098,749	3,154,528	3,179,790	3,215,722	3,201,957	3,207,257			
2009	1,715,765	2,501,668	2,839,919	2,903,631	2,892,518	2,827,714				
2010	2,076,049	2,847,278	3,066,009	3,094,589	3,162,374					
2011	1,660,100	2,816,946	3,363,025	3,541,119						
2012	1,538,533	2,279,922	2,214,118							
2013	2,541,529	2,942,012								
2014	1,139,332									

Development Factors

Accident Year Ending 12/31	Development Period:									
	15 to 27	27 to 39	39 to 51	51 to 63	63 to 75	75 to 87	87 to 99	99 to 111	111 to 123	
2005	1.405	1.055	1.056	1.040	1.005	1.000	0.993	1.000	1.029	
2006	1.427	1.052	1.043	0.991	1.015	1.014	0.991	1.000		
2007	1.503	1.151	1.090	1.043	0.996	1.002	1.002			
2008	1.470	1.018	1.008	1.011	0.996	1.002				
2009	1.458	1.135	1.022	0.996	0.978					
2010	1.371	1.077	1.009	1.022						
2011	1.697	1.194	1.053							
2012	1.482	0.971								
2013	1.158									

Average Development Factors

	Development Period:									
	15 to 27	27 to 39	39 to 51	51 to 63	63 to 75	75 to 87	87 to 99	99 to 111	111 to 123	
All yr avg	1.441	1.082	1.040	1.017	0.998	1.004	0.995	1.000	1.029	
All yr avg excluding Hi/Lo	1.445	1.081	1.037	1.017	0.999	1.002	0.993			
5 yr avg	1.433	1.079	1.036	1.013	0.998					
5 yr avg excluding Hi/Lo	1.437	1.077	1.028	1.010	0.999					
4 yr avg	1.427	1.094	1.023	1.018	0.996	1.004				
4 yr avg excluding Hi/Lo	1.427	1.106	1.016	1.017	0.996	1.002				
3 yr avg	1.445	1.081	1.028	1.010	0.990	1.006	0.995			
Selected LDF	1.437	1.077	1.028	1.010	1.000	1.000	1.000	1.000	1.000	
Cumulative LDF	1.607	1.118	1.038	1.010	1.000	1.000	1.000	1.000	1.000	

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Loss Development

Total Limits Underinsured Motorist

Incurred Losses Including ALAE

Accident Year Ending 12/31	Evaluation Month:									
	15	27	39	51	63	75	87	99	111	123
2005	7,078,627	10,730,554	13,382,987	15,412,245	17,133,321	17,419,154	17,478,807	17,514,791	17,680,092	17,622,665
2006	7,277,143	10,365,877	13,551,558	15,631,353	17,563,517	18,898,610	18,976,442	19,563,398	19,588,436	
2007	7,237,473	13,157,124	16,454,736	17,657,587	18,245,932	18,710,612	19,157,118	19,266,129		
2008	8,345,139	13,553,183	16,685,275	18,975,502	19,692,982	19,990,392	20,180,194			
2009	7,435,582	10,837,342	14,024,881	15,249,977	16,408,688	16,606,380				
2010	8,384,062	13,540,859	16,279,441	18,436,782	19,868,718					
2011	7,090,843	12,590,457	15,950,189	16,753,976						
2012	9,877,526	13,364,147	16,391,797							
2013	7,775,897	13,647,348								
2014	6,823,795									

Development Factors

Accident Year Ending 12/31	Development Period:									
	15 to 27	27 to 39	39 to 51	51 to 63	63 to 75	75 to 87	87 to 99	99 to 111	111 to 123	
2005	1.516	1.247	1.152	1.112	1.017	1.003	1.002	1.009	0.997	
2006	1.424	1.307	1.153	1.124	1.076	1.004	1.031	1.001		
2007	1.818	1.251	1.073	1.033	1.025	1.024	1.006			
2008	1.624	1.231	1.137	1.038	1.015	1.009				
2009	1.457	1.294	1.087	1.076	1.012					
2010	1.615	1.202	1.133	1.078						
2011	1.776	1.267	1.050							
2012	1.353	1.227								
2013	1.755									

Average Development Factors

	Development Period:									
	15 to 27	27 to 39	39 to 51	51 to 63	63 to 75	75 to 87	87 to 99	99 to 111	111 to 123	
All yr avg	1.593	1.253	1.112	1.077	1.029	1.010	1.013	1.005	0.997	
All yr avg excluding Hi/Lo	1.595	1.253	1.116	1.076	1.019	1.007	1.006			
5 yr avg	1.591	1.244	1.096	1.070	1.029					
5 yr avg excluding Hi/Lo	1.609	1.241	1.098	1.064	1.019					
4 yr avg	1.625	1.247	1.102	1.056	1.032	1.010				
4 yr avg excluding Hi/Lo	1.685	1.247	1.110	1.057	1.020	1.007				
3 yr avg	1.628	1.232	1.090	1.064	1.018	1.012	1.013			
Selected LDF	1.609	1.241	1.098	1.064	1.019	1.010	1.013	1.005	0.997	
Cumulative LDF	2.438	1.515	1.220	1.112	1.045	1.025	1.015	1.002	0.997	

