

LOSS COSTS – IMPLEMENTATION

JANUARY 24, 2018

COMMERCIAL AUTOMOBILE

LI-CA-2018-027

## IDAHO REVISED COMMERCIAL AUTO ADVISORY PROSPECTIVE LOSS COSTS TO BE IMPLEMENTED

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### KEY MESSAGE

Loss costs representing a +6.2% statewide change to be implemented.

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### BACKGROUND

In circular [LI-CA-2017-349](#), we provided you with information about the Commercial Auto loss cost level experience review.

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### ISO ACTION

We are implementing CA-2018-BRLA1, which:

- Changes the liability and physical damage loss costs for Trucks, Tractors and Trailers, Private Passenger Types and Public Autos;
- Changes the liability loss cost for Auto Dealers; and
- Changes the liability loss cost for Hired Autos in Rule **90.B.3.b**.

Refer to the attached explanatory material for complete details about the filing.

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### SUPPLEMENTARY INFORMATION

We are including the following supplementary information:

- Supplementary Information – Idaho, which provides additional information on the attached loss cost level experience review.
- The loss cost exhibits contained in this filing in a Microsoft® Excel workbook.

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.

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### EFFECTIVE DATE

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

These changes are applicable to all policies written on or after July 1, 2018.

This effective date applies only to those insurers who have filed their Commercial Auto loss cost adjustments to be automatically applicable to future ISO loss cost revisions.

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## IMPACT ON THE STATISTICAL REPORTING OF LOSS COST MULTIPLIER

For the purpose of reporting your company Loss Cost Multiplier under the CSP, as of July 1, 2018, the multiplier must be based on the relationship between your gross rates and the ISO advisory prospective loss costs contained in this circular.

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## 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.

In all correspondence with the Insurance Department on this revision, you should refer to ISO Reference Filing Number CA-2018-BRLA1, NOT this circular number.

CAUTION: This reference filing revises only certain advisory prospective loss costs for Commercial Auto 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.

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## RATING SOFTWARE IMPACT

No new attributes are being introduced with this revision.

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## 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-2017-074](#) 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.

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## FUTURE ISO ACTION

We will provide a status report for this and other Basic Limits Loss Costs (BRLA1) revisions. Please refer to the Insurance Lines Services web site ([www.verisk.com/ils](http://www.verisk.com/ils)). In addition to other information, this web site contains copies of major multistate filing status reports that are updated approximately every two weeks.

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## REVISION DISTRIBUTION

We will issue a Notice to Manualholders with an edition date of 7-18 (or the earliest possible subsequent date), along with any new and/or revised manual pages.

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## REFERENCE(S)

- [LI-CA-2017-349](#) (12/06/2017) Commercial Auto Experience Level Indications Reviewed By Staff
- [LI-CL-2017-074](#) (11/20/2017) Revised Lead Time Requirements Listing

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## ATTACHMENT(S)

- Filing CA-2018-BRLA1
- Supplementary Information Exhibit
- Excel Workbook

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## 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.

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## ACKNOWLEDGEMENT 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 this loss cost review a Statement of Actuarial Opinion; therefore, we are including the following acknowledgment:

I, David Terné, am a Director of Actuarial Operations for ISO and I, James Davidson, am an Actuarial Director for Commercial Auto 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.

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IDAHO

BASIC LIMITS PROSPECTIVE LOSS COST LEVEL – COMMERCIAL AUTOMOBILE

FILING CA-2018-BRLA1

EXECUTIVE SUMMARY

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PURPOSE

This document:

- revises the advisory prospective loss costs for the major Commercial Automobile classes. These loss costs represent a 6.2% statewide change from the loss costs currently in effect.
  - provides the analyses used to derive these advisory loss costs.
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DEFINITION OF  
THE ISO ADVISORY  
PROSPECTIVE  
LOSS COST

Advisory prospective loss costs in this document are 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 through development to their ultimate value and projected through trending to a future point in time. Throughout this document the words “loss cost” are synonymous with the words “prospective loss cost.”

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OPTIONAL CLASS  
PLAN LOSS COSTS

The loss costs contained in this filing CA-2018-BRLA1 are intended for use with the class plan in our standard manual. The prospective loss costs in this filing have also been used as the basis to develop the loss costs for the Optional Class Plan, which are located in companion filing CA-2018-BRLB1.

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REVISED LOSS  
COST CHANGES

The statewide advisory loss cost level changes are:

<u>Trucks, Tractors &amp; Trailers</u>	<u>Indicated</u>	<u>Filed</u>
Single Limit Liability	9.5%	9.5%
Physical Damage		
Other than Collision	10.2%	10.2%
Collision	-0.6%	N.C.
Total Trucks, Tractors & Trailers	6.5%	6.7%
 <u>Private Passenger Types</u>		
Single Limit Liability	4.5%	4.5%
Physical Damage		
Other than Collision	9.2%	9.2%
Collision	9.8%	9.8%
Total Private Passenger Types	6.1%	6.1%

REVISED LOSS  
COST CHANGES  
(CONT'D)

<u>Auto Dealers</u>		
Single Limit Liability	2.2%	-10.0%
<u>Grand Total</u>	6.3%	6.2%

Loss cost level changes are relative to the current loss costs.

INDICATED VS.  
FILED

Indicated changes are based on standard ISO methodology, utilizing a 07/01/2018 trend effective date. The filed loss cost level changes are the same as the indicated with the following exceptions: No Change (N.C.) was selected for Trucks, Tractors & Trailers Collision due to the modest indication. For Auto Dealers Liability, -10.0% was selected to better reflect the favorable state experience.

PRIOR ISO  
REVISIONS

The latest selected revisions in this state are:

<u>Filing</u>	CA-17-BRLA1	CA-16-BRLA1	CA-15-BRLA1
Rate Level/ Loss Costs	Loss Costs	Loss Costs	Loss Costs
Effective Date	07/01/17	07/01/16	07/01/15
<u>Changes</u>			
Indicated	6.0%	4.3%	6.5%
Filed	5.6%	3.0%	6.4%
Approved	5.6%	3.0%	6.4%

HISTORICAL  
SOURCE DATA

The sources of the data underlying this loss cost review are:

- ISO companies reporting voluntary automobile experience under the Commercial Automobile modules of ISO's statistical plans.
- Accident year data through year ended 12/31/2016 for all coverages.

ADJUSTMENTS TO  
REPORTED  
EXPERIENCE

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Loss Trend

To adjust the loss data to levels expected to prevail during the period when the revised loss costs will be in effect, historical losses have been multiplied by trend factors. These trend factors are based on the changes in claim cost and claim frequency that are expected to arise between the historical experience period and the prospective period during which the revised loss costs are anticipated to be in effect. Based on earlier analyses, there had been differences in historical frequency trends between Trucks, Tractors, and Trailers (TTT) and Private Passenger Types (PPT) liability classes. In general, Commercial Auto classes had experienced an abnormally long period of negative frequency trends prior to 2010. For the most recent 6 years, however, the frequency trends have been slightly increasing (TTT BI) or somewhat cyclical and/or flat (TTT PD and PPT BI and PD) over the experience period. An exponential curve of the form  $Y=A(B^X)$  does not fit the data well. To reflect these recent patterns and the difficulty in predicting turning points and rates of change, frequency trend is being selected to be 0% for TTT and PPT for both the Bodily Injury and Property Damage coverages. Due to the limited volume of data for the Auto Dealers coverage, the PPT frequency trend will be used for the Auto Dealers coverage.

Claim cost trend data through fourth quarter 2016 and claim frequency trend data through third quarter 2016 were used in selecting the following annual liability trend factors:

<u>Coverage</u>	<u>Annual Trend Factor</u>
Trucks, Tractors, and Trailers Liability:	
Bodily Injury	+2.7%
Property Damage	+5.8%
Private Passenger Types and Auto Dealers Liability:	
Bodily Injury	+2.7%
Property Damage	+5.8%
Trucks, Tractors & Trailers OTC	+6.5%
Trucks, Tractors & Trailers Collision	+5.5%
Private Passenger Types OTC	+5.0%
Private Passenger Types Collision	+5.0%

ADJUSTMENTS TO  
REPORTED  
EXPERIENCE  
(CONT'D)

OCN Trend

To recognize the trend in the Original Cost New (OCN) relativities for Trucks, Tractors & Trailers and Private Passenger Type's physical damage, aggregate loss costs at current level have been multiplied by trend factors. The selected annual OCN trend factors for Trucks, Tractors & Trailers are +0.9% and +1.3% for OTC and Collision respectively. For Private Passenger Types, the OCN Trend factors are +1.0% and +0.6% for OTC and Collision respectively.

Standard actuarial procedures have been used in calculating the loss costs including adjusting the losses to ultimate settlement level, reflecting all loss adjustment expenses.

TEN LARGEST  
COMPANIES/  
GROUPS  
IN THIS REVIEW

LIABILITY (ASLOB 19.3 & 19.4)

1. Liberty Mutual Insurance Co.
2. Travelers Indemnity Co.
3. Zurich American Insurance Co.
4. Nationwide Mutual Insurance Co.
5. American International Group
6. Employers Mutual Casualty Co.
7. Tokio Marine Cos.
8. Oregon Mutual Insurance Co.
9. Federated Mutual Insurance Co.
10. Cincinnati Insurance Co.

PHYSICAL DAMAGE (ASLOB 21.2)

1. Liberty Mutual Insurance Co.
2. Cincinnati Insurance Co.
3. Travelers Indemnity Co.
4. Employers Mutual Casualty Co.
5. Oregon Mutual Insurance Co.
6. Sentry Insurance A Mutual Co.
7. Zurich American Insurance Co.
8. Federated Mutual Insurance Co.
9. Motors Insurance Corp
10. Western Nat'l Mutual Insurance Co.

Insurers are listed in descending order based on the percent of statewide written premium volume from Annual Statement Page 15 for the year ending 12/31/2016 for the Annual Statement Line of Business (ASLOB) indicated.

MARKET SHARE

The market share of ISO participating insurers used in this review as measured by Annual Statement Page 15 written premium for the year ending 12/31/2016 is:

Liability (ASLOB 19.3 & 19.4)  
37.6%

Physical Damage (ASLOB 21.2)  
32.6%



COMPANY  
DECISION

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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 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 a 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.

The material has been developed exclusively by the staff of Insurance Services Office, Inc.

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COMMERCIAL AUTOMOBILE  
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SECTION A - SCOPE OF REVISION

Summary of Prospective Loss Cost Level Changes .....	A2
Revised Prospective Loss Costs and Percentage Changes .....	A3-A22

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STATEWIDE LOSS COST LEVEL CHANGES (A)

Coverages	Aggregate Loss Cost at Current Level (B)	Loss Cost Changes (C)
<b>TRUCKS, TRACTORS &amp; TRAILERS (D)</b>		
Single Limit Liability	\$ 11,856,688	+ 9.5%
Physical Damage		
Other Than Collision	2,056,097	+10.2%
Collision	6,169,937	N.C.
Combined	8,226,034	+ 2.5%
Total Trucks, Tractors & Trailers	20,082,722	+ 6.7%
<b>PRIVATE PASSENGER TYPES</b>		
Single Limit Liability	2,161,411	+ 4.5%
Physical Damage		
Other Than Collision	345,239	+ 9.2%
Collision	674,291	+ 9.8%
Combined	1,019,530	+ 9.6%
Total Private Passenger Types	3,180,941	+ 6.1%
<b>AUTO DEALERS</b>		
Single Limit Liability	582,085	-10.0%
<b>GRAND TOTAL ALL COVERAGES</b>	23,845,748	+ 6.2%
TOTAL LIABILITY	14,600,184	+ 8.0%
TOTAL PHYSICAL DAMAGE	9,245,564	+ 3.3%

(A) An implementation date of 07/01/2018 is assumed for purposes of trending.

(B) Accident Year ending 12/31/2016 Aggregate Loss Cost at Current Level for all coverages.

The liability loss costs are on a Total Limits basis.

(C) Loss Cost changes are calculated on a \$100,000 CSL Basic Limits basis for liability and on an all deductibles combined basis for physical damage.

(D) Classes related to Trucks, Tractors & Trailers, such as the Public Automobile classes, are impacted by the Trucks, Tractors & Trailers loss cost level changes.

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TERRITORY LOSS COST LEVEL CHANGES

FOR TRUCKS, TRACTORS AND TRAILERS POLICY COVERAGES

TERRITORY CODE	\$100,000 CSL LIABILITY	\$500 MED PAY
101	11.9%	12.5%
103	6.3%	20.0%
104	8.2%	20.0%
105	11.7%	20.0%

IDAHO

TERRITORY LOSS COST LEVEL CHANGES

FOR TRUCKS, TRACTORS AND TRAILERS POLICY COVERAGES

TERRITORY CODE	PHYSICAL DAMAGE COMPREHENSIVE	SPECIFIED CAUSES OF LOSS
101	9.8%	10.3%
103	9.1%	8.6%
104	13.5%	13.3%
105	10.0%	9.6%

## IDAHO

## REVISED BASE LOSS COSTS BY TERRITORY

## FOR TRUCKS, TRACTORS AND TRAILERS POLICY COVERAGES

TERRITORY	LIABILITY		PHYSICAL DAMAGE	SPECIFIED CAUSES
CODE	\$100,000	\$500	COMPREHENSIVE (b)	OF LOSS (c)
	CSL	MED PAY (a)		
101	253	9	56	32
103	153	6	132	76
104	158	6	118	68
105	153	6	99	57

(a) THE LOSS COSTS FOR MEDICAL PAYMENTS HAVE BEEN CALCULATED BY A RELATIVITY OF 0.036 TO THE TRUCKS, TRACTORS, & TRAILERS CSL LIABILITY LOSS COSTS.

(b) COMPREHENSIVE BASE LOSS COST IS THE \$15,001-20,000 OCN, AGE 1, \$500 DEDUCTIBLE LOSS COST.

(c) THE LOSS COSTS FOR SPECIFIED CAUSES OF LOSS HAVE BEEN CALCULATED BY A RELATIVITY OF 0.576 TO THE TRUCKS, TRACTORS & TRAILERS COMPREHENSIVE BASE LOSS COSTS.

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TERRITORY LOSS COST LEVEL CHANGES

FOR PRIVATE PASSENGER TYPES POLICY COVERAGES

TERRITORY CODE	LIABILITY	
	\$100,000	\$500
	CSL	MED PAY
101	4.6%	20.0%
103	3.7%	33.3%
104	5.9%	0.0%
105	3.8%	25.0%



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TERRITORY LOSS COST LEVEL CHANGES

FOR PRIVATE PASSENGER TYPES POLICY COVERAGES

TERRITORY CODE	PHYSICAL DAMAGE	
	COMPREHENSIVE	COLLISION
101	5.4%	9.5%
103	14.8%	12.4%
104	6.0%	8.3%
105	7.4%	9.1%

## IDAHO

## REVISED BASE LOSS COSTS BY TERRITORY

## FOR PRIVATE PASSENGER TYPES POLICY COVERAGES

TERRITORY CODE	LIABILITY	\$500 MED PAY (a)	PHYSICAL DAMAGE	
	\$100,000 CSL		COMPREHENSIVE (b)	COLLISION (c )
101	273	6	59	230
103	170	4	124	263
104	251	5	89	260
105	218	5	73	227

(a) THE LOSS COSTS FOR MEDICAL PAYMENTS HAVE BEEN CALCULATED BY A RELATIVITY OF 0.021 TO THE PRIVATE PASSENGER TYPES CSL LIABILITY LOSS COSTS.

(b) COMPREHENSIVE BASE LOSS COST IS THE \$15,001-20,000 OCN, AGE 1, \$ 500 DEDUCTIBLE LOSS COST.

(c) COLLISION BASE LOSS COST IS THE \$15,001-20,000 OCN, AGE 1, \$500 DEDUCTIBLE LOSS COST.

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TERRITORY LOSS COST LEVEL CHANGES  
FOR AUTO DEALERS POLICY COVERAGES

TERRITORY CODE	\$100,000 CSL LIABILITY DEALERS
101	-7.2%
103	-12.1%
104	-10.3%
105	-7.8%

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REVISED BASE LOSS COSTS BY TERRITORY  
FOR AUTO DEALERS POLICY COVERAGES

TERRITORY	\$100,000 CSL LIABILITY
CODE	DEALERS
101	375
103	226
104	234
105	226

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TERRITORY LOSS COST LEVEL CHANGES  
FOR VAN POOLS POLICY COVERAGES

TERRITORY CODE	\$100,000 CSL LIABILITY	\$500 MED PAY
101	12.1%	12.5%
103	6.5%	6.7%
104	8.2%	6.3%
105	11.7%	6.7%

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TERRITORY LOSS COST LEVEL CHANGES

FOR VAN POOLS POLICY COVERAGES

TERRITORY CODE	PHYSICAL DAMAGE COMPREHENSIVE	SPECIFIED CAUSES OF LOSS
101	9.6%	10.0%
103	9.8%	9.9%
104	13.2%	13.1%
105	9.8%	9.4%

## IDAHO

## REVISED BASE LOSS COSTS BY TERRITORY

## FOR VAN POOLS POLICY COVERAGES

TERRITORY	LIABILITY			
CODE	\$100,000	\$500	PHYSICAL DAMAGE	SPECIFIED CAUSES
	CSL (a)	MED PAY (b)	COMPREHENSIVE (c)	OF LOSS (d)
101	380	27	57	33
103	230	16	135	78
104	237	17	120	69
105	230	16	101	58

- (a) THE LOSS COSTS FOR VAN POOLS HAVE BEEN CALCULATED BY A RELATIVITY OF 1.50 TO THE TRUCKS, TRACKERS & TRAILERS CSL LIABILITY LOSS COSTS.
- (b) THE LOSS COSTS FOR MEDICAL PAYMENTS HAVE BEEN CALCULATED BY A RELATIVITY OF 0.071 TO THE VAN POOLS CSL LIABILITY LOSS COSTS.
- (c) COMPREHENSIVE BASE LOSS COST IS THE \$15,001-20,000 OCN, AGE 1, \$500 DEDUCTIBLE LOSS COST, AND HAS BEEN CALCULATED BY A RELATIVITY OF 1.02 TO THE TRUCKS, TRACTORS, & TRAILERS LOSS COST.
- (d) THE LOSS COSTS FOR SPECIFIED CAUSES OF LOSS HAVE BEEN CALCULATED BY A RELATIVITY OF 1.02 TO THE CORRESPONDING TRUCKS, TRACTORS & TRAILERS LOSS COST.

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TERRITORY LOSS COST LEVEL CHANGES

FOR TAXIS AND LIMOUSINES POLICY COVERAGES

TERRITORY CODE	\$100,000 CSL LIABILITY	\$500 MED PAY
101	12.0%	12.0%
103	6.3%	6.3%
104	8.3%	6.1%
105	11.8%	9.7%



IDAHO

TERRITORY LOSS COST LEVEL CHANGES

FOR TAXIS AND LIMOUSINES POLICY COVERAGES

TERRITORY CODE	PHYSICAL DAMAGE COMPREHENSIVE	SPECIFIED CAUSES OF LOSS
101	9.6%	10.0%
103	9.8%	9.9%
104	13.2%	13.1%
105	9.8%	9.4%

## IDAHO

REVISED BASE LOSS COSTS BY TERRITORY  
FOR TAXIS AND LIMOUSINES POLICY COVERAGES

TERRITORY	LIABILITY			
CODE	\$100,000	\$500	PHYSICAL DAMAGE	SPECIFIED CAUSES
	CSL (a)	MED PAY (b)	COMPREHENSIVE (c)	OF LOSS (d)
101	1,569	56	57	33
103	949	34	135	78
104	980	35	120	69
105	949	34	101	58

- (a) THE LOSS COSTS FOR TAXIS AND LIMOUSINES HAVE BEEN CALCULATED BY A RELATIVITY OF 6.20 TO THE TRUCKS, TRACTORS & TRAILERS CSL LIABILITY LOSS COSTS.
- (b) THE LOSS COSTS FOR MEDICAL PAYMENTS HAVE BEEN CALCULATED BY A RELATIVITY OF 0.036 TO THE TAXIS AND LIMOUSINES CSL LIABILITY LOSS COSTS.
- (c) COMPREHENSIVE BASE LOSS COST IS THE \$15,001-20,000 OCN, AGE 1, \$500 DEDUCTIBLE LOSS COST, AND HAS BEEN CALCULATED BY A RELATIVITY OF 1.02 TO THE TRUCKS, TRACTORS, & TRAILERS LOSS COST.
- (d) THE LOSS COSTS FOR SPECIFIED CAUSES OF LOSS HAVE BEEN CALCULATED BY A RELATIVITY OF 1.02 TO THE CORRESPONDING TRUCKS, TRACTORS & TRAILERS LOSS COST.

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TERRITORY LOSS COST LEVEL CHANGES

FOR SCHOOL AND CHURCH BUSES POLICY COVERAGES

TERRITORY CODE	\$100,000 CSL LIABILITY	\$500 MED PAY
101	12.1%	20.0%
103	6.3%	33.3%
104	8.8%	33.3%
105	12.0%	33.3%

IDAHO

TERRITORY LOSS COST LEVEL CHANGES

FOR SCHOOL AND CHURCH BUSES POLICY COVERAGES

TERRITORY CODE	PHYSICAL DAMAGE COMPREHENSIVE	SPECIFIED CAUSES OF LOSS
101	8.3%	10.0%
103	8.2%	8.2%
104	13.7%	14.3%
105	9.5%	11.1%

## IDAHO

REVISED BASE LOSS COSTS BY TERRITORY  
FOR SCHOOL AND CHURCH BUSES POLICY COVERAGES

TERRITORY	LIABILITY			
CODE	\$100,000	\$500	PHYSICAL DAMAGE	SPECIFIED CAUSES
	CSL (a)	MED PAY (b)	COMPREHENSIVE (c)	OF LOSS (d)
101	139	6	39	22
103	84	4	92	53
104	87	4	83	48
105	84	4	69	40

- (a) THE LOSS COSTS FOR SCHOOL AND CHURCH BUSES HAVE BEEN CALCULATED BY A RELATIVITY OF 0.55 TO THE TRUCKS, TRACTORS & TRAILERS CSL LIABILITY LOSS COSTS.
- (b) THE LOSS COSTS FOR MEDICAL PAYMENTS HAVE BEEN CALCULATED BY A RELATIVITY OF 0.043 TO THE SCHOOL AND CHURCH BUSES CSL LIABILITY LOSS COSTS.
- (c) COMPREHENSIVE BASE LOSS COST IS THE \$15,001-20,000 OCN, AGE 1, \$500 DEDUCTIBLE LOSS COST, AND HAS BEEN CALCULATED BY A RELATIVITY OF 0.70 TO THE TRUCKS, TRACTORS, & TRAILERS LOSS COST.
- (d) THE LOSS COSTS FOR SPECIFIED CAUSES OF LOSS HAVE BEEN CALCULATED BY A RELATIVITY OF 0.70 TO THE CORRESPONDING TRUCKS, TRACTORS & TRAILERS LOSS COST.

IDAHO

TERRITORY LOSS COST LEVEL CHANGES

FOR ALL OTHER BUSES POLICY COVERAGES

TERRITORY CODE	\$100,000 CSL LIABILITY	\$500 MED PAY
101	11.9%	14.8%
103	6.2%	5.6%
104	8.1%	5.6%
105	11.5%	11.8%

IDAHO

TERRITORY LOSS COST LEVEL CHANGES  
FOR ALL OTHER BUSES POLICY COVERAGES

TERRITORY CODE	PHYSICAL DAMAGE COMPREHENSIVE	SPECIFIED CAUSES OF LOSS
101	8.3%	10.0%
103	8.2%	8.2%
104	13.7%	14.3%
105	9.5%	11.1%

## IDAHO

## REVISED BASE LOSS COSTS BY TERRITORY

## FOR ALL OTHER BUSES POLICY COVERAGES

TERRITORY	LIABILITY			
CODE	\$100,000	\$500	PHYSICAL DAMAGE	SPECIFIED CAUSES
	CSL (a)	MED PAY (b)	COMPREHENSIVE (c)	OF LOSS (d)
101	961	31	39	22
103	581	19	92	53
104	600	19	83	48
105	581	19	69	40

- (a) THE LOSS COSTS FOR ALL OTHER BUSES HAVE BEEN CALCULATED BY A RELATIVITY OF 3.80 TO THE TRUCKS, TRACTORS & TRAILERS CSL LIABILITY LOSS COSTS.
- (b) THE LOSS COSTS FOR MEDICAL PAYMENTS HAVE BEEN CALCULATED BY A RELATIVITY OF 0.032 TO THE ALL OTHER BUSES CSL LIABILITY LOSS COSTS.
- (c) COMPREHENSIVE BASE LOSS COST IS THE \$15,001-20,000 OCN, AGE 1, \$500 DEDUCTIBLE LOSS COST, AND HAS BEEN CALCULATED BY A RELATIVITY OF 0.70 TO THE TRUCKS, TRACTORS, & TRAILERS LOSS COST.
- (d) THE LOSS COSTS FOR SPECIFIED CAUSES OF LOSS HAVE BEEN CALCULATED BY A RELATIVITY OF 0.70 TO THE CORRESPONDING TRUCKS, TRACTORS & TRAILERS LOSS COST.



IDAHO  
COMMERCIAL AUTOMOBILE

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## OVERVIEW OF ISO ACTUARIAL PROCEDURES – COMMERCIAL AUTOMOBILE

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INTRODUCTION	Commercial Automobile advisory 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 by coverage for the major classes.
STEP 1: DETERMINATION OF STATEWIDE LOSS COST INDICATION	The first step in this process is the determination of the statewide loss cost indication by major class/coverage. In other words, what percentage changes on average 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 "Determination of Statewide Advisory Loss Cost Level Change."
STEP 2: DISTRIBUTION TO TERRITORIES	For all of the liability coverages and for Trucks, Tractors & Trailers and Private Passenger Types Physical Damage, ISO then distributes the filed statewide basic limit loss cost change to the individual territorial loss costs by comparing the relative loss experience by territory to the statewide average.
STEP 3: APPLICATION OF PERCENT CHANGES	The last step is the calculation of the ISO advisory prospective loss costs. This is achieved by applying either the filed statewide or territorial changes to the current ISO loss costs. For liability, the percentage change is applied at the basic limit; for physical damage, it is applied at the base OCN, age and deductible. The resulting Loss Costs are displayed in Section D.

## OVERVIEW OF ISO ACTUARIAL PROCEDURES – COMMERCIAL AUTOMOBILE

### STEP 1 – DETERMINATION OF STATEWIDE ADVISORY LOSS COST LEVEL CHANGE

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OBJECTIVE	<p>The objective of this procedure is to determine the indicated statewide advisory loss cost level change. This procedure answers the question: what percentage changes must be made on average 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 developed and trended incurred losses and loss adjustment expenses with the aggregate loss costs at current ISO loss cost level, which is the aggregate amount that would have been collected if the current ISO loss costs were used during the experience period. This experience ratio (losses and all loss adjustment expenses divided by aggregate loss costs) is calculated for several years and a weighted average is calculated. The weights are determined as a function of the credibility or volume of claim experience. 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. This 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 as reported under the ISO Commercial Statistical Plan. All coverages are on an accident year basis. For liability, the review is conducted on a \$100,000 basic limits basis - indemnity losses are limited to \$100,000 per occurrence.</p>
AGGREGATE LOSS COSTS (Item 1)	<p>The aggregate loss costs at current ISO loss cost level are the loss-related revenue that would have been collected if the current ISO loss costs were used during the experience period. It is calculated by extending the exposures by the current ISO loss costs. For liability, the \$100,000 basic limit loss costs are used. For Trucks, Tractors, and Trailers and Private Passenger Types Physical Damage, loss costs are on an all deductibles combined basis.</p> <p>Trucks, Tractors &amp; Trailers and Private Passenger Types physical damage aggregate loss costs are placed on the prospective OCN relativity level by the application of OCN trend factors.</p>

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INCURRED  
LOSSES & LAE  
(Item 2)

The incurred losses and loss adjustment expenses are our best estimate of the ultimate payment for indemnity losses and loss adjustment expenses using the claim frequency and severity levels ISO expects to occur during the prospective period for which the revised loss costs will be used.

For the liability coverages, the reported incurred losses and allocated loss adjustment expenses are subject to the following adjustments:

- Incurred indemnity losses are capped at the basic limit;
- Developed to an ultimate settlement basis by the application of loss development factors;
- Loaded for unallocated loss adjustment expenses;
- Placed on the prospective cost/frequency levels by the application of trend factors.

For the physical damage coverages, the reported paid (accident year) losses are subject to the following adjustments:

- Paid Other Than Collision losses are adjusted using an Excess Wind and Water procedure;
- Developed to an ultimate settlement basis by the application of loss development factors;
- Loaded for all loss adjustment expenses;
- Placed on the prospective cost/frequency levels by the application of trend factors.

Refer to Section C for the support for these loss related adjustments.

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EXPERIENCE  
RATIO  
(Item 3)

The experience ratio is the ratio of the incurred losses and loss adjustment expenses to the aggregate loss costs at current ISO loss cost level. It measures the adequacy of the current ISO loss costs for the prospective period.

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YEAR WEIGHTS  
(Item 4)

The number of years of experience used and year weights are determined by the total number of claims in the experience period. To the extent there is adequate credibility, ISO uses fewer years and gives greater weight to the most recent years. Refer to the credibility pages of Section C for the methodology used to arrive at both the number of years used and the year weights.

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EXPECTED  
EXPERIENCE  
RATIO  
(Item 7)

The expected experience ratio is our best prediction of the experience ratio if the most recent data was 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 to the extent of the net trend. It is calculated as the combined trend factor projected for the number of years between the last revision (or review) and this revision.

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CREDIBILITY

Credibility is based upon the number of claims for all years in the experience period. The procedure for assigning credibility is outlined in the credibility pages of Section C.

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CREDIBILITY  
WEIGHTED  
EXPERIENCE  
RATIO

The average experience ratio is credibility weighted with the expected experience ratio. The resulting credibility weighted experience ratio, converted to a percentage, is the indicated change to the current ISO loss costs.

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## INSURANCE SERVICES OFFICE, INC.

## IDAHO

AUTOMOBILE LIABILITY INSURANCE - TRUCKS, TRACTORS AND TRAILERS (A)  
 DETERMINATION OF STATEWIDE ADVISORY LOSS COST LEVEL CHANGES  
 SINGLE LIMIT LIABILITY COVERAGE

	(1)	(2)	(3)	(4)	(5)
ACCIDENT	AGGREGATE		EXPERIENCE	ACCIDENT	NUMBER
YEAR	LOSS COST	\$ 100,000	RATIO	YEAR	OF
ENDING	AT CURRENT	INCURRED	(2) / (1)	WEIGHTS	INCURRED
	LEVEL (B)	LOSSES (C)			CLAIMS
12/31/12	\$ 6,159,785	\$ 7,251,667	1.177	10%	673
12/31/13	\$ 6,516,596	\$ 7,547,165	1.158	15%	789
12/31/14	\$ 6,784,524	\$ 7,971,472	1.175	20%	844
12/31/15	\$ 6,848,690	\$ 6,999,902	1.022	25%	820
12/31/16	\$ 6,717,670	\$ 7,986,125	1.189	30%	850
(6)	AVERAGE EXPERIENCE RATIO (SUM OF (3) * (4)).				1.140
(7)	EXPECTED EXPERIENCE RATIO (D).				1.040
(8)	CREDIBILITY (E).				0.55
(9)	CREDIBILITY WEIGHTED EXPERIENCE RATIO: ((6) * (8)) + ((7) * (1.000 - (8))).				1.095
(10)	INDICATED PERCENTAGE CHANGE IN ADVISORY LOSS COST LEVEL ((9) - 1.000).				9.5%
(11)	FILED CHANGE.				9.5%

- (A) TRUCK, TRACTOR AND TRAILER EXPERIENCE IS FOR VEHICLES WRITTEN IN ACCORDANCE WITH RULE 23 OF THE COMMERCIAL LINES MANUAL, DIVISION 1, AUTOMOBILE.
- (B) THE AGGREGATE LOSS COST AT CURRENT LEVEL IS CALCULATED BY EXTENDING EXPOSURES BY THE CURRENT LOSS COSTS FROM THE LAST REVISION.
- (C) LOSSES INCLUDE ALL LOSS ADJUSTMENT EXPENSES FOR BODILY INJURY AND PROPERTY DAMAGE LIABILITY. SEE FOLLOWING PAGE.
- (D) EXPECTED EXPERIENCE RATIO IS EQUAL TO THE COMBINED TREND FACTOR SHOWN ON THE FOLLOWING PAGE, PROJECTED FOR M YEARS. THE PERIOD M IS EQUAL TO THE NUMBER OF YEARS FROM ONE YEAR BEYOND THE IMPLEMENTATION DATE OF THE LAST REVISION TO ONE YEAR BEYOND THE ANTICIPATED IMPLEMENTATION DATE OF 07/01/18 WHICH IS ASSUMED FOR THE PURPOSE OF TRENDING, SUBJECT TO A MAXIMUM OF THE N-VALUE CORRESPONDING TO THE LATEST YEAR SHOWN ON THE FOLLOWING PAGE, FOOTNOTE B. IN THIS REVISION, THE PERIOD M IS 1.00 YEAR(S).
- (E) CREDIBILITY IS BASED ON A 5 YEAR TOTAL OF CLAIMS FOR B.I. AND P.D. SHOWN IN COLUMN (5). THE STANDARD FOR FULL CREDIBILITY IS 11,500 CLAIMS (SEE CREDIBILITY TABLES IN SECTION C).

