



Property  
Insurance  
Association of  
Louisiana

Advance Planning  
Notice Publication  
Date  
6/20/2019

## Commercial Fire Rates



State Number:  
735838



PIAL Number:  
LA19-04  
(CF-2019-RLA1)



Effective Date:  
11/1/2019



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### CHANGES

Revises advisory prospective rates.

### COMPANY ACTION

If you have authorized us to file on your behalf and decide:

- To use our revision and effective date, you are NOT required to file anything with the Louisiana Department of Insurance.
- To use our revision with a different effective date, to use our revision with modification, or to NOT use our revision, you must make an appropriate submission with the Louisiana Department of Insurance.

In all correspondence with the Louisiana Department of Insurance regarding this revision, include the PIAL and/or State Filing Designation Number.

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## LOUISIANA

### COMMERCIAL FIRE AND ALLIED LINES INSURANCE PROSPECTIVE RATE LEVEL REVISION EXECUTIVE SUMMARY

#### PURPOSE

This document:

- revises advisory prospective rates. These rates represent a -7.7% statewide change from the current PIAL rates.
  - provides the analyses used to derive the prospective rates based on experience through calendar/accident year ending 06/30/2017, evaluated as of 09/30/2017.
  - incorporates hurricane modeled rate provisions based on Touchstone Version 5.0 of AIR Worldwide Corporation's (AIR) tropical cyclone model. Changes from the previous version of the model are explained in Section C.
  - introduces Basic Group I class-rated rates for the Condominium classes (0331-0333 and 0341-0343).
- 

#### PROSPECTIVE RATE LEVEL CHANGES

The statewide monoline rate level changes are:

Coverage	Filed
Basic Group I	-13.3%
Basic Group II	-3.3%
Special Causes of Loss	-10.9%
Total	-7.7%

Filed rate level changes are changes from the current rate level.

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PRIOR PIAL  
REVISIONS

The latest revisions in Louisiana are:

<u>PIAL Filing</u>	LA 17-01 (CF-2017-RLA1)	LA 16-01 (CF-2015-RLA1)
<u>Dates</u>		
Implemented	07/01/2018	07/01/2016
<u>Changes</u>		
Basic Group I	-14.5%	-8.2%
Basic Group II	+0.6%	-9.5%
Special Causes of Loss	-16.2%	-8.4%
Total	-7.6%	-8.9%

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HISTORICAL  
SOURCE DATA

The data used in this review is:

- Voluntary experience for ISO reporting companies.
  - Five calendar/accident years ending 06/30/2017 for Basic Group I and Special Causes of Loss.
  - Ten calendar/accident years ending 06/30/2017 for Basic Group II.
- 

DISTRIBUTION  
OF STATEWIDE  
MONOLINE  
RATE LEVEL  
CHANGES

ISO has distributed the statewide monoline prospective rate level changes as follows:

- by rating group and territory for Basic Group I.
- by territory, coverage and symbol for Basic Group II.
- by category (occupancy group) for Special Causes of Loss.

This has been done based on the experience of each rating group and territory, or category for Basic Group I and Special Causes of Loss, and based on the hurricane model for Basic Group II. Therefore, the resulting changes will vary by rating group and territory for Basic Group I; by territory, coverage, and symbol for Basic Group II; and by category for Special Causes of Loss.

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TREND AND  
OTHER  
ADJUSTMENTS

Loss Trend

For trend purposes, the period of use for this revision is assumed to begin on 01/01/2019. To adjust the loss experience to the levels expected to prevail while the revised loss costs are in effect, trend factors have been applied to the historical incurred losses. These trend factors are based on:

- external cost indices published by the U.S. Government and information provided by Xactware Solutions, Inc.
- changes in multistate average claim costs through fourth quarter 2016.

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

<u>Coverage</u>	<u>Annual Rate of Change</u>
Buildings	2.5%
Contents	1.2%
Time Element	-0.1%

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

<u>Line of Business</u>	<u>Buildings</u>	<u>Contents</u>	<u>Time Element</u>
Basic Group I	-0.4%	0.5%	2.5%
Basic Group II	0.5%	0.8%	2.2%
Special Causes of Loss	0.3%	0.5%	2.5%

This produces a total annual loss trend of:

<u>Line of Business</u>	<u>Buildings</u>	<u>Contents</u>	<u>Time Element</u>
Basic Group I	2.0%	1.6%	2.3%
Basic Group II	2.9%	1.9%	2.0%
Special Causes of Loss	2.7%	1.6%	2.3%

Premium Trend

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

TREND AND  
OTHER  
ADJUSTMENTS  
(cont'd)

In order to reflect this increase in revenue, ISO uses a premium trend procedure. The premium trend factors are based on observed changes in the annual amount of insurance written for BG I renewal policies for a group of selected companies. The selected annual trends in the amount of insurance are:

Buildings	2.0%
Contents	1.7%
Time Element	1.0%

Other Adjustments

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

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TEN LARGEST  
COMPANY  
GROUPS IN  
ISO DATA BASE

COMMERCIAL MULTIPERIL - NON-LIABILITY (ASLOB 51)

1. Travelers Indemnity Company
2. Zurich American Insurance Company
3. Liberty Mutual Insurance Company
4. Allstate Insurance Company
5. Employers Mutual Casualty Company
6. Great American Insurance Company
7. Hartford Accident & Indemnity Company
8. Fireman's Fund Insurance Company
9. American International Group
10. Liberty Mutual Group

Insurers are listed in descending order based on the percent of statewide written premium volume from Annual Statement Page 15 for year ending 12/31/2016 for Annual Statement Line of Business (ASLOB) 51, Commercial Multiperil - Non-liability.

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

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SIZE OF ISO  
DATA BASE

The market share of all insurers reporting to ISO in this state and included in the ratemaking experience underlying this review as measured by Annual Statement Page 15 written premium for year ending 12/31/2016 is:

Commercial Multi-peril - Non-liability (ASLOB 51) - 13.4%

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LOUISIANA  
COMMERCIAL PROPERTY INSURANCE

SECTION EX - EXPENSE AND EARNING EXHIBITS

Countrywide Loss Adjustment Expense Exhibit (Table 41) .....	EX2-3
Calculation of Balance Point Loss Ratio .....	EX4
2017 Louisiana Tax Provisions .....	EX5
Countrywide Agency and Direct Writers Expense Experience.....	EX6
BG I Estimated Investment Earnings .....	EX7-12
BG II and SCL Estimated Investment Earnings .....	EX13-18

## OVERVIEW

### LOSS ADJUSTMENT EXPENSE FACTORS

OBJECTIVE	The reported indemnity losses must be loaded for any loss adjustment expenses (LAE) that are not reported in statistical detail to ISO.
PROPERTY COVERAGES	For the property coverages, only the incurred indemnity losses are reported to ISO under the Commercial Statistical Plan. All loss adjustment expenses must be loaded in. A factor representing the ratio of incurred losses plus all LAE to incurred losses was selected based on multistate financial data (see Table 41 for the underlying data).
EXPERIENCE INCLUDED	Fire and Allied Lines incurred loss and loss adjustment expense experience for 2012-2016 is displayed on Table 41. The experience is based on Insurance Expense Exhibit information compiled by A.M. Best. For Allied Lines, the loss adjustment expense ratios [Table 41, line (3)(b)] for several years are distorted by unusual catastrophe-related losses and loss adjustment expenses. The selected Allied Lines loss adjustment expense factor used for this review was selected after consideration of this distortion and based on a review of average loss adjustment expense ratios over a longer time period.
SELECTED FACTORS	The following factors have been used in this review to load incurred losses for all loss adjustment expenses:

Basic Group I	1.100
Basic Group II	1.125
Special Causes of Loss	1.125

TABLE 41  
FIRE AND ALLIED LINES INSURANCE  
COUNTRYWIDE LOSS ADJUSTMENT EXPENSE EXPERIENCE (A)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>Selected</u>
(1) Fire						
(a) Direct Losses Incurred	5,023,106	4,688,160	5,453,055	5,307,898	5,625,399	
(b) Direct Loss Adjustment Expense Incurred	483,790	467,349	541,303	522,374	538,861	
(2) Allied Lines						
(a) Direct Losses Incurred	8,611,569	4,802,876	4,490,338	4,730,020	6,303,537	
(b) Direct Loss Adjustment Expense Incurred	807,626	702,307	617,997	650,322	701,782	
(3) Loss Adjustment Expense as a Ratio to Losses						
(a) Fire (1b) / (1a)	9.6%	10.0%	9.9%	9.8%	9.6%	10.0%
(b) Allied Lines (2b) / (2a)	9.4%	14.6%	13.8%	13.7%	11.1%	12.5%

NOTE: All dollar amounts are displayed in thousands.

COMMERCIAL  
FIRE AND ALLIED LINES  
CALCULATION OF BALANCE POINT LOSS RATIO

	<u>BG I</u>	<u>BG II/SCL</u>
(1) General Expenses	7.9%	7.9%
(2) Production Expenses (a)	18.3%	18.3%
(3) Taxes & Fees	5.5%	4.0%
(4) Profit & Contingency	6.0%	5.0%
(5) Total Expenses & Profit	37.7%	35.2%
(6) Investment Income	1.8%	1.6%

Expected Loss and Loss Adjustment Expense Ratio:

(7) = 1.00 - ((5)-(6)) =	0.641	0.664
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(a) Production Expenses

Commission and Brokerage	12.3%	12.3%
Other Acquisition Expenses	6.0%	6.0%
Total	18.3%	18.3%

## 2017 Louisiana Insurance Tax Rates

	(1)		(2)	(3)	(4)
	<u>Premium Tax</u>		Fire Marshall <u>Taxes</u>	Other State Taxes and Special <u>Assessments</u>	Total (c) <u>(1)+(2)+(3)</u>
	<u>Foreign Rate</u>	<u>Domestic Rate</u>			
Fire	3.00%	3.00%	1.50% (a)	1.0375% (b)	5.5%
Allied Lines	3.00%	3.00%		1.0375% (b)	4.0%

(a) The Fire Marshal Taxes for domestic companies are the sum of the Louisiana Fire Marshal Tax (1.25%) and Firefighter Training Program Tax (0.25%). Domestic companies are exempt from the Fire Department Tax of 2.0%.

(b) This represents Louisiana's Insurance Fraud Assessment (maximum of 0.0375%) and the Insurance Department Assessment (maximum of 1%). Louisiana's Insurance Fraud Assessment excludes premiums for crop and livestock insurance.

(c) Rounded to the nearest 0.1%.

Insurer Expense Experience - Agency and Direct Writers Combined  
Underwriting Expenses: 2007-2016

**Fire & Allied Lines Insurance**

	(1)	(2)	(3)	(4)	(5)
	Direct	Direct	General	Direct	Other Acquisition,
	Premiums	Premiums	Expenses	Commission	Field Supervision
	<u>Written</u>	<u>Earned</u>	<u>Incurred</u>	<u>and Brokerage</u>	<u>and Collection</u>
<u>Year</u>				<u>Expenses Incurred</u>	<u>Expenses Incurred</u>
2007	\$20,168,820	\$20,006,224	\$1,219,120	\$2,441,259	\$1,057,370
2008	20,490,522	20,452,007	1,346,431	2,490,034	1,111,344
2009	21,489,270	21,010,176	1,462,946	2,578,245	1,163,886
2010	21,412,460	21,496,979	1,595,844	2,485,907	1,273,795
2011	22,190,664	21,894,939	1,472,483	2,574,947	1,253,985
2012	22,836,717	22,713,138	1,681,068	2,635,349	1,252,172
2013	23,665,784	23,076,837	1,833,871	2,848,625	1,355,117
2014	23,803,354	23,538,114	1,848,460	2,967,811	1,423,559
2015	23,334,316	23,303,802	1,846,195	2,999,335	1,442,361
2016	22,668,270	22,687,129	1,909,415	2,882,833	1,469,997

**Underwriting Expense Ratios**

	(6)	(7)	(8)	(9)
	General	Commission &	Other	Production
	Expense	Brokerage	Acquisition	Cost
<u>Year</u>	<u>[(3)/(2)]</u>	<u>[(4)/(1)]</u>	<u>[(5)/(2)]</u>	<u>[(7)+(8)]</u>
2007	6.1%	12.1%	5.3%	17.4%
2008	6.6%	12.2%	5.4%	17.6%
2009	7.0%	12.0%	5.5%	17.5%
2010	7.4%	11.6%	5.9%	17.5%
2011	6.7%	11.6%	5.7%	17.3%
2012	7.4%	11.5%	5.5%	17.1%
2013	7.9%	12.0%	5.9%	17.9%
2014	7.9%	12.5%	6.0%	18.5%
2015	7.9%	12.9%	6.2%	19.0%
2016	8.4%	12.7%	6.5%	19.2%
Averages				
2012-2016	7.9%	12.3%	6.0%	18.3%
2014-2016	8.1%	12.7%	6.2%	18.9%

NOTE: Columns (1) to (5) are expressed in thousands of dollars.

Underwriting Expense Ratios are on a direct basis, rather than net of reinsurance. The Commission and Brokerage ratio is a percentage of written premium; the General Expense and Other Acquisition ratios are percentages of earned premium.

**COMMERCIAL FIRE/BASIC GROUP I  
ESTIMATED INVESTMENT EARNINGS ON UNEARNED  
PREMIUM RESERVES AND ON LOSS RESERVES**

**A. Unearned Premium Reserve**

1 Direct Earned Premium for 2017	\$12,366,797
2 Mean Direct Unearned Premium Reserve = (1) x 0.496	6,133,931
3 Deduction for Prepaid Expenses*	
Commission and Brokerage Expense	12.30%
Taxes, Licenses and Fees	5.50%
50% of Other Acquisition Expense	3.00%
50% of Company Operating Expense	3.95%
Total	24.75%
4 Deduction for Federal Taxes Payable	4.20%
5 (2) x [(3) + (4)]	1,775,773
6 Net Subject to Investment = (2) - (5)	<b>4,358,158</b>

**B. Delayed Remission of Premium (Agents' Balances)**

1 Direct Earned Premium	12,366,797
2 Average Agents' Balance Ratio	0.206
3 Delayed Remission = (1) x (2)	<b>2,547,560</b>

**C. Loss and LAE Reserve**

1 Direct Earned Premium (A-1)	12,366,797
2 Expected Incurred Losses and Loss Adjustment Expenses* = (1) * 0.623	7,704,515
3 Expected Mean LLAE Reserves = (2) * 0.720	<b>5,547,250</b>

**D. Net Subject to Investment = (A.6)– (B.3) + (C.3)** **7,357,848**

**E. Average Rate of Return** **3.61%**

**F. Investment Earnings on Net Subject to Investment = (D) \* (E)** **265,618**

**G. Average Rate of Return as a Percent of Direct Earned Premium =  
(F) / (A.1)** **2.1%**

**H. Average Rate of Return as a Percent of Direct Earned Premium  
After Federal Income Taxes = (G) \* (1 - 0.166)** **1.8%**

**Notes:**

*\*Based on the expense ratios provided by PIAL and 6.0% profit & contingency provision.  
All monetary values are expressed in thousands of dollars and based on industry-aggregate information.*

**COMMERCIAL FIRE/BASIC GROUP I  
ESTIMATED INVESTMENT EARNINGS ON UNEARNED  
PREMIUM RESERVES AND ON LOSS RESERVES  
EXPLANATORY NOTES**

Line A-1

*Direct earned premiums* represent industry data and are based on data acquired from A.M. Best.

Line A-2

The mean direct unearned premium reserve is determined by multiplying the direct earned premiums in line A-1 by the ratio of the mean direct unearned premium reserves to the direct earned premium for the latest available calendar year for the line of business.

	<u>(In Thousands of Dollars)</u>
1. Direct Earned Premium for Calendar Year 2017	\$12,366,797
2. Direct Unearned Premium Reserve as of 12/31/16	6,137,079
3. Direct Unearned Premium Reserve as of 12/31/17	6,137,401
4. Mean Direct Unearned Premium Reserve = $\frac{1}{2} [(2) + (3)]$	6,137,240
5. <b>Ratio (4) / (1)</b>	<b>0.496</b>

Line A-3

*Deduction for prepaid expenses:*

Production costs and a large part of the other company expenses in connection with the writing and handling of insurance policies, exclusive of claim adjustment expenses, are incurred when the policy is written and before the premium is paid. Therefore, the deduction for these expenses is determined by use of the provisions for expenses used in our determination of an expected loss and LAE ratio.

Line A-4

*Deduction for Federal taxes payable:*

The Tax Cuts and Jobs Act of 2017 did not alter the 20% tax on the unearned premium reserve, existing since 1986. At a corporate tax rate of 21%, this tax equals 4.2% ( $0.20 \times 0.21 = 0.042$ ) of the unearned premium reserve.

Line B-2

*Delayed remission of premium:*

This deduction is necessary because of delay in collection and remission of premium to the companies beyond the effective dates of the policies. Funds for the unearned premium reserve required during the initial days of all policies must be taken from the company's surplus.



**COMMERCIAL FIRE/BASIC GROUP I  
ESTIMATED INVESTMENT EARNINGS ON UNEARNED  
PREMIUM RESERVES AND ON LOSS RESERVES  
EXPLANATORY NOTES (Cont'd)**

Line B-2 (Cont'd)

***Delayed remission of premium:***

The total of admitted and non-admitted agents' balances, or uncollected premiums due, amounts to 0.206 of net earned premiums for all companies. The 0.206 is based on the following:

	<u>(In Thousands of Dollars)</u>
1. Net Earned Premium for Calendar Year 2017	\$540,608,253
2. Net Agents' Balances as of 12/31/16	105,809,940
3. Net Agents' Balances as of 12/31/17	117,116,374
4. Mean Agents' Balances: $\frac{1}{2} [(2) + (3)]$	111,463,157
<b>5. Ratio (4) / (1)</b>	<b>0.206</b>

***Notes:***

*All monetary values are expressed in thousands of dollars and based on industry-aggregate information.*

**COMMERCIAL FIRE/BASIC GROUP I  
ESTIMATED INVESTMENT EARNINGS ON UNEARNED  
PREMIUM RESERVES AND ON LOSS RESERVES  
EXPLANATORY NOTES (Cont'd)**

Line C-2

The *expected incurred losses* are determined by multiplying the direct earned premium by the average loss ratio (including loss adjustment expense).

Line C-3

The *expected mean loss reserve* is determined by multiplying the expected incurred losses in line C-2 by the average ratio of the mean loss and loss adjustment reserves to the incurred losses and loss adjustment expenses in the latest two available calendar years for the line of business. This ratio is based on industry-aggregate data and includes an adjustment for the estimated federal income taxes payable due to discounting of loss reserves.

	<u>(In Thousands of Dollars)</u>
1. Direct Incurred for Calendar Year 2016	\$6,329,478
2. Direct Incurred for Calendar Year 2017	9,010,361
3. Direct Reserves as of 12/31/15	4,755,020
4. Direct Reserves as of 12/31/16	4,985,378
5. Direct Reserves as of 12/31/17	7,159,930
6. Mean Loss Reserve 2016: $\frac{1}{2} [(3) + (4)]$	4,870,199
7. Mean Loss Reserve 2017: $\frac{1}{2} [(4) + (5)]$	6,072,654
8. Ratio (6) / (1)	0.769
9. Ratio (7) / (2)	0.674
10. $\frac{1}{2} [(8) + (9)]$	0.722
11. Estimated Reserve Discount	1.37%
12. Federal Taxes Payable (% of Reserves): (11) x 0.21	0.29%
13. (10) x [1.0 - (12)]	0.720
<b>14. Selected Ratio</b>	<b>0.720</b>

**Notes:**

*Direct incurred and direct reserves include both indemnity and loss adjustment expense.*

*All monetary values are expressed in thousands of dollars and based on industry-aggregate information.*

**COMMERCIAL FIRE/BASIC GROUP I  
ESTIMATED INVESTMENT EARNINGS ON UNEARNED  
PREMIUM RESERVES AND ON LOSS RESERVES  
EXPLANATORY NOTES (Cont'd)**

Line E

The **rate of return** is the ratio of *net investment income earned* to *mean cash and invested assets* (including interest, dividends, and real estate income due and accrued) for all companies as determined from property/casualty industry data acquired from A.M. Best.

<u>Year</u>	<u>Net Investment Income Earned (In Thousands of Dollars)</u>	<u>Mean Cash and Invested Assets (In Thousands of Dollars)</u>	<u>Rate of Return</u>
2016	\$46,599,892	\$1,506,310,102	3.09%
2017	48,905,904	1,574,293,957	3.11%
	<b>\$95,505,796</b>	<b>\$3,080,604,059</b>	<b>3.10%</b>

To include realized capital gains (or losses), a ten-year average rate of pre-tax return is calculated and added to the above rate of return:

<u>Years</u>	<u>Pre-Tax Realized Capital Gains (or Losses) (In Thousands of Dollars)</u>	<u>Mean Cash and Invested Assets (In Thousands of Dollars)</u>	<u>Rate of Return</u>
2008 - 2017	\$69,039,676	\$13,662,216,469	0.51%

**Total Rate of Return:** Net Investment Income Earned  
and  
Net Realized Capital Gains (or  
Losses) **3.61%**

Line H

The effective income tax rate on investment income is calculated as a weighted average of the effective tax rate on investments (see next page) and the tax rate for capital gains, with the rates of return as weights:

	<u>Rate of Return</u>	<u>Federal Income Tax Rate</u>
Net Investment Income Earned	3.10%	15.9%
Net Realized Capital Gains (or Losses)	0.51%	21.0%
	<b>3.61%</b>	<b>16.6%</b>

**Notes:**

*All monetary values are expressed in thousands of dollars and based on industry-aggregate information.*

**COMMERCIAL FIRE/BASIC GROUP I  
ESTIMATED INVESTMENT EARNINGS ON UNEARNED  
PREMIUM RESERVES AND ON LOSS RESERVES  
EXPLANATORY NOTES (Cont'd)**

Line H (cont'd)

The average rate of federal income tax is determined by applying the appropriate tax rates to the distribution of investment income earned for 2016 for all companies as determined from property/casualty industry data acquired from A.M. Best.

	Investment Income Earned (In Thousands of Dollars)	Federal Income Tax Rate
<u>Bonds</u>		
Taxable	\$21,307,609	21.0%
<u>Non-Taxable<sup>1</sup></u>	<u>9,660,940</u>	<u>5.3%</u>
<b>Total</b>	<b>\$30,968,549</b>	<b>16.1%</b>
<u>Stocks</u>		
Taxable <sup>2</sup>	\$7,473,899	13.1%
<u>Non-Taxable (Affiliates)</u>	<u>1,707,711</u>	<u>0.0%</u>
<b>Total</b>	<b>\$9,181,610</b>	<b>10.7%</b>
Mortgage Loans	\$750,047	21.0%
Real Estate	1,771,513	21.0%
Cash on Short Term Investments Deposit	948,892	21.0%
<u>All Other</u>	<u>10,171,495</u>	<u>21.0%</u>
<b>Subtotal</b>	<b>\$13,641,947</b>	<b>21.0%</b>
<b>Total</b>	<b>\$53,792,106</b>	<b>16.4%</b>
<b>Investment Deductions</b>	<b>\$4,886,202</b>	<b>21.0%</b>
<b>Net Investment Income Earned</b>	<b>\$48,905,904</b>	<b>15.9%</b>

**Notes:**

All monetary values are expressed in thousands of dollars and based on industry-aggregate information.

<sup>1</sup>Assume 100% of the income on tax-exempt bonds is subject to proration; that is, 25% of that income is taxed at the full corporate tax rate of 21%. The applicable tax rate is thus 5.3% ( $1.00 \times .25 \times .21 = .053$ ).

<sup>2</sup>50 % of dividend income is subject to the full corporate income tax rate of 21%. Assume all of the dividend income on stocks is subject to proration; that is, 25% of the remaining 50% of dividend income is taxed at a rate of 21%. The applicable tax rate is thus 13.1% ( $(.50 \times .21) + (.50 \times .25 \times .21) = .131$ ).

**COMMERCIAL ALLIED LINES/BASIC GROUP II & SPECIAL CAUSES OF LOSS  
ESTIMATED INVESTMENT EARNINGS ON UNEARNED  
PREMIUM RESERVES AND ON LOSS RESERVES**

**A. Unearned Premium Reserve**

1 Direct Earned Premium for 2017	\$10,743,843
2 Mean Direct Unearned Premium Reserve = (1) * 0.482	5,178,532
3 Deduction for Prepaid Expenses*	
Commission and Brokerage Expense	12.30%
Taxes, Licenses and Fees	4.00%
50% of Other Acquisition Expense	3.00%
50% of Company Operating Expense	3.95%
Total	23.25%
4 Deduction for Federal Taxes Payable	4.20%
5 (2) x [(3) + (4)]	1,421,507
6 Net Subject to Investment = (2) - (5)	<b>3,757,025</b>

**B. Delayed Remission of Premium (Agents' Balances)**

1 Direct Earned Premium (A-1)	10,743,843
2 Average Agents' Balance Ratio	0.206
3 Delayed Remission = (1) x (2)	<b>2,213,232</b>

**C. Loss and LAE Reserve**

1 Direct Earned Premium	10,743,843
2 Expected Incurred Losses and LAE* = (1) * 0.648	6,962,010
3 Expected Mean LLAE Reserves = (2) x 0.594	<b>4,135,434</b>

**D. Net Subject to Investment = A6 - B3 + C3** **5,679,228**

**E. Average Rate of Return** **3.61%**

**F. Investment Earnings on Net Subject to Investment = D \* E** **205,020**

**G. Average Rate of Return as a Percent of Direct Earned Premium = (F) / (A.1)** **1.9%**

**H. Average Rate of Return as a Percent of Direct Earned Premium After Federal Income Taxes = G \* (1 - 0.166)** **1.6%**

**Notes:**

*\*Based on the expense ratios provided by PIAL and 5.0% profit & contingency provision. All monetary values are expressed in thousands of dollars and based on industry-aggregate information.*

**COMMERCIAL ALLIED LINES/BASIC GROUP II & SPECIAL CAUSES OF LOSS  
ESTIMATED INVESTMENT EARNINGS ON UNEARNED  
PREMIUM RESERVES AND ON LOSS RESERVES  
EXPLANATORY NOTES**

Line A-1

*Direct earned premiums* represent industry data and are based on data acquired from A.M. Best.

Line A-2

The *mean direct unearned premium reserve* is determined by multiplying the direct earned premiums in line A-1 by the ratio of the mean direct unearned premium reserves to the direct earned premium for the latest available calendar year for the line of business.

	<u>(In Thousands of Dollars)</u>
1. Direct Earned Premium for Calendar Year 2017	\$10,743,843
2. Direct Unearned Premium Reserve as of 12/31/16	5,186,721
3. Direct Unearned Premium Reserve as of 12/31/17	5,175,329
4. Mean Direct Unearned Premium Reserve = $\frac{1}{2} [(2) + (3)]$	5,181,025
<b>5. Ratio (4) / (1)</b>	<b>0.482</b>

Line A-3

***Deduction for prepaid expenses:***

Production costs and a large part of the other company expenses in connection with the writing and handling of insurance policies, exclusive of claim adjustment expenses, are incurred when the policy is written and before the premium is paid. Therefore, the deduction for these expenses is determined by use of the provisions for expenses used in our determination of an expected loss and LAE ratio.

Line A-4

***Deduction for Federal taxes payable:***

The Tax Reform Act of 1986 taxes 20% of the unearned premium reserve. At a corporate tax rate of 21%, this equals 4.2% ( $0.20 \times 0.21 = 0.042$ ) of the unearned premium reserve.

Line B-2

***Delayed remission of premium:***

This deduction is necessary because of delay in collection and remission of premium to the companies beyond the effective dates of the policies. Funds for the unearned premium reserve required during the initial days of all policies must be taken from the company's surplus.

**COMMERCIAL ALLIED LINES/BASIC GROUP II & SPECIAL CAUSES OF LOSS  
ESTIMATED INVESTMENT EARNINGS ON UNEARNED  
PREMIUM RESERVES AND ON LOSS RESERVES  
EXPLANATORY NOTES (Cont'd)**

Line B-2 (Cont'd)

The total of admitted and non-admitted agents' balances, or uncollected premiums due, amounts to 0.206 of net earned premiums for all companies. The 0.206 is based on the following:

(In Thousands of Dollars)

1.	Net Earned Premium for Calendar Year 2017	\$540,608,253
2.	Net Agents' Balances as of 12/31/16	105,809,940
3.	Net Agents' Balances as of 12/31/17	117,116,374
4.	Mean Agents' Balances: $\frac{1}{2}$ [(2) + (3)]	111,463,157
5.	<b>Ratio (4) / (1)</b>	<b>0.206</b>

**Notes:**

*All monetary values are expressed in thousands of dollars and based on industry-aggregate information.*

**COMMERCIAL ALLIED LINES/BASIC GROUP II & SPECIAL CAUSES OF LOSS  
ESTIMATED INVESTMENT EARNINGS ON UNEARNED  
PREMIUM RESERVES AND ON LOSS RESERVES  
EXPLANATORY NOTES (Cont'd)**

Line C-2

The *expected incurred losses* are determined by multiplying the direct earned premium by the average expected loss ratio (including loss adjustment expense).

Line C-3

The *expected mean loss reserve* is determined by multiplying the expected incurred losses in line C-2 by the average ratio of the loss and loss adjustment reserves to the incurred losses and loss adjustment expenses in the latest two available calendar years for the line of business. This ratio is based on industry-aggregate data and includes an adjustment for the estimated federal income taxes payable due to discounting of loss reserves.

	<u>(In Thousands of Dollars)</u>
1. Direct Incurred for Calendar Year 2016	\$7,107,269
2. Direct Incurred for Calendar Year 2017	19,144,220
3. Direct Reserves as of 12/31/15	4,285,717
4. Direct Reserves as of 12/31/16	5,058,294
5. Direct Reserves as of 12/31/17	15,418,771
6. Mean Loss Reserve 2016: $\frac{1}{2} [(3) + (4)]$	4,672,006
7. Mean Loss Reserve 2017: $\frac{1}{2} [(4) + (5)]$	10,238,533
8. Ratio (6) / (1)	0.657
9. Ratio (7) / (2)	0.535
10. $\frac{1}{2} [(8) + (9)]$	0.596
11. Estimated Reserve Discount	1.37%
12. Federal Taxes Payable (% of Reserves): (11) x 0.21	0.29%
13. (10) x [1.0 - (12)]	0.594
<b>14. Direct Incurred for Calendar Year 2016</b>	<b>\$7,107,269</b>

*Notes:*

*Direct incurred and direct reserves include both indemnity and loss adjustment expense.*

*All monetary values are expressed in thousands of dollars and based on industry-aggregate information.*



**COMMERCIAL ALLIED LINES/BASIC GROUP II & SPECIAL CAUSES OF LOSS  
ESTIMATED INVESTMENT EARNINGS ON UNEARNED  
PREMIUM RESERVES AND ON LOSS RESERVES  
EXPLANATORY NOTES (Cont'd)**

Line E

The **rate of return** is the ratio of *net investment income earned* to *mean cash and invested assets* (including interest, dividends, and real estate income due and accrued) for all companies as determined from property/casualty industry data acquired from A.M. Best.

<u>Year</u>	<u>Net Investment Income Earned (In Thousands of Dollars)</u>	<u>Mean Cash and Invested Assets (In Thousands of Dollars)</u>	<u>Rate of Return</u>
2016	\$46,599,892	\$1,506,310,102	3.09%
2017	48,905,904	1,574,293,957	3.11%
	<b>\$95,505,796</b>	<b>\$3,080,604,059</b>	<b>3.10%</b>

To include realized capital gains (or losses), a ten-year average rate of pre-tax return is calculated and added to the above rate of return:

<u>Years</u>	<u>Pre-Tax Realized Capital Gains (or Losses) (In Thousands of Dollars)</u>	<u>Mean Cash and Invested Assets (In Thousands of Dollars)</u>	<u>Rate of Return</u>
2008 - 2017	\$69,039,676	\$13,662,216,469	0.51%

**Total Rate of Return:** Net Investment Income Earned  
and  
Net Realized Capital Gains (or  
Losses) **3.61%**

Line H

The effective income tax rate on investment income is calculated as a weighted average of the effective tax rate on investments (see next page) and the tax rate for capital gains, with the rates of return as weights:

	<u>Rate of Return</u>	<u>Federal Income Tax Rate</u>
Net Investment Income Earned	3.10%	15.9%
Net Realized Capital Gains (or Losses)	0.51%	21.0%
	<b>3.61%</b>	<b>16.6%</b>

**Notes:**

*All monetary values are expressed in thousands of dollars and based on industry-aggregate information.*

**COMMERCIAL ALLIED LINES/BASIC GROUP II & SPECIAL CAUSES OF LOSS  
ESTIMATED INVESTMENT EARNINGS ON UNEARNED  
PREMIUM RESERVES AND ON LOSS RESERVES  
EXPLANATORY NOTES (Cont'd)**

Line H (cont'd)

The average rate of federal income tax is determined by applying the appropriate tax rates to the distribution of investment income earned for 2017 for all companies as determined from property/casualty industry data acquired from A.M. Best.

	Investment Income Earned (In Thousands of Dollars)	Federal Income Tax Rate
<u>Bonds</u>		
Taxable	\$21,307,609	21.0%
<u>Non-Taxable<sup>1</sup></u>	<u>9,660,940</u>	<u>5.3%</u>
<b>Total</b>	<b>\$30,968,549</b>	<b>16.1%</b>
 <u>Stocks</u>		
Taxable <sup>2</sup>	\$7,473,899	13.1%
<u>Non-Taxable (Affiliates)</u>	<u>1,707,711</u>	<u>0.0%</u>
<b>Total</b>	<b>\$9,181,610</b>	<b>10.7%</b>
 Mortgage Loans	\$750,047	21.0%
Real Estate	1,771,513	21.0%
Cash on Short Term Investments Deposit	948,892	21.0%
<u>All Other</u>	<u>10,171,495</u>	<u>21.0%</u>
<b>Subtotal</b>	<b>\$13,641,947</b>	<b>21.0%</b>
 <b>Total</b>	 <b>\$53,792,106</b>	 <b>16.4%</b>
 <b>Investment Deductions</b>	 <b>\$4,886,202</b>	 <b>21.0%</b>
 <b>Net Investment Income Earned</b>	 <b>\$48,905,904</b>	 <b>15.9%</b>

**Notes:**

*All monetary values are expressed in thousands of dollars and based on industry-aggregate information.*

<sup>1</sup>Assume 100% of the income on tax-exempt bonds is subject to proration; that is, 25% of that income is taxed at the full corporate tax rate of 21%. The applicable tax rate is thus 5.3% ( $1.00 \times .25 \times .21 = .053$ ).

<sup>2</sup>50 % of dividend income is subject to the full corporate income tax rate of 21%. Assume all of the dividend income on stocks is subject to proration; that is, 25% of the remaining 50% of dividend income is taxed at a rate of 21%. The applicable tax rate is thus 13.1% ( $(.50 \times .21) + (.50 \times .25 \times .21) = .131$ ).



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LOUISIANA  
COMMERCIAL PROPERTY INSURANCE

SECTION A - SCOPE OF REVISION

Summary of Monoline Prospective Rate Changes (Table 1) .....	A2
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Basic Group II Prospective Rate Changes By Territory, Coverage and Symbol (Table 2B) .....	A4
Special Causes of Loss Prospective Rate Changes by Category (Table 3) .....	A5
Potential Impact of BG I, BG II and SCL Monoline Revisions on Commercial Package Policy (Table 4) .....	A6

## LOUISIANA

TABLE 1 - SUMMARY OF MONOLINE PROSPECTIVE RATE LEVEL CHANGES (A)

COVERAGE	INDICATED/SELECTED	ADJUSTED EARNED PREMIUM
BASIC GROUP I	-13.3%	9,925,060
TERRITORY 01	-16.8%	
TERRITORY 08	-13.1%	
BASIC GROUP II	-3.3%	16,472,538
Zone 1	-1.9%	
Zone 2	-7.6%	
Zone 3	-0.5%	
Zone 4	-4.8%	
Zone 5	-13.6%	
SPECIAL CAUSES OF LOSS	-10.9%	5,492,881
ALL COVERAGES COMBINED	-7.7%	31,890,479

## TERRITORY DEFINITIONS

01 New Orleans  
08 Balance of State

(A) FOR TREND PURPOSES, THE PERIOD OF USE FOR THIS REVISION IS ASSUMED TO BEGIN ON 01/01/2019.

LOUISIANA

TABLE 2 - BASIC GROUP I PROSPECTIVE RATE LEVEL CHANGES  
BY TERRITORY AND RATING GROUP (A)

RATING GROUP DESCRIPTION	New Orleans	Balance of State (Louisiana)
	INDICATED/SELECTED	INDICATED/SELECTED
01 APARTMENTS	-14.1%	-9.3%
02 OTHER HABITATIONAL	-13.0%	-8.0%
03 RESTAURANTS & BARS	-17.2%	-12.5%
04 OTHER MERCANTILE RISKS	-19.6%	-15.0%
05 PUBLIC BUILDINGS	-16.8%	-12.0%
06 CHURCHES	-16.0%	-11.2%
07 SCHOOLS	-16.4%	-11.7%
08 OFFICES AND BANKS	-20.0%	-15.4%
09 RECREATIONAL FACILITIES	-17.2%	-12.5%
10 HOTELS & MOTELS	-16.0%	-11.2%
11 HOSPITALS & NURSING HOMES	-16.9%	-12.2%
12 BLDGS UNDER CONSTRUCTION	-16.9%	-12.2%
13 MOTOR VEHICLE RISKS	-18.1%	-13.4%
14 OTHER NON-MANUFACTURING	-16.9%	-12.2%
15 STORAGE	-16.9%	-12.1%
17 FOOD MANUFACTURING	-16.2%	-11.4%
18 WOOD MANUFACTURING	-16.2%	-11.4%
19 WEARING APPAREL	-16.4%	-11.7%
20 CHEMICAL MANUFACTURING	-16.4%	-11.7%
21 METAL MANUFACTURING	-16.9%	-12.1%
22 OTHER MANUFACTURING	-16.4%	-11.7%
TOTAL	-16.8%	-13.1%

(A) FOR EACH RATING GROUP, THE RATE LEVEL CHANGE FOR EACH CSP CLASS IN THE RATING GROUP, BY COVERAGE AND CONSTRUCTION, IS IDENTICAL TO THE OVERALL CHANGE SHOWN FOR THE RATING GROUP.

