

LOSS COSTS – IMPLEMENTATION

OCTOBER 20, 2020

COMMERCIAL PROPERTY

LI-CF-2020-100

---

## ALABAMA COMMERCIAL FIRE AND ALLIED LINES ADVISORY PROSPECTIVE LOSS COST REVISION TO BE IMPLEMENTED; EXHIBITS NEWLY PRESENTED IN EXCEL

---

### KEY MESSAGE

Revised advisory prospective loss costs reflecting a statewide loss cost level change of +2.9% to be implemented.

---

### BACKGROUND

In circular [LI-CF-2020-023](#), we provided you with information about the Commercial Fire and Allied Lines loss cost level experience review.

---

### ISO ACTION

We are implementing CF-2020-RLA1, which presents a review of Commercial Fire and Allied Lines loss cost experience. Refer to the attachment(s) for complete details.

---

### CONSIDERATION OF COVID-19

ISO has considered whether any adjustments need to be made to prospective loss costs, which are based on historical experience (pre-COVID-19), to reflect the conditions in which these loss costs will be effective (post-COVID-19). While there will almost certainly be long-term behavioral, social and economic changes as a result of COVID-19, we expect, based on the information currently available, that those changes will have negligible and/or offsetting effects on prospective loss costs.

While an economic recession may be a likely outcome of the COVID-19 pandemic, ISO would not expect it to have a quantifiable impact on Commercial Property loss costs. In examining data from the Great Recession, which impacted the United States in 2008-2010, ISO found that long-term trends in claim frequency and severity for Basic Group I, Basic Group II, and Special Cause of Loss generally continued through that recession. Occasional cases of possible deviation from long-term trends are difficult to separate from inherent volatility in Commercial Property losses due to the low-frequency, high-severity nature of BGI, and the weather-driven perils in BGII and SCL.

Therefore, ISO is not making any explicit adjustment to our Commercial Property prospective loss costs due to COVID-19.

---

## SUPPLEMENTARY INFORMATION

We are including the following supplementary information:

- An Actuarial Analysis Supplement which provides discussion and analysis of changes in the experience and adjustments used to derive the loss cost level analysis.
- The loss cost exhibits contained in this filing in a Microsoft® Excel workbook.

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

---

## IMPORTANT NOTE

### Change in Format

This circular offers several enhancements for customers. In addition to the PDF version, exhibits and loss cost tables are now available in user-friendly Excel format rather than Word. Where possible, exhibits are linked together formulaically to clarify how calculations flow through the entire ratemaking process and to enable customers to test the effects of different assumptions on the results.

To facilitate this change, the filing has been restructured. All explanatory text, for all sections of the filing, appears first; all exhibits and tables are grouped together and appear thereafter. Exhibits have been relabeled (Exhibit A1, Exhibit A2, etc.).

We invite customers to share feedback on this revised format and suggestions for further enhancements by contacting the individuals listed in the Contact Information block.

---

## EFFECTIVE DATE

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

These changes are applicable to all policies written on or after March 1, 2021.

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

---

## IMPACT ON THE STATISTICAL REPORTING OF LOSS COST MULTIPLIER

For the purpose of reporting your company Loss Cost Multiplier under the CSP, as of March 1, 2021, the multiplier must be based on the relationship between your gross rates and the ISO advisory prospective loss costs contained in this circular.

---

## COMPANY ACTION

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

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

WE WILL SUBMIT OUR REFERENCE FILING TO THE INSURANCE DEPARTMENT ON FEBRUARY 5, 2021. ANY SUBMISSION YOU MAY MAKE WITH THE INSURANCE DEPARTMENT WITH RESPECT TO THIS FILING SHOULD NOT BE SUBMITTED PRIOR TO THIS DATE.

In all correspondence with the Insurance Department on this revision, you should refer to ISO Filing Number CF-2020-RLA1, NOT this circular number.

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

---

## **RATING SOFTWARE IMPACT**

No new attributes are being introduced with this revision.

---

## **POLICYHOLDER NOTIFICATION**

If you decide to implement this revision, you should check all applicable laws for the state(s) to which this revision applies, to determine whether or not a specific policyholder notice requirement may apply. Please note that circular [LI-CL-2019-057](#) contains the ISO Guide To Renewals With Changed Conditions For Commercial Lines, which is available only as a guide to assist participating companies in complying with various conditional renewal statutes or regulations, for the major commercial lines of insurance serviced by ISO. The information in the Guide does not necessarily reflect all requirements or exceptions that may apply, and it is not intended as a substitute for your review of all applicable statutes and regulations concerning policyholder notification.

---

## **REVISION DISTRIBUTION INFORMATION**

- **Manual And ISO Suite**

We will issue a Notice to Manualholders with an edition date of 3-21 (or the earliest possible subsequent date), along with any new and/or revised manual pages.

- **ProMetrix**

Revised loss costs for specifically rated and class-rated properties contained in ProMetrix will be displayed as "Pending" beginning on November 16, 2020. On March 1, 2021, these loss costs will move to "Current" status. The previous "Current" becomes the most recent "Prior" and joins all previously displayed "Priors". With each subsequent loss cost revision, we will make an additional "Prior" available. Information in ProMetrix will distinguish between loss costs which reflect the effect of limit of insurance (LOI) relativities and pre-LOI loss costs.

- **Toll-free Telephone Service**

Revised loss costs for specifically rated and class-rated properties will be available by calling toll-free 1-800-444-4554 and requesting "Pending" from November 16, 2020 to March 1, 2021. On March 1, 2021, these loss costs will move to "Current" status. The previous "Current" becomes the most recent "Prior" and joins all previously displayed "Priors". With each subsequent loss cost revision, we will make an additional "Prior" available. Information available via toll-free telephone service will distinguish between loss costs which reflect the effect of limit of insurance (LOI) relativities and pre-LOI loss costs.

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

---

## **REFERENCE(S)**

- [LI-CF-2020-023](#) (03/11/2020) Commercial Fire And Allied Lines Experience Level Indications Reviewed By ISO Staff
- [LI-CL-2019-057](#) (12/10/2019) Revised Lead Time Requirements Listing

---

## ATTACHMENT(S)

- CF-2020-RLA1
- Actuarial Analysis Supplement
- Excel Workbook

---

## FILES AVAILABLE FOR DOWNLOAD

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

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

---

## COPYRIGHT EXPLANATION

The material distributed by Insurance Services Office, Inc. is copyrighted. All rights reserved. Possession of these pages does not confer the right to print, reprint, publish, copy, sell, file, or use same in any manner without the written permission of the copyright owner. Permission is hereby granted to members, subscribers and service purchasers to reprint, copy, or otherwise use the enclosed material for purposes of their own business use relating to that territory or line or kind of insurance, or subdivision thereof, for which they participate, provided that:

- (A) Where ISO copyrighted material is reprinted, copied, or otherwise used **as a whole**, it must reflect the copyright notice actually shown on such material.
- (B) Where ISO copyrighted material is reprinted, copied, or otherwise used **in part**, the following credit legend must appear at the bottom of each page so used:  
Includes copyrighted material of Insurance Services Office, Inc., with its permission.

---

## DATA QUALITY

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

---

## ACKNOWLEDGMENT OF ACTUARIAL QUALIFICATIONS

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

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

---

## AIR WORLDWIDE CORPORATION

This filing incorporates the use of AIR Worldwide Corporation's (AIR) tropical cyclone model to produce hurricane modeled loss costs as part of the Basic Group II ratemaking procedure. AIR is the world's premier risk modeling and technology firm specializing in risks associated with natural and man-made catastrophes, weather and climate. AIR has developed models covering all major natural hazards, including hurricanes and earthquakes, and man-made perils (terrorist events) for more than 40 countries throughout North America, the Caribbean, South America, Europe, and the Asia-Pacific region. AIR provides a full suite of integrated products for underwriting, pricing, portfolio management, risk transfer and financing.

For more information concerning AIR Worldwide Corporation, please see the Contact Information block.

---

## XACTWARE SOLUTIONS, INC.

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

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

---

## CONTACT INFORMATION

If you have any questions concerning

- The actuarial content of this circular, please contact:

Rachel DeLuco  
Actuarial Operations  
201-469-3883  
[Rachel.DeLuco@verisk.com](mailto:Rachel.DeLuco@verisk.com)  
[propertyactuarial@verisk.com](mailto:propertyactuarial@verisk.com)

- The non-actuarial content of this circular, please contact:

Agnes Edmilao  
Production Operations, Compliance and Product Services  
201-469-2848  
[productionoperations@verisk.com](mailto:productionoperations@verisk.com)

- PCS catastrophe information, please contact:

Ted Gregory  
Property Claim Services  
201-469-3144  
[TGregory@verisk.com](mailto:TGregory@verisk.com)

- AIR Worldwide Corporation, please contact:  
AIR Worldwide Corporation  
131 Dartmouth Street  
Boston, MA 02116-5134  
617-267-6645  
[www.air-worldwide.com](http://www.air-worldwide.com)  
[info@air-worldwide.com](mailto:info@air-worldwide.com)
- Xactware Solutions, Inc., please contact:  
Xactware Solutions, Inc.  
1100 West Traverse Parkway  
Lehi, UT 84043  
801-764-5900  
[www.xactware.com](http://www.xactware.com)  
[xsales@xactware.com](mailto:xsales@xactware.com)
- Other issues for this circular, please contact Customer Support:  
E-mail: [info@verisk.com](mailto:info@verisk.com)  
Phone: 800-888-4476

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

## ALABAMA

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

#### PURPOSE

This document:

- revises advisory prospective loss costs. These loss costs represent a +2.9% statewide change from the current ISO loss costs.
  - provides the analyses used to derive the prospective loss costs based on experience through calendar/accident year ending 03/31/2019, evaluated as of 06/30/2019.
  - reflects the adjustment of the April 2011 tornado outbreak to be a 1-in-250 year event.
  - incorporates hurricane modeled loss costs based on Touchstone Version 7.0 of AIR Worldwide Corporation's (AIR) tropical cyclone model. Updates to the hurricane model can be found in the explanatory notes to the Basic Group II Hurricane Procedures.
- 

#### BASIC GROUP II LOSS ADJUSTMENT

Per Alabama Department of Insurance Bulletin 2012-02, Basic Group II losses were adjusted to reflect the April 2011 tornado outbreak to be a 1-in-250 year that is, there is a 0.4% probability that this series of tornados and their accompanying event damage would occur in any given year.

---

#### CONSIDERATION OF COVID-19

ISO has considered whether any adjustments need to be made to prospective loss costs, which are based on historical experience (pre-COVID-19), to reflect the conditions in which these loss costs will be effective (post-COVID-19). While there will almost certainly be long-term behavioral, social and economic changes as a result of COVID-19, we expect, based on the information currently available, that those changes will have negligible and/or offsetting effects on prospective loss costs.

While an economic recession may be a likely outcome of the COVID-19 pandemic, ISO would not expect it to have a quantifiable impact on Commercial Property loss costs. In examining data from the Great Recession, which impacted the United States in 2008-2010, ISO found that long-term trends in claim frequency and severity for Basic Group I, Basic Group II, and Special Cause of Loss generally continued through that recession. Occasional cases of possible deviation from long-term trends are difficult to separate from inherent volatility in Commercial Property losses due to the low-frequency, high-severity nature of BGI, and the weather-driven perils in BGII and SCL.

Therefore, ISO is not making any explicit adjustment to our Commercial Property prospective loss costs due to COVID-19.

---

DEFINITION  
OF THE ISO  
PROSPECTIVE  
LOSS COST

Advisory prospective loss costs in this document are the expected value of that portion of a rate that does not include provisions for expenses (other than loss adjustment expenses) or profit, and are based on historical aggregate losses and loss adjustment expenses adjusted and projected through trending to a future point in time. The hurricane portion of the prospective Basic Group II loss costs is the expected hurricane loss cost based on AIR Worldwide Corporation's tropical cyclone model and includes a provision for loss adjustment expense.

LOSS COST  
LEVEL  
CHANGES

The statewide monoline prospective loss cost level changes are:

<u>Coverage</u>	<u>Indicated</u>	1 in 250 Year <u>Indicated</u> *
Basic Group I	1.1%	1.1%
Basic Group II	9.5%	6.7%
Special Causes of Loss	-4.8%	-4.8%
Total	4.3%	2.9%

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

\* These indications reflect the adjustment of the April 2011 tornado outbreak to be a 1-in-250 year event.

PRIOR ISO  
REVISIONS

The latest revisions in this state are:

<u>Reference Document or Filing</u>	CF-2016-RLA1	CF-2015-RLA1
<u>Rates/ Loss Costs</u>	Loss Costs	Loss Costs
<u>Dates Implemented</u>	2/1/2017	10/1/2015
<u>Changes</u>		
Basic Group I	+3.1%	+6.8%
Basic Group II	+5.6%	+1.1%
Special Causes of Loss	+0.9%	+4.5%
Total	+3.9%	+3.6%

HISTORICAL  
SOURCE DATA

The data used in this revision is:

- Voluntary experience for ISO reporting companies.
  - Five calendar/accident years ending 03/31/2019 for Basic Group I and Special Causes of Loss.
  - Ten calendar/accident years ending 03/31/2019 for Basic Group II.
- 

DISTRIBUTION  
OF STATEWIDE  
MONOLINE  
LOSS COST  
CHANGES

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

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

This has been done based on the experience of each rating group and territory (where applicable), 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 (where applicable) for Basic Group I; by territory, coverage, and symbol (where applicable) for Basic Group II; and by category for Special Causes of Loss.

---

TREND AND  
OTHER  
ADJUSTMENTS

Loss Trend

For trend purposes, the period of use for this revision is assumed to begin on 10/01/2020. 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 2018.

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	+3.1%
Contents	+2.0%
Time Element	+0.7%

Incurring 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	0.0%	+0.6%	+2.6%
Basic Group II	0.0%	+0.6%	+2.7%
Special Causes of Loss	+0.3%	-0.6%	+2.6%

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	+3.1%	+2.6%	+3.3%
Basic Group II	+3.1%	+2.6%	+3.4%
Special Causes of Loss	+3.4%	+1.4%	+3.3%

#### Premium Trend

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

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

<u>Line of Business</u>	<u>Buildings</u>	<u>Contents</u>	<u>Time Element</u>
Basic Group I	+2.5%	+1.8%	+0.9%
Basic Group II	+2.5%	+1.9%	+0.9%
Special Causes of Loss	+2.4%	+1.4%	+0.9%

#### Other Adjustments

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

TEN LARGEST  
COMPANY  
GROUPS IN  
ISO DATA BASE

COMMERCIAL MULTIPERIL - NON-LIABILITY (ASLOB 51)

1. Travelers Indemnity Company
2. Cincinnati Insurance Company
3. Nationwide Mutual Insurance Company
4. Hartford Accident & Indemnity Company
5. Tokio Marine Companies
6. Pennsylvania National Mutual Casualty
7. Great American Insurance Company
8. Frankenmuth Mutual Insurance Company
9. Firemans Fund Insurance Company
10. State Auto Mutual Insurance Company

Insurers are listed in descending order based on the percent of statewide written premium volume from Annual Statement Page 15 for year ending 12/31/2019 for Annual Statement Line of Business (ASLOB) 51, Commercial Multiperil - Non-liability.

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

---

SIZE OF ISO  
DATA BASE

The market share of all insurers reporting to ISO in this state and included in the ratemaking experience underlying this review as measured by Annual Statement Page 15 written premium for year ending 12/31/2019 is:

Commercial Multi-peril - Non-liability (ASLOB 51) - 36.0%

---

COMPANY  
DECISION

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

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

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

This material has been developed by ISO staff. ISO staff has relied on information, and unique knowledge and expertise, provided by AIR Worldwide Corporation (a wholly-owned subsidiary of Insurance Services Office, Inc.) for the derivation of the modeled hurricane loss costs used in this document.

---

COPYRIGHT  
EXPLANATION

The material distributed by Insurance Services Office, Inc. is copyrighted. All rights reserved. Possession of these pages does not confer the right to print, reprint, publish, copy, sell, file or use same in any manner without the written permission of the copyright owner.

---

## COMMERCIAL PROPERTY

### TABLE OF CONTENTS

	<u>Explanatory Pages</u>	<u>Corresponding Exhibits</u>
<b><u>SECTION A – SCOPE OF REVISION</u></b>		
Summary of Monoline Prospective Loss Cost Changes	---	Exhibit A1
Basic Group I Prospective Loss Cost Changes by Rating Group	---	Exhibit A2
Special Causes of Loss Prospective Loss Cost Changes by Category	---	Exhibit A3
Potential Impact of BG I, BG II and SCL Monoline Revisions on Commercial Package Policy	---	Exhibit A4
<b><u>SECTION B – CALCULATION OF PROPOSED CHANGES</u></b>		
Overview of Actuarial Procedures - Commercial Property	Page 8	---
Calculation of Statewide Prospective Loss Cost Level Changes	Pages 9-14	Exhibits B1-B3
Distribution of Prospective Loss Cost Level Changes	Pages 15-26	Exhibits B4-B8
<b><u>SECTION C- SUPPORTING MATERIAL</u></b>		
Overview	Pages 27-28	---
Loss Cost/Rate Level Histories	Pages 29-33	Exhibits C1-C6
Commercial Package Policy Implicit Package Modification Factors (IPMF's) and IPMF Caps	Pages 34-35	Exhibits C7-C9
Trend Procedure	Pages 36-45	Exhibits C10-C16
Loss Development Procedure	Pages 46-47	Exhibit C17
Excess Loss Procedure	Pages 48-55	Exhibits C18-C21
Credibility	Pages 56-58	Exhibits C22-C24
Hurricane Procedures	Pages 59-63	---
Calculation of BG II Loss Cost Changes	Pages 64-65	Exhibit C25
<b><u>SECTION D- ADDITIONAL SUPPORTING MATERIAL</u></b>		
Basic Group I Rating Group Definitions	---	Exhibit D1
Special Causes of Loss Category Definitions	---	Exhibit D2
Unadjusted Loss Costs, Incurred Losses, Experience Ratios	---	Exhibits D3-D5
Loss Adjustment Expense Factors	Page 66	Exhibit D6
<b><u>SECTION E- REVISED LOSS COST PAGES</u></b>		
Basic Group II Loss Costs	E2-3	---
Special Causes of Loss Loss Costs	E4	---
Basic Group I Loss Costs	E5-15	---

## OVERVIEW OF ISO ACTUARIAL PROCEDURES - COMMERCIAL PROPERTY

### INTRODUCTION

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

---

### STEP 1: DETERMINATION OF INDICATED STATEWIDE LOSS COST LEVEL CHANGE

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

---

### STEP 2: DISTRIBUTION OF CHANGES

Based on the experience, ISO then distributes the indicated statewide loss cost level change by territory (where applicable), 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 LOSS COSTS

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

---

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

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

EXPLANATORY NOTES TO EXHIBITS B1-B3

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

COLUMN (1)

EXPERIENCE PERIOD

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

COLUMN (2)

AGGREGATE LOSS COSTS

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

Extension of Exposures Approach

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

On-level Approach

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

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

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

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

COLUMN (2)  
(cont'd)

Current IPMF and Prospective Amount of Insurance Levels

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

COLUMN (3) - BG II

NON-HURRICANE AGGREGATE LOSS COSTS - BASIC GROUP II ONLY

The non-hurricane aggregate loss costs reflect that portion of the BG II loss cost volume due to perils other than hurricane. These loss costs are calculated by multiplying the total aggregate loss costs for each rating territory, coverage, and symbol by the ratio of the current non-hurricane to current total loss costs found on Exhibit C25.

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

ADJUSTED INCURRED LOSSES

In order to assure the adequacy of the proposed loss cost level, incurred losses are adjusted to reflect the effect of inflation and other trends on loss costs. The adjustment of past losses to prospective levels is accomplished on an individual loss basis by application of current cost factors, loss projection factors and loss trend adjustments (Exhibits C10 through C12). In addition to adjusting losses to prospective cost level, the effect of inflation on the deductible portion of the loss incurred is reflected. For Basic Group II, losses due to hurricanes reflected in the modeled hurricane loss costs 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 smoothes fluctuations due to large loss occurrences. The procedure removes any losses determined to be excess from the total incurred losses, resulting in normal incurred losses. These normal incurred losses (total - excess) are then multiplied by excess loss factors to calculate adjusted incurred losses (Exhibits C18 through C21). The resulting adjusted incurred losses are then developed to their ultimate settlement value and loaded by a factor to include all loss adjustment expenses. Loss development factors can be found on Exhibit C17, and loss adjustment expense factors on Exhibit D6. Where appropriate, certain reported data elements have been adjusted prior to being used in the calculations.

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

COLUMN (4) - BG II      ADJUSTED INCURRED LOSSES

Note: The adjusted incurred losses on Exhibit B2-2 reflect the adjustment of the April 2011 tornado outbreak to be a 1-in 250 year event.

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

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

COLUMN (5) - BG I, SCL    WEIGHTS

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

LINE (6)                    WEIGHTED EXPERIENCE RATIO

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

LINE (7)                    CREDIBILITY

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

LINE (8)                    EXPECTED EXPERIENCE RATIO

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



## 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 LOSS COST LEVEL CHANGES

#### OBJECTIVE

The objective of this procedure is to distribute the indicated statewide loss cost level change for Basic Group I, Basic Group II, and Special Causes of Loss among the various rating variables used in each subline. These procedures are used to answer the question: What percentage change for each rating variable must be made to the current ISO loss costs in order to achieve adequacy for the prospective conditions?

---

#### BASIC GROUP I

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 Exhibit B4. The type of policy relativities serve to price Commercial Package policies relative to monoline policies, via the Package Modification Factors (PMF), while the rating group and territory relativities serve to price the various rating groups and territories relative to one another.

The indicated monoline loss cost level changes shown on Exhibit A2 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 loss cost level change.

The overall monoline loss cost level change is a weighted average of the rating group/territory combination changes. In calculating this weighted average, the latest year aggregate monoline and multiline combined loss costs at current level are used as weights.

---

#### BASIC GROUP II

The purpose of the Basic Group II relativity analysis is to determine monoline loss cost level needs, to obtain marginal relativities displayed on Exhibit B8 and to price CPP policies relative to monoline policies via the PMFs. Unlike the BG I and SCL relativity analyses, the BG II relativity analysis does not employ a simultaneous review procedure because the overall loss cost change is distributed across type of policy only.

The statewide monoline non-hurricane loss cost change is the product of the monoline normalized formula relativity, shown on Exhibit B8, and the indicated statewide loss cost level change. This change is applied to the non-hurricane portion of the BG II loss costs to produce indicated non-hurricane loss costs. The indicated loss costs by territory, coverage, and symbol are equal to the sum of the indicated non-hurricane loss costs plus the hurricane modeled loss costs.

OVERVIEW OF ISO ACTUARIAL PROCEDURES - COMMERCIAL PROPERTY

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

BASIC GROUP II  
(cont'd)

The overall monoline loss cost level change is the weighted average of the loss cost changes by territory, coverage and symbol. In calculating this weighted average, the latest year aggregate monoline and multiline combined loss costs at current 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 Exhibit B5) that best represent the experience within each state. The type of policy relativities serve to price CPP policies relative to monoline policies via the PMFs, while the category relativities serve to price the various categories relative to one another.

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

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

## EXPLANATORY NOTES TO EXHIBITS B4 AND B5

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

#### INTRODUCTION

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

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

#### COLUMN (1)

##### LEAST SQUARES FORMULA RELATIVITIES

The least squares formula relativities are the marginal relativities which result from the application of the simultaneous review procedure to the raw experience (where marginal refers to the relativities for a given rating variable, e.g. type of policy, across all subsets of any other rating variables, i.e. 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 EXHIBITS B4 AND B5 (cont'd)

COLUMN (1)  
(Cont'd)

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

BASIC GROUP I:

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

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

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

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 EXHIBITS B4 AND B5 (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 loss cost volume at current level for the  $i$ th type of policy,  $j$ th rating group and  $k$ th territory;
- $R_{ijk}$  is the experience ratio relativity for the  $i$ th type of policy,  $j$ th rating group and  $k$ th territory;
- $R_{ij}$  is the experience 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 aggregate adjusted loss costs for a given rating variable, and  $K$  is a constant value. For Basic Group I,  $K$  equals an aggregate loss cost volume of \$55,000,000 for territory, \$40,000,000 for rating group, and \$100,000,000 for type of policy. For Special Causes of Loss,  $K$  equals an aggregate loss cost volume of \$15,000,000 for rating group and \$40,000,000 for type of policy.

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

COLUMN (3)

CREDIBILITY-WEIGHTED RELATIVITIES

Credibility-weighted relativities are calculated based on the formula

$$W = R^Z,$$

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

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

COLUMN (4)

BALANCED RELATIVITIES

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

COLUMN (5)

INDICATED MONOLINE LOSS COST LEVEL CHANGE

For Basic Group I, the indicated monoline loss cost changes are calculated for each 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 loss cost level change. (An example of such a calculation appears on Exhibits B4.)

The indicated monoline loss cost changes by rating group shown in Exhibits B4 of this analysis are the aggregate loss cost weighted averages of the monoline loss cost changes for the rating group across all territories.

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

COLUMN (5)  
(cont'd)

Similarly, the indicated monoline loss cost changes by territory shown on the second page are aggregate loss cost-weighted averages of the monoline loss cost changes for the territory across all rating groups. The indicated overall statewide monoline loss cost level change shown at the bottom of the first page of Exhibit B4 is the aggregate loss cost-weighted average of the individual rating group changes across all territories.

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

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

MULTILINE  
CONSIDERATIONS

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

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

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

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

EXPLANATORY NOTES TO EXHIBITS B6 AND B7

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 Exhibit B6 and B7 is the latest five accident years of data reported under the Commercial Statistical Plan. As in the overall review, loss costs have been adjusted to current ISO loss cost and prospective amount of insurance levels (with multiline aggregate loss costs adjusted additionally by the current implicit package modification factors). Incurred losses are adjusted to prospective cost levels, and are further adjusted by the Basic Group I large loss procedure and the Special Causes of Loss excess procedure. Losses have also been developed to their ultimate settlement value by application of loss development factors.</p>
COLUMN (1)	<p><u>2019 AGGREGATE LOSS COSTS</u></p> <p>The latest accident year aggregate loss costs (adjusted as described above) are used as weights both in the calculation of any totals shown in this table and in the iterative formulas used in the simultaneous review procedure.</p>
COLUMN (2)	<p><u>2015-2019 AGGREGATE LOSS COSTS</u></p> <p>The combined five-year adjusted aggregate loss costs (adjusted as described above) are used to calculate the experience ratios in column (3).</p>
COLUMN (3)	<p><u>FIVE-YEAR EXPERIENCE RATIOS</u></p> <p>These are the ratios of the combined five-year adjusted incurred losses (adjusted as described above) to the combined five-year adjusted aggregate loss costs as shown in column (2). Any totals which are shown are weighted averages using the adjusted aggregate loss costs in column (1).</p>
COLUMN (4)	<p><u>CREDIBILITY (Z) WEIGHTED EXPERIENCE RATIO</u></p> <p>A credibility procedure is applied to the initial experience ratios in column (3) on a cell-by-cell basis prior to the simultaneous review procedure. The credibility values are calculated using an empirical Bayesian credibility procedure. In the following discussion, cell refers to an individual combination of TOP, rating group or category, and territory (where applicable).</p>

EXPLANATORY NOTES TO EXHIBITS B6 AND B7 (cont'd)

COLUMN (4)  
(cont'd)

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

The empirical Bayesian credibility formula for individual cell credibility is  $Z = ((C-3)/C) (P/(P+K)) + (3/C)$ . P equals the cell's five-year adjusted aggregate loss costs and C equals the number of unique combinations of rating variables (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 experience ratios shown in column (4) to the average five-year credibility-weighted experience 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 aggregate loss costs in column (1) as input for the simultaneous review procedure.

EXPLANATORY NOTES TO EXHIBITS B8-1 AND B8-2

BASIC GROUP II RELATIVITY ANALYSIS

INTRODUCTION

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

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

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 loss costs.

COLUMN (1)

2019 AGGREGATE LOSS COSTS

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

COLUMN (2)

2010 - 2019 NON-HURRICANE EXPERIENCE RATIO

These experience ratios are the ratios of the combined ten-year CSP 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 CSP adjusted aggregate loss costs. Any totals which are shown are weighted averages using the aggregate loss costs in column (1). When a dash is displayed in the column, it indicates that the indicated IPMF which resulted from this procedure was capped. The procedure which follows when capping occurs is described below.

Note: The experience ratios on Exhibit B8-2 reflect the adjustment of the April 2011 tornado outbreak to be a 1-in-250 year event.

COLUMN (3)

FORMULA RELATIVITY

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

EXPLANATORY NOTES TO EXHIBITS B8-1 AND B8-2 (cont'd)

COLUMN (4)

CREDIBILITY

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

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

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

COLUMN (5)

Z - WEIGHTED RELATIVITY

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

COLUMN (6)

BALANCED FORMULA RELATIVITY

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

COLUMN (7)

NORMALIZED FORMULA RELATIVITY

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

COLUMN (8)

CURRENT IMPLICIT PMF

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

EXPLANATORY NOTES TO EXHIBITS B8-1 AND B8-2 (cont'd)

COLUMN (9)

INDICATED IMPLICIT PMF

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

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

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 aggregate loss costs for that type of policy are adjusted to the capped IPMF level, and the entire relativity review as described above is redone to take this into account. If an IPMF has been capped it is so noted in footnote A.

COLUMN (10)

INDICATED LOSS COST CHANGES

The indicated monoline change is the statewide BG II total (hurricane and non-hurricane combined) monoline loss cost change found on Exhibit C25. The multiline change for each TOP is the product of the statewide monoline loss cost change times the ratio of the TOP y relativity divided by the monoline relativity found in column (7).

The overall multiline loss cost level change is a weighted average of the individual multiline TOP changes based on the aggregate loss cost volume shown in column (1). The coverage change is a weighted average of the monoline and average multiline TOP changes based on the aggregate loss cost volume shown in column (1).

MULTILINE  
CONSIDERATIONS

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

## OVERVIEW

### AGGREGATE LOSS COSTS AT CURRENT LEVEL

Exhibits C1, C2 and C3 provide the overall loss cost/rate level histories for Basic Group I, Basic Group II, and Special Causes of Loss respectively. These tables, along with Exhibits C4, C5 and C6, provide information on the on-level factors needed to bring collected aggregate loss costs to current loss cost level.

Exhibit C4 provides rate level/loss cost level histories by rating id (class vs. specific), rating group, and territory (where applicable) for Basic Group I, Exhibit C5 provides rate level/loss cost level histories by territory, coverage, and symbol (where applicable) for Basic Group II, and Exhibit C6 provides rate level/loss cost level histories by category for Special Causes of Loss. These tables can be used to develop on-level factors appropriate to bring collected aggregate loss costs up to current loss cost level. Factors based on these tables are more appropriate for company use than the overall factors shown on Exhibits C1, C2 and C3 if the company's mix of business differs substantially from the industrywide average. For example, if a company's business is very heavily concentrated in a single class or territory, it is more appropriate to use the rate level/loss cost history for that class rather than the overall average to develop on-level factors.

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

### ADJUSTMENTS TO LOSSES

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

### CREDIBILITY

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

Z = credibility

C = final estimate

R = estimate based on the most recent data

N = net trend

## OVERVIEW (cont'd)

### CREDIBILITY (cont'd)

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

## LOSS COST/RATE LEVEL HISTORY

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

EXPLANATORY NOTES TO EXHIBITS C1, C2 AND C3

LOSS COST/RATE LEVEL HISTORIES

COLUMN (1)

EFFECTIVE DATE

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

COLUMN (2)

LOSS COST/RATE LEVEL CHANGE

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

COLUMN (3)

LOSS COST/RATE LEVEL INDEX

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

COLUMN (4)

WRITTEN ADJUSTMENT (ON LEVEL) FACTORS

These factors are used to bring individual policies with inception dates prior to the effective date up to current loss cost level. The actual loss cost/rate changes vary by rating id, rating group, and territory (where applicable) for Basic Group I, by territory, coverage, and symbol (where applicable) 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 the aggregate loss costs on an individual policy basis. For complete loss cost/rate level histories in detail, refer to Exhibits C4, C5 and C6.

COLUMN (5)

WEIGHT

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

EXPLANATORY NOTES TO EXHIBIT C4

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

TERRITORY

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

EFFECTIVE DATE

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

LOSS COST/RATE LEVEL CHANGES

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

EXPLANATORY NOTES TO EXHIBIT C5

HISTORY OF BASIC GROUP II LOSS COST CHANGES BY TERRITORY

COLUMN (1)

TERRITORY

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

COLUMN (2)

EFFECTIVE DATE

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

COLUMN (3)

SYMBOL

The construction group symbol is shown here. Refer to the explanatory notes to Exhibit C25 for the symbol definitions.

COLUMN (4)

BUILDING

Building loss cost changes are shown in percent form.

COLUMN (5)

CONTENTS

Contents loss cost changes are shown in percent form.

EXPLANATORY NOTES TO EXHIBIT C6

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

COLUMN (1)

EFFECTIVE DATE

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

COLUMN (2)

LOSS COST/RATE LEVEL CHANGES BY CATEGORY

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

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

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

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

IMPLICIT PACKAGE  
MODIFICATION  
FACTORS

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

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

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

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

IPMF CAPS

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

EXPLANATORY NOTES TO EXHIBITS C7, C8 AND C9

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

EXHIBITS C7, C8  
AND C9

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

## TREND PROCEDURE

### INTRODUCTION

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

### LOSS TREND

#### EXTERNAL LOSS DATA

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

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

The CCF's adjust losses for actual inflationary changes which have taken place between the accident date and the midpoint of the latest period of external trend information, i.e. November 15, 2019 for property damage and time element. The LPF's adjust losses for projected inflationary changes from the midpoint of the latest period of external trend information to the anticipated average date of accident for policies written under the proposed loss costs (assumed to be 12 months after the assumed revision date based on all one-year policies).

