

RULES – IMPLEMENTATION

NOVEMBER 3, 2020

COMMERCIAL MULTIPLE LINE

LI-ML-2020-046

ARIZONA COMMERCIAL PACKAGE POLICY REVISED PACKAGE MODIFICATION FACTOR REVISION TO BE IMPLEMENTED; EXHIBITS NEWLY PRESENTED IN EXCEL

KEY MESSAGE

Revised Commercial Package Policy package modification factors for an overall statewide change of +0.2% to be implemented.

BACKGROUND

In circular [LI-ML-2020-017](#), we provided you with information about the Commercial Package Policy modification factor experience review.

CONSIDERATION OF COVID-19

ISO has considered whether any adjustments need to be made to prospective loss costs or rating factors, which are based on historical experience (pre-COVID-19), to reflect the conditions in which these loss costs or rating factors will be effective (post-COVID-19). Commercial Package Policy Modification Factors are applied to separate underlying coverages that are then combined to create a package policy. Any adjustment that is made to the underlying coverage loss costs to reflect the potential impact of COVID-19 will, therefore, also be reflected in commercial package policy rating. 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 effects on Commercial Package Policy Modification Factors. Therefore, ISO is not making any explicit adjustment to those factors due to COVID-19.

ISO ACTION

We are implementing ML-2020-RLA1, which presents a review of Commercial Package Policy modification factors experience. Refer to the attachment(s) for complete details.

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 February 1, 2021.

COMPANY ACTION

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

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

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

WE WILL SUBMIT THIS REVISION TO THE INSURANCE DEPARTMENT ON JANUARY 20, 2021. IF STATE FILING REQUIREMENTS DICTATE THAT YOU MAKE A SUBMISSION WITH THE INSURANCE DEPARTMENT, DO NOT SUBMIT IT PRIOR TO THIS DATE.

In all correspondence with the Insurance Department on this revision, you should refer to ISO Filing Number ML-2020-RLA1 and SERFF Tracking Number ISOF-132472886, NOT this circular number. Communications with the regulator concerning a filing affecting multiple lines of business (i.e., CL, PL, AL filing designation) should specify the line(s) of business that you are addressing.

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

We will issue a Notice to Manualholders with an edition date of 2-21 (or the earliest possible subsequent date), along with any new and/or revised manual pages.

REFERENCE(S)

- [LI-ML-2020-017](#) (04/01/2020) Commercial Package Policy Experience Reviewed By Staff
 - [LI-CL-2019-057](#) (12/10/2019) Revised Lead Time Requirements Listing
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ATTACHMENT(S)

- Filing [ML-2020-RLA1](#)
 - Excel Workbook
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FILES AVAILABLE FOR DOWNLOAD

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

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

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ACKNOWLEDGMENT OF ACTUARIAL QUALIFICATIONS

The American Academy of Actuaries' "Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States" requires that an actuary issuing a Statement of Actuarial Opinion should include an acknowledgment with the opinion that he/she has met the qualification standards of the AAA. ISO considers this rule revision 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, Bei Zhou, am an Actuarial Product Director 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.

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

ARIZONA
ADVISORY PACKAGE MODIFICATION FACTOR REVIEW
COMMERCIAL PACKAGE POLICY
ML-2020-RLA1
EXECUTIVE SUMMARY

PURPOSE

This document:

- presents a review of advisory Package Modification Factors (PMFs). PMFs are relativity factors used to adjust monoline loss costs as appropriate for multiline risks.
 - provides the analyses used to derive these advisory PMFs.
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CONSIDERATION
OF COVID-19

ISO has considered whether any adjustments need to be made to prospective loss costs or rating factors, which are based on historical experience (pre-COVID-19), to reflect the conditions in which these loss costs or rating factors will be effective (post-COVID-19). Commercial Package Policy Modification Factors are applied to separate underlying coverages that are then combined to create a package policy. Any adjustment that is made to the underlying coverage loss costs to reflect the potential impact of COVID-19 will therefore also be reflected in commercial package policy rating. 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 effects on Commercial Package Policy Modification Factors. Therefore, ISO is not making any explicit adjustment to those factors due to COVID-19.

PMF CHANGES

The proposed Commercial Package Policy (CPP) Package Modification Factor changes are:

<u>Type of Policy</u>	<u>Property</u>	<u>Liability</u>	<u>Prop. & Liab. Total</u>
Motel/Hotel	0.0%	-1.0%	-0.6%
Apartment	0.0%	4.8%	2.1%
Office	-3.0%	-1.1%	-1.7%
Mercantile	0.0%	-2.0%	-1.0%
Institutional	0.0%	-6.2%	-2.6%
Services	1.0%	-2.1%	-0.5%
Indust./Proc.	-2.0%	3.2%	0.8%
Contractors	<u>-1.0%</u>	<u>4.3%</u>	<u>3.8%</u>
Statewide	-0.6%	0.8%	0.2%

ARIZONA

ADVISORY PACKAGE MODIFICATION FACTOR REVIEW

COMMERCIAL PACKAGE POLICY

ML-2020-RLA1

EXECUTIVE SUMMARY

INDICATED VS. CAPPED	Indicated PMF changes are based on standard ISO methodology. Differences between indicated and capped PMF changes are caused by rounding each indicated PMF to the nearest one percent and applying an upper cap of 1.00, where necessary.
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HISTORICAL SOURCE DATA	<p>The data used in this review is from ISO reporting companies for:</p> <ul style="list-style-type: none">• Basic Group I: five fiscal accident years ending 03/31/19.• Basic Group II: ten fiscal accident years ending 03/31/19.• Special Causes of Loss: five fiscal accident years ending 03/31/19.• Crime: calendar year ending 06/30/16.• Inland Marine: five calendar accident years ending 12/31/16.• Fidelity: policy year ending 12/31/15.• Owners, Landlords, and Tenants: five fiscal accident years ending 03/31/19.• Manufacturers and Contractors: five fiscal accident years ending 03/31/19.• Products: three calendar accident years ending 12/31/18.• Local Products and Completed Operations: three calendar accident years ending 12/31/18.
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PRIOR ISO REVISIONS	The latest revisions in this state are:
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<u>Filing</u>	ML-17-RLA1	ML-13-RLA1	ML-09-RLA1
<u>Dates</u>			
Implemented	1/1/2018	12:00:00 AM	12:00:00 AM
<u>Changes</u>			
Indicated	-1.0%	3.7%	-1.7%
Filed	-1.0%	3.6%	-1.7%
Implemented	-1.0%	3.6%	-1.7%

ARIZONA

ADVISORY PACKAGE MODIFICATION FACTOR REVIEW

COMMERCIAL PACKAGE POLICY

ML-2020-RLA1

EXECUTIVE SUMMARY

ADJUSTMENTS
TO REPORTED
EXPERIENCE

Standard actuarial procedures have been used in the reviews underlying the calculation of the PMFs, including adjusting the fire and liability losses to ultimate settlement level and, for all coverages, reflecting all loss adjustment expenses and trend. Specific procedures vary by subline.

TEN LARGEST
GROUPS IN
ISO DATA BASE

Insurers are listed in descending order based on the percent of statewide written premium volume from Annual Statement Page 15 for the year ending 12/31/18 for the Annual Statement Line of Business (ASLOB) indicated.

COMMERCIAL MULTI PERIL (ASLOB 51 & 52)

1. Travelers Indemnity Company
 2. Tokio Marine Companies
 3. Liberty Mutual Insurance Company
 4. Continental Casualty Company
 5. Cincinnati Insurance Company
 6. Hartford Accident & Indemnity Company
 7. Hanover Insurance Company
 8. Westfield Insurance Company
 9. Nationwide Mutual Insurance Company
 10. American Alternative Insurance
-

SIZE OF ISO
DATA BASE

The market share of ISO participating insurers as measured by Annual Statement Page 15 written premium for the year ending 12/31/18 is:

Commercial Multi Peril (ASLOB 51 & 52). 50.7%.

ADDITIONAL
SUPPORTING
MATERIAL

Additional supporting material underlying the calculation of the experience review indications used in this PMF analysis may be found in the respective monoline experience review documents for each line.

ARIZONA
ADVISORY PACKAGE MODIFICATION FACTOR REVIEW
COMMERCIAL PACKAGE POLICY
ML-2020-RLA1
EXECUTIVE SUMMARY

COMPANY DECISION

We encourage each insurer to decide independently whether the judgments made and the procedures or data used by ISO in developing the PMFs contained herein are appropriate for your 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 a comparison of its own experience to the aggregate ISO experience, and may reach valid conclusions with respect to the manner in which its own costs can be expected to differ from ISO's projection based on the aggregate data.

Some calculations included in this document involve areas of ISO staff judgment. Each company should carefully review and evaluate whether the ISO selected PMFs are appropriate for its use.

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

COMMERCIAL PACKAGE POLICY

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COMMERCIAL PACKAGE POLICY METHODOLOGY OVERVIEW

OBJECTIVE

A Commercial Package Policy (CPP) is essentially a combination of monoline coverages. CPP pricing employs monoline loss costs modified by Package Modification Factors (PMFs). These factors vary by the eight CPP types of policy and are reviewed annually. Monoline and multiline experience are combined and reviewed via a monoline/multiline relativity analysis. The resulting indicated PMFs represent the loss cost for a CPP relative to that for monoline policies providing the same coverages.

STEP 1: THE RELATIVITY ANALYSES

Each line of insurance develops indicated changes to monoline and multiline aggregate loss costs based on an experience ratio relativity analysis for that coverage. The monoline indication represents the needed change to monoline loss costs. The multiline indication represents the needed change to multiline aggregate loss costs, which is implemented through changes to the PMFs. For this PMF analysis, multiline indications are developed for each line of insurance and Type of Policy. Relativity analyses are explained in Section B.

STEP 2: CALCULATION OF THE PMFs

The procedure described above generates indicated Implicit PMFs (IPMFs) which vary by the various lines of insurance and by type of policy. IPMFs represent what the PMF would be for the CPP risk if only a single coverage were written. For each Type of Policy, IPMFs are weighted by CPP aggregate loss costs to determine the indicated property and liability PMFs. These PMFs may be capped, or rounded to the nearest one percent, and certain component IPMFs appropriately adjusted for this change. These calculations are explained in the remainder of Section A.

EXPLANATORY NOTES TO EXHIBIT A2

CALCULATION OF REVISED PACKAGE MODIFICATION FACTORS

OBJECTIVE

Commercial package policies were introduced in the 1960's as a convenient tool for both insurer and insured to have the many types of insurance needed by commercial risks packaged under one cover. Thus fire, extended coverage, crime, liability insurance, etc. could be written using a single policy instead of several. Today, virtually any type of monoline coverage can also be purchased as part of a package policy such as the CPP.

The types of insured which can be written under a CPP are generally categorized into the following Types of Policy:

- . Motels and Hotels (TOP 31)
- . Apartments (TOP 32)
- . Offices (TOP 33)
- . Mercantile Operations (TOP 34)
- . Institutions (TOP 35)
- . Service Operations (TOP 36)
- . Industrial and Processing Operations (TOP 37)
- . Contractors (TOP 38)

PRICING OF POLICIES

Since a CPP is essentially a combination of monoline coverages, CPP pricing employs monoline loss costs modified by PMFs (Package Modification Factors). These factors vary by the categories shown above and are reviewed annually.

CPP PMF REVIEW PROCEDURE

The CPP review of Package Modification Factors, which appears in Table 2 of this document, determines the appropriate PMF loss cost level for each of the eight CPP categories. This is done by combining the indications of the simultaneous reviews of monoline and multiline experience for the various lines (or coverages).

A detailed explanation of the calculation of the revised PMFs follows.

EXPLANATORY NOTES TO EXHIBIT A2 (Cont'd)

LINES OF INSURANCE (COVERAGES) INCLUDED

The CPP review reflects the contribution from each significant coverage which can be written on a CPP. Included are:

Property Coverages

- . Basic Group I (BGI) - the predominant property coverage included.
- . Basic Group II (BGII) - both Basic Group I and Basic Group II must be purchased under a CPP contract.
- . Special Causes of Loss (SCL) - typically a type of insurance which is purchased in addition to Basic Group I and Basic Group II in order to provide "all risk" property coverage for the insured.
- . Crime (CRIME) - Crime insurance is a commonly purchased CPP coverage.
- . Inland Marine (INL. MAR.) - A highly specialized line of property insurance, Inland Marine coverages can be purchased as part of a package policy.
- . Fidelity (FIDELITY) - Certain forms of fidelity insurance can be part of the CPP package. Various forms of employee dishonesty coverage are available.

Liability Coverages

- . Owners, Landlords and Tenants (OL&T) Liability - this is the prevalent type of Premises/Operations liability for CPP insureds.
- . Manufacturers and Contractors Liability (M&C) - this is the type of Premises/Operations liability insurance for risks whose liability exposure is more heavily off-premises than on.
- . Products/Completed Operations Liability (PROD) - this type of insurance protects against claims for damages arising from products/completed operations in conjunction with an insured's business. For review purposes, this line of insurance is split into the following two categories:
 - Products: experience for this category is reviewed on a multistate basis.
 - Local Products/ Completed Operations: experience for this category reflects an exposure to loss which is local in nature; therefore, individual state experience is used.

EXPLANATORY NOTES TO EXHIBIT A2 (Cont'd)

THE IMPLICIT PACKAGE MODIFICATION FACTOR

For each applicable coverage listed under each of the eight (8) CPP categories, a "current implicit PMF" is shown in column (2). The definition of this factor follows:

For a given CPP category (e.g., apartments) the published Package Modification Factor (PMF) represents the loss cost for a CPP relative to that for monoline policies providing the same coverages. Thus a property (liability) PMF of .80 represents a 20% lower aggregate loss cost for a CPP than for the comparable monoline policies. This PMF, however, represents the CPP "loss cost" for all property (liability) coverages combined. Based on CPP experience, it has been determined that this CPP "loss cost" can differ significantly if it is determined for each property (liability) coverage individually. The IPMF represents what the PMF would be for that CPP risk if only a single coverage were written. The use of the IPMF in monoline/multiline ratemaking and in the determination of revised CPP Package Modification Factors is significant in that it appropriately identifies how different the component parts of the multiline "loss cost" are.

