

LOSS COSTS – IMPLEMENTATION

JULY 2, 2024

COMMERCIAL PROPERTY

LI-CF-2024-070

NORTH DAKOTA COMMERCIAL FIRE AND ALLIED LINES ADVISORY PROSPECTIVE LOSS COST REVISION TO BE IMPLEMENTED

KEY MESSAGE

Revised advisory prospective loss costs reflecting a statewide loss cost level change of **1.6%** to be implemented.

BACKGROUND

In circular [LI-CF-2024-050](#), we provided you with information about the Commercial Fire and Allied Lines loss cost level experience review.

ISO ACTION

We are implementing [CF-2024-RLA1](#), which presents a review of Commercial Fire and Allied Lines loss cost experience.

Refer to the attachment(s) for complete details.

For more information on the status of filings in a particular state, including filed and approved documents, associated circulars and links to Print Ready Manuals and Commercial Lines Manual, please feel free to access our [Filings](#) feature within the ISOnet Circulars product.

CONSIDERATION OF COVID-19

ISO has considered whether any adjustments need to be made to prospective loss costs, which are based partially on historical experience (pre-COVID-19), to reflect the conditions in which these loss costs will be effective (post-COVID-19). While there will almost certainly be long-term behavioral, social and economic changes as a result of COVID-19, we expect, that those changes will have negligible and/or offsetting effects on prospective loss costs. Considering the nature of the perils covered by Basic Group I (fire) and the weather driven perils covered by Basic Group II and Special Causes of Loss, ISO is not making any explicit adjustments to our Commercial Property prospective loss costs due to COVID-19.

SUPPLEMENTARY INFORMATION

We are including the following supplementary information:

- PCS Catastrophe List - A list of events that have been identified as catastrophes in the state by ISO's Property Claims Services, Inc.
- Section S, which provides Basic Group I experience on a Rating Group basis.

NOTE: This supplementary information is **not** part of the experience review document and, in states where we are making a filing, is **not** part of the filing.

EFFECTIVE DATE

The ISO revision is subject to the following rule of application:

These changes are applicable to all policies written on or after **December 1, 2024**.

The effective date applies only to those insurers who have filed their Commercial Fire and Allied Lines loss cost adjustments to be automatically applicable to future ISO loss cost revisions.

IMPACT ON THE STATISTICAL REPORTING OF LOSS COST MULTIPLIER

For the purpose of reporting your company Loss Cost Multiplier under the CSP, as of December 1, 2024, the multiplier must be based on the relationship between your gross rates and the ISO advisory prospective loss costs contained in this circular.

COMPANY ACTION

You must independently determine the final rates you will use. The action, if any, you must take in response to this filing is dependent upon how you filed to have your loss cost adjustments apply to subsequent revisions of ISO loss costs. Any submission you make with respect to this revision must comply with applicable regulatory filing requirements.

For guidance on submission requirements, consult the ISO State Filing Handbook.

WE WILL SUBMIT OUR REFERENCE FILING TO THE INSURANCE DEPARTMENT ON NOVEMBER 21, 2024. ANY SUBMISSION YOU MAY MAKE WITH THE INSURANCE DEPARTMENT WITH RESPECT TO THIS FILING SHOULD NOT BE SUBMITTED PRIOR TO THIS DATE.

In all correspondence with the Insurance Department on this revision, you should refer to ISO Filing Number CF-2024-RLA1 and SERFF Tracking Number ISOF-G134154215, NOT this circular number.

CAUTION: This reference filing revises only certain advisory prospective loss costs for Commercial Property in this state. In determining whether or not to revise your rates, you should consider the application of your loss cost adjustments to any loss costs not included in this revision.

RATING SOFTWARE IMPACT

No new attributes are being introduced with this revision.

POLICYHOLDER NOTIFICATION

If you decide to implement this revision, you should check all applicable laws for the state(s) to which this revision applies, to determine whether or not a specific policyholder notice requirement may apply. Please note that circular [LI-CL-2024-016](#) contains the ISO Guide To Renewals With Changed Conditions For Commercial Lines, which is available only as a guide to assist participating companies in complying with various conditional renewal statutes or regulations, for the major commercial lines of insurance serviced by ISO. The information in the Guide does not necessarily reflect all requirements or exceptions that may apply, and it is not intended as a substitute for your review of all applicable statutes and regulations concerning policyholder notification.

REVISION DISTRIBUTION INFORMATION

- **Manual And ISO Suite**

We will issue a Notice to Manualholders with an edition date of 12-24 (or the earliest possible subsequent date), along with any new and/or revised manual pages.

- **ProMetrix**

Revised loss costs for specifically rated and class-rated properties contained in ProMetrix will be displayed as "Pending" beginning on July 22, 2024. On December 1, 2024, these loss costs will move to "Current" status. The previous "Current" becomes the most recent "Prior" and joins all previously displayed "Priors". With each subsequent loss cost revision, we will make an additional "Prior" available.

- **Toll-free Telephone Service**

Revised loss costs for specifically rated and class-rated properties will be available by calling toll-free 1-800-444-4554 and requesting "Pending" from July 22, 2024 to December 1, 2024. On December 1, 2024, these loss costs will move to "Current" status. The previous "Current" becomes the most recent "Prior" and joins all previously displayed "Priors".

NOTE: Specific property information is provided for Basic Group I and Basic Group II in this state. However, the eligibility criteria for Basic Group I and Basic Group II are independent and, therefore, an individual property may be eligible for Basic Group I and/or Basic Group II specific rating.

RELATED RULES REVISION

We are announcing in separate circulars the implementation of corresponding rules revisions. Please refer to the Reference(s) block for identification of those circulars.

REFERENCE(S)

- [LI-CF-2024-069](#) (07/02/2024) North Dakota Revision And Expansion Of Deductible Insurance Plan – Rule 81 And Windstorm Or Hail Percentage Deductible – Rule 82 To Be Implemented
- [LI-CF-2024-050](#) (04/30/2024) Commercial Fire And Allied Lines Experience Level Indications Reviewed By ISO Staff
- [LI-CL-2024-016](#) (03/12/2024) Commercial Lines Revised Lead Time Requirements Listing

ATTACHMENT(S)

- CF-2024-RLA1
- PCS Catastrophe List
- Supplement containing Basic Group I experience on a Rating Group basis

FILES AVAILABLE FOR DOWNLOAD

To download all files associated with this circular, including attachments in the full circular PDF and/or any additional files not included in the PDF, search for the circular number on [ISOnet Circulars](#). Then click the Word/Excel link under the Full Circular column on the Search Results screen.

Please note that in some instances, not all files listed in the Attachment(s) block (if applicable) are included in the PDF.

DATA QUALITY

Statistical plan data reported to ISO is first processed through a system of rigorous automated data verification procedures so that only valid data would be used for ratemaking. Subsequent to this initial data submission review, additional analyses on the statistical plan data involving an even more customized data review for this line were performed by staff. During these processes, various data records were excluded from the review. The ISO staff responsible for this circular also reviewed the data for reasonableness.

ACKNOWLEDGMENT OF ACTUARIAL QUALIFICATIONS

The American Academy of Actuaries' "Qualifications Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States" requires that an actuary issuing a Statement of Actuarial Opinion should include an acknowledgment with the opinion that he/she has met the qualification standards of the AAA. ISO considers the loss cost level indications shown in this document a Statement of Actuarial Opinion; therefore, we are including the following acknowledgment:

I, Rimma Maasbach, am an Actuarial Consultant in Actuarial Operations for ISO, and I, Brian Klaif, am an Associate Actuarial Consultant for Commercial Property for ISO. We are jointly responsible for the content of this Statement of Actuarial Opinion. We are both members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

XACTWARE SOLUTIONS, INC.

This filing incorporates the use of pricing data from Xactware Solutions, Inc., to estimate trends in building costs for commercial properties. Xactware provides computer software solutions for professionals involved in estimating all phases of building construction and repair. The company has been providing building cost data, estimate tracking and data trending to the insurance repair market since 1986. Insurance carriers using Xactware data are responsible for settlement of the majority of property claims in the USA and Canada.

For more information concerning Xactware Solutions, Inc., please see the Contact Information block.

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Callers outside the United States, Canada, and the Caribbean may contact us using our global toll-free number (International Access Code + 800 48977489). For information on all ISO products, visit us at www.verisk.com/iso. To keep abreast of the latest Insurance Lines Services updates, view www.verisk.com/ils.

NORTH DAKOTA

COMMERCIAL FIRE AND ALLIED LINES INSURANCE PROSPECTIVE LOSS COST LEVEL REVISION EXECUTIVE SUMMARY

PURPOSE

This document:

- revises advisory prospective loss costs. These loss costs represent a 1.6% statewide change from the current ISO loss costs.
- provides the analyses used to derive the prospective loss costs based on experience through calendar/accident year ending 12/31/2022, evaluated as of 3/31/2023.
- reflects the impact of the revised deductible factors found in related rule filing CF-2024-RDED1. The revised Basic Group I, Basic Group II, and Special Causes of Loss loss costs are being balanced so that the revised deductible factors are being implemented on a revenue neutral basis.
- revises the Basic Group I Substandard Condition Charges to reflect the effect of balancing for the revised deductible factors.

CONSIDERATION OF COVID-19

ISO has considered whether any adjustments need to be made to prospective loss costs, which are based partially on historical experience (pre-COVID-19), to reflect the conditions in which these loss costs will be effective (post-COVID-19). While there will almost certainly be long-term behavioral, social and economic changes as a result of COVID-19, we expect, that those changes will have negligible and/or offsetting effects on prospective loss costs. Considering the nature of the perils coverage by Basic Group I (fire) and the weather driven perils covered by Basic Group II and Special Causes of Loss, ISO is not making any explicit adjustments to our Commercial Property prospective loss costs due to COVID-19.

DEFINITION OF THE ISO PROSPECTIVE LOSS COST

Advisory prospective loss costs in this document are the expected value of that portion of a rate that does not include provisions for expenses (other than loss adjustment expenses) or profit, and are based on historical aggregate losses and loss adjustment expenses adjusted and projected through trending to a future point in time.

LOSS COST
LEVEL
CHANGES

The statewide monoline prospective loss cost level changes are:

<u>Coverage</u>	<u>Indicated</u>
Basic Group I	-5.0%
Basic Group II	3.7%
Special Causes of Loss	10.5%
Total	1.6%

Indicated loss cost level changes are changes from the current loss cost level.

DEDUCTIBLE
OFF-BALANCE
FACTORS

Off-balance factors are being applied to the revised Basic Group I, Basic Group II, and Special Causes of Loss loss costs so that the revised deductible factors found in related rule filing CF-2024-RDED1 are being implemented on a revenue neutral basis.

The off-balance factors were calculated by dividing the Aggregate Loss Costs at Current Level (ALCCL) reflecting the current deductible factors by the ALCCL reflecting the revised deductible factors based on experience for North Dakota.

The off-balance factors applicable to North Dakota are:

Basic Group I	Basic Group II	Special Causes of Loss
0.969	0.874	0.916

The multistate off-balance factor applied to the Basic Group I Substandard Condition Charges is 0.975.

PRIOR ISO
REVISIONS

The latest revisions in this state are:

<u>Reference Document or Filing</u>	CF-2023-RLA1	CF-2020-RLA1
<u>Rates/ Loss Costs</u>	Loss Costs	Loss Costs
<u>Dates Implemented</u>	12/01/2023	02/01/2021
<u>Changes</u>		
Basic Group I	-5.2%	-8.7%
Basic Group II	+6.2%	+5.4%
Special Causes of Loss	+13.2%	+5.7%
Total	+3.1%	+0.2%

HISTORICAL SOURCE DATA

The data used in this revision is:

- Voluntary experience for ISO reporting companies.
 - Five calendar/accident years ending 12/31/2022 for Basic Group I and Special Causes of Loss.
 - Ten calendar/accident years ending 12/31/2022 for Basic Group II.
-

DISTRIBUTION OF STATEWIDE MONOLINE LOSS COST CHANGES

ISO has distributed the statewide monoline prospective loss cost changes as follows:

- by territory (where applicable) for Basic Group I.
- by territory, coverage and symbol (where applicable) for Basic Group II.
- by category (building coverage and occupancy type) for Special Causes of Loss.

This has been done based on the experience of each territory (where applicable) or category for Basic Group I and Special Causes of Loss. Therefore, the resulting changes will vary by territory (where applicable) for Basic Group I and by category for Special Causes of Loss.

TREND AND OTHER ADJUSTMENTS

Loss Trend

For trend purposes, the period of use for this revision is assumed to begin on 12/01/2025. To adjust the loss experience to the levels expected to prevail while the revised loss costs are in effect, trend factors have been applied to the historical incurred losses. These trend factors are based on:

- external cost indices published by the U.S. Government and information provided by Xactware Solutions, Inc.
- changes in multistate average claim costs through fourth quarter 2022.

The "historic" trend factors based on the external indices, i.e. the factors based on historic changes in the indices, vary by year. The latest annual rates of change based on these indices are:

<u>Coverage</u>	<u>Annual Rate of Change</u>
Buildings	6.8%
Contents	6.7%
Time Element	5.8%

Incurred losses are also multiplied by loss trend adjustment factors (LTA's) to reflect trends in claim frequency and claim costs that are different from those exhibited by the external indices. The annual loss trend adjustments are:

TREND AND OTHER ADJUSTMENTS (cont'd)	<u>Line of Business</u>	<u>Buildings</u>	<u>Contents</u>	<u>Time Element</u>
	Basic Group I	-1.0%	-2.4%	1.4%
	Basic Group II	0.0%	2.3%	2.5%
	Special Causes of Loss	1.8%	-0.7%	1.4%

This produces a total annual loss trend of:

<u>Line of Business</u>	<u>Buildings</u>	<u>Contents</u>	<u>Time Element</u>
Basic Group I	5.7%	4.1%	7.3%
Basic Group II	6.8%	9.2%	8.4%
Special Causes of Loss	8.7%	6.0%	7.3%

Premium Trend

Over time, insureds tend to purchase increased amounts of insurance in order to compensate for inflation, which results in increased premium revenue.

In order to reflect this increase in revenue, ISO uses a premium trend procedure. The premium trend factors are based on observed changes in the annual amount of insurance written for BG I renewal policies for a group of selected companies. For property damage coverages, these amount of insurance, or exposure, trend factors are adjusted for the decrease in limit of insurance factors associated with the increase in amount of insurance to calculate premium trend factors. The selected annual trends in the amount of insurance are:

<u>Line of Business</u>	<u>Buildings</u>	<u>Contents</u>	<u>Time Element</u>
Basic Group I	5.9%	3.7%	2.6%
Basic Group II	5.4%	3.3%	2.6%
Special Causes of Loss	5.6%	2.9%	2.6%

Other Adjustments

Standard actuarial procedures have been used in calculating the loss costs including loss development and the reflection of all loss adjustment expense. In addition, smoothing procedures have been applied to stabilize the effects of large or excess losses.

TEN LARGEST
COMPANY
GROUPS IN
ISO DATA BASE

COMMERCIAL MULTIPERIL - NON-LIABILITY (ASLOB 51)

1. Travelers Indemnity Company
2. State Auto Mutual Insurance Company
3. Nodak Mutual Insurance Company
4. Cincinnati Insurance Company
5. Tokio Marine Companies
6. Nationwide Mutual Insurance Company
7. QBE Insurance Corporation
8. Liberty Mutual Insurance Company
9. Employers Mutual Casualty Company
10. Great American Insurance Company

Insurers are listed in descending order based on the percent of statewide written premium volume from Annual Statement Page 15 for year ending 12/31/2022 for Annual Statement Line of Business (ASLOB) 51, Commercial Multiperil - Non-liability.

Although ASLOB 51 includes coverages in addition to commercial fire and allied lines, e.g., crime, inland marine, fidelity, the largest percentage of premium volume is due to fire and allied lines (Basic Group I, Basic Group II, and Special Causes of Loss coverages). ASLOB 51 does not include data reported under monoline fire and allied lines (ASLOBs 10 and 21), which includes both commercial and personal property experience.

SIZE OF ISO
DATA BASE

The market share of all insurers reporting to ISO in this state and included in the ratemaking experience underlying this review as measured by Annual Statement Page 15 written premium for year ending 12/31/2022 is:

Commercial Multi-peril - Non-liability (ASLOB 51) – 24.5%

COMPANY
DECISION

We encourage each insurer to decide independently whether the judgments made and the procedures or data used by ISO in developing the loss costs contained herein are appropriate for its use. We have included within this document the information upon which ISO relied in order to enable companies to make such independent judgments.

The data underlying the enclosed material comes from companies reporting to Insurance Services Office, Inc. Therefore, the ISO experience permits the establishment of a much broader statistical ratemaking base than could be employed by using any individual company's data. A broader data base enhances the validity of ratemaking analysis derived therefrom. At the same time, however, an individual company may benefit from comparison of its own experience to the aggregate ISO experience, and may reach valid conclusions with respect to the manner in which its own costs can be expected to differ from ISO's projections based on the aggregate data.

Some calculations included in this document involve areas of ISO staff judgment. Each company should carefully review and evaluate its own experience in order to determine whether the ISO selected loss costs are appropriate for its use.

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COMMERCIAL PROPERTY

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OVERVIEW OF ISO ACTUARIAL PROCEDURES - COMMERCIAL PROPERTY

INTRODUCTION

Commercial Property prospective loss costs are determined by evaluating the adequacy of the current ISO loss costs to pay for our best estimate of losses and all loss adjustment expenses that will be incurred in the prospective (or future) period. This evaluation is done separately for Basic Group I, Basic Group II, and Special Causes of Loss.

STEP 1: DETERMINATION OF INDICATED STATEWIDE LOSS COST LEVEL CHANGE

The first step in this process is the determination of the indicated statewide loss cost level change. This indicated statewide loss cost level change is the average percentage change which must be made to the current ISO loss costs in order to achieve adequacy for the prospective conditions. The percentage changes are presented on the exhibits labeled "Statewide Coverage Loss Cost Level Evaluation".

STEP 2: DISTRIBUTION OF CHANGES

Based on the experience, ISO then distributes the indicated statewide loss cost level change by territory (where applicable) and type of policy for Basic Group I; by type of policy for Basic Group II; and by type of policy and category for Special Causes of Loss.

STEP 3: CALCULATION OF REVISED LOSS COSTS

The last step is the calculation of the prospective ISO loss costs. This is achieved by applying the indicated monoline changes to the current ISO loss costs. For Basic Group I, for those states without BG I rating territories, the statewide loss cost changes are applied to the current manual loss costs. For those states with rating territories, the Balance of State loss cost changes are applied to the current manual loss costs. The revised territory multipliers are calculated by multiplying the current territory multipliers by the indicated territory changes. For specifically-rated properties, the appropriate changes are applied to the current experience level adjustment factors and territory multipliers. For Basic Group II, revised loss costs are calculated by applying the indicated statewide monoline change to the current ISO loss costs, and where applicable, adding the hurricane modeled loss costs. For Special Causes of Loss, revised loss costs are calculated by applying the indicated monoline changes by category to the current ISO loss costs.

COMMERCIAL PROPERTY INSURANCE
CALCULATION OF STATEWIDE ADVISORY LOSS COST LEVEL CHANGES IN EXHIBITS B1-B3

OBJECTIVE	<p>The objective of this procedure is to determine the indicated statewide advisory loss cost level change. This procedure answers the question: What average percentage change must be made to the current ISO loss costs in order for them to be adequate to cover indemnity losses and all loss adjustment expenses incurred in the prospective period in which the revised loss costs are assumed to be in effect?</p>
DESCRIPTION	<p>This procedure compares the trended and developed incurred losses and loss adjustment expenses with the trended aggregate loss costs at current ISO level. The aggregate loss costs at current level are the amounts that would have been collected for losses and all loss adjustment expenses if the current ISO loss costs had been in effect during the experience period.</p> <p>Experience ratios (losses and all loss adjustment expenses divided by aggregate loss costs, both trended to the prospective experience period) are calculated by year, and a weighted average of the yearly experience ratios is calculated. For Basic Group I (BG I) and Special Causes of Loss (SCL), the five year weights vary by year, giving greater weight to the more recent experience. For Basic Group II (BG II), because of the more volatile nature of the data, the ten individual years are given equal weight.</p> <p>The average experience ratio is then credibility-weighted with the expected experience ratio in order to minimize the impact of random variation in the observed losses. The resulting credibility-weighted experience ratio is the indicated statewide advisory loss cost level change in decimal form.</p>
EXPERIENCE BASE	<p>The experience used in this review is the latest available data reported under the ISO Commercial Statistical Plan for BG I, BG II and SCL. The data are aggregated on an accident year basis.</p>

EXPLANATORY NOTES TO EXHIBITS B1-B3

STATEWIDE BASIC GROUP I, BASIC GROUP II AND SPECIAL CAUSES OF LOSS COVERAGE LOSS COST LEVEL EVALUATION

COLUMN (1)

EXPERIENCE PERIOD

Experience for the five most recent accident years is used for BG I and SCL.
Experience for the ten most recent accident years is used for BG II.

COLUMN (2)

AGGREGATE LOSS COSTS

Since the objective of the ratemaking procedure is to test the adequacy of the current ISO loss costs, premium data for each year in the experience period are adjusted to the loss cost level which would have been earned had the current loss costs been in effect. This is accomplished by using either an extension-of-exposures (PPR or premium at present rates/loss costs) approach or an on-level approach. Where appropriate, certain reported data elements have been adjusted prior to being used in the calculations.

Extension of Exposures Approach

Where feasible, aggregate loss costs at current level (ALCCL) are developed using an extension-of-exposures approach. That is, the exposure (amount of insurance per \$100) for each policy is multiplied by the current manual loss cost for that state, territory, subline, coverage, construction, occupancy and by any other applicable rating factors, such as limit of insurance factors and deductible relativities.

On-Level Approach

The on-level approach is applied on an individual policy basis. The first step in the process is to multiply the reported premiums by the product of all loss cost level changes that have become effective subsequent to the inception date of the policy. The premiums are divided by the reported Rating Modification Factors and Loss Cost Multipliers to bring them to current ISO monoline manual loss cost level.

For premium records with inception dates prior to the effective date of the implementation of Limit of Insurance (LOI) curves, premiums are multiplied by off-balance factors and limit of insurance factors to bring them to a post-LOI loss cost level.

The on-level approach is used to adjust those premium records which cannot be adjusted using the extension-of-exposures techniques, for example, premium records for Basic Group I specifically-rated properties, for which manual loss costs do not exist. In addition, records failing an exposure edit which checks for a reasonable relationship between reported premium and exposure amount have also been on-leveled.

STATEWIDE BASIC GROUP I, BASIC GROUP II AND
SPECIAL CAUSES OF LOSS COVERAGE LOSS COST LEVEL EVALUATION (cont'd)

COLUMN (2)
(cont'd)

Current IPMF and Prospective Amount of Insurance Levels

Premiums are also adjusted to prospective amount of insurance levels by exposure trend factors to reflect the impact of inflation on the average amount of insurance written (Exhibit C13). After multiline premiums are brought to current ISO monoline manual level, they are further adjusted to implicit package modification factor (IPMF) level by the application of Commercial Package Policy (CPP) IPMF's which vary by the eight CPP types of policy. (Both the adjustments to prospective amount of insurance level and to current IPMF level are done on an aggregate basis.) For a more complete description of the IPMF's and the other premium adjustments, refer to Exhibits C7 through C9 in the supporting material.

COLUMN (3)

ADJUSTED INCURRED LOSSES

In order to assure the adequacy of the proposed loss cost level, incurred losses are adjusted to reflect the effect of inflation and other trends on loss costs. The adjustment of past losses to prospective levels is accomplished on an individual loss basis by application of current cost factors, loss projection factors and loss trend adjustments (Exhibits C10 through C12). In addition to adjusting losses to prospective cost level, the effect of inflation on the deductible portion of the loss incurred is reflected.

For each subline, incurred losses are further adjusted by an excess loss procedure which smoothes fluctuations due to large loss occurrences. The procedure removes any losses determined to be excess from the total incurred losses, resulting in normal incurred losses. These normal incurred losses (total - excess) are then multiplied by excess loss factors to calculate adjusted incurred losses (Exhibits C18 through C21). The resulting adjusted incurred losses are then developed to their ultimate settlement value and loaded by a factor to include all loss adjustment expenses. Loss development factors can be found on Exhibit C17, and loss adjustment expense factors on Exhibit D6. Where appropriate, certain reported data elements have been adjusted prior to being used in the calculations.

COLUMN (4)

EXPERIENCE RATIO

The experience ratio is the ratio of adjusted incurred losses to aggregate loss costs for each year.

STATEWIDE BASIC GROUP I, BASIC GROUP II AND
SPECIAL CAUSES OF LOSS COVERAGE LOSS COST LEVEL EVALUATION (cont'd)

COLUMN (5) - BG I, SCL WEIGHTS

For Basic Group I and Special Causes of Loss, the yearly experience ratios are weighted using weights of 10%, 15%, 20%, 25%, and 30% with the greatest weight assigned to the most recent year. These weights recognize the need to balance stability and responsiveness. The ten Basic Group II experience ratios are equally weighted, each given 10% weight.

LINE (6) - BG I, SCL WEIGHTED EXPERIENCE RATIO
LINE (5) - BG II

For Basic Group I and Special Causes of Loss, the weights are applied to the experience ratios to yield the weighted experience ratio. For Basic Group II, the experience ratios are equally weighted. These weighted experience ratios represent a projection of the experience which would result if future policies were written without a loss cost level revision.

LINE (7) - BG I, SCL CREDIBILITY
LINE (6) - BG II

The standards for 100% credibility are discussed in detail in Exhibits C22, C23, and C24 for Basic Group I, Basic Group II, and Special Causes of Loss, respectively.

LINE (8) - BG I, SCL EXPECTED EXPERIENCE RATIO
LINE (7) - BG II

The expected experience ratio is ISO's best prediction of the experience ratio if the actual incurred experience were not available. For this review, we have assumed that the current loss costs were adequate when implemented and will be inadequate for the prospective period only to the extent of the net trend. The expected experience ratio is represented by the net (loss/amount of insurance) trend factor.

LINE (9) - BG I, SCL CREDIBILITY WEIGHTED EXPERIENCE RATIO
LINE (8) - BG II

The credibility weighted experience ratio is a weighted average of the weighted experience ratio (line (6) for BG I and SCL; line (5) for BG II) and the expected experience ratio (line (8) for BG I and SCL; line (7) for BG II) using the credibility factor and its complement as respective weights. For more detailed information regarding the development of the credibility factors, refer to Exhibits C22, C23, and C24.

LINE (10) - BG I, SCL INDICATED COVERAGE LOSS COST CHANGE
LINE (9) - BG II

The credibility weighted experience ratio yields the overall coverage loss cost level change for Basic Group I (see Exhibit B1), Basic Group II (see Exhibit B2), and Special Causes of Loss (see Exhibit B3).

COMPOSITION OF THE RATEMAKING DATA BASE

DATA INCLUDED

BASIC GROUP I

- . CSP Subline 010 (Commercial Fire)
- . CSP Subline 015 (Basic Group I, i.e., Fire, Lightning, Explosion, Vandalism, Sprinkler Leakage)
- . CSP Subline 016 (BG I excluding Vandalism)
- . CSP Subline 017 (BG I excluding Sprinkler Leakage)
- . CSP Subline 018 (BG I excluding Vandalism and Sprinkler Leakage)

BASIC GROUP II

- . CSP Subline 020 (Extended Coverage)
- . CSP Subline 025 (Basic Group II, i.e., Windstorm or Hail, Smoke, Aircraft or Vehicles, Riot or Civil Commotion, Sinkhole Collapse and Volcanic Action)
- . CSP Subline 027 (Basic Group II Causes of Loss, i.e., Windstorm or Hail, Smoke, Aircraft or Vehicles, Riot or Civil Commotion, Sinkhole Collapse and Volcanic Action)
- . CSP Subline 029 (Basic Group II Causes of Loss excluding Windstorm or Hail)

SPECIAL CAUSES OF LOSS

- . CSP Subline 028 (All Other Perils Special Coverage Forms & Endorsements)
- . CSP Subline 035 (Causes of Loss Special Form Including Theft)
- . CSP Subline 045 (Causes of Loss Special Form Excluding Theft)

NOTES ON DATA INCLUDED

All CSP data are reviewed for CSP Types of Policy 10 (monoline), 3X, 70, and 7X (multiline).

For BG I, BG II and SCL, the reviewed experience is for property damage and time element coverages (coverage codes 1-7, as well as coverage code 9 reported under pre-simplification sublines 010, 020, and 028).

COMPOSITION OF THE RATEMAKING DATA BASE (cont'd)

<u>DATA EXCLUDED</u>	<u>TYPE OF DATA</u>	<u>BG I</u>	<u>BG II</u>	<u>SCL</u>
	• Non-voluntary experience (e.g. FAIR Plans)	X	X	NA
	• Dwelling experience	X	X	X
	• Farm experience	X	X	NA
	• Countrywide rated risks	X	X	X
	• Highly protected risks	X	X	X
	• Experience for policies with large deductibles	X	X	X

X indicates that experience is excluded.

Separately identifiable terrorism premium and loss records have been excluded from the ratemaking experience.