## INSURANCE SERVICES OFFICE, INC.

IDAHO  
TRUCKS, TRACTORS AND TRAILERS  
AUTOMOBILE LIABILITY INSURANCE  
DETERMINATION OF SINGLE LIMIT LOSSES

	ACC. YEAR ENDING	BODILY INJURY	PROPERTY DAMAGE	COMBINED
(1) INCURRED LOSSES AND	12/31/12	\$3,224,729	\$1,830,028	
ALLOCATED LOSS	12/31/13	\$3,121,479	\$2,241,976	
ADJUSTMENT EXPENSES.	12/31/14	\$2,997,768	\$2,697,263	
	12/31/15	\$2,057,584	\$2,891,320	
	12/31/16	\$2,863,968	\$2,665,850	
(2) DEVELOPED LOSSES AND	12/31/12	\$3,516,325	\$2,031,331	
ALL LOSS ADJUSTMENT	12/31/13	\$3,454,541	\$2,491,082	
EXPENSES (A) .	12/31/14	\$3,490,017	\$3,005,939	
	12/31/15	\$2,638,790	\$3,244,670	
	12/31/16	\$4,061,379	\$3,030,112	
(3) SELECTED ANNUAL LOSS TREND (SEE TREND EXHIBIT IN SECTION C) .		+ 2.7%	+ 5.8%	+ 4.0%
(4) TRENDED LOSSES AND	12/31/12	\$4,237,172	\$3,014,495	\$7,251,667
ALL LOSS ADJUSTMENT	12/31/13	\$4,052,177	\$3,494,988	\$7,547,165
EXPENSES (B) .	12/31/14	\$3,985,599	\$3,985,873	\$7,971,472
	12/31/15	\$2,934,333	\$4,065,569	\$6,999,902
	12/31/16	\$4,398,473	\$3,587,652	\$7,986,125

(A) INCURRED LOSSES AND ALLOCATED LOSS ADJUSTMENT EXPENSES ARE ADJUSTED BY THE FOLLOWING FACTORS:

1 - UNALLOCATED LOSS ADJUSTMENT FACTORS: B.I. 1.085 P.D. 1.110

2 - LOSS DEVELOPMENT FACTORS:

YEAR ENDING	B.I.	P.D.
12/31/12	1.005	1.000
12/31/13	1.020	1.001
12/31/14	1.073	1.004
12/31/15	1.182	1.011
12/31/16	1.307	1.024

(B) TRENDED LOSSES ARE EQUAL TO (2) \* ((1.0 + (3))\*\*N), WHERE N IS EQUAL TO THE NUMBER OF YEARS PROJECTION FROM THE AVERAGE DATE OF ACCIDENT TO ONE YEAR BEYOND THE ANTICIPATED IMPLEMENTATION DATE OF 07/01/18, WHICH IS ASSUMED FOR THE PURPOSE OF TRENDED.

YEAR ENDING	AVERAGE DATE OF ACCIDENT	PROJECTION PERIOD
12/31/12	07/01/12	7.000
12/31/13	07/01/13	6.000
12/31/14	07/01/14	5.000
12/31/15	07/01/15	4.000
12/31/16	07/01/16	3.000

## INSURANCE SERVICES OFFICE, INC.

## IDAHO

AUTOMOBILE PHYSICAL DAMAGE INSURANCE - TRUCKS, TRACTORS AND TRAILERS (A)  
DETERMINATION OF STATEWIDE ADVISORY LOSS COST LEVEL CHANGES

		(1)	(2)	(3)	(4)	(5)
	ACCIDENT	AGGREGATE		EXPERIENCE	ACCIDENT	NUMBER
COV-	YEAR	LOSS COST	INCURRED	RATIO	YEAR	OF
ERAGE	ENDING	AT CURRENT	LOSSES (C)	(2) / (1)	WEIGHTS	PAID
O.T.C.		LEVEL (B)				CLAIMS
	12/31/12	\$ 1,701,359	\$ 1,868,894	1.098	10%	840
	12/31/13	\$ 1,725,382	\$ 1,835,054	1.064	15%	841
	12/31/14	\$ 1,908,565	\$ 2,437,773	1.277	20%	832
	12/31/15	\$ 1,973,091	\$ 2,110,827	1.070	25%	885
	12/31/16	\$ 2,056,097	\$ 2,328,022	1.132	30%	906
COLL.	12/31/14	\$ 5,495,129	\$ 6,594,225	1.200	20%	585
	12/31/15	\$ 5,735,898	\$ 5,663,204	0.987	30%	551
	12/31/16	\$ 6,169,937	\$ 5,254,711	0.852	50%	602

			O.T.C.	COLLISION
(6)	AVERAGE EXPERIENCE RATIO (SUM OF (3) * (4)).		1.133	0.962
(7)	EXPECTED EXPERIENCE RATIO (D).		1.056	1.041
(8)	CREDIBILITY (E).		0.60	0.60
(9)	CREDIBILITY WEIGHTED EXPERIENCE RATIO: ((6) * (8)) + ((7) * (1.000 - (8))).		1.102	0.994
(10)	INDICATED PERCENTAGE CHANGE IN ADVISORY LOSS COST LEVEL ((9) - 1.000).		10.2%	-0.6%
(11)	FILED CHANGE.		10.2%	N.C.
(A)	TRUCK, TRACTOR AND TRAILER EXPERIENCE INCLUDES FLEET AND NON-FLEET LOCAL AND INTERMEDIATE EXPERIENCE ALSO INCLUDES LONG DISTANCE FOR LIGHT VEHICLES: COVERAGES 01, 03, 10, 11, 12, 20, 21, 31, 55, 726, 727, 731, 735 AND 737 FOR O.T.C. AND 74, 76, 77, 78, 84, 101 AND 102 FOR COLLISION.			
(B)	THE AGGREGATE LOSS COST AT CURRENT LEVEL IS CALCULATED BY EXTENDING EXPOSURES BY THE CURRENT LOSS COSTS AND ADJUSTING TO A PROSPECTIVE OCN LEVEL BY THE APPLICATION OF OCN TREND FACTORS. (SEE SUBSEQUENT PAGE).			
(C)	LOSSES INCLUDE ALL LOSS ADJUSTMENT EXPENSES FOR O.T.C. AND COLL. SEE FOLLOWING PAGE.			
(D)	EXPECTED EXPERIENCE RATIO IS EQUAL TO THE TREND FACTOR DIVIDED BY THE OCN TREND FACTOR, PROJECTED FOR M YEARS. THE PERIOD M IS EQUAL TO THE NUMBER OF YEARS FROM ONE YEAR BEYOND THE IMPLEMENTATION DATE OF THE LAST REVISION TO ONE YEAR BEYOND THE ANTICIPATED IMPLEMENTATION DATE OF 07/01/18, WHICH IS ASSUMED FOR THE PURPOSE OF TRENDING, SUBJECT TO A MAXIMUM OF THE N-VALUE CORRESPONDING TO THE LATEST YEAR SHOWN ON THE FOLLOWING PAGE, FOOTNOTE B. IN THIS REVISION, THE PERIOD IS 1.00 YEAR(S).			
(E)	CREDIBILITY IS BASED ON A 5 YEAR TOTAL OF CLAIMS FOR O.T.C. AND A 3 YEAR TOTAL OF CLAIMS FOR COLLISION SHOWN IN COLUMN (5). THE STANDARDS FOR FULL CREDIBILITY ARE 11,000 CLAIMS FOR O.T.C. AND 4,500 CLAIMS FOR COLLISION (SEE CREDIBILITY TABLES IN SECTION C).			



## INSURANCE SERVICES OFFICE, INC.

IDAHO  
TRUCKS, TRACTORS AND TRAILERS  
AUTOMOBILE PHYSICAL DAMAGE INSURANCE  
DETERMINATION OF PHYSICAL DAMAGE LOSSES

	ACC. YEAR ENDING	O.T.C.	COLLISION
(1) PAID LOSSES.	12/31/12	\$1,045,769	----
	12/31/13	\$1,093,694	----
	12/31/14	\$1,545,755	\$4,391,621
	12/31/15	\$1,424,446	\$3,998,588
	12/31/16	\$1,633,334	\$3,987,797
(2) DEVELOPED LOSSES AND	12/31/12	\$1,202,634	----
ALL LOSS ADJUSTMENT	12/31/13	\$1,257,748	----
EXPENSES (A) .	12/31/14	\$1,779,396	\$5,045,313
	12/31/15	\$1,641,389	\$4,570,786
	12/31/16	\$1,927,170	\$4,475,904
(3) SELECTED ANNUAL LOSS TREND (SEE TREND EXHIBIT IN SECTION C)		+ 6.5%	+ 5.5%
(4) TRENDED LOSSES & ALL LOSS	12/31/12	\$1,868,894	----
ADJUSTMENT EXPENSES (B) .	12/31/13	\$1,835,054	----
	12/31/14	\$2,437,773	\$6,594,225
	12/31/15	\$2,110,827	\$5,663,204
	12/31/16	\$2,328,022	\$5,254,711

## (A) PAID LOSSES ARE ADJUSTED BY THE FOLLOWING:

## 1-LOSS ADJUSTMENT EXPENSE FACTORS:

O.T.C.	COLL.
1.150	1.150

## 2-LOSS DEVELOPMENT FACTORS:

YEAR ENDING	O.T.C.	COLL.
12/31/12	1.000	----
12/31/13	1.000	----
12/31/14	1.001	0.999
12/31/15	1.002	0.994
12/31/16	1.026	0.976

(B) TRENDED LOSSES ARE EQUAL TO (2) \* ((1.0 + (3))\*\*N), WHERE N IS EQUAL TO THE NUMBER OF YEARS PROJECTION FROM THE AVERAGE DATE OF ACCIDENT TO ONE YEAR BEYOND THE ANTICIPATED IMPLEMENTATION DATES OF 07/01/18 FOR OTC AND 07/01/18 FOR COLLISION, WHICH ARE ASSUMED FOR THE PURPOSE OF TRENDING.

YEAR ENDING	AVERAGE DATE OF ACCIDENT	PROJECTION PERIOD OTC	PROJECTION PERIOD COLL
12/31/12	07/01/12	7.000	-----
12/31/13	07/01/13	6.000	-----
12/31/14	07/01/14	5.000	5.000
12/31/15	07/01/15	4.000	4.000
12/31/16	07/01/16	3.000	3.000

## INSURANCE SERVICES OFFICE, INC.

IDAHO  
TRUCKS, TRACTORS AND TRAILERS  
AUTOMOBILE PHYSICAL DAMAGE INSURANCE  
DETERMINATION OF PHYSICAL DAMAGE TRENDED  
AGGREGATE LOSS COSTS

	ACC. YEAR ENDING	O.T.C.	COLLISION
(1) AGGREGATE LOSS COSTS	12/31/12	\$1,597,520	----
AT CURRENT LEVEL.	12/31/13	\$1,635,434	----
	12/31/14	\$1,824,632	\$5,150,075
	12/31/15	\$1,904,528	\$5,447,196
	12/31/16	\$2,002,041	\$5,932,632
(2) SELECTED ANNUAL OCN TREND		0.9%	1.3%
(SEE OCN EXHIBIT IN SECTION C).			
(3) TRENDED AGGREGATE	12/31/12	\$1,701,359	----
LOSS COSTS AT	12/31/13	\$1,725,382	----
CURRENT LEVEL (A).	12/31/14	\$1,908,565	\$5,495,129
	12/31/15	\$1,973,091	\$5,735,898
	12/31/16	\$2,056,097	\$6,169,937

(A) TRENDED AGGREGATE LOSS COSTS ARE EQUAL TO (1) \* ((1.0 + (2))\*\*N),  
WHERE N IS EQUAL TO THE NUMBER OF YEARS PROJECTION FROM THE AVERAGE DATE OF  
WRITING TO SIX MONTHS BEYOND THE ANTICIPATED IMPLEMENTATION DATES OF  
07/01/18 FOR OTC AND 07/01/18 FOR COLLISION, WHICH ARE ASSUMED FOR THE  
PURPOSE OF TRENDING.

YEAR ENDING	AVERAGE DATE OF WRITING	PROJECTION PERIOD OTC	PROJECTION PERIOD COLL
12/31/12	01/01/12	7.000	-----
12/31/13	01/01/13	6.000	-----
12/31/14	01/01/14	5.000	5.000
12/31/15	01/01/15	4.000	4.000
12/31/16	01/01/16	3.000	3.000

## INSURANCE SERVICES OFFICE, INC.

## IDAHO

AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER TYPES (A)  
 DETERMINATION OF STATEWIDE ADVISORY LOSS COST LEVEL CHANGES  
 SINGLE LIMIT LIABILITY COVERAGE

	(1)	(2)	(3)	(4)	(5)
ACCIDENT	AGGREGATE		EXPERIENCE	ACCIDENT	NUMBER
YEAR	LOSS COST	\$ 100,000	RATIO	YEAR	OF
ENDING	AT CURRENT	INCURRED	(2) / (1)	WEIGHTS	INCURRED
	LEVEL (B)	LOSSES (C)			CLAIMS
12/31/12	\$ 1,107,961	\$ 1,090,018	0.984	10%	143
12/31/13	\$ 1,179,893	\$ 1,463,291	1.240	15%	161
12/31/14	\$ 1,165,447	\$ 1,134,046	0.973	20%	157
12/31/15	\$ 1,225,402	\$ 1,314,014	1.072	25%	183
12/31/16	\$ 1,250,093	\$ 1,285,092	1.028	30%	164
(6)	AVERAGE EXPERIENCE RATIO (SUM OF (3)*(4)).				1.055
(7)	EXPECTED EXPERIENCE RATIO (D).				1.041
(8)	CREDIBILITY (E).				0.25
(9)	CREDIBILITY WEIGHTED EXPERIENCE RATIO: ((6) * (8)) + ((7) * (1.000 - (8))).				1.045
(10)	INDICATED PERCENTAGE CHANGE IN ADVISORY LOSS COST LEVEL ((9) - 1.000).				4.5%
(11)	FILED CHANGE.				4.5%

- (A) PRIVATE PASSENGER TYPE EXPERIENCE IS FOR VEHICLES WRITTEN IN ACCORDANCE WITH RULE 31 OF THE COMMERCIAL LINES MANUAL, DIVISION 1, AUTOMOBILE.
- (B) THE AGGREGATE LOSS COST AT CURRENT LEVEL IS CALCULATED BY EXTENDING EXPOSURES BY THE CURRENT LOSS COSTS FROM THE LAST REVISION.
- (C) LOSSES INCLUDE ALL LOSS ADJUSTMENT EXPENSES FOR BODILY INJURY AND PROPERTY DAMAGE LIABILITY. SEE FOLLOWING PAGE.
- (D) EXPECTED EXPERIENCE RATIO IS EQUAL TO THE COMBINED TREND FACTOR SHOWN ON THE FOLLOWING PAGE, PROJECTED FOR M YEARS. THE PERIOD M IS EQUAL TO THE NUMBER OF YEARS FROM ONE YEAR BEYOND THE IMPLEMENTATION DATE OF THE LAST REVISION TO ONE YEAR BEYOND THE ANTICIPATED IMPLEMENTATION DATE OF 07/01/18 WHICH IS ASSUMED FOR THE PURPOSE OF TRENDING, SUBJECT TO A MAXIMUM OF THE N-VALUE CORRESPONDING TO THE LATEST YEAR SHOWN ON THE FOLLOWING PAGE, FOOTNOTE B. IN THIS REVISION, THE PERIOD M IS 1.00 YEAR(S).
- (E) CREDIBILITY IS BASED ON A 5 YEAR TOTAL OF CLAIMS FOR B.I. AND P.D. SHOWN IN COLUMN (5). THE STANDARD FOR FULL CREDIBILITY IS 11,500 CLAIMS (SEE CREDIBILITY TABLES IN SECTION C).

## INSURANCE SERVICES OFFICE, INC.

IDAHO  
PRIVATE PASSENGER TYPES  
AUTOMOBILE LIABILITY INSURANCE  
DETERMINATION OF SINGLE LIMIT LOSSES

	ACC. YEAR ENDING	BODILY INJURY	PROPERTY DAMAGE	COMBINED
(1) INCURRED LOSSES AND	12/31/12	\$332,974	\$396,251	
ALLOCATED LOSS	12/31/13	\$756,449	\$308,746	
ADJUSTMENT EXPENSES.	12/31/14	\$384,562	\$424,974	
	12/31/15	\$488,453	\$452,062	
	12/31/16	\$439,212	\$427,758	
(2) DEVELOPED LOSSES AND	12/31/12	\$362,361	\$440,278	
ALL LOSS ADJUSTMENT	12/31/13	\$837,161	\$343,051	
EXPENSES (A) .	12/31/14	\$443,118	\$473,608	
	12/31/15	\$609,468	\$507,810	
	12/31/16	\$640,000	\$499,976	
(3) SELECTED ANNUAL LOSS TREND (SEE TREND EXHIBIT IN SECTION C) .		+ 2.7%	+ 5.8%	+ 4.1%
(4) TRENDED LOSSES AND	12/31/12	\$436,644	\$653,374	\$1,090,018
ALL LOSS ADJUSTMENT	12/31/13	\$981,990	\$481,301	\$1,463,291
EXPENSES (B) .	12/31/14	\$506,041	\$628,005	\$1,134,046
	12/31/15	\$677,728	\$636,286	\$1,314,014
	12/31/16	\$693,120	\$591,972	\$1,285,092

(A) INCURRED LOSSES AND ALLOCATED LOSS ADJUSTMENT EXPENSES ARE ADJUSTED BY THE FOLLOWING FACTORS:

1 - UNALLOCATED LOSS ADJUSTMENT FACTORS: B.I. 1.085 P.D. 1.110

2 - LOSS DEVELOPMENT FACTORS:

YEAR ENDING	B.I.	P.D.
12/31/12	1.003	1.001
12/31/13	1.020	1.001
12/31/14	1.062	1.004
12/31/15	1.150	1.012
12/31/16	1.343	1.053

(B) TRENDED LOSSES ARE EQUAL TO (2) \* ((1.0 + (3))\*\*N), WHERE N IS EQUAL TO THE NUMBER OF YEARS PROJECTION FROM THE AVERAGE DATE OF ACCIDENT TO ONE YEAR BEYOND THE ANTICIPATED IMPLEMENTATION DATE OF 07/01/18, WHICH IS ASSUMED FOR THE PURPOSE OF TRENDING.

YEAR ENDING	AVERAGE DATE OF ACCIDENT	PROJECTION PERIOD
12/31/12	07/01/12	7.000
12/31/13	07/01/13	6.000
12/31/14	07/01/14	5.000
12/31/15	07/01/15	4.000
12/31/16	07/01/16	3.000

## INSURANCE SERVICES OFFICE, INC.

## IDAHO

AUTOMOBILE PHYSICAL DAMAGE INSURANCE - PRIVATE PASSENGER TYPES (A)  
DETERMINATION OF STATEWIDE ADVISORY LOSS COST LEVEL CHANGES

		(1)	(2)	(3)	(4)	(5)
	ACCIDENT	AGGREGATE		EXPERIENCE	ACCIDENT	NUMBER
COV-	YEAR	LOSS COST	INCURRED	RATIO	YEAR	OF
ERAGE	ENDING	AT CURRENT	LOSSES (C)	(2) / (1)	WEIGHTS	PAID
O.T.C.		LEVEL (B)				CLAIMS
	12/31/12	\$ 312,268	\$ 411,566	1.318	10%	317
	12/31/13	\$ 322,696	\$ 383,090	1.187	15%	274
	12/31/14	\$ 334,330	\$ 389,913	1.166	20%	304
	12/31/15	\$ 342,206	\$ 302,999	0.885	25%	275
	12/31/16	\$ 345,239	\$ 467,605	1.354	30%	290
COLL.	12/31/12	\$ 617,894	\$ 588,365	0.952	10%	111
	12/31/13	\$ 632,763	\$ 607,053	0.959	15%	122
	12/31/14	\$ 652,854	\$ 852,444	1.306	20%	137
	12/31/15	\$ 675,608	\$ 774,099	1.146	25%	135
	12/31/16	\$ 674,291	\$ 878,367	1.303	30%	146

O.T.C. COLLISION

- (6) AVERAGE EXPERIENCE RATIO (SUM OF (3)\*(4)). 1.170 1.178
- (7) EXPECTED EXPERIENCE RATIO (D). 1.040 1.044
- (8) CREDIBILITY (E). 0.40 0.40
- (9) CREDIBILITY WEIGHTED EXPERIENCE RATIO:  
((6) \* (8)) + ((7) \* (1.000 - (8))). 1.092 1.098
- (10) INDICATED PERCENTAGE CHANGE IN ADVISORY  
LOSS COST LEVEL ((9) - 1.000). 9.2% 9.8%
- (11) FILED CHANGE. 9.2% 9.8%
- (A) PRIVATE PASSENGER TYPES EXPERIENCE INCLUDES COVERAGES 01, 03, 10, 55, 61, 62, 65, 66, 722, 723, 726, 727, 729, 731, 734, 735, 736 AND 737 FOR O.T.C. AND 73, 74, 76, 77, 78, 84, 101 AND 102 FOR COLLISION.
- (B) THE AGGREGATE LOSS COST AT CURRENT LEVEL IS CALCULATED BY EXTENDING EXPOSURES BY THE CURRENT LOSS COSTS AND ADJUSTING TO A PROSPECTIVE OCN LEVEL BY THE APPLICATION OF OCN TREND FACTORS. (SEE SUBSEQUENT PAGE).
- (C) LOSSES INCLUDE ALL LOSS ADJUSTMENT EXPENSES FOR O.T.C. AND COLL. SEE FOLLOWING PAGE.
- (D) EXPECTED EXPERIENCE RATIO IS EQUAL TO THE LOSS TREND FACTOR DIVIDED BY THE OCN TREND FACTOR, PROJECTED FOR M YEARS. THE PERIOD M IS EQUAL TO THE NUMBER OF YEARS FROM ONE YEAR BEYOND THE IMPLEMENTATION DATE OF THE LAST REVISION TO ONE YEAR BEYOND THE ANTICIPATED IMPLEMENTATION DATE OF 07/01/18, WHICH IS ASSUMED FOR THE PURPOSE OF TRENDING, SUBJECT TO A MAXIMUM OF THE N-VALUE CORRESPONDING TO THE LATEST YEAR SHOWN ON THE FOLLOWING PAGE, FOOTNOTE B. IN THIS REVISION, THE PERIOD IS 1.00 YEAR(S).
- (E) CREDIBILITY IS BASED ON A 5 YEAR TOTAL OF CLAIMS FOR O.T.C. AND A 5 YEAR TOTAL OF CLAIMS FOR COLLISION SHOWN IN COLUMN (5). THE STANDARDS FOR FULL CREDIBILITY ARE 8,500 CLAIMS FOR O.T.C. AND 3,500 CLAIMS FOR COLLISION (SEE CREDIBILITY TABLES IN SECTION C).

## INSURANCE SERVICES OFFICE, INC.

IDAHO  
PRIVATE PASSENGER TYPES  
AUTOMOBILE PHYSICAL DAMAGE INSURANCE  
DETERMINATION OF PHYSICAL DAMAGE LOSSES

	ACC. YEAR ENDING	O.T.C.	COLLISION
(1) PAID LOSSES.	12/31/12	\$254,359	\$363,626
	12/31/13	\$248,598	\$393,934
	12/31/14	\$265,717	\$581,503
	12/31/15	\$216,459	\$556,342
	12/31/16	\$348,002	\$692,839
(2) DEVELOPED LOSSES AND ALL LOSS ADJUSTMENT EXPENSES (A) .	12/31/12	\$292,514	\$418,171
	12/31/13	\$285,887	\$453,025
	12/31/14	\$305,574	\$668,059
	12/31/15	\$249,176	\$636,595
	12/31/16	\$403,805	\$758,520
(3) SELECTED ANNUAL LOSS TREND (SEE TREND EXHIBIT IN SECTION C)		+ 5.0%	+ 5.0%
(4) TRENDED LOSSES & ALL LOSS ADJUSTMENT EXPENSES (B) .	12/31/12	\$411,566	\$588,365
	12/31/13	\$383,090	\$607,053
	12/31/14	\$389,913	\$852,444
	12/31/15	\$302,999	\$774,099
	12/31/16	\$467,605	\$878,367

## (A) PAID LOSSES ARE ADJUSTED BY THE FOLLOWING:

## 1-LOSS ADJUSTMENT EXPENSE FACTORS:

O.T.C.	COLL.
1.150	1.150

## 2-LOSS DEVELOPMENT FACTORS:

YEAR ENDING	O.T.C.	COLL.
12/31/12	1.000	1.000
12/31/13	1.000	1.000
12/31/14	1.000	0.999
12/31/15	1.001	0.995
12/31/16	1.009	0.952

(B) TRENDED LOSSES ARE EQUAL TO (2) \* ((1.0 + (3))\*\*N), WHERE N IS EQUAL TO THE NUMBER OF YEARS PROJECTION FROM THE AVERAGE DATE OF ACCIDENT TO ONE YEAR BEYOND THE ANTICIPATED IMPLEMENTATION DATES OF 07/01/18 FOR OTC AND 07/01/18 FOR COLLISION, WHICH ARE ASSUMED FOR THE PURPOSE OF TRENDING.

YEAR ENDING	AVERAGE DATE OF ACCIDENT	PROJECTION PERIOD OTC	PROJECTION PERIOD COLL
12/31/12	07/01/12	7.000	7.000
12/31/13	07/01/13	6.000	6.000
12/31/14	07/01/14	5.000	5.000
12/31/15	07/01/15	4.000	4.000
12/31/16	07/01/16	3.000	3.000

## INSURANCE SERVICES OFFICE, INC.

IDAHO  
PRIVATE PASSENGER TYPES  
AUTOMOBILE PHYSICAL DAMAGE INSURANCE  
DETERMINATION OF PHYSICAL DAMAGE TRENDED  
AGGREGATE LOSS COSTS

	ACC. YEAR ENDING	O.T.C.	COLLISION
(1) AGGREGATE LOSS COSTS	12/31/12	\$291,294	\$592,420
AT CURRENT LEVEL.	12/31/13	\$303,856	\$610,187
	12/31/14	\$318,106	\$633,838
	12/31/15	\$328,729	\$659,774
	12/31/16	\$335,184	\$662,368
(2) SELECTED ANNUAL OCN TREND		1.0%	0.6%
(SEE OCN EXHIBIT IN SECTION C).			
(3) TRENDED AGGREGATE	12/31/12	\$312,268	\$617,894
LOSS COSTS AT	12/31/13	\$322,696	\$632,763
CURRENT LEVEL (A).	12/31/14	\$334,330	\$652,854
	12/31/15	\$342,206	\$675,608
	12/31/16	\$345,239	\$674,291
(A) TRENDED AGGREGATE LOSS COSTS ARE EQUAL TO (1) * ((1.0 + (2))**N), WHERE N IS EQUAL TO THE NUMBER OF YEARS PROJECTION FROM THE AVERAGE DATE OF WRITING TO SIX MONTHS BEYOND THE ANTICIPATED IMPLEMENTATION DATES OF 07/01/18 FOR OTC AND 07/01/18 FOR COLLISION, WHICH ARE ASSUMED FOR THE PURPOSE OF TRENDING.			

YEAR ENDING	AVERAGE DATE OF WRITING	PROJECTION PERIOD OTC	PROJECTION PERIOD COLL
12/31/12	01/01/12	7.000	7.000
12/31/13	01/01/13	6.000	6.000
12/31/14	01/01/14	5.000	5.000
12/31/15	01/01/15	4.000	4.000
12/31/16	01/01/16	3.000	3.000

## INSURANCE SERVICES OFFICE, INC.

## IDAHO

AUTOMOBILE LIABILITY INSURANCE - AUTO DEALERS (A)  
 DETERMINATION OF STATEWIDE ADVISORY LOSS COST LEVEL CHANGES  
 SINGLE LIMIT LIABILITY COVERAGE

	(1)	(2)	(3)	(4)	(5)
ACCIDENT YEAR ENDING	AGGREGATE LOSS COST AT CURRENT LEVEL (B)	\$ 100,000 INCURRED LOSSES (C)	EXPERIENCE RATIO (2) / (1)	ACCIDENT YEAR WEIGHTS	NUMBER OF INCURRED CLAIMS
12/31/12	\$ 200,336	\$ 255,314	1.274	10%	14
12/31/13	\$ 203,149	\$ 84,764	0.417	15%	7
12/31/14	\$ 238,431	\$ 139,513	0.585	20%	16
12/31/15	\$ 256,471	\$ 80,610	0.314	25%	9
12/31/16	\$ 336,660	\$ 192,274	0.571	30%	20
(6)	AVERAGE EXPERIENCE RATIO (SUM OF (3)*(4)).				0.557
(7)	EXPECTED EXPERIENCE RATIO (D).				1.046
(8)	CREDIBILITY (E).				0.05
(9)	CREDIBILITY WEIGHTED EXPERIENCE RATIO: ((6) * (8)) + ((7) * (1.000 - (8))).				1.022
(10)	INDICATED PERCENTAGE CHANGE IN ADVISORY LOSS COST LEVEL ((9) - 1.000).				2.2%
(11)	FILED CHANGE.				-10.0%

(A) AUTO DEALERS EXPERIENCE IS FOR ALL AUTO DEALERS RISKS WRITTEN IN ACCORDANCE WITH RULE 48 OF THE COMMERCIAL LINES MANUAL, DIVISION 1, AUTOMOBILE.

(B) THE AGGREGATE LOSS COST AT CURRENT LEVEL IS CALCULATED BY EXTENDING EXPOSURES BY THE CURRENT LOSS COSTS FROM THE LAST REVISION.

(C) LOSSES INCLUDE ALL LOSS ADJUSTMENT EXPENSES FOR BODILY INJURY AND PROPERTY DAMAGE LIABILITY. SEE FOLLOWING PAGE.

(D) EXPECTED EXPERIENCE RATIO IS EQUAL TO THE COMBINED TREND FACTOR SHOWN ON THE FOLLOWING PAGE, PROJECTED FOR M YEARS. THE PERIOD M IS EQUAL TO THE NUMBER OF YEARS FROM ONE YEAR BEYOND THE IMPLEMENTATION DATE OF THE LAST REVISION TO ONE YEAR BEYOND THE ANTICIPATED IMPLEMENTATION DATE OF 07/01/18 WHICH IS ASSUMED FOR THE PURPOSE OF TRENDING, SUBJECT TO A MAXIMUM OF THE N-VALUE CORRESPONDING TO THE LATEST YEAR SHOWN ON THE FOLLOWING PAGE, FOOTNOTE B. IN THIS REVISION, THE PERIOD M IS 1.00 YEAR(S).

(E) CREDIBILITY IS BASED ON A 5 YEAR TOTAL OF CLAIMS FOR B.I. AND P.D. SHOWN IN COLUMN (5). THE STANDARD FOR FULL CREDIBILITY IS 11,500 CLAIMS (SEE CREDIBILITY TABLES IN SECTION C).