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

## TREND PROCEDURE (cont'd)

### LOSS TREND (cont'd)

#### LOSS TREND ADJUSTMENT - SEVERITY

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

#### LOSS TREND ADJUSTMENT - FREQUENCY

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

### AMOUNT-OF- INSURANCE TREND

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

The application and development of these factors parallels loss trend factors in that separate factors are developed for buildings, contents, and time element, and the adjustment to prospective amount of insurance levels is done in two steps. The current written factors adjust loss costs to the amount of insurance level for the midpoint of the latest period of renewal information, i.e. July 1, 2019. Total amount of insurance trend factors are then calculated by projecting these current factors to the average date of writing (i.e. to the amount of insurance level six months beyond the assumed effective date).

EXPLANATORY NOTES TO EXHIBIT C10

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

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

EXPLANATORY NOTES TO EXHIBIT C10 (cont'd)

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.

EXPLANATORY NOTES TO EXHIBIT C11

SUMMARY OF LOSS TREND ADJUSTMENTS (LTA'S)

COLUMN (1)

COVERAGE

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

COLUMN (2)

FIVE-YEAR INCURRED LOSSES

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

COLUMN (3)

ANNUAL LTA's

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

## OVERVIEW

### DEVELOPMENT OF LOSS TREND ADJUSTMENTS

#### INTRODUCTION

In order to supplement the external indices reflected in CCF's and LPF's, loss trend adjustments (LTA's) have been developed based on internal loss data. This is necessary because the external indices alone have been insufficient in reflecting cost level and claim frequency changes in Commercial Property Insurance. The following tables show the calculations used to develop these LTA's. Please note the development of the LTA's for the 2020 COMFAL reviews is based on internal commercial property experience through 12/31/2018 and external cost indices through 12/31/2018. Therefore, the CCF's and LPF's shown on Exhibit C12 will not necessarily match those shown on Exhibit C10. ISO has determined that the selected LTAs are appropriate to be used with the latest external indices shown on Exhibit C10.

EXPLANATORY NOTES TO EXHIBIT C12

DEVELOPMENT OF LOSS TREND ADJUSTMENTS (LTA'S)

I. EXTERNAL RATE OF CHANGE

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

CURRENT COST FACTORS

The CCF's underlying the LTA analysis are based on external cost indices through 12/31/2018 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 1/1/2017, for BG II it is 1/1/2014. Accordingly, there are 54 and 90 months, respectively, to the anticipated average accident date of 7/1/2021.

II. INTERNAL ANNUAL RATES OF CHANGES

LINE (10)

SELECTED COMFAL

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

EXPLANATORY NOTES TO EXHIBIT C12 (cont'd)

III. LTA CALCULATION

COLUMN (11)

ANNUAL EXTERNAL

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

COLUMN (12)

ANNUAL INTERNAL

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

COLUMN (13)

INDICATED SEVERITY LTA

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

COLUMN (14)

FORMULA SEVERITY LTA

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

COLUMN (15)

FREQUENCY EFFECT

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

COLUMN (16)

FINAL LTA

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

EXPLANATORY NOTES TO EXHIBIT C13  
EXPOSURE AND PREMIUM TREND FACTORS

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

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

COLUMNS (1)  
AND (5)                    ANNUAL WRITTEN INCREASE

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

COLUMNS (2)  
AND (6)                    07-01-2019 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 2019 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 2019 are applicable for the entire year.

COLUMNS (3)  
AND (7)                    04-01-2021 PROJECTED FACTORS

The 04-01-2021 factors are calculated by applying a factor to adjust the 07-01-2019 written factors to the amount of insurance level at the average date of writing, 04-01-2021. This is done using the selected annual changes in exposure or premium.

COLUMNS (4)  
AND (8)                    04-01-2021 EARNED EXPOSURES/PREMIUM FACTORS

The projected earned factors at the 04-01-2021 level (where 04-01-2021 is the average date of writing in the effective period) are calculated by earning the written factors assuming all one-year policies. The earning factors are shown in footnote (c).

EXPLANATORY NOTES TO EXHIBITS C14, C15 AND C16

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

COLUMN (1)                    UNADJUSTED INCURRED LOSSES

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

COLUMN (2)                    TRENDED INCURRED LOSSES

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

COLUMN (3)                    AVERAGE TREND FACTOR

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

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

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

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

## LOSS DEVELOPMENT

### INTRODUCTION

For Commercial Property, losses are evaluated as of June 30, 2019, 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 June 30, 2019.

Accident year ended March 31, 2019 includes all losses paid on accidents from April 1, 2018 to March 31, 2019 and all losses outstanding on those accidents as of June 30, 2019, fifteen months after the inception of the accident year. Similarly, accident years ended March 31, 2018, 2017, 2016, and 2015 include all losses paid and outstanding as of 27, 39, 51 and 63 months, respectively, after the inception of the accident year.

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

## EXPLANATORY NOTES TO EXHIBIT C17

### LOSS DEVELOPMENT

#### INTRODUCTION

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

#### INCURRED LOSSES

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

#### AGE-TO-AGE DEVELOPMENT FACTORS

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

#### AGE-TO-ULTIMATE DEVELOPMENT FACTORS

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

## EXCESS LOSS PROCEDURES

### INTRODUCTION

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

### BASIC GROUP I

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

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

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

As noted above, the excess loss procedure is performed on trended loss experience (i.e. loss experience adjusted to prospective cost levels by the current cost factors, loss projection factors, and loss trend adjustment factors (for claim cost only) shown in Exhibits C10 through C11). The loss trend adjustment for frequency trend is not reflected at this step in the process. The normal breakpoint of \$250,000 for 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 Exhibit C20. 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 Exhibit C21.

EXPLANATORY NOTES TO EXHIBIT C18

COUNTRYWIDE BASIC GROUP I EXCESS LOSS FACTORS

EXCESS LOSS  
FACTORS

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

EXPLANATORY NOTES TO EXHIBIT C19

BASIC GROUP I ADDITIONAL EXCESS LOSS INFORMATION

COLUMN (1)                    TRENDED INCURRED LOSSES

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

COLUMN (2)                    TRENDED NORMAL LOSSES

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

COLUMN (3)                    STATE NORMAL PERCENTAGE

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

COLUMN (4)                    MULTISTATE NORMAL PERCENTAGES

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

COLUMN (5)                    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.

EXPLANATORY NOTES TO EXHIBIT C20-1 AND C20-2

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.

Note: Exhibit C20-2 reflects Alabama Insurance Department Bulletin 2012-02, which requires the adjustment of the Basic Group II losses to reflect the April 2011 tornado outbreak as a 1-in-250 year event, that is, there is a 0.4% probability that this series of tornados and their accompanying damage would occur in any given year. The probability of the event occurring in the 64-year experience period underlying Exhibits C20-1 is 25.6% (64 x 0.4%). The incurred losses in Column (2) for Report Year 2012 (April 1, 2011 - March 31, 2012) have been scaled back to 25.6% of the original incurred losses including the tornado events and the resulting losses were used to calculate the state excess multiplier on Exhibit C20-2.

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.

EXPLANATORY NOTES TO EXHIBIT C21

SPECIAL CAUSES OF LOSS ADDITIONAL EXCESS LOSS FACTOR

COLUMN (1) EARNED PREMIUMS

These are the unadjusted earned premiums for each year.

COLUMN (2) INCURRED LOSSES

These are the unadjusted incurred losses for each year.

COLUMN (3) NORMAL INCURRED LOSSES

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

COLUMN (4) NORMAL LOSS RATIO

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

Column (4) = Column (3) ÷ Column (1)

COLUMN (5) EXCESS LOSS RATIO

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

LINE (6) EXCESS COMPONENT

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

LINE (7) EXCESS MULTIPLIER

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

## OVERVIEW

### APPLICATION OF CREDIBILITY

#### INTRODUCTION

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

$Z$  = credibility

$C$  = final estimate

$R$  = estimate based on the most recent data

$N$  = net trend

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

EXPLANATORY NOTES TO EXHIBITS C22, C23 AND C24

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

LINE (1a)  
(BGI only)

Full Credibility Claims Standard of Frequency

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

LINE (1b)  
(BGI only)

Severity Modification Factor

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

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

Full Credibility Claims Standard

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

LINE (2)

Multistate Experience Period Ratio of Earned Risks to Claims

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

LINE (3)

Full Credibility Earned Risks Standard

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

LINE (4)

Experience Period Statewide Earned Risks

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

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

LINE (5) Experience Period Aggregate Loss Costs

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

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

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

LINE (7) Full Credibility Aggregate Loss Costs Standard

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

LINE (8) Credibility

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

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

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

## 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.

---

#### HURRICANE MODEL UPDATES

The hurricane modeled loss costs used in this review are based on AIR Worldwide's tropical cyclone model using Touchstone version 7.0.

Highlights of the model updates include:

- Four new events have been added to the Historical Catalog - 2016 Hurricane Hermine, 2016 Hurricane Matthew, 2017 Hurricane Harvey, and 2017 Hurricane Irma.
  - Event Descriptions - Updates have been made to parameters such as landfall area, coordinates, and maximum wind speed, for events that have been updated.
  - Event-level demand surge factors have been updated.
  - The Industry Exposure Database has been updated.
  - Zip code boundaries, zip code population-weighted centroids and related zip code county/state mappings were updated.
- 

#### 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.

The non-hurricane portion of the prospective loss costs 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 loss costs.

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

---

## 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.

---

#### 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.

---

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.

---

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.

---

## 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 smoothes 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 (Exhibit B2) 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 aggregate loss costs are at current manual level and have been trended to the average date of writing in the assumed effective period.

NON-HURRICANE  
LOSS COST  
PROVISION

The non-hurricane portion of the revised BG II loss costs for each territory (where applicable), coverage, and symbol is calculated as:

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

where the statewide monoline non-hurricane change is the product of the statewide non-hurricane coverage change (Exhibit B2) and the indicated monoline relativity found on Exhibit B8, Column (7).

MODELED  
HURRICANE  
LOSS COSTS

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.

REVISED  
BASIC GROUP II  
LOSS COSTS

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

The statewide BG II monoline change shown on Exhibit A1 is calculated as a weighted average of the individual loss cost changes for each territory (where applicable), coverage, and symbol. This monoline change (based on hurricane plus non-hurricane experience combined) is then used to determine the indicated loss cost adjustments by type of policy as described on Exhibit B8.

---

EXPLANATORY NOTES TO EXHIBITS C25-1 and C25-2

CALCULATION OF REVISED BASIC GROUP II LOSS COSTS

Exhibit C25-2 reflects the smoothing of the April 2011 tornadoes losses to be a 1-in-250 year event.

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

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

The OA, OAB, and OB construction symbols are based on the old construction definitions and are included for weighting purposes since not all of the experience has been reported under the revised construction definitions.

COLUMN (1)                      Latest Year Aggregate Loss Costs

The latest accident year statewide aggregate loss costs for each symbol.

COLUMN (2)                      Current Loss Costs

The current manual loss costs are shown here.

COLUMN (3)                      Current Non-Hurricane Loss Costs

These are the current manual loss costs minus their hurricane component.

COLUMN (4)                      Statewide Monoline Non-Hurricane Loss Cost Change

The statewide monoline non-hurricane loss cost change is the product of the indicated statewide coverage change shown on Exhibit B2, line (10), times the monoline normalized formula relativity shown on Exhibit B8, column (7).

COLUMN (5)                      Indicated Non-Hurricane Loss Costs

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

EXPLANATORY NOTES TO EXHIBITS C25-1 and C25-2

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

COLUMN (6) Hurricane Modeled Loss Costs

These are the expected hurricane loss costs 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.

COLUMN (7) Indicated Total Loss Costs

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

COLUMN (8) Percent Change

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

## OVERVIEW

### LOSS ADJUSTMENT EXPENSE FACTORS

OBJECTIVE	The reported indemnity losses must be loaded for any loss adjustment expenses (LAE) that are not reported in statistical detail to ISO.
PROPERTY COVERAGES	For the property coverages, only the incurred indemnity losses are reported to ISO under the Commercial Statistical Plan. All loss adjustment expenses must be loaded in. A factor representing the ratio of incurred losses plus all LAE to incurred losses was selected based on multistate financial data (see Exhibit D6 for the underlying data).
EXPERIENCE INCLUDED	Fire and Allied Lines incurred loss and loss adjustment expense experience for 2014-2018 is displayed on Exhibit D6. The experience is based on Insurance Expense Exhibit information compiled by A.M. Best. For Allied Lines, the loss adjustment expense ratios [Exhibit D6, line (3)(b)] for a few years are distorted by unusual catastrophe-related losses and loss adjustment expenses. The selected Allied Lines loss adjustment expense factor used for this review was selected after consideration of this distortion and based on a review of average loss adjustment expense ratios over a longer time period.
SELECTED FACTORS	The following factors have been used in this review to load incurred losses for all loss adjustment expenses:

Basic Group I	1.095
Basic Group II	1.115
Special Causes of Loss	1.115

ALABAMA

SUMMARY OF MONOLINE PROSPECTIVE LOSS COST CHANGES (A)

COVERAGE	INDICATIONS	1-IN-250 YEAR EVENT INDICATIONS (B)	AGGREGATE LOSS COSTS AT CURRENT LEVEL
BASIC GROUP I	+1.1%	+1.1%	16,996,898
TERRITORY 01	-3.1%	-3.1%	
TERRITORY 02	-1.9%	-1.9%	
TERRITORY 08	+1.7%	+1.7%	
BASIC GROUP II	+9.5%	+6.7%	26,849,745
Beach	+6.9%	+6.4%	
Seacoast	-0.8%	-1.4%	
Inland	+12.2%	+8.7%	
SPECIAL CAUSES OF LOSS	-4.8%	-4.8%	9,167,936
ALL COVERAGES COMBINED	+4.3%	+2.9%	53,014,579

TERRITORY DEFINITIONS

- 01 Birmingham
- 02 City of Mobile
- 08 Balance of State

(A) FOR TREND PURPOSES, THE PERIOD OF USE FOR THIS REVISION IS ASSUMED TO BEGIN ON 10/01/2020.

## ALABAMA

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

RATING GROUP	DESCRIPTION	Birmingham	City of Mobile	Balance of State
1	APARTMENTS	-3.6%	-2.3%	0.8%
2	OTHER HABITATIONAL	-3.1%	-1.8%	1.3%
3	RESTAURANTS & BARS	-1.7%	-0.3%	2.8%
4	OTHER MERCANTILE RISKS	-0.8%	0.6%	3.8%
5	PUBLIC BUILDINGS	-2.6%	-1.3%	1.8%
6	CHURCHES	-3.6%	-2.3%	0.8%
7	SCHOOLS	-3.8%	-2.5%	0.6%
8	OFFICES AND BANKS	-6.3%	-5.1%	-2.0%
9	RECREATIONAL FACILITIES	-1.8%	-0.4%	2.7%
10	HOTELS & MOTELS	-3.0%	-1.7%	1.4%
11	HOSPITALS & NURSING HOMES	-2.1%	-0.7%	2.4%
12	BLDGS UNDER CONSTRUCTION	-3.3%	-2.0%	1.1%
13	MOTOR VEHICLE RISKS	-2.3%	-1.0%	2.1%
14	OTHER NON-MANUFACTURING	-3.3%	-2.0%	1.1%
15	STORAGE	-2.8%	-1.5%	1.6%
17	FOOD MANUFACTURING	-2.6%	-1.3%	1.8%
18	WOOD MANUFACTURING	-2.9%	-1.6%	1.5%
19	WEARING APPAREL	-1.8%	-0.4%	2.7%
20	CHEMICAL MANUFACTURING	-2.4%	-1.1%	2.0%
21	METAL MANUFACTURING	-1.1%	0.3%	3.4%
22	OTHER MANUFACTURING	1.2%	2.5%	5.8%
	TOTAL	-3.1%	-1.9%	1.7%

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

## ALABAMA

BASIC GROUP II PROSPECTIVE LOSS COST CHANGES  
BY TERRITORY, COVERAGE, AND SYMBOL

		TERRITORY					
		<u>Beach</u>		<u>Seacoast</u>		<u>Inland</u>	
COVERAGE	SYMBOL	Indicated	Selected *	Indicated	Selected *	Indicated	Selected *
-----							
BUILDINGS	AA	7.7%	6.9%	-0.8%	-1.6%	15.2%	10.9%
	A	7.6%	7.1%	-0.4%	-1.1%	15.4%	9.6%
	AB	9.0%	8.3%	0.3%	-0.6%	13.6%	9.1%
	B	7.8%	7.3%	0.0%	-0.5%	12.1%	8.8%
CONTENTS	AA	5.0%	4.3%	-4.2%	-5.2%	14.6%	9.8%
	A	5.1%	4.2%	-4.2%	-5.2%	15.2%	10.9%
	AB	4.1%	3.4%	-6.2%	-7.0%	12.5%	8.9%
	B	2.5%	2.1%	-6.6%	-7.2%	11.7%	7.8%
TOTAL		6.9%	6.4%	-0.8%	-1.4%	12.2%	8.7%

\* THE SELECTED INDICATIONS REFLECT THE ADJUSTMENT OF THE TORNADO OUTBREAK IN APRIL 2011 TO E A 1-IN-250 YEAR EVENT.

## ALABAMA

## SPECIAL CAUSES OF LOSS PROSPECTIVE LOSS COST CHANGES BY CATEGORY

CATEGORY	DESCRIPTION	ENTIRE STATE
01	BUILDINGS	-3.5%
02	RES. APTS. AND CONDOS	-11.7%
03	OFFICES	-9.8%
04	MERCANTILE - HIGH	-5.8%
05	MERCANTILE - MEDIUM	-8.3%
06	MERCANTILE - LOW	-6.6%
07	MOTELS AND HOTELS	-6.7%
08	INSTITUTIONAL - HIGH	-8.8%
09	INSTITUTIONAL - LOW	-10.9%
10	INDUST-PROC - HIGH	-6.7%
11	INDUST-PROC - LOW	-5.7%
12	SERVICE - HIGH	-6.9%
13	SERVICE - LOW	-6.8%
14	CONTRACTORS	-6.0%
	STATEWIDE TOTAL	-4.8%

ALABAMA

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 INDICATED	1-IN-250-YR INDICATED *	SPECIAL CAUSES OF LOSS
-----	-----	-----	-----	-----
31 MOTEL/HOTEL	1.2%	12.0%	8.4%	-4.0%
32 APARTMENT	0.4%	10.7%	7.7%	-5.2%
33 OFFICE	-2.9%	8.7%	6.0%	-5.6%
34 MERCANTILE	2.4%	9.1%	6.4%	-4.4%
35 INSTITUTIONAL	0.4%	10.3%	7.4%	-5.1%
36 SERVICES	1.2%	9.8%	7.0%	-4.7%
37 INDUST/PROCESSING	3.1%	9.9%	7.0%	-4.3%
38 CONTRACTORS	1.0%	9.6%	6.7%	-4.9%

BASIC GROUP I, BASIC GROUP II, AND SPECIAL CAUSES OF LOSS MONOLINE CHANGES BY TYPE OF POLICY (TOP) ARE DISPLAYED. THEY ARE CALCULATED BY TAKING A WEIGHTED AVERAGE OF THE LOSS COST CHANGES BY TERRITORY (WHERE APPLICABLE) AND RATING GROUP (FOR BG I), OR BY CATEGORY (FOR SCL), USING THE LATEST YEAR MULTILINE AGGREGATE LOSS COSTS AS WEIGHTS. BASIC GROUP II MONOLINE CHANGES ARE CALCULATED BY TAKING A WEIGHTED AVERAGE OF THE LOSS COST CHANGES BY COVERAGE AND SYMBOL, USING THE LATEST YEAR AGGREGATE LOSS COSTS AS WEIGHTS.

\* THESE INDICATIONS REFLECT THE ADJUSTMENT OF THE TORNADO OUTBREAK IN APRIL 2011 TO BE A 1-IN-250 YEAR EVENT.

ALABAMA

STATEWIDE BASIC GROUP I  
 COVERAGE LOSS COST LEVEL EVALUATION

(1)	(2)	(3)	(4)	(5)
YEAR	AGGREGATE* LOSS COSTS	ADJUSTED** INCURRED LOSSES	EXPERIENCE RATIO (3)/(2)	WEIGHTS
2015	16,115,316	16,391,158	1.017	0.10
2016	16,282,670	13,395,468	0.823	0.15
2017	15,959,980	16,136,504	1.011	0.20
2018	17,310,881	13,090,873	0.756	0.25
2019	16,996,898	15,124,427	0.890	0.30

(6) WEIGHTED EXPERIENCE RATIO = 0.883

(7) CREDIBILITY = 0.264

(8) EXPECTED EXPERIENCE RATIO = 1.008

(9) CREDIBILITY WEIGHTED EXPERIENCE RATIO = 0.975  
 (0.264 X 0.883 ) + (0.736 X 1.008 )

(10) INDICATED COVERAGE LOSS COST CHANGE = 0.975

OR -2.5%

\* AGGREGATE LOSS COSTS ARE ADJUSTED TO CURRENT ISO LOSS COST LEVEL AND 04/01/2021 AMOUNT OF INSURANCE LEVELS.

\*\* INCURRED LOSSES ARE ADJUSTED TO 10/01/2021 COST LEVELS INCLUDING LOSS DEVELOPMENT AND ALL LOSS ADJUSTMENT EXPENSES.

ALABAMA  
STATEWIDE BASIC GROUP II  
COVERAGE LOSS COST LEVEL EVALUATION

---

(1) YEAR	(2) AGGREGATE* LOSS COSTS	(3) NON HURRICANE AGGREGATE LOSS COSTS	(4) ADJUSTED** NON-HURRICANE INCURRED LOSSES	(5) NON HURRICANE EXPERIENCE RATIO (4)/(3)
2010	26,555,586	12,214,498	22,618,404	1.852
2011	24,824,117	11,757,796	19,161,601	1.630
2012	22,041,703	10,882,770	19,693,334	1.810
2013	23,760,259	11,618,281	19,939,229	1.716
2014	25,104,837	12,197,687	11,359,902	0.931
2015	27,193,814	13,960,312	12,112,101	0.868
2016	26,545,765	14,240,866	10,700,379	0.751
2017	23,867,445	13,190,373	15,135,713	1.147
2018	27,016,369	15,481,039	26,474,003	1.710
2019	26,849,745	15,668,818	26,566,498	1.696
(6) WEIGHTED EXPERIENCE RATIO				= 1.411
(7) CREDIBILITY				= 0.362
(8) EXPECTED EXPERIENCE RATIO				= 1.008
(9) CREDIBILITY WEIGHTED EXPERIENCE RATIO (0.362 X 1.257) + (0.638 X 1.008)				= 1.154
(10) INDICATED COVERAGE LOSS COST CHANG				= 1.154
				OR 15.4%

\* AGGREGATE LOSS COSTS ARE ADJUSTED TO CURRENT ISO LOSS COST LEVEL AND 04/01/2021 AMOUNT OF INSURANCE LEVELS.

\*\* INCURRED LOSSES ARE ADJUSTED TO 10/01/2021 COST LEVELS INCLUDING LOSS DEVELOPMENT AND ALL LOSS ADJUSTMENT EXPENSES.

ALABAMA  
STATEWIDE BASIC GROUP II  
COVERAGE LOSS COST LEVEL EVALUATION

---

REFLECTING ADJUSTMENT OF APRIL 2011 TORNADO OUTBREAK TO BE A 1-IN-250 YEAR EVENT

(1)	(2)	(3)	(4)	(5)
YEAR	AGGREGATE* LOSS COSTS	NON HURRICANE AGGREGATE LOSS COSTS	ADJUSTED** NON-HURRICANE INCURRED LOSSES	NON HURRICANE EXPERIENCE RATIO (4)/(3)
2010	26,555,586	12,214,498	20,143,949	1.649
2011	24,824,117	11,757,796	17,065,307	1.451
2012	22,041,703	10,882,770	17,538,887	1.612
2013	23,760,259	11,618,281	17,757,866	1.528
2014	25,104,837	12,197,687	10,117,131	0.829
2015	27,193,814	13,960,312	10,787,033	0.773
2016	26,545,765	14,240,866	9,529,753	0.669
2017	23,867,445	13,190,373	13,479,870	1.022
2018	27,016,369	15,481,039	23,577,754	1.523
2019	26,849,745	15,668,818	23,660,118	1.510
(6) WEIGHTED EXPERIENCE RATIO				= 1.257
(7) CREDIBILITY				= 0.362
(8) EXPECTED EXPERIENCE RATIO				= 1.008
(9) CREDIBILITY WEIGHTED EXPERIENCE RATIO (0.362 X 1.257 ) + (0.638 X 1.008 )				= 1.098
(10) INDICATED COVERAGE LOSS COST CHANGE				= 1.098
				OR 9.8%

\* AGGREGATE LOSS COSTS ARE ADJUSTED TO CURRENT ISO LOSS COST LEVEL AND 04/01/2021 AMOUNT OF INSURANCE LEVELS.

\*\* INCURRED LOSSES ARE ADJUSTED TO 10/01/2021 COST LEVELS INCLUDING LOSS DEVELOPMENT AND ALL LOSS ADJUSTMENT EXPENSES.

ALABAMA

STATEWIDE SPECIAL CAUSES OF LOSS  
 COVERAGE LOSS COST LEVEL EVALUATION

(1)	(2)	(3)	(4)	(5)
YEAR	AGGREGATE* LOSS COSTS	ADJUSTED** INCURRED LOSSES	EXPERIENCE RATIO (3)/(2)	WEIGHTS
2015	7,998,106	6,990,599	0.874	0.10
2016	8,174,741	9,247,469	1.131	0.15
2017	7,704,623	7,630,209	0.990	0.20
2018	9,095,558	11,951,894	1.314	0.25
2019	9,167,936	11,032,541	1.203	0.30

(6) WEIGHTED EXPERIENCE RATIO = 1.144

(7) CREDIBILITY = 0.257

(8) EXPECTED EXPERIENCE RATIO = 1.006

(9) CREDIBILITY WEIGHTED EXPERIENCE RATIO = 1.042  
 (0.257 X 1.145 ) + (0.743 X 1.006 )

(10) INDICATED COVERAGE LOSS COST CHANGE = 1.042

OR 4.2%

\* AGGREGATE LOSS COSTS ARE ADJUSTED TO CURRENT ISO LOSS COST LEVEL AND 04/01/2021 AMOUNT OF INSURANCE LEVELS.

\*\* INCURRED LOSSES ARE ADJUSTED TO 10/01/2021 COST LEVELS INCLUDING LOSS DEVELOPMENT AND ALL LOSS ADJUSTMENT EXPENSES.

ALABAMA  
BASIC GROUP I RELATIVITY ANALYSIS

TOP	(1) \$ LST SQ FORMULA RELATIVITY	(2) CREDIBILITY Z	(3) CREDIBILITY WEIGHTED RELATIVITY	(4) BALANCED RELATIVITY	STATEWIDE COVERAGE LOSS COST CHANGE OF OR	0.975 -2.5%
10	1.266	0.127	1.030	1.036		
31	1.438	0.015	1.005	1.011		
32	1.277	0.071	1.018	1.023		
33	1.395	0.047	1.016	1.022		
34	1.074	0.118	1.008	1.014		
35	1.150	0.158	1.022	1.028		
36	0.569	0.096	0.947	0.953		
37	0.249	0.086	0.887	0.892		
38	0.616	0.019	0.991	0.996		
RATING GROUP					(5) INDICATED MONOLINE LOSS COST LEVEL CHANGE	
01	0.906	0.118	0.988	0.992	0.0	
02	0.931	0.094	0.993	0.997	0.9	
03	1.135	0.068	1.009	1.012	2.2	
04	1.071	0.251	1.017	1.021	3.1	
05	0.958	0.042	0.998	1.002	1.7	
06	0.954	0.241	0.989	0.992	0.4	
07	0.849	0.083	0.987	0.990	-0.2	
08	0.829	0.217	0.960	0.964	-2.9	
09	1.069	0.108	1.007	1.011	2.4	
10	0.875	0.046	0.994	0.998	1.2	
11	1.105	0.040	1.004	1.008	1.4	
13	1.018	0.069	1.001	1.005	1.6	
14	0.903	0.085	0.991	0.995	0.7	
15	0.944	0.062	0.996	1.000	1.1	
17	0.918	0.016	0.999	1.002	1.4	
18	0.861	0.030	0.996	0.999	1.4	
19	1.588	0.015	1.007	1.011	2.6	
20	1.086	0.007	1.001	1.004	2.0	
21	1.191	0.082	1.014	1.018	3.0	
22	1.555	0.083	1.037	1.041	5.3	

STATEWIDE MONOLINE LOSS COST LEVEL CHANGE: 1.1%

ALABAMA  
BASIC GROUP I RELATIVITY ANALYSIS

TERRITORY	(1) \$ LST SQ FORMULA RELATIVITY	(2) CREDIBILITY Z	(3) CREDIBILITY WEIGHTED RELATIVITY	(4) BALANCED RELATIVITY	(5) INDICATED MONOLINE LOSS COST LEVEL CHANGE
Birmingham	0.825	0.147	0.972	0.962	-3.1
City of Mobile	0.755	0.051	0.986	0.975	-1.9
Balance of State	1.029	0.561	1.016	1.006	1.7

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

ALABAMA  
BASIC GROUP I RELATIVITY ANALYSIS

EXAMPLE OF AN INDIVIDUAL LOSS COST CHANGE CALCULATION  
FOR BIRMINGHAM

STATEWIDE COVERAGE LOSS COST LEVEL CHANGE	=	0.975
TERRITORIAL RELATIVITY	=	0.962
MONOLINE (TOP 10) RELATIVITY	=	1.036
RATING GROUP 01 RELATIVITY	=	0.992

INDICATED MONOLINE LOSS COSTS LEVEL CHANGE FOR RATING GROUP 01		
= 0.975 X 0.962 X 1.036 X 0.992	=	0.964
	OR	-3.6%

ALABAMA  
BASIC GROUP I RELATIVITY ANALYSIS

CALCULATION OF INDICATED TERRITORIAL MULTIPLIERS

(1)	(2)	(3)	(4)	(5)
TERRITORY	TERRITORY RELATIVITY	OFF- BALANCE FACTOR	CURRENT TERRITORIAL MULTIPLIER	INDICATED TERRITORIAL MULTIPLIER
Birmingham	0.962	1.000	1.647	1.575
City of Mobile	0.975	1.000	0.794	0.770
Balance of State	1.006	1.000	1.000	1.000

ALABAMA  
SPECIAL CAUSES OF LOSS RELATIVITY ANALYSIS

TOP	(1) \$ LST SQ FORMULA RELATIVITY	(2) CREDIBILITY Z	(3) CREDIBILITY WEIGHTED RELATIVITY	(4) BALANCED RELATIVITY	STATEWIDE COVERAGE LOSS COST CHANGE OF OR	1.042 4.2%
-----						
10	0.513	0.143	0.909	0.914		
31	1.061	0.020	1.001	1.007		
32	1.684	0.078	1.041	1.047		
33	1.322	0.065	1.018	1.024		
34	0.986	0.182	0.997	1.003		
35	1.291	0.199	1.052	1.058		
36	0.795	0.078	0.982	0.988		
37	0.644	0.088	0.962	0.967		
38	0.699	0.056	0.980	0.986		
						(5)
						INDICATED MONOLINE LOSS COST LEVEL CHANGE
CATEGORY						
01	1.052	0.667	1.034	1.013	-3.5	
02	0.373	0.056	0.946	0.927	-11.7	
03	0.675	0.085	0.967	0.947	-9.8	
04	1.126	0.084	1.010	0.989	-5.8	
05	0.760	0.063	0.983	0.963	-8.3	
06	1.048	0.042	1.002	0.981	-6.6	
07	1.062	0.013	1.001	0.980	-6.7	
08	0.597	0.044	0.978	0.958	-8.8	
09	0.641	0.101	0.956	0.936	-10.9	
10	1.056	0.016	1.001	0.980	-6.7	
11	1.143	0.082	1.011	0.990	-5.7	
12	0.974	0.061	0.998	0.978	-6.9	
13	0.995	0.030	1.000	0.979	-6.8	
14	1.112	0.074	1.008	0.987	-6.0	
OVERALL MONOLINE LOSS COST LEVEL CHANGE						-4.8%

ALABAMA  
SPECIAL CAUSES OF LOSS RELATIVITY ANALYSIS

EXAMPLE OF AN INDIVIDUAL LOSS COST CHANGE CALCULATION

STATEWIDE COVERAGE LOSS COST LEVEL CHANGE	=	1.042
MONOLINE (TOP 10) RELATIVITY	=	0.914
CATEGORY 01 RELATIVITY	=	1.013

INDICATED MONOLINE LOSS COST LEVEL CHANGE FOR CATEGORY 01	=	0.965
	OR	-3.5%

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

Birmingham		(1)	(2)	(3)	(4)	(5)
		ACCIDENT YEAR				
		ENDING 03/31/19	5 - YEAR	5 - YEAR		CREDIBILITY
TYPE OF POLICY	CATEGORY	AGGREGATE LOSS	AGGREGATE	EXPERIENCE	RELATIVITY	WEIGHTED
		COSTS	LOSS COSTS	RATIO		RELATIVITY
10 MONOLINE	01 APARTMENTS	44,137	185,388	0.762	0.368	0.407
	02 OTHER HABITATIONAL	13,003	114,025	0.000	0.194	0.214
	03 RESTAURANTS & BARS	13,873	75,212	0.000	0.197	0.218
	04 OTHER MERCANTILE RS	80,419	426,476	0.065	0.189	0.209
	05 PUBLIC BUILDINGS	1,183	7,229	0.000	0.204	0.225
	06 CHURCHES	28,098	173,131	0.000	0.188	0.208
	07 SCHOOLS	3,287	23,841	0.000	0.202	0.223
	08 OFFICES AND BANKS	81,964	349,012	0.013	0.178	0.197
	09 REC. FACILITIES	7,169	40,809	0.000	0.201	0.222
	10 HOTELS AND MOTELS	0	604	0.000	0.205	0.227
	11 HOSPITALS/NURS HOME	10,114	79,479	1.477	0.490	0.541
	13 MOTOR VEHICLE RISKS	12,550	74,273	0.000	0.197	0.218
	14 OTHER NON-MANUF.	11,569	103,125	0.039	0.203	0.224
	15 STORAGE	9,829	102,729	0.000	0.195	0.215
	17 FOOD MANUFACTURING	11,774	19,941	0.000	0.203	0.224
	18 WOOD MANUFACTURING	5	4,602	0.000	0.204	0.225
	21 METAL MANUFACTURING	5,362	52,161	3.066	0.776	0.857
	22 OTHER MANUFACTURING	3,046	19,919	0.000	0.203	0.224
	TOTAL*	337,382	1,851,956	0.213	0.231	0.255
31 MULTILINE	10 HOTELS AND MOTELS	14,690	99,513	2.737	1.666	1.841
MOTEL/HOTEL	TOTAL*	14,690	99,513	2.737	1.666	1.841