OVERVIEW OF ISO ACTUARIAL PROCEDURES - COMMERCIAL PROPERTY

STEP 2 - DISTRIBUTION OF LOSS COST LEVEL CHANGES

OBJECTIVE	<p>The objective of this procedure is to distribute the indicated statewide loss cost level change for Basic Group I, Basic Group II, and Special Causes of Loss among the various rating variables used in each subline. These procedures are used to answer the question: What percentage change for each rating variable must be made to the current ISO loss costs in order to achieve adequacy for the prospective conditions?</p> <hr/>
BASIC GROUP I	<p>For Basic Group I, a consolidated simultaneous iterative procedure is used to calculate the type of policy and territory relativities. More detail on this procedure is given in Exhibit B4. The type of policy relativities serve to price Commercial Package policies relative to monoline policies, via the Package Modification Factors (PMF), while the territory relativities serve to price the various territories relative to one another.</p> <p>The overall loss cost change is distributed across type of policy and territory. The indicated monoline change is the product of the monoline type of policy relativity, the territorial relativity, and the statewide loss cost level change.</p> <hr/>
BASIC GROUP II	<p>The purpose of the Basic Group II relativity analysis is to determine monoline loss cost level needs, to obtain marginal relativities displayed on Exhibit B8 and to price CPP policies relative to monoline policies via the PMFs. Unlike the BG I and SCL relativity analyses, the BG II relativity analysis does not employ a simultaneous review procedure because the overall loss cost change is distributed across type of policy only. The indicated statewide monoline change is the product of the monoline type of policy relativity times the statewide loss cost level change.</p> <hr/>

OVERVIEW OF ISO ACTUARIAL PROCEDURES - COMMERCIAL PROPERTY

STEP 2 - DISTRIBUTION OF LOSS COST LEVEL CHANGES (cont'd)

SPECIAL CAUSES OF LOSS

For Special Causes of Loss, a simultaneous iterative procedure is used as for BG I to arrive at a set of type of policy and category relativities (as displayed on Exhibit B5) that best represent the experience within each state. The type of policy relativities serve to price CPP policies relative to monoline policies via the PMFs, while the category relativities serve to price the various categories relative to one another.

The indicated monoline loss cost level changes are calculated for each category by taking the product of the monoline type of policy relativity, the category relativity and the statewide coverage loss cost change. See Exhibit B5 for the monoline loss cost indications.

The overall monoline loss cost level change is a weighted average of the 14 monoline category changes. In calculating this weighted average, the latest year monoline and multiline combined loss costs at current level are used as weights.

EXPLANATORY NOTES TO EXHIBITS B4 AND B5

BASIC GROUP I AND SPECIAL CAUSES OF LOSS RELATIVITY ANALYSIS

INTRODUCTION

The explanations which follow clarify Exhibits B4 and B5, the Basic Group I relativity analysis and the Special Causes of Loss relativity analysis, respectively. The purpose of these analyses is to:

- (1) determine monoline territorial loss cost level needs for Basic Group I;
- (2) determine monoline category loss cost level needs for Special Causes of Loss;
- (3) determine indicated changes to the eight CPP package modification factors (PMFs) based on Basic Group I/Special Causes of Loss experience.

COLUMN (1)

LEAST SQUARES FORMULA RELATIVITIES

The least squares formula relativities are the marginal relativities which result from the application of the simultaneous review procedure to the raw experience (where marginal refers to the relativities for a given rating variable, e.g. type of policy, across all subsets of any other rating variables, i.e. territory for Basic Group I, and category for Special Causes of Loss).

The purpose of such a simultaneous review procedure is to arrive at a set of type of policy relativities (which will serve to price CPP policies relative to monoline policies via the PMFs); a set of territory relativities for Basic Group I; and a set of category relativities for Special Causes of Loss that best represent the experience. This procedure is in contrast to a review of each rating variable's experience separately. Such one-way types of review do not take into account differing percentages of monoline and multiline experience in each rating variable, nor differing percentages of a particular rating variable's experience in the monoline and multiline types of policy. The simultaneous relativity procedure accounts for these different distributions in generating relativities for the various rating variables.

EXPLANATORY NOTES TO EXHIBITS B4 AND B5 (cont'd)

COLUMN (1)
(Cont'd)

The procedure follows an iterative technique to determine a set of marginal relativities by rating variable that is a best fit to the individual cell relativities, with each cell being defined as the cross-section of specific values of each rating variable. The process uses the relativity of the five year experience ratios by rating cell to the overall statewide experience ratio and the latest year aggregate loss costs for each rating cell. (This experience is shown in Exhibits B6 for Basic Group I and Exhibits B7 for Special Causes of Loss.) Specifically, the iteration procedure uses the following formulas:

BASIC GROUP I:

$$TOP_i = \frac{\sum_{k=1}^t W_{ik}^2 R_{ik} TER_k}{\sum_{k=1}^t W_{ik}^2 TER_k^2}, \text{ where } 1 \leq i \leq m;$$

$$TER_k = \frac{\sum_{i=1}^m W_{ik}^2 R_{ik} TOP_i}{\sum_{i=1}^m W_{ik}^2 TOP_i^2}, \text{ where } 1 \leq k \leq t;$$

SPECIAL CAUSES OF LOSS:

$$TOP_i = \frac{\sum_{j=1}^n W_{ij}^2 R_{ij} CAT_j}{\sum_{j=1}^n W_{ij}^2 CAT_j^2} \text{ where } 1 \leq i \leq m;$$

$$CAT_j = \frac{\sum_{i=1}^m W_{ij}^2 R_{ij} TOP_i}{\sum_{i=1}^m W_{ij}^2 TOP_i^2}, \text{ where } 1 \leq j \leq n;$$

EXPLANATORY NOTES TO EXHIBITS B4 AND B5 (cont'd)

COLUMN (1)
(cont'd)

- TOP_i is the relativity for the i th type of policy;
- CAT_j is the relativity for the j th category;
- TER_k is the relativity for the k th territory;
- W_{ik} is the loss cost volume at current level for the i th type of policy and k th territory;
- R_{ij} is the experience ratio relativity for the i th type of policy and j th category (Special Causes of Loss);
- R_{ik} is the experience ratio relativity for the i th type of policy and k th territory (Basic Group I);
- m is the number of types of policy in the analysis;
- n is the number of categories in the analysis;
- t is the number of territories in the analysis.

The procedure determines m type of policy relativities using the above formulas. Then, using those results, a set of t territory relativities is determined. These steps form an iterative process which continues until there is no appreciable difference in results from one iteration to the next.

COLUMN (2)

CREDIBILITY

The credibility of the experience for each rating variable is determined from the formula:

$$Z = \frac{P}{P + K} ,$$

where P represents the five-year aggregate adjusted loss costs for a given rating variable, and K is a constant value. For Basic Group I, K equals an aggregate loss cost volume of \$55,000,000 for territory and \$100,000,000 for type of policy. For Special Causes of Loss, K equals an aggregate loss cost volume of \$15,000,000 for category and \$40,000,000 for type of policy.

EXPLANATORY NOTES TO EXHIBITS B4 AND B5 (cont'd)

COLUMN (3)

CREDIBILITY-WEIGHTED RELATIVITIES

Credibility-weighted relativities are calculated based on the formula

$$W = R^Z,$$

where Z is the credibility, R is the least squares formula relativity and W is the credibility weighted relativity for a given rating variable.

This formula implicitly assigns the complement of credibility to a relativity of unity.

COLUMN (4)

BALANCED RELATIVITIES

The credibility-weighted relativities are balanced to assure that the average relativity across all rating variables remains at unity.

COLUMN (5)

INDICATED MONOLINE LOSS COST LEVEL CHANGE

For Basic Group I, the indicated monoline loss cost changes are calculated for each territory by taking the product of the monoline type of policy (TOP 10) relativity, the territory relativity, and the statewide loss cost level change. (An example of such a calculation appears on Exhibit B4.)

The indicated overall statewide monoline loss cost level change shown at the bottom of the first page of Exhibit B4 is the aggregate loss cost-weighted average of the individual territory changes.

For Special Causes of Loss, the indicated monoline loss cost changes are calculated for each category by taking the product of the monoline type of policy (TOP 10) relativity, the category relativity, and the statewide loss cost level change. (An example of such a calculation is included in Exhibits B5.) The indicated overall statewide loss cost level change shown at the bottom of Exhibits B5 is the aggregate loss cost-weighted average of the individual category changes.

In all cases, the loss costs used in these calculations are the latest year's monoline and multiline combined adjusted loss costs.

EXPLANATORY NOTES TO EXHIBITS B4 AND B5 (cont'd)

MULTILINE CONSIDERATIONS

The type of policy (TOP) relativities are used to generate multiline indications which apply to the current implicit package modification factors (IPMF's). The indicated IPMF's are calculated as follows:

$$\frac{\text{TOP y indicated IPMF}}{\text{IPMF}} = \frac{(\text{TOP y current IPMF})(\text{TOP y relativity})}{\text{monoline relativity}}$$

For each CPP type of policy, the indicated IPMF is subject to a minimum value of 0.50 and a maximum value of 1.50. If an indicated IPMF falls outside one of those limits, it is capped at that amount, the loss costs for that type of policy are adjusted to the capped IPMF level, and the entire relativity review as described above is re-performed to take this into account. If an IPMF has been capped, it is so noted at the bottom of Exhibits B4 and Exhibits B5.

It should be noted that although this procedure generates multiline indications, this filing only addresses monoline loss cost levels. That is, upon implementation of this filing only the monoline loss costs will be revised. The multiline indications developed here will be combined with those of the other component coverages, e.g. GL Premises and Operations in the CPP review for the purpose of revising the package modification factors.

EXPLANATORY NOTES TO EXHIBITS B6

BASIC GROUP I RELATIVITY ANALYSIS SUMMARY OF EXPERIENCE USED IN SIMULTANEOUS REVIEW

INTRODUCTION	<p>The experience used in the relativity analysis and displayed in Exhibit B6 is the latest five accident years of data reported under the Commercial Statistical Plan. As in the overall review, loss costs have been adjusted to current ISO loss cost and prospective amount of insurance levels (with multiline aggregate loss costs adjusted additionally by the current implicit package modification factors). Incurred losses are adjusted to prospective cost levels, and are further adjusted by the Basic Group I large loss procedure and the Special Causes of Loss excess procedure. Losses have also been developed to their ultimate settlement value by application of loss development factors.</p>
COLUMN (1)	<p><u>2022 AGGREGATE LOSS COSTS</u></p> <p>The latest accident year aggregate loss costs (adjusted as described above) are used as weights both in the calculation of any totals shown in this table and in the iterative formulas used in the simultaneous review procedure.</p>
COLUMN (2)	<p><u>2018 - 2022 AGGREGATE LOSS COSTS</u></p> <p>The combined five-year adjusted aggregate loss costs (adjusted as described above) are used to calculate the experience ratios in column (3).</p>
COLUMN (3)	<p><u>FIVE-YEAR EXPERIENCE RATIOS</u></p> <p>These are the ratios of the combined five-year adjusted incurred losses (adjusted as described above) to the combined five-year adjusted aggregate loss costs as shown in column (2). Any totals which are shown are weighted averages using the adjusted aggregate loss costs in column (1).</p>
COLUMN (4)	<p><u>RELATIVITIES</u></p> <p>The relativities are the ratios of the five-year experience ratios shown in column (3) to the average five-year experience ratio for all TOP's and territories (where applicable) combined. These relativities represent how much better or worse than average the experience for a given cell is. They are used along with the aggregate loss costs in column (1) as input for the simultaneous review procedure.</p>

EXPLANATORY NOTES TO EXHIBITS B7

SPECIAL CAUSES OF LOSS RELATIVITY ANALYSIS SUMMARY OF EXPERIENCE USED IN SIMULTANEOUS REVIEW

INTRODUCTION	<p>The experience used in the relativity analysis and displayed in Exhibit B7 is the latest five accident years of data reported under the Commercial Statistical Plan. As in the overall review, loss costs have been adjusted to current ISO loss cost and prospective amount of insurance levels (with multiline aggregate loss costs adjusted additionally by the current implicit package modification factors). Incurred losses are adjusted to prospective cost levels, and are further adjusted by the Basic Group I large loss procedure and the Special Causes of Loss excess procedure. Losses have also been developed to their ultimate settlement value by application of loss development factors.</p>
COLUMN (1)	<p><u>2022 AGGREGATE LOSS COSTS</u></p> <p>The latest accident year aggregate loss costs (adjusted as described above) are used as weights both in the calculation of any totals shown in this table and in the iterative formulas used in the simultaneous review procedure.</p>
COLUMN (2)	<p><u>2018 - 2022 AGGREGATE LOSS COSTS</u></p> <p>The combined five-year adjusted aggregate loss costs (adjusted as described above) are used to calculate the experience ratios in column (3).</p>
COLUMN (3)	<p><u>FIVE-YEAR EXPERIENCE RATIOS</u></p> <p>These are the ratios of the combined five-year adjusted incurred losses (adjusted as described above) to the combined five-year adjusted aggregate loss costs as shown in column (2). Any totals which are shown are weighted averages using the adjusted aggregate loss costs in column (1).</p>
COLUMN (4)	<p><u>CREDIBILITY (Z) WEIGHTED EXPERIENCE RATIO</u></p> <p>A credibility procedure is applied to the initial experience ratios in column (3) on a cell-by-cell basis prior to the simultaneous review procedure. The credibility values are calculated using an empirical Bayesian credibility procedure. In the following discussion, cell refers to an individual combination of TOP and category.</p>

EXPLANATORY NOTES TO EXHIBITS B7 (cont'd)

COLUMN (4)
(cont'd)

The important concept underlying empirical Bayesian credibility is that credibility should depend both on the overall variation of the group of which the cell is a member and the variation of the yearly experience ratios for the cell. Therefore, if a cell's data is very stable then a relatively high credibility value is assigned, and vice versa.

The empirical Bayesian credibility formula for individual cell credibility is $Z = ((C-3)/C) (P/(P+K)) + (3/C)$. P equals the cell's five-year adjusted aggregate loss costs and C equals the number of unique combinations of rating variables (TOP and Category) within a class group. The K value is estimated from the underlying data using the empirical Bayes method and varies by TOP group. The three TOP groups used in this analysis are: Monoline (TOP 10), Premises (TOP's 31-35), and Operations (TOP's 36-38). The 3/C term corrects for the statistical bias associated with the credibility process. The minimum credibility that is possible is 3/C.

COLUMN (5)

Z-WEIGHTED RELATIVITIES

The relativities are the ratios of the five-year credibility-weighted experience ratios shown in column (4) to the average five-year credibility-weighted experience ratio for all TOP's and categories combined. These relativities represent how much better or worse than average the experience for a given cell is. They are used along with the aggregate loss costs in column (1) as input for the simultaneous review procedure.

EXPLANATORY NOTES TO EXHIBIT B8

BASIC GROUP II RELATIVITY ANALYSIS

INTRODUCTION

The explanations which follow clarify Exhibit B8, the Basic Group II (BG II) relativity analysis. The purpose of this analysis is to:

- (1) determine the monoline loss cost level need;
- (2) determine indicated changes to the eight CPP package modification factors (PMFs) based on Basic Group II experience.

COLUMN (1)

2022 AGGREGATE LOSS COSTS

The latest accident year adjusted aggregate loss costs (adjusted in the same manner as in the overall review, i.e. to current manual loss cost and prospective amount of insurance levels, with multiline aggregate loss costs further adjusted to current IPMF level) are used as weights in the calculation of any totals shown in this table.

COLUMN (2)

2013 - 2022 EXPERIENCE RATIO

These experience ratios are the ratios of the combined ten-year CSP adjusted incurred losses (adjusted to current deductible and prospective cost levels including loss development, and smoothed by the BG II excess loss procedure) to the combined ten year CSP adjusted aggregate loss costs. Any totals which are shown are weighted averages using the aggregate loss costs in column (1). When a dash is displayed in the column, it indicates that the indicated IPMF which resulted from this procedure was capped. The procedure which follows when capping occurs is described below.

COLUMN (3)

FORMULA RELATIVITY

The formula relativities are the ratios of the ten year experience ratios for the type of policy (either monoline vs. multiline or individual multiline programs) to the average ten year experience ratio for monoline and multiline combined. These relativities represent how much better or worse than average the experience for a given type of policy is. Again, any totals which are shown are weighted averages and the display of a dash indicates that the resulting IPMF was capped. Unlike the BG I and SCL relativity analyses, the BG II analysis does not employ a simultaneous review procedure since a one way review is involved. That is, the overall loss cost change is only distributed across type of policy; no other rating variables are considered.

EXPLANATORY NOTES TO EXHIBIT B8 (cont'd)

COLUMN (4)

CREDIBILITY

The credibility of the experience for each type of policy is determined from the formula:

$$Z = \frac{P}{P + K}$$

where P is the ten year aggregate adjusted loss costs for a given type of policy, and K is a constant loss cost volume of \$45,000,000.

COLUMN (5)

Z - WEIGHTED RELATIVITY

The weighted relativity is a weighted average of the individual TOP formula relativity and the overall (coverage) formula relativity using credibility and its complement as the respective weights. Therefore, to the extent that the indication for a type of policy is not fully credible, the complement of credibility is assigned to the statewide coverage level change.

COLUMN (6)

BALANCED FORMULA RELATIVITY

The individual multiline weighted relativities are balanced to the multiline weighted relativity level by applying a factor equal to the overall multiline relativity (i.e. the weighted relativity for all multiline combined which is shown on the top of the exhibit directly under the corresponding monoline relativity) divided by the average multiline relativity (i.e. the weighted average of the individual multiline weighted relativities which is shown on the bottom of the exhibit). When the indicated IPMF for a type of policy is capped, the balanced relativity is set equal to the product of the capped IPMF in column (9) and the monoline balanced formula relativity in column (6), divided by the current IPMF in column (8).

COLUMN (7)

NORMALIZED FORMULA RELATIVITY

The normalized relativity is equal to the balanced formula relativity divided by the average monoline/multiline combined relativity. This balances the average monoline/multiline relativity to unity.

COLUMN (8)

CURRENT IMPLICIT PMF

This is the current IPMF for each multiline type of policy.

EXPLANATORY NOTES TO EXHIBIT B8 (cont'd)

COLUMN (9)

INDICATED IMPLICIT PMF

The indicated IPMF is calculated from the normalized relativities as follows:

$$\frac{\text{TOP y indicated IPMF}}{\text{IPMF}} = \frac{(\text{TOP y current IPMF})(\text{TOP y relativity})}{\text{monoline relativity}}$$

For each CPP type of policy the indicated IPMF is subject to a minimum value of 0.50 and a maximum value of 1.50. If an indicated IPMF falls outside one of those limits, it is capped at that amount, the aggregate loss costs for that type of policy are adjusted to the capped IPMF level, and the entire relativity review as described above is redone to take this into account. If an IPMF has been capped it is so noted in footnote A.

COLUMN (10)

INDICATED LOSS COST CHANGES

The indicated monoline and multiline (by TOP) changes are calculated by taking the product of the statewide loss cost level change and the corresponding TOP relativity.

The overall multiline loss cost level change is the aggregate loss cost weighted average of all multiline TOP loss cost level changes.

MULTILINE
CONSIDERATIONS

It should be noted that although this procedure generates multiline indications, this filing only addresses monoline loss cost levels. That is, upon implementation of this filing only the monoline loss costs will be revised. The multiline indications developed here will be combined with those of the other component coverages, e.g. GL Premises and Operations in the CPP review for the purpose of revising the package modification factors.

OVERVIEW

AGGREGATE LOSS COSTS AT CURRENT LEVEL

Exhibit C1, C2 and C3 provide the overall loss cost/rate level histories for Basic Group I, Basic Group II, and Special Causes of Loss respectively. These tables, along with Exhibits C4 and C6, provide information on the on-level factors needed to bring collected aggregate loss costs to current loss cost level.

Exhibit C4 provides rate level/loss cost level histories by rating id (class vs. specific), rating group, and territory (where applicable) for Basic Group I, while Exhibit C6 provides rate level/loss cost level histories by category for Special Causes of Loss. These tables can be used to develop on-level factors appropriate to bring collected aggregate loss costs up to current loss cost level. Factors based on these tables are more appropriate for company use than the overall factors shown on Exhibits C1 and C3 if the company's mix of business differs substantially from the industrywide average. For example, if a company's business is very heavily concentrated in a single class or territory, it is more appropriate to use the rate level/loss cost history for that class rather than the overall average to develop on-level factors.

Exhibits C7, C8 and C9 provide the current implicit package modification factors (IPMFs) and IPMF caps for Basic Group I, Basic Group II and Special Causes of Loss.

ADJUSTMENTS TO LOSSES

The loss projection factors, current cost factors, and loss trend adjustments shown on Exhibits C10, C11 and C12 reflect the combined impact of all economic influences on Commercial Property underwriting results and are used to project past underwriting results to future loss levels. They are intended to reflect the impact of inflation on loss payments, the impact of higher costs due to repairs done on an "emergency" basis, the impact of coinsurance and relative insurance to value on loss payments, and any other economic influences which can affect underwriting losses but for which specific provisions are not made. Losses have also been developed to their ultimate settlement value using factors shown on Exhibit C17.

CREDIBILITY

Credibility, Z , is a weight given to the most recent body of data. The complement of credibility, $1-Z$, is the weight assigned to net trend. The final estimate is a weighted average obtained by using the formula $C = Z \times R + (1-Z) \times N$, where

Z = credibility

C = final estimate

R = estimate based on the most recent data

N = net trend

OVERVIEW (cont'd)

CREDIBILITY (cont'd)

Credibility may range from 0 to 1, where $Z=1$ is full credibility and $Z=0$ is no credibility. The actual numerical value of Z is calculated by considering how the state's volume of experience compares with the full credibility standard. Credibility is capped at 25% if the credibility calculated is less than 25%. See Exhibits C22, C23 and C24 for a complete explanation of the credibility standards for Basic Group I, Basic Group II, and Special Causes of Loss.

LOSS COST/RATE LEVEL HISTORY

Loss cost/rate level histories are provided for Basic Group I, Basic Group II and Special Causes of Loss. The loss cost/rate level changes are then further split out by rating territory, rating group or category since a company's business may be more heavily concentrated in a single class. These histories can be used to develop on-level factors appropriate to bring collected aggregate loss costs up to current loss cost levels.

EXPLANATORY NOTES TO EXHIBITS C1, C2 AND C3

LOSS COST/RATE LEVEL HISTORIES

COLUMN (1) EFFECTIVE DATE

The effective dates of the latest loss cost/rate level changes are shown.

COLUMN (2) LOSS COST/RATE LEVEL CHANGE

The overall loss cost/rate level change is shown in percent form.

COLUMN (3) LOSS COST/RATE LEVEL INDEX

The product of all loss cost/rate level changes up to and including the loss cost/rate change for that effective date is used to calculate on level factors.

COLUMN (4) WRITTEN ADJUSTMENT (ON LEVEL) FACTORS

The factors are used to bring individual policies with inception dates prior to the effective date up to current loss cost level. For Basic Group II these are the actual factors used. However, the loss cost/rate changes for Basic Group I vary by rating id, rating group, and territory (where applicable), while the loss cost/rate level changes for Special Causes of Loss vary by category. Consequently, for these coverages the on-level factors represent average factors and are not the factors actually used to adjust the aggregate loss costs on an individual policy basis. For complete loss cost/rate level histories by rating id, rating group, and territory (where applicable) for Basic Group I and by category for Special Causes of Loss refer to Exhibits C4 and C6.

COLUMN (5) WEIGHT

The weight indicates the portion of the effective year for which the on level factors apply. These can be used to calculate average yearly factors.

EXPLANATORY NOTES TO EXHIBIT C4

HISTORY OF BASIC GROUP I LOSS COST/RATE CHANGES
BY TERRITORY, RATING ID AND RATING GROUP

TERRITORY

The loss cost/rate level changes shown apply to the rating territory shown here.

EFFECTIVE DATE

The effective dates of the latest loss cost/rate level changes are shown.

LOSS COST/RATE LEVEL CHANGES

Loss cost/rate level changes are shown in percent form for each rating group.

EXPLANATORY NOTES TO EXHIBIT C6

HISTORY OF SPECIAL CAUSES OF LOSS
LOSS COST/RATE LEVEL CHANGES BY CATEGORY

COLUMN (1)

EFFECTIVE DATE

The effective dates of the latest loss cost/rate level changes are shown.

COLUMN (2)

LOSS COST/RATE LEVEL CHANGES BY CATEGORY

Loss cost/rate changes are shown in percent form for each category. Refer to Exhibit D2 for definitions of the current 14 categories.

The prior category definitions (before implementation of the revised rating for Special Causes of Loss) are:

- 01 - Buildings
- 02 - Apartments Contents
- 03 - Office Contents
- 04 - Mercantile, Motel/Hotel and Institutional Contents
- 05 - Service, Industrial/Processing, and Contractors Contents

COMMERCIAL PACKAGE POLICY IMPLICIT PACKAGE MODIFICATION FACTORS (IPMF's)
AND IPMF CAPS

IMPLICIT PACKAGE
MODIFICATION
FACTORS

Since multiline experience is included in the loss cost level evaluations, an additional adjustment is made to multiline aggregate loss costs after they have been brought to current ISO loss cost level. This adjustment is the application of implicit CPP package modification factors which vary for each of the eight CPP types of policy.

The loss costs used to price a Commercial Package Policy (CPP) are the monoline loss costs multiplied by the PMF to reflect the package policy discount for the particular type of CPP policy relative to the individual monoline policies. However, these PMF's measure the amount of multiline discount for all property coverages combined. A more accurate measure of the amount of multiline discount for each subline (e.g., Basic Group I, Basic Group II, or Special Causes of Loss) is the implicit package modification factor that was used to calculate the overall PMF for all property coverages combined.

For example, the published PMF for Apartments (all property coverages combined) may be .85, but the implicit PMF for Apartments, Commercial Basic Group I coverage only, may be .80. The average of the implicit PMF's for the various coverages is equal to the published PMF for each type of policy.

The current IPMF's by coverage for each CPP type of policy are applied to multiline aggregate loss costs at current level for Basic Group I, Basic Group II and Special Causes of Loss.

IPMF CAPS

For Basic Group I, Basic Group II, and Special Causes of Loss, the IPMF's lower caps are set at 0.50 and the upper caps are set at 1.50 for all TOP's.

EXPLANATORY NOTES TO EXHIBITS C7, C8 AND C9

IMPLICIT PACKAGE MODIFICATION
FACTORS (IPMF's) AND IPMF CAPS

EXHIBITS C7, C8
AND C9

These tables provide the current IPMF's and IPMF caps for Basic Group I, Basic Group II, and Special Causes of Loss. The IPMF's shown here are those which resulted from the most recent CPP revision. The IPMF lower caps are set at .50 and the upper caps are set at 1.50 for all TOP's.

TREND PROCEDURE

INTRODUCTION

The prospective loss cost levels established in this document reflect the anticipated claim cost and claim frequency levels and changes in revenue due to increased amounts of insurance purchased for the period when the new loss costs are assumed to be in effect.

LOSS TREND

EXTERNAL LOSS DATA

For Commercial Property, the loss trend factors are referred to as current cost factors (CCF's) and loss projection factors (LPF's). These CCF's and LPF's are based on the following accepted economic indices:

1. Xactware Commercial Index (XCI) for buildings loss projection factors and current cost factors
2. Producer Price Index (PPI) published by the US Department of Labor (Finished Goods Less Energy, Not Seasonally Adjusted) for contents factors
3. Index for Manufacturers' Sales Exposure (IMSEP) developed by ISO using indices published by the Department of Commerce and Chain-Type Price Index for Retail Sales (RSALES) produced by the Bureau of the Census, Bureau of Economic Analysis for time element factors

The CCF's adjust losses for actual inflationary changes which have taken place between the accident date and the midpoint of the latest period of external trend information, i.e. 11/15/2023 for property damage and time element. The LPF's adjust losses for projected inflationary changes from the midpoint of the latest period of external trend information to the anticipated average date of accident for policies written under the proposed loss costs (assumed to be 12 months after the assumed revision date based on all one-year policies).

The CCF's and LPF's are calculated separately for buildings, contents, and time element coverages. For coverage 3 (buildings and contents on a combined basis), combined trend factors are calculated using the following weights for buildings and contents: 70%/30% for Basic Group I, 75%/25% for Basic Group II, and 50%/50% for Special Causes of Loss. For time element (coverages 4-9) the combined trend factors are calculated using 70%/30% weights for RSALES/IMSEP. The factors are applied by coverage to the losses reported under CSP and CMSP on an individual occurrence basis.

TREND PROCEDURE (cont'd)

LOSS TREND (cont'd)

LOSS TREND ADJUSTMENT - SEVERITY

An evaluation of the latest Commercial Property insurance data shows that the cost levels inherent in the property damage coverages are increasing at a different rate than those measured by the external indices. Therefore, to insure adequate prospective loss cost levels during the period for which loss costs are to be determined, loss trend adjustments (LTA's) have been applied. These factors were developed by comparing the annual rate of change in average claim costs to the annual rate of change in the external indices. (Refer to Exhibit C12 for the calculations.)

LOSS TREND ADJUSTMENT - FREQUENCY

In order to reflect total trend more precisely, a frequency component is included in the loss trend adjustment factors (LTA's) separately for buildings and contents for Basic Group I and contents only for Special Causes of Loss. No frequency component is used for Basic Group II and Special Causes of Loss buildings due to the extremely volatile nature of the coverages.

AMOUNT-OF- INSURANCE TREND

Cost changes over time to both real and personal property result in insureds purchasing increased amounts of insurance. To reflect the impact of this phenomenon, amount of insurance trend factors are applied to collected loss costs to bring them to prospective amount of insurance levels. These factors are developed by measuring amount of insurance trends on a sample of renewal policies.

The application and development of these factors parallels loss trend factors in that separate factors are developed for buildings, contents, and time element, and the adjustment to prospective amount of insurance levels is done in two steps. The current written factors adjust loss costs to the amount of insurance level for the midpoint of the latest period of renewal information, i.e. July 1, 2023. Total amount of insurance trend factors are then calculated by projecting these current factors to the average date of writing (i.e. to the amount of insurance level six months beyond the assumed effective date).

