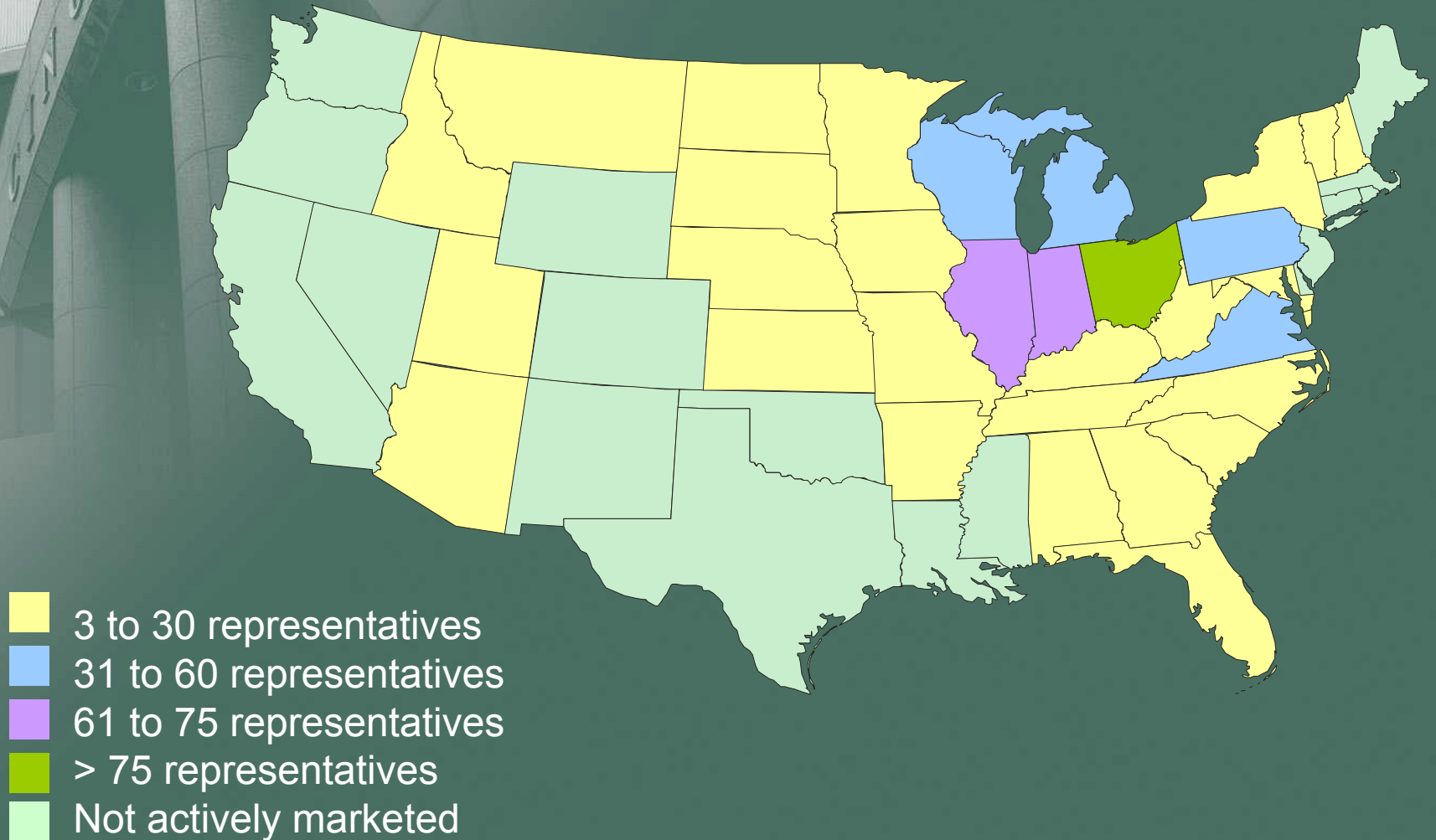


# BY DESIGN

## Claims Operations

James E. Benoski  
Chief Insurance Officer &  
Senior Vice President  
Headquarters Claims

