

Expense Support
Other Liability - Small Business Liability
Texas

I. Berkshire Hathaway Specialty Insurance Company (\$000)

Year	Premium		General Expense Incurred	Comm. & Brokerage Incurred	Other Acquisition Incurred	General Expense % of EP	Commission & Brokerage % of WP	Other Acquisition % of WP
	Written	Earned						
2019	\$461,908	\$374,389	\$37,489	\$38,781	\$15,513	10.0%	8.4%	3.4%
2020	\$604,183	\$464,615	\$42,353	\$50,796	\$14,930	9.1%	8.4%	2.5%
2021	\$839,146	\$693,795	\$49,683	\$74,417	\$16,897	7.2%	8.9%	2.0%
2022	\$929,809	\$875,374	\$57,246	\$90,357	\$19,578	6.5%	9.7%	2.1%
2023	\$918,812	\$922,541	\$65,328	\$92,819	\$22,720	7.1%	10.1%	2.5%
			Straight Average:			8.0%	9.1%	2.5%
			3 Years Average:			6.9%	9.6%	2.2%
			Average (Excl Max & Min):			7.8%	9.0%	2.3%

II. Industry (\$000)

Year	Premium		General Expense Incurred	Comm. & Brokerage Incurred	Other Acquisition Incurred	General Expense % of EP	Commission & Brokerage % of WP	Other Acquisition % of WP
	Written	Earned						
2019	\$76,236,746	\$71,808,755	\$4,648,699	\$10,525,484	\$3,327,691	6.5%	13.8%	4.4%
2020	\$83,087,604	\$77,374,871	\$4,680,759	\$11,115,891	\$3,381,447	6.0%	13.4%	4.1%
2021	\$105,659,296	\$95,709,508	\$5,524,532	\$15,186,688	\$3,927,518	5.8%	14.4%	3.7%
2022	\$114,559,724	\$109,837,226	\$6,205,884	\$16,472,852	\$4,530,577	5.7%	14.4%	4.0%
2023	\$114,502,916	\$112,382,138	\$8,027,192	\$16,691,803	\$4,748,038	7.1%	14.6%	4.1%
			Straight Average:			6.2%	14.1%	4.1%
			3 Years Average:			6.2%	14.4%	3.9%
			Average (Excl Max & Min):			6.1%	14.2%	4.1%

Selected Expense %:

8.0%	15.0%	2.5%
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*Source: SNL, Insurance Expense Exhibits - Part III - Allocation To Lines Of Direct Business Written - ASL 17.1, 17.2

III. BHSIC Expense Selections

	(a) Expense Selections	(b) % Variable		
(1) Commissions	15.0%	100%		
(2) Other Acquisition	2.5%	50%		
(3) General Expense	8.0%	50%		
(4) Taxes, Licenses, Fees	1.6%	100%		
(5) Profit & Contingencies	5.4%	100%		
(6) Total Expenses	32.5%		(10) Expenses excl. distribution cost	15.0%
(7) Expected Loss & LAE	67.5%		(Used in the rating algorithm)	
(8) Variable Permissible Loss Ratio	72.7%			
(9) Fixed Expense Constant	5.3%			

(1) - (2) Estimated average Distribution Cost (Commissions & Other Acquisition); algorithm is variable.

(3) Based on BHSIC's experience.

(4) Please see Page 2 for derivation of state specific taxes

(5) Please see Page 3 for derivation

(6) = Sum [(1)-(5)]

(7) = 1 - (6)

(8) = 1 - Sumproduct [(a),(b)]

(9) = (6) - Sumproduct [(a),(b)]