

SOLVING THE PROBLEM OF FOREIGN EXCHANGE IN INSURANCE

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Biography:

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Abstract:

The insurance industry is becoming more international in its scope, with many companies now doing business in more than one country. This paper explains how to adjust accounting records so that Calendar period underwriting results are stated more accurately. It also explains how to maintain and adjust reserving and pricing data so that it is possible to do a more accurate analysis.

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The most important thing to remember when dealing with business from different countries is you have to find a way of eliminating distortions due to currency conversion. This applies to pricing analysis, reserve analysis, as well as any calendar period accounting reports.

Accounting

In December 1981 the Financial Accounting Standards Board passed rule #52, which replaced rule #8. FASB 8 required all business to be converted to U.S. Dollars. FASB 52 allows each company to choose the currency in which it will report. Thus, one way to avoid currency reporting problems is to set up a separate company in each country, however, this is not very practical unless you are only writing business in one or two countries.

For companies writing business in several currencies, the following method can be used to avoid currency conversion distortions in calendar period underwriting results. This method assumes that exchange rate movement between currencies is due to outside sources that have nothing to do with the intrinsic value of the premiums and losses in original currency. For countries subject to Hyperinflation, this assumption is not accurate, and this special case will be dealt with later.

First, all premium and loss transactions must be maintained in original currency.

Second, and most important, investments must be maintained in original currency such that assets and liabilities are matched for each currency. This requires actuarial input because the IBNR must also be set up in original currency.

Once this is done, a calculation must be made to determine the impact of exchange rate movement on the Unearned Premium Reserve, the Outstanding Loss and Loss Adjustment Expense Reserve including IBNR, and the various original Currency investments. Exhibits I and II show the calendar month results for one currency before and after the foreign exchange adjustments. In both exhibits, Written Premium, closing UEPR, Paid Losses, closing Outstanding Losses, expenses, investment income, and closing invested assets are converted at month end exchange rates, while opening UEPR, opening Outstanding Losses, and opening invested assets are converted at the previous month end exchange rates. Conversion at these different rates is required by FASB 52 in order to properly state the balance sheet at each point in time. Obviously, the opening reserve for one period has to be the same as the closing reserve for the previous period. Therefore, the opening and closing reserves during any calendar period will be at different exchange rates.

Exhibit I shows the results in U.S. Dollars for a currency that strengthens 25% in one month. Currency rates usually do not move more than a few percent in any month, but certain major currencies, such as the British Pound and the Japanese Yen have had extraordinary short term movements. As you can see, the underwriting and investment results are

dramatically different in U.S. Dollars than in original currency, although the combined underwriting and investment result is unaffected as long as the assets are maintained in currency.

Exhibit II shows the results for the same time period, but with Foreign Exchange adjustments so that underwriting and investment results are stated more accurately in U.S. Dollars. The premium and loss adjustments are made to written premium and paid losses, and are calculated as follows:

Opening UEPR at closing rates	\$625
Opening UEPR at opening rates	<u>\$500</u>
Written Premium Adjustment	\$125
Opening Reserve at opening rates	\$1000
Opening Reserve at closing rates	<u>\$1250</u>
Paid Loss Adjustment	(\$250)

By making these adjustments to premiums and losses, we now get underwriting results in U.S. Dollars equivalent to the original currency results. Obviously, any adjustment to the underwriting results must have an equal adjustment in the opposite direction elsewhere. This adjustment is the Unrealized Foreign Exchange Adjustment on the investment line. This adjustment will exactly offset the increase in value of invested assets as long as assets and liabilities are matched in currency.

Reserving

As in Accounting, it is very important to maintain Premium and Loss statistics in original currency when doing reserve analysis. It is also most accurate to do a separate analysis for each country since legal systems, claim reporting, and claim settlement practices vary dramatically from country to country. Let us demonstrate the importance of this by taking the example of business written in a Canadian Branch of a U.S. company. This branch writes Primary General Liability business for Canadian companies with operations in Canada, Great Britain and The United States.

Exhibit III shows the prevailing exchange rates in effect over the last eleven years as a factor to U.S. Dollars. Exhibits IV through IX show hypothetical accident year paid and incurred development triangles for the Canadian, Great Britain, and United States portions of the business written by this branch. The development patterns are not designed to represent actual results, but they are indicative of the general patterns in the different countries. By looking at each countries results separately, it is relatively easy to arrive at a reasonable reserve estimate.

Exhibits X through XIII show the Canadian and Great Britain paid and incurred triangles converted to U.S. Dollars at Financial rates. Financial rates simply means calendar year premiums, payments and reserves are converted at the rates in effect that calendar year. As a result the

cumulative payments for each accident year end up with payments converted at many different exchange rates, and the outstandings are converted at a different exchange rate at each development point. This is the usual way currency transactions are handled, and it is obvious from these triangles how distorted the analysis can be.

Exhibits XIV and XV show the composite paid and incurred triangles for the three countries combined with all data converted at Financial rates. The inherent distortions in the development patterns make it almost impossible to arrive at a reasonable estimate of the reserve need.

Exhibits XVI through XIX show the Canadian and Great Britain paid and incurred triangles converted to U.S. Dollars using the 1990 exchange rates. By using only the most recent rates, the triangles give a true picture of the development patterns.

Exhibits XX and XXI show the composite paid and incurred triangles with all data converted to U.S. Dollars at 1990 exchange rates. By doing this, it is now possible to arrive at a reasonable estimate of the overall reserve need. This method generally works very well, and can be used in place of analysis by currency. However, it does have two drawbacks. You cannot tell what the exact IBNR need is by currency, and a change in the distribution of business by currency or a variation in loss ratio by currency can result in a distortion of the composite development factors. These drawbacks are usually not significant enough to matter since you can usually make a reasonable estimate of the IBNR need by currency, and it usually takes a major shift in the loss ratio or

distribution by currency to significantly distort the development patterns. Therefore, the method of converting the entire triangle to U.S. Dollars based on the most recent set of exchange rates is usually the most practical method to use for reserve analysis. The actual IBNR need by currency is then estimated for balance sheet purposes. This method can be expanded to include any number of countries or currencies, but it is still best to do the analysis country by country as long as the data is credible.

Pricing

The pricing of individual accounts or of entire portfolios can also have major distortions due to exchange rate differences. In this case the distortion results from the premiums being converted at different rates than the losses. If we look at Exhibits XV and XXI again, we see how distorted the loss ratio can be when financial rates are used compared to when only one rate is used. In this example, we assume the actual loss ratio is 80% in currency as shown on Exhibit XXI. Exhibit XV shows loss ratios ranging from 70% to 94% when financial rates are used. Here again, by converting the data at the current set of exchange rates, we are able to do proper profitability and pricing analysis.

