

## AMERICAN INTERNATIONAL GROUP

## Hawaii

## Commercial General Liability

## Calculation of Rate Level Changes

	(1)	(2)	(3)	(4)	(5) = (1) x (2) x (3) x (4)	
<u>Coverage</u>	<u>2018 Calendar</u> <u>Year Earned</u> <u>Premium</u>	<u>HIB Loss Cost</u> <u>Change</u>	<u>HIB ILF</u> <u>Change</u>	<u>Expense</u> <u>Change</u>	<u>Modification</u> <u>Change</u>	<u>Overall Rate</u> <u>Level Change</u>
Premises/Operations	131,180	-16.1%	-0.1%	-5.4%	37.6%	9.1%
Products/Completed Operations	3,044	-47.3%	0.0%	-5.4%	93.1%	-3.8%
Overall GL	134,224	-16.8%	-0.1%	-5.4%	38.9%	8.8%

Determination of Expense & Modification Change

	<u>Expense Multiplier</u>		
	<u>Proposed</u>	<u>Current</u>	<u>Change</u>
Premises/Operations	1.694	1.791	-5.4%
Products/Completed Operations	1.694	1.791	-5.4%
	<u>Modification Factor</u>		
	<u>Proposed</u>	<u>Current</u>	<u>Change</u>
Premises/Operations	1.376	1.000	37.6%
Products/Completed Operations	1.931	1.000	93.1%
	<u>Loss Cost Multiplier</u>		
	<u>Proposed</u>	<u>Current</u>	<u>Change</u>
Premises/Operations	2.331	1.791	30.0%
Products/Completed Operations	3.271	1.791	82.6%

**AMERICAN INTERNATIONAL GROUP**Review of Expense Provisions  
Commercial General Liability

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>3 Year Weighted Average</u>	<u>Selected</u>
1. Countrywide Direct Written Premiums	3,095,691	3,117,634	2,778,524		
2. Countrywide Direct Earned Premiums	3,282,108	3,330,310	2,979,470		
3. General Expense	62,798	76,111	85,329		
Ratios to Earned Premiums	1.9%	2.3%	2.9%	2.3%	2.3%
4. Other Acquisition Expenses	346,035	335,114	293,166		
Ratios to Earned Premiums	10.5%	10.1%	9.8%	10.2%	10.2%
Above figures in \$000's					
Hawaii Data					
5. Hawaii Direct Written Premiums	140,742	118,815	128,319		
6. Hawaii Commission & Brokerage	32,989	28,099	30,689		
Ratios to Written Premiums	23.4%	23.6%	23.9%	23.7%	20.0%

Budgeted / Selected Proposed Expense Provisions

	<u>Proposed</u>
Commission & Brokerage*	20.0%
Other Acquisition Expense	10.2%
General Expense	2.3%
Taxes, Licenses & Fees	5.3%
Underwriting Profit	3.2%
Expense total	40.96%
Expected Loss Ratio	59.04%

\* Budgeted.

**AMERICAN INTERNATIONAL GROUP**

Hawaii

**COMMERCIAL GENERAL LIABILITY****UNDERWRITING PROFIT AND CONTINGENCIES PROVISION**

1.	Target after tax rate of return	<u>10.0%</u>
2.	Ratio of Direct premium to surplus	<u>0.802</u>
3.	Target rate of return as a percent of premium (1)/(2)	<u>12.5%</u>
4.	Anticipated investment income on policyholder funds, see Exhibit 4	<u>10.0%</u>
5.	Target underwriting profit provision, [(3)-(4)]/(1-0.21)	<u>3.2%</u>
6.	Selected underwriting profit provision	<u>3.2%</u>

ESTIMATED INVESTMENT EARNINGS ON UNEARNED  
PREMIUM RESERVES AND ON LOSS RESERVES  
(Explanatory Notes)

## Other Liability

A. UNEARNED PREMIUM RESERVE

1.	Other Liability Direct Earned Premium for Calendar Year 2018		\$2,968,183
2.	Mean Unearned Premium Reserve [0.570* (1) ] (See Notes p. 2)		1,692,186
3.	Deduction for Prepaid Expenses (See notes p. 2)		
	a) Commission and Brokerage	20.00%	
	b) Taxes, Licenses and Fees	5.27%	
	c) 50% of Other Acquisition Expenses	5.08%	
	d) 50% of General Expenses	1.17%	
	e) Total	31.52%	
4.	Deduction for Federal Taxes Payable (See Notes p. 2)		4.2%
5.	Net Amount Subject to Investment Income [ (2) x (1.000 - (3) - (4)) ]		1,087,776