EXPLANATORY NOTES TO EXHIBIT C10

PART A: XACTWARE, PRODUCER PRICE, IMSEP, RSALES INDICES AND COMBINED TIME ELEMENT

QUARTER	The quarter for which the indices shown apply.
XACTWARE COMMERCIAL INDEX (XCI)	The Xactware Commercial Index measures the costs of building material and repairs for commercial properties. The index, which is available since 1st Quarter 2005, is based on regular surveys of over 42,000 material and equipment suppliers and over 9,500 contractors, in addition to claims settlement data. The index values are created by estimating the cost to rebuild a sample set of different structures ranging in size, style, and quality in each economic market. The Xactware index is used in this filing to adjust for current cost from 1/1/05 to the midpoint of the latest index point and for determining the loss projection factor.
PRODUCER PRICE INDEX (PPI)	The Producer Price Index is a time series which measures the price level for a predetermined group of goods produced relative to the price level for an earlier point in time (2009). The PPI Finished Goods Less Energy is published by the U.S. Department of Labor.
PRICE DEFLATOR INDEX FOR MANUFACTURERS' SALES EXPOSURE (IMSEP)	<p>The price deflator index for manufacturers' sales exposure is a quarter's model of Manufacturers' Sales Exposure Proxy (MSEP) for the period in question relative to MSEP measured in chained 2012 dollars. The price deflator is defined as the GNP (Gross National Product) price deflator with government expenditures, investment in intellectual property products, inventory changes, and all services except food services removed.</p> $\text{MSEP} = (\text{CD} + \text{CN} + \text{FS}) + (\text{EXD\&N} - \text{IMD\&N}) + (\text{IFIX} - \text{IPP}), \text{ where}$ <p>CD and CN represent consumption of durables and nondurables, respectively; EXD&N and IMD&N represent exports and imports of merchandise, respectively; FS represents food services and IFIX represents gross private domestic fixed investment (including residential fixed investment as well as nonresidential fixed investment in structures, equipment, and intellectual property products); and IPP represents nonresidential fixed investment in intellectual property products.</p>
CHAIN-TYPE PRICE INDEX FOR RETAIL SALES (RSALES)	The Chain-Type Price Index for Retail Sales measures changes in losses due solely to inflation.

EXPLANATORY NOTES TO EXHIBIT C10 (cont'd)

PART B: COMPUTATION OF THE LOSS PROJECTION FACTORS

LOSS PROJECTION FACTOR

The loss projection factor is calculated by fitting a least squares exponential curve to the appropriate number of points (where the appropriate number of points is determined based on judgment and an examination of the goodness of fit as determined by the R-squared values subject to a maximum of 12 quarterly points for property damage and time element).

The table displays the indices for those points used in fitting the curve. The relevant equations are shown and the annual rate of change in the indices based on the exponential fit is developed. This annual rate of change is projected over the period which extends from the latest period of cost information to the average accident date of the projection period.

PART C: CALCULATION OF CURRENT COST FACTORS (CCF'S)

CALENDAR YEAR AVERAGES

The calendar year averages are the averages of the Xactware, PPI and Time Element indices for the given year. These average indices measure the average cost level of each year relative to the base.

CURRENT COST FACTORS

The current cost factors are the ratios of the indices for the latest period of cost information divided by the average indices for each calendar year. These factors measure the changes in cost levels which have occurred from the midpoint of the given year to the latest point of cost information. In this regard, they represent average factors which would result if each year's losses were distributed evenly throughout the year.

For buildings, the index for the latest point is based on the latest available Xactware point.

Since losses are trended on a record by record basis, these calendar year factors are not actually used in ISO's trend calculations. Instead, factors are calculated from the bi-monthly or quarterly indices and applied to the unit losses based on the date of occurrence.

EXPLANATORY NOTES TO EXHIBIT C11

SUMMARY OF LOSS TREND ADJUSTMENTS (LTA'S)

COLUMN (1)

COVERAGE

The LTA's vary by coverage (buildings, contents, and time element) and line of business (BG I, BG II, and SCL).

COLUMN (2)

FIVE-YEAR INCURRED LOSSES

The five-year multistate incurred losses are used as weights to determine the annual LTA for all lines of business and coverages combined.

COLUMN (3)

ANNUAL LTA's

The LTA's are the factors which are applied to losses to supplement the external indices in order to correctly reflect cost level and claim frequency changes. These are shown here as annual factors. However, they are applied over the entire length of the trend period, i.e. from the date of loss occurrence to the anticipated average accident date under the revised loss costs. The severity portion of the LTA is applied on an individual record basis in the same manner as the CCF's and LPF's. The frequency portion of the LTA is applied to the aggregate losses.

OVERVIEW

DEVELOPMENT OF LOSS TREND ADJUSTMENTS

INTRODUCTION

In order to supplement the external indices reflected in CCF's and LPF's, loss trend adjustments (LTA's) have been developed based on internal loss data. This is necessary because the external indices alone have been insufficient in reflecting cost level and claim frequency changes in Commercial Property Insurance. The following tables show the calculations used to develop these LTA's. Please note the development of the LTA's for the 2024 COMFAL reviews is based on internal commercial property experience through 12/31/2022 and external cost indices through 12/31/2022. Therefore, the CCF's and LPF's shown on Exhibit C12 will not necessarily match those shown on Exhibit C10. ISO has determined that the selected LTAs are appropriate to be used with the latest external indices shown on Exhibit C10.

EXPLANATORY NOTES TO EXHIBIT C12

DEVELOPMENT OF LOSS TREND ADJUSTMENTS (LTA'S)

I. EXTERNAL RATE OF CHANGE

COLUMN (1), (2)
AND (3)

CURRENT COST FACTORS

The CCF's underlying the LTA analysis are based on external cost indices through 12/31/2022 for buildings, contents and time element.

COLUMNS (4)
AND (5)

WEIGHTS

The standard review weights are shown for each line of business.

LINES (6)

AVERAGE CURRENT COST FACTORS

The average CCF's for the experience period are calculated based on the weights shown in columns (4) and (5).

LINE (7)

LOSS PROJECTION FACTORS

The LPF's underlying the LTA analysis are shown here.

LINE (8)

TOTAL TREND

The total trend is the product of the average CCF and the LPF.

LINE (9)

EXTERNAL ANNUAL RATE OF CHANGE

The total trend is converted to an annual basis by raising it to the reciprocal of the number of years between the weighted midpoint of the experience period and the anticipated average accident date. For BG I and SCL the weighted midpoint of the experience period is 01/01/2021, for BG II it is 01/01/2018. Accordingly, there are 54 and 90 months, respectively, to the anticipated average accident date of 07/01/2025.

II. INTERNAL ANNUAL RATES OF CHANGES

LINE (10)

SELECTED COMFAL

The displayed annual rates of change in the average claim costs for BG I, BG II, and SCL were selected based on several least squares exponential fits of the annual claim costs for each subline. This was done to the most recent ten years of Commercial Property data using all companies in the ratemaking data base.

EXPLANATORY NOTES TO EXHIBIT C12 (cont'd)

III. LTA CALCULATION

COLUMN (11)

ANNUAL EXTERNAL

The annual external rates of change from column (9) are shown here.

COLUMN (12)

ANNUAL INTERNAL

The adjusted annual internal rates of change in average loss from line (10) are shown here.

COLUMN (13)

INDICATED SEVERITY LTA

The indicated severity LTA's are calculated by dividing the annual internal rates of change by the annual external rates of change.

COLUMN (14)

FORMULA SEVERITY LTA

The severity LTA's in column (13) are then selected to temper the full effect of internal trend data. Without such tempering, full weight would in effect be given to the internal data without any consideration of the external cost indices.

COLUMN (15)

FREQUENCY EFFECT

The displayed annual rates of change in claim frequency for BG I and SCL were selected based on several least squares exponential fits of the claim frequency by subline. No frequency trend was selected for BG II and SCL buildings due to the extremely volatile nature of the coverage.

COLUMN (16)

FINAL LTA

The final LTA is the combination of the severity and frequency trend adjustments, calculated as column (14) times column (15), in factor form.

EXPLANATORY NOTES TO EXHIBIT C13
EXPOSURE AND PREMIUM TREND FACTORS

Exhibit C13 contains Exposure trend factors, Premium trend factors for Basic Group I, Basic Group II and Special Causes of Loss respectively, building and contents. As annual written exposures increase (decrease), the resulting limit of insurance factors used for rating decrease (increase) and the combined effect should be reflected when trending premiums to future level. There are separate premium trend factor tables for Basic Group I, Basic Group II and Special Causes of Loss since there are separate limit of insurance curves for BG I, BG II and SCL.

For Time Element, exposure trend factors are also used to trend premiums, i.e., there are not separate Time Element premium trend factors because Time Element does not use limit of insurance factors for rating.

COLUMNS (1)
AND (5) ANNUAL WRITTEN INCREASE

The annual written increases for buildings, contents, and time element are calculated from the actual changes in amount of insurance from one year to the next for a sample of renewal policies (based on BG I experience). The change in amount of insurance for each policy in the sample was weighted with its prior year's premiums to obtain a weighted average change for each year. The Annual Written Increase in Premiums (Exhibit C13) are calculated as the Annual Written Increase in Exposure tempered by the change in Limit of Insurance factor.

COLUMNS (2)
AND (6) 07/01/2023 WRITTEN FACTORS

The written factors for a given year are the product of the written annual changes for all years subsequent to that year. Although the 2023 written changes are based on two quarters of data, the consistency of this experience allows for the assumption that written changes for the first half of 2023 are applicable for the entire year.

COLUMNS (3)
AND (7) 06/01/2025 PROJECTED FACTORS

The 06/01/2025 factors are calculated by applying a factor to adjust the 07/01/2023 written factors to the amount of insurance level at the average date of writing, 06/01/2025. This is done using the selected annual changes in exposure or premium.

COLUMNS (4)
AND (8) 06/01/2025 EARNED EXPOSURES/PREMIUM FACTORS

The projected earned factors at the 06/01/2025 level (where 06/01/2025 is the average date of writing in the effective period) are calculated by earning the written factors assuming all one-year policies. The earning factors are shown in footnote (c).

EXPLANATORY NOTES TO EXHIBITS C14, C15 AND C16

BG I, BG II, AND SCL ADDITIONAL INFORMATION ON TREND ADJUSTMENTS

COLUMN (1) UNADJUSTED INCURRED LOSSES

The unadjusted incurred losses are the reported losses prior to any adjustment.

COLUMN (2) TRENDED INCURRED LOSSES

The trended incurred losses are the aggregate of the individual losses trended on a unit record basis.

COLUMN (3) AVERAGE TREND FACTOR

The average trend factors are the trended incurred losses in column (2) divided by the unadjusted incurred losses in column (1). Although average factors could be calculated from the information contained in Exhibits C10 through C12, they would differ from the factors shown in this table for the following reasons:

- (1) In calculating such averages, the usual assumption is that the losses are spread evenly throughout the year, yielding the midpoint of each year as the average date of loss. A predominance of losses at a certain time of the year could shift the average accident date away from the midpoint.
- (2) The average trend factors will be slightly higher due to the impact of trend on the deductible.

COLUMN (4) PERCENTAGE SPLIT BETWEEN BUILDINGS, CONTENTS, AND TIME ELEMENT

The current cost factors and loss projection factors are different for buildings, contents, and time element. Therefore, in addition to the reasons cited above, the average trend factors will differ from state to state depending on the buildings/contents/time element split. Companies with splits substantially different from the industrywide averages shown here may find it appropriate to develop trend factors which reflect their own coverage mix.

LOSS DEVELOPMENT

INTRODUCTION

For Commercial Property, losses are evaluated as of March 31, 2023, three months after the end of the latest experience year used in the review. In order to account for development of losses beyond fifteen months and to reflect overall loss development patterns, loss development was incorporated into the adjustment process of incurred losses to their ultimate settlement value.

LOSS DEVELOPMENT PROCEDURES

The application of loss development factors recognizes the fact that not all of the Commercial Property losses for a particular accident year have been finally determined at the time the experience is compiled.

The incurred losses underlying the statewide loss cost level indications were evaluated as of March 31, 2023.

Accident year ended December 31, 2022 includes all losses paid on accidents from January 1, 2022 to December 31, 2022 and all losses outstanding on those accidents as of March 31, 2023, fifteen months after the inception of the accident year. Similarly, accident years ended 2021, 2020, 2019 and 2018 include all losses paid and outstanding as of 27, 39, 51 and 63 months, respectively, after the inception of the accident year.

Thus, the immature experience reported as of 15, 27, 39 or 51 months must be adjusted to an ultimate settlement basis. This adjustment is accomplished through the use of loss development factors based on the historic multistate Basic Group I, Basic Group II, and Special Causes of Loss incurred losses as shown in Exhibit C17.

EXPLANATORY NOTES TO EXHIBIT C17

LOSS DEVELOPMENT

INTRODUCTION

Exhibit C17 shows multistate incurred loss development exhibits for Basic Group I, Basic Group II and Special Causes of Loss. The exhibits on Exhibit C17 are arranged identically for each subline and can be summarized as listing the following information: incurred losses by accident year and age, age-to-age factors by accident year, and age-to-ultimate factors.

INCURRED LOSSES

The multistate incurred losses are shown by accident year and age at the top of Exhibit C17. The multistate incurred losses are evaluated as of 15, 27, 39, 51 and 63 months. For Basic Group II, losses due to hurricanes reflected in the modeled hurricane loss costs have been removed from the experience for each rating territory and loss month.

AGE-TO-AGE DEVELOPMENT FACTORS

Age-to-age development factors or link ratios are calculated for each accident year. These age-to-age factors are calculated by dividing the incurred losses evaluated at each age by the incurred losses evaluated at the immediately preceding age. For example, 27:15 month age-to-age factors are calculated by taking the losses evaluated as of 27 months and dividing them by the losses evaluated as of 15 months, for each accident year. Age-to-age development factors are also calculated for 39:27 months, 51:39 months and 63:51 months. Latest five-year averages are then determined for each age-to-age interval.

AGE-TO-ULTIMATE DEVELOPMENT FACTORS

Age-to-ultimate factors are then calculated for the latest four years by multiplying the five-year average age-to-age development factors. These age-to-ultimate factors are then used in the adjustment of incurred losses to develop losses to their ultimate settlement value.

EXCESS LOSS PROCEDURES

INTRODUCTION

If not addressed, the presence or absence of large losses during the review period can produce significant fluctuations in loss cost levels. In order to develop a more stable body of experience, large losses have been smoothed. This procedure removes any excess losses from the experience and applies excess loss factors to the resultant state normal losses to generate the adjusted incurred losses. The adjusted losses developed in this manner replace the incurred losses in the loss cost level evaluation.

BASIC GROUP I

First, the excess portion of each large loss is removed from the trended loss experience.

Individual claim amounts that result from the same occurrence are grouped together, and if the total loss for one occurrence exceeds the normal loss cutoff (at 2005 cost levels), the total loss is identified as a large loss. Each large loss is then split into its normal and excess portions based on the normal loss cutoff.

The Basic Group I normal loss cutoff begins at \$250,000 and varies with the size of loss up to a maximum normal amount (approached asymptotically) of \$1,250,000. (The formula and a graph are shown on Exhibit C18.) The portion of each large loss exceeding the cutoff is considered excess and the portion of any loss up to the cutoff is considered normal.

As noted above, the excess loss procedure is performed on trended loss experience (i.e. loss experience adjusted to prospective cost levels by the current cost factors, loss projection factors, and loss trend adjustment factors (for claim cost only) shown in Exhibits C10 through C11). The loss trend adjustment for frequency trend is not reflected at this step in the process. The normal breakpoint of \$250,000 for BGI and the parameters in the normal loss formula are at 2005 cost levels and therefore have been similarly adjusted to prospective cost levels.

Both the normal and total incurred losses are aggregated over all states by construction, protection, and amount of insurance intervals. The most recent ten years of experience are used in this analysis. Excess loss factors by construction, protection and amount of insurance are then calculated as the ratios of the ten year multistate incurred losses to the ten-year multistate normal losses.

These factors are then smoothed by fitting curves (by amount of insurance intervals) to the indicated factors. The resulting factors are then balanced so the original ten-year multistate incurred loss level is maintained.

EXCESS LOSS PROCEDURES (cont'd)

BASIC GROUP I (cont'd)

The excess factors are then applied to the state normal losses, which are maintained in the same detail (construction, protection and amount of insurance) as well as by year, territory, rating group and TOP. The state normal losses used in this calculation have also been trended for frequency.

The excess loss factors vary by construction, protection and the amount of insurance because these are the most significant severity-related rating variables.

BASIC GROUP II

Since catastrophic wind losses affect both the frequency and severity of loss, the Basic Group II excess procedure identifies periods of overall adverse experience, rather than individual large losses. Also, due to the extreme volatility of windstorm losses, a long-term review period (1950 - present) is used to estimate the expected excess losses.

Loss ratio cutoffs are used to determine normal losses, state excess losses, and regional excess losses for each year in the long-term review period. The application of these cutoffs is detailed in the explanatory notes to Exhibit C20. The state excess losses are used to determine the state excess component of the state excess multiplier, and the regional excess losses are used to determine the regional excess component. ("BASIC GROUP II REGIONS" is a list of states by region.) The state excess multiplier is derived in such a manner as to provide an estimate of the expected excess loss dollars per normal loss dollar.

The state excess multiplier is applied to each accident year in the ten-year experience period used in the review. In this way, a review database is created reflecting both the current normal loss experience and the average excess loss experience based on the long-term review. This allows a concurrent evaluation of both the normal and the excess components of the BG II loss cost level.

SPECIAL CAUSES OF LOSS

Similar to Basic Group II, the Special Causes of Loss (SCL) smoothing procedure uses a loss ratio approach to reflect both the frequency and severity of unusual loss events which may produce significant fluctuations in loss cost levels. The excess procedure uses longer term statewide SCL experience (1985 - present) to account for the volatile nature of weather related losses (water damage from bursting pipes, or the weight of ice, sleet, or snow) which are the predominant cause of large SCL losses in a given experience period. A monthly normal loss ratio cutoff of 2.0 is used to define normal and excess losses. The resulting ratio of excess to normal losses over the long-term experience period is then applied to the normal losses used in the loss cost level review. SCL has a lower loss ratio cutoff than that used in Basic Group II in order to reflect the less catastrophic nature of unusual SCL loss events. The calculations underlying the smoothing procedure are described in the Explanatory Notes to Exhibit C21.

EXPLANATORY NOTES TO EXHIBIT C18

COUNTRYWIDE BASIC GROUP I EXCESS LOSS FACTORS

EXCESS LOSS
FACTORS

The multistate excess loss factors are the ratios of the ten-year multistate adjusted incurred losses to the ten-year multistate adjusted normal losses (both adjusted for severity trend). They are determined separately by construction, protection and amount of insurance range. Due to credibility considerations, both constructions and protections have been consolidated as shown. The amount of insurance ranges are also shown.

EXPLANATORY NOTES TO EXHIBIT C19

BASIC GROUP I ADDITIONAL EXCESS LOSS INFORMATION

COLUMN (1) TRENDED INCURRED LOSSES

The trended incurred losses are the aggregate of all individually-trended loss records prior to any adjustment for large losses. They are shown here fully trended for severity.

COLUMN (2) TRENDED NORMAL LOSSES

The normal losses are the aggregate of the normal portions of each loss occurrence. These are also fully trended.

COLUMN (3) STATE NORMAL PERCENTAGE

The state normal percentages are the statewide normal losses divided by the statewide trended incurred losses. These percentages can be used in conjunction with the multistate percentages and actual dollar amounts of normal losses to assess the state loss experience. For example, consistently lower state normal percentages relative to multistate normal percentages could indicate that the state has a greater propensity for large losses.

COLUMN (4) MULTISTATE NORMAL PERCENTAGES

The multistate normal percentages are the multistate normal losses divided by the multistate trended incurred losses. As noted above these can be used as a yardstick against which the statewide experience can be measured.

COLUMN (5) SMOOTHED LOSSES

The smoothed losses are the totals across all constructions, protections and exposures of the fully trended normal losses multiplied by the excess loss factors.

COLUMN (6) STATE AVERAGE EXCESS FACTOR

The state average excess factors are the smoothed losses in column (5) divided by the normal losses in column (2). These factors represent the annual averages of the factors calculated separately by construction, protection and amount of insurance. The average excess factor reflects the normal loss mix by construction, protection and exposure. Heavy concentration in those subsets of the data with high excess factors will result in large average factors.

EXPLANATORY NOTES TO EXHIBIT C20

COLUMN (1)

EARNED PREMIUMS

The unadjusted earned premiums are shown for each year.

COLUMN (2)

INCURRED LOSSES

The unadjusted incurred losses are shown for each year.

COLUMN (3)

NORMAL INCURRED LOSSES

Normal losses which are shown for each year are defined as follows:

- for losses reported under CSP (for which month of loss detail is available), that portion of each month's losses which does not exceed 2.5 times that month's earned premiums.
- for losses reported under CRSP, SCOH and SMP (for which month of loss detail is not available), that part of each year's losses which does not exceed 0.722 times that year's earned premiums.

COLUMN (4)

NORMAL LOSS RATIO

For each year in the excess review period, the normal loss ratio is calculated as the ratio of the normal losses (for CSP data the sum of each month's normal losses) to the earned premiums for the same year.

COLUMN (5)

STATE EXCESS LOSS RATIO

The state excess loss ratio is the ratio of the state excess losses to the unadjusted earned premium. The state excess losses are determined by the following formulas:

$$\cdot \quad EP \times \frac{20(LR-2.5)}{(LR-2.5)+20} \text{ if } LR > 2.5; \text{ otherwise } 0$$

for CSP, where EP = the monthly earned premiums, LR = the monthly loss ratio and the yearly state excess losses are the sum of the monthly state excess losses.

$$\cdot \quad EP \times \frac{2.2(LR-0.722)}{(LR-0.722)+2.2} \text{ if } LR > 0.722; \text{ otherwise } 0$$

for CRSP, SCOH, SMP, where EP = the earned premiums and LR = the yearly loss ratio.

EXPLANATORY NOTES TO EXHIBIT C20 (cont'd)

COLUMN (6)

REGIONAL EXCESS LOSS RATIO

If $LR > NLR$, then the regional excess loss ratio is:

regional excess loss ratio = $LR - SELR - NLR$

where $SELR$ = the state excess loss ratio,
 NLR = the normal loss ratio, and
 LR = the loss ratio

LINE (7)

STATE EXCESS COMPONENT

The state excess component is determined by dividing the sum of all state excess loss ratios by the sum of all normal loss ratios (where the sum is taken across all accident years).

LINE (8)

REGIONAL EXCESS COMPONENT

The regional excess component is determined by dividing the weighted average (determined, in each case, against the latest year unadjusted premium distribution) of the sum of regional excess loss ratios of all the states in the region by the weighted average of the sum of all loss ratio points retained by a state (normal and state excess loss ratios) of all the states in the region. See the following page for the appropriate BG II region for the state.

LINE (9)

STATE EXCESS MULTIPLIER

The state excess multiplier is derived by taking the product of the state excess component and the regional excess component.

BASIC GROUP II REGIONS

NORTHEAST REGION

CONNECTICUT
DELAWARE
DIST OF COLUMBIA
MAINE
MARYLAND
MASSACHUSETTS
NEW HAMPSHIRE
NEW JERSEY
NEW YORK
PENNSYLVANIA
RHODE ISLAND
VERMONT
VIRGINIA

PLAINS REGION

ARKANSAS
COLORADO
IOWA
KANSAS
MINNESOTA
MISSOURI
MONTANA
NEBRASKA
NORTH DAKOTA
OKLAHOMA
SOUTH DAKOTA
WYOMING

SOUTHEAST REGION

ALABAMA
FLORIDA
GEORGIA
LOUISIANA
MISSISSIPPI
NORTH CAROLINA
SOUTH CAROLINA
HAWAII

MIDWEST REGION

ILLINOIS
INDIANA
KENTUCKY
MICHIGAN
OHIO
TENNESSEE
WEST VIRGINIA
WISCONSIN

WEST REGION

ARIZONA
CALIFORNIA
IDAHO
NEVADA
NEW MEXICO
OREGON
UTAH
WASHINGTON
ALASKA

EXPLANATORY NOTES TO EXHIBIT C21

SPECIAL CAUSES OF LOSS ADDITIONAL EXCESS LOSS FACTOR

COLUMN (1) EARNED PREMIUMS

These are the unadjusted earned premiums for each year.

COLUMN (2) INCURRED LOSSES

These are the unadjusted incurred losses for each year.

COLUMN (3) NORMAL INCURRED LOSSES

The normal incurred losses are shown for each year. The normal incurred losses are defined to be that portion of each month's losses which does not exceed 2.0 times the monthly earned premiums.

COLUMN (4) NORMAL LOSS RATIO

The normal loss ratio for each year is the ratio of the normal incurred losses for each year divided by the earned premiums for the year.

Column (4) = Column (3) ÷ Column (1)

COLUMN (5) EXCESS LOSS RATIO

The excess loss ratio for each year is the ratio of the excess losses to the earned premium for the year. The excess losses are calculated as the incurred losses minus the normal incurred losses for each year.

LINE (6) EXCESS COMPONENT

The excess component is determined by dividing the sum of the excess loss ratios by the sum of the normal loss ratios, where the sums are taken across all years in the excess review period.

LINE (7) EXCESS MULTIPLIER

The excess multiplier is derived by adding unity to the excess component.

OVERVIEW

APPLICATION OF CREDIBILITY

INTRODUCTION

Credibility, Z , is a weight given to the most recent body of data. The complement of credibility, $1-Z$, is the weight assigned to net trend. The final estimate is a weighted average obtained by using the formula $C = Z \times R + (1-Z) \times N$, where:

Z = credibility

C = final estimate

R = estimate based on the most recent data

N = net trend

Credibility may range from 0 to 1, where $Z=1$ is full credibility and $Z=0$ is no credibility. The actual numerical value of Z is calculated by considering how the state's volume of experience compares with an established full credibility standard. Credibility is capped at 25% if the credibility calculated is below 25%. See Exhibits C22, C23, and C24 for a complete explanation of the credibility standards for Basic Group I, Basic Group II, and Special Causes of Loss.

EXPLANATORY NOTES TO EXHIBITS C22, C23 AND C24

BASIC GROUP I, BASIC GROUP II, AND SPECIAL CAUSES OF LOSS
STATEWIDE CREDIBILITY CALCULATION

LINE (1a)
(BGI only)

Full Credibility Claims Standard of Frequency

Based on a Poisson distribution, the minimum sample size of claims is determined such that the probability that the actual number of claims will be within 5% of the expected number of claims is greater than 95%.

LINE (1b)
(BGI only)

Severity Modification Factor

This factor, defined as $(1 + S^2 / M^2)$, is used to modify the claims standard to reflect variance due to severity, where S is the standard deviation and M is the mean of the loss severity distribution (on a normal loss basis).

LINE (1c) - BGI
LINE (1) - BGII, SCL

Full Credibility Claims Standard

For Basic Group I, this standard is the product of the frequency standard in line (1a) and the severity modification factor in line (1b). For Basic Group II and Special Causes of Loss, standards for full credibility of 30,000 claims for BGII and 25,000 claims for SCL were selected to balance stability and responsiveness.

LINE (2)

Multistate Experience Period Ratio of Earned Risks to Claims

This ratio was determined based on Commercial Statistical Plan data for the latest experience period (Five years for Basic Group I and Special Causes of Loss; Ten years for Basic Group II).

LINE (3)

Full Credibility Earned Risks Standard

To translate the claims standard to an equivalent standard based on earned risks, the claims standard (line (1c) for BGI, (1) for BGII and SCL) is multiplied by the multistate experience period ratio of earned risks to claims (line (2)).

LINE (4)

Experience Period Statewide Earned Risks

This is the number of earned risks in the state for the experience period.

EXPLANATORY NOTES TO EXHIBITS C22, C23 AND C24 (cont'd)

LINE (5) Experience Period Aggregate Loss Costs

These are the state's experience period adjusted aggregate loss costs.

LINE (6) Statewide Experience Period Ratio of Aggregate Loss Costs to Earned Risks

This ratio is determined by dividing the state's experience period adjusted aggregate loss costs by its experience period earned risks.

LINE (7) Full Credibility Aggregate Loss Costs Standard

To translate the risk standard into an aggregate loss cost standard on a state by state basis, the ratio (line (6)) is multiplied by the full credibility earned risks standard (line (3)).

LINE (8) Credibility

The state's credibility is calculated by using the square root credibility formula:

$$Z = \sqrt{\frac{P}{C}}$$

where Z = credibility,
P = statewide five-year adjusted aggregate loss costs (line (5)), and
C = full credibility aggregate loss costs standard (line (7)).

When the indicated credibility is below 25%, a minimum cap of 25% is assigned to the state credibility in order to reasonably reflect the state's experience in the coverage change calculation.

OVERVIEW

LOSS ADJUSTMENT EXPENSE FACTORS

OBJECTIVE	The reported indemnity losses must be loaded for any loss adjustment expenses (LAE) that are not reported in statistical detail to ISO.
PROPERTY COVERAGES	For the property coverages, only the incurred indemnity losses are reported to ISO under the Commercial Statistical Plan. All loss adjustment expenses must be loaded in. A factor representing the ratio of incurred losses plus all LAE to incurred losses was selected based on multistate financial data (see Exhibit D6 for the underlying data).
EXPERIENCE INCLUDED	Fire and Allied Lines incurred loss and loss adjustment expense experience for 2018-2022 is displayed on Exhibit D6. The experience is based on Insurance Expense Exhibit information compiled by A.M. Best. For Allied Lines, the loss adjustment expense ratios [Exhibit D6, line (3)(b)] for a few years are distorted by unusual catastrophe-related losses and loss adjustment expenses. The selected Allied Lines loss adjustment expense factor used for this review was selected after consideration of this distortion and based on a review of average loss adjustment expense ratios over a longer time period.
SELECTED FACTORS	The following factors have been used in this review to load incurred losses for all loss adjustment expenses:

Basic Group I	1.090
Basic Group II	1.105
Special Causes of Loss	1.105

NORTH DAKOTA

SUMMARY OF MONOLINE PROSPECTIVE LOSS COST CHANGES (A)

<u>Coverage</u>	<u>Indications</u>	<u>Selections</u>	Aggregate Loss Costs At Current <u>Level</u>
Basic Group I	-5.0%	-5.0%	6,322,968
Basic Group II	+3.7%	+3.7%	7,746,233
Special Causes of Loss	+10.5%	+10.5%	2,780,396
All Coverages Combined	+1.6%	+1.6%	16,849,597

(A) For trend purposes, the period of use for this revision is assumed to begin on 12/01/2024.