LOUISIANA  
TABLE 2B  
BASIC GROUP II FILED RATE LEVEL CHANGES  
BY TERRITORY, COVERAGE, AND SYMBOL

		TERRITORY		
COVERAGE	SYMBOL	Zone 1	Zone 2	Zone 3
		Ind./Selected	Ind./Selected	Ind./Selected
BUILDINGS	A	+0.0%	-2.0%	+4.3%
	AB	-2.3%	-2.3%	-2.2%
	B	-2.2%	-7.9%	+0.0%
CONTENTS	A	+1.0%	-1.0%	+3.3%
	AB	-0.9%	+0.0%	+1.3%
	B	-0.6%	-8.3%	-2.9%
	TOTAL	-1.9%	-7.6%	-0.5%

COVERAGE	SYMBOL	Zone 4	Zone 5
		Ind./Selected	Ind./Selected
BUILDINGS	A	+3.1%	-6.4%
	AB	-6.8%	-15.6%
	B	-5.1%	-13.2%
CONTENTS	A	+5.1%	-4.8%
	AB	+3.9%	-6.3%
	B	-4.5%	-14.4%
	TOTAL	-4.8%	-13.6%

LOUISIANA

TABLE 3 - SPECIAL CAUSES OF LOSS PROSPECTIVE RATE LEVEL CHANGES BY CATEGORY

CATEGORY DESCRIPTION	ENTIRE STATE
-----	-----
01 BUILDINGS	-11.6%
02 RES. APTS. AND CONDOS	-6.1%
03 OFFICES	-3.4%
04 MERCANTILE - HIGH	-5.5%
05 MERCANTILE - MEDIUM	-2.8%
06 MERCANTILE - LOW	-6.7%
07 MOTELS AND HOTELS	-5.1%
08 INSTITUTIONAL - HIGH	-15.8%
09 INSTITUTIONAL - LOW	-16.3%
10 INDUST-PROC - HIGH	-3.3%
11 INDUST-PROC - LOW	-3.7%
12 SERVICE - HIGH	-8.4%
13 SERVICE - LOW	-5.2%
14 CONTRACTORS	-2.5%
STATEWIDE TOTAL	-10.9%



LOUISIANA  
TABLE 4

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

(1)		(2)	(3)	(4)
TYPE OF POLICY		BASIC GROUP I	BASIC GROUP II	SPECIAL CAUSES OF LOSS
-----				
31	MOTEL/HOTEL	-11.2%	-2.0%	-10.7%
32	APARTMENT	-9.3%	-3.5%	-8.3%
33	OFFICE	-15.8%	-3.3%	-9.9%
34	MERCANTILE	-14.1%	-3.2%	-9.2%
35	INSTITUTIONAL	-11.6%	-3.4%	-14.3%
36	SERVICES	-13.4%	-3.1%	-9.9%
37	INDUST/PROCESSING	-12.1%	-3.3%	-8.2%
38	CONTRACTORS	-15.0%	-3.4%	-7.1%

BASIC GROUP I, BASIC GROUP II, AND SPECIAL CAUSES OF LOSS MONOLINE CHANGES BY TYPE OF POLICY (TOP) ARE DISPLAYED. THEY ARE CALCULATED BY TAKING A WEIGHTED AVERAGE OF THE RATE LEVEL CHANGES BY TERRITORY AND RATING GROUP (FOR BG I); BY TERRITORY, COVERAGE AND SYMBOL (FOR BG II); OR BY CATEGORY (FOR SCL), USING THE LATEST YEAR ADJUSTED EARNED PREMIUMS AS WEIGHTS.



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LOUISIANA  
COMMERCIAL PROPERTY INSURANCE

SECTION B - CALCULATION OF PROPOSED CHANGES

Overview of Actuarial Procedures - Commercial Property .....	B2
Calculation of Statewide Prospective Rate Level Changes (Tables 5, 6, and 7) .....	B3-12
Distribution of Prospective Rate Level Changes (Tables 8 - 12).....	B13-43

## OVERVIEW OF ISO ACTUARIAL PROCEDURES - COMMERCIAL PROPERTY

### INTRODUCTION

Commercial Property prospective rates are determined by evaluating the adequacy of the current PIAL rates to pay for our best estimate of losses, loss adjustment expenses, and other expenses (including acquisition and operating expenses, taxes, fees, profits and contingencies) that will be incurred in the prospective (or future) period. This evaluation is done separately for Basic Group I, Basic Group II, and Special Causes of Loss.

---

### STEP 1: DETERMINATION OF INDICATED STATEWIDE RATE LEVEL CHANGE

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

---

### STEP 2: DISTRIBUTION OF CHANGES

Based on the experience, ISO then distributes the indicated statewide rate level change by territory, type of policy and rating group for Basic Group I; by type of policy for Basic Group II; and by type of policy and category for Special Causes of Loss.

---

### STEP 3: CALCULATION OF REVISED RATES

The last step is the calculation of the prospective PIAL rates. This is achieved by applying the indicated monoline changes to the current PIAL rates. For Basic Group I, the Balance of State rate level changes by rating group are applied to the current manual rates. The revised territory multipliers are calculated by multiplying the current territory multipliers by the indicated territory changes. For specifically-rated properties, the appropriate changes are applied to the current experience level adjustment factors and territory multipliers. For Basic Group II, revised rates are calculated by applying the indicated statewide monoline change to the current PIAL rates, and adding the hurricane modeled rate provisions. For Special Causes of Loss, revised rates are calculated by applying the indicated monoline changes by category to the current PIAL rates.

---

COMMERCIAL PROPERTY INSURANCE  
CALCULATION OF STATEWIDE RATE LEVEL CHANGES IN TABLES 5, 6 AND 7

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

LOUISIANA  
TABLE 5

STATEWIDE BASIC GROUP I  
COVERAGE RATE LEVEL EVALUATION

(1)	(2)	(3)	(4)	(5)
YEAR	ADJUSTED* EARNED PREMIUMS	ADJUSTED** INCURRED LOSSES	LOSS RATIO (3) / (2)	WEIGHTS
2013	13,720,193	5,672,726	0.413	0.10
2014	12,657,484	6,483,991	0.512	0.15
2015	11,864,653	4,100,879	0.346	0.20
2016	10,941,054	2,775,267	0.254	0.25
2017	9,925,060	4,153,524	0.418	0.30

(6) WEIGHTED LOSS RATIO	= 0.376
(7) CREDIBILITY	= 0.250
(8) TRENDED EXPECTED LOSS RATIO	= 0.657
(9) CREDIBILITY WEIGHTED LOSS RATIO (0.250 X 0.376) + (0.750 X 0.657)	= 0.587
(10) EXPECTED LOSS RATIO	= 0.641
(11) INDICATED COVERAGE RATE LEVEL CHANGE (0.587 / 0.641)	= 0.916
	OR -8.4%

\* ADJUSTED EARNED PREMIUMS ARE AT THE CURRENT PIAL RATE LEVEL  
AND 07/01/2019 AMOUNT OF INSURANCE LEVELS.

\*\* INCURRED LOSSES ARE ADJUSTED TO 01/01/2020 COST LEVELS INCLUDING  
LOSS DEVELOPMENT AND ALL LOSS ADJUSTMENT EXPENSES.

LOUISIANA  
TABLE 6

STATEWIDE BASIC GROUP II  
COVERAGE RATE LEVEL EVALUATION

(1)	(2)	(3)	(4)	(5)
YEAR	ADJUSTED EARNED * PREMIUMS	NON-HURR. ADJUSTED EARNED PREMIUMS	ADJUSTED** NON-HURRICANE INCURRED LOSSES	NON HURRICANE LOSS RATIO (4) / (3)
2008	25,849,725	9,412,338	7,868,521	0.836
2009	24,093,564	8,850,693	5,457,566	0.617
2010	24,474,054	9,127,653	4,401,362	0.482
2011	24,078,852	9,235,648	7,563,189	0.819
2012	24,682,193	9,443,238	5,973,602	0.633
2013	23,302,297	8,929,325	9,934,545	1.113
2014	20,963,834	8,158,790	3,562,634	0.437
2015	19,658,300	7,735,510	4,018,782	0.520
2016	18,226,384	7,306,520	6,499,768	0.890
2017	16,472,538	6,753,326	6,778,238	1.004

(6) WEIGHTED LOSS RATIO (EQUAL WEIGHTS) = 0.735

(7) CREDIBILITY = 0.300

(8) TRENDED EXPECTED LOSS RATIO = 0.686

(9) CREDIBILITY WEIGHTED LOSS RATIO = 0.701  
(0.300 x 0.735) + (0.700 x 0.686)

(10) EXPECTED LOSS RATIO = 0.664

(11) INDICATED COVERAGE RATE LEVEL CHANGE = 1.056  
(0.701 / 0.664)

OR 5.6%

\* ADJUSTED EARNED PREMIUMS ARE AT THE CURRENT PIAL RATE LEVEL  
AND 07/01/2019 AMOUNT OF INSURANCE LEVELS.

\*\* INCURRED LOSSES ARE ADJUSTED TO 01/01/2020 COST LEVELS INCLUDING  
LOSS DEVELOPMENT AND ALL LOSS ADJUSTMENT EXPENSES.

LOUISIANA  
TABLE 7

STATEWIDE SPECIAL CAUSES OF LOSS  
COVERAGE RATE LEVEL EVALUATION

(1) YEAR	(2) ADJUSTED EARNED * PREMIUMS	(3) ADJUSTED** INCURRED LOSSES	(4) LOSS RATIO (3) / (2)	(5) WEIGHTS
2013	6,948,462	2,379,612	0.342	0.10
2014	6,391,435	3,580,261	0.560	0.15
2015	6,302,106	1,620,207	0.257	0.20
2016	5,977,330	1,291,935	0.216	0.25
2017	5,492,881	3,001,161	0.546	0.30

(6) WEIGHTED LOSS RATIO = 0.387

(7) CREDIBILITY = 0.250

(8) TRENDED EXPECTED LOSS RATIO = 0.684

(9) CREDIBILITY WEIGHTED LOSS RATIO  
(0.250 X 0.387) + (0.750 X 0.684) = 0.610

(10) EXPECTED LOSS RATIO = 0.664

(11) INDICATED COVERAGE RATE LEVEL CHANGE  
(0.610 / 0.664) = 0.919

OR -8.1%

\* ADJUSTED EARNED PREMIUMS AT THE CURRENT PIAL RATE LEVEL  
AND 07/01/2019 AMOUNT OF INSURANCE LEVELS.

\*\* INCURRED LOSSES ARE ADJUSTED TO 01/01/2020 COST LEVELS INCLUDING  
LOSS DEVELOPMENT AND ALL LOSS ADJUSTMENT EXPENSES.



## EXPLANATORY NOTES TO TABLES 5, 6 AND 7

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

#### COLUMN (1)

##### EXPERIENCE PERIOD

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

#### COLUMN (2)

##### ADJUSTED EARNED PREMIUMS

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

##### Extension of Exposures Approach

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

##### On-level Approach

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

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

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

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

COLUMN (2)  
(cont'd)

Current IPMF and Prospective Amount of Insurance Levels

Premiums are also adjusted to prospective amount of insurance levels by exposure trend factors to reflect the impact of inflation on the average amount of insurance written (Table 24). After multiline premiums are brought to current PIAL monoline manual level, they are further adjusted to implicit package modification factor (IPMF) level by the application of Commercial Package Policy (CPP) IPMF's which vary by the eight CPP types of policy. (Both the adjustments to prospective amount of insurance level and to current IPMF level are done on an aggregate basis.) For a more complete description of the IPMF's and the other premium adjustments, refer to Tables 18 through 20 in the supporting material.

COLUMN (3) - BG II

NON-HURRICANE ADJ. EARNED PREMIUMS - BASIC GROUP II ONLY

The non-hurricane adjusted earned premiums reflect that portion of the BG II premium volume due to perils other than hurricane. These premiums are calculated by multiplying the total adjusted earned premiums for each rating territory, coverage, and symbol by the ratio of the current non-hurricane rate provision to the current total rate found on Table 35.

COLUMN (3) -  
BG I, SCL  
COLUMN (4) - BG II

ADJUSTED INCURRED LOSSES

In order to assure the adequacy of the proposed rate level, incurred losses are adjusted to reflect the effect of inflation and other trends on premiums. The adjustment of past losses to prospective levels is accomplished on an individual loss basis by application of current cost factors, loss projection factors and loss trend adjustments (Tables 21 through 23). In addition to adjusting losses to prospective cost level, the effect of inflation on the deductible portion of the loss incurred is reflected. For Basic Group II, losses due to hurricanes reflected in the modeled hurricane rate provisions have been removed from the experience and replaced with average non-hurricane losses for each rating territory and loss month.

For each subline, incurred losses are further adjusted by an excess loss procedure which smooths fluctuations due to large loss occurrences. The procedure removes any losses determined to be excess from the total incurred losses, resulting in normal incurred losses. These normal incurred losses (total - excess) are then multiplied by excess loss factors to calculate adjusted incurred losses (Tables 29 through 32). The resulting adjusted incurred losses are then developed to their ultimate settlement value and loaded by a factor to include all loss adjustment expenses. Loss development factors can be found on Table 28, and loss adjustment expense factors on Table 41. Where appropriate, certain reported data elements have been adjusted prior to being used in the calculations.

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

COLUMN (4) - BG I, SCL    LOSS RATIO  
COLUMN (5) - BG II

The loss ratio is the ratio of adjusted incurred losses to adjusted earned premiums for each year. For BG II, the loss ratio is a measure of non-hurricane experience only. It is the ratio of the adjusted non-hurricane incurred losses to the non-hurricane portion of the adjusted earned premiums.

COLUMN (5) - BG I, SCL    WEIGHTS

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

LINE (6)                      WEIGHTED LOSS RATIO

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

LINE (7)                      CREDIBILITY

The standards for 100% credibility are discussed in detail in Tables 33, 33A, and 34 for Basic Group I, Basic Group II, and Special Causes of Loss, respectively.

LINE (8)                      TRENDED EXPECTED LOSS RATIO

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

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

LINE (9)                      CREDIBILITY WEIGHTED LOSS RATIO

The credibility weighted loss ratio is a weighted average of the weighted loss ratio (line (6)) and the trended expected loss ratio (line (8)) using the credibility factor and its complement as respective weights. For more detailed information regarding the development of the credibility factors, refer to Tables 33, 33A, and 34.

LINE (10)                    EXPECTED LOSS RATIO

The calculation of the expected loss ratio is shown in Section EX.

LINE (11)                   INDICATED COVERAGE RATE LEVEL CHANGE

The indicated coverage rate level change is calculated as the credibility-weighted loss ratio (line (9)) divided by the expected loss ratio (line (10)).

## COMPOSITION OF THE RATEMAKING DATA BASE

### DATA INCLUDED

#### BASIC GROUP I

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

#### BASIC GROUP II

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

#### SPECIAL CAUSES OF LOSS

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

### NOTES ON DATA INCLUDED

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

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

COMPOSITION OF THE RATEMAKING DATA BASE (cont'd)

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

X indicates that experience is excluded.

For BG II, losses due to hurricanes with wind speeds of 40 miles per hour or greater have been excluded and replaced with average non-hurricane losses for each BG II rating territory and loss month.

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

## OVERVIEW OF ISO ACTUARIAL PROCEDURES - COMMERCIAL PROPERTY

### STEP 2 - DISTRIBUTION OF RATE LEVEL CHANGES

OBJECTIVE	<p>The objective of this procedure is to distribute the indicated statewide rate level change for Basic Group I, Basic Group II, and Special Causes of Loss among the various rating variables used in each subline. These procedures are used to answer the question: What percentage change for each rating variable must be made to the current PIAL rates in order to achieve adequacy for the prospective conditions?</p> <hr/>
BASIC GROUP I	<p>For Basic Group I, a consolidated simultaneous iterative procedure is used to calculate the type of policy, territory and rating group relativities. More detail on this procedure is given in Table 8. The type of policy relativities serve to price Commercial Package policies relative to monoline policies, via the Package Modification Factors (PMF), while the rating group and territory relativities serve to price the various rating groups and territories relative to one another.</p> <p>The indicated monoline rate level changes shown on Table 2 are calculated for each rating group/territory combination by taking the product of the monoline type of policy relativity, the rating group relativity, the territory relativity and the statewide rate level change.</p> <p>The overall monoline rate level change is a weighted average of the rating group/territory combination changes. In calculating this weighted average, the latest year monoline and multiline adjusted earned premiums at current level are used as weights.</p> <hr/>
BASIC GROUP II	<p>The purpose of the Basic Group II relativity analysis is to determine monoline rate level needs, to obtain marginal relativities displayed on Table 12 and to price CPP policies relative to monoline policies via the PMFs. Unlike the BG I and SCL relativity analyses, the BG II relativity analysis does not employ a simultaneous review procedure because the overall rate change is distributed across type of policy only.</p> <p>The statewide monoline non-hurricane rate change is the product of the monoline normalized formula relativity, shown on Table 12, and the indicated statewide rate level change. This change is applied to the non-hurricane portion of the BG II rates to produce the indicated non-hurricane rate. The indicated rates by territory, coverage, and symbol are equal to the sum of the indicated non-hurricane rates plus the hurricane modeled rates.</p>

## OVERVIEW OF ISO ACTUARIAL PROCEDURES - COMMERCIAL PROPERTY

### STEP 2 - DISTRIBUTION OF RATE LEVEL CHANGES (cont'd)

#### BASIC GROUP II (cont'd)

The overall monoline rate level change is the weighted average of the rate changes by territory, coverage and symbol. In calculating this weighted average, the latest year monoline and multiline adjusted earned premiums at current rate level are used as weights.

---

#### SPECIAL CAUSES OF LOSS

For Special Causes of Loss, a simultaneous iterative procedure is used as for BG I to arrive at a set of type of policy and category relativities (as displayed on Table 9) that best represent the experience within each state. The type of policy relativities serve to price CPP policies relative to monoline policies via the PMFs, while the category relativities serve to price the various categories relative to one another.

The indicated monoline rate level changes are calculated for each category by taking the product of the monoline type of policy relativity, the category relativity and the statewide coverage change. See Table 9 for the monoline rate level indications.

The overall monoline rate level change is a weighted average of the 14 monoline category changes. In calculating this weighted average, the latest year monoline and multiline adjusted earned premiums at current rate level are used as weights.



## LOUISIANA

TABLE 8 - BASIC GROUP I RELATIVITY ANALYSIS

	(1)	(2)	(3)	(4)	STATEWIDE COVERAGE RATE LEVEL CHANGE OF 0.916 OR -8.4%
TOP	\$ LST SQ FORMULA RELATIVITY	CREDIBILITY Z	Z-WTD. RELATIVITY	BALANCED RELATIVITY	
10	0.442	0.067	0.947	0.947	
31	1.138	0.002	1.000	1.000	
32	0.105	0.009	0.980	0.980	
33	1.302	0.026	1.007	1.007	
34	1.349	0.100	1.030	1.030	
35	1.365	0.066	1.021	1.021	
36	0.852	0.059	0.991	0.990	
37	0.637	0.023	0.990	0.990	
38	0.566	0.009	0.995	0.995	
<hr/>					
RATING GROUP					(5) INDICATED MONOLINE RATE LEVEL CHANGE
01	8.783	0.009	1.020	1.044	-9.6
02	9.298	0.015	1.034	1.058	-9.3
03	0.801	0.071	0.984	1.007	-12.7
04	0.801	0.202	0.956	0.978	-15.0
05	0.705	0.033	0.989	1.012	-12.0
06	0.993	0.133	0.999	1.022	-11.5
07	0.638	0.017	0.992	1.016	-11.8
08	0.638	0.112	0.951	0.973	-15.7
09	0.687	0.043	0.984	1.007	-12.5
10	0.770	0.006	0.998	1.022	-11.2
13	0.693	0.075	0.973	0.996	-13.4
14	0.764	0.049	0.987	1.010	-12.5
15	0.646	0.027	0.988	1.011	-12.2
17	0.693	0.012	0.996	1.019	-11.7
18	0.719	0.014	0.995	1.019	-11.4
21	0.643	0.027	0.988	1.011	-12.2
22	0.703	0.019	0.993	1.016	-11.7
STATEWIDE MONOLINE RATE LEVEL CHANGE					-13.3%

LOUISIANA

TABLE 8 - BASIC GROUP I RELATIVITY ANALYSIS

	(1)	(2)	(3)	(4)
TERRITORY	\$ LST SQ FORMULA RELATIVITY	CREDIBILITY Z	Z-WTD. RELATIVITY	BALANCED RELATIVITY
-----				
New Orleans	0.153	0.023	0.958	0.948
Balance of State (Louisiana)	1.031	0.405	1.012	1.002

	(5) INDICATED MONOLINE RATE LEVEL CHANGE
-----	
New Orleans	-16.8
Balance of State (Louisiana)	-13.1

RATE CHANGES BY INDIVIDUAL TERRITORY AND RATING GROUP ARE SHOWN ON TABLE 2.

LOUISIANA

TABLE 8 - BASIC GROUP I RELATIVITY ANALYSIS

EXAMPLE OF AN INDIVIDUAL RATE LEVEL CHANGE CALCULATION  
FOR New Orleans

STATEWIDE COVERAGE RATE LEVEL CHANGE	=	-8.4%
TERRITORIAL RELATIVITY	=	0.948
MONOLINE (TOP 10) RELATIVITY	=	0.947
RATING GROUP 01 RELATIVITY	=	1.044

INDICATED MONOLINE RATE LEVEL CHANGE FOR RATING GROUP 01

$$\begin{aligned} &= 0.916 \quad \times \quad 0.948 \quad \times \quad 0.947 \quad \times \quad 1.044 \quad = 0.859 \\ &\text{OR} \quad -14.1\% \end{aligned}$$

LOUISIANA

TABLE 8 - CALCULATION OF REVISED NEW ORLEANS TERRITORIAL MULTIPLIERS

(1) <u>NEW ORLEANS</u>	(2) CURRENT TERRITORIAL MULTIPLIER	(3) REVISED TERRITORY MULTIPLIER <u>((0.949*)X(2) / 1.002**))</u>
Classes 0074, 0075, and 0076	1.093	1.035
Classes 0077, 0078, and 0079: Convents, Monasteries, Rectories, and Sisters Homes	1.230	1.165
Classes 0077, 0078, and 0079: Nurses Homes and Orphan Homes	1.332	1.262
Classes 0196, 0197, and 0198	0.774	0.733
Classes 0311, 0312, 0313, 0321, 0322, 0323, 0331, 0332, 0333, 0341, 0342, and 0343	0.805	0.762
Classes 0511, 0512, 0520, 0531, 0532, 0533, 0541, 0550, 0561, 0562, 0563, 0564, 0565, 0566, 0567, 0570, 0580, 0581, and 0582	1.012	0.958
Classes 0701 and 0702	1.165	1.103
Classes 0745, 0746, and 0747	1.089	1.031
Class 0756	0.954	0.904
Class 0757	1.234	1.169
Classes 0831, 0832, 0833, 0834, 0843, 0844, 0846 and 0952	1.234	1.169
Class 0841	1.014	0.960
Class 0845	1.234	1.169
Classes 0851 and 0852	1.319	1.249
Class 0900	1.227	1.162
Classes 0911, 0912, and 0913	1.099	1.041
Classes 0921, 0922, and 0923	1.012	0.958

\* New Orleans relativity

\*\* Balance of State relativity

LOUISIANA

TABLE 8 - CALCULATION OF REVISED NEW ORLEANS TERRITORIAL MULTIPLIERS (CONT'D)

(1) <u>NEW ORLEANS</u>	(2) CURRENT TERRITORIAL <u>MULTIPLIER</u>	(3) REVISED TERRITORY MULTIPLIER <u>((0.949*) X (2) /</u> <u>1.002**)</u>
Classes 0931, 0932, 0933, and 0940	1.054	0.998
Class 0934	1.037	0.982
Class 1000	1.164	1.102
Class 1051	0.967	0.916
Class 1052	0.682	0.646
Class 1070	1.164	1.102
Class 1150	0.876	0.830
Classes 1180, 1211, 1212, 1213, 1220, and 1230	1.012	0.958
Class 1400	1.062	1.006
Classes 1650 and 1700	1.065	1.009
Class 2200	1.182	1.119
Class 2350	1.175	1.113

\* New Orleans relativity

\*\* Balance of State relativity

## LOUISIANA

TABLE 9 - SPECIAL CAUSES OF LOSS RELATIVITY ANALYSIS

	(1)	(2)	(3)	(4)	STATEWIDE COVERAGE RATE LEVEL CHANGE OF 0.919 OR -8.1%
TOP	\$ LST SQ FORMULA RELATIVITY	CREDIBILITY Z	Z-WTD. RELATIVITY	BALANCED RELATIVITY	
10	0.603	0.064	0.968	0.970	
31	0.193	0.002	0.997	0.999	
32	3.325	0.014	1.017	1.019	
33	1.346	0.050	1.015	1.017	
34	0.975	0.115	0.997	0.999	
35	1.071	0.134	1.009	1.012	
36	0.912	0.066	0.994	0.996	
37	0.206	0.015	0.977	0.979	
38	0.487	0.021	0.985	0.987	
-----					
CATEGORY					(5) INDICATED MONOLINE RATE LEVEL CHANGE
01	0.855	0.451	0.932	0.992	-11.6
02	0.600	0.022	0.989	1.053	-6.1
03	1.475	0.046	1.018	1.084	-3.4
04	0.924	0.053	0.996	1.060	-5.5
05	1.598	0.050	1.024	1.090	-2.8
06	0.534	0.027	0.983	1.047	-6.7
07	0.000	0.001	1.000	1.065	-5.1
08	0.008	0.025	0.886	0.944	-15.8
09	0.491	0.177	0.882	0.939	-16.3
10	39.903	0.005	1.019	1.085	-3.3
11	2.246	0.017	1.014	1.080	-3.7
12	0.563	0.061	0.966	1.028	-8.4
13	0.926	0.023	0.998	1.063	-5.2
14	2.438	0.030	1.027	1.094	-2.5
OVERALL MONOLINE RATE LEVEL CHANGE					-10.9%
-----					-----

LOUISIANA

TABLE 9 - SPECIAL CAUSES OF LOSS RELATIVITY ANALYSIS

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EXAMPLE OF A RATE LEVEL CHANGE CALCULATION

STATEWIDE COVERAGE RATE LEVEL CHANGE	=	-8.1%
MONOLINE (TOP 10) RELATIVITY	=	0.970
CATEGORY 01 RELATIVITY	=	0.992
INDICATED MONOLINE RATE LEVEL CHANGE FOR CATEGORY 01		
= 0.919	X	0.970
	X	0.992
	=	0.884
		OR -11.6%

## EXPLANATORY NOTES TO TABLES 8 AND 9

### BASIC GROUP I AND SPECIAL CAUSES OF LOSS RELATIVITY ANALYSIS

#### INTRODUCTION

The explanations which follow clarify Tables 8 and 9, the Basic Group I relativity analysis and the Special Causes of Loss relativity analysis, respectively. The purpose of these analyses is to:

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

#### COLUMN (1)

#### LEAST SQUARES FORMULA RELATIVITIES

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

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



EXPLANATORY NOTES TO TABLES 8 AND 9 (cont'd)

COLUMN (1)  
(Cont'd)

The procedure follows an iterative technique to determine a set of marginal relativities by rating variable that is a best fit to the individual cell relativities, with each cell being defined as the cross-section of specific values of each rating variable. The process uses the relativity of the five year loss ratios by rating cell to the overall statewide loss ratio and the latest year adjusted earned premiums for each rating cell. (This experience is shown in Table 10 for Basic Group I and Table 11 for Special Causes of Loss.) Specifically, the iteration procedure uses the following formulas:

BASIC GROUP I:

$$TOP_i = \frac{\sum_{j=1}^n \sum_{k=1}^t W_{ijk}^2 R_{ijk} RG_j TER_k}{\sum_{j=1}^n \sum_{k=1}^t W_{ijk}^2 RG_j^2 TER_k^2}, \quad \text{where } 1 \leq i \leq m;$$

$$RG_j = \frac{\sum_{i=1}^m \sum_{k=1}^t W_{ijk}^2 R_{ijk} TOP_i TER_k}{\sum_{i=1}^m \sum_{k=1}^t W_{ijk}^2 TOP_i^2 TER_k^2}, \quad \text{where } 1 \leq j \leq n;$$

$$TER_k = \frac{\sum_{i=1}^m \sum_{j=1}^n W_{ijk}^2 R_{ijk} TOP_i RG_j}{\sum_{i=1}^m \sum_{j=1}^n W_{ijk}^2 TOP_i^2 RG_j^2}, \quad \text{where } 1 \leq k \leq t;$$

SPECIAL CAUSES OF LOSS:

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

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

EXPLANATORY NOTES TO TABLES 8 AND 9 (cont'd)

COLUMN (1)  
(cont'd)

- $TOP_i$  is the relativity for the  $i$ th type of policy;
- $RG_j$  is the relativity for the  $j$ th rating group;
- $CAT_j$  is the relativity for the  $j$ th category;
- $TER_k$  is the relativity for the  $k$ th territory;
- $W_{ijk}$  is the adjusted earned premium at current level for the  $i$ th type of policy,  $j$ th rating group and  $k$ th territory;
- $R_{ijk}$  is the loss ratio relativity for the  $i$ th type of policy,  $j$ th rating group and  $k$ th territory;
- $R_{ij}$  is the loss ratio relativity for the  $i$ th type of policy, and  $j$ th category;
- $m$  is the number of types of policy in the analysis;
- $n$  is the number of rating groups or categories in the analysis;
- $t$  is the number of territories in the analysis.

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

COLUMN (2)

CREDIBILITY

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

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

where  $P$  represents the five-year adjusted earned premiums for a given rating variable, and  $K$  is a constant value. For Basic Group I,  $K$  equals an adjusted earned premium volume of \$83,841,000 for territory and \$60,976,000 for rating group, and \$152,439,000 for type of policy. For Special Causes of Loss,  $K$  equals an adjusted earned premium volume of \$22,026,000.

EXPLANATORY NOTES TO TABLES 8 AND 9 (cont'd)

COLUMN (3)

CREDIBILITY-WEIGHTED RELATIVITIES

Credibility-weighted relativities are calculated based on the formula

$$W = R^Z,$$

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

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

COLUMN (4)

BALANCED RELATIVITIES

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

COLUMN (5)

INDICATED MONOLINE RATE LEVEL CHANGE

For Basic Group I, the indicated monoline rate changes are calculated for each rating group and territory by taking the product of the monoline type of policy (TOP 10) relativity, the territory relativity, the rating group relativity and the statewide rate level change. (An example of such a calculation appears on Table 8.)

The indicated monoline rate changes by rating group shown in Table 8 of this analysis are the adjusted earned premium weighted averages of the monoline rate changes for the rating group across all territories.

## EXPLANATORY NOTES TO TABLES 8 AND 9 (cont'd)

### COLUMN (5) (cont'd)

Similarly, the indicated monoline rate changes by territory shown on the second page are adjusted earned premium-weighted averages of the monoline rate changes for the territory across all rating groups. The indicated overall statewide monoline rate level change shown at the bottom of the first page of Table 8 is the adjusted earned premium-weighted average of the individual rating group changes across all territories.

For Special Causes of Loss, the indicated monoline rate changes are calculated for each category by taking the product of the monoline type of policy (TOP 10) relativity, the category relativity, and the statewide rate level change. (An example of such a calculation is included in Table 9.) The indicated overall statewide rate level change shown at the bottom of Table 9 is the adjusted earned premium-weighted average of the individual category changes.

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

### MULTILINE CONSIDERATIONS

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

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

For each CPP type of policy, the indicated IPMF is subject to a minimum value of 0.50 and a maximum value of 1.50. If an indicated IPMF falls outside one of those limits, it is capped at that amount, the adjusted earned premiums for that type of policy are adjusted to the capped IPMF level, and the entire relativity review as described above is re-performed to take this into account. If an IPMF has been capped, it is so noted at the bottom of Table 8 and Table 9.

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

New Orleans

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LOUISIANA  
BASIC GROUP I RELATIVITY ANALYSIS  
TABLE 10 - SUMMARY OF EXPERIENCE USED IN SIMULTANEOUS REVIEW

TYPE OF POLICY	CATEGORY	(1) ACCIDENT YEAR ENDING 06/30/17 ADJ. EARNED PREMIUM	(2) 5 - YEAR ADJUSTED EARNED PREMIUM	(3) 5 - YEAR LOSS RATIO	(4) Z-WEIGHTED LOSS RATIO	(5) Z-WEIGHTED RELATIVITY
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10 MONOLINE	01 APARTMENTS	0	684	0.000	0.000	1.000
	02 OTHER HABITATIONAL	9,237	31,203	0.000	0.000	1.000
	03 RESTAURANTS & BARS	0	918	0.000	0.000	1.000
	04 OTHER MERCANTILE RS	3,865	24,643	0.000	0.000	1.000
	05 PUBLIC BUILDINGS	24	375	0.000	0.000	1.000
	07 SCHOOLS	449	755	0.000	0.000	1.000
	08 OFFICES AND BANKS	11,116	76,100	0.000	0.000	1.000
	09 REC. FACILITIES	0	375	0.000	0.000	1.000
	13 MOTOR VEHICLE RISKS	0	73	0.000	0.000	1.000
	14 OTHER NON-MANUF.	24,301	46,508	0.000	0.000	1.000
	15 STORAGE	5,476	18,629	0.000	0.000	1.000
	22 OTHER MANUFACTURING	8	263	0.000	0.000	1.000
	TOTAL*	54,476	200,526	0.000	1.000	1.000
32 MULTILINE APARTMENT	01 APARTMENTS	7,670	42,185	0.000	0.102	0.255
	02 OTHER HABITATIONAL	28,096	165,278	0.044	0.091	0.228
	TOTAL*	35,766	207,463	0.035	0.093	0.233
33 MULTILINE OFFICE	08 OFFICES AND BANKS	44,468	289,361	0.705	0.549	1.373
	TOTAL*	44,468	289,361	0.705	0.549	1.373
34 MULTILINE MERCANTILE	03 RESTAURANTS & BARS	35,327	177,123	0.000	0.062	0.155
	04 OTHER MERCANTILE RS	18,877	163,168	0.118	0.136	0.340
	08 OFFICES AND BANKS	285	1,590	0.000	0.126	0.315
	13 MOTOR VEHICLE RISKS	169	4,814	0.000	0.124	0.310
	14 OTHER NON-MANUF.	0	92	0.000	0.127	0.318
	15 STORAGE	524	2,656	0.000	0.125	0.313
	TOTAL*	55,182	349,443	0.040	0.088	0.221
35 MULTILINE INSTITUTIONAL	05 PUBLIC BUILDINGS	398	2,999	0.000	0.125	0.313
	06 CHURCHES	125,677	682,679	0.037	0.056	0.140
	07 SCHOOLS	4,266	31,387	0.000	0.107	0.268
	08 OFFICES AND BANKS	2,088	8,681	0.000	0.121	0.303
	14 OTHER NON-MANUF.	27	4,442	0.000	0.124	0.310
	TOTAL*	132,456	730,188	0.035	0.059	0.147

New Orleans

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LOUISIANA

BASIC GROUP I RELATIVITY ANALYSIS

TABLE 10 - SUMMARY OF EXPERIENCE USED IN SIMULTANEOUS REVIEW

TYPE OF POLICY	CATEGORY	(1) ACCIDENT YEAR ENDING 06/30/17 ADJ. EARNED PREMIUM	(2) 5 - YEAR ADJUSTED EARNED PREMIUM	(3) 5 - YEAR LOSS RATIO	(4) Z-WEIGHTED LOSS RATIO	(5) Z-WEIGHTED RELATIVITY
36 MULTILINE SERVICES	03 RESTAURANTS & BARS	0	2,590	0.000	0.055	0.138
	04 OTHER MERCANTILE RS	244	905	0.000	0.063	0.158
	08 OFFICES AND BANKS	3,685	15,988	0.000	0.027	0.068
	09 REC. FACILITIES	3,360	9,350	0.000	0.036	0.090
	13 MOTOR VEHICLE RISKS	2,741	18,575	0.763	0.570	1.425
	14 OTHER NON-MANUF.	3,655	23,992	0.000	0.020	0.050
	15 STORAGE	912	38,522	0.000	0.014	0.035
	22 OTHER MANUFACTURING	507	2,208	0.000	0.057	0.143
	TOTAL*	15,104	112,130	0.138	0.127	0.317
37 MULTILINE INDUST/PROCESS	04 OTHER MERCANTILE RS	50	825	0.000	0.064	0.160
	08 OFFICES AND BANKS	255	484	0.000	0.066	0.165
	17 FOOD MANUFACTURING	8,765	21,191	0.000	0.022	0.055
	21 METAL MANUFACTURING	1,705	13,613	0.000	0.029	0.073
	22 OTHER MANUFACTURING	0	1,408	0.000	0.060	0.150
	TOTAL*	10,775	37,521	0.000	0.025	0.061
38 MULTILINE CONTRACTORS	04 OTHER MERCANTILE RS	2,525	11,102	0.000	0.033	0.083
	08 OFFICES AND BANKS	264	4,888	0.000	0.046	0.115
	14 OTHER NON-MANUF.	0	1,177	0.000	0.062	0.155
	TOTAL*	2,789	17,167	0.000	0.034	0.086
TOTAL ALL TOPS*	01 APARTMENTS	7,670	42,869	0.000	0.102	0.255
	02 OTHER HABITATIONAL	37,333	196,481	0.033	0.068	0.419
	03 RESTAURANTS & BARS	35,327	180,631	0.000	0.062	0.155
	04 OTHER MERCANTILE RS	25,561	200,643	0.087	0.104	0.412
	05 PUBLIC BUILDINGS	422	3,374	0.000	0.118	0.352
	06 CHURCHES	125,677	682,679	0.037	0.056	0.140
	07 SCHOOLS	4,715	32,142	0.000	0.097	0.337
	08 OFFICES AND BANKS	62,161	397,092	0.504	0.400	1.177
	09 REC. FACILITIES	3,360	9,725	0.000	0.036	0.090
	13 MOTOR VEHICLE RISKS	2,910	23,462	0.719	0.544	1.360
	14 OTHER NON-MANUF.	27,983	76,211	0.000	0.003	0.875
	15 STORAGE	6,912	59,807	0.000	0.011	0.821
	17 FOOD MANUFACTURING	8,765	21,191	0.000	0.022	0.055
	21 METAL MANUFACTURING	1,705	13,613	0.000	0.029	0.073
	22 OTHER MANUFACTURING	515	3,879	0.000	0.056	0.156
	TOTAL*	351,016	1,943,799	0.118	0.122	0.459

\* TOTALS IN COLUMNS (3), (4) & (5) ARE AVERAGES USING COLUMN (1) AS WEIGHTS.