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

Birmingham		(1)	(2)	(3)	(4)	(5)
TYPE OF POLICY	CATEGORY	ACCIDENT YEAR	5 - YEAR	5 - YEAR	RELATIVITY	CREDIBILITY WEIGHTED RELATIVITY
		ENDING 03/31/19 AGGREGATE LOSS COSTS	AGGREGATE LOSS COSTS	EXPERIENCE RATIO		
32 MULTILINE APARTMENT	01 APARTMENTS	132,802	674,517	1.288	1.214	1.341
	02 OTHER HABITATIONAL	51,918	323,976	1.006	0.991	1.095
	TOTAL*	184,720	998,493	1.209	1.151	1.272
33 MULTILINE OFFICE	08 OFFICES AND BANKS	168,518	907,003	0.445	0.541	0.598
	TOTAL*	168,518	907,003	0.445	0.541	0.598
34 MULTILINE MERCANTILE	03 RESTAURANTS & BARS	48,112	200,268	0.147	0.532	0.588
	04 OTHER MERCANTILE RS	198,288	945,966	1.614	1.499	1.656
	08 OFFICES AND BANKS	19,580	60,454	0.000	0.656	0.725
	13 MOTOR VEHICLE RISKS	16,488	56,454	0.000	0.665	0.735
	14 OTHER NON-MANUF.	3,943	20,792	0.000	0.751	0.830
	15 STORAGE	24,327	170,904	0.174	0.572	0.632
	TOTAL*	310,738	1,454,838	1.066	1.170	1.293
35 MULTILINE INSTITUTIONAL	02 OTHER HABITATIONAL	2,028	6,520	0.000	0.792	0.875
	05 PUBLIC BUILDINGS	2,915	37,648	0.000	0.708	0.782
	06 CHURCHES	193,178	1,114,434	0.245	0.357	0.394
	07 SCHOOLS	87,122	423,795	0.149	0.406	0.449
	08 OFFICES AND BANKS	36,742	193,205	7.562	4.410	4.873
	09 REC. FACILITIES	6,140	37,235	0.086	0.732	0.809
	11 HOSPITALS/NURS HOME	61,041	195,370	0.081	0.501	0.554
	13 MOTOR VEHICLE RISKS	478	1,844	0.000	0.807	0.892
	14 OTHER NON-MANUF.	9,081	45,048	1.118	1.009	1.115
TOTAL*	398,725	2,055,099	0.887	0.789	0.872	

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

Birmingham		(1)	(2)	(3)	(4)	(5)
		ACCIDENT YEAR				
		ENDING 03/31/19	5 - YEAR	5 - YEAR		CREDIBILITY
TYPE OF POLICY	CATEGORY	AGGREGATE LOSS	AGGREGATE	EXPERIENCE	RELATIVITY	WEIGHTED
		COSTS	LOSS COSTS	RATIO		RELATIVITY
36 MULTILINE	03 RESTAURANTS & BARS	9,028	35,490	0.000	1.316	1.454
SERVICES	04 OTHER MERCANTILE RS	23,179	101,092	0.000	1.059	1.170
	08 OFFICES AND BANKS	26,646	164,914	0.000	0.890	0.983
	09 REC. FACILITIES	49,536	389,896	2.317	2.140	2.365
	13 MOTOR VEHICLE RISKS	37,052	168,143	0.000	0.882	0.975
	14 OTHER NON-MANUF.	27,721	220,650	0.085	0.828	0.915
	15 STORAGE	10,516	44,794	0.000	1.272	1.406
	21 METAL MANUFACTURING	738	3,251	0.000	1.494	1.651
	22 OTHER MANUFACTURING	26,969	133,265	1.033	1.435	1.586
	TOTAL*	211,385	1,261,495	0.686	1.301	1.437
37 MULTILINE	04 OTHER MERCANTILE RS	16,743	91,703	0.000	1.089	1.203
INDUST/PROCESS	08 OFFICES AND BANKS	6,352	31,767	0.000	1.334	1.474
	13 MOTOR VEHICLE RISKS	0	191	0.000	1.514	1.673
	14 OTHER NON-MANUF.	3,227	35,013	0.000	1.318	1.456
	17 FOOD MANUFACTURING	3,008	30,302	0.000	1.342	1.483
	18 WOOD MANUFACTURING	2,763	5,455	0.000	1.481	1.636
	19 WEARING APPAREL	3,641	13,989	0.000	1.430	1.580
	21 METAL MANUFACTURING	55,085	268,141	0.132	0.786	0.869
	22 OTHER MANUFACTURING	30,428	110,801	22.230	10.319	11.402
	TOTAL*	121,247	587,362	5.639	3.312	3.660

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

Birmingham		(1)	(2)	(3)	(4)	(5)
TYPE OF POLICY	CATEGORY	ACCIDENT YEAR	5 - YEAR	5 - YEAR	RELATIVITY	CREDIBILITY WEIGHTED RELATIVITY
		ENDING 03/31/19 AGGREGATE LOSS COSTS	AGGREGATE LOSS COSTS	EXPERIENCE RATIO		
38 MULTILINE	04 OTHER MERCANTILE RS	28,698	159,672	0.000	0.901	0.996
CONTRACTORS	08 OFFICES AND BANKS	20,686	92,398	1.839	1.795	1.983
	14 OTHER NON-MANUF.	1,005	7,983	0.000	1.465	1.619
	TOTAL*	50,389	260,053	0.755	1.280	1.414
TOTAL ALL TOPS*	01 APARTMENTS	176,939	859,905	1.157	1.003	1.108
	02 OTHER HABITATIONAL	66,949	444,521	0.780	0.830	0.917
	03 RESTAURANTS & BARS	71,013	310,970	0.100	0.566	0.626
	04 OTHER MERCANTILE RS	347,327	1,724,909	0.936	1.097	1.212
	05 PUBLIC BUILDINGS	4,098	44,877	0.000	0.562	0.622
	06 CHURCHES	221,276	1,287,565	0.214	0.336	0.371
	07 SCHOOLS	90,409	447,636	0.144	0.399	0.440
	08 OFFICES AND BANKS	360,488	1,798,753	1.087	0.971	1.073
	09 REC. FACILITIES	62,845	467,940	1.835	1.781	1.968
	10 HOTELS AND MOTELS	14,690	100,117	2.737	1.666	1.841
	11 HOSPITALS/NURS HOME	71,155	274,849	0.279	0.500	0.552
	13 MOTOR VEHICLE RISKS	66,568	300,905	0.000	0.699	0.772
	14 OTHER NON-MANUF.	56,546	432,611	0.229	0.763	0.843
	15 STORAGE	44,672	318,427	0.095	0.654	0.722
	17 FOOD MANUFACTURING	14,782	50,243	0.000	0.434	0.480
	18 WOOD MANUFACTURING	2,768	10,057	0.000	1.478	1.634
	19 WEARING APPAREL	3,641	13,989	0.000	1.430	1.580
	21 METAL MANUFACTURING	61,185	323,553	0.388	0.794	0.877
	22 OTHER MANUFACTURING	60,443	263,985	11.652	5.845	6.459
	TOTAL*	1,797,794	9,475,812	1.091	1.015	1.122

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

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

City of Mobile		(1)	(2)	(3)	(4)	(5)
		ACCIDENT YEAR				
		ENDING 03/31/19	5 - YEAR	5 - YEAR	CREDIBILITY	
TYPE OF POLICY	CATEGORY	AGGREGATE LOSS	AGGREGATE	EXPERIENCE	RELATIVITY	WEIGHTED
		COSTS	LOSS COSTS	RATIO		RELATIVITY
10 MONOLINE	01 APARTMENTS	17,064	207,516	0.028	0.041	0.045
	02 OTHER HABITATIONAL	7,763	57,639	0.000	0.040	0.044
	03 RESTAURANTS & BARS	1,949	16,116	0.000	0.056	0.062
	04 OTHER MERCANTILE RS	27,249	222,982	0.036	0.047	0.052
	05 PUBLIC BUILDINGS	758	1,846	0.000	0.064	0.071
	06 CHURCHES	16,793	85,879	0.206	0.153	0.169
	07 SCHOOLS	11,972	57,528	0.000	0.040	0.044
	08 OFFICES AND BANKS	33,425	186,759	0.000	0.022	0.024
	09 REC. FACILITIES	9,555	50,927	0.482	0.271	0.299
	10 HOTELS AND MOTELS	513	513	0.000	0.065	0.072
	11 HOSPITALS/NURS HOME	12,965	121,128	0.263	0.199	0.220
	13 MOTOR VEHICLE RISKS	1,115	9,235	0.000	0.060	0.066
	14 OTHER NON-MANUF.	9,071	67,986	0.000	0.038	0.042
	15 STORAGE	7,988	39,084	0.130	0.102	0.113
	17 FOOD MANUFACTURING	673	1,062	0.000	0.065	0.072
	22 OTHER MANUFACTURING	5,565	28,945	0.000	0.050	0.055
	TOTAL*	164,418	1,155,145	0.085	0.079	0.087
31 MULTILINE	10 HOTELS AND MOTELS	2,209	37,030	1.373	1.072	1.185
MOTEL/HOTEL	TOTAL*	2,209	37,030	1.374	1.072	1.185

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

City of Mobile		(1)	(2)	(3)	(4)	(5)
		ACCIDENT YEAR				
		ENDING 03/31/19	5 - YEAR	5 - YEAR		CREDIBILITY
TYPE OF POLICY	CATEGORY	AGGREGATE LOSS COSTS	AGGREGATE LOSS COSTS	EXPERIENCE RATIO	RELATIVITY	WEIGHTED RELATIVITY
32 MULTILINE	01 APARTMENTS	38,785	166,747	4.919	1.676	1.852
APARTMENT	02 OTHER HABITATIONAL	4,875	32,389	0.000	0.852	0.941
	TOTAL*	43,660	199,136	4.370	1.584	1.750
33 MULTILINE	08 OFFICES AND BANKS	45,209	239,852	0.234	0.878	0.970
OFFICE	TOTAL*	45,209	239,852	0.234	0.878	0.970
34 MULTILINE	03 RESTAURANTS & BARS	8,664	128,565	0.000	0.845	0.934
MERCANTILE	04 OTHER MERCANTILE RS	49,057	334,071	0.769	0.970	1.072
	08 OFFICES AND BANKS	4,986	28,931	0.000	0.852	0.941
	13 MOTOR VEHICLE RISKS	8,181	31,924	0.103	0.868	0.959
	14 OTHER NON-MANUF.	817	7,751	0.000	0.854	0.944
	15 STORAGE	8,966	52,079	0.105	0.867	0.958
	TOTAL*	80,671	583,321	0.490	0.926	1.024
35 MULTILINE	02 OTHER HABITATIONAL	422	2,602	0.000	0.854	0.944
INSTITUTIONAL	05 PUBLIC BUILDINGS	2,038	14,134	0.000	0.853	0.943
	06 CHURCHES	26,011	165,138	1.390	1.078	1.191
	07 SCHOOLS	17,957	99,485	0.426	0.917	1.013
	08 OFFICES AND BANKS	7,278	38,915	0.000	0.851	0.940
	09 REC. FACILITIES	3,691	13,336	0.000	0.853	0.943
	11 HOSPITALS/NURS HOME	15,555	47,270	0.120	0.870	0.961
	13 MOTOR VEHICLE RISKS	47	343	0.000	0.854	0.944
	14 OTHER NON-MANUF.	659	9,359	0.000	0.853	0.943
	TOTAL*	73,658	390,582	0.620	0.952	1.051

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

City of Mobile		(1)	(2)	(3)	(4)	(5)
		ACCIDENT YEAR				
		ENDING 03/31/19	5 - YEAR	5 - YEAR		CREDIBILITY
TYPE OF POLICY	CATEGORY	AGGREGATE LOSS COSTS	AGGREGATE LOSS COSTS	EXPERIENCE RATIO	RELATIVITY	WEIGHTED RELATIVITY
36 MULTILINE SERVICES	03 RESTAURANTS & BARS	8,985	13,086	0.000	1.065	1.177
	04 OTHER MERCANTILE RS	1,855	7,638	0.000	1.065	1.177
	08 OFFICES AND BANKS	7,312	32,822	13.374	3.092	3.417
	09 REC. FACILITIES	3,986	37,413	0.237	1.099	1.214
	13 MOTOR VEHICLE RISKS	11,641	46,261	0.000	1.063	1.175
	14 OTHER NON-MANUF.	6,513	46,813	0.342	1.115	1.232
	15 STORAGE	3,412	13,966	0.000	1.065	1.177
	22 OTHER MANUFACTURING	1,777	24,491	0.000	1.064	1.176
	TOTAL*	45,481	222,490	2.220	1.400	1.547
37 MULTILINE INDUST/PROCESS	04 OTHER MERCANTILE RS	1,649	5,491	0.000	1.065	1.177
	08 OFFICES AND BANKS	3,697	8,651	0.000	1.065	1.177
	14 OTHER NON-MANUF.	4,088	6,161	0.000	1.065	1.177
	17 FOOD MANUFACTURING	354	11,986	0.000	1.065	1.177
	18 WOOD MANUFACTURING	2,880	13,780	0.000	1.065	1.177
	19 WEARING APPAREL	49	1,472	2.626	1.460	1.613
	20 CHEM. MANUFACTURING	0	11,342	0.000	1.065	1.177
	21 METAL MANUFACTURING	5,688	28,784	0.000	1.064	1.176
	22 OTHER MANUFACTURING	4,305	24,474	0.000	1.064	1.176
	TOTAL*	22,710	112,141	0.006	1.065	1.177

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

City of Mobile		(1)	(2)	(3)	(4)	(5)
		ACCIDENT YEAR				
		ENDING 03/31/19	5 - YEAR	5 - YEAR		CREDIBILITY
TYPE OF POLICY	CATEGORY	AGGREGATE LOSS	AGGREGATE	EXPERIENCE	RELATIVITY	WEIGHTED
		COSTS	LOSS COSTS	RATIO		RELATIVITY
38 MULTILINE	04 OTHER MERCANTILE RS	2,116	15,292	0.000	1.065	1.177
CONTRACTORS	08 OFFICES AND BANKS	2,901	23,565	0.086	1.077	1.190
	14 OTHER NON-MANUF.	478	1,225	0.000	1.065	1.177
	TOTAL*	5,495	40,082	0.045	1.071	1.184
TOTAL ALL TOPS*	01 APARTMENTS	55,849	374,263	3.425	1.176	1.300
	02 OTHER HABITATIONAL	13,060	92,630	0.000	0.370	0.408
	03 RESTAURANTS & BARS	19,598	157,767	0.000	0.867	0.958
	04 OTHER MERCANTILE RS	81,926	585,474	0.472	0.669	0.740
	05 PUBLIC BUILDINGS	2,796	15,980	0.000	0.639	0.706
	06 CHURCHES	42,804	251,017	0.926	0.715	0.790
	07 SCHOOLS	29,929	157,013	0.256	0.567	0.626
	08 OFFICES AND BANKS	104,808	559,495	1.036	0.769	0.849
	09 REC. FACILITIES	17,232	101,676	0.322	0.587	0.649
	10 HOTELS AND MOTELS	2,722	37,543	1.115	0.882	0.975
	11 HOSPITALS/NURS HOME	28,520	168,398	0.185	0.565	0.624
	13 MOTOR VEHICLE RISKS	20,984	87,763	0.040	0.933	1.031
	14 OTHER NON-MANUF.	21,626	139,295	0.103	0.635	0.701
	15 STORAGE	20,366	105,129	0.097	0.600	0.663
	17 FOOD MANUFACTURING	1,027	13,048	0.000	0.409	0.453
	18 WOOD MANUFACTURING	2,880	13,780	0.000	1.065	1.177
	19 WEARING APPAREL	49	1,472	2.680	1.460	1.613
	20 CHEM. MANUFACTURING	0	11,342	0.000	1.000	1.000
	21 METAL MANUFACTURING	5,688	28,784	0.000	1.064	1.176
	22 OTHER MANUFACTURING	11,647	77,910	0.000	0.579	0.640
	TOTAL*	483,511	2,979,779	0.837	0.750	0.829

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

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

Balance of State		(1)	(2)	(3)	(4)	(5)
		ACCIDENT YEAR				
		ENDING 03/31/19	5 - YEAR	5 - YEAR		CREDIBILITY
TYPE OF POLICY	CATEGORY	AGGREGATE LOSS	AGGREGATE	EXPERIENCE	RELATIVITY	WEIGHTED
		COSTS	LOSS COSTS	RATIO		RELATIVITY
10 MONOLINE	01 APARTMENTS	61,890	355,637	0.535	1.086	1.200
	02 OTHER HABITATIONAL	155,790	900,832	0.879	1.138	1.257
	03 RESTAURANTS & BARS	59,327	154,893	0.321	1.055	1.166
	04 OTHER MERCANTILE RS	333,607	1,786,772	2.686	1.437	1.588
	05 PUBLIC BUILDINGS	82,583	416,979	3.262	1.506	1.664
	06 CHURCHES	344,775	1,337,075	0.641	1.097	1.212
	07 SCHOOLS	105,751	652,353	0.597	1.094	1.209
	08 OFFICES AND BANKS	260,079	1,371,709	0.495	1.073	1.186
	09 REC. FACILITIES	198,390	927,612	0.198	1.029	1.137
	10 HOTELS AND MOTELS	69,591	393,159	0.199	1.034	1.143
	11 HOSPITALS/NURS HOME	65,679	289,367	0.396	1.066	1.178
	13 MOTOR VEHICLE RISKS	158,496	627,918	0.684	1.108	1.224
	14 OTHER NON-MANUF.	106,936	577,910	0.223	1.036	1.145
	15 STORAGE	121,802	644,851	0.034	1.006	1.112
	17 FOOD MANUFACTURING	21,768	110,112	0.458	1.076	1.189
	18 WOOD MANUFACTURING	24,975	157,921	4.484	1.686	1.863
	19 WEARING APPAREL	17,064	87,250	0.222	1.041	1.15
	20 CHEM. MANUFACTURING	3,859	33,834	0.000	1.008	1.114
	21 METAL MANUFACTURING	84,400	397,986	6.974	2.077	2.295
	22 OTHER MANUFACTURING	56,281	262,274	0.000	1.005	1.11
	TOTAL*	2,333,043	11,486,444	1.156	1.182	1.306

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

Balance of State		(1)	(2)	(3)	(4)	(5)
		ACCIDENT YEAR				
		ENDING 03/31/19	5 - YEAR	5 - YEAR		CREDIBILITY
TYPE OF POLICY	CATEGORY	AGGREGATE LOSS	AGGREGATE	EXPERIENCE	RELATIVITY	WEIGHTED
		COSTS	LOSS COSTS	RATIO		RELATIVITY
31 MULTILINE	10 HOTELS AND MOTELS	320,364	1,409,836	1.694	1.175	1.298
MOTEL/HOTEL	TOTAL*	320,364	1,409,836	1.694	1.175	1.298
32 MULTILINE	01 APARTMENTS	948,734	3,737,373	1.127	1.075	1.188
APARTMENT	02 OTHER HABITATIONAL	578,946	2,685,312	1.298	1.108	1.224
	TOTAL*	1,527,680	6,422,685	1.192	1.087	1.202
33 MULTILINE	08 OFFICES AND BANKS	761,345	3,803,181	1.217	1.094	1.209
OFFICE	TOTAL*	761,345	3,803,181	1.217	1.094	1.209
34 MULTILINE	03 RESTAURANTS & BARS	425,120	2,046,885	1.546	1.153	1.274
MERCANTILE	04 OTHER MERCANTILE RS	1,499,194	6,997,953	1.055	1.059	1.17
	08 OFFICES AND BANKS	115,856	400,237	0.441	0.958	1.059
	13 MOTOR VEHICLE RISKS	160,553	554,626	3.349	1.443	1.594
	14 OTHER NON-MANUF.	82,144	327,896	1.119	1.070	1.182
	15 STORAGE	240,875	972,822	0.512	0.964	1.065
	TOTAL*	2,523,742	11,300,419	1.206	1.086	1.2
35 MULTILINE	02 OTHER HABITATIONAL	9,271	35,670	0.000	0.892	0.986
INSTITUTIONAL	05 PUBLIC BUILDINGS	276,030	1,263,041	0.685	0.993	1.097
	06 CHURCHES	1,909,117	9,806,040	0.965	1.031	1.139
	07 SCHOOLS	421,010	2,359,933	0.340	0.918	1.014
	08 OFFICES AND BANKS	169,287	812,949	0.129	0.900	0.994
	09 REC. FACILITIES	150,954	751,267	0.113	0.898	0.992
	11 HOSPITALS/NURS HOME	224,246	948,712	2.093	1.240	1.37
	13 MOTOR VEHICLE RISKS	1,185	7,946	0.000	0.892	0.986
	14 OTHER NON-MANUF.	51,923	302,293	0.359	0.946	1.045
	TOTAL*	3,213,023	16,287,851	0.841	1.013	1.119

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

Balance of State		(1)	(2)	(3)	(4)	(5)
		ACCIDENT YEAR				
		ENDING 03/31/19	5 - YEAR	5 - YEAR		CREDIBILITY
TYPE OF POLICY	CATEGORY	AGGREGATE LOSS	AGGREGATE	EXPERIENCE	RELATIVITY	WEIGHTED
		COSTS	LOSS COSTS	RATIO		RELATIVITY
-----						
36 MULTILINE	03 RESTAURANTS & BARS	48,845	265,662	0.017	0.266	0.294
SERVICES	04 OTHER MERCANTILE RS	152,805	687,905	0.236	0.310	0.343
	08 OFFICES AND BANKS	306,293	1,544,584	0.234	0.283	0.313
	09 REC. FACILITIES	558,849	2,574,736	0.751	0.661	0.73
	13 MOTOR VEHICLE RISKS	294,261	1,377,470	0.354	0.363	0.401
	14 OTHER NON-MANUF.	324,931	1,583,807	0.513	0.468	0.517
	15 STORAGE	128,716	585,818	0.927	0.628	0.694
	21 METAL MANUFACTURING	8,100	43,798	0.000	0.316	0.349
	22 OTHER MANUFACTURING	53,804	515,881	0.167	0.289	0.319
	TOTAL*	1,876,604	9,179,661	0.494	0.466	0.515
37 MULTILINE	04 OTHER MERCANTILE RS	122,739	610,407	0.417	0.397	0.439
INDUST/PROCESS	08 OFFICES AND BANKS	42,340	201,355	0.186	0.326	0.36
	13 MOTOR VEHICLE RISKS	104	192	0.000	0.330	0.365
	14 OTHER NON-MANUF.	55,547	266,157	0.004	0.261	0.288
	15 STORAGE	3,007	14,039	0.000	0.325	0.359
	17 FOOD MANUFACTURING	123,102	462,868	0.038	0.240	0.265
	18 WOOD MANUFACTURING	260,445	1,059,434	0.016	0.169	0.187
	19 WEARING APPAREL	136,163	498,184	0.514	0.436	0.482
	20 CHEM. MANUFACTURING	37,179	227,590	0.000	0.268	0.296
	21 METAL MANUFACTURING	560,069	2,802,220	0.142	0.196	0.217
	22 OTHER MANUFACTURING	461,165	2,520,855	0.411	0.403	0.445
	TOTAL*	1,801,860	8,663,301	0.226	0.287	0.317

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

Balance of State		(1)	(2)	(3)	(4)	(5)
		ACCIDENT YEAR			CREDIBILITY	
		ENDING 03/31/19	5 - YEAR	5 - YEAR		
TYPE OF POLICY	CATEGORY	AGGREGATE LOSS	AGGREGATE	EXPERIENCE	RELATIVITY	WEIGHTED
		COSTS	LOSS COSTS	RATIO	RELATIVITY	RELATIVITY
38 MULTILINE	04 OTHER MERCANTILE RS	213,410	982,703	0.868	0.655	0.724
CONTRACTORS	08 OFFICES AND BANKS	125,510	572,150	0.167	0.284	0.314
	14 OTHER NON-MANUF.	19,012	101,923	0.404	0.385	0.425
	TOTAL*	357,932	1,656,776	0.598	0.510	0.564
TOTAL ALL TOPS*	01 APARTMENTS	1,010,624	4,093,010	1.091	1.075	1.189
	02 OTHER HABITATIONAL	744,007	3,621,814	1.194	1.112	1.228
	03 RESTAURANTS & BARS	533,292	2,467,440	1.270	1.061	1.172
	04 OTHER MERCANTILE RS	2,321,755	11,065,740	1.185	0.992	1.096
	05 PUBLIC BUILDINGS	358,613	1,680,020	1.278	1.111	1.228
	06 CHURCHES	2,253,892	11,143,115	0.915	1.042	1.15
	07 SCHOOLS	526,761	3,012,286	0.392	0.953	1.053
	08 OFFICES AND BANKS	1,780,710	8,706,165	0.690	0.849	0.938
	09 REC. FACILITIES	908,193	4,253,615	0.524	0.781	0.863
	10 HOTELS AND MOTELS	389,955	1,802,995	1.427	1.150	1.271
	11 HOSPITALS/NURS HOME	289,925	1,238,079	1.709	1.200	1.327
	13 MOTOR VEHICLE RISKS	614,599	2,568,152	1.221	0.838	0.926
	14 OTHER NON-MANUF.	640,493	3,159,986	0.482	0.659	0.727
	15 STORAGE	494,400	2,217,530	0.499	0.883	0.976
	17 FOOD MANUFACTURING	144,870	572,980	0.101	0.366	0.404
	18 WOOD MANUFACTURING	285,420	1,217,355	0.407	0.302	0.333
	19 WEARING APPAREL	153,227	585,434	0.481	0.503	0.556
	20 CHEM. MANUFACTURING	41,038	261,424	0.000	0.338	0.373
	21 METAL MANUFACTURING	652,569	3,244,004	1.024	0.441	0.487
	22 OTHER MANUFACTURING	571,250	3,299,010	0.348	0.452	0.499
	TOTAL*	14,715,593	70,210,154	0.902	0.897	0.991

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

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

Entire State		(1)	(2)	(3)	(4)	(5)
		ACCIDENT YEAR				
		ENDING 03/31/19	5 - YEAR	5 - YEAR		CREDIBILITY
		AGGREGATE LOSS	AGGREGATE	EXPERIENCE		WEIGHTED
TYPE OF POLICY	CATEGORY	COSTS	LOSS COSTS	RATIO	RELATIVITY	RELATIVITY
10 MONOLINE	01 APARTMENTS	123,091	748,541	0.546	0.684	0.755
	02 OTHER HABITATIONAL	176,556	1,072,496	0.776	1.020	1.127
	03 RESTAURANTS & BARS	75,149	246,221	0.253	0.871	0.962
	04 OTHER MERCANTILE RS	441,275	2,436,230	2.045	1.124	1.242
	05 PUBLIC BUILDINGS	84,524	426,054	3.187	1.475	1.630
	06 CHURCHES	389,666	1,596,085	0.576	0.991	1.095
	07 SCHOOLS	121,010	733,722	0.522	0.966	1.067
	08 OFFICES AND BANKS	375,468	1,907,480	0.346	0.784	0.866
	09 REC. FACILITIES	215,114	1,019,348	0.204	0.968	1.069
	10 HOTELS AND MOTELS	70,104	394,276	0.198	1.027	1.135
	11 HOSPITALS/NURS HOME	88,758	489,974	0.500	0.873	0.965
	13 MOTOR VEHICLE RISKS	172,161	711,426	0.630	1.035	1.143
	14 OTHER NON-MANUF.	127,576	749,021	0.190	0.890	0.983
	15 STORAGE	139,619	786,664	0.037	0.897	0.991
	17 FOOD MANUFACTURING	34,215	131,115	0.291	0.756	0.835
	18 WOOD MANUFACTURING	24,980	162,523	4.483	1.686	1.863
	19 WEARING APPAREL	17,064	87,250	0.222	1.041	1.150
	20 CHEM. MANUFACTURING	3,859	33,834	0.000	1.008	1.114
	21 METAL MANUFACTURING	89,762	450,147	6.741	1.999	2.209
	22 OTHER MANUFACTURING	64,892	311,138	0.000	0.886	0.978
	TOTAL*	2,834,843	14,493,545	0.982	1.005	1.110

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

Entire State		(1)	(2)	(3)	(4)	(5)
		ACCIDENT YEAR			CREDIBILITY	
		ENDING 03/31/19	5 - YEAR	5 - YEAR		
TYPE OF POLICY	CATEGORY	AGGREGATE LOSS	AGGREGATE	EXPERIENCE	RELATIVITY	WEIGHTED
		COSTS	LOSS COSTS	RATIO		RELATIVITY
31 MULTILINE	10 HOTELS AND MOTELS	337,263	1,546,379	1.737	1.196	1.321
MOTEL/HOTEL	TOTAL*	337,263	1,546,379	1.737	1.196	1.321
32 MULTILINE	01 APARTMENTS	1,120,321	4,578,637	1.277	1.112	1.229
APARTMENT	02 OTHER HABITATIONAL	635,739	3,041,677	1.264	1.097	1.212
	TOTAL*	1,756,060	7,620,314	1.273	1.106	1.223
33 MULTILINE	08 OFFICES AND BANKS	975,072	4,950,036	1.038	0.989	1.092
OFFICE	TOTAL*	975,072	4,950,036	1.038	0.989	1.092
34 MULTILINE	03 RESTAURANTS & BARS	481,896	2,375,718	1.379	1.086	1.199
MERCANTILE	04 OTHER MERCANTILE RS	1,746,539	8,277,990	1.110	1.106	1.223
	08 OFFICES AND BANKS	140,422	489,622	0.364	0.912	1.008
	13 MOTOR VEHICLE RISKS	185,222	643,004	2.908	1.349	1.490
	14 OTHER NON-MANUF.	86,904	356,439	1.058	1.053	1.164
	15 STORAGE	274,168	1,195,805	0.469	0.926	1.023
	TOTAL*	2,915,151	13,338,578	1.171	1.090	1.205
35 MULTILINE	02 OTHER HABITATIONAL	11,721	44,792	0.000	0.873	0.965
INSTITUTIONAL	05 PUBLIC BUILDINGS	280,983	1,314,823	0.673	0.989	1.093
	06 CHURCHES	2,128,306	11,085,612	0.905	0.971	1.072
	07 SCHOOLS	526,089	2,883,213	0.311	0.833	0.921
	08 OFFICES AND BANKS	213,307	1,045,069	1.405	1.503	1.661
	09 REC. FACILITIES	160,785	801,838	0.109	0.891	0.984
	11 HOSPITALS/NURS HOME	300,842	1,191,352	1.583	1.071	1.183
	13 MOTOR VEHICLE RISKS	1,710	10,133	0.000	0.867	0.958
	14 OTHER NON-MANUF.	61,663	356,700	0.467	0.954	1.054
	TOTAL*	3,685,406	18,733,532	0.841	0.987	1.091

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

Entire State		(1)	(2)	(3)	(4)	(5)
		ACCIDENT YEAR				
		ENDING 03/31/19	5 - YEAR	5 - YEAR		CREDIBILITY
TYPE OF POLICY	CATEGORY	AGGREGATE LOSS	AGGREGATE	EXPERIENCE		WEIGHTED
		COSTS	LOSS COSTS	RATIO	RELATIVITY	RELATIVITY
36 MULTILINE	03 RESTAURANTS & BARS	66,858	314,238	0.012	0.515	0.569
SERVICES	04 OTHER MERCANTILE RS	177,839	796,635	0.203	0.415	0.459
	08 OFFICES AND BANKS	340,251	1,742,320	0.498	0.391	0.432
	09 REC. FACILITIES	612,371	3,002,045	0.874	0.784	0.866
	13 MOTOR VEHICLE RISKS	342,954	1,591,874	0.304	0.443	0.489
	14 OTHER NON-MANUF.	359,165	1,851,270	0.477	0.508	0.561
	15 STORAGE	142,644	644,578	0.836	0.686	0.758
	21 METAL MANUFACTURING	8,838	47,049	0.000	0.414	0.458
	22 OTHER MANUFACTURING	82,550	673,637	0.446	0.680	0.751
	TOTAL*	2,133,470	10,663,646	0.550	0.569	0.628
37 MULTILINE	04 OTHER MERCANTILE RS	141,131	707,601	0.363	0.487	0.538
INDUST/PROCESS	08 OFFICES AND BANKS	52,389	241,773	0.150	0.500	0.553
	13 MOTOR VEHICLE RISKS	104	383	0.000	0.330	0.365
	14 OTHER NON-MANUF.	62,862	307,331	0.004	0.368	0.406
	15 STORAGE	3,007	14,039	0.000	0.325	0.359
	17 FOOD MANUFACTURING	126,464	505,156	0.037	0.269	0.297
	18 WOOD MANUFACTURING	266,088	1,078,669	0.016	0.192	0.213
	19 WEARING APPAREL	139,853	513,645	0.501	0.462	0.511
	20 CHEM. MANUFACTURING	37,179	238,932	0.000	0.268	0.296
	21 METAL MANUFACTURING	620,842	3,099,145	0.140	0.256	0.283
	22 OTHER MANUFACTURING	495,898	2,656,130	1.746	1.017	1.124
	TOTAL*	1,945,817	9,362,804	0.561	0.484	0.535