COUNTRYWIDE AUTOMOBILE

ALL COMPANIES COMBINED

Loss Development

Total Limits Uninsured Motorist

Incurred Losses Including ALAE

Accident Year Ending 12/31	Evaluation Month:									
	15	27	39	51	63	75	87	99	111	123
2005	68,148,929	93,337,352	102,101,765	105,776,207	106,268,754	106,813,554	106,579,083	106,289,045	106,268,502	106,535,155
2006	75,891,895	97,544,577	107,784,249	114,159,738	116,055,036	117,246,408	118,084,599	117,793,910	117,752,192	
2007	77,201,458	105,062,138	119,586,306	127,313,435	130,569,518	131,584,743	132,039,315	133,667,211		
2008	79,788,397	104,659,376	118,840,461	123,718,310	126,875,697	127,972,317	127,984,095			
2009	82,994,475	112,433,602	128,718,716	133,492,717	137,059,619	138,546,476				
2010	87,872,203	122,608,869	140,957,199	149,470,482	151,731,990					
2011	96,868,325	135,620,609	157,302,855	165,573,069						
2012	99,341,758	136,194,677	151,436,872							
2013	82,780,622	107,618,698								
2014	57,820,420									

Development Factors

Accident Year Ending 12/31	Development Period:									
	15 to 27	27 to 39	39 to 51	51 to 63	63 to 75	75 to 87	87 to 99	99 to 111	111 to 123	
2005	1.370	1.094	1.036	1.005	1.005	0.998	0.997	1.000	1.003	
2006	1.285	1.105	1.059	1.017	1.010	1.007	0.998	1.000		
2007	1.361	1.138	1.065	1.026	1.008	1.003	1.012			
2008	1.312	1.135	1.041	1.026	1.009	1.000				
2009	1.355	1.145	1.037	1.027	1.011					
2010	1.395	1.150	1.060	1.015						
2011	1.400	1.160	1.053							
2012	1.371	1.112								
2013	1.300									

Average Development Factors

	Development Period:									
	15 to 27	27 to 39	39 to 51	51 to 63	63 to 75	75 to 87	87 to 99	99 to 111	111 to 123	
All yr avg	1.350	1.130	1.050	1.019	1.009	1.002	1.002	1.000	1.003	
All yr avg excluding Hi/Lo	1.352	1.131	1.050	1.021	1.009	1.002	0.998			
5 yr avg	1.364	1.140	1.051	1.022	1.009					
5 yr avg excluding Hi/Lo	1.374	1.143	1.051	1.023	1.009					
4 yr avg	1.367	1.142	1.048	1.023	1.009	1.002				
4 yr avg excluding Hi/Lo	1.383	1.147	1.047	1.026	1.009	1.002				
3 yr avg	1.357	1.140	1.050	1.022	1.009	1.004	1.002			
Selected LDF	1.374	1.143	1.051	1.023	1.009	1.002	1.002	1.000	1.000	
Cumulative LDF	15 to Ult.	27 to Ult.	39 to Ult.	51 to Ult.	63 to Ult.	75 to Ult.	87 to Ult.	99 to Ult.	111 to Ult.	
	1.711	1.245	1.089	1.036	1.013	1.004	1.002	1.000	1.000	

COUNTRYWIDE AUTOMOBILE

ALL COMPANIES COMBINED

Loss Development

Total Limits Underinsured Motorist

Incurred Losses Including ALAE

Accident Year Ending 12/31	Evaluation Month:									
	15	27	39	51	63	75	87	99	111	123
2005	15,645,288	21,649,168	26,050,110	28,853,263	30,788,727	31,992,141	32,712,495	32,837,969	32,515,426	32,411,628
2006	14,641,373	19,773,330	24,684,653	27,888,998	31,194,714	33,367,073	33,437,928	34,190,602	34,209,122	
2007	17,448,549	27,676,432	32,700,259	35,203,652	36,500,180	37,443,851	38,130,225	38,419,565		
2008	15,354,485	25,569,976	32,362,313	35,982,795	37,666,628	38,182,826	38,078,999			
2009	17,508,073	24,745,156	31,652,752	33,865,501	35,720,462	35,758,673				
2010	18,555,585	27,253,909	33,371,326	37,154,535	38,605,432					
2011	16,817,776	28,358,608	35,630,821	38,689,170						
2012	20,836,171	30,422,100	36,588,906							
2013	15,854,971	25,816,400								
2014	13,249,835									

Development Factors

Accident Year Ending 12/31	Development Period:									
	15 to 27	27 to 39	39 to 51	51 to 63	63 to 75	75 to 87	87 to 99	99 to 111	111 to 123	
2005	1.384	1.203	1.108	1.067	1.039	1.023	1.004	0.990	0.997	
2006	1.351	1.248	1.130	1.119	1.070	1.002	1.023	1.001		
2007	1.586	1.182	1.077	1.037	1.026	1.018	1.008			
2008	1.665	1.266	1.112	1.047	1.014	0.997				
2009	1.413	1.279	1.070	1.055	1.001					
2010	1.469	1.224	1.113	1.039						
2011	1.686	1.256	1.086							
2012	1.460	1.203								
2013	1.628									