THE MULTILINE INDICATION

Under the CPP ratemaking procedures, monoline and multiline experience are combined for each coverage. The results of these coverage analyses are indicated changes to monoline loss costs and also indicated CPP aggregate loss cost level changes. The CPP indications by coverage are then incorporated in the CPP PMF review. These indications (shown in column (3)) represent the needed adjustments to the IPMFs (shown in column (2)) described above.

The development of these indications is detailed in Section B.

THE INDICATED PMF

For each CPP category (and for property vs. liability), the indicated PMF is calculated as follows:

Each of the current IPMFs in column (2) is multiplied by the indicated percent change shown in column (3). A weighted average of the indicated IPMFs, using weights based on latest year aggregate loss costs at current ISO loss cost level (column (1) divided by column (2)), yields the indicated PMF at the bottom of column (4).

THE CAPPED PMF

The indicated PMF for each category (and for property vs. liability) shown at the bottom of column (4) is limited to a maximum of 1.00 in arriving at the proposed PMF (bottom of column (5)). All indicated PMFs which are below 1.00 are rounded to the nearest .01 in determining the proposed PMF. To the extent that any indicated PMFs are capped at 1.00, indicated PMFs below this value are adjusted in order to minimize any revenue changes which would result from capping.

In addition to the adjustments just described, the IPMFs (for property and liability) shown in column (4) are subject to minimum and maximum values and adjusted in column (5) so that they average to the proposed PMF shown at the bottom of column (5).

EXPLANATORY NOTES TO EXHIBITS B1 AND B2

BASIC GROUP I AND SPECIAL CAUSES OF LOSS RELATIVITY ANALYSIS

OBJECTIVE

The explanations which follow clarify Exhibits B1 and B2, 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 need for Special Causes of Loss;
- (3) determine indicated changes to the eight property CPP Package Modification Factors 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 PMF); 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, or 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 B1 AND B2 (Cont'd)

COLUMN (1)
(Cont'd)

The procedure uses 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 Exhibit B3 for Basic Group I and Exhibit B4 for Special Causes of Loss). Specifically, the iteration procedure uses the following formulas:

BASIC GROUP I:

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

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

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

EXPLANATORY NOTES TO EXHIBITS B1 AND B2 (Cont'd)

COLUMN (1)
(Cont'd)

SPECIAL CAUSES OF LOSS:

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

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

- 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 or Category and k th Territory;
- R_{ijk} is the experience ratio relativity for the i th Type of Policy, j th Rating Group or Category and k th Territory;
- R_{ij} is the experience ratio relativity for the i th Type of Policy, j th Rating Group or Category;

EXPLANATORY NOTES TO EXHIBITS B1 AND B2 (Cont'd)

COLUMN (1) (Cont'd)

- 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 is the 5-year adjusted aggregate 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.

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.

EXPLANATORY NOTES TO EXHIBITS B1 AND B2 (Cont'd)

COLUMN (4)

BALANCED RELATIVITIES

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

MULTILINE
CONSIDERATIONS

The type of policy (TOP) relativities are used to generate multiline indications which apply to the current Implicit Package Modification Factors (IPMFs). The indicated IPMFs are calculated as follows:

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

For each CPP Type of Policy the indicated IPMF is subject to a minimum value of 0.50 and a maximum value of 1.50. If an indicated IPMF falls outside one of those limits, it is capped at that amount, the aggregate 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 B1 and B2.

Loss cost changes for each TOP are calculated as described on Exhibits B1 and B2.

EXPLANATORY NOTES TO EXHIBITS B3 AND B4

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

INTRODUCTION The experience used in the relativity analysis and displayed in Exhibits B3 and B4 is the latest five years of accident year data as 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.

COLUMN (1) AGGREGATE LOSS COSTS

The latest year adjusted 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 formulae used in the simultaneous review procedure.

COLUMN (2) 5 - YEAR AGGREGATE LOSS COSTS

The combined five-year adjusted aggregate loss costs (adjusted as described above) are used to calculate the experience ratios in column (3).

COLUMN (3) FIVE-YEAR EXPERIENCE RATIOS

These are the ratio 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).

COLUMN (4) CREDIBILITY (Z) WEIGHTED EXPERIENCE RATIO

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).

EXPLANATORY NOTES TO EXHIBITS B3 AND B4 (Cont'd)

COLUMN (4)
(Cont'd)

The important concept underlying empirical Bayesian credibility is that the credibility should depend both on the overall variation of the group of which the cell is a member, in addition to the variation of the yearly experience ratios for each cell. Therefore, if a cell's data is itself very stable then we would assign a relatively high credibility value, 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.

The calculated credibility (Z) is then applied to the five-year experience ratio with the complement of credibility applied to the credibility-weighted average of the individual experience ratios of the group, where group refers to the specified TOP/territory group. In a non-territory state, K values would be determined for the three TOP groups on an entire state basis.

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 EXHIBIT B5

BASIC GROUP II RELATIVITY ANALYSIS

OBJECTIVE

The explanations which follow clarify Exhibit B5, 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 property Commercial Package Policy (CPP) Package Modification Factors (PMFs) based on Basic Group II experience.

COLUMN (1)

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)

10 - YEAR EXPERIENCE RATIO

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

COLUMN (3)

FORMULA RELATIVITY

The formula relativities are the ratios of the ten year experience ratios for the type of policy (either monoline vs. multiline or individual multiline programs) to the average ten year experience ratio for monoline and multiline combined. These relativities represent how much better or worse than average the experience for a given type of policy is. Again, any totals which are shown are weighted averages and the display of a dash indicates that the resulting IPMF was capped.

EXPLANATORY NOTES TO EXHIBIT B5 (Cont'd)

COLUMN (3)
(Cont'd)

Unlike the BGI and SCL relativity analyses, the BGII 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.

COLUMN (4)

CREDIBILITY

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

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

where P is the ten year adjusted aggregate 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 and the monoline balanced formula relativity, divided by the current IPMF.

EXPLANATORY NOTES TO EXHIBIT B5 (Cont'd)

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)

INDICATED LOSS COST CHANGES

The indicated multiline (by TOP) changes are calculated by taking the ratio of the TOP relativity (Column 7) to the monoline relativity.

For each 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.

CRIME AND FIDELITY

The reviews for Burglary and Theft and for Fidelity are done on a multistate basis, combining both multiline and monoline experience. However, unlike other coverages included in a Commercial Package Policy, there is no simultaneous review procedure for either Burglary and Theft or for Fidelity in which separate loss cost level changes can be determined for multiline and monoline experience. In the absence of a simultaneous review procedure, we are unable to determine Type of Policy relativities with which to price CPP policies relative to monoline policies and therefore have assumed a multiline change of 0.0% and thus no change to the historic Crime or Fidelity IPMFs.

EXPLANATORY NOTES TO EXHIBITS B6 AND B7

COMMERCIAL INLAND MARINE RELATIVITY ANALYSIS

EXPERIENCE BASE	The Commercial Inland Marine IPMF review presented in the attached exhibits is based on a review of the latest available five years of monoline and multiline experience through accident year 2016 for all companies reporting data to Insurance Services Office under the Inland Marine Module of the Commercial Statistical Plan (CSP) and the Intermediate Level of the Commercial Minimum Statistical Plan (CMSP).
ADJUSTMENT OF DATA	Aggregate loss costs for each year in the review period have been adjusted to the levels which would have been earned had the current loss costs applied throughout the experience period. Reported premiums are adjusted to current level on an individual policy basis by applying a factor equal to all loss cost level changes that have been implemented subsequent to the policy being written. These adjusted premiums are then converted to a loss cost at current level. In order to eliminate the impact of company deviations from the manual level and individual risk modifications which were in effect at the time the policy was written, aggregate loss costs are further adjusted based on reported Rate Modification and Rate Departure Factors/Loss Cost Multipliers. Multiline aggregate loss costs are further adjusted to the level of the current Implicit Package Modification Factor (IPMF). Incurred losses are loaded for all loss adjustment expenses by applying a factor of 1.105.
RELATIVITY ANALYSIS	For Inland Marine coverage, a <u>multistate</u> IPMF level is determined via a two-way relativity analysis similar to the analysis used in Basic Group I. The experience for all reviewed classes is used to form class group relativities. These relativities for monoline and multiline (all programs combined) are determined through an iterative procedure. The ratio of the multiline relativity to the monoline relativity is multiplied by the current IPMF to yield the indicated IPMF. The indicated IPMF is subject to a minimum value of 0.500 and a maximum value of 1.500. If an indicated IPMF falls outside one of those limits, it is capped at that amount, the premiums for that Type of Policy (i.e., TOP 10 versus TOP 3X) are adjusted to the capped IPMF level, and the entire relativity review is performed again to take this into account.

EXPLANATORY NOTES TO GENERAL LIABILITY

RELATIVITY ANALYSIS - EXHIBITS B8 THROUGH B17.

OBJECTIVES

The objectives of this procedure are to:

- 1) determine monoline loss cost level needs for the appropriate rating variables;
- 2) determine indicated changes to the eight liability Commercial Package Policy (CPP) Package Modification Factors (PMFs) based on Premises/Operations and Products/Completed Operations data.

EXPERIENCE BASE

The experience used in this relativity analysis is the latest five (5) years of accident year data, as reported under the Commercial Statistical Plan with aggregate loss costs adjusted to current loss cost level (multiline aggregate loss costs adjusted additionally by the current Implicit Package Modification Factors). Losses have been trended and developed in the Relativity Analysis. ALCCL have been trended.

SIMULTANEOUS DETERMINATION OF RATING VARIABLE RELATIVITIES

Once the aggregate loss costs at current level and incurred losses used in the analysis have been appropriately adjusted, the 5-year experience ratios are calculated for each combination of the appropriate rating variables. From these ratios, relativities to the statewide 5-year experience ratio are calculated. These relativities are then used in a minimum bias iterative review procedure, which simultaneously determines the relativities for each rating variable.

The purpose of a simultaneous review procedure is to arrive at a set of relativities for each rating variable that best represent the experience. For example, the type of policy relativities will serve to derive the relationship of CPP policies relative to monoline policies, via the PMF, while the class group and territory (if applicable) relativities will serve to derive the relationship of the various classification and territories relative to one another. An iterative technique is used to derive relativities for each rating variable. This procedure is in contrast to a one-way type of review, wherein relativities for each rating variable would each be reviewed separately.

Such one-way types of review do not take into account differing percentages of experience of each rating variable within the other rating variables. The simultaneous review procedure accounts for these different distributions in generating relativities for each rating variable.

RATING VARIABLES USED

For Premises/Operations and Products/Completed Operations, the rating variables used in the relativity analysis are as follows:

Manufacturers and Contractors -	type of policy and class group
Owners, Landlords and Tenants -	type of policy, territory and class group
Products -	type of policy and class group
Local Products/Completed Operations-	type of policy, state and class group

EXPLANATORY NOTES TO GENERAL LIABILITY
RELATIVITY ANALYSIS - EXHIBITS B8 THROUGH B17.

ITERATIVE
PROCEDURE

The iterative technique referred to in the previous paragraph solves for a set of relativities for each rating variable based on the experience for the cells; that is, based on the experience ratio and latest year adjusted aggregate loss cost volume for each combination of rating variables relative to the experience ratio and adjusted aggregate loss cost volume for all combinations of rating variables combined. Specifically, the iterative procedure uses the following formulas:

For Owners, Landlords and Tenants:

$$TOP_i = \frac{\sum_j \sum_k W_{ijk} r_{ijk}}{\sum_j \sum_k W_{ijk} CG_j TER_k} \quad \text{where } 1 \leq i \leq m$$

$$CG_j = \frac{\sum_i \sum_k W_{ijk} r_{ijk}}{\sum_i \sum_k W_{ijk} TOP_i TER_k} \quad \text{where } 1 \leq j \leq n$$

$$TER_k = \frac{\sum_i \sum_j W_{ijk} r_{ijk}}{\sum_i \sum_j W_{ijk} TOP_i CG_j} \quad \text{where } 1 \leq k \leq p$$

TOP_i is the relative change for the i^{th} type of policy;

CG_j is the relative change for the j^{th} class group;

TER_k is the relative change for the k^{th} territory;

W_{ijk} is the aggregate loss costs at current level for the i^{th}

type of policy, j^{th} class group and k^{th} territory;

r_{ijk} is the relative change for the i^{th} type of policy,

j^{th} class group and k^{th} territory;

m is the number of types of policy in the analysis;

n is the number of class groups in the analysis;

p is the number of territories in the analysis;

EXPLANATORY NOTES TO GENERAL LIABILITY
RELATIVITY ANALYSIS - EXHIBITS B8 THROUGH B17.

For Manufacturers and Contractors, and Products:

$$TOP_i = \frac{\sum_j W_{ij} r_{ij}}{\sum_j W_{ij} CG_j} \quad \text{where } 1 \leq i \leq m$$
$$CG_j = \frac{\sum_i W_{ij} r_{ij}}{\sum_i W_{ij} TOP_i} \quad \text{where } 1 \leq j \leq n$$

TOP_i is the relative change for the i^{th} type of policy;

CG_j is the relative change for the j^{th} class group;

W_{ij} is the aggregate loss costs at current level for the i^{th}

type of policy and j^{th} class group;

r_{ij} is the relative change for the i^{th} type of policy

and j^{th} class group;

m is the number of types of policy in the analysis;

n is the number of class groups in the analysis;

EXPLANATORY NOTES TO GENERAL LIABILITY
RELATIVITY ANALYSIS - EXHIBITS B8 THROUGH B17.

