

LOSS COSTS – IMPLEMENTATION

JULY 13, 2023

COMMERCIAL PROPERTY

LI-CF-2023-084

## NORTH DAKOTA COMMERCIAL FIRE AND ALLIED LINES ADVISORY PROSPECTIVE LOSS COST REVISION TO BE IMPLEMENTED

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### KEY MESSAGE

Revised advisory prospective loss costs reflecting a statewide loss cost level change of **+3.1%** to be implemented.

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### BACKGROUND

In circular [LI-CF-2023-049](#), we provided you with information about the Commercial Fire and Allied Lines loss cost level experience review.

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### ISO ACTION

We are implementing [CF-2023-RLA1](#), which presents a review of Commercial Fire and Allied Lines loss cost experience.

Refer to the attachment(s) for complete details.

*For more information on the status of filings in a particular state, including filed and approved documents, associated circulars and links to Print Ready Manuals and Commercial Lines Manual, please feel free to access our [Filings](#) feature within the ISONet Circulars product.*

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### CONSIDERATION OF COVID-19

ISO has considered whether any adjustments need to be made to prospective loss costs, which are based partially on historical experience (pre-COVID-19), to reflect the conditions in which these loss costs will be effective (post-COVID-19). While there will almost certainly be long-term behavioral, social and economic changes as a result of COVID-19, we expect, that those changes will have negligible and/or offsetting effects on prospective loss costs. Considering the nature of the perils covered by Basic Group I (fire) and the weather driven perils covered by Basic Group II and Special Causes of Loss, ISO is not making any explicit adjustments to our Commercial Property prospective loss costs due to COVID-19.

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### SUPPLEMENTARY INFORMATION

We are including the following supplementary information:

- PCS Catastrophe List - A list of events that have been identified as catastrophes in the state by ISO's Property Claims Services, Inc.
- Section S, which provides Basic Group I experience on a Rating Group basis.

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

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**EFFECTIVE DATE**

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

These changes are applicable to all policies written on or after December 1, 2023.

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

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**IMPACT ON THE STATISTICAL REPORTING OF LOSS COST MULTIPLIER**

For the purpose of reporting your company Loss Cost Multiplier under the CSP, as of December 1, 2023, the multiplier must be based on the relationship between your gross rates and the ISO advisory prospective loss costs contained in this circular.

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**COMPANY ACTION**

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

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

WE WILL SUBMIT OUR REFERENCE FILING TO THE INSURANCE DEPARTMENT ON NOVEMBER 21, 2023. ANY SUBMISSION YOU MAY MAKE WITH THE INSURANCE DEPARTMENT WITH RESPECT TO THIS FILING SHOULD NOT BE SUBMITTED PRIOR TO THIS DATE.

In all correspondence with the Insurance Department on this revision, you should refer to ISO Filing Number CF-2023-RLA1 and SERFF Tracking Number ISOF-133731932, NOT this circular number.

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

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**RATING SOFTWARE IMPACT**

No new attributes are being introduced with this revision.

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**POLICYHOLDER NOTIFICATION**

If you decide to implement this revision, you should check all applicable laws for the state(s) to which this revision applies, to determine whether or not a specific policyholder notice requirement may apply. Please note that circular [LI-CL-2023-005](#) contains the ISO Guide To Renewals With Changed Conditions For Commercial Lines, which is available only as a guide to assist participating companies in complying with various conditional renewal statutes or regulations, for the major commercial lines of insurance serviced by ISO. The information in the Guide does not necessarily reflect all requirements or exceptions that may apply, and it is not intended as a substitute for your review of all applicable statutes and regulations concerning policyholder notification.

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## REVISION DISTRIBUTION INFORMATION

- **Manual And ISO Suite**

We will issue a Notice to Manualholders with an edition date of 12-23 (or the earliest possible subsequent date), along with any new and/or revised manual pages.

- **ProMetrix**

Revised loss costs for specifically rated and class-rated properties contained in ProMetrix will be displayed as "Pending" beginning on August 21, 2023. On December 1, 2023, these loss costs will move to "Current" status. The previous "Current" becomes the most recent "Prior" and joins all previously displayed "Priors". With each subsequent loss cost revision, we will make an additional "Prior" available. Information in ProMetrix will distinguish between loss costs which reflect the effect of limit of insurance (LOI) relativities and pre-LOI loss costs.

- **Toll-free Telephone Service**

Revised loss costs for specifically rated and class-rated properties will be available by calling toll-free 1-800-444-4554 and requesting "Pending" from August 21, 2023 to December 1, 2023. On December 1, 2023, these loss costs will move to "Current" status. The previous "Current" becomes the most recent "Prior" and joins all previously displayed "Priors".

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

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## REFERENCE(S)

- [LI-CF-2023-049](#) (04/26/2023) Commercial Fire And Allied Lines Experience Level Indications Reviewed By ISO Staff
- [LI-CL-2023-005](#) (02/21/2023) Commercial Lines Revised Lead Time Requirements Listing

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## ATTACHMENT(S)

- CF-2023-RLA1
- PCS Catastrophe List
- Supplement containing Basic Group I experience on a Rating Group basis

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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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## DATA QUALITY

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

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## ACKNOWLEDGMENT OF ACTUARIAL QUALIFICATIONS

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

I, Rimma Maasbach, am an Actuarial Consultant in Actuarial Operations for ISO, and I, Brian Klaif, am an Associate Actuarial Consultant 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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## XACTWARE SOLUTIONS, INC.

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

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

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## CONTACT INFORMATION

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- Other issues for this circular, please contact Customer Support:

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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](http://www.verisk.com/iso). To keep abreast of the latest Insurance Lines Services updates, view [www.verisk.com/ils](http://www.verisk.com/ils).

## NORTH DAKOTA

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

#### PURPOSE

This document:

- revises advisory prospective loss costs. These loss costs represent a +3.1% from the current ISO loss costs.
  - provides the analyses used to derive the prospective loss costs based on experience through calendar/accident year ending 12/31/2021, evaluated as of 3/31/2022.
  - introduces Basic Group I loss costs for the cannabis classes (0535, 0574, 0575, 0585, and 2205). See filing CF-2021-RCCLC.
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#### CONSIDERATION OF COVID-19

ISO has considered whether any adjustments need to be made to prospective loss costs, which are based partially on historical experience (pre-COVID-19), to reflect the conditions in which these loss costs will be effective (post-COVID-19). While there will almost certainly be long-term behavioral, social and economic changes as a result of COVID-19, we expect, that those changes will have negligible and/or offsetting effects on prospective loss costs. Considering the nature of the perils coverage by Basic Group I (fire) and the weather driven perils covered by Basic Group II and Special Causes of Loss, ISO is not making any explicit adjustments to our Commercial Property prospective loss costs due to COVID-19.

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#### DEFINITION OF THE ISO PROSPECTIVE LOSS COST

Advisory prospective loss costs in this document are the expected value of that portion of a rate that does not include provisions for expenses (other than loss adjustment expenses) or profit, and are based on historical aggregate losses and loss adjustment expenses adjusted and projected through trending to a future point in time.

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#### CHANGES TO METHODOLOGY

##### Basic Group I Relativity Analysis

With this filing, we are removing the Rating Group dimension from the Basic Group I relativity analysis in Exhibits B4 and B6 and removing Exhibit A2. Future class relativity reviews will be derived from countrywide data, in order to increase the credibility and stability of those relativities.

As an associated change, we are removing the credibility weighting from Exhibit B6, as the raw experience ratios without the Rating Group dimension are sufficient for use in the subsequent least squares iterative procedure.

CHANGES TO  
METHODOLOGY  
(cont'd)

Calculation of Aggregate Loss Costs at Current Level (ALCCL)

With the implementation of a new ratemaking system, we are now able to reflect risk count in the calculation of PPR (extension of exposure approach) used to calculate Aggregate Loss Costs at Current Level (ALCCL). When there are multiple risks having the same features and are reported as such, they are now counted separately, which more accurately reflects current statistical reporting instructions.

Premiums are both on-leveled and, where possible, PPR'd for the calculation of ALCCL. It should be noted that PPR cannot be calculated for some risks, e.g., Basic Group I specifically-rated risks for which there are no manual (class-rated) loss costs to be used for PPR'ing.

In both the old system and the new, ISO's ratemaking procedures include coding which compares the ALCCL results of using the PPR approach versus the on-level approach, then selects the appropriate result. In the old system, if multiple base records were being inadvertently calculated as if they were one base record, then often the PPR approach would result in too little ALCCL, but the on-level results would have accurately reflected the higher ALCCL of the multiple exposures. In the new system, if there are extra records being reported as if they are base records, which could result in the PPR method calculating them to have too much ALCCL, then the on-level approach would accurately reflect the lower ALCCL from fewer exposures. Because not all reporting errors can be caught, this system acts to ensure that a valid ALCCL amount is selected in both the old methodology and the new.

In addition, the PPR or on-level selection criteria has also been updated with our new programs. Because we now have the ability to make the system more granular, the decision of whether to use the PPR'd or on-leveled ALCCL is being made on a record basis rather than based on an aggregation over similar fields as was done in the old system, which we believe is more accurate.

The combination of reflecting risk count for PPR and selecting on-leveled vs. PPR'd ALCCL on a unit record basis results in more accurate ALCCL for ratemaking. Note that these changes only apply for those records that can be PPR'd and have no impact on those records that are on-leveled only.

LOSS COST  
LEVEL  
CHANGES

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The statewide monoline prospective loss cost level changes are:

<u>Coverage</u>	<u>Indicated</u>
Basic Group I	-5.2%
Basic Group II	+6.2%
Special Causes of Loss	+13.2%
Total	+3.1%

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

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PRIOR ISO  
REVISIONS

The latest revisions in this state are:

<u>Reference Document or Filing</u>	CF-2020-RLA1	CF-2018-RLA1
<u>Rates/ Loss Costs</u>	Loss Costs	Loss Costs
<u>Dates Implemented</u>	02/01/2021	08/01/2018
<u>Changes</u>		
Basic Group I	-8.7%	-4.7%
Basic Group II	5.4%	2.3%
Special Causes of Loss	5.6%	1.6%
Total	0.2%	-0.7%

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HISTORICAL  
SOURCE DATA

The data used in this revision is:

- . Voluntary experience for ISO reporting companies.
  - . Five calendar/accident years ending 12/31/2021 for Basic Group I and Special Causes of Loss.
  - . Ten calendar/accident years ending 12/31/2021 for Basic Group II.
-

DISTRIBUTION  
OF STATEWIDE  
MONOLINE  
LOSS COST  
CHANGES

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

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

This has been done based on the experience of each territory (where applicable) or category for Basic Group I and Special Causes of Loss. Therefore, the resulting changes will vary by territory (where applicable) for Basic Group I and by category for Special Causes of Loss.

TREND AND  
OTHER  
ADJUSTMENTS

Loss Trend

For trend purposes, the period of use for this revision is assumed to begin on 12/01/2023. To adjust the loss experience to the levels expected to prevail while the revised loss costs are in effect, trend factors have been applied to the historical incurred losses. These trend factors are based on:

- external cost indices published by the U.S. Government and information provided by Xactware Solutions, Inc.
- changes in multistate average claim costs through fourth quarter 2021.

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

<u>Coverage</u>	<u>Annual Rate of Change</u>
Buildings	7.5%
Contents	7.0%
Time Element	7.5%

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

<u>Line of Business</u>	<u>Buildings</u>	<u>Contents</u>	<u>Time Element</u>
Basic Group I	-0.3%	0.3%	1.8%
Basic Group II	0.5%	3.1%	2.4%
Special Causes of Loss	0.2%	-0.2%	1.8%

TREND AND  
OTHER  
ADJUSTMENTS  
(cont'd)

This produces a total annual loss trend of:

<u>Line of Business</u>	<u>Buildings</u>	<u>Contents</u>	<u>Time Element</u>
Basic Group I	7.1%	7.4%	9.4%
Basic Group II	8.0%	10.3%	10.1%
Special Causes of Loss	7.7%	6.8%	9.4%

Premium Trend

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

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

<u>Line of Business</u>	<u>Buildings</u>	<u>Contents</u>	<u>Time Element</u>
Basic Group I	3.9%	2.3%	3.4%
Basic Group II	3.5%	2.1%	1.6%
Special Causes of Loss	3.7%	1.8%	1.6%

Other Adjustments

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

TEN LARGEST  
COMPANY  
GROUPS IN  
ISO DATA BASE

COMMERCIAL MULTIPERIL - NON-LIABILITY (ASLOB 51)

1. Travelers Indemnity Company
2. State Auto Mutual Insurance Company
3. Nodak Mutual Insurance Company
4. Cincinnati Insurance Company
5. Zurich American Insurance Company
6. Tokio Marine Companies
7. Nationwide Mutual Insurance Company
8. Employers Mutual Casualty Company
9. Liberty Mutual Insurance Company
10. Great American Insurance Company

Insurers are listed in descending order based on the percent of statewide written premium volume from Annual Statement Page 15 for year ending 12/31/2021 for Annual Statement Line of Business (ASLOB) 51, Commercial Multiperil - Non-liability.

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

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SIZE OF ISO  
DATA BASE

The market share of all insurers reporting to ISO in this state and included in the ratemaking experience underlying this review as measured by Annual Statement Page 15 written premium for year ending 12/31/2021 is:

Commercial Multi-peril - Non-liability (ASLOB 51) – 26.9%

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COMPANY  
DECISION

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

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

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

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

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## COMMERCIAL PROPERTY

### TABLE OF CONTENTS

	<u>Explanatory Pages</u>	<u>Corresponding Exhibits</u>
<u>SECTION A – SCOPE OF REVISION</u>		
Summary of Monoline Prospective Loss Cost Changes	---	Exhibit A1
Special Causes of Loss Prospective Loss Cost Changes by Category	---	Exhibit A3
Potential Impact of BG I, BG II and SCL Monoline Revisions on Commercial Package Policy	---	Exhibit A4
<u>SECTION B – CALCULATION OF PROPOSED CHANGES</u>		
Overview of Actuarial Procedures - Commercial Property	Page 8	---
Calculation of Statewide Prospective Loss Cost Level Changes	Pages 9-14	Exhibits B1-B3
Distribution of Prospective Loss Cost Level Changes	Pages 15-27	Exhibits B4-B8
<u>SECTION C - SUPPORTING MATERIAL</u>		
Overview	Pages 28-29	---
Loss Cost/Rate Level Histories	Pages 30-35	Exhibits C1-C4,C6
Commercial Package Policy Implicit Package Modification Factors (IPMF's) and IPMF Caps	Pages 36-37	Exhibits C7-C9
Trend Procedure	Pages 38-45	Exhibits C10-C16
Loss Development Procedure	Pages 46-47	Exhibit C17
Excess Loss Procedure	Pages 48-55	Exhibits C18-C21
Credibility	Pages 56-58	Exhibits C22-C24
<u>SECTION D - ADDITIONAL SUPPORTING MATERIAL</u>		
Basic Group I Rating Group Definitions	---	Exhibit D1
Special Causes of Loss Category Definitions	---	Exhibit D2
Unadjusted Loss Costs, Incurred Losses, Experience Ratios	---	Exhibits D3-D5
Loss Adjustment Expense Factors	Page 59	Exhibit D6
<u>SECTION E - REVISED LOSS COST PAGES</u>		
Basic Group II Loss Costs	E2	---
Special Causes of Loss Loss Costs	E3	---
Basic Group I Loss Costs	E4-E15	---

## OVERVIEW OF ISO ACTUARIAL PROCEDURES - COMMERCIAL PROPERTY

### INTRODUCTION

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

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

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

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### STEP 2: DISTRIBUTION OF CHANGES

Based on the experience, ISO then distributes the indicated statewide loss cost level change by territory (where applicable) and type of policy for Basic Group I; by type of policy for Basic Group II; and by type of policy and category for Special Causes of Loss.

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### STEP 3: CALCULATION OF REVISED LOSS COSTS

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

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

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

EXPLANATORY NOTES TO EXHIBITS B1-B3

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

COLUMN (1)

EXPERIENCE PERIOD

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

COLUMN (2)

AGGREGATE LOSS COSTS

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

Extension of Exposures Approach

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

On-Level Approach

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

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

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

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

COLUMN (2)  
(cont'd)

Current IPMF and Prospective Amount of Insurance Levels

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

COLUMN (3)

ADJUSTED INCURRED LOSSES

In order to assure the adequacy of the proposed loss cost level, incurred losses are adjusted to reflect the effect of inflation and other trends on loss costs. The adjustment of past losses to prospective levels is accomplished on an individual loss basis by application of current cost factors, loss projection factors and loss trend adjustments (Exhibits C10 through C12). In addition to adjusting losses to prospective cost level, the effect of inflation on the deductible portion of the loss incurred is reflected.

For each subline, incurred losses are further adjusted by an excess loss procedure which smoothes fluctuations due to large loss occurrences. The procedure removes any losses determined to be excess from the total incurred losses, resulting in normal incurred losses. These normal incurred losses (total - excess) are then multiplied by excess loss factors to calculate adjusted incurred losses (Exhibits C18 through C21). The resulting adjusted incurred losses are then developed to their ultimate settlement value and loaded by a factor to include all loss adjustment expenses. Loss development factors can be found on Exhibit C17, and loss adjustment expense factors on Exhibit D6. Where appropriate, certain reported data elements have been adjusted prior to being used in the calculations.

COLUMN (4)

EXPERIENCE RATIO

The experience ratio is the ratio of adjusted incurred losses to aggregate loss costs for each year.

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

COLUMN (5) - BG I, SCL    WEIGHTS

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

LINE (6) - BG I, SCL    WEIGHTED EXPERIENCE RATIO  
LINE (5) - BG II

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

LINE (7) - BG I, SCL    CREDIBILITY  
LINE (6) - BG II

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

LINE (8) - BG I, SCL    EXPECTED EXPERIENCE RATIO  
LINE (7) - BG II

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

LINE (9) - BG I, SCL    CREDIBILITY WEIGHTED EXPERIENCE RATIO  
LINE (8) - BG II

The credibility weighted experience ratio is a weighted average of the weighted experience ratio (line (6) for BG I and SCL; line (5) for BG II) and the expected experience ratio (line (8) for BG I and SCL; line (7) for BG II) using the credibility factor and its complement as respective weights. For more detailed information regarding the development of the credibility factors, refer to Exhibits C22, C23, and C24.

LINE (10) - BG I, SCL    INDICATED COVERAGE LOSS COST CHANGE  
LINE (9) - BG II

The credibility weighted experience ratio yields the overall coverage loss cost level change for Basic Group I (see Exhibit B1), Basic Group II (see Exhibit B2), and Special Causes of Loss (see Exhibit B3).

## COMPOSITION OF THE RATEMAKING DATA BASE

### DATA INCLUDED

#### BASIC GROUP I

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

#### BASIC GROUP II

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

#### SPECIAL CAUSES OF LOSS

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

### NOTES ON DATA INCLUDED

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

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

COMPOSITION OF THE RATEMAKING DATA BASE (cont'd)

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

X indicates that experience is excluded.

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

OVERVIEW OF ISO ACTUARIAL PROCEDURES - COMMERCIAL PROPERTY

STEP 2 - DISTRIBUTION OF LOSS COST LEVEL CHANGES

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

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BASIC GROUP I                For Basic Group I, a consolidated simultaneous iterative procedure is used to calculate the type of policy and territory relativities. More detail on this procedure is given in Exhibit B4. The type of policy relativities serve to price Commercial Package policies relative to monoline policies, via the Package Modification Factors (PMF), while the territory relativities serve to price the various territories relative to one another.

The overall loss cost change is distributed across type of policy and territory. The indicated monoline change is the product of the monoline type of policy relativity, the territorial relativity, and the statewide loss cost level change.

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

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## OVERVIEW OF ISO ACTUARIAL PROCEDURES - COMMERCIAL PROPERTY

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

#### SPECIAL CAUSES OF LOSS

For Special Causes of Loss, a simultaneous iterative procedure is used as for BG I to arrive at a set of type of policy and category relativities (as displayed on Exhibit B5) that best represent the experience within each state. The type of policy relativities serve to price CPP policies relative to monoline policies via the PMFs, while the category relativities serve to price the various categories relative to one another.

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

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

EXPLANATORY NOTES TO EXHIBITS B4 AND B5

BASIC GROUP I AND SPECIAL CAUSES OF LOSS RELATIVITY ANALYSIS

INTRODUCTION

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

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

COLUMN (1)

LEAST SQUARES FORMULA RELATIVITIES

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

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

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

COLUMN (1)  
(Cont'd)

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

BASIC GROUP I:

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

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

SPECIAL CAUSES OF LOSS:

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

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

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

COLUMN (1)  
(cont'd)

- $TOP_i$  is the relativity for the  $i$ th type of policy;
- $CAT_j$  is the relativity for the  $j$ th category;
- $TER_k$  is the relativity for the  $k$ th territory;
- $W_{ik}$  is the loss cost volume at current level for the  $i$ th type of policy and  $k$ th territory;
- $R_{ij}$  is the experience ratio relativity for the  $i$ th type of policy and  $j$ th category (Special Causes of Loss);
- $R_{ik}$  is the experience ratio relativity for the  $i$ th type of policy and  $k$ th territory (Basic Group I);
- $m$  is the number of types of policy in the analysis;
- $n$  is the number of 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  $t$  territory relativities is determined. These steps form an iterative process which continues until there is no appreciable difference in results from one iteration to the next.

COLUMN (2)

CREDIBILITY

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

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

where  $P$  represents the five-year aggregate adjusted loss costs for a given rating variable, and  $K$  is a constant value. For Basic Group I,  $K$  equals an aggregate loss cost volume of \$55,000,000 for territory and \$100,000,000 for type of policy. For Special Causes of Loss,  $K$  equals an aggregate loss cost volume of \$15,000,000 for category and \$40,000,000 for type of policy.

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

COLUMN (3)                      CREDIBILITY-WEIGHTED RELATIVITIES

Credibility-weighted relativities are calculated based on the formula

$$W = R^Z,$$

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

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

COLUMN (4)                      BALANCED RELATIVITIES

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

COLUMN (5)                      INDICATED MONOLINE LOSS COST LEVEL CHANGE

For Basic Group I, the indicated monoline loss cost changes are calculated for each territory by taking the product of the monoline type of policy (TOP 10) relativity, the territory relativity, and the statewide loss cost level change. (An example of such a calculation appears on Exhibit B4.)

The indicated overall statewide monoline loss cost level change shown at the bottom of the first page of Exhibit B4 is the aggregate loss cost-weighted average of the individual territory changes.