B. DELAYED REMISSION OF PREMIUMS (Agents' Balances)

1.	Direct Earned Premium [ (A.1) ]		2,968,183
2.	Average Agents' Balance (See Notes pp. 2-3)		0.181
3.	Delayed Remission [ (1) x (2) ]		538,347

C. LOSS RESERVE:

1.	Direct Earned Premium [ (A.1) ]		2,968,183
2.	Expected Incurred Loss and L.A.E. Reserves	@ ELR: 0.609	1,807,735
3.	Expected Mean Loss Reserves [3.654 x (2) ] (See Notes p. 3)		6,604,742

D. NET AMOUNT SUBJECT TO INVESTMENT: [ (A.5) - (B.3) + (C.3) ] 7,154,171E. AVERAGE RATE OF RETURN ON INVESTED ASSETS (See Notes p. 4) 5.17%F. INVESTMENT EARNINGS ON NET SUBJECT TO INVESTMENT [ (D) x (E) ] 370,038G. AVERAGE RATE OF RETURN (As % of Direct Earned Premium) [ (F) / (A.1) ] 12.47%H. AVERAGE RATE OF RETURN (After Federal Income Taxes) [ (G) x 0.800 ] 9.98%

ESTIMATED INVESTMENT EARNINGS ON UNEARNED  
PREMIUM RESERVES AND ON LOSS RESERVES  
(Explanatory Notes)

## Other Liability

Line A.1

Other Liability direct earned premium for calendar year 2018 as provided by American Home/National Union Group.

Line A.2

The mean direct unearned premium reserve is determined by multiplying the Other Liability direct earned premium in line (A.1) by the countrywide ratio of the mean direct unearned premium reserve to the direct earned premium for 2018. See below for calculation of this ratio. This ratio is based on data for Other Liability from page 15 of the Annual Statement for American Home/National Union Group

	<u>(In 000's)</u>
1. Direct Earned Premium for Calendar Year 2018	\$ 2,968,183
2. Direct Unearned Premium Reserve as of 12/31/17	1,776,107
3. Direct Unearned Premium Reserve as of 12/31/18	1,608,266
4. Mean Direct Unearned Premium Reserve 1/2 [(2) + (3)]	1,692,186
5. Ratio [(4) / (1)]	0.570

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 the filed insurance coverage 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 ratemaking procedure as shown.

Line A.4

Deduction for Federal Taxes Payable:

Taxable percentage of unearned premium reserves (Tax Reform Act of 1986):	20.0%
Corporate Tax Rate:	21.0%
Total Percentage of Unearned Premium Reserve:	4.2%

Line B.2

Delayed remission of premium:

This deduction is necessary because of delay in collection and remission of premiums 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. (continued)

ESTIMATED INVESTMENT EARNINGS ON UNEARNED  
PREMIUM RESERVES AND ON LOSS RESERVES  
(Explanatory Notes)

Other Liability

Line B.2 (continued)

Agents' balances or uncollected premiums for premiums due less than 90 days are calculated as follows:

	(In 000's)
1. Net Earned Premium for Calendar Year 2018	\$ 9,905,375
2. Net Agents' Balances as of 12/31/17	1,662,453
3. Net Agents' Balances as of 12/31/18	1,733,357
4. Mean Agents' Balances 1/2 x [(2) + (3)]	1,697,905
5. Ratio [(4) / (1)]	0.171

The above percentage must be multiplied by a factor of 1.058 to include the effect of agents' balances or uncollected premiums overdue for more than 90 days. The factor 1.058 is based on 2018 company data.

Final adjusted Agents' Balance: 0.1814

Line C.2

The expected loss and loss adjustment ratio reflects the expense provisions used in the filing.

Line C.3

The expected mean loss reserve is determined by multiplying the expected incurred losses in line (C.2) by the average countrywide ratio of the mean loss and loss adjustment reserves to the incurred losses and loss adjustment expenses in 2017 and 2018 for Other Liability Insurance. This ratio is based on Annual Statement Data.