NORTH DAKOTA

SPECIAL CAUSES OF LOSS PROSPECTIVE LOSS COST CHANGES BY CATEGORY

<u>Category</u>	<u>Description</u>	<u>Entire State</u>
01	Buildings	+10.4%
02	Res. Apts. And Condos	+10.7%
03	Offices	+11.6%
04	Mercantile - High	+10.7%
05	Mercantile - Medium	+10.7%
06	Mercantile - Low	+10.7%
07	Motels And Hotels	+10.8%
08	Institutional - High	+10.6%
09	Institutional - Low	+10.2%
10	Indust-Proc - High	+10.7%
11	Indust-Proc - Low	+11.4%
12	Service - High	+10.5%
13	Service - Low	+10.8%
14	Contractors	+11.1%
	Statewide Total	+10.5%

NORTH DAKOTA

POTENTIAL IMPACT OF BG I, BG II, AND SCL MONOLINE REVISIONS
ON COMMERCIAL PACKAGE POLICY

(1)		(2)	(3)	(4)
<u>Type of Policy</u>		<u>Basic Group I</u>	<u>Basic Group II</u>	<u>Special Causes of Loss</u>
31	Motel/Hotel	-5.0%	3.7%	10.5%
32	Apartment	-5.0%	3.7%	10.4%
33	Office	-5.0%	3.7%	10.7%
34	Mercantile	-5.0%	3.7%	10.5%
35	Institutional	-5.0%	3.7%	10.4%
36	Services	-5.0%	3.7%	10.5%
37	Indust/Processing	-5.0%	3.7%	10.7%
38	Contractors	-5.0%	3.7%	10.7%

Basic Group I, Basic Group II, and Special Causes of Loss monoline changes by type of policy (TOP) are displayed. They are calculated by taking a weighted average of the loss cost changes by territory (where applicable) for BGI, or by category for SCL, using the latest year multiline aggregate loss costs as weights. Basic Group II monoline changes do not vary by TOP because the same monoline loss cost change is applied statewide.

NORTH DAKOTA

STATEWIDE BASIC GROUP I
COVERAGE LOSS COST LEVEL EVALUATION

(1)	(2)	(3)	(4)	(5)
	Aggregate*	Adjusted**	Experience	
<u>Year</u>	<u>Loss Costs</u>	<u>Incurred Losses</u>	<u>Ratio</u> <u>(3)/(2)</u>	<u>Weights</u>
2018	5,549,387	2,879,660	0.519	0.10
2019	5,526,937	4,339,502	0.785	0.15
2020	5,749,113	3,152,391	0.548	0.20
2021	6,112,458	4,291,797	0.702	0.25
2022	6,322,968	6,989,102	1.105	0.30
(6) Weighted Experience Ratio				= 0.786
(7) Credibility				= 0.250
(8) Expected Experience Ratio				= 1.005
(9) Credibility Weighted Experience Ratio				= 0.950
(0.250 X 0.786) + (0.750 X 1.005)				
(10) Indicated Coverage Loss Cost Change				= 0.950
				OR -5.0%

* Aggregate Loss Costs are adjusted to current ISO Loss Cost Level and 06/01/2025 Amount of Insurance levels.

** Incurred Losses are adjusted to 12/01/2025 cost levels including Loss Development and all Loss Adjustment Expenses.

NORTH DAKOTA

STATEWIDE BASIC GROUP II
COVERAGE LOSS COST LEVEL EVALUATION

(1)	(2)	(3)	(4)	(5)
	Aggregate*	Adjusted**	Experience	
<u>Year</u>	<u>Loss Costs</u>	<u>Incurred Losses</u>	<u>Ratio</u>	<u>Weights</u>
			<u>(3)/(2)</u>	
2013	7,110,354	4,024,895	0.566	0.10
2014	7,841,235	7,961,763	1.015	0.10
2015	8,160,787	9,059,769	1.110	0.10
2016	8,219,323	15,131,323	1.841	0.10
2017	8,057,013	3,940,236	0.489	0.10
2018	7,794,823	8,443,218	1.083	0.10
2019	7,689,270	7,678,026	0.999	0.10
2020	7,903,784	4,778,862	0.605	0.10
2021	7,926,244	9,926,650	1.252	0.10
2022	7,746,233	12,190,612	1.574	0.10
(6) Weighted Experience Ratio			=	1.053
(7) Credibility			=	0.250
(8) Expected Experience Ratio			=	1.027
(9) Credibility Weighted Experience Ratio				
(0.250 X 1.053) + (0.750 X 1.027)			=	1.034
(10) Indicated Coverage Loss Cost Change			=	1.034
			OR	3.4%

* Aggregate Loss Costs are adjusted to current ISO Loss Cost Level and 06/01/2025 Amount of Insurance levels.

** Incurred Losses are adjusted to 12/01/2025 cost levels including Loss Development and all Loss Adjustment Expenses.

NORTH DAKOTA

STATEWIDE SPECIAL CAUSES OF LOSS
COVERAGE LOSS COST LEVEL EVALUATION

(1)	(2)	(3)	(4)	(5)
	Aggregate*	Adjusted**	Experience	
<u>Year</u>	<u>Loss Costs</u>	<u>Incurred Losses</u>	<u>Ratio</u> <u>(3)/(2)</u>	<u>Weights</u>
2018	2,576,643	2,668,836	1.036	0.10
2019	2,581,185	4,081,166	1.581	0.15
2020	2,690,369	3,147,282	1.170	0.20
2021	2,732,350	4,254,712	1.557	0.25
2022	2,780,396	3,472,564	1.249	0.30
(6) Weighted Experience Ratio				= 1.339
(7) Credibility				= 0.250
(8) Expected Experience Ratio				= 1.031
(9) Credibility Weighted Experience Ratio				= 1.108
(0.250 X 1.339) + (0.750 X 1.031)				
(10) Indicated Coverage Loss Cost Change				= 1.108
				OR 10.8%

* Aggregate Loss Costs are adjusted to current ISO Loss Cost Level and 06/01/2025 Amount of Insurance levels.

** Incurred Losses are adjusted to 12/01/2025 cost levels including Loss Development and all Loss Adjustment Expenses.

NORTH DAKOTA
BASIC GROUP I RELATIVITY ANALYSIS

	(1)	(2)	(3)	(4)	Statewide Coverage Loss Cost Change Of	0.950 -5.0%
<u>TOP</u>	<u>\$ Lst Sq Formula Relativity</u>	<u>Credibility Z</u>	<u>Credibility Weighted Relativity</u>	<u>Balanced Relativity</u>	<u>Or</u>	
10	0.774	0.040	0.990	1.000		
31	3.394	0.018	1.022	1.032		
32	0.636	0.035	0.984	0.994		
33	0.371	0.009	0.991	1.001		
34	0.619	0.061	0.971	0.981		
35	0.763	0.036	0.990	1.000		
36	2.470	0.032	1.029	1.039		
37	0.484	0.032	0.977	0.987		
38	0.641	0.019	0.992	1.002		

Statewide Monoline Loss Cost Level Change: -5.0%

NORTH DAKOTA
BASIC GROUP I RELATIVITY ANALYSIS

Loss Cost Change calculation for Entire State:

Statewide Coverage Loss Cost Change	=	0.950
Territorial Relativity	=	1.000
Monoline (TOP 10) Relativity	=	1.000

Indicated Monoline Loss Cost Level Change
= 0.950 X 1.000 X 1.000 = 0.95
or -5.0%

NORTH DAKOTA
SPECIAL CAUSES OF LOSS RELATIVITY ANALYSIS

	(1)	(2)	(3)	(4)	Statewide Coverage Loss Cost Change Of	1.108 10.8%
<u>TOP</u>	<u>\$ Lst Sq Formula Relativity</u>	<u>Credibility Z</u>	<u>Credibility Weighted Relativity</u>	<u>Balanced Relativity</u>	<u>or</u>	
10	0.958	0.046	0.998	0.997		
31	1.387	0.016	1.005	1.004		
32	1.100	0.050	1.005	1.004		
33	1.110	0.018	1.002	1.001		
34	1.104	0.063	1.006	1.005		
35	1.222	0.049	1.010	1.009		
36	0.658	0.035	0.985	0.984		
37	0.528	0.024	0.985	0.984		
38	0.550	0.018	0.989	0.988		

	(1)	(2)	(3)	(4)	(5)
<u>Category</u>	<u>\$ Lst Sq Formula Relativity</u>	<u>Credibility Z</u>	<u>Credibility Weighted Relativity</u>	<u>Balanced Relativity</u>	<u>Indicated Monoline Loss Cost Level Change</u>
01	0.990	0.398	0.996	0.999	10.4%
02	0.946	0.023	0.999	1.002	10.7%
03	1.567	0.016	1.007	1.010	11.6%
04	0.959	0.026	0.999	1.002	10.7%
05	0.947	0.014	0.999	1.002	10.7%
06	0.933	0.009	0.999	1.002	10.7%
07	1.007	0.007	1.000	1.003	10.8%
08	0.860	0.016	0.998	1.001	10.6%
09	0.857	0.032	0.995	0.998	10.2%
10	0.887	0.005	0.999	1.002	10.7%
11	1.298	0.020	1.005	1.008	11.4%
12	0.880	0.024	0.997	1.000	10.5%
13	0.980	0.012	1.000	1.003	10.8%
14	1.131	0.021	1.003	1.006	11.1%

Statewide Monoline Loss Cost Level Change: 10.5%

NORTH DAKOTA
SPECIAL CAUSES OF LOSS RELATIVITY ANALYSIS

Sample Loss Cost Level Change Calculation:

Statewide Coverage Loss Cost Change	=	1.108
Monoline (TOP 10) Relativity	=	0.997
Category 1 Relativity	=	0.999
Indicated Monoline Loss Cost Level Change for Category 1	=	1.104
	OR	10.4%

NORTH DAKOTA
BASIC GROUP I RELATIVITY ANALYSIS
SUMMARY OF EXPERIENCE USED IN SIMULTANEOUS REVIEW

	(1)	(2)	(3)	(4)
	Accident Year			
	Ending 12/31/2022	5 - Year	5 - Year	5 - Year
	Aggregate Loss	Aggregate	Experience	Exp. Ratio
<u>Type Of Policy</u>	<u>Costs</u>	<u>Loss Costs</u>	<u>Ratio</u>	<u>Relativity</u>
Entire State (North Dakota)				
10 Monoline	1,020,660	4,175,824	0.561	0.774
31 Multiline Motel/Hotel	367,301	1,803,611	2.460	3.393
32 Multiline Apartment	867,061	3,600,398	0.461	0.636
33 Multiline Office	184,367	873,501	0.269	0.371
34 Multiline Mercantile	1,269,356	6,511,203	0.449	0.619
35 Multiline Institutional	835,227	3,702,511	0.553	0.763
36 Multiline Services	665,165	3,315,182	1.790	2.469
37 Multiline Indust/Process	725,321	3,325,904	0.351	0.484
38 Multiline Contractors	388,510	1,952,729	0.465	0.641
Total All Tops*	6,322,968	29,260,863	0.725	1.000

NORTH DAKOTA
SPECIAL CAUSES OF LOSS RELATIVITY ANALYSIS
SUMMARY OF EXPERIENCE USED IN SIMULTANEOUS REVIEW

<u>Type Of Policy</u>	<u>Category</u>	(1) Accident Year Ending 12/31/2022 Aggregate Loss Costs	(2) 5 - Year Aggregate Loss Costs	(3) 5 - Year Experience Ratio	(4) Credibility Weighted Experience Ratio	(5) Credibility Weighted Relativity
Entire State						
10 Monoline	01 Buildings	284,823	1,387,899	1.200	1.272	0.955
	02 Res. Apts. And Cond	6,783	40,124	1.650	1.375	1.032
	03 Offices	13,227	78,035	0.230	1.066	0.800
	04 Mercantile - High	18,306	73,433	0.000	1.016	0.763
	05 Mercantile - Medium	2,927	19,094	0.000	1.020	0.766
	06 Mercantile - Low	4,290	16,150	0.555	1.139	0.855
	07 Motels And Hotels	66	11,123	0.000	1.020	0.766
	08 Institutional - Hig	5,146	24,639	0.000	1.019	0.765
	09 Institutional - Low	2,518	15,328	0.000	1.020	0.766
	10 Indust-Proc - High	7,008	19,245	0.000	1.020	0.766
	11 Indust-Proc - Low	20,245	81,197	3.360	1.749	1.313
	12 Service - High	11,697	52,736	0.000	1.018	0.764
	13 Service - Low	17,914	71,842	1.342	1.309	0.983
	14 Contractors	9,082	59,034	6.876	2.510	1.884
	Total	404,032	1,949,879	1.269	1.289	0.968
31 Multiline Motel/Hotel	01 Buildings	116,926	551,020	4.121	1.838	1.380
	07 Motels And Hotels	19,779	90,876	4.474	1.869	1.403
	Total	136,705	641,896	4.172	1.842	1.383

NORTH DAKOTA
SPECIAL CAUSES OF LOSS RELATIVITY ANALYSIS
SUMMARY OF EXPERIENCE USED IN SIMULTANEOUS REVIEW

<u>Type Of Policy</u>	<u>Category</u>	(1) Accident Year Ending 12/31/2022 Aggregate Loss <u>Costs</u>	(2) 5 - Year Aggregate Loss Costs	(3) 5 - Year Experience <u>Ratio</u>	(4) Credibility Weighted Experience <u>Ratio</u>	(5) Credibility Weighted <u>Relativity</u>
32 Multiline Apartment	01 Buildings	401,143	1,777,662	0.992	1.457	1.094
	02 Res. Apts. And Cond	68,753	315,408	0.373	1.391	1.044
	Total	469,896	2,093,070	0.901	1.447	1.087
33 Multiline Office	01 Buildings	110,164	573,382	0.908	1.452	1.090
	03 Offices	41,786	163,846	9.091	2.410	1.809
	04 Mercantile - High	5	218	149.573	18.609	13.971
	08 Institutional - Hig	93	353	0.000	1.351	1.014
	12 Service - High	0	28	0.000	1.351	1.014
	14 Contractors	0	77	0.000	1.351	1.014
	Total	152,048	737,904	3.161	1.716	1.288

NORTH DAKOTA
SPECIAL CAUSES OF LOSS RELATIVITY ANALYSIS
SUMMARY OF EXPERIENCE USED IN SIMULTANEOUS REVIEW

<u>Type Of Policy</u>	<u>Category</u>	(1) Accident Year Ending 12/31/2022 Aggregate Loss Costs	(2) 5 - Year Aggregate Loss Costs	(3) 5 - Year Experience Ratio	(4) Credibility Weighted Experience Ratio	(5) Credibility Weighted Relativity
34 Multiline Mercantile	01 Buildings	395,136	2,066,637	1.044	1.463	1.098
	03 Offices	280	1,792	0.000	1.351	1.014
	04 Mercantile - High	57,818	309,467	0.744	1.434	1.077
	05 Mercantile - Medium	41,367	187,007	0.445	1.400	1.051
	06 Mercantile - Low	20,090	120,328	0.263	1.380	1.036
	08 Institutional - Hig	139	660	0.000	1.351	1.014
	12 Service - High	561	4,480	0.000	1.350	1.014
	13 Service - Low	306	1,687	1.417	1.514	1.137
	14 Contractors	1,260	7,722	0.948	1.460	1.096
	Total	516,957	2,699,780	0.930	1.451	1.089
35 Multiline Institutional	01 Buildings	355,071	1,373,256	2.265	1.620	1.216
	03 Offices	351	897	0.000	1.351	1.014
	08 Institutional - Hig	49,226	205,864	0.495	1.406	1.056
	09 Institutional - Low	65,876	466,573	0.480	1.402	1.053
	12 Service - High	130	577	0.000	1.351	1.014
	13 Service - Low	277	293	0.000	1.351	1.014
	14 Contractors	52	110	0.000	1.351	1.014
	Total	470,983	2,047,570	1.826	1.567	1.176

NORTH DAKOTA
SPECIAL CAUSES OF LOSS RELATIVITY ANALYSIS
SUMMARY OF EXPERIENCE USED IN SIMULTANEOUS REVIEW

<u>Type Of Policy</u>	<u>Category</u>	(1) Accident Year Ending 12/31/2022 Aggregate Loss Costs	(2) 5 - Year Aggregate Loss Costs	(3) 5 - Year Experience Ratio	(4) Credibility Weighted Experience Ratio	(5) Credibility Weighted Relativity
36 Multiline Services	01 Buildings	189,668	1,016,763	1.090	0.872	0.655
	03 Offices	175	2,339	0.000	0.708	0.532
	04 Mercantile - High	1,399	4,602	0.000	0.707	0.531
	05 Mercantile - Medium	787	1,287	14.041	2.271	1.705
	06 Mercantile - Low	0	268	0.000	0.708	0.532
	08 Institutional - Hig	1,190	6,733	0.000	0.707	0.531
	09 Institutional - Low	1,719	7,594	0.000	0.707	0.531
	10 Indust-Proc - High	0	24	0.000	0.708	0.532
	11 Indust-Proc - Low	0	1,166	0.000	0.708	0.532
	12 Service - High	61,860	309,967	0.694	0.780	0.586
	13 Service - Low	20,576	109,756	0.859	0.805	0.604
	14 Contractors	390	2,358	0.000	0.708	0.532
	Total	277,764	1,462,857	1.002	0.848	0.637
37 Indust/Proc	01 Buildings	146,917	717,976	0.373	0.703	0.528
	03 Offices	0	57	0.000	0.708	0.532
	04 Mercantile - High	288	1,060	0.000	0.708	0.532
	10 Indust-Proc - High	9,954	52,830	0.265	0.733	0.550
	11 Indust-Proc - Low	50,312	222,258	1.443	0.892	0.670
	12 Service - High	263	693	0.000	0.708	0.532
	13 Service - Low	0	3,063	0.000	0.708	0.532
	14 Contractors	102	908	0.000	0.708	0.532
	Total	207,836	998,845	0.626	0.750	0.563

NORTH DAKOTA
SPECIAL CAUSES OF LOSS RELATIVITY ANALYSIS
SUMMARY OF EXPERIENCE USED IN SIMULTANEOUS REVIEW

<u>Type Of Policy</u>	<u>Category</u>	(1) Accident Year Ending 12/31/2022 Aggregate Loss Costs	(2) 5 - Year Aggregate Loss Costs	(3) 5 - Year Experience Ratio	(4) Credibility Weighted Experience Ratio	(5) Credibility Weighted Relativity
38 Multiline Contractors	01 Buildings	92,098	471,817	0.541	0.749	0.562
	03 Offices	931	3,438	0.000	0.708	0.532
	04 Mercantile - High	866	4,308	22.451	3.219	2.417
	06 Mercantile - Low	181	1,075	0.000	0.708	0.532
	12 Service - High	528	3,517	0.000	0.708	0.532
	13 Service - Low	9	247	0.000	0.708	0.532
	14 Contractors	49,562	244,740	0.619	0.770	0.578
	Total	144,175	729,142	0.693	0.771	0.578
Total All TOPs	01 Buildings	2,091,946	9,936,412	1.362	1.344	1.009
	02 Res. Apts. And Cond	75,536	355,532	0.488	1.390	1.043
	03 Offices	56,750	250,404	6.747	2.052	1.540
	04 Mercantile - High	78,682	393,088	0.803	1.342	1.008
	05 Mercantile - Medium	45,081	207,388	0.653	1.391	1.044
	06 Mercantile - Low	24,561	137,821	0.312	1.333	1.001
	07 Motels And Hotels	19,845	101,999	4.459	1.866	1.401
	08 Institutional - Hig	55,794	238,249	0.437	1.355	1.018
	09 Institutional - Low	70,113	489,495	0.451	1.371	1.030
	10 Indust-Proc - High	16,962	72,099	0.156	0.852	0.639
	11 Indust-Proc - Low	70,557	304,621	1.993	1.138	0.854
	12 Service - High	75,039	371,998	0.572	0.822	0.617
	13 Service - Low	39,082	186,888	1.078	1.045	0.785
	14 Contractors	60,448	314,949	1.560	1.046	0.785
	Total	2,780,396	13,360,943	1.380	1.332	1.000

NORTH DAKOTA

BASIC GROUP II RELATIVITY ANALYSIS

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Accident Year Ending 12/31/2022	Accident Years 2013-2022								Indicated Total
	Loss Costs	Experience Ratio	Formula	Credibility	Credibility	Balanced	Normalized	Current	Indicated	Loss
	At Current	At Current	Relativity	(C)	Weighted	Formula	Formula	Implicit	Implicit	Cost
	<u>Implicit PMF</u>	<u>PMF</u>	<u>(2)/ 1.059</u>	<u>(C)</u>	<u>Relativity (D)</u>	<u>Relativity (E)</u>	<u>Relativity (F)</u>	<u>PMF</u>	<u>PMF (G)</u>	<u>Adjustment</u>
Monoline	1,378,826	1.070	1.010	0.219	1.002	1.002	1.0030			3.7%
Multiline	6,367,407	1.056	0.997	0.594	0.998	0.998	0.9994			3.4%
Coverage	7,746,233	1.059	1.000			0.999	1.000			3.5%
<u>Multiline Top</u>										
31 Motel/Hotel	202,162	0.368	0.347	0.058	0.962	0.951	0.9520	0.808	0.767	-1.6%
32 Apartment	1,236,707	1.055	0.996	0.203	0.999	0.987	0.9880	1.053	1.037	2.2%
33 Office	286,017	0.926	0.874	0.058	0.993	0.981	0.9820	0.679	0.665	1.5%
34 Mercantile	1,344,764	1.055	0.996	0.253	0.999	0.987	0.9880	0.841	0.828	2.2%
35 Institutional	1,125,578	1.159	1.094	0.177	1.017	1.005	1.0060	0.669	0.671	4.0%
36 Services	1,149,804	1.453	1.372	0.228	1.085	1.072	1.0731	1.118	1.196	11.0%
37 Indust/Process	517,302	0.519	0.490	0.099	0.950	0.939	0.9399	0.733	0.687	-2.8%
38 Contractors	505,073	0.832	0.786	0.110	0.976	0.964	0.9650	1.020	0.981	-0.2%
	6,367,407	1.056	0.997		1.010	0.998	0.9994			3.4%

For Columns (2) - (10), the Multiline total is the average weighted by Column (1)

C - Credibility = $P/(P+K)$ where P represents the total 10-year adjusted loss costs and $K = 45,000,000$

D - (5) = $((3) * (4)) + ((1.000 - (4)) * 1.000)$

E - (6) = $(5) * (0.998/1.01)$

F - (7) = $(6) / 0.999$

G - (9) = $(7) * (8) / (1.003)$

NORTH DAKOTA
BASIC GROUP I
HISTORY OF STATEWIDE LOSS COST LEVEL CHANGES

Loss Cost Level History

(1)	(2)	(3)	(4)	(5)
Effective <u>Date</u>	Loss Cost Level <u>Change</u>	Loss Cost Level <u>Index</u>	Adjustment <u>Factor</u>	<u>Weight</u>
2000-09-01	-1.6%	0.984	0.448	0.333
2001-10-01	4.3%	1.026	0.430	0.250
2002-09-01	-13.7%	0.886	0.498	0.333
2004-07-01	-12.6%	0.774	0.570	0.500
2005-08-01	-10.6%	0.692	0.637	0.417
2006-07-01	-15.2%	0.587	0.751	0.500
2007-08-01	-7.0%	0.546	0.808	0.417
2008-09-01	-15.8%	0.460	0.959	0.333
2011-07-01	5.1%	0.483	0.913	0.500
2013-07-01	10.7%	0.535	0.824	0.500
2018-08-01	-4.7%	0.510	0.865	0.417
2021-02-01	-8.7%	0.465	0.948	0.917
2023-12-01	-5.2%	0.441	1.000	0.083

Time Element Only Loss Cost Level History

(1)	(2)	(3)	(4)	(5)
Effective <u>Date</u>	Loss Cost Level <u>Change</u>	Loss Cost Level <u>Index</u>	Adjustment <u>Factor</u>	<u>Weight</u>
2013-04-01	-13.1%	0.869	1.000	0.750

NORTH DAKOTA
BASIC GROUP II
HISTORY OF STATEWIDE LOSS COST LEVEL CHANGES

Loss Cost Level History

(1)	(2)	(3)	(4)	(5)
Effective Date	Loss Cost Level Change	Loss Cost Level Index	Adjustment Factor	Weight
2000-09-01	-0.8%	0.992	1.579	0.333
2001-10-01	9.6%	1.087	1.441	0.250
2002-09-01	2.5%	1.114	1.406	0.333
2004-07-01	5.0%	1.170	1.338	0.500
2005-08-01	8.2%	1.266	1.237	0.417
2006-07-01	4.9%	1.328	1.179	0.500
2007-08-01	5.1%	1.396	1.122	0.417
2008-09-01	1.9%	1.422	1.101	0.333
2011-07-01	-1.9%	1.395	1.123	0.500
2013-07-01	-2.0%	1.367	1.146	0.500
2018-08-01	2.3%	1.399	1.119	0.417
2021-02-01	5.4%	1.474	1.062	0.917
2023-12-01	6.2%	1.566	1.000	0.083

Time Element Only Loss Cost Level History

(1)	(2)	(3)	(4)	(5)
Effective Date	Loss Cost Level Change	Loss Cost Level Index	Adjustment Factor	Weight
2013-04-01	-13.3%	0.867	1.000	0.750

NORTH DAKOTA
SPECIAL CAUSES OF LOSS
HISTORY OF STATEWIDE LOSS COST LEVEL CHANGES

Loss Cost Level History

(1)	(2)	(3)	(4)	(5)
Effective Date	Loss Cost Level Change	Loss Cost Level Index	Adjustment Factor	Weight
2000-09-01	9.4%	1.094	1.201	0.333
2001-10-01	13.7%	1.244	1.056	0.250
2002-09-01	1.9%	1.268	1.036	0.333
2004-07-01	-10.9%	1.129	1.164	0.500
2005-08-01	-7.7%	1.042	1.261	0.417
2006-07-01	-12.0%	0.917	1.433	0.500
2007-08-01	-0.8%	0.910	1.444	0.417
2008-09-01	1.3%	0.922	1.425	0.333
2011-07-01	8.6%	1.001	1.313	0.500
2013-07-01	8.0%	1.081	1.216	0.500
2018-08-01	1.6%	1.098	1.197	0.417
2021-02-01	5.7%	1.161	1.132	0.917
2023-12-01	13.2%	1.314	1.000	0.083

Time Element Only Loss Cost Level History

(1)	(2)	(3)	(4)	(5)
Effective Date	Loss Cost Level Change	Loss Cost Level Index	Adjustment Factor	Weight
2013-04-01	-25.0%	0.750	1.000	0.750

NORTH DAKOTA
HISTORY OF BASIC GROUP I
LOSS COST CHANGES BY TERRITORY, RATING ID AND RATING GROUP

TERRITORY: Entire State (North Dakota)

(1) Effective Date	(2) Rating ID	(3) Rating Group																				
		01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	17	18	19	20	21	22
2006-07-01	Specific	-15.2%	-14.8%	-12.6%	-14.7%	-14.8%	-16.7%	-14.7%	-15.1%	-16.1%	-14.7%	-15.2%	-14.8%	-12.8%	-14.8%	-18.3%	-15.7%	-14.8%	-15.7%	-15.7%	-15.4%	-15.7%
2006-07-01	Class	-15.7%	-15.3%	-13.1%	-15.2%	-15.3%	-17.2%	-15.2%	-15.6%	-16.6%	-15.2%	-15.7%	-15.3%	-13.3%	-15.3%	-18.8%	-16.2%	-14.8%	-16.2%	-15.7%	-15.4%	-16.2%
2007-08-01	Specific	-15.3%	-15.3%	-14.4%	-19.9%	-15.0%	-19.7%	-15.7%	-15.9%	-14.4%	-14.7%	-15.4%	-15.0%	-13.3%	-15.0%	-13.0%	-14.8%	-14.2%	-13.5%	-13.5%	-14.4%	-13.5%
2007-08-01	Class	1.9%	1.9%	2.9%	-3.7%	2.3%	-3.5%	1.4%	1.2%	2.9%	2.6%	1.8%	2.3%	4.3%	2.3%	4.6%	2.5%	-14.2%	4.0%	-13.5%	-14.4%	4.0%
2008-09-01	Specific	-31.8%	-30.2%	-29.0%	-34.6%	-29.1%	-35.8%	-30.9%	-31.1%	-28.9%	-29.8%	-29.1%	-29.1%	-28.4%	-29.1%	-27.0%	-29.5%	-29.1%	-28.3%	-28.3%	-29.4%	-28.3%
2008-09-01	Class	-4.7%	-2.4%	-0.8%	-8.6%	-1.0%	-11.2%	-3.5%	-3.7%	-0.6%	-1.9%	-1.0%	-1.0%	0.1%	-1.0%	2.0%	-1.5%	-29.1%	0.2%	-28.3%	-29.4%	0.2%
2011-07-01	Specific	-20.0%	-20.0%	-20.0%	-20.0%	-20.0%	-20.0%	-20.0%	-20.0%	-20.0%	-20.0%	-20.0%	-20.0%	-20.0%	-20.0%	-20.0%	-20.0%	-20.0%	-20.0%	-20.0%	-20.0%	-20.0%
2011-07-01	Class	18.4%	20.7%	22.9%	18.2%	20.7%	21.9%	20.7%	25.3%	21.2%	19.0%	20.7%	20.7%	21.2%	20.7%	25.0%	20.9%	-20.0%	20.9%	-20.0%	-20.0%	20.9%
2013-07-01	Specific	18.8%	18.2%	20.2%	17.4%	19.5%	14.8%	19.5%	20.0%	18.3%	17.9%	19.5%	19.5%	18.9%	19.5%	19.0%	18.5%	18.2%	18.2%	18.2%	19.7%	18.2%
2013-07-01	Class	8.1%	7.6%	9.4%	6.8%	8.7%	4.4%	8.7%	9.2%	7.7%	7.3%	8.7%	8.7%	8.2%	8.7%	8.3%	7.9%	18.2%	7.6%	18.2%	19.7%	7.6%
2018-08-01	Specific	-8.8%	-5.2%	-8.6%	3.8%	-7.0%	-12.3%	-6.0%	-10.1%	-6.4%	-8.7%	-7.0%	-7.0%	-4.0%	-7.0%	-6.9%	-6.0%	-6.2%	-7.2%	-7.2%	-3.3%	-7.2%
2018-08-01	Class	-8.8%	-5.2%	-8.6%	3.8%	-7.0%	-12.3%	-6.0%	-10.1%	-6.4%	-8.7%	-7.0%	-7.0%	-4.0%	-7.0%	-6.9%	-6.0%	-6.2%	-7.2%	-7.2%	-3.3%	-7.2%
2021-02-01	Specific	-8.9%	-7.9%	-9.1%	-9.1%	-9.3%	-10.7%	-8.8%	-13.3%	-9.4%	-8.3%	-9.3%	-9.3%	-3.7%	-9.3%	-9.0%	-9.3%	-8.7%	-9.3%	-9.3%	-5.9%	-9.3%
2021-02-01	Class	-8.9%	-7.9%	-9.1%	-9.1%	-9.3%	-10.7%	-8.8%	-13.3%	-9.4%	-8.3%	-9.3%	-9.3%	-3.7%	-9.3%	-9.0%	-9.3%	-8.7%	-9.3%	-9.3%	-5.9%	-9.3%
2023-12-01	Specific	-5.2%	-5.2%	-5.2%	-5.2%	-5.2%	-5.2%	-5.2%	-5.2%	-5.2%	-5.2%	-5.2%	-5.2%	-5.2%	-5.2%	-5.2%	-5.2%	-5.2%	-5.2%	-5.2%	-5.2%	-5.2%
2023-12-01	Class	-5.2%	-5.2%	-5.2%	-5.2%	-5.2%	-5.2%	-5.2%	-5.2%	-5.2%	-5.2%	-5.2%	-5.2%	-5.2%	-5.2%	-5.2%	-5.2%	-5.2%	-5.2%	-5.2%	-5.2%	-5.2%