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

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

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

MULTILINE  
CONSIDERATIONS

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

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

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

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

EXPLANATORY NOTES TO EXHIBITS B6

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

INTRODUCTION	<p>The experience used in the relativity analysis and displayed in Exhibit B6 is the latest five accident years of data reported under the Commercial Statistical Plan. As in the overall review, loss costs have been adjusted to current ISO loss cost and prospective amount of insurance levels (with multiline aggregate loss costs adjusted additionally by the current implicit package modification factors). Incurred losses are adjusted to prospective cost levels, and are further adjusted by the Basic Group I large loss procedure and the Special Causes of Loss excess procedure. Losses have also been developed to their ultimate settlement value by application of loss development factors.</p>
COLUMN (1)	<p><u>2021 AGGREGATE LOSS COSTS</u></p> <p>The latest accident year aggregate loss costs (adjusted as described above) are used as weights both in the calculation of any totals shown in this table and in the iterative formulas used in the simultaneous review procedure.</p>
COLUMN (2)	<p><u>2017 - 2021 AGGREGATE LOSS COSTS</u></p> <p>The combined five-year adjusted aggregate loss costs (adjusted as described above) are used to calculate the experience ratios in column (3).</p>
COLUMN (3)	<p><u>FIVE-YEAR EXPERIENCE RATIOS</u></p> <p>These are the ratios of the combined five-year adjusted incurred losses (adjusted as described above) to the combined five-year adjusted aggregate loss costs as shown in column (2). Any totals which are shown are weighted averages using the adjusted aggregate loss costs in column (1).</p>
COLUMN (4)	<p><u>RELATIVITIES</u></p> <p>The relativities are the ratios of the five-year experience ratios shown in column (3) to the average five-year experience ratio for all TOP's 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.</p>

EXPLANATORY NOTES TO EXHIBITS B7

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

INTRODUCTION	<p>The experience used in the relativity analysis and displayed in Exhibit B7 is the latest five accident years of data reported under the Commercial Statistical Plan. As in the overall review, loss costs have been adjusted to current ISO loss cost and prospective amount of insurance levels (with multiline aggregate loss costs adjusted additionally by the current implicit package modification factors). Incurred losses are adjusted to prospective cost levels, and are further adjusted by the Basic Group I large loss procedure and the Special Causes of Loss excess procedure. Losses have also been developed to their ultimate settlement value by application of loss development factors.</p>
COLUMN (1)	<p><u>2021 AGGREGATE LOSS COSTS</u></p> <p>The latest accident year aggregate loss costs (adjusted as described above) are used as weights both in the calculation of any totals shown in this table and in the iterative formulas used in the simultaneous review procedure.</p>
COLUMN (2)	<p><u>2017 - 2021 AGGREGATE LOSS COSTS</u></p> <p>The combined five-year adjusted aggregate loss costs (adjusted as described above) are used to calculate the experience ratios in column (3).</p>
COLUMN (3)	<p><u>FIVE-YEAR EXPERIENCE RATIOS</u></p> <p>These are the ratios of the combined five-year adjusted incurred losses (adjusted as described above) to the combined five-year adjusted aggregate loss costs as shown in column (2). Any totals which are shown are weighted averages using the adjusted aggregate loss costs in column (1).</p>
COLUMN (4)	<p><u>CREDIBILITY (Z) WEIGHTED EXPERIENCE RATIO</u></p> <p>A credibility procedure is applied to the initial experience ratios in column (3) on a cell-by-cell basis prior to the simultaneous review procedure. The credibility values are calculated using an empirical Bayesian credibility procedure. In the following discussion, cell refers to an individual combination of TOP and category.</p>

EXPLANATORY NOTES TO EXHIBITS B7 (cont'd)

COLUMN (4)  
(cont'd)

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

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

COLUMN (5)

Z-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 and categories 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 B8

BASIC GROUP II RELATIVITY ANALYSIS

INTRODUCTION

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

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

COLUMN (1)

2021 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)

2012 - 2021 EXPERIENCE RATIO

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

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. Unlike the BG I and SCL relativity analyses, the BG II analysis does not employ a simultaneous review procedure since a one way review is involved. That is, the overall loss cost change is only distributed across type of policy; no other rating variables are considered.

EXPLANATORY NOTES TO EXHIBIT B8 (cont'd)

COLUMN (4)

CREDIBILITY

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

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

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

COLUMN (5)

Z - WEIGHTED RELATIVITY

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

COLUMN (6)

BALANCED FORMULA RELATIVITY

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

COLUMN (7)

NORMALIZED FORMULA RELATIVITY

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

COLUMN (8)

CURRENT IMPLICIT PMF

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

EXPLANATORY NOTES TO EXHIBIT B8 (cont'd)

COLUMN (9)

INDICATED IMPLICIT PMF

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

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

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

COLUMN (10)

INDICATED LOSS COST CHANGES

The indicated monoline and multiline (by TOP) changes are calculated by taking the product of the statewide loss cost level change and the corresponding TOP relativity.

The overall multiline loss cost level change is the aggregate loss cost weighted average of all multiline TOP loss cost level changes.

MULTILINE  
CONSIDERATIONS

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

## OVERVIEW

### AGGREGATE LOSS COSTS AT CURRENT LEVEL

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

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

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

### ADJUSTMENTS TO LOSSES

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

### CREDIBILITY

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

$Z$  = credibility

$C$  = final estimate

$R$  = estimate based on the most recent data

$N$  = net trend

## OVERVIEW (cont'd)

### CREDIBILITY (cont'd)

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

## LOSS COST/RATE LEVEL HISTORY

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

EXPLANATORY NOTES TO EXHIBITS C1, C2 AND C3

LOSS COST/RATE LEVEL HISTORIES

COLUMN (1)

EFFECTIVE DATE

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

COLUMN (2)

LOSS COST/RATE LEVEL CHANGE

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

COLUMN (3)

LOSS COST/RATE LEVEL INDEX

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

COLUMN (4)

WRITTEN ADJUSTMENT (ON LEVEL) FACTORS

The factors are used to bring individual policies with inception dates prior to the effective date up to current loss cost level. For Basic Group II these are the actual factors used. However, the loss cost/rate changes for Basic Group I vary by rating id, rating group, and territory (where applicable), while the loss cost/rate level changes for Special Causes of Loss vary by category. Consequently, for these coverages the on-level factors represent average factors and are not the factors actually used to adjust the aggregate loss costs on an individual policy basis. For complete loss cost/rate level histories by rating id, rating group, and territory (where applicable) for Basic Group I and by category for Special Causes of Loss refer to Exhibits C4 and C5.

COLUMN (5)

WEIGHT

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

EXPLANATORY NOTES TO EXHIBIT C4

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

TERRITORY

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

EFFECTIVE DATE

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

LOSS COST/RATE LEVEL CHANGES

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

EXPLANATORY NOTES TO EXHIBIT C6

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

COLUMN (1)

EFFECTIVE DATE

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

COLUMN (2)

LOSS COST/RATE LEVEL CHANGES BY CATEGORY

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

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

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

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

IMPLICIT PACKAGE  
MODIFICATION  
FACTORS

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

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

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

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

IPMF CAPS

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

EXPLANATORY NOTES TO EXHIBITS C7, C8 AND C9

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

EXHIBITS C7, C8  
AND C9

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

## TREND PROCEDURE

### INTRODUCTION

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

### LOSS TREND

#### EXTERNAL LOSS DATA

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

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

The CCF's adjust losses for actual inflationary changes which have taken place between the accident date and the midpoint of the latest period of external trend information, i.e. 11/15/2022 for property damage and time element. The LPF's adjust losses for projected inflationary changes from the midpoint of the latest period of external trend information to the anticipated average date of accident for policies written under the proposed loss costs (assumed to be 12 months after the assumed revision date based on all one-year policies).

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

## TREND PROCEDURE (cont'd)

### LOSS TREND (cont'd)

#### LOSS TREND ADJUSTMENT - SEVERITY

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

#### LOSS TREND ADJUSTMENT - FREQUENCY

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

### AMOUNT-OF- INSURANCE TREND

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

The application and development of these factors parallels loss trend factors in that separate factors are developed for buildings, contents, and time element, and the adjustment to prospective amount of insurance levels is done in two steps. The current written factors adjust loss costs to the amount of insurance level for the midpoint of the latest period of renewal information, i.e. July 1, 2022. Total amount of insurance trend factors are then calculated by projecting these current factors to the average date of writing (i.e. to the amount of insurance level six months beyond the assumed effective date).

EXPLANATORY NOTES TO EXHIBIT C10

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

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

EXPLANATORY NOTES TO EXHIBIT C10 (cont'd)

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

LOSS PROJECTION  
FACTOR

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

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

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

CALENDAR YEAR  
AVERAGES

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

CURRENT COST  
FACTORS

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

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

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

EXPLANATORY NOTES TO EXHIBIT C11

SUMMARY OF LOSS TREND ADJUSTMENTS (LTA'S)

COLUMN (1)

COVERAGE

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

COLUMN (2)

FIVE-YEAR INCURRED LOSSES

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

COLUMN (3)

ANNUAL LTA's

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

## OVERVIEW

### DEVELOPMENT OF LOSS TREND ADJUSTMENTS

#### INTRODUCTION

In order to supplement the external indices reflected in CCF's and LPF's, loss trend adjustments (LTA's) have been developed based on internal loss data. This is necessary because the external indices alone have been insufficient in reflecting cost level and claim frequency changes in Commercial Property Insurance. The following tables show the calculations used to develop these LTA's. Please note the development of the LTA's for the 2023 COMFAL reviews is based on internal commercial property experience through 12/31/2021 and external cost indices through 12/31/2021. Therefore, the CCF's and LPF's shown on Exhibit C12 will not necessarily match those shown on Exhibit C10. ISO has determined that the selected LTAs are appropriate to be used with the latest external indices shown on Exhibit C10.

EXPLANATORY NOTES TO EXHIBIT C12

DEVELOPMENT OF LOSS TREND ADJUSTMENTS (LTA'S)

I. EXTERNAL RATE OF CHANGE

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

CURRENT COST FACTORS

The CCF's underlying the LTA analysis are based on external cost indices through 12/31/2021 for buildings, contents and time element.

COLUMNS (4)  
AND (5)

WEIGHTS

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

LINES (6)

AVERAGE CURRENT COST FACTORS

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

LINE (7)

LOSS PROJECTION FACTORS

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

LINE (8)

TOTAL TREND

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

LINE (9)

EXTERNAL ANNUAL RATE OF CHANGE

The total trend is converted to an annual basis by raising it to the reciprocal of the number of years between the weighted midpoint of the experience period and the anticipated average accident date. For BG I and SCL the weighted midpoint of the experience period is 01/01/2020, for BG II it is 01/01/2017. Accordingly, there are 54 and 90 months, respectively, to the anticipated average accident date of 07/01/2024.

II. INTERNAL ANNUAL RATES OF CHANGES

LINE (10)

SELECTED COMFAL

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

EXPLANATORY NOTES TO EXHIBIT C12 (cont'd)

III. LTA CALCULATION

COLUMN (11)

ANNUAL EXTERNAL

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

COLUMN (12)

ANNUAL INTERNAL

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

COLUMN (13)

INDICATED SEVERITY LTA

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

COLUMN (14)

FORMULA SEVERITY LTA

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

COLUMN (15)

FREQUENCY EFFECT

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

COLUMN (16)

FINAL LTA

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

EXPLANATORY NOTES TO EXHIBIT C13  
EXPOSURE AND PREMIUM TREND FACTORS

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

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

COLUMNS (1)  
AND (5)

ANNUAL WRITTEN INCREASE

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

COLUMNS (2)  
AND (6)

07/01/2022 WRITTEN FACTORS

The written factors for a given year are the product of the written annual changes for all years subsequent to that year. Although the 2022 written changes are based on two quarters of data, the consistency of this experience allows for the assumption that written changes for the first half of 2022 are applicable for the entire year.

COLUMNS (3)  
AND (7)

06/01/2024 PROJECTED FACTORS

The 06/01/2024 factors are calculated by applying a factor to adjust the 07/01/2022 written factors to the amount of insurance level at the average date of writing, 06/01/2024. This is done using the selected annual changes in exposure or premium.

COLUMNS (4)  
AND (8)

06/01/2024 EARNED EXPOSURES/PREMIUM FACTORS

The projected earned factors at the 06/01/2024 level (where 06/01/2024 is the average date of writing in the effective period) are calculated by earning the written factors assuming all one-year policies. The earning factors are shown in footnote (c).

EXPLANATORY NOTES TO EXHIBITS C14, C15 AND C16

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

COLUMN (1) UNADJUSTED INCURRED LOSSES

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

COLUMN (2) TRENDED INCURRED LOSSES

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

COLUMN (3) AVERAGE TREND FACTOR

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

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

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

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

## LOSS DEVELOPMENT

### INTRODUCTION

For Commercial Property, losses are evaluated as of March 31, 2022, three months after the end of the latest experience year used in the review. In order to account for development of losses beyond fifteen months and to reflect overall loss development patterns, loss development was incorporated into the adjustment process of incurred losses to their ultimate settlement value.

### LOSS DEVELOPMENT PROCEDURES

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

The incurred losses underlying the statewide loss cost level indications were evaluated as of March 31, 2022.

Accident year ended December 31, 2021 includes all losses paid on accidents from January 1, 2021 to December 31, 2021 and all losses outstanding on those accidents as of March 31, 2022, fifteen months after the inception of the accident year. Similarly, accident years ended 2020, 2019, 2018 and 2017 include all losses paid and outstanding as of 27, 39, 51 and 63 months, respectively, after the inception of the accident year.

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

## EXPLANATORY NOTES TO EXHIBIT C17

### LOSS DEVELOPMENT

#### INTRODUCTION

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

#### INCURRED LOSSES

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

#### AGE-TO-AGE DEVELOPMENT FACTORS

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

#### AGE-TO-ULTIMATE DEVELOPMENT FACTORS

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

## EXCESS LOSS PROCEDURES

### INTRODUCTION

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

### BASIC GROUP I

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

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

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

As noted above, the excess loss procedure is performed on trended loss experience (i.e. loss experience adjusted to prospective cost levels by the current cost factors, loss projection factors, and loss trend adjustment factors (for claim cost only) shown in Exhibits C10 through C11). The loss trend adjustment for frequency trend is not reflected at this step in the process. The normal breakpoint of \$250,000 for BGI and the parameters in the normal loss formula are at 2005 cost levels and therefore have been similarly adjusted to prospective cost levels.

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

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

## EXCESS LOSS PROCEDURES (cont'd)

### BASIC GROUP I (cont'd)

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

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

### BASIC GROUP II

Since catastrophic wind losses affect both the frequency and severity of loss, the Basic Group II excess procedure identifies periods of overall adverse experience, rather than individual large losses. Also, due to the extreme volatility of windstorm losses, a long-term review period (1950 - present) is used to estimate the expected excess losses.

Loss ratio cutoffs are used to determine normal losses, state excess losses, and regional excess losses for each year in the long-term review period. The application of these cutoffs is detailed in the explanatory notes to Exhibit C20. The state excess losses are used to determine the state excess component of the state excess multiplier, and the regional excess losses are used to determine the regional excess component. ("BASIC GROUP II REGIONS" is a list of states by region.) The state excess multiplier is derived in such a manner as to provide an estimate of the expected excess loss dollars per normal loss dollar.

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

### SPECIAL CAUSES OF LOSS

Similar to Basic Group II, the Special Causes of Loss (SCL) smoothing procedure uses a loss ratio approach to reflect both the frequency and severity of unusual loss events which may produce significant fluctuations in loss cost levels. The excess procedure uses longer term statewide SCL experience (1985 - present) to account for the volatile nature of weather related losses (water damage from bursting pipes, or the weight of ice, sleet, or snow) which are the predominant cause of large SCL losses in a given experience period. A monthly normal loss ratio cutoff of 2.0 is used to define normal and excess losses. The resulting ratio of excess to normal losses over the long-term experience period is then applied to the normal losses used in the loss cost level review. SCL has a lower loss ratio cutoff than that used in Basic Group II in order to reflect the less catastrophic nature of unusual SCL loss events. The calculations underlying the smoothing procedure are described in the Explanatory Notes to Exhibit C21.

EXPLANATORY NOTES TO EXHIBIT C18

COUNTRYWIDE BASIC GROUP I EXCESS LOSS FACTORS

EXCESS LOSS  
FACTORS

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

EXPLANATORY NOTES TO EXHIBIT C19

BASIC GROUP I ADDITIONAL EXCESS LOSS INFORMATION

COLUMN (1)                    TRENDED INCURRED LOSSES

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

COLUMN (2)                    TRENDED NORMAL LOSSES

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

COLUMN (3)                    STATE NORMAL PERCENTAGE

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

COLUMN (4)                    MULTISTATE NORMAL PERCENTAGES

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

COLUMN (5)                    ADJUSTED INCURRED LOSSES

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

COLUMN (6)                    STATE AVERAGE EXCESS FACTOR

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

EXPLANATORY NOTES TO EXHIBIT C20

COLUMN (1)                    EARNED PREMIUMS

The unadjusted earned premiums are shown for each year.

COLUMN (2)                    INCURRED LOSSES

The unadjusted incurred losses are shown for each year.

COLUMN (3)                    NORMAL INCURRED LOSSES

Normal losses which are shown for each year are defined as follows:

- for losses reported under CSP (for which month of loss detail is available), that portion of each month's losses which does not exceed 2.5 times that month's earned premiums.
- for losses reported under CRSP, SCOH and SMP (for which month of loss detail is not available), that part of each year's losses which does not exceed 0.722 times that year's earned premiums.

COLUMN (4)                    NORMAL LOSS RATIO

For each year in the excess review period, the normal loss ratio is calculated as the ratio of the normal losses (for CSP data the sum of each month's normal losses) to the earned premiums for the same year.

COLUMN (5)                    STATE EXCESS LOSS RATIO

The state excess loss ratio is the ratio of the state excess losses to the unadjusted earned premium. The state excess losses are determined by the following formulas:

$$\cdot \quad EP \times \frac{20(LR-2.5)}{(LR-2.5)+20} \text{ if } LR > 2.5; \text{ otherwise } 0$$

for CSP, where EP = the monthly earned premiums, LR = the monthly loss ratio and the yearly state excess losses are the sum of the monthly state excess losses.

$$\cdot \quad EP \times \frac{2.2(LR-0.722)}{(LR-0.722)+2.2} \text{ if } LR > 0.722; \text{ otherwise } 0$$

for CRSP, SCOH, SMP, where EP = the earned premiums and LR = the yearly loss ratio.

EXPLANATORY NOTES TO EXHIBIT C20 (cont'd)

COLUMN (6)

REGIONAL EXCESS LOSS RATIO

If  $LR > NLR$ , then the regional excess loss ratio is:

regional excess loss ratio =  $LR - SELR - NLR$

where             $SELR$  = the state excess loss ratio,  
                      $NLR$  = the normal loss ratio, and  
                      $LR$  = the loss ratio

LINE (7)

STATE EXCESS COMPONENT

The state excess component is determined by dividing the sum of all state excess loss ratios by the sum of all normal loss ratios (where the sum is taken across all accident years).

LINE (8)

REGIONAL EXCESS COMPONENT

The regional excess component is determined by dividing the weighted average (determined, in each case, against the latest year unadjusted premium distribution) of the sum of regional excess loss ratios of all the states in the region by the weighted average of the sum of all loss ratio points retained by a state (normal and state excess loss ratios) of all the states in the region. See the following page for the appropriate BG II region for the state.

LINE (9)

STATE EXCESS MULTIPLIER

The state excess multiplier is derived by taking the product of the state excess component and the regional excess component.

BASIC GROUP II REGIONS

NORTHEAST REGION

CONNECTICUT  
DELAWARE  
DIST OF COLUMBIA  
MAINE  
MARYLAND  
MASSACHUSETTS  
NEW HAMPSHIRE  
NEW JERSEY  
NEW YORK  
PENNSYLVANIA  
RHODE ISLAND  
VERMONT  
VIRGINIA

PLAINS REGION

ARKANSAS  
COLORADO  
IOWA  
KANSAS  
MINNESOTA  
MISSOURI  
MONTANA  
NEBRASKA  
NORTH DAKOTA  
OKLAHOMA  
SOUTH DAKOTA  
WYOMING

SOUTHEAST REGION

ALABAMA  
FLORIDA  
GEORGIA  
LOUISIANA  
MISSISSIPPI  
NORTH CAROLINA  
SOUTH CAROLINA  
HAWAII

MIDWEST REGION

ILLINOIS  
INDIANA  
KENTUCKY  
MICHIGAN  
OHIO  
TENNESSEE  
WEST VIRGINIA  
WISCONSIN

WEST REGION

ARIZONA  
CALIFORNIA  
IDAHO  
NEVADA  
NEW MEXICO  
OREGON  
UTAH  
WASHINGTON  
ALASKA

EXPLANATORY NOTES TO EXHIBIT C21

SPECIAL CAUSES OF LOSS ADDITIONAL EXCESS LOSS FACTOR

COLUMN (1) EARNED PREMIUMS

These are the unadjusted earned premiums for each year.

COLUMN (2) INCURRED LOSSES

These are the unadjusted incurred losses for each year.

COLUMN (3) NORMAL INCURRED LOSSES

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

COLUMN (4) NORMAL LOSS RATIO

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

Column (4) = Column (3) ÷ Column (1)

COLUMN (5) EXCESS LOSS RATIO

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

LINE (6) EXCESS COMPONENT

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

LINE (7) EXCESS MULTIPLIER

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

## OVERVIEW

### APPLICATION OF CREDIBILITY

#### INTRODUCTION

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

$Z$  = credibility

$C$  = final estimate

$R$  = estimate based on the most recent data

$N$  = net trend

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

EXPLANATORY NOTES TO EXHIBITS C22, C23 AND C24

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

LINE (1a)  
(BGI only)

Full Credibility Claims Standard of Frequency

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

LINE (1b)  
(BGI only)

Severity Modification Factor

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

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

Full Credibility Claims Standard

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

LINE (2)

Multistate Experience Period Ratio of Earned Risks to Claims

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

LINE (3)

Full Credibility Earned Risks Standard

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

LINE (4)

Experience Period Statewide Earned Risks

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

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

LINE (5)                    Experience Period Aggregate Loss Costs

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

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

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

LINE (7)                    Full Credibility Aggregate Loss Costs Standard

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

LINE (8)                    Credibility

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

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

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

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

## OVERVIEW

### LOSS ADJUSTMENT EXPENSE FACTORS

OBJECTIVE	The reported indemnity losses must be loaded for any loss adjustment expenses (LAE) that are not reported in statistical detail to ISO.
PROPERTY COVERAGES	For the property coverages, only the incurred indemnity losses are reported to ISO under the Commercial Statistical Plan. All loss adjustment expenses must be loaded in. A factor representing the ratio of incurred losses plus all LAE to incurred losses was selected based on multistate financial data (see Exhibit D6 for the underlying data).
EXPERIENCE INCLUDED	Fire and Allied Lines incurred loss and loss adjustment expense experience for 2017-2021 is displayed on Exhibit D6. The experience is based on Insurance Expense Exhibit information compiled by A.M. Best. For Allied Lines, the loss adjustment expense ratios [Exhibit D6, line (3)(b)] for a few years are distorted by unusual catastrophe-related losses and loss adjustment expenses. The selected Allied Lines loss adjustment expense factor used for this review was selected after consideration of this distortion and based on a review of average loss adjustment expense ratios over a longer time period.
SELECTED FACTORS	The following factors have been used in this review to load incurred losses for all loss adjustment expenses:

Basic Group I	1.090
Basic Group II	1.105
Special Causes of Loss	1.105

## NORTH DAKOTA

SUMMARY OF MONOLINE PROSPECTIVE LOSS COST CHANGES (A)

<u>Coverage</u>	<u>Indications</u>	<u>Selections</u>	<u>Aggregate Loss Costs At Current Level</u>
Basic Group I	-5.2%	-5.2%	5,768,035
Basic Group II	+6.2%	+6.2%	7,041,830
Special Causes of Loss	+13.2%	+13.2%	2,504,240
All Coverages Combined	+3.1%	+3.1%	15,314,105

(A) For trend purposes, the period of use for this revision is assumed to begin on 12/01/2023.