For Local Products/Completed Operations:

$$TOP_i = \frac{\sum_j \sum_k W_{ijk} r_{ijk}}{\sum_j \sum_k W_{ijk} CG_j ST_k} \quad \text{where } 1 \leq i \leq m$$

$$CG_j = \frac{\sum_i \sum_k W_{ijk} r_{ijk}}{\sum_i \sum_k W_{ijk} TOP_i ST_k} \quad \text{where } 1 \leq j \leq n$$

$$ST_k = \frac{\sum_i \sum_j W_{ijk} r_{ijk}}{\sum_i \sum_j W_{ijk} TOP_i CG_j} \quad \text{where } 1 \leq k \leq p$$

TOP_i is the relative change for the i^{th} type of policy;

CG_j is the relative change for the j^{th} class group;

ST_k is the relative change for the k^{th} state;

W_{ijk} is the aggregate loss costs at current level for the i^{th}

type of policy, j^{th} class group and k^{th} state;

r_{ijk} is the relative change for the i^{th} type of policy,

j^{th} class group and k^{th} state;

m is the number of types of policy in the analysis;

n is the number of class groups in the analysis;

p is the number of states in the analysis;

EXPLANATORY NOTES TO GENERAL LIABILITY
RELATIVITY ANALYSIS - EXHIBITS B8 THROUGH B17.

ITERATIVE
PROCEDURE
(Cont'd)

For example, for Owners, Landlords and Tenants, the procedure starts by inserting the actual relativities for type of policy and class group into the third formula to get a territory relativity. This result is then used with the class group relativity in the first formula to get a new type of policy relativity, which in turn is substituted along with the territory relativity into the second formula to get a new class group relativity. The process continues on in that fashion until there is no appreciable difference from one iteration to the next.

APPLICATION OF
CREDIBILITY

Consideration is then given to the credibility of the experience for each rating variable. The credibility of each of these categories is based on the formula

$$Z = \sqrt{P/18,000} \text{ for Owners, Landlords and Tenants, } Z = \sqrt{P/18,000} \text{ for}$$

$$\text{Manufacturers and Contractors and } Z = \sqrt{P/20,000} \text{ for Products, where P is the 5}$$

year occurrence total for a given class group, territory or type of policy. For Local Products/Completed Operations, separate formulas are used to calculate the credibility of the experience for each type of policy and class group versus the

credibility of the experience for each state, namely $Z = \sqrt{P/15,000}$ for type of

policy and class group, and $Z = \sqrt{P/5,500}$ for state (in this case, P is the 5 year

occurrence total for a given state). Credibility-weighted relativities are then calculated as follows:

$$W = R^Z \quad \text{where:}$$

Z is the class group, territory, state or type of policy credibility;

R is the class group, territory, state or type of policy relativity;

W is the credibility-weighted relativity.

The resulting credibility-weighted relativities are then balanced to assure that the average relativity remains at unity.

EXPLANATORY NOTES TO GENERAL LIABILITY
RELATIVITY ANALYSIS - EXHIBITS B8 THROUGH B17.

MULTILINE
CONSIDERATIONS

The monoline relativities and the class group, territory (if applicable) and state relativities which result from the aforementioned procedures are then used to generate indicated monoline classification loss cost changes. The multiline relativities are used to generate multiline indications that apply to the current Implicit Package Modification Factors. The indicated IPMFs are calculated as follows:

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

For each CPP Type of Policy the indicated IPMF is subject to a minimum value of 0.50 and a maximum value of 1.50. If an indicated IPMF falls outside one of those limits, it is capped at that amount, the aggregate 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.

INSURANCE SERVICES OFFICE, INC.

ARIZONA

COMMERCIAL PACKAGE POLICY
SUMMARY OF THIS REVIEW

TYPE OF POLICY	PROPERTY PMFS			LIABILITY PMFS			PROP. & LIAB. TOTAL
	CURRENT	CAPPED	% CHANGE	CURRENT	CAPPED	% CHANGE	% CHANGE
MOTEL/HOTEL(31)	1.00	1.00	0.0%	1.00	0.99	-1.0%	-0.6%
APARTMENT (32)	0.92	0.92	0.0%	0.62	0.65	4.8%	2.1%
OFFICE (33)	0.99	0.96	-3.0%	0.91	0.90	-1.1%	-1.7%
MERCANTILE (34)	1.00	1.00	0.0%	0.99	0.97	-2.0%	-1.0%
INSTITUTION(35)	1.00	1.00	0.0%	0.97	0.91	-6.2%	-2.6%
SERVICES (36)	0.99	1.00	1.0%	0.96	0.94	-2.1%	-0.5%
IND/PROC (37)	0.99	0.97	-2.0%	0.93	0.96	3.2%	0.8%
CONTRACTORS(38)	0.99	0.98	-1.0%	0.92	0.96	4.3%	3.8%
STATEWIDE			-0.6%			0.8%	0.2%

INSURANCE SERVICES OFFICE, INC.

ARIZONA
COMMERCIAL PACKAGE POLICY
CALCULATION OF REVISED CPP PACKAGE MODIFICATION FACTORS(PMF)

MOTEL/HOTEL(31) *****	(1) AGGREGATE LOSS <u>COSTS</u>	(2) CURRENT IMPLICIT <u>PMF</u>	(3) NET <u>INDICATION</u>	(4) INDIC. <u>PMF</u>	(5) CAPPED <u>PMF</u>
COVERAGE					
PROPERTY-					
BASIC GRP I	410,730	1.306	3.6%	1.353	1.327
BASIC GRP II	147,683	0.790	13.3%	0.895	0.878
SP CAUSE/LOSS	152,697	0.708	-9.0%	0.644	0.632
* CRIME	2,631	0.910	0.0%	0.910	0.910
* INL. MAR.	1,051	0.910	0.0%	0.910	0.910
* FIDELITY	5,264	1.000	0.0%	1.000	1.000
TOTAL	720,056	1.000	2.0%	1.020	1.000
LIABILITY-					
OL&T	1,118,952	1.000	-2.4%	0.976	0.989
TOTAL	1,118,952	1.000	-2.4%	0.976	0.990

PROP. & LIAB. TOTAL	1,839,008		-0.7%		-0.6%

APARTMENT (32) *****	(1) AGGREGATE LOSS <u>COSTS</u>	(2) CURRENT IMPLICIT <u>PMF</u>	(3) NET <u>INDICATION</u>	(4) INDIC. <u>PMF</u>	(5) CAPPED <u>PMF</u>
COVERAGE					
PROPERTY-					
BASIC GRP I	791,359	0.813	0.7%	0.819	0.819
BASIC GRP II	418,989	0.821	8.4%	0.890	0.890
SP CAUSE/LOSS	655,964	1.199	-8.2%	1.101	1.101
* CRIME	1,396	0.910	0.0%	0.910	0.910
* INL. MAR.	243	0.910	0.0%	0.910	0.910
* FIDELITY	79,840	1.000	0.0%	1.000	1.000
TOTAL	1,947,791	0.920	-0.4%	0.916	0.920
LIABILITY-					
OL&T	1,505,571	0.617	5.3%	0.650	0.650
TOTAL	1,505,571	0.620	4.8%	0.650	0.650

PROP. & LIAB. TOTAL	3,453,362		1.8%		2.1%

* indicates coverage for which reviews are on a MULTISTATE basis.

INSURANCE SERVICES OFFICE, INC.

ARIZONA
COMMERCIAL PACKAGE POLICY
CALCULATION OF REVISED CPP PACKAGE MODIFICATION FACTORS(PMF)

OFFICE (33) *****	(1) AGGREGATE LOSS COSTS	(2) CURRENT IMPLICIT PMF	(3) NET INDICATION	(4) INDIC. PMF	(5) CAPPED PMF
COVERAGE					
PROPERTY-					
BASIC GRP I	436,632	1.164	3.7%	1.207	1.207
BASIC GRP II	325,867	0.782	5.9%	0.828	0.828
SP CAUSE/LOSS	568,275	0.994	-10.6%	0.889	0.889
* CRIME	5,191	0.910	0.0%	0.910	0.910
* INL. MAR.	26,255	0.910	0.0%	0.910	0.910
* FIDELITY	25,981	1.000	0.0%	1.000	1.000
TOTAL	1,388,201	0.990	-3.3%	0.957	0.960
LIABILITY-					
OL&T	2,813,620	0.952	-2.3%	0.930	0.930
M&C	152,873	0.505	11.4%	0.563	0.563
TOTAL	2,966,493	0.910	-1.5%	0.896	0.900

PROP. & LIAB. TOTAL	4,354,694		-2.1%		-1.7%

MERCANTILE (34) *****	(1) AGGREGATE LOSS COSTS	(2) CURRENT IMPLICIT PMF	(3) NET INDICATION	(4) INDIC. PMF	(5) CAPPED PMF
COVERAGE					
PROPERTY-					
BASIC GRP I	3,407,894	1.103	6.9%	1.179	1.179
BASIC GRP II	1,282,465	0.729	9.1%	0.795	0.795
SP CAUSE/LOSS	2,296,376	1.082	-16.6%	0.902	0.902
* CRIME	28,827	0.910	0.0%	0.910	0.910
* INL. MAR.	157,091	0.910	0.0%	0.910	0.910
* FIDELITY	218,984	1.000	0.0%	1.000	1.000
TOTAL	7,391,637	1.000	-0.4%	0.996	1.000
LIABILITY-					
OL&T	5,435,221	0.989	-3.2%	0.957	0.957
M&C	616,400	1.118	6.6%	1.192	1.192
LOCAL PRODUCT	381,788	1.106	-0.8%	1.097	1.097
* MULTI PRODUCT	647,897	0.832	4.5%	0.870	0.870
TOTAL	7,081,305	0.990	-1.8%	0.973	0.970

PROP. & LIAB. TOTAL	14,472,942		-1.1%		-1.0%

* indicates coverage for which reviews are on a MULTISTATE basis.

INSURANCE SERVICES OFFICE, INC.

ARIZONA
COMMERCIAL PACKAGE POLICY
CALCULATION OF REVISED CPP PACKAGE MODIFICATION FACTORS(PMF)

INSTITUTION(35) *****	(1) AGGREGATE LOSS COSTS	(2) CURRENT IMPLICIT PMF	(3) NET INDICATION	(4) INDIC. PMF	(5) CAPPED PMF
COVERAGE					
PROPERTY-					
BASIC GRP I	1,326,267	1.270	2.6%	1.303	1.303
BASIC GRP II	794,534	0.684	17.5%	0.804	0.804
SP CAUSE/LOSS	1,203,253	1.057	-12.9%	0.921	0.921
* CRIME	13,187	0.910	0.0%	0.910	0.910
* INL. MAR.	2,794	0.910	0.0%	0.910	0.910
* FIDELITY	103,774	1.000	0.0%	1.000	1.000
TOTAL	3,443,809	1.000	-0.1%	0.999	1.000
LIABILITY-					
OL&T	2,304,611	0.991	-7.1%	0.921	0.921
M&C	134,868	0.707	2.1%	0.722	0.722
TOTAL	2,439,479	0.970	-6.6%	0.906	0.910

PROP. & LIAB. TOTAL	5,883,288		-2.8%		-2.6%

SERVICES (36) *****	(1) AGGREGATE LOSS COSTS	(2) CURRENT IMPLICIT PMF	(3) NET INDICATION	(4) INDIC. PMF	(5) CAPPED PMF
COVERAGE					
PROPERTY-					
BASIC GRP I	2,363,253	1.119	1.4%	1.135	1.128
BASIC GRP II	1,397,770	1.022	10.6%	1.130	1.124
SP CAUSE/LOSS	1,184,977	0.790	-9.7%	0.713	0.709
* CRIME	12,165	0.910	0.0%	0.910	0.910
* INL. MAR.	20,932	0.910	0.0%	0.910	0.910
* FIDELITY	112,957	1.000	0.0%	1.000	1.000
TOTAL	5,092,054	0.990	1.6%	1.006	1.000
LIABILITY-					
OL&T	2,698,481	0.910	-6.2%	0.854	0.859
M&C	1,462,834	0.979	4.3%	1.021	1.027
LOCAL PRODUCT	944,082	1.075	-1.1%	1.063	1.069
* MULTI PRODUCT	46,584	0.899	5.8%	0.951	0.951
TOTAL	5,151,982	0.960	-2.6%	0.935	0.940

PROP. & LIAB. TOTAL	10,244,036		-0.5%		-0.5%

* indicates coverage for which reviews are on a MULTISTATE basis.

INSURANCE SERVICES OFFICE, INC.