Average Development Factors

	Development Period:									
	15 to 27	27 to 39	39 to 51	51 to 63	63 to 75	75 to 87	87 to 99	99 to 111	111 to 123	
All yr avg	1.516	1.233	1.099	1.061	1.030	1.010	1.011	0.995	0.997	
All yr avg excluding Hi/Lo	1.515	1.233	1.099	1.052	1.026	1.010	1.008			
5 yr avg	1.531	1.246	1.092	1.059	1.030					
5 yr avg excluding Hi/Lo	1.519	1.249	1.091	1.047	1.026					
4 yr avg	1.561	1.241	1.095	1.044	1.028	1.010				
4 yr avg excluding Hi/Lo	1.549	1.240	1.099	1.043	1.020	1.010				
3 yr avg	1.592	1.228	1.090	1.047	1.014	1.006	1.011			
Selected LDF	1.519	1.249	1.091	1.047	1.026	1.010	1.011	0.995	0.997	
Cumulative LDF	15 to Ult.	27 to Ult.	39 to Ult.	51 to Ult.	63 to Ult.	75 to Ult.	87 to Ult.	99 to Ult.	111 to Ult.	
	2.254	1.484	1.188	1.089	1.040	1.014	1.003	0.992	0.997	

PENNSYLVANIA QUANTUM AUTOMOBILE

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Loss Development
Credibility Weighted Loss Development

Total Limits Uninsured Motorist

Accident Year Ending	State Claims	
<u>12/31</u> 2012	<u>67</u>	
2013	43	
<u>2014</u>	<u>26</u>	<u>Credibility</u>
Total	136	35%

Cumulative Loss Development Factors

	<u>15 to Ult.</u>	<u>27 to Ult.</u>	<u>39 to Ult.</u>	<u>51 to Ult.</u>	<u>63 to Ult.</u>	<u>75 to Ult.</u>	<u>87 to Ult.</u>	<u>99 to Ult.</u>	<u>111 to Ult.</u>
Statewide	1.607	1.118	1.038	1.010	1.000	1.000	1.000	1.000	1.000
Countrywide	1.711	1.245	1.089	1.036	1.013	1.004	1.002	1.000	1.000
Credibility Weighted	1.674	1.201	1.071	1.027	1.008	1.003	1.001	1.000	1.000

Notes:

State claims are from the companies in the statewide Loss Development exhibit
 Credibility is based on total state claims
 Statewide Cumulative Loss Development Factors (CLDFs) are from Exhibit 6 Page 4
 Countrywide CLDFs are from Exhibit 6 Page 8 and are based on data from all companies combined
 Credibility Weighted CLDF = (Statewide CLDF) x (Credibility) + (Countrywide CLDF) x (1.0 - Credibility)

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Loss Development
Credibility Weighted Loss Development

Total Limits Underinsured Motorist

Accident Year Ending	State Claims	
<u>12/31</u> 2012	151	
2013	126	
<u>2014</u>	<u>65</u>	<u>Credibility</u>
Total	342	55%

Cumulative Loss Development Factors

	<u>15 to Ult.</u>	<u>27 to Ult.</u>	<u>39 to Ult.</u>	<u>51 to Ult.</u>	<u>63 to Ult.</u>	<u>75 to Ult.</u>	<u>87 to Ult.</u>	<u>99 to Ult.</u>	<u>111 to Ult.</u>
Statewide	2.438	1.515	1.220	1.112	1.045	1.025	1.015	1.002	0.997
Countrywide	2.254	1.484	1.188	1.089	1.040	1.014	1.003	0.992	0.997
Credibility Weighted	2.355	1.501	1.206	1.101	1.043	1.020	1.010	0.998	0.997

Notes:

State claims are from the companies in the statewide Loss Development exhibit
 Credibility is based on total state claims
 Statewide Cumulative Loss Development Factors (CLDFs) are from Exhibit 6 Page 5
 Countrywide CLDFs are from Exhibit 6 Page 9 and are based on data from all companies combined
 Credibility Weighted CLDF = (Statewide CLDF) x (Credibility) + (Countrywide CLDF) x (1.0 - Credibility)

PENNSYLVANIA QUANTUM AUTOMOBILE

ALL COMPANIES COMBINED

Unallocated Loss Adjustment Expense FactorLiability

<u>Calendar Year</u>	<u>Paid ULAE</u> (1)	<u>Paid Losses & ALAE</u> (2)	<u>ULAE Factor</u> (3) = 1.0 + (1) / (2)
2011	\$223,688,106	\$1,487,629,652	1.150
2012	\$220,904,129	\$1,541,194,438	1.143
2013	\$202,954,613	\$1,463,024,454	1.139
Mean			1.144
Selected			1.144

Physical Damage

<u>Calendar Year</u>	<u>Paid ULAE</u> (1)	<u>Paid Losses & ALAE</u> (2)	<u>ULAE Factor</u> (3) = 1.0 + (1) / (2)
2011	\$162,057,737	\$844,971,868	1.192
2012	\$166,533,614	\$844,270,116	1.197
2013	\$154,228,139	\$674,503,850	1.229
Mean			1.206
Selected			1.206

Notes:

Countrywide data, on a Net basis

Liability includes Bodily Injury, Property Damage, First Party Benefits
Uninsured Motorist, and Underinsured Motorist coverages