## NORTH DAKOTA

SPECIAL CAUSES OF LOSS PROSPECTIVE LOSS COST CHANGES BY CATEGORY

<u>Category</u>	<u>Description</u>	<u>Entire State</u>
01	Buildings	+13.1%
02	Res. Apts. And Condos	+14.2%
03	Offices	+15.9%
04	Mercantile - High	+14.3%
05	Mercantile - Medium	+14.4%
06	Mercantile - Low	+14.1%
07	Motels And Hotels	+13.7%
08	Institutional - High	+12.8%
09	Institutional - Low	+10.5%
10	Indust-Proc - High	+13.8%
11	Indust-Proc - Low	+14.8%
12	Service - High	+13.0%
13	Service - Low	+13.7%
14	Contractors	+14.7%
	Statewide Total	+13.2%

## NORTH DAKOTA

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

	(1)	(2)	(3)	(4)
<u>Type of Policy</u>		<u>Basic Group I</u>	<u>Basic Group II</u>	<u>Special Causes of Loss</u>
31 Motel/Hotel		-5.2%	6.2%	13.2%
32 Apartment		-5.2%	6.2%	13.3%
33 Office		-5.2%	6.2%	13.7%
34 Mercantile		-5.2%	6.2%	13.4%
35 Institutional		-5.2%	6.2%	12.5%
36 Services		-5.2%	6.2%	13.1%
37 Indust/Processing		-5.2%	6.2%	13.5%
38 Contractors		-5.2%	6.2%	13.7%

Basic Group I, Basic Group II, and Special Causes of Loss monoline changes by type of policy (TOP) are displayed. They are calculated by taking a weighted average of the loss cost changes by territory (where applicable) for BGI, or by category for SCL, using the latest year multiline aggregate loss costs as weights. Basic Group II monoline changes do not vary by TOP because the same monoline loss cost change is applied statewide.

NORTH DAKOTA  
STATEWIDE BASIC GROUP I  
COVERAGE LOSS COST LEVEL EVALUATION

(1) <u>Year</u>	(2) <u>Aggregate*</u> <u>Loss Costs</u>	(3) <u>Adjusted**</u> <u>Incurred Losses</u>	(4) Experience Ratio <u>(3)/(2)</u>	(5) <u>Weights</u>		
2017	5,733,442	7,324,407	1.277	0.10		
2018	5,340,350	2,966,582	0.556	0.15		
2019	5,276,064	4,489,421	0.851	0.20		
2020	5,476,421	3,154,067	0.576	0.25		
2021	5,768,035	3,883,422	0.673	0.30		
(6) Weighted Experience Ratio					=	0.727
(7) Credibility					=	0.250
(8) Expected Experience Ratio					=	1.041
(9) Credibility Weighted Experience Ratio (0.250 X 0.727 ) + (0.750 X 1.041)					=	0.963
(10) Indicated Coverage Loss Cost Change					=	0.963
					OR	-3.7%

\* Aggregate Loss Costs are adjusted to current ISO Loss Cost Level and 06/01/2024 Amount of Insurance levels.

\*\* Incurred Losses are adjusted to 12/01/2024 cost levels including Loss Development and all Loss Adjustment Expenses.

## NORTH DAKOTA

STATEWIDE BASIC GROUP II  
COVERAGE LOSS COST LEVEL EVALUATION

(1)	(2)	(3)	(4)	(5)
<u>Year</u>	<u>Aggregate*</u> <u>Loss Costs</u>	<u>Adjusted**</u> <u>Incurred Losses</u>	<u>Experience</u> <u>Ratio</u> <u>(3)/(2)</u>	<u>Weights</u>
2012	5,817,005	1,696,019	0.292	0.10
2013	6,425,848	4,110,249	0.640	0.10
2014	7,037,503	8,069,287	1.147	0.10
2015	7,255,740	9,145,724	1.260	0.10
2016	7,262,162	15,173,730	2.089	0.10
2017	7,147,309	4,384,601	0.613	0.10
2018	6,920,126	8,450,850	1.221	0.10
2019	6,807,465	7,670,759	1.127	0.10
2020	7,032,196	4,135,769	0.588	0.10
2021	7,041,830	9,811,025	1.393	0.10
(6) Weighted Experience Ratio				= 1.037
(7) Credibility				= 0.250
(8) Expected Experience Ratio				= 1.056
(9) Credibility Weighted Experience Ratio (0.250 X 1.037 ) + (0.750 X 1.056)				= 1.051
(10) Indicated Coverage Loss Cost Change				= 1.051
				OR 5.1%

\* Aggregate Loss Costs are adjusted to current ISO Loss Cost Level and 06/01/2024 Amount of Insurance levels.

\*\* Incurred Losses are adjusted to 12/01/2024 cost levels including Loss Development and all Loss Adjustment Expenses.

NORTH DAKOTA

STATEWIDE SPECIAL CAUSES OF LOSS  
COVERAGE LOSS COST LEVEL EVALUATION

(1) <u>Year</u>	(2) <u>Aggregate*</u> <u>Loss Costs</u>	(3) <u>Adjusted**</u> <u>Incurred Losses</u>	(4) Experience Ratio <u>(3)/(2)</u>	(5) <u>Weights</u>	
2017	2,540,152	2,257,643	0.889	0.10	
2018	2,459,996	2,444,501	0.994	0.15	
2019	2,413,951	3,847,715	1.594	0.20	
2020	2,491,330	2,704,310	1.085	0.25	
2021	2,504,240	3,744,963	1.495	0.30	
(6) Weighted Experience Ratio				=	1.277
(7) Credibility				=	0.250
(8) Expected Experience Ratio				=	1.047
(9) Credibility Weighted Experience Ratio (0.250 X 1.277 ) + (0.750 X 1.047)				=	1.105
(10) Indicated Coverage Loss Cost Change				=	1.105
				OR	10.5%

\* Aggregate Loss Costs are adjusted to current ISO Loss Cost Level and 06/01/2024 Amount of Insurance levels.

\*\* Incurred Losses are adjusted to 12/01/2024 cost levels including Loss Development and all Loss Adjustment Expenses.

NORTH DAKOTA  
BASIC GROUP I RELATIVITY ANALYSIS

	(1)	(2)	(3)	(4)	Statewide Coverage Loss Cost Change Of	
<u>TOP</u>	<u>\$ Lst Sq Formula Relativity</u>	<u>Credibility Z</u>	<u>Credibility Weighted Relativity</u>	<u>Balanced Relativity</u>	<u>Or</u>	
10	0.620	0.037	0.982	0.984		0.963
31	1.101	0.019	1.002	1.004		-3.7%
32	0.615	0.030	0.986	0.988		
33	0.360	0.008	0.992	0.994		
34	1.304	0.058	1.016	1.018		
35	0.683	0.032	0.988	0.990		
36	2.640	0.032	1.032	1.034		
37	0.544	0.030	0.982	0.984		
38	0.623	0.019	0.991	0.993		

Statewide Monoline Loss Cost Level Change:      -5.2%

NORTH DAKOTA  
BASIC GROUP I RELATIVITY ANALYSIS

Example of an individual Loss Cost Change calculation for Entire State:

Statewide Coverage Loss Cost Change = 0.963

Territorial Relativity = 1.000

Monoline (TOP 10) Relativity = 0.984

Indicated Monoline Loss Cost Level Change  
= 0.963 X 1.000 X 0.984 = 0.948  
or -5.2%

NORTH DAKOTA  
SPECIAL CAUSES OF LOSS RELATIVITY ANALYSIS

TOP	(1) \$ Lst Sq Formula Relativity	(2) Credibility Z	(3) Credibility Weighted Relativity	(4) Balanced Relativity	Statewide Coverage Loss Cost Change Of or	1.105 10.5%
10	1.566	0.044	1.020	1.025		
31	2.050	0.015	1.011	1.016		
32	0.673	0.044	0.983	0.988		
33	0.986	0.017	1.000	1.005		
34	0.612	0.062	0.970	0.975		
35	1.585	0.042	1.020	1.025		
36	0.807	0.034	0.993	0.998		
37	0.430	0.022	0.982	0.987		
38	0.394	0.017	0.984	0.989		

Category	(1) \$ Lst Sq Formula Relativity	(2) Credibility Z	(3) Credibility Weighted Relativity	(4) Balanced Relativity	(5) Indicated Monoline Loss Cost Level Change
01	0.981	0.378	0.993	0.999	13.1%
02	1.102	0.023	1.002	1.008	14.2%
03	2.802	0.016	1.017	1.023	15.9%
04	1.144	0.024	1.003	1.009	14.3%
05	1.319	0.013	1.004	1.010	14.4%
06	1.139	0.009	1.001	1.007	14.1%
07	0.807	0.008	0.998	1.004	13.7%
08	0.502	0.014	0.990	0.996	12.8%
09	0.392	0.032	0.970	0.976	10.5%
10	0.811	0.004	0.999	1.005	13.8%
11	1.519	0.018	1.008	1.014	14.8%
12	0.703	0.023	0.992	0.998	13.0%
13	0.819	0.011	0.998	1.004	13.7%
14	1.390	0.020	1.007	1.013	14.7%

Statewide Monoline Loss Cost Level Change: 13.2%

NORTH DAKOTA  
SPECIAL CAUSES OF LOSS RELATIVITY ANALYSIS

Example of an individual Loss Cost Change calculation:

Statewide Coverage Loss Cost Change	=	1.105
Monoline (TOP 10) Relativity	=	1.025
Category 1 Relativity	=	0.999
Indicated Monoline Loss Cost Level Change for Category 1	=	1.131
	OR	13.1%

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

<u>Type Of Policy</u>	(1) Accident Year Ending 12/31/2021 Aggregate Loss <u>Costs</u>	(2) 5 - Year Aggregate <u>Loss Costs</u>	(3) 5 - Year Experience <u>Ratio</u>	(4) <u>Relativity</u>
Entire State (North Dakota)				
10 Monoline	832,406	3,829,669	0.472	0.620
31 Multiline Motel/Hotel	390,072	1,943,928	0.838	1.101
32 Multiline Apartment	807,820	3,118,705	0.468	0.615
33 Multiline Office	159,071	847,852	0.274	0.360
34 Multiline Mercantile	1,234,979	6,204,406	0.992	1.304
35 Multiline Institutional	722,417	3,347,015	0.520	0.683
36 Multiline Services	598,059	3,286,850	2.009	2.640
37 Multiline Indust/Process	665,155	3,047,109	0.414	0.544
38 Multiline Contractors	358,058	1,968,780	0.474	0.623
Total All Tops*	5,768,037	27,594,314	0.761	1.000

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

<u>Type Of Policy</u>	<u>Category</u>	(1) Accident Year Ending 12/31/2021 Aggregate Loss <u>Costs</u>	(2) 5 - Year Aggregate <u>Loss Costs</u>	(3) 5 - Year Experience <u>Ratio</u>	(4) Credibility Weighted Experience <u>Ratio</u>	(5) Credibility Weighted <u>Relativity</u>
Entire State						
10 Monoline	01 Buildings	233,880	1,314,550	2.148	1.920	1.642
	02 Res. Apts. And Cond	6,965	42,717	1.001	1.631	1.395
	03 Offices	12,860	79,772	0.258	1.463	1.251
	04 Mercantile - High	11,986	66,166	0.000	1.408	1.204
	05 Mercantile - Medium	3,050	18,378	0.000	1.417	1.212
	06 Mercantile - Low	3,101	14,969	0.625	1.552	1.328
	07 Motels And Hotels	84	18,905	0.000	1.417	1.212
	08 Institutional - Hig	5,883	22,490	0.000	1.416	1.211
	09 Institutional - Low	2,462	15,385	0.000	1.417	1.212
	10 Indust-Proc - High	5,764	12,357	0.000	1.418	1.213
	11 Indust-Proc - Low	15,286	77,450	3.316	2.143	1.833
	12 Service - High	9,412	49,397	1.043	1.640	1.403
	13 Service - Low	13,148	62,056	1.572	1.756	1.502
	14 Contractors	8,571	55,476	0.755	1.576	1.348
	Total	332,452	1,850,068	1.812	1.835	1.570
31 Multiline Motel/Hotel	01 Buildings	109,029	516,520	3.087	2.456	2.101
	07 Motels And Hotels	18,760	102,955	3.602	2.021	1.729
	Total	127,789	619,475	3.163	2.392	2.046

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

<u>Type Of Policy</u>	<u>Category</u>	(1) Accident Year Ending 12/31/2021 Aggregate Loss Costs	(2) 5 - Year Aggregate Loss Costs	(3) 5 - Year Experience Ratio	(4) Credibility Weighted Experience Ratio	(5) Credibility Weighted Relativity
32 Multiline Apartment	01 Buildings	373,920	1,514,007	0.720	0.805	0.689
	02 Res. Apts. And Cond	61,872	309,831	0.634	0.919	0.786
	Total	435,792	1,823,838	0.708	0.821	0.703
33 Multiline Office	01 Buildings	103,592	552,633	0.735	0.908	0.777
	03 Offices	27,344	152,535	10.087	4.744	4.058
	04 Mercantile - High	4	379	5.615	1.765	1.510
	08 Institutional - Hig	96	259	0.000	1.112	0.951
	11 Indust-Proc - Low	0	37	0.000	1.113	0.952
	14 Contractors	7	64	0.000	1.113	0.952
	Total	131,043	705,907	2.686	1.709	1.462

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

<u>Type Of Policy</u>	<u>Category</u>	(1) Accident Year Ending 12/31/2021 Aggregate Loss Costs	(2) 5 - Year Aggregate Loss Costs	(3) 5 - Year Experience Ratio	(4) Credibility Weighted Experience Ratio	(5) Credibility Weighted Relativity
34 Multiline Mercantile	01 Buildings	369,484	2,039,168	0.657	0.731	0.625
	03 Offices	223	1,520	0.000	1.108	0.948
	04 Mercantile - High	56,030	292,833	0.672	0.947	0.810
	05 Mercantile - Medium	35,814	175,504	0.663	1.007	0.861
	06 Mercantile - Low	18,970	126,627	0.249	0.894	0.765
	08 Institutional - Hig	130	622	0.000	1.111	0.950
	12 Service - High	446	4,624	0.000	1.098	0.939
	13 Service - Low	106	1,003	2.366	1.389	1.188
	14 Contractors	1,602	7,005	1.040	1.229	1.051
	Total	482,805	2,648,906	0.644	0.785	0.672
35 Multiline Institutional	01 Buildings	269,715	1,115,055	2.060	1.898	1.624
	03 Offices	271	507	0.000	1.111	0.950
	08 Institutional - Hig	52,276	175,411	0.567	0.966	0.826
	09 Institutional - Low	97,005	466,389	0.468	0.758	0.648
	12 Service - High	106	552	0.000	1.111	0.950
	13 Service - Low	5	47	0.000	1.113	0.952
	14 Contractors	19	63	0.000	1.113	0.952
		Total	419,397	1,758,024	1.504	1.517

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

<u>Type Of Policy</u>	<u>Category</u>	(1) Accident Year Ending 12/31/2021 Aggregate Loss Costs	(2) 5 - Year Aggregate Loss Costs	(3) 5 - Year Experience Ratio	(4) Credibility Weighted Experience Ratio	(5) Credibility Weighted Relativity	
36 Multiline Services	01 Buildings	175,198	969,545	1.044	0.970	0.830	
	03 Offices	430	2,578	0.000	0.631	0.540	
	04 Mercantile - High	549	4,750	0.000	0.627	0.536	
	05 Mercantile - Medium	166	539	0.000	0.635	0.543	
	06 Mercantile - Low	0	386	0.000	0.635	0.543	
	08 Institutional - Hig	1,138	7,250	0.000	0.622	0.532	
	09 Institutional - Low	1,960	7,030	0.000	0.622	0.532	
	10 Indust-Proc - High	0	55	0.000	0.635	0.543	
	11 Indust-Proc - Low	0	1,303	0.000	0.633	0.541	
	12 Service - High	57,465	301,097	0.645	0.678	0.580	
	13 Service - Low	18,133	107,996	0.413	0.615	0.526	
	14 Contractors	341	2,666	0.000	0.630	0.539	
	Total		255,380	1,405,195	0.891	0.873	0.747
	37 Indust/Proc	01 Buildings	137,163	654,069	0.353	0.461	0.394
03 Offices		0	71	0.000	0.635	0.543	
04 Mercantile - High		145	1,139	0.000	0.633	0.541	
10 Indust-Proc - High		11,166	47,906	0.000	0.555	0.475	
11 Indust-Proc - Low		42,298	203,871	1.704	1.160	0.992	
12 Service - High		233	374	0.000	0.635	0.543	
13 Service - Low		245	1,986	0.000	0.632	0.541	
14 Contractors		166	904	0.000	0.634	0.542	
Total			191,416	910,320	0.629	0.622	0.531

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

<u>Type Of Policy</u>	<u>Category</u>	(1) Accident Year Ending 12/31/2021 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 Contractors	01 Buildings	81,750	447,279	0.219	0.406	0.347
	03 Offices	357	1,664	0.000	0.632	0.541
	04 Mercantile - High	729	3,724	0.000	0.628	0.537
	06 Mercantile - Low	183	1,007	0.000	0.634	0.542
	12 Service - High	220	1,175	0.000	0.633	0.541
	13 Service - Low	7	97	0.000	0.635	0.543
	14 Contractors	44,920	232,990	0.945	0.825	0.706
	Total	128,166	687,936	0.471	0.555	0.475
Total All TOPs	01 Buildings	1,853,731	9,122,826	1.204	1.165	0.997
	02 Res. Apts. And Cond	68,837	352,548	0.671	0.991	0.848
	03 Offices	41,485	238,647	6.729	3.606	3.084
	04 Mercantile - High	69,443	368,991	0.543	1.020	0.873
	05 Mercantile - Medium	39,030	194,421	0.608	1.037	0.887
	06 Mercantile - Low	22,254	142,989	0.299	0.984	0.841
	07 Motels And Hotels	18,844	121,860	3.586	2.018	1.727
	08 Institutional - Hig	59,523	206,032	0.498	1.004	0.859
	09 Institutional - Low	101,427	488,804	0.448	0.771	0.660
	10 Indust-Proc - High	16,930	60,318	0.000	0.849	0.726
	11 Indust-Proc - Low	57,584	282,661	2.132	1.421	1.216
	12 Service - High	67,882	357,219	0.691	0.815	0.697
	13 Service - Low	31,644	173,185	0.898	1.092	0.934
	14 Contractors	55,626	299,168	0.909	0.951	0.813
	Total	2,504,240	12,409,669	1.205	1.169	1.000

NORTH DAKOTA

BASIC GROUP II RELATIVITY ANALYSIS

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Accident Year Ending 12/31/2021	Accident Years 2012-2021	Formula	Credibility	Credibility Weighted	Balanced Formula	Normalized Formula	Current Implicit PMF	Indicated Implicit PMF G	Indicated Total Loss Cost Adjustment
	Loss Costs At Current Implicit PMF	Experience Ratio At Current Pmf PMF (A)	Relativity (2)/ 1.057	(C)	Relativity (D)	Relativity E	Relativity F			
Monoline	1,117,259	1.098	1.039	0.195	1.007	1.007	1.0109			6.2%
Multiline	5,924,571	1.049	0.992	0.562	0.995	0.994	0.9983			4.9%
Coverage	7,041,830	1.057	0.999			0.9961	1.0003			5.1%
<u>Multiline Top</u>										
31 Motel/Hotel	194,740	0.383	0.362	0.051	0.967	0.955	0.9587	0.808	0.766	0.7%
32 Apartment	1,244,301	0.926	0.876	0.187	0.976	0.964	0.9678	1.053	1.008	1.7%
33 Office	252,598	0.808	0.764	0.050	0.987	0.975	0.9788	0.679	0.657	2.8%
34 Mercantile	1,250,091	1.008	0.954	0.230	0.989	0.977	0.9808	0.841	0.816	3.0%
35 Institutional	1,009,256	1.347	1.274	0.148	1.040	1.028	1.0320	0.669	0.683	8.4%
36 Services	1,057,386	1.445	1.367	0.210	1.076	1.063	1.0672	1.118	1.180	12.1%
37 Indust/Process	445,144	0.454	0.430	0.085	0.951	0.940	0.9437	0.733	0.684	-0.9%
38 Contractors	471,055	0.920	0.870	0.105	0.985	0.973	0.9768	1.020	0.986	2.6%
	5,924,571	1.049	0.992		1.007	0.994	0.9983			4.9%

B - For Columns (2) - (10), the Multiline total is the average weighted by Column (1)

C - Credibility = P/(P+K) where P represents the total 10-year adjusted loss costs and K = 45,000,000

D - (5) = (3) \* (4) + .999\* [1.000 - (4)]

E - (6) = (5) \* (0.995/1.007)

F - (7) = (6) / 0.9961

G - (9) = (7) \* (8) / (1.0109)

NORTH DAKOTA  
BASIC GROUP I  
HISTORY OF STATEWIDE LOSS COST LEVEL CHANGES

Loss Cost Level History

(1)	(2)	(3)	(4)	(5)
Effective Date	Loss Cost Level Change	Loss Cost Level Index	Adjustment Factor	Weight
2000-09-01	-1.6%	0.984	0.473	0.333
2001-01-01	4.3%	1.026	0.453	1.000
2002-09-01	-13.7%	0.886	0.525	0.333
2004-07-01	-12.6%	0.774	0.601	0.500
2005-08-01	-10.6%	0.692	0.672	0.417
2006-07-01	-15.2%	0.587	0.792	0.500
2007-08-01	-7.0%	0.546	0.852	0.417
2008-09-01	-15.8%	0.460	1.011	0.333
2011-07-01	5.1%	0.483	0.963	0.500
2013-07-01	10.7%	0.535	0.869	0.500
2018-08-01	-4.7%	0.510	0.912	0.417
2021-02-01	-8.7%	0.465	1.000	0.917

Time Element Only Loss Cost Level History

(1)	(2)	(3)	(4)	(5)
Effective Date	Loss Cost Level Change	Loss Cost Level Index	Adjustment Factor	Weight
2013-04-01	-13.1%	0.869	1.000	0.750

NORTH DAKOTA  
BASIC GROUP II  
HISTORY OF STATEWIDE LOSS COST LEVEL CHANGES

Loss Cost Level History

(1)	(2)	(3)	(4)	(5)
Effective Date	Loss Cost Level Change	Loss Cost Level Index	Adjustment Factor	Weight
2000-09-01	-0.8%	0.992	1.486	0.333
2001-01-01	9.6%	1.087	1.356	1.000
2002-09-01	2.5%	1.114	1.323	0.333
2004-07-01	5.0%	1.170	1.260	0.500
2005-08-01	8.2%	1.266	1.164	0.417
2006-07-01	4.9%	1.328	1.110	0.500
2007-08-01	5.1%	1.396	1.056	0.417
2008-09-01	1.9%	1.422	1.037	0.333
2011-07-01	-1.9%	1.395	1.057	0.500
2013-07-01	-2.0%	1.367	1.078	0.500
2018-08-01	2.3%	1.399	1.054	0.417
2021-02-01	5.4%	1.474	1.000	0.917

Time Element Only Loss Cost Level History

(1)	(2)	(3)	(4)	(5)
Effective Date	Loss Cost Level Change	Loss Cost Level Index	Adjustment Factor	Weight
2013-04-01	-13.3%	0.867	1.000	0.750

NORTH DAKOTA  
SPECIAL CAUSES OF LOSS  
HISTORY OF STATEWIDE LOSS COST LEVEL CHANGES

Loss Cost Level History

(1)	(2)	(3)	(4)	(5)
Effective Date	Loss Cost Level Change	Loss Cost Level Index	Adjustment Factor	Weight
2000-09-01	9.4%	1.094	1.061	0.333
2001-01-01	13.7%	1.244	0.933	1.000
2002-09-01	1.9%	1.268	0.916	0.333
2004-07-01	-10.9%	1.129	1.028	0.500
2005-08-01	-7.7%	1.042	1.114	0.417
2006-07-01	-12.0%	0.917	1.266	0.500
2007-08-01	-0.8%	0.910	1.276	0.417
2008-09-01	1.3%	0.922	1.259	0.333
2011-07-01	8.6%	1.001	1.160	0.500
2013-07-01	8.0%	1.081	1.074	0.500
2018-08-01	1.6%	1.098	1.057	0.417
2021-02-01	5.7%	1.161	1.000	0.917

