

Colorado 2003 State Business Plan

Key State Issues: The top three issues facing Colorado include Collision Severity, PIP Severity, and Customer Satisfaction.

Control Severity

Collision Severity – The corporate goal is to be within 105% of our competition. To make this goal achievable, we have established a four-year plan to reach this goal. Incremental goals for each quarter and year have been established. This will be done by achieving the initiatives established below. Several of these activities have their own goals.

Comprehensive Severity—We are currently at 105.1%, which is slightly above the corporate goal of 105%. The same activities that are outlined below for Collision will apply to Comprehensive as well.

Fast Track Category	State or Office	Report as of 9/30/03	Goal Reduction per Year	Goal Reduction per Quarter	Goal for 2003	Year to Date Results
Collision Severity	Colorado	107.6%	1.5%	0.4%	109.9%	106.0%
Comprehensive Severity	Colorado	105.1%	N/A	N/A	105.0%	112.5%

Initiative	Activities	Reports Used to Measure	Measurements		Year to Date Results
			Current as of 1 st Quarter 2003	Goal	
Compliance with Collision Severity guidelines	Emphasize nine main focus areas in the Collision tools manual. Process changes will be implemented per attached process implementation plan. Comparative negligence emphasis. Managers responsible	Corporate report on desk reviews Physical Damage Review Field/Office "Reports" CRP Deviations Field/Office with Trends. RQCA Audits throughout year	In January 2003, the Colorado claims office transferred over to the Mitchell estimating	100% Compliance	3Q03 – 100% Compliant 3Q03: process changes have been implemented and compliant.

Exhibit "A"

Initiative	Activities	Reports Used to Measure	Measurements		Year to Date Results
			Current	Goal	
					storms. I see us well versed on ID of Wood Roof vs Other materials and/or deciphering between peil related damage vs. wear & tear, and improper maintenance.

PIP Severity – This is probably one of the biggest issues facing Colorado today. The PIP Severity currently stands at 133.8% of our competition. As with Collision Severity, we have developed a four-year plan to reach 105%. The goal for 2003 is to reach 126.2% by the end of the year. This equates to a quarterly decrease of 1.8%.

Fast Track Category	State or Office	Percentage of Dec 2002	Goal Reduction per Year	Goal Reduction per Quarter	Goal for 2003	Year to Date Results
PIP Severity	Colorado	95.4%	7.6%	1.8%	126.2%	10.1%

Initiative	Activities	Reports Used to Measure	Measurements		Year to Date Results
			Current	Goal	
Maintain review and entry of all applicable medical bills		Mitchell Medical Report			YTD 10-29-03 Currently the turnaround time for Mitchell Medical is at 2