Balance of State (Louisiana)

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LOUISIANA  
BASIC GROUP I RELATIVITY ANALYSIS  
TABLE 10 - SUMMARY OF EXPERIENCE USED IN SIMULTANEOUS REVIEW

TYPE OF POLICY	CATEGORY	(1) ACCIDENT YEAR ENDING 06/30/17 ADJ. EARNED PREMIUM	(2) 5 - YEAR ADJUSTED EARNED PREMIUM	(3) 5 - YEAR LOSS RATIO	(4) Z-WEIGHTED LOSS RATIO	(5) Z-WEIGHTED RELATIVITY
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10 MONOLINE	01 APARTMENTS	3,790	24,974	0.000	0.166	0.415
	02 OTHER HABITATIONAL	12,725	66,970	10.308	2.184	5.460
	03 RESTAURANTS & BARS	37,641	122,449	0.000	0.161	0.403
	04 OTHER MERCANTILE RS	552,632	3,197,051	0.137	0.162	0.405
	05 PUBLIC BUILDINGS	241,811	1,405,896	0.099	0.156	0.390
	06 CHURCHES	24,893	117,088	0.083	0.178	0.445
	07 SCHOOLS	46,143	470,736	0.004	0.144	0.360
	08 OFFICES AND BANKS	256,901	1,613,443	0.065	0.137	0.343
	09 REC. FACILITIES	128,781	692,261	0.405	0.272	0.680
	10 HOTELS AND MOTELS	5,113	27,303	0.000	0.166	0.415
	13 MOTOR VEHICLE RISKS	108,596	619,500	0.031	0.147	0.368
	14 OTHER NON-MANUF.	147,556	885,246	0.387	0.273	0.683
	15 STORAGE	99,659	515,106	0.284	0.228	0.570
	17 FOOD MANUFACTURING	2,211	8,515	0.000	0.167	0.418
	18 WOOD MANUFACTURING	4,391	19,157	0.000	0.166	0.415
	21 METAL MANUFACTURING	121,182	688,304	0.000	0.134	0.335
	22 OTHER MANUFACTURING	21,062	208,632	0.000	0.156	0.390
	TOTAL*	1,815,087	10,682,631	0.215	0.189	0.473
31 MULTILINE	10 HOTELS AND MOTELS	45,540	355,240	0.051	0.436	1.090
MOTEL/HOTEL	TOTAL*	45,540	355,240	0.051	0.436	1.090
32 MULTILINE	01 APARTMENTS	104,788	491,072	0.227	0.469	1.173
APARTMENT	02 OTHER HABITATIONAL	99,881	654,942	0.274	0.476	1.190
	TOTAL*	204,669	1,146,014	0.250	0.472	1.181
33 MULTILINE	08 OFFICES AND BANKS	495,977	3,723,900	0.198	0.413	1.033
OFFICE	TOTAL*	495,977	3,723,900	0.198	0.413	1.033
34 MULTILINE	03 RESTAURANTS & BARS	682,802	3,919,052	0.554	0.539	1.348
MERCANTILE	04 OTHER MERCANTILE RS	1,583,393	10,182,904	0.546	0.539	1.348
	08 OFFICES AND BANKS	49,083	197,605	4.172	1.217	3.043
	13 MOTOR VEHICLE RISKS	257,860	1,639,577	0.018	0.395	0.988
	14 OTHER NON-MANUF.	68,996	316,436	0.012	0.430	1.075
	15 STORAGE	79,898	408,057	0.023	0.429	1.073
	TOTAL*	2,722,032	16,663,631	0.534	0.532	1.329

Balance of State (Louisiana)  
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LOUISIANA  
 BASIC GROUP I RELATIVITY ANALYSIS  
 TABLE 10 - SUMMARY OF EXPERIENCE USED IN SIMULTANEOUS REVIEW

TYPE OF POLICY	CATEGORY	(1) ACCIDENT YEAR ENDING 06/30/17 ADJ. EARNED PREMIUM	(2) 5 - YEAR ADJUSTED EARNED PREMIUM	(3) 5 - YEAR LOSS RATIO	(4) Z-WEIGHTED LOSS RATIO	(5) Z-WEIGHTED RELATIVITY
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35 MULTILINE	05 PUBLIC BUILDINGS	116,237	676,269	0.287	0.478	1.195
INSTITUTIONAL	06 CHURCHES	1,529,076	8,535,512	0.822	0.675	1.688
	07 SCHOOLS	106,993	537,021	0.059	0.433	1.083
	08 OFFICES AND BANKS	8,784	49,647	0.083	0.451	1.128
	09 REC. FACILITIES	25,775	132,961	0.181	0.466	1.165
	13 MOTOR VEHICLE RISKS	640	2,820	0.000	0.437	1.093
	14 OTHER NON-MANUF.	40,054	188,959	0.440	0.514	1.285
	TOTAL*	1,827,559	10,123,189	0.722	0.641	1.602
36 MULTILINE	03 RESTAURANTS & BARS	94,399	431,856	0.073	0.227	0.568
SERVICES	04 OTHER MERCANTILE RS	98,790	592,012	0.022	0.216	0.540
	08 OFFICES AND BANKS	282,056	1,482,865	0.141	0.232	0.580
	09 REC. FACILITIES	278,156	1,904,202	0.337	0.278	0.695
	13 MOTOR VEHICLE RISKS	385,198	2,649,578	0.565	0.344	0.860
	14 OTHER NON-MANUF.	250,983	1,556,638	0.502	0.315	0.788
	15 STORAGE	84,198	677,892	0.039	0.218	0.545
	21 METAL MANUFACTURING	12,687	55,887	0.000	0.219	0.548
	22 OTHER MANUFACTURING	16,695	171,011	0.007	0.219	0.548
	TOTAL*	1,503,162	9,521,941	0.326	0.281	0.702
37 MULTILINE	04 OTHER MERCANTILE RS	54,032	228,042	0.013	0.219	0.548
INDUST/PROCESS	08 OFFICES AND BANKS	13,720	57,637	0.238	0.256	0.640
	13 MOTOR VEHICLE RISKS	106	1,194	44.501	6.898	17.245
	14 OTHER NON-MANUF.	766	9,991	0.000	0.220	0.550
	17 FOOD MANUFACTURING	128,932	735,547	0.052	0.220	0.550
	18 WOOD MANUFACTURING	179,399	856,687	0.100	0.228	0.570
	21 METAL MANUFACTURING	171,536	906,485	0.000	0.207	0.518
	22 OTHER MANUFACTURING	174,642	826,443	0.082	0.224	0.560
	TOTAL*	723,133	3,622,026	0.066	0.221	0.554
38 MULTILINE	04 OTHER MERCANTILE RS	189,234	1,046,770	0.070	0.220	0.550
CONTRACTORS	08 OFFICES AND BANKS	35,137	203,844	1.025	0.383	0.958
	14 OTHER NON-MANUF.	12,514	75,459	0.000	0.219	0.548
	TOTAL*	236,885	1,326,073	0.208	0.244	0.610



Balance of State (Louisiana)  
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LOUISIANA  
 BASIC GROUP I RELATIVITY ANALYSIS  
 TABLE 10 - SUMMARY OF EXPERIENCE USED IN SIMULTANEOUS REVIEW

TYPE OF POLICY	CATEGORY	(1) ACCIDENT YEAR ENDING 06/30/17 ADJ. EARNED PREMIUM	(2) 5 - YEAR ADJUSTED EARNED PREMIUM	(3) 5 - YEAR LOSS RATIO	(4) Z-WEIGHTED LOSS RATIO	(5) Z-WEIGHTED RELATIVITY
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TOTAL ALL TOPS*	01 APARTMENTS	108,578	516,046	0.219	0.458	1.146
	02 OTHER HABITATIONAL	112,606	721,912	1.408	0.669	1.673
	03 RESTAURANTS & BARS	814,842	4,473,357	0.473	0.486	1.213
	04 OTHER MERCANTILE RS	2,478,081	15,246,779	0.386	0.411	1.027
	05 PUBLIC BUILDINGS	358,048	2,082,165	0.160	0.261	0.651
	06 CHURCHES	1,553,969	8,652,600	0.810	0.667	1.668
	07 SCHOOLS	153,136	1,007,757	0.042	0.346	0.865
	08 OFFICES AND BANKS	1,141,658	7,328,941	0.350	0.338	0.846
	09 REC. FACILITIES	432,712	2,729,424	0.348	0.288	0.719
	10 HOTELS AND MOTELS	50,653	382,543	0.046	0.409	1.022
	13 MOTOR VEHICLE RISKS	752,400	4,912,669	0.306	0.334	0.835
	14 OTHER NON-MANUF.	520,869	3,032,729	0.387	0.331	0.828
	15 STORAGE	263,755	1,601,055	0.127	0.286	0.714
	17 FOOD MANUFACTURING	131,143	744,062	0.051	0.219	0.548
	18 WOOD MANUFACTURING	183,790	875,844	0.098	0.226	0.566
	21 METAL MANUFACTURING	305,405	1,650,676	0.000	0.179	0.446
	22 OTHER MANUFACTURING	212,399	1,206,086	0.068	0.217	0.542
	TOTAL*	9,574,044	57,164,645	0.408	0.410	1.024

\* TOTALS IN COLUMNS (3), (4) & (5) ARE AVERAGES USING COLUMN (1) AS WEIGHTS.

ENTIRE STATE

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LOUISIANA  
BASIC GROUP I RELATIVITY ANALYSIS  
TABLE 10 - SUMMARY OF EXPERIENCE USED IN SIMULTANEOUS REVIEW

TYPE OF POLICY	CATEGORY	(1) ACCIDENT YEAR ENDING 06/30/17 ADJ. EARNED PREMIUM	(2) 5 - YEAR ADJUSTED EARNED PREMIUM	(3) 5 - YEAR LOSS RATIO	(4) Z-WEIGHTED LOSS RATIO	(5) Z-WEIGHTED RELATIVITY
10 MONOLINE	01 APARTMENTS	3,790	25,658	0.000	0.166	0.415
	02 OTHER HABITATIONAL	21,962	98,173	5.973	1.265	3.584
	03 RESTAURANTS & BARS	37,641	123,367	0.000	0.161	0.403
	04 OTHER MERCANTILE RS	556,497	3,221,694	0.136	0.161	0.409
	05 PUBLIC BUILDINGS	241,835	1,406,271	0.099	0.156	0.390
	06 CHURCHES	24,893	117,088	0.083	0.178	0.445
	07 SCHOOLS	46,592	471,491	0.004	0.143	0.366
	08 OFFICES AND BANKS	268,017	1,689,543	0.062	0.131	0.370
	09 REC. FACILITIES	128,781	692,636	0.405	0.272	0.680
	10 HOTELS AND MOTELS	5,113	27,303	0.000	0.166	0.415
	13 MOTOR VEHICLE RISKS	108,596	619,573	0.031	0.147	0.368
	14 OTHER NON-MANUF.	171,857	931,754	0.332	0.234	0.727
	15 STORAGE	105,135	533,735	0.269	0.216	0.592
	17 FOOD MANUFACTURING	2,211	8,515	0.000	0.167	0.418
	18 WOOD MANUFACTURING	4,391	19,157	0.000	0.166	0.415
	21 METAL MANUFACTURING	121,182	688,304	0.000	0.134	0.335
	22 OTHER MANUFACTURING	21,070	208,895	0.000	0.156	0.390
	TOTAL*	1,869,563	10,883,157	0.209	0.184	0.488
31 MULTILINE MOTEL/HOTEL	10 HOTELS AND MOTELS	45,540	355,240	0.051	0.436	1.090
	TOTAL*	45,540	355,240	0.051	0.436	1.090
32 MULTILINE APARTMENT	01 APARTMENTS	112,458	533,257	0.212	0.444	1.110
	02 OTHER HABITATIONAL	127,977	820,220	0.224	0.391	0.979
	TOTAL*	240,435	1,353,477	0.218	0.416	1.040
33 MULTILINE OFFICE	08 OFFICES AND BANKS	540,445	4,013,261	0.240	0.424	1.060
	TOTAL*	540,445	4,013,261	0.240	0.424	1.060
34 MULTILINE MERCANTILE	03 RESTAURANTS & BARS	718,129	4,096,175	0.527	0.516	1.289
	04 OTHER MERCANTILE RS	1,602,270	10,346,072	0.541	0.534	1.336
	08 OFFICES AND BANKS	49,368	199,195	4.148	1.210	3.027
	13 MOTOR VEHICLE RISKS	258,029	1,644,391	0.018	0.395	0.987
	14 OTHER NON-MANUF.	68,996	316,528	0.012	0.430	1.075
	15 STORAGE	80,422	410,713	0.023	0.427	1.068
	TOTAL*	2,777,214	17,013,074	0.525	0.523	1.307

ENTIRE STATE

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LOUISIANA

BASIC GROUP I RELATIVITY ANALYSIS

TABLE 10 - SUMMARY OF EXPERIENCE USED IN SIMULTANEOUS REVIEW

TYPE OF POLICY	CATEGORY	(1) ACCIDENT YEAR ENDING 06/30/17 ADJ. EARNED PREMIUM	(2) 5 - YEAR ADJUSTED EARNED PREMIUM	(3) 5 - YEAR LOSS RATIO	(4) Z-WEIGHTED LOSS RATIO	(5) Z-WEIGHTED RELATIVITY
35 MULTILINE INSTITUTIONAL	05 PUBLIC BUILDINGS	116,635	679,268	0.286	0.477	1.192
	06 CHURCHES	1,654,753	9,218,191	0.762	0.628	1.570
	07 SCHOOLS	111,259	568,408	0.057	0.420	1.051
	08 OFFICES AND BANKS	10,872	58,328	0.067	0.387	0.969
	09 REC. FACILITIES	25,775	132,961	0.181	0.466	1.165
	13 MOTOR VEHICLE RISKS	640	2,820	0.000	0.437	1.093
	14 OTHER NON-MANUF.	40,081	193,401	0.440	0.514	1.284
	TOTAL*	1,960,015	10,853,377	0.676	0.601	1.503
36 MULTILINE SERVICES	03 RESTAURANTS & BARS	94,399	434,446	0.073	0.227	0.568
	04 OTHER MERCANTILE RS	99,034	592,917	0.022	0.215	0.539
	08 OFFICES AND BANKS	285,741	1,498,853	0.139	0.229	0.573
	09 REC. FACILITIES	281,516	1,913,552	0.333	0.275	0.688
	13 MOTOR VEHICLE RISKS	387,939	2,668,153	0.566	0.346	0.864
	14 OTHER NON-MANUF.	254,638	1,580,630	0.495	0.311	0.777
	15 STORAGE	85,110	716,414	0.039	0.216	0.540
	21 METAL MANUFACTURING	12,687	55,887	0.000	0.219	0.548
	22 OTHER MANUFACTURING	17,202	173,219	0.007	0.214	0.536
	TOTAL*	1,518,266	9,634,071	0.324	0.279	0.698
37 MULTILINE INDUST/PROCESS	04 OTHER MERCANTILE RS	54,082	228,867	0.013	0.219	0.547
	08 OFFICES AND BANKS	13,975	58,121	0.234	0.252	0.631
	13 MOTOR VEHICLE RISKS	106	1,194	44.921	6.898	17.245
	14 OTHER NON-MANUF.	766	9,991	0.000	0.220	0.550
	17 FOOD MANUFACTURING	137,697	756,738	0.049	0.207	0.518
	18 WOOD MANUFACTURING	179,399	856,687	0.100	0.228	0.570
	21 METAL MANUFACTURING	173,241	920,098	0.000	0.206	0.513
	22 OTHER MANUFACTURING	174,642	827,851	0.082	0.224	0.560
	TOTAL*	733,908	3,659,547	0.065	0.219	0.546
38 MULTILINE CONTRACTORS	04 OTHER MERCANTILE RS	191,759	1,057,872	0.069	0.217	0.544
	08 OFFICES AND BANKS	35,401	208,732	1.017	0.380	0.951
	14 OTHER NON-MANUF.	12,514	76,636	0.000	0.219	0.548
	TOTAL*	239,674	1,343,240	0.206	0.242	0.604

ENTIRE STATE

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LOUISIANA

BASIC GROUP I RELATIVITY ANALYSIS

TABLE 10 - SUMMARY OF EXPERIENCE USED IN SIMULTANEOUS REVIEW

TYPE OF POLICY	CATEGORY	(1) ACCIDENT YEAR ENDING 06/30/17 ADJ. EARNED PREMIUM	(2) 5 - YEAR ADJUSTED EARNED PREMIUM	(3) 5 - YEAR LOSS RATIO	(4) Z-WEIGHTED LOSS RATIO	(5) Z-WEIGHTED RELATIVITY
-----						
TOTAL ALL TOPS*	01 APARTMENTS	116,248	558,915	0.205	0.434	1.087
	02 OTHER HABITATIONAL	149,939	918,393	1.066	0.519	1.360
	03 RESTAURANTS & BARS	850,169	4,653,988	0.453	0.468	1.170
	04 OTHER MERCANTILE RS	2,503,642	15,447,422	0.383	0.408	1.021
	05 PUBLIC BUILDINGS	358,470	2,085,539	0.160	0.261	0.651
	06 CHURCHES	1,679,646	9,335,279	0.752	0.621	1.553
	07 SCHOOLS	157,851	1,039,899	0.041	0.338	0.849
	08 OFFICES AND BANKS	1,203,819	7,726,033	0.358	0.341	0.863
	09 REC. FACILITIES	436,072	2,739,149	0.345	0.286	0.714
	10 HOTELS AND MOTELS	50,653	382,543	0.046	0.409	1.022
	13 MOTOR VEHICLE RISKS	755,310	4,936,131	0.308	0.335	0.837
	14 OTHER NON-MANUF.	548,852	3,108,940	0.367	0.314	0.830
	15 STORAGE	270,667	1,660,862	0.123	0.279	0.717
	17 FOOD MANUFACTURING	139,908	765,253	0.048	0.206	0.517
	18 WOOD MANUFACTURING	183,790	875,844	0.098	0.226	0.566
	21 METAL MANUFACTURING	307,110	1,664,289	0.000	0.178	0.444
	22 OTHER MANUFACTURING	212,914	1,209,965	0.068	0.217	0.541
	TOTAL*	9,925,060	59,108,444	0.397	0.400	1.000

\* TOTALS IN COLUMNS (3), (4) & (5) ARE AVERAGES USING COLUMN (1) AS WEIGHTS.

## LOUISIANA

SPECIAL CAUSES OF LOSS RELATIVITY ANALYSIS  
TABLE 11 - SUMMARY OF EXPERIENCE USED IN SIMULTANEOUS REVIEW

TYPE OF POLICY	CATEGORY	(1) ACCIDENT YEAR ENDING 06/30/17 ADJ. EARNED PREMIUMS	(2) 5 - YEAR ADJUSTED EARNED PREMIUMS	(3) 5 - YEAR LOSS RATIO	(4) RELATIVITY
10 MONOLINE	01 BUILDINGS	454,658	2,466,097	0.225	0.598
	02 RES. APTS. AND COND	2,319	15,709	0.000	0.000
	03 OFFICES	58,082	405,910	0.463	1.231
	04 MERCANTILE - HIGH	60,786	363,761	0.353	0.939
	05 MERCANTILE - MEDIUM	11,497	71,921	0.505	1.343
	06 MERCANTILE - LOW	17,281	99,705	0.219	0.582
	07 MOTELS AND HOTELS	44	894	0.000	0.000
	08 INSTITUTIONAL - HIG	22,493	162,856	0.098	0.261
	09 INSTITUTIONAL - LOW	15,367	58,635	0.186	0.495
	10 INDUST-PROC - HIGH	249	1,522	0.000	0.000
	11 INDUST-PROC - LOW	17,939	124,294	0.375	0.997
	12 SERVICE - HIGH	20,912	87,335	0.162	0.431
	13 SERVICE - LOW	18,807	133,381	0.347	0.923
	14 CONTRACTORS	7,541	29,281	0.839	2.231
	TOTAL*	707,975	4,021,301	0.266	0.707
31 MULTILINE	01 BUILDINGS	22,965	122,632	0.073	0.194
MOTEL/HOTEL	07 MOTELS AND HOTELS	3,312	16,659	0.000	0.000
	TOTAL*	26,277	139,291	0.064	0.170
32 MULTILINE	01 BUILDINGS	59,558	353,609	1.260	3.351
APARTMENT	02 RES. APTS. AND COND	90,093	470,528	0.884	2.351
	TOTAL*	149,651	824,137	1.034	2.750
33 MULTILINE	01 BUILDINGS	420,652	2,457,015	0.511	1.359
OFFICE	03 OFFICES	106,624	661,020	0.871	2.316
	04 MERCANTILE - HIGH	1,439	2,070	0.000	0.000
	11 INDUST-PROC - LOW	110	139	0.000	0.000
	12 SERVICE - HIGH	283	456	0.000	0.000
	14 CONTRACTORS	35	44	0.000	0.000
	TOTAL*	529,143	3,120,744	0.582	1.548

## LOUISIANA

SPECIAL CAUSES OF LOSS RELATIVITY ANALYSIS  
TABLE 11 - SUMMARY OF EXPERIENCE USED IN SIMULTANEOUS REVIEW

TYPE OF POLICY	CATEGORY	(1) ACCIDENT YEAR ENDING 06/30/17 ADJ. EARNED PREMIUMS	(2) 5 - YEAR ADJUSTED EARNED PREMIUMS	(3) 5 - YEAR LOSS RATIO	(4) RELATIVITY
34 MULTILINE MERCANTILE	01 BUILDINGS	864,899	5,123,992	0.370	0.984
	03 OFFICES	815	1,092	0.000	0.000
	04 MERCANTILE - HIGH	150,497	865,255	0.389	1.035
	05 MERCANTILE - MEDIUM	192,143	1,097,301	0.691	1.838
	06 MERCANTILE - LOW	79,955	500,171	0.229	0.609
	11 INDUST-PROC - LOW	459	853	0.000	0.000
	12 SERVICE - HIGH	3,847	14,696	1.750	4.654
	13 SERVICE - LOW	1,095	2,198	0.000	0.000
	14 CONTRACTORS	833	1,085	0.210	0.559
	TOTAL*	1,294,543	7,606,643	0.414	1.101
35 MULTILINE INSTITUTIONAL	01 BUILDINGS	714,962	4,032,661	0.406	1.080
	03 OFFICES	91	102	0.000	0.000
	04 MERCANTILE - HIGH	100	117	0.000	0.000
	08 INSTITUTIONAL - HIG	84,980	392,791	0.000	0.000
	09 INSTITUTIONAL - LOW	886,231	4,683,632	0.233	0.620
	TOTAL*	1,686,364	9,109,303	0.295	0.785
36 MULTILINE SERVICES	01 BUILDINGS	402,993	2,439,460	0.346	0.920
	03 OFFICES	529	1,626	0.000	0.000
	04 MERCANTILE - HIGH	1,230	2,025	0.000	0.000
	05 MERCANTILE - MEDIUM	0	90	0.000	0.000
	06 MERCANTILE - LOW	2,128	3,156	0.000	0.000
	08 INSTITUTIONAL - HIG	0	10	0.000	0.000
	09 INSTITUTIONAL - LOW	208	208	0.000	0.000
	12 SERVICE - HIGH	226,548	1,317,302	0.227	0.604
	13 SERVICE - LOW	70,734	376,216	0.370	0.984
	14 CONTRACTORS	125	354	0.000	0.000
	TOTAL*	704,495	4,140,447	0.308	0.819
37 MULTILINE INDUST/PROC	01 BUILDINGS	108,728	536,025	0.023	0.061
	03 OFFICES	683	993	0.000	0.000
	04 MERCANTILE - HIGH	1,263	1,737	0.000	0.000
	08 INSTITUTIONAL - HIG	1	1	0.000	0.000
	10 INDUST-PROC - HIGH	20,228	112,175	3.646	9.697
	11 INDUST-PROC - LOW	54,809	250,537	0.276	0.734
	12 SERVICE - HIGH	191	667	0.000	0.000
	13 SERVICE - LOW	65	121	0.000	0.000
	14 CONTRACTORS	1,153	1,586	0.000	0.000
	TOTAL*	187,121	903,842	0.488	1.298

## LOUISIANA

SPECIAL CAUSES OF LOSS RELATIVITY ANALYSIS  
TABLE 11 - SUMMARY OF EXPERIENCE USED IN SIMULTANEOUS REVIEW

TYPE OF POLICY	CATEGORY	(1) ACCIDENT YEAR ENDING 06/30/17 ADJ. EARNED PREMIUMS	(2) 5 - YEAR ADJUSTED EARNED PREMIUMS	(3) 5 - YEAR LOSS RATIO	(4) RELATIVITY
<hr/>					
38 MULTILINE	01 BUILDINGS	103,368	590,661	0.188	0.500
CONTRACTORS	03 OFFICES	1,947	2,395	0.000	0.000
	04 MERCANTILE - HIGH	2,413	3,751	0.000	0.000
	06 MERCANTILE - LOW	1,313	2,307	0.000	0.000
	11 INDUST-PROC - LOW	185	328	0.000	0.000
	12 SERVICE - HIGH	448	761	0.000	0.000
	14 CONTRACTORS	97,638	646,303	0.525	1.396
	TOTAL*	207,312	1,246,506	0.341	0.907
<hr/>					
TOTAL ALL TOPS*	01 BUILDINGS	3,152,783	18,122,152	0.370	0.984
	02 RES. APTS. AND COND	92,412	486,237	0.862	2.293
	03 OFFICES	168,771	1,073,138	0.710	1.888
	04 MERCANTILE - HIGH	217,728	1,238,716	0.367	0.976
	05 MERCANTILE - MEDIUM	203,640	1,169,312	0.681	1.811
	06 MERCANTILE - LOW	100,677	605,339	0.219	0.582
	07 MOTELS AND HOTELS	3,356	17,553	0.000	0.000
	08 INSTITUTIONAL - HIG	107,474	555,658	0.021	0.056
	09 INSTITUTIONAL - LOW	901,806	4,742,475	0.232	0.617
	10 INDUST-PROC - HIGH	20,477	113,697	3.602	9.580
	11 INDUST-PROC - LOW	73,502	376,151	0.297	0.790
	12 SERVICE - HIGH	252,229	1,421,217	0.244	0.649
	13 SERVICE - LOW	90,701	511,916	0.361	0.960
	14 CONTRACTORS	107,325	678,653	0.538	1.431
	TOTAL*	5,492,881	31,112,214	0.376	1.000

\* TOTALS IN COLUMNS (3) & (4) ARE AVERAGES USING COLUMN (1) AS WEIGHTS.

## EXPLANATORY NOTES TO TABLES 10 AND 11

### BASIC GROUP I/SPECIAL CAUSES OF LOSS RELATIVITY ANALYSIS SUMMARY OF EXPERIENCE USED IN SIMULTANEOUS REVIEW

INTRODUCTION	<p>The experience used in the relativity analysis and displayed on Tables 10 and 11 is the latest five accident years of data reported under the Commercial Statistical Plan. As in the overall review, premiums have been adjusted to current PIAL rate and prospective amount of insurance levels. Incurred losses are adjusted to prospective cost levels, and are further adjusted by the Basic Group I large loss procedure and the Special Causes of Loss excess procedure. Losses have also been developed to their ultimate settlement value by application of loss development factors.</p>
COLUMN (1)	<p><u>2017 ADJUSTED EARNED PREMIUMS</u></p> <p>The latest accident year adjusted earned premiums are used as weights both in the calculation of any totals shown in this table and in the iterative formulas used in the simultaneous review procedure.</p>
COLUMN (2)	<p><u>2013-2017 ADJUSTED EARNED PREMIUMS</u></p> <p>The combined five-year adjusted earned premiums are used to calculate the experience ratios in column (3).</p>
COLUMN (3)	<p><u>FIVE-YEAR LOSS RATIOS</u></p> <p>These are the ratios of the combined five-year adjusted incurred losses to the combined five-year adjusted earned premiums as shown in column (2). Any totals which are shown are weighted averages using the adjusted earned premiums in column (1).</p>
COLUMN (4)	<p><u>CREDIBILITY (Z) WEIGHTED LOSS RATIO</u></p> <p>A credibility procedure is applied to the initial loss ratios in column (3) on a cell-by-cell basis prior to the simultaneous review procedure. The credibility values are calculated using an empirical Bayesian credibility procedure. In the following discussion, cell refers to an individual combination of TOP, rating group or category, and territory (where applicable).</p>



## EXPLANATORY NOTES TO TABLES 10 AND 11 (cont'd)

COLUMN (4)  
(cont'd)

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

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

COLUMN (5)

### WEIGHTED RELATIVITIES

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

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TABLE 12 - BASIC GROUP II RELATIVITY ANALYSIS

INDICATED TOTAL RATE LEVEL ADJUSTMENT: +6.3%

	(1) ACCIDENT YR ENDING 06/30/17 ADJUSTED EARNED PREMIUMS	(2) ACCIDENT YRS 2008-2017 NON-HURR. LOSS RATIO	(3) FORMULA RELATIVITY (2) / 0.280	(4) CREDI- BILITY Z C	(5) Z WEIGHTED RELA- TIVITY D	(6) BALANCED FORMULA RELA- TIVITY E	(7) NORMALIZED FORMULA RELA- TIVITY F	(8) CURRENT IMPLICIT PMF	(9) INDICATED IMPLICIT PMF G	(10) INDIC. TOTAL RATE LEVEL ADJUST
MONOLINE	2,307,903	0.212	0.757	0.315	0.925	0.925	0.9095			-3.3%
MULTILINE	14,164,635	0.292	1.043	0.743	1.032	1.032	1.0146			+7.9%
COVERAGE	16,472,538	0.280	1.002			1.0170	B 0.9999			+6.3%
MULTILINE TOP										
31 MOTEL/HOTEL	81,459	*****	*****	*****	*****	0.933	0.9174	1.487	1.500	-2.5%
32 APARTMENT	516,296	0.363	1.296	0.092	1.029	1.031	1.0138	1.347	1.501	+7.8%
33 OFFICE	1,211,674	0.237	0.846	0.202	0.970	0.972	0.9558	0.637	0.669	+1.6%
34 MERCANTILE	4,245,264	0.245	0.875	0.480	0.941	0.943	0.9272	1.297	1.322	-1.4%
35 INSTITUTIONAL	5,259,492	0.367	1.311	0.513	1.161	1.163	1.1436	1.176	1.479	+21.6%
36 SERVICES	2,003,682	0.204	0.729	0.287	0.924	0.926	0.9105	1.041	1.042	-3.2%
37 INDUST/PROCESS	426,163	0.200	0.714	0.075	0.980	0.982	0.9656	0.989	1.050	+2.7%
38 CONTRACTORS	420,605	0.402	1.436	0.077	1.035	1.037	1.0197	1.143	1.281	+8.4%
	14,164,635	0.292 B	1.043		1.030 B	1.032 B	1.0146 B			+7.9%

A - TOP 31 IMPLICIT PMF CAPPED AT 1.500.

FOR COLUMNS (2) THROUGH (5), MONOLINE INCLUDES TOPS 31

AT THESE CAPPED LEVELS AND MULTILINE EXCLUDES TOPS 31

B - AVERAGE WEIGHTED BY COLUMN (1)

C - CREDIBILITY =  $P / (P + K)$  WHERE P REPRESENTS THE TOTAL 10 YEAR ADJ. EARNED PREMIUM AND K = 66,079,000D -  $(5) = (3) * (4) + 1.002 * (1.000 - (4))$ E - FOR UNCAPPED MULTILINE TOPS:  $(6) = (5) * (1.032 / 1.030)$ FOR CAPPED MULTILINE TOPS:  $(6) = (0.925) * (9) / (8)$ F -  $(7) = (6) / 1.0170$ G -  $(9) = (7) * (8) / (0.9095)$

## EXPLANATORY NOTES TO TABLE 12

### BASIC GROUP II RELATIVITY ANALYSIS

#### INTRODUCTION

The explanations which follow clarify Table 12, the Basic Group II (BG II) relativity analysis. The purpose of this analysis is to:

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

The BG II relativity analysis is based on non-hurricane loss experience only, as it is assumed that type of policy relativities are the same for both non-hurricane and hurricane perils. The resulting relativities apply to the total (hurricane plus non-hurricane) BG II rates.

#### COLUMN (1)

##### 2017 ADJUSTED EARNED PREMIUMS

The latest accident year earned premiums adjusted to the current rate level, prospective amount of insurance levels and reflecting current IPMF's (Implicit Package Modification Factors). These premiums are used as weights in the calculation of any totals shown in this table.

#### COLUMN (2)

##### 2008 - 2017 NON-HURRICANE LOSS RATIO

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

#### COLUMN (3)

##### FORMULA RELATIVITY

The formula relativities are the ratios of the ten year non-hurricane loss ratios for the type of policy to the average ten year loss ratio for all types of policy combined. These relativities represent how much better or worse than average the experience for a given type of policy is. Again, any totals which are shown are weighted averages and the display of a dash indicates that the resulting IPMF was capped.

### EXPLANATORY NOTES TO TABLE 12 (cont'd)

COLUMN (4)

CREDIBILITY

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

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

where P is the ten year adjusted earned premium for a given type of policy, and K is a constant premium volume of \$66,079,000.

COLUMN (5)

Z - WEIGHTED RELATIVITY

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

COLUMN (6)

BALANCED FORMULA RELATIVITY

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

COLUMN (7)

NORMALIZED FORMULA RELATIVITY

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

COLUMN (8)

CURRENT IMPLICIT PMF

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

EXPLANATORY NOTES TO TABLE 12 (cont'd)

COLUMN (9)

INDICATED IMPLICIT PMF

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

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

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

COLUMN (10)

INDICATED RATE CHANGES

The indicated monoline change is the statewide BG II total (hurricane and non-hurricane combined) monoline rate level change found on Table 35. The multiline change for each TOP is the product of the statewide monoline rate level change times the ratio of the TOP y relativity divided by the monoline relativity found in column (7).

The overall multiline rate level change is a weighted average of the individual multiline TOP changes based on the adjusted earned premium volume shown in column (1). The coverage change is a weighted average of the monoline and average multiline TOP changes based on the adjusted earned premium shown in column (1).

MULTILINE  
CONSIDERATIONS

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



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LOUISIANA  
COMMERCIAL PROPERTY INSURANCE

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## OVERVIEW

### ADJUSTED EARNED PREMIUMS AT CURRENT RATE LEVEL

Tables 13, 14 and 15 provide the overall rate level histories for Basic Group I, Basic Group II, and Special Causes of Loss respectively. These tables, along with Tables 16, 16A and 17, provide information on the on-level factors needed to bring premiums to the current rate level.

Table 16 provides rate level histories by rating id (class vs. specific), rating group, and territory for Basic Group I, Table 16A provides rate level histories by territory, coverage, and symbol for Basic Group II, and Table 17 provides rate level histories by category for Special Causes of Loss. These tables can be used to develop on-level factors appropriate to bring collected premiums up to current rate level. Factors based on these tables are more appropriate for company use than the overall factors shown on Tables 13, 14 and 15 if the company's mix of business differs substantially from the industrywide average. For example, if a company's business is very heavily concentrated in a single class or territory, it is more appropriate to use the rate level/loss cost history for that class rather than the overall average to develop on-level factors.

Tables 18, 19 and 20 provide the current implicit package modification factors (IPMFs) and IPMF caps for Basic Group I, Basic Group II and Special Causes of Loss.

### ADJUSTMENTS TO LOSSES

The loss projection factors, current cost factors, and loss trend adjustments shown on Tables 21, 22 and 23 reflect the combined impact of all economic influences on Commercial Property underwriting results and are used to project past underwriting results to future loss levels. They are intended to reflect the impact of inflation on loss payments, the impact of higher costs due to repairs done on an "emergency" basis, the impact of coinsurance and relative insurance to value on loss payments, and any other economic influences which can affect underwriting losses but for which specific provisions are not made. Losses have also been developed to their ultimate settlement value using factors shown on Table 28.

### CREDIBILITY

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

$Z$  = credibility

$C$  = final estimate

$R$  = estimate based on the most recent data

$N$  = net trend



## OVERVIEW (cont'd)

### CREDIBILITY (cont'd)

Credibility may range from 0 to 1, where  $Z=1$  is full credibility and  $Z=0$  is no credibility. The actual numerical value of  $Z$  is calculated by considering how the state's volume of experience compares with the full credibility standard. Credibility is capped at 25% if the credibility calculated is less than 25%. See Tables 33, 33A, and 34 for a complete explanation of the credibility standards for Basic Group I, Basic Group II, and Special Causes of Loss.

### RATE LEVEL HISTORY

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

## LOUISIANA

TABLE 13

## BASIC GROUP I

## HISTORY OF STATEWIDE RATE LEVEL CHANGES

---

RATE LEVEL HISTORY				
(1)	(2)	(3)	(4)	(5)
EFFECTIVE DATE	RATE LEVEL CHANGE (%)	RATE LEVEL INDEX	ADJUSTMENT FACTOR	WEIGHT*
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
2002-01-01	1.8	1.018	0.695	1.000
2008-12-01	-22.3	0.791	0.895	0.085
2011-02-01	28.8	1.019	0.695	0.915
2014-07-01	-11.5	0.902	0.785	0.504
2016-07-01	-8.2	0.828	0.855	0.503
2018-07-01	-14.5	0.708	1.000	0.504

TIME ELEMENT ONLY RATE LEVEL HISTORY				
(1)	(2)	(3)	(4)	(5)
EFFECTIVE DATE	RATE LEVEL CHANGE (%)	RATE LEVEL INDEX	ADJUSTMENT FACTOR	WEIGHT*
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
2016-03-01	-13.1	0.869	1.000	0.836

\* WEIGHT DENOTES THE PORTION OF THE EFFECTIVE YEAR FOR WHICH THE ADJUSTMENT FACTORS APPLY.