Time Element Only Loss Cost Level History

(1)	(2)	(3)	(4)	(5)
Effective Date	Loss Cost Level Change	Loss Cost Level Index	Adjustment Factor	Weight
2013-04-01	-25.0%	0.750	1.000	0.750

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

TERRITORY: Entire State (North Dakota)

(1) Effective Date	(2) Rating ID	(3) Rating Group																				
		01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	17	18	19	20	21	22
2006-07-01	Specific	-15.2%	-14.8%	-12.6%	-14.7%	-14.8%	-16.7%	-14.7%	-15.1%	-16.1%	-14.7%	-15.2%	-14.8%	-12.8%	-14.8%	-18.3%	-15.7%	-14.8%	-15.7%	-15.4%	-15.7%	
2006-07-01	Class	-15.7%	-15.3%	-13.1%	-15.2%	-15.3%	-17.2%	-15.2%	-15.6%	-16.6%	-15.2%	-15.7%	-15.3%	-13.3%	-15.3%	-18.8%	-16.2%	-14.8%	-16.2%	-15.7%	-15.4%	-16.2%
2007-08-01	Specific	-15.3%	-15.3%	-14.4%	-19.9%	-15.0%	-19.7%	-15.7%	-15.9%	-14.4%	-14.7%	-15.4%	-15.0%	-13.3%	-15.0%	-13.0%	-14.8%	-14.2%	-13.5%	-13.5%	-14.4%	-13.5%
2007-08-01	Class	1.9%	1.9%	2.9%	-3.7%	2.3%	-3.5%	1.4%	1.2%	2.9%	2.6%	1.8%	2.3%	4.3%	2.3%	4.6%	2.5%	-14.2%	4.0%	-13.5%	-14.4%	4.0%
2008-09-01	Specific	-31.8%	-30.2%	-29.0%	-34.6%	-29.1%	-35.8%	-30.9%	-31.1%	-28.9%	-29.8%	-29.1%	-29.1%	-28.4%	-29.1%	-27.0%	-29.5%	-29.1%	-28.3%	-28.3%	-29.4%	-28.3%
2008-09-01	Class	-4.7%	-2.4%	-0.8%	-8.6%	-1.0%	-11.2%	-3.5%	-3.7%	-0.6%	-1.9%	-1.0%	-1.0%	0.1%	-1.0%	2.0%	-1.5%	-29.1%	0.2%	-28.3%	-29.4%	0.2%
2011-07-01	Specific	-20.0%	-20.0%	-20.0%	-20.0%	-20.0%	-20.0%	-20.0%	-20.0%	-20.0%	-20.0%	-20.0%	-20.0%	-20.0%	-20.0%	-20.0%	-20.0%	-20.0%	-20.0%	-20.0%	-20.0%	-20.0%
2011-07-01	Class	18.4%	20.7%	22.9%	18.2%	20.7%	21.9%	20.7%	25.3%	21.2%	19.0%	20.7%	20.7%	21.2%	20.7%	25.0%	20.9%	-20.0%	20.9%	-20.0%	-20.0%	20.9%
2013-07-01	Specific	18.8%	18.2%	20.2%	17.4%	19.5%	14.8%	19.5%	20.0%	18.3%	17.9%	19.5%	19.5%	18.9%	19.5%	19.0%	18.5%	18.2%	18.2%	18.2%	19.7%	18.2%
2013-07-01	Class	8.1%	7.6%	9.4%	6.8%	8.7%	4.4%	8.7%	9.2%	7.7%	7.3%	8.7%	8.7%	8.2%	8.7%	8.3%	7.9%	18.2%	7.6%	18.2%	19.7%	7.6%
2018-08-01	Specific	-8.8%	-5.2%	-8.6%	3.8%	-7.0%	-12.3%	-6.0%	-10.1%	-6.4%	-8.7%	-7.0%	-7.0%	-4.0%	-7.0%	-6.9%	-6.0%	-6.2%	-7.2%	-7.2%	-3.3%	-7.2%
2018-08-01	Class	-8.8%	-5.2%	-8.6%	3.8%	-7.0%	-12.3%	-6.0%	-10.1%	-6.4%	-8.7%	-7.0%	-7.0%	-4.0%	-7.0%	-6.9%	-6.0%	-6.2%	-7.2%	-7.2%	-3.3%	-7.2%
2021-02-01	Specific	-8.9%	-7.9%	-9.1%	-9.1%	-9.3%	-10.7%	-8.8%	-13.3%	-9.4%	-8.3%	-9.3%	-9.3%	-3.7%	-9.3%	-9.0%	-9.3%	-8.7%	-9.3%	-9.3%	-5.9%	-9.3%
2021-02-01	Class	-8.9%	-7.9%	-9.1%	-9.1%	-9.3%	-10.7%	-8.8%	-13.3%	-9.4%	-8.3%	-9.3%	-9.3%	-3.7%	-9.3%	-9.0%	-9.3%	-8.7%	-9.3%	-9.3%	-5.9%	-9.3%

## NORTH DAKOTA

## SPECIAL CAUSES OF LOSS

HISTORY OF LOSS COST LEVEL CHANGES BY CATEGORY

(1) Effective Date	(2) Category													
	<u>01</u>	<u>02</u>	<u>03</u>	<u>04</u>	<u>05</u>	<u>06</u>	<u>07</u>	<u>08</u>	<u>09</u>	<u>10</u>	<u>11</u>	<u>12</u>	<u>13</u>	<u>14</u>
2006-07-01	-11.4%	-16.7%	-15.3%	-13.6%	-13.9%									
2007-08-01	0.3%	-6.1%	-4.2%	-5.5%	-3.5%									
2008-09-01	1.5%	-2.8%	-0.8%	1.2%	0.9%									
2011-07-01	10.7%	3.3%	0.2%	3.9%	3.9%	4.8%	5.2%	5.5%	4.1%	4.6%	6.0%	3.1%	4.0%	6.8%
2013-07-01	8.9%	8.7%	3.2%	4.8%	6.0%	4.1%	5.7%	6.8%	5.4%	6.5%	5.5%	5.2%	5.5%	8.6%
2018-08-01	1.2%	2.0%	2.9%	3.4%	3.3%	3.1%	2.7%	2.7%	2.3%	2.9%	2.7%	3.3%	3.1%	3.4%
2021-02-01	5.6%	5.8%	6.5%	6.4%	6.5%	6.2%	6.0%	6.0%	5.6%	6.1%	6.2%	6.1%	6.0%	6.1%

## NORTH DAKOTA

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

<u>TOP</u>	<u>Description</u>	<u>IPMF</u>	<u>Low Cap</u>	<u>High Cap</u>
31	Motel/Hotel	1.147	0.500	1.500
32	Apartment	0.842	0.500	1.500
33	Office	1.267	0.500	1.500
34	Mercantile	0.996	0.500	1.500
35	Institutional	1.424	0.500	1.500
36	Services	0.987	0.500	1.500
37	Indust/Processing	1.398	0.500	1.500
38	Contractors	1.069	0.500	1.500

## NORTH DAKOTA

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

<u>TOP</u>	<u>Description</u>	<u>IPMF</u>	<u>Low</u> <u>Cap</u>	<u>High</u> <u>Cap</u>
31	Motel/Hotel	0.808	0.500	1.500
32	Apartment	1.053	0.500	1.500
33	Office	0.679	0.500	1.500
34	Mercantile	0.841	0.500	1.500
35	Institutional	0.669	0.500	1.500
36	Services	1.118	0.500	1.500
37	Indust/Processing	0.733	0.500	1.500
38	Contractors	1.020	0.500	1.500

## NORTH DAKOTA

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

<u>TOP</u>	<u>Description</u>	<u>IPMF</u>	<u>Low Cap</u>	<u>High Cap</u>
31	Motel/Hotel	0.969	0.500	1.500
32	Apartment	1.126	0.500	1.500
33	Office	1.075	0.500	1.500
34	Mercantile	0.894	0.500	1.500
35	Institutional	0.780	0.500	1.500
36	Services	0.713	0.500	1.500
37	Indust/Processing	0.859	0.500	1.500
38	Contractors	0.801	0.500	1.500

## NORTH DAKOTA

DEVELOPMENT OF CURRENT COST FACTORS AND LOSS PROJECTION FACTORS

Period ending December 31, 2022

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

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

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

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

Quarter	Buildings	Contents	IMSEP	RSALES	Time Element
					Combined Index
Q1-2020	124.6	121.8	1.063	0.969	0.997
Q2-2020	126.0	122.6	1.046	0.949	0.978
Q3-2020	128.4	122.0	1.058	0.965	0.993
Q4-2020	129.8	122.9	1.067	0.969	0.998
Q1-2021	130.7	123.9	1.081	0.986	1.015
Q2-2021	135.9	126.7	1.105	1.012	1.040
Q3-2021	137.7	129.1	1.135	1.033	1.064
Q4-2021	140.9	131.8	1.166	1.058	1.090
Q1-2022	145.2	135.4	1.209	1.092	1.127
Q2-2022	146.2	139.7	1.248	1.118	1.157
Q3-2022	147.6	142.1	1.259	1.123	1.164
Q4-2022	149.6	144.7	1.266	1.119	1.163

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

	<u>Buildings</u>	<u>Contents</u>	<u>Time Element</u>
Annual Rate of Change (AROC)	+7.46%	+7.03%	+7.51%
Coefficient of Determination (R <sup>2</sup> )	0.984	0.932	0.940
Loss Projection Factor = (1.0 + AROC) <sup>(24.5/12)</sup>	1.1582	1.1488	1.1593

## NORTH DAKOTA

DEVELOPMENT OF CURRENT COST FACTORS AND LOSS PROJECTION FACTORS

Period ending December 31, 2022

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

<u>Year</u>	<u>Calendar Year Averages</u>			<u>Current Cost Factors Based on Average Index Values for Period ending December 31, 2022</u>				
	<u>XCI</u>	<u>PPI</u>	<u>Index</u>	<u>Buildings</u>		<u>Contents</u>	<u>Time Element</u>	
2010	99.3	101.8	0.953	149.6 / 99.3 = 1.507		144.7 / 101.8 = 1.421	1.163 / 1.0 = 1.220	
2011	100.0	105.2	0.985	149.6 / 100.0 = 1.496		144.7 / 105.2 = 1.375	1.163 / 1.0 = 1.181	
2012	101.0	108.0	1.000	149.6 / 101.0 = 1.481		144.7 / 108.0 = 1.341	1.163 / 1.0 = 1.163	
2013	102.7	109.7	1.003	149.6 / 102.7 = 1.457		144.7 / 109.7 = 1.319	1.163 / 1.0 = 1.160	
2014	104.7	112.5	1.005	149.6 / 104.7 = 1.429		144.7 / 112.5 = 1.286	1.163 / 1.0 = 1.158	
2015	109.1	113.8	0.986	149.6 / 109.1 = 1.371		144.7 / 113.8 = 1.271	1.163 / 1.0 = 1.180	
2016	111.1	114.4	0.975	149.6 / 111.1 = 1.347		144.7 / 114.4 = 1.265	1.163 / 1.0 = 1.193	
2017	114.3	116.4	0.983	149.6 / 114.3 = 1.309		144.7 / 116.4 = 1.244	1.163 / 1.0 = 1.183	
2018	117.8	118.4	0.996	149.6 / 117.8 = 1.270		144.7 / 118.4 = 1.222	1.163 / 1.0 = 1.167	
2019	121.5	120.9	0.999	149.6 / 121.5 = 1.232		144.7 / 120.9 = 1.197	1.163 / 1.0 = 1.165	
2020	127.2	122.3	0.992	149.6 / 127.2 = 1.176		144.7 / 122.3 = 1.183	1.163 / 1.0 = 1.173	
2021	136.3	127.9	1.052	149.6 / 136.3 = 1.098		144.7 / 127.9 = 1.132	1.163 / 1.1 = 1.105	

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

(b) Assuming a rate or loss cost revision date of 12/01/2023, and all one year policies, the time interval between the midpoint of the latest period (11/15/2022) and the average date of accident (12/01/2024) would be 24.5 months.

## NORTH DAKOTA

SUMMARY OF LOSS TREND ADJUSTMENTS (LTA'S)

(1)	(2)	(3)	(4)
<u>Coverage</u>	<u>Subline</u>	<u>5-Year Incurred</u>	<u>LTA's*</u>
Buildings	Basic Group I	3,657,062,915	-0.3%
	Basic Group II	4,450,315,838	0.5%
	Special Causes of Loss	2,327,811,519	0.2%
	Total	10,435,190,272	0.2%
Contents	Basic Group I	1,034,779,617	0.3%
	Basic Group II	486,799,243	3.1%
	Special Causes of Loss	800,403,105	-0.2%
	Total	2,321,981,965	0.7%
Time Element	Basic Group I	544,184,465	1.8%
	Basic Group II	296,823,948	2.4%
	Special Causes of Loss	242,926,481	1.8%
	Total	1,083,934,894	2.0%
Grand Total		13,841,107,130	0.4%

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

## NORTH DAKOTA

DEVELOPMENT OF LTA'SI. EXTERNAL RATE OF CHANGE<sup>a</sup>

Calendar Year	(1)	(2)	(3)	(4)	(5)
	Buildings Current Cost Factor	Contents Current Cost Factor	Time Element Cost Factor	Basic Group I (BGI)& Special Causes of Loss (SCL) Weights	Basic Group II (BGII) Weights
2012	1.395	1.221	1.090		0.10
2013	1.372	1.201	1.087		0.10
2014	1.346	1.171	1.085		0.10
2015	1.291	1.158	1.105		0.10
2016	1.268	1.152	1.118		0.10
2017	1.233	1.133	1.109	0.10	0.10
2018	1.196	1.113	1.094	0.15	0.10
2019	1.160	1.090	1.092	0.20	0.10
2020	1.108	1.077	1.099	0.25	0.10
2021	1.034	1.031	1.036	0.30	0.10

## (6) AVERAGE CURRENT COST FACTORS

	Buildings	Contents	Time Element
Basic Group I and Special Causes of Loss (Weighted on Column (4))	1.122	1.077	1.079
Basic Group II (Weighted on Column (5))	1.240	1.135	1.091

## (7) LOSS PROJECTION FACTORS

	Buildings	Contents	Time Element
Annual Rate of Change	0.060	0.029	0.027
Loss Projection Factor: <sup>b</sup> $(1.0 + \text{Annual Rate of Change})^{(X/12)}$	1.164	1.078	1.074

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

	Buildings	Contents	Time Element
Basic Group I and Special Causes of Loss	1.306	1.161	1.158
Basic Group II	1.444	1.223	1.171

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

	Buildings	Contents	Time Element
Basic Group I and Special Causes of Loss: $(\text{Total Trend Factor})^{12/54}$	1.061	1.034	1.033
Basic Group II: $(\text{Total Trend Factor})^{12/90}$	1.050	1.027	1.021

- (a) The Current Cost Factors and Loss Projection Factors on this exhibit are based on external economic indices through December 31, 2021 for Buildings, Contents and Time Element.
- (b) Assuming a loss cost revision date of July 1, 2023, the time interval between the midpoint of the latest period of external trend information (November 15, 2021) and the prospective average date of loss (July 1, 2024) is 31.5 months for Buildings, Contents and Time Element.
- (c) The time interval from the weighted midpoint of the experience period to the prospective average date of loss (July 1, 2024) is 54 months for BG I and SCL, and 90 months for BG II. The weighted midpoint is January 1, 2020 for BG I and SCL, and January 1, 2017 for BG II.

## NORTH DAKOTA

II. INTERNAL ANNUAL RATES OF CHANGE:

## (10) SELECTED COMFAL

Severity	Buildings	Contents	Time Element
Basic Group I (BGI)	1.075	1.060	1.070
Basic Group II (BGII)	1.060	1.090	1.070
Special Causes of Loss	1.065	1.050	1.070

Frequency	Buildings	Contents	Time Element
Basic Group I (BGI)	0.990	0.990	1.000
Basic Group II (BGII)	1.000	1.000	1.000
Special Causes of Loss	1.000	0.990	1.000

III. LTA CALCULATION:

## CALCULATION OF LTAs - BUILDINGS

	(11)	(12)	(13)	(14)	(15)	(16)
	External	Internal	Indicated	Formula	Frequency	Final
	Rate of	Rate of	Severity LTA	Severity	Frequency	Final
	<u>Change<sup>d</sup></u>	<u>Change</u>	<u>[(12)/(11)-1.0]</u>	<u>LTA<sup>e</sup></u>	<u>Effect</u>	<u>LTA<sup>f</sup></u>
Basic Group I (BGI)	1.061	1.075	1.3	0.7	-1.0	-0.3
Basic Group II (BGII)	1.050	1.060	1.0	0.5	0.0	0.5
Special Causes of Loss	1.061	1.065	0.4	0.2	0.0	0.2

## CALCULATION OF LTAs - CONTENTS

	(11)	(12)	(13)	(14)	(15)	(16)
	External	Internal	Indicated	Formula	Frequency	Final
	Rate of	Rate of	Severity LTA	Severity	Frequency	Final
	<u>Change<sup>d</sup></u>	<u>Change</u>	<u>[(12)/(11)-1.0]</u>	<u>LTA<sup>e</sup></u>	<u>Effect</u>	<u>LTA<sup>f</sup></u>
Basic Group I (BGI)	1.034	1.060	2.5	1.3	-1.0	0.3
Basic Group II (BGII)	1.027	1.090	6.1	3.1	0.0	3.1
Special Causes of Loss	1.034	1.050	1.5	0.8	-1.0	-0.2

## CALCULATION OF LTAs - TIME ELEMENT

	(11)	(12)	(13)	(14)	(15)	(16)
	External	Internal	Indicated	Formula	Frequency	Final
	Rate of	Rate of	Severity LTA	Severity	Frequency	Final
	<u>Change<sup>d</sup></u>	<u>Change</u>	<u>[(12)/(11)-1.0]</u>	<u>LTA<sup>e</sup></u>	<u>Effect</u>	<u>LTA<sup>f</sup></u>
Basic Group I (BGI)	1.033	1.070	3.6	1.8	0.0	1.8
Basic Group II (BGII)	1.021	1.070	4.8	2.4	0.0	2.4
Special Causes of Loss	1.033	1.070	3.6	1.8	0.0	1.8

(d) The external rates of change are based on external economic indices through December 31, 2021 for Buildings, Contents and Time Element.

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

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

## NORTH DAKOTA

EXPOSURE TRENDDEVELOPMENT OF CURRENT AND PROJECTED EARNED EXPOSURE FACTORS

Year	Buildings				Contents			
	(1) <sup>a</sup> Annual Written Increase	(2) <sup>a</sup> 7/1/2022 Written Factors	(3) <sup>b</sup> 6/1/2024 Projected Factors	(4) <sup>c</sup> 6/1/2024 Earned Factors	(5) <sup>a</sup> Annual Written Increase	(6) <sup>a</sup> 7/1/2022 Written Factors	(7) <sup>b</sup> 6/1/2024 Projected Factors	(8) <sup>c</sup> 6/1/2024 Earned Factors
2010	2.5%	1.380	1.510	1.528	1.7%	1.275	1.344	1.356
2011	2.5%	1.346	1.473	1.491	1.8%	1.252	1.320	1.332
2012	2.7%	1.311	1.434	1.454	1.8%	1.230	1.297	1.309
2013	2.6%	1.278	1.398	1.416	2.1%	1.205	1.270	1.284
2014	2.5%	1.247	1.364	1.381	2.1%	1.180	1.244	1.257
2015	2.3%	1.219	1.334	1.349	1.9%	1.158	1.221	1.233
2016	2.1%	1.194	1.306	1.320	1.8%	1.138	1.200	1.211
2017	2.1%	1.169	1.279	1.293	1.8%	1.118	1.179	1.190
2018	2.7%	1.138	1.245	1.262	1.9%	1.097	1.157	1.168
2019	2.9%	1.106	1.210	1.228	2.2%	1.073	1.131	1.144
2020	2.2%	1.082	1.184	1.197	2.1%	1.051	1.108	1.120
2021	3.2%	1.048	1.147	1.166	2.2%	1.028	1.084	1.096
2022	4.8%	1.000	1.094	1.121	2.8%	1.000	1.054	1.069

## Notes

- a The percentages in columns (1) and (5) represent the change in written exposures from 07/01/n-1 to 07/01/n. Columns (2) and (6) contain the cumulative changes in written exposures for each year relative to the latest year.
- b The selected average annual changes in Amount of Insurance for projection purposes are 4.8% and 2.8% for Buildings and Contents, respectively. Consequently, the written factors at 7/1/2022 levels in column (2) and column (6) are brought to the level of the average date of writing in the effective period, 6/1/2024 (i.e., 6 months beyond an assumed revision date of 12/1/2023), by applying a factor of  $(1.048)^{(23/12)}$  for Buildings and  $(1.028)^{(23/12)}$  for Contents.
- c Written factors are earned into each accident year ending 12/31 using the following factors which assume all one year policies:

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

For example, the factors used to adjust earned exposures for the period from 01/01/2022 to 12/31/2022 to the projected level are 1.121 for Buildings and 1.069 for Contents.

EXPOSURE TREND  
DEVELOPMENT OF CURRENT AND PROJECTED EARNED EXPOSURE FACTORS

	Time Element			
	(1) <sup>a</sup> Annual Written <u>Increase</u>	(2) <sup>a</sup> 7/1/2022 Written <u>Factors</u>	(3) <sup>b</sup> 6/1/2024 Projected <u>Factors</u>	(4) <sup>c</sup> 6/1/2024 Earned <u>Factors</u>
<u>Year</u>				
2010	0.7%	1.126	1.161	1.166
2011	0.8%	1.117	1.152	1.157
2012	0.8%	1.108	1.142	1.147
2013	0.9%	1.098	1.132	1.137
2014	1.0%	1.087	1.121	1.127
2015	1.1%	1.075	1.108	1.115
2016	1.1%	1.063	1.096	1.102
2017	0.9%	1.054	1.087	1.092
2018	0.7%	1.047	1.079	1.083
2019	1.0%	1.037	1.069	1.074
2020	0.9%	1.028	1.060	1.065
2021	1.2%	1.016	1.047	1.054
2022	1.6%	1.000	1.031	1.039

## Notes

- a The percentages in columns (1) and (5) represent the change in written exposures from 07/01/n-1 to 07/01/n. Columns (2) and (6) contain the cumulative changes in written exposures for each year relative to the latest year.
- b The selected average annual change in Net Income (Time Element exposure) for projection purposes is 1.6%. Consequently, the written factors at 7/1/2022 levels in column (2) are brought to the level of the average date of writing in the effective period, 6/1/2024 (i.e., 6 months beyond an assumed revision date of 12/1/2023), by applying a factor of  $(1.016)^{(23/12)}$  for Time Element.
- c Written factors are earned into each accident year ending 12/31 using the following factors which assume all one year policies:

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

For example, the factors used to adjust earned exposures for the period from 01/01/2022 to 12/31/2022 to the projected level is 1.039 for Time Element

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

Year	Buildings				Contents			
	(1) <sup>a</sup> Annual Written Increase	(2) <sup>a</sup> 7/1/2022 Written Factors	(3) <sup>b</sup> 6/1/2024 Projected Factors	(4) <sup>c</sup> 6/1/2024 Earned Factors	(5) <sup>a</sup> Annual Written Increase	(6) <sup>a</sup> 7/1/2022 Written Factors	(7) <sup>b</sup> 6/1/2024 Projected Factors	(8) <sup>c</sup> 6/1/2024 Earned Factors
2010	2.0%	1.297	1.396	1.410	1.4%	1.225	1.280	1.289
2011	2.0%	1.272	1.369	1.383	1.5%	1.207	1.261	1.271
2012	2.2%	1.245	1.340	1.355	1.5%	1.189	1.242	1.252
2013	2.1%	1.219	1.312	1.326	1.8%	1.168	1.220	1.231
2014	2.0%	1.195	1.286	1.299	1.8%	1.147	1.198	1.209
2015	1.9%	1.173	1.262	1.274	1.6%	1.129	1.179	1.189
2016	1.7%	1.153	1.241	1.252	1.5%	1.112	1.162	1.171
2017	1.7%	1.134	1.220	1.231	1.5%	1.096	1.145	1.154
2018	2.2%	1.110	1.194	1.207	1.6%	1.079	1.127	1.136
2019	2.3%	1.085	1.168	1.181	1.8%	1.060	1.107	1.117
2020	1.8%	1.066	1.147	1.158	1.8%	1.041	1.087	1.097
2021	2.6%	1.039	1.118	1.133	1.8%	1.023	1.069	1.078
2022	3.9%	1.000	1.076	1.097	2.3%	1.000	1.045	1.057

## Notes

- a The percentages in columns (1) and (5) represent the change in written premium (reflecting the combined effect of change in exposures and limit of insurance factors) from 07/01/n-1 to 07/01/n. Columns (2) and (6) contain the cumulative changes in written premiums for each year relative to the latest year.
- b The average annual changes in Premium for projection purposes are 3.9% and 2.3% for Buildings and Contents, respectively. Consequently, the written factors at 7/1/2022 levels in column (2) and column (6) are brought to the level of the average date of writing in the effective period, 6/1/2024 (i.e., 6 months beyond an assumed revision date of 12/1/2023), by applying a factor of  $(1.039)^{(23/12)}$  for Buildings and  $(1.023)^{(23/12)}$  for Contents.
- c Written factors are earned into each accident year ending 12/31 using the following factors which assume all one year policies:

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

For example, the factors used to adjust earned exposures for the period from 01/01/2022 to 12/31/2022 to the projected level are 1.097 for Buildings and 1.057 for Contents.