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**Excess Wind and Water
 Derivation of Excess Wind and Water Factor**

Comprehensive

Accident Year Ending 12/31	Total Losses (1)	Wind/Water Losses (2)	Total Excluding Wind/Water Losses (3) = (1) - (2)	Wind/Water Ratio (4) = (2) / (3)	Excess Wind/Water Ratio (5) = (4) - Avg(4)	Excess Wind/Water Losses (6) = (5) x (3)
2005	12,766,613	1,024,183	11,742,430	0.087	0.000	0
2006	14,541,340	1,629,400	12,911,940	0.126	0.000	0
2007	17,254,863	3,057,693	14,197,170	0.215	0.000	0
2008	16,974,863	1,808,260	15,166,603	0.119	0.000	0
2009	15,872,952	1,816,508	14,056,444	0.129	0.000	0
2010	20,241,481	4,370,543	15,870,938	0.275	0.000	0
2011	26,685,274	8,910,878	17,774,396	0.501	0.219	3,897,621
2012	21,322,749	4,672,879	16,649,870	0.281	0.000	0
2013	16,956,039	1,514,566	15,441,473	0.098	0.000	0
2014	29,540,119	14,679,394	14,860,725	0.988	0.706	10,487,936
Average				0.282	0.093	
(7)	Excess Wind/Water Factor = 1.0 + Avg(5) / [1.0 + Avg (4) - Avg (5)]					1.078

Notes:

All losses are Comprehensive and include ALAE

PENNSYLVANIA QUANTUM AUTOMOBILE
THE TRAVELERS HOME AND MARINE INSURANCE COMPANY
TRAVCO INSURANCE COMPANY

**Excess Wind and Water
Derivation of Excess Wind and Water Losses**

Comprehensive

Accident Year Ending 12/31	Total Losses	Wind/Water Losses	Total Excluding Wind/Water Losses	Excess Wind/Water Ratio	Excess Wind/Water Losses
	(1)	(2)	(3) = (1) - (2)	(4)	(5) = (3) x (4)
2012	17,087,608	3,660,773	13,426,835	0.000	0
2013	13,805,037	1,197,234	12,607,803	0.000	0
2014	23,112,456	10,992,079	12,120,377	0.706	8,553,939

Notes:

All losses are Comprehensive and include ALAE
(4) See Exhibit 8 Page 1, Column (5)

PENNSYLVANIA QUANTUM AUTOMOBILE
 THE TRAVELERS HOME AND MARINE INSURANCE COMPANY
 TRAVCO INSURANCE COMPANY

Expenses and Permissible Loss & LAE Ratios

	<u>Liability</u>	<u>Physical Damage</u>
<u>Fixed Expense</u>		
(1) Other Acquisition and General Expenses	12.3%	13.5%
(2) Installment Fees	-1.2%	-1.2%
(3) Total Fixed Expenses = (1) + (2)	11.1%	12.3%
<u>Variable Expense</u>		
(4) Commissions	12.2%	12.2%
(5) Taxes, Licenses and Fees	2.4%	2.3%
(6) Total Variable Expense = (4) + (5)	14.6%	14.5%
(7) Profit Margin	8.9%	14.5%
(8) Permissible Loss, LAE and Fixed Expense Ratio = 100% - (6) - (7)	76.5%	71.0%
(9) Permissible Loss & LAE Ratio = 100% - (3) - (6) - (7)	65.4%	58.8%

PENNSYLVANIA QUANTUM AUTOMOBILE

THE TRAVELERS HOME AND MARINE INSURANCE COMPANY
TRAVCO INSURANCE COMPANY

Calculation of Underwriting Profit
Summary Exhibit

	<u>Liability</u>	<u>Physical Damage</u>
A. <u>Direct Earned Premium</u>	141,647,702	94,062,939
B. <u>Funds Available for Investment from Unearned Premium Reserve</u>		
1. Direct Mean Unearned Premium Reserve (see Page 2)	48,485,021	32,121,719
2. Deduction for Federal Taxes (see Page 2)	(159,737)	56,508
3. Deduction for Prepaid Expenses (see Page 2)	10,079,373	6,810,103
4. Deduction for Delayed Remission of Premium (see Page 3)	23,688,328	15,893,991
5. Net Available for Investment = B1 - B2 - B3 - B4	14,877,057	9,361,116
C. <u>Funds Available for Investment from Loss & LAE Reserve</u>		
1. Expected Mean Loss & LAE Reserve (see Page 3)	118,216,615	880,516
2. Deduction for Federal Taxes (see Page 4)	(206,584)	8,875
3. Net Available for Investment = C1 - C2	118,423,199	871,641
D. <u>Policyholder Surplus</u> (see Page 5)	122,110,000	81,089,000
E. <u>Net Available for Investment</u> = B5 + C3 + D	255,410,256	91,321,757
F. <u>Average Rate of Return</u> (see Page 5)	4.4%	4.4%
G. <u>Projected Investment Earnings</u> = E x F	11,238,051	4,018,157
H. <u>Before Tax Return (% of EP)</u> = G / A	7.9%	4.3%
I. <u>Federal Income Tax Provision</u> (see Page 5)	18.9%	18.9%
J. <u>After-Tax Return (% of EP)</u> = H x (100% - I)	6.4%	3.5%
K. <u>Target After-Tax Total Return (% of EP)</u> (see Page 5)	12.9%	12.9%
L. <u>Target After-Tax Underwriting Profit (% of EP)</u> = K - J	6.5%	9.4%
M. <u>Target Before-Tax Underwriting Profit (% of EP)</u> = L / 0.65	10.0%	14.5%
N. <u>Selected Target Before-Tax Underwriting Profit</u>	8.9%	14.5%

The Target After-Tax Total Return on earned premium from underwriting and investment activities is 12.9%.