# Local Authority, Personal Touch, Prompt Service



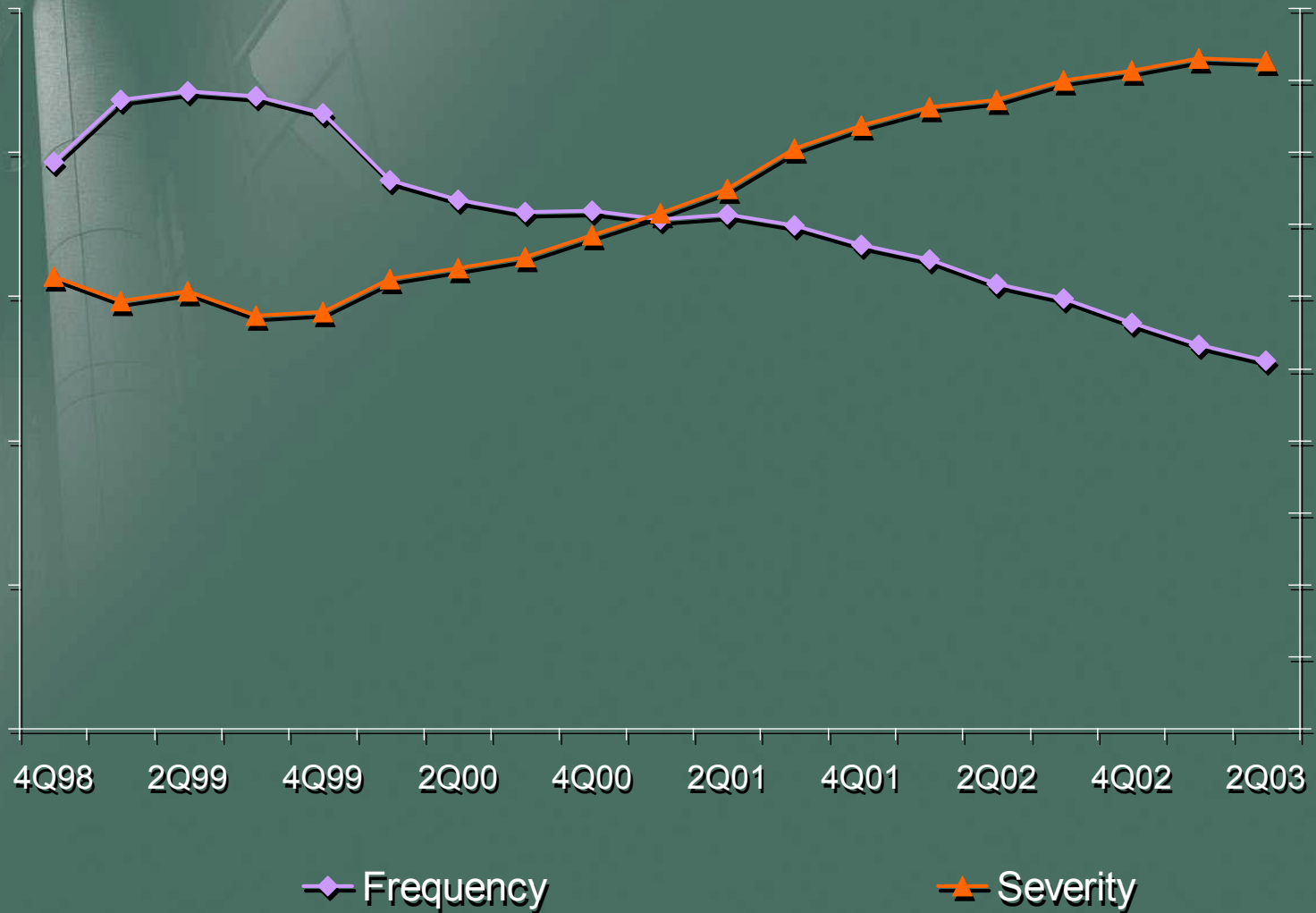
# Experience Counts

	Industry Experience	Cincinnati Experience
Field Claims Representatives	13	9
Field Claims Managers	21	18
Headquarters Supervisors	21	18
Headquarters Managers	33	29