	(In 000's)
1. Incurred Losses and L.A.E. for Calendar Year 2017	1,901,524
2. Incurred Losses and L.A.E. for Calendar Year 2018	3,690,296
3. Loss Reserves and L.A.E. as of 12/31/16	19,201,271
4. Loss Reserves and L.A.E. as of 12/31/17	17,464,437
5. Loss Reserves and L.A.E. as of 12/31/18	17,874,948
6. Mean Loss Reserve 2017: 1/2 [(3) + (4)]	18,332,854
7. Mean Loss Reserve 2018: 1/2 [(4) + (5)]	17,669,693
8. Ratio (6) / (1)	9.641
9. Ratio (7) / (2)	4.788
10. Average Ratio 1/2 [(8) + (9)]	7.215
11. Loss reserve for American Home/National Union Group, selected	3.720
12. Estimated Reserve Discount	8.5%
13. Federal Taxes Payable (% of Reserves): (12) x .21	0.018
14. (11) x [1.0 - (13)]	3.654

ESTIMATED INVESTMENT EARNINGS ON UNEARNED  
PREMIUM RESERVES AND ON LOSS RESERVES  
(Explanatory Notes)

Other Liability

Line E

The rate of return is the ratio of net investment income earned and net realized capital gains (or losses) to mean cash and invested assets (including interest, dividends, and real estate income due and accrued).

<u>Year</u>	<u>Net Investment Income Earned (In 000's)</u>	<u>Mean Cash and Invested Assets (In 000's)</u>	<u>Rate of Return</u>
2017	2,021,661	48,757,678	4.15%
2018	1,920,863	43,349,584	4.43%
<u>Total</u>	<u>3,942,523</u>	<u>92,107,262</u>	<u>4.29%</u>

<u>Year</u>	<u>Realized Capital Gains (or Losses) (In 000's)</u>	<u>Mean Cash and Invested Assets (In 000's)</u>	<u>Rate of Return</u>
2009-2018	4,933,056	558,280,489	0.88%

Total Rate of Return:

Net Investment Income Earned and Net Realized Capital Gains (or Losses)

5.17%

Line H

The average rate of Federal Income Tax was determined by applying the appropriate tax rates to the distribution of investment income earned for 2018 for the American Home/National Union Group.

	<u>Rate of Return</u>	<u>Federal Income Tax Rate</u>
Net Investment Income Earned	4.29%	0.198
Net Realized Capital Gains (or Losses)	0.88%	0.210
<u>Total</u>	<u>5.17%</u>	<u>0.200</u>

1.000 - Federal Income Tax Rate

0.800

ESTIMATED INVESTMENT EARNINGS ON UNEARNED  
PREMIUM RESERVES AND ON LOSS RESERVES  
(Explanatory Notes)

Other Liability

<u>Line H (continued)</u>		Investment Income Earned		Federal Income Tax Rate
<u>Bonds</u>				
Taxable	\$	1,238,408		0.210
<u>Non-Taxable</u>		<u>121,463</u>		<u>0.026</u>
Total	\$	1,359,870	(A)	0.194
<u>Stocks</u>				
Taxable	\$	6,992		0.118
<u>Non-Taxable</u>		<u>5,091</u>		---
Total	\$	12,083	(B)	0.068
<u>Mortgage Loans and Real Estate</u>				
Mortgage Loans	\$	262,305		
Real Estate		3,200		
Collateral Loans		0		
Cash on Deposit		0		
Short Term Investments		27,033		
<u>All Other</u>		<u>338,055</u>		
Sub-Total	\$	630,592		0.210
Total	\$	2,002,545		0.198
Investment Deductions	\$	73,085		0.210
Net Investment Income Earned	\$	1,929,459		0.198

(A) Assume 50% of the income on tax-exempt bonds is subject to proration; that is, 25% of that income is taxed at the full corporate income tax rate of 21%. The applicable tax rate is thus 2.6%.  $((.50 \times .25 \times .21) = .026)$

(B) 50% of dividend income is subject to the full corporate income tax rate of 21%. Assume 50% 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 11.8%  $((.50 \times .21) + (.50 \times .50 \times .25 \times .21) = .118)$ .