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

Entire State		(1)	(2)	(3)	(4)	(5)
		ACCIDENT YEAR				
		ENDING 03/31/19	5 - YEAR	5 - YEAR		CREDIBILITY
		AGGREGATE LOSS	AGGREGATE	EXPERIENCE		WEIGHTED
TYPE OF POLICY	CATEGORY	COSTS	LOSS COSTS	RATIO	RELATIVITY	RELATIVITY
38 MULTILINE	04 OTHER MERCANTILE RS	244,224	1,157,667	0.758	0.687	0.760
CONTRACTORS	08 OFFICES AND BANKS	149,097	688,113	0.397	0.509	0.563
	14 OTHER NON-MANUF.	20,495	111,131	0.375	0.453	0.501
	TOTAL*	413,816	1,956,911	0.609	0.611	0.676
TOTAL ALL TOPS*	01 APARTMENTS	1,243,412	5,327,178	1.205	1.070	1.182
	02 OTHER HABITATIONAL	824,016	4,158,965	1.142	1.077	1.190
	03 RESTAURANTS & BARS	623,903	2,936,177	1.097	0.999	1.103
	04 OTHER MERCANTILE RS	2,751,008	13,376,123	1.132	0.995	1.100
	05 PUBLIC BUILDINGS	365,507	1,740,877	1.254	1.101	1.217
	06 CHURCHES	2,517,972	12,681,697	0.854	0.974	1.076
	07 SCHOOLS	647,099	3,616,935	0.351	0.858	0.948
	08 OFFICES AND BANKS	2,246,006	11,064,413	0.770	0.865	0.955
	09 REC. FACILITIES	988,270	4,823,231	0.604	0.841	0.929
	10 HOTELS AND MOTELS	407,367	1,940,655	1.472	1.167	1.289
	11 HOSPITALS/NURS HOME	389,600	1,681,326	1.336	1.026	1.134
	13 MOTOR VEHICLE RISKS	702,151	2,956,820	1.070	0.828	0.915
	14 OTHER NON-MANUF.	718,665	3,731,892	0.451	0.666	0.736
	15 STORAGE	559,438	2,641,086	0.452	0.854	0.944
	17 FOOD MANUFACTURING	160,679	636,271	0.091	0.373	0.411
	18 WOOD MANUFACTURING	291,068	1,241,192	0.399	0.320	0.354
	19 WEARING APPAREL	156,917	600,895	0.471	0.525	0.580
	20 CHEM. MANUFACTURING	41,038	272,766	0.000	0.338	0.373
	21 METAL MANUFACTURING	719,442	3,596,341	0.962	0.476	0.526
	22 OTHER MANUFACTURING	643,340	3,640,905	1.403	0.961	1.061
	TOTAL*	16,996,898	82,665,745	0.921	0.905	1.000

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

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

TYPE OF POLICY	CATEGORY	(1)	(2)	(3)	(4)	(5)
		ACCIDENT YEAR ENDING 03/31/19 AGGREGATE LOSS COSTS	5 - YEAR AGGREGATE LOSS COSTS	5 - YEAR EXPERIENCE RATIO	RELATIVITY	CREDIBILITY WEIGHTED RELATIVITY
10 MONOLINE	01 BUILDINGS	1,119,850	4,811,550	0.621	0.619	0.544
	02 RES. APTS. AND COND	14,156	73,291	0.303	0.539	0.474
	03 OFFICES	70,799	376,151	1.054	0.761	0.669
	04 MERCANTILE - HIGH	72,708	361,656	0.702	0.643	0.566
	05 MERCANTILE - MEDIUM	22,969	105,839	1.606	0.864	0.760
	06 MERCANTILE - LOW	15,269	85,541	0.315	0.541	0.476
	07 MOTELS AND HOTELS	12,135	56,388	0.116	0.497	0.437
	08 INSTITUTIONAL - HIG	16,033	79,389	0.073	0.483	0.425
	09 INSTITUTIONAL - LOW	52,586	216,362	0.339	0.535	0.471
	10 INDUST-PROC - HIGH	10,556	38,370	0.151	0.508	0.447
	11 INDUST-PROC - LOW	34,148	168,649	0.285	0.524	0.461
	12 SERVICE - HIGH	19,269	95,891	0.097	0.486	0.427
	13 SERVICE - LOW	37,337	176,959	0.481	0.577	0.507
	14 CONTRACTORS	8,394	50,128	0.413	0.567	0.499
	TOTAL*	1,506,209	6,696,164	0.612	0.618	0.543
31 MULTILINE	01 BUILDINGS	168,943	665,135	1.230	1.281	1.127
MOTEL/HOTEL	07 MOTELS AND HOTELS	30,989	144,773	1.206	1.302	1.145
	TOTAL*	199,932	809,908	1.226	1.284	1.130
32 MULTILINE	01 BUILDINGS	683,562	2,552,521	2.234	2.035	1.790
APARTMENT	02 RES. APTS. AND COND	182,016	824,850	0.220	0.720	0.633
	TOTAL*	865,578	3,377,371	1.810	1.759	1.547

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

TYPE OF POLICY	CATEGORY	(1)	(2)	(3)	(4)	(5)
		ACCIDENT YEAR ENDING 03/31/19 AGGREGATE LOSS COSTS	5 - YEAR AGGREGATE LOSS COSTS	5 - YEAR EXPERIENCE RATIO	RELATIVITY	CREDIBILITY WEIGHTED RELATIVITY
33 MULTILINE OFFICE	01 BUILDINGS	408,814	1,918,075	1.700	1.600	1.407
	03 OFFICES	199,212	861,793	0.746	1.004	0.883
	04 MERCANTILE - HIGH	118	540	0.000	1.193	1.049
	08 INSTITUTIONAL - HIG	305	2,039	0.000	1.191	1.047
	11 INDUST-PROC - LOW	0	10	0.000	1.000	1.000
	12 SERVICE - HIGH	102	535	11.601	2.388	2.100
	14 CONTRACTORS	0	51	0.000	1.000	1.000
	TOTAL*	608,551	2,783,043	1.388	1.405	1.235
34 MULTILINE MERCANTILE	01 BUILDINGS	1,530,642	6,397,181	1.175	1.191	1.047
	03 OFFICES	6,174	23,970	2.659	1.502	1.321
	04 MERCANTILE - HIGH	221,240	975,990	1.237	1.276	1.122
	05 MERCANTILE - MEDIUM	180,440	881,817	0.492	0.857	0.754
	06 MERCANTILE - LOW	120,274	545,448	1.016	1.187	1.044
	08 INSTITUTIONAL - HIG	46	969	0.000	1.193	1.049
	11 INDUST-PROC - LOW	296	1,889	0.000	1.191	1.047
	12 SERVICE - HIGH	4,402	39,654	0.067	1.149	1.011
	13 SERVICE - LOW	1,857	15,899	0.650	1.250	1.099
	14 CONTRACTORS	5,793	26,394	0.000	1.157	1.018
	TOTAL*	2,071,164	8,909,211	1.111	1.172	1.030

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

TYPE OF POLICY	CATEGORY	(1)	(2)	(3)	(4)	(5)
		ACCIDENT YEAR ENDING 03/31/19 AGGREGATE LOSS COSTS	5 - YEAR AGGREGATE LOSS COSTS	5 - YEAR EXPERIENCE RATIO	RELATIVITY	CREDIBILITY WEIGHTED RELATIVITY
35 MULTILINE	01 BUILDINGS	1,454,932	7,912,188	1.581	1.560	1.372
INSTITUTIONAL	03 OFFICES	234	1,674	0.000	1.192	1.048
	04 MERCANTILE - HIGH	7	70	0.000	1.194	1.050
	08 INSTITUTIONAL - HIG	111,318	576,796	0.378	0.883	0.777
	09 INSTITUTIONAL - LOW	311,888	1,434,670	0.760	0.948	0.834
	12 SERVICE - HIGH	636	4,135	0.000	1.188	1.045
	13 SERVICE - LOW	2,573	15,645	0.000	1.172	1.031
	14 CONTRACTORS	252	1,489	0.000	1.192	1.048
	TOTAL*	1,881,840	9,946,667	1.371	1.418	1.247
36 MULTILINE	01 BUILDINGS	469,949	2,162,532	1.246	0.960	0.844
SERVICES	03 OFFICES	2,925	16,441	0.353	0.817	0.719
	04 MERCANTILE - HIGH	3,176	15,151	0.000	0.783	0.689
	05 MERCANTILE - MEDIUM	3,768	12,602	0.892	0.870	0.765
	06 MERCANTILE - LOW	2,282	7,896	0.000	0.783	0.689
	08 INSTITUTIONAL - HIG	3,933	22,029	0.000	0.782	0.688
	09 INSTITUTIONAL - LOW	6,752	39,212	0.000	0.781	0.687
	10 INDUST-PROC - HIGH	0	121	0.000	1.000	1.000
	11 INDUST-PROC - LOW	74	1,673	0.000	0.784	0.690
	12 SERVICE - HIGH	174,255	824,909	1.002	0.889	0.782
	13 SERVICE - LOW	54,296	251,104	1.235	0.911	0.801
	14 CONTRACTORS	4,620	27,522	0.000	0.782	0.688
	TOTAL*	726,030	3,381,192	1.145	0.933	0.821

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

TYPE OF POLICY	CATEGORY	(1)	(2)	(3)	(4)	(5)
		ACCIDENT YEAR ENDING 03/31/19 AGGREGATE LOSS COSTS	5 - YEAR AGGREGATE LOSS COSTS	5 - YEAR EXPERIENCE RATIO	RELATIVITY	CREDIBILITY WEIGHTED RELATIVITY
37 MULTILINE INDUST/PROC	01 BUILDINGS	517,971	2,454,326	0.521	0.778	0.684
	03 OFFICES	1,580	9,167	1.573	0.937	0.824
	04 MERCANTILE - HIGH	2,785	11,209	0.000	0.783	0.689
	05 MERCANTILE - MEDIUM	57	1,534	0.000	0.784	0.690
	10 INDUST-PROC - HIGH	47,821	206,310	0.147	0.786	0.691
	11 INDUST-PROC - LOW	214,668	1,159,231	0.763	0.849	0.747
	12 SERVICE - HIGH	0	386	0.000	1.000	1.000
	13 SERVICE - LOW	47	1,418	36.237	4.222	3.713
	14 CONTRACTORS	2,634	11,859	0.638	0.845	0.743
	TOTAL*	787,563	3,855,440	0.567	0.798	0.702
38 MULTILINE CONTRACTORS	01 BUILDINGS	267,960	1,153,071	0.728	0.843	0.741
	03 OFFICES	17,349	101,534	2.162	1.004	0.883
	04 MERCANTILE - HIGH	3,183	13,398	0.349	0.817	0.719
	05 MERCANTILE - MEDIUM	30	1,156	0.000	0.784	0.690
	06 MERCANTILE - LOW	3,069	16,005	0.413	0.823	0.724
	08 INSTITUTIONAL - HIG	230	3,525	0.000	0.784	0.690
	11 INDUST-PROC - LOW	475	3,568	0.000	0.784	0.690
	12 SERVICE - HIGH	638	3,793	20.194	2.741	2.411
	13 SERVICE - LOW	1,613	7,793	0.000	0.783	0.689
	14 CONTRACTORS	226,522	1,078,125	1.008	0.893	0.785
TOTAL*	521,069	2,381,968	0.914	0.872	0.767	

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

TYPE OF POLICY	CATEGORY	(1)	(2)	(3)	(4)	(5)
		ACCIDENT YEAR ENDING 03/31/19 AGGREGATE LOSS COSTS	5 - YEAR AGGREGATE LOSS COSTS	5 - YEAR EXPERIENCE RATIO	RELATIVITY	CREDIBILITY WEIGHTED RELATIVITY
TOTAL ALL TOPS*	01 BUILDINGS	6,622,623	30,026,579	1.249	1.227	1.079
	02 RES. APTS. AND COND	196,172	898,141	0.226	0.707	0.622
	03 OFFICES	298,273	1,390,730	0.941	0.954	0.840
	04 MERCANTILE - HIGH	303,217	1,378,014	1.075	1.110	0.976
	05 MERCANTILE - MEDIUM	207,264	1,002,948	0.623	0.858	0.755
	06 MERCANTILE - LOW	140,894	654,890	0.910	1.102	0.970
	07 MOTELS AND HOTELS	43,124	201,161	0.899	1.076	0.946
	08 INSTITUTIONAL - HIG	131,865	684,747	0.328	0.832	0.732
	09 INSTITUTIONAL - LOW	371,226	1,690,244	0.687	0.887	0.780
	10 INDUST-PROC - HIGH	58,377	244,801	0.148	0.736	0.647
	11 INDUST-PROC - LOW	249,661	1,335,020	0.695	0.805	0.708
	12 SERVICE - HIGH	199,302	969,303	0.957	0.864	0.759
	13 SERVICE - LOW	97,723	468,818	0.899	0.796	0.700
	14 CONTRACTORS	248,215	1,195,568	0.941	0.886	0.779
	TOTAL*	9,167,936	42,140,964	1.114	1.137	1.000

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

ALABAMA

BASIC GROUP II RELATIVITY ANALYSIS

INDICATED TOTAL LOSS COST ADJUSTMENT:

9.2%

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	ACCIDENT YEAR ENDING 03/31/19	ACCIDENT YEARS 2010-2019 NON-HURR.	FORMULA RELATIVITY (2)/ 0.648	CREDIBILITY C	CREDIBILITY WEIGHTED RELATIVITY	BALANCED FORMULA RELATIVITY	NORMALIZED FORMULA RELATIVITY	CURRENT IMPLICIT PMF	INDICATED IMPLICIT PMF	INDICATED TOTAL LOSS COST ADJUST
MONOLINE	3,950,720	0.722	1.018	0.584	1.011	1.011	1.0034			9.5%
MULTILINE	22,899,025	0.705	0.994	0.810	0.995	1.007	0.9992			9.1%
COVERAGE	26,849,745	0.709	1.000			1.0076	0.9998			9.2%
MULTILINE TOP										
31 MOTEL/HOTEL	689,841	*****	*****	*****	*****	1.021	1.0133	1.484	1.499	10.7%
32 APARTMENT	2,194,996	*****	*****	*****	*****	1.111	1.1026	1.364	1.499	20.4%
33 OFFICE	1,707,457	0.534	0.753	0.234	0.942	0.923	0.9160	1.102	1.006	0.0%
34 MERCANTILE	6,215,895	0.728	1.027	0.542	1.015	0.995	0.9875	1.409	1.387	7.8%
35 INSTITUTIONAL	6,962,745	0.770	1.086	0.636	1.055	1.034	1.0262	1.285	1.314	12.1%
36 SERVICES	2,923,531	0.735	1.037	0.366	1.014	0.994	0.9865	1.354	1.331	7.7%
37 INDUST/PROCESS	1,586,889	0.520	0.733	0.243	0.935	0.917	0.9101	0.944	0.856	-0.6%
38 CONTRACTORS	617,671	0.549	0.774	0.121	0.973	0.954	0.9468	1.190	1.123	3.4%
	22,899,025	0.705	0.994		1.015	1.007	0.9992			9.1%

C - CREDIBILITY = P/(P+K) WHERE P REPRESENTS THE TOTAL 10 YEAR ADJUSTED LOSS COSTS AND K = 45,000,000

ALABAMA

BASIC GROUP II RELATIVITY ANALYSIS

REFLECTING ADJUSTMENT OF APRIL 2011 TORNADO OUTBREAK TO BE A 1-IN-250 YEAR EVENT

INDICATED TOTAL LOSS COST ADJUSTMENT: 6.4%

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	ACCIDENT YEARS									
ACCIDENT YEAR	2010-2019									INDICATED
ENDING 03/31/19	NON-HURR.									TOTAL
LOSS COSTS	EXPERIENCE RATIO	FORMULA		CREDIBILITY	CREDIBILITY	BALANCED	NORMALIZED	CURRENT	INDICATED	LOSS
AT CURRENT	AT CURRENT PMF	RELATIVITY		WEIGHTED	FORMULA	FORMULA	FORMULA	IMPLICIT	IMPLICIT	COST
IMPLICIT PMF	PMF	(2)/ 0.648		C	RELATIVITY	RELATIVITY	RELATIVITY	PMF	PMF	ADJUST
-----	-----	-----		-----	-----	-----	-----	-----	-----	-----
MONOLINE	3,950,720	0.643	1.017	0.584	1.010	1.010	1.0026			6.7%
MULTILINE	22,899,025	0.628	0.994	0.810	0.995	1.007	0.9995			6.3%
-----	-----	-----	-----	-----	-----	-----	-----			-----
COVERAGE	26,849,745	0.632	1.000			1.0074	1.0000			6.4%
MULTILINE TOP										
31 MOTEL/HOTEL	689,841	*****	*****	*****	*****	1.021	1.0135	1.484	1.500	7.8%
32 APARTMENT	2,194,996	*****	*****	*****	*****	1.111	1.1028	1.364	1.500	17.3%
33 OFFICE	1,707,457	0.476	0.753	0.234	0.942	0.924	0.9172	1.102	1.008	-2.4%
34 MERCANTILE	6,215,895	0.648	1.025	0.542	1.014	0.995	0.9877	1.409	1.388	5.1%
35 INSTITUTIONAL	6,962,745	0.686	1.085	0.636	1.054	1.034	1.0264	1.285	1.316	9.2%
36 SERVICES	2,923,531	0.654	1.035	0.366	1.013	0.994	0.9867	1.354	1.333	5.0%
37 INDUST/PROCESS	1,586,889	0.463	0.733	0.243	0.935	0.917	0.9103	0.944	0.857	-3.1%
38 CONTRACTORS	617,671	0.489	0.774	0.121	0.973	0.955	0.9480	1.190	1.125	0.9%
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
	22,899,025	0.628	0.994		1.014	1.007	0.9995 B			6.3%

C - CREDIBILITY = P/(P+K) WHERE P REPRESENTS THE TOTAL 10 YEAR ADJUSTED LOSS COSTS AND K = 45,000,000

ALABAMA  
BASIC GROUP I  
HISTORY OF STATEWIDE LOSS COST/RATE LEVEL CHANGES

---

LOSS COST/RATE LEVEL HISTORY

(1)	(2)	(3)	(4)	(5)
EFFECTIVE DATE	LOSS COST/ RATE LEVEL CHANGE (%)	LOSS COST/ RATE LEVEL INDEX	ADJUSTMENT FACTOR	WEIGHT*
2000-04-01	0.8	1.008	0.443	0.753
2002-06-01	-4.4	0.964	0.464	0.586
2003-12-01	-12.2	0.846	0.528	0.085
2004-06-01	-13.8	0.729	0.613	0.585
2005-05-01	-20.7	0.578	0.773	0.671
2005-12-01	-11.6	0.511	0.875	0.085
2007-01-01	-6.1	0.480	0.931	1.000
2008-01-01	10.5	0.530	0.843	1.000
2009-01-01	-5.0	0.504	0.887	1.000
2010-10-01	0.1	0.504	0.887	0.252
2011-10-01	-8.5	0.462	0.968	0.252
2013-10-01	-12.0	0.406	1.101	0.252
2015-10-01	6.8	0.434	1.030	0.252
2017-02-01	3.1	0.447	1.000	0.915

TIME ELEMENT ONLY LOSS COST LEVEL HISTORY

(1)	(2)	(3)	(4)	(5)
EFFECTIVE DATE	LOSS COST/ RATE LEVEL CHANGE (%)	LOSS COST/ RATE LEVEL INDEX	ADJUSTMENT FACTOR	WEIGHT*
2013-04-01	-13.1	0.869	1.000	0.753

ALABAMA  
BASIC GROUP II  
HISTORY OF STATEWIDE LOSS COST/RATE LEVEL CHANGES

---

LOSS COST/RATE LEVEL HISTORY

(1)	(2)	(3)	(4)	(5)
EFFECTIVE DATE	LOSS COST/ RATE LEVEL CHANGE (%)	LOSS COST/ RATE LEVEL INDEX	ADJUSTMENT FACTOR	WEIGHT*
2000-04-01	8.9	1.089	0.730	0.753
2002-06-01	-6.3	1.020	0.779	0.586
2003-12-01	-21.4	0.802	0.991	0.085
2004-06-01	-9.3	0.727	1.094	0.585
2005-05-01	-0.6	0.723	1.100	0.671
2005-12-01	-1.1	0.715	1.112	0.085
2007-01-01	5.7	0.756	1.052	1.000
2008-01-01	8.2	0.818	0.972	1.000
2009-01-01	1.3	0.828	0.960	1.000
2010-10-01	-6.7	0.773	1.028	0.252
2011-10-01	-5.8	0.728	1.092	0.252
2013-10-01	2.3	0.745	1.067	0.252
2015-10-01	1.1	0.753	1.056	0.252
2017-02-01	5.6	0.795	1.000	0.915

TIME ELEMENT ONLY LOSS COST LEVEL HISTORY

(1)	(2)	(3)	(4)	(5)
EFFECTIVE DATE	LOSS COST/ RATE LEVEL CHANGE (%)	LOSS COST/ RATE LEVEL INDEX	ADJUSTMENT FACTOR	WEIGHT*
2013-04-01	-13.3	0.867	1.000	0.753

ALABAMA  
SPECIAL CAUSES OF LOSS  
HISTORY OF STATEWIDE LOSS COST/RATE LEVEL CHANGES

---

LOSS COST/RATE LEVEL HISTORY

(1)	(2)	(3)	(4)	(5)
EFFECTIVE DATE	LOSS COST/ RATE LEVEL CHANGE (%)	LOSS COST/ RATE LEVEL INDEX	ADJUSTMENT FACTOR	WEIGHT*
2000-04-01	-14.5	0.855	0.600	0.753
2002-06-01	-7.8	0.788	0.651	0.586
2003-12-01	-6.3	0.739	0.694	0.085
2004-06-01	-7.5	0.683	0.751	0.585
2005-05-01	-0.8	0.678	0.757	0.671
2005-12-01	-21.6	0.531	0.966	0.085
2007-01-01	0.1	0.532	0.964	1.000
2008-01-01	1.3	0.539	0.952	1.000
2009-01-01	-0.2	0.538	0.954	1.000
2010-10-01	-8.7	0.491	1.045	0.252
2011-10-01	-8.9	0.447	1.148	0.252
2013-10-01	8.7	0.486	1.056	0.252
2015-10-01	4.5	0.508	1.010	0.252
2017-02-01	0.9	0.513	1.000	0.915

TIME ELEMENT ONLY LOSS COST LEVEL HISTORY

(1)	(2)	(3)	(4)	(5)
EFFECTIVE DATE	LOSS COST/ RATE LEVEL CHANGE (%)	LOSS COST/ RATE LEVEL INDEX	ADJUSTMENT FACTOR	WEIGHT*
2013-04-01	-25.0	0.750	1.000	0.753

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

TERRITORY: Birmingham

EFFECTIVE RATING  
 DATE ID

RATING GROUP

		01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	17	18	19	20	21	22
01/01/2007	SPEC.	-8.0	-7.5	-8.5	-6.5	-6.9	-8.1	-8.0	-6.4	-7.3	-7.5	-7.6	-8.4	-7.4	-8.4	-8.2	-7.4	-7.4	-6.2	-6.2	-5.9	-6.2
	CLASS	-10.5	-10.0	-11.0	-9.0	-9.5	-10.7	-10.5	-9.0	-9.9	-10.0	-10.1	-10.9	-10.0	-10.9	-10.8	-10.0	-7.4	-8.8	-6.2	-5.9	-8.8
01/01/2008	SPEC.	5.8	14.5	15.7	2.9	21.4	35.5	27.5	-3.9	23.0	16.2	27.3	20.8	22.2	20.8	19.1	21.5	33.1	20.3	33.1	15.9	33.1
	CLASS	12.6	21.9	23.1	9.5	29.1	35.5	35.5	2.2	30.8	23.7	35.5	28.4	29.9	28.4	26.7	29.2	33.1	28.0	33.1	15.9	35.5
01/01/2009	SPEC.	-12.7	-12.7	-12.7	-12.7	-8.6	-9.7	-10.4	-12.7	-8.9	-10.3	-9.5	-12.7	-11.2	-12.7	-11.5	-7.9	0.8	-6.0	-1.8	-3.2	-1.8
	CLASS	-12.7	-6.7	-7.4	-12.3	-0.4	-1.6	-2.3	-5.3	-0.7	-2.2	-1.3	-5.7	-3.2	-5.7	-3.5	0.4	0.8	2.4	-1.8	-3.2	7.1
10/01/2010	SPEC.	8.2	6.0	1.7	2.2	6.5	16.5	4.0	3.7	8.5	6.4	6.9	0.3	3.7	0.3	4.4	6.8	7.1	5.9	4.7	8.6	4.7
	CLASS	-5.5	-7.3	-11.1	-10.7	-7.0	1.8	-9.1	-9.4	-5.2	-7.0	-6.6	-12.3	-9.4	-12.3	-8.7	-6.7	7.1	-7.4	4.7	8.6	-8.5
10/01/2011	SPEC.	6.6	6.2	-2.4	-2.0	5.9	15.9	3.1	1.9	6.3	6.1	6.4	2.1	4.2	2.1	0.2	7.6	7.0	5.9	6.1	12.0	5.6
	CLASS	0.1	-0.3	-8.4	-8.0	-0.6	8.8	-3.3	-4.4	-0.2	-0.4	-0.1	-4.2	-2.2	-4.2	-5.9	0.9	7.0	-0.6	6.1	12.0	-0.9
10/01/2013	SPEC.	-10.2	-11.8	-14.6	-9.2	-11.5	-6.9	-11.2	-14.3	-9.4	-9.4	-11.0	-13.4	-12.5	-13.4	-14.1	-11.7	-15.1	-11.9	-13.7	-11.3	-13.7
	CLASS	-11.7	-13.2	-16.0	-10.7	-13.0	-8.5	-12.7	-15.8	-11.0	-11.0	-12.5	-14.8	-13.9	-14.8	-15.5	-13.2	-15.1	-13.4	-13.7	-11.3	-15.2
10/01/2015	SPEC.	8.1	10.7	9.5	9.2	12.1	19.8	12.4	10.0	12.2	11.7	12.1	11.0	11.4	11.0	10.0	11.9	10.5	11.1	10.4	10.7	10.4
	CLASS	12.0	14.8	13.5	13.2	16.2	24.2	16.6	14.0	16.3	15.9	16.2	15.1	15.5	15.1	14.0	16.0	10.5	15.2	10.4	10.7	14.5
02/01/2017	SPEC.	14.8	16.4	13.8	11.7	14.2	17.5	14.2	13.5	16.2	15.7	14.8	15.2	15.4	15.2	13.6	16.1	15.4	15.2	16.7	16.3	16.7
	CLASS	14.7	16.3	13.6	11.6	14.1	17.4	14.1	13.4	16.0	15.6	14.7	15.1	15.2	15.1	13.5	15.9	15.4	15.1	16.7	16.3	16.6

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

---

TERRITORY: City of Mobile

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
01/01/2007	SPEC.	-6.3	-5.9	-6.9	-4.8	-5.3	-6.5	-6.3	-4.7	-5.7	-5.9	-6.0	-6.8	-5.8	-6.8	-6.6	-5.8	-5.8	-4.6	-4.6	-4.3	-4.6
	CLASS	-8.9	-8.5	-9.5	-7.5	-7.9	-9.1	-8.9	-7.4	-8.3	-8.5	-8.6	-9.4	-8.4	-9.4	-9.2	-8.4	-5.8	-7.2	-4.6	-4.3	-7.2
01/01/2008	SPEC.	-6.7	0.9	2.0	-9.3	7.0	19.4	12.4	-15.3	8.4	2.5	12.2	6.4	7.7	6.4	5.0	7.1	17.3	6.0	17.3	2.2	17.3
	CLASS	-0.7	7.5	8.5	-3.5	13.8	19.4	19.4	-9.9	15.3	9.1	19.5	13.2	14.5	13.2	11.7	13.9	17.3	12.8	17.3	2.2	19.4
01/01/2009	SPEC.	-25.0	-25.0	-25.0	-25.0	-21.4	-22.4	-23.0	-25.0	-21.7	-22.9	-22.2	-25.0	-23.7	-25.0	-23.9	-20.8	-13.4	-19.2	-15.6	-16.8	-15.6
	CLASS	-25.0	-19.8	-20.4	-24.6	-14.4	-15.5	-16.0	-18.6	-14.6	-16.0	-15.2	-18.9	-16.8	-18.9	-17.0	-13.7	-13.4	-12.0	-15.6	-16.8	-7.9
10/01/2010	SPEC.	10.3	8.1	3.7	4.2	8.5	18.7	6.0	5.7	10.6	8.4	9.0	2.2	5.7	2.2	6.5	8.9	9.2	8.0	6.7	10.7	6.7
	CLASS	-3.6	-5.5	-9.4	-8.9	-5.2	3.7	-7.3	-7.6	-3.4	-5.2	-4.8	-10.6	-7.6	-10.6	-7.0	-4.9	9.2	-5.6	6.7	10.7	-6.8
10/01/2011	SPEC.	-4.5	-4.8	-12.5	-12.2	-5.1	3.9	-7.7	-8.7	-4.8	-4.9	-4.7	-8.5	-6.6	-8.5	-10.2	-3.6	-4.1	-5.1	-4.9	0.4	-5.4
	CLASS	-10.4	-10.7	-17.9	-17.6	-11.0	-2.5	-13.3	-14.3	-10.6	-10.8	-10.5	-14.1	-12.4	-14.1	-15.7	-9.6	-4.1	-11.0	-4.9	0.4	-11.2
10/01/2013	SPEC.	-18.7	-20.1	-22.7	-17.8	-19.9	-15.8	-19.6	-22.5	-18.0	-18.0	-19.5	-21.6	-20.8	-21.6	-22.2	-20.0	-23.2	-20.3	-21.9	-19.7	-21.9
	CLASS	-20.0	-21.5	-24.0	-19.2	-21.2	-17.2	-21.0	-23.8	-19.4	-19.4	-20.8	-22.9	-22.1	-22.9	-23.5	-21.4	-23.2	-21.6	-21.9	-19.7	-23.2
10/01/2015	SPEC.	3.5	6.1	4.9	4.6	7.4	14.8	7.7	5.3	7.5	7.1	7.4	6.3	6.7	6.3	5.3	7.2	5.9	6.4	5.8	6.1	5.8
	CLASS	7.3	10.0	8.8	8.4	11.3	19.0	11.7	9.2	11.4	11.0	11.3	10.2	10.7	10.2	9.2	11.1	5.9	10.3	5.8	6.1	9.7
02/01/2017	SPEC.	8.0	9.5	7.0	5.1	7.4	10.6	7.4	6.8	9.3	8.8	8.0	8.4	8.5	8.4	6.9	9.2	8.5	8.4	9.8	9.4	9.8
	CLASS	7.9	9.4	6.9	5.0	7.3	10.5	7.3	6.7	9.2	8.7	7.9	8.3	8.4	8.3	6.8	9.1	8.5	8.3	9.8	9.4	9.7

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

---

TERRITORY: Balance of State

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
01/01/2007	SPEC.	-4.9	-4.4	-5.5	-3.4	-3.9	-5.1	-4.9	-3.3	-4.3	-4.4	-4.5	-5.4	-4.4	-5.4	-5.2	-4.4	-4.4	-3.1	-3.1	-2.8	-3.1
	CLASS	-7.5	-7.1	-8.1	-6.1	-6.5	-7.7	-7.5	-6.0	-6.9	-7.1	-7.2	-8.0	-7.0	-8.0	-7.8	-7.0	-4.4	-5.8	-3.1	-2.8	-5.8
01/01/2008	SPEC.	-2.8	5.0	6.1	-5.6	11.3	24.3	17.0	-11.9	12.8	6.6	16.8	10.8	12.1	10.8	9.3	11.4	22.1	10.4	22.1	6.3	22.1
	CLASS	3.3	11.8	12.9	0.4	18.4	24.3	24.3	-6.3	20.1	13.5	24.3	17.8	19.2	17.8	16.3	18.5	22.1	17.4	22.1	6.3	24.3
01/01/2009	SPEC.	-9.7	-9.7	-9.7	-9.7	-5.4	-6.6	-7.2	-9.7	-5.7	-7.1	-6.3	-9.7	-8.1	-9.7	-8.4	-4.7	4.3	-2.9	1.6	0.1	1.6
	CLASS	-9.7	-3.5	-4.2	-9.3	3.1	1.8	1.1	-2.1	2.8	1.2	2.1	-2.5	0.1	-2.5	-0.2	3.9	4.3	6.0	1.6	0.1	10.8
10/01/2010	SPEC.	10.7	8.5	4.1	4.6	9.0	19.2	6.5	6.1	11.0	8.9	9.4	2.7	6.1	2.7	6.9	9.3	9.6	8.4	7.1	11.1	7.1
	CLASS	-3.3	-5.2	-9.0	-8.6	-4.8	4.2	-7.0	-7.2	-3.0	-4.9	-4.4	-10.3	-7.2	-10.3	-6.6	-4.5	9.6	-5.2	7.1	11.1	-6.4
10/01/2011	SPEC.	-4.8	-5.1	-12.8	-12.4	-5.4	3.5	-7.9	-9.0	-5.0	-5.2	-4.9	-8.8	-6.9	-8.8	-10.5	-3.9	-4.4	-5.4	-5.2	0.1	-5.7
	CLASS	-10.6	-11.0	-18.2	-17.8	-11.2	-2.8	-13.6	-14.6	-10.9	-11.1	-10.8	-14.4	-12.6	-14.4	-16.0	-9.8	-4.4	-11.2	-5.2	0.1	-11.5
10/01/2013	SPEC.	-9.9	-11.5	-14.4	-8.9	-11.2	-6.7	-11.0	-14.1	-9.2	-9.2	-10.8	-13.1	-12.2	-13.1	-13.8	-11.4	-14.9	-11.7	-13.5	-11.0	-13.5
	CLASS	-11.4	-13.0	-15.8	-10.4	-12.7	-8.2	-12.5	-15.5	-10.7	-10.7	-12.3	-14.6	-13.7	-14.6	-15.3	-12.9	-14.9	-13.2	-13.5	-11.0	-14.9
10/01/2015	SPEC.	-0.1	2.4	1.2	0.9	3.6	10.7	3.9	1.6	3.7	3.3	3.6	2.6	3.0	2.6	1.6	3.4	2.2	2.7	2.1	2.4	2.1
	CLASS	3.6	6.1	5.0	4.6	7.4	14.8	7.7	5.4	7.5	7.1	7.4	6.4	6.8	6.4	5.4	7.2	2.2	6.5	2.1	2.4	5.8
02/01/2017	SPEC.	1.4	2.8	0.5	-1.4	0.9	3.8	0.9	0.3	2.6	2.2	1.4	1.8	1.9	1.8	0.4	2.5	1.9	1.8	3.1	2.7	3.1
	CLASS	1.3	2.7	0.4	-1.5	0.8	3.7	0.8	0.2	2.5	2.1	1.3	1.7	1.8	1.7	0.3	2.4	1.9	1.7	3.1	2.7	3.0