## LOUISIANA

TABLE 14

## BASIC GROUP II

## HISTORY OF STATEWIDE RATE LEVEL CHANGES

## RATE LEVEL HISTORY

(1)	(2)	(3)	(4)	(5)
EFFECTIVE DATE	RATE LEVEL CHANGE (%)	RATE LEVEL INDEX	ADJUSTMENT FACTOR	WEIGHT*
2002-01-01	-22.1	0.779	0.872	1.000
2008-12-01	3.5	0.806	0.842	0.085
2011-02-01	-0.6	0.801	0.848	0.915
2014-07-01	-6.9	0.746	0.910	0.504
2016-07-01	-9.5	0.675	1.006	0.503
2018-07-01	0.6	0.679	1.000	0.504

## TIME ELEMENT ONLY RATE LEVEL HISTORY

(1)	(2)	(3)	(4)	(5)
EFFECTIVE DATE	RATE LEVEL CHANGE (%)	RATE LEVEL INDEX	ADJUSTMENT FACTOR	WEIGHT*
2016-03-01	-13.3	0.867	1.000	0.836

\* WEIGHT DENOTES THE PORTION OF THE EFFECTIVE YEAR FOR WHICH THE ADJUSTMENT FACTORS APPLY.

## LOUISIANA

TABLE 15

## SPECIAL CAUSES OF LOSS

## HISTORY OF STATEWIDE RATE LEVEL CHANGES

## RATE LEVEL HISTORY

(1)	(2)	(3)	(4)	(5)
EFFECTIVE DATE	RATE LEVEL CHANGE (%)	RATE LEVEL INDEX	ADJUSTMENT FACTOR	WEIGHT*
2002-01-01	14.7	1.147	0.425	1.000
2008-12-01	-33.2	0.766	0.637	0.085
2011-02-01	-7.9	0.706	0.691	0.915
2014-07-01	-10.0	0.635	0.769	0.504
2016-07-01	-8.4	0.582	0.838	0.503
2018-07-01	-16.2	0.488	1.000	0.504

## TIME ELEMENT ONLY RATE LEVEL HISTORY

(1)	(2)	(3)	(4)	(5)
EFFECTIVE DATE	RATE LEVEL CHANGE (%)	RATE LEVEL INDEX	ADJUSTMENT FACTOR	WEIGHT*
2016-03-01	-25.0	0.750	1.000	0.836

\* WEIGHT DENOTES THE PORTION OF THE EFFECTIVE YEAR FOR WHICH THE ADJUSTMENT FACTORS APPLY.

EXPLANATORY NOTES TO TABLES 13, 14 AND 15

RATE LEVEL HISTORIES

COLUMN (1) EFFECTIVE DATE

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

COLUMN (2) RATE LEVEL CHANGE

The overall rate level change is shown in percent form.

COLUMN (3) RATE LEVEL INDEX

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

COLUMN (4) WRITTEN ADJUSTMENT (ON LEVEL) FACTORS

These factors are used to bring individual policies with inception dates prior to the effective date up to current rate level. The actual rate changes vary by rating id, rating group, and territory for Basic Group I, by territory, coverage, and symbol for Basic Group II, and by category for Special Causes of Loss. Consequently, these on-level factors represent average factors and are not the factors actually used to adjust premiums on an individual policy basis. For complete rate level histories in detail, refer to Tables 16, 16A and 17.

COLUMN (5) WEIGHT

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

LOUISIANA  
TABLE 16

HISTORY OF BASIC GROUP I

RATE LEVEL CHANGES BY TERRITORY, RATING ID AND RATING GROUP

TERRITORY: New Orleans

EFFECTIVE DATE	RATING ID	RATING GROUP																				
		01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	17	18	19	20	21	22
12-01-2008	SPEC.	-10.0	-9.3	-15.8	-20.9	2.0	3.7	-5.1	11.5	-9.6	-11.2	-12.2	-11.3	-16.7	-11.3	-12.9	-8.4	-9.1	-7.5	-7.5	-9.2	-7.5
	CLASS	-25.5	-24.9	-30.3	-34.5	-15.6	-14.2	-21.5	-7.8	-25.2	-26.5	-27.4	-26.6	-31.1	-26.6	-27.9	-24.2	-9.1	-7.5	-7.5	-9.2	-7.5
02-01-2011	SPEC.	40.7	40.7	40.7	40.7	40.7	40.7	40.7	25.5	36.7	40.7	40.7	40.7	40.0	40.7	40.7	40.7	40.7	40.7	40.7	40.7	40.7
	CLASS	1.7	4.9	20.0	-0.8	2.6	5.5	-3.2	-15.7	-8.2	-3.3	-1.2	-0.8	-6.0	-0.8	-2.6	-2.6	40.7	40.7	40.7	40.7	40.7
07-01-2014	SPEC.	-14.2	-13.9	-14.8	-16.7	-15.8	-1.5	-15.8	-20.4	-8.4	-13.4	-14.1	-21.7	-10.3	-21.7	-18.0	-14.5	-18.3	-14.3	-12.5	-14.9	-12.5
	CLASS	-11.3	-11.0	-11.9	-14.0	-13.0	1.9	-13.0	-17.7	-5.3	-10.5	-11.2	-19.1	-7.3	-19.1	-15.3	-11.6	-18.3	-14.3	-12.5	-14.9	-12.5
07-01-2016	SPEC.	-21.4	-21.6	-28.2	-19.4	-22.9	-10.0	-22.1	-22.8	-22.0	-21.4	-21.1	-22.0	-22.4	-22.0	-22.9	-23.0	-23.0	-22.0	-22.0	-21.8	-22.0
	CLASS	-14.6	-14.8	-24.4	-12.3	-16.1	-2.1	-15.2	-16.0	-15.1	-14.5	-14.3	-15.1	-15.5	-15.1	-16.1	-16.2	-23.0	-15.1	-22.0	-21.8	-15.1
07-01-2018	SPEC.	-18.7	-17.6	-21.1	-18.9	-21.2	-17.7	-20.6	-23.0	-21.0	-20.0	-20.7	-20.7	-21.5	-20.7	-20.6	-20.3	-20.4	-20.0	-20.0	-20.2	-20.0
	CLASS	-18.7	-17.6	-21.1	-18.9	-21.2	-17.7	-20.6	-23.0	-21.0	-20.0	-20.7	-20.7	-21.5	-20.7	-20.6	-20.3	-20.4	-20.0	-20.0	-20.2	-20.0

LOUISIANA  
TABLE 16

HISTORY OF BASIC GROUP I

RATE LEVEL CHANGES BY TERRITORY, RATING ID AND RATING GROUP

TERRITORY: Balance of State (Louisiana)

EFFECTIVE DATE	RATING ID	RATING GROUP																				
		01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	17	18	19	20	21	22
12-01-2008	SPEC.	-16.0	-15.3	-21.4	-26.1	-4.8	-3.2	-11.4	4.1	-15.6	-17.1	-18.1	-17.2	-22.2	-17.2	-18.7	-14.5	-15.1	-13.7	-13.6	-15.2	-13.6
	CLASS	-30.5	-29.9	-35.0	-38.9	-21.2	-19.9	-26.7	-13.9	-30.2	-31.4	-32.2	-31.5	-35.7	-31.5	-32.7	-29.3	-15.1	-13.7	-13.6	-15.2	-13.6
02-01-2011	SPEC.	53.8	53.8	53.8	53.8	53.8	53.8	53.8	37.2	49.4	53.8	53.8	53.8	53.0	53.8	53.8	53.8	53.8	53.8	53.8	53.8	53.8
	CLASS	11.1	14.7	31.2	8.4	12.3	15.3	5.9	-7.8	0.4	5.8	8.1	8.5	2.7	8.5	6.4	6.4	53.8	53.8	53.8	53.8	53.8
07-01-2014	SPEC.	-13.0	-12.7	-13.6	-15.6	-14.6	-0.1	-14.6	-19.2	-7.1	-12.2	-12.9	-20.6	-9.0	-20.6	-16.9	-13.3	-17.1	-13.0	-11.3	-13.7	-11.3
	CLASS	-10.0	-9.8	-10.7	-12.7	-11.7	3.3	-11.7	-16.5	-4.0	-9.2	-9.9	-18.0	-6.0	-18.0	-14.1	-10.4	-17.1	-13.0	-11.3	-13.7	-11.3
07-01-2016	SPEC.	-13.5	-13.7	-20.9	-11.2	-15.0	-0.8	-14.2	-14.9	-14.1	-13.4	-13.2	-14.1	-14.6	-14.1	-15.0	-15.2	-15.1	-14.1	-14.1	-13.9	-14.1
	CLASS	-5.8	-6.0	-16.6	-3.4	-7.6	8.0	-6.6	-7.5	-6.5	-5.8	-5.5	-6.5	-7.0	-6.5	-7.6	-7.8	-15.1	-6.5	-14.1	-13.9	-6.5
07-01-2018	SPEC.	-12.7	-11.6	-15.4	-13.0	-15.5	-11.7	-14.8	-17.4	-15.2	-14.2	-15.0	-15.0	-15.8	-15.0	-14.8	-14.5	-14.6	-14.2	-14.2	-14.4	-14.2
	CLASS	-12.7	-11.6	-15.4	-13.0	-15.5	-11.7	-14.8	-17.4	-15.2	-14.2	-15.0	-15.0	-15.8	-15.0	-14.8	-14.5	-14.6	-14.2	-14.2	-14.4	-14.2



EXPLANATORY NOTES TO TABLE 16

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

TERRITORY

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

EFFECTIVE DATE

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

RATE LEVEL CHANGES

Rate level changes are shown in percent form for each rating group.

## LOUISIANA

TABLE 16A

## BASIC GROUP II

HISTORY OF RATE LEVEL CHANGES  
BY TERRITORY, SYMBOL AND COVERAGE

(1) TERRITORY	(2) EFFECTIVE DATE	(3) SYMBOL	(4) BUILDING	(5) CONTENTS
Zone 1	01/01/2002	A	-10.6%	-10.9%
		AB	-11.1%	-11.0%
		B	-10.6%	-11.2%
	12/01/2008	A	-35.4%	-35.0%
		AB	19.4%	9.8%
		B	-15.0%	-21.0%
	02/01/2011	A	-11.0%	-13.8%
		AB	-12.8%	-14.2%
		B	-11.4%	-13.5%
	07/01/2014	A	-15.1%	-8.9%
		AB	-21.3%	-14.8%
		B	-17.8%	-6.7%
	07/01/2016	A	-20.7%	-18.5%
		AB	-19.8%	-17.9%
		B	-16.8%	-16.7%
	07/01/2018	A	-6.5%	-9.4%
		AB	-6.5%	-8.6%
		B	-5.3%	-7.7%
Zone 2	01/01/2002	A	-9.3%	-9.6%
		AB	-9.3%	-9.6%
		B	-8.8%	-9.4%
	12/01/2008	A	-37.0%	-39.1%
		AB	15.9%	2.1%
		B	-19.9%	-21.6%
	02/01/2011	A	-11.5%	-14.3%
		AB	-13.7%	-13.8%
		B	-12.8%	-14.0%
	07/01/2014	A	-23.4%	-18.3%
		AB	-23.6%	-20.8%
		B	-22.0%	-17.3%
	07/01/2016	A	-19.7%	-19.3%
		AB	-20.4%	-19.8%
		B	-19.1%	-18.4%
	07/01/2018	A	-8.2%	-9.2%
		AB	-9.0%	-9.2%
		B	-2.2%	-2.5%

## LOUISIANA

TABLE 16A

## BASIC GROUP II

HISTORY OF RATE LEVEL CHANGES  
BY TERRITORY, SYMBOL AND COVERAGE

(1) TERRITORY	(2) EFFECTIVE DATE	(3) SYMBOL	(4) BUILDING	(5) CONTENTS
Zone 3	01/01/2002	A	-13.9%	-15.9%
		AB	-27.8%	-28.3%
		B	-39.1%	-30.7%
	12/01/2008	A	-29.1%	-43.3%
		AB	0.0%	-10.3%
		B	13.6%	-11.5%
	02/01/2011	A	-4.8%	-9.8%
		AB	-7.1%	-12.4%
		B	-1.0%	-8.5%
	07/01/2014	A	0.0%	39.1%
		AB	-4.9%	27.2%
		B	-8.8%	39.5%
	07/01/2016	A	-12.1%	-5.2%
		AB	-12.3%	-8.5%
		B	-6.8%	-3.6%
	07/01/2018	A	1.4%	-4.7%
		AB	2.2%	-4.3%
		B	3.0%	1.1%
Zone 4	01/01/2002	A	-10.9%	-22.7%
		AB	-23.4%	-32.0%
		B	-21.2%	-40.7%
	12/01/2008	A	10.6%	-35.8%
		AB	11.6%	-17.2%
		B	35.0%	-2.9%
	02/01/2011	A	14.0%	-1.9%
		AB	9.5%	-5.2%
		B	12.5%	3.5%
	07/01/2014	A	-7.7%	39.2%
		AB	-2.6%	39.6%
		B	-2.1%	39.9%
	07/01/2016	A	-11.6%	40.0%
		AB	-13.6%	35.2%
		B	-8.9%	23.6%
	07/01/2018	A	3.6%	-1.1%
		AB	5.4%	-3.8%
		B	3.3%	1.8%

## LOUISIANA

TABLE 16A

## BASIC GROUP II

HISTORY OF RATE LEVEL CHANGES  
BY TERRITORY, SYMBOL AND COVERAGE

(1) TERRITORY	(2) EFFECTIVE DATE	(3) SYMBOL	(4) BUILDING	(5) CONTENTS
Zone 5	01/01/2002	A	1.4%	-3.4%
		AB	-19.3%	10.1%
		B	-2.5%	-28.9%
	12/01/2008	A	-45.0%	-45.0%
		AB	-45.0%	-45.0%
		B	-36.9%	-45.0%
	02/01/2011	A	-14.9%	-35.0%
		AB	-17.9%	-34.7%
		B	22.8%	-1.0%
	07/01/2014	A	35.0%	39.5%
		AB	23.3%	39.7%
		B	-1.4%	39.9%
	07/01/2016	A	-8.7%	40.0%
		AB	-11.3%	31.3%
		B	-8.5%	19.9%
	07/01/2018	A	40.0%	19.9%
		AB	40.0%	13.0%
		B	40.0%	21.8%

EXPLANATORY NOTES TO TABLE 16A

HISTORY OF BASIC GROUP II RATE CHANGES BY TERRITORY

COLUMN (1)                      TERRITORY

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

COLUMN (2)                      EFFECTIVE DATE

The effective dates of the rate level changes are shown.

COLUMN (3)                      SYMBOL

The construction group symbol is shown here. Refer to the explanatory notes to Table 35 for the symbol definitions.

COLUMN (4)                      BUILDING

Building rate changes are shown in percent form.

COLUMN (5)                      CONTENTS

Contents rate changes are shown in percent form.

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TABLE 17

SPECIAL CAUSES OF LOSS

HISTORY OF RATE LEVEL CHANGES BY CATEGORY

(1) EFFECTIVE DATE	(2) CATEGORY													
	01	02	03	04	05	06	07	08	09	10	11	12	13	14
12-01-2008	-33.3	-35.1	-21.6	-36.1	-31.1									
02-01-2011	-9.1	-7.5	-0.7	-7.2	0.0									
07-01-2014	-7.4	-11.9	-12.4	-23.7	-11.6									
07-01-2016	-5.4	-9.8	-8.8	-7.1	-2.3	-7.5	-7.4	-16.8	-21.4	-5.6	-5.6	-8.0	-7.3	-4.3
07-01-2018	-15.2	-15.5	-14.6	-12.2	-11.0	-14.2	-15.0	-16.9	-23.2	-14.4	-14.0	-15.7	-14.9	-15.0

EXPLANATORY NOTES TO TABLE 17

HISTORY OF SPECIAL CAUSES OF LOSS  
RATE LEVEL CHANGES BY CATEGORY

COLUMN (1)

EFFECTIVE DATE

The effective dates of the rate level changes are shown.

COLUMN (2)

RATE LEVEL CHANGES BY CATEGORY

Rate changes are shown in percent form for each category. Refer to Table 37 for definitions of the current 14 categories.

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

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

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

IMPLICIT PACKAGE  
MODIFICATION  
FACTORS

Since multiline experience is included in the rate level evaluations, an additional adjustment is made to the multiline adjusted earned premiums after they have been brought to current PIAL rate level. This adjustment is the application of implicit CPP package modification factors which vary for each of the eight CPP types of policy.

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

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

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

IPMF CAPS

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



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TABLE 18  
BASIC GROUP I IMPLICIT PACKAGE  
MODIFICATION FACTORS (IPMFS) AND IPMF CAPS

CPP IMPLICIT PACKAGE MODIFICATION FACTORS (IPMFS) AND IPMF CAPS

TOP	DESCRIPTION	IPMF	LOW CAP	HIGH CAP
-----				
31	MOTEL/HOTEL	0.640	0.500	1.500
32	APARTMENT	0.618	0.500	1.500
33	OFFICE	0.534	0.500	1.500
34	MERCANTILE	0.601	0.500	1.500
35	INSTITUTIONAL	0.567	0.500	1.500
36	SERVICES	0.780	0.500	1.500
37	INDUST/PROCESSING	0.819	0.500	1.500
38	CONTRACTORS	0.696	0.500	1.500

LOUISIANA  
TABLE 19  
BASIC GROUP II IMPLICIT PACKAGE  
MODIFICATION FACTORS (IPMFS) AND IPMF CAPS

CPP IMPLICIT PACKAGE MODIFICATION FACTORS (IPMFS) AND IPMF CAPS

TOP	DESCRIPTION	IPMF	LOW CAP	HIGH CAP
-----				
31	MOTEL/HOTEL	1.487	0.500	1.500
32	APARTMENT	1.347	0.500	1.500
33	OFFICE	0.637	0.500	1.500
34	MERCANTILE	1.297	0.500	1.500
35	INSTITUTIONAL	1.176	0.500	1.500
36	SERVICES	1.041	0.500	1.500
37	INDUST/PROCESSING	0.989	0.500	1.500
38	CONTRACTORS	1.143	0.500	1.500

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TABLE 20  
SPECIAL CAUSES OF LOSS IMPLICIT PACKAGE  
MODIFICATION FACTORS (IPMFS) AND IPMF CAPS

CPP IMPLICIT PACKAGE MODIFICATION FACTORS (IPMFS) AND IPMF CAPS

TOP	DESCRIPTION	IPMF	LOW CAP	HIGH CAP
-----				
31	MOTEL/HOTEL	1.049	0.500	1.500
32	APARTMENT	1.147	0.500	1.500
33	OFFICE	0.939	0.500	1.500
34	MERCANTILE	1.080	0.500	1.500
35	INSTITUTIONAL	1.298	0.500	1.500
36	SERVICES	1.015	0.500	1.500
37	INDUST/PROCESSING	1.149	0.500	1.500
38	CONTRACTORS	1.291	0.500	1.500

EXPLANATORY NOTES TO TABLES 18, 19, AND 20

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

TABLES 18, 19,  
AND 20

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

## TREND PROCEDURE

### INTRODUCTION

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

### LOSS TREND

#### EXTERNAL LOSS DATA

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

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

The CCF's adjust losses for actual inflationary changes which have taken place between the accident date and the midpoint of the latest period of external trend information, i.e. February 15, 2018 for property damage and time element. The LPF's adjust losses for projected inflationary changes from the midpoint of the latest period of external trend information to the anticipated average date of accident for policies written under the proposed loss costs (assumed to be 12 months after the assumed revision date based on all one-year policies).

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

## TREND PROCEDURE (cont'd)

### LOSS TREND (cont'd)

#### LOSS TREND ADJUSTMENT - SEVERITY

An evaluation of the latest Commercial Property insurance data shows that the cost levels inherent in the property damage coverages are increasing at a different rate than those measured by the external indices. Therefore, to insure adequate prospective loss cost levels during the period for which loss costs are to be determined, loss trend adjustments (LTA's) have been applied. These factors were developed by comparing the annual rate of change in average claim costs to the annual rate of change in the external indices. (Refer to Table 23 for the calculations.)

#### LOSS TREND ADJUSTMENT - FREQUENCY

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

### AMOUNT-OF- INSURANCE TREND

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

The application and development of these factors parallels loss trend factors in that separate factors are developed for buildings, contents, and time element, and the adjustment to prospective amount of insurance levels is done in two steps. The current written factors adjust loss costs to the amount of insurance level for the midpoint of the latest period of renewal information, i.e. July 1, 2017. Total amount of insurance trend factors are then calculated by projecting these current factors to the average date of writing (i.e. to the amount of insurance level six months beyond the assumed effective date).

TABLE 21

Development of Current Cost Factors and Loss Projection Factors  
For Commercial Property Building and Contents Experience  
 Period ending March 31, 2018

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

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

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

Time Element Combined Index - Weighted average of IMSEP and RSALES indices <sup>(a)</sup>

<u>Quarter</u>	<u>XCI</u>	<u>PPI</u>	<u>IMSEP</u>	<u>RSALES</u>	Time Element Combined <u>Index</u>
Q2-2015	108.8	113.7	1.050	1.055	1.054
Q3-2015	109.5	114.0	1.052	1.054	1.053
Q4-2015	110.0	113.9	1.051	1.044	1.046
Q1-2016	110.5	114.4	1.046	1.034	1.038
Q2-2016	110.7	114.3	1.051	1.035	1.040
Q3-2016	111.3	114.3	1.049	1.033	1.038
Q4-2016	111.9	114.6	1.053	1.036	1.041
Q1-2017	112.7	115.5	1.055	1.043	1.047
Q2-2017	114.0	116.5	1.052	1.035	1.040
Q3-2017	115.0	116.3	1.059	1.037	1.044
Q4-2017	115.5	117.2	1.060	1.043	1.048
Q1-2018	116.6	117.6	1.061	1.047	1.051

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

$$\text{Annual Rate of Change} = 0.0250 = 2.5\% \quad R^2 = 0.972$$

$$\text{Loss Projection Factor for Buildings} = 1.0250^{22.5/12 (b)} = 1.0474$$

## Part C: Computation of Loss Projection Factor (LPF) for Contents based on 12 points

$$\text{Annual Rate of Change} = 0.0124 = 1.24\% \quad R^2 = 0.895$$

$$\text{Loss Projection Factor for Contents} = 1.0124^{22.5/12 (b)} = 1.0234$$

## Part D: Computation of Loss Projection Factor (LPF) for Time Element Based on 12 points

$$\text{Annual Rate of Change} = -0.0008 = -0.08\% \quad R^2 = 0.016$$

$$\text{Loss Projection Factor for Time Element} = 0.9992^{22.5/12 (b)} = 0.9985$$

- (a) 30% weight for IMSEP and 70% weight for RSALES. IMSEP & RSALES indices were rescaled to a 2009 year base.  
 (b) Assuming a rate or loss cost revision date of January 1 2019, and all one year policies, the time interval between the midpoint of the latest period (02/15/2018) and the average date of accident (01/01/2020) would be 22.5 months.

TABLE 21

Development of Current Cost Factors and Loss Projection Factors

## Part E: Calculation of Current Cost Factors (CCF)

Calendar Year <u>Averages</u>				Current Cost Factors Based on Average Index Values for <u>Period ending March 31, 2018</u>					
<u>Year</u>	<u>XCI</u>	<u>PPI</u>	<u>Time Element Index</u>	<u>Buildings</u>		<u>Contents</u>		<u>Time Element</u>	
2007	92.6	94.5	0.989	116.6/ 92.6	= 1.259	117.6 / 94.5	= 1.245	1.051 / 0.989	= 1.063
2008	97.0	98.5	1.008	116.6/ 97.0	= 1.203	117.6 / 98.5	= 1.194	1.051 / 1.008	= 1.043
2009	100.0	100.0	1.000	116.6/ 100.0	= 1.166	117.6/ 100.0	= 1.176	1.051 / 1.000	= 1.051
2010	99.3	101.8	1.015	116.6/ 100.0	= 1.175	117.6 / 101.8	= 1.155	1.051 / 1.015	= 1.035
2011	100.0	105.2	1.048	116.6/ 100.0	= 1.166	117.6 / 105.2	= 1.118	1.051 / 1.048	= 1.003
2012	101.0	108.0	1.064	116.6/ 101.0	= 1.154	117.6 / 108.0	= 1.089	1.051 / 1.064	= 0.988
2013	102.7	109.8	1.067	116.6/ 102.7	= 1.135	117.6 / 109.8	= 1.072	1.051 / 1.067	= 0.985
2014	104.7	112.5	1.069	116.6/ 104.7	= 1.114	117.6 / 112.5	= 1.045	1.051 / 1.069	= 0.983
2015	109.1	113.8	1.051	116.6/ 109.1	= 1.068	117.6 / 113.8	= 1.033	1.051 / 1.051	= 1.000
2016	111.1	114.4	1.039	116.6/ 111.1	= 1.050	117.6 / 114.4	= 1.028	1.051 / 1.039	= 1.012
2017	114.3	116.4	1.045	116.6/ 114.3	= 1.020	117.6 / 116.4	= 1.011	1.051 / 1.045	= 1.006



## EXPLANATORY NOTES TO TABLE 21

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

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

## EXPLANATORY NOTES TO TABLE 21 (cont'd)

### PARTS B, C and D: COMPUTATION OF THE LOSS PROJECTION FACTOR

#### LOSS PROJECTION FACTOR

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

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

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

#### CALENDAR YEAR AVERAGES

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

#### CURRENT COST FACTORS

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

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

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

TABLE 22

SUMMARY OF LOSS TREND ADJUSTMENTS (LTA'S)

<u>BUILDINGS</u>	<u>5 YEAR INCURRED LOSSES</u>	<u>LTA'S*</u>
BASIC GROUP I	2,963,900,922	-0.4
BASIC GROUP II	3,110,504,121	0.5
SPECIAL CAUSES OF LOSS	1,645,968,334	0.3
TOTAL	7,720,373,377	0.1
 <u>CONTENTS</u>		
BASIC GROUP I	930,719,601	0.5
BASIC GROUP II	303,611,682	0.8
SPECIAL CAUSES OF LOSS	677,516,051	0.5
TOTAL	1,911,847,334	0.5
 <u>TIME ELEMENT</u>		
BASIC GROUP I	335,351,732	2.5
BASIC GROUP II	80,288,943	2.2
SPECIAL CAUSES OF LOSS	112,591,087	2.5
TOTAL	528,231,762	2.5
 GRAND TOTAL	10,160,452,473	0.3

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

EXPLANATORY NOTES TO TABLE 22

SUMMARY OF LOSS TREND ADJUSTMENTS (LTA'S)

COLUMN (1)

COVERAGE

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

COLUMN (2)

FIVE-YEAR INCURRED LOSSES

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

COLUMN (3)

ANNUAL LTA's

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

## OVERVIEW

### DEVELOPMENT OF LOSS TREND ADJUSTMENTS

#### INTRODUCTION

In order to supplement the external indices reflected in CCF's and LPF's, loss trend adjustments (LTA's) have been developed based on internal loss data. This is necessary because the external indices alone have been insufficient in reflecting cost level and claim frequency changes in Commercial Property Insurance. The following tables show the calculations used to develop these LTA's. Please note the development of the LTA's for the 2018 COMFAL reviews is based on internal commercial property experience through 12/31/2016 and external cost indices through 12/31/2016. Therefore, the CCF's and LPF's shown on Table 23 will not necessarily match those shown on Table 21. ISO has determined that the selected LTAs are appropriate to be used with the latest external indices shown on Table 21.

TABLE 23  
DEVELOPMENT OF LTA'S

I. EXTERNAL RATE OF CHANGE<sup>a</sup>

Calendar Year	(1) Buildings Current Cost Factor	(2) Contents Current Cost Factor	(3) Time Element Cost Factor	(4) Basic Group I (BGI)& Special Causes of Loss (SCL) Weights	(5) Basic Group II (BGII) Weights
2007	1.208	1.213	1.053		0.10
2008	1.154	1.163	1.033		0.10
2009	1.119	1.146	1.041		0.10
2010	1.127	1.126	1.026		0.10
2011	1.119	1.089	0.993		0.10
2012	1.108	1.062	0.978	0.10	0.10
2013	1.090	1.044	0.976	0.15	0.10
2014	1.069	1.018	0.974	0.20	0.10
2015	1.025	1.007	0.990	0.25	0.10
2016	1.007	1.001	1.002	0.30	0.10

(6) AVERAGE CURRENT COST FACTORS

	Buildings	Contents	Time Element
Basic Group I and Special Causes of Loss (Weighted on Column (4))	1.047	1.019	0.987
Basic Group II (Weighted on Column (5))	1.103	1.087	1.007

(7) LOSS PROJECTION FACTORS

	Buildings	Contents	Time Element
Annual Rate of Change	0.030	0.008	-0.013
Loss Projection Factor: <sup>b</sup> $(1.0 + \text{Annual Rate of Change})^{(X/12)}$	1.081	1.022	0.967

(8) TOTAL TREND FACTOR (Average Current Cost Factor  $\times$  Loss Projection Factor)

	Buildings	Contents	Time Element
Basic Group I and Special Causes of Loss	1.132	1.042	0.954
Basic Group II	1.193	1.111	0.974

(9) EXTERNAL ANNUAL RATE OF CHANGE<sup>c</sup>

	Buildings	Contents	Time Element
Basic Group I and Special Causes of Loss: $(\text{Total Trend Factor})^{12/54}$	1.028	1.009	0.990
Basic Group II: $(\text{Total Trend Factor})^{12/90}$	1.024	1.014	0.996

- (a) The Current Cost Factors and Loss Projection Factors on this exhibit are based on external economic indices through December 31, 2016 for Buildings, Contents and Time Element.
- (b) Assuming a loss cost revision date of July 1, 2018, the time interval between the midpoint of the latest period of external trend information (November 15, 2016) and the prospective average date of loss (July 1, 2019) is 31.5 months for Buildings, Contents and Time Element.
- (c) The time interval from the weighted midpoint of the experience period to the prospective average date of loss (July 1, 2019) is 54 months for BG I and SCL, and 90 months for BG II. The weighted midpoint is January 1, 2015 for BG I and SCL, and January 1, 2012 for BG II.

TABLE 23  
DEVELOPMENT OF LTA'S

II. INTERNAL ANNUAL RATES OF CHANGE:

(10) SELECTED COMFAL

	Buildings	Contents	Time Element
Basic Group I (BGI)	1.040	1.050	1.040
Basic Group II (BGII)	1.035	1.030	1.040
Special Causes of Loss	1.035	1.030	1.040

III. LTA CALCULATION:

CALCULATION OF LTAs - BUILDINGS

	(11) External Rate of Change <sup>d</sup>	(12) Internal Rate of Change	(13) Indicated Severity LTA [(12)/(11)-1.0]	(14) Formula Severity LTA <sup>e</sup>	(15) Frequency Effect	(16) Final LTA <sup>f</sup>
Basic Group I (BGI)	1.028	1.040	1.2	0.6	-1.0	-0.4
Basic Group II (BGII)	1.024	1.035	1.1	0.5	0.0	0.5
Special Causes of Loss	1.028	1.035	0.7	0.3	0.0	0.3

CALCULATION OF LTAs - CONTENTS

	(11) External Rate of Change <sup>d</sup>	(12) Internal Rate of Change	(13) Indicated Severity LTA [(12)/(11)-1.0]	(14) Formula Severity LTA <sup>e</sup>	(15) Frequency Effect	(16) Final LTA <sup>f</sup>
Basic Group I (BGI)	1.009	1.050	4.1	2.0	-1.5	0.5
Basic Group II (BGII)	1.014	1.030	1.6	0.8	0.0	0.8
Special Causes of Loss	1.009	1.030	2.1	1.0	-0.5	0.5

CALCULATION OF LTAs - TIME ELEMENT

	(11) External Rate of Change <sup>d</sup>	(12) Internal Rate of Change	(13) Indicated Severity LTA [(12)/(11)-1.0]	(14) Formula Severity LTA <sup>e</sup>	(15) Frequency Effect	(16) Final LTA <sup>f</sup>
Basic Group I (BGI)	0.990	1.040	5.1	2.5	0.0	2.5
Basic Group II (BGII)	0.996	1.040	4.4	2.2	0.0	2.2
Special Causes of Loss	0.990	1.040	5.1	2.5	0.0	2.5

(d) The external rates of change are based on external economic indices through December 31, 2016 for Buildings, Contents and Time Element.

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

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

## EXPLANATORY NOTES TO TABLE 23

### DEVELOPMENT OF LOSS TREND ADJUSTMENTS (LTA'S)

#### I. EXTERNAL RATE OF CHANGE

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

##### CURRENT COST FACTORS

The CCF's underlying the LTA analysis are based on external cost indices through 12/31/2016 for buildings, contents and time element.

COLUMNS (4)  
AND (5)

##### WEIGHTS

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

LINES (6)

##### AVERAGE CURRENT COST FACTORS

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

LINE (7)

##### LOSS PROJECTION FACTORS

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

LINE (8)

##### TOTAL TREND

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

LINE (9)

##### EXTERNAL ANNUAL RATE OF CHANGE

The total trend is converted to an annual basis by raising it to the reciprocal of the number of years between the weighted midpoint of the experience period and the anticipated average accident date. For BG I and SCL the weighted midpoint of the experience period is 1/1/2015, for BG II it is 1/1/2012. Accordingly, there are 54 and 90 months, respectively, to the anticipated average accident date of 7/1/2019.

#### II. INTERNAL ANNUAL RATES OF CHANGES

LINE (10)

##### SELECTED COMFAL

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



EXPLANATORY NOTES TO TABLE 23 (cont'd)

III. LTA CALCULATION

COLUMN (11)

ANNUAL EXTERNAL

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

COLUMN (12)

ANNUAL INTERNAL

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

COLUMN (13)

INDICATED SEVERITY LTA

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

COLUMN (14)

FORMULA SEVERITY LTA

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

COLUMN (15)

FREQUENCY EFFECT

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

COLUMN (16)

FINAL LTA

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

TABLE 24A

EXPOSURE TREND  
DEVELOPMENT OF CURRENT AND PROJECTED EARNED EXPOSURE FACTORS

	<u>Buildings</u>				<u>Contents</u>			
	(1) <sup>a</sup>	(2) <sup>a</sup>	(3) <sup>b</sup>	(4) <sup>c</sup>	(5) <sup>a</sup>	(6) <sup>a</sup>	(7) <sup>b</sup>	(8) <sup>c</sup>
	Annual	07-01-2017	07-01-2019	07-01-2019	Annual	07-01-2017	07-01-2019	07-01-2019
	Written	Written	Projected	Earned	Written	Written	Projected	Earned
<u>Year</u>	<u>Increase</u>	<u>Factors</u>	<u>Factors</u>	<u>Factors</u>	<u>Increase</u>	<u>Factors</u>	<u>Factors</u>	<u>Factors</u>
2005	3.4%	1.393	1.449	1.498	2.1%	1.267	1.310	1.338
2006	3.8%	1.342	1.396	1.449	2.1%	1.241	1.284	1.310
2007	3.9%	1.292	1.344	1.396	2.4%	1.212	1.254	1.284
2008	3.5%	1.248	1.298	1.345	2.4%	1.184	1.225	1.254
2009	3.3%	1.208	1.257	1.299	2.2%	1.159	1.199	1.225
2010	2.5%	1.179	1.227	1.258	1.7%	1.140	1.179	1.200
2011	2.5%	1.150	1.196	1.227	1.8%	1.120	1.158	1.179
2012	2.7%	1.120	1.165	1.196	1.8%	1.100	1.138	1.158
2013	2.6%	1.092	1.136	1.165	2.1%	1.077	1.114	1.138
2014	2.5%	1.065	1.108	1.136	2.1%	1.055	1.091	1.114
2015	2.3%	1.041	1.083	1.108	1.9%	1.035	1.070	1.091
2016	2.1%	1.020	1.061	1.083	1.8%	1.017	1.052	1.070
2017	2.0%	1.000	1.040	1.061	1.7%	1.000	1.034	1.052

## Notes

a The percentages in columns (1) and (5) represent the change in written exposures from 07/01/n-1 to 07/01/n. Columns (2) and (6) contain the cumulative changes in written exposures for each year relative to the latest year.

b The selected average annual changes in Amount of Insurance for projection purposes are 2.0% and 1.7% for Buildings and Contents, respectively. Consequently, the written factors at 07/01/2017 levels in column (2) and column (6) are brought to the level of the average date of writing in the effective period, 07/01/2019 (i.e., 6 months beyond an assumed revision date of 01/01/2019), by applying a factor of  $(1.020)^{24/12}$  for Buildings and  $(1.017)^{24/12}$  for Contents.

c Written factors are earned into each accident year ending 12/31 using the following factors which assume all one year policies:

	<u>Earning Factors</u>
<u>Year</u>	<u>All Years</u>
n-2	1/8
n-1	3/4
n	1/8

For example, the factors used to adjust earned exposures for the period from 01/01/2017 to 12/31/2017 to the projected level are 1.061 for Buildings and 1.052 for Contents.

TABLE 24A (cont'd)

EXPOSURE TREND  
DEVELOPMENT OF CURRENT AND PROJECTED EARNED EXPOSURE FACTORS

<u>Time Element</u>				
	(1) <sup>a</sup>	(2) <sup>a</sup>	(3) <sup>b</sup>	(4) <sup>c</sup>
	Annual	07-01-2017	07-01-2019	07-01-2019
	Written	Written	Projected	Earned
<u>Year</u>	<u>Increase</u>	<u>Factors</u>	<u>Factors</u>	<u>Factors</u>
2005	1.3%	1.127	1.150	1.165
2006	1.4%	1.111	1.133	1.150
2007	1.3%	1.097	1.119	1.133
2008	1.3%	1.083	1.105	1.119
2009	0.8%	1.074	1.096	1.106
2010	0.7%	1.067	1.088	1.096
2011	0.8%	1.059	1.080	1.088
2012	0.8%	1.051	1.072	1.080
2013	0.9%	1.042	1.063	1.072
2014	1.0%	1.032	1.053	1.063
2015	1.1%	1.021	1.042	1.053
2016	1.1%	1.010	1.030	1.042
2017	1.0%	1.000	1.020	1.030

Notes

a The percentage in column (1) represents the change in written exposures from 07/01/n-1 to 07/01/n. Column (2) is the cumulative change in written exposures for each year relative to the latest year.

b The selected average annual change in Net Income (Time Element exposure) for projection purposes is 1.0%. Consequently, the written factors at 07/01/2017 levels in column (2) are brought to the level of the average date of writing in the effective period, 07/01/2019 (i.e., 6 months beyond an assumed revision date of 01/01/2019), by applying a factor of  $(1.010)^{24/12}$  for Time Element.

c Written factors are earned into each accident year ending 12/31 using the following factors which assume all one year policies:

<u>Earning Factors</u>	
<u>Year</u>	<u>All Years</u>
n-2	1/8
n-1	3/4
n	1/8

For example, the factor used to adjust earned exposures for the period from 01/01/2017 to 12/31/2017 to the projected level is 1.030.