## AIG Companies

## Commercial General Liability

## Calculation of Unallocated Loss Adjustment Expense

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>Totals</u>
1. Direct Losses Incurred	3,215,995	4,790,071	5,908,089	1,766,936	3,097,422	18,778,513
2. Direct ALAE Incurred	432,298	861,633	(669,044)	309,557	722,253	1,656,697
3. Direct ULAE Incurred	645,611	566,481	545,116	267,116	155,477	2,179,801
4. ULAE as % Loss & ALAE, (3)/[(1)+(2)]	17.7%	10.0%	10.4%	12.9%	4.1%	10.7%
5. Selected Unallocated as a percent of Loss and ALAE						10.7%

Source: IEE AIG Companies.

AIG Companies					
Commercial General Liability					
Hawaii					
Premises/Operations Coverage					
Total Limits Experience Analysis					
Calendar Accident Year	(1) <u>Earned Premium</u>	(2) <u>Earned Premium At Current Level</u>	(3) <u>Ultimate Direct Incurred Loss &amp; LAE</u>	(4) <u>Trended Ultimate Loss &amp; LAE</u>	(5) = (4) / (2) <u>Trended Ultimate Loss &amp; LAE Ratio</u>
2014	155,939	149,359	88,586	107,021	0.717
2015	139,924	144,048	148,248	173,965	1.208
2016	136,186	141,950	21,343	24,328	0.171
2017	129,633	133,885	127,504	141,167	1.054
2018	131,180	134,152	52,324	56,270	0.419
TOTAL	692,862	703,393	438,004	502,752	71.5%

1. Weighted Average Ultimate Trended Loss and LAE Ratio	71.5%
2. Indication before Credibility weighting	21.1%
3. State Credibility **	5.6%
4. Expected Loss Ratio	59.0%
5. Complement of Credibility	65.4%
6. Credibility Weighted Ultimate Indication	11.3%
7. Rate level change based on ISO loss costs and AIG expense change	-20.7%
8. Indicated Modification Change [ $[(1.0+(6))/(1.0+(7))]-1.0$ ]	40.3%
9. Current Modification	0.0%
10. Proposed Modification	37.6%
11. Overall indicated rate level change $[(1 + (7)) \times (1 + (10))]/(1 + (9)) - 1$	9.1%

\*\* Number of claims for full credibility: 6,000  
5 year ultimate total claim count: 19

Number of claims for full credibility standard based on OL&T according to circular HIB # 170008  
Partial credibility = (5 year ultimate total claim count / Full credibility claim count)<sup>0.5</sup>  
Earned premium is calculated at present rates using the parallelogram method.

## AIG Companies

## Commercial General Liability

## Hawaii

## Products/Completed Operations Coverage

## Total Limits Experience Analysis

Calendar Accident Year	(1) Earned Premium	(2) Earned Premium At Current Level	(3) Ultimate Direct Incurred Loss & LAE(a)	(4) Trended Ultimate Loss & LAE	(5) = (4) / (2) Trended Ultimate Loss & LAE Ratio
2014	10,721	10,707	1,162	1,591	0.149
2015	10,490	10,870	1,990	2,596	0.239
2016	10,945	11,447	3,655	4,543	0.397
2017	9,288	9,627	4,146	4,910	0.510
2018	3,044	3,120	1,587	1,791	0.574
TOTAL	44,488	45,771	12,541	15,430	33.7%

1. Weighted Average Ultimate Trended Loss and LAE Ratio	33.7%
2. Indication before Credibility weighting	-42.9%
3. State Credibility **	0.0%
4. Expected Loss Ratio	59.0%
5. CW Loss Ratio	56.8%
6. Credibility Weighted Ultimate Indication	-3.8%
7. Rate level change based on ISO loss costs and AIG expense change	-50.2%
8. Indicated Modification Change $[(1.0+(6))/(1.0+(7))-1.0]$	93.1%
9. Current Modification	0.0%
10. Proposed Modification	93.1%
11. Overall indicated rate level change $[(1 + (7)) \times (1 + (10)) / (1 + (9)) - 1]$	-3.8%

\*\* Number of claims for full credibility: 5,500  
5 year ultimate total claim count: 0

Number of claims for full credibility standard based according to circular HIB # 170008  
Partial credibility = (5 year ultimate total claim count / Full credibility claim count)<sup>0.5</sup>  
Earned premium is calculated at present rates using the parallelogram method.  
(a) Ultimate Losses determined using the Bornheutter/Ferguson method.