## INSURANCE SERVICES OFFICE, INC.

IDAHO  
 AUTO DEALERS  
 AUTOMOBILE LIABILITY INSURANCE  
 DETERMINATION OF SINGLE LIMIT LOSSES

	ACC. YEAR ENDING	BODILY INJURY	PROPERTY DAMAGE	COMBINED
(1) INCURRED LOSSES AND	12/31/12	\$28,087	\$131,554	
ALLOCATED LOSS	12/31/13	\$0	\$53,890	
ADJUSTMENT EXPENSES.	12/31/14	\$35,927	\$57,858	
	12/31/15	\$36,024	\$14,696	
	12/31/16	\$34,385	\$76,995	
(2) DEVELOPED LOSSES AND	12/31/12	\$31,145	\$146,755	
ALL LOSS ADJUSTMENT	12/31/13	\$0	\$60,416	
EXPENSES (A) .	12/31/14	\$44,165	\$67,176	
	12/31/15	\$52,493	\$17,748	
	12/31/16	\$66,631	\$101,446	
(3) SELECTED ANNUAL LOSS TREND (SEE TREND EXHIBIT IN SECTION C) .		+ 2.7%	+ 5.8%	+ 4.6%
(4) TRENDED LOSSES AND	12/31/12	\$37,529	\$217,785	\$255,314
ALL LOSS ADJUSTMENT	12/31/13	\$0	\$84,764	\$84,764
EXPENSES (B) .	12/31/14	\$50,437	\$89,076	\$139,513
	12/31/15	\$58,372	\$22,238	\$80,610
	12/31/16	\$72,162	\$120,112	\$192,274

(A) INCURRED LOSSES AND ALLOCATED LOSS ADJUSTMENT EXPENSES ARE ADJUSTED BY THE FOLLOWING FACTORS:

1 - UNALLOCATED LOSS ADJUSTMENT FACTORS: B.I. 1.085 P.D. 1.110

2 - LOSS DEVELOPMENT FACTORS:

YEAR ENDING	B.I.	P.D.
12/31/12	1.022	1.005
12/31/13	1.057	1.010
12/31/14	1.133	1.046
12/31/15	1.343	1.088
12/31/16	1.786	1.187

(B) TRENDED LOSSES ARE EQUAL TO (2) \* ((1.0 + (3))\*\*N), WHERE N IS EQUAL TO THE NUMBER OF YEARS PROJECTION FROM THE AVERAGE DATE OF ACCIDENT TO ONE YEAR BEYOND THE ANTICIPATED IMPLEMENTATION DATE OF 07/01/18, WHICH IS ASSUMED FOR THE PURPOSE OF TRENDING.

YEAR ENDING	AVERAGE DATE OF ACCIDENT	PROJECTION PERIOD
12/31/12	07/01/12	7.000
12/31/13	07/01/13	6.000
12/31/14	07/01/14	5.000
12/31/15	07/01/15	4.000
12/31/16	07/01/16	3.000

## OVERVIEW OF ISO ACTUARIAL PROCEDURES – COMMERCIAL AUTOMOBILE

### STEP 2 – DETERMINATION OF TERRITORY RELATIVITIES

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OBJECTIVE	The objective of this procedure is to distribute the statewide loss cost indication by territory. In other words, what percentage changes by territory should be made in order to equitably achieve an adequate statewide prospective loss cost level?
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TRUCKS, TRACTORS & TRAILERS AND PRIVATE PASSENGER TYPES LIABILITY AND PHYSICAL DAMAGE	For Trucks, Tractors & Trailers and Private Passenger Types, this procedure compares the individual territory experience ratios to the statewide average experience ratio. The territory experience ratio is calculated for the latest 5 years and a statewide weighted-average experience ratio for the same period is calculated using the aggregate loss costs (product of earned car years (col 1) and underlying loss cost (col 2)) as weights. The territory experience ratio is then credibility weighted with the statewide average experience ratio to produce a formula experience ratio. The territory formula experience ratio is then compared to the statewide weighted average formula experience ratio to determine the territory index to state. The territory index is then multiplied by the filed loss cost level change in order to produce the indicated change to the individual territories. This change is then applied to the current territory base loss cost.
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AUTO DEALERS LIABILITY	Because Auto Dealers Statistics by territory lack sufficient credibility to be used meaningfully in developing revised loss costs, it is appropriate to utilize a body of statistics which can be expected to reflect the Auto Dealers hazard differences by territory. Consequently, the development of indicated Auto Dealers base loss costs is based upon a relationship to the corresponding Trucks, Tractors & Trailers \$100,000 revised base loss costs by territory. The revised Trucks, Tractors & Trailers base loss costs are compared to the revised statewide average Trucks, Tractors & Trailers base loss cost to produce the indicated territorial indices to the statewide average base loss costs for Auto Dealers. The relationship between these Trucks, Tractors & Trailers indicated territorial indices and the current Auto Dealers territorial indices yields the change in the Auto Dealers index.
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## INSURANCE SERVICES OFFICE

IDAHO  
COMMERCIAL AUTOMOBILE INSURANCE  
SINGLE LIMIT LIABILITY

DETERMINATION OF LOSS COST LEVEL CHANGES BY TERRITORY  
TRUCKS, TRACTORS, AND TRAILERS (TTT)+

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
T	EARNED	\$100000	EXPER								ADV
E	CAR YRS	UND	LOSS COST				INDEX	BASE CLASS			LOSS
R	YR ENDED	LOSS	5YRS END	EXPER		FORM	(6) TO	LOSS COST			COST
R	12/31/2016	COST	12/31/2016	RATIO	CRED	RATIO	STATE	PRES	IND*	REV	CHG**
101	6074	226.42	286.63	1.266	0.25	1.182	1.022	226	253	253	11.9%
103	13393	150.11	153.29	1.021	0.25	1.121	.970	144	153	153	6.3%
104	9700	136.69	149.66	1.095	0.25	1.139	.985	146	158	158	8.2%
105	16603	120.83	151.06	1.250	0.30	1.183	1.023	137	153	153	11.7%
SW	45770	146.77	169.40	1.154		1.156					

+ REFER TO EXPLANATORY NOTE ON PAGE B-21

\* KEYED TO A STATEWIDE LOSS COST CHANGE OF 9.5 PERCENT

\*\* PERCENTAGE CHANGE IN LOSS COST IS (COL 10/COL 8)

## INSURANCE SERVICES OFFICE

IDAHO  
COMMERCIAL AUTOMOBILE INSURANCE  
SINGLE LIMIT LIABILITY

DETERMINATION OF LOSS COST LEVEL CHANGES BY TERRITORY  
PRIVATE PASSENGER TYPES+

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
T	EARNED	\$100000	EXPER								ADV
E	CAR YRS	UND	LOSS COST				INDEX	BASE CLASS			LOSS
R	YR ENDED	LOSS	5YRS END	EXPER		FORM	(6) TO	LOSS COST			COST
R	12/31/2016	COST	12/31/2016	RATIO	CRED	RATIO	STATE	PRES	IND*	REV	CHG**
101	1522	263.00	280.93	1.068	0.10	1.059	1.001	261	273	273	4.6%
103	1304	162.24	160.87	0.992	0.10	1.051	.993	164	170	170	3.7%
104	1105	238.22	287.32	1.206	0.10	1.073	1.014	237	251	251	5.9%
105	1826	205.37	201.17	0.980	0.10	1.050	.992	210	218	218	3.8%
SW	5757	217.14	229.66	1.058		1.058					

+ REFER TO EXPLANATORY NOTE ON PAGE B-21

\* KEYED TO A STATEWIDE LOSS COST CHANGE OF 4.5 PERCENT

\*\* PERCENTAGE CHANGE IN LOSS COST IS (COL 10/COL 8)

EXPLANATORY MEMORANDUM FOR TRUCKS, TRACTORS & TRAILERS AND PRIVATE  
PASSENGER TYPES LIABILITY TERRITORY DEVELOPMENT

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COLUMN (1) EARNED CAR YEARS	Number of car-years, or exposures, earned in the latest year. These exposures are used to calculate the weighted averages through the analysis. (For calculating the weighted average of the Experience Ratio in Col (4) and the Formula Experience Ratio in Col (6) the product of [Col(1) x Col(2)] are used as weights).
COLUMN (2) \$100,000 LOSS COST	Average \$100,000 loss cost at current level (earned aggregate loss cost at current level divided by exposures) is based on the latest accident year experience available and reflects the \$100,000 basic limit at the present ISO manual level.
COLUMN (3) 5 YEAR ENDED EXPERIENCE LOSS COST	Loss cost based on the latest 5 years of experience (for purposes of stability). The loss cost is Bodily Injury and Property Damage combined and is trended and developed to an ultimate settlement basis including all loss adjustment expenses.
COLUMN (4) EXPERIENCE RATIO LOSS COST	For each coverage, an experience ratio by territory is derived by dividing the 5 year experience loss cost by the average \$100,000 loss cost at present ISO manual level. [Col. (3) / Col. (2)]
COLUMN (5) CREDIBILITY	The experience ratio thus calculated is assigned a credibility value on the basis of the number of claims underlying the 5 year pure premium (See Section C for credibility standards). The complement of the credibility is assigned to the statewide experience ratio which appears in Col. (4).
COLUMN (6) FORMULA EXPERIENCE RATIO	<p>The formula experience ratio is a credibility weighted average of the territory group experience ratio and statewide experience ratio. The formula is as follows:</p> $\frac{[\text{Terr. Group Col. (4)} \times \text{Terr. Group Col. (5)}] + [\text{SW Total Col. (4)} \times (1.0 - \text{Terr. Group Col. (5)})]}{[\text{Terr. Group Col. (4)} + \text{SW Total Col. (4)}]}$

COLUMN (7)  
INDEX TO  
STATE

Territory indices to state are calculated by dividing the territory formula experience ratio by the statewide average formula experience ratio

[Terr. Col (6) / SW Total Col. (6)]

(Statewide Total Col. (6) is the weighted average formula experience ratio using the individual products of [ Col. (1) x Col. (2) ] as weights.)

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COLUMN (8)  
BASE CLASS  
LOSS COST

Present ISO \$100,000 base class loss cost.

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COLUMN (9)  
INDICATED BASE  
LOSS COST

Indicated base class loss cost for a particular territory. It is calculated by applying the product of the statewide loss cost level change and the territory index [Col. (7)] to the present ISO loss cost.

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COLUMN (10)  
REVISED BASE  
LOSS COST

Revised \$100,000 base loss cost.

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COLUMN (11)  
ADVISORY  
LOSS COST  
CHANGE

Percentage change from the present \$100,000 base loss cost to the revised \$100,000 base loss cost.

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## INSURANCE SERVICES OFFICE

IDAHO  
COMMERCIAL AUTOMOBILE INSURANCE  
SINGLE LIMIT LIABILITY

DETERMINATION OF LOSS COST LEVEL CHANGE BY TERRITORY  
AUTO DEALERS

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	TTT	AGG LOSS COSTS AT CURRENT	REV TTT	AUTO DEALERS BASE	RATIO TO STATEWIDE AVERAGE		CHANGES IN TERRITORY RELATIVITY		AUTO DEALERS BASE		ADV
T E R	ACC-YR 12/31/2016	LEVEL	BASE LOSS	LOSS COST	COLUMNS		REQ	ADJ+	LOSS COST		LOSS COST
R	EXPOS	YEAR END 12/31/2016	LOSS COST	PRES	(3)	(4)	5/6	1.006	IND*	REV	CHG**
101	6074	28118	253	404	1.515	1.480	1.024	1.030	375	375	-7.2%
103	13393	133269	153	257	0.916	0.941	0.973	0.979	226	226	-12.1%
104	9700	93637	158	261	0.946	0.956	0.990	0.996	234	234	-10.3%
105	16603	81636	153	245	0.916	0.897	1.021	1.027	226	226	-7.8%
SW	45770	336660	167	273			0.994				

# DEALERS BASE LOSS COST

+ REFER TO EXPLANATORY NOTE ON PAGE B-24

\* KEYED TO A STATEWIDE LOSS COST CHANGE OF -10.0 PERCENT

\*\* PERCENTAGE CHANGE IN LOSS COST IS (COL 10/COL 4)

## EXPLANATORY MEMORANDUM FOR AUTO DEALERS LIABILITY

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COLUMN (1) EARNED CAR YEARS	Number of car-years, or exposures (Trucks, Tractors and Trailers), earned in the latest year. These exposures are used to calculate the weighted averages for column (3) and column (4).
COLUMN (2) AUTO DEALERS AGGREGATE LOSS COST AT CURRENT LEVEL	The Auto Dealers aggregate loss cost at current level. This column is used to calculate the weighted average for column (7).
COLUMN (3) REVISED TRUCKS, TRACTORS & TRAILERS \$100,000 LOSS COST	These are the revised Trucks, Tractors & Trailers \$100,000 base loss costs.
COLUMN (4) AUTO DEALERS PRESENT \$100,000 LOSS COST	Current Auto Dealers \$100,000 base loss cost.
COLUMN (5) & (6) RATIOS TO STATEWIDE AVERAGE	Are derived by dividing each base loss cost by the statewide average loss cost for Trucks, Tractors & Trailers and Auto Dealers, respectively.
COLUMN (7) TERRITORY RELATIVITY	Is derived by dividing the Trucks, Tractors & Trailers indices (column (5)) by the Auto Dealers indices (column (6)).
COLUMN (8) ADJUSTED TERRITORY RELATIVITY	Is derived by multiplying the territory relativity (column (7)) by the adjustment, which is one divided by the statewide average territory relativity (SW column (7)). This yields the required change in the Auto Dealers index in column (7).
COLUMN (9) INDICATED BASE LOSS COST	Indicated base loss cost for a particular territory. It is calculated by applying the product of the adjusted territory relativity (column (8)) and the statewide Auto Dealers loss cost level indication to the present Auto Dealers base loss cost.

---



COLUMN (10)  
REVISED  
BASE LOSS COST

Revised \$100,000 base loss cost.

---

COLUMN (11)  
LOSS COST  
CHANGE

Percentage change from the present \$100,000 base loss cost to the revised  
\$100,000 base loss cost.

---

## INSURANCE SERVICES OFFICE

IDAHO  
COMMERCIAL AUTOMOBILE INSURANCE  
PHYSICAL DAMAGE - COMPREHENSIVE

DETERMINATION OF LOSS COST LEVEL CHANGES BY TERRITORY  
TRUCKS, TRACTORS AND TRAILERS+

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
T	EARNED		EXPER								ADV
E	CAR YRS	UND	LOSS COST				INDEX	BASE CLASS			LOSS
R	YR ENDED	LOSS	5YRS END	EXPER		FORM	(6) TO	LOSS COST			COST
R	12/31/2016	COST	12/31/2016	RATIO	CRED	RATIO	STATE	PRES	IND*	REV	CHG**
101	6994	30.38	34.97	1.151	0.20	1.126	1.004	51	56	56	9.8%
103	10111	71.16	75.86	1.066	0.25	1.107	.987	121	132	132	9.1%
104	7561	61.77	74.97	1.214	0.35	1.153	1.028	104	118	118	13.5%
105	13495	48.70	53.72	1.103	0.30	1.115	.994	90	99	99	10.0%
SW	38161	53.88	60.36	1.120		1.122					

+ REFER TO EXPLANATORY NOTE ON PAGE B-30

\* KEYED TO A STATEWIDE LOSS COST CHANGE OF 10.2 PERCENT

\*\* PERCENTAGE CHANGE IN LOSS COST IS (COL 10/COL 8)

INSURANCE SERVICES OFFICE

IDAHO  
COMMERCIAL AUTOMOBILE INSURANCE  
PHYSICAL DAMAGE - COLLISION

DETERMINATION OF LOSS COST LEVEL CHANGES BY TERRITORY  
TRUCKS, TRACTORS AND TRAILERS+

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
T	EARNED		EXPER						
E	CAR YRS	UND	LOSS COST				INDEX	BASE CLASS	
R	YR ENDED	LOSS	5YRS END	EXPER		FORM	(6) TO	LOSS COST	
R	12/31/2016	COST	12/31/2016	RATIO	CRED	RATIO	STATE	PRES	IND*
101	6892	127.22	127.57	1.003	0.30	.973	1.014	169	170
103	9747	213.81	197.38	0.923	0.35	.947	.986	251	246
104	7379	174.38	159.35	0.914	0.35	.944	.983	221	216
105	13324	144.28	145.92	1.011	0.40	.980	1.021	204	207
SW	37342	165.22	158.61	0.960		.960			

+ REFER TO EXPLANATORY NOTE ON PAGE B-30

\* KEYED TO A STATEWIDE LOSS COST CHANGE OF -0.6 PERCENT. DUE TO THE MODEST INDICATION, WE WILL NOT BE FILING THESE INDICATED LOSS COSTS. THE LOSS COST IN COLUMN (8) REMAIN IN EFFECT.

## INSURANCE SERVICES OFFICE

IDAHO  
COMMERCIAL AUTOMOBILE INSURANCE  
PHYSICAL DAMAGE - COMPREHENSIVE

DETERMINATION OF LOSS COST LEVEL CHANGES BY TERRITORY  
PRIVATE PASSENGER TYPES+

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
T	EARNED		EXPER								ADV
E	CAR YRS	UND	LOSS COST				INDEX	BASE CLASS			LOSS
R	YR ENDED	LOSS	5YRS END	EXPER		FORM	(6) TO	LOSS COST			COST
R	12/31/2016	COST	12/31/2016	RATIO	CRED	RATIO	STATE	PRES	IND*	REV	CHG**
101	1097	57.49	52.42	0.912	0.15	1.150	.968	56	59	59	5.4%
103	1074	105.11	164.33	1.563	0.15	1.248	1.051	108	124	124	14.8%
104	840	91.81	91.75	0.999	0.20	1.153	.971	84	89	89	6.0%
105	1402	65.73	71.58	1.089	0.20	1.171	.986	68	73	73	7.4%
SW	4413	78.23	93.22	1.192		1.188					

+ REFER TO EXPLANATORY NOTE ON PAGE B-30

\* KEYED TO A STATEWIDE LOSS COST CHANGE OF 9.2 PERCENT

\*\* PERCENTAGE CHANGE IN LOSS COST IS (COL 10/COL 8)

INSURANCE SERVICES OFFICE

IDAHO  
COMMERCIAL AUTOMOBILE INSURANCE  
PHYSICAL DAMAGE - COLLISION

DETERMINATION OF LOSS COST LEVEL CHANGES BY TERRITORY  
PRIVATE PASSENGER TYPES+

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
T	EARNED		EXPER								ADV
E	CAR YRS	UND	LOSS COST				INDEX	BASE CLASS			LOSS
R	YR ENDED	LOSS	5YRS END	EXPER		FORM	(6) TO	LOSS COST			COST
R	12/31/2016	COST	12/31/2016	RATIO	CRED	RATIO	STATE	PRES	IND*	REV	CHG**
101	1044	161.04	184.63	1.146	0.20	1.147	.999	210	230	230	9.5%
103	989	164.39	209.65	1.275	0.20	1.173	1.022	234	263	263	12.4%
104	818	189.18	200.82	1.062	0.15	1.134	.988	240	260	260	8.3%
105	1297	145.59	161.15	1.107	0.20	1.139	.992	208	227	227	9.1%
SW	4148	162.55	186.44	1.147		1.148					

+ REFER TO EXPLANATORY NOTE ON PAGE B-30

\* KEYED TO A STATEWIDE LOSS COST CHANGE OF 9.8 PERCENT

\*\* PERCENTAGE CHANGE IN LOSS COST IS (COL 10/COL 8)

EXPLANATORY MEMORANDUM FOR TRUCKS, TRACTORS & TRAILERS AND  
PRIVATE PASSENGER TYPES  
PHYSICAL DAMAGE TERRITORY DEVELOPMENT

---

COLUMN (1) EARNED CAR YEARS	Number of car-years, or exposures, earned in the latest year. These exposures are used to calculate the weighted averages through the analysis. (For calculating the weighted average of the Experience Ratio in Col (4) and the Formula Experience Ratio in Col (6) the product of [Col(1) x Col(2)] are used as weights).
COLUMN (2) UNDERLYING LOSS COST	Average loss cost at current level (earned aggregate loss cost at current level divided by exposures) is based on the latest accident year experience available and reflects the present ISO manual loss cost trended to a prospective OCN level by the application of OCN factors.
COLUMN (3) 5 YEAR ENDED EXPERIENCE LOSS COST	Loss cost based on the latest 5 years of experience (for purposes of stability). The loss cost is trended and include all loss adjustment expenses.
COLUMN (4) EXPERIENCE RATIO LOSS COST	For each coverage, an experience ratio by territory is derived by dividing the 5 year experience loss cost by the average loss cost at present ISO manual level. [Col. (3) / Col. (2)]
COLUMN (5) CREDIBILITY	The experience ratio thus calculated is assigned a credibility value on the basis of the number of claims underlying the 5 year pure premium (See Section C for credibility standards). The complement of the credibility is assigned to the statewide experience ratio which appears in Col. (4).
COLUMN (6) FORMULA EXPERIENCE RATIO	<p>The formula experience ratio is a credibility weighted average of the territory group experience ratio and statewide experience ratio. The formula is as follows:</p> $\begin{aligned} &[\text{Terr. Group Col. (4)} \times \text{Terr. Group Col. (5)}] \\ &+ [\text{SW Total Col. (4)} \times (1.0 - \text{Terr. Group Col. (5)})] \end{aligned}$

---

COLUMN (7)  
INDEX TO  
STATE

Territory indices to state are calculated by dividing the territory formula experience ratio by the statewide average formula experience ratio

$$[\text{Terr. Col (6)} / \text{SW Total Col. (6)}]$$

(Statewide Total Col. (6) is the weighted average formula experience ratio using the individual products of [ Col. (1) x Col. (2) ] as weights.)

---

COLUMN (8)  
BASE CLASS  
LOSS COST

Present ISO base class loss cost.

---

COLUMN (9)  
INDICATED BASE  
LOSS COST

Indicated base class loss cost for a particular territory. It is calculated by applying the product of the statewide loss cost level change and the territory index [Col. (7)] to the present ISO loss cost.

---

COLUMN (10)  
REVISED BASE  
LOSS COST

Revised base loss cost.

---

COLUMN (11)  
ADVISORY  
LOSS COST  
CHANGE

Percentage change:  
[Col. (10) / Col. (8)]

---

IDAHO  
COMMERCIAL AUTOMOBILE

SECTION C - SUPPORTING MATERIAL

Loss Adjustment Expense .....	C2-C4
Loss Trend.....	C5-C28
Physical Damage OCN Trend .....	C29-C31
Loss Development for Liability.....	C32-C47
Loss Development for Physical Damage.....	C48-C56
Credibility Procedures and Tables.....	C57-C62
Claims for Credibility.....	C63-C64
Relativities for Developing Minor Class & Coverage Loss Costs .....	C65
Excess Wind and Water Procedure .....	C66-C71



## 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.
LIABILITY COVERAGES	For the liability coverages, allocated loss adjustment expenses are reported in detail to ISO under the Commercial Statistical Plan. Unallocated loss adjustment expenses must be loaded into the losses. A factor representing the ratio of the sum of the incurred indemnity losses plus all LAE to the sum of the incurred indemnity losses plus allocated LAE was selected based on multistate financial data from a Special Call Submission for available writers.
PHYSICAL DAMAGE COVERAGES	For the physical damage coverages, accident year paid indemnity losses are reported. All loss adjustment expenses must be loaded into the reported losses. A factor representing the ratio of incurred losses plus all LAE to incurred losses was selected based on multistate financial data from the Insurance Expense Exhibits for agency and direct writers.

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COMMERCIAL AUTOMOBILE LIABILITY INSURANCE  
MULTISTATE LOSS ADJUSTMENT EXPENSE EXPERIENCE

Calendar Year

Development of Unallocated Loss Adjustment Expense Factor

Bodily Injury  
(000's)

<u>ITEM</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>3 YR AVG</u>	<u>5 YR AVG</u>
(1) Direct Losses Incurred	3,382,082	4,091,432	4,241,671	4,816,654	5,408,567		
(2) Allocated Loss Adjustment Expenses Incurred	290,174	463,736	481,558	518,587	611,974		
(3) Unallocated Loss Adjustment Expenses Incurred	368,213	392,749	440,405	473,498	481,607		
(4) Unallocated LAE as a Ratio to Losses + Allocated LAE (3) / [(1) + (2)]	10.0%	8.6%	9.3%	8.9%	8.0%	8.7%	9.0%
(5) Selected Factor							8.5%

Property Damage  
(000's)

<u>ITEM</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>3 YR AVG</u>	<u>5 YR AVG</u>
(1) Direct Losses Incurred	834,325	892,691	1,005,713	1,066,493	1,164,414		
(2) Allocated Loss Adjustment Expenses Incurred	50,208	64,825	79,678	75,866	93,908		
(3) Unallocated Loss Adjustment Expenses Incurred	108,058	110,707	115,006	129,452	129,263		
(4) Unallocated LAE as a Ratio to Losses + Allocated LAE (3) / [(1) + (2)]	12.2%	11.6%	10.6%	11.3%	10.3%	10.7%	11.2%
(5) Selected Factor							11.0%

All items are from Special Call Submission for available writers.

COMMERCIAL AUTOMOBILE PHYSICAL DAMAGE INSURANCE  
MULTISTATE LOSS ADJUSTMENT EXPENSE EXPERIENCE

Calendar Year

Development of Factor to Include all Loss Adjustment Expenses

(000's)

<u>ITEM</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>3 YR AVG</u>	<u>5 YR AVG</u>
(1) Direct Losses Incurred	3,672,754	3,776,681	3,729,471	4,160,445	4,385,421		
(2) Loss Adjustment Expenses Incurred	487,270	551,511	589,857	664,010	585,473		
(3) Losses + LAE Incurred as Ratio to Losses Incurred [(1)+(2)]/(1)	1.133	1.146	1.158	1.160	1.134	1.150	1.146
(4) Selected							1.150

Items (1) and (2) are from the Insurance Expense Exhibits for agency and direct writers.

## AVERAGE ANNUAL CHANGE IN LOSSES (LOSS TREND)

OBJECTIVE	The application of the average annual change in losses to historical data recognizes that advisory loss costs are being made for use in a future period based on historical experience. Due to economic and social factors, claim cost and frequency levels continue to change from those underlying the historical data.
DETERMINATION OF HISTORICAL AVERAGE CLAIM COST TREND	To determine the historical average claim cost trend, ISO makes use of the Least Squares Method fitted to the reported time series data; specifically, an exponential curve represented by the equation $Y=A(B^X)$ is fitted to the paid claim cost data. The parameters A and B are calculated by regressing Y, which is the applicable claim cost on X, which is the unit of time. The resulting fitted curve allows the determination of a historical average trend for the data under review.
LIABILITY LOSS TREND	The historical average annual change in claim costs for both Bodily Injury and Property Damage coverages are measured in this document using a credibility-weighted mix of multistate and statewide data. Prospective average annual changes for claim frequency have been selected based on the historical multistate data, as well as other relevant factors. Combining the state credibility-weighted claim cost trends with the selected claim frequency trends results in the selected Bodily Injury and Property Damage pure premium trend used to adjust the losses to a prospective level.
TREND CREDIBILITY FOR LIABILITY CLAIM SEVERITY	<p>Trend credibility is based on a full credibility standard of 975,000 claims for BI and 390,000 claims for PD. These standards were developed using a Bayesian analysis. Partial credibility is determined by the following formula:</p> $A = C/(C+K)$ <p>where C equals the number of claims for the latest year ended point and K equals 25,000 for bodily injury and 10,000 for property damage. The resulting table of partial credibilities is shown in this section.</p>

LIABILITY:  
FREQUENCY  
TREND

---

The data underlying the claim frequency trend selections is shown on the attached claim frequency exhibits. The exhibits include quarterly points for Multistate incurred frequency trend separately for Trucks, Tractors, and Trailers and Private Passenger Types. As can be seen from these exhibits (and corresponding graphs), frequency for both bodily injury and property damage has generally changed from year to year in an unpredictable manner.

Commercial Auto classes had experienced an abnormally long period of negative frequency trends prior to 2010. For the most recent 6 years, however, the frequency trends have been slightly increasing (TTT BI) or somewhat cyclical and/or flat (TTT PD and PPT BI and PD) over the experience period. An exponential curve of the form  $Y=A(B^X)$  does not fit the data well. To reflect these recent patterns and the difficulty in predicting turning points and rates of change, frequency trend is being selected to be 0% for TTT and PPT for both the Bodily Injury and Property Damage coverages. Due to the limited volume of data for the Auto Dealers coverage, the PPT frequency trend will be used for the Auto Dealers coverage.

---

PHYSICAL  
DAMAGE:  
LOSS TREND

Data Selections

- In our Physical Damage Trend review, we try to include as much data as possible for each deductible level that we analyze. With this goal in mind, for a given deductible level, we include all losses written at or below that deductible level. For example, consider an event causing \$1,500 of damage on a policy written with a \$250 deductible. This would be reported as a \$1,250 loss. In order to include as much data as possible in our review, we would generate 3 different records for this loss, one at each deductible that we analyze:

At \$250 deductible: \$1,250 loss

At \$500 deductible: \$1,000 loss

At \$1,000 deductible: \$500 loss

Each of these deductible levels is analyzed independently of the other levels, so that there are no instances of double-counting loss records.

- Wind and Water losses are removed from our Other Than Collision trend reviews due to the high variability of these types of losses from year to year.

Data Adjustments

In our Physical Damage trend review, we employ two adjustments to the data with the objective of diminishing distortions in the trend that we do not wish to measure. Our goal is to only measure inflationary effects.

1) All losses are divided by the appropriate class plan and age factors that correspond to that record in order to diminish the effect that variations in these factors from one year to the next have on the trend calculation.

PHYSICAL  
DAMAGE:  
LOSS TREND  
(CONT'D)

For example, consider 12 Truck exposures reported with Age Code 1 (current model year, age factor of 1.00). Each exposure experiences a loss of \$500. The average severity of the losses for these 12 exposures is \$500.

Now consider these 12 exposures 5 years in the future. The exposures are now reported with Age Code A (6th preceding model year, age factor of 0.80). Assume that there is 10% inflation per year on all severities. Also assume that each of these 12 exposures experience the same amount of damage as they did 5 years ago. The average severity of the losses for these 12 exposures is now \$644 (taking into account both inflation and the older age of the vehicles).

If we analyze the severity trend without dividing each loss by its corresponding age factor, we get an annual trend of  $(\$644/\$500)^{1/5} - 1 = 5.2\%$

If we first divide each loss by its corresponding age factor, we get an annual trend of  $((\$644/0.80) / (\$500/1.00))^{1/5} - 1 = 10.0\%$

The first calculated severity is not equal to the assumed inflation because the calculation includes the decrease in average severity caused by aging of the vehicles. By dividing each loss record by its corresponding class plan and age factors, we remove distortions on the severity trend caused by the change in the distribution of classes and ages from one year to the next.

2) All Other Than Collision losses are adjusted to correct for the distortion on trend results created by a change in the distribution of types of loss from one year to the next. The Other Than Collision severity is a weighted-average of the severities for each type of loss (glass, fire, theft, etc.). Since each type of loss has a different severity (for example, glass losses have a much smaller severity than other types of loss), then variations in the distribution of types of loss may lead to changes in the severity that we do not want to measure (if one year 5% of losses are glass losses, and the next year 30% of losses are glass losses, we would expect the average severity of all Other Than Collision losses to decrease). To correct this, we calculate the proportion of losses for each type of loss averaged over all years in the experience period.

Consider the following example, where an adjustment is NOT made to the data. Assume 10% annual inflation for all losses:

	Year 1		Year 2	
Type of Loss	Glass	Fire	Glass	Fire
Claims	10	3	15	5
Severity of Each Loss	\$50	\$1,000	\$55	\$1,100
Total Losses	\$500	\$3,000	\$825	\$5,500

Average severity of losses in Year 1 is  $(\$500 + \$3,000) / 13 \text{ claims} = \$269$

Average severity of losses in Year 2 is  $(\$825 + \$5,500) / 20 \text{ claims} = \$316.25$

Average Severity trend =  $(\$316.25/\$269) - 1 = 17.6\%$

PHYSICAL  
DAMAGE:  
LOSS TREND  
(CONT'D)

Now consider the same scenario, where an adjustment IS made to the data:

	Year 1		Year 2	
Type of Loss	Glass	Fire	Glass	Fire
Claims	10	3	15	5
Percentage of Total Claims	10/13 = 77%	3/13 = 23%	15/20 = 75%	5/20 = 25%

Average Percentage of Claims for Glass losses:  $(77\% + 75\%) / 2 = 76\%$

Average Percentage of Claims for Fire losses:  $(23\% + 25\%) / 2 = 24\%$

The number of claims for each type of loss for each year is replaced by these averages:

	Year 1		Year 2	
Type of Loss	Glass	Fire	Glass	Fire
Claims	76% x 13 = 9.88	24% x 13 = 3.12	76% x 20 = 15.2	24% x 20 = 4.8
Severity of Each Loss	\$50	\$1,000	\$55	\$1,100
Total Losses	\$494	\$3,120	\$836	\$5,280

Average severity of losses in Year 1 is  $(\$494 + \$3,120) / 13 \text{ claims} = \$278$

Average severity of losses in Year 2 is  $(\$836 + \$5,280) / 20 \text{ claims} = \$305.80$

Average Severity trend =  $(\$305.80 / \$278) - 1 = 10.0\%$

Note that the total number of claims each year remains unchanged from the total before the adjustment is made.