TABLE 24B

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

	Buildings				Contents			
	(1) <sup>a</sup>	(2) <sup>a</sup>	(3) <sup>b</sup>	(4) <sup>c</sup>	(5) <sup>a</sup>	(6) <sup>a</sup>	(7) <sup>b</sup>	(8) <sup>c</sup>
	Annual	07-01-2017	07-01-2019	07-01-2019	Annual	07-01-2017	07-01-2019	07-01-2019
	Written	Written	Projected	Earned	Written	Written	Projected	Earned
<u>Year</u>	<u>Increase</u>	<u>Factors</u>	<u>Factors</u>	<u>Factors</u>	<u>Increase</u>	<u>Factors</u>	<u>Factors</u>	<u>Factors</u>
2005	2.7%	1.308	1.350	1.386	1.8%	1.219	1.253	1.276
2006	3.1%	1.269	1.310	1.350	1.8%	1.197	1.231	1.253
2007	3.1%	1.231	1.271	1.310	2.0%	1.174	1.207	1.231
2008	2.8%	1.197	1.236	1.272	2.0%	1.151	1.183	1.207
2009	2.7%	1.166	1.204	1.236	1.8%	1.131	1.163	1.184
2010	2.0%	1.143	1.180	1.205	1.4%	1.115	1.146	1.163
2011	2.0%	1.121	1.157	1.180	1.5%	1.099	1.130	1.146
2012	2.2%	1.097	1.132	1.157	1.5%	1.083	1.114	1.130
2013	2.1%	1.074	1.109	1.132	1.8%	1.064	1.094	1.114
2014	2.0%	1.053	1.087	1.109	1.8%	1.045	1.074	1.094
2015	1.9%	1.033	1.066	1.087	1.6%	1.029	1.058	1.075
2016	1.7%	1.016	1.049	1.067	1.5%	1.014	1.043	1.058
2017	1.6%	1.000	1.032	1.049	1.4%	1.000	1.028	1.043

## Notes

a The percentages in columns (1) and (5) represent the change in written premium (reflecting the combined effect of change in exposures and limit of insurance factors) from 07/01/n-1 to 07/01/n. Columns (2) and (6) contain the cumulative changes in written premiums for each year relative to the latest year.

b The average annual changes in Premium for projection purposes are 1.6% and 1.4% for Buildings and Contents, respectively. Consequently, the written factors at 07/01/2017 levels in column (2) and column (6) are brought to the level of the average date of writing in the effective period, 07/01/2019 (i.e., 6 months beyond an assumed revision date of 01/01/2019), by applying a factor of  $(1.016)^{24/12}$  for Buildings and  $(1.014)^{24/12}$  for Contents.

c Written factors are earned into each accident year ending 12/31 using the following factors which assume all one year policies:

	<u>Earning Factors</u>
<u>Year</u>	<u>All Years</u>
n-2	1/8
n-1	3/4
n	1/8

For example, the factors used to adjust earned premium for the period from 01/01/2017 to 12/31/2017 to the projected level are 1.049 for Buildings and 1.043 for Contents.

TABLE 24C

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

	Buildings				Contents			
	(1) <sup>a</sup>	(2) <sup>a</sup>	(3) <sup>b</sup>	(4) <sup>c</sup>	(5) <sup>a</sup>	(6) <sup>a</sup>	(7) <sup>b</sup>	(8) <sup>c</sup>
	Annual	07-01-2017	07-01-2019	07-01-2019	Annual	07-01-2017	07-01-2019	07-01-2019
	Written	Written	Projected	Earned	Written	Written	Projected	Earned
<u>Year</u>	<u>Increase</u>	<u>Factors</u>	<u>Factors</u>	<u>Factors</u>	<u>Increase</u>	<u>Factors</u>	<u>Factors</u>	<u>Factors</u>
2005	2.8%	1.317	1.359	1.398	1.8%	1.221	1.255	1.278
2006	3.1%	1.277	1.318	1.359	1.8%	1.199	1.233	1.255
2007	3.2%	1.237	1.277	1.318	2.0%	1.175	1.208	1.233
2008	2.9%	1.202	1.241	1.278	2.0%	1.152	1.184	1.208
2009	2.7%	1.170	1.208	1.241	1.9%	1.131	1.163	1.184
2010	2.1%	1.146	1.183	1.209	1.4%	1.115	1.146	1.164
2011	2.1%	1.122	1.158	1.183	1.5%	1.099	1.130	1.146
2012	2.2%	1.098	1.133	1.158	1.5%	1.083	1.114	1.130
2013	2.1%	1.075	1.110	1.133	1.8%	1.064	1.094	1.114
2014	2.1%	1.053	1.087	1.110	1.8%	1.045	1.074	1.094
2015	1.9%	1.033	1.066	1.087	1.6%	1.029	1.058	1.075
2016	1.7%	1.016	1.049	1.067	1.5%	1.014	1.043	1.058
2017	1.6%	1.000	1.032	1.049	1.4%	1.000	1.028	1.043

## Notes

a The percentages in columns (1) and (5) represent the change in written premium (reflecting the combined effect of change in exposures and limit of insurance factors) from 07/01/n-1 to 07/01/n. Columns (2) and (6) contain the cumulative changes in written premiums for each year relative to the latest year.

b The average annual changes in Premium for projection purposes are 1.5% and 1.3% for Buildings and Contents, respectively. Consequently, the written factors at 07/01/2017 levels in column (2) and column (6) are brought to the level of the average date of writing in the effective period, 07/01/2019 (i.e., 6 months beyond an assumed revision date of 01/01/2019), by applying a factor of  $(1.015)^{24/12}$  for Buildings and  $(1.013)^{24/12}$  for Contents.

c Written factors are earned into each accident year ending 12/31 using the following factors which assume all one year policies:

	<u>Earning Factors</u>
<u>Year</u>	<u>All Years</u>
n-2	1/8
n-1	3/4
n	1/8

For example, the factors used to adjust earned premium for the period from 01/01/2017 to 12/31/2017 to the projected level are 1.046 for Buildings and 1.040 for Contents.

TABLE 24D

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

	Buildings				Contents			
	(1) <sup>a</sup>	(2) <sup>a</sup>	(3) <sup>b</sup>	(4) <sup>c</sup>	(5) <sup>a</sup>	(6) <sup>a</sup>	(7) <sup>b</sup>	(8) <sup>c</sup>
	Annual	07-01-2017	07-01-2019	07-01-2019	Annual	07-01-2017	07-01-2019	07-01-2019
	Written	Written	Projected	Earned	Written	Written	Projected	Earned
<u>Year</u>	<u>Increase</u>	<u>Factors</u>	<u>Factors</u>	<u>Factors</u>	<u>Increase</u>	<u>Factors</u>	<u>Factors</u>	<u>Factors</u>
2005	2.6%	1.291	1.330	1.365	1.4%	1.169	1.195	1.211
2006	2.9%	1.255	1.293	1.330	1.4%	1.153	1.179	1.195
2007	3.0%	1.218	1.255	1.293	1.6%	1.135	1.160	1.179
2008	2.7%	1.186	1.222	1.256	1.6%	1.117	1.142	1.160
2009	2.5%	1.157	1.192	1.222	1.4%	1.102	1.126	1.142
2010	1.9%	1.135	1.169	1.193	1.1%	1.090	1.114	1.127
2011	1.9%	1.114	1.148	1.169	1.2%	1.077	1.101	1.114
2012	2.1%	1.091	1.124	1.148	1.2%	1.064	1.088	1.101
2013	2.0%	1.070	1.102	1.124	1.4%	1.049	1.072	1.088
2014	1.9%	1.050	1.082	1.102	1.4%	1.035	1.058	1.072
2015	1.8%	1.031	1.062	1.082	1.2%	1.023	1.046	1.058
2016	1.6%	1.015	1.046	1.063	1.2%	1.011	1.033	1.046
2017	1.5%	1.000	1.030	1.046	1.1%	1.000	1.022	1.033

## Notes

a The percentages in columns (1) and (5) represent the change in written premium (reflecting the combined effect of change in exposures and limit of insurance factors) from 07/01/n-1 to 07/01/n. Columns (2) and (6) contain the cumulative changes in written premiums for each year relative to the latest year.

b The average annual changes in Premium for projection purposes are 1.5% and 1.1% for Buildings and Contents, respectively. Consequently, the written factors at 07/01/2017 levels in column (2) and column (6) are brought to the level of the average date of writing in the effective period, 07/01/2019 (i.e., 6 months beyond an assumed revision date of 01/01/2019), by applying a factor of  $(1.015)^{24/12}$  for Buildings and  $(1.011)^{24/12}$  for Contents.

c Written factors are earned into each accident year ending 12/31 using the following factors which assume all one year policies:

	<u>Earning Factors</u>
<u>Year</u>	<u>All Years</u>
n-2	1/8
n-1	3/4
n	1/8

For example, the factors used to adjust earned premium for the period from 01/01/2017 to 12/31/2017 to the projected level are 1.046 for Buildings and 1.033 for Contents.

EXPLANATORY NOTES TO TABLES 24A - 24D  
EXPOSURE AND PREMIUM TREND FACTORS

Table 24A contains Exposure trend factors.

Tables 24B, 24C and 24D contain Premium trend factors for Basic Group I, Basic Group II and Special Causes of Loss respectively, building and contents. As annual written exposures increase (decrease), the resulting limit of insurance factors used for rating decrease (increase) and the combined effect should be reflected when trending premiums to future level. There are separate premium trend factor tables for Basic Group I, Basic Group II and Special Causes of Loss since there are separate limit of insurance curves for BG I, BG II and SCL.

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

COLUMNS (1)  
AND (5)                      ANNUAL WRITTEN INCREASE

The annual written increases for buildings, contents, and time element are calculated from the actual changes in amount of insurance from one year to the next for a sample of renewal policies (based on BG I experience). The change in amount of insurance for each policy in the sample was weighted with its prior year's premiums to obtain a weighted average change for each year. The Annual Written Increase in Premiums (Tables 24B, 24C and 24D) are calculated as the Annual Written Increase in Exposure tempered by the change in Limit of Insurance factor.

COLUMNS (2)  
AND (6)                      07-01-2017 WRITTEN FACTORS

The written factors for a given year are the product of the written annual changes for all years subsequent to that year. Although the 2017 written changes are based on two quarters of data, the consistency of this experience allows for the assumption that written changes for the first half of 2017 are applicable for the entire year.

COLUMNS (3)  
AND (7)                      07-01-2019 PROJECTED FACTORS

The 07-01-2019 factors are calculated by applying a factor to adjust the 07-01-2017 written factors to the amount of insurance level at the average date of writing, 07-01-2019. This is done using the selected annual changes in exposure or premium.

COLUMNS (4)  
AND (8)                      07-01-2019 EARNED EXPOSURES/PREMIUM FACTORS

The projected earned factors at the 07-01-2019 level (where 07-01-2019 is the average date of writing in the effective period) are calculated by earning the written factors assuming all one-year policies. The earning factors are shown in footnote (c).

LOUISIANA  
TABLE 25

BASIC GROUP I

ADDITIONAL INFORMATION ON TREND ADJUSTMENTS

YEAR	(1)	(2)	(3)	(4)		
	UNADJUSTED INCURRED LOSSES	TRENDED INCURRED LOSSES	AVERAGE TOTAL LOSS TREND FACTOR (2) / (1)	----- BUILDINGS	SPLIT % CONTENTS	----- TIME ELEMENT
2013	4,544,790	5,754,390	1.266	81.7%	14.3%	4.0%
2014	4,208,777	5,208,000	1.237	70.3%	28.4%	1.3%
2015	2,877,649	3,393,537	1.179	73.5%	18.4%	8.1%
2016	2,237,412	2,556,119	1.142	67.8%	28.3%	3.9%
2017	3,202,618	3,559,579	1.111	50.7%	49.3%	0.0%



LOUISIANA  
TABLE 26

BASIC GROUP II

ADDITIONAL INFORMATION ON TREND ADJUSTMENTS

	(1)	(2)	(3)	(4)		
	UNADJUSTED**	TRENDED**	AVG.	SPLIT %		
	NON-HURRICANE	NON-HURRICANE	TOTAL	-----		
	INCURRED	INCURRED	LOSS			
	LOSSES	LOSSES	TREND			
YEAR			FACTOR	BUILDINGS	CONTENTS	TIME
			(2) / (1)			ELEMENT
2008	4,033,128	5,723,603	1.419	87.1%	11.3%	1.6%
2009	2,939,767	3,969,862	1.350	87.5%	12.2%	0.3%
2010	2,389,737	3,201,572	1.340	77.9%	19.8%	2.3%
2011	4,177,375	5,501,505	1.317	87.1%	12.9%	0.0%
2012	3,242,807	4,345,224	1.340	92.6%	7.4%	0.0%
2013	5,627,624	7,226,426	1.284	91.9%	7.1%	1.0%
2014	2,002,679	2,576,024	1.286	91.0%	4.1%	4.9%
2015	2,387,359	2,877,245	1.205	90.5%	8.4%	1.1%
2016	3,945,372	4,585,813	1.162	92.1%	6.7%	1.2%
2017	4,012,719	4,498,646	1.121	93.2%	4.1%	2.7%

\*\* LOSSES INCURRED DURING THE MONTH OF A HURRICANE HAVE BEEN EXCLUDED AND REPLACED WITH AVERAGE NON-HURRICANE LOSSES.

## LOUISIANA

## TABLE 27

## SPECIAL CAUSES OF LOSS

## ADDITIONAL INFORMATION ON TREND ADJUSTMENTS

YEAR	(1)	(2)	(3)	(4)		
	UNADJUSTED INCURRED LOSSES	TRENDED INCURRED LOSSES	AVERAGE TOTAL LOSS TREND FACTOR (2) / (1)	----- BUILDINGS	SPLIT % CONTENTS	----- TIME ELEMENT
2013	1,407,711	1,755,263	1.247	72.0%	27.9%	0.1%
2014	2,197,020	2,641,531	1.202	69.1%	30.1%	0.8%
2015	1,031,913	1,195,542	1.159	58.1%	41.9%	0.0%
2016	850,547	960,025	1.129	48.8%	39.1%	12.1%
2017	2,026,482	2,218,433	1.095	33.7%	36.4%	29.9%

EXPLANATORY NOTES TO TABLES 25, 26 AND 27

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

COLUMN (1)                      UNADJUSTED INCURRED LOSSES

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

COLUMN (2)                      TRENDED INCURRED LOSSES

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

COLUMN (3)                      AVERAGE TREND FACTOR

The average trend factors are the trended incurred losses in column (2) divided by the unadjusted incurred losses in column (1). Although average factors could be calculated from the information contained in Tables 21 through 23, they would differ from the factors shown in this table for the following reasons:

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

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

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

## LOSS DEVELOPMENT

### INTRODUCTION

For Commercial Property, losses are evaluated as of September 30, 2017, three months after the end of the latest experience year used in the review. In order to account for development of losses beyond fifteen months and to reflect overall loss development patterns, loss development was incorporated into the adjustment process of incurred losses to their ultimate settlement value.

### LOSS DEVELOPMENT PROCEDURES

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

The incurred losses underlying the statewide loss cost level indications were evaluated as of September 30, 2017.

Accident year ended June 30, 2017 includes all losses paid on accidents from July 1, 2016 to June 30, 2017 and all losses outstanding on those accidents as of September 30, 2017, fifteen months after the inception of the accident year. Similarly, accident years ended June 30, 2016, 2015, 2014 and 2013 include all losses paid and outstanding as of 27, 39, 51 and 63 months, respectively, after the inception of the accident year.

Thus, the immature experience reported as of 15, 27, 39 or 51 months must be adjusted to an ultimate settlement basis. This adjustment is accomplished through the use of loss development factors based on the historic multistate Basic Group I, Basic Group II, and Special Causes of Loss incurred losses as shown in Table 28.

TABLE 28  
BASIC GROUP I  
INCURRED LOSSES  
LOSS YEARS 2008-2017  
EVALUATED AS OF 9/2017

LOSSES AS OF					
YEAR ENDING	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
6/30/2008	994,609,406	975,404,218	954,737,819	944,974,908	944,636,580
6/30/2009	1,008,300,664	988,768,735	980,981,839	989,204,832	985,052,424
6/30/2010	906,361,204	902,368,456	889,257,372	881,582,804	877,070,716
6/30/2011	948,503,064	935,077,081	919,279,122	907,187,665	906,549,853
6/30/2012	889,957,913	863,678,700	845,501,437	841,057,009	835,400,314
6/30/2013	1,000,019,666	969,353,148	954,352,511	943,248,206	928,541,164
6/30/2014	943,608,016	945,151,909	933,908,976	920,661,140	
6/30/2015	853,108,324	852,350,972	834,940,315		
6/30/2016	865,847,748	851,643,965			
6/30/2017	898,636,541				

RATIOS				
YEAR ENDING	27:15 MONTHS	39:27 MONTHS	51:39 MONTHS	63:51 MONTHS
6/30/2008	0.981	0.979	0.990	1.000
6/30/2009	0.981	0.992	1.008	0.996
6/30/2010	0.996	0.985	0.991	0.995
6/30/2011	0.986	0.983	0.987	0.999
6/30/2012	0.970	0.979	0.995	0.993
6/30/2013	0.969	0.985	0.988	0.984
6/30/2014	1.002	0.988	0.986	
6/30/2015	0.999	0.980		
6/30/2016	0.984			
5 POINT AVERAGE	0.985	0.983	0.989	0.993

DEVELOPMENT FACTORS TO ULTIMATE

15 MONTHS TO ULTIMATE =  $0.985 \times 0.983 \times 0.989 \times 0.993 = 0.951$   
27 MONTHS TO ULTIMATE =  $0.983 \times 0.989 \times 0.993 = 0.965$   
39 MONTHS TO ULTIMATE =  $0.989 \times 0.993 = 0.982$   
51 MONTHS TO ULTIMATE =  $0.993 = 0.993$

TABLE 28  
BASIC GROUP II  
INCURRED LOSSES  
LOSS YEARS 2008-2017  
EVALUATED AS OF 9/2017

LOSSES AS OF					
YEAR ENDING	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
6/30/2008	677,467,895	683,057,291	681,971,041	683,584,884	684,579,882
6/30/2009	570,866,010	619,299,390	624,786,993	625,623,326	627,333,856
6/30/2010	568,490,178	589,294,316	592,598,950	594,315,038	595,741,771
6/30/2011	1,145,579,772	1,246,309,027	1,257,852,494	1,267,255,542	1,281,503,962
6/30/2012	852,477,348	904,761,039	917,193,236	930,161,791	933,917,299
6/30/2013	737,267,457	782,620,671	795,526,727	808,558,539	816,407,573
6/30/2014	633,774,241	664,483,911	671,866,958	678,502,826	
6/30/2015	425,754,507	457,056,489	468,185,864		
6/30/2016	631,706,969	676,612,052			
6/30/2017	777,647,460				

RATIOS				
YEAR ENDING	27:15 MONTHS	39:27 MONTHS	51:39 MONTHS	63:51 MONTHS
6/30/2008	1.008	0.998	1.002	1.001
6/30/2009	1.085	1.009	1.001	1.003
6/30/2010	1.037	1.006	1.003	1.002
6/30/2011	1.088	1.009	1.007	1.011
6/30/2012	1.061	1.014	1.014	1.004
6/30/2013	1.062	1.016	1.016	1.010
6/30/2014	1.048	1.011	1.010	
6/30/2015	1.074	1.024		
6/30/2016	1.071			
5 POINT AVERAGE	1.063	1.015	1.010	1.006

DEVELOPMENT FACTORS TO ULTIMATE

15 MONTHS TO ULTIMATE =  $1.063 \times 1.015 \times 1.010 \times 1.006 = 1.096$

27 MONTHS TO ULTIMATE =  $1.015 \times 1.010 \times 1.006 = 1.031$

39 MONTHS TO ULTIMATE =  $1.010 \times 1.006 = 1.016$

51 MONTHS TO ULTIMATE =  $1.006 = 1.006$

TABLE 28

SPECIAL CAUSES OF LOSS  
INCURRED LOSSES  
LOSS YEARS 2008-2017  
EVALUATED AS OF 9/2017

LOSSES AS OF					
YEAR ENDING	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
6/30/2008	498,354,072	501,829,140	497,076,645	497,330,527	496,907,109
6/30/2009	615,935,697	610,009,666	613,904,839	607,812,020	607,492,213
6/30/2010	644,332,409	633,870,658	633,435,250	631,291,415	631,548,599
6/30/2011	723,395,475	708,675,010	700,127,297	699,739,322	697,996,062
6/30/2012	447,855,550	435,341,947	430,108,625	431,084,328	427,848,117
6/30/2013	471,369,992	477,082,981	470,204,917	471,874,455	473,224,992
6/30/2014	674,570,887	671,019,778	666,229,538	668,025,666	
6/30/2015	634,216,064	639,584,693	637,294,873		
6/30/2016	390,665,157	400,815,044			
6/30/2017	431,124,372				

RATIOS				
YEAR ENDING	27:15 MONTHS	39:27 MONTHS	51:39 MONTHS	63:51 MONTHS
6/30/2008	1.007	0.991	1.001	0.999
6/30/2009	0.990	1.006	0.990	0.999
6/30/2010	0.984	0.999	0.997	1.000
6/30/2011	0.980	0.988	0.999	0.998
6/30/2012	0.972	0.988	1.002	0.992
6/30/2013	1.012	0.986	1.004	1.003
6/30/2014	0.995	0.993	1.003	
6/30/2015	1.008	0.996		
6/30/2016	1.026			
5 POINT AVERAGE	1.003	0.990	1.001	0.998

DEVELOPMENT FACTORS TO ULTIMATE

15 MONTHS TO ULTIMATE =  $1.003 \times 0.990 \times 1.001 \times 0.998 = 0.992$

27 MONTHS TO ULTIMATE =  $0.990 \times 1.001 \times 0.998 = 0.989$

39 MONTHS TO ULTIMATE =  $1.001 \times 0.998 = 0.999$

51 MONTHS TO ULTIMATE =  $0.998 = 0.998$

## EXPLANATORY NOTES TO TABLE 28

### LOSS DEVELOPMENT

#### INTRODUCTION

Table 28 shows multistate incurred loss development exhibits for Basic Group I, Basic Group II and Special Causes of Loss. The exhibits on Table 28 are arranged identically for each subline and can be summarized as listing the following information: incurred losses by accident year and age, age-to-age factors by accident year, and age-to-ultimate factors.

#### INCURRED LOSSES

The multistate incurred losses are shown by accident year and age at the top of Table 28. The multistate incurred losses are evaluated as of 15, 27, 39, 51 and 63 months. For Basic Group II, losses due to hurricanes reflected in the modeled hurricane loss costs have been removed from the experience for each rating territory and loss month.

#### AGE-TO-AGE DEVELOPMENT FACTORS

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

#### AGE-TO-ULTIMATE DEVELOPMENT FACTORS

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



## EXCESS LOSS PROCEDURES

### INTRODUCTION

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

### BASIC GROUP I

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

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

The Basic Group I normal loss cutoff begins at \$250,000 and varies with the size of loss up to a maximum normal amount (approached asymptotically) of \$1,250,000. (The formula and a graph are shown on Table 29.) The portion of each large loss exceeding the cutoff is considered excess and the portion of any loss up to the cutoff is considered normal.

As noted above, the excess loss procedure is performed on trended loss experience (i.e. loss experience adjusted to prospective cost levels by the current cost factors, loss projection factors, and loss trend adjustment factors (for claim cost only) shown in Tables 21 through 22). The loss trend adjustment for frequency trend is not reflected at this step in the process. The normal breakpoint of \$250,000 for BG I and the parameters in the normal loss formula are at 2005 cost levels and therefore have been similarly adjusted to prospective cost levels.

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

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

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

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

## EXCESS LOSS PROCEDURES (cont'd)

### BASIC GROUP II

Since wind caused by non-hurricane events can cause large and unexpected losses, a long-term excess procedure is used for Basic Group II. The purpose of this procedure is to avoid the shifts in loss costs which would result from reflecting large, unexpected losses only in the year in which they occur.

The Basic Group II excess procedure identifies periods of overall adverse experience, rather than individual large losses, since catastrophic non-hurricane wind losses affect both the frequency and the severity of losses. Also, due to the extreme volatility of these losses, a long-term review period (1950 - present) is used. Losses reflected in the hurricane model are not included in this procedure. For those years reported under the Commercial Statistical Plan (CSP), 1982 and later, hurricane losses have been replaced with average non-hurricane losses. For years prior to CSP reporting, any year in which a hurricane occurred has been excluded.

A loss ratio cutoff is used to determine normal and excess losses in the excess procedure. The application of this cutoff is described in the explanatory notes to Table 31. The excess losses are used to determine the excess multiplier. The excess multiplier is derived in such a manner as to provide an estimate of the expected excess non-hurricane loss dollars per normal non-hurricane loss dollar.

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

### SPECIAL CAUSES OF LOSS

Similar to Basic Group II, the Special Causes of Loss (SCL) smoothing procedure uses a loss ratio approach to reflect both the frequency and severity of unusual loss events which may produce significant fluctuations in loss cost levels. The excess procedure uses longer term statewide SCL experience (1985 - present) to account for the volatile nature of weather related losses (water damage from bursting pipes, or the weight of ice, sleet, or snow) which are the predominant cause of large SCL losses in a given experience period. A monthly normal loss ratio cutoff of 2.0 is used to define normal and excess losses. The resulting ratio of excess to normal losses over the long-term experience period is then applied to the normal losses used in the loss cost level review. The calculations underlying the smoothing procedure are described in the Explanatory Notes to Table 32.

**TABLE 29 - COUNTRYWIDE BASIC GROUP I EXCESS LOSS FACTORS  
BY CONSTRUCTION, PROTECTION AND EXPOSURE**

		Amount of Insurance *										
		1	2	3	4	5	6	7	8	9	10	11
Const. 1-3	Prot. 1-4	1.000	1.045	1.092	1.141	1.192	1.246	1.302	1.360	1.421	1.485	2.002
	Prot. 5-7	1.000	1.057	1.118	1.182	1.250	1.322	1.397	1.478	1.562	1.652	2.414
	Prot. 8-10	1.000	1.059	1.121	1.187	1.256	1.330	1.408	1.490	1.578	1.670	2.461

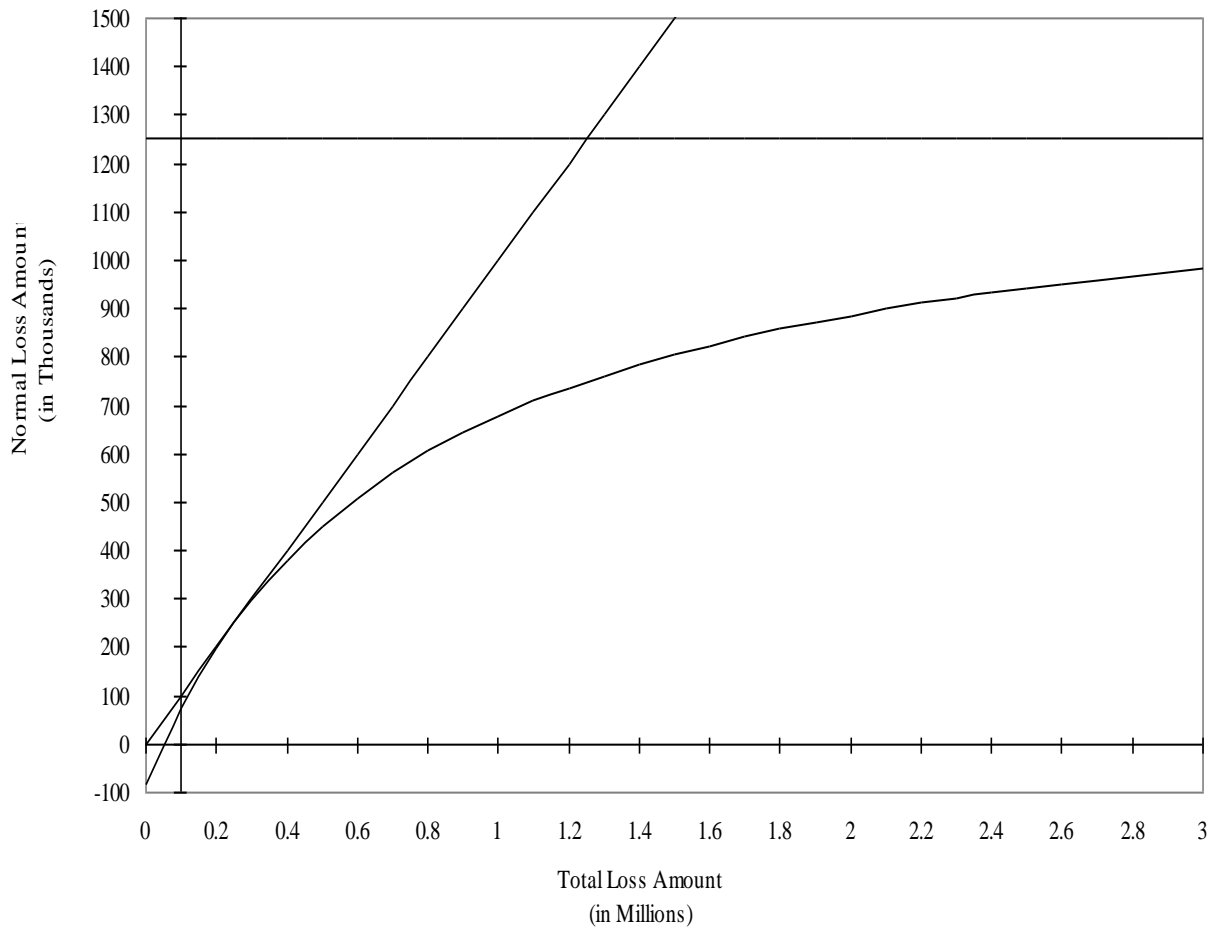
		Amount of Insurance *										
		1	2	3	4	5	6	7	8	9	10	11
Const. 4-6	Prot. 1-4	1.000	1.039	1.081	1.123	1.167	1.214	1.261	1.311	1.363	1.417	1.844
	Prot. 5-7	1.000	1.052	1.106	1.164	1.224	1.288	1.354	1.425	1.499	1.576	2.223
	Prot. 8-10	1.000	1.053	1.109	1.168	1.230	1.296	1.364	1.437	1.513	1.594	2.267

*	<u>Amount of Insurance</u>	<u>Intervals</u>
	1	0-403,000
	2	403,001-500,000
	3	500,001-700,000
	4	700,001-1,000,000
	5	1,000,001-1,500,000
	6	1,500,001-2,500,000
	7	2,500,001-3,500,000
	8	3,500,001-5,500,000
	9	5,500,001-7,500,000
	10	7,500,001-10,000,000
	11	10,000,001 and over

Table 29 (cont'd)

Countrywide Basic Group I  
Normal vs. Total Loss Amount

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



EXPLANATORY NOTES TO TABLES 29

COUNTRYWIDE BASIC GROUP I EXCESS LOSS FACTORS

EXCESS LOSS  
FACTORS

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

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TABLE 30

BASIC GROUP I  
ADDITIONAL EXCESS LOSS INFORMATION

	(1)	(2)	(3)	(4)	(5)	(6)
	TRENDED INCURRED LOSSES	TRENDED NORMAL LOSSES	STATE NORMAL % (2) / (1)	MULTI- STATE NORMAL %	ADJUSTED INCURRED LOSSES	STATE AVERAGE EXCESS FACTOR (5) / (2)
YEAR						
2013	5,754,390	4,859,845	84.5%	70.8%	5,548,141	1.142
2014	5,208,000	4,376,955	84.0%	72.0%	6,373,787	1.456
2015	3,393,537	3,362,829	99.1%	75.0%	3,996,266	1.188
2016	2,556,119	2,535,820	99.2%	70.3%	2,731,015	1.077
2017	3,559,579	2,910,198	81.8%	73.3%	4,119,314	1.415

## EXPLANATORY NOTES TO TABLE 30

### BASIC GROUP I ADDITIONAL EXCESS LOSS INFORMATION

COLUMN (1) TRENDED INCURRED LOSSES

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

COLUMN (2) TRENDED NORMAL LOSSES

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

COLUMN (3) STATE NORMAL PERCENTAGE

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

COLUMN (4) MULTISTATE NORMAL PERCENTAGES

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

COLUMN (5) ADJUSTED INCURRED LOSSES

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

COLUMN (6) STATE AVERAGE EXCESS FACTOR

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

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TABLE 31

DEVELOPMENT OF BASIC GROUP II EXCESS MULTIPLIER\*

(1)	(2)	(3)	(4)	(5)	(6)
YEAR	EARNED PREMIUMS	NON-HURRICANE INCURRED LOSSES	NORMAL INCURRED LOSSES	NORMAL LOSS RATIO	EXCESS LOSS RATIO
1950	1,996,384	204,380	204,380	0.102	
1951	2,413,886	405,840	405,840	0.168	
1952	2,758,125	658,121	658,121	0.239	
1953	2,555,271	674,180	674,180	0.264	
1954	2,731,704	382,840	382,840	0.140	
1958	3,065,625	418,179	418,179	0.136	
1959	3,402,473	1,163,602	1,163,602	0.342	
1960	3,714,235	514,664	514,664	0.139	
1962	4,028,234	307,425	307,425	0.076	
1963	3,999,052	4,439,423	1,999,526	0.500	0.610
1966	5,024,729	7,224,117	2,512,365	0.500	0.938
1967	5,876,399	1,002,319	1,002,319	0.171	
1968	6,281,983	1,904,041	1,904,041	0.303	
1970	9,895,937	7,950,050	4,947,969	0.500	0.303
1972	14,302,632	6,130,233	6,130,233	0.429	
1973	14,788,202	1,792,900	1,792,900	0.121	
1974	14,372,800	3,814,048	3,814,048	0.265	
1975	15,910,360	3,379,307	3,379,307	0.212	
1976	19,237,754	1,596,608	1,596,608	0.083	
1977	25,783,239	1,995,143	1,995,143	0.077	
1978	30,920,962	7,704,876	7,704,876	0.249	
1979	32,567,727	3,779,278	3,779,278	0.116	
1980	27,246,435	8,254,069	8,254,069	0.303	
1981	24,178,875	3,720,800	3,720,800	0.154	
1982	20,950,284	2,543,649	2,543,649	0.121	
1983	19,345,320	8,675,360	8,675,360	0.448	
1984	15,631,140	3,744,514	3,744,514	0.240	
1985	16,704,540	3,103,468	3,103,468	0.186	
1986	18,746,100	3,241,117	3,241,117	0.173	
1987	17,745,138	3,156,407	3,156,407	0.178	
1988	16,781,274	11,266,585	8,390,637	0.500	0.171
1989	13,568,523	9,099,188	6,784,262	0.500	0.171
1990	11,978,673	2,118,933	2,118,933	0.177	
1991	13,117,872	4,148,290	4,148,290	0.316	



LOUISIANA  
TABLE 31

DEVELOPMENT OF BASIC GROUP II EXCESS MULTIPLIER\*

(1)	(2)	(3)	(4)	(5)	(6)
YEAR	EARNED PREMIUMS	NON-HURRICANE INCURRED LOSSES	NORMAL INCURRED LOSSES	NORMAL LOSS RATIO	EXCESS LOSS RATIO
1992	14,116,584	2,638,262	2,638,262	0.187	
1993	15,970,284	2,475,694	2,475,694	0.155	
1994	16,721,076	863,610	863,610	0.052	
1995	18,754,377	5,628,668	5,628,668	0.300	
1996	19,781,514	3,262,255	3,262,255	0.165	
1997	17,988,207	3,936,428	3,936,428	0.219	
1998	16,338,750	8,448,674	8,169,375	0.500	0.017
1999	15,401,037	5,442,314	5,442,314	0.353	
2000	14,237,628	19,119,383	7,118,814	0.500	0.843
2001	12,348,582	3,310,863	3,310,863	0.268	
2002	14,384,496	1,939,264	1,939,264	0.135	
2003	15,129,189	2,279,588	2,279,588	0.151	
2004	15,748,119	1,976,836	1,976,836	0.126	
2005	17,198,781	1,172,400	1,172,400	0.068	
2007	25,971,042	6,424,905	6,424,905	0.247	
2008	15,746,964	4,033,128	4,033,128	0.256	
2009	15,173,006	2,939,772	2,939,772	0.194	
2010	16,767,973	2,389,737	2,389,737	0.143	
2011	18,131,492	4,177,375	4,177,375	0.230	
2012	20,052,961	3,242,807	3,242,807	0.162	
2013	20,606,924	5,627,626	5,627,626	0.273	
2014	21,138,894	2,014,695	2,014,695	0.095	
2015	20,245,410	2,425,555	2,425,555	0.120	
2016	19,458,467	4,067,678	4,067,678	0.209	
2017	18,471,538	4,397,941	4,397,941	0.238	
TOTALS				13.774	3.053

(7) STATE EXCESS COMPONENT = (EXLR / NLR) = 0.222

(8) STATE EXCESS MULTIPLIER = (1 + SEC) = 1.222

\* HURRICANE YEARS BEFORE 1982 HAVE BEEN EXCLUDED. FOR THE YEARS 1982 THROUGH 2018, LOSSES INCURRED DURING THE MONTH OF A HURRICANE HAVE BEEN REPLACED WITH AVERAGE MONTHLY NON-HURRICANE LOSSES.