# Loss Issues

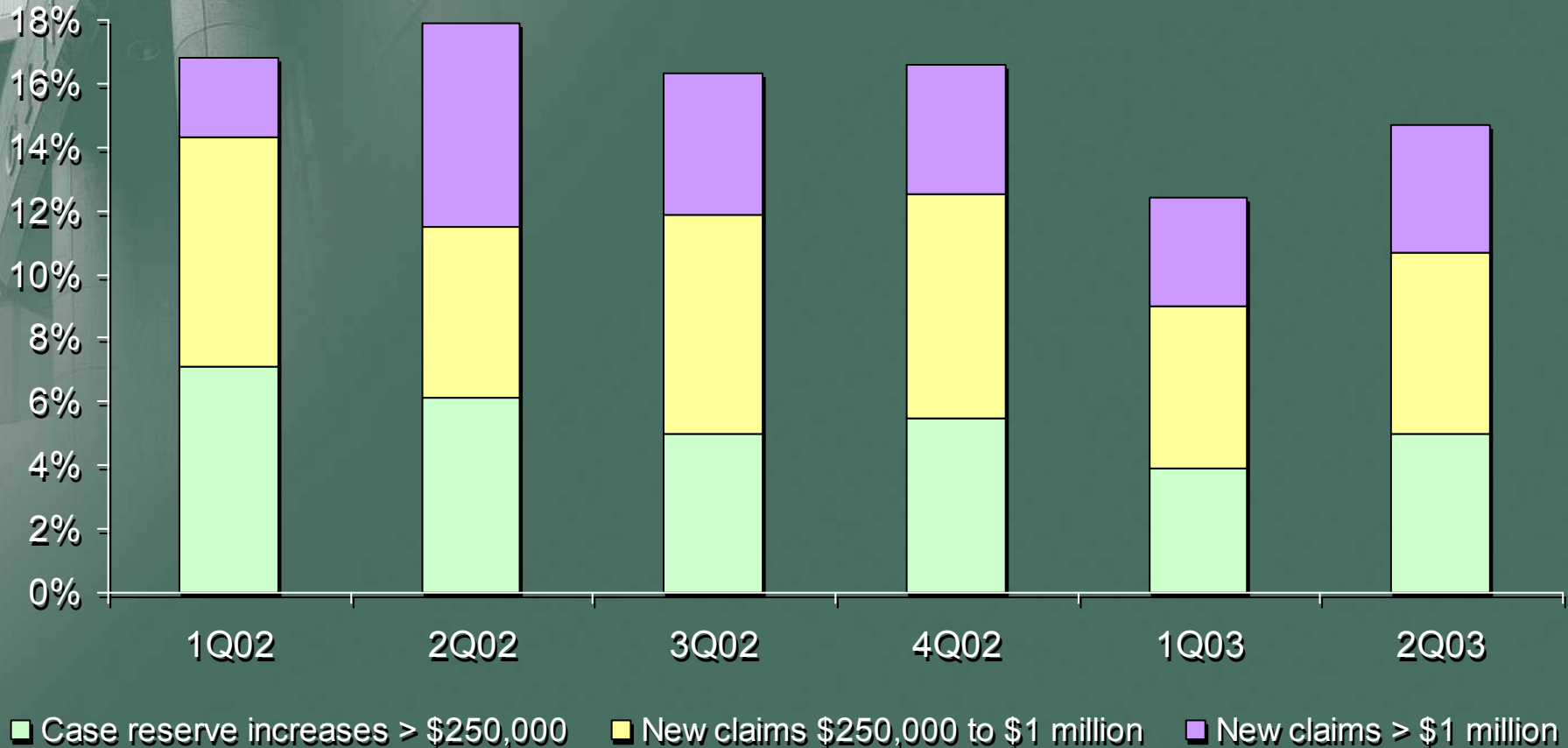
- Industry-wide severity and frequency concerns
- Asbestos and environmental
  - Survival ratio at 12.3 years on gross basis
  - Represents less than 1.1% of outstanding claims
- Mold
  - 228 pending claims with reserves of approximately \$1.5 million
- Uninsured/underinsured motorists
  - IBNR at \$17.5 million after net \$8.3 million in losses in 2003