Hyperinflation

Currencies subject to hyperinflation are the exception to the above rules. In this case, it is actually more accurate to analyze the business in U.S. Dollars converted at financial rates, and to keep assets and

liabilities in U.S. Dollars. The reason for this is that the exchange rate movement is primarily due to the inflation rate. Therefore, by doing analysis using financial rates, we basically eliminate the hyperinflation from the analysis. By the same token, it is virtually impossible to hold an adequate reserve in a currency subject to hyperinflation. By holding the reserve in U.S. Dollars and the assets in U.S. Dollars you again eliminate the hyperinflation from your balance sheet.

In conclusion, it is actually very simple to solve the problem of foreign exchange, however it does require that all data be maintained in original currency. This may not be easy for many companies, but it is the most accurate way to handle the problem.

Calendar Month Results Before Adjustments

	<u>Original Currency</u>	<u>Exchange Rate</u>	<u>US Dollar Equivalent</u>
Written Premium	1,000	1.25	1,250
Opening UEPR	500	1.00	500
Closing UEPR	500	1.25	625
Earned Premium	1,000		1,125
Paid Loss & LAE	700	1.25	875
Opening Reserve	1,000	1.00	1,000
Closing Reserve	1,000	1.25	1,250
Incurred Losses	700		1,125
Expenses	250	1.25	312.5
Profit/(Loss)	50		(312.5)
Loss Ratio	70%		100%
Expense Ratio	25%		25%
Combined Ratio	95%		125%
Opening Invested Assets	1,500	1.00	1,500
Closing Invested Assets	1,500	1.25	1,875
Investment Income @10%	12	1.25	15
Unrealized Foreign			
Exchange In Invested Assets	0		375
Total Profit/(Loss)	62		77.5

Calendar Month Results After Adjustments

	<u>Original Currency</u>	<u>Exchange Rate</u>	<u>US Dollar Equivalent</u>
Written Premium	1,000	1.25	1,250
Opening UEPR	500	1.00	500
Closing UEPR	500	1.25	625
Foreign Exchange Written Prem.	0		125
Earned Premium	1,000		1,250
Paid Loss & LAE	700	1.25	875
Opening Reserve	1,000	1.00	1,000
Closing Reserve	1,000	1.25	1,250
Foreign Exchange Paid Loss	0		(250)
Incurred Losses	700		875
Expenses	250	1.25	312.5
Profit/(Loss)	50		62.5
Loss Ratio	70%		70%
Expense Ratio	25%		25%
Combined Ratio	95%		95%
Opening Invested Assets	1,500	1.00	1,500
Closing Invested Assets	1,500	1.25	1,875
Investment Income @10%	12	1.25	15
Unrealized Foreign Exchange In Invested Assets	0		375
Unrealized For. Exch. Adjustment	0		(375)
Total Profit/(Loss)	62		77.5

Historical Exchange Rates

<u>Years</u>	<u>Canadian Dollar as a Factor to U.S. Dollar</u>	<u>British Pound as a Factor to U.S. Dollar</u>
1980	0.8380	2.3900
1981	0.8432	1.9100
1982	0.8098	1.6225
1983	0.8033	1.4520
1984	0.7568	1.1565
1985	0.7151	1.4457
1986	0.7244	1.4806
1987	0.7645	1.8305
1988	0.8414	1.8482
1989	0.8595	1.5710
1990	0.8580	1.9415

Primary General Liability Canada

Exhibit IV

(In Thousands of Canadian Dollars)

Cumulative Net Indemnity Paid

Acc Year	@12	@24	@36	@48	@60	@72	@84	@96	@108	@120	@132	Ultimate		Net Earned Premium	Ultimate Loss Ratio
												Factor	Ultimate		
1980	186	1,399	2,797	4,196	5,128	6,061	6,620	7,273	7,832	8,205	8,578	1.087	9,324	11,655	80.0%
1981	205	1,638	3,077	4,615	5,641	6,667	7,282	8,000	8,615	9,026		1.136	10,256	12,821	80.0%
1982	226	1,892	3,365	5,077	6,205	7,333	8,010	8,800	9,477			1.190	11,282	14,103	80.0%
1983	248	1,862	3,723	5,585	6,828	8,067	8,811	9,680				1.282	12,410	15,513	80.0%
1984	273	2,048	4,095	6,143	7,508	8,873	9,692					1.408	13,651	17,064	80.0%
1985	300	2,252	4,505	6,757	8,259	9,761						1.538	15,016	18,770	80.0%
1986	330	2,478	4,955	7,433	9,085							1.818	16,518	20,648	80.0%
1987	383	2,725	5,451	8,176								2.222	18,170	22,712	80.0%
1988	400	2,988	5,996									3.333	19,987	24,984	80.0%
1989	440	3,288										6.667	21,966	27,482	80.0%
1990	484											50.000	24,184	30,230	80.0%

Loss Development Factors

Acc Year	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	
1980	7.500	2.000	1.500	1.222	1.182	1.092	1.099	1.077	1.048	1.046	
1981	7.500	2.000	1.500	1.222	1.182	1.092	1.099	1.077	1.048		
1982	7.500	2.000	1.500	1.222	1.182	1.092	1.099	1.077			
1983	7.500	2.000	1.500	1.222	1.182	1.092	1.099				
1984	7.500	2.000	1.500	1.222	1.182	1.092					
1985	7.500	2.000	1.500	1.222	1.182						
1986	7.500	2.000	1.500	1.222							
1987	7.500	2.000	1.500								
1988	7.500	2.000									
1989	7.500										
Selected											
7.500	2.000	1.500	1.222	1.182	1.092	1.099	1.077	1.048	1.045	1.087	
Cumulative	50.000	6.667	3.333	2.222	1.818	1.538	1.408	1.282	1.190	1.136	1.087

Primary General Liability Canada

Exhibit V

(In Thousands of Canadian Dollars)

Cumulative Net Indemnity Incurred

Acc Year	@ 12	@ 24	@ 36	@ 48	@ 60	@ 72	@ 84	@ 96	@ 108	@ 120	@ 132	Ultimate	Net	Ultimate	
												Factor	Earned Premium	Loss Ratio	
1980	2,960	5,828	8,600	7,459	8,112	8,476	8,876	9,100	9,184	9,277	9,324	1,000	9,324	11,655	80.0%
1981	3,256	6,410	7,326	8,205	8,923	9,323	9,764	10,010	10,103	10,205		1,005	10,256	12,821	80.0%
1982	3,582	7,051	8,059	9,026	9,815	10,256	10,741	11,011	11,113			1,015	11,282	14,103	80.0%
1983	3,940	7,756	8,855	9,928	10,797	11,281	11,815	12,112				1,025	12,410	15,513	80.0%
1984	4,334	8,532	9,751	10,921	11,877	12,409	12,998					1,050	13,651	17,064	80.0%
1985	4,768	9,385	10,726	12,013	13,064	13,650						1,100	15,018	18,770	80.0%
1986	5,244	10,324	11,799	13,214	14,371							1,149	16,518	20,648	80.0%
1987	5,769	11,359	12,979	14,539								1,260	18,170	22,712	80.0%
1988	6,346	12,492	14,277									1,400	19,987	24,984	80.0%
1989	6,980	13,741										1,600	21,988	27,482	80.0%
1990	7,678											3,150	24,184	30,230	80.0%