NOTE: FOR YEARS PRIOR TO 2007, THE DISPLAYED YEAR INCLUDES DATA FOR ACCIDENT YEAR ENDING 12/31. FOR YEARS 2009 TO 2018, THE DISPLAYED YEAR INCLUDES DATA FOR ACCIDENT YEAR ENDING 03/31. THE DISPLAYED YEAR 2008 INCLUDES DATA FOR FIRST QUARTER 2007 THROUGH FIRST QUARTER 2008.

EXPLANATORY NOTES TO TABLE 31

BASIC GROUP II EXCESS MULTIPLIER

COLUMN (2) EARNED PREMIUMS

The unadjusted earned premiums are shown for each year.

COLUMN (3) INCURRED NON-HURRICANE LOSSES

The unadjusted non-hurricane incurred losses are shown for each year. Note that any year prior to 1982 (pre-CSP) in which a hurricane occurred has been excluded from the excess review period. The incurred losses have been adjusted to reflect loss development.

COLUMN (4) NORMAL INCURRED NON-HURRICANE LOSSES

The normal incurred losses for each year are those non-hurricane losses which do not exceed 0.500 times the earned premium for that year.

COLUMN (5) NORMAL LOSS RATIO

For each year in the excess review period, the normal loss ratio is the ratio of the normal incurred losses to the earned premium for the same year.

COLUMN (6) STATE EXCESS LOSS RATIO

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

LINE (7) STATE EXCESS COMPONENT

The state excess component is determined by dividing the sum of the state excess loss ratios by the sum of all normal loss ratios (where each sum is taken across all non-hurricane accident years in the excess review period).

LINE (8) STATE EXCESS MULTIPLIER

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

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TABLE 32 - DEVELOPMENT OF SPECIAL CAUSES OF LOSS EXCESS MULTIPLIER

YEAR	(1) EARNED PREMIUMS	(2) INCURRED LOSSES	(3) NORMAL INCURRED LOSSES	(4) NORMAL LOSS RATIO	(5) STATE EXCESS LOSS RATIO
1986	4,004,910	2,513,533	2,513,243	0.628	
1987	4,398,780	1,518,824	1,518,824	0.345	
1988	4,571,190	2,047,100	2,047,100	0.448	
1989	5,016,150	4,706,690	3,842,244	0.766	0.172
1990	5,528,844	9,576,757	4,178,466	0.756	0.976
1991	5,397,258	3,731,515	3,731,515	0.691	
1992	5,092,797	2,138,401	2,138,401	0.420	
1993	6,682,167	3,199,556	2,889,141	0.432	0.047
1994	8,197,842	1,367,467	1,367,467	0.167	
1995	8,404,044	2,929,036	2,929,036	0.349	
1996	8,727,165	3,696,678	3,696,678	0.424	
1997	8,012,871	2,101,168	2,101,168	0.262	
1998	7,342,692	2,677,660	2,677,660	0.365	
1999	6,545,352	4,111,609	4,034,189	0.616	0.012
2000	6,194,883	7,501,578	5,508,541	0.889	0.322
2001	5,572,299	3,683,679	3,683,679	0.661	
2002	5,870,139	2,998,211	2,998,211	0.511	
2003	6,368,760	2,161,358	2,161,358	0.339	
2004	6,923,295	1,683,236	1,683,236	0.243	
2005	6,814,329	1,278,019	1,278,019	0.188	
2006	6,600,936	8,850,777	3,157,465	0.478	0.863
2007	7,232,895	1,389,704	1,389,704	0.192	
2008	6,777,099	1,371,803	1,371,803	0.202	
2009	6,981,555	6,693,865	3,480,622	0.499	0.460
2010	7,549,521	3,113,806	3,113,806	0.412	
2011	7,561,689	2,162,428	2,162,428	0.286	
2012	7,082,466	1,838,752	1,838,752	0.260	
2013	6,736,806	1,407,711	1,407,711	0.209	
2014	6,627,374	2,197,020	2,197,020	0.332	
2015	6,364,095	1,031,913	1,031,913	0.162	
2016	5,992,178	850,547	850,547	0.142	
2017	5,537,913	2,026,482	2,026,482	0.366	
TOTALS		98,556,883	81,006,429	13.040	2.852

$$(6) \text{ STATE EXCESS COMPONENT} = (\text{SELR} / \text{NLR}) = 0.219$$

$$(7) \text{ STATE EXCESS MULTIPLIER} = (1 + \text{SEC}) = 1.219$$

EXPLANATORY NOTES TO TABLE 32

SPECIAL CAUSES OF LOSS ADDITIONAL EXCESS LOSS FACTOR

COLUMN (1)                      EARNED PREMIUMS

These are the unadjusted earned premiums for each year.

COLUMN (2)                      INCURRED LOSSES

These are the unadjusted incurred losses for each year.

COLUMN (3)                      NORMAL INCURRED LOSSES

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

COLUMN (4)                      NORMAL LOSS RATIO

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

Column (4) = Column (3) ÷ Column (1)

COLUMN (5)                      EXCESS LOSS RATIO

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

LINE (6)                          EXCESS COMPONENT

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

LINE (7)                          EXCESS MULTIPLIER

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

## OVERVIEW

### APPLICATION OF CREDIBILITY

#### INTRODUCTION

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

$Z$  = credibility

$C$  = final estimate

$R$  = estimate based on the most recent data

$N$  = net trend

Credibility may range from 0 to 1, where  $Z=1$  is full credibility and  $Z=0$  is no credibility. The actual numerical value of  $Z$  is calculated by considering how the state's volume of experience compares with an established full credibility standard. Credibility is capped at 25% if the credibility calculated is below 25%. See Tables 33, 33A, and 34 for a complete explanation of the credibility standards for Basic Group I, Basic Group II, and Special Causes of Loss.

## LOUISIANA

TABLE 33 - BASIC GROUP I STATEWIDE CREDIBILITY CALCULATION

(1a) FULL CREDIBILITY CLAIMS STANDARD FOR FREQUENCY WITH (P,K) = ( 95.00% , 5.00%)	1,537
(1b) SEVERITY MODIFICATION FACTOR	9.149
(1c) FULL CREDIBILITY CLAIMS STANDARD ADJUSTED FOR SEVERITY ((1a) X (1b))	14,062
(2) MULTISTATE FIVE YEAR RATIO OF EARNED RISKS TO CLAIMS	329.290
(3) FULL CREDIBILITY EARNED RISKS STANDARD (1c)X(2)	4,630,476
(4) FIVE YEAR STATEWIDE EARNED RISKS	174,377
(5) FIVE YEAR ADJUSTED EARNED PREMIUM	59,108,444
(6) ADJ. EARNED PREMIUM PER EARNED RISK (5)/(4)	338.969
(7) ADJ. EARNED PREMIUM FOR 100% CREDIBILITY (3) X (6)	1,569,587,819
(8) STATEWIDE CREDIBILITY ((5)/(7))**(.5)	19.4%
(9) MINIMUM CREDIBILITY	25.0%

## LOUISIANA

TABLE 33A - BASIC GROUP II STATEWIDE CREDIBILITY CALCULATION

(1) FULL CREDIBILITY CLAIMS STANDARD	30,000
(2) MULTISTATE TEN YEAR RATIO OF EARNED RISKS TO CLAIMS	140.799
(3) FULL CREDIBILITY EARNED RISKS STANDARD (1)X(2)	4,223,970
(4) TEN YEAR STATEWIDE EARNED RISKS	378,961
(5) TEN YEAR ADJUSTED EARNED PREMIUM	221,801,741
(6) ADJ. EARNED PREMIUM PER EARNED RISK (5)/(4)	585.289
(7) ADJ. EARNED PREMIUM FOR 100% CREDIBILITY (3) X (6)	2,472,243,177
(8) STATEWIDE CREDIBILITY ((5)/(7))**(.5)	30.0%

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TABLE 34 - SPECIAL CAUSES OF LOSS STATEWIDE CREDIBILITY CALCULATION

(1) FULL CREDIBILITY CLAIMS STANDARD	25,000
(2) MULTISTATE FIVE YEAR RATIO OF EARNED RISKS TO CLAIMS	171.876
(3) FULL CREDIBILITY EARNED RISKS STANDARD (1)X(2)	4,296,900
(4) FIVE YEAR STATEWIDE EARNED RISKS	160,942
(5) FIVE YEAR ADJUSTED EARNED PREMIUM	31,112,214
(6) ADJ. EARNED PREMIUM PER EARNED RISK (5)/(4)	193.313
(7) ADJ. EARNED PREMIUM FOR 100% CREDIBILITY (3) X (6)	830,646,630
(8) STATEWIDE CREDIBILITY ((5)/(7))**(.5)	19.4%
(9) MINIMUM CREDIBILITY	25.0%



EXPLANATORY NOTES TO TABLES 33, 33A AND 34

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

LINE (1a)  
(BGI only)

Full Credibility Claims Standard of Frequency

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

LINE (1b)  
(BGI only)

Severity Modification Factor

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

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

Full Credibility Claims Standard

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

LINE (2)

Multistate Experience Period Ratio of Earned Risks to Claims

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

LINE (3)

Full Credibility Earned Risks Standard

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

LINE (4)

Experience Period Statewide Earned Risks

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

EXPLANATORY NOTES TO TABLE 33, 33A, AND 34 (cont'd)

LINE (5) Experience Period Adjusted Earned Premium

These are the state's experience period adjusted earned premium.

LINE (6) Statewide Experience Period Ratio of Adj. Earned Premium to Earned Risks

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

LINE (7) Full Credibility Aggregate Loss Costs Standard

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

LINE (8) Credibility

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

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

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

LINE (9) When the indicated credibility is below 25%, a minimum cap of 25% is assigned to the state credibility in order to reasonably reflect the state's experience in the coverage change calculation.

## BASIC GROUP II

### HURRICANE PROCEDURES

#### INTRODUCTION

The Basic Group II ratemaking procedures in hurricane-prone states incorporate the use of a computerized hurricane model which can estimate hurricane losses more accurately and with greater geographic specificity than traditional experience-based techniques. The model uses a meteorological database of both landfalling and non-landfalling tropical cyclones since 1900, a sophisticated wind field model, and engineering and insurance-based damage relationships to develop reliable estimates of expected hurricane losses. The model evaluates the probability of a hurricane at a specific location, the duration of the wind speeds at that location and the relative damageability by type of structure for the current distribution of exposures.

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#### HURRICANE MODEL UPDATES

As noted in the Executive Summary, the hurricane loss costs contained in this filing are based on Touchstone Version 5.0 of AIR Worldwide Corporation's Atlantic Tropical Cyclone Model. This model version includes historical catalog updates based on the most recent release of the North Atlantic Hurricane Database (HURDAT2), stochastic updates to the Standard and the Warm Sea Surface Temperature (WSST) 10K, 50K, and 100K stochastic catalogs, and wind vulnerability and damage estimation updates due to updated building code adoption and enforcement at the local level.

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#### OVERVIEW OF THE USE OF HURRICANE MODELS IN RATEMAKING

The model provides hurricane loss costs (expected hurricane losses per \$100 of replacement cost value) by ZIP code, construction class, and coverage (building vs. contents). These loss costs are weighted together using the latest year Basic Group II premium distribution to calculate expected hurricane loss costs by BG II rating territory, symbol (construction grouping) and coverage (building vs. contents). The hurricane loss costs are then adjusted to an 80% coinsurance, base deductible, and base limit of insurance level, and a factor is applied to reflect all loss adjustment expenses. These adjusted hurricane loss costs are then divided by the expected loss ratio to calculate hurricane rates.

The non-hurricane portion of the prospective rates is calculated by applying the statewide non-hurricane monoline change, based on the latest ten years of non-hurricane experience, to the non-hurricane portion of the current BG II rates.

The revised BG II rates are equal to the sum of the modeled hurricane rates and the non-hurricane portion of the prospective rates.

---

## BASIC GROUP II

### DESCRIPTION OF THE HURRICANE MODEL

#### HURRICANE DEFINED

A hurricane is a tropical cyclone technically defined as a non-frontal, low pressure synoptic-scale system in which the maximum sustained surface wind speed is at least 74 miles per hour.

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#### HURRICANE MODEL

The model consists of several components or modules - an event generation module, local intensity module, and damage module.

The event generation module is used to create the stochastic storm catalog. Over 100 years of historical data on the frequency of hurricanes and their meteorological characteristics were used to fit statistical distributions for each parameter used. These parameters include storm track, landfall location and track angle at landfall, and the intensity variables of central pressure, radius of maximum winds, and forward speed. By stochastically drawing from these statistical distributions, the fundamental characteristics of each simulated storm are generated. The result is a large, representative catalog of potential events.

Once the model generates the characteristics of a simulated event, it propagates the event along its track. Peak gust wind speeds and wind duration are estimated for each geographical location affected by the storm, and the local intensity is estimated as a function of the magnitude of the event, distance from the source of the event, and a variety of local conditions.

Damageability functions are then used to determine the relationship between the local intensity and the resulting damage to buildings and contents. Expected hurricane losses are calculated by applying the appropriate damage functions to the replacement value of the insured properties.

Following is a discussion of those elements reflected in the AIR tropical cyclone model for the Gulf and Atlantic Coasts of the continental United States.

---

EVENT  
GENERATION  
MODULE

The following storm characteristics are modeled as part of the event generation module:

Frequency of Occurrence - The model estimates frequency of occurrence based on tropical cyclones occurring since 1900.

Landfall Location - The model estimates the probability of a hurricane occurring at points along the smoothed coastline from Texas to Maine.

Central Pressure - Central pressure is the primary determinant of hurricane wind speed and therefore of intensity. All else being equal, as central pressure decreases, wind speeds increase or, more precisely, wind speed is an increasing function of the difference between the central and peripheral pressure.

Radius of Maximum Winds (Rmax) - The radius of maximum winds is the distance from the storm's center, or eye, to where the strongest winds are found. On average, the radius of maximum winds tends to be larger at higher latitudes. Similarly, the radius will be smaller, on average, for more intense storms. These relationships are explicitly accounted for in the model. While a smaller radius of maximum winds corresponds to greater storm intensity, it does not necessarily follow that losses will be greater. This is because a smaller radius usually results in a smaller affected area.

Forward Speed - Forward, or translational, speed is the rate at which a hurricane moves from point to point along its track. In general, the higher the latitude, the faster the hurricane's translational speed. Faster moving storms result in higher losses further inland. On the other hand, the faster a storm travels, the shorter the duration that a building is subjected to high wind speeds. In some areas, particularly along the coast, this can lead to lower losses than would otherwise be the case.

Track Angle at Landfall - Separate distributions for track angle at landfall are estimated for segments of coastline that are variable in length, depending upon the coastal orientation of that segment.

Storm Track - Once landfall location and the track angle at landfall are identified, the simulated storm track is generated using conditional probability matrices which resemble the curving and recurving tracks actually observed from the stochastic storm database.

Multiple-Landfalling Storms - In order to model multiple landfalling events as single storms, simulated storm tracks are joined statistically based on consistency of certain storm parameters.

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LOCAL  
INTENSITY  
MODULE

Once the model probabilistically generates the hurricane's meteorological characteristics, it simulates the storm's movement along its track. Calculations of local intensity begin with the maximum over-water windspeed, and then adjustments are made for the asymmetric nature of the hurricane windfield, storm filling over land, surface friction, and relative wind speed profiles.

**Asymmetry Effect** - In the Northern Hemisphere, hurricane winds rotate in a counter-clockwise direction. The combined effects of hurricane winds and forward motion produce higher wind speeds on the right side of the storm, as viewed facing the storm's forward direction. The model accounts for the dynamic interaction of the forward (translational) and rotational speeds, as well as the inflow angle.

**Filling Effect** - As the storm moves inland its intensity begins to dissipate. Central pressure rises and the eye of the hurricane begins to "fill" as it moves away from its energy source, i.e., warm ocean water. The model filling equations are a function of the geographic location (particularly distance from coastline) and the time elapsed since landfall. Rates of filling vary by region, consistent with historical observations.

**Surface Friction Effect** - Differences in surface terrain (or land use/land cover) also affect windspeeds. Wind velocity profiles typically show higher wind speeds at higher elevations. Winds travel more slowly at ground-level because of the horizontal drag force of the earth's surface, or surface friction. The addition of obstacles such as buildings will further degrade wind speed. In general, the rougher the terrain, due to both natural and man-made obstacles, the more quickly wind speeds dissipate.

**Relative Wind Speeds** - The wind speed at any particular location is dependent on the radial distance between the eye of the storm and the location of interest.

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DAMAGE  
ESTIMATION  
MODULE

The tropical cyclone model develops a complete time profile of wind speeds for each location affected by the storm, thus capturing the effect of wind duration on structures as well as the effect of peak wind speed. Damage estimation for hurricanes begins at sustained wind speeds of 40 mph and is calculated cumulatively until sustained winds are once again below 40 mph.

Separate damageability estimates exist by construction type (e.g., frame, joisted masonry, masonry non-combustible) and coverage (buildings vs. contents). Estimated hurricane damage is measured as the ratio of repair cost (i.e., expected hurricane losses) to the replacement cost of the property, capped at 80% of the replacement cost. 80% replacement cost is the exposure base, or limit of insurance, used in ISO's commercial property program.

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## BASIC GROUP II

### RATEMAKING PROCEDURES AND LOSS COST CALCULATIONS

The following is an overview of the Basic Group II ratemaking procedures incorporating computer modeled hurricane loss costs in the hurricane-prone states.

#### REMOVAL OF HURRICANE LOSSES

Losses due to hurricanes reflected in the modeled hurricane loss costs are excluded from the Basic Group II loss database. Storm track data from several meteorological sources are analyzed to determine the date, location, and wind speed of each hurricane during the BG II experience period, and those losses incurred during the month of a hurricane reflected in the model are replaced with the average monthly non-hurricane losses for each rating territory. The resulting non-hurricane losses are used in the calculation of the statewide non-hurricane coverage change, the excess procedure (for CSP years, 1982 and later), and the type of policy relativities.

#### EXCESS PROCEDURE

The excess procedure smooths catastrophic BG II losses due to perils other than hurricane. The procedure is based on long-term (1950 to present) statewide BG II non-hurricane experience. For those years prior to 1982 (pre-CSP), any year in which a hurricane occurred has been excluded from the excess procedure. For 1982 and later, losses incurred during the month of a hurricane have been replaced by average non-hurricane losses as described above. The normal loss ratio cutoff for each year included in the excess procedure is 0.500. From this follows the following definitions:

The Normal incurred losses for each year are those losses which do not exceed 0.500 times the earned premium for the year. The Excess incurred losses for each year are equal to the Incurred losses minus the Normal losses for the year.

$$\text{Normal Loss Ratio (NLR)} = \frac{\text{Normal Losses}}{\text{Earned Premium}}, \text{ for each year}$$

$$\text{Excess Loss Ratio (ELR)} = \frac{\text{Excess Losses}}{\text{Earned Premium}}, \text{ for each year}$$

$$\text{Excess Component} = \frac{\text{Sum of ELR's}}{\text{Sum of NLR's}}, \text{ over the long-term non-hurricane experience period}$$

The Excess Multiplier is equal to the excess component plus 1.000, and is applied to the normal non-hurricane losses used in the statewide experience review.

STATEWIDE  
EXPERIENCE  
LEVEL REVIEW

The statewide experience review (Table 6) is based on the latest ten years of non-hurricane loss experience. The losses are normal non-hurricane losses (i.e., hurricane losses reflected by the model have been replaced by average non-hurricane losses and the resulting losses have been capped at 0.500 times the earned premium for each year), multiplied by the excess multiplier, loss adjustment expense factor, trend factors, and loss development factors. The non-hurricane adjusted earned premiums at current level and have been trended to the average date of writing in the assumed effective period.

NON-HURR.  
RATE  
PROVISION

The non-hurricane portion of the revised BG II rates for each territory, coverage, and symbol is calculated as:

$$\text{Current Non-Hurricane Rate} \times \text{Statewide Monoline Non-Hurr. Change}$$

where the statewide monoline non-hurricane change is the product of the statewide non-hurricane coverage change (Table 6) and the indicated monoline relativity found on Table 12, Column (7).

MODELED  
HURRICANE  
RATES

The model produces hurricane loss costs (expected hurricane losses per \$100 of replacement cost) including demand surge and truncated at 80% of value in ZIP code, coverage, and construction detail. These loss costs are weighted together to derive expected hurricane loss costs for each rating territory, coverage, and symbol, using the latest BG II premium distribution. The hurricane loss costs are then adjusted to an 80% coinsurance, base deductible, and base limit of insurance level, and a factor is applied to reflect all loss adjustment expenses. The hurricane modeled loss costs are divided by the expected loss ratio to convert them to a rate basis.

REVISED  
BASIC GROUP II  
RATES

The revised BG II rates are the sum of the non-hurricane portion of the revised rates plus the modeled hurricane rates.

The statewide BG II monoline change shown on Table 1 is calculated as a weighted average of the individual loss cost changes for each territory, coverage, and symbol. This monoline change (based on hurricane plus non-hurricane experience combined) is then used to determine the indicated rate level adjustments by type of policy as described on Table 12.



LOUISIANA  
TABLE 35  
CALCULATION OF INDICATED BASIC GROUP II RATES

TERRITORY	COVERAGE SYMBOL	(1) ACCIDENT YEAR ENDING 06/30/17 BG II ADJUSTED EARNED PREMIUM	(2) CURRENT RATE	(3) CURRENT NON-HURR RATE	(4) STATEWIDE MONOLINE NON-HURR. CHANGE	(5) INDICATED NON-HURR. RATE (3) * (4)	(6) HURRICANE MODELED RATE	(7) INDICATED TOTAL RATE (5) + (6)	(8) INDICATED PERCENT CHANGE (7) / (2) - 1
Zone 1	BUILDINGS A	34,751	0.100	0.083	0.960	0.080	0.020	0.100	+0.0%
	AB	105,006	0.129	0.109	0.960	0.105	0.021	0.126	-2.3%
	B	2,396,105	0.178	0.128	0.960	0.123	0.051	0.174	-2.2%
	CONTENTS A	4,524	0.096	0.083	0.960	0.080	0.017	0.097	+1.0%
	AB	14,413	0.117	0.100	0.960	0.096	0.020	0.116	-0.9%
	B	419,039	0.156	0.112	0.960	0.108	0.047	0.155	-0.6%
	SUB-TOTAL	2,973,838							-1.9%
Zone 2	BUILDINGS A	29,359	0.101	0.094	0.960	0.090	0.009	0.099	-2.0%
	AB	68,315	0.131	0.124	0.960	0.119	0.009	0.128	-2.3%
	B	1,572,848	0.178	0.146	0.960	0.140	0.024	0.164	-7.9%
	CONTENTS A	6,259	0.099	0.094	0.960	0.090	0.008	0.098	-1.0%
	AB	10,061	0.118	0.111	0.960	0.107	0.011	0.118	+0.0%
	B	324,059	0.156	0.124	0.960	0.119	0.024	0.143	-8.3%
	SUB-TOTAL	2,010,901							-7.6%
Zone 3	BUILDINGS A	82,122	0.140	0.065	0.960	0.062	0.084	0.146	+4.3%
	AB	145,145	0.182	0.085	0.960	0.082	0.096	0.178	-2.2%
	B	3,790,761	0.311	0.100	0.960	0.096	0.215	0.311	+0.0%
	CONTENTS A	11,617	0.121	0.061	0.960	0.059	0.066	0.125	+3.3%
	AB	26,893	0.154	0.073	0.960	0.070	0.086	0.156	+1.3%
	B	809,043	0.274	0.082	0.960	0.079	0.187	0.266	-2.9%
	SUB-TOTAL	4,865,581							-0.5%
Zone 4	BUILDINGS A	115,221	0.228	0.046	0.960	0.044	0.191	0.235	+3.1%
	AB	275,769	0.295	0.060	0.960	0.058	0.217	0.275	-6.8%
	B	4,606,205	0.531	0.070	0.960	0.067	0.437	0.504	-5.1%
	CONTENTS A	33,875	0.176	0.041	0.960	0.039	0.146	0.185	+5.1%
	AB	43,613	0.229	0.050	0.960	0.048	0.190	0.238	+3.9%
	B	1,032,533	0.443	0.055	0.960	0.053	0.370	0.423	-4.5%
	SUB-TOTAL	6,107,216							-4.8%
Zone 5	BUILDINGS A	0	0.484	0.066	0.960	0.063	0.390	0.453	-6.4%
	AB	408	0.616	0.085	0.960	0.082	0.438	0.520	-15.6%
	B	4,287	1.056	0.100	0.960	0.096	0.821	0.917	-13.2%
	CONTENTS A	0	0.398	0.076	0.960	0.073	0.306	0.379	-4.8%
	AB	62	0.512	0.091	0.960	0.087	0.393	0.480	-6.3%
	B	1,663	0.946	0.102	0.960	0.098	0.712	0.810	-14.4%
	SUB-TOTAL	6,420							-13.6%
STATE TOTAL		15,963,956							-3.3%

EXPLANATORY NOTES TO TABLE 35

CALCULATION OF REVISED BASIC GROUP II LOSS COSTS

SYMBOL  
DEFINITIONS

The Basic Group II (BG II) symbol definitions are:

<u>Symbol</u>	<u>Definition</u>
A	Wind Resistive
AB	Semi-Wind Resistive
B	Ordinary

COLUMN (1)      2017 Adjusted Earned Premium

The latest accident year adjusted earned premiums are shown here.

COLUMN (2)      Current Rates

The current manual rates are shown here.

COLUMN (3)      Current Non-Hurricane Rate

These are the current manual rates minus their hurricane component.

COLUMN (4)      Statewide Monoline Non-Hurricane Rate Level Change

The statewide monoline non-hurricane rate level change is the product of the indicated statewide coverage change shown on Table 6, line (10), times the monoline normalized formula relativity shown on Table 12, column (7).

COLUMN (5)      Indicated Non-Hurricane Rates

The indicated non-hurricane rates are calculated as the current non-hurricane rates times the statewide non-hurricane monoline change, and reflect that portion of the indicated BG II rates due to non-hurricane perils.

EXPLANATORY NOTES TO TABLE 35

CALCULATION OF REVISED BASIC GROUP II LOSS COSTS (Cont'd)

COLUMN (6)                      Hurricane Modeled Rates

These are the expected hurricane rate provisions based on the computer simulation model. The model produces hurricane loss costs (expected hurricane loss per \$100 of replacement cost) by ZIP code, coverage (building vs. contents) and construction. These loss costs are weighted together using the latest year written premium to calculate expected hurricane loss costs by territory, coverage and symbol. The loss costs are then adjusted to reflect the 80% coinsurance clause, \$500 base deductible level, base limit of insurance (\$250,000 for buildings and \$50,000 for contents), and all loss adjustment expenses, and are divided by the expected loss ratio to calculate rates.

COLUMN (7)                      Indicated Total Rates

The indicated total rates are equal to the sum of the revised non-hurricane rates plus the hurricane modeled rates.

COLUMN (8)                      Percent Change

The percentage change is the ratio of the indicated rate to current rate, minus one. The overall statewide change is a weighted average of the percent changes for each symbol based on the adjusted earned premiums shown in column (1).



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LOUISIANA  
COMMERCIAL PROPERTY INSURANCE

SECTION D - ADDITIONAL SUPPORTING MATERIAL

Basic Group I Rating Group Definitions (Table 36) .....	D2-6
Special Causes of Loss Category Definitions (Table 37).....	D7-9
Unadjusted Earned Premiums, Incurred Losses, Loss Ratios (Tables 38 - 40).....	D10-12

TABLE 36

BASIC GROUP I RATING GROUP DEFINITIONS

THE FOLLOWING CSP CLASSES COMPRISE THE BASIC GROUP I RATING GROUPS

01      APARTMENTS

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

02      OTHER HABITATIONAL

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

03      RESTAURANTS & BARS

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

#### 04 OTHER MERCANTILES

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

#### 05 PUBLIC BUILDINGS

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

#### 06 CHURCHES

- 0900 Churches and Synagogues

#### 07 SCHOOLS

- 1052 Schools, Academic

#### 08 OFFICE AND BANKS

- 0702 Non-Governmental Offices and Banks

## 09 RECREATIONAL FACILITIES

- 0755 Golf Clubs, Tennis Clubs and Similar Sports Facilities with Cooking
- 0756 Golf Clubs, Tennis Clubs and Similar Sports Facilities without Cooking
- 0757 Clubs, NOC, Including Fraternal and Union Halls
- 0831 Motion Picture Studios
- 0832 Theaters
- 0833 Drive-in Theaters
- 0834 Skating Rinks--Roller Rinks
- 0841 Bowling Alleys
- 0843 Halls and Auditoriums
- 0844 Recreational Facilities, NOC
- 0845 Boys' and Girls' Camps
- 0846 Dance Halls, Ballrooms & Discotheques
- 0951 Gambling Casinos with Restaurants
- 0952 Gambling Casinos without Restaurants

## 10 HOTELS & MOTELS

- 0742 Motels and Hotels with Restaurant - Up to 10 Units
- 0743 Motels and Hotels with Restaurant - 11 to 30 Units
- 0744 Motels and Hotels with Restaurant - Over 30 Units
- 0745 Motels and Hotels without Restaurant - Up to 10 Units
- 0746 Motels and Hotels without Restaurant - 11 to 30 Units
- 0747 Motels and Hotels without Restaurant - Over 30 Units

## 11 HOSPITALS & NURSING HOMES

- 0851 Hospitals
- 0852 Nursing and Convalescent Homes

## 12 BUILDINGS UNDER CONSTRUCTION

- 1150 Buildings Under Construction

## 13 MOTOR VEHICLE RISKS

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



#### 14 OTHER NON-MANUFACTURING

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

#### 15 STORAGE

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

#### 17 FOOD MANUFACTURING

- 2000 Dairy Products
- 2059 Meat, Poultry and Fish Products
- 2150 Grain Milling, Including Feed, Stock, Flour Mills
- 2200 Bakeries and Bakery Products
- 2250 Fruit, Nut and Vegetable Products
- 2300 Sugar, Molasses and Syrup Refining
- 2350 Beverages excluding Alcoholic Beverages
- 2400 Breweries
- 2459 Distilleries and Wineries
- 2550 Tobacco and Tobacco Products
- 2600 Food Products, NOC

## 18 WOOD MANUFACTURING

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

## 19 WEARING APPAREL

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

## 20 CHEMICAL MANUFACTURING

- 5000 Chemicals and Pharmaceuticals - Low Hazard
- 5050 Chemicals and Pharmaceuticals - Moderate Hazard
- 5100 Chemicals and Pharmaceuticals - High Hazard

## 21 METAL MANUFACTURING

- 6810 Heavy Metalworking including Basic Metalwork
- 6850 Metalworking, NOC

## 22 OTHER MANUFACTURING

- 2750 Cotton Gins
- 3409 Leather and Leather Products
- 4400 Paper Manufacturing
- 4450 Paper and Paper Products Processing
- 4809 Printing
- 5500 Plastic Products
- 5759 Rubber Products
- 6009 Stone, Glass, Concrete, Gypsum, Brick, Tile and Clay Products, Abrasives, Plaster and Other Mineral, NOC
- 6210 Mining Other than Coal
- 6250 Coal Mining
- 6900 Precision Products, Electronic, Radio and Television Manufacturing

## TABLE 37

### SPECIAL CAUSES OF LOSS CATEGORY DEFINITIONS

#### CATEGORY 01 - BUILDING AND TIME ELEMENT COVERAGE

#### CATEGORY 02 - APARTMENT AND CONDOMINIUM CONTENTS COVERAGE

#### CATEGORY 03 - OFFICE CONTENTS COVERAGE

#### CATEGORIES 04, 05, & 06 - MERCANTILE CONTENTS COVERAGE

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

##### CATEGORY 04 - MERCANTILE CONTENTS COVERAGE (HIGH)

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

##### CATEGORY 05 - MERCANTILE CONTENTS COVERAGE (MEDIUM)

Occupancy classes not listed in Category 04 or Category 06

##### CATEGORY 06 - MERCANTILE CONTENTS COVERAGE (LOW)

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

#### CATEGORY 07 - MOTEL & HOTEL CONTENTS COVERAGE

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

## TABLE 37

### SPECIAL CAUSES OF LOSS CATEGORY DEFINITIONS

#### CATEGORIES 08 & 09 - INSTITUTIONAL CONTENTS COVERAGE

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

##### CATEGORY 08 - INSTITUTIONAL CONTENTS COVERAGE (HIGH)

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

##### CATEGORY 09 - INSTITUTIONAL CONTENTS COVERAGE (LOW)

Occupancy classes not listed in Category 08

#### CATEGORIES 10 & 11 - INDUSTRIAL & PROCESSING CONTENTS COVERAGE

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

##### CATEGORY 10 - INDUSTRIAL & PROCESSING CONTENTS COVERAGE (HIGH)

Occupancy classes 1252, 1300, 1400, 1700, 2000, 2059, 2150, 2200, 2250, 2300, 2350, 2400, 2459, 2550, 2600, 2750, 2800, 2805, 3009, 3409, 3809, 3959, or 4400

##### CATEGORY 11 - INDUSTRIAL & PROCESSING CONTENTS COVERAGE (LOW)

Occupancy classes not listed in Category 10

## TABLE 37

### SPECIAL CAUSES OF LOSS CATEGORY DEFINITIONS

#### CATEGORIES 12 & 13 - SERVICE CONTENTS COVERAGE

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

##### CATEGORY 12 - SERVICE CONTENTS COVERAGE (HIGH)

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

##### CATEGORY 13 - SERVICE CONTENTS COVERAGE (LOW)

Occupancy classes not listed in Category 12

#### CATEGORY 14 - CONTRACTOR CONTENTS COVERAGE

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

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TABLE 38

BASIC GROUP I

UNADJUSTED EARNED PREMIUMS, LOSSES, AND LOSS RATIOS

YEAR	TOTAL UNADJUSTED EARNED PREM.	TOTAL UNADJUSTED INCURRED LOSSES	LOSS RATIO
2013	20,136,604	4,544,790	0.226
2014	20,017,437	4,208,777	0.210
2015	19,179,569	2,877,649	0.150
2016	18,206,698	2,237,412	0.123
2017	16,702,065	3,202,618	0.192

LOUISIANA  
TABLE 39

BASIC GROUP II

UNADJUSTED AGGREGATE LOSS COSTS, LOSSES, AND LOSS RATIOS

YEAR	TOTAL UNADJUSTED EARNED PREM.	TOTAL ** UNADJUSTED NON-HURRICANE INCURRED LOSSES	LOSS RATIO
2008	15,741,997	4,033,128	0.256
2009	15,171,755	2,939,767	0.194
2010	16,761,740	2,389,737	0.143
2011	18,122,296	4,177,375	0.231
2012	20,038,064	3,242,807	0.162
2013	20,607,133	5,627,624	0.273
2014	21,127,291	2,002,679	0.095
2015	20,221,488	2,387,359	0.118
2016	19,445,432	3,945,372	0.203
2017	18,457,469	4,012,719	0.217

\*\* LOSSES INCURRED DURING THE MONTH OF A HURRICANE HAVE BEEN  
EXCLUDED AND REPLACED WITH AVERAGE NON-HURRICANE LOSSES.

LOUISIANA  
TABLE 40

SPECIAL CAUSES OF LOSS

UNADJUSTED EARNED PREMIUMS, LOSSES, AND LOSS RATIOS

YEAR	TOTAL UNADJUSTED EARNED PREM.	TOTAL UNADJUSTED INCURRED LOSSES	LOSS RATIO
2013	6,723,285	1,407,711	0.209
2014	6,621,182	2,197,020	0.332
2015	6,352,232	1,031,913	0.162
2016	5,979,440	850,547	0.142
2017	5,524,058	2,026,482	0.367





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SECTION E - REVISED RATE PAGES

Basic Group II and Special Causes of Loss Rates .....	E2
Basic Group I Rates .....	E3-13

**70. CAUSES OF LOSS – BASIC FORM (Cont'd)**

- (4) For symbols with numerical prefixes, multiply the rate from the following table by the prefix.

**RATE TABLE**

	Symbol	Rate Building	Contents
Zone 1	A	.100	<u>.097.096</u>
	AB	<u>.126.429</u>	<u>.116.447</u>
	B	<u>.174.478</u>	<u>.155.456</u>
Zone 2	A	<u>.099.404</u>	<u>.098.099</u>
	AB	<u>.128.434</u>	<u>.118.448</u>
	B	<u>.164.478</u>	<u>.143.456</u>
Zone 3	A	<u>.146.440</u>	<u>.125.424</u>
	AB	<u>.178.482</u>	<u>.156.454</u>
	B	<u>.311.344</u>	<u>.266.274</u>
Zone 4	A	<u>.235.228</u>	<u>.185.476</u>
	AB	<u>.275.295</u>	<u>.238.229</u>
	B	<u>.504.534</u>	<u>.423.443</u>
Zone 5	A	<u>.453.484</u>	<u>.379.398</u>
	AB	<u>.520.646</u>	<u>.480.542</u>
	B	<u>.9174.056</u>	<u>.810.946</u>

**72. CAUSES OF LOSS – SPECIAL FORM**

- E.2.** Rating Procedure – Property Damage – Other than Builders' Risk

**b.(1)** Building Coverage Rate: .066.075

**c.(2) Personal Property Coverage**

Occupancy Category	Rate
Residential Apartments and Condominiums	<u>.265.282</u>
Offices	<u>.141.146</u>
Mercantile – High	<u>.255.270</u>
Mercantile – Medium	<u>.240.247</u>
Mercantile – Low	<u>.162.174</u>
Motels and Hotels	<u>.121.127</u>
Institutional – High	<u>.090.107</u>
Institutional – Low	<u>.054.065</u>
Industrial and Processing – High	<u>.240.248</u>
Industrial and Processing – Low	<u>.175.182</u>
Service – High	<u>.186.203</u>
Service – Low	<u>.152.160</u>
Contractors	<u>.257.264</u>
Territory (County)	Territorial Multiplier
Orleans	1.153
Remainder of State	1.000

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**85. BASIC GROUP I CLASS RATES (Cont'd)**

All rates are subject to protection class and territorial multipliers.