**AMERICAN INTERNATIONAL GROUP  
Commercial General Liability  
Hawaii**

TOTAL LIMITS

**Calculation of Earned Premium Onlevel Factors**

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**Rate Change History**

Effective Date	Premises	Products
11/1/2010	-10.00%	-8.90%
6/25/2012	-5.50%	3.20%
6/1/2014	-10.30%	-6.10%
12/7/2015	-2.70%	-3.10%
5/1/2016	1.70%	1.80%

**Premises**

Calendar Year	Relative Rate Level	Cumulative On-level Factor
2014	0.835	0.904
2015	0.770	0.980
2016	0.754	1.001
2017	0.754	1.001
2018	0.755	1.000

**Products**

Calendar Year	Relative Rate Level	Cumulative On-level Factor
2014	0.930	0.936
2015	0.888	0.981
2016	0.871	1.000
2017	0.870	1.001
2018	0.871	1.000

CY Cumulative Rate Level: 0.755

CY Cumulative Rate Level: 0.871

## AIG Companies

## Hawaii

## Commercial General Liability

## Summary of Trend Indications

<u>Premises/Operations Coverage</u>	<u>ISO Basic Limit Paid</u>					
	<u>Losses for Latest</u>	<u>Exposure</u>	<u>Severity</u>	<u>Frequency</u>	<u>Loss</u>	<u>Total Annual</u>
	<u>Accident Year ending</u>	<u>Trend</u>	<u>Trend</u>	<u>Trend</u>	<u>Trend</u>	<u>Net Trend</u>
	<u>06/30/2015</u>					
ISO - M&C	454,936,335	0.90%	3.5%	-0.5%	3.0%	2.1%
ISO - OL&T	756,691,283	0.90%	4.5%	-1.5%	2.9%	2.0%
				Overall	3.0%	2.0%

<u>Products/Completed Operations Coverage</u>	<u>ISO Basic Limit Paid</u>					
	<u>Losses for Latest</u>	<u>Exposure</u>	<u>Severity</u>	<u>Frequency</u>	<u>Loss</u>	<u>Total Annual</u>
	<u>Accident Year ending</u>	<u>Trend</u>	<u>Trend</u>	<u>Trend</u>	<u>Trend</u>	<u>Net Trend</u>
	<u>12/31/2014</u>					
ISO - BI	22,717,330	1.0%	2.5%	0.0%	2.5%	1.5%
ISO - PD	52,862,099	1.0%	6.0%	0.0%	6.0%	5.0%
				Overall	4.9%	3.9%

The above rates are annual rates in percentage form.

Severity and Frequency trends selected from the ISO trend analysis in reference document HIB # 170008  
(Section E for Premises/Operations and Section F for Products/Completed Operations)

\* The Basic Limits Loss costs exclude Fringe

Hawaii

Premises/Operations Coverage

Direct Losses & ALAE Incurred Development - \$1M Limit

Accident Year	18	30	42	54	66	78	90	102	114	126	138	150	162	174	186	Ultimate Losses
2004	143,154	126,607	117,567	117,567	117,567	112,584	109,926	109,926	109,926	109,926	109,926	109,926	109,926	109,926	109,926	109,926
2005	16,944	19,128	19,128	19,128	11,991	11,991	11,991	11,991	11,991	11,991	11,991	11,991	11,991	11,991	11,991	11,991
2006	32,105	55,206	92,845	102,894	102,894	102,894	102,894	102,894	102,894	102,894	102,894	102,894	102,894	102,894	102,894	102,894
2007	30,247	49,447	72,962	103,698	93,781	93,791	93,778	93,778	93,778	93,778	93,778	93,778	93,778	93,778	93,778	93,778
2008	57,253	82,401	172,390	226,034	218,540	218,540	218,540	218,540	218,540	218,540	218,540	218,540	218,540	218,540	218,540	218,540
2009	22,942	82,409	324,804	322,569	322,569	322,569	322,569	322,569	322,569	322,569	322,569	322,569	322,569	322,569	322,569	322,569
2010	41,978	268,352	382,567	560,746	627,103	708,682	795,018	795,018	866,849	866,849	866,849	866,849	866,849	866,849	866,849	866,849
2011	21,346	23,749	28,712	28,712	28,712	28,712	28,712	28,712	28,712	28,712	28,712	28,712	28,712	28,712	28,712	28,712
2012	1,168,094	1,180,896	1,197,636	1,147,642	1,225,354	1,267,205	1,284,146	1,284,146	1,284,146	1,284,146	1,284,146	1,284,146	1,284,146	1,284,146	1,284,146	1,284,146
2013	267,350	98,775	156,160	152,243	214,975	217,004	217,004	217,004	217,004	217,004	217,004	217,004	217,004	217,004	217,004	217,004
2014	68,564	81,020	80,873	80,888	80,888	80,888	80,888	80,888	80,888	80,888	80,888	80,888	80,888	80,888	80,888	80,888
2015	37,246	61,552	40,642	125,470	125,470	125,470	125,470	125,470	125,470	125,470	125,470	125,470	125,470	125,470	125,470	125,470
2016	6,652	8,107	6,865	6,865	6,865	6,865	6,865	6,865	6,865	6,865	6,865	6,865	6,865	6,865	6,865	6,865
2017	6,255	65,738	65,738	65,738	65,738	65,738	65,738	65,738	65,738	65,738	65,738	65,738	65,738	65,738	65,738	65,738
2018	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129