Year 1 claims =  $9.88 + 3.12 = 13 \text{ claims}$

Year 2 claims =  $15.2 + 4.8 = 20 \text{ claims}$

Although new claims totals by type of loss are used in the calculation, the impact of the adjustment is to change only the loss totals, so frequency figures are not changed. The result is equivalent to a re-weighting of the severities so that each type of loss has a consistent weight from year to year.

By keeping each type of loss' proportion of total claims constant from year to year, we remove distortions in the trend caused by changes in the distribution of types of loss.

PHYSICAL  
DAMAGE:  
LOSS TREND  
(CONT'D)

The trend selections for physical damage are based on the data in the attached exhibits. Each exhibit includes the distribution of losses, by deductible, for the most recent year. We analyze frequency trend and severity trend separately, using data at the \$250, \$500, and \$1,000 deductibles for OTC, and at the \$500, \$1,000, and \$2,000 deductibles for Collision.

Historically, claim frequency (like liability claim frequency) had been variable from year to year, often cyclical. As a result, an exponential curve of the form  $Y=A(B^x)$  did not fit the frequency data well. In the interest of long-term stability, we have selected 0.0% trend factors for frequency.

Based on this multistate experience and on the continued positive trends in the Consumer Price Index for Bodywork, ISO has selected the following annual trends:

	Trucks, Tractors & Trailers <u>Pure Premium</u>	Private Passenger Types <u>Pure Premium</u>
OTC:	+6.5%	+5.0%
COLL:	+5.5%	+5.0%

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## INSURANCE SERVICES OFFICE

COMMERCIAL AUTO LIABILITY  
DETERMINATION OF FACTORS TO ADJUST ACCIDENT YEAR  
LOSS RATIOS FOR SUBSEQUENT CHANGES

## AVERAGE PAID CLAIM COST DATA

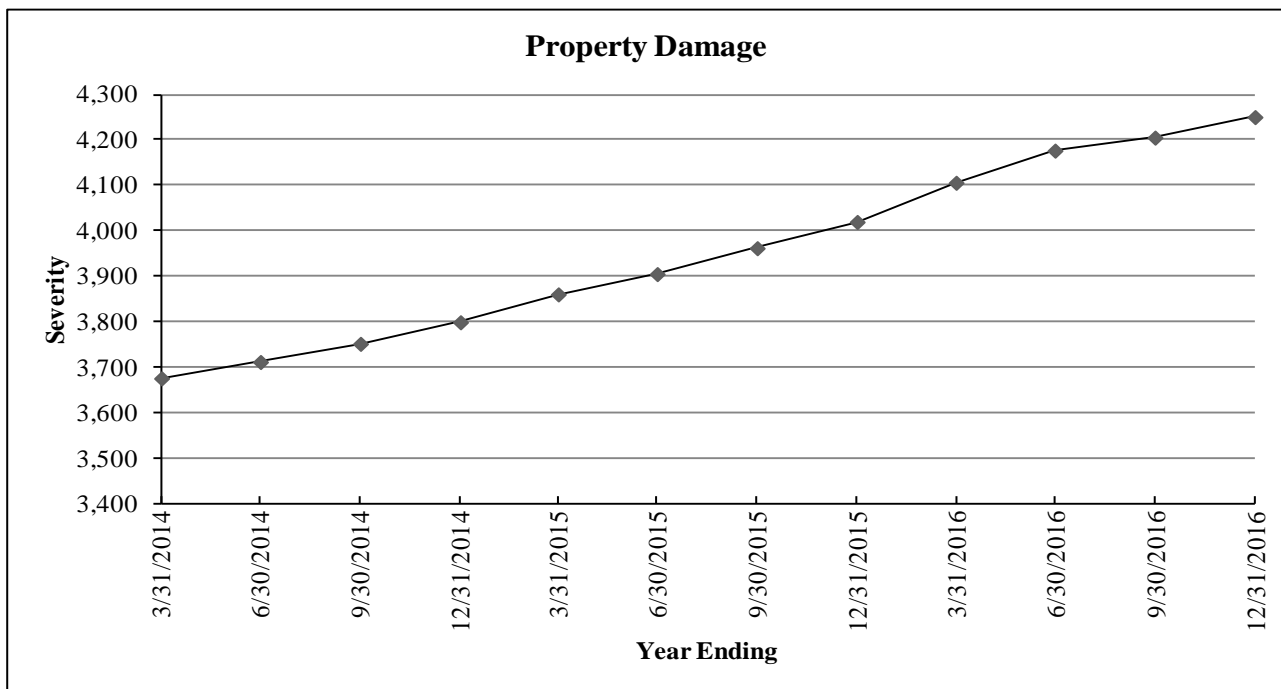
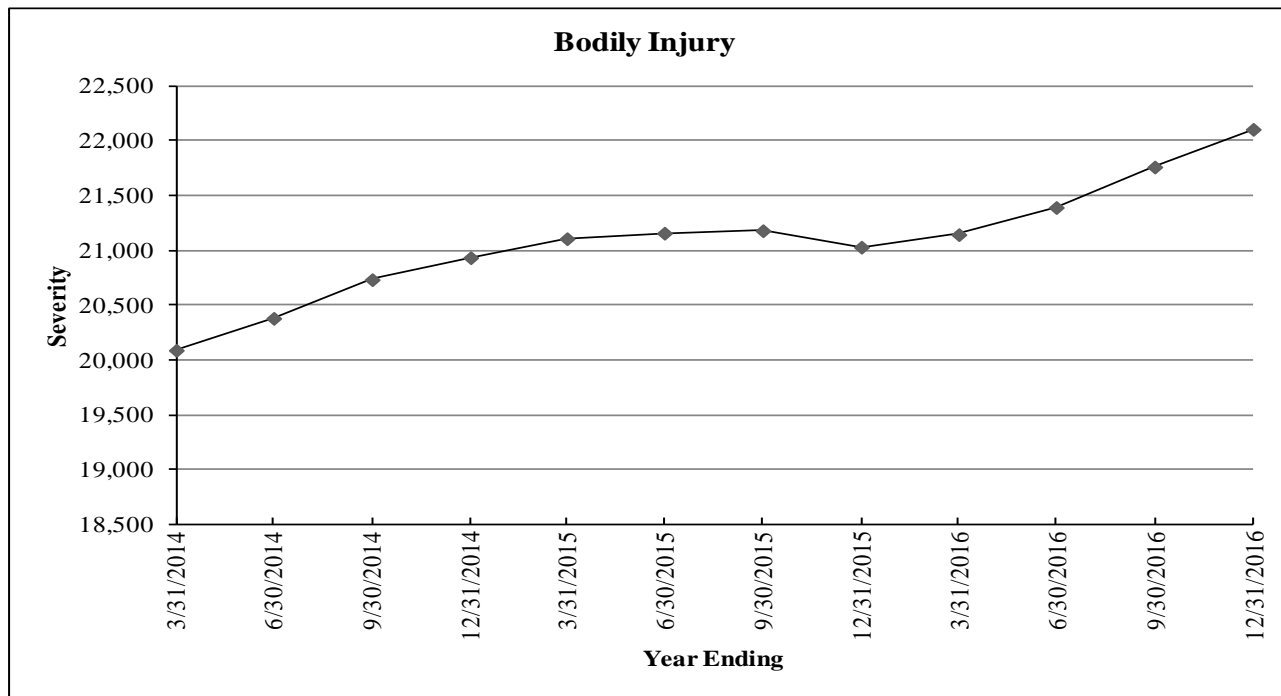
YEAR ENDED	IDAHO				MULTISTATE*			
	BODILY INJURY (\$100000 LIMITS)		PROPERTY DAMAGE (\$100000 LIMITS)		BODILY INJURY (\$100000 LIMITS)		PROPERTY DAMAGE (\$100000 LIMITS)	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	ACTUAL	EXPONEN- TIAL FIT	ACTUAL	EXPONEN- TIAL FIT	ACTUAL	EXPONEN- TIAL FIT	ACTUAL	EXPONEN- TIAL FIT
3/31/2014	17055.67	18077.44	3556.86	3624.28	20088.87	20321.23	3676.14	3655.72
6/30/2014	16073.77	17909.57	3701.11	3686.43	20380.29	20456.67	3712.11	3707.17
9/30/2014	16892.37	17743.26	3833.61	3749.65	20732.93	20593.01	3752.08	3759.33
12/31/2014	16824.59	17578.49	3827.20	3813.95	20933.35	20730.27	3799.50	3812.23
3/31/2015	19961.45	17415.26	3887.70	3879.35	21106.46	20868.43	3860.83	3865.87
6/30/2015	20789.53	17253.54	3846.49	3945.88	21156.78	21007.52	3905.50	3920.27
9/30/2015	19126.52	17093.32	3966.83	4013.55	21179.18	21147.53	3962.46	3975.44
12/31/2015	18538.11	16934.59	4153.29	4082.37	21029.30	21288.48	4020.15	4031.38
3/31/2016	16108.73	16777.33	4155.84	4152.38	21143.66	21430.37	4106.33	4088.10
6/30/2016	14552.53	16621.53	4356.75	4223.59	21391.10	21573.20	4177.05	4145.63
9/30/2016	14970.27	16467.18	4308.33	4296.02	21760.24	21716.98	4205.66	4203.97
12/31/2016	16354.51	16314.27	4250.33	4369.69	22103.74	21861.73	4250.83	4263.12

	<u>BODILY INJURY</u>	<u>PROPERTY DAMAGE</u>
(9) AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COST (12TH POINT / 8TH POINT)		
(A) IDAHO	-3.7%	7.0%
(B) MULTISTATE	2.7%	5.7%
(10) CREDIBILITY	0.00	0.05
(11) WEIGHTED AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COSTS { (10) * (9A) } + { (1.0 - (10)) * (9B) }	2.7%	5.8%
(12) AVERAGE ANNUAL PERCENT CHANGE IN CLAIM FREQUENCY		
(A) TRUCKS, TRACTORS, TRAILERS	0.0%	0.0%
(B) PRIVATE PASSENGER TYPES#	0.0%	0.0%
(13) AVERAGE ANNUAL PERCENT CHANGE IN LIABILITY LOSS RATIO		
(A) TRUCKS, TRACTORS, TRAILERS { 1.0 + (11) } * { 1.0 + (12A) }	2.7%	5.8%
(B) PRIVATE PASSENGER TYPES AND AUTO DEALERS# { 1.0 + (11) } * { 1.0 + (12B) }	2.7%	5.8%

\* EXCLUDES MASSACHUSETTS

# THE PRIVATE PASSENGER TYPES FREQUENCY IS ALSO USED FOR THE  
AUTO DEALERS COVERAGE.

Commercial Automobile Liability  
Average Paid Claim Cost Experience  
Multistate\*



\* Excludes Massachusetts

## INSURANCE SERVICES OFFICE, INC.

COMMERCIAL AUTO LIABILITY  
INCURRED CLAIM FREQUENCY

## MULTISTATE\*

TRUCKS, TRACTORS, AND TRAILERS

<u>YEAR ENDING</u>	<u>BODILY INJURY ACTUAL</u>	<u>BODILY INJURY ACTUAL CHANGE@</u>	<u>PROPERTY DAMAGE ACTUAL</u>	<u>PROPERTY DAMAGE ACTUAL CHANGE@</u>
12/31/2010	0.7818		2.8895	
3/31/2011	0.7920		2.9395	
6/30/2011	0.7918		2.9392	
9/30/2011	0.7939		2.9462	
12/31/2011	0.7924	1.4% &	2.9345	1.6% &
3/31/2012	0.7919		2.8289	
6/30/2012	0.7932		2.8175	
9/30/2012	0.7840	-1.2%	2.7782	-5.7%
12/31/2012	0.7932		2.7713	
3/31/2013	0.7969		2.8072	
6/30/2013	0.8161		2.8516	
9/30/2013	0.8354	6.6%	2.8976	4.3%
12/31/2013	0.8340		2.9127	
3/31/2014	0.8414		3.0039	
6/30/2014	0.8209		2.9990	
9/30/2014	0.8094	-3.1%	3.0018	3.6%
12/31/2014	0.8143		3.0024	
3/31/2015	0.8048		2.9674	
6/30/2015	0.8135		2.9657	
9/30/2015	0.8210	1.4%	2.9812	-0.7%
12/31/2015	0.8266		2.9951	
3/31/2016	0.8346		2.9640	
6/30/2016	0.8408		2.9661	
9/30/2016	0.8494	3.5%	2.9583	-0.8%

\* EXCLUDES MASSACHUSETTS

@ CHANGE BASED ON YEARS ENDING 9/30/XXXX

&amp; CHANGE BASED ON YEAR ENDING 12/31/2011 DIVIDED BY 12/31/2010

## INSURANCE SERVICES OFFICE, INC.

COMMERCIAL AUTO LIABILITY  
INCURRED CLAIM FREQUENCY

## MULTISTATE\*

PRIVATE PASSENGER TYPES

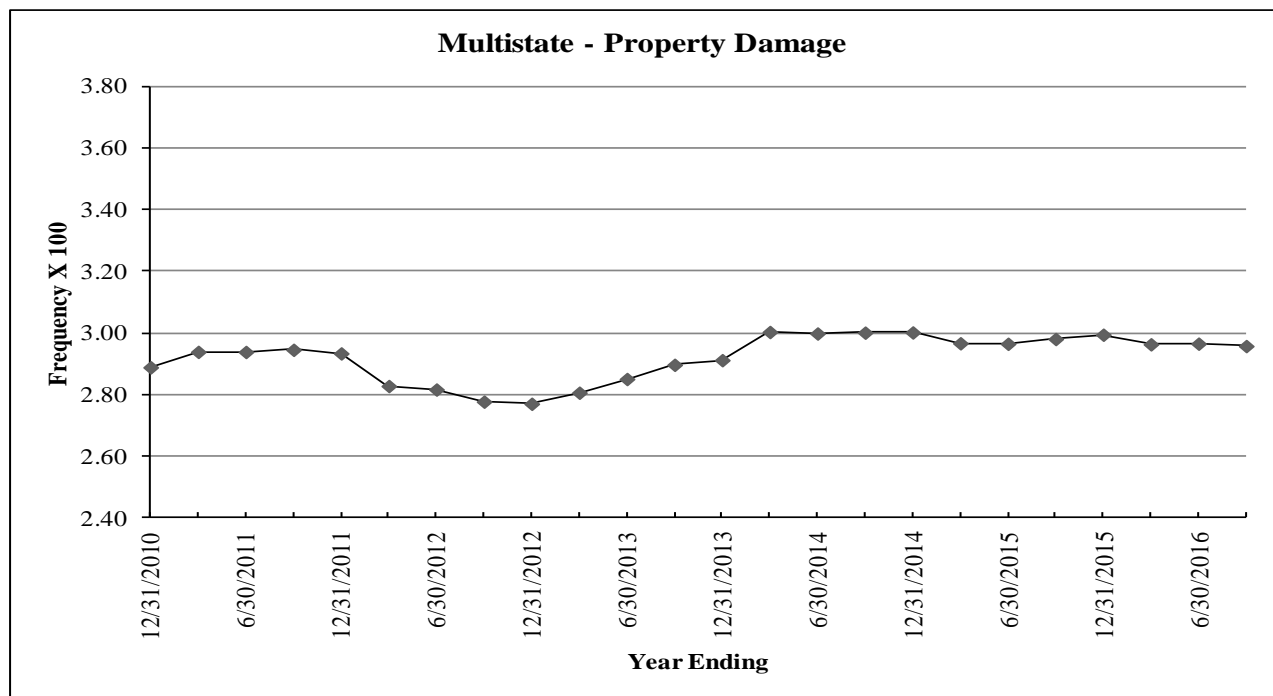
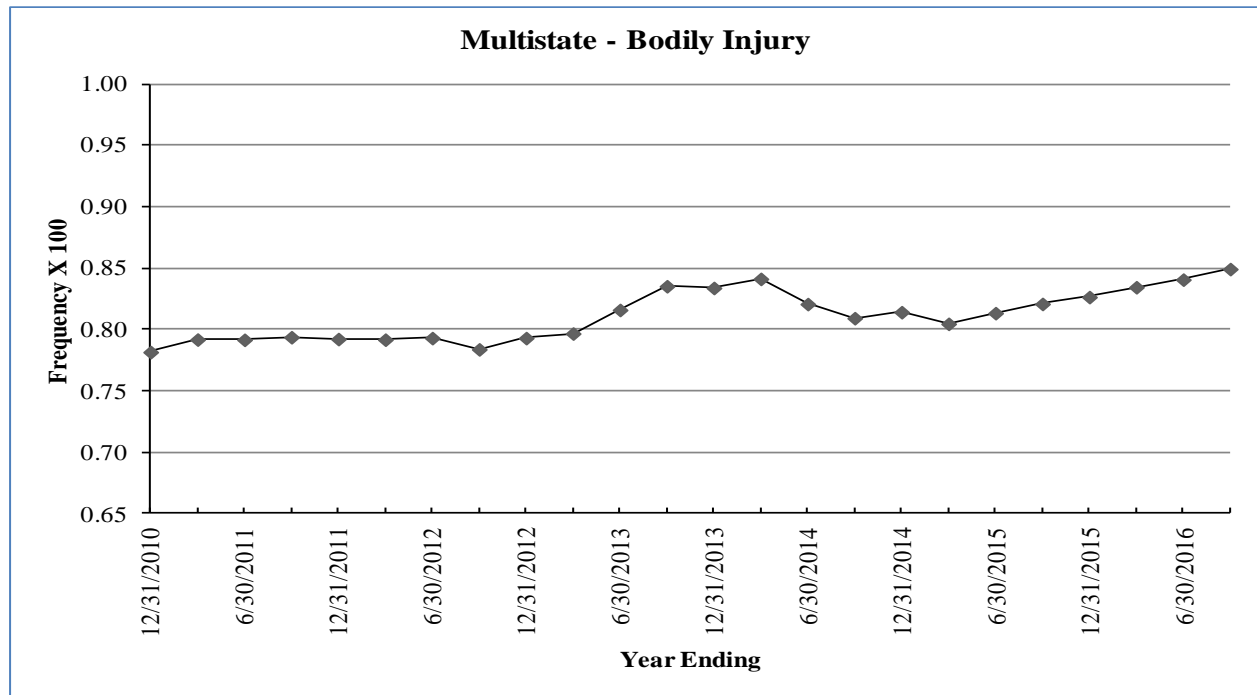
<u>YEAR ENDING</u>	<u>BODILY INJURY ACTUAL</u>	<u>BODILY INJURY ACTUAL CHANGE@</u>	<u>PROPERTY DAMAGE ACTUAL</u>	<u>PROPERTY DAMAGE ACTUAL CHANGE@</u>
12/31/2010	0.8786		3.3406	
3/31/2011	0.8891		3.3765	
6/30/2011	0.9204		3.3849	
9/30/2011	0.9378		3.3833	
12/31/2011	0.9370	6.6% &	3.3425	0.1% &
3/31/2012	0.9616		3.3280	
6/30/2012	0.9470		3.3350	
9/30/2012	0.9331	-0.5%	3.3194	-1.9%
12/31/2012	0.9198		3.2786	
3/31/2013	0.9128		3.2543	
6/30/2013	0.9189		3.2182	
9/30/2013	0.9319	-0.1%	3.2230	-2.9%
12/31/2013	0.9330		3.2488	
3/31/2014	0.9285		3.2876	
6/30/2014	0.9199		3.2862	
9/30/2014	0.9056	-2.8%	3.2590	1.1%
12/31/2014	0.8951		3.2283	
3/31/2015	0.8635		3.1815	
6/30/2015	0.8454		3.1421	
9/30/2015	0.8327	-8.0%	3.1557	-3.2%
12/31/2015	0.8201		3.1602	
3/31/2016	0.8343		3.1661	
6/30/2016	0.8418		3.1990	
9/30/2016	0.8631	3.7%	3.1959	1.3%

\* EXCLUDES MASSACHUSETTS

@ CHANGE BASED ON YEARS ENDING 9/30/XXXX

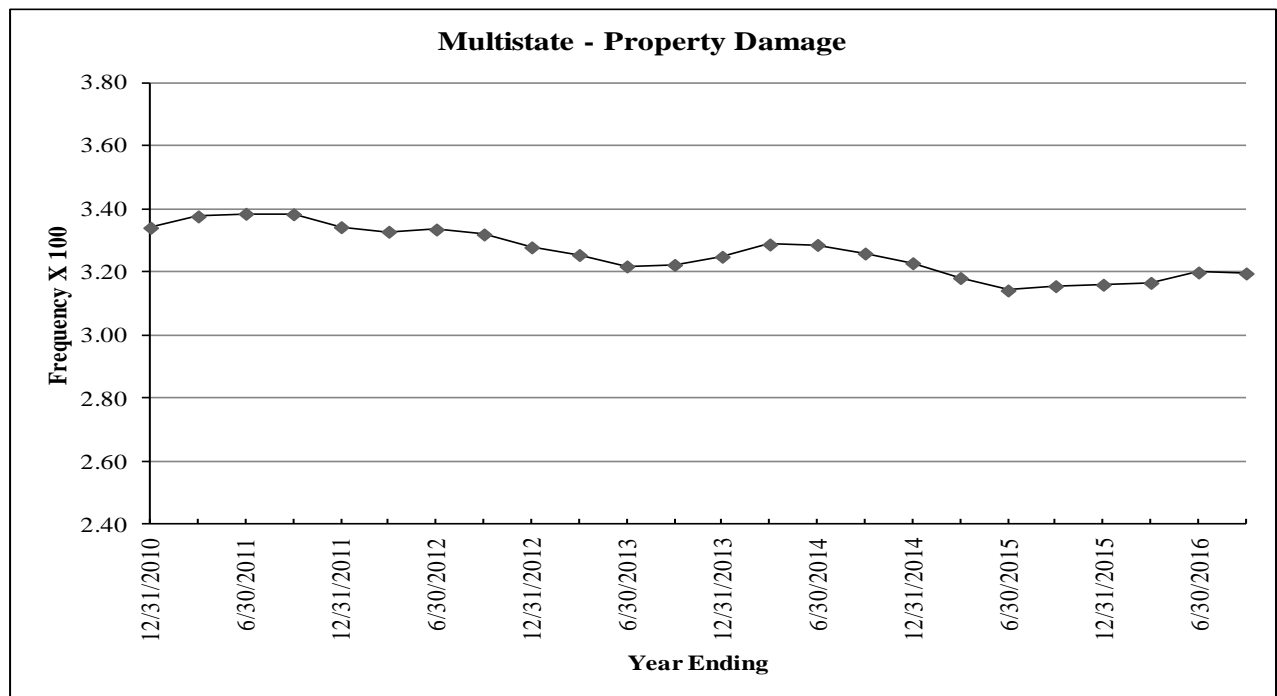
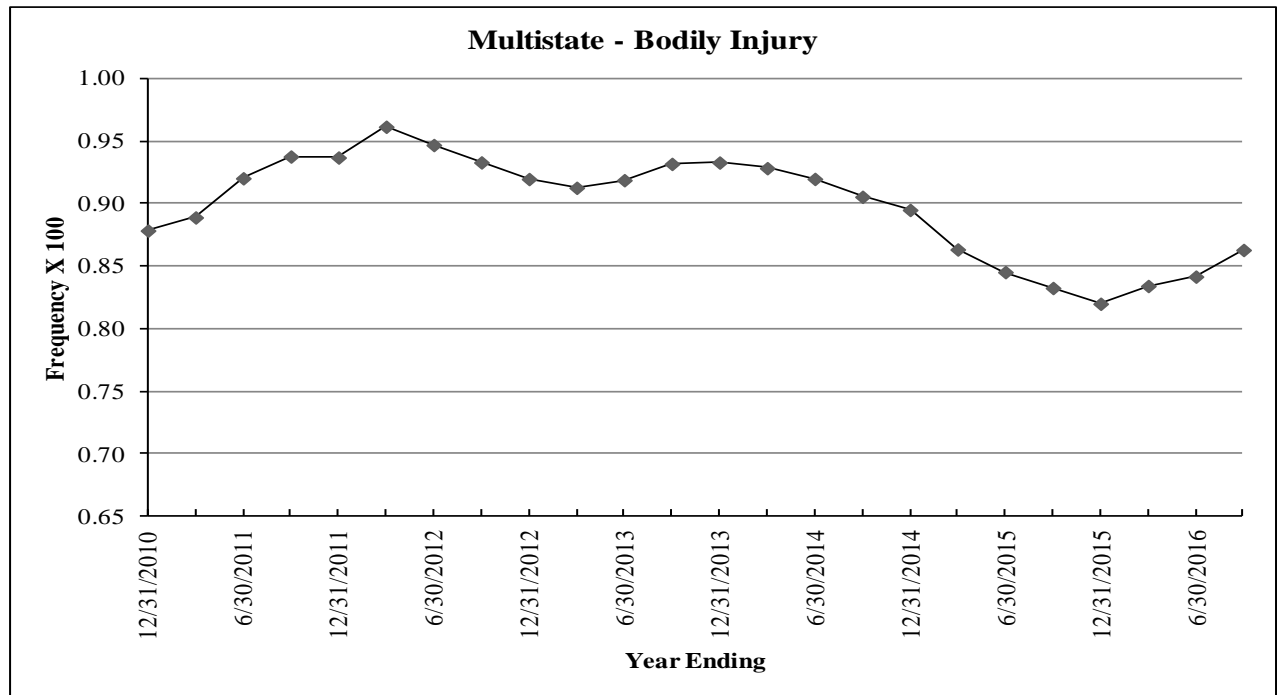
&amp; CHANGE BASED ON YEAR ENDING 12/31/2011 DIVIDED BY 12/31/2010

Commercial Automobile Liability  
Incurred Claim Frequency Experience  
Trucks, Tractors, and Trailers  
Multistate\*



\* Excludes Massachusetts

Commercial Automobile Liability  
Incurred Claim Frequency Experience  
Private Passenger Types  
Multistate\*



\* Excludes Massachusetts

Multistate\*  
Trucks, Tractors & Trailers Physical Damage  
Other Than Collision

Frequency (expressed as claims per 100 exposures)

	\$250 Deductible		\$500 Deductible		\$1,000 Deductible	
Year Ending:	Actual	Change **	Actual	Change **	Actual	Change **
06/30/2012	2.53		1.37		0.83	
12/31/2012	2.38		1.31		0.80	
06/30/2013	2.33		1.30		0.79	
12/31/2013	2.27	-4.6%	1.28	-2.3%	0.77	-3.8%
06/30/2014	2.35		1.29		0.78	
12/31/2014	2.31	1.8%	1.25	-2.3%	0.76	-1.3%
06/30/2015	2.20		1.24		0.75	
12/31/2015	2.11	-8.7%	1.24	-0.8%	0.76	0.0%
06/30/2016	2.03		1.24		0.79	
12/31/2016	2.02	-4.3%	1.24	0.0%	0.79	3.9%

Volume\*\*\* of losses for the most recent year by deductible:

Deductible	Percent of Losses
Full	0.2%
\$50	0.6%
\$100	2.3%
\$200	0.2%
\$250	11.0%
\$500	33.5%
\$1,000	43.9%
\$2,000	3.8%
\$3,000	1.5%
\$5,000	1.8%

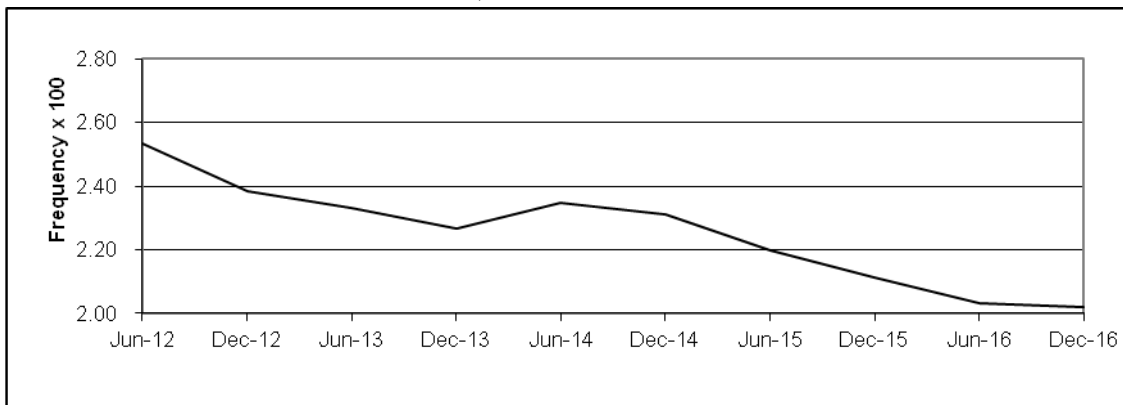
\* Multistate data excludes Massachusetts

\*\* Change based on years ending 12/31/xxxx

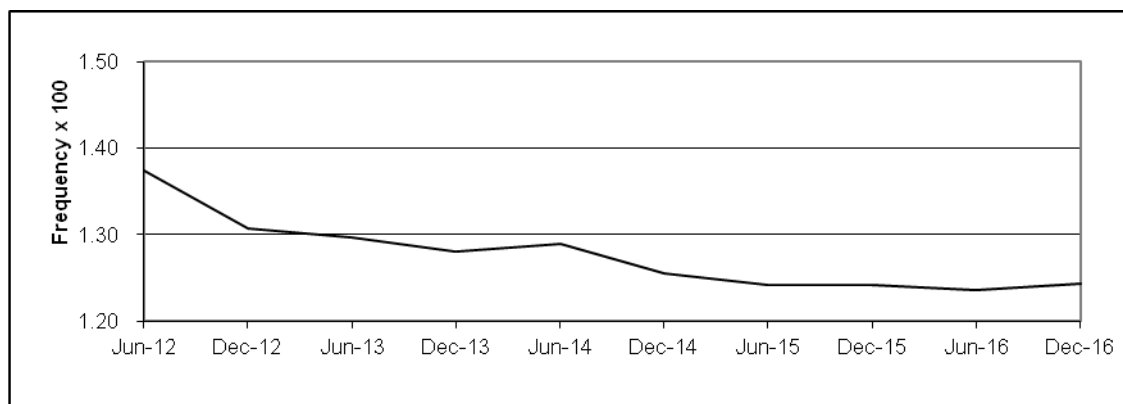
\*\*\*Deductibles above \$1,000, totaling 7.1% of losses, are excluded from the trend calculations.