ARIZONA
COMMERCIAL PACKAGE POLICY
CALCULATION OF REVISED CPP PACKAGE MODIFICATION FACTORS(PMF)

IND/PROC (37) *****	(1) AGGREGATE LOSS <u>COSTS</u>	(2) CURRENT IMPLICIT <u>PMF</u>	(3) NET <u>INDICATION</u>	(4) INDIC. <u>PMF</u>	(5) CAPPED <u>PMF</u>
COVERAGE					
PROPERTY-					
BASIC GRP I	1,724,132	1.190	-0.2%	1.188	1.188
BASIC GRP II	384,038	0.630	6.5%	0.671	0.671
SP CAUSE/LOSS	754,111	0.912	-11.3%	0.809	0.809
* CRIME	1,846	0.910	0.0%	0.910	0.910
* INL. MAR.	1,114	0.910	0.0%	0.910	0.910
* FIDELITY	49,192	1.000	0.0%	1.000	1.000
TOTAL	2,914,433	0.990	-2.0%	0.970	0.970
LIABILITY-					
M&C	2,294,123	0.959	2.2%	0.980	0.980
LOCAL PRODUCT	77,677	0.670	2.9%	0.689	0.689
* MULTI PRODUCT	1,048,565	0.884	6.1%	0.938	0.938
TOTAL	3,420,365	0.930	3.0%	0.958	0.960

PROP. & LIAB.	6,334,798		0.7%		0.8%
TOTAL					

CONTRACTORS(38) *****	(1) AGGREGATE LOSS <u>COSTS</u>	(2) CURRENT IMPLICIT <u>PMF</u>	(3) NET <u>INDICATION</u>	(4) INDIC. <u>PMF</u>	(5) CAPPED <u>PMF</u>
COVERAGE					
PROPERTY-					
BASIC GRP I	493,331	1.087	3.6%	1.126	1.126
BASIC GRP II	277,298	0.853	6.7%	0.910	0.910
SP CAUSE/LOSS	541,701	0.992	-10.4%	0.889	0.889
* CRIME	1,743	0.910	0.0%	0.910	0.910
* INL. MAR.	2,291	0.910	0.0%	0.910	0.910
* FIDELITY	55,302	1.000	0.0%	1.000	1.000
TOTAL	1,371,666	0.990	-1.4%	0.976	0.980
LIABILITY-					
M&C	6,853,901	0.911	5.6%	0.962	0.962
LOCAL PRODUCT	6,280,324	0.933	3.7%	0.968	0.968
TOTAL	13,134,225	0.920	4.8%	0.965	0.960

PROP. & LIAB.	14,505,891		4.3%		3.8%
TOTAL					

* indicates coverage for which reviews are on a MULTISTATE basis.

INSURANCE SERVICES OFFICE, INC.

ARIZONA
COMMERCIAL PACKAGE POLICY
CALCULATION OF REVISED CPP PACKAGE MODIFICATION FACTORS(PMF)

STATEWIDE *****	(1) AGGREGATE LOSS COSTS	(2) CURRENT IMPLICIT PMF	(3) NET INDICATION	(4) INDIC. PMF	(5) CAPPED PMF
COVERAGE					
PROPERTY-					
BASIC GRP I	10,953,598	1.116	3.2%	1.152	1.150
BASIC GRP II	5,028,644	0.794	10.4%	0.877	0.874
SP CAUSE/LOSS	7,357,354	0.985	-12.5%	0.862	0.861
* CRIME	66,986	0.910	0.0%	0.910	0.910
* INL. MAR.	211,771	0.910	0.0%	0.910	0.910
* FIDELITY	651,294	1.000	0.0%	1.000	1.000
<hr/> TOTAL	<hr/> 24,269,647	<hr/> 0.990	<hr/> -0.4%	<hr/> 0.986	<hr/> 0.984
LIABILITY-					
OL&T	15,876,457	0.918	-3.3%	0.888	0.889
M&C	11,514,998	0.925	4.8%	0.969	0.970
LOCAL PRODUCT	7,683,871	0.952	2.9%	0.980	0.980
* MULTI PRODUCT	1,743,046	0.864	5.5%	0.912	0.912
<hr/> TOTAL	<hr/> 36,818,372	<hr/> 0.927	<hr/> 0.7%	<hr/> 0.933	<hr/> 0.934

PROP. & LIAB.	61,088,019		0.2%		0.2%
TOTAL					

* indicates coverage for which reviews are on a MULTISTATE basis.

INSURANCE SERVICES OFFICE, INC.

ARIZONA
COMMERCIAL PACKAGE POLICY
CALCULATION OF REVISED CPP PACKAGE MODIFICATION FACTORS(PMF)

COMBINED PMFs

TYPE OF POLICY	CURRENT COMBINED	INDICATED COMBINED	CAPPED COMBINED
MOTEL/HOTEL(31)	1.000	0.993	0.990
APARTMENT (32)	0.750	0.773	0.770
OFFICE (33)	0.930	0.915	0.910
MERCANTILE (34)	0.990	0.984	0.980
INSTITUTION(35)	0.990	0.960	0.960
SERVICES (36)	0.970	0.970	0.970
IND/PROC (37)	0.950	0.963	0.960
CONTRACTORS(38)	0.930	0.966	0.970

NOTE: Combined PMFs are provided for informational purposes only.

INSURANCE SERVICES OFFICE, INC.

ARIZONA

BASIC GROUP I RELATIVITY ANALYSIS

TYPE OF POLICY	(1) LEAST SQUARES FORMULA	(2) CREDIBILITY	(3) WEIGHTED RELATIVITY	(4) BALANCED RELATIVITY	(5) INDICATED CHANGE
	RELATIVITY	CREDIBILITY	RELATIVITY	RELATIVITY	CHANGE
10	0.585	0.052	0.973	0.971	
31	1.424	0.021	1.007	1.006	3.6%
32	0.534	0.034	0.979	0.978	0.7%
33	1.443	0.023	1.008	1.007	3.7%
34	1.317	0.142	1.040	1.038	6.9%
35	0.962	0.060	0.998	0.996	2.6%
36	0.886	0.111	0.987	0.985	1.4%
37	0.685	0.080	0.970	0.969	-0.2%
38	1.359	0.024	1.007	1.006	3.6%
RATING GROUP					
1	2.171	0.071	1.057	1.068	
2	1.989	0.027	1.019	1.030	
3	0.783	0.092	0.978	0.989	
4	0.895	0.287	0.969	0.979	
6	1.249	0.062	1.014	1.025	
7	0.961	0.028	0.999	1.010	
8	0.768	0.139	0.964	0.975	
9	1.536	0.127	1.056	1.068	
10	0.932	0.054	0.996	1.007	
11	0.974	0.012	1.000	1.011	
13	0.919	0.051	0.996	1.007	
14	0.682	0.091	0.966	0.976	
15	0.717	0.045	0.985	0.996	
17	0.788	0.029	0.993	1.004	
18	1.243	0.024	1.005	1.016	
21	0.682	0.081	0.969	0.980	
22	0.741	0.074	0.978	0.989	
TERRITORY					
Phoenix	1.175	0.241	1.040	1.036	
Tucson	0.592	0.101	0.948	0.946	
Balance of State	0.988	0.398	0.995	0.992	

INSURANCE SERVICES OFFICE, INC.

ARIZONA

SPECIAL CAUSES OF LOSS RELATIVITY ANALYSIS

	(1)	(2)	(3)	(4)	(5)
	LEAST SQUARES		CREDIBILITY		
TYPE OF	FORMULA		WEIGHTED	BALANCED	INDICATED
POLICY	RELATIVITY	CREDIBILITY	RELATIVITY	RELATIVITY	CHANGE
10	2.670	0.099	1.102	1.127	
31	1.197	0.017	1.003	1.026	-9.0%
32	1.200	0.065	1.012	1.035	-8.2%
33	0.799	0.064	0.986	1.008	-10.6%
34	0.677	0.217	0.919	0.940	-16.6%
35	0.727	0.127	0.960	0.982	-12.9%
36	0.966	0.133	0.995	1.018	-9.7%
37	0.782	0.094	0.977	1.000	-11.3%
38	0.823	0.065	0.987	1.010	-10.4%
CATEGORY					
1	1.027	0.614	1.016	1.010	
2	0.558	0.053	0.970	0.963	
3	0.715	0.102	0.966	0.960	
4	0.619	0.109	0.949	0.943	
5	1.315	0.106	1.029	1.023	
6	1.302	0.037	1.010	1.003	
7	1.783	0.016	1.009	1.003	
8	0.954	0.077	0.996	0.990	
9	1.026	0.128	1.003	0.997	
10	1.036	0.030	1.001	0.994	
11	1.024	0.100	1.002	0.996	
12	0.845	0.089	0.985	0.979	
13	1.136	0.063	1.008	1.001	
14	1.003	0.105	1.000	0.994	

INSURANCE SERVICES OFFICE, INC.

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

ENTIRE STATE		(1) ACCIDENT YEAR ENDING 03/31/19 AGGREGATE LOSS COSTS	(2) 5 - YEAR AGGREGATE LOSS COSTS	(3) 5 - YEAR EXPERIENCE RATIO	(4) CREDIBILITY WEIGHTED EXPERIENCE RATIO	(5) CREDIBILITY WEIGHTED RELATIVITY
TYPE OF POLICY	CATEGORY					
10 MONOLINE	01 APARTMENTS	51,758	462,519	3.434	1.701	1.451
	02 OTHER HABITATIONAL	16,208	112,200	0.732	0.673	0.574
	03 RESTAURANTS & BARS	36,292	272,318	0.252	0.553	0.472
	04 OTHER MERCANTILE RS	264,326	1,537,068	0.791	0.811	0.692
	06 CHURCHES	3,855	15,353	0.520	0.622	0.530
	07 SCHOOLS	9,973	78,659	0.052	0.576	0.491
	08 OFFICES AND BANKS	118,873	620,151	0.139	0.696	0.594
	09 REC. FACILITIES	79,535	458,162	0.959	0.743	0.634
	10 HOTELS AND MOTELS	37,151	188,715	0.925	0.620	0.529
	11 HOSPITALS/NURS HOME	9,210	73,653	0.024	0.525	0.448
	13 MOTOR VEHICLE RISKS	49,804	241,771	0.219	0.588	0.502
	14 OTHER NON-MANUF.	80,844	490,897	2.107	0.987	0.842
	15 STORAGE	39,228	209,332	0.049	0.705	0.602
	17 FOOD MANUFACTURING	25,065	95,747	0.000	0.603	0.514
	18 WOOD MANUFACTURING	20,454	94,509	0.000	1.028	0.877
	21 METAL MANUFACTURING	37,909	220,995	0.011	0.858	0.732
	22 OTHER MANUFACTURING	62,164	257,760	0.035	0.587	0.501
	TOTAL*	942,649	5,429,809	0.768	0.799	0.682
31 MULTILINE MOTEL/HOTEL	10 HOTELS AND MOTELS	410,730	2,093,254	2.370	1.602	1.366
	TOTAL*	410,730	2,093,254	2.370	1.602	1.366
32 MULTILINE APARTMENT	01 APARTMENTS	607,503	2,617,477	2.108	1.508	1.286
	02 OTHER HABITATIONAL	183,856	944,706	1.270	1.364	1.164
	TOTAL*	791,359	3,562,183	1.914	1.474	1.258
33 MULTILINE OFFICE	08 OFFICES AND BANKS	436,632	2,356,033	1.155	1.360	1.160
	TOTAL*	436,632	2,356,033	1.155	1.360	1.160
34 MULTILINE MERCANTILE	03 RESTAURANTS & BARS	790,818	3,219,483	0.700	1.267	1.081
	04 OTHER MERCANTILE RS	2,066,538	10,683,726	1.731	1.467	1.251
	08 OFFICES AND BANKS	118,730	586,237	1.266	1.398	1.193
	13 MOTOR VEHICLE RISKS	138,159	436,251	0.030	1.134	0.968
	14 OTHER NON-MANUF.	69,845	377,070	0.453	1.246	1.063
	15 STORAGE	223,804	1,201,378	0.239	1.195	1.020
	TOTAL*	3,407,894	16,504,145	1.282	1.382	1.179

INSURANCE SERVICES OFFICE, INC.

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

ENTIRE STATE		(1) ACCIDENT YEAR ENDING 03/31/19 AGGREGATE LOSS COSTS	(2) 5 - YEAR AGGREGATE LOSS COSTS	(3) 5 - YEAR EXPERIENCE RATIO	(4) CREDIBILITY WEIGHTED EXPERIENCE RATIO	(5) CREDIBILITY WEIGHTED RELATIVITY
TYPE OF POLICY	CATEGORY					
35 MULTILINE INSTITUTIONAL	02 OTHER HABITATIONAL	5,208	32,206	0.000	1.189	1.014
	06 CHURCHES	489,532	2,614,406	2.009	1.517	1.295
	07 SCHOOLS	307,672	1,081,894	0.157	1.182	1.008
	08 OFFICES AND BANKS	216,744	1,033,397	0.121	1.219	1.040
	09 REC. FACILITIES	105,353	632,163	0.660	1.241	1.059
	11 HOSPITALS/NURS HOME	68,469	412,325	0.161	1.137	0.970
	13 MOTOR VEHICLE RISKS	1,486	7,799	0.000	1.143	0.976
	14 OTHER NON-MANUF.	131,803	568,031	0.042	1.154	0.984
	TOTAL*	1,326,267	6,382,221	0.863	1.311	1.119
36 MULTILINE SERVICES	03 RESTAURANTS & BARS	96,341	545,757	1.481	1.171	0.999
	04 OTHER MERCANTILE RS	295,052	1,585,988	1.796	0.821	0.700
	08 OFFICES AND BANKS	189,331	1,101,063	0.384	0.747	0.637
	09 REC. FACILITIES	828,464	4,710,362	1.539	1.487	1.269
	13 MOTOR VEHICLE RISKS	316,455	1,463,381	1.574	1.055	0.900
	14 OTHER NON-MANUF.	452,609	2,142,673	0.426	0.688	0.587
	15 STORAGE	110,264	433,945	0.000	0.733	0.626
	21 METAL MANUFACTURING	36,097	174,008	0.115	0.779	0.665
	22 OTHER MANUFACTURING	38,640	267,819	0.000	0.736	0.628
	TOTAL*	2,363,253	12,424,996	1.149	1.063	0.907
37 MULTILINE INDUST/PROCESS	04 OTHER MERCANTILE RS	101,426	531,243	0.025	0.711	0.607
	08 OFFICES AND BANKS	28,165	159,555	0.405	0.877	0.748
	13 MOTOR VEHICLE RISKS	3,277	13,232	0.000	0.750	0.640
	14 OTHER NON-MANUF.	48,999	227,152	0.093	0.801	0.684
	15 STORAGE	1,578	19,897	0.000	0.262	0.223
	17 FOOD MANUFACTURING	245,220	1,108,539	0.170	0.675	0.576
	18 WOOD MANUFACTURING	191,576	890,476	1.389	1.147	0.979
	21 METAL MANUFACTURING	640,397	3,151,059	0.103	0.546	0.466
	22 OTHER MANUFACTURING	463,494	2,649,257	0.555	0.650	0.554
	TOTAL*	1,724,132	8,750,410	0.377	0.682	0.582
38 MULTILINE CONTRACTORS	04 OTHER MERCANTILE RS	330,877	1,727,408	2.154	1.564	1.335
	08 OFFICES AND BANKS	128,233	581,248	0.199	0.720	0.614
	14 OTHER NON-MANUF.	34,221	181,975	0.834	0.838	0.715
	TOTAL*	493,331	2,490,631	1.554	1.294	1.105

INSURANCE SERVICES OFFICE, INC.