ALABAMA  
 BASIC GROUP II  
 HISTORY OF LOSS COST/RATE LEVEL CHANGES  
 BY TERRITORY, SYMBOL AND COVERAGE

(1) TERRITORY	(2) EFFECTIVE DATE	(3) SYMBOL	(4) BUILDING	(5) CONTENTS
Beach	04/01/2000	A	35.0%	35.0%
		AA	35.0%	35.0%
		AB	35.0%	8.4%
		B	25.5%	-20.3%
	06/01/2002	A	19.1%	3.8%
		AA	18.2%	5.2%
		AB	-2.0%	7.3%
		B	1.8%	4.0%
	12/01/2003	A	-39.8%	-40.0%
		AA	-39.9%	-39.3%
		AB	-39.9%	-39.8%
		B	-39.9%	-39.9%
	06/01/2004	A	-7.9%	-7.4%
		AA	-8.0%	-8.1%
		AB	-8.0%	-8.0%
		B	-5.6%	-8.1%
	05/01/2005	A	35.0%	-21.6%
		AA	35.0%	-22.4%
		AB	4.6%	-21.3%
		B	13.8%	10.0%
	12/01/2005	A	7.6%	0.0%
		AA	7.8%	1.9%
		AB	-0.4%	-0.9%
		B	-0.3%	-0.5%
	01/01/2007	A	23.4%	17.2%
		AA	23.6%	18.9%
		AB	17.2%	25.5%
		B	21.0%	19.6%
	01/01/2008	A	6.2%	0.0%
		AA	6.4%	0.0%
		AB	7.5%	2.3%
		B	29.9%	29.8%
	01/01/2009	A	7.9%	-1.5%
		AA	7.8%	-1.6%
		AB	6.3%	-1.5%
		B	23.2%	29.4%
	10/01/2010	A	-1.9%	-4.5%
		AA	-1.7%	-4.8%
		AB	-2.1%	-4.5%
		B	-2.1%	-3.4%
	10/01/2011	A	-10.0%	3.8%
		AA	-10.0%	3.6%
AB		-19.9%	0.0%	
B		3.8%	25.0%	
10/1/2013	A	-1.1%	-1.1%	
	AA	-1.0%	-0.9%	
	AB	-1.3%	1.4%	
	B	-1.2%	23.2%	
10/1/2015	A	-8.6%	-3.4%	
	AA	-8.6%	-3.8%	
	AB	-7.8%	-3.3%	
	B	-10.3%	-2.9%	
2/1/2017	A	8.0%	-1.8%	
	AA	8.0%	-1.6%	
	AB	7.5%	0.0%	
	B	6.9%	-1.2%	

ALABAMA  
 BASIC GROUP II  
 HISTORY OF LOSS COST/RATE LEVEL CHANGES  
 BY TERRITORY, SYMBOL AND COVERAGE

(1) TERRITORY	(2) EFFECTIVE DATE	(3) SYMBOL	(4) BUILDING	(5) CONTENTS
Seacoast	4/1/2000	A	35.0%	16.9%
		AA	35.0%	17.0%
		AB	35.0%	15.2%
		B	11.1%	-21.4%
	6/1/2002	A	10.7%	-4.3%
		AA	10.9%	-4.8%
		AB	17.2%	-3.9%
		B	-3.4%	-3.7%
	12/1/2003	A	-25.4%	-39.4%
		AA	-25.5%	-39.0%
		AB	-32.0%	-39.5%
		B	-31.1%	-39.7%
	6/1/2004	A	-3.5%	-7.5%
		AA	-3.9%	-5.6%
		AB	-4.6%	-8.0%
		B	-4.3%	-7.9%
	5/1/2005	A	34.6%	13.5%
		AA	34.7%	14.7%
		AB	30.6%	1.5%
		B	27.3%	22.8%
	12/1/2005	A	22.9%	0.0%
		AA	24.7%	0.0%
		AB	-1.1%	-1.4%
		B	-1.1%	-1.4%
	1/1/2007	A	23.1%	16.7%
		AA	24.0%	15.4%
		AB	18.3%	11.8%
		B	20.2%	16.7%
	1/1/2008	A	5.5%	-2.0%
		AA	4.7%	0.0%
		AB	6.4%	-1.3%
		B	29.7%	29.8%
	1/1/2009	A	7.5%	-4.2%
		AA	7.6%	-4.4%
		AB	5.6%	-5.3%
		B	25.0%	27.3%
	10/1/2010	A	-1.6%	-4.3%
		AA	-1.8%	-4.7%
		AB	-2.4%	-5.6%
		B	-1.9%	-3.8%
10/1/2011	A	-19.8%	-6.2%	
	AA	-19.9%	-6.4%	
	AB	-20.0%	-10.2%	
	B	-19.0%	24.9%	
10/1/2013	A	-13.2%	2.4%	
	AA	-12.8%	2.6%	
	AB	-25.4%	2.0%	
	B	1.9%	14.5%	
10/1/2015	A	-1.2%	-6.0%	
	AA	-1.3%	-5.7%	
	AB	-1.3%	-5.6%	
	B	-5.1%	-5.2%	
2/1/2017	A	7.1%	5.0%	
	AA	7.0%	4.9%	
	AB	9.2%	8.4%	
	B	7.7%	6.3%	

ALABAMA  
 BASIC GROUP II  
 HISTORY OF LOSS COST/RATE LEVEL CHANGES  
 BY TERRITORY, SYMBOL AND COVERAGE

(1) TERRITORY	(2) EFFECTIVE DATE	(3) SYMBOL	(4) BUILDING	(5) CONTENTS
Inland	4/1/2000	A	7.1%	14.3%
		AA	8.0%	10.5%
		AB	0.0%	3.3%
	6/1/2002	B	9.3%	7.7%
		A	-6.7%	-8.3%
		AA	-7.4%	-9.5%
	12/1/2003	AB	-12.5%	-9.7%
		B	-9.2%	-9.8%
		A	17.9%	4.5%
	6/1/2004	AA	20.0%	10.5%
		AB	34.3%	32.1%
		B	-19.5%	-24.8%
	5/1/2005	A	-12.1%	-13.0%
		AA	-13.3%	-14.3%
		AB	0.0%	0.0%
	12/1/2005	B	-11.7%	-13.2%
		A	-10.3%	-5.0%
		AA	-11.5%	-5.6%
	1/1/2007	AB	-4.3%	-8.1%
		B	-7.8%	-9.2%
		A	0.0%	0.0%
	1/1/2008	AA	0.0%	0.0%
		AB	-2.3%	0.0%
		B	-1.2%	-1.7%
	1/1/2009	A	7.7%	5.3%
		AA	8.7%	5.9%
		AB	0.0%	-2.9%
	10/1/2010	B	0.0%	0.0%
		A	-3.6%	-15.0%
		AA	-8.0%	-16.7%
	10/1/2011	AB	-9.3%	-9.1%
		B	1.2%	-6.9%
		A	-18.5%	-17.6%
	10/1/2013	AA	-13.0%	-20.0%
		AB	-15.4%	-16.7%
		B	-13.3%	-16.7%
	10/1/2015	A	-9.1%	-14.3%
		AA	-10.0%	-16.7%
		AB	-12.1%	-12.0%
	2/1/2017	B	-11.1%	-13.3%
		A	-12.0%	8.1%
		AA	-13.3%	9.1%
	AB	-15.4%	6.7%	
	B	0.0%	23.5%	
	A	4.5%	5.0%	
	AA	5.1%	5.6%	
	AB	5.5%	4.2%	
	B	2.5%	12.7%	
	A	8.7%	4.8%	
	AA	7.3%	5.3%	
	AB	8.6%	6.0%	
	B	6.1%	2.8%	
	A	4.0%	4.5%	
	AA	4.5%	2.5%	
	AB	4.8%	5.7%	
	B	4.6%	5.5%	

## ALABAMA

## SPECIAL CAUSES OF LOSS

## HISTORY OF LOSS COST/RATE LEVEL CHANGES BY CATEGORY

(1) EFFECTIVE DATE	(2) CATEGORY													
	01	02	03	04	05	06	07	08	09	10	11	12	13	14
01/01/2007	-0.8	-3.1	4.8	2.7	3.7									
01/01/2008	0.6	-3.1	1.9	3.8	5.2									
01/01/2009	-1.9	-6.3	4.9	8.6	3.6									
10/01/2010	-9.6	-15.3	-3.0	-5.4	-4.1									
10/01/2011	-9.7	-7.8	-6.0	-8.2	-6.1	-8.1	-8.5	-8.2	-7.1	-7.4	-7.4	-7.5	-7.6	-3.0
10/01/2013	5.5	7.9	11.9	10.4	16.9	11.1	13.0	15.3	13.1	17.0	21.9	13.1	13.3	21.9
10/01/2015	3.6	2.5	5.0	4.4	6.7	6.0	5.7	5.0	4.2	6.1	8.3	5.2	6.3	13.3
02/01/2017	1.2	-1.0	-0.4	-0.8	0.9	0.1	0.2	-0.5	-1.5	0.3	0.7	0.4	0.2	3.5

ALABAMA

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	0.675	0.500	1.500
32	APARTMENT	0.758	0.500	1.500
33	OFFICE	0.751	0.500	1.500
34	MERCANTILE	0.624	0.500	1.500
35	INSTITUTIONAL	0.760	0.500	1.500
36	SERVICES	0.863	0.500	1.500
37	INDUST/PROCESSING	0.887	0.500	1.500
38	CONTRACTORS	0.645	0.500	1.500

ALABAMA

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	1.484	0.500	1.500
32	APARTMENT	1.364	0.500	1.500
33	OFFICE	1.102	0.500	1.500
34	MERCANTILE	1.409	0.500	1.500
35	INSTITUTIONAL	1.285	0.500	1.500
36	SERVICES	1.354	0.500	1.500
37	INDUST/PROCESSING	0.944	0.500	1.500
38	CONTRACTORS	1.190	0.500	1.500

ALABAMA

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	0.795	0.500	1.500
32	APARTMENT	1.128	0.500	1.500
33	OFFICE	0.849	0.500	1.500
34	MERCANTILE	0.971	0.500	1.500
35	INSTITUTIONAL	0.832	0.500	1.500
36	SERVICES	0.644	0.500	1.500
37	INDUST/PROCESSING	0.947	0.500	1.500
38	CONTRACTORS	1.353	0.500	1.500

Development of Current Cost Factors and Loss Projection Factors  
For Commercial Property Building and Contents Experience  
 Period ending December 31, 2019

## 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>

Quarter	XCI	PPI	IMSEP	RSALES	Time Element
					Combined Index
1 Q4-2016	112.7	115.5	1.035	0.962	0.984
2 Q1-2017	114.0	116.5	1.034	0.956	0.979
3 Q2-2017	115.0	116.3	1.04	0.958	0.983
4 Q3-2017	115.5	117.1	1.043	0.963	0.987
5 Q4-2017	116.6	117.6	1.046	0.970	0.993
6 Q1-2018	117.5	118.1	1.053	0.973	0.997
7 Q2-2018	118.4	118.3	1.058	0.974	0.999
8 Q3-2018	118.8	119.6	1.059	0.970	0.997
9 Q4-2018	119.8	120.4	1.06	0.965	0.994
10 Q1-2019	121.1	120.8	1.064	0.971	0.999
11 Q2-2019	121.9	120.8	1.065	0.970	0.999
12 Q3-2019	123.0	121.7	1.064	0.970	0.998

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

$$\text{Annual Rate of Change} = +3.09\% \quad R^2 = 0.996$$

$$\text{Loss Projection Factor for Buildings} = 1.031^{22.5/12 (b)} = 1.0587$$

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

$$\text{Annual Rate of Change} = +1.92\% \quad R^2 = 0.978$$

$$\text{Loss Projection Factor for Contents} = 1.019^{22.5/12 (b)} = 1.0363$$

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

$$\text{Annual Rate of Change} = +0.70\% \quad R^2 = 0.745$$

$$\text{Loss Projection Factor for Time Element} = 1.007^{22.5/12 (b)} = 1.0132$$

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

(b) Assuming a rate or loss cost revision date of July 1 2020, and all one year policies, the time interval between the midpoint of the latest period (08/15/2019) and the average date of accident (07/01/2021) would be 22.5 months.

Development of Current Cost Factors and Loss Projection Factors

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

<u>Year</u>	<u>Calendar Year Averages</u>			<u>Current Cost Factors Based on Average Index Values for Period ending December 31, 2019</u>		
	<u>XCI</u>	<u>PPI</u>	<u>Index</u>	<u>Buildings</u>	<u>Contents</u>	<u>Time Element</u>
2008	97.0	98.5	0.948	123 / 97.0 = 1.269	121.7 / 98.5 = 1.236	0.998 / 0.948 = 1.053
2009	100.0	100.0	0.940	123 / 100.0 = 1.23	121.7 / 100.0 = 1.217	0.998 / 0.940 = 1.062
2010	99.3	101.8	0.953	123 / 99.3 = 1.239	121.7 / 101.8 = 1.195	0.998 / 0.953 = 1.047
2011	100.0	105.2	0.985	123 / 100.0 = 1.23	121.7 / 105.2 = 1.157	0.998 / 0.985 = 1.013
2012	101.0	108.0	1.000	123 / 101.0 = 1.218	121.7 / 108.0 = 1.127	0.998 / 1.000 = 0.998
2013	102.7	109.7	1.003	123 / 102.7 = 1.198	121.7 / 109.7 = 1.109	0.998 / 1.003 = 0.995
2014	104.7	112.5	1.005	123 / 104.7 = 1.175	121.7 / 112.5 = 1.081	0.998 / 1.005 = 0.993
2015	109.1	113.8	0.986	123 / 109.1 = 1.127	121.7 / 113.8 = 1.069	0.998 / 0.986 = 1.012
2016	111.1	114.4	0.975	123 / 111.1 = 1.107	121.7 / 114.4 = 1.064	0.998 / 0.975 = 1.024
2017	114.3	116.4	0.983	123 / 114.3 = 1.076	121.7 / 116.4 = 1.046	0.998 / 0.983 = 1.015
2018	117.8	118.4	0.997	123 / 117.8 = 1.044	121.7 / 118.4 = 1.028	0.998 / 0.997 = 1.001

SUMMARY OF LOSS TREND ADJUSTMENTS (LTA'S)

<u>BUILDINGS</u>	<u>5 YEAR INCURRED LOSSES</u>	<u>LTA'S*</u>
BASIC GROUP I	2,958,736,918	0.0
BASIC GROUP II	2,951,810,348	0.0
SPECIAL CAUSES OF LOSS	1,665,137,986	0.3
TOTAL	7,575,685,251	0.1
<u>CONTENTS</u>		
BASIC GROUP I	869,646,578	0.6
BASIC GROUP II	263,818,148	0.6
SPECIAL CAUSES OF LOSS	606,599,719	-0.6
TOTAL	1,740,064,445	0.2
<u>TIME ELEMENT</u>		
BASIC GROUP I	389,039,379	2.6
BASIC GROUP II	70,999,922	2.7
SPECIAL CAUSES OF LOSS	123,793,433	2.6
TOTAL	583,832,734	2.6
GRAND TOTAL	9,899,582,430	0.3

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

## DEVELOPMENT OF LTA'S

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

Calendar Year	(1)	(2)	(3)	(4)	(5)
	Buildings Current Cost Factor	Contents Current Cost Factor	Time Element Cost Factor	Basic Group I (BGI)& Special Causes of Loss (SCL) Weights	Basic Group II (BGII) Weights
2008	1.188	1.196	1.061		0.10
2009	1.197	1.175	1.046		0.10
2010	1.188	1.137	1.012		0.10
2011	1.176	1.108	0.997		0.10
2012	1.157	1.090	0.994		0.10
2013	1.135	1.063	0.992	0.10	0.10
2014	1.089	1.051	1.011	0.15	0.10
2015	1.069	1.045	1.023	0.20	0.10
2016	1.039	1.028	1.014	0.25	0.10
2017	1.008	1.010	1.000	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))	1.053	1.033	1.009
Basic Group II (Weighted on Column (5))	1.125	1.090	1.015

## (7) LOSS PROJECTION FACTORS

	Buildings	Contents	Time Element
Annual Rate of Change	0.029	0.017	0.010
Loss Projection Factor: <sup>b</sup> $(1.0 + \text{Annual Rate of Change})^{(X/12)}$	1.079	1.045	1.026

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

	Buildings	Contents	Time Element
Basic Group I and Special Causes of Loss	1.136	1.079	1.035
Basic Group II	1.214	1.139	1.041

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

	Buildings	Contents	Time Element
Basic Group I and Special Causes of Loss: $(\text{Total Trend Factor})^{12/54}$	1.029	1.017	1.008
Basic Group II: $(\text{Total Trend Factor})^{12/90}$	1.026	1.018	1.005

- (a) The Current Cost Factors and Loss Projection Factors on this exhibit are based on external economic indices through December 31, 2018 for Buildings, Contents and Time Element.
- (b) Assuming a loss cost revision date of July 1, 2020, the time interval between the midpoint of the latest period of external trend information (November 15, 2018) and the prospective average date of loss (July 1, 2021) 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, 2021) is 54 months for BG I and SCL, and 90 months for BG II. The weighted midpoint is January 1, 2017 for BG I and SCL, and January 1, 2014 for BG II.

DEVELOPMENT OF LTA'SII. INTERNAL ANNUAL RATES OF CHANGE:

## (10) SELECTED COMFAL

	Buildings	Contents	Time Element
Basic Group I (BGI)	1.050	1.050	1.060
Basic Group II (BGII)	1.025	1.030	1.060
Special Causes of Loss	1.035	1.025	1.060

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)	1.029	1.050	2.0	1.0	-1.0	0.0
Basic Group II (BGII)	1.026	1.025	-0.1	-0.1	0.0	-0.1
Special Causes of Loss	1.029	1.035	0.6	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)	1.017	1.050	3.2	1.6	-1.0	0.6
Basic Group II (BGII)	1.018	1.030	1.2	0.6	0.0	0.6
Special Causes of Loss	1.017	1.025	0.8	0.4	-1.0	-0.6

## 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)	1.008	1.060	5.2	2.6	0.0	2.6
Basic Group II (BGII)	1.005	1.060	5.5	2.8	0.0	2.8
Special Causes of Loss	1.008	1.060	5.2	2.6	0.0	2.6

(d) The external rates of change are based on external economic indices through December 31, 2018 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.

**EXPOSURE TREND**  
**DEVELOPMENT OF CURRENT AND PROJECTED EARNED EXPOSURE FACTORS**

	Buildings				Contents			
	(1) <sup>a</sup> Annual Written Increase	(2) <sup>a</sup> 7/1/2019 Written Factors	(3) <sup>b</sup> 1/1/2021 Projected Factors	(4) <sup>c</sup> 1/1/2021 Earned Factors	(5) <sup>a</sup> Annual Written Increase	(6) <sup>a</sup> 7/1/2019 Written Factors	(7) <sup>b</sup> 1/1/2021 Projected Factors	(8) <sup>c</sup> 1/1/2021 Earned Factors
2007	3.9%	1.368	1.432	1.485	2.4%	1.266	1.308	1.338
2008	3.5%	1.322	1.384	1.431	2.4%	1.236	1.277	1.307
2009	3.3%	1.280	1.340	1.362	2.2%	1.209	1.249	1.263
2010	2.5%	1.249	1.308	1.324	1.7%	1.189	1.228	1.239
2011	2.5%	1.219	1.276	1.292	1.8%	1.168	1.207	1.218
2012	2.7%	1.187	1.243	1.260	1.8%	1.147	1.185	1.196
2013	2.6%	1.157	1.211	1.227	2.1%	1.123	1.160	1.173
2014	2.5%	1.129	1.182	1.197	2.1%	1.100	1.136	1.148
2015	2.3%	1.104	1.156	1.169	1.9%	1.079	1.115	1.126
2016	2.1%	1.081	1.132	1.144	1.8%	1.060	1.095	1.105
2017	2.1%	1.059	1.109	1.121	1.8%	1.041	1.076	1.086
2018	2.7%	1.031	1.079	1.094	1.9%	1.022	1.056	1.066
2019	3.1%	1.000	1.047	1.063	2.2%	1.000	1.033	1.045

## 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 3.1% and 2.2% for Buildings and Contents, respectively. Consequently, the written factors at 7/1/2019 levels in column (2) and column (6) are brought to the level of the average date of writing in the effective period, 1/1/2021 (i.e., 6 months beyond an assumed revision date of 7/1/2020), by applying a factor of (1.031)<sup>18/12</sup> for Buildings and (1.022)<sup>18/12</sup> for Contents.
- c Written factors are earned into each accident year ending 12/31 using the following factors which assume all one year policies:

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

For example, the factors used to adjust earned exposures for the period from 01/01/2019 to 12/31/2019 to the projected level are 1.063 for Buildings and 1.045 for Contents.

EXPOSURE TREND  
DEVELOPMENT OF CURRENT AND PROJECTED EARNED EXPOSURE FACTORS

	Time Element			
	(1) <sup>a</sup>	(2) <sup>a</sup>	(3) <sup>b</sup>	(4) <sup>c</sup>
	Annual	7/1/2019	1/1/2021	1/1/2021
	Written	Written	Projected	Earned
<u>Year</u>	<u>Increase</u>	<u>Factors</u>	<u>Factors</u>	<u>Factors</u>
2007	1.3%	1.116	1.131	1.145
2008	1.3%	1.102	1.117	1.130
2009	0.8%	1.093	1.108	1.113
2010	0.7%	1.085	1.100	1.104
2011	0.8%	1.076	1.091	1.096
2012	0.8%	1.067	1.081	1.086
2013	0.9%	1.057	1.071	1.076
2014	1.0%	1.047	1.061	1.066
2015	1.1%	1.036	1.050	1.056
2016	1.1%	1.025	1.039	1.045
2017	0.9%	1.016	1.030	1.035
2018	0.7%	1.009	1.023	1.027
2019	0.9%	1.000	1.014	1.019

Notes

- a The percentages in columns (1) and (5) represent the change in written exposures from 07/01/n-1 to 07/01/n. Columns (2) and (6) contain the cumulative changes in written exposures for each year relative to the latest year.
- b The selected average annual change in Net Income (Time Element exposure) for projection purposes is 0.9%. Consequently, the written factors at 7/1/2019 levels in column (2) are brought to the level of the average date of writing in the effective period, 1/1/2021 (i.e., 6 months beyond an assumed revision date of 7/1/2020), by applying a factor of (1.009)<sup>18/12</sup> for Time Element.
- c Written factors are earned into each accident year ending 12/31 using the following factors which assume all one year policies:

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

For example, the factors used to adjust earned exposures for the period from 01/01/2019 to 12/31/2019 to the projected level is 1.019 for Time Element

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

	Buildings				Contents			
	(1) <sup>a</sup> Annual Written Increase	(2) <sup>a</sup> 7/1/2019 Written Factors	(3) <sup>b</sup> 1/1/2021 Projected Factors	(4) <sup>c</sup> 1/1/2021 Earned Factors	(5) <sup>a</sup> Annual Written Increase	(6) <sup>a</sup> 7/1/2019 Written Factors	(7) <sup>b</sup> 1/1/2021 Projected Factors	(8) <sup>c</sup> 1/1/2021 Earned Factors
Year								
2007	3.1%	1.292	1.341	1.381	2.0%	1.217	1.250	1.274
2008	2.8%	1.257	1.304	1.340	2.0%	1.193	1.225	1.250
2009	2.7%	1.224	1.270	1.287	1.8%	1.172	1.204	1.215
2010	2.0%	1.200	1.245	1.258	1.4%	1.156	1.187	1.196
2011	2.0%	1.176	1.220	1.233	1.5%	1.139	1.170	1.179
2012	2.2%	1.151	1.194	1.207	1.5%	1.122	1.152	1.161
2013	2.1%	1.127	1.170	1.182	1.8%	1.102	1.132	1.142
2014	2.0%	1.105	1.147	1.159	1.8%	1.083	1.112	1.122
2015	1.9%	1.084	1.125	1.136	1.6%	1.066	1.095	1.104
2016	1.7%	1.066	1.106	1.116	1.5%	1.050	1.078	1.087
2017	1.7%	1.048	1.088	1.097	1.5%	1.034	1.062	1.070
2018	2.2%	1.025	1.064	1.076	1.6%	1.018	1.046	1.054
2019	2.5%	1.000	1.038	1.051	1.8%	1.000	1.027	1.037

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 2.5% and 1.8% for Buildings and Contents, respectively. Consequently, the written factors at 7/1/2019 levels in column (2) and column (6) are brought to the level of the average date of writing in the effective period, 1/1/2021 (i.e., 6 months beyond an assumed revision date of 7/1/2020), by applying a factor of (1.025)<sup>18/12</sup> for Buildings and (1.018)<sup>18/12</sup> for Contents.
- c Written factors are earned into each accident year ending 12/31 using the following factors which assume all one year policies:

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

For example, the factors used to adjust earned exposures for the period from 01/01/2019 to 12/31/2019 to the projected level are 1.051 for Buildings and 1.037 for Contents.

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

	Buildings				Contents			
	(1) <sup>a</sup> Annual Written <u>Year</u> <u>Increase</u>	(2) <sup>a</sup> 7/1/2019 Written <u>Factors</u>	(3) <sup>b</sup> 1/1/2021 Projected <u>Factors</u>	(4) <sup>c</sup> 1/1/2021 Earned <u>Factors</u>	(5) <sup>a</sup> Annual Written <u>Increase</u>	(6) <sup>a</sup> 7/1/2019 Written <u>Factors</u>	(7) <sup>b</sup> 1/1/2021 Projected <u>Factors</u>	(8) <sup>c</sup> 1/1/2021 Earned <u>Factors</u>
2007	3.2%	1.297	1.346	1.387	2.0%	1.220	1.255	1.280
2008	2.9%	1.260	1.308	1.345	2.0%	1.196	1.230	1.255
2009	2.7%	1.227	1.273	1.291	1.9%	1.174	1.208	1.219
2010	2.1%	1.202	1.247	1.260	1.4%	1.158	1.191	1.200
2011	2.1%	1.177	1.221	1.234	1.5%	1.141	1.174	1.183
2012	2.2%	1.152	1.195	1.208	1.5%	1.124	1.156	1.165
2013	2.1%	1.128	1.171	1.183	1.8%	1.104	1.136	1.146
2014	2.1%	1.105	1.147	1.159	1.8%	1.084	1.115	1.126
2015	1.9%	1.084	1.125	1.136	1.6%	1.067	1.098	1.107
2016	1.7%	1.066	1.106	1.116	1.5%	1.051	1.081	1.090
2017	1.7%	1.048	1.088	1.097	1.5%	1.035	1.065	1.073
2018	2.2%	1.025	1.064	1.076	1.6%	1.019	1.048	1.057
2019	2.5%	1.000	1.038	1.051	1.9%	1.000	1.029	1.039

## 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 2.5% and 1.9% for Buildings and Contents, respectively. Consequently, the written factors at 7/1/2019 levels in column (2) and column (6) are brought to the level of the average date of writing in the effective period, 1/1/2021 (i.e., 6 months beyond an assumed revision date of 7/1/2020), by applying a factor of (1.025)<sup>18/12</sup> for Buildings and (1.019)<sup>18/12</sup> for Contents.
- c Written factors are earned into each accident year ending 12/31 using the following factors which assume all one year policies:

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

For example, the factors used to adjust earned exposures for the period from 01/01/2019 to 12/31/2019 to the projected level are 1.051 for Buildings and 1.039 for Contents.

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

	Buildings				Contents			
	(1) <sup>a</sup> Annual Written <u>Year</u> <u>Increase</u>	(2) <sup>a</sup> 7/1/2019 Written <u>Factors</u>	(3) <sup>b</sup> 1/1/2021 Projected <u>Factors</u>	(4) <sup>c</sup> 1/1/2021 Earned <u>Factors</u>	(5) <sup>a</sup> Annual Written <u>Increase</u>	(6) <sup>a</sup> 7/1/2019 Written <u>Factors</u>	(7) <sup>b</sup> 1/1/2021 Projected <u>Factors</u>	(8) <sup>c</sup> 1/1/2021 Earned <u>Factors</u>
2007	3.0%	1.275	1.321	1.359	1.6%	1.165	1.190	1.208
2008	2.7%	1.241	1.286	1.320	1.6%	1.147	1.171	1.189
2009	2.5%	1.211	1.255	1.271	1.4%	1.131	1.155	1.163
2010	1.9%	1.188	1.231	1.243	1.1%	1.119	1.143	1.149
2011	1.9%	1.166	1.208	1.220	1.2%	1.106	1.129	1.136
2012	2.1%	1.142	1.183	1.196	1.2%	1.093	1.116	1.123
2013	2.0%	1.120	1.161	1.172	1.4%	1.078	1.101	1.109
2014	1.9%	1.099	1.139	1.150	1.4%	1.063	1.085	1.093
2015	1.8%	1.080	1.119	1.129	1.2%	1.050	1.072	1.079
2016	1.6%	1.063	1.101	1.110	1.2%	1.038	1.060	1.066
2017	1.6%	1.046	1.084	1.093	1.2%	1.026	1.048	1.054
2018	2.1%	1.024	1.061	1.073	1.2%	1.014	1.035	1.042
2019	2.4%	1.000	1.036	1.049	1.4%	1.000	1.021	1.028

## 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 2.4% and 1.4% for Buildings and Contents, respectively. Consequently, the written factors at 7/1/2019 levels in column (2) and column (6) are brought to the level of the average date of writing in the effective period, 1/1/2021 (i.e., 6 months beyond an assumed revision date of 7/1/2020), by applying a factor of (1.024)<sup>18/12</sup> for Buildings and (1.014)<sup>18/12</sup> for Contents.
- c Written factors are earned into each accident year ending 12/31 using the following factors which assume all one year policies:

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

For example, the factors used to adjust earned exposures for the period from 01/01/2019 to 12/31/2019 to the projected level are 1.049 for Buildings and 1.028 for Contents.