# Frequency and Severity



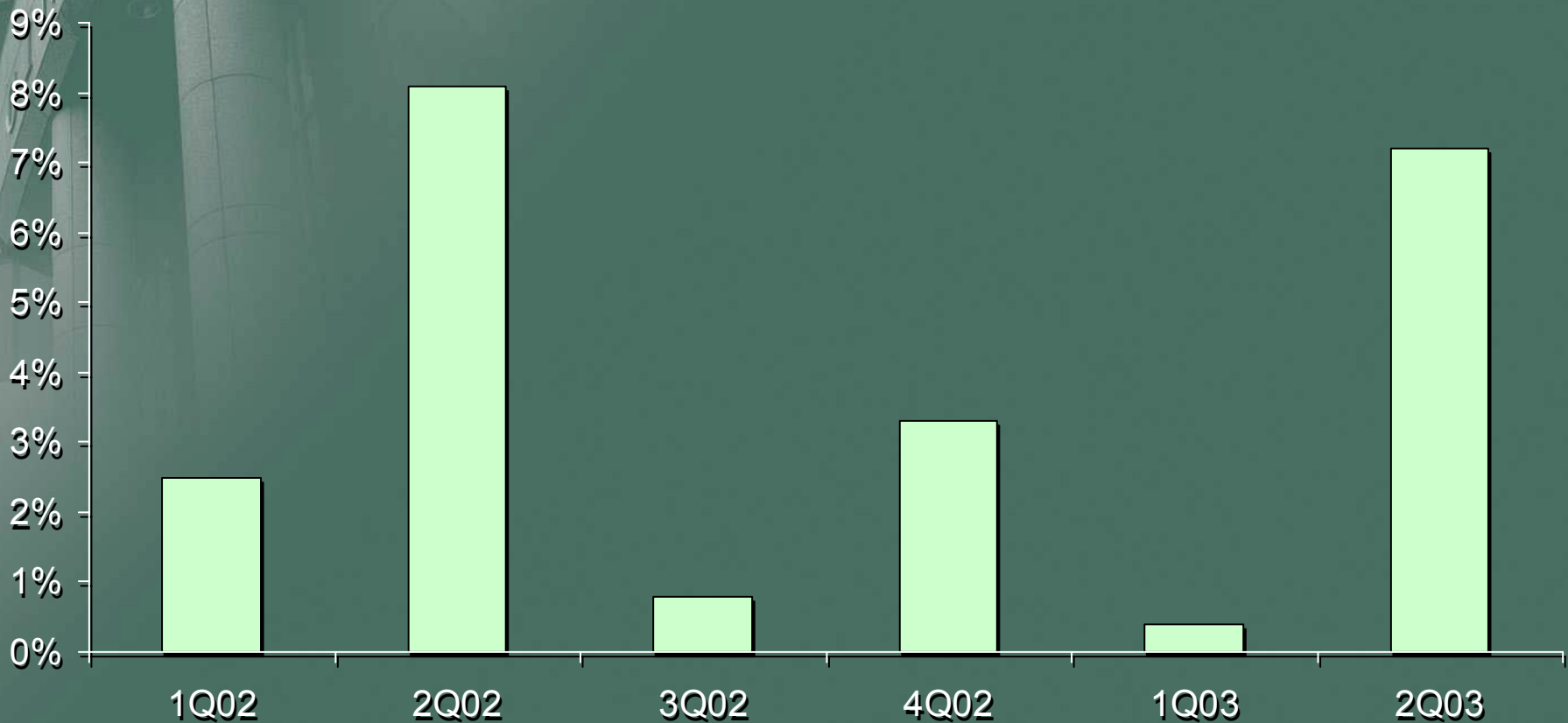
# Large Losses

## Loss Ratio



# Catastrophes

## *Loss Ratio*

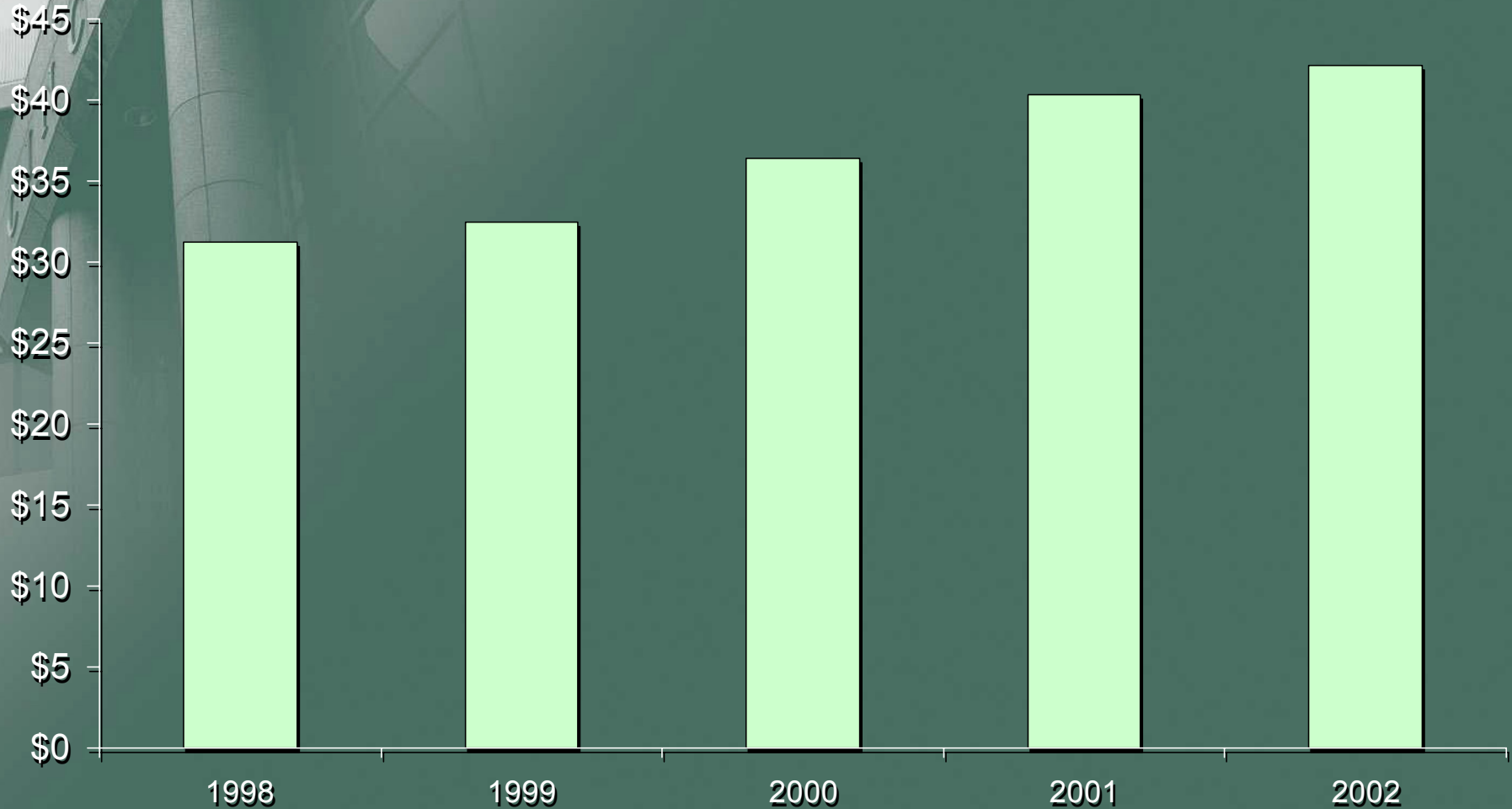


# Initiatives

- Subrogation and salvage
- Auto glass program
- Auto physical damage audit
- Managed care for workers' compensation
- Annuities
- Automation

# Subrogation and Salvage Recoveries

*In millions*



# Auto Glass Program

	Current	Future
Discount*	45%	58%
Agent participation	30%	95%
Repair**	20%	30%
Yearly average invoices	6,000	20,000
Yearly average savings	\$660,000	\$2.4 million