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

Year	Buildings				Contents			
	(1) <sup>a</sup>	(2) <sup>a</sup>	(3) <sup>b</sup>	(4) <sup>c</sup>	(5) <sup>a</sup>	(6) <sup>a</sup>	(7) <sup>b</sup>	(8) <sup>c</sup>
	Annual Written Increase	7/1/2022 Written Factors	6/1/2024 Projected Factors	6/1/2024 Earned Factors	Annual Written Increase	7/1/2022 Written Factors	6/1/2024 Projected Factors	6/1/2024 Earned Factors
2010	1.9%	1.271	1.358	1.371	1.3%	1.203	1.252	1.261
2011	1.9%	1.247	1.332	1.345	1.4%	1.186	1.234	1.243
2012	2.0%	1.223	1.306	1.319	1.4%	1.170	1.218	1.226
2013	1.9%	1.200	1.282	1.294	1.6%	1.152	1.199	1.209
2014	1.9%	1.178	1.258	1.270	1.6%	1.134	1.180	1.190
2015	1.7%	1.158	1.237	1.248	1.4%	1.118	1.163	1.172
2016	1.6%	1.140	1.218	1.228	1.4%	1.103	1.148	1.156
2017	1.6%	1.122	1.198	1.208	1.4%	1.088	1.132	1.140
2018	2.0%	1.100	1.175	1.187	1.4%	1.073	1.117	1.125
2019	2.1%	1.077	1.150	1.163	1.7%	1.055	1.098	1.108
2020	1.6%	1.060	1.132	1.141	1.6%	1.038	1.080	1.089
2021	2.4%	1.035	1.106	1.119	1.7%	1.021	1.062	1.071
2022	3.5%	1.000	1.068	1.087	2.1%	1.000	1.041	1.052

## Notes

- a The percentages in columns (1) and (5) represent the change in written premium (reflecting the combined effect of change in exposures and limit of insurance factors) from 07/01/n-1 to 07/01/n. Columns (2) and (6) contain the cumulative changes in written premiums for each year relative to the latest year.
- b The average annual changes in Premium for projection purposes are 3.5% and 2.1% for Buildings and Contents, respectively. Consequently, the written factors at 7/1/2022 levels in column (2) and column (6) are brought to the level of the average date of writing in the effective period, 6/1/2024 (i.e., 6 months beyond an assumed revision date of 12/1/2023), by applying a factor of  $(1.035)^{(23/12)}$  for Buildings and  $(1.021)^{(23/12)}$  for Contents.
- c Written factors are earned into each accident year ending 12/31 using the following factors which assume all one year policies:

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

For example, the factors used to adjust earned exposures for the period from 01/01/2022 to 12/31/2022 to the projected level are 1.087 for Buildings and 1.052 for Contents.

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

Year	Buildings				Contents			
	(1) <sup>a</sup> Annual Written Increase	(2) <sup>a</sup> 7/1/2022 Written Factors	(3) <sup>b</sup> 6/1/2024 Projected Factors	(4) <sup>c</sup> 6/1/2024 Earned Factors	(5) <sup>a</sup> Annual Written Increase	(6) <sup>a</sup> 7/1/2022 Written Factors	(7) <sup>b</sup> 6/1/2024 Projected Factors	(8) <sup>c</sup> 6/1/2024 Earned Factors
2010	1.9%	1.280	1.372	1.385	1.1%	1.173	1.214	1.221
2011	1.9%	1.256	1.347	1.360	1.2%	1.159	1.199	1.207
2012	2.1%	1.230	1.319	1.333	1.2%	1.145	1.185	1.192
2013	2.0%	1.206	1.293	1.306	1.4%	1.129	1.168	1.177
2014	1.9%	1.184	1.269	1.281	1.4%	1.113	1.152	1.160
2015	1.8%	1.163	1.247	1.258	1.2%	1.100	1.138	1.145
2016	1.6%	1.145	1.228	1.238	1.2%	1.087	1.125	1.132
2017	1.6%	1.127	1.208	1.218	1.2%	1.074	1.111	1.118
2018	2.1%	1.104	1.184	1.196	1.2%	1.061	1.098	1.105
2019	2.2%	1.080	1.158	1.171	1.4%	1.046	1.082	1.090
2020	1.7%	1.062	1.139	1.149	1.4%	1.032	1.068	1.075
2021	2.4%	1.037	1.112	1.126	1.4%	1.018	1.053	1.061
2022	3.7%	1.000	1.072	1.092	1.8%	1.000	1.035	1.044

## Notes

- a The percentages in columns (1) and (5) represent the change in written premium (reflecting the combined effect of change in exposures and limit of insurance factors) from 07/01/n-1 to 07/01/n. Columns (2) and (6) contain the cumulative changes in written premiums for each year relative to the latest year.
- b The average annual changes in Premium for projection purposes are 3.7% and 1.8% for Buildings and Contents, respectively. Consequently, the written factors at 7/1/2022 levels in column (2) and column (6) are brought to the level of the average date of writing in the effective period, 6/1/2024 (i.e., 6 months beyond an assumed revision date of 12/1/2023), by applying a factor of  $(1.037)^{(23/12)}$  for Buildings and  $(1.018)^{(23/12)}$  for Contents.
- c Written factors are earned into each accident year ending 12/31 using the following factors which assume all one year policies:

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

For example, the factors used to adjust earned exposures for the period from 01/01/2022 to 12/31/2022 to the projected level are 1.092 for Buildings and 1.044 for Contents.

## NORTH DAKOTA

## BASIC GROUP I

ADDITIONAL INFORMATION ON TREND ADJUSTMENTS

<u>Year</u>	(1)	(2)	(3)	(4)		
	Unadjusted Incurred <u>Losses</u>	Trended Incurred <u>Losses</u>	Average Total Loss Trend Factor <u>(2) / (1)</u>	<u>Split %</u>		
				<u>Buildings</u>	<u>Contents</u>	<u>Time Element</u>
2017	4,751,059	7,568,292	1.593	71.8%	5.5%	22.7%
2018	1,731,651	2,724,188	1.573	78.4%	10.5%	11.1%
2019	2,274,679	3,471,769	1.526	0.0%	0.0%	0.0%
2020	2,004,785	2,872,696	1.433	73.0%	26.6%	0.4%
2021	2,273,962	3,078,138	1.354	71.2%	18.3%	10.5%

## NORTH DAKOTA

## BASIC GROUP II

ADDITIONAL INFORMATION ON TREND ADJUSTMENTS

<u>Year</u>	(1)	(2)	(3)	(4)		
	Unadjusted Incurred Losses	Trended Incurred Losses	Average Total Loss Trend Factor (2) / (1)	Split %		
				<u>Buildings</u>	<u>Contents</u>	<u>Time Element</u>
2012	486,891	1,001,866	2.058	77.9%	22.1%	0.0%
2013	1,271,339	2,427,990	1.910	91.1%	8.9%	0.0%
2014	3,028,936	5,475,559	1.808	93.0%	7.0%	0.0%
2015	3,103,003	5,402,516	1.741	86.8%	12.7%	0.5%
2016	9,779,123	16,381,604	1.675	88.0%	8.9%	3.1%
2017	1,591,329	2,590,056	1.628	97.8%	2.2%	0.0%
2018	3,161,358	4,947,532	1.565	93.0%	4.2%	2.8%
2019	4,528,178	6,795,843	1.501	94.5%	5.2%	0.3%
2020	1,599,858	2,335,627	1.460	95.3%	2.6%	2.1%
2021	8,899,701	11,800,374	1.326	91.8%	8.0%	0.2%

## NORTH DAKOTA

SPECIAL CAUSES OF LOSS  
ADDITIONAL INFORMATION ON TREND ADJUSTMENTS

<u>Year</u>	(1)	(2)	(3)	(4)		
	Unadjusted Incurred Losses	Trended Incurred Losses	Average Total Loss Trend Factor (2) / (1)	Split %		
				<u>Buildings</u>	<u>Contents</u>	<u>Time Element</u>
2017	1,305,676	2,052,512	1.572	87.8%	12.2%	0.0%
2018	1,770,323	2,713,982	1.533	0.0%	0.0%	0.0%
2019	2,091,446	3,122,512	1.493	85.5%	13.3%	1.2%
2020	2,087,315	2,906,402	1.392	89.8%	10.2%	0.0%
2021	3,365,123	4,529,103	1.346	79.4%	17.6%	3.0%

## NORTH DAKOTA

INCURRED LOSS DEVELOPMENT  
LOSS YEARS 2012-2021  
EVALUATED AS OF 3/2022

## Basic Group I

Year Ending	Losses as of				
	15 Months	27 Months	39 Months	51 Months	63 Months
12/31/2012	944,278,014	929,118,850	914,787,043	907,486,054	903,157,256
12/31/2013	917,700,065	913,428,827	911,402,763	898,712,132	896,853,861
12/31/2014	966,027,076	939,367,300	920,476,334	909,400,351	906,849,305
12/31/2015	892,705,792	881,683,720	876,756,032	868,778,610	866,646,775
12/31/2016	1,010,657,520	1,006,829,226	987,497,708	986,756,698	983,402,196
12/31/2017	1,275,937,999	1,263,242,934	1,206,756,984	1,172,122,006	1,164,358,492
12/31/2018	1,177,418,472	1,134,882,067	1,109,792,549	1,091,839,514	
12/31/2019	1,335,875,523	1,332,222,571	1,269,111,476		
12/31/2020	1,320,455,943	1,272,208,299			
12/31/2021	1,351,448,969				

## Ratios

Year Ending	27:15 Months	39:27 Months	51:39 Months	63:51 Months
12/31/2012	0.984	0.985	0.992	0.995
12/31/2013	0.995	0.998	0.986	0.998
12/31/2014	0.972	0.980	0.988	0.997
12/31/2015	0.988	0.994	0.991	0.998
12/31/2016	0.996	0.981	0.999	0.997
12/31/2017	0.990	0.955	0.971	0.993
12/31/2018	0.964	0.978	0.984	
12/31/2019	0.997	0.953		
12/31/2020	0.963			
5 Point Average	0.982	0.972	0.987	0.997

## Development Factors to Ultimate

15 Months to Ultimate =	0.939
27 Months to Ultimate =	0.956
39 Months to Ultimate =	0.984
51 Months to Ultimate =	0.997

## NORTH DAKOTA

INCURRED LOSS DEVELOPMENT  
LOSS YEARS 2012-2021  
EVALUATED AS OF 3/2022

## Basic Group II

Year Ending	Losses as of				
	15 Months	27 Months	39 Months	51 Months	63 Months
12/31/2012	980,614,203	1,013,117,631	1,031,660,425	1,042,660,713	1,047,326,496
12/31/2013	628,648,617	641,942,751	644,064,218	650,394,628	661,268,270
12/31/2014	574,308,688	597,927,638	613,999,508	621,397,477	627,214,637
12/31/2015	470,827,345	494,012,832	503,524,633	510,106,284	513,549,805
12/31/2016	707,385,067	737,397,914	748,902,297	755,738,367	754,357,271
12/31/2017	907,175,788	957,373,254	998,063,587	1,012,660,787	1,026,015,395
12/31/2018	751,034,376	775,301,934	796,398,149	806,421,096	
12/31/2019	801,048,987	834,849,558	847,413,974		
12/31/2020	1,410,631,649	1,458,183,250			
12/31/2021	870,056,759				

## RATIOS

Year Ending	27:15 Months	39:27 Months	51:39 Months	63:51 Months
12/31/2012	1.033	1.018	1.011	1.004
12/31/2013	1.021	1.003	1.010	1.017
12/31/2014	1.041	1.027	1.012	1.009
12/31/2015	1.049	1.019	1.013	1.007
12/31/2016	1.042	1.016	1.009	0.998
12/31/2017	1.055	1.043	1.015	1.013
12/31/2018	1.032	1.027	1.013	
12/31/2019	1.042	1.015		
12/31/2020	1.034			
5 Point Average	1.041	1.024	1.012	1.009

Development Factors to Ultimate

15 Months to Ultimate =	1.088
27 Months to Ultimate =	1.046
39 Months to Ultimate =	1.021
51 Months to Ultimate =	1.009

## NORTH DAKOTA

INCURRED LOSS DEVELOPMENT  
LOSS YEARS 2012-2021  
EVALUATED AS OF 3/2022

## Special Causes of Loss

Year Ending	Losses as of				
	15 Months	27 Months	39 Months	51 Months	63 Months
12/31/2012	463,617,262	460,470,224	458,598,493	459,816,579	461,374,645
12/31/2013	491,015,193	484,194,527	479,389,729	477,469,236	477,129,521
12/31/2014	712,198,566	711,910,384	713,078,362	712,586,853	711,666,244
12/31/2015	659,447,837	656,038,945	652,973,418	652,129,298	652,547,104
12/31/2016	428,749,441	446,858,384	450,065,192	450,746,252	450,672,267
12/31/2017	477,302,549	483,554,264	486,255,514	488,666,374	486,970,575
12/31/2018	662,465,978	660,239,350	646,119,869	647,723,043	
12/31/2019	560,924,971	561,712,128	553,179,158		
12/31/2020	536,700,882	542,826,837			
12/31/2021	991,622,000				

## RATIOS

Year Ending	27:15 Months	39:27 Months	51:39 Months	63:51 Months
12/31/2012	0.993	0.996	1.003	1.003
12/31/2013	0.986	0.990	0.996	0.999
12/31/2014	1.000	1.002	0.999	0.999
12/31/2015	0.995	0.995	0.999	1.001
12/31/2016	1.042	1.007	1.002	1.000
12/31/2017	1.013	1.006	1.005	0.997
12/31/2018	0.997	0.979	1.002	
12/31/2019	1.001	0.985		
12/31/2020	1.011			
5 Point Average	1.013	0.994	1.001	0.999

## Development Factors to Ultimate

15 Months to Ultimate =	1.007
27 Months to Ultimate =	0.994
39 Months to Ultimate =	1.000
51 Months to Ultimate =	0.999

NORTH DAKOTA

COUNTRYWIDE BASIC GROUP I EXCESS LOSS FACTORS  
BY CONSTRUCTION, PROTECTION AND EXPOSURE

		Amount of Insurance *										
		1	2	3	4	5	6	7	8	9	10	11
Const. 1-3	Prot. 1-4	1.000	1.058	1.120	1.185	1.254	1.326	1.404	1.485	1.571	1.663	1.759
	Prot. 5-7	1.000	1.074	1.153	1.239	1.330	1.429	1.534	1.648	1.770	1.901	2.041
	Prot. 8-10	1.000	1.133	1.284	1.454	1.648	1.867	2.116	2.397	2.716	3.077	3.486

		Amount of Insurance *										
		1	2	3	4	5	6	7	8	9	10	11
Const. 4-6	Prot. 1-4	1.000	1.058	1.120	1.185	1.254	1.326	1.404	1.485	1.571	1.663	1.759
	Prot. 5-7	1.000	1.074	1.153	1.239	1.330	1.429	1.534	1.648	1.770	1.901	2.041
	Prot. 8-10	1.000	1.133	1.284	1.454	1.648	1.867	2.116	2.397	2.716	3.077	3.486

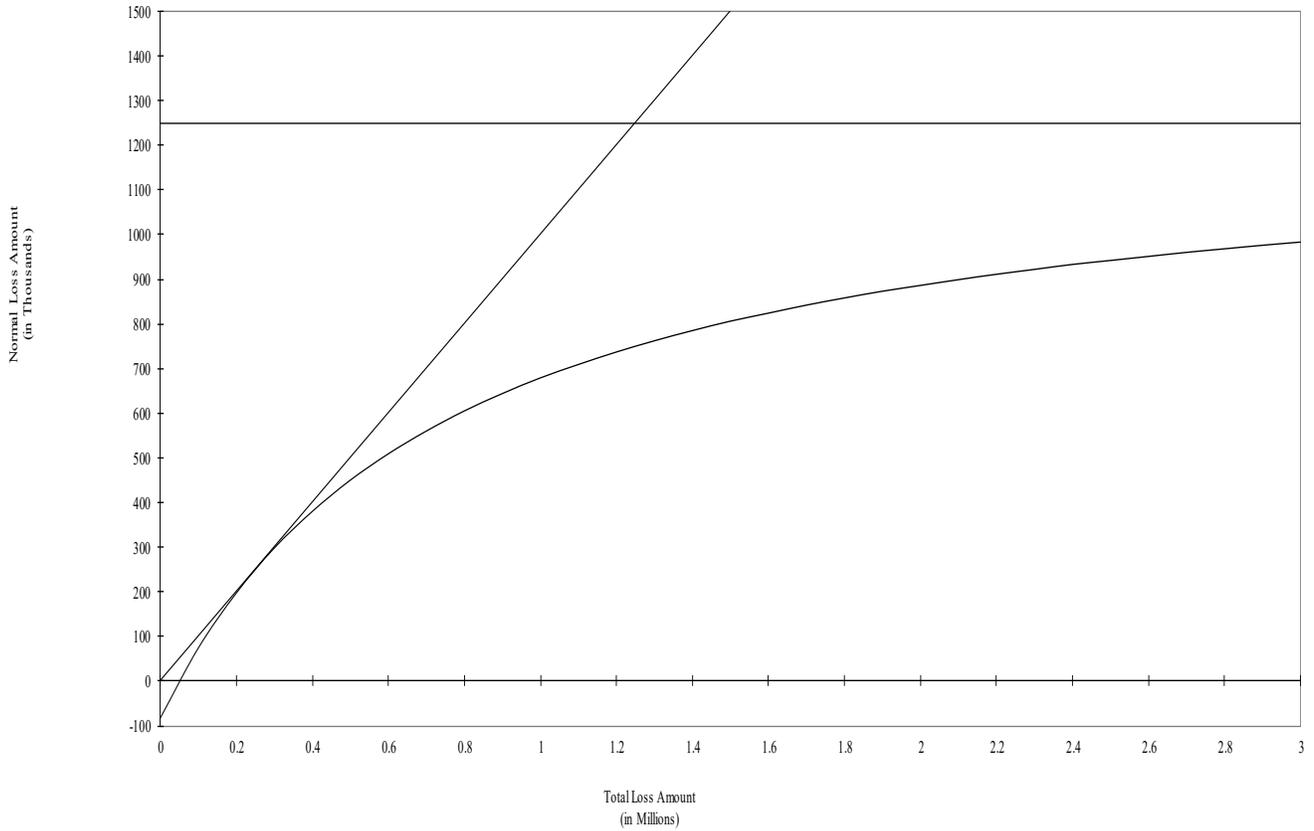
\* Amount of  
Insurance

Intervals

- 1 0-599,000
- 2 599,001-750,000
- 3 750,001-1,000,000
- 4 1,000,001-1,250,000
- 5 1,250,001-1,500,000
- 6 1,500,001-2,500,000
- 7 2,500,001-3,500,000
- 8 3,500,001-5,500,000
- 9 5,500,001-7,500,000
- 10 7,500,001-10,000,000
- 11 10,000,001 and over

Countrywide Basic Group I  
Normal vs. Total Loss Amount

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



## NORTH DAKOTA

BASIC GROUP I  
ADDITIONAL EXCESS LOSS INFORMATION

	(1)	(2)	(3)	(4)	(5)	(6)
	Trended	Trended	State	Multi-	Adjusted	State
	Incurring	Normal	Normal %	State	Incurring	Average
<u>Year</u>	<u>Losses</u>	<u>Losses</u>	<u>(2)/(1)</u>	<u>%</u>	<u>Losses</u>	<u>(5)/(2)</u>
						Excess
						Factor
2017	7,568,292	4,400,179	58.1%	48.0%	7,324,407	1.665
2018	2,724,188	2,679,216	98.3%	72.8%	2,966,586	1.107
2019	3,471,769	3,398,877	97.9%	66.2%	4,489,420	1.321
2020	2,872,696	2,762,379	96.2%	70.1%	3,154,067	1.142
2021	3,078,138	3,077,315	100.0%	71.3%	3,883,422	1.262

NORTH DAKOTA  
DEVELOPMENT OF BASIC GROUP II EXCESS MULTIPLIER

	(1)	(2)	(3)	(4)	(5)	(6)
			Normal	Normal	State	Regional
	Earned	Incurred	Incurred	Loss	Excess	Excess
Year	<u>Premiums</u>	<u>Losses</u>	<u>Losses</u>	<u>Ratio</u>	<u>Ratio</u>	<u>Ratio</u>
1950	294,685	103,698	103,698	0.352	0.000	0.000
1951	320,455	98,568	98,568	0.308	0.000	0.000
1952	345,235	98,515	98,515	0.285	0.000	0.000
1953	348,551	178,752	178,752	0.513	0.000	0.000
1954	366,730	498,307	264,779	0.722	0.494	0.143
1955	382,313	309,087	276,030	0.722	0.083	0.003
1956	378,150	202,666	202,666	0.536	0.000	0.000
1957	396,799	2,319,076	286,489	0.722	1.539	3.583
1958	427,007	201,145	201,145	0.471	0.000	0.000
1959	477,827	950,551	344,991	0.722	0.804	0.463
1960	514,317	348,776	348,776	0.678	0.000	0.000
1961	522,688	206,300	206,300	0.395	0.000	0.000
1962	538,671	293,975	293,975	0.546	0.000	0.000
1963	536,676	256,992	256,992	0.479	0.000	0.000
1964	514,434	536,493	371,421	0.722	0.280	0.041
1965	494,701	584,565	357,174	0.722	0.380	0.080
1966	494,879	952,699	357,303	0.722	0.778	0.425
1967	511,085	199,570	199,570	0.390	0.000	0.000
1968	494,366	187,711	187,711	0.380	0.000	0.000
1969	563,177	124,602	124,602	0.221	0.000	0.000
1970	805,100	195,388	195,388	0.243	0.000	0.000
1971	875,646	267,676	267,676	0.306	0.000	0.000
1972	1,064,601	330,712	330,712	0.311	0.000	0.000
1973	1,212,727	493,576	493,576	0.407	0.000	0.000
1974	1,554,207	429,015	429,015	0.276	0.000	0.000
1975	1,682,109	1,108,291	1,108,291	0.659	0.000	0.000
1976	2,530,592	716,774	716,774	0.283	0.000	0.000
1977	3,091,501	1,708,064	1,708,064	0.553	0.000	0.000
1978	3,470,062	876,754	876,754	0.253	0.000	0.000
1979	3,425,708	861,771	861,771	0.252	0.000	0.000
1980	3,273,131	2,427,031	1,926,311	0.589	0.123	0.030
1981	3,205,744	1,005,836	1,005,836	0.314	0.000	0.000
1982	3,139,704	837,304	837,304	0.267	0.000	0.000
1983	3,104,796	1,617,689	1,617,689	0.521	0.000	0.000
1984	3,226,860	1,019,800	1,019,800	0.316	0.000	0.000
1985	4,075,044	2,696,715	2,074,125	0.509	0.140	0.013
1986	4,515,012	2,399,432	2,399,432	0.531	0.000	0.000
1987	3,651,507	654,494	654,494	0.179	0.000	0.000
1988	3,273,414	496,502	496,502	0.152	0.000	0.000
1989	3,143,433	646,931	646,931	0.206	0.000	0.000
1990	3,216,321	935,950	935,950	0.291	0.000	0.000
1991	2,894,418	600,786	600,786	0.208	0.000	0.000
1992	2,669,682	204,343	204,343	0.077	0.000	0.000
1993	2,551,674	932,153	913,288	0.358	0.007	0.000