NORTH DAKOTA

SPECIAL CAUSES OF LOSS

HISTORY OF LOSS COST LEVEL CHANGES BY CATEGORY

(1) Effective Date	(2) Category													
	<u>01</u>	<u>02</u>	<u>03</u>	<u>04</u>	<u>05</u>	<u>06</u>	<u>07</u>	<u>08</u>	<u>09</u>	<u>10</u>	<u>11</u>	<u>12</u>	<u>13</u>	<u>14</u>
2006-07-01	-11.4%	-16.7%	-15.3%	-13.6%	-13.9%									
2007-08-01	0.3%	-6.1%	-4.2%	-5.5%	-3.5%									
2008-09-01	1.5%	-2.8%	-0.8%	1.2%	0.9%									
2011-07-01	10.7%	3.3%	0.2%	3.9%	3.9%	4.8%	5.2%	5.5%	4.1%	4.6%	6.0%	3.1%	4.0%	6.8%
2013-07-01	8.9%	8.7%	3.2%	4.8%	6.0%	4.1%	5.7%	6.8%	5.4%	6.5%	5.5%	5.2%	5.5%	8.6%
2018-08-01	1.2%	2.0%	2.9%	3.4%	3.3%	3.1%	2.7%	2.7%	2.3%	2.9%	2.7%	3.3%	3.1%	3.4%
2021-02-01	5.6%	5.8%	6.5%	6.4%	6.5%	6.2%	6.0%	6.0%	5.6%	6.1%	6.2%	6.1%	6.0%	6.1%
2023-12-01	13.1%	14.2%	15.9%	14.3%	14.4%	14.1%	13.7%	12.8%	10.5%	13.8%	14.8%	13.0%	13.7%	14.7%

NORTH DAKOTA

BASIC GROUP I IMPLICIT PACKAGE
MODIFICATION FACTORS (IPMFS) AND IPMF CAPS

<u>TOP</u>	<u>Description</u>	<u>IPMF</u>	Low <u>Cap</u>	High <u>Cap</u>
31	Motel/Hotel	1.147	0.500	1.500
32	Apartment	0.842	0.500	1.500
33	Office	1.267	0.500	1.500
34	Mercantile	0.996	0.500	1.500
35	Institutional	1.424	0.500	1.500
36	Services	0.987	0.500	1.500
37	Indust/Processing	1.398	0.500	1.500
38	Contractors	1.069	0.500	1.500

NORTH DAKOTA

BASIC GROUP II IMPLICIT PACKAGE
MODIFICATION FACTORS (IPMFS) AND IPMF CAPS

<u>TOP</u>	<u>Description</u>	<u>IPMF</u>	Low <u>Cap</u>	High <u>Cap</u>
31	Motel/Hotel	0.808	0.500	1.500
32	Apartment	1.053	0.500	1.500
33	Office	0.679	0.500	1.500
34	Mercantile	0.841	0.500	1.500
35	Institutional	0.669	0.500	1.500
36	Services	1.118	0.500	1.500
37	Indust/Processing	0.733	0.500	1.500
38	Contractors	1.020	0.500	1.500

NORTH DAKOTA

SPECIAL CAUSES OF LOSS IMPLICIT PACKAGE
MODIFICATION FACTORS (IPMFS) AND IPMF CAPS

<u>TOP</u>	<u>Description</u>	<u>IPMF</u>	Low <u>Cap</u>	High <u>Cap</u>
31	Motel/Hotel	0.969	0.500	1.500
32	Apartment	1.126	0.500	1.500
33	Office	1.075	0.500	1.500
34	Mercantile	0.894	0.500	1.500
35	Institutional	0.780	0.500	1.500
36	Services	0.713	0.500	1.500
37	Indust/Processing	0.859	0.500	1.500
38	Contractors	0.801	0.500	1.500

NORTH DAKOTA

DEVELOPMENT OF CURRENT COST FACTORS AND LOSS PROJECTION FACTORS

Period ending December 31, 2023

Part A: Quarterly Indices for Buildings, Contents and Time Element

Building - Xactware Commercial Index (XCI) (Base: 2009 = 100.0)

Contents - Producer Price Index (PPI) from U.S. Dept. of Labor (Finished Goods Less Energy) (Base: 2009 = 100.0)

Time Element Combined Index - Weighted average of IMSEP and RSALES indices ^(a)

Quarter	Buildings	Contents	IMSEP	RSALES	Time Element Combined Index
Q1-2021	130.7	123.9	1.051	1.034	1.039
Q2-2021	135.9	126.7	1.073	1.061	1.065
Q3-2021	137.7	129.1	1.1	1.083	1.088
Q4-2021	140.9	131.8	1.13	1.113	1.118
Q1-2022	145.2	135.4	1.166	1.149	1.154
Q2-2022	146.2	139.7	1.205	1.174	1.183
Q3-2022	147.6	142.1	1.22	1.183	1.194
Q4-2022	149.6	144.7	1.229	1.185	1.198
Q1-2023	152.6	145.2	1.236	1.188	1.202
Q2-2023	154.5	145.5	1.24	1.192	1.206
Q3-2023	156.9	145.9	1.247	1.195	1.211
Q4-2023	158.4	146.3	1.245	1.192	1.208

Part B: Computation of Loss Projection Factor (LPF) based on 12 points

	<u>Buildings</u>	<u>Contents</u>	<u>Time Element</u>
Annual Rate of Change (AROC)	+6.81%	+6.70%	+5.78%
Coefficient of Determination (R ²)	0.975	0.917	0.852
Loss Projection Factor = $(1.0 + \text{AROC})^{(24.5/12)}$	1.1440	1.1416	1.1216

NORTH DAKOTA

DEVELOPMENT OF CURRENT COST FACTORS AND LOSS PROJECTION FACTORS

Period ending December 31, 2023

Part C: Calculation of Current Cost Factors (CCF)

<u>Calendar Year Averages</u>				<u>Current Cost Factors Based on Average Index Values for Period ending December 31, 2023</u>		
<u>Year</u>	<u>XCI</u>	<u>PPI</u>	<u>Index</u>	<u>Time Element</u>		
				<u>Buildings</u>	<u>Contents</u>	<u>Time Element</u>
2014	104.7	112.6	102.4	158.4 / 104.7 = 1.513	146.3 / 112.6 = 1.299	1.208 / 1.024 = 1.180
2015	109.1	113.8	100.3	158.4 / 109.1 = 1.452	146.3 / 113.8 = 1.286	1.208 / 1.003 = 1.204
2016	111.1	114.4	99.1	158.4 / 111.1 = 1.426	146.3 / 114.4 = 1.279	1.208 / 0.991 = 1.219
2017	114.3	116.4	100	158.4 / 114.3 = 1.386	146.3 / 116.4 = 1.257	1.208 / 1.000 = 1.208
2018	117.8	118.4	101.3	158.4 / 117.8 = 1.345	146.3 / 118.4 = 1.236	1.208 / 1.013 = 1.192
2019	121.5	120.9	101.8	158.4 / 121.5 = 1.304	146.3 / 120.9 = 1.210	1.208 / 1.018 = 1.187
2020	127.2	122.5	101.6	158.4 / 127.2 = 1.245	146.3 / 122.5 = 1.194	1.208 / 1.016 = 1.189
2021	136.3	127.9	107.8	158.4 / 136.3 = 1.162	146.3 / 127.9 = 1.144	1.208 / 1.078 = 1.121
2022	147.2	140.5	118.2	158.4 / 147.2 = 1.076	146.3 / 140.5 = 1.041	1.208 / 1.182 = 1.022
2023	155.6	145.7	120.7	158.4 / 155.6 = 1.018	146.3 / 145.7 = 1.004	1.208 / 1.207 = 1.001

(a) 30% weight for IMSEP and 70% weight for RSALES. IMSEP & RSALES indices were rescaled to a 2012 year base.

(b) Assuming a rate or loss cost revision date of 12/01/2024, and all one year policies, the time interval between the midpoint of the latest period (11/15/2023) and the average date of accident (12/01/2025) would be 24.5 months.

NORTH DAKOTA

SUMMARY OF LOSS TREND ADJUSTMENTS (LTA'S)

(1)	(2)	(3)	(4)
<u>Coverage</u>	<u>Subline</u>	<u>5-Year Incurred</u>	<u>LTA's*</u>
Buildings	Basic Group I	3,658,342,502	-1.0%
	Basic Group II	3,848,929,635	0.0%
	Special Causes of Loss	2,670,855,723	1.8%
	Total	10,178,127,860	0.1%
Contents	Basic Group I	1,062,606,636	-2.4%
	Basic Group II	348,697,695	2.3%
	Special Causes of Loss	856,892,813	-0.7%
	Total	2,268,197,144	-1.0%
Time Element	Basic Group I	515,664,475	1.4%
	Basic Group II	255,245,390	2.5%
	Special Causes of Loss	268,017,604	1.4%
	Total	1,038,927,469	1.7%
Grand Total		13,485,252,473	0.0%

*The LTA's are based on internal severity and frequency data. They apply to both the historical period and projection period.

NORTH DAKOTA

DEVELOPMENT OF LTA'SI. EXTERNAL RATE OF CHANGE^a

Calendar Year	(1) Buildings Current Cost Factor	(2) Contents Current Cost Factor	(3) Time Element Cost Factor	(4) Basic Group I (BGI)& Special Causes of Loss (SCL) Weights	(5) Basic Group II (BGII) Weights
2013	1.457	1.318	1.172		0.10
2014	1.429	1.286	1.170		0.10
2015	1.371	1.272	1.195		0.10
2016	1.347	1.265	1.209		0.10
2017	1.309	1.244	1.198		0.10
2018	1.270	1.222	1.183	0.10	0.10
2019	1.232	1.197	1.177	0.15	0.10
2020	1.176	1.181	1.180	0.20	0.10
2021	1.098	1.132	1.112	0.25	0.10
2022	1.017	1.030	1.013	0.30	0.10

(6) AVERAGE CURRENT COST FACTORS

	Buildings	Contents	Time Element
Basic Group I and Special Causes of Loss (Weighted on Column (4))	1.126	1.130	1.113
Basic Group II (Weighted on Column (5))	1.270	1.215	1.161

(7) LOSS PROJECTION FACTORS

	Buildings	Contents	Time Element
Annual Rate of Change	1.075	1.069	1.076
Loss Projection Factor: ^b (Annual Rate of Change) ^(X/12)	1.208	1.193	1.213

(8) TOTAL TREND FACTOR (Average Current Cost Factor × Loss Projection Factor)

	Buildings	Contents	Time Element
Basic Group I and Special Causes of Loss	1.360	1.348	1.350
Basic Group II	1.534	1.449	1.408

(9) EXTERNAL ANNUAL RATE OF CHANGE^c

	Buildings	Contents	Time Element
Basic Group I and Special Causes of Loss: (Total Trend Factor) ^{12/54}	1.071	1.069	1.069
Basic Group II: (Total Trend Factor) ^{12/90}	1.059	1.051	1.047

- (a) The Current Cost Factors and Loss Projection Factors on this exhibit are based on external economic indices through December 31, 2022 for Buildings, Contents and Time Element.
- (b) Assuming a loss cost revision date of July 1, 2024, the time interval between the midpoint of the latest period of external trend information (November 15, 2022) and the prospective average date of loss (July 1, 2025) is 31.5 months for Buildings, Contents and Time Element.
- (c) The time interval from the weighted midpoint of the experience period to the prospective average date of loss (July 1, 2025) is 54 months for BG I and SCL, and 90 months for BG II. The weighted midpoint is January 1, 2021 for BG I and SCL, and January 1, 2018 for BG II.

NORTH DAKOTA

II. INTERNAL ANNUAL RATES OF CHANGE:

(10) SELECTED COMFAL

Severity	Buildings	Contents	Time Element
Basic Group I (BGI)	1.070	1.040	1.100
Basic Group II (BGII)	1.060	1.100	1.100
Special Causes of Loss	1.110	1.075	1.100

Frequency	Buildings	Contents	Time Element
Basic Group I (BGI)	0.990	0.990	1.000
Basic Group II (BGII)	1.000	1.000	1.000
Special Causes of Loss	1.000	0.990	1.000

III. LTA CALCULATION:

CALCULATION OF LTAs - BUILDINGS

	(11)	(12)	(13)	(14)	(15)	(16)
	External	Internal	Indicated	Formula	Frequency	Final
	Rate of	Rate of	Severity LTA	Severity	Effect	LTA ^f
	<u>Change^d</u>	<u>Change</u>	<u>[(12)/(11)-1.0]</u>	<u>LTA^e</u>		
Basic Group I (BGI)	1.071	1.070	-0.1	0.0	-1.0	-1.0
Basic Group II (BGII)	1.059	1.060	0.1	0.0	0.0	0.0
Special Causes of Loss	1.071	1.110	3.6	1.8	0.0	1.8

CALCULATION OF LTAs - CONTENTS

	(11)	(12)	(13)	(14)	(15)	(16)
	External	Internal	Indicated	Formula	Frequency	Final
	Rate of	Rate of	Severity LTA	Severity	Effect	LTA ^f
	<u>Change^d</u>	<u>Change</u>	<u>[(12)/(11)-1.0]</u>	<u>LTA^e</u>		
Basic Group I (BGI)	1.069	1.040	-2.7	-1.4	-1.0	-2.4
Basic Group II (BGII)	1.051	1.100	4.7	2.3	0.0	2.3
Special Causes of Loss	1.069	1.075	0.6	0.3	-1.0	-0.7

CALCULATION OF LTAs - TIME ELEMENT

	(11)	(12)	(13)	(14)	(15)	(16)
	External	Internal	Indicated	Formula	Frequency	Final
	Rate of	Rate of	Severity LTA	Severity	Effect	LTA ^f
	<u>Change^d</u>	<u>Change</u>	<u>[(12)/(11)-1.0]</u>	<u>LTA^e</u>		
Basic Group I (BGI)	1.069	1.100	2.9	1.4	0.0	1.4
Basic Group II (BGII)	1.047	1.100	5.1	2.5	0.0	2.5
Special Causes of Loss	1.069	1.100	2.9	1.4	0.0	1.4

(d) The external rates of change are based on external economic indices through December 31, 2022 for Buildings, Contents and Time Element.

(e) The formula severity LTA for Buildings, Contents and Time Element is calculated as one-half of the indicated severity LTA. This is equivalent to calculating the overall severity trend giving 50% weight to the external trend and 50% weight to the selected internal trend.

(f) The final LTA is calculated as the product (in factor form) of the formula severity LTA and frequency effect.

NORTH DAKOTA

EXPOSURE TRENDDEVELOPMENT OF CURRENT AND PROJECTED EARNED EXPOSURE FACTORS

Year	Buildings				Contents			
	(1) ^a Annual Written Increase	(2) ^a 7/1/2023 Written Factors	(3) ^b 6/1/2025 Projected Factors	(4) ^c 6/1/2025 Earned Factors	(5) ^a Annual Written Increase	(6) ^a 7/1/2023 Written Factors	(7) ^b 6/1/2025 Projected Factors	(8) ^c 6/1/2025 Earned Factors
2011	2.5%	1.455	1.612	1.632	1.8%	1.311	1.424	1.437
2012	2.7%	1.416	1.569	1.591	1.8%	1.288	1.399	1.412
2013	2.6%	1.380	1.529	1.549	2.1%	1.261	1.369	1.384
2014	2.5%	1.347	1.493	1.511	2.1%	1.235	1.341	1.355
2015	2.3%	1.317	1.459	1.476	1.9%	1.212	1.316	1.329
2016	2.1%	1.289	1.428	1.444	1.8%	1.191	1.293	1.305
2017	2.1%	1.263	1.399	1.414	1.8%	1.170	1.271	1.282
2018	2.7%	1.230	1.363	1.381	1.9%	1.148	1.247	1.259
2019	2.9%	1.195	1.324	1.344	2.2%	1.123	1.220	1.234
2020	2.2%	1.169	1.295	1.310	2.1%	1.100	1.195	1.208
2021	3.2%	1.133	1.255	1.275	2.2%	1.076	1.169	1.182
2022	5.5%	1.074	1.190	1.223	3.1%	1.044	1.134	1.152
2023	7.4%	1.000	1.108	1.149	4.4%	1.000	1.086	1.110

Notes

- a The percentages in columns (1) and (5) represent the change in written exposures from 07/01/n-1 to 07/01/n. Columns (2) and (6) contain the cumulative changes in written exposures for each year relative to the latest year.
- b The selected average annual changes in Amount of Insurance for projection purposes are 5.5% and 4.4% for Buildings and Contents, respectively. Consequently, the written factors at 7/1/2023 levels in column (2) and column (6) are brought to the level of the average date of writing in the effective period, 6/1/2025 (i.e., 6 months beyond an assumed revision date of 12/1/2024), by applying a factor of $(1.055)^{(23/12)}$ for Buildings and $(1.044)^{(23/12)}$ for Contents.
- c Written factors are earned into each accident year ending 12/31 using the following factors which assume all one year policies:

Year	Earning Factors (All Years)
n-2	0
n-1	1/2
n	1/2

For example, the factors used to adjust earned exposures for the period from 01/01/2023 to 12/31/2023 to the projected level are 1.149 for Buildings and 1.11 for Contents.

EXPOSURE TREND
DEVELOPMENT OF CURRENT AND PROJECTED EARNED EXPOSURE FACTORS

Time Element				
	(1) ^a	(2) ^a	(3) ^b	(4) ^c
	Annual	7/1/2023	6/1/2025	6/1/2025
	Written	Written	Projected	Earned
<u>Year</u>	<u>Increase</u>	<u>Factors</u>	<u>Factors</u>	<u>Factors</u>
2011	0.8%	1.149	1.207	1.212
2012	0.8%	1.140	1.197	1.202
2013	0.9%	1.130	1.187	1.192
2014	1.0%	1.119	1.175	1.181
2015	1.1%	1.107	1.163	1.169
2016	1.1%	1.094	1.149	1.156
2017	0.9%	1.085	1.140	1.145
2018	0.7%	1.077	1.131	1.136
2019	1.0%	1.067	1.121	1.126
2020	0.9%	1.057	1.110	1.116
2021	1.2%	1.044	1.097	1.104
2022	1.8%	1.026	1.078	1.088
2023	2.6%	1.000	1.050	1.064

Notes

- a The percentages in columns (1) and (5) represent the change in written exposures from 07/01/n-1 to 07/01/n. Columns (2) and (6) contain the cumulative changes in written exposures for each year relative to the latest year.
- b The selected average annual change in Net Income (Time Element exposure) for projection purposes is 2.6%. Consequently, the written factors at 7/1/2023 levels in column (2) are brought to the level of the average date of writing in the effective period, 6/1/2025 (i.e., 6 months beyond an assumed revision date of 12/1/2024), by applying a factor of $(1.026)^{(23/12)}$ for Time Element.
- c Written factors are earned into each accident year ending 12/31 using the following factors which assume all one year policies:

<u>Year</u>	<u>Earning Factors (All Years)</u>
n-2	0
n-1	1/2
n	1/2

For example, the factors used to adjust earned exposures for the period from 01/01/2023 to 12/31/2023 to the projected level is 1.064 for Time Element

PREMIUM TREND - BASIC GROUP I
DEVELOPMENT OF CURRENT AND PROJECTED EARNED PREMIUM FACTORS

	Buildings				Contents			
	(1) ^a	(2) ^a	(3) ^b	(4) ^c	(5) ^a	(6) ^a	(7) ^b	(8) ^c
	Annual	7/1/2023	6/1/2025	6/1/2025	Annual	7/1/2023	6/1/2025	6/1/2025
	Written	Written	Projected	Earned	Written	Written	Projected	Earned
Year	Increase	Factors	Factors	Factors	Increase	Factors	Factors	Factors
2011	2.0%	1.354	1.470	1.485	1.5%	1.256	1.347	1.357
2012	2.2%	1.325	1.439	1.455	1.5%	1.237	1.326	1.337
2013	2.1%	1.298	1.410	1.425	1.8%	1.215	1.303	1.315
2014	2.0%	1.272	1.381	1.396	1.8%	1.194	1.280	1.292
2015	1.9%	1.249	1.356	1.369	1.6%	1.175	1.260	1.270
2016	1.7%	1.228	1.334	1.345	1.5%	1.158	1.242	1.251
2017	1.7%	1.207	1.311	1.323	1.5%	1.140	1.222	1.232
2018	2.2%	1.181	1.283	1.297	1.6%	1.122	1.203	1.213
2019	2.3%	1.155	1.254	1.269	1.8%	1.103	1.183	1.193
2020	1.8%	1.134	1.232	1.243	1.8%	1.083	1.161	1.172
2021	2.6%	1.106	1.201	1.217	1.8%	1.064	1.141	1.151
2022	4.4%	1.059	1.150	1.176	2.6%	1.037	1.112	1.127
2023	5.9%	1.000	1.086	1.118	3.7%	1.000	1.072	1.092

Notes

- a The percentages in columns (1) and (5) represent the change in written premium (reflecting the combined effect of change in exposures and limit of insurance factors) from 07/01/n-1 to 07/01/n. Columns (2) and (6) contain the cumulative changes in written premiums for each year relative to the latest year.
- b The average annual changes in Premium for projection purposes are 4.4% and 3.7% for Buildings and Contents, respectively. Consequently, the written factors at 7/1/2023 levels in column (2) and column (6) are brought to the level of the average date of writing in the effective period, 6/1/2025 (i.e., 6 months beyond an assumed revision date of 12/1/2024), by applying a factor of $(1.044)^{(23/12)}$ for Buildings and $(1.037)^{(23/12)}$ for Contents.
- c Written factors are earned into each accident year ending 12/31 using the following factors which assume all one year policies:

Year	Earning Factors (All Years)
n-2	0
n-1	1/2
n	1/2

For example, the factors used to adjust earned exposures for the period from 01/01/2023 to 12/31/2023 to the projected level are 1.118 for Buildings and 1.092 for Contents.

PREMIUM TREND - BASIC GROUP II - OTHER THAN SOUTHEAST
DEVELOPMENT OF CURRENT AND PROJECTED EARNED PREMIUM FACTORS

	Buildings				Contents			
	(1) ^a Annual Written Increase	(2) ^a 7/1/2023 Written Factors	(3) ^b 6/1/2025 Projected Factors	(4) ^c 6/1/2025 Earned Factors	(5) ^a Annual Written Increase	(6) ^a 7/1/2023 Written Factors	(7) ^b 6/1/2025 Projected Factors	(8) ^c 6/1/2025 Earned Factors
Year								
2011	1.9%	1.322	1.428	1.442	1.4%	1.229	1.308	1.317
2012	2.0%	1.296	1.400	1.414	1.4%	1.212	1.290	1.299
2013	1.9%	1.272	1.374	1.387	1.6%	1.193	1.270	1.280
2014	1.9%	1.248	1.348	1.361	1.6%	1.174	1.249	1.260
2015	1.7%	1.227	1.325	1.337	1.4%	1.158	1.232	1.241
2016	1.6%	1.208	1.305	1.315	1.4%	1.142	1.215	1.224
2017	1.6%	1.189	1.284	1.295	1.4%	1.126	1.198	1.207
2018	2.0%	1.165	1.258	1.271	1.4%	1.110	1.181	1.190
2019	2.1%	1.142	1.233	1.246	1.7%	1.092	1.162	1.172
2020	1.6%	1.124	1.214	1.224	1.6%	1.075	1.144	1.153
2021	2.4%	1.097	1.185	1.200	1.7%	1.057	1.125	1.135
2022	4.1%	1.054	1.138	1.162	2.3%	1.033	1.099	1.112
2023	5.4%	1.000	1.080	1.109	3.3%	1.000	1.064	1.082

Notes

- a The percentages in columns (1) and (5) represent the change in written premium (reflecting the combined effect of change in exposures and limit of insurance factors) from 07/01/n-1 to 07/01/n. Columns (2) and (6) contain the cumulative changes in written premiums for each year relative to the latest year.
- b The average annual changes in Premium for projection purposes are 4.1% and 3.3% for Buildings and Contents, respectively. Consequently, the written factors at 7/1/2023 levels in column (2) and column (6) are brought to the level of the average date of writing in the effective period, 6/1/2025 (i.e., 6 months beyond an assumed revision date of 12/1/2024), by applying a factor of $(1.041)^{(23/12)}$ for Buildings and $(1.033)^{(23/12)}$ for Contents.
- c Written factors are earned into each accident year ending 12/31 using the following factors which assume all one year policies:

<u>Year</u>	<u>Earning Factors (All Years)</u>
n-2	0
n-1	1/2
n	1/2

For example, the factors used to adjust earned exposures for the period from 01/01/2023 to 12/31/2023 to the projected level are 1.109 for Buildings and 1.082 for Contents.

PREMIUM TREND - SPECIAL CAUSES OF LOSS
DEVELOPMENT OF CURRENT AND PROJECTED EARNED PREMIUM FACTORS

	<u>Buildings</u>				<u>Contents</u>			
	(1) ^a	(2) ^a	(3) ^b	(4) ^c	(5) ^a	(6) ^a	(7) ^b	(8) ^c
	Annual	7/1/2023	6/1/2025	6/1/2025	Annual	7/1/2023	6/1/2025	6/1/2025
	Written	Written	Projected	Earned	Written	Written	Projected	Earned
<u>Year</u>	<u>Increase</u>	<u>Factors</u>	<u>Factors</u>	<u>Factors</u>	<u>Increase</u>	<u>Factors</u>	<u>Factors</u>	<u>Factors</u>
2011	1.9%	1.333	1.442	1.457	1.2%	1.194	1.261	1.269
2012	2.1%	1.306	1.413	1.428	1.2%	1.180	1.246	1.254
2013	2.0%	1.280	1.385	1.399	1.4%	1.164	1.230	1.238
2014	1.9%	1.257	1.360	1.373	1.4%	1.148	1.213	1.222
2015	1.8%	1.234	1.335	1.348	1.2%	1.134	1.198	1.206
2016	1.6%	1.215	1.315	1.325	1.2%	1.121	1.184	1.191
2017	1.6%	1.196	1.294	1.305	1.2%	1.107	1.169	1.177
2018	2.1%	1.171	1.267	1.281	1.2%	1.094	1.156	1.163
2019	2.2%	1.146	1.240	1.254	1.4%	1.079	1.140	1.148
2020	1.7%	1.127	1.219	1.230	1.4%	1.064	1.124	1.132
2021	2.4%	1.100	1.190	1.205	1.4%	1.050	1.109	1.117
2022	4.2%	1.056	1.143	1.167	2.0%	1.029	1.087	1.098
2023	5.6%	1.000	1.082	1.113	2.9%	1.000	1.056	1.072

Notes

- a The percentages in columns (1) and (5) represent the change in written premium (reflecting the combined effect of change in exposures and limit of insurance factors) from 07/01/n-1 to 07/01/n. Columns (2) and (6) contain the cumulative changes in written premiums for each year relative to the latest year.
- b The average annual changes in Premium for projection purposes are 4.2% and 2.9% for Buildings and Contents, respectively. Consequently, the written factors at 7/1/2023 levels in column (2) and column (6) are brought to the level of the average date of writing in the effective period, 6/1/2025 (i.e., 6 months beyond an assumed revision date of 12/1/2024), by applying a factor of $(1.042)^{(23/12)}$ for Buildings and $(1.029)^{(23/12)}$ for Contents.
- c Written factors are earned into each accident year ending 12/31 using the following factors which assume all one year policies:

<u>Year</u>	<u>Earning Factors (All Years)</u>
n-2	0
n-1	1/2
n	1/2

For example, the factors used to adjust earned exposures for the period from 01/01/2023 to 12/31/2023 to the projected level are 1.113 for Buildings and 1.072 for Contents.