\* Recently renegotiated discounts

\*\* Repairs save more than \$300; insured's deductible is waived

# Auto Estimate Repricing

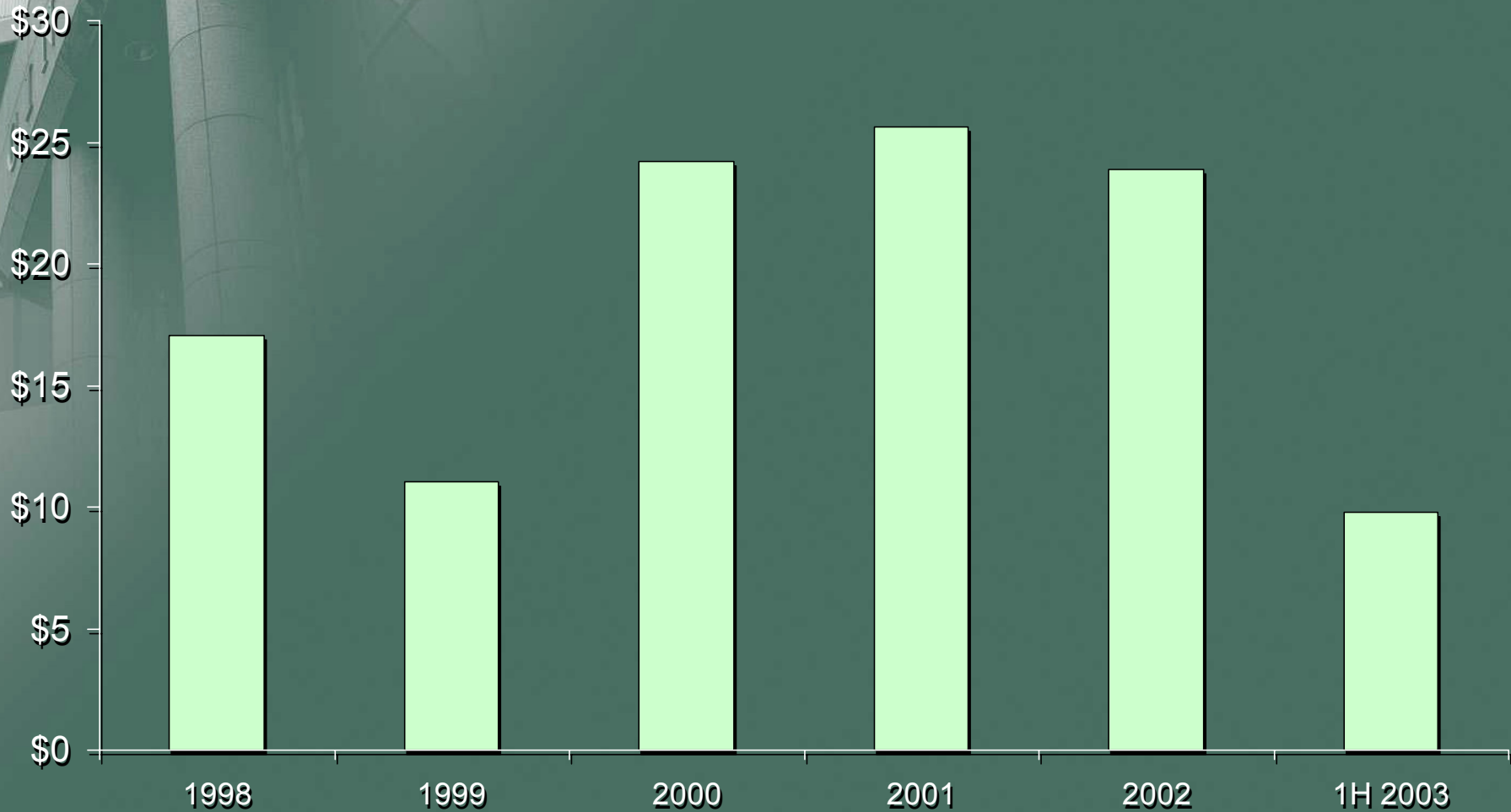
	Through June 2003
Original estimates	\$25.9 million
Post audit	\$24.1 million
Savings	\$1.8 million
Vendor fees	\$285,454
Net savings	\$1.5 million
Average net savings per estimate	\$194
Overall saved	7%

# Workers' Compensation Medical Bill Audit

	(Dollars in millions)				Increase from Prior Year
	Gross Charges	Gross Savings	Fees	Net Savings	
2002	\$89.5	\$21.8	\$2.9	\$18.9	14.3%
2001	81.4	19.1	2.6	16.5	22.9%
2000	65.7	15.6	2.1	13.5	16.9%

# Structured Settlements of Property Casualty Claims Annuity Premium Volume

*In millions*



# Automation

## Claims Management System

- Electronic claims processing system
- Rollout to begin in October 2003
- Enhances efficiency and effectiveness of field claims
  - Single point of entry
  - Reduces time associates spend on paperwork
  - Lays groundwork for move to paperless processing
  - Reduces opportunity for fraud
- Tangible and intangible benefits for policyholders, agents and company

# BY DESIGN

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