NORTH DAKOTA  
DEVELOPMENT OF BASIC GROUP II EXCESS MULTIPLIER

	(1)	(2)	(3)	(4)	(5)	(6)
			Normal	Normal	State	Regional
	Earned	Incurred	Incurred	Loss	Excess	Excess
Year	<u>Premiums</u>	<u>Losses</u>	<u>Losses</u>	<u>Ratio</u>	<u>Ratio</u>	<u>Ratio</u>
1994	2,514,942	1,483,651	1,250,099	0.497	0.088	0.005
1995	2,531,940	4,004,030	1,764,975	0.697	0.602	0.282
1996	2,263,887	1,049,446	1,049,446	0.464	0.000	0.000
1997	2,233,962	3,523,118	2,299,520	1.029	0.468	0.080
1998	2,187,618	765,396	765,396	0.350	0.000	0.000
1999	2,092,347	6,023,893	2,021,503	0.966	1.204	0.709
2000	2,140,821	2,058,635	1,373,050	0.641	0.269	0.052
2001	2,187,153	7,455,723	1,823,488	0.834	1.084	1.491
2002	2,664,717	575,063	575,063	0.216	0.000	0.000
2003	3,118,548	123,085	123,085	0.039	0.000	0.000
2004	3,245,280	494,482	494,482	0.152	0.000	0.000
2005	3,644,070	5,285,235	1,805,622	0.495	0.732	0.223
2006	3,907,095	662,140	662,140	0.169	0.000	0.000
2007	4,451,676	5,766,003	1,902,665	0.427	0.574	0.294
2008	5,130,183	1,403,027	1,403,027	0.273	0.000	0.000
2009	5,241,729	1,713,529	1,713,529	0.327	0.000	0.000
2010	5,181,384	2,628,824	2,428,828	0.469	0.038	0.000
2011	5,070,627	3,082,585	2,712,563	0.535	0.070	0.003
2012	6,027,435	486,891	486,891	0.081	0.000	0.000
2013	7,013,946	1,271,339	1,271,339	0.181	0.000	0.000
2014	8,023,497	3,028,936	2,629,474	0.328	0.048	0.002
2015	8,658,960	3,103,003	3,103,003	0.358	0.000	0.000
2016	8,705,622	9,779,123	5,325,543	0.612	0.442	0.069
2017	8,518,347	1,591,329	1,591,329	0.187	0.000	0.000
2018	8,227,077	3,161,358	3,161,358	0.384	0.000	0.000
2019	8,351,055	4,528,178	2,931,175	0.351	0.172	0.019
2020	9,020,625	1,599,858	1,599,858	0.177	0.000	0.000
2021	9,618,225	8,899,701	3,955,114	0.411	0.392	0.122
<b>Total</b>				<b>30.319</b>	<b>10.811</b>	<b>8.132</b>
(7) State Excess Component = Total (5) ÷ Total (4) =					0.357	
(8) Regional Excess Component					0.129	
(9) State Excess Multiplier = (1.00 + (7)) * (1.00 + (8)) =					1.532	

NORTH DAKOTA  
DEVELOPMENT OF SPECIAL CAUSES OF LOSS EXCESS MULTIPLIER

Year	(1)	(2)	(3)	(4)	(5)
	Earned Premiums	Incurred Losses	Normal Incurred Losses	Normal Loss Ratio	State Excess Loss Ratio
1985	822,216	457,435	457,435	0.556	-
1986	878,388	329,489	329,489	0.375	-
1987	844,608	285,220	285,220	0.338	-
1988	790,764	618,359	557,242	0.705	0.077
1989	1,027,236	1,093,186	770,307	0.750	0.314
1990	1,456,548	474,224	474,224	0.326	-
1991	1,409,376	683,435	683,435	0.485	-
1992	937,794	437,907	437,907	0.467	-
1993	870,576	867,090	698,139	0.802	0.194
1994	1,007,895	913,031	669,099	0.664	0.242
1995	1,097,661	476,753	476,753	0.434	-
1996	1,054,065	990,823	691,105	0.656	0.284
1997	1,051,557	3,260,300	1,128,963	1.074	2.026
1998	1,107,531	849,725	664,567	0.600	0.167
1999	1,048,272	1,536,010	1,228,153	1.172	0.293
2000	1,110,675	2,488,236	792,932	0.714	1.526
2001	1,260,804	1,033,258	982,139	0.779	0.041
2002	1,514,817	548,837	548,837	0.362	-
2003	1,812,630	494,247	494,247	0.273	-
2004	1,990,419	543,316	543,316	0.273	-
2005	2,040,075	1,145,145	1,050,286	0.515	0.046
2006	1,874,289	470,532	470,532	0.251	-
2007	1,864,275	647,049	647,049	0.347	-
2008	1,746,942	1,623,287	955,941	0.547	0.382
2009	1,789,251	1,541,556	1,429,288	0.799	0.063
2010	1,832,664	1,431,305	1,366,890	0.746	0.035
2011	1,773,831	2,089,804	1,868,387	1.053	0.125
2012	1,927,092	586,775	586,775	0.304	-
2013	2,246,418	1,218,141	1,218,141	0.542	-
2014	2,398,629	702,399	702,399	0.293	-
2015	2,655,843	690,084	690,084	0.260	-
2016	2,639,163	1,129,177	1,008,880	0.382	0.046
2017	2,798,994	1,305,676	964,754	0.345	0.121
2018	2,821,056	1,770,323	1,089,469	0.386	0.242
2019	2,906,355	2,091,446	1,746,071	0.601	0.119
2020	3,154,539	2,087,315	1,302,084	0.413	0.249
2021	3,377,805	3,365,123	1,847,706	0.547	0.449
<b>Total</b>	<b>62,941,053</b>	<b>42,276,018</b>	<b>31,858,245</b>	<b>20.136</b>	<b>7.041</b>

(6) State Excess Component = Total (5) ÷ Total (4) = 0.350

(7) State Excess Multiplier = 1.00 + (6) = 1.350

NORTH DAKOTA  
BASIC GROUP I STATEWIDE CREDIBILITY CALCULATION

(1A) Full Credibility Claims Standard For Frequency With (P,K) = ( 95.00% , 5.00%)	1,537
(1B) Severity Modification Factor	7.880
(1C) Full Credibility Claims Standard Adjusted For Severity ((1A) X (1B))	12,112
(2) Multistate Five Year Ratio Of Earned Risks To Claims	370.336
(3) Full Credibility Earned Risks Standard (1C)X(2)	4,485,510
(4) Five Year Statewide Earned Risks	87,681
(5) Five Year Aggregate Loss Costs	27,594,312
(6) Aggregate Loss Costs Per Earned Risk (5)/(4)	314.713
(7) Aggregate Loss Costs For 100% Credibility (3) X (6)	1,411,648,309
(8) Statewide Credibility ((5)/(7))**(0.5)	25.0%

NORTH DAKOTA  
BASIC GROUP II STATEWIDE CREDIBILITY CALCULATION

(1) Full Credibility Claims Standard	30,000
(2) Multistate Ten Year Ratio Of Earned Risks To Claims	172.394
(3) Full Credibility Earned Risks Standard (1)X(2)	5,171,820
(4) Ten Year Statewide Earned Risks	173,148
(5) Ten Year Aggregate Loss Costs	68,747,184
(6) Aggregate Loss Costs Per Earned Risk (5)/(4)	397.043
(7) Aggregate Loss Costs For 100% Credibility (3) X (6)	2,053,434,928
(8) Statewide Credibility ((5)/(7))**(.5)	25.0%

NORTH DAKOTA  
SPECIAL CAUSES OF LOSS STATEWIDE CREDIBILITY CALCULATION

(1) Full Credibility Claims Standard	25,000
(2) Multistate Ten Year Ratio Of Earned Risks To Claims	223.130
(3) Full Credibility Earned Risks Standard (1)X(2)	5,578,250
(4) Five Year Statewide Earned Risks	86,552
(5) Five Year Aggregate Loss Costs	12,409,669
(6) Aggregate Loss Costs Per Earned Risk (5)/(4)	143.378
(7) Aggregate Loss Costs For 100% Credibility (3) X (6)	799,798,329
(8) Statewide Credibility ((5)/(7))**(,5)	25.0%

## NORTH DAKOTA

BASIC GROUP I RATING GROUP DEFINITIONS

The following CSP Classes comprise the Basic Group I Rating Groups:

01 Apartments

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

02 OTHER HABITATIONAL

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

03 RESTAURANTS & BARS

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

04 OTHER MERCANTILES

BASIC GROUP I RATING GROUP DEFINITIONS

- 0431 Sole Occupancy Mercantile, Over 15,000 Square Feet, Building Coverage, Other than Food Risks
- 0432 Sole Occupancy Mercantile, Over 15,000 Square Feet, Food Risks, Buildings and Personal Property
- 0433 Multiple Occupancy Mercantile, Over 15,000 Square Feet, Building Coverage Only, Not Fire Class Rated
- 0434 Multiple Occupancy Mercantile, Less than 15,000 Square Feet, Building Coverage Only, Not Fire Class Rated
- 0511 Risks Having Low Susceptibility Personal Property, NOC
- 0512 Tire, Battery and Accessory Dealers Without Tire Recapping and Vulcanizing
- 0520 Wearing Apparel, Textiles, Shoes
- 0531 Alcoholic Beverages other than Bars
- 0532 Food Products including Retail Bakeries (no baking and no cooking on premises; sales only); Beverages other than Alcoholic
- 0533 Retail Bakeries - Baking on Premises (No delivery to other outlets)
- 0534 Food Products with Limited Cooking, Excluding Bakeries
- 0535 Retail Bakeries - Baking on Premises (No delivery to other outlets) - Using Cannabis as an Ingredient
- 0550 Motor Vehicle (Auto, Aircraft, Marine) Sales, No Repair
- 0561 Boat and Marine Supply Dealers
- 0562 Drugs
- 0563 Electrical Goods, Hardware and Machinery
- 0564 Furniture and Home Furnishings other than Appliances
- 0565 Jewelry
- 0566 Sporting Goods
- 0567 Risks Having Moderate Susceptibility Personal Property, NOC
- 0570 Risks Having High Susceptibility Personal Property, NOC
- 0574 Cannabis containing Products Distributors or Retail Sales, Cannabis, NOC
- 0575 Mercantile - Cannabis - Growers other than Greenhouses - including hydroponics
- 0580 Greenhouses
- 0581 Multiple Occupancy Mercantile, Fire Class Rated, without furniture Occupant
- 0582 Multiple Occupancy Mercantile, Fire Class Rated, with furniture Occupant
- 0585 Greenhouses - Cannabis

05 PUBLIC BUILDINGS

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

BASIC GROUP I RATING GROUP DEFINITIONS06 CHURCHES

0900 Churches and Synagogues

07 SCHOOLS

1052 Schools, Academic

08 OFFICE AND BANKS

0702 Non-Governmental Offices and Banks

09 RECREATIONAL FACILITIES

0755 Golf Clubs, Tennis Clubs and Similar Sports Facilities with Cooking

0756 Golf Clubs, Tennis Clubs and Similar Sports Facilities without Cooking

0757 Clubs, NOC, Including Fraternal and Union Halls

0831 Motion Picture Studios

0832 Theaters

0833 Drive-in Theaters

0834 Skating Rinks--Roller Rinks

0841 Bowling Alleys

0843 Halls and Auditoriums

0844 Recreational Facilities, NOC

0845 Boys' and Girls' Camps

0846 Dance Halls, Ballrooms &amp; Discotheques

0951 Gambling Casinos with Restaurants

0952 Gambling Casinos without Restaurants

10 HOTELS & MOTELS

0742 Motels and Hotels with Restaurant - Up to 10 Units

0743 Motels and Hotels with Restaurant - 11 to 30 Units

0744 Motels and Hotels with Restaurant - Over 30 Units

0745 Motels and Hotels without Restaurant - Up to 10 Units

0746 Motels and Hotels without Restaurant - 11 to 30 Units

0747 Motels and Hotels without Restaurant - Over 30 Units

BASIC GROUP I RATING GROUP DEFINITIONS11 HOSPITALS & NURSING HOMES

- 0851 Hospitals
- 0852 Nursing and Convalescent Homes

12 BUILDINGS UNDER CONSTRUCTION

- 1150 Buildings Under Construction

13 MOTOR VEHICLE RISKS

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

14 OTHER NON-MANUFACTURING

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

BASIC GROUP I RATING GROUP DEFINITIONS15 STORAGE

- 1200 Piers, Wharves, Bridges
- 1211 Freight Terminals
- 1212 General Storage Warehouses - Bailee
- 1213 Miscellaneous Products Storage - (other than Retail or Wholesale or Cold Storage)
- 1220 Household Goods Storage
- 1230 Cold Storage Warehouses
- 1251 Farm Products (other than Grain, Cotton, Tobacco)
- 1252 Grain, Seed, Bean Warehouses
- 1255 Sales Warehouses - Cannabis
- 1300 Cotton Compresses and Storage
- 1400 Waste and Reclaimed Material, including Yards
- 1450 Whiskey and Liquor Warehouses in Connection with Distilleries
- 1501 Tobacco Warehouses, Storage
- 1502 Tobacco Sales Warehouses
- 1550 Grain Elevators - Terminal
- 1610 Grain Elevators - Country
- 1650 Building Supply Yards, including Retail Lumberyards, Coal and Coke Yards
- 1700 Mill Yards
- 1751 Oil Distributing, Oil Terminals and LPG Tank Farms, Including Stock
- 1752 Oil Distributing, Oil Terminals and LPG Tank Farms, Excluding Stock

17 FOOD MANUFACTURING

- 2000 Dairy Products
- 2059 Meat, Poultry and Fish Products
- 2150 Grain Milling, Including Feed, Stock, Flour Mills
- 2200 Bakeries and Bakery Products - other than Cannabis
- 2205 Bakeries and Bakery Products - Using Cannabis as an Ingredient
- 2215 Cannabis Processing or Manufacturing - No extraction
- 2250 Fruit, Nut and Vegetable Products
- 2300 Sugar, Molasses and Syrup Refining
- 2350 Beverages excluding Alcoholic Beverages
- 2400 Breweries
- 2459 Distilleries and Wineries
- 2550 Tobacco and Tobacco Products
- 2600 Food Products, NOC

BASIC GROUP I RATING GROUP DEFINITIONS18 WOOD MANUFACTURING

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

19 WEARING APPAREL

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

20 CHEMICAL MANUFACTURING

- 5000 Chemicals and Pharmaceuticals - Low Hazard
- 5050 Chemicals and Pharmaceuticals - Moderate Hazard
- 5100 Chemicals and Pharmaceuticals - High Hazard
- 5105 Cannabis Processing or Manufacturing - Extraction using noncombustible gases or chemicals
- 5155 Cannabis Processing or Manufacturing - Extraction using combustible gases or chemicals, or rapid burning

21 METAL MANUFACTURING

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

22 OTHER MANUFACTURING

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

## NORTH DAKOTA

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

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

CATEGORY 04 - MERCANTILE CONTENTS COVERAGE (HIGH)

Occupancy classes 0511, 0520, 0535, 0550, 0562, 0566, 0567, 0574, 0581, 0702, 1180, 1185, 1190, 1200, 1211, 1212, 1213, 1251, 1255, 1300, 1400, 1751, 1752, or 2205.

CATEGORY 05 - MERCANTILE CONTENTS COVERAGE (MEDIUM)

Occupancy classes not listed in Category 04 or Category 06

CATEGORY 06 - MERCANTILE CONTENTS COVERAGE (LOW)

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

CATEGORY 07 - MOTEL & HOTEL CONTENTS COVERAGE

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

CATEGORIES 08 & 09 - INSTITUTIONAL CONTENTS COVERAGE

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

CATEGORY 08 - INSTITUTIONAL CONTENTS COVERAGE (HIGH)

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

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

Occupancy classes not listed in Category 08

CATEGORIES 10 & 11 - INDUSTRIAL & PROCESSING CONTENTS COVERAGE

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

CATEGORY 10 - INDUSTRIAL & PROCESSING CONTENTS COVERAGE (HIGH)

Occupancy classes 1252, 1300, 1400, 1700, 2000, 2059, 2150, 2200, 2215, 2250, 2300, 2350, 2400, 2459, 2550, 2600, 2750, 2800, 2805, 3009, 3409, 3809, 3959, 5105, or 5155.

CATEGORY 11 - INDUSTRIAL & PROCESSING CONTENTS COVERAGE (LOW)

Occupancy classes not listed in Category 10

CATEGORIES 12 & 13 - SERVICE CONTENTS COVERAGE

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

CATEGORY 12 - SERVICE CONTENTS COVERAGE (HIGH)

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

CATEGORY 13 - SERVICE CONTENTS COVERAGE (LOW)

Occupancy classes not listed in Category 12

CATEGORY 14 - CONTRACTOR CONTENTS COVERAGE

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

## North Dakota

## BASIC GROUP I

UNADJUSTED AGGREGATE LOSS COSTS, LOSSES, AND EXPERIENCE RATIOS

<u>Year</u>	Total Unadjusted Loss Costs	Total Unadjusted Incurred Losses	Experience Ratio
2017	3,615,887	4,751,059	1.314
2018	3,490,842	1,731,651	0.496
2019	3,507,070	2,274,679	0.649
2020	3,774,642	2,004,785	0.531
2021	4,073,267	2,273,962	0.558

## NORTH DAKOTA

## BASIC GROUP II

UNADJUSTED AGGREGATE LOSS COSTS, LOSSES, AND EXPERIENCE RATIOS

<u>Year</u>	Total Unadjusted <u>Loss Costs</u>	Total Unadjusted <u>Incurred Losses</u>	Experience <u>Ratio</u>
2012	3,405,499	486,891	0.143
2013	3,962,880	1,271,339	0.321
2014	4,533,275	3,028,936	0.668
2015	4,892,314	3,103,003	0.634
2016	4,918,675	9,779,123	1.988
2017	4,812,865	1,591,329	0.331
2018	4,648,298	3,161,358	0.680
2019	4,718,345	4,528,178	0.960
2020	5,096,652	1,599,858	0.314
2021	5,434,298	8,899,701	1.638

## NORTH DAKOTA

## SPECIAL CAUSES OF LOSS

UNADJUSTED AGGREGATE LOSS COSTS, LOSSES, AND EXPERIENCE RATIOS

<u>Year</u>	Total Unadjusted <u>Loss Costs</u>	Total Unadjusted <u>Incurred Losses</u>	Experience <u>Ratio</u>
2017	1,581,432	1,305,676	0.826
2018	1,593,896	1,770,323	1.111
2019	1,642,090	2,091,446	1.274
2020	1,782,313	2,087,315	1.171
2021	1,908,460	3,365,123	1.763

## NORTH DAKOTA

## FIRE AND ALLIED LINES INSURANCE

COUNTRYWIDE LOSS ADJUSTMENT EXPENSE EXPERIENCE (A)

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>Selected</u>
(1) Fire						
(a) Direct Losses Incurred	7,748,589	8,518,012	7,422,977	9,568,271	11,503,724	
(b) Direct Loss Adjustment Expense Incurred	692,190	668,759	679,946	884,227	973,556	
(2) Allied Lines						
(a) Direct Losses Incurred	17,946,675	10,350,661	7,620,219	12,480,499	12,836,520	
(b) Direct Loss Adjustment Expense Incurred	1,157,440	998,273	973,445	1,234,938	1,362,840	
(3) Loss Adjustment Expense as a Ratio to Losses						
(a) Fire (1b) / (1a)	8.9%	7.9%	9.2%	9.2%	8.5%	9.0%
(b) Allied Lines (2b) / (2a)	6.4%	9.6%	12.8%	9.9%	10.6%	10.5%

NOTE: All dollar amounts are displayed in thousands.

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

NORTH DAKOTA STATE  
COMMERCIAL PROPERTY INSURANCE

SECTION E - REVISED LOSS COST PAGES

Basic Group II Loss Costs.....	E2
Special Causes of Loss Loss Costs.....	E3
Basic Group I Loss Costs.....	E4-15

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**70. CAUSES OF LOSS – BASIC FORM**

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**E. Rating Procedure****2. Property Damage – Group II Causes Of Loss****e. Loss Costs**

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

<b>Symbol</b>		<b>Loss Cost</b>
<b>AA</b>	Buildings	<u>.112.105</u>
	Contents	<u>.133.125</u>
<b>A</b>	Buildings	<u>.125.118</u>
	Contents	<u>.145.137</u>
<b>AB</b>	Buildings	<u>.161.152</u>
	Contents	<u>.177.167</u>
<b>B</b>	Buildings	<u>.192.181</u>
	Contents	<u>.198.186</u>

**72. CAUSES OF LOSS – SPECIAL FORM**

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

**b.(1) Building Coverage – Loss Cost: .058.054**

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

<b>Occupancy Category</b>	<b>Loss Cost</b>
Residential Apartments and Condominiums	<u>.256.224</u>
Offices	<u>.107.092</u>
Mercantile – High	<u>.136.119</u>
Mercantile – Medium	<u>.116.101</u>
Mercantile – Low	<u>.092.081</u>
Motels and Hotels	<u>.065.057</u>
Institutional – High	<u>.069.061</u>
Institutional – Low	<u>.042.038</u>
Industrial and Processing – High	<u>.142.125</u>
Industrial and Processing – Low	<u>.104.094</u>
Service – High	<u>.120.106</u>
Service – Low	<u>.093.082</u>
Contractors	<u>.153.133</u>
<b>Territory (County)</b>	<b>Territorial Multiplier</b>
Entire State	1.000

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

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

All rates are subject to protection class and territorial multipliers.