## ALABAMA

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)	SPLIT % ----- BUILDINGS CONTENTS TIME ELEMENT		
2015	10,408,579	13,722,564	1.318	75.8%	19.9%	4.3%
2016	9,683,254	12,202,580	1.260	70.9%	26.1%	3.0%
2017	10,286,359	12,650,539	1.230	81.2%	17.9%	0.9%
2018	9,448,541	11,225,476	1.188	86.1%	13.8%	0.1%
2019	10,527,228	11,926,579	1.133	67.1%	27.7%	5.2%

## ALABAMA

BASIC GROUP II  
 ADDITIONAL INFORMATION ON TREND ADJUSTMENTS

YEAR	(1)	(2)	(3)	(4)		
	UNADJUSTED** NON-HURRICANE INCURRED LOSSES	TRENDED** NON-HURRICANE INCURRED LOSSES	AVERAGE TOTAL LOSS TREND FACTOR (2) / (1)	SPLIT %		
				BUILDINGS	CONTENTS	TIME ELEMENT
2010	12,933,841	17,155,884	1.326	93.8%	5.4%	0.8%
2011	9,055,812	12,076,802	1.334	80.8%	18.6%	0.6%
2012	88,671,478	115,814,371	1.306	82.6%	12.5%	4.9%
2013	9,727,609	12,566,909	1.292	92.7%	6.2%	1.1%
2014	5,623,854	7,159,701	1.273	97.6%	2.4%	0.0%
2015	6,147,171	7,633,784	1.242	93.9%	5.0%	1.1%
2016	5,556,780	6,690,505	1.204	89.0%	11.0%	0.0%
2017	8,029,435	9,370,769	1.167	92.0%	6.5%	1.5%
2018	36,475,443	41,175,358	1.129	96.2%	3.2%	0.6%
2019	15,287,211	16,808,455	1.100	95.2%	3.9%	0.9%

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

ALABAMA

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)	SPLIT % ----- TIME BUILDINGS CONTENTS ELEMENT		
2015	4,388,114	5,505,175	1.255	76.3%	22.0%	1.7%
2016	5,971,889	7,251,588	1.214	80.9%	17.3%	1.8%
2017	5,042,126	5,960,712	1.182	79.1%	20.5%	0.4%
2018	8,228,988	9,396,415	1.142	81.3%	15.4%	3.3%
2019	7,795,712	8,642,248	1.109	77.8%	21.0%	1.2%

BASIC GROUP I  
INCURRED LOSSES  
LOSS YEARS 2010-2019  
EVALUATED AS OF 6/2019

LOSSES  
AS OF

YEAR ENDING	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
3/31/2010	982,945,453	972,240,970	963,438,520	955,956,591	952,175,864
3/31/2011	954,400,784	940,345,959	923,276,056	912,557,856	910,902,348
3/31/2012	892,889,513	866,747,447	848,884,830	842,465,974	837,021,423
3/31/2013	944,392,093	911,572,181	894,831,115	888,733,764	874,559,099
3/31/2014	908,134,205	911,948,559	901,855,023	893,652,665	889,824,440
3/31/2015	844,245,019	821,495,022	812,059,752	805,073,657	803,557,550
3/31/2016	797,545,059	771,710,178	763,544,068	755,149,830	
3/31/2017	910,562,040	880,000,782	868,201,150		
3/31/2018	1,048,029,500	1,036,893,353			
3/31/2019	955,711,208				

RATIOS

YEAR ENDING	27:15 MONTHS	39:27 MONTHS	51:39 MONTHS	63:51 MONTHS
3/31/2010	0.989	0.991	0.992	0.996
3/31/2011	0.985	0.982	0.988	0.998
3/31/2012	0.971	0.979	0.992	0.994
3/31/2013	0.965	0.982	0.993	0.984
3/31/2014	1.004	0.989	0.991	0.996
3/31/2015	0.973	0.989	0.991	0.998
3/31/2016	0.968	0.989	0.989	
3/31/2017	0.966	0.987		
3/31/2018	0.989			
5 POINT AVERAGE	0.980	0.987	0.991	0.994

DEVELOPMENT FACTORS TO ULTIMATE

15 MONTHS TO ULTIMATE =	0.953
27 MONTHS TO ULTIMATE =	0.972
39 MONTHS TO ULTIMATE =	0.985
51 MONTHS TO ULTIMATE =	0.994

BASIC GROUP II  
 INCURRED LOSSES  
 LOSS YEARS 2010-2019  
 EVALUATED AS OF 6/2019

LOSSES  
 AS OF

YEAR ENDING	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
3/31/2010	504,921,146	514,029,157	513,647,186	516,124,317	519,139,894
3/31/2011	660,216,332	690,034,373	697,320,985	701,763,650	706,166,203
3/31/2012	1,324,833,886	1,341,892,272	1,355,229,099	1,368,917,624	1,379,447,143
3/31/2013	919,276,455	949,536,301	962,719,405	972,855,815	979,725,611
3/31/2014	588,484,755	596,292,863	600,572,988	605,820,242	611,498,950
3/31/2015	537,425,878	555,934,645	572,751,361	577,644,239	582,184,151
3/31/2016	529,215,824	550,729,674	563,717,057	569,267,432	
3/31/2017	787,218,588	826,128,903	838,606,582		
3/31/2018	632,930,785	669,456,397			
3/31/2019	639,320,104				

RATIOS

YEAR ENDING	27:15 MONTHS	39:27 MONTHS	51:39 MONTHS	63:51 MONTHS
3/31/2010	1.018	0.999	1.005	1.006
3/31/2011	1.045	1.011	1.006	1.006
3/31/2012	1.013	1.010	1.010	1.008
3/31/2013	1.033	1.014	1.011	1.007
3/31/2014	1.013	1.007	1.009	1.009
3/31/2015	1.034	1.030	1.009	1.008
3/31/2016	1.041	1.024	1.010	
3/31/2017	1.049	1.015		
3/31/2018	1.058			
5 POINT AVERAGE	1.039	1.018	1.010	1.008

DEVELOPMENT FACTORS TO ULTIMATE

15 MONTHS TO ULTIMATE =	1.077
27 MONTHS TO ULTIMATE =	1.036
39 MONTHS TO ULTIMATE =	1.018
51 MONTHS TO ULTIMATE =	1.008

SPECIAL CAUSES OF LOSS  
 INCURRED LOSSES  
 LOSS YEARS 2010-2019  
 EVALUATED AS OF 6/2019

LOSSES  
 AS OF

YEAR ENDING	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
3/31/2010	644,873,941	635,368,381	630,837,221	631,514,785	630,934,861
3/31/2011	701,248,974	684,190,432	688,901,365	686,196,662	684,427,020
3/31/2012	500,280,585	500,551,516	497,752,379	498,614,281	498,297,621
3/31/2013	423,462,203	417,213,401	407,724,146	409,767,727	409,967,125
3/31/2014	693,043,927	677,155,901	669,958,609	670,201,850	668,352,265
3/31/2015	568,862,320	575,937,905	572,992,179	572,238,006	574,625,611
3/31/2016	402,318,993	401,793,105	398,906,500	404,326,743	
3/31/2017	386,248,292	402,373,019	398,950,155		
3/31/2018	540,261,957	533,856,515			
3/31/2019	491,745,403				

RATIOS

YEAR ENDING	27:15 MONTHS	39:27 MONTHS	51:39 MONTHS	63:51 MONTHS
3/31/2010	0.985	0.993	1.001	0.999
3/31/2011	0.976	1.007	0.996	0.997
3/31/2012	1.001	0.994	1.002	0.999
3/31/2013	0.985	0.977	1.005	1.000
3/31/2014	0.977	0.989	1.000	0.997
3/31/2015	1.012	0.995	0.999	1.004
3/31/2016	0.999	0.993	1.014	
3/31/2017	1.042	0.991		
3/31/2018	0.988			
5 POINT AVERAGE	1.004	0.989	1.004	0.999

DEVELOPMENT FACTORS TO ULTIMATE

15 MONTHS TO ULTIMATE =	0.996
27 MONTHS TO ULTIMATE =	0.992
39 MONTHS TO ULTIMATE =	1.003
51 MONTHS TO ULTIMATE =	0.999

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	1.064	1.133	1.206	1.284	1.366	1.454	1.548	1.648	1.754	1.867
	Prot. 5-7	1.000	1.082	1.170	1.266	1.369	1.482	1.603	1.734	1.876	2.029	2.195
	Prot. 8-10	1.000	1.063	1.130	1.202	1.277	1.358	1.444	1.535	1.632	1.735	1.844

		Amount of Insurance *										
		1	2	3	4	5	6	7	8	9	10	11
Const. 4-6	Prot. 1-4	1.000	1.052	1.107	1.164	1.225	1.289	1.356	1.427	1.501	1.579	1.661
	Prot. 5-7	1.000	1.069	1.143	1.222	1.307	1.397	1.494	1.598	1.708	1.827	1.953
	Prot. 8-10	1.000	1.051	1.104	1.160	1.219	1.281	1.346	1.414	1.486	1.562	1.641

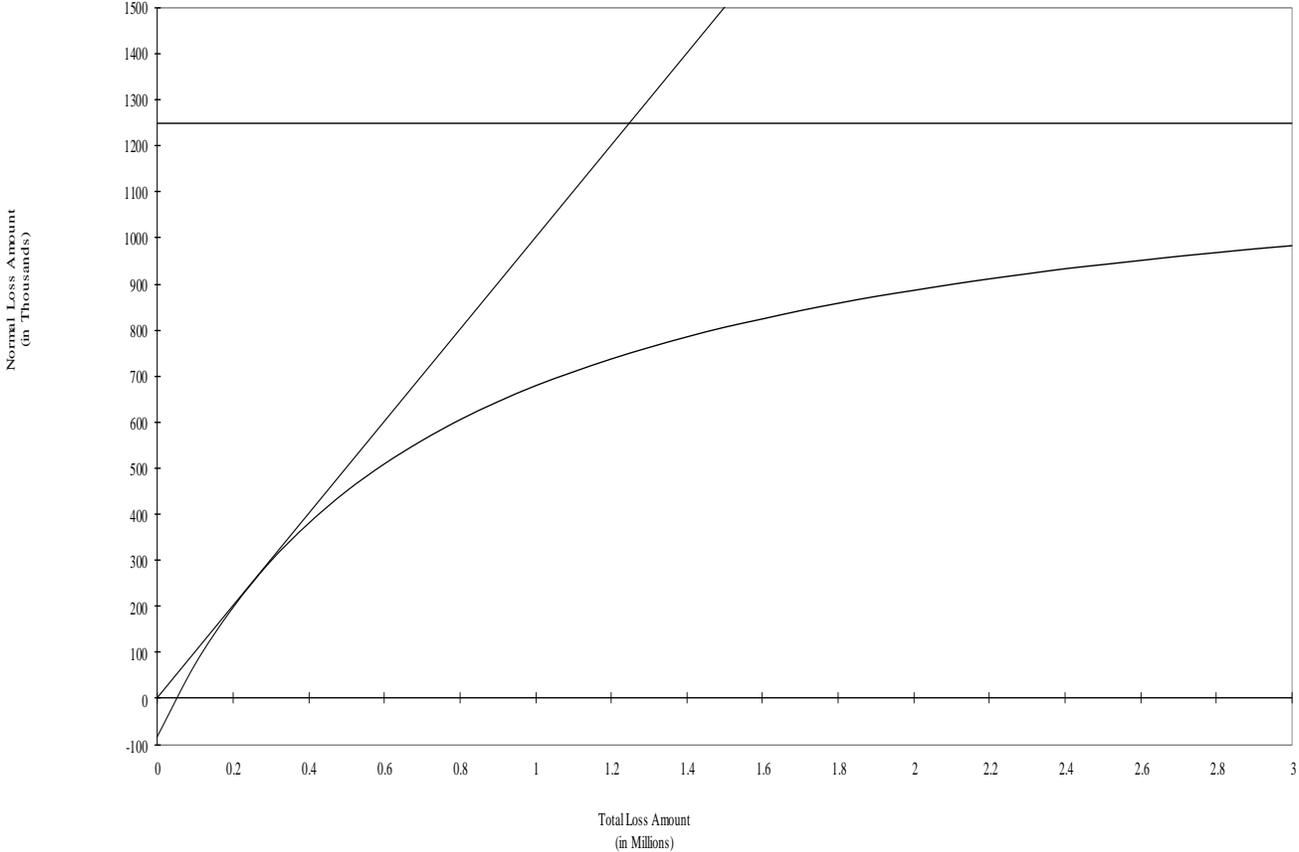
\* Amount of  
Insurance

Intervals

- 1 0-450,000
- 2 450,001-500,000
- 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

Countrywide Basic Group I  
Normal vs. Total Loss Amount

Normal Loss = \$1,250,000 × (1 - (\$800,000 ÷ (Total Loss + \$750,000)))



ALABAMA

BASIC GROUP I  
 ADDITIONAL EXCESS LOSS INFORMATION

YEAR	(1) TRENDED INCURRED LOSSES	(2) TRENDED NORMAL LOSSES	(3) STATE NORMAL % (2)/(1)	(4) MULTI- STATE NORMAL % %	(5) ADJUSTED INCURRED LOSSES	(6) STATE AVERAGE EXCESS FACTOR (5)/(2)
2015	13,722,564	12,166,616	88.7%	75.2%	16,029,279	1.317
2016	12,202,580	10,743,366	88.0%	72.8%	13,040,121	1.214
2017	12,650,539	12,090,004	95.6%	70.6%	15,725,322	1.301
2018	11,225,476	9,236,284	82.3%	66.7%	12,820,303	1.388
2019	11,926,579	10,782,887	90.4%	70.5%	14,926,586	1.384

ALABAMA  
DEVELOPMENT OF BASIC GROUP II EXCESS MULTIPLIER

YEAR	(1)	(2)	(3)	(4)	(5)
	EARNED PREMIUMS	NON- HURRICANE INCURRED LOSSES	NORMAL INCURRED LOSSES	NORMAL LOSS RATIO	EXCESS LOSS RATIO
1951	1,217,965	205,643	205,643	0.169	-
1952	1,366,016	250,463	250,463	0.183	-
1953	1,313,064	257,083	257,083	0.196	-
1954	1,380,201	171,129	171,129	0.124	-
1955	1,404,337	355,555	355,555	0.253	-
1956	1,472,475	454,615	454,615	0.309	-
1957	1,579,563	523,177	523,177	0.331	-
1958	1,685,836	241,239	241,239	0.143	-
1959	1,672,435	433,655	433,655	0.259	-
1960	1,744,386	407,607	407,607	0.234	-
1961	1,777,632	389,535	389,535	0.219	-
1962	1,731,463	782,480	782,480	0.452	-
1963	1,685,767	1,107,190	842,884	0.500	0.157
1965	1,524,306	678,493	678,493	0.445	-
1966	1,523,018	430,762	430,762	0.283	-
1967	1,545,246	884,886	772,623	0.500	0.073
1968	1,460,382	807,921	730,191	0.500	0.053
1970	2,194,332	717,508	717,508	0.327	-
1971	2,457,195	1,018,760	1,018,760	0.415	-
1972	2,905,485	1,394,539	1,394,539	0.480	-
1973	3,266,668	6,195,532	1,633,334	0.500	1.397
1974	3,820,837	8,844,165	1,910,419	0.500	1.815
1976	5,796,692	2,045,130	2,045,130	0.353	-
1977	8,079,010	2,786,457	2,786,457	0.345	-
1978	9,835,100	3,385,756	3,385,756	0.344	-
1980	10,030,055	5,113,005	5,015,028	0.500	0.010
1981	9,854,456	3,798,730	3,798,730	0.385	-
1982	10,409,556	3,705,560	3,705,560	0.356	-
1983	9,911,652	5,838,788	4,955,826	0.500	0.089
1984	9,487,848	3,628,791	3,628,791	0.382	-
1985	11,540,736	4,262,264	4,262,264	0.369	-
1986	14,933,796	2,243,028	2,243,028	0.150	-
1987	13,094,412	1,803,903	1,803,903	0.138	-
1988	12,753,633	4,537,768	4,537,768	0.356	-
1989	11,230,020	6,485,227	5,615,010	0.500	0.077
1990	10,720,554	5,451,385	5,360,277	0.500	0.008
1991	10,530,006	4,135,997	4,135,997	0.393	-
1992	10,398,087	2,186,672	2,186,672	0.210	-
1993	11,099,028	4,399,627	4,399,627	0.396	-
1994	11,446,665	3,062,974	3,062,974	0.268	-
1995	11,232,657	5,365,432	5,365,432	0.478	-
1996	12,314,175	6,047,992	6,047,992	0.491	-
1997	10,831,644	1,849,804	1,849,804	0.171	-

ALABAMA  
DEVELOPMENT OF BASIC GROUP II EXCESS MULTIPLIER

YEAR	(1) EARNED PREMIUMS	(2) NON- HURRICANE INCURRED LOSSES	(3) NORMAL INCURRED LOSSES	(4) NORMAL LOSS RATIO	(5) EXCESS LOSS RATIO
1998	8,954,655	4,023,222	4,023,222	0.449	-
1999	8,273,484	1,811,390	1,811,390	0.219	-
2000	8,228,538	3,578,452	3,578,452	0.435	-
2001	8,485,935	6,297,498	4,242,968	0.500	0.242
2002	11,951,973	1,360,598	1,360,598	0.114	-
2003	13,852,998	3,179,825	3,179,825	0.230	-
2004	14,271,819	2,429,296	2,429,296	0.170	-
2005	15,053,901	2,996,759	2,996,759	0.199	-
2006	16,166,928	7,504,649	7,504,649	0.464	-
2007	18,671,328	4,383,079	4,383,079	0.235	-
2009	10,359,576	9,569,528	5,179,788	0.500	0.424
2010	21,494,449	12,933,841	10,747,225	0.500	0.102
2011	20,314,612	9,055,812	9,055,812	0.446	-
2012	19,006,013	88,671,478	9,503,007	0.500	4.165
2013	21,035,463	9,727,609	9,727,609	0.462	-
2014	23,193,929	5,623,854	5,623,854	0.242	-
2015	25,919,018	6,147,171	6,147,171	0.237	-
2016	27,159,306	5,601,236	5,601,236	0.206	-
2017	27,756,565	8,173,965	8,173,965	0.294	-
2018	29,561,949	37,788,558	14,780,975	0.500	0.778
2019	30,456,856	16,464,326	15,228,428	0.500	0.041
TOTALS	646,427,686	356,008,373	230,073,028	22.309	9.431

(6) STATE EXCESS COMPONENT = (EXLR / NLR) = 0.423

(7) STATE EXCESS MULTIPLIER = (1+SEC) = 1.423

\* HURRICANE YEARS BEFORE 1982 HAVE BEEN EXCLUDED. FOR THE YEARS 1982 THROUGH 2019, LOSSES INCURRED DURING THE MONTH OF A HURRICANE HAVE BEEN REPLACED WITH AVERAGE MONTHLY NON-HURRICANE LOSSES.

NOTE: FOR YEARS PRIOR TO 2008, THE DISPLAYED YEAR INCLUDES DATA FOR ACCIDENT YEAR ENDING 12/31. FOR YEARS 2010 TO 2019, THE DISPLAYED YEAR INCLUDES DATA FOR ACCIDENT YEAR ENDING 03/31. THE DISPLAYED YEAR 2009 INCLUDES DATA FOR FIRST QUARTER 2008 THROUGH FIRST QUARTER 2009.

ALABAMA  
DEVELOPMENT OF BASIC GROUP II EXCESS MULTIPLIER

REFLECTING ADJUSTMENT OF APRIL 2011 TORNADO OUTBREAK TO BE A 1-IN-250 YEAR EVENT

	(1)	(2)	(3)	(4)	(5)
		NON- HURRICANE	NORMAL	NORMAL	EXCESS
YEAR	EARNED PREMIUMS	INCURRED LOSSES	INCURRED LOSSES	LOSS RATIO	LOSS RATIO
1951	1,217,965	205,643	205,643	0.169	-
1952	1,366,016	250,463	250,463	0.183	-
1953	1,313,064	257,083	257,083	0.196	-
1954	1,380,201	171,129	171,129	0.124	-
1955	1,404,337	355,555	355,555	0.253	-
1956	1,472,475	454,615	454,615	0.309	-
1957	1,579,563	523,177	523,177	0.331	-
1958	1,685,836	241,239	241,239	0.143	-
1959	1,672,435	433,655	433,655	0.259	-
1960	1,744,386	407,607	407,607	0.234	-
1961	1,777,632	389,535	389,535	0.219	-
1962	1,731,463	782,480	782,480	0.452	-
1963	1,685,767	1,107,190	842,884	0.500	0.157
1965	1,524,306	678,493	678,493	0.445	-
1966	1,523,018	430,762	430,762	0.283	-
1967	1,545,246	884,886	772,623	0.500	0.073
1968	1,460,382	807,921	730,191	0.500	0.053
1970	2,194,332	717,508	717,508	0.327	-
1971	2,457,195	1,018,760	1,018,760	0.415	-
1972	2,905,485	1,394,539	1,394,539	0.480	-
1973	3,266,668	6,195,532	1,633,334	0.500	1.397
1974	3,820,837	8,844,165	1,910,419	0.500	1.815
1976	5,796,692	2,045,130	2,045,130	0.353	-
1977	8,079,010	2,786,457	2,786,457	0.345	-
1978	9,835,100	3,385,756	3,385,756	0.344	-
1980	10,030,055	5,113,005	5,015,028	0.500	0.010
1981	9,854,456	3,798,730	3,798,730	0.385	-
1982	10,409,556	3,705,560	3,705,560	0.356	-
1983	9,911,652	5,838,788	4,955,826	0.500	0.089
1984	9,487,848	3,628,791	3,628,791	0.382	-
1985	11,540,736	4,262,264	4,262,264	0.369	-
1986	14,933,796	2,243,028	2,243,028	0.150	-
1987	13,094,412	1,803,903	1,803,903	0.138	-
1988	12,753,633	4,537,768	4,537,768	0.356	-
1989	11,230,020	6,485,227	5,615,010	0.500	0.077
1990	10,720,554	5,451,385	5,360,277	0.500	0.008
1991	10,530,006	4,135,997	4,135,997	0.393	-
1992	10,398,087	2,186,672	2,186,672	0.210	-
1993	11,099,028	4,399,627	4,399,627	0.396	-
1994	11,446,665	3,062,974	3,062,974	0.268	-
1995	11,232,657	5,365,432	5,365,432	0.478	-
1996	12,314,175	6,047,992	6,047,992	0.491	-
1997	10,831,644	1,849,804	1,849,804	0.171	-

ALABAMA  
DEVELOPMENT OF BASIC GROUP II EXCESS MULTIPLIER

REFLECTING ADJUSTMENT OF APRIL 2011 TORNADO OUTBREAK TO BE A 1-IN-250 YEAR EVENT

(1)	(2)	(3)	(4)	(5)	
YEAR	EARNED PREMIUMS	NON- HURRICANE INCURRED LOSSES	NORMAL INCURRED LOSSES	NORMAL LOSS RATIO	EXCESS LOSS RATIO
1998	8,954,655	4,023,222	4,023,222	0.449	-
1999	8,273,484	1,811,390	1,811,390	0.219	-
2000	8,228,538	3,578,452	3,578,452	0.435	-
2001	8,485,935	6,297,498	4,242,968	0.500	0.242
2002	11,951,973	1,360,598	1,360,598	0.114	-
2003	13,852,998	3,179,825	3,179,825	0.230	-
2004	14,271,819	2,429,296	2,429,296	0.170	-
2005	15,053,901	2,996,759	2,996,759	0.199	-
2006	16,166,928	7,504,649	7,504,649	0.464	-
2007	18,671,328	4,383,079	4,383,079	0.235	-
2009	10,359,576	9,569,528	5,179,788	0.500	0.424
2010	21,494,449	12,933,841	10,747,225	0.500	0.102
2011	20,314,612	9,055,812	9,055,812	0.446	-
2012	19,006,013	22,699,898	9,503,007	0.500	0.694
2013	21,035,463	9,727,609	9,727,609	0.462	-
2014	23,193,929	5,623,854	5,623,854	0.242	-
2015	25,919,018	6,147,171	6,147,171	0.237	-
2016	27,159,306	5,601,236	5,601,236	0.206	-
2017	27,756,565	8,173,965	8,173,965	0.294	-
2018	29,561,949	37,788,558	14,780,975	0.500	0.778
2019	30,456,856	16,464,326	15,228,428	0.500	0.041
TOTALS	646,427,686	290,036,793	230,073,028	22.309	5.960

(6) STATE EXCESS COMPONENT = (EXLR / NLR) = 0.267

(7) STATE EXCESS MULTIPLIER = (1+SEC) = 1.267

\* HURRICANE YEARS BEFORE 1982 HAVE BEEN EXCLUDED. FOR THE YEARS 1982 THROUGH 2019, LOSSES INCURRED DURING THE MONTH OF A HURRICANE HAVE BEEN REPLACED WITH AVERAGE MONTHLY NON-HURRICANE LOSSES.

NOTE: FOR YEARS PRIOR TO 2008, THE DISPLAYED YEAR INCLUDES DATA FOR ACCIDENT YEAR ENDING 12/31. FOR YEARS 2010 TO 2019, THE DISPLAYED YEAR INCLUDES DATA FOR ACCIDENT YEAR ENDING 03/31. THE DISPLAYED YEAR 2009 INCLUDES DATA FOR FIRST QUARTER 2008 THROUGH FIRST QUARTER 2009.

## ALABAMA

## 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	2,973,984	1,488,909	1,488,909	0.501	
1987	3,868,656	1,246,070	1,246,070	0.322	
1988	4,373,340	3,419,175	2,271,405	0.519	0.263
1989	4,934,736	3,216,312	3,001,446	0.608	0.044
1990	5,143,215	10,227,563	4,487,495	0.873	1.116
1991	5,878,290	3,727,944	3,603,676	0.613	0.021
1992	6,297,774	4,693,664	3,899,959	0.619	0.126
1993	6,179,064	6,209,472	4,354,590	0.705	0.300
1994	6,371,349	2,876,571	2,876,571	0.451	
1995	6,243,408	2,839,682	2,839,682	0.455	
1996	6,048,432	7,274,497	5,163,416	0.854	0.349
1997	6,421,692	3,029,936	3,029,936	0.472	
1998	6,211,782	2,905,690	2,905,690	0.468	
1999	6,414,495	4,506,975	4,506,975	0.703	
2000	6,345,192	2,861,653	2,861,653	0.451	
2001	6,100,311	3,122,950	3,122,950	0.512	
2002	5,641,233	1,999,854	1,999,854	0.355	
2003	6,359,703	2,694,254	2,694,254	0.424	
2004	7,156,326	2,262,606	2,262,606	0.316	
2005	7,611,960	4,886,838	4,469,818	0.587	0.055
2006	8,220,633	4,136,040	3,425,865	0.417	0.086
2007	8,959,857	3,550,217	3,550,217	0.396	
2008	10,017,708	3,541,816	3,541,816	0.354	
2009	9,924,024	5,918,765	5,918,765	0.596	
2010	9,958,932	5,546,921	5,546,921	0.557	
2011	9,787,323	4,550,067	4,550,067	0.465	
2012	9,091,146	6,125,526	5,952,656	0.655	0.019
2013	9,351,534	3,335,505	3,335,505	0.357	
2014	10,273,833	8,886,934	5,261,644	0.512	0.353
2015	11,481,311	4,388,114	4,388,114	0.382	
2016	12,633,560	5,971,889	5,971,889	0.473	
2017	13,296,557	5,042,126	5,042,126	0.379	
2018	14,593,872	8,228,988	8,228,988	0.564	
2019	14,500,119	7,795,712	7,795,712	0.538	
TOTALS		152,509,235	135,597,240	17.453	2.732

(6) STATE EXCESS COMPONENT = (SELR / NLR) : 0.157

(7) STATE EXCESS MULTIPLIER = (SELR / NLR) = 1.157

ALABAMA  
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	8.856
(1c) FULL CREDIBILITY CLAIMS STANDARD ADJUSTED FOR SEVERITY ((1a) X (1b))	13,612
(2) MULTISTATE FIVE YEAR RATIO OF EARNED RISKS TO CLAIMS	346.025
(3) FULL CREDIBILITY EARNED RISKS STANDARD (1c)X(2)	4,710,092
(4) FIVE YEAR STATEWIDE EARNED RISKS	327,800
(5) FIVE YEAR AGGREGATE LOSS COSTS	82,665,745
(6) AGGREGATE LOSS COSTS PER EARNED RISK (5)/(4)	252.183
(7) AGGREGATE LOSS COSTS FOR 100% CREDIBILITY (3) X (6)	1,187,805,131
(8) STATEWIDE CREDIBILITY ((5)/(7))**(.5)	26.4%

ALABAMA  
BASIC GROUP II STATEWIDE CREDIBILITY CALCULATION  
-----

(1) FULL CREDIBILITY CLAIMS STANDARD	30,000
(2) MULTISTATE TEN YEAR RATIO OF EARNED RISKS TO CLAIMS	147.120
(3) FULL CREDIBILITY EARNED RISKS STANDARD (1)X(2)	4,413,600
(4) TEN YEAR STATEWIDE EARNED RISKS	578,642
(5) TEN YEAR AGGREGATE LOSS COSTS	253,759,640
(6) AGGREGATE LOSS COSTS PER EARNED RISK (5)/(4)	438.543
(7) AGGREGATE LOSS COSTS FOR 100% CREDIBILITY (3) X (6)	1,935,553,385
(8) STATEWIDE CREDIBILITY ((5)/(7))**(.5)	36.2%

ALABAMA  
SPECIAL CAUSES OF LOSS STATEWIDE CREDIBILITY CALCULATION  
-----

(1) FULL CREDIBILITY CLAIMS STANDARD	25,000
(2) MULTISTATE FIVE YEAR RATIO OF EARNED RISKS TO CLAIMS	200.037
(3) FULL CREDIBILITY EARNED RISKS STANDARD (1)X(2)	5,000,925
(4) FIVE YEAR STATEWIDE EARNED RISKS	329,498
(5) FIVE YEAR AGGREGATE LOSS COSTS	42,140,964
(6) AGGREGATE LOSS COSTS PER EARNED RISK (5)/(4)	127.894
(7) AGGREGATE LOSS COSTS FOR 100% CREDIBILITY (3) X (6)	639,588,302
(8) STATEWIDE CREDIBILITY ((5)/(7))*(.5)	25.7%

ALABAMA  
CALCULATION OF INDICATED BASIC GROUP II LOSS COSTS

			(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
TERRITORY	COVERAGE	SYMBOL	ACCIDENT YEAR ENDING 03/31/19 BG II AGG. LOSS COSTS	CURRENT LOSS COST	CURRENT NON-HURR LOSS COST	STATEWIDE MONOLINE NON-HURR. CHANGE	INDICATED NON-HURR. LOSS COST (3) * (4)	HURRICANE MODELED LOSS COST	INDICATED TOTAL LOSS COST (5) + (6)	INDICATED PERCENT CHANGE (7)/(2) - 1
Beach	BUILDINGS	OA	0	0.446	0.046	1.158	0.053	0.426	0.479	7.4%
		OAB	0	0.540	0.061	1.158	0.071	0.518	0.589	9.1%
		OB	1,750	0.896	0.072	1.158	0.083	0.883	0.966	7.8%
		AA	139	0.404	0.042	1.158	0.049	0.386	0.435	7.7%
		A	1,172	0.448	0.046	1.158	0.053	0.429	0.482	7.6%
		AB	8,542	0.543	0.061	1.158	0.071	0.521	0.592	9.0%
		B	744,056	0.901	0.072	1.158	0.083	0.888	0.971	7.8%
	CONTENTS	OA	0	0.332	0.043	1.158	0.050	0.299	0.349	5.1%
		OAB	437	0.410	0.049	1.158	0.057	0.370	0.427	4.1%
		OB	3,609	0.765	0.056	1.158	0.065	0.719	0.784	2.5%
		AA	990	0.300	0.038	1.158	0.044	0.271	0.315	5.0%
		A	216	0.334	0.043	1.158	0.050	0.301	0.351	5.1%
		AB	8,703	0.413	0.050	1.158	0.058	0.372	0.430	4.1%
		B	149,258	0.769	0.056	1.158	0.065	0.723	0.788	2.5%
	SUB-TOTAL		918,872							6.9%

ALABAMA  
CALCULATION OF INDICATED BASIC GROUP II LOSS COSTS

			(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
TERRITORY	COVERAGE	SYMBOL	ACCIDENT YEAR ENDING 03/31/19 BG II AGG. LOSS COSTS	CURRENT LOSS COST	CURRENT NON-HURR LOSS COST	STATEWIDE MONOLINE NON-HURR. CHANGE	INDICATED NON-HURR. LOSS COST (3) * (4)	HURRICANE MODELED LOSS COST	INDICATED TOTAL LOSS COST (5) + (6)	INDICATED PERCENT CHANGE (7)/(2) - 1
Seacoast	BUILDINGS	OA	0	0.271	0.038	1.158	0.044	0.226	0.270	-0.4%
		OAB	51	0.320	0.049	1.158	0.057	0.264	0.321	0.3%
		OB	6,943	0.555	0.059	1.158	0.068	0.487	0.555	0.0%
		AA	214	0.245	0.034	1.158	0.039	0.204	0.243	-0.8%
		A	37,618	0.272	0.038	1.158	0.044	0.227	0.271	-0.4%
		AB	124,004	0.322	0.049	1.158	0.057	0.266	0.323	0.3%
		B	4,096,445	0.558	0.059	1.158	0.068	0.490	0.558	0.0%
	CONTENTS	OA	0	0.211	0.039	1.158	0.045	0.157	0.202	-4.3%
		OAB	586	0.255	0.046	1.158	0.053	0.186	0.239	-6.3%
		OB	2,238	0.483	0.052	1.158	0.060	0.392	0.452	-6.4%
		AA	2,843	0.192	0.036	1.158	0.042	0.142	0.184	-4.2%
		A	3,231	0.212	0.039	1.158	0.045	0.158	0.203	-4.2%
		AB	35,284	0.257	0.047	1.158	0.054	0.187	0.241	-6.2%
		B	574,658	0.486	0.052	1.158	0.060	0.394	0.454	-6.6%
	SUB-TOTAL		4,884,115							-0.8%

ALABAMA  
CALCULATION OF INDICATED BASIC GROUP II LOSS COSTS

			(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
TERRITORY	COVERAGE	SYMBOL	ACCIDENT YEAR ENDING 03/31/19 BG II AGG. LOSS COSTS	CURRENT LOSS COST	CURRENT NON-HURR LOSS COST	STATEWIDE MONOLINE NON-HURR. CHANGE	INDICATED NON-HURR. LOSS COST (3) * (4)	HURRICANE MODELED LOSS COST	INDICATED TOTAL LOSS COST (5) + (6)	INDICATED PERCENT CHANGE (7)/(2) - 1
Inland	BUILDINGS	OA	7,520	0.052	0.042	1.158	0.049	0.011	0.060	15.4%
		OAB	142,313	0.066	0.054	1.158	0.063	0.012	0.075	13.6%
		OB	643,533	0.091	0.064	1.158	0.074	0.028	0.102	12.1%
		AA	138,242	0.046	0.037	1.158	0.043	0.010	0.053	15.2%
		A	147,861	0.052	0.042	1.158	0.049	0.011	0.060	15.4%
		AB	1,136,308	0.066	0.054	1.158	0.063	0.012	0.075	13.6%
		B	15,018,448	0.091	0.064	1.158	0.074	0.028	0.102	12.1%
	CONTENTS	OA	1,699	0.046	0.038	1.158	0.044	0.009	0.053	15.2%
		OAB	6,472	0.056	0.046	1.158	0.053	0.010	0.063	12.5%
		OB	56,927	0.077	0.052	1.158	0.060	0.026	0.086	11.7%
		AA	10,929	0.041	0.034	1.158	0.039	0.008	0.047	14.6%
		A	15,169	0.046	0.038	1.158	0.044	0.009	0.053	15.2%
		AB	158,785	0.056	0.046	1.158	0.053	0.010	0.063	12.5%
		B	2,135,857	0.077	0.052	1.158	0.060	0.026	0.086	11.7%
	SUB-TOTAL		19,620,063							12.2%
STATE TOTAL			25,423,050							9.5%

ALABAMA  
CALCULATION OF INDICATED BASIC GROUP II LOSS COSTS

REFLECTING ADJUSTMENT OF APRIL 2011 TORNADO OUTBREAK TO BE A 1-IN-250 YEAR EVENT

TERRITORY	COVERAGE	SYMBOL	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
			ACCIDENT YEAR			STATEWIDE	INDICATED		INDICATED	INDICATED
			ENDING 03/31/19	CURRENT	NON-HURR	MONOLINE	NON-HURR.	HURRICANE	TOTAL	PERCENT
			BG II AGG.	LOSS COST	LOSS COST	NON-HURR.	LOSS COST	MODELED	LOSS COST	CHANGE
			CHANGE	(3) * (4)	LOSS COST	(5) + (6)	(7)/(2) - 1			
Beach	BUILDINGS	OA	0	0.446	0.046	1.102	0.051	0.426	0.477	7.0%
		OAB	0	0.540	0.061	1.102	0.067	0.518	0.585	8.3%
		OB	1,750	0.896	0.072	1.102	0.079	0.883	0.962	7.4%
		AA	139	0.404	0.042	1.102	0.046	0.386	0.432	6.9%
		A	1,172	0.448	0.046	1.102	0.051	0.429	0.480	7.1%
		AB	8,542	0.543	0.061	1.102	0.067	0.521	0.588	8.3%
		B	744,056	0.901	0.072	1.102	0.079	0.888	0.967	7.3%
	CONTENTS	OA	0	0.332	0.043	1.102	0.047	0.299	0.346	4.2%
		OAB	437	0.410	0.049	1.102	0.054	0.370	0.424	3.4%
		OB	3,609	0.765	0.056	1.102	0.062	0.719	0.781	2.1%
		AA	990	0.300	0.038	1.102	0.042	0.271	0.313	4.3%
		A	216	0.334	0.043	1.102	0.047	0.301	0.348	4.2%
		AB	8,703	0.413	0.050	1.102	0.055	0.372	0.427	3.4%
		B	149,258	0.769	0.056	1.102	0.062	0.723	0.785	2.1%
	SUB-TOTAL		918,872							6.4%

ALABAMA  
CALCULATION OF INDICATED BASIC GROUP II LOSS COSTS

REFLECTING ADJUSTMENT OF APRIL 2011 TORNADO OUTBREAK TO BE A 1-IN-250 YEAR EVENT

TERRITORY	COVERAGE	SYMBOL	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
			ACCIDENT YEAR			STATEWIDE	INDICATED		INDICATED	INDICATED	
			ENDING 03/31/19	CURRENT	NON-HURR	MONOLINE	NON-HURR.	HURRICANE	TOTAL	PERCENT	
			BG II AGG.	LOSS COST	LOSS COST	NON-HURR.	LOSS COST	MODELED	LOSS COST	CHANGE	
			CHANGE	(3) * (4)	LOSS COST	(5) + (6)	(7)/(2) - 1				
Seacoast	BUILDINGS	OA	0	0.271	0.038	1.102	0.042	0.226	0.268	-1.1%	
		OAB	51	0.320	0.049	1.102	0.054	0.264	0.318	-0.6%	
		OB	6,943	0.555	0.059	1.102	0.065	0.487	0.552	-0.5%	
		AA	214	0.245	0.034	1.102	0.037	0.204	0.241	-1.6%	
		A	37,618	0.272	0.038	1.102	0.042	0.227	0.269	-1.1%	
		AB	124,004	0.322	0.049	1.102	0.054	0.266	0.320	-0.6%	
	CONTENTS	B	4,096,445	0.558	0.059	1.102	0.065	0.490	0.555	-0.5%	
		OA	0	0.211	0.039	1.102	0.043	0.157	0.200	-5.2%	
		OAB	586	0.255	0.046	1.102	0.051	0.186	0.237	-7.1%	
		OB	2,238	0.483	0.052	1.102	0.057	0.392	0.449	-7.0%	
		AA	2,843	0.192	0.036	1.102	0.040	0.142	0.182	-5.2%	
		A	3,231	0.212	0.039	1.102	0.043	0.158	0.201	-5.2%	
		AB	35,284	0.257	0.047	1.102	0.052	0.187	0.239	-7.0%	
		B	574,658	0.486	0.052	1.102	0.057	0.394	0.451	-7.2%	
		SUB-TOTAL		4,884,115							-1.4%

ALABAMA  
CALCULATION OF INDICATED BASIC GROUP II LOSS COSTS

REFLECTING ADJUSTMENT OF APRIL 2011 TORNADO OUTBREAK TO BE A 1-IN-250 YEAR EVENT

			(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
TERRITORY	COVERAGE	SYMBOL	ACCIDENT YEAR ENDING 03/31/19 BG II AGG. LOSS COSTS	CURRENT LOSS COST	NON-HURR LOSS COST	STATEWIDE MONOLINE NON-HURR. CHANGE	INDICATED NON-HURR. LOSS COST (3) * (4)	HURRICANE MODELED LOSS COST	INDICATED TOTAL LOSS COST (5) + (6)	INDICATED PERCENT CHANGE (7)/(2) - 1
Inland	BUILDINGS	OA	7,520	0.052	0.042	1.102	0.046	0.011	0.057	9.6%
		OAB	142,313	0.066	0.054	1.102	0.060	0.012	0.072	9.1%
		OB	643,533	0.091	0.064	1.102	0.071	0.028	0.099	8.8%
		AA	138,242	0.046	0.037	1.102	0.041	0.010	0.051	10.9%
		A	147,861	0.052	0.042	1.102	0.046	0.011	0.057	9.6%
		AB	1,136,308	0.066	0.054	1.102	0.060	0.012	0.072	9.1%
		B	15,018,448	0.091	0.064	1.102	0.071	0.028	0.099	8.8%
	CONTENTS	OA	1,699	0.046	0.038	1.102	0.042	0.009	0.051	10.9%
		OAB	6,472	0.056	0.046	1.102	0.051	0.010	0.061	8.9%
		OB	56,927	0.077	0.052	1.102	0.057	0.026	0.083	7.8%
		AA	10,929	0.041	0.034	1.102	0.037	0.008	0.045	9.8%
		A	15,169	0.046	0.038	1.102	0.042	0.009	0.051	10.9%
		AB	158,785	0.056	0.046	1.102	0.051	0.010	0.061	8.9%
		B	2,135,857	0.077	0.052	1.102	0.057	0.026	0.083	7.8%
	SUB-TOTAL		19,620,063							8.7%
STATE TOTAL			25,423,050							6.7%

NOTE: THESE INDICATIONS REFLECT THE ADJUSTMENT OF THE TORNADO OUTBREAK IN APRIL 2011 TO BE A 1-IN-250 YEAR EVENT.