NORTH DAKOTA

BASIC GROUP I

ADDITIONAL INFORMATION ON TREND ADJUSTMENTS

<u>Year</u>	(1)	(2)	(3)	(4)		
	Unadjusted	Trended	Average	Split %		
	Incurred	Incurred	Total Loss			
	<u>Losses</u>	<u>Losses</u>	Trend Factor			
			(2) / (1)	<u>Buildings</u>	<u>Contents</u>	<u>Time</u>
						<u>Element</u>
2018	1,722,671	2,648,408	1.537	79.8%	8.6%	11.6%
2019	2,274,679	3,360,634	1.477	75.7%	20.3%	4.0%
2020	1,986,689	2,776,545	1.398	76.0%	23.6%	0.4%
2021	2,355,899	3,173,041	1.347	77.0%	13.3%	9.7%
2022	3,885,626	4,800,803	1.236	92.6%	2.1%	5.3%

NORTH DAKOTA

BASIC GROUP II

ADDITIONAL INFORMATION ON TREND ADJUSTMENTS

<u>Year</u>	(1) Unadjusted Incurred <u>Losses</u>	(2) Trended Incurred <u>Losses</u>	(3) Average Total Loss Trend Factor <u>(2) / (1)</u>	(4) Split %		
				<u>Buildings</u>	<u>Contents</u>	<u>Time Element</u>
2013	1,271,339	2,382,241	1.874	91.5%	8.5%	0.0%
2014	3,028,936	5,417,242	1.788	93.3%	6.7%	0.0%
2015	3,103,003	5,362,256	1.728	87.3%	12.2%	0.5%
2016	9,848,548	16,490,939	1.674	88.3%	8.6%	3.1%
2017	1,417,331	2,332,129	1.645	97.7%	2.3%	0.0%
2018	3,156,358	4,997,334	1.583	93.1%	4.1%	2.8%
2019	4,732,534	7,217,104	1.525	94.8%	5.0%	0.2%
2020	1,879,781	2,783,947	1.481	96.0%	2.2%	1.8%
2021	8,302,100	11,316,408	1.363	92.5%	7.4%	0.1%
2022	6,150,851	7,707,384	1.253	95.3%	4.7%	0.0%

NORTH DAKOTA

SPECIAL CAUSES OF LOSS

ADDITIONAL INFORMATION ON TREND ADJUSTMENTS

<u>Year</u>	(1)	(2)	(3)	(4)		
	Unadjusted	Trended	Average	Split %		
	Incurred	Incurred	Total Loss	Time		
	<u>Losses</u>	<u>Losses</u>	<u>Trend Factor</u>	<u>Buildings</u>	<u>Contents</u>	<u>Element</u>
			(2) / (1)			
2018	1,739,686	2,867,117	1.648	65.2%	34.8%	0.0%
2019	1,989,958	3,376,041	1.697	86.8%	12.1%	1.1%
2020	2,089,414	3,288,066	1.574	91.0%	9.0%	0.0%
2021	3,355,829	4,964,275	1.479	83.9%	13.5%	2.6%
2022	1,702,281	2,264,178	1.330	75.0%	19.6%	5.4%

NORTH DAKOTA

INCURRED LOSS DEVELOPMENT
LOSS YEARS 2013-2022
EVALUATED AS OF 3/2023

Basic Group I

Year Ending	Losses as of				
	15 Months	27 Months	39 Months	51 Months	63 Months
12/31/2013	1,112,884,471	1,126,867,148	1,128,185,340	1,111,072,134	1,108,364,201
12/31/2014	1,232,396,080	1,239,366,940	1,211,962,728	1,196,654,397	1,175,414,105
12/31/2015	1,162,716,288	1,154,349,025	1,125,558,669	1,116,695,751	1,113,817,710
12/31/2016	1,267,812,199	1,242,671,527	1,207,791,174	1,208,009,622	1,205,250,012
12/31/2017	1,515,939,523	1,481,739,489	1,430,410,565	1,394,780,208	1,389,797,142
12/31/2018	1,484,745,865	1,484,579,881	1,405,475,153	1,374,501,060	1,374,696,506
12/31/2019	1,663,189,214	1,604,246,098	1,538,116,658	1,520,144,880	
12/31/2020	1,612,191,616	1,595,746,659	1,649,199,119		
12/31/2021	1,551,946,818	1,555,338,793			
12/31/2022	1,851,421,016				

Year Ending	Ratios			
	27:15 Months	39:27 Months	51:39 Months	63:51 Months
12/31/2013	1.013	1.001	0.985	0.998
12/31/2014	1.006	0.978	0.987	0.982
12/31/2015	0.993	0.975	0.992	0.997
12/31/2016	0.980	0.972	1.000	0.998
12/31/2017	0.977	0.965	0.975	0.996
12/31/2018	1.000	0.947	0.978	1.000
12/31/2019	0.965	0.959	0.988	
12/31/2020	0.990	1.033		
12/31/2021	1.002			
5 Point Average	0.987	0.975	0.987	0.995

Development Factors to Ultimate

15 Months to Ultimate =	0.945
27 Months to Ultimate =	0.958
39 Months to Ultimate =	0.982
51 Months to Ultimate =	0.995

NORTH DAKOTA

INCURRED LOSS DEVELOPMENT
LOSS YEARS 2013-2022
EVALUATED AS OF 3/2023

Basic Group II

Year Ending	Losses as of				
	15 Months	27 Months	39 Months	51 Months	63 Months
12/31/2013	824,645,826	848,356,308	856,222,127	862,904,172	878,554,665
12/31/2014	719,006,894	754,676,624	778,856,926	790,325,708	795,690,856
12/31/2015	628,642,446	659,456,077	678,722,551	689,038,134	694,295,065
12/31/2016	862,364,456	912,041,134	933,333,936	944,650,487	945,117,743
12/31/2017	1,092,852,347	1,152,560,597	1,196,981,892	1,221,324,665	1,231,591,884
12/31/2018	916,439,638	971,511,191	998,648,486	1,008,557,525	1,001,462,928
12/31/2019	1,126,555,787	1,175,467,232	1,209,119,845	1,218,607,638	
12/31/2020	1,537,665,496	1,623,576,260	1,643,389,714		
12/31/2021	1,007,349,900	1,071,434,825			
12/31/2022	1,108,368,840				

RATIOS

Year Ending	27:15 Months	39:27 Months	51:39 Months	63:51 Months
12/31/2013	1.029	1.009	1.008	1.018
12/31/2014	1.050	1.032	1.015	1.007
12/31/2015	1.049	1.029	1.015	1.008
12/31/2016	1.058	1.023	1.012	1.000
12/31/2017	1.055	1.039	1.020	1.008
12/31/2018	1.060	1.028	1.010	0.993
12/31/2019	1.043	1.029	1.008	
12/31/2020	1.056	1.012		
12/31/2021	1.064			
5 Point Average	1.056	1.026	1.013	1.003

Development Factors to Ultimate

15 Months to Ultimate =	1.101
27 Months to Ultimate =	1.042
39 Months to Ultimate =	1.016
51 Months to Ultimate =	1.003

NORTH DAKOTA

INCURRED LOSS DEVELOPMENT
LOSS YEARS 2013-2022
EVALUATED AS OF 3/2023

Special Causes of Loss

Year Ending	<u>Losses as of</u>				
	15 Months	27 Months	39 Months	51 Months	63 Months
12/31/2013	664,546,083	667,126,016	660,427,110	659,779,438	658,684,684
12/31/2014	969,061,738	974,243,651	973,109,529	971,853,164	969,123,848
12/31/2015	938,293,479	952,679,562	952,533,674	953,676,313	954,353,764
12/31/2016	691,214,289	708,161,784	709,389,142	709,060,165	713,220,799
12/31/2017	731,793,976	742,072,968	746,342,620	872,934,590	872,241,604
12/31/2018	1,019,368,220	1,046,061,249	1,025,338,372	1,009,067,161	1,009,308,734
12/31/2019	888,739,302	915,741,199	903,507,854	900,992,984	
12/31/2020	874,413,715	872,004,917	869,103,470		
12/31/2021	1,457,885,657	1,482,257,618			
12/31/2022	1,534,080,519				

RATIOS

Year Ending	27:15 Months	39:27 Months	51:39 Months	63:51 Months
12/31/2013	1.004	0.990	0.999	0.998
12/31/2014	1.005	0.999	0.999	0.997
12/31/2015	1.015	1.000	1.001	1.001
12/31/2016	1.025	1.002	1.000	1.006
12/31/2017	1.014	1.006	1.170	0.999
12/31/2018	1.026	0.980	0.984	1.000
12/31/2019	1.030	0.987	0.997	
12/31/2020	0.997	0.997		
12/31/2021	1.017			
5 Point Average	1.017	0.994	1.030	1.001

Development Factors to Ultimate

15 Months to Ultimate =	1.042
27 Months to Ultimate =	1.025
39 Months to Ultimate =	1.031
51 Months to Ultimate =	1.001

NORTH DAKOTA

COUNTRYWIDE BASIC GROUP I EXCESS LOSS FACTORS
BY CONSTRUCTION, PROTECTION AND EXPOSURE

		Amount of Insurance *										
		1	2	3	4	5	6	7	8	9	10	11
Const. 1-3	Prot. 1-4	1.000	1.069	1.143	1.222	1.307	1.398	1.494	1.598	1.709	1.827	1.954
	Prot. 5-7	1.000	1.076	1.157	1.244	1.338	1.439	1.548	1.665	1.790	1.926	2.071
	Prot. 8-10	1.000	1.076	1.157	1.244	1.338	1.439	1.548	1.665	1.790	1.926	2.071

		Amount of Insurance *										
		1	2	3	4	5	6	7	8	9	10	11
Const. 4-6	Prot. 1-4	1.000	1.069	1.143	1.222	1.307	1.398	1.494	1.598	1.709	1.827	1.954
	Prot. 5-7	1.000	1.076	1.157	1.244	1.338	1.439	1.548	1.665	1.790	1.926	2.071
	Prot. 8-10	1.000	1.076	1.157	1.244	1.338	1.439	1.548	1.665	1.790	1.926	2.071

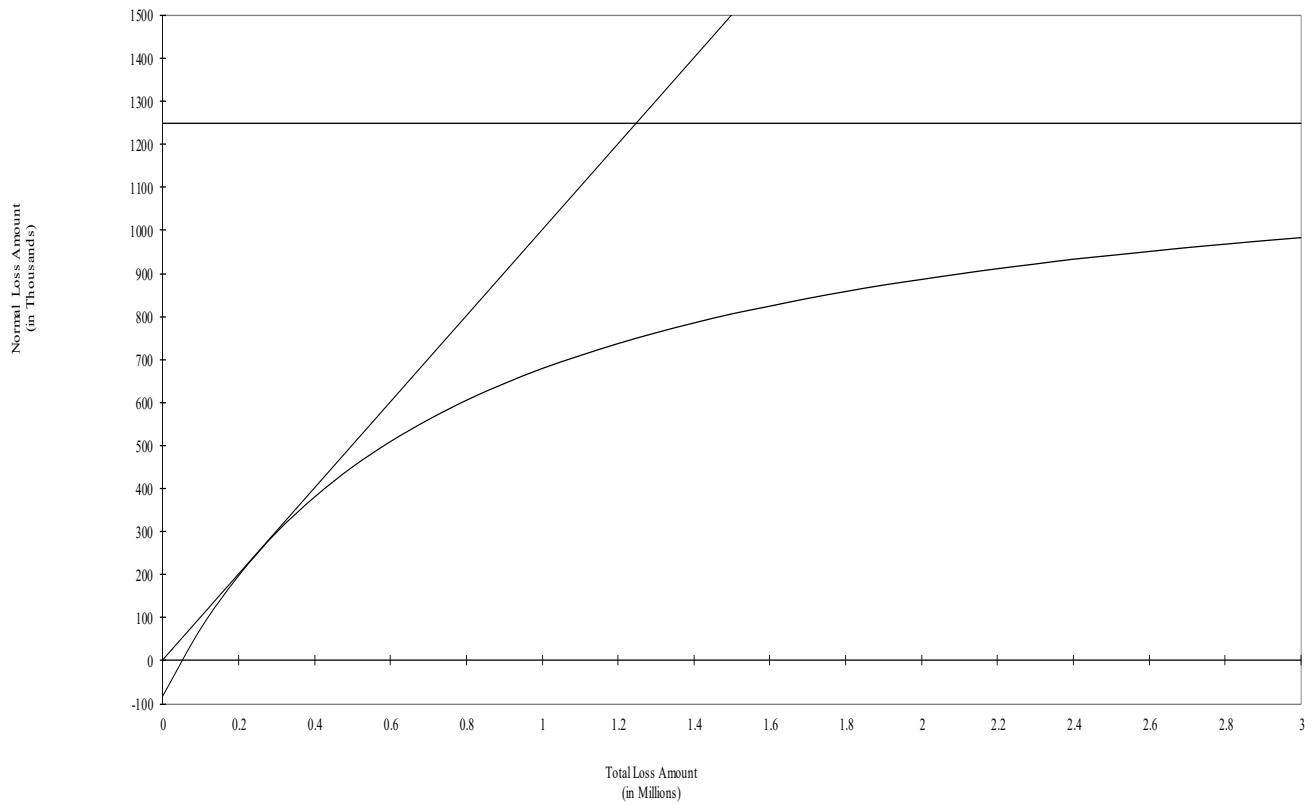
* Amount of
Insurance

Intervals

1	0 - 491,000
2	491,001 - 750,000
3	750,001 - 1,000,000
4	1,000,001 - 1,250,000
5	1,250,001 - 1,500,000
6	1,500,001 - 2,500,000
7	2,500,001 - 3,500,000
8	3,500,001 - 5,500,000
9	5,500,001 - 7,500,000
10	7,500,001 - 10,000,000
11	10,000,001 and over

Countrywide Basic Group I
Normal vs. Total Loss Amount

$$\text{Normal Loss} = \$1,250,000 \times (1 - (\$800,000 \div (\text{Total Loss} + \$750,000)))$$



NORTH DAKOTA

BASIC GROUP I

ADDITIONAL EXCESS LOSS INFORMATION

	(1)	(2)	(3)	(4)	(5)	(6)
	Trended	Trended	State	Multi-	Smoothed	State
	Incurred	Normal	Normal %	State	Losses	Average
<u>Year</u>	<u>Losses</u>	<u>Losses</u>	<u>(2)/(1)</u>	<u>Normal</u>		<u>Excess</u>
				<u>%</u>		<u>Factor</u>
						<u>(5)/(2)</u>
2018	2,648,408	2,563,748	96.8%	70.8%	2,818,542	1.099
2019	3,360,634	3,227,394	96.0%	64.5%	4,266,460	1.322
2020	2,776,545	2,624,271	94.5%	66.9%	3,109,236	1.185
2021	3,173,041	3,160,653	99.6%	69.4%	4,280,388	1.354
2022	4,800,803	4,301,201	89.6%	67.7%	7,018,715	1.632

NORTH DAKOTA
DEVELOPMENT OF BASIC GROUP II EXCESS MULTIPLIER

	(1)	(2)	(3)	(4)	(5)	(6)
			Normal	Normal	State	Regional
	Earned	Incurred	Incurred	Loss	Excess	Excess
Year	<u>Premiums</u>	<u>Losses</u>	<u>Losses</u>	<u>Ratio</u>	<u>Ratio</u>	<u>Ratio</u>
1950	294,685	103,698	103,698	0.352	0.000	0.000
1951	320,455	98,568	98,568	0.308	0.000	0.000
1952	345,235	98,515	98,515	0.285	0.000	0.000
1953	348,551	178,752	178,752	0.513	0.000	0.000
1954	366,730	498,307	264,779	0.722	0.494	0.143
1955	382,313	309,087	276,030	0.722	0.083	0.003
1956	378,150	202,666	202,666	0.536	0.000	0.000
1957	396,799	2,319,076	286,489	0.722	1.539	3.583
1958	427,007	201,145	201,145	0.471	0.000	0.000
1959	477,827	950,551	344,991	0.722	0.804	0.463
1960	514,317	348,776	348,776	0.678	0.000	0.000
1961	522,688	206,300	206,300	0.395	0.000	0.000
1962	538,671	293,975	293,975	0.546	0.000	0.000
1963	536,676	256,992	256,992	0.479	0.000	0.000
1964	514,434	536,493	371,421	0.722	0.280	0.041
1965	494,701	584,565	357,174	0.722	0.380	0.080
1966	494,879	952,699	357,303	0.722	0.778	0.425
1967	511,085	199,570	199,570	0.390	0.000	0.000
1968	494,366	187,711	187,711	0.380	0.000	0.000
1969	563,177	124,602	124,602	0.221	0.000	0.000
1970	805,100	195,388	195,388	0.243	0.000	0.000
1971	875,646	267,676	267,676	0.306	0.000	0.000
1972	1,064,601	330,712	330,712	0.311	0.000	0.000
1973	1,212,727	493,576	493,576	0.407	0.000	0.000
1974	1,554,207	429,015	429,015	0.276	0.000	0.000
1975	1,682,109	1,108,291	1,108,291	0.659	0.000	0.000
1976	2,530,592	716,774	716,774	0.283	0.000	0.000
1977	3,091,501	1,708,064	1,708,064	0.553	0.000	0.000
1978	3,470,062	876,754	876,754	0.253	0.000	0.000
1979	3,425,708	861,771	861,771	0.252	0.000	0.000
1980	3,273,131	2,427,031	1,926,311	0.589	0.123	0.030
1981	3,205,744	1,005,836	1,005,836	0.314	0.000	0.000
1982	3,139,704	837,304	837,304	0.267	0.000	0.000
1983	3,104,796	1,617,689	1,617,689	0.521	0.000	0.000
1984	3,226,860	1,019,800	1,019,800	0.316	0.000	0.000
1985	4,075,044	2,696,715	2,074,125	0.509	0.140	0.013
1986	4,515,012	2,399,432	2,399,432	0.531	0.000	0.000
1987	3,651,507	654,494	654,494	0.179	0.000	0.000
1988	3,273,414	496,502	496,502	0.152	0.000	0.000
1989	3,143,433	646,931	646,931	0.206	0.000	0.000
1990	3,216,321	935,950	935,950	0.291	0.000	0.000
1991	2,894,418	600,786	600,786	0.208	0.000	0.000
1992	2,669,682	204,343	204,343	0.077	0.000	0.000
1993	2,551,674	932,153	913,288	0.358	0.007	0.000

NORTH DAKOTA
DEVELOPMENT OF BASIC GROUP II EXCESS MULTIPLIER

	(1)	(2)	(3)	(4)	(5)	(6)
			Normal	Normal	State	Regional
	Earned	Incurred	Incurred	Loss	Excess	Excess
Year	<u>Premiums</u>	<u>Losses</u>	<u>Losses</u>	<u>Ratio</u>	<u>Ratio</u>	<u>Ratio</u>
1994	2,514,942	1,483,651	1,250,099	0.497	0.088	0.005
1995	2,531,940	4,004,030	1,764,975	0.697	0.602	0.282
1996	2,263,887	1,049,446	1,049,446	0.464	0.000	0.000
1997	2,233,962	3,523,118	2,299,520	1.029	0.468	0.080
1998	2,187,618	765,396	765,396	0.350	0.000	0.000
1999	2,092,347	6,023,893	2,021,503	0.966	1.204	0.709
2000	2,140,821	2,058,635	1,373,050	0.641	0.269	0.052
2001	2,187,153	7,455,723	1,823,488	0.834	1.084	1.491
2002	2,664,717	575,063	575,063	0.216	0.000	0.000
2003	3,118,548	123,085	123,085	0.039	0.000	0.000
2004	3,245,280	494,482	494,482	0.152	0.000	0.000
2005	3,644,070	5,285,235	1,805,622	0.495	0.732	0.223
2006	3,907,095	662,140	662,140	0.169	0.000	0.000
2007	4,451,676	5,766,003	1,902,665	0.427	0.574	0.294
2008	5,130,183	1,403,027	1,403,027	0.273	0.000	0.000
2009	5,241,729	1,713,529	1,713,529	0.327	0.000	0.000
2010	5,181,384	2,628,824	2,428,828	0.469	0.038	0.000
2011	5,070,627	3,082,585	2,712,563	0.535	0.070	0.003
2012	5,984,277	491,650	491,650	0.082	0.000	0.000
2013	7,001,187	1,271,339	1,271,339	0.182	0.000	0.000
2014	8,021,769	3,028,936	2,628,624	0.328	0.048	0.002
2015	8,659,224	3,103,003	3,103,003	0.358	0.000	0.000
2016	8,702,958	9,848,548	5,324,988	0.612	0.448	0.072
2017	8,472,060	1,417,331	1,417,331	0.167	0.000	0.000
2018	8,166,447	3,156,358	3,156,358	0.387	0.000	0.000
2019	8,379,996	4,732,534	2,943,727	0.351	0.189	0.025
2020	9,070,611	1,879,781	1,879,781	0.207	0.000	0.000
2021	9,712,404	8,302,100	4,083,479	0.420	0.344	0.091
2022	10,195,371	6,150,851	5,225,977	0.513	0.088	0.002
Total				30.856	10.874	8.112
(7) State Excess Component = Total (5) ÷ Total (4) =					0.352	
(8) Regional Excess Component					0.131	
(9) State Excess Multiplier = (1.00 + (7)) * (1.00 + (8)) =					1.529	

NORTH DAKOTA
DEVELOPMENT OF SPECIAL CAUSES OF LOSS EXCESS MULTIPLIER

	(1)	(2)	(3)	(4)	(5)
			Normal	Normal	State
	Earned	Incurred	Incurred	Loss	Excess
<u>Year</u>	<u>Premiums</u>	<u>Losses</u>	<u>Losses</u>	<u>Ratio</u>	<u>Ratio</u>
1985	822,216	457,435	457,435	0.556	-
1986	878,388	329,489	329,489	0.375	-
1987	844,608	285,220	285,220	0.338	-
1988	790,764	618,359	557,242	0.705	0.077
1989	1,027,236	1,093,186	770,307	0.750	0.314
1990	1,456,548	474,224	474,224	0.326	-
1991	1,409,376	683,435	683,435	0.485	-
1992	937,794	437,907	437,907	0.467	-
1993	870,576	867,090	698,139	0.802	0.194
1994	1,007,895	913,031	669,099	0.664	0.242
1995	1,097,661	476,753	476,753	0.434	-
1996	1,054,065	990,823	691,105	0.656	0.284
1997	1,051,557	3,260,300	1,128,963	1.074	2.026
1998	1,107,531	849,725	664,567	0.600	0.167
1999	1,048,272	1,536,010	1,228,153	1.172	0.293
2000	1,110,675	2,488,236	792,932	0.714	1.526
2001	1,260,804	1,033,258	982,139	0.779	0.041
2002	1,514,817	548,837	548,837	0.362	-
2003	1,812,630	494,247	494,247	0.273	-
2004	1,990,419	543,316	543,316	0.273	-
2005	2,040,075	1,145,145	1,050,286	0.515	0.046
2006	1,874,289	470,532	470,532	0.251	-
2007	1,864,275	647,049	647,049	0.347	-
2008	1,746,942	1,623,287	955,941	0.547	0.382
2009	1,789,251	1,541,556	1,429,288	0.799	0.063
2010	1,832,664	1,431,305	1,366,890	0.746	0.035
2011	1,773,831	2,089,804	1,868,387	1.053	0.125
2012	1,927,092	586,775	586,775	0.304	-
2013	2,246,418	1,218,141	1,218,141	0.542	-
2014	2,398,629	702,399	702,399	0.293	-
2015	2,655,843	690,084	690,084	0.260	-
2016	2,639,163	1,129,177	1,008,880	0.382	0.046
2017	2,797,449	1,305,676	963,972	0.345	0.122
2018	2,796,870	1,739,686	1,084,811	0.388	0.234
2019	2,913,045	1,989,958	1,642,523	0.564	0.119
2020	3,170,949	2,089,414	1,307,310	0.412	0.247
2021	3,405,879	3,355,829	1,894,717	0.556	0.429
2022	3,686,844	1,702,281	1,702,281	0.462	-
Total	66,653,340	43,838,979	33,503,775	20.571	7.012

(6) State Excess Component = Total (5) ÷ Total (4) = 0.341

(7) State Excess Multiplier = 1.00 + (6) = 1.341

NORTH DAKOTA
BASIC GROUP I STATEWIDE CREDIBILITY CALCULATION

(1A) Full Credibility Claims Standard For Frequency With (P,K) = (95.00% , 5.00%)	1,537
(1B) Severity Modification Factor	7.098
(1C) Full Credibility Claims Standard Adjusted For Severity ((1A) X (1B))	10,910
(2) Multistate Five Year Ratio Of Earned Risks To Claims	373.399
(3) Full Credibility Earned Risks Standard (1C)X(2)	4,073,783
(4) Five Year Statewide Earned Risks	86,949
(5) Five Year Aggregate Loss Costs	29,260,863
(6) Aggregate Loss Costs Per Earned Risk (5)/(4)	336.529
(7) Aggregate Loss Costs For 100% Credibility (3) X (6)	1,370,946,119
(8) Statewide Credibility ((5)/(7))**(5)	25.0%

NORTH DAKOTA
BASIC GROUP II STATEWIDE CREDIBILITY CALCULATION

(1) Full Credibility Claims Standard	30,000
(2) Multistate Ten Year Ratio Of Earned Risks To Claims	181.640
(3) Full Credibility Earned Risks Standard (1)X(2)	5,449,200
(4) Ten Year Statewide Earned Risks	174,793
(5) Ten Year Aggregate Loss Costs	78,449,066
(6) Aggregate Loss Costs Per Earned Risk (5)/(4)	448.811
(7) Aggregate Loss Costs For 100% Credibility (3) X (6)	2,445,660,901
(8) Statewide Credibility ((5)/(7))**(.5)	25.0%

NORTH DAKOTA
SPECIAL CAUSES OF LOSS STATEWIDE CREDIBILITY CALCULATION

(1) Full Credibility Claims Standard	25,000
(2) Multistate Ten Year Ratio Of Earned Risks To Claims	210.701
(3) Full Credibility Earned Risks Standard (1)X(2)	5,267,525
(4) Five Year Statewide Earned Risks	85,912
(5) Five Year Aggregate Loss Costs	13,360,943
(6) Aggregate Loss Costs Per Earned Risk (5)/(4)	155.519
(7) Aggregate Loss Costs For 100% Credibility (3) X (6)	819,200,220
(8) Statewide Credibility ((5)/(7))**(.5)	25.0%

NORTH DAKOTA

BASIC GROUP I RATING GROUP DEFINITIONS

The following CSP Classes comprise the Basic Group I Rating Groups:

01 Apartments

- 0311 Apartments without Mercantile Occupancies - Up to 10 Units
- 0312 Apartments without Mercantile Occupancies - 11 to 30 Units
- 0313 Apartments without Mercantile Occupancies - Over 30 Units
- 0321 Apartments with Mercantile Occupancies - Up to 10 Units
- 0322 Apartments with Mercantile Occupancies - 11 to 30 Units
- 0323 Apartments with Mercantile Occupancies - Over 30 Units
- 0331 Residential Condominiums without Mercantile Occupancies - Up to 10 Units
- 0332 Residential Condominiums without Mercantile Occupancies - 11 to 30 Units
- 0333 Residential Condominiums without Mercantile Occupancies - Over 30 Units
- 0341 Residential Condominiums with Mercantile Occupancies - Up to 10 Units
- 0342 Residential Condominiums with Mercantile Occupancies - 11 to 30 Units
- 0343 Residential Condominiums with Mercantile Occupancies - Over 30 Units

02 OTHER HABITATIONAL

- 0074 Boarding and Lodging Houses, Rooming Houses, Fraternities and Sororities, Dormitories - Up to 10 Units
- 0075 Boarding and Lodging Houses, Rooming Houses, Fraternities and Sororities, Dormitories - 11 to 30 Units
- 0076 Boarding and Lodging Houses, Rooming Houses, Fraternities and Sororities, Dormitories - Over 30 Units
- 0077 Convents, Monasteries and Rectories, Orphan Homes, Nurses' Homes, Sisters' Homes - Up to 10 Units
- 0078 Convents, Monasteries and Rectories, Orphan Homes, Nurses' Homes, Sisters' Homes - 11 to 30 Units
- 0079 Convents, Monasteries and Rectories, Orphan Homes, Nurses' Homes, Sisters' Homes - Over 30 Units
- 0196 Dwellings Written in Conjunction with Commercial Risks from the Commercial Lines Manual - 1 Family
- 0197 Dwellings Written in Conjunction with Commercial Risks from the Commercial Lines Manual - 2 Family
- 0198 Dwellings Written in Conjunction with Commercial Risks from the Commercial Lines Manual - 3 and 4 Family
- 0300 Large Area Housing Developments (Special Rating Treatment)

03 RESTAURANTS & BARS

- 0541 Bars and Taverns
- 0542 Restaurants with Commercial Cooking
- 0545 Restaurants with Limited Cooking

BASIC GROUP I RATING GROUP DEFINITIONS04 OTHER MERCANTILES

- 0431 Sole Occupancy Mercantile, Over 15,000 Square Feet, Building Coverage, Other than Food Risks
- 0432 Sole Occupancy Mercantile, Over 15,000 Square Feet, Food Risks, Buildings and Personal Property
- 0433 Multiple Occupancy Mercantile, Over 15,000 Square Feet, Building Coverage Only, Not Fire Class Rated
- 0434 Multiple Occupancy Mercantile, Less than 15,000 Square Feet, Building Coverage Only, Not Fire Class Rated
- 0511 Risks Having Low Susceptibility Personal Property, NOC
- 0512 Tire, Battery and Accessory Dealers Without Tire Recapping and Vulcanizing
- 0520 Wearing Apparel, Textiles, Shoes
- 0531 Alcoholic Beverages other than Bars
- 0532 Food Products including Retail Bakeries (no baking and no cooking on premises; sales only); Beverages other than Alcoholic
- 0533 Retail Bakeries - Baking on Premises (No delivery to other outlets)
- 0534 Food Products with Limited Cooking, Excluding Bakeries
- 0535 Retail Bakeries - Baking on Premises (No delivery to other outlets) - Using Cannabis as an Ingredient
- 0550 Motor Vehicle (Auto, Aircraft, Marine) Sales, No Repair
- 0561 Boat and Marine Supply Dealers
- 0562 Drugs
- 0563 Electrical Goods, Hardware and Machinery
- 0564 Furniture and Home Furnishings other than Appliances
- 0565 Jewelry
- 0566 Sporting Goods
- 0567 Risks Having Moderate Susceptibility Personal Property, NOC
- 0570 Risks Having High Susceptibility Personal Property, NOC
- 0574 Cannabis containing Products Distributors or Retail Sales, Cannabis, NOC
- 0575 Mercantile - Cannabis - Growers other than Greenhouses - including hydroponics
- 0580 Greenhouses
- 0581 Multiple Occupancy Mercantile, Fire Class Rated, without furniture Occupant
- 0582 Multiple Occupancy Mercantile, Fire Class Rated, with furniture Occupant
- 0585 Greenhouses - Cannabis