Accident Year	18/30	30/42	42/54	54/66	66/78	78/90	90/102	102/114	114/126	126/138	138/150	150/162	162/174	174/186	
2004	0.884	0.929	1.000	1.000	0.958	0.976	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
2005	1.129	1.000	1.000	0.627	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
2006	1.720	1.682	1.108	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
2007	1.635	1.476	1.421	0.904	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
2008	1.439	2.092	1.311	0.967	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
2009	3.576	3.959	0.993	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
2010	6.393	1.426	1.466	1.118	1.130	1.122	1.000	1.090	1.000	1.000	1.000	1.000	1.000	1.000	
2011	1.113	1.209	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
2012	1.011	1.014	0.958	1.068	1.034	1.013	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
2013	0.369	1.581	0.975	1.412	1.009	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
2014	1.182	0.998	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
2015	1.653	0.660	3.087	3.087	3.087	3.087	3.087	3.087	3.087	3.087	3.087	3.087	3.087	3.087	
2016	1.219	0.847	0.847	0.847	0.847	0.847	0.847	0.847	0.847	0.847	0.847	0.847	0.847	0.847	
2017	10.510	10.510	10.510	10.510	10.510	10.510	10.510	10.510	10.510	10.510	10.510	10.510	10.510	10.510	
Avg All	2.417	1.452	1.277	1.009	1.013	1.012	1.000	1.013	1.000	1.000	1.000	1.000	1.000	1.000	
Avg Excl High/Low	1.913	1.296	1.127	1.006	1.005	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
Avg 5	2.986	1.020	1.404	1.120	1.035	1.027	1.000	1.018	1.000	1.000	1.000	1.000	1.000	1.000	
Avg 3 of 5	1.351	0.953	0.992	1.062	1.015	1.004	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
3 Year Wtd Avg	2.700	0.852	1.291	1.102	1.030	1.052	1.000	1.054	1.000	1.000	1.000	1.000	1.000	1.000	
5 Year Wtd Avg	0.816	1.036	1.021	1.105	1.052	1.041	1.000	1.047	1.000	1.000	1.000	1.000	1.000	1.000	
Selected	2.500	1.500	1.300	1.100	1.050	1.025	1.007	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
Cumulative	5.812	2.325	1.550	1.192	1.084	1.032	1.007	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
Bornheutter-Ferguson	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
% Unreported	82.8%	57.0%	35.5%	16.1%	7.7%	3.1%	0.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
ELR	59.0%	59.0%	59.0%	59.0%	59.0%	59.0%	59.0%	59.0%	59.0%	59.0%	59.0%	59.0%	59.0%	59.0%	59.0%
EP	131,172	129,625	136,178	139,916	155,930	292,080	301,498	359,159	408,063	661,653	847,748	729,603	604,527	482,209	475,409
Exp IBNR	64,120	43,611	28,523	13,315	7,117	5,376	0	0	0	0	0	0	0	0	0
BF Exp Ult	64,249	109,349	35,388	138,785	88,005	222,380	1,285,383	28,712	866,849	322,569	218,540	93,778	102,894	11,991	109,926
Dev Exp Ult	750	152,822	10,639	149,581	87,665	223,986	1,293,135	28,712	866,849	322,569	218,540	93,778	102,894	11,991	109,926
BF Method Weights	80.0%	60.0%	40.0%	20.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
LDF Method Weights	20.0%	40.0%	60.0%	80.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Projected Ultimate Incurred	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Inc as of 12/2018	129	65,738	6,865	125,470	80,888	217,004	1,284,146	28,712	866,849	322,569	218,540	93,778	102,894	11,991	109,926
Selected Ultimate	51,549	126,739	20,539	147,422	87,665	223,986	1,293,135	28,712	866,849	322,569	218,540	93,778	102,894	11,991	109,926