ARIZONA
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 AGGREGATE LOSS COSTS	5 - YEAR AGGREGATE LOSS COSTS	5 - YEAR EXPERIENCE RATIO	CREDIBILITY WEIGHTED EXPERIENCE RATIO	CREDIBILITY WEIGHTED RELATIVITY
TYPE OF POLICY	CATEGORY					
TOTAL ALL TOPS*	01 APARTMENTS	659,261	3,079,996	2.212	1.523	1.299
	02 OTHER HABITATIONAL	205,272	1,089,112	1.195	1.305	1.114
	03 RESTAURANTS & BARS	923,451	4,037,558	0.764	1.229	1.048
	04 OTHER MERCANTILE RS	3,058,219	16,065,433	1.645	1.333	1.137
	06 CHURCHES	493,387	2,629,759	1.997	1.510	1.289
	07 SCHOOLS	317,645	1,160,553	0.154	1.163	0.992
	08 OFFICES AND BANKS	1,236,708	6,437,684	0.653	1.104	0.942
	09 REC. FACILITIES	1,013,352	5,800,687	1.402	1.403	1.197
	10 HOTELS AND MOTELS	447,881	2,281,969	2.250	1.520	1.297
	11 HOSPITALS/NURS HOME	77,679	485,978	0.145	1.064	0.908
	13 MOTOR VEHICLE RISKS	509,181	2,162,434	1.008	1.029	0.878
	14 OTHER NON-MANUF.	818,321	3,987,798	0.530	0.853	0.728
	15 STORAGE	374,874	1,864,552	0.148	1.004	0.857
	17 FOOD MANUFACTURING	270,285	1,204,286	0.155	0.668	0.570
	18 WOOD MANUFACTURING	212,030	984,985	1.255	1.136	0.969
	21 METAL MANUFACTURING	714,403	3,546,062	0.099	0.574	0.490
	22 OTHER MANUFACTURING	564,298	3,174,836	0.460	0.649	0.554
	TOTAL*	11,896,247	59,993,682	1.123	1.172	1.000

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

INSURANCE SERVICES OFFICE, INC.

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

TYPE OF POLICY	CATEGORY	(1) ACCIDENT YEAR ENDING 03/31/19 AGGREGATE LOSS COSTS	(2) 5 - YEAR AGGREGATE LOSS COSTS	(3) 5 - YEAR EXPERIENCE RATIO	(4) CREDIBILITY WEIGHTED EXPERIENCE RATIO	(5) CREDIBILITY WEIGHTED RELATIVITY
10 MONOLINE	01 BUILDINGS	404,195	2,325,244	2.284	2.265	2.793
	02 RES. APTS. AND COND	16,984	79,431	0.282	1.331	1.641
	03 OFFICES	84,442	451,371	0.959	1.263	1.557
	04 MERCANTILE - HIGH	75,960	392,744	0.377	0.887	1.094
	05 MERCANTILE - MEDIUM	17,764	99,405	26.376	12.662	15.613
	06 MERCANTILE - LOW	14,645	64,091	0.899	1.612	1.988
	07 MOTELS AND HOTELS	9,784	37,698	0.420	1.526	1.882
	08 INSTITUTIONAL - HIG	26,676	110,433	0.645	1.406	1.734
	09 INSTITUTIONAL - LOW	28,847	165,701	0.010	0.971	1.197
	10 INDUST-PROC - HIGH	10,806	55,319	0.000	1.313	1.619
	11 INDUST-PROC - LOW	36,863	203,389	0.194	0.996	1.228
	12 SERVICE - HIGH	21,140	112,399	0.112	1.159	1.429
	13 SERVICE - LOW	25,434	170,760	0.749	1.353	1.668
	14 CONTRACTORS	18,598	146,989	0.930	1.480	1.825
	TOTAL*	792,138	4,414,974	2.003	1.993	2.457
31 MULTILINE MOTEL/HOTEL	01 BUILDINGS	98,832	463,055	1.732	0.914	1.127
	07 MOTELS AND HOTELS	53,865	213,399	8.349	1.916	2.363
	TOTAL*	152,697	676,454	4.066	1.268	1.563
32 MULTILINE APARTMENT	01 BUILDINGS	473,397	2,037,637	1.387	1.006	1.240
	02 RES. APTS. AND COND	182,567	753,313	0.176	0.544	0.671
	TOTAL*	655,964	2,790,950	1.050	0.877	1.082
33 MULTILINE OFFICE	01 BUILDINGS	317,528	1,614,971	0.530	0.622	0.767
	03 OFFICES	217,926	1,065,315	0.456	0.609	0.751
	04 MERCANTILE - HIGH	40	40	0.000	0.614	0.757
	08 INSTITUTIONAL - HIG	4,083	26,159	2.434	0.879	1.084
	12 SERVICE - HIGH	28,698	49,881	0.000	0.604	0.745
	14 CONTRACTORS	-	47	0.000	1.000	1.000
	TOTAL*	568,275	2,756,413	0.488	0.618	0.762
34 MULTILINE MERCANTILE	01 BUILDINGS	1,612,726	7,546,395	0.529	0.570	0.703
	03 OFFICES	10,264	34,261	0.046	0.612	0.755
	04 MERCANTILE - HIGH	216,939	1,261,815	0.343	0.561	0.692
	05 MERCANTILE - MEDIUM	300,298	1,663,287	0.458	0.591	0.729
	06 MERCANTILE - LOW	100,739	461,790	1.312	0.822	1.014
	08 INSTITUTIONAL - HIG	482	4,419	0.000	0.613	0.756
	11 INDUST-PROC - LOW	274	690	0.000	0.614	0.757
	12 SERVICE - HIGH	44,894	79,754	1.435	0.779	0.961
	13 SERVICE - LOW	4,842	27,860	0.165	0.627	0.773

INSURANCE SERVICES OFFICE, INC.

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

TYPE OF POLICY	CATEGORY	(1) ACCIDENT YEAR ENDING 03/31/19 AGGREGATE LOSS COSTS	(2) 5 - YEAR AGGREGATE LOSS COSTS	(3) 5 - YEAR EXPERIENCE RATIO	(4) CREDIBILITY WEIGHTED EXPERIENCE RATIO	(5) CREDIBILITY WEIGHTED RELATIVITY
-----	-----	-----	-----	-----	-----	-----
	14 CONTRACTORS	4,918	21,956	0.000	0.610	0.752
	TOTAL*	2,296,376	11,102,227	0.550	0.587	0.724
35 MULTILINE INSTITUTIONAL	01 BUILDINGS	583,566	2,865,606	0.512	0.593	0.731
	03 OFFICES	1,891	3,453	0.000	0.613	0.756
	04 MERCANTILE - HIGH	853	1,600	0.000	0.614	0.757
	06 MERCANTILE - LOW	81	421	0.000	0.614	0.757
	08 INSTITUTIONAL - HIG	228,790	1,019,032	0.425	0.601	0.741
	09 INSTITUTIONAL - LOW	379,088	1,901,881	0.576	0.637	0.785
	12 SERVICE - HIGH	1,396	7,946	1.164	0.735	0.906
	13 SERVICE - LOW	7,279	40,023	0.066	0.614	0.757
	14 CONTRACTORS	309	3,922	0.000	0.613	0.756
	TOTAL*	1,203,253	5,843,884	0.512	0.608	0.751
36 MULTILINE SERVICES	01 BUILDINGS	773,440	3,760,061	0.900	0.806	0.994
	03 OFFICES	4,580	19,733	6.438	1.268	1.564
	04 MERCANTILE - HIGH	6,122	31,624	0.054	0.668	0.824
	05 MERCANTILE - MEDIUM	2,485	7,592	0.000	0.665	0.820
	06 MERCANTILE - LOW	2,784	8,782	1.438	0.798	0.984
	08 INSTITUTIONAL - HIG	17,579	85,421	0.000	0.657	0.810
	09 INSTITUTIONAL - LOW	28,207	139,406	0.000	0.651	0.803
	10 INDUST-PROC - HIGH	-	54	0.000	1.000	1.000
	11 INDUST-PROC - LOW	2,326	7,936	0.000	0.665	0.820
	12 SERVICE - HIGH	180,406	1,211,242	0.506	0.678	0.836
	13 SERVICE - LOW	146,034	762,952	2.075	0.990	1.221
	14 CONTRACTORS	21,014	93,520	0.000	0.656	0.809
	TOTAL*	1,184,977	6,128,323	0.949	0.801	0.988
37 MULTILINE INDUST/PROC	01 BUILDINGS	397,757	2,211,144	0.384	0.617	0.761
	03 OFFICES	5,668	23,936	0.000	0.664	0.819
	04 MERCANTILE - HIGH	6,240	27,723	0.682	0.728	0.898
	05 MERCANTILE - MEDIUM	1,005	4,711	0.000	0.666	0.821
	06 MERCANTILE - LOW	236	246	0.000	0.666	0.821
	08 INSTITUTIONAL - HIG	30	230	0.000	0.666	0.821
	10 INDUST-PROC - HIGH	80,056	405,438	0.646	0.720	0.888
	11 INDUST-PROC - LOW	260,655	1,453,273	0.751	0.738	0.910
	12 SERVICE - HIGH	637	2,305	0.000	0.666	0.821
	13 SERVICE - LOW	1,383	6,337	0.000	0.665	0.820
	14 CONTRACTORS	444	2,525	0.000	0.666	0.821
	TOTAL*	754,111	4,137,868	0.536	0.671	0.828

INSURANCE SERVICES OFFICE, INC.

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

TYPE OF POLICY	CATEGORY	(1) ACCIDENT YEAR ENDING 03/31/19 AGGREGATE LOSS COSTS	(2) 5 - YEAR AGGREGATE LOSS COSTS	(3) 5 - YEAR EXPERIENCE RATIO	(4) CREDIBILITY WEIGHTED EXPERIENCE RATIO	(5) CREDIBILITY WEIGHTED RELATIVITY
-----	-----	-----	-----	-----	-----	-----
38 MULTILINE	01 BUILDINGS	202,464	1,042,981	0.423	0.664	0.819
CONTRACTORS	03 OFFICES	23,026	103,843	2.102	0.878	1.083
	04 MERCANTILE - HIGH	22,555	111,451	0.259	0.682	0.841
	05 MERCANTILE - MEDIUM	576	2,446	0.000	0.666	0.821
	06 MERCANTILE - LOW	8,948	36,603	2.106	0.865	1.067
	08 INSTITUTIONAL - HIG	165	657	0.000	0.666	0.821
	11 INDUST-PROC - LOW	651	2,469	16.473	2.167	2.672
	12 SERVICE - HIGH	897	5,444	0.000	0.666	0.821
	13 SERVICE - LOW	1,624	4,519	0.000	0.666	0.821
	14 CONTRACTORS	280,795	1,488,832	0.553	0.685	0.845
	TOTAL*	541,701	2,799,245	0.599	0.689	0.851
TOTAL ALL TOPS*	01 BUILDINGS	4,863,905	23,867,094	0.824	0.812	1.001
	02 RES. APTS. AND COND	199,551	832,744	0.185	0.611	0.753
	03 OFFICES	347,797	1,701,912	0.744	0.795	0.981
	04 MERCANTILE - HIGH	328,709	1,826,997	0.345	0.650	0.801
	05 MERCANTILE - MEDIUM	322,128	1,777,441	1.881	1.257	1.551
	06 MERCANTILE - LOW	127,433	571,933	1.320	0.915	1.128
	07 MOTELS AND HOTELS	63,649	251,097	7.130	1.856	2.289
	08 INSTITUTIONAL - HIG	277,805	1,246,351	0.448	0.686	0.846
	09 INSTITUTIONAL - LOW	436,142	2,206,988	0.501	0.660	0.814
	10 INDUST-PROC - HIGH	90,862	460,811	0.569	0.791	0.975
	11 INDUST-PROC - LOW	300,769	1,667,757	0.710	0.772	0.952
	12 SERVICE - HIGH	278,068	1,468,971	0.574	0.724	0.892
	13 SERVICE - LOW	186,596	1,012,451	1.733	1.010	1.246
	14 CONTRACTORS	326,078	1,757,791	0.529	0.727	0.897
	TOTAL*	8,149,492	40,650,338	0.848	0.811	1.000

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

INSURANCE SERVICES OFFICE, INC.