<b>CSP Class Codes And Description</b>						
<b>0074a</b>	Boarding, Lodging and Rooming Houses and Dormitories – Up to 10 Units					
<b>0074b</b>	Fraternity and Sorority Houses – Up to 10 Units					
<b>0075a</b>	Boarding, Lodging and Rooming Houses and Dormitories – 11 to 30 Units					
<b>0075b</b>	Fraternity and Sorority Houses – 11 to 30 Units					
<b>0076a</b>	Boarding, Lodging and Rooming Houses and Dormitories – Over 30 Units					
<b>0076b</b>	Fraternity and Sorority Houses – Over 30 Units					
<b>0077a</b>	Convents, Monasteries, Rectories and Sisters' Homes – Up to 10 Units					
<b>0077b</b>	Nurses' Homes – Up to 10 Units					
<b>0077c</b>	Orphan Homes – Up to 10 Units					
<b>0078a</b>	Convents, Monasteries, Rectories and Sisters' Homes – 11 to 30 Units					
<b>0078b</b>	Nurses' Homes – 11 to 30 Units					
<b>CSP Class Code</b>	<b>Coverage</b>	<b>Construction (Code)</b>				
		<b>Frame (1)</b>	<b>Joisted Masonry (2) or (7)</b>	<b>Non-Comb. (3) or (8)</b>	<b>Mas. Non-Comb. (4) or (9)</b>	<b>Mod. F.R. (5) Or Fire Res. (6)</b>
<b>0074a</b>	<b>Building (1)</b>	0.2700.293	0.2420.263	0.2150.234	0.1740.189	0.1600.174
	<b>Contents (2)</b>	0.2700.294	0.2440.265	0.2310.251	0.2020.220	0.1890.205
<b>0074b</b>	<b>Building (1)</b>	0.2700.293	0.2420.263	0.2150.234	0.1740.189	0.1600.174
	<b>Contents (2)</b>	0.2700.294	0.2440.265	0.2310.251	0.2020.220	0.1890.205
<b>0075a</b>	<b>Building (1)</b>	0.2700.293	0.2420.263	0.2150.234	0.1740.189	0.1600.174
	<b>Contents (2)</b>	0.2700.294	0.2440.265	0.2310.251	0.2020.220	0.1890.205
<b>0075b</b>	<b>Building (1)</b>	0.2700.293	0.2420.263	0.2150.234	0.1740.189	0.1600.174
	<b>Contents (2)</b>	0.2700.294	0.2440.265	0.2310.251	0.2020.220	0.1890.205
<b>0076a</b>	<b>Building (1)</b>	0.2700.293	0.2420.263	0.2150.234	0.1740.189	0.1600.174
	<b>Contents (2)</b>	0.2700.294	0.2440.265	0.2310.251	0.2020.220	0.1890.205
<b>0076b</b>	<b>Building (1)</b>	0.2700.293	0.2420.263	0.2150.234	0.1740.189	0.1600.174
	<b>Contents (2)</b>	0.2700.294	0.2440.265	0.2310.251	0.2020.220	0.1890.205
<b>0077a</b>	<b>Building (1)</b>	0.2460.267	0.2210.240	0.1960.213	0.1590.173	0.1470.160
	<b>Contents (2)</b>	0.2560.278	0.2310.251	0.2170.236	0.1930.210	0.1780.194
<b>0077b</b>	<b>Building (1)</b>	0.2460.267	0.2210.240	0.1960.213	0.1590.173	0.1470.160
	<b>Contents (2)</b>	0.2560.278	0.2310.251	0.2170.236	0.1930.210	0.1780.194
<b>0077c</b>	<b>Building (1)</b>	0.2460.267	0.2210.240	0.1960.213	0.1590.173	0.1470.160
	<b>Contents (2)</b>	0.2560.278	0.2310.251	0.2170.236	0.1930.210	0.1780.194
<b>0078a</b>	<b>Building (1)</b>	0.2460.267	0.2210.240	0.1960.213	0.1590.173	0.1470.160
	<b>Contents (2)</b>	0.2560.278	0.2310.251	0.2170.236	0.1930.210	0.1780.194
<b>0078b</b>	<b>Building (1)</b>	0.2460.267	0.2210.240	0.1960.213	0.1590.173	0.1470.160
	<b>Contents (2)</b>	0.2560.278	0.2310.251	0.2170.236	0.1930.210	0.1780.194

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**85. BASIC GROUP I CLASS RATES (Cont'd)**

All rates are subject to protection class and territorial multipliers.

CSP Class Codes And Description						
<b>0078c</b>	Orphan Homes – 11 to 30 Units					
<b>0079a</b>	Convents, Monasteries, Rectories and Sisters' Homes – Over 30 Units					
<b>0079b</b>	Nurses' Homes – Over 30 Units					
<b>0079c</b>	Orphan Homes – Over 30 Units					
<b>0196</b>	1 Family Dwellings (Lessor's Risk)					
<b>0197</b>	2 Family Dwellings (Lessor's Risk)					
<b>0198</b>	3 or 4 Family Dwellings (Lessor's Risk)					
<b>0311</b>	Apartments without Mercantile Occupancies – Up to 10 Units					
<b>0312</b>	Apartments without Mercantile Occupancies – 11 to 30 Units					
<b>0313</b>	Apartments without Mercantile Occupancies – Over 30 Units					
<b>0321</b>	Apartments with Mercantile Occupancies – Up to 10 Units					
<b>0322</b>	Apartments with Mercantile Occupancies – 11 to 30 Units					
<b>0323</b>	Apartments with Mercantile Occupancies – Over 30 Units					
CSP Class Code	Coverage	Construction (Code)				
		Frame (1)	Joisted Masonry (2) or (7)	Non-Comb. (3) or (8)	Mas. Non-Comb. (4) or (9)	Mod. F.R. (5) Or Fire Res. (6)
<b>0078c</b>	<b>Building (1)</b>	0.2460.267	0.2210.240	0.1960.243	0.1590.173	0.1470.160
	<b>Contents (2)</b>	0.2560.278	0.2310.254	0.2170.236	0.1930.240	0.1780.194
<b>0079a</b>	<b>Building (1)</b>	0.2460.267	0.2210.240	0.1960.243	0.1590.173	0.1470.160
	<b>Contents (2)</b>	0.2560.278	0.2310.254	0.2170.236	0.1930.240	0.1780.194
<b>0079b</b>	<b>Building (1)</b>	0.2460.267	0.2210.240	0.1960.243	0.1590.173	0.1470.160
	<b>Contents (2)</b>	0.2560.278	0.2310.254	0.2170.236	0.1930.240	0.1780.194
<b>0079c</b>	<b>Building (1)</b>	0.2460.267	0.2210.240	0.1960.243	0.1590.173	0.1470.160
	<b>Contents (2)</b>	0.2560.278	0.2310.254	0.2170.236	0.1930.240	0.1780.194
<b>0196</b>	<b>Building (1)</b>	0.1660.180	0.1490.162	0.1330.145	0.1090.118	0.0990.108
	<b>Contents (2)</b>	0.1850.204	0.1660.180	0.1560.170	0.1370.149	0.1300.144
<b>0197</b>	<b>Building (1)</b>	0.1660.180	0.1490.162	0.1330.145	0.1090.118	0.0990.108
	<b>Contents (2)</b>	0.1850.204	0.1660.180	0.1560.170	0.1370.149	0.1300.144
<b>0198</b>	<b>Building (1)</b>	0.1660.180	0.1490.162	0.1330.145	0.1090.118	0.0990.108
	<b>Contents (2)</b>	0.1850.204	0.1660.180	0.1560.170	0.1370.149	0.1300.144
<b>0311</b>	<b>Building (1)</b>	0.5590.532	0.5020.478	0.4470.426	0.3640.347	0.3350.319
	<b>Contents (2)</b>	0.6300.604	0.5700.543	0.5360.514	0.4740.452	0.4410.420
<b>0312</b>	<b>Building (1)</b>	0.5590.532	0.5020.478	0.4470.426	0.3640.347	0.3350.319
	<b>Contents (2)</b>	0.6300.604	0.5700.543	0.5360.514	0.4740.452	0.4410.420
<b>0313</b>	<b>Building (1)</b>	0.5590.532	0.5020.478	0.4470.426	0.3640.347	0.3350.319
	<b>Contents (2)</b>	0.6300.604	0.5700.543	0.5360.514	0.4740.452	0.4410.420
<b>0321</b>	<b>Building (1)</b>	0.8600.819	0.7750.739	0.6880.655	0.5590.532	0.5130.489
	<b>Contents (2)</b>					
	<b>A</b>	1.2794.219	1.1504.096	1.0894.038	0.9610.915	0.8930.854
	<b>B&amp;C</b>	1.4974.426	1.3454.282	1.2734.213	1.1224.069	1.0494.000
<b>0322</b>	<b>Building (1)</b>	0.8600.819	0.7750.739	0.6880.655	0.5590.532	0.5130.489
	<b>Contents (2)</b>					
	<b>A</b>	1.2794.219	1.1504.096	1.0894.038	0.9610.915	0.8930.854
	<b>B&amp;C</b>	1.4974.426	1.3454.282	1.2734.213	1.1224.069	1.0494.000
<b>0323</b>	<b>Building (1)</b>	0.8600.819	0.7750.739	0.6880.655	0.5590.532	0.5130.489
	<b>Contents (2)</b>					
	<b>A</b>	1.2794.219	1.1504.096	1.0894.038	0.9610.915	0.8930.854
	<b>B&amp;C</b>	1.4974.426	1.3454.282	1.2734.213	1.1224.069	1.0494.000

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**85. BASIC GROUP I CLASS RATES (Cont'd)**

All rates are subject to protection class and territorial multipliers.

CSP Class Codes And Description						
<b>0321</b>	<del>Apartments with Mercantile Occupancies – Up to 10 Units</del>					
<b>0322</b>	<del>Apartments with Mercantile Occupancies – 11 to 30 Units</del>					
<b>0323</b>	<del>Apartments with Mercantile Occupancies – Over 30 Units</del>					
<b>0331</b>	<del>Condominiums with Mercantile Occupancies – Up to 10 Units</del>					
<b>0332</b>	<del>Condominiums with Mercantile Occupancies – 11 to 30 Units</del>					
<b>0333</b>	<del>Condominiums with Mercantile Occupancies – Over 30 Units</del>					
<b>0341</b>	<del>Condominiums with Mercantile Occupancies – Up to 10 Units</del>					
<b>0342</b>	<del>Condominiums with Mercantile Occupancies – 11 to 30 Units</del>					
<b>0343</b>	<del>Condominiums with Mercantile Occupancies – Over 30 Units</del>					
<b>0511</b>	Mercantile – Sole Occupancy Only – Not Otherwise Classified – Low Susceptibility					
<b>0512</b>	Mercantile – Sole Occupancy Only – Tire, Battery and Accessory Dealers without Tire Recapping and Vulcanizing					
<b>0520</b>	Mercantile – Sole Occupancy Only – Wearing Apparel, Textiles, Shoes					
<b>0531</b>	Mercantile – Sole Occupancy Only – Alcoholic Beverages other than Bars					
<b>0532</b>	Mercantile – Sole Occupancy Only – Food Products, Retail Bakeries, Beverages Other than Alcoholic					
CSP Class Code	Coverage	Construction (Code)				
		Frame (1)	Joisted Masonry (2) or (7)	Non-Comb. (3) or (8)	Mas. Non-Comb. (4) or (9)	Mod. F.R. (5) Or Fire Res. (6)
<b>0331</b>	<b>Building (1)</b>	<u>0.313</u>	<u>0.281</u>	<u>0.250</u>	<u>0.204</u>	<u>0.188</u>
	<b>Contents (2)</b>	<u>0.271</u>	<u>0.245</u>	<u>0.230</u>	<u>0.204</u>	<u>0.190</u>
<b>0332</b>	<b>Building (1)</b>	<u>0.313</u>	<u>0.281</u>	<u>0.250</u>	<u>0.204</u>	<u>0.188</u>
	<b>Contents (2)</b>	<u>0.271</u>	<u>0.245</u>	<u>0.230</u>	<u>0.204</u>	<u>0.190</u>
<b>0333</b>	<b>Building (1)</b>	<u>0.313</u>	<u>0.281</u>	<u>0.250</u>	<u>0.204</u>	<u>0.188</u>
	<b>Contents (2)</b>	<u>0.271</u>	<u>0.245</u>	<u>0.230</u>	<u>0.204</u>	<u>0.190</u>
<b>0341</b>	<b>Building (1)</b>	<u>0.482</u>	<u>0.434</u>	<u>0.385</u>	<u>0.313</u>	<u>0.288</u>
	<b>Contents (2)</b>					
	A	<u>0.550</u>	<u>0.494</u>	<u>0.468</u>	<u>0.413</u>	<u>0.385</u>
	B&C	<u>0.644</u>	<u>0.579</u>	<u>0.547</u>	<u>0.483</u>	<u>0.452</u>
<b>0342</b>	<b>Building (1)</b>	<u>0.482</u>	<u>0.434</u>	<u>0.385</u>	<u>0.313</u>	<u>0.288</u>
	<b>Contents (2)</b>					
	A	<u>0.550</u>	<u>0.494</u>	<u>0.468</u>	<u>0.413</u>	<u>0.385</u>
	B&C	<u>0.644</u>	<u>0.579</u>	<u>0.547</u>	<u>0.483</u>	<u>0.452</u>
<b>0343</b>	<b>Building (1)</b>	<u>0.482</u>	<u>0.434</u>	<u>0.385</u>	<u>0.313</u>	<u>0.288</u>
	<b>Contents (2)</b>					
	A	<u>0.550</u>	<u>0.494</u>	<u>0.468</u>	<u>0.413</u>	<u>0.385</u>
	B&C	<u>0.644</u>	<u>0.579</u>	<u>0.547</u>	<u>0.483</u>	<u>0.452</u>
<b>0511</b>	<b>Building (1)</b>	<u>0.2520.296</u>	<u>0.2260.266</u>	<u>0.2010.237</u>		
	<b>Contents (2)</b>	<u>0.3270.385</u>	<u>0.2950.347</u>	<u>0.2770.326</u>		
<b>0512</b>	<b>Building (1)</b>	<u>0.2410.283</u>	<u>0.2150.253</u>	<u>0.1900.224</u>		
	<b>Contents (2)</b>	<u>0.2920.344</u>	<u>0.2630.309</u>	<u>0.2470.291</u>		
<b>0520</b>	<b>Building (1)</b>	<u>0.2980.354</u>	<u>0.2690.317</u>	<u>0.2410.283</u>		
	<b>Contents (2)</b>	<u>0.4250.500</u>	<u>0.3840.452</u>	<u>0.3630.427</u>		
<b>0531</b>	<b>Building (1)</b>	<u>0.2530.298</u>	<u>0.2290.269</u>	<u>0.2030.239</u>		
	<b>Contents (2)</b>	<u>0.3450.406</u>	<u>0.3100.365</u>	<u>0.2920.344</u>		
<b>0532</b>	<b>Building (1)</b>	<u>0.3880.456</u>	<u>0.3490.410</u>	<u>0.3100.365</u>		
	<b>Contents (2)</b>	<u>0.4250.500</u>	<u>0.3840.452</u>	<u>0.3630.427</u>		

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**85. BASIC GROUP I CLASS RATES (Cont'd)**

All rates are subject to protection class and territorial multipliers.

<b>CSP Class Codes And Description</b>						
<b>0533</b>	Baking on Premises, No Delivery to Outlets					
<b>0541</b>	Mercantile – Sole Occupancy Only – Bars and Taverns					
<b>0550</b>	Mercantile – Sole Occupancy Only – Motor Vehicles, No Repair					
<b>0561</b>	Mercantile – Sole Occupancy Only – Boat and Marine Supply Dealers					
<b>0562</b>	Mercantile – Sole Occupancy Only – Drugs					
<b>0563</b>	Mercantile – Sole Occupancy Only – Electrical Goods, Hardware and Machinery					
<b>0564</b>	Mercantile – Sole Occupancy Only – Furniture and Home Furnishings other than Appliances					
<b>0565</b>	Mercantile – Sole Occupancy Only – Jewelry					
<b>0566</b>	Mercantile – Sole Occupancy Only – Sporting Goods					
<b>0567</b>	Mercantile – Sole Occupancy Only – Not Otherwise Classified – Moderate Susceptibility					
<b>0570</b>	Mercantile – Sole Occupancy Only – Not Otherwise Classified – High Susceptibility					
CSP Class Code	Coverage	Construction (Code)				
		Frame (1)	Joisted Masonry (2) or (7)	Non-Comb. (3) or (8)	Mas. Non-Comb. (4) or (9)	Mod. F.R. (5) Or Fire Res. (6)
<b>0533</b>	<b>Building (1)</b>	<u>0.3040.358</u>	<u>0.2750.323</u>	<u>0.2440.287</u>		
	<b>Contents (2)</b>	<u>0.3430.403</u>	<u>0.3070.361</u>	<u>0.2890.340</u>		
<b>0541</b>	<b>Building (1)</b>	<u>0.8230.940</u>	<u>0.7410.847</u>	<u>0.6600.754</u>		
	<b>Contents (2)</b>	<u>0.8821.008</u>	<u>0.7930.906</u>	<u>0.7480.855</u>		
<b>0550</b>	<b>Building (1)</b>	<u>0.2290.269</u>	<u>0.2060.242</u>	<u>0.1840.216</u>		
	<b>Contents (2)</b>	<u>0.3540.417</u>	<u>0.3190.375</u>	<u>0.3010.354</u>		
<b>0561</b>	<b>Building (1)</b>	<u>0.2410.284</u>	<u>0.2180.256</u>	<u>0.1920.226</u>		
	<b>Contents (2)</b>	<u>0.3540.417</u>	<u>0.3190.375</u>	<u>0.3010.354</u>		
<b>0562</b>	<b>Building (1)</b>	<u>0.2750.323</u>	<u>0.2470.291</u>	<u>0.2190.258</u>		
	<b>Contents (2)</b>	<u>0.3920.461</u>	<u>0.3540.417</u>	<u>0.3330.392</u>		
<b>0563</b>	<b>Building (1)</b>	<u>0.2710.319</u>	<u>0.2440.287</u>	<u>0.2180.256</u>		
	<b>Contents (2)</b>	<u>0.2920.344</u>	<u>0.2630.309</u>	<u>0.2470.291</u>		
<b>0564</b>	<b>Building (1)</b>	<u>0.3760.442</u>	<u>0.3370.397</u>	<u>0.2980.351</u>		
	<b>Contents (2)</b>	<u>0.5140.605</u>	<u>0.4630.545</u>	<u>0.4360.513</u>		
<b>0565</b>	<b>Building (1)</b>	<u>0.2490.293</u>	<u>0.2240.264</u>	<u>0.2000.235</u>		
	<b>Contents (2)</b>	<u>0.2860.337</u>	<u>0.2570.302</u>	<u>0.2410.284</u>		
<b>0566</b>	<b>Building (1)</b>	<u>0.2810.331</u>	<u>0.2530.298</u>	<u>0.2260.266</u>		
	<b>Contents (2)</b>	<u>0.3870.455</u>	<u>0.3480.409</u>	<u>0.3270.385</u>		
<b>0567</b>	<b>Building (1)</b>	<u>0.2520.296</u>	<u>0.2260.266</u>	<u>0.2010.237</u>		
	<b>Contents (2)</b>	<u>0.3270.385</u>	<u>0.2950.347</u>	<u>0.2770.326</u>		
<b>0570</b>	<b>Building (1)</b>	<u>0.2520.296</u>	<u>0.2260.266</u>	<u>0.2010.237</u>		
	<b>Contents (2)</b>	<u>0.3450.406</u>	<u>0.3100.365</u>	<u>0.2920.344</u>		

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**85. BASIC GROUP I CLASS RATES (Cont'd)**

All rates are subject to protection class and territorial multipliers.

<b>CSP Class Codes And Description</b>						
<b>0580</b>	Greenhouses – Sole Occupancy Only					
<b>0581</b>	Mercantile – Multiple Occupancy without 0564 Present					
<b>0582</b>	Mercantile – Multiple Occupancy with 0564 Present					
<b>0701</b>	Government Offices					
<b>0702</b>	Banks and Offices Other than Governmental					
<b>CSP Class Code</b>	<b>Coverage</b>	<b>Construction (Code)</b>				
		<b>Frame (1)</b>	<b>Joisted Masonry (2) or (7)</b>	<b>Non-Comb. (3) or (8)</b>	<b>Mas. Non-Comb. (4) or (9)</b>	<b>Mod. F.R. (5) Or Fire Res. (6)</b>
<b>0580</b>	<b>Building (1)</b>	<u>0.2520.296</u>	<u>0.2260.266</u>	<u>0.2010.237</u>		
	<b>Contents (2)</b>	<u>0.3600.424</u>	<u>0.3250.382</u>	<u>0.3070.361</u>		
<b>0581</b>	<b>Building (1)</b>	<u>0.2670.314</u>	<u>0.2410.283</u>	<u>0.2130.251</u>		
	<b>Contents (2)</b>					
	<b>A</b>	<u>0.3450.406</u>	<u>0.3100.365</u>	<u>0.2920.344</u>		
	<b>B</b>	<u>0.4180.492</u>	<u>0.3780.445</u>	<u>0.3570.420</u>		
<b>0582</b>	<b>Building (1)</b>	<u>0.2940.346</u>	<u>0.2640.311</u>	<u>0.2360.278</u>		
	<b>Contents (2)</b>					
	<b>A</b>	<u>0.3070.361</u>	<u>0.2770.326</u>	<u>0.2630.309</u>		
	<b>B</b>	<u>0.3780.445</u>	<u>0.3390.399</u>	<u>0.3210.378</u>		
<b>0701</b>	<b>Building (1)</b>	<u>0.1280.146</u>	<u>0.1150.131</u>	<u>0.1030.117</u>		
	<b>Contents (2)</b>					
	<b>A</b>	<u>0.1420.161</u>	<u>0.1270.144</u>	<u>0.1200.136</u>		
	<b>B</b>	<u>0.2090.237</u>	<u>0.1870.213</u>	<u>0.1760.200</u>		
<b>0702</b>	<b>Building (1)</b>	<u>0.1240.146</u>	<u>0.1110.131</u>	<u>0.0990.117</u>		
	<b>Contents (2)</b>					
	<b>A</b>	<u>0.1460.173</u>	<u>0.1330.157</u>	<u>0.1250.148</u>		
	<b>B</b>	<u>0.2030.240</u>	<u>0.1840.217</u>	<u>0.1730.205</u>		
	<b>C</b>	<u>0.1810.214</u>	<u>0.1630.193</u>	<u>0.1550.183</u>		



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**85. BASIC GROUP I CLASS RATES (Cont'd)**

All rates are subject to protection class and territorial multipliers.

<b>CSP Class Codes And Description</b>						
<b>0745</b>	Motels and Hotels without Cooking – Up to 10 Units					
<b>0746</b>	Motels and Hotels without Cooking – 11 to 30 Units					
<b>0747</b>	Motels and Hotels without Cooking – Over 30 Units					
<b>0756</b>	Golf, Tennis and Similar Sport Facilities without Cooking					
<b>0757</b>	Clubs, Not Otherwise Classified, Including Fraternal and Union Halls					
<b>0831</b>	Motion Picture Studios					
<b>0832</b>	Theaters Excluding Drive-in Theaters					
<b>0833</b>	Drive-in Theaters					
<b>0834</b>	Skating Rinks – Roller Rinks					
<b>0841</b>	Bowling Alleys without Cooking					
<b>0843</b>	Halls and Auditoriums					
<b>CSP Class Code</b>	<b>Coverage</b>	<b>Construction (Code)</b>				
		<b>Frame (1)</b>	<b>Joisted Masonry (2) or (7)</b>	<b>Non-Comb. (3) or (8)</b>	<b>Mas. Non-Comb. (4) or (9)</b>	<b>Mod. F.R. (5) Or Fire Res. (6)</b>
<b>0745</b>	<b>Building (1)</b>	0.3160.356	0.2850.321	0.2540.286	0.2060.232	0.1910.215
	<b>Contents (2)</b>	0.3450.389	0.3100.349	0.2940.331	0.2600.293	0.2410.271
<b>0746</b>	<b>Building (1)</b>	0.3160.356	0.2850.321	0.2540.286	0.2060.232	0.1910.215
	<b>Contents (2)</b>	0.3450.389	0.3100.349	0.2940.331	0.2600.293	0.2410.271
<b>0747</b>	<b>Building (1)</b>	0.3160.356	0.2850.321	0.2540.286	0.2060.232	0.1910.215
	<b>Contents (2)</b>	0.3450.389	0.3100.349	0.2940.331	0.2600.293	0.2410.271
<b>0756</b>	<b>Building (1)</b>	0.2070.237	0.1870.214	0.1650.189		
	<b>Contents (2)</b>	0.2370.271	0.2140.244	0.2010.230		
<b>0757</b>	<b>Building (1)</b>	0.2240.256	0.2010.230	0.1790.204		
	<b>Contents (2)</b>	0.2370.271	0.2140.244	0.2010.230		
<b>0831</b>	<b>Building (1)</b>	0.1740.199	0.1580.180	0.1390.159		
	<b>Contents (2)</b>	0.2010.230	0.1800.206	0.1700.194		
<b>0832</b>	<b>Building (1)</b>	0.2220.254	0.1990.227	0.1790.204		
	<b>Contents (2)</b>	0.2370.271	0.2140.244	0.2010.230		
<b>0833</b>	<b>Building (1)</b>	0.1880.215	0.1700.194	0.1510.173		
	<b>Contents (2)</b>	0.2200.251	0.1980.226	0.1870.214		
<b>0834</b>	<b>Building (1)</b>	0.3040.347	0.2720.311	0.2420.277		
	<b>Contents (2)</b>	0.3100.354	0.2780.318	0.2630.301		
<b>0841</b>	<b>Building (1)</b>	0.3100.354	0.2780.318	0.2470.282		
	<b>Contents (2)</b>	0.3210.367	0.2910.332	0.2740.313		
<b>0843</b>	<b>Building (1)</b>	0.1540.176	0.1390.159	0.1230.140		
	<b>Contents (2)</b>	0.1640.187	0.1470.168	0.1390.159		

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**85. BASIC GROUP I CLASS RATES (Cont'd)**

All rates are subject to protection class and territorial multipliers.

<b>CSP Class Codes And Description</b>						
<b>0844</b>	Recreational Facilities, Not Otherwise Classified					
<b>0845</b>	Boys' and Girls' Camps					
<b>0846</b>	Dance Halls, Ballrooms and Discotheques					
<b>0851</b>	Hospitals					
<b>0852</b>	Nursing and Convalescent Homes					
<b>0900</b>	Churches and Synagogues					
<b>0911</b>	Dry Cleaners and Dyeing Plants, other than Self-Service					
<b>0912</b>	Laundries, other than Self-Service					
<b>0913</b>	Self-Service Laundries and Dry Cleaners					
<b>0921</b>	Light Hazard Service Occupancies					
<b>0922</b>	Service Occupancies, other than Light Hazard					
<b>CSP Class Code</b>	<b>Coverage</b>	<b>Construction (Code)</b>				
		<b>Frame (1)</b>	<b>Joisted Masonry (2) or (7)</b>	<b>Non-Comb. (3) or (8)</b>	<b>Mas. Non-Comb. (4) or (9)</b>	<b>Mod. F.R. (5) Or Fire Res. (6)</b>
<b>0844</b>	<b>Building (1)</b>	<u>0.2070.237</u>	<u>0.1870.214</u>	<u>0.1650.189</u>		
	<b>Contents (2)</b>	<u>0.2280.261</u>	<u>0.2060.235</u>	<u>0.1950.223</u>		
<b>0845</b>	<b>Building (1)</b>	<u>0.1370.156</u>	<u>0.1230.140</u>	<u>0.1100.126</u>		
	<b>Contents (2)</b>	<u>0.1580.180</u>	<u>0.1410.161</u>	<u>0.1340.153</u>		
<b>0846</b>	<b>Building (1)</b>	<u>0.2860.327</u>	<u>0.2570.294</u>	<u>0.2280.261</u>		
	<b>Contents (2)</b>	<u>0.2830.323</u>	<u>0.2530.289</u>	<u>0.2410.275</u>		
<b>0851</b>	<b>Building (1)</b>	<u>0.0630.072</u>	<u>0.0570.065</u>	<u>0.0510.058</u>		
	<b>Contents (2)</b>	<u>0.0740.084</u>	<u>0.0680.077</u>	<u>0.0620.071</u>		
<b>0852</b>	<b>Building (1)</b>	<u>0.0670.076</u>	<u>0.0600.068</u>	<u>0.0530.060</u>		
	<b>Contents (2)</b>	<u>0.0760.087</u>	<u>0.0690.079</u>	<u>0.0650.074</u>		
<b>0900</b>	<b>Building (1)</b>	<u>0.1600.180</u>	<u>0.1440.162</u>	<u>0.1280.144</u>		
	<b>Contents (2)</b>	<u>0.1700.192</u>	<u>0.1520.171</u>	<u>0.1440.162</u>		
<b>0911</b>	<b>Building (1)</b>	<u>0.4310.491</u>	<u>0.3890.443</u>	<u>0.3460.394</u>		
	<b>Contents (2)</b>	<u>0.5100.581</u>	<u>0.4590.523</u>	<u>0.4340.494</u>		
<b>0912</b>	<b>Building (1)</b>	<u>0.5710.650</u>	<u>0.5150.586</u>	<u>0.4570.520</u>		
	<b>Contents (2)</b>	<u>0.7040.802</u>	<u>0.6340.722</u>	<u>0.5990.682</u>		
<b>0913</b>	<b>Building (1)</b>	<u>0.3760.428</u>	<u>0.3380.385</u>	<u>0.2990.341</u>		
	<b>Contents (2)</b>	<u>0.4410.502</u>	<u>0.3960.451</u>	<u>0.3750.427</u>		
<b>0921</b>	<b>Building (1)</b>	<u>0.2250.256</u>	<u>0.2020.230</u>	<u>0.1800.206</u>		
	<b>Contents (2)</b>	<u>0.2670.304</u>	<u>0.2410.275</u>	<u>0.2270.258</u>		
<b>0922</b>	<b>Building (1)</b>	<u>0.2490.284</u>	<u>0.2250.256</u>	<u>0.2000.228</u>		
	<b>Contents (2)</b>	<u>0.3040.346</u>	<u>0.2740.312</u>	<u>0.2590.295</u>		

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**85. BASIC GROUP I CLASS RATES (Cont'd)**

All rates are subject to protection class and territorial multipliers.

<b>CSP Class Codes And Description</b>						
<b>0923</b>	Funeral Homes					
<b>0931</b>	Auto Parking Garages, Car Washes					
<b>0932</b>	Gasoline Service Stations					
<b>0933</b>	Motor Vehicle and Aircraft Repair, with or without Sales					
<b>0934</b>	Tire Recapping and Vulcanizing, with or without Sales					
<b>0940</b>	Aircraft Hangars without Repairing					
<b>0952</b>	Gambling Casinos – Without Restaurant					
<b>1000</b>	Penal Institutions					
<b>1051</b>	Museums, Libraries, Art Galleries (Non-Profit)					
<b>1052</b>	Schools, Academic					
<b>1070</b>	Fire Departments, Police, Sewage, Water Works and Other Public Buildings					
<b>CSP Class Code</b>	<b>Coverage</b>	<b>Construction (Code)</b>				
		<b>Frame (1)</b>	<b>Joisted Masonry (2) or (7)</b>	<b>Non-Comb. (3) or (8)</b>	<b>Mas. Non-Comb. (4) or (9)</b>	<b>Mod. F.R. (5) Or Fire Res. (6)</b>
<b>0923</b>	<b>Building (1)</b>	0.1670.190	0.1500.171	0.1330.152		
	<b>Contents (2)</b>	0.1770.202	0.1600.182	0.1520.173		
<b>0931</b>	<b>Building (1)</b>	0.1390.161	0.1260.145	0.1120.129		
	<b>Contents (2)</b>	0.1640.189	0.1460.169	0.1390.161		
<b>0932</b>	<b>Building (1)</b>	0.1980.229	0.1780.206	0.1590.184		
	<b>Contents (2)</b>	0.2420.280	0.2180.252	0.2050.237		
<b>0933</b>	<b>Building (1)</b>	0.1690.195	0.1510.174	0.1340.155		
	<b>Contents (2)</b>	0.2110.244	0.1910.220	0.1790.207		
<b>0934</b>	<b>Building (1)</b>	0.2180.252	0.1970.227	0.1760.203		
	<b>Contents (2)</b>	0.2580.298	0.2330.269	0.2190.253		
<b>0940</b>	<b>Building (1)</b>	0.1060.122	0.0940.109	0.0850.098		
	<b>Contents (2)</b>	0.1320.152	0.1180.136	0.1120.129		
<b>0952</b>	<b>Building (1)</b>	0.2010.230	0.1800.206	0.1620.185		
	<b>Contents (2)</b>	0.2890.330	0.2600.297	0.2450.280		
<b>1000</b>	<b>Building (1)</b>	0.1220.139	0.1120.127	0.0990.112		
	<b>Contents (2)</b>	0.1090.124	0.0990.112	0.0930.106		
<b>1051</b>	<b>Building (1)</b>	0.0770.088	0.0700.079	0.0620.071		
	<b>Contents (2)</b>	0.1000.114	0.0910.103	0.0850.097		
<b>1052</b>	<b>Building (1)</b>	0.2460.279	0.2220.251	0.1970.223	0.1600.181	0.1490.169
	<b>Contents (2)</b>	0.2830.320	0.2530.286	0.2390.271	0.2110.239	0.1970.223
<b>1070</b>	<b>Building (1)</b>	0.1200.136	0.1080.123	0.0960.109		
	<b>Contents (2)</b>	0.1420.161	0.1280.146	0.1210.138		

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**85. BASIC GROUP I CLASS RATES (Cont'd)**

All rates are subject to protection class and territorial multipliers.

CSP Class Codes And Description						
<b>1150</b>	Builders' Risk					
<b>1180</b>	Vacant Buildings – See CSP Class Code of previous or intended occupancy. Add increment of .02 unless Class Code of previous or intended occupancy is 0580, 0745-0747, 0833-0844, 0900, 1051 or 1052.					
<b>1211</b>	Freight Terminals					
<b>1212</b>	General Storage Warehouses – Bailee					
<b>1213</b>	Miscellaneous Products Storage – (Other than Retail or Wholesale or Cold Storage)					
<b>1220</b>	Household Goods Storage					
<b>1230</b>	Cold Storage Warehouses					
<b>1400</b>	Waste and Reclaimed Materials Including Yards					
<b>1650</b>	Building Supply Yards, Including Retail Lumberyards, Coal and Coke Yards					
CSP Class Code	Coverage	Construction (Code)				
		Frame (1)	Joisted Masonry (2) or (7)	Non-Comb. (3) or (8)	Mas. Non-Comb. (4) or (9)	Mod. F.R. (5) Or Fire Res. (6)
<b>1150</b>	<b>Building (1)</b>	<u>0.1400.159</u>	<u>0.1260.143</u>	<u>0.1120.128</u>	<u>0.0910.104</u>	<u>0.0830.095</u>
<b>1211</b>	<b>Building (1)</b>	<u>0.3820.435</u>	<u>0.3430.390</u>	<u>0.3050.347</u>		
	<b>Contents (2)</b>	<u>0.4470.509</u>	<u>0.4030.459</u>	<u>0.3820.435</u>		
<b>1212</b>	<b>Building (1)</b>	<u>0.3020.344</u>	<u>0.2720.310</u>	<u>0.2430.276</u>		
	<b>Contents (2)</b>	<u>0.3710.422</u>	<u>0.3320.378</u>	<u>0.3140.367</u>		
<b>1213</b>	<b>Building (1)</b>	<u>0.2670.304</u>	<u>0.2400.273</u>	<u>0.2130.242</u>		
	<b>Contents (2)</b>	<u>0.3540.403</u>	<u>0.3190.363</u>	<u>0.3020.344</u>		
<b>1220</b>	<b>Building (1)</b>	<u>0.3190.363</u>	<u>0.2870.326</u>	<u>0.2530.288</u>		
	<b>Contents (2)</b>	<u>0.3870.440</u>	<u>0.3490.397</u>	<u>0.3310.376</u>		
<b>1230</b>	<b>Building (1)</b>	<u>0.2760.314</u>	<u>0.2490.283</u>	<u>0.2210.251</u>		
	<b>Contents (2)</b>	<u>0.3770.429</u>	<u>0.3380.385</u>	<u>0.3190.363</u>		
<b>1400</b>	<b>Building (1)</b>	<u>0.8240.937</u>	<u>0.7420.844</u>	<u>0.6600.751</u>		
	<b>Contents (2)</b>	<u>1.0001.138</u>	<u>0.9031.027</u>	<u>0.8510.968</u>		
	<b>Yard</b>	<u>1.2431.414</u>		<u>0.1280.146</u>		
<b>1650</b>	<b>Building (1)</b>	<u>0.4900.558</u>	<u>0.4420.503</u>	<u>0.3920.446</u>		
	<b>Contents (2)</b>	<u>0.6210.707</u>	<u>0.5590.636</u>	<u>0.5290.602</u>		
	<b>Yard</b>	<u>0.3430.390</u>		<u>0.0430.049</u>		

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**85. BASIC GROUP I CLASS RATES (Cont'd)**

All rates are subject to protection class and territorial multipliers.

CSP Class Codes And Description						
<b>1700</b>	Mill Yards					
<b>2200</b>	Baking on Premises, Delivery to Outlets					
<b>2350</b>	Beverages Excluding Alcoholic Beverages					
CSP Class Code	Coverage	Construction (Code)				
		Frame (1)	Joisted Masonry (2) or (7)	Non-Comb. (3) or (8)	Mas. Non-Comb. (4) or (9)	Mod. F.R. (5) Or Fire Res. (6)
<b>1700</b>	<b>Building (1)</b>	<u>0.4010.456</u>	<u>0.3600.409</u>	<u>0.3220.366</u>		
	<b>Contents (2)</b>	<u>0.6110.695</u>	<u>0.5480.624</u>	<u>0.5190.690</u>		
	<b>Yard</b>	<u>0.3360.382</u>		<u>0.0410.047</u>		
<b>2200</b>	<b>Building (1)</b>	<u>0.8340.944</u>	<u>0.7540.854</u>	<u>0.6720.759</u>		
	<b>Contents (2)</b>	<u>0.9954.123</u>	<u>0.8974.012</u>	<u>0.8430.952</u>		
<b>2350</b>	<b>Building (1)</b>	<u>0.5380.607</u>	<u>0.4840.546</u>	<u>0.4310.486</u>		
	<b>Contents (2)</b>	<u>0.6370.749</u>	<u>0.5740.648</u>	<u>0.5380.607</u>		

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**85. BASIC GROUP I CLASS RATES (Cont'd)**

**TERRITORIAL MULTIPLIERS**

The following Territorial Multipliers shall be applied to Basic Group I Class Rates developed in accordance with instructions in Paragraph 1. under Development Of Basic Group I Class Rates in this rating rule.