BASIC GROUP I RATING GROUP DEFINITIONSTHE FOLLOWING CSP CLASSES COMPRISE THE BASIC GROUP I RATING GROUPS01 APARTMENTS

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

02 OTHER HABITATIONAL

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

03 RESTAURANTS & BARS

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

BASIC GROUP I RATING GROUP DEFINITIONS04 OTHER MERCANTILES

- 0431 Sole Occupancy Mercantile, Over 15,000 Square Feet, Building Coverage, Other than Food Risks
- 0432 Sole Occupancy Mercantile, Over 15,000 Square Feet, Food Risks, Buildings and Personal Property
- 0433 Multiple Occupancy Mercantile, Over 15,000 Square Feet, Building Coverage Only, Not Fire Class Rated
- 0434 Multiple Occupancy Mercantile, Less than 15,000 Square Feet, Building Coverage Only, Not Fire Class Rated
- 0511 Risks Having Low Susceptibility Personal Property, NOC
- 0512 Tire, Battery and Accessory Dealers Without Tire Recapping and Vulcanizing
- 0520 Wearing Apparel, Textiles, Shoes
- 0531 Alcoholic Beverages other than Bars
- 0532 Food Products including Retail Bakeries (no baking and no cooking on premises; sales only); Beverages other than Alcoholic
- 0533 Retail Bakeries - Baking on Premises (No delivery to other outlets)
- 0534 Food Products with Limited Cooking, Excluding Bakeries
- 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

BASIC GROUP I RATING GROUP DEFINITIONS08 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

BASIC GROUP I RATING GROUP DEFINITIONS

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

BASIC GROUP I RATING GROUP DEFINITIONS15 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

BASIC GROUP I RATING GROUP DEFINITIONS18 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

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

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

CATEGORY 04 - MERCANTILE CONTENTS COVERAGE (HIGH)

Occupancy classes 0511, 0520, 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.

CATEGORIES 08 & 09 - INSTITUTIONAL CONTENTS COVERAGE

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

CATEGORY 08 - INSTITUTIONAL CONTENTS COVERAGE (HIGH)

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

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

Occupancy classes not listed in Category 08

CATEGORIES 10 & 11 - INDUSTRIAL & PROCESSING CONTENTS COVERAGE

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

CATEGORY 10 - INDUSTRIAL & PROCESSING CONTENTS COVERAGE (HIGH)

Occupancy classes 1252, 1300, 1400, 1700, 2000, 2059, 2150, 2200, 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

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.

## ALABAMA

## BASIC GROUP I

## UNADJUSTED AGGREGATE LOSS COSTS, LOSSES, AND EXPERIENCE RATIOS

---

YEAR	TOTAL UNADJUSTED LOSS COSTS	TOTAL UNADJUSTED INCURRED LOSSES	EXPERIENCE RATIO
2015	13,934,103	10,408,579	0.747
2016	14,626,862	9,683,254	0.662
2017	15,138,881	10,286,359	0.679
2018	16,244,071	9,448,541	0.582
2019	16,277,642	10,527,228	0.647

## ALABAMA

## BASIC GROUP II

## UNADJUSTED AGGREGATE LOSS COSTS, LOSSES, AND EXPERIENCE RATIOS

---

YEAR	TOTAL UNADJUSTED LOSS COSTS	TOTAL **	
		UNADJUSTED NON-HURRICANE INCURRED LOSSES	EXPERIENCE RATIO
2010	11,225,183	12,933,841	1.152
2011	10,618,283	9,055,812	0.853
2012	9,931,666	88,671,478	8.928
2013	10,993,070	9,727,609	0.885
2014	12,120,535	5,623,854	0.464
2015	13,545,016	6,147,171	0.454
2016	14,193,502	5,556,780	0.392
2017	14,505,017	8,029,435	0.554
2018	15,455,436	36,475,443	2.360
2019	15,914,578	15,287,211	0.961

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

## ALABAMA

## SPECIAL CAUSES OF LOSS

## UNADJUSTED AGGREGATE LOSS COSTS, LOSSES, AND EXPERIENCE RATIOS

---

YEAR	TOTAL UNADJUSTED LOSS COSTS	TOTAL UNADJUSTED INCURRED LOSSES	EXPERIENCE RATIO
2015	6,131,809	4,388,114	0.716
2016	6,747,744	5,971,889	0.885
2017	7,102,572	5,042,126	0.710
2018	7,795,079	8,228,988	1.056
2019	7,747,533	7,795,712	1.006

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>Selected</u>
(1) Fire						
(a) Direct Losses Incurred	5,449,566	5,303,941	5,626,602	7,720,282	8,543,200	
(b) Direct Loss Adjustment Expense Incurred	540,067	520,392	540,922	688,647	665,515	
(2) Allied Lines						
(a) Direct Losses Incurred	4,486,897	4,725,289	6,319,875	17,490,979	10,232,771	
(b) Direct Loss Adjustment Expense Incurred	617,569	650,048	707,895	1,112,736	993,263	
(3) Loss Adjustment Expense as a Ratio to Losses						
(a) Fire (1b) / (1a)	9.9%	9.8%	9.6%	8.9%	7.8%	9.5%
(b) Allied Lines (2b) / (2a)	13.8%	13.8%	11.2%	6.4%	9.7%	11.5%

NOTE: All dollar amounts are displayed in thousands.

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

ALABAMA  
COMMERCIAL PROPERTY INSURANCE

SECTION E - REVISED LOSS COST PAGES

Basic Group II Loss Costs.....	E2-3
Special Causes of Loss Loss Costs.....	E4
Basic Group I Loss Costs.....	E5-15

**70. CAUSES OF LOSS – BASIC FORM**

**E. Rating Procedure**

**2. Property Damage – Group II Causes Of Loss**

**e. Loss Costs**

- (1) Determine the Basic Group II symbol from the specific publication or from Rule **70.E.2.a**.
- (2) Determine where the property is located based on information in Paragraph **(5)**.
- (3) For Symbols **AA, A, AB** and **B** use the applicable rate.
- (4) For symbols with numerical prefixes, multiply the applicable rate by the prefix shown in Rule **70.E.2.a**.

**Symbol/Loss Cost**

	<b>AA</b>	<b>A</b>	<b>AB</b>	<b>B</b>
<b>Inland Territory</b>				
Building	<u>.051-046</u>	<u>.057-052</u>	<u>.072-066</u>	<u>.099-094</u>
Contents	<u>.045-044</u>	<u>.051-046</u>	<u>.061-056</u>	<u>.083-077</u>
<b>Seacoast Territory</b>				
Building	<u>.241-245</u>	<u>.269-272</u>	<u>.320-322</u>	<u>.555-558</u>
Contents	<u>.182-192</u>	<u>.201-212</u>	<u>.239-257</u>	<u>.451-486</u>
<b>Beach Territory</b>				
Building	<u>.432-404</u>	<u>.480-448</u>	<u>.588-543</u>	<u>.967-904</u>
Contents	<u>.313-300</u>	<u>.348-334</u>	<u>.427-413</u>	<u>.785-769</u>

**(5) Inland, Seacoast and Beach Territories:**

**(a) INLAND (ZONE 1)**

Inland Territory includes that part of Alabama located outside the Counties of Baldwin and Mobile, and including that portion of the Counties of Baldwin and Mobile lying North of the 31st parallel of latitude (commonly known as St. Stephen's base line).

**(b) SEACOAST (ZONE 2)**

Seacoast Territory includes that portion of the Counties of Baldwin and Mobile lying South of the 31st parallel of latitude (commonly known as St. Stephen's base line).

**(c) BEACH (ZONE 3)**

Beach Territory includes the following and similar localities not specifically named:

**(i)** All areas fronting on the Gulf of Mexico, Mississippi Sound and Mobile Bay

**(ii)** The Bay (Cochrane) Bridge Causeway

**(iii)** Blakely, Dauphin, Mon Louis, Pinto, Pineda and Sand Islands

**(iv)** The following cities, towns and communities and rural areas adjacent thereto:

<b>Mobile County</b>		<b>Baldwin County</b>	
Alabama Port	Barnwell	Lillian	Three Rivers
Bayou La Batre	Battles Wharf	Little Lagoon	Village Point
Bellefontaine	Bay La Launch	Little Point Clear	Weeks Bay
Bellingrath Gardens	Bayou St. John	Magnolia Springs	Wolf Bay
Brookley Field	Bear Point	Malbis Plantation	Yelling Settlement
Cedar Point	Belforest	Mifflin	Zundles
Coden	Bon Secour	Montrose	
Deer River Point	Bridgehead	Navy Cove	
Delchamps	Caswell	Oak	
Dog River (Both Sides and all the area East thereof)	Collins Creek	Old Spanish Fort	
Dog River Point	Cotton Bayou	Orange Beach	
Faustina	Daphne	Oyster Bay	
Fowl River	Edith Hammock	Palmetto Beach	
Fowl River Point	Fairhope	Perdido Bay	
	Fort Morgan	Perdido Beach	

Laurendine  
Mon Louis  
Mobile (But only that area  
    South of Bankhead Tunnel  
    and East of Main Line CSX  
    Railroad (formerly L. & N.) which  
    includes Choctaw Point)  
Smithport  
South Orchard  
Sunny Cove

Fort Morgan Peninsula  
Gasque  
Gulf Highlands  
Gulf Shores  
Gulf State Park  
Hatchett Point  
Inerarity Point  
Jackson Oaks  
Jonesboro  
Josephine

Pine Beach  
Point Clear  
Ragged Point  
Romar Beach  
Ross Point  
Sapling Point  
Seacliff  
Seymour Bluff  
Shell Banks  
Spanish Fort

**72. CAUSES OF LOSS – SPECIAL FORM**

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

**b.(1) Building Coverage – Loss Cost: ~~.045-.047~~**

**c.(2) Personal Property Coverage – Loss Costs**

<b>Occupancy Category</b>	<b>Loss Cost</b>
Residential Apartments and Condominiums	<del>.155-.176</del>
Offices	<del>.116-.129</del>
Mercantile – High	<del>.164-.174</del>
Mercantile – Medium	<del>.151-.165</del>
Mercantile – Low	<del>.111-.119</del>
Motels and Hotels	<del>.081-.087</del>
Institutional – High	<del>.080-.088</del>
Institutional – Low	<del>.052-.058</del>
Industrial and Processing – High	<del>.182-.195</del>
Industrial and Processing – Low	<del>.144-.153</del>
Service – High	<del>.147-.158</del>
Service – Low	<del>.116-.124</del>
Contractors	<del>.225-.239</del>
<b>Territory (County)</b>	<b>Territorial Multiplier</b>
Jefferson	1.370
Mobile	1.192
Remainder of State	1.000

**85. BASIC GROUP I CLASS LOSS COSTS**

All rates are subject to protection class and territorial multipliers.

<b>CSP Class Codes And Description</b>						
<b>0074</b>	Boarding and Lodging Houses, Rooming Houses, Fraternities and Sororities, Dormitories – Up to 10 Units					
<b>0075</b>	Boarding and Lodging Houses, Rooming Houses, Fraternities and Sororities, Dormitories – 11 to 30 Units					
<b>0076</b>	Boarding and Lodging Houses, Rooming Houses, Fraternities and Sororities, Dormitories – Over 30 Units					
<b>0077</b>	Convents, Monasteries and Rectories, Orphan Homes, Nurses' Homes, Sisters' Homes – Up to 10 Units					
<b>0078</b>	Convents, Monasteries and Rectories, Orphan Homes, Nurses' Homes, Sisters' Homes – 11 to 30 Units					
<b>0079</b>	Convents, Monasteries and Rectories, Orphan Homes, Nurses' Homes, Sisters' 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					
CSP Class Code	Coverage	Construction (Code)				
		Frame (1)	Joisted Masonry (2)	Non-Comb. (3)	Mas. Non-Comb. (4)	Mod. F.R. (5) Or Fire Res. (6)
<b>0074</b>	<b>Building (1)</b>	0.120	0.107	0.095	0.077	0.071
	<b>Contents (2)</b>	0.121	0.108	0.102	0.089	0.085
<b>0075</b>	<b>Building (1)</b>	0.120	0.107	0.095	0.077	0.071
	<b>Contents (2)</b>	0.121	0.108	0.102	0.089	0.085
<b>0076</b>	<b>Building (1)</b>	0.120	0.107	0.095	0.077	0.071
	<b>Contents (2)</b>	0.121	0.108	0.102	0.089	0.085
<b>0077</b>	<b>Building (1)</b>	0.109	0.098	0.086	0.071	0.067
	<b>Contents (2)</b>	0.113	0.102	0.097	0.085	0.079
<b>0078</b>	<b>Building (1)</b>	0.109	0.098	0.086	0.071	0.067
	<b>Contents (2)</b>	0.113	0.102	0.097	0.085	0.079
<b>0079</b>	<b>Building (1)</b>	0.109	0.098	0.086	0.071	0.067
	<b>Contents (2)</b>	0.113	0.102	0.097	0.085	0.079
<b>0196</b>	<b>Building (1)</b>	0.074	0.067	0.059	0.049	0.044
	<b>Contents (2)</b>	0.082	0.074	0.071	0.062	0.057
<b>0197</b>	<b>Building (1)</b>	0.074	0.067	0.059	0.049	0.044
	<b>Contents (2)</b>	0.082	0.074	0.071	0.062	0.057
<b>0198</b>	<b>Building (1)</b>	0.074	0.067	0.059	0.049	0.044
	<b>Contents (2)</b>	0.082	0.074	0.071	0.062	0.057
<b>0311</b>	<b>Building (1)</b>	0.209	0.184	0.166	0.136	0.125
	<b>Contents (2)</b>	0.234	0.211	0.201	0.176	0.163
<b>0312</b>	<b>Building (1)</b>	0.209	0.184	0.166	0.136	0.125
	<b>Contents (2)</b>	0.234	0.211	0.201	0.176	0.163
Territory					Territorial Multiplier	
Birmingham					1.575	
City of Mobile					0.770	
Balance of State (Alabama)					1.000	

**COMMERCIAL LINES MANUAL**  
**DIVISION FIVE**  
**FIRE AND ALLIED LINES**  
**LOSS COST PAGES**

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

All rates are subject to protection class and territorial multipliers.

<b>CSP Class Codes And Description</b>						
<b>0313</b> <b>0321</b> <b>0322</b> <b>0323</b> <b>0331</b> <b>0332</b> <b>0333</b>	Apartments without Mercantile Occupancies – Over 30 Units Apartments with Mercantile Occupancies – Up to 10 Units Apartments with Mercantile Occupancies – 11 to 30 Units Apartments with Mercantile Occupancies – Over 30 Units Residential Condominiums without Mercantile Occupancies – Up to 10 Units Residential Condominiums without Mercantile Occupancies – 11 to 30 Units Residential Condominiums without Mercantile Occupancies – Over 30 Units					
CSP Class Code	Coverage	Construction (Code)				
		Frame (1)	Joisted Masonry (2)	Non-Comb. (3)	Mas. Non-Comb. (4)	Mod. F.R. (5) Or Fire Res. (6)
<b>0313</b>	<b>Building (1)</b>	0.209	0.184	0.166	0.136	0.125
	<b>Contents (2)</b>	0.234	0.211	0.201	0.176	0.163
<b>0321</b>	<b>Building (1)</b>	0.320	0.289	0.256	0.209	0.192
	<b>Contents (2)</b>					
	<b>A</b>	0.475	0.427	0.405	0.357	0.332
	<b>B&amp;C</b>	0.555	0.500	0.473	0.416	0.390
<b>0322</b>	<b>Building (1)</b>	0.320	0.289	0.256	0.209	0.192
	<b>Contents (2)</b>					
	<b>A</b>	0.475	0.427	0.405	0.357	0.332
	<b>B&amp;C</b>	0.555	0.500	0.473	0.416	0.390
<b>0323</b>	<b>Building (1)</b>	0.320	0.289	0.256	0.209	0.192
	<b>Contents (2)</b>					
	<b>A</b>	0.475	0.427	0.405	0.357	0.332
	<b>B&amp;C</b>	0.555	0.500	0.473	0.416	0.390
<b>0331</b>	<b>Building (1)</b>	0.115	0.104	0.093	0.076	0.070
	<b>Contents (2)</b>	0.101	0.091	0.087	0.078	0.070
<b>0332</b>	<b>Building (1)</b>	0.115	0.104	0.093	0.076	0.070
	<b>Contents (2)</b>	0.101	0.091	0.087	0.078	0.070
<b>0333</b>	<b>Building (1)</b>	0.115	0.104	0.093	0.076	0.070
	<b>Contents (2)</b>	0.101	0.091	0.087	0.078	0.070
Territory					Territorial Multiplier	
Birmingham					1.575	
City of Mobile					0.770	
Balance of State (Alabama)					1.000	

**COMMERCIAL LINES MANUAL**  
**DIVISION FIVE**  
**FIRE AND ALLIED LINES**  
**LOSS COST PAGES**

**ALABAMA (01)**

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

All rates are subject to protection class and territorial multipliers.

<b>CSP Class Codes And Description</b>						
<b>0341</b>	Residential Condominiums with Mercantile Occupancies – Up to 10 Units					
<b>0342</b>	Residential Condominiums with Mercantile Occupancies – 11 to 30 Units					
<b>0343</b>	Residential 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					
CSP Class Code	Coverage	Construction (Code)				
		Frame (1)	Joisted Masonry (2)	Non-Comb. (3)	Mas. Non-Comb. (4)	Mod. F.R. (5) Or Fire Res. (6)
<b>0341</b>	<b>Building (1)</b>	0.180	0.162	0.145	0.119	0.108
	<b>Contents (2)</b>					
	<b>A</b>	0.206	0.184	0.174	0.153	0.144
	<b>B&amp;C</b>	0.241	0.216	0.206	0.180	0.168
<b>0342</b>	<b>Building (1)</b>	0.180	0.162	0.145	0.119	0.108
	<b>Contents (2)</b>					
	<b>A</b>	0.206	0.184	0.174	0.153	0.144
	<b>B&amp;C</b>	0.241	0.216	0.206	0.180	0.168
<b>0343</b>	<b>Building (1)</b>	0.180	0.162	0.145	0.119	0.108
	<b>Contents (2)</b>					
	<b>A</b>	0.206	0.184	0.174	0.153	0.144
	<b>B&amp;C</b>	0.241	0.216	0.206	0.180	0.168
<b>0511</b>	<b>Building (1)</b>	0.149	0.135	0.119	0.097	0.090
	<b>Contents (2)</b>	0.211	0.189	0.180	0.158	0.148
<b>0512</b>	<b>Building (1)</b>	0.143	0.129	0.113	0.093	0.086
	<b>Contents (2)</b>	0.188	0.170	0.161	0.140	0.131
<b>0520</b>	<b>Building (1)</b>	0.179	0.162	0.143	0.115	0.106
	<b>Contents (2)</b>	0.273	0.247	0.235	0.206	0.192
<b>0531</b>	<b>Building (1)</b>	0.151	0.136	0.121	0.099	0.090
	<b>Contents (2)</b>	0.223	0.199	0.188	0.167	0.156
<b>Territory</b>					<b>Territorial Multiplier</b>	
Birmingham					1.575	
City of Mobile					0.770	
Balance of State (Alabama)					1.000	

**COMMERCIAL LINES MANUAL**  
**DIVISION FIVE**  
**FIRE AND ALLIED LINES**  
**LOSS COST PAGES**

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

All rates are subject to protection class and territorial multipliers.

<b>CSP Class Codes And Description</b>						
<b>0532</b>	Merc – Sole Occy Only – Food Products Inc. Retail Bakeries; Non-Alcoholic Beverages (Sales Only – No Baking or Cooking)					
<b>0533</b>	Mercantile – Sole Occupancy Only – Baking on Premises, No Delivery to Outlets					
<b>0534</b>	Mercantile – Sole Occupancy Only – Food Products with Limited Cooking, Excluding Bakeries					
<b>0541</b>	Mercantile – Sole Occupancy Only – Bars and Taverns					
<b>0545</b>	Mercantile – Sole Occupancy Only – Restaurants with Limited Cooking					
<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					
CSP Class Code	Coverage	Construction (Code)				
		Frame (1)	Joisted Masonry (2)	Non-Comb. (3)	Mas. Non-Comb. (4)	Mod. F.R. (5) Or Fire Res. (6)
<b>0532</b>	<b>Building (1)</b>	0.230	0.208	0.184	0.149	0.139
	<b>Contents (2)</b>	0.273	0.247	0.235	0.206	0.192
<b>0533</b>	<b>Building (1)</b>	0.180	0.163	0.145	0.116	0.108
	<b>Contents (2)</b>	0.220	0.198	0.187	0.166	0.155
<b>0534</b>	<b>Building (1)</b>	0.253	0.228	0.202	0.164	0.153
	<b>Contents (2)</b>	0.230	0.208	0.196	0.171	0.162
<b>0541</b>	<b>Building (1)</b>	0.748	0.673	0.599	0.485	0.451
	<b>Contents (2)</b>	0.801	0.720	0.680	0.599	0.559
<b>0545</b>	<b>Building (1)</b>	0.881	0.795	0.708	0.572	0.533
	<b>Contents (2)</b>	0.996	0.894	0.848	0.748	0.694
<b>0550</b>	<b>Building (1)</b>	0.136	0.121	0.108	0.088	0.081
	<b>Contents (2)</b>	0.228	0.206	0.193	0.170	0.161
<b>0561</b>	<b>Building (1)</b>	0.143	0.131	0.114	0.093	0.087
	<b>Contents (2)</b>	0.228	0.206	0.193	0.170	0.161
<b>0562</b>	<b>Building (1)</b>	0.163	0.146	0.131	0.106	0.099
	<b>Contents (2)</b>	0.253	0.228	0.215	0.189	0.177
<b>0563</b>	<b>Building (1)</b>	0.162	0.145	0.131	0.105	0.097
	<b>Contents (2)</b>	0.188	0.170	0.161	0.140	0.131
<b>0564</b>	<b>Building (1)</b>	0.224	0.201	0.179	0.145	0.134
	<b>Contents (2)</b>	0.330	0.299	0.281	0.249	0.233
Territory						Territorial Multiplier
Birmingham						1.575
City of Mobile						0.770
Balance of State (Alabama)						1.000

**COMMERCIAL LINES MANUAL**  
**DIVISION FIVE**  
**FIRE AND ALLIED LINES**  
**LOSS COST PAGES**

**ALABAMA (01)**

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

All rates are subject to protection class and territorial multipliers.

<b>CSP Class Codes And Description</b>						
<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>0580</b>	Greenhouses – Sole Occupancy Only					
<b>0581</b>	Mercantile – Multiple Occupancy without 0564 Occupant					
<b>0582</b>	Mercantile – Multiple Occupancy with 0564 Occupant					
CSP Class Code	Coverage	Construction (Code)				
		Frame (1)	Joisted Masonry (2)	Non-Comb. (3)	Mas. Non-Comb. (4)	Mod. F.R. (5) Or Fire Res. (6)
<b>0565</b>	<b>Building (1)</b>	0.148	0.134	0.118	0.097	0.088
	<b>Contents (2)</b>	0.184	0.166	0.156	0.139	0.131
<b>0566</b>	<b>Building (1)</b>	0.167	0.151	0.135	0.108	0.101
	<b>Contents (2)</b>	0.249	0.225	0.211	0.187	0.173
<b>0567</b>	<b>Building (1)</b>	0.149	0.135	0.119	0.097	0.090
	<b>Contents (2)</b>	0.211	0.189	0.180	0.158	0.148
<b>0570</b>	<b>Building (1)</b>	0.149	0.135	0.119	0.097	0.090
	<b>Contents (2)</b>	0.223	0.199	0.188	0.167	0.156
<b>0580</b>	<b>Building (1)</b>	0.149	0.135	0.119	0.097	0.090
	<b>Contents (2)</b>	0.233	0.209	0.198	0.173	0.163
<b>0581</b>	<b>Building (1)</b>	0.160	0.143	0.126	0.105	0.097
	<b>Contents (2)</b>					
	<b>A</b>	0.223	0.199	0.188	0.167	0.156
	<b>B</b>	0.271	0.243	0.230	0.203	0.189
<b>0582</b>	<b>Contents (2)</b>	0.245	0.220	0.209	0.184	0.170
	<b>Building (1)</b>	0.173	0.158	0.139	0.114	0.105
	<b>Contents (2)</b>					
	<b>A</b>	0.198	0.180	0.170	0.148	0.139
	<b>B</b>	0.243	0.219	0.208	0.182	0.170
	<b>C</b>	0.220	0.198	0.187	0.166	0.155
Territory					Territorial Multiplier	
Birmingham					1.575	
City of Mobile					0.770	
Balance of State (Alabama)					1.000	

**COMMERCIAL LINES MANUAL**  
**DIVISION FIVE**  
**FIRE AND ALLIED LINES**  
**LOSS COST PAGES**

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

All rates are subject to protection class and territorial multipliers.

<b>CSP Class Codes And Description</b>						
<b>0701</b>	Government Offices					
<b>0702</b>	Banks and Offices other than Governmental					
<b>0742</b>	Motels and Hotels with Limited Cooking Restaurant – Up to 10 Units					
<b>0743</b>	Motels and Hotels with Limited Cooking Restaurant – 11 to 30 Units					
<b>0744</b>	Motels and Hotels with Limited Cooking Restaurant – Over 30 Units					
<b>0745</b>	Motels and Hotels without Restaurant – Up to 10 Units					
<b>0746</b>	Motels and Hotels without Restaurant – 11 to 30 Units					
<b>0747</b>	Motels and Hotels without Restaurant – Over 30 Units					
CSP Class Code	Coverage	Construction (Code)				
		Frame (1)	Joisted Masonry (2)	Non-Comb. (3)	Mas. Non-Comb. (4)	Mod. F.R. (5) Or Fire Res. (6)
<b>0701</b>	<b>Building (1)</b>	0.120	0.109	0.095	0.077	0.072
	<b>Contents (2)</b>					
	<b>A</b>	0.132	0.118	0.111	0.100	0.094
	<b>B</b>	0.194	0.176	0.164	0.147	0.135
	<b>C</b>	0.152	0.137	0.129	0.114	0.107
<b>0702</b>	<b>Building (1)</b>	0.132	0.120	0.107	0.087	0.080
	<b>Contents (2)</b>					
	<b>A</b>	0.158	0.142	0.134	0.119	0.110
	<b>B</b>	0.219	0.196	0.187	0.165	0.153
	<b>C</b>	0.195	0.176	0.167	0.148	0.136
<b>0742</b>	<b>Building (1)</b>	0.722	0.650	0.578	0.469	0.434
	<b>Contents (2)</b>	0.793	0.716	0.675	0.596	0.556
<b>0743</b>	<b>Building (1)</b>	0.722	0.650	0.578	0.469	0.434
	<b>Contents (2)</b>	0.793	0.716	0.675	0.596	0.556
<b>0744</b>	<b>Building (1)</b>	0.722	0.650	0.578	0.469	0.434
	<b>Contents (2)</b>	0.793	0.716	0.675	0.596	0.556
<b>0745</b>	<b>Building (1)</b>	0.312	0.282	0.249	0.202	0.188
	<b>Contents (2)</b>	0.341	0.306	0.291	0.256	0.236
<b>0746</b>	<b>Building (1)</b>	0.312	0.282	0.249	0.202	0.188
	<b>Contents (2)</b>	0.341	0.306	0.291	0.256	0.236
<b>0747</b>	<b>Building (1)</b>	0.312	0.282	0.249	0.202	0.188
	<b>Contents (2)</b>	0.341	0.306	0.291	0.256	0.236
Territory						Territorial Multiplier
Birmingham						1.575
City of Mobile						0.770
Balance of State (Alabama)						1.000

**COMMERCIAL LINES MANUAL**  
**DIVISION FIVE**  
**FIRE AND ALLIED LINES**  
**LOSS COST PAGES**

**ALABAMA (01)**

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

All rates are subject to protection class and territorial multipliers.

<b>CSP Class Codes And Description</b>						
<b>0755</b>	Golf, Tennis and Similar Sport Facilities with Limited Cooking					
<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>0844</b>	Recreational Facilities, Not Otherwise Classified					
<b>0845</b>	Boys' and Girls' Camps					
CSP Class Code	Coverage	Construction (Code)				
		Frame (1)	Joisted Masonry (2)	Non-Comb. (3)	Mas. Non-Comb. (4)	Mod. F.R. (5) Or Fire Res. (6)
<b>0755</b>	<b>Building (1)</b>	0.458	0.411	0.367	0.298	0.276
	<b>Contents (2)</b>	0.527	0.476	0.449	0.393	0.368
<b>0756</b>	<b>Building (1)</b>	0.185	0.167	0.149	0.120	0.111
	<b>Contents (2)</b>	0.213	0.192	0.181	0.161	0.149
<b>0757</b>	<b>Building (1)</b>	0.201	0.181	0.161	0.130	0.120
	<b>Contents (2)</b>	0.213	0.192	0.181	0.161	0.149
<b>0831</b>	<b>Building (1)</b>	0.156	0.141	0.125	0.102	0.093
	<b>Contents (2)</b>	0.181	0.161	0.153	0.136	0.127
<b>0832</b>	<b>Building (1)</b>	0.199	0.178	0.161	0.130	0.119
	<b>Contents (2)</b>	0.213	0.192	0.181	0.161	0.149
<b>0833</b>	<b>Building (1)</b>	0.169	0.153	0.136	0.110	0.102
	<b>Contents (2)</b>	0.197	0.177	0.167	0.149	0.137
<b>0834</b>	<b>Building (1)</b>	0.271	0.243	0.218	0.177	0.163
	<b>Contents (2)</b>	0.277	0.250	0.237	0.210	0.194
<b>0841</b>	<b>Building (1)</b>	0.277	0.250	0.221	0.181	0.165
	<b>Contents (2)</b>	0.289	0.260	0.245	0.216	0.202
<b>0843</b>	<b>Building (1)</b>	0.137	0.125	0.110	0.089	0.081
	<b>Contents (2)</b>	0.146	0.131	0.125	0.110	0.102
<b>0844</b>	<b>Building (1)</b>	0.185	0.167	0.149	0.120	0.111
	<b>Contents (2)</b>	0.204	0.184	0.175	0.155	0.144
<b>0845</b>	<b>Building (1)</b>	0.123	0.110	0.100	0.080	0.074
	<b>Contents (2)</b>	0.141	0.127	0.120	0.106	0.100
Territory					Territorial Multiplier	
Birmingham					1.575	
City of Mobile					0.770	
Balance of State (Alabama)					1.000	

**COMMERCIAL LINES MANUAL**  
**DIVISION FIVE**  
**FIRE AND ALLIED LINES**  
**LOSS COST PAGES**

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

All rates are subject to protection class and territorial multipliers.