ARIZONA

BASIC GROUP II RELATIVITY ANALYSIS

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	ACCIDENT YEAR ENDING 03/31/19 AGGR. LOSS COSTS AT CURRENT IMPLICIT PMF	ACCIDENT YEARS 2010 - 2019 EXPER. RATIO AT CURRENT PMF	FORMULA RELATIVITY (2)/ 1.288	CREDIBILITY C	CREDIBILITY WEIGHTED RELATIVITY	BALANCED FORMULA RELATIVITY	NORMALIZED FORMULA RELATIVITY	INDICATED CHANGE
	-----	-----	-----	-----	-----	-----	-----	-----
MONOLINE	618,599	0.6850	0.5320	0.1420	0.933	0.9330	0.9152	
MULTILINE	5,028,644	1.3620	1.0570	0.5420	1.030	1.0300	1.0101	
	-----	-----	-----	-----	-----	-----	-----	
COVERAGE	5,647,243	1.2880	0.9990			1.0194	0.9997	
MULTILINE TOP								
31 MOTEL/HOTEL	147,683	2.6490	2.0570	0.0380	1.039	1.0570	1.0369	13.3%
32 APARTMENT	418,989	1.1880	0.9220	0.0750	0.993	1.0110	0.9918	8.4%
33 OFFICE	325,867	0.7560	0.5870	0.0680	0.971	0.9880	0.9692	5.9%
34 MERCANTILE	1,282,465	1.2920	1.0030	0.2310	1.000	1.0180	0.9986	9.1%
35 INSTITUTIONAL	794,534	1.9170	1.4880	0.1600	1.077	1.0960	1.0751	17.5%
36 SERVICES	1,397,770	1.3680	1.0620	0.2460	1.014	1.0320	1.0124	10.6%
37 INDUST/PROCESS	384,038	0.9880	0.7670	0.0930	0.977	0.9940	0.9751	6.5%
38 CONTRACTORS	277,298	0.8720	0.6770	0.0650	0.978	0.9950	0.9761	6.7%
	-----	-----	-----	-----	-----	-----	-----	
	5,028,644	1.3620	1.0570		1.0120	1.0300	1.0101	

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

INSURANCE SERVICES OFFICE, INC.

ARIZONA

COMMERCIAL I.M. RELATIVITY ANALYSIS

(1)	(2)	(3)	(4)	(5)
TOP	BALANCED RELATIVITY	CURRENT IPMF	INDICATED IPMF	SELECTED IPMF
10	1.000	0.910	0.910	0.910
3X & 7X	1.000			

CLASSIFICATION

150	0.923
191	1.1
192	0.785
220	0.789
221	0.755
234	1.202
235	1.088
240	0.789
241	0.715
327	0.757
328	0.932
340	0.646
341	0.757
342	0.751
343	0.767
403	0.64
451	0.946
452	0.778
453	0.811
454	0.713
460	0.479
482	0.889
510	0.662
514	0.631
530	0.628
534	0.757

INSURANCE SERVICES OFFICE, INC.

ARIZONA

COMMERCIAL INLAND MARINE RELATIVITY ANALYSIS
SUMMARY OF EXPERIENCE USED IN SIMULTANEOUS REVIEW

TYPE OF POLICY	RATING	(1)	(2)	(3)	(4)
		2016 AGGREGATE LOSS COSTS	2012 - 2016 AGGREGATE LOSS COSTS	FIVE-YEAR EXP RATIO	RELATIVITY
MONOLINE 10	150	311,633	1,898,096	1.151	1.353
	191	5,446,492	15,816,054	1.032	1.213
	192	862,002	2,760,886	0.627	0.737
	220	5,112	87,903	5.716	6.717
	221	1,491	2,853	1.199	1.409
	234	5,224,155	20,144,072	0.600	0.705
	235	8,439,000	24,407,283	0.761	0.894
	240	928,183	3,685,254	0.656	0.771
	241	15,553	114,739	0.053	0.062
	327	18,917	91,546	0.000	0.000
	328	2,319,887	11,908,665	0.792	0.931
	340	40,688	87,993	0.000	0.000
	341	0	0	0.000	0.000
	342	19,188	65,375	0.555	0.652
	343	589	3,417	343.665	578.925
	403	1,600,852	5,771,545	0.345	0.405
	451	3,309,677	12,953,836	0.855	1.005
	452	34,702	137,467	1.628	1.913
	453	45,575	212,456	3.203	3.764
	454	164,836	745,300	0.734	0.863
	460	790,198	3,687,530	0.415	0.488
	482	839,364	2,841,134	0.986	1.159
	510	3,252	39,977	0.020	0.024
	514	446,469	1,612,361	0.339	0.398
	530	504,434	2,697,004	0.489	0.575
	534	0	0	0.000	0.000
	TOTAL#	31,372,249	111,772,746	0.785	0.922

INSURANCE SERVICES OFFICE, INC.

ARIZONA

COMMERCIAL INLAND MARINE RELATIVITY ANALYSIS
SUMMARY OF EXPERIENCE USED IN SIMULTANEOUS REVIEW

TYPE OF POLICY	RATING GROUP	(1) 2016 AGGREGATE LOSS COSTS	(2) 2012 - 2016 AGGREGATE LOSS COSTS	(3) FIVE-YEAR EXP RATIO	(4) RELATIVITY
MULTILINE ##	150	720,095	3,333,227	0.795	0.934
3X & 7X	191	603,595	2,704,067	0.774	0.910
	192	202,803	783,492	0.826	0.971
	220	6,439	28,512	1.526	1.793
	221	5,606	27,010	0.258	0.303
	234	12,669,443	52,530,286	1.162	1.365
	235	478,171	2,380,353	2.879	3.383
	240	11,651	60,061	1.983	2.330
	241	5,028	15,371	0.019	0.022
	327	2,942	18,862	0.000	0.000
	328	396	2,751	168.726	198.268
	340	32,828	132,609	0.016	0.019
	341	0	0	0.000	0.000
	342	6,082	30,546	0.000	0.000
	343	2,369	7,996	0.000	0.000
	403	479,869	2,417,275	0.739	0.868
	451	95,342	438,635	0.360	0.423
	452	38,096	206,651	0.535	0.629
	453	34,375	104,958	0.147	0.173
	454	228,162	984,183	0.274	0.322
	460	3,613,811	15,118,089	0.318	0.374
	482	127,496	760,961	0.693	0.814
	510	23,290	121,842	0.000	0.000
	514	63,169	300,866	0.073	0.086
	530	1,129,574	4,779,992	0.414	0.486
	534	0	0	0.000	0.000
	TOTAL#	20,580,632	87,288,595	0.952	1.119

INSURANCE SERVICES OFFICE, INC.

ARIZONA

COMMERCIAL INLAND MARINE RELATIVITY ANALYSIS
SUMMARY OF EXPERIENCE USED IN SIMULTANEOUS REVIEW

	(1)	(2)	(3)	(4)	
	RATING	2016 AGGREGATE	2012 - 2016	FIVE-YEAR	
TYPE OF POLICY	GROUP	LOSS COSTS	AGGREGATE LOSS COSTS	EXP RATIO	RELATIVITY
TOTAL ALL TOPS#	150	1,031,728	5,231,323	0.903	1.061
	191	6,050,087	18,520,121	1.006	1.182
	192	1,064,805	3,544,378	0.665	0.781
	220	11,551	116,415	3.380	3.972
	221	7,097	29,863	0.456	0.536
	234	17,893,598	72,674,358	0.998	1.173
	235	8,917,171	26,787,636	0.875	1.028
	240	939,834	3,745,315	0.672	0.790
	241	20,581	130,110	0.045	0.053
	327	21,859	110,408	0.000	0.000
	328	2,320,283	11,911,416	0.821	0.965
	340	73,516	220,602	0.007	0.008
	341	0	0	0.000	0.000
	342	25,270	95,921	0.421	0.495
	343	2,958	11,413	267.552	314.397
	403	2,080,721	8,188,820	0.436	0.512
	451	3,405,019	13,392,471	0.841	0.988
	452	72,798	344,118	1.056	1.241
	453	79,950	317,414	1.889	2.220
	454	392,998	1,729,483	0.467	0.549
	460	4,404,009	18,805,619	0.335	0.394
	482	966,860	3,602,095	0.947	1.113
	510	26,542	161,819	0.002	0.002
	514	509,638	1,913,227	0.306	0.360
	530	1,634,008	7,476,996	0.437	0.514
	534	0	0	0.000	0.000
	TOTAL#	51,952,881	199,061,341	0.851	1.000

TOTAL IN COLUMN (3) IS AN AVERAGE USING COLUMN (1) AS WEIGHTS.

REFLECTS CURRENT IPMF OF 0.910.

INSURANCE SERVICES OFFICE, INC.

ARIZONA
OWNERS, LANDLORDS AND TENANTS
BASIC LIMIT RELATIVE CHANGE ANALYSIS

TYPE OF POLICY	(1) BAILEY FORMULA RELATIVITY	(2) CREDIBILITY CREDIBILITY	(3) WEIGHTED RELATIVITY	(4) BALANCED RELATIVITY	(5) INDICATED CHANGE
10	1.084	0.271	1.022	1.021	
31	0.984	0.097	0.998	0.997	-2.4%
32	2.140	0.096	1.076	1.075	5.3%
33	0.989	0.126	0.999	0.998	-2.3%
34	0.936	0.173	0.989	0.988	-3.2%
35	0.598	0.103	0.948	0.948	-7.1%
36	0.724	0.131	0.959	0.958	-6.2%
CLASS GROUP					
1	0.701	0.052	0.982	0.984	
2	0.784	0.158	0.962	0.964	
3	0.839	0.112	0.981	0.983	
4	1.950	0.025	1.017	1.018	
5	1.054	0.045	1.002	1.004	
6	0.198	0.051	0.921	0.923	
7	1.662	0.160	1.085	1.087	
8	2.145	0.037	1.029	1.030	
9	1.067	0.141	1.009	1.011	
10	0.945	0.112	0.994	0.996	
11	0.758	0.122	0.967	0.969	
12	0.945	0.203	0.989	0.991	
13	1.756	0.061	1.035	1.037	
16	0.000	0.007	0.000	1.002	
TERRITORY					
502	1.141	0.292	1.039	1.038	
503	0.961	0.145	0.994	0.993	
504	0.851	0.241	0.962	0.961	

INSURANCE SERVICES OFFICE, INC.

ARIZONA

MANUFACTURERS AND CONTRACTORS

BASIC LIMIT RELATIVE CHANGE ANALYSIS

TYPE OF POLICY	(1)	(2)	(3)	(4)	(5)
	BAILEY FORMULA RELATIVITY	CREDIBILITY	CREDIBILITY WEIGHTED RELATIVITY	BALANCED RELATIVITY	INDICATED CHANGE
10	0.819	0.179	0.965	0.972	
33	6.458	0.039	1.075	1.083	11.4%
34	1.638	0.059	1.030	1.036	6.6%
35	0.428	0.018	0.985	0.992	2.1%
36	1.068	0.099	1.007	1.014	4.3%
37	0.788	0.061	0.986	0.993	2.2%
38	1.113	0.177	1.019	1.026	5.6%
CLASS GROUP					
30	1.066	0.098	1.006	1.002	
31	1.268	0.134	1.032	1.028	
32	1.065	0.173	1.011	1.007	
33	0.819	0.073	0.986	0.982	
34	1.088	0.094	1.008	1.004	
35	1.038	0.026	1.001	0.997	
36	0.742	0.050	0.985	0.981	
37	0.626	0.026	0.988	0.984	
38	0.786	0.084	0.980	0.976	

INSURANCE SERVICES OFFICE, INC.

ARIZONA
OWNERS, LANDLORDS, AND TENANTS
SUMMARY OF EXPERIENCE USED IN BASIC LIMIT RELATIVE CHANGE ANALYSIS

TERRITORY ALL		(1)	(2)	(3)	(4)	(5)	(6)
TYPE OF POLICY	CLASS GROUP	CALENDAR A.Y.E. 03/31/19 AGGREGATE LOSS COSTS AT CURRENT LEVEL	CALENDAR A.Y.E. 2015-2019 AGG LOSS COST CURRENT LEVEL	FIVE YEAR EXPERIENCE RATIO	RELATIVITY	NUMBER OF OCCURRENCES	BAL CELL RELATIVITY
10 MONOLINE	01 FOOD&BEV.(RETAIL)	\$48,194	\$215,428	0.742		17	
	02 RESTAURANTS	\$584,684	\$2,330,707	0.664		144	
	03 STORES	\$638,447	\$1,840,679	1.278		145	
	04 VENDING & RENTAL	\$6,712	\$42,679	0.122		2	
	05 FOOD & BEV. DIST.	\$104,342	\$324,738	0.084		9	
	06 NON-FOOD&BEV.DIST	\$75,247	\$628,931	0.25		20	
	07 CLUBS,AMSMT&SPRTS	\$728,258	\$3,349,250	2.225		255	
	08 HEALTH CARE FACIL	\$117,253	\$458,056	0.992		7	
	09 HOTELS AND MOTELS	\$462,570	\$2,998,897	1.372		174	
	10 SCHLS & CHURCHES	\$668,220	\$2,783,019	1.224		70	
	11 APARTMENTS	\$1,229,426	\$5,497,940	0.998		130	
	12 BUILDINGS&OFFICES	\$1,667,719	\$8,289,740	1.277		308	
	13 MISC. PREMISES	\$93,870	\$628,100	2.064		38	
	TOTAL *	\$6,424,942	\$29,388,164	1.247		1,319	
31 MULT MOTEL/HOTEL	09 HOTELS AND MOTELS	\$651,311	\$2,916,308	1.226		168	
	TOTAL *	\$651,311	\$2,916,308	1.226		168	
32 MULT APARTMENT	11 APARTMENTS	\$695,431	\$2,828,660	1.732		140	
	12 BUILDINGS&OFFICES	\$180,920	\$525,646	2.78		27	
	TOTAL *	\$876,351	\$3,354,306	1.948		167	
33 MULT OFFICE	12 BUILDINGS&OFFICES	\$1,619,108	\$7,763,692	1.145		285	
	13 MISC. PREMISES	\$18,622	\$121,973	0		0	
	TOTAL *	\$1,637,730	\$7,885,665	1.132		285	
34 MULT MERCANTILE	01 FOOD&BEV.(RETAIL)	\$182,586	\$860,008	0.753		32	
	02 RESTAURANTS	\$1,646,058	\$7,040,757	0.93		306	
	03 STORES	\$465,654	\$2,118,634	0.671		71	
	04 VENDING & RENTAL	\$19,287	\$43,176	5.922		3	
	05 FOOD & BEV. DIST.	\$129,605	\$780,627	2.149		28	
	06 NON-FOOD&BEV.DIST	\$258,851	\$1,224,554	0.221		27	
	12 BUILDINGS&OFFICES	\$461,650	\$2,286,968	0.5		70	
	TOTAL *	\$3,163,691	\$14,354,724	0.841		537	
35 MULT INSTITUT.	07 CLUBS,AMSMT&SPRTS	\$281,402	\$767,157	0.319		16	
	08 HEALTH CARE FACIL	\$135,197	\$778,448	2.936		17	
	10 SCHLS & CHURCHES	\$917,306	\$3,937,668	0.617		156	
	12 BUILDINGS&OFFICES	\$1,007	\$6,459	0		0	
	13 MISC. PREMISES	\$150	\$27,976	0		0	
	16 GOVT SUBDIVISIONS	\$6,388	\$157,651	0		1	
	TOTAL *	\$1,341,450	\$5,675,359	0.784		190	

INSURANCE SERVICES OFFICE, INC.