Countrywide Commercial General Liability

Products/Completed Operations Coverage

Direct Losses & ALAE Incurred Development - \$1M Limit

Accident Year	18	30	42	54	66	78	90	102	114	126	138	150	162	174	186
2004	532,575	2,142,926	2,933,742	3,777,329	5,037,464	6,797,810	7,938,957	10,162,626	12,310,533	13,112,841	13,863,503	14,304,572	14,708,261	15,452,600	15,608,211
2005	496,011	488,902	956,795	3,760,354	4,879,003	5,914,347	7,278,630	8,176,984	9,754,325	10,110,705	10,636,520	11,237,606	11,572,097	12,093,094	
2006	332,071	1,217,498	1,860,937	3,547,731	5,028,316	6,519,838	7,764,766	8,295,514	8,486,443	9,517,072	10,211,834	10,503,784	10,633,982		
2007	51,215	227,411	453,089	1,617,886	3,435,276	4,167,387	6,533,037	7,207,125	7,581,488	8,450,517	9,042,229	9,761,747			
2008	232,275	1,030,332	1,870,163	2,353,962	3,306,840	5,357,701	6,020,559	6,592,823	8,124,545	9,655,319	13,398,448				
2009	500,765	1,274,038	2,079,350	4,181,142	6,745,248	7,091,341	7,407,811	9,852,788	10,201,999	9,579,155					
2010	339,333	607,871	1,175,478	3,980,214	4,140,884	5,074,270	6,504,230	6,600,375	6,897,433						
2011	223,374	859,052	1,195,805	1,395,413	2,355,070	3,511,211	3,872,972	4,675,326							
2012	564,581	405,667	621,794	1,450,611	1,747,695	1,870,836	2,056,154								
2013	532,777	475,984	1,211,161	1,834,208	2,179,806	2,434,075									
2014	2,896,479	3,761,051	4,565,740	6,891,693	7,310,429										
2015	1,609,681	1,454,341	2,370,213	4,013,375											
2016	353,014	480,481	1,481,878												
2017	704,453	986,959													
2018	230,554														

Age to Age Ratios

Accident Year	18/30	30/42	42/54	54/66	66/78	78/90	90/102	102/114	114/126	126/138	138/150	150/162	162/174	174/186
2004	4.024	1.369	1.288	1.334	1.349	1.168	1.280	1.211	1.065	1.057	1.032	1.028	1.051	1.010
2005	0.986	1.957	3.930	1.297	1.212	1.231	1.123	1.193	1.037	1.052	1.057	1.030	1.045	
2006	3.666	1.528	1.906	1.417	1.297	1.191	1.068	1.023	1.121	1.073	1.029	1.012		
2007	4.440	1.992	3.571	2.123	1.213	1.568	1.103	1.052	1.115	1.070	1.080			
2008	4.436	1.815	1.259	1.405	1.620	1.124	1.095	1.232	1.188	1.388				
2009	2.544	1.632	2.011	1.613	1.051	1.045	1.330	1.035	0.939					
2010	1.791	1.934	3.386	1.040	1.225	1.282	1.015	1.045						
2011	3.846	1.392	1.167	1.688	1.491	1.103	1.207							
2012	0.719	1.533	2.333	1.205	1.070	1.099								
2013	0.893	2.545	1.514	1.188	1.117									
2014	1.298	1.214	1.509	1.061										
2015	0.903	1.630	1.693											
2016	1.361	3.084												
2017	1.401													