Since the after-tax return on liability earned premium from investment earnings is 6.4%, the difference of 6.5% is the projected after-tax underwriting profit. Assuming a tax rate of 35%, the before-tax underwriting profit is 10.0% as a percent of earned premium.

Since the after-tax return on physical damage earned premium from investment earnings is 3.5%, the difference of 9.4% is the projected after-tax underwriting profit. Assuming a tax rate of 35%, the before-tax underwriting profit is 14.5% as a percent of earned premium.

Notes:

A. Direct Earned Premium: State data, Page 14, Column 2, for 2013

PENNSYLVANIA QUANTUM AUTOMOBILE
THE TRAVELERS HOME AND MARINE INSURANCE COMPANY
TRAVCO INSURANCE COMPANY

**Calculation of Underwriting Profit
Explanatory Notes**

B. Funds Available for Investment from Unearned Premium Reserve

	<u>Liability</u>	<u>Physical Damage</u>
1. Direct Mean Unearned Premium Reserve		
(a) Direct unearned premium reserve as of 12/31/2012	49,625,997	31,718,091
(b) Direct unearned premium reserve as of 12/31/2013	47,344,045	32,525,347
(c) Direct mean unearned premium reserve = (a + b) / 2	48,485,021	32,121,719

2. Deduction for Federal Taxes: The Internal Revenue Code allows only 80% of the change in unearned premium reserve as a deduction. The limitation of the deduction is accomplished through an adjustment to statutory income whereby 20% of the unearned premium reserve change is added to statutory income for tax purposes.

$$\text{Deduction} = 0.35 \times 0.20 \times (\text{B1(b)} - \text{B1(a)})$$

		<u>Liability</u>	<u>Physical Damage</u>
Liability	$0.35 \times 0.20 \times (47,344,045 - 49,625,997) =$	(159,737)	
Physical Damage	$0.35 \times 0.20 \times (32,525,347 - 31,718,091) =$		56,508

3. Deduction for Prepaid Expenses: Production costs and a large part of the other company expenses in connection with the writing and handling of insurance policies, exclusive of claim adjustment expenses, are incurred when the policy is written and before the premium is paid. The deduction for these expenses is determined by use of the provisions for expenses used in our ratemaking procedures.

	<u>Liability</u>	<u>Physical Damage</u>
(a) Commissions	12.20%	12.20%
(b) Taxes, Licenses, and Fees	2.43%	2.26%
(c) 50% of Other Acquisition	2.20%	2.39%
(d) 50% of General	3.96%	4.35%
(e) Total (% of premium)	20.79%	21.20%
(f) Deduction = B1(c) x B3(e)		
Liability	$48,485,021 \times 20.79\% =$	10,079,373
Physical Damage	$32,121,719 \times 21.20\% =$	6,810,103

Notes:

(Data for year 2013 unless noted otherwise)

B1(a,b) State data, Page 14, Column 4

B3(a) $[(\text{Base Commission}) + (3\text{-Year Average Supplemental Commission})] / (\text{State data, Page 14, Column 1})$
Commissions are state data from the financial database that reconciles to Page 14

B3(b) $(\text{State data, Page 14, Column 12}) / (\text{State data, Page 14, Column 1})$

B3(c) Countrywide data from the financial database that reconciles to IEE, Part III, Column 27

B3(d) Countrywide data from the financial database that reconciles to IEE, Part III, Column 29

PENNSYLVANIA QUANTUM AUTOMOBILE

THE TRAVELERS HOME AND MARINE INSURANCE COMPANY
TRAVCO INSURANCE COMPANY

Calculation of Underwriting Profit
Explanatory Notes

B. Funds Available for Investment from Unearned Premium Reserve (continued)

4. Deduction for Delayed Remission of Premium: The ratio used for the Average Uncollected Balance is the countrywide agents' balances in the course of collection as a percentage of mean unearned premium reserve. This ratio is multiplied by the state mean unearned premium reserve to determine the deduction.

<u>Liability</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>Average</u>
(a) Direct Agents' Balances	371,072,782	356,908,206	330,912,099	
(b) Direct Mean Unearned Premium Reserve	718,151,366	734,884,371	714,190,427	
(c) Average Uncollected Balance Ratio = a / b	51.7%	48.6%	46.3%	48.9%
(d) Deduction = B1(c) x B4(c) <small>Average</small>	48,485,021 x 48.9% =		23,688,328	

<u>Physical Damage</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>Average</u>
(a) Direct Agents' Balances	204,741,536	198,320,572	191,460,916	
(b) Direct Mean Unearned Premium Reserve	393,403,578	403,849,926	404,862,040	
(c) Average Uncollected Balance Ratio = a / b	52.0%	49.1%	47.3%	49.5%
(d) Deduction = B1(c) x B4(c) <small>Average</small>	32,121,719 x 49.5% =		15,893,991	

C. Funds Available for Investment from Loss & LAE Reserve

This is determined by multiplying the expected Incurred Loss & LAE by the Mean Loss & LAE Reserve Ratio and deducting for Federal Taxes payable on loss reserves.