05 PUBLIC BUILDINGS

- 0701 Governmental Offices
- 1000 Penal Institutions
- 1051 Museums, Libraries, Art Galleries (non-profit)
- 1070 Other Public Buildings, Fire Dept., Police, Water/Sewer

06 CHURCHES

- 0900 Churches and Synagogues

BASIC GROUP I RATING GROUP DEFINITIONS07 SCHOOLS

1052 Schools, Academic

08 OFFICE AND BANKS

0702 Non-Governmental Offices and Banks

09 RECREATIONAL FACILITIES

0755 Golf Clubs, Tennis Clubs and Similar Sports Facilities with Cooking

0756 Golf Clubs, Tennis Clubs and Similar Sports Facilities without Cooking

0757 Clubs, NOC, Including Fraternal and Union Halls

0831 Motion Picture Studios

0832 Theaters

0833 Drive-in Theaters

0834 Skating Rinks--Roller Rinks

0841 Bowling Alleys

0843 Halls and Auditoriums

0844 Recreational Facilities, NOC

0845 Boys' and Girls' Camps

0846 Dance Halls, Ballrooms & Discotheques

0951 Gambling Casinos with Restaurants

0952 Gambling Casinos without Restaurants

10 HOTELS & MOTELS

0742 Motels and Hotels with Restaurant - Up to 10 Units

0743 Motels and Hotels with Restaurant - 11 to 30 Units

0744 Motels and Hotels with Restaurant - Over 30 Units

0745 Motels and Hotels without Restaurant - Up to 10 Units

0746 Motels and Hotels without Restaurant - 11 to 30 Units

0747 Motels and Hotels without Restaurant - Over 30 Units

11 HOSPITALS & NURSING HOMES

0851 Hospitals

0852 Nursing and Convalescent Homes

12 BUILDINGS UNDER CONSTRUCTION

1150 Buildings Under Construction

BASIC GROUP I RATING GROUP DEFINITIONS13 MOTOR VEHICLE RISKS

- 0931 Auto Parking Garages, Car Washes
- 0932 Gasoline Service Stations
- 0933 Aircraft Hangars with Repairing, Motor Vehicle Repairing Including Auto Body Shops, with or without Sales
- 0934 Tire Recapping and Vulcanizing with or without Sales
- 0940 Aircraft Hangars without Repairing

14 OTHER NON-MANUFACTURING

- 0911 Dry Cleaner and Dyeing Plants, other than Self-Service
- 0912 Laundries, other than Self-Service
- 0913 Self-Service Laundries and Dry Cleaners
- 0921 Light Hazard Service Occupancies
- 0922 Services Occupancies, Other than Light Hazard, NOC
- 0923 Funeral Homes
- 1180 Vacant Buildings
- 1185 Billboards and Signs
- 1190 Yard Property, NOC, Including Property in the Open

15 STORAGE

- 1200 Piers, Wharves, Bridges
- 1211 Freight Terminals
- 1212 General Storage Warehouses - Bailee
- 1213 Miscellaneous Products Storage - (other than Retail or Wholesale or Cold Storage)
- 1220 Household Goods Storage
- 1230 Cold Storage Warehouses
- 1251 Farm Products (other than Grain, Cotton, Tobacco)
- 1252 Grain, Seed, Bean Warehouses
- 1255 Sales Warehouses - Cannabis
- 1300 Cotton Compresses and Storage
- 1400 Waste and Reclaimed Material, including Yards
- 1450 Whiskey and Liquor Warehouses in Connection with Distilleries
- 1501 Tobacco Warehouses, Storage
- 1502 Tobacco Sales Warehouses
- 1550 Grain Elevators - Terminal
- 1610 Grain Elevators - Country
- 1650 Building Supply Yards, including Retail Lumberyards, Coal and Coke Yards
- 1700 Mill Yards
- 1751 Oil Distributing, Oil Terminals and LPG Tank Farms, Including Stock
- 1752 Oil Distributing, Oil Terminals and LPG Tank Farms, Excluding Stock

BASIC GROUP I RATING GROUP DEFINITIONS17 FOOD MANUFACTURING

2000 Dairy Products
2059 Meat, Poultry and Fish Products
2150 Grain Milling, Including Feed, Stock, Flour Mills
2200 Bakeries and Bakery Products - other than Cannabis
2205 Bakeries and Bakery Products - Using Cannabis as an Ingredient
2215 Cannabis Processing or Manufacturing - No extraction
2250 Fruit, Nut and Vegetable Products
2300 Sugar, Molasses and Syrup Refining
2350 Beverages excluding Alcoholic Beverages
2400 Breweries
2459 Distilleries and Wineries
2550 Tobacco and Tobacco Products
2600 Food Products, NOC

18 WOOD MANUFACTURING

3809 Basic Wood Production including Veneer and Plywood Plants
3959 Furniture and Other Wood Products, NOC

19 WEARING APPAREL

2800 Textile Mill Products - Natural and Synthetic
3009 Clothing and Apparel including Furs and Finished Products

20 CHEMICAL MANUFACTURING

5000 Chemicals and Pharmaceuticals - Low Hazard
5050 Chemicals and Pharmaceuticals - Moderate Hazard
5100 Chemicals and Pharmaceuticals - High Hazard
5105 Cannabis Processing or Manufacturing - Extraction using noncombustible gases or chemicals
5155 Cannabis Processing or Manufacturing - Extraction using combustible gases or chemicals, or rapid burning

21 METAL MANUFACTURING

6810 Heavy Metalworking including Basic Metalwork
6850 Metalworking, NOC

BASIC GROUP I RATING GROUP DEFINITIONS22 OTHER MANUFACTURING

2750 Cotton Gins

3409 Leather and Leather Products

4400 Paper Manufacturing

4450 Paper and Paper Products Processing

4809 Printing

5500 Plastic Products

5759 Rubber Products

6009 Stone, Glass, Concrete, Gypsum, Brick, Tile and Clay Products, Abrasives, Plaster and Other Mineral, NOC

6210 Mining Other than Coal

6250 Coal Mining

6900 Precision Products, Electronic, Radio and Television Manufacturing

NORTH DAKOTA

SPECIAL CAUSES OF LOSS CATEGORY DEFINITIONSCATEGORY 01 - BUILDING AND TIME ELEMENT COVERAGECATEGORY 02 - APARTMENT AND CONDOMINIUM CONTENTS COVERAGECATEGORY 03 - OFFICE CONTENTS COVERAGECATEGORIES 04, 05, & 06 - MERCANTILE CONTENTS COVERAGE

An establishment in which the principal business is the retail or wholesale buying or selling of goods, wares and merchandise. Included are bars, grills and restaurants.

CATEGORY 04 - MERCANTILE CONTENTS COVERAGE (HIGH)

Occupancy classes 0511, 0520, 0535, 0550, 0562, 0566, 0567, 0574, 0581, 0702, 1180, 1185, 1190, 1200, 1211, 1212, 1213, 1251, 1255, 1300, 1400, 1751, 1752, or 2205.

CATEGORY 05 - MERCANTILE CONTENTS COVERAGE (MEDIUM)

Occupancy classes not listed in Category 04 or Category 06

CATEGORY 06 - MERCANTILE CONTENTS COVERAGE (LOW)

Occupancy classes 0512, 0541, 0563, 0921, 0922, 0933, 0940, or 1230

CATEGORY 07 - MOTEL & HOTEL CONTENTS COVERAGE

Hotels, motels, motor inns, motor lodges, tourist courts and similar risks whose business is principally the providing of lodging accommodations for transients, including premises and operations necessary or incidental to such lodging accommodations.

CATEGORIES 08 & 09 - INSTITUTIONAL CONTENTS COVERAGE

An establishment principally occupied by an educational, religious, sanitary, charitable or governmental organization. It does not include buildings containing manufacturing of any kind, or sale, storage, processing, or repair of clothing or furniture, or paper or rag storage, or sorting or supplying of food or lodging to itinerants.

CATEGORY 08 - INSTITUTIONAL CONTENTS COVERAGE (HIGH)

Occupancy classes 0701, 0702, 0851, 0921, 1051, or 1052

SPECIAL CAUSES OF LOSS CATEGORY DEFINITIONSCATEGORY 09 - INSTITUTIONAL CONTENTS COVERAGE (LOW)

Occupancy classes not listed in Category 08

CATEGORIES 10 & 11 - INDUSTRIAL & PROCESSING CONTENTS COVERAGE

An establishment in which the principal activity is the manufacturing of goods and wares or processing of raw materials or finished goods.

CATEGORY 10 - INDUSTRIAL & PROCESSING CONTENTS COVERAGE (HIGH)

Occupancy classes 1252, 1300, 1400, 1700, 2000, 2059, 2150, 2200, 2215, 2250, 2300, 2350, 2400, 2459, 2550, 2600, 2750, 2800, 2805, 3009, 3409, 3809, 3959, 5105, or 5155.

CATEGORY 11 - INDUSTRIAL & PROCESSING CONTENTS COVERAGE (LOW)

Occupancy classes not listed in Category 10

CATEGORIES 12 & 13 - SERVICE CONTENTS COVERAGE

An establishment in which the principal operation is the providing of a personal or commercial service. Included are establishments providing entertainment or recreation; warehousing of property of others; and automobile risks, such as service, repair or garaging of automobiles and parking lots.

CATEGORY 12 - SERVICE CONTENTS COVERAGE (HIGH)

Occupancy classes 0520, 0542, 0545, 0550, 0567, 0702, 0755, 0831, 0832, 0911, 0912, 0913, 0921, 0931, 0932, 0934, 1213, or 4809

CATEGORY 13 - SERVICE CONTENTS COVERAGE (LOW)

Occupancy classes not listed in Category 12

CATEGORY 14 - CONTRACTOR CONTENTS COVERAGE

An establishment in which the principal operation is that of installation, construction, demolition or maintenance. This includes any owner/contractor, general contractor or sub-contractor whether or not he or she actually performs any part of such work or has employees on the site.

North Dakota

BASIC GROUP I

UNADJUSTED AGGREGATE LOSS COSTS, LOSSES, AND EXPERIENCE RATIOS

<u>Year</u>	<u>Total Unadjusted Loss Costs</u>	<u>Total Unadjusted Incurred Losses</u>	<u>Experience Ratio</u>
2018	3,464,675	1,722,671	0.497
2019	3,513,050	2,274,679	0.647
2020	3,791,993	1,986,689	0.524
2021	4,094,079	2,355,899	0.575
2022	4,312,003	3,885,626	0.901

NORTH DAKOTA

BASIC GROUP II

UNADJUSTED AGGREGATE LOSS COSTS, LOSSES, AND EXPERIENCE RATIOS

<u>Year</u>	<u>Total Unadjusted Loss Costs</u>	<u>Total Unadjusted Incurred Losses</u>	<u>Experience Ratio</u>
2013	3,956,305	1,271,339	0.321
2014	4,535,310	3,028,936	0.668
2015	4,893,712	3,103,003	0.634
2016	4,917,088	9,848,548	2.003
2017	4,786,990	1,417,331	0.296
2018	4,614,200	3,156,358	0.684
2019	4,734,731	4,732,534	1.000
2020	5,125,377	1,879,781	0.367
2021	5,488,119	8,302,100	1.513
2022	5,760,481	6,150,851	1.068

NORTH DAKOTA

SPECIAL CAUSES OF LOSS

UNADJUSTED AGGREGATE LOSS COSTS, LOSSES, AND EXPERIENCE RATIOS

<u>Year</u>	<u>Total Unadjusted Loss Costs</u>	<u>Total Unadjusted Incurred Losses</u>	<u>Experience Ratio</u>
2018	1,580,235	1,739,686	1.101
2019	1,645,907	1,989,958	1.209
2020	1,791,857	2,089,414	1.166
2021	1,924,728	3,355,829	1.744
2022	2,083,152	1,702,281	0.817

NORTH DAKOTA

FIRE AND ALLIED LINES INSURANCE

COUNTRYWIDE LOSS ADJUSTMENT EXPENSE EXPERIENCE (A)

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>Selected</u>
(1) Fire						
(a) Direct Losses Incurred	8,518,012	7,422,977	9,568,271	11,499,937	12,242,136	
(b) Direct Loss Adjustment Expense Incurred	668,759	679,946	884,227	972,900	1,010,079	
(2) Allied Lines						
(a) Direct Losses Incurred	10,350,661	7,620,219	12,480,499	12,678,617	14,089,228	
(b) Direct Loss Adjustment Expense Incurred	998,273	973,445	1,234,938	1,342,164	1,359,553	
(3) Loss Adjustment Expense as a Ratio to Losses						
(a) Fire (1b) / (1a)	7.9%	9.2%	9.2%	8.5%	8.3%	9.0%
(b) Allied Lines (2b) / (2a)	9.6%	12.8%	9.9%	10.6%	9.6%	10.5%

NOTE: All dollar amounts are displayed in thousands.

(A) Items (1) and (2) are based on Insurance Expense Exhibit information compiled by A. M. Best.

NORTH DAKOTA
COMMERCIAL PROPERTY INSURANCE

SECTION E - REVISED LOSS COST PAGES

Basic Group II Loss Costs.....	E2
Special Causes of Loss Loss Costs.....	E3
Basic Group I Loss Costs.....	E4-15
Basic Group I Sub-Standard Condition Charges.....	E16

70. CAUSES OF LOSS – BASIC FORM

E. Rating Procedure**2. Property Damage – Group II Causes Of Loss****e. Loss Costs**

- (1) Determine the Basic Group II symbol from the specific publication or from Rule **70.E.2.a**.
- (2) For Symbols **AA**, **A**, **AB** and **B** use the applicable rate.
- (3) For symbols with numerical prefixes, multiply the applicable rate by the prefix shown in Rule **70.E.2.a**.

Symbol		Loss Cost
AA	Buildings	<u>.101.112</u>
	Contents	<u>.120.133</u>
A	Buildings	<u>.113.125</u>
	Contents	<u>.131.145</u>
AB	Buildings	<u>.146.161</u>
	Contents	<u>.160.177</u>
B	Buildings	<u>.174.192</u>
	Contents	<u>.179.198</u>

72. CAUSES OF LOSS – SPECIAL FORM

E.2. Rating Procedure – Property Damage – Other than Builders' Risk**b.(1)** Building Coverage – Loss Cost: .059.058**c.(2)** Personal Property Coverage – Loss Costs

Occupancy Category	Loss Cost
Residential Apartments and Condominiums	<u>.260.256</u>
Offices	<u>.109.107</u>
Mercantile – High	<u>.138.136</u>
Mercantile – Medium	<u>.118.116</u>
Mercantile – Low	<u>.093.092</u>
Motels and Hotels	<u>.066.065</u>
Institutional – High	<u>.070.069</u>
Institutional – Low	<u>.042</u>
Industrial and Processing – High	<u>.144.142</u>
Industrial and Processing – Low	<u>.106.104</u>
Service – High	<u>.121.120</u>
Service – Low	<u>.094.093</u>
Contractors	<u>.156.153</u>
Territory (County)	Territorial Multiplier
Entire State	1.000

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NORTH DAKOTA (33)

85. BASIC GROUP I CLASS LOSS COSTS

All rates are subject to protection class and territorial multipliers.

CSP Class Codes And Description						
0074	Boarding and Lodging Houses, Rooming Houses, Fraternities and Sororities, Dormitories – Up to 10 Units					
0075	Boarding and Lodging Houses, Rooming Houses, Fraternities and Sororities, Dormitories – 11 to 30 Units					
0076	Boarding and Lodging Houses, Rooming Houses, Fraternities and Sororities, Dormitories – Over 30 Units					
0077	Convents, Monasteries and Rectories, Orphan Homes, Nurses' Homes, Sisters' Homes – Up to 10 Units					
0078	Convents, Monasteries and Rectories, Orphan Homes, Nurses' Homes, Sisters' Homes – 11 to 30 Units					
0079	Convents, Monasteries and Rectories, Orphan Homes, Nurses' Homes, Sisters' Homes – Over 30 Units					
0196	1 Family Dwellings (Lessor's Risk)					
0197	2 Family Dwellings (Lessor's Risk)					
0198	3 or 4 Family Dwellings (Lessor's Risk)					
0311	Apartments without Mercantile Occupancies – Up to 10 Units					
0312	Apartments without Mercantile Occupancies – 11 to 30 Units					
CSP Class Code	Coverage	Construction (Code)				
		Frame (1)	Joisted Masonry (2)	Non-Comb. (3)	Mas. Non-Comb. (4)	Mod. F.R. (5) Or Fire Res. (6)
0074	Building (1)	0.076	0.066	0.059	0.047	0.044
	Contents (2)	0.076	0.066	0.064	0.056	0.052
0075	Building (1)	0.076	0.066	0.059	0.047	0.044
	Contents (2)	0.076	0.066	0.064	0.056	0.052
0076	Building (1)	0.076	0.066	0.059	0.047	0.044
	Contents (2)	0.076	0.066	0.064	0.056	0.052
0077	Building (1)	0.066	0.061	0.053	0.043	0.041
	Contents (2)	0.071	0.064	0.059	0.052	0.050
0078	Building (1)	0.066	0.061	0.053	0.043	0.041
	Contents (2)	0.071	0.064	0.059	0.052	0.050
0079	Building (1)	0.066	0.061	0.053	0.043	0.041
	Contents (2)	0.071	0.064	0.059	0.052	0.050
0196	Building (1)	0.045	0.041	0.037	0.029	0.028
	Contents (2)	0.052	0.045	0.042	0.037	0.036
0197	Building (1)	0.045	0.041	0.037	0.029	0.028
	Contents (2)	0.052	0.045	0.042	0.037	0.036
0198	Building (1)	0.045	0.041	0.037	0.029	0.028
	Contents (2)	0.052	0.045	0.042	0.037	0.036
0311	Building (1)	0.152	0.136	0.121	0.099	0.091
	Contents (2)	0.171	0.155	0.145	0.129	0.120
0312	Building (1)	0.152	0.136	0.121	0.099	0.091
	Contents (2)	0.171	0.155	0.145	0.129	0.120
Territory					Territorial Multiplier	
Entire State (North Dakota)					1.000	

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85. BASIC GROUP I CLASS LOSS COSTS (Cont'd)

All rates are subject to protection class and territorial multipliers.

CSP Class Codes And Description						
0313	Apartments without Mercantile Occupancies – Over 30 Units					
0321	Apartments with Mercantile Occupancies – Up to 10 Units					
0322	Apartments with Mercantile Occupancies – 11 to 30 Units					
0323	Apartments with Mercantile Occupancies – Over 30 Units					
0331	Residential Condominiums without Mercantile Occupancies – Up to 10 Units					
0332	Residential Condominiums without Mercantile Occupancies – 11 to 30 Units					
0333	Residential Condominiums without Mercantile Occupancies – Over 30 Units					
CSP Class Code	Coverage	Construction (Code)				
		Frame (1)	Joisted Masonry (2)	Non-Comb. (3)	Mas. Non-Comb. (4)	Mod. F.R. (5) Or Fire Res. (6)
0313	Building (1)	0.152	0.136	0.121	0.099	0.091
	Contents (2)	0.171	0.155	0.145	0.129	0.120
0321	Building (1)	0.233	0.210	0.185	0.152	0.139
	Contents (2)					
	A	0.346	0.311	0.296	0.261	0.243
	B&C	0.406	0.365	0.344	0.304	0.284
0322	Building (1)	0.233	0.210	0.185	0.152	0.139
	Contents (2)					
	A	0.346	0.311	0.296	0.261	0.243
	B&C	0.406	0.365	0.344	0.304	0.284
0323	Building (1)	0.233	0.210	0.185	0.152	0.139
	Contents (2)					
	A	0.346	0.311	0.296	0.261	0.243
	B&C	0.406	0.365	0.344	0.304	0.284
0331	Building (1)	0.085	0.076	0.067	0.055	0.051
	Contents (2)	0.076	0.067	0.064	0.056	0.051
0332	Building (1)	0.085	0.076	0.067	0.055	0.051
	Contents (2)	0.076	0.067	0.064	0.056	0.051
0333	Building (1)	0.085	0.076	0.067	0.055	0.051
	Contents (2)	0.076	0.067	0.064	0.056	0.051
Territory					Territorial Multiplier	
Entire State (North Dakota)					1.000	

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85. BASIC GROUP I CLASS LOSS COSTS (Cont'd)

All rates are subject to protection class and territorial multipliers.

CSP Class Codes And Description						
0341	Residential Condominiums with Mercantile Occupancies – Up to 10 Units					
0342	Residential Condominiums with Mercantile Occupancies – 11 to 30 Units					
0343	Residential Condominiums with Mercantile Occupancies – Over 30 Units					
0511	Mercantile – Sole Occupancy Only – Not Otherwise Classified – Low Susceptibility					
0512	Mercantile – Sole Occupancy Only – Tire, Battery and Accessory Dealers without Tire Recapping and Vulcanizing					
0520	Mercantile – Sole Occupancy Only – Wearing Apparel, Textiles, Shoes					
0531	Mercantile – Sole Occupancy Only – Alcoholic Beverages other than Bars					
CSP Class Code	Coverage	Construction (Code)				
		Frame (1)	Joisted Masonry (2)	Non-Comb. (3)	Mas. Non-Comb. (4)	Mod. F.R. (5) Or Fire Res. (6)
0341	Building (1)	0.132	0.118	0.106	0.087	0.078
	Contents (2)					
	A	0.149	0.135	0.127	0.111	0.104
	B&C	0.176	0.157	0.149	0.132	0.122
0342	Building (1)	0.132	0.118	0.106	0.087	0.078
	Contents (2)					
	A	0.149	0.135	0.127	0.111	0.104
	B&C	0.176	0.157	0.149	0.132	0.122
0343	Building (1)	0.132	0.118	0.106	0.087	0.078
	Contents (2)					
	A	0.149	0.135	0.127	0.111	0.104
	B&C	0.176	0.157	0.149	0.132	0.122
0511	Building (1)	0.105	0.094	0.085	0.068	0.064
	Contents (2)	0.134	0.121	0.113	0.100	0.092
0512	Building (1)	0.100	0.090	0.079	0.065	0.059
	Contents (2)	0.120	0.108	0.101	0.090	0.083
0520	Building (1)	0.126	0.112	0.100	0.081	0.075
	Contents (2)	0.173	0.157	0.148	0.130	0.122
0531	Building (1)	0.107	0.095	0.086	0.068	0.064
	Contents (2)	0.143	0.126	0.120	0.107	0.099
Territory					Territorial Multiplier	
Entire State (North Dakota)					1.000	

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85. BASIC GROUP I CLASS LOSS COSTS (Cont'd)

All rates are subject to protection class and territorial multipliers.

CSP Class Codes And Description						
0532	Merc – Sole Occy Only – Food Products Inc. Retail Bakeries; Non-Alcoholic Beverages (Sales Only – No Baking or Cooking)					
0533	Mercantile – Sole Occupancy Only – Baking on Premises, No Delivery to Outlets					
0534	Mercantile – Sole Occupancy Only – Food Products with Limited Cooking, Excluding Bakeries					
0535	Mercantile – Sole Occupancy Only – Baking on Premises, No Delivery to Outlets – Using Cannabis as an Ingredient					
0541	Mercantile – Sole Occupancy Only – Bars and Taverns					
0545	Mercantile – Sole Occupancy Only – Restaurants with Limited Cooking					
0550	Mercantile – Sole Occupancy Only – Motor Vehicles, No Repair					
0561	Mercantile – Sole Occupancy Only – Boat and Marine Supply Dealers					
0562	Mercantile – Sole Occupancy Only – Drugs					
0563	Mercantile – Sole Occupancy Only – Electrical Goods, Hardware and Machinery					
CSP Class Code	Coverage	Construction (Code)				
		Frame (1)	Joisted Masonry (2)	Non-Comb. (3)	Mas. Non-Comb. (4)	Mod. F.R. (5) Or Fire Res. (6)
0532	Building (1)	0.161	0.145	0.130	0.105	0.099
	Contents (2)	0.173	0.157	0.148	0.130	0.122
0533	Building (1)	0.126	0.114	0.102	0.082	0.076
	Contents (2)	0.141	0.126	0.118	0.105	0.099
0534	Building (1)	0.178	0.159	0.143	0.115	0.108
	Contents (2)	0.145	0.131	0.125	0.110	0.103
0535	Building (1)	0.126	0.114	0.102	0.082	0.076
	Contents (2)	0.141	0.126	0.118	0.105	0.099
0541	Building (1)	0.392	0.354	0.314	0.255	0.238
	Contents (2)	0.421	0.378	0.357	0.314	0.293
0545	Building (1)	0.462	0.416	0.371	0.301	0.278
	Contents (2)	0.523	0.469	0.445	0.392	0.363
0550	Building (1)	0.095	0.087	0.076	0.063	0.058
	Contents (2)	0.144	0.130	0.122	0.109	0.101
0561	Building (1)	0.101	0.091	0.080	0.065	0.061
	Contents (2)	0.144	0.130	0.122	0.109	0.101
0562	Building (1)	0.114	0.103	0.092	0.075	0.068
	Contents (2)	0.159	0.144	0.136	0.121	0.112
0563	Building (1)	0.113	0.102	0.091	0.075	0.068
	Contents (2)	0.120	0.108	0.101	0.090	0.083
Territory					Territorial Multiplier	
Entire State (North Dakota)					1.000	

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85. BASIC GROUP I CLASS LOSS COSTS (Cont'd)

All rates are subject to protection class and territorial multipliers.

CSP Class Codes And Description						
0564	Mercantile – Sole Occupancy Only – Furniture and Home Furnishings other than Appliances					
0565	Mercantile – Sole Occupancy Only – Jewelry					
0566	Mercantile – Sole Occupancy Only – Sporting Goods					
0567	Mercantile – Sole Occupancy Only – Not Otherwise Classified – Moderate Susceptibility					
0570	Mercantile – Sole Occupancy Only – Not Otherwise Classified – High Susceptibility					
0574	Mercantile – Sole Occupancy Only – Cannabis containing Products Distributors or Retail Sales, Cannabis, NOC					
0575	Mercantile – Sole Occupancy Only – Cannabis - Growers other than Greenhouses					
0580	Greenhouses – Sole Occupancy Only					
CSP Class Code	Coverage	Construction (Code)				
		Frame (1)	Joisted Masonry (2)	Non-Comb. (3)	Mas. Non-Comb. (4)	Mod. F.R. (5) Or Fire Res. (6)
0564	Building (1)	0.157	0.143	0.126	0.102	0.092
	Contents (2)	0.210	0.190	0.179	0.158	0.147
0565	Building (1)	0.104	0.092	0.083	0.068	0.063
	Contents (2)	0.118	0.105	0.099	0.088	0.082
0566	Building (1)	0.118	0.107	0.094	0.076	0.070
	Contents (2)	0.158	0.143	0.134	0.118	0.111
0567	Building (1)	0.105	0.094	0.085	0.068	0.064
	Contents (2)	0.134	0.121	0.113	0.100	0.092
0570	Building (1)	0.105	0.094	0.085	0.068	0.064
	Contents (2)	0.143	0.126	0.120	0.107	0.099
0574	Building (1)	0.105	0.094	0.085	0.068	0.064
	Contents (2)	0.134	0.121	0.113	0.100	0.092
0575	Building (1)	0.105	0.094	0.085	0.068	0.064
	Contents (2)	0.143	0.126	0.120	0.107	0.099
0580	Building (1)	0.105	0.094	0.085	0.068	0.064
	Contents (2)	0.147	0.133	0.126	0.111	0.104
Territory					Territorial Multiplier	
Entire State (North Dakota)					1.000	

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85. BASIC GROUP I CLASS LOSS COSTS (Cont'd)

All rates are subject to protection class and territorial multipliers.

CSP Class Codes And Description						
0581	Mercantile – Multiple Occupancy without 0564 Occupant					
0582	Mercantile – Multiple Occupancy with 0564 Occupant					
0585	Greenhouses – Sole Occupancy Only – Cannabis					
0701	Government Offices					
0702	Banks and Offices other than Governmental					
CSP Class Code	Coverage	Construction (Code)				
		Frame (1)	Joisted Masonry (2)	Non-Comb. (3)	Mas. Non-Comb. (4)	Mod. F.R. (5) Or Fire Res. (6)
0581	Building (1)	0.111	0.100	0.090	0.074	0.067
	Contents (2)					
	A	0.143	0.126	0.120	0.107	0.099
	B	0.171	0.154	0.145	0.129	0.121
0582	C	0.156	0.141	0.133	0.118	0.109
	Building (1)	0.122	0.110	0.099	0.080	0.075
	Contents (2)					
	A	0.126	0.113	0.108	0.092	0.088
0585	B	0.154	0.138	0.131	0.115	0.108
	C	0.141	0.126	0.118	0.105	0.099
	Building (1)	0.105	0.094	0.085	0.068	0.064
	Contents (2)	0.147	0.133	0.126	0.111	0.104
0701	Building (1)	0.049	0.045	0.039	0.031	0.029
	Contents (2)					
	A	0.055	0.049	0.047	0.041	0.039
	B	0.080	0.073	0.068	0.060	0.056
0702	C	0.063	0.056	0.053	0.047	0.045
	Building (1)	0.059	0.054	0.048	0.040	0.037
	Contents (2)					
	A	0.071	0.064	0.059	0.053	0.049
	B	0.099	0.089	0.084	0.074	0.070
	C	0.088	0.079	0.076	0.065	0.062
	Territory				Territorial Multiplier	
	Entire State (North Dakota)				1.000	

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85. BASIC GROUP I CLASS LOSS COSTS (Cont'd)

All rates are subject to protection class and territorial multipliers.