Multistate\*  
Trucks, Tractors & Trailers Physical Damage  
Other Than Collision Frequency Trend

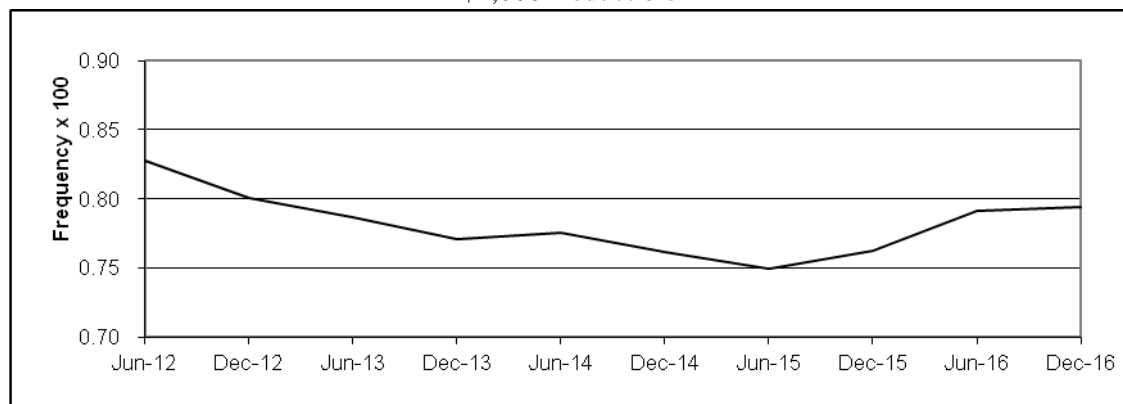
\$250 Deductible



\$500 Deductible



\$1,000 Deductible



\* Multistate data excludes Massachusetts  
Selected Other Than Collision Frequency Trend Factor: 0.0%



Multistate\*  
Trucks, Tractors & Trailers Physical Damage  
Other Than Collision Loss Trend

Severity Trend

Year Ending:	\$250 Deductible	\$500 Deductible	\$1,000 Deductible
06/30/2012	2,692.43	4,765.56	7,591.23
12/31/2012	2,939.79	5,142.89	8,216.06
06/30/2013	2,996.17	5,296.30	8,348.47
12/31/2013	3,020.21	5,246.79	8,349.31
06/30/2014	3,085.14	5,464.68	8,658.09
12/31/2014	3,269.75	5,705.86	8,833.61
06/30/2015	3,421.26	5,903.18	9,103.20
12/31/2015	3,518.83	6,188.31	9,518.01
06/30/2016	4,149.10	6,561.49	9,862.84
12/31/2016	4,280.12	6,724.77	10,316.65

Average Annual Change Using Exponential Fits:

10 point fit:	9.9%	7.5%	6.2%
8 point fit:	11.4%	7.9%	6.5%
6 point fit:	14.6%	9.0%	7.4%

Selected severity trend:	6.5%
Selected frequency trend:	0.0%
Selected pure premium trend:	6.5%

\* Multistate data excludes Massachusetts

Multistate\*  
Trucks, Tractors & Trailers Physical Damage  
Collision

Frequency (expressed as claims per 100 exposures)

	\$500 Deductible		\$1,000 Deductible		\$2,000 Deductible	
Year Ending:	Actual	Change **	Actual	Change **	Actual	Change **
06/30/2012	2.18		1.84		1.45	
12/31/2012	2.17		1.83		1.44	
06/30/2013	2.22		1.88		1.49	
12/31/2013	2.22	2.3%	1.89	3.3%	1.51	4.9%
06/30/2014	2.29		1.95		1.56	
12/31/2014	2.27	2.3%	1.95	3.2%	1.57	4.0%
06/30/2015	2.24		1.94		1.57	
12/31/2015	2.26	-0.4%	1.96	0.5%	1.60	1.9%
06/30/2016	2.25		1.96		1.61	
12/31/2016	2.31	2.2%	2.01	2.6%	1.65	3.1%

Volume\*\*\* of losses for the most recent year by deductible:

Deductible	Percent of Losses
\$100	0.1%
\$200	0.0%
\$250	2.0%
\$500	37.1%
\$1,000	51.2%
\$2,000	5.0%
\$3,000	1.2%
\$5,000	3.2%

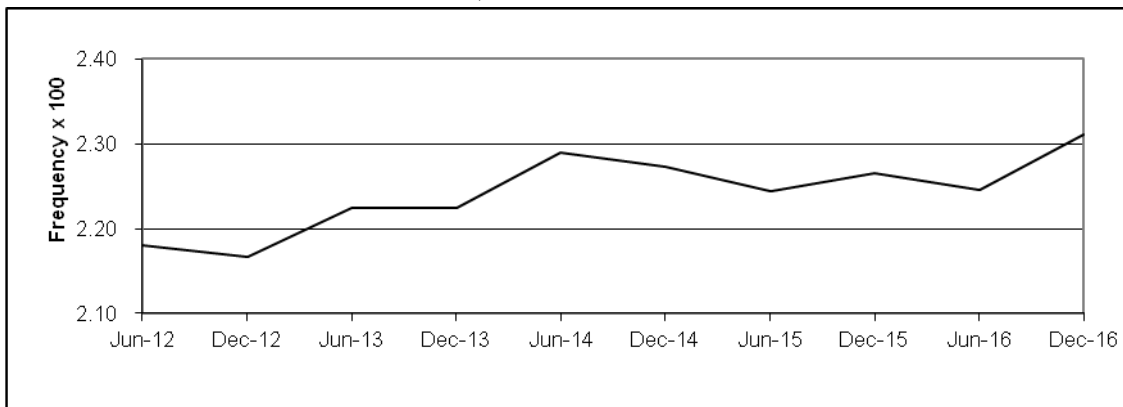
\* Multistate data excludes Massachusetts

\*\* Change based on years ending 12/31/xxxx

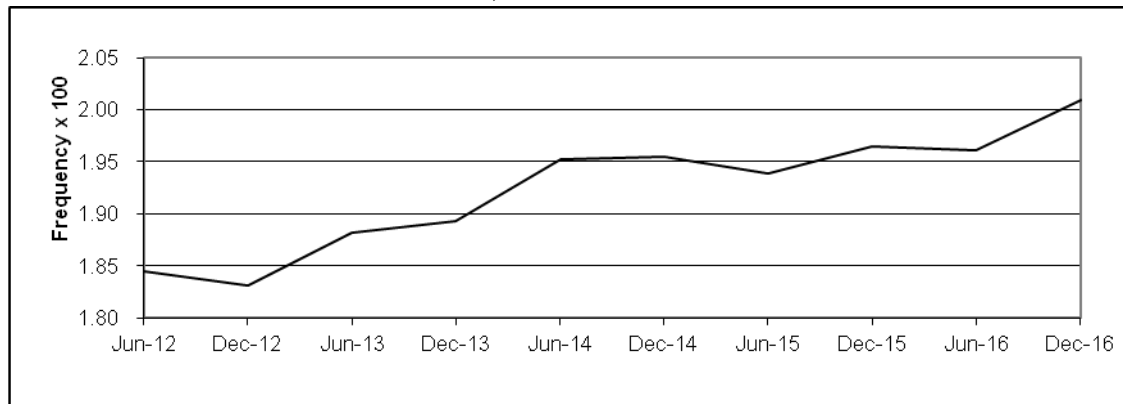
\*\*\*Deductibles above \$2,000, totaling 4.4% of losses, are excluded from the trend calculations.

Multistate\*  
Trucks, Tractors & Trailers Physical Damage  
Collision Frequency Trend

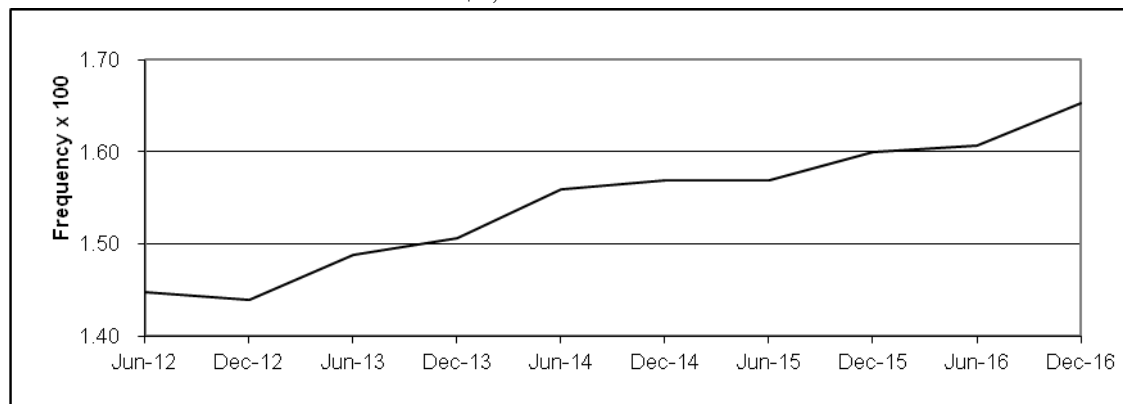
\$500 Deductible



\$1,000 Deductible



\$2,000 Deductible



\* Multistate data excludes Massachusetts  
Selected Collision Frequency Trend Factor: 0.0%

Multistate\*  
Trucks, Tractors & Trailers Physical Damage  
Collision Loss Trend

Severity Trend

Year Ending:	\$500 Deductible	\$1,000 Deductible	\$2,000 Deductible
06/30/2012	7,538.84	9,161.48	10,026.25
12/31/2012	7,611.33	9,308.93	10,255.26
06/30/2013	7,714.78	9,404.00	10,220.27
12/31/2013	7,931.00	9,552.46	10,353.64
06/30/2014	8,122.70	9,867.33	10,777.70
12/31/2014	8,427.65	10,238.49	11,219.82
06/30/2015	8,716.43	10,426.73	11,335.66
12/31/2015	8,877.32	10,619.60	11,523.11
06/30/2016	9,283.23	10,995.51	11,914.75
12/31/2016	9,588.82	11,322.06	12,197.70

Average Annual Change Using Exponential Fits:

10 point fit:	5.7%	4.9%	4.6%
8 point fit:	6.4%	5.5%	5.3%
6 point fit:	6.7%	5.4%	4.8%

Selected severity trend:	5.5%
Selected frequency trend:	0.0%
Selected pure premium trend:	5.5%

\* Multistate data excludes Massachusetts

Multistate\*  
Private Passenger Types Physical Damage  
Other Than Collision

Frequency (expressed as claims per 100 exposures)

	\$250 Deductible		\$500 Deductible		\$1,000 Deductible	
Year Ending:	Actual	Change **	Actual	Change **	Actual	Change **
06/30/2012	5.21		2.97		1.65	
12/31/2012	4.87		2.84		1.59	
06/30/2013	4.86		2.83		1.57	
12/31/2013	4.94	1.4%	2.85	0.4%	1.56	-1.9%
06/30/2014	5.23		3.00		1.63	
12/31/2014	5.07	2.6%	2.97	4.2%	1.62	3.8%
06/30/2015	4.78		2.90		1.60	
12/31/2015	4.89	-3.6%	3.00	1.0%	1.66	2.5%
06/30/2016	4.92		3.07		1.71	
12/31/2016	4.88	-0.2%	2.99	-0.3%	1.70	2.4%

Volume\*\*\* of losses for the most recent year by deductible:

Deductible	Percent of Losses
Full	0.9%
\$50	0.7%
\$100	3.7%
\$200	0.7%
\$250	15.7%
\$500	43.0%
\$1,000	32.8%
\$2,000	1.7%
\$3,000	0.3%
\$5,000	0.4%

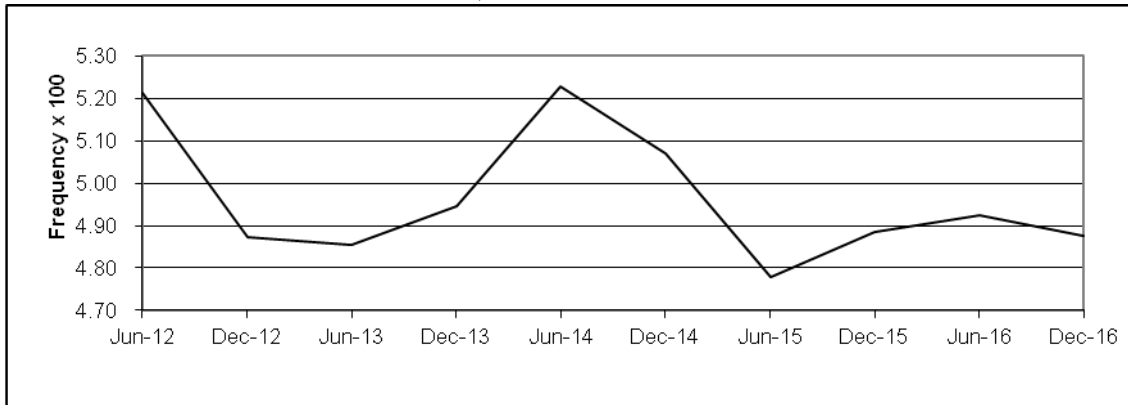
\* Multistate data excludes Massachusetts

\*\* Change based on years ending 12/31/xxxx

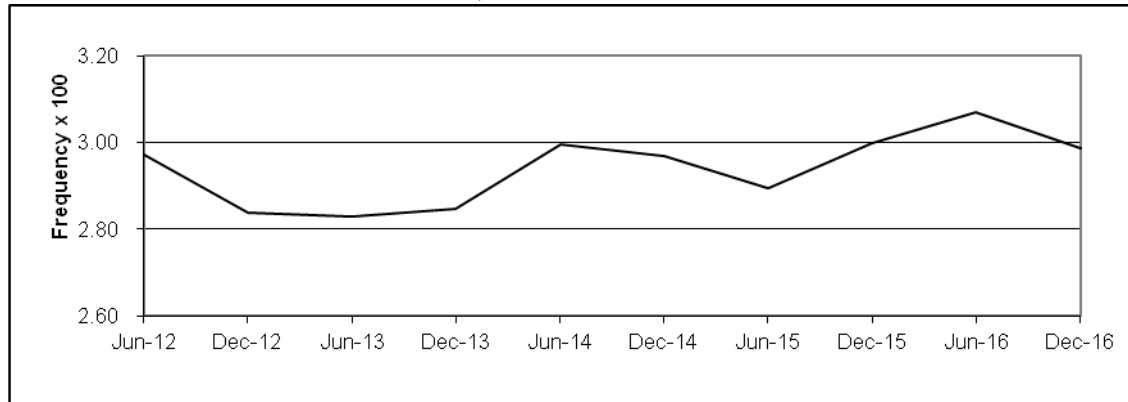
\*\*\*Deductibles above \$1,000, totaling 2.4% of losses, are excluded from the trend calculations.

Multistate\*  
Private Passenger Types Physical Damage  
Other Than Collision Frequency Trend

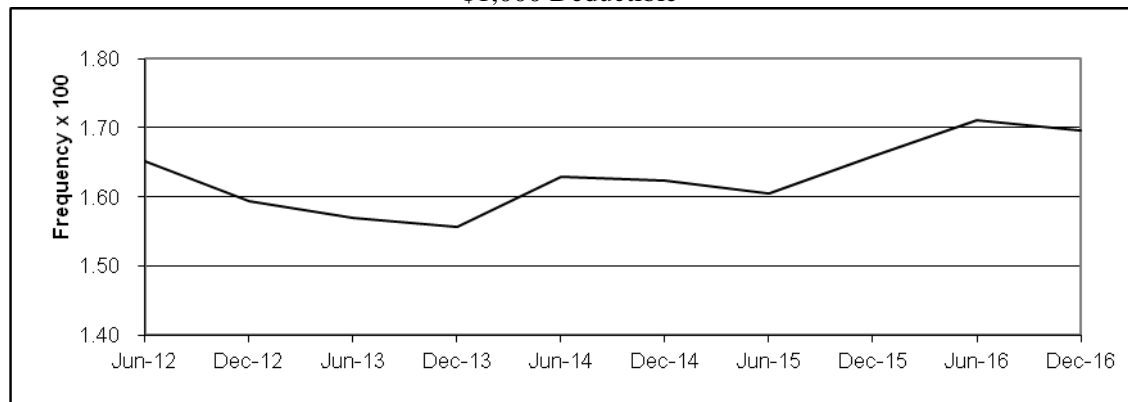
\$250 Deductible



\$500 Deductible



\$1,000 Deductible



\* Multistate data excludes Massachusetts  
Selected Other Than Collision Frequency Trend Factor: 0.0%

Multistate\*  
Private Passenger Types Physical Damage  
Other Than Collision Loss Trend

Severity Trend

Year Ending:	\$250 Deductible	\$500 Deductible	\$1,000 Deductible
06/30/2012	1,433.90	2,004.59	2,944.20
12/31/2012	1,468.10	2,086.89	2,979.23
06/30/2013	1,547.57	2,168.10	3,120.96
12/31/2013	1,492.31	2,177.75	3,201.79
06/30/2014	1,434.86	2,179.81	3,222.57
12/31/2014	1,560.39	2,234.18	3,322.28
06/30/2015	1,636.37	2,257.29	3,351.19
12/31/2015	1,674.65	2,371.74	3,456.80
06/30/2016	1,776.74	2,487.98	3,596.05
12/31/2016	1,802.42	2,511.44	3,619.49

Average Annual Change Using Exponential Fits:

10 point fit:	5.2%	4.8%	4.8%
8 point fit:	6.0%	4.8%	4.5%
6 point fit:	9.3%	6.4%	5.0%

Selected severity trend:	5.0%
Selected frequency trend:	0.0%
Selected pure premium trend:	5.0%

\* Multistate data excludes Massachusetts

Multistate\*  
Private Passenger Types Physical Damage  
Collision

Frequency (expressed as claims per 100 exposures)

	\$500 Deductible		\$1,000 Deductible		\$2,000 Deductible	
Year Ending:	Actual	Change **	Actual	Change **	Actual	Change **
06/30/2012	5.16		4.14		2.95	
12/31/2012	5.13		4.08		2.91	
06/30/2013	5.18		4.15		2.96	
12/31/2013	5.18	1.0%	4.18	2.5%	2.99	2.7%
06/30/2014	5.33		4.35		3.12	
12/31/2014	5.33	2.9%	4.40	5.3%	3.19	6.7%
06/30/2015	5.30		4.32		3.16	
12/31/2015	5.32	-0.2%	4.39	-0.2%	3.24	1.6%
06/30/2016	5.19		4.36		3.24	
12/31/2016	5.18	-2.6%	4.38	-0.2%	3.29	1.5%

Volume\*\*\* of losses for the most recent year by deductible:

Deductible	Percent of Losses
\$ 100	0.5%
\$ 200	0.2%
\$ 250	2.6%
\$ 500	47.9%
\$ 1,000	46.8%
\$ 2,000	1.4%
\$ 3,000	0.1%
\$ 5,000	0.4%

\* Multistate data excludes Massachusetts

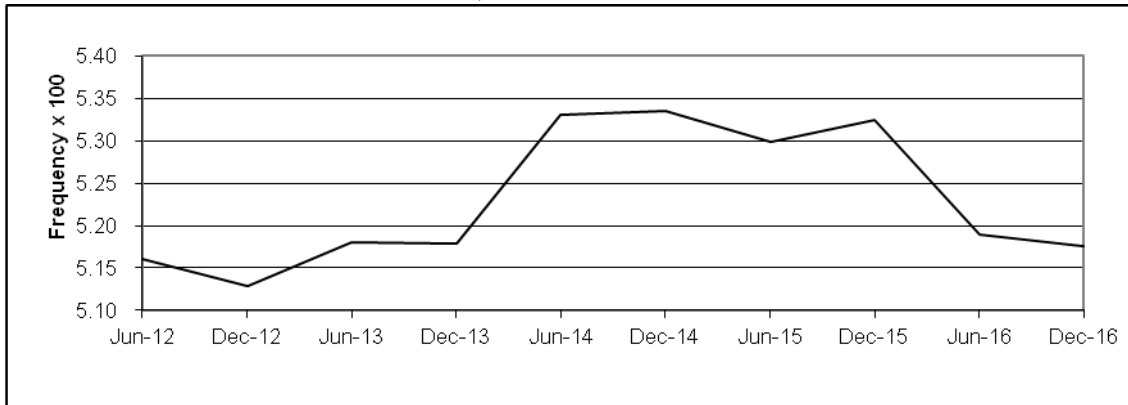
\*\* Change based on years ending 12/31/xxxx

\*\*\*Deductibles above \$2,000, totaling 0.5% of losses, are excluded from the trend calculations.

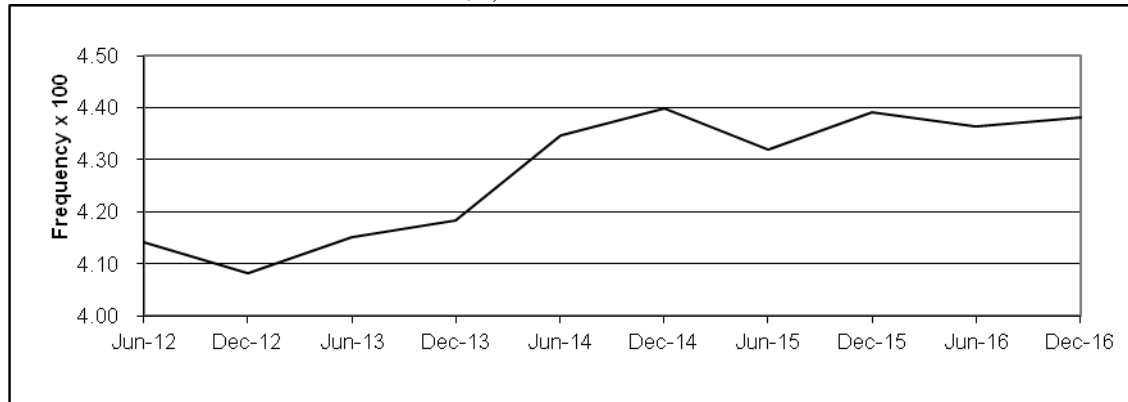


Multistate\*  
Private Passenger Types Physical Damage  
Collision Frequency Trend

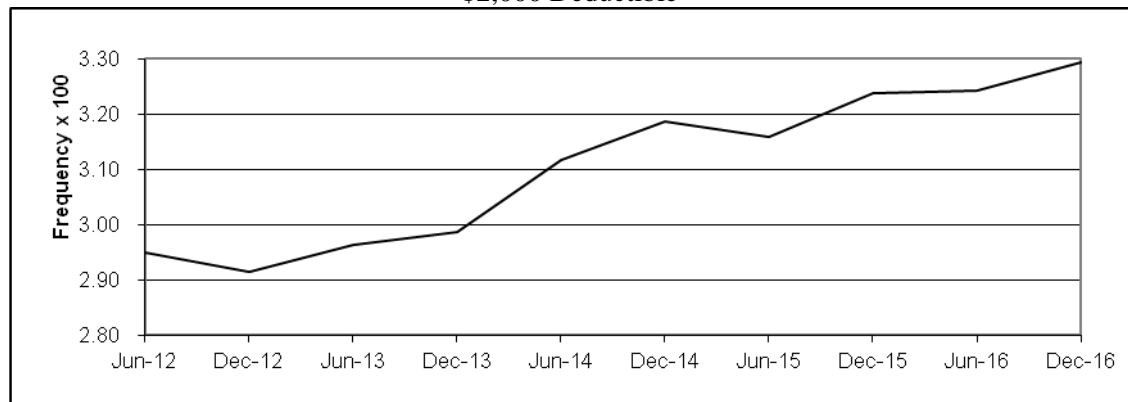
\$500 Deductible



\$1,000 Deductible



\$2,000 Deductible



\* Multistate data excludes Massachusetts  
Selected Collision Frequency Trend Factor: 0.0%

Multistate\*  
Private Passenger Types Physical Damage  
Collision Loss Trend

Severity Trend

Year Ending:	\$500 Deductible	\$1,000 Deductible	\$2,000 Deductible
06/30/2012	4,921.52	5,382.99	5,981.67
12/31/2012	4,903.71	5,429.79	6,018.80
06/30/2013	4,989.41	5,453.09	6,043.91
12/31/2013	5,012.35	5,483.17	6,077.25
06/30/2014	5,095.40	5,560.52	6,149.31
12/31/2014	5,319.98	5,734.96	6,342.16
06/30/2015	5,454.76	5,901.29	6,494.68
12/31/2015	5,588.22	6,082.68	6,639.80
06/30/2016	5,778.31	6,270.13	6,845.08
12/31/2016	6,026.59	6,435.21	7,011.02

Average Annual Change Using Exponential Fits:

10 point fit:	4.8%	4.2%	3.7%
8 point fit:	5.7%	5.2%	4.6%
6 point fit:	6.6%	6.1%	5.3%

Selected severity trend:	5.0%
Selected frequency trend:	0.0%
Selected pure premium trend:	5.0%

\* Multistate data excludes Massachusetts

COMMERCIAL AUTOMOBILE PHYSICAL DAMAGE  
SUPPLEMENTARY EXHIBIT

Quarterly Values <u>Ending</u>	Consumer Price Index for Bodywork	
	<u>Actual</u>	<u>Exponential Fit</u>
12/31/2013	2.735	2.736
3/31/2014	2.764	2.749
6/30/2014	2.785	2.762
9/30/2014	2.784	2.776
12/31/2014	2.785	2.789
3/31/2015	2.792	2.803
6/30/2015	2.804	2.816
9/30/2015	2.805	2.830
12/31/2015	2.831	2.844
3/31/2016	2.847	2.857
6/30/2016	2.866	2.871
9/30/2016	2.877	2.885
12/31/2016	2.913	2.899
3/31/2017	2.925	2.913
6/30/2017	2.942	2.927
9/31/2017	2.945	2.942
		Average Annual <u>Change</u>
16 Point Fit	<u>R-Squared</u> 0.9600	2.0%
12 Point Fit	0.9788	2.3%

## PHYSICAL DAMAGE OCN TREND

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### OBJECTIVE

In Physical Damage for Trucks, Tractors & Trailers and Private Passenger Types, as new, higher-valued commercial automobiles are introduced, there is an increase in revenue due to the original cost new component of the rating procedure. In order to reflect the revenue impact of the higher-valued vehicles during the prospective period, ISO uses an OCN trend procedure. The effect of this procedure is to reduce the indicated loss costs for Trucks, Tractors & Trailers and Private Passenger Types physical damage coverages.

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### DESCRIPTION OF ORIGINAL COST NEW DATA

The average original cost new (OCN) relativities for Comprehensive and Collision are displayed on the following exhibits. The data is displayed by coverage. To determine the historical average trend for OCN, ISO makes use of the Least Squares Method to fit a curve to the reported time series data. Specifically, an exponential curve represented by the equation

$$Y = A(B^X)$$

is fitted to the average OCN relativities. Based on the results of these curves, ISO has selected annual OCN trends of 0.9% and 1.3% for Trucks, Tractors & Trailers OTC and Collision coverages respectively. This trend is necessary to reflect the additional revenue generated by the shift in the OCN distribution as new, higher-priced automobiles are introduced.

For Private Passenger Types, OCN trends of 1.0% and 0.6% were selected for the OTC and Collision coverages respectively.

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MULTISTATE  
TRUCKS, TRACTORS & TRAILERS  
PHYSICAL DAMAGE  
OCN TREND CALCULATION

AVERAGE OCN RELATIVITIES

YEAR ENDING	OTHER THAN COLLISION	COLLISION
6/30/2012	1.214	1.344
12/31/2012	1.219	1.353
6/30/2013	1.225	1.361
12/31/2013	1.231	1.370
6/30/2014	1.237	1.379
12/31/2014	1.243	1.388
6/30/2015	1.249	1.397
12/31/2015	1.255	1.405
6/30/2016	1.261	1.415
12/31/2016	1.266	1.426

EXPONENTIAL TREND (AVERAGE ANNUAL CHANGE)

9 POINTS	1.0%	1.3%
7 POINTS	0.9%	1.3%
5 POINTS	0.9%	1.3%

Selected Other Than Collision Physical Damage Annual OCN Trend: 0.9%

Selected Collision Physical Damage Annual OCN Trend: 1.3%

Data excludes the following state: Massachusetts.

MULTISTATE  
PRIVATE PASSENGER TYPES  
PHYSICAL DAMAGE  
OCN TREND CALCULATION

AVERAGE OCN RELATIVITIES

YEAR ENDING	OTHER THAN COLLISION	COLLISION
6/30/2012	1.296	1.147
12/31/2012	1.300	1.149
6/30/2013	1.304	1.151
12/31/2013	1.309	1.153
6/30/2014	1.314	1.155
12/31/2014	1.320	1.158
6/30/2015	1.326	1.162
12/31/2015	1.332	1.166
6/30/2016	1.340	1.170
12/31/2016	1.348	1.174

EXPONENTIAL TREND (AVERAGE ANNUAL CHANGE)

9 POINTS	0.9%	0.5%
7 POINTS	1.0%	0.6%
5 POINTS	1.0%	0.7%
Selected Other Than Collision Physical Damage Annual OCN Trend:		1.0%
Selected Collision Physical Damage Annual OCN Trend:		0.6%

Data excludes the following state: Massachusetts.

## LOSS DEVELOPMENT FOR LIABILITY

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OBJECTIVE	The application of loss development recognizes the important concept that some of the losses for a particular accident year have not been finally determined at the time the experience is compiled.
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DESCRIPTION OF EXPERIENCE PERIOD DATA	For Trucks, Tractors & Trailers, Private Passenger Types, and Auto Dealers Liability, the incurred losses and allocated loss adjustment expenses underlying the statewide loss cost level indications are on an accident year basis and were evaluated as of March 31, 2017. In other words, accident year ended December 31, 2016 includes all losses and allocated loss adjustment expenses paid through March 31, 2017 on accidents occurring from January 1, 2016 to December 31, 2016 and all losses and allocated loss adjustment expenses outstanding on these accidents as of March 31, 2017, 15 months after the inception of the accident year. Similarly, the incurred losses and allocated loss adjustment expenses for accident year ended December 31, 2015 include all loss and loss adjustment expenses paid through March 31, 2017 on accidents occurring from January 1, 2015 to December 31, 2015 and all losses and allocated loss adjustment expenses outstanding on these accidents as of March 31, 2017, 27 months after the inception of the accident year. The immature experience reported as of 15 or as of 27 months must be adjusted to a mature or ultimate settlement basis through the use of a loss development factor.
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DESCRIPTION OF LOSS DEVELOPMENT METHODOLOGY	For Bodily Injury Coverage, states are divided into two multistate groups. One group (No-Fault) consists of states with a no-fault law that has a tort threshold. The other group (Tort) contains the remaining states. The applicable multistate group for this state is used in this document. Losses are developed up to 123 months and are based on \$100,000 CSL data. Three-year averages for Trucks, Tractors & Trailers, Private Passenger Types, and Auto Dealers are calculated for each link ratio based on a "best three of five" approach. Specifically, for the latest five years, the highest and lowest ratios were removed from the calculation and the three year average was calculated using the three remaining factors. Beyond 123 months the loss development is assumed to be unity.
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For Property Damage Coverage, one multistate group is used. Losses are developed up to 111 months and \$100,000 CSL data is used. Three-year averages for Trucks, Tractors & Trailers, Private Passenger Types, and Auto Dealers are calculated for each link ratio based on a "best three of five" years approach. Specifically, for the latest five years, the highest and lowest ratios were removed from the calculation and the three year average was calculated using the three remaining factors. Development beyond 111 months is assumed to be unity.

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STATE  
CREDIBILITY  
WEIGHTED  
FACTORS

For Trucks, Tractors & Trailers and Private Passenger Types, statewide loss development factors are credibility weighted with multistate factors. A Bayesian credibility study was done on state 15 to 27 months and 27 to 39 months loss development factors. The study concluded that there is significant statewide variation for bodily injury through 39 months and for property damage through 27 months. For these link ratios, statewide credibility is determined by the formula  $Z = L/(L+K)$ , where Z is the credibility, and L is the 3-year total losses for the particular state (at the earliest of the two evaluations). The complement of credibility is assigned to multistate loss development factors. K is a constant that varies by coverage as follows:

Trucks, Tractors & Trailers

	<u>15 to 27</u>	<u>27 to 39</u>
Bodily Injury (tort)	\$ 2,500,000	\$ 11,000,000
Bodily Injury (no-fault)	900,000	3,000,000
Property Damage	1,500,000	-

Private Passenger Types

	<u>15 to 27</u>	<u>27 to 39</u>
Bodily Injury (tort)	\$ 1,500,000	\$ 4,000,000
Bodily Injury (no-fault)	700,000	1,700,000
Property Damage	600,000	-

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TRUCKS,  
TRACTORS &  
TRAILERS AND  
PRIVATE  
PASSENGER  
TYPES

For Trucks, Tractors & Trailers and Private Passenger Types, Bodily Injury loss development factors to ultimate are calculated by accumulating the statewide credibility-weighted 15 to 27 month factor and 27 to 39 month factor, and the multistate average 39 to ultimate factor.

For the property damage coverage, loss development factors to ultimate are calculated by accumulating the statewide credibility-weighted 15-27 month factor and the multistate average 27 to ultimate factor.

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AUTO DEALERS

For the Auto Dealers Bodily Injury coverage, development is based upon \$100,000 CSL multistate tort or no-fault data. For the Auto Dealers Property Damage coverage, basic limits multistate experience is used.