1. Expected Mean Loss & LAE Reserve

<u>Liability</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>Average</u>
(a) Net Paid Loss & LAE	1,711,317,758	1,762,098,567	1,665,979,067	
(b) Net Loss & LAE Reserve as of end of prior year	2,157,782,201	2,174,799,288	2,120,641,753	
(c) Net Loss & LAE Reserve as of end of year	2,174,799,288	2,120,641,753	2,024,883,293	
(d) Net Incurred Loss & LAE = a + c - b	1,728,334,845	1,707,941,032	1,570,220,607	
(e) Net Mean Loss & LAE Reserve = (b + c) / 2	2,166,290,745	2,147,720,521	2,072,762,523	
(f) Reserve Ratio = e / d	1.2534	1.2575	1.3200	1.2770
(g) Permissible Loss & LAE Ratio (see Exhibit 9)			65.36%	
(h) Expected Mean Loss & LAE Reserve = A x C1(g) x C1(f) <small>Average</small>	141,647,702 x 65.36% x 1.2770 =		118,216,615	

<u>Physical Damage</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>Average</u>
(a) Net Paid Loss & LAE	1,007,029,605	1,010,803,730	828,731,989	
(b) Net Loss & LAE Reserve as of end of prior year	15,210,952	15,330,911	14,949,136	
(c) Net Loss & LAE Reserve as of end of year	15,330,911	14,949,136	14,274,102	
(d) Net Incurred Loss & LAE = a + c - b	1,007,149,564	1,010,421,955	828,056,955	
(e) Net Mean Loss & LAE Reserve = (b + c) / 2	15,270,932	15,140,024	14,611,619	
(f) Reserve Ratio = e / d	0.0152	0.0150	0.0176	0.0159
(g) Permissible Loss & LAE Ratio (see Exhibit 9)			58.76%	
(h) Expected Mean Loss & LAE Reserve = A x C1(g) x C1(f) <small>Average</small>	94,062,939 x 58.76% x 0.0159 =		880,516	

Notes:

B4(a) Countrywide data from the financial database that reconciles to IEE, Part III, Column 21

B4(b) Countrywide data from the financial database that reconciles to IEE, Part III, Column 19

C1(a,b,c) Countrywide data from the financial database that reconciles to IEE, Part II

PENNSYLVANIA QUANTUM AUTOMOBILE
THE TRAVELERS HOME AND MARINE INSURANCE COMPANY
TRAVCO INSURANCE COMPANY

Calculation of Underwriting Profit
Explanatory Notes

C. **Funds Available for Investment from Loss & LAE Reserve (continued)**

2. Deduction for Federal Taxes Payable on Loss Reserves

Liability

<u>Year of Loss</u>	<u>Statutory Reserves (Undiscounted)</u>		<u>Tax Reserves (Discounted)</u>	
	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>
2002 & Prior	247,020,248	208,259,964	239,526,013	201,990,724
2003	3,096,443	1,080,554	2,848,068	1,021,568
2004	3,175,901	1,642,727	2,879,831	1,523,023
2005	6,554,476	3,717,353	5,980,000	3,396,524
2006	9,859,654	5,890,952	9,083,309	5,423,999
2007	22,149,071	10,575,385	20,545,438	9,788,535
2008	44,841,128	18,519,903	41,723,824	17,151,140
2009	112,882,860	45,159,944	105,879,565	42,019,788
2010	249,638,482	106,648,263	235,694,498	100,407,915
2011	471,554,363	249,059,641	446,804,088	236,338,634
2012	944,776,182	479,670,055	904,835,375	458,318,814
2013		870,583,806		842,687,146
Total	2,115,548,807	2,000,808,547	2,015,800,010	1,920,067,811
			<u>2012</u>	<u>2013</u>
(a) Ratio of Total Tax to Total Statutory Reserves			0.9528	0.9596
(b) Pennsylvania Liability Loss & ALAE Reserve as of 12/31/2012 x (ULAE Factor)				114,753,750
100,309,222 x 1.144 =				
(c) Pennsylvania Liability Loss & ALAE Reserve as of 12/31/2013 x (ULAE Factor)				119,458,821
104,422,046 x 1.144 =				
(d) Deduction = 0.35 x [c - (b) - (c x a ₂₀₁₃) + (b x a ₂₀₁₂)]				(206,584)
0.35 x [119,458,821 - (114,753,750) - (119,458,821 x 0.9596) + (114,753,750 x 0.9528)] =				