CSP CLASS CODE	New Orleans	Multiplier Rest of State
0074, 0075 and 0076.....	<u>1.0354.093</u>	1.000
0077, 0078 and 0079		
Convents, Monasteries, Rectories and		
Sisters Homes.....	<u>1.1654.230</u>	1.000
Nurses Homes and Orphan Homes .....	<u>1.2624.332</u>	1.000
0196, 0197 and 0198.....	<u>0.7330.774</u>	1.000
0311, 0312, 0313, 0321, 0322, 0323, <u>0331, 0332, 0333, 0341, 0342, and 0343</u> .....	<u>0.7620.805</u>	1.000
0511, 0512, 0520, 0531, 0532, 0533, 0541, 0550, 0561, 0562, 0563, 0564, 0565, 0566, 0567, 0570, 0580, 0581 and 0582 .....	<u>0.9584.042</u>	1.000
0701 and 0702.....	<u>1.1034.165</u>	1.000
0745, 0746 and 0747.....	<u>1.0314.089</u>	1.000
0756.....	<u>0.9040.954</u>	1.000
0757.....	<u>1.1694.234</u>	1.000
0831, 0832, 0833, 0834, 0843, 0844, 0846 and 0952 .....	<u>1.1694.234</u>	1.000
0841.....	<u>0.9604.044</u>	1.000
0845.....	<u>1.1694.234</u>	1.000
0851 and 0852.....	<u>1.2494.349</u>	1.000
0900.....	<u>1.1624.227</u>	1.000
0911, 0912 and 0913.....	<u>1.0414.099</u>	1.000
0921, 0922 and 0923.....	<u>0.9584.042</u>	1.000
0931, 0932, 0933 and 0940 .....	<u>0.9984.054</u>	1.000
0934.....	<u>0.9824.037</u>	1.000
1000.....	<u>1.1024.464</u>	1.000
1051.....	<u>0.9160.967</u>	1.000
1052.....	<u>0.6460.682</u>	1.000
1070.....	<u>1.1024.464</u>	1.000
1150.....	<u>0.8300.876</u>	1.000
1180, 1211, 1212, 1213, 1220 and 1230 .....	<u>0.9584.042</u>	1.000
1400.....	<u>1.0064.062</u>	1.000
1650 and 1700.....	<u>1.0094.065</u>	1.000
2200.....	<u>1.1194.482</u>	1.000
2350.....	<u>1.1134.475</u>	1.000



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**70. CAUSES OF LOSS – BASIC FORM (Cont'd)**

(4) For symbols with numerical prefixes, multiply the rate from the following table by the prefix.

	Symbol	Rate Building	Contents
Zone 1	A	.100	.097
	AB	.126	.116
	B	.174	.155
Zone 2	A	.099	.098
	AB	.128	.118
	B	.164	.143
Zone 3	A	.146	.125
	AB	.178	.156
	B	.311	.266
Zone 4	A	.235	.185
	AB	.275	.238
	B	.504	.423
Zone 5	A	.453	.379
	AB	.520	.480
	B	.917	.810

**72. CAUSES OF LOSS – SPECIAL FORM**

**E.2. Rating Procedure – Property Damage – Other than Builders' Risk**

**b.(1) Building Coverage Rate:** .066

**c.(2) Personal Property Coverage**

<b>Occupancy Category</b>	<b>Rate</b>
Residential Apartments and Condominiums	.265
Offices	.141
Mercantile – High	.255
Mercantile – Medium	.240
Mercantile – Low	.162
Motels and Hotels	.121
Institutional – High	.090
Institutional – Low	.054
Industrial and Processing – High	.240
Industrial and Processing – Low	.175
Service – High	.186
Service – Low	.152
Contractors	.257
<b>Territory (County)</b>	<b>Territorial Multiplier</b>
Orleans	1.153
Remainder of State	1.000

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**85. BASIC GROUP I CLASS RATES**

Unless specifically stated, use the following Basic Group I rates without any further adjustment. In certain circumstances, P.I.A.L. may inspect and publish rates on specific risks in these classes. In such cases, the specific rates shall be used in lieu of those shown below.

Limit of Insurance Relativity factors should not be applied when using the class rates shown below for Grain Storage Tanks, Auxiliary Buildings and Poultry Risks.

**Grain Storage Tanks and Auxiliary Buildings**

**A. Tanks and Grain Stocks**

Grain Storage Tanks of Incombustible Construction, not exceeding 10,000 bushel capacity each or total capacity of 100,000 bushels at any one location.

	<b>80% Coins. Tank &amp; Machinery</b>	<b>100% Coins. Stock</b>
1. Tanks with no dryer facilities	.317	.243
2. Tank with dryer facilities.....	.525	.397

**B. Auxiliary Buildings**

Auxiliary Buildings such as offices, scale houses, dump sheds, etc., used in connection with grain storage facilities described in **A.** above and not exceeding floor area of 500 sq. ft. for combustible construction or 1000 sq. ft. for noncombustible construction, may be insured using the following rates.

	<b>80% Coinsurance Rate</b>	
	<b>Incomb.</b>	<b>Comb.</b>
1. Building .....	.109	.664
2. Contents .....	.168	.743

**Note 1** – For Basic Group II, refer to the Louisiana exception to multistate rating Rule **85.L.3.** Item **30.** for the applicable Basic Group II symbol for Tanks and their contents.

**Note 2** – For use of 90% or 100% Coinsurance Clause on Tank and Machinery or Auxiliary Building and Contents, multiply the 80% Coinsurance Rate by the following factors:

90% Coinsurance .....	.95
100% Coinsurance .....	.90

**Note 3** – For coinsurance less than 80% for Tank and Machinery or Auxiliary Buildings and Contents, increase the rates shown by .297. For coinsurance less than 100% for stocks of grain, use the 80% Coinsurance Tank and Machinery rate and increase by .297.

**Poultry Risks**

Poultry Risks (Commercial-Brooder, Hen Houses, etc.) of frame construction, unprotected and situated in remote localities.

	<b>Bldg. &amp; Conts.</b>
With approved roof .....	2.705

**Note:** The above rate is applicable to Poultry Risks which do not otherwise qualify for Class Rating under Rule **85.**

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**85. BASIC GROUP I CLASS RATES (Cont'd)**

All rates are subject to protection class and territorial multipliers.

<b>CSP Class Codes And Description</b>						
<b>0074a</b>	Boarding, Lodging and Rooming Houses and Dormitories – Up to 10 Units					
<b>0074b</b>	Fraternity and Sorority Houses – Up to 10 Units					
<b>0075a</b>	Boarding, Lodging and Rooming Houses and Dormitories – 11 to 30 Units					
<b>0075b</b>	Fraternity and Sorority Houses – 11 to 30 Units					
<b>0076a</b>	Boarding, Lodging and Rooming Houses and Dormitories – Over 30 Units					
<b>0076b</b>	Fraternity and Sorority Houses – Over 30 Units					
<b>0077a</b>	Convents, Monasteries, Rectories and Sisters' Homes – Up to 10 Units					
<b>0077b</b>	Nurses' Homes – Up to 10 Units					
<b>0077c</b>	Orphan Homes – Up to 10 Units					
<b>0078a</b>	Convents, Monasteries, Rectories and Sisters' Homes – 11 to 30 Units					
<b>0078b</b>	Nurses' Homes – 11 to 30 Units					
<b>CSP Class Code</b>	<b>Coverage</b>	<b>Construction (Code)</b>				
		<b>Frame (1)</b>	<b>Joisted Masonry (2) or (7)</b>	<b>Non-Comb. (3) or (8)</b>	<b>Mas. Non-Comb. (4) or (9)</b>	<b>Mod. F.R. (5) Or Fire Res. (6)</b>
<b>0074a</b>	<b>Building (1)</b>	0.270	0.242	0.215	0.174	0.160
	<b>Contents (2)</b>	0.270	0.244	0.231	0.202	0.189
<b>0074b</b>	<b>Building (1)</b>	0.270	0.242	0.215	0.174	0.160
	<b>Contents (2)</b>	0.270	0.244	0.231	0.202	0.189
<b>0075a</b>	<b>Building (1)</b>	0.270	0.242	0.215	0.174	0.160
	<b>Contents (2)</b>	0.270	0.244	0.231	0.202	0.189
<b>0075b</b>	<b>Building (1)</b>	0.270	0.242	0.215	0.174	0.160
	<b>Contents (2)</b>	0.270	0.244	0.231	0.202	0.189
<b>0076a</b>	<b>Building (1)</b>	0.270	0.242	0.215	0.174	0.160
	<b>Contents (2)</b>	0.270	0.244	0.231	0.202	0.189
<b>0076b</b>	<b>Building (1)</b>	0.270	0.242	0.215	0.174	0.160
	<b>Contents (2)</b>	0.270	0.244	0.231	0.202	0.189
<b>0077a</b>	<b>Building (1)</b>	0.246	0.221	0.196	0.159	0.147
	<b>Contents (2)</b>	0.256	0.231	0.217	0.193	0.178
<b>0077b</b>	<b>Building (1)</b>	0.246	0.221	0.196	0.159	0.147
	<b>Contents (2)</b>	0.256	0.231	0.217	0.193	0.178
<b>0077c</b>	<b>Building (1)</b>	0.246	0.221	0.196	0.159	0.147
	<b>Contents (2)</b>	0.256	0.231	0.217	0.193	0.178
<b>0078a</b>	<b>Building (1)</b>	0.246	0.221	0.196	0.159	0.147
	<b>Contents (2)</b>	0.256	0.231	0.217	0.193	0.178
<b>0078b</b>	<b>Building (1)</b>	0.246	0.221	0.196	0.159	0.147
	<b>Contents (2)</b>	0.256	0.231	0.217	0.193	0.178

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**85. BASIC GROUP I CLASS RATES (Cont'd)**

All rates are subject to protection class and territorial multipliers.

<b>CSP Class Codes And Description</b>						
<b>0078c</b>	Orphan Homes – 11 to 30 Units					
<b>0079a</b>	Convents, Monasteries, Rectories and Sisters' Homes – Over 30 Units					
<b>0079b</b>	Nurses' Homes – Over 30 Units					
<b>0079c</b>	Orphan Homes – Over 30 Units					
<b>0196</b>	1 Family Dwellings (Lessor's Risk)					
<b>0197</b>	2 Family Dwellings (Lessor's Risk)					
<b>0198</b>	3 or 4 Family Dwellings (Lessor's Risk)					
<b>0311</b>	Apartments without Mercantile Occupancies – Up to 10 Units					
<b>0312</b>	Apartments without Mercantile Occupancies – 11 to 30 Units					
<b>0313</b>	Apartments without Mercantile Occupancies – Over 30 Units					
<b>0321</b>	Apartments with Mercantile Occupancies – Up to 10 Units					
<b>0322</b>	Apartments with Mercantile Occupancies – 11 to 30 Units					
<b>0323</b>	Apartments with Mercantile Occupancies – Over 30 Units					
<b>CSP Class Code</b>	<b>Coverage</b>	<b>Construction (Code)</b>				
		<b>Frame (1)</b>	<b>Joisted Masonry (2) or (7)</b>	<b>Non-Comb. (3) or (8)</b>	<b>Mas. Non-Comb. (4) or (9)</b>	<b>Mod. F.R. (5) Or Fire Res. (6)</b>
<b>0078c</b>	<b>Building (1)</b>	0.246	0.221	0.196	0.159	0.147
	<b>Contents (2)</b>	0.256	0.231	0.217	0.193	0.178
<b>0079a</b>	<b>Building (1)</b>	0.246	0.221	0.196	0.159	0.147
	<b>Contents (2)</b>	0.256	0.231	0.217	0.193	0.178
<b>0079b</b>	<b>Building (1)</b>	0.246	0.221	0.196	0.159	0.147
	<b>Contents (2)</b>	0.256	0.231	0.217	0.193	0.178
<b>0079c</b>	<b>Building (1)</b>	0.246	0.221	0.196	0.159	0.147
	<b>Contents (2)</b>	0.256	0.231	0.217	0.193	0.178
<b>0196</b>	<b>Building (1)</b>	0.166	0.149	0.133	0.109	0.099
	<b>Contents (2)</b>	0.185	0.166	0.156	0.137	0.130
<b>0197</b>	<b>Building (1)</b>	0.166	0.149	0.133	0.109	0.099
	<b>Contents (2)</b>	0.185	0.166	0.156	0.137	0.130
<b>0198</b>	<b>Building (1)</b>	0.166	0.149	0.133	0.109	0.099
	<b>Contents (2)</b>	0.185	0.166	0.156	0.137	0.130
<b>0311</b>	<b>Building (1)</b>	0.559	0.502	0.447	0.364	0.335
	<b>Contents (2)</b>	0.630	0.570	0.536	0.474	0.441
<b>0312</b>	<b>Building (1)</b>	0.559	0.502	0.447	0.364	0.335
	<b>Contents (2)</b>	0.630	0.570	0.536	0.474	0.441
<b>0313</b>	<b>Building (1)</b>	0.559	0.502	0.447	0.364	0.335
	<b>Contents (2)</b>	0.630	0.570	0.536	0.474	0.441

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**85. BASIC GROUP I CLASS RATES (Cont'd)**

All rates are subject to protection class and territorial multipliers.

<b>CSP Class Codes And Description</b>						
<b>0331</b>	Condominiums with Mercantile Occupancies – Up to 10 Units					
<b>0332</b>	Condominiums with Mercantile Occupancies – 11 to 30 Units					
<b>0333</b>	Condominiums with Mercantile Occupancies – Over 30 Units					
<b>0341</b>	Condominiums with Mercantile Occupancies – Up to 10 Units					
<b>0342</b>	Condominiums with Mercantile Occupancies – 11 to 30 Units					
<b>0343</b>	Condominiums with Mercantile Occupancies – Over 30 Units					
<b>0511</b>	Mercantile – Sole Occupancy Only – Not Otherwise Classified – Low Susceptibility					
<b>0512</b>	Mercantile – Sole Occupancy Only – Tire, Battery and Accessory Dealers without Tire Recapping and Vulcanizing					
<b>0520</b>	Mercantile – Sole Occupancy Only – Wearing Apparel, Textiles, Shoes					
<b>0531</b>	Mercantile – Sole Occupancy Only – Alcoholic Beverages other than Bars					
<b>0532</b>	Mercantile – Sole Occupancy Only – Food Products, Retail Bakeries, Beverages Other than Alcoholic					
<b>CSP Class Code</b>	<b>Coverage</b>	<b>Construction (Code)</b>				
		<b>Frame (1)</b>	<b>Joisted Masonry (2) or (7)</b>	<b>Non-Comb. (3) or (8)</b>	<b>Mas. Non-Comb. (4) or (9)</b>	<b>Mod. F.R. (5) Or Fire Res. (6)</b>
<b>0331</b>	<b>Building (1)</b>	0.313	0.281	0.250	0.204	0.188
	<b>Contents (2)</b>	0.271	0.245	0.230	0.204	0.190
<b>0332</b>	<b>Building (1)</b>	0.313	0.281	0.250	0.204	0.188
	<b>Contents (2)</b>	0.271	0.245	0.230	0.204	0.190
<b>0333</b>	<b>Building (1)</b>	0.313	0.281	0.250	0.204	0.188
	<b>Contents (2)</b>	0.271	0.245	0.230	0.204	0.190
<b>0341</b>	<b>Building (1)</b>	0.482	0.434	0.385	0.313	0.288
	<b>Contents (2)</b>					
	<b>A</b>	0.550	0.494	0.468	0.413	0.385
	<b>B&amp;C</b>	0.644	0.579	0.547	0.483	0.452
<b>0342</b>	<b>Building (1)</b>	0.482	0.434	0.385	0.313	0.288
	<b>Contents (2)</b>					
	<b>A</b>	0.550	0.494	0.468	0.413	0.385
	<b>B&amp;C</b>	0.644	0.579	0.547	0.483	0.452
<b>0343</b>	<b>Building (1)</b>	0.482	0.434	0.385	0.313	0.288
	<b>Contents (2)</b>					
	<b>A</b>	0.550	0.494	0.468	0.413	0.385
	<b>B&amp;C</b>	0.644	0.579	0.547	0.483	0.452
<b>0511</b>	<b>Building (1)</b>	0.252	0.226	0.201		
	<b>Contents (2)</b>	0.327	0.295	0.277		
<b>0512</b>	<b>Building (1)</b>	0.241	0.215	0.190		
	<b>Contents (2)</b>	0.292	0.263	0.247		
<b>0520</b>	<b>Building (1)</b>	0.298	0.269	0.241		
	<b>Contents (2)</b>	0.425	0.384	0.363		
<b>0531</b>	<b>Building (1)</b>	0.253	0.229	0.203		
	<b>Contents (2)</b>	0.345	0.310	0.292		
<b>0532</b>	<b>Building (1)</b>	0.388	0.349	0.310		
	<b>Contents (2)</b>	0.425	0.384	0.363		

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**85. BASIC GROUP I CLASS RATES (Cont'd)**

All rates are subject to protection class and territorial multipliers.

<b>CSP Class Codes And Description</b>						
<b>0533</b>	Baking on Premises, No Delivery to Outlets					
<b>0541</b>	Mercantile – Sole Occupancy Only – Bars and Taverns					
<b>0550</b>	Mercantile – Sole Occupancy Only – Motor Vehicles, No Repair					
<b>0561</b>	Mercantile – Sole Occupancy Only – Boat and Marine Supply Dealers					
<b>0562</b>	Mercantile – Sole Occupancy Only – Drugs					
<b>0563</b>	Mercantile – Sole Occupancy Only – Electrical Goods, Hardware and Machinery					
<b>0564</b>	Mercantile – Sole Occupancy Only – Furniture and Home Furnishings other than Appliances					
<b>0565</b>	Mercantile – Sole Occupancy Only – Jewelry					
<b>0566</b>	Mercantile – Sole Occupancy Only – Sporting Goods					
<b>0567</b>	Mercantile – Sole Occupancy Only – Not Otherwise Classified – Moderate Susceptibility					
<b>0570</b>	Mercantile – Sole Occupancy Only – Not Otherwise Classified – High Susceptibility					
<b>CSP Class Code</b>	<b>Coverage</b>	<b>Construction (Code)</b>				
		<b>Frame (1)</b>	<b>Joisted Masonry (2) or (7)</b>	<b>Non-Comb. (3) or (8)</b>	<b>Mas. Non-Comb. (4) or (9)</b>	<b>Mod. F.R. (5) Or Fire Res. (6)</b>
<b>0533</b>	<b>Building (1)</b>	0.304	0.275	0.244		
	<b>Contents (2)</b>	0.343	0.307	0.289		
<b>0541</b>	<b>Building (1)</b>	0.823	0.741	0.660		
	<b>Contents (2)</b>	0.882	0.793	0.748		
<b>0550</b>	<b>Building (1)</b>	0.229	0.206	0.184		
	<b>Contents (2)</b>	0.354	0.319	0.301		
<b>0561</b>	<b>Building (1)</b>	0.241	0.218	0.192		
	<b>Contents (2)</b>	0.354	0.319	0.301		
<b>0562</b>	<b>Building (1)</b>	0.275	0.247	0.219		
	<b>Contents (2)</b>	0.392	0.354	0.333		
<b>0563</b>	<b>Building (1)</b>	0.271	0.244	0.218		
	<b>Contents (2)</b>	0.292	0.263	0.247		
<b>0564</b>	<b>Building (1)</b>	0.376	0.337	0.298		
	<b>Contents (2)</b>	0.514	0.463	0.436		
<b>0565</b>	<b>Building (1)</b>	0.249	0.224	0.200		
	<b>Contents (2)</b>	0.286	0.257	0.241		
<b>0566</b>	<b>Building (1)</b>	0.281	0.253	0.226		
	<b>Contents (2)</b>	0.387	0.348	0.327		
<b>0567</b>	<b>Building (1)</b>	0.252	0.226	0.201		
	<b>Contents (2)</b>	0.327	0.295	0.277		
<b>0570</b>	<b>Building (1)</b>	0.252	0.226	0.201		
	<b>Contents (2)</b>	0.345	0.310	0.292		



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**85. BASIC GROUP I CLASS RATES (Cont'd)**

All rates are subject to protection class and territorial multipliers.

<b>CSP Class Codes And Description</b>						
<b>0580</b>	Greenhouses – Sole Occupancy Only					
<b>0581</b>	Mercantile – Multiple Occupancy without 0564 Present					
<b>0582</b>	Mercantile – Multiple Occupancy with 0564 Present					
<b>0701</b>	Government Offices					
<b>0702</b>	Banks and Offices Other than Governmental					
<b>CSP Class Code</b>	<b>Coverage</b>	<b>Construction (Code)</b>				
		<b>Frame (1)</b>	<b>Joisted Masonry (2) or (7)</b>	<b>Non-Comb. (3) or (8)</b>	<b>Mas. Non-Comb. (4) or (9)</b>	<b>Mod. F.R. (5) Or Fire Res. (6)</b>
<b>0580</b>	<b>Building (1)</b>	0.252	0.226	0.201		
	<b>Contents (2)</b>	0.360	0.325	0.307		
<b>0581</b>	<b>Building (1)</b>	0.267	0.241	0.213		
	<b>Contents (2)</b>					
	<b>A</b>	0.345	0.310	0.292		
	<b>B</b>	0.418	0.378	0.357		
	<b>C</b>	0.381	0.343	0.325		
<b>0582</b>	<b>Building (1)</b>	0.294	0.264	0.236		
	<b>Contents (2)</b>					
	<b>A</b>	0.307	0.277	0.263		
	<b>B</b>	0.378	0.339	0.321		
	<b>C</b>	0.343	0.307	0.289		
<b>0701</b>	<b>Building (1)</b>	0.128	0.115	0.103		
	<b>Contents (2)</b>					
	<b>A</b>	0.142	0.127	0.120		
	<b>B</b>	0.209	0.187	0.176		
	<b>C</b>	0.163	0.147	0.138		
<b>0702</b>	<b>Building (1)</b>	0.124	0.111	0.099		
	<b>Contents (2)</b>					
	<b>A</b>	0.146	0.133	0.125		
	<b>B</b>	0.203	0.184	0.173		
	<b>C</b>	0.181	0.163	0.155		

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**85. BASIC GROUP I CLASS RATES (Cont'd)**

All rates are subject to protection class and territorial multipliers.

<b>CSP Class Codes And Description</b>						
<b>0745</b>	Motels and Hotels without Cooking – Up to 10 Units					
<b>0746</b>	Motels and Hotels without Cooking – 11 to 30 Units					
<b>0747</b>	Motels and Hotels without Cooking – Over 30 Units					
<b>0756</b>	Golf, Tennis and Similar Sport Facilities without Cooking					
<b>0757</b>	Clubs, Not Otherwise Classified, Including Fraternal and Union Halls					
<b>0831</b>	Motion Picture Studios					
<b>0832</b>	Theaters Excluding Drive-in Theaters					
<b>0833</b>	Drive-in Theaters					
<b>0834</b>	Skating Rinks – Roller Rinks					
<b>0841</b>	Bowling Alleys without Cooking					
<b>0843</b>	Halls and Auditoriums					
<b>CSP Class Code</b>	<b>Coverage</b>	<b>Construction (Code)</b>				
		<b>Frame (1)</b>	<b>Joisted Masonry (2) or (7)</b>	<b>Non-Comb. (3) or (8)</b>	<b>Mas. Non-Comb. (4) or (9)</b>	<b>Mod. F.R. (5) Or Fire Res. (6)</b>
<b>0745</b>	<b>Building (1)</b>	0.316	0.285	0.254	0.206	0.191
	<b>Contents (2)</b>	0.345	0.310	0.294	0.260	0.241
<b>0746</b>	<b>Building (1)</b>	0.316	0.285	0.254	0.206	0.191
	<b>Contents (2)</b>	0.345	0.310	0.294	0.260	0.241
<b>0747</b>	<b>Building (1)</b>	0.316	0.285	0.254	0.206	0.191
	<b>Contents (2)</b>	0.345	0.310	0.294	0.260	0.241
<b>0756</b>	<b>Building (1)</b>	0.207	0.187	0.165		
	<b>Contents (2)</b>	0.237	0.214	0.201		
<b>0757</b>	<b>Building (1)</b>	0.224	0.201	0.179		
	<b>Contents (2)</b>	0.237	0.214	0.201		
<b>0831</b>	<b>Building (1)</b>	0.174	0.158	0.139		
	<b>Contents (2)</b>	0.201	0.180	0.170		
<b>0832</b>	<b>Building (1)</b>	0.222	0.199	0.179		
	<b>Contents (2)</b>	0.237	0.214	0.201		
<b>0833</b>	<b>Building (1)</b>	0.188	0.170	0.151		
	<b>Contents (2)</b>	0.220	0.198	0.187		
<b>0834</b>	<b>Building (1)</b>	0.304	0.272	0.242		
	<b>Contents (2)</b>	0.310	0.278	0.263		
<b>0841</b>	<b>Building (1)</b>	0.310	0.278	0.247		
	<b>Contents (2)</b>	0.321	0.291	0.274		
<b>0843</b>	<b>Building (1)</b>	0.154	0.139	0.123		
	<b>Contents (2)</b>	0.164	0.147	0.139		

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**85. BASIC GROUP I CLASS RATES (Cont'd)**

All rates are subject to protection class and territorial multipliers.

<b>CSP Class Codes And Description</b>						
<b>0844</b>	Recreational Facilities, Not Otherwise Classified					
<b>0845</b>	Boys' and Girls' Camps					
<b>0846</b>	Dance Halls, Ballrooms and Discotheques					
<b>0851</b>	Hospitals					
<b>0852</b>	Nursing and Convalescent Homes					
<b>0900</b>	Churches and Synagogues					
<b>0911</b>	Dry Cleaners and Dyeing Plants, other than Self-Service					
<b>0912</b>	Laundries, other than Self-Service					
<b>0913</b>	Self-Service Laundries and Dry Cleaners					
<b>0921</b>	Light Hazard Service Occupancies					
<b>0922</b>	Service Occupancies, other than Light Hazard					
<b>CSP Class Code</b>	<b>Coverage</b>	<b>Construction (Code)</b>				
		<b>Frame (1)</b>	<b>Joisted Masonry (2) or (7)</b>	<b>Non-Comb. (3) or (8)</b>	<b>Mas. Non-Comb. (4) or (9)</b>	<b>Mod. F.R. (5) Or Fire Res. (6)</b>
<b>0844</b>	<b>Building (1)</b>	0.207	0.187	0.165		
	<b>Contents (2)</b>	0.228	0.206	0.195		
<b>0845</b>	<b>Building (1)</b>	0.137	0.123	0.110		
	<b>Contents (2)</b>	0.158	0.141	0.134		
<b>0846</b>	<b>Building (1)</b>	0.286	0.257	0.228		
	<b>Contents (2)</b>	0.283	0.253	0.241		
<b>0851</b>	<b>Building (1)</b>	0.063	0.057	0.051		
	<b>Contents (2)</b>	0.074	0.068	0.062		
<b>0852</b>	<b>Building (1)</b>	0.067	0.060	0.053		
	<b>Contents (2)</b>	0.076	0.069	0.065		
<b>0900</b>	<b>Building (1)</b>	0.160	0.144	0.128		
	<b>Contents (2)</b>	0.170	0.152	0.144		
<b>0911</b>	<b>Building (1)</b>	0.431	0.389	0.346		
	<b>Contents (2)</b>	0.510	0.459	0.434		
<b>0912</b>	<b>Building (1)</b>	0.571	0.515	0.457		
	<b>Contents (2)</b>	0.704	0.634	0.599		
<b>0913</b>	<b>Building (1)</b>	0.376	0.338	0.299		
	<b>Contents (2)</b>	0.441	0.396	0.375		
<b>0921</b>	<b>Building (1)</b>	0.225	0.202	0.180		
	<b>Contents (2)</b>	0.267	0.241	0.227		
<b>0922</b>	<b>Building (1)</b>	0.249	0.225	0.200		
	<b>Contents (2)</b>	0.304	0.274	0.259		

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**85. BASIC GROUP I CLASS RATES (Cont'd)**

All rates are subject to protection class and territorial multipliers.

<b>CSP Class Codes And Description</b>						
<b>0923</b>	Funeral Homes					
<b>0931</b>	Auto Parking Garages, Car Washes					
<b>0932</b>	Gasoline Service Stations					
<b>0933</b>	Motor Vehicle and Aircraft Repair, with or without Sales					
<b>0934</b>	Tire Recapping and Vulcanizing, with or without Sales					
<b>0940</b>	Aircraft Hangars without Repairing					
<b>0952</b>	Gambling Casinos – Without Restaurant					
<b>1000</b>	Penal Institutions					
<b>1051</b>	Museums, Libraries, Art Galleries (Non-Profit)					
<b>1052</b>	Schools, Academic					
<b>1070</b>	Fire Departments, Police, Sewage, Water Works and Other Public Buildings					
<b>CSP Class Code</b>	<b>Coverage</b>	<b>Construction (Code)</b>				
		<b>Frame (1)</b>	<b>Joisted Masonry (2) or (7)</b>	<b>Non-Comb. (3) or (8)</b>	<b>Mas. Non-Comb. (4) or (9)</b>	<b>Mod. F.R. (5) Or Fire Res. (6)</b>
<b>0923</b>	<b>Building (1)</b>	0.167	0.150	0.133		
	<b>Contents (2)</b>	0.177	0.160	0.152		
<b>0931</b>	<b>Building (1)</b>	0.139	0.126	0.112		
	<b>Contents (2)</b>	0.164	0.146	0.139		
<b>0932</b>	<b>Building (1)</b>	0.198	0.178	0.159		
	<b>Contents (2)</b>	0.242	0.218	0.205		
<b>0933</b>	<b>Building (1)</b>	0.169	0.151	0.134		
	<b>Contents (2)</b>	0.211	0.191	0.179		
<b>0934</b>	<b>Building (1)</b>	0.218	0.197	0.176		
	<b>Contents (2)</b>	0.258	0.233	0.219		
<b>0940</b>	<b>Building (1)</b>	0.106	0.094	0.085		
	<b>Contents (2)</b>	0.132	0.118	0.112		
<b>0952</b>	<b>Building (1)</b>	0.201	0.180	0.162		
	<b>Contents (2)</b>	0.289	0.260	0.245		
<b>1000</b>	<b>Building (1)</b>	0.122	0.112	0.099		
	<b>Contents (2)</b>	0.109	0.099	0.093		
<b>1051</b>	<b>Building (1)</b>	0.077	0.070	0.062		
	<b>Contents (2)</b>	0.100	0.091	0.085		
<b>1052</b>	<b>Building (1)</b>	0.246	0.222	0.197	0.160	0.149
	<b>Contents (2)</b>	0.283	0.253	0.239	0.211	0.197
<b>1070</b>	<b>Building (1)</b>	0.120	0.108	0.096		
	<b>Contents (2)</b>	0.142	0.128	0.121		

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**85. BASIC GROUP I CLASS RATES (Cont'd)**

All rates are subject to protection class and territorial multipliers.

<b>CSP Class Codes And Description</b>						
<b>1150</b>	Builders' Risk					
<b>1180</b>	Vacant Buildings – See CSP Class Code of previous or intended occupancy. Add increment of .02 unless Class Code of previous or intended occupancy is 0580, 0745-0747, 0833-0844, 0900, 1051 or 1052.					
<b>1211</b>	Freight Terminals					
<b>1212</b>	General Storage Warehouses – Bailee					
<b>1213</b>	Miscellaneous Products Storage – (Other than Retail or Wholesale or Cold Storage)					
<b>1220</b>	Household Goods Storage					
<b>1230</b>	Cold Storage Warehouses					
<b>1400</b>	Waste and Reclaimed Materials Including Yards					
<b>1650</b>	Building Supply Yards, Including Retail Lumberyards, Coal and Coke Yards					
<b>CSP Class Code</b>	<b>Coverage</b>	<b>Construction (Code)</b>				
		<b>Frame (1)</b>	<b>Joisted Masonry (2) or (7)</b>	<b>Non-Comb. (3) or (8)</b>	<b>Mas. Non-Comb. (4) or (9)</b>	<b>Mod. F.R. (5) Or Fire Res. (6)</b>
<b>1150</b>	<b>Building (1)</b>	0.140	0.126	0.112	0.091	0.083
<b>1211</b>	<b>Building (1)</b>	0.382	0.343	0.305		
	<b>Contents (2)</b>	0.447	0.403	0.382		
<b>1212</b>	<b>Building (1)</b>	0.302	0.272	0.243		
	<b>Contents (2)</b>	0.371	0.332	0.314		
<b>1213</b>	<b>Building (1)</b>	0.267	0.240	0.213		
	<b>Contents (2)</b>	0.354	0.319	0.302		
<b>1220</b>	<b>Building (1)</b>	0.319	0.287	0.253		
	<b>Contents (2)</b>	0.387	0.349	0.331		
<b>1230</b>	<b>Building (1)</b>	0.276	0.249	0.221		
	<b>Contents (2)</b>	0.377	0.338	0.319		
<b>1400</b>	<b>Building (1)</b>	0.824	0.742	0.660		
	<b>Contents (2)</b>	1.000	0.903	0.851		
	<b>Yard</b>	1.243		0.128		
<b>1650</b>	<b>Building (1)</b>	0.490	0.442	0.392		
	<b>Contents (2)</b>	0.621	0.559	0.529		
	<b>Yard</b>	0.343		0.043		

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**85. BASIC GROUP I CLASS RATES (Cont'd)**

All rates are subject to protection class and territorial multipliers.

<b>CSP Class Codes And Description</b>						
<b>1700</b>	Mill Yards					
<b>2200</b>	Baking on Premises, Delivery to Outlets					
<b>2350</b>	Beverages Excluding Alcoholic Beverages					
<b>CSP Class Code</b>	<b>Coverage</b>	<b>Construction (Code)</b>				
		<b>Frame (1)</b>	<b>Joisted Masonry (2) or (7)</b>	<b>Non-Comb. (3) or (8)</b>	<b>Mas. Non-Comb. (4) or (9)</b>	<b>Mod. F.R. (5) Or Fire Res. (6)</b>
<b>1700</b>	<b>Building (1)</b>	0.401	0.360	0.322		
	<b>Contents (2)</b>	0.611	0.548	0.519		
	<b>Yard</b>	0.336		0.041		
<b>2200</b>	<b>Building (1)</b>	0.834	0.754	0.672		
	<b>Contents (2)</b>	0.995	0.897	0.843		
<b>2350</b>	<b>Building (1)</b>	0.538	0.484	0.431		
	<b>Contents (2)</b>	0.637	0.574	0.538		

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**85. BASIC GROUP I CLASS RATES (Cont'd)**

**TERRITORIAL MULTIPLIERS**

The following Territorial Multipliers shall be applied to Basic Group I Class Rates developed in accordance with instructions in Paragraph 1. under Development Of Basic Group I Class Rates in this rating rule.

CSP CLASS CODE	New Orleans	Multiplier Rest of State
0074, 0075 and 0076.....	1.035	1.000
0077, 0078 and 0079		
Convents, Monasteries, Rectories and		
Sisters Homes.....	1.165	1.000
Nurses Homes and Orphan Homes .....	1.262	1.000
0196, 0197 and 0198.....	0.733	1.000
0311, 0312, 0313, 0321, 0322, 0323, 0331, 0332, 0333, 0341, 0342, and 0343 .....	0.762	1.000
0511, 0512, 0520, 0531, 0532, 0533, 0541, 0550, 0561, 0562, 0563, 0564, 0565, 0566, 0567, 0570, 0580, 0581 and 0582 .....	0.958	1.000
0701 and 0702.....	1.103	1.000
0745, 0746 and 0747.....	1.031	1.000
0756.....	0.904	1.000
0757.....	1.169	1.000
0831, 0832, 0833, 0834, 0843, 0844, 0846 and 0952 .....	1.169	1.000
0841.....	0.960	1.000
0845.....	1.169	1.000
0851 and 0852.....	1.249	1.000
0900.....	1.162	1.000
0911, 0912 and 0913.....	1.041	1.000
0921, 0922 and 0923.....	0.958	1.000
0931, 0932, 0933 and 0940 .....	0.998	1.000
0934.....	0.982	1.000
1000.....	1.102	1.000
1051.....	0.916	1.000
1052.....	0.646	1.000
1070.....	1.102	1.000
1150.....	0.830	1.000
1180, 1211, 1212, 1213, 1220 and 1230 .....	0.958	1.000
1400.....	1.006	1.000
1650 and 1700.....	1.009	1.000
2200.....	1.119	1.000
2350.....	1.113	1.000

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**130. RATE ADJUSTMENTS – PUBLIC PROPERTY**

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- A.** Occupancy Classification Code Symbols are indicated on published rates so that classes subject to modifications may be more readily identified. Modification factors are shown on the following pages for only those occupancy classifications which require adjustment.
- B.** Rate Calculations:
1. In figuring rates contemplating these approved modifications factors, the FINAL ANNUAL BASIC GROUP I RATE for the specific policy is subject to rate modification shown herein. The FINAL ANNUAL BASIC GROUP I RATE is the published rate less any coinsurance credit.
  2. Quoted average rates are not subject to the rate modification shown herein. When average rates are calculated by P.I.A.L., any applicable modifications are taken into consideration. The P.I.A.L. will recalculate average rates when risks involved are subject to revised modification factors upon request or when policy is rewritten.

3. Modifications will affect any form of insurance that is based on the Basic Group I rate, such as time element coverages. The basis for figuring any of these is the FINAL ANNUAL BASIC GROUP I RATE for the coverage.

**NOTE:** In no case shall rates produced by the Louisiana Uniform Grading Schedule be reduced by application of modification factors to less than the following Minimum Final Net Rates:

% COINS.	NO COINS.	80%	90%	100%
Minimum Final Rate after adjustment	0.347	0.050	0.048	0.045