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## Insurance Services Office

Idaho  
Automobile Liability Insurance - Trucks, Tractors and Trailers  
Loss Development  
Incurred Losses and Expenses

## Bodily Injury

Accident Year	\$100,000 Basic Limit			Loss Development Factors	
				15 to 27 Months	27 to 39 Months
<u>Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>		
12/31/2005	2,884,339	3,231,731	3,252,346	1.120	1.006
12/31/2006	3,284,435	4,127,954	4,512,864	1.257	1.093
12/31/2007	3,498,120	3,733,967	4,106,615	1.067	1.100
12/31/2008	3,508,085	3,906,098	4,020,926	1.113	1.029
12/31/2009	2,205,691	3,728,722	3,907,535	1.691	1.048
12/31/2010	2,994,196	3,243,842	3,397,618	1.083	1.047
12/31/2011	2,623,928	2,754,776	2,774,690	1.050	1.007
12/31/2012	3,241,259	3,856,497	4,329,198	1.190	1.123
12/31/2013	3,398,143	3,513,369	3,911,512	1.034	1.113
12/31/2014	2,666,818	2,864,909	3,502,898	1.074	1.223
12/31/2015	2,919,048	3,186,442		1.092	
12/31/2016	3,642,300				
(1) Average Factor (Best 3 of 5) : (A) State				1.072	1.094
(B) Multistate				1.226	1.109
(2) Credibility				0.780	0.480
(3) Credibility Weighted Factors				1.106	1.102

## Property Damage

Accident Year	\$100,000 Basic Limit			Loss Development Factors	
				15 to 27 Months	27 to 39 Months
<u>Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>		
12/31/2005	2,151,089	2,147,888	2,154,732	0.999	1.003
12/31/2006	2,952,497	3,001,328	2,961,302	1.017	0.987
12/31/2007	3,152,862	3,190,612	3,239,758	1.012	1.015
12/31/2008	2,353,865	2,424,518	2,428,603	1.030	1.002
12/31/2009	1,898,058	1,860,226	1,851,773	0.980	0.995
12/31/2010	2,070,711	2,133,680	2,174,817	1.030	1.019
12/31/2011	2,245,946	2,327,563	2,325,553	1.036	0.999
12/31/2012	2,056,532	2,025,990	2,079,385	0.985	1.026
12/31/2013	2,606,912	2,558,117	2,564,032	0.981	1.002
12/31/2014	2,659,784	2,667,464	2,651,665	1.003	0.994
12/31/2015	2,824,578	2,995,104		1.060	
12/31/2016	2,833,635				
(1) Average Factor (Best 3 of 5) : (A) State				1.008	1.007
(B) Multistate				1.038	1.007
(2) Credibility				0.840	0.000
(3) Credibility Weighted Factors				1.013	1.007

## Summary of Factors

	Bodily Injury	Property Damage
39 to Ultimate **	1.073	1.004
27 to Ultimate	1.182	1.011
15 to Ultimate	1.307	1.024
** Multistate factors		

## Insurance Services Office

Basic Limits Loss Development  
Trucks, Tractors and Trailers - Bodily Injury  
Tort States #  
Incurred Losses and Expenses

Accident Year Ended	\$100,000 Basic Limit				
	15 Months	27 Months	39 Months	51 Months	63 Months
12/31/2005	409,402,961	488,625,817	528,454,235	547,124,093	554,211,463
12/31/2006	402,423,626	482,619,069	529,937,853	554,856,823	559,303,977
12/31/2007	396,521,208	479,374,511	529,762,592	549,881,526	558,940,629
12/31/2008	360,573,092	436,411,038	477,948,536	496,137,677	502,215,677
12/31/2009	314,526,486	386,872,505	426,409,785	447,462,375	452,763,689
12/31/2010	338,399,233	407,537,941	447,001,125	472,000,370	480,371,215
12/31/2011	353,320,417	428,345,357	477,535,263	494,865,450	503,017,681
12/31/2012	365,984,429	447,656,629	494,020,953	518,609,615	529,680,443
12/31/2013	385,828,709	474,707,631	526,648,657	561,004,713	
12/31/2014	419,040,290	513,617,728	591,926,787		
12/31/2015	448,225,220	576,976,409			
12/31/2016	503,945,051				

## Ratios

Accident Year Ended	27:15	39:27	51:39	63:51
12/31/2005	1.194	1.082	1.035	1.013
12/31/2006	1.199	1.098	1.047	1.008
12/31/2007	1.209	1.105	1.038	1.016
12/31/2008	1.210	1.095	1.038	1.012
12/31/2009	1.230	1.102	1.049	1.012
12/31/2010	1.204	1.097	1.056	1.018
12/31/2011	1.212	1.115	1.036	1.016
12/31/2012	1.223	1.104	1.050	1.021
12/31/2013	1.230	1.109	1.065	
12/31/2014	1.226	1.152		
12/31/2015	1.287			

Average Factor : 1.226 1.109 1.052 1.015  
( Best 3 of 5 )

## Summary of factors

63 to Ult:	(75:63) (75:Ult) =	1.005
51 to Ult:	(63:51) (75:63) (75:Ult) =	1.020
39 to Ult:	(51:39) (63:51) (75:63) (75:Ult) =	1.073
27 to Ult:	(39:27) (51:39) (63:51) (75:63) (75:Ult) =	1.190
15 to Ult:	(27:15) (39:27) (51:39) (63:51) (75:63) (75:Ult) =	1.459

# Includes Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Dist. of Col., Georgia, Idaho, Illinois, Indiana, Iowa, Louisiana, Maine, Maryland, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Mexico, North Carolina, Ohio, Oklahoma, Oregon, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming, Hawaii, Alaska, and Puerto Rico

## Insurance Services Office

Basic Limits Loss Development  
Trucks, Tractors and Trailers - Bodily Injury  
Tort States #  
Incurred Losses and Expenses

Accident Year <u>Ended</u>	\$100,000 Basic Limit				
	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
12/31/2005	557,891,098	558,656,755	558,344,663	557,975,073	558,149,456
12/31/2006	562,619,157	562,229,415	562,766,963	563,153,199	563,027,284
12/31/2007	560,256,665	560,925,064	560,460,721	560,629,055	560,556,193
12/31/2008	504,981,209	505,429,219	506,027,349	506,023,277	
12/31/2009	454,915,104	454,926,172	454,766,634		
12/31/2010	482,953,091	483,136,927			
12/31/2011	506,635,951				

Ratios					
Accident Year <u>Ended</u>	<u>75:63</u>	<u>87:75</u>	<u>99:87</u>	<u>111:99</u>	<u>123:111</u>
12/31/2005	1.007	1.001	0.999	0.999	1.000
12/31/2006	1.006	0.999	1.001	1.001	1.000
12/31/2007	1.002	1.001	0.999	1.000	1.000
12/31/2008	1.006	1.001	1.001	1.000	
12/31/2009	1.005	1.000	1.000		
12/31/2010	1.005	1.000			
12/31/2011	1.007				
Average Factor :	1.005	1.000	1.000	1.000	1.000
( Best 3 of 5 )					

Summary of factors			
123 to Ult:	(1.000)	=	1.000
111 to Ult:	(123:111) (123:Ult)	=	1.000
99 to Ult:	(111:99) (123:111) (123:Ult)	=	1.000
87 to Ult:	(99:87) (111:99) (123:111) (123:Ult)	=	1.000
75 to Ult:	(87:75) (99:87) (111:99) (123:111) (123:Ult)	=	1.000

# Includes Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Dist. of Col., Georgia, Idaho, Illinois, Indiana, Iowa, Louisiana, Maine, Maryland, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Mexico, North Carolina, Ohio, Oklahoma, Oregon, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming, Hawaii, Alaska, and Puerto Rico

## Insurance Services Office

Basic Limits Loss Development  
Trucks, Tractors and Trailers - Property Damage  
Multistate #  
Incurred Losses and Expenses

Accident Year Ended	\$100,000 Basic Limit				
	15 Months	27 Months	39 Months	51 Months	63 Months
12/31/2005	513,889,802	531,142,622	533,340,310	532,964,051	532,970,246
12/31/2006	517,623,689	535,852,394	539,319,201	539,722,672	539,904,690
12/31/2007	535,775,666	554,951,838	558,771,527	558,547,395	559,175,685
12/31/2008	483,254,708	497,280,424	500,520,332	501,180,671	501,966,321
12/31/2009	415,222,340	425,584,020	427,885,102	429,100,976	428,839,561
12/31/2010	432,258,565	447,236,232	450,216,525	451,434,292	451,547,100
12/31/2011	471,958,199	486,944,212	490,530,716	491,840,315	493,213,515
12/31/2012	467,985,618	485,198,533	489,113,247	491,328,212	491,670,059
12/31/2013	503,043,791	521,868,104	529,017,806	529,857,120	
12/31/2014	541,854,974	568,603,769	571,342,782		
12/31/2015	584,906,498	608,850,853			
12/31/2016	605,976,507				

## Ratios

Accident Year Ended	27:15	39:27	51:39	63:51
12/31/2005	1.034	1.004	0.999	1.000
12/31/2006	1.035	1.006	1.001	1.000
12/31/2007	1.036	1.007	1.000	1.001
12/31/2008	1.029	1.007	1.001	1.002
12/31/2009	1.025	1.005	1.003	0.999
12/31/2010	1.035	1.007	1.003	1.000
12/31/2011	1.032	1.007	1.003	1.003
12/31/2012	1.037	1.008	1.005	1.001
12/31/2013	1.037	1.014	1.002	
12/31/2014	1.049	1.005		
12/31/2015	1.041			

Average Factor : 1.038 1.007 1.003 1.001  
( Best 3 of 5 )

## Summary of factors

63 to Ult:	(75:63) (75:Ult) =	1.000
51 to Ult:	(63:51) (75:63) (75:Ult) =	1.001
39 to Ult:	(51:39) (63:51) (75:63) (75:Ult) =	1.004
27 to Ult:	(39:27) (51:39) (63:51) (75:63) (75:Ult) =	1.011
15 to Ult:	(27:15) (39:27) (51:39) (63:51) (75:63) (75:Ult) =	1.049

# Includes Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Dist. of Col., Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming, Hawaii, Alaska, and Puerto Rico

## Insurance Services Office

Basic Limits Loss Development  
Trucks, Tractors and Trailers - Property Damage  
Multistate #  
Incurred Losses and Expenses

Accident Year <u>Ended</u>	\$100,000 Basic Limit			
	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>
12/31/2005	533,287,219	532,989,586	533,035,925	533,030,845
12/31/2006	539,910,024	539,920,034	539,880,229	539,779,131
12/31/2007	560,038,052	559,836,802	559,942,633	559,909,625
12/31/2008	501,885,862	501,901,151	501,883,883	501,864,981
12/31/2009	428,941,450	429,014,416	429,287,863	
12/31/2010	452,082,299	452,079,436		
12/31/2011	493,293,518			

Ratios				
Accident Year <u>Ended</u>	<u>75:63</u>	<u>87:75</u>	<u>99:87</u>	<u>111:99</u>
12/31/2005	1.001	0.999	1.000	1.000
12/31/2006	1.000	1.000	1.000	1.000
12/31/2007	1.002	1.000	1.000	1.000
12/31/2008	1.000	1.000	1.000	1.000
12/31/2009	1.000	1.000	1.001	
12/31/2010	1.001	1.000		
12/31/2011	1.000			
Average Factor :	1.000	1.000	1.000	1.000
( Best 3 of 5 )				

Summary of factors			
111 to Ult:	(1.000)	=	1.000
99 to Ult:	(111:99) (111:Ult)	=	1.000
87 to Ult:	(99:87) (111:99) (111:Ult)	=	1.000
75 to Ult:	(87:75) (99:87) (111:99) (111:Ult)	=	1.000

# Includes Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Dist. of Col., Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming, Hawaii, Alaska, and Puerto Rico

## Insurance Services Office

Idaho  
Automobile Liability Insurance - Private Passenger Types  
Loss Development  
Incurred Losses and Expenses

## Bodily Injury

Accident Year Ending	\$100,000 Basic Limit		Loss Development Factors		
			15 to 27	27 to 39	
	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>Months</u>	<u>Months</u>
12/31/2005	439,621	610,276	626,542	1.388	1.027
12/31/2006	586,523	384,393	528,650	0.655	1.375
12/31/2007	318,602	534,420	520,488	1.677	0.974
12/31/2008	235,322	357,903	593,462	1.521	1.658
12/31/2009	168,509	184,827	123,370	1.097	0.667
12/31/2010	511,270	552,418	646,957	1.080	1.171
12/31/2011	314,503	296,412	367,857	0.942	1.241
12/31/2012	236,079	332,354	335,626	1.408	1.010
12/31/2013	522,163	659,317	636,696	1.263	0.966
12/31/2014	378,997	452,734	391,695	1.195	0.865
12/31/2015	584,540	493,585		0.844	
12/31/2016	441,038				

(1) Average Factor (Best 3 of 5) :	(A) State	1.133	1.049
	(B) Multistate	1.203	1.095
(2) Credibility		0.500	0.270
(3) Credibility Weighted Factors		1.168	1.083

## Property Damage

Accident Year Ending	\$100,000 Basic Limit		Loss Development Factors		
			15 to 27	27 to 39	
	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>Months</u>	<u>Months</u>
12/31/2005	280,989	288,497	285,817	1.027	0.991
12/31/2006	351,753	332,063	353,835	0.944	1.066
12/31/2007	482,921	494,334	494,694	1.024	1.001
12/31/2008	233,940	231,250	231,250	0.989	1.000
12/31/2009	247,620	259,145	260,516	1.047	1.005
12/31/2010	231,313	246,003	246,003	1.064	1.000
12/31/2011	317,872	328,521	325,721	1.034	0.991
12/31/2012	347,546	392,336	392,336	1.129	1.000
12/31/2013	310,375	298,651	300,101	0.962	1.005
12/31/2014	389,220	421,806	419,125	1.084	0.994
12/31/2015	436,233	441,366		1.012	
12/31/2016	427,758				

(1) Average Factor (Best 3 of 5) :	(A) State	1.043	0.998
	(B) Multistate	1.038	1.008
(2) Credibility		0.650	0.000
(3) Credibility Weighted Factors		1.041	1.008

## Summary of Factors

	Bodily Injury	Property Damage
39 to Ultimate **	1.062	1.004
27 to Ultimate	1.150	1.012
15 to Ultimate	1.343	1.053
** Multistate factors		

## Insurance Services Office

Basic Limits Loss Development  
Private Passenger Types - Bodily Injury  
Tort States #  
Incurred Losses and Expenses

Accident Year <u>Ended</u>	\$100,000 Basic Limit <u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
12/31/2005	73,306,461	87,277,830	95,154,249	98,002,828	98,686,137
12/31/2006	71,173,032	86,508,098	95,490,095	99,291,589	100,108,620
12/31/2007	70,307,260	83,691,451	92,701,325	96,035,258	97,087,939
12/31/2008	68,153,005	82,337,867	88,913,996	90,631,952	91,240,558
12/31/2009	65,194,607	78,023,024	84,938,920	86,402,936	88,132,116
12/31/2010	69,692,359	81,155,192	88,323,490	92,117,134	93,916,955
12/31/2011	74,747,906	89,616,147	97,517,298	101,191,028	102,311,768
12/31/2012	74,002,251	89,184,655	95,126,448	98,998,331	101,139,257
12/31/2013	75,462,819	88,110,543	97,674,964	103,216,693	
12/31/2014	71,077,018	85,704,281	96,760,039		
12/31/2015	76,443,661	94,721,383			
12/31/2016	81,760,361				

## Ratios

Accident Year <u>Ended</u>	<u>27:15</u>	<u>39:27</u>	<u>51:39</u>	<u>63:51</u>
12/31/2005	1.191	1.090	1.030	1.007
12/31/2006	1.215	1.104	1.040	1.008
12/31/2007	1.190	1.108	1.036	1.011
12/31/2008	1.208	1.080	1.019	1.007
12/31/2009	1.197	1.089	1.017	1.020
12/31/2010	1.164	1.088	1.043	1.020
12/31/2011	1.199	1.088	1.038	1.011
12/31/2012	1.205	1.067	1.041	1.022
12/31/2013	1.168	1.109	1.057	
12/31/2014	1.206	1.129		
12/31/2015	1.239			

Average Factor : 1.203 1.095 1.041 1.017  
( Best 3 of 5 )

## Summary of factors

63 to Ult:	(75:63) (75:Ult) =	1.003
51 to Ult:	(63:51) (75:63) (75:Ult) =	1.020
39 to Ult:	(51:39) (63:51) (75:63) (75:Ult) =	1.062
27 to Ult:	(39:27) (51:39) (63:51) (75:63) (75:Ult) =	1.163
15 to Ult:	(27:15) (39:27) (51:39) (63:51) (75:63) (75:Ult) =	1.399

# Includes Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Dist. of Col., Georgia, Idaho, Illinois, Indiana, Iowa, Louisiana, Maine, Maryland, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Mexico, North Carolina, Ohio, Oklahoma, Oregon, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming, Hawaii, Alaska, and Puerto Rico

## Insurance Services Office

Basic Limits Loss Development  
Private Passenger Types - Bodily Injury  
Tort States #  
Incurred Losses and Expenses

Accident Year <u>Ended</u>	\$100,000 Basic Limit				
	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
12/31/2005	98,699,428	98,739,404	98,833,813	98,835,876	98,839,438
12/31/2006	100,964,883	101,075,544	101,256,148	101,139,902	101,090,976
12/31/2007	97,449,133	97,509,958	97,708,101	97,661,281	97,694,884
12/31/2008	91,031,516	91,119,701	91,206,543	91,400,883	
12/31/2009	88,250,686	88,163,522	88,356,457		
12/31/2010	93,751,470	93,425,864			
12/31/2011	103,046,026				

Ratios					
Accident Year <u>Ended</u>	<u>75:63</u>	<u>87:75</u>	<u>99:87</u>	<u>111:99</u>	<u>123:111</u>
12/31/2005	1.000	1.000	1.001	1.000	1.000
12/31/2006	1.009	1.001	1.002	0.999	1.000
12/31/2007	1.004	1.001	1.002	1.000	1.000
12/31/2008	0.998	1.001	1.001	1.002	
12/31/2009	1.001	0.999	1.002		
12/31/2010	0.998	0.997			
12/31/2011	1.007				
Average Factor :	1.001	1.000	1.002	1.000	1.000
( Best 3 of 5 )					

Summary of factors			
123 to Ult:	(1.000)	=	1.000
111 to Ult:	(123:111) (123:Ult)	=	1.000
99 to Ult:	(111:99) (123:111) (123:Ult)	=	1.000
87 to Ult:	(99:87) (111:99) (123:111) (123:Ult)	=	1.002
75 to Ult:	(87:75) (99:87) (111:99) (123:111) (123:Ult)	=	1.002

# Includes Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Dist. of Col., Georgia, Idaho, Illinois, Indiana, Iowa, Louisiana, Maine, Maryland, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Mexico, North Carolina, Ohio, Oklahoma, Oregon, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming, Hawaii, Alaska, and Puerto Rico



## Insurance Services Office

Basic Limits Loss Development  
Private Passenger Types - Property Damage  
Multistate #  
Incurred Losses and Expenses

Accident Year Ended	\$100,000 Basic Limit				
	15 Months	27 Months	39 Months	51 Months	63 Months
12/31/2005	97,289,229	100,650,595	101,023,161	100,938,238	101,160,822
12/31/2006	95,286,298	98,419,173	99,159,886	99,125,678	99,089,134
12/31/2007	100,557,586	102,498,872	102,882,168	103,196,353	103,241,835
12/31/2008	92,945,648	95,971,887	96,375,066	96,520,020	96,624,767
12/31/2009	86,036,533	88,183,829	88,546,174	88,807,379	88,844,589
12/31/2010	86,335,134	89,060,701	89,556,388	89,764,936	89,806,512
12/31/2011	89,967,373	92,439,969	93,229,071	93,652,462	94,216,906
12/31/2012	90,742,171	93,657,477	94,278,435	94,628,645	94,582,399
12/31/2013	91,804,251	95,170,544	95,900,916	96,156,171	
12/31/2014	91,584,642	95,738,304	96,458,446		
12/31/2015	101,058,051	105,486,854			
12/31/2016	108,045,627				

## Ratios

Accident Year Ended	27:15	39:27	51:39	63:51
12/31/2005	1.035	1.004	0.999	1.002
12/31/2006	1.033	1.008	1.000	1.000
12/31/2007	1.019	1.004	1.003	1.000
12/31/2008	1.033	1.004	1.002	1.001
12/31/2009	1.025	1.004	1.003	1.000
12/31/2010	1.032	1.006	1.002	1.000
12/31/2011	1.027	1.009	1.005	1.006
12/31/2012	1.032	1.007	1.004	1.000
12/31/2013	1.037	1.008	1.003	
12/31/2014	1.045	1.008		
12/31/2015	1.044			

Average Factor : 1.038 1.008 1.003 1.000  
( Best 3 of 5 )

## Summary of factors

63 to Ult:	(75:63) (75:Ult) =	1.001
51 to Ult:	(63:51) (75:63) (75:Ult) =	1.001
39 to Ult:	(51:39) (63:51) (75:63) (75:Ult) =	1.004
27 to Ult:	(39:27) (51:39) (63:51) (75:63) (75:Ult) =	1.012
15 to Ult:	(27:15) (39:27) (51:39) (63:51) (75:63) (75:Ult) =	1.050

# Includes Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Dist. of Col., Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming, Hawaii, Alaska, and Puerto Rico

## Insurance Services Office

Basic Limits Loss Development  
Private Passenger Types - Property Damage  
Multistate #  
Incurred Losses and Expenses

Accident Year <u>Ended</u>	\$100,000 Basic Limit			
	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>
12/31/2005	101,202,340	101,269,220	101,269,967	101,284,952
12/31/2006	99,030,434	99,143,244	99,156,949	99,160,161
12/31/2007	103,354,653	103,248,633	103,275,640	103,276,529
12/31/2008	96,574,353	96,541,709	96,546,542	96,559,489
12/31/2009	88,882,644	88,924,997	88,917,770	
12/31/2010	90,179,228	90,094,848		
12/31/2011	94,364,907			

Ratios				
Accident Year <u>Ended</u>	<u>75:63</u>	<u>87:75</u>	<u>99:87</u>	<u>111:99</u>
12/31/2005	1.000	1.001	1.000	1.000
12/31/2006	0.999	1.001	1.000	1.000
12/31/2007	1.001	0.999	1.000	1.000
12/31/2008	0.999	1.000	1.000	1.000
12/31/2009	1.000	1.000	1.000	
12/31/2010	1.004	0.999		
12/31/2011	1.002			

Average Factor : 1.001      1.000      1.000      1.000  
( Best 3 of 5 )

Summary of factors			
111 to Ult:	(1.000)	=	1.000
99 to Ult:	(111:99) (111:Ult)	=	1.000
87 to Ult:	(99:87) (111:99) (111:Ult)	=	1.000
75 to Ult:	(87:75) (99:87) (111:99) (111:Ult)	=	1.000

# Includes Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Dist. of Col., Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming, Hawaii, Alaska, and Puerto Rico

## Insurance Services Office

Basic Limits Loss Development  
Auto Dealers - Bodily Injury  
Tort States #  
Incurred Losses and Expenses

Accident Year <u>Ended</u>	\$100,000 Basic Limit				
	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
12/31/2005	17,877,802	25,173,950	31,004,447	32,791,157	34,782,563
12/31/2006	16,533,929	21,952,358	25,647,959	27,466,919	28,390,377
12/31/2007	18,040,499	24,634,349	31,074,539	32,330,224	33,569,776
12/31/2008	10,810,541	16,904,412	20,310,755	22,365,181	23,096,457
12/31/2009	8,493,119	11,904,211	14,527,451	15,259,689	15,994,199
12/31/2010	9,324,469	12,436,427	16,878,058	18,391,615	18,499,220
12/31/2011	11,168,901	14,686,412	17,738,524	19,374,394	20,779,725
12/31/2012	11,589,978	15,114,349	17,800,448	18,823,588	19,198,650
12/31/2013	9,838,555	13,838,964	16,195,947	17,332,096	
12/31/2014	11,272,625	15,441,659	16,933,633		
12/31/2015	12,002,874	15,590,033			
12/31/2016	10,015,052				

## Ratios

Accident Year <u>Ended</u>	<u>27:15</u>	<u>39:27</u>	<u>51:39</u>	<u>63:51</u>
12/31/2005	1.408	1.232	1.058	1.061
12/31/2006	1.328	1.168	1.071	1.034
12/31/2007	1.366	1.261	1.040	1.038
12/31/2008	1.564	1.202	1.101	1.033
12/31/2009	1.402	1.220	1.050	1.048
12/31/2010	1.334	1.357	1.090	1.006
12/31/2011	1.315	1.208	1.092	1.073
12/31/2012	1.304	1.178	1.057	1.020
12/31/2013	1.407	1.170	1.070	
12/31/2014	1.370	1.097		
12/31/2015	1.299			

Average Factor : 1.330 1.185 1.072 1.034  
( Best 3 of 5 )

## Summary of factors

63 to Ult:	(75:63) (75:Ult) =	1.022
51 to Ult:	(63:51) (75:63) (75:Ult) =	1.057
39 to Ult:	(51:39) (63:51) (75:63) (75:Ult) =	1.133
27 to Ult:	(39:27) (51:39) (63:51) (75:63) (75:Ult) =	1.343
15 to Ult:	(27:15) (39:27) (51:39) (63:51) (75:63) (75:Ult) =	1.786

# Includes Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Dist. of Col., Georgia, Idaho, Illinois, Indiana, Iowa, Louisiana, Maine, Maryland, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Mexico, North Carolina, Ohio, Oklahoma, Oregon, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming, Hawaii, Alaska, and Puerto Rico

## Insurance Services Office

Basic Limits Loss Development  
Auto Dealers - Bodily Injury  
Tort States #  
Incurred Losses and Expenses

Accident Year <u>Ended</u>	\$100,000 Basic Limit				
	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
12/31/2005	35,203,903	35,495,380	35,460,912	35,543,359	35,546,033
12/31/2006	28,543,592	28,696,442	28,848,615	29,106,171	29,406,443
12/31/2007	34,024,088	33,995,090	33,888,118	33,954,564	34,000,339
12/31/2008	23,308,050	23,347,511	23,536,492	23,490,842	
12/31/2009	16,698,789	17,312,716	17,314,094		
12/31/2010	18,553,828	18,596,426			
12/31/2011	20,993,885				

Ratios					
Accident Year <u>Ended</u>	<u>75:63</u>	<u>87:75</u>	<u>99:87</u>	<u>111:99</u>	<u>123:111</u>
12/31/2005	1.012	1.008	0.999	1.002	1.000
12/31/2006	1.005	1.005	1.005	1.009	1.010
12/31/2007	1.014	0.999	0.997	1.002	1.001
12/31/2008	1.009	1.002	1.008	0.998	
12/31/2009	1.044	1.037	1.000		
12/31/2010	1.003	1.002			
12/31/2011	1.010				
Average Factor :	1.011	1.003	1.001	1.003	1.004
( Best 3 of 5 )					

Summary of factors			
123 to Ult:	(1.000)	=	1.000
111 to Ult:	(123:111) (123:Ult)	=	1.004
99 to Ult:	(111:99) (123:111) (123:Ult)	=	1.007
87 to Ult:	(99:87) (111:99) (123:111) (123:Ult)	=	1.008
75 to Ult:	(87:75) (99:87) (111:99) (123:111) (123:Ult)	=	1.011

# Includes Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Dist. of Col., Georgia, Idaho, Illinois, Indiana, Iowa, Louisiana, Maine, Maryland, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Mexico, North Carolina, Ohio, Oklahoma, Oregon, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming, Hawaii, Alaska, and Puerto Rico

## Insurance Services Office

Basic Limits Loss Development  
Auto Dealers - Property Damage  
Multistate #  
Incurred Losses and Expenses

Accident Year <u>Ended</u>	\$100,000 Basic Limit				
	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
12/31/2005	16,300,591	17,236,550	17,723,400	17,809,769	17,901,518
12/31/2006	15,875,389	16,777,558	17,103,379	17,602,785	18,077,390
12/31/2007	15,536,503	16,647,092	17,049,987	17,821,723	18,254,005
12/31/2008	13,310,615	14,794,288	15,270,528	15,526,675	15,813,561
12/31/2009	10,457,915	11,401,567	11,703,865	12,394,708	12,110,896
12/31/2010	11,162,832	11,444,898	12,261,962	12,260,314	12,186,949
12/31/2011	11,574,624	12,071,655	12,538,527	13,326,196	13,529,622
12/31/2012	12,254,147	13,307,288	13,803,662	14,229,602	14,323,097
12/31/2013	10,760,139	11,593,186	12,023,974	12,251,847	
12/31/2014	10,558,081	11,704,489	12,216,161		
12/31/2015	10,003,374	11,749,550			
12/31/2016	11,177,050				

## Ratios

Accident Year <u>Ended</u>	<u>27:15</u>	<u>39:27</u>	<u>51:39</u>	<u>63:51</u>
12/31/2005	1.057	1.028	1.005	1.005
12/31/2006	1.057	1.019	1.029	1.027
12/31/2007	1.071	1.024	1.045	1.024
12/31/2008	1.111	1.032	1.017	1.018
12/31/2009	1.090	1.027	1.059	0.977
12/31/2010	1.025	1.071	1.000	0.994
12/31/2011	1.043	1.039	1.063	1.015
12/31/2012	1.086	1.037	1.031	1.007
12/31/2013	1.077	1.037	1.019	
12/31/2014	1.109	1.044		
12/31/2015	1.175			

Average Factor : 1.091 1.040 1.036 1.005  
( Best 3 of 5 )

## Summary of factors

63 to Ult: (75:63) (75:Ult) = 1.005  
 51 to Ult: (63:51) (75:63) (75:Ult) = 1.010  
 39 to Ult: (51:39) (63:51) (75:63) (75:Ult) = 1.046  
 27 to Ult: (39:27) (51:39) (63:51) (75:63) (75:Ult) = 1.088  
 15 to Ult: (27:15) (39:27) (51:39) (63:51) (75:63) (75:Ult) = 1.187

# Includes Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Dist. of Col., Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming, Hawaii, Alaska, and Puerto Rico

## Insurance Services Office

Basic Limits Loss Development  
Auto Dealers - Property Damage  
Multistate #  
Incurred Losses and Expenses

Accident Year <u>Ended</u>	\$100,000 Basic Limit			
	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>
12/31/2005	18,035,323	18,349,243	18,199,717	18,210,472
12/31/2006	17,872,299	17,871,880	17,964,186	18,027,636
12/31/2007	18,356,441	18,393,773	18,401,551	18,390,493
12/31/2008	16,070,063	16,001,941	15,994,209	15,912,875
12/31/2009	12,146,705	12,088,057	12,080,748	
12/31/2010	12,192,378	12,196,634		
12/31/2011	13,690,125			

Ratios				
Accident Year <u>Ended</u>	<u>75:63</u>	<u>87:75</u>	<u>99:87</u>	<u>111:99</u>
12/31/2005	1.007	1.017	0.992	1.001
12/31/2006	0.989	1.000	1.005	1.004
12/31/2007	1.006	1.002	1.000	0.999
12/31/2008	1.016	0.996	1.000	0.995
12/31/2009	1.003	0.995	0.999	
12/31/2010	1.000	1.000		
12/31/2011	1.012			
Average Factor :	1.007	0.999	1.000	0.999
( Best 3 of 5 )				

Summary of factors			
111 to Ult:	(1.000)	=	1.000
99 to Ult:	(111:99) (111:Ult)	=	0.999
87 to Ult:	(99:87) (111:99) (111:Ult)	=	0.999
75 to Ult:	(87:75) (99:87) (111:99) (111:Ult)	=	0.998

# Includes Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Dist. of Col., Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming, Hawaii, Alaska, and Puerto Rico

## LOSS DEVELOPMENT FOR PHYSICAL DAMAGE

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OBJECTIVE	The application of loss development recognizes the important concept that some of the losses for a particular accident year have not been finally determined at the time the experience is compiled.
DESCRIPTION OF EXPERIENCE PERIOD DATA	For Physical Damage, paid losses underlying the statewide loss cost level indications are on an accident year basis and were evaluated as of March 31, 2017. In other words, accident year ended December 31, 2016 includes all losses paid through March 31, 2017 on accidents occurring from January 1, 2016 to December 31, 2016. Similarly, the paid losses for accident year ended December 31, 2015 include all losses paid through March 31, 2017 on accidents occurring from January 1, 2015 to December 31, 2015. The immature paid loss experience reported as of 15 or as of 27 months must be adjusted to a mature or ultimate settlement basis through the use of a loss development factor.
DESCRIPTION OF LOSS DEVELOPMENT METHODOLOGY	For Collision and Other Than Collision coverages, one multistate group is used. Losses are developed to an ultimate settlement basis. Three-year averages are calculated for each age-to-age link ratio. These link ratios are accumulated to develop losses to 123 months. Development beyond 123 months is assumed to be 1.000.