<b>CSP Class Codes And Description</b>						
<b>0074</b>	Boarding and Lodging Houses, Rooming Houses, Fraternities and Sororities, Dormitories – Up to 10 Units					
<b>0075</b>	Boarding and Lodging Houses, Rooming Houses, Fraternities and Sororities, Dormitories – 11 to 30 Units					
<b>0076</b>	Boarding and Lodging Houses, Rooming Houses, Fraternities and Sororities, Dormitories – Over 30 Units					
<b>0077</b>	Convents, Monasteries and Rectories, Orphan Homes, Nurses' Homes, Sisters' Homes – Up to 10 Units					
<b>0078</b>	Convents, Monasteries and Rectories, Orphan Homes, Nurses' Homes, Sisters' Homes – 11 to 30 Units					
<b>0079</b>	Convents, Monasteries and Rectories, Orphan Homes, Nurses' Homes, Sisters' Homes – Over 30 Units					
<b>0196</b>	1 Family Dwellings (Lessor's Risk)					
<b>0197</b>	2 Family Dwellings (Lessor's Risk)					
<b>0198</b>	3 or 4 Family Dwellings (Lessor's Risk)					
<b>0311</b>	Apartments without Mercantile Occupancies – Up to 10 Units					
<b>0312</b>	Apartments without Mercantile Occupancies – 11 to 30 Units					
CSP Class Code	Coverage	Construction (Code)				
		Frame (1)	Joisted Masonry (2)	Non-Comb. (3)	Mas. Non-Comb. (4)	Mod. F.R. (5) Or Fire Res. (6)
0074	Building (1)	0.082	0.072	0.064	0.051	0.048
	Contents (2)	0.082	0.072	0.069	0.061	0.056
0075	Building (1)	0.082	0.072	0.064	0.051	0.048
	Contents (2)	0.082	0.072	0.069	0.061	0.056
0076	Building (1)	0.082	0.072	0.064	0.051	0.048
	Contents (2)	0.082	0.072	0.069	0.061	0.056
0077	Building (1)	0.072	0.066	0.058	0.047	0.044
	Contents (2)	0.077	0.069	0.064	0.057	0.054
0078	Building (1)	0.072	0.066	0.058	0.047	0.044
	Contents (2)	0.077	0.069	0.064	0.057	0.054
0079	Building (1)	0.072	0.066	0.058	0.047	0.044
	Contents (2)	0.077	0.069	0.064	0.057	0.054
0196	Building (1)	0.049	0.044	0.040	0.032	0.030
	Contents (2)	0.056	0.049	0.046	0.040	0.039
0197	Building (1)	0.049	0.044	0.040	0.032	0.030
	Contents (2)	0.056	0.049	0.046	0.040	0.039
0198	Building (1)	0.049	0.044	0.040	0.032	0.030
	Contents (2)	0.056	0.049	0.046	0.040	0.039
0311	Building (1)	0.165	0.148	0.131	0.107	0.099
	Contents (2)	0.186	0.168	0.157	0.140	0.130
0312	Building (1)	0.165	0.148	0.131	0.107	0.099
	Contents (2)	0.186	0.168	0.157	0.140	0.130
Territory					Territorial Multiplier	
Entire State (North Dakota)					1.000	

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

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

All rates are subject to protection class and territorial multipliers.

<b>CSP Class Codes And Description</b>						
<b>0313</b>	Apartments without Mercantile Occupancies – Over 30 Units					
<b>0321</b>	Apartments with Mercantile Occupancies – Up to 10 Units					
<b>0322</b>	Apartments with Mercantile Occupancies – 11 to 30 Units					
<b>0323</b>	Apartments with Mercantile Occupancies – Over 30 Units					
<b>0331</b>	Residential Condominiums without Mercantile Occupancies – Up to 10 Units					
<b>0332</b>	Residential Condominiums without Mercantile Occupancies – 11 to 30 Units					
<b>0333</b>	Residential Condominiums without Mercantile Occupancies – Over 30 Units					
<b>CSP Class Code</b>	<b>Coverage</b>	<b>Construction (Code)</b>				<b>Mod. F.R. (5) Or Fire Res. (6)</b>
		<b>Frame (1)</b>	<b>Joisted Masonry (2)</b>	<b>Non-Comb. (3)</b>	<b>Mas. Non-Comb. (4)</b>	
<b>0313</b>	<b>Building (1)</b>	0.165	0.148	0.131	0.107	0.099
	<b>Contents (2)</b>	0.186	0.168	0.157	0.140	0.130
<b>0321</b>	<b>Building (1)</b>	0.253	0.228	0.201	0.165	0.151
	<b>Contents (2)</b>					
	<b>A</b>	0.376	0.338	0.321	0.283	0.264
	<b>B&amp;C</b>	0.441	0.396	0.374	0.330	0.308
<b>0322</b>	<b>Building (1)</b>	0.253	0.228	0.201	0.165	0.151
	<b>Contents (2)</b>					
	<b>A</b>	0.376	0.338	0.321	0.283	0.264
	<b>B&amp;C</b>	0.441	0.396	0.374	0.330	0.308
<b>0323</b>	<b>Building (1)</b>	0.253	0.228	0.201	0.165	0.151
	<b>Contents (2)</b>					
	<b>A</b>	0.376	0.338	0.321	0.283	0.264
	<b>B&amp;C</b>	0.441	0.396	0.374	0.330	0.308
<b>0331</b>	<b>Building (1)</b>	0.092	0.082	0.073	0.060	0.055
	<b>Contents (2)</b>	0.082	0.073	0.069	0.061	0.055
<b>0332</b>	<b>Building (1)</b>	0.092	0.082	0.073	0.060	0.055
	<b>Contents (2)</b>	0.082	0.073	0.069	0.061	0.055
<b>0333</b>	<b>Building (1)</b>	0.092	0.082	0.073	0.060	0.055
	<b>Contents (2)</b>	0.082	0.073	0.069	0.061	0.055
<b>Territory</b>					<b>Territorial Multiplier</b>	
Entire State (North Dakota)					1.000	

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

NORTH DAKOTA (33)

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

All rates are subject to protection class and territorial multipliers.

<b>CSP Class Codes And Description</b>						
<b>0341</b>	Residential Condominiums with Mercantile Occupancies – Up to 10 Units					
<b>0342</b>	Residential Condominiums with Mercantile Occupancies – 11 to 30 Units					
<b>0343</b>	Residential Condominiums with Mercantile Occupancies – Over 30 Units					
<b>0511</b>	Mercantile – Sole Occupancy Only – Not Otherwise Classified – Low Susceptibility					
<b>0512</b>	Mercantile – Sole Occupancy Only – Tire, Battery and Accessory Dealers without Tire Recapping and Vulcanizing					
<b>0520</b>	Mercantile – Sole Occupancy Only – Wearing Apparel, Textiles, Shoes					
<b>0531</b>	Mercantile – Sole Occupancy Only – Alcoholic Beverages other than Bars					
CSP Class Code	Coverage	Construction (Code)				
		Frame (1)	Joisted Masonry (2)	Non-Comb. (3)	Mas. Non-Comb. (4)	Mod. F.R. (5) Or Fire Res. (6)
<b>0341</b>	<b>Building (1)</b>	0.143	0.128	0.115	0.094	0.085
	<b>Contents (2)</b>					
	<b>A</b>	0.162	0.147	0.138	0.121	0.113
	<b>B&amp;C</b>	0.191	0.171	0.162	0.143	0.133
<b>0342</b>	<b>Building (1)</b>	0.143	0.128	0.115	0.094	0.085
	<b>Contents (2)</b>					
	<b>A</b>	0.162	0.147	0.138	0.121	0.113
	<b>B&amp;C</b>	0.191	0.171	0.162	0.143	0.133
<b>0343</b>	<b>Building (1)</b>	0.143	0.128	0.115	0.094	0.085
	<b>Contents (2)</b>					
	<b>A</b>	0.162	0.147	0.138	0.121	0.113
	<b>B&amp;C</b>	0.191	0.171	0.162	0.143	0.133
<b>0511</b>	<b>Building (1)</b>	0.114	0.102	0.092	0.074	0.069
	<b>Contents (2)</b>	0.145	0.131	0.123	0.109	0.100
<b>0512</b>	<b>Building (1)</b>	0.109	0.098	0.086	0.071	0.064
	<b>Contents (2)</b>	0.130	0.117	0.110	0.098	0.090
<b>0520</b>	<b>Building (1)</b>	0.137	0.122	0.109	0.088	0.081
	<b>Contents (2)</b>	0.188	0.170	0.161	0.141	0.132
<b>0531</b>	<b>Building (1)</b>	0.116	0.103	0.093	0.074	0.069
	<b>Contents (2)</b>	0.155	0.137	0.130	0.116	0.108
Territory				Territorial Multiplier		
Entire State (North Dakota)				1.000		

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

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

All rates are subject to protection class and territorial multipliers.

<b>CSP Class Codes And Description</b>						
<b>0532</b>	Merc – Sole Occy Only – Food Products Inc. Retail Bakeries; Non-Alcoholic Beverages (Sales Only – No Baking or Cooking)					
<b>0533</b>	Mercantile – Sole Occupancy Only – Baking on Premises, No Delivery to Outlets					
<b>0534</b>	Mercantile – Sole Occupancy Only – Food Products with Limited Cooking, Excluding Bakeries					
<b>0535</b>	Mercantile – Sole Occupancy Only – Baking on Premises, No Delivery to Outlets – Using Cannabis as an Ingredient					
<b>0541</b>	Mercantile – Sole Occupancy Only – Bars and Taverns					
<b>0545</b>	Mercantile – Sole Occupancy Only – Restaurants with Limited Cooking					
<b>0550</b>	Mercantile – Sole Occupancy Only – Motor Vehicles, No Repair					
<b>0561</b>	Mercantile – Sole Occupancy Only – Boat and Marine Supply Dealers					
<b>0562</b>	Mercantile – Sole Occupancy Only – Drugs					
<b>0563</b>	Mercantile – Sole Occupancy Only – Electrical Goods, Hardware and Machinery					
<b>CSP Class Code</b>	<b>Coverage</b>	<b>Construction (Code)</b>				
		<b>Frame (1)</b>	<b>Joisted Masonry (2)</b>	<b>Non-Comb. (3)</b>	<b>Mas. Non-Comb. (4)</b>	<b>Mod. F.R. (5) Or Fire Res. (6)</b>
<b>0532</b>	<b>Building (1)</b>	0.175	0.157	0.141	0.114	0.107
	<b>Contents (2)</b>	0.188	0.170	0.161	0.141	0.132
<b>0533</b>	<b>Building (1)</b>	0.137	0.124	0.111	0.089	0.083
	<b>Contents (2)</b>	0.153	0.137	0.128	0.114	0.107
<b>0534</b>	<b>Building (1)</b>	0.193	0.173	0.155	0.125	0.117
	<b>Contents (2)</b>	0.157	0.142	0.136	0.119	0.112
<b>0535</b>	<b>Building (1)</b>	0.137	0.124	0.111	0.089	0.083
	<b>Contents (2)</b>	0.153	0.137	0.128	0.114	0.107
<b>0541</b>	<b>Building (1)</b>	0.426	0.384	0.341	0.277	0.258
	<b>Contents (2)</b>	0.457	0.410	0.388	0.341	0.318
<b>0545</b>	<b>Building (1)</b>	0.502	0.452	0.403	0.327	0.302
	<b>Contents (2)</b>	0.568	0.509	0.483	0.426	0.394
<b>0550</b>	<b>Building (1)</b>	0.103	0.094	0.083	0.068	0.063
	<b>Contents (2)</b>	0.156	0.141	0.133	0.118	0.110
<b>0561</b>	<b>Building (1)</b>	0.110	0.099	0.087	0.071	0.066
	<b>Contents (2)</b>	0.156	0.141	0.133	0.118	0.110
<b>0562</b>	<b>Building (1)</b>	0.124	0.112	0.100	0.081	0.074
	<b>Contents (2)</b>	0.173	0.156	0.148	0.131	0.122
<b>0563</b>	<b>Building (1)</b>	0.123	0.111	0.099	0.081	0.074
	<b>Contents (2)</b>	0.130	0.117	0.110	0.098	0.090
<b>Territory</b>						<b>Territorial Multiplier</b>
Entire State (North Dakota)						1.000

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

NORTH DAKOTA (33)

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

All rates are subject to protection class and territorial multipliers.

<b>CSP Class Codes And Description</b>						
<b>0564</b>	Mercantile – Sole Occupancy Only – Furniture and Home Furnishings other than Appliances					
<b>0565</b>	Mercantile – Sole Occupancy Only – Jewelry					
<b>0566</b>	Mercantile – Sole Occupancy Only – Sporting Goods					
<b>0567</b>	Mercantile – Sole Occupancy Only – Not Otherwise Classified – Moderate Susceptibility					
<b>0570</b>	Mercantile – Sole Occupancy Only – Not Otherwise Classified – High Susceptibility					
<b>0574</b>	Mercantile – Sole Occupancy Only – Cannabis containing Products Distributors or Retail Sales, Cannabis, NOC					
<b>0575</b>	Mercantile – Sole Occupancy Only – Cannabis - Growers other than Greenhouses					
<b>0580</b>	Greenhouses – Sole Occupancy Only					
CSP Class Code	Coverage	Construction (Code)				
		Frame (1)	Joisted Masonry (2)	Non-Comb. (3)	Mas. Non-Comb. (4)	Mod. F.R. (5) Or Fire Res. (6)
<b>0564</b>	<b>Building (1)</b>	0.170	0.155	0.137	0.111	0.100
	<b>Contents (2)</b>	0.228	0.206	0.194	0.172	0.160
<b>0565</b>	<b>Building (1)</b>	0.113	0.100	0.090	0.074	0.068
	<b>Contents (2)</b>	0.128	0.114	0.108	0.096	0.089
<b>0566</b>	<b>Building (1)</b>	0.128	0.116	0.102	0.083	0.076
	<b>Contents (2)</b>	0.172	0.155	0.145	0.128	0.120
<b>0567</b>	<b>Building (1)</b>	0.114	0.102	0.092	0.074	0.069
	<b>Contents (2)</b>	0.145	0.131	0.123	0.109	0.100
<b>0570</b>	<b>Building (1)</b>	0.114	0.102	0.092	0.074	0.069
	<b>Contents (2)</b>	0.155	0.137	0.130	0.116	0.108
<b>0574</b>	<b>Building (1)</b>	0.114	0.102	0.092	0.074	0.069
	<b>Contents (2)</b>	0.145	0.131	0.123	0.109	0.100
<b>0575</b>	<b>Building (1)</b>	0.114	0.102	0.092	0.074	0.069
	<b>Contents (2)</b>	0.155	0.137	0.130	0.116	0.108
<b>0580</b>	<b>Building (1)</b>	0.114	0.102	0.092	0.074	0.069
	<b>Contents (2)</b>	0.160	0.144	0.137	0.120	0.113
<b>Territory</b>					<b>Territorial Multiplier</b>	
Entire State (North Dakota)					1.000	

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

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

All rates are subject to protection class and territorial multipliers.

<b>CSP Class Codes And Description</b>						
<b>0581</b>	Mercantile – Multiple Occupancy without 0564 Occupant					
<b>0582</b>	Mercantile – Multiple Occupancy with 0564 Occupant					
<b>0585</b>	Greenhouses – Sole Occupancy Only – Cannabis					
<b>0701</b>	Government Offices					
<b>0702</b>	Banks and Offices other than Governmental					
<b>CSP Class Code</b>	<b>Coverage</b>	<b>Construction (Code)</b>				<b>Mod. F.R. (5) Or Fire Res. (6)</b>
		<b>Frame (1)</b>	<b>Joisted Masonry (2)</b>	<b>Non-Comb. (3)</b>	<b>Mas. Non-Comb. (4)</b>	
<b>0581</b>	<b>Building (1)</b>	0.120	0.109	0.098	0.080	0.073
	<b>Contents (2)</b>					
	<b>A</b>	0.155	0.137	0.130	0.116	0.108
	<b>B</b>	0.186	0.167	0.157	0.140	0.131
<b>0582</b>	<b>Building (1)</b>	0.133	0.119	0.108	0.087	0.081
	<b>Contents (2)</b>					
	<b>A</b>	0.137	0.123	0.117	0.100	0.096
	<b>B</b>	0.167	0.150	0.142	0.125	0.117
<b>0585</b>	<b>Building (1)</b>	0.114	0.102	0.092	0.074	0.069
	<b>Contents (2)</b>	0.160	0.144	0.137	0.120	0.113
	<b>A</b>	0.060	0.053	0.051	0.044	0.042
	<b>B</b>	0.087	0.079	0.074	0.065	0.061
<b>0701</b>	<b>Building (1)</b>	0.053	0.049	0.042	0.034	0.032
	<b>Contents (2)</b>					
	<b>A</b>	0.060	0.053	0.051	0.044	0.042
	<b>B</b>	0.087	0.079	0.074	0.065	0.061
<b>0702</b>	<b>Building (1)</b>	0.064	0.059	0.052	0.043	0.040
	<b>Contents (2)</b>					
	<b>A</b>	0.077	0.070	0.064	0.058	0.053
	<b>B</b>	0.107	0.097	0.091	0.080	0.076
	<b>C</b>	0.096	0.086	0.082	0.071	0.067
<b>Territory</b>					<b>Territorial Multiplier</b>	
Entire State (North Dakota)					1.000	

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

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

All rates are subject to protection class and territorial multipliers.

<b>CSP Class Codes And Description</b>						
<b>0742</b>	Motels and Hotels with Limited Cooking Restaurant – Up to 10 Units					
<b>0743</b>	Motels and Hotels with Limited Cooking Restaurant – 11 to 30 Units					
<b>0744</b>	Motels and Hotels with Limited Cooking Restaurant – Over 30 Units					
<b>0745</b>	Motels and Hotels without Restaurant – Up to 10 Units					
<b>0746</b>	Motels and Hotels without Restaurant – 11 to 30 Units					
<b>0747</b>	Motels and Hotels without Restaurant – Over 30 Units					
<b>0755</b>	Golf, Tennis and Similar Sport Facilities with Limited Cooking					
<b>0756</b>	Golf, Tennis and Similar Sport Facilities without Cooking					
<b>0757</b>	Clubs, Not Otherwise Classified, Including Fraternal and Union Halls					
<b>0831</b>	Motion Picture Studios					
<b>0832</b>	Theaters Excluding Drive-in Theaters					
CSP Class Code	Coverage	Construction (Code)				
		Frame (1)	Joisted Masonry (2)	Non-Comb. (3)	Mas. Non-Comb. (4)	Mod. F.R. (5) Or Fire Res. (6)
<b>0742</b>	<b>Building (1)</b>	0.374	0.337	0.300	0.244	0.225
	<b>Contents (2)</b>	0.411	0.372	0.351	0.310	0.288
<b>0743</b>	<b>Building (1)</b>	0.374	0.337	0.300	0.244	0.225
	<b>Contents (2)</b>	0.411	0.372	0.351	0.310	0.288
<b>0744</b>	<b>Building (1)</b>	0.374	0.337	0.300	0.244	0.225
	<b>Contents (2)</b>	0.411	0.372	0.351	0.310	0.288
<b>0745</b>	<b>Building (1)</b>	0.162	0.145	0.130	0.105	0.097
	<b>Contents (2)</b>	0.176	0.160	0.151	0.132	0.123
<b>0746</b>	<b>Building (1)</b>	0.162	0.145	0.130	0.105	0.097
	<b>Contents (2)</b>	0.176	0.160	0.151	0.132	0.123
<b>0747</b>	<b>Building (1)</b>	0.162	0.145	0.130	0.105	0.097
	<b>Contents (2)</b>	0.176	0.160	0.151	0.132	0.123
<b>0755</b>	<b>Building (1)</b>	0.142	0.128	0.114	0.093	0.085
	<b>Contents (2)</b>	0.164	0.147	0.139	0.123	0.114
<b>0756</b>	<b>Building (1)</b>	0.058	0.053	0.046	0.038	0.034
	<b>Contents (2)</b>	0.066	0.060	0.056	0.049	0.046
<b>0757</b>	<b>Building (1)</b>	0.063	0.056	0.049	0.041	0.038
	<b>Contents (2)</b>	0.066	0.060	0.056	0.049	0.046
<b>0831</b>	<b>Building (1)</b>	0.048	0.044	0.039	0.032	0.030
	<b>Contents (2)</b>	0.056	0.050	0.047	0.042	0.039
<b>0832</b>	<b>Building (1)</b>	0.063	0.056	0.049	0.041	0.036
	<b>Contents (2)</b>	0.066	0.060	0.056	0.049	0.046
<b>Territory</b>					<b>Territorial Multiplier</b>	
Entire State (North Dakota)					1.000	

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

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

All rates are subject to protection class and territorial multipliers.

<b>CSP Class Codes And Description</b>						
<b>0833</b>	Drive-in Theaters					
<b>0834</b>	Skating Rinks – Roller Rinks					
<b>0841</b>	Bowling Alleys without Cooking					
<b>0843</b>	Halls and Auditoriums					
<b>0844</b>	Recreational Facilities, Not Otherwise Classified					
<b>0845</b>	Boys' and Girls' Camps					
<b>0846</b>	Dance Halls, Ballrooms and Discotheques					
<b>0851</b>	Hospitals					
<b>0852</b>	Nursing and Convalescent Homes					
<b>0900</b>	Churches and Synagogues					
<b>0911</b>	Dry Cleaners and Dyeing Plants, other than Self-Service					
<b>CSP Class Code</b>	<b>Coverage</b>	<b>Construction (Code)</b>				
		<b>Frame (1)</b>	<b>Joisted Masonry (2)</b>	<b>Non-Comb. (3)</b>	<b>Mas. Non-Comb. (4)</b>	<b>Mod. F.R. (5) Or Fire Res. (6)</b>
<b>0833</b>	<b>Building (1)</b>	0.053	0.047	0.042	0.033	0.032
	<b>Contents (2)</b>	0.060	0.055	0.053	0.046	0.044
<b>0834</b>	<b>Building (1)</b>	0.083	0.076	0.068	0.055	0.050
	<b>Contents (2)</b>	0.086	0.078	0.074	0.065	0.060
<b>0841</b>	<b>Building (1)</b>	0.086	0.078	0.068	0.056	0.051
	<b>Contents (2)</b>	0.089	0.081	0.077	0.068	0.064
<b>0843</b>	<b>Building (1)</b>	0.044	0.039	0.033	0.027	0.025
	<b>Contents (2)</b>	0.045	0.041	0.039	0.033	0.032
<b>0844</b>	<b>Building (1)</b>	0.058	0.053	0.046	0.038	0.034
	<b>Contents (2)</b>	0.064	0.057	0.055	0.048	0.044
<b>0845</b>	<b>Building (1)</b>	0.038	0.033	0.031	0.025	0.023
	<b>Contents (2)</b>	0.044	0.039	0.038	0.032	0.031
<b>0846</b>	<b>Building (1)</b>	0.080	0.070	0.064	0.053	0.048
	<b>Contents (2)</b>	0.079	0.069	0.068	0.059	0.055
<b>0851</b>	<b>Building (1)</b>	0.041	0.037	0.033	0.027	0.026
	<b>Contents (2)</b>	0.049	0.042	0.041	0.036	0.033
<b>0852</b>	<b>Building (1)</b>	0.042	0.040	0.034	0.028	0.027
	<b>Contents (2)</b>	0.050	0.046	0.042	0.037	0.034
<b>0900</b>	<b>Building (1)</b>	0.059	0.052	0.047	0.038	0.036
	<b>Contents (2)</b>	0.063	0.056	0.052	0.046	0.044
<b>0911</b>	<b>Building (1)</b>	0.228	0.207	0.182	0.149	0.137
	<b>Contents (2)</b>	0.269	0.244	0.228	0.202	0.190
<b>Territory</b>					<b>Territorial Multiplier</b>	
Entire State (North Dakota)					1.000	

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

NORTH DAKOTA (33)

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

All rates are subject to protection class and territorial multipliers.