Loss Development Factors

Acc Year	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132
1980	1.969	1.143	1.120	1.088	1.045	1.047	1.025	1.009	1.010	1.005
1981	1.969	1.143	1.120	1.088	1.045	1.047	1.025	1.009	1.010	
1982	1.969	1.143	1.120	1.088	1.045	1.047	1.025	1.009		
1983	1.969	1.143	1.120	1.088	1.045	1.047	1.025			
1984	1.969	1.143	1.120	1.088	1.045	1.047				
1985	1.969	1.143	1.120	1.088	1.045					
1986	1.969	1.143	1.120	1.088						
1987	1.969	1.143	1.120							
1988	1.969	1.143								
1989	1.969									
Selected	1.969	1.143	1.120	1.088	1.045	1.047	1.025	1.009	1.010	1.005
Cumulative	3.150	1.600	1.400	1.250	1.149	1.100	1.050	1.025	1.015	1.005

Primary General Liability Great Britain

(In Thousands of British Pounds)

Exhibit VI

Cumulative Net Indemnity Paid

Acc Year	@12	@24	@36	@48	@60	@72	@84	@96	@108	@120	@132	Ultimate Factor	Ultimate	Net Earned Premium	Ultimate Loss Ratio
1980	52	464	824	1,133	1,442	1,566	1,689	1,772	1,854	1,916	1,978	1.042	2,060	2,575	80.0%
1981	57	510	906	1,246	1,586	1,722	1,858	1,949	2,039	2,107		1.075	2,266	2,833	80.0%
1982	62	561	997	1,371	1,745	1,894	2,044	2,144	2,243			1.111	2,493	3,116	80.0%
1983	69	617	1,097	1,508	1,919	2,084	2,248	2,358				1.163	2,742	3,427	80.0%
1984	75	679	1,206	1,659	2,111	2,292	2,473					1.220	3,016	3,770	80.0%
1985	83	746	1,327	1,825	2,322	2,521						1.316	3,318	4,147	80.0%
1986	91	821	1,460	2,007	2,655							1.429	3,849	4,562	80.0%
1987	100	903	1,606	2,208								1.618	4,014	5,018	80.0%
1988	110	994	1,766									2.500	4,416	5,520	80.0%
1989	121	1,093										4.444	4,857	6,072	80.0%
1990	134											40.000	5,343	6,679	80.0%

Loss Development Factors

Acc Year	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132
1980	9.000	1.778	1.375	1.273	1.086	1.079	1.049	1.047	1.033	1.032
1981	9.000	1.778	1.375	1.273	1.086	1.079	1.049	1.047	1.033	
1982	9.000	1.778	1.376	1.273	1.086	1.079	1.049	1.047		
1983	9.000	1.778	1.375	1.273	1.086	1.079	1.049			
1984	9.000	1.778	1.375	1.273	1.086	1.079				
1985	9.000	1.778	1.375	1.273	1.086					
1986	9.000	1.778	1.375	1.273						
1987	9.000	1.778	1.375							
1988	9.000	1.778								
1989	9.000									
Selected	9.000	1.778	1.375	1.273	1.086	1.079	1.049	1.047	1.033	1.032
Cumulative	40.000	4.444	2.500	1.818	1.429	1.316	1.220	1.163	1.111	1.075

Primary General Liability Great Britain

Exhibit VII

(In Thousands of British Pounds)

Cumulative Net Indemnity Incurred

Acc Year	@12	@24	@36	@48	@60	@72	@84	@96	@108	@120	@132	Ultimate		Net Earned Premium	Ultimate Loss Ratio
												Factor	Ultimate		
1980	981	1,648	1,792	1,873	1,961	2,011	2,039	2,060	2,060	2,060	2,060	1.000	2,060	2,575	80.0%
1981	1,079	1,813	1,971	2,060	2,157	2,212	2,243	2,266	2,266	2,266	2,266	1.000	2,266	2,833	80.0%
1982	1,186	1,994	2,160	2,266	2,373	2,433	2,468	2,493	2,493			1.000	2,493	3,116	80.0%
1983	1,305	2,193	2,385	2,492	2,610	2,676	2,714	2,742				1.000	2,742	3,427	80.0%
1984	1,436	2,413	2,624	2,742	2,871	2,944	2,986					1.010	3,016	3,770	80.0%
1985	1,579	2,654	2,886	3,016	3,158	3,238						1.025	3,318	4,147	80.0%
1986	1,737	2,920	3,175	3,317	3,474							1.050	3,649	4,582	80.0%
1987	1,911	3,211	3,492	3,649								1.100	4,014	5,018	80.0%
1988	2,102	3,533	3,842									1.149	4,416	5,520	80.0%
1989	2,312	3,888										1.250	4,857	6,072	80.0%
1990	2,543											2.101	5,343	6,679	80.0%

Loss Development Factors

Acc Year	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132
1980	1.681	1.088	1.045	1.047	1.025	1.014	1.010	1.000	1.000	1.000
1981	1.681	1.088	1.045	1.047	1.025	1.014	1.010	1.000	1.000	
1982	1.681	1.088	1.045	1.047	1.025	1.014	1.010	1.000		
1983	1.681	1.088	1.045	1.047	1.025	1.014	1.010			
1984	1.681	1.088	1.045	1.047	1.025	1.014				
1985	1.681	1.088	1.045	1.047	1.025					
1986	1.681	1.088	1.045	1.047						
1987	1.681	1.088	1.045							
1988	1.681	1.088								
1989	1.681									
Selected	1.681	1.088	1.045	1.047	1.025	1.014	1.010	1.000	1.000	1.000
Cumulative	2.101	1.250	1.149	1.100	1.050	1.025	1.010	1.000	1.000	1.000

Primary General Liability United States

Exhibit VIII

(In Thousands of US Dollars)