Physical Damage

<u>Year of Loss</u>	<u>Statutory Reserves (Undiscounted)</u>		<u>Tax Reserves (Discounted)</u>	
	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>
2010 & Prior	61,771,153	38,655,929	60,390,856	37,829,525
2011	14,225,160	21,199,379	13,739,398	20,841,873
2012	73,140,546	36,942,253	72,587,717	35,908,240
2013		88,174,920		87,552,217
Total	149,136,858	184,972,481	146,717,971	182,131,854
			<u>2012</u>	<u>2013</u>
(a) Ratio of Total Tax to Total Statutory Reserves			0.9838	0.9846
(b) Pennsylvania Physical Damage Loss & ALAE Reserve as of 12/31/2012 x (ULAE Factor)				771,862
640,019 x 1.206 =				
(c) Pennsylvania Physical Damage Loss & ALAE Reserve as of 12/31/2013 x (ULAE Factor)				2,458,560
2,038,607 x 1.206 =				
(d) Deduction = 0.35 x [c - (b) - (c x a ₂₀₁₃) + (b x a ₂₀₁₂)]				8,875
0.35 x [2,458,560 - (771,862) - (2,458,560 x 0.9846) + (771,862 x 0.9838)] =				

Notes:

C2(a) 2013 Federal Tax Return supporting documentation, Countrywide data
C2(b,c) State data, Page 14, Column 7 and Column 10

PENNSYLVANIA QUANTUM AUTOMOBILE

THE TRAVELERS HOME AND MARINE INSURANCE COMPANY
TRAVCO INSURANCE COMPANY

Calculation of Underwriting Profit
Explanatory Notes

D. Policyholder Surplus

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>Average</u>
(a) Year End Property Casualty Policyholder Surplus	18,586,650,960	19,317,409,143	20,405,302,698	
(b) Direct Written Premium	22,206,993,630	22,695,957,856	22,842,941,159	
(c) Premium to Surplus Ratio = b / a	1.19	1.17	1.12	1.16
(d) Direct Earned Premium (see Page 1, Item A)				
		Liability	141,647,702	
		Physical Damage	94,062,939	
(e) Allocated Policyholder Surplus = d / c Average				
		Liability	122,110,000	
		Physical Damage	81,089,000	

F. Average Rate of Return

The average rate of return is based on the three-year average ratio of net investment earnings to invested assets.

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>Average</u>
(a) Net Investment Income	2,749,874,457	2,737,689,177	2,592,307,499	
(b) Net Realized Capital Gains	13,192,798	59,550,223	170,108,375	
(c) Invested Assets	62,801,070,216	63,331,666,728	64,136,293,702	
(d) Average Rate of Return = (a + b) / c	4.4%	4.4%	4.3%	4.4%

I. Federal Income Tax Provision

Detailed below is the calculation of the Federal Income Tax rate on Net Investment Income earned for Travelers Property Casualty Corporation. (Dollars are in thousands)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>Average</u>
(a) Net Investment Income (NII)	2,749,874	2,737,689	2,592,308	
(b) Dividends from Affiliates	0	0	(5,132)	
(c) Tax Exempt Interest (TEI)	(1,486,899)	(1,404,197)	(1,336,485)	
(d) 70% Dividends Received Deduction (DRD)	(9,336)	(10,008)	(10,439)	
(e) 42% DRD	(1,845)	(1,833)	(1,675)	
(f) 15% Proration Adj. on TEI and DRD = 0.15 x (c + d + e)	224,491	211,541	202,172	
(g) Other Adjustments	(23,134)	(31,573)	(38,036)	
(h) Taxable NII = a + b + c + d + e + f + g	1,453,151	1,501,619	1,402,713	
(i) Tax on NII = h x 0.35	508,603	525,567	490,950	
(j) Federal Income Tax Rate on NII = i / a	18.5%	19.2%	18.9%	18.9%

K. Target After-Tax Total Return

	<u>2013</u>
(a) Target Return on Equity	15.0%
(b) Target Return on Earned Premium = K(a) / D(c) Average	12.9%

Notes:

D(a) Consolidated Annual Statement, Page 3, Line 37

D(b) Consolidated Annual Statement, Page 8, Line 35, Column 1

F(a) Consolidated Annual Statement, Page 4, Line 9

F(b) Consolidated Annual Statement, Page 4, Line 10

F(c) Mean of current year and prior year:

[(Consolidated Annual Statement, Page 2, Line 12, Column 3) - (Consolidated Annual Statement Page 2, Line 5 (cash))]

I(a) Consolidated Annual Statement, Page 4, Line 9

I(b,c,d,e,f,g) Federal Income Tax Provision

PENNSYLVANIA QUANTUM AUTOMOBILE

THE TRAVELERS HOME AND MARINE INSURANCE COMPANY
 TRAVCO INSURANCE COMPANY

Revision to Base Rates by Coverage

Current Rates

BASE RATES AND TERRITORY

BASE RATE BY COVERAGE											
	BI	PD	CSL BI	CSL PD	COLL	COMP	MP	FPB/AFP	EX MP	UM BI STACKED	UIM BI STACKED
BASE LIMIT	15/30	5000	35	35			500	QB	W		
RATE	110.25	90.60	136.92	99.29	135.57	160.60	1.00	96.00	130.47	10.49	24.99

Proposed Rates

BASE RATES AND TERRITORY

BASE RATE BY COVERAGE											
	BI	PD	CSL BI	CSL PD	COLL	COMP	MP	FPB/AFP	EX MP	UM BI STACKED	UIM BI STACKED
BASE LIMIT	15/30	5000	35	35			500	QB	W		
RATE	110.25	96.03	136.92	99.29	138.96	160.60	1.00	102.72	130.47	10.49	26.74

