

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

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

Notes on the derivation of the columns in the table.

- (2): Reinsurance Years 1989 to 2007: Data provided to Milliman by RMA in February 2009.
Reinsurance Year 2008 updated by RMA with August 13, 2009 RMA official accounting data.
This was the latest official data available at the time the table was updated.
- (3): Table 4 in *Historical Rate of Return Analysis (HRR)*. Complete reference below.
- (4): Milliman methodology in *HRR*.
- (5): $(2) \times (1 - (3)) \times (4)$
- (6): Table 3, with the tax rates in Table 5 applied. Tables refer to *HRR*.
- (7): $(5) + (6)$
- (8): From *Rate of Return Update-2008: Reasonable Rate of Return*; Milliman, Inc., David Appel, and Philip S. Borba; Milliman Inc., New York, NY; June 23, 2009; Table 3, p.26.

Table Notes

- (a) Table is update of Tables 8 of *Historical Rate of Return Analysis*; Milliman, Inc., David Appel, and Philip S. Borba; Milliman Inc., New York, NY; August 18, 2009; page 29.
- (b) Table update includes update of 2008 industry data as reported in *Best's Aggregates and Averages, Property/Casualty, United States & Canada 2009 Edition*; A.M. Best Company, Oldwick, NJ; 2009.
- (c) Update errors are responsibility of RMA and not Milliman, Inc.
- (d) Table updated October 8, 2009.