Cumulative Net Indemnity Paid

Acc Year	@12	@24	@36	@48	@60	@72	@84	@96	@108	@120	@132	Ultimate		Net Earned Premium	Ultimate Loss Ratio	
												Factor	Ultimate			
1980	80	520	960	1,400	1,920	2,400	2,720	3,000	3,200	3,380			1.138	4,000	5,000	80.0%
1981	88	572	1,056	1,540	2,112	2,640	2,992	3,300	3,520	3,696			1.190	4,400	5,500	80.0%
1982	97	629	1,162	1,694	2,323	2,904	3,291	3,630	3,872				1.250	4,840	6,050	80.0%
1983	105	692	1,278	1,863	2,556	3,194	3,620	3,993					1.333	5,324	6,655	80.0%
1984	117	761	1,406	2,050	2,811	3,514	3,982						1.471	5,858	7,321	80.0%
1985	129	837	1,546	2,256	3,092	3,865							1.667	6,442	8,053	80.0%
1986	142	921	1,701	2,480	3,401								2.083	7,086	8,858	80.0%
1987	156	1,013	1,871	2,728									2.857	7,795	9,744	80.0%
1988	171	1,115	2,058										4.167	8,574	10,718	80.0%
1989	189	1,226											7.692	9,432	11,790	80.0%
1990	207												50.000	10,375	12,969	80.0%

Loss Development Factors

Acc Year	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132
1980	6.500	1.846	1.458	1.371	1.250	1.133	1.103	1.067	1.050	1.048
1981	6.500	1.846	1.458	1.371	1.250	1.133	1.103	1.067	1.050	
1982	6.500	1.846	1.458	1.371	1.250	1.133	1.103	1.067		
1983	6.500	1.846	1.458	1.371	1.250	1.133	1.103			
1984	6.500	1.846	1.458	1.371	1.250	1.133				
1985	6.500	1.846	1.458	1.371	1.250					
1986	6.500	1.846	1.458	1.371						
1987	6.500	1.846	1.458							
1988	6.500	1.846								
1989	6.500									
Selected	6.500	1.846	1.458	1.371	1.250	1.133	1.103	1.067	1.050	1.048
Cumulative	50.000	7.692	4.167	2.857	2.083	1.667	1.471	1.333	1.250	1.190

Primary General Liability United States

Exhibit IX

(In Thousands of US Dollars)

Cumulative Net Indemnity Incurred

Acc Year	@12	@24	@36	@48	@60	@72	@84	@96	@108	@120	@132	Ultimate		Net Earned Premium	Ultimate Loss Ratio
												Factor	Ultimate		
1980	800	1,778	2,968	3,078	3,332	3,556	3,838	3,720	3,808	3,904	3,940	1.015	4,000	5,000	80.0%
1981	880	1,954	2,935	3,384	3,685	3,912	4,000	4,092	4,189	4,294		1.025	4,400	5,500	80.0%
1982	968	2,149	3,228	3,722	4,032	4,303	4,400	4,501	4,608			1.050	4,840	6,050	80.0%
1983	1,065	2,384	3,551	4,094	4,435	4,733	4,840	4,951				1.075	5,324	6,655	80.0%
1984	1,171	2,600	3,906	4,504	4,878	5,206	5,323					1.100	5,856	7,321	80.0%
1985	1,288	2,860	4,297	4,954	5,366	5,727						1.125	6,442	8,053	80.0%
1986	1,417	3,148	4,727	5,440	5,903							1.200	7,088	8,858	80.0%
1987	1,559	3,481	5,190	5,904								1.300	7,795	9,744	80.0%
1988	1,715	3,807	5,719									1.499	8,574	10,718	80.0%
1989	1,888	4,188										2.252	9,432	11,790	80.0%
1990	2,075											5.000	10,375	12,969	80.0%

Loss Development Factors

Acc Year	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	
1980	2.220	1.502	1.153	1.083	1.067	1.023	1.023	1.024	1.025	1.009	
1981	2.220	1.502	1.153	1.083	1.067	1.023	1.023	1.024	1.025		
1982	2.220	1.502	1.153	1.083	1.067	1.023	1.023	1.024			
1983	2.220	1.502	1.153	1.083	1.067	1.023	1.023				
1984	2.220	1.502	1.153	1.083	1.067	1.023					
1985	2.220	1.502	1.153	1.083	1.067						
1986	2.220	1.502	1.153	1.083							
1987	2.220	1.502	1.153								
1988	2.220	1.502									
1989	2.220										
Selected	2.220	1.502	1.153	1.083	1.067	1.022	1.023	1.024	1.025	1.009	1.015
Cumulative	5.000	2.252	1.499	1.300	1.200	1.125	1.100	1.075	1.050	1.025	1.015

Primary General Liability Canada

(In Thousands of US Dollars)

Exhibit X

Financial Exchange Rate

Cumulative Net Indemnity Paid

Acc Year	@12	@24	@36	@48	@60	@72	@84	@96	@108	@120	@132	Ultimate Factor	Ultimate	Net Earned Premium	Ultimate Loss Ratio
1980	156	1,178	2,311	3,434	4,140	4,807	5,212	5,711	6,182	6,502	6,822	1.094	7,464	9,767	76.4%
1981	173	1,253	2,489	3,653	4,366	5,129	5,600	6,204	6,733	7,085		1.148	8,130	10,810	75.2%
1982	183	1,361	2,642	3,862	4,669	5,532	6,101	6,780	7,361			1.207	8,886	11,420	77.8%
1983	199	1,420	2,752	4,100	5,049	6,093	6,733	7,478				1.310	9,796	12,461	78.8%
1984	207	1,476	2,969	4,524	5,673	6,846	7,549					1.454	10,978	12,914	85.0%
1985	215	1,629	3,351	5,246	6,537	7,825						1.604	12,550	13,423	93.5%
1986	239	1,881	3,966	6,095	7,513							1.925	14,458	14,957	96.7%
1987	278	2,265	4,608	6,946								2.396	16,643	17,364	95.9%
1988	336	2,570	5,142									3.654	18,788	21,021	89.4%
1989	378	2,830										7.454	21,096	23,621	89.3%
1990	415											57.396	23,819	25,937	91.8%

Loss Development Factors

Acc Year	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132
1980	7.540	1.961	1.466	1.206	1.161	1.084	1.096	1.082	1.052	1.049
1981	7.243	1.987	1.468	1.201	1.169	1.092	1.108	1.085	1.052	
1982	7.448	1.941	1.458	1.212	1.185	1.103	1.111	1.086		
1983	7.124	1.937	1.490	1.231	1.207	1.105	1.111			
1984	7.142	2.005	1.529	1.254	1.207	1.103				
1985	7.585	2.057	1.566	1.246	1.197					
1986	7.880	2.108	1.537	1.233						
1987	8.154	2.034	1.508							
1988	7.640	2.001								
1989	7.489									
Selected	7.700	2.040	1.525	1.245	1.200	1.103	1.110	1.085	1.052	1.049
Cumulative	57.396	7.454	3.654	2.396	1.925	1.604	1.454	1.310	1.207	1.148

Primary General Liability Canada

Exhibit XI

(In Thousands of US Dollars)