CSP Class Codes And Description						
0742	Motels and Hotels with Limited Cooking Restaurant – Up to 10 Units					
0743	Motels and Hotels with Limited Cooking Restaurant – 11 to 30 Units					
0744	Motels and Hotels with Limited Cooking Restaurant – Over 30 Units					
0745	Motels and Hotels without Restaurant – Up to 10 Units					
0746	Motels and Hotels without Restaurant – 11 to 30 Units					
0747	Motels and Hotels without Restaurant – Over 30 Units					
0755	Golf, Tennis and Similar Sport Facilities with Limited Cooking					
0756	Golf, Tennis and Similar Sport Facilities without Cooking					
0757	Clubs, Not Otherwise Classified, Including Fraternal and Union Halls					
0831	Motion Picture Studios					
0832	Theaters Excluding Drive-in Theaters					
CSP Class Code	Coverage	Construction (Code)				
		Frame (1)	Joisted Masonry (2)	Non-Comb. (3)	Mas. Non-Comb. (4)	Mod. F.R. (5) Or Fire Res. (6)
0742	Building (1)	0.344	0.310	0.276	0.225	0.207
	Contents (2)	0.379	0.343	0.323	0.286	0.265
0743	Building (1)	0.344	0.310	0.276	0.225	0.207
	Contents (2)	0.379	0.343	0.323	0.286	0.265
0744	Building (1)	0.344	0.310	0.276	0.225	0.207
	Contents (2)	0.379	0.343	0.323	0.286	0.265
0745	Building (1)	0.149	0.134	0.120	0.097	0.089
	Contents (2)	0.162	0.147	0.139	0.122	0.113
0746	Building (1)	0.149	0.134	0.120	0.097	0.089
	Contents (2)	0.162	0.147	0.139	0.122	0.113
0747	Building (1)	0.149	0.134	0.120	0.097	0.089
	Contents (2)	0.162	0.147	0.139	0.122	0.113
0755	Building (1)	0.131	0.118	0.105	0.086	0.078
	Contents (2)	0.151	0.135	0.128	0.113	0.105
0756	Building (1)	0.053	0.049	0.042	0.035	0.031
	Contents (2)	0.061	0.055	0.052	0.045	0.042
0757	Building (1)	0.058	0.052	0.045	0.038	0.035
	Contents (2)	0.061	0.055	0.052	0.045	0.042
0831	Building (1)	0.044	0.041	0.036	0.029	0.028
	Contents (2)	0.052	0.046	0.043	0.039	0.036
0832	Building (1)	0.058	0.052	0.045	0.038	0.033
	Contents (2)	0.061	0.055	0.052	0.045	0.042
Territory					Territorial Multiplier	
Entire State (North Dakota)					1.000	

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85. BASIC GROUP I CLASS LOSS COSTS (Cont'd)

All rates are subject to protection class and territorial multipliers.

CSP Class Codes And Description						
0833	Drive-in Theaters					
0834	Skating Rinks – Roller Rinks					
0841	Bowling Alleys without Cooking					
0843	Halls and Auditoriums					
0844	Recreational Facilities, Not Otherwise Classified					
0845	Boys' and Girls' Camps					
0846	Dance Halls, Ballrooms and Discotheques					
0851	Hospitals					
0852	Nursing and Convalescent Homes					
0900	Churches and Synagogues					
0911	Dry Cleaners and Dyeing Plants, other than Self-Service					
CSP Class Code	Coverage	Construction (Code)				
		Frame (1)	Joisted Masonry (2)	Non-Comb. (3)	Mas. Non-Comb. (4)	Mod. F.R. (5) Or Fire Res. (6)
0833	Building (1)	0.049	0.043	0.039	0.030	0.029
	Contents (2)	0.055	0.051	0.049	0.042	0.041
0834	Building (1)	0.076	0.070	0.063	0.051	0.046
	Contents (2)	0.079	0.072	0.068	0.060	0.055
0841	Building (1)	0.079	0.072	0.063	0.052	0.047
	Contents (2)	0.082	0.075	0.071	0.063	0.059
0843	Building (1)	0.041	0.036	0.030	0.025	0.023
	Contents (2)	0.041	0.038	0.036	0.030	0.029
0844	Building (1)	0.053	0.049	0.042	0.035	0.031
	Contents (2)	0.059	0.052	0.051	0.044	0.041
0845	Building (1)	0.035	0.030	0.029	0.023	0.021
	Contents (2)	0.041	0.036	0.035	0.029	0.029
0846	Building (1)	0.074	0.064	0.059	0.049	0.044
	Contents (2)	0.073	0.064	0.063	0.054	0.051
0851	Building (1)	0.038	0.034	0.030	0.025	0.024
	Contents (2)	0.045	0.039	0.038	0.033	0.030
0852	Building (1)	0.039	0.037	0.031	0.026	0.025
	Contents (2)	0.046	0.042	0.039	0.034	0.031
0900	Building (1)	0.054	0.048	0.043	0.035	0.033
	Contents (2)	0.058	0.052	0.048	0.042	0.041
0911	Building (1)	0.210	0.191	0.168	0.137	0.126
	Contents (2)	0.248	0.225	0.210	0.186	0.175
Territory					Territorial Multiplier	
Entire State (North Dakota)					1.000	

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85. BASIC GROUP I CLASS LOSS COSTS (Cont'd)

All rates are subject to protection class and territorial multipliers.

CSP Class Codes And Description						
0912	Laundries, other than Self-Service					
0913	Self-Service Laundries and Dry Cleaners					
0921	Light Hazard Service Occupancies					
0922	Service Occupancies, other than Light Hazard					
0923	Funeral Homes					
0931	Auto Parking Garages, Car Washes					
0932	Gasoline Service Stations					
0933	Motor Vehicle and Aircraft Repair, with or without Sales					
0934	Tire Recapping and Vulcanizing, with or without Sales					
0940	Aircraft Hangars without Repair					
0951	Gambling Casinos with Limited Cooking Restaurants					
CSP Class Code	Coverage	Construction (Code)				
		Frame (1)	Joisted Masonry (2)	Non-Comb. (3)	Mas. Non-Comb. (4)	Mod. F.R. (5) Or Fire Res. (6)
0912	Building (1)	0.278	0.251	0.224	0.181	0.166
	Contents (2)	0.343	0.309	0.293	0.258	0.239
0913	Building (1)	0.183	0.164	0.146	0.119	0.110
	Contents (2)	0.215	0.193	0.183	0.159	0.149
0921	Building (1)	0.110	0.099	0.089	0.071	0.065
	Contents (2)	0.131	0.117	0.111	0.098	0.092
0922	Building (1)	0.122	0.110	0.098	0.079	0.073
	Contents (2)	0.148	0.134	0.126	0.111	0.103
0923	Building (1)	0.081	0.073	0.064	0.052	0.047
	Contents (2)	0.087	0.079	0.075	0.064	0.060
0931	Building (1)	0.090	0.080	0.072	0.058	0.054
	Contents (2)	0.105	0.094	0.090	0.079	0.074
0932	Building (1)	0.128	0.115	0.103	0.083	0.076
	Contents (2)	0.156	0.140	0.132	0.116	0.110
0933	Building (1)	0.109	0.098	0.087	0.071	0.065
	Contents (2)	0.136	0.124	0.115	0.103	0.095
0934	Building (1)	0.140	0.126	0.113	0.091	0.085
	Contents (2)	0.167	0.150	0.141	0.125	0.116
0940	Building (1)	0.068	0.061	0.055	0.044	0.041
	Contents (2)	0.085	0.076	0.072	0.064	0.059
0951	Building (1)	0.153	0.137	0.122	0.099	0.092
	Contents (2)	0.168	0.152	0.143	0.126	0.118
Territory					Territorial Multiplier	
Entire State (North Dakota)					1.000	

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85. BASIC GROUP I CLASS LOSS COSTS (Cont'd)

All rates are subject to protection class and territorial multipliers.

CSP Class Codes And Description						
0952	Gambling Casinos without Restaurants					
1000	Penal Institutions					
1051	Museums, Libraries, Art Galleries (Non-Profit)					
1052	Schools, Academic					
1070	Fire Departments, Police, Sewage, Water Works and Other Public Buildings					
1150	Builders' Risk					
1180	Vacant Buildings – See CSP Class Code of previous or intended occupancy. Add loss cost of .015 unless Class Code of previous or intended occupancy is 0580, 0585, 0742-0747, 0833, 0834, 0841, 0843, 0844, 0846, 0900, 0951, 0952, 1051 or 1052.					
1211	Freight Terminals					
1212	General Storage Warehouses – Bailee					
1213	Miscellaneous Products Storage – (Other Than Retail Or Wholesale Or Cold Storage)					
1220	Household Goods Storage					
CSP Class Code	Coverage	Construction (Code)				
		Frame (1)	Joisted Masonry (2)	Non-Comb. (3)	Mas. Non-Comb. (4)	Mod. F.R. (5) Or Fire Res. (6)
0952	Building (1)	0.052	0.046	0.041	0.033	0.030
	Contents (2)	0.074	0.066	0.063	0.055	0.052
1000	Building (1)	0.047	0.042	0.039	0.030	0.029
	Contents (2)	0.042	0.038	0.037	0.031	0.029
1051	Building (1)	0.029	0.027	0.025	0.019	0.017
	Contents (2)	0.039	0.035	0.033	0.029	0.027
1052	Building (1)	0.068	0.061	0.054	0.043	0.041
	Contents (2)	0.076	0.069	0.066	0.058	0.054
1070	Building (1)	0.047	0.042	0.038	0.029	0.028
	Contents (2)	0.055	0.049	0.047	0.042	0.039
1150	Building (1)	0.136	0.122	0.110	0.089	0.082
1211	Building (1)	0.120	0.109	0.096	0.078	0.072
	Contents (2)	0.142	0.127	0.120	0.107	0.099
1212	Building (1)	0.095	0.087	0.076	0.062	0.059
	Contents (2)	0.117	0.105	0.099	0.088	0.083
1213	Building (1)	0.084	0.076	0.067	0.056	0.051
	Contents (2)	0.112	0.101	0.095	0.084	0.078
1220	Building (1)	0.101	0.091	0.080	0.065	0.059
	Contents (2)	0.123	0.110	0.104	0.092	0.087
Territory					Territorial Multiplier	
Entire State (North Dakota)					1.000	

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85. BASIC GROUP I CLASS LOSS COSTS (Cont'd)

All rates are subject to protection class and territorial multipliers.

CSP Class Codes And Description						
1230	Cold Storage Warehouses					
1400	Waste and Reclaimed Materials Including Yards					
1650	Building Supply Yards, Including Retail Lumberyards, Coal and Coke Yards					
1700	Mill Yards					
1751	Oil Distributing, Oil Terminals and LPG Tank Farms – Including Stock					
1752	Oil Distributing, Oil Terminals and LPG Tank Farms – Excluding Stock					
2200	Baking on Premises, Delivery to Outlets					
2205	Baking on Premises, Delivery to Outlets, and Food Products Manufacturing – Using Cannabis as an Ingredient					
2350	Beverage Bottlers Excluding Alcoholic Beverages					
CSP Class Code	Coverage	Construction (Code)				
		Frame (1)	Joisted Masonry (2)	Non-Comb. (3)	Mas. Non-Comb. (4)	Mod. F.R. (5) Or Fire Res. (6)
1230	Building (1)	0.087	0.078	0.070	0.058	0.052
	Contents (2)	0.120	0.108	0.101	0.089	0.084
1400	Building (1)	0.261	0.234	0.209	0.169	0.156
	Contents (2)	0.316	0.286	0.269	0.238	0.221
	Yard	0.393		0.041		
1650	Building (1)	0.156	0.139	0.124	0.101	0.092
	Contents (2)	0.196	0.176	0.167	0.146	0.138
	Yard	0.109		0.014		
1700	Building (1)	0.126	0.114	0.101	0.084	0.076
	Contents (2)	0.193	0.173	0.163	0.145	0.135
	Yard	0.107		0.013		
1751	Building (1)	0.080	0.074	0.065	0.052	0.049
	Contents (2)	0.107	0.095	0.091	0.080	0.076
1752	Building (1)	0.076	0.069	0.060	0.050	0.047
	Contents (2)	0.076	0.068	0.065	0.058	0.052
2200	Building (1)	0.234	0.212	0.190	0.154	0.141
	Contents (2)	0.278	0.251	0.236	0.209	0.195
2205	Building (1)	0.234	0.212	0.190	0.154	0.141
	Contents (2)	0.278	0.251	0.236	0.209	0.195
2350	Building (1)	0.150	0.135	0.121	0.098	0.090
	Contents (2)	0.179	0.161	0.150	0.133	0.126
Territory					Territorial Multiplier	
Entire State (North Dakota)					1.000	

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85. BASIC GROUP I CLASS LOSS COSTS (Cont'd)

All rates are subject to protection class and territorial multipliers.

CSP Class Codes And Description						
2459	Distilleries and Wineries					
2800	Textile Mill Products					
3409	Leather and Leather Products					
4809	Printing					
CSP Class Code	Coverage	Construction (Code)				
		Frame (1)	Joisted Masonry (2)	Non-Comb. (3)	Mas. Non-Comb. (4)	Mod. F.R. (5) Or Fire Res. (6)
2459	Building (1)	0.098	0.089	0.078	0.064	0.059
	Contents (2)	0.126	0.113	0.108	0.094	0.089
2800	Building (1)	0.193	0.176	0.157	0.127	0.117
	Contents (2)	0.258	0.231	0.217	0.192	0.181
3409	Building (1)	0.243	0.219	0.193	0.157	0.146
	Contents (2)	0.282	0.252	0.239	0.210	0.196
4809	Building (1)	0.187	0.168	0.149	0.121	0.113
	Contents (2)	0.227	0.205	0.192	0.169	0.159
Territory					Territorial Multiplier	
Entire State (North Dakota)					1.000	

85. BASIC GROUP I CLASS LOSS COSTS (Cont'd)*Sub-Standard Condition Charges (Not Applicable to Special Class Rates)*

Add the charges per \$100 of insurance, when applicable, to the Basic Group I Class Rates for both buildings and contents.

Note 1.

When any of the conditions indicated in this item apply, submit properties to the insuring company for review of the charges.

Note 2.

Charges under Items **a.**, **b.**, **c.**, **d.** and **e.** below are cumulative.

SUB-STANDARD CONDITION	LOSS COSTS		
	Frame Non-Combustible or Joisted Masonry Buildings	Masonry Non-Combustible Buildings	Modified Fire Resistive or Fire Resistive Buildings
a. Heating and Cooking: Unsafe arrangement of heating including chimneys, stovepipes and gas vents and unsafe arrangement of cooking devices	<u>.313.324</u>	<u>.156.160</u>	<u>.074.076</u>
b. Wiring: Unsafe or inadequate electric wiring, non-standard extensions, overloading, overfusing	<u>.156.160</u>	<u>.074.076</u>	<u>.039.040</u>
c. Conversion: Subdivision or conversion of original living spaces into multiple units with overcrowded occupancy	<u>.313.324</u>	<u>.156.160</u>	<u>.074.076</u>
d. Physical Condition and Housekeeping: Building not in good repair, roof or chimneys deteriorating, wood surfaces unpainted or decaying, garages or porches not well maintained and yards, basements, hallways or attics not kept clean and free from rubbish and litter	<u>.313.324</u>	<u>.156.160</u>	<u>.074.076</u>
e. Exposure: For adjoining properties of an exceptionally hazardous nature	<u>.156.160</u>	<u>.074.076</u>	<u>.039.040</u>

PROPERTY CLAIMS SERVICES INFORMATION

ISO's Property Claims Services defines a catastrophe as an event that:

- reaches a threshold dollar amount of total insured property losses, and
- affects a significant number of property and casualty insurance policyholders and property and casualty insurers.

From 1949 to 1981, the threshold was \$1 million. From 1982 to 1996, it was \$5 million, and since January 1, 1997, the threshold has been \$25 million.

All of the events listed may not have resulted in unexpected loss experience for commercial property coverage in this state since catastrophes are defined based on total insured property losses spreading across state lines and lines of business.

For more information concerning Property Claims Services, please see "Persons to Contact" in the circular cover letter.

North Dakota
Commercial Property

The following events have been identified as catastrophes by ISO's Property Claims Services.

<u>From</u>	<u>To</u>	<u>Perils</u>
5/10/91	5/13/91	Wind, Hail, Tornadoes, Flooding
6/27/93	7/3/93	Wind, Hail, Tornadoes, Flooding
7/8/93	7/16/93	Wind, Hail, Tornadoes, Flooding
5/21/95	5/21/95	Wind, Hail
8/18/95	8/18/95	Wind, Hail
5/17/96	5/21/96	Wind, Hail, Tornadoes, Flooding
4/17/97	4/21/97	Flooding
7/1/99	7/5/99	Hail, Wind, Flooding, Tornadoes
6/9/01	6/12/01	Hail, Wind, Flooding, Tornadoes
5/6/05	5/12/05	Flooding, Hail, Tornadoes, Wind
9/20/07	9/21/07	Flooding, Hail, Wind
7/19/08	7/22/08	Flooding, Hail, Tornadoes, Wind
7/8/09	7/10/09	Flooding, Hail, Tornadoes, Wind
5/29/11	6/1/11	Flooding, Hail, Tornadoes, Wind
7/29/11	8/1/11	Flooding, Hail, Wind
6/21/15	6/25/15	Flooding, Hail, Tornadoes, Wind
6/16/16	6/18/16	Flooding, Hail, Wind
6/29/18	7/1/18	Flooding, Tornadoes, Wind
8/6/19	8/6/19	Hail, Tornadoes, Wind
8/25/19	8/26/19	Flooding, Hail, Tornadoes, Wind
6/5/20	6/11/20	Flooding, Hail, Tornadoes, Wind
8/13/20	8/17/20	Flooding, Hail, Tornadoes, Wind
7/7/22	7/13/22	Flooding, Hail, Tornadoes, Wind
7/21/22	7/25/22	Flooding, Hail, Tornadoes, Wind
5/9/23	5/16/23	Flooding, Hail, Tornadoes, Wind

NORTH DAKOTA

BASIC GROUP I PROSPECTIVE LOSS COST CHANGES
BY RATING GROUP AND TERRITORY (A)

<u>Rating Group</u>	<u>Description</u>	<u>Entire State (North Dakota)</u>
01	Apartments	-6.4%
02	Other Habitational	-4.4%
03	Restaurants & Bars	-6.1%
04	Other Mercantile Risks	-5.9%
05	Public Buildings	-4.2%
06	Churches	-6.2%
07	Schools	-5.1%
08	Offices And Banks	-4.2%
09	Recreational Facilities	-5.3%
10	Hotels & Motels	-5.1%
11	Hospitals & Nursing Homes	-3.7%
12	Buildings Under Construction	-4.2%
13	Motor Vehicle Risks	-5.0%
14	Other Non-Manufacturing	-4.2%
15	Storage	-4.5%
17	Food Manufacturing	-5.1%
18	Wood Manufacturing	-4.9%
19	Wearing Apparel	-4.8%
20	Chemical Manufacturing	-4.8%
21	Metal Manufacturing	-6.2%
22	Other Manufacturing	-4.8%
	Total	-5.5%

(A) For each rating group, the loss cost change for each CSP class in the rating group, by coverage and construction, is identical to the overall change shown for the rating group.

NORTH DAKOTA
BASIC GROUP I RELATIVITY ANALYSIS

	(1)	(2)	(3)	(4)	Statewide Coverage Loss Cost Change Of	0.950
	\$ Lst Sq Formula Relativity	Credibility Z	Credibility Weighted Relativity	Balanced Relativity	Or	-5.0%
<u>TOP</u>						
10	0.788	0.040	0.991	0.995		
31	2.358	0.018	1.016	1.020		
32	0.757	0.035	0.990	0.994		
33	0.581	0.009	0.995	0.999		
34	0.816	0.061	0.988	0.992		
35	0.696	0.036	0.987	0.991		
36	1.532	0.032	1.014	1.018		
37	1.131	0.032	1.004	1.008		
38	1.115	0.019	1.002	1.006		
<u>Rating Group</u>						
1	0.827	0.074	0.986	0.990		
2	1.400	0.019	1.006	1.011		
3	0.709	0.031	0.989	0.993		
4	0.951	0.169	0.992	0.996		
6	0.790	0.050	0.988	0.992		
7	0.908	0.013	0.999	1.004		
8	1.187	0.051	1.009	1.014		
9	0.826	0.014	0.997	1.002		
10	0.969	0.044	0.999	1.004		
11	2.838	0.013	1.014	1.019		
13	0.996	0.067	1.000	1.005		
14	1.381	0.027	1.009	1.014		
15	1.150	0.034	1.005	1.010		
17	0.930	0.008	0.999	1.004		
18	1.124	0.012	1.001	1.006		
21	0.740	0.039	0.988	0.992		
22	1.223	0.010	1.002	1.007		
<u>Territory</u>					Indicated Monoline Loss Cost Level	
Entire State	1.000	0.347	1.000	1.000	Change	-5.5%

NORTH DAKOTA
BASIC GROUP I RELATIVITY ANALYSIS

Sample Loss Cost Level Change Calculation for Entire State

Statewide Coverage Loss Cost Change	=	0.950
Territorial Relativity	=	1.000
Monoline (TOP 10) Relativity	=	0.995
Rating Group 01 Relativity	=	0.990
Indicated Monoline Loss Cost Level Change		
= 0.950 X 1.000 X 0.995 X 0.990	=	0.936
	or	-6.4%

NORTH DAKOTA
BASIC GROUP I RELATIVITY ANALYSIS
SUMMARY OF EXPERIENCE USED IN SIMULTANEOUS REVIEW

<u>Territory</u>	<u>Type of Policy</u>	<u>Rating Group</u>	(1) Accident Year Ending 12/31/2022 Aggregate Loss <u>Costs</u>	(2) 5 - Year Aggregate Loss <u>Costs</u>	(3) 5 - Year Experience <u>Ratio</u>	(4) Credibility Weighted Experience <u>Ratio</u>	(5) Credibility Weighted Relativity
Entire State	TOP 10: Monoline						
		1 Apartments	54,580	276,567	0.120	0.474	0.659
		2 Other Habitational	11,992	82,784	2.351	0.887	1.234
		3 Restaurants & Bars	4,059	36,673	0.000	0.460	0.640
		4 Other Mercantile Risks	524,454	1,928,579	0.608	0.575	0.800
		6 Churches	966	6,174	0.000	0.462	0.643
		7 Schools	5,075	16,720	0.000	0.461	0.641
		8 Offices and Banks	80,605	414,371	0.511	0.551	0.766
		9 Recreational Facilities	20,108	82,555	0.000	0.458	0.637
		10 Hotels and Motels	3,699	22,909	2.016	0.820	1.140
		11 Hospitals and Nursing Homes	12,668	37,132	0.444	0.540	0.751
		13 Motor Vehicle Risks	169,407	708,311	0.018	0.438	0.609
		14 Other Non-Manufacturing	25,747	131,392	4.979	1.383	1.924
		15 Storage	38,845	150,272	0.000	0.456	0.634
		17 Food Manufacturing	11,244	24,404	0.000	0.461	0.641
		18 Wood Manufacturing	1,960	11,250	0.000	0.461	0.641
		21 Metal Manufacturing	35,278	195,566	0.000	0.454	0.631
		22 Other Manufacturing	19,973	50,165	0.000	0.460	0.640
		TOTAL	1,020,660	4,175,824	0.528	0.554	0.770
Entire State	TOP 31: Multiline Hotels/Motels						
		10 Hotels and Motels	367,301	1,803,611	2.460	1.689	2.349
		TOTAL	367,301	1,803,611	2.460	1.689	2.349
Entire State	TOP 32: Multiline Apartment						
		1 Apartments	740,893	2,914,866	0.349	0.462	0.643
		2 Other Habitational	126,168	685,532	0.937	0.782	1.088
		TOTAL	867,061	3,600,398	0.435	0.509	0.708
Entire State	TOP 33: Multiline Office						
		8 Offices and Banks	184,367	873,501	0.269	0.509	0.708
		TOTAL	184,367	873,501	0.269	0.509	0.708

NORTH DAKOTA
BASIC GROUP I RELATIVITY ANALYSIS
SUMMARY OF EXPERIENCE USED IN SIMULTANEOUS REVIEW

<u>Territory</u>	<u>Type of Policy</u>	<u>Rating Group</u>	(1) Accident Year Ending 12/31/2022 Aggregate Loss <u>Costs</u>	(2) 5 - Year Aggregate Loss <u>Costs</u>	(3) 5 - Year Experience <u>Ratio</u>	(4) Credibility Weighted Experience <u>Ratio</u>	(5) Credibility Weighted Relativity
Entire State	TOP 34: Multiline Mercantile						
		3 Restaurants & Bars	239,525	1,114,803	0.134	0.427	0.594
		4 Other Mercantile Risks	684,098	3,551,297	0.525	0.573	0.797
		8 Offices and Banks	34,078	155,934	0.853	0.724	1.007
		13 Motor Vehicle Risks	111,486	662,657	0.050	0.446	0.620
		14 Other Non-Manufacturing	38,387	197,582	0.000	0.519	0.722
		15 Storage	161,782	828,930	0.901	0.775	1.078
		TOTAL	1,269,356	6,511,203	0.450	0.562	0.782
Entire State	TOP 35: Multiline Institutional						
		2 Other Habitational	4,659	19,703	0.000	0.566	0.787
		6 Churches	459,575	2,117,466	0.218	0.406	0.565
		7 Schools	117,335	508,878	0.040	0.467	0.650
		8 Offices and Banks	37,894	173,685	0.071	0.542	0.754
		9 Recreational Facilities	42,520	164,792	0.586	0.662	0.921
		11 Hospitals and Nursing Homes	119,084	469,738	3.098	1.475	2.051
		13 Motor Vehicle Risks	350	2,384	0.000	0.571	0.794
		14 Other Non-Manufacturing	53,810	245,865	0.000	0.508	0.707
		TOTAL	835,227	3,702,511	0.600	0.594	0.826
Entire State	TOP 36: Multiline Services						
		3 Restaurants & Bars	24,127	108,858	0.266	0.824	1.146
		4 Other Mercantile Risks	100,977	473,362	0.024	0.733	1.019
		8 Offices and Banks	61,376	315,768	3.978	1.528	2.125
		9 Recreational Facilities	60,404	307,419	0.681	0.883	1.228
		13 Motor Vehicle Risks	262,142	1,381,715	1.654	1.173	1.631
		14 Other Non-Manufacturing	75,791	331,910	4.518	1.643	2.285
		15 Storage	71,640	354,470	1.813	1.110	1.544
		21 Metal Manufacturing	3,342	20,403	0.000	0.795	1.106
		22 Other Manufacturing	5,366	21,277	0.000	0.795	1.106
		TOTAL	665,165	3,315,182	1.804	1.142	1.588

NORTH DAKOTA
BASIC GROUP I RELATIVITY ANALYSIS
SUMMARY OF EXPERIENCE USED IN SIMULTANEOUS REVIEW

<u>Territory</u>	<u>Type of Policy</u>	<u>Rating Group</u>	(1) Accident Year Ending 12/31/2022 Aggregate Loss <u>Costs</u>	(2) 5 - Year Aggregate Loss <u>Costs</u>	(3) 5 - Year Experience <u>Ratio</u>	(4) Credibility Weighted Experience <u>Ratio</u>	(5) Credibility Weighted Relativity
Entire State	TOP 37: Multiline Industrial/Processing						
		4 Other Mercantile Risks	112,181	531,242	0.352	0.800	1.113
		8 Offices and Banks	9,864	62,198	0.000	0.789	1.097
		13 Motor Vehicle Risks	38,958	101,353	0.000	0.782	1.088
		14 Other Non-Manufacturing	12,335	52,389	0.000	0.790	1.099
		15 Storage	5,296	63,879	0.000	0.788	1.096
		17 Food Manufacturing	65,161	313,747	0.147	0.779	1.083
		18 Wood Manufacturing	101,820	462,718	0.964	0.939	1.306
		21 Metal Manufacturing	315,478	1,415,142	0.002	0.618	0.860
		22 Other Manufacturing	64,228	323,236	1.504	1.045	1.453
		TOTAL	725,321	3,325,904	0.337	0.759	1.056
Entire State	TOP 38: Multiline Contractors						
		4 Other Mercantile Risks	332,509	1,656,225	0.536	0.788	1.096
		8 Offices and Banks	36,259	152,584	0.128	0.796	1.107
		14 Other Non-Manufacturing	19,742	143,920	0.000	0.776	1.079
		TOTAL	388,510	1,952,729	0.471	0.788	1.096
Entire State	TOP: All TOPS						
		1 Apartments	795,473	3,191,433	0.333	0.463	0.644
		2 Other Habitational	142,819	788,019	1.025	0.784	1.090
		3 Restaurants & Bars	267,711	1,260,334	0.144	0.463	0.644
		4 Other Mercantile Risks	1,754,219	8,140,705	0.512	0.638	0.888
		6 Churches	460,541	2,123,640	0.218	0.406	0.565
		7 Schools	122,410	525,598	0.038	0.467	0.650
		8 Offices and Banks	444,443	2,148,041	0.836	0.706	0.982
		9 Recreational Facilities	123,032	554,766	0.537	0.737	1.025
		10 Hotels and Motels	371,000	1,826,520	2.456	1.680	2.337
		11 Hospitals and Nursing Homes	131,752	506,870	2.843	1.385	1.926
		13 Motor Vehicle Risks	582,343	2,856,420	0.759	0.793	1.103
		14 Other Non-Manufacturing	225,812	1,103,058	2.084	1.029	1.432
		15 Storage	277,563	1,397,551	0.993	0.817	1.136
		17 Food Manufacturing	76,405	338,151	0.125	0.732	1.018
		18 Wood Manufacturing	103,780	473,968	0.946	0.930	1.293
		21 Metal Manufacturing	354,098	1,631,111	0.002	0.603	0.840
		22 Other Manufacturing	89,567	394,678	1.079	0.900	1.251
		TOTAL	6,322,968	29,260,863	0.723	0.719	1.000