

MISSISSIPPI INSURANCE DEPARTMENT
PROPERTY & CASUALTY RATE FILING EXHIBITS

Exhibit D

Profit Provision Information

General Instructions

Mississippi regulations require that investment income be considered in ratemaking. Over time, companies have developed various techniques to incorporate investment income in the rates. Mississippi regulations do not require that any particular technique be used. However, the proposed profit provision must be based on a reasonable target rate of return and technique.

The targeted profit/contingency provision derived as a result of the company's selected technique must be shown on Line 17 of Exhibit C, Page 2.

**Mississippi Department of Insurance
Property/Casualty Rate Filing**

EXHIBIT D - DERIVATION OF TARGET UNDERWRITING PROFIT PROVISION

Annual Statement
LATEST THREE YEARS

| 1. Total Rate of Return, After Tax (%of GAAP Equity) | _____ | _____ | _____ |
|---|-------|-------|-------|
| 2. Ratio of GAAP Equity Return to Statutory Surplus Return | _____ | _____ | _____ |
| 3. (a) Total Rate of Return, After Tax | _____ | _____ | _____ |
| (b) Total Rate of Return, Before Tax (% of Statutory Surplus) | _____ | _____ | _____ |
| 4. Expected Investment Income on Capital/Surplus, Before Tax, Including Realized Capital Gains | _____ | _____ | _____ |
| 5. Target Operating Return, Before Tax (% of Statutory Surplus) | _____ | _____ | _____ |
| 6. Standard Premium to Surplus Leverage Ratio | _____ | _____ | _____ |
| 7. Target Operating Return, Before Tax (% of Premium) | _____ | _____ | _____ |
| 8. Expected Investment Income on Policy- holder Supplied Funds, Before Tax | _____ | _____ | _____ |
| 9. Target Underwriting Profit, Before Tax | _____ | _____ | _____ |
| ***** | | | |
| 10. Selected Underwriting Profit | | | _____ |

Notes:

(1)-(3) Selected by the company. Company may elect to omit items (1) and (2) and start with the target rate of return after tax on statutory surplus in item (3a).

(3a) = (1) / (2)

(3b) = (3a) / .79

(4) From Company's Insurance Expense Exhibits, Net Business, column (39) amount / Surplus. Surplus may be for the current year or average of current year and first prior year.

(5) = (3b) - (4)

(7) = (5) / (6)

(8) From Company's Insurance Expense Exhibits, Net Business, column (35) percent.

(9) = (7) - (8)