Financial Exchange Rate

Cumulative Net Indemnity Incurred

Acc Year	@12	@24	@36	@48	@60	@72	@84	@96	@108	@120	@132	Ultimate		Net	Ultimate
												Factor	Ultimate	Earned Premium	Loss Ratio
1980	2,481	4,913	5,439	6,056	6,398	6,534	6,847	7,108	7,319	7,424	7,462	1,000	7,462	9,767	76.4%
1981	2,748	5,198	5,902	6,370	6,733	7,054	7,497	7,896	8,011	8,097		1,005	8,137	10,810	75.3%
1982	2,901	5,666	6,179	6,676	7,284	7,765	8,398	8,881	8,784			1,017	8,914	11,420	78.1%
1983	3,165	5,882	6,428	7,247	8,085	8,797	9,314	9,565				1,032	9,874	12,481	79.2%
1984	3,280	6,113	7,056	8,177	9,349	9,885	10,384					1,068	11,094	12,914	85.9%
1985	3,409	6,796	8,107	9,668	10,667	11,162						1,133	12,642	13,423	94.2%
1986	3,799	7,879	9,724	11,064	12,048							1,189	14,327	14,957	95.8%
1987	4,410	9,527	11,078	12,403								1,308	16,224	17,364	93.4%
1988	5,339	10,729	12,247									1,485	18,182	21,021	86.5%
1989	6,000	11,790										1,730	20,393	23,621	86.3%
1990	6,588											3,485	22,961	25,937	88.5%

Loss Development Factors

Acc Year	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132
1980	1.980	1.107	1.113	1.057	1.021	1.048	1.038	1.030	1.014	1.005
1981	1.893	1.138	1.079	1.057	1.048	1.063	1.053	1.015	1.011	
1982	1.953	1.091	1.080	1.091	1.068	1.082	1.034	1.010		
1983	1.858	1.093	1.127	1.116	1.088	1.059	1.027			
1984	1.864	1.154	1.159	1.143	1.057	1.050				
1985	1.993	1.193	1.193	1.103	1.046					
1986	2.074	1.234	1.138	1.089						
1987	2.160	1.183	1.120							
1988	2.010	1.141								
1989	1.965									
Selected										
	2.015	1.165	1.135	1.100	1.050	1.060	1.035	1.015	1.012	1.005
Cumulative										
	3.485	1.730	1.485	1.308	1.189	1.133	1.068	1.032	1.017	1.005

**Primary General Liability
Great Britain**
(In Thousands of US Dollars)

Exhibit XII

Financial Exchange Rate

Cumulative Net Indemnity Paid

Acc Year	@12	@24	@36	@48	@60	@72	@84	@96	@108	@120	@132	Ultimate	Ultimate	Net	Ultimate
												Factor	Premium	Earned	Loss
														Premium	Ratio
1980	123	910	1,495	1,944	2,301	2,480	2,863	2,814	2,966	3,063	3,183	1.050	3,343	6,155	54.3%
1981	108	844	1,420	1,813	2,304	2,506	2,755	2,922	3,064	3,196		1.091	3,487	6,411	64.4%
1982	101	825	1,390	1,870	2,424	2,598	2,974	3,131	3,325			1.132	3,795	5,058	74.5%
1983	100	734	1,428	2,037	2,790	3,094	3,352	3,565				1.195	4,259	4,977	85.6%
1984	87	959	1,741	2,569	3,406	3,690	4,041					1.285	5,113	4,381	117.3%
1985	120	1,103	2,166	3,085	3,867	4,254						1.383	5,883	5,999	98.1%
1986	135	1,471	2,652	3,512	4,575							1.517	6,940	6,755	102.7%
1987	184	1,668	2,772	3,941								1.967	7,832	9,187	85.3%
1988	204	1,592	3,092									2.832	8,757	10,203	85.8%
1989	191	2,077										5.366	11,147	9,540	116.8%
1990	259											50.980	13,224	12,969	102.0%

Loss Development Factors

Acc Year	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132
1980	7.393	1.643	1.300	1.184	1.078	1.074	1.057	1.054	1.033	1.039
1981	7.796	1.683	1.277	1.271	1.067	1.099	1.061	1.049	1.043	
1982	8.159	1.612	1.407	1.296	1.113	1.103	1.053	1.062		
1983	7.372	1.945	1.427	1.370	1.109	1.084	1.064			
1984	11.001	1.815	1.476	1.326	1.084	1.095				
1985	9.193	1.964	1.425	1.253	1.100					
1986	10.891	1.802	1.324	1.303						
1987	9.077	1.662	1.422							
1988	7.800	1.943								
1989	10.887									
Selected										
	9.500	1.895	1.425	1.310	1.097	1.093	1.059	1.055	1.038	1.039
Cumulative	50.980	5.366	2.832	1.967	1.517	1.383	1.265	1.195	1.132	1.091
										1.050

Primary General Liability
Great Britain

Exhibit XIII

(In Thousands of US Dollars)

Financial Exchange Rate

Cumulative Net Indemnity Incurred

Acc Year	@12	@24	@36	@48	@60	@72	@84	@96	@108	@120	@132	Ultimate	Net	Ultimate	
												Factor	Earned	Loss	
													Premium	Ratio	
1980	2,344	3,173	3,066	3,018	2,902	3,124	3,182	3,342	3,347	3,290	3,343	1,000	3,343	6,155	54.3%
1981	2,061	2,958	2,966	2,754	3,130	3,230	3,480	3,508	3,421	3,505		1,016	3,561	5,411	65.8%
1982	1,925	2,907	2,885	3,164	3,354	3,684	3,758	3,879	3,809			1,016	3,870	5,056	76.5%
1983	1,895	2,558	3,291	3,494	4,055	4,189	4,085	4,311				1,016	4,380	4,977	88.0%
1984	1,661	3,467	3,840	4,552	4,811	4,714	5,037					1,041	5,246	4,361	120.3%
1985	2,283	3,928	5,020	5,287	5,181	5,648						1,074	6,062	5,996	101.1%
1986	2,572	5,313	5,823	5,571	6,361							1,131	7,192	6,765	106.5%
1987	3,496	5,935	5,736	6,740								1,210	8,153	9,187	88.7%
1988	3,888	5,581	7,123									1,331	9,478	10,203	92.9%
1989	3,633	7,501										1,530	11,479	9,540	120.3%
1990	4,939											2,793	13,793	12,969	106.4%