<b>CSP Class Codes And Description</b>						
<b>0912</b>	Laundries, other than Self-Service					
<b>0913</b>	Self-Service Laundries and Dry Cleaners					
<b>0921</b>	Light Hazard Service Occupancies					
<b>0922</b>	Service Occupancies, other than Light Hazard					
<b>0923</b>	Funeral Homes					
<b>0931</b>	Auto Parking Garages, Car Washes					
<b>0932</b>	Gasoline Service Stations					
<b>0933</b>	Motor Vehicle and Aircraft Repair, with or without Sales					
<b>0934</b>	Tire Recapping and Vulcanizing, with or without Sales					
<b>0940</b>	Aircraft Hangars without Repair					
<b>0951</b>	Gambling Casinos with Limited Cooking Restaurants					
CSP Class Code	Coverage	Construction (Code)				
		Frame (1)	Joisted Masonry (2)	Non-Comb. (3)	Mas. Non-Comb. (4)	Mod. F.R. (5) Or Fire Res. (6)
<b>0912</b>	<b>Building (1)</b>	0.302	0.272	0.243	0.197	0.180
	<b>Contents (2)</b>	0.372	0.335	0.318	0.280	0.260
<b>0913</b>	<b>Building (1)</b>	0.199	0.178	0.158	0.129	0.119
	<b>Contents (2)</b>	0.233	0.210	0.199	0.173	0.162
<b>0921</b>	<b>Building (1)</b>	0.119	0.107	0.097	0.077	0.071
	<b>Contents (2)</b>	0.142	0.127	0.120	0.106	0.100
<b>0922</b>	<b>Building (1)</b>	0.132	0.119	0.106	0.086	0.079
	<b>Contents (2)</b>	0.161	0.145	0.137	0.120	0.112
<b>0923</b>	<b>Building (1)</b>	0.088	0.079	0.070	0.057	0.051
	<b>Contents (2)</b>	0.095	0.086	0.081	0.070	0.065
<b>0931</b>	<b>Building (1)</b>	0.098	0.087	0.078	0.063	0.059
	<b>Contents (2)</b>	0.114	0.102	0.098	0.086	0.080
<b>0932</b>	<b>Building (1)</b>	0.139	0.125	0.112	0.090	0.083
	<b>Contents (2)</b>	0.169	0.152	0.143	0.126	0.119
<b>0933</b>	<b>Building (1)</b>	0.118	0.106	0.094	0.077	0.071
	<b>Contents (2)</b>	0.148	0.135	0.125	0.112	0.103
<b>0934</b>	<b>Building (1)</b>	0.152	0.137	0.123	0.099	0.092
	<b>Contents (2)</b>	0.181	0.163	0.153	0.136	0.126
<b>0940</b>	<b>Building (1)</b>	0.074	0.066	0.060	0.048	0.045
	<b>Contents (2)</b>	0.092	0.082	0.078	0.069	0.064
<b>0951</b>	<b>Building (1)</b>	0.166	0.149	0.133	0.108	0.100
	<b>Contents (2)</b>	0.182	0.165	0.155	0.137	0.128
<b>Territory</b>					<b>Territorial Multiplier</b>	
Entire State (North Dakota)					1.000	

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

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

All rates are subject to protection class and territorial multipliers.

<b>CSP Class Codes And Description</b>						
<b>0952</b>	Gambling Casinos without Restaurants					
<b>1000</b>	Penal Institutions					
<b>1051</b>	Museums, Libraries, Art Galleries (Non-Profit)					
<b>1052</b>	Schools, Academic					
<b>1070</b>	Fire Departments, Police, Sewage, Water Works and Other Public Buildings					
<b>1150</b>	Builders' Risk					
<b>1180</b>	Vacant Buildings – See CSP Class Code of previous or intended occupancy. Add loss cost of .015 unless Class Code of previous or intended occupancy is 0580, 0585, 0742-0747, 0833, 0834, 0841, 0843, 0844, 0846, 0900, 0951, 0952, 1051 or 1052.					
<b>1211</b>	Freight Terminals					
<b>1212</b>	General Storage Warehouses – Bailee					
<b>1213</b>	Miscellaneous Products Storage – (Other Than Retail Or Wholesale Or Cold Storage)					
<b>1220</b>	Household Goods Storage					
<b>CSP Class Code</b>	<b>Coverage</b>	<b>Construction (Code)</b>				
		<b>Frame (1)</b>	<b>Joisted Masonry (2)</b>	<b>Non-Comb. (3)</b>	<b>Mas. Non-Comb. (4)</b>	<b>Mod. F.R. (5) Or Fire Res. (6)</b>
<b>0952</b>	<b>Building (1)</b>	0.056	0.050	0.045	0.036	0.033
	<b>Contents (2)</b>	0.080	0.072	0.068	0.060	0.056
<b>1000</b>	<b>Building (1)</b>	0.051	0.046	0.042	0.033	0.031
	<b>Contents (2)</b>	0.046	0.041	0.040	0.034	0.032
<b>1051</b>	<b>Building (1)</b>	0.032	0.029	0.027	0.021	0.019
	<b>Contents (2)</b>	0.042	0.038	0.036	0.031	0.029
<b>1052</b>	<b>Building (1)</b>	0.074	0.066	0.059	0.047	0.045
	<b>Contents (2)</b>	0.083	0.075	0.072	0.063	0.059
<b>1070</b>	<b>Building (1)</b>	0.051	0.046	0.041	0.032	0.030
	<b>Contents (2)</b>	0.060	0.053	0.051	0.046	0.042
<b>1150</b>	<b>Building (1)</b>	0.148	0.133	0.119	0.097	0.089
<b>1211</b>	<b>Building (1)</b>	0.130	0.118	0.104	0.085	0.078
	<b>Contents (2)</b>	0.154	0.138	0.130	0.116	0.108
<b>1212</b>	<b>Building (1)</b>	0.103	0.094	0.083	0.067	0.064
	<b>Contents (2)</b>	0.127	0.114	0.108	0.096	0.090
<b>1213</b>	<b>Building (1)</b>	0.091	0.082	0.073	0.061	0.055
	<b>Contents (2)</b>	0.122	0.110	0.103	0.091	0.085
<b>1220</b>	<b>Building (1)</b>	0.110	0.099	0.087	0.071	0.064
	<b>Contents (2)</b>	0.134	0.119	0.113	0.100	0.094
<b>Territory</b>						<b>Territorial Multiplier</b>
Entire State (North Dakota)						1.000

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

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

All rates are subject to protection class and territorial multipliers.

<b>CSP Class Codes And Description</b>						
<b>1230</b>	Cold Storage Warehouses					
<b>1400</b>	Waste and Reclaimed Materials Including Yards					
<b>1650</b>	Building Supply Yards, Including Retail Lumberyards, Coal and Coke Yards					
<b>1700</b>	Mill Yards					
<b>1751</b>	Oil Distributing, Oil Terminals and LPG Tank Farms – Including Stock					
<b>1752</b>	Oil Distributing, Oil Terminals and LPG Tank Farms – Excluding Stock					
<b>2200</b>	Baking on Premises, Delivery to Outlets					
<b>2205</b>	Baking on Premises, Delivery to Outlets, and Food Products Manufacturing – Using Cannabis as an Ingredient					
<b>2350</b>	Beverage Bottlers Excluding Alcoholic Beverages					
CSP Class Code	Coverage	Construction (Code)				
		Frame (1)	Joisted Masonry (2)	Non-Comb. (3)	Mas. Non-Comb. (4)	Mod. F.R. (5) Or Fire Res. (6)
<b>1230</b>	<b>Building (1)</b>	0.095	0.085	0.076	0.063	0.056
	<b>Contents (2)</b>	0.130	0.117	0.110	0.097	0.091
<b>1400</b>	<b>Building (1)</b>	0.283	0.254	0.227	0.184	0.169
	<b>Contents (2)</b>	0.343	0.310	0.292	0.258	0.240
	<b>Yard</b>	0.427		0.044		
<b>1650</b>	<b>Building (1)</b>	0.169	0.151	0.135	0.110	0.100
	<b>Contents (2)</b>	0.213	0.191	0.181	0.159	0.150
	<b>Yard</b>	0.118		0.015		
<b>1700</b>	<b>Building (1)</b>	0.137	0.124	0.110	0.091	0.082
	<b>Contents (2)</b>	0.210	0.188	0.177	0.157	0.147
	<b>Yard</b>	0.116		0.014		
<b>1751</b>	<b>Building (1)</b>	0.087	0.080	0.071	0.056	0.053
	<b>Contents (2)</b>	0.116	0.103	0.099	0.087	0.082
<b>1752</b>	<b>Building (1)</b>	0.083	0.075	0.065	0.054	0.051
	<b>Contents (2)</b>	0.082	0.074	0.071	0.063	0.056
<b>2200</b>	<b>Building (1)</b>	0.254	0.230	0.206	0.167	0.153
	<b>Contents (2)</b>	0.302	0.273	0.256	0.227	0.212
<b>2205</b>	<b>Building (1)</b>	0.254	0.230	0.206	0.167	0.153
	<b>Contents (2)</b>	0.302	0.273	0.256	0.227	0.212
<b>2350</b>	<b>Building (1)</b>	0.163	0.147	0.131	0.106	0.098
	<b>Contents (2)</b>	0.194	0.175	0.163	0.144	0.137
<b>Territory</b>					<b>Territorial Multiplier</b>	
Entire State (North Dakota)					1.000	

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

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

All rates are subject to protection class and territorial multipliers.

<b>CSP Class Codes And Description</b>						
<b>2459</b>	Distilleries and Wineries					
<b>2800</b>	Textile Mill Products					
<b>3409</b>	Leather and Leather Products					
<b>4809</b>	Printing					
<b>CSP Class Code</b>	<b>Coverage</b>	<b>Construction (Code)</b>				
		<b>Frame (1)</b>	<b>Joisted Masonry (2)</b>	<b>Non-Comb. (3)</b>	<b>Mas. Non-Comb. (4)</b>	<b>Mod. F.R. (5) Or Fire Res. (6)</b>
<b>2459</b>	<b>Building (1)</b>	0.106	0.097	0.085	0.069	0.064
	<b>Contents (2)</b>	0.137	0.123	0.117	0.102	0.097
<b>2800</b>	<b>Building (1)</b>	0.210	0.191	0.171	0.138	0.127
	<b>Contents (2)</b>	0.280	0.251	0.236	0.208	0.196
<b>3409</b>	<b>Building (1)</b>	0.264	0.238	0.210	0.171	0.158
	<b>Contents (2)</b>	0.306	0.274	0.260	0.228	0.213
<b>4809</b>	<b>Building (1)</b>	0.203	0.182	0.162	0.131	0.123
	<b>Contents (2)</b>	0.247	0.223	0.208	0.184	0.173
<b>Territory</b>					<b>Territorial Multiplier</b>	
Entire State (North Dakota)					1.000	

## PROPERTY CLAIMS SERVICES INFORMATION

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

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

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

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

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

North Dakota  
Commercial Property

The following events have been identified as catastrophes by ISO's Property Claims Services.

<u>From</u>	<u>To</u>	<u>Perils</u>
5/10/91	5/13/91	Wind, Hail, Tornadoes, Flooding
6/27/93	7/3/93	Wind, Hail, Tornadoes, Flooding
7/8/93	7/16/93	Wind, Hail, Tornadoes, Flooding
5/21/95	5/21/95	Wind, Hail
8/18/95	8/18/95	Wind, Hail
5/17/96	5/21/96	Wind, Hail, Tornadoes, Flooding
4/17/97	4/21/97	Flooding
7/1/99	7/5/99	Hail, Wind, Flooding, Tornadoes
6/9/01	6/12/01	Hail, Wind, Flooding, Tornadoes
5/6/05	5/12/05	Flooding, Hail, Tornadoes, Wind
9/20/07	9/21/07	Flooding, Hail, Wind
7/19/08	7/22/08	Flooding, Hail, Tornadoes, Wind
7/8/09	7/10/09	Flooding, Hail, Tornadoes, Wind
5/29/11	6/1/11	Flooding, Hail, Tornadoes, Wind
7/29/11	8/1/11	Flooding, Hail, Wind
6/21/15	6/25/15	Flooding, Hail, Tornadoes, Wind
6/16/16	6/18/16	Flooding, Hail, Wind
6/29/18	7/1/18	Flooding, Tornadoes, Wind
8/6/19	8/6/19	Hail, Tornadoes, Wind
8/25/19	8/26/19	Flooding, Hail, Tornadoes, Wind
6/5/20	6/11/20	Flooding, Hail, Tornadoes, Wind
8/13/20	8/17/20	Flooding, Hail, Tornadoes, Wind
7/7/22	7/13/22	Flooding, Hail, Tornadoes, Wind
7/21/22	7/25/22	Flooding, Hail, Tornadoes, Wind

## NORTH DAKOTA

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

<u>Rating Group</u>	<u>Description</u>	<u>Entire State North Dakota</u>
01	Apartments	-4.7%
02	Other Habitational	-2.9%
03	Restaurants & Bars	-5.9%
04	Other Mercantile Risks	-9.2%
05	Public Buildings	-3.4%
06	Churches	-6.6%
07	Schools	-4.1%
08	Offices And Banks	-3.1%
09	Recreational Facilities	-3.8%
10	Hotels & Motels	-4.0%
11	Hospitals & Nursing Homes	-2.8%
12	Buildings Under Construction	-3.4%
13	Motor Vehicle Risks	-0.4%
14	Other Non-Manufacturing	-3.4%
15	Storage	-4.1%
17	Food Manufacturing	-4.1%
18	Wood Manufacturing	-4.0%
19	Wearing Apparel	-4.0%
20	Chemical Manufacturing	-4.0%
21	Metal Manufacturing	-4.8%
22	Other Manufacturing	-4.0%
	Total	-5.3%

(A) For each rating group, the loss cost change for each CSP class in the rating group, by coverage and construction, is identical to the overall change shown for the rating group.

NORTH DAKOTA  
BASIC GROUP I RELATIVITY ANALYSIS

	(1)	(2)	(3)	(4)	Statewide Coverage Loss Cost Change Of	
	\$ Lst Sq Formula Relativity	Credibility Z	Credibility Weighted Relativity	Balanced Relativity	Or	0.963 -3.7%
<u>TOP</u>						
10	0.598	0.037	0.981	0.983		
31	1.077	0.019	1.001	1.003		
32	0.658	0.030	0.988	0.990		
33	0.557	0.008	0.995	0.997		
34	1.174	0.058	1.009	1.011		
35	0.714	0.032	0.989	0.991		
36	1.099	0.032	1.003	1.005		
37	1.446	0.030	1.011	1.013		
38	1.799	0.019	1.011	1.013		
<u>Rating Group</u>						
01	0.888	0.063	0.993	1.007		
02	1.742	0.020	1.011	1.026		
03	0.497	0.029	0.980	0.994		
04	0.703	0.160	0.945	0.959		
06	0.557	0.047	0.973	0.987		
07	0.894	0.011	0.999	1.013		
08	1.219	0.050	1.010	1.024		
09	1.161	0.013	1.002	1.016		
10	0.993	0.047	1.000	1.014		
11	3.423	0.010	1.012	1.027		
13	1.724	0.066	1.037	1.052		
14	1.242	0.026	1.006	1.020		
15	0.973	0.032	0.999	1.013		
17	0.887	0.006	0.999	1.013		
18	0.980	0.011	1.000	1.014		
21	0.810	0.037	0.992	1.006		
22	1.028	0.011	1.000	1.014		

NORTH DAKOTA  
BASIC GROUP I RELATIVITY ANALYSIS

Sample Loss Cost Level Change Calculation:

Statewide Coverage Loss Cost Change	=	0.963
Territorial Relativity	=	1.000
Monoline (TOP 10) Relativity	=	0.983
Rating Group 01 Relativity	=	1.007

Indicated Monoline Loss Cost Level Change		
= 0.963 X 1.000 X 0.983 X 1.007	=	0.953
	or	-4.7%

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

<u>Territory</u>	<u>Type of Policy</u>	<u>Rating Group</u>	(1) Accident Year Ending 12/31/2021 Aggregate Loss <u>Costs</u>	(2) 5 - Year Aggregate Loss <u>Costs</u>	(3) 5 - Year Experience <u>Ratio</u>	(4) Credibility Weighted Experience <u>Ratio</u>	(5) Credibility Weighted Relativity
Entire State	TOP 10: Monoline						
		1 Apartments	49,147	247,702	0.130	0.406	0.553
		2 Other Habitational	10,347	96,710	2.025	0.757	1.031
		3 Restaurants & Bars	4,261	41,927	0.000	0.388	0.529
		4 Other Mercantile Risks	412,543	1,663,010	0.242	0.408	0.556
		6 Churches	841	6,329	0.000	0.389	0.530
		7 Schools	3,143	14,912	0.000	0.388	0.529
		8 Offices and Banks	82,752	413,590	0.506	0.479	0.653
		9 Recreational Facilities	16,163	78,898	0.000	0.386	0.526
		10 Hotels and Motels	2,796	40,559	1.542	0.664	0.905
		11 Hospitals and Nursing Homes	11,247	26,765	0.895	0.548	0.747
		13 Motor Vehicle Risks	139,586	635,788	0.365	0.449	0.612
		14 Other Non-Manufacturing	24,045	121,366	5.358	1.375	1.873
		15 Storage	21,525	140,161	0.000	0.384	0.523
		17 Food Manufacturing	6,070	12,768	0.000	0.389	0.530
		18 Wood Manufacturing	2,053	13,474	0.000	0.388	0.529
		21 Metal Manufacturing	37,692	237,325	0.000	0.381	0.519
		22 Other Manufacturing	8,195	38,385	0.000	0.388	0.529
		TOTAL	832,406	3,829,669	0.436	0.454	0.619
Entire State	TOP 31: Multiline Hotels/Motels						
		10 Hotels and Motels	390,072	1,943,928	0.838	0.799	1.089
		TOTAL	390,072	1,943,928	0.838	0.799	1.089
Entire State	TOP 32: Multiline Apartment						
		1 Apartments	684,863	2,431,571	0.311	0.437	0.595
		2 Other Habitational	122,957	687,134	1.023	0.857	1.168
		TOTAL	807,820	3,118,705	0.419	0.501	0.682
Entire State	TOP 33: Multiline Office						
		8 Offices and Banks	159,071	847,852	0.274	0.508	0.692
		TOTAL	159,071	847,852	0.274	0.508	0.692
Entire State	TOP 34: Multiline Mercantile						
		3 Restaurants & Bars	222,152	1,038,474	0.167	0.434	0.591
		4 Other Mercantile Risks	633,505	3,279,035	0.529	0.578	0.787
		8 Offices and Banks	26,281	147,275	0.000	0.547	0.745
		13 Motor Vehicle Risks	89,899	769,755	4.557	2.496	3.401
		14 Other Non-Manufacturing	40,472	197,318	0.000	0.530	0.722
		15 Storage	222,670	772,549	0.957	0.833	1.135

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

Territory	Type of Policy	Rating Group	(1)	(2)	(3)	(4)	(5)		
			Accident Year Ending 12/31/2021 Aggregate Loss Costs	5 - Year Aggregate Loss Costs	5 - Year Experience Ratio	Credibility Weighted Experience Ratio	Credibility Weighted Relativity		
Entire State	TOP 35: Multiline Institutional	TOTAL	1,234,979	6,204,406	0.806	0.735	1.002		
		2 Other Habitational	3,063	12,864	0.000	0.599	0.816		
		6 Churches	388,493	1,972,793	0.071	0.297	0.405		
		7 Schools	98,180	447,827	0.051	0.477	0.650		
		8 Offices and Banks	32,987	171,412	0.076	0.558	0.760		
		9 Recreational Facilities	36,180	149,546	0.580	0.689	0.939		
		11 Hospitals and Nursing Homes	119,395	371,741	3.972	1.834	2.499		
		13 Motor Vehicle Risks	290	2,935	0.000	0.603	0.822		
		14 Other Non-Manufacturing	43,829	217,897	0.000	0.523	0.713		
		TOTAL	722,417	3,347,015	0.734	0.622	0.848		
		Entire State	TOP 36: Multiline Services	3 Restaurants & Bars	14,513	103,146	0.333	0.954	1.300
				4 Other Mercantile Risks	94,310	467,233	0.028	0.900	1.226
				8 Offices and Banks	59,028	322,831	3.903	1.488	2.027
				9 Recreational Facilities	55,678	301,123	0.269	0.941	1.282
13 Motor Vehicle Risks	235,325			1,385,685	2.661	1.341	1.827		
14 Other Non-Manufacturing	59,891			320,595	3.908	1.489	2.029		
15 Storage	71,184			339,252	0.808	1.022	1.392		
21 Metal Manufacturing	3,585			25,988	0.000	0.907	1.236		
22 Other Manufacturing	4,545			20,997	0.000	0.908	1.237		
TOTAL	598,059			3,286,850	1.957	1.210	1.649		
Entire State	TOP 37: Multiline Industrial/Processing			4 Other Mercantile Risks	93,825	500,819	0.363	0.952	1.297
		8 Offices and Banks	7,813	59,853	0.000	0.907	1.236		
		13 Motor Vehicle Risks	26,065	53,246	0.000	0.907	1.236		
		14 Other Non-Manufacturing	5,817	43,035	0.000	0.907	1.236		
		15 Storage	7,915	63,554	0.000	0.907	1.236		
		17 Food Manufacturing	78,046	242,269	0.384	0.959	1.307		
		18 Wood Manufacturing	90,720	442,633	1.053	1.059	1.443		
		21 Metal Manufacturing	278,962	1,273,445	0.002	0.876	1.193		
		22 Other Manufacturing	75,992	368,255	1.408	1.112	1.515		
		TOTAL	665,155	3,047,109	0.402	0.951	1.295		
		Entire State	TOP 38: Multiline Contractors	4 Other Mercantile Risks	304,772	1,681,055	0.544	0.965	1.315
8 Offices and Banks	28,615			140,202	0.127	0.923	1.257		

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

<u>Territory</u>	<u>Type of Policy</u>	<u>Rating Group</u>	(1)	(2)	(3)	(4)	(5)
			Accident Year Ending 12/31/2021 Aggregate Loss <u>Costs</u>	5 - Year Aggregate Loss <u>Costs</u>	5 - Year Experience <u>Ratio</u>	Credibility Weighted Experience <u>Ratio</u>	Credibility Weighted Experience <u>Ratio</u>
		14 Other Non-Manufacturing	24,671	147,523	0.000	0.904	1.232
		TOTAL	358,058	1,968,780	0.473	0.957	1.305
Entire State	TOP: All TOPS						
		1 Apartments	734,010	2,679,273	0.299	0.435	0.592
		2 Other Habitational	136,367	796,708	1.076	0.844	1.150
		3 Restaurants & Bars	240,926	1,183,547	0.174	0.465	0.633
		4 Other Mercantile Risks	1,538,955	7,591,152	0.414	0.652	0.888
		6 Churches	389,334	1,979,122	0.071	0.297	0.405
		7 Schools	101,323	462,739	0.049	0.474	0.646
		8 Offices and Banks	396,547	2,103,015	0.812	0.692	0.943
		9 Recreational Facilities	108,021	529,567	0.333	0.774	1.054
		10 Hotels and Motels	392,868	1,984,487	0.843	0.798	1.088
		11 Hospitals and Nursing Homes	130,642	398,506	3.707	1.723	2.348
		13 Motor Vehicle Risks	491,165	2,847,409	2.213	1.275	1.738
		14 Other Non-Manufacturing	198,725	1,047,734	1.826	0.977	1.332
		15 Storage	323,294	1,315,516	0.837	0.847	1.153
		17 Food Manufacturing	84,116	255,037	0.356	0.918	1.251
		18 Wood Manufacturing	92,773	456,107	1.030	1.044	1.423
		21 Metal Manufacturing	320,239	1,536,758	0.002	0.818	1.114
		22 Other Manufacturing	88,732	427,637	1.206	1.035	1.410
		TOTAL	5,768,037	27,594,314	0.729	0.734	1.000