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Insurance Services Office  
Physical Damage Loss Development  
Trucks, Tractors and Trailers - Other Than Collision  
Multistate #  
Paid Losses

Accident Year Ended	15 Months	27 Months	39 Months	51 Months	63 Months
12/31/2005	109,115,437	111,563,492	111,596,389	111,623,152	111,645,846
12/31/2006	102,807,358	104,314,626	104,417,210	104,404,749	104,325,652
12/31/2007	112,395,566	115,496,656	115,415,357	115,306,837	115,253,703
12/31/2008	142,878,639	145,759,420	145,742,818	145,628,803	145,594,299
12/31/2009	118,446,693	120,350,577	120,603,534	120,587,692	120,607,750
12/31/2010	138,996,661	141,524,438	141,686,983	141,479,820	141,615,766
12/31/2011	159,404,162	162,003,949	162,106,699	162,194,233	162,151,543
12/31/2012	186,812,587	191,092,628	191,132,273	191,235,386	191,490,844
12/31/2013	148,756,638	152,397,696	152,598,900	152,953,588	
12/31/2014	157,426,606	161,318,070	161,443,453		
12/31/2015	156,682,563	160,391,003			
12/31/2016	203,521,110				

Accident Year Ended	Ratios			
	27:15	39:27	51:39	63:51
12/31/2005	1.022	1.000	1.000	1.000
12/31/2006	1.015	1.001	1.000	0.999
12/31/2007	1.028	0.999	0.999	1.000
12/31/2008	1.020	1.000	0.999	1.000
12/31/2009	1.016	1.002	1.000	1.000
12/31/2010	1.018	1.001	0.999	1.001
12/31/2011	1.016	1.001	1.001	1.000
12/31/2012	1.023	1.000	1.001	1.001
12/31/2013	1.024	1.001	1.002	
12/31/2014	1.025	1.001		
12/31/2015	1.024			

Average Factor : 1.024 1.001 1.001 1.000  
( Best 3 of 5 )

Summary of factors			
63 to Ult:	(75:63) (75:Ult) =		1.000
51 to Ult:	(63:51) (75:63) (75:Ult) =		1.000
39 to Ult:	(51:39) (63:51) (75:63) (75:Ult) =		1.001
27 to Ult:	(39:27) (51:39) (63:51) (75:63) (75:Ult) =		1.002
15 to Ult:	(27:15) (39:27) (51:39) (63:51) (75:63) (75:Ult) =		1.026

# Includes Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Dist. of Col., Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming, Hawaii, Alaska, and Puerto Rico

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Insurance Services Office  
Physical Damage Loss Development  
Trucks, Tractors and Trailers - Other Than Collision  
Multistate #  
Paid Losses

Accident Year Ended	75 Months	87 Months	99 Months	111 Months	123 Months
12/31/2005	111,665,996	111,654,581	111,630,449	111,600,877	111,588,119
12/31/2006	104,274,115	104,226,793	104,369,085	104,361,011	104,357,526
12/31/2007	115,341,016	115,287,453	115,279,313	115,191,853	115,197,721
12/31/2008	145,557,256	145,526,868	145,534,028	145,589,193	
12/31/2009	120,444,322	120,443,987	120,447,758		
12/31/2010	141,707,620	141,755,968			
12/31/2011	162,126,687				

Accident Year Ended	Ratios				
	75:63	87:75	99:87	111:99	123:111
12/31/2005	1.000	1.000	1.000	1.000	1.000
12/31/2006	1.000	1.000	1.001	1.000	1.000
12/31/2007	1.001	1.000	1.000	0.999	1.000
12/31/2008	1.000	1.000	1.000	1.000	
12/31/2009	0.999	1.000	1.000		
12/31/2010	1.001	1.000			
12/31/2011	1.000				
Average Factor :	1.000	1.000	1.000	1.000	1.000
( Best 3 of 5 )					

Summary of factors		
123 to Ult:	(123:Ult) =	1.000
111 to Ult:	(111:123) (123:Ult) =	1.000
99 to Ult:	(111:99) (111:123) (123:Ult) =	1.000
87 to Ult:	(99:87) (111:99) (111:123) (123:Ult) =	1.000
75 to Ult:	(87:75) (99:87) (111:99) (111:123) (123:Ult) =	1.000

# Includes Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Dist. of Col., Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming, Hawaii, Alaska, and Puerto Rico

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## Insurance Services Office

Physical Damage Loss Development  
Trucks, Tractors and Trailers - Collision  
Multistate #  
Paid Losses

Accident Year Ended	15 Months	27 Months	39 Months	51 Months	63 Months
12/31/2005	322,462,871	315,481,884	313,924,633	313,099,494	312,986,852
12/31/2006	317,326,930	311,098,621	309,421,553	308,463,882	308,720,750
12/31/2007	356,146,440	348,974,452	347,143,636	346,829,346	346,595,856
12/31/2008	360,324,032	354,662,031	353,851,118	353,227,788	352,336,706
12/31/2009	304,165,283	298,733,571	297,915,144	297,497,601	297,622,725
12/31/2010	329,251,603	322,632,140	321,499,107	321,373,585	321,375,283
12/31/2011	356,530,430	349,805,929	347,993,425	347,651,356	347,742,914
12/31/2012	358,909,613	353,688,539	351,615,502	351,043,928	351,020,502
12/31/2013	380,389,550	373,855,744	372,641,752	373,375,687	
12/31/2014	422,368,572	414,567,492	412,060,782		
12/31/2015	454,074,201	440,852,901			
12/31/2016	486,657,593				

## Ratios

Accident Year Ended	27:15	39:27	51:39	63:51
12/31/2005	0.978	0.995	0.997	1.000
12/31/2006	0.980	0.995	0.997	1.001
12/31/2007	0.980	0.995	0.999	0.999
12/31/2008	0.984	0.998	0.998	0.997
12/31/2009	0.982	0.997	0.999	1.000
12/31/2010	0.980	0.996	1.000	1.000
12/31/2011	0.981	0.995	0.999	1.000
12/31/2012	0.985	0.994	0.998	1.000
12/31/2013	0.983	0.997	1.002	
12/31/2014	0.982	0.994		
12/31/2015	0.971			

Average Factor : 0.982 0.995 0.999 1.000  
( Best 3 of 5 )

## Summary of factors

63 to Ult:	(75:63) (75:Ult) =	1.000
51 to Ult:	(63:51) (75:63) (75:Ult) =	1.000
39 to Ult:	(51:39) (63:51) (75:63) (75:Ult) =	0.999
27 to Ult:	(39:27) (51:39) (63:51) (75:63) (75:Ult) =	0.994
15 to Ult:	(27:15) (39:27) (51:39) (63:51) (75:63) (75:Ult) =	0.976

# Includes Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Dist. of Col., Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming, Hawaii, Alaska, and Puerto Rico

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## Insurance Services Office

Physical Damage Loss Development  
Trucks, Tractors and Trailers - Collision  
Multistate #  
Paid Losses

Accident Year Ended	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
12/31/2005	312,900,474	312,915,299	312,916,819	312,891,036	312,845,391
12/31/2006	308,716,770	308,686,027	308,648,341	308,639,202	308,617,912
12/31/2007	346,524,126	346,478,641	346,431,313	346,424,745	346,429,008
12/31/2008	352,372,498	352,258,433	352,233,610	352,208,663	
12/31/2009	297,437,228	297,355,436	297,315,625		
12/31/2010	321,280,907	321,178,470			
12/31/2011	347,668,131				

Accident Year Ended	Ratios				
	<u>75:63</u>	<u>87:75</u>	<u>99:87</u>	<u>111:99</u>	<u>123:111</u>
12/31/2005	1.000	1.000	1.000	1.000	1.000
12/31/2006	1.000	1.000	1.000	1.000	1.000
12/31/2007	1.000	1.000	1.000	1.000	1.000
12/31/2008	1.000	1.000	1.000	1.000	
12/31/2009	0.999	1.000	1.000		
12/31/2010	1.000	1.000			
12/31/2011	1.000				
Average Factor :	1.000	1.000	1.000	1.000	1.000
( Best 3 of 5 )					

Summary of factors		
123 to Ult:	(123:Ult) =	1.000
111 to Ult:	(111:123) (123:Ult) =	1.000
99 to Ult:	(111:99) (111:123) (123:Ult) =	1.000
87 to Ult:	(99:87) (111:99) (111:123) (123:Ult) =	1.000
75 to Ult:	(87:75) (99:87) (111:99) (111:123) (123:Ult) =	1.000

# Includes Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Dist. of Col., Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming, Hawaii, Alaska, and Puerto Rico

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Physical Damage Loss Development  
Private Passenger Types - Other Than Collision  
Multistate #  
Paid Losses

Accident Year Ended	15 Months	27 Months	39 Months	51 Months	63 Months
12/31/2005	52,660,729	52,959,934	52,844,320	52,883,312	52,883,845
12/31/2006	47,550,085	47,832,020	47,742,310	47,652,804	47,637,924
12/31/2007	44,246,559	44,998,032	44,832,953	44,844,254	44,962,802
12/31/2008	51,460,193	51,981,969	51,823,856	51,807,289	51,797,978
12/31/2009	47,784,162	47,901,244	47,898,038	47,825,753	47,816,436
12/31/2010	52,121,005	52,245,507	52,222,238	52,217,376	52,215,658
12/31/2011	67,766,233	67,890,700	67,769,002	67,818,296	67,816,079
12/31/2012	79,043,728	78,061,908	78,135,658	78,170,898	78,187,828
12/31/2013	54,710,377	55,157,745	55,376,373	55,380,784	
12/31/2014	57,920,380	58,658,468	58,767,088		
12/31/2015	50,974,195	51,626,381			
12/31/2016	63,283,643				

Ratios

Accident Year Ended	27:15	39:27	51:39	63:51
12/31/2005	1.006	0.998	1.001	1.000
12/31/2006	1.006	0.998	0.998	1.000
12/31/2007	1.017	0.996	1.000	1.003
12/31/2008	1.010	0.997	1.000	1.000
12/31/2009	1.002	1.000	0.998	1.000
12/31/2010	1.002	1.000	1.000	1.000
12/31/2011	1.002	0.998	1.001	1.000
12/31/2012	0.988	1.001	1.000	1.000
12/31/2013	1.008	1.004	1.000	
12/31/2014	1.013	1.002		
12/31/2015	1.013			

Average Factor : 1.008 1.001 1.000 1.000  
( Best 3 of 5 )

Summary of factors

63 to Ult: (75:63) (75:Ult) = 1.000  
51 to Ult: (63:51) (75:63) (75:Ult) = 1.000  
39 to Ult: (51:39) (63:51) (75:63) (75:Ult) = 1.000  
27 to Ult: (39:27) (51:39) (63:51) (75:63) (75:Ult) = 1.001  
15 to Ult: (27:15) (39:27) (51:39) (63:51) (75:63) (75:Ult) = 1.009

# Include Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Dist. of Col., Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming, Hawaii, Alaska, and Puerto Rico

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Physical Damage Loss Development  
Private Passenger Types - Other Than Collision  
Multistate #  
Paid Losses

Accident Year <u>Ended</u>	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
12/31/2005	52,877,734	52,888,739	52,905,885	52,906,881	52,905,381
12/31/2006	47,683,870	47,682,959	47,677,011	47,676,197	47,675,039
12/31/2007	44,894,920	44,886,358	44,885,282	44,883,865	44,890,901
12/31/2008	51,795,292	51,796,702	51,795,033	51,793,835	
12/31/2009	47,817,481	47,817,498	47,819,654		
12/31/2010	52,196,068	52,197,593			
12/31/2011	67,824,191				

Accident Year <u>Ended</u>	Ratios				
	<u>75:63</u>	<u>87:75</u>	<u>99:87</u>	<u>111:99</u>	<u>123:111</u>
12/31/2005	1.000	1.000	1.000	1.000	1.000
12/31/2006	1.001	1.000	1.000	1.000	1.000
12/31/2007	0.998	1.000	1.000	1.000	1.000
12/31/2008	1.000	1.000	1.000	1.000	
12/31/2009	1.000	1.000	1.000		
12/31/2010	1.000	1.000			
12/31/2011	1.000				
Average Factor :	1.000	1.000	1.000	1.000	1.000
( Best 3 of 5 )					

Summary of factors		
123 to Ult:	(123:Ult) =	1.000
111 to Ult:	(111:123) (123:Ult) =	1.000
99 to Ult:	(111:99) (111:123) (123:Ult) =	1.000
87 to Ult:	(99:87) (111:99) (111:123) (123:Ult) =	1.000
75 to Ult:	(87:75) (99:87) (111:99) (111:123) (123:Ult) =	1.000

# Include Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Dist. of Col., Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming, Hawaii, Alaska, and Puerto Rico  
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## Insurance Services Office

Physical Damage Loss Development  
Private Passenger Types - Collision  
Multistate #  
Paid Losses

Accident Year Ended	15 Months	27 Months	39 Months	51 Months	63 Months
12/31/2005	154,579,191	148,728,881	147,932,626	147,592,414	147,495,633
12/31/2006	140,056,612	134,281,262	133,518,349	133,248,516	133,238,424
12/31/2007	146,276,838	141,484,399	140,927,857	140,575,526	140,568,555
12/31/2008	148,738,892	143,444,291	142,739,339	142,605,668	142,563,101
12/31/2009	139,981,785	134,990,801	134,352,838	134,272,164	134,216,825
12/31/2010	143,504,046	136,502,358	135,864,999	135,661,681	135,643,072
12/31/2011	152,236,234	145,687,545	145,204,743	144,970,654	144,932,529
12/31/2012	153,435,001	147,570,957	146,966,745	146,825,288	146,805,766
12/31/2013	154,839,038	148,207,618	147,201,722	147,214,414	
12/31/2014	163,562,326	156,653,964	156,464,520		
12/31/2015	174,634,552	165,637,516			
12/31/2016	173,831,773				

## Ratios

Accident Year Ended	27:15	39:27	51:39	63:51
12/31/2005	0.962	0.995	0.998	0.999
12/31/2006	0.959	0.994	0.998	1.000
12/31/2007	0.967	0.996	0.997	1.000
12/31/2008	0.964	0.995	0.999	1.000
12/31/2009	0.964	0.995	0.999	1.000
12/31/2010	0.951	0.995	0.999	1.000
12/31/2011	0.957	0.997	0.998	1.000
12/31/2012	0.962	0.996	0.999	1.000
12/31/2013	0.957	0.993	1.000	
12/31/2014	0.958	0.999		
12/31/2015	0.948			

Average Factor : 0.957 0.996 0.999 1.000  
( Best 3 of 5 )

## Summary of factors

63 to Ult:	(75:63) (75:Ult) =	1.000
51 to Ult:	(63:51) (75:63) (75:Ult) =	1.000
39 to Ult:	(51:39) (63:51) (75:63) (75:Ult) =	0.999
27 to Ult:	(39:27) (51:39) (63:51) (75:63) (75:Ult) =	0.995
15 to Ult:	(27:15) (39:27) (51:39) (63:51) (75:63) (75:Ult) =	0.952

# Include Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Dist. of Col., Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming, Hawaii, Alaska, and Puerto Rico

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## Insurance Services Office

Physical Damage Loss Development  
 Private Passenger Types - Collision  
 Multistate #  
 Paid Losses

Accident Year Ended	75 Months	87 Months	99 Months	111 Months	123 Months
12/31/2005	147,434,154	147,470,800	147,455,877	147,444,309	147,447,660
12/31/2006	133,304,797	133,268,661	133,250,034	133,233,676	133,209,780
12/31/2007	140,518,945	140,501,902	140,487,660	140,481,064	140,483,506
12/31/2008	142,528,087	142,488,167	142,479,073	142,472,300	
12/31/2009	134,153,497	134,127,695	134,109,292		
12/31/2010	135,588,998	135,554,414			
12/31/2011	144,840,017				

Ratios					
Accident Year Ended	75:63	87:75	99:87	111:99	123:111
12/31/2005	1.000	1.000	1.000	1.000	1.000
12/31/2006	1.000	1.000	1.000	1.000	1.000
12/31/2007	1.000	1.000	1.000	1.000	1.000
12/31/2008	1.000	1.000	1.000	1.000	
12/31/2009	1.000	1.000	1.000		
12/31/2010	1.000	1.000			
12/31/2011	0.999				
Average Factor :	1.000	1.000	1.000	1.000	1.000
( Best 3 of 5 )					

Summary of factors			
123 to Ult:	(123:Ult)	=	1.000
111 to Ult:	(111:123) (123:Ult)	=	1.000
99 to Ult:	(111:99) (111:123) (123:Ult)	=	1.000
87 to Ult:	(99:87) (111:99) (111:123) (123:Ult)	=	1.000
75 to Ult:	(87:75) (99:87) (111:99) (111:123) (123:Ult)	=	1.000

# Include Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Dist. of Col., Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming, Hawaii, Alaska, and Puerto Rico

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## CREDIBILITY PROCEDURE FOR EXPERIENCE LOSS RATIO

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**OBJECTIVE** The extent to which the state experience is reflected in the development of the prospective loss costs is determined by the credibility of the data for that state. Specifically, ISO credibility procedures are based upon the volume of claims for each coverage separately.

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**METHODOLOGY** The standards for full credibility were determined from a credibility study using various size of loss distributions for liability, other than collision and collision respectively. Separate standards by coverage/major class for full credibility were calculated using the Mayerson, Jones and Bowers expansion formula.

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**CREDIBILITY FOR EXPERIENCE LOSS RATIO** The assignment of credibility to the experience loss ratio is based on the total number of claims for the years used. For liability, the claims are based on BI and PD claims combined. For physical damage, credibility is determined separately for OTC and Collision. Partial credibility (Z), as used for the experience loss ratio, is determined using the square root rule as follows:

$$Z = \sqrt{\frac{\text{Claims}}{X}}$$

Where X equals the full credibility standard, by line and coverage, as shown on the following pages of this section.

---

**YEAR WEIGHTS** The weights assigned to the loss ratio by year are based on the credibility of the average number of claims for the years of experience used. A maximum of five years of experience may be used. This procedure is described in detail in the flow chart on the following page. The claim standard used to determine the year weights is based on the credibility standard for each coverage. The schedules of the number of claims required for the year weight assignments are shown on the following pages.

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COMMERCIAL AUTOMOBILE LIABILITY  
FLOWCHART TO DETERMINE  
YEAR WEIGHTS AND  
EXPERIENCE PERIOD CREDIBILITY

Step  
1: Determine Number of Years to be used and Year Weights

1. Add latest 2 years of claims and divide by 2 to determine the 2 year average.
2. If 2 year Avg. claims  $\geq 11,500$ ,  
Then use 2 years of experience and assign 70/30 weights.
3. Add latest 3 years of claims and divide by 3 to determine the 3 year average.
4. If 3 year Avg. claims  $\geq 1,380$ ,  
Then use 3 years of experience and assign 50/30/20 weights.
5. If 3 year Avg. claims  $< 1,380$ ,  
Then use 5 years of experience and assign 30/25/20/15/10 weights.

Step  
2: Determine the Experience Period Credibility

Calculate partial credibility based on the total number of claims for the number of years used in the review as determined from Step 1.

COMMERCIAL AUTOMOBILE PHYSICAL DAMAGE  
FLOWCHART TO DETERMINE  
YEAR WEIGHTS AND  
EXPERIENCE PERIOD CREDIBILITY

Step 1: Determine Number of Years to be used and Year Weights

1. Add latest 2 years of claims and divide by 2 to determine the 2 year average.
2. If 2 year Avg. claims  $\geq$  Full Standard,  
Then use 2 years of experience and assign 70/30 weights.
3. Add latest 3 years of claims and divide by 3 to determine the 3 year average.
4. If 3 year Avg. claims  $\geq$  Intermediate Threshold,  
Then use 3 years of experience and assign 50/30/20 weights.
5. If 3 year Avg. claims  $<$  Intermediate Threshold,  
Then use 5 years of experience and assign 30/25/20/15/10 weights.

Step 2: Determine the Experience Period Credibility

Calculate partial credibility based on the total number of claims for the number of years used in the review as determined from Step 1.

<u>Coverage</u>	<u>Intermediate Threshold</u>	<u>Full Standard</u>
Trucks, Tractors & Trailers OTC	1,350	11,000
Trucks, Tractors & Trailers Collision	550	4,500
Private Passenger Types OTC	1,050	8,500
Private Passenger Types Collision	450	3,500

# Tables For Use With Trend Data

Bodily Injury				Property Damage			
<u>Number of Claims</u>			<u>Cred.</u>	<u>Number of Claims</u>			<u>Cred.</u>
0	-	641	0.00	0	-	256	0.00
642	-	2027	0.05	257	-	810	0.05
2028	-	3571	0.10	811	-	1428	0.10
3572	-	5303	0.15	1429	-	2121	0.15
5304	-	7258	0.20	2122	-	2903	0.20
7259	-	9482	0.25	2904	-	3793	0.25
9483	-	12037	0.30	3794	-	4814	0.30
12038	-	14999	0.35	4815	-	5999	0.35
15000	-	18478	0.40	6000	-	7391	0.40
18479	-	22619	0.45	7392	-	9047	0.45
22620	-	27631	0.50	9048	-	11052	0.50
27632	-	33823	0.55	11053	-	13529	0.55
33824	-	41666	0.60	13530	-	16666	0.60
41667	-	51923	0.65	16667	-	20769	0.65
51924	-	65909	0.70	20770	-	26363	0.70
65910	-	86111	0.75	26364	-	34444	0.75
86112	-	117857	0.80	34445	-	47142	0.80
117858	-	174999	0.85	47143	-	69999	0.85
175000	-	308333	0.90	70000	-	123333	0.90
308334	-	974999	0.95	123334	-	389999	0.95
975000	-	and over	1.00	390000	-	and over	1.00

K = 25,000

K = 10,000

$$\text{CREDIBILITY FORMULA} = (\# \text{ CLAIMS}) / (\# \text{ CLAIMS} + K)$$

ALL LIABILITY COVERAGES  
CREDIBILITY TABLE  
NUMBER OF CLAIMS

<u>Credibility</u>			
0.00*	0	-	28
0.05	29	-	114
0.10	115	-	258
0.15	259	-	459
0.20	460	-	718
0.25	719	-	1,034
0.30	1035	-	1,408
0.35	1,409	-	1,839
0.40	1,840	-	2,328
0.45	2,329	-	2,874
0.50	2,875	-	3,478
0.55	3,479	-	4,139
0.60	4,140	-	4,858
0.65	4,859	-	5,634
0.70	5,635	-	6,468
0.75	6,469	-	7,359
0.80	7,360	-	8,308
0.85	8,309	-	9,314
0.90	9,315	-	10,378
0.95	10,379	-	11,499
1.00		>	11,499

The credibility for the loss cost level ratio is determined by the total number of claims for the total number of years of experience used in the review.

\*The credibility underlying the calculation of the statewide indication is subject to a minimum of 5% given that there is at least one claim in the experience period.

PHYSICAL DAMAGE  
CREDIBILITY TABLES  
NUMBER OF CLAIMS

OTHER THAN COLLISION

<u>Cred</u>	<u>Trucks, Tractors &amp; Trailers</u>			<u>Private Passenger Types</u>		
0.00*	0	-	27	0	-	21
0.05	28	-	109	22	-	84
0.10	110	-	247	85	-	191
0.15	248	-	439	192	-	339
0.20	440	-	687	340	-	531
0.25	688	-	989	532	-	764
0.30	990	-	1.347	765	-	1.041
0.35	1.348	-	1.759	1.042	-	1.359
0.40	1.760	-	2.227	1.360	-	1.721
0.45	2.228	-	2.749	1.722	-	2.124
0.50	2.750	-	3.327	2.125	-	2.571
0.55	3.328	-	3.959	2.572	-	3.059
0.60	3.960	-	4.647	3.060	-	3.591
0.65	4.648	-	5.389	3.592	-	4.164
0.70	5.390	-	6.187	4.165	-	4.781
0.75	6.188	-	7.039	4.782	-	5.439
0.80	7.040	-	7.947	5.440	-	6.141
0.85	7.948	-	8.909	6.142	-	6.884
0.90	8.910	-	9.927	6.885	-	7.671
0.95	9.928	-	10.999	7.672	-	8.499
1.00		>	10.999		>	8.499

COLLISION

<u>Cred</u>	<u>Trucks, Tractors &amp; Trailers</u>			<u>Private Passenger Types</u>		
0.00*	0	-	11	0	-	8
0.05	12	-	44	9	-	34
0.10	45	-	101	35	-	78
0.15	102	-	179	79	-	139
0.20	180	-	281	140	-	218
0.25	282	-	404	219	-	314
0.30	405	-	551	315	-	428
0.35	552	-	719	429	-	559
0.40	720	-	911	560	-	708
0.45	912	-	1.124	709	-	874
0.50	1.125	-	1.361	875	-	1.058
0.55	1.362	-	1.619	1.059	-	1.259
0.60	1.620	-	1.901	1.260	-	1.478
0.65	1.902	-	2.204	1.479	-	1.714
0.70	2.205	-	2.531	1.715	-	1.968
0.75	2.532	-	2.879	1.969	-	2.239
0.80	2.880	-	3.251	2.240	-	2.528
0.85	3.252	-	3.644	2.529	-	2.834
0.90	3.645	-	4.061	2.835	-	3.158
0.95	4.062	-	4.499	3.159	-	3.499
1.00		>	4.499		>	3.499

The credibility for loss cost level ratio is determined by the total number of claims for the total number of years of experience used in the review.

\*The credibility underlying the calculation of the statewide indication is subject to a minimum of 5% given that there is at least one claim in the experience period.

IDAHO  
CLAIMS PER TERRITORY  
LIABILITY

Territory	Trucks, Tractors & Trailers	Private Passenger Types
	Incurred Claims 5 Years Ending 12/31/2016 Combined BI and PD	Incurred Claims 5 Years Ending 12/31/2016 Combined BI and PD
101	926	247
103	1008	156
104	844	155
105	1198	250
SW Total	3976	808

Claims for Trend

BI	PD
<u>221</u>	<u>793</u>

IDAHO  
CLAIMS PER TERRITORY  
PHYSICAL DAMAGE

Territory	Trucks, Tractors & Trailers Paid Claims 5 Years Ending 12/31/2016		Private Passenger Types Paid Claims 5 Years Ending 12/31/2016	
	OTC	Coll	OTC	Coll
101	604	466	284	157
103	949	696	325	160
104	1468	674	451	137
105	1295	766	395	197
SW Total	4316	2602	1455	651

## RELATIVITIES USED TO DEVELOP MINOR CLASS AND COVERAGE LOSS COSTS

### (1) Public Automobiles Liability

\$100,000 Limit Loss Costs for the Public Automobiles section have been calculated as factor derivatives off the Trucks, Tractors & Trailers Liability \$100,000 Base loss costs. The relativities used are listed below.

	Differentials to Base Loss Cost CSL Liab
Taxis and Limousines	6.20
School and Church Buses	0.55
Other Buses	3.80
Van Pools	1.50

### (2) Public Automobiles Physical Damage

The relativities applied to Trucks, Tractors & Trailers physical damage revised base loss costs to develop the Public Automobile physical damage revised base loss costs are as follows:

Taxis, Limousines and Van Pools	
Other Than Collision:	1.02
Collision:	1.27
School, Church and Other Buses	
Other Than Collision:	0.70
Collision:	0.65

### (3) Medical Payments Relativities

The latest multistate differentials that relate Medical Payments loss costs to the \$100,000 limit liability base loss costs are listed below.

Class of Business	Medical Payments Limit			
	<u>500</u>	<u>1000</u>	<u>2000</u>	<u>5000</u>
Trucks, Tractors & Trailers	0.036	0.057	0.078	0.114
Van Pools	0.071	0.100	0.121	0.157
Taxis and Limousines	0.036	0.050	0.071	0.107
School and Church Buses	0.043	0.064	0.078	0.100
All Other Buses	0.032	0.039	0.050	0.068
Private Passenger Types	0.021	0.036	0.050	0.064

### (4) Specified Causes of Loss Relativity

The relativity applied to the Trucks, Tractors & Trailers \$500 Deductible Comprehensive loss cost to develop the Trucks, Tractors & Trailers Specified Causes of Loss loss cost is: 0.576

(5) The loss cost for hired autos is set forth in Section D. It applies in all territories and is calculated as 0.15% of the statewide \$100,000 Combined Single Limit average loss cost for all Trucks, Tractors & Trailers.



WIND AND WATER PROCEDURE  
OTHER THAN COLLISION

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OBJECTIVE

Other Than Collision losses which result from the perils of Wind and Water are relatively infrequent and do not affect each year similarly. While catastrophic incidents are rare, their impact on loss cost indications can be significant. The occurrence of a weather related catastrophe can result in a large positive indication, followed by an indicated decrease when the catastrophe leaves the experience period in subsequent reviews. This ultimately leads to loss cost instability.

In order to address this ratemaking problem, the Wind and Water procedure removes the Wind and Water losses that actually occur in a given year and replaces them with an expected Wind and Water provision, based on the state's long term history of Wind and Water losses. Due to the lower credibility of catastrophic loss experience, a longer experience period or a larger body of data is necessary to compensate.

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DESCRIPTION OF  
WIND AND WATER  
ADJUSTMENT  
PROCEDURE

The Wind and Water procedure begins by comparing Wind and Water losses to non-Wind and Water losses for each year in the long term review period. Wind and Water losses have been separately identified as losses reported under the Commercial Statistical Plan (CSP) using Type of Loss (TOL) codes 06 and 07. A ratio of Wind and Water to non-Wind and Water losses is calculated for each year.

The long term 'normal' Wind and Water to non-Wind and Water ratio is determined by calculating the average of the Wind and Water to non-Wind and Water ratios for all years for which data is currently available.

The variation from the long term normal Wind and Water to non-Wind and Water ratio is then determined by calculating the difference between the normal ratio and the Wind and Water ratio for each year.

The loss adjustment required in order to bring each year of experience to a normal Wind and Water level is determined by applying the variation factor (column (5)) to the reported non-Wind and Water losses (column (3)).

The major steps of the procedure are shown in the Exhibits on the following pages.