Loss Development Factors

Acc Year	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132
	1980	1.354	0.986	0.984	0.962	1.076	1.019	1.050	1.002	0.983
1981	1.436	1.003	0.928	1.137	1.032	1.071	1.014	0.975	1.026	
1982	1.510	0.924	1.179	1.060	1.098	1.020	0.979	1.035		
1983	1.349	1.287	1.082	1.160	1.033	0.975	1.055			
1984	2.088	1.108	1.185	1.057	0.980	1.069				
1985	1.720	1.278	1.053	0.980	1.090					
1986	2.065	1.096	0.967	1.142						
1987	1.696	0.967	1.175							
1988	1.437	1.276								
1989	2.065									
Selected	1.825	1.150	1.100	1.070	1.053	1.031	1.025	1.000	1.000	1.016
Cumulative	2.793	1.530	1.331	1.210	1.131	1.074	1.041	1.016	1.016	1.016

Primary General Liability
United States, Canada, & Great Britain Combined
(In Thousands of US Dollars)

Exhibit XIV

Financial Exchange Rate

Cumulative Net Indemnity Paid

Acc Year												Ultimate		Net	Ultimate
	@12	@24	@36	@48	@60	@72	@84	@96	@108	@120	@132	Factor	Ultimate	Earned Premium	Loss Ratio
1980	359	2,609	4,766	6,778	8,381	9,887	10,595	11,825	12,348	12,826	13,526	1.090	14,743	20,922	70.5%
1981	389	2,668	4,964	7,008	8,803	10,275	11,348	12,428	13,317	13,877		1.140	15,938	21,721	73.4%
1982	381	2,815	5,133	7,418	9,416	11,133	12,367	13,541	14,557			1.198	17,411	22,526	77.3%
1983	405	2,848	5,457	8,000	10,394	12,381	13,708	15,037				1.283	19,297	24,094	80.1%
1984	411	3,196	6,108	8,144	11,890	14,050	15,573					1.405	21,884	24,595	89.0%
1985	484	3,569	7,063	10,588	13,498	15,944						1.557	24,825	27,472	90.4%
1986	518	4,274	8,318	12,088	15,489							1.843	28,554	30,570	93.4%
1987	617	4,947	9,250	13,618								2.378	32,354	38,294	89.1%
1988	712	5,278	10,292									3.512	36,147	41,942	86.2%
1989	757	6,134										6.796	41,684	44,951	92.7%
1990	882											54.027	47,648	51,875	91.8%

Loss Development Factors

Acc Year	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132
1980	7.258	1.827	1.422	1.234	1.159	1.094	1.088	1.071	1.047	1.046
1981	7.228	1.860	1.411	1.257	1.167	1.104	1.095	1.072	1.050	
1982	7.396	1.823	1.445	1.270	1.182	1.111	1.095	1.075		
1983	7.021	1.917	1.468	1.299	1.191	1.107	1.097			
1984	7.778	1.910	1.498	1.300	1.182	1.108				
1985	7.699	1.979	1.499	1.275	1.181					
1986	8.280	1.947	1.453	1.281						
1987	8.011	1.870	1.472							
1988	7.411	1.951								
1989	8.099									
Selected										
7.950	1.935	1.478	1.289	1.184	1.108	1.095	1.073	1.049	1.046	1.090
Cumulative										
54.027	6.796	3.512	2.378	1.843	1.557	1.405	1.283	1.196	1.140	1.090

Primary General Liability
United States, Canada, & Great Britain Combined

Exhibit XV

(In Thousands of US Dollars)

Financial Exchange Rate

Cumulative Net Indemnity Incurred

Acc Year	@12	@24	@36	@48	@60	@72	@84	@96	@108	@120	@132	Ultimate Factor	Ultimate	Net	
														Earned Premium	Ultimate Loss Ratio
1980	5,825	9,862	11,174	12,150	12,832	13,213	13,664	14,170	14,474	14,818	14,746	1,000	14,746	20,922	70.5%
1981	5,886	10,110	11,803	12,507	13,528	14,196	14,957	15,496	15,820	15,896	1,009	16,039	21,721	73.8%	
1982	5,794	10,721	12,092	13,562	14,670	15,762	16,556	16,881	17,181	1,023	17,578	22,526	78.0%		
1983	6,125	10,803	13,270	14,836	16,574	17,719	18,239	18,827	1,039	19,571	24,094	81.2%			
1984	6,112	12,180	14,803	17,233	19,038	19,805	20,744	1,072	22,232	24,595	90.4%				
1985	8,881	13,584	17,424	19,909	21,214	22,535	1,118	25,189	27,472	91.7%					
1986	7,789	16,339	20,273	22,084	24,312	1,182	28,725	30,570	94.0%						
1987	9,468	18,923	22,014	25,137	1,288	32,372	36,294	89.2%							
1988	10,940	20,118	25,088	1,455	36,510	41,942	87.0%								
1989	11,519	23,479	1,797	42,198	44,951	93.8%									
1990	13,602	3,586	48,770	51,875	94.0%										

Loss Development Factors

Acc Year	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	
1980	1.753	1.133	1.087	1.040	1.046	1.034	1.037	1.022	1.010	1.009	
1981	1.778	1.188	1.060	1.082	1.049	1.054	1.036	1.008	1.018		
1982	1.850	1.128	1.122	1.082	1.074	1.051	1.019	1.019			
1983	1.764	1.228	1.118	1.117	1.069	1.029	1.032				
1984	1.993	1.215	1.164	1.105	1.040	1.047					
1985	1.946	1.283	1.143	1.066	1.082						
1986	2.098	1.241	1.089	1.101							
1987	1.999	1.163	1.142								
1988	1.839	1.247									
1989	2.036										
Selected	1.996	1.235	1.130	1.090	1.057	1.043	1.031	1.018	1.014	1.009	1.000
Cumulative	3.586	1.797	1.455	1.288	1.182	1.118	1.072	1.039	1.023	1.009	1.000

Primary General Liability Canada

(In Thousands of US Dollars)

Exhibit XVI

November 1990 Exchange Rate

Cumulative Net Indemnity Paid

Acc Year	@12	@24	@36	@48	@60	@72	@84	@96	@108	@120	@132	Ultimate		Net Earned Premium	Ultimate Loss Ratio
												Factor	Ultimate		
1980	160	1,200	2,400	3,600	4,400	5,200	5,680	6,240	6,720	7,040	7,360	1.087	8,000	10,000	80.0%
1981	178	1,320	2,640	3,960	4,840	5,720	6,248	6,884	7,392	7,744		1.138	8,800	11,000	80.0%
1982	194	1,452	2,904	4,356	5,324	6,292	6,873	7,550	8,131			1.190	9,980	12,100	80.0%
1983	213	1,597	3,194	4,792	5,856	6,921	7,560	8,305				1.282	10,648	13,310	80.0%
1984	234	1,757	3,514	5,271	6,442	7,613	8,318					1.408	11,713	14,641	80.0%
1985	258	1,933	3,865	5,798	7,086	8,375						1.538	12,884	16,105	80.0%
1986	283	2,126	4,252	6,378	7,795							1.818	14,172	17,716	80.0%
1987	312	2,338	4,677	7,015								2.222	15,590	19,487	80.0%
1988	343	2,572	5,145									3.333	17,149	21,438	80.0%
1989	377	2,830										6.867	18,864	23,579	80.0%
1990	415											50.000	20,750	25,937	80.0%