PENNSYLVANIA QUANTUM AUTOMOBILE
 THE TRAVELERS HOME AND MARINE INSURANCE COMPANY
 TRAVCO INSURANCE COMPANY

Introduction of Minimum Coverage Premium Table

Proposed

MINIMUM COVERAGE PREMIUMS							
VEHICLE TYPE	POLICY TERM	BI	PD	CSL BI/PD	COLL	COMP	ALL OTHER
PP & PU*	06 MONTHS	\$25.00	\$15.00	\$40.00	\$15.00	\$15.00	\$1.00
	12 MONTHS	\$50.00	\$30.00	\$80.00	\$30.00	\$30.00	\$1.00
All Other	06 MONTHS	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
	12 MONTHS	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00

* Private Passenger and Pick Up type vehicles (including Antiques and Classics).

PENNSYLVANIA QUANTUM AUTOMOBILE
 THE TRAVELERS HOME AND MARINE INSURANCE COMPANY
 TRAVCO INSURANCE COMPANY

Revision to Rule 11 - Minimum Premium Rule

11. MINIMUM PREMIUM RULE

A. ~~The~~ minimum charge ~~applies to~~for each coverage ~~is \$1~~ for the policy period. Refer to the table in the Non-Driver Variables section of the Rate Pages to determine the minimum premium for each applicable coverage. Any pro-rata adjustment to the minimum coverage premium will not result in a premium of less than \$1 for the policy period.

EXCEPTION:

Extended Non-Owned Liability coverage minimum premiums for the period of coverage are:

Bodily Injury	Property Damage	Single Limit	Medical Payments
\$3	\$1	\$3	\$1 (per named individual)

B. The minimum premium charge for each policy is \$25. The minimum premium charge for each policy is not subject to the pro-rata adjustment.

~~C. Minimum premiums noted in A. and B. are not subject to pro-rata adjustment.~~

PENNSYLVANIA QUANTUM AUTOMOBILE

THE TRAVELERS HOME AND MARINE INSURANCE COMPANY
TRAVCO INSURANCE COMPANY

Revision to Rule 2 - Eligibility

2. ELIGIBILITY

This program is closed for new business. Continue to use this rating plan to renew and rewrite in-force policies.

A. Personal Auto Policy

1. A Personal Auto Policy shall be used to afford coverage to private passenger autos and motor vehicles considered as private passenger autos in Rule 1. if:
 - a. They are written on a specified auto basis, and
 - b. They are owned by an individual or by a husband and wife who are residents in the same household, or
 - c. They are owned by two or more relatives other than husband and wife, or two or more resident individuals.
2. A Personal Auto Policy shall be used to afford coverage to motor homes and golf carts or other similar type vehicles if:
 - a. They are written on a specified vehicle basis,
 - b. They are owned by an individual, by a husband and wife who are residents of the same household, or by two or more resident relatives, and
 - c. Coverage is limited in accordance with the Miscellaneous Type Vehicle endorsement.
3. A Personal Auto Policy shall be used to afford coverage to a named individual who does not own an auto. The Named Non-Owner Coverage endorsement must be attached.
4. Every motor vehicle and trailer designed for use with a motor vehicle, which is required to be registered in Pennsylvania and is rated in accordance with this manual shall be afforded the Liability and First Party Benefits Coverage as prescribed in the Pennsylvania Motor Vehicle Financial Responsibility Law.

The term "motor vehicle" shall include trailers and vehicles that are required to be registered and require First Party Benefits coverage.

The term "motor vehicle" shall not include vehicles such as:

1. Motorcycles, Mopeds and similar two and three wheel vehicles. (If written these vehicle types require Pedestrian First Party Benefits Coverage. This coverage is not currently offered and these type vehicles will not be written at this time)
2. Go-carts and similar vehicles
3. Recreational vehicles not intended for high-way use
 - a. Snowmobiles,
 - b. All-terrain vehicles
 - c. Golf carts,
 - d. Non-registered dune buggies.

B. Personal Auto Rating Plan (Rules 3 through 9)

1. Rules for determination: determine the rating plan criteria using the following:
 - a. Operators: all, excluding operators insured elsewhere.
 - b. Vehicles: private passenger vehicles and pick-ups, including antiques and classics.
 - c. Coverages: Bodily Injury, Property Damage, Single Limit Liability, Basic First Party Benefits, Increased First Party Benefits, Extraordinary Medical Benefit, Medical Payments, Comprehensive and Collision Coverages.
 - d. Policies: all
2. Rules for application: apply the rating plan to the following:
 - a. Vehicles: all.
 - b. Coverages: Bodily Injury, Property Damage, Single Limit Liability, Basic First Party Benefits, Added First Party Benefits, Extraordinary Medical Benefit, Medical Payments, Comprehensive and Collision Coverages.
 - c. Policies: all

PENNSYLVANIA QUANTUM AUTOMOBILE
THE TRAVELERS HOME AND MARINE INSURANCE COMPANY
TRAVCO INSURANCE COMPANY

Revision to Rule 14 - Cancellation

14. CANCELATION RULE

All cancellations shall be computed on a pro-rata basis, subject to ~~the Rule 11. Minimum P~~remium.