ARIZONA
OWNERS, LANDLORDS, AND TENANTS
SUMMARY OF EXPERIENCE USED IN BASIC LIMIT RELATIVE CHANGE ANALYSIS

TERRITORY ALL		(1)	(2)	(3)	(4)	(5)	(6)
		CALENDAR A.Y.E. 03/31/19 AGGREGATE LOSS COSTS AT CURRENT LEVEL	CALENDAR A.Y.E. 2015-2019 AGG LOSS COST CURRENT LEVEL	FIVE YEAR EXPERIENCE RATIO	RELATIVITY	NUMBER OF OCCURRENCES	BAL CELL RELATIVITY
36 MULT SERVICES	03 STORES	\$99,447	\$450,887	0.254		11	
	04 VENDING & RENTAL	\$40,308	\$156,631	0.138		6	
	07 CLUBS, AMSMT & SPRTS	\$1,046,828	\$5,043,182	1.298		190	
	08 HEALTH CARE FACIL	\$350	\$2,735	0		0	
	09 HOTELS AND MOTELS	\$50,337	\$432,048	0.145		15	
	10 SCHLS & CHURCHES	\$2,816	\$16,041	0		0	
	12 BUILDINGS & OFFICES	\$193,412	\$1,068,204	1.297		55	
	13 MISC. PREMISES	\$137,213	\$699,913	1.97		30	
	TOTAL *	\$1,570,711	\$7,869,641	1.221		307	
TOTAL ALL TOP	01 FOOD & BEV. (RETAIL)	\$230,780	\$1,075,436	0.75		49	
	02 RESTAURANTS	\$2,230,742	\$9,371,464	0.861		450	
	03 STORES	\$1,203,548	\$4,410,200	0.959		227	
	04 VENDING & RENTAL	\$66,307	\$242,486	1.819		11	
	05 FOOD & BEV. DIST.	\$233,947	\$1,105,365	1.228		37	
	06 NON-FOOD & BEV. DIST.	\$334,098	\$1,853,485	0.228		47	
	07 CLUBS, AMSMT & SPRTS	\$2,056,488	\$9,159,589	1.492		461	
	08 HEALTH CARE FACIL	\$252,800	\$1,239,239	2.03		24	
	09 HOTELS AND MOTELS	\$1,164,218	\$6,347,253	1.237		357	
	10 SCHLS & CHURCHES	\$1,588,342	\$6,736,728	0.871		226	
	11 APARTMENTS	\$1,924,857	\$8,326,600	1.263		270	
	12 BUILDINGS & OFFICES	\$4,123,816	\$19,940,709	1.205		745	
	13 MISC. PREMISES	\$249,855	\$1,477,962	1.857		68	
	16 GOVT SUBDIVISIONS	\$6,388	\$157,651	0		1	
	TOTAL *	\$15,666,186	\$71,444,167	1.149		2,973	

* TOTALS IN COLUMNS (3) ARE AVERAGES USING COLUMN (1) AS WEIGHTS

INSURANCE SERVICES OFFICE, INC.

ARIZONA
MANUFACTURERS AND CONTRACTORS
SUMMARY OF EXPERIENCE USED IN BASIC LIMIT RELATIVE CHANGE ANALYSIS

TYPE OF POLICY	CLASS GROUP	(1)	(2)	(3)	(4)	(5)	(6)
		CALENDAR A.Y.E. 03/31/19 AGGREGATE LOSS COSTS AT CURRENT LEVEL	CALENDAR A.Y.E. 2015-2019 AGG LOSS COST CURRENT LEVEL	FIVE YEAR EXPERIENCE RATIO	RELATIVITY	NUMBER OF OCCURRENCES	BAL CELL RELATIVITY
10 MONOLINE	30 SERVICE	\$530,902	\$2,079,729	1.126	1.128	62	0.974
	31 LIGHT CONTRACTING	\$610,232	\$2,156,622	1.08	1.082	117	0.999
	32 MEDIUM CONTRACTING	\$1,814,431	\$8,761,835	0.716	0.717	264	0.978
	33 HEAVY CONTRACTING	\$529,023	\$2,289,055	1.072	1.074	36	0.954
	34 DEALER OR DISTRIB	\$175,276	\$874,783	0.615	0.616	29	0.976
	35 LGT. MANUFACTURER	\$8,587	\$72,834	8.14	8.155	4	0.969
	36 MED. MANUFACTURER	\$365,647	\$1,448,832	0.302	0.303	12	0.954
	37 HVY. MANUFACTURER	\$97,343	\$258,894	0	0	0	0.957
	38 MISC. OPERATION	\$426,289	\$1,870,556	0.76	0.762	51	0.949
	TOTAL *	\$4,557,730	\$19,813,140	0.819		575	
33 MULT OFFICE	31 LIGHT CONTRACTING	\$1,924	\$45,358	0	0	0	1.114
	32 MEDIUM CONTRACTING	\$3,825	\$17,867	0.704	0.705	2	1.09
	33 HEAVY CONTRACTING	\$31,526	\$137,746	8.169	8.184	12	1.063
	38 MISC. OPERATION	\$51,708	\$223,708	4.062	4.069	14	1.057
	TOTAL *	\$88,983	\$424,679	5.285		28	
34 MULT MERCANTILE	30 SERVICE	\$63,326	\$251,945	0.047	0.047	3	1.039
	32 MEDIUM CONTRACTING	\$25,456	\$129,080	0.139	0.139	3	1.043
	34 DEALER OR DISTRIB	\$255,270	\$1,216,581	2.407	2.411	52	1.04
	38 MISC. OPERATION	\$14,737	\$65,430	0.465	0.466	4	1.012
	TOTAL *	\$358,789	\$1,663,036	1.75		62	
35 MULT INSTITUT.	31 LIGHT CONTRACTING	\$3,565	\$20,176	0.2	0.2	1	1.02
	32 MEDIUM CONTRACTING	\$74,938	\$327,564	0.471	0.471	5	0.999
	TOTAL *	\$78,503	\$347,740	0.458		6	
36 MULT SERVICES	30 SERVICE	\$63,348	\$345,246	1.314	1.316	20	1.016
	31 LIGHT CONTRACTING	\$58,856	\$328,372	0.286	0.286	16	1.042
	32 MEDIUM CONTRACTING	\$110,200	\$525,120	2.175	2.179	12	1.021
	33 HEAVY CONTRACTING	\$6,177	\$90,461	0.49	0.491	1	0.995
	34 DEALER OR DISTRIB	\$359,925	\$1,410,883	0.978	0.98	75	1.018
	36 MED. MANUFACTURER	\$6,616	\$31,083	0	0	0	0.995
	38 MISC. OPERATION	\$246,353	\$1,418,212	0.879	0.88	54	0.99
	TOTAL *	\$851,475	\$4,149,377	1.07		178	
37 MULT INDUST/PROC	31 LIGHT CONTRACTING	\$174	\$1,086	0	0	0	1.02
	32 MEDIUM CONTRACTING	\$85,519	\$354,969	0.306	0.306	4	0.999
	33 HEAVY CONTRACTING	\$23,099	\$101,860	0.335	0.336	5	0.974
	34 DEALER OR DISTRIB	\$55,836	\$292,216	0.018	0.018	2	0.996
	35 LGT. MANUFACTURER	\$101,623	\$385,169	0.2	0.201	8	0.99
	36 MED. MANUFACTURER	\$573,746	\$3,166,411	0.786	0.787	33	0.974
	37 HVY. MANUFACTURER	\$485,452	\$2,155,376	0.595	0.596	12	0.977
	38 MISC. OPERATION	\$9,896	\$48,029	0.225	0.225	3	0.969
	TOTAL *	\$1,335,345	\$6,505,116	0.597		67	

INSURANCE SERVICES OFFICE, INC.

ARIZONA
MANUFACTURERS AND CONTRACTORS
SUMMARY OF EXPERIENCE USED IN BASIC LIMIT RELATIVE CHANGE ANALYSIS

TYPE OF POLICY	CLASS GROUP	(1)	(2)	(3)	(4)	(5)	(6)
		CALENDAR A.Y.E. 03/31/19 AGGREGATE LOSS COSTS AT CURRENT LEVEL	CALENDAR A.Y.E. 2015-2019 AGG LOSS COST CURRENT LEVEL	FIVE YEAR EXPERIENCE RATIO	RELATIVITY	NUMBER OF OCCURRENCES	BAL CELL RELATIVITY
38 MULT CONTRACTORS	30 SERVICE	\$668,715	\$2,770,583	1.125	1.127	87	1.029
	31 LIGHT CONTRACTING	\$667,837	\$2,706,098	1.488	1.49	190	1.055
	32 MEDIUM CONTRCTING	\$1,899,852	\$8,057,141	1.327	1.329	247	1.033
	33 HEAVY CONTRACTING	\$709,324	\$3,205,290	0.493	0.494	41	1.008
	38 MISC. OPERATION	\$43,737	\$210,030	1.042	1.044	1	1.002
	TOTAL *	\$3,989,465	\$16,949,142	1.169		566	
TOTAL ALL TOP	30 SERVICE	\$1,326,291	\$5,447,503	1.083		172	
	31 LIGHT CONTRACTING	\$1,342,588	\$5,257,712	1.244		324	
	32 MEDIUM CONTRCTING	\$4,014,221	\$18,173,576	1.028		537	
	33 HEAVY CONTRACTING	\$1,299,149	\$5,824,412	0.913		95	
	34 DEALER OR DISTRIB	\$846,307	\$3,794,463	1.27		158	
	35 LGT. MANUFACTURER	\$110,210	\$458,003	0.819		12	
	36 MED. MANUFACTURER	\$946,009	\$4,646,326	0.593		45	
	37 HVY. MANUFACTURER	\$582,795	\$2,414,270	0.496		12	
	38 MISC. OPERATION	\$792,720	\$3,835,965	1.016		127	
	TOTAL *	\$11,260,290	\$49,852,230	0.998		1,482	

* TOTALS IN COLUMNS (3) ARE AVERAGES USING COLUMN (1) AS WEIGHTS

INSURANCE SERVICES OFFICE, INC.

ARIZONA
PRODUCTS
BASIC LIMIT RELATIVE CHANGE ANALYSIS

TYPE OF POLICY	(1) BAILEY FORMULA RELATIVITY	(2) CREDIBILITY	(3) CREDIBILITY WEIGHTED RELATIVITY	(4) BALANCED RELATIVITY	(5) INDICATED CHANGE
10	0.881	0.317	0.961	0.956	
34	0.979	0.343	0.993	0.987	3.2%
36	1.029	0.185	1.005	1.000	4.6%
37	1.086	0.477	1.040	1.035	8.3%
CLASS GROUP					
3	0.867	0.000	1.000	0.942	
4	1.109	0.447	1.047	1.044	
5	1.079	0.384	1.030	1.014	
6	0.977	0.130	0.997	0.996	
7	0.998	0.310	0.999	1.003	

NOTE: THE INDICATED CHANGES BY TOP WERE FURTHER ADJUSTED BY THE FOLLOWING
DIFFERENTIALS: TOP 34: 1.013
TOP 36: 1.011
TOP 37: 0.980

INSURANCE SERVICES OFFICE, INC.