<b>CSP Class Codes And Description</b>						
<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>0923</b>	Funeral Homes					
<b>0931</b>	Auto Parking Garages, Car Washes					
CSP Class Code	Coverage	Construction (Code)				
		Frame (1)	Joisted Masonry (2)	Non-Comb. (3)	Mas. Non-Comb. (4)	Mod. F.R. (5) Or Fire Res. (6)
<b>0846</b>	<b>Building (1)</b>	0.257	0.230	0.204	0.167	0.155
	<b>Contents (2)</b>	0.253	0.227	0.216	0.190	0.177
<b>0851</b>	<b>Building (1)</b>	0.070	0.063	0.057	0.046	0.044
	<b>Contents (2)</b>	0.084	0.075	0.070	0.061	0.058
<b>0852</b>	<b>Building (1)</b>	0.074	0.067	0.059	0.047	0.044
	<b>Contents (2)</b>	0.085	0.076	0.072	0.063	0.059
<b>0900</b>	<b>Building (1)</b>	0.101	0.091	0.082	0.065	0.059
	<b>Contents (2)</b>	0.108	0.097	0.091	0.081	0.075
<b>0911</b>	<b>Building (1)</b>	0.317	0.285	0.254	0.206	0.190
	<b>Contents (2)</b>	0.374	0.338	0.317	0.280	0.262
<b>0912</b>	<b>Building (1)</b>	0.420	0.377	0.337	0.273	0.252
	<b>Contents (2)</b>	0.517	0.464	0.440	0.387	0.361
<b>0913</b>	<b>Building (1)</b>	0.276	0.247	0.220	0.179	0.165
	<b>Contents (2)</b>	0.324	0.291	0.275	0.242	0.226
<b>0921</b>	<b>Building (1)</b>	0.165	0.149	0.131	0.107	0.100
	<b>Contents (2)</b>	0.195	0.176	0.167	0.148	0.137
<b>0922</b>	<b>Building (1)</b>	0.183	0.165	0.148	0.119	0.109
	<b>Contents (2)</b>	0.223	0.200	0.190	0.169	0.157
<b>0923</b>	<b>Building (1)</b>	0.121	0.109	0.099	0.080	0.073
	<b>Contents (2)</b>	0.131	0.118	0.112	0.099	0.090
<b>0931</b>	<b>Building (1)</b>	0.084	0.077	0.068	0.055	0.050
	<b>Contents (2)</b>	0.101	0.091	0.084	0.075	0.069
Territory					Territorial Multiplier	
Birmingham					1.575	
City of Mobile					0.770	
Balance of State (Alabama)					1.000	

**COMMERCIAL LINES MANUAL**  
**DIVISION FIVE**  
**FIRE AND ALLIED LINES**  
**LOSS COST PAGES**

**ALABAMA (01)**

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

All rates are subject to protection class and territorial multipliers.

<b>CSP Class Codes And Description</b>						
<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 Repair					
<b>0951</b>	Gambling Casinos with Limited Cooking Restaurants					
<b>0952</b>	Gambling Casinos without Restaurants					
<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					
CSP Class Code	Coverage	Construction (Code)				
		Frame (1)	Joisted Masonry (2)	Non-Comb. (3)	Mas. Non-Comb. (4)	Mod. F.R. (5) Or Fire Res. (6)
<b>0932</b>	<b>Building (1)</b>	0.121	0.109	0.097	0.079	0.072
	<b>Contents (2)</b>	0.148	0.133	0.126	0.111	0.103
<b>0933</b>	<b>Building (1)</b>	0.102	0.093	0.082	0.066	0.062
	<b>Contents (2)</b>	0.130	0.115	0.110	0.097	0.092
<b>0934</b>	<b>Building (1)</b>	0.133	0.120	0.108	0.088	0.081
	<b>Contents (2)</b>	0.158	0.143	0.135	0.117	0.111
<b>0940</b>	<b>Building (1)</b>	0.064	0.059	0.052	0.044	0.039
	<b>Contents (2)</b>	0.081	0.071	0.068	0.060	0.056
<b>0951</b>	<b>Building (1)</b>	0.534	0.481	0.427	0.347	0.319
	<b>Contents (2)</b>	0.591	0.531	0.500	0.443	0.413
<b>0952</b>	<b>Building (1)</b>	0.181	0.161	0.145	0.118	0.109
	<b>Contents (2)</b>	0.259	0.232	0.220	0.194	0.181
<b>1000</b>	<b>Building (1)</b>	0.115	0.104	0.094	0.075	0.071
	<b>Contents (2)</b>	0.103	0.093	0.088	0.076	0.072
<b>1051</b>	<b>Building (1)</b>	0.072	0.065	0.058	0.047	0.042
	<b>Contents (2)</b>	0.094	0.086	0.079	0.072	0.065
<b>1052</b>	<b>Building (1)</b>	0.205	0.185	0.165	0.134	0.125
	<b>Contents (2)</b>	0.235	0.211	0.200	0.175	0.165
<b>1070</b>	<b>Building (1)</b>	0.111	0.102	0.090	0.072	0.068
	<b>Contents (2)</b>	0.133	0.120	0.113	0.101	0.094
Territory					Territorial Multiplier	
Birmingham					1.575	
City of Mobile					0.770	
Balance of State (Alabama)					1.000	

**COMMERCIAL LINES MANUAL**  
**DIVISION FIVE**  
**FIRE AND ALLIED LINES**  
**LOSS COST PAGES**

**85. BASIC GROUP I CLASS LOSS COSTS (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 loss cost of .015 unless Class Code of previous or intended occupancy is 0580, 0742-0747, 0833, 0834, 0841, 0843, 0844, 0846, 0900, 0951, 0952, 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)	Non-Comb. (3)	Mas. Non-Comb. (4)	Mod. F.R. (5) Or Fire Res. (6)
<b>1150</b>	<b>Building (1)</b>	0.031	0.028	0.023	0.019	0.018
<b>1211</b>	<b>Building (1)</b>	0.283	0.256	0.227	0.184	0.171
	<b>Contents (2)</b>	0.332	0.300	0.283	0.250	0.234
<b>1212</b>	<b>Building (1)</b>	0.225	0.203	0.181	0.145	0.135
	<b>Contents (2)</b>	0.276	0.247	0.234	0.207	0.194
<b>1213</b>	<b>Building (1)</b>	0.199	0.180	0.157	0.130	0.120
	<b>Contents (2)</b>	0.264	0.237	0.225	0.199	0.184
<b>1220</b>	<b>Building (1)</b>	0.237	0.213	0.188	0.154	0.141
	<b>Contents (2)</b>	0.288	0.260	0.246	0.217	0.203
<b>1230</b>	<b>Building (1)</b>	0.205	0.184	0.164	0.134	0.123
	<b>Contents (2)</b>	0.279	0.252	0.237	0.210	0.195
<b>1400</b>	<b>Building (1)</b>	0.613	0.552	0.491	0.397	0.366
	<b>Contents (2)</b>	0.743	0.672	0.634	0.560	0.521
	<b>Yard</b>	0.925		0.094		
<b>1650</b>	<b>Building (1)</b>	0.365	0.329	0.293	0.237	0.219
	<b>Contents (2)</b>	0.461	0.416	0.394	0.346	0.324
	<b>Yard</b>	0.256		0.033		
<b>Territory</b>					<b>Territorial Multiplier</b>	
Birmingham					1.575	
City of Mobile					0.770	
Balance of State (Alabama)					1.000	

**COMMERCIAL LINES MANUAL**  
**DIVISION FIVE**  
**FIRE AND ALLIED LINES**  
**LOSS COST PAGES**

**ALABAMA (01)**

**85. BASIC GROUP I CLASS LOSS COSTS (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>1751</b> Oil Distributing, Oil Terminals and LPG Tank Farms – Including Stock <b>1752</b> Oil Distributing, Oil Terminals and LPG Tank Farms – Excluding Stock <b>2200</b> Baking on Premises, Delivery to Outlets <b>2350</b> Beverage Bottlers Excluding Alcoholic Beverages <b>2459</b> Distilleries and Wineries <b>2800</b> Textile Mill Products <b>3409</b> Leather and Leather Products <b>4809</b> Printing						
<b>CSP Class Code</b>	<b>Coverage</b>	<b>Construction (Code)</b>				
		<b>Frame (1)</b>	<b>Joisted Masonry (2)</b>	<b>Non-Comb. (3)</b>	<b>Mas. Non-Comb. (4)</b>	<b>Mod. F.R. (5) Or Fire Res. (6)</b>
<b>1700</b>	<b>Building (1)</b>	0.298	0.267	0.240	0.195	0.180
	<b>Contents (2)</b>	0.454	0.406	0.384	0.341	0.318
	<b>Yard</b>	0.250		0.031		
<b>1751</b>	<b>Building (1)</b>	0.191	0.173	0.154	0.123	0.116
	<b>Contents (2)</b>	0.250	0.225	0.213	0.188	0.176
<b>1752</b>	<b>Building (1)</b>	0.181	0.162	0.144	0.117	0.107
	<b>Contents (2)</b>	0.180	0.160	0.151	0.134	0.123
<b>2200</b>	<b>Building (1)</b>	0.378	0.342	0.305	0.247	0.228
	<b>Contents (2)</b>	0.450	0.405	0.382	0.337	0.317
<b>2350</b>	<b>Building (1)</b>	0.244	0.219	0.194	0.158	0.146
	<b>Contents (2)</b>	0.290	0.261	0.244	0.215	0.203
<b>2459</b>	<b>Building (1)</b>	0.158	0.140	0.125	0.102	0.094
	<b>Contents (2)</b>	0.203	0.183	0.174	0.155	0.140
<b>2800</b>	<b>Building (1)</b>	0.732	0.662	0.594	0.480	0.445
	<b>Contents (2)</b>	0.969	0.872	0.821	0.724	0.680
<b>3409</b>	<b>Building (1)</b>	0.764	0.688	0.610	0.495	0.457
	<b>Contents (2)</b>	0.886	0.797	0.752	0.661	0.616
<b>4809</b>	<b>Building (1)</b>	0.584	0.528	0.470	0.378	0.353
	<b>Contents (2)</b>	0.714	0.642	0.603	0.533	0.501
<b>Territory</b>						<b>Territorial Multiplier</b>
Birmingham						1.575
City of Mobile						0.770
Balance of State (Alabama)						1.000

ALABAMA  
COMMERCIAL PROPERTY  
LOSS COST LEVEL REVIEW  
ACTUARIAL ANALYSIS SUPPLEMENT

---

PURPOSE

This document provides discussion and analysis of changes in the experience and adjustments used to derive the advisory prospective loss cost level indications.

---

MONOLINE  
INDICATIONS

The indicated statewide monoline changes are:

<u>Subline</u>	<u>Current Review</u>	<u>Prior Review</u>
Basic Group I	+1.1%	+1.1%
Basic Group II	+6.7%	+3.5%
Special Causes of Loss	-4.8%	+1.7%
All Coverages Combined	+2.9%	+2.4%

\* Per Alabama Department of Insurance Bulletin 2012-02, the Basic Group II indications reflect the adjustment of the April 2011 tornado outbreak to be a 1-in-250 year event.

The prior review's indications were not filed. There has been a change in the Implicit Package Modification Factors since the prior review.

Given below is a brief discussion and comparison of the multistate factors (premium and loss trend, loss adjustment expense, and loss development) used in this year's and last year's reviews. The discussion is followed by a state specific analysis by subline and a list of events occurring during the experience period in this state that have been identified as catastrophes by ISO's Property Claims Services.

---

IMPACT OF LIMIT  
OF INSURANCE  
(LOI) FACTOR  
IMPLEMENTATION

Instructions for companies that have not adopted the Limit of Insurance Curves or revised rating for Special Causes of Loss

Class-rated Loss Costs

The loss costs contained in this filing reflect the introduction of limit of insurance (LOI) curves and revised rating for Special Causes of Loss. For those companies which have not adopted those changes, the loss costs in effect immediately prior to the introduction of the LOI curves and revised SCL rating can be adjusted by applying the loss cost changes in Section A of this filing. These changes are changes from the current loss cost level; therefore, any other loss cost level changes effective subsequent to the introduction of LOI should also be applied. The loss cost changes based on this filing for Special Causes of Loss on an old category basis are given below. For Basic Group II, the loss cost changes by territory (not coverage and symbol) should be applied to the pre-LOI loss costs, since the loss cost changes by coverage and symbol reflect revised coverage and symbol relativities based on the introduction of the LOI curves.

Please note that the Basic Group I and Basic Group II loss costs in this filing reflect revised class, construction, and coverage (building and contents) relativities associated with the introduction of LOI curves in addition to the LOI curves themselves. Therefore, dividing the revised loss costs in this filing by the off-balance factors found in Section A of filing CF-2009-RLC09, Commercial Fire and Allied Lines Loss Cost Revision for the Introduction of Limit of Insurance Curves, will not result in the same loss costs as the procedure described above.

Schedule-rated Loss Costs

Section A of filing CF-2009-RLC09, Commercial Fire and Allied Lines Loss Cost Revision for the Introduction of Limit of Insurance Curves, displayed off-balance factors that are being applied to specifically-rated loss costs to reflect the introduction of LOI curves. Those off-balance factors can be divided out of the schedule-rated loss costs effective after the implementation of the LOI curves to bring them to a level appropriate for use without the application of LOI factors.

Special Causes of Loss (SCL) Indications on an Old Category Basis

Given below are the current SCL review indications on an old category basis for those companies that have not yet adopted the current SCL rating that was introduced in conjunction with the limit of insurance curves.

<u>Category</u>	<u>Loss Cost Change</u>
01 Buildings	-3.5%
02 Apartment and Condominium Contents	-11.7%
03 Office Contents	-8.6%
04 Mercantile, Motel-Hotel, and Institutional Contents	-7.5%
05 Service, Industrial-Processing and Contractors Contents	-6.5%
Personal Property (Contents) Excluding Theft	-7.7%

IMPACT OF LIMIT  
OF INSURANCE  
(LOI) FACTOR  
IMPLEMENTEN-  
TATION (cont'd)

Limit of Insurance Transition Rule and Public Protection Class Factors

The transition rule, which caps rate changes for renewal policies due to the implementation of limit of insurance curves and revised rating, does not apply to rate changes produced by changes in protection class, deductible level, coinsurance level and/or optional coverages. Protection class factors for specifically-rated properties are included in the Basic Group I loss cost quote. In order to measure the impact of a change in protection class for specifically-rated properties, the public protection class factors are given below.

Protection Class	Non-Sprinklered <u>Schedule Rated</u>		<u>Sprinklered</u>
	Const. <u>1-3 *</u>	Const. <u>4-6 **</u>	All Const.
1	0.88	0.90	0.65
2	0.92	0.94	0.67
3	0.96	0.97	0.68
4	0.98	0.98	0.69
5	1.00	1.00	0.70
6	1.06	1.05	0.72
7	1.18	1.14	0.77
8	1.30	1.24	0.82
8B	1.35	1.28	0.84
9	1.42	1.34	0.88
10	1.72	1.58	1.00
1X - 5X	1.14	1.09	0.75
6X - 7X	1.35	1.28	0.84
8X	1.42	1.34	0.88
1Y - 5Y	1.14	1.09	0.75
6Y - 8Y	1.35	1.28	0.84
10W	1.63	1.51	0.97

\* Frame, Joisted Masonry and Non-combustible

\*\* Masonry Non-combustible, Modified Fire Resistive and Fire Resistive

Protection class factors for class-rated risks can be found in Rule **85.M** of the Commercial Lines manual.

DATA QUALITY

Statistical plan data reported to ISO is first processed through a system of rigorous automated data verification processes so that only valid data is used for ratemaking. Subsequent to this initial data submission review, additional analyses involving an even more customized data review for this line were performed by staff. During these processes, various data records were excluded from the review, corrected or adjusted. Specifically, an on-leveling approach was used to determine aggregate loss costs at current level rather than the extension-of-exposures method for some reported exposures, and various loss cost multipliers have been adjusted prior to their use in the calculations. The ISO staff responsible for this loss cost review also reviewed the data for reasonableness.

LOSS  
ADJUSTMENT  
EXPENSE/LOSS  
DEVELOPMENT  
FACTORS

Loss adjustment expense factors have changed since the previous review, from 1.100 in the prior review to 1.095 in the current review for BG I and from 1.125 to 1.115 for BG II and SCL. Loss development factors changed slightly but are still relatively close to unity for all sublines and years.

LOSS TREND  
FACTORS

Given below is a comparison of the external trend factors, loss trend adjustments (LTAs) and total loss trend factors for the current and prior reviews.

External Trend

The prospective annual rates of change based on the external indices (Xactware for Buildings, PPI for Contents, and IMSEP/RSALES for Time Element) for the current and prior year reviews are:

<u>Coverage</u>	<u>Current Review</u>	<u>Prior Review</u>	<u>Change</u>
Buildings	+3.1%	+2.9%	+0.2%
Contents	+2.0%	+1.7%	+0.3%
Time Element	+0.7%	+1.1%	-0.4%

Loss Trend Adjustments (LTAs)

The loss trend adjustment factors underlying the current and prior reviews are:

<u>Subline</u>	<u>Current Review</u>			<u>Prior Review</u>		
	<u>Bldg.</u>	<u>Cnts.</u>	<u>TE</u>	<u>Bldg.</u>	<u>Cnts.</u>	<u>TE</u>
Basic Group I	0.0%	+0.6%	+2.6%	-0.3%	+0.7%	+2.8%
Basic Group II	0.0%	+0.6%	+2.7%	+0.2%	+0.6%	+2.6%
Special Causes of Loss	+0.3%	-0.6%	+2.6%	+0.2%	0.0%	+2.8%

Total Annual Loss Trend

The prospective total annual loss trend factors are given below and are calculated as the product of the external trend factors and loss trend adjustment factors.

<u>Subline</u>	<u>Current Review</u>			<u>Prior Review</u>		
	<u>Bldg.</u>	<u>Cnts.</u>	<u>TE</u>	<u>Bldg.</u>	<u>Cnts.</u>	<u>TE</u>
Basic Group I	+3.1%	+2.6%	+3.3%	+2.6%	+2.4%	+3.9%
Basic Group II	+3.1%	+2.6%	+3.4%	+3.1%	+2.3%	+3.7%
Special Causes of Loss	+3.4%	+1.4%	+3.3%	+3.1%	+1.7%	+3.9%

CHANGE IN  
AVERAGE LOSS  
TREND

The changes in average loss trend from current year to prior year are:

<u>Subline</u>	<u>Change in Average Trend</u>
Basic Group I	+1.3%
Basic Group II	+0.2%
Special Causes of Loss	-0.05%

Average loss trend is calculated as a weighted average of the total loss trend from the midpoint of the experience year to one year past the assumed effective date for each year in the experience period based on the statewide loss cost level review year weights (.10, .15, .20, .25, .30 for BG I and SCL, and 0.10 for all years for BG II). Total loss trend includes the effect of Current Cost Factors to bring losses to the latest level of external cost information, Loss Projection Factors to project from the external cost level to one year past the assumed effective date, and Loss Trend Adjustment factors over the entire trend period.

PREMIUM TREND  
FACTORS

The prospective annual premium trend factors, based on annual changes in amounts of insurance written, for the current and prior reviews are:

<u>Subline</u>	<u>Current Review</u>			<u>Prior Review</u>		
	<u>Bldg.</u>	<u>Cnts.</u>	<u>TE</u>	<u>Bldg.</u>	<u>Cnts.</u>	<u>TE</u>
Basic Group I	+2.5%	+1.8%	+0.9%	+2.1%	+1.6%	+0.6%
Basic Group II	+2.5%	+1.9%	+0.9%	+2.1%	+1.6%	+0.6%
Special Causes of Loss	+2.4%	+1.4%	+0.9%	+2.0%	+1.2%	+0.6%

NET TREND

The prospective annual net (loss ÷ premium) trend factors for the current and prior year reviews are:

<u>Subline</u>	<u>Current Review</u>			<u>Prior Review</u>		
	<u>Bldg.</u>	<u>Cnts.</u>	<u>TE</u>	<u>Bldg.</u>	<u>Cnts.</u>	<u>TE</u>
Basic Group I	+0.6%	+0.7%	+2.4%	+0.5%	+0.8%	+3.3%
Basic Group II	+0.6%	+0.6%	+2.5%	+1.0%	+0.7%	+3.1%
Special Causes of Loss	+1.0%	-0.1%	+2.4%	+1.1%	+0.5%	+3.3%

BASIC GROUP I

The statewide five year weighted average experience ratio, before credibility weighting, decreased by 1.7%, from 0.899 in the prior review to 0.883 in the current review. The decrease is due to a higher-than-average experience ratio of 1.420 for 2014 exiting the experience period and was partially offset by a 4.4% decrease in average Implicit Package Modification Factors since last year's review.

Statewide Loss Cost Level Review

	<u>Current Review</u>	<u>Prior Review</u>	<u>Ratio</u>
Weighted Experience Ratio	0.883	0.899	0.983
Credibility	0.264	0.267	0.989
Expected Experience Ratio	1.008	1.005	1.003
Coverage Change	0.975	0.977	0.998
Monoline Relativity	1.036	1.035	1.001
Monoline Change	1.011	1.011	1.000

**BASIC GROUP II**

The statewide ten year weighted average experience ratio, before credibility weighting, increased by 7.0%, from 1.174 in the prior review to 1.257 in the current review. The increase is due to a lower-than-average experience ratio of 1.087 for 2009 exiting the experience period and a higher-than-average experience ratio of 1.696 for 2019 entering the experience period. The monoline relativity increased by 1.8%, due to a lower-than-overall monoline experience of 0.234 for 2009 exiting the experience period.

Statewide Loss Cost Level Review

	<u>Current Review</u>	<u>Prior Review</u>	<u>Ratio</u>
Weighted Experience Ratio	1.257	1.174	1.070
Credibility	0.362	0.371	0.976
Expected Experience Ratio	1.008	1.007	1.001
Coverage Change	1.098	1.069	1.027
Monoline Relativity	1.0026	0.9850	1.018
Monoline Change	1.101	1.053	1.046
Monoline Change incl. Hurricane	1.067	1.035	1.031

**SPECIAL CAUSES OF LOSS**

The statewide five year weighted average experience ratio, before credibility weighting, decreased by 11.2%, from 1.289 in the prior review to 1.144 in the current review. The decrease reflects a 5.5% increase in Implicit Package Modification Factors (IPMFs) since last year's review. The monoline relativity decreased by 2.7% due to a lower-than-overall monoline experience of 0.195 for 2019 entering the experience period.

Statewide Loss Cost Level Review

	<u>Current Review</u>	<u>Prior Review</u>	<u>Ratio</u>
Weighted Experience Ratio	1.144	1.289	0.888
Credibility	0.257	0.276	0.931
Expected Experience Ratio	1.006	1.005	1.001
Coverage Change	1.042	1.083	0.962
Monoline Relativity	0.914	0.939	0.973
Monoline Change	0.952	1.017	0.936

**PROPERTY CLAIMS SERVICES INFORMATION**

The following events have been identified by Property Claims Services as catastrophes occurring in this state from 1/1/1990 through 12/31/2019.

<u>Date From</u>	<u>Date To</u>	<u>Perils</u>
2/9/90	2/10/90	Wind, Hail, Tornadoes, Flooding
3/13/90	3/17/90	Wind, Hail, Tornadoes, Flooding
4/24/90	4/28/90	Wind, Hail, Tornadoes, Flooding
12/18/90	12/25/90	Wind, Hail, Tornadoes, Flooding, Snow, Freezing
3/1/91	3/4/91	Wind, Hail, Tornadoes, Flooding, Ice, Freezing
3/26/91	3/28/91	Wind, Hail, Tornadoes, Flooding
3/28/91	3/29/91	Wind, Hail, Tornadoes, Flooding
4/18/91	4/20/91	Wind, Hail, Tornadoes, Flooding
4/26/91	4/29/91	Wind, Hail, Tornadoes, Flooding
5/2/91	5/6/91	Wind, Hail, Tornadoes, Flooding
3/8/92	3/11/92	Wind, Hail, Tornadoes, Flooding

4/19/92	4/20/92	Wind, Hail, Tornadoes, Flooding
6/14/92	6/19/92	Wind, Hail, Tornadoes, Flooding
11/21/92	11/23/92	Wind, Hail, Tornadoes, Flooding
3/11/93	3/14/93	Wind, Hail, Tornadoes, Freezing, Ice, Snow
2/10/94	2/12/94	Wind, Snow, Ice, Freezing, Flooding
3/26/94	3/27/94	Wind, Hail, Tornadoes, Flooding
6/24/94	6/27/94	Wind, Hail, Tornadoes, Flooding
6/29/94	6/29/94	Wind, Hail, Tornadoes, Flooding
7/3/94	7/8/94	Tropical Storm Alberto - Wind, Flooding
3/6/95	3/7/95	Wind, Hail, Tornadoes, Flooding
5/16/95	5/19/95	Wind, Hail, Tornadoes, Flooding
8/1/95	8/4/95	Hurricane Erin - Wind, Tornadoes
10/4/95	10/5/95	Hurricane Opal - Wind, Tornadoes, Flooding
1/31/96	2/6/96	Wind, Snow, Ice, Tornadoes, Flooding
3/5/96	3/7/96	Wind, Hail, Tornadoes, Flooding
3/16/96	3/21/96	Wind, Hail, Tornadoes, Flooding
3/30/96	3/31/96	Wind, Hail, Tornadoes, Flooding
1/24/97	1/24/97	Wind, Hail, Tornadoes
4/21/97	4/23/97	Wind, Hail, Tornadoes, Flooding
7/18/97	7/24/97	Hurricane Danny - Wind, Hail, Tornadoes, Flooding
10/25/97	10/28/97	Wind, Hail, Tornadoes, Snow, Flooding
3/5/98	3/9/98	Hail, Wind, Flooding, Tornadoes
4/8/98	4/9/98	Hail, Wind, Tornadoes
5/2/98	5/3/98	Hail, Wind, Flooding
5/7/98	5/8/98	Hail, Wind, Flooding, Tornadoes
6/4/98	6/6/98	Hail, Wind, Flooding, Tornadoes
9/21/98	9/28/98	Hurricane Georges - Wind, Flooding, Tornadoes
1/1/99	1/4/99	Hail, Snow, Wind, Flooding, Freezing
5/3/99	5/7/99	Hail, Wind, Flooding, Tornadoes
6/10/99	6/14/99	Hail, Wind, Flooding, Tornadoes
1/22/00	1/24/00	Ice, Hail, Wind, Freezing
12/16/00	12/17/00	Hail, Wind, Flooding, Tornadoes
2/16/01	2/17/01	Hail, Wind, Flooding, Tornadoes
10/23/01	10/24/01	Hail, Wind, Flooding, Tornadoes
11/23/01	11/25/01	Hail, Wind, Tornadoes
9/25/02	9/27/02	Tropical Storm Isidore - Flooding, Hail, Wind
11/9/02	11/10/02	Flooding, Hail, Tornadoes, Wind
12/23/02	12/25/02	Flooding, Hail, Tornadoes, Wind
1/13/03	1/25/03	Freezing, Ice, Snow, Wind
3/18/03	3/20/03	Flooding, Freezing, Hail, Ice, Snow, Tornadoes, Wind
4/4/03	4/8/03	Flooding, Freezing, Hail, Ice, Snow, Tornadoes, Wind
4/24/03	4/27/03	Flooding, Hail, Tornadoes, Wind
5/1/03	5/1/03	Flooding, Hail, Tornadoes, Wind
5/2/03	5/11/03	Flooding, Hail, Tornadoes, Wind
7/21/03	7/23/03	Flooding, Hail, Tornadoes, Wind
11/16/03	11/19/03	Flooding, Hail, Tornadoes, Wind
9/15/04	9/21/04	Hurricane Ivan - Flooding, Tornadoes, Wind
2/20/05	2/22/05	Flooding, Hail, Wind
3/7/05	3/9/05	Flooding, Hail, Tornadoes, Wind
3/25/05	3/28/05	Flooding, Hail, Tornadoes, Wind
3/30/05	4/3/05	Flooding, Hail, Tornadoes, Wind
4/20/05	4/24/05	Flooding, Hail, Tornadoes, Wind
7/5/05	7/7/05	Tropical Storm Cindy - Flooding, Tornadoes, Wind
7/9/05	7/11/05	Hurricane Dennis - Flooding, Tornadoes, Wind

8/25/05	8/30/05	Hurricane Katrina - Flooding, Tornadoes, Wind
9/20/05	9/26/05	Hurricane Rita - Flooding, Tornadoes, Wind
3/8/06	3/10/06	Flooding, Hail, Tornadoes, Wind
4/6/06	4/8/06	Hail, Tornadoes, Wind
11/14/06	11/16/06	Flooding, Hail, Tornadoes, Wind
3/1/07	3/2/07	Flooding, Hail, Tornadoes, Wind
2/5/08	2/6/08	Flooding, Hail, Tornadoes, Wind
2/16/08	2/18/08	Hail, Tornadoes, Wind
8/18/08	8/25/08	Tropical Storm Fay - Flooding, Tornadoes, Wind
8/31/08	9/3/08	Hurricane Gustav - Flooding, Tornadoes, Wind
4/9/09	4/11/09	Flooding, Hail, Tornadoes, Wind
4/12/09	4/14/09	Flooding, Hail, Tornadoes, Wind
5/2/09	5/6/09	Flooding, Hail, Tornadoes, Wind
6/10/09	6/18/09	Flooding, Hail, Tornadoes, Wind
1/7/10	1/12/10	Freezing, Wind
4/23/10	4/25/10	Hail, Tornadoes, Wind
3/26/11	3/28/11	Hail, Tornadoes, Wind
4/8/11	4/11/11	Flooding, Hail, Tornadoes, Wind
4/14/11	4/16/11	Flooding, Hail, Tornadoes, Wind
4/22/11	4/28/11	Flooding, Hail, Tornadoes, Wind
9/3/11	9/9/11	Flooding, Tornadoes, Wind
1/22/12	1/23/12	Flooding, Hail, Tornadoes, Wind
3/2/12	3/3/12	Flooding, Hail, Tornadoes, Wind
8/26/12	8/31/12	Hurricane Isaac - Flooding, Tornadoes, Wind
3/18/13	3/19/13	Hail, Tornadoes, Wind
1/5/14	1/8/14	Freezing, Ice, Snow, Wind
4/27/14	5/1/14	Flooding, Hail, Tornadoes, Wind
10/12/14	10/14/14	Flooding, Hail, Tornadoes, Wind
3/31/15	4/1/15	Flooding, Hail, Wind
4/18/15	4/21/15	Flooding, Hail, Tornadoes, Wind
4/24/15	4/28/15	Flooding, Hail, Tornadoes, Wind
12/23/15	12/24/15	Flooding, Hail, Tornadoes, Wind
2/22/16	2/25/16	Flooding, Hail, Tornadoes, Wind
3/17/16	3/18/16	Flooding, Hail, Wind
3/30/16	4/1/16	Flooding, Hail, Tornadoes, Wind
6/16/16	6/18/16	Flooding, Hail, Wind
11/28/16	12/1/16	Flooding, Hail, Tornadoes, Wind
1/1/17	1/3/17	Flooding, Hail, Tornadoes, Wind
1/18/17	1/23/17	Flooding, Hail, Tornadoes, Wind
2/7/17	2/7/17	Flooding, Hail, Tornadoes, Wind
2/28/17	3/2/17	Flooding, Hail, Tornadoes, Wind
3/26/17	3/28/17	Hail, Tornadoes, Wind
4/2/17	4/3/17	Flooding, Hail, Tornadoes, Wind
4/4/17	4/6/17	Flooding, Hail, Tornadoes, Wind
4/28/17	5/1/17	Flooding, Hail, Tornadoes, Wind
8/25/17	9/1/17	Flooding, Hail, Hurricane, Tornadoes, Tropical Storm, Wind
9/6/17	9/12/17	Flooding, Hurricane, Tornadoes, Tropical Storm, Wind
10/7/17	10/9/17	Flooding, Hurricane, Tornadoes, Tropical Storm, Wind
3/18/18	3/21/18	Flooding, Hail, Tornadoes, Wind
5/28/18	5/31/18	Flooding, Hail, Tornadoes, Wind
6/28/18	6/28/18	Flooding, Tornadoes, Wind
7/19/18	7/22/18	Flooding, Hail, Tornadoes, Wind
9/3/18	9/7/18	Flooding, Tornadoes, Tropical Storm, Wind
10/10/18	10/12/18	Flooding, Hail, Tornadoes, Wind

12/7/18	12/10/18	Flooding, Freezing, Ice, Snow, Tornadoes, Wind
2/23/19	2/26/19	Flooding, Freezing, Hail, Ice, Snow, Tornadoes, Wind
3/3/19	3/4/19	Flooding, Hail, Tornadoes, Wind
4/12/19	4/15/19	Flooding, Hail, Tornadoes, Wind
4/17/19	4/20/19	Flooding, Hail, Tornadoes, Wind
5/7/19	5/10/19	Flooding, Hail, Tornadoes, Wind
7/10/19	7/18/19	Flooding, Hurricane, Tornadoes, Tropical Storm, Wind
10/25/19	10/26/19	Flooding, Tornadoes, Tropical Storm, Wind
12/16/19	12/17/19	Flooding, Hail, Tornadoes, Wind
12/21/19	12/24/19	Flooding, Wind

---

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

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

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

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

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

---