Avg All	2.308	1.817	2.131	1.397	1.265	1.201	1.153	1.113	1.078	1.128	1.050	1.023	1.048	1.010	
Avg Excl High/Low	2.262	1.757	2.047	1.356	1.247	1.171	1.146	1.107	1.085	1.067	1.045	1.028	1.048	1.010	
Avg 5	1.171	2.001	1.643	1.236	1.191	1.131	1.150	1.077	1.080	1.128					
Avg 3 of 5	1.187	1.903	1.572	1.151	1.137	1.109	1.135	1.044	1.091	1.067					
3 Year Wtd Avg	1.095	1.478	1.564	1.104	1.244	1.189	1.188	1.095	1.069	1.182	1.054				
5 Year Wtd Avg	1.174	1.558	1.564	1.140	1.164	1.129	1.151	1.071	1.072	1.124					
<b>Selected</b>	<b>2.000</b>	<b>1.750</b>	<b>1.550</b>	<b>1.200</b>	<b>1.100</b>	<b>1.050</b>	<b>1.025</b>	<b>1.015</b>	<b>1.005</b>	<b>1.002</b>	<b>1.000</b>	<b>1.000</b>	<b>1.000</b>	<b>1.000</b>	
Cumulative	7.877	3.939	2.251	1.452	1.210	1.100	1.048	1.022	1.007	1.002	1.000	1.000	1.000	1.000	1.000

Bornhutter-Ferguson															
% Unreported	87.3%	74.6%	55.6%	31.1%	17.4%	9.1%	4.5%	2.2%	0.7%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%
ELR	59.0%	59.0%	59.0%	59.0%	59.0%	59.0%	59.0%	59.0%	59.0%	59.0%	59.0%	59.0%	59.0%	59.0%	59.0%
EP	2,488,696	4,344,142	5,269,002	4,455,414	5,589,730	7,219,691	5,753,125	4,575,442	4,096,826	4,367,626	5,988,379	6,274,457	6,310,878	6,483,258	4,574,737
Exp IBNR	1,282,836	1,913,661	1,728,710	818,959	572,900	387,692	154,548	58,449	16,838	5,147	0	0	0	0	0
BF Exp Ult	1,513,390	2,900,620	3,210,588	4,832,334	7,883,329	2,821,767	2,210,702	4,733,775	6,914,271	9,584,302	13,398,448	9,761,747	10,633,982	12,093,094	15,608,211
Dev Exp Ult	1,816,182	3,887,369	3,335,271	5,827,693	8,846,033	2,677,608	2,154,167	4,778,722	6,945,784	9,598,313	13,398,448	9,761,747	12,093,094	15,608,211	0
BF Method Weights	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
LDF Method Weights	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Projected Ultimate Incurred															
2017	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	
Inc as of 12/2018	230,554	986,959	1,481,878	4,013,375	7,310,429	2,434,075	2,056,154	4,675,326	6,897,433	9,579,155	13,398,448	9,761,747	12,093,094	15,608,211	
Selected Ultimate	1,513,390	2,900,620	3,210,588	4,832,334	7,883,329	2,677,608	2,154,167	4,778,722	6,945,784	9,598,313	13,398,448	9,761,747	12,093,094	15,608,211	



AIG Companies

Commercial General Liability

Hawaii

COMPANY EXCEPTION PAGE

To calculate General Liability rates by company, multiply loss costs by the appropriate factor as listed below:

	<b>LOSS COST MULTIPLIERS</b>	
	<u>Premises</u>	<u>Products</u>
American Home Assurance Company	2.331	3.271
AIG Assurance Company	1.981	2.780
Commerce and Industry Insurance Company	2.331	3.271
Granite State Insurance Company	2.331	3.271
Illinois National Insurance Company	2.331	3.271
National Union Fire Insurance Company of Pittsburgh, Pa.	2.331	3.271
New Hampshire Insurance Company	2.098	2.944
The Insurance Company of the State of Pennsylvania	2.331	3.271

The above factors do not apply to (a) rates.

AIG Companies

Commercial General Liability

Hawaii

COMPANY EXCEPTION PAGE

Our Expected Loss Ratios are as follows:

Line of Business

Commercial General Liability

Premises 0.590

Products 0.590

Factor to remove ULAE 1.107

ELR excluding ULAE

Premises 0.534

Products 0.534

Tax Multiplier \* 1.024

These loss ratios apply to the following rating plans:

Experience & Schedule Rating Plan +

Composite Rating Plan

Retrospective Rating Plan \*

+ Schedule Debits & Credits are added together to determine the final Schedule Modification. The calculated Experience Modification (Credit or Debit) & the Schedule Modification (Credit or Debit) are multiplied together to develop the final Experience & Schedule Rating Plan Modification.