MULTISTATE
PRODUCTS
SUMMARY OF EXPERIENCE USED IN BASIC LIMIT RELATIVE CHANGE ANALYSIS

TYPE OF POLICY	CLASS GROUP	(1)	(2)	(3)	(4)	(5)	(6)
		CALENDAR A.Y.E. 12/31/2018 AGGREGATE LOSS COSTS AT CURRENT LEVEL	CALENDAR A.Y.E. 2014 - 2018 AGG LOSS COST CURRENT LEVEL	FIVE YEAR EXPERIENCE RATIO	RELATIVITY	NUMBER OF OCCURRENCES	BAL CELL RELATIVITY
10 MONOLINE	03 MAN,DLR,DSTFD/DRG	8,093,332	39,443,822	0.784	0.712	920	0.900
	04 DLR,DST-NOTFD/DRG	7,050,350	31,300,283	1.139	1.034	465	0.998
	05 MAN.NTFD/DRG(LOW)	1,674,016	6,525,174	0.980	0.890	84	0.969
	06 MAN.NTFD/DRG(MED)	8,719,673	39,390,154	1.006	0.914	462	0.952
	07 MAN.NTFD/DRG(HGH)	2,487,754	10,123,703	0.821	0.745	82	0.959
	TOTAL *	28,025,125	126,783,136	0.957		2,013	
34 MULT MERCANTILE	03 MAN,DLR,DSTFD/DRG	4,331,883	21,396,487	1.047	0.951	564	0.930
	04 DLR,DST-NOTFD/DRG	25,139,034	121,279,202	1.176	1.068	1,794	1.031
	06 MAN.NTFD/DRG(MED)	3,108	19,331	0.000	0.000	-	0.984
	TOTAL *	29,474,025	142,695,020	1.157		2,358	
36 MULT SERVICES	04 DLR,DST-NOTFD/DRG	2,760,971	12,384,922	1.274	1.157	688	1.044
	06 MAN.NTFD/DRG(MED)	42,893	205,196	0.000	0.000	-	0.996
	TOTAL *	2,803,864	12,590,118	1.254		688	
37 MULT INDUST/PROC.	03 MAN,DLR,DSTFD/DRG	13,380,685	63,881,777	1.035	0.940	2,512	0.974
	05 MAN.NTFD/DRG(LOW)	3,488,504	18,393,950	1.322	1.200	254	1.048
	06 MAN.NTFD/DRG(MED)	24,557,849	115,549,330	1.149	1.043	1,462	1.031
	07 MAN.NTFD/DRG(HGH)	5,784,533	29,451,053	1.257	1.141	329	1.038
	TOTAL *	47,211,571	227,276,110	1.143		4,557	
TOTAL ALL TOP	03 MAN,DLR,DSTFD/DRG	25,805,900	124,722,086	0.959		3,996	
	04 DLR,DST-NOTFD/DRG	34,950,355	164,964,407	1.176		2,947	
	05 MAN.NTFD/DRG(LOW)	5,162,520	24,919,124	1.211		338	
	06 MAN.NTFD/DRG(MED)	33,323,523	155,164,011	1.110		1,924	
	07 MAN.NTFD/DRG(HGH)	8,272,287	39,574,756	1.126		411	
	TOTAL *	107,514,585	509,344,384	1.101		9,616	

* TOTALS IN COLUMN (3) ARE AVERAGES USING COLUMN (1) AS WEIGHTS

INSURANCE SERVICES OFFICE, INC.

ARIZONA

LOCAL PRODUCTS/COMPLETED OPERATIONS

BASIC LIMIT RELATIVE CHANGE ANALYSIS

TYPE OF POLICY	(1) BAILEY FORMULA	(2)	(3) CREDIBILITY WEIGHTED	(4) BALANCED	(5) INDICATED
	RELATIVITY	CREDIBILITY	RELATIVITY	RELATIVITY	CHANGE
10	0.978	0.722	0.984	0.982	
34	0.954	0.510	0.976	0.974	-0.8%
36	0.950	0.521	0.974	0.971	-1.1%
37	1.093	0.137	1.012	1.010	2.9%
38	1.021	0.965	1.020	1.018	3.7%
CLASS GROUP					
1	0.925	0.511	0.961	0.958	
2	1.076	0.497	1.037	1.034	
11	1.085	0.347	1.029	1.025	
12	1.008	1.000	1.008	1.004	
13	0.835	0.264	0.954	0.950	

MULTISTATE
LOCAL PRODUCTS/COMPLETED OPERATIONS
BASIC LIMIT RELATIVE CHANGE ANALYSIS *

STATE	(1)	(2)	(3)	(4)
	BAILEY	CREDIBILITY	CREDIBILITY	
	FORMULA		WEIGHTED	BALANCED
	RELATIVITY	RELATIVITY	RELATIVITY	RELATIVITY
ARIZONA	2.002	0.233	1.176	1.177
	1.227	0.389	1.083	1.084
	1.165	0.453	1.071	1.072
	1.172	0.356	1.058	1.059
	1.202	0.253	1.048	1.049
	1.070	0.618	1.043	1.044
	1.204	0.212	1.040	1.041
	1.108	0.366	1.038	1.039
	1.350	0.112	1.034	1.035
	1.265	0.136	1.033	1.034
	1.211	0.158	1.031	1.032
	1.172	0.187	1.030	1.031
	1.085	0.361	1.030	1.031
	1.131	0.234	1.029	1.030
	1.115	0.256	1.028	1.029
	1.065	0.429	1.028	1.029
	1.140	0.182	1.024	1.025
	1.104	0.243	1.024	1.025
	1.190	0.130	1.023	1.024
	1.024	0.365	1.009	1.010
	1.030	0.310	1.009	1.010
	1.057	0.148	1.008	1.009
	1.014	0.557	1.008	1.009
	1.020	0.391	1.008	1.009
	1.015	0.251	1.004	1.005
	0.996	0.453	0.998	0.999
	0.899	0.095	0.990	0.991
	0.980	0.489	0.990	0.991
	0.976	0.455	0.989	0.990
	0.930	0.183	0.987	0.988
	0.958	0.334	0.986	0.987
	0.886	0.134	0.984	0.985
	0.907	0.222	0.979	0.980
	0.955	0.471	0.979	0.980
	0.921	0.285	0.977	0.978
	0.926	0.299	0.977	0.978
	0.929	0.313	0.977	0.978
	0.839	0.164	0.972	0.973
	0.833	0.156	0.972	0.973
	0.921	0.378	0.969	0.970
	0.538	0.066	0.960	0.961
	0.793	0.215	0.951	0.952
	0.891	0.451	0.949	0.950
	0.902	0.570	0.943	0.944
	0.852	0.416	0.936	0.937
	0.464	0.087	0.935	0.936
	0.683	0.179	0.934	0.935
	0.776	0.288	0.930	0.930
	0.619	0.154	0.929	0.930
	0.773	0.304	0.925	0.925
	0.843	0.553	0.910	0.911
	0.558	0.170	0.906	0.907

* Sorted by balanced relative change

INSURANCE SERVICES OFFICE, INC.

ARIZONA
LOCAL PRODUCTS/COMPLETED OPERATIONS
SUMMARY OF EXPERIENCE USED IN BASIC LIMIT RELATIVE CHANGE ANALYSIS

TYPE OF POLICY	CLASS GROUP	(1)	(2)	(3)	(4)	(5)	(6)
		CALENDAR A.Y.E. 12/31/18 AGGREGATE LOSS COSTS AT CURRENT LEVEL	CALENDAR A.Y.E. 2014-2018 AGG LOSS COST CURRENT LEVEL	FIVE YEAR EXPERIENCE RATIO	RELATIV.	NUMBER OF OCCURRENCES	BAL CELL RELATIV.
10 MONOLINE	01 RET.STRS-FOOD/DRG	\$12,425	\$64,042	1.593	1.387	10	0.875
	02 RET.STRS-NTFD/DRG	\$16,407	\$87,240	3.418	2.974	5	0.944
	11 COMP. OPS. (LOW)	\$115,998	\$525,055	0.786	0.684	9	0.937
	12 COMP. OPS. (MED)	\$2,106,339	\$7,874,414	0.902	0.785	86	0.918
	13 COMP. OPS. (HGH)	\$100,985	\$659,660	0.035	0.03	1	0.868
	TOTAL *	\$2,352,154	\$9,210,411	0.88		111	
34 MULT MERCANTILE	01 RET.STRS-FOOD/DRG	\$102,959	\$520,522	0.733	0.638	32	0.868
	02 RET.STRS-NTFD/DRG	\$64,071	\$294,706	1.718	1.495	7	0.937
	12 COMP. OPS. (MED)	\$61,039	\$237,924	0.041	0.036	0	0.91
	TOTAL *	\$228,069	\$1,053,152	0.824		39	
36 MULT SERVICES	01 RET.STRS-FOOD/DRG	\$12,491	\$54,986	0	0	1	0.866
	02 RET.STRS-NTFD/DRG	\$206,673	\$852,820	1.294	1.126	38	0.934
	11 COMP. OPS. (LOW)	\$167,966	\$583,727	1.685	1.466	18	0.927
	12 COMP. OPS. (MED)	\$166,976	\$1,412,838	0.437	0.38	12	0.908
	13 COMP. OPS. (HGH)	\$9,862	\$43,373	0	0	0	0.859
	TOTAL *	\$563,968	\$2,947,744	1.105		69	
37 MULT INDUST/PROC	11 COMP. OPS. (LOW)	\$1,192	\$4,669	0.009	0.008	0	0.963
	12 COMP. OPS. (MED)	\$45,190	\$181,499	0.933	0.812	5	0.944
	13 COMP. OPS. (HGH)	\$20	\$225	0	0	0	0.893
	TOTAL *	\$46,402	\$186,393	0.909		5	
38 MULT CONTRACTORS	11 COMP. OPS. (LOW)	\$204,684	\$877,437	1.024	0.891	19	0.971
	12 COMP. OPS. (MED)	\$3,294,192	\$13,587,729	0.886	0.771	204	0.951
	13 COMP. OPS. (HGH)	\$252,811	\$1,064,027	0.643	0.559	10	0.9
	TOTAL *	\$3,751,687	\$15,529,193	0.877		233	
TOTAL ALL TOP	01 RET.STRS-FOOD/DRG	\$127,875	\$639,550	0.745		43	
	02 RET.STRS-NTFD/DRG	\$287,151	\$1,234,766	1.51		50	
	11 COMP. OPS. (LOW)	\$489,840	\$1,990,888	1.192		46	
	12 COMP. OPS. (MED)	\$5,673,736	\$23,294,404	0.87		307	
	13 COMP. OPS. (HGH)	\$363,678	\$1,767,285	0.456		11	
	TOTAL *	\$6,942,280	\$28,926,893	0.895		457	

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

INSURANCE SERVICES OFFICE, INC.

MULTISTATE
LOCAL PRODUCTS/COMPLETED OPERATIONS
SUMMARY OF EXPERIENCE USED IN BASIC LIMIT RELATIVE CHANGE ANALYSIS

TYPE OF POLICY	CLASS GROUP	(1)	(2)	(3)	(4)	(5)	(6)
		CALENDAR A.Y.E. 12/31/2018 AGGREGATE LOSS COSTS AT CURRENT LEVEL	CALENDAR A.Y.E. 2014 - 2018 AGG LOSS COST CURRENT LEVEL	FIVE YEAR EXPERIENCE RATIO	RELATIV.	NUMBER OF OCCURRENCES	BAL CELL RELATIV.
10 MONOLINE	01 RET.STRS-FOOD/DRG	2,151,747	9,207,997	0.954		570	
	02 RET.STRS-NTFD/DRG	2,295,068	11,448,808	1.305		473	
	11 COMP. OPS. (LOW)	3,892,639	18,163,511	1.628		651	
	12 COMP. OPS. (MED)	83,135,280	371,618,514	1.130		5,859	
	13 COMP. OPS. (HGH)	7,417,394	33,727,804	0.856		270	
	TOTAL *	98,892,128	444,166,634	1.129		7,823	
34 MULT MERCANTILE	01 RET.STRS-FOOD/DRG	7,352,885	34,702,053	1.022		3,165	
	02 RET.STRS-NTFD/DRG	4,646,377	21,875,704	1.065		619	
	12 COMP. OPS. (MED)	2,019,660	9,688,586	1.284		128	
	TOTAL *	14,018,922	66,266,343	1.074		3,912	
36 MULT SERVICES	01 RET.STRS-FOOD/DRG	731,049	3,411,977	1.191		192	
	02 RET.STRS-NTFD/DRG	11,441,919	45,533,065	1.209		2,628	
	11 COMP. OPS. (LOW)	3,036,648	13,947,197	1.001		463	
	12 COMP. OPS. (MED)	3,960,968	19,706,711	1.159		722	
	13 COMP. OPS. (HGH)	1,087,876	5,580,338	0.595		73	
	TOTAL *	20,258,460	88,179,288	1.134		4,078	
37 MULT INDUST/PROC.	01 RET.STRS-FOOD/DRG	9,799	70,370	0.699		1	
	11 COMP. OPS. (LOW)	114,111	543,328	0.930		18	
	12 COMP. OPS. (MED)	3,276,550	16,096,832	1.264		263	
	13 COMP. OPS. (HGH)	46,427	271,366	0.786		0	
	TOTAL *	3,446,887	16,981,896	1.245		282	
38 MULT CONTRACTORS	11 COMP. OPS. (LOW)	8,262,574	39,057,672	1.157		683	
	12 COMP. OPS. (MED)	143,843,747	687,120,222	1.178		12,596	
	13 COMP. OPS. (HGH)	13,690,731	64,062,049	1.058		709	
	TOTAL *	165,797,052	790,239,943	1.167		13,988	
TOTAL ALL TOP	01 RET.STRS-FOOD/DRG	10,245,480	47,392,397	1.020		3,928	
	02 RET.STRS-NTFD/DRG	18,383,364	78,857,577	1.185		3,720	
	11 COMP. OPS. (LOW)	15,305,972	71,711,708	1.244		1,815	
	12 COMP. OPS. (MED)	236,236,205	1,104,230,865	1.163		19,568	
	13 COMP. OPS. (HGH)	22,242,428	103,641,557	0.967		1,052	
	TOTAL *	302,413,449	1,405,834,104	1.149		30,083	

* TOTALS IN COLUMN (3) ARE AVERAGES USING COLUMN (1) AS WEIGHTS.

COMMERCIAL PACKAGE POLICY

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SECTION C - REVISED CLM DIVISION NINE

Commercial Package Policy Package Modification Factors (Revised MLCP-PMF-1) C-2

**COMMERCIAL LINES MANUAL
DIVISION NINE – MULTIPLE LINE
COMMERCIAL PACKAGE POLICY
PACKAGE MODIFICATION FACTORS**

ARIZONA (02)

PACKAGE MODIFICATION FACTORS

Package Modification Assignment (PMA)	Premium From CLM Division			
	Two	Three, Four, Five, Eight Property	Four, Six Liability	All Other Divisions
Apartment House	.90	.92	.65	1.00
Contractors	.90	.98	.96	1.00
Industrial & Processing	.90	.97	.96	1.00
Institutional	.90	1.00	.91	1.00
Mercantile	.90	1.00	.97	1.00
Motel/Hotel	.90	1.00	.99	1.00
Office	.90	.96	.90	1.00
Service	.90	1.00	.94	1.00

Table 1. Package Modification Factors