Loss Development Factors

Acc Year	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132
1980	7.500	2.000	1.500	1.222	1.182	1.092	1.099	1.077	1.048	1.046
1981	7.500	2.000	1.500	1.222	1.182	1.092	1.099	1.077	1.048	
1982	7.500	2.000	1.500	1.222	1.182	1.092	1.099	1.077		
1983	7.500	2.000	1.500	1.222	1.182	1.092	1.099			
1984	7.500	2.000	1.500	1.222	1.182	1.092				
1985	7.500	2.000	1.500	1.222	1.182					
1986	7.500	2.000	1.500	1.222						
1987	7.500	2.000	1.500							
1988	7.500	2.000								
1989	7.500									
Selected	7.500	2.000	1.500	1.222	1.182	1.092	1.099	1.077	1.048	1.045
Cumulative	50.000	6.867	3.333	2.222	1.818	1.538	1.408	1.282	1.190	1.136

Primary General Liability Canada

Exhibit XVII

(In Thousands of US Dollars)

November 1990 Exchange Rate

Cumulative Net Indemnity Incurred

Acc Year	@12	@24	@36	@48	@60	@72	@84	@96	@108	@120	@132	Ultimate	Net	Ultimate	
												Factor	Earned Premium	Loss Ratio	
1980	2,540	5,000	5,714	6,400	6,960	7,272	7,816	7,908	7,880	7,960	8,000	1.000	8,000	10,000	80.0%
1981	2,794	5,500	6,286	7,040	7,656	7,999	8,378	8,589	8,968	8,758		1.005	8,800	11,000	80.0%
1982	3,073	6,060	6,814	7,744	8,422	8,799	9,215	9,446	9,535			1.016	9,680	12,100	80.0%
1983	3,381	6,655	7,606	8,518	9,264	9,679	10,137	10,392				1.025	10,648	13,310	80.0%
1984	3,719	7,320	8,396	9,370	10,190	10,647	11,151					1.050	11,713	14,641	80.0%
1985	4,091	8,053	9,203	10,307	11,209	11,712						1.100	12,884	16,105	80.0%
1986	4,500	8,858	10,123	11,338	12,330							1.149	14,172	17,718	80.0%
1987	4,950	9,744	11,136	12,472								1.260	15,590	19,487	80.0%
1988	5,445	10,718	12,249									1.400	17,149	21,436	80.0%
1989	5,969	11,790										1.800	18,864	23,579	80.0%
1990	6,588											3.150	20,760	25,937	80.0%

Loss Development Factors

Acc Year	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132
1980	1.969	1.143	1.120	1.088	1.045	1.047	1.025	1.009	1.010	1.005
1981	1.969	1.143	1.120	1.088	1.045	1.047	1.025	1.009	1.010	
1982	1.969	1.143	1.120	1.088	1.045	1.047	1.025	1.009		
1983	1.969	1.143	1.120	1.088	1.045	1.047	1.025			
1984	1.969	1.143	1.120	1.088	1.045	1.047				
1985	1.969	1.143	1.120	1.088	1.045					
1986	1.969	1.143	1.120	1.088						
1987	1.969	1.143	1.120							
1988	1.969	1.143								
1989	1.969									
Selected	1.969	1.143	1.120	1.088	1.045	1.047	1.025	1.009	1.010	1.005
Cumulative	3.150	1.900	1.400	1.250	1.149	1.100	1.050	1.025	1.015	1.005

Primary General Liability

Exhibit XVIII

Great Britain

(In Thousands of US Dollars)

November 1990 Exchange Rate

Cumulative Net Indemnity Paid

Acc Year	@12	@24	@36	@48	@60	@72	@84	@96	@108	@120	@132	Ultimate	Ultimate	Net	Ultimate
												Factor		Earned	
														Premium	Ratio
1980	100	900	1,600	2,200	2,800	3,040	3,280	3,440	3,800	3,720	3,840	1.042	4,000	5,000	80.0%
1981	110	990	1,760	2,420	3,080	3,344	3,608	3,784	3,960	4,092		1.075	4,400	5,500	80.0%
1982	121	1,089	1,936	2,962	3,388	3,679	3,969	4,163	4,356			1.111	4,840	6,050	80.0%
1983	133	1,198	2,130	2,928	3,727	4,047	4,368	4,579				1.163	5,324	6,655	80.0%
1984	146	1,318	2,343	3,221	4,100	4,451	4,803					1.220	5,857	7,321	80.0%
1985	161	1,450	2,577	3,543	4,510	4,896						1.316	6,442	8,053	80.0%
1986	177	1,595	2,835	3,898	4,901							1.429	7,087	8,858	80.0%
1987	195	1,754	3,118	4,287								1.818	7,795	9,744	80.0%
1988	214	1,929	3,430									2.500	8,575	10,718	80.0%
1989	236	2,122										4.444	9,432	11,790	80.0%
1990	259											40.000	10,376	12,969	80.0%

Loss Development Factors

Acc Year	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132
1980	9.000	1.778	1.375	1.273	1.088	1.079	1.049	1.047	1.033	1.032
1981	9.000	1.778	1.375	1.273	1.088	1.079	1.049	1.047	1.033	
1982	9.000	1.778	1.375	1.273	1.088	1.079	1.049	1.047		
1983	9.000	1.778	1.375	1.273	1.088	1.079	1.049			
1984	9.000	1.778	1.375	1.273	1.088	1.079				
1985	9.000	1.778	1.375	1.273	1.088					
1986	9.000	1.778	1.375	1.273						
1987	9.000	1.778	1.375							
1988	9.000	1.778								
1989	9.000									
Selected	9.000	1.778	1.375	1.273	1.088	1.079	1.049	1.047	1.033	1.032
Cumulative	40.000	4.444	2.500	1.818	1.429	1.316	1.220	1.163	1.111	1.075