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WIND AND WATER PROCEDURE  
OTHER THAN COLLISION  
IDAHO

TRUCKS, TRACTORS, AND TRAILERS

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
			(2) - (1)	(1) / (3)	AVG (4) - (4)	(3) x (5)	(2) + (6)
YEAR ENDING	OTC WIND & WATER LOSSES	OTC TOTAL LOSSES	TOTAL - WIND&WATER LOSSES	WIND & WATER / NON (W&W)	VARIATION FROM AVG. WIND RATIO	WIND & WATER ADJUSTMENT	ADJ OTC TOTAL LOSSES
1987	9,882	541,380	531,498	0.019	0.033	17,539	558,919
1988	13,483	377,658	364,175	0.037	0.015	5,463	383,121
1989	11,010	548,181	537,171	0.020	0.032	17,189	565,370
1990	99,052	747,965	648,913	0.153	-0.101	-65,540	682,425
1991	17,946	454,106	436,160	0.041	0.011	4,798	458,904
1992	20,773	468,718	447,945	0.046	0.006	2,688	471,406
1993	45,088	604,667	559,579	0.081	-0.029	-16,228	588,439
1994	34,296	849,481	815,185	0.042	0.010	8,152	857,633
1995	57,465	903,209	845,744	0.068	-0.016	-13,532	889,677
1996	87,739	1,329,188	1,241,449	0.071	-0.019	-23,588	1,305,600
1997	60,714	1,285,366	1,224,652	0.050	0.002	2,449	1,287,815
1998	61,734	1,908,617	1,846,883	0.033	0.019	35,091	1,943,708
1999	91,800	1,552,055	1,460,255	0.063	-0.011	-16,063	1,535,992
2000	104,855	1,814,285	1,709,430	0.061	-0.009	-15,385	1,798,900
2001	22,081	1,550,242	1,528,161	0.014	0.038	58,070	1,608,312
2002	41,086	1,215,773	1,174,687	0.035	0.017	19,970	1,235,743
2003	21,568	1,020,162	998,594	0.022	0.030	29,958	1,050,120
2004	12,832	583,533	570,701	0.022	0.030	17,121	600,654
2005	10,801	628,767	617,966	0.017	0.035	21,629	650,396
2006	31,589	648,179	616,590	0.051	0.001	617	648,796
2007	10,910	568,120	557,210	0.020	0.032	17,831	585,951
2008	65,677	731,961	666,284	0.099	-0.047	-31,315	700,646
2009	11,443	1,027,347	1,015,904	0.011	0.041	41,652	1,068,999
2010	24,492	1,036,674	1,012,182	0.024	0.028	28,341	1,065,015
2011	88,644	939,609	850,965	0.104	-0.052	-44,250	895,359
2012	98,571	1,092,482	993,911	0.099	-0.047	-46,714	1,045,768
2013	114,654	1,153,975	1,039,321	0.110	-0.058	-60,281	1,093,694
2014	69,994	1,539,875	1,469,881	0.048	0.004	5,880	1,545,755
2015	55,679	1,409,553	1,353,874	0.041	0.011	14,893	1,424,446
2016	72,142	1,624,023	1,551,881	0.046	0.006	9,311	1,633,334

(8) NORMAL WIND TO NON W&W RATIO= AVG. (4) 0.052

WIND AND WATER PROCEDURE  
OTHER THAN COLLISION  
IDAHO

PRIVATE PASSENGER TYPES

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
			(2) - (1)	(1) / (3)	AVG (4) - (4)	(3) x (5)	(2) + (6)
YEAR ENDING	OTC WIND & WATER LOSSES	OTC TOTAL LOSSES	TOTAL - WIND&WATER LOSSES	WIND & WATER / NON (W&W)	VARIATION FROM AVG. WIND RATIO	WIND & WATER ADJUSTMENT	ADJ OTC TOTAL LOSSES
1987	23,631	186,040	162,409	0.146	-0.095	-15,429	170,611
1988	1,597	141,437	139,840	0.011	0.040	5,594	147,031
1989	5,627	149,626	143,999	0.039	0.012	1,728	151,354
1990	2,120	122,244	120,124	0.018	0.033	3,964	126,208
1991	5,192	223,993	218,801	0.024	0.027	5,908	229,901
1992	8,634	214,574	205,940	0.042	0.009	1,853	216,427
1993	12,869	354,870	342,001	0.038	0.013	4,446	359,316
1994	6,783	281,915	275,132	0.025	0.026	7,153	289,068
1995	10,999	281,712	270,713	0.041	0.010	2,707	284,419
1996	9,744	348,180	338,436	0.029	0.022	7,446	355,626
1997	29,850	408,681	378,831	0.079	-0.028	-10,607	398,074
1998	39,628	435,917	396,289	0.100	-0.049	-19,418	416,499
1999	30,641	468,830	438,189	0.070	-0.019	-8,326	460,504
2000	16,496	536,799	520,303	0.032	0.019	9,886	546,685
2001	8,095	354,746	346,651	0.023	0.028	9,706	364,452
2002	2,012	278,836	276,824	0.007	0.044	12,180	291,016
2003	6,407	198,318	191,911	0.033	0.018	3,454	201,772
2004	206	103,303	103,097	0.002	0.049	5,052	108,355
2005	3,465	159,478	156,013	0.022	0.029	4,524	164,002
2006	4,855	198,061	193,206	0.025	0.026	5,023	203,084
2007	801	211,034	210,233	0.004	0.047	9,881	220,915
2008	5,663	196,226	190,563	0.030	0.021	4,002	200,228
2009	63,009	258,521	195,512	0.322	-0.271	-52,984	205,537
2010	18,737	208,420	189,683	0.099	-0.048	-9,105	199,315
2011	3,664	145,906	142,242	0.026	0.025	3,556	149,462
2012	9,876	251,937	242,061	0.041	0.010	2,421	254,358
2013	7,165	243,632	236,467	0.030	0.021	4,966	248,598
2014	29,050	281,899	252,849	0.115	-0.064	-16,182	265,717
2015	7,546	213,576	206,030	0.037	0.014	2,884	216,460
2016	2,623	333,763	331,140	0.008	0.043	14,239	348,002

(8) NORMAL WIND TO NON W&W RATIO= AVG. (4) 0.051

## EXPLANATORY MEMORANDUM FOR WIND AND WATER PROCEDURE

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COLUMN (1) OTC WIND AND WATER LOSSES	Dollar amount of Other Than Collision losses resulting from the perils of Wind and Water (Type of Loss Codes 06 & 07).
COLUMN (2) OTC TOTAL LOSSES	Dollar amount of Other Than Collision losses resulting from all perils.
COLUMN (3) OTC LOSSES OTHER THAN WIND AND WATER	Dollar amount of Other Than Collision losses resulting from all perils other than Wind and Water. $\text{Column (2)} - \text{Column (1)}$ .
COLUMN (4) WIND AND WATER TO NON-WIND AND WATER RATIO	Ratio of Wind and Water losses to Non-Wind and Water losses. $\text{Column (1)} \div \text{Column (3)}$
COLUMN (5) VARIATION FROM AVERAGE WIND RATIO	Variation from the long term average Wind and Water to non-Wind and Water ratio. $\text{Avg (4)} - \text{Column (4)}$ .
COLUMN (6) WIND AND WATER ADJUSTMENT	Wind and Water loss adjustment to bring experience to average Wind and Water level. $\text{Column (3)} * \text{Column (5)}$ .
COLUMN (7) ADJUSTED OTC TOTAL LOSSES	$\text{Column (2)} + \text{Column (6)}$ .

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## TERRITORIAL WIND AND WATER PROCEDURE OTHER THAN COLLISION

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### OBJECTIVE

The statewide Wind and Water procedure removes the actual Wind and Water losses that occur in a given year and replaces them with an expected Wind and Water provision. The territorial excess Wind and Water procedure distributes the statewide expected Wind and Water loss provision to the individual territories in proportion to each territory's long-term Wind and Water loss experience.

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### DESCRIPTION OF TERRITORIAL WIND AND WATER PROCEDURE

The first step is to calculate long term Wind and Water to non-Wind and Water ratios by territory. The earliest year of historical Wind and Water experience available for Commercial Auto is 1987. As a new year becomes available, it is added to the procedure. For each year, the territorial ratios are calculated as Wind and Water losses divided by non-Wind and Water losses. An average is then taken of all the ratios for each territory to get the long term Wind and Water to non-Wind and Water ratio.

One potential problem with the average ratios is that a high Wind and Water ratio for one year can distort the average ratio for that territory. To mitigate the effect of unusually large ratios, the ratios are capped at 10 times the statewide median of the Wind and Water ratios before calculating the average. (The statewide median ratio is subject to a minimum value of 0.05.)

The territorial capped average Wind and Water ratios are multiplied by the latest 5 years non-Wind and Water losses for each territory to get the territorial expected Wind and Water losses. The territorial expected Wind and Water losses are divided by the statewide total expected Wind and Water losses to get the territorial expected Wind and Water distribution.

The statewide wind provision is calculated for each year from the statewide procedure by subtracting the non-Wind and Water losses from the total adjusted losses. The individual territorial Wind and Water provisions are then calculated by distributing the statewide wind provision to the territories based on the expected Wind and Water distribution.

Territorial adjusted total losses = territorial Wind and Water provision + territorial non-Wind and Water losses

Because the actual Wind and Water losses are replaced with an expected Wind and Water provision, the number of Wind and Water claims must be adjusted. The territorial Wind and Water provision is divided by the territory's average Wind and Water claim cost to produce the adjusted number of Wind and Water claims. The adjusted Wind and Water claims are added to the non-Wind and Water claims, resulting in the total adjusted claims.

A sample of the territory Wind and Water procedure is shown on the following page.

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## METHODOLOGY FOR CALCULATING 'WIND &amp; WATER PROVISIONS' BY TERRITORY

In order to develop 'Wind and Water Provisions' by territory, the statewide provision is distributed using each territory's 'expected' wind and water losses. This procedure is illustrated in the following example:

Territory	(1) Long-Term Capped* Ratio of Wind & Water to Non-Wind & Water Losses	(2) Non-Wind & Water Losses for Latest Five Years	(3) 'Expected' Wind & Water Losses for Latest Five Years (1) x (2)	(4) 'Expected' Wind & Water Distribution (3) / Total (3)
A	.250	500,000	125,000	.500
B	.750	100,000	75,000	.300
C	.200	250,000	50,000	.200

Territory	(5) Statewide Wind Provision for Year 20XX **	(6) Territory Wind Provision for Year 20XX (4) x (5)	(7) Non-Wind & Water Losses for Year 20XX	(8) Adjusted Total Losses for Year 20XX (6) + (7)
A	100,000	50,000	150,000	200,000
B		30,000	50,000	80,000
C		20,000	80,000	100,000

Territory	(9) Non-Wind & Water Claims for Year 20XX	(10) Five-Year Average Wind & Water Claim Cost	(11) Adjusted Wind & Water Claims for Year 20XX (6) / (10)	(12) Total Adjusted Claims for Year 20XX (9) + (11)
A	200	500	100	300
B	100	400	75	175
C	150	400	50	200

\* Average of yearly capped ratios of wind & water to non-wind & water losses, based on territory experience capped at 10 times the statewide median wind & water to non-wind & water ratio. The statewide median ratio is subject to a minimum value of 0.05.

\*\* The Statewide Wind Provision for year 20XX = Total Adjusted Losses for Year 20XX - Non-Wind & Water Losses for Year 20XX

IDAHO  
COMMERCIAL AUTOMOBILE

SECTION D - REVISED PROSPECTIVE LOSS COSTS

Liability and Medical Payments .....	D2-D5
Physical Damage - All Coverages Except Garages .....	D6-D9
Hired Autos (Rule 90).....	D10

COMMERCIAL LINES MANUAL  
DIVISION ONE  
AUTOMOBILE  
LOSS COST PAGES

IDAHO (11)  
TERRITORY 101

LIABILITY	MEDICAL PAYMENTS				PERSONAL INJURY PROTECTION
	Limit Per Person				
Limit Of Liab. \$100,000	500	1000	2000	5000	Basic Limits
RULE 23. TRUCKS, TRACTORS AND TRAILERS CLASSIFICATIONS					
\$ 253	\$9	\$14	\$20	\$29	N/A
RULE 32. PRIVATE PASSENGER TYPES CLASSIFICATIONS					
\$ 273	\$6	\$10	\$14	\$17	N/A
RULE 40. PUBLIC AUTO CLASSIFICATIONS –					
– TAXICABS AND LIMOUSINES					
\$ 1569	\$56	\$78	\$111	\$168	N/A
– SCHOOL AND CHURCH BUSES					
\$ 139	\$6	\$9	\$11	\$14	N/A
– OTHER BUSES					
\$ 961	\$31	\$37	\$48	\$65	N/A
– VAN POOLS					
\$ 380	\$27	\$38	\$46	\$60	N/A
RULE 49. AUTO DEALERS – PREMIUM DEVELOPMENT					
\$ 375	Refer to Rule 49.				N/A
<ul style="list-style-type: none"><li>• For liability increased limits factors, refer to Rule 100.</li><li>• For liability fleet factors, refer to Rules 22. and 39.</li><li>• Other Than Auto losses for Auto Dealers risks are subject to an aggregate limit equal to three times the liability limit. For additional limits, refer to Rule 49.</li></ul>					



COMMERCIAL LINES MANUAL  
DIVISION ONE  
AUTOMOBILE  
LOSS COST PAGES

LIABILITY	MEDICAL PAYMENTS				PERSONAL INJURY PROTECTION
	Limit Per Person				
Limit Of Liab. \$100,000	500	1000	2000	5000	Basic Limits
RULE 23. TRUCKS, TRACTORS AND TRAILERS CLASSIFICATIONS					
\$ 153	\$6	\$9	\$12	\$17	N/A
RULE 32. PRIVATE PASSENGER TYPES CLASSIFICATIONS					
\$ 170	\$4	\$6	\$9	\$11	N/A
RULE 40. PUBLIC AUTO CLASSIFICATIONS –					
– TAXICABS AND LIMOUSINES					
\$ 949	\$34	\$47	\$67	\$102	N/A
– SCHOOL AND CHURCH BUSES					
\$ 84	\$4	\$5	\$7	\$8	N/A
– OTHER BUSES					
\$ 581	\$19	\$23	\$29	\$40	N/A
– VAN POOLS					
\$ 230	\$16	\$23	\$28	\$36	N/A
RULE 49. AUTO DEALERS – PREMIUM DEVELOPMENT					
\$ 226	Refer to Rule 49.				N/A
<ul style="list-style-type: none"><li>• For liability increased limits factors, refer to Rule 100.</li><li>• For liability fleet factors, refer to Rules 22. and 39.</li><li>• Other Than Auto losses for Auto Dealers risks are subject to an aggregate limit equal to three times the liability limit. For additional limits, refer to Rule 49.</li></ul>					

COMMERCIAL LINES MANUAL  
DIVISION ONE  
AUTOMOBILE  
LOSS COST PAGES

IDAHO (11)  
TERRITORY 104

LIABILITY	MEDICAL PAYMENTS				PERSONAL INJURY PROTECTION
	Limit Per Person				
Limit Of Liab. \$100,000	500	1000	2000	5000	Basic Limits
RULE 23. TRUCKS, TRACTORS AND TRAILERS CLASSIFICATIONS					
\$ 158	\$6	\$9	\$12	\$18	N/A
RULE 32. PRIVATE PASSENGER TYPES CLASSIFICATIONS					
\$ 251	\$5	\$9	\$13	\$16	N/A
RULE 40. PUBLIC AUTO CLASSIFICATIONS –					
– TAXICABS AND LIMOUSINES					
\$ 980	\$35	\$49	\$70	\$105	N/A
– SCHOOL AND CHURCH BUSES					
\$ 87	\$4	\$6	\$7	\$9	N/A
– OTHER BUSES					
\$ 600	\$19	\$23	\$30	\$41	N/A
– VAN POOLS					
\$ 237	\$17	\$24	\$29	\$37	N/A
RULE 49. AUTO DEALERS – PREMIUM DEVELOPMENT					
\$ 234	Refer to Rule 49.				N/A
<ul style="list-style-type: none"><li>• For liability increased limits factors, refer to Rule 100.</li><li>• For liability fleet factors, refer to Rules 22. and 39.</li><li>• Other Than Auto losses for Auto Dealers risks are subject to an aggregate limit equal to three times the liability limit. For additional limits, refer to Rule 49.</li></ul>					

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LIABILITY	MEDICAL PAYMENTS				PERSONAL INJURY PROTECTION
	Limit Per Person				
Limit Of Liab. \$100,000	500	1000	2000	5000	Basic Limits
RULE 23. TRUCKS, TRACTORS AND TRAILERS CLASSIFICATIONS					
\$ 153	\$6	\$9	\$12	\$17	N/A
RULE 32. PRIVATE PASSENGER TYPES CLASSIFICATIONS					
\$ 218	\$5	\$8	\$11	\$14	N/A
RULE 40. PUBLIC AUTO CLASSIFICATIONS –					
– TAXICABS AND LIMOUSINES					
\$ 949	\$34	\$47	\$67	\$102	N/A
– SCHOOL AND CHURCH BUSES					
\$ 84	\$4	\$5	\$7	\$8	N/A
– OTHER BUSES					
\$ 581	\$19	\$23	\$29	\$40	N/A
– VAN POOLS					
\$ 230	\$16	\$23	\$28	\$36	N/A
RULE 49. AUTO DEALERS – PREMIUM DEVELOPMENT					
\$ 226	Refer to Rule 49.				N/A
<ul style="list-style-type: none"><li>• For liability increased limits factors, refer to Rule 100.</li><li>• For liability fleet factors, refer to Rules 22. and 39.</li><li>• Other Than Auto losses for Auto Dealers risks are subject to an aggregate limit equal to three times the liability limit. For additional limits, refer to Rule 49.</li></ul>					

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IDAHO (11)  
TERRITORY 101

<b>PHYSICAL DAMAGE</b> <b>Original Cost New Range</b> <b>\$15,001 – 20,000</b>			
	Specified Causes Of Loss	\$500 Ded. Comp.	\$500 Ded. Coll.
<b>RULE 23. TRUCKS, TRACTORS AND TRAILERS CLASSIFICATIONS</b>			
– Local And Intermediate – All Vehicles			
– Long Distance – Light Trucks And Trailers Used With Light Trucks			
	\$ 32	\$ 56	\$ 169
<b>RULE 32. PRIVATE PASSENGER TYPES CLASSIFICATIONS</b>			
	N/A	\$ 59	\$ 230
<b>RULE 40. PUBLIC AUTO CLASSIFICATIONS</b>			
– TAXICABS AND LIMOUSINES			
	\$ 33	\$ 57	\$ 215
– SCHOOL AND CHURCH BUSES			
	\$ 22	\$ 39	\$ 110
– OTHER BUSES			
	\$ 22	\$ 39	\$ 110
– VAN POOLS			
	\$ 33	\$ 57	\$ 215
<ul style="list-style-type: none"> <li>• For physical damage fleet factors, refer to Rules <b>22.</b> and <b>39.</b></li> <li>• For additional coverages, refer to the Additional Coverages Table in Rules <b>23.</b> and <b>40.</b></li> <li>• For Deductible factors, refer to Rule <b>98.</b></li> <li>• For Original Cost New and Age Group factors, refer to Rule <b>101.</b></li> <li>• For Stated Amount factors, refer to Rule <b>101.</b></li> <li>• For Towing and Labor Costs Coverage rating, refer to Rule <b>34.</b></li> </ul>			

COMMERCIAL LINES MANUAL  
DIVISION ONE  
AUTOMOBILE  
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<b>PHYSICAL DAMAGE</b> <b>Original Cost New Range</b> <b>\$15,001 – 20,000</b>			
	<b>Specified Causes Of Loss</b>	<b>\$500 Ded. Comp.</b>	<b>\$500 Ded. Coll.</b>
<b>RULE 23. TRUCKS, TRACTORS AND TRAILERS CLASSIFICATIONS</b>			
– Local And Intermediate – All Vehicles			
– Long Distance – Light Trucks And Trailers Used With Light Trucks			
	\$ 76	\$ 132	\$ 251
<b>RULE 32. PRIVATE PASSENGER TYPES CLASSIFICATIONS</b>			
	N/A	\$ 124	\$ 263
<b>RULE 40. PUBLIC AUTO CLASSIFICATIONS</b>			
– TAXICABS AND LIMOUSINES			
	\$ 78	\$ 135	\$ 319
– SCHOOL AND CHURCH BUSES			
	\$ 53	\$ 92	\$ 163
– OTHER BUSES			
	\$ 53	\$ 92	\$ 163
– VAN POOLS			
	\$ 78	\$ 135	\$ 319
<ul style="list-style-type: none"> <li>• For physical damage fleet factors, refer to Rules <b>22.</b> and <b>39.</b></li> <li>• For additional coverages, refer to the Additional Coverages Table in Rules <b>23.</b> and <b>40.</b></li> <li>• For Deductible factors, refer to Rule <b>98.</b></li> <li>• For Original Cost New and Age Group factors, refer to Rule <b>101.</b></li> <li>• For Stated Amount factors, refer to Rule <b>101.</b></li> <li>• For Towing and Labor Costs Coverage rating, refer to Rule <b>34.</b></li> </ul>			

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IDAHO (11)  
TERRITORY 104

<b>PHYSICAL DAMAGE</b> <b>Original Cost New Range</b> <b>\$15,001 – 20,000</b>			
	<b>Specified Causes Of Loss</b>	<b>\$500 Ded. Comp.</b>	<b>\$500 Ded. Coll.</b>
<b>RULE 23. TRUCKS, TRACTORS AND TRAILERS CLASSIFICATIONS</b>			
– Local And Intermediate – All Vehicles			
– Long Distance – Light Trucks And Trailers Used With Light Trucks			
	\$ 68	\$ 118	\$ 221
<b>RULE 32. PRIVATE PASSENGER TYPES CLASSIFICATIONS</b>			
	N/A	\$ 89	\$ 260
<b>RULE 40. PUBLIC AUTO CLASSIFICATIONS</b>			
– TAXICABS AND LIMOUSINES			
	\$ 69	\$ 120	\$ 281
– SCHOOL AND CHURCH BUSES			
	\$ 48	\$ 83	\$ 144
– OTHER BUSES			
	\$ 48	\$ 83	\$ 144
– VAN POOLS			
	\$ 69	\$ 120	\$ 281
<ul style="list-style-type: none"> <li>• For physical damage fleet factors, refer to Rules <b>22.</b> and <b>39.</b></li> <li>• For additional coverages, refer to the Additional Coverages Table in Rules <b>23.</b> and <b>40.</b></li> <li>• For Deductible factors, refer to Rule <b>98.</b></li> <li>• For Original Cost New and Age Group factors, refer to Rule <b>101.</b></li> <li>• For Stated Amount factors, refer to Rule <b>101.</b></li> <li>• For Towing and Labor Costs Coverage rating, refer to Rule <b>34.</b></li> </ul>			

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<b>PHYSICAL DAMAGE</b> <b>Original Cost New Range</b> <b>\$15,001 – 20,000</b>			
	<b>Specified Causes Of Loss</b>	<b>\$500 Ded. Comp.</b>	<b>\$500 Ded. Coll.</b>
<b>RULE 23. TRUCKS, TRACTORS AND TRAILERS CLASSIFICATIONS</b>			
– Local And Intermediate – All Vehicles			
– Long Distance – Light Trucks And Trailers Used With Light Trucks			
	\$ 57	\$ 99	\$ 204
<b>RULE 32. PRIVATE PASSENGER TYPES CLASSIFICATIONS</b>			
	N/A	\$ 73	\$ 227
<b>RULE 40. PUBLIC AUTO CLASSIFICATIONS</b>			
– TAXICABS AND LIMOUSINES			
	\$ 58	\$ 101	\$ 259
– SCHOOL AND CHURCH BUSES			
	\$ 40	\$ 69	\$ 133
– OTHER BUSES			
	\$ 40	\$ 69	\$ 133
– VAN POOLS			
	\$ 58	\$ 101	\$ 259
<ul style="list-style-type: none"> <li>• For physical damage fleet factors, refer to Rules <b>22.</b> and <b>39.</b></li> <li>• For additional coverages, refer to the Additional Coverages Table in Rules <b>23.</b> and <b>40.</b></li> <li>• For Deductible factors, refer to Rule <b>98.</b></li> <li>• For Original Cost New and Age Group factors, refer to Rule <b>101.</b></li> <li>• For Stated Amount factors, refer to Rule <b>101.</b></li> <li>• For Towing and Labor Costs Coverage rating, refer to Rule <b>34.</b></li> </ul>			

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**90. HIRED AUTOS**

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<b>Cost Of Hire Basis – All Territories Liability Base Loss Cost</b>
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\$ 0. <u>2224</u>
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**Table 90.B.3.b.(LC) Cost Of Hire Basis Liability Loss Cost**



## Supplementary Information – Idaho

### **Introduction**

This document provides additional information on the attached loss cost level experience review, including:

- A summary of recent trends in Liability claim costs
- A summary of significant factors used in the development of loss cost indications and a comparison to the factors used in the prior filing that underlie the loss costs currently in effect
- A discussion of the experience underlying the loss cost level evaluation, and how it compares to the prior review
- Issues related to Commercial Auto in Idaho

Statistical plan data reported to ISO is first processed through a system of rigorous automated data verification processes so that only data that would be valid is used for ratemaking. Subsequent to this initial data submission review, additional analyses involving an even more customized data review for this line was performed by staff. During these processes, various data records were excluded from the review, corrected or adjusted. Specifically, various reported exposure amounts have been adjusted prior to their use in the calculations. The ISO staff responsible for this loss cost review also reviewed the data for reasonableness.

### **Trends in Liability Claim Costs**

The table below shows the latest sixteen evaluations of 12-pt. paid claim cost trends.

#### **Multistate Paid Claim Cost Trends**

<u>Data Through</u>	<u>\$100,000 Bodily Injury</u>	<u>\$100,000 Property Damage</u>
03/31/2013	+0.4%	+5.2%
06/30/2013	+0.5%	+5.4%
09/30/2013	+0.9%	+5.5%
12/31/2013	+1.1%	+5.4%
03/31/2014	+1.4%	+4.8%
06/30/2014	+1.5%	+4.2%
09/30/2014	+1.8%	+3.7%
12/31/2014	+1.8%	+3.3%
03/31/2015	+1.5%	+3.3%
06/30/2015	+2.2%	+3.5%
09/30/2015	+1.9%	+3.7%
12/31/2015	+2.3%	+4.6%
03/31/2016	+2.9%	+4.8%
06/30/2016	+2.9%	+5.2%
09/30/2016	+2.6%	+5.5%
12/31/2016	+2.7%	+5.7%

ISO believes that bodily injury claim cost trends will primarily be driven by changes in the costs of providing medical care. At times, other factors serve to reduce (or exacerbate) the claim cost trends.

## Supplementary Information – Idaho

### Trends in Medical Care Costs

The table below shows the last twelve annual rates of change, based upon the CPI, for Medical Care and Hospital & Other Related Services, separately.

<u>Period</u>	<u>CPI – Medical Care Annual Rate of Change<sup>1</sup></u>	<u>CPI – Hospital &amp; Other Related Services Annual Rate of Change</u>
October 2005 - September 2006	4.2%	7.3%
October 2006 - September 2007	4.6%	6.8%
October 2007 - September 2008	3.2%	6.6%
October 2008 - September 2009	3.5%	6.6%
October 2009 - September 2010	3.4%	7.3%
October 2010 - September 2011	2.8%	4.9%
October 2011 - September 2012	4.1%	4.7%
October 2012 - September 2013	2.4%	5.4%
October 2013 - September 2014	2.0%	3.5%
October 2014 - September 2015	2.5%	3.3%
October 2015 - September 2016	4.9%	5.6%
October 2016 - September 2017	1.6%	4.3%

### Claim Frequencies

Historically, frequency trend for commercial auto liability has been quite variable, often cyclic in nature. As a result, an exponential curve of the form  $Y=A(B^X)$  does not fit the data well over the long term. Based on earlier analyses, there had been differences in historical frequency trends between Trucks, Tractors, and Trailers (TTT) and Private Passenger Types (PPT) liability classes. In general, Commercial Auto classes had experienced an abnormally long period of negative frequency trends prior to 2010. For the most recent 6 years, however, the frequency trends have been slightly increasing (TTT BI) or somewhat cyclical and/or flat (TTT PD and PPT BI and PD) over the experience period. To reflect these recent patterns and the difficulty in predicting turning points and rates of change, frequency trend is being selected to be 0% for TTT and PPT for both the Bodily Injury and Property Damage coverages. Due to the limited volume of data for the Auto Dealers coverage, the PPT frequency trend will be used for the Auto Dealers coverage.

### Claim Counts

Claim counts are now being estimated from information on the individual loss records reported to ISO, rather than the claim counts that have been reported to ISO via the statistical plans. This is being done to address company inconsistencies in interpreting ISO's claim count reporting rules.

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<sup>1</sup> Annual Rate of Change for a particular year is calculated as the CPI index for September of that year divided by the same index for September for the previous year, minus one.

## Supplementary Information – Idaho

### Idaho Trends

#### **Trucks, Tractors & Trailers, Private Passenger Types, and Auto Dealers Liability**

	Current Trends <u>Data through 12/31/2016</u>	Previous Trends <u>Data through 12/31/2015</u>
Idaho Claim Cost Trends		
Bodily Injury (\$100,000 Limit)	-3.7%	0.5%
Property Damage (\$100,000 Limit)	7.0%	7.7%
Credibility-Weighted Claim Cost Trends		
Bodily Injury (\$100,000 Limit)	2.7%	2.3%
Property Damage (\$100,000 Limit)	5.8%	4.8%
Selected Claim Frequency Trends		
Trucks, Tractors & Trailers		
Bodily Injury	0.0%	0.0%
Property Damage	0.0%	0.0%
Private Passenger Types		
Bodily Injury	0.0%	0.0%
Property Damage	0.0%	0.0%
Selected Pure Premium Trends		
Trucks, Tractors & Trailers		
Bodily Injury (\$100,000 Limit)	2.7%	2.3%
Property Damage (\$100,000 Limit)	5.8%	4.8%
Private Passenger Types*		
Bodily Injury (\$100,000 Limit)	2.7%	2.3%
Property Damage (\$100,000 Limit)	5.8%	4.8%

\*The Private Passenger Types trend is also used for the Auto Dealers coverage.

Idaho bodily injury severity trend receives 0% weight when combined with multistate trend in the filing, property damage trend receives 5% weight.

If the prior trends were used to calculate the indicated changes in this document, the Truck, Tractors & Trailers Liability indication would have been 7.3% rather than 9.5%. For the Private Passenger Types coverage, the indication would have been 3.2% instead of 4.5%. For the Auto Dealers coverage, the indication would have been 1.3% instead of 2.2%.

## Supplementary Information – Idaho

### Physical Damage Loss Trend

		Current Trends <u>Data through 12/31/2016</u>	Previous Trends <u>Data through 12/31/2015</u>
Trucks, Tractors & Trailers	<u>Coverage</u>		
	OTC	+6.5%	+4.5%
	Collision	+5.5%	+5.5%
Private Passenger Types	OTC	+5.0%	+4.5%
	Collision	+5.0%	+4.5%

### Physical Damage OCN Trend

		Current Trends <u>Data through 12/31/2016</u>	Previous Trends <u>Data through 12/31/2015</u>
Trucks, Tractors & Trailers	<u>Coverage</u>		
	OTC	+0.9%	+0.9%
	Collision	+1.3%	+1.1%
Private Passenger Types	OTC	+1.0%	+0.8%
	Collision	+0.6%	+0.5%

The loss trend has increased by 2.0 points for Trucks, Tractors & Trailers OTC and has increased by 0.5 points for Private Passenger Types OTC. The OCN trend has remained the same for Trucks, Tractors and Trailers OTC and has increased by 0.2 points for Private Passenger Types OTC. If the prior loss and OCN trends were used, the Trucks, Tractors and Trailers and Private Passenger Types OTC indications in this document would have 3.8%, instead of 10.2%, and 8.6%, instead of 9.2%, respectively.

The loss trend has remained the same for Trucks, Tractors & Trailers collision and has increased by 0.5 points for Private Passenger Types collision. The collision OCN trend has increased by 0.2 points for Trucks, Tractors, & Trailers collision and has increased by 0.1 points for Private Passenger Types collision. If the prior loss and OCN trends were used, the Trucks, Tractors and Trailers and Private Passenger Types collision indications in this document would have been 0.0%, instead of -0.6%, and 8.8%, instead of 9.8%, respectively.

## Supplementary Information – Idaho

### Loss Development

#### Methodology

For the Trucks, Tractors & Trailers and Private Passenger Types Liability coverages, we continue to employ a credibility-weighted combination of Idaho and multistate factors for the 15 to 27 month link ratios for BI and PD, and the 27 to 39 month link ratios for BI only. Auto Dealers Liability losses are developed using multistate data. For all coverages, the "best three of five" link ratios have been used. Specifically, the highest and lowest link ratios from the latest five years of the experience have been removed from the calculation and the remaining three ratios are used to calculate the three-year average.

#### Factors

	<u>Current (100K)</u>	<u>Previous (100K)</u>
Trucks, Tractors and Trailers BI		
39 to Ultimate	1.073	1.068
27 to Ultimate	1.182	1.158
15 to Ultimate	1.307	1.270
Trucks, Tractors and Trailers PD		
39 to Ultimate	1.004	1.004
27 to Ultimate	1.011	1.011
15 to Ultimate	1.024	1.027
Private Passenger Types BI		
39 to Ultimate	1.062	1.045
27 to Ultimate	1.150	1.120
15 to Ultimate	1.343	1.347
Private Passenger Types PD		
39 to Ultimate	1.004	1.003
27 to Ultimate	1.012	1.009
15 to Ultimate	1.053	1.048
Auto Dealers BI		
39 to Ultimate	1.133	1.144
27 to Ultimate	1.343	1.374
15 to Ultimate	1.786	1.850
Auto Dealers PD		
39 to Ultimate	1.046	1.048
27 to Ultimate	1.088	1.088
15 to Ultimate	1.187	1.166

## Supplementary Information – Idaho

### Other Factors

Unallocated Loss Adjustment Expense factors:

	<u>Data through 12/31/2015</u>	<u>Data through 12/31/2014</u>
Bodily Injury	1.085	1.085
Property Damage	1.110	1.115
Physical Damage	1.150	1.150

### Indicated vs. Filed Changes

An overall change of 6.3% is indicated when each of the coverage indications is weighted by its respective loss cost volume. Staff will file the indications, which reflect a 07/01/2018 proposed effective date, with the following exceptions:

<u>Coverage</u>	<u>Indicated Change</u>	<u>Filed Change</u>
Trucks, Tractors & Trailers Collision	-0.6%	N.C.
Auto Dealers Liability	2.2%	-10.0%

The overall filed change is 6.2%.

### Notes

- The Auto Dealers and Garagekeepers physical damage coverages are not being reviewed this year.
- The Trucks, Tractors & Trailers OTC indication of +10.2% is due to the unfavorable experience in two of the three most recent years.