

## **Contract and Commercial Surety Program**

New Program – Rates / Rules

Filing Memorandum

Star Insurance Company is submitting this filing to introduce its new Contract and Commercial Surety Program under the Surety line of business. The Contract and Commercial Surety rates are independent of the Surety and Fidelity Association of America (“SFAA”), but we wish to have available all the SFAA current applicable rules (definitions, statistical classification codes / descriptions, risk classifications, etc.). The surety forms to be used for the program are promulgated by statute or by obligee and not by us meaning we will have no independent forms for this New Program.

This filing includes the Contract and Commercial Surety manual and any relevant state exception pages used for the program.

### **Rate of Return**

Exhibit R-1 shows the derivation of the total after tax rate of return on statutory surplus based on the selected budgeted expense provisions for this program. Exhibit R-2.1 shows the derivation of the after tax investment income on policyholder supplied funds. Exhibit R-2.2 shows the derivation of the reserves to incurred ratio. Exhibit R-2.3 shows the projected after tax total rate of return. Exhibit R-3 shows the derivation of the selected premium to surplus ratio. Exhibit R-4 shows the derivation of the selected expense provisions.