**Primary General Liability
Great Britain**
(In Thousands of US Dollars)

Exhibit XIX

November 1990 Exchange Rate

Cumulative Net Indemnity Incurred

Acc Year	@12	@24	@36	@48	@60	@72	@84	@96	@108	@120	@132	Ultimate Factor	Ultimate Premium	Net Earned Premium	Ultimate Loss Ratio
1980	1,904	3,200	3,480	3,836	3,808	3,904	3,960	4,000	4,000	4,000	4,000	1.000	4,000	5,000	80.0%
1981	2,095	3,520	3,828	4,000	4,189	4,295	4,356	4,400	4,400	4,400		1.000	4,400	5,500	80.0%
1982	2,304	3,872	4,211	4,400	4,808	4,724	4,792	4,840	4,840			1.000	4,840	6,050	80.0%
1983	2,534	4,259	4,632	4,840	5,069	5,197	5,271	5,324				1.000	5,324	6,655	80.0%
1984	2,788	4,685	5,095	5,324	5,576	5,716	5,798					1.010	5,857	7,321	80.0%
1985	3,067	5,154	5,605	5,856	6,133	6,288						1.025	6,442	8,053	80.0%
1986	3,373	5,669	6,185	6,442	6,747							1.050	7,087	8,858	80.0%
1987	3,711	6,238	6,782	7,088								1.100	7,795	9,744	80.0%
1988	4,082	6,890	7,460									1.149	8,575	10,716	80.0%
1989	4,490	7,546										1.250	9,432	11,790	80.0%
1990	4,639											2.101	10,376	12,969	80.0%

Loss Development Factors

Acc Year	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132
1980	1.681	1.088	1.045	1.047	1.025	1.014	1.010	1.000	1.000	1.000
1981	1.681	1.088	1.045	1.047	1.025	1.014	1.010	1.000	1.000	
1982	1.681	1.088	1.045	1.047	1.025	1.014	1.010	1.000		
1983	1.681	1.088	1.045	1.047	1.025	1.014	1.010			
1984	1.681	1.088	1.045	1.047	1.025	1.014				
1985	1.681	1.088	1.045	1.047	1.025					
1986	1.681	1.088	1.045	1.047						
1987	1.681	1.088	1.045							
1988	1.681	1.088								
1989	1.681									
Selected	1.681	1.088	1.045	1.047	1.025	1.014	1.010	1.000	1.000	1.000
Cumulative	2.101	1.250	1.149	1.100	1.050	1.025	1.010	1.000	1.000	1.000

Primary General Liability
United States, Canada, & Great Britain
(In Thousands of US Dollars)

Exhibit XX

November 1990 Exchange Rate

Cumulative Net Indemnity Paid

Acc Year	@12	@24	@36	@48	@60	@72	@84	@96	@108	@120	@132	Ultimate	Net	Ultimate	
												Factor	Earned Premium	Loss Ratio	
1980	340	2,620	4,960	7,200	9,120	10,840	11,880	12,680	13,520	14,120	14,720	1.087	16,000	20,000	80.0%
1981	374	2,882	5,456	7,920	10,032	11,704	12,848	13,948	14,872	15,532		1.133	17,600	22,000	80.0%
1982	411	3,170	6,002	8,712	11,035	12,875	14,133	15,343	16,359			1.183	19,360	24,200	80.0%
1983	453	3,487	6,802	9,583	12,139	14,162	15,548	16,877				1.262	21,296	26,620	80.0%
1984	498	3,836	7,262	10,542	13,363	15,578	17,101					1.370	23,426	29,282	80.0%
1985	548	4,220	7,988	11,596	14,888	17,136						1.504	25,769	32,210	80.0%
1986	602	4,642	8,787	12,755	16,167							1.754	28,345	35,431	80.0%
1987	663	5,108	9,866	14,031								2.222	31,180	38,975	80.0%
1988	729	5,818	10,832									3.226	34,298	42,872	80.0%
1989	802	6,178										6.107	37,728	47,159	80.0%
1990	882											47.059	41,501	51,875	80.0%

Loss Development Factors

Acc Year	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	
1980	7.706	1.893	1.452	1.267	1.167	1.098	1.086	1.066	1.044	1.043	
1981	7.706	1.893	1.452	1.267	1.167	1.098	1.086	1.066	1.044		
1982	7.706	1.893	1.452	1.267	1.167	1.098	1.086	1.066			
1983	7.706	1.893	1.452	1.267	1.167	1.098	1.086				
1984	7.706	1.893	1.452	1.267	1.167	1.098					
1985	7.706	1.893	1.452	1.267	1.167						
1986	7.706	1.893	1.452	1.267							
1987	7.706	1.893	1.452								
1988	7.706	1.893									
1989	7.706										
Selected											
	7.706	1.893	1.452	1.267	1.167	1.098	1.086	1.066	1.044	1.042	1.067
Cumulative											
	47.059	6.107	3.226	2.222	1.754	1.504	1.370	1.262	1.183	1.133	1.087

Primary General Liability
United States, Canada, & Great Britain

Exhibit XXI

(In Thousands of US Dollars)

November 1990 Exchange Rate

Cumulative Net Indemnity Incurred

Acc Year	@12	@24	@36	@48	@60	@72	@84	@96	@108	@120	@132	Ultimate	Net	Ultimate	
												Factor	Earned Premium	Loss Ratio	
1980	5,244	9,976	11,863	13,112	14,100	14,732	15,212	15,528	15,668	15,864	15,940	1.004	16,000	20,000	80.0%
1981	5,769	10,974	13,049	14,423	15,510	16,205	16,733	17,081	17,257	17,461		1.009	17,600	22,000	80.0%
1982	6,345	12,071	14,354	15,866	17,061	17,826	18,407	18,789	18,993			1.020	19,360	24,200	80.0%
1983	6,980	13,278	15,769	17,462	18,767	19,609	20,248	20,668				1.030	21,296	26,620	80.0%
1984	7,678	14,606	17,368	19,198	20,644	21,569	22,272					1.052	23,426	29,282	80.0%
1985	8,446	16,067	19,105	21,117	22,709	23,726						1.086	25,769	32,210	80.0%
1986	9,290	17,673	21,015	23,229	24,979							1.135	28,345	35,431	80.0%
1987	10,219	19,441	23,117	25,562								1.220	31,180	38,975	80.0%
1988	11,241	21,385	25,429									1.349	34,268	42,672	80.0%
1989	12,365	23,523										1.604	37,728	47,159	80.0%
1990	13,602											3.051	41,501	51,875	80.0%

Loss Development Factors

Acc Year	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	
1980	1.902	1.189	1.105	1.075	1.045	1.033	1.021	1.010	1.011	1.005	
1981	1.902	1.189	1.105	1.075	1.045	1.033	1.021	1.010	1.011		
1982	1.902	1.189	1.105	1.075	1.045	1.033	1.021	1.010			
1983	1.902	1.189	1.105	1.075	1.045	1.033	1.021				
1984	1.902	1.189	1.105	1.075	1.045	1.033					
1985	1.902	1.189	1.105	1.075	1.045						
1986	1.902	1.189	1.105	1.075							
1987	1.902	1.189	1.105								
1988	1.902	1.189									
1989	1.902										
Selected	1.902	1.189	1.105	1.075	1.045	1.033	1.021	1.010	1.011	1.005	1.004
Cumulative	3.051	1.604	1.349	1.220	1.135	1.086	1.062	1.030	1